

A city skyline at night, likely Singapore, with numerous skyscrapers illuminated. Overlaid on the scene are several bright blue, glowing fiber optic light trails that curve across the sky and around the buildings, creating a sense of dynamic connectivity and data flow. The background sky transitions from a deep blue to a lighter, hazy purple near the horizon.

NetLinkNBN
the fibre of a smart nation

Citi Access Day

28 November 2019

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EBITDA is a non-SFRS financial measure and represents operating profit before depreciation and amortisation expense, net finance costs and income tax expense. EBITDA and EBITDA margin are supplemental financial measures of the NetLink Group’s performance and liquidity, and are not required by, or presented in accordance with SFRS, IFRS, Singapore Financial Reporting Standards (International), U.S. GAAP or any other generally accepted accounting principles. Furthermore, EBITDA and EBITDA margin are not measures of financial performance or liquidity, and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with SFRS, IFRS, Singapore Financial Reporting Standards (International), U.S. GAAP or any other generally accepted accounting principles.

Financial snapshot¹

Revenue

S\$186m

▲ 5.3%²

Cash Balance

S\$142m

Market Cap³

S\$3,468m

EBITDA

S\$135m

▲ 10.6%²

Gross Debt

S\$636m

Enterprise Value³

S\$3,962m

Profit After Tax

S\$44m

▲ 17.0%²

¹ H1 FY20

² Variance versus H1 FY19

³ Based on the unit price of S\$0.89 at 30 Sep 2019

Fibre is 'future proof'



Fibre is the **medium of choice** for delivering broadband services



About **9 out of 10 homes** in Singapore has a fibre termination point installed



Fibre broadband **prices are lower** in Singapore than many other countries



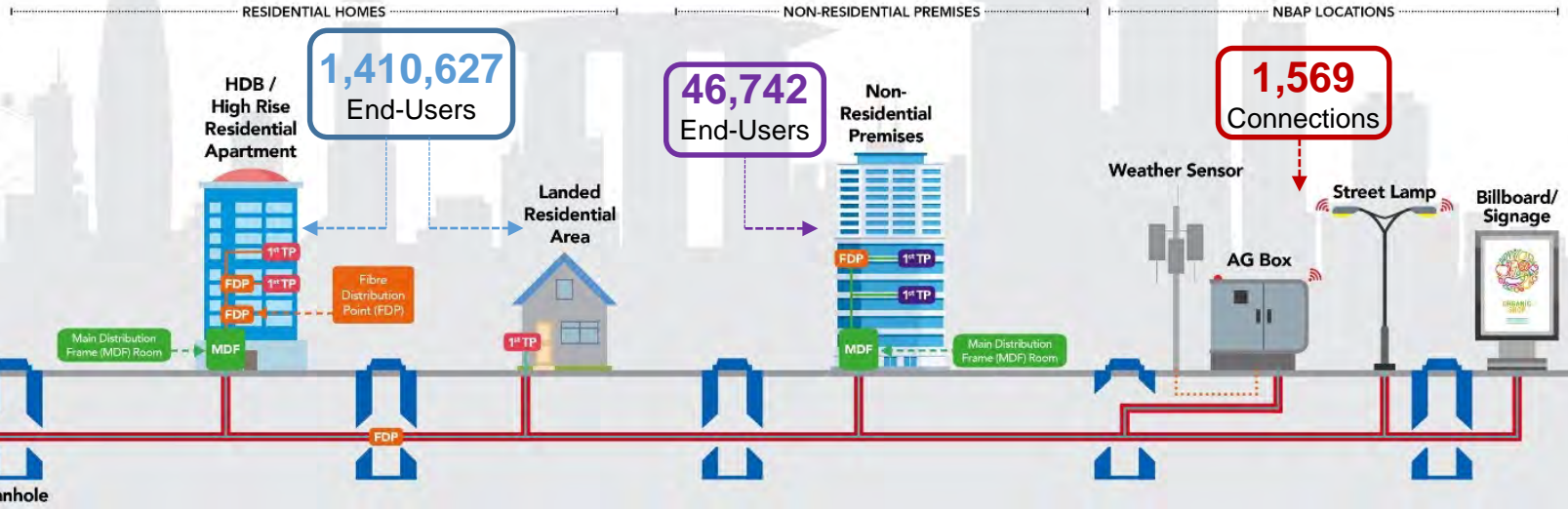
Fibre **supports wireless access solution** such as WiFi hotspots and **3G/4G/5G** infrastructure





