

SGX-ST Release

APTT ANNOUNCES RESULTS FOR THE QUARTER AND HALF-YEAR ENDED 30 JUNE 2024

Singapore – 14 August 2024

Asian Pay Television Trust (“APTT” or the “Trust”) today announced its financial results for the quarter and half-year ended 30 June 2024.

KEY HIGHLIGHTS

- Revenue and EBITDA at \$62.4 million¹ and \$36.0 million for the quarter, and \$125.8 million and \$74.2 million for the half-year; EBITDA margin at 57.8% for the quarter and 59.0% for the half-year
- Focused Broadband subscriber acquisition led to continued Broadband revenue improvement in both S\$ and NT\$; recorded c.10,000 new Broadband subscribers – the highest over the past 10 quarters
- Total subscriber base increased by c.13,000 to c.1,332,000 as at 30 June 2024, driven by Premium digital TV and Broadband
- Capital expenditure within industry norms at 14.6% for the quarter and 14.8% for the half-year
- Net debt repayments of \$26 million made during the first half-year; total net debt repayments for full year 2024 expected to be approximately \$40 million
- Around 90% of outstanding Onshore Facilities (equivalent to 83% of the Group’s total debt) are hedged through to 30 June 2025; net exposure to rising interest rates today is contained to only 17% of total outstanding debt
- Discussions with lenders are underway to refinance both Onshore and Offshore facilities, with an aim to lower cost of debt
- Distribution of 0.525 cents per unit declared for the half-year, re-affirmed distribution guidance of 1.05 cents per unit for the full year 2024, subject to no material changes in planning assumptions

FINANCIAL HIGHLIGHTS

APTT² reported revenue of \$62.4 million for the quarter and \$125.8 million for the half-year ended 30 June 2024. Earnings before interest, tax, depreciation and amortisation (“EBITDA”) and EBITDA margin stood at \$36.0 million and 57.8% for the quarter, and \$74.2 million and 59.0% for the half-year. Foreign exchange contributed to a negative variance of 4.1% for the quarter and 3.4% for the half-year compared to the prior corresponding period (“pcp”) due to a relatively weaker Taiwan dollar (“NT\$”). In constant NT\$, revenue decreased by 4.5% for the quarter and 3.6% for the half-year compared to the pcp. EBITDA was lower by approximately 2.8% for the quarter and 1.6% for the half-year compared to the pcp in constant dollar terms.

Group Amounts in \$'000	Quarter ended 30 June			Half-year ended 30 June		
	2024	2023	Variance ³ (%)	2024	2023	Variance ³ (%)
Revenue						
Basic cable TV	42,206	48,681	(13.3)	85,500	96,570	(11.5)
Premium digital TV	2,518	2,715	(7.3)	5,079	5,444	(6.7)
Broadband	17,646	16,856	4.7	35,244	33,318	5.8
Total revenue	62,370	68,252	(8.6)	125,823	135,332	(7.0)
Total operating expenses⁴	(26,331)	(29,538)	10.9	(51,619)	(57,245)	9.8
EBITDA	36,039	38,714	(6.9)	74,204	78,087	(5.0)
EBITDA margin	57.8%	56.7%		59.0%	57.7%	

¹ All figures, unless otherwise stated, are presented in Singapore dollars (“\$”).

² APTT refers to APTT and its subsidiaries taken as a whole.

³ A positive variance is favourable to the Group and a negative variance is unfavourable to the Group.

⁴ Operating expenses presented here exclude depreciation and amortisation expense, net foreign exchange gain/loss and mark to market movements on foreign exchange contracts, in order to arrive at EBITDA and EBITDA margin presented here.

Focused Broadband subscriber acquisition resulted in the addition of c.10,000 new subscribers, representing the highest increase over the past 10 quarters. This positive subscriber growth momentum led to continued Broadband revenue growth in both S\$ and NT\$. In NT\$, Broadband revenue increased by 8.8% for the quarter and 9.2% for the half-year. This included revenue from data backhaul, which constitute around 4% of the growing Broadband revenue.

