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Asian Pay Television Trust

ASIAN PAY TELEVISION TRUST

30 JUNE 2023

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AGENDA

1. 30 JUNE 2023 RESULTS
2. OUTLOOK & STRATEGY
3. BUSINESS OVERVIEW
4. BUSINESS DRIVERS

30 JUNE 2023 RESULTS

HIGHLIGHTS

Total revenue in constant NT$ increased for the third consecutive quarter, reflecting the higher contribution from Broadband

Lower revenue and EBITDA due to unfavourable foreign exchange rate movements

- Revenue and EBITDA at S$68.3 million and S$38.7 million for Q2 and S$135.3 million and S$78.1 million for 1H
- EBITDA margin at 56.7% for Q2 and 57.7% for 1H

Continued Broadband growth momentum, with double-digit NT$ revenue growth in Q2 2023

- Growth in Broadband subscribers and higher ARPU led to higher revenue in S$ and NT$ for three years, cushioning the impact of the decline in Basic cable TV business

Added c.10,000 net subscribers in Q2 2023, expanding total subscriber base to c.1,318,000

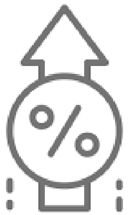
- Added c.7,000 Premium digital cable TV and c.8,000 Broadband subscribers in the quarter
- Steady increase in Premium digital cable TV and Broadband subscribers over the past five years has consistently more than offset Basic cable TV churn

Lower capital expenditure

- As a percentage of revenue, capital expenditure was 11.0% for Q2 and 10.2% for 1H – within industry norms
- Capital expenditure decreased by 29.3% for Q2 and 20.0% for 1H

HIGHLIGHTS

Disciplined approach to debt repayment, lowered gearing to 48.1%; 85% of total debt is protected against the risk of rising interest rates through to 2025



Debt management

- Made net debt repayments of S$42 million in the half-year; lowered gearing to 48.1% (31 Dec 2022: 48.7%)
- S$38 million to be set aside for principal repayments for the rest of 2023
- As at 30 June 2023, TAIBOR interest rate swaps hedged approx. 93% of outstanding Onshore Facilities through to 30 June 2025 at an average fixed rate of 0.94%
- As Onshore Facilities constitute approximately 91% of the Group's total outstanding debt, the net exposure to rising interest rates is contained to only 15% of total debt
- Financial close of the new 30-month Offshore Facilities on the same major terms has been successfully completed on 14 July 2023, at the maturity of the previous Offshore Facilities

Distribution

- Distribution of 0.525 cents per unit declared for 1H 2023; record date 22 September 2023 and distribution to be paid on 29 September 2023
- Re-affirmed distribution guidance of 1.05 cents per unit for the full year 2023, to be paid in half-yearly instalments of 0.525 cents per unit, subject to no material changes in planning assumptions

KEY OPERATING METRICS

Broadband ARPU improved by NT$2 per month alongside c.8,000 more subscribers, reflecting the success of TBC's Broadband strategy to target broadband-only segment and offer higher speed plans at competitive prices

	RGUs[1] ('000)			ARPU[2] (NT$ per month)		
	As at			Quarter ended		
	30 Jun 2023	31 Mar 2023		30 Jun 2023	31 Mar 2023	
Basic cable TV	667	672	↓	455	460	↓
Premium digital cable TV	321	314	↑	63	64	↓
Broadband	330	322	↑	386	384	↑

- **Basic cable TV:** RGUs decreased by c.5,000 in the quarter to c.667,000 as at 30 June 2023 due to (i) a saturated cable TV market, (ii) competition from aggressively priced IPTV, (iii) growing popularity of online video and (iv) expectations from consumers for discounts as they compare with the lower cable TV pricing outside of TBC's[3] five franchise areas, particularly in the Taipei region