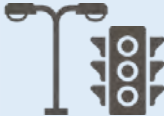





Fibre capacity is **scalable** and can support future transmission technology

Our network

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

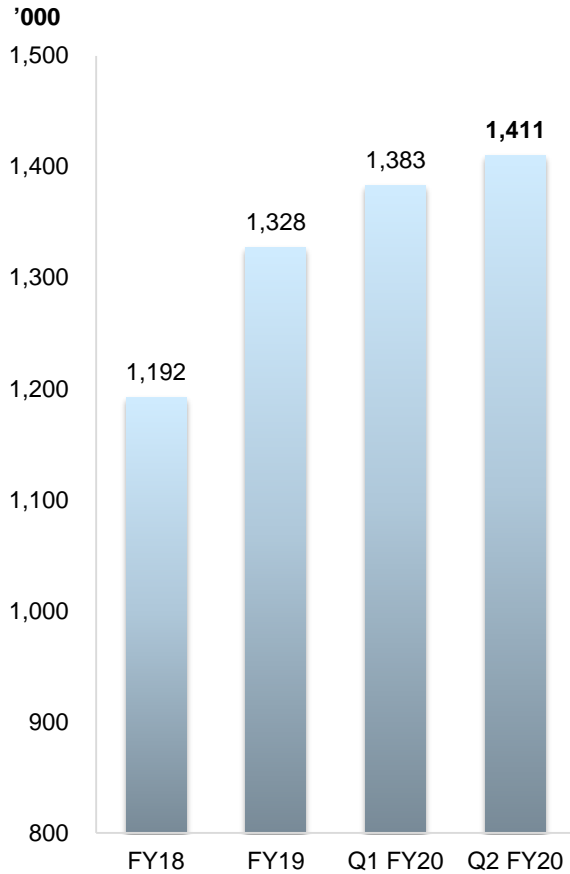


A resilient business model

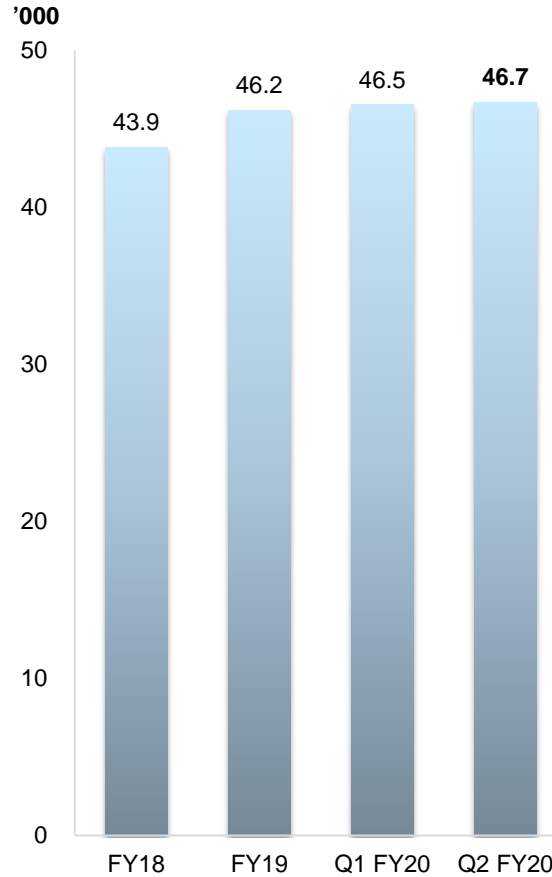
| | RAB Revenue | | | | Non-RAB Revenue | | | |
|--|---|---|---|--|---|---|---|---|
| |  |  |  |  |  |  |  |  |
| | Residential Connections | Non-Residential Connections | NBAP and Segment Fibre Connections | Ducts and Manholes Service Revenue | Installation Related Revenue | Diversion Revenue | Co-Location and Other Revenue | Central Office Revenue |
| % of H1 FY20 Revenue | 61.2% | 8.3% | 1.9% | 8.3% | 6.6% | 3.3% | 5.6% | 4.8% |
| Recurring, predictable cash flows | ✓ | ✓ | ✓ | ✓ | – | – | ✓ | ✓ |
| Long-term contracts / customer stability | ✓ | ✓ | ✓ | ✓ | – | – | ✓ | ✓ |
| Regulated revenues | ✓ | ✓ | ✓ | ✓ | ✓ | – | ✓ | – |
| Creditworthy customers | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Fibre connections

