

Malaysia

REDUCE (no change)

Consensus ratings*: Buy 5 Hold 4 Sell 7

Current price:	RM0.665
Target price:	RM0.18
Previous target:	RM0.19
Up/downside:	-72.9%
CGS-CIMB / Consensus:	-76.6%
Reuters:	CAPL.KL
Bloomberg:	CAPITALA MK
Market cap:	US\$629.4m
	RM2,768m
Average daily turnover:	US\$2.77m
	RM11.76m
Current shares o/s:	4,162m
Free float:	65.1%

*Source: Bloomberg

Key changes in this note

- FY22F core net loss forecast narrowed by 3% on various offsetting adjustments, including assuming stronger digital revenue growth but offset by stronger oil price and weaker ringgit assumptions.
- FY23-24F core net loss forecasts narrowed by 45-81% on account of stronger digital revenue growth assumptions.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-5.7	3.9	-23.1
Relative (%)	-2.2	7.1	-20.8

Major shareholders

	% held
Tune Air & Tune Live	26.4
Choi Chiu Fai, Stanley	8.5

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Capital A Berhad

Traffic recovery underway but oil prices high

- 1Q22 core net loss of RM1bn was broadly in line at 37% of our FY22F loss forecast (65% of consensus) as future quarters' losses should narrow.
- Malaysia reopened its borders to quarantine-free international travel from 1 Apr and AirAsia's 2Q22F passenger traffic numbers should jump sequentially.
- Nevertheless, we reiterate Reduce on valuation grounds, with our TP lowered to 18 sen, still based on end-CY22F P/RNAV of 1x.

Still-significant RM1bn quarterly loss in 1Q22...

CapA reported its ninth consecutive quarterly core loss in 1Q22 of RM1bn as travel demand remained weak, albeit on a recovering trend; 4Q21's core net loss was also at RM1bn. The good news is that airline revenues rose 30% qoq on the back of higher demand, although this was largely consumed by higher all-in jet fuel prices of US\$115/bbl in 1Q22 vs. US\$95/bbl in 4Q21. Still, we calculate that the airline EBITDA loss narrowed slightly from 4Q21's RM310m to 1Q22's RM265m. This improved qoq performance was offset by higher EBITDA losses at its digital businesses, with the AirAsia Superapp still building momentum in its online travel agency (OTA), e-hailing and food delivery segments. CapA's 45% associate Thai AirAsia also reported a wider qoq loss in 1Q22.

... but losses should narrow with international borders reopened

Looking forward into the 2Q22F, we expect travel demand to pick up considerably as Malaysia reopened its international borders to quarantine-free travel from 1 Apr 2022. Based on statistics from Malaysia Airports, the klia2 terminal, where AirAsia is based, saw international traffic rise from Mar's 54k to Apr's 146k passengers, representing a modest 8% of the pre-pandemic Apr 2019 base but with significant upside potential. Meanwhile, domestic traffic at klia2 recovered to 52% of the pre-pandemic base in Mar, disregarding the drop to 38% in Apr due to Ramadan. In Malaysia, AirAsia plans to raise its operational fleet 2.3x from 34 aircraft in 1Q22 to 78 planes in 4Q22F in order to take advantage of the demand recovery. The air cargo business under Teleport should also grow by riding on the bellyhold of the passenger flights while AirAsia Superapp's OTA segment should be able to leverage on broad recovery in travel demand.

Lofty share price difficult to justify

Despite the positive revenue momentum that we expect to materially reduce CapA's core net losses in FY23-24F, we do not think the share price has derated enough considering its negative BVPS of RM1.04 at end-Mar 2022, which we believe will widen to negative RM1.38 by end-FY22F. Since the Covid-19 pandemic began in 1Q20, CapA has reported RM10.6bn in cumulative core net losses. CapA's digital businesses remain in investment mode and we lack the confidence to attribute them significant equity values given that its competitors in the space remain in the red. Meanwhile, jet fuel prices have risen further to US\$133/bbl so far this 2Q22F, with the US\$ trading at RM4.40 now from just RM4.20 at end-Mar; these will put pressure on CapA's cost structure. We will keep an eye out for possibly stronger-than-expected demand and yield recovery in future quarters.

Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (RMm)	3,286	1,792	8,411	13,438	14,974
Operating EBITDA (RMm)	-1,761	-1,413	-439	1,425	1,669
Net Profit (RMm)	-5,093	-3,119	-2,372	-197	203
Core EPS (RM)	-1.54	-1.16	-0.74	-0.17	-0.07
Core EPS Growth	842%	(25%)	(36%)	(77%)	(57%)
FD Core P/E (x)	NA	NA	NA	NA	NA
DPS (RM)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	NA	NA	NA	10.53	7.88
P/FCFE (x)	NA	NA	8.10	6.87	1.78
Net Gearing	(370%)	(239%)	(182%)	(169%)	(151%)
P/BV (x)	NA	NA	NA	NA	NA
ROE	(313%)	191%	67%	12%	5%
% Change In Core EPS Estimates			(2.7%)	45.4%	81.5%
CGS-CIMB/Consensus EPS (x)			2.36	-3.15	-1.88

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

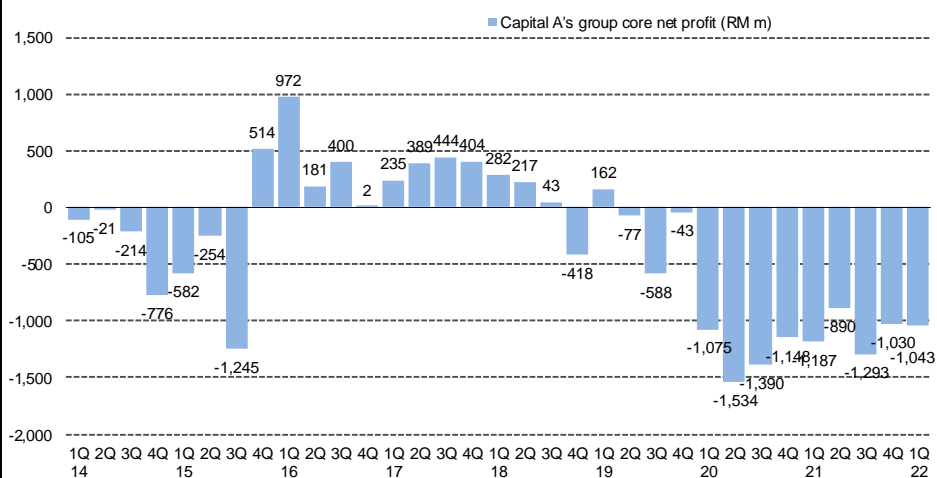
Results comparison table ►

Figure 1: Results comparison - Capital A P&L consolidates MAA, IAA and PAA (or "MIP"), and deducts 51% MI for IAA and 60% MI for PAA. P&L also includes profits and losses from the 'Digital' businesses. Core net profit includes share of profits or losses from TAA.

FYE Dec (RM m)	1QFY22	1QFY21	yoy %	4QFY21	qoq %	Prev.	
			chg		chg	FY22F	Comments
Revenue	811.8	403.1	101.4	717.2	13.2	5,615.2	1Q22 rev rose qoq due to higher ASK capacity and
Operating costs	(1,142.5)	(825.5)	38.4	(1,062.9)	7.5	(5,967.0)	RPK demand.
EBITDA	(330.7)	(422.5)	(21.7)	(345.7)	(4.4)	(351.8)	1Q22 EBITDA loss widened qoq due to higher fuel
EBITDA margin (%)	(40.7)	(104.8)		(48.2)		(6.3)	prices, higher staff costs, and higher maintenance
Depn & amort.	(380.8)	(445.9)	(14.6)	(427.2)	(10.9)	(1,771.6)	spending as aircraft are redeployed.
EBIT	(711.4)	(868.4)	(18.1)	(772.9)	(8.0)	(2,123.4)	1Q22 depreciation fell as aircraft leases were extended
Interest expense	(203.8)	(129.6)	57.2	(194.2)	4.9	(639.6)	hence amortisation of right-of-use assets will be
Interest & invt inc	15.9	32.7	(51.4)	25.2	(36.9)	324.6	over a longer period of time.
Associates' contrib	(143.1)	(15.0)	851.4	(4.6)	nm	(30.0)	Share of TAA's losses included into 1Q22 as CapA
Exceptionals	(34.0)	14.6	(332.9)	(17.5)	94.3	-	injected RM760m in new funds into TAA's holding
Pretax profit	(1,076.5)	(965.8)	11.5	(964.0)	11.7	(2,468.4)	company, AAV.
Tax	(0.7)	(10.5)	(92.9)	(44.3)	nm	(5.9)	
Tax rate (%)	(0.1)	(1.1)		(4.6)		(0.2)	
Minority interests	173.4	208.8	(16.9)	124.2	39.6	700.0	Positive minority interest due to combined losses of
Net profit	(903.8)	(767.4)	17.8	(884.1)	2.2	(1,774.3)	IAA and PAA.
Core net profit	(1,043.2)	(1,186.9)	(12.1)	(1,029.9)	1.3	(2,801.5)	CapA continued to report a core net loss of slightly
EPS (sen)	(22.3)	(21.6)	3.5	(22.7)	(1.6)	(53.1)	more than RM1bn per quarter.
Core EPS (sen)	(25.9)	(33.2)	(22.0)	(26.4)	(97.5)	(83.8)	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Capital A's group core net profit (RM m)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Earnings revision

