

## SGX-ST Release

### APTT ANNOUNCES RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2020

#### Singapore - 1 March 2021

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

#### KEY HIGHLIGHTS

- Higher revenue at \$76.5 million<sup>1</sup> for the quarter and \$307.4 million for the year; EBITDA for the quarter was marginally down at \$42.9 million but higher at \$181.0 million for the year
- Broadband ARPU increased quarter-on-quarter, while Basic cable TV ARPU remained unchanged
- As at 31 December 2020, total number of subscribers surpassed the 1.2 million mark to reach c.1,203,000, driven by growth in Premium digital cable TV and Broadband subscribers which have been steadily increasing for the past 11 quarters
- Despite intense competition, Broadband subscribers rose 16% over the last 24 months, underscoring the success of TBC’s Broadband growth strategy
- Distribution of 0.25 cents per unit declared for the quarter; re-affirmed distribution guidance of 1.0 cent per unit for 2021, subject to no material changes in planning assumptions

#### FINANCIAL HIGHLIGHTS

APTT<sup>2</sup> rounded up the year ended 31 December 2020 with higher revenue and EBITDA. For the full year, revenue increased 5.0% to \$307.4 million, while EBITDA improved 3.7% to \$181.0 million. For the quarter, revenue increased 3.0% to \$76.5 million, while EBITDA declined marginally by 0.1% to \$42.9 million.

Foreign exchange contributed to a positive variance of 5.7% for the quarter and 6.1% for the year compared to the prior corresponding period (“pcp”). In constant Taiwan dollar (“NT\$”), total revenue for the quarter and year was lower by 2.7% and 1.1%, compared to the pcp.

Unlike previous quarters where ARPU<sup>3</sup> continued to decline, Broadband ARPU improved by NT\$1 to NT\$356 per month, while Basic cable TV ARPU remained unchanged at NT\$482 per month. Notwithstanding this, the pricing competition across the entire cable TV and telecommunications industry continues to put a downward pressure on TBC’s ARPUs.

As at 31 December 2020, total number of subscribers surpassed the 1.2 million mark to reach c.1,203,000, driven by continued growth in Premium digital cable TV and Broadband subscribers which has been steadily increasing for the past 11 quarters.

Operating expenses for the quarter and year increased primarily due to the impact of foreign exchange, higher staff costs and other operating expenses. In constant NT\$, broadcast and production costs for the quarter and year remained stable. EBITDA margin for the quarter and year were 56.0% and 58.9%, respectively.

Group	Quarter ended 31 December			Year ended 31 December		
	2020	2019	Variance <sup>4</sup> (%)	2020	2019	Variance <sup>4</sup> (%)
<b>Amounts in \$'000</b>						
<b>Revenue</b>						
Basic cable TV	60,386	59,067	2.2	243,590	232,151	4.9
Premium digital cable TV	3,185	3,181	0.1	12,976	12,797	1.4
Broadband	12,944	12,012	7.8	50,812	47,677	6.6
<b>Total revenue</b>	<b>76,515</b>	<b>74,260</b>	<b>3.0</b>	<b>307,378</b>	<b>292,625</b>	<b>5.0</b>
<b>Total operating expenses<sup>5</sup></b>	<b>(33,636)</b>	<b>(31,352)</b>	<b>(7.3)</b>	<b>(126,412)</b>	<b>(118,165)</b>	<b>(7.0)</b>
<b>EBITDA</b>	<b>42,879</b>	<b>42,908</b>	<b>(0.1)</b>	<b>180,966</b>	<b>174,460</b>	<b>3.7</b>
EBITDA margin	56.0%	57.8%		58.9%	59.6%	

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

<sup>2</sup> APTT refers to APTT and its subsidiaries taken as a whole.

<sup>3</sup> ARPU refers to Average Revenue Per User.

<sup>4</sup> A positive variance is favourable to the Group and a negative variance is unfavourable to the Group.

