

SGX-ST Release

APTT ANNOUNCES RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2021

Singapore – 25 February 2022

Asian Pay Television Trust (“APTT” or the “Trust”) today announced its financial results for the quarter and year ended 31 December 2021.

KEY HIGHLIGHTS

- Overall performance for the quarter and year ended 31 December 2021 was led by strong Broadband growth; Broadband subscribers increased by c.8,000 for the quarter and c.32,000 for the year, alongside higher ARPU; Broadband revenue improved in both S\$ and NT\$ for six consecutive quarters, compared to the pcq
- EBITDA increased by 8.0% and 1.2% for the quarter and full year, respectively, while EBITDA margin improved by 4.7 percentage points to 60.7% for the quarter and 2.2 percentage points to 61.1% for the year
- Steady increase in Premium digital cable TV and Broadband subscribers over the past 15 quarters more than offset Basic cable TV churn; total subscribers increased to c.1,246,000
- Capital expenditure decreased by 46.2% for the quarter and 46.6% for the year
- Size of Onshore Facilities was reduced by NT\$1.5 billion (approximately \$73 million¹) as a result of accelerated debt repayments
- Extension of Onshore Facilities, ahead of maturity, reset principal repayment schedule and financial covenants
- Target to make cash repayments of approximately \$60 million in onshore and offshore debt over the next 12 months
- The Trustee-Manager has approved a credit of \$169.6 thousand for the 2022 Trustee-Manager fees, equivalent to the amount of the CPI increase from 2021; underscores its commitment to cost management
- Distribution of 0.25 cents per unit declared for the quarter; re-affirmed distribution guidance of 1.0 cent per unit for 2022, to be paid in quarterly instalments
- IFRS-compliant financial statements to be released on a half-yearly basis, starting from the financial year 2022

FINANCIAL HIGHLIGHTS

APTT² reported stable revenue of \$76.2 million for the quarter and \$299.7 million for the full year ended 31 December 2021. Driven by lower operating expenses, earnings before interest, tax, depreciation and amortisation (“EBITDA”) for the quarter and full year increased by 8.0% and 1.2% to \$46.3 million and \$183.1 million, respectively, while EBITDA margin improved by 4.7 percentage points to 60.7% for the quarter and 2.2 percentage points to 61.1% for the year.

Foreign exchange contributed to a positive variance of 3.2% for the quarter and 2.7% for the year. In constant Taiwan dollars (“NT\$”), total revenue decreased by 3.6% for the quarter and 5.2% for the year, mainly due to lower revenue generated from channel leasing. The absence of one-off basic cable TV revenue arising from the sale of certain in-house content to channel providers in the first quarter of 2020, as well as less airtime advertising sales recorded in the first quarter of 2021 also contributed to the lower revenue for the full year in 2021.

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

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

³ ARPU refers to Average Revenue Per User.

Group Amounts in \$'000	Quarter ended 31 December			Year ended 31 December		
	2021	2020	Variance ⁴ (%)	2021	2020	Variance ⁴ (%)
Revenue						
Basic cable TV	57,726	60,386	(4.4)	229,481	243,590	(5.8)
Premium digital cable TV	3,126	3,185	(1.9)	12,806	12,976	(1.3)
Broadband	15,393	12,944	18.9	57,458	50,812	13.1
Total revenue	76,245	76,515	(0.4)	299,745	307,378	(2.5)
Total operating expenses⁵	(29,948)	(33,636)	11.0	(116,640)	(126,412)	7.7
EBITDA	46,297	42,879	8.0	183,105	180,966	1.2
EBITDA margin	60.7%	56.0%		61.1%	58.9%	

⁴ A positive variance is favourable to the Group and a negative variance is unfavourable to the Group.

⁵ Operating expenses presented here exclude one-time settlement of programming fees in 2020, depreciation and amortisation expense, net foreign exchange gain/loss and mark to market movements on foreign exchange contracts, in order to arrive at EBITDA and EBITDA margin presented here.

