



# ANNUAL GENERAL MEETING

28 April 2022

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# AGENDA

1. BOARD OF DIRECTORS
2. BUSINESS OVERVIEW
3. 2021 RESULTS
4. OUTLOOK & STRATEGY
5. LIVE Q&A VIA ONLINE CHAT BOX
6. FORMAL PROCEEDINGS
7. APPENDIX

# BOARD OF DIRECTORS



# BOARD OF DIRECTORS

Independent directors comprise majority of the Board (4 out of 7); six are non-executive directors



**Yong Lum  
Sung**

—  
Chair,  
Independent  
Director



**Richard  
Tan**

—  
Independent  
Director,  
Remuneration  
Committee  
Chair



**Leong Shin  
Loong**

—  
Independent  
Director,  
Nominating  
Committee  
Chair



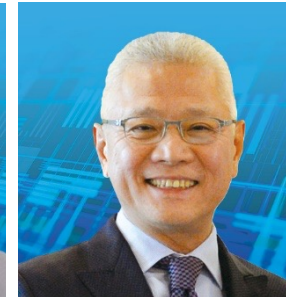
**Joanna  
Ong**

—  
Independent  
Director,  
Audit  
Committee  
Chair



**Lu  
Fang-Ming**

—  
Vice-Chair,  
Non-Executive  
Director



**Dai Yung  
Huei**

—  
Non-Executive  
Director



**Brian  
McKinley**

—  
Chief  
Executive  
Officer,  
Executive  
Director



# BUSINESS OVERVIEW



# OVERVIEW



**APTT is a business trust with a mandate to own & operate pay-TV & broadband businesses in Taiwan, Hong Kong, Japan & Singapore**

- Independent Directors comprise majority of the Board of Directors (4 out of 7)
- **Sole investment in Taiwan Broadband Communications (“TBC”) – Taiwan’s third largest cable TV operator**



**Cable TV operator in five franchise areas in Taiwan, with network coverage of more than 1.3 million homes**

- Owns 100% of the advanced hybrid fibre coaxial cable network in the five franchise areas
- Resilient business with high barriers of entry due to high network roll out requirements
- Large customer base makes TBC attractive to local content providers
- Long standing relationship with subscribers; deep understanding of Taiwanese subscribers’ viewing preferences

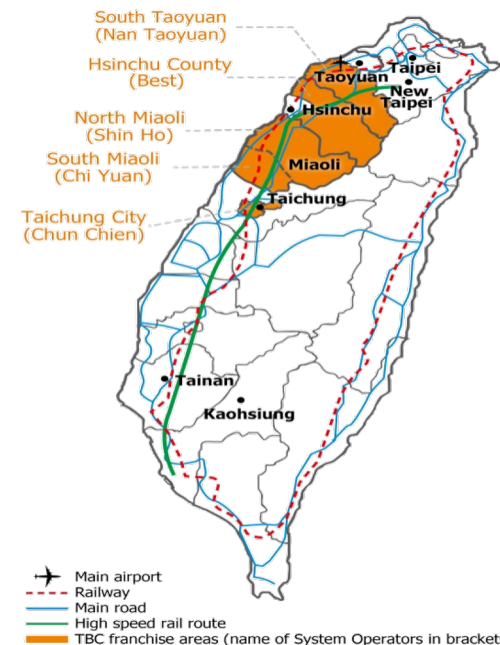
## PRODUCT OFFERINGS

*Approx. 87% of revenue is subscription-based from the three product offerings<sup>1</sup>*

BASIC CABLE TV	PREMIUM DIGITAL CABLE TV	BROADBAND
Over 100 channels on Basic cable TV, majority of the popular channels are only available on cable TV	Up to 68 additional channels including 67 HD channels, through MPEG4 platform. 40% <sup>1</sup> of TBC’s Basic cable TV subscribers are also Premium digital cable TV subscribers; opportunity to upsell to the remaining 60%	Growing market share, with ability to cross-sell to non-customers on DOCSIS 3.1 enabled HFC network and current speed offerings up to 1 Gbps

Note: (1) As at 31 December 2021

## FRANCHISE AREAS IN NORTHERN & CENTRAL TAIWAN

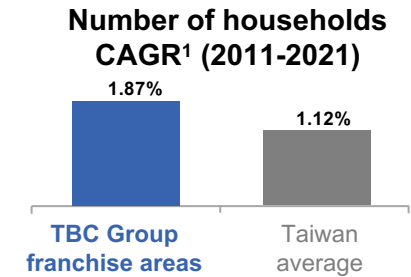
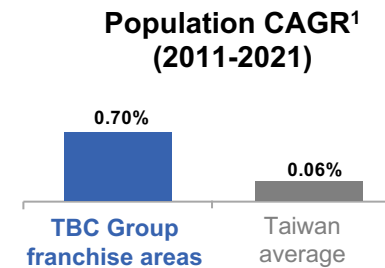


- Low churn rate of 0.6%<sup>1</sup> for Basic cable TV (691K<sup>1</sup> Revenue Generating Units)
- Up-sell Premium digital cable TV and cross-sell Broadband to large Basic cable TV subscriber base

# TBC'S FRANCHISE AREAS

**Network coverage of more than 1.3 million households across five franchise areas in four counties of Taiwan**

- Well connected via major railways, road transportation and/or international airports
- Increasing population due to workforce seeking employment in TBC Group's franchise areas
- Population growth in the five franchise areas (0.70%) outstrips national average (0.06%); Growing number of new households as more young Taiwanese set up families



## South Taoyuan



- Home to Taiwan Taoyuan International Airport and close proximity to Taipei
- Service area covers 918 square km and constitutes over 75% of the total area in Taoyuan County
- Approx. 437K households and population of close to 1.2 million

## Hsinchu



- Hsinchu Science Park is home to high tech companies, the city has one of the highest income levels in Taiwan
- Approx. 211K households and population of 576K

## Miaoli (North & South)



- Suburban mountainous region geographically located between Hsinchu and Taichung
- Well connected via major railway and road transportation systems
- Approx. 195K households and population of 538K

