



# ASIAN PAY TELEVISION TRUST

30 SEPTEMBER 2021

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# AGENDA

1. 30 SEPTEMBER 2021 RESULTS
2. OUTLOOK & STRATEGY
3. BUSINESS OVERVIEW
4. BUSINESS DRIVERS

# 30 SEPTEMBER 2021 RESULTS



**Broadband recorded growth in both revenue and subscribers in Q3 2021; continued increase in Premium digital cable TV and Broadband RGUs expanded total subscriber base; higher EBITDA driven by lower operating expenses; distribution guidance for 2022 to remain at 1.0 cent per unit**



## Higher Q3 2021 EBITDA and EBITDA margin

- Revenue and EBITDA at S\$75.5 million and S\$46.2 million;
- EBITDA margin improved by 1.7 percentage points to 61.2%
- ARPU continues to be under pressure due to a saturated cable TV market, video piracy issues, heightened competition from IPTV and from mobile operators offering unlimited wireless data



## Growing total subscriber base due to momentum from Broadband and Premium digital cable TV

- Premium digital cable TV and Broadband subscribers have been steadily increasing over the past 14 quarters
- Added c.9,000 Premium digital cable TV and c.10,000 Broadband subscribers in the quarter, which more than offset Basic cable TV churn; total subscriber base increased to c.1,234,000



## Broadband growth strategy is showing results

- Recorded higher ARPU in Q3 2021, alongside continued growth momentum in Broadband subscribers
- Broadband revenue, which includes revenue from data backhaul, improved in S\$ and NT\$ for five consecutive quarters compared to the pcp;
- Step up partnership programs with mobile operators to drive fixed-line Broadband only segment, offer higher speed plans at competitive prices and capitalise on data backhaul opportunities



## Lower capital expenditure

- Capital expenditure decreased by 57.7% for the quarter and 46.7% for the nine months
- Aim to lower gearing by using excess cash generated from operations to make debt repayments, subject to operating conditions



## Distributions

- Distribution of 0.25 cents per unit declared for Q3 2021
- Re-affirmed distribution guidance of 0.25 cents per unit for fourth quarter of 2021
- Distribution guidance for 2022 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

# KEY OPERATING METRICS

Broadband ARPU improved by NT\$6 per month alongside 10,000 more subscribers, reflecting the success of TBC's marketing outreach to target Broadband only segment and offer higher speed plans at competitive prices; Basic cable TV churn is slowing down and ARPU has shown signs of stabilising

	RGUs <sup>1</sup> ('000)			ARPU <sup>2</sup> (NT\$ per month)		
	As at			Quarter ended		
	30 Sep 2021	30 Jun 2021		30 Sep 2021	30 Jun 2021	
Basic cable TV	694	698	↓	478	480	↓
Premium digital cable TV	266	257	↑	80	84	↓
Broadband	274	264	↑	364	358	↑

- **Basic cable TV:** RGUs decreased by c 4,000 to c.694,000 as at 30 September 2021 due to i) a saturated cable TV market, ii) video piracy issues, iii) competition from aggressively priced IPTV, iv) growing popularity of online video and v) expectations from consumers for discounts as they compare with the lower cable TV pricing outside of TBC's<sup>3</sup> five franchise areas, particularly in the Taipei region
- **Premium digital cable TV:** RGUs increased by c 9,000 to c.266,000. ARPU was lower 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, which decreased by NT\$4 per month
- **Broadband:** Despite the competitive conditions from unlimited wireless data offerings from mobile operators, TBC's focused broadband growth strategy led to RGUs increasing by c 10,000 to c.274,000, while ARPU improved by NT\$6 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. Broadband churn rates remained very low, averaging around 0.7% in Q3 2021

Notes: (1) RGUs refer to Revenue Generating Units, another term for subscribers or subscriptions; the terms are used interchangeably

(2) Average Revenue Per User ("ARPU") is calculated by dividing the subscription revenue for Basic cable TV or Premium digital cable TV or Broadband, as applicable, by the average number of RGUs for that service during the period

(3) TBC refers to Taiwan Broadband Communications group

# FINANCIAL RESULTS



Broadband revenue, which includes revenue from data backhaul, recorded growth in S\$ and NT\$ for five consecutive quarters compared to the pcp; lowered operating expenses; aim to grow revenue from Broadband and new initiatives to a level that can more than offset the decline in Basic cable TV revenue

Group <sup>1</sup> (S\$'000)	Quarter ended 30 Sep			Nine months ended 30 Sep		
	2021	2020	Variance <sup>2</sup> (%)	2021	2020	Variance <sup>2</sup> (%)
<b>Revenue</b>						
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
<b>Total revenue</b>	<b>75,459</b>	<b>75,912</b>	<b>(0.6)</b>	<b>223,500</b>	<b>230,863</b>	<b>(3.2)</b>
<b>Total operating expenses<sup>3</sup></b>	<b>(29,279)</b>	<b>(30,738)</b>	<b>4.7</b>	<b>(86,692)</b>	<b>(92,776)</b>	<b>6.6</b>
<b>EBITDA</b>	<b>46,180</b>	<b>45,174</b>	<b>2.2</b>	<b>136,808</b>	<b>138,087</b>	<b>(0.9)</b>
EBITDA margin	61.2%	59.5%		61.2%	59.8%	

In constant Taiwan dollars (“NT\$”), total revenue down 4.2% for the quarter and 5.7% for the nine months; foreign exchange contributed to a positive variance of 3.6% for the quarter and 2.5% for the nine months compared to the pcp

