

aptt
Asian Pay Television Trust

# ASIAN PAY TELEVISION TRUST

**30 September 2024**

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# AGENDA

1. 30 SEPTEMBER 2024 RESULTS
2. OUTLOOK & STRATEGY
3. BUSINESS OVERVIEW
4. BUSINESS DRIVERS



# 30 SEPTEMBER 2024 RESULTS

# HIGHLIGHTS

## Focused Broadband subscriber acquisition led to continued Broadband revenue improvement in both S$ and NT$

**Broadband growth strategy yielding positive momentum**

- Focused subscriber acquisition resulted in c.8,000 new subscribers during the quarter
- Broadband subscriber base represents 58% of Basic cable TV subscriber base (Q3 2023: 51%)
- Broadband revenue in NT$ improved by 7.9% for the quarter and 8.7% for the nine months compared to the pcp
- Broadband revenue is approx. 41% of Basic cable TV revenue (9M 2023: 35%); represents approx. 28% of total revenue (9M 2023: 25%)

**Revenue and EBITDA negatively impacted by a weaker NT$**

- Revenue, EBITDA and EBITDA margin for the quarter stood at S$63.7m, S$37.4m and 58.8%, bringing nine months revenue, EBITDA and EBITDA margin to S$189.5m, S$111.6m and 58.9%, respectively
- In NT$, revenue and EBITDA improved 1.0% and 2.6% for the quarter, supported by one-off channel leasing revenue, but decreased by 2.1% and 0.2% for the nine months, compared to the pcp

**Growing total subscriber base: Added c.7,000 net subscribers in Q3**

- Total subscriber base at c.1,339,000 (Q2 2024: c.1,332,000)
- Growth driven by Broadband and Premium digital TV subscribers
- Aggressive marketing efforts to churn customers our way, through attractively priced bundled promotions
- Aiming to grow cash flows from Broadband to a level that consistently more than offsets the decline in our Basic cable TV business.

# HIGHLIGHTS

## Disciplined debt repayment to continue reducing debt levels; Interest rate exposure is limited to a manageable 10% of total debt; 2025 distribution guidance remains unchanged at 1.05 cents per unit

### Disciplined debt management continues

- S$39 million net debt repaid during the nine months; another S$20 million expected to be repaid in the next six months
- Entered into new interest rate swaps to hedge 100% of outstanding Offshore debt until 30 June 2025. Approx. 90% of total outstanding debt protected against the risk of rising interest rates through to mid-2025; interest rate exposure is contained to only 10% of total debt
- Discussions with lenders to refinance both Onshore and Offshore facilities are progressing well; aim to complete by mid-2025; aiming to bring at least a sizeable portion of our more expensive Offshore debt back Onshore to save on interest cost

### Capital expenditure within industry norms

- Capital expenditure lower by 1.8% for the quarter and higher by 20.9% for the nine months
- 9M increase mainly due to purchase of vehicles to replace leased vehicles, to save on overall costs
- As a percentage of revenue, capital expenditure within industry norms at 13.4% for the quarter and 14.4% for the nine months (30 September 2023: 13.2% and 11.2%, respectively)

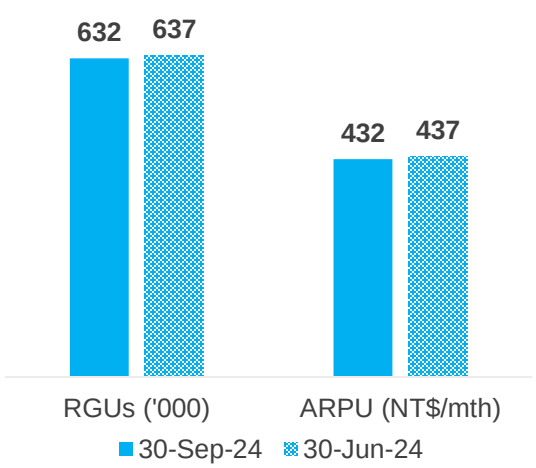
### Distribution guidance

- Re-affirmed distribution guidance of 0.525 cents per unit for H2 2024
- Full year 2025 distribution guidance remains unchanged at 1.05 cents per unit
- Takes into account i) elevated interest rates; ii) a weaker NT$ against S$; iii) ARPU pressure; and (iv) a declining Basic cable TV business
- Depending on the refinancing outcome and our hedging programme beyond June 2025, distribution could be adjusted in 2026

# KEY OPERATING METRICS

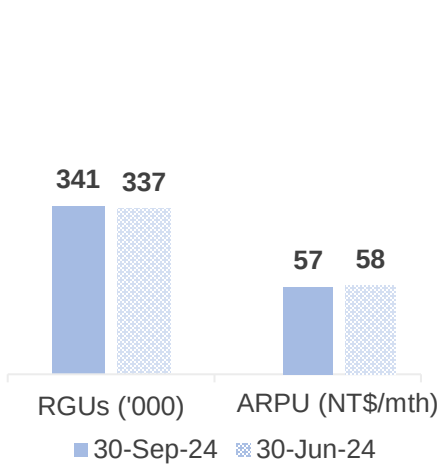
**Growth in RGUs for Broadband and Premium digital TV cushioning the decline in Basic cable TV; Total RGUs to continue increasing; ARPUs expected to remain under pressure**

## Basic cable TV



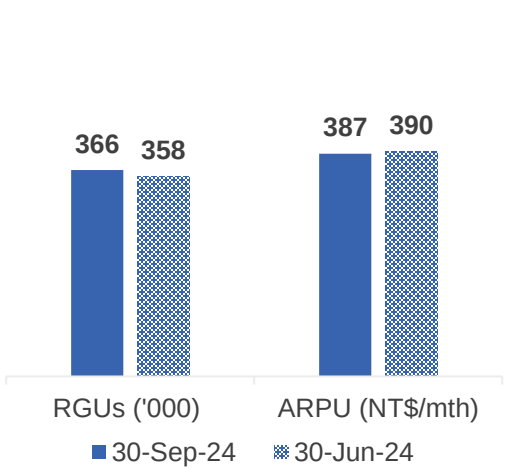

- Subscribers down by c.5,000
- Lower ARPU due to (i) saturated cable TV market; (ii) competition from aggressively priced IPTV; (iii) growing popularity of online video; and (iv) discount expectations from consumers

