
GCEO's Statement

Dear shareholders,

FY22 has been a game-changing year for Astro, with many firsts achieved as we reinvent entertainment in Malaysia to address headwinds within the vibrantly competitive media landscape.

Key to this was the launch of the all-new Astro experience, powered by compelling content, refreshed technology and a winning team to deliver a truly premium product for increasingly discerning customers. The momentum will continue into FY23 as Astro powers up its adjacent growth by becoming an internet service provider ("ISP") with the launch of our new Astro Fibre service, as well as the full-scale rollout of our addressable advertising proposition – the first in Southeast Asia.

“
We accelerated our transformation plans to realise our vision to be Malaysia's No.1 Entertainment Destination
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Henry Tan

Group Chief Executive Officer



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Offering the biggest entertainment all in one place with the new Astro experience

Streaming aggregation gathering pace

In FY22, we doubled our streaming services to six, with Disney+ Hotstar, Netflix and TVBAnywhere+ joining our existing Astro GO, HBO GO and iQIYI, with more to come in FY23, strengthening Astro as Malaysia's go-to streaming destination.

Accenture's 2021 report titled 'Streaming's Next Act: Aggregators to play a starring role in making consumers happier' reaffirms our aggregation strategy. According to this report, 60% of consumers polled globally considered the process of navigating between different streaming services frustrating, 63% balked at the expensive subscriptions, and consumers overall felt that more than 60% of the content available on the five major streaming services are not relevant to them.

The takeaway is that we must continue to champion simplicity and put consumers at the heart of our business. The all-new Astro experience addresses these issues by offering a seamless and holistic experience and better-valued bundles under a single bill. With our streaming partners' content now available on our Ultra and Ulti Boxes, Astro customers can enjoy all their favourite shows in one place on the big screen, eliminating the hassle of switching between apps.

Serving all Malaysians through Astro, NJOI and sooka

We now offer three distinct content services to cater to the different preferences of Malaysians. On top of Astro, our premium Pay-TV brand and NJOI, our prepaid TV offering, we launched our standalone freemium streaming service, sooka, in June 2021. Curated for Malaysian millennials with a mobile-first lifestyle, sooka offers the best of live sports, popular local entertainment and exclusive sooka originals at competitive price points.

sooka quickly emerged as the No.1 Entertainment app in Google PlayStore within two weeks of its launch. To date, sooka has achieved over 1 million app downloads with a content library of more than 10,000 hours. In response to customer demand, sooka is now available on the big screen via selected Smart TVs for those wanting a 'boxless' streaming alternative.

sooka is strategically important as we have full control over its content mix, marketing, pricing, distribution and technological evolution, enabling us to adapt quickly to changes in consumer preferences and competitive forces. The upside for sooka is promising, particularly in digital advertising ("digidex") once a loyal following has been firmly established.

Combined, our three distinct services extend our reach, enabling us to deliver a great entertainment experience to customers across all segments on big and small screens.

Launch of Astro Fibre

Buoyed by the strong demand for connectivity as Malaysians worked and studied from home for much of the year, our content-broadband bundles did well with take-up increasing 58% year-on-year. Our existing content-broadband bundles in partnership with Maxis, TIME dotCom and Allo Technology offer customers connectivity with speeds of up to 1Gbps at great bundled rates.

We now offer three distinct content services to cater to the different preferences of Malaysians. Astro is our premium Pay-TV brand, NJOI offers customers a prepaid TV option while our new standalone freemium streaming service, sooka, serves digital natives

Meanwhile, our collaboration with Telekom Malaysia inked in September 2021 laid the foundation for Astro to be an ISP. With access to Telekom's five million homes passed and leveraging the full suite of their infrastructure and connectivity solutions, we launched our Astro Fibre service in March 2022. We look forward to scaling Astro Fibre through content bundles and standalone broadband to strengthen our digital offerings.

