

ALL-LINK AIR & SEA LIMITED

(ALK SP / ALK.SI)

Regional scale builds ahead of peak season

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Investment Highlights

- Regional expansion is translating into a broader operating base.** Malaysia contributed its first full six-month revenue contribution following the August 2025 acquisition of MF Logistics' freight-forwarding business, while Philippine revenue increased 41.4% YoY. Together, these operations accounted for 15.2% of Group revenue in 1H26, compared with 9.6% for FY25, supporting the Group's strategy of building scale across ASEAN.
- Freight forwarding remains the core, with complementary services gaining traction.** Freight-forwarding revenue increased 34.4% YoY to US\$37.5mn, while other third-party logistics revenue more than doubled to US\$2.6mn. The expansion reflects new business and demand for cross-border logistics management and value-added warehousing support. Maintaining service quality and procurement discipline will be important as the operating platform grows.
- Post-IPO expansion provides the next set of catalysts.** Following its 5 August 2026 Mainboard listing, All-Link continues to pursue a proposed 30% interest in All-Link Vietnam, expansion into Thailand and the establishment of an Indonesian subsidiary. The IPO provides resources to support these initiatives, although their timing remains subject to commercial and regulatory considerations.
- Peak-season demand supports the near-term outlook.** Management expects a stronger second half, supported by higher shipment volumes during the fourth-quarter festive periods, and FY26 revenue above FY25. Sustained progress will depend on converting shipment growth into durable customer relationships, maintaining freight spreads and improving utilisation of the expanded regional platform.

Valuation & Action.

We maintain our **OUTPERFORM** rating on All-Link Air & Sea Limited with an unchanged 12-month target price of **S\$0.82**, based on our DCF valuation using a 15.0% WACC and 2.0% terminal growth rate. The growing regional contribution and expected stronger second-half activity support our investment case, while margin pressure, working-capital requirements and expansion execution risks keep our valuation assumptions unchanged.

Risks.

Key downside risks include (i) customer and referral concentration, compounded by non-exclusive, volume-uncommitted contracts; (ii) trade-policy changes affecting shipment demand; (iii) margin pressure from competition, higher freight procurement costs and constrained third-party capacity; and (iv) execution risk on overseas expansion plans.

OUTPERFORM

Last close (S\$)	0.475
12M Target Price (S\$)	0.82
Previous TP (S\$)	0.82
Upside / (Downside) (%)	72.6%
TRADING DATA	
Market Cap (S\$mn)	71.74
Issued Shares (mn)	151.04
3M Avg Daily Vol (mn)	N.A.
3M Avg Daily Val (S\$mn)	N.A.
Free Float (%)	18.81
MAJOR SHAREHOLDERS (%)	
Tang Ying	57.94
AGX Logistics SPte	23.21
Heng Mae Su-Ling	0.03

Financials & Key Operating Statistics

YE Dec (US\$'mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	71.5	74.1	96.2	103.8	110.3
Net Income	8.5	6.6	7.8	8.5	9.0
EPS (S\$ cents)	7.2	5.6	6.6	7.2	7.7
EPS growth (%)	596.8%	(22.4%)	18.1%	9.0%	6.7%
DPS (S\$ cents)	0.34	-	5.30	1.68	1.79
Div Payout (%)	-	121.6%	32.7%	32.0%	33.3%
Net Profit Margin (%)	11.9%	8.9%	8.1%	8.2%	8.2%
Net Gearing (%)	(333.8%)	(146.0%)	(120.5%)	(118.2%)	(116.2%)
P/E (x)	7.3x	9.4x	8.0x	7.3x	6.9x
P/B (x)	8.3x	4.9x	2.7x	2.2x	1.9x