## Premium digital TV

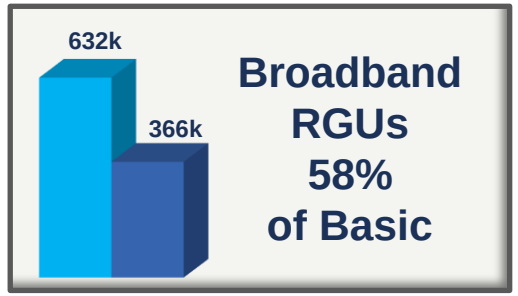



- c.4,000 new subscribers in Q3
- Promotions and discounted bundled packages to generate and retain RGUs
- Video piracy issues and aggressively priced IPTV also impacted ARPU

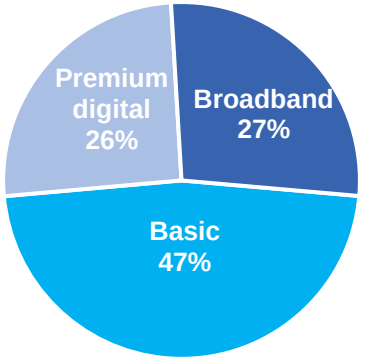
## Broadband



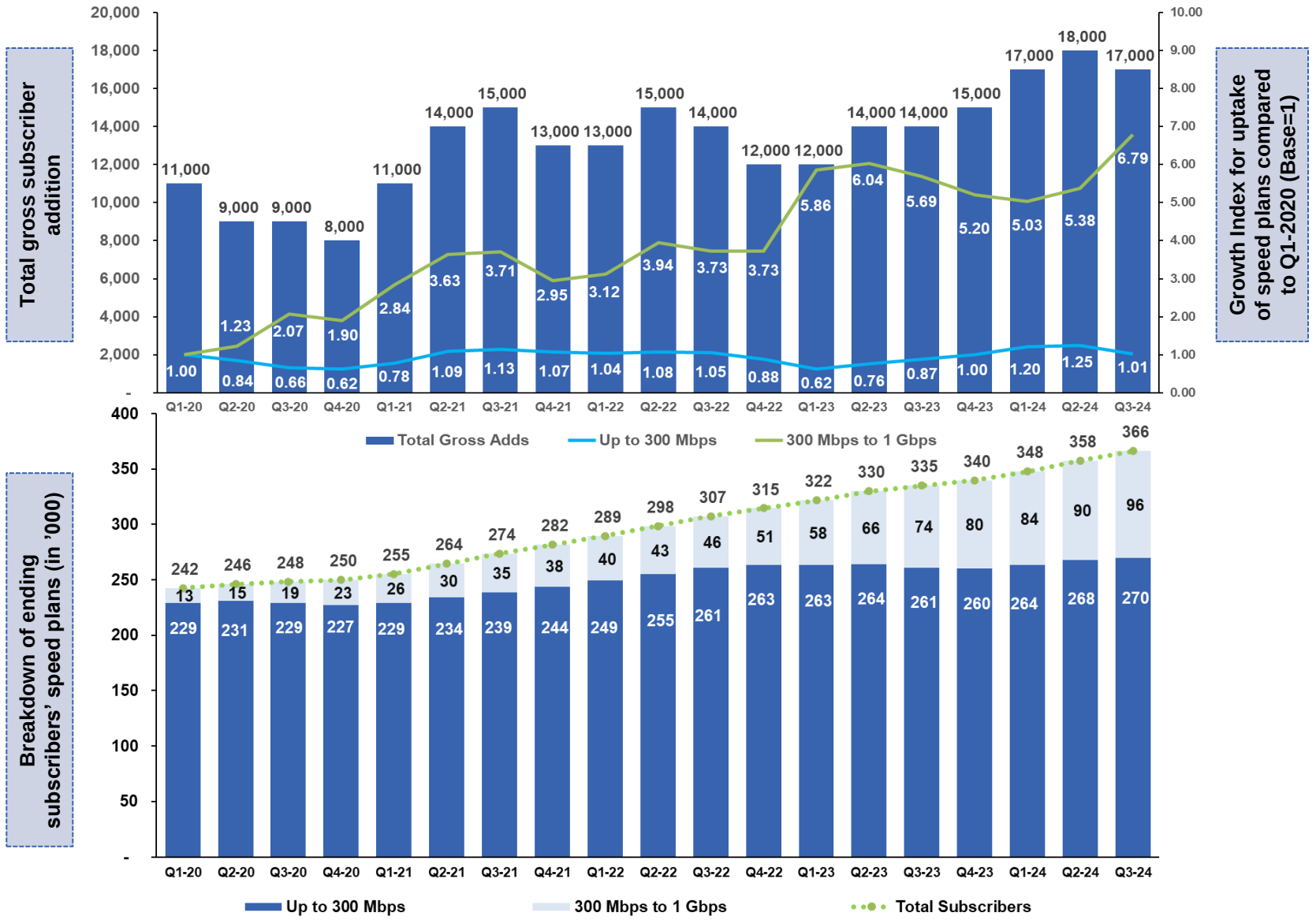

- c.8,000 new subscribers in Q3
- Lower ARPU due to more aggressive price promotions
- Continue to target broadband-only segment, partner with mobile operators, offer high speed plans at competitive prices




**Breakdown of Total Subscriber base c.1,339,000**



# BROADBAND GROWTH MOMENTUM




## Broadband is the largest driver of long-term growth

**Validating the strength of TBC's Broadband growth strategy:**

Increase in take-up rate of higher speed plans contributes to ARPU and revenue improvement

***Interpretation:*** *For example, in Q1-2020 if there was 1 subscriber taking up higher speed plan with speed ranging from 300 Mbps to 1 Gbps, then in Q3-2024, there were 6.79 times more subscribers taking up higher speed plans.*

**Runway for growth:**

Most of TBC's subscribers are still in the speed plans below 300 Mbps, presenting an opportunity for TBC to move them up to higher speed plans

***Interpretation:*** *Out of 366,000 broadband subscribers as of Q3-2024, 270,000 subscribers are still in the lower speed plans of below 300 Mbps and only 96,000 subscribers are in the higher speed plans at and above 300 Mbps. So, there is a lot of opportunity to move these lower speed plan subscribers to higher speed plans.*

