aptt
Asian Pay Television Trust

ANNUAL GENERAL MEETING

25 April 2019

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AGENDA

1. INTRODUCTION OF BOARD OF DIRECTORS
2. APTT OVERVIEW
3. 2018 RESULTS
4. DISTRIBUTIONS
5. DEBT MANAGEMENT PROGRAMME
6. CAPEX
7. OUTLOOK & STRATEGY
8. UPDATES: STRATEGIC REVIEW & MANAGEMENT FEE
9. Q&A
10. FORMAL PROCEEDINGS
11. REFRESHMENTS

INTRODUCTION OF BOARD OF DIRECTORS

BOARD OF 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

Brian McKinley

—

Chief Executive
Officer,
Executive
Director

APTT OVERVIEW

OVERVIEW

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

Asian Pay Television Trust

- Independent directors comprise majority of the Board of Directors (4 out of 6)
- **Sole investment in Taiwan Broadband Communications ("TBC") – Taiwan's third largest cable TV operator**

Sole cable TV operator in five franchise areas in Taiwan, with network coverage of more than 1.2 million homes

- Owns 100% of the 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; unique commercial arrangement with content providers
- Long standing relationship with subscribers; deep understanding of Taiwanese viewers' preference

PRODUCT OFFERINGS

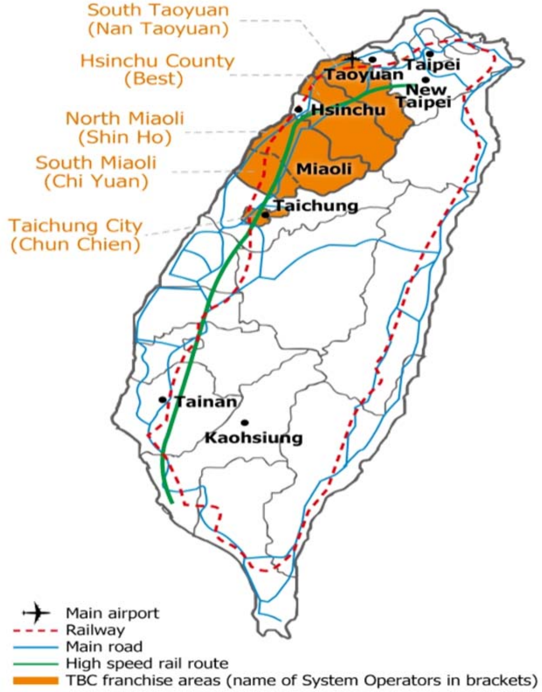
Approx. 84% of revenue is subscription-based from the three products

BASIC CABLE TV	PREMIUM DIGITAL CABLE TV	BROADBAND
Over 100 channels on Basic cable TV, including all of top 20 channels in Taiwan; most of the popular channels are only available on cable TV	Up to 77 additional channels including 47 HD channels, through MPEG4 platform 26% Premium digital cable TV penetration[1] with large addressable market of 100% digital set-top box penetration	29% Broadband penetration[1] with ability to cross-sell to remaining market on 100% DOCSIS 3.1 enabled HFC network and current speed offerings up to 500 Mbps

Note: (1) As at 31 December 2018

FRANCHISE AREAS IN NORTHERN & CENTRAL TAIWAN

Each of the five franchise areas shows unique growth potential

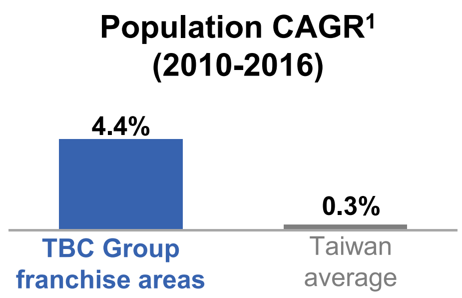


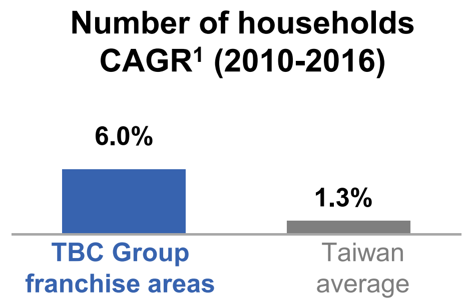
- Highly attractive demographics and low churn rate of 0.9%[1] for Basic cable TV (750K[1] Revenue Generating Units)
- Limited competition from IPTV and DTH operators
- Up-sell Premium digital cable TV and cross-sell Broadband to large Basic cable TV subscriber base

TBC'S FRANCHISE AREAS

Approx. 1.2 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 (4.4%) outstrips national average (0.3%); 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. 388K households and population of 1.1 million

Hsinchu

- Hsinchu Science Park is home to 360 high tech companies, the city has the highest income level in Taiwan[2]
- Approx. 188K households and population of 553K

Miaoli (North & South)

- Suburban mountainous region geographically located between Hsinchu and Taichung
- Well connected via major railway and road transportation systems
- Approx. 186K households and population of 551K

Taichung City

- Second largest city in Taiwan, approx. 2.8 million population; home to Taiwan's third airport - Taichung International Airport
- Vibrant, diverse economy: large industrial areas and a thriving commercial sector that incorporates traditional businesses, small family-run shops & factories
- Approx. 581K households

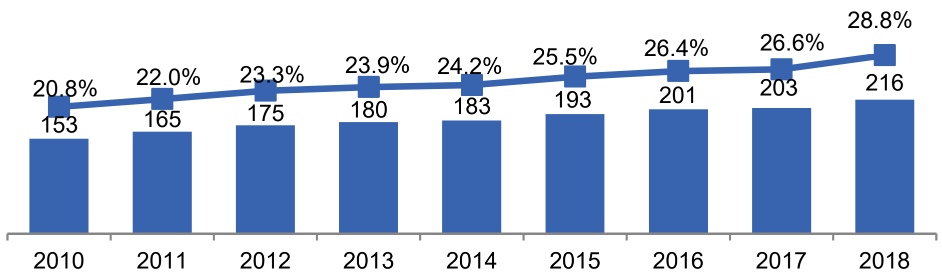
Notes: (1) National Statistics, R.O.C. (Taiwan) 2016
(2) Ministry of Labor, Taiwan