- **Basic cable TV:** Down 7.6% for the quarter and 8.7% for the nine months in constant NT\$ mainly due to lower subscription and non-subscription revenue compared to the pcp. Non-subscription revenue for the quarter was lower mainly due to lower revenue generated from channel leasing. Non-subscription revenue for the nine months was lower mainly due i) the absence of one-off revenue arising from the sale of certain in-house content to channel providers recorded in Q1 2020; and ii) lower revenue generated from channel leasing and airtime advertising sales in Q1 2021
- **Premium digital cable TV:** Down 5.8% for the quarter and 3.6% for the nine months in constant NT\$. Generated predominantly from TBC's Premium digital cable TV RGUs each contributing an ARPU of NT\$80 per month during the quarter for Premium digital cable TV packages and bundled DVR or DVR-only services
- **Broadband:** Up 12.2% for the quarter and 8.6% for the nine months in constant NT\$. Generated predominantly from TBC's Broadband RGUs each contributing an ARPU of NT\$364 per month during the quarter for high-speed Broadband services

**Total operating expenses:** Lower operating expenses for the quarter and nine months 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

Notes: (1) Group refers to APTT and its subsidiaries taken as a whole; (2) A positive variance is favourable to the Group and a negative variance is unfavourable to the Group

(3) Total operating expenses 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

# NET PROFIT



Net profit includes non-cash items such as depreciation and amortisation expense, foreign exchange, mark to market movements and deferred taxes

Group <sup>1</sup> (S\$'000)	Quarter ended 30 Sep			Nine months ended 30 Sep		
	2021	2020	Variance <sup>2</sup> (%)	2021	2020	Variance <sup>2</sup> (%)
<b>Total revenue</b>	<b>75,459</b>	<b>75,912</b>	<b>(0.6)</b>	<b>223,500</b>	<b>230,863</b>	<b>(3.2)</b>
<b>Operating expenses</b>						
Broadcast and production costs	(14,343)	(14,206)	(1.0)	(42,586)	(42,141)	(1.1)
Staff costs	(8,302)	(7,324)	(13.4)	(21,430)	(22,914)	6.5
Trustee-Manager fees	(1,855)	(1,850)	(0.3)	(5,504)	(5,509)	0.1
Other operating expenses	(4,779)	(7,358)	35.1	(17,172)	(22,212)	22.7
<b>Total operating expenses</b>	<b>(29,279)</b>	<b>(30,738)</b>	<b>4.7</b>	<b>(86,692)</b>	<b>(92,776)</b>	<b>6.6</b>
<b>EBITDA</b>	<b>46,180</b>	<b>45,174</b>	<b>2.2</b>	<b>136,808</b>	<b>138,087</b>	<b>(0.9)</b>
<b>Other expenses</b>						
Settlement of programming fees	-	-	-	-	(5,360)	100
Depreciation and amortisation expense	(22,526)	(22,524)	(0.0)	(69,030)	(66,126)	(4.4)
Net foreign exchange gain	131	162	(19.1)	616	998	(38.3)
Mark to market gain/(loss) on derivative financial instruments	151	673	(77.6)	(402)	(2,018)	80.1
Amortisation of deferred arrangement fees	(889)	(930)	4.4	(2,914)	(2,705)	(7.7)
Interest and other finance costs	(12,604)	(11,395)	(10.6)	(34,998)	(36,229)	3.4
Income tax expense	(5,864)	(6,677)	12.2	(10,374)	(11,241)	7.7
<b>Total other expenses</b>	<b>(41,601)</b>	<b>(40,691)</b>	<b>(2.2)</b>	<b>(117,102)</b>	<b>(122,681)</b>	<b>4.5</b>
<b>Net profit</b>	<b>4,579</b>	<b>4,483</b>	<b>2.1</b>	<b>19,706</b>	<b>15,406</b>	<b>27.9</b>

Notes: (1) Group refers to APTT and its subsidiaries taken as a whole; (2) A positive variance is favourable to the Group and a negative variance is unfavourable to the Group



# SELECTED FINANCIAL INFORMATION



Selected financial information<sup>1</sup> are key financial metrics of APTT's business

Group <sup>2</sup> (\$'000)	Quarter ended 30 Sep			Nine months ended 30 Sep		
	2021	2020	Variance <sup>3</sup> (%)	2021	2020	Variance <sup>3</sup> (%)
<b>Revenue</b>						
Basic cable TV	57,540	59,933	(4.0)	171,755	183,204	(6.2)
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<b>Total revenue</b>	<b>75,459</b>	<b>75,912</b>	<b>(0.6)</b>	<b>223,500</b>	<b>230,863</b>	<b>(3.2)</b>
<b>Total operating expenses<sup>4</sup></b>	<b>(29,279)</b>	<b>(30,738)</b>	<b>4.7</b>	<b>(86,692)</b>	<b>(92,776)</b>	<b>6.6</b>
<b>EBITDA</b>	<b>46,180</b>	<b>45,174</b>	<b>2.2</b>	<b>136,808</b>	<b>138,087</b>	<b>(0.9)</b>
EBITDA margin <sup>5</sup>	61.2%	59.5%		61.2%	59.8%	
<b>Capital expenditure</b>						
Maintenance	3,520	5,552	36.6	12,040	14,098	14.6
Network, Broadband and other	3,633	11,368	68.0	11,512	30,078	61.7
<b>Total capital expenditure</b>	<b>7,153</b>	<b>16,920</b>	<b>57.7</b>	<b>23,552</b>	<b>44,176</b>	<b>46.7</b>
Income tax paid, net of refunds	(2,409)	(3,431)	29.8	(6,011)	(7,080)	15.1
Interest and other finance costs paid	(12,591)	(11,497)	(9.5)	(34,844)	(36,601)	4.8

