

SGX-ST Release

ASIAN PAY TELEVISION TRUST (“APTT”)

APTT ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2016



Key highlights

- Revenue for the year of \$319.2 million¹
- EBITDA for the year of \$189.3 million
- Distribution of 1.625 cents per unit declared for the quarter ended 31 December 2016; distributions declared totalling 6.5 cents per unit for the year ended 31 December 2016
- Distribution guidance of 6.5 cents per unit for the year ending 31 December 2017²

Singapore – 27 February 2017: APTT³ reported total revenue of \$83.9 million and EBITDA of \$50.0 million for the quarter ended 31 December 2016. Total revenue was \$319.2 million and EBITDA was \$189.3 million for the year ended 31 December 2016, which were within expectations. Total revenue for the quarter and year ended 31 December 2016 was 2.0% and 3.9% lower than the prior corresponding period (“pcp”), however in constant Taiwan dollars (“NT\$”) terms revenue for the year ended 31 December 2016 was only 2.9% lower than the pcp. Foreign exchange contributed to 1.0% of the negative variance for the year ended 31 December 2016 compared to pcp.

Operational performance

Operational highlights for TBC⁴ for the quarter and year ended 31 December 2016 are as follows:

- **Basic cable TV:** Revenue of \$67.3 million for the quarter ended 31 December 2016 was down 2.1% on pcp. This comprised subscription revenue of \$53.7 million and non-subscription revenue of \$13.6 million. Revenue of \$254.4 million for the year ended 31 December 2016 was down 4.0% on pcp. This comprised subscription revenue of \$206.7 million and non-subscription revenue of \$47.7 million. TBC’s c.762,000 Basic cable TV subscribers paid an ARPU of NT\$528 per month in the fourth quarter to access over 100 cable TV channels. Subscription revenue was lower than pcp because of marginally lower Basic cable TV rates in three of TBC’s five franchise areas. Non-subscription revenue generated from the leasing of television channels to third parties, sale of airtime advertising and fees for the installation of set-top boxes was lower than pcp due to lower channel leasing revenue.
- **Premium digital cable TV⁵:** Revenue of \$3.9 million for the quarter ended 31 December 2016 was down 3.3% on pcp. Revenue of \$15.0 million for the year ended 31 December 2016 was down 2.5% on pcp. This was generated predominantly from TBC’s c.182,000 Premium digital cable TV subscribers paying an ARPU of NT\$154 per month in the fourth quarter for Premium digital cable TV packages, bundled DVR or DVR-only services. Premium digital cable TV subscribers increased by c.4,000 and ARPU was lower compared to the previous quarter ended 30 September 2016 (Subscribers: c.178,000; ARPU: NT\$156 per month). The lower ARPU was due to promotions and discounted bundled packages that were offered to generate new subscriptions and to retain existing subscribers.

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

² Subject to no material changes in planning assumptions.

³ APTT refers to APTT and its subsidiaries taken as a whole.

⁴ TBC refers to Taiwan Broadband Communications group.

⁵ Premium digital cable TV subscribers and ARPU have been updated to reflect the number of subscribers contributing incremental subscription revenue for additional video content and/or DTV-related services, such as DVR. This can result in more than one subscription, i.e. revenue generating unit (“RGU”), per home. The pcp figures for Premium digital cable TV subscribers and ARPU have been restated to conform to the new presentation.

- **Broadband:** Revenue of \$12.7 million for the quarter ended 31 December 2016 was down 1.1% on pcp. Revenue of \$49.9 million for the year ended 31 December 2016 was down 3.8% on pcp. This was generated predominantly from TBC's c.201,000 Broadband subscribers paying an ARPU of NT\$461 per month in the fourth quarter for high speed Broadband services. Broadband subscribers remained unchanged and ARPU was lower compared to the previous quarter ended 30 September 2016 (Subscribers: c.201,000 and ARPU: NT\$470 per month). The lower ARPU was due to promotions and discounted bundled packages that were offered to generate new subscriptions and to retain existing subscribers.
- **Greater Taichung expansion:** TBC's core network has been expanded to cover the majority of the greater Taichung region and this has enabled the requisite regulatory licences to operate in the new coverage areas to be secured. Consequently, TBC started marketing Broadband services in the new expansion area in the fourth quarter of 2014. However, full commercial operations have been delayed as a result of the delay in securing content rights to deliver cable TV services in the greater Taichung region. TBC will continue to market and sell Broadband services in the expansion area and defer any significant capital expenditure in the expansion area until TBC is able to secure the necessary content rights on mutually acceptable commercial terms with the content owners. These negotiations for the expansion area do not impact TBC's existing five franchise areas.
- **Capital expenditure:** Capital expenditure of \$35.3 million for the quarter ended 31 December 2016 was 4.7% lower than pcp. Capital expenditure of \$91.8 million for the year ended 31 December 2016 was 9.4% lower than pcp. Capital expenditure for the quarter and year ended 31 December 2016 was lower because of lower capital expenditure being incurred on the network expansion into greater Taichung and premium digital cable TV growth compared to pcp. This lower expenditure offset the higher maintenance expenditure being incurred when compared to pcp.

