



# ANNUAL GENERAL MEETING

27 April 2023

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# AGENDA

1. BOARD OF DIRECTORS
2. BUSINESS OVERVIEW
3. 2022 BUSINESS & RESULTS HIGHLIGHTS
4. OUTLOOK & STRATEGY
5. LIVE Q&A
6. FORMAL PROCEEDINGS & LIVE VOTING
7. APPENDIX

# BOARD OF DIRECTORS



# BOARD OF DIRECTORS

Independent directors comprise majority of the Board (4 out of 7); six are non-executive directors



**Yong Lum  
Sung**

—  
Chair,  
Independent  
Director



**Richard  
Tan**

—  
Independent  
Director,  
Remuneration  
Committee  
Chair



**Leong Shin  
Loong**

—  
Independent  
Director,  
Nominating  
Committee  
Chair



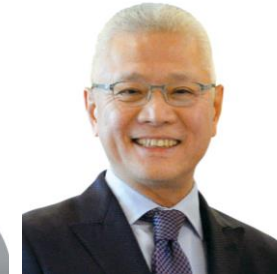
**Joanna  
Ong**

—  
Independent  
Director,  
Audit  
Committee  
Chair



**Lu  
Fang-Ming**

—  
Vice-Chair,  
Non-Executive  
Director



**Dai Yung  
Huei**

—  
Non-Executive  
Director



**Brian  
McKinley**

—  
Chief  
Executive  
Officer,  
Executive  
Director

# BUSINESS OVERVIEW



# 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 7)
- **Sole investment in Taiwan Broadband Communications (“TBC”) – A leading cable TV operator in Taiwan**



**Cable TV operator in five 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 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

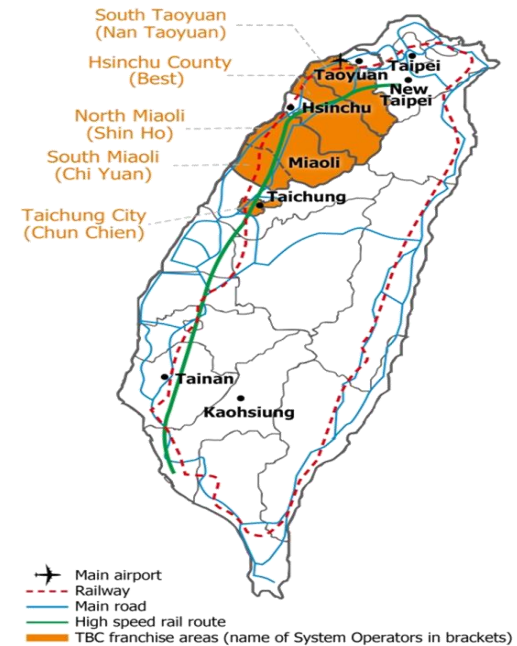
## PRODUCT OFFERINGS

*Approx. 88% of revenue is subscription-based from the three product offerings<sup>1</sup>*

| BASIC CABLE TV   | PREMIUM DIGITAL CABLE TV  | BROADBAND  |
|--|---|--|
| Over 100 channels on Basic cable TV, majority of the popular channels are only available on cable TV | Up to 68 additional channels including 67 HD channels, through MPEG4 platform. 46% <sup>1</sup> of TBC’s Basic cable TV subscribers are also Premium digital cable TV subscribers; opportunity to upsell to the remaining 54% | 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 |

Note: (1) As at 31 December 2022

## FRANCHISE AREAS IN NORTHERN & CENTRAL TAIWAN

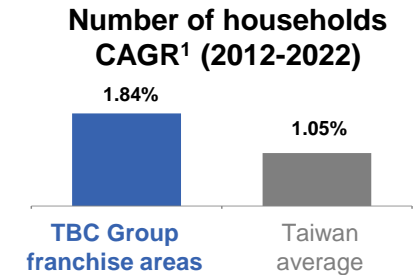
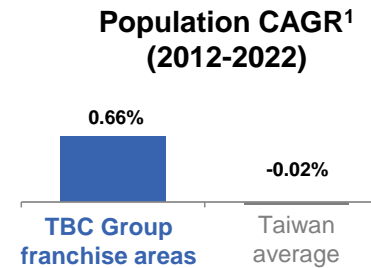


- Low churn rate of 0.5%<sup>1</sup> for Basic cable TV (675K<sup>1</sup> Revenue Generating Units)
- Up-sell Premium digital cable TV and cross-sell Broadband to large Basic cable TV subscriber base

# TBC'S FRANCHISE AREAS

Network coverage of more than 1.3 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 (0.66%) outstrips national average (decline of 0.02%); 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. 447K households and population of close to 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. 215K households and population of 581K



## Miaoli (North & South)

- Suburban mountainous region geographically located between Hsinchu and Taichung
- Well connected via major railway and road transportation systems
- Approx. 197K households and population of 535K



