

16 June 2026

# Astro Malaysia Holdings

## Saved by Tax Credits

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1QFY27 results disappointed on weaker adex and staff redundancy costs, which led to a pretax loss. Nevertheless, tax credits kept bottom line from slipping into the red. Adex slipped YoY despite a Chinese New Year festive boost, reinforcing the structural shift away from TV. Given the knowledge of the loss of World Cup rights, we account for lower subscriber net adds and reduced content costs. We cut FY27F/FY28F earnings by 25%/23% and TP by 22% to RM0.06, Maintain MARKET PERFORM, as World Cup-related cost savings partially mitigate subscriber headwinds.

**Below expectations, supported by tax credits.** ASTRO's 1QFY27 core net profit of RM11.1m (>3x YoY) came in below expectations. The variance versus our forecast was primarily driven by weaker-than-expected advertising revenue and unexpected staff redundancy costs.

While earnings accounted for 47% of our FY27F forecast and 58% of consensus estimate, the apparent strength was largely driven by the recognition of a sizeable one-off deferred tax asset of c. RM8.3m.

Excluding this, there was underlying earnings weakness. At the pretax level, ASTRO reported 1QFY27 loss before tax (LBT) of RM4.2m, falling short of our full-year pretax profit forecast of RM35m. Looking ahead, management expects tax charges to normalize, implying limited scope for similar tax-related earnings support going forward.

**Weaker ARPU and adex weigh on topline.** Contraction in 1QFY27 revenue (-6% YoY) was primarily attributed to a 7% YoY drop in TV subscription revenue. This was driven by continued ARPU erosion to RM93.9 (vs. RM98 in 1QFY25), as well as probable subscriber attrition.

The softer ARPU is likely underpinned by strong uptake of ASTRO's lower-priced ASTRO One entry-tier packages, consistent with its strategy to deepen penetration of the mass-market segment.

**Chinese New Year (CNY) festivities fail to uplift adex.** Disappointingly, 1QFY27 adex contracted (-1% YoY) despite a favorable low base effect. Recall that Chinese New Year shifted from late Jan 2025 (before 1QFY26) to mid-February 2026 (within 1QFY27), implying that 1QFY27 captured CNY adex spend.

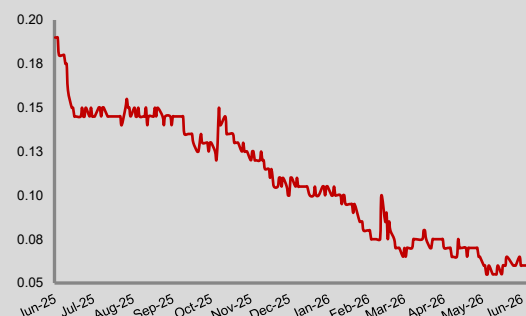
The overall adex weakness reflects brands pivoting away from television to more cost-effective, measurable digital channels. Notably, radio adex grew 10% YoY, supported by seasonal uplift from CNY adex.

**One-off tax incentives cushion pretax losses.** Softer revenue, combined with higher set-top box and staff costs (including redundancy charges), pushed the group into pretax losses. Nevertheless, the group delivered core net profit expansion (>3x YoY), supported by recognition of tax credits.

## MARKET PERFORM ↔

Price: **RM0.06**  
Target Price: **RM0.06** ↓

### Share Price Performance



KLCI 1,691.39  
YTD KLCI chg 0.7%  
YTD stock price chg -40.0%

### Stock Information

Shariah Compliant	No
Bloomberg Ticker	ASTRO MK Equity
Market Cap (RM m)	313.6
Shares Outstanding	5,225.8
52-week range (H)	0.18
52-week range (L)	0.06
3-mthavg. daily vol.	14,381,010
Free Float	43%
Beta	1.1

### Major Shareholders

Pantai Cahaya Bulan Ventures Sdn Bhd	20.6%
All Asia Media Equities Limited	19.4%
East Asia Broadcast Network Systems	8.1%

