



ASIAN PAY TELEVISION TRUST

30 JUNE 2018

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AGENDA

1. 30 JUNE 2018 RESULTS

2. OUTLOOK

3. BUSINESS OVERVIEW

4. BUSINESS DRIVERS

30 JUNE 2018 RESULTS



Broadband to drive growth



Q2 2018 EBITDA below expectations; H2 2018 EBITDA expected to improve, but full year 2018 EBITDA may be lower than 2017

- Q2 2018 performance was below expectations in the face of challenging operating and economic conditions in Taiwan
- Revenue for the quarter at S\$77.6 million
- EBITDA for the quarter at S\$46.3 million

Broadband

- Showed reasonable progress with growing RGUs and marginally higher revenue in NT\$ terms
- Unbundling of promotions with Premium digital cable TV given the competitive pressures from the unlimited wireless data offerings from mobile operators
- Focus on providing best available discounts for Broadband only offerings
- Continue to invest in Broadband to increase speed and drive growth, amidst competitive market conditions



Distributions

- Distribution of 1.625 cents per unit paid for Q1 2018 and distribution of 1.625 cents per unit declared for Q2 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



KEY OPERATING METRICS

Improvement in Premium and Broadband RGUs

RGUs ¹ ('000)	As at		
	30 Jun 2018	31 Mar 2018	
Basic cable TV	759	761	↓
Premium digital cable TV	188	187	↑
Broadband	205	204	↑

ARPU ² (NT\$ per month)	Quarter ended		
	30 Jun 2018	31 Mar 2018	
Basic cable TV	501	506	↓
Premium digital cable TV	133	135	↓
Broadband	439	443	↓

- **Basic Cable TV:** RGUs marginally decreased to c.759,000, ARPU was also marginally lower.
- **Premium Digital Cable TV:** RGUs increased to c.188,000. ARPU was lower 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.
- **Broadband:** RGUs increased to c.205,000. 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. 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.

Notes: (1) RGUs refer to revenue generating units

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

FINANCIAL RESULTS



EBITDA in Q2 below expectations; H2 EBITDA expected to improve, but full-year 2018 EBITDA may be lower than 2017

Group ¹ (S\$'000)	Quarter ended 30 Jun			Half-year ended 30 Jun		
	2018	2017	Variance ² %	2018	2017	Variance ² %
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 expenses³	(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%	

In constant Taiwan dollars (“NT\$”), revenue down 4.1% for the quarter and 4.9% for the half-year as foreign exchange contributed 2.5% negative variance for the quarter and 1.8% for the half-year

- **Basic Cable TV:** Down 4.6% for the quarter and 5.6% for the half-year in constant NT\$ terms mainly due to lower subscription revenue, driven by marginally lower number of subscribers and ARPU compared to the pcp, and lower revenue generated from channel leasing partially offset by higher airtime advertising sales
- **Premium Digital Cable TV:** Down 10.4% for the quarter and 9.2% for the half-year in constant NT\$ terms. Generated predominantly from TBC’s average Premium digital cable TV RGUs each contributing an ARPU of NT\$133 per month during the quarter for Premium digital cable TV packages, bundled DVR or DVR-only services
- **Broadband:** Up marginally for the quarter and remained broadly unchanged for the half-year in constant NT\$ terms. Generated predominantly from TBC’s average Broadband RGUs each contributing an ARPU of NT\$439 per month during the quarter for high-speed Broadband services

Total operating expenses: Lower operating expenses, mainly due to lower 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 exclude 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

FINANCIAL POSITION



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

Group (S\$'000)	As at	
	30 Jun 2018	31 Dec 2017
Assets		
Current assets		
Cash and cash equivalents	86,624	66,835
Trade and other receivables	17,974	11,845
Other assets	3,262	1,278
	107,860	79,958
Non-current assets		
Property, plant and equipment	320,887	320,852
Intangible assets	2,372,264	2,391,052
Other assets	1,350	1,058
	2,694,501	2,712,962
Total assets	2,802,361	2,792,920
Liabilities		
Current liabilities		
Borrowings from financial institutions	20,352	14,677
Trade and other payables	31,560	21,692
Income tax payable	12,015	13,182
Other liabilities	55,183	59,566
	119,110	109,117
Non-current liabilities		
Borrowings from financial institutions	1,420,662	1,379,888
Deferred tax liabilities	80,946	73,323
Other liabilities	37,043	40,791
	1,538,651	1,494,002
Total liabilities	1,657,761	1,603,119
Net assets	1,144,600	1,189,801

- **Cash and cash equivalents:** Cash balance of S\$86.6 million
- **Depreciation/amortisation:** Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:
 - Buildings: 3-50 years
 - Leasehold improvements: 3-10 years
 - Network equipment: 2-10 years
 - Transport equipment: 5-7 years
 - Plant and equipment: 2-6 years
 - Leased equipment: 3 years

