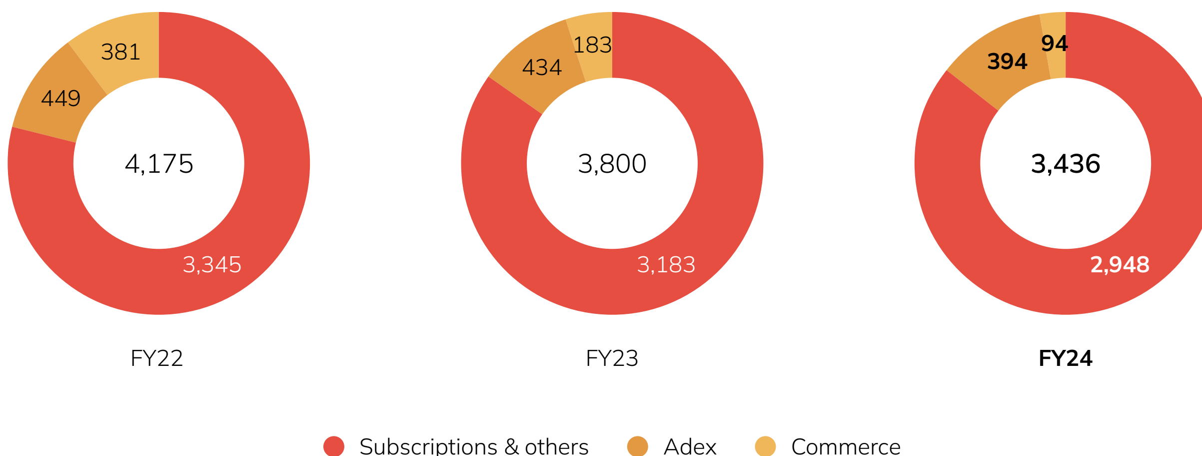
Group Financial Review

Revenue (RM m)



FY24 saw households and businesses grapple with the full year impact of four post-COVID-19 interest rate hikes undertaken by BNM in 2022, alongside a fifth 25 basis point rate hike in May 2023, and inflationary pressures compounded by the weakening Ringgit. The rising living costs constricted consumer wallets and reduced discretionary spend, while businesses were likewise affected by inflation and additional costs.

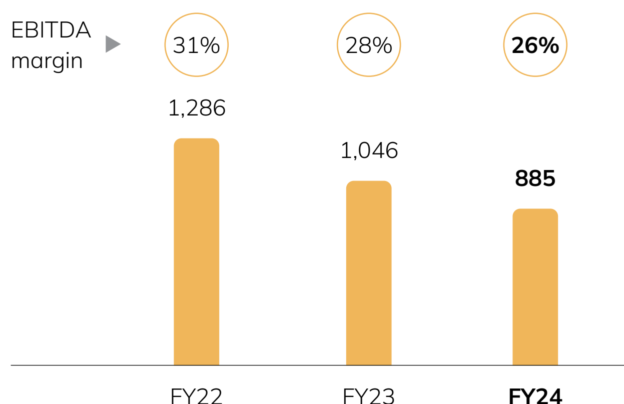
Revenue

As a consumer-centric business, Astro's FY24 performance was impacted by the downstream effect of the abovementioned macroeconomic pressures as well as persistent acts of piracy. Revenue softened by 10% to RM3.44 billion, primarily due to a decline in subscription and commerce. This was cushioned by the growth in our enterprise business, which grew 12% in FY24 on the back of a recovery in the food and beverage (F&B) and hospitality sectors, as well as growth in our broadband subscriber base of 21% driven by overall customer satisfaction with our Astro Fibre service quality and steady word-of-mouth referrals. Our films also performed well, grossing RM103 million in FY24 and capturing 70% share of the local box office. This marks our best ever box office showing, with *Polis Evo 3 and Malbatt: Misi Bakara* leading the way and strengthening our position as the top film studio in Malaysia. Pay-TV MAT ARPU continues to grow, rising by RM1.50 to RM99.70, a testament to the strength of our app aggregation and broadband bundling strategy.

Advertising (adex) revenue moderated by 9% to RM394 million in FY24, with TV adex especially affected by clients' one-off spending for World Cup in the prior year. TV adex picked up in the second half of FY24, supported by year-end festive celebrations and the airing of our popular signatures and originals such as *All Star Gegar Vaganza* and *Masked Singer Malaysia 4*. Most of Astro's adex revenue is generated from our own local shows which is a key competitive advantage. Digidex registered a 12% jump, underpinned by the growth in the number and types of Addressable Advertising clients. Despite the 3% moderation in radex revenue, Astro's radex share increased by 4 percentage points supported by the 3% increase in our FM and online radio listenership to 18.2 million. Overall, our radex, TV and digidex shares stood at 77%, 30% and 2%, respectively (FY23: 73%, 34% and 2%).