Commenting on the success of TBC's Broadband growth strategy, Mr Somnath Adak, Chief Executive Officer of the Trustee-Manager said, *"We are heartened to record the highest growth in Broadband subscribers for this quarter. This is a result of our aggressive marketing efforts to churn customers away from our competitor, through attractively priced bundled promotions. Our growing Broadband revenue, in both S\$ and NT\$, now represents nearly 42% of Basic cable TV revenue for the quarter – an increase of 7 percentage points compared to pcp. Overall, we are moving in the right direction where we aim to grow cash flows from Broadband to a level that more than offsets the decline in our Basic cable TV business over the long term."*

OPERATIONAL PERFORMANCE

TBC's⁵ operational highlights for the quarter ended 30 June 2024 were as follows:

- **Basic cable TV:** Basic cable TV revenue of \$42.2 million for the quarter, comprising subscription revenue of \$35.1 million and non-subscription revenue of \$7.1 million, was down 13.3% compared to the pcp. In constant NT\$, Basic cable TV revenue for the quarter decreased by 9.2%. The overall decline in Basic cable TV revenue was mainly due to lower subscription revenue resulting from the decline in the number of subscribers and lower ARPU⁶. TBC's c.637,000 Basic cable TV RGUs⁷ contributed an ARPU of NT\$437 per month in the quarter to access over 100 cable TV channels. Basic cable TV RGUs decreased by c.5,000 and ARPU was lower by NT\$5 per month compared to the previous quarter ended 31 March 2024 (RGUs: c.642,000; ARPU: NT\$442 per month). The decline in Basic cable TV RGUs was due to a number of factors, including competition from aggressively priced IPTV, the growing popularity of online video, as well as expectations from consumers for discounts as they compare with the lower cable TV pricing outside of TBC's franchise areas, particularly in the Taipei region. Non-subscription revenue comprised revenue from the leasing of television channels to third parties, the sale of airtime advertising and fees for the installation of set-top boxes. In constant NT\$, non-subscription revenue for the quarter was lower than the pcp mainly due to lower revenue generated from channel leasing and airtime advertising sales. The leasing of television channels, which is mainly to third-party home shopping networks, will continue to face pressure from lower demand for home shopping and heightened competition from internet retailing.
- **Premium digital TV:** Premium digital TV revenue of \$2.5 million for the quarter was down 7.3% compared to the pcp. In constant NT\$, Premium digital TV revenue for the quarter decreased by 3.2%. Revenue was generated predominantly from TBC's c.337,000 Premium digital TV RGUs each contributing an ARPU of NT\$58 per month in the quarter for Premium digital TV packages and bundled DVR or DVR-only services. Premium digital TV RGUs increased by c.8,000, while ARPU was marginally lower by NT\$1 per month compared to the previous quarter ended 31 March 2024 (RGUs: c.329,000; ARPU: NT\$59 per month). The lower ARPU was due to promotions and discounted bundled packages that were offered to generate new RGUs and to retain existing RGUs. Video piracy issues and aggressively priced IPTV have also impacted ARPU.
- **Broadband:** Despite strong competition from the local telco and from mobile operators offering inexpensive unlimited data plans, Broadband RGUs increased by c.10,000 during the quarter representing the highest increase over the past 10 quarters. Broadband revenue, including revenue from data backhaul, was \$17.6 million for the quarter, an increase of 4.7% compared to the pcp. In constant NT\$, Broadband revenue for the quarter increased by 8.8%. Broadband revenue was generated predominantly from TBC's c.358,000 Broadband RGUs each contributing an ARPU of NT\$390 per month in the quarter, which was NT\$2 per month lower than the previous quarter ended 31 March 2024 (RGUs: c.348,000; ARPU: NT\$392 per month). The lower ARPU was due to more aggressive price promotions to churn customers away from TBC's main competitor. The continued increase in Broadband subscribers and revenue improvement in both S\$ and NT\$ reflects the success of TBC's Broadband strategy where we continue to target the broadband-only segment, partner with mobile operators, as well as offer higher speed plans at competitive prices to acquire new RGUs and re-contract existing ones.

⁵ TBC refers to Taiwan Broadband Communications Group.