RM m	2021A	2022F			2023F			2024F		
		Old	New	chg	Old	New	chg	Old	New	chg
Revenue	1,792	5,615	8,411	50%	10,099	13,438	33%	9,599	14,974	56%
EBITDA	(1,413)	(352)	(439)	-25%	884	1,425	61%	384	1,669	335%
Reported PBT	(3,768)	(2,468)	(3,061)	-24%	(1,135)	(685)	40%	(1,447)	(279)	81%
Core pretax profit	(5,050)	(3,496)	(3,761)	-8%	(1,689)	(1,185)	30%	(2,001)	(779)	61%
Reported net profit	(3,119)	(1,774)	(2,372)	-34%	(641)	(197)	69%	(947)	203	121%
Reported EPS	(0.82)	(0.46)	(0.57)	-25%	(0.16)	(0.05)	71%	(0.24)	0.05	120%
Core net profit	(4,400)	(2,802)	(3,072)	-10%	(1,195)	(697)	42%	(1,501)	(297)	80%
Core EPS	(1.16)	(0.72)	(0.74)	-3%	(0.31)	(0.17)	45%	(0.39)	(0.07)	81%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Abbreviation key

MAA: Malaysia AirAsia, 100% owned by AAGB (consolidated)

TAA: Thai AirAsia, 45% owned by AAGB (equity accounted)

IAA: Indonesia AirAsia, 47.7% owned by AAGB (consolidated)

PAA: Philippines AirAsia, 40% owned by AAGB (consolidated)

MIP: Collectively, Malaysia AirAsia, Indonesia AirAsia and Philippines AirAsia, which are consolidated into AAGB's financial statements

ASK: Available Seat Kilometres, a measure of capacity

RPK: Revenue Passenger Kilometres, a measure of demand

PLF: Passenger Load Factor, calculated as RPK divided by ASK

Capital A Berhad's target price computation ►

We continue to use a P/RNAV of 1x to derive our target price for CapA, which we have set at **18 sen** (lowered from 19 sen previously as we recalibrate CapA's balance sheet). This is made up of two components:

- We expect CapA's negative shareholders' equity to deepen to RM5.8bn at end-FY22F. We assume the deconsolidation of Indonesia AirAsia (IAA) and Philippines AirAsia (PAA) (which will add back CapA's RM3.1bn share of their net liabilities), full conversion of the Redeemable Convertible Unsecured Islamic Debt Securities (RCUIDS) of RM960m, and full exercise of the warrants (i.e. RM650m).
- We have factored in a RM2bn valuation for the digital businesses, pegged to half of the implied valuation based on an acquisition transaction in July 2021 (more details below).

Figure 4: Capital A Berhad's target price computation

		Bear case	Base case	Bull case 1	Bull case 2
		Airline business only	Airline business + Assumed values for the 'airasia Digital' businesses		
Book value (RM m) - as at 31 Dec 2022F		(5,754)	(5,754)	(5,754)	(5,754)
Add: Assumed deconsolidation of IAA and PAA		3,060	3,060	3,060	3,060
Add: Valuation of 'airasia Digital' businesses		-	2,000	4,000	6,000
Add: Assumed full conversion of RCUIDS debt (RM m)		960	960	960	960
Add: Assumed full conversion of warrants (RM m)		650	650	650	650
Revised Net Asset Value (RM m)	a	(1,084)	916	2,916	4,916
No of shares (m)	b	5,136	5,136	5,136	5,136
- Ordinary share base		4,162	4,162	4,162	4,162
- Assumed conversion of half of RCUIDS debt		650	650	650	650
- Assumed conversion of half of warrants		325	325	325	325
RNAV (RM/share)	a / b	(0.21)	0.18	0.57	0.96
Target P/RNAV multiple (x)			1.0		
Target price (RM)			0.18		

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

For the purposes of our RNAV calculation, we assume that CapA deconsolidates IAA and PAA (even if it actually does not). We estimate that CapA will have a RM3.1bn share of IAA's and PAA's combined net liabilities by 31 December 2022F. We add this back to derive our RNAV for CapA because IAA and PAA are separate legal entities. Given that CapA owns a 47% stake in IAA and a 40% stake in PAA, CapA is actually not obligated to consolidate IAA and PAA but opted to do so from 2017 onwards. Actual deconsolidation may not take place because a 'trigger event' is needed to convince its auditor of the need to deconsolidate, such as if IAA and PAA both secure new shareholders, upon which CapA can convince its auditor that it only has significant influence, but not control, over both IAA and PAA.

Our RNAV assumes that all of CapA's proposed rights issue of RM974.5m of Redeemable Convertible Unsecured Islamic Debt Securities (RCUIDS) is ultimately converted into ordinary shares at a conversion price of 75 sen. The RCUIDS are mainly treated as debt on the balance sheet of CapA. The RCUIDS

were issued on 31 December 2021. The RCUIDS conversion price of 75 sen is higher than CapA's current share price and holders of the RCUIDS may want to continue holding on to the security to enjoy the 8% p.a. profit rate. Nevertheless, for the purposes of our RNAV calculation, we have made the assumption that all of the RCUIDS are ultimately converted into new ordinary shares by end-CY22F. For our RNAV calculation, we have made the same assumption of full conversion for the RM650m outstanding warrants, which carries an exercise price of RM1.

Potential value of the digital businesses

We have assumed a RM2bn valuation for the digital businesses. Our RM2bn digital valuation is pegged to roughly half of the valuation implied by the Gojek Thailand transaction. CapA announced on 7 July 2021 that it will acquire 100% of two Gojek Thailand (Unlisted) entities, in return for the sellers owning 4.76% of AirAsia Superapp Sdn Bhd (Unlisted), in which CapA will retain 95.24% interest (no cash deal). CapA said in its press release that the deal valued AirAsia Superapp Sdn Bhd at **US\$1bn**. Subsequently, CapA completed the acquisition of only one Gojek Thailand entity, in exchange for 3.81% in shares of AirAsia Superapp Sdn Bhd, in which CapA retains a 96.19% stake.

On 18 August 2021, CapA announced that its wholly-owned subsidiary Teleport Everywhere Pte Ltd (Unlisted) signed an agreement to acquire Malaysian online food delivery platform DeliverEat for US\$9.8m, paid in both cash and Teleport shares. The deal valued Teleport at **US\$300m**, according to CapA's press release.

We consider CapA's digital businesses to be in the investment stage where they may consume significant amounts of cash resources, which is also because they are competing against established and well-funded competitors. Some of the losses could be mitigated in the future by volume growth and economies of scale. We have decided to include some of the digital valuation into CapA's RNAV and target price to reflect the amount of work that has been done to build the platforms and to market them to users regionally.

Figure 5: Financial performance of the AirAsia Digital group

In RM m	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	143.6	163.6	168.0	209.8	182.1	74.1	73.5	106.0	198.0	187.8	177.9	254.6	295.0
(A) Teleport	100.9	111.5	121.1	147.2	150.4	50.9	55.7	37.2	93.3	154.8	157.8	139.3	146.9
(B) Big Pay group	1.9	3.4	4.2	6.1	5.1	3.8	4.3	4.4	4.7	6.0	5.5	5.7	6.0
(C) AirAsia Superapp	3.2	3.7	7.4	11.1	6.9	19.2	13.4	62.8	20.0	26.7	14.3	95.0	57.7
(D) Other digital businesses	37.6	45.0	35.3	45.3	19.8	0.1	0.1	1.5	80.0	0.4	0.3	14.7	84.4
Less: Opex	-141.4	-164.1	-193.5	-235.8	-204.7	-124.9	-104.1	-71.8	-265.2	-280.1	-311.9	-289.6	-359.9
EBITDA (entity level, non-consolidated)	2.2	-0.5	-25.5	-26.0	-22.7	-50.8	-30.6	34.2	-67.2	-92.3	-134.1	-35.0	-64.8
(A) Teleport	15.1	19.1	7.6	13.4	12.0	-10.5	-7.1	2.6	-10.2	-26.5	-17.4	-9.4	-5.1
(B) Big Pay group	-12.0	-16.4	-21.3	-29.1	-28.2	-24.1	-17.1	-13.7	-17.5	-21.2	-32.9	-46.6	-31.8
(C) AirAsia Superapp	0.6	1.9	-10.5	-1.0	-5.3	-15.5	-5.1	33.0	-28.1	-41.0	-77.6	22.1	-20.6
(D) Other digital businesses	-1.4	-5.1	-1.4	-9.3	-1.1	-0.8	-1.3	0.0	-11.5	-3.6	-6.3	-1.1	-7.4
Less: Elimination	35.7	36.7	54.5	56.3	51.2	5.1	27.2	10.2	13.3	6.4	4.2	-0.6	-1.3
EBITDA (consolidated level)	37.9	36.2	29.0	30.3	28.6	-45.7	-3.4	44.4	-53.9	-86.0	-129.8	-35.6	-66.2
(A) Teleport	50.8	55.9	62.1	69.7	63.2	-5.4	20.1	17.3	3.2	-15.2	-11.5	3.2	7.8
(B) Big Pay group	-12.0	-16.4	-21.3	-29.1	-28.2	-24.1	-17.1	-13.7	-17.5	-21.2	-32.9	-46.6	-31.8
(C) AirAsia Superapp	0.6	1.9	-10.5	-1.0	-5.3	-15.5	-5.1	28.4	-28.1	-46.0	-79.2	8.9	-34.8
(D) Other digital businesses	-1.4	-5.1	-1.4	-9.3	-1.1	-0.8	-1.3	12.3	-11.5	-3.6	-6.3	-1.1	-7.4

