

aptt
Asian Pay Television Trust

2014 FULL YEAR RESULTS PRESENTATION

24 February 2015

IMPORTANT NOTICE AND DISCLAIMER

Disclaimer

Asian Pay Television Trust (APTT) is a business trust registered under the Business Trusts Act (Chapter 31A of Singapore) and listed on the Singapore Exchange Securities Trading Limited. Macquarie APTT Management Pte. Limited (MAPTTPL) is the Trustee-Manager of APTT. MAPTTPL is a wholly owned subsidiary of Macquarie Group Limited (ACN 122 169 279) (MGL).

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited (ABN 46 008 583 542) (MBL). MBL does not guarantee or provide assurance in respect of the obligations of these entities.

This presentation has been prepared based on available information. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, neither MGL, MBL, APTT, MAPTTPL, their directors, employees or agents, nor any other person accepts any liability for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it, including, without limitation, any liability arising from fault or negligence on the part of MGL, MBL, APTT, MAPTTPL or their directors, employees or agents. In particular, no representation or warranty is given as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in the information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. Each recipient of the information should make its own independent assessment of the information and take its own independent professional advice in relation to the information and any action taken on the basis of the information.

The offering of units in APTT was sponsored by Macquarie Capital (Singapore) Pte. Limited and J.P. Morgan (S.E.A.) Limited as joint issue managers (the Joint Issue Managers). The Joint Issue Managers assume no responsibility for the contents of this presentation.

General Securities Warning

This presentation is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in APTT, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

Information, including forecast financial information, in this presentation should not be considered as a recommendation in relation to holding purchasing or selling, securities or other instruments in APTT. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies many of which are outside the control of APTT. Past performance is not a reliable indication of future performance.

Investors should note that there are limitations on the right of certain investors to own units in APTT under applicable Taiwan laws and regulations. Such investors include PRC individuals and corporate entities, the Taiwan government and political entities and other restricted entities and restricted persons. For further information, investors should refer to the APTT Prospectus dated 16 May 2013 issued by APTT.

AGENDA

1. HIGHLIGHTS
2. KEY OPERATING METRICS
3. FINANCIAL RESULTS
4. FINANCIAL POSITION
5. BORROWINGS
6. NETWORK EXPANSION
7. OUTLOOK

HIGHLIGHTS

Performance stable throughout 2014

- Revenue for the year of S$318.7 million
- EBITDA for the year of S$195.2 million
- Taichung network expansion progressed in line with expectations
  - Network coverage in excess of 30% of homes in the new coverage areas in the region
  - Requisite regulatory licences secured and marketing operations commenced in the fourth quarter of 2014
- Digital set-top box penetration was 82% as at 31 December 2014
- APTT distribution of 2.13 cents per unit declared for the quarter ended 31 December 2014
- 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

KEY OPERATING METRICS

Subscriber numbers have grown, ARPU stabilised

	Actual as at 31 December 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	537	755	537
Premium digital cable TV	133	195	123	207
Broadband	183	525	180	543

- **Subscribers:** Basic cable TV subscribers of 756k were 0.1% higher than FY2013, Premium digital cable TV subscribers of 133k were 8.1% higher than FY2013, Broadband subscribers of 183k were 1.7% higher than FY2013
- **ARPU:** Basic cable TV ARPU was flat, Premium digital cable TV ARPU was lower than FY2013 – the focus remained on winning subscribers, Broadband ARPU was lower than FY2013 but has stabilised around NT$525 throughout 2014 – subscribers chose to sign-up for lower cost Broadband packages reflecting softer economic environment in Taiwan
- **Digital set-top box penetration:** As at 31 December 2014, digital set-top box penetration was 82%, higher than target of 70% for the year
- **Capex spend:** Excluding the network expansion, 16.7% of total revenue

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.

FINANCIAL RESULTS

Stable performance for the year

	Quarter ended 31 December 2014	Year ended 31 December 2014	Period[1] ended 31 December 2013
	S$'000	S$'000	S$'000
Revenue			
Basic cable TV	65,891	255,774	147,641
Premium digital cable TV	3,530	13,792	7,861
Broadband	12,425	49,163	29,538
Total revenue	**81,846**	**318,729**	**185,040**
Operating expenses[2]			
Broadcast and production costs	(15,559)	(60,088)	(35,492)
Staff costs	(7,038)	(26,988)	(16,120)
Trustee-Manager fees	(1,806)	(7,167)	(4,162)
Other operating expenses[3]	(8,543)	(29,253)	(17,842)
Total operating expenses	**(32,946)**	**(123,496)**	**(73,616)**
EBITDA	**48,900**	**195,233**	**111,424**
EBITDA margin	59.7%	61.3%	60.2%