## Taichung City

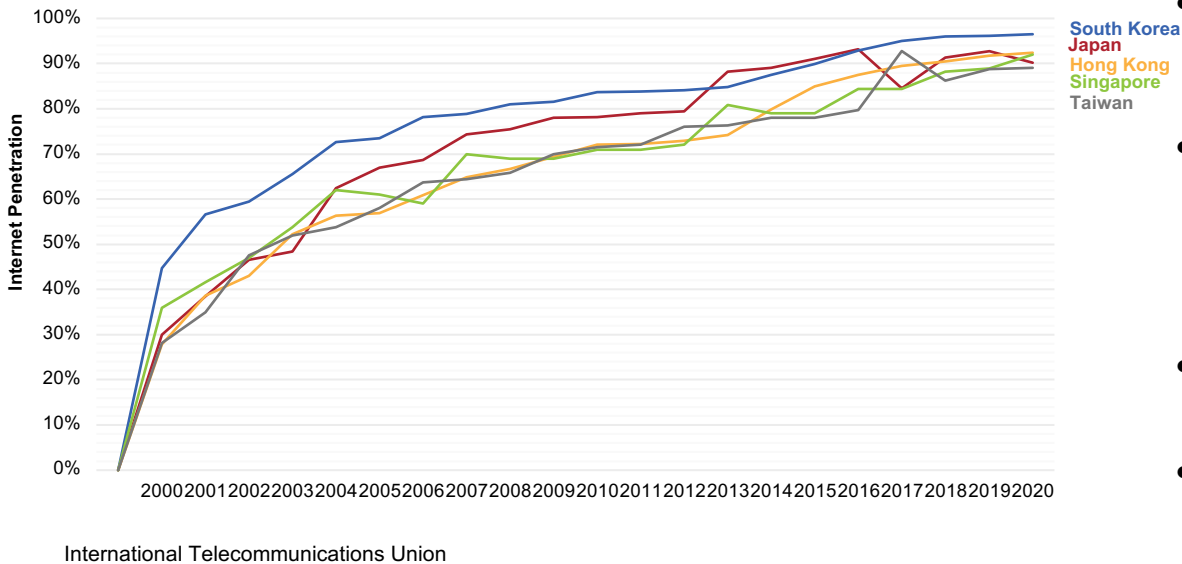


- One of the most populous cities in Taiwan; home to Taichung International Airport
- Vibrant, diverse economy: large industrial areas and a thriving commercial sector that incorporates traditional businesses, small family-run shops and factories
- Approx. 465K households and population of 1.2 million



# TAIWAN MARKET – POTENTIAL IN BROADBAND

## Relatively lower internet penetration and speed compared to other developed APAC markets



- Internet penetration is lowest in Taiwan at 91.0% at the start of 2022, compared to South Korea, Japan, Singapore and Hong Kong
- Taiwan's average download speed of fixed internet connections is ranked second last among the five developed APAC markets at approx. 94.63 Mbps; there is room for Taiwan subscribers to further increase internet speed
- TBC's Broadband market share in its five franchise areas is increasing year-on-year
- Opportunity for TBC to gain more market share and meet rising demand for higher-speed broadband plans due to rapidly growing demand for data

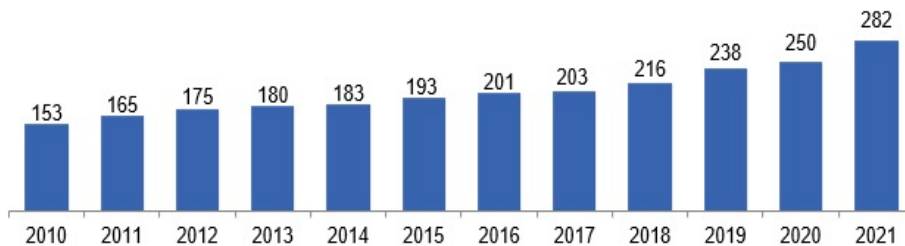
Region	Internet penetration rate	Number of Internet users (million)	Average download speed of fixed internet connections (Mbps)	Year-on-year change in average speed of fixed internet connections
<b>Asia-Pacific</b>				
Taiwan	91.0%	21.72	94.63	+21.7%
South Korea	98.0%	50.29	98.86	+7.8%
Japan	94.0%	118.3	93.26	+23.9%
Singapore	92.0%	5.45	184.65	+15.2%
Hong Kong	93.0%	7.05	158.19	+31.3%

# IMPROVING BROADBAND MARKET SHARE

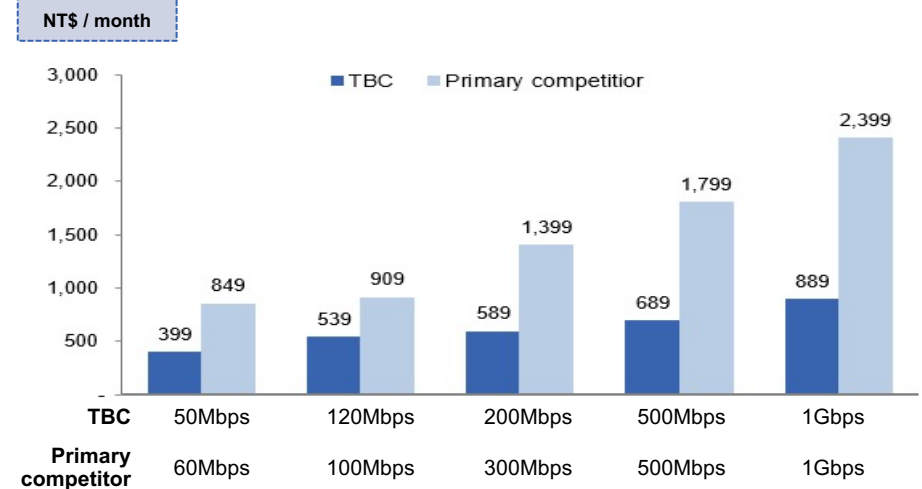
## TBC's broadband market share improving in its franchise areas year-on-year

