GROUP FINANCIAL REVIEW

FY19 has been a challenging and crucial year, one where we embarked on a journey to meet evolving customer demands by reassessing our Group's strategic imperatives and reimagining our customer value proposition to continue delivering better customer experience.

Amid a volatile macroeconomic backdrop stemming from changes in the government and indirect tax regime, we grew our household penetration rate from 75% to 77% and recorded commendable growth in commerce, digidex and prepaid subscription revenue of 29%, 43% and 20% respectively. Malaysia's GDP growth dipped from 5.9% to 4.7% in 2018 and the Consumer Sentiment Index soared to 133 points, a two-decade high, right after the May elections before ending the year in bearish territory at 97 points. Inflation rate was down 3.3 percentage points year-on-year to 0.2% as higher costs relating to housing, utilities, food and education offset moderating prices of transportation, communications and clothing.

Earnings

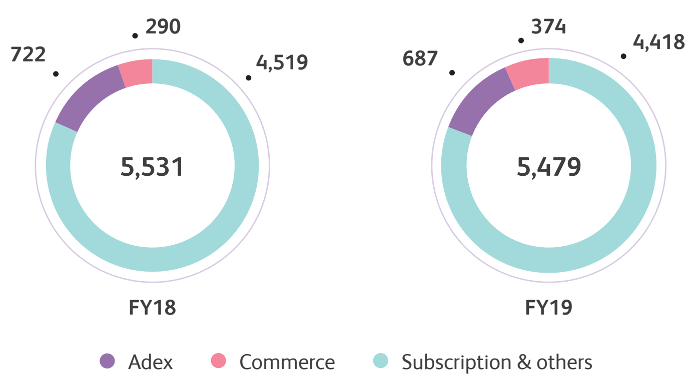
Revenue

Revenue remained resilient at RM5.48 billion as compared to RM5.53 billion in FY18 as we progressed with revenue diversification initiatives predicated on our strong multiplatform reach across TV, radio, digital, talent and on-ground. Strong growth in commerce, theatrical, licensing, digidex and prepaid subscription revenue cushioned the impact of a 4.7% decline in subscription revenue as a result of fierce competition from content providers, both legal and otherwise. Meanwhile, ARPU was stable at RM99.9 underpinned by an array of packages and offerings catering to our diverse customer base.

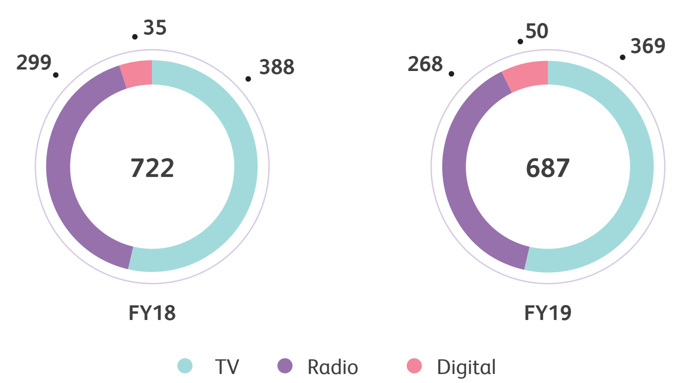
Our commerce business, Go Shop continues to register sterling performance with revenue growth of 29% year-on-year to RM374 million, boosted by new content formats, astute use of digital channels as well as expansion in product breadth and depth. In FY19, theatrical and third-party licensing revenue grew by 97% to RM130 million, as we set new milestones for local movies' GBO collection and paced up on collaborations with partners for production, marketing and distribution of content abroad. Our prepaid subscription revenue registered a 20% growth to RM62 million as we increased the number of physical and digital purchase touchpoints.

A switch in the indirect tax regime from GST to SST in FY19 resulted in a contraction in Malaysia's overall advertising industry during the three-month tax holiday window starting June 2018. This impacted our adex performance in the first half of the year, contributing to a 4.8% drop in adex in FY19 to RM687 million amid a decline in the Malaysian advertising industry by around 2.2% to RM4.44 billion. We introduced disclosure of our digidex segment this year, and this increased by 43% to RM50 million leveraging our expanding digital reach as the average monthly unique viewers of our digital brands grew by 20% to 8.3 million.

Revenue (RM m)



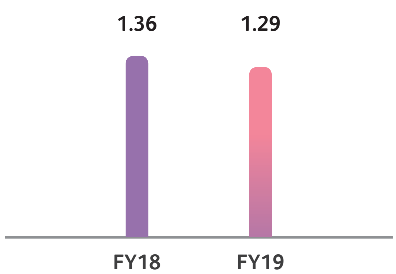
Adex (RM m)



EBITDA

With FY19 being a major sporting year, EBITDA declined 12% to RM1.61 billion mainly due to higher content spend of RM1.80 billion, an increase of 12% compared to FY18 arising from the broadcast of the 2018 FIFA World Cup and other key sporting events, as well as a one-off provision for the ESS which was completed in February 2019. This is offset by ongoing cost optimisation and digitalisation initiatives across content, cost to serve, and broadcast and operations. Through disciplined cost rationalisation efforts, our FCF held up well at RM1.29 billion compared to RM1.36 billion in FY18.

