

aptt
Asian Pay Television Trust

ASIAN PAY TELEVISION TRUST

31 MARCH 2022

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AGENDA

1. 31 MARCH 2022 RESULTS
2. OUTLOOK & STRATEGY
3. BUSINESS OVERVIEW
4. BUSINESS DRIVERS

31 MARCH 2022 RESULTS



HIGHLIGHTS

Broadband performance improved in Q1 2022; hedged almost 80% of outstanding onshore facilities to mitigate risk of rising interest rates



Lower Q1 2022 EBITDA and EBITDA margin on higher operating expenses

- Revenue and EBITDA at S$73.6 million and S$43.2 million; EBITDA margin stood at 58.7%
- Decline in EBITDA was due to higher staff costs, pole rental expenses and marketing and selling expenses



Growing total subscriber base

- Premium digital cable TV and Broadband subscribers have been steadily increasing over the past 16 quarters
- Added c.8,000 Premium digital cable TV and c.7,000 Broadband subscribers in the quarter, which more than offset Basic cable TV churn; total subscriber base increased to c.1,258,000



Continued Broadband growth momentum

- Growth in Broadband subscribers and higher ARPU led to higher revenue in S$ and NT$ for seven consecutive quarters compared to the pcp



Lower capital expenditure

- Capital expenditure decreased by 9.7% for the quarter compared to pcp
- Aim to use excess cash generated from operations to make debt repayments, subject to operating conditions



Debt management

- Entered into new TAIBOR interest rate swaps to hedge almost 80% of the outstanding onshore facilities through to 30 June 2025; average fixed rate on these swaps was 0.89%
- Lowered gearing to 49.4%



Distribution

- Distribution of 0.25 cents per unit declared for Q1 2022
- Re-affirmed distribution guidance of 1.0 cent per unit for 2022, to be paid in quarterly instalments of 0.25 cents per unit, subject to no material changes in planning assumptions
- There may be some flexibility with respect to distributions after 2022, subject to operating conditions

KEY OPERATING METRICS

Broadband ARPU improved by NT$4 per month alongside c.7,000 more subscribers, reflecting the success of TBC's marketing outreach to target Broadband only segment and offer higher speed plans at competitive prices

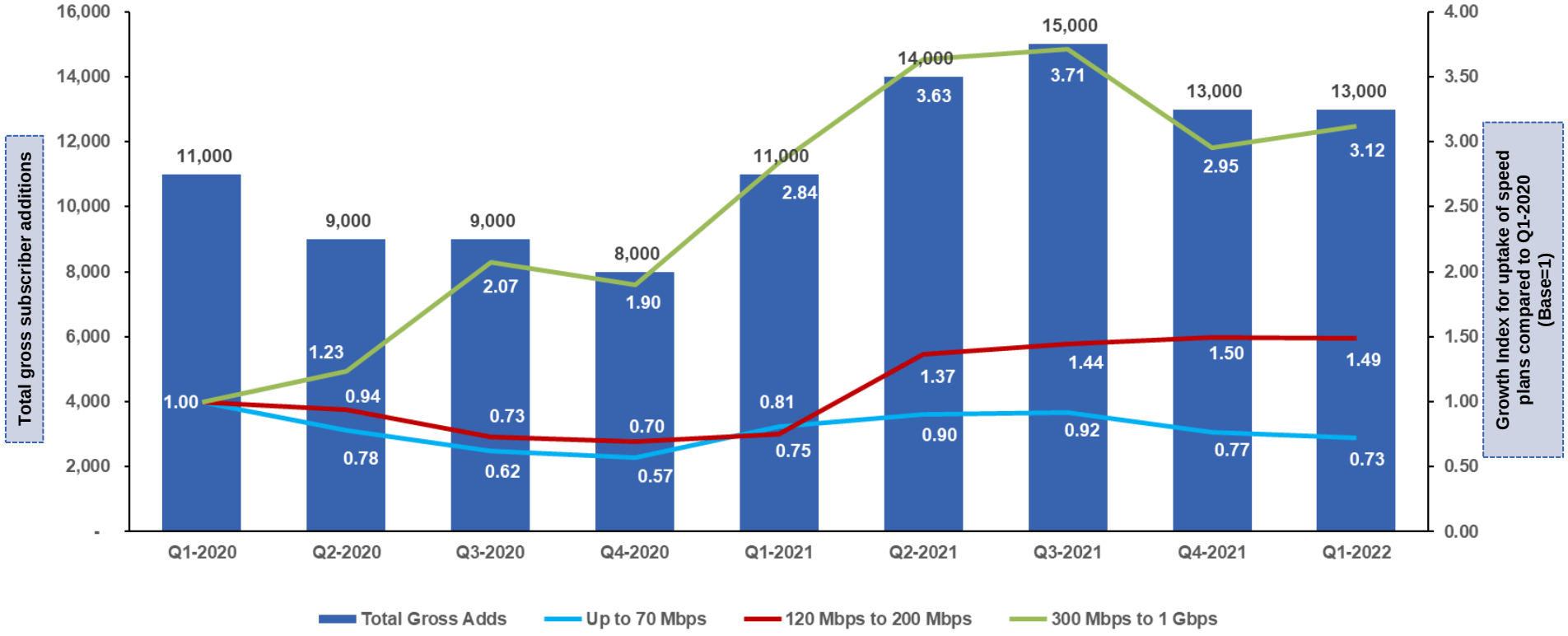
	RGUs[1] ('000)			ARPU[2] (NT$ per month)		
	As at			Quarter ended		
	31 Mar 2022	31 Dec 2021		31 Mar 2022	31 Dec 2021	
Basic cable TV	688	691	↓	472	476	↓
Premium digital cable TV	281	273	↑	73	76	↓
Broadband	289	282	↑	373	369	↑

- **Basic cable TV:** RGUs decreased by c.3,000 in the quarter to c.688,000 as at 31 March 2022 due to (i) a saturated cable TV market, (ii) competition from aggressively priced IPTV, (iii) growing popularity of online video and (iv) expectations from consumers for discounts as they compare with the lower cable TV pricing outside of TBC's[3] five franchise areas, particularly in the Taipei region
- **Premium digital cable TV:** RGUs increased by c.8,000 in the quarter to c.281,000. ARPU was lower 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, which decreased by NT$3 per month in the quarter
- **Broadband:** Despite the competitive conditions from unlimited wireless data offerings from mobile operators, TBC's focused broadband growth strategy led to RGUs increasing by c.7,000 in the quarter to c.289,000, while ARPU improved by NT$4 per month in the quarter. Growth driven by partnership programs with mobile operators to drive fixed-line Broadband only segment, and higher speed plans at competitive prices. Broadband churn rates remained very low, averaging around 0.7% in Q1 2022

Notes: (1) RGUs refer to Revenue Generating Units, another term for subscribers or subscriptions; the terms are used interchangeably
(2) Average Revenue Per User ("ARPU") is calculated by dividing the subscription revenue for Basic cable TV or Premium digital cable TV or Broadband, as applicable, by the average number of RGUs for that service during the period
(3) TBC refers to Taiwan Broadband Communications Group

BROADBAND ARPU IMPROVEMENT: SHIFT TOWARDS HIGHER SPEED PLANS

Increase in take-up rate of higher speed plans since Q1 2020; validates the strength of our Broadband growth strategy



Interpretation of Growth Index from the chart above:

For e.g., in Q1-2020 if there was 1 subscriber taking up higher speed plan with speed ranging from 300 Mbps to 1 Gbps, then in Q1-2022, there were 3.12 subscribers taking up the higher speed plans.

