

capital 

# 4Q 2024

**Post Financial Results**

# Executive summary



- 4Q24 was a good quarter for Capital A but due to a change in reporting format and non-recurring items, the result has not been perceived well
- Many costs were annualised due to new accounting estimates and ongoing audit for the financial year & in preparation for the impending disposal
- Optimisation of order book where we rearrange future aircraft delivery slots is an ordinary course of business and can potentially be recurring subject to market conditions (i.e. demand and supply chain), but we have considered it as non-recurring in our illustration below
- We have provided the Income Statement and necessary details to show what a normal quarter for 4Q24 would be, where adjusted core profit margin is 3.2%
- An estimation of income we lost due to planes being grounded (25 aircraft or 10% of our fleet) could provide an incremental RM155 million to our core profit
- If this incremental profit is added to our current core profit, this will bring us closer to 5.6% NOP margin, aligned with the internal targets we have provided

# Why the change in reporting format



- Under MFRS 5, an entity is required to classify as held for sale any non-current assets where the carrying amount will be recovered principally through a sale transaction rather than through continuing use. This occurs when (a) the sale is highly probable, (b) the business is available for immediate sale in its present condition, and (c) the sale is expected to be completed within the next 12 months.
- Based on these requirements, Capital A's aviation business qualifies as held for sale, specifically as a disposal group, due to the planned corporate exercise.
- Capital A also may not depreciate or amortise any assets held for sale as they are no longer part of ongoing operations (the exception is assets that do not qualify as non-current assets under MFRS 5). Interest and other expenses attributable to the liabilities of a disposal group held for sale shall, however, continue to be recognised.
- As the aviation business is a "separate major line of business" for Capital A, it has to be reported separately in financial statements, grouped under discontinued operations.

# Rely on segmental accounting



- Interim Financial Statements have been prepared to include the requirements of MFRS 5 to account for the disposal of the aviation business, as stated in Note 1 of the Bursa announcement
  - **Note 26 (a)** provides the segmental performance of the non-aviation businesses (continuing operations) as well as their consolidated results, after eliminating income from the aviation business (discontinued operations)
  - **Note 26 (b)** provides the Group's segmental performance, including discounted operations, i.e. as if there was no discontinuation of business and MFRS 5 did not apply, other than the requirement to account for the discontinuation of depreciation on ROU starting from Q42024 for Aviation
- Upon completion of the aviation business disposal, Capital A's Consolidated Income Statement will not have eliminations with Aviation and will be the summation of income statement of each entity/segment

# 4Q24 aviation and non-aviation results



<i>RM '000</i>	<i>Aviation</i>	<i>Non-Aviation</i>	<i>Tot. Segments</i>	<i>Elimination Adj</i>	<i>Total</i>
<b>Revenue</b>	<b>4,820,422</b>	<b>880,105</b>	<b>5,700,527</b>	<b>(441,797)</b>	<b>5,258,730</b>
Staff costs	(625,618)	(187,564)	(813,182)	2,616	(810,566)
Fuel costs	(1,708,850)	(11,907)	(1,720,757)	25,088	(1,695,669)
Maintenance and overhaul	(857,325)	(82,530)	(939,855)	89,119	(850,736)
User charges and other related expenses	(787,602)	(350,180)	(1,137,782)	138,216	(999,566)
Other operating expenses	(533,155)	(115,303)	(648,458)	357,387	(291,071)
Other income	861,728	9,690	871,418	(203,429)	667,989
<b>EBITDA</b>	<b>1,169,600</b>	<b>142,311</b>	<b>1,311,911</b>	<b>(32,800)</b>	<b>1,279,111</b>
Depreciation and amortisation	(449,446)	(26,577)	(476,023)	411,038	(64,985)
Interest expense	(618,282)	(62,940)	(681,222)	(40,980)	(722,202)
Interest income	23,713	28,840	52,553	(26,505)	26,048
<b>Core profit/(loss)</b>	<b>125,585</b>	<b>81,634</b>	<b>207,219</b>	<b>310,753</b>	<b>517,972</b>
<b>Infrequent/One-off</b>					
Non-operating aircraft depreciation	(88,522)	-	(88,522)	88,522	0
Non-operating aircraft interest expense	(26,334)	-	(26,334)	-	(26,334)
Provision for impairment of PPE	(72,305)	-	(72,305)	-	(72,305)
Provision for aircraft redelivery	(594,898)	-	(594,898)	-	(594,898)
Financing cost to B2B partners	(227,470)	-	(227,470)	-	(227,470)
Derivative loss	12,208	-	12,208	-	12,208
Share of results of associations/JV	4,486	(434)	4,052	-	4,052
Foreign exchange gain/(loss)	(1,399,968)	48,960	(1,351,008)	(1)	(1,351,009)
<b>Profit/(Loss) before taxation</b>	<b>(2,267,218)</b>	<b>130,160</b>	<b>(2,137,058)</b>	<b>399,274</b>	<b>(1,737,784)</b>
Taxation	(4,723)	(3,466)	(8,189)	29,117	20,928
<b>Profit/(Loss) after taxation</b>	<b>(2,271,941)</b>	<b>126,694</b>	<b>(2,145,247)</b>	<b>428,392</b>	<b>(1,716,855)</b>

