aptt
Asian Pay Television Trust



JUNE QUARTER & HALF-YEAR 2015 RESULTS PRESENTATION

4 August 2015

IMPORTANT NOTICE AND DISCLAIMER

Disclaimer

Asian Pay Television Trust (APTT) is a business trust registered under the Business Trusts Act (Chapter 31A of Singapore) and listed on the Singapore Exchange Securities Trading Limited. Macquarie APTT Management Pte. Limited (MAPTTPL) is the Trustee-Manager of APTT. MAPTTPL is a wholly owned subsidiary of Macquarie Group Limited (ACN 122 169 279) (MGL).

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited (ABN 46 008 583 542) (MBL). MBL does not guarantee or provide assurance in respect of the obligations of these entities.

This presentation has been prepared based on available information. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, neither MGL, MBL, APTT, MAPTTPL, their directors, employees or agents, nor any other person accepts any liability for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it, including, without limitation, any liability arising from fault or negligence on the part of MGL, MBL, APTT, MAPTTPL or their directors, employees or agents. In particular, no representation or warranty is given as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in the information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. Each recipient of the information should make its own independent assessment of the information and take its own independent professional advice in relation to the information and any action taken on the basis of the information.

General Securities Warning

This presentation is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in APTT, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

Information, including forecast financial information, in this presentation should not be considered as a recommendation in relation to holding purchasing or selling, securities or other instruments in APTT. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies many of which are outside the control of APTT. Past performance is not a reliable indication of future performance.

Investors should note that there are limitations on the right of certain investors to own units in APTT under applicable Taiwan laws and regulations. Such investors include PRC individuals and corporate entities, the Taiwan government and political entities and other restricted entities and restricted persons. For further information, investors should refer to the APTT Prospectus dated 16 May 2013 issued by APTT.

AGENDA

1. HIGHLIGHTS
2. KEY OPERATING METRICS
3. FINANCIAL RESULTS
4. FINANCIAL POSITION
5. BORROWINGS
6. NETWORK EXPANSION
7. OUTLOOK

HIGHLIGHTS

Performance is in line with expectations

- Revenue for the quarter of S$82.7 million driven by higher revenue across each of TBC's[1] service offerings
- EBITDA for the quarter higher at S$50.4 million
- Digital set-top box penetration was 100% as at 30 June 2015
- Greater Taichung network expansion progressed in line with expectations
  - Network coverage in excess of 30% of homes in the new coverage areas
  - Requisite regulatory licenses secured and marketing operations focused on Broadband services commenced
- APTT distribution of 2.00 cents per unit declared for the quarter ended 30 June 2015
- APTT distribution guidance of at least 8.25 cents per unit for the full year ending 31 December 2015 reaffirmed, subject to there being no material changes in planning assumptions

1. TBC refers to Taiwan Broadband Communications group

KEY OPERATIONAL METRICS

Higher subscribers and digital set-top box penetration

	As at 30 June 2015	As at 31 March 2015	
Subscribers ('000s)			
Basic cable TV	756	756	⇔
Premium digital cable TV	138	136	⇑
Broadband	187	185	⇑
Digital set-top box penetration (%)	100	95	⇑

ARPU (NT$ per month)[1]	Three months ended 30 June 2015	Three months ended 31 March 2015	
Basic cable TV	537	537	⇔
Premium digital cable TV	187	188	⇔
Broadband	522	526	⇓

- **Subscribers and ARPU:**
  - Basic cable TV: Subscribers and ARPU were flat
  - Premium digital cable TV: Subscribers increased to 138,000. APRU was flat
  - Broadband: Subscribers increased to 187,000 with ARPU marginally lower
- **Digital set-top box penetration:** TBC achieved a penetration rate of 100% as at 30 June 2015, up from 95% as at 31 March 2015
  - TBC remains at the forefront of digitisation in Taiwan and is well positioned to provide subscribers with the opportunity to watch the latest TV offerings in high definition digital format

1. ARPU (Average Revenue Per User) is calculated by dividing the subscription revenue for Basic cable TV, Premium digital cable TV or Broadband, as applicable, by the average number of subscribers for that service during the period

FINANCIAL RESULTS

Higher revenue generated across each of TBC's service offerings

Group[1]	Quarter ended 30 June 2015 S$'000	Quarter ended 30 June 2014 S$'000	Variance[2] %	Half-year ended 30 June 2015 S$'000	Half-year ended 30 June 2014 S$'000	Variance[2] %
Revenue						
Basic cable TV	65,786	63,603	3.4	131,543	125,156	5.1
Premium digital cable TV	3,808	3,412	11.6	7,488	6,816	9.9
Broadband	13,086	12,177	7.5	25,941	24,424	6.2
Total revenue	**82,680**	**79,192**	**4.4**	**164,972**	**156,396**	**5.5**
Total operating expenses[3]	**(32,254)**	**(29,936)**	**(7.7)**	**(65,883)**	**(59,978)**	**(9.8)**
EBITDA	**50,426**	**49,256**	**2.4**	**99,089**	**96,418**	**2.8**
EBITDA margin	61.0%	62.2%		60.1%	61.6%	