Notes: (1) Some of the selected financial information includes non-IFRS measures

(2) Group refers to APTT and its subsidiaries taken as a whole

(3) A positive variance is favourable to the Group and a negative variance is unfavourable to the Group

(4) Total operating expenses 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

(5) EBITDA margin is a non-IFRS financial measure and is calculated by dividing EBITDA by total revenue

# FINANCIAL POSITION

## Strengthening balance sheet and managing debt levels remain a key focus

Group (S\$'000)	As at	
	30 Sep 2021	31 Dec 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	150,068	96,996
Trade and other receivables	14,612	14,434
Other assets	3,152	2,845
	<b>167,832</b>	<b>114,275</b>
<b>Non-current assets</b>		
Property, plant and equipment	305,335	330,490
Intangible assets	2,591,283	2,509,476
Other assets	1,507	1,572
	<b>2,898,125</b>	<b>2,841,538</b>
<b>Total assets</b>	<b>3,065,957</b>	<b>2,955,813</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Borrowings from financial institutions	70,313	190,874
Trade and other payables	38,951	23,550
Income tax payable	4,041	6,109
Other liabilities	62,144	68,604
	<b>175,449</b>	<b>289,137</b>
<b>Non-current liabilities</b>		
Borrowings from financial institutions	1,495,166	1,337,314
Deferred tax liabilities	107,787	97,948
Other liabilities	37,731	39,521
	<b>1,640,684</b>	<b>1,474,783</b>
<b>Total liabilities</b>	<b>1,816,133</b>	<b>1,763,920</b>
<b>Net assets</b>	<b>1,249,824</b>	<b>1,191,893</b>

- **Cash and cash equivalents:** Cash balance of S\$150.1 million; some cash reserved for higher scheduled principal repayments on borrowing facilities in the next few months
- **Intangible assets:** Comprise mainly cable TV licences and includes value of goodwill, franchise rights and customer relationships
- **Borrowings:** increase is mostly attributable to exchange rate movements and working capital movements, see the next slide for additional details on borrowings
- **Depreciation/amortisation:** Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:
  - Buildings: 3-50 years
  - Leasehold improvements: 3-10 years
  - Network equipment: 2-10 years
  - Transport equipment: 5 years
  - Plant and equipment: 2-5 years
  - Right-of-use assets: Lease period

# BORROWINGS

Discussions underway to refinance Onshore Facilities ahead of maturity; aim to conclude refinancing of the Onshore Facilities within the next six months, with no impact on the distribution, subject to no material changes in planning assumptions

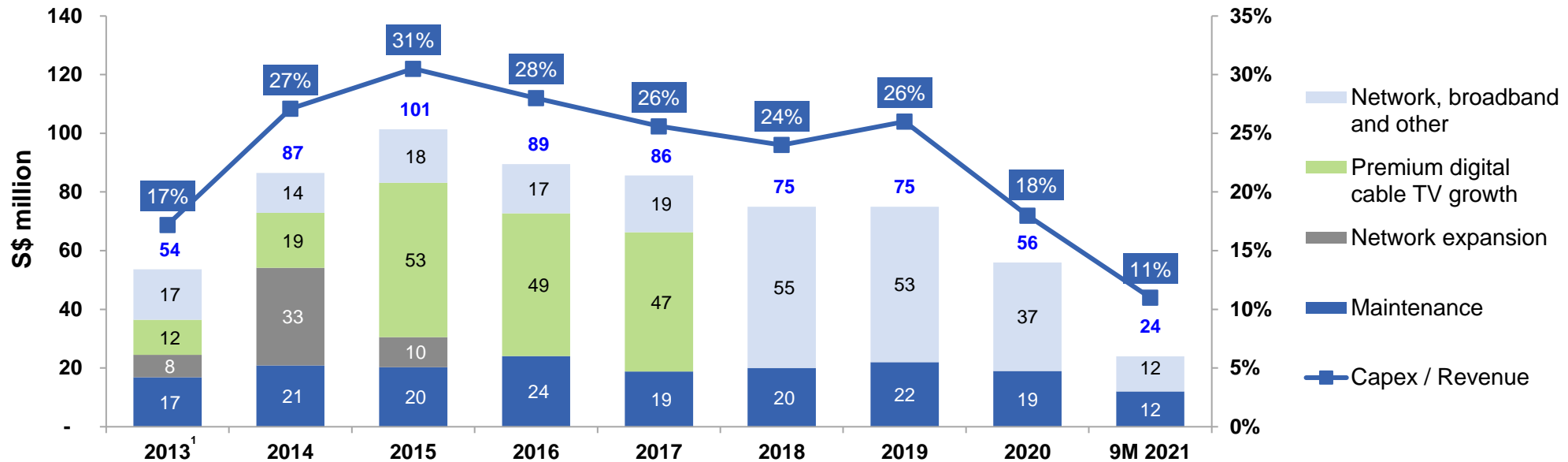
Group debt		As at	
		30 Sep 2021	31 Dec 2020
Total size available	S\$ million	1,664	1,676
Total outstanding	S\$ million	1,579	1,543
Effective interest rate - constant dollar	% p.a.	Q3 - 2.9; YTD - 2.7%	Full year - 2.6
Effective interest rate - SGD	% p.a.	Q3 - 3.2; YTD - 3.0%	Full year - 3.1
Net debt / EBITDA <sup>1</sup>	Multiple	8.0	8.0
Interest cover <sup>2</sup>	Multiple	3.9	3.8
Gearing <sup>3</sup>	%	51.1	51.7

