aptt
Asian Pay Television Trust

SEPTEMBER QUARTER 2017 RESULTS PRESENTATION

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AGENDA

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HIGHLIGHTS

Performance in line with expectations

- Revenue for the quarter of S$84.5 million, up 6.5%
- EBITDA for the quarter of S$50.8 million, up 8.9%
- Distribution of 1.625 cents per unit declared for the quarter ended 30 September 2017
- Reaffirmed full-year distribution guidance of 6.5 cents per unit for the year ending 31 December 2017
- Distribution guidance provided for the year ending 31 December 2018 of 6.5 cents per unit, unchanged from 2017

KEY OPERATIONAL METRICS

Stable RGUs[1], ARPU[2] lower but stabilising

RGUs ('000)	As at 30 September 2017	As at 30 June 2017	
Basic cable TV	762	762	⇔
Premium digital cable TV	195	195	⇔
Broadband	201	201	⇔

ARPU (NT$ per month)	Quarter ended 30 September 2017	Quarter ended 30 June 2017	
Basic cable TV	518	522	↓
Premium digital cable TV	141	145	↓
Broadband	450	453	↓

- **RGUs and ARPU:**
  - **Basic cable TV:** RGUs were flat with ARPU lower mostly due to a marginally lower Basic cable TV rate in one of TBC's[3] five franchise areas
  - **Premium digital cable TV:** RGUs were flat with ARPU lower due to promotions and discounted bundled packages
    - TBC remains at the forefront of digitisation in Taiwan and is well positioned to provide subscribers with the opportunity to watch the latest TV offerings in high definition digital format
  - **Broadband:** RGUs were flat with ARPU lower due to promotions and discounted bundled packages. Broadband RGUs are expected to increase in the remainder of 2017 and Broadband ARPU is expected to stabilise and then begin to increase before the end of 2017

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
(3) TBC refers to Taiwan Broadband Communications group

FINANCIAL RESULTS

EBITDA on target to meet full year forecast

Group[1]	Quarter ended 30 September 2017 S$'000	Quarter ended 30 September 2016 S$'000	Variance[2] %	Nine months ended 30 September 2017 S$'000	Nine months ended 30 September 2016 S$'000	Variance[2] %
Revenue						
Basic cable TV	68,026	63,174	7.7	199,955	187,134	6.9
Premium digital cable TV	3,865	3,737	3.4	11,850	11,034	7.4
Broadband	12,574	12,364	1.7	38,325	37,147	3.2
Total revenue	**84,465**	**79,275**	**6.5**	**250,130**	**235,315**	**6.3**
Total operating expenses[3]	**(33,702)**	**(32,667)**	**(3.2)**	**(100,488)**	**(95,978)**	**(4.7)**
EBITDA	**50,763**	**46,608**	**8.9**	**149,642**	**139,337**	**7.4**
EBITDA margin	60.1%	58.8%		59.8%	59.2%	

- **Revenue:** Total revenue was S$84.5 million and EBITDA was S$50.8 million for the quarter ended 30 September 2017
  - **Basic cable TV:** Revenue of S$68.0 million, was 7.7% higher than pcp, mainly due to foreign exchange and channel leasing
  - **Premium digital cable TV:** Revenue of S$3.9 million, was 3.4% higher than pcp. This was generated predominantly from TBC's 195,000 Premium digital cable TV RGUs each contributing an ARPU of NT$141 per month in the third quarter for Premium digital cable TV packages, bundled DVR or DVR-only services
  - **Broadband:** Revenue of S$12.6 million was 1.7% higher than pcp. This was generated predominantly from TBC's 201,000 Broadband RGUs each contributing an ARPU of NT$450 per month in the third quarter for high speed Broadband services
- **Operating expenses:** Total operating expenses of S$33.7 million for the quarter ended 30 September 2017 were 3.2% higher than pcp, mainly due to foreign exchange, partially offset by lower broadcast and production costs and staff costs in constant dollar terms