Funding Certainty: Refinancing of Borrowing Facilities Expected by 2019

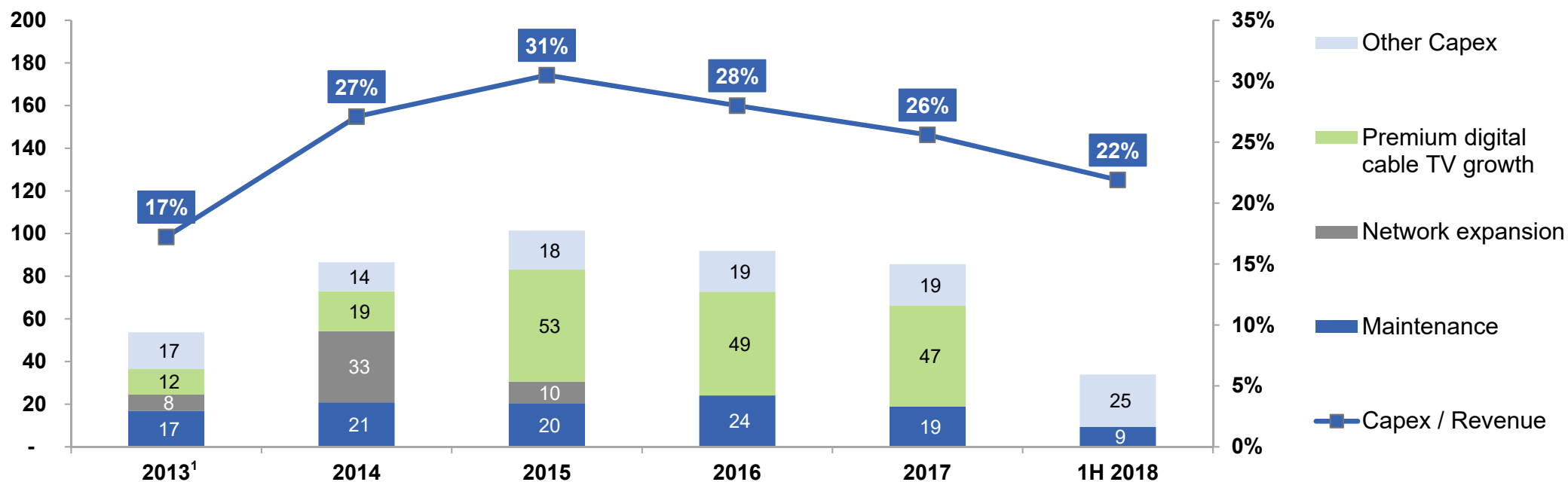
Group debt		As at	
		30 Jun 2018	31 Dec 2017
Total size available	S\$ million	1,537	1,552
Total outstanding	S\$ million	1,482	1,439
YTD effective interest rate - constant dollar	% p.a.	QTD - 3.4; YTD - 3.4	Full year - 3.9
YTD effective interest rate - SGD	% p.a.	QTD - 3.8; YTD - 3.8	Full year - 4.2
Total net debt / EBITDA ¹	Multiple	7.1	6.8
Interest cover ¹	Multiple	3.4	3.4
Gearing ²	%	51.4	49.9

- Refinancing of borrowing facilities is expected 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.
- Interest rate swaps have been entered into, which fix a significant portion of the interest rate exposure.
 - Interest rate swaps will be extended to the end of 2021 to reduce the risk of rising interest rates.
- Approximately S\$54.2 million of revolving facilities are available to fund future initiatives
- Effective interest rate in constant dollar terms of 3.4% p.a. for the quarter and half-year compared to 3.9% p.a. for the full year 2017
 - Actual effective interest rate in SGD was 3.8% p.a. for the quarter and half-year compared to 4.2% p.a. for the full year 2017

Notes: (1) Calculated in accordance with the borrowing facilities agreement
 (2) Total debt / total assets

CAPITAL EXPENDITURE

S\$ million



- Capital expenditure was higher from 2015 to 2017 due to the regulatory requirement to switch-off analogue broadcasting and complete digitisation of TBC's subscriber base by 2017
- Capital expenditure in 2018 and 2019 is expected to be lower than 2017, but will be higher than normalised annual capital expenditure, due to a key investment initiative to continue to deploy fibre deeper into the network in 2018 and 2019 to increase capacity and improve broadband speed
- Capital expenditure in 2020 and beyond is expected to continue to reduce to more normalised levels

Capital expenditure comprised the following:

- Maintenance capital expenditure to support TBC's existing infrastructure and business; predominantly funded from operating cash flows of TBC
- Premium digital cable TV capital expenditure to acquire digital set-top boxes to fully digitise TBC's subscriber base and switch off analogue broadcasting, installation related expenditure and digital head-end upgrades; predominantly funded from debt facilities and was completed in 2017
- Other capital expenditure included items such as high-speed broadband modems and cable line extensions for new building; predominantly funded from debt facilities

Note: (1) Capital expenditure for full year 2013 are included here for information purposes only. APTT's ownership of TBC commenced from 29 May 2013.

OUTLOOK



POSITIONED FOR THE MID TO LONG-TERM

Initiatives to strengthen operations, against an increasingly challenging and competitive environment

Capital Management	Key Investments	Strengthen Balance Sheet
<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Deploy fibre deeper into the network in 2018 and 2019 to:<ul style="list-style-type: none">- Increase capacity and to provide subscribers with higher Broadband speed; and- Position APTT to benefit from supporting wireless carriers in their future 5G rollouts	<ul style="list-style-type: none">• Notwithstanding that APTT has sufficient borrowing capacity to fund existing growth initiatives, a more conservative approach will be adopted to manage future gearing levels and strengthen the Group's balance sheet<ul style="list-style-type: none">- APTT aims to use less borrowings to fund strategic capital expenditure in areas that will enable TBC to compete more effectively against 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 the above-mentioned initiatives, the Board of directors is of the view that the distribution per unit in 2019 is likely to be lowered