## 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 and factories
- Approx. 474K households and population of 1.2 million



# TAIWAN MARKET – POTENTIAL IN FIXED-LINE BROADBAND



## Relatively lower internet penetration and speed compared to other developed APAC markets

|                     | Internet penetration rate | Number of Internet users (million) | Median fixed internet connection speed (Mbps) | Year-on-year change in median fixed internet connection speed |
|---------------------|---------------------------|------------------------------------|---|---|
| <b>Asia-Pacific</b> |                           |                                    |   |   |
| Taiwan              | 90.7%                     | 21.68                              | 124.14  | +26.0%  |
| South Korea         | 97.6%                     | 50.56                              | 95.34   | +13.1%  |
| Japan               | 82.9%                     | 102.5                              | 150.32  | +61.2%  |
| Singapore           | 96.9%                     | 5.81                               | 214.23  | +16.0%  |
| Hong Kong           | 93.1%                     | 6.97                               | 194.35  | +26.2%  |

DataReportal, Digital 2023

- Internet penetration in Taiwan is the second lowest at 90.7% at the start of 2022, after Japan
- Taiwan's median fixed internet connection speed is the second slowest at 124.14 Mbps, after South Korea; there is room for Taiwan subscribers to further increase internet speed
- TBC's Broadband market share in its five franchise areas is increasing year-on-year
- Opportunity for TBC to gain more market share and meet rising demand for higher-speed broadband plans due to rapidly growing demand for data

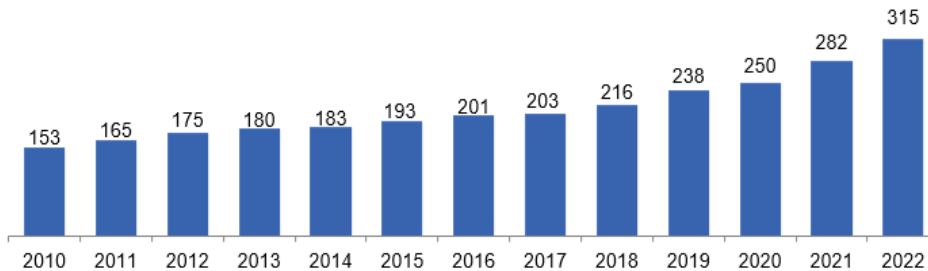
# IMPROVING BROADBAND MARKET SHARE



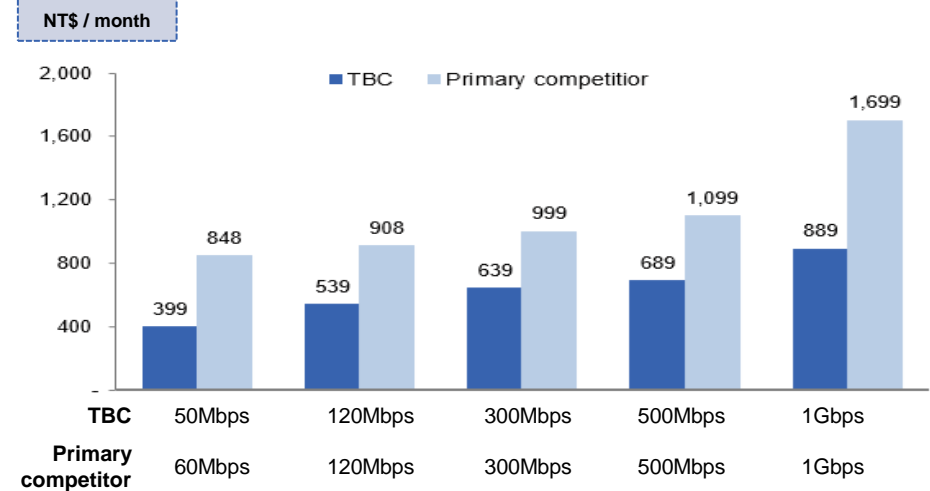
## TBC's broadband market share improving in its franchise areas year-on-year

### Broadband RGUs ('000)

2010-22 Broadband RGU CAGR: 6.2%



### TBC Group offers competitive prices<sup>1</sup> with reliable services



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

2022  
BUSINESS & RESULTS  
HIGHLIGHTS



## Success of debt management programme; offshore loan reduction of \$83.4 million



### Lower debt levels

- Made net debt repayments of S\$62 million in the year; lowered gearing to 48.7% (31 Dec 2021: 50.1%)
- Signed agreement to refinance Offshore Facilities for a 30-month period on the same major terms; financial close expected to be in July 2023, at the maturity of the existing Offshore Facilities
- The refinanced Offshore Facilities represent an S\$83.4 million reduction in offshore loans - a direct result of our accelerated debt repayments over the past two years, using cash generated from operations



