



NetLinkNBN

the fibre of a smart nation

Maybank Kim Eng Trading Representatives Briefing

10 August 2018

SGX-Maybank Kim Eng Singapore Corporate Day

16 August 2018

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Overview

Key Highlights

- Sole appointed “Network Company” for Singapore's Next Gen NBN
- Resilient business model generates long-term, predictable cash flows through:
 - Growing demand for fibre connections
 - Regulated and transparent pricing
 - Creditworthy customers
- “Future-proof” fibre infrastructure
- Strong balance sheet to support growth
- Constituent of FTSE ST Large & Mid Cap Index and the MSCI Global Small Cap – Singapore Index

Financial Snapshot

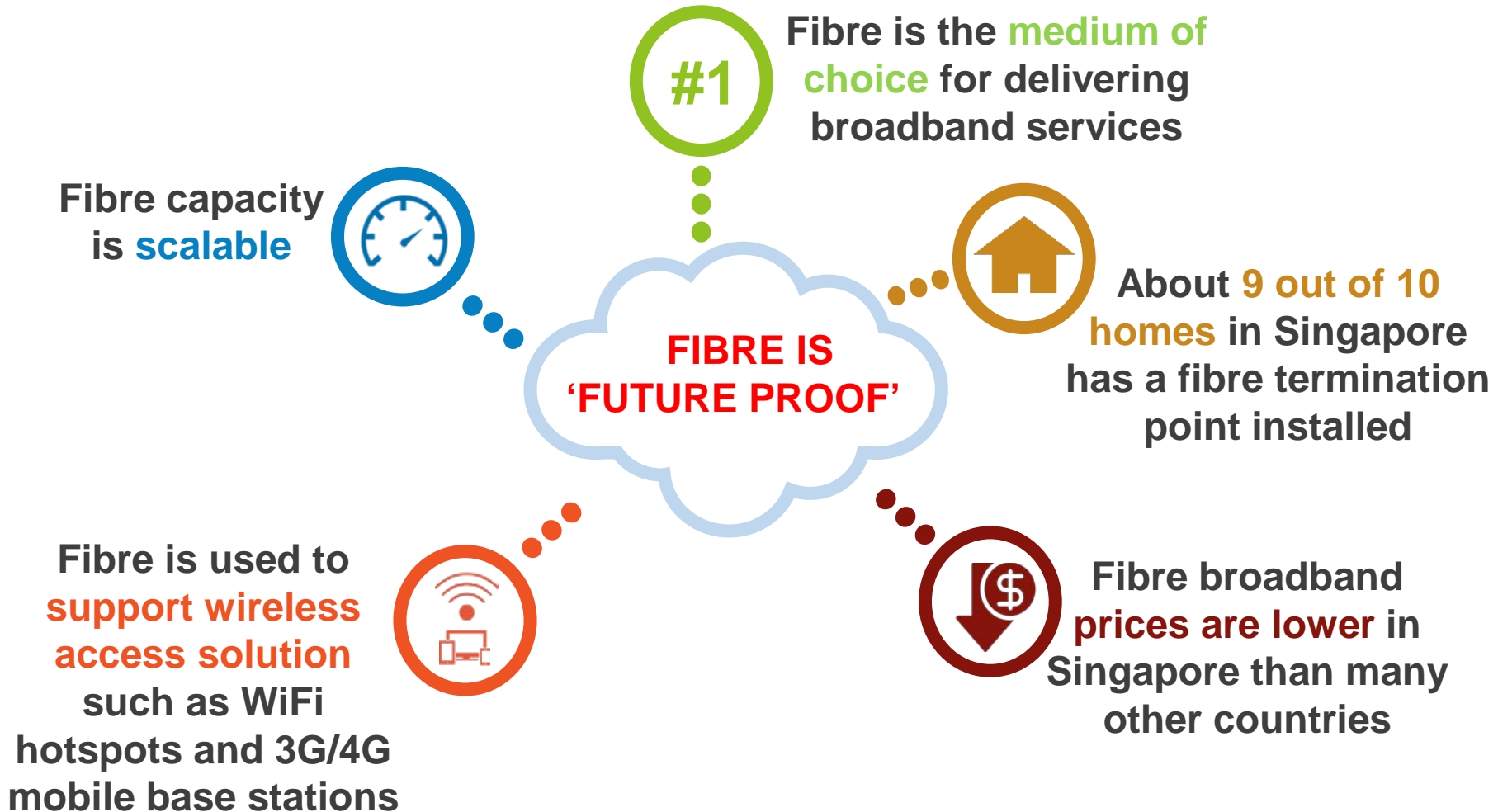
\$m	Q1 FY19	Variance vs Projection ⁽¹⁾
Revenue	86.1	↑ 2.8%
EBITDA	61.0	↑ 4.5%
EBITDA Margin	70.8%	↑ 1.2 p.p
Profit After Tax	19.0	↑ 26.9%

\$m	As at 30 Jun 2018
Market Capitalisation ⁽²⁾	2,884
Enterprise Value ⁽²⁾	3,406
Net Assets	3,069
NAV per unit (Cents)	78.8

(1) Projection for Q1 was part of the Projection Year 2019's projection disclosed in the prospectus dated 10 Jul 2017.

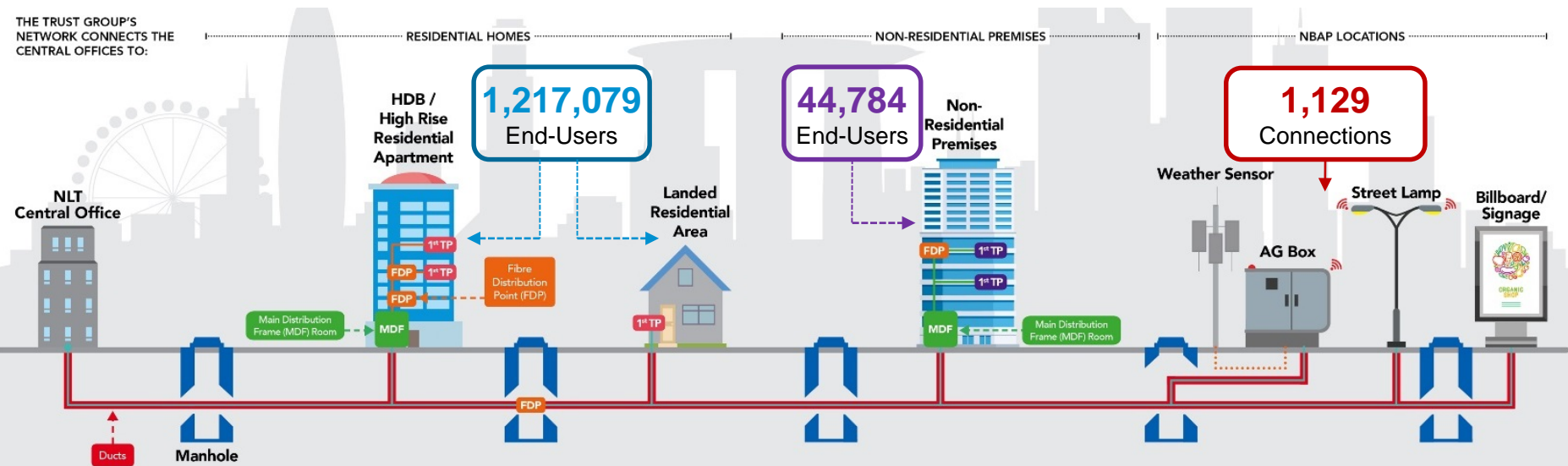
(2) Based on unit price as at 29 Jun 2018.

Fibre is a critical infrastructure enabling Singapore's Next Gen NBN



Our network

THE TRUST GROUP'S NETWORK CONNECTS THE CENTRAL OFFICES TO:



1,217,079
End-Users

44,784
End-Users

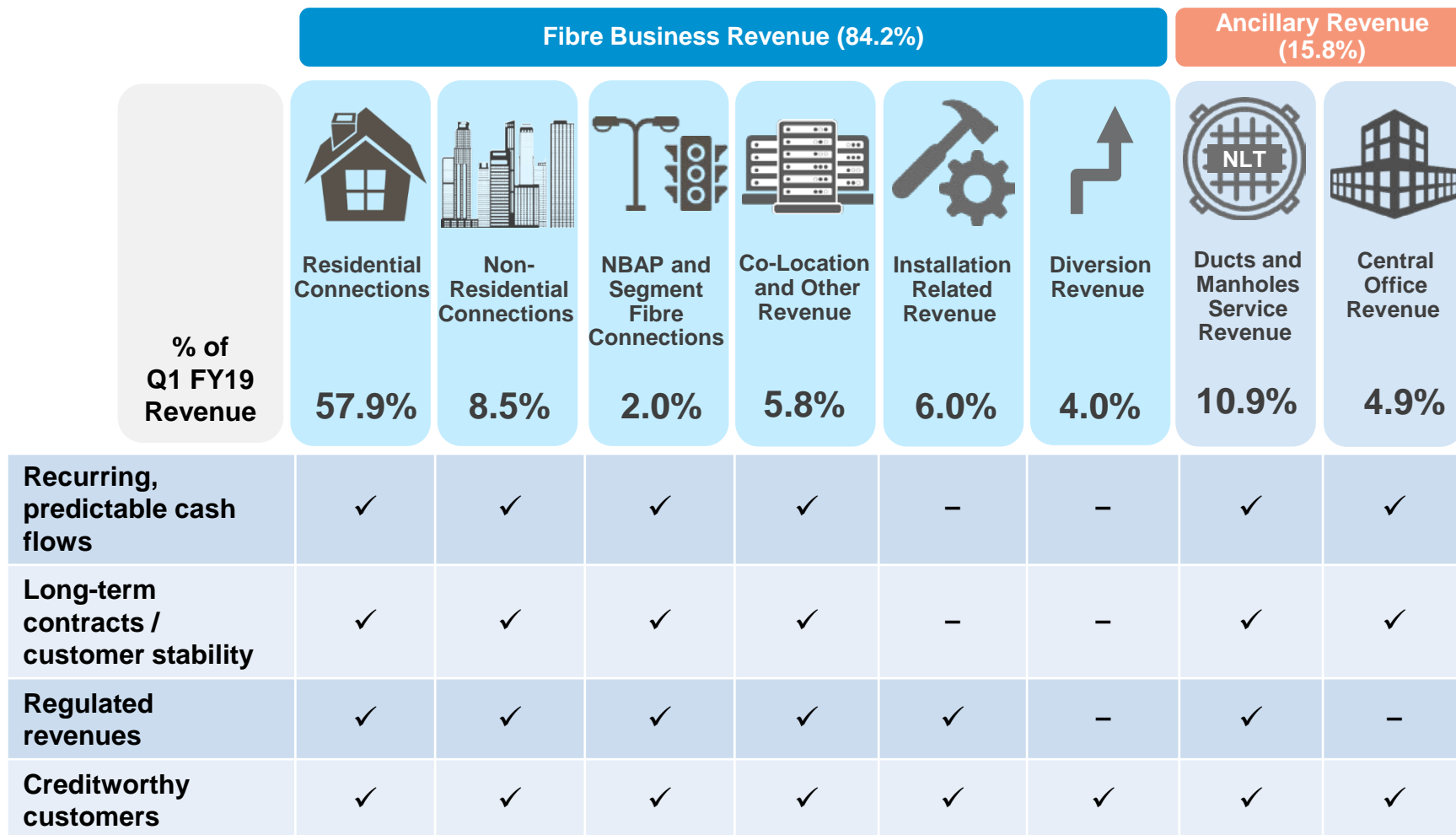
1,129
Connections

~90% share of residential market

~35% share of non-residential market

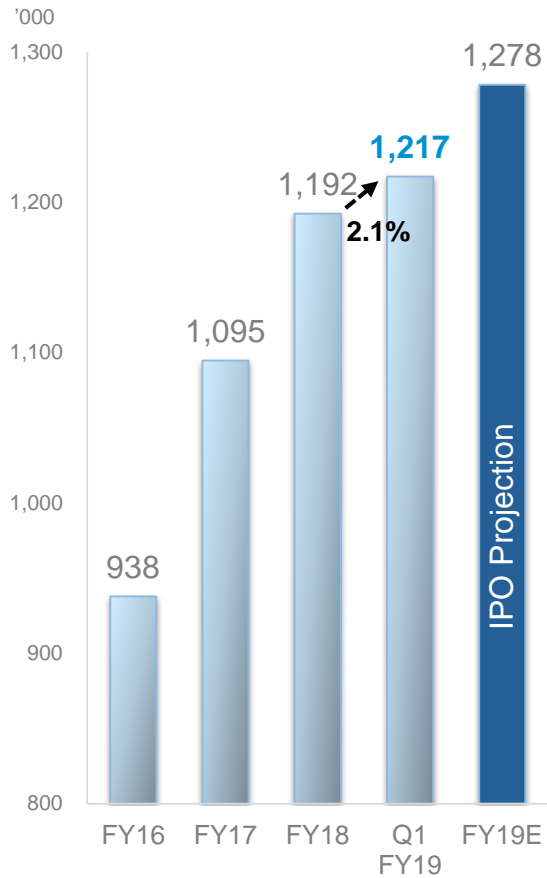
* Figures are as at 30 Jun 2018

A resilient business model

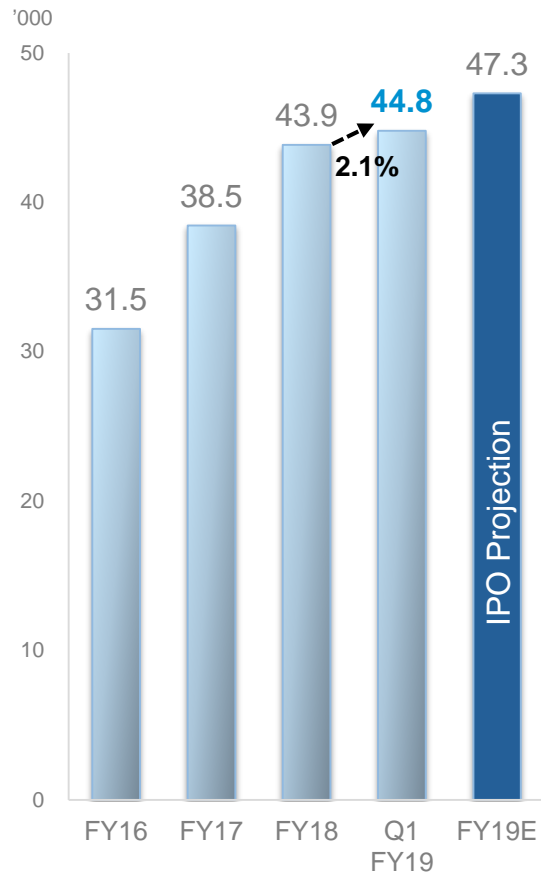


Fibre connections

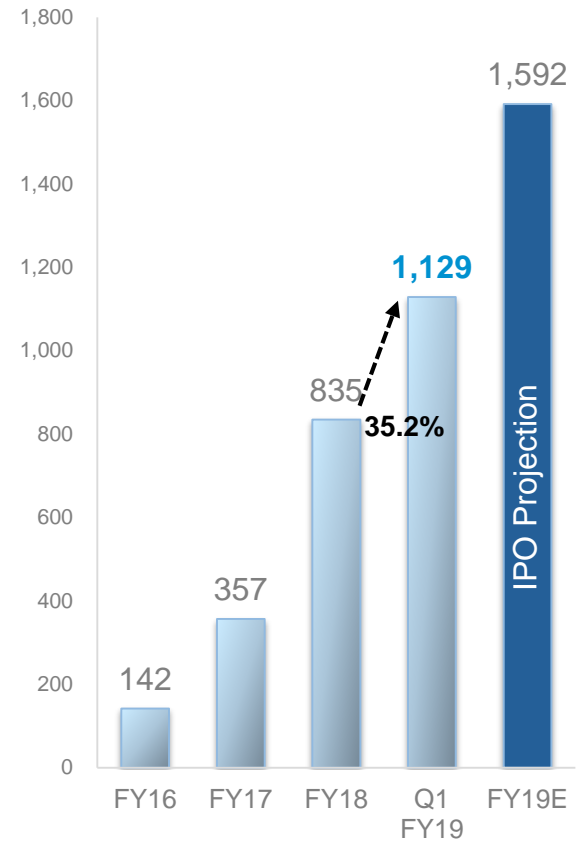
Residential



Non-Residential



Non-Building Address Points



Q1 FY19 Profit & loss statement

S\$'000	Q1 FY19 ⁽¹⁾	Projection ⁽²⁾	Variance (%)
Revenue	86,112	83,795	2.8
EBITDA	60,992	58,339	4.5
EBITDA margin (%)	70.8	69.6	1.2pp
Depreciation & amortisation	(39,776)	(40,865)	(2.7)
Net finance charges	(4,144)	(5,043)	(17.8)
Profit before tax	17,072	12,431	37.3

Revenue was higher than IPO projection mainly due to higher diversion revenue and ducts & manhole revenue, which was partially offset by lower installation-related revenue.

EBITDA increased mainly due to higher revenue, lower operating expenses, partially offset by higher ducts & manhole and diversion costs which were in line with higher ducts & manholes and diversion revenue.

⁽¹⁾ The results for Q1 is from 1 Apr 2018 to 30 Jun 2018. No comparative Consolidated Statement of Profit or Loss and Other Comprehensive Income has been prepared as NetLink NBN Trust was constituted on 19 Jun 2017. Although NetLink NBN Trust was constituted on 19 Jun 2017, there were no operating activities until the acquisition of NetLink Trust, which was completed on 19 Jul 2017, the date on which the Trust was listed ("Listing Date").

⁽²⁾ Projection for Q1 was part of the Projection Year 2019's projection disclosed in the prospectus dated 10 Jul 2017.

Balance sheet as at 30 Jun 2018

Cash Balance	S\$69m
Gross Debt	S\$591m
Net Assets	S\$3,069m
Gross Debt/EBITDA ⁽¹⁾	2.5x
EBITDA Interest Cover ⁽¹⁾	13.1x
Net Assets per unit ⁽²⁾	78.8 cents

⁽¹⁾ Ratios calculated based on NetLink Trust Group's trailing 12-month financials

⁽²⁾ Net assets per unit represents equity divided by total number of units (3,896,971,100)

Growth opportunities



In the next 5 years



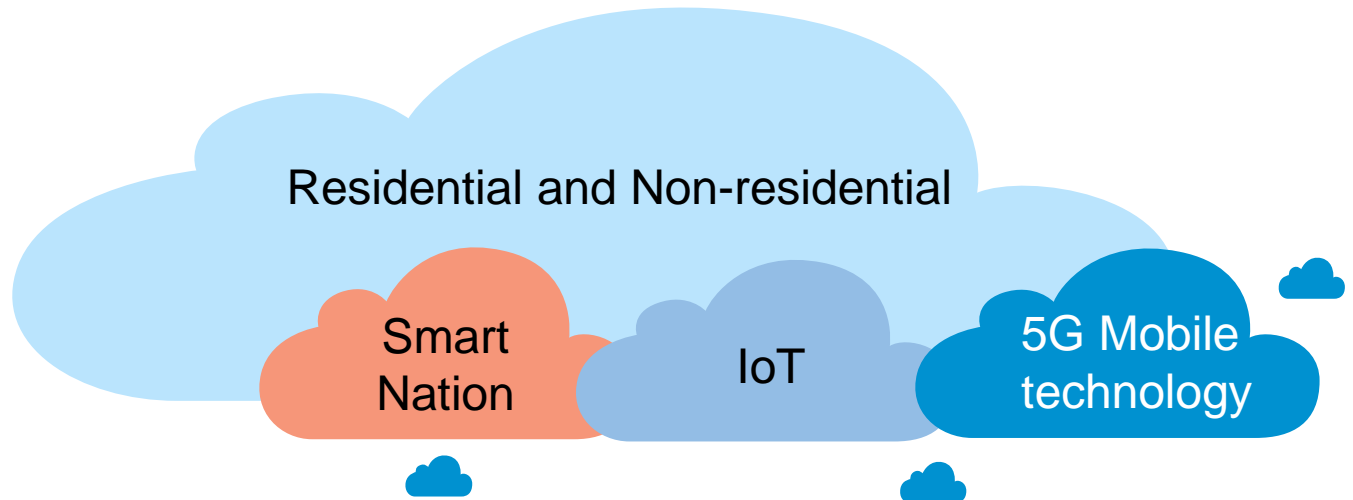
300,000 Residential homes not on fibre broadband & new household formations

Increasing Non-residential market share from 35%

NBAP demand from Smart Nation, IoT and mobile

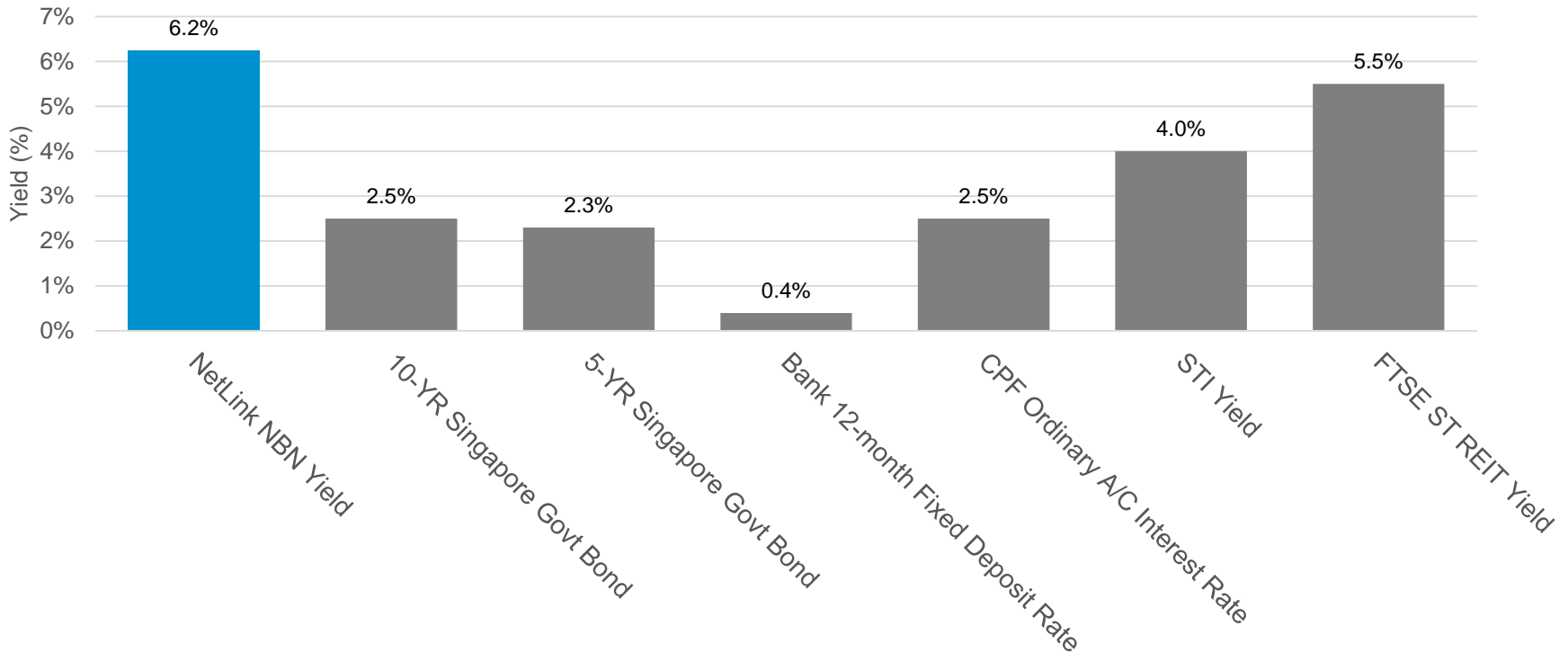


Beyond the next 5 years



Attractive distribution yield with low risk

NetLink NBN's Distribution Yield vs Other Investments ¹

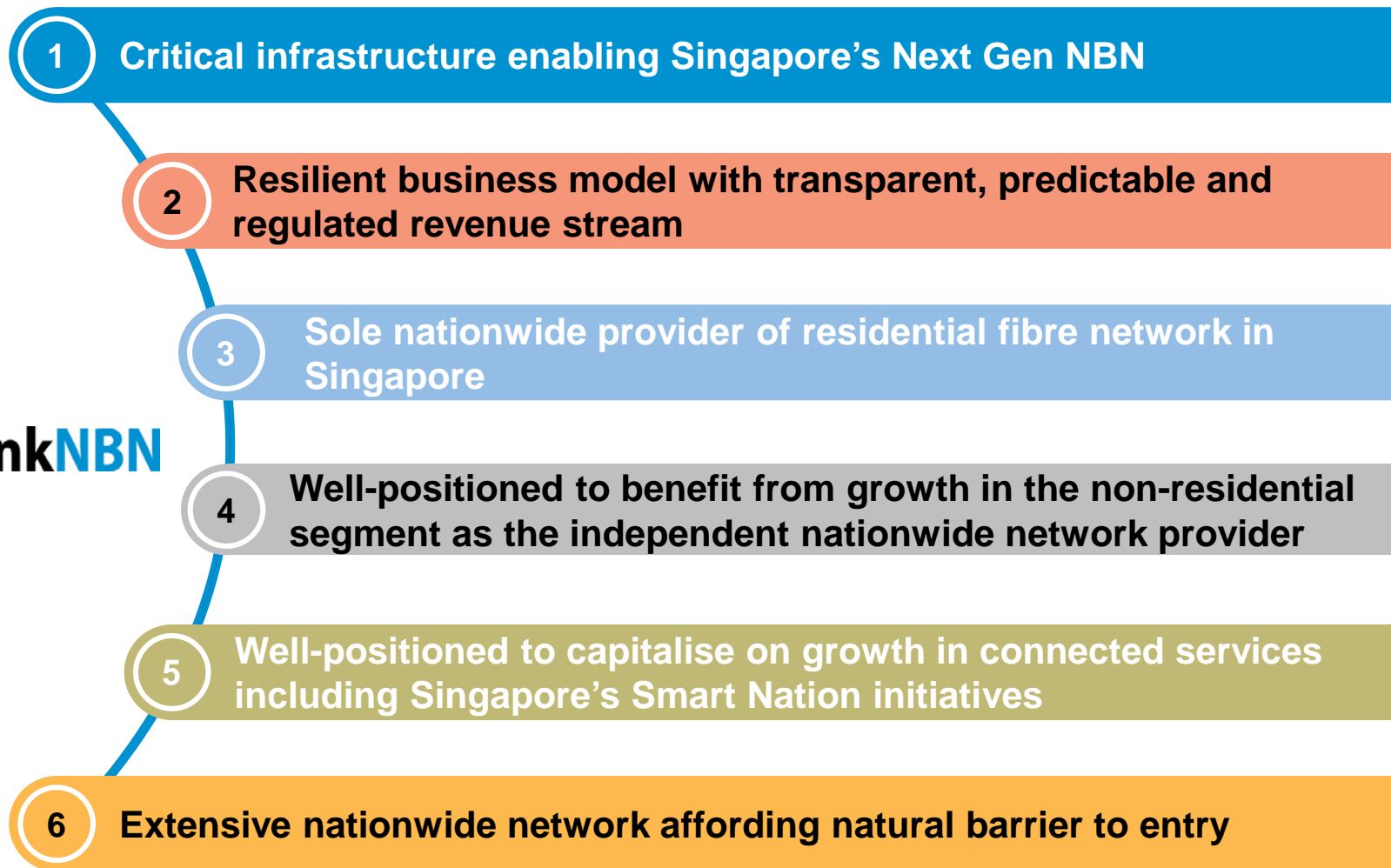


- The Trust's distribution policy is to distribute 100% of its cash available for distribution
- Distributions made by the Trust are exempt from Singapore income tax in the hands of all Unitholders

¹ Source: Bloomberg as at 29 Jun 2018

Well-positioned to deliver long-term value and growth

NetLinkNBN



Thank You

Supplemental Business Information

NetLink Trust's pricing for its services

Pricing of NLT's principal services are regulated by IMDA

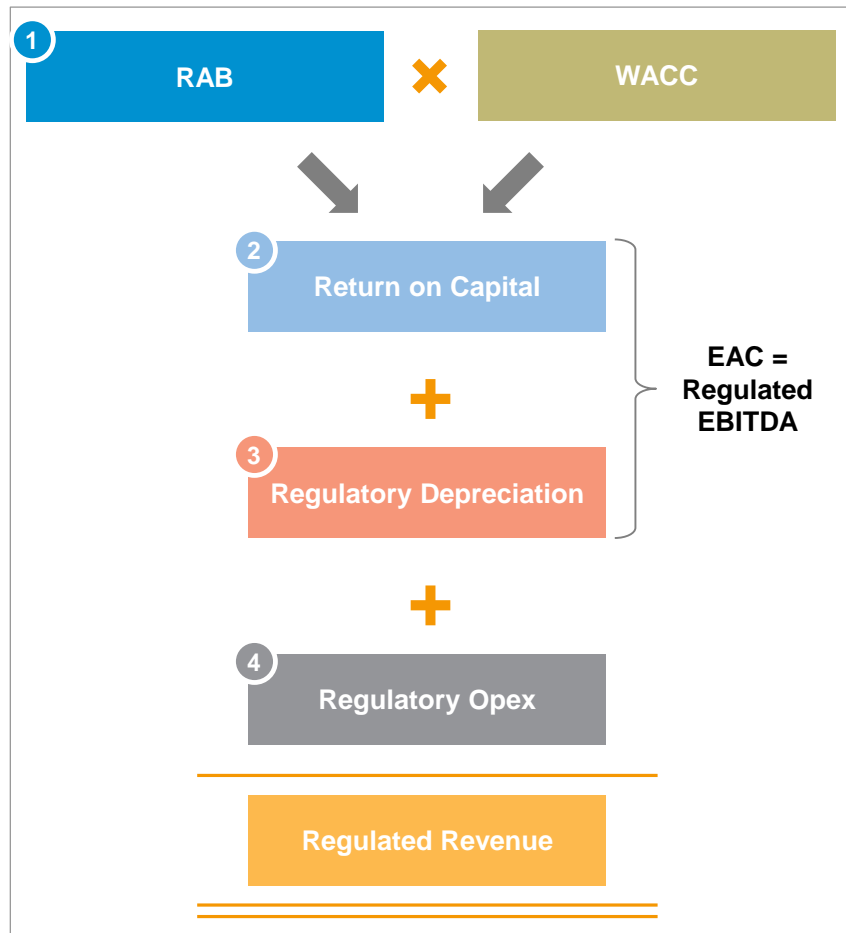
- IMDA shall hold a review of pricing terms every five years following the last price review, or at any such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review)
 - The most recent review by IMDA of prices under the Interconnection Offer and Reference Access Offer was completed in May 2017 and substantially most of the revised prices will be effective from or around Jan 2018 to Dec 2022
 - Pricing terms are regulated using the regulatory asset base (RAB) framework, which allows NLT to recover the following components: (a) return of capital deployed (i.e. depreciation); (b) return on capital employed; and (c) operating expenditure
- NLT may propose to conduct a mid-term adjustment in the third year, in the event of any significant change in cost inputs or if any significant changes to cost or demand forecasts are required due to unforeseen circumstances

Monthly recurring charge (MRC) for fibre connections

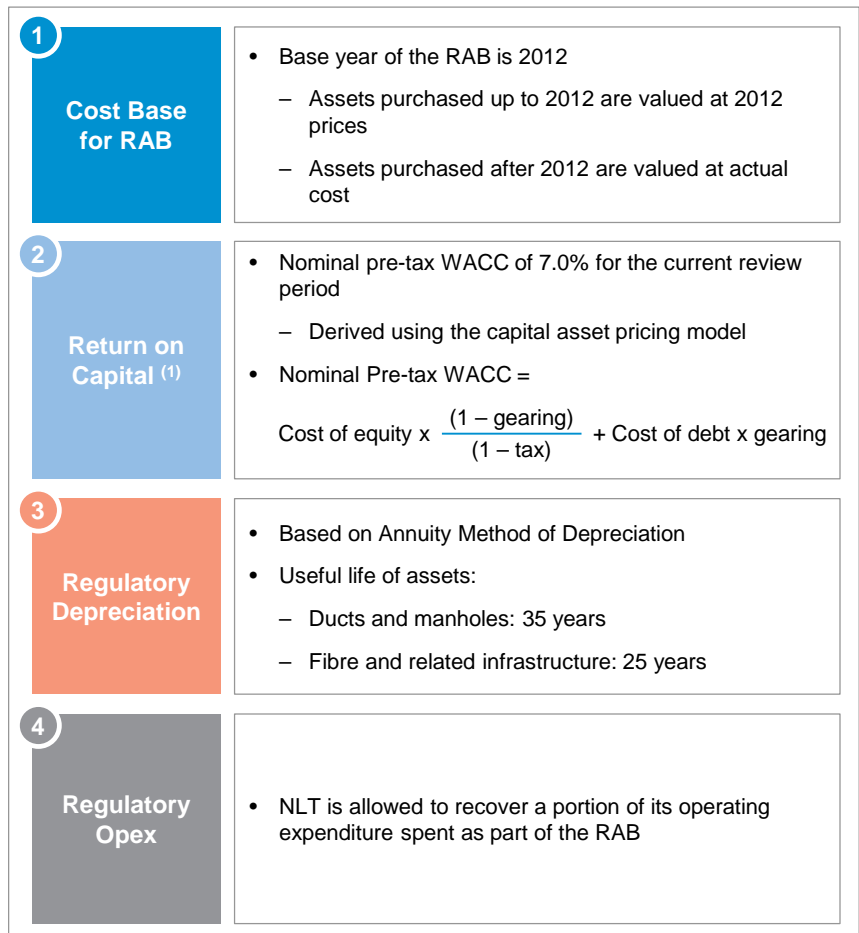
Residential	S\$13.80 per connection per month
Non-residential	S\$55 per connection per month
NBAP	S\$73.80 per connection per month

NetLink Trust's pricing for its services

Framework for RAB Based Pricing Model



Methodology for RAB based pricing model



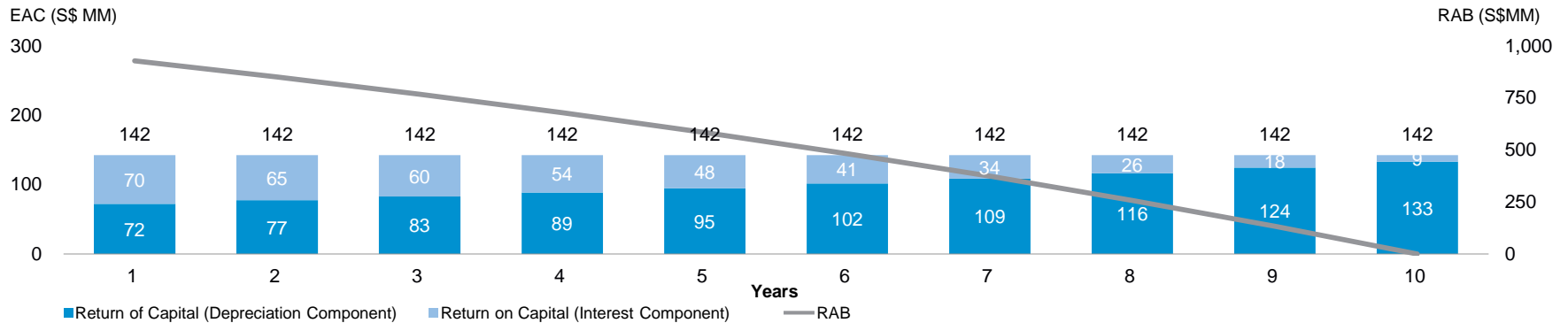
1. IMDA may change the rate of applicable pre-tax WACC in future review period

Understanding the ICO pricing framework

Illustrative Worked Example

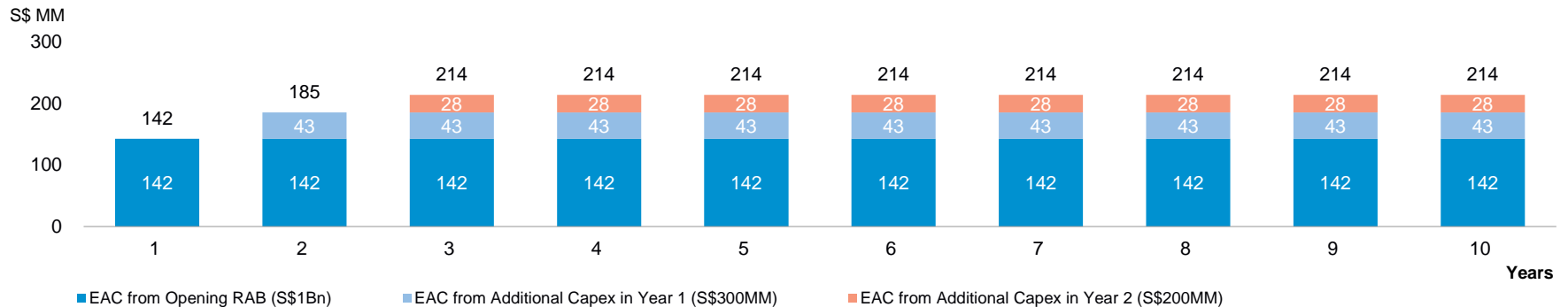
How Does EAC Work for 1 Year's Outflow on Capex?

Assuming Opening RAB of S\$1Bn, WACC of 7.0% and Asset Useful Life of 10 Years



Incremental Capex Leads to Incremental EAC

Assuming Opening RAB of S\$1Bn, capex of S\$300MM in Year 1 and capex of S\$200MM in Year 2



The annuity method of depreciation provides an Equivalent Annual Cost which equates to regulatory depreciation (depreciation component) + return on capital (interest component)