Broadband recorded strong growth, with continued increases in subscribers, ARPU³ and revenue in both S\$ and NT\$. During the quarter, c.8,000 subscribers were added, alongside higher ARPU which improved by NT\$5 to NT\$369 per month. In S\$ and NT\$, Broadband revenue, which includes revenue from data backhaul, increased 18.9% and 15.7% for the quarter and 13.1% and 10.4% for the year, respectively, validating the success of TBC's Broadband growth strategy.

Together with the c.7,000 increase in Premium digital cable TV subscribers, TBC's total number of subscribers increased to c.1,246,000 as at 31 December 2021. The continued growth in Premium digital cable TV and Broadband subscribers over the past 15 quarters has consistently more than offset the churn in Basic cable TV.

Mr Brian McKinley, Chief Executive Officer of the Trustee-Manager said, "We will ride the momentum and continue to drive our two-pronged broadband growth strategy: meet the growing demand for high-speed data plans and support mobile operators in the build out of their 5G networks – multi-year investments that present opportunities for the Trust. Over the long term, our aim is to grow cash flows from broadband to a level that more than offsets the decline in our basic cable TV business."

To broaden its fixed-line broadband market share, TBC will continue to offer higher speed plans at competitive prices, and step-up partnerships with mobile operators to drive the fixed-line broadband only segment – a strategy that has yielded positive results.

OPERATIONAL PERFORMANCE

TBC's⁶ operational highlights for the quarter and year ended 31 December 2021 were as follows:

- **Basic cable TV:** Basic cable TV revenue of \$57.7 million for the quarter, which comprised subscription revenue of \$48.2 million and non-subscription revenue of \$9.5 million, was down 4.4% on the prior corresponding period ("pcp"). On a full year basis, Basic cable TV revenue of \$229.5 million, comprising subscription revenue of \$193.8 million and non-subscription revenue of \$35.6 million, was down 5.8%. In constant NT\$, Basic cable TV revenue for the quarter and year decreased by 7.6% and 8.5%. The overall decline in Basic cable TV revenue was mainly due to lower revenue generated from channel leasing. TBC's c.691,000 Basic cable TV RGUs⁷ contributed an ARPU of NT\$476 per month in the quarter to access over 100 cable TV channels. Basic cable TV RGUs decreased by c.3,000 and ARPU was marginally lower by NT\$2 compared to the previous quarter ended 30 September 2021 (RGUs: c.694,000; ARPU: NT\$478 per month). The decline in Basic cable TV RGUs was due to a number of factors including video piracy issues, competition from aggressively priced IPTV, the growing popularity of online video, as well as expectations from consumers for discounts as they compare with the lower cable TV pricing outside of TBC's five franchise areas, particularly in the Taipei region. Non-subscription revenue for the quarter and year, comprising revenue from the leasing of television channels to third parties, the sale of airtime advertising and fees for the installation of set-top boxes, was lower than the pcp mainly due to lower revenue generated from channel leasing. The leasing of television channels, which is mainly to third-party home shopping networks, will continue to face pressures from lower demand for home shopping and heightened competition from internet retailing. These trends will continue to impact channel leasing revenue not just for TBC, but for the entire cable industry in Taiwan.

⁶ TBC refers to Taiwan Broadband Communications Group.

