

19 May 2026

Capital A

1QFY26 Results Miss

By Raymond Choo Ping Khoo | pkchoo@kenanga.com.my

CAPITALA's 1QFY26 results missed expectations. It reported a core net profit of RM17m. We cut our FY26F net profit by 8%. However, we maintain our FY27F earnings. We also lowered our TP to RM0.52 (previously RM0.70), and maintain our MARKET PERFORM call. In the meantime, it is awaiting Bursa Malaysia's formal approval to uplift its Practice Note 17 (PN17) status, after completing its regularisation plan in Jan 2026.

It reported 1QFY26 core net profit (continuing business following sale of aviation) coming in at RM17m or 19% of our full-year net profit forecast. However, results account for 8% of consensus full-year net profit forecast. The results missed expectations.

YoY, 1QFY26 revenue fell 0.4% due to lower contribution from AirAsia Move (-6%) and AirAsia Next (-5%) but mitigated by higher Asia Digital Engineering (+6%) and Teleport (+20%). The strong showing from ADE was due to capacity expansion of its line maintenance operations, which currently provide support to the entire AirAsia fleet across more than 20 airports and increased third-party client base to six compared to four airlines. The higher revenue in Teleport was bolstered by a 69% increase in eCommerce revenue. This performance was supported by a 25% rise in tonnage moved and a >100% YoY surge in parcel volume to 62m units. The lower revenue growth from AirAsia Move, we believe, was due to strategic volume reductions in specific airline ticket sales. Note that FlyBeyond (third-party/connecting) flight seats sold fell 18% YoY. AirAsia flight transactions remained consistent with 3.1m booking per quarter. Flight seats sold rose 4% YoY to 7m seats. Ancillary units sold increased 15%, supported by a 33% rise in the EasyCancel attach rate due to demand for "peace of mind" digital products.

Overall 1QFY26 EBITDA fell 6% YoY. Higher ADE EBITDA (+7%) was driven by better topline performance and a stable margin. 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.

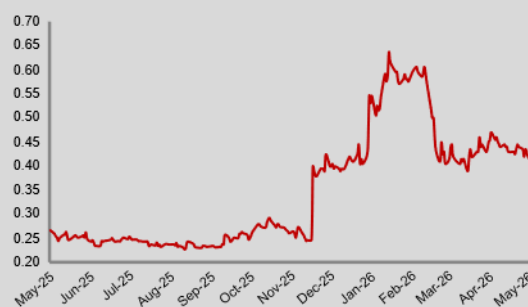
In Teleport, revenue rose 20% fuelled by a 25% surge in tonnage driven by e-commerce revenue, on a >100% increase in parcels moved demonstrating Teleport's ability to capture volume in a declining yield market. It targets to capture market share across longer-haul trade lanes, specifically servicing eCommerce movement from China via Asia (including Oceania) through the Middle East and into key European destinations. The agility of Teleport's hybrid and asset-light model allows it to respond to market shifts in a timely manner to effectively deploy a balanced network of belly and freighter capacity in various combinations and alternative routes. Even in this challenging climate, this positions the group well to capture significant new market demand. Teleport is also on track to re-establish its hub in Bahrain imminently, connecting Southeast Asia, China, and Australia to the Middle East and onward to Europe.

Valuations. We cut our FY26F net profit by 8% to take into account of weaker-than-expected contribution from AirAsia Move and AirAsia Next. However, we maintain our FY27 earnings forecast. We also lowered out TP to RM0.52 (previously RM0.70) as we apply a holding company discount of 25% to our SoP (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.

MARKET PERFORM ↔

Price : RM0.42
Target Price : RM0.52 ↓

Share Price Performance



KLCI 1,727.71
YTD KLCI chg 2.8%
YTD stock price chg -1.2%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	CAPITALA MK
Market Cap (RM m)	1,833.2
Shares Outstanding	4,471.2
52-week range (H)	0.65
52-week range (L)	0.23
3-mth avg. daily vol.	35,060,940
Free Float	68%
Beta	1.6

Major Shareholders

Tune Air Sdn Bhd	11.6%
Tune Live Sdn Bhd	11.4%
Positive Boom Limited	7.4%

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	93.7	112.4
Core NP	-	-	-
Consensus (NP)	-	226.2	335.5
Earnings Revision	-	-8%	-
Core EPS (sen)	1.9	2.1	2.5
Core EPS growth (%)	-	10%	20%
NDPS (sen)	-	-	-
BVPS (RM)	0.22	0.24	0.27
Core PER (x)	21.6	19.6	16.3
PBV(x)	1.9	1.7	1.5
Net Gearing (%)	80.7	84.8	89.0
Net Div. Yield (%)	-	-	-

19 May 2026

Results Highlight

FYE Dec (RM m)	1QFY25	4QFY25	1QFY26	QoQ %	YoY %
Revenue	778	1,057	775	(26.7)	(0.4)
EBITDA	101.9	111.4	95.9	(13.9)	(5.9)
Depreciation	(25.2)	(32.0)	(28.3)	(11.5)	12.4
EBIT	76.8	86.5	67.7	(14.8)	(11.9)
Interest expense	(36.2)	(34.7)	(42.6)	22.7	17.5
Associates & JVs	0.0	0.0	0.0	#DIV/0!	#DIV/0!
EI Forex (loss)/gain	20.6	9,752.3 [^]	(1.8)	(100.0)	(108.8)
Pre-tax profit	61.1	9,721.4	23.3	(99.8)	(61.9)
Tax	(2.0)	8.5	(10.7)	(226.2)	441.1
MI	(0.9)	(3.9)	2.6	(167.0)	(401.7)
Core Net profit from continuing operations	37.7	(26.3)	17.0	(164.5)	(54.9)
Turnover	778.3	1,057.4	775.0	(26.7)	(0.4)
ADE	207.0	246.6	222.2	(9.9)	7.3
Teleport	258.2	367.4	308.7	(16.0)	19.6
AirAsia Move	127.2	295.3	120.0	(59.3)	(5.6)
Air Asia Next (incl Big Pay)	69.8	63.2	66.3	4.9	(5.0)
Santan	52.3	64.1	50.4	(21.4)	(3.8)
Others	63.8	20.8	7.4	(64.4)	(88.4)
EBITDA	101.9	111.4	95.9	(13.9)	(5.9)
ADE (MRO)	40.1	55.4	43.1	(22.3)	7.4
Teleport (logistics)	22.7	25.3	21.5	(15.2)	(5.6)
AirAsia Move (superapp)	16.1	43.8	14.1	(67.8)	(12.2)
Air Asia Next (incl Big Pay)	35.0	22.6	29.2	29.3	(16.5)
Santan	6.4	4.6	2.3	(48.9)	(63.4)
Others	(18.3)	(40.4)	(14.2)	(64.7)	(22.2)

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	739.2	Based on RM1.10
Total	3,126	
25% discount to holding company	2,345	
number of shares	4466	
TP/share	0.52	

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

19 May 2026

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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KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my