FINANCIAL RESULTS

Aim is to grow cash flows from Broadband business to a level that more than offsets the decline in Basic cable TV business

Group[1] (S$'000)	Quarter ended 31 Mar		
	2022	2021	Variance[2] (%)
Revenue			
Basic cable TV	54,699	57,477	(4.8)
Premium digital cable TV	3,067	3,353	(8.5)
Broadband	15,800	13,561	16.5
Total revenue	**73,566**	**74,391**	**(1.1)**
Total operating expenses[3]	**(30,377)**	**(29,006)**	**(4.7)**
EBITDA	**43,189**	**45,385**	**(4.8)**
EBITDA margin	58.7%	61.0%	

In constant Taiwan dollars ("NT$"), total revenue down 2.9% for the quarter; foreign exchange contributed to a positive variance of 1.8% for the quarter compared to the pcp

- **Basic cable TV:** Down 6.6% for the quarter in constant NT$ mainly due to lower subscription revenue resulting from the decline in the number of subscribers and lower ARPU as well as lower non-subscription revenue resulting from lower revenue generated from channel leasing and airtime advertising sales
- **Premium digital cable TV:** Down 10.3% for the quarter in constant NT$. Generated predominantly from TBC's Premium digital cable TV RGUs each contributing an ARPU of NT$73 per month during the quarter for Premium digital cable TV packages and bundled DVR or DVR-only services
- **Broadband:** Up 14.7% for the quarter in constant NT$. Generated predominantly from TBC's Broadband RGUs each contributing an ARPU of NT$373 per month during the quarter for high-speed Broadband services

Total operating expenses: Higher operating expenses for the quarter mainly due to higher staff costs, pole rental expenses and marketing and selling expenses

Notes: (1) Group refers to APTT and its subsidiaries taken as a whole
(2) A positive variance is favourable to the Group and a negative variance is unfavourable to the Group
(3) Total operating expenses 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

NET PROFIT

Net profit includes non-cash items such as depreciation and amortisation expense, foreign exchange, mark to market movements and deferred taxes

Group[1] (S$'000)	Quarter ended 31 Mar		
	2022	2021	Variance[2] (%)
Total revenue	**73,566**	**74,391**	**(1.1)**
Operating expenses			
Broadcast and production costs	(14,286)	(14,117)	(1.2)
Staff costs	(6,968)	(6,321)	(10.2)
Trustee-Manager fees	(1,814)	(1,814)	-
Other operating expenses	(7,309)	(6,754)	(8.2)
Total operating expenses	**(30,377)**	**(29,006)**	**(4.7)**
EBITDA	**43,189**	**45,385**	**(4.8)**
Other expenses			
Depreciation and amortisation expense	(18,777)	(23,382)	19.7
Net foreign exchange gain	164	928	(82.3)
Mark to market gain on derivative financial instruments	2,441	482	>100
Amortisation of deferred arrangement fees	(844)	(1,137)	25.8
Interest and other finance costs	(9,615)	(11,101)	13.4
Income tax expense	(4,322)	(3,813)	(13.3)
Total other expenses	**(30,953)**	**(38,023)**	**18.6**
Profit after income tax	**12,236**	**7,362**	**66.2**

Notes: (1) Group refers to APTT and its subsidiaries taken as a whole; (2) A positive variance is favourable to the Group and a negative variance is unfavourable to the Group

SELECTED FINANCIAL INFORMATION

Selected financial information[1] are key financial metrics of APTT's business

Group[2] (S$'000)	Quarter ended 31 Mar		
	2022	2021	Variance[3] (%)
Revenue			
Basic cable TV	54,699	57,477	(4.8)
Premium digital cable TV	3,067	3,353	(8.5)
Broadband	15,800	13,561	16.5
Total revenue	**73,566**	**74,391**	**(1.1)**
Total operating expenses[4]	**(30,377)**	**(29,006)**	**(4.7)**
EBITDA	**43,189**	**45,385**	**(4.8)**
EBITDA margin[5]	58.7%	61.0%	
Capital expenditure			
Maintenance	3,501	4,997	29.9
Network, broadband and other	3,134	2,353	(33.2)
Total capital expenditure	**6,635**	**7,350**	**9.7**
Income tax paid, net of refunds	(1,453)	(1,250)	(16.2)
Interest and other finance costs paid	(9,775)	(11,058)	11.6

Notes: (1) Some of the selected financial information includes non-IFRS measures
(2) Group 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) Total operating expenses 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
(5) EBITDA margin is a non-IFRS financial measure and is calculated by dividing EBITDA by total revenue

FINANCIAL POSITION

Strengthening balance sheet and managing debt levels remain a key focus

Group (S$'000)	As at	
	31 Mar 2022	31 Dec 2021
Assets		
Current assets		
Cash and cash equivalents	127,575	124,664
Trade and other receivables	13,408	16,089
Other assets	5,823	2,591
	146,806	**143,344**
Non-current assets		
Property, plant and equipment	273,438	292,493
Intangible assets	2,509,216	2,584,991
Other assets	18,226	1,744
	2,800,880	**2,879,228**
Total assets	**2,947,686**	**3,022,572**
Liabilities		
Current liabilities		
Borrowings from financial institutions	64,829	58,395
Trade and other payables	61,683	53,510
Income tax payable	7,150	5,970
Other liabilities	56,726	63,076
	190,388	**180,951**
Non-current liabilities		
Borrowings from financial institutions	1,390,366	1,455,097
Deferred tax liabilities	109,334	107,194
Other liabilities	34,901	36,528
	1,534,601	**1,598,819**
Total liabilities	**1,724,989**	**1,779,770**
Net assets	**1,222,697**	**1,242,802**

- **Cash and cash equivalents:** Cash balance of S$127.6 million; approx. S$60 million needed for onshore and offshore debt repayments in 2022
- **Intangible assets:** Comprise mainly cable TV licences and includes value of goodwill, franchise rights and customer relationships
- **Borrowings:** Decrease is mostly attributable to repayments of Onshore and Offshore Facilities and exchange rate movement. Refer to the next slide for additional details on borrowings
- **Depreciation/amortisation:** Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:
  - Buildings: 3-50 years
  - Leasehold improvements: 3-10 years
  - Network equipment: 2-10 years
  - Transport equipment: 5 years
  - Plant and equipment: 2-5 years
  - Right-of-use assets: 2-30 years

BORROWINGS

Lowered gearing to 49.4%; to focus on accelerated debt repayment, with approx. S$60 million earmarked in 2022 to repay onshore and offshore debts

