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SGX-ST Release

ASIAN PAY TELEVISION TRUST (APTT)

APTT ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2015

MACQUARIE

Key highlights

- Revenue for the year of $332.2 million[1] driven by higher revenue across each of TBC's[2] service offerings
- EBITDA for the year higher at $201.0 million
- Distribution of 2.25 cents per unit declared for the quarter ended 31 December 2015
- Distribution guidance of 6.5 to 7.0 cents per unit for the year ending 31 December 2016[3]

Singapore – 23 February 2016: APTT[4] reported total revenue of $85.6 million and EBITDA of $52.9 million for the quarter ended 31 December 2015. Total revenue was $332.2 million and EBITDA was $201.0 million for the year ended 31 December 2015. Total revenue for the quarter and year ended 31 December 2015 was 4.6% and 4.2% higher than the prior corresponding period (pcp) respectively. The increase was due to higher revenue generated across each of TBC's service offerings despite challenging operating conditions.

Operational performance

Operational highlights for TBC for the year ended 31 December 2015 are as follows:

- **Basic cable TV:** Revenue of $265.0 million was up 3.6% on pcp. This comprised subscription revenue of $210.8 million (2014: $203.4 million) and non-subscription revenue of $54.2 million (2014: $52.4 million). TBC's c.758,000 subscribers paid an ARPU of Taiwan dollars (NT$) 537 per month for the fourth quarter to access over 100 cable TV channels. Basic cable TV subscribers increased by c.1,000 and ARPU was marginally higher compared to the previous quarter ended 30 September 2015 (Subscribers: c.757,000; ARPU: NT$535 per month). Non-subscription revenue generated from the leasing of television channels to third parties, sale of advertising airtime and fees for the installation of set-top boxes was higher than pcp. TBC benefited from non-recurring, non-subscription revenue such as higher advertising airtime sales generated in the lead-up to the Taiwanese Presidential and Legislative Yuan election in January 2016.
- **Premium digital cable TV:** Revenue of $15.4 million was up 11.4% on pcp. This was generated predominantly from TBC's c.145,000 Premium digital cable TV subscribers paying an ARPU of NT$177 per month for the fourth quarter for Premium digital cable TV packages and bundled DVR services. Premium digital cable TV subscribers increased by c.3,000 and ARPU was lower compared to the previous quarter ended 30 September 2015 (Subscribers: c.142,000; ARPU: NT$182 per month). The lower ARPU was due to promotions and discounted bundled packages that were offered to generate new subscriptions and to retain existing subscribers.

[1] All figures, unless otherwise stated, are presented in Singapore dollars ($).
[2] TBC refers to Taiwan Broadband Communications group.
[3] Subject to no material changes in planning assumptions including for asset performance and refinancing.
[4] APTT refers to APTT and its subsidiaries taken as a whole.

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). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

Restrictions apply in relation to PRC Nationals holding APTT units. Please refer to the APTT website (www.aptt.com.sg) and the APTT Prospectus dated 16 May 2013 for further information.

- **Broadband:** Revenue of $51.8 million was up 5.4% on pcp. This was generated predominantly from TBC's c.193,000 Broadband subscribers paying an ARPU of NT$502 per month for the fourth quarter for broadband services. Broadband subscribers increased by c.2,000 and ARPU was lower compared to the previous quarter ended 30 September 2015 (Subscribers: c.191,000 and ARPU: NT$512 per month). The lower ARPU was due to promotions and discounted bundled packages that were offered to generate new subscriptions and to retain existing subscribers.
- **Greater Taichung expansion:** TBC's core network has been expanded to cover the majority of the greater Taichung region and this has enabled the requisite regulatory licenses to operate in the new coverage areas to be secured. Consequently, TBC started marketing broadband services in the new expansion area in the fourth quarter of 2014. However, full commercial operations have been delayed as a result of the delay in securing content rights to deliver cable TV services in the greater Taichung region. TBC is working actively with the content providers to secure the necessary content rights in 2016. The network expansion into greater Taichung is anticipated to be completed in 2016.
- **Capital expenditure:** Total capital expenditure of $101.4 million was 17.1% higher than pcp. The higher total capital expenditure was primarily due to expenditure to acquire and install set-top boxes to support TBC's digitisation program and higher maintenance expenditure due to network replacement requirements as a result of an unusually active typhoon season in 2015.

