



# MARCH QUARTER 2018 RESULTS PRESENTATION

14 May 2018

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# AGENDA

1. HIGHLIGHTS
2. KEY OPERATIONAL METRICS
3. FINANCIAL RESULTS
4. FINANCIAL POSITION
5. BORROWINGS
6. OUTLOOK

## Slow start to 2018 but Broadband showing promise



### Q1 2018 EBITDA below expectations; full year EBITDA still expected at same level as 2017

- Q1 2018 performance was below expectations in the face of challenging operating and economic conditions in Taiwan
- Revenue for the quarter at S\$77.0 million
- EBITDA for the quarter at S\$45.5 million



### Broadband

- Unbundling of promotions with Premium digital cable TV given the competitive pressures from the unlimited wireless data offerings from mobile operators
- Focus on providing best available discounts for Broadband only offerings
- Focus on Broadband RGU growth, in the face of competitive market conditions, showed reasonable progress given the increase in RGUs and a stable ARPU



### Distributions

- Distribution of 1.625 cents per unit paid for 31 December 2017 quarter; totalling 6.5 cents per unit paid for FY2017, in line with guidance
- Distribution of 1.625 cents per unit declared for Q1 2018
- Distribution guidance for FY2018 reaffirmed at 6.5 cents per unit, unchanged from 2017, subject to no material changes in planning assumptions

# KEY OPERATIONAL METRICS

## ARPUs stabilising, Broadband showing promise while Premium disappoints

RGUs ('000)	As at		
	31 Mar 2018	31 Dec 2017	
Basic cable TV	761	762	↓
Premium digital cable TV	187	193	↓
Broadband	204	203	↑

ARPU (NT\$ per month)	Quarter ended		
	31 Mar 2018	31 Dec 2017	
Basic cable TV	506	511	↓
Premium digital cable TV	135	138	↓
Broadband	443	444	↓

### RGUs<sup>1</sup> and ARPU<sup>2</sup>:

- **BASIC CABLE TV:** RGUs expected to remain stable in 2018. ARPU stabilising as 2018 regulated rates remain unchanged over 2017.
- **PREMIUM DIGITAL CABLE TV:** RGUs decreased mainly due to the unbundling of promotions with Broadband given the competitive pressures in Broadband from the unlimited wireless data offerings from mobile operators. Focused on providing the best available discounts for Broadband only offerings. ARPU lower due to promotions and discounted bundled packages that were offered to generate new RGUs and to retain existing RGUs
- **BROADBAND:** RGUs increased to c.204,000 with ARPU almost unchanged. The focus on Broadband RGU growth, in the face of competitive market conditions from unlimited wireless data offerings from mobile operators, showed reasonable progress in the quarter given the increase in RGUs and a stable ARPU. Remain focused on providing the best available discounts for Broadband only offerings.

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

# FINANCIAL RESULTS



## EBITDA in Q1 below expectations; full-year 2018 expected to be at same level as 2017

REVENUE DOWN 6.8%, EBITDA DOWN 7.0%

In constant Taiwan dollars (“NT\$”), revenue down 5.6% as foreign exchange contributed 1.2% negative variance

Group <sup>1</sup> (S\$'000)	Quarter ended 31 Mar		
	2018	2017	Variance <sup>2</sup> %
<b>Revenue</b>			
Basic cable TV	60,691	65,750	↓ (7.7)
Premium digital cable TV	3,613	3,975	↓ (9.1)
Broadband	12,704	12,861	↓ (1.2)
<b>Total revenue</b>	<b>77,008</b>	<b>82,586</b>	<b>(6.8)</b>
<b>Total operating expenses<sup>3</sup></b>	<b>(31,543)</b>	<b>(33,700)</b>	<b>6.4</b>
<b>EBITDA</b>	<b>45,465</b>	<b>48,886</b>	<b>(7.0)</b>
EBITDA margin	59.0%	59.2%	