Source: Company data, KGI Research estimates

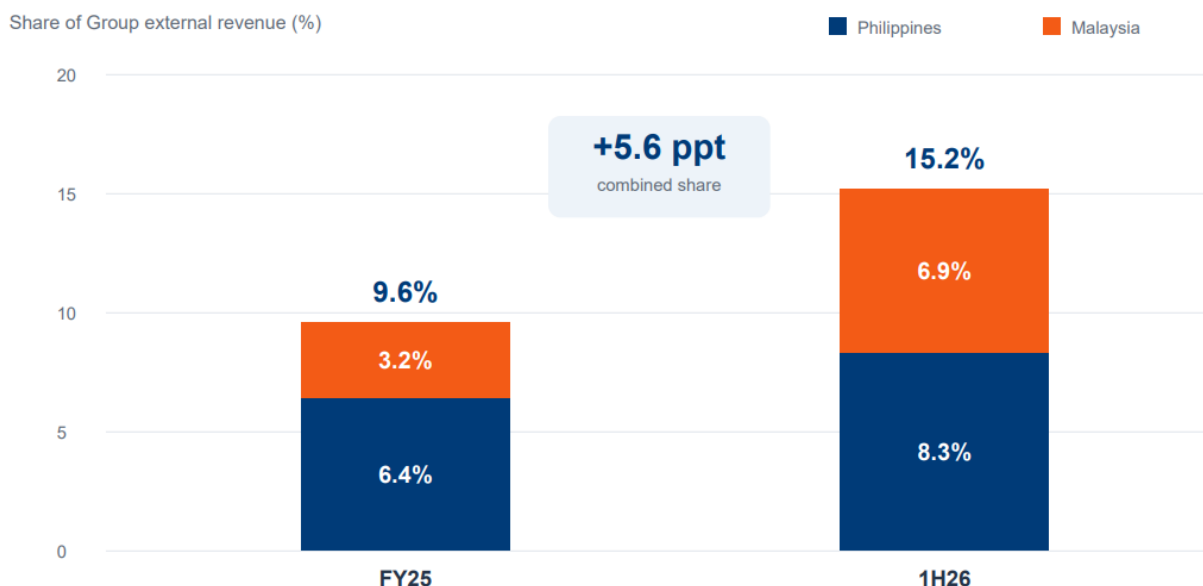
Business Updates

Malaysia and the Philippines contribute a larger share of activity

All-Link's first results release since listing shows continued expansion across its existing operations. Group revenue increased 38.2% YoY to US\$40.1mn in 1H26, supported by new business and the first full six-month contribution from the Malaysian freight-forwarding business acquired in August 2025. Singapore remained the principal operating hub, contributing US\$34.0mn, or 84.8%, of Group revenue, while Malaysia and the Philippines provided a larger combined contribution.

Malaysia generated US\$2.8mn of external revenue, equivalent to 6.9% of the Group total. Philippine revenue increased 41.4% YoY to US\$3.3mn, accounting for a further 8.3%. The two operations together contributed US\$6.1mn, or 15.2%, compared with 9.6% for FY25. This provides evidence that the regional platform is gaining scale, although the comparison includes a full six months of Malaysian operations against a partial contribution in FY25.

Figure 1: Malaysia and the Philippines gain revenue share



Source: Company, KGI Research

Complementary logistics services broaden the offering

Freight forwarding remained the principal activity, generating US\$37.5mn of revenue and representing 93.6% of the Group total. Other third-party logistics services increased 133.2% YoY to US\$2.6mn, supported by demand for cross-border logistics management and value-added warehousing support within the regional e-commerce supply chain. These services remain a smaller contributor but broaden All-Link's ability to serve customers beyond freight-capacity procurement and shipment coordination.

We view the broader service offering as supportive of deeper customer engagement. Providing additional logistics support can increase All-Link's involvement in customers' supply chains and create opportunities for repeat business. However, service expansion does not automatically translate into wider freight spreads. The Group attributed the moderation in gross margin to changes in trade-lane and customer mix, highlighting the importance of commercial discipline alongside volume growth.

