

# Astro Malaysia Holdings Berhad

(6399 | ASTRO MK) Telecommunications and Media | Media

**Maintain BUY**

## Better Days are Coming

**Unchanged Target Price: RM1.18**

### KEY INVESTMENT HIGHLIGHTS

- **FY22 core PATAMI came in line with expectations**
- **ADEX recover as restriction eased**
- **No changes on earnings estimates**
- **Economy reopens will spur more business activities**
- **Maintain BUY with an unchanged TP of RM1.18**

**Met expectations.** Astro Malaysia Holdings Berhad (Astro) FY22 core PATAMI of RM474.0m came in line with our and consensus expectations at 98.3% and 98.1% respective full year-estimates.

**Quarterly.** Revenue in 4QFY22 declined to RM1.03b (-7.0%yoy) primarily due to the decrease in subscription and merchandise sales, offset by an increase in advertising revenue. Segment wise, the television segment's revenue declined to RM907.9m (-4.7%yoy) mainly arising from a decrease in subscription revenue, offset by an increase in sales of programming rights and advertising revenue. Meanwhile, the radio segment's revenue jumped at RM56.5m (+73.8%yoy) due to higher number of Astro's radio weekly listeners at 17.5m (+2.9%). This segment performed better due to the economy and interstate borders reopen paired with the festive season. Thirdly, the revenue from the home shopping arm was down at RM66.9m (-39.5%yoy). This was attributable to more frequent physical stores visits when the economy reopens coupled with flash flood affecting sales and delivery during the period. Consequently, EBITDA margin was slightly lower at -0.06% to come at 37.8% meanwhile the 4QFY22 core PATAMI stood at RM96.0m (-26.7%yoy).

**Cumulatively.** Meanwhile, FY22 revenue increased by +28.4%yoy to come at RM4.18b. The television segment's revenue was slightly lower at RM3.63b (-2.9%yoy) due to subdued subscription, but it was partially cushioned by improved adex and higher sales of programming rights. Meanwhile, the revenue generated from the radio segment climbed to RM164.5m (+2.4%yoy) on the back of the reopening of economic activities and interstate borders paired with the festive season which led to higher adex. On the other hands, the home shopping segment's topline dropped to RM381.2m (-17.3%yoy) due to cautious spending behaviour by consumers, fuelled by FMCO and flash floods affecting the sales and production. Subsequently, EBITDA margin in FY22 slightly deteriorated by -0.3%yoy while the core PATAMI in FY22 was lower at RM474.0m (-11.2%yoy).

#### RETURN STATISTICS

Price @ 31 <sup>st</sup> March 2021 (RM)	1.10
Expected share price return (%)	+7.3
Expected dividend yield (%)	+9.4
<b>Expected total return (%)</b>	<b>+16.7</b>

#### SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	11.1	11.7
3 months	15.8	14.3
12 months	14.6	14.2

#### KEY STATISTICS

FBM KLCI	1,587.36
Syariah compliant	No
F4BGM Index	Yes
ESG Grading Band (Star rating)	☆☆☆
Issue shares (m)	5214.51
Estimated free float (%)	35.58
Market Capitalisation (RM'm)	5,735.96
52-wk price range	RM0.93 - RM1.26
Beta vs FBM KLCI (x)	0.58
Monthly velocity (%)	3.15
Monthly volatility (%)	13.18
3-mth average daily volume (m)	2.53
3-mth average daily value (RM'm)	2.54
Top Shareholders (%)	
Pantai Cahaya Bulan Ventures	20.67
ALL Asia Media Equities Limited	19.43
East Asia Broadcast Network System	8.09

**Earnings estimates.** As earnings met our expectation, we made no changes on our FY23 and FY24 earnings estimates. Our target price is maintained at RM1.18 premised on pegging its FY23F EPS of 12.26sen to an unchanged PER of 9.6x. on a side note, Astro announced a quarterly dividend of 2.25sen in 4QFY22, bringing the total dividend declared for FY22 to 6.75sen.