Borrowing facilities

As announced in July 2016, APTT has secured a new multicurrency term loan facility in an aggregate amount of \$125.0 million and a multicurrency revolving loan facility in an aggregate amount of \$125.0 million (the "New Facilities"). Separately, in October 2016, TBC completed the refinancing of its existing NT\$32.0 billion borrowing facilities (the "Previous Facilities") with new seven year facilities of NT\$28.0 billion (the "Revised Facilities").

The New and Revised Facilities will enable TBC to fund the necessary capital expenditure to digitise all of TBC's franchise areas, satisfy TBC's borrowing needs through to 2019 and remove the need for any significant principal amortisation of the Facilities for the next three years. The New Facilities diversify APTT's funding sources and the successful refinancing of the Previous Facilities demonstrate the strong support and confidence of the banks in APTT's business as overall borrowing margins and arrangement fees have decreased compared to the Previous Facilities. The New and Revised Facilities provide funding certainty, with attractive terms and pricing.

Outlook

The focus in 2017 remains on driving growth in cash flows through up-selling and cross-selling of services across TBC's subscriber base.

Whilst growth in subscriber numbers is anticipated across TBC's service offerings, total revenue for 2017 is anticipated to be influenced by a number of factors. These factors include the continued weakness in the Taiwanese economy and a marginally lower Basic cable TV rate in one of TBC's five franchise areas. Consequently, TBC's overall EBITDA for the full year 2017 is expected to be in line with 2016.

Distributions

The Board of directors of the Trustee-Manager (the "Board") has declared an ordinary distribution of 1.625 cents per unit for the quarter ended 31 December 2016. This brings total distributions declared to 6.5 cents per unit for the year ended 31 December 2016 which is in line with the distribution guidance provided. The books closure date will be on 17 March 2017 and the distribution will be paid on 24 March 2017. Ordinary distributions of 1.625 cents per unit were paid for the quarters ended 31 March 2016, 30 June 2016 and 30 September 2016.

APTT's distribution policy is to distribute 100 percent of Distributable Free Cash Flows to APTT unitholders. The distribution for the year ending 31 December 2017 is expected to be consistent with 2016 at 6.5 cents per unit. It is anticipated that the distribution will be paid in quarterly instalments of 1.625 cents per unit. The distribution guidance is subject to no material changes in planning assumptions.

Key financial highlights

	Quarter ended 31 December 2016	Quarter ended 31 December 2015	Variance ⁶	Year ended 31 December 2016	Year ended 31 December 2015	Variance ⁶
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue						
Basic cable TV	67,261	68,688	(2.1)	254,395	264,962	(4.0)
Premium digital cable TV	3,948	4,081	(3.3)	14,982	15,366	(2.5)
Broadband	12,705	12,846	(1.1)	49,852	51,824	(3.8)
Total revenue	83,914	85,615	(2.0)	319,229	332,152	(3.9)
Total operating expenses	(33,953)	(32,678)	(3.9)	(129,931)	(131,107)	0.9
EBITDA	49,961	52,937	(5.6)	189,298	201,045	(5.8)
EBITDA margin	59.5%	61.8%		59.3%	60.5%	

⁶ A positive variance is favourable to the Group and a negative variance is unfavourable to the Group.

Proposed sale of the Trustee-Manager

On 25 January 2016, Macquarie APTT Management Pte. Limited, as trustee manager of APTT (the "Trustee-Manager"), announced that it had been informed by its sole shareholder, Macquarie Group Holdings (Singapore) Pte. Limited ("Macquarie Singapore") that it had entered into a sale and purchase agreement with Dynami Vision Pte. Ltd. (the "Purchaser") whereby Macquarie Singapore will divest its entire interest in the Trustee-Manager to the Purchaser (the "Proposed Transaction").

On 23 February 2017, the Trustee-Manager announced that the National Communications Commission of Taiwan ("NCC") has approved the Proposed Transaction. Details of the approval will be included in the official minutes of the NCC's meeting which are expected to be released after the date of this announcement.

The Trustee-Manager understands that the completion of the Proposed Transaction is still subject to approval by the Investment Commission of the Ministry of Economic Affairs of Taiwan, which could occur within the next 60 days. All other approvals have been obtained including from the Fair Trade Commission of Taiwan and the lenders to TBC. For more details refer to APTT's website or the SGX website.

The Trustee-Manager will make further announcements via SGXNet as and when it is made aware of material developments on the Proposed Transaction.

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