CAPITAL A FINANCIAL RESULTS FOURTH QUARTER 2024

Most profitable quarter this year for non-aviation businesses, with segmental EBITDA of RM142 million and a net profit of RM127 million

Solid final quarter for the Aviation Group, driven by RM57 ancillary income per pax, with lower fuel costs boosting EBITDA 4x to RM1.2 billion, even with 19 non-active aircraft

FY2025 targets: RM28 bil revenue, RM5.5 bil EBITDA, 6% net profit margin

SEPANG, 28 February 2024 – Capital A Berhad ("Capital A" or the "Group") today reported its unaudited financial results for the fourth quarter ended 31 December 2024 ("4Q2024"), including its full-year Financial Results of 2024 ("FY2024").

With the aviation business disposal near completion, the Group has adopted a revised financial reporting format. Continuing operations—Capital A's non-aviation businesses—are presented separately from the discontinued aviation operations.

Highlights of Non-Aviation Businesses

Overall, Capital A's non-aviation companies delivered promising growth, generating over RM880 million in pre-elimination revenue in 4Q2024, up 39% YoY. Teleport, ADE and AirAsia MOVE were key contributors, accounting for 40%, 23% and 19% of revenue, respectively. The recorded EBITDA was RM142 million for a 16% margin, resulting in a Profit After Tax ("PAT") of RM126.7 million. This was the most profitable quarter of the year for the non-aviation companies.

For FY2024, the non-aviation companies recorded a revenue of just under RM3.0 billion —accounting for 14% of Group revenue—and RM147 million in PAT.

ADE

- Quarterly revenue increased by 20% YoY to RM201 million, PAT of RM24.8 million (12% margin)
- Growth driven by a 19% YoY jump in component sales and notably higher base maintenance revenue in line with new hangar capacity, pushing FY2024 revenue up 27% YoY to RM727 million
- However, EBITDA margin for the quarter fell 13ppts YoY to 15% on higher staff costs and upfront costs related to the new 14-line hangar in Sepang, translating to EBITDA of RM31 million in 4Q2024
- Full-year EBITDA margin saw a smaller 6ppts YoY slide to 19%, for PAT of RM72.1 million for FY2024

CEO of ADE, Mahesh Kumar comments on the business outlook:

"Out of the 14 newly launched hangar lines in Sepang, three lines will be dedicated to widebody aircraft, which is expected to boost margins. The rest will service narrowbodies. We have also secured land from Malaysia Airports to build four additional hangar lines at KLIA. In addition to base maintenance, we are on track to complete our new composite and component repair workshop in Nilai early this year. This facility will include an aircraft engineering training centre to ensure a sustainable pipeline of talent to feed into ADE. Our GMF joint venture for a specialised landing gear workshop is on track to be completed by year-end, and we are working towards expanded coverage in Cambodia, Indonesia and the Philippines."

AirAsia MOVE

- AirAsia MOVE improved growth trajectory in 4Q24 from the preceding quarter, closing with RM166 million in revenue, up 29% Quarter-on-Quarter ("QoQ")
- Transactions grew by 10.4% with a 16.2% increase in MAUs on the back of simplified booking flow and data marketing capabilities
- AirAsia Flights grew 11% QoQ, FlyBeyond and Hotels grew +37% and +130% YoY respectively, while Rides airport completion rate improved by 16%
- AirAsia MOVE launched its in-house duty-free platform on the app as a new revenue stream
- Along with cost optimisation, this resulted in EBITDA growing 24% YoY to RM77 million in 4Q2024

CEO of AirAsia MOVE, Nadia Omer comments on the business outlook:

"After 2024's cost optimisations, 2025 marks a step-up in investment and scale. We aim for a steady QoQ growth in transactions across Airlines, Hotels and Rides by investing in demand generation, exclusive promotions and hyper-personalisation. We've also expanded into duty-free, the first OTA in the region to do so, with early results proving profitable. Meanwhile, upgrades to our tech stack will improve speed, stability and booking ease. A major focus is streamlining bookings and refunds, targeting a 15% YoY increase in customer satisfaction and net promoter score. Now that we're leaner, we are investing some of our structural cost savings into early detection tools, AI and automation. Our biggest customer service initiative this year is AskBo 2.0, transitioning from legacy tech to an AI-powered travel concierge co-developed with Google. With these priorities, we are targeting to improve customer experience, accelerate growth, strengthen profitability and redefine budget travel in Asean."

Teleport

- Teleport achieved a record revenue of RM352 million (~USD77 million) in 4Q2024 (+58% YoY), driven by continued eCommerce growth from direct marketplaces which saw a 44% rise in parcel volumes and 33% increase in cargo volumes
- Ecommerce revenue surged 172% YoY to RM142 million (USD31.3 million) and now accounts for 41% of total revenue, up from 23% in 4Q2023
- This marks strong progress in Teleport's revenue diversification efforts to grow beyond traditional air cargo and AirAsia belly space, with 53% of revenue in 4Q2024 derived from non-AirAsia capacity
- Teleport Next Day, contributing 2% of eCommerce revenue in 4Q2024, is growing, with last-mile operations already profitable across all markets and new China-Asean lanes to launch next quarter
- 4Q2024 also delivered the highest quarterly EBITDA of the year at RM29.7 million (USD6.5 million), marking a 235% QoQ increase
- For FY2024, Teleport's revenue reached RM1.1 billion, marking a ~49% YoY growth for the second consecutive year, and RM90 million in EBITDA, representing a 215% YoY increase.
- This significant improvement reflects an important inflection point in the business model, as scale translates to improved margins, particularly as Teleport remains disciplined in managing fixed costs

