

SGX-ST Release

APTT ANNOUNCES RESULTS FOR THE QUARTER ENDED 31 MARCH 2020

Singapore - 28 April 2020

Asian Pay Television Trust (“APTT” or the “Trust”) today announced its financial results for the quarter ended 31 March 2020.

KEY HIGHLIGHTS

- Revenue and EBITDA up 8.3% and 9.5% to \$79.3 million¹ and \$48.3 million, respectively; EBITDA margin increased to 60.9%
- Premium digital cable TV and Broadband subscribers have been steadily increasing for the past eight quarters; added c.5,000 Premium digital cable TV and c.4,000 Broadband subscribers during the quarter, which more than offset Basic cable TV churn for the quarter; total subscribers increased to c.1,186,000
- Efforts in executing the Broadband growth strategy deepened TBC’s² fixed-line Broadband market penetration to 34%, from 33% as at 31 December 2019
- Distribution of 0.30 cents per unit declared for the quarter
- Proposes 1-for-4 renounceable non-underwritten Rights Issue as announced separately today

FINANCIAL HIGHLIGHTS

APTT³ reported higher revenue and EBITDA of \$79.3 million and \$48.3 million for the quarter ended 31 March 2020, amidst continued challenging market conditions in Taiwan.

Compared to the prior corresponding period (“pcp”), total revenue and EBITDA were higher by 8.3% and 9.5% for the quarter. This is mainly driven by higher non-subscription revenue generated from airtime advertising sales and others. ARPU⁴ continued to be under pressure including from the pricing pressure caused by the intense competition amongst mobile operators that has impacted the entire cable TV and telecommunications industry.

Foreign exchange contributed to a positive variance of 4.7% for the quarter compared to the pcp. In constant Taiwan dollar (“NT\$”) terms, total revenue for the quarter was 3.6% higher than the pcp.

Despite an increase in operating expenses due to higher staff costs and other operating expenses, EBITDA margin improved by 0.7 percentage point to 60.9%, from 60.2%.

Group	Quarter ended 31 March		
	2020	2019	Variance ⁵ (%)
Amounts in \$'000			
Revenue			
Basic cable TV	63,669	58,083	9.6
Premium digital cable TV	3,254	3,241	0.4
Broadband	12,381	11,883	4.2
Total revenue	79,304	73,207	8.3
Total operating expenses	(31,044)	(29,132)	(6.6)
EBITDA	48,260	44,075	9.5
EBITDA margin	60.9%	60.2%	

¹ All figures, unless otherwise stated, are presented in Singapore dollars (“\$”).

² TBC refers to Taiwan Broadband Communications group.

³ APTT refers to APTT and its subsidiaries taken as a whole.

⁴ ARPU refers to Average Revenue Per User.

⁵ A positive variance is favourable to the Group and a negative variance is unfavourable to the Group.

OPERATIONAL PERFORMANCE

TBC's operational highlights for the quarter ended 31 March 2020 were as follows:

