

SGX-ST Release

APTT REPORTS EBITDA OF S\$46.3 MILLION FOR THE QUARTER ENDED 30 JUNE 2018; MAINTAINS DISTRIBUTION OF 1.625 CENTS PER UNIT FOR THE QUARTER

Singapore - 6 August 2018

Asian Pay Television Trust (“APTT”¹ or the “Trust”) today announced its financial results for the quarter and half-year ended 30 June 2018.

KEY HIGHLIGHTS

- Revenue and EBITDA for the quarter at \$77.6 million² and \$46.3 million
- Distribution of 1.625 cents per unit for the quarter ended 31 March 2018 paid on 28 June 2018
- Distribution of 1.625 cents per unit declared for the quarter ended 30 June 2018
- Total distribution for 2018 expected to be consistent with 2017 at 6.5 cents per unit, subject to no material changes in planning assumptions
- Continued investment in Broadband to increase speed and drive growth

FINANCIAL HIGHLIGHTS

APTT reported total revenue of \$77.6 million and EBITDA of \$46.3 million for the quarter ended 30 June 2018, amidst challenging operating and economic conditions in Taiwan. For the half-year ended 30 June 2018, total revenue and EBITDA were \$154.6 million and \$91.7 million.

Compared to the prior corresponding period (“pcp”), total revenue and EBITDA for the quarter were lower by 6.6% and 7.4%, as ARPUs³ were under pressure and revenue from channel leasing was lower. In constant Taiwan dollars (“NT\$”) terms, total revenue for the quarter and half-year was 4.1% and 4.9% lower than the pcp. Foreign exchange contributed to a negative variance of 2.5% for the quarter and 1.8% for the half-year compared to the pcp.

Group Amounts in \$'000	Quarter ended 30 June			Half-year ended 30 June		
	2018	2017	Variance ⁴ (%)	2018	2017	Variance ⁴ (%)
Revenue						
Basic cable TV	61,495	66,179	(7.1)	122,186	131,929	(7.4)
Premium digital cable TV	3,491	4,010	(12.9)	7,104	7,985	(11.0)
Broadband	12,587	12,890	(2.4)	25,291	25,751	(1.8)
Total revenue	77,573	83,079	(6.6)	154,581	165,665	(6.7)
Total operating expenses	(31,302)	(33,086)	5.4	(62,845)	(66,786)	5.9
EBITDA	46,271	49,993	(7.4)	91,736	98,879	(7.2)
EBITDA margin	59.6%	60.2%		59.3%	59.7%	

¹ APTT refers to APTT and its subsidiaries taken as a whole.

² All figures, unless otherwise stated, are presented in Singapore dollars (“\$”).

³ ARPU refers to Average Revenue Per User.

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

Commenting on APTT's latest results, Mr Brian McKinley, Chief Executive Officer said, "Our business will continue to be driven by Broadband, which has shown reasonable progress with growing RGUs⁵ and revenue in NT\$ terms, compared to the pcp. For Basic and Premium digital cable TV services, while RGUs are expected to remain stable, ARPUs will continue to be under a little pressure, given the challenges in operating environment, including video piracy issues and aggressively priced IPTV. To navigate the competitive environment, we will continue to monitor market dynamics and enhance our service offerings. Our key investment in 2018 and 2019 is to deploy fibre deeper into the network. We believe this strategy will enable us to retain and attract more subscribers who are increasingly looking for higher Broadband speeds at competitive prices to meet their growing demand for data. Overall, we expect our EBITDA for the second half of the year to improve, but on a full year basis, 2018 EBITDA may be lower than 2017."

DISTRIBUTIONS

The Board of directors of the Trustee-Manager has declared an ordinary interim distribution of 1.625 cents per unit for the quarter ended 30 June 2018. The books closure date will be on 21 September 2018 and the distribution will be paid on 28 September 2018.

The total distribution for 2018 is expected to be consistent with 2017 at 6.5 cents per unit, subject to no material changes in planning assumptions. It is anticipated that the distribution will continue to be paid in quarterly instalments of 1.625 cents per unit.