# EBITDA

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

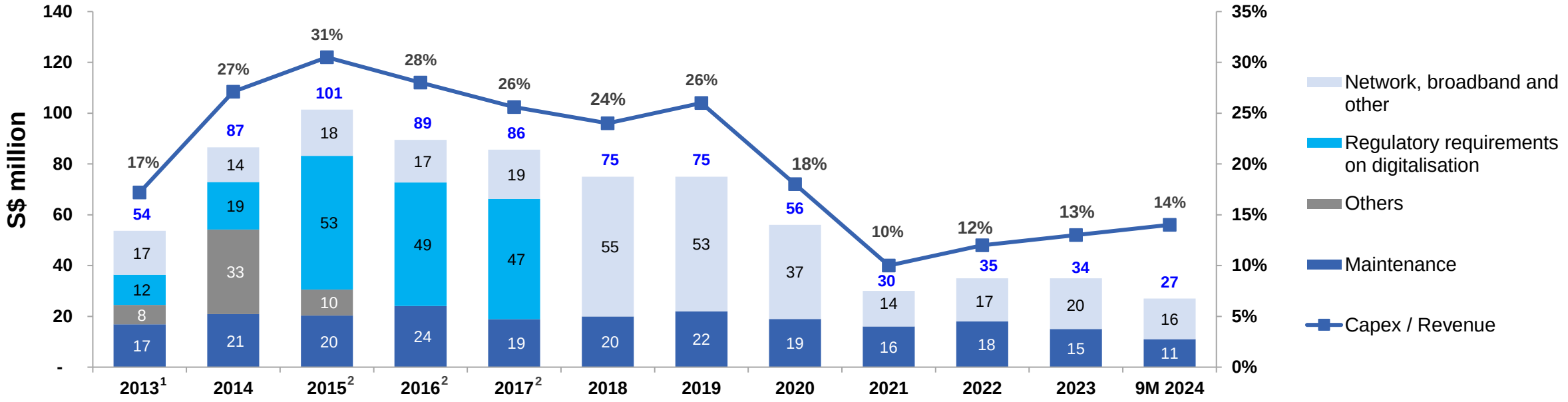
| Group[2] (S$'000) | Quarter ended 30 Sep | | | | Nine months ended 30 Sep | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | S$ variance[3] | Constant $ variance[3] | 2024 | 2023 | S$ variance[3] | Constant $ variance[3] |
| **Revenue** | | | | | | | | |
| Basic cable TV | 43,487 | 45,877 | (5.2) | (1.2) | 128,987 | 142,447 | (9.4) | (5.8) |
| Premium digital TV | 2,554 | 2,817 | (9.3) | (5.3) | 7,633 | 8,261 | (7.6) | (4.0) |
| Broadband | 17,629 | 16,975 | 3.9 | 7.9 | 52,873 | 50,293 | 5.1 | 8.7 |
| **Total revenue** | **63,670** | **65,669** | **(3.0)** | **1.0** | **189,493** | **201,001** | **(5.7)** | **(2.1)** |
| **Total operating expenses[4]** | **(26,232)** | **(27,701)** | **5.3** | **1.3[6]** | **(77,851)** | **(84,946)** | **8.4** | **4.8[6]** |
| **EBITDA** | **37,438** | **37,968** | **(1.4)** | **2.6[6]** | **111,642** | **116,055** | **(3.8)** | **(0.2)[6]** |
| EBITDA margin[5] | 58.8% | 57.8% | | | 58.9% | 57.7% | | |

**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, 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
(6) Operating expense, and resulting EBITDA, are also affected by foreign exchange movements in currencies other than NT$, however they are not material. Therefore, constant $ variance presented here is arrived at by adjusting foreign exchange variance of NT$ to S$ of 4.0% for the quarter and 3.6% for the nine months, for reference purposes.

- **Basic cable TV:** Non subscription revenue, comprising channel leasing and advertising sales, constituted 23% for the quarter and 19% for the nine months; recorded one-off channel leasing revenue which supported constant dollar increase in Q3 total revenue
- **Broadband:** Revenue from data backhaul constitute ~4% of growing Broadband revenue
- **EBITDA:** EBITDA improved by 2.6% for the quarter; declined at a lower rate of 0.2% for the nine months vis a vis revenue

# CAPITAL EXPENDITURE

## Capex continue to be within industry norms; limited to areas that can support our aggressive push to grow Broadband




**Notes:** (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
(2) CAPEX was elevated from 2015 to 2017 due to regulatory requirements

**Capital expenditure in 2024:**

(i) Maintenance capital expenditure to support TBC's existing infrastructure and business

(ii) Network, broadband and other capital expenditure to expand the fibre network

(iii) Purchase of vehicles to replace leased vehicles, to save on overall costs

**Network investments remain key to future-proof TBC's network to:**

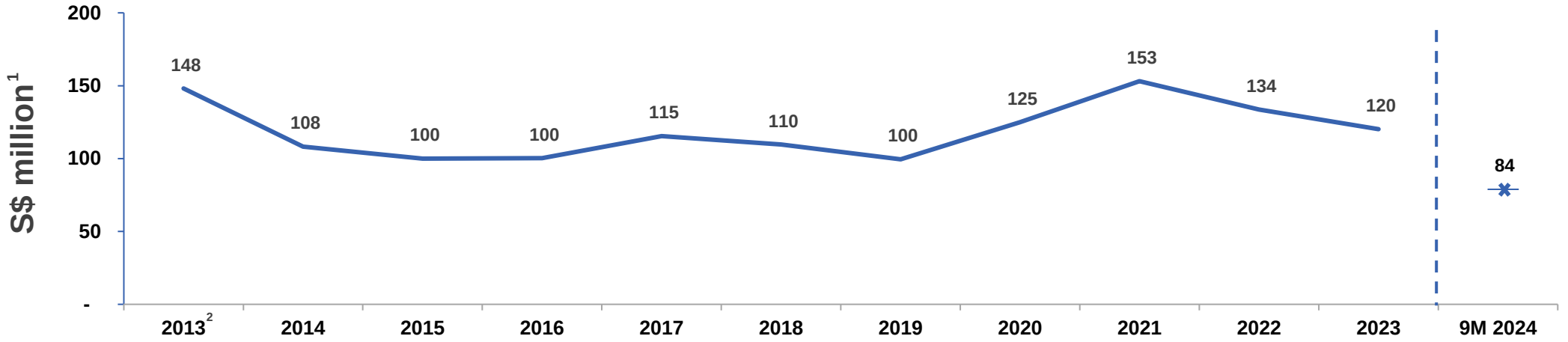
(i) Expand coverage of FTTH deployment

(ii) Meet growing demand for data and high-speed broadband services

(iii) Support mobile operators in their 5G network rollouts

# EBITDA LESS CAPEX

## Net operational cash flows sufficient to support distributions and healthy net debt repayments




**EBITDA less capex**

- Represents net cash flows that are used to fund distributions and debt servicing
- With greater focus on managing capex, since 2019, net cash flows started improving
- Despite lower revenue, net cash flows are healthy and higher than 2019 and prior due to a greater focus on managing capex, operational savings initiatives, and more success on driving Broadband penetration

