

# Chairman's Statement

## Dear Shareholders,

FY21 has indeed been an unprecedented year, with the world embracing the new normal as it grapples with the repercussions of the COVID-19 pandemic. With borders closed and travel restrictions imposed across the globe, many families and businesses worldwide have been impacted.

Malaysia was not spared. As economic activities came to a standstill during the Movement Control Order ("MCO") in March 2020, Astro kept Malaysians informed and entertained with uninterrupted service to homes, individuals and enterprises. We also supported local film producers who were unable to premiere their movies at the cinemas during the MCO by showcasing their movies on Astro First. During this difficult time, we helped SMEs market their goods and services through our radio, digital and e-commerce platforms. With schools closed, students were still able to continue their lessons on our Astro Tutor TV channels.

As the nation's leading content creator, we contributed towards the sustainability of the local media industry, helping Malaysians sustain their livelihood and fulfil their infotainment needs during these challenging times.

## Tun Dato' Seri Zaki bin Tun Azmi

Independent Non-Executive Chairman



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**We seized new opportunities for revenue growth as we saw the acceleration of digitalisation, especially in e-commerce**  
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## Chairman's Statement

The pandemic presented new opportunities for revenue growth arising from the acceleration of digitalisation, especially in e-commerce. Meanwhile, our Pay-Per-View home cinema offering Astro First emerged as the main distribution platform for producers as cinema closures hampered the premiere of local movies.

### RESILIENT PERFORMANCE AMID A CHALLENGING BACKDROP

Amid continuing shifts in media trends, muted economic outlook and ongoing acts of piracy, Astro displayed resilience and agility to deliver positive financial performance in FY21, underpinned by a strong set of core operational strategies.

Supported by our highly cash generative business and disciplined cost management, we recorded free cash flow ("FCF") of RM1.3 billion. This has been crucial for Astro in weathering uncertainties arising from the pandemic and has allowed us to continue paying quarterly dividends in FY21, against a backdrop where many corporates moderated theirs. Astro declared 1.0 sen per share interim dividend in the first quarter and raised this to 1.5 sen per share in subsequent quarters as business gradually picked up upon the relaxation of lockdowns. A final dividend of 2.5 sen per share has been proposed, subject to shareholders' approval in the upcoming AGM. In total, Astro rewarded shareholders with a full year dividend of 8.0 sen per share, representing 77% of FY21 PATAMI, consistent with our dividend policy of paying out at least 75% of PATAMI.

Since our IPO in 2012, Astro has distributed over RM4.5 billion in dividends. We are focused on executing our strategies, while prudently managing cost, to enable us to reward our loyal shareholders through dividends and reinvest in our business to capture new opportunities.

### ASTRO'S SOCIAL IMPACT

As a responsible corporate citizen, Astro contributed an estimated RM1.8 billion towards the Malaysian economy, in terms of employment, taxes and induced spending in FY21. In reality, our social impact extends far beyond this headline number.

With our local media industry reeling from content production halts and local talents impacted by loss of jobs, we supported the local media ecosystem by deepening our investment in local content. In FY21, we produced and commissioned over 9,000 hours of content, worth over RM320 million. This provides an avenue for local creators to showcase their creative skills, while promoting Malaysia's diverse culture and content.

### Dividend per share

<b>9.0</b> sen	<b>7.5</b> sen	<b>8.0</b> sen
FY19	FY20	FY21

### Dividend payout ratio

<b>101%</b>	<b>60%</b>	<b>77%</b>
FY19	FY20	FY21

### Direct Contribution to GDP

<b>RM1.9</b> b	<b>RM2.0</b> b	<b>RM1.8</b> b
FY19	FY20	FY21

***We deepened our investment in local content to support the local media ecosystem and provided an avenue for local content creators to showcase their creative skills***

In the advertising space, we partnered with over 10,000 vendors to produce creative advertising solutions for 1,300 corporations. Recognising the tough economic situation faced by many SMEs, we utilised our advertising reach to offer marketing solutions and special advertising packages for SMEs across TV, radio and digital through our SME360 campaign. We also introduced the Go Shop Bazaar, a dedicated webpage offering free listing for local SMEs to market their goods and services to Go Shop's 2.8 million customers.

As the country's leading media company, we kept Malaysians informed and entertained throughout the crisis. As soon as the MCO was announced, we made available additional content for free, not only to our customers but to all Malaysians via Astro GO. Meanwhile, our 24/7 news brand Astro AWANI kept Malaysians up to date on the latest news and was voted as Malaysia's Most Trusted News Brand for the third year running.

Our extensive multiplatform reach puts us in a unique position to influence, educate and raise civic awareness among Malaysians. In FY21, we allocated over 16,000 hours of public service announcements ("PSA") airtime across our platforms to amplify topics including health and safety amid COVID-19, environmental conservation, social issues as well as national unity.

### INVESTING IN YOUTHS AND COMMUNITY

Astro engages with the local community throughout the year both at the corporate level as well as via our foundation, Yayasan Astro

Kasih. With a budget of RM4 million in FY21, Astro Kasih focused on various long-term community programmes with lasting impact, guided by the four key pillars of lifelong learning, community development, sports and environment.

We have been championing equal education opportunities for children over the past decade through our Tutor TV and Kampus Astro initiatives. Our three 24/7 Tutor TV channels have been a boon to students learning from home, especially for those who lack supplementary learning materials and access to the internet. Available for free across Pay-TV, NJOI, On Demand and Astro GO, we invested RM7 million in FY21 to refresh Tutor TV content to reflect the current national school syllabus and curate dedicated content to assist students in revising for key national examinations. With schools closed for much of the year, we partnered the Ministry of Education (KPM) to broadcast over 280 new episodes of TV Pendidikan on our Tutor TV channels.