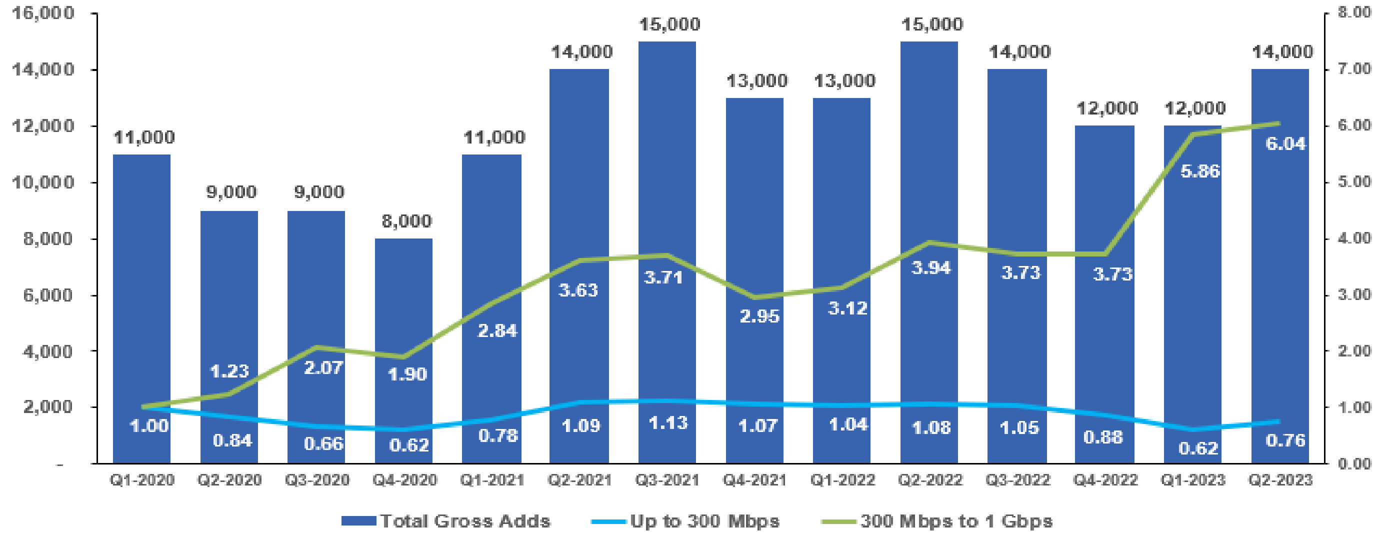
- **Premium digital cable TV:** RGUs increased by c.7,000 in the quarter to c.321,000. ARPU was lower due to promotions and discounted bundled packages that were offered to generate new RGUs and to retain existing RGUs. Video piracy issues and aggressively priced IPTV have also impacted ARPU, which decreased marginally by NT$1 per month in the quarter

- **Broadband:** TBC's focused broadband growth strategy led to RGUs increasing by c.8,000 in the quarter to c.330,000, while ARPU improved by NT$2 per month in the quarter. Growth driven by partnership programs with mobile operators to drive the fixed-line broadband-only segment, and by offering higher speed plans at competitive prices. Broadband churn rate remained very low, averaging 0.6% in Q2 2023

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 GROWTH MOMENTUM

Total gross subscriber addition



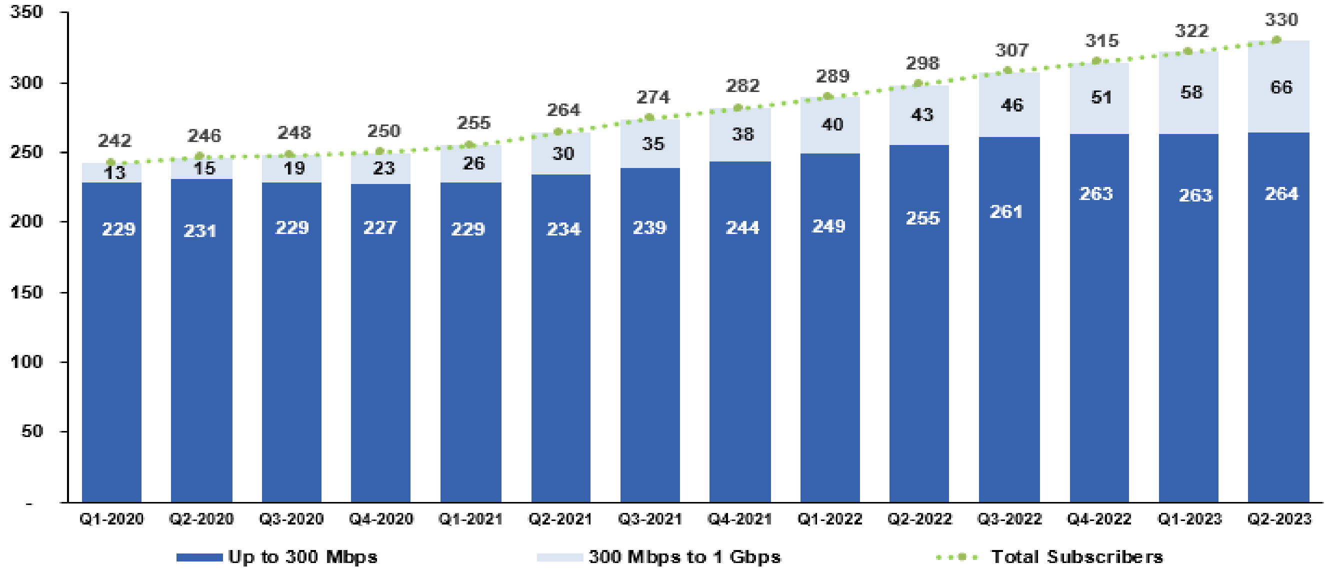
Growth Index for uptake of speed plans compared to Q1-2020 (Base=1)

Increase in take-up rate of higher speed plans since Q1 2020 contributes to continued Broadband ARPU and revenue improvement; validates the strength of our Broadband growth strategy

Interpretation of Growth Index from the chart:

For example, in Q1-2020 if there was 1 subscriber taking up higher speed plan with speed ranging from 300 Mbps to 1 Gbps, then in Q2-2023, there were 6.04 times more subscribers taking up higher speed plans.