- Comprised NT\$ denominated NT\$28,825.1 million (2020: NT\$29,158.8 million) and S\$ denominated S\$171.9 million (2020: S\$170.1 million)
- Interest rate swaps in place to hedge approx. 97% of outstanding Onshore Facilities through to end of 2021. The average fixed rate on TAIBOR swaps is approx. 0.82%
- Lowered gearing as Offshore Facilities were pared down by S\$45.0 million from the Rights Issue in June 2020, deriving annual interest cost savings of approx. S\$2.9 million
- Successfully extended maturity date of Offshore Facilities by two years in March 2021, to July 2023, on the same major terms
- Effective interest rate in constant dollar terms of 2.9% p.a. for the quarter and 2.7% p.a. for the nine months, compared to 2.6% p.a. for 2020. Interest rate was higher due to higher interest margin on onshore facilities in Q3 2021 resulting from a higher leverage ratio at the TBC level, compared to Q2 2021. Actual effective interest rate in SGD was 3.2% p.a. for the quarter and 3.0% p.a. for the nine months, compared to 3.1% p.a. for 2020
- Approx. S\$85 million of revolving facilities are available to fund working capital and future initiatives, if required
- With lower capital expenditure, the Trustee-Manager aims to use excess cash generated from operations to gradually pay down debt

Notes: (1) Total debt outstanding less cash divided by LTM EBITDA; (2) LTM interest and other finance costs divided by LTM EBITDA; (3) Total debt outstanding (net of unamortised arrangement fees) divided by total assets

# CAPITAL EXPENDITURE

As TBC's dense fibre network can now comfortably deliver higher speed plans and support mobile operators in the build out of their 5G networks, TBC's network investments projected to be lower compared to the last 3 years



- Capital expenditure was higher from 2015 to 2017 due to the regulatory requirement to switch-off analogue broadcasting and complete the digitisation of TBC's subscriber base by 2017
- Network investments remain key to future-proof TBC's network; continue increasing fibre density by bringing down end homes per fibre node to meet the growing demand for data and high-speed broadband services, support mobile operators in their network rollouts, and pursue other opportunities for the long-term success of the Trust
- Total capital expenditure has been trending down since 2016; to continue investing within normal industry standards and strengthen balance sheet; excess cash generated from operations may be available to make debt repayments, subject to operating conditions
- Focus will continue to be on areas that have the best potential in generating growth and sustainability for the long-term

## Capital expenditure in 2021 comprised the following:

- Maintenance capital expenditure to support TBC's existing infrastructure and business
- Network, Broadband and other capital expenditure include items related to expanding the fibre network such as cabling, additional equipment to upgrade the headends, backbone and fibre nodes, DOCSIS and GPON deployments for higher speed customers, high-speed broadband modems and cable line extensions for new buildings

Note: (1) Capital expenditure for full year 2013 is included here for information purposes only; APTT's ownership of TBC only commenced from 29 May 2013

# OUTLOOK & STRATEGY



# POSITIONED FOR THE MID TO LONG-TERM

Initiatives to strengthen operations and drive growth, against an increasingly challenging and competitive environment

## Capital Management

- Interest rate swaps covering ~97% of outstanding onshore facilities hedged through to the end 2021
- Average fixed rate on TAIBOR swaps is ~0.82%
- Gearing stood at 51.1% as at 30 Sep 2021 (2020: 51.7%)
- Successfully extended the maturity date of Offshore Facilities to 2023, on the same major terms
- Discussions underway to refinance Onshore Facilities ahead of maturity
- Aim to eliminate offshore debt and bring debt back to onshore to save on interest costs over the long term

## Strengthen Balance Sheet

- Cash generated from operations to continue funding capital expenditure; stopped using bank borrowings to fund capital expenditure since 2019
- Capital expenditure is now lower; aim to use excess cash generated from operations to make debt repayments, subject to operating conditions
- Network investments are past the peak; expected to be lower than the last three years
- Limit capital expenditure to only what is necessary, and on areas that can support Broadband growth

## Key Investments

- Investments to focus on:
  - Increasing network capacity and driving higher speed plans
  - Positioning APTT to benefit from Taiwan's 5G rollout and drive data backhaul business

