

## GCEO's Statement

### Dear Shareholders,

I am sure that all of us welcomed the resumption of business activities and the reopening of international borders after two arduous years of intermittent lockdowns. However, Malaysia, along with the rest of the world, has since been facing a number of macro headwinds that threaten to impede the trajectory of recovery. Households have been grappling with cost of living issues while businesses contend with wage inflation, forex volatility, rate hikes and supply chain disruption.

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*Alongside this, the global media and entertainment ecosystem in which Astro operates continues to undergo significant disruption, both in terms of demand and supply. Consumption habits, content preferences, production methods and formats are all changing rapidly, resulting in a highly vibrant, competitive landscape.*”



**Euan Smith**  
Group Chief Executive Officer



Amid these shifts, Astro is embracing the new streaming and digital world, championing platform agnosticism to be Malaysia's No.1 Entertainment and Streaming Destination. We continue to put in place the structures and architecture that will define the Astro of the future. Our focus is, naturally, ongoing delivery of the best possible content to our customers – anywhere, on any device, whenever they want. At our core, Astro is now a digital, streaming company and our recent moves underline this. Our FY23 transformation playbook was bold, including integration of more of the best global streaming services to strengthen our Pay-TV value proposition, the launch of our own fully-fledged internet service, Astro Fibre, and the deployment of our holistic Addressable Advertising solution – the first such innovation in Southeast Asia.



*Integrating the best streaming apps onto Ultra and Ulti Boxes for an immersive viewing experience*

Our transformation continues apace and we are guided in this volatile market by three priorities. The first is to 'love' our customer base by consistently delivering the outstanding, winning content they demand in an intuitive, convenient way. The second is to accelerate the growth of our new, adjacent businesses, especially sooka and broadband (Astro Fibre), addressing both current and new market segments with increased value and flexibility. The third is to transform our legacy cost base to reflect the new realities of the global Pay-TV market.

As a management team we are focused on the trajectory we have laid out, confident in the future as we start to see the benefits of our transformation initiatives and investments in local content, product, connectivity and customer service, moving the company aggressively into a new era.

#### **Streaming made easy, all in one place**

Our streaming strategy has progressed beyond pure aggregation to the seamless integration of our partners' apps and content onto our flagship Ultra and Ulti Boxes. It has never been easier for Astro customers to stream all their favourite shows in one place through our immersive big screen experience. We are proud to now offer, in addition to our own sparkling slate of content, a total of 10 integrated streaming apps, having welcomed beIN SPORTS CONNECT, BBC Player, Viu and ZEE5 this year.

We are helping customers alleviate streaming fatigue by providing a convenient solution versus the hassle of maintaining multiple individual subscriptions and navigating different platforms to find their content of choice. With these apps neatly packaged as part of our new TV packs and integrated onto our boxes, customers have easy access to

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the best regional and international content alongside our much sought-after local originals and live sports. We'll soon be integrating non-video streaming apps as well, including lifestyle and music apps, to strengthen Astro's position as Malaysia's go-to streaming destination.

### Connecting more Malaysians with Astro Fibre

Having been a reseller of broadband services for three years, last year we took the strategic step of becoming an Internet Service Provider ("ISP") ourselves. Astro Fibre, launched in March 2022, gives us better control over our broadband pricing, marketing and service standards. Customers are taking notice, with Astro winning Gold and being recognised as the Broadband Plan of the Year at the SoyaCincau Awards 2022, beating the major telcos despite being a new ISP.

Broadband is a natural fit for our video business, unlocking our On Demand streaming library of over 110,000 shows and the full functionality of our Ultra and Ulti Boxes, including Cloud Recording and Continuous Viewing, so customers can really enjoy the new Astro experience. Broadband customers grew 34% in FY23, with an overwhelming majority signing up for content bundles. We see sustained demand for connectivity and are very much focused on cross-selling our broadband to both our residential and enterprise customers.

### Full-scale rollout of Addressable Advertising

A key growth driver for us is Addressable Advertising, enabling digital-style targeting on TV. FY23 marked the progressive rollout of Addressable on Linear TV across all Astro and NJOI homes.