Breakdown of ending subscribers' speed plans (in '000)



Runway for broadband growth – Most of TBC's subscribers are still in the speed plans below 300 Mbps, presenting an opportunity for TBC to move them up to higher speed plans

Interpretation of the subscriber breakdown from the chart:

Out of total 330,000 broadband subscribers as at the end of Q2-2023, 264,000 subscribers are still in the lower speed plans of below 300 Mbps and only 66,000 subscribers are in the higher speed plans above 300 Mbps. So, there is a lot of opportunity to move these lower speed plan subscribers to higher speed plans.

FINANCIAL RESULTS

Broadband is starting to cushion the impact of the decline in Basic cable TV business; aim is to grow cash flows from Broadband business to a level that more than offsets the decline in Basic cable TV business

Group[1] (S$'000)	Quarter ended 30 Jun			Half-year ended 30 Jun		
	2023	2022	Variance[2] (%)	2023	2022	Variance[2] (%)
Revenue						
Basic cable TV	48,681	52,875	(7.9)	96,570	107,574	(10.2)
Premium digital cable TV	2,715	2,913	(6.8)	5,444	5,980	(9.0)
Broadband	16,856	16,006	5.3	33,318	31,806	4.8
Total revenue	**68,252**	**71,794**	**(4.9)**	**135,332**	**145,360**	**(6.9)**
Total operating expenses[3]	**(29,538)**	**(29,357)**	**(0.6)**	**(57,245)**	**(59,734)**	**4.2**
EBITDA	**38,714**	**42,437**	**(8.8)**	**78,087**	**85,626**	**(8.8)**
EBITDA margin	56.7%	59.1%		57.7%	58.9%	

In constant Taiwan dollars ("NT$"), total revenue was up 1.9% for the quarter and 1.1% for the half-year; foreign exchange contributed to a negative variance of 6.8% for the quarter and 8.0% for the half-year compared to the pcp

- **Basic cable TV:** Down 1.1% for the quarter and 2.2% for the half-year in constant NT$ mainly due to lower subscription revenue resulting from the decline in the number of subscribers and lower ARPU
- **Premium digital cable TV:** In line with the pcp for the quarter and down 1.0% for the half-year in constant NT$. Generated predominantly from TBC's Premium digital cable TV RGUs each contributing an ARPU of NT$63 per month during the quarter for Premium digital cable TV packages and bundled DVR or DVR-only services
- **Broadband:** Double digit revenue growth in NT$, up 12.1% for the quarter and 12.8% for the half-year. Generated predominantly from TBC's Broadband RGUs each contributing an ARPU of NT$386 per month during the quarter for high-speed Broadband services. Data backhaul generated 3.6% of Broadband revenue for the half-year. Broadband now constitutes around 25% of total revenue

Total operating expenses: Higher operating expenses for the quarter are mainly due to higher broadcast and production costs. Lower operating expenses for the half-year are mainly due to lower staff costs in constant dollar terms

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

NET PROFIT

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

Group[1] (S$'000)	Quarter ended 30 Jun			Half-year ended 30 Jun		
	2023	2022	Variance[2] (%)	2023	2022	Variance[2] (%)
Total revenue	**68,252**	**71,794**	**(4.9)**	**135,332**	**145,360**	**(6.9)**
Operating expenses						
Broadcast and production costs	(14,957)	(14,128)	(5.9)	(28,065)	(28,414)	1.2
Staff costs	(5,900)	(6,482)	9.0	(11,943)	(13,450)	11.2
Trustee-Manager fees	(1,965)	(1,835)	(7.1)	(3,909)	(3,649)	(7.1)
Other operating expenses	(6,716)	(6,912)	2.8	(13,328)	(14,221)	6.3
Total operating expenses	**(29,538)**	**(29,357)**	**(0.6)**	**(57,245)**	**(59,734)**	**4.2**
EBITDA	**38,714**	**42,437**	**(8.8)**	**78,087**	**85,626**	**(8.8)**
Other expenses						
Depreciation and amortisation expense	(14,668)	(17,946)	18.3	(29,712)	(36,723)	19.1
Net foreign exchange gain	1,458	961	51.7	1,308	1,125	16.3
Mark to market gain on derivative financial instruments	1,022	620	64.8	1,423	3,061	(53.5)
Amortisation of deferred arrangement fees	(774)	(823)	6.0	(1,550)	(1,667)	7.0
Interest and other finance costs	(10,676)	(10,789)	1.0	(21,726)	(20,404)	(6.5)
Income tax expense	(2,637)	(2,917)	9.6	(8,215)	(7,239)	(13.5)
Total other expenses	**(26,275)**	**(30,894)**	**15.0**	**(58,472)**	**(61,847)**	**5.5**
Profit after income tax	**12,439**	**11,543**	**7.8**	**19,615**	**23,779**	**(17.5)**

