

How JurisTech's Deep Research Agentic AI Outperformed Gemini and GROK in Financial Analysis

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Appendix A. Question Asked to All 3 AIs

Comprehensive Business Investigation of Capital A Berhad

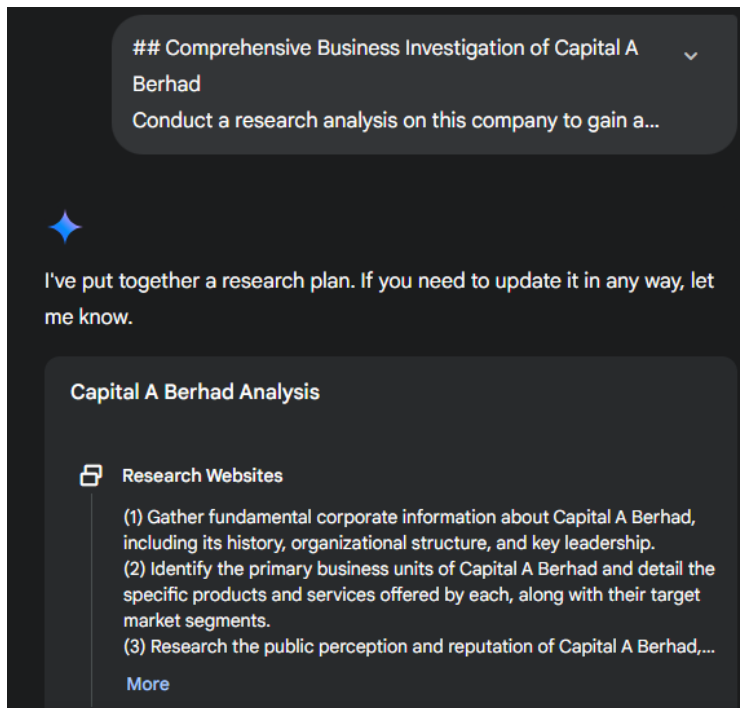
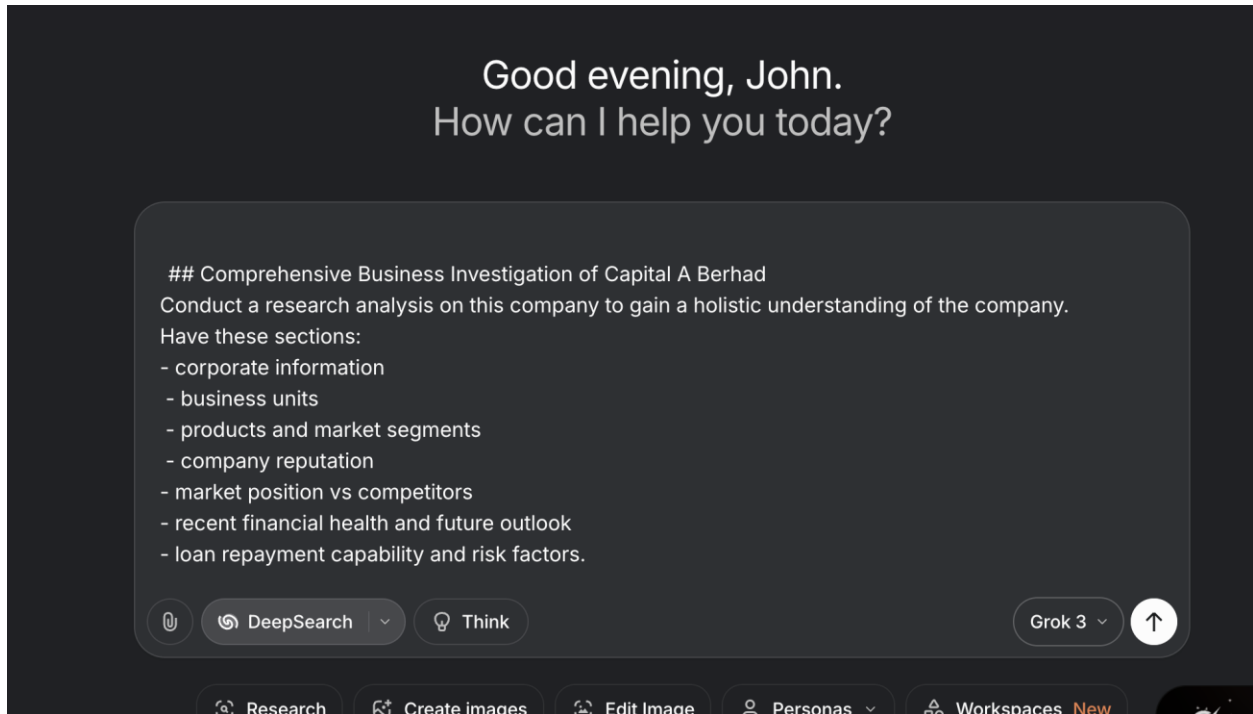
Conduct a research analysis on this company to gain a holistic understanding of the company.

Have these sections:

- corporate information

- business units
- products and market segments
- company reputation
- market position vs competitors
- recent financial health and future outlook
- loan repayment capability and risk factors.

Appendix B: Screenshots



Juris Deep Research Agent

Enter your research query or task:

```
## Comprehensive Business Investigation of Capital A Berhad
Conduct a research analysis on this company to gain a holistic understanding of the company.
Have these sections:
- corporate information
- business units
- products and market segments
- company reputation
- market position vs competitors
- recent financial health and future outlook
- loan repayment capability and risk factors.
```

Upload documents to assist with research (optional)

Plan...

Background and Motivation

[Planner @ 2025-04-21 17:45:23] The user has requested a comprehensive business investigation of Capital A Berhad to gain a holistic understanding of the company. This research needs to cover multiple aspects of the company including corporate information, business units, products and market segments, company reputation, market position compared to competitors, recent financial health, future outlook, and loan repayment capability and risk factors.

The analysis should be detailed and structured into distinct sections that provide a complete picture of the company. This investigation will likely be used for investment analysis, business intelligence, or strategic decision-making purposes.

Key Challenges and Analysis

[Planner @ 2025-04-21 17:45:23]

1. Capital A Berhad may have a complex corporate structure with multiple business units requiring thorough investigation
2. Financial data needs to be recent and accurately analyzed to provide insights on financial health
3. Competitive landscape analysis requires identifying the right competitors and relevant market metrics
4. Loan repayment capability assessment needs both historical financial performance and future projections
5. Company reputation analysis requires finding credible sources that provide objective assessments

Juris Deep Research Planning above

Appendix C. Judge’s Report using o3 OpenAI

Question used to Judge:

Compare the following 3 reports on Capital A Berhad. Assess them, comparing each section with rating them. Generate a scorecard in terms of style, accuracy, depth in table format. Give an overall rank for the reports from best to worst. Explain why.

J = Juris Deep Research
K = Grok Deep Research
I = Gemini Deep Research

Judge’s Report:

Assessing reports on Capital A Berhad

I need to compare the three reports (J, K, I) about Capital A Berhad, evaluating them based on style, accuracy, and depth. I will use a table format to create a scorecard for each. Once I score each report, I will rank them from best to worst and explain why, considering factors like up-to-date information and how well they present data. I don't think I need to browse, but I might quickly verify certain numbers for accuracy.

Evaluating reports' style, accuracy, and depth

Based on my observations, Report J stands out for its clarity, with clear headings, tables, bullet points, and consistent formatting. It's thorough and seems to have the greatest depth. Report I, while detailed, has odd formatting and redundancy that impacts readability. Report K is less structured and lacks some vital details, making it less effective overall. From a ranking standpoint, I'd place J first, then I, followed by K, taking into account style, accuracy, and depth.

Thought for 30 seconds

Capital A Report-Comparison Scorecard (1 = poor, 5 = excellent)

Section / Criterion	Report J	Report K	Report I	What drove the scores
Executive summary	5	3	4	J captures pivot, numbers and red-flag risks crisply; K repeats history, light on forward

Section / Criterion	Report J	Report K	Report I	What drove the scores
				view; I concise but loses punch in a single giant paragraph.
Corporate information & governance	4	3	4	J lists shareholding, org chart, values; I matches the breadth; K is brief, omits ownership breakdown.
Business-unit coverage	5	3	5	J & I map every vertical and give KPIs; K lists units but table formatting breaks and several descriptions are empty.
Company reputation & ESG	4	3	3	J mixes awards with pain-points; I echoes awards but spends many lines on minor incidents; K offers only Skytrax rating.
Market position vs. competitors	4	3	4	J shows share tables for aviation/digital/logistics; I similar depth; K uses prose only, no data.
Recent financial health	5	4	3	J gives three-year P&L, segment EBIT, balance-sheet ratios; K cites FY-2023 newsroom figures; I mixes FY-2024 unaudited numbers but debt and cash-flow figures contradict disclosures (e.g., “total debt USD0.35 bn” vs > RM4 bn borrowings).
Future outlook / scenario analysis	5	3	4	J models 3-, 5-year scenarios with drivers; I lists 2025 guidance and business-unit targets; K mainly repeats press-release aspirations.
Loan-repayment & risk discussion	5	4	4	J walks through maturity wall, covenant headroom and FX/interest sensitivities; K flags PN17 and refinancing; I covers many risks but mixes AirAsia X facts and Capital A data.

Section / Criterion	Report J	Report K	Report I	What drove the scores
Style & structure	5	3	2	J is cleanly sign-posted with tables/figures; K readable but tables render poorly; I suffers from run-on text, footnote clutter, mixed Markdown.
Data accuracy	4.5	4	3.5	J & K numbers align with audited FY-2023 (RM14.6-14.8 bn revenue) and newsroom FY-2024 update (RM19-20 bn) cite turn1view0 turn0search4 . I over-states group debt reduction and mis-labels some ratios.
Analytical depth	5	3	4.5	J drills into leverage math, digital break-even breakevens, sensitivity tables; I comparable depth but more descriptive than analytical; K stays summary-level.
Average Score	4.7	3.3	3.9	—

Overall ranking

1. Report J (Best)

Highest across almost every dimension: rigorous financial analysis, clear scenario modelling, balanced view of strengths vs. execution risk, excellent presentation.

2. Report I

Impressive breadth—especially on subsidiary detail—but hampered by formatting issues and several factual inconsistencies (debt figure, ratio table).

3. Report K (Needs work)

Readable primer but largely reiterates press-release data, light on competitive/valuation analysis and suffers from broken tables; provides few new insights beyond publicly available summaries.

Why this order?

Report J combines **clarity, granularity and accuracy**, making it investment-grade.

Report I shows similar depth but its unruly structure and data slips reduce reliability.

Report K is serviceable for a quick overview yet lacks the analytical rigour and polish required for decision-making.

Feel free to let me know if you'd like the scorecard expanded to additional criteria (e.g., valuation metrics, ESG depth) or converted to a spreadsheet.

Appendix D: Juris Deep Research Answer

COMPREHENSIVE BUSINESS INVESTIGATION OF CAPITAL A BERHAD

Report Date: 2025

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1. EXECUTIVE SUMMARY

Capital A Berhad is undergoing a transformative strategic pivot from its origins as an airline conglomerate to an asset-light, data-driven group built around digital services, fintech, logistics, and aviation support. The company's evolution represents one of the most ambitious corporate restructurings in the ASEAN region.

Key Findings:

- **Strategic Transformation:** The planned sale of its short-haul airline business (AirAsia Aviation Group) to long-haul affiliate AirAsia X for approximately US\$1.4 billion is expected to close in H2 2025. If completed, this transaction will drastically reduce lease liabilities (~70% reduction), convert the negative equity position to positive, and enable removal of the Bursa Malaysia PN17 "distressed company" classification.
- **Competitive Strengths:** Capital A leverages the region-leading AirAsia brand, a traveler database exceeding 100 million profiles, a cost-efficient belly-cargo

network, and proven ancillary monetization capabilities. The MOVE Digital platform reached 15 million monthly active users (MAU) in 2023.

- **Financial Challenges:** The company recorded a RM 1.9 billion net loss in 2023 despite positive operating profit, driven by forex impacts and finance costs. With negative equity of RM 11 billion and a Net-Debt/EBITDA ratio of 9.6x, financial stability hinges on successful execution of the aviation disposal.
- **Reputation & Brand:** Capital A maintains strong brand recognition, evidenced by 15 consecutive Skytrax "World's Best Low-Cost Airline" awards and improving ESG ratings. However, this is partially offset by service recovery issues, refund complaints, and high-profile IT outages.