With stable, resilient cash flow, APTT is a defensive business that is positioned to grow in a measured way

GROWTH DRIVERS



UP-SELL & CROSS SELL

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



BROADBAND RGU GROWTH

- To navigate the competitive market environment, especially with mobile operators offering unlimited wireless data, continue to focus on Broadband RGU growth by offering discounted packages in order to acquire new RGUs from competitors and to retain existing RGUs
- 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

- Room for growth as Digital cable TV penetration in Taiwan is still lower than that of Korea, Singapore and Hong Kong
- Consumer preference for better quality video and interactive services
- Growing number of HD television sets in Taiwan

OPERATING ENVIRONMENT



CHALLENGING ENVIRONMENT

- RGUs expected to remain stable in the remainder of 2018 for Basic and Premium digital cable TV services
- ARPU's will continue to be under a little pressure including challenges from video piracy issues and aggressively priced IPTV
- Decline in demand for home shopping and competition from internet retailing negatively impacting channel leasing revenue for cable industry



HIGHLY REGULATED

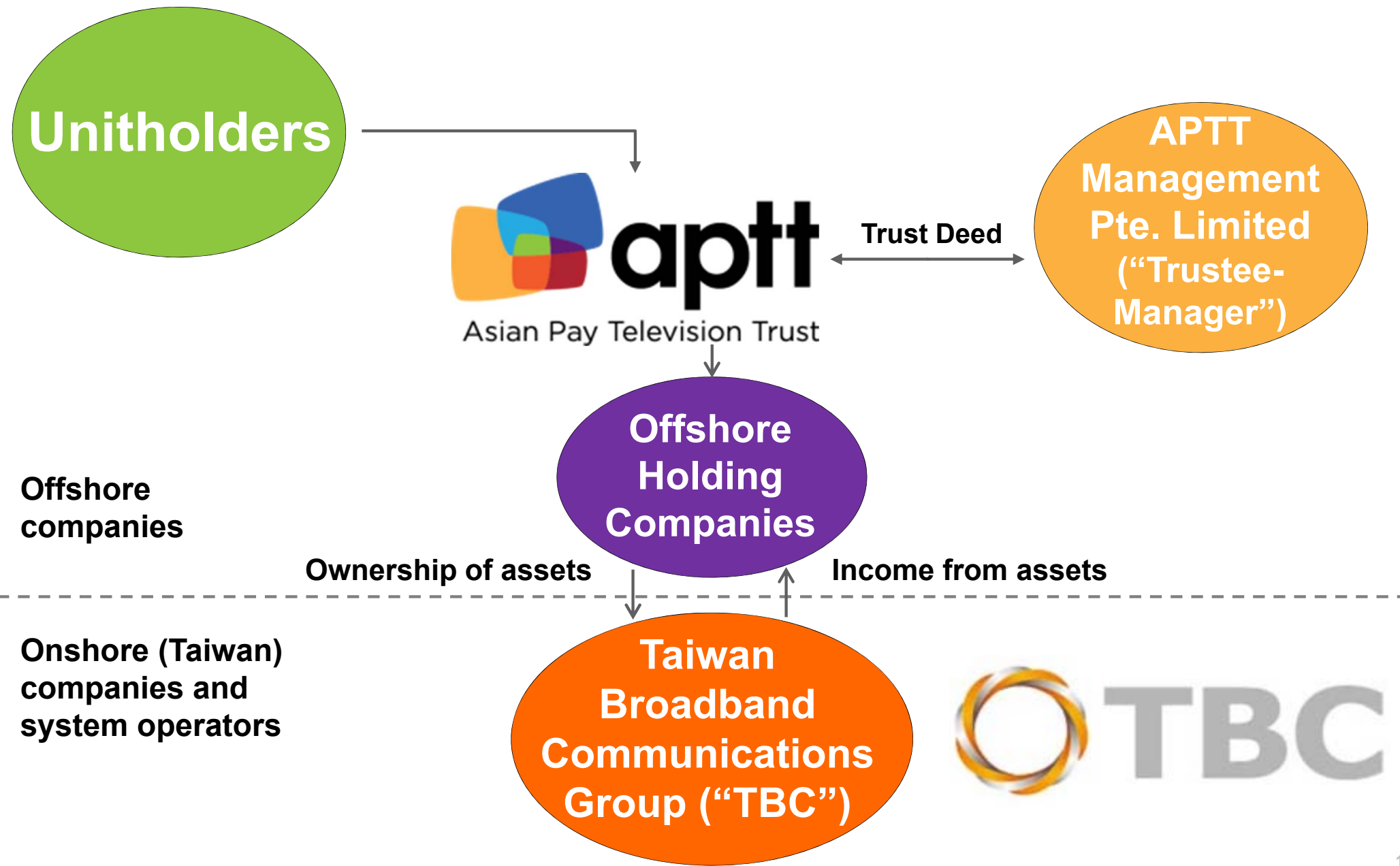
- Announced by the local authorities before the end of 2017: Basic cable TV rates for 2018 across all five franchise areas have been maintained at the same rates as 2017

H2 2018 EBITDA expected to improve, but full year 2018 EBITDA may be lower than 2017

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 (4 out of 6)
- Sole investment in Taiwan Broadband Communications (“TBC”) – Taiwan’s third largest cable TV operator



Sole cable TV operator in five franchise areas in Taiwan, with network coverage of more than 1.2 million homes