### Summary Earnings Table

FYE Jan (RM m)	2026A	2027F	2028F
Turnover	2,794.8	2,546.0	2,553.9
EBIT	823.3	756.3	760.6
EBITDA	116.5	120.8	119.9
PBT	92.6	2.6	21.2
Net Profit (NP)	<b>63.1</b>	<b>8.4</b>	<b>19.3</b>
<b>Core PATAMI</b>	<b>19.2</b>	<b>17.9</b>	<b>19.3</b>
Consensus (NP)	-	19.1	26.7
Earnings Revision	-	-25%	-23%
Core EPS (sen)	0.4	0.3	0.4
Core EPS Growth	-0.8	-0.1	0.1
DPS (sen)	0.0	0.0	0.0
BV/Share (RM)	0.2	0.2	0.3
Core PER (x)	16.3	17.5	16.2
PBV (x)	0.2	0.2	0.2
Net Gearing (x)	1.6	1.5	1.4
Dividend Yield (%)	0.0	0.0	0.0

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**Forecasts.** Given the knowledge of ASTRO's loss of the FIFA World Cup broadcasting rights, we revised our forecasts to factor in weaker advertising revenue, gradual subscriber churn and slower gross customer additions. We also lower our content cost assumptions by excluding c.RM163m in estimated expenses for the rights. As a result of these revisions, and after factoring in the tax credits recognised in 1QFY27 as well as staff redundancy costs, our FY27F/FY28F earnings forecasts are reduced by 25%/23%.

While the loss of World Cup rights delivers meaningful content cost savings, we believe the negative impact stems from the loss of a key subscriber acquisition and retention tool. We understand that sports package subscribers account for c. 30% of ASTRO's total base. Nevertheless, we expect the impact to be partially mitigated, as a portion of these subscribers are likely to stay for ASTRO's broader sports content portfolio. This includes sporting events aired by the English Premier League (EPL), Badminton World Federation (BWF), Ultimate Fighting Championship (UFC), National Basketball Association (NBA), Formula One (F1) and MotoGP.

**Valuations.** Following our earnings downgrade, we cut our TP for ASTRO to RM0.06 (from RM0.08) as we lower our target multiple to 0.25x FY27F P/B (from 0.32x). This reflects lower ROEs and heightened concerns over subscriber retention following the loss of World Cup rights. There is no adjustment based on a 3-star ESG rating as appraised by us (see page 4).

**Investment case.** Over the near-to-medium term, earnings could be driven by ASTRO's increasing focus on expanding its IP portfolio, enabling monetization across multiple platforms, (e.g. linear TV, digital channels, regional syndication, and international streaming partnerships). In 1QFY27, Astro Shaw continued to deliver local box-office successes, including: (i) Malaikat Malam (RM14m gross box office (GBO), outperforming the international release *Project Hail Mary* in its opening week), and (ii) Tarung: Unforgiven (RM23m GBO, Malaysia's No. 1 film for two consecutive weeks). This follows the earlier success of *PapaZola The Movie* and *Malam Terlarang*, underscoring ASTRO's growing strength as a domestic content producer and intellectual property (IP) engine.

However, earnings headwinds remain on the back of: (i) intense competition from OTT platforms (for international content), FTA broadcasters (for vernacular content), and unauthorized TV boxes, (ii) a structurally high cost base, that includes legacy obligations such as long-term satellite transponder lease payments to MEASAT, and (iii) rising competition from AI-driven music streaming platforms offering personalized content and targeted advertising. Maintain **MARKET PERFORM**.

**Risks to our call include:** (i) cord-cutting and declining ARPU trends moderate as disposable incomes improve, (ii) effective legal enforcement eliminates the proliferation of illegal set-top boxes, and (iii) rebound in consumer and business sentiment catalyzing a broad-based expansion in adex to mitigate ASTRO's TV adex share erosion.

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Results Highlights					
	1Q	4Q	QoQ	1Q	YoY
FYE Jan (RM m)	FY27	FY26	Chg	FY26	Chg
Revenue	659.6	712.9	-7.5%	703.1	-6.2%
<b>EBITDA</b>	<b>201.4</b>	<b>181.1</b>	11.2%	<b>211.8</b>	-4.9%
Depreciation	(159.9)	(181.3)	-11.8%	(176.4)	-9.4%
<b>EBIT</b>	<b>41.5</b>	<b>(0.2)</b>	>100%	<b>35.4</b>	17.2%
Net Finance Costs	(36.2)	8.6	>-100%	(24.4)	48.4%
<b>Pretax Profit</b>	<b>(4.2)</b>	<b>37.1</b>	>100%	<b>21.0</b>	>-100%
Taxation	4.5	(13.6)	>100%	(7.5)	>100%
MI	1.3	0.5	>100%	0.0	nm
<b>Reported Net Profit</b>	<b>1.6</b>	<b>24.0</b>	-93.3%	<b>13.5</b>	-88.1%
<b>Core Net Profit</b>	<b>11.1</b>	<b>(4.7)</b>	>100%	<b>3.5</b>	>100%
Core EPS (sen)	0.21	(0.001)	>100%	0.001	>100%
DPS (sen)	0.0	0.0		0.0	
EBITDA Margin	30.5%	25.4%		30.1%	
EBIT Margin	6.3%	0.0%		5.0%	
PBT Margin	-0.6%	5.2%		3.0%	
Core Net Margin	1.7%	-0.7%		0.5%	
Effective Tax Rate	107.1%	36.7%		35.7%	

