

aptt
Asian Pay Television Trust

ANNUAL GENERAL MEETING

28 April 2014

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AGENDA

1. UPDATE ON APTT
2. Q&A
3. FORMAL PROCEEDINGS
4. REFRESHMENTS

THE BOARD








Yong Lum Sung	Richard Tan	Leong Shin Loong	Tri Luu Pham	Benjamin Ian Way	Robert Neale Thorpe
Chairman, Independent Director	Independent Director	Independent Director	Independent Director	Vice-Chairman, Non-Executive Director	Chief Executive Officer, Executive Director

UPDATE ON APTT



HIGHLIGHTS

TBC's 2013 performance was in line with forecasts

- SGX main board listing on 29 May 2013
- Acquisition of Taiwan Broadband Communications ("TBC")
- TBC borrowing facilities successfully refinanced
  - All borrowings are New Taiwan Dollars ("NT$") denominated
  - Interest rate swaps entered into, all-in cost of approximately 4% per annum
- Initiated a foreign exchange management program
- Declared and paid two distributions totalling 8.93 cents per unit ("cpu")
- Re-affirmed distribution guidance of 8.25 cpu for the year 2014
- The Group has started to expand its network across the greater Taichung area
  - Expansion provides the Group the opportunity to deliver its services to an additional 400,000 homes
- Positive progress continues to be made with respect to the outstanding tax dispute outlined in the Prospectus[1]

Notes: (1) Prospectus refers to the APTT Prospectus dated 16 May 2013.

KEY OPERATING METRICS

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

	Actual as at 31 Dec 2013		Prospectus forecast as at 31 Dec 2013	
	Subscribers[1] ('000s)	ARPU[2] (NT$ per month)	Subscribers[1] ('000s)	ARPU[2] (NT$ per month)
Basic cable TV	755	537	760	536
Premium digital cable TV	123	207	119	202
Broadband	180	543	188	557

- **Subscribers:** Basic cable TV subscribers of 755k were 0.5% higher than prior corresponding period (pcp) but increased less than expectations, Premium digital cable TV subscribers of 123k were 11.8% higher than pcp and increased more than expectations, Broadband subscribers of 180k were 2.9% higher than pcp but increased less than expectations
- **ARPU:** Basic cable TV ARPU was consistent with expectations, Premium digital cable TV ARPU was higher than expectations and Broadband ARPU was lower than expectations – some subscribers choosing to subscribe for lower cost Broadband packages reflecting softer economic conditions in Taiwan
- **Digital set-top box penetration:** As at 31 December 2013, digital set-top box penetration was 37%, target penetration rate for 2014 increased to 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. The ARPU for 31 December 2012 represents the actual average monthly ARPU for the year 2012. The ARPU for 31 December 2013 represents the forecast average monthly ARPU for the year 2013 as disclosed in the Prospectus.

FINANCIAL RESULTS

2013 performance consistent with expectations, in line with full year forecast outlined in the Prospectus

	Pre-APTT Listing period from 1 Jan to 29 May 13[1] S$'000	Post-APTT Listing period from 30 May to 31 Dec 13 S$'000	Combined total for 12 months ended 31 Dec 13 S$'000	Prospectus forecast for 12 months ending 31 Dec 13 S$'000
Revenue				
Basic cable TV	100,552	147,641	248,193	245,566
Premium digital cable TV	5,195	7,861	13,056	12,688
Broadband	20,667	29,538	50,205	52,526
Total revenue	**126,414**	**185,040**	**311,454**	**310,780**
Operating expenses				
Broadcast and production costs	(24,408)	(35,492)	(59,900)	(59,927)
Staff costs	(10,648)	(15,181)	(25,829)	(26,320)
Other operating expenses	(9,759)	(13,914)	(23,673)	(24,152)
Total operating expenses	**(44,815)**	**(64,587)**	**(109,402)**	**(110,399)**
Asset EBITDA	**81,599**	**120,453**	**202,052**	**200,381**
Asset EBITDA margin (%)	64.5%	65.1%	64.9%	64.5%
Trustee-Manager fee	-	(4,162)	(4,162)	(4,083)
Trust expenses	-	(1,883)	(1,883)	(817)
Offshore expenses[2]	(326)	(2,984)	(3,310)	(2,254)
Bank charges[3]	818	1,190	2,008	1,914
Total	**492**	**(7,839)**	**(7,347)**	**(5,240)**
APTT EBITDA	**82,091**	**112,614**	**194,705**	**195,141**
Capital expenditure as a % of total revenue	12.4%	23.0%	19.6%	15.9%

Notes: (1) The results presented here for the period from 1 January to 29 May 2013 are for the period before the acquisition of the TBC Group and listing of APTT on 29 May 2013. These results are not included in the results of APTT for the year-to-date period ended 31 December 2013. They are reproduced here for information purposes only and have not been reviewed or audited in any way.

