RESULTS UPDATE

Friday, September 26, 2025

FBMKLCI: 1,598.47

Sector: Media

Astro Malaysia Holdings Berhad

TP: RM0.145 (+7.4%)

Last Traded: RM0.135

HOLD (ESG: ★★★★)

Revenue Hit as New Packages Underperform

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Review

- Astro's 1HFY26 core net profit of RM6mn came in below both ours and consensus expectations at 8.7% and 11.8% of full-year forecasts, respectively. Core net profit excludes RM13mn unrealised forex gain due to mark-to-market revaluation of transponder lease liabilities. The earnings miss on our end was largely attributed to softer-than-expected contributions from newly launched TV packages.
- **YoY.** 2QFY26's revenue declined 13.2% YoY to RM683mn from RM787mn, mainly due to weaker Pay-TV subscription revenue (-10.7% YoY) and adex (-12.9% YoY) amid macroeconomic headwinds and poorer business and consumer sentiment. However, core net profit maintained at RM3mn, offset by lower content cost (-11.6% YoY) and lower tax expense.
- **QoQ.** 2QFY26's revenue decreased by 2.8% QoQ to RM683mn from RM703mn, primarily attributed to a decrease in adex (-11.6% QoQ), lower Pay-TV subscription revenue (-2.5% QoQ) and lower ARPU (-1.7% QoQ). Consequently, core net profit decreased from RM13mn to RM3mn.

Impact

- We have lowered our FY26/FY27/FY28 earnings forecasts by -43.0%/-72.9%/-75.4%, primarily due to downward revisions in Pay-TV subscription revenue.

Outlook

- Astro's pay-TV revamp under Astro One has not delivered the intended uplift in subscriptions. Instead, the strategy has triggered cannibalisation, with customers migrating to cheaper tiers, resulting in subscriber attrition and ARPU dilution. Consequently, revenue has declined. While management expects ARPU to stabilise, we note the lack of improvement in subscriber base and turn more cautious on the outlook until clearer signs of recovery emerge.
- We are likewise cautious, as macroeconomic headwinds and subdued consumer sentiment may constrain growth prospects and impede the pace of Astro's transformation initiatives.
- Management reiterated its commitment to Astro's transformation agenda, with a focus on driving sustainable long-term growth through: (i) strengthening local content offerings, (ii) expanding adjacent businesses such as sooka (freemium streaming), Astro Fibre, enterprise solutions, and addressable advertising, and (iii) streamlining legacy cost structures.

Valuation & Recommendation

- Corresponding to our change in earnings, we revised our TP downward to **RM0.145/share** (previously: RM0.20/share) based on a WACC of 10.4% and LT growth rate of 0.5% with an ESG premium of 3%.

Share Information	
Bloomberg Code	ASTRO MK
Stock Code	6399
Listing	Main Market
Share Cap (mn)	5,225.8
Market Cap (RMmn)	705.5
52-wk Hi/Lo (RM)	0.29/0.13
12-mth Avg Daily Vol ('000 shrs)	4,468.5
Estimated Free Float (%)	41.8
Beta	1.1
Major Shareholders (%)	
	Pantai Cahaya Bulan Ventures - 20.6
	All Asia Media Equities Limited - 19.4
	E Asia Broadcast Network Systems - 8.1

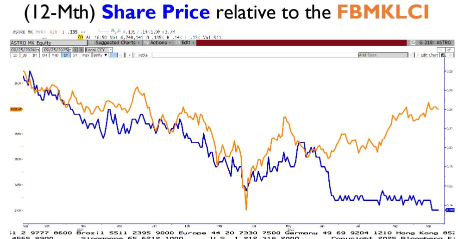
Forecast Revision	FY26	FY27
Forecast Revision (%)	(43.0)	(72.9)
Net profit (RMmn)	39.1	19.3
Consensus	50.9	56.1
TA's / Consensus (%)	76.9	34.3
Previous Rating	Hold (Downgrade)	
Consensus Target Price	0.15	

Financial Indicators	FY26	FY27
Net gearing (x)	2.5	2.3
CFPS (sen)	15.1	14.5
P/CFPS (x)	0.9	0.9
ROAA (%)	0.7	0.4
ROAE (%)	3.4	1.7
NTA/Share (RM)	(0.1)	(0.1)
Price/ NTA (x)	(1.3)	(1.2)

Scorecard	% of FY	
vs. TA	8.7%	Below
vs. Consensus	11.8%	Below

Share Performance (%)		
Price Change	**ASTRO**	**FBM KLCI**
1 mth	(6.9)	(0.2)
3 mth	(6.9)	5.2
6 mth	(20.6)	5.6
12 mth	(50.9)	(4.5)

(12-Mth) **Share Price** relative to the **FBMKLCI**



Source: Bloomberg

Downgrade to **HOLD**. A potential re-rating catalyst would be if the Astro One strategy gains meaningful traction and delivers on subscription growth.