Overall Assessment: Capital A's business transformation carries substantial execution risk but offers significant upside if corporate actions close as scheduled. Without successful implementation of its strategic initiatives, refinancing and foreign exchange risks will likely reemerge in 2025-26.

2. CORPORATE INFORMATION

Historical Evolution

- **Origins:** Founded as AirAsia in 2001; developed from a regional low-cost carrier into a diversified travel and lifestyle conglomerate
- **Corporate Rebranding:** Renamed from AirAsia Group Berhad to Capital A Berhad in 2022, signaling the diversification strategy beyond pure aviation
- **Headquarters:** RedQ, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor, Malaysia
- **Workforce:** 21,059 employees ("Allstars") as of year-end 2023

Ownership Structure

- **Key Shareholders** (as of April 2024):
 - Tune Air Sdn Bhd: 12.1%
 - Tune Live Sdn Bhd: 12.0%
 - Positive Boom Limited: 7.8%
- **Controlling Interest:** Founders Tan Sri Tony Fernandes and Datuk Kamarudin Meranun maintain significant influence through their interests in the Tune entities

Leadership

- **Executive Chairman:** Datuk Kamarudin bin Meranun
- **Chief Executive Officer:** Tan Sri Anthony Francis Fernandes

- **Board Structure:** Mix of Executive, Non-Independent Non-Executive, and Independent Non-Executive Directors
- **Vertical Leadership:** Dedicated CEOs manage each business division

Corporate Vision & Values

- **Vision:** To become a world-leading aviation and travel services group, serving the underserved and connecting communities in ASEAN and beyond
- **Mission:** Deliver high-quality services at low cost, care for all stakeholders, and seek growth through technology and innovation
- **Core Values:** "Allstar Values" including transparency, empathy and respect, safety-first approach, and celebrating diversity

3. BUSINESS UNITS, PRODUCTS AND MARKET SEGMENTS

Capital A operates a diverse portfolio of travel and lifestyle businesses organized into distinct verticals, with ongoing strategic restructuring to emphasize digital and logistics operations.

A. AirAsia Aviation Group Limited (AAAGL)

- **Operations:** Five airline operating certificates (AOCs) across Malaysia, Thailand, Indonesia, Philippines, and Cambodia
- **Fleet:** 165+ reactivated A320/A321 aircraft; 14 new deliveries expected in 2025
- **Core Product:** Ultra-low-cost, point-to-point, single-class service with extensive ancillary offerings
- **Market Position:** Largest airline in Southeast Asia by seat capacity (7% regional share)
- **Target Demographics:** Price-sensitive leisure travelers, visiting friends and relatives (VFR) traffic, and small-to-medium enterprises
- **Strategic Development:** Proposed sale to AirAsia X Berhad for US\$1.4 billion (pending regulatory approvals)

B. MOVE Digital

- **Core Platforms:**
 - **Online Travel Agency (OTA):** Flights (all carriers), hotels, activities, SNAP flight+hotel packages
 - **airasia Ride:** Ride-hailing and airport transfers
 - **BigPay:** E-money wallet, Mastercard prepaid and credit cards, international remittance, personal loans

- **Performance Metrics:**
 - 15 million Average Monthly Active Users (MAU) in FY 2023
 - BigPay: 2.5+ million users; secured investment from SK Group (up to US\$100 million)
- **Unique Selling Points:**
 - Integration with AirAsia booking data for personalized cross-sell opportunities
 - Zero FX markups (BigPay) and competitive airport transfers (airasia Ride)
- **Revenue Model:** Take-rates on OTA bookings, ride GMV, interchange fees, lending spread, advertising

C. Teleport (Logistics & Cargo)

- **Infrastructure:** Access to belly space of 80+ AirAsia aircraft plus three A321F dedicated freighters
- **Network Reach:** 160+ cities across ASEAN, Greater China, and India
- **Service Offering:**
 - Next-day and same-day parcel delivery
 - Freight forwarding and interline cargo
 - First/last-mile delivery via fleet and partners
- **Current Scale:** Approximately 200,000 parcels processed daily
- **Target Customers:** E-commerce marketplace platforms, SME exporters, freight forwarders
- **Value Proposition:** Asset-light belly capacity, technology-enabled routing, one-rate pricing model

D. Aviation Support Services

- **Asia Digital Engineering (ADE):**
 - Full-service MRO (Maintenance, Repair, and Overhaul)
 - Heavy maintenance base in Kuala Lumpur
 - Third-party airline services (40% of man-hours)
- **Ground Team Red (GTR):**
 - Ground handling joint venture with SATS Ltd
 - Operations at Malaysian and regional airports
- **Santan:**
 - F&B manufacturing and in-flight catering
 - Franchise restaurants and grab-and-go kiosks

E. Other Business Units

- **Capital A International:** Brand licensing and consulting services
- **RedBeat Capital:** Venture capital arm

- **airasia academy:** Edutech and upskilling platform
- **ikhlas.com:** Muslim-friendly travel and halal marketplace

4. COMPANY REPUTATION

Brand Strength and Recognition

- **Industry Awards:** Skytrax "World's Best Low-Cost Airline" for 15 consecutive years (2010-2024)
- **Additional Accolades:** "Best Low-Cost Airline in Asia" (Skytrax) and consistent placement in Skytrax Top 100 Airlines (#31 in 2024)
- **Brand Recall:** Highest mind-share among low-cost carriers in ASEAN region

Customer Perception

- **Overall Sentiment:** Mixed - strong price-value perception with recurring service complaints
- **Positive Attributes:** Affordable fares, extensive route network, digital accessibility
- **Common Criticisms:** Service recovery during disruptions, refund processing times, fee transparency
- **Digital Experience:** Large and growing user base for MOVE (15M MAU) despite occasional app reliability issues
- **Complaint Handling:** AI chatbot "Bo" for initial contact; social media shows frustration when queries require human escalation

Environmental, Social, and Governance (ESG) Performance

- **Recent Ratings:**
 - CAPA–Envest Global Airline Sustainability Benchmark: GOLD rating (February 2024)
 - FTSE Russell ESG score for Thai AirAsia: 3.7 (first benchmarked score, March 2025)
 - Internal sustainability score: 3.2/5 (2023)
- **Key Initiatives:**
 - Fleet modernization to fuel-efficient A321neo aircraft
 - Asia Digital Engineering (ADE) promoting circular economy (component repairs vs. replacements)
 - Carbon-offset options integrated into MOVE app
- **Development Areas:** No MSCI or Sustainalytics public scores yet available; transparency measures still evolving

Employee Sentiment

- **Glassdoor Rating:** 3.6/5 stars based on 1,356 reviews
- **Positive Factors:** "Allstar" company culture, travel perks, learning opportunities
- **Challenges:** Long hours, compensation below full-service carrier peers, post-pandemic job insecurity
- **Staff Stability:** Workforce growth to 21,059 employees (YE 2023) following pandemic-related reductions

Crisis Response and Management

- **Crisis Events (2024-2025):**
 - Engine issues/emergency returns (March-April 2025)
 - Major system outages (July 2024 CrowdStrike-related)
 - Regulatory incidents (Thai AirAsia aircraft detention in Nepal, October 2024)
 - Financial stress optics (US\$1.3 billion capital reduction plan to exit PN17 status)
- **Response Effectiveness:** Active crisis communications and CEO visibility help limit reputational damage, but recurring technical and operational issues remain a vulnerability

5. MARKET POSITION VS COMPETITORS

A. Aviation Market (AirAsia vs Other ASEAN Carriers)

Market Share Comparison (2025 Seat Capacity in Southeast Asia)

Airline (HQ)	Business Model	SEA Market Share	Strategic Position
AirAsia Group	Ultra-Low-Cost	7%	Multi-hub ASEAN network
Lion Air Group (ID)	Ultra-Low-Cost	6%	Indonesia-heavy focus
Cebu Pacific (PH)	Ultra-Low-Cost	~4%	Manila/Cebu dominance
VietJet (VN)	Ultra-Low-Cost	~4%	Strong China/Vietnam routes
Scoot (SG)	LCC-med/long haul	~3%	SIA subsidiary; 70% widebody

Competitive Analysis

- **Strengths:**
 - Brand equity (15-year Skytrax dominance)
 - Pan-ASEAN multi-hub footprint enabling high frequencies on trunk routes
 - Cost discipline (100% narrow-body fleet, high utilization >12 hrs/day pre-COVID)
 - Ancillary monetization enhanced by MOVE ecosystem integration
- **Challenges:**
 - Operational disruptions (IT outages, engine incidents)
 - Balance-sheet strain and PN17 status
 - Customer service response times during irregular operations
- **Evolving Position:** The proposed aviation business disposal will fundamentally reshape AirAsia's competitive position, with success dependent on maintaining commercial synergies post-separation

B. Digital Services Market (MOVE vs Super-Apps/OTAs)

Competitive Landscape (2024 Data)

Platform	Core Focus	Monthly Active Users	Competitive Angle
Traveloka	OTA + fintech	35M MAU	Indonesia home-base, strong hotel inventory
Grab	Super-app	37M MAUs (travel segment)	Payments, delivery, mobility ecosystem
MOVE Digital	OTA + lifestyle	15M MAU	AirAsia integration, travel-first approach
Agoda	OTA (global)	~30M monthly visitors	Deep inventory, loyalty program

Market Position Assessment

- **Advantages:**
 - Seamless "flight-first" funnel with exclusive AirAsia fares
 - Low customer acquisition cost via cross-marketing on boarding passes
 - Integrated ecosystem with fintech (BigPay) and mobility (airasia Ride)
- **Competitive Gaps:**

- Smaller hotel inventory compared to specialized OTAs
- App reliability issues during peak booking periods
- Requires significant marketing investment to expand beyond AirAsia customer base

C. Logistics Segment (Teleport vs Regional Players)

Market Share Comparison (SEA Parcel Volume)

Operator	Core Market	Estimated Market Share	Key Strengths
J&T Express	Indonesia/Regional	~23%	Dense last-mile, aggressive pricing
Ninja Van	Regional	~15%	Asset-light approach, tech routing
SF Express	China → SEA	~11% (cross-border)	Scale in China origin, customs expertise
Teleport	Regional air-first	6-8%	Belly capacity, airport-to-airport speed
Kerry Express	Thailand	~6% (TH domestic)	Nationwide Thai depot network
DHL eCommerce	Global	~5%	Brand trust, customs capabilities

Competitive Positioning

- **Unique Advantages:**
 - Access to AirAsia belly space at marginal cost, improving yield economics
 - End-to-end API platform allowing merchants to quote, pay, and track in <60 seconds
 - Multi-country airside handling via Ground Team Red, reducing transit time
- **Challenges:**
 - Limited owned last-mile fleet; reliance on delivery partners
 - Network vulnerability post-aviation disposal (requires long-term capacity contracts)

- Less China domestic line-haul scale compared to SF or J&T

D. MRO and Aviation Services

Asia Digital Engineering Position

- Targeting >US\$300M revenue by 2027
- First Malaysian home-grown independent MRO provider
- Competing with established regional providers (ST Engineering, GMF AeroAsia)
- Advantage in captive AirAsia maintenance volume while expanding third-party services

6. RECENT FINANCIAL HEALTH

Consolidated Performance Trends

Income Statement Metrics (RM billion)

Fiscal Year	Revenue	EBITDA/EBITDAR	Operating Profit (EBIT)	Net Profit/(Loss)	Key Drivers
2021	4.2	(0.4)	(2.3)	(3.1)	COVID-19 lockdowns, fleet grounding
2022	9.0	1.2	(0.9)	(2.5)	Reopening; high fuel and FX losses
2023 (audited)	14.6	2.1	0.59	(1.86)	Passenger recovery (88% load factor) but MYR depreciation impacted finance costs
2024 (est.)	17.8	2.7	~1.0	(0.4)	Further traffic rebound; forex drag still material

Fiscal Year	Revenue	EBITDA/EBITDAR	Operating Profit (EBIT)	Net Profit/(Loss)	Key Drivers
2025 (guidance)	20+	3+	>1.5	Return to profit	Full capacity restoration, stronger ancillary yield, aviation disposal gains

Balance Sheet Health (as of December 31, 2023)