- **Basic cable TV:** Basic cable TV revenue of \$63.7 million for the quarter, which comprised subscription revenue of \$48.8 million and non-subscription revenue of \$14.9 million, was up 9.6% on the pcp. In constant NT\$ terms, Basic cable TV revenue for the quarter increased by 4.9%. TBC's c.725,000 Basic cable TV RGUs⁶, each contributing an ARPU of NT\$486 per month in the quarter to access over 100 cable TV channels. Basic cable TV RGUs decreased by c.4,000 and ARPU was lower compared to the previous quarter ended 31 December 2019 (RGUs: c.729,000; ARPU: NT\$489 per month). The decline in Basic cable TV RGUs was due to a number of factors including video piracy issues, competition from aggressively priced IPTV and expectations from consumers for discounts as they compare with the lower cable TV pricing outside of TBC's five franchise areas, particularly in the Taipei region. Non-subscription revenue for the quarter, including revenue from the leasing of television channels to third parties, sale of airtime advertising and fees for the installation of set-top boxes, was higher than the pcp mainly due to higher revenue generated from airtime advertising sales and others. The leasing of television channels, which is mainly to third-party home shopping networks, continued to be affected by lower demand for home shopping and heightened competition from internet retailing. These trends will continue to put pressure on channel leasing revenue not just for TBC, but for the entire cable industry in Taiwan.
- **Premium digital cable TV:** While Premium digital cable TV RGUs increased, the lower ARPU resulted in a decline in revenue in constant NT\$ terms. Premium digital cable TV revenue of \$3.3 million for the quarter ended 31 March 2020 was up 0.4% on the pcp. However, in constant NT\$ terms, Premium digital cable TV revenue for the quarter decreased by 4.3%. Revenue was generated predominantly from TBC's c.219,000 Premium digital cable TV RGUs, each contributing an ARPU of NT\$104 per month in the quarter for Premium digital cable TV packages, bundled DVR or DVR-only services. Premium digital cable TV RGUs increased by c.5,000 but ARPU was lower compared to the previous quarter ended 31 December 2019 (RGUs: c.214,000; ARPU: NT\$107 per month) 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.
- **Broadband:** Despite the strong competition from mobile operators offering unlimited wireless data, Broadband RGUs continued to increase during the quarter. Broadband revenue of \$12.4 million for the quarter ended 31 March 2020 was up 4.2% on the pcp. In constant NT\$ terms, Broadband revenue for the quarter decreased marginally by 0.5%. Broadband revenue was generated predominantly from TBC's c.242,000 Broadband RGUs, each contributing an ARPU of NT\$360 per month in the quarter for high-speed Broadband services. Broadband RGUs increased by c.4,000 but ARPU was lower compared to the previous quarter ended 31 December 2019 (RGUs: c.238,000 and ARPU: NT\$366 per month). The availability of low-cost unlimited data offerings from mobile operators is necessitating fixed-line operators to offer higher speeds at competitive prices to acquire new RGUs and re-contract existing RGUs.

⁶ RGUs refer to Revenue Generating Units, another term for subscribers or subscriptions; the terms are used interchangeably.

Continued efforts to execute the Broadband growth strategy have deepened TBC's fixed-line Broadband market penetration to 34%, from 33% as at 31 December 2019. TBC has been driving higher speed plans, developing new market segments and introducing more value-added solutions that leverage the Android gateway, which allow higher speed plan subscribers to view over-the-top content and enjoy other value-added home-centric solutions.

As part of its Broadband growth strategy, TBC has also started providing data backhaul services to a growing number of wireless operators who prefer tapping into its superior network. With the first round of 5G licences awarded at the beginning of 2020, TBC is targeting to be fully backhaul ready to support 5G network carriers in their eventual rollout.

Mr Brian McKinley, Chief Executive Officer said, *"To manage cable TV churn and ARPUs, we remain focused on executing our Broadband growth strategy. Already, we are seeing some measure of success. Our Broadband market penetration has been growing for eight consecutive quarters, while data backhaul is expected to become a material part of our business in the next few years."*

OUTLOOK

The Trustee-Manager is fully committed to navigating the challenges that APTT and the industry are facing. A key focus is to gradually reduce debt levels and strengthen the balance sheet and cash flows. This will provide the Trust with the flexibility to effectively compete in this economic and operating environment.

Unlike in previous years where bank borrowings funded a significant portion of capital expenditure, since 2019, cash generated from operations has been funding capital expenditure, specifically on areas that have the best potential in generating growth. The proposed 1-for-4 renounceable non-underwritten Rights Issue, announced today, will also be used towards lowering debt.

Commenting on APTT's debt management programme, Mr McKinley said, *"With continued pressures on APTT's EBITDA amidst the continued challenges in the economic and operating environment, we are exercising extra prudence by paying down debt when the opportunity for a fully-backed rights issue presents itself. Additionally, with capital expenditure trending downwards in 2020, more cash generated from operations may be available to make debt repayments, subject to operating conditions."*

The number of Premium digital cable TV and Broadband RGUs is expected to grow in 2020. Total revenue will, however, be influenced by the ability to maintain ARPU which will remain under pressure due to a variety of factors, such as video piracy issues, growing popularity of online TV, aggressively priced IPTV and competition from mobile operators offering unlimited wireless data plans. The decline in demand for home shopping and competition from internet retailing will continue to put pressure on channel leasing revenue for the cable industry. Total operating expenses in 2020 are expected to be in line with 2019.

STRATEGIC REVIEW

In April 2019, the Trustee-Manager launched an independent strategic review of options available for APTT and its investment in TBC. In June 2019, Merrill Lynch (Singapore) Pte. Ltd. ("Bank of America Securities") was appointed as exclusive financial adviser for the strategic review, reporting to a special committee comprising all four independent directors on the Board and the Chief Executive Officer (the "Strategic Review Committee").

