

## SGX-ST Release

### APTT ANNOUNCES RESULTS FOR THE QUARTER ENDED 31 MARCH 2021

#### Singapore - 12 May 2021

Asian Pay Television Trust (“APTT” or the “Trust”) today announced its financial results for the quarter ended 31 March 2021.

#### KEY HIGHLIGHTS

- Revenue and EBITDA at \$74.4 million<sup>1</sup> and \$45.4 million; EBITDA margin increased marginally to 61.0%
- Premium digital cable TV and Broadband subscribers have been steadily increasing for the past 12 quarters; added c.6,000 Premium digital cable TV and c.5,000 Broadband subscribers during the quarter, which more than offset Basic cable TV churn for the quarter; total subscribers increased to c.1,208,000
- Despite intense competition, Broadband subscribers rose 18% over the last 27 months, underscoring the success of TBC’s Broadband growth strategy; Broadband revenue improved in both S\$ and NT\$ for three consecutive quarters compared to the pcp
- 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> reported revenue of \$74.4 million and EBITDA of \$45.4 million for the quarter ended 31 March 2021.

Foreign exchange contributed to a positive variance of 3.1% for the quarter compared to the prior corresponding period (“pcp”). In constant Taiwan dollar (“NT\$”), total revenue for the quarter decreased by 9.3%, compared to the pcp mainly due to lower revenue generated from channel leasing, the absence of one-off basic cable TV revenue arising from the sale of certain in-house content to channel providers in the pcp, as well as less airtime advertising sales.

Basic cable TV ARPU<sup>3</sup> improved to NT\$489 per month. While Broadband ARPU for the quarter declined marginally by NT\$1 to NT\$355 per month, Broadband revenue, which includes revenue from data backhaul, increased 9.5% and 6.4% in S\$ and NT\$, respectively, validating the success of TBC’s Broadband growth strategy.

As at 31 March 2021, the total number of subscribers increased to c.1,208,000, driven by continued growth in Premium digital cable TV and Broadband subscribers which have been steadily increasing for the past 12 quarters. During the quarter, the number of Premium digital cable TV and Broadband subscribers increased by c.6,000 and c.5,000, which more than offset Basic cable TV churn.

Operating expenses for the quarter decreased primarily due to lower staff costs and other operating expenses, as well as marginally lower broadcast and production costs in constant NT\$. EBITDA margin for the quarter improved by 0.1 percentage points to 61.0%, from 60.9%.

Group	Quarter ended 31 March		
	2021	2020	Variance <sup>4</sup> (%)
<b>Amounts in \$'000</b>			
<b>Revenue</b>			
Basic cable TV	57,477	63,669	(9.7)
Premium digital cable TV	3,353	3,254	3.0
Broadband	13,561	12,381	9.5
<b>Total revenue</b>	<b>74,391</b>	<b>79,304</b>	<b>(6.2)</b>
<b>Total operating expenses<sup>5</sup></b>	<b>(29,006)</b>	<b>(31,044)</b>	<b>6.6</b>
<b>EBITDA</b>	<b>45,385</b>	<b>48,260</b>	<b>(6.0)</b>
EBITDA margin	61.0%	60.9%	

<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 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.

## OPERATIONAL PERFORMANCE

TBC's<sup>6</sup> operational highlights for the quarter ended 31 March 2021 were as follows:

- **Basic cable TV:** Basic cable TV revenue of \$57.5 million for the quarter, which comprised subscription revenue of \$49.1 million and non-subscription revenue of \$8.4 million, was down 9.7% on the pcp. In constant NT\$, Basic cable TV revenue for the quarter decreased by 12.8% mainly due to lower revenue generated from channel leasing, the absence of one-off revenue arising from the sale of certain in-house content to channel providers in the pcp, as well as less airtime advertising sales. TBC's c.703,000 Basic cable TV RGUs<sup>7</sup> contributed an ARPU of NT\$489 per month in the quarter to access over 100 cable TV channels. Basic cable TV RGUs decreased by c.6,000 but ARPU was higher compared to the previous quarter ended 31 December 2020 (RGUs: c.709,000; 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 lower than the pcp mainly due to lower revenue generated from airtime advertising sales and channel leasing. 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 \$3.4 million for the quarter ended 31 March 2021 was up 3.0% on the pcp. In constant NT\$, Premium digital cable TV revenue for the quarter decreased by 0.1%. Revenue was generated predominantly from TBC's c.250,000 Premium digital cable TV RGUs each contributing an ARPU of NT\$86 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.6,000 but ARPU was lower compared to the previous quarter ended 31 December 2020 (RGUs: c.244,000; ARPU: NT\$90 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 \$13.6 million for the quarter ended 31 March 2021, which includes revenue from data backhaul, was up 9.5% on the pcp. In constant NT\$, Broadband revenue for the quarter increased by 6.4%. Broadband revenue was generated predominantly from TBC's c.255,000 Broadband RGUs each contributing an ARPU of NT\$355 per month in the quarter for high-speed Broadband services. Broadband RGUs increased by c.5,000 but ARPU was marginally lower by NT\$1 compared to the previous quarter ended 31 December 2020 (RGUs: c.250,000; ARPU: NT\$356 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, *"We are pleased with our Broadband performance. For three consecutive quarters compared to the pcp we have recorded revenue growth in both S\$ and NT\$ as we continue to win subscribers away from our main competitor. The number of Broadband subscribers have increased by 18% in the last 27 months. Our already low churn rates for Broadband trended even lower to 0.7%, from 0.9% in the preceding quarter. All of these validate our strategy of offering higher speed plans at lower prices, and providing value-added solutions that leverage the Android gateway."*

Apart from growing its Broadband subscribers, TBC remains on track to capture data backhaul opportunities in Taiwan. Its network investments are now past the peak, after increasing its fibre density from an average of more than 750 end-homes per fibre node three years ago to less than 250 end-homes per fibre node today – removing network congestion and allowing data to be transmitted at higher speeds.

<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 explained, “We have reached a fibre density that can adequately deliver higher speed plans and, at the same time, support wireless operators in their 5G network rollout. This places us in a good position to capitalise on data backhaul opportunities arising from wireless operators’ multi-year investment in the build out of their 5G networks. In our five franchise areas, TBC is one of two players that owns a distributed and dense underground fibre network that could be leveraged in a 5G build-out. Wireless operators recognise that TBC does not compete with them in the wireless space and are therefore more inclined to include TBC’s network in their planning process. Although revenue from data backhaul is not yet significant, it has been gradually increasing over the last two years. We are confident that our data backhaul revenue will continue growing and add a meaningful income stream to our Broadband business within the next few years.”

On capital management, following the extension of the Offshore Facilities in March 2021, the Trustee-Manager has begun discussions to refinance the Onshore Facilities ahead of maturity. The Trustee-Manager is confident of successfully refinancing the Onshore Facilities within the next 12 months with no impact on the distribution, subject to no material changes in planning assumptions.

## OUTLOOK

While capital expenditure to increase network capacity and speed will continue, the Trustee-Manager expects to spend less compared to the last three years. With capital expenditure trending down, APTT’s balance sheet is expected to strengthen further. The Trustee-Manager aims to use the excess cash generated from operations to make debt repayments, subject to operating conditions.

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 ARPU 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.

## DISTRIBUTIONS

The Board of directors of the Trustee-Manager has declared an ordinary interim distribution of 0.25 cents per unit for the quarter ended 31 March 2021. The record date will be 18 June 2021 and the distribution will be paid on 25 June 2021.

The Board has re-affirmed the distribution guidance for the year ending 31 December 2021. The 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, 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 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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