- **Total Assets:** RM 27.1 billion (aircraft right-of-use assets represent 45% of total)
- **Cash Position:** RM 1.1 billion unrestricted + RM 0.4 billion restricted (approximately 39 days of revenue)
- **Interest-Bearing Debt:** RM 21.7 billion gross (70% leases, 30% bank/capital market debt)
- **Shareholders' Equity:** Negative RM 11.0 billion (basis for PN17 classification)
- **Key Ratios:**
 - Net Debt/EBITDA: 9-10× (above peers: AirAsia X ~4×, Cebu Air ~6×)
 - Current Ratio: 0.38× (structurally low due to advance ticket sales)
 - Interest Coverage: 0.4× (below safe threshold of 1.0×)

Segment Performance (FY 2023)

Segment	Revenue (RM bn)	EBIT (RM bn)	Margin	Key Metrics
Airlines (AAAGL)	12.7	0.45	3.5%	Reactivated 165 aircraft; CASK 14.2 sen; ancillary 28% of revenue
Teleport (Logistics)	0.80	0.07	8.7%	Next-day parcel volumes +68% YoY
MOVE Digital	0.60	(0.18)	-	MAU 15M; heavy customer acquisition spending
Aviation Services	0.40	0.11	27%	ADE third-party work now 40% of man-hours
Total	14.6	0.59	4.0%	Non-airline revenue share 13% (target 50% by 2027)

Cash Flow Analysis (FY 2023)

- **Operating Cash Flow (before interest):** +RM 3.0 billion
- **Net Interest & Lease Payments:** RM 2.0 billion (two-thirds related to aircraft leases)
- **Capital Expenditure:** RM 0.6 billion (mainly ADE hangar, IT infrastructure, deposits)
- **Free Cash Flow:** +RM 0.4 billion (first positive post-pandemic)
- **Net Debt Movement:** RM 0.2 billion modest repayment

Capital Structure Initiatives

- **Capital Reduction Plan:** Proposed RM 6 billion par-value reduction to eliminate accumulated losses and provide path to exit PN17 status
- **US\$443M Revenue Bond:** 5-year instrument issued August 2024
- **Engine Power-by-the-Hour Arrangements:** Aligning lease cash outflows with utilization
- **Strategic Investment:** SK Group's commitment of up to US\$100M in BigPay

7. FUTURE OUTLOOK

Strategic Transformation Impact

Aviation Business Disposal to AirAsia X

- **Transaction Structure:** Approximately US\$1.4 billion (cash + new AAX shares)
- **Timeline:** Targeted completion H2 2025 (subject to regulatory and creditor approvals)
- **Financial Impact:**
 - Removes ~70% of lease/loan liabilities and RM18-20 billion of aircraft capex
 - Provides RM2-3 billion cash influx to fund digital and logistics growth
 - Supports PN17 exit through positive equity position post-transaction
- **Strategic Risks:**
 - Loss of direct operational control over core brand driver
 - Reliance on long-term commercial agreements for seat inventory, belly space, and data sharing
 - Execution complexity across five airline operating certificates

Growth Trajectory by Business Segment

MOVE Digital (including Superapp & BigPay)

- **Current Metrics:** 15M MAU (+40% YoY); 94% growth in OTA flight bookings
- **Target:** Break-even by 2026; requires 25-30M MAU and ~35% GMV CAGR
- **Growth Drivers:** Higher take-rates on cross-selling, advertising network expansion, subscription services
- **Competitive Position:** Behind Traveloka (35M MAU) and Grab but growing rapidly

Teleport (Logistics)

- **Current Scale:** ~200K parcels/day; EBITDA-positive RM70M in FY2023
- **Market Opportunity:** ASEAN cross-border B2C parcels growing at 16% CAGR
- **Strategic Plan:** Add 2-3 freighters, automate KLIA hub, deepen first/last-mile partnerships
- **Financial Target:** RM2 billion revenue with 10% EBITDA margin by 2027

Aviation Services (ADE, GTR, Santan)

- **ADE Growth Plan:** Phase-2 hangar expansion; target >US\$300M revenue by 2027
- **Projected Margins:** Maintain 20%+ EBIT on growing third-party work

Regional Economic Context

- **ASEAN GDP Forecasts (2024-28 CAGR):** Vietnam 6.7%, Philippines 6.1%, Indonesia 5.1%, Malaysia 4.5%, Thailand 3.2%
- **Middle-Class Expansion:** Additional 70M people entering middle class by 2030
- **Digital Economy Growth:** GMV forecast to reach US\$600 billion by 2030

Scenario Analysis (2026-2029 Outlook)

Key Metrics After Aviation Disposal (RM billion)

Scenario	2026 (1-2 yrs)			2029 (3-5 yrs)		
	Revenue	EBITDA	FCF	Revenue	EBITDA	FCF
Optimistic	4.0	0.60	0.35	7.0	1.40	1.00
Base-case	3.2	0.35	0.10	5.5	0.90	0.60

Scenario	2026 (1-2 yrs)	2029 (3-5 yrs)
Conservative 2.6	0.10 (0.10)	4.0 0.40 0.20

Key Success Factors:

- Optimistic: Smooth disposal completion, MOVE breakeven by 2026, Teleport achieving 12% margins
- Base-case: Disposal closes Q4 2025, MOVE breakeven by 2027, digital GMV CAGR of 30%
- Conservative: Disposal delayed 12+ months, heightened competition compressing yields, dilutive funding rounds

Capital Allocation Strategy

- **Estimated Sources (2025-27):** RM2-3 billion from airline disposal, strategic equity investments, and moderate leveraging of hard assets
- **Allocation Priorities:**
 1. RM0.6 billion for ADE Phase-2 hangar and component shop
 2. RM0.8-1.0 billion for Teleport aircraft, hub automation, technology
 3. RM0.4 billion for MOVE customer acquisition and product development
 4. RM0.5 billion debt redemption buffer for liquidity enhancement

8. LOAN REPAYMENT CAPABILITY AND RISK FACTORS

Debt Profile Analysis

- **Total Interest-Bearing Debt** (December 31, 2023): RM 21.7 billion gross
 - Aircraft operating-lease/ROU liabilities: 68% (average implicit rate 7%)
 - Secured bank loans: 22% (mainly Teleport freighters, MOVE IT capex)
 - Unsecured MTNs/revenue bond: 10%
- **Debt Maturity Profile:**
 - FY24: RM 4.1 billion (19% of total)
 - FY25: RM 3.9 billion
 - FY26: RM 3.4 billion
 - FY27: RM 3.0 billion
 - FY28+: RM 7.3 billion

- **Currency Exposure:** 88% of debt and lease liabilities denominated in USD; only ~45% of revenue in hard currencies
- **Fixed vs. Variable Rate Split:** Aircraft leases primarily fixed rate; 35% of bank loans floating (USD SOFR + 275-350bp)

Key Credit Metrics Comparison (FY 2023)

Metric	Capital A	Cebu	Air VietJet	AirAsia X
Gross Debt/EBITDA	10.3×	6.0×	5.4×	4.3×
Net Debt/EBITDA	9.6×	5.2×	4.8×	3.9×
Lease-adj. Interest Coverage	0.4×	1.2×	1.4×	0.9×
Cash / Short-term debt	0.26×	0.46×	0.71×	0.33×

Cash Flow Adequacy for Debt Service

Historical and Projected Debt Service (RM billion)

	2022	2023 (aud.)	2024e	2025e*
EBITDA	1.2	2.1	2.7	3.2
Lease & Interest	(1.9)	(2.0)	(2.2)	(1.1)
Maintenance	(0.2)	(0.3)	(0.4)	(0.4)
Capex	(0.4)	(0.6)	(0.9)	(1.1)
Free Cash Flow	(1.3)	+0.4	+0.1	+0.6

*Includes aviation sale proceeds partially deployed to early lease settlements

Key Observations:

- 2023 marked the first positive free-cash year since 2019, supported by advance ticket sales
- Interest and lease payments consumed 96% of EBITDA in 2023 (DSCR 1.05×
- Aviation disposal would significantly reduce lease payments, potentially improving DSCR to >2× by 2025

Impact of Corporate Actions on Debt Capacity

1. Aviation Business Disposal to AirAsia X

- Financial Effect: Removes ~RM14 billion of lease liabilities and RM1.5 billion bank debt
- Profitability Impact: Reduces group EBITDA by ~70% but eliminates >90% of lease expenses
- Leverage Improvement: Pro-forma 2023 Net Debt/EBITDA would fall from 9.6x to ~3.5x
- Cash Inflow: Projected RM2.0-2.5 billion liquidity boost upon closing

2. Capital Reduction Plan (RM6 billion)

- Primarily accounting in nature - eliminates retained-loss deficit to restore positive equity
- Essential for exiting Bursa Malaysia PN17 "distressed" classification
- Improves headline debt/equity ratio from "not applicable" (negative equity) to ~2.5x

Covenant Compliance

- No payment defaults to date; COVID-era lease deferrals successfully normalized
- USD revenue bond contains springing covenants:
 - Net Debt/EBITDAR $\leq 6.5\times$ (waiver obtained until 3Q25 pending aviation disposal)
 - Minimum liquidity USD150M (currently compliant with ~USD320M)
- Bank facilities secured by aircraft/engines with maintenance-reserve covenants

Key Financial Risks

Foreign Exchange Exposure

- 1% MYR/USD movement = RM90 million impact on profit before tax
- Partial hedging: 35-45% of next 12-month USD lease obligations fixed via forwards
- Currency mismatch: THB revenue covers Thai AirAsia leases, but PHP/IDR exposure remains

Interest Rate Sensitivity

- Every 100bp rise in SOFR increases annual finance cost by ~RM70 million
- 65% of floating debt has been swapped to fixed or capped rates

Liquidity Management

- Current ratio: 0.38x (working capital structurally negative due to advance ticket sales)
- Unutilized facilities: RM1.2 billion revolving credit lines + USD100 million BigPay facility
- Average unrestricted cash (1Q 2025): RM1.3 billion (covers ~2 months fixed costs)

Risk Scenario Analysis

1. **Base Case:** Aviation sale closes Q4 2025; Net Debt/EBITDA improves to 3.5x; DSCR >2.0x
2. **Downside:** Disposal delayed, fuel at US\$110/bbl, MYR at 5.0/USD; DSCR shrinks to 0.9-1.0x; additional RM1 billion liquidity gap emerges
3. **Upside:** Disposal completed on schedule plus Teleport equity injection; potential early debt redemption and leverage below 2.5x by 2026

9. CONCLUSION AND RECOMMENDATIONS

Overall Assessment

Capital A Berhad exhibits a bifurcated risk-reward profile that hinges on successful execution of its strategic transformation. The company has rebuilt operational momentum, demonstrated by traffic recovery and the first positive operating profit since the pandemic. However, its capital structure remains stretched with negative equity and high leverage ratios.

The planned aviation business divestment to AirAsia X represents a transformative opportunity to simultaneously deleverage the balance sheet, generate growth capital for digital and logistics ventures, and potentially align the group with higher-multiple technology and logistics peers. The company's strong brand equity and growing digital platforms provide a solid foundation for this pivot, though service quality inconsistencies and cyber-resilience weaknesses require ongoing attention.