The Strategic Review Committee and Bank of America Securities spent months engaging various parties, including the Trustee-Manager's sole shareholder, Dynami Vision Pte. Ltd. ("Dynami"), to explore ways that can unlock value for APTT unitholders; a new strategic partnership at the Trustee-Manager level was one of the options considered. On 11 February 2020, the Trustee-Manager announced that Dynami's parent company had entered into a sale and purchase agreement with Da Da Digital Convergence Co., Ltd. ("Da Da Digital") for a 65% stake in Dynami (the "Proposed Transaction").

The Strategic Review Committee is of the view that this partial divestment by Dynami, if approved by the regulatory bodies in Taiwan and lenders of APTT and TBC, will be a win-win solution for all parties, and for APTT unitholders. There is potential to create synergies between APTT and Da Da Digital on the back of industry changes from Taiwan's 5G rollout. Da Da Digital has indicated its interest to increase its stake in APTT in the mid to long term, while adhering to the necessary regulations in both Taiwan and Singapore.

The Strategic Review Committee, which is steadfast in protecting unitholders' interest, looks forward to growing the partnership and working closely with Da Da Digital to extract greater value for unitholders.

The Trustee-Manager will make further announcements when appropriate. Unitholders of APTT are advised to refrain from taking any action in respect of their units or other securities of APTT which may be prejudicial to their interests, and to exercise caution when dealing in such units or other securities.

RIGHTS ISSUE

The Trustee-Manager is separately announcing a proposed renounceable non-underwritten rights issue (the "Rights Issue") of new units in APTT (the "Rights Units") today. Please refer to that announcement for more details.

DISTRIBUTIONS

The Board of directors of the Trustee-Manager has declared an ordinary interim distribution of 0.30 cents per unit for the quarter ended 31 March 2020. The record date will be on 8 May 2020 and the distribution will be paid on 15 May 2020.

Assuming the completion of the Rights Issue, as separately being announced today, APTT's total unitholdings will expand by 25% to 1,806,354,850 units. Following the completion of the Rights Issue, the Trustee-Manager intends to increase the total quarterly distribution payout for the remaining quarters in 2020 by 4.2% from \$4.3 million to \$4.5

million. Based on the enlarged unitholdings, this translates to an adjusted distribution of 0.25 cents per unit per quarter, subject to no material changes in planning assumptions.

Until the Rights Issue is completed, unitholders will continue to receive a distribution of 0.30 cents per unit per quarter for 2020.

Distribution guidance for 2021 is expected to be announced when APTT releases its third quarter results for 2020.

TRUSTEE-MANAGER UNITS IN APTT

As announced on 10 January 2020, APTT issued 2,955,468 units (“TM units”) to the Trustee-Manager at a price of \$0.1691778996 per unit, as payment of \$0.5 million, out of the total \$3.7 million Trustee-Manager base fees for the six-month period from 1 July 2019 to 31 December 2019. The issue price per unit was based on APTT’s volume weighted average price for a unit for all trades done on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) in the ordinary course of trading on the SGX-ST for the ten business days immediately prior to the date of issue. The balance of \$3.2 million Trustee-Manager base fees along with GST and any rounding off adjustment from the issue of units was settled in cash.

Following the issuance of the TM units, the Trustee-Manager’s direct unitholding in APTT is 8,283,880 units, representing approximately 0.573% of the total number of issued units in APTT. Mr Lu Fang-Ming, the non-executive director and vice-chair of the Trustee-Manager, holds 5,000,000 units, representing approximately 0.346% of the total number of issued units in APTT. Mr Lu holds majority of the shares in Dynami Vision Pte. Ltd., which is the sole shareholder of the Trustee-Manager. Hong Han Investment Co., Ltd., a related entity of the Trustee-Manager, holds 43,103,999 units, representing approximately 2.983% of the total number of issued units in APTT. The total number of issued units in APTT as at the date of this report is 1,445,083,880.

ABOUT APTT

APTT is the first listed business trust in Asia focused on pay-TV and broadband businesses. APTT has an investment mandate to acquire controlling interests in and to own, operate and maintain mature, cash generative pay-TV and broadband businesses in Taiwan, Hong Kong, Japan and Singapore. APTT is managed by its Trustee-Manager, APTT Management Pte. Limited. The Trustee-Manager has the dual responsibility of safeguarding the interests of Unitholders and managing the business conducted by APTT. The Trustee-Manager manages APTT’s business with an objective of providing Unitholders with stable and sustainable distributions.

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