Transforming to be leaner and stronger

Our transformation journey necessitates deeper investments into technology to reinforce Astro's position as an entertainment brand, serving 5.6 million homes, 8,000 enterprises, 17.5 million weekly radio listeners across both FM and digital, 14.0 million digital monthly unique visitors and 3.2 million shoppers.

Besides introducing new simplified plans and packages for our household and enterprise customers, we enhanced the customer journey through the rollout of self-serve initiatives. These efforts to digitise and simplify product and process flows drive agility while ensuring an operating model with improved efficiency and the right cost base optimised for the streaming era.



Collaborating with the Premier League on the 'Boot Out Piracy' campaign in Malaysia



Providing a more immersive experience for sports fans with our 4K HDR offering

Progressing in our fight against piracy

Piracy continues to pose a major threat to the content industry worldwide. We are heartened to see regulators, content partners, and industry players stepping up anti-piracy efforts. We applaud the judiciary for passing several landmark rulings in 2021, denouncing content piracy as theft, illegal, and punishable by law to protect the rightful IP owners; and legislators for recently passing the Copyright Amendment Act 2022 to ensure that digital piracy is properly addressed under Malaysian law, enabling legal action to be taken against sellers of illicit streaming devices (ISD). Astro continues to work with the authorities, content partners, industry, and e-commerce players to raise awareness and combat piracy, which includes our collaboration with the Premier League on the 'Boot Out Piracy' campaign in Malaysia. Focused on educating consumers on the dangers of digital piracy, the campaign highlights risks including age-inappropriate content, disturbing pop-ups, cyber threats, malware and identity theft.

FY22 in review and looking ahead

Despite challenging market conditions which were further exacerbated by the pandemic, dampening business and consumer sentiments, FY22 revenue was resilient at RM4.2 billion, supported by a late recovery in advertising (adex) and the enterprise business as social restrictions eased towards year end. MAT ARPU is at RM97.2, up 30 sen year-on-year primarily due to the introduction of our new TV packs and broadband growth.

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FY22 was a major sporting year featuring major events such as UEFA Euro 2020 and Olympic Games Tokyo 2020 that were postponed due to COVID-19. The higher sports content cost, resulted in EBITDA moderating 13% to RM1.3 billion, while EBITDA margin was at 31% underpinned by disciplined cost control. PATAMI moderated by 15% to RM461 million while normalised PATAMI, that took into account unrealised forex losses from USD-transponder lease liabilities, dipped by 11% to RM474 million. Our business remains cash generative with free cash flow ("FCF") of RM692 million, backed by sound capital management decisions.

Our transformation efforts are focused on ensuring that Astro keeps pace as the world pivots towards streaming and digital. Capital expenditure ("Capex"), which include set-top box Capex, almost doubled to RM433 million to support our investments into streaming, as well as enhancing set-top-box functionalities, data and addressable advertising. Following the retirement of the MEASAT-3 satellite in mid-2021 subsequent to a technical outage anomaly, we have obtained several replacement transponders on the MEASAT-3b satellite to support our service, and will be leasing new transponders on the MEASAT-3d satellite that is slated for launch in 2022.

Overall, the nation's economy is expected to recover in FY23 as movement restrictions are increasingly relaxed, supported by the transition to endemicity and increasing vaccination coverage among Malaysians. This is expected to have a positive impact on businesses and households, boding well for our advertising and enterprise businesses; including much awaited on-ground events. However, the recovery is expected to be uneven, with headwinds in the form of potential new COVID-19 variants emerging, inflation and potential rate hikes impacting consumer sentiments as well as spillovers from in-country political and global geopolitical events.

Winning local content as our strategic differentiator

Our ability to consistently produce a compelling content pipeline at scale, even during such challenging times, truly differentiates us from other content players and reinforces local vernacular content as our strategic differentiator.

Despite lockdown restrictions hampering content productions for much of FY22, we remained Malaysia's top content creator with over 11,000 hours of homegrown content produced and commissioned during the year.

