Capital A

FY25 Met Expectations

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MARKET PERFORM ↔

Price :	**RM0.61**
Target Price :	**RM0.70** ↔

CAPITALA's FY25 results met expectations. It reported a core net profit of RM77m due to improvement across the board. We keep our earnings forecasts and SoP-TP of RM0.70 unchanged for now, and maintain our MARKET PERFORM call. The group aim to exit the PN17 status by May 2026.

It reported FY25 core net profit (continuing business following sale of aviation) of RM77m.

YoY, its FY25 revenue rose >12% led by Asia Digital Engineering (+25%), AirAsia Move (+16) and Teleport (+11%) which more than offset lower AirAsia Next (-5%). The strong showing from ADE was due to capacity expansion with 16 lines operational at year-end and the induction of Air France aircraft for maintenance.

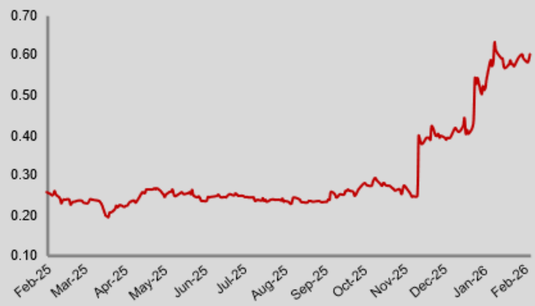
Overall in ADE, the higher aircraft induction volume and material billings reflect improved operational activity and stronger demand for maintenance services, positioning ADE on a firmer growth trajectory moving into FY26. EBITDA rose by 47% driven by strong top-line performance, lower interest expense following principal repayments and favorable forex gain. Looking ahead, under ADE, the focus is to shift towards capturing high-yield third-party maintenance volumes and expanding external customer base, following full fleet restoration and improved turnaround.

In AirAsia Move, topline rose 16% in line with higher volume AirAsia flight transactions and a strategic shift toward more budget-friendly inventory, sustained staycation demand, improved personalised recommendations, and targeted flash-sale campaigns. EBITDA fell 16% attributable to higher marketing investments incurred to enhance hotel brand visibility and increase in marketing and ICT cost.

In Teleport, revenue rose 11% fuelled by a 18% surge in tonnage driven by e-commerce revenue, on a >60% increase in parcels moved. Cargo revenue also grew, with a >10% increase in total air freight volumes, demonstrating Teleport's ability to capture volume in a declining yield market. The focus remains on increasing wallet share moved from China's top five e-commerce marketplaces by 30% and deepening collaboration to increase the capacity and reach of its more than 50 partner airlines. It targets to capture market share across longer-haul trade lanes, specifically servicing eCommerce movement from China via Asia (including Oceania) through the Middle East and into key European destinations. Overall, the group registered a FY25 core net profit of RM77m.

Valuations. We maintain our earnings forecasts unchanged and SoP-TP of RM0.70 (see below). There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 3). Reiterate MARKET PERFORM.

Share Price Performance



KLCI	1,747.81
YTD KLCI chg	4.0%
YTD stock price chg	45.8%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	CAPITALA MK
Market Cap (RM m)	2,702.5
Shares Outstanding	4,466.9
52-week range (H)	0.65
52-week range (L)	0.19
3-mth avg. daily vol.	39,739,480
Free Float	68%
Beta	1.7

Major Shareholders

Tune Air Sdn Bhd	11.9%
Tune Live Sdn Bhd	11.7%
Positive Boom Limited	7.7%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	3,393	3,733	4,106
PBT	95.7	119.6	149.6
Net Profit (NP)	77.0	92.4	110.9
Core NP			
Consensus (NP)			
Earnings Revision	-	-	-
Core EPS (sen)	1.7	2.1	2.5
Core EPS growth (%)	NA	20	20
NDPS (sen)	0.0	0.0	0.0
BVPS (RM)	0.22	0.24	0.27
Core PER (x)	34.8	29.0	24.2
PBV(x)	2.7	2.5	2.3
Net Gearing (%)	80.7	84.8	89.0
Net Div. Yield (%)	-	-	-

Results Highlight

FYE Dec (RM m)	3QFY25	4QFY25	QoQ %	12MFY24	12MFY25	YoY %
Revenue	816.9	1,057	29.4	3,031.9	3,393.5	12
EBITDA	112.9	111.4	(1.3)	343.5	443.1	29.0
Depreciation	(26.4)	(32.0)	21.3	(79.8)	(107.9)	35.2
EBIT	86.5	86.5	0.0	260.9	259.5	(0.5)
Interest expense	(44.6)	(34.7)	(22.3)	(108.3)	(163.8)	51.3
Associates & JVs	0.0	0.0	NM	1.0	0.0	(100.0)
EI Forex (loss)/gain	(13.4)	9,752.3^	NM	(37.6)	9,757.9^	NM
Pre-tax profit	28.5	9,721.4	NM	116.0	9,853.6	NM
Tax	(6.2)	0.7	(111.1)	14.5	(10.8)	(174.2)
MI	(1.0)	(3.9)	280.9	17.3	(8.0)	(145.9)
Core Net profit from continuing operations	34.7	(34.2)	(198.5)	185.4	77.0	(58.5)
Turnover	816.9	1,057.4	29.4	3,031.9	3,393.5	12%
ADE	221.5	246.6	11.3	714.0	894.5	25%
Teleport	312.2	367.4	17.7	1,070.2	1,192.6	11%
AirAsia Move	111.8	295.3	164.1	555.0	641.5	16%
Air Asia Next (incl Big Pay)	57.6	63.2	9.8	258.6	246.4	-5%
Santan	58.9	64.1	8.9	193.5	227.4	18%
Others	55.0	20.8	(62.1)	240.6	191.1	-21%
EBITDA	112.9	111.4	(1.3)	343.5	443.1	29%
ADE (MRO)	53.5	55.4	3.5	140.2	205.5	47%
Teleport (logistics)	31.9	25.3	(20.5)	53.9	104.5	94%
AirAsia Move (superapp)	12.4	43.8	254.0	96.9	83.9	-13%
Air Asia Next (incl Big Pay)	26.9	22.6	(16.1)	96.8	117.7	22%
Santan	10.4	4.6	(56.0)	13.0	33.9	161%
Others	(22.2)	(40.4)	81.8	(57.2)	(102.3)	79%

Source : Company, Bursa Malaysia, Kenanga Research
^gain from divestment of aviation business

CAPITALA's Sum-of-Parts Valuation

Segment	Valuation (RM m)	Basis
ADE	688.8	8x PER
Teleport	592.7	6x EV/EBITDA
AirAsia Move	169.3	8x PER
Santan	229.6	7x PER
ABC	706.4	6x PER
AAX	806	
Total	3,193	
number of shares	4466	
TP	0.70	

Source: Kenanga Research

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★				
	Community Investment Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★	★	
	Community Investment Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	☆		
SPECIFIC	Airport Service Quality & Safety	★	★	★		
	Cybersecurity/Data Privacy	★	★	★		
	Customer Experience	★	★	★	☆	
	Supply Chain Management	★	★	★	☆	
	Energy Efficiency	★	★	★		
	Effluent/Waste Management	★	★	★		
	OVERALL	★	★	★		

☆	denotes half-star
★	-10% discount to TP
★★	-5% discount to TP
★★★	TP unchanged
★★★★	+5% premium to TP
★★★★★	+10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

******Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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