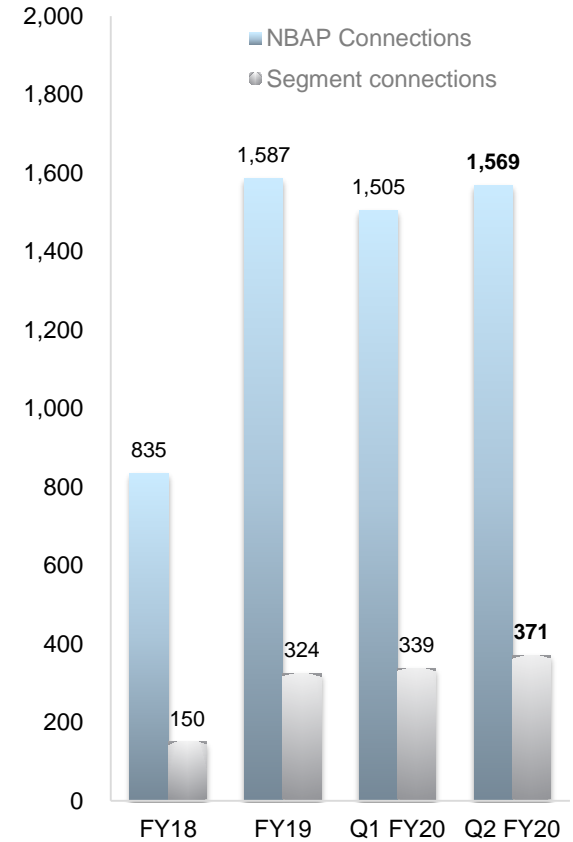
Residential



Non-Residential



Non-Building Address Points And Segment connections¹



¹ Segment connections comprise, *inter alia*, Central Office to Central Office fibre connections and Central Office to MDF room fibre connections provided to Requesting Licensees

Q2 FY20 Profit & loss statement

| S\$'000 | Q2 FY20 | Q2 FY19 | Variance (%) |
|-----------------------------|---------------|---------------|--------------|
| Revenue | 94,072 | 90,594 | 3.8 |
| EBITDA | 68,660 | 61,239 | 12.1 |
| EBITDA margin (%) | 73.0 | 67.6 | 5.4 pp |
| Depreciation & amortisation | (41,781) | (40,030) | 4.4 |
| Net finance charges | (4,660) | (4,340) | 7.4 |
| Profit before tax | 22,219 | 16,869 | 31.7 |

Revenue grew by 3.8% mainly due to higher residential connections and installation-related revenue, partially offset by lower ducts and manholes service and diversion revenue.

EBITDA margin of 73.0% was 5.4 pp higher partly due to the adoption of the SFRS(I) 16¹. Excluding the impact of SFRS(I) 16, EBITDA margin for Q2 FY20 would have been 72.2% or 4.6 pp higher compared to 67.6% for Q2 FY19.

¹ The NetLink Group has adopted a new accounting standard, Singapore Financial Reporting Standard (International) 16 – Leases (“SFRS(I) 16”), for the first time on 1 Apr 2019 using the modified retrospective approach. For more information, please refer to pages 11 to 13 of the Financial Statements Announcement for the second quarter ended 30 Sep 2019.

H1 FY20 Profit & loss statement

| S\$'000 | H1 FY20 | H1 FY19 | Variance (%) |
|-----------------------------|----------------|----------------|--------------|
| Revenue | 186,113 | 176,706 | 5.3 |
| EBITDA | 135,186 | 122,231 | 10.6 |
| EBITDA margin (%) | 72.6 | 69.2 | 3.4 pp |
| Depreciation & amortisation | (83,821) | (79,806) | 5.0 |
| Net finance charges | (9,177) | (8,484) | 8.2 |
| Profit before tax | 42,188 | 33,941 | 24.3 |

Revenue for H1 FY20 grew by 5.3% mainly due to higher residential connections and installation-related revenue, partially offset by lower ducts and manholes service and diversion revenue.