Operating capacity expands alongside the regional network

The Group continued to invest in personnel and operating infrastructure. Philippine headcount increased from 19 at end-June 2025 to 91 at end-June 2026, while Malaysia contributed a full six months of staffing costs. The period also included additional leased premises in Kuala Lumpur, Johor Bahru, Singapore and Batangas, alongside the strengthening of senior management. These changes support a larger operating footprint and higher customer-service requirements.

The expanded platform provides capacity to handle additional business, but its benefits will depend on utilisation. All-Link's asset-light model limits investment in owned transport assets; nevertheless, personnel, premises and coordination requirements rise as the network develops. The next stage of execution will therefore centre on increasing shipment activity and customer coverage without a proportionate increase in operating complexity.

Outlook

A stronger second half remains management's expectation

Management expects stronger second-half performance, reflecting higher shipment volumes during the fourth-quarter festive periods. Based on its review of existing business contracts and projections, and barring unforeseen circumstances, the Group expects FY26 revenue to exceed FY25. This supports a constructive near-term outlook, although the guidance does not specify a growth rate or constitute committed shipment volumes.

The seasonal increase should provide an opportunity to utilise the enlarged regional platform. Execution will depend on securing third-party capacity at commercially viable rates, coordinating customer shipments and maintaining service reliability through the peak period. Freight-rate movements, trade-policy developments and changes in customer demand remain relevant variables.

Vietnam, Thailand and Indonesia extend the expansion pipeline

The proposed acquisition of a 30% interest in Vietnam ALL Link-TNR International Logistics remains a potential route to deepen All-Link's presence in Vietnam. The call option covers Mr Xu Hao's interest, with exercise expected within one year of listing, subject to prevailing market conditions, due diligence, valuation and requisite approvals. A 30% interest would provide a minority position rather than, by itself, control over the business. The latest announcements do not confirm completion.

Thailand remains a primary expansion target, while the Group also intends to establish an Indonesian subsidiary. These initiatives are consistent with serving customers across a wider ASEAN network as manufacturing and e-commerce supply chains diversify. Their contribution will depend on establishing local capabilities, securing customer activity and managing entry costs; the results announcement leaves timing subject to commercial and regulatory considerations.

IPO resources support execution; deployment remains at an early stage

The listing raised approximately S\$20.1mn in gross proceeds to support regional expansion, strategic acquisitions, technology investment and operating requirements. As at the results announcement, the reported utilisation comprised US\$1.38mn of issue expenses, with no utilisation reported against the other allocated categories. The funding is therefore available to support the next phase of development, while tangible progress will be assessed through completed investments, new operating capabilities and customer wins. The proposed weekly freighter charter discussed in our initiation report remains unconfirmed, with no final commercial terms disclosed as of 1H26 results.

Customer diversification remains an important measure of progress

The larger Malaysian and Philippine contributions demonstrate a broader operating footprint, but do not establish that customer or referral concentration has declined. The latest releases do not provide updated 1H26 concentration figures. The relevant disclosed reference points therefore remain FY25, when the two largest customers contributed approximately 79% of revenue and customers referred by All-Link PRC accounted for 90.4%.

All-Link PRC continues to provide an established source of business through the Non-Compete and Collaboration Deed, which accords the Group priority for customer referrals involving shipments into or within ASEAN. This relationship supports regional growth, while direct customer acquisition and a more balanced revenue base remain important longer-term objectives. Evidence of repeat business across a wider customer pool would strengthen the case that regional expansion is improving the resilience of the business.

Valuation

We maintain our OUTPERFORM rating and 12-month target price of S\$0.82, unchanged from initiation. The larger contributions from Malaysia and the Philippines, together with growth in complementary logistics services, support our view that All-Link is building a broader regional operating platform. Management's expectation of stronger second-half activity is also consistent with the growth trajectory underpinning our valuation. These developments reinforce the existing investment case, while the conversion of greater scale into sustainable margins and cash generation remains the principal test of execution.