GROWING BROADBAND MARKET SHARE

TBC's broadband market share in its franchise areas: 29% in 2018 vs 27% in 2017

Broadband RGUs ('000) and penetration

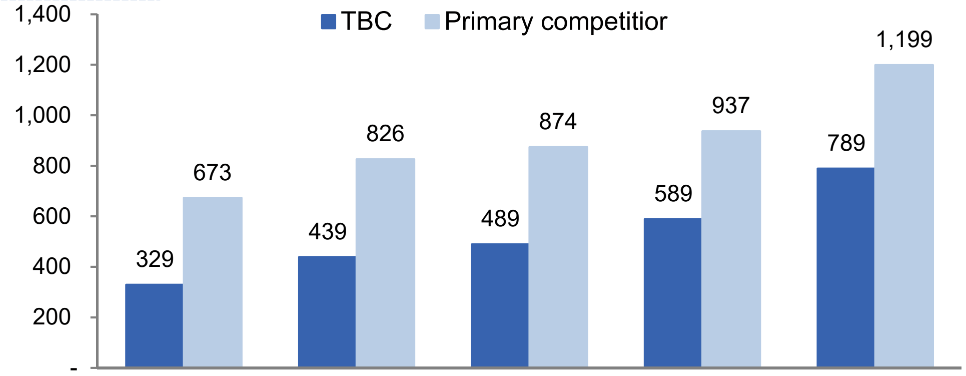
2010-18 Broadband RGU CAGR: 4.4%



- DOCSIS 3.1 enabled network that meets consumer demand for high-speed internet; 500Mbps launched in 2018
- Competitive pricing and optional bundling with digital TV
- Launch of value-added services including Android OTT gateway and karaoke singing box. Will continue to introduce value-added solutions (e.g. IoT, smart home devices) that will leverage the Android gateway
- Develop new market segments, including enterprise clients
- Support wireless operators with their network development by leveraging TBC network for data backhaul

TBC Group offers competitive prices[1] with reliable services

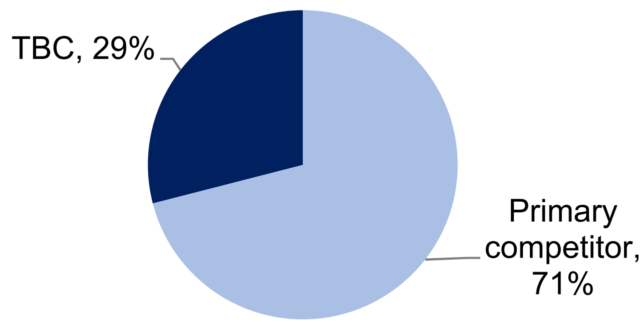
NT$ / month



TBC	20Mbps	50Mbps	70Mbps	120Mbps	300Mbps
Primary competitor	16Mbps	35Mbps	60Mbps	100Mbps	300Mbps

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

Approx. market share of Broadband in TBC's five franchise areas



2018 RESULTS

HIGHLIGHTS

Broadband market share continued to expand despite competitive market conditions

Full-year 2018 EBITDA lower than pcp

- Performance was under pressure due to a saturated cable TV market, as well as heightened competition from IPTV and from mobile operators offering unlimited wireless data
- Revenue for the year was S$313.9 million
- EBITDA for the year was S$184.6 million
- Increase in the number of Premium digital cable TV and Broadband subscribers more than offset the churn in Basic cable TV
- Successfully completed refinancing of existing borrowing facilities; improved interest margin and arrangement fees; lowered borrowing costs by approx. S$9 million per year

Growth in Broadband market share

- Continued to show good progress with growing RGUs
- Lower ARPU due to competitive pressures from mobile operators who are offering low-priced unlimited wireless data plans
- With growing data usage and demand for high speed plans, continued investment to increase Broadband capacity and speed is key to driving growth

Distributions

- Distribution of 0.30 cents per unit declared for Q4 2018, bringing total distributions for 2018 to 5.175 cents per unit
- Re-affirmed two-year view on distribution level to support debt management programme
- The distribution is expected to be 1.20 cents per unit per year for 2019 and 2020, subject to no material changes in planning assumptions
- It is anticipated that the distribution will continue to be paid quarterly at 0.30 cents per unit per quarter through to 2020

KEY OPERATING METRICS

Improvement in Premium and Broadband RGUs offset the churn in Basic cable TV; total subscribers increased to 1,162,000

	RGUs[1] ('000)		ARPU[2] (NT$ per month)	
	As at 31 December		Year ended 31 December	
	2018	2017	2018	2017
Basic cable TV	750	762	500	519
Premium digital cable TV	196	193	127	146
Broadband	216	203	426	449

- **Basic cable TV:** Saturated cable TV market in Taiwan, resulting in RGUs declining for the first time in TBC's[3] history; c.750,000 RGUs as at 31 December 2018, ARPU was also lower. With the cessation of analogue TV broadcasting, there were no more analogue TV piracy households to convert to paying RGUs. Video piracy issues and aggressively priced IPTV also impacted the ability to attract new RGUs. With competing cable TV operators in the Taipei region driving prices down, consumers in TBC's franchise areas are also expecting larger discounts despite no competing cable TV operators

- **Premium digital cable TV:** RGUs increased to c.196,000. 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 continue to impact the ability to attract new RGUs and strengthen ARPU

- **Broadband:** RGUs increased to c.216,000. The focus on RGU growth, in the face of competitive market conditions from unlimited wireless data offerings from mobile operators, showed good progress in the year. The availability of low-cost unlimited data offerings from the top mobile operators is necessitating fixed-line operators to offer higher speeds at competitive prices to acquire new RGUs and re-contract existing RGUs

Notes: (1) RGUs refer to revenue generating units
(2) Average Revenue Per User ("ARPU") is calculated by dividing the subscription revenue for Basic cable TV, 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

FINANCIAL RESULTS

Full-year 2018 EBITDA lower than pcp; including impact of one-time provisions in Q4 2018

Group[1] (S$'000)	Year ended 31 December		
	2018	2017	Variance[2](%)
Revenue			
Basic cable TV	250,044	268,304	(6.8)
Premium digital cable TV	13,849	15,619	(11.3)
Broadband	49,962	50,915	(1.9)
Total revenue	**313,855**	**334,838**	**(6.3)**
Total operating expenses[3]	**(129,266)**	**(133,415)**	**3.1**
EBITDA	**184,589**	**201,423**	**(8.4)**
EBITDA margin	58.8%	60.2%	

