Corporate Update

Capital A Berhad

(5099|CAPITALA MK) Main | Consumer Products & Services

3 Stars

SHARIAH Compliant

Maintain **NEUTRAL**

Revised Target Price **RM0.92** (from RM0.99)

4QFY24 Results Review Is the Worst Over?

Maintain NEUTRAL. Capital A Berhad's (Capital A) reporting format this quarter was adjusted in accordance with MFRS 5 due to the impending disposal of the aviation business. To note, our results review and estimates still include the aviation segment, which has been classified as discontinued operations. Following the 4QFY24 results, which fell below expectations, we made minimal adjustments to earnings, as we anticipate further fleet reactivation to drive margin improvements. After earnings revision, we trim our target price to **RM0.92** (from RM0.99) based on 8.0x FY25F EPS.

Below expectations. Capital A posted a 4QFY24 core LATAMI of -RM1.05b, bringing FY24 core losses to -RM1.37b (excluding one-offs). This was below expectations, surpassing our full-year loss estimates and missing consensus expectations of a profit.

Yield struggled despite strong seasonal demand. EBIT surged nearly fivefold in 4QFY24, driven by a +9.8%yoy capacity increase, strong load factors, and improved yields. With 83% of its fleet in operation, the airlines recovered 83% of seat capacity, achieving an 89% average load factor. However, yield weakened as RASK declined -5.6%yoy, while CASK rose +11.8%yoy. The rise in CASK was driven by higher operating expenses from bonus payouts, marketing costs, and brand license fees, despite a decline in fuel and maintenance costs. BigPay remained the only entity with negative LBITDA.

BigPay on the mend. On a quarter-on-quarter basis, EBIT jumped 8.5x. 4QFY24 is typically the peak season for airlines, driven by year-end holidays. 3 additional aircraft entered operation compared to 3QFY24, increasing seat capacity by +4.1%qoq. Consequently, passengers carried rose by +2.6%qoq, though the load factor dipped by 1 percentage point due to the added capacity. Notably, in the non-aviation segment, BigPay's LBITDA narrowed by +44.3%qoq.

Slight adjustments to earnings. We made some adjustments to refine our full-year figures, resulting in slight revisions to our FY25F/FY26F estimates by -1%/+4%. For the first time, management has disclosed internal targets for FY25, setting revenue between RM25.5b and RM28.0b, EBITDA in the range of RM4.5b to RM5.4b, and a net operating profit margin of 4.0% to 6.0%. Our estimates lean slightly on the conservative side compared to these projections.

RETURN STATISTICS	
Price @ 28th February 2025 (RM)	0.86
Expected share price return (%)	+7.3
Expected dividend yield (%)	0.0
Expected total return (%)	+7.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-7.6	-8.6
3months	-14.5	-13.5
12 months	23.9	22.0

INVESTMENT STATISTICS

FYE Dec	2024A	2025F	2026F
Revenue	19,240.7	22,410.6	24,706.2
EBIT	-808.9	645.6	783.7
PBT	-420.3	645.6	783.7
Core PATAMI	-1,374.4	490.7	595.6
Core EPS (sen)	-32.3	11.5	14.0

KEY STATISTICS	
FBM KLCI	1,574.70
Issued shares (m)	4,254.58
Estimated free float (%)	65.90
Market Capitalisation (RM'm)	3,704.84
52-wk price range	RM0.65 - RM1.09
3-mth average daily volume (m)	12.22
3-mth average daily value (RM'm)	11.62
Top Shareholders (%)	
Tune Air Sdn Bhd	11.92
Tune Live Sdn Bhd	11.75
Positive Boom Limited	7.67

Analyst

Amalia Zarir

amalia.zarir@midf.com.my

03-2173 8357

CAPITAL A: 4QFY24 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
Income Statement	**4QFY24**	**3QFY24**	**4QFY23**	**QoQ**	**YoY**	**FY24**	**FY23**	**YoY**
Revenue	5,258.7	4,503.2	4,780.2	16.8%	10.0%	19,240.7	13,743.3	40.0%
EBIT	1,214.1	143.5	247.3	746.3%	390.9%	3,621.9	1,659.5	118.3%
Net finance costs	-695.8	-277.4	-437.7	-150.8%	-59.0%	-1,716.0	-1,009.1	-70.1%
Associates & JVs	4.1	2.1	-5.4	91.5%	175.4%	3.5	-16.7	120.9%
PBT	-1,737.8	2,129.1	-191.5	-181.6%	-807.5%	-420.3	-170.4	-146.6%
Taxation	20.9	-115.8	-77.0	118.1%	127.2%	-70.0	-7.4	-849.6%
PATAMI	-1,716.9	1,640.5	-268.5	-204.7%	-539.4%	-622.1	332.1	-287.3%
Core PATAMI	-1,049.7	-545.7	-210.8	-92.4%	-398.0%	-1,374.4	-321.7	-327.3%
				ppts	**ppts**			**ppts**
EBIT margin	23.1%	3.2%	5.2%	19.9	17.9	18.8%	12.1%	6.7
PBT margin	-33.0%	47.3%	-4.0%	-80.3	-29.0	-2.2%	-1.2%	-0.9
Core PATAMI margin	-20.0%	-12.1%	-4.4%	-7.8	-15.6	-7.1%	-2.3%	-4.8
Effective tax rate	-1.2%	-5.4%	40.2%	4.2	-41.4	16.7%	4.3%	12.3

