Corporate Update

Capital A Berhad

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

ESG 3 Stars

SHARIAH Compliant

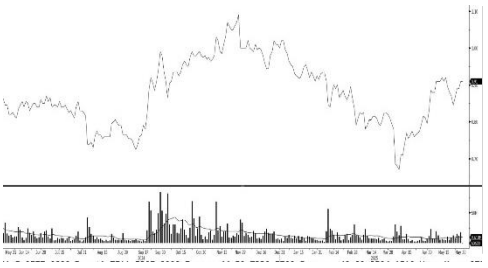
Upgrade to **BUY** (from NEUTRAL)

Revised Target Price **RM1.12** (from RM0.92)

1QFY25 Results Review Stronger Prospects Seen

RETURN STATISTICS	
Price @ 30th May 2025 (RM)	0.85
Expected share price return (%)	+31.8
Expected dividend yield (%)	+0.0
Expected total return (%)	+31.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	12.3	11.8
3months	11.0	8.7
12 months	5.8	11.5

Upgrade to BUY. Capital A Berhad's (Capital A) 1QFY25 earnings were in line with expectations. The outlook is generally more positive with more capacity being reinstated as all aircraft are expected to be out of storage by end-3QFY25. While earnings estimates remain unchanged, we roll over our valuation base year and arrive at a higher TP of **RM1.12** (from RM0.92), based on 8x FY26F EPS. This prompted an upgrade in our call to **BUY** from NEUTRAL.

Within expectations. Capital A reported a 1QFY25 core PATAMI of RM116.8m, excluding one-off items. This aligned with expectations, accounting for 24%/26% of our/consensus full-year forecasts. While Capital A's reporting format has followed MFRS 5 due to the planned aviation disposal, our forecasts still treat aviation as part of continuing operations.

Airfares eased as capacity returned. Revenue rose marginally by +0.4%yoy, as gains from ADE, Teleport, and Santan offset weaker contributions from other segments. Aviation revenue dipped slightly by -0.7%yoy despite an increase in passengers carried, as average fares eased with more capacity being reinstated. BigPay remains the only EBITDA-level loss-making entity (-10.4%yoy), weighed by limited revenue scale and continued investment in tech and product development. Core PATAMI declined -17.3%yoy, mainly due to higher interest from the revenue bond and increased tax expense.

BigPay eyes breakeven by year-end. Revenue (+0.1%qoq) was largely unchanged compared to 4QFY24. Aviation revenue rose +1.9%qoq supported by an increase in average fares despite a slight dip in passengers carried from a seasonally high base. BigPay's EBITDA-level losses widened by -64.4%qoq, driven by the previously mentioned factors. Management targets breakeven towards the later part of the year, backed by cost optimisation and potential strategic partnerships. Core PATAMI turned positive from losses in 4QFY24, mainly due to lower interest expense.

PN17 updates. The aviation disposal is now targeted for completion by Jul-25 following delays in securing final approvals. The Group is close to finalising an RM1.0b private placement but must first obtain consent from the two remaining aircraft lessors and clearance from Thailand's SEC. Lifting of PN17 status is expected by Sep-25, subject to Bursa waiving the two profitable quarters requirement.

Earnings estimates. Our earnings estimates were left unchanged as the results were within expectations.

INVESTMENT STATISTICS			
FYE Dec	**2024A**	**2025F**	**2026F**
Revenue	20,325.0	22,410.6	24,706.2
Op. profit	-575.0	645.6	783.7
PBT	-391.0	645.6	783.7
Core PATAMI	-271.8	490.7	595.6
Core EPS (sen)	-6.4	11.5	14.0

KEY STATISTICS	
FBM KLCI	1,508.35
Issued shares (m)	4330.43
Estimated free float (%)	67.50
Market Capitalisation (RM'm)	3,945.54
52-wk price range	RM0.64 - RM1.09
3-mth average daily volume (m)	9.77
3-mth average daily value (RM'm)	7.94
Top Shareholders (%)	
Tune Air Sdn Bhd	11.91
Tune Live Sdn Bhd	11.74
Positive Boom Limited	7.67

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CAPITAL A: 1QFY25 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
Income Statement	**1QFY25**	**4QFY24**	**1QFY24**	**QoQ**	**YoY**	**3MFY25**	**3MFY24**	**YoY**
Revenue	5,264.9	5,258.7	5,241.4	0.1%	0.4%	5,264.9	5,241.4	0.4%
EBITDA	1,106.1	1,279.1	1,032.5	-13.5%	7.1%	1,106.1	1,032.5	7.1%
EBIT	583.0	721.6	520.5	-19.2%	12.0%	583.0	520.5	12.0%
Net finance costs	-435.7	-722.5	-399.1	39.7%	-9.2%	-435.7	-399.1	-9.2%
Associates & JVs	9.4	4.1	-0.7	131.0%	1391.0%	9.4	-0.7	1391.0%
PBT	729.4	-1,737.8	-249.8	142.0%	391.9%	729.4	-249.8	391.9%
Taxation	-37.1	20.9	5.6	-277.1%	-766.4%	-37.1	5.6	-766.4%
PATAMI	689.6	-1,569.0	-91.6	143.9%	853.2%	689.6	-91.6	853.2%
Core PATAMI	116.8	-55.5	141.3	310.3%	-17.3%	116.8	279.0	-58.1%
				ppts	**ppts**			**ppts**
EBIT margin	11.1%	13.7%	9.9%	-2.6	1.1	11.1%	9.9%	1.1
PBT margin	13.9%	-33.0%	-4.8%	46.9	18.6	13.9%	-4.8%	18.6
Core PATAMI margin	2.2%	-1.1%	2.7%	3.3	-0.5	2.2%	5.3%	-3.1
Effective tax rate	-5.1%	-1.2%	-2.2%	-3.9	-2.9	-5.1%	-2.2%	-2.9