Total Revenue (FY2018)
S$ 313.9 million
6.3%

EBITDA (FY2018)
S$184.6 million
8.4%

EBITDA Margin (FY2018)
58.8%
1.4 PPT

In constant Taiwan dollars ("NT$"), total revenue down 4.9% for the year; foreign exchange contributed 1.4% negative variance

- **Basic cable TV:** Down 5.4% for the year in constant NT$ terms mainly due to lower subscription revenue, driven by lower number of subscribers and ARPU compared to the pcp, and lower revenue generated from channel leasing partially offset by higher airtime advertising sales. Channel leasing to home shopping networks continues to be affected by declining demand for home shopping and heightened competition from internet retailing
- **Premium digital cable TV:** Down 9.9% for the year in constant NT$ terms. Generated predominantly from TBC's average Premium digital cable TV RGUs each contributing an ARPU of NT$127 per month during the year for Premium digital cable TV packages, bundled DVR or DVR-only services
- **Broadband:** Down 0.5% for the year in constant NT$ terms due to lower ARPU. Generated predominantly from TBC's average Broadband RGUs each contributing an ARPU of NT$426 per month during the year for high-speed Broadband services

Total operating expenses: Operating expenses for the year were lower mainly due to lower broadcast and production costs and staff costs partially offset by higher other operating expenses. Other operating expenses were higher due to provisions in Q4 2018 for additional pole rental expenses and provisions for fines imposed by Taiwan regulators; both issues have not been concluded

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 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

DISTRIBUTIONS

DISTRIBUTIONS

APTT has been paying a large distribution to Unitholders for as long as it could; distribution guidance for 2019 and 2020 to reposition APTT for the future

Total distributions to date

- **21 distributions declared totalling 43.605 cents per unit** *(including Q4 2018 of distribution of 0.3 cents)*
- 3-year distribution record:
  FY2016: 6.5 cents per unit
  FY2017: 6.5 cents per unit
  FY2018: 5.175 cents per unit

Distribution guidance for 2019 and 2020

- **Two-year view on distribution level** to support debt management programme
- The distribution is expected to be **1.20 cents per unit per year for 2019 and 2020**, subject to no material changes in planning assumptions
- It is anticipated that the distribution will continue to be paid quarterly
- Annual cash savings of over S$76 million will enable use of **operational cash flows to fund capital expenditure** and reduce the dependence on borrowings

DEBT MANAGEMENT PROGRAMME

THREE KEY COMPONENTS

- ✓ **Reduce dependence on borrowings and strengthen balance sheet**
- ✓ **Manage gearing ratio amidst continued pressure on EBITDA to mitigate the risk of covenant issues in the future, should challenging operating conditions persist**

Refinancing	• Refinanced NT$29.0 billion facilities with new seven-year facilities of NT$31.0 billion at improved interest margin of 1.60% p.a. (down from 2.30% p.a.); **lowered borrowing costs by approx.S$9 million per year**; bears floating interest rate of TAIBOR[1] plus an interest margin • Lower arrangement fees of 1.25% compared to last refinancing in 2016 of 1.60% translated to **up-front savings of approx. S$5 million in 2018** • **Extended maturity date of existing offshore facilities** (a multicurrency term loan facility of $125.0 million and a multicurrency revolving loan facility of $125.0 million) from July 2019 to July 2021; bears floating interest rate of SIBOR[2] plus an interest margin of 4.1% to 5.5% p.a. based on Group's leverage ratio
Extension of interest rate swaps	• Interest rate swaps will continue to be gradually entered into **until 90% to 95% of outstanding onshore facilities are hedged** through to 2021 (Approx. 80% of the outstanding onshore facilities have been hedged to date)
Distribution per unit	• Re-affirmed the two-year view on distribution level to support debt management programme • The distribution is expected to be 1.20 cents per unit per year for 2019 and 2020, subject to no material changes in planning assumptions • **Annual cash savings of over S$76 million** enable use of operational cash flows to fund capital expenditure and reduce the dependence on borrowings

Notes: (1) Taiwan's three-month Taipei Interbank Offered Rate
(2) Singapore Interbank Offered Rate

BORROWINGS

Effective interest rate to continue declining

Group debt		As at 31 Dec	
		2018	2017
Total size available	S$ million	1,626	1,552
Total outstanding	S$ million	1,531	1,439
Effective interest rate - constant dollar	% p.a.	Q4 - 3.0; Full year - 3.2	Q4 - 3.6%; Full year - 3.8
Effective interest rate - SGD	% p.a.	Q4 - 3.5; Full year - 3.6	Q4 - 3.9%; Full year - 4.0
Total net debt / EBITDA[1]	Multiple	7.9	7.5
Interest cover[2]	Multiple	3.4	3.6
Gearing[3]	%	54.1	49.9

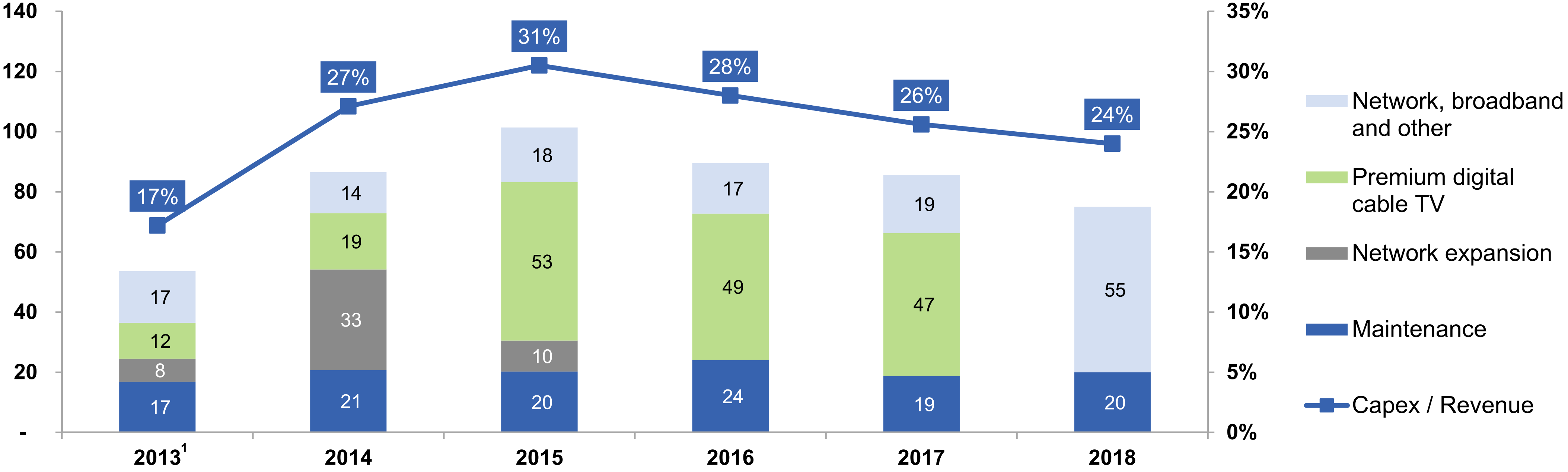
- Effective interest rate in constant dollar terms of 3.0% p.a. for the quarter and 3.2% p.a. for the full year compared to 3.6% p.a. for the quarter and 3.8% p.a. for the full year 2017
  - Actual effective interest rate in SGD was 3.5% p.a. for the quarter and 3.6% p.a. for the full year compared to 3.9% p.a. for the quarter and 4.0% p.a. for the full year 2017
- Approx. S$95 million of revolving facilities are available to fund future initiatives