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

SELECTED FINANCIAL INFORMATION

Selected financial information[1] are key financial metrics of APTT's business

Group[2] (S$'000)	Quarter ended 30 Jun			Half-year ended 30 Jun		
	2023	2022	Variance[3] (%)	2023	2022	Variance[3] (%)
Revenue						
Basic cable TV	48,681	52,875	(7.9)	96,570	107,574	(10.2)
Premium digital cable TV	2,715	2,913	(6.8)	5,444	5,980	(9.0)
Broadband	16,856	16,006	5.3	33,318	31,806	4.8
Total revenue	**68,252**	**71,794**	**(4.9)**	**135,332**	**145,360**	**(6.9)**
Total operating expenses[4]	**(29,538)**	**(29,357)**	**(0.6)**	**(57,245)**	**(59,734)**	**4.2**
EBITDA	**38,714**	**42,437**	**(8.8)**	**78,087**	**85,626**	**(8.8)**
EBITDA margin[5]	56.7%	59.1%		57.7%	58.9%	
Capital expenditure						
Maintenance	3,690	3,699	0.2	7,151	7,200	0.7
Network, broadband and other	3,833	6,947	44.8	6,667	10,081	33.9
Total capital expenditure	**7,523**	**10,646**	**29.3**	**13,818**	**17,281**	**20.0**
Income tax paid, net of refunds	(6,048)	(5,004)	(20.9)	(6,431)	(6,457)	0.4
Interest and other finance costs paid	(10,652)	(10,538)	(1.1)	(23,751)	(21,897)	(8.5)

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 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

Group (S$'000)	As at	
	30 Jun 2023	31 Dec 2022
Assets		
Current assets		
Cash and cash equivalents	84,698	118,860
Trade and other receivables	10,913	13,180
Other assets	8,861	6,540
	104,472	**138,580**
Non-current assets		
Property, plant and equipment	220,427	234,274
Intangible assets	2,308,945	2,315,258
Other assets	12,751	12,801
	2,542,123	**2,562,333**
Total assets	**2,646,595**	**2,700,913**
Liabilities		
Current liabilities		
Borrowings from financial institutions	67,706	72,974
Trade and other payables	31,963	51,269
Income tax payable	5,831	6,179
Other liabilities	51,814	57,918
	157,314	**188,340**
Non-current liabilities		
Borrowings from financial institutions	1,206,100	1,243,397
Deferred tax liabilities	104,326	102,348
Other liabilities	27,947	27,924
	1,338,373	**1,373,669**
Total liabilities	**1,495,687**	**1,562,009**
Net assets	**1,150,908**	**1,138,904**

- **Cash and cash equivalents:** Cash balance of S$84.7 million; S$38 million to be set aside for onshore and offshore debt repayments for the rest of 2023
- **Intangible assets:** Comprise mainly cable TV licences and includes value of goodwill, franchise rights and customer relationships
- **Borrowings:** Decrease is mostly attributable to repayments of Onshore and Offshore Facilities. 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: 1-30 years

BORROWINGS

Net exposure to rising interest rates is contained: approx. 85% of total debt is protected against the risk of rising interest rates through to 2025

Group debt		As at	
		30 Jun 2023	31 Dec 2022
Total size available	S$ million	1,373	1,413
Total outstanding	S$ million	1,288	1,333
Effective interest rate - constant dollar	% p.a.	Q2 - 2.7; YTD - 2.8	Full year - 2.6
Effective interest rate - SGD	% p.a.	Q2 - 3.3; YTD - 3.3	Full year - 3.0
Net debt / EBITDA[1]	Multiple	7.5	7.2
Interest cover[2]	Multiple	3.7	4.0
Gearing[3]	%	48.1	48.7

- Borrowings comprised NT$ and S$ denominated loans - NT$26.9 billion (2022: NT$27.4 billion) and S$117.0 million (2022: S$136.9 million)
- Refinanced Offshore Facilities for the next 30-month period on the same major terms. Refer to the next slide for more details
- As at 30 June 2023, TAIBOR swaps have been entered into to hedge approx. 93% of outstanding Onshore Facilities through to 30 June 2025. The average fixed rate on all TAIBOR swaps is 0.94% which is currently lower than the prevailing three-month TAIBOR. As Onshore Facilities constitute approximately 91% of the Group's total outstanding debt, the net exposure to rising interest rates is contained
- Effective interest rate in constant dollar terms of 2.7% p.a. for the quarter and 2.8% for the half-year (Full year 2022: 2.6% p.a.). Actual effective interest rate in SGD was 3.3% p.a. for the quarter and half-year (Full year 2022: 3.0% p.a.)
- Following the financial close of the new Offshore Facilities on 14 July 2023, approx. S$79 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