Our customers stayed engaged, spending over four hours daily watching Astro across TV, On Demand and Astro GO. On Demand shows achieved new highs with 530 million shows streamed, a significant 139% increase. Customers spent over 70% of their time watching vernacular content, contributing to our high viewership and advertising revenue. We will continue to deepen investments into local content.

We continue to raise the bar for local content with 2021's No.1 local megadrama, *Rindu Awak Separuh Nyawa* achieving 2.5 million TV viewership and 7.9 million streams across On Demand and Astro GO. New content concepts exploring bolder storytelling to serve the growing demand for fresh and edgy content attracted younger audiences through the likes of *All Together Now Malaysia* and Astro Originals such as *Projek: Anchor SPM, i-Tanggung, Dukun Diva, Scammer and The Maid*. Astro emerged as the No.1 destination during the major 2021 Hari Raya festive season with customers streaming 6.8 million On Demand shows, five times higher than the previous year, capturing 80% of the Malay audience share.



Working with renowned industry talents to elevate our content offerings

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Projek: Anchor SPM is the most watched series on Astro GO and On Demand

Evening Edition and *2000 Prime Talk* remained our top Chinese news IPs, engaging audiences with the latest news and unbiased analysis daily. Meanwhile, *Tamilechumy 2* set a new milestone as it emerged as the No.1 local Tamil drama of all time.

Working closely with renowned producers and promising talents, we continue to push our productions to greater heights while creating more exportable IPs. This includes collaborations with acclaimed directors, Chiu Keng Guan for *On Your Mark*, which topped China's box office on the day of its premiere, and Wan Hasliza for the creation of *i-Tanggung*, the most thrilling series On Demand.

Meanwhile, a steady local movie pipeline benefitted Astro First, our home cinema offering. Astro First provides local producers with a platform to premiere their movies directly to our customers. Back-to-back first-run films including *18 Puasa Kampong Pisang*, which became the No.1 local film in Malaysia, alongside *Penunggang Agama 1 & 2*, 2021's highest grossing local horror film franchise, solidified Astro First's position as Malaysia's largest home cinema.

Complementing our strong vernacular content slate, we aggregated the best content from around the globe, ranging from top-rated K-dramas like *Penthouse 3* to the latest global

movie premieres such as *The Conjuring 3*, *Space Jam* and *Cruella*. With Disney discontinuing several FOX linear channels across Southeast Asia in Oct 2021, we took this opportunity to refresh our international and sports offerings with new content including BBC Earth, Paramount, Lifetime, SPOTV as well as On Demand channels BBC First and BBC Brit. Customers can continue to enjoy most of the content previously available on FOX channels on the Disney+ Hotstar app.

Going forward, our content investment will be prioritised towards the creation of local vernacular content and strengthening Astro Originals, supplemented by our partners' regional and international offerings across all platforms.

Sports and more sports

Fans were thrilled with our comprehensive coverage of the UEFA Euro 2020, in which the quarter-final between England and Germany was the most watched match with viewers doubled from UEFA Euro 2016. Uniting the world at a time when people were kept apart by borders closure, the Olympic Games Tokyo 2020 delighted audiences and reached a total of 11.8 million TV viewers. Available exclusively on Astro, the 2021/2022 Premier League season excited fans with the return of star footballer Cristiano Ronaldo to Manchester United, with his debut match attracting the most viewers for a Premier League match in recent years.

As Malaysia's home of sports, we look forward to FY23 with a slate of the biggest sporting events including the much-awaited 2022 FIFA World Cup, the Commonwealth Games, the Asian Games, the SEA Games and the Rugby League World Cup.

Driving premium viewing experience via connected homes

Our technology blueprint and product roadmap reflect our vision to be the No.1 Entertainment Destination for Malaysians. A key element is elevating the premium home viewing experience through our Ultra and Ulti Boxes. These boxes deliver 4K Ultra HD and HD viewing experience respectively with access to our rich On Demand library with over 90,000 titles. This sits alongside some of our Ultra and Ulti Boxes' latest features including Cloud Recording, Play from Start and most recently, Continuous Viewing which allows connected customers to switch from live satellite TV to streaming during heavy downpours, eliminating rain fade issues.