- **BASIC CABLE TV:** Down 6.5% in constant NT\$ terms mainly due to lower subscription revenue driven by marginally lower number of subscribers and ARPU in the quarter and lower revenue generated from channel leasing partially offset by higher airtime advertising sales
- **PREMIUM DIGITAL CABLE:** Down 7.9% in constant NT\$ terms. Generated predominantly from TBC’s average Premium digital cable TV RGUs each contributing an ARPU of NT\$135 per month during the quarter for Premium digital cable TV packages, bundled DVR or DVR-only services
- **BROADBAND:** Remained unchanged in constant NT\$ terms. Generated predominantly from TBC’s average Broadband RGUs each contributing an ARPU of NT\$443 per month during the quarter for high-speed Broadband services

**TOTAL OPERATING EXPENSES:** Lower operating expenses, mainly due to lower broadcast and production costs and staff costs in constant Taiwan 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 loss/gain 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 Mar 2018	31 Dec 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	69,790	66,835
Trade and other receivables	11,519	11,845
Other assets	2,337	1,278
	<b>83,646</b>	<b>79,958</b>
<b>Non-current assets</b>		
Property, plant and equipment	322,599	320,852
Intangible assets	2,387,053	2,391,052
Other assets	1,135	1,058
	<b>2,710,787</b>	<b>2,712,962</b>
<b>Total assets</b>	<b>2,794,433</b>	<b>2,792,920</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Borrowings from financial institutions	18,322	14,677
Trade and other payables	18,499	21,692
Income tax payable	14,719	13,182
Other liabilities	57,921	59,566
	<b>109,461</b>	<b>109,117</b>
<b>Non-current liabilities</b>		
Borrowings from financial institutions	1,399,979	1,379,888
Deferred tax liabilities	86,695	73,323
Other liabilities	37,444	40,791
	<b>1,524,118</b>	<b>1,494,002</b>
<b>Total liabilities</b>	<b>1,633,579</b>	<b>1,603,119</b>
<b>Net assets</b>	<b>1,160,854</b>	<b>1,189,801</b>

- **Cash and cash equivalents:** Cash balance of S\$69.8 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

## Sufficient capacity to fund future growth initiatives

Group debt		As at	
		31 Mar 2018	31 Dec 2017
Total size available	S\$ million	1,546	1,552
Total outstanding	S\$ million	1,462	1,439
YTD effective interest rate - constant dollar	% per annum ("p.a.")	3.3	3.9
YTD effective interest rate - SGD	% p.a.	3.7	4.2
Total net debt / EBITDA <sup>1</sup>	Multiple	6.9	6.8
Interest cover <sup>1</sup>	Multiple	3.4	3.4
Gearing <sup>2</sup>	%	50.8	49.9

- Interest rate swaps have been entered into which fix a significant portion of the interest rate exposure
- Approximately S\$84.3 million of revolving facilities are available to fund future initiatives
- Effective interest rate in constant dollar terms of 3.3% p.a. for the quarter ended 31 March 2018 compared to 3.9% p.a. for 2017
  - Actual effective interest rate in SGD was 3.7% p.a. for the quarter ended 31 March 2018 compared to 4.2% p.a. for 2017
- 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



With stable, resilient cash flow, APTT is a defensive business that 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

- 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



### 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

## OPERATING ENVIRONMENT



### CHALLENGING ENVIRONMENT

- Growth in RGUs is anticipated across all three of TBC's service offerings in the remainder of 2018
- However, total revenue for 2018 is anticipated to be influenced by a number of factors including the continued challenges in the economic and operating environment



### HIGHLY REGULATED

- Announced by the local authorities before the end of 2017: Basic cable TV rates for 2018 across all five franchise areas have been maintained at the same rates as 2017

***FY2018 EBITDA is expected to be at the same level as FY2017, excluding FOREX impact***

Distribution guidance maintained at 6.5 cents per unit in FY2018, consistent with FY2017