- Owns 100% of the hybrid fibre coaxial cable network in the five 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; unique commercial arrangement with content providers
- Long standing relationship with subscribers; deep understanding of Taiwanese viewers’ preference

PRODUCT OFFERINGS

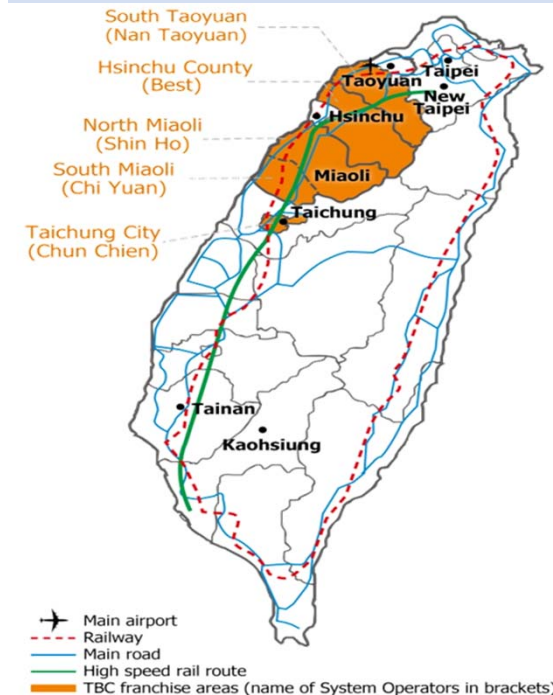
Approx. 85% of revenue is subscription-based from the three products

BASIC CABLE TV	PREMIUM DIGITAL CABLE TV	BROADBAND
Over 100 channels on Basic cable TV, including all of top 20 channels in Taiwan; most of the content not available on any other platform	Up to 77 additional channels including 42 HD channels, through MPEG4 platform 25% Premium digital cable TV penetration ¹ with large addressable market of 100% digital set-top box penetration	27% Broadband penetration ¹ with ability to cross-sell to remaining market on 100% DOCSIS 3.1 enabled HFC network and current speed offerings up to 500 Mbps

Note: (1) As at 30 June 2018

FRANCHISE AREAS IN NORTHERN & CENTRAL TAIWAN

Each of the five franchise areas shows unique growth potential



- Highly attractive demographics and low churn rate of 0.8%¹ for Basic cable TV (759K¹ Revenue Generating Units)
- Limited competition from IPTV and DTH operators
- Up-sell Premium digital cable TV and cross-sell Broadband to large Basic cable TV subscriber base

BUSINESS DRIVERS

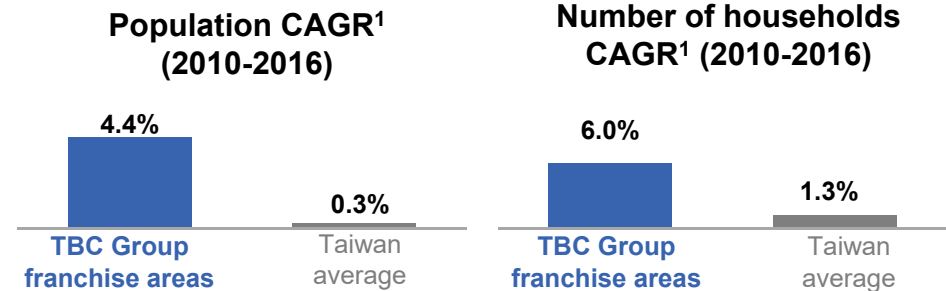


TAIWAN MARKET – HIGHLY ATTRACTIVE FRANCHISE AREAS



Approx. 1.2 million households across five 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 franchise areas
- Population growth in the five franchise areas (4.4%) outstrips national average (0.3%); Growing number of new households as more young Taiwanese set up families



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. 388K households and population of 1.1 million

Hsinchu



- Hsinchu Science Park is home to 360 high tech companies, the city has the highest income level in Taiwan²
- Approx. 187K households and population of 553K

Miaoli (North & South)



- Suburban mountainous region geographically located between Hsinchu and Taichung
- Well connected via major railway and road transportation systems
- Approx. 186K households and population of 551K