FCF (RM b)

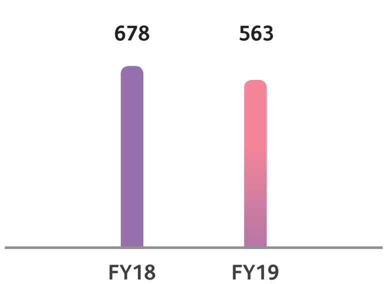


PATAMI

PATAMI decreased by 40% to RM463 million, driven by lower EBITDA and higher finance costs. Net finance costs surged by 329% to RM279 million primarily due to unrealised forex losses on transponder-related finance lease liabilities as the Malaysian Ringgit depreciated by 5% against the USD in 2019. Resultingly, earnings per share moderated by 40% to 8.9 sen per share.

Normalised PATAMI, which excludes the impact of the above mentioned unrealised forex and one-off ESS declined by 17% to RM563 million.

Normalised PATAMI (RM m)



Financial Position

Assets

Total assets decreased by 9% to RM6.26 billion mainly as a result of the prepayments of RM term loan amounting to RM629 million and a decrease of RM168 million in property, plant and equipment as a result of lower asset capitalisation in FY19. Meanwhile, net assets recorded an increase of 3.9% to RM679 million.

Liabilities

Total liabilities decreased by 10% to RM5.58 billion with a decrease in total current liabilities and total non-current liabilities of 18% and 5% to RM1.98 billion and RM3.60 billion respectively. This is primarily due to a decrease of RM395 million in borrowings, and RM164 million in payables and contract liabilities.

Overall borrowings declined by 10% to RM3.57 billion attributable mainly to the abovementioned prepayments, alongside scheduled principal repayments of loans and finance lease liabilities totalling RM571 million. This is offset by a drawdown of the second tranche of the Synthetic Foreign Currency Loan Facility ("SFCL") amounting to RM306.4 million in February 2018, the drawdown of a new RM380 million RM term loan from Sumitomo Mitsui Banking Corporation Malaysia Berhad in August 2018 and an increase in the book value of USD-based finance lease liabilities arising from the delivery of six new transponders in June 2018 as well as unrealised forex loss recorded due to the weakening of the Malaysian Ringgit against the USD. A slight increase in net debt/EBITDA ratio was recorded from 1.7 times to 1.8 times.

Capex

Total Capex registered a decrease of 12% to RM386 million. Infrastructure Capex was lower by 7% at RM220 million through conscientious investing as we endeavoured to simplify the customer experience through digitalisation. STB Capex investments also decreased by 17% to RM166 million as a result of ongoing efforts to optimise STB functionality and production cost, even as we continued to migrate customers onto our connected STBs to deepen their content experience. In FY19, connected STBs breached the 1 million milestone, growing 25%.

Prospects

The coming year will continue to be challenging amid structural changes in the global content and media industry and the present threat of piracy. We are focused on revenue diversification efforts, deeper cost optimisation initiatives and a stronger anti-piracy push. We will activate our biggest asset – our customers and leverage on our key differentiator – our content to amplify our customer value proposition through endeavours including new broadband bundles, enhanced membership privileges and rewards, introduction of a new technology platform to better address individuals within households, and elevating customer service.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

	FY15	FY16	FY17	FY18	FY19
Operational Results					
TV households ('000)	4,429	4,818	5,121	5,489	**5,713**
TV household penetration	64%	67%	71%	75%	**77%**
ARPU (RM)	99.0	99.3	100.4	99.9	**99.9**
Share of TV viewership[(1)]	49%	76%	77%	77%	**75%**
Connected boxes ('000)	-	313	507	804	**1,003**
Weekly radio listernership (m)	12.9	12.8	15.6	16.5	**16.2**
Average monthly unique visitors (m)	-	4.1	5.5	6.9	**8.3**
Adex (RM m)	589	640	705	722	**687**
Go Shop registered customers (m)	0.1	0.6	1.0	1.3	**1.8**
Go Shop revenue (RM m)	25	189	261	290	**374**
Financial Results (RM m)					
Revenue	5,231	5,475	5,613	5,531	**5,479**
EBITDA	1,808	1,941	1,817	1,820	**1,605**
EBIT	920	1,115	1,095	1,140	**932**
PBT	721	829	846	1,073	**651**
PAT	514	608	617	764	**461**
PATAMI	519	615	624	771	**463**
FCF	1,325	1,276	1,317	1,364	**1,291**
Financial Ratios					
Return on invested capital[(2)]	23%	24%	24%	22%	**19%**
Net debt/EBITDA (times)	1.2	1.5	1.5	1.7	**1.8**
Revenue growth	9%	5%	2%	(1%)	**(1%)**
EBITDA margin	35%	35%	32%	33%	**29%**
PATAMI margin	10%	11%	11%	14%	**8%**
Earnings per share (sen)	10.0	11.8	12.0	14.8	**8.9**
Dividend per share (sen)[(3)]	11.0	12.0	12.5	12.5	**9.0**
Financial Position (RM m)					
Equity attributable to equity holders of the Company	694	601	623	654	**585**
Total assets	6,731	6,901	6,266	6,848	**6,260**
Total borrowings	3,503	3,805	3,406	3,965	**3,571**
Net debt	2,150	2,826	2,759	3,003	**2,939**