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

De-rating catalysts and upside risks

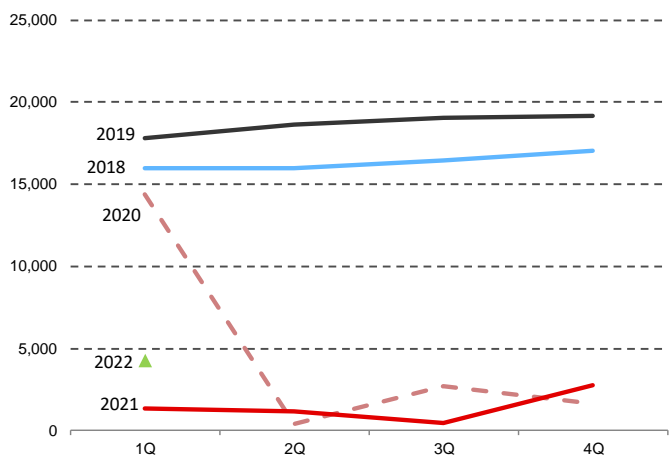
Potential de-rating catalysts include the potential for longer-than-expected shutdowns in China and Hong Kong, which were important markets for AirAsia pre-pandemic. Higher oil prices could hurt net profits in the immediate future as CapA no longer has any outstanding fuel derivatives since early-unwinding them in 1Q21. The weak ringgit is another source of cost pressure, as typically 70% of airlines' operating costs are denominated in US\$, while AirAsia earns virtually all of its revenues in ringgit and other Asian currencies that are also depreciating against the US\$.

A new ultra-low-cost carrier (ULCC) airline, MYAirline (Unlisted), is currently in the process of setting up in Malaysia, having already signed deals to lease A320s at the prevailing cheap leasing rates. Also, Malindo (Unlisted) is planning to return several planes to Malaysia this year; these are the 737 jets that were transferred to Indonesia during 2020.

Potential upside risks include a faster-than-expected recovery in international passenger traffic sometime during 2H22F. Also, if the digital businesses succeed, there could be upside to the RM2bn digital business valuation that we have included in our target price.

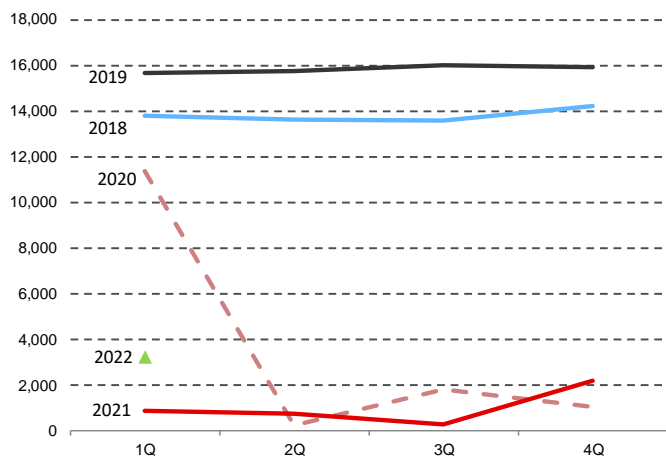
ASK capacity and RPK demand remained low in 1Q22, but should improve substantially from 2Q22F onwards due to the reopening of Malaysia's borders from 1 April 2022 ➤

Figure 6: AirAsia's group passenger capacity in ASK (m) - comprising MAA, IAA and PAA



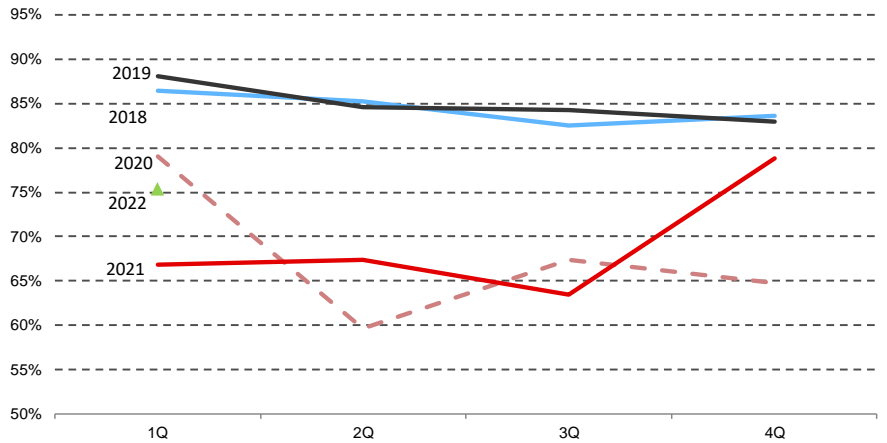
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: AirAsia's group passenger traffic in RPK (m) - comprising MAA, IAA and PAA



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

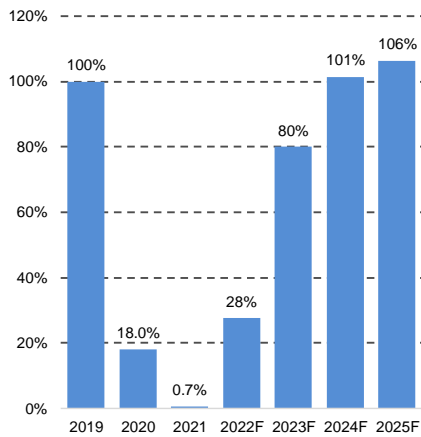
Figure 8: AirAsia's group passenger load factors (%) - comprising MAA, IAA and PAA



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

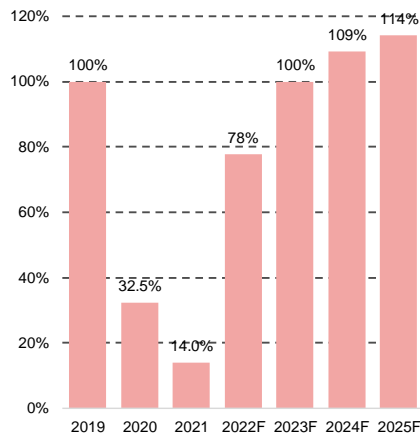
ASK capacity, RPK demand, and PLF forecasts ➤

Figure 9: MIP: International ASK capacity forecast, as a percentage of the 2019 base



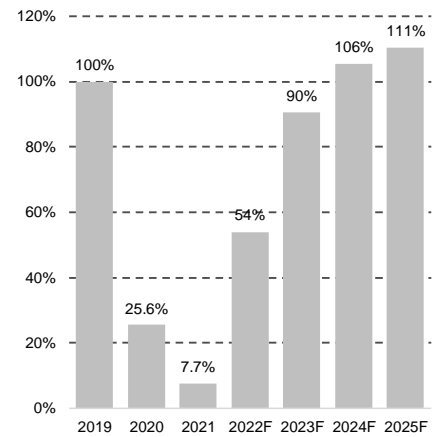
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 10: MIP: Domestic ASK capacity forecast, as a percentage of the 2019 base



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 11: MIP: Total ASK capacity forecast, as a percentage of the 2019 base



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 12: Medium-term estimates of Capital A's passenger airline ASK capacity (note: MAA stands for Malaysia AirAsia; IAA stands for Indonesia AirAsia; PAA stands for Philippines AirAsia)