### Broadband RGUs ('000)

2010-21 Broadband RGU CAGR: 5.7%



### TBC Group offers competitive prices<sup>1</sup> with reliable services



Note: (1) Primary competitor pricing based on NCC data

- DOCSIS 3.1 and GPON enabled network that meets consumer demand for high-speed internet; 1 Gbps launched since 2019
- Competitive pricing and optional bundling with digital TV
- Offering value-added services including Android OTT gateway and karaoke singing box, among others. Will continue to introduce value-added solutions that leverage the Android gateway
- Developing new market segments, including enterprise clients
- Supporting mobile operators with their network development by leveraging TBC network for data backhaul

# 2021 RESULTS



## In a stronger position: success of debt management and Broadband growth strategy



### Lower debt levels

- Successful extension of Onshore and Offshore Facilities, ahead of maturity, reset principal repayment schedules and financial covenants
- Size of Onshore Facilities was reduced by NT\$1.5 billion following accelerated debt repayments
- Lowered gearing from 51.7% in 2020 to 50.1% in 2021
- Approx. \$60 million is earmarked to repay onshore and offshore debts in 2022; aim to accelerate debt repayments and save on interest costs
- Commence discussions in 2022 to further extend maturity date of Offshore Facilities to at least 2025



### Higher fibre density to continue driving our two-pronged Broadband growth strategy

- Increased fibre density from an average of more than 750 homes per fibre node three years ago to less than 250 homes per fibre node on average today
- Fibre density has reached a level that can meet the growing demand for high speed data plans and support mobile operators in the build out of their 5G networks
- Future proof our network by further bringing down the number of homes served per fibre node
- With network investments now past the peak, we expect to spend less on capital expenditure compared to the last three years
  - Capex of S\$30 million in 2021 was lower by 47% compared to 2020 and 60% compared to 2019



### Broadband growth momentum

- Recorded growth in number of subscribers, as well as revenue in both S\$ and NT\$ for six consecutive quarters
- To deepen partnership programmes with mobile operators to focus on fixed-line broadband only segment, and by offering higher speed plans at competitive prices

# 2021 RESULTS HIGHLIGHTS

**Broadband recorded continued growth in ARPU, revenue and subscribers in 2021; registered higher EBITDA and lower capital expenditure**



## **Higher full year EBITDA and EBITDA margin**

- Revenue for the year was S\$299.7 million
- EBITDA for the year up 1.2% to S\$183.1 million driven by FX and lower operating expenses
- EBITDA margin improved by 2.2 percentage points to 61.1% for the year



## **Growing total subscriber base due to momentum from Broadband and Premium digital cable TV**

- Premium digital cable TV and Broadband subscribers have been steadily increasing over the past 15 quarters
- Added c.29,000 Premium digital cable TV and c.32,000 Broadband subscribers in the year, which more than offset Basic cable TV churn; total subscriber base increased to c.1,246,000



## **Intensive marketing outreach drives Broadband segment**

- Recorded higher ARPU in 2021, alongside higher revenue in both S\$ and NT\$ and continued growth momentum in Broadband subscribers
- Broadband revenue, which includes revenue from data backhaul, improved in S\$ and NT\$ for six consecutive quarters compared to the pcp
- Aim to grow cash flows from broadband and new initiatives to a level that more than offsets the decline in basic cable TV business



## **Lower capital expenditure**

- Capital expenditure decreased by 46.6% for the year
- Lowered capital expenditure to 10.0% of revenue in 2021, compared to 18.2% in 2020
- To continue with tight capital expenditure; invest within industry norms and limit strictly to areas that can support aggressive push to grow the broadband business



# 2021 RESULTS HIGHLIGHTS

**Reaffirmed distribution guidance of 1 cent per unit for 2022; the Trustee-Manager has approved a credit of S\$169.6 thousand for the 2022 Trustee-Manager fees, underscoring commitment to cost management**



## **Distribution**

- Re-affirmed distribution guidance of 1.0 cent per unit for 2022, to be paid in quarterly instalments of 0.25 cents per unit, subject to no material changes in planning assumptions
- There may be some flexibility with respect to distributions after 2022, subject to operating conditions



## **Credit of Trustee-Manager's 2022 fee increase**

- The Trustee-Manager has approved a credit of \$169.6 thousand for the 2022 Trustee-Manager fees, equivalent to the 2021 CPI increase
- The net fees for 2022 will remain unchanged at \$7.36 million
- Underscores the Trustee-Manager's commitment to cost management



## **Change to reporting of financial statements**

- APTT will move to the reporting of IFRS-compliant financial statements on a half-yearly basis, with effect from the financial year beginning 1 January 2022
- Material business updates, key financial information and operating data, as well as abridged financial statements will be released for the first and third quarters
- Briefings to analysts and unitholders will continue on a quarterly basis
- No change to APTT's quarterly distribution policy in 2022

# KEY OPERATING METRICS

**Broadband ARPU improved by NT\$1 per month alongside c.32,000 more subscribers, reflecting the success of TBC's marketing outreach to target Broadband only segment and offer higher speed plans at competitive prices; Basic cable TV churn slowing and ARPU showing signs of stabilising**

	RGUs <sup>1</sup> ('000)		ARPU <sup>2</sup> (NT\$ per month)	
	As at 31 Dec		Year ended 31 Dec	
	2021	2020	2021	2020
Basic cable TV	691	709	480	484
Premium digital cable TV	273	244	81	96
Broadband	282	250	360	359

- **Basic cable TV:** RGUs decreased by c.18,000 to c.691,000 as at 31 December 2021 due to i) a saturated cable TV market; ii) video piracy issues, iii) competition from aggressively priced IPTV, iv) growing popularity of online video and v) expectations from consumers for discounts as they compare with the lower cable TV pricing outside of TBC's<sup>3</sup> five franchise areas, particularly in the Taipei region
- **Premium digital cable TV:** RGUs increased by c.29,000 to c.273,000. ARPU was lower due to promotions and discounted bundled packages that were offered to generate new RGUs and to retain existing RGUs. Video piracy issues and aggressively priced IPTV have also impacted ARPU, which decreased by NT\$15 per month
- **Broadband:** Despite the competitive conditions from unlimited wireless data offerings from mobile operators, TBC's focused broadband growth strategy led to RGUs increasing by c.32,000 to c.282,000, while ARPU improved by NT\$1 per month. Growth driven by partnership programs with mobile operators to drive fixed-line broadband only segment, and higher speed plans at competitive prices. Broadband churn rates remained very low, averaging around 0.7% in 2021