Table 1: Earnings Summary

FYE Jan 31 (RMmn)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	3,342.7	3,075.9	2,763.3	2,618.4	2,591.0
EBITDA	1,008.6	665.2	605.9	572.3	565.2
Dep. & amortisation*	(624.8)	(464.5)	(462.6)	(459.2)	(456.6)
EBIT	383.8	200.7	143.2	113.0	108.6
Net finance costs	(298.0)	(78.1)	(92.2)	(88.0)	(83.9)
Share of associates	0.0	0.0	0.1	0.1	0.1
EI	(22.6)	63.0	0.0	0.0	0.0
PBT	63.2	205.0	51.2	25.2	24.9
Taxation	(22.1)	(52.6)	(12.3)	(6.1)	(6.0)
MI	9.2	2.8	0.2	0.1	0.1
Net profit	50.3	155.2	39.1	19.3	19.0
Core net profit	73.0	66.0	39.1	19.3	19.0
Core EPS (sen)	1.4	1.5	0.7	0.4	0.4
Core EPS growth (%)	(73.2)	7.3	(50.0)	(50.8)	(1.4)
PE (x)	12.5	0.3	4.3	2.1	2.1
EV/EBITDA (x)	3.4	5.2	5.7	6.1	6.1
DPS (sen)	0.6	0.0	0.3	0.2	0.2
Dividend yield (x)	3.6	0.0	1.9	0.9	0.9

**excludes amortisation of film library and programme rights*

Table 2: Results Analysis

FYE Jan 31 (RM mn)	2QFY25	1QFY26	2QFY26	QoQ (%)	YoY (%)	1HFY25	1HFY26	YoY (%)
Revenue	787	703	683	-2.8	-13.2	1,560	1,386	-11.1
Subscription	637	584	569	-2.5	-10.7	1,261	1,153	-8.6
Others	80	50	54	6.5	-33.0	142	104	-26.8
Adex	70	69	61	-11.6	-12.9	157	130	-17.2
Go Shop	0	0	0	nm	nm	0	0	nm
EBITDA	161	154	155	0.2	-4.2	375	309	-17.7
Depreciation & amortisation	-114	-112	-127	12.8	11.6	-243	-239	-1.7
EBIT	48	42	28	-33.7	-41.8	132	70	-47.2
Finance income	9	8	8	0.0	-7.1	15	16	5.3
Finance costs	-11	-32	-29	-9.6	>100	-67	-62	-8.6
Associates and JV	0	0	-0	nm	nm	-0	-0	0.0
EI	28	10	14	-28.6	-50.0	20	24	20.0
PBT	73	28	20	-25.8	-72.2	99	48	-51.9
Tax	-19	-8	-5	-40.0	-76.3	-28	-12	-57.1
MI	2	0	1	nm	-66.7	2	1	-66.7
Net profit	56	20	16	-18.0	-70.7	73	36	-50.1
Core net profit	27	3	3	0.0	-88.9	52	6	-88.5
Core EPS (sen)	3	0.4	0.4	2.9	-87.2	1	0	-88.5
DPS (sen)	0	0	0	nm	nm	0	0	nm
Cash capex	49	12	25	>100	-49.0	69	37	-46.4
Capitalised capex	50	28	9	-67.9	-82.0	67	7	-89.6
Profitability ratio								
EBITDA margin (%)	20.5	21.9	22.6	0.7	2.1	24.0	22.3	(1.8)
PBT margin (%)	9.3	3.9	3.0	-0.9	-6.3	6.4	3.5	(2.9)
Core net profit margin (%)	3.4	0.4	0.4	0.0	(3.0)	3.3	0.4	(2.9)
Tax rate (%)	25.9	27.3	22.1	(5.2)	(3.8)	28.1	25.1	(3.1)
Operating expenditure								
Content costs	275	253	243	-4.0	-11.6	536	496	-7.5
Others	440	405	401	-1.0	-8.9	876	806	-8.0
Operational info								
TV Customer Base ('000)	5,288	5,236	5,231	(0.1)	(1.1)			
ARPU (RM)	99.8	98.0	96.3	(1.7)	(3.5)			
Connected boxes ('000)	827	874	869	(0.6)	5.1			

Sector Recommendation Guideline

OVERWEIGHT: The total return of the sector, as per our coverage universe, exceeds 12%.

NEUTRAL: The total return of the sector, as per our coverage universe, is within the range of 7% to12%.

UNDERWEIGHT: The total return of the sector, as per our coverage universe, is lower than 7%.

Stock Recommendation Guideline

BUY : Total return of the stock exceeds 12%.
HOLD : Total return of the stock is within the range of 7% to12%.
SELL : Total return of the stock is lower than 7%.
Not Rated: The company is not under coverage. The report is for information only.

Total Return of the stock includes expected share price appreciation, adjustment for ESG rating and gross dividend. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Total Return of the sector is market capitalisation weighted average of total return of the stocks in the sector.

ESG Scoring & Guideline

	Environmental	Social	Governance	Average
Scoring	★★★★★	★★★★★	★★★★	★★★★
Remark	Astro has active initiatives to optimise energy and carbon emissions. In 2021/2022, electricity & energy consumption and greenhouse gas emissions respectively declined 6.9%/3.2% and 5.8%/5.0%.	Astro is committed to responsible content curation. Regularly conducts employee engagement with areas for improvement identified and addressed. Has talent development programme to promote their career path. Astro ranked 15 in Malaysia's 100 Leading Graduate Employers Award in 2019.	Astro is committed to the highest standards of corporate governance best practices and guidelines. Improvement on board representation (44% independent) and gender diversity (4 females out of 10 members) would bode well for its governance score. It practices clear transparency with regular engagement with stakeholders.	

★★★★★	**(≥80%)**	: Displayed market leading capabilities in integrating ESG factors in all aspects of operations, management and future directions.	+5% premium to target price
★★★★	**(60-79%)**	: Above adequate integration of ESG factors into most aspects of operations, management and future directions.	+3% premium to target price
★★★	**(40-59%)**	: Adequate integration of ESG factors into operations, management and future directions.	No changes to target price
★★	**(20-39%)**	: Have some integration of ESG factors in operations and management but are insufficient.	-3% discount to target price
★	**(<20%)**	: Minimal or no integration of ESG factors in operations and management.	-5% discount to target price

As of Friday, September 26, 2025, the analyst, Lee Yun Leon, who prepared this report, has interest in the following securities covered in this report:
(a) nil

Kaladher Govindan – Head of Research

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