Medium-term estimates for MAA passenger airline ASK capacity

	ASK capacity			Yoy change		
	International	Domestic	Total	International	Domestic	Total
2019	22,788	27,940	50,728			
2020	4,090	8,878	12,968	-82.1%	-68.2%	-74.4%
2021	118	3,433	3,551	-97.1%	-61.3%	-72.6%
2022F	6,836	22,352	29,189	5714.8%	551.0%	722.0%
2023F	18,230	27,940	46,170	166.7%	25.0%	58.2%
2024F	23,927	30,734	54,661	31.3%	10.0%	18.4%
2025F	25,067	32,131	57,198	4.8%	4.5%	4.6%

As a percentage of the 2019 base

	As a percentage of the 2019 base			Proportion of total traffic	
	International	Domestic	Total	International	Domestic
2019	100.0%	100.0%	100.0%	44.9%	55.1%
2020	17.9%	31.8%	25.6%	31.5%	68.5%
2021	0.5%	12.3%	7.0%	3.3%	96.7%
2022F	30.0%	80.0%	57.5%	23.4%	76.6%
2023F	80.0%	100.0%	91.0%	39.5%	60.5%
2024F	105.0%	110.0%	107.8%	43.8%	56.2%
2025F	110.0%	115.0%	112.8%	43.8%	56.2%

Medium-term estimates for IAA passenger airline ASK capacity

	ASK capacity			Yoy change		
	International	Domestic	Total	International	Domestic	Total
2019	7,285	5,344	12,629			
2020	1,447	2,169	3,616	-80.1%	-59.4%	-71.4%
2021	112	1,289	1,401	-92.2%	-40.6%	-61.3%
2022F	2,186	3,741	5,926	1844.4%	190.3%	323.0%
2023F	5,828	5,344	11,172	166.7%	42.9%	88.5%
2024F	6,921	5,878	12,799	18.8%	10.0%	14.6%
2025F	7,285	6,145	13,431	5.3%	4.5%	4.9%

As a percentage of the 2019 base

	As a percentage of the 2019 base			Proportion of total traffic	
	International	Domestic	Total	International	Domestic
2019	100.0%	100.0%	100.0%	57.7%	42.3%
2020	19.9%	40.6%	28.6%	40.0%	60.0%
2021	1.5%	24.1%	11.1%	8.0%	92.0%
2022F	30.0%	70.0%	46.9%	36.9%	63.1%
2023F	80.0%	100.0%	88.5%	52.2%	47.8%
2024F	95.0%	110.0%	101.3%	54.1%	45.9%
2025F	100.0%	115.0%	106.3%	54.2%	45.8%

Medium-term estimates for PAA passenger airline ASK capacity

	ASK capacity			Yoy change		
	International	Domestic	Total	International	Domestic	Total
2019	5,412	5,874	11,286			
2020	865	1,661	2,526	-84.0%	-71.7%	-77.6%
2021	12	758	770	-98.6%	-54.4%	-69.5%
2022F	812	4,405	5,217	6536.4%	481.3%	577.5%
2023F	4,330	5,874	10,204	433.3%	33.3%	95.6%
2024F	5,142	6,167	11,309	18.8%	5.0%	10.8%
2025F	5,412	6,461	11,873	5.3%	4.8%	5.0%

As a percentage of the 2019 base

	As a percentage of the 2019 base			Proportion of total traffic	
	International	Domestic	Total	International	Domestic
2019	100.0%	100.0%	100.0%	48.0%	52.0%
2020	16.0%	28.3%	22.4%	34.2%	65.8%
2021	0.2%	12.9%	6.8%	1.6%	98.4%
2022F	15.0%	75.0%	46.2%	15.6%	84.4%
2023F	80.0%	100.0%	90.4%	42.4%	57.6%
2024F	95.0%	105.0%	100.2%	45.5%	54.5%
2025F	100.0%	110.0%	105.2%	45.6%	54.4%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

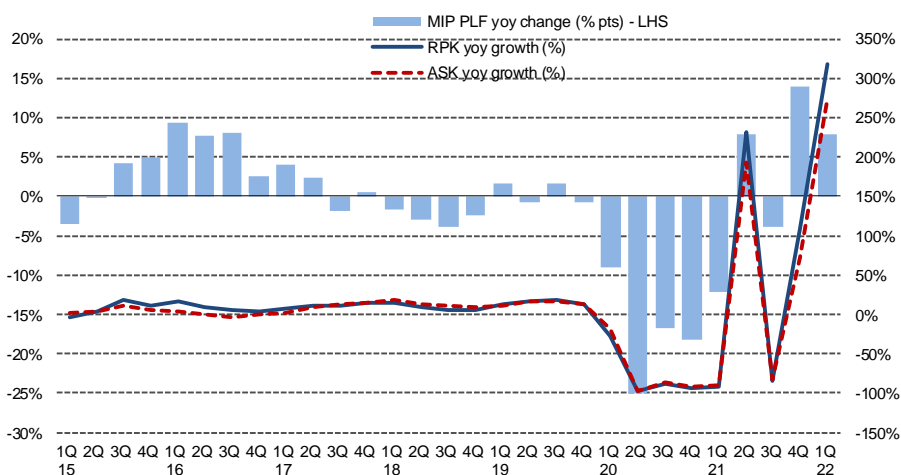
Further details on the results ►

Figure 13: Revenue metrics - Capital A P&L consolidates Malaysia AirAsia, Indonesia AirAsia, and Philippines AirAsia ("MIP")

	1QFY22	1QFY21	yoy %	4QFY21	qoq %	4QFY21	4QFY20	yoy %	
			chg		chg	Cum	Cum	chg	Comments
Revenue (RM m)	811.8	403.1	101.4	717.2	13.2	1,792	3,286	(45.5)	MIP's passenger revenue rose qoq as ASK capacity and RPK demand rose.
- Fare and ancillary	588.4	185.6	217.0	450.8	30.5	924	2,775	(66.7)	
- Underlying fare	495.4	155.1	219.4	383.5	29.2	767	2,327	(67.0)	
- Ancillary income	93.0	30.5	204.9	67.3	38.2	157	447	(65.0)	
- Freight (Teleport)	146.9	93.3	57.5	139.3	5.5	545	294	85.3	
- Lease income & others	76.5	124.2	(38.4)	127.1	(39.8)	323	217	48.8	
ASK (m)	4,288	1,329	222.6	2,785	54.0	5,722	19,110	(70.1)	
- Malaysia	3,284	571	475.1	2,267	44.9	3,551	12,968	(72.6)	
- Indonesia & Philippines	1,004	758	32.5	518	93.8	2,171	6,142	(64.7)	
* Indonesia	562	612	(8.2)	233	141.2	1,401	3,616	(61.3)	
* Philippines	442	146	202.7	285	55.1	770	2,526	(69.5)	
RPK (m)	3,231	888	263.9	2,194	47.3	4,148	14,481	(71.4)	
- Malaysia	2,423	421	475.5	1,770	nm	2,639	9,906	(73.4)	
- Indonesia & Philippines	808	467	73.0	424	90.6	1,509	4,575	(67.0)	
* Indonesia	436	357	22.1	190	129.5	914	2,534	(63.9)	
* Philippines	372	110	238.2	234	59.0	595	2,041	(70.8)	
Passenger load factor (%)	75.3%	66.8%	8.5%	78.8%	-3.4%	72.5%	75.8%	-3.3%	PLF remained high, above 75%.
- Malaysia	73.8%	73.7%	0.1%	78.1%	-4.3%	74.3%	76.4%	-2.1%	
- Indonesia & Philippines	80.5%	61.6%	18.9%	81.9%	-1.4%	69.5%	74.5%	-5.0%	
* Indonesia	77.6%	58.3%	19.2%	81.5%	-4.0%	65.2%	70.1%	-4.8%	
* Philippines	84.2%	75.3%	8.8%	82.1%	2.1%	77.3%	80.8%	-3.5%	
Passengers carried (000)	3,749	977	283.8	2,725	37.6	4,812	13,364	(64.0)	
- Malaysia	2,808	498	464.1	2,202	nm	3,135	9,163	(65.8)	
- Indonesia & Philippines	941	479	96.4	523	80.0	1,678	4,201	(60.1)	
* Indonesia	380	311	22.5	168	126.4	802	2,185	(63.3)	
* Philippines	561	169	232.8	355	58.0	876	2,016	(56.6)	
Total RASK (sen/ASK)	17.1	21.0	(18.3)	21.2	(19.1)	25.7	16.1	59.9	RASK fell qoq due to normalisation of very high RASK during the Covid-19 pandemic.
- Underlying fare	11.6	11.7	(1.0)	13.8	(16.1)	13.4	12.2	10.1	
- Ancillary income	2.2	2.3	(5.5)	2.4	(10.2)	2.7	2.3	17.0	
- Freight (Teleport)	3.4	7.0	nm	5.0	(31.5)	9.5	1.5	518.8	
No of aircraft @ end	152	149	2.0	157	(3.2)	157	148	6.1	
- Malaysia	103	97	6.2	107	(3.7)	107	96	11.5	
- Indonesia & Philippines	49	52	(5.8)	50	(2.0)	50	52	(3.8)	
* Indonesia	25	28	(10.7)	26	(3.8)	26	28	(7.1)	
* Philippines	24	24	-	24	-	24	24	-	
Avg no of aircraft	155	149	4.0	156	(1.0)	152	149	2.3	