*Championing equal education opportunities with Tutor TV and Kampus Astro*



## Chairman's Statement



*Supporting students with quality academic learning content on Tutor TV*

Meanwhile, through Kampus Astro, we provide a total of 16 complimentary learning channels to over 10,500 government schools and 76 paediatric and oncology wards, Schools in Hospitals and Military Hospitals in the country. This benefits over 5 million Malaysian students and 400,000 schoolteachers annually who are able to utilise these materials to support classroom learning and online lessons.

Another Astro Kasih initiative is our three student hostels for SK Magandai, SK Malinsau and SK Sg Paku, located in the deep interiors of Sabah and Sarawak. These hostel facilities save 220 students over 190,000 hours of daily average commute in a normal school year. We also supplied food and daily essentials to families in these locations during the pandemic. Five new hostels and one youth centre were added to the Kampus Astro family in FY21 as part of our partnership with Starfish Foundation Malaysia, who share our vision of educating and empowering communities in East Malaysia.

As a strong advocate of sports, we have been organising our flagship Astro Kem Badminton programme annually since 2012 to identify and unearth promising young shuttlers. To date, over

16,000 children have benefitted from the programme and we are proud that over 65% of the current Malaysian junior national team are alumni of Astro Kem Badminton. Given the circumstances, Astro Kem Badminton in 2020 was postponed for the safety of all participants and coaches. We pivoted to engage with our Kem Badminton Alumni virtually instead and look forward to resuming Kem Badminton as soon as the necessary approvals are obtained from the authorities.

We also took the opportunity to repurpose funds set aside for Kem Badminton for other community development programmes including the repair and maintenance of our hostels, and contribution of school supplies such as laptops, books, shoes and uniforms for children in the remote villages of Sabah and Sarawak.

### COMMITMENT TO SOUND CORPORATE GOVERNANCE

Our Board strongly believes that good corporate governance (CG) practices are crucial in safeguarding our Group's long-term sustainability and remains committed towards a high standard of CG shared wisdom in steering our Group forward.

Our Board discharges its fiduciary duties and responsibilities in accordance with the Companies Act 2016 guided by four main principles of fairness, transparency, accountability and responsibility. I am pleased to share that Astro has been recognised in the 2019 ASEAN Corporate Governance Scorecard Awards, for the second time running.

Board diversity remains fundamentally crucial as a competitive differentiator for strategic guidance, balanced experience, fresh thinking as well as effective monitoring of management for the company. Our Board consists of members from diverse backgrounds and ethnicity, expertise, age and gender to steer strategic decision-making. Further details on our governance, risk management and compliance frameworks are detailed in the CG Overview section on pages 115 to 129 of this IAR2021.

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***Our Board strongly believes that good corporate governance practices are crucial in safeguarding our Group's long-term sustainability***

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*Astro First emerged as the main platform for local filmmakers to premiere their movies like Mael Totey The Movie as the pandemic shuttered cinemas*

### SUSTAINING THE LOCAL MEDIA INDUSTRY

As our nation's economy contracted in 2020 with GDP moderating 5.6%, the local media industry is also weighed down by piracy that remains unchecked. Our Board and Team Astro would like to urge all parties, be it our shareholders, business partners and regulatory authorities, to join forces against piracy as piracy disincentivises, causes significant economic leakages at the expense of our country and deprives our local content creators from earning a respectable living from their artistic labour. Every small step counts.

Although internal initiatives to safeguard Astro's IPs are in place, eradication of piracy to ensure that only responsible and legal content is streamed requires collaborative efforts of all parties from content providers, broadcasters, regulators, authorities and consumers, to telcos, internet service and e-commerce providers.

Existing regulations have unfortunately struggled to keep pace with evolving business models and technology, allowing illegal operators to free ride on the back of the connectivity superhighway. There is an urgent need for an enhanced legal framework and enforcement efforts by the government as strong rule of law and execution are essential to preserve long-term sustainability of the local media sector.

### NAVIGATING AHEAD

As we navigate through this pandemic, we are focused on deepening our reach and engagement across homes, individuals and enterprises, underpinned by our ability to create winning and compelling content that Malaysians love. We will continue to entertain, inform and educate while enhancing our ESG practices to create long-lasting positive impact to our community and environment.

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### ACKNOWLEDGEMENT

On behalf of the Board members and Team Astro, I salute our government and frontliners for their tireless efforts in safeguarding the well-being of all Malaysians during the COVID-19 pandemic. I would also like to record my gratitude towards the Ministry of Communications and Multimedia Malaysia (KKMM), Ministry of Domestic Trade and Consumer Affairs (KPDNHEP) and other government authorities as well as industry peers for their collaboration and commitment towards the shared vision of sustaining and strengthening the future of our local media industry.

To Nik Rizal Kamil, who stepped down from our Board in January 2021, thank you for your contributions to Astro during your tenure. I am also pleased to welcome Kenneth Shen to our Board. To all my fellow Directors, I am grateful for your unwavering support and counsel, and look forward to us working together to drive Astro to greater heights in the coming year.

This year marks a milestone for Astro as we celebrate our silver anniversary. We owe our success to our customers, shareholders, business partners, vendors and friends. Thank you for your patronage, support, friendship and confidence in us.

Last but not least, I would like to express my deepest gratitude to Team Astro, especially to Astro's frontliners including AWANI, Customer Service, Broadcast, Radio and Go Shop teams who have unflinchingly kept Malaysians informed and entertained during these trying times. Though these are challenging times, let us embrace new opportunities together to solidify our position as Malaysia's #1 Entertainment Destination.

Stay safe and keep up the #kitajagakita spirit.

**Tun Dato' Seri Zaki bin Tun Azmi**

On behalf of the Board of Directors



*Showing our support and care to frontliners through our #WiraKita campaign*