### Reset principal repayment schedule and financial covenants

- Maturity date of Onshore Facilities, which constitute 90% of total outstanding debt, extended to November 2028
- Principal repayment schedule and financial covenants of Offshore Facilities will be reset following financial close of the refinanced facilities
- Subject to no changes in planning assumptions, should not have to revisit borrowing facilities, both onshore and offshore, until 2025



### Managing rising interest rates

- As at 31 December 2022, TAIBOR interest rate swaps hedged approx. 93% of the outstanding Onshore Facilities (which constitute 90% of total outstanding debt) through to 30 June 2025; average fixed rate of 0.94%
- Net exposure to rising interest rates is contained; impact of rising interest rates is not expected to materially impact cash flows or affect business operations
- 84% of total debt is protected against the risk of rising interest rates through to 2025

## Growing Broadband business cushions impact of the declining Basic cable TV business; Broadband will be the largest driver of long-term growth

### Broadband growth momentum



- Growth in number of subscribers and higher ARPU led to higher revenue in both S\$ and NT\$ for 10 consecutive quarters
- Total Broadband subscribers stood at 315 thousand, which is over 45% of the Basic cable TV subscriber base
- Ongoing partnership programmes with mobile operators to focus on fixed-line broadband-only segment; offer higher speed plans at competitive prices
- Aim is to gradually grow cash flows from Broadband business to a level that more than offsets the decline in Basic cable TV business

# 2022 RESULTS HIGHLIGHTS

**Broadband recorded continued improvements on all fronts in 2022; 2023 distribution per unit expected to be 1.05 cents – 5% higher than 2022**



## Lower full year EBITDA and EBITDA margin

- Revenue for the year was S\$286.0 million
- EBITDA for the year was S\$168.7 million
- EBITDA margin for the year was 59.0%
- Decline in EBITDA was primarily due to lower revenue and higher pole rental expenses resulting from benefit of reversal of pole rental provisions in the pcp



## Growing total subscriber base – added c.52,000 net subscribers in 2022

- Premium digital cable TV and Broadband subscribers have been steadily increasing over the past four years
- Added c.35,000 Premium digital cable TV and c.33,000 Broadband subscribers in the year, which more than offset Basic cable TV churn
- Total subscriber base increased to c.1,298,000



## Continued Broadband growth momentum

- Growth on all fronts – number of subscribers, ARPU and revenue in S\$ and NT\$ (which includes revenue from data backhaul)



## Higher capital expenditure to improve network speed and future proof the growing TBC subscriber base

- As a percentage of revenue, capital expenditure was 12.2% for the year – within industry norms
- Capital expenditure increased by 16.5% for the year compared to pcp



## Distribution

- Re-affirmed distribution guidance of 1.05 cents per unit for full year 2023 – 5% higher than 2022, to be paid in half-yearly instalments of 0.525 cents per unit, subject to no material changes in planning assumptions

# KEY OPERATING METRICS

Broadband ARPU improved by NT\$18 per month alongside c.33,000 more subscribers, reflecting the success of TBC's Broadband strategy to target broadband-only segment and offer higher speed plans at competitive prices

|                          | RGUs <sup>1</sup> ('000) |      | ARPU <sup>2</sup> (NT\$ per month) |      |
|--------------------------|--------------------------|------|------------------------------------|------|
|                          | As at 31 Dec             |      | Year ended 31 Dec                  |      |
|                          | 2022                     | 2021 | 2022                               | 2021 |
| Basic cable TV           | 675                      | 691  | 468                                | 480  |
| Premium digital cable TV | 308                      | 273  | 69                                 | 81   |
| Broadband                | 315                      | 282  | 378                                | 360  |