Meanwhile, Go Shop's revenue fell to RM94 million (up to 11 October 2023) as consumers limited their discretionary spend amid cost-of-living concerns. Given the increasing competitive intensity in the commerce space, Astro made the strategic decision to exit this segment to refocus on our core media and entertainment business. Accordingly, Go Shop ceased its business effective 11 October 2023.

EBITDA (RM m)



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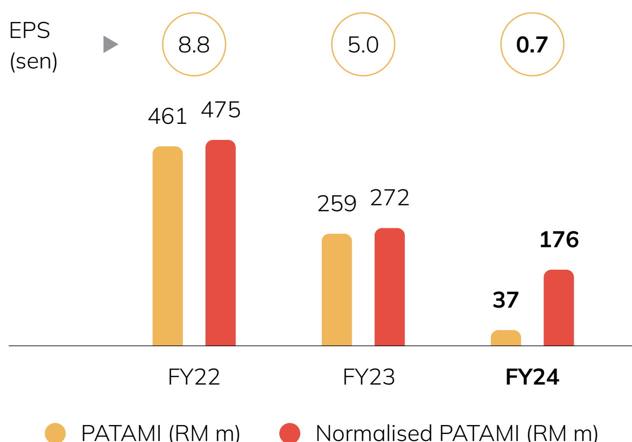
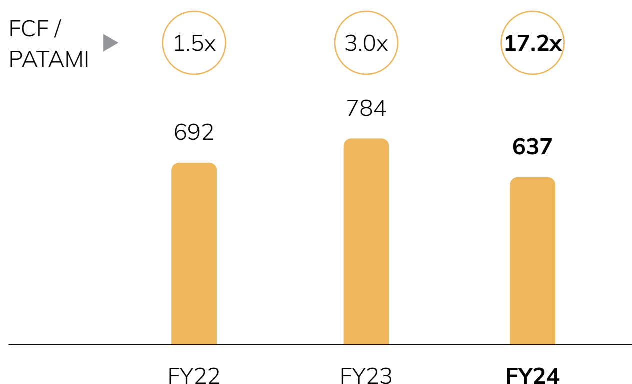
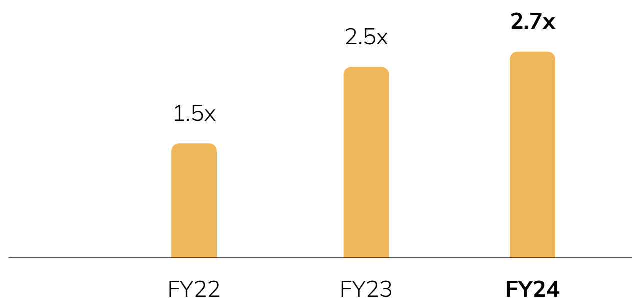
PATAMI



Free Cash Flow (RM m)



Net Debt / EBITDA



EBITDA

EBITDA moderated by 15% to RM885 million and margin eased by 2 percentage points to 26% due primarily to lower revenue alongside costs associated with a Voluntary Separation Scheme (VSS) exercise during the year. The drop in EBITDA margin was partly mitigated by disciplined cost control and operational efficiencies across major cost lines by leveraging technology and digital. As we transform our legacy cost base and seek efficiency gains Group-wide, we are simultaneously reinvesting these cost gains to further digitalise and grow our ancillary businesses.

PATAMI and Free Cash Flow

PATAMI moderated by 86% to RM37 million as a result of lower EBITDA and higher net financing cost primarily due to unrealised forex losses (versus gains in FY23), offset by lower tax expense. Normalised PATAMI, which excludes unrealised forex losses arising from USD-denominated transponder lease liabilities and the VSS impact, likewise dipped by 35% to RM176 million. Overall, basic earnings per share eased 86% to 0.7 sen. We remained cash-generative with free cash flow at RM637 million in FY24, translating to 17.2x of PATAMI.

Our Group's tax expense was recorded at RM22 million (FY23: RM79 million) with an effective tax rate of 44% (FY23: 27%). This was higher than the statutory tax rate of 24% mainly due to an increase in non-tax deductible expenses and unrecognised deferred tax assets. Net finance cost increased by 133% to RM298 million primarily due to unrealised forex losses from unhedged USD-denominated transponder lease liabilities as the Ringgit depreciated 11% against the USD in FY24.