After the launch of the Ulti Box in February 2021, the Plug & Play variants of the Ultra and Ulti Boxes were also released, enabling customers to self-install these Boxes couriered to their homes at their convenience and thus reducing truck roll costs. Capable of running solely on broadband, Plug & Play effectively extends the all-new Astro viewing experience to customers who

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were previously unable or hesitant to install a satellite dish at home. This was developed in response to our experience during the first COVID-19 lockdown in early 2020, where truck rolls for new customers were halted due to the restrictions in place. The Ultra and Ulti Boxes have been well received with over 550,000 installed to date, and the higher engagement has led to reduced churn among these customers.

We set a new standard on premium viewing experience by integrating content from our streaming partners onto the Ultra and Ulti Boxes. We are looking to continuously upgrade and enhance our box functionalities, including introducing multi-user profiles, voice remote and a universal search function. Facilitating content discovery, universal search will enable customers to easily and seamlessly search for content across linear channels, on demand and integrated third-party streaming apps to provide an unbeatable big screen experience.

In terms of an immersive sporting experience, Astro customers were among the first globally to enjoy live sports in stunning 4K HDR and Dolby Atmos on their Ultra Box during UEFA Euro 2020, well ahead of its debut in many other Pay-TV markets. Astro GO's Interactive Mode feature was also launched, allowing customers to instantly replay key events, switch between games and access highlights and player statistics at their fingertips during a live match. Customers loved this new feature, with over 250,000 and 796,000 interactive views recorded during UEFA Euro 2020 and the subsequent Premier League season, respectively.

In November 2021, we revamped our packages, empowering our customers with greater flexibility and choice in terms of content, contract period, and add-on options of broadband and streaming services, ultimately providing customers with better value through our new Astro bundles. With convenience being incredibly important to customers, the new My Astro app enables them to view and pay their bills, chat with our agents, make purchases and keep up with the latest content updates, all in one place.



Offering premium HD entertainment with NJOI HD Pack

Strengthening NJOI Prepaid offering

NJOI Prepaid offers customers free access to 18 TV and 26 radio channels with over 60 channels and bundles packs for purchase. NJOI prepaid revenue was up by 17%, underpinned by expanded packs and distribution. The NJOI HD Pack, introduced in April 2021 at an affordable price of RM15 for 30 days, has been especially well-received, allowing customers to enjoy premium HD entertainment on 10 channels. As an initiative to improve customer service, the My NJOI app was rolled out in the same month, offering an easy and seamless digital platform for content purchases and prepaid top-ups.

Supporting our enterprise customers

Enterprises, including F&B outlets and hotels, experienced reduced footfall and low occupancy rates due to the lockdowns, with some even suffering business closures. Throughout this volatile period, Astro supported these enterprises by allowing for temporary Astro bill suspensions and offering preferential rates for loyal advertising clients.

With the economy on a projected path to recovery and a slew of major sporting events lined up for FY23, we are working with enterprises to drive customer footfall to their premises through an array of flexible content and broadband packages, using data analytics to drive on-ground activations and equipping their premises with Astro branding.

Pioneering audience-based advertising in Southeast Asia

Our advertising business bounced back with revenue up 5% to RM449 million, despite the growth trajectory stalling midway due to protracted lockdowns during mid-FY22. Market share across TV, radex and digidex was at 35%, 77% and 3% respectively.

Cognisant of evolving content consumption habits, we are leveraging our growing capabilities in data to offer corporate clients addressable advertising as part of our integrated advertising solution across all media platforms. This service has so far been rolled out on Video On Demand across Astro GO and Ultra and Ulti Boxes with expansion to linear TV channels across all Astro homes in FY23.