Our valuation continues to use a five-year free-cash-flow-to-the-firm DCF covering FY26F–FY30F, with an unchanged risk-adjusted WACC of 15.0% and terminal growth rate of 2.0%. We see insufficient evidence at this stage to raise the cash-flow trajectory or lower the discount rate. Although 1H26 revenue increased 38.2% YoY, gross profit grew more slowly at 28.0%, reflecting the moderation in gross margin as trade-lane and customer mix changed. Higher personnel and premises costs also mean that the enlarged platform must achieve better utilisation to deliver operating leverage. In addition, the US\$4.9mn operating cash outflow highlights the working-capital demands of expansion.

The Vietnam, Thailand and Indonesia initiatives provide potential longer-term growth opportunities, but their timing and earnings contribution remain insufficiently defined to justify incremental value at this stage. We also continue to exclude a financial contribution from the proposed weekly freighter charter pending confirmation of commercial terms and customer commitments. The IPO funding provides resources to execute the regional strategy, but its deployment must translate into profitable customer activity and stronger cash generation. A higher valuation would require evidence of sustained freight spreads, improved utilisation and cash conversion, and a more diversified customer base. For now, the broader operating footprint supports our unchanged investment view, with the S\$0.82 target continuing to reflect the growth and execution assumptions established at initiation.

Figure 2: DCF Model

DCF VALUATION <i>All Amounts Stated in '000' USD unless stated otherwise Year Ended 31' Dec</i>	<i>Projected</i>				
	FY26	FY27	FY28	FY29	FY30
EBIT	9,135	9,857	10,475	11,617	13,355
Tax rate	17.0%	17.0%	17.0%	17.0%	17.0%
EBIT (1-T)	7,582	8,182	8,694	9,642	11,085
(+) D&A	150	246	249	251	253
(-) Change in NWC	(1,236)	391	334	160	(37)
(-) Capex	(266)	(266)	(266)	(266)	(266)
Free Cash Flow	6,230	8,553	9,011	9,788	11,034
Terminal Value					86,578
Total FCFF to be Discounted	6,230	8,553	9,011	9,788	97,613
PV of Free Cash Flow	5,417	6,467	5,925	5,596	48,531
Enterprise Value	71,936				
(-) Debt	-				
(+) Cash	25,084				
Equity Value	97,020				
Diluted Shares Outstanding ('000)	151,038				
SGD/USD	0.78				
Fair Value / Share (S\$)	0.82				
Current Share Price (S\$)	0.48				
Upside / (Downside)	72.6%				

Source: Company, KGI Research

Financial Summary

INCOME STATEMENT (US\$'mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	71.5	74.1	96.2	103.8	110.3
Cost of sales	(61.0)	(65.2)	(84.1)	(90.8)	(96.5)
Gross profit	10.5	8.9	12.0	13.0	13.8
Non-operating expenses	0.4	0.8	0.2	0.3	0.4
Administrative expenses	(0.7)	(1.8)	(2.9)	(3.1)	(3.3)
Other operating gains/(expenses)	(0.1)	(0.6)	(0.1)	(0.1)	(0.2)
EBITDA	10.2	7.3	9.3	10.1	10.7
Depreciation & amortisation	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)
Operating profit (EBIT)	10.2	7.2	9.1	9.9	10.5
Net finance income / (cost)	0.1	0.7	0.2	0.3	0.4
Other gains / (losses)	-	-	-	-	-
Profit before tax	10.3	7.9	9.4	10.2	10.9
Tax expense	(1.8)	(1.3)	(1.6)	(1.7)	(1.9)
Minority interests	-	-	-	-	-
Net profit (PATMI)	8.5	6.6	7.8	8.5	9.0
EPS (S\$ cents)	7.24	5.62	6.64	7.24	7.72
DPS (S\$ cents)	0.34	0.00	5.3*	1.68	1.79