EBITDA margin of 72.6% was 3.4 pp higher partly due to the adoption of the SFRS(I) 16¹. Excluding the impact of SFRS(I) 16, EBITDA margin for H1 FY20 would have been 71.8%, or 2.6 pp higher compared to 69.2% for H1 FY19.

¹ The NetLink Group has adopted a new accounting standard, Singapore Financial Reporting Standard (International) 16 – Leases (“SFRS(I) 16”), for the first time on 1 Apr 2019 using the modified retrospective approach. For more information, please refer to pages 11 to 13 of the Financial Statements Announcement for the half year ended 30 Sep 2019.

Robust balance sheet¹

S\$142m

Cash Balance

S\$636m

Gross Debt

S\$2,975m

Net Assets

2.4x

Gross Debt/
EBITDA²

13.6x

EBITDA Interest
Cover²

76.3 cents

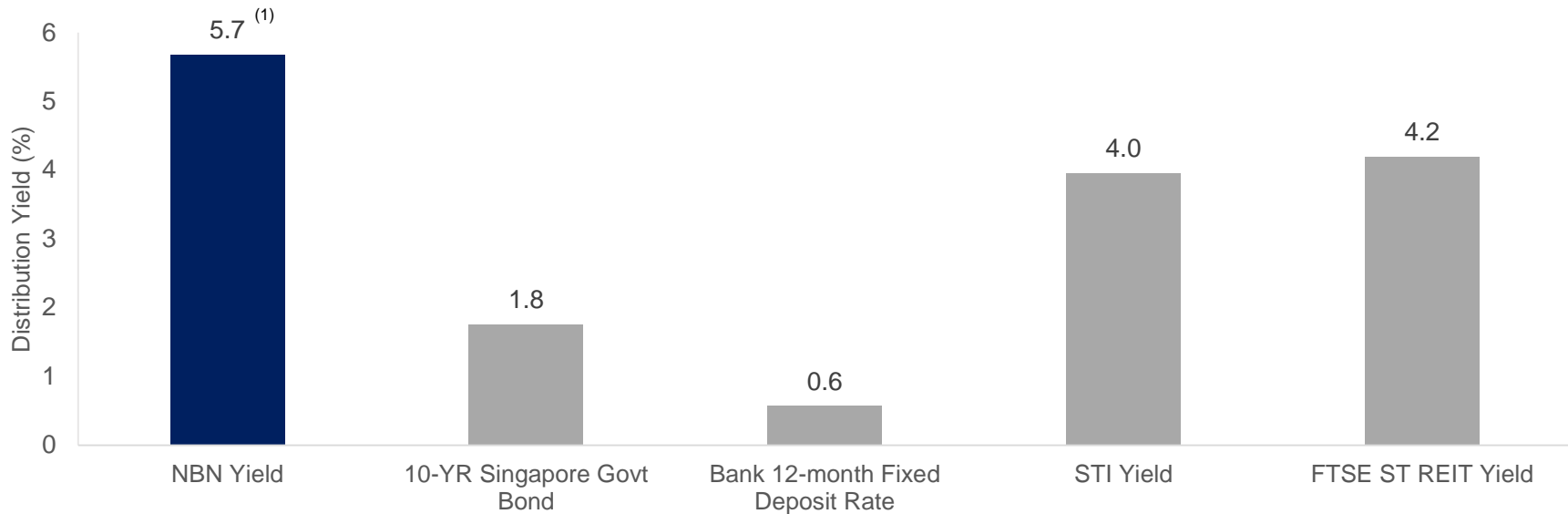
Net Assets per Unit

- Interest rate exposure fully hedged
- Stable capital structure with debt headroom to fund future capex

¹ As at 30 Sep 2019

² Ratios calculated based on NetLink Group's trailing 12 months financials

Attractive distribution yield with low risk



Source: Bloomberg as at 30 Sep 2019

- A distribution of 2.52 Singapore cents per Unit was declared for the half year ended 30 Sep 2019
- The Trust's distribution policy is to distribute 100% of its CAFD².
- Distributions made by the Trust are exempt from Singapore income tax in the hands of the Unitholders.