Through addressable advertising, we can simultaneously serve different advertisements to different households and individuals across TV channels, OTT and digital who are watching the same content. This ability to effectively segment customers gives clients quality reach to their target market to drive higher conversions, especially in the context of expanding digital targeting capabilities to TV, which was not possible previously. We are confident that this will unlock a new revenue stream for Astro given the premium rates envisaged for addressable advertising.

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Leveraging data to offer clients quality reach to their target market through addressable advertising

Deepening engagement through digital brands

Our digital brands engage various Malaysian consumer segments through differentiated content offerings focused on news, local entertainment and lifestyle. Collectively, our digital brands hosted a total of 14.0 million monthly unique visitors (“MUV”) in FY22.

Astro AWANI led with 9.3 million MUV and is Malaysia’s most-followed news brand on social media. Gempak, Xuan and Astro Ulagam continued to cement their positions as the No.1 overall, Chinese and Indian digital brand respectively with 4.6 million, 2.6 million and 218,000 MUV. Leveraging these brands’ growing traffic and data, we are confident about scaling our digidex as clients increasingly focus on precision targeting.

Reinventing radio for all things audio

Offering a richer and more immersive experience compared to traditional radio, Astro Radio focuses on the creation and distribution of digital content including on demand podcasts and original videos. We also introduced 60 new localised digital audio brands on the SYOK app in FY22 featuring news channels, podcasts, videos and articles, and added client and brand-specific channels to our audio offerings for the first time. SYOK was awarded the ‘Most Number of Radio Channels on a Mobile Application’ by the Malaysia Book of Records with monthly average users of 367,000 and achieved 821,000 podcast listens monthly. We also partnered with Huawei to launch its personalised audio universe across devices and pre-installed SYOK onto the audio system of Proton cars.

Our 11 leading radio brands continue to grow in popularity with 17.5 million weekly listeners across FM and digital, up 3%. ERA, MY, HITZ and RAAGA remain the top radio brands in the country in their respective language with 5.6 million, 2.5 million, 2.5 million and 1.5 million listeners respectively.

With SYOK, we now offer customised and turnkey branded content solutions to our clients, thus opening up new advertising opportunities and revenue streams.

Leveraging base to drive commerce

The pandemic initially amplified the trend of online shopping with a great many attracted to the convenience and safety offered. However, Go Shop faced several headwinds in FY22 including prolonged lockdowns which had a noticeable adverse impact on household income and spending, sourcing disruptions arising from global supply-chain issues, and lockdown fatigue that drove footfall to physical stores as the economy gradually reopened in the latter part of the year. Hence, despite registering a 12% customer increase to 3.2 million, the commerce revenue moderated by 17% to RM381 million in FY22.

Underpinned by our immersive shopping experience and ability to reach Malaysian consumers across TV, radio and digital, we are hopeful that Go Shop will benefit from Malaysia’s expected economic recovery. We will continue to monitor the changes in consumer preferences, expand our product portfolio mix and leverage data to drive targeted sales and grow our customer base.

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Nurturing talent

Our talent pool is young, dynamic and reflective of our nation's demographics, making them well-poised to serve the next generation of Malaysians. Capabilities and skill sets are honed through training, upskilling and reskilling programmes with online options presently prioritised, supplemented by recruitment of strategic hires, particularly in the areas of data, digital and broadband to drive growth of our ancillary businesses.

Team Astro's safety and well-being remain our top priority and I am pleased to report that over 95% of our team have been fully vaccinated with booster shots to date. With our ongoing experience of working remotely over the last two years, we are considering a hybrid work model as part of Astro's new normal to maximise productivity and employee satisfaction without compromising essential social and organisational connections. We rolled out various programmes internally, including our ongoing collaboration with digital health services provider Naluri to promote mental, physical and social well-being during these difficult times. Our collaboration with Naluri saw over 110 employees completing health and coaching programmes in FY22.

Commitment towards sustainability

At Astro, we are committed to running our business responsibly. ESG commitments encompassing environmental responsibility, positive social impact and good governance are embedded in our strategic priorities and executed by our Group and its foundation, Yayasan Astro Kasih.