CEO of Teleport, Pete Chareonwongsak comments on the business outlook:

"Team Teleport's 'Year of the Build' in 2024, focused on strengthening our foundational operating model, has yielded record results, exceeding our RM1 billion full-year guidance. As we enter 2025, we are aggressively scaling towards our target of delivering 2 million parcels a day. To achieve this, we are executing in four areas. One, we will expand the Teleport Network across Asean and into the Middle East, Oceania and beyond. Key to this is deepening relationships with our existing partner airlines to secure additional capacity. Two, this allows us to serve our direct partnerships with China's top eCommerce marketplaces through broader service connectivity and value-added services. Three, these value-added services are powered by Teleport's tech-enabled operational capabilities, offering end-to-end visibility in one place, deep integrations and cost efficiencies in managing increasing volumes with higher productivity. Lastly, we are disciplined on cost. We believe in our low-cost, asset-light operating model that is cheaper, faster and better than anyone else in Asean."

Highlights of the Aviation Group:

Aviation delivered a solid quarter. Segmental revenue grew 8% YoY to RM4.8 billion and EBITDA grew 4x to RM1.2 billion, reflecting a strong 25% margin. This momentum was underpinned by sustained travel demand and favourable fuel prices. Notably, these results were achieved despite 19 grounded aircraft, expected to return to service in FY2025. Accounting for costs related to non-operating aircraft and other one-offs, such as the provision for impairment of PPE and aircraft redelivery costs during the quarter, aviation recorded a RM2.2 billion LAT in 4Q2024. Excluding these, core profit stood at RM246 million for the quarter, indicative of strong fundamentals. The issuance of a USD443 million revenue bond has also bolstered the balance sheet.

For FY2024, the Aviation Group more than doubled EBITDA to RM3.2 billion on the back of RM19 billion in revenue, which was up 39% YoY. This top line growth was due to more passengers carried, in line with additional capacity as non-operational aircraft came back online. On sustainability, AirAsia achieved its lowest carbon intensity measures at 64.4 gCO2/ASK and 73.1 gCO2/RPK, underscored by Capital A's best-ever FTSE ESG and S&P Global CSA ratings to date.

- Total fleet grew to 224 aircraft, with 187 aircraft available for operations including spares.
- Load factor of 88% resulted in 16 million passengers carried for the quarter. This contributed to 63 million pax carried in FY2024, a strong growth of 28% YoY, bolstered by government initiatives, such as the removal of visa restrictions and the anticipation of streamlined e-forms that drive tourism.
- As capacity returned to the market, quarterly average fare declined slightly by 5% YoY to RM237. Despite this, FY2024 average fare saw a 9% YoY increase to RM243.
- In 4Q2024, ancillary peaked at RM57 per passenger, up 6% YoY, for a FY2024 average of RM54.
- Annual RASK improved by 9% YoY to USc 4.87, driven by the 28% and 9% YoY increase in passengers carried and average fares, slightly offset by robust growth in ASK during the year.
- Annual CASK ex-fuel rose by 9% YoY to USc3.25, driven by higher staff costs, user charges and other operating expenses associated with increased flight activity. Annual CASK increased only slightly by 4% YoY, thanks to lower fuel price per barrel and reduced maintenance costs. Excluding non-flying aircraft costs, FY2024 operational CASK and CASK ex-fuel were USc4.79 and USc2.89, respectively.

CEO of Aviation Group, Bo Lingam comments on the business outlook:

"After two years of post-pandemic rebuilding and getting our planes back in the air, we are now ready to do what we do best—fill seats and drive the bottom line. Thanks to favourable industry tailwinds, such as the privatisation of Malaysia Airports and a rational aviation landscape, there's no better time. We will be laser-focused on cost, trimming debt, and optimising routes to double down on the most profitable ones. We're also committed to strengthening domestic market share by increasing flight frequencies from our mega hubs in Kuala Lumpur and Bangkok and secondary hubs. With the impending aviation corporate exercise, we are set to consolidate our network, integrating the efficiency of our short-haul operations with our long-haul reach to enhance Fly-Thru connectivity."

CEO of Capital A, Tony Fernandes' comments on the business outlook:

"We've been working on this a while now but we're almost out of the woods. In December, we submitted a regularisation plan to wipe out our COVID-19 losses through a capital reduction. It's a simple plan, and we're hopeful that Bursa Malaysia will give us the green light. Once the plan is approved, I think we can expect uplift from PN17 by the end of quarter two, pending related approvals.

"Our non-aviation businesses go from strength to strength. ADE, Teleport and AirAsia MOVE, especially, have come into their own. This is what makes Capital A an exciting value proposition even after we dispose of aviation. Once we're out of PN17, we'll be able to redirect our management time to where it matters—growing the company. Then the true value of the streamlined group will become apparent.

"As announced earlier this week, we'll be sharing our first internal targets every quarter. For 2025, we expect non-aviation revenue to hit RM4 billion with an EBITDA of RM600 million, giving us a 10% net operating profit margin. Aviation, we're looking at up to RM24 billion in revenue, an EBITDA of RM4.8 billion and a 5% net operating profit margin, assuming all our planes are back flying. Ambitious, but I believe the worst is behind us and it's time to reap all the hard work we've put into rebuilding.

"Environmental accountability remains a key area of concern, especially for aviation. We are actively engaging with Asean governments to navigate the evolving landscape to ensure we have the support of the right policies to meet our decarbonisation goals without sacrificing our recovery and competitiveness. The Asean travel industry will continue to grow, and our job is to ensure that we can do so sustainably."

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