Capital A Berhad

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Corporate Update

2QFY25 Results Review Subdued Quarter

Maintain BUY. Results for 2QFY25 came in underwhelming for Capital A Berhad (Capital A). That said, a more robust 2HFY25 is expected as we enter the peak season, underpinned by full fleet reactivation and forward bookings indicating ongoing growth momentum. Following the earnings cut, we lower our target price slightly to **RM0.95** (from RM1.12) but maintain our **BUY** call, with the stock trading at -0.5SD below its pre-COVID mean.

Below expectations. Capital A posted a 2QFY25 core PATAMI of RM72.1m after excluding one-offs. Although we had anticipated a seasonally softer quarter, the results still came in below expectations, representing just 38% of our full-year forecast. The shortfall was driven by weaker-than-expected margins. To note, we still treat aviation as part of ongoing operations.

Cost tailwinds lifted aviation margin. Aviation revenue fell (-3.0%yoy) as passengers carried declined slightly (-0.7%yoy) on weaker Thailand demand, while average fares eased (-4.6%yoy) from a higher domestic mix. However, the EBITDA margin expanded (+5.5 ppts), driven by a decline in CASK (-17.1%yoy) on lower fuel and maintenance costs. For the non-aviation entities, AirAsia Move was a notable underperformer, with revenue (-16.3%yoy) and EBITDA margin (-4.1 ppts) hit by lower AirAsia seat sales from competitive pricing and a shift towards lower-yielding domestic routes. Altogether, Group revenue slipped marginally (-0.7%yoy), but the quarter turned profitable versus core losses of -RM516.0m in 2QFY24, supported by margin improvements across most segments.

ADE stood out amid a weak quarter. Against 1QFY25, aviation revenue declined (-9.0%qoq) on seasonality compounded by the earlier factors, leading to lower passengers carried (-3.9%qoq) and softer average fares (-5.0%qoq). EBITDA margin remained relatively stable, edging up (+0.9 ppts) partly on further easing of jet fuel prices. Among the non-aviation entities, ADE outperformed, recording revenue growth (+6.0%qoq) driven by higher maintenance activities, while EBITDA margin expanded (+6.3 ppts). Overall, group revenue fell (-8.2%qoq), while core PATAMI declined more steeply (-38.3%qoq) as margin contracted (-0.7 ppts).

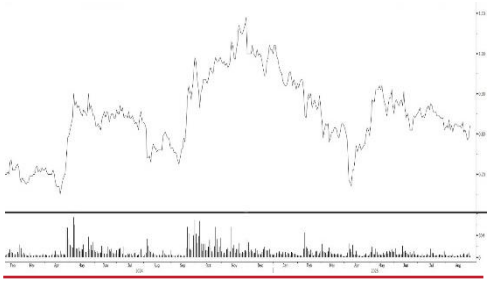
Earnings estimates. We raised our cost assumptions and lowered earnings forecasts for FY25E/FY26F by -14%/-15% respectively.

Maintain BUY

Revised Target Price **RM0.95** (from RM1.12)

RETURN STATISTICS	
Price @ 28th August 2025 (RM)	0.84
Expected share price return (%)	+14.0
Expected dividend yield (%)	0.0
Expected total return (%)	+14.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-2.4	-6.3
3 months	-3.5	-13.9
12 months	3.8	9.1

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	22,410.6	24,706.2	25,464.4
Net operating profit	556.1	667.2	801.0
PBT	556.1	667.2	801.0
PATAMI	422.6	507.1	608.8
Core PATAMI	422.6	507.1	608.8
EPS (sen)	9.9	11.9	14.3

KEY STATISTICS	
FBM KLCI	1,587.07
Issued shares (m)	4330.43
Estimated free float (%)	67.53
Market Capitalisation (RM'm)	3,558.44
52-wk price range	RM0.64 - RM1.09
3-mth average daily volume (m)	7.15
3-mth average daily value (RM'm)	6.09
Top Shareholders (%)	
Tune Air Sdn Bhd	11.90
Tune Live Sdn Bhd	11.73
Positive Boom Limited	7.66