⁽¹⁾ Distribution yield is based on annualised H1 FY20 DPU and the unit price of 89 cents as at 30 Sep 2019

⁽²⁾ Cash Available for Distribution as defined in the prospectus dated 10 July 2017

Our focus for FY20



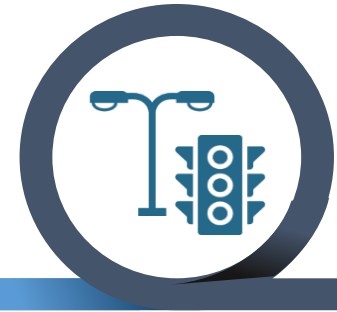
Residential

- Migration of cable end-users to fibre
- Residential homes not on fibre
- New households



Non-Residential

- Partnership with Requesting Licensees
- Serving Enterprises and Government Agencies with a focus on SMEs



NBAP & Segment

- Denser network – adding capacity, flexibility and resilience
- New product offerings
- Prepare to support 5G infrastructure

Well-positioned to deliver long-term value and growth

1

Critical infrastructure enabling Singapore's Next Gen NBN

2

Resilient business model with transparent, predictable and regulated revenue stream

3

Sole nationwide provider of residential fibre network in Singapore

4

Well-positioned to benefit from growth in the non-residential segment as the independent nationwide network provider

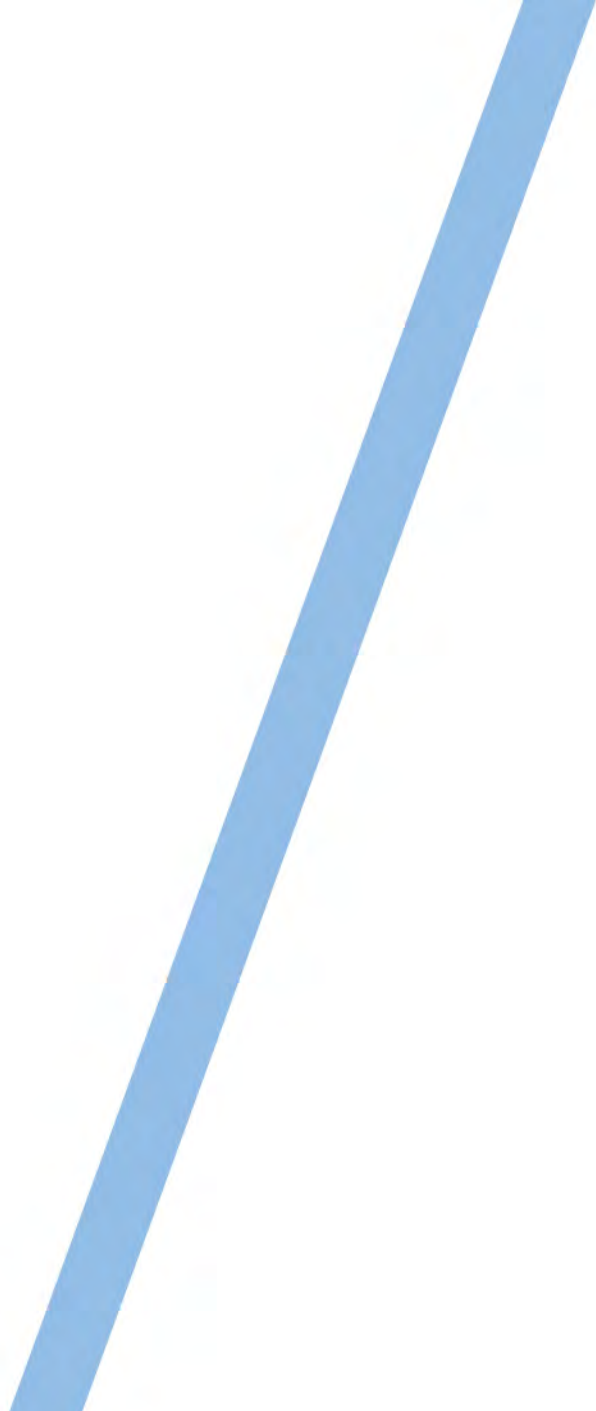
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Well-positioned to capitalise on growth in connected services including Singapore's Smart Nation initiatives