Taichung City



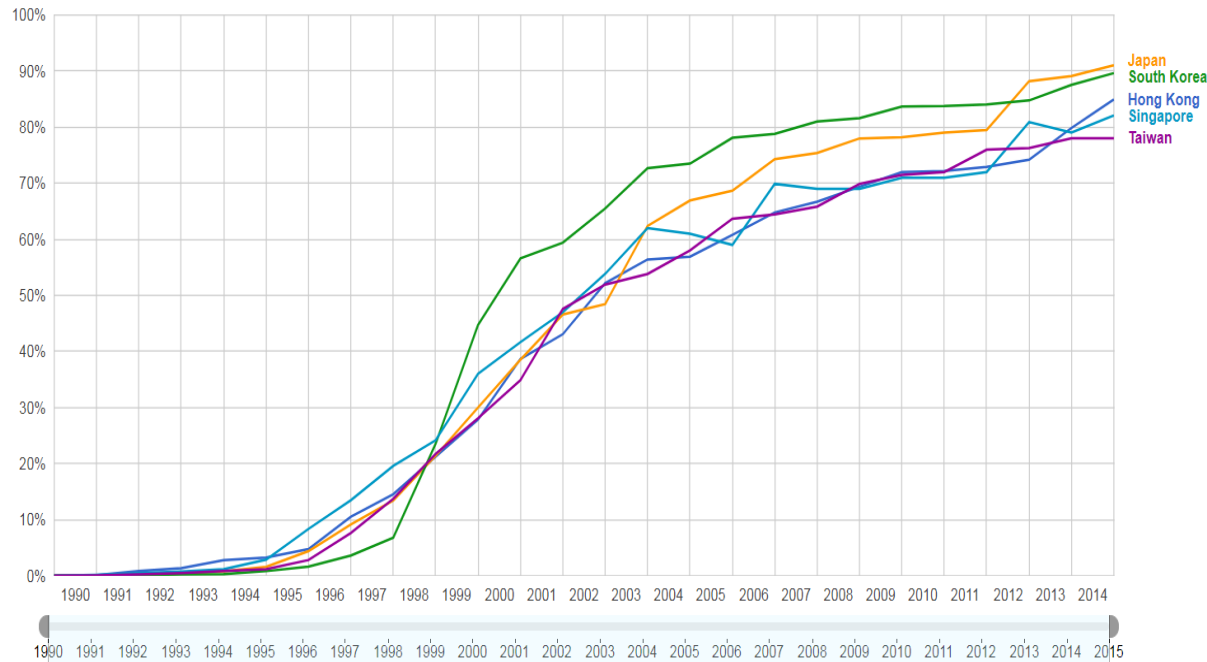
- Second largest city in Taiwan, approx. 2.8 million population; home to Taiwan's third airport - Taichung International Airport
- Vibrant, diverse economy: large industrial areas and a thriving commercial sector that incorporates traditional businesses, small family-run shops & factories
- Approx. 580K households

Notes: (1) National Statistics, R.O.C. (Taiwan) 2016
(2) Ministry of Labor, Taiwan

TAIWAN MARKET – POTENTIAL IN BROADBAND



Relatively lower Broadband penetration and speed compared to other developed APAC markets



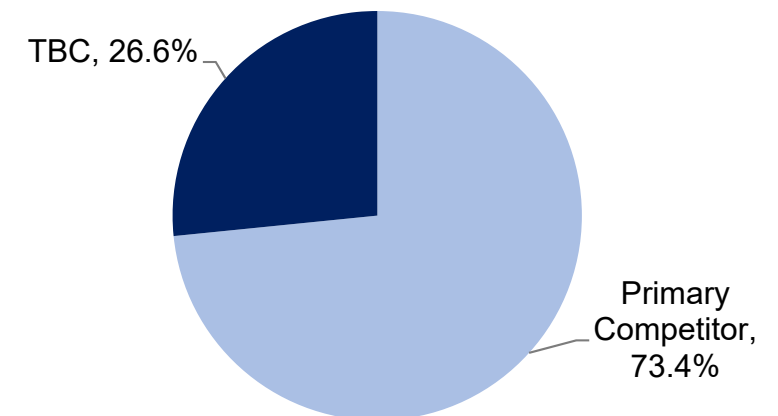
International Telecommunications Union

Region	Unique IPv4 Addresses	Average Connection Speed (Mbps)	Average Peak Connection Speed (Mbps)	% Above 4 Mbps	% Above 10 Mbps	% Above 15 Mbps
ASIA PACIFIC						
Hong Kong	3,248,227	21.9	129.5	94%	71%	54%
Japan	46,179,708	20.2	94.5	93%	73%	52%
South Korea	26,226,184	28.6	121.0	98%	85%	69%
Singapore	1,882,779	20.3	184.5	94%	72%	51%
Taiwan	9,524,660	16.9	94.7	95%	65%	38%

Akamai Technology, State of the Internet, Connectivity Report 1Q 2017

- Internet penetration has increased exponentially; but Broadband penetration remains lowest among the other four developed APAC markets (Japan, South Korea, Hong Kong, Singapore)
- Taiwan's average broadband speed also ranked last among the developed APAC markets at approx 16.9 Mbps
- TBC has approx. 26.6% of the market share in its five franchise areas