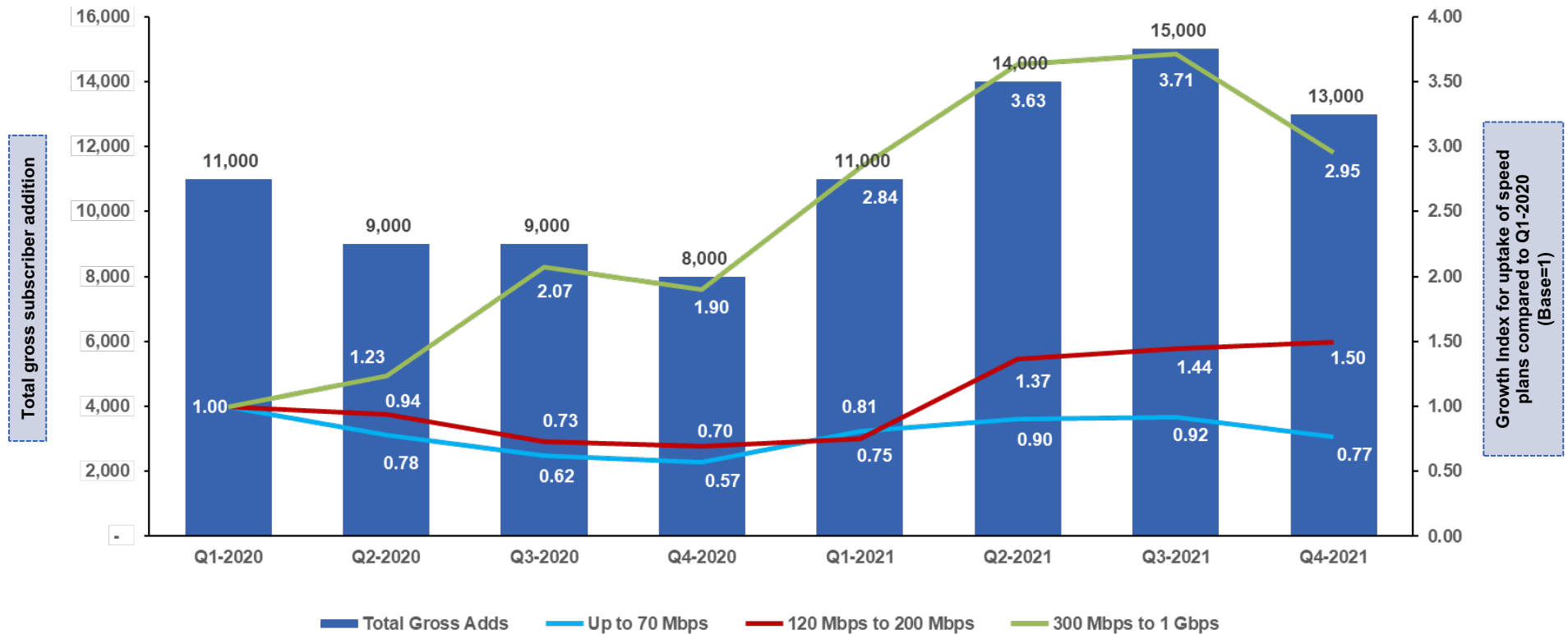
Notes: (1) RGUs refer to Revenue Generating Units, another term for subscribers or subscriptions; the terms are used interchangeably

(2) Average Revenue Per User ("ARPU") is calculated by dividing the subscription revenue for Basic cable TV or Premium digital cable TV or Broadband, as applicable, by the average number of RGUs for that service during the period

(3) TBC refers to Taiwan Broadband Communications Group

# BROADBAND ARPU IMPROVEMENT: SHIFT TOWARDS HIGHER SPEED PLANS

Increase in take-up rate of higher speed plans since Q1 2020; validates the strength of our Broadband growth strategy



## Interpretation of Growth Index from the chart above:

For e.g., in Q1-2020 if there was 1 subscriber taking up higher speed plan with speed ranging from 300 Mbps to 1 Gbps, then in Q4-2021, there were 2.95 subscribers taking up the higher speed plans.

# FINANCIAL RESULTS

**Broadband revenue, which includes revenue from data backhaul, recorded growth in S\$ and NT\$ for six consecutive quarters; aim is to grow cash flows from Broadband and new initiatives to a level that more than offsets the decline in Basic cable TV business**

Group <sup>1</sup> (S\$'000)	Year ended 31 Dec		
	2021	2020	Variance <sup>2</sup> (%)
<b>Revenue</b>			
Basic cable TV	229,481	243,590	(5.8)
Premium digital cable TV	12,806	12,976	(1.3)
Broadband	57,458	50,812	13.1
<b>Total revenue</b>	<b>299,745</b>	<b>307,378</b>	<b>(2.5)</b>
<b>Total operating expenses<sup>3</sup></b>	<b>(116,640)</b>	<b>(126,412)</b>	<b>7.7</b>
<b>EBITDA</b>	<b>183,105</b>	<b>180,966</b>	<b>1.2</b>
EBITDA margin	61.1%	58.9%	

**Total Revenue (FY2021)**  
**S\$299.7 million**  
 ↓ 2.5%

**EBITDA (FY2021)**  
**S\$183.1 million**  
 ↑ 1.2%

**EBITDA Margin (FY2021)**  
**61.1%**  
 ↑ 2.2PPT

**In constant Taiwan dollars (“NT\$”), total revenue was down 5.2% for the year; foreign exchange contributed to a positive variance of 2.7% for the year compared to the pcg**

