

SGX-ST Release

APTT ANNOUNCES RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021

Singapore - 12 November 2021

Asian Pay Television Trust (“APTT” or the “Trust”) today announced its financial results for the quarter and nine months ended 30 September 2021.

KEY HIGHLIGHTS

- Overall performance for the quarter ended 30 September 2021 was led by strong Broadband growth; Broadband subscribers increased by c.10,000, alongside higher ARPU; Broadband revenue improved in both S\$ and NT\$ for five consecutive quarters, compared to the pcp
- EBITDA higher at \$46.2 million¹ for the quarter ended 30 September 2021 on the back of \$75.5 million in revenue; EBITDA margin improved by 1.7 percentage points to 61.2%
- Steady increase in Premium digital cable TV and Broadband subscribers over the past 14 quarters more than offset Basic cable TV churn; total subscribers increased to c.1,234,000
- Capital expenditure decreased by 57.7% for the quarter
- All five of TBC’s cable TV licences have been successfully renewed until 2029 and 2030
- Distribution of 0.25 cents per unit declared for the quarter; re-affirmed distribution guidance of 0.25 cents per unit for the fourth quarter of 2021
- Distribution guidance for 2022 to remain at 1.0 cent per unit

FINANCIAL HIGHLIGHTS

APTT² reported stable revenue of \$75.5 million and higher EBITDA of \$46.2 million for the quarter ended 30 September 2021. For the nine months ended 30 September 2021, total revenue and EBITDA were \$223.5 million and \$136.8 million. EBITDA margin improved by 1.7 percentage points to 61.2% for the quarter and 1.4 percentage points to 61.2% for the nine months mainly driven by lower operating expenses.

Foreign exchange contributed to a positive variance of 3.6% for the quarter and 2.5% for the nine months compared to the prior corresponding period (“pcp”). In constant Taiwan dollar (“NT\$”), total revenue decreased by 4.2% for the quarter and 5.7% for the nine months 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 revenue for the nine months in 2021.

Broadband recorded strong growth, with the number of subscribers increasing by c.10,000 during the quarter, alongside higher ARPU³ which improved by NT\$6 to NT\$364 per month. Broadband revenue, which includes revenue from data backhaul, increased 15.8% and 12.2% for the quarter and 11.1% and 8.6% for the nine months in S\$ and NT\$, respectively, validating the success of TBC’s Broadband growth strategy.

Together with the c.9,000 increase in Premium digital cable TV subscribers, TBC’s total number of subscribers increased to c.1,234,000 as at 30 September 2021. The continued growth in Premium digital cable TV and Broadband subscribers over the past 14 quarters has consistently more than offset Basic cable TV churn.

Group Amounts in \$'000	Quarter ended 30 September			Nine months ended 30 September		
	2021	2020	Variance ⁴ (%)	2021	2020	Variance ⁴ (%)
Revenue						
Basic cable TV	57,540	59,933	(4.0)	171,755	183,204	(6.2)
Premium digital cable TV	3,167	3,237	(2.2)	9,680	9,791	(1.1)
Broadband	14,752	12,742	15.8	42,065	37,868	11.1
Total revenue	75,459	75,912	(0.6)	223,500	230,863	(3.2)
Total operating expenses⁵	(29,279)	(30,738)	4.7	(86,692)	(92,776)	6.6
EBITDA	46,180	45,174	2.2	136,808	138,087	(0.9)
EBITDA margin	61.2%	59.5%		61.2%	59.8%	

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

² APTT refers to APTT and its subsidiaries taken as a whole.

³ ARPU refers to Average Revenue Per User.

⁴ A positive variance is favourable to the Group and a negative variance is unfavourable to the Group.

⁵ Operating expenses presented here exclude one-time settlement of programming fees in 2020, 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.

Mr Brian McKinley, Chief Executive Officer of the Trustee-Manager said, “Our Broadband growth strategy is yielding results, with continued growth in subscribers and revenue, which has been increasing for five consecutive quarters in both S\$ and NT\$ compared to the pcp. On Basic cable TV churn, we are seeing a slowdown while ARPU has shown some signs of stabilising. We are positioning ourselves to grow in a measured way. Over the long term, we aim for the growth in revenue from Broadband and new initiatives to more than offset the decline in Basic cable TV revenue. Apart from unlocking the potential of our data backhaul business, we will continue with our intensive marketing outreach to win subscribers from our main competitor – by stepping up our partnership programs with mobile operators to focus on the fixed-line Broadband only segment, and by offering higher speed plans at competitive prices.”