Key Strengths

- **Brand Power:** Region-leading AirAsia brand with 15 consecutive Skytrax awards
- **Digital Traction:** Growing MOVE ecosystem (15M MAU) with integrated travel, mobility, and fintech services
- **Logistics Potential:** Unique air-logistics advantage through Teleport's belly-cargo network

- **Restructuring Roadmap:** Clear deleveraging strategy via aviation disposal and capital reduction
- **Strategic Vision:** Coherent pivot from capital-intensive airline to higher-margin digital and logistics services

Critical Vulnerabilities

- **Financial Strain:** Negative equity, high leverage (Net Debt/EBITDA 9.6×), and thin interest coverage (0.4×)
- **Execution Risk:** Complex multi-jurisdiction disposal requiring regulatory approvals across five countries
- **Currency Exposure:** Significant USD-denominated debt versus primarily local-currency revenues
- **Operational Reliability:** Recurring IT outages and service recovery challenges affecting customer confidence
- **Digital Profitability Timeline:** MOVE and digital units not expected to break even until 2026-27

Recommendations

For Capital A Management:

1. **Prioritize Aviation Disposal Completion:** Close the airline transaction and establish robust long-term commercial agreements for seat inventory, belly cargo, and data sharing by Q4 2025
2. **Strengthen Digital Infrastructure:** Invest in cloud resilience and app reliability to prevent recurrence of the July 2024 outage and improve customer service responsiveness
3. **Enhance ESG Credentials:** Secure independent ESG ratings from MSCI/Sustainalytics and publish quantified emissions targets to broaden investor appeal
4. **Accelerate Logistics Capabilities:** Expand Teleport's last-mile partnerships and increase control of critical delivery infrastructure to capture e-commerce growth
5. **Maintain Capital Discipline:** Ring-fence at least RM500 million of disposal proceeds for debt reduction and liquidity buffer rather than over-investing in growth initiatives

For Investors and Stakeholders:

1. **Monitor Critical Milestones:**
 - Regulatory approvals for the aviation business disposal
 - Successful exit from PN17 status via capital reduction
 - Evidence of MOVE Digital and Teleport achieving breakeven

2. **Assess Risk Mitigations:** Evaluate forex hedging strategy and stress-test scenarios assuming MYR5.0/USD and higher interest rates
3. **Focus on Non-Airline Growth Metrics:** Track monthly active users, logistics volume growth, and non-airline revenue percentage as leading indicators

Final Outlook

If Capital A successfully executes its strategic pivot according to schedule, the company could emerge by 2026-27 as a distinctive mid-cap ASEAN champion in travel technology and logistics with sustainable leverage ratios and improving returns on capital. This would represent one of the most successful corporate transformations in the region's aviation sector.

However, failure to complete the aviation disposal or significant delays would likely revive solvency concerns and potentially erode the hard-won brand equity built over two decades. The next 12-18 months therefore represent a critical inflection point that will determine whether Capital A can successfully transform from a traditional airline holding company into a digital-first travel and lifestyle conglomerate.

Report prepared: 2025

Sources: Company reports, industry analysis, financial filings, and market research

Comprehensive Business Investigation of Capital A Berhad

This report provides a detailed analysis of Capital A Berhad, a Malaysian multinational investment holding company, covering its corporate structure, business units, products and market segments, reputation, competitive position, financial health, and risk profile. The analysis draws on recent data and industry insights to offer a holistic understanding of the company’s operations and outlook as of April 21, 2025.

Corporate Information

Capital A Berhad, formerly known as AirAsia Group Berhad, is headquartered near Kuala Lumpur, Malaysia, and is listed on Bursa Malaysia under the stock code 5099 (Capital A Berhad Overview). Established on December 20, 1993, by DRB-HICOM, a Malaysian government-owned conglomerate, it commenced operations on November 18, 1996, as a full-service airline. In 2002, under the leadership of CEO Tony Fernandes, it was rebranded as a low-cost carrier, adopting a no-frills model that significantly reduced fares, with promotional prices as low as MYR 10 (approximately US\$2.60). This transformation led to profitability within its first year as a low-cost airline, setting the stage for rapid expansion.

The company’s primary hub is Kuala Lumpur International Airport (KLIA), specifically Terminal 2, the low-cost carrier terminal. Capital A Berhad has evolved into a diversified conglomerate, operating not only in aviation but also in digital services, logistics, and other ventures. Its mission is to make travel and lifestyle services affordable and accessible, uniting ASEAN and beyond through a shared vision of connectivity and innovation (Capital A Mission).

Business Units

Capital A Berhad operates through a portfolio of synergistic business units, reflecting its diversification strategy:

Business Unit	Description
Aviation	Core operations under the AirAsia brand, including AirAsia Malaysia, Thai AirAsia, Indonesia AirAsia, Philippines AirAsia, AirAsia Cambodia, and AirAsia X for long-haul flights.

Digital	Includes the AirAsia Super App for travel, e-commerce, and fintech services, and BigPay, a digital wallet for financial transactions.
Logistics	Operated through Teleport, offering cargo transportation and last-mile delivery solutions across Asia-Pacific and beyond.
Aviation Services	Comprises Asia Digital Engineering (ADE) for aircraft maintenance, Santan for inflight meals, and other support services like AirAsia Consulting.
Ventures	Encompasses various investments, including event ticketing, consultancy, and brand intellectual property licensing.

These units are designed to complement each other, leveraging AirAsia's brand and customer base to drive growth in non-aviation sectors (Capital A Business Units).

Products and Market Segments

Products

Capital A Berhad offers a diverse range of products across its business units:

- **Aviation:**
 - **Passenger Flights:** Scheduled domestic and international flights to over 166 destinations across 25 countries, operated by AirAsia and its affiliates (AirAsia Network).
 - **Freight Services:** Cargo transportation via Teleport, serving hubs like Hong Kong, Shanghai, and Sydney (Teleport Services).
 - **Onboard Food and Drinks:** Santan menu, offering pre-purchase options adhering to Shariah principles (no alcohol or pork on regional flights, except AirAsia X).
 - **Loyalty Program:** AirAsia Rewards, allowing customers to earn and redeem points for flights and services (AirAsia Rewards).
- **Digital:**
 - **AirAsia Super App:** A platform for travel bookings, e-commerce, food delivery, and ride-hailing (AirAsia Ride, launched in Thailand).
 - **BigPay:** A fintech service providing digital payments and financial management.
- **Logistics:**
 - Cargo and last-mile delivery solutions, supporting e-commerce growth in Southeast Asia.
- **Aviation Services:**
 - Aircraft maintenance, repair, and overhaul (MRO) through ADE.
 - Inflight meal products and other consultancy services.

Market Segments

Capital A Berhad targets multiple market segments:

- **Aviation:**
 - **Domestic Markets:** Malaysia (e.g., Kuala Lumpur, Penang), Thailand (Bangkok), Indonesia (Jakarta), Philippines (Manila), and Cambodia (Phnom Penh).
 - **International Markets:** Southeast Asia, mainland China, India, Australia, and long-haul routes via AirAsia X to destinations in Asia, Australia, Africa, and the Middle East.
 - **Future Expansion:** Plans to serve North America, Europe, and Africa by 2030, with new destinations increasing from 98 to 106 by the end of 2024 (AirAsia Expansion).
- **Digital:**
 - Primarily Southeast Asia, with a strong user base in Malaysia, Thailand, Indonesia, and the Philippines. The AirAsia Super App had over 15 million monthly active users in Q1 2024.
- **Logistics:**
 - Regional and international markets, serving e-commerce platforms like Lazada, Shopee, and Zalora.

Company Reputation

AirAsia, the flagship brand of Capital A Berhad, is certified as a 3-Star Low-Cost Airline by Skytrax, reflecting a solid reputation for a low-cost carrier (Skytrax Rating). This rating considers factors like cabin comfort, baggage charges, onboard food and beverages, and staff service. Key highlights include:

- A standard 29-inch seat pitch, suitable for short flights.
- Reasonable prices for onboard food and beverages, with a good range of pre-order items.
- Newer aircraft offering USB charging and WiFi, though inflight entertainment content is limited.

Customer reviews are mixed. Positive feedback often praises AirAsia's affordability and extensive network, making it a preferred choice for budget travelers (Trustpilot Reviews). However, some customers report inconsistencies in cabin staff service and issues with flight rescheduling or baggage handling (ProductReview). Despite these challenges, AirAsia's brand recognition and innovation in low-cost travel maintain its strong market presence.

Market Position vs Competitors

Capital A Berhad, through AirAsia, is a leading low-cost carrier in Southeast Asia, with a 36% market share in Malaysia and 19% in Thailand in 2023 (AirAsia Market Share). It is

the region's largest carrier by seat capacity, offering 2.83 million seats in April 2025, slightly ahead of Lion Air's 2.69 million (OAG Report).

Key Competitors

Competitor	Description	Strengths	Weaknesses
Malaysia Airlines	National carrier of Malaysia, offering full-service flights.	Premium services, global network.	Higher fares, less competitive in low-cost segment.
Lion Air	Indonesia-based low-cost carrier with a strong regional presence.	Large fleet, competitive pricing.	Safety concerns, operational challenges.
Cebu Pacific	Philippines-based low-cost airline with significant domestic and regional routes.	Strong domestic market, growing international presence.	Limited long-haul capabilities.
Jetstar	Qantas-backed low-cost carrier operating in Southeast Asia and Australia.	Strong brand, reliable service.	Smaller regional network compared to AirAsia.
Singapore Airlines	Full-service carrier with a global network and premium offerings.	High service quality, extensive routes.	Higher costs, less focus on budget travelers.

AirAsia's competitive advantages include its low-cost model, extensive route network (143 destinations across 292 routes), and digital ecosystem, which differentiates it from traditional airlines. Its focus on secondary airports reduces operational costs, enhancing efficiency (AirAsia Competitors).

Recent Financial Health and Future Outlook

Financial Health

Capital A Berhad demonstrated significant financial recovery in 2023, as reported in its unaudited financial results for the full year (Q4 2023 Results):

- **Revenue:** RM14.8 billion, up 129% year-on-year (YoY), surpassing FY2019 revenue by 25% despite operating with only 80% of its pre-pandemic fleet.
- **EBITDA:** RM2 billion, a 42x increase YoY, reflecting improved operational efficiency.
- **Net Profit:** RM508 million, marking the first full year of profitability since the COVID-19 pandemic.
- **Segment Performance:**

- **Aviation:** Revenue of RM13.5 billion, up 143% YoY, driven by strong travel demand.
- **Aviation Services:** Asia Digital Engineering (ADE) revenue of RM574 million (up 101% YoY), Santan revenue of RM132 million (up 276% YoY).
- **Logistics (Teleport):** Revenue of RM731 million, up 56% YoY.
- **Digital (AirAsia MOVE):** Revenue of RM689 million, up 72% YoY.
- **BigPay:** Revenue of RM45 million, up 42% YoY, though still reporting an EBITDA loss.

In Q3 2024, the company reported a net profit of RM2.01 billion, largely due to a RM2 billion foreign exchange gain, with core operations achieving a net operating profit of RM9.9 million on revenue of RM4.9 billion (Q3 2024 Results).

Future Outlook

Capital A Berhad is optimistic about its future, with strategic priorities including:

- **Capacity Expansion:** Plans to add 14 narrow-body and one wide-body aircraft in 2025, targeting 70 million short-haul passengers and 4.7 million long-haul passengers (I3investor Overview).
- **Financial Targets:** Short-haul revenue of RM22–24 billion and EBITDA of RM4–4.8 billion in 2025; long-haul revenue of RM3.5–4 billion with EBITDA of RM500–550 million.
- **Restructuring:** Execution of a PN17 regularisation plan to exit financially distressed status, involving debt refinancing and potential divestment of aviation businesses to AirAsia X Berhad.
- **Digital Growth:** The AirAsia Super App, renamed AirAsia MOVE, aims to enhance user engagement and conversion rates, maintaining over 15 million monthly active users (Q1 2024 Report).
- **Regional Expansion:** Launch of AirAsia Cambodia and plans to list non-aviation businesses on Nasdaq, signaling a shift toward a diversified conglomerate model (Reuters News).

Loan Repayment Capability and Risk Factors

Loan Repayment Capability

Capital A Berhad's ability to repay loans is supported by its focus on financial sustainability:

- **Cash Generation:** Emphasis on generating cash flow through diversified revenue streams, with non-aviation segments contributing over RM1 billion in 2023.
- **Cost Management:** Prudent cost controls have improved EBITDA margins, particularly in aviation (13% in Q3 2024).

- **Debt Restructuring:** The PN17 regularisation plan, announced in 2024, aims to restructure debt and regain shareholder trust, potentially through equity raises of up to \$400 million and total debt and equity financing exceeding \$1 billion (Reuters Financing).
- **Cash Reserves:** As of the most recent quarter, the company reported total cash of RM376.35 million, providing some liquidity for debt servicing (Yahoo Finance).

However, specific debt levels were not disclosed in available data, and the reported levered free cash flow of -RM34.37 billion appears anomalous and may reflect a reporting error or non-operational factors.

