

aptt
Asian Pay Television Trust

MARCH QUARTER 2014 RESULTS PRESENTATION

6 May 2014

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AGENDA

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2. KEY OPERATING METRICS
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4. FINANCIAL POSITION
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6. NETWORK EXPANSION
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HIGHLIGHTS

Performance is in line with expectations

- Revenue for the quarter of S$77.2 million
- Asset EBITDA[1] for the quarter of S$49.8 million
- Re-affirm distribution guidance of 8.25 cents per unit for the twelve months ending 31 December 2014
  - 4.12 cents for the first half, 4.13 cents for the second half
- Positive progress has been made with the network expansion across the greater Taichung area
  - Achieved 30% network coverage, approval received from NCC, temporary licence to be issued soon
  - Commercial operations expected to start beginning of second half
- Outstanding tax dispute: progress made, settlement principles agreed, in line with what was outlined in the APTT Prospectus

Notes: (1) Asset EBITDA represents EBITDA of Taiwan Broadband Communications Group (TBC) only and does not include expenses attributable to the Trust and offshore entities.

KEY OPERATING METRICS

Revenue in line with expectations: subscriber numbers have grown, penetration rates have increased

	Actual as at 31 March 2014		Actual as at 31 December 2013	
	Subscribers[1] ('000s)	ARPU[2] (NT$ per month)	Subscribers[1] ('000s)	ARPU[2] (NT$ per month)
Basic cable TV	756	538	755	537
Premium digital cable TV	126	200	123	207
Broadband	181	527	180	543

- **Subscribers:** Basic cable TV subscribers of 756k were 0.1% higher than prior quarter, Premium digital cable TV subscribers of 126k were 2.4% higher than prior quarter, Broadband subscribers of 181k were 0.6% higher than prior quarter
- **ARPU:** Basic cable TV ARPU was slightly higher than FY2013 ARPU, Premium digital cable TV ARPU was lower than FY2013, Broadband ARPU was lower than FY2013 – some subscribers choosing to subscribe for lower cost Broadband packages reflecting softer economic conditions in Taiwan
- **Digital set-top box penetration:** As at 31 March 2014, digital set-top box penetration was 42%, on track to meet target penetration rate for 2014 of 70%

Notes: (1) Subscribers are as at the period end.
(2) ARPU (Average Revenue Per User) is calculated by dividing the subscription revenue for Basic cable TV, Premium digital cable TV or Broadband, as applicable, by the average number of subscribers for that service during the period. The ARPU to 31 December 2013 represents the actual average monthly ARPU for the 12 month period ended 31 December 2013.

FINANCIAL RESULTS

YTD performance consistent with expectations, on track to meet full year expectations

	Quarter ended 31 March 2014 S$'000	Forecast for 12 months ending 31 December 2014 S$'000
Revenue		
Basic cable TV	61,553	251,185
Premium digital cable TV	3,404	16,166
Broadband	12,247	56,402
Total revenue	**77,204**	**323,753**
Operating expenses		
Broadcast and production costs	(14,718)	(60,813)
Staff costs	(6,376)	(27,726)
Other operating expenses	(6,339)	(24,396)
Total operating expenses	**(27,433)**	**(112,935)**
Asset EBITDA	**49,771**	**210,818**
Asset EBITDA margin (%)	64.5%	65.1%
Trustee-Manager fee	(1,767)	(7,196)
Trust expenses	2,640	(1,439)
Offshore expenses	(682)	(2,254)
Bank charges[1]	502	1,933
Total	**693**	**(8,956)**
EBITDA	**50,464**	**201,862**
Capital expenditure as a % of total revenue (excluding network expansion)	11.5%	12.5%

Notes: (1) Bank charges have been deducted here for comparison purposes to the Prospectus as the Prospectus included bank charges in "Interest and other finance costs" and were excluded from the calculation of EBITDA. Bank charges have been included in "Other operating expenses" for the quarter ended 31 March 2014 and therefore have not been deducted in arriving at EBITDA in the SGX Report.

