



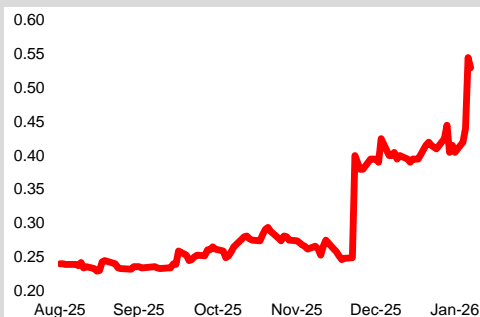
#### DESCRIPTION

A leading low-cost airline providing services on short-haul, point-to-point domestic and international routes. It currently flies to 119 destinations across 21 countries.

12-Month Target Price	RM0.720
Current Price	RM0.525
Expected Return	+36.5%
Previous target price	RM0.460

Market Sector	Main Airlines
Bursa Code	5099
Bloomberg Ticker	CAPITALA MK
Shariah-Compliant	Yes

#### SHARE PRICE CHART



52 Week Range (RM)	0.19 – 0.58
3-Month Average Vol ('000)	24,483.9

#### SHARE PRICE PERFORMANCE

	1M	3M	6M
Absolute Returns	32.5	110.4	108.0
Relative Returns	27.3	93.3	84.4

#### KEY STOCK DATA

Market Capitalisation (RMm)	2,355.9
No. of Shares (m)	4,445.2

#### MAJOR SHAREHOLDERS

	%
Tune Air SB	11.6
Tune Live SB	11.5
Positive Boom Ltd	7.5
AIA	4.2

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## A New Chapter

We participated in Capital A's (Capital A) analyst briefing recently where we came away feeling positive with the Group's recent progress and forward strategy to finally growing again without being saddled by PN17 and costs from grounded planes. With the key funding milestone at AirAsia X (AAX) now achieved, the impending exit from its PN17 status is underway. Post-restructuring, Management's focus will shift to aggressively scaling and monetizing its five key subsidiaries, namely ADE (AirAsia Digital Engineering), Teleport, AirAsia Move, AirAsia Next and Santan. We remain optimistic about the Group's prospect, supported by key near-term catalyst including the impending PN17 exit and sustained travel demand recovery. We reiterate our **Outperform** call and raise our target price to RM0.72, based on a sum-of-parts valuation.

§ **Regularisation exercises are nearing completion.** The plan to exit the Practice Note 17 (PN17) classification is now at its final milestone, with the latest target completion date set no later than 2Q 2026. Shares for the disposal of AirAsia Aviation Group Ltd (AAAGL) to AirAsia A (AAX) will be issued concurrently with the AAX's private placement shares. The share allotment is scheduled for 16 January, followed by listing on 19 January 2026.

§ **ADE unit, an aircraft maintenance, repair and overhaul (MRO) provider, is a key focus for the Group.** It has shown strong performance since the completion of its new 14-line MRO hanger facility in September 2024, which has significantly expanded its capacity to service both AirAsia and third-party airlines. Given ADE's current hanger lines are running at full capacity due to high demand, management plans to add four more hanger lines and is targeting a total of 40 lines in Malaysia over the next three to five years. Furthermore, ADE is exploring potential M&As in the region to expand its current capabilities, including into engine and landing gear services.

§ **Teleport, the logistic venture of the Group, has demonstrated a strong financial turnaround and significant growth, has achieved consecutive quarters of positive net operating profit.** Total cargo volume reached 90,456 tonnes (+17% YoY) in 3QFY25. Moving forward, Teleport's strategy focuses on scaling its network, enhancing its e-commerce capabilities and leveraging its hybrid asset-light model, which combines exclusive access to AirAsia's passenger belly space with a network of over 50 third-party partner airlines.

§ **AirAsia MOVE has shown a mixed performance, with strong growth in hotel bookings and user engagement but declines in metrics such as revenue and monthly active users due to pricing challenges and a strategic shift in focus.** Moving forward, AirAsia MOVE is strategically pivoting to become a value-focused online travel agency (OTA), leveraging its strong ancillary performance with ongoing efforts to improve its market position and profitability.

§ **AirAsia Next is the dedicated entity responsible for managing and licensing the AirAsia Brand and its associated intellectual property (IP) to both internal Group entities and third-party partners.** The brand itself is a cash-generating asset through licensing agreements, which provide steady royalty income to Capital A. The strategy for the highly valuable AirAsia brand is to treat it as core IP. AirAsia Next

is therefore tasked with managing and licensing this portfolio globally, including through a franchise model (AirAsia Blue), and with extending its ecosystem beyond flights.