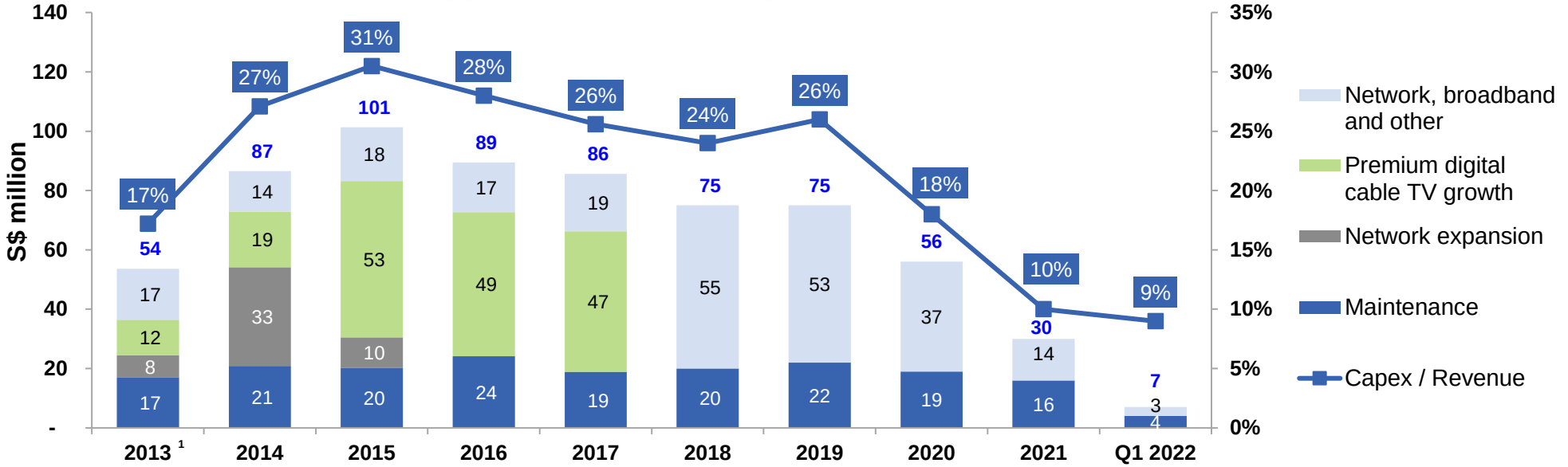
Group debt		As at	
		31 Mar 2022	31 Dec 2021
Total size available	S$ million	1,558	1,619
Total outstanding	S$ million	1,475	1,535
Effective interest rate - constant dollar	% p.a.	Q1 - 2.2	Full year - 2.7
Effective interest rate - SGD	% p.a.	Q1 - 2.6	Full year - 3.0
Net debt / EBITDA[1]	Multiple	7.4	7.7
Interest cover[2]	Multiple	4.0	3.9
Gearing[3]	%	49.4	50.1

- Borrowings comprised NT$ and S$ denominated loans - NT$27.8 billion (2021: NT$28.0 billion) and S$159.4 million (2021: S$171.9 million)
- Extended maturity date of Offshore Facilities by two years to Jul 2023 and Onshore Facilities by three years to Nov 2028, on the same major terms; pared down NT$0.8 billion (approx. S$40 million) as part of Onshore Facilities' extension, using cash on the balance sheet
- To commence discussion with lenders in 2022 to further extend Offshore Facilities to at least 2025
- New TAIBOR swaps were entered into in Q1 to hedge approx. 80% of the outstanding onshore facilities through to 30 June 2025, at an average fixed rate of 0.89%; aim to enter into more interest rate swaps to hedge a further 10% to 15% of outstanding Onshore Facilities
- Effective interest rate in constant dollar terms of 2.2% p.a. for the quarter compared to 2.7% p.a. for 2021. Actual effective interest rate in SGD was 2.6% p.a. for the quarter compared to 3.0% p.a. for 2021
- Approx. S$82 million of revolving facilities are available to fund working capital and future initiatives, if required

Notes: (1) Total debt outstanding less cash divided by LTM EBITDA; (2) LTM interest and other finance costs divided by LTM EBITDA; (3) Total debt outstanding (net of unamortised arrangement fees) divided by total assets

CAPITAL EXPENDITURE

TBC's dense fibre network can now comfortably deliver higher speed plans and support mobile operators in the build out of their 5G networks; network investments projected to be lower compared to the last three years, focusing on areas that can support TBC's aggressive push for the Broadband business



- Capital expenditure was higher from 2015 to 2017 due to the regulatory requirement to switch-off analogue broadcasting and complete the digitisation of TBC's subscriber base by 2017
- Network investments remain key to future-proof TBC's network; continue increasing fibre density by bringing down the number of homes served per fibre node, beyond the current level of less than 250 homes, to (i) meet the growing demand for data and high-speed broadband services; and (ii) support mobile operators in their 5G network rollouts – multi-year investments that present opportunities for the Trust
- Aggressive targets have been set to tighten capital expenditure; to invest within industry norms
- With lower capital expenditure, the Trustee-Manager aims to use excess cash generated from operations to gradually pay down debt

Capital expenditure in 2022 comprised the following:

- Maintenance capital expenditure to support TBC's existing infrastructure and business
- Network, broadband and other capital expenditure include items related to expanding the fibre network such as cabling, additional equipment to upgrade the headends, backbone and fibre nodes, DOCSIS and GPON deployments for higher speed customers, high-speed broadband modems and cable line extensions for new buildings

Note: (1) Capital expenditure for full year 2013 is included here for information purposes only; APTT's ownership of TBC only commenced from 29 May 2013

OUTLOOK & STRATEGY



POSITIONED FOR THE MID TO LONG-TERM

Initiatives to strengthen operations and drive growth, against an increasingly challenging and competitive environment

Broadband Growth Strategy

- Be data-backhaul ready; the contribution from data backhaul is growing and expected to add a meaningful income stream to the Broadband business within the next few years; multi-year investments for mobile operators
- Step up partnership programs with mobile operators to drive fixed-line Broadband only segment
- Develop new market segments and increase value-added solutions that leverage Android gateway

Capital Management

- Interest rate swaps covering ~80% of outstanding Onshore Facilities hedged through to 30 June 2025
- Average fixed rate on TAIBOR swaps is ~0.89%
- Gearing stood at 49.4% as at 31 Mar 2022 (2021: 50.1%)
- In 2021, successfully extended the maturity date of Offshore Facilities to 2023, on the same major terms; aim to further extend maturity date to at least 2025
- In 2021, successfully extended the maturity date of Onshore Facilities to 2028, on the same major terms
- Aim to eliminate offshore debt and bring debt back to onshore to save on interest costs over the long term

Strengthen Balance Sheet

- Cash generated from operations to continue funding capital expenditure; and not to use bank borrowings
- With network investments past the peak, capital expenditure to be lower than the last three years; aim to use excess cash generated from operations to make debt repayments, subject to operating conditions
- Monitor capital expenditure to focus on areas that can generate Broadband growth and sustainability for long-term

Key Investments

- Investments to focus on:
  - increasing network capacity and driving higher speed plans
  - positioning APTT to benefit from Taiwan's 5G rollout and drive data backhaul business

IMPACT OF COVID-19

Impact of the COVID-19 pandemic on TBC has been limited to date due to the subscription-based nature of its business

- While the COVID-19 outbreak in Taiwan is relatively contained as compared to other countries, Taiwan's outlook remains uncertain as the expected downturn in other countries will invariably have an impact on Taiwan's export-driven economy and GDP growth. A significant and prolonged deterioration in the national GDP, disposable income or overall economic conditions could in turn adversely affect TBC's ability to grow or maintain revenues, and its financial position.
- The Trustee-Manager will continue to:
  - Monitor developments of COVID-19 and their related impact on operations; and
  - Exercise prudence by managing operational and capital expenditure and strengthening APTT's debt management programme. A stronger balance sheet will provide APTT with the flexibility to navigate and compete more effectively in today's uncertain economic climate.
- TBC and the Trustee-Manager have activated their respective Business Continuity Plans that adhere to all regulations and guidelines in their respective jurisdictions.