**9M 2024 net cash flows**

- EBITDA less capex of approx. S$84m

**Notes:** (1) Net cash flows presented in S$ includes impact of foreign exchange movements
(2) EBITDA and capital expenditure for full year 2013 is included here for information purposes only, APTT's ownership of TBC only commenced from 29 May 2013

# NET PROFIT

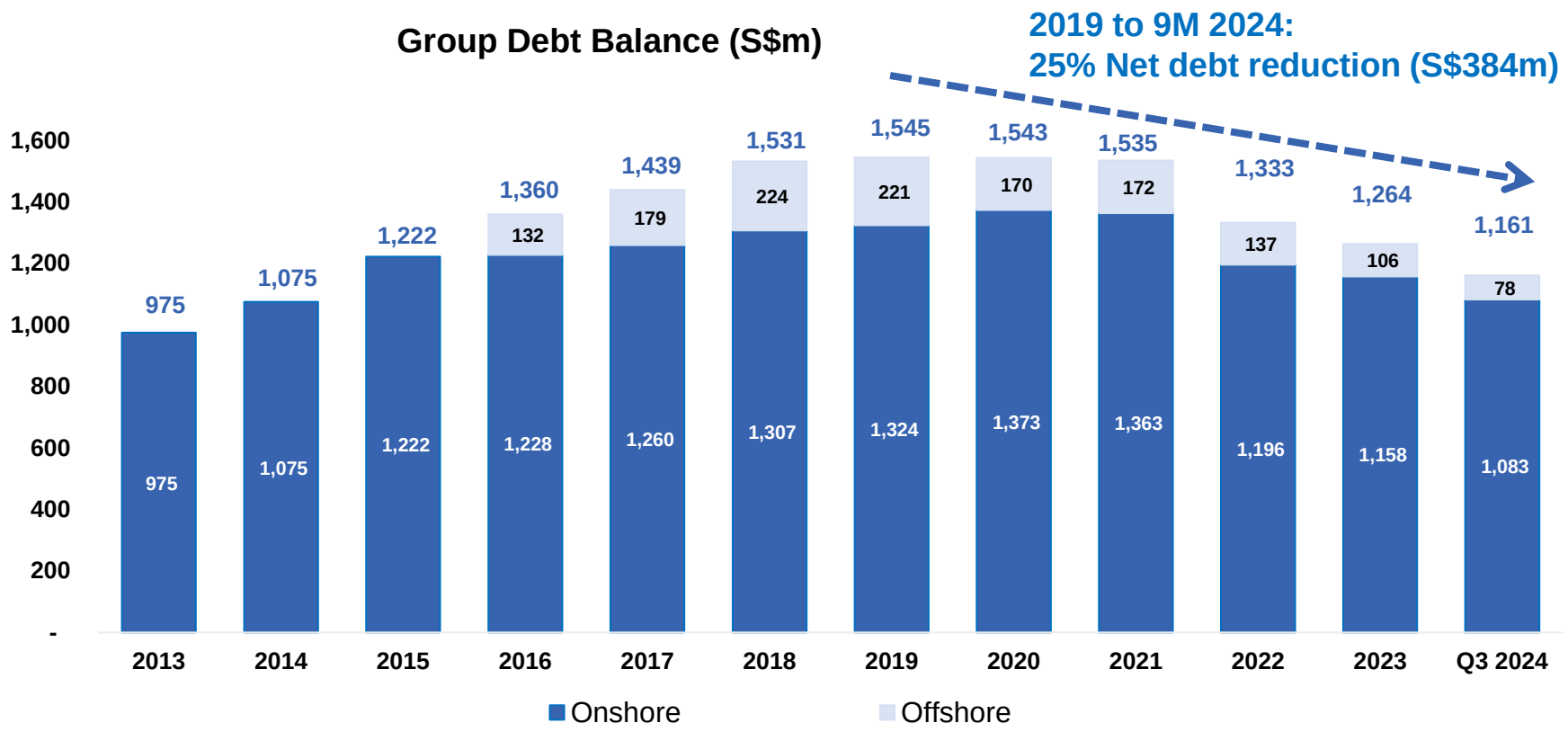
## Net profit includes non-cash items such as foreign exchange, mark to market movements and deferred taxes

| Group[1] (S$'000) | Quarter ended 30 Sep | | | Nine months ended 30 Sep | | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | Variance[2] (%) | 2024 | 2023 | Variance[2] (%) |
| **Total revenue** | **63,670** | **65,669** | **(3.0)** | **189,493** | **201,001** | **(5.7)** |
| **Operating expenses** | | | | | | |
| Broadcast and production costs | (12,970) | (13,593) | 4.6 | (37,622) | (41,658) | 9.7 |
| Staff costs | (5,252) | (5,832) | 9.9 | (16,763) | (17,775) | 5.7 |
| Trustee-Manager fees | (1,981) | (1,986) | 0.3 | (5,900) | (5,895) | (0.1) |
| Other operating expenses | (6,029) | (6,290) | 4.1 | (17,566) | (19,618) | 10.5 |
| **Total operating expenses** | **(26,232)** | **(27,701)** | **5.3** | **(77,851)** | **(84,946)** | **8.4** |
| **EBITDA** | **37,438** | **37,968** | **(1.4)** | **111,642** | **116,055** | **(3.8)** |
| **Other expenses** | | | | | | |
| Depreciation and amortisation expense | (12,147) | (14,019) | 13.4 | (37,679) | (43,731) | 13.8 |
| Net foreign exchange (loss)/gain | (2,527) | 585 | (>100) | 809 | 1,893 | (57.3) |
| Mark to market gain on derivative financial instruments | 961 | 2,044 | (53.0) | 4,429 | 3,467 | 27.7 |
| Amortisation of deferred arrangement fees | (808) | (824) | 1.9 | (2,461) | (2,374) | (3.7) |
| Interest and other finance costs | (9,496) | (10,550) | 10.0 | (29,202) | (32,276) | 9.5 |
| Income tax expense | (6,920) | (4,986) | (38.8) | (14,369) | (13,201) | (8.8) |
| **Total other expenses** | **(30,937)** | **(27,750)** | **(11.5)** | **(78,473)** | **(86,222)** | **9.0** |
| **Profit after income tax** | **6,501** | **10,218** | **(36.4)** | **33,169** | **29,833** | **11.2** |