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

CAPEX

CAPITAL EXPENDITURE

S$ million **CAPEX expected to trend down from 2020**



- 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
- The deployment of fibre deeper into the network in 2018 will continue in 2019. This investment is key to driving the Broadband business as it will help to increase network capacity, speed and enhance data backhaul infrastructure. This in turn enables APTT to meet the growing demand for data and high-speed broadband services, support wireless carriers in their network rollouts, and pursue other opportunities for the long-term success of the Trust
- Capital expenditure in 2019 will remain elevated due to the key network and Broadband investments, before trending downwards from 2020

Capital expenditure comprised the following:

- Maintenance capital expenditure to support TBC's existing infrastructure and business
- Premium digital cable TV capital expenditure to acquire digital set-top boxes to fully digitise TBC's subscriber base and switch off analogue broadcasting, installation related expenditure and digital headend upgrades
- Network, broadband and other capital expenditure included 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

Note: (1) Capital expenditure for full year 2013 are included here for information purposes only; APTT's ownership of TBC commenced from 29 May 2013

OUTLOOK & STRATEGY

POSITIONED FOR THE MID TO LONG-TERM

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

Capital Management

- Interest rate swaps will continue to be gradually entered into until 90% to 95% of outstanding onshore facilities are hedged through to 2021

Strengthen Balance Sheet

- 2-year view on distribution guidance
- APTT intends to use operational cash flows to fund its capital expenditure and reduce dependence on borrowings
- The lower distribution also offers the potential for future unit buybacks

Key Investments

- Continue to deploy fibre deeper into the network in 2019 to:
  - Increase capacity and provide subscribers with higher Broadband speed; and
  - Position APTT to benefit from supporting wireless carriers in their future network rollouts

Broadband Growth Strategy

- Be data-backhaul ready; data backhaul through TBC's network is expected to become a material part of the broadband business within five years as wireless carriers tap into TBC's network for their network rollout
- Develop new market segments, including enterprise clients
- Introduce value-added solutions (e.g. IoT, smart home devices) that will leverage the Android gateway

OUTLOOK

APTT is positioned to grow in a measured way

GROWTH DRIVERS		OPERATING ENVIRONMENT

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

- To navigate the competitive market environment, especially with mobile operators offering unlimited wireless data, continue to focus on Broadband RGU growth by offering discounted packages in order to acquire new RGUs from competitors and to retain existing RGUs
- 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

CHALLENGING ENVIRONMENT

- Total RGUs expected to increase in 2019
- ARPUs continue to remain under pressure due to growing popularity of online TV, challenges from video piracy issues and aggressively priced IPTV and competition from mobile operators offering unlimited wireless data
- Decline in demand for home shopping and competition from internet retailing negatively impacting channel leasing revenue for cable industry

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

- Room for growth as Digital cable TV penetration in Taiwan is still lower than that of Korea, Singapore and Hong Kong
- Consumer preference for better quality video and interactive services
- Growing number of HD television sets in Taiwan

HIGHLY REGULATED

- Announced by the local authorities before the end of 2018: Basic cable TV rates for 2019 across all five franchise areas have been maintained at the same rates as 2018

Total operating expenses in 2019 expected to be at same level as 2018; Total revenue will be influenced by the ability to increase RGUs while ARPUs to remain under pressure

UPDATES:

STRATEGIC REVIEW & MANAGEMENT FEE

STRATEGIC REVIEW

The Board of the Trustee-Manager has announced that it is undertaking an independent strategic review of options available for APTT and its investment in TBC:

- A special committee has been established to oversee the strategic review; the committee comprises:

  - Yong Lum Sung, Chair and Independent Director
  - Tan Chung Yaw, Richard, Independent Director
  - Leong Shin Loong, Independent Director
  - Ong Joo Mien, Joanna, Independent Director
  - Brian McKinley, CEO and Executive Director

- The committee is in the process of selecting an independent financial adviser to assist with the strategic review and expects to make an appointment in the near future

Important note:

There is no assurance that any transaction will materialise from the strategic review. The Trustee-Manager will make appropriate announcements in the event of any material developments.

Unitholders of APTT are advised to refrain from taking any action in respect of their units or other securities of APTT which may be prejudicial to their interests, and to exercise caution when dealing in such units or other securities.