FINANCIAL POSITION

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

	Group[1] as at 31 March 2014 S$'000	Trust[1] as at 31 March 2014 S$'000
Assets		
Current assets		
Cash and cash equivalents	54,483	4,112
Trade and other receivables	14,806	2,028
Other assets	3,297	1,837
	72,586	7,977
Non-current assets		
Investment in subsidiaries	-	1,342,351
Property, plant and equipment	146,905	-
Intangible assets	2,184,517	-
Other assets	4,593	679
	2,336,015	1,343,030
Total assets	**2,408,601**	**1,351,007**
Liabilities		
Current liabilities		
Borrowings from financial institutions	8,271	-
Derivative financial instruments	-	-
Trade and other payables	16,835	7,392
Income tax payable	138,048	-
Other liabilities	51,097	592
	214,251	7,984
Non-current liabilities		
Borrowings from financial institutions	919,238	-
Derivative financial instruments	40	-
Other liabilities	21,909	-
	941,187	-
Total liabilities	**1,155,438**	**7,984**
Net assets	**1,253,163**	**1,343,023**

- **Cash and cash equivalents:** Cash balance of S$54.5 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 improvement: 3 – 10 years
  - Network equipment: 2 – 10 years
  - Transport equipment: 5 years
  - Plant and equipment: 2 – 6 years
  - Leased equipment: 3 years
- **Net asset value (NAV):** Group NAV is S$0.87 per unit

Note: (1) No comparative statement of financial position has been presented for the Trust or the Group as APTT was constituted on 30 April 2013. The first financial period was from 30 April 2013 to 31 December 2013. APTT was listed on SGX-ST on 29 May 2013.

BORROWINGS

Sufficient capacity to fund future organic and inorganic growth initiatives

As of 31 March 2014	
Total size	NT$27,000 million (S$1,115 million[1])
Total drawn[2]	NT$23,050 million (S$952 million[1])
All-in hedge rate	c.4% per annum
Total debt / asset EBITDA	4.8x
Gearing[3]	39.5%
Interest coverage ratio	Greater than 4 times

- Interest rate swaps have been entered into which fix a significant portion of the interest rate exposure resulting in a total interest rate cost of approximately 4% per annum
- An additional revolving facility of approximately S$163 million is available to fund future ongoing growth capital expenditure and the tax settlement at the same interest rate cost outlined above
- No borrowings at the trust level

Notes: (1) S$:NT$ = 24.21.
(2) Amount excludes issue costs of NT$675 million (S$27.9 million).
(3) Total debt / total assets.

NETWORK EXPANSION

Positive progress has been made with the network expansion across Taichung

	2013	Q1 2014	2014[2]	2015 – 2016
Network build[1] (necessary capital expenditure)	<S$10 million	S$3 million	S$37 – S$47 million	S$20 – S$30 million
Home connections (success based capital expenditure)	Not applicable	Not applicable	S$200 – S$250 per home (will be spent from 2014 and beyond)	

- Achieved 30% network coverage, NCC inspection completed and passed
  - Temporary operating license to be issued soon
  - Commercial operations expected to commence beginning of second half of this year
- Total addressable market is in excess of 400k homes
  - Target penetration rate of at least 35% over 5 years
- Product offering will be similar to existing offers
- 2014 Revenue, EBITDA not materially impacted, distributions will be as forecast
- Capital expenditure funded from existing borrowing facilities

Notes: (1) Includes the cost of extending the core network and building in selected neighbourhoods.
(2) Full year estimate

OUTLOOK FOR 2014

2014 performance expected to be in line with forecasts outlined in the Prospectus

- Total revenue, operating expenses and cash flow generation are expected to be in line with the forecasts outlined in the Prospectus
  - Basic cable TV: growth in line with household growth, continued focus on service delivery, keeping churn rates down, and driving non-subscriber revenue
  - Premium digital cable TV: continued growth in line with expectations, ARPU to remain at current levels, focus on subscriber additions
  - Broadband: growth influenced by economic sentiment, ARPU to remain at current levels, focus remains on subscriber additions
- Distribution guidance for 2014 of 8.25 cents per unit re-affirmed
  - 4.12 cents for the first half, 4.13 cents for the second half
- Digital set-top box penetration on track to meet 70% by the end of 2014
- Capital expenditure excluding rezoning for 2014 to reach 16%of total revenue
  - Driven by accelerated digital set-top box rollout
- Outstanding tax dispute: expect to finalise before end of Q2 2014; settlement is anticipated to be in line with expectations
- Focus remains on driving growth in cash flows through up-selling and cross-selling of services across the subscriber base, driving non-subscriber revenue and progressing the network expansion