Asian Pay Television Trust

MARCH QUARTER 2017 RESULTS PRESENTATION

12 May 2017

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AGENDA

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HIGHLIGHTS

Performance in line with expectations

- Revenue and EBITDA for the quarter of S$82.6 million and S$48.9 million
- Distribution of 1.625 cents per unit for the quarter ended 31 December 2016 paid on 24 March 2017, totalling 6.5 cents per unit paid for the year ended 31 December 2016
- Distribution of 1.625 cents per unit declared for the quarter ended 31 March 2017
- Reaffirmed distribution guidance of 6.5 cents per unit for the year ending 31 December 2017
- Sale of Trustee-Manager to Dynami completed on 13 April 2017
- Following the completion of the sale, interest margin to further decrease by 30 basis points (or 0.30%) starting from 30 June 2017

KEY OPERATIONAL METRICS

Higher RGUs[1], ARPU stabilising

	As at 31 March 2017	As at 31 December 2016	
RGUs ('000)			
Basic cable TV	762	762	⇔
Premium digital cable TV	185	182	⇧
Broadband	201	201	⇔

ARPU[2] (NT$ per month)	Quarter ended 31 March 2017	Quarter ended 31 December 2016	
Basic cable TV	525	528	⇩
Premium digital cable TV	151	154	⇩
Broadband	457	461	⇩

- **RGUs and ARPU:**
  - **Basic cable TV:** RGUs were flat with ARPU lower due to a marginally lower Basic cable TV rate in one of TBC's[3] five franchise areas
  - **Premium digital cable TV:** RGUs increased to c.185,000 with ARPU lower due to promotions and discounted bundled packages
    - TBC 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:** RGUs were flat with ARPU lower due to promotions and discounted bundled packages. Broadband RGUs and ARPU expected to increase during the year

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

Higher revenue across each of TBC's service offerings

Group[1]	Quarter ended 31 March 2017 S$'000	Quarter ended 31 March 2016 S$'000	Variance[2] %
Revenue			
Basic cable TV	65,750	61,703	6.6
Premium digital cable TV	3,975	3,650	8.9
Broadband	12,861	12,479	3.1
Total revenue	**82,586**	**77,832**	**6.1**
Operating expenses[3]			
Broadcast and production costs	(16,034)	(15,060)	(6.5)
Staff costs	(8,410)	(7,574)	(11.0)
Trustee-Manager fees	(1,786)	(1,800)	0.8
Other operating expenses	(7,470)	(7,384)	(1.2)
Total operating expenses	**(33,700)**	**(31,818)**	**(5.9)**
EBITDA	**48,886**	**46,014**	**6.2**
EBITDA margin	59.2%	59.1%	

- **Revenue:** Total revenue was S$82.6 million and EBITDA was S$48.9 million for the quarter ended 31 March 2017
  - **Basic cable TV:** Revenue of S$65.8 million, was up 6.6% on pcp[4]
  - **Premium digital cable TV:** Revenue of S$4.0 million, was up 8.9% on pcp. This was generated predominantly from TBC's 185,000 Premium digital cable TV RGUs each contributing an ARPU of NT$151 per month in the quarter for Premium digital cable TV packages, bundled DVR or DVR-only services
  - **Broadband:** Revenue of S$12.9 million was up 3.1% on pcp. This was generated predominantly from TBC's 201,000 Broadband RGUs each contributing an ARPU of NT$457 per month in the quarter for high-speed Broadband services
- **Operating expenses:** Total operating expenses of S$33.7 million for the quarter ended 31 March 2017 were 5.9% higher than pcp, mainly due to 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) Operating expenses presented here 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 presented here
(4) pcp refers to prior corresponding period ended 31 March 2016