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CAPITAL A: 2QFY25 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
Income Statement	**2QFY25**	**1QFY25**	**2QFY24**	**QoQ**	**YoY**	**1HFY25**	**1HFY24**	**YoY**
Revenue	4,830.7	5,264.9	4,862.9	-8.2%	-0.7%	10,095.6	10,104.3	-0.1%
EBITDA	1,058.3	1,106.1	735.2	-4.3%	43.9%	2,164.4	1,767.7	22.4%
EBIT	512.7	583.0	-177.9	-12.1%	388.3%	1,095.7	342.6	219.8%
Net finance costs	-364.6	-435.7	-267.2	16.3%	-36.4%	-800.2	-666.2	-20.1%
Associates & JVs	3.2	9.4	-1.7	-65.7%	290.5%	12.6	-2.4	621.3%
PBT	1,440.8	729.4	-561.8	97.5%	356.5%	2,170.2	-811.6	367.4%
Taxation	18.4	-37.1	19.3	149.5%	-4.6%	-18.7	24.8	-175.4%
PATAMI	1,451.2	689.6	-454.2	110.5%	419.5%	2,140.8	-545.7	492.3%
Core PATAMI	72.1	116.8	-516.0	-38.3%	114.0%	188.9	-374.7	150.4%
				ppts	**ppts**			**ppts**
EBIT margin	10.6%	11.1%	-3.7%	-0.5	14.3	10.9%	3.4%	7.5
PBT margin	29.8%	13.9%	-11.6%	16.0	41.4	21.5%	-8.0%	29.5
Core PATAMI margin	1.5%	2.2%	-10.6%	-0.7	12.1	1.9%	-3.7%	5.6
Effective tax rate	1.3%	-5.1%	-3.4%	6.4	4.7	-0.9%	-3.1%	2.2

PRE-ELIMINATION SEGMENTAL BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
Revenue	**2QFY25**	**1QFY25**	**2QFY24**	**QoQ**	**YoY**	**1HFY25**	**1HFY24**	**YoY**
Aviation	4,471.5	4,914.0	4,611.4	-9.0%	-3.0%	9,385.5	9,560.1	-1.8%
ADE	219.5	207.0	173.9	6.0%	26.3%	426.5	341.6	24.8%
Teleport	254.8	258.2	225.2	-1.3%	13.2%	513.0	449.7	14.1%
AirAsia Move	107.1	127.2	128.0	-15.8%	-16.3%	234.3	257.4	-9.0%
Santan	52.0	52.3	48.8	-0.6%	6.6%	104.4	86.0	21.3%
BigPay	8.1	8.9	9.8	-8.6%	-17.3%	17.0	20.8	-18.1%
Abc	47.7	60.9	48.5	-21.8%	-1.8%	108.6	103.3	5.1%
EBITDA	**2QFY25**	**1QFY25**	**2QFY24**	**QoQ**	**YoY**	**1HFY25**	**1HFY24**	**YoY**
Aviation	930.6	980.0	707.1	-5.0%	31.6%	1,910.6	1,665.1	14.7%
ADE	56.4	40.1	38.9	40.8%	45.2%	96.5	79.6	21.3%
Teleport	24.6	22.7	2.5	8.3%	884.0%	47.4	7.8	507.7%
AirAsia Move	11.6	16.1	19.0	-28.0%	-39.2%	27.6	29.4	-6.1%
Santan	12.5	6.4	4.1	96.7%	208.6%	18.9	7.4	157.2%
BigPay	-4.9	-20.0	-18.8	75.7%	74.1%	-24.8	-36.8	32.7%
Abc	38.0	49.3	41.2	-23.0%	-7.8%	87.3	94.6	-7.7%
EBITDA margin	**2QFY25**	**1QFY25**	**2QFY24**	**ppts**	**ppts**	**1HFY25**	**1HFY24**	**ppts**
Aviation	20.8%	19.9%	15.3%	0.9	5.5	20.4%	17.4%	2.9
ADE	25.7%	19.4%	22.4%	6.3	3.3	22.6%	23.3%	-0.7
Teleport	9.7%	8.8%	1.1%	0.9	8.6	9.2%	1.7%	7.5
AirAsia Move	10.8%	12.6%	14.9%	-1.8	-4.1	11.8%	11.4%	0.4
Santan	24.1%	12.2%	8.3%	11.9	15.8	18.1%	8.5%	9.6
BigPay	-59.6%	-224.2%	-190.5%	164.6	130.9	-145.6%	-177.1%	31.5
Abc	79.7%	81.0%	84.9%	-1.3	-5.2	80.4%	91.6%	-11.1