SEGMENTAL BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
Revenue	**4QFY24**	**3QFY24**	**4QFY23**	**QoQ**	**YoY**	**FY24**	**FY23**	**YoY**
Aviation	4,820.4	4,530.9	4,447.8	6.4%	8.4%	-	-	-
ADE	201.5	184.2	168.2	9.4%	19.8%	-	-	-
Teleport	351.8	286.7	222.1	22.7%	58.4%	-	-	-
AirAsia Move	166.0	128.6	183.7	29.1%	-9.6%	-	-	-
Santan	56.9	50.5	42.2	12.8%	34.8%	-	-	-
BigPay	8.8	8.7	12.5	1.6%	-29.2%	-	-	-
Capital A Int. & others	95.1	57.4	4.4	65.7%	2057.8%	-	-	-
EBITDA*	**4QFY24**	**3QFY24**	**4QFY23**	**QoQ**	**YoY**	**FY24**	**FY23**	**YoY**
Aviation	1,169.6	577.8	295.2	102.4%	296.2%	-	-	-
ADE	31.0	29.6	47.0	4.7%	-34.0%	-	-	-
Teleport	29.4	21.9	2.3	34.5%	1166.2%	-	-	-
AirAsia Move	77.1	19.4	62.0	297.2%	24.3%	-	-	-
Santan	0.9	4.8	6.1	-80.7%	-84.9%	-	-	-
BigPay	-12.1	-21.8	-9.7	44.3%	-24.8%	-	-	-
Capital A Int. & others	16.1	15.2	-61.0	5.5%	126.3%	-	-	-
Core Profit/(Loss)*	**4QFY24**	**3QFY24**	**4QFY23**	**QoQ**	**YoY**	**FY24**	**FY23**	**YoY**
Aviation	125.6	2,073.7	-315.3	-93.9%	139.8%	-	-	-
ADE	5.3	-12.1	34.4	143.3%	-84.7%	-	-	-
Teleport	2.9	-5.0	-1.5	158.4%	296.3%	-	-	-
AirAsia Move	71.6	11.2	54.7	537.3%	30.8%	-	-	-
Santan**	0.4	-	5.9	-	-92.9%	-	-	-
BigPay	-17.8	-72.7	-16.5	75.5%	-7.7%	-	-	-
Capital A Int. & others	19.3	17.4	-64.5	10.6%	129.9%	-	-	-

Source: Capital A, MIDFR

Note: Year-to-date figures were not disclosed.
*Figures do not exclude elimination adjustments.
** Quarter-on-quarter comparisons are not provided due to changes in the business model.

AVIATION (Malaysia, Thailand, Indonesia, Philippines & Cambodia)

	Quarterly					Cumulatively		
Key Indicators	**4QFY24**	**3QFY24**	**4QFY23**	**QoQ**	**YoY**	**FY24**	**FY23**	**YoY**
Passengers (m)	16.3	15.9	14.9	2.6%	9.3%	63.2	49.3	28.3%
Capacity (m)	18.6	17.8	16.9	4.1%	9.8%	70.8	55.9	26.7%
Load factor	88%	89%	88%	-1.1%	0.0%	89%	88%	1.1%
RPK (m)	19,272	18,894	17,242	2.0%	11.8%	74,568	57,389	29.9%
ASK (m)	22,398	21,491	19,962	4.2%	12.2%	84,674	66,164	28.0%
Average fare (RM)	237	231	250	2.6%	-5.2%	243	223	9.0%
Unit passenger revenue (RM)	294	283	304	3.9%	-3.3%	297	274	8.4%
RASK (sen)	21.38	20.89	22.66	2.3%	-5.6%	22.20	20.35	9.1%
CASK (sen)	26.44	21.70	23.65	21.8%	11.8%	23.72	22.37	6.0%
CASK ex-fuel (sen)	18.81	13.76	13.86	36.7%	35.7%	14.82	13.58	9.1%
Aircraft	224	221	216	1.4%	3.7%	224	216	3.7%
Avg. stage length (km)	1,201	1,200	1,146	0.1%	4.8%	1,191	1,179	1.0%
Number of flights	101,084	97,406	92,633	3.8%	9.1%	387,518	306,111	26.6%
Fuel consumed (m barrels)	3.7	3.6	3.3	3.6%	11.6%	14.0	10.8	29.4%
Avg. fuel price (USD)	103	109	125	-5.5%	-17.6%	111	118	-5.9%