TRUSTEE-MANAGER FEE

Payment of management fee in 2019 by way of issue of units in APTT to achieve greater alignment with Unitholders

- The Board of Directors proposes to issue APTT units to the Trustee-Manager in lieu of a portion of the management fee
- Subject to unitholders' approval at the upcoming AGM on 25 April 2019 in relation to the general mandate to issue new units in APTT
- The quantum of the fee to be paid with units will be determined after the Trustee-Manager has fulfilled its cash flow obligations
- Following the AGM, the Trustee-Manager will update unitholders on the proposed quantum and timing. The next scheduled settlement of management fees is in July 2019

Q&A

FORMAL PROCEEDINGS

SUMMARY OF RESOLUTIONS

Ordinary Business

- To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the audited financial statements of APTT Group for the year ended 31 December 2018 and the Auditor's Report thereon

- To reappoint Deloitte & Touche LLP as the Auditors 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 as Ordinary Resolutions:

- General mandate to issue units in APTT

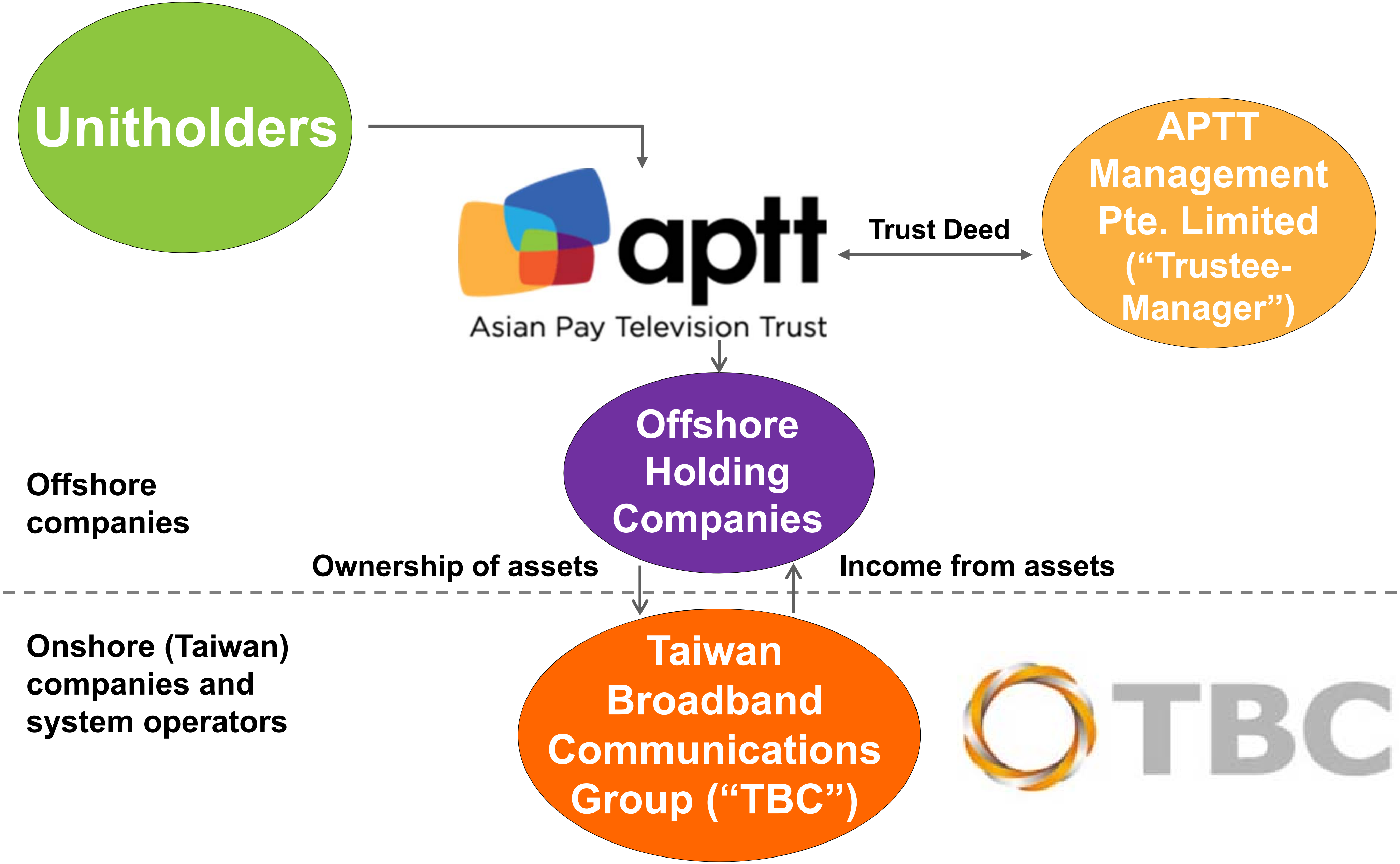
- APTT Unit Buy-Back Mandate

REFRESHMENTS

END

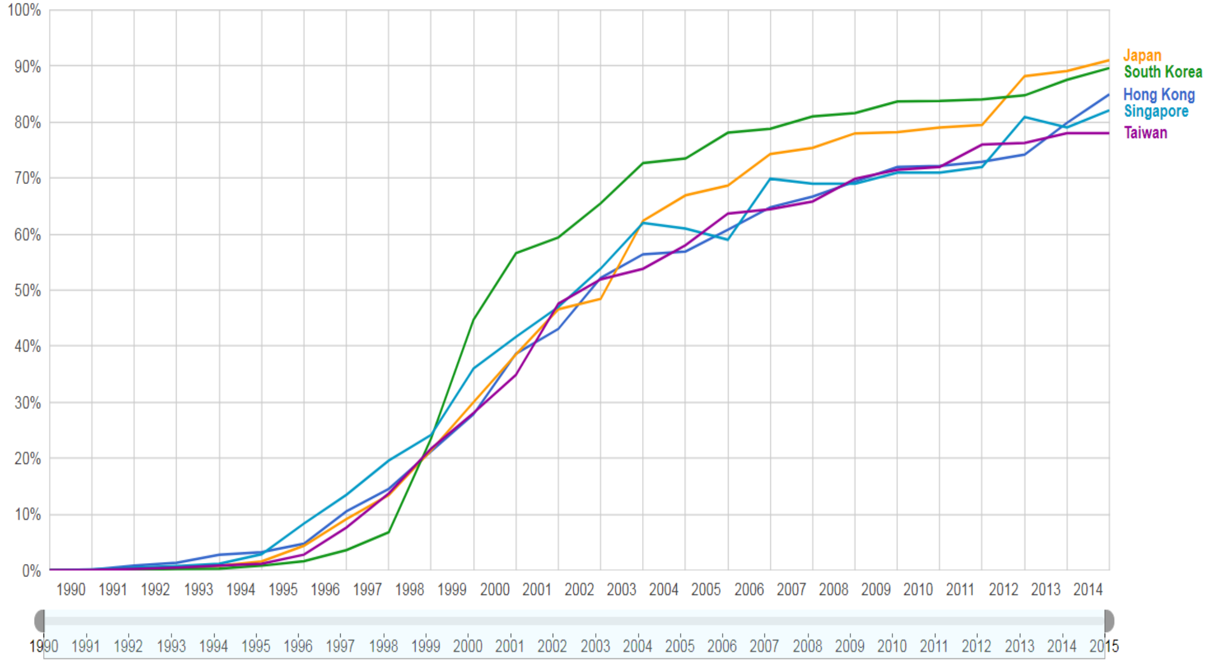
APPENDIX
ADDITIONAL SLIDES

TRUST STRUCTURE



TAIWAN MARKET – POTENTIAL IN BROADBAND

Relatively lower Broadband penetration and speed compared to other developed APAC markets