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

- **Premium digital cable TV:** Premium digital cable TV revenue of \$3.1 million for the quarter was down 1.9% on the pcp. On a full year basis, Premium digital cable TV revenue of \$12.8 million was 1.3% lower. In constant NT\$, Premium digital cable TV revenue for the quarter and year decreased by 5.1% and 4.0%. Revenue was generated predominantly from TBC's c.273,000 Premium digital cable TV RGUs each contributing an ARPU of NT\$76 per month in the quarter for Premium digital cable TV packages and bundled DVR or DVR-only services. Premium digital cable TV RGUs increased by c.7,000 but ARPU was lower by NT\$4 compared to the previous quarter ended 30 September 2021 (RGUs: c.266,000; ARPU: NT\$80 per month) due to promotions and discounted bundled packages that were offered to generate new RGUs and to retain existing RGUs. Video piracy issues and aggressively priced IPTV have also impacted ARPU.
- **Broadband:** Despite the strong competition from mobile operators offering inexpensive unlimited data plans, Broadband RGUs increased by c.8,000 during the quarter, alongside an NT\$5 improvement in ARPU. Broadband revenue of \$15.4 million for the quarter, which includes revenue from data backhaul, was up 18.9% on the pcp. On a full year basis, Broadband revenue of \$57.5 million was 13.1% higher. In constant NT\$, Broadband revenue for the quarter and year increased by 15.7% and 10.4%. Broadband revenue was generated predominantly from TBC's c.282,000 Broadband RGUs each contributing an ARPU of NT\$369 per month in the quarter for high-speed Broadband services, an NT\$5 improvement compared to the previous quarter ended 30 September 2021 (RGUs: c.274,000; ARPU: NT\$364 per month). The growth in both Broadband subscribers and ARPU reflects the success of TBC's Broadband marketing outreach to offer higher speeds at competitive prices to acquire new RGUs and re-contract existing RGUs.

Aggressive targets have been set to tighten capital expenditure. For the quarter and full year, capital expenditure decreased by 46.2% and 46.6%, compared to the pcp. As a percentage of revenue, capital expenditure was 8.4% for the quarter and 10.0% for the full year.

Going forward, the level of capital expenditure is projected to be lower than the last three years, given that TBC has built a sufficiently dense fibre network to adequately support its broadband growth strategy. However, to future proof its network, TBC will continue to increase fibre density by bringing down the number of homes served per fibre node beyond the current level of about 250 homes per fibre node. Capital expenditure will be pegged to industry norms and will be closely monitored to focus on areas that can support TBC's aggressive push to grow the broadband business.

In 2020 and 2021, following the respective renewal application submissions with the National Communications Commission of Taiwan ("NCC"), all five of TBC's cable TV licences have been successfully renewed until 2029 and 2030.

SAFEGUARDING LONG-TERM CAPITAL STRUCTURE

In December 2021, APTT successfully extended the maturity date ("Onshore Amendment") of its NT\$ denominated seven-year facilities ("Onshore Facilities") by three years from November 2025 to November 2028, and on the same major terms. The Onshore Amendment saw the Trust immediately paring down NT\$0.8 billion (approximately \$40 million) using cash on the balance sheet. Together with cash repayments amounting to NT\$0.7 billion (approximately \$33 million) over the last 24 months, the size of APTT's available Onshore Facilities has been reduced from NT\$31.0 billion to NT\$29.5 billion.

Mr McKinley added, *"The Onshore Amendment agreement reflects lenders' confidence in APTT's commitment to its business and debt management strategies. Extending our Onshore Facilities by three years will reset our principal repayments schedule and financial covenants. Our aim is to make use of this period to pay down as much debt as possible using cash generated from operations, save on interest costs and gradually lower our gearing. In the next 12 months, we aim to further strengthen our balance sheet by repaying approximately \$60 million in onshore and offshore debt."*

Earlier this year, in March 2021, APTT successfully extended the maturity date ("Offshore Amendment") of its existing S\$ denominated offshore facilities ("Offshore Facilities") by two years from July 2021 to July 2023, and on the same major terms.

In 2022, APTT will commence discussions with lenders to extend its Offshore Facilities to at least 2025. Subject to the successful extension for another two years, before the end of 2022, the Trust should not have to revisit its borrowing facilities, both onshore and offshore, until 2025. The focus would then be channelled towards accelerated debt repayments

and driving the broadband business. There may also be some flexibility with respect to distributions after 2022, subject to operating conditions.

OUTLOOK

Operationally, while the Trustee-Manager does not expect growth in Basic cable TV RGUs due to Taiwan's saturated cable TV market, it expects the number of Premium digital cable TV and Broadband RGUs to continue increasing in 2022. Total revenue will, however, be influenced by the ability to maintain ARPUs which will remain under pressure due to market dynamics. The decline in demand for home shopping and competition from internet retailing will continue to impact channel leasing revenue for the cable industry.

