Capital A Berhad

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

SHARIAH Compliant

ESG 3 Stars

Corporate Update

Maintain BUY

Revised Target Price **RM0.63**
(from RM0.77)

Briefing Note
Breaking Free from PN17

Maintain BUY. Post-briefing, we remain positive on Capital A Berhad (Capital A) as the Group continues to diversify its earnings base by strengthening non-AirAsia revenue streams across its ecosystem companies. Shareholders' equity remained positive as of end-1QFY26 and today marks a key milestone with the upliftment of its PN17 status. Following our earnings revisions, rollover of the valuation base year to FY27, and lower consensus target price assumption for AirAsia X Berhad, our SOTP-derived target price is revised to **RM0.63** from RM0.77.

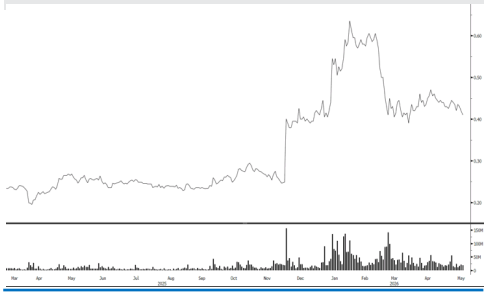
ADE to add 4 new hangar lines by next year. ADE, the Group's core EBITDA contributor (39% in 1QFY26), saw EBITDA rise +7.4%yoy, driven by better yields from major redelivery inductions despite lower base checks (-3.8%yoy) and line maintenance activity (-2.8%yoy). Workshop revenue improved on higher work orders completed (+12.0%yoy). Sequentially, EBITDA fell -22.3%qoq due to higher staff costs. Management highlighted that growth remains capacity-driven amid strong demand. ADE has started construction of 4 additional hangar lines, targeted for completion by end-FY27, and is looking into expanding into Indonesia, the Philippines, Thailand, and Bahrain.

Teleport achieves second-highest tonnage on record. Teleport (19% EBITDA contribution) recorded strong e-commerce growth, with parcels moved rising +121.6%yoy to 61.7m and tonnage reaching a record-high 96.8k tonnes (+24.7%yoy). Non-AirAsia belly activities now account for 45% of total revenue. Despite the strong operational performance, EBITDA declined -5.6%yoy mainly due to the stronger MYR against USD. Teleport is on track to re-establish its Bahrain hub by 2QCY26, strengthening connectivity between Southeast Asia, China, Australia, the Middle East, and Europe. Higher jet fuel costs are now largely mitigated through fuel surcharge pass-through mechanisms, except for a few customer contracts currently under renegotiation.

Higher airfares expected to support AirAsia MOVE's GMV. Meanwhile, AirAsia MOVE (13% EBITDA contribution) saw EBITDA decline -12.2%yoy, in line with lower revenue due to the cessation of certain product lines and the strategic suspension of several third-party airlines, alongside a +3.0% increase in staff costs. Management noted that higher airline operating costs, which have translated into higher airfares, could support gross merchandise value (GMV) and commission income under MOVE's transaction-based model.

RETURN STATISTICS	
Price @ 19th May 2026 (RM)	0.44
Expected share price return (%)	+44.0
Expected dividend yield (%)	0.0
Expected total return (%)	+44.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-12.8	-14.4
3 months	-1.2	-30.1
12 months	53.0	37.8

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	3,519.3	3,734.4	3,941.6
EBIT	357.8	381.3	405.8
PBT	211.2	231.5	252.3
Net profit	158.4	183.0	201.0
Core net profit	158.4	183.0	201.0
EPS (sen)	3.6	4.2	4.6

KEY STATISTICS	
FBM KLCI	1,727.27
Issued shares (m)	4430.20
Estimated free float (%)	68.28
Market Capitalisation (RM'm)	1,833.21
52-wk price range	RM0.22 - RM0.64
3-mth average daily volume (m)	35.06
3-mth average daily value	16.02
Top Shareholders (%)	
Tune Air Sdn Bhd	11.55
Tune Live Sdn Bhd	11.38
Positive Boom Limited	7.44

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Santan expanding beyond inflight catering.

Santan (2% EBITDA contribution) saw EBITDA fall sharply by -63.4%yoy. Revenue declined -3.8%yoy due to unplanned flight delays affecting onboard purchases, capacity shifts towards domestic routes, and a weaker Ramadan month. EBITDA declined more sharply mainly due to a +22.0% increase in staff costs following revised aviation authority requirements for food handling operations and the takeover of inflight operations in Indonesia. Santan is transitioning from a legacy inflight catering model towards broader ground-based operations, including the establishment of a central kitchen. In 2HCY26, it plans to launch grab-and-go restaurant concepts, targeting 5 outlets in CY26 and scaling up to 500 by CY29. Santan will be impacted by airline capacity cuts, with management expecting conditions to normalise by 3QCY26.

Restructuring to place rewards under AirAsia Next.