Notes: (1) The financial period was from 30 April 2013 (the date of constitution of APTT) to 31 December 2013. APTT was listed on the SGX-ST on 29 May 2013.
(2) Operating expenses presented here exclude net foreign exchange losses in order to arrive at EBITDA and EBITDA margin.
(3) Other operating expenses exclude a one-time fee of $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 31 December 2014 S$'000	Trust as at 31 December 2014 S$'000
Assets		
Current assets		
Cash and cash equivalents	74,490	7,317
Trade and other receivables	11,538	213
Other assets	2,121	888
	88,149	8,418
Non-current assets		
Investment in subsidiaries	-	1,342,351
Property, plant and equipment	175,749	-
Intangible assets	2,223,424	-
Other assets	1,836	-
	2,401,009	1,342,351
Total assets	**2,489,158**	**1,350,769**
Liabilities		
Current liabilities		
Borrowings from financial institutions	17,460	-
Trade and other payables	20,005	9,047
Income tax payable	10,609	1
Other liabilities	55,657	162
	103,731	9,210
Non-current liabilities		
Borrowings from financial institutions	1,035,877	-
Deferred tax liabilities	53,808	-
Other liabilities	19,915	294
	1,109,600	294
Total liabilities	**1,213,331**	**9,504**
Net assets	**1,275,827**	**1,341,265**
Less: Non-controlling interests	2,334	-
Net assets attributable to Unitholders of APTT	**1,273,493**	**1,341,265**

- **Cash and cash equivalents:** Cash balance of S$74.5 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 years
  - Plant and equipment: 2 – 6 years
  - Leased equipment: 3 years
- **Net asset value (NAV):** Group NAV is S$0.89 per unit

BORROWINGS

Existing Facilities

- 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
- As at 31 December 2014, an additional revolving facility of approximately NT$1,165 million (S$49 million[1]) is available to fund future ongoing growth capital expenditure and the network expansion, at the same interest rate cost outlined above

Debt as of 31 December 2014	
Total size	NT$26,855 million (S$1,124 million[1])
Total drawn[2]	NT$25,690 million (S$1,075 million[1])
All-in hedge rate	c.4% per annum
Total debt / asset EBITDA	5.2x
Gearing[3]	43.2%
Interest coverage ratio	Greater than 4 times

New Facilities

- On 17 February 2015, TBC entered into an agreement to refinance its existing borrowing facilities with new seven year facilities of NT$32 billion (S$1,340 million[1]) on materially the same terms and covenants. Importantly, the refinancing will remove the need for any significant principal amortisation of the facilities for the next three years. The refinancing is subject to customary closing conditions
- The successful refinancing demonstrates the strong support and confidence of the debt markets in TBC and its operational performance
- The new borrowing facilities provide long term funding certainty, with attractive terms and pricing to fund future organic and inorganic growth initiatives

Notes: (1) S$:NT$ = 23.89.
(2) Amount excludes issue costs of NT$522 million (S$21.9 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$33 million	S$20 – S$25 million	S$10 – S$15 million
Home connections (success based capital expenditure)	Not applicable	S$200 – S$250 per home		

- Network coverage in excess of 30% of homes in the new coverage areas in the region
  - Requisite regulatory licences secured and marketing operations commenced in the fourth quarter of 2014
- 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
- Capital expenditure funded from existing borrowing facilities

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

OUTLOOK

Continuation of stable performance in 2015

- Focus remains on driving growth in cash flows through up-selling and cross-selling of services across the subscriber base and progressing the network and operational expansion in Taichung
- Total revenue, operating expenses and cash flow generation are expected to be stable, albeit with moderate growth anticipated
    - Basic cable TV: Growth flat, continued focus on service delivery, keeping churn rates down and maintaining non-subscriber revenue
    - Premium digital cable TV: Focus on subscriber additions, growth anticipated albeit on marginally lower ARPU
    - Broadband: Focus on subscriber additions, growth anticipated though potentially on lower ARPU
- Digital set-top box penetration expected to be 100% by the end of 2015
- Capital expenditures excluding rezoning for 2015 are expected to be similar to 2014
- Complete refinancing of borrowing facilities by 31 March 2015
- Pursue inorganic growth initiatives opportunistically
- APTT distribution of 2.13 cents per unit will be paid on 27 March 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