CASH FLOW STATEMENT (US\$'mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before tax	10.3	7.9	9.4	10.2	10.9
Depreciation & amortisation	0.0	0.1	0.2	0.2	0.2
Working capital changes	20.0	(13.5)	(1.2)	0.4	0.3
Tax paid	(0.3)	(1.8)	(1.6)	(1.7)	(1.9)
Other operating items	(0.2)	(0.8)	(0.2)	(0.3)	(0.4)
Operating cash flow	29.9	(8.0)	6.5	8.8	9.2
Capex	(0.0)	(0.1)	(0.3)	(0.3)	(0.3)
Interest received	0.1	0.8	0.2	0.4	0.4
Other investing items	-	(1.0)	-	-	-
Investing cash flow	0.1	(0.3)	(0.0)	0.1	0.2
Advances to an individual shareholder	(0.7)	-	-	-	-
Dividends paid	(0.5)	-	(8.0)	(2.5)	(2.7)
Repayment of amount due to shareholder	(0.2)	(0.0)	-	-	-
Other financing items	(0.0)	(0.1)	13.7	(0.0)	(0.0)
Financing cash flow	(1.5)	(0.1)	5.7	(2.6)	(2.7)
Net change in cash	28.5	(8.5)	12.2	6.3	6.6
Beginning cash	3.6	32.1	23.6	35.8	42.1
Ending cash	32.1	23.6	35.8	42.1	48.7

BALANCE SHEET (US\$'mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and bank balances	32.1	23.6	35.8	42.1	48.7
Trade and other receivables	16.2	15.0	15.8	17.1	18.1
Current assets	48.3	38.6	51.6	59.1	66.8
Property, plant & equipment	0.2	0.5	0.6	0.7	0.7
Intangible assets	-	0.3	0.3	0.2	0.2
Goodwill	-	1.1	1.1	1.1	1.1
Non-current assets	0.2	1.9	2.0	2.1	2.1
Total assets	48.5	40.6	53.6	61.2	68.9
Trade payables	36.9	21.2	20.7	22.4	23.8
Lease liabilities - current	0.0	0.1	0.1	0.1	0.1
Other current liabilities	1.8	1.3	1.3	1.3	1.3
Current liabilities	38.8	22.6	22.2	23.8	25.2
Other payable - non-current	-	1.4	1.4	1.4	1.4
Other non-current liabilities	0.1	0.3	0.3	0.3	0.3
Non-current liabilities	0.1	1.8	1.8	1.8	1.8
Total liabilities	38.9	24.4	23.9	25.6	27.0
Shareholders' equity	9.5	15.8	29.3	35.2	41.6
Minority interests	0.1	0.4	0.4	0.4	0.4
Total equity	9.6	16.2	29.7	35.6	41.9

KEY RATIOS & VALUATION	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue growth (%)	1384.6%	3.6%	29.8%	7.9%	6.3%
Gross margin (%)	14.7%	12.0%	12.5%	12.5%	12.5%
EBITDA margin (%)	14.3%	9.8%	9.7%	9.7%	9.7%
Net profit margin (%)	11.9%	8.9%	8.1%	8.2%	8.2%
ROE (%)	88.2%	40.7%	26.2%	23.8%	21.5%
ROA (%)	17.5%	16.2%	14.5%	13.8%	13.1%
Net debt / equity (x)	(3.3x)	(1.5x)	(1.2x)	(1.2x)	(1.2x)
Net debt / EBITDA (x)	(3.1x)	(3.3x)	(3.9x)	(4.2x)	(4.5x)
Dividend payout (%)	-	121.6%	32.7%	32.0%	33.3%
P/E (x)	N/A	N/A	N/A	N/A	N/A
EV/EBITDA (x)	7.0x	9.9x	7.7x	7.1x	6.7x
P/NAV (x)	N/A	N/A	N/A	N/A	N/A
Dividend yield (%)	N/A	N/A	N/A	N/A	N/A

Source: Company, KGI Research estimates

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Neutral (N)	We take a neutral view on the stock. The stock is expected to perform in line with the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
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Not Rated (NR)	The stock is not rated by KGI Securities.
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