

26 March 2025

Astro Malaysia Holdings

QoQ Reversal in Churn Derailed

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ASTRO's FY25 results missed expectations, mainly due to higher impairment of receivables and subscriber churn. Disappointingly, ASTRO failed to sustain its QoQ rebound in subscriber net adds seen last quarter, while ARPU also declined. We cut our FY26F earnings by 48%, lower our TP by 25% to RM0.15 (from RM0.20), and maintain our UNDERPERFORM call.

Results underwhelmed. ASTRO's FY25 core net profit of RM66.1m (-69% YoY) underwhelmed, coming in at 70% of our forecast and 66% of the consensus estimate. The shortfall versus our forecast was mainly attributed to: (i) higher-than-expected impairment of receivables in 4QFY25 (which we deem as a core operational expense) amounting to a chunky RM19.4m (4QFY24: RM4.2m), and (ii) higher-than-expected subscriber churn.

Double whammy of weaker subscription revenues and rising costs. FY25 topline contraction (-8% YoY) was primarily attributed to a decline in TV subscription revenue. This was driven by weaker ARPU of RM98.5 (FY24: RM99.7) and a reduction in ASTRO's subscriber base (-1.5% YoY). Additionally, lower adex across both the TV and radio segments further weighed on topline.

The steeper decline in core net profit (-69% YoY) was driven by topline weakness, coupled with higher content and broadband costs.

Disappointing reversal into subscriber losses. ASTRO failed to sustain its QoQ rebound in subscriber net adds - as its TV customer base contracted by 2% QoQ in 4QFY25. This follows a 1.5% QoQ growth in 3QFY25 - the first expansion after 16 consecutive quarters of decline since 3QFY21.

Adding to the challenges, YTD ARPU declined to RM98.5 (3QFY25: RM99.2), likely due to a higher mix of customers on entry-level ASTRO One plans or downtrading by existing subscribers.

Key takeaways from its analyst briefing are as follows:

1. ASTRO is optimistic about reduced competition from unauthorized TV boxes following the amendment to the Communications and Multimedia Act 1998. This amended act takes effect in February 2025 and criminalizes piracy via illicit streaming devices.
2. Astro Shaw dominated the Malaysian box office in 2024, capturing 71% market share with FY25 gross box office collection (GBO) of RM121m (+10% YoY). Notably, its jointly-produced film Sheriff: Narko Integriti, was the top-grossing film in Malaysia in 2024, earning GBO of RM60.5m, far surpassing Hollywood blockbuster *Deadpool & Wolverine*, which ranked second with RM32.4m. Looking ahead, ASTRO expects continued strong GBO momentum in FY26, driven primarily by Keluang Man Cinematic Universe film, which will premiere in May 2025.

Forecasts. We introduce FY27F numbers while slashing our FY26F earnings by 48% to reflect higher subscriber attrition.

Valuations. Correspondingly, our DCF-based TP is lowered by 25% to RM0.15 (from RM0.20). There is no adjustment based on a 3-star ESG rating as appraised by us (see page 4)

UNDERPERFORM ↔

Price: **RM0.17**
Target Price: **RM0.15** ↓

Share Price Performance



KLCI 1,513.60
YTD KLCI chg -7.8%
YTD stock price chg -24.4%

Stock Information

Shariah Compliant	No
Bloomberg Ticker	ASTRO MK EQUITY
Market Cap (RM m)	887.2
Shares Outstanding	5,219.0
52-week range (H)	0.39
52-week range (L)	0.17
3-mth avg. daily vol.	2,581,980
Free Float	42%
Beta	1.0

Major Shareholders

Pantai Cahaya Bulan Ventures Sdn Bhd	20.7%
All Asia Media Equities Limited	19.4%
E Asia Broadcast Network Systems NV	8.1%