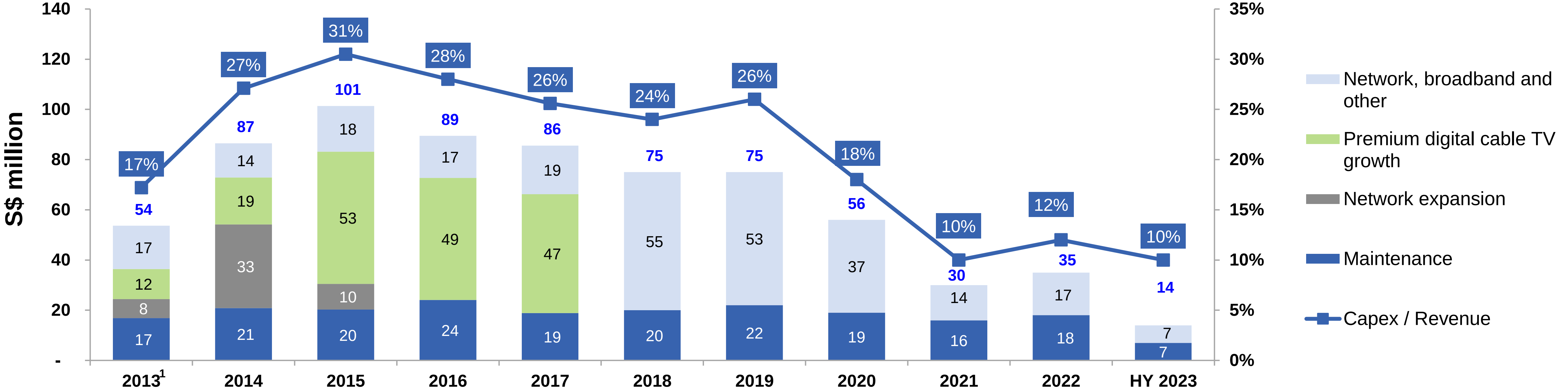
OFFSHORE LOAN REDUCTION

New Offshore Facilities are S$83.4 million lower than the previous Offshore Facilities – a direct result of debt management programme where accelerated debt repayments were made, using cash generated from operations

- Facility agreement signed on 17 January 2023 to refinance Offshore Facilities for a 30-month period, on the same major terms; financial close successfully completed on 14 July 2023, at the maturity of the previous Offshore Facilities
- After including the impact of scheduled repayments until the financial close, the size of the new Offshore Facilities will be reduced to a S$46.6 million term loan facility and a S$75 million revolving loan facility
- The new Offshore Facilities will bear a floating interest rate plus the applicable SIBOR adjustment spread and an interest margin ranging from 4.1% to 4.9% per annum, based on the leverage ratio of the Group (compared to 4.1% to 5.5% for the previous Offshore Facilities)
- Successful refinancing reflects lenders' confidence in APTT's business and the management
- When the new Offshore Facilities mature in approximately thirty months' time, there may be an opportunity to do a full refinancing for our offshore loan which is more expensive and bring all our debt back onshore

CAPITAL EXPENDITURE

Capital expenditure to continue to be within industry norms; investments will be limited to areas that can support our aggressive push to grow 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 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 Group
- Moving forward, capital expenditure will continue to be 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 2023 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

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

OUTLOOK & STRATEGY

POTENTIAL IMPACT OF RISING INTEREST RATES (TAIBOR & SIBOR)

On Debt

- 85% of total outstanding debt is hedged and protected against rising interest rates through to 2025
- 15% of total outstanding debt is unhedged:
  - 6% exposed to TAIBOR
  - 9% new Offshore Facilities exposed to SORA (previous Offshore Facilities were exposed to SIBOR)
- While TAIBOR rates have not increased significantly over the last year, SORA/SIBOR rates have increased substantially in 2022
- Total interest costs for 2023 are expected to be affected by the changes in interest rates on the remaining 15% of total outstanding debt that remains unhedged

On Intangible Assets

- Rising interest rates affect the calculation of APTT's Weighted Average Cost of Capital ("WACC") used in the annual impairment assessment of goodwill, cable TV licences with indefinite useful lives and property, plant and equipment
- No impairment assessment was performed for the half-year ended 30 June 2023
- The impairment assessment at the end of 2022 showed that APTT's WACC was higher, due to rising interest rates, and headroom between APTT's DCF value and book value was lower, compared to 2021. The headroom was still marginally positive, mainly due to healthy business assumptions and net cash flow forecasts
- If interest rates continue to stay elevated and/or the business environment continues to be challenging, combined with changes in other assumptions, e.g., a lower terminal growth rate, there is a possibility that this could result in an impairment loss on intangible assets in the future
- Impairment loss (if any) would be a non-cash item and would not impact the Group's operations or its cash flows

POSITIONED FOR THE MID TO LONG-TERM

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

Broadband Growth Strategy

- 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
- Be data-backhaul ready; the contribution from data backhaul is growing and expected to gradually add a meaningful income stream to the Broadband business; multi-year investments for mobile operators

Capital Management

- Interest rate swaps covering 93% of outstanding Onshore Facilities hedged through to 30 June 2025
- Average fixed rate on TAIBOR swaps is 0.94%
- Gearing stood at 48.1% as at 30 Jun 2023 (2022: 48.7%)
- Financial close of the new 30-month Offshore Facilities on the same major terms has been successfully completed on 14 July 2023, at the maturity of the previous Offshore Facilities
- Over the long-term aim to eliminate offshore debt and bring debt back onshore to save on interest costs

Strengthen Balance Sheet

- Cash generated from operations to continue funding capital expenditure; and not to use bank borrowings
- Aim to use excess cash generated from operations to accelerate 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

OUTLOOK

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 drive growth 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 since analog TV signal only switched off in 2017

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 inexpensive unlimited data
- Decline in demand for home shopping and stronger competition from internet retailing to continue impacting channel leasing revenue