- **Basic cable TV:** Down 8.5% for the year in constant NT\$ mainly due to lower subscription and non-subscription revenue compared to the pcg. Non-subscription revenue for the year was lower mainly due to (i) the absence of one-off revenue arising from the sale of certain in-house content to channel providers recorded in 2020; and (ii) lower revenue generated from channel leasing and airtime advertising sales in 2021
- **Premium digital cable TV:** Down 4.0% for the year in constant NT\$. Generated predominantly from TBC's Premium digital cable TV RGUs each contributing an ARPU of NT\$81 per month during the year for Premium digital cable TV packages and bundled DVR or DVR-only services
- **Broadband:** Up 10.4% for the year in constant NT\$. Generated predominantly from TBC's Broadband RGUs each contributing an ARPU of NT\$360 per month in the year for high-speed Broadband services

**Total operating expenses:** Lower operating expenses for the year mainly due to lower staff costs, lower pole rental expenses resulting from the reversal of additional pole rental expenses accrued in previous years, lower legal and professional fees, marketing and selling expenses as well as general and administrative expenses

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 exclude one-time settlement of programming fees in 2020, depreciation and amortisation expense, net foreign exchange gain/loss and mark to market movements on foreign exchange contracts, in order to arrive at EBITDA and EBITDA margin

# NET PROFIT

Net profit includes non-cash items such as depreciation and amortisation expense, foreign exchange, mark to market movements and deferred taxes

Group <sup>1</sup> (S\$'000)	Year ended 31 Dec		
	2021	2020	Variance <sup>2</sup> (%)
<b>Total revenue</b>	<b>299,745</b>	<b>307,378</b>	<b>(2.5)</b>
<b>Operating expenses</b>			
Broadcast and production costs	(57,566)	(56,883)	(1.2)
Staff costs	(28,088)	(31,280)	10.2
Trustee-Manager fees	(7,359)	(7,359)	-
Other operating expenses	(23,627)	(30,890)	23.5
<b>Total operating expenses</b>	<b>(116,640)</b>	<b>(126,412)</b>	<b>7.7</b>
<b>EBITDA</b>	<b>183,105</b>	<b>180,966</b>	<b>1.2</b>
<b>Other expenses</b>			
Settlement of programming fees	-	(5,360)	100
Depreciation and amortisation expense	(86,592)	(89,745)	3.5
Net foreign exchange gain	682	492	38.6
Mark to market loss on derivative financial instruments	(11)	(1,386)	99.2
Amortisation of deferred arrangement fees	(16,080)	(3,642)	(>100)
Interest and other finance costs	(46,396)	(47,542)	2.4
Income tax expense	(14,457)	(16,106)	10.2
<b>Total other expenses</b>	<b>(162,854)</b>	<b>(163,289)</b>	<b>0.3</b>
<b>Profit after income tax</b>	<b>20,251</b>	<b>17,677</b>	<b>14.6</b>



# SELECTED FINANCIAL INFORMATION

Selected financial information<sup>1</sup> are key financial metrics of APTT's business

Group <sup>2</sup> (S\$'000)	Year ended 31 Dec		
	2021	2020	Variance <sup>3</sup> (%)
<b>Revenue</b>			
Basic cable TV	229,481	243,590	(5.8)
Premium digital cable TV	12,806	12,976	(1.3)
Broadband	57,458	50,812	13.1
<b>Total revenue</b>	<b>299,745</b>	<b>307,378</b>	<b>(2.5)</b>
<b>Total operating expenses<sup>4</sup></b>	<b>(116,640)</b>	<b>(126,412)</b>	<b>7.7</b>
<b>EBITDA</b>	<b>183,105</b>	<b>180,966</b>	<b>1.2</b>
EBITDA margin <sup>5</sup>	61.1%	58.9%	
<b>Capital expenditure</b>			
Maintenance	16,278	19,398	16.1
Network, broadband and other	13,686	36,692	62.7
<b>Total capital expenditure</b>	<b>29,964</b>	<b>56,090</b>	<b>46.6</b>
Income tax paid, net of refunds	(10,066)	(7,925)	(27.0)
Interest and other finance costs paid	(46,198)	(47,958)	3.7

Notes: (1) Some of the selected financial information includes non-IFRS measures

(2) Group refers to APTT and its subsidiaries taken as a whole

(3) A positive variance is favourable to the Group and a negative variance is unfavourable to the Group

(4) Total operating expenses exclude one-time settlement of programming fees in 2020, depreciation and amortisation expense, net foreign exchange gain/loss and mark to market movements on foreign exchange contracts, in order to arrive at EBITDA and EBITDA margin

(5) EBITDA margin is a non-IFRS financial measure and is calculated by dividing EBITDA by total revenue

# FINANCIAL POSITION

**Strengthening balance sheet and managing debt levels remain a key focus; aim to repay approx. S\$60 million in onshore and offshore debt in the next 12 months**

Group (S\$'000)	As at 31 Dec	
	2021	2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	124,664	96,996
Trade and other receivables	16,089	14,434
Other assets	2,591	2,845
	<b>143,344</b>	<b>114,275</b>
<b>Non-current assets</b>		
Property, plant and equipment	292,493	330,490
Intangible assets	2,584,991	2,509,476
Other assets	1,744	1,572
	<b>2,879,228</b>	<b>2,841,538</b>
<b>Total assets</b>	<b>3,022,572</b>	<b>2,955,813</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Borrowings from financial institutions	58,395	190,874
Trade and other payables	53,510	23,550
Income tax payable	5,970	6,109
Other liabilities	63,076	68,604
	<b>180,951</b>	<b>289,137</b>
<b>Non-current liabilities</b>		
Borrowings from financial institutions	1,455,097	1,337,314
Deferred tax liabilities	107,194	97,948
Other liabilities	36,528	39,521
	<b>1,598,819</b>	<b>1,474,783</b>
<b>Total liabilities</b>	<b>1,779,770</b>	<b>1,763,920</b>
<b>Net assets</b>	<b>1,242,802</b>	<b>1,191,893</b>