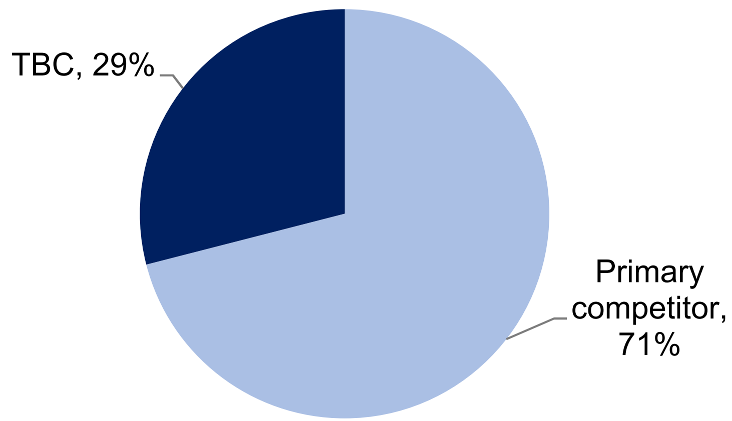
International Telecommunications Union

- Internet penetration has increased exponentially; but Broadband penetration remains lowest among the other four developed APAC markets (Japan, South Korea, Hong Kong, Singapore)
- Taiwan's average broadband speed also ranked last among the developed APAC markets at approx. 16.9 Mbps
- Opportunity for TBC to gain more market share and meet rising demand for (i) higher-speed broadband plans due to rapidly growing demand for data; and (ii) data backhaul services

Region	Unique IPv4 Addresses	Average Connection Speed (Mbps)	Average Peak Connection Speed (Mbps)	% Above 4 Mbps	% Above 10 Mbps	% Above 15 Mbps
ASIA PACIFIC						
Hong Kong	3,248,227	21.9	129.5	94%	71%	54%
Japan	46,179,708	20.2	94.5	93%	73%	52%
South Korea	26,226,184	28.6	121.0	98%	85%	69%
Singapore	1,882,779	20.3	184.5	94%	72%	51%
Taiwan	9,524,660	16.9	94.7	95%	65%	38%

Akamai Technology, State of the Internet, Connectivity Report 1Q 2017

Approx. Market Share of Broadband in TBC's Five Franchise Areas

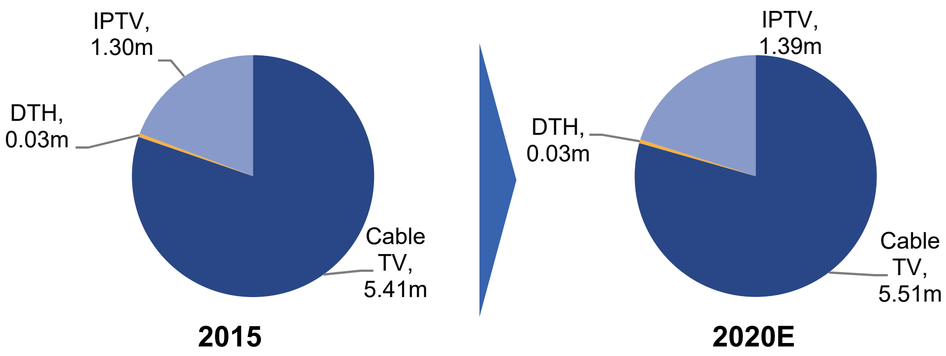


HIGH BARRIERS TO ENTRY AGAINST CABLE ENTRANTS IN TAIWAN

Cable TV continues to be the dominant TV platform

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

Pay-TV subscriptions share by platform[1]



Barrier to entry against new cable entrants

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

Note: (1) Source: Media Partners Asia 2016

Top 20 channels in Taiwan (2018)

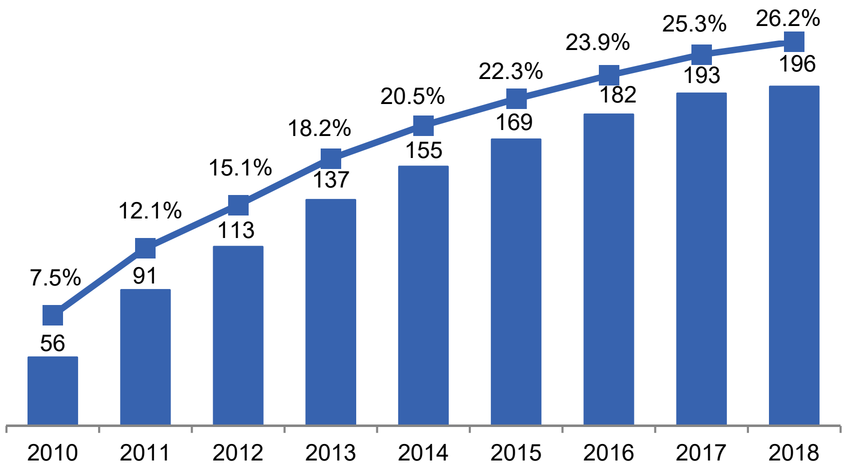
1	Sanlih Taiwan Channel
2	Cti News
3	TVBS News
4	EBC News
5	Sanlih E-Television News
6	Formosa TV News
7	YOYO TV
8	Unique Satellite TV
9	GTV Drama
10	Sanlih City Channel
11	ERA News
12	Star Chinese Channel
13	Star Chinese Movies
14	EBC Movies
15	TVBS
16	MoMo Kids
17	EBC Financial News
18	Videoland On-TV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

