Asian Pay Television Trust

2017 FULL YEAR RESULTS PRESENTATION

26 February 2018

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AGENDA

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HIGHLIGHTS

Performance in line with expectations

- Revenue for the year of S$334.8 million, up 4.9%
- EBITDA for the year of S$201.4 million, up 6.4%
- Distribution of 1.625 cents per unit declared for the quarter ended 31 December 2017; distributions declared totaling 6.5 cents per unit for the year ended 31 December 2017 in line with guidance
- Re-affirmed distribution guidance of 6.5 cents per unit for the year ending 31 December 2018, unchanged from 2017, subject to no material changes in planning assumptions

KEY OPERATIONAL METRICS

Stable RGUs[1], ARPU[2] lower but stabilising

RGUs ('000)	As at 31 December		
	2017	2016	
Basic cable TV	762	762	⬌
Premium digital cable TV	193	182	⬆
Broadband	203	201	⬆

ARPU (NT$ per month)	Year ended 31 December		
	2017	2016	
Basic cable TV	519	529	⬇
Premium digital cable TV	146	157	⬇
Broadband	449	478	⬇

- **RGUs and ARPU:**
  - **Basic cable TV:** RGUs were flat with ARPU lower mostly due to a lower Basic cable TV rate in one of TBC's[3] five franchise areas
  - **Premium digital cable TV:** RGUs increased to c.193,000 with ARPU lower due to promotions and discounted bundled packages
    - TBC completed the digitisation of its subscriber base across all five franchise areas in 2017 and switched off analogue TV broadcasting. This is an outstanding achievement for TBC and represents the fist large cable TV operator in Taiwan to reach this milestone
    - 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 increased to c.203,000 with ARPU lower due to promotions and discounted bundled packages. RGUs are expected to increase in 2018 and ARPU is also expected to begin to increase in 2018

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

EBITDA in line with full year forecast

Group[1] (S$'000)	Year ended 31 December 2017	2016	Variance[2] %
Revenue			
Basic cable TV	268,304	254,395	5.5
Premium digital cable TV	15,619	14,982	4.3
Broadband	50,915	49,852	2.1
Total revenue	**334,838**	**319,229**	**4.9**
Total operating expenses[3]	**(133,415)**	**(129,931)**	**(2.7)**
EBITDA	**201,423**	**189,298**	**6.4**
EBITDA margin	60.2%	59.3%	

- **Revenue:** Total revenue was S$334.8 million and EBITDA was S$201.4 million for the year ended 31 December 2017
  - **Basic cable TV:** Revenue of S$268.3 million was 5.5% higher than pcp, mainly due to foreign exchange and higher revenue generated from channel leasing
  - **Premium digital cable TV:** Revenue of S$15.6 million was 4.3% higher than pcp. This was generated predominantly from TBC's average Premium digital cable TV RGUs each contributing an ARPU of NT$146 per month during the year for Premium digital cable TV packages, bundled DVR or DVR-only services
  - **Broadband:** Revenue of S$50.9 million was 2.1% higher than pcp. This was generated predominantly from TBC's average Broadband RGUs each contributing an ARPU of NT$449 per month during the year for high-speed Broadband services
- **Operating expenses:** Total operating expenses of S$133.4 million for the year ended 31 December 2017 were 2.7% higher than pcp, mainly due to foreign exchange, partially offset by lower broadcast and production costs and 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

FINANCIAL POSITION

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

Group (S$'000)	As at 31 December 2017	2016
Assets		
Current assets		
Cash and cash equivalents	66,835	59,088
Trade and other receivables	11,845	14,802
Other assets	1,278	3,495
	79,958	**77,385**
Non-current assets		
Property, plant and equipment	320,852	291,350
Intangible assets	2,391,052	2,367,743
Other assets	1,058	929
	2,712,962	**2,660,022**
Total assets	**2,792,920**	**2,737,407**
Liabilities		
Current liabilities		
Borrowings from financial institutions	14,677	12,236
Trade and other payables	21,692	20,998
Income tax payable	13,182	14,246
Other liabilities	59,566	61,710
	109,117	**109,180**
Non-current liabilities		
Borrowings from financial institutions	1,379,888	1,294,731
Deferred tax liabilities	73,323	61,807
Other liabilities	40,791	41,133
	1,494,002	**1,397,671**
Total liabilities	**1,603,119**	**1,506,851**
Net assets	**1,189,801**	**1,230,556**