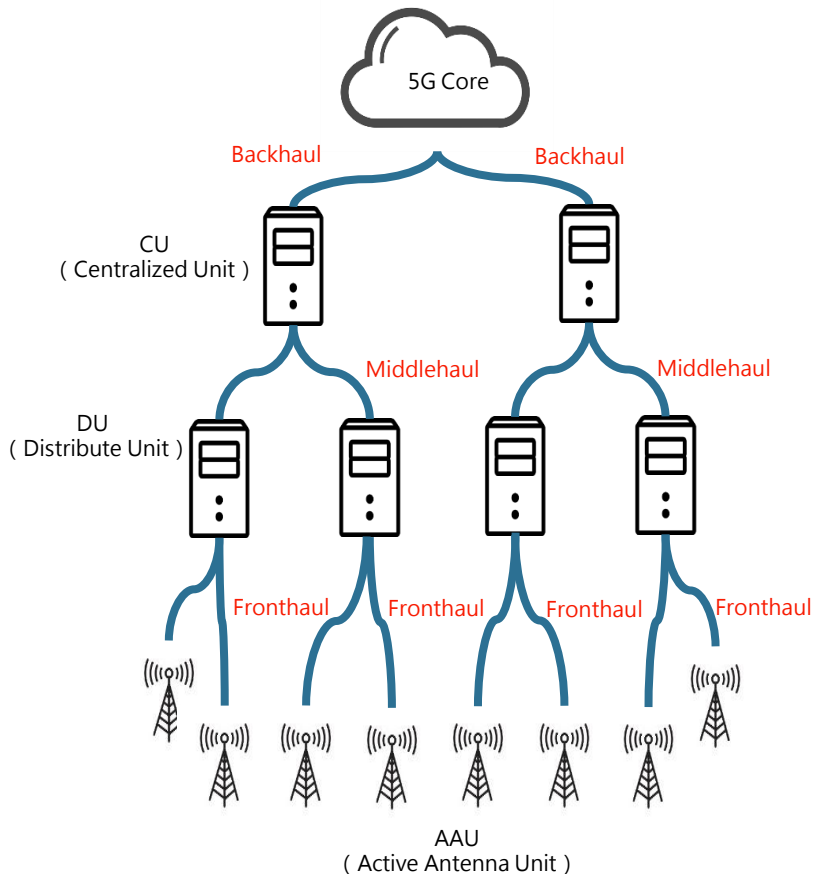
## Broadband Growth Strategy

- Be data-backhaul ready; the contribution from data backhaul is growing and expected to add a meaningful income stream to the Broadband business within the next few years; multi-year investments for mobile operators
- Step up partnership programs with mobile operators to drive fixed-line Broadband only segment
- Develop new market segments and increase value-added solutions (e.g. IoT, smart home devices) that leverage the Android gateway

# 5G DATA BACKHAUL OPPORTUNITIES

## HOW DATA BACKHAUL WORKS?

For data to move from one point to another on the internet, there needs to be fibre nodes that allow these points to interface with each other.



## WHY MOBILE OPERATORS IN TBC'S FIVE FRANCHISE AREAS NEED DATA BACKHAUL SERVICES?



*Demand for higher speed continues to increase*



*Spectrum is expensive, while wireless competition is intense. CAPEX and OPEX for 5G infrastructure are costly for a mobile operator*

- TBC is one of two players in its five franchise areas that owns a dense and distributed underground fibre network; TBC does not compete in the wireless space
- More efficient for 5G mobile operators to work with a 5G data backhaul partner (via 10GPON or DOCSIS3.1) to deliver higher speed/lower loss and lower interference end-to-end 5G network transmission
- TBC has been increasing fibre density from an average of over 750 end-homes per fibre node 3 years ago to less than 250 end-homes per fibre node today; Broadband speeds ranging up to 1 Gbps
- TBC's increased fibre density can adequately support mobile operators, removing network congestion and allowing data to be transmitted at high speed; allows 5G mobile operators who are building their small cell stations to tap into TBC's high speed fibre data backhaul
- As a proof-of-concept, TBC has been providing data backhaul for 4G networks to a few mobile operators; although its contribution is still not significant, revenue from data backhaul over the last two years has been gradually increasing
- TBC is positioned to benefit from mobile operators' multi-year investments in the build out of their 5G networks

## Impact of the COVID-19 pandemic on TBC has been limited to date due to the subscription-based nature of its business

- While the COVID-19 outbreak in Taiwan is 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 by managing operational and capital expenditure and strengthening 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.
- TBC and the Trustee-Manager have activated their respective Business Continuity Plans that adhere to all regulations and guidelines in their respective jurisdictions.



## APTT is positioned to grow in a measured way

### GROWTH DRIVERS



#### UP-SELL & CROSS-SELL

- Continue to build on the up-sell & cross-sell initiatives across TBC's subscriber base to drive growth in future cash flows
- Leverage TBC's product offerings and strong subscriber base for growth



#### BROADBAND RGU GROWTH

- Intensify marketing efforts by stepping up partnership programs with mobile operators to focus on fixed-line Broadband only segment, and by offering higher speed plans at competitive prices
- High fixed broadband penetration in Taiwan; opportunity to gain more market share
- Rising demand for higher-speed broadband plans due to rapidly growing demand for data



#### PREMIUM DIGITAL TV

- Continue to ride on the growth momentum for Premium digital TV RGUs by stepping up marketing efforts to attract new RGUs
- Consumer preference for better quality video and interactive services
- Growing number of HD television sets in Taiwan



#### SCALABLE & EFFICIENT COST STRUCTURE

- Headroom in network capacity that allows provision of additional services at limited incremental cost
- Support inorganic growth in future

### OPERATING ENVIRONMENT



#### CHALLENGING ENVIRONMENT

- ARPUs continue to remain under pressure due to growing popularity of online TV, challenges from video piracy issues, aggressively priced IPTV and competition from mobile operators offering unlimited wireless data
- Decline in demand for home shopping and stronger competition from internet retailing to continue impacting channel leasing revenue for cable industry



#### HIGHLY REGULATED

- Basic cable TV rates for 2021 across all five franchise areas were maintained at the same rates as 2020<sup>1</sup>
- All five licences that were due for renewal in 2020 and 2021 have been successfully renewed until 2029 and 2030