Summary Earnings Table

FYE Jan (RMm)	2025	2026F	2027F
Turnover	3,075.9	3,029.8	3,054.1
EBIT	929.5	881.7	888.8
EBITDA	195.2	164.6	180.5
PBT	180.1	95.8	128.8
Net Profit (NP)	129.1	71.8	96.5
Core PATAMI	66.1	71.8	96.5
Consensus (NP)	-	94.3	104.0
Earnings Revision	-	-48%	NM
Core EPS (sen)	1.3	1.4	1.8
Core EPS Growth	-0.7	0.1	0.3
DPS (sen)	-	-	-
BV/Share (RM)	0.2	0.2	0.3
Core PER (x)	13.4	12.4	9.2
PBV (x)	0.7	0.7	0.6
Net Gearing (x)	2.3	1.9	1.5
Dividend Yield (%)	-	-	-

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Investment case. We remain cautious on ASTRO due to: (i) potential hefty erosion in shareholders' funds if ASTRO is unsuccessful in its appeal against the IRB's additional assessments totalling RM735m, (ii) intense competition from OTT streaming platforms (for international content), FTA TV (for vernacular content) and unauthorized TV boxes, (iii) its inflated cost base that includes legacy expenses (e.g. long-term payment of satellite transponder lease costs to MEASAT), and (iv) competition from digital music streaming platforms that leverage on AI to offer curated content and targeted commercials. Maintain **UNDERPERFORM**.

Risks to our call include: (i) cord-cutting trends moderate as disposable incomes increase, (ii) effective legal enforcement eliminates the proliferation of illegal set-top boxes, and (iii) rebound in consumer and business sentiment catalyzing broad based expansion in adex.

Results Highlights								
	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
FYE Jan (RM m)	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
Revenue	766.4	749.7	2.2%	819.9	-6.5%	3,075.9	3,342.7	-8.0%
EBITDA	236.9	178.3	32.9%	370.3	-36.0%	929.5	1,355.6	-31.4%
Depreciation	(180.1)	(175.4)	2.7%	(222.6)	-19.1%	(734.3)	(821.4)	-10.6%
EBIT	56.8	2.9	>100%	147.7	-61.5%	195.2	534.2	-63.5%
Net Finance Costs	(43.9)	18.1	>100%	(27.5)	59.6%	(78.1)	(298.0)	-73.8%
Exceptionals	2.0	46.0	-95.7%	(65.0)	-103.1%	63.0	(173.0)	-136.4%
Pretax Profit	14.9	67.0	-77.8%	55.3	-73.1%	180.1	63.2	185.0%
Taxation	(3.9)	(20.7)	-81.2%	(10.8)	-63.9%	(52.6)	(22.0)	139.1%
MI	(0.6)	0.7	-185.7%	0.0	#DIV/0!	1.6	1.1	45.5%
Reported Net Profit	10.4	47.0	-77.9%	44.5	-76.6%	129.1	42.3	205.2%
Core Net Profit	8.4	1.0	740.0%	109.5	-92.3%	66.1	215.3	-69.3%
Core EPS (sen)	0.2	0.0	743.6%	2.1	-92.3%	1.3	4.1	-69.3%
DPS (sen)	0.0	0.0		0.0		0.0	0.3	
EBITDA Margin	30.9%	23.8%		45.2%		30.2%	40.6%	
EBIT Margin	7.4%	0.4%		18.0%		6.3%	16.0%	
PBT Margin	1.9%	8.9%		6.7%		5.9%	1.9%	
Core Net Margin	1.1%	0.1%		13.4%		2.1%	6.4%	
Effective Tax Rate	-26.2%	-30.9%		-19.5%		-29.2%	-34.8%	

Source: Company, Kenanga Research

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Segmental Highlights								
	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
Revenue (RM m)	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
Television	716.0	707.2	1.2%	767.5	-6.7%	2,903.0	3,155.0	-8.0%
Radio	50.2	42.4	18.4%	52.4	-4.2%	172.5	187.6	-8.0%
Others	0.2	0.0	nm	0.0	nm	0.0	0.0	nm
Corporate Function	0.0	0.1	nm	0.0	nm	0.0	0.0	nm
Total	766.4	749.7	2.2%	819.9	-6.5%	3,075.5	3,342.6	-8.0%
PBT (RM m)								
Television	(25.9)	51.6	-150.2%	20.0	>-100%	87.9	(25.7)	>-100%
Radio	36.9	14.7	151.0%	36.3	-23.1%	88.5	94.1	-6.0%
Others	(0.6)	(0.3)	100.0%	1.3	>100%	-1.8	(0.2)	>100%
Corporate Function	0.3	(1.1)	-127.3%	(1.6)	>-100%	-6.3	-15.9	-60.4%
Elimination	4.2	2.1	100.0%	(0.7)	>-100%	11.8	25.4	-53.5%
Total	14.9	67.0	-77.8%	55.3	-71.6%	180.1	77.7	131.8%
PBT Margin								
Television	-3.6%	7.3%		2.6%		3.0%	-0.8%	
Radio	73.5%	34.7%		69.3%		51.3%	50.2%	
Total	1.9%	8.9%		6.7%		5.9%	2.3%	

Segmental Breakdown								
	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
Revenue (RM m)	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
Subscription - TV	598.4	611.1	-2.1%	648.5	-7.7%	2,470.2	2,687.8	-8.1%
Advertising - TV	30.0	26.0	15.4%	45.0	-33.3%	113.0	169.0	-33.1%
Advertising - Radio	45.0	40.0	12.5%	48.0	-6.3%	158.3	171.0	-7.4%
Advertising - Digital	18.0	14.0	28.6%	16.0	12.5%	58.4	56.0	4.3%
Others	74.3	58.9	26.1%	61.8	20%	275.4	260.3	5.8%
Total	765.7	750.0	2.1%	819.3	-6.5%	3,075.3	3,344.1	-8.0%
Pay-TV Residential ARPU (RM)	98.5	99.2	-0.7%	99.7	-1.2%			
TV Customer Base ('000) (YTD)	5,258.0	5,365.0	-2.0%	5,337.0	-1.5%			
Connected STBs (YTD)	860.0	806.0	6.7%	1,075.0	-20.0%			
Content Costs (RM m)	287.0	262.0	9.5%	274.0	4.7%	1,085.0	833.0	30.3%

Source: Company, Kenanga Research

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Peer Comparison – Media

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RMm)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div. Yld.
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
MEDIA																	
ASTRO MALAYSIA HOLDINGS BHD	UP	0.170	0.150	-11.8%	887.2	N	01/2026	1.4	1.8	8.6%	34.4%	12.4	9.2	0.7	5.7%	0.0	0.0%
MEDIA CHINESE INTERNATIONAL	UP	0.115	0.100	-13.0%	187.5	Y	03/2025	(1.0)	(0.7)	46.6%	24.5%	N.A.	N.A.	0.4	-2.9%	0.7	6.1%
MEDIA PRIMA BHD	MP	0.390	0.460	17.9%	432.6	N	06/2025	1.1	1.4	-65.2%	21.6%	34.6	28.5	0.6	1.7%	1.5	3.8%
STAR MEDIA GROUP BHD	MP	0.430	0.400	-7.0%	311.6	Y	12/2025	1.4	2.1	-9.6%	44.7%	30.3	20.9	0.4	1.4%	0.0	0.0%
SECTOR AGGREGATE					1,819.0					-5.5%	46.0%	23.2	15.9	0.6	2.4%		2.5%

Source: Bloomberg, Kenanga Research

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	☆		
	Community & Investment	★	★	★		
	Workforce Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Content Management	★	★	★	☆	
	Digitalisation & Innovation	★	★	★	☆	
	Cybersecurity/Data Privacy	★	★	☆		
	Diversity & Inclusion	★	★	★		
	Energy Efficiency	★	★	★	☆	
	Supply Chain Management	★	★	★		
OVERALL		★	★	★		

- ☆ denotes half-star
- ★ -10% discount to TP
- ★★ -5% discount to TP
- ★★★ TP unchanged
- ★★★★ +5% premium to TP
- ★★★★★ +10% premium to TP

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Stock Ratings are defined as follows:**Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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