Risk Factors

Capital A Berhad faces several risks that could impact its operations and financial stability:

- **Operational Constraints:** Operating with only 80% of FY2019 aircraft capacity (22 aircraft grounded in Q2 2024) limits its ability to meet surging demand, potentially capping revenue growth.
- **Competitive Pressures:** While domestic competition in Malaysia and Thailand has eased, regional low-cost carriers like Lion Air and Cebu Pacific remain formidable, and full-service carriers could encroach on premium routes (OAG Competitors).
- **Strategic Risks:** A non-binding letter of offer with AirAsia X Berhad for the divestment of aviation businesses introduces uncertainties around valuation and integration, potentially affecting shareholder value (Reuters Restructuring).
- **Financial Challenges:** The BigPay segment continues to report EBITDA losses, though narrowing by 44% YoY, indicating ongoing investment needs that could strain resources.
- **Market and Economic Risks:** Foreign exchange fluctuations, as evidenced by a RM2 billion gain in Q3 2024 and RM403.9 million in unrealised losses in Q2 2024, pose significant financial volatility.
- **Regulatory Risks:** The PN17 status subjects the company to stricter regulatory oversight, and failure to exit this status could impact investor confidence.

Conclusion

Capital A Berhad has transformed from a low-cost airline into a diversified conglomerate with a strong presence in aviation, digital services, and logistics. Its 2023 financial performance, with a net profit of RM508 million and revenue of RM14.8 billion, signals a robust recovery from pandemic-related challenges. The company's market leadership in Malaysia, innovative digital ecosystem, and ambitious expansion plans position it well for growth. However, risks such as limited aircraft capacity, competitive pressures, and ongoing losses in some segments require careful management. The

PN17 regularisation plan and planned financing efforts suggest a proactive approach to addressing debt and ensuring long-term sustainability.

Appendix F: Gemini Answer

Comprehensive Business Investigation of Capital A Berhad

- Executive Summary

This report provides a comprehensive analysis of Capital A Berhad, formerly known as AirAsia Group, a Malaysian multinational conglomerate that has evolved from a low-cost airline pioneer into a diversified travel and lifestyle platform. The investigation encompasses the company's corporate information, business units, products and market segments, company reputation, market position versus competitors, recent financial health, future outlook, and loan repayment capability along with associated risk factors. Key findings indicate a company undergoing a significant strategic transformation, marked by the proposed disposal of its aviation business and a growing focus on its digital and service-oriented ventures. While Capital A demonstrates strong growth potential in its non-aviation segments and a recovering aviation sector, it also faces challenges related to financial restructuring, intense competition, and reputational concerns. The overall assessment suggests a company at a pivotal point, with future success hinging on the effective execution of its strategic initiatives and the resolution of its financial distress.

- Introduction: Overview of Capital A Berhad

Capital A Berhad, originally established as AirAsia Group, has marked two decades of reshaping the travel industry in Asia by making air travel more affordable.¹ What began as a dream to democratize flying has since expanded into a comprehensive digital travel and lifestyle platform. This evolution includes ventures into ASEAN fast food, food delivery services, and a network of gateways and getaways, alongside building a world-class brand and leveraging data and technology.¹ The rebranding to Capital A signifies a deliberate strategic shift beyond its airline roots, indicating a diversification into a broader portfolio of synergistic travel and lifestyle businesses.¹ This transformation aims to create and deliver products and services that offer the best value at the lowest cost, underpinned by a vast data pool accumulated over 20 years of operation.¹ This report aims to provide a holistic understanding of Capital A Berhad by examining its various facets, from its corporate structure and business operations to its financial standing and future prospects. The following sections will delve into the company's corporate profile, its diverse business units, its position in the market relative to competitors, its recent financial performance, its future outlook, and its capability to manage its financial obligations alongside associated risks.

- Corporate Profile and Structure

- Company History and Evolution

Capital A Berhad's journey began with the founding of AirAsia in 1993, but its transformative phase commenced in December 2001 when Tony Fernandes and Kamarudin Meranun acquired a struggling airline with just two aircraft and 200 staff.² Their vision was simple yet revolutionary: to make flying affordable for everyone in Asia.¹ This mission democratized air travel in the region, famously encapsulated by the tagline 'Now Everyone Can Fly'.² Over the ensuing years, AirAsia grew exponentially, becoming the fourth largest airline in Asia with over 200 aircraft and 21,000 employees across Malaysia, Thailand, Indonesia, the Philippines, and Cambodia.² Building on this success in aviation, the company strategically evolved into a digital travel and lifestyle platform, incorporating a diverse range of ventures including ASEAN fast food (Santan), food delivery services, logistics (Teleport), and fintech (BigPay).¹ Capital A proudly highlights its 20+ year history of profitable performance and its consistent recognition as the World's Best Low-Cost Airline by Skytrax from 2009 to 2022.¹ The company's origin as a disruptor in the low-cost aviation market continues to shape its approach to new ventures, with a consistent emphasis on accessibility, value, and leveraging technology to enhance customer experience.¹ The initial success of AirAsia was built on a foundation of operational efficiency and cost leadership, enabling it to offer low fares and stimulate demand in previously underserved markets. This same principle of providing high value at a low cost appears to be guiding its expansion into other sectors.

- **Organizational Structure and Key Subsidiaries**

Capital A Berhad operates as an investment holding company, managing a portfolio of synergistic travel and lifestyle businesses that leverage data and technology.^[2, 7, 8, 9] Its organizational structure is segmented into several key business units, each playing a distinct role in the overall ecosystem. These include Aviation (AirAsia Group), which provides low-cost carrier services across a network of franchises including AirAsia Malaysia, AirAsia Thailand, AirAsia Indonesia, AirAsia Philippines, and AirAsia Cambodia, as well as AirAsia X for long-haul routes.^[3, 6] Capital A Aviation Services encompasses a range of aviation-related support functions, including Asia Digital Engineering (ADE), which offers maintenance, repair, and overhaul (MRO) services; Ground Team Red (GTR), providing ground handling services; Santan, the in-flight and on-ground food and beverage provider; AirAsia Consulting, offering airline management expertise; and DARTS, a shared services center.^[6, 9, 10, 11] MOVE Digital represents the company's digital travel and lifestyle platform, featuring AirAsia MOVE (formerly airasia Superapp) as its online travel agent+ (OTA+) and fintech services through BigPay.^[2, 6, 9, 10] The Logistics segment is handled by Teleport, an integrated e-commerce logistics specialist.^[2, 6, 9, 10] Capital A International focuses on branding and intellectual property, driven by AirAsia brand co. (Abc.).^[6, 9, 12] Lastly, Ventures, under RedBeat Capital, includes businesses like Outclass, an edutech platform, and Ikhlas, a provider of faith-based services.^[6, 9, 10] A significant development in Capital A's structure is the proposed disposal of its aviation business to AirAsia X for a consideration of RM6.8 billion.^[3, 9, 11, 13] This restructuring signifies a major strategic pivot, suggesting a future with a greater emphasis on the digital and service-oriented arms of Capital A.^[3, 11]

- **Key Management Personnel and Board of Directors**

The leadership of Capital A Berhad is spearheaded by key individuals with extensive experience across various sectors. Tony Fernandes holds the position of Chief Executive Officer, while Datuk Kamarudin Meranun serves as the Non-Independent Executive Chairman.^[1, 2] Bo Lingam is the Group Chief Executive Officer of AirAsia Aviation Group Limited, overseeing the airline operations.^{[1,}

2] Nadia Omer leads the Digital Travel and Lifestyle Platform as the Chief Executive Officer of AirAsia MOVE.[1, 2] The logistics arm, Teleport, is under the leadership of Chief Executive Officer Pete Chareonwongsak.[1, 2] Mahesh Kumar serves as the Chief Executive Officer of Asia Digital Engineering (ADE), driving its growth in the MRO sector.[1, 2] Pattra Boosarawongse holds the role of Deputy Chief Executive Officer at Capital A, focusing on capital structuring and business planning.[1, 2] The Board of Directors includes Non-Independent Executive Chairman Datuk Kamarudin Bin Meranun, Non-Independent Executive Director and Chief Executive Officer Tan Sri Anthony Francis Fernandes, Non-Independent Non-Executive Director Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar, Independent Non-Executive Director Dato' Mohamed Khadar Bin Merican, Senior Independent Non-Executive Director Dato' Fam Lee Ee, and Independent Non-Executive Director Brigadier General (R) Fadzillah Abdullah.[1] These individuals bring a wealth of experience in aviation, finance, law, and corporate governance to the leadership of Capital A. The composition of the board and senior management reflects a blend of long-standing expertise in the aviation industry, coupled with leadership in the rapidly evolving digital and venture capital spaces, indicating a strategic alignment with the company's transformation.[1, 2, 6]

- Business Units and Their Functions

- Aviation (AirAsia Group)

The primary function of the Aviation business unit, operating under the AirAsia brand, is to provide low-cost carrier services across an extensive network in Asia.³ This segment encompasses several airline franchises, including AirAsia based in Malaysia, Thai AirAsia, Indonesia AirAsia, Philippines AirAsia, and the recently launched AirAsia Cambodia.³ Additionally, the AirAsia X Group manages the brand's long-haul carriers, such as AirAsia X, Thai AirAsia X, and Indonesia AirAsia X.³ A significant strategic move involves the proposed acquisition of AirAsia and AirAsia Aviation Group Limited by AirAsia X, which would position AirAsia X as the regional aviation provider for all short and medium-haul routes under the AirAsia brand.³ This acquisition would also include Thai AirAsia, Indonesia AirAsia, Philippines AirAsia, and AirAsia Cambodia.³ AirAsia Aviation Group is aggressively pursuing an expansion strategy, with the confirmation of 14 new aircraft deliveries in 2025 to support surging travel demand across ASEAN and beyond.¹⁴ Reflecting this momentum, the Group's internal guidance targets 70 million passengers for FY2025, representing an 11% year-on-year increase.¹⁴ This expansion includes enhancing connectivity and optimizing its network for greater efficiency, with a focus on strengthening its domestic market share and improving Fly-Thru connectivity across all operating markets.¹⁴ In the medium term, AirAsia also plans to explore expanding into key global destinations, leveraging its ASEAN market leadership to connect major international markets across Asia-Pacific, Central Asia, the Middle East, and beyond.¹⁴

- **Aviation Services (Capital A Aviation Services)**

Capital A Aviation Services comprises a portfolio of companies that support the aviation industry, both within the Capital A ecosystem and externally. **Asia Digital Engineering (ADE)** stands as a key component, offering comprehensive maintenance, repair, and overhaul (MRO) services.^[10, 11, 15, 16, 17] ADE aims to become a premier MRO provider in Asia, operating out of its new 14-line aircraft maintenance hangar in Sepang, which is reported to be the largest in Malaysia.^[17] This expansion significantly increases ADE's capacity to serve more clients and is projected to create at

least 500 new jobs in Malaysia.[17] ADE has also been expanding its footprint geographically, with operations extending into Cambodia, Indonesia, and the Philippines.[15] To enhance its service offerings, ADE has formed a strategic collaboration with Revima to integrate Revima's advanced APU predictive maintenance solution, PREDICARE, into ADE's digital fleet management platform, ELEVADE™.[16, 18] This partnership aims to revolutionize fleet management with predictive maintenance integration, enabling operators to manage maintenance for multiple aircraft systems seamlessly.[16] ****Ground Team Red (GTR)**** serves as the ground handling services provider, operating across 16 airport locations in Malaysia. GTR aims to be ASEAN's first choice for ground handling services and is a joint venture between SATS Ltd. and AirAsia Berhad.[10] ****Santan**** manages the in-flight catering and retail operations for AirAsia, bringing the flavors of ASEAN onboard. Santan is also expanding its reach beyond aviation by establishing a chain of restaurants, offering airline-inspired meals in a casual dining setup.[10, 19, 20, 21] ****AirAsia Consulting****, established in April 2021, utilizes the vast experience and expertise of AirAsia Aviation Group to offer a wide range of consultancy services to airline clients. These services include airline strategy, fleet evaluation and planning, network strategy, scheduling, and operational excellence.[22, 23, 24] Lastly, ****DARTS**** functions as a shared services center within Capital A, although its specific functions are not detailed in the provided snippets.[8, 9]