As a media company, we have been championing education as our key ESG pillar. This, we believe, is our greatest social contribution. As online learning remained out of reach for many families in Malaysia due to connectivity and financial constraints, TV learning became essential in supporting these students' educational journeys. With a reach of 72% to Malaysian homes, our 24/7 Tutor TV channels and other learning content available across Astro and NJOI helped supplement learning at home. We invested RM7 million in FY22 to refresh our learning content. In FY22, we worked with qualified teaching professionals to develop and launch *SPM PRO+*, a comprehensive learning programme to help students prepare for the national examination. Astro has consistently served fun and entertaining learning content popular among learners of all ages, including the award-winning *Oh My English!* series that focuses on raising English proficiency and edutainment series *SMK Study Squad*, the most-watched academic show with 2.6 million viewers in FY22. Meanwhile Upped, our free online educational portal provides up-to-date learning materials mapped to our national education syllabus.

As the nation's leading media company, we are in a strong position to be a voice for good and agent of positivity for Malaysia. Astro's ability to influence our community and amplify community messaging across TV, radio and digital enable us to make an impactful contribution towards a positive social footprint. In FY22, we aired over 11,600 hours of public service announcements ("PSA") to educate and raise awareness on keeping safe and healthy amid the pandemic, encouraging



SPM PRO+ helps students prepare for the national examination

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Malaysians voted Astro as the top media brand at the Putra Brand Awards 2021

vaccinations, environmental conservation and national unity, while promoting good governance in combating corruption.

Our 24/7 local news platform, Astro AWANI kept Malaysians informed with timely and credible news while discrediting fake ones. We are delighted that Astro AWANI was once again recognised as Malaysia's most trusted news brand for the fourth consecutive year running by Reuters. Astro AWANI's 24/7 linear channel is also available online through social media, ensuring free news access for all.

In conjunction with Hari Kebangsaan and Astro's silver anniversary celebrations, we launched Astro25, a complimentary pop-up channel featuring Astro's exclusive documentaries *Tanah Tumpahnya Darah Kita* and *We Are No Different*, led by award-winning directors to promote unity and patriotism.

Leveraging our multiplatform reach, we extended help to our small and medium-sized enterprises ("SME") through campaigns like #KamiCareMBiz across our TV, radio and digital platforms, and offered preferential advertising rates to help them jumpstart their businesses. In July 2021, our advertising arm, Astro Media Solutions, created and launched the SME360 portal – a one-stop advertising marketing hub offering a full spectrum of bespoke marketing solutions to serve the 900,000 strong SME community in Malaysia. Our Content team also produced and hosted multiple programmes including *Business Talk 4.0* and *Small Business Big Ideas* to promote knowledge exchange and idea sharing among SMEs during these trying times. Our commerce arm, Go Shop extended its e-bazaar webpage supporting SMEs with free listings to market their goods and services to its 3.2 million customers.

Reinventing Malaysian Entertainment

We achieved many firsts in FY22 against a volatile operating landscape. I am proud of the resilience, agility and focus shown by Team Astro in executing our FY22 strategic priorities. My appreciation goes to each and every one.

To our customers, we are grateful for the privilege of serving you. Our twelfth consecutive win at the Putra Brand Awards 2021 in the Media Networks category would not be possible without your enduring belief and support.

To our stakeholders, we thank you for your sustained trust, valued partnership and constructive feedback to help us further improve. We stay committed to upholding this trust today and in the years ahead.

FY22 has seen a radical step change in our product offerings and the way we conduct business. We are on a transformational journey to reinvent Malaysian entertainment — to offer customers an all-new Astro experience, driven by deep content integration, a technology refresh and supported by connectivity. With our journey to reinvent Malaysian entertainment just beginning, and the best yet to come, we welcome "Hello Tomorrow".

Henry Tan

On behalf of Team Astro