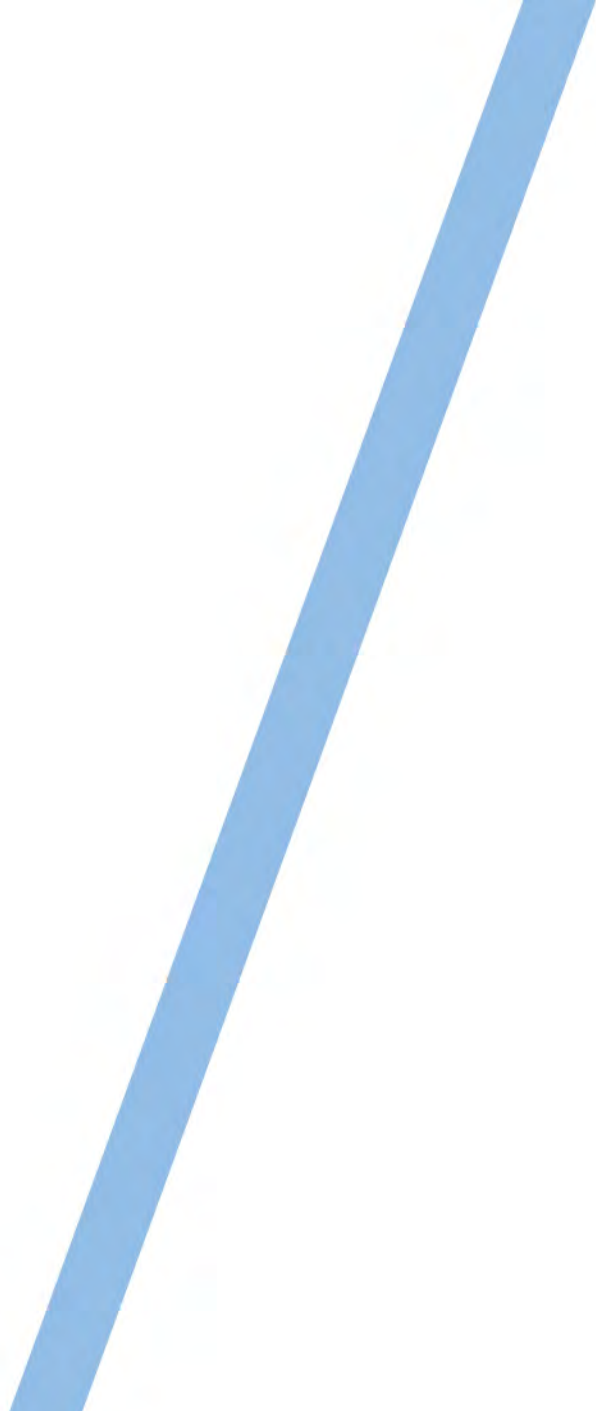
6

Extensive nationwide network affording natural barrier to entry

Thank You



Supplemental Business Information



NetLink Trust's pricing for its services

Pricing of NLT's principal services are regulated by IMDA

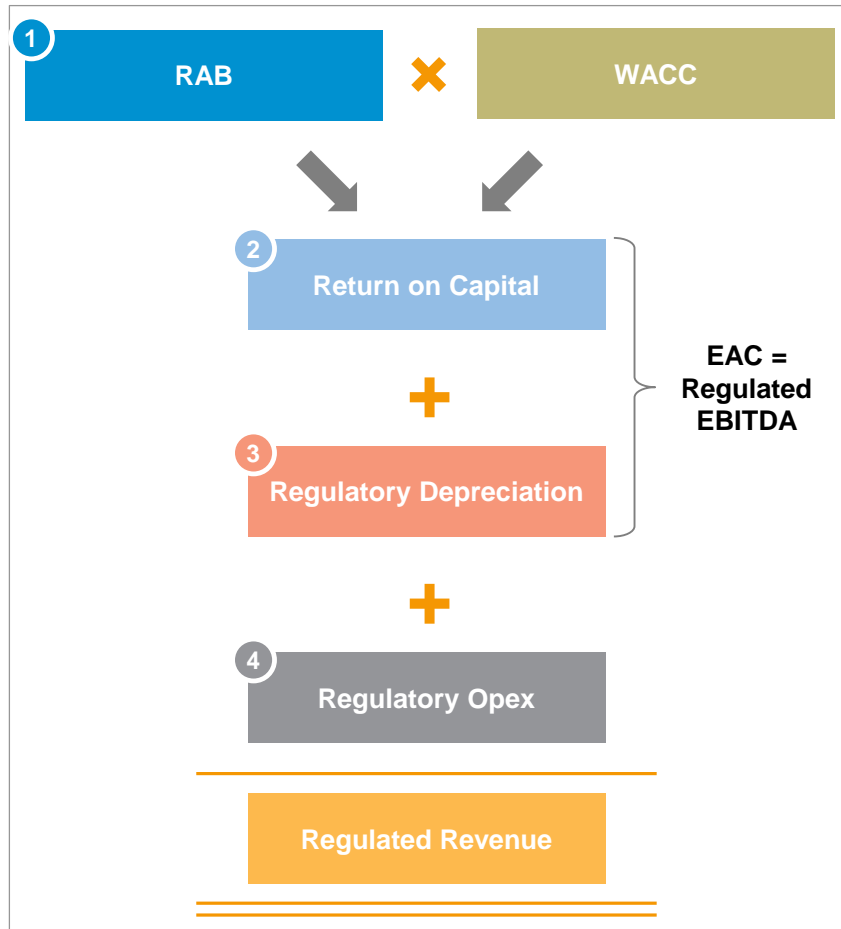
- IMDA shall hold a review of pricing terms every five years following the last price review, or at any such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review)