<sup>5</sup> Operating expenses presented here exclude one-time settlement of programming fees, 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. Settlement of programming fees were \$5.4 million and represent a one-time programming cost following final negotiations between TBC and the agent in relation to the content programming discussions TBC had been facilitating between its programming vendors and agent since 2019.

## OPERATIONAL PERFORMANCE

TBC's<sup>6</sup> operational highlights for the quarter and year ended 31 December 2020 were as follows:

- **Basic cable TV:** Basic cable TV revenue of \$60.4 million for the quarter, which comprised subscription revenue of \$48.7 million and non-subscription revenue of \$11.7 million, was up 2.2% on the pcp. On a full year basis, Basic cable TV revenue of \$243.6 million, comprising subscription revenue of \$195.6 million and non-subscription revenue of \$48.0 million, was up 4.9% on the pcp. In constant NT\$, Basic cable TV revenue for the quarter and year decreased by 3.5% and 1.2%. TBC's c.709,000 Basic cable TV RGUs<sup>7</sup> contributed an ARPU of NT\$482 per month in the quarter to access over 100 cable TV channels. Basic cable TV RGUs decreased by c.7,000, but ARPU remained unchanged compared to the previous quarter ended 30 September 2020 (RGUs: c.716,000; ARPU: NT\$482 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, the growing popularity of online video, as well as 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, the sale of airtime advertising and fees for the installation of set-top boxes, was higher than the pcp mainly due to the impact of foreign exchange. Non-subscription revenue for the year was higher than the pcp mainly due to higher revenue generated from channel leasing and airtime advertising sales. The leasing of television channels, which is mainly to third-party home shopping networks, will continue to face pressures from lower demand for home shopping and heightened competition from internet retailing. These trends will continue to impact channel leasing revenue not just for TBC, but for the entire cable industry in Taiwan.
- **Premium digital cable TV:** Premium digital cable TV revenue of \$3.2 million for the quarter ended 31 December 2020 was up 0.1% on the pcp. On a full year basis, Premium digital cable TV revenue of \$13.0 million was 1.4% higher. In constant NT\$, Premium digital cable TV revenue for the quarter and year decreased by 5.6% and 4.7%. Revenue was generated predominantly from TBC's c.244,000 Premium digital cable TV RGUs each contributing an ARPU of NT\$90 per month in the quarter for Premium digital cable TV packages and bundled DVR or DVR-only services. Premium digital cable TV RGUs increased by c.9,000 but ARPU was lower compared to the previous quarter ended 30 September 2020 (RGUs: c.235,000; ARPU: NT\$95 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 inexpensive unlimited wireless data plans, Broadband RGUs continued to increase during the quarter. Broadband revenue of \$12.9 million for the quarter ended 31 December 2020 was up 7.8% on the pcp. On a full year basis, Broadband revenue of \$50.8 million was 6.6% higher. In constant NT\$, Broadband revenue for the quarter and year increased by 2.1% and 0.5%. Broadband revenue was generated predominantly from TBC's c.250,000 Broadband RGUs each contributing an ARPU of NT\$356 per month in the quarter for high-speed Broadband services. Broadband RGUs increased by c.2,000 and ARPU was marginally higher compared to the previous quarter ended 30 September 2020 (RGUs: c.248,000; ARPU: NT\$355 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.

Mr Brian McKinley, Chief Executive Officer of the Trustee-Manager said, "Our total subscriber base has surpassed the 1.2 million mark, driven by continued growth in Premium digital cable TV and Broadband subscribers which has more than offset Basic cable TV churn. The 16% increase in Broadband subscribers over the last 24 months validates our Broadband strategy of attracting new subscribers with higher speed plans and higher value-added solutions that leverage the Android gateway. To mitigate the pressure on ARPU, we will further our efforts to develop new market segments for Broadband, and at the same time, unlock the potential of TBC's data backhaul service, which is expected to be a key component of our Broadband business within the next few years."