- **Cash and cash equivalents:** Cash balance of S\$124.7 million; approx. S\$60 million to be set aside for onshore and offshore debt repayments in the next 12 months
- **Intangible assets:** Comprise mainly cable TV licences and includes value of goodwill, franchise rights and customer relationships
- **Borrowings:** Decrease is mostly attributable to repayments made using cash on Balance Sheet as part of extension of borrowing facilities, partially offset by exchange rate movements. Refer to the next slide for additional details on borrowings
- **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 improvements: 3-10 years
  - Network equipment: 2-10 years
  - Transport equipment: 5 years
  - Plant and equipment: 2-5 years
  - Right-of-use assets: 2-30 years

# BORROWINGS

**Paid down approx. S\$122 million in onshore and offshore debt over the last two years and lowered gearing to 50.1%; reset principal repayment schedules and financial covenants with the extension of Onshore and Offshore Facilities; aim to make use of this period to accelerate debt repayments and save on interest costs**

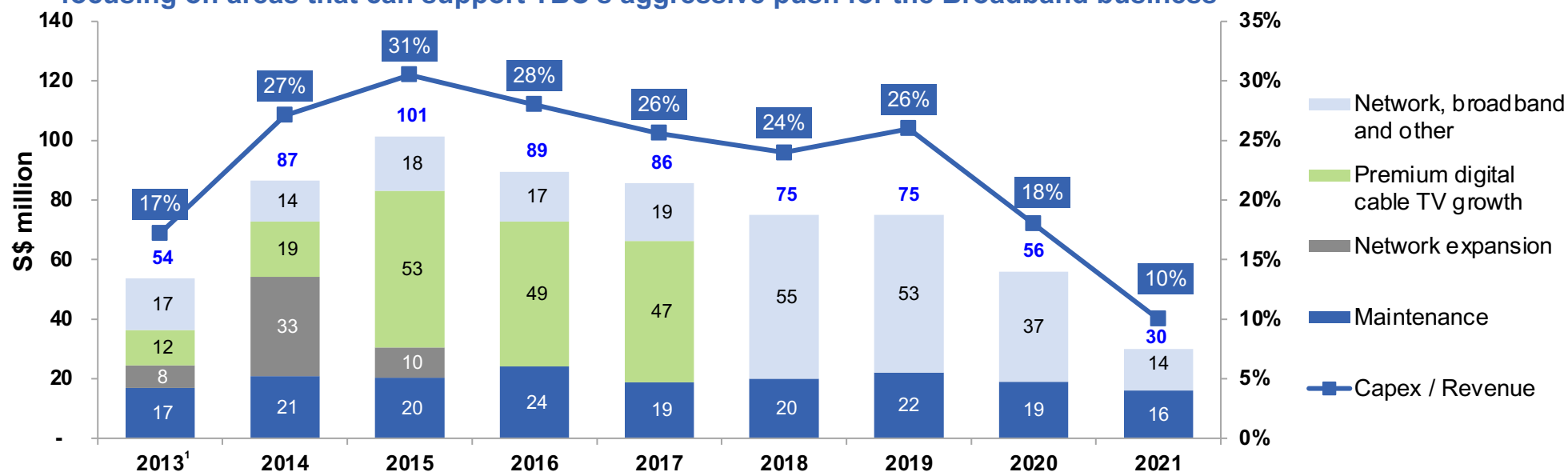
Group debt		As at 31 Dec	
		2021	2020
Total size available	S\$ million	1,619	1,676
Total outstanding	S\$ million	1,535	1,543
Effective interest rate - constant dollar	% p.a.	2.7%	2.6%
Effective interest rate - SGD	% p.a.	3.0%	3.1%
Net debt / EBITDA <sup>1</sup>	Multiple	7.7	8.0
Interest cover <sup>2</sup>	Multiple	3.9	3.8
Gearing <sup>3</sup>	%	50.1	51.7

- Borrowings comprised NT\$ and S\$ denominated loans - NT\$28.0 billion (2020: NT\$29.2 billion) and S\$171.9 million (2020: S\$170.1 million)
- In December 2021, extended maturity date of Onshore Facilities by three years to November 2028, on the same major terms; as part of the extension, paid down NT\$0.8 billion (approx. S\$40 million) using cash on the balance sheet
- In March 2021, extended maturity date of Offshore Facilities by two years to July 2023, on the same major terms
- Rights Issue proceeds paid down 20% of outstanding Offshore Facilities in 2020, deriving annual interest cost savings of approx. S\$2.9 million
- New TAIBOR swaps were entered into in Q1 to hedge approx. 80% of the outstanding onshore facilities through to 30 June 2025, at an average fixed rate of 0.89%; aim to enter into more interest rate swaps to hedge a further 10-15% of outstanding Onshore Facilities and further extend Offshore Facilities to at least 2025
- Effective interest rate in constant dollar terms for the full year was higher due to higher interest margin on onshore facilities in Q3 2021, resulting from a higher leverage ratio at the TBC level
- Approx. S\$85 million of revolving facilities are available to fund working capital and future initiatives, if required

Notes: (1) Total debt outstanding less cash divided by LTM EBITDA; (2) LTM Interest and other finance costs divided by LTM EBITDA; (3) Total debt outstanding (net of unamortised arrangement fees) divided by total assets

# CAPITAL EXPENDITURE

TBC's dense fibre network can now comfortably deliver higher speed plans and support mobile operators in the build out of their 5G networks; network investments projected to be lower compared to the last three years, focusing on areas that can support TBC's aggressive push for the Broadband business



- Capital expenditure was higher from 2015 to 2017 due to the regulatory requirement to switch-off analogue broadcasting and complete the digitisation of TBC's subscriber base by 2017
- Network investments remain key to future-proof TBC's network; continue increasing fibre density by bringing down the number of homes served per fibre node, beyond the current average level of less than 250 homes, to (i) meet the growing demand for data and high-speed broadband services; and (ii) support mobile operators in their 5G network rollouts – multi-year investments that present opportunities for the Trust
- Aggressive targets have been set to tighten capital expenditure; to invest within industry norms
- With lower capital expenditure, the Trustee-Manager aims to use excess cash generated from operations to gradually pay down debt

## Capital expenditure in 2021 comprised the following:

- Maintenance capital expenditure to support TBC's existing infrastructure and business
- Network, broadband and other capital expenditure include items related to expanding the fibre network such as cabling, additional equipment to upgrade the headends, backbone and fibre nodes, DOCSIS and GPON deployments for higher speed customers, high-speed broadband modems and cable line extensions for new buildings