OUTLOOK

APTT is positioned to grow in a measured way

GROWTH DRIVERS

UP-SELL & CROSS-SELL

- Continue to build on the up-sell & cross-sell initiatives across TBC's subscriber base to drive growth in future cash flows
- Leverage TBC's product offerings and strong subscriber base for growth

BROADBAND RGU GROWTH

- Intensify marketing efforts by stepping up partnership programs with mobile operators to focus on fixed-line Broadband only segment, and by offering higher speed plans at competitive prices
- High fixed broadband penetration in Taiwan; opportunity to gain more market share
- Rising demand for higher-speed broadband plans due to rapidly growing demand for data

SCALABLE & EFFICIENT COST STRUCTURE

- Headroom in network capacity that allows provision of additional services at limited incremental cost
- Support inorganic growth in future

PREMIUM DIGITAL TV

- Continue to ride on the growth momentum for Premium digital TV RGUs by stepping up marketing efforts to attract new RGUs
- Consumer preference for better quality video and interactive services
- Growing number of HD television sets in Taiwan

OPERATING ENVIRONMENT

CHALLENGING ENVIRONMENT

- ARPUs continue to remain under pressure due to growing popularity of online TV, challenges from video piracy issues, aggressively priced IPTV and competition from mobile operators offering unlimited wireless data
- Decline in demand for home shopping and stronger competition from internet retailing to continue impacting channel leasing revenue for cable industry

HIGHLY REGULATED

- Basic cable TV rates for 2022 across all five franchise areas were maintained at the same rates as 2021
- All five licences that were due for renewal in 2020 and 2021 have been successfully renewed until 2029 and 2030

Broadband and Premium digital cable TV RGUs to continue increasing in 2022; total revenue will be influenced by the ability to manage ARPUs which will remain under pressure; total operating expenses in 2022 expected to be higher than 2021 due to the benefit in 2021 from the reversal of pole rental provisions

Q&A



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Asian Pay Television Trust

Asian Pay Television Trust
Q1 2022 Results Briefing via Zoom on 13 May 2022 at 8am
Question & Answer Session

Singapore – 17 May 2022

Summarised questions and answers:

Question: **Has there been any headway made for 5G data backhaul?**

Answer: In 2018, offering data backhaul service was not something that cable operators thought of. We were the first to approach the wireless operators to offer data backhaul such that they had an alternative to leasing from the national telco. We grew from zero revenue in 2018 at a time when it was not even a business, to S$1.6 million in 2021. Data backhaul is certainly an area where we expect to see growth.

From what we have observed on the ground, Taiwan is very similar to the other markets. The take-up of 5G has been a little slow for mobile operators. As a result, they are planning their capex very carefully. On the exact regulatory requirements, I cannot speak to the timeframe. In general, however, a lot of those requirements can be met from their existing base stations; mobile operators can just add additional equipment to their existing base stations and meet coverage requirements. Where there is more capex investment required is to get good 5G coverage indoors, where today the coverage will often switch from 5G back to 4G. For the most part, a lot of that would not be part of the regulatory requirements.

What we are seeing in Taiwan is probably less 5G uptake, in line with other markets. Wireless operators are therefore managing their capex very carefully. We will continue to work with them. Over time, of course, they will build out but this will be a multi-year investment.

Question: **On the theme of higher interest rates, for your onshore debt, there is a small amount of 10% to 20% left hedged. What would be the fixed rate if you were to hedge now? Likewise, for the Singapore dollar offshore facilities, what are the prevailing rates right now?**

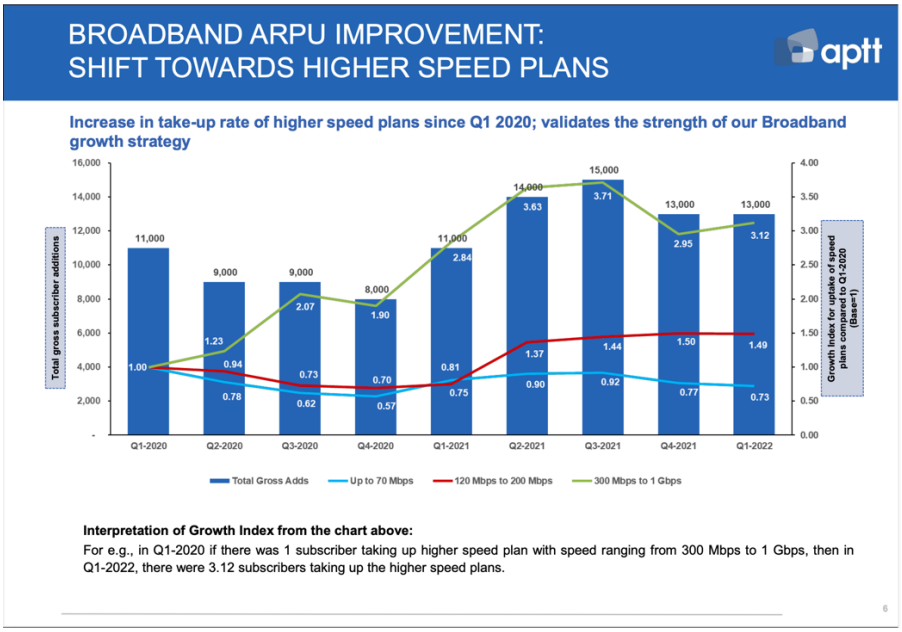
Answer: We did our onshore swaps at around 89 basis points midway through the first quarter this year. The first quarter saw a mark to market gain of approximately S$16 million – a reflection of the swap pricing at 31 March, which was more than 1.5% (or 150 basis points). This was not because the floating rate had gone up so much, it was the fact that swap providers had built in more risk. Between when we entered our swaps and today, the Bank of Taiwan had done a rate increase, which was viewed as a little bit of a surprise. The US rate expectations have also gone up.

The rates have since come down a little, in terms of swap expectations. But this gives you a sense, over 1.5% with the swap rates that were being indicatively quoted. But we will wait as the floating rate is still much less. We are in a good position to be patient to complete the hedging of 10% to 15% more of our onshore facilities.

Our offshore debt is pegged to SIBOR, which would eventually move to SORA. The swap cost has been one full percentage point more than the floating rate. It is a lot to absorb in a swap cost, compared to the cost in Taiwan. Our offshore debt is also much smaller, with around S$160 million outstanding.

Restrictions apply in relation to PRC Nationals holding APTT units. Please refer to the APTT website (www.aptt.sg) and the APTT Prospectus dated 16 May 2013 for further information.

Question: **On slide 6, how much more upside can we see from the higher speed plans? I understand that it is three times higher. How much is it in terms of percentage growth right now, and how much more can the higher speed plans grow?**



Answer: If you look at our penetration rate in terms of the number of subscribers, we ended the quarter at 289,000 subscribers. The total market is more than triple of that. There are more broadband subscribers in our areas than there are cable TV subscribers. There are roughly 1.3 million households in our franchise areas and fixed-line broadband penetration will be approximately 70% (based on NCC data of nationwide households with fixed-line broadband). Based on these numbers, we can assume that the market is around 900,000 subscribers, which is more than triple the current size of our subscriber base. There is therefore a lot of room to grow our number of subscribers and our speed plans.

Perhaps for the next quarter, we can add a slide in the appendix to show a breakdown of the number of subscribers in the higher speed plans versus the lower speed plans. There are still a lot of subscribers in the 300 Mbps and below speed plans. There is an opportunity to move them up. Even more importantly is the size of the market who are not TBC's broadband subscribers. There is still a lot of runway for broadband growth.

Question: **Is there any material impact arising from higher energy prices or inflation?**

Answer: Overall, we have not seen a significant impact. Internally, we are looking at our supply chains and any equipment that we get from Europe or China. At this point, we do not anticipate any significant impact on either energy costs or on our supply chain for any equipment that we need.

Question: **The FarEasTone merger with Asia Pacific Telecom has been approved by shareholders. Any comments on whether this would help TBC on 5G data backhaul and so forth?**

Answer: We have been working with FarEasTone by offering fixed line broadband services to their subscribers. If you walk into a FarEasTone mobile shop, you can subscribe to TBC fixed line broadband plans. We have also worked with Asia Pacific Telecom on the same. Going forward, we do not see a negative impact as we have a strong relationship with FarEasTone and Asia Pacific Telecom.

Question: **For a customer that subscribes to TBC's cable TV service but uses Chunghwa Telcom's broadband service, does it mean that he has two different boxes? What is holding them back from subscribing to just TBC's cable TV and broadband services? Is it because they are tied to Chunghwa Telcom's IPTV bundles that lock them in?**

Answer: The customer would also have two boxes with TBC - one is a set-top box for cable TV and the other a modem for fixed-line broadband. This could change in the future as there have been combo boxes but they tend to be very expensive. Today it is much more economical to use the cheapest possible set-top box and a separate modem which is pegged to the speed plan that you subscribe to.

Chunghwa Telecom is the largest wireless carrier in Taiwan. They also offer inexpensive IPTV services, though they do not have nearly the channels that you can get on our basic cable TV platform – roughly two-thirds of the channels on our basic cable TV platform are not on IPTV.

Whether it is wireless or cheap IPTV services, Chunghwa has a lot to offer with their fixed-line broadband. However, it is important to note that we have consistently been winning subscribers over several quarters. It is just a matter of staying focused on the long-term and keep expanding our broadband subscriber base.

Question: **In terms of the decline in cable TV ARPUs, one of the factors is the pricing pressure from neighbouring cities. Will this trend persist? When will the pricing pressure stop?**

Answer: Three to four years ago, our broadband ARPUs were declining (as collateral damage) due to the intense competition in the wireless market. Our broadband pricing eventually reached a floor, however, and over the last couple of years broadband ARPU has been increasing.

For basic cable TV, the pressure on ARPU is not just due to pricing in other cheaper markets. It is also to manage churn. We would rather offer a discount to someone to stay on basic cable TV, then then to lose them at all. We are managing very carefully to balance giving selective discounts and losing the customer. As of today, it costs only approximately S$23 to access popular content from over 100 channels. We are not in the position to forecast when this pricing pressure will end but we hope that pricing will stabilise at some point, as it did with broadband. We are certainly doing what we can to protect our ARPUs and manage churn.

Question: **How much was non-subscription revenue in Q1 2022?**

Answer: Our non-subscription revenue was S$7.5 million in Q1 2022.

Question: **Why were intangible assets lower in Q1 2022?**

Answer: We do not revalue our intangible assets. The biggest component of that movement was foreign exchange translation because our business is in Taiwan. At the end of every quarter, we translate our foreign business into Singapore dollars. As a result, sometimes you will see some movement. The same applies to debt because we translate our onshore debt back into Singapore dollars.

Question: **What is the reason for the poor pricing in the neighbouring cities?**

Answer: There were originally 51 cable TV franchise areas across Taiwan over 20 years ago. These 51 franchise areas were mostly cable TV monopolies; most did not overlap with each other, however there were a few overlapping areas, particularly around the Taipei and New Taipei region. TBC operates just outside of Taipei, starting from South Taoyuan all the way down to Taichung City. So you could be in Taoyuan, just a few blocks away from New Taipei City, where there may be two different cable TV operators. And they are competing with each other, offering different prices which will be lower than ours. From this perspective, there is some pressure.

Question: **Is there an optimal debt level?**

Answer: Our debt leverage is a reflection of our business at that point in time. We look at debt relative to EBITDA, and not the absolute debt level. Today we are at 7.4 times net debt to EBITDA. This is certainly not where we want to be in the long term, which is why we implemented our debt management program in 2018. During the IPO, we said that 5 to 6 times net debt to EBITDA is a very comfortable position. Certainly at those levels, all the debt could be onshore at the cheapest possible margins. We want to keep bringing down our net debt to EBITDA to below 7.4 times.

Question: **Any updates on the Greater Taichung concession?**

Answer: We expanded our network from what was our original Taichung City franchise area to the Greater Taichung area. This has allowed us to offer fixed line broadband services across the Greater Taichung area. The progress that we have made in Greater Taichung is utilising our network to drive our highest growth area – broadband, and expanding our base of broadband subscribers.

On the cable TV side, at present, due to the competitive landscape, we have not found a solution to license cable TV content in the expanded area in a way that makes financial sense.

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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Email: contact@aptt.sg

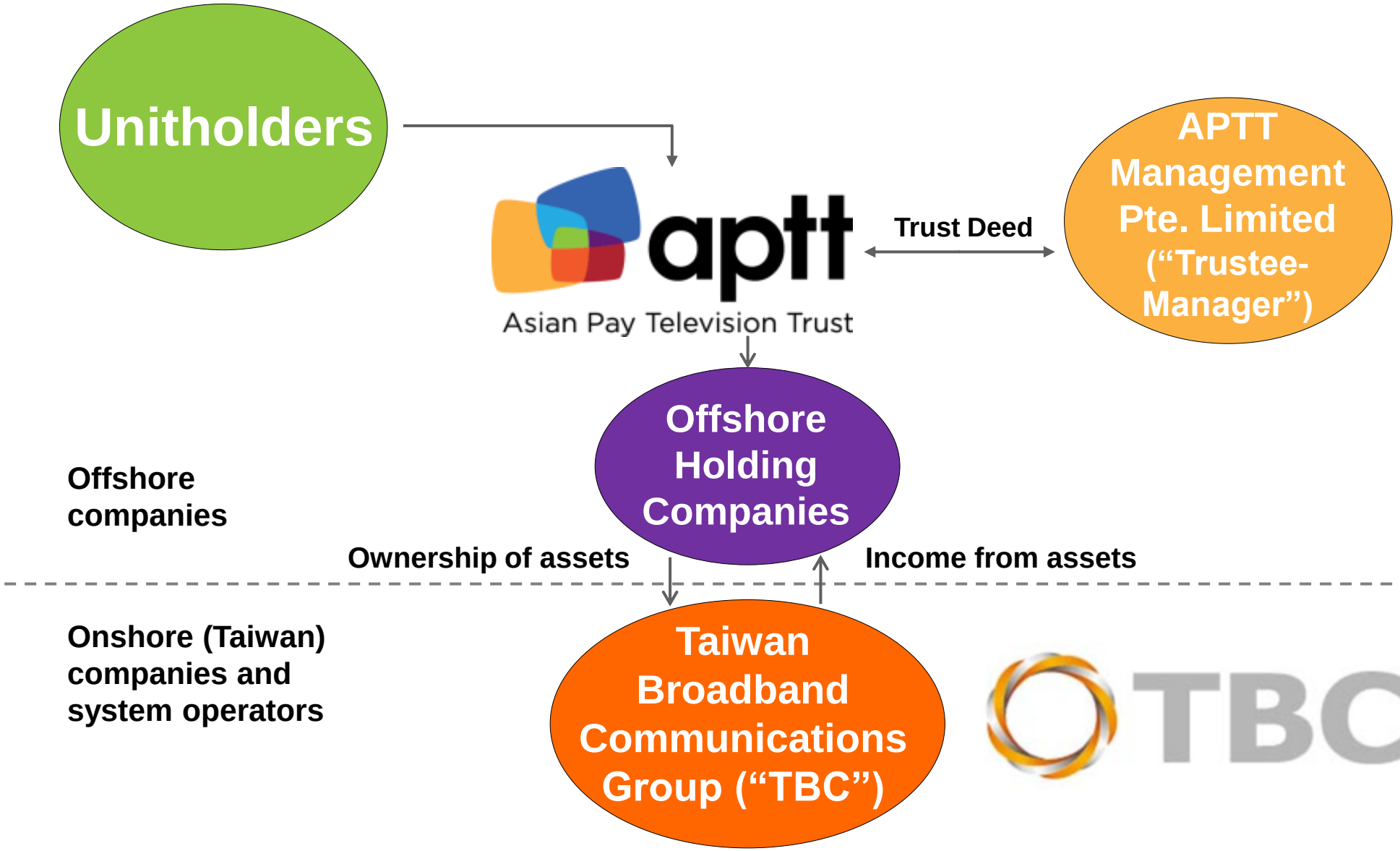
APPENDIX



BUSINESS OVERVIEW



TRUST STRUCTURE



OVERVIEW

APTT is a business trust with a mandate to own & operate pay-TV & broadband businesses in Taiwan, Hong Kong, Japan & Singapore

- Independent Directors comprise majority of the Board of Directors (4 out of 7)
- **Sole investment in Taiwan Broadband Communications ("TBC") – Taiwan's third largest cable TV operator**

Cable TV operator in five franchise areas in Taiwan, with network coverage of more than 1.3 million homes

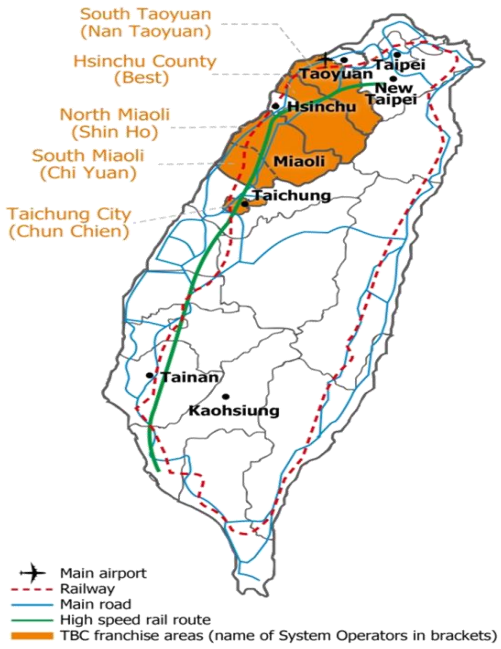
- Owns 100% of the advanced hybrid fibre coaxial cable network in the five franchise areas
- Resilient business with high barriers of entry due to high network roll out requirements
- Large customer base makes TBC attractive to local content providers
- Long standing relationship with subscribers; deep understanding of Taiwanese subscribers' viewing preferences

PRODUCT OFFERINGS

Approx. 89% of revenue is subscription-based from the three product offerings[1]

BASIC CABLE TV	PREMIUM DIGITAL CABLE TV	BROADBAND
Over 100 channels on Basic cable TV, majority of the popular channels are only available on cable TV	Up to 68 additional channels including 67 HD channels, through MPEG4 platform. 41%[1] of TBC's Basic cable TV subscribers are also Premium digital cable TV subscribers; opportunity to upsell to the remaining 59%	Growing market share, with ability to cross-sell to non-customers on DOCSIS 3.1 enabled HFC network and current speed offerings up to 1 Gbps

FRANCHISE AREAS IN NORTHERN & CENTRAL TAIWAN



- Low churn rate of 0.5%[1] for Basic cable TV (688K[1] Revenue Generating Units)
- Up-sell Premium digital cable TV and cross-sell Broadband to large Basic cable TV subscriber base

Note: (1) As at 31 March 2022

BUSINESS DRIVERS

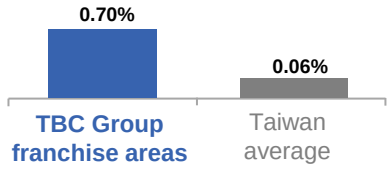


TBC'S FRANCHISE AREAS

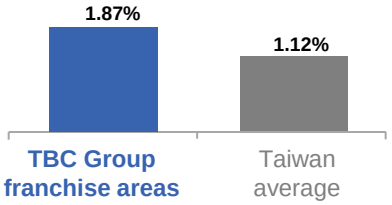
Network coverage of more than 1.3 million households across five franchise areas in four counties of Taiwan

- Well connected via major railways, road transportation and/or international airports
- Increasing population due to workforce seeking employment in TBC Group's franchise areas
- Population growth in the five franchise areas (0.70%) outstrips national average (0.06%); Growing number of new households as more young Taiwanese set up families

Population CAGR[1] (2011-2021)



Number of households CAGR[1] (2011-2021)



South Taoyuan



- Home to Taiwan Taoyuan International Airport and close proximity to Taipei
- Service area covers 918 square km and constitutes over 75% of the total area in Taoyuan County
- Approx. 439K households and population of close to 1.2 million

Hsinchu



- Hsinchu Science Park is home to high tech companies, the city has one of the highest income levels in Taiwan
- Approx. 211K households and population of 576K

Miaoli (North & South)



- Suburban mountainous region geographically located between Hsinchu and Taichung
- Well connected via major railway and road transportation systems
- Approx. 196K households and population of 537K

Taichung City

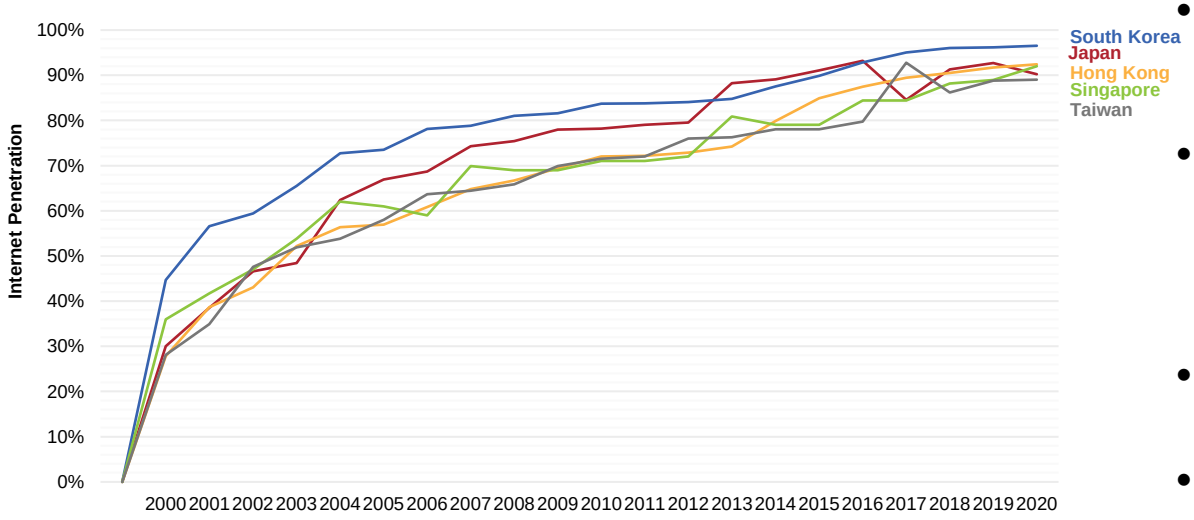


- One of the most populous cities in Taiwan; home to Taichung International Airport
- Vibrant, diverse economy: large industrial areas and a thriving commercial sector that incorporates traditional businesses, small family-run shops & factories
- Approx. 466K households and population of 1.2 million

Note: (1) National Statistics, R.O.C. (Taiwan) 2021

TAIWAN MARKET – POTENTIAL IN BROADBAND

Relatively lower internet penetration and speed compared to other developed APAC markets



International Telecommunications Union

- Internet penetration is lowest in Taiwan at 91.0% at the start of 2022, compared to South Korea, Japan, Singapore and Hong Kong
- Taiwan's average download speed of fixed internet connections is ranked second last among the five developed APAC markets at approx. 94.63 Mbps; there is room for Taiwan subscribers to further increase internet speed
- TBC's Broadband market share in its five franchise areas is increasing year-on-year
- Opportunity for TBC to gain more market share and meet rising demand for higher-speed broadband plans due to rapidly growing demand for data

Region	Internet penetration rate	Number of Internet users (million)	Average download speed of fixed internet connections (Mbps)	Year-on-year change in average speed of fixed internet connections
Asia-Pacific				
Taiwan	91.0%	21.72	94.63	+21.7%
South Korea	98.0%	50.29	98.86	+7.8%
Japan	94.0%	118.3	93.26	+23.9%
Singapore	92.0%	5.45	184.65	+15.2%
Hong Kong	93.0%	7.05	158.19	+31.3%

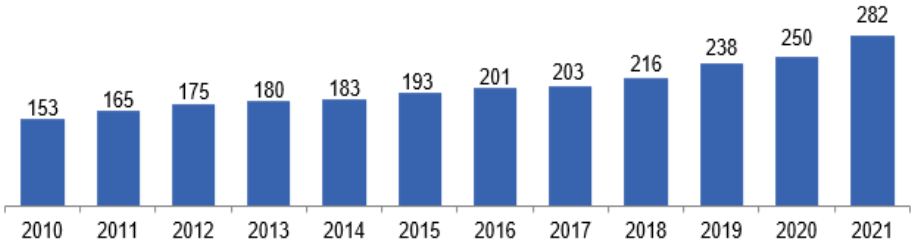
Datareportal, Digital 2022

IMPROVING BROADBAND MARKET SHARE

TBC's broadband market share improving in its franchise areas year-on-year

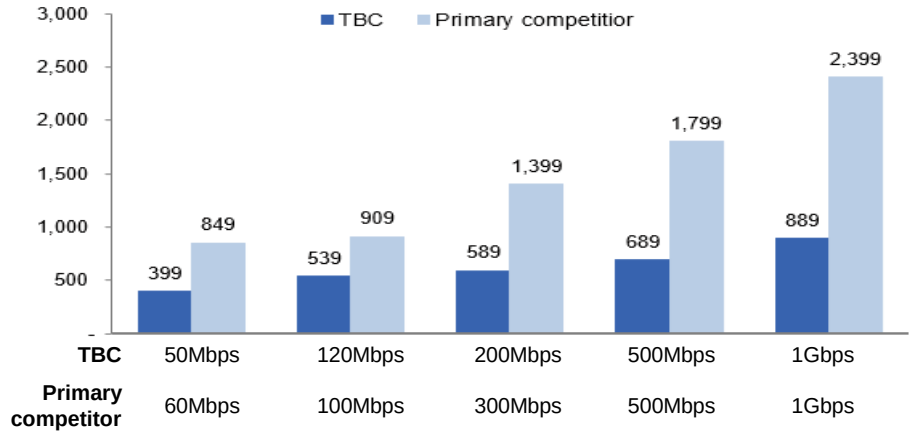
Broadband RGUs ('000)

2010-21 Broadband RGU CAGR: 5.7%



TBC Group offers competitive prices[1] with reliable services

NT$ / month



Note: (1) Primary competitor pricing based on NCC data

- DOCSIS 3.1 and GPON enabled network that meets consumer demand for high-speed internet; 1 Gbps launched since 2019
- Competitive pricing and optional bundling with digital TV
- Offering value-added services including Android OTT gateway and karaoke singing box, among others. Will continue to introduce value-added solutions that leverage the Android gateway
- Developing new market segments, including enterprise clients
- Supporting mobile operators with their network development by leveraging TBC network for data backhaul

HIGH BARRIERS TO ENTRY AGAINST CABLE ENTRANTS IN TAIWAN

Cable TV continues to be the dominant TV platform

- Superior content portfolio at competitive pricing
- Affordable services
- Adoption of superior technology by operators
- Technological disadvantages of IPTV in Taiwan

Barrier to entry against new cable entrants

- High network roll-out requirements
- Long standing relationships with subscribers; strong brand awareness
- Deep understanding of Taiwan subscribers' viewing preferences