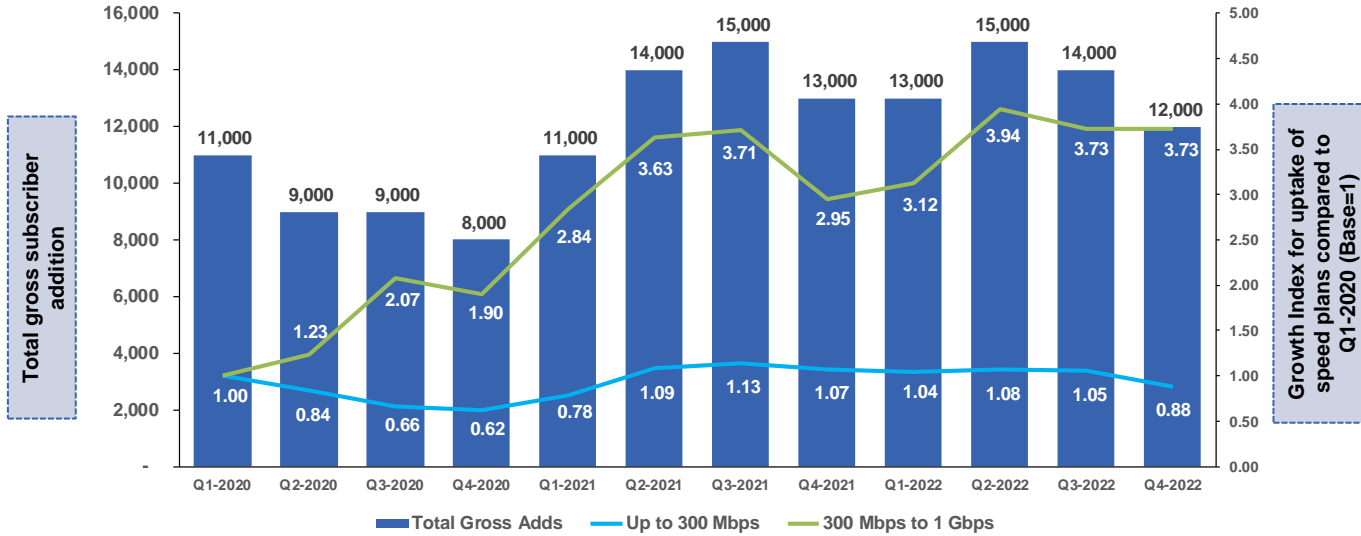
- **Basic cable TV:** RGUs decreased by c.16,000 to c.675,000 as at 31 December 2022 due to (i) a saturated cable TV market, (ii) competition from aggressively priced IPTV, (iii) growing popularity of online video and (iv) expectations from consumers for discounts as they compare with the lower cable TV pricing outside of TBC's<sup>3</sup> five franchise areas, particularly in the Taipei region
- **Premium digital cable TV:** RGUs increased by c.35,000 to c.308,000. 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 have also impacted ARPU, which decreased by NT\$12 per month
- **Broadband:** TBC's focused broadband growth strategy led to RGUs increasing by c.33,000 to c.315,000, while ARPU improved by NT\$18 per month. Growth driven by partnership programs with mobile operators to drive the fixed-line broadband-only segment, and by offering higher speed plans at competitive prices. Broadband churn rate remained very low, averaging around 0.6% in 2022

Notes: (1) RGUs refer to Revenue Generating Units, another term for subscribers or subscriptions; the terms are used interchangeably

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

(3) TBC refers to Taiwan Broadband Communications Group

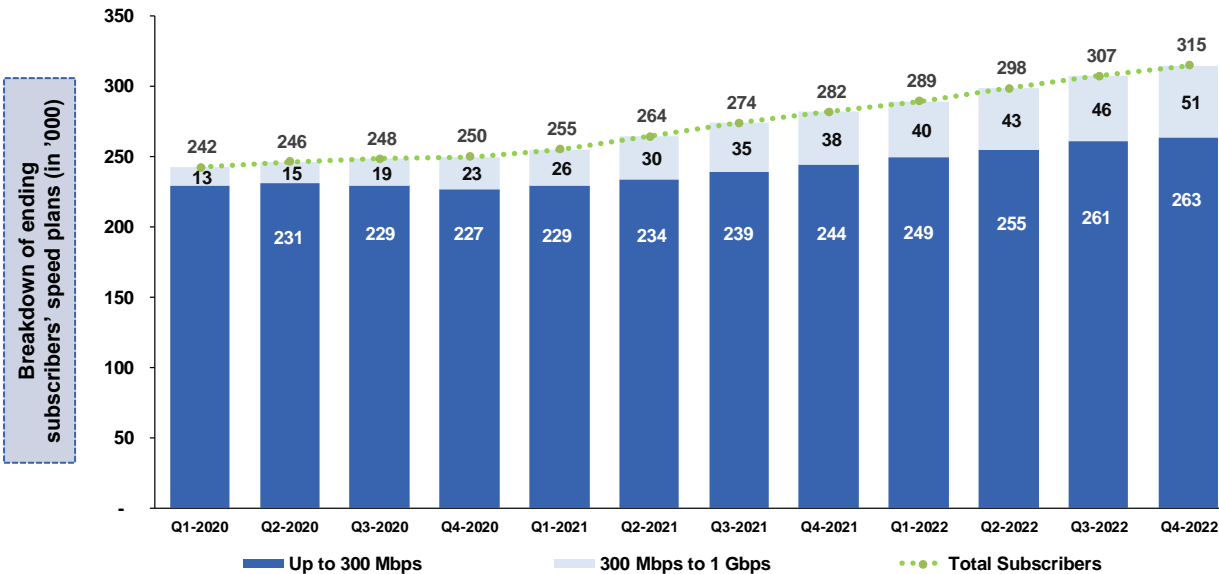
# BROADBAND GROWTH MOMENTUM



Increase in take-up rate of higher speed plans since Q1 2020 contributes to continued Broadband ARPU and revenue improvement; validates the strength of our Broadband growth strategy

### Interpretation of Growth Index from the chart:

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 Q4-2022, there were 3.73 times more subscribers taking up higher speed plans.