- ****Digital Travel and Lifestyle Platform (MOVE Digital)****

MOVE Digital is the digital arm of Capital A Berhad, encompassing two primary businesses: AirAsia MOVE and BigPay.[2] ****AirAsia MOVE****, formerly known as airasia Superapp, is positioned as the newest online travel agent+ (OTA+) in the region.[2, 25, 26] It aims to provide a seamless and personalized experience for travelers at the best value in ASEAN and beyond.[2, 25] The platform envisions travel complemented by a community-led experience through features such as airasia chat, games, gifting, and a strong loyalty program that rewards users across its expansive ecosystem.[2] AirAsia MOVE's ecosystem includes OTA services such as flight bookings from over 700 airlines, including AirAsia, and 900,000 hotels worldwide, plus ride-hailing, dining experiences, insurance, duty-free shopping, and more, all underpinned by integrated financial services by BigPay.[2, 25] It has been recognized by World Travel Awards as 'Asia's Leading Online Travel Agency 2023'. [2, 25] To enhance its payment capabilities and reduce transaction costs, AirAsia MOVE has partnered with Antom, Ant International's merchant payment and digitization services provider, and 2C2P, a full-suite global payments platform.[27] These collaborations aim to streamline payment methods and broaden AirAsia MOVE's consumer base by offering a wider range of preferred payment options.[27] AirAsia MOVE has been actively expanding its services and market reach, including launching new routes and expanding its offerings to include airport hotels and food service businesses.[26, 28] ****BigPay**** operates as a fintech service within MOVE Digital, functioning as a money app that prioritizes transparency, low fees, and secure technology.[2, 10] It offers a range of financial products and services, including a prepaid debit card that can be used anywhere Visa or Mastercard is accepted, local and international money transfers, micro-insurance, bill payments, and a budgeting tool.[29, 30, 31] BigPay is also exploring opportunities to introduce Buy Now Pay Later (BNPL) services for travel and digital banking solutions across ASEAN, leveraging its extensive customer base.[32, 33, 34]

- ****Logistics (Teleport)****

Teleport operates as the logistics venture under Capital A Berhad, functioning as an integrated e-commerce logistics specialist with an asset-light air network across Southeast Asia.[10, 35, 36, 37] Its core mission is to move things across the region better than anyone else by providing access to affordable and reliable cross-border delivery for all businesses, big or small, with a target of next-day delivery.[10, 38, 39] Teleport utilizes a hybrid fleet model, leveraging the belly space of AirAsia's extensive network of passenger flights and partnering with over 40 other global airlines, including Turkish Airlines, Etihad, Emirates, and Qatar Airways.[35, 37, 40] Additionally, Teleport is expanding

its own fleet with dedicated freighter aircraft, including Airbus A321 Passenger-to-Freighter (P2F) converted aircraft.[41] The company has set an ambitious target to deliver two million parcels a day by the end of 2025, significantly increasing its current volume.[35, 39, 40] Teleport has experienced rapid growth, quadrupling its intra-SEA market share in cargo volume from 2% in 2021 to 9% as of Q3 2022 and growing its e-commerce business sixfold year-on-year.[38] This growth has been achieved by focusing on serving global freight forwarders, e-commerce marketplaces, and consumers looking for affordable international shipping.[38] The company is also exploring the possibility of an initial public offering (IPO) in the future, aiming to sustain double-digit growth to prove its IPO credentials.[37]

- ****Fintech (BigPay)****

BigPay is the fintech arm of Capital A, operating as a money app designed with a focus on transparency, low fees, and secure technology.[10] It aims to make banking accessible to everyone, regardless of their age, occupation, or nationality.[10] BigPay offers a range of financial products and services through its mobile app and card, including a prepaid debit card usable anywhere Visa or Mastercard is accepted, local and international money transfers, micro-insurance, bill payments, and a budgeting tool that tracks and categorizes expenses.[29, 30, 31] The app also provides analytics to help users manage their finances effectively.[31] As of the end of 2024, BigPay had over 1.6 million cardholders, indicating a steady growth in its user base.[29, 32, 33, 34, 42] Looking ahead, BigPay is exploring opportunities to introduce Buy Now Pay Later (BNPL) services for travel and offer digital banking solutions to financial institutions across ASEAN, leveraging its extensive customer base.[32, 33, 34] However, due to capital constraints and being the only loss-making entity among Capital A's non-aviation businesses, Capital A is currently in negotiations to sell a majority stake in BigPay to an undisclosed "very big" regional bank, while intending to retain a 30% stake.[32, 33, 34, 42, 43]

- ****Branding and Intellectual Property (Capital A International)****

Capital A International serves as the global brand management platform for the group, specializing in the expansion, management, and licensing of the AirAsia and other ASEAN brands.[8, 9, 12] This business unit is primarily driven by AirAsia brand co. (Abc.), which was established in January 2023.[12] The core idea behind Capital A International is to become a leading global brands and IP management powerhouse, leveraging the two-decade legacy of AirAsia brand assets and brand management expertise.[12] While the AirAsia brand is the lead, the portfolio extends to other brands within the ecosystem, such as Santan and ADE.[12] Capital A has ambitious plans to further build the brand and monetize it in a manner similar to other IP-led companies like Disney.[12] A significant step in this direction is the planned public listing of Capital A International in the U.S. through a business combination with Aetherium Acquisition Corp, a special purpose acquisition company (SPAC) trading on Nasdaq.[44, 45] This listing is expected to provide access to the world's most extensive and liquid capital markets, enhancing the company's international credibility and presence while creating value for shareholders.[44] The strategy involves an asset-light business model, generating revenue through royalty fees from licensing the AirAsia brand for various applications beyond just the airline, including lifestyle and entertainment content and experiences.[12, 44, 46]

- ****Ventures (RedBeat Capital)****

RedBeat Capital functions as the venture capital arm of Capital A Berhad, with the primary goal of building and nurturing startups that can be integrated into the broader AirAsia ecosystem in the future.[9, 10] It aims to develop, incubate, and accelerate leading innovative products and services for the AirAsia ecosystem and to transform AirAsia Group into a global digital corporation by fostering innovation and connecting with tech startups across the globe.[10] The ventures under RedBeat Capital include ****Outclass****, formerly known as airasia academy, which is a rapidly growing one-stop edutech platform. Outclass provides a comprehensive ecosystem to fulfill the education

and employment needs of learners, offering personalized learning journeys through AI-powered career path recommendations, a library of courses beyond just technology, and a Learning Experience Platform (LXP) for businesses.[10] Another key venture is **Ikhlas**, which supports Muslim communities around the world by providing unparalleled access to faith-based practices. This includes religious obligations such as Umrah, Qurban, and Shariah-compliant lifestyle choices.[10] With the recovery of travel, Ikhlas's Umrah packages have gained traction, and the team is also developing non-pilgrimage related Muslim-friendly travel packages to various destinations worldwide, tapping into this growing niche market.[12]

- Products and Market Segments

- Detailed Breakdown of Products and Services Offered by Each Business Unit

Capital A Berhad offers a comprehensive suite of products and services across its diverse business units. Aviation services, under the AirAsia brand, primarily include passenger flights operating on short, medium, and long-haul routes, connecting major cities and smaller, underserved destinations across Asia.⁴⁷ Additionally, the aviation segment provides cargo transportation services, utilizing the belly space of its passenger aircraft. Capital A Aviation Services encompasses several specialized offerings. Asia Digital Engineering (ADE) provides extensive aircraft maintenance, repair, and overhaul services, including line maintenance, base maintenance, workshop services, component repair, warehouse services, and engineering support services for both AirAsia's fleet and third-party airlines.¹⁶ Ground Team Red (GTR) delivers essential ground handling services at 16 airport locations in Malaysia, covering baggage handling, passenger services, and ramp operations.¹⁰ Santan offers a range of in-flight meals and beverages, featuring local ASEAN flavors, and is expanding its presence with on-ground restaurants that provide a casual dining experience inspired by its airline offerings.¹⁰ AirAsia Consulting leverages the group's aviation expertise to provide consultancy services to other airlines, covering areas such as airline strategy, fleet planning, network development, and operational excellence.²² MOVE Digital serves as the digital travel and lifestyle platform. AirAsia MOVE functions as an online travel agent+ (OTA+), offering a wide array of travel-related products and services, including flight and hotel bookings (encompassing options beyond just AirAsia), ride-hailing services (AirAsia ride), airport transfers, tickets for events and activities, duty-free shopping, and travel insurance.²⁵ BigPay, the fintech arm, provides a money app with a prepaid Visa card, facilitates local and international money transfers, offers bill payment options, and includes budgeting tools to help users manage their finances.²⁹ Logistics are managed by Teleport, which specializes in air freight express delivery services for both business-to-business (B2B) clients and the burgeoning e-commerce sector. Teleport utilizes the belly cargo capacity of AirAsia's fleet and operates its own dedicated freighter aircraft to ensure affordable and reliable cross-border delivery.³⁵ Capital A International, through AirAsia brand co. (Abc.), focuses on brand licensing, merchandising, and the development of intellectual property associated with the AirAsia brand, aiming to extend its reach into various lifestyle and entertainment domains.¹² Lastly, the Ventures arm, RedBeat Capital, oversees platforms like Outclass, an edutech platform offering courses and career guidance, and Ikhlas, which provides access to faith-based practices and Muslim-friendly travel packages.¹⁰

- **Identification of Key Market Segments and Target Audiences**

Capital A Berhad strategically targets a diverse range of market segments across its various business units. The **Aviation** segment primarily focuses on budget-conscious travelers within Southeast Asia and extending to other parts of Asia and beyond, connecting both major urban centers and secondary, previously underserved cities.[1, 3] **Aviation Services**, particularly **ADE**, targets airlines, including both the AirAsia Group and third-party carriers, that require aircraft maintenance, repair, and overhaul services, as well as component and engineering support.[10, 16] **AirAsia MOVE**, the digital travel and lifestyle platform, aims to attract travelers seeking the best value deals on a wide range of travel-related services, including flights and accommodations from various providers, catering to digitally savvy consumers within ASEAN and other regions.[2, 25, 26] **BigPay**, the fintech service, targets individuals looking for accessible and transparent digital financial services, with a particular focus on the unbanked and underserved populations in Southeast Asia, as well as travelers seeking competitive exchange rates and convenient international money transfer options.[10, 29, 31, 50, 51] The **Logistics** segment, **Teleport**, primarily serves e-commerce businesses, especially those involved in cross-border trade, along with freight forwarders requiring fast and affordable air cargo solutions. It also has the potential to serve individual consumers for international parcel delivery.[35, 38, 39] **Capital A International**, through its brand management arm, targets companies across various sectors seeking to license the globally recognized AirAsia brand for their products and services in diverse markets.[44, 46] **Outclass**, the edutech venture, aims to reach individuals looking to upskill or reskill for career advancement, as well as businesses seeking comprehensive learning and development platforms for their employees.[10] Finally, **Ikhlas** targets Muslim communities globally, offering a platform for accessing faith-based practices and facilitating religious travel, such as Umrah and Qurban pilgrimages.[10, 12]

- **Company Reputation and Brand Perception**

- **Analysis of Customer Reviews and Ratings for Different Business Units**

Customer reviews for AirAsia's aviation services present a mixed picture. While the airline is frequently praised for its low fares and extensive route network, making air travel accessible to many, criticisms often arise concerning customer service responsiveness, the strict enforcement of baggage weight limits, and the level of in-flight comfort.⁵² Some passengers have reported difficulties in contacting customer support and resolving issues, particularly regarding flight changes or cancellations.⁵³ Conversely, positive reviews often highlight the efficiency of the booking and boarding processes, the friendliness of the cabin crew, and the on-time performance of flights.⁵⁶ For Teleport, reviews specifically pertaining to its logistics services under Capital A are less prominent in the provided material. However, reviews for a similarly named company, TeleportHQ, which provides secure access solutions for cloud infrastructure, are generally positive, focusing on its ease of use and strong security features.⁵⁹ Customer feedback for BigPay is also varied. Users appreciate its user-friendly interface and the convenience of its international remittance services.³¹ However, some customers have reported issues with transaction reliability, app functionality (such as login problems), and the responsiveness of customer support.⁶² A recurring concern among some users is the lack of support for features like Apple Pay.⁶³ Santan, AirAsia's in-flight catering brand, generally receives positive reviews for the quality,

variety, and affordability of its meals. Many reviewers specifically commend the locally inspired dishes, such as Nasi Lemak, and the overall value for money compared to other low-cost carriers.¹⁹

- **Examination of Awards, Recognition, and Public Perception**

Capital A Berhad and its flagship brand, AirAsia, have garnered significant recognition over the years, contributing to a generally positive public perception. AirAsia has consistently been voted the World's Best Low-Cost Airline by Skytrax for numerous years, underscoring its strong brand presence and customer appeal within the budget travel segment.^[1, 6, 66] This recognition highlights the airline's success in delivering affordable air travel while maintaining certain standards of service. In 2022, Capital A was awarded "Best IR Website" by IR Magazine, acknowledging the Group's efforts in rebranding from an airline to an investment holding company and effectively communicating this transformation to its stakeholders.^[67] This award reflects a commitment to transparency and investor relations. Additionally, in 2017, AirAsia was named Malaysia's best company at The Edge Billion Ringgit Club, based on its return to shareholders, growth in profit before tax, return on equity over three years, and corporate responsibility initiatives.^[68] These accolades across various aspects of the business, from operational performance to investor communication, suggest a strong underlying brand reputation and public perception of Capital A as a significant player in the Asian business landscape.