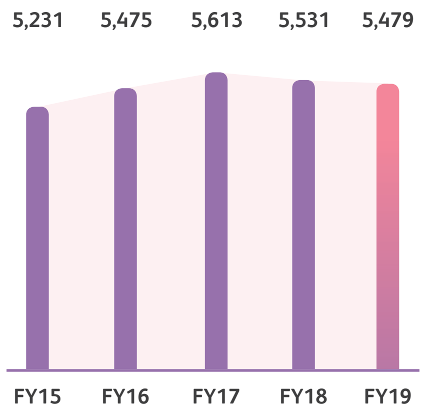
Notes:

(1) *Viewership share is based on Dynamic Television Audience Measurement ("DTAM") deployed by Kantar Media since FY17, FY16 comparative has been restated accordingly*

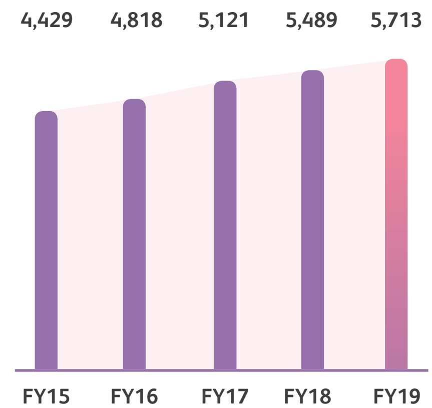
(2) *Formula based on EBIT metric, prior years' comparatives have been restated accordingly*

(3) *Dividend per share consists of interim and final dividends declared and proposed post-IPO in respect of the designated financial years*

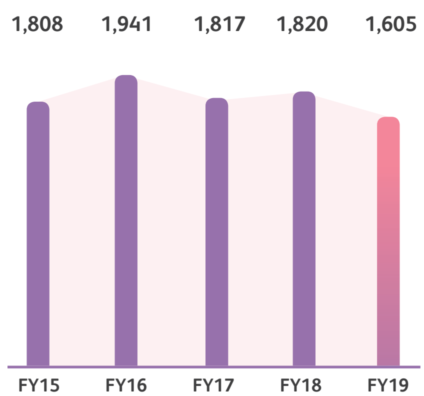
Revenue
Financial Year Ended 31 January (RM m)



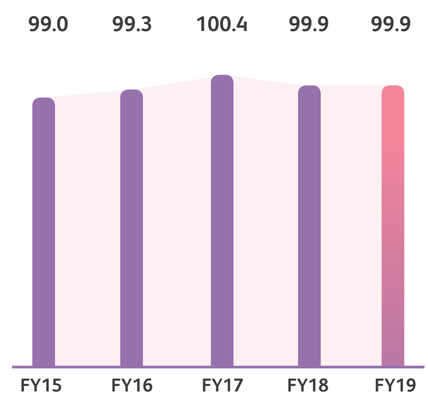
TV Households
Financial Year Ended 31 January ('000)



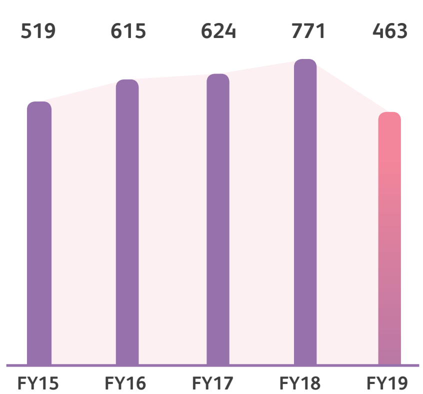
EBITDA
Financial Year Ended 31 January (RM m)



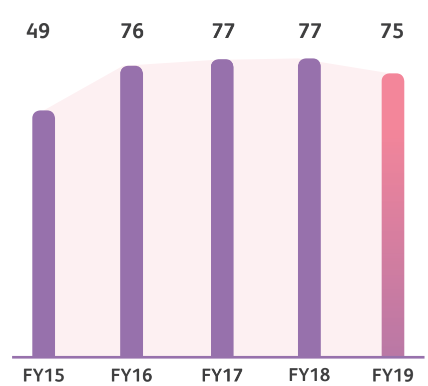
ARPU
Financial Year Ended 31 January (RM)



PATAMI
Financial Year Ended 31 January (RM m)



Share of TV Viewership[1]
Financial Year Ended 31 January (%)



Note:

[1] *Viewership share is based on DTAM deployed by Kantar Media since FY17, FY16 comparative has been restated accordingly*