Runway for broadband 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 of the subscriber breakdown from the chart:

For example, out of total 315,000 broadband subscribers as at the end of Q4-2022, 263,000 subscribers are still in the lower speed plans of below 300 Mbps and only 51,000 subscribers are in the higher speed plans above 300 Mbps. So, there is a lot of opportunity to move these lower speed plan subscribers to higher speed plans.



# FINANCIAL RESULTS

**Aim is to grow cash flows from Broadband business to a level that more than offsets the decline in Basic cable TV business**

| Group <sup>1</sup> (S\$'000)                | Year ended 31 Dec |                  |                           |
|---|-------------------|------------------|---------------------------|
|   | 2022              | 2021             | Variance <sup>2</sup> (%) |
| <b>Revenue</b>                              |                   |                  |                           |
| Basic cable TV                              | 210,007           | 229,481          | (8.5)                     |
| Premium digital cable TV                    | 11,607            | 12,806           | (9.4)                     |
| Broadband                                   | 64,350            | 57,458           | 12.0                      |
| <b>Total revenue</b>                        | <b>285,964</b>    | <b>299,745</b>   | <b>(4.6)</b>              |
| <b>Total operating expenses<sup>3</sup></b> | <b>(117,287)</b>  | <b>(116,640)</b> | <b>(0.6)</b>              |
| <b>EBITDA</b>                               | <b>168,677</b>    | <b>183,105</b>   | <b>(7.9)</b>              |
| EBITDA margin                               | 59.0%             | 61.1%            |                           |

**Total Revenue (FY2022)**  
**S\$286.0 million**  
 ↓ 4.6%

**EBITDA (FY2022)**  
**S\$168.7 million**  
 ↓ 7.9%

**EBITDA Margin (FY2022)**  
**59.0%**  
 ↓ 2.1 PPT

**In constant Taiwan dollars (“NT\$”), total revenue was down only 0.9% for the year; foreign exchange contributed to a negative variance of 3.7% for the year compared to the pcp**

- **Basic cable TV:** Down 4.8% for the year in constant NT\$ mainly due to lower subscription revenue resulting from the decline in the number of subscribers and lower ARPU
- **Premium digital cable TV:** Down 5.7% for the year in constant NT\$. Generated predominantly from TBC’s Premium digital cable TV RGUs each contributing an ARPU of NT\$69 per month in the year for Premium digital cable TV packages and bundled DVR or DVR-only services
- **Broadband:** Up 15.7% for the year in constant NT\$. Generated predominantly from TBC’s Broadband RGUs each contributing an ARPU of NT\$378 per month in the year for high-speed Broadband services. Data backhaul generated 3.5% of Broadband revenue for the year

**Total operating expenses:** Higher operating expenses for the year mainly due to higher pole rental expenses, resulting from benefit of reversal of pole rental provisions in the pcp

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

# NET PROFIT



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

| Group <sup>1</sup> (S\$'000)                                   | Year ended 31 Dec |                  |                           |
|--|-------------------|------------------|---------------------------|
|  | 2022              | 2021             | Variance <sup>2</sup> (%) |
| <b>Total revenue</b>   | <b>285,964</b>    | <b>299,745</b>   | <b>(4.6)</b>              |
| <b>Operating expenses</b>                                      |                   |                  |                           |
| Broadcast and production costs                                 | (55,628)          | (57,566)         | 3.4                       |
| Staff costs  | (25,822)          | (28,088)         | 8.1                       |
| Trustee-Manager fees   | (7,359)           | (7,359)          | -                         |
| Other operating expenses                                       | (28,478)          | (23,627)         | (20.5)                    |
| <b>Total operating expenses</b>                                | <b>(117,287)</b>  | <b>(116,640)</b> | <b>(0.6)</b>              |
| <b>EBITDA</b>  | <b>168,677</b>    | <b>183,105</b>   | <b>(7.9)</b>              |
| <b>Other expenses</b>  |                   |                  |                           |
| Depreciation and amortisation expense                          | (69,812)          | (86,592)         | 19.4                      |
| Net foreign exchange (loss)/gain                               | (949)             | 682              | (>100)                    |
| Mark to market gain/(loss) on derivative financial instruments | 8,695             | (11)             | >100                      |
| Amortisation of deferred arrangement fees                      | (3,263)           | (16,080)         | 79.7                      |
| Interest and other finance costs                               | (42,664)          | (46,396)         | 8.0                       |
| Income tax expense   | (15,181)          | (14,457)         | (5.0)                     |
| <b>Total other expenses</b>                                    | <b>(123,174)</b>  | <b>(162,854)</b> | <b>24.4</b>               |
| <b>Profit after income tax</b>                                 | <b>45,503</b>     | <b>20,251</b>    | <b>&gt;100</b>            |