With data privacy laws tightening globally amid an impending 'cookieless' world, Astro's Addressable solution offers advertisers a compelling service; the ability to target viewer segments by location, affluence and demographics by leveraging Astro's strong first-party audience data. Addressable has been steadily gaining traction (with a good number of new-to-Astro advertisers coming onboard) and we see the solution eventually emerging as the market norm, consistent with the trend observed in the United Kingdom when the service was first launched over a decade ago. Much remains to be done locally to raise market awareness on the Addressable proposition and benefit of data-driven advertising across all screens and products.

A similar model is also being deployed across our popular audio and digital assets including ERA, MY, RAAGA, HITZ, SYOK, AWANI, Gempak, XUAN, Mingguan Wanita, Keluarga and Rasa. As Malaysia's No.1 radio operator, we are in a strong position to leverage our audience to offer advertisers hyper-localised targeted advertising solutions. Likewise, our well-known array of digital assets can help clients target their preferred audience segments online.

The advertisement for Astro Fibre features a woman in a purple top holding a tablet displaying the Astro GO app. Surrounding her are several movie posters, including 'The Thief', 'The Godfather', 'The Godfather Part II', 'The Godfather Part III', and 'The Godfather: The Final Cut'. The text 'HARI-HARI INTERNET & HIBURAN KENCANG' is prominently displayed in large, bold letters. Below this, it says '50Mbps + Pek Movies'. A price tag shows 'RM 164.99' with a crossed-out 'RM 193.99'. Logos for Astro GO, Disney+, HBO GO, and Astro Fibre are shown. A Wi-Fi router is also depicted. The bottom right corner has a pink button that says 'Langgan sekarang'. The bottom left corner has the text 'Tertakluk T&S'.

Newly launched Astro Fibre is taking the market by storm



### Malaysia's No.1 Entertainment and Streaming Destination

Astro's strength lies in the deep connections we establish with Malaysians. From the 5.5 million homes to 8,900 enterprises, 17.7 million weekly listeners on FM radio and online, 8.4 million digital monthly unique visitors and 3.3 million shoppers. We never take our role for granted, and are continuing to invest in technology and data to digitalise and simplify our products and processes, to elevate our customer experience.

Our Group now deploys three distinct video offerings to serve Malaysians' varied needs, comprising our premium Pay-TV offering, Astro; our prepaid 'dip in' TV option, NJOI; and our standalone freemium OTT app, sooka. Built for millennials, sooka provides a convenient video streaming solution on mobile and smart TVs, a different, flexible way to experience our great content. sooka's viewing time has surpassed the 1 billion minutes mark now, a promising result underpinned by its attractive interface, commitment-free plans and exciting content anchored around originals and live sports. The World Cup 2022 provided a boost to sooka, with sales of World Cup passes exceeding our internal targets and a quarter of sooka users watching the live matches on smart TVs. As streaming gains momentum, we look forward to making sooka much more accessible to all Malaysians via the highly attractive price points that we have recently launched into the market, and by continuing to promote key local sports such as football, badminton, netball and volleyball.

### Owning local content and live sports, aggregating the rest

Great content underpins our video offerings across Astro Pay-TV, NJOI and sooka, with local and live sports being especially key. In a market where local and vernacular content dominate 75% of all viewing, Astro's position as the nation's top content creator able to deliver a strong slate of engaging local shows at scale sets us apart. The 10,300 content hours we produced and commissioned in FY23 centres around live signatures, comedies, news, local sports, and Astro Originals – our premium local scripted dramas that leverage Malaysia's rich trope of untold stories.

With our high-quality pipeline of Astro Originals and local signatures driving On Demand viewing, customers streamed 660 million shows On Demand, up 25% year-on-year, while Astro GO Monthly Active Users (MAU) rose 10% to 581,000. Astro Original series *Projek: High Council*, which recounted a gripping tale in a boarding school, quickly emerged as the most popular show ever (locally or otherwise) On Demand, with thousands of fans flocking to meet-and-greet sessions with the cast. Other Astro Originals have been similarly well received, including *One Cent Thief*, our drama inspired by an infamous 1980s millionaire banker; our local adaptation of the hit British drama *Liar*; and *The Patient*, our Chinese-language drama portraying the discrimination and prejudices faced by a HIV patient, written by the award-winning writer of *Ola Bola*, Chan Yoke Yeng. Meanwhile, our local signatures including the *Gegar Vaganza* and *Masked Singer* franchises again proved popular both on TV and online, anchoring our adex proposition with their high viewership. Our commitment is to continue to prioritise investments in local content, raising the bar of Malaysian storytelling and 'leading in local'.



Breaking all records and emerging as the most popular On Demand show of all time



Inspired by a true Malaysian story on financial crime, *One Cent Thief* captivated fans from all walks of life

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*Leveraging the World Cup 2022 to engage fans on-ground while driving footfall to our enterprise customers' premises*

Meanwhile, we remain Malaysia's undisputed Home of Sports, bringing the biggest and best live sporting action to audiences. In early 2023, we inked a partnership with the Malaysian Football League (MFL), making Astro the official broadcaster of Liga Malaysia until 2025. This is an exciting new undertaking, with football the nation's favourite sport and local sports more popular among our viewers than international events. We are committed to building the Malaysian game over the next three seasons, bringing Liga Malaysia live in HD on match days and providing quality coverage such as new feature shows, training, podcasts and behind-the-scenes footage to drive fan engagement.

FY23 was a bonanza year for sports fans, as we aired the Commonwealth Games, Winter Olympics, Hanoi SEA Games and the exciting FIFA World Cup 2022 in Qatar with all 64 matches live in 4K HDR and HD. Astro had a great World Cup, with our coverage informative and engaging, our delivery flawless - whether on screen, on box or on apps, and huge turnouts at our on-ground events. Viewers tripled on Astro GO compared to Russia 2018, while World Cup matches dominated viewing on our Ultra HD channel. We were also delighted, during the year, to secure the extension of our exclusive partnership with the Premier League for the next three seasons, up to 2024/25.



*Making history as the first overseas animation to win the Anime Fan Award in Tokyo*

It was fantastic to see our movies return strongly to the silver screen in FY23 since the pandemic halt, cumulatively grossing over RM100 million at the box office. Our home-grown animated film *Mechamato Movie* (of the *BoBoiBoy* franchise) raked in RM36 million at the box office, emerging as the No.1 local animated film of all time, the second highest grossing local film in 2022, and making history by becoming the first non-Japanese animation to win the Anime Fan Award at the 2023 Tokyo Anime Awards Festival. Astro's solid movie showing was underpinned by hits including No.1 local action-comedy blockbuster *Abang Long Fadil 3*; patriotic war action film *Air Force The Movie: Selagi Bernyawa*; regional top horror movie *Qodrat*; as well as acclaimed director Chiu Keng Guan's heartwarming family drama *Ma, I Love You*. We're excited about the upcoming cinema release of our hit franchise *Polis Evo 3*, alongside many other gripping titles to come later this year.

Overall, Astro's growing content successes are underpinned by our strong creative and production capabilities. It is a key unique selling point, an engine that has been built steadily over the last two decades. We're always looking to better monetise this internal know-how by collaborating with regional and global partners to produce high quality, premium entertainment and sports shows for global consumption from our very own doorstep.



### Growing enterprise

Our enterprise customers grew 16% year-on-year supported by the reopening as Malaysia transitioned into endemicity. Hotels benefitted from tourist arrivals while the F&B segment picked up as restrictions eased. FY23 revenue from enterprise is up more than 50% with ARPU's growing healthily, driven by our new flexible content packs, on-ground activations and major sporting events such as the World Cup. In November 2022, we launched Astro BIZFibre for enterprise customers, offering high-speed broadband with industry-leading WiFi-6 routers bundled with our commercial TV Packs, offering all our customers greater value for their outlets. We expect the full resumption of global travel and any incremental headway on piracy countermeasures to be accretive for our enterprise business.

### Pivoting in commerce

Our home shopping and e-commerce business Go Shop was impacted heavily in FY23 by the industry trend of shoppers making a return to brick-and-mortar stores having endured two long years of lockdowns. In addition, cost of living issues reduced available consumer spend. In response, Go Shop expanded its product portfolio to include premium brands and products to target more affluent customers, and extended its distribution to include third-party e-commerce platforms and TikTok. We're happy to see these initiatives starting to pay off, with Go Shop's sales slightly increasing towards the tail end of FY23.