AirAsia Next (27% EBITDA contribution) saw EBITDA decline -16.5%yoy, in line with a -5.0% revenue decline following a deliberate one-off cleanup of BigPay's user base to remove fraudulent mule accounts. Average transaction per user fell -11.0%yoy. Earnings were also impacted by internal staff cost reallocations under the brand company, alongside capacity-building initiatives to support the next phase of growth. Rewards, currently parked under AirAsia MOVE, will be transferred to AirAsia Next upon completion of the restructuring, which is expected within the next month.

Capital A exits PN17 status.

Capital A will be uplifted from PN17 status today, earlier than the previously targeted Aug-26 timeline. Prior to this, the group was expected to deliver another profitable quarter, being two consecutive profitable quarters after returning to positive shareholders' equity in 4QFY25, although management had indicated that it was applying for an exemption to this requirement. As at end-1QFY26, shareholders' equity remained positive at MYR597.6m. Recall that the Group had completed its PN17 regularisation plan in January.

Earnings estimates.

As 1QFY26 earnings came in below expectations, we have revised our FY26/FY27 estimates downward by -34.2%/-27.2%, mainly to reflect lower contributions from Santan due to capacity adjustments, alongside softer performance from AirAsia Move and moderated margins across the segments.

SEGMENTAL BREAKDOWN (before elimination adjustments)

FYE Dec (RM'm)	Quarterly					Cumulatively		
Revenue	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
Teleport (logistics)	308.7	367.4	258.2	-16.0%	19.6%	308.7	258.2	19.6%
ADE (MRO)	222.2	246.6	207.0	-9.9%	7.3%	222.2	207.0	7.3%
AirAsia MOVE (OTA)	120.0	295.3	127.2	-59.3%	-5.6%	120.0	127.2	-5.6%
Santan (F&B)	50.4	64.1	52.3	-21.4%	-3.8%	50.4	52.3	-3.8%
AirAsia Next (brand, fintech)	66.3	63.2	69.8	4.9%	-5.0%	66.3	69.8	-5.0%
EBITDA	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
Teleport (logistics)	21.5	25.3	22.7	-15.2%	-5.6%	21.5	22.7	-5.6%
ADE (MRO)	43.1	55.4	40.1	-22.3%	7.4%	43.1	40.1	7.4%
AirAsia MOVE (OTA)	14.1	43.8	16.1	-67.8%	-12.2%	14.1	16.1	-12.2%
Santan (F&B)	2.3	4.6	6.4	-48.9%	-63.4%	2.3	6.4	-63.4%
AirAsia Next (brand, fintech)	29.2	22.6	35.0	29.3%	-16.5%	29.2	35.0	-16.5%
EBITDA margin	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
Teleport (logistics)	7.0%	6.9%	8.8%	0.1	-1.9	7.0%	8.8%	-1.9
ADE (MRO)	19.4%	22.5%	19.4%	-3.1	0.0	19.4%	19.4%	0.0
AirAsia MOVE (OTA)	11.7%	14.8%	12.6%	-3.1	-0.9	11.7%	12.6%	-0.9
Santan (F&B)	4.6%	7.1%	12.2%	-2.5	-7.5	4.6%	12.2%	-7.5

OPERATING STATISTICS

Key Indicators	Quarterly				
ADE	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**
No. of base checks completed	25	-	26	-	-3.8%
Line maintenance: AirAsia flight	184	-	186	-	-1.1%
Line maintenance: 3rd pary flight transit	230	-	240	-	-4.2%
No. of order completed	7,331	-	6,543	-	12.0%
AirAsia MOVE	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**
Monthly active users	17,690,825	14,780,000	14,340,741	19.7%	23.4%
No. of transactions	12,315,454	3,207,000	11,285,724	284.0%	9.1%
Ancillary: Units sold	8,994,032	-	7,820,072	-	15.0%
AirAsia flights: Seats sold	44	-	52	-	-15.4%
FlyBeyond: Seats sold	7,012,119	-	6,720,111	-	4.3%
Stays: Room nights	188	-	176	-	6.8%
Rewards: Total active members (pax)	123,461	-	150,716	-	-18.1%
Rewards: Total points issuance ('000 pts)	103,970	-	102,198	-	1.7%
Rewards: Total points redemption ('000 pts)	272	-	252	-	7.9%
Wano: Seats sold	8,913,107	-	7,688,975	-	15.9%
Teleport	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**
Tonnage (tonnes)	96,784	102,688	77,627	-5.7%	24.7%
AirAsia	72,548	-	60,082	-	20.7%
Freighter	10,684	-	11,087	-	-3.6%
3rd party	13,552	-	6,458	-	109.8%
No. of parcels ('000)	61,740	62,932	27,858	-1.9%	121.6%
Average yield (RM/kg)	3.19	2.80	3.33	13.9%	-4.2%
AirAsia Next	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**
BigPay: Active user	1,689,491	-	1,622,280	-	4.1%
BigPay: Average transaction per user	14.04	-	15.77	-	-11.0%
AA Next: Total licensees	3	-	1	-	200.0%
Santan	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**
No. of transactions (inflight)	4,508,521	-	4,264,553	-	5.7%
No. of active clients (B2B)	6	-	6	-	0.0%
No. of transactions (B2C eComm)	14,845	-	1,499	-	890.3%

Source: Capital A, MBSBR

Note: No sequential comparables for some items due to reporting format changes.