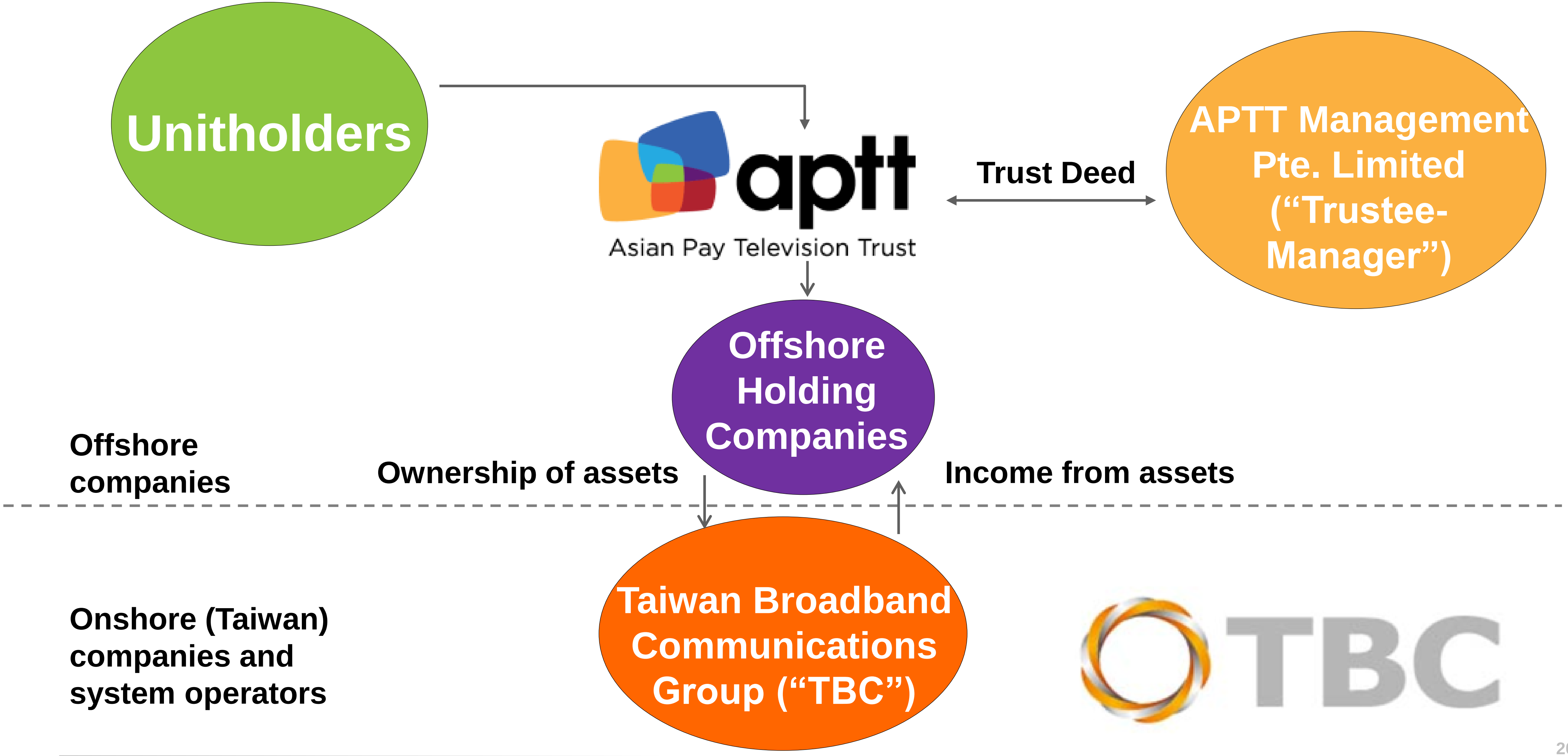
HIGHLY REGULATED

- Basic cable TV rates for 2023 across all five franchise areas were maintained at the same rates as 2022
- All five licences have most recently been renewed in 2020 and 2021 and will be due for next renewal in 2029 or 2030

Broadband and Premium digital cable TV RGUs expected to continue increasing in 2023; total revenue will be influenced by the ability to manage ARPUs which will remain under pressure; total operating expenses in 2023 expected to be in line with 2022

BUSINESS OVERVIEW

TRUST STRUCTURE



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") – A leading cable TV operator in Taiwan**

