



SEPTEMBER QUARTER 2016 RESULTS PRESENTATION

9 November 2016

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AGENDA

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Performance in line with expectations

- Revenue for Q3 2016 of S\$79.3 million was lower than pcp¹ driven predominantly by foreign exchange and lower Basic cable TV revenue
- EBITDA for Q3 2016 of S\$46.6 million was lower than pcp
- APTT distribution of 1.625 cents per unit declared for the quarter ended 30 September 2016 in line with guidance
- Reaffirm APTT distribution guidance of at least 1.625 cents per unit for the quarter ending 31 December 2016, subject to no material changes in planning assumptions including for asset performance and refinancing

KEY OPERATIONAL METRICS

Higher subscribers

	As at 30 September 2016	As at 30 June 2016	
Subscribers ('000)			
Basic cable TV	761	760	↑
Premium digital cable TV	178	176	↑
Broadband	201	197	↑
ARPU¹ (NT\$ per month)	Three months ended 30 September 2016	Three months ended 30 June 2016	
Basic cable TV	529	530	↓
Premium digital cable TV	156	159	↓
Broadband	470	484	↓

Notes: (1) ARPU (Average Revenue Per User) is calculated by dividing the subscription revenue for Basic cable TV, Premium digital cable TV or Broadband, as applicable, by the average number of subscribers for that service during the period
 (2) TBC refers to Taiwan Broadband Communications group

— Subscribers and ARPU:

- Basic cable TV: Subscribers increased to c.761,000 with ARPU marginally lower
 - Premium digital cable TV: Subscribers increased to c.178,000 with ARPU lower due to promotions and discounted bundled packages
 - TBC² remains at the forefront of digitisation in Taiwan and is well positioned to provide subscribers with the opportunity to watch the latest TV offerings in high definition digital format
 - Broadband: Subscribers increased to c.201,000 with ARPU lower due to promotions and discounted bundled packages
- ## — Greater Taichung Expansion:
- All requisite regulatory licenses to operate in the new coverage areas have been secured and marketing of broadband services commenced
 - However, full commercial operations have been delayed as a result of the delay in securing content rights to deliver cable TV services in the greater Taichung region

- TBC is working actively with the content providers to secure the necessary content rights and the completion of the network expansion into greater Taichung will be influenced by this timing

FINANCIAL RESULTS



Lower revenue compared to pcp

Group ¹	Quarter ended 30 September 2016 S\$'000	Quarter ended 30 September 2015 S\$'000	Variance ² %	Nine months ended 30 September 2016 S\$'000	Nine months ended 30 September 2015 S\$'000	Variance ² %
Revenue						
Basic cable TV	63,174	64,731	(2.4)	187,134	196,274	(4.7)
Premium digital cable TV	3,737	3,797	(1.6)	11,034	11,285	(2.2)
Broadband	12,364	13,037	(5.2)	37,147	38,978	(4.7)
Total revenue	79,275	81,565	(2.8)	235,315	246,537	(4.6)
Total operating expenses³	(32,667)	(32,546)	(0.4)	(95,978)	(98,429)	2.5
EBITDA	46,608	49,019	(4.9)	139,337	148,108	(5.9)
EBITDA margin	58.8%	60.1%		59.2%	60.1%	

- **Revenue:** Total revenue was S\$235.3 million and EBITDA was S\$139.3 million for the nine months ended 30 September 2016. Total revenue of S\$79.3 million for the quarter ended 30 September 2016 and S\$235.3 million for the nine months ended 30 September 2016 were 2.8% and 4.6% lower than the pcp (foreign exchange contributed to 1.8% and 2.4% of the negative variances respectively):
 - **Basic cable TV:** Revenue of S\$63.2 million, was 2.4% lower than pcp, mainly due to foreign exchange, lower subscription revenue and lower revenue generated from channel leasing and airtime advertising sales
 - **Premium digital cable TV:** Revenue of S\$3.7 million, was 1.6% lower than pcp. This was generated predominantly from TBC's 178,000 Premium digital cable TV subscribers paying an ARPU of NT\$156 per month in the quarter for Premium digital cable TV packages, bundled DVR or DVR-only services
 - **Broadband:** Revenue of S\$12.4 million was 5.2% lower than pcp. This was generated predominantly from TBC's 201,000 broadband subscribers paying an ARPU of NT\$470 per month in the quarter for broadband services
- **Operating expenses:** Total operating expenses of S\$96.0 million for the nine months ended 30 September 2016 were 2.5% lower than pcp, due to lower broadcast and production costs, other operating expenses and foreign exchange, partially offset by higher staff costs

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), mark to market movements on foreign exchange contracts at Trust level and one-time debt advisory fee paid to Macquarie Capital (Hong Kong) Limited for services provided in relation to refinancing the debt facilities in Q1 2015, in order to arrive at EBITDA and EBITDA margin