**Maintain BUY.** We are sanguine on the prospect of Astro as we believe that the adex environment would improve as the economy further reopens. We are also optimistic on the developments in the group including their partnership with Netflix and their plan to become an internet service provider which we believe would bode well for its ARPU. Moreover, it has attractive dividend yields of >8% for FY23-24F. All in all, we maintain our **BUY** call on Astro with an upside of +16.7%. 

## INVESTMENT STATISTICS

Income Statement	2020A	2021A	2022A	2023F	2024F
Revenue (RM'm)	4,911.8	4,359.7	4,175.5	4,817.4	4,967.0
EBIT (RM'm)	1,072.1	876.1	754.2	1,125.2	1,145.6
Pre-tax Profit (RM'm)	862.7	692.8	590.7	839.2	900.6
Net Profit (RM'm)	655.3	539.8	460.9	639.4	677.5
Normalised Net Profit (RM'm)	656.4	511.1	480.7	639.4	677.5
EPS (sen)	12.59	10.23	9.05	12.26	12.99
PER (x)	7.63	9.8x	10.4x	7.83	7.39
Net Dividend (sen)	7.50	8.00	6.75	9.00	10.00
Net Dividend Yield (%)	7.8%	8.3%	7.0%	9.4%	10.4%

Source: Company, MIDFR

## ASTRO: 4QFY22 RESULTS SUMMARY

FYE January	Quarterly			Cumulatively	
(All in RM'm unless stated otherwise)	4QFY22	% QoQ	% YoY	FY22	FY21
Revenue	1031.3	0.9%	-7.0%	4,175.5	3250.9
EBITDA	389.8	4.2%	-12.4%	1580.7	1773.1
Depreciation and amortisation	-201.9	6.6%	8.7%	-826.5	-897.0
EBIT	187.9	18.9%	-16.0%	754.2	876.1
Finance cost	-39.8	-46.9%	-46.3%	-180.8	-206.9
Finance income	4.2	23.5%	-16.0%	17.2	23.7
Share of post-tax results	0.0	-100.0%	-100.0%	0.1	-0.1
PBT	152.3	13.3%	-24.5%	590.7	692.8
Taxation	-27.3	6.8%	45.6%	-130.1	-165.0
MI	-1.6	-100.0%	90.2%	-0.3	-12.0
PATAMI	123.4	16.5%	-8.7%	460.3	515.8
Core PATAMI	96.0	14.8%	-26.7%	474.0	534.0
EPS (sen)	1.83	14.7%	-27.0%	9.05	10.23
		+/-ppts	+/-ppts		
EBITDA margin (%)	37.8%	3.3%	-0.06	37.9%	54.5%
EBIT margin (%)	18.2%	17.9%	-0.10	18.1%	26.9%
PBT margin (%)	14.8%	12.3%	-0.19	14.1%	21.3%
Core PATAMI margin (%)	9.3%	13.8%	-0.21	11.4%	16.4%
Effective tax rate (%)	17.9%	-17.8%	-0.28	22.0%	23.8%

Source: Company, MIDFR

## TV AND RADIO OPERATIONAL STATISTICS

Key Statistics	FY22	FY21	YoY
Total TV households in Malaysia ('000)	7,809	7,680	1.7%
TV household penetration rate (%)	72%	74%	2 p.p.
TV customer base ('000)	5,588	5,689	-1.8%
Pay TV ARPU (RM)	97.20	96.90	0.3%
Astro TV viewership share (%)	72%	73%	1 p.p.
Radio listeners weekly (m)	17.5	17.0	2.9%
Digital monthly unique visitors (m)	14	14	-
Connected STBs ('000)	1,088	1,020	6.7%

Source: Company, MIDFR

## SEGMENTAL BREAKDOWN

Revenue	4QFY22	QoQ	YoY	FY22	YoY
Television	907.9	1.3%	-4.7%	3629.7	-3%
Radio	56.5	73.8%	22.6%	164.5	2%
Home-shopping	66.9	-28.7%	-39.5%	381.2	-17%
PBT	4QFY22	QoQ	YoY	FY22	YoY
Television	133.7	5.0%	-23.3%	526.7	-15%
Radio	43.3	576.6%	98.6%	81.7	41%
Home-shopping	-4.9	-308.3%	-214.0%	-0.4	-102%

Source: Company, MIDFR

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### MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

#### SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

#### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

\* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology