

## SGX-ST Release

### APTT ANNOUNCES RESULTS FOR THE QUARTER AND HALF-YEAR ENDED 30 JUNE 2021

Singapore - 13 August 2021

**Asian Pay Television Trust** (“APTT” or the “Trust”) today announced its financial results for the quarter and half-year ended 30 June 2021.

#### KEY HIGHLIGHTS

- Revenue lower at \$73.7 million<sup>1</sup> but EBITDA higher at \$45.2 million for the quarter ended 30 June 2021; EBITDA margin improved by 2.4 percentage points to 61.4%
- Premium digital cable TV and Broadband subscribers have been steadily increasing for the past 13 quarters; added c.7,000 Premium digital cable TV and c.9,000 Broadband subscribers during the quarter, which more than offset Basic cable TV churn for the quarter; total subscribers increased to c.1,219,000
- Broadband ARPU increased alongside growth in subscribers for the quarter; Broadband revenue improved in both S\$ and NT\$ for four consecutive quarters compared to the pcp
- Capital expenditure, which decreased by 43.9% for the quarter and 39.8% for the half-year, is expected to continue trending down
- 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 \$73.7 million and EBITDA of \$45.2 million for the quarter ended 30 June 2021. For the half-year ended 30 June 2021, total revenue and EBITDA were \$148.0 million and \$90.6 million.

Foreign exchange contributed to a positive variance of 0.9% for the quarter and 2.0% for the half-year compared to the prior corresponding period (“pcp”). In constant Taiwan dollar (“NT\$”), total revenue decreased by 3.5% for the quarter and 6.5% for the half-year 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 first quarter of 2020, as well as less airtime advertising sales recorded in the first quarter of 2021 also contributed to the lower half-year revenue.

Broadband ARPU<sup>3</sup> for the quarter improved by NT\$3 to NT\$358 per month alongside the growth in Broadband subscribers. Broadband revenue, which included revenue from data backhaul, increased 7.9% and 7.0% for the quarter and 8.7% and 6.7% for the half-year in S\$ and NT\$, respectively, validating the success of TBC’s Broadband growth strategy.

As at 30 June 2021, the total number of subscribers increased to c.1,219,000, driven by continued growth in Premium digital cable TV and Broadband subscribers which have been steadily increasing for the past 13 quarters. During the quarter, the number of Premium digital cable TV and Broadband subscribers increased by c.7,000 and c.9,000, which more than offset Basic cable TV churn.

Operating expenses for the quarter and half-year decreased primarily due to lower staff costs and other operating expenses. EBITDA margin improved by 2.4 percentage points to 61.4% for the quarter and 1.2 percentage points to 61.2% for the half-year.

Group Amounts in \$'000	Quarter ended 30 June			Half-year ended 30 June		
	2021	2020	Variance <sup>4</sup> (%)	2021	2020	Variance <sup>4</sup> (%)
<b>Revenue</b>						
Basic cable TV	56,738	59,602	(4.8)	114,215	123,271	(7.3)
Premium digital cable TV	3,160	3,300	(4.2)	6,513	6,554	(0.6)
Broadband	13,752	12,745	7.9	27,313	25,126	8.7
<b>Total revenue</b>	<b>73,650</b>	<b>75,647</b>	<b>(2.6)</b>	<b>148,041</b>	<b>154,951</b>	<b>(4.5)</b>
<b>Total operating expenses<sup>5</sup></b>	<b>(28,407)</b>	<b>(30,994)</b>	<b>8.3</b>	<b>(57,413)</b>	<b>(62,038)</b>	<b>7.5</b>
<b>EBITDA</b>	<b>45,243</b>	<b>44,653</b>	<b>1.3</b>	<b>90,628</b>	<b>92,913</b>	<b>(2.5)</b>
EBITDA margin	61.4%	59.0%		61.2%	60.0%	

<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.