PRE-ELIMINATION SEGMENTAL BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
Revenue	**1QFY25**	**4QFY24**	**1QFY24**	**QoQ**	**YoY**	**3MFY25**	**3MFY24**	**YoY**
Aviation	4,914.0	4,820.4	4,948.6	1.9%	-0.7%	4,914.0	4,948.6	-0.7%
ADE	207.0	201.5	167.8	2.7%	23.4%	207.0	167.8	23.4%
Teleport	258.2	351.8	224.5	-26.6%	15.0%	258.2	224.5	15.0%
AirAsia Move	127.2	166.0	129.4	-23.4%	-1.7%	127.2	129.4	-1.7%
Santan	52.3	56.9	37.2	-8.1%	40.7%	52.3	37.2	40.7%
BigPay	8.9	8.8	11.0	0.9%	-18.8%	8.9	11.0	-18.8%
Others	124.7	95.1	105.3	31.1%	18.4%	124.7	105.3	18.4%
EBITDA	**1QFY25**	**4QFY24**	**1QFY24**	**QoQ**	**YoY**	**3MFY25**	**3MFY24**	**YoY**
Aviation	980.0	1,169.6	957.9	-16.2%	2.3%	980.0	957.9	2.3%
ADE	40.1	31.0	40.7	29.4%	-1.5%	40.1	40.7	-1.5%
Teleport	22.7	29.4	5.3	-22.7%	329.7%	22.7	5.3	329.7%
AirAsia Move	16.1	77.1	10.4	-79.2%	54.5%	16.1	10.4	54.5%
Santan	6.4	0.9	3.3	587.5%	93.8%	6.4	3.3	93.8%
BigPay	-20.0	-12.1	-18.1	-64.4%	-10.4%	-20.0	-18.1	-10.4%
Others	27.4	19.3	40.7	42.3%	-32.6%	27.4	40.7	-32.6%

Source: Capital A, MIDFR

AVIATION OPERATING STATISTICS

	Quarterly					Cumulatively		
Key Indicators	**1QFY25**	**4QFY24**	**1QFY24**	**QoQ**	**YoY**	**3MFY25**	**3MFY24**	**YoY**
Passengers (m)	16.2	16.3	15.4	-0.6%	4.9%	16.2	15.4	4.9%
Capacity (m)	18.9	18.6	17.0	1.6%	10.6%	18.9	17.0	10.6%
Load factor	86%	88%	90%	-2.3%	-4.4%	86%	90%	-4.4%
RPK (m)	19,128	19,272	18,109	-0.7%	5.6%	19,128	18,109	5.6%
ASK (m)	22,841	22,398	20,237	2.0%	12.9%	22,841	20,237	12.9%
Average fare (RM)	241	237	264	1.7%	-8.7%	241	264	-8.7%
Unit passenger revenue (RM)	301	294	321	2.4%	-6.2%	301	321	-6.2%
RASK (sen)	21.31	21.38	24.42	-0.3%	-12.7%	21.31	24.42	-12.7%
CASK (sen)	20.55	26.44	23.36	-22.3%	-12.0%	20.55	23.36	-12.0%
CASK ex-fuel (sen)	13.18	18.81	14.05	-29.9%	-6.2%	13.18	14.05	-6.2%
Aircraft	225	224	215	0.4%	4.7%	225	215	4.7%
Avg. stage length (km)	1,209	1,201	1,170	0.7%	3.3%	1,209	1,170	3.3%
Number of flights	101,872	101,084	93,566	0.8%	8.9%	101,872	93,566	8.9%
Fuel consumed (m barrels)	3.7	3.7	3.3	0.4%	14.6%	3.7	3.3	14.6%
Avg. fuel price (USD)	102	103	122	-1.0%	-16.4%	102	122	-16.4%

Source: Capital A, MIDFR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2022A	2023A	2024A	2025F	2026F
Revenue	6,437.1	14,693.0	20,325.0	22,410.6	24,706.2
Net operating profit	-2,358.4	-1,188.0	-575.0	645.6	783.7
PBT	-3,303.7	-177.0	-391.0	645.6	783.7
PATAMI	-2,626.4	255.3	-475.1	490.7	595.6
Core PATAMI	-2,026.5	249.3	-271.8	490.7	595.6
EPS (sen)	-	5.9	-6.4	11.5	14.0
PER (x)	-	-	-	7.4x	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

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197501002077 (24878-X).

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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