Key developments

The following are recent developments that have an impact on TBC's business:

- **Cable Law amendment:** On 18 December 2015, the Taiwanese Legislative Yuan considered and approved a package of Cable Law amendments which became effective on 8 January 2016. The key amendment that has an impact on TBC is the requirement to switch-off analogue broadcasting and the associated requirement to deploy set-top boxes to digitise all of TBC's franchise areas as a condition of the renewal of its operating licenses. The review of TBC's operating licenses is scheduled for 2017/2018. As a result of the Cable Law amendment, TBC is required to submit its analogue switch-off/digitisation plan to its regulator, the National Communications Commission (NCC) within three months of the effective date of the amended Cable Law. As a result, TBC's capital expenditure plan has been impacted due to this regulatory change. The consequence is that TBC's capital expenditure plan has needed to be amended with significantly higher concentration of capital expenditure in 2016 and 2017. However, the completion of the analogue switch-off/digitisation process is anticipated to be favourable for TBC, as compliance with the process will aid in protecting TBC's Basic cable TV rates, enable gains in revenue due to conversion of pirate basic cable TV subscribers and facilitate more effective bundling of premium digital cable TV products.
- **Revised basic cable TV rates:** The 2016 Basic cable TV rate review for all of TBC's franchise areas was challenging. Due to ongoing weak economic conditions which are impacting consumer spending, local governments across Taiwan pursued a general reduction of basic cable TV rates. Further, the push to switch-off analogue broadcasting/digitisation also drove rate policy downwards as cable TV operators were encouraged by local governments to accelerate digitisation with future basic cable TV rate increases used as a potential incentive. As a consequence, TBC's Basic cable TV rates were reduced by NT$10 to NT$15 per month in three of its five franchise areas. Despite the reduction, TBC's Basic cable TV rates across its five franchise areas continue to be at the upper end of the basic cable TV rate range in Taiwan reflecting strong subscriber service delivery and local community support for TBC.

Outlook

The focus in 2016 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 the greater Taichung region.

Whilst growth in subscriber numbers is anticipated across TBC's service offerings, total revenue for 2016 is anticipated to be influenced by a number of factors. These factors include the continued weakness in the Taiwanese economy, marginally lower Basic cable TV rates in three of TBC's five franchise areas

and the non-recurrence of revenue generated in 2015 as a result of one-off items including higher advertising airtime sales in the lead-up to the Presidential and Legislative Yuan election. In addition, operating expenses are expected to be higher due to increases in staff and programming costs as more basic channel providers complete their upgrade to content to high definition format. Consequently, TBC's overall EBITDA is expected to be marginally lower for 2016 compared to pcp.

Distributions

The Board of Directors of the Trustee-Manager (the Board) has declared an ordinary distribution of 2.25 cents per unit for the quarter ended 31 December 2015. The books closure date will be on 17 March 2016 and the distribution will be paid on 24 March 2016.

APTT's distribution policy is to distribute 100 percent of Distributable Free Cash Flows to APTT unitholders. The distribution for the year ending 31 December 2016 is expected to be between 6.5 and 7.0 cents per unit. It is anticipated that the distribution will be paid in instalments of 1.625 cents per unit for the first, second and third quarters of 2016 and at least 1.625 cents per unit for the fourth and final quarter ending 31 December 2016. The distribution guidance is subject to no material changes in planning assumptions including for asset performance and refinancing.

Key financial highlights

	Quarter ended 31 December 2015	Quarter ended 31 December 2014	Variance[5]	Year ended 31 December 2015	Year ended 31 December 2014	Variance[5]
	$'000	$'000	%	$'000	$'000	%
Revenue						
Basic cable TV	68,688	65,891	4.2	264,962	255,774	3.6
Premium digital cable TV	4,081	3,530	15.6	15,366	13,792	11.4
Broadband	12,846	12,425	3.4	51,824	49,163	5.4
Total revenue	**85,615**	**81,846**	**4.6**	**332,152**	**318,729**	**4.2**
Total operating expenses	**(32,678)**	**(32,660)**	**(0.1)**	**(131,107)**	**(124,284)**	**(5.5)**
EBITDA	**52,937**	**49,186**	**7.6**	**201,045**	**194,445**	**3.4**
EBITDA margin	61.8%	60.1%		60.5%	61.0%	

Proposed sale of the Trustee Manager

On 25 January 2016, Macquarie APTT Management Pte. Limited, as trustee manager of APTT (the Trustee-Manager), announced that it has been informed by its sole shareholder, Macquarie Group Holdings (Singapore) Pte. Limited (Macquarie Singapore) that it has entered into a sale and purchase agreement with Dynami Vision Pte. Ltd (the Purchaser) whereby Macquarie Singapore will divest its entire interest in the Trustee-Manager to the Purchaser (the Proposed Transaction). The completion of the Proposed Transaction is subject to approvals from relevant Taiwanese regulatory bodies and lenders to APTT's sole investment, TBC. For more details refer to APTT's website or the SGX website.

The Trustee-Manager will make further announcements via SGXNet as and when it is made aware of material developments.

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[5] A positive variance is favourable to the Group and a negative variance is unfavourable to the Group.