Approx. Market Share of Broadband in TBC's Five Franchise Areas



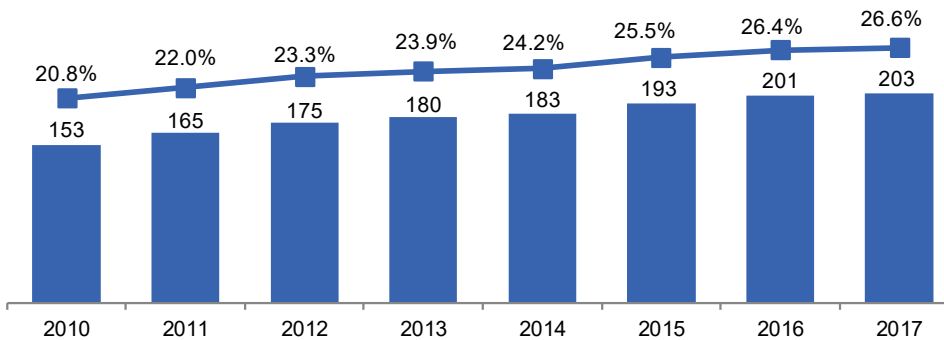
ORGANIC GROWTH POTENTIAL: BROADBAND



Focused on growing market share for Broadband business

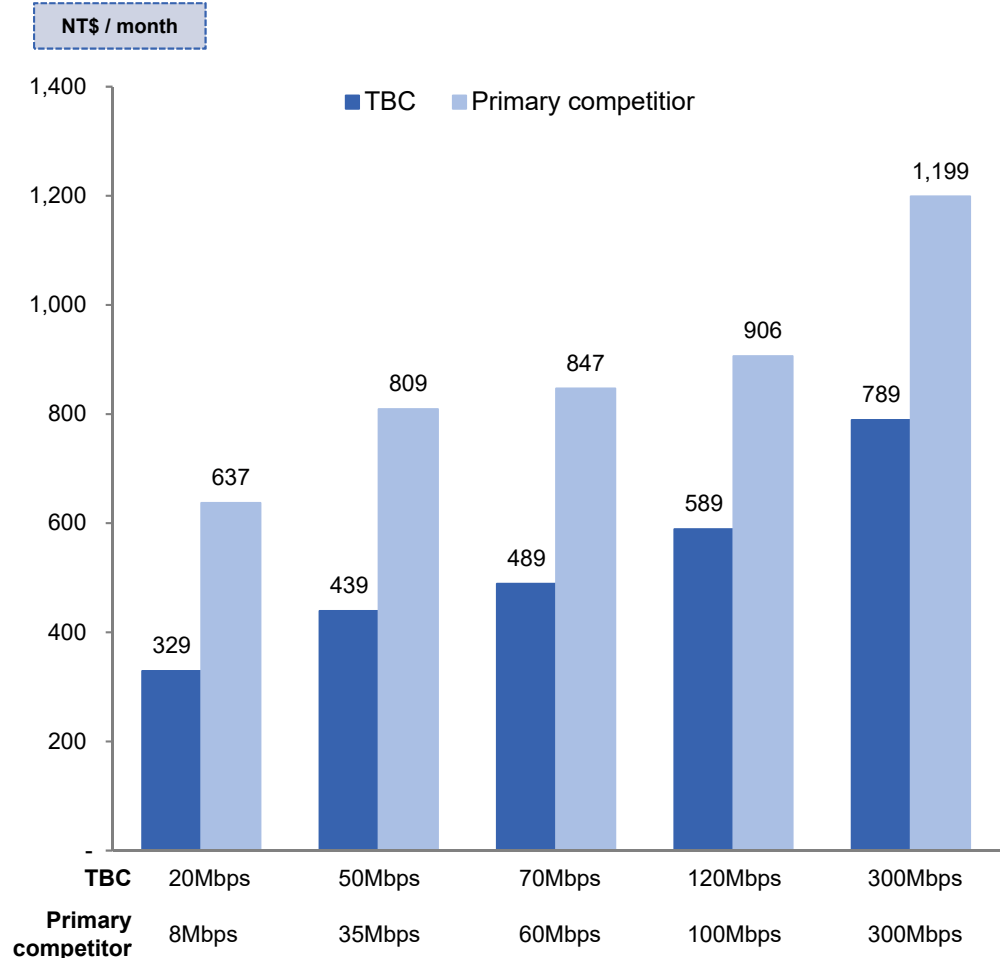
Broadband RGUs ('000) and penetration

2010-17 Broadband RGU CAGR: 4.1%



- 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
- Competitive pricing and optional bundling with digital TV
- DOCSIS 3.1 enabled network that meets consumer demand for high-speed internet; 500Mbps launched in 2018
- Launch of value-added services including android OTT smart box and karaoke singing box

TBC Group offers competitive prices¹ with reliable services



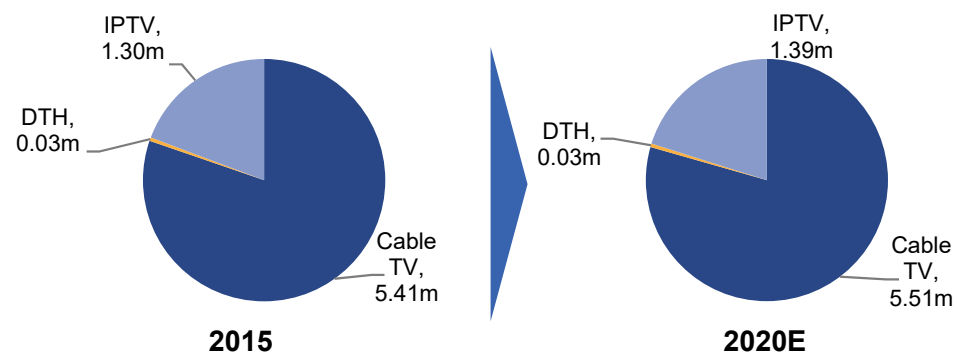
Note: (1) Primary competitor pricing based on NCC data

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
- Political, structural and technological disadvantages of IPTV in Taiwan

Pay-TV subscriptions share by platform¹



Barrier to entry against new cable entrants

- High network roll-out requirements
- Long standing relationships with subscribers; strong brand awareness
- Deep understanding of Taiwan viewers' preferences

Top 20 channels in Taiwan (2017)

1	Sanlih Taiwan Channel
2	TVBS-News
3	EBC News
4	Cti News
5	Sanlih E-Television News
6	Formosa TV News
7	Sanlih City Channel
8	YOYO TV
9	Unique Satellite TV
10	GTV Drama
11	Star Chinese Channel
12	ERA News
13	Star Chinese Movies
14	EBC Drama
15	Videoland Movies
16	EBC Financial News
17	EBC Movies
18	Videoland On-TV
19	MoMo Kids
20	EBC Variety