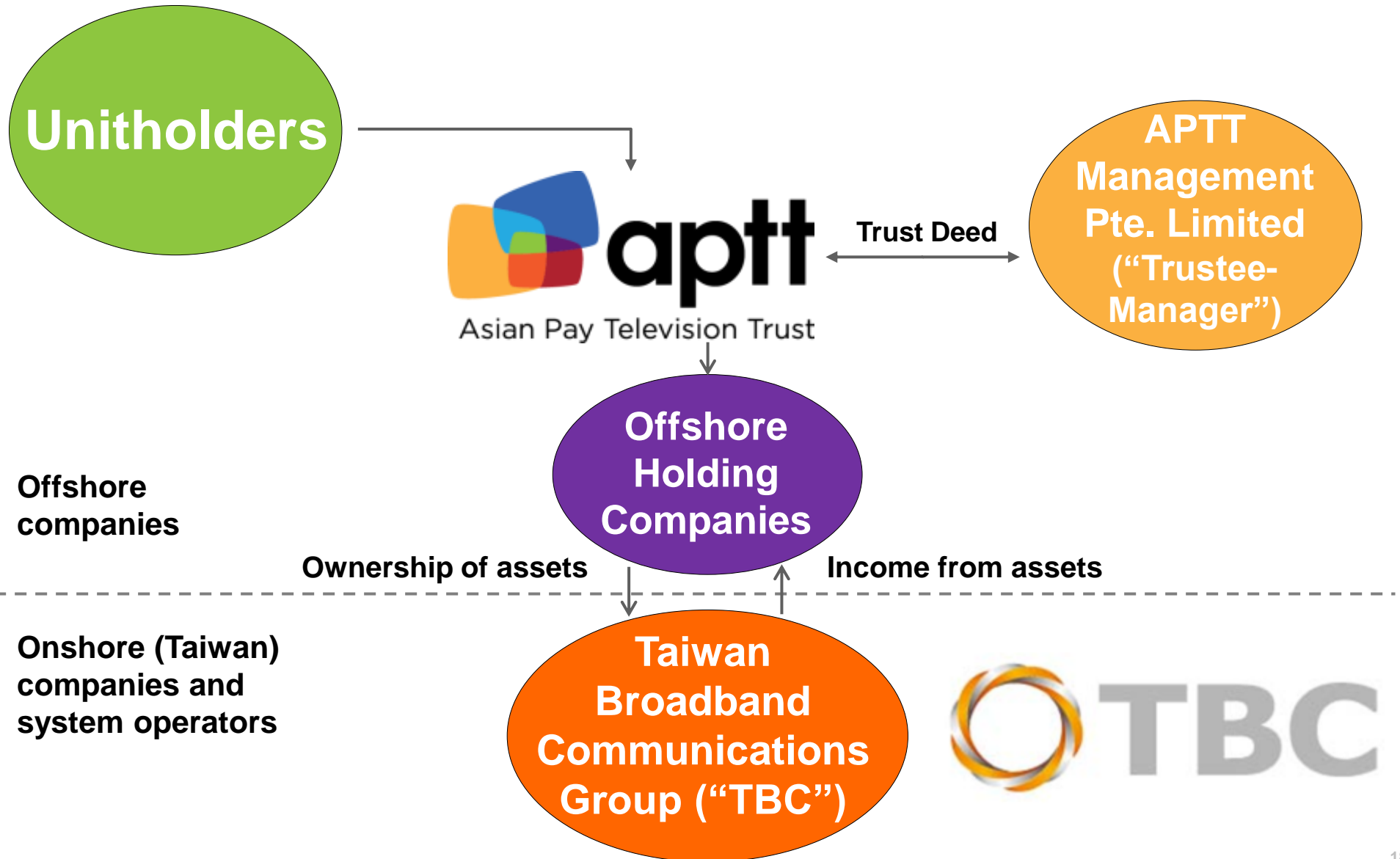
**Broadband and Premium digital cable TV RGUs to continue increasing in 2021 and 2022; total revenue will be influenced by the ability to maintain ARPUs which will remain under pressure; total operating expenses in 2021 expected to be lower than 2020<sup>2</sup>; total operating expenses in 2022 expected to be higher than 2021<sup>3</sup>**

Notes: (1) As announced by the local authorities before the end of 2020; (2) 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; (3) Mainly due to the benefit of pole rental expense reversals in 2021

# BUSINESS OVERVIEW



# TRUST STRUCTURE



# OVERVIEW



**APTT is a business trust with a mandate to own & operate pay-TV & broadband businesses in Taiwan, Hong Kong, Japan & Singapore**

- Independent Directors comprise majority of the Board of Directors (4 out of 7)
- **Sole investment in Taiwan Broadband Communications (“TBC”) – Taiwan’s third largest cable TV operator**



**Cable TV operator in five franchise areas in Taiwan, with network coverage of more than 1.2 million homes**

- Owns 100% of the advanced hybrid fibre coaxial cable network in the five franchise areas
- Resilient business with high barriers of entry due to high network roll out requirements
- Large customer base makes TBC attractive to local content providers; unique commercial arrangement with content providers
- Long standing relationship with subscribers; deep understanding of Taiwanese viewers’ preferences

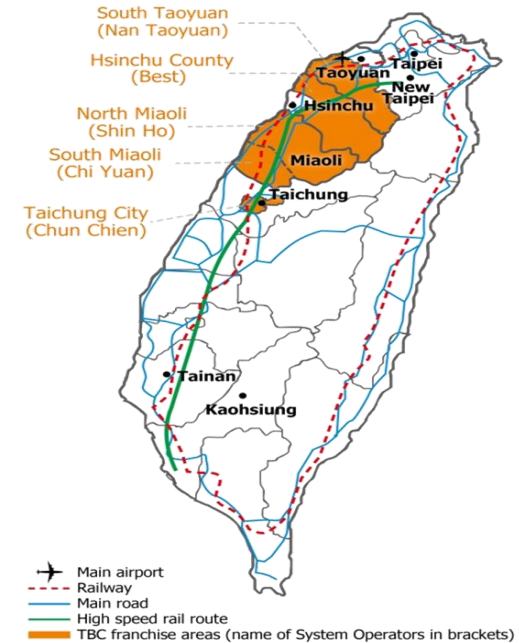
## PRODUCT OFFERINGS

*Approx. 87% of revenue is subscription-based from the three product offerings<sup>1</sup>*