### Nurturing our talent pool

Team Astro is young and diverse. Our demographics are reflective of Malaysia's, enabling us to better anticipate and serve customers' needs. We continued to upskill and reskill our people across the company to hone and develop our talent towards digital and new areas of business including data and broadband. This is supplemented by strategic hires to plug identified skill gaps and boost our institutional capabilities.

We continue to practice a hybrid working model. Primarily we are an 'on-site' company as this best enables our talents to collaborate and spark off each other. However, to promote work-life balance and employee satisfaction we have retained the option, where it fits the business need, for employees to spend some of their week working remotely. The well-being of our talents is paramount. We continued our collaboration with digital service provider Naluri to provide mental health support to employees, and sports, recreational and team activities have been a regular feature throughout the year.

### Commitment towards sustainability

Astro is committed to our five key ESG Pillars. They are Caring for our Environment, Voice for Good, Education for All, Community Development and being a Responsible Business. Our Group and its

Foundation, Yayasan Astro Kasih align ESG initiatives in support of the UNSDG by incorporating them within our corporate strategy. I chair Astro's ESG Assurance Management Committee, which reports directly to the Board. This committee formulates our ESG agenda and oversees the execution of all initiatives across Astro, in collaboration with each business unit. We are in the process of embedding our ESG targets through the organisation and I'm pleased to have recently approved a new efficient lighting scheme and a new solar photovoltaic system installation at our second broadcast site.

Our Chairman has, in his statement, discussed at length some of our key ESG initiatives and I would like to focus here on two which have, perhaps, the biggest business impact. Firstly, having conducted an energy audit in early FY23 to better understand the various Greenhouse Gas ("GHG") emission sources from our operations, we're pleased to announce that Astro has set a target of being Carbon Neutral by 2040. We are currently developing a Climate Roadmap to establish clear reduction actions to meet this goal.

Secondly, ensuring free news access for all, our 24-hour local news platform AWANI keeps Malaysians updated with unbiased, timely and accurate news coverage while countering disinformation across TV, social media and web. As a testament to its popularity and how well it resonates with our audiences, AWANI emerged as the No.1 news brand on TV and digital with the highest audience share on both platforms during Malaysia's 15<sup>th</sup> General Election. AWANI was also named Malaysia's most trusted news brand for the fifth consecutive year in Reuter's annual poll.



Raising awareness for businesses to only consume legitimate content



*Nurturing the young towards a brighter future*

### Progressive battle against piracy

With piracy posing a serious global threat to the content industry, Astro welcomed the recent 2022 amendment to Malaysia's 35-year-old Copyright Act. The amended act better protects content IP owners in this digital era against piracy facilitators such as illicit streaming device ("ISD") sellers and F&B outlets screening pirated shows to their patrons. In November 2022, Astro won a landmark anti-piracy case against a commercial establishment in the Klang Valley area, setting a powerful precedent that we will now use to engage with businesses regarding rightful content consumption behaviour.

We are encouraged to see piracy countermeasures ramping up, with the industry on the right path to battle piracy in Malaysia. We will continue to engage and rally industry players, content partners and the relevant authorities to combat piracy together. Astro leads several industry initiatives including Malaysia's 'Boot Out Piracy' campaign in collaboration with the Premier League and 'Bisnes Sapot Bisnes' campaign calling for local businesses to consume only legitimate, safe content. We cooperate fully with authorities and enforcement agencies all year round to help protect the industry we love.

### Full stream ahead

Looking forward, Team Astro will be pressing on apace with our transformation of the business. We will continue to invest for long-term and sustainable growth, focusing on content, broadband, streaming and Addressable Advertising to better serve our customers. Throughout a laser focus on cost will be crucial, given the cloudy global outlook.

On behalf of Team Astro, I would like to express our sincere thanks to Henry Tan for leading us all through turbulent times, especially over the last three years. Henry has been an incredible advocate and champion of both Astro and the wider Malaysian content industry for a long time. I look forward to us working together in his new role as Advisor. Thank you also to all of our stakeholders – our shareholders and regulators, our business partners, suppliers, the communities in which we operate, and especially our customers for your continued support. I would also like to commend Team Astro for your dedication and a job well done in delivering so many key milestones in FY23. As we go full stream ahead in the implementation of our transformation plans, I look forward to working with each and every one of you to bring Astro to the next level, to thrive in our exciting, competitive, vibrant industry.

**Euan Smith**

On behalf of Team Astro