

Chairman's Statement



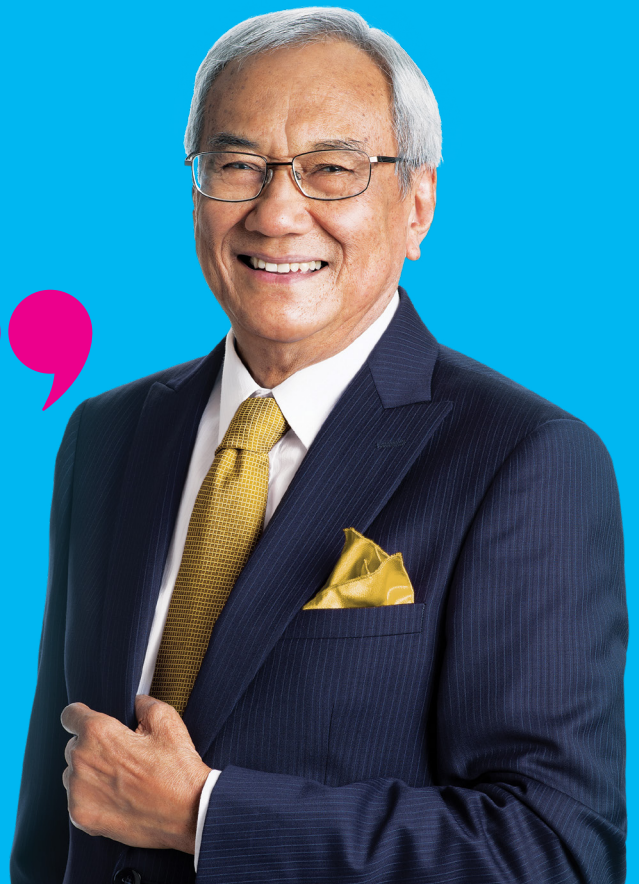
Dear Shareholders,

FY20 has been a busy and productive year for Astro as we rolled out many new innovative products and solutions across business lines to meet the needs of our discerning and diverse customer base, both households and individuals alike. In the middle of digital upheavals reshaping the media landscape, we delivered positive FY20 financial performance, underpinned by a disciplined focus on operational efficiencies.

We expect digital shifts in media and content businesses to accelerate with the streaming wars now upon us. Amid such unprecedented competition, content disintermediation and democratisation, rampant piracy and changing customer behaviour, Astro remains committed to delivering long-term shareholder value by leveraging our extensive market reach and position as Malaysia's leading content creator.



Tun Dato' Seri Zaki bin Tun Azmi
Independent Non-Executive Chairman



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In FY20, Astro invested over RM360 million in local production and commissioning, providing an avenue for local talents to hone their artistic and creative skills. The quality of local productions continues to improve, resulting in a surge in demand for local films

Resilience amid digital disruption

Astro delivered resilient earnings and a strong free cash flow ("FCF") underpinned by our highly cash generative business, enabling us to consistently declare and pay quarterly dividends to shareholders. With the heightened uncertainty arising from the unprecedented COVID-19 situation, our Board decided to moderate the fourth interim dividend to 1.5 sen per share, compared to 2.0 sen in the three previous quarters. Total dividend declared in respect of FY20 amounted to 7.5 sen, equating to a dividend payout ratio of 60%, which is a departure from Astro's dividend policy of paying at least 75% of consolidated profits. While this was not an easy decision for us, we believe this prudent approach to be best for our business at this juncture in view of the uncertain and challenging outlook to conserve liquidity and strengthen our balance sheet.

Since IPO, we have rewarded our shareholders with dividends totaling over RM4.0 billion.



Astro Shaw's collaboration with Animonsta led to BoBoiBoy Movie 2 beating Hollywood titles with box office sales of RM30 million

Dividend per share

FY18	FY19	FY20
12.5 sen	9.0 sen	7.5 sen

Cumulative dividend declared since IPO

FY18	FY19	FY20
RM3.1b	RM3.6b	RM4.0b

Dividend payout ratio

FY18	FY19	FY20
85%	101%	60%

Direct contribution to GDP

FY18	FY19	FY20
RM2.2b	RM1.9b	RM2.0b

Media's crucial role within the community

Media plays a key role in informing and educating the community, with enhanced connectivity facilitating almost instantaneous delivery of content. Leveraging our ability to amplify responsible themes, we broadcast 8,500 hours of public service announcements in FY20 across all platforms, focusing on social, civic and environmental issues including anti-piracy, anti-bullying and climate change.

We are committed towards the development of Malaysia's homegrown media ecosystem, encapsulating content production, talent development and content distribution, fuelled by the nation's inherent cultural and linguistic diversity. In FY20, Astro invested over RM360 million in local production and commissioning, providing an avenue for local talents to hone their artistic and creative skills. The quality of local productions continues to improve, resulting in a surge in demand for local films. We are excited to report that local movies' Gross Box Office ("GBO") crossed the RM100 million mark for the second year running, with Astro capturing a 50% share.