 - The most recent review by IMDA of prices under the Interconnection Offer 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

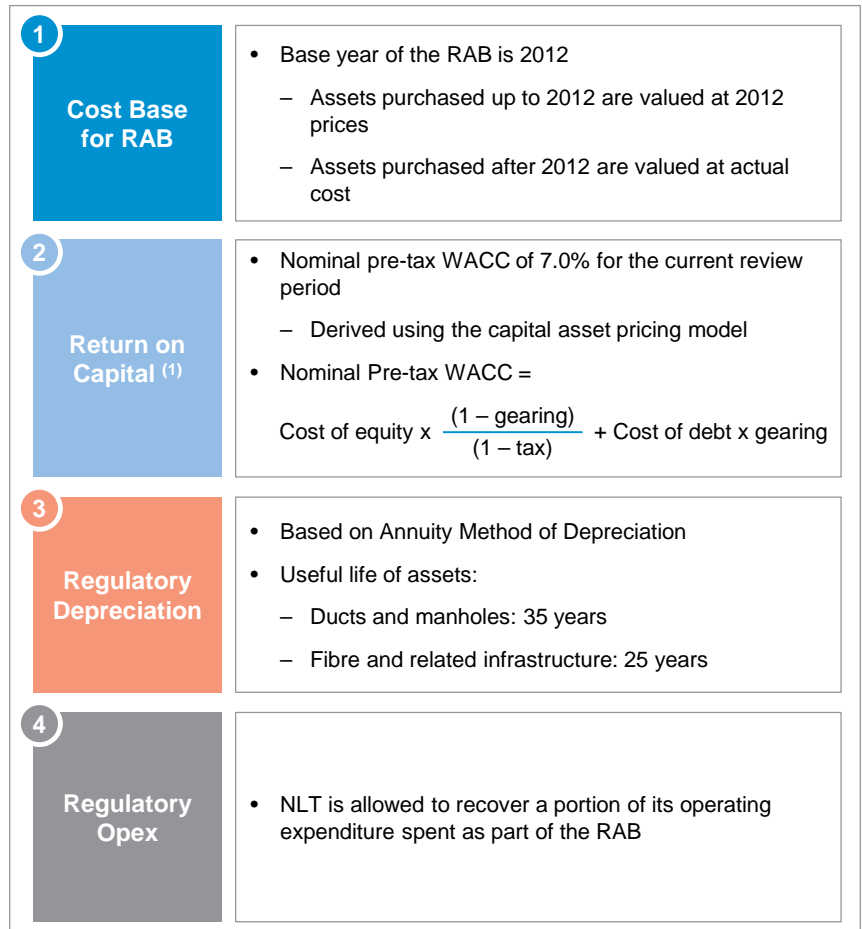
| | |
|------------------------|--|
| Residential | S\$13.80 per connection per month |
| Non-residential | S\$55 per connection per month |
| NBAP | S\$73.80 per connection per month |

