



2016 FULL YEAR RESULTS PRESENTATION

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AGENDA

1. HIGHLIGHTS
2. KEY OPERATIONAL METRICS
3. FINANCIAL RESULTS
4. FINANCIAL POSITION
5. BORROWINGS
6. CAPITAL EXPENDITURE
7. OUTLOOK

Performance in line with expectations

- Revenue for the year of S\$319.2 million was 3.9% lower than pcp¹, driven predominantly by foreign exchange and lower Basic cable TV revenue
- EBITDA for the year of S\$189.3 million was lower than pcp
- APTT 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 in line with guidance
- APTT distribution guidance of 6.5 cents per unit for the year ending 31 December 2017, subject to no material changes in planning assumptions

KEY OPERATIONAL METRICS

Higher subscribers

	As at 31 December 2016	As at 31 December 2015	
Subscribers ('000)			
Basic cable TV	762	758	↑
Premium digital cable TV ¹	182	169	↑
Broadband	201	193	↑
ARPU² (NT\$ per month)			
	Three months ended 31 December 2016	Three months ended 31 December 2015	
Basic cable TV	528	537	↓
Premium digital cable TV ¹	154	164	↓
Broadband	461	502	↓

Notes: (1) 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 31 December 2015 figures for Premium digital cable TV subscribers and ARPU have been restated to conform to the new presentation

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

(3) TBC refers to Taiwan Broadband Communications group

Subscribers and ARPU:

- Basic cable TV: Subscribers increased to c.762,000 with ARPU lower due to marginally lower Basic cable TV rates in three of TBC's³ five franchise areas
- Premium digital cable TV: Subscribers increased to c.182,000 with ARPU lower due to promotions and discounted bundled packages
 - TBC remains at the forefront of digitisation in Taiwan and is well positioned to provide subscribers with the opportunity to watch the latest TV offerings in high definition digital format
- Broadband: Subscribers increased to c.201,000 with ARPU lower due to promotions and discounted bundled packages

Greater Taichung Expansion:

- All requisite regulatory licenses to operate in the new coverage areas have been secured and marketing of broadband services commenced
- 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

FINANCIAL RESULTS

Lower revenue compared to pcp

Group ¹	Quarter ended 31 December 2016 S\$'000	Quarter ended 31 December 2015 S\$'000	Variance ² %	Year ended 31 December 2016 S\$'000	Year ended 31 December 2015 S\$'000	Variance ² %
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 expenses³	(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%	

- **Revenue:** Total revenue was S\$319.2 million and EBITDA was S\$189.3 million for the year ended 31 December 2016. Total revenue of S\$319.2 million for the year ended 31 December 2016 was 3.9% lower than the pcp, however in constant NT\$ terms revenue for the year was only 2.9% lower than the pcp. Foreign exchange contributed to 1.0% of the negative variance compared to pcp:
- **Basic cable TV:** Revenue of S\$254.4 million for the year ended 31 December 2016 was down 4.0% on pcp due to lower subscription revenue because of marginally lower Basic cable TV rates in three of TBC's five franchise areas and lower non-subscription revenue because of lower revenue generated from channel leasing
- **Premium digital cable TV:** Revenue of S\$15.0 million for the year ended 31 December 2016 was down 2.5% on pcp. The lower revenue was due to promotions and discounted bundled packages that were offered to generate new subscriptions and to retain existing subscribers
- **Broadband:** Revenue of S\$49.9 million for the year ended 31 December 2016 was down 3.8% on pcp. The lower revenue was due to promotions and discounted bundled packages that were offered to generate new subscriptions and to retain existing subscribers
- **Total operating expenses:** Total operating expenses of S\$129.9 million for the year ended 31 December 2016 were 0.9% lower than pcp, due to lower broadcast and production costs and other operating expenses, partially offset by higher staff costs

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 depreciation and amortisation expense, net foreign exchange gain/(loss), mark to market movements on foreign exchange contracts and one-time debt advisory fee paid to Macquarie Capital (Hong Kong) Limited for services provided in relation to refinancing the debt facilities in Q1 2015, in order to arrive at EBITDA and EBITDA margin