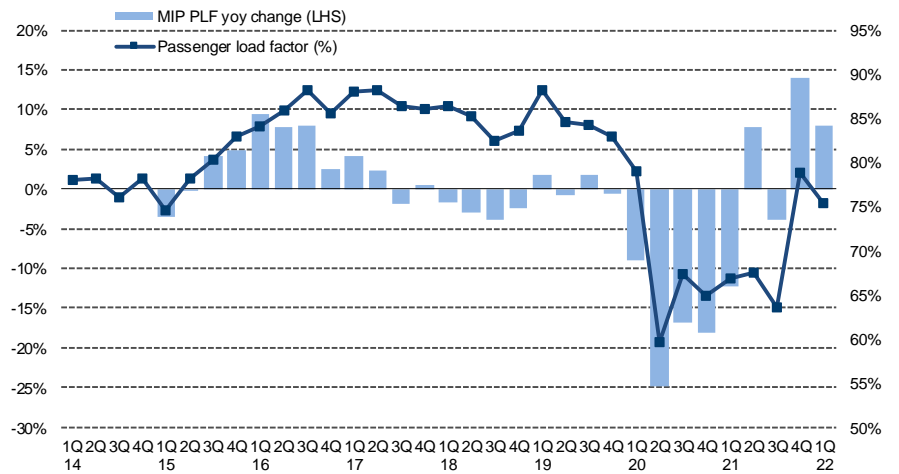
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 14: MIP - RPK vs ASK growth (%) and PLF yoy change (% pts)



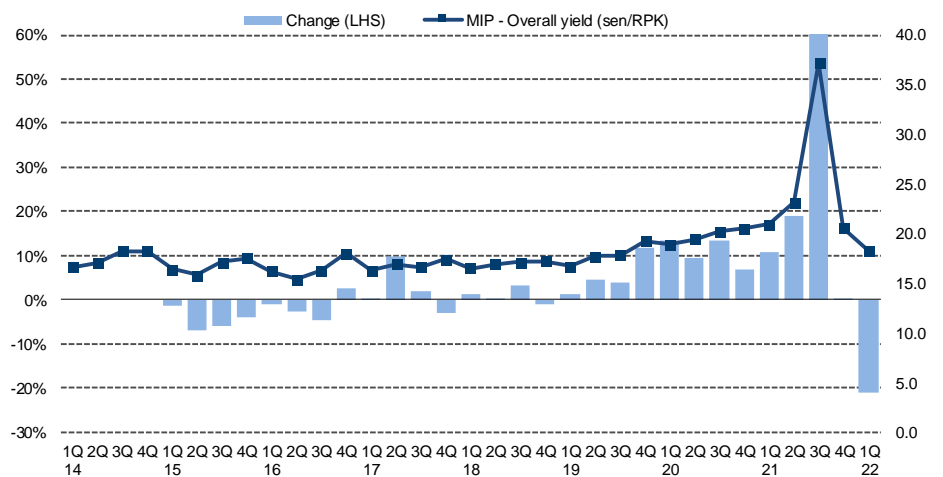
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 15: MIP - Passenger load factor and yoy change (%)



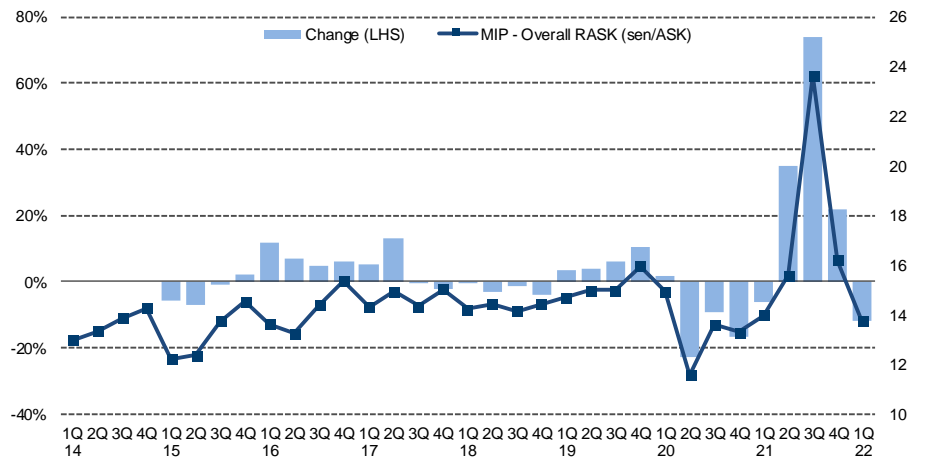
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 16: MIP - Overall yield (sen/RPK) and change (%)

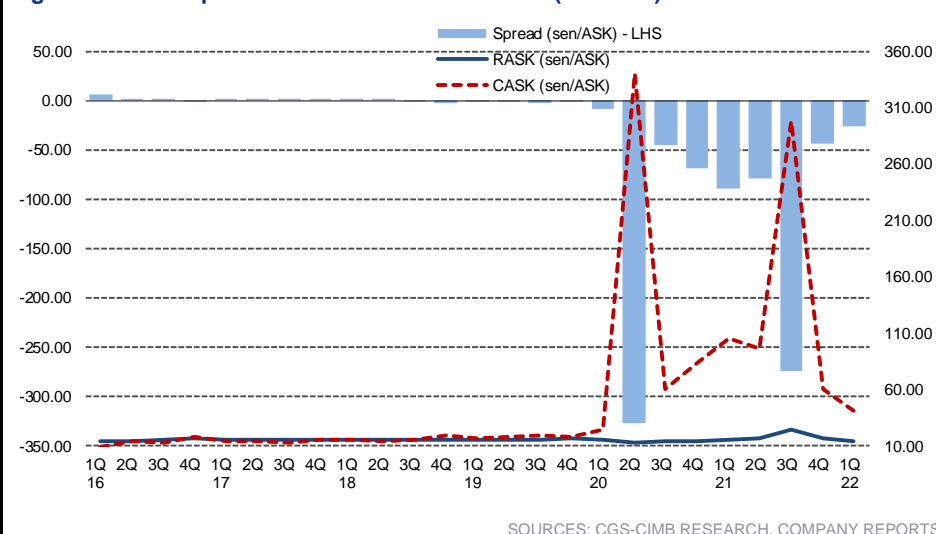


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 17: MIP - Overall RASK (sen/ASK) and change (%)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 18: MIP - Spread between RASK and CASK (sen/ASK)

Figure 19: Cost metrics - Capital A (Malaysia AirAsia, Indonesia AirAsia, and Philippines AirAsia)

FYE Dec (RM m)	1QFY22	1QFY21	yoy % chg	4QFY21	qoq % chg	4QFY21 Cum	4QFY20 Cum	yoy % chg	Comments
Operating costs	1,142.5	825.5	38.4	1,062.9	7.5	3,204.3	5,047.0	(36.5)	Opex rose qoq in 1Q22 due mainly to higher fuel costs and higher staff costs.
- Fuel cost	348.4	72.8	378.4	187.9	85.4	363.9	983.7	(63.0)	
- Fuel swap realised and unrealised losses	0.0	30.1	nm	0.0	nm	30.1	979.9	nm	Fuel costs rose due to higher consumption and higher prices.
- Staff cost	261.3	209.6	24.6	217.2	20.3	791.6	1,170.2	(32.4)	
- Maintenance & overhaul	146.3	56.9	nm	286.7	(49.0)	449.8	542.6	(17.1)	Maintenance costs higher yoy as planes being slowly prepared.
- User & station charges	224.8	141.9	58.4	224.9	(0.1)	671.6	681.4	(1.4)	User and station charges higher yoy due to more flights.
- Others	161.7	314.2	(48.5)	146.1	10.7	897.3	689.1	30.2	
Other costs	584.6	575.5	1.6	621.4	(5.9)	2,361.9	2,700.3	(12.5)	
- Depreciation	380.8	445.9	(14.6)	427.2	(10.9)	1,786.8	2,071.1	(13.7)	
- Interest expense	203.8	129.6	57.2	194.2	4.9	575.1	629.2	(8.6)	
UNIT COST ANALYSIS									
Cost / ASK (sen)	38.49	93.81	(59.0)	55.91	(31.2)	91.11	34.28	165.8	
- Fuel cost	8.12	5.48	48.3	6.75	20.4	6.36	5.15	23.5	
- Non-fuel costs	18.52	54.37	(65.9)	31.42	(41.1)	49.11	16.13	204.4	
- Staff cost	6.09	15.77	(61.4)	7.80	(21.9)	13.83	6.12	125.9	
- Maintenance & overhaul	3.41	4.28	(20.3)	10.30	(66.9)	7.86	2.84	176.9	
- User & station charges	5.24	10.68	(50.9)	8.08	(35.1)	11.74	3.57	229.2	
- Others	3.77	23.64	nm	5.25	(28.1)	15.68	3.61	334.9	
- Other costs	11.85	33.96	nm	17.75	(33.2)	35.63	12.99	174.2	
- Depreciation	8.88	33.55	(73.5)	15.34	(42.1)	31.23	10.84	188.1	
- Interest expense	4.75	9.75	nm	6.97	(31.8)	10.05	3.29	205.3	
- Leasing income	-1.78	-9.34	nm	-4.57	(60.9)	-5.64	-1.14	396.9	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Sequential quarterly tables ►