OPERATIONAL PERFORMANCE

Operational highlights for TBC⁶ for the quarter ended 30 June 2018 are as follows:

- **Basic cable TV:** Basic cable TV revenue of \$61.5 million for the quarter ended 30 June 2018 was down 7.1% on the pcp; in constant NT\$ terms, Basic cable TV revenue for the quarter was down 4.6% on the pcp. This comprised subscription revenue of \$51.2 million and non-subscription revenue of \$10.3 million. TBC's c.759,000 Basic cable TV RGUs each contributed an ARPU of NT\$501 per month in the quarter to access over 100 cable TV channels. Basic cable TV RGUs decreased by c.2,000 and ARPU was lower compared to the previous quarter ended 31 March 2018 (RGUs: c.761,000; ARPU: NT\$506 per month). In constant NT\$ terms, subscription revenue for the quarter was lower than the pcp because of a marginally lower number of subscribers and ARPU in the quarter. Non-subscription revenue was generated from the leasing of television channels to third parties, the sale of airtime advertising and fees for the installation of set-top boxes. In constant NT\$ terms, non-subscription revenue for the quarter was lower than the pcp mainly due to lower revenue generated from channel leasing partially offset by higher airtime advertising sales. The leasing of television channels is mainly to third-party home shopping networks which continue to be affected by the decline in demand for home shopping and competition from internet retailing. This has negatively impacted the channel leasing revenue for the entire cable industry in Taiwan.
- **Premium digital cable TV:** Premium digital cable TV revenue of \$3.5 million for the quarter ended 30 June 2018 was down 12.9% on the pcp; in constant NT\$ terms, Premium digital cable TV revenue for the quarter was 10.4% lower than the pcp. This was generated predominantly from TBC's c.188,000 Premium digital cable TV RGUs each contributing an ARPU of NT\$133 per month in the quarter for Premium digital cable TV packages, bundled DVR or DVR-only services. Premium digital cable TV RGUs increased by c.1,000 and ARPU was lower compared to the previous quarter ended 31 March 2018 (RGUs: c.187,000; ARPU: NT\$135 per month). The lower ARPU was 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 impact the ability to attract new RGUs and strengthen ARPUs.

⁵ RGUs refer to Revenue Generating Units.

⁶ TBC refers to Taiwan Broadband Communications group.

- **Broadband:** Broadband revenue of \$12.6 million for the quarter ended 30 June 2018 was down 2.4% on the pcp; in constant NT\$ terms, Broadband revenue for the quarter was marginally higher than the pcp. This was generated predominantly from TBC's c.205,000 Broadband RGUs each contributing an ARPU of NT\$439 per month in the quarter for high-speed Broadband services. Broadband RGUs increased by c.1,000 and ARPU was lower compared to the previous quarter ended 31 March 2018 (RGUs: c.204,000 and ARPU: NT\$443 per month). The focus on Broadband RGU growth, in the face of competitive market conditions from unlimited wireless data offerings from mobile operators, showed reasonable progress in the quarter, given the increase in RGUs and higher revenue compared to the pcp. The availability of low cost unlimited data offerings from the top mobile operators is necessitating fixed-line operators to offer higher speeds at competitive prices to acquire new RGUs and re-contract existing RGUs.

OUTLOOK

Looking ahead, the Trust remains focused on growing its market share for Broadband by increasing RGUs through attractively priced packages to acquire new subscribers from competitors and retain existing ones. APTT will also continue with its investment to deploy fibre deeper into the network in 2018 and 2019 to increase capacity and to provide subscribers with higher Broadband speeds, and in the longer term, position APTT to benefit from supporting wireless carriers in their future 5G rollouts.

At the same time, new initiatives to improve up-selling and cross-selling of services across TBC's subscriber base will continue to be rolled out to drive growth in future cash flows.

Against a challenging environment, including the impact of competition in the wireless broadband market, APTT is pursuing a few initiatives to strengthen its operations over the medium term:

- Refinance borrowing facilities by 2019 to ensure long-term funding certainty and reduce the need to make significant principal repayments for another two to three years after the refinancing.
- Extend out interest rate swaps to the end of 2021 to reduce the risk of rising interest rates.
- Notwithstanding that APTT has sufficient borrowing capacity to fund existing growth initiatives, a more conservative approach will be to manage gearing levels and strengthen the balance sheet. Among others, APTT aims to use less borrowings to fund growth capital expenditure in areas that will allow TBC to compete more effectively with the wireless broadband carriers.
- Achieve greater balance sheet flexibility with respect to borrowing levels and for potential unit buybacks as the current unit price of APTT is undervalued.

To support some of the above-mentioned initiatives, the Board of directors is of the view that the distribution per unit in 2019 is likely to be lowered.

ABOUT APTT

APTT is the first listed business trust in Asia focused on pay-TV 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.

For further information, please contact:

Brian McKinley

Chief Executive Officer

Tel: +65 6727 8370

Email: brian.mckinley@aptt.sg

Kreab

Nora Sng

Tel: +65 3163 7477

Email: aptt@kreab.com