As a proof-of-concept, TBC has been providing data backhaul for 4G networks to a number of wireless operators who prefer tapping into its network, rather than its main competitor who is also competing in the wireless space. Taiwan's 5G rollout will be a multi-year investment for the wireless operators, presenting opportunities for TBC's data backhaul business.

<sup>6</sup> TBC refers to Taiwan Broadband Communications group.

<sup>7</sup> RGUs refer to Revenue Generating Units, another term for subscribers or subscriptions; the terms are used interchangeably.

Mr McKinley added, *“We are exercising an abundance of caution amid the competition and an uncertain global economic environment. A key priority is to continue strengthening our balance sheet by managing debt levels and limiting capital expenditure to only what is necessary, and on areas that can support our aggressive push to grow our Broadband business. Capital expenditure, which is trending down, will continue to be funded by cash generated from operations and not bank borrowings.”*

## OUTLOOK

The Trustee-Manager is in the advanced stages with lenders to refinance APTT's Offshore Facilities, which are due for maturity in July 2021. In January 2021 an amendment request letter was issued to the facility agent seeking extension of the maturity date by two years to 14 July 2023. As at the date of this report, the terms of the extension have been agreed with the majority of lenders in the syndicate and the Trustee-Manager expects to receive approvals from the remaining lenders before the end of the first quarter of 2021. The Trustee-manager believes that it will successfully extend the maturity date of the Offshore Facilities by two years, up to 14 July 2023.

While the Trustee-Manager does not expect growth in Basic cable TV RGUs due to Taiwan's saturated cable TV market, it expects the number of Premium digital cable TV and Broadband RGUs to continue increasing in 2021. Total revenue will, however, be influenced by the ability to maintain ARPUs which will remain under pressure due to market dynamics. 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 2021 are expected to be in line with 2020.

With capital expenditure trending down, more cash generated from operations may be available to make debt repayments, subject to operating conditions.

## DISTRIBUTIONS

The Board of directors of the Trustee-Manager has declared an ordinary distribution of 0.25 cents per unit for the quarter ended 31 December 2020. The record date will be 19 March 2021 and the distribution will be paid on 26 March 2021.

The Board is re-affirming the distribution guidance for the year ending 31 December 2021. Distribution for 2021 is expected to remain at 1.0 cent per unit, to be paid in quarterly instalments of 0.25 cents per unit per quarter, subject to no material changes in planning assumptions.

## IMPACT OF COVID-19

TBC operates in a relatively defensive industry, providing cable TV and fixed-line broadband services to the local households in its five closely clustered franchise areas in northern and central Taiwan. Given the subscription-based nature of its business, the impact of the COVID-19 pandemic on TBC has been limited to date.

TBC activated its Business Continuity Plan (“BCP”) since the start of the virus outbreak in Taiwan. The BCP aims to protect the health and safety of all staff while minimising disruptions to its service delivery and overall operations. TBC has adhered to all regulations and guidelines from government authorities related to the containment of the virus, including split team arrangements, safe-distancing and encouraging staff to embrace good personal hygiene, and will continue to do so.

Likewise, the Trustee-Manager in Singapore has activated its BCP plan that adheres to the relevant regulations in Singapore.

Additional expenses incurred to implement COVID-19 related measures during the year ended 31 December 2020, were not material. While some additional expenses are expected to be incurred to implement COVID-19 related measures in 2021, they are not expected to be material.

While the COVID-19 outbreak in Taiwan has been relatively contained as compared to other countries, Taiwan's outlook remains uncertain as the expected downturn in other countries will invariably have an impact on Taiwan's export-driven economy and GDP growth. A significant and prolonged deterioration in the national GDP, disposable income or overall economic conditions could in turn adversely affect TBC's ability to grow or maintain revenues, and its financial position.

The Trustee-Manager will continue to:

- monitor developments of COVID-19 and their related impact on operations; and
- exercise prudence, manage its operational and capital expenditure and strengthen APTT's debt management programme. A stronger balance sheet will provide APTT with the flexibility to navigate and compete more effectively in today's uncertain economic climate.

### 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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