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

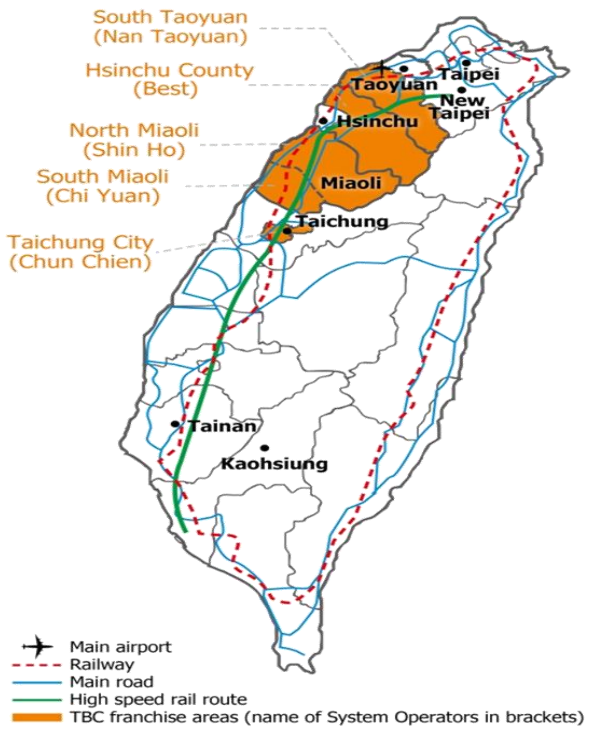
- Owns 100% of the advanced hybrid fibre coaxial cable network in the five franchise areas
- Resilient business with high barriers of entry due to high network roll out requirements
- Large customer base makes TBC attractive to local content providers
- Long standing relationship with subscribers; deep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

PRODUCT OFFERINGS

Approx. 87% of revenue is subscription-based from the three product offerings[1]

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. 48%[1] of TBC's Basic cable TV subscribers are also Premium digital cable TV subscribers; opportunity to upsell to the remaining 52%	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

FRANCHISE AREAS IN NORTHERN & CENTRAL TAIWAN



- Low churn rate of 0.5%[1] for Basic cable TV (667K[1] Revenue Generating Units)
- Up-sell Premium digital cable TV and cross-sell Broadband to large Basic cable TV subscriber base

Note: (1) As at 30 June 2023

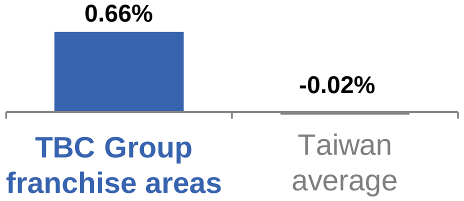
BUSINESS DRIVERS

TBC'S FRANCHISE AREAS

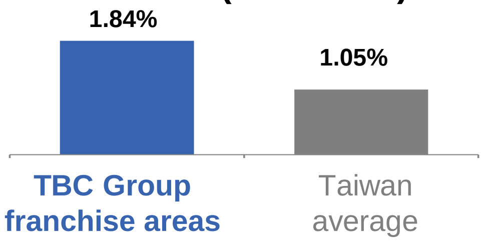
Network coverage of more than 1.3 million households across five franchise areas in four counties of Taiwan

- 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 (0.66%) outstrips national average (decline of 0.02%); Growing number of new households as more young Taiwanese set up families

Population CAGR[1] (2012-2022)



Number of households CAGR[1] (2012-2022)



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. 451K 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. 218K households and population of 586K

Miaoli (North & South)

- Suburban mountainous region geographically located between Hsinchu and Taichung
- Well connected via major railway and road transportation systems
- Approx. 198K households and population of 535K

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 & factories
- Approx. 481K households and population of 1.2 million

Note: (1) National Statistics, R.O.C. (Taiwan) 2022

TAIWAN MARKET – POTENTIAL IN FIXED-LINE BROADBAND

aptt

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

	Internet penetration rate	Number of Internet users (million)	Median fixed internet connection speed (Mbps)	Year-on-year change in median fixed internet connection speed
Asia-Pacific				
Taiwan	90.7%	21.68	124.14	+26.0%
South Korea	97.6%	50.56	95.34	+13.1%
Japan	82.9%	102.5	150.32	+61.2%
Singapore	96.9%	5.81	214.23	+16.0%
Hong Kong	93.1%	6.97	194.35	+26.2%

DataReportal, Digital 2023

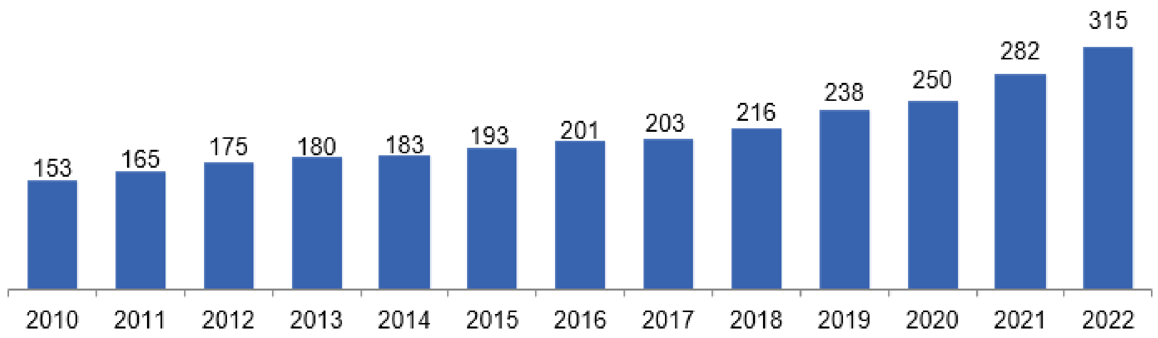
- Internet penetration in Taiwan is the second lowest at 90.7%, after Japan
- Taiwan's median fixed internet connection speed is the second slowest at 124.14 Mbps, after South Korea; there is room for Taiwan subscribers to further increase internet speed
- TBC's Broadband market share in its five franchise 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