Figure 20: Quarterly results - Capital A (Malaysia AirAsia, Indonesia AirAsia, and Philippines AirAsia)

FYE Dec (RM m)	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
Revenue	2,343.5	142.1	460.8	339.4	403.1	375.6	295.9	717.2	811.8
Operating costs	(2,733.3)	(737.5)	(920.0)	(656.2)	(825.5)	(519.1)	(796.7)	(1,062.9)	(1,142.5)
EBITDA	(389.8)	(595.4)	(459.1)	(316.7)	(422.5)	(143.5)	(500.9)	(345.7)	(330.7)
<i>EBITDA margin (%)</i>	<i>(16.6)</i>	<i>(419.1)</i>	<i>(99.6)</i>	<i>(93.3)</i>	<i>(104.8)</i>	<i>(38.2)</i>	<i>(169.3)</i>	<i>(48.2)</i>	<i>(40.7)</i>
Depn & amort.	(499.0)	(516.0)	(567.8)	(488.3)	(445.9)	(455.7)	(458.0)	(427.2)	(380.8)
EBIT	(888.8)	(1,111.4)	(1,027.0)	(805.1)	(868.4)	(599.2)	(958.8)	(772.9)	(711.4)
Interest expense	(170.2)	(96.9)	(140.5)	(221.6)	(129.6)	(124.9)	(126.3)	(194.2)	(203.8)
Interest & invt inc	137.9	41.9	90.6	52.3	32.7	25.6	18.2	25.2	15.9
Associates' contrib	(29.4)	(20.6)	(3.9)	(9.8)	(15.0)	(10.1)	(5.7)	(4.6)	(143.1)
Exceptionals	(16.6)	(25.1)	(78.9)	(1,258.0)	14.6	(18.1)	(38.9)	(17.5)	(34.0)
Pretax profit	(967.2)	(1,212.1)	(1,159.7)	(2,242.1)	(965.8)	(726.8)	(1,111.5)	(964.0)	(1,076.5)
Tax	13.8	52.6	75.6	(425.0)	(10.5)	7.2	1.2	(44.3)	(0.7)
Tax rate (%)	1.4	4.3	6.5	(19.0)	(1.1)	1.0	0.1	(4.6)	(0.1)
Minority interests	149.5	166.6	232.3	222.3	208.8	139.5	223.3	124.2	173.4
Net profit	(803.8)	(992.9)	(851.8)	(2,444.8)	(767.4)	(580.1)	(887.0)	(884.1)	(903.8)
Core net profit	(1,075.3)	(1,533.8)	(1,389.7)	(1,148.5)	(1,186.9)	(890.1)	(1,293.2)	(1,029.9)	(1,043.2)
EPS (sen)	(24.1)	(29.7)	(25.5)	(73.2)	(21.6)	(15.2)	(22.8)	(22.7)	(22.3)
Core EPS (sen)	(32.2)	(45.9)	(41.6)	(34.4)	(33.2)	(23.1)	(33.2)	(26.4)	(25.9)
<i>Reconciliation to core net profit</i>									
Net profit	(803.8)	(992.9)	(851.8)	(2,444.8)	(767.4)	(580.1)	(887.0)	(884.1)	(903.8)
- Adjustment to reflect 100% of IAA and PAA	(149.5)	(166.6)	(232.3)	(222.3)	(208.8)	(139.5)	(223.3)	(124.2)	(173.4)
- Associates	29.4	20.6	3.9	9.8	15.0	10.1	5.7	4.6	143.1
- Exceptionals	16.6	25.1	78.9	1,258.0	(14.6)	18.1	38.9	17.5	34.0
+ Deferred tax/(income)	(20.4)	(60.5)	(75.9)	422.1	8.8	(8.8)	(2.7)	44.2	-
- Leasing profits (CIMB est)	-	-	-	-	-	-	-	-	-
MAA, IAA & PAA core net profit	(927.7)	(1,174.2)	(1,077.1)	(977.2)	(967.0)	(700.2)	(1,068.4)	(942.0)	(900.1)
+ Share of Thai AA (45%)	(44.3)	(234.7)	(160.9)	(104.7)	(204.8)	(179.9)	(219.1)	(83.3)	(144.7)
+ Share of AA Japan (66.91%)	(31.8)	(26.9)	(20.0)	-	-	-	-	-	-
+ Share of AA India (49%)	(42.1)	(77.4)	(127.8)	(56.8)	-	-	-	-	-
Group passenger airlines	(1,045.8)	(1,513.2)	(1,385.8)	(1,138.7)	(1,171.8)	(880.0)	(1,287.5)	(1,025.3)	(1,044.8)
+ Leasing profits (CIMB est)	-	-	-	-	-	-	-	-	-
+ Share of JVs	(29.4)	(20.6)	(3.9)	(9.8)	(15.0)	(10.1)	(5.7)	(4.6)	1.5
Group core net profit	(1,075.3)	(1,533.8)	(1,389.7)	(1,148.5)	(1,186.9)	(890.1)	(1,293.2)	(1,029.9)	(1,043.2)

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 21: Quarterly revenue metrics - Capital A (Malaysia AirAsia, Indonesia AirAsia, and Philippines AirAsia)