FINANCIAL POSITION

Strong balance sheet, supportive of ongoing cash flow and future growth

	Group as at 31 December 2016 S\$'000	Group as at 31 December 2015 S\$'000
Assets		
Current assets		
Cash and cash equivalents	59,088	60,926
Trade and other receivables	14,802	17,650
Other assets	3,495	1,229
	77,385	79,805
Non-current assets		
Investment in subsidiaries	-	-
Property, plant and equipment	291,350	242,751
Intangible assets	2,367,743	2,283,440
Other assets	929	1,804
	2,660,022	2,527,995
Total assets	2,737,407	2,607,800
Liabilities		
Current liabilities		
Borrowings from financial institutions	12,236	8,617
Trade and other payables	21,243	20,486
Income tax payable	14,246	9,672
Other liabilities	61,455	65,436
	109,180	104,211
Non-current liabilities		
Borrowings from financial institutions	1,294,731	1,183,231
Deferred tax liabilities	61,807	52,501
Other liabilities	41,133	36,740
	1,397,671	1,272,472
Total liabilities	1,506,851	1,376,683
Net assets	1,230,556	1,231,117

- **Cash and cash equivalents:** Cash balance of S\$59.1 million
- **Depreciation/amortisation:** Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:
 - Buildings: 2 – 50 years
 - Leasehold improvements: 3 – 10 years
 - Network equipment: 2 – 10 years
 - Transport equipment: 5 – 7 years
 - Plant and equipment: 2 – 6 years
 - Leased equipment: 3 years

BORROWINGS

New and revised facilities

- As announced on 11 July 2016, APTT has secured a new multicurrency term loan facility in an aggregate amount of S\$125.0 million and a multicurrency revolving loan facility in an aggregate amount of S\$125.0 million (the “New Facilities”) for the partial refinancing of existing borrowings and for general corporate purposes. 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
- Importantly, 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

Sufficient capacity to fund future initiatives

- Interest rate swaps have been entered into which fix a significant portion of the interest rate exposure
- Effective interest rate of 4.2% p.a. for the year ended 31 December 2016
- Approximately S\$143.5 million of the revolving facility is available to fund future initiatives

Debt as at 31 December 2016	
Total size available	S\$1,503.5 million
Total outstanding	S\$1,360.0 million
YTD effective interest rate	4.2% per annum
Total net debt / EBITDA¹	6.5x
Gearing²	47.7%
Interest cover	c.4 times

Notes: (1) Calculated in accordance with the New Facilities agreement
 (2) Total debt / total assets

CAPITAL EXPENDITURE

Accelerated capital expenditure in 2016 and 2017 to position TBC for future growth

S\$ million	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Forecast
Network expansion¹	<10	33	10	<1	–
Premium digital cable TV²	<15 ³	19	53	49	50 - 55

- Capital expenditure related to the network expansion during the fourth quarter of 2016 amounted to S\$0.3 million (year ended 31 December 2016: S\$0.9 million)
 - TBC will defer any significant capital expenditure in the expansion area until TBC is able to secure the necessary content rights
- Capital expenditure related to Premium digital cable TV during the fourth quarter of 2016 amounted to S\$17.2 million (year ended 31 December 2016: S\$48.6 million)
- Capital expenditure related to network expansion, Premium digital cable TV and other growth purposes will be funded from borrowing facilities

Notes: (1) Includes the cost of extending the core network and building in selected neighbourhoods

(2) Includes installation related expenditure and digital head-end upgrades

(3) Actual full year 2013 included to facilitate a like-for-like comparison. APTT's ownership of TBC commenced from 29 May 2013

TBC is a stable business that is well positioned for future growth

- The focus in 2017 remains on driving growth in cash flows through up-selling and cross-selling of services across TBC's subscriber base
- Total revenue for 2017 is anticipated to be influenced by a number of factors including the continued weakness in the Taiwanese economy and a marginally lower Basic cable TV rate in one of TBC's five franchise areas
- Overall EBITDA for the full year 2017 is expected to be in line with 2016
- APTT distribution of 1.625 cents per unit will be paid on 24 March 2017. This brings total distributions declared to 6.5 cents per unit for the year ended 31 December 2016
- APTT distribution guidance of 6.5 cents per unit for the year ending 31 December 2017, subject to no material changes in planning assumptions
- On 22 February 2017, National Communications Commission of Taiwan ("NCC") has approved the proposed sale of Macquarie Group Holdings (Singapore) Pte. Limited's entire interest in the Trustee-Manager to Dynami Vision Pte. Ltd.
 - Completion of the proposed sale 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