# OUTLOOK & STRATEGY





# POSITIONED FOR THE MID TO LONG-TERM

**Initiatives to strengthen operations and drive growth, against an increasingly challenging and competitive environment**

## Broadband Growth Strategy

- Be data-backhaul ready; the contribution from data backhaul is growing and expected to add a meaningful income stream to the Broadband business within the next few years; multi-year investments for mobile operators
- Step up partnership programs with mobile operators to drive fixed-line broadband only segment
- Develop new market segments and increase value-added solutions that leverage Android gateway

## Capital Management

- To enter into new interest rate swaps to gradually hedge significant portion of outstanding Onshore Facilities
- Successfully extended the maturity date of Offshore Facilities to 2023, on the same major terms; aim to further extend maturity date to at least 2025
- Successfully extended the maturity date of Onshore Facilities to 2028, on the same major terms
- Aim to eliminate offshore debt and bring debt back to onshore to save on interest costs over the long term

## Strengthen Balance Sheet

- Cash generated from operations to continue funding capital expenditure; and not to use bank borrowings
- With network investments past the peak, capital expenditure to be lower than the last three years; aim to use excess cash generated from operations to make debt repayments, subject to operating conditions
- Monitor capital expenditure to focus on areas that can generate Broadband growth and sustainability for long-term

## Key Investments

- Investments to focus on:
  - increasing network capacity and driving higher speed plans
  - positioning APTT to benefit from Taiwan's 5G rollout and drive data backhaul business

## **Impact of the COVID-19 pandemic on TBC has been limited to date due to the subscription-based nature of its business**

- While the COVID-19 outbreak in Taiwan is relatively contained as compared to other countries, Taiwan's outlook remains uncertain as the expected downturn in other countries will invariably have an impact on Taiwan's export-driven economy and GDP growth. A significant and prolonged deterioration in the national GDP, disposable income or overall economic conditions could in turn adversely affect TBC's ability to grow or maintain revenues, and its financial position.
- The Trustee-Manager will continue to:
  - Monitor developments of COVID-19 and their related impact on operations; and
  - Exercise prudence by managing operational and capital expenditure and strengthening APTT's debt management programme. A stronger balance sheet will provide APTT with the flexibility to navigate and compete more effectively in today's uncertain economic climate.
- TBC and the Trustee-Manager have activated their respective Business Continuity Plans that adhere to all regulations and guidelines in their respective jurisdictions.

## APTT is positioned to grow in a measured way

### GROWTH DRIVERS



#### UP-SELL & CROSS-SELL

- Continue to build on the up-sell & cross-sell initiatives across TBC's subscriber base to drive growth in future cash flows
- Leverage TBC's product offerings and strong subscriber base for growth



#### BROADBAND RGU GROWTH

- Intensify marketing efforts by stepping up partnership programs with mobile operators to focus on fixed-line broadband only segment, and by offering higher speed plans at competitive prices
- High fixed broadband penetration in Taiwan; opportunity to gain more market share
- Rising demand for higher-speed broadband plans due to rapidly growing demand for data



#### SCALABLE & EFFICIENT COST STRUCTURE

- Headroom in network capacity that allows provision of additional services at limited incremental cost
- Support inorganic growth in future



#### PREMIUM DIGITAL TV

- Continue to ride on the growth momentum for Premium digital TV RGUs by stepping up marketing efforts to attract new RGUs
- Consumer preference for better quality video and interactive services
- Growing number of HD television sets in Taiwan

### OPERATING ENVIRONMENT



#### CHALLENGING ENVIRONMENT

- ARPUs continue to remain under pressure due to growing popularity of online TV, challenges from video piracy issues, aggressively priced IPTV and competition from mobile operators offering unlimited wireless data
- Decline in demand for home shopping and stronger competition from internet retailing to continue impacting channel leasing revenue for cable industry



#### HIGHLY REGULATED

- Basic cable TV rates for 2022 across all five franchise areas were maintained at the same rates as 2021
- All five licences that were due for renewal in 2020 and 2021 have been successfully renewed until 2029 and 2030

*Broadband and Premium digital cable TV RGUs to continue increasing in 2022; total revenue will be influenced by the ability to manage ARPUs which will remain under pressure; total operating expenses in 2022 expected to be higher than 2021 due to the benefit in 2021 from the reversal of pole rental provisions*

# LIVE Q&A VIA ONLINE CHAT BOX



# FORMAL PROCEEDINGS





# SUMMARY OF RESOLUTIONS

## Ordinary Business

- **Ordinary Resolution 1:**  
To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the audited financial statements of the APTT Group for the financial year ended 31 December 2021 and the Auditor's Report thereon
- **Ordinary Resolution 2:**  
To reappoint Deloitte & Touche LLP as the Auditor of APTT to hold office until the next Annual General Meeting and to authorise the directors of the Trustee-Manager to fix its remuneration

## Special Business

To consider and, if thought fit, to pass, with or without modifications, the following resolutions:

- **Ordinary Resolution 3:**  
General mandate to issue units in APTT
- **Extraordinary Resolution 4:**  
Proposed amendment and restatement of APTT's Trust Deed to provide for the Proposed Trust Deed Amendments

## ORDINARY RESOLUTION 1

Adoption of the Report of the Trustee-Manager, Statement by the Trustee-Manager and audited financial statements of the APTT Group for the financial year ended 31 December 2021 and the Auditor's Report thereon

## ORDINARY RESOLUTION 2

Reappointment of Deloitte & Touche LLP as the Auditor of  
APTT

## ORDINARY RESOLUTION 3

Authority to issue new units in APTT

## EXTRAORDINARY RESOLUTION 4

Proposed amendment and restatement of APTT's Trust  
Deed to provide for the Proposed Trust Deed Amendments

# APPENDIX



# HIGH BARRIERS TO ENTRY AGAINST CABLE ENTRANTS IN TAIWAN

## Cable TV continues to be the dominant TV platform

- Superior content portfolio at competitive pricing
- Affordable services
- Adoption of superior technology by operators
- Technological disadvantages of IPTV in Taiwan