- **Revenue:** Total revenue was S$165.0 million and EBITDA was S$99.1 million for the half-year ended 30 June 2015. Total revenue of S$82.7 million for the quarter ended 30 June 2015 and S$165.0 million for the half-year ended 30 June 2015 was 4.4% and 5.5% higher than pcp:
  - Basic cable TV: Revenue of S$65.8 million was up 3.4% on pcp, mainly due to foreign exchange
  - Premium digital cable TV: Revenue of S$3.8 million, was up 11.6% on pcp. This was generated predominantly from TBC's 138,000 Premium digital cable TV subscribers paying an ARPU of NT$187 per month for the quarter for Premium digital cable TV packages and bundled DVR services
  - Broadband: Revenue of S$13.1 million was up 7.5% on pcp. This was generated predominantly from TBC's 187,000 broadband subscribers paying an ARPU of NT$522 per month for the quarter for high speed broadband services
- **Operating expenses:** Total operating expenses of S$32.3 million for the quarter ended 30 June 2015 were 7.7% higher than pcp, due to foreign exchange, higher broadcast and production costs, staff costs and other operating 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 for the quarter and half-year ended 30 June 2014 excluded a one-time fee of S$1.2 million paid to Deloitte (Taiwan) for services performed in relation to the settlement of the tax dispute.

FINANCIAL POSITION

Strong balance sheet, supportive of ongoing cash flow and future growth

	Group as at 30 June 2015 S$'000	Trust as at 30 June 2015 S$'000
Assets		
Current assets		
Cash and cash equivalents	62,008	4,664
Trade and other receivables	26,668	-
Other assets	2,287	267
	90,963	4,931
Non-current assets		
Investment in subsidiaries	-	1,342,351
Property, plant and equipment	207,017	-
Intangible assets	2,312,117	-
Other assets	1,982	-
	2,521,116	1,342,351
Total assets	**2,612,079**	**1,347,282**
Liabilities		
Current liabilities		
Borrowings from financial institutions	4,359	-
Trade and other payables	32,493	8,387
Income tax payable	6,964	-
Other liabilities	57,760	3,310
	101,576	11,697
Non-current liabilities		
Borrowings from financial institutions	1,155,565	-
Deferred tax liabilities	50,427	-
Other liabilities	25,901	865
	1,231,893	865
Total liabilities	**1,333,469**	**12,562**
Net assets	**1,278,610**	**1,334,720**

- **Cash and cash equivalents:** Cash balance of S$62.0 million
- **Depreciation/amortisation:** Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:
  - Buildings: 2 – 50 years
  - Leasehold improvements: 3 – 10 years
  - Network equipment: 6 – 10 years
  - Transport equipment: 5 years
  - Plant and equipment: 2 – 6 years
  - Leased equipment: 3 years

BORROWINGS

Sufficient capacity to fund future organic and inorganic growth initiatives

Debt as of 30 June 2015	
Total size	NT$32.0 billion (S$1,395 million[1])
Total drawn[2]	NT$27.4 billion (S$1,194 million[1])
All-in hedge rate	c.4% per annum
Total debt / asset EBITDA	5.5x
Gearing[3]	46%
Interest coverage ratio	Greater than 4 times

- Interest rate swaps have been entered into which fix a significant portion of the interest rate exposure resulting in a total interest rate cost of approximately 4% per annum
- An additional revolving facility of approximately S$201 million is available to fund future ongoing growth capital expenditure and inorganic growth initiatives
- No borrowings at trust level

Notes: (1) S$:NT$ = 22.94 as at 30 June 2015
(2) Amount includes issue costs of NT$741 million (S$32 million)
(3) Total debt / total assets

NETWORK EXPANSION

Positive progress has been made with the network expansion across Taichung region

	2013	2014	2015	2016
Network build[1] (necessary capital expenditure)	<S$10 million	S$33 million	S$20 – S$25 million	S$10 – S$15 million
Home connections (success based capital expenditure)	Not applicable	S$200 – S$250 per home		

- TBC's core network has been expanded to cover well in excess of 30% of homes in the new coverage area in greater Taichung region as at 30 June 2015
- Capital expenditure related to the network expansion during the second quarter amounted to S$4.2 million
  - It is estimated that the 2015 and 2016 combined capital expenditure will total between S$30 million and S$40 million
  - The network expansion is expected to be completed in early 2016
- Capital expenditure related to network expansion is funded by drawing on TBC's borrowing facilities

Notes: (1) Includes the cost of extending the core network and building in selected neighbourhoods

OUTLOOK

Continuation of stable performance in 2015

- The focus in 2015 remains on driving growth in cash flows through up-selling and cross-selling of services across TBC's subscriber base and progressing the network and operational expansion in greater Taichung region
- Total revenue and EBITDA for the full year 2015 are anticipated to be higher than 2014 as initiatives to grow TBC's business are pursued
- Inorganic growth initiatives will be pursued in a selective manner
- APTT distribution of 2.00 cents per unit will be paid on 25 September 2015
- APTT distribution guidance of at least 8.25 cents per unit for the full year ending 31 December 2015 reaffirmed, subject to there being no material changes in planning assumptions