## OPERATIONAL PERFORMANCE

TBC's<sup>6</sup> operational highlights for the quarter ended 30 June 2021 were as follows:

- Basic cable TV:** Basic cable TV revenue of \$56.7 million for the quarter, which comprised subscription revenue of \$48.1 million and non-subscription revenue of \$8.7 million, was down 4.8% on the pcp. In constant NT\$, Basic cable TV revenue for the quarter decreased by 5.7% mainly due to lower revenue generated from channel leasing compared to the pcp. TBC's c.698,000 Basic cable TV RGUs<sup>7</sup> contributed an ARPU of NT\$480 per month in the quarter to access over 100 cable TV channels. Basic cable TV RGUs decreased by c.5,000 and ARPU was lower compared to the previous quarter ended 31 March 2021 (RGUs: c.703,000; 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, 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 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 \$3.2 million for the quarter ended 30 June 2021 was down 4.2% on the pcp. In constant NT\$, Premium digital cable TV revenue for the quarter decreased by 5.1%. Revenue was generated predominantly from TBC's c.257,000 Premium digital cable TV RGUs each contributing an ARPU of NT\$84 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.7,000 but ARPU was lower compared to the previous quarter ended 31 March 2021 (RGUs: c.250,000; ARPU: NT\$86 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 \$13.8 million for the quarter ended 30 June 2021, which included revenue from data backhaul, was up 7.9% on the pcp. In constant NT\$, Broadband revenue for the quarter increased by 7.0%. Broadband revenue was generated predominantly from TBC's c.264,000 Broadband RGUs each contributing an ARPU of NT\$358 per month in the quarter for high-speed Broadband services. Broadband RGUs increased by c.9,000 and ARPU was higher compared to the previous quarter ended 31 March 2021 (RGUs: c.255,000; ARPU: NT\$355 per month). The growth in both Broadband subscribers and ARPU reflected the success of TBC's Broadband marketing outreach to offer higher speeds at competitive prices to acquire new RGUs and re-contract existing RGUs.

<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 Brian McKinley, Chief Executive Officer of the Trustee-Manager said, *“We expect our Broadband performance to continue improving, not just in terms of growth in subscribers but also in terms of revenue. For four consecutive quarters, we have recorded revenue growth in both S\$ and NT\$, compared to the pcp, reflecting the success of our intensive marketing outreach to win subscribers away from our main competitor – by focusing on Broadband only segment and by offering higher speed plans at competitive prices. In this quarter, we are pleased to record higher ARPU alongside 9,000 more subscribers. This brings the growth of our Broadband subscribers to 22% over the last 30 months. The increasing revenue from data backhaul has also contributed to our higher Broadband revenue.”*

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. This places TBC in a good position to support wireless operators in the build out of their 5G networks – multi-year investments that present opportunities for the Trust.

Mr McKinley explained, *“We remain an attractive partner to the wireless operators as we do not compete with them in the wireless space. Our data backhaul business is showing results, in the form of growing revenue. 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.”*

He added, *“Now that we have a sufficiently dense fibre network that enables us to comfortably deliver higher speed plans and support wireless operators in the build out of their 5G networks, we expect to spend less on our network investments, compared to the last three years. Capital expenditure will therefore continue to trend down. We aim to use excess cash generated from operations to make debt repayments, subject to operating conditions.”*

For the quarter and half-year ended 30 June 2021, capital expenditure decreased by 43.9% and 39.8%.

On capital management, the maturity date of the Offshore Facilities was extended to July 2023 (“Amendment”). The Trustee-Manager is in discussions with lenders to refinance the Onshore Facilities ahead of maturity, and 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 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 lower than 2020.

In the second quarter of 2021, one of TBC’s programming vendors filed lawsuits against TBC claiming certain programming costs for 2020 amounting to NT\$336m (approximately \$16.2 million). TBC has a contract in place with a content agent, who acquires content from programming vendors on behalf of TBC. TBC has paid all of the programming costs for 2020 under its contract with its agent. The agent, however, has not yet made payment to the programming vendor in question that has filed the lawsuits.

The programming costs have already been paid and recognised in the Group’s income statement for the year ended 31 December 2020, as broadcast and production costs. TBC has formally reminded the content agent of its obligations. The Trustee-Manager believes that the content agent and programming vendor will reach an agreement and that no material loss will accrue to the group. No interruption of service is expected as a result of these lawsuits.

## 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 30 June 2021. The record date will be 17 September 2021 and the distribution will be paid on 24 September 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.

Distribution guidance for 2022 is expected to be announced when APTT releases its third quarter results for 2021.

### 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 work from home, 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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