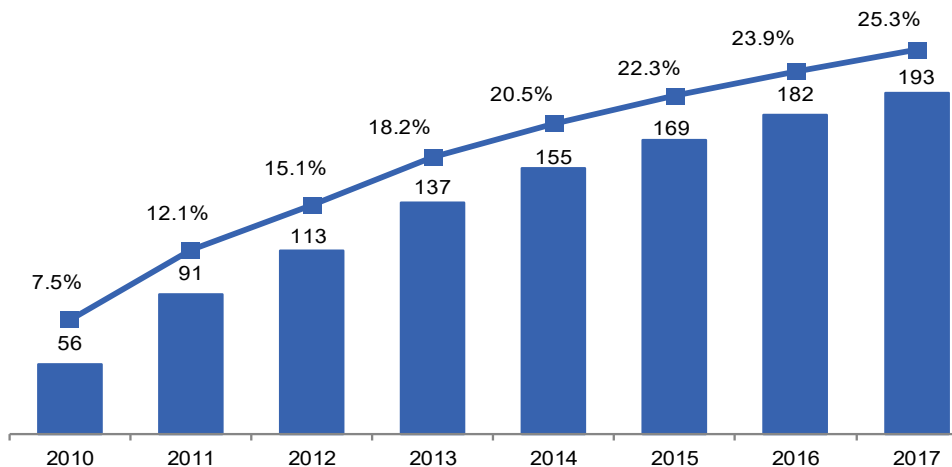
ORGANIC GROWTH POTENTIAL: PREMIUM DIGITAL CABLE TV



Capitalising on the rising demand for HD TV sets and better quality videos

Premium digital cable TV RGUs ('000) and penetration

2010-17 Premium digital cable TV RGU CAGR: 19.4%



- Digital cable TV penetration in Taiwan lower than that of Korea, Singapore and Hong Kong
- Consumer preference for better quality video and interactive services; growing number of HD television sets in Taiwan
- Regulatory push by NCC and government - 100% digitisation target by 2017 → TBC was the first large cable TV operator to reach 100% digitisation

Cross-selling initiatives

Set-top boxes

- Promotional set-top boxes launched in March 2012
- Completed digitisation of its subscriber base across all five franchise areas in 2017 and switched off analogue TV broadcasting

Premium digital channels

- 11 free channels, including 1 HD channel
- Better video quality across channels
- Incentivises customers to get Premium digital cable TV to access up to 77 additional channels, including 42 HD channels

DVR service

- Offered as part of bundling package as well as stand-alone service
- Leverages external hard disk drives which is more cost efficient
- Creates stronger customer loyalty

Sales follow up / bundling

- Attractive bundling promotions
- Educate subscribers on usage and benefits of digital TV

Substantially invested in an advanced Hybrid fibre-coaxial (HFC) network which combines optical fibre and coaxial cable for TBC

- Ownership of HFC network and fibre backbone allows TBC to operate independently of third-party networks
- Covers substantially all of ~1.2 million households in TBC Group's franchise areas
- TBC's Cable TV and Broadband services delivered over one advanced HFC network
- 100% DOCSIS 3.1 enabled, fully supporting 500 Mbps Broadband services
- MPEG4 delivery platform set up as early as 2009
 - 100% digital penetration
 - Better video quality
 - Greater video transmission capacity
 - More efficient provision of value-added features such as HDTV and DVR services

Forefront of digitisation in Taiwan



- TBC completed the digitisation of its subscriber base across all five franchise areas in 2017 and switched off analogue TV broadcasting. TBC was the first large cable TV operator in Taiwan to reach this milestone
- Well positioned to provide subscribers with the opportunity to watch the latest TV offerings in high definition digital format

RESILIENT BUSINESS MODEL WITH EFFICIENT COST STRUCTURE



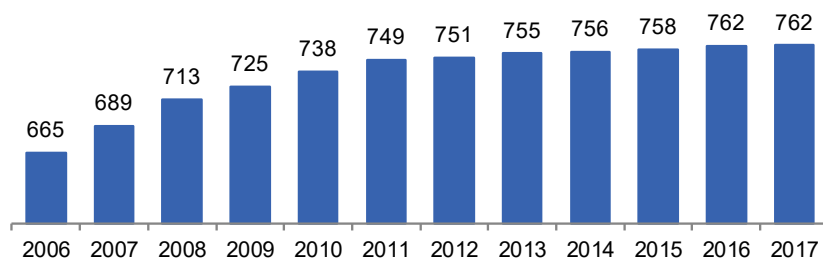
Utility-like, subscription-based business model with majority of payments made in advance

Consistent growth, competing effectively against alternative pay-TV platforms & withstanding economic downturns

Resilient business with stable Basic cable TV RGUs

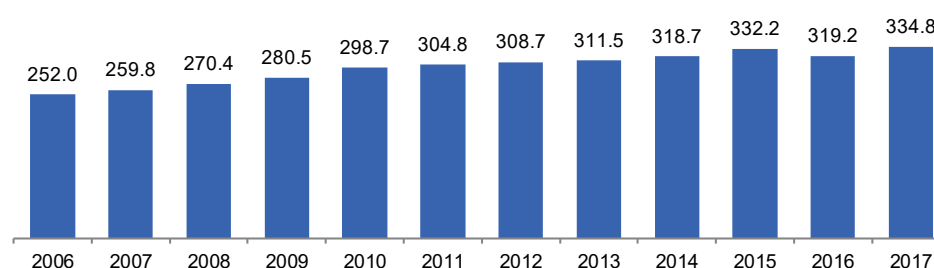
Basic cable TV RGUs ('000)