OPERATIONAL PERFORMANCE

TBC’s⁶ operational highlights for the quarter ended 30 September 2021 were as follows:

- Basic cable TV:** Basic cable TV revenue of \$57.5 million for the quarter, which comprised subscription revenue of \$48.5 million and non-subscription revenue of \$9.1 million, was down 4.0% on the pcp. In constant NT\$, Basic cable TV revenue for the quarter decreased by 7.6% mainly due to lower revenue generated from channel leasing compared to the pcp. TBC’s c.694,000 Basic cable TV RGUs⁷ contributed an ARPU of NT\$478 per month in the quarter to access over 100 cable TV channels. Basic cable TV RGUs decreased by c.4,000 and ARPU was marginally lower by NT\$2 compared to the previous quarter ended 30 June 2021 (RGUs: c.698,000; ARPU: NT\$480 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, comprising 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 September 2021 was down 2.2% on the pcp. In constant NT\$, Premium digital cable TV revenue for the quarter decreased by 5.8%. Revenue was generated predominantly from TBC’s c.266,000 Premium digital cable TV RGUs each contributing an ARPU of NT\$80 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 by NT\$4 compared to the previous quarter ended 30 June 2021 (RGUs: c.257,000; ARPU: NT\$84 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.

⁶ TBC refers to Taiwan Broadband Communications group.

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

- **Broadband:** Despite the strong competition from mobile operators offering inexpensive unlimited data plans, Broadband RGUs increased by c.10,000 during the quarter, alongside an NT\$6 improvement in ARPU. Broadband revenue of \$14.8 million for the quarter ended 30 September 2021, which includes revenue from data backhaul, was up 15.8% on the pcp. In constant NT\$, Broadband revenue for the quarter increased by 12.2%. Broadband revenue was generated predominantly from TBC's c.274,000 Broadband RGUs each contributing an ARPU of NT\$364 per month in the quarter for high-speed Broadband services, an improvement compared to the previous quarter ended 30 June 2021 (RGUs: c.264,000; ARPU: NT\$358 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.

As one of the two players that fully owns a distributed and dense underground fibre network in its five franchise areas, TBC remains on track to win data backhaul opportunities in Taiwan. Network investments are now past the peak, after increasing 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 mobile 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 mobile operators as we do not compete with them in the wireless space. Since introducing our data backhaul business three years ago, revenue from this business segment has been growing. In the next few years, we aim to reach a stage where data backhaul will add a meaningful income stream to our Broadband business.”*

For the quarter and nine months ended 30 September 2021, capital expenditure decreased by 57.7% and 46.7%.

“We are future proofing our network with continued investments, increasing our fibre density by bringing down end homes per fibre node. However, as we are past the peak, investments will be lower than the last three years. In our industry, the ratio of capital expenditure to revenue is typically around 13% to 15%. So far, year to date, we have brought down our capital expenditure to around 11% of revenue. We will continue to manage our capital expenditure carefully, invest within normal industry standards and strengthen our balance sheet,” added Mr McKinley.

The Trustee-Manager is pleased to report that the one remaining cable TV license that was due for renewal in 2021 has been successfully renewed until 2030. All five of TBC's cable TV licenses that were due for renewal in 2020 and 2021 have therefore been renewed. The next renewal period will be in 2029 and 2030.

On capital management, the Trustee-Manager aims to gradually bring down debt levels by using excess cash generated from operations to make debt repayments, subject to operating conditions. Discussions with lenders are underway to refinance the Onshore Facilities ahead of maturity. The Trustee-Manager is confident of successfully refinancing the Onshore Facilities within the next six 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 and 2022. 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 impact channel leasing revenue for the cable industry. Total operating expenses in 2021 are expected to be lower than 2020 mainly due to lower pole rental expenses, resulting from the reversal of additional pole rental expenses accrued in previous years, legal and professional fees and general and administrative expenses. Total operating expenses in 2022 are expected to be higher than 2021 mainly due to the benefit of pole rental expense reversals in 2021.

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 payment of programming costs has been recognised in the Group's income statement

for the year ended 31 December 2020, as broadcast and production costs. However, the content agent has not made payment to the programming vendor in question that has filed the lawsuits.

TBC has formally reminded the content agent of its obligations. The Trustee-Manager is of the view that this matter is between the content agent and programming vendor. The Trustee-Manager believes that both parties will work towards reaching 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 (the "Board") has declared an ordinary interim distribution of 0.25 cents per unit for the quarter ended 30 September 2021. The record date will be 16 December 2021 and the distribution will be paid on 23 December 2021.

The Board has re-affirmed the distribution guidance of 0.25 cents per unit for the fourth quarter of 2021, subject to no material changes in planning assumptions.

The Board has also provided distribution guidance for the year ending 31 December 2022. The distribution for 2022 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 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.

For further information, please contact:

Brian McKinley

Chief Executive Officer

Tel: +65 6727 8370

Email: contact@aptt.sg

Kreab

Nora Sng

Tel: +65 3163 7477

Email: aptt@kreab.com