IMPROVING BROADBAND MARKET SHARE

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

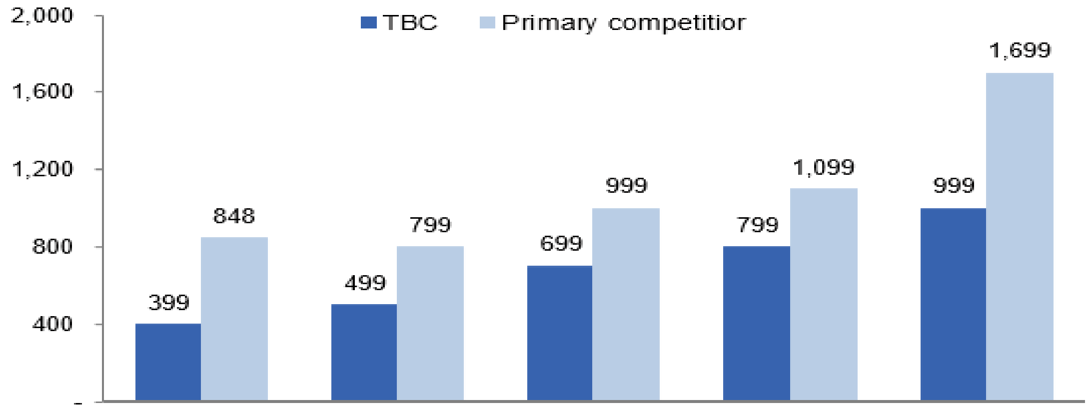
Broadband RGUs ('000)

2010-22 Broadband RGU CAGR: 6.2%



TBC Group offers competitive prices[1] with reliable services

NT$ / month



TBC	50Mbps	120Mbps	300Mbps	500Mbps	1Gbps
Primary competitor	60Mbps	120Mbps	300Mbps	500Mbps	1Gbps

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

HIGH BARRIERS TO ENTRY AGAINST CABLE ENTRANTS IN TAIWAN

aptt

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

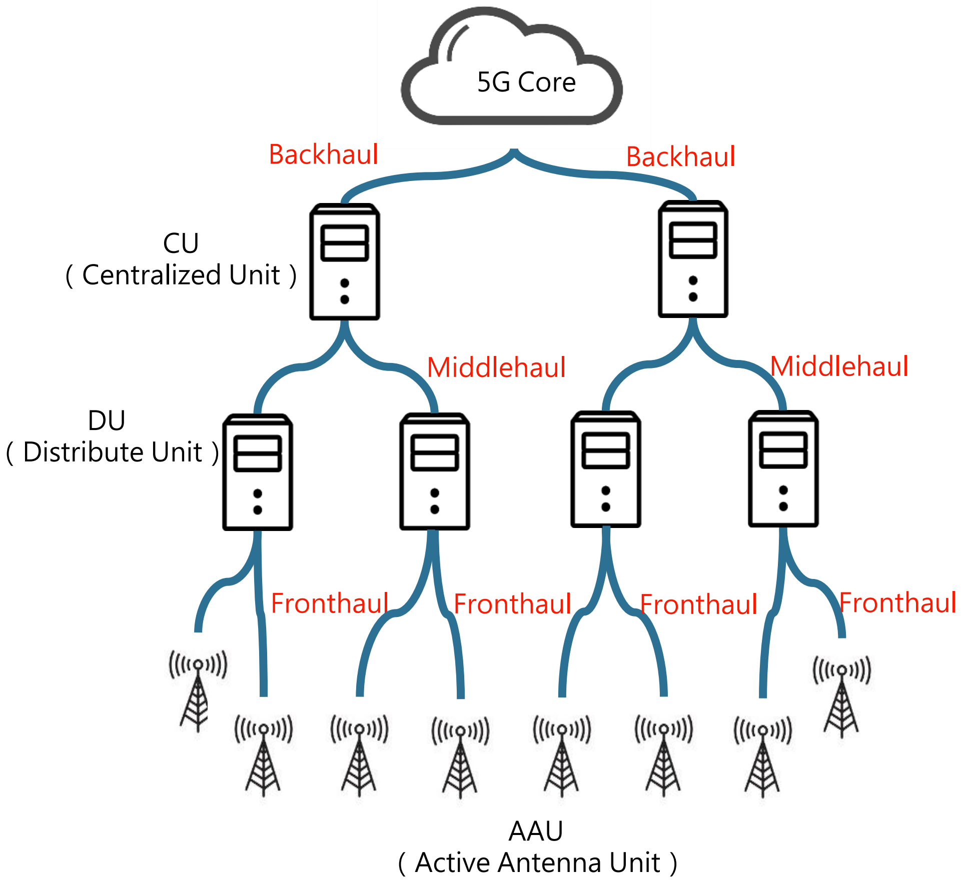
Top 20 channels in Taiwan (2022)

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

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 is 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

END