**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

# DEBT MANAGEMENT

## Disciplined debt repayments since 2019 has lowered total debt by 25%; Refinancing discussions progressing well




### Offshore Loan

S$143m or over 64% reduction in the more costly offshore loan since 2019

### Refinancing

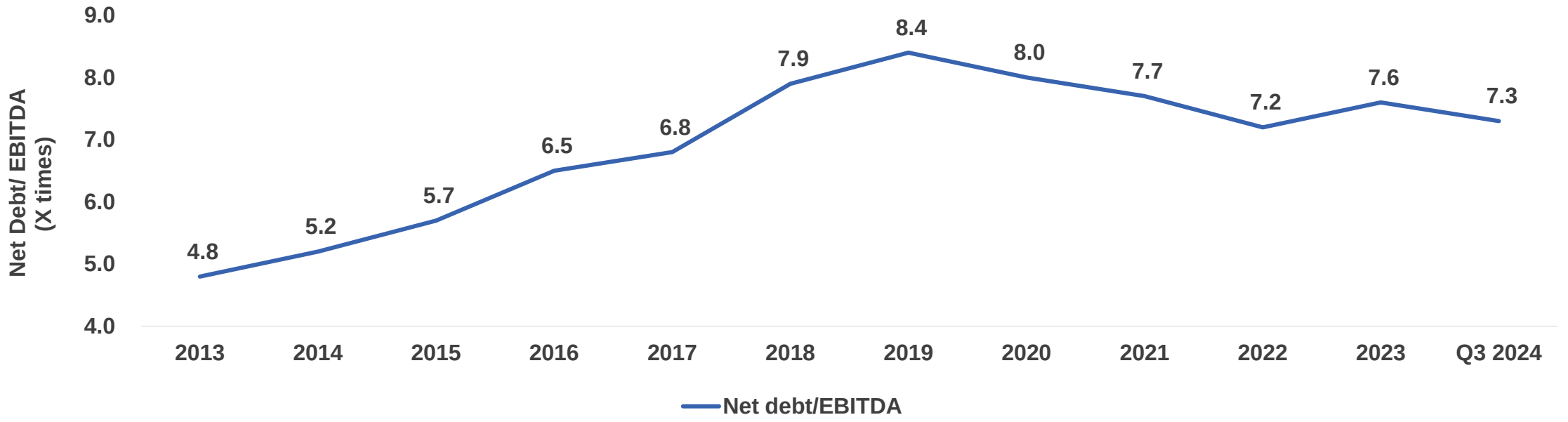
- Target completion by mid-2025
- Aim to bring a sizeable portion of the more expensive Offshore debt back Onshore to save on interest costs
- Upon successful refinancing do not have to revisit borrowing facilities for at least next three years

- Repaid S$39m of net debt during the nine months
- Another S$20m of net debt repayments to be made in the next six months

# ACTIVELY MANAGING NET DEBT/EBITDA

## Despite declining EBITDA, Net debt/EBITDA remained fairly stable due to focused debt repayments

| Group debt | | 30 September 2024 | | 31 December 2023 | |
|---|---|---|---|---|---|
| | | Onshore | Offshore | Onshore | Offshore |
| Total size available | S$ million | 1,091 | 103 | 1,190 | 122 |
| Total outstanding | S$ million | 1,083 | 78 | 1,158 | 106 |
| Net debt / EBITDA[1] | Multiple | 7.3 times | | 7.6 times | |




**Note:** (1) Total debt outstanding less cash divided by LTM EBITDA

# INTEREST RATE EXPOSURE

## Actively monitoring for opportunities to enter into new interest rate swaps that will protect against interest cost risks beyond June 2025

| Group debt | | 30 September 2024 | | 31 December 2023 | |
|---|---|---|---|---|---|
| | | Onshore | Offshore | Onshore | Offshore |
| Base rate | % p.a. | TAIBOR | SORA | TAIBOR | SIBOR/SORA |
| IRS hedged rate | % p.a. | 0.94 | 2.965 | 0.94 | -NA- |
| Adjustment spread | % p.a. | -NA- | 0.335 to 0.875 | -NA- | 0.335 to 0.875 |
| Margin | % p.a. | 1.1 to 2.1 | 4.1 to 4.9 | 1.1 to 2.1 | 4.1 to 4.9 |
| Effective interest rate - SGD | % p.a. | Q3 – 3.2; YTD – 3.2 | | Full year – 3.3 | |
| Interest cover[1] | Multiple | 3.8 times | | 3.6 times | |

**Note:** (1) LTM interest and other finance costs divided by LTM EBITDA

### Interest Rate Hedging

89% of outstanding Onshore Facilities hedged at an average fixed rate of 0.94% and 100% of outstanding Offshore Facilities hedged at a fixed rate of 2.965% through to 30 June 2025

### 2024 Exposure

Net exposure to rising interest rates is contained to only 10% of total outstanding debt (exposed to TAIBOR). This level of exposure is not expected to materially impact cash flows or affect business operations

### Managing cost of debt

Aim to bring at least a sizeable portion of offshore debt back onshore to further lower cost of debt. Actively monitoring for opportunities to enter into new interest rate swaps that will protect against interest cost risks beyond June 2025

# FINANCIAL POSITION

## Strengthening balance sheet and managing debt levels remain a key focus

| Group (S$'000) | As at | |
|---|---|---|
| | 30 September 2024 | 31 December 2023 |
| **Assets** | | |
| Cash and cash equivalents | 65,865 | 91,940 |
| Trade and other receivables | 16,529 | 11,355 |
| Property, plant and equipment | 159,700 | 176,962 |
| Intangible assets | 1,762,747 | 1,868,200 |
| Other assets | 11,689 | 13,755 |
| **Total assets** | **2,016,530** | **2,162,212** |
| | | |
| **Liabilities** | | |
| Borrowings from financial institutions | 1,149,546 | 1,248,938 |
| Trade and other payables | 25,195 | 22,429 |
| Income tax payable | 5,007 | 7,032 |
| Deferred tax liabilities | 104,466 | 106,967 |
| Other liabilities | 67,622 | 81,153 |
| **Total liabilities** | **1,351,836** | **1,466,519** |
| **Net assets** | **664,694** | **695,693** |

**Cash and cash equivalents:**

Maintain minimum working capital to fund operations and disciplined debt repayments