- **Discussion of Any Controversies or Reputational Challenges**

Despite the numerous accolades, Capital A and its brands have also faced certain controversies and reputational challenges. Recently, AirAsia stood firm in defending its reputation following an apology from MalaysiaNow, reaffirming its commitment to transparency and accountability in all its interactions with stakeholders, partners, and the media.^[69] This incident highlights the ongoing need for the company to actively manage its public image and address any misleading reports that could damage its reputation.^[69] A significant reputational challenge for Capital A is its current Practice Note 17 (PN17) status on the Malaysian stock exchange, which classifies the company as financially distressed.^[45, 70] This status can negatively impact investor confidence and public perception, raising concerns about the company's financial stability and long-term viability. Capital A is actively working to exit PN17 status, with plans for a capital reduction and the proposed disposal of its aviation business being key components of its regularisation plan.^[70, 71] Successfully navigating these challenges and demonstrating a return to financial health are crucial for rebuilding and maintaining stakeholder confidence in Capital A's future prospects.

- Market Position and Competitive Landscape

- Market Share Analysis in Key Operating Segments (e.g., Low-Cost Aviation, Logistics, Fintech, OTA) within Southeast Asia

Capital A Berhad occupies significant market positions across its key operating segments within Southeast Asia. In the low-cost aviation sector, AirAsia stands as a dominant player, commanding a substantial market share. As of January 2025, AirAsia held the largest seat capacity in Southeast Asia with nearly 2.9 million seats, representing a 7% market share in the region.⁷² This leading position, however, is met with increasing competition from other low-cost carriers. In the logistics segment,

Teleport has rapidly emerged as a key player, claiming to be the market leader in terms of air cargo volume in Southeast Asia.³⁹ The company is also gaining traction in the cross-border e-commerce air freight market, holding a "sub-10%" market share as of May 2024 and aiming for a 13-15% share in the broader air cargo express business.³⁹ Within the fintech space, BigPay has garnered a significant user base with over 1.6 million cardholders by the end of 2024.²⁹ While its specific market share in the competitive Southeast Asian e-wallet market is not detailed, the region sees intense competition among numerous local and international players. AirAsia MOVE has established itself as a prominent player in the online travel agency (OTA) market in Southeast Asia, recognized as one of the top OTAs in the region.⁷³ Its partnership with PKFARE significantly contributes to its regional sales, accounting for over 50% in 2024.⁷⁴ The platform also boasts a substantial user base, with monthly active users reaching 15.34 million in the first quarter of 2024.⁷⁵ In the MRO sector, Asia Digital Engineering (ADE) is striving to become a leading provider in Southeast Asia. While specific market share data is not provided, the MRO market in the region is competitive, with several established international and regional players.⁷⁶

- ****Identification and Profiling of Major Competitors****

Capital A Berhad faces robust competition across all its operating segments in Southeast Asia. In the ****low-cost aviation**** industry, major competitors include Lion Air, a prominent Indonesian carrier with a strong domestic presence; Cebu Pacific, a leading low-cost airline from the Philippines; Vietnam Airlines and Vietjet, the flag carrier and a budget airline from Vietnam, respectively; Thai AirAsia, a sister company within the AirAsia Group but also a competitor in certain markets; Singapore Airlines, a full-service carrier with a significant presence; and Malaysia Airlines, the national airline of Malaysia.^[3, 72, 77, 78, 79] The ****logistics**** sector, particularly for air freight express delivery, sees competition from established global players like DHL, FedEx, and UPS, as well as regional logistics companies such as Ninja Van and J&T Express.^[39] The ****fintech**** landscape for e-wallets is crowded with major players like GrabPay, GoPay (primarily in Indonesia), ShopeePay, and the Chinese giants Alipay and WeChat Pay, along with various digital wallets offered by local banks.^[51, 80] In the ****online travel agency (OTA)**** market, AirAsia MOVE competes with global giants such as Booking.com, Agoda, and Expedia, as well as regional OTAs like Traveloka.^[2, 73, 74] The ****MRO**** market is characterized by established international providers like Lufthansa Technik and HAECO Group, along with strong regional players such as Garuda Indonesia's GMF AeroAsia and Singapore Technologies Engineering (ST Engineering).^[76, 81, 82, 83]

- ****Comparative Analysis of Strengths and Weaknesses****

Capital A Berhad possesses several key strengths that contribute to its competitive positioning. The ****AirAsia brand**** enjoys strong recognition and loyalty across Southeast Asia, built over two decades of operations.^[1, 2, 78] The company boasts an ****extensive route network**** connecting numerous destinations within Southeast Asia and beyond, providing a significant advantage in terms of market reach.^[78] Its core expertise lies in the ****low-cost business model****, which has enabled it to offer competitive fares and attract a large customer base.^[78] The growing ****digital platform****, AirAsia MOVE, integrates various travel and lifestyle services, enhancing customer convenience and creating cross-selling opportunities.^[2, 25] The ****integrated ecosystem**** of aviation, logistics, fintech, and other ventures provides potential synergies and efficiencies.^[10] Capital A has also strategically expanded into high-growth sectors like logistics (Teleport) and fintech (BigPay),

positioning it for future growth.[10] The new, state-of-the-art MRO facility under ADE significantly enhances its capabilities in the aviation services sector.[17] However, Capital A also faces several weaknesses. The aviation segment has a history of ****inconsistent customer service****, which can impact brand loyalty.[54] The company is currently undergoing ****financial restructuring**** and is under Practice Note 17 (PN17) status, indicating financial distress.[45, 70] It also carries ****negative shareholder equity****, limiting its financial flexibility.[84] Some business units, such as BigPay, face ****profitability challenges****. [33, 34, 43] Capital A operates in markets with ****intense competition**** across all its segments, requiring constant innovation and cost management.[77, 78, 80, 83] Finally, its reliance on ****air travel demand**** makes it susceptible to external shocks and market volatility.[78]

- ****Discussion of Competitive Advantages and Disadvantages****

Capital A Berhad's competitive advantages are multifaceted. Its ****first-mover advantage**** in the Southeast Asian low-cost carrier market has allowed it to establish a strong brand and capture a significant market share.[1, 78, 85] The ****integrated ecosystem**** of its diverse business units provides opportunities for synergies, cross-promotion, and enhanced customer value.[2, 10] The AirAsia brand enjoys ****strong loyalty**** in certain segments, particularly among budget travelers.[78] The company's deep expertise in ****cost efficiency**** and operational management, honed over years in the airline industry, is a key advantage.[78] Strategic ****partnerships****, such as Teleport's collaboration with Emirates SkyCargo to expand its global network [86] and AirAsia MOVE's partnership with Ant International for enhanced payment solutions [27, 87, 88], further bolster its competitive position. However, Capital A also faces several disadvantages. Its ****negative equity**** significantly impacts its financial flexibility and ability to invest in future growth.[4, 84] Reputational risks stemming from ****customer service issues**** in the aviation sector can erode brand loyalty and hinder customer acquisition.[54] The potential ****revenue loss**** from the proposed disposal of the aviation business, while strategically driven, could impact its overall financial performance in the short to medium term.[3, 9, 11, 13] The company operates in markets characterized by ****intense price competition****, putting pressure on profit margins across its various business units.[78, 89] Finally, regulatory challenges and varying business environments across different markets in Southeast Asia present ongoing complexities.[89]

- Recent Financial Health and Performance

- In-depth Analysis of the Latest Annual and Quarterly Financial Reports

Capital A Berhad's recent financial performance, as indicated by its FY2024 and 4Q2024 financial results, reveals a company in a state of recovery and strategic transition.⁹⁰ For the full year of 2024, the Group reported a significant revenue of RM20.295 billion, marking a substantial 38% year-on-year increase.⁹⁰ The EBITDA for FY2024 also showed strong growth, reaching RM3.424 billion, an 85% increase compared to the previous year.⁹⁰ However, despite this robust operational performance, Capital A recorded a net loss after tax (LAT) of RM491 million for FY2024, a 410% increase in loss compared to the previous year.⁹⁰ Looking at the fourth quarter of 2024, the Group's revenue stood at RM5.259 billion, a 10% year-on-year increase, and EBITDA surged to RM1.279 billion, representing a remarkable 101% year-on-year growth.⁹⁰ Despite this strong operational profitability in Q4, the Group incurred a LAT of RM1.717 billion, a 539% increase in loss compared to the same quarter in the previous year.⁹⁰ Notably,

the non-aviation businesses of Capital A demonstrated strong performance in 4Q2024, delivering over RM880 million in pre-elimination revenue, a 39% YoY increase, and achieving a Profit After Tax (PAT) of RM126.7 million, making it the most profitable quarter of the year for these segments.⁹⁰ The Aviation Group also showed significant improvement in 4Q2024, with segmental revenue growing by 8% YoY to RM4.8 billion and EBITDA growing fourfold to RM1.2 billion, reflecting a strong 25% margin, even with 19 non-active aircraft.⁹⁰

- ****Key Financial Ratios and Indicators (Profitability, Liquidity, Solvency)****

The financial health of Capital A Berhad can be further understood through an analysis of its key financial ratios. The Return on Equity (ROE) for the trailing twelve months (TTM) ending in April 2025 stands at 9.13%.^[92] The Price-to-Earnings (P/E) ratio for the TTM period is -3.78, indicating that the company's earnings are currently negative.^[92] Earnings Per Share (EPS) for the annual period ending December 2024 is -RM0.22.^[92] The current ratio, a measure of liquidity, is notably high at 34.37 for the most recent quarter, suggesting a strong ability to cover short-term liabilities.^[92] The Debt-to-Equity ratio is -15.62% for the most recent quarter, reflecting the company's negative shareholder equity.^[92] The following table summarizes the key financial ratios of Capital A Berhad over the past few years:

Table: Key Financial Ratios of Capital A Berhad (2019-2024)

Ratio	2019	2020	2021	2022	2023	2024 (TTM)
Revenue (RM million)	12,170	3,428	1,915	6,584	14,917	20,295
Net Profit (RM million)	-316	-5,112	-2,991	-3,238	337	-491
ROE (%)	N/A	N/A	N/A	N/A	N/A	9.13
P/E Ratio	N/A	N/A	N/A	N/A	10.42	-3.78
EPS (RM)	-0.073	-1.18	-0.70	-0.75	0.078	-0.22
Current Ratio	0.32	0.32	0.27	0.17	0.17	34.37
Debt-to-Equity Ratio	-3.86	-2.59	-1.89	-2.28	-0.16	-15.62

The data indicates a significant improvement in net profit in 2023, but a return to net loss in the trailing twelve months of 2024. The current ratio has seen a substantial increase, suggesting improved short-term liquidity. The persistent negative debt-to-equity ratio highlights the company's ongoing challenge with negative shareholder equity.

- ****Revenue and Profitability Trends Across Different Business Units****

Examining the revenue and profitability trends across Capital A's different business units reveals varying performance. In 4Q2024, Teleport achieved a record revenue of RM352 million, a 58% YoY increase, driven by strong growth in e-commerce deliveries.^[90] Asia Digital Engineering (ADE) also saw revenue growth of 20% YoY in the same quarter, with a PAT of RM24.8 million.^[90] AirAsia

MOVE experienced a 29% QoQ increase in revenue, closing at RM166 million.[90] Overall, the non-aviation companies of Capital A delivered promising growth, generating over RM880 million in pre-elimination revenue in 4Q2024, up 39% YoY, with a PAT of RM126.7 million.[90] The Aviation Group also performed strongly in 4Q2024, with segmental revenue growing by 8% YoY to RM4.8 billion and EBITDA growing fourfold to RM1.2 billion.[90] These trends indicate that the non-aviation businesses are becoming increasingly significant contributors to Capital A's financial performance, aligning with the Group's strategic direction following the proposed aviation business disposal. The strong operational profitability of the Aviation Group, despite ongoing challenges, further underscores the potential of Capital A's diversified portfolio.