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

# SELECTED FINANCIAL INFORMATION



Selected financial information<sup>1</sup> are key financial metrics of APTT's business

| Group <sup>2</sup> (S\$'000)                | Year ended 31 Dec |                  |                           |
|---|-------------------|------------------|---------------------------|
|   | 2022              | 2021             | Variance <sup>3</sup> (%) |
| <b>Revenue</b>                              |                   |                  |                           |
| Basic cable TV                              | 210,007           | 229,481          | (8.5)                     |
| Premium digital cable TV                    | 11,607            | 12,806           | (9.4)                     |
| Broadband                                   | 64,350            | 57,458           | 12.0                      |
| <b>Total revenue</b>                        | <b>285,964</b>    | <b>299,745</b>   | <b>(4.6)</b>              |
| <b>Total operating expenses<sup>4</sup></b> | <b>(117,287)</b>  | <b>(116,640)</b> | <b>(0.6)</b>              |
| <b>EBITDA</b>                               | <b>168,677</b>    | <b>183,105</b>   | <b>(7.9)</b>              |
| EBITDA margin <sup>5</sup>                  | 59.0%             | 61.1%            |                           |
| <b>Capital expenditure</b>                  |                   |                  |                           |
| Maintenance                                 | 17,923            | 16,278           | (10.1)                    |
| Network, broadband and other                | 16,973            | 13,686           | (24.0)                    |
| <b>Total capital expenditure</b>            | <b>34,896</b>     | <b>29,964</b>    | <b>(16.5)</b>             |
| Income tax paid, net of refunds             | (11,011)          | (10,066)         | (9.4)                     |
| Interest and other finance costs paid       | (43,737)          | (46,198)         | 5.3                       |

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, in order 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

# FINANCIAL POSITION

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

| Group (S\$'000)                        | As at 31 Dec     |                  |
|--|------------------|------------------|
|  | 2022             | 2021             |
| <b>Assets</b>                          |                  |                  |
| <b>Current assets</b>                  |                  |                  |
| Cash and cash equivalents              | 118,860          | 124,664          |
| Trade and other receivables            | 13,180           | 16,089           |
| Other assets                           | 6,540            | 2,591            |
|  | <b>138,580</b>   | <b>143,344</b>   |
| <b>Non-current assets</b>              |                  |                  |
| Property, plant and equipment          | 234,274          | 292,493          |
| Intangible assets                      | 2,315,258        | 2,584,991        |
| Other assets                           | 12,801           | 1,744            |
|  | <b>2,562,333</b> | <b>2,879,228</b> |
| <b>Total assets</b>                    | <b>2,700,913</b> | <b>3,022,572</b> |
| <b>Liabilities</b>                     |                  |                  |
| <b>Current liabilities</b>             |                  |                  |
| Borrowings from financial institutions | 72,974           | 58,395           |
| Trade and other payables               | 51,269           | 53,510           |
| Income tax payable                     | 6,179            | 5,970            |
| Other liabilities                      | 57,918           | 63,076           |
|  | <b>188,340</b>   | <b>180,951</b>   |
| <b>Non-current liabilities</b>         |                  |                  |
| Borrowings from financial institutions | 1,243,397        | 1,455,097        |
| Deferred tax liabilities               | 102,348          | 107,194          |
| Other liabilities                      | 27,924           | 36,528           |
|  | <b>1,373,669</b> | <b>1,598,819</b> |
| <b>Total liabilities</b>               | <b>1,562,009</b> | <b>1,779,770</b> |
| <b>Net assets</b>                      | <b>1,138,904</b> | <b>1,242,802</b> |

- **Cash and cash equivalents:** Cash balance of S\$118.9 million; S\$76 million to be set aside for onshore and offshore debt repayments in 2023
- **Intangible assets:** Comprise mainly cable TV licences and includes value of goodwill, franchise rights and customer relationships
- **Borrowings:** Decrease is mostly attributable to repayments of Onshore and Offshore Facilities and exchange rate movements. Refer to the next slide for additional details on borrowings
- **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 years
  - Plant and equipment: 2-5 years
  - Right-of-use assets: 2-30 years

# BORROWINGS

**84% of total debt is protected against the risk of rising interest rates through to 2025; S\$76 million to be set aside for principal repayments in 2023**

| Group debt                                |             | As at 31 Dec |       |
|---|-------------|--------------|-------|
|   |             | 2022         | 2021  |
| Total size available                      | S\$ million | 1,413        | 1,619 |
| Total outstanding                         | S\$ million | 1,333        | 1,535 |
| Effective interest rate - constant dollar | % p.a.      | 2.6          | 2.7   |
| Effective interest rate - SGD             | % p.a.      | 3.0          | 3.0   |
| Net debt / EBITDA <sup>1</sup>            | Multiple    | 7.2          | 7.7   |
| Interest cover <sup>2</sup>               | Multiple    | 4.0          | 3.9   |
| Gearing <sup>3</sup>                      | %           | 48.7         | 50.1  |