§ **Santan**, the food and beverage business under the Group, has demonstrated strong performance, and is pursuing growth strategy that involves expanding from being in-flight caterer into a broad-based B2B food distributor and a multi-channel retail brand.

#### KEY FORECAST TABLE

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F	CAGR
Revenue	14,692.5	20,408.8	22,748.9	27,298.7	29,855.0	19.4%
Operating Profit	-835.9	-2,211.1	1,665.7	1,814.7	2,179.4	-
PATAMI	255.3	-475.1	631.0	915.9	1,110.6	-
Core Net Profit	-651.3	-304.3	631.0	915.9	1,110.6	-
Core EPS (Sen)	-15.1	-7.0	14.6	21.2	25.7	-
P/E (x)	--	--	5.9	4.1	3.3	
DPS (Sen)*	--	--	--	--	--	
Div Yield (%)	--	--	--	--	--	

Source: Company, PublicInvest Research estimates, \*excluding exceptional items



## KEY FINANCIAL DATA

## INCOME STATEMENT DATA

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F
Revenue	14,692.5	20,408.8	22,748.9	27,298.7	29,855.0
Operating expenses	-15,528.4	-22,619.9	-21,083.2	-25,484.0	-27,675.6
Operating Profit	-835.9	-2,211.1	1,665.7	1,814.7	2,179.4
Pre-tax Profit	-833.6	-961.1	680.0	974.7	1,194.2
Income Tax	-20.5	14.5	-49.0	-58.8	-83.6
PATAMI	255.3	-475.1	631.0	915.9	1,110.6
Core net profit	-651.3	-304.3	631.0	915.9	1,110.6
<b>Growth</b>					
Revenue (%)	23.9	38.9	11.5	20.0	9.4
Operating Profit (%)	--	--	--	8.9	20.1
Core Net Profit (%)	--	--	--	45.2	21.3

Source: Company, PublicInvest Research estimates

## BALANCE SHEET DATA

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F
Property, Plant & Equipment	1,120.2	847.2	670.0	492.8	542.1
Cash and Cash Equivalents	540.6	446.8	292.1	433.8	455.5
Other Assets	18,305.3	21,912.1	20,927.5	20,065.7	21,044.3
<b>Total Assets</b>	<b>19,966.1</b>	<b>23,206.1</b>	<b>21,889.6</b>	<b>20,992.2</b>	<b>22,041.9</b>
Payables	2,252.3	1,784.0	1,921.1	2,060.5	2,163.5
Borrowings	14,019.8	14,671.4	13,820.8	12,971.3	11,674.2
Tax payables	64.8	52.9	52.9	52.9	55.5
Other Liabilities	7,213.9	6,980.1	7,053.3	7,126.6	8,943.8
<b>Total Liabilities</b>	<b>23,550.8</b>	<b>23,488.3</b>	<b>22,848.1</b>	<b>22,211.2</b>	<b>22,837.1</b>
Shareholders' Equity	(3,584.6)	(282.3)	(958.5)	(1,219.0)	(795.2)
<b>Total Equity and Liabilities</b>	<b>19,966.1</b>	<b>23,206.1</b>	<b>21,889.6</b>	<b>20,992.2</b>	<b>22,041.9</b>

Source: Company, PublicInvest Research estimates

## PER SHARE DATA &amp; RATIOS

FYE Dec	2023A	2024A	2025F	2026F	2027F
Book Value Per Share (RM)	-2.4	-2.3	-2.2	-2.0	-1.7
Reported EPS (Sen)	5.9	-11.0	14.6	21.2	25.7
DPS (Sen)*	--	--	--	--	--
Payout Ratio (%)	--	--	--	--	--
ROA (%)	--	--	2.2	3.1	3.7
ROE (%)	--	--	--	--	--

Source: Company, PublicInvest Research estimate

## RATING CLASSIFICATION

### STOCKS

<b>OUTPERFORM</b>	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
<b>NEUTRAL</b>	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
<b>UNDERPERFORM</b>	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
<b>TRADING BUY</b>	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
<b>TRADING SELL</b>	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
<b>NOT RATED</b>	The stock is not within regular research coverage.

### SECTOR

<b>OVERWEIGHT</b>	The sector is expected to outperform a relevant benchmark over the next 12 months.
<b>NEUTRAL</b>	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
<b>UNDERWEIGHT</b>	The sector is expected to underperform a relevant benchmark over the next 12 months.

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