- **Discussion of Any Significant Financial Events or Transactions**

Capital A Berhad has been involved in several significant financial events and transactions recently. The most notable is the proposed disposal of its aviation business, comprising AirAsia Aviation Group Limited and AirAsia Berhad, to AirAsia X Berhad for a total consideration of RM6.8 billion.[3, 9, 11, 13, 93, 94] This transaction is a key part of Capital A's plan to exit its Practice Note 17 (PN17) status as a financially distressed company.[70, 71] To further aid its financial restructuring, Capital A is undertaking a capital reduction of up to RM6 billion to offset accumulated losses.[6, 70, 71, 95] In terms of funding, AirAsia Aviation Group is in the final stages of securing up to RM1 billion in debt financing to refinance its US dollar-denominated loans and for other corporate purposes.[96] Additionally, in August 2024, Capital A successfully secured a USD443 million revenue bond to refinance the lease liabilities of AirAsia Bhd and to support its working capital needs.[96, 97] Looking towards future growth and brand monetization, Capital A International, the owner of the iconic AirAsia brand, is planning to be publicly listed in the U.S. through a business combination with Aetherium Acquisition Corp.[44, 45] In a move to streamline its portfolio and focus on core businesses, Capital A is also in the process of selling a majority stake in its fintech arm, BigPay, to an undisclosed regional bank.[32, 33, 34, 42, 43]

- Future Outlook and Growth Strategies

- Analysis of Analyst Ratings and Price Targets for Capital A Berhad

Analysts covering Capital A Berhad generally maintain a bullish outlook on the company, anticipating a significant turnaround in its financial performance. According to TradingView, the consensus 1-year price forecast from seven analysts for CAPITALA (the stock ticker on the MYX exchange) has a maximum estimate of RM1.68 and a minimum estimate of RM0.86.98 The average price target is RM1.18, suggesting a substantial potential upside from the current trading price.98 Based on ratings from eight analysts over the past three months, the consensus rating is "Buy," with four analysts recommending a "Buy" and four suggesting a "Hold".100 Analysts from Hong Leong Investment Bank (HLIB) have maintained their "buy" call with a target price of RM1.68, citing their belief in Capital A's turnaround potential, leveraging the strong air-travel demand in the region and the potential upside from the successful execution of the PN17 regularisation plan.101 Public Investment Research also maintains an "outperform" call on Capital A with a target price of RM1.57, anticipating stronger prospects ahead supported by a stronger ringgit, lower jet fuel prices, and robust air travel demand.101 These analyst views collectively indicate a positive sentiment

towards Capital A's future, contingent on its ability to navigate its restructuring and capitalize on market opportunities.

- **Examination of Company Guidance, Strategic Initiatives, and Expansion Plans**

Capital A Berhad has outlined ambitious financial targets and strategic initiatives for the upcoming fiscal year. For FY2025, the company aims to achieve a revenue of RM28 billion and an EBITDA of RM5.5 billion, targeting a net profit margin of 6%.[90] A key focus area for the Group is the full reactivation of its fleet, with plans to bring the remaining grounded aircraft back into service to capitalize on the strong recovery in air travel demand.[14, 90, 93] Asia Digital Engineering (ADE) has significant expansion plans, including the operationalization of all 14 new hangar lines in Sepang, the development of new composite and component repair workshops in Nilai, and geographical expansion into Cambodia, Indonesia, and the Philippines.[90] Teleport, the logistics arm, has set an aggressive target to scale its operations to deliver two million parcels a day by the end of 2025, focusing on network expansion across ASEAN and into the Middle East and Oceania.[35, 39, 40, 90] AirAsia MOVE, the digital travel and lifestyle platform, aims to drive transaction growth across flights, hotels, and rides by enhancing platform functionalities, improving customer experience, and recovering its leading share of AirAsia flight bookings.[90] A significant strategic goal for Capital A is to grow the revenue contribution from its non-aviation businesses to 50% of the total sales, reducing its historical dependence on aviation.[45] Furthermore, the company is actively working towards exiting its PN17 status as a financially distressed company by the second quarter of 2025, a crucial step for restoring investor confidence and enabling future growth.[70, 71, 96]

- **Identification of Potential Growth Drivers and Challenges**

Capital A Berhad's future growth is expected to be driven by several key factors. The strong recovery in air travel demand post-pandemic provides a significant tailwind for its aviation business.[14, 72] The booming e-commerce market in Southeast Asia is a major growth driver for Teleport, its logistics arm.[39] The expansion of digital services through AirAsia MOVE, offering a comprehensive travel and lifestyle platform, presents substantial growth opportunities.[73, 90] The increasing contribution from Capital A's non-aviation businesses, particularly ADE and Teleport, is expected to play a crucial role in its future financial performance.[90] The potential monetization of the AirAsia brand through Capital A International's licensing and IP development activities could unlock new revenue streams.[44] Ongoing cost optimization efforts across the Group are expected to improve profitability.[90] Finally, the anticipated exit from PN17 status will likely enhance investor confidence and provide greater financial flexibility.[71] However, Capital A also faces several challenges. The company operates in markets with intense competition across all its business segments, requiring continuous innovation and differentiation.[77, 78, 80, 83] Ongoing supply chain disruptions, particularly in the aviation industry, could potentially impact aircraft reactivation and maintenance schedules.[90, 93] Volatility in fuel prices and foreign exchange rates remains a significant risk for the airline business.[90] The successful execution of its complex restructuring and expansion plans across various business units involves inherent risks.[93] Finally, addressing and improving customer service concerns, particularly within the aviation segment, is crucial for maintaining brand loyalty and attracting new customers.[54]

- Loan Repayment Capability and Risk Factors

- Detailed Assessment of Current Debt Levels, Structure, and Maturity Profile

As of December 31, 2024, Capital A Berhad's total debt stood at approximately \$0.35 billion USD, which equates to around RM1.46 billion MYR.⁸⁴ This represents a significant reduction in the company's overall debt compared to previous years, indicating progress in its financial restructuring efforts.¹⁰² However, within the AirAsia Aviation Group, as of March 2025, the total borrowings amounted to approximately RM4.3 billion, with a substantial portion, around RM3.6 billion, denominated in US dollars.⁹⁶ Capital A is actively pursuing strategies to refinance this US dollar-denominated debt in local currencies, aiming to secure more favorable terms and potentially reduce interest expenses.⁹³ While the specific details of Capital A's debt maturity profile are not explicitly provided in the available snippets, the ongoing refinancing efforts suggest that the company is likely managing upcoming debt maturities and seeking to optimize its repayment schedule.⁹³ The structure of the debt includes both short-term and long-term liabilities, with the recent issuance of a USD443 million revenue bond in August 2024 to refinance lease liabilities indicating a proactive approach to managing its financial obligations.⁹⁶ The significant decrease in total debt in 2024 suggests a concerted effort to deleverage the company's balance sheet, which is a positive indicator for its long-term financial stability.

- **Analysis of Cash Flow Generation and Debt Servicing Capacity**

Capital A Berhad demonstrated positive cash flow generation from its operating activities in FY2024.^[90, 104] Notably, the non-aviation business segments, including Teleport, ADE, and AirAsia MOVE, exhibited strong performance in the fourth quarter of 2024, delivering positive EBITDA and Profit After Tax (PAT), which indicates a healthy capacity for cash generation within these units.^[90] The Aviation Group also reported significant EBITDA growth in the fourth quarter of 2024, further contributing to the overall cash flow of the Group.^[90] Looking ahead, Capital A has set ambitious targets for FY2025, projecting substantial growth in EBITDA, which, if achieved, would further enhance its debt servicing capacity.^[90] The doubling of the year-to-date net cash from operations to RM2 billion ^[105] underscores the improving ability of Capital A to generate cash from its core business activities. This positive trend in cash flow generation, coupled with the targeted EBITDA growth, suggests that Capital A is increasingly well-positioned to meet its debt repayment obligations in the future.

- **Discussion of Any Debt Restructuring Efforts or Plans**

Capital A Berhad has been actively involved in debt restructuring efforts and has concrete plans for further improving its financial structure. While AirAsia X Berhad, a related entity, successfully completed its debt restructuring in March 2022 ^[106, 107, 108], Capital A is currently undertaking its own comprehensive restructuring plan. A key component of this plan is a proposed capital reduction of up to RM6 billion, which aims to offset the accumulated losses incurred during the COVID-19 pandemic and rationalize the Group's balance sheet.^[6, 70, 71, 95] This capital reduction is a crucial step towards Capital A's goal of exiting its Practice Note 17 (PN17) status by the second quarter of 2025.^[70, 71] In addition to the capital reduction, Capital A is actively pursuing the refinancing of its existing debts, particularly the US dollar-denominated loans held by the aviation business.^[93, 96] The company aims to refinance these loans in local currencies to potentially lower interest costs

and mitigate foreign exchange risks.[93, 96] These ongoing restructuring efforts and proactive debt management strategies demonstrate Capital A's commitment to strengthening its financial position and ensuring its long-term sustainability.

- ****Identification and Analysis of Key Financial, Operational, and Market Risks****

Capital A Berhad faces a range of risks that could potentially impact its loan repayment capability and overall financial health. ****Financial risks**** include the company's negative equity position, which, despite the planned capital reduction, remains a concern.[4, 84] While the overall debt level has decreased, the remaining leverage, particularly within the aviation business, poses a financial risk.[45, 84, 92, 109] Fluctuations in foreign exchange rates, especially concerning the US dollar-denominated debt, and changes in interest rates could also affect the cost of servicing its debt.[92, 109] The company's reliance on capital markets for funding exposes it to potential liquidity risks depending on market conditions.[45] ****Operational risks**** are significant in the airline industry, including the dependence on air travel demand, which can be volatile and affected by external factors such as pandemics or economic downturns.[14] The intense competition in the low-cost carrier market and other segments puts pressure on margins.[77, 78] Volatility in fuel prices can significantly impact the profitability of the aviation business.[90] Aircraft maintenance and operational issues, including potential delays in the reactivation of grounded aircraft, can disrupt operations and increase costs.[14, 90, 93] Supply chain disruptions could also affect the availability of aircraft parts and maintenance services.[90, 93] Delays in obtaining regulatory approvals for the proposed restructuring plans could further prolong financial uncertainty.[93] Finally, ongoing customer service concerns in the aviation segment could negatively impact brand reputation and customer loyalty.[54] ****Market risks**** include the intense competition across all of Capital A's operating segments, which can impact pricing power and market share.[77, 78, 89, 110] An economic downturn in the region could reduce travel and consumer spending, affecting the demand for its services.[77, 78] Geopolitical instability and regulatory changes in the various markets where Capital A operates also pose potential risks to its business.[89, 110]

- **Conclusion and Recommendations**

Capital A Berhad is currently navigating a complex but potentially transformative period in its history. The company has demonstrated a strong recovery in revenue and EBITDA in FY2024, particularly in the fourth quarter, indicating a positive trajectory in its core operations. The non-aviation businesses are showing promising profitability and growth, aligning with the strategic shift towards diversification. However, the net loss for FY2024 and the ongoing financial restructuring, including the PN17 status, highlight the challenges that remain. The proposed disposal of the aviation business and the capital reduction plan are critical steps towards improving the company's financial health and enabling future growth in its digital and service-oriented ventures.

Based on this analysis, the following recommendations are offered:

Investors should closely monitor the progress of the proposed aviation business disposal and the implementation of the capital reduction plan, as these are key milestones for Capital A's financial recovery and exit from PN17 status. The

performance of the non-aviation business segments, particularly Teleport, ADE, and AirAsia MOVE, should be carefully evaluated for their growth potential and contribution to the Group's overall profitability post-aviation disposal. The company's ability to achieve its ambitious revenue and EBITDA targets for FY2025 will be a crucial indicator of its successful transformation. Investors should also track the progress of debt refinancing efforts, especially for the US dollar-denominated loans, and their impact on the company's interest expenses and overall financial stability. Management should prioritize addressing and improving customer service issues within the aviation sector to enhance brand loyalty and mitigate reputational risks. Continuous analysis of the competitive landscape across all operating segments is essential to understand Capital A's positioning and the potential impact of competitors' strategies. Management should continue to focus on cost optimization and operational efficiencies to improve profitability and cash flow generation, which are crucial for debt servicing and sustainable growth. Finally, staying informed about regulatory developments in the various markets where Capital A operates is important for understanding potential impacts on the company's business and strategic plans.