⁶ ARPU refers to Average Revenue Per User.

⁷ RGUs refer to Revenue Generating Units, another term for subscribers or subscriptions; the terms are used interchangeably.

Capital expenditure increased \$1.6 million, or 20.8%, for the quarter and \$4.9 million, or 35.1%, for the half-year primarily due to i) higher network investments aimed at increasing fibre density and speed; and ii) the purchase of vehicles to replace leased vehicles that were up for renewal, to save on overall costs. As a percentage of revenue, capital expenditure was 14.6% for the quarter and 14.8% for the half-year. Going forward, the level of capital expenditure, which will continue to be within industry norms, will be closely monitored and limited to areas that can support TBC's Broadband growth strategy.

DEBT MANAGEMENT

As at 30 June 2024, approximately 90% of outstanding Onshore Facilities were hedged with interest rate swaps through to 30 June 2025, at an average fixed rate of 0.94% which is currently lower than the prevailing three-month Taipei Interbank Offered Rate ("TAIBOR"). As Onshore Facilities constitute approximately 93% of the Group's total outstanding debt, approximately 83% of total debt is protected against the risk of rising interest rates through to mid-2025. The net exposure to rising interest rates today is therefore contained to only 17% of total debt. The Trustee-Manager is confident that this level of exposure will not materially impact cash flows or affect business operations.

The refinanced 30-month Offshore Facilities, comprising a \$46.6 million term loan facility and a \$75 million revolving loan facility, are \$83.4 million lower than the previous Offshore Facilities (\$125 million term loan facility and \$80 million revolving loan facility) – a direct result of accelerated debt repayments as part of the debt management programme. The Trustee-Manager plans to complete the next refinancing in 2025, prior to the maturity of the Offshore Facilities in January 2026.

For the first six months of 2024, net debt of \$26 million was repaid. For the full year 2024, the total net debt repayments expected to be approximately \$40 million.

Mr Adak said, *"We will continue with our debt management to lower our borrowings, while exploring ways to bring down our cost of debt. Our aim is to reduce the more expensive Offshore loan as quickly as possible and eventually, we hope to bring all our debt back onshore to Taiwan. We have started discussions with lenders to refinance both our Onshore and Offshore facilities ahead of time, aiming for completion by mid-2025."*

OUTLOOK

Operationally, while the Trustee-Manager does not expect growth in Basic cable TV RGUs due to Taiwan's saturated cable TV market, we expect the number of Premium digital TV and Broadband RGUs to continue increasing in 2024. Total revenue will, however, be influenced by the ability to maintain ARPUs which will remain under pressure due to market dynamics. The decline in demand for home shopping and competition from internet retailing will continue to impact channel leasing revenue. The Trustee-Manager is managing every expense line item very closely. Total operating expenses in 2024 are expected to be in line with 2023.

DISTRIBUTIONS

The Board of Directors of the Trustee-Manager (the "Board") has declared an ordinary interim distribution of 0.525 cents per unit for the half-year ended 30 June 2024. The record date will be 20 September 2024 and the distribution will be paid on 27 September 2024.

The Board is re-affirming the distribution guidance for the full year ending 31 December 2024. The distribution for 2024 is expected to remain unchanged at 1.05 cents per unit, to be paid in half-yearly instalments of 0.525 cents per unit, subject to no material changes in planning assumptions.

The 2024 distribution guidance takes into account elevated interest rates and a weaker NT\$ against S\$. At this distribution level, the Board is confident that operating cash flows can still support disciplined debt repayments and fund capital expenditure to future-proof TBC's Broadband business.

ABOUT APTT

APTT is the first listed business trust in Asia focused on pay-TV and broadband businesses. APTT has an investment mandate to acquire controlling interests in and to own, operate and maintain mature, cash generative pay-TV and broadband businesses in Taiwan, Hong Kong, Japan and Singapore. APTT is managed by its Trustee-Manager, APTT Management Pte. Limited. The Trustee-Manager has the dual responsibility of safeguarding the interests of unitholders and managing the business conducted by APTT. The Trustee-Manager manages APTT's business with an objective of providing unitholders with stable and sustainable distributions.

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