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	As at 30 September 2017 S$'000	As at 31 December 2016 S$'000
Assets		
Current assets		
Cash and cash equivalents	54,871	59,088
Trade and other receivables	10,794	14,802
Other assets	4,175	3,495
	69,840	**77,385**
Non-current assets		
Property, plant and equipment	316,101	291,350
Intangible assets	2,374,998	2,367,743
Other assets	906	929
	2,692,005	**2,660,022**
Total assets	**2,761,845**	**2,737,407**
Liabilities		
Current liabilities		
Borrowings from financial institutions	14,013	12,236
Trade and other payables	19,413	21,243
Income tax payable	12,396	14,246
Other liabilities	60,773	61,455
	106,595	**109,180**
Non-current liabilities		
Borrowings from financial institutions	1,351,488	1,294,731
Deferred tax liabilities	67,755	61,807
Other liabilities	41,558	41,133
	1,460,801	**1,397,671**
Total liabilities	**1,567,396**	**1,506,851**
Net assets	**1,194,449**	**1,230,556**

- **Cash and cash equivalents:** Cash balance of S$54.9 million
- **Depreciation/amortisation:** Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:
  - Buildings: 2-50 years
  - Leasehold improvements: 3-10 years
  - Network equipment: 2-10 years
  - Transport equipment: 5-7 years
  - Plant and equipment: 2-6 years
  - Leased equipment: 3 years

BORROWINGS

Sufficient capacity to fund future growth initiatives

Debt as at 30 September 2017	
Total size available	S$1,499.4 million
Total outstanding	S$1,411.9 million
YTD / QTD effective interest rate	4.2% / 4.0% per annum
Total net debt / EBITDA[1]	6.8x
Gearing[2]	49.4%
Interest cover	c.3.5 times

- Interest rate swaps have been entered into which fix a significant portion of the interest rate exposure
- Effective interest rate of 4.0% p.a. for the quarter ended 30 September 2017
- Approximately S$87.5 million of revolving facilities are available to fund future initiatives
- Arrangement fees on the Onshore Facilities[3] were agreed at 1.6% which is substantially lower than the arrangement fees on the Previous Facilities[3] of 2.4%
- Interest margin on the Onshore Facilities were agreed at 2.6% p.a. which is substantially lower than the interest margin of 2.9% to 3.1% p.a. on the Previous Facilities
  - Following the completion of the sale of the Trustee-Manager, interest margin on the Onshore Facilities has further decreased by 30 basis points starting from 30 June 2017, to 2.3% p.a.

Notes: (1) Calculated in accordance with the New Facilities agreement
(2) Total debt / total assets
(3) TBC completed the refinancing of its NT$32.0 billion borrowing facilities (“Previous Facilities”) with seven-year facilities of NT$28.0 billion (“Onshore Facilities”) in October 2016

CAPITAL EXPENDITURE

Capital expenditure to position TBC for future growth

S$ million	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Forecast
Premium digital cable TV	<15[1]	19	53	49	50 - 55

- Capital expenditure related to Premium digital cable TV during the third quarter of 2017 amounted to S$8.6 million and is expected to be S$50-S$55 million for full year 2017
  - Analogue broadcasting switch-off will be completed in 2017 and there is no expected capital expenditure related to this project beyond 2017
- Capital expenditure related to Premium digital cable TV and other growth purposes will be funded from borrowing facilities

Note: (1) Actual full year 2013 included to facilitate a like-for-like comparison. APTT's ownership of TBC commenced from 29 May 2013

OUTLOOK

TBC is a stable business that is well positioned for future growth

- The focus in 2017 remains on driving growth in cash flows through up-selling and cross-selling of services across TBC's subscriber base
- Total revenue for 2017 is anticipated to be influenced by a number of factors including the continued weakness in the Taiwanese economy and a marginally lower Basic cable TV rate in one of TBC's five franchise areas
- Broadband RGUs are expected to increase in the remainder of 2017 and Broadband ARPU is expected to stabilise and then begin to increase before the end of 2017
- Overall EBITDA for the full year 2017, ignoring the impact of foreign exchange, is expected to be in line with 2016
- APTT distribution of 1.625 cents per unit for the quarter ended 30 September 2017 will be paid on 22 December 2017
- APTT distribution for the quarter ending 31 December 2017[1] is expected to be 1.625 cents per unit, totalling 6.5 cents per unit for the year ending 31 December 2017, in line with guidance
- APTT distribution guidance of 6.5 cents per unit for the year ending 31 December 2018[1], consistent with 2017

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