FYE Dec (RM m)	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
Quarterly operating metrics									
Revenue (RM m)	2,343.5	142.1	460.8	339.4	403.1	375.6	295.9	717.2	811.8
- Fare and ancillary	2,144.9	45.2	369.1	215.4	185.6	178.8	108.6	450.8	588.4
- <i>Underlying fare</i>	<i>1,790.4</i>	<i>38.1</i>	<i>324.1</i>	<i>174.7</i>	<i>155.1</i>	<i>146.9</i>	<i>81.6</i>	<i>383.5</i>	<i>495.4</i>
- <i>Ancillary income</i>	<i>354.5</i>	<i>7.1</i>	<i>45.0</i>	<i>40.7</i>	<i>30.5</i>	<i>31.9</i>	<i>27.0</i>	<i>67.3</i>	<i>93.0</i>
- Lease income & others	48.2	45.9	36.0	86.8	124.2	42.0	29.5	127.1	76.5
ASK (m)	14,381	391	2,716	1,622	1,329	1,148	460	2,785	4,288
- Malaysia	9,389	328	2,422	829	571	474	239	2,267	3,284
- Indonesia & Philippines	4,992	63	294	793	758	674	221	518	1,004
* <i>Indonesia</i>	<i>2,762</i>	<i>14</i>	<i>180</i>	<i>660</i>	<i>612</i>	<i>516</i>	<i>40</i>	<i>233</i>	<i>562</i>
* <i>Philippines</i>	<i>2,230</i>	<i>49</i>	<i>114</i>	<i>133</i>	<i>146</i>	<i>158</i>	<i>181</i>	<i>285</i>	<i>442</i>
RPK (m)	11,367	233	1,830	1,051	888	774	292	2,194	3,231
- Malaysia	7,457	202	1,678	569	421	305	143	1,770	2,423
- Indonesia & Philippines	3,910	31	152	482	467	469	149	424	808
* <i>Indonesia</i>	<i>2,041</i>	<i>6</i>	<i>90</i>	<i>397</i>	<i>357</i>	<i>349</i>	<i>18</i>	<i>190</i>	<i>436</i>
* <i>Philippines</i>	<i>1,869</i>	<i>25</i>	<i>62</i>	<i>85</i>	<i>110</i>	<i>120</i>	<i>131</i>	<i>234</i>	<i>372</i>
Passenger load factor (%)	79.0%	59.6%	67.4%	64.8%	66.8%	67.4%	63.5%	78.8%	75.3%
- Malaysia	79.4%	61.6%	69.3%	68.6%	73.7%	64.3%	59.8%	78.1%	73.8%
- Indonesia & Philippines	78.3%	49.2%	51.7%	60.8%	61.6%	69.6%	67.4%	81.9%	80.5%
* <i>Indonesia</i>	<i>73.9%</i>	<i>42.9%</i>	<i>50.0%</i>	<i>60.2%</i>	<i>58.3%</i>	<i>67.6%</i>	<i>45.0%</i>	<i>81.5%</i>	<i>77.6%</i>
* <i>Philippines</i>	<i>83.8%</i>	<i>51.0%</i>	<i>54.4%</i>	<i>63.9%</i>	<i>75.3%</i>	<i>75.9%</i>	<i>72.4%</i>	<i>82.1%</i>	<i>84.2%</i>
Passengers carried (000)	9,902	204	1,916	1,342	977	759	352	2,725	3,749
- Malaysia	6,382	171	1,775	835	498	280	156	2,202	2,808
- Indonesia & Philippines	3,519	33	141	507	479	479	196	523	941
* <i>Indonesia</i>	<i>1,718</i>	<i>4</i>	<i>74</i>	<i>389</i>	<i>311</i>	<i>308</i>	<i>15</i>	<i>168</i>	<i>380</i>
* <i>Philippines</i>	<i>1,801</i>	<i>29</i>	<i>68</i>	<i>118</i>	<i>169</i>	<i>172</i>	<i>181</i>	<i>355</i>	<i>561</i>
Passenger yield (sen/RPK)	20.2	41.3	23.2	24.0	31.4	43.1	91.2	26.9	22.8
- Underlying fare	15.8	16.4	17.7	16.6	17.5	19.0	27.9	17.5	15.3
- Ancillary income	3.1	3.0	2.5	3.9	3.4	4.1	9.2	3.1	2.9
Total RASK (sen/ASK)	16.0	24.6	15.6	15.6	21.0	29.1	57.9	21.2	17.1
- Underlying fare	12.4	9.7	11.9	10.8	11.7	12.8	17.7	13.8	11.6
- Ancillary income	2.5	1.8	1.7	2.5	2.3	2.8	5.9	2.4	2.2
- Freight (Teleport)	1.0	13.0	2.0	2.3	7.0	13.5	34.3	5.0	3.4
Avg rev / pax (RM)	232	471	222	188	285	440	757	217	196
- Underlying fare	181	187	169	130	159	194	232	141	132
- Ancillary income	36	35	23	30	31	42	77	25	25
No of aircraft @ end	149	149	148	148	149	151	155	157	152
- Malaysia	97	97	95	96	97	99	105	107	103
- Indonesia & Philippines	52	52	53	52	52	52	50	50	49
* <i>Indonesia</i>	<i>28</i>	<i>28</i>	<i>28</i>	<i>28</i>	<i>28</i>	<i>28</i>	<i>26</i>	<i>26</i>	<i>25</i>
* <i>Philippines</i>	<i>24</i>	<i>24</i>	<i>25</i>	<i>24</i>	<i>24</i>	<i>24</i>	<i>24</i>	<i>24</i>	<i>24</i>
Avg no of aircraft	149	149	149	148	149	150	153	156	155

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 22: Quarterly cost metrics - Capital A (Malaysia AirAsia, Indonesia AirAsia, and Philippines AirAsia)

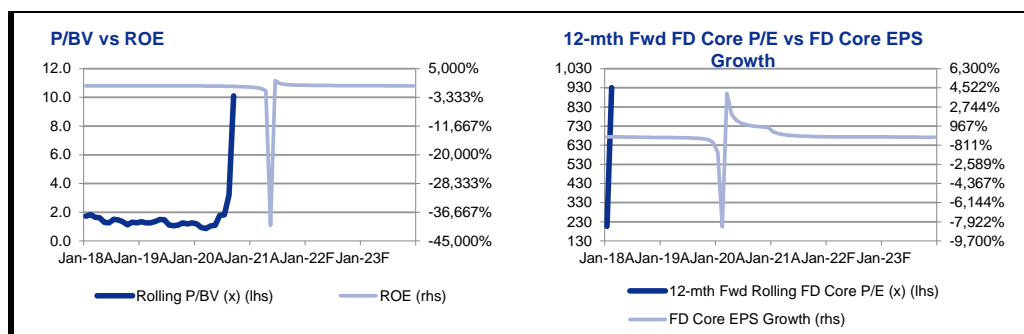
FYE Dec (RM m)	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
Operating costs	2,733.3	737.5	920.0	656.2	825.5	519.1	796.7	1,062.9	1,142.5
- Fuel cost	760.3	79.1	75.6	68.8	72.8	70.5	32.7	187.9	348.4
- Staff cost	455.2	278.6	221.1	215.4	209.6	179.9	184.8	217.2	261.3
- Maintenance & overhaul	429.2	23.3	64.1	26.0	56.9	50.2	55.9	286.7	146.3
- User & station charges	391.6	74.4	129.9	85.5	141.9	112.6	192.2	224.9	224.8
- Others	587.1	83.7	148.8	(130.4)	314.2	106.0	331.0	146.1	161.7
Other costs	669.2	612.9	708.4	709.9	575.5	580.6	584.3	621.4	584.6
- Depreciation	499.0	516.0	567.8	488.3	445.9	455.7	458.0	427.2	380.8
- Interest expense	170.2	96.9	140.5	221.6	129.6	124.9	126.3	194.2	203.8
- Leasing of aircraft	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UNIT COST ANALYSIS									
Cost / ASK (sen)	22.56	282.85	48.30	54.77	93.81	92.14	293.81	55.91	38.49
- Fuel cost	5.29	20.23	2.78	4.24	5.48	6.14	7.11	6.75	8.12
- Non-fuel costs	12.96	117.63	20.76	12.11	54.37	39.08	166.09	31.42	18.52
- Staff cost	3.17	71.25	8.14	13.28	15.77	15.67	40.18	7.80	6.09
- Maintenance & overhaul	2.98	5.96	2.36	1.60	4.28	4.37	12.16	10.30	3.41
- User & station charges	2.72	19.03	4.78	5.27	10.68	9.81	41.79	8.08	5.24
- Others	4.08	21.40	5.48	-8.04	23.64	9.23	71.96	5.25	3.77
- Other costs	4.32	144.99	24.75	38.42	33.96	46.92	120.61	17.75	11.85
- Depreciation	3.47	131.96	20.91	30.11	33.55	39.69	99.56	15.34	8.88
- Interest expense	1.18	24.78	5.17	13.66	9.75	10.88	27.46	6.97	4.75
- Leasing of aircraft	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
- Leasing income	-0.34	-11.75	-1.33	-5.35	-9.34	-3.66	-6.41	-4.57	-1.78

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

 Refinitiv ESG Scores	
	
ESG in a nutshell	
<p>CapA has performed a critical social role by democratising air travel for the masses since 2002 at affordable price points. During 2020, CapA implemented many health and safety measures to ensure that travel remained safe during the Covid-19 pandemic. As Malaysia has agreed to participate in the International Civil Aviation Organization (ICAO) sponsored initiative to reduce carbon emissions, which is called the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), CapA is also obligated to follow.</p>	
Keep your eye on	Implications
<p>CapA has been consistently ranked as Asia’s best low-cost carrier (LCC), or at least, one of the best in terms of service and network, which has beneficial impact in the countries in which it operates.</p>	<p>The socioeconomic benefits of expanded air networks driven by LCCs such as CapA have been enormous over the past two decades. The attractive ticket prices and increased point-to-point connectivity have spurred greater tourism and business flows, benefitting the livelihoods of many communities.</p>
ESG highlights	Implications
<p>In order to maximise profitability, CapA has been at the forefront of various technical measures and operational measures to minimise jet fuel consumption.</p> <p>In the midst of the Covid-19 pandemic in 2020, CapA implemented many health and safety protocols to protect travellers and crew members.</p>	<p>CapA purchased newer-generation Airbus aircraft (A320neo, A321neo) and is transitioning from older-generation A320ceo planes in order to improve per seat fuel efficiencies. CapA also implements operational procedures to reduce fuel consumption during flight (especially take-off and landing) and taxiing.</p> <p>CapA disclosed that its Covid-19 safety initiatives led to it being awarded a seven-star Covid-19 rating, the highest rating possible, in an assessment by Airlineratings.com, including website information on Covid-19 procedures, face masks for passengers, personal protection equipment for the crew, modified meal service, deep clean of aircraft, personal sanitiser kits, and social distancing onboard.</p>
Trends	Implications
<p>All of CapA group’s airlines will participate in ICAO’s CORSIA scheme. Under CORSIA, all aircraft operators with international emissions >10,000 tCO₂/year must monitor, report and verify CO₂ emissions data for all international flights for 2019, and annually going forward. This entails submitting carbon emissions data for international flights during 2019 to various national civil aviation bodies as the base year against which to measure future CO₂ emissions reductions. This emissions data is also verified by an independent body accredited by ICAO.</p> <p>CORSIA has recommended that airlines buy voluntary carbon offsets from 2023F onwards (delayed from 2021 due to the pandemic), and requires airlines to buy mandatory carbon offsets from 2027F onwards for all airline operators flying between ICAO member states.</p>	<p>Under the CORSIA scheme, from 2027F, CapA is mandatorily required to offset its carbon emissions for (1) international flights between member states that have signed up for CORSIA, and (2) only for carbon emissions that exceed the 2019 base year. Between 2023F and 2026F, CapA may opt to buy carbon credits on a voluntary basis, with mandatory requirements kicking in from 2027F onwards. It is difficult to estimate the cost of the mandatory carbon credits as that would depend on the pace of which travel recovers post-pandemic, and the unit cost of the carbon credits (which in turn depends on the type of carbon credits available, their supply, and the demand for them).</p> <p>CapA’s mid-term goal for 2023-25F is to participate in voluntary carbon offsets, and its long-term goal for 2026-50F is reduce CO₂ emissions to 50% of what they were in 2005 by 2050F. The CapA group of airlines (including Malaysia, Indonesia, the Philippines, and Thailand) emitted 4m and 0.7m tonnes of Scope 1 and Scope 2 CO₂ in 2019 and 2020, respectively. The demand destruction caused by the Covid-19 pandemic was responsible for the sharp reduction in CO₂ emissions in 2020.</p>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, REFINITIV