AVIATION OPERATING STATISTICS

	Quarterly					Cumulatively		
Key Indicators	**2QFY25**	**1QFY25**	**2QFY24**	**QoQ**	**YoY**	**1HFY25**	**1HFY24**	**YoY**
Passengers (m)	15.5	16.2	15.6	-3.9%	-0.7%	31.7	32.8	-3.4%
Capacity (m)	18.9	18.9	17.4	0.0%	8.5%	37.7	36.3	3.8%
Load factor	82%	86%	90%	-4.7%	-8.9%	84%	90%	-6.7%
RPK (m)	17,842	19,128	18,287	-6.7%	-2.4%	36,970	38,291	-3.4%
ASK (m)	21,993	22,841	20,547	-3.7%	7.0%	44,835	42,888	4.5%
Average fare (RM)	RM229	RM241	RM240	-5.0%	-4.6%	RM235	RM239	-1.7%
Unit passenger revenue (RM)	RM284	RM301	RM292	-5.6%	-2.7%	RM293	RM291	0.7%
RASK (sen)	20.05	21.31	22.52	-5.9%	-11.0%	20.69	22.19	-6.8%
CASK (sen)	19.22	20.55	23.18	-6.5%	-17.1%	19.58	21.97	-10.9%
CASK ex-fuel (sen)	12.40	13.18	13.89	-5.9%	-10.7%	12.48	13.29	-6.1%
Aircraft	226	225	218	0.4%	3.7%	226	218	3.7%
Avg. stage length (km)	1,160	1,209	1,136	-4.1%	2.1%	1,185	1,176	0.8%
Number of flights	101,660	101,872	95,462	-0.2%	6.5%	203,532	199,387	2.1%
Fuel consumed (m barrels)	3.6	3.7	3.4	-3.9%	4.6%	7.3	7.0	4.2%
Avg. fuel price (USD)	USD 98	USD 102	USD 111	-3.9%	-11.7%	USD 100	USD 110	-9.1%

Source: Capital A, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	14,693.0	20,325.0	22,410.6	24,706.2	25,464.4
Net operating profit	-1,188.0	-575.0	556.1	667.2	801.0
PBT	-177.0	-391.0	556.1	667.2	801.0
PATAMI	255.3	-475.1	422.6	507.1	608.8
Core PATAMI	249.3	-271.8	422.6	507.1	608.8
EPS (sen)	5.9	-6.4	9.9	11.9	14.3
PER (x)	-	-13.3x	8.6x	7.1x	5.9x

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
ROU assets	13,266.0	14,508.6	13,481.0	12,441.6	11,515.9
PPE	1,580.4	1,355.4	1,452.1	1,534.3	1,604.2
Non-current assets	**26,454.8**	**28,812.7**	**26,721.8**	**28,357.9**	**29,604.6**
Trade debtors	1,266.7	391.3	442.7	488.1	503.0
Cash & cash equivalents	702.8	1,055.4	2,011.4	2,678.0	2,868.0
Current assets	**2,498.8**	**1,923.2**	**1,886.0**	**2,767.1**	**2,986.0**
Long-term debt	3,580.6	5,257.2	5,257.2	5,257.2	5,257.2
Non-current liabilities	**23,940.9**	**30,997.9**	**26,211.1**	**27,608.9**	**28,272.6**
Trade creditors	4,206.3	5,492.0	5,650.9	6,263.3	6,456.3
Short-term debt	862.3	636.0	636.0	636.0	636.0
Current liabilities	**15,105.1**	**9,753.2**	**9,912.1**	**10,524.5**	**10,717.5**
Share capital	8,711.7	8,768.6	8,768.6	8,768.6	8,768.6
Retained earnings	138.6	41.8	464.4	971.5	1,580.3
Equity	**-10,092.4**	**-10,015.0**	**-7,515.4**	**-7,008.3**	**-6,399.5**

Cash Flow (RM'm)	2023A	2024E	2025E	2026F	2027F
PBT	-816.4	-891.1	556.1	667.2	801.0
Operating cash flow	1,413.4	3,823.6	2,305.6	2,662.3	2,428.8
Investing cash flow	-101.6	-194.5	-200.0	-200.0	-200.0
Financing cash flow	-1,169.7	-3,424.3	-896.5	-1,795.6	-2,038.8
Net cash flow	**142.1**	**203.9**	**1,209.2**	**666.7**	**190.0**
Beginning cash flow	**336.8**	**522.1**	**802.2**	**2,011.4**	**2,678.0**
Ending cash flow	**522.1**	**802.2**	**2,011.4**	**2,678.0**	**2,868.0**

Profitability Ratios (%)	2023A	2024E	2025E	2026F	2027F
OP margin	-	-	2.5%	2.7%	3.1%
PBT margin	-	-	2.5%	2.7%	3.1%
PATAMI margin	-	-	1.9%	2.1%	2.4%
Core PATAMI margin	-	-	1.9%	2.1%	2.4%
ROA	-	-	1.5%	1.6%	1.9%
ROE	-	-	-	-	-

Growth (%)	2023A	2024E	2025E	2026F	2027F
Revenue growth	128.3%	38.3%	10.3%	10.2%	3.1%
PBT growth	94.6%	-120.9%	242.2%	20.0%	20.1%
PATAMI growth	112.3%	-209.0%	255.5%	20.0%	20.1%
Core PATAMI growth	112.3%	-209.0%	255.5%	20.0%	20.1%

Source: Capital A, MBSBR

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MBSB INVESTMENT BANK (formerly known as MIDF 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 expected 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