**Property, plant and equipment:**

Represents physical advanced hybrid fibre-coaxial network and other fixed assets used to deliver cable TV and broadband services

**Intangible assets:**

Comprise mainly cable TV licences and includes value of franchise rights and customer relationships

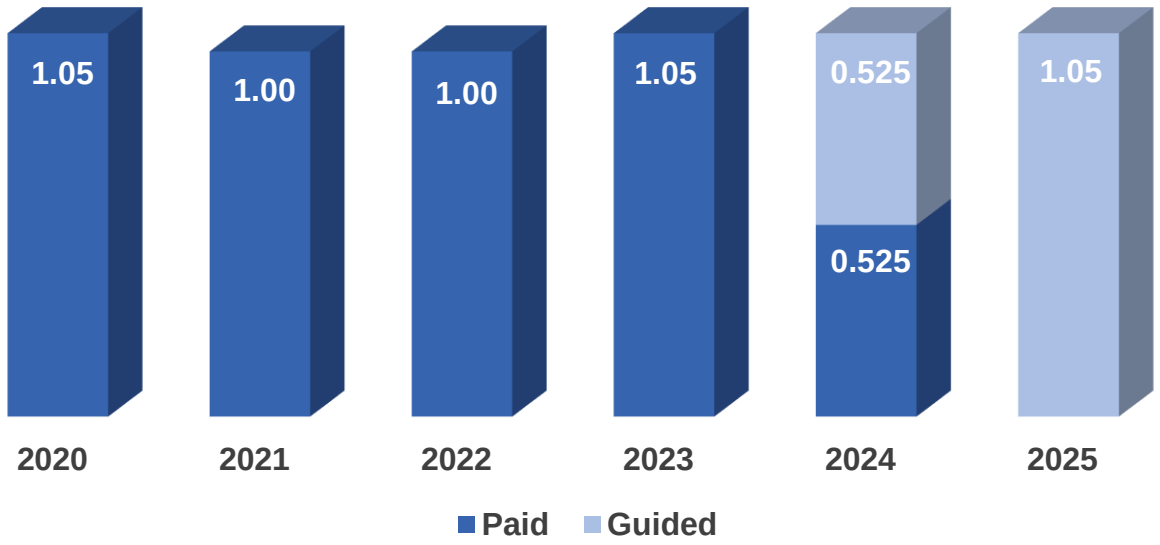
**Borrowings:**

Comprise Onshore and Offshore facilities; decrease mostly due to disciplined debt repayments and foreign exchange movement

# DISTRIBUTION

**Re-affirmed distribution guidance of 0.525 cpu for the second half-year; Full year 2025 guidance to remain at 1.05 cpu**

**Stable DPU (Singapore cents per unit)**




**Distribution guidance factors in:**

- Elevated interest rates
- Weaker NT$ against S$
- ARPU pressure
- Declining Basic cable TV business
- Disciplined debt repayments
- Future proof Broadband business

- TAIBOR rates have doubled since December 2021 when the Onshore Facilities were extended by three years
- Depending on the outcome of the refinancing in 2025 of both Onshore and Offshore Facilities, and our hedging programme beyond June 2025, distribution could be adjusted in 2026

# 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

- Expand FTTH coverage, improve speed and service reliability
- Strengthen co-branding initiative to enhance customer brand loyalty
- Managed 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
- Offer data-backhaul services to mobile operators

## Capital Management

- Discussions with lenders are underway to refinance both Onshore and Offshore facilities, aiming for completion by mid-2025
- Aim to bring a sizeable portion of the more expensive Offshore debt back Onshore to save on interest costs
- Actively monitoring for opportunities to enter into new interest rate swaps that will protect against interest cost risks beyond June 2025
- Following the refinancing, there will be no need to revisit borrowing facilities for at least next three years

## Strengthen Balance Sheet

- Cash generated from operations to continue funding capital expenditure; and not to use bank borrowings
- Aim to use excess cash generated from operations to accelerate 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:
  - expanding FTTH service area coverage
  - increasing network capacity and driving higher speed plans
  - positioning APTT to benefit from data backhaul opportunities

# OUTLOOK

## APTT is positioned to grow in a measured way

### GROWTH DRIVERS

#### UP-SELL & CROSS-SELL

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

#### BROADBAND RGU GROWTH

- Intensify marketing efforts by offering higher speed plans at competitive prices and by stepping up partnership programs with mobile operators to focus on fixed-line broadband-only segment
- 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

- Stepping up marketing efforts to retain and attract new Premium digital TV RGUs
- Consumer preference for better quality video and interactive services
- Growing number of HD television sets in Taiwan since analog TV signal only switched off in 2017

### 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 in the Broadband segment
- Decline in demand for home shopping and stronger competition from internet retailing to continue impacting channel leasing revenue