NON-AVIATION

Key Indicators	Quarterly					Cumulatively		
airasia move	**4QFY24**	**3QFY24**	**4QFY23**	**QoQ**	**YoY**	**FY24**	**FY23**	**YoY**
Monthly active users ('000)	15,216	13,090	16,989	16.2%	-10.4%	-	-	-
No. of transactions ('000)	3,778	3,423	9,263	10.4%	-59.2%	-	-	-
Gross booking value (RM'b)	2.65	2.40	5.22	10.6%	-49.2%	-	-	-
Duty-free and merchandise	100,428	108,440	-	-7.4%	-	-	-	-
Teleport						-	-	-
Tonnage (tonnes)	85,950	77,341	64,738	11.1%	32.8%	-	-	-
No. of delivery ('000)	22,710	15,688	15,750	44.8%	44.2%	-	-	-
Size of fleet at quarter end	3	3	2	0.0%	-	-	-	-
Asia Digital Engineering						-	-	-
No. of hangar line	16	12	7	33.3%	128.6%	-	-	-
No. of base maintenance check	22	13	20	69.2%	10.0%	-	-	-
No. of line maintenance check	3,066	3,249	2,840	-5.6%	8.0%	-	-	-

Source: Capital A, MIDFR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2022A	2023A	2024E	2025F	2026F
Revenue	6,437.1	13,743.3	19,240.7	22,410.6	24,706.2
Net operating profit	-2,358.4	-918.9	-808.9	645.6	783.7
PBT	-3,303.7	-170.4	-420.3	645.6	783.7
PATAMI	-2,626.4	332.1	-622.1	490.7	595.6
Core PATAMI	-321.7	-321.7	-1,374.4	490.7	595.6
EPS (sen)	-	-7.6	-32.3	11.5	14.0
PER (x)	-	-	-2.7x	7.5x	6.1x
Balance Sheet (RM'm)	**2022A**	**2023A**	**2024A**	**2025F**	**2026F**
ROU assets	10,182.1	12,460.3	12,076.6	6,144.6	5,180.2
PPE	882.9	1,547.7	1,511.1	1,339.8	1,255.6
Non-current assets	**18,158.6**	**25,956.3**	**26,012.8**	**28,450.4**	**30,854.2**
Trade debtors	651.0	1,266.7	1,287.8	1,228.0	1,353.8
Cash & cash equivalents	470.0	702.8	877.3	1,478.1	0.0
Current assets	**1,769.0**	**2,498.9**	**2,597.0**	**3,251.2**	**1,947.2**
Long-term debt	2,405.8	3,580.6	4,960.5	5,405.8	5,405.8
Non-current liabilities	**19,166.5**	**23,911.8**	**23,380.7**	**23,825.9**	**23,825.9**
Trade creditors	2,878.6	4,206.3	4,635.0	5,036.0	5,579.6
Short-term debt	531.0	862.3	1,095.9	1,095.9	1,095.9
Current liabilities	**10,278.0**	**15,168.1**	**13,834.1**	**14,235.1**	**14,778.6**
Share capital	8,655.0	8,711.7	8,751.8	8,751.8	8,751.8
Retained earnings	-8,719.2	-12,183.3	-11,091.6	-8,006.3	-7,410.7
Equity	**-9,517.0**	**-10,624.7**	**-8,605.0**	**-6,359.3**	**-5,803.2**

Cash Flow (RM'm)	2022A	2023A	2024A	2025F	2026F
PBT	-3,303.7	21.1	1,317.5	645.6	783.7
Operating cash flow	-282.1	1,505.1	2,126.7	2,486.5	2,361.0
Investing cash flow	-210.5	54.6	-325.7	-345.0	-345.0
Financing cash flow	-313.7	-1,471.0	-1,594.7	-1,429.7	-1,708.2
Net cash flow	**-806.3**	**88.8**	**242.2**	**711.8**	**307.8**
Beginning cash flow	**1,177.9**	**336.8**	**522.1**	**766.4**	**1,478.1**
Ending cash flow	**336.8**	**446.2**	**766.4**	**1,478.1**	**1,786.0**
Profitability Ratios (%)	**2022A**	**2023A**	**2024A**	**2025F**	**2026F**
OP margin	-	-	-	2.9%	3.2%
PBT margin	-	-	-	2.9%	3.2%
PATAMI margin	-	-	-	2.2%	2.4%
Core PATAMI margin	-	-	-	2.2%	2.4%
ROA	-	-	-	1.5%	1.8%
ROE	-	-	-	-	-
Growth (%)	**2022A**	**2023A**	**2024A**	**2025F**	**2026F**
Revenue growth	282.5%	113.5%	40.0%	16.5%	10.2%
PBT growth	7.6%	94.8%	-146.6%	253.6%	21.4%
PATAMI growth	12.2%	112.6%	-287.3%	178.9%	21.4%
Core PATAMI growth	88.8%	0.0%	-327.3%	135.7%	21.4%

Source: Capital A, MIDFR

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad

197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD. The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have an interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.

MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology