

Asian Pay Television Trust

Appreciating TWD was helpful, it still pays 11% yield



StocksBnB.com

SINGAPORE | TELECOMMUNICATION | 2Q17 RESULTS

- 1Q17 revenue and EBITDA were in-line with estimates. The appreciation of Taiwan dollar (TWD) by ~7% yoy supported revenue growth. Cable TV subscribers were stable.
- Broadband APRU continue to soften due to competition from unlimited 4G mobile data plans
- Dividend guidance of 6.5 cents annually (paid 1.625 cents per quarter) has been maintained

Results at a glance

S\$ mn	2Q17	2Q16	yoy (%)	Comment
Revenue	83.1	78.2	6.3%	Growth driven by appreciatin Taiwan dollar, which rose ~7% yoy against the SGD.
EBITDA	50.0	46.7	7.1%	In-line with our FY17e S\$202mn.
Interest	(14.5)	(12.9)	12.4%	Leverage rose to fund premium digital capex.
PATMI	11.3	16.1	-29.8%	Affected by several non-cash items.
Operating c/flow	46.9	43.3	8.3%	
Free cash-flow	19.0	22.8	-16.7%	EBITDA less maintenance capex, cash tax, cash interest
Dividends	(23.3)	(23.3)	0.0%	
DPU (cents)	1.625	1.625	0.0%	The company maintained their 1.625 cents per quarter.

Source: Company, PSR

The positives

- + **Premium cable digital** beginning to gain some traction with customers as APTV introduced promotional content. Subscribers rose almost 11% yoy in 2Q17.
- + **Cable TV subscribers** were stable and DPU guidance maintained.
- + **APTIV is evaluating other business opportunities** with new trustee owners but too early to disclose any details.

The negatives

- **Broadband ARPU still on declining trend.** The roll-out of unlimited 4G mobile data plans has affected ARPU. APTV had to react to the competition with new promotions.
- **Free cash-flow declined yoy** and is still lower than dividends payable. As a result, APTV is still reliant on increased leverage to sustain dividends. Leverage is rising faster this year in order to fund \$50m premium digital capital expenditure.

Outlook

The outlook remains stable. We lowered our net profit by 4% to account for higher foreign exchange. There is no change to our target price or cash-flow assumptions.

Maintain BUY rating with target price unchanged at S\$0.64

We maintain our BUY recommendation with an unchanged target price. The adjustments to our earnings are non-cash and do not materially affect our valuations. We find APTV dividends attractive and sustainable. Operating cash-flows are supported by a recurrent monthly cable TV subscription fees, and APTV operates in a monopolistic environment.

15 August 2017

BUY (Maintained)

LAST TRADED PRICE	SGD 0.580
FORECAST DIV	SGD0.065
TARGET PRICE	SGD0.640
TOTAL RETURN	21.6%

COMPANY DATA

BLOOMBERG	APTT SP
O/S UNITS (MN) :	1437
MARKET CAP (USD mn / SGD mn) :	612 / 833
52 - WK HI/LO (SGD) :	0.6 / 0.37
3M Average Daily T/O (mn) :	3.72

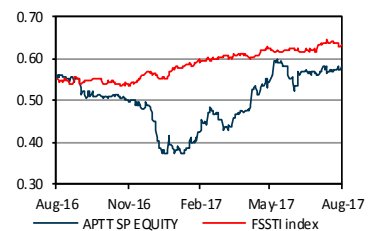
MAJOR SHAREHOLDERS (%)

Temasek Holdings	7.93%
------------------	-------

PRICE PERFORMANCE (%)

	1M TH	3M TH	1Y R
COMPANY	1.8	11.9	19.3
STIRETURN	2.85	15.0	18.43

PRICE VS. STI



Source: Bloomberg, PSR

KEY FINANCIALS (APTT SP)

SGD mn	FY 15	FY 16	FY 17e	FY 18e
Revenue	332	319	337	340
EBITDA	194	189	202	205
NPAT	45	60	57	65
EPS (SGD)	0.03	0.04	0.04	0.05
PER, x	17.5	13.2	13.3	12.1
P/BV, x	0.7	0.7	0.7	0.7
DPU (SGD)	0.083	0.065	0.065	0.065
ROE, %	3.6%	4.9%	4.7%	5.6%

Source: Bloomberg, PSR

Paul Chew (+65 6212 1851)
Head Of Research
paulchewkl@phillip.com.sg

Financials

Income Statement

Y/E Dec, SGD mn	FY14	FY15	FY16	FY17F	FY18F
Revenue	319	332	319	337	340
EBITDA	194	201	189	202	205
Depreciation & Amortisation	(49)	(45)	(56)	(58)	(58)
EBIT	142	147	144	136	147
Net Finance Inc/(Exp)	(40)	(50)	(54)	(56)	(57)
Profit before tax	98	71	84	73	82
Taxation	(40)	(50)	(54)	(56)	(57)
Net profit before NCI	114	45	60	57	65
Non-controlling interest	(0)	(0)	(0)	(0)	(0)
Net profit, reported	114	45	60	57	65

Per share data (SGD)

Y/E Dec	FY14	FY15	FY16	FY17F	FY18F
EPS, reported	0.08	0.03	0.04	0.04	0.05
DPU	0.083	0.083	0.065	0.065	0.065
BVPU	0.89	0.86	0.86	0.82	0.80

Cash Flow

Y/E Dec, SGD mn	FY14	FY15	FY16	FY17F	FY18F
CFO					
Profit before tax	98	71	84	73	82
Depreciation & Amortisation	49	45	56	58	58
WC changes	(0)	(1)	8	(0)	0
Net finance inc/(exp)	(40)	(50)	(54)	(56)	(57)
Tax paid	(55)	(27)	(13)	(15)	(16)
Others	7	31	(3)	16	8
Cashflow from ops	98	119	131	131	132
CFI					
CAPEX, net	(69)	(88)	(99)	(80)	(45)
Others	(13)	(6)	(3)	0	0
Cashflow from investments	(83)	(94)	(101)	(80)	(45)
Share issuance, net	0	0	0	0	0
Loans, net of repayments	111	82	69	0	20
Dividends	(147)	(117)	(102)	(103)	(103)
Others	(0)	(3)	1	0	0
Cashflow from financing	(37)	(38)	(32)	(103)	(83)
Net change in cash	(13)	(2)	(52)	4	5
CCE, end	61	59	8	12	17

Source: Company, Phillip Securities Research (Singapore) Estimates

*Forward multiples & yields based on current market price; historical multiples & yields based on historical market price.

Balance Sheet

Y/E Dec, SGD mn	FY14	FY15	FY16	FY17F	FY18F
ASSETS					
PPE	176	243	291	315	303
Others	2,223	2,283	2,368	2,366	2,365
Total non-current assets	2,399	2,526	2,659	2,681	2,667
Accounts receivables	12	18	15	14	14
Cash	75	61	59	8	12
Inventories	0	0	0	0	0
Others	2	2	1	1	1
Total current assets	88	81	75	23	27
Total Assets	2,489	2,608	2,737	2,707	2,698
LIABILITIES					
Accounts payables	20	21	21	20	20
Short term loans	18	9	12	12	12
Others	66	75	76	76	76
Total current liabilities	104	104	109	108	108
Long term loans	1,036	1,183	1,295	1,311	1,339
Others	74	89	103	103	103
Total non-current liabilities	1,110	1,273	1,398	1,414	1,442
Total Liabilities	1,213	1,377	1,507	1,522	1,550

EQUITY

Non-controlling interests	2	2	2	3	3
Shareholder Equity	1,276	1,231	1,231	1,185	1,148

Valuation Ratios

Y/E Dec	FY14	FY15	FY16	FY17F	FY18F
P/E (X), adj.	7.3	18.5	14.0	14.6	12.8
P/B (X)	0.7	0.7	0.7	0.7	0.7
EV/EBITDA (X), adj.	9.3	9.8	11.0	10.6	10.6
Dividend Yield (%)	14.2%	14.2%	11.2%	11.2%	11.2%

Growth & Margins (%)

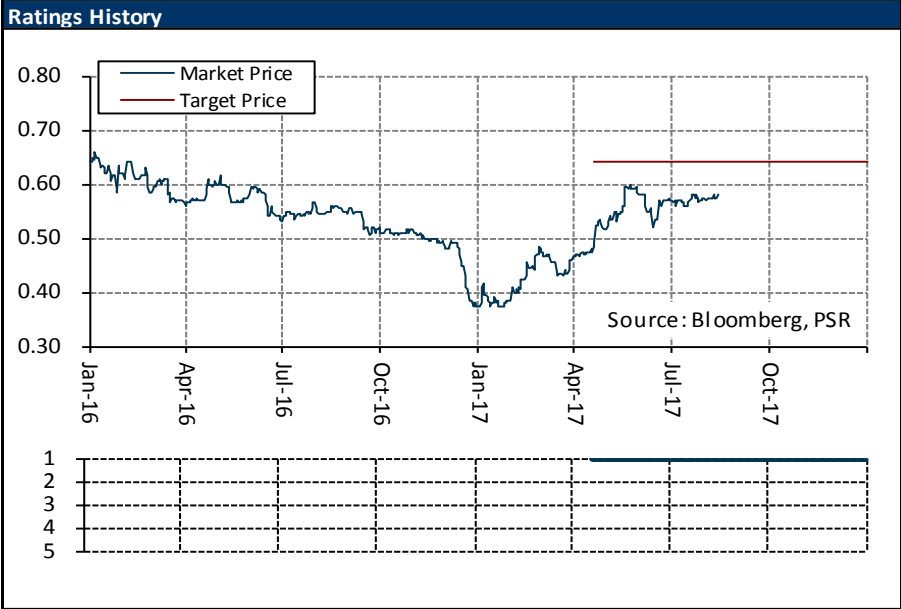
Growth					
Revenue	1.9%	4.2%	-3.9%	5.5%	1.1%
EBITDA	3.3%	3.4%	-5.8%	6.9%	1.2%
EBIT	-4.5%	3.6%	-2.4%	-4.9%	7.5%
Net profit, adj.	49.4%	-60.6%	32.4%	-4.5%	14.4%

Margins

EBITDA margin	61.0%	60.5%	59.3%	60.1%	60.1%
EBIT margin	44.5%	44.3%	45.0%	40.5%	43.1%
Net profit margin	35.9%	13.6%	18.7%	16.9%	19.2%

Key Ratios

ROE (%)	8.8%	3.6%	4.9%	4.7%	5.6%
ROA (%)	4.6%	1.8%	2.2%	2.1%	2.4%
Net Debt / (Cash)	979	1,131	1,248	1,315	1,339
Net Gearing (X)	76.6%	91.7%	101.2%	110.7%	116.4%



PSR Rating System

Total Returns	Recommendation	Rating
> +20%	Buy	1
+5% to +20%	Accumulate	2
-5% to +5%	Neutral	3
-5% to -20%	Reduce	4
< -20%	Sell	5

Remarks
 We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

Contact Information (Singapore Research Team)

Head of Research

Paul Chew – paulchewkl@phillip.com.sg

Research Operations Officer

Mohamed Amiruddin – amiruddin@phillip.com.sg

Consumer | Healthcare

Soh Lin Sin – sohls@phillip.com.sg

Property | Infrastructure

Peter Ng – peterngmc@phillip.com.sg

Macro

Pei Sai Teng – peist@phillip.com.sg

Transport | REITs (Industrial)

Richard Leow, CFTe, FRM –
richardleowwt@phillip.com.sg

REITs (Commercial, Retail, Healthcare) | Property

Dehong Tan – tandh@phillip.com.sg

Technical Analysis

Jeremy Ng – jeremyngch@phillip.com.sg

Banking and Finance

Jeremy Teong – jeremyteongfh@phillip.com.sg

US Equity

Ho Kang Wei – hokw@phillip.com.sg

Oil & Gas | Energy

Chen Guangzhi – chengz@phillip.com.sg

Contact Information (Regional Member Companies)

SINGAPORE

Phillip Securities Pte Ltd

Raffles City Tower
250, North Bridge Road #06-00
Singapore 179101
Tel +65 6533 6001
Fax +65 6535 6631
Website: www.poems.com.sg

MALAYSIA

Phillip Capital Management Sdn Bhd

B-3-6 Block B Level 3 Megan Avenue II,
No. 12, Jalan Yap Kwan Seng, 50450
Kuala Lumpur
Tel +603 2162 8841
Fax +603 2166 5099
Website: www.poems.com.my

HONG KONG

Phillip Securities (HK) Ltd

11/F United Centre 95 Queensway
Hong Kong
Tel +852 2277 6600
Fax +852 2868 5307
Websites: www.phillip.com.hk

JAPAN

Phillip Securities Japan, Ltd.

4-2 Nihonbashi Kabuto-cho Chuo-ku,
Tokyo 103-0026
Tel +81-3 3666 2101
Fax +81-3 3666 6090
Website: www.phillip.co.jp

INDONESIA

PT Phillip Securities Indonesia

ANZ Tower Level 23B,
Jl Jend Sudirman Kav 33A
Jakarta 10220 – Indonesia
Tel +62-21 5790 0800
Fax +62-21 5790 0809
Website: www.phillip.co.id

CHINA

Phillip Financial Advisory (Shanghai) Co Ltd

No 550 Yan An East Road,
Ocean Tower Unit 2318,
Postal code 200001
Tel +86-21 5169 9200
Fax +86-21 6351 2940
Website: www.phillip.com.cn

THAILAND

Phillip Securities (Thailand) Public Co. Ltd

15th Floor, Vorawat Building,
849 Silom Road, Silom, Bangrak,
Bangkok 10500 Thailand
Tel +66-2 6351700 / 22680999
Fax +66-2 22680921
Website www.phillip.co.th

FRANCE

King & Shaxson Capital Limited

3rd Floor, 35 Rue de la Bienfaisance 75008
Paris France
Tel +33-1 45633100
Fax +33-1 45636017
Website: www.kingandshaxson.com

UNITED KINGDOM

King & Shaxson Capital Limited

6th Floor, Candlewick House,
120 Cannon Street,
London, EC4N 6AS
Tel +44-20 7426 5950
Fax +44-20 7626 1757
Website: www.kingandshaxson.com

UNITED STATES

Phillip Capital Inc

141 W Jackson Blvd Ste 3050
The Chicago Board of Trade Building
Chicago, IL 60604 USA
Tel +1-312 356 9000
Fax +1-312 356 9005
Website: www.phillipusa.com

AUSTRALIA

Phillip Capital Limited

Level 10, 330 Collins Street
Melbourne, Victoria 3000, Australia
Tel +61-03 9629 8288
Fax +61-03 9629 8882
Website: www.phillipcapital.com.au

SRI LANKA

Asha Phillip Securities Limited

2nd Floor, Lakshmans Building,
No. 321, Galle Road,
Colombo 03, Sri Lanka
Tel: (94) 11 2429 100
Fax: (94) 11 2429 199
Website: www.ashaphillip.net

INDIA

PhillipCapital (India) Private Limited

No.1, 18th Floor, Urmi Estate
95, Ganpatrao Kadam Marg
Lower Parel West, Mumbai 400-013
Maharashtra, India
Tel: +91-22-2300 2999 / Fax: +91-22-2300 2969
Website: www.phillipcapital.in

TURKEY

PhillipCapital Menkul Degerler

Dr. Cemil Bengü Cad. Hak Is Merkezi
No. 2 Kat. 6A Caglayan
34403 Istanbul, Turkey
Tel: 0212 296 84 84
Fax: 0212 233 69 29
Website: www.phillipcapital.com.tr

DUBAI

Phillip Futures DMCC

Member of the Dubai Gold and
Commodities Exchange (DGCX)
Unit No 601, Plot No 58, White Crown Bldg,
Sheikh Zayed Road, P.O.Box 212291
Dubai-UAE
Tel: +971-4-3325052 / Fax: + 971-4-3328895

CAMBODIA

Phillip Bank Plc

Ground Floor of B-Office Centre, #61-64,
Norodom Blvd Corner Street 306, Sangkat
Boeung Keng Kang 1, Khan Chamkamorn,
Phnom Penh, Cambodia
Tel: 855 (0) 7796 6151/855 (0) 1620 0769
Website: www.phillipbank.com.kh

Important Information

This report is prepared and/or distributed by Phillip Securities Research Pte Ltd ("Phillip Securities Research"), which is a holder of a financial adviser's licence under the Financial Advisers Act, Chapter 110 in Singapore.

By receiving or reading this report, you agree to be bound by the terms and limitations set out below. Any failure to comply with these terms and limitations may constitute a violation of law. This report has been provided to you for personal use only and shall not be reproduced, distributed or published by you in whole or in part, for any purpose. If you have received this report by mistake, please delete or destroy it, and notify the sender immediately.

The information and any analysis, forecasts, projections, expectations and opinions (collectively, the "Research") contained in this report has been obtained from public sources which Phillip Securities Research believes to be reliable. However, Phillip Securities Research does not make any representation or warranty, express or implied that such information or Research is accurate, complete or appropriate or should be relied upon as such. Any such information or Research contained in this report is subject to change, and Phillip Securities Research shall not have any responsibility to maintain or update the information or Research made available or to supply any corrections, updates or releases in connection therewith.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this report are as of the date indicated and are subject to change at any time without prior notice. Past performance of any product referred to in this report is not indicative of future results.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. This report should not be relied upon exclusively or as authoritative, without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this report has been made available constitutes neither a recommendation to enter into a particular transaction, nor a representation that any product described in this report is suitable or appropriate for the recipient. Recipients should be aware that many of the products, which may be described in this report involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made, unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of any product. Any decision to purchase any product mentioned in this report should take into account existing public information, including any registered prospectus in respect of such product.

Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may provide an array of financial services to a large number of corporations in Singapore and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this report, and may have performed services for or solicited business from such issuers. Additionally, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have provided advice or investment services to such companies and investments or related investments, as may be mentioned in this report.

Phillip Securities Research or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold an interest, whether material or not, in respect of companies and investments or related investments, which may be mentioned in this report. Accordingly, information may be available to Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, which is not reflected in this report, and Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited its officers, directors, employees or persons involved in the issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this report.

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Securities Research to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

This report is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this report may not be suitable for all investors and a person receiving or reading this report should seek advice from a professional and financial adviser regarding the legal, business, financial, tax and other aspects including the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

This report is not intended for distribution, publication to or use by any person in any jurisdiction outside of Singapore or any other jurisdiction as Phillip Securities Research may determine in its absolute discretion.

IMPORTANT DISCLOSURES FOR INCLUDED RESEARCH ANALYSES OR REPORTS OF FOREIGN RESEARCH HOUSES

Where the report contains research analyses or reports from a foreign research house, please note:

- (i) recipients of the analyses or reports are to contact Phillip Securities Research (and not the relevant foreign research house) in Singapore at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, telephone number +65 6533 6001, in respect of any matters arising from, or in connection with, the analyses or reports; and
- (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, Phillip Securities Research accepts legal responsibility for the contents of the analyses or reports.