In conducting our business, Astro also collaborated with over 12,000 local partners and vendors and provided creative advertising solutions to over 1,800 corporations and media houses. Our business has contributed directly and indirectly to Malaysia's economic development in terms of employment and tax, and through induced spending. We estimate that our direct contribution towards Malaysia's GDP amounted to RM2.0 billion in FY20.

Technology, while democratising access to content and services, has also made piracy more rampant worldwide. Piracy is essentially theft and presents a serious threat to users in the form of personal data breach and financial losses from pernicious malware. Piracy impedes creativity by diverting revenue rightfully belonging to content producers, in favour of criminal syndicates and those who neither invested in nor contributed to the production of legitimate content. We fully support all countermeasures for copyright infringement and continue to work closely with regulators including the Malaysian Communications and Multimedia Commission ("MCMC"), the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP), the Royal Malaysia Police and the Royal Malaysian Customs Department in tackling digital piracy and educating the public to consume only legitimate content.



We provide a platform for local talents to develop their creativity and skills in our local signatures like Gegar Vaganza

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Malaysia's first mixed martial arts movie Sangkar was a box office blockbuster

Sound corporate governance practices

In exercising its fiduciary duties, our Board is committed to ensuring that our business is conducted in a fair, responsible and ethical manner. Our Board upholds high standards of corporate governance ("CG") and international best practices in accordance with the Malaysian Code on Corporate Governance 2017 ("MCCG"), working closely with Astro's Senior Leadership Team ("SLT") to ensure effective and consistent adoption of risk management, governance and compliance strategies. As a testament to our

commitment, Astro ranked 13th for Overall CG and Performance and 18th for CG Disclosures among 866 Malaysian public listed companies assessed for the MSWG-ASEAN Corporate Governance Awards 2018, as announced in July 2019.

Board diversity plays a crucial role in shaping the corporate agenda and enhancing governance through the sharing of values, knowledge and experience. In acknowledgement thereof, our Board comprises members of varying backgrounds, capabilities, gender and age to facilitate constructive debate during the strategic decision-making process. Our governance, risk management and compliance policies are detailed in the Corporate Governance Overview section of this Integrated Annual Report 2020 ("IAR2020").

Community-focused sustainability initiatives

As a content provider serving all Malaysians and in line with our corporate value of inclusivity, Astro's sustainability initiatives are primarily community-focused. Long-term programmes are run by Yayasan Astro Kasih, our foundation set up in 2012, based on the four main pillars of lifelong learning, community development, sports and environment.

We believe that every child has a basic right to education, regardless of background or circumstance. To ensure equal access to quality learning materials, our Kampus Astro learning platform has been made available for free to all government schools as well as 76 pediatric and oncology wards, Schools in Hospitals and military hospitals in Malaysia. Through this platform, we provide 17 local and international learning channels for all teachers and students to access. To facilitate students' access to schools, we provide hostel accommodation for students proximate to three remote schools in Sabah and Sarawak, namely SK Magandai, SK Malinsau and SK Sg Paku. We also provide learning materials such as reference books as well as stationery to aid them in their educational pursuits.

Kampus Astro champions education by ensuring equal access to quality learning materials for teachers and students



More than 70% of our junior national players have graduated from Astro Kem Badminton

Through our Pay-TV and NJOI platforms, we provide complimentary access to Tutor TV, the only 24-hour academic learning channels in Malaysia. These three channels provide supplementary learning resources for school students preparing for major national examinations. We invest around RM8 million yearly to ensure these channels are consistently updated to reflect the current national syllabus given this is an essential resource for all students, especially for those with limited internet access.

We continue to harness the powerful ability of sports to unite and inspire. FY20 marked the eighth instalment of our annual Astro Kem Badminton with 2,698 children participating in six selection camps nationwide. Held to unearth badminton prodigies and cultivate promising young talents, Astro Kem Badminton has seen participation from over 16,000 children since its inception. In FY20, 30 youth shuttlers were ultimately selected for a two-week intensive training camp with the Nippon Badminton Association in Japan, where participants honed their skills and techniques under the guidance of world-class coaches, in the hope of donning national colours one day. Of the current batch of 77 junior national players, more than 70% have graduated from Astro Kem Badminton.