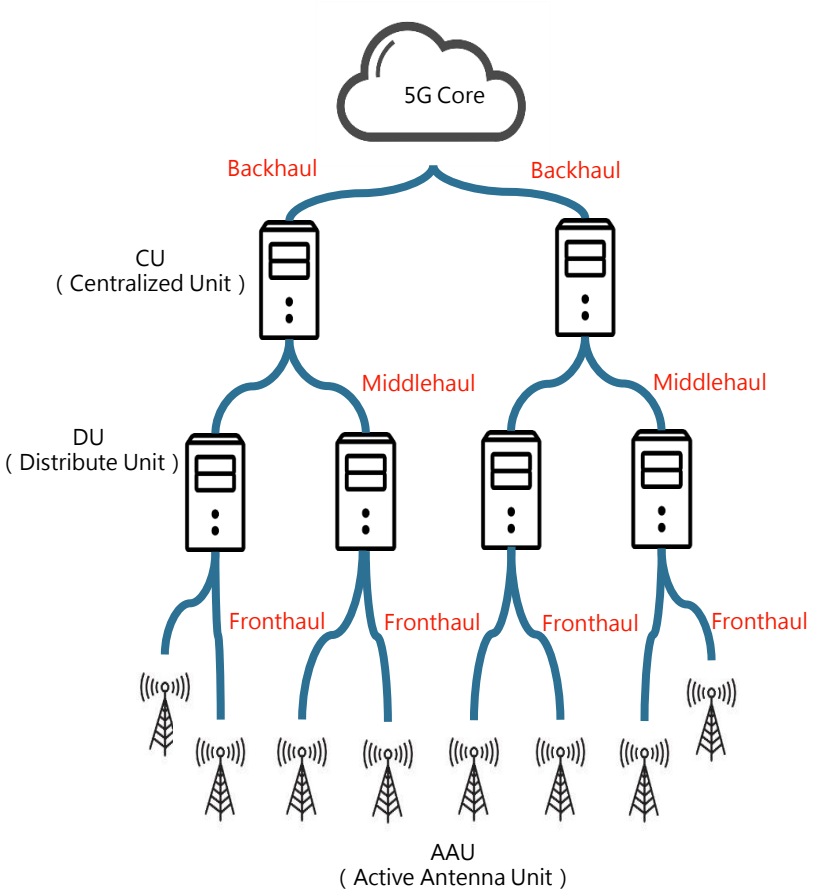
Top 20 channels in Taiwan (2021)

1	TVBS-News
2	Sanlih Taiwan Channel
3	EBC News
4	Sanlih E-Television News
5	Formosa TV News
6	Unique Satellite TV
7	TVBS
8	ERA News
9	Next TV News
10	YOYO TV
11	EBC Financial News
12	Star Chinese Channel
13	Sanlih City Channel
14	GTV Drama
15	Videoland Japanese
16	EBC Variety
17	Videoland On-TV
18	Star Chinese Movies
19	EBC Drama
20	Videoland Movies

5G DATA BACKHAUL OPPORTUNITIES

HOW DATA BACKHAUL WORKS?

For data to move from one point to another on the internet, there needs to be fibre nodes that allow these points to interface with each other.



WHY MOBILE OPERATORS IN TBC'S FIVE FRANCHISE AREAS NEED DATA BACKHAUL SERVICES?

Demand for higher speed continues to increase

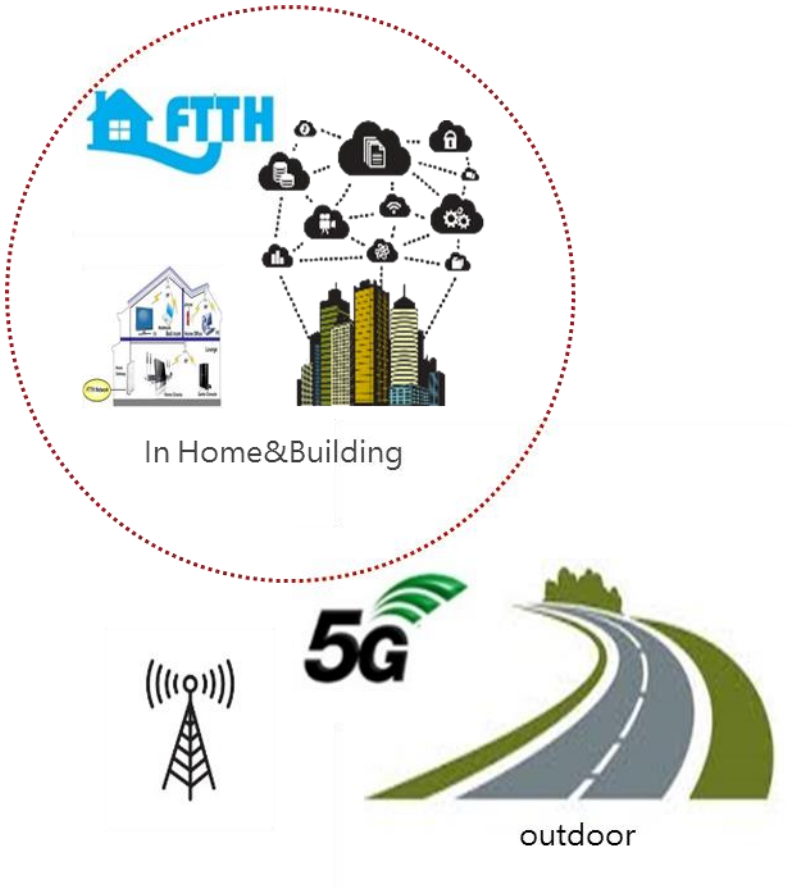
Spectrum is expensive, while wireless competition is intense. CAPEX and OPEX for 5G infrastructure are costly for a mobile operator

- TBC is one of two players in its five franchise areas that owns a dense and distributed underground fibre network; TBC does not compete in the wireless space
- More efficient for 5G mobile operators to work with a 5G data backhaul partner (via 10GPON or DOCSIS3.1) to deliver higher speed/lower loss and lower interference end-to-end 5G network transmission
- TBC has been increasing fibre density from an average of over 750 end-homes per fibre node three years ago to less than 250 end-homes per fibre node on average today; Broadband speeds ranging up to 1 Gbps
- TBC's increased fibre density can adequately support mobile operators, removing network congestion and allowing data to be transmitted at high speed; allows 5G mobile operators who are building their small cell stations to tap into TBC's high speed fibre data backhaul
- As a proof-of-concept, TBC has been providing data backhaul for 4G networks to a few mobile operators; although its contribution is still not significant, revenue from data backhaul over the last three years has been gradually increasing
- TBC is positioned to benefit from mobile operators' multi-year investments in the build out of their 5G networks

5G DATA BACKHAUL OPPORTUNITIES

OPPORTUNITIES FOR TBC AS 5G DATA BACKHAUL PROVIDER

TBC's advanced hybrid fibre coaxial network supports both indoor and outdoor coverage



- Taiwan government's push for faster build up of 5G networks
  - National Communications Commissions is providing substantial subsidies to telco operators with a goal of building 39,000 5G base stations in 2.5 years
- 5G network investment is a multi-year investment for mobile operators; flexibility to add fibre circuits from TBC as their wireless networks expand over time
- Explore partnerships with mobile operators to tender for government projects
  - 10GPON and DOCSIS3.1 are used as heterogeneous network backup in private 5G networks
- Explore a packaged suite of hybrid network environment and office applications to target the business community

END