BASIC CABLE TV	PREMIUM DIGITAL CABLE TV	BROADBAND
Over 100 channels on Basic cable TV, most of the popular channels are only available on cable TV	Up to 68 additional channels including 67 HD channels, through MPEG4 platform  38% Premium digital cable TV penetration <sup>1</sup> with large addressable market of 100% digital set-top box penetration	39% Broadband penetration <sup>1</sup> with ability to cross-sell to remaining market on 100% DOCSIS 3.1 enabled HFC network and current speed offerings up to 1 Gbps

Note: (1) As at 30 September 2021

## FRANCHISE AREAS IN NORTHERN & CENTRAL TAIWAN



- Low churn rate of 0.5%<sup>1</sup> for Basic cable TV (694K<sup>1</sup> Revenue Generating Units)
- Up-sell Premium digital cable TV and cross-sell Broadband to large Basic cable TV subscriber base

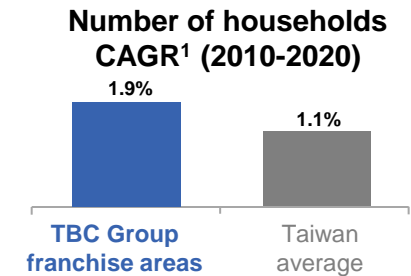
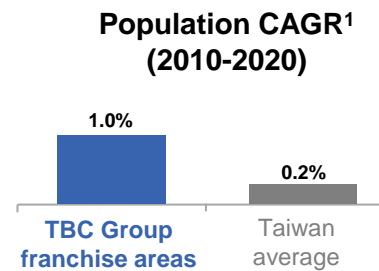
# BUSINESS DRIVERS



# TBC'S FRANCHISE AREAS

Network coverage of more than 1.2 million households across five franchise areas in four counties of Taiwan

- Well connected via major railways, road transportation and/or international airports
- Increasing population due to workforce seeking employment in TBC Group's franchise areas
- Population growth in the five franchise areas (1.0%) outstrips national average (0.2%); Growing number of new households as more young Taiwanese set up families



## South Taoyuan

- Home to Taiwan Taoyuan International Airport and close proximity to Taipei
- Service area covers 918 square km and constitutes over 75% of the total area in Taoyuan County
- Approx. 430K households and population of close to 1.2 million



## Hsinchu

- Hsinchu Science Park is home to high tech companies, the city has one of the highest income levels in Taiwan
- Approx. 206K households and population of 571K



## Miaoli (North & South)

- Suburban mountainous region geographically located between Hsinchu and Taichung
- Well connected via major railway and road transportation systems
- Approx. 194K households and population of 545K



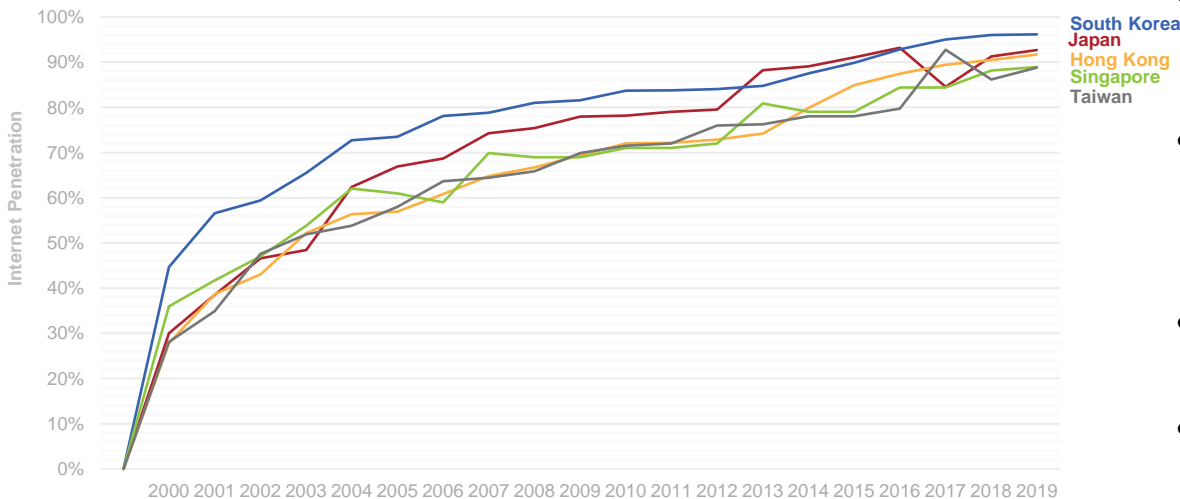
## Taichung City

- One of the most populous cities in Taiwan; home to Taichung International Airport
- Vibrant, diverse economy: large industrial areas and a thriving commercial sector that incorporates traditional businesses, small family-run shops & factories
- Approx. 461K households and population of 1.2 million

# TAIWAN MARKET – POTENTIAL IN BROADBAND



## Relatively lower internet penetration and speed compared to other developed APAC markets



- Internet penetration has increased significantly in South Korea, Japan, Hong Kong, Singapore and Taiwan; but remains lowest in Taiwan, compared to the four markets
- While Taiwan’s average internet speed has improved, it is ranked last among the developed APAC markets at approx. 142.69 Mbps; there is room for Taiwan subscribers to further increase internet speed
- TBC’s Broadband penetration in its five franchise areas is approx. 39% as at 30 September 2021
- Opportunity for TBC to gain more market share and meet rising demand for higher-speed broadband plans due to rapidly growing demand for data

International Telecommunications Union

Region	Number of Internet users (million)	Average speed of fixed internet connections (Mbps)	Year-on-year change in average speed of fixed internet connections
<b>Asia-Pacific</b>			
Taiwan	21.45	142.69	+3.5%
South Korea	49.75	171.33	+18.6%
Japan	117.4	150.27	+43.7%
Singapore	5.29	245.31	+22.6%
Hong Kong	6.92	226.80	+37.6%