Continuing Basis

Following the application of MFRS 5 accounting standard (Non-current Assets Held for Sale and Discontinued Operations), we have separated out the impact of Go Shop as a discontinued operation. On a continuing basis, revenue and EBITDA both eased by 8% to RM3.34 billion, and 14% to RM897 million, respectively, while normalised PATAMI moderated by 42% to RM181 million.

Group Financial Review

Financial Position

Assets, Liabilities & Funding

Total assets reduced marginally by 0.6% to RM5.66 billion in FY24. This was underpinned by a reduction in right-of-use assets by 11% to RM1.48 billion due to depreciation, partially offset by an increase in unit trust, cash and bank balances by 15% to RM771 million.

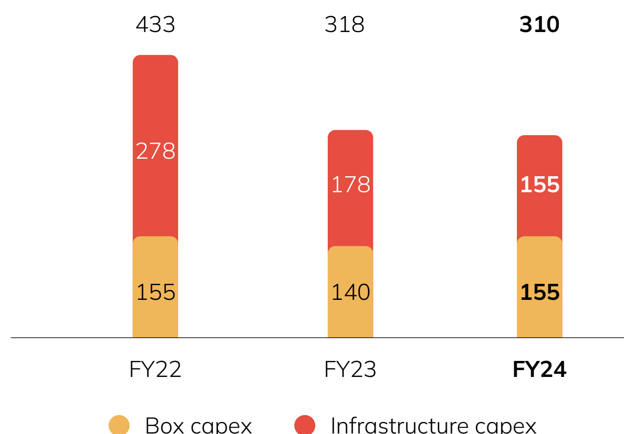
Meanwhile, total liabilities eased by 2% to RM4.51 billion, mainly attributable to a reduction in borrowings due to the paring down of transponder lease liabilities and term loans in FY24. Consequently, net assets improved by 5% to RM1.15 billion, and Net Debt / EBITDA ratio increased to 2.7x from 2.5x.

In FY24, we accepted term loan facilities of RM400 million and RM160 million from Sumitomo Mitsui Banking Corporation Malaysia Berhad (SMBC) and AmBank (M) Berhad, respectively. Both these facilities were granted on a clean basis. The former is a 4-year term loan that was fully drawn down in August 2023. Proceeds were utilised to settle a maturing RM380 million SMBC term loan facility, with the balance applied toward opex and capex funding. Meanwhile, the latter AmBank facility, a 4-year term loan, was disbursed in FY25. Our liquidity and financial positions, as well as funding opportunities, are regularly reassessed and reviewed to optimise capital efficiency.

Capex, comprising infrastructure capex and box capex, declined by 3% overall to RM310 million. Infrastructure capex, funded by cash, decreased by 13% to RM155 million as we reprioritised investments based on changing market conditions, focusing on transformation initiatives to enhance customer experience on the U-Boxes, OTT and digital platforms, and refreshing our technology infrastructure.

Box capex is funded by vendor financing and deployed for the purchase of STBs and ODUs to provide Pay-TV services, as well as broadband equipment to provide Astro Fibre services. Our box capex increased by 11% to RM155 million as we continued to grow our Astro Fibre customer base and deploy our hybrid U-Boxes premised on data indicating that net promoter score and churn are better for customer cohorts who are enjoying these boxes.

Capex (RM m)



Outlook

Our transformation journey sees Team Astro pushing aggressively to be Malaysia's No.1 Entertainment and Streaming Destination. Investments continue to be firmly focused on long-term and sustainable growth by:

- elevating local content, which is Astro's clear competitive advantage, with high quality production and fresh storytelling via Astro Originals, signatures and movies;
- 'loving' our customers by consistently delivering their favourite content in an intuitive, convenient way; customer service satisfaction scores have improved materially over the last 12 months;
- increasing the uptake of our adjacent businesses; sooka, Astro Fibre, enterprise and Addressable Advertising, targeting both current and new market segments with increased value and flexibility; and
- transforming legacy cost structures, most recently through a wholesale refresh of our customer management platforms. An accounting adjustment of RM1.66 billion relating to the historical investment into our Pay-TV subsidiary during a previous business environment was also taken in FY24; this has no impact on Group financials.

The current strength of the US Dollar continues to affect multiple cost lines in our business, whilst local economic conditions (exacerbated by geopolitical factors) and softening customer sentiments, including the recent Service Tax increase in March 2024, also present challenges to the industry. In softening the impact of these challenges, we have started to introduce more affordable entry price points, on both Pay-TV and sooka, to further enhance the value of our products and services.

Notwithstanding all this activity, the Group continues to maintain a cautious outlook, carefully monitoring business conditions and ensuring effective cost discipline.