- **Cash and cash equivalents:** Cash balance of S$66.8 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: 2-10 years
  - Transport equipment: 5-7 years
  - Plant and equipment: 2-6 years
  - Leased equipment: 3 years

BORROWINGS

Sufficient capacity to fund future growth initiatives

Group debt		As at 31 December	
		2017	2016
Total size available	S$ million	1,552	1,504
Total outstanding	S$ million	1,439	1,360
YTD effective interest rate - constant dollar	% per annum ("p.a.")	3.9	4.4
YTD effective interest rate - SGD	% p.a.	4.2	4.2
Total net debt / EBITDA[1]	Multiple	6.8	6.5
Gearing[2]	%	49.9	47.7
Interest cover[1]	Multiple	3.4	3.5

- Interest rate swaps have been entered into which fix a significant portion of the interest rate exposure
- Approximately S$112.5 million of revolving facilities are available to fund future initiatives
- Arrangement fees on the Onshore 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 Onshore 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 Onshore Facilities further decreased by 30 basis points starting from 30 June 2017, to 2.3% p.a.
- Effective interest rate in constant dollar terms of 3.9% p.a. for the year ended 31 December 2017 compared to 4.4% p.a. for 2016
  - Actual effective interest rate in SGD was 4.2% p.a. for 2017, unchanged from 2016 due to foreign exchange
- On 29 December 2017, TBC secured an incremental NT$1.0 billion to its existing seven-year facilities of NT$28.0 billion, totaling to NT$29.0 billion
  - The borrowing facilities will enable TBC to fund necessary capital expenditure

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

CAPITAL EXPENDITURE

Capital expenditure to position TBC for future growth

- Total capital expenditure of S$85.6 million for the year was 4.3% lower than the pcp
- Capital expenditure related to Premium digital cable TV for the year amounted to S$42.9 million
  - Analogue broadcasting switch-off and 100% digitisation of all franchise areas completed during the year
  - No further capital expenditure on this project expected in 2018 and beyond
- Capital expenditure related to growth purposes will be funded from borrowing facilities

OUTLOOK

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

- In 2018, we will continue to build on the initiatives to up-sell and cross-sell services across TBC's subscriber base to drive growth in future cash flows
- We will focus on Broadband RGU growth, in the face of competitive market conditions, especially unlimited data offerings from mobile operators, by offering discounted packages in order to acquire new RGUs from competitors and to retain existing RGUs
- We remain cautiously optimistic regarding progress throughout 2018 and will continue to monitor market dynamics, along with enhancing our service offerings to drive growth
- While growth in RGUs is anticipated across all three of TBC's service offerings, total revenue for 2018 is anticipated to be influenced by a number of factors including the continued challenges in the economic and operating environment
- TBC's monthly Basic cable TV rates for its five franchise areas were announced by the local authorities before the end of 2017
  - The Basic cable TV rates for 2018 across all five franchise areas have been maintained at the same rates as 2017
- Overall EBITDA for the full year 2018, ignoring the impact of foreign exchange, is expected to be at the same level as 2017
- APTT distribution of 1.625 cents per unit for the quarter ended 31 December 2017 will be paid on 23 March 2018
  - This brings total distributions declared to 6.5 cents per unit for the year ended 31 December 2017 which is in line with the distribution guidance provided
- Re-affirmed APTT distribution guidance of 6.5 cents per unit for the year ending 31 December 2018[1], consistent with 2017

Note: (1) The distribution guidance is subject to no material changes in planning assumptions