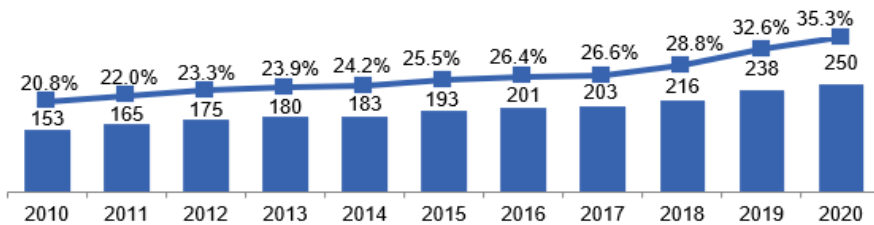
# GROWING BROADBAND MARKET PENETRATION



## TBC's broadband market penetration in its franchise areas: 39% in Q3 2021 vs 35% in 2020

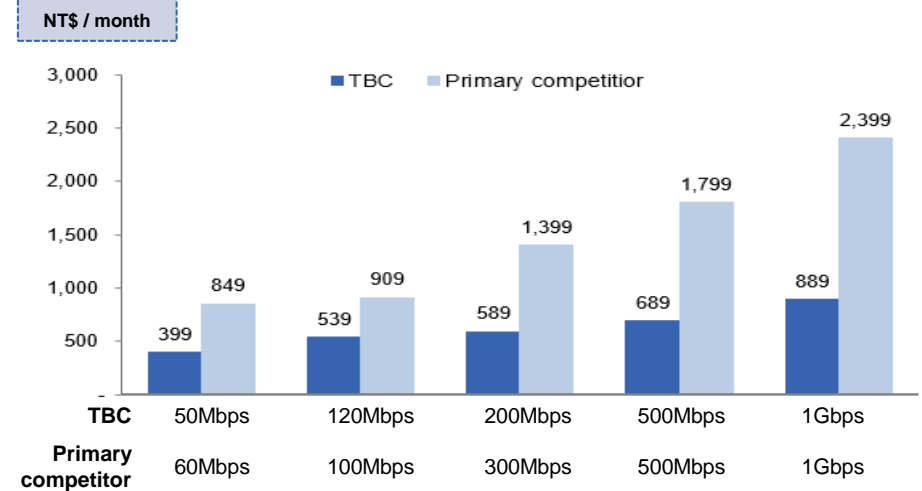
### Broadband RGUs ('000) and penetration

2010-20 Broadband RGU CAGR: 5.0%



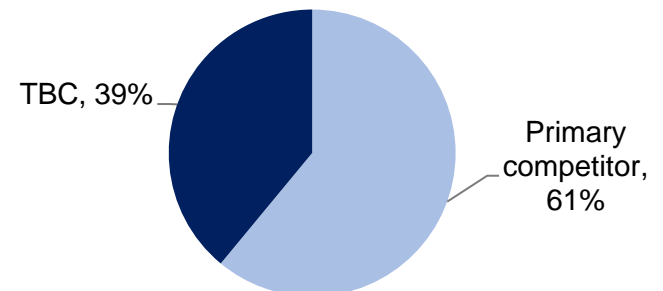
- DOCSIS 3.1 and GPON enabled network that meets consumer demand for high-speed internet; 1 Gbps launched in Q4 2019
- Competitive pricing and optional bundling with digital TV
- Launch of value-added services including Android OTT gateway and karaoke singing box. Will continue to introduce value-added solutions (e.g. IoT, smart home devices) that will leverage the Android gateway
- Develop new market segments, including enterprise clients
- Support mobile operators with their network development by leveraging TBC network for data backhaul

### TBC Group offers competitive prices<sup>1</sup> with reliable services



Note: (1) Primary competitor pricing based on NCC data

### Approx. market penetration of Broadband in TBC's five franchise areas





# HIGH BARRIERS TO ENTRY AGAINST CABLE ENTRANTS IN TAIWAN

## Cable TV continues to be the dominant TV platform

- Superior content portfolio at competitive pricing
- Affordable services
- Adoption of superior technology by operators
- Political and technological disadvantages of IPTV in Taiwan

## Barrier to entry against new cable entrants

- High network roll-out requirements
- Long standing relationships with subscribers; strong brand awareness
- Deep understanding of Taiwan viewers' preferences

## Top 20 channels in Taiwan (2020)

1	Sanlih Taiwan Channel
2	TVBS-News
3	Sanlih E-Television News
4	Formosa TV News
5	EBC News
6	Cti News
7	ERA News
8	Unique Satellite TV
9	Next TV News
10	YOYO TV
11	TVBS
12	EBC Variety
13	Sanlih City Channel
14	Star Chinese Channel
15	Videoland Japanese
16	Star Chinese Movies
17	EBC Financial News
18	GTV Drama
19	EBC Movies
20	Videoland Movies

# 5G DATA BACKHAUL OPPORTUNITIES

## OPPORTUNITIES FOR TBC AS 5G DATA BACKHAUL PROVIDER

*TBC's advanced hybrid fibre coaxial network supports both indoor and outdoor coverage*



- Taiwan government's push for faster build up of 5G networks
  - National Communications Commissions is providing substantial subsidies to telco operators with a goal of building 39,000 5G base stations in 2.5 years
- 5G network investment is a multi-year investment for mobile operators; flexibility to add fibre circuits from TBC as their wireless networks expand over time
- Explore partnerships with mobile operators to tender for government projects
  - 10GPON and DOCSIS3.1 are used as heterogeneous network backup in private 5G networks
- Explore a packaged suite of hybrid network environment and office applications to target the business community

END