- Borrowings comprised NT\$ and S\$ denominated loans - NT\$27.4 billion (2021: NT\$28.0 billion) and S\$136.9 million (2021: S\$171.9 million)
- In 2021, extended maturity date of Onshore Facilities by three years to Nov 2028, on the same major terms; pared down NT\$0.8 billion (approx. S\$40 million) as part of Onshore Facilities' extension, using cash on the balance sheet
- Refinanced Offshore Facilities for the next 30-month period on the same major terms. Refer to the next slide for more details
- As at 31 December 2022, TAIBOR swaps have been entered into to hedge approx. 93% of the outstanding Onshore Facilities through to 30 June 2025. The average fixed rate on all TAIBOR swaps is 0.94% which is currently lower than the prevailing three-month TAIBOR. As Onshore Facilities constitute approximately 90% of the Group's total outstanding debts, the net exposure to rising interest rates is contained
- Effective interest rate in constant dollar terms of 2.6% p.a. for 2022 (2021: 2.7% p.a.)
- As at 31 December 2022, approx. S\$80 million of revolving facilities are available to fund working capital and future initiatives, if required

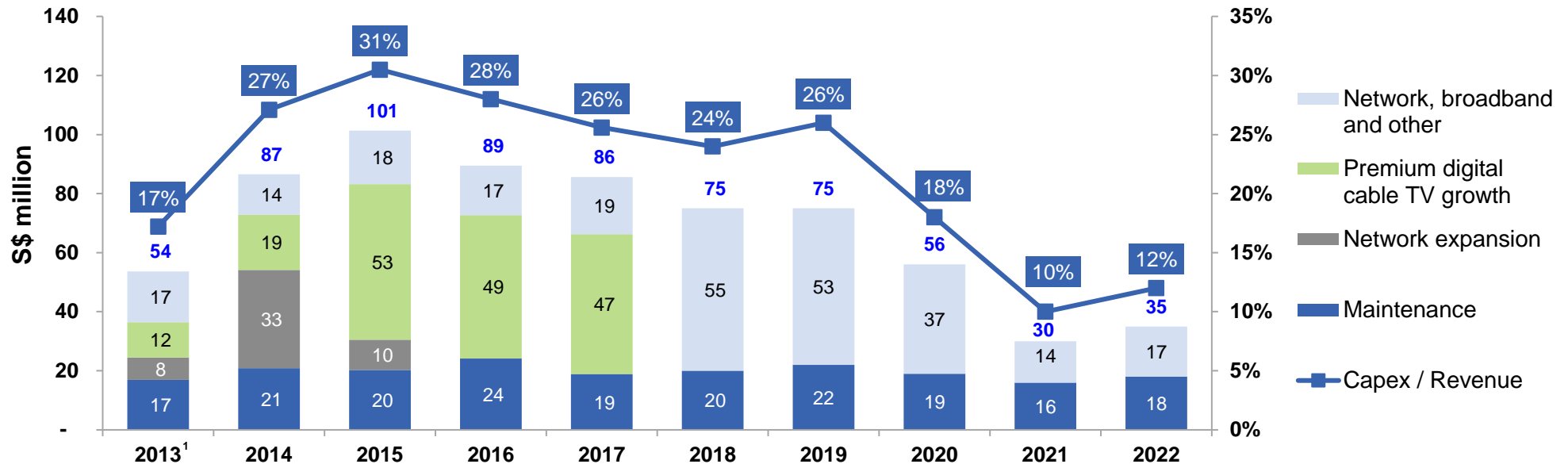
Notes: (1) Total debt outstanding less cash divided by LTM EBITDA; (2) LTM Interest and other finance costs divided by LTM EBITDA; (3) Total debt outstanding (net of unamortised arrangement fees) divided by total assets

**Refinanced Offshore Facilities are S\$83.4 million lower than the current Offshore Facilities – a direct result of debt management programme where accelerated debt repayments were made over the past two years, using cash generated from operations**

- Facility agreement signed on 17 January 2023 to refinance Offshore Facilities for a 30-month period, on the same major terms; financial close expected to be in July 2023, at the maturity of the existing Offshore Facilities
- After including the impact of scheduled repayments until the financial close, the size of the refinanced facilities will be reduced to a S\$46.6 million term loan facility and a S\$75 million revolving loan facility on financial close
- The refinanced facilities will bear a floating interest rate plus an interest margin ranging from 4.1% to 4.9% per annum, based on the leverage ratio of the Group (compared to 4.1% to 5.5% for the existing Offshore Facilities)
- Successful refinancing reflects lenders' confidence in APTT's business and the management
- Over the long-term aim to eliminate offshore debt, which is more expensive, and bring all debt back onshore

# CAPITAL EXPENDITURE

Higher network investments in 2022 to improve speed and future proof TBC's network to support TBC's growing Broadband business; capital expenditure to continue to be within industry norms