ORGANIC GROWTH POTENTIAL:
PREMIUM DIGITAL CABLE TV

Capitalising on the rising demand for HD TV sets and better quality videos

Premium digital cable TV RGUs ('000) and penetration

2010-18 Premium digital cable TV RGU CAGR: 17.1%



- Digital cable TV penetration in Taiwan lower than that of Korea, Singapore and Hong Kong
- Consumer preference for better quality video and interactive services; growing number of HD television sets in Taiwan
- Regulatory push by NCC and government - 100% digitisation target by 2017 → TBC was the first large cable TV operator to reach 100% digitisation

Cross-selling initiatives

Set-top boxes	• Promotional set-top boxes launched in March 2012 • Completed digitisation of its subscriber base across all five franchise areas in 2017 and switched off analogue TV broadcasting
Premium digital channels	• 10 free channels, including 3 HD channel • Better video quality across channels • Incentivises customers to get Premium digital cable TV to access up to 77 additional channels, including 47 HD channels
DVR service	• Offered as part of bundling package as well as stand-alone service • Leverages external hard disk drives which is more cost efficient • Creates stronger customer loyalty
Sales follow up / bundling	• Attractive bundling promotions • Educate subscribers on usage and benefits of digital TV

STATE-OF-THE-ART DELIVERY PLATFORM
ADVANCED HFC NETWORK

aptt

Substantially invested in an advanced Hybrid fibre-coaxial (HFC) network which combines optical fibre and coaxial cable for TBC

- Ownership of HFC network and fibre backbone allows TBC to operate independently of third-party networks
- Covers substantially all of ~1.2 million households in TBC Group's franchise areas
- TBC's Cable TV and Broadband services delivered over one advanced HFC network
- 100% DOCSIS 3.1 enabled, fully supporting 500 Mbps Broadband services
- MPEG4 delivery platform set up as early as 2009
  - 100% digital penetration
  - Better video quality
  - Greater video transmission capacity
  - More efficient provision of value-added features such as HDTV and DVR services

Forefront of digitisation in Taiwan

- TBC completed the digitisation of its subscriber base across all five franchise areas in 2017 and switched off analogue TV broadcasting. TBC was the first large cable TV operator in Taiwan to reach this milestone
- Well positioned to provide subscribers with the opportunity to watch the latest TV offerings in high definition digital format

SUBSCRIPTION-BASED MODEL WITH EFFICIENT COST STRUCTURE

aptt

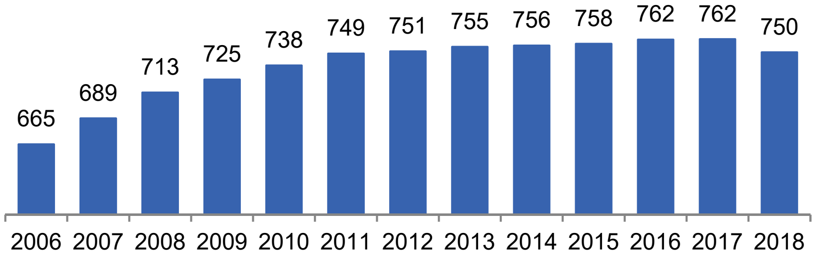
Utility-like, subscription-based business model with majority of payments made in advance

Strong EBITDA and EBITDA margin, competing effectively against alternative platforms & withstanding economic downturns

Resilient business with large Basic cable TV RGU base

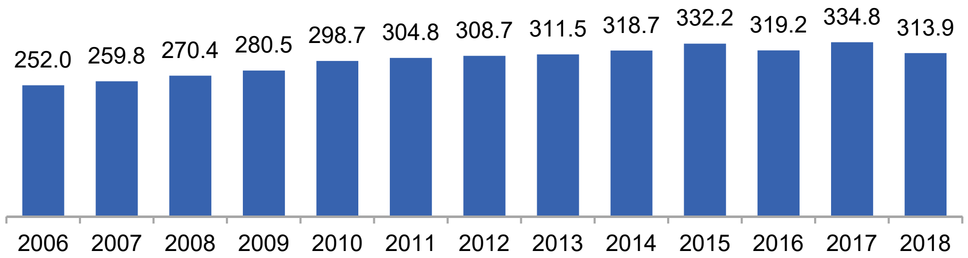
Basic cable TV RGUs ('000)

2006-18 Basic cable TV RGU CAGR: 1.0%



Revenue (S$)

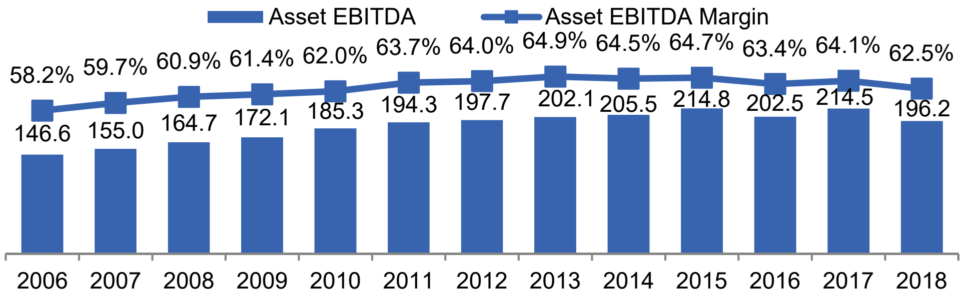
2006-18 Revenue CAGR: 1.8%



Growing EBITDA due to scalable & efficient cost structure

Asset EBITDA (S$) and Asset EBITDA margin[1]

2006-18 EBITDA CAGR: 2.5%



Key operating drivers supporting cost efficiency

- Majority of popular channels are local, inexpensive content
- Lack of "killer content" resulting in strong negotiating position
- Headroom in network capacity allowing provision of additional services at limited incremental cost
- Low churn rate from enhanced customer experience and strong customer loyalty

Note: (1) Asset EBITDA and Asset EBITDA margins are non-IFRS financial measures. Asset EBITDA represents EBITDA at TBC level. Asset EBITDA margin is calculated by dividing Asset EBITDA by total revenue