NetLink Trust's pricing for its services

Framework for RAB Based Pricing Model



Methodology for RAB based pricing model



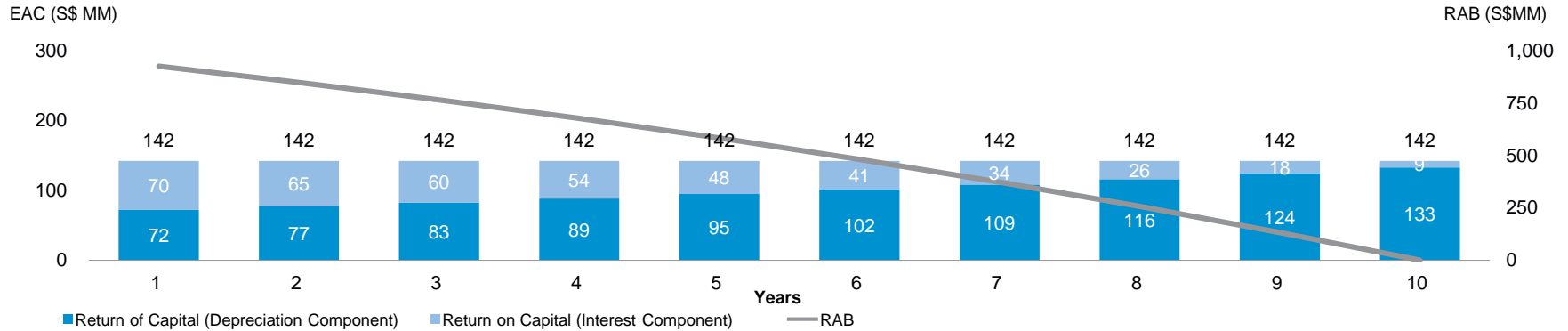
1. IMDA may change the rate of applicable pre-tax WACC in future review period

Understanding the ICO pricing framework

Illustrative Worked Example

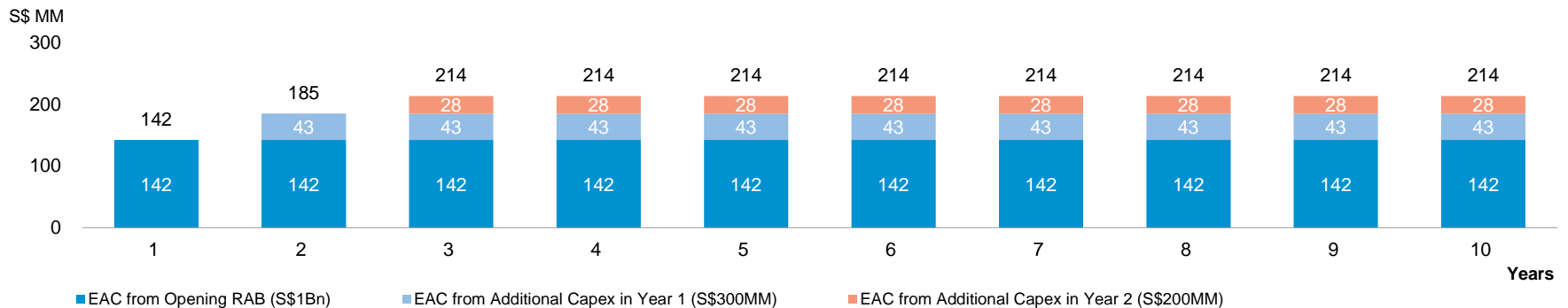
How Does EAC Work for 1 Year's Outflow on Capex?

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)