# Aviation: Above the line details (staff, other opex, other income)

RM '000	4Q24
<b>Revenue</b>	<b>4,820,422</b>
Staff costs	(625,618)
Fuel costs	(1,708,850)
Maintenance and overhaul	(857,325)
User charges and other related expenses	(787,602)
Other operating expenses	(533,155)
Other income	861,728
<b>EBITDA</b>	<b>1,169,600</b>
Depreciation and amortisation	(449,446)
Interest expense	(618,282)
Interest income	23,713
<b>Core profit/(loss)</b>	<b>125,585</b>

- Contains bonus payout **RM140 mil**

- Increase in brand fee due to increase in revenue
- Increase in marketing expenses in 4Q24
- Navitaire expenses due to increase in revenue
- Late payment charges

- Contains rearrangement of future aircraft delivery slots **RM600 mil**

# Aviation: Above the line details (Depreciation and Interest)



RM '000	4Q24
<b>Revenue</b>	<b>4,820,422</b>
Staff costs	(625,618)
Fuel costs	(1,708,850)
Maintenance and overhaul	(857,325)
User charges and other related expenses	(787,602)
Other operating expenses	(533,155)
Other income	861,728
<b>EBITDA</b>	<b>1,169,600</b>
Depreciation and amortisation	(449,446)
Interest expense	(618,282)
Interest income	23,713
<b>Core profit/(loss)</b>	<b>125,585</b>

- New aircraft deliveries
- Year end reconciliation of ROU calculations which is not 4Q24 costs

- Year end reconciliation of lease liability calculations
- Interest on revenue bond
- Other non-recurring finance costs

# Aviation: Below the line details



RM '000	4Q24
<b>Segment results</b>	<b>125,585</b>
Non-operating aircraft depreciation	(88,522)
Non-operating aircraft interest expense	(26,334)
Provision for impairment of PPE	(72,305)
Provision for aircraft redelivery	(594,898)
Financing cost to B2B partners	(227,470)
Derivative gain	12,208
Gain on remeasurement of previously held interest in associate	-
Share of results of associates/JV	4,486
Forex exchange loss	(1,399,968)
<b>Profit before taxation</b>	<b>(2,267,218)</b>
Taxation	(4,723)
<b>Profit after taxation</b>	<b>(2,271,941)</b>

- 19 aircraft inactive in 4Q24

- Non-recurring 4Q24 adjustments due to ongoing audit exercise on provisions
- Change in estimates of calculations and parameters by the auditor
- Aircraft redelivery expenses

- **Commission given to OTAs** to attract them to put deposit in us - non-recurring as we are tapering and **discontinuing** this program

- **Interest rate swap** in TAA

- **USD:MYR FX rate**  
4.47 (4Q24) v 4.13 (3Q24)