(2) The offshore expenses for the period from 1 January to 29 May 2013 have been estimated based on the actual offshore expenses for the period from 30 May to 30 June 2013.

(3) Bank charges have been deducted here for comparison purposes to the Prospectus as the Prospectus included bank charges in Interest and other finance costs. Bank charges have been included in Other operating expenses for the period ended 31 December 2013 and therefore bank charges 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 Dec 13 S$'000	Trust[1] as at 31 Dec 13 S$'000
Assets		
Current assets		
Cash and cash equivalents	96,228	4,759
Trade and other receivables	11,483	1,511
Other assets	1,223	393
	108,934	6,663
Non-current assets		
Investment in subsidiaries	-	1,342,351
Property, plant and equipment	149,512	-
Intangible assets	2,238,188	-
Other assets	9,010	48
	2,396,710	1,342,399
Total assets	**2,505,644**	**1,349,062**
Liabilities		
Current liabilities		
Borrowings from financial institutions	6,120	-
Derivative financial instruments	671	671
Trade and other payables	19,116	7,712
Income tax payable	138,721	-
Other liabilities	52,409	412
	217,037	8,795
Non-current liabilities		
Borrowings from financial institutions	943,148	-
Derivative financial instruments	426	176
Other liabilities	23,975	-
	967,549	176
Total liabilities	**1,184,586**	**8,971**
Net assets	**1,321,058**	**1,340,091**

- **Cash and cash equivalents:** Cash balance of S$96.2 million as at 31 December 2013
- **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$0.92 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 December 2013	
Total size	NT$27,000 million (S$1,143 million[1])
Total drawn[2]	NT$23,050 million (S$975 million[1])
All-in hedge rate	c.4% per annum
Total debt / asset EBITDA	4.8x
Gearing[3]	38.9%
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$167 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$:NT$ = 23.630.
(2) Amount excludes issue costs of NT$618.8 million (S$26.2 million).
(3) Total debt / total assets.

NETWORK EXPANSION

Positive progress has been made with the network expansion across Taichung

	2013	2014	2015 – 2016
Network build[1] (necessary capital expenditure)	<S$10 million	S$40 – S$50 million	S$20 – S$30 million
Home connections (success based capital expenditure)	Not applicable	S$200 – S$250 per home (will be spent from 2014 and beyond)	

- Network build to cover more than 30% of homes in the new areas in the first half of 2014, operations to commence once the temporary licence has been granted by the NCC
- Total addressable market is in excess of 400k homes
  - Target penetration rate of at least 35% over 5 years
  - Further guidance will be provided when the network build is further progressed
- Product offering will be similar to existing offers
- 2014 Revenue, EBITDA not materially impacted, distributions will be as forecast
- Upside performance may be as early as 2015
- Capital expenditure funded from existing borrowing facilities

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

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: subscriber revenue will grow in line with Prospectus, non-subscriber revenue will grow in line with 2013 performance
  - Premium digital cable TV: subscriber growth in line with Prospectus, however ARPU is forecast to be lower as focus remains on winning subscribers
  - Broadband: subscriber growth is expected to be higher than 2013, but less than forecast outlined in the Prospectus. Focus remains on stabilising ARPU
- Distribution guidance for 2014 of 8.25 cents per unit re-affirmed
- Digital set-top box penetration target increased to 70% by the end of 2014 (increased from 55% as outlined in the Prospectus)
- Capital expenditure excluding rezoning for 2014 expected to be 16% of total revenue
  - Higher than Prospectus mainly due to accelerated digital set-top box rollout
- Outstanding tax dispute: expect to reach written agreement with Taiwanese tax authorities in first half of 2014; settlement expected 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

Q&A



FORMAL PROCEEDINGS



SUMMARY OF RESOLUTIONS

1	To receive and adopt the Report of the Trustee manager, Statement by the Trustee-Manager and audited accounts of APTT for the financial Period ended 31 December 2013 together with the Auditor's report thereon
2	To re-appoint Deloitte & Touche LLP as the Auditor of APTT
3	To grant authority to the Trustee-Manager to issue new units in APTT at any time and upon such terms and conditions and for such purposes and to such persons as the Trustee-manager shall deem fit

PROXIES RECEIVED

	FOR	% of Total	AGAINST	% of Total	DISCRETION	% of Total	ABSTAIN	% of Total	Total
Resolution 1	386,707,051	99.26%	-	-%	2,877,703	0.74%	-	-%	389,584,754
Resolution 2	381,054,396	97.81%	2,094,000	0.54%	2,877,703	0.74%	3,558,655	0.91%	389,584,754
Resolution 3	360,922,651	92.64%	25,784,400	6.62%	2,877,703	0.74%	-	-%	389,584,754



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