#### HIGHLY REGULATED

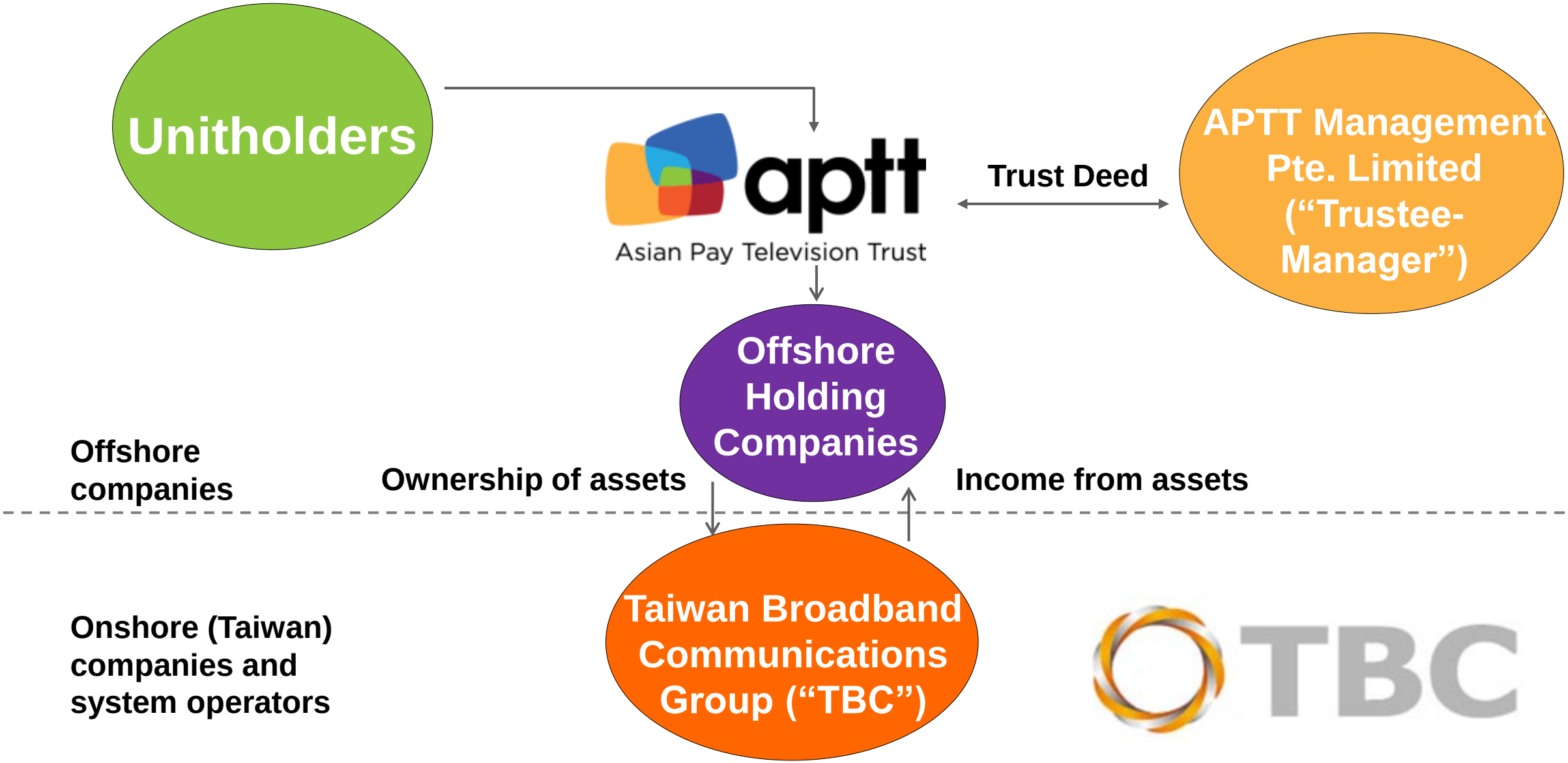
- Basic cable TV rates for 2024 across all five operating franchise areas were maintained at the same rates as 2023
- All five operating licences were renewed in 2020 and 2021 and will be due for renewal in 2029 or 2030

***Broadband & Premium digital TV RGUs expected to continue increasing in 2024; total revenue will be influenced by the ability to manage ARPUs which will remain under pressure; total operating expenses in 2024 expected to be in line with 2023***

# 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 (3 out of 5)
- Sole investment in Taiwan Broadband Communications ("TBC") – A leading cable TV and high-speed broadband operator in Taiwan

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

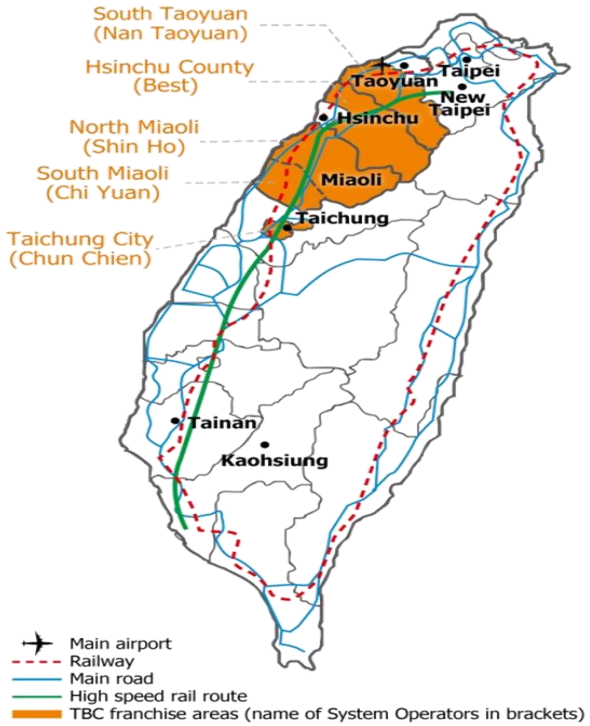
- Owns 100% of the advanced hybrid fibre coaxial cable network in the five operating franchise areas
- Resilient business with high barriers of entry due to high network roll out requirements
- Large customer base makes TBC attractive to local content providers
- Long standing relationship with subscribers;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

## PRODUCT OFFERINGS

*Approx. 87% of revenue is subscription-based from the three product offerings[1]*

| BASIC CABLE TV | PREMIUM DIGITAL TV | BROADBAND |
|---|---|---|
| Over 100 channels on Basic cable TV, majority of the popular channels are only available on cable TV | Up to 61 additional channels including one 4K channel and 58 HD channels, through MPEG4 platform. 41%[1] of TBC's Basic cable TV subscribers are also Premium digital 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 |

## OPERATING FRANCHISE AREAS IN NORTHERN & CENTRAL TAIWAN




- Low churn rate of 0.6% for Basic cable TV in Q3 (632K[1] Revenue Generating Units)
- Up-sell Premium digital TV and cross-sell Broadband to large Basic cable TV subscriber base

**Note:** (1) As at 30 September 2024

# BUSINESS DRIVERS

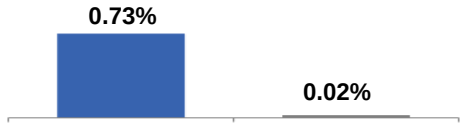


# TBC'S OPERATING FRANCHISE AREAS

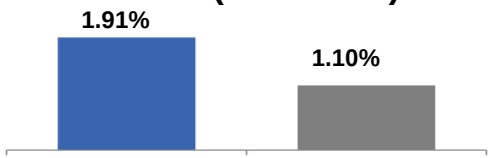
## Network coverage of more than 1.3 million households across five operating franchise areas in four counties of Taiwan

- Well connected via major railways, road transportation and/or international airports
- Increasing population due to workforce seeking employment in TBC Group's operating franchise areas
- Population growth in the five operating franchise areas (0.73%) outstrips national average (0.02%); Growing number of new households as more young Taiwanese set up families

**Population CAGR[1] (2013-2023)**




**Number of households CAGR[1] (2013-2023)**




### 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. 468K households and population of 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. 226K households and population of 593K