## Barrier to entry against new cable entrants

- High network roll-out requirements
- Long standing relationships with subscribers; strong brand awareness
- Deep understanding of Taiwan subscribers' viewing preferences

## Top 20 channels in Taiwan (2021)

1	TVBS-News
2	Sanlih Taiwan Channel
3	EBC News
4	Sanlih E-Television News
5	Formosa TV News
6	Unique Satellite TV
7	TVBS
8	ERA News
9	Next TV News
10	YOYO TV
11	EBC Financial News
12	Star Chinese Channel
13	Sanlih City Channel
14	GTV Drama
15	Videoland Japanese
16	EBC Variety
17	Videoland On-TV
18	Star Chinese Movies
19	EBC Drama
20	Videoland Movies



## Total distributions to date

- **33 distributions paid to date totalling 46.855 cents per unit**  
*(including Q4 2021 distribution of 0.25 cents per unit paid on 25 March 2022)*
- 3-year distribution record:  
*FY2019: 1.20 cents per unit*  
*FY2020: 1.05 cents per unit*  
*FY2021: 1.00 cent per unit*

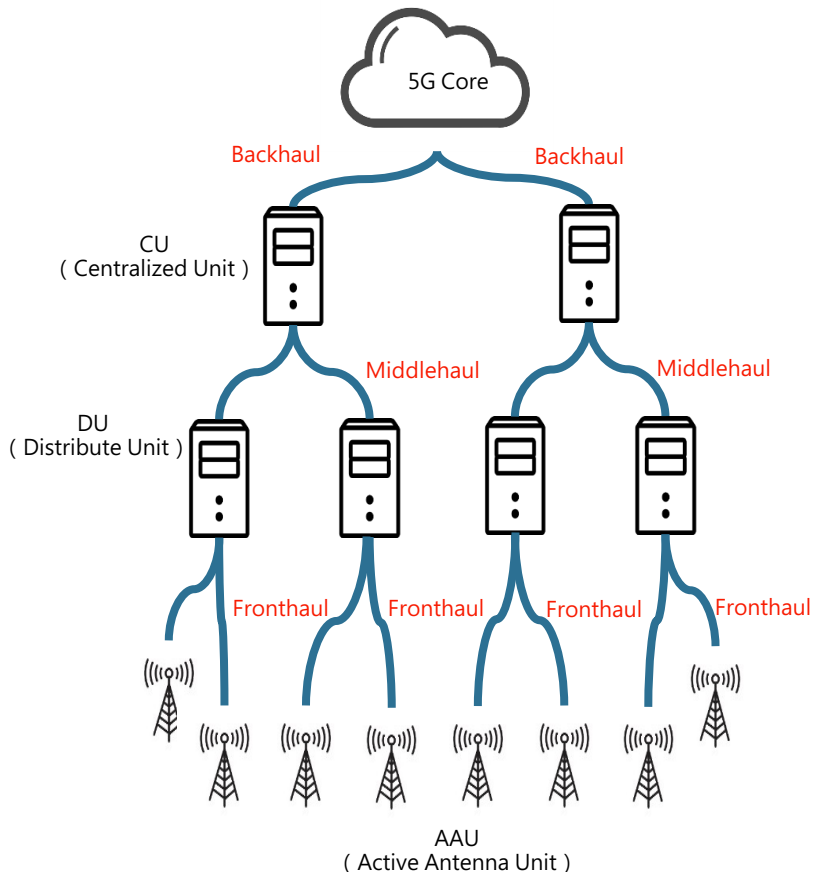
## Distribution guidance for 2022

- Distribution of **0.25 cents per unit** declared and paid for Q4 2021
- The distribution is expected to be **1.0 cent per unit for 2022**, subject to no material changes in planning assumptions
- It is anticipated that the distribution will continue to be paid quarterly

# 5G DATA BACKHAUL OPPORTUNITIES

## HOW DATA BACKHAUL WORKS?

For data to move from one point to another on the internet, there needs to be fibre nodes that allow these points to interface with each other.



## WHY MOBILE OPERATORS IN TBC'S FIVE FRANCHISE AREAS NEED DATA BACKHAUL SERVICES?



*Demand for higher speed continues to increase*

*Spectrum is expensive, while wireless competition is intense. CAPEX and OPEX for 5G infrastructure are costly for a mobile operator*

- TBC is one of two players in its five franchise areas that owns a dense and distributed underground fibre network; TBC does not compete in the wireless space
- More efficient for 5G mobile operators to work with a 5G data backhaul partner (via 10GPON or DOCSIS3.1) to deliver higher speed/lower loss and lower interference end-to-end 5G network transmission
- TBC has been increasing fibre density from an average of over 750 end-homes per fibre node three years ago to less than 250 end-homes per fibre node on average today; Broadband speeds ranging up to 1 Gbps
- TBC's increased fibre density can adequately support mobile operators, removing network congestion and allowing data to be transmitted at high speed; allows 5G mobile operators who are building their small cell stations to tap into TBC's high speed fibre data backhaul
- As a proof-of-concept, TBC has been providing data backhaul for 4G networks to a few mobile operators; although its contribution is still not significant, revenue from data backhaul over the last three years has been gradually increasing
- TBC is positioned to benefit from mobile operators' multi-year investments in the build out of their 5G networks

# 5G DATA BACKHAUL OPPORTUNITIES

## OPPORTUNITIES FOR TBC AS 5G DATA BACKHAUL PROVIDER

*TBC's advanced hybrid fibre coaxial network supports both indoor and outdoor coverage*



- Taiwan government's push for faster build up of 5G networks
  - National Communications Commissions is providing substantial subsidies to telco operators with a goal of building 39,000 5G base stations in 2.5 years
- 5G network investment is a multi-year investment for mobile operators; flexibility to add fibre circuits from TBC as their wireless networks expand over time
- Explore partnerships with mobile operators to tender for government projects
  - 10GPON and DOCSIS3.1 are used as heterogeneous network backup in private 5G networks
- Explore a packaged suite of hybrid network environment and office applications to target the business community

END