FINANCIAL POSITION

Debt management programme to strengthen balance sheet

Group (S$'000)	As at	
	31 Dec 2018	31 Dec 2017
Assets		
Current assets		
Cash and cash equivalents	73,576	66,835
Trade and other receivables	13,471	11,845
Other assets	3,260	1,278
	90,307	**79,958**
Non-current assets		
Property, plant and equipment	328,308	320,852
Intangible assets	2,371,838	2,391,052
Other assets	1,065	1,058
	2,701,211	**2,712,962**
Total assets	**2,791,518**	**2,792,920**
Liabilities		
Current liabilities		
Borrowings from financial institutions	5,694	14,677
Trade and other payables	23,133	21,692
Income tax payable	11,444	13,182
Other liabilities	61,176	59,566
	101,447	**109,117**
Non-current liabilities		
Borrowings from financial institutions	1,504,674	1,379,888
Deferred tax liabilities	74,575	73,323
Other liabilities	37,090	40,791
	1,616,339	**1,494,002**
Total liabilities	**1,717,786**	**1,603,119**
Net assets	**1,073,732**	**1,189,801**

- **Cash and cash equivalents:** Cash balance of S$73.6 million
- **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: 6-10 years
  - Transport equipment: 5 years
  - Plant and equipment: 2-5 years
  - Leased equipment: 3 years

SELECTED FINANCIAL INFORMATION

Group[1] (S$'000)	Year ended 31 December		Variance[2]
	2018	2017	%
Revenue			
Basic cable TV	250,044	268,304	(6.8)
Premium digital cable TV	13,849	15,619	(11.3)
Broadband	49,962	50,915	(1.9)
Total revenue	**313,855**	**334,838**	**(6.3)**
Total operating expenses[3]	**(129,266)**	**(133,415)**	**3.1**
EBITDA	**184,589**	**201,423**	**(8.4)**
EBITDA margin[4]	58.8%	60.2%	
Capital expenditure			
Maintenance	19,903	18,870	(5.5)
Premium digital cable TV growth	-	47,392	100
Other capital expenditure	55,480	19,351	(>100)
Total capital expenditure	**75,383**	**85,613**	**11.9**
Income taxes paid, net of refunds	(16,742)	(19,118)	12.4
Interest and other finance costs paid	(53,536)	(56,039)	4.5

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 depreciation and amortisation expense, net foreign exchange loss/gain and mark to market movements on foreign exchange contracts, in order to arrive at EBITDA and EBITDA margin
(4) EBITDA margin is a non-IFRS financial measure and is calculated by dividing EBITDA by total revenue

NET PROFIT

2018 decline in net profit driven mainly by lower revenue and write-off of unamortised arrangement fees on the previous borrowing facilities refinanced during the year

Group[1] (S$'000)	Year ended 31 December		Variance[2]	Comments
	2018	2017		
Total revenue	**313,855**	**334,838**	**(20,983)**	
Operating expenses				
Broadcast and production costs	(60,049)	(64,288)	4,239	
Staff costs	(28,056)	(30,781)	2,725	
Trustee-Manager fees	(7,285)	(7,241)	(44)	
Other operating expenses	(33,876)	(31,105)	(2,771)	
Total operating expenses	**(129,266)**	**(133,415)**	**4,149**	
EBITDA	**184,589**	**201,423**	**(16,834)**	
Other expenses				
Depreciation and amortisation expense	(78,613)	(63,197)	(15,416)	Mainly due to higher depreciation expense on network equipment and amortisation expense on programming rights
Net foreign exchange loss	(1,053)	(6,196)	5,143	Mainly due to translations at the subsidiary level which are not expected to be realised
Mark to market gain/(loss) on derivative financial instruments	2,642	(1,681)	4,323	Due to exchange rate movements on foreign exchange contracts
Amortisation of deferred arrangement fees	(23,125)	(8,916)	(14,209)	Due to write-off of unamortised arrangement fees on the previous borrowing facilities which were refinanced during the year
Interest and other finance costs	(53,847)	(56,328)	2,481	
Income tax expense	(22,859)	(28,329)	5,470	Mainly due to lower current income tax resulting from lower profit for the year and a one-time adjustment of deferred tax liabilities as at 1 Jan 2018 following the change in corporate income tax rate in Taiwan from 17% to 20%
Total other expenses	**(176,855)**	**(164,647)**	**(12,208)**	
Net profit	**7,734**	**36,776**	**(29,042)**	

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

NAVIGATING CHALLENGES

- ✓ **Achieve balance sheet flexibility to effectively compete in this economic and operating environment**
- ✓ **Continue to manage operating and financing costs**
- ✓ **Closely monitor capital expenditure to focus on areas that will have the best potential in generating growth and sustainability for the long-term**

Key Challenges

- **Pressure on cable TV revenue** due to growing popularity of online TV and internet retailing
- **Competition from mobile operators** offering unlimited wireless data offerings
- **ARPUs are expected to remain under pressure** in this economic and operating environment

Strategy to Navigate Challenges & Strengthen Business

- **Focused debt management programme** to reduce dependence on borrowings and strengthen balance sheet
- Pay more conservative distributions to Unitholders and use operating cash flows to **fund capital expenditure** and reduce the dependence on borrowings
- **Strong cost and cash flow management** by managing operating expenses and through lower interest and other finance costs
- **Manage cable TV churn** by continuing to **offer superior content at competitive pricing** and leverage strong Basic cable TV subscriber base, as well as **new and attractively priced product offerings** to improve up-selling and cross-selling of services across subscriber base
- **Drive growth in Broadband business for long-term sustainability**[1]
- Continue to **offer higher speeds at competitive prices** to attract and retain subscribers to fixed-line Broadband services
- Continue with key network and **Broadband investment** in 2019

Note: (1) Refer next slide for Broadband growth strategy

DRIVING BROADBAND GROWTH

Drive growth in Broadband business for long-term sustainability

- **Expand market share**: Number of Broadband subscribers has been steadily increasing in 2018; continue to expand Broadband market share beyond the current 29% by increasing RGUs through attractively priced packages to acquire new subscribers from competitors and to retain existing ones

- **Support wireless operators with their network development:** TBC's network is beginning to provide data backhaul to some of Taiwan's major wireless operators. With continued wireless network development, data backhaul through TBC's network is expected to become a material part of the Broadband business within five years as wireless carriers tap into TBC's network for their network rollout

- **Develop new market segments**, including enterprise clients

- Continue to **introduce value-added solutions** (e.g. IoT, smart home devices) that will leverage the Android gateway that many subscribers are now including in their broadband plans (62,000 BandOTT boxes deployed as at 31 December 2018 compared to 18,000 boxes as at 31 December 2017)

- Continue to deploy fibre deeper into the network to **increase network capacity and speed** and support the Broadband business initiatives