2006-17 Basic cable TV RGU CAGR: 1.2%



Revenue (\$)

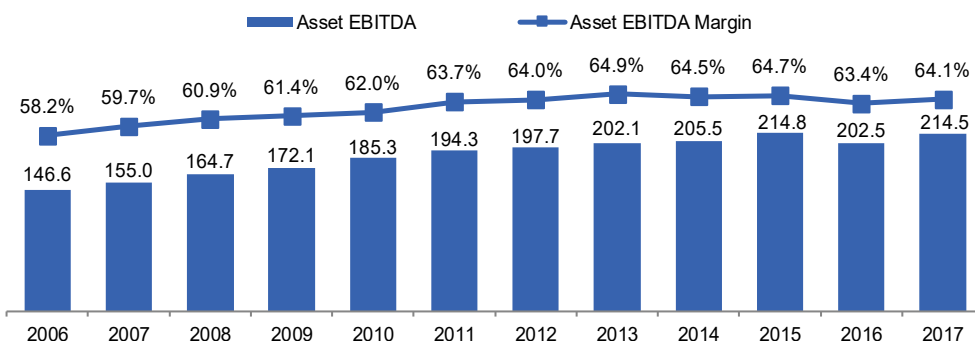
2006-17 Revenue CAGR: 2.6%



Growing EBITDA due to scalable & efficient cost structure

Asset EBITDA (\$\$) and Asset EBITDA margin¹

2006-17 EBITDA CAGR: 2.9%



Key operating drivers supporting cost efficiency

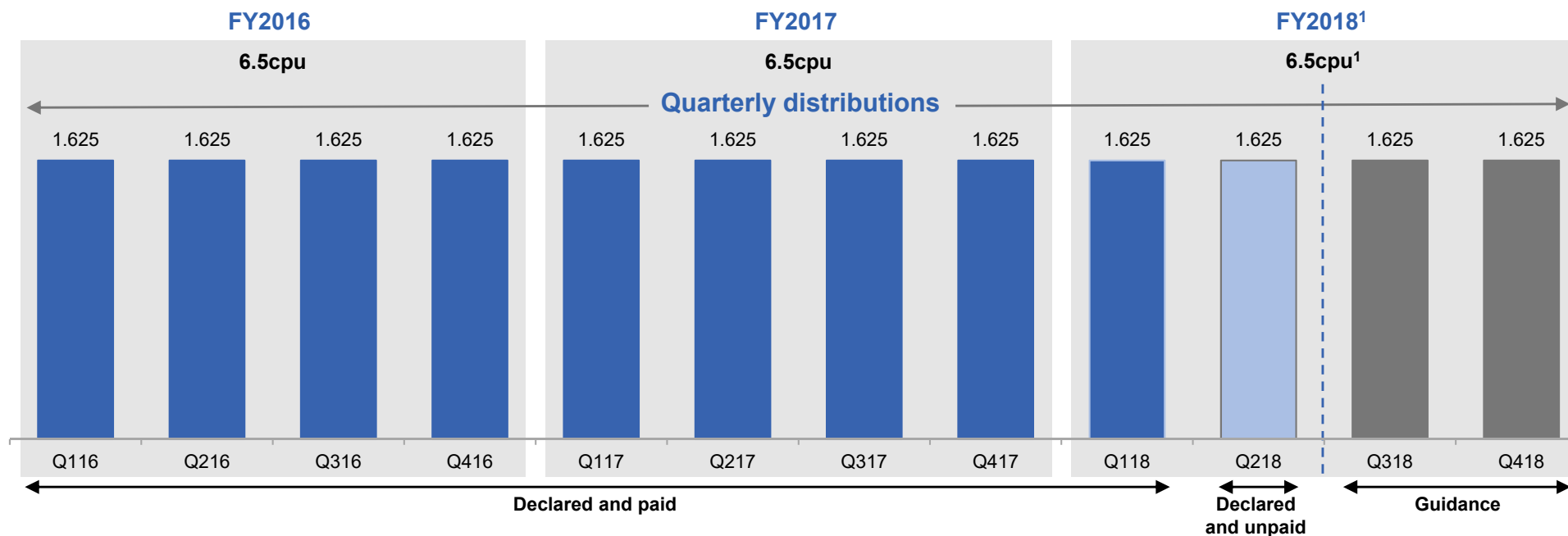
- Majority of popular channels are local, inexpensive content
- Lack of “killer content” resulting in strong negotiating position
- Headroom in network capacity allowing provision of additional services at limited incremental cost
- Low churn rate from enhanced customer experience and strong customer loyalty

Note: (1) Asset EBITDA and Asset EBITDA margins are non-IFRS financial measures. Asset EBITDA represents EBITDA at TBC level. Asset EBITDA margin is calculated by dividing Asset EBITDA by total revenue

DISTRIBUTIONS

Distributions underpinned by the operations and cash flows of TBC

- Quarterly distribution policy implemented since 3Q 2014
- 18 distributions paid to date totalling 40.06cpu (S\$575.5m)
- Guidance of 6.5 cpu for the year 2018¹



Note: (1) Distribution guidance is subject to no material changes in planning assumptions

THANK YOU