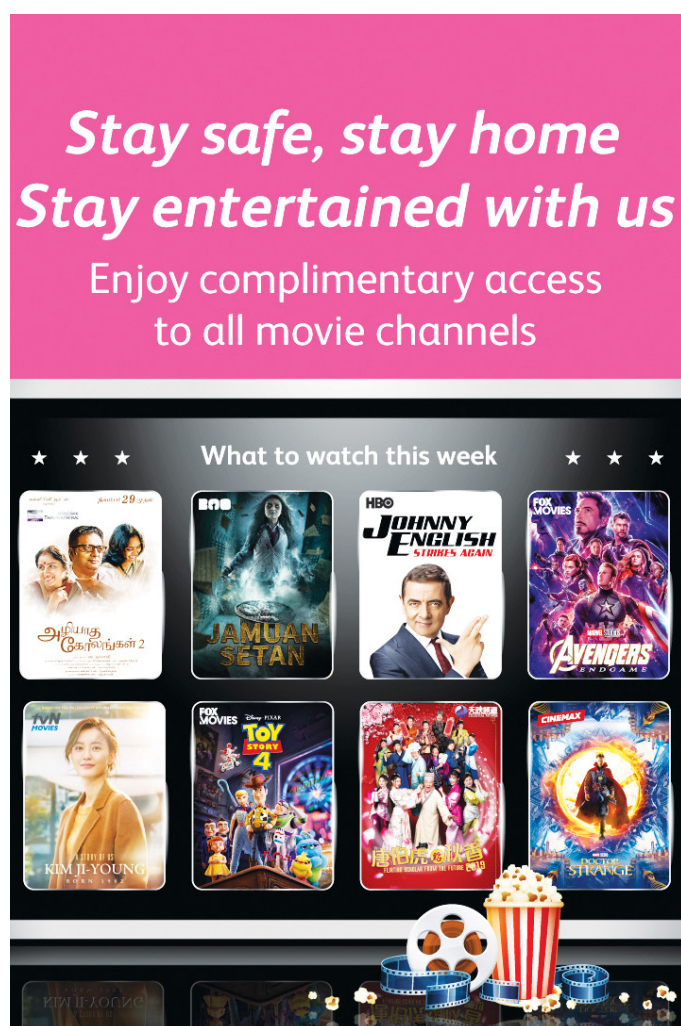
Forging ahead

We embrace new opportunities that emerge with the deepening fragmentation of the media industry. Inundated with choice, customers seek simplicity, gravitating towards a familiar, trusted brand that can meet their entertainment needs at home and beyond. This is Astro's role. Our goal is to serve our viewers, listeners, shoppers and adex clients better by enhancing customer value proposition across all products and services.

As I write this, the world is grappling with the containment and repercussions of the COVID-19 pandemic. Malaysia's own experience highlights the government's heavy reliance on legitimate media, such as Astro, to not only disseminate crucial information to the public in times of national crisis, but also discredit fake news that abound on social media. Our platform across TV, radio and digital helped amplify various government agencies' messaging related to COVID-19 during the ongoing Movement Control Order (MCO) to ensure that the tireless efforts of our medical frontliners, as well as police and armed forces mobilised, are not in vain.

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Astro made available complimentary channels to customers and offered our streaming service Astro GO to all Malaysians to keep them entertained during the MCO period. These initiatives were well-received, with increased viewership seen across our TV channels and substantial new users on Astro GO. With schools closed nationwide, we helped students continue with their studies through Astro's three Tutor TV channels and educational programmes aired on TV Okey, a free-to-air ("FTA") channel available on our platform, benefitting all students.



All movie channels were made available to Astro customers during the MCO period

While the economic impact of COVID-19 is likely to be felt long after the pandemic subsides, Astro will continue to inform, educate and entertain as the nation rebuilds.

Acknowledgement

On behalf of Astro's Board of Directors, I would like to thank all our esteemed customers, shareholders, business partners and vendors for their unwavering support and confidence in Astro year after year.

My deepest appreciation goes to the Ministry of Communications and Multimedia Malaysia (KKMM), MCMC, KPDNHEP and other government authorities as well as industry players for their shared vision and commitment towards developing and strengthening the local content ecosystem. While the local content sector shows great promise for export, much needs to be done to nurture this budding industry and protect intellectual property. Foremost is to alleviate piracy, which is the collective responsibility of every single stakeholder.

I am fortunate to have on the Board with me a group of exceptional individuals. To my fellow Directors, my sincere gratitude for your counsel and support. Thank you also to Richard Freudenstein, Shahin Farouque and Vernon Das for their contributions to Astro during their tenure on our Board. I am pleased to welcome Nik Rizal Kamil to our Board, and I look forward to us working together to drive Astro to greater success.

Finally, I would like to thank Team Astro for their unwavering commitment to go beyond in serving Malaysians. A special note to Astro frontliners from our TV, Radio, Broadband and Go Shop units who worked on-premise to ensure uninterrupted Astro services during the MCO period – the Board and I would like to express our deepest appreciation for your contributions in keeping Malaysians informed and entertained during these unprecedented times. Let us all strive to achieve our vision for Astro to be the Entertainment Destination for Malaysians.

Tun Dato' Seri Zaki bin Tun Azmi

On behalf of the Board of Directors