

aptt
Asian Pay Television Trust

MARCH QUARTER 2015 RESULTS PRESENTATION

12 May 2015

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AGENDA

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HIGHLIGHTS

Performance is in line with expectations

- Revenue for the quarter of S$82.3 million driven by higher revenue across each of TBC's service offerings
- EBITDA for the quarter higher at S$48.7 million
- Digital set-top box penetration was 95% as at 31 March 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 licences secured and marketing operations commenced
- Achieved financial close on the new seven year facilities of NT$32 billion on materially the same terms and covenants
- APTT distribution of 2.00 cents per unit declared for the quarter ended 31 March 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

KEY OPERATIONAL METRICS

Higher subscribers and digital set-top box penetration

	As at 31 March 2015	As at 31 December 2014	
Subscribers ('000s)			
Basic cable TV	756	756	⇔
Premium digital cable TV	136	133	↑
Broadband	185	183	↑
Digital set-top box penetration (%)	95	82	↑

ARPU (NT$ per month)[1]	Three months ended at 31 March 2015	Twelve months ended at 31 December 2014	
Basic cable TV	537	537	⇔
Premium digital cable TV	188	195	↓
Broadband	526	525	↑

- **Subscribers and ARPU:**
  - Basic cable TV: Subscribers and ARPU were flat
  - Premium digital cable TV: Subscribers increased to 136,000. APRU was marginally lower, due to bundling discounts offered as part of TBC's subscriber acquisition program
  - Broadband: Subscribers increased to 185,000. ARPU was flat
- **Digital set-top box penetration:** TBC achieved a penetration rate of 95% as at 31 March 2015, up from 82% as at 31 December 2014
  - 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 across each of TBC's service offerings

	Group[1] Quarter ended 31 March 2015	Group Quarter ended 31 March 2014	Variance[2]
	S$'000	S$'000	%
Revenue			
Basic cable TV	65,757	61,533	6.8
Premium digital cable TV	3,680	3,404	8.1
Broadband	12,855	12,247	5.0
Total revenue	**82,292**	**77,204**	**6.6**
Operating expenses[3]			
Broadcast and production costs	(16,162)	(14,718)	(9.8)
Staff costs	(7,276)	(6,492)	(12.1)
Trustee-Manager fees	(1,786)	(1,767)	(1.1)
Other operating expenses[4]	(8,405)	(7,065)	(19.0)
Total operating expenses	**(33,629)**	**(30,042)**	(11.9)
EBITDA	**48,663**	**47,162**	**3.2**
EBITDA margin	59.1%	61.1%	

- **Revenue:** Total revenue of $82.3 million was 6.6% higher than the prior corresponding period ("pcp")
  - Basic cable TV: Revenue of $65.8 million was up 6.8% on pcp, due to Basic cable TV subscriber growth and channel leasing and airtime advertising sales
  - Premium digital cable TV: Revenue of $3.7 million, was up 8.1% on pcp. This was generated predominantly from TBC's 136,000 Premium digital cable TV subscribers paying an ARPU of NT$188 per month for the quarter for Premium digital cable TV packages and bundled DVR services
  - Broadband: Revenue of $12.9 million was up 5.0% on pcp. This was generated predominantly from TBC's 185,000 broadband subscribers paying an ARPU of NT$526 per month for the quarter for high-speed broadband services
- **Operating expenses:** Total operating expenses of $33.6 million was 11.9% higher than pcp, due to 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) Operating expenses presented here exclude net foreign exchange losses in order to arrive at EBITDA and EBITDA margin
(4) Other operating expenses exclude mark to market movements on Trust level swaps and a one-time debt advisory fee of $5.5 million payable to Macquarie Capital (Hong Kong) Limited for services provided in relation to refinancing the borrowing facilities

FINANCIAL POSITION

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

	Group as at 31 March 2015 S$'000	Trust as at 31 March 2015 S$'000
Assets		
Current assets		
Cash and cash equivalents	49,793	6,406
Trade and other receivables	18,622	-
Other assets	1,908	477
	70,323	6,883
Non-current assets		
Investment in subsidiaries	-	1,342,351
Property, plant and equipment	197,675	-
Intangible assets	2,331,369	-
Other assets	1,915	-
	2,530,959	1,342,351
Total assets	**2,601,282**	**1,349,234**
Liabilities		
Current liabilities		
Borrowings from financial institutions	2,196	-
Trade and other payables	19,226	6,690
Income tax payable	10,510	1
Other liabilities	65,487	4,388
	97,419	11,079
Non-current liabilities		
Borrowings from financial institutions	1,132,143	-
Deferred tax liabilities	47,356	-
Other liabilities	22,855	1,832
	1,202,354	1,832
Total liabilities	**1,299,773**	**12,911**
Net assets	**1,301,509**	**1,336,323**

- **Cash and cash equivalents:** Cash balance of S$49.8 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: 2 – 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

- 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
- New hedges have been entered into by TBC following the financial close of its new borrowing facilities, which will result in 90% of borrowings being hedged

Debt as of 31 March 2015	
Total size	NT$32.0 billion (S$1,405 million[1])
Total drawn[2]	NT$26.6 billion (S$1,168 million[1])
All-in hedge rate	c.4% per annum
Total debt / asset EBITDA	5.4x
Gearing[3]	44%
Interest coverage ratio	Greater than 4 times

New Facilities

- On 31 March 2015, TBC closed the refinancing of its borrowing facilities with new seven year facilities of NT$32.0 billion (S$1,405 million[1]) on materially the same terms and covenants
- Importantly, the refinancing will remove the need for any significant principal amortisation of the facilities for the next three years. The successful refinancing demonstrates the strong support and confidence of the debt markets in TBC and its operational performance
- The new borrowing facilities provide long term funding certainty, with attractive terms and pricing to fund future organic and inorganic growth initiatives

Notes: (1) S$:NT$ = 22.77 as at 31 March 2015
(2) Amount includes issue costs of NT$768 million (S$34 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 31 March 2015
- Capital expenditure related to the network expansion during the first quarter amounted to S$3.3 million
  - It is anticipated that the network expansion in greater Taichung region would be completed in early 2016
- Capital expenditure related to network expansion is funded by drawing on TBC' 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
- Digital set-top box penetration expected to be 100% by the end of 2015
- Inorganic growth initiatives will be pursued in a selective manner
- APTT distribution of 2.00 cents per unit will be paid on 26 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