Source: Company, Kenanga Research

Segmental Highlights					
	1Q	4Q	QoQ	1Q	YoY
Revenue (RM m)	FY27	FY26	Chg	FY26	Chg
Television	620.8	669.3	-7.2%	670.0	-7.3%
Radio	38.8	43.4	-10.6%	33.0	17.6%
Others	0.0	0.1	nm	0.1	nm
Corporate Function	0.0	0.1	nm	0.0	nm
<b>Total</b>	<b>659.6</b>	<b>712.9</b>	<b>-7.5%</b>	<b>703.1</b>	<b>-6.2%</b>
<b>PBT (RM m)</b>					
Television	(18.8)	28.5	>-100%	8.2	>-100%
Radio	12.2	15.7	-22.3%	11.6	-23.1%
Others	(0.5)	(0.7)	-28.6%	(0.4)	>-100%
Corporate Function	(0.6)	(0.3)	>-100%	(2.6)	>100%
Elimination	3.5	(6.1)	>100%	4.2	>100%
<b>Total</b>	<b>-4.2</b>	<b>37.1</b>	<b>&gt;-100%</b>	<b>21.0</b>	<b>&gt;-100%</b>
<b>PBT Margin</b>					
Television	-3.0%	4.3%		1.2%	
Radio	31.4%	36.2%		35.2%	
<b>Total</b>	<b>-0.6%</b>	<b>5.2%</b>		<b>3.0%</b>	

Source: Company, Kenanga Research

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Segmental Breakdown					
	1Q	4Q	QoQ	1Q	YoY
Revenue (RM m)	FY27	FY26	Chg	FY26	Chg
Subscription - TV	536.2	554.2	-3.2%	583.6	-8.1%
Advertising - TV	21.0	28.0	-25.0%	25.0	-16.0%
Advertising - Radio	33.0	38.0	-13.2%	30.0	10.0%
Advertising - Digital	14.0	15.0	-6.7%	14.0	0.0%
Others	55.0	76.8	-28.4%	50.4	9%
<b>Total</b>	<b>659.2</b>	<b>712.0</b>	<b>-7.4%</b>	<b>703.0</b>	<b>-6%</b>
Pay-TV Residential ARPU (RM)	93.9	94.3	-0.4%	98.0	-4.2%
TV Cust Base ('000) (YTD)	5,128.0	5,177.0	-0.9%	5,236.0	-2.1%
Connected STBs (YTD)	893.0	918.0	-2.7%	874.0	2.2%
Content Costs (RM m)	232.0	257.0	-9.7%	253.0	-8.3%

Source: Company, Kenanga Research

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### Peer Comparison – Media

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	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.
<b>MEDIA</b>																	
ASTRO MALAYSIA HOLDINGS BHD	MP	0.060	0.060	0.0%	313.6	N	01/2027	0.3	0.4	-6.8%	7.8%	17.5	16.2	0.2	0.6%	0.0	0.0%
MEDIA PRIMA BHD	MP	0.280	0.370	32.1%	310.6	N	06/2026	1.2	1.8	-39.4%	53.0%	23.2	15.2	0.4	2.0%	1.5	5.4%
<b>SECTOR AGGREGATE</b>					<b>624.1</b>					<b>-24.2%</b>	<b>27.2%</b>	<b>19.9</b>	<b>15.7</b>	<b>0.3</b>	<b>1.5%</b>		<b>2.7%</b>

Source: Bloomberg, Kenanga Research

### Stock ESG Ratings:

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

- ☆ 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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