- Capital expenditure was higher from 2015 to 2017 due to the regulatory requirement to switch-off analogue broadcasting and complete the digitisation of TBC's subscriber base by 2017
- Network investments remain key to future-proof TBC's network; continue increasing fibre density by bringing down the number of homes served per fibre node, beyond the current level of less than 250 homes, to (i) meet the growing demand for data and high-speed broadband services; and (ii) support mobile operators in their 5G network rollouts – multi-year investments that present opportunities for the Group
- Moving forward, capital expenditure will continue to be within industry norms
- With lower capital expenditure, the Trustee-Manager aims to use excess cash generated from operations to gradually pay down debt

## Capital expenditure in 2022 comprised the following:

- Maintenance capital expenditure to support TBC's existing infrastructure and business
- Network, broadband and other capital expenditure include items related to expanding the fibre network such as cabling, additional equipment to upgrade the headends, backbone and fibre nodes, DOCSIS and GPON deployments for higher speed customers, high-speed broadband modems and cable line extensions for new buildings

# OUTLOOK & STRATEGY





# POTENTIAL IMPACT OF RISING INTEREST RATES (TAIBOR & SIBOR/SORA)



## On Debt

- 84% of total outstanding debt is hedged and protected against rising interest rates through to 2025
- 16% of total outstanding debt is unhedged:
  - 6% exposed to TAIBOR
  - 10% (Offshore Facilities) exposed to SIBOR/SORA
- While TAIBOR rates have not increased significantly over the last year, SIBOR rates increased substantially in 2022
- Total interest costs for 2023 are expected to be affected by the changes in interest rates on the remaining 16% of total outstanding debt that remains unhedged

## On Intangible Assets

- Rising interest rates affect the calculation of APTT's Weighted Average Cost of Capital ("WACC") used in the annual impairment assessment of goodwill, cable TV licences with indefinite useful lives and property, plant and equipment
- Due to rising interest rates, WACC as at the end of the year has increased compared to 31 Dec 2021
- The impairment assessment as at 31 Dec 2022 using the higher WACC, shows that the headroom between APTT's DCF value and book value has decreased compared to 31 Dec 2021. The headroom is still marginally positive, mainly due to healthy business assumptions and net cash flow forecasts
- If interest rates continue to stay elevated and the business environment continues to be challenging, combined with changes in other assumptions, e.g., a lower terminal growth rate, there is a possibility that this could result in an impairment loss on intangible assets in the future
- An impairment loss (if any) would be a non-cash item and would not impact the Group's operations or its cash flows

# POSITIONED FOR THE MID TO LONG-TERM

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

## Broadband Growth Strategy

- Step up 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
- Be data-backhaul ready; the contribution from data backhaul is growing and expected to add a meaningful income stream to the Broadband business within the next few years; multi-year investments for mobile operators

## 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

## Capital Management

- Interest rate swaps covering 93% of outstanding Onshore Facilities hedged through to 30 June 2025
- Average fixed rate on TAIBOR swaps is 0.94%
- Gearing stood at 48.7% as at 31 Dec 2022 (2021: 50.1%)
- In 2021, successfully extended the maturity date of Onshore Facilities to 2028, on the same major terms
- Signed facility agreement to refinance Offshore Facilities for a 30-month period on the same major terms; financial close expected to be in July 2023, at the maturity of the existing Offshore Facilities
- Over the long-term aim to eliminate offshore debt and bring debt back onshore to save on interest costs

## Key Investments

- Investments to focus on:
  - increasing network capacity and driving higher speed plans
  - positioning APTT to benefit from Taiwan's 5G rollout and drive data backhaul business

## APTT 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

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

- Continue to drive growth for Premium digital TV RGUs by stepping up marketing efforts to attract new 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 from mobile operators offering inexpensive unlimited data
- 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 2023 across all five franchise areas were maintained at the same rates as 2022
- All five licences have most recently been renewed in 2020 and 2021 and will be due for next renewal in 2029 or 2030

*Broadband and Premium digital cable TV RGUs to continue increasing in 2023; total revenue will be influenced by the ability to manage ARPUs which will remain under pressure; total operating expenses in 2023 expected to be in line with 2022*

# LIVE Q&A



# FORMAL PROCEEDINGS



# SUMMARY OF RESOLUTIONS

## Ordinary Business

- **Ordinary Resolution 1:**  
To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the audited financial statements of APTT Group for the financial year ended 31 December 2022 and the Auditor's Report thereon
- **Ordinary Resolution 2:**  
To reappoint Deloitte & Touche LLP as the Auditor of APTT to hold office until the next Annual General Meeting and to authorise the directors of the Trustee-Manager to fix its remuneration

## Special Business

To consider and, if thought fit, to pass, with or without modifications, the following resolutions:

- **Ordinary Resolution 3:**  
General mandate to issue units in APTT

# LIVE VOTING



END