Total operating expenses in 2022 are expected to be higher than 2021, mainly due to the reversal of pole rental expenses in 2021.

In the second quarter of 2021, one of TBC's programming vendors filed lawsuits against TBC claiming certain programming costs for 2020 amounting to NT\$336m (approximately \$16.2 million). TBC has a contract in place with a content agent, who acquires content from programming vendors on behalf of TBC. TBC has paid all of the programming costs for 2020 under its contract with its agent. The payment of programming costs has been recognised in the Group's income statement for the year ended 31 December 2020, as broadcast and production costs. However, the content agent has not made payment to the programming vendor in question that has filed the lawsuits.

TBC has formally reminded the content agent of its obligations. The Trustee-Manager is of the view that this matter is between the content agent and programming vendor. The Trustee-Manager believes that both parties will work towards reaching an agreement and that no material loss will accrue to the Group. No interruption of service is expected as a result of these lawsuits.

CREDIT BY THE TRUSTEE-MANAGER OF FEE INCREASE IN 2022

In accordance with the APTT Trust Deed, the Trustee-Manager fees are subject to an annual increment, measured by the percentage increase (if any) in the year-on-year Singapore Consumer Price Index ("CPI"). The Trustee-Manager fees in 2022 are subject to the 2021 CPI increase of 2.30%, amounting to \$169.6 thousand.

The Trustee-Manager has approved a credit of \$169.6 thousand, equivalent to the CPI increase, for the 2022 Trustee-Manager fees. Accordingly, the net fees for 2022 will remain unchanged at the 2021 level of \$7.36 million. This move underscores the Trustee-Manager's commitment to cost management.

DISTRIBUTIONS

The Board of Directors of the Trustee-Manager (the "Board") has declared an ordinary distribution of 0.25 cents per unit for the quarter ended 31 December 2021. The record date will be 18 March 2022 and the distribution will be paid on 25 March 2022.

The Board is re-affirming the distribution guidance for the year ending 31 December 2022. The distribution for 2022 is expected to remain at 1.0 cent per unit, to be paid in quarterly instalments of 0.25 cents per unit, subject to no material changes in planning assumptions.

CHANGE TO REPORTING OF FINANCIAL STATEMENTS

In line with the amendments to Rule 705(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited which were effective from 7 February 2020, APTT will move to the reporting of IFRS-compliant financial statements on a half-year basis with effect from the financial year beginning 1 January 2022. The next IFRS-compliant financial results announcement will be for the half-year period ending 30 June 2022.

Notwithstanding this, the Trustee-Manager will provide material business updates, key financial information and operating data, as well as abridged financial statements for the first and third quarters of the financial year.

The Trustee-Manager will also continue with quarterly briefings to analysts and unitholders, proactively engage stakeholders through its various communication channels, and comply with all disclosure obligations.

There will be no change to APTT's quarterly distribution policy in 2022.

IMPACT OF COVID-19

TBC operates in a relatively defensive industry, providing cable TV and fixed-line broadband services to local households in its five closely clustered franchise areas in northern and central Taiwan. Given the subscription-based nature of its business, the impact of the COVID-19 pandemic on TBC has been limited to date.

TBC activated its Business Continuity Plan ("BCP") since the start of the virus outbreak in Taiwan. The BCP aims to protect the health and safety of all staff while minimising disruptions to its service delivery and overall operations. TBC has adhered to all regulations and guidelines from government authorities related to the containment of the virus, including split team arrangements, safe-distancing and encouraging staff to work from home, embrace good personal hygiene, and will continue to do so.

Likewise, the Trustee-Manager in Singapore has activated its BCP plan that adheres to the relevant regulations in Singapore.

Additional expenses incurred to implement COVID-19 related measures during the year ended 31 December 2021 were not material. While some additional expenses are expected to be incurred to implement further COVID-19 related measures in 2022, they are not expected to be material.

While the COVID-19 outbreak in Taiwan has been 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, manage its operational and capital expenditure and strengthen 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.

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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