BY THE NUMBERS



Profit & Loss

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	3,286	1,792	8,411	13,438	14,974
Gross Profit	-1,761	-1,413	-439	1,425	1,669
Operating EBITDA	-1,761	-1,413	-439	1,425	1,669
Depreciation And Amortisation	-2,071	-1,787	-1,557	-1,578	-1,600
Operating EBIT	-3,832	-3,199	-1,996	-153	69
Financial Income/(Expense)	-540	-545	-821	-799	-707
Pretax Income/(Loss) from Assoc.	-64	-35	-444	-32	10
Non-Operating Income/(Expense)	233	72	200	300	350
Profit Before Tax (pre-EI)	-4,202	-3,708	-3,061	-685	-279
Exceptional Items	-1,379	-60	0	0	0
Pre-tax Profit	-5,581	-3,768	-3,061	-685	-279
Taxation	-283	-46	-11	-12	-18
Exceptional Income - post-tax					
Profit After Tax	-5,864	-3,814	-3,072	-697	-297
Minority Interests	771	696	700	500	500
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	-5,093	-3,119	-2,372	-197	203
Recurring Net Profit	-5,147	-4,400	-3,072	-697	-297
Fully Diluted Recurring Net Profit	-5,147	-4,400	-3,072	-697	-297

Cash Flow

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	-1,761	-1,413	-439	1,425	1,669
Cash Flow from Inv. & Assoc.					
Change In Working Capital	-433	472	69	-700	200
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	88	714	-0	0	-0
Net Interest (Paid)/Received	0	0	0	0	0
Tax Paid	-4	-4	-11	-12	-18
Cashflow From Operations	-2,110	-232	-381	713	1,851
Capex	-95	-27	-150	-150	-150
Disposals Of FAs/subsidiaries	560	-468	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0	0
Other Investing Cashflow	-5	290	-760	0	0
Cash Flow From Investing	461	-206	-910	-150	-150
Debt Raised/(repaid)	-412	-44	1,622	-160	-147
Proceeds From Issue Of Shares	0	336	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	0	0	0	0	0
Preferred Dividends					
Other Financing Cashflow	-59	871	-216	-200	-357
Cash Flow From Financing	-471	1,163	1,406	-360	-504
Total Cash Generated	-2,120	726	115	202	1,197
Free Cashflow To Equity	-2,061	-481	331	403	1,554
Free Cashflow To Firm	-1,649	-437	-1,291	563	1,701

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	533	1,257	1,371	1,574	2,771
Total Debtors	1,417	838	830	1,230	1,230
Inventories	141	154	154	154	154
Total Other Current Assets	467	201	201	201	201
Total Current Assets	2,559	2,450	2,556	3,158	4,356
Fixed Assets	1,086	933	911	867	802
Total Investments	484	439	755	723	733
Intangible Assets	641	833	833	833	833
Total Other Non-Current Assets	14,894	15,374	13,990	12,605	11,221
Total Non-current Assets	17,105	17,580	16,490	15,029	13,589
Short-term Debt	1,016	887	887	887	887
Current Portion of Long-Term Debt	3,247	3,906	2,694	2,805	312
Total Creditors	3,241	3,239	3,300	3,000	3,200
Other Current Liabilities	958	1,172	1,172	1,172	1,172
Total Current Liabilities	8,462	9,204	8,053	7,863	5,571
Total Long-term Debt	273	600	2,222	2,062	1,915
Hybrid Debt - Debt Component		822	822	822	822
Total Other Non-Current Liabilities	14,499	15,826	17,444	17,632	20,125
Total Non-current Liabilities	14,772	17,249	20,488	20,516	22,863
Total Provisions	0	0	0	0	0
Total Liabilities	23,234	26,453	28,541	28,380	28,433
Shareholders' Equity	-1,214	-3,382	-5,754	-5,951	-5,748
Minority Interests	-2,356	-3,041	-3,741	-4,241	-4,741
Total Equity	-3,570	-6,423	-9,495	-10,192	-10,489

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(74%)	(45%)	369%	60%	11%
Operating EBITDA Growth	(186%)	(20%)	(69%)	N/A	17%
Operating EBITDA Margin	(53.6%)	(78.8%)	(5.2%)	10.6%	11.1%
Net Cash Per Share (RM)	-3.95	-3.94	-4.15	-4.13	-3.81
BVPS (RM)	-0.36	-0.87	-1.38	-1.43	-1.38
Gross Interest Cover	-6.09	-5.56	-2.30	-0.18	0.09
Effective Tax Rate	0%	0%	0%	0%	0%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	113.4	154.0	26.2	21.7	24.4
Inventory Days	10.42	16.80	6.33	4.67	4.23
Accounts Payables Days	162.5	262.9	99.2	68.4	55.0
ROIC (%)	(16.2%)	(16.6%)	(10.8%)	(0.9%)	0.4%
ROCE (%)	(28.8%)	(31.2%)	(20.2%)	(1.2%)	1.7%
Return On Average Assets	(16.9%)	(16.6%)	(12.6%)	(0.5%)	1.3%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Available Seat Kilometres (m)	19,110.0	5,722.0	40,331.8	67,545.9	78,769.6
Revenue Passenger Kilometres (m)	14,481.0	4,148.0	32,488.3	56,311.1	65,684.3
Passenger load factor (%)	75.8%	72.5%	80.6%	83.4%	83.4%
Passenger yield (sen/RPK)	21.2	35.4	23.8	22.4	21.3

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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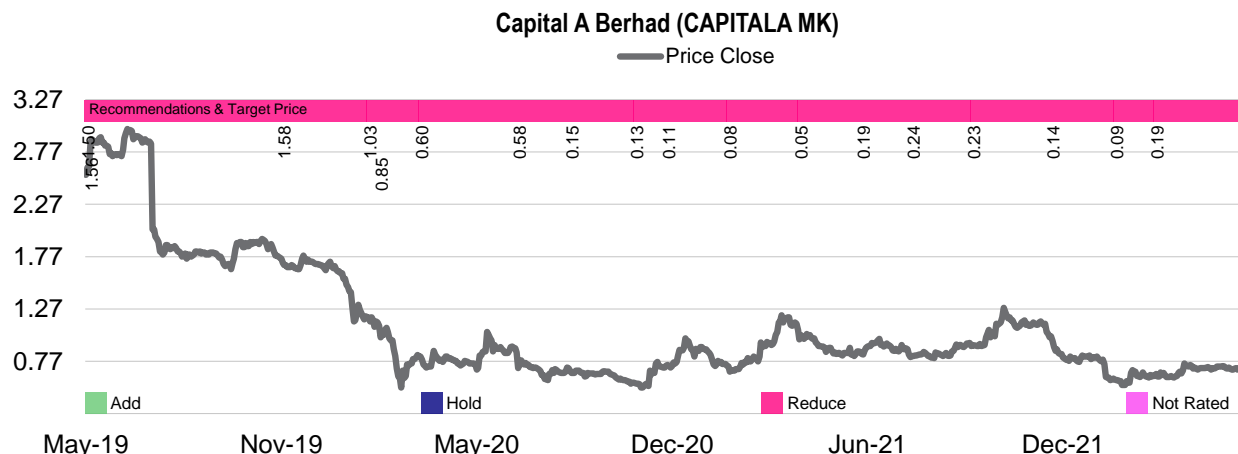
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022		
632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** – Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** – Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** – Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

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Recommendation Framework	
Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i>	
Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.
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Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.