SOTP VALUATION

	Stake	Value (RM'm)	Value/Share (RM)	Notes
ADE	100%	2,001.6	0.25	18x FY27 EPS
AirAsia Next	100%	885.1	0.11	DCF - WACC: 11.5%, g: 1%
AirAsia MOVE	100%	346.6	0.04	12x FY27 EPS
Santan	100%	111.0	0.01	12x FY27 EPS
Teleport	65%	417.0	0.05	13x FY27 EPS
AAX shares	20%	1,113.9	0.14	Consensus TP @ RM1.70
Warrant conversion		182.0	0.02	
Equity value		**5,057.2**	**0.63**	

FINANCIAL SUMMARY

Profit or Loss (RM'm)	**2024A**	**2025A**	**2026E**	**2027F**	**2028F**
Revenue	1,709.7	1,866.9	3,519.3	3,734.4	3,941.6
EBITDA	-628.2	-501.3	559.0	600.4	637.1
EBIT	-689.7	-609.1	357.8	381.3	405.8
PBT	-891.1	-791.7	211.2	231.5	252.3
Net profit	-881.7	-794.6	158.4	183.0	201.0
Core net profit	-844.1	-806.6	158.4	183.0	201.0
EPS (sen)	-19.3	-18.5	3.6	4.2	4.6
PER (x)	-	-	12.1x	10.5x	9.5x

Balance Sheet (RM'm)	**2024A**	**2025A**	**2026E**	**2027F**	**2028F**
ROU assets	404.1	571.8	588.9	606.6	624.8
PPE	228.2	312.3	321.7	331.3	341.2
Non-current assets	**958.4**	**1,357.4**	**1,398.2**	**1,440.1**	**1,483.3**
Trade debtors	391.3	433.5	446.5	459.9	473.7
Cash & cash equivalents	431.2	432.6	445.6	459.0	472.7
Current assets	**1,094.0**	**6,210.5**	**6,396.8**	**6,588.7**	**6,786.3**
Long-term debt	839.7	550.8	567.3	584.3	601.8
Non-current liabilities	**994.5**	**938.4**	**966.6**	**995.6**	**1,025.5**
Trade creditors	653.6	3,702.1	3,813.1	3,927.5	4,045.4
Short-term debt	636.0	730.9	752.8	775.4	798.7
Current liabilities	**1,372.2**	**5,708.2**	**5,879.5**	**6,055.8**	**6,237.5**
Share capital	8,768.6	8,819.4	8,819.4	8,819.4	8,819.4
Retained earnings	41.8	-2,548.9	-2,421.5	-2,300.4	-2,185.4
Equity	**-10,015.0**	**921.2**	**948.9**	**977.3**	**1,006.7**

Cash Flow (RM'm)	**2024A**	**2025A**	**2026E**	**2027F**	**2028F**
PBT	-891.1	10,528.5	211.2	231.5	252.3
Operating cash flow	-863.1	451.0	-206.1	122.5	-41.8
Investing cash flow	-213.2	-1,791.7	-100.0	-150.0	-150.0
Financing cash flow	99.0	-278.1	0.0	0.0	0.0
Net cash flow	**-424.3**	**203.9**	-306.1	-27.5	-191.8
Beginning cash flow	**522.1**	**349.3**	802.2	496.2	468.6
Ending cash flow	**349.3**	**802.2**	496.2	468.6	276.8

Profitability Ratios (%)	**2024A**	**2025A**	**2026E**	**2027F**	**2028F**
EBIT margin	-40.3%	-32.6%	10.2%	10.2%	10.5%
PBT margin	-52.1%	-42.4%	6.0%	6.2%	6.4%
Net profit margin	-51.6%	-42.6%	4.5%	4.9%	5.1%
Core net profit margin	-49.4%	-43.2%	4.5%	4.9%	5.1%
ROA	-41.1%	-10.7%	2.0%	2.3%	2.4%
ROE	8.4%	-87.6%	16.7%	18.7%	20.0%

Growth (%)	**2024A**	**2025A**	**2026E**	**2027F**	**2028F**
Revenue	-	9.2%	88.5%	6.1%	5.5%
PBT	-	11.2%	126.7%	9.6%	9.0%
Net profit	-	9.9%	119.9%	15.5%	9.9%
Core net profit	-	4.4%	119.6%	15.5%	9.9%

Source: Capital A, MBSBR

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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