### Miaoli (North & South)



- Suburban mountainous region geographically located between Hsinchu and Taichung
- Well connected via major railway and road transportation systems
- Approx. 202K households and population of 533K

### 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. 499K households and population of 1.2 million

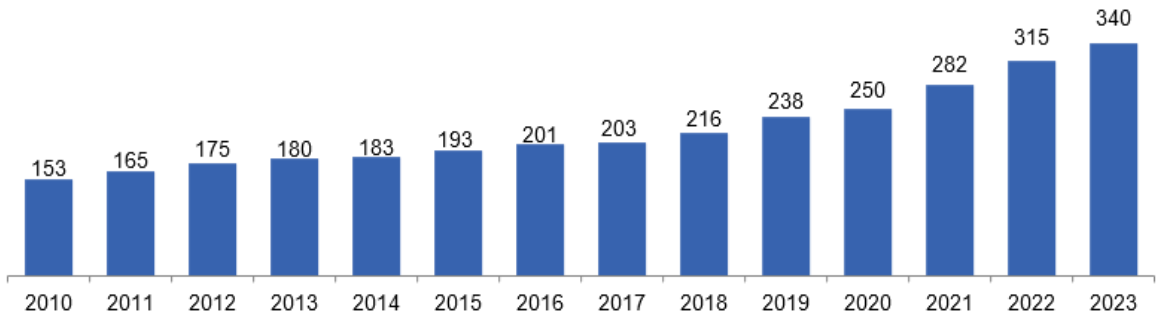
**Note:** (1) National Statistics, R.O.C. (Taiwan) 2023

# IMPROVING BROADBAND MARKET SHARE

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

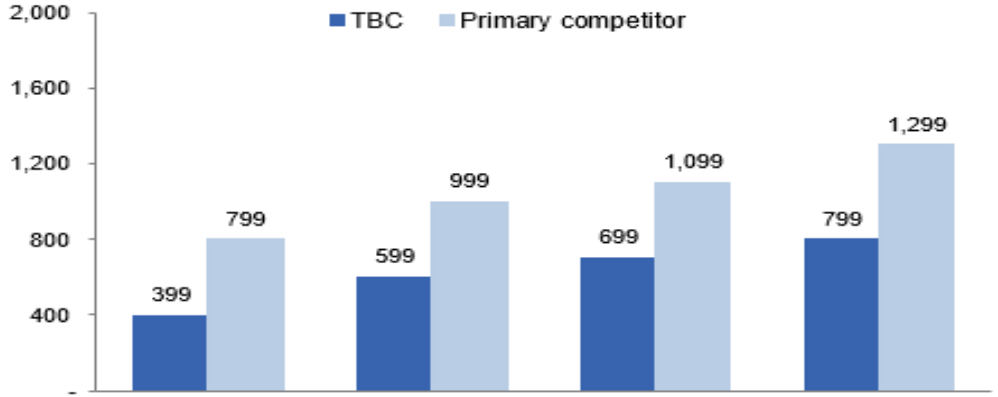
### Broadband RGUs ('000)

**2010-23 Broadband RGU CAGR: 6.3%**




### TBC Group offers competitive prices[1] with reliable services

**NT$ / month**




| | | | | |
|---|---|---|---|---|
| **TBC** | 120Mbps | 300Mbps | 500Mbps | 1Gbps |
| **Primary competitor** | 100Mbps | 300Mbps | 500Mbps | 1Gbps |

**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

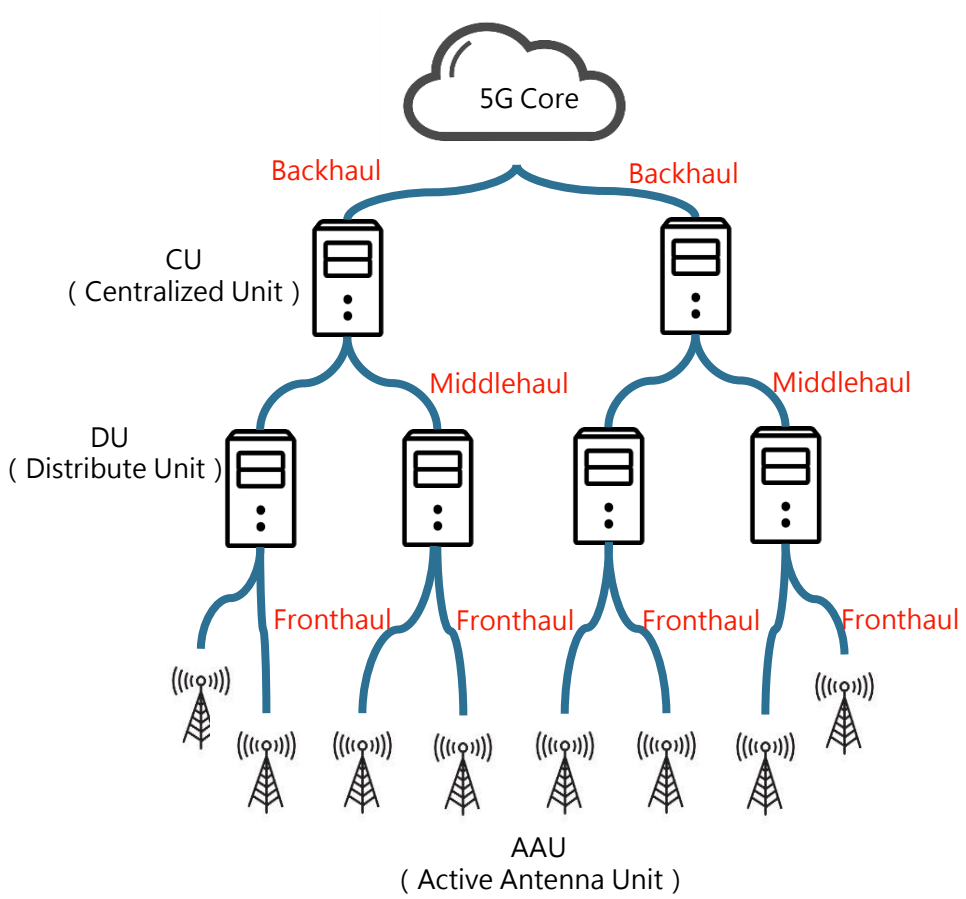
## Top 20 channels in Taiwan (Q3 2024)

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

# 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 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 is costly for a mobile operator***

- TBC is one of two players in its 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 increased fibre density from an average of over 750 end-homes per fibre node few 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



# END