

aptt
Asian Pay Television Trust

SEPTEMBER QUARTER 2015 RESULTS PRESENTATION

6 November 2015

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AGENDA

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HIGHLIGHTS

Performance is in line with expectations

- Revenue for the quarter of S$81.6 million driven by higher revenue across each of TBC's[1] service offerings
- EBITDA for the quarter higher at S$49.0 million
- Greater Taichung network expansion progressed in line with expectations
  - Requisite regulatory licenses secured and marketing operations focused on Broadband services commenced
- APTT distribution of 2.00 cents per unit declared for the quarter ended 30 September 2015
- APTT distribution guidance of at least 8.25 cents per unit for the full year ending 31 December 2015 reaffirmed, subject to there being no material changes in planning assumptions

1. TBC refers to Taiwan Broadband Communications group

KEY OPERATIONAL METRICS

Higher subscribers

	As at 30 September 2015	As at 30 June 2015	
Subscribers ('000s)			
Basic cable TV	757	756	↑
Premium digital cable TV	142	138	↑
Broadband	191	187	↑
Digital set-top box penetration (%)	100	100	↔

ARPU (NT$ per month)[1]	Three months ended 30 September 2015	Three months ended 30 June 2015	
Basic cable TV	535	537	↓
Premium digital cable TV	182	187	↓
Broadband	512	522	↓

- **Subscribers and ARPU:**
  - Basic cable TV: Subscribers increased to 757,000 with APRU marginally lower
  - Premium digital cable TV: Subscribers increased to 142,000 with APRU marginally lower
  - Broadband: Subscribers increased to 191,000 with ARPU marginally lower
- **Digital set-top box penetration:** TBC remained a penetration rate of 100% as at 30 September 2015
  - 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

1. 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

FINANCIAL RESULTS

Higher revenue generated across each of TBC's service offerings

Group[1]	Quarter ended 30 September 2015 S$'000	Quarter ended 30 September 2014 S$'000	Variance[2] %	Nine months ended 30 September 2015 S$'000	Nine months ended 30 September 2014 S$'000	Variance[2] %
Revenue						
Basic cable TV	64,731	64,727	0.0	196,274	189,883	3.4
Premium digital cable TV	3,797	3,446	10.2	11,285	10,262	10.0
Broadband	13,037	12,314	5.9	38,978	36,738	6.1
Total revenue	**81,565**	**80,487**	**1.3**	**246,537**	**236,883**	**4.1**
Total operating expenses[3]	**(32,546)**	**(31,646)**	**(2.8)**	**(98,429)**	**(91,624)**	**(7.4)**
EBITDA	**49,019**	**48,841**	**0.4**	**148,108**	**145,259**	**2.0**
EBITDA margin	60.1%	60.7%		60.1%	61.3%	

- **Revenue:** Total revenue was S$246.5 million and EBITDA was S$148.1 million for the nine months ended 30 September 2015. Total revenue of S$81.6 million for the quarter ended 30 September 2015 and S$246.5 million for the nine months ended 30 September 2015 was 1.3% and 4.1% higher than pcp:
  - Basic cable TV: Revenue of S$64.7 million was flat compared to pcp
  - Premium digital cable TV: Revenue of S$3.8 million, was up 10.2% on pcp. This was generated predominantly from TBC's 142,000 Premium digital cable TV subscribers paying an ARPU of NT$182 per month for the quarter for Premium digital cable TV packages and bundled DVR services
  - Broadband: Revenue of S$13.0 million was up 5.9% on pcp. This was generated predominantly from TBC's 191,000 broadband subscribers paying an ARPU of NT$512 per month for the quarter for high speed broadband services
- **Operating expenses:** Total operating expenses of S$32.5 million for the quarter ended 30 September 2015 were 2.8% higher than pcp, due to foreign exchange, higher broadcast and production costs and staff costs

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 for the nine months ended 30 September 2014 excluded a one-time fee of S$1.2 million paid to Deloitte (Taiwan) for services performed in relation to the settlement of the tax dispute.

FINANCIAL POSITION

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

	Group as at 30 September 2015 S$'000	Trust as at 30 September 2015 S$'000
Assets		
Current assets		
Cash and cash equivalents	52,776	4,307
Trade and other receivables	14,590	-
Other assets	1,792	411
	69,158	4,718
Non-current assets		
Investment in subsidiaries	-	1,342,351
Property, plant and equipment	220,045	-
Intangible assets	2,286,808	-
Other assets	1,817	-
	2,508,670	1,342,351
Total assets	**2,577,828**	**1,347,069**
Liabilities		
Current liabilities		
Borrowings from financial institutions	6,475	-
Trade and other payables	18,394	6,822
Income tax payable	5,240	-
Other liabilities	61,349	1,768
	91,458	8,590
Non-current liabilities		
Borrowings from financial institutions	1,154,089	-
Deferred tax liabilities	50,970	-
Other liabilities	29,771	248
	1,234,830	248
Total liabilities	**1,326,288**	**8,838**
Net assets	**1,251,540**	**1,338,231**

- **Cash and cash equivalents:** Cash balance of S$52.8 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: 6 – 10 years
  - Transport equipment: 5 years
  - Plant and equipment: 2 – 6 years
  - Leased equipment: 3 years

BORROWINGS

Sufficient capacity to fund future organic and inorganic growth initiatives

Debt as of 30 September 2015	
Total size	NT$32.0 billion (S$1,381 million[1])
Total drawn[2]	NT$27.6 billion (S$1,191 million[1])
All-in hedge rate	c.4% per annum
Total debt / asset EBITDA	5.5x
Gearing[3]	46%
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$190 million is available to fund future ongoing growth capital expenditure and inorganic growth initiatives
- No borrowings at trust level

Notes: (1) S$:NT$ = 23.17 as at 30 September 2015
(2) Amount includes issue costs of NT$713 million (S$30.8 million)
(3) Total debt / total assets

NETWORK EXPANSION

Positive progress has been made with the network expansion across Taichung region

	2013	2014	2015	2016
Network build[1] (necessary capital expenditure)	<S$10 million	S$33 million	S$10 – S$15 million	S$20 – S$25 million
Home connections (success based capital expenditure)	Not applicable	S$200 – S$250 per home		

- Capital expenditure related to the network expansion during the third quarter amounted to S$2.0 million (nine months ended 30 September 2015: S$9.4 million)
  - It is estimated that the 2015 and 2016 combined capital expenditure will total between S$30 million and S$40 million
  - The network expansion is expected to be completed in 2016
- Capital expenditure related to network expansion is funded by drawing on TBC's borrowing facilities

Notes: (1) Includes the cost of extending the core network and building in selected neighbourhoods

OUTLOOK

Continuation of stable performance in 2015

- The focus in 2015 remains on driving growth in cash flows through up-selling and cross-selling of services across TBC's subscriber base and progressing the network and operational expansion in greater Taichung region
- Total revenue and EBITDA for the full year 2015 are anticipated to be higher than 2014 as initiatives to grow TBC's business are pursued
- Inorganic growth initiatives will be pursued in a selective manner
- APTT distribution of 2.00 cents per unit will be paid on 18 December 2015
- APTT distribution guidance of at least 8.25 cents per unit for the full year ending 31 December 2015 reaffirmed, subject to there being no material changes in planning assumptions