FINANCIAL POSITION

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

Group	As at 31 March 2017 S$'000	As at 31 December 2016 S$'000
Assets		
Current assets		
Cash and cash equivalents	67,343	59,088
Trade and other receivables	16,875	14,802
Other assets	3,813	3,495
	88,031	**77,385**
Non-current assets		
Property, plant and equipment	308,874	291,350
Intangible assets	2,437,301	2,367,743
Other assets	1,025	929
	2,747,200	**2,660,022**
Total assets	**2,835,231**	**2,737,407**
Liabilities		
Current liabilities		
Borrowings from financial institutions	8,078	12,236
Trade and other payables	19,231	21,243
Income tax payable	16,391	14,246
Other liabilities	70,545	61,455
	114,245	**109,180**
Non-current liabilities		
Borrowings from financial institutions	1,355,714	1,294,731
Deferred tax liabilities	69,256	61,807
Other liabilities	42,840	41,133
	1,467,810	**1,397,671**
Total liabilities	**1,582,055**	**1,506,851**
Net assets	**1,253,176**	**1,230,556**

- **Cash and cash equivalents:** Cash balance of S$67.3 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

Sufficient capacity to fund future organic and inorganic growth initiatives

Debt as at 31 March 2017	
Total size available	S$1,539.1 million
Total outstanding	S$1,416.0 million
YTD effective interest rate	4.2% per annum
Total net debt / EBITDA[1]	6.7x
Gearing[2]	48.1%
Interest cover	c.3.5 times

- Interest rate swaps have been entered into which fix a significant portion of the interest rate exposure
- Effective interest rate of 4.2% p.a. for the quarter ended 31 March 2017
- Approximately S$123.0 million of revolving facilities are available to fund future initiatives
- Arrangement fees on the Revised Facilities[3] were agreed at 1.6% which is substantially lower than the arrangement fees on the Previous Facilities[3] of 2.4%
- Interest margin on the Revised Facilities were agreed at 2.6% p.a. which is substantially lower than the interest margin of 2.9% to 3.1% p.a. on the Previous Facilities
- Following the completion of the sale of the Trustee-Manager, interest margin on the Revised Facilities to further decrease by 30 basis points starting with the next interest period from 30 June 2017, to 2.3% p.a.

Notes: (1) Calculated in accordance with the New Facilities agreement
(2) Total debt / total assets
(3) TBC completed the refinancing of its NT$32.0 billion borrowing facilities (“Previous Facilities”) with new seven-year facilities of NT$28.0 billion (“Revised Facilities”) in October 2016

CAPITAL EXPENDITURE

Capital expenditure to position TBC for future growth

S$ million	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Forecast
Premium digital cable TV[1]	<15[2]	19	53	49	50 - 55
Network expansion[3]	<10	33	10	<1	-

- Capital expenditure related to Premium digital cable TV during the first quarter of 2017 amounted to S$14.4 million and is expected to be S$50-S$55 million for full year 2017
  - Analogue broadcasting switch-off will be completed in 2017 and there is no expected capital expenditure related to this project beyond 2017
- No capital expenditure related to the network expansion was incurred in the first quarter of 2017 and none is expected to be incurred in the remainder of 2017
  - TBC will defer any significant capital expenditure in the expansion area until TBC is able to secure the necessary content rights on mutually acceptable commercial terms with the content owners
  - These negotiations for the expansion area do not impact content in TBC's existing five franchise areas or the distribution guidance for 2017
  - A content agreement on mutually acceptable commercial terms for the expansion area could represent a growth opportunity for APTT in the future
- Capital expenditure related to network expansion, Premium digital cable TV and other growth purposes will be funded from borrowing facilities

Notes: (1) Includes installation related expenditure and digital head-end upgrades
(2) Actual full year 2013 included to facilitate a like-for-like comparison. APTT's ownership of TBC commenced from 29 May 2013
(3) Includes the cost of extending the core network and building in selected neighbourhoods

OUTLOOK

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

- The focus in 2017 remains on driving growth in cash flows through up-selling and cross-selling of services across TBC's subscriber base
- Total revenue for 2017 is anticipated to be influenced by a number of factors including the continued weakness in the Taiwanese economy and a marginally lower Basic cable TV rate in one of TBC's five franchise areas
- Broadband RGUs are expected to increase in the remainder of 2017 and Broadband ARPU is expected to stabilise and then increase during the year
- Overall EBITDA for the full year 2017 is expected to be in line with 2016
- APTT distribution of 1.625 cents per unit for the quarter ended 31 March 2017 will be paid on 23 June 2017
- APTT distribution guidance of 6.5 cents per unit reaffirmed for the year ending 31 December 2017, subject to no material changes in planning assumptions