FINANCIAL POSITION

Strong balance sheet, supportive of ongoing cash flow and future growth

	Group as at 30 September 2016 S\$'000	Trust as at 30 September 2016 S\$'000
Assets		
Current assets		
Cash and cash equivalents	47,920	3,095
Trade and other receivables	13,878	-
Other assets	3,353	393
	65,151	3,488
Non-current assets		
Investment in subsidiaries	-	1,342,351
Property, plant and equipment	268,466	-
Intangible assets	2,305,866	-
Other assets	989	-
	2,575,321	1,342,351
Total assets	2,640,472	1,345,839
Liabilities		
Current liabilities		
Borrowings from financial institutions	14,605	-
Trade and other payables	18,908	7,650
Income tax payable	11,189	-
Other liabilities	55,552	1,074
	100,254	8,724
Non-current liabilities		
Borrowings from financial institutions	1,231,672	-
Deferred tax liabilities	60,218	-
Other liabilities	37,263	-
	1,329,153	-
Total liabilities	1,429,407	8,724
Net assets	1,211,065	1,337,115

- **Cash and cash equivalents:** Cash balance of S\$47.9 million
- **Depreciation/amortisation:** Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:
 - Buildings: 2 – 50 years
 - Leasehold improvements: 3 – 10 years
 - Network equipment: 2 – 10 years
 - Transport equipment: 5 – 7 years
 - Plant and equipment: 2 – 6 years
 - Leased equipment: 3 years

BORROWINGS

New and revised facilities

- As announced on 11 July 2016, APTT has secured a new multicurrency term loan facility in an aggregate amount of S\$125 million and a multicurrency revolving loan facility in an aggregate amount of S\$125 million (the “New Facilities”) for the partial refinancing of existing borrowings and for general corporate purposes. Separately, in October 2016, TBC completed the refinancing of its existing NT\$32.0 billion borrowing facilities (the “Previous Facilities”) with new seven year facilities of NT\$28.0 billion (the “Revised Facilities”)
- The New and Revised Facilities will enable TBC to fund the necessary capital expenditure to digitise all of TBC’s franchise areas, satisfy TBC’s borrowing needs through to 2019 and remove the need for any significant principal amortisation of the Facilities for the next three years
- Importantly, the New Facilities diversify APTT’s funding sources and the successful refinancing of the Previous Facilities demonstrate the strong support and confidence of the banks in APTT’s business as overall borrowing margins and arrangement fees have decreased. The New and Revised Facilities provide long term funding certainty, with attractive terms and pricing

Sufficient capacity to fund future initiatives

- Interest rate swaps have been entered into which fix a significant portion of the interest rate exposure
- Effective interest rate of 4.1% p.a. for the YTD ended 30 September 2016
- Approximately S\$236 million of the revolving facility is available to fund future initiatives

Debt as at 30 September 2016	
Total size available	S\$1,511.9 million
Total outstanding	S\$1,275.8 million
YTD effective interest rate	4.1% per annum
Total net debt / EBITDA	6.4x
Gearing¹	47.2 %
Interest cover	c.4 times

Notes: (1) Total debt / total assets

CAPITAL EXPENDITURE

Accelerated capital expenditure in 2016 and 2017 to position TBC for future growth

S\$ million	2013 Actual	2014 Actual	2015 Actual	2016 Forecast	2017 Forecast
Network expansion¹	<10	33	10	<1 ³	20 - 25 ³
Premium digital cable TV²	<15 ⁴	19	53	50 – 55	50 – 55

- Capital expenditure related to the network expansion during the third quarter of 2016 amounted to S\$0.2 million (nine months ended 30 September 2016: S\$0.6 million)
 - TBC is working actively with the content providers to secure the necessary content rights and the completion of the network expansion into greater Taichung will be influenced by this timing
- Capital expenditure related to Premium digital cable TV during the third quarter of 2016 amounted to S\$10.6 million (nine months ended 30 September 2016: S\$31.4 million)
 - TBC expects to spend approximately \$100 to \$110 million over 2016 and 2017 to complete the digitisation of its franchise areas as a result of cable law amendments that became effective on 8 January 2016
- Capital expenditure related to network expansion and Premium digital cable TV will be funded from borrowing facilities

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

(2) Includes installation related expenditure and digital head-end upgrades

(3) Eventual timing of capital expenditure will be influenced by when content rights for the greater Taichung region can be secured

(4) Actual full year 2013 included to facilitate a like-for-like comparison. APTT's ownership of TBC commenced from 29 May 2013

TBC is a stable business that is well positioned for future growth

- The focus in 2016 remains on driving growth in cash flows through up-selling and cross-selling of services across TBC's subscriber base and progressing the network and operational expansion in greater Taichung region
- Total revenue for the full year 2016 is anticipated to be influenced by a number of factors including the continued weakness in the Taiwanese economy, marginally lower Basic cable TV rates in three of TBC's five franchise areas and the non-recurrence of one-off revenue items generated in 2015
- Overall EBITDA for the full year 2016 is expected to be marginally lower than 2015
- Accelerated capital expenditure driven by Premium digital cable TV as a result of cable TV law amendments
- APTT distribution of 1.625 cents per unit will be paid on 23 December 2016
- APTT distribution guidance of at least 1.625 cents per unit for the quarter ending 31 December 2016, subject to no material changes in planning assumptions including for asset performance and refinancing