# Updated Aviation core profit - removing more non-recurring



<i>RM '000s</i>	<i>4Q24</i>	<i>Remarks</i>
<b>Core profit</b>	<b>125,585</b>	
Other Income	(600,000)	Rearrangement of future aircraft delivery slots
Interest expense	245,667	Year end reconciliation of lease liability calculations
Depreciation	37,500	Year end reconciliation of ROU calculations which is not 4Q24 costs
Maintenance	150,000	Non recurring reactivation of aircraft
Bonus	105,000	Payout for FY23 performance
Lease of engines	38,000	Due to supply chain constraints
Late payment charges	50,000	Late payment to Vendors
<b>Updated core profit</b>	<b>151,752</b>	<b>3.2% margin</b>

# Updated Aviation P&L after adjustment



RM '000	Aviation	Adjustment	Adj. Aviation
<b>Revenue</b>	<b>4,820,422</b>		<b>4,820,422</b>
Staff costs	(625,618)	105,000	(520,618)
Fuel costs	(1,708,850)		(1,708,850)
Maintenance and overhaul	(857,325)	188,000	(669,325)
User charges and other related expenses	(787,602)		(787,602)
Other operating expenses	(533,155)	50,000	(483,155)
Other income	861,728	(600,000)	261,728
<b>EBITDA</b>	<b>1,169,600</b>		<b>912,600</b>
Depreciation and amortisation	(449,446)	37,500	(411,946)
Interest expense	(618,282)	245,667	(372,615)
Interest income	23,713		23,713
<b>Core profit/(loss)</b>	<b>125,585</b>		<b>151,752</b>
<b>Infrequent/One-off</b>			
Non-operating aircraft depreciation	(88,522)		(88,522)
Non-operating aircraft interest expense	(26,334)		(26,334)
Provision for impairment of PPE	(72,305)		(72,305)
Provision for aircraft redelivery	(594,898)		(594,898)
Financing cost to B2B partners	(227,470)		(227,470)
Derivative loss	12,208		12,208
Bonus		(105,000)	(105,000)
Reactivation and engine leases		(188,000)	(188,000)
Late Payment Charges		(50,000)	(50,000)
Rearrangement of future aircraft delivery slots		600,000	600,000
Reconciliation of ROU calculations		(37,500)	(37,500)
Late payment charges		(245,667)	(245,667)
Share of results of associations/JV	4,486		4,486
Foreign exchange gain/(loss)	(1,399,968)		(1,399,968)
<b>Profit/(Loss) before taxation</b>	<b>(2,267,218)</b>		<b>(2,267,218)</b>
Taxation	(4,723)		(4,723)
<b>Profit/(Loss) after taxation</b>	<b>(2,271,941)</b>		<b>(2,271,941)</b>

## Adjusted CASK without the non-recurring, is close to 2019 level



	4Q24	4Q19
CASK as per announcement	5.96	<b>3.91</b>
CASK ex-fuel as per announcement	4.24	<b>2.68</b>
<b>Adjusted CASK</b>	<b>4.42</b>	
<b>Adjusted CASK ex-fuel</b>	<b>2.70</b>	

# If all aircraft are active, 5% core profit margin is achievable



<i>RM '000s</i>	<i>4Q24E</i>	<i>Remarks</i>
<b>Fare revenue</b>	<b>600,000</b>	19 storage + 6 constant AOG (due to supply chain constraints) = 25 aircraft @ RM8 mil fare revenue per aircraft per month
30% gross profit	180,000	Variable cost at 70%, ie fuel, user charges, etc
Ancillary income	90,000	Contribution at 15% of fare revenue net of cost
<b>Total gross profit from inactive aircraft</b>	<b>270,000</b>	30% gross profit + ancillary income
Non-ops depreciation cost & interest	(114,856)	
<b>Core profit from inactive aircraft</b>	<b>155,144</b>	
<b>Core profit from active aircraft</b>	<b>151,752</b>	As per updated core profit
<b>Total core profit if all aircraft flying</b>	<b>306,896</b>	Estimate 5.6% margin (over revenue of RM4.82 bil + RM0.69 bil)



**Thank You**