

NetLinkNBN
the fibre of a smart nation

CGS-CIMB NDR

17 May 2021

Maybank Kim Eng Corporate Access

18 May 2021



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Financial snapshot¹

S\$368m ↓(0.5)%²

Revenue

S\$171m

Cash Balance

S\$3,683m

Market Capitalisation³

S\$270m ↑4.6%²

EBITDA

S\$666m

Gross Debt

S\$4,178m

Enterprise Value

¹ FY21

² Variance versus FY20

³ Based on the unit price of S\$0.945 at 31 Mar 2021

Fibre is 'future proof'

#1

PREFERRED

Only means of fixed broadband delivery in Singapore



HIGH PENETRATION

Over 90% residential penetration rate



LOW PRICES

Fibre broadband prices are lower in Singapore than many other countries



CRITICAL INFRASTRUCTURE

Fibre supports last-mile wireless access solutions such as WiFi hotspots and 4G/5G mobile base stations



SCALABLE

Fibre capacity is highly scalable and can support future transmission technologies

Our network

NETLINK'S NETWORK CONNECTS THE CENTRAL OFFICES TO:

RESIDENTIAL HOMES

NON-RESIDENTIAL PREMISES

NBAP LOCATIONS

1,446,784
End-Users

48,108
End-Users

1,996
Connections

NLT Central Office

HDB /
High Rise
Residential
Apartment

Landed
Residential
Area

Non-Residential
Premises

Mobile Base
Station

Billboard/
Signage

Main Distribution
Frame (MDF) Room

MDF

Fibre Distribution
Point (FDP)

FDP

FDP

1st TP

1st TP

MDF

Main Distribution
Frame (MDF) Room



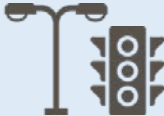





Lamp
Post

Wi-Fi
hotspot

Ducts

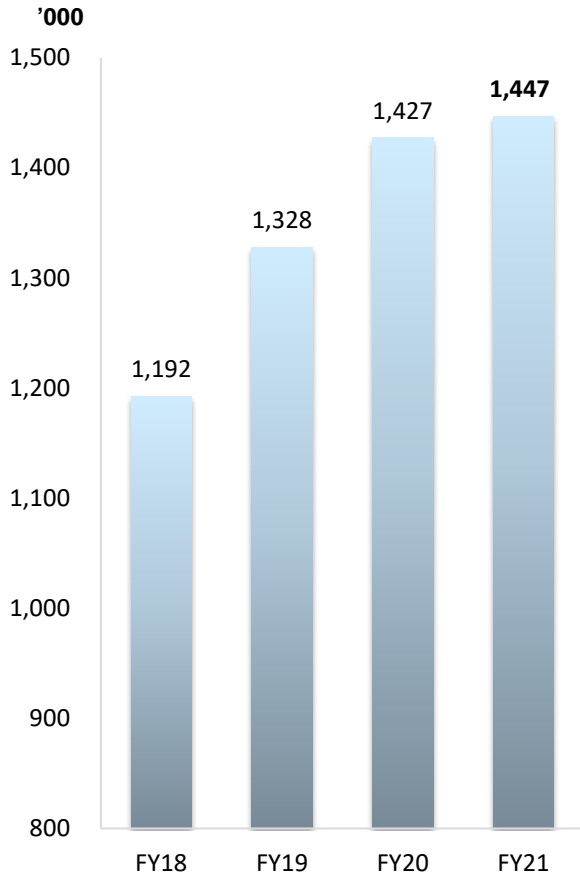
Manhole

A resilient business model

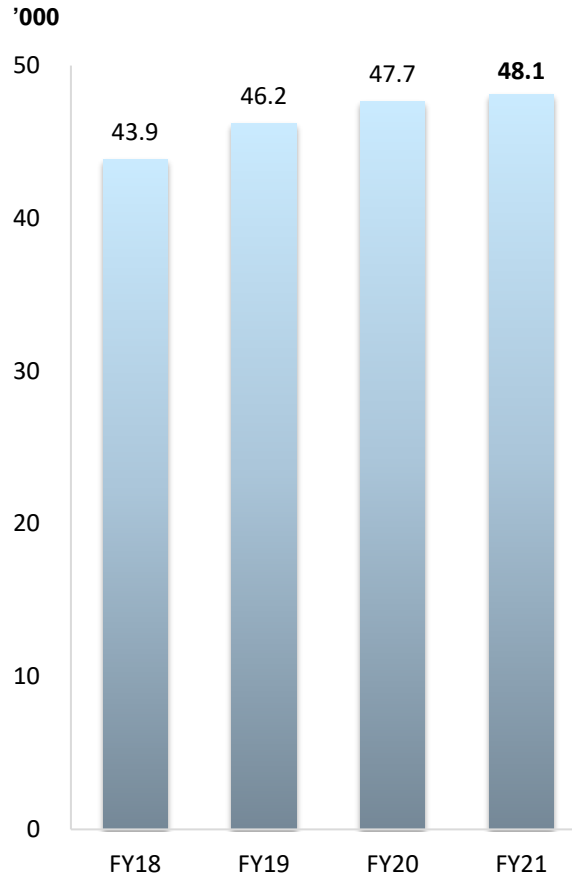
	RAB Revenue				Non-RAB Revenue			
% of FY21 Revenue	 Residential Connections 64.6%	 Non-Residential Connections 8.3%	 NBAP and Segment Fibre Connections 2.4%	 Ducts and Manholes Service Revenue 7.8%	 Installation Related Revenue 4.5%	 Diversion Revenue 2.3%	 Co-Location and Other Revenue 5.2%	 Central Office Revenue 4.9%
Recurring, predictable cash flows	✓	✓	✓	✓	–	–	✓	✓
Long-term contracts / customer stability	✓	✓	✓	✓	–	–	✓	✓
Regulated revenues	✓	✓	✓	✓	✓	–	✓	–
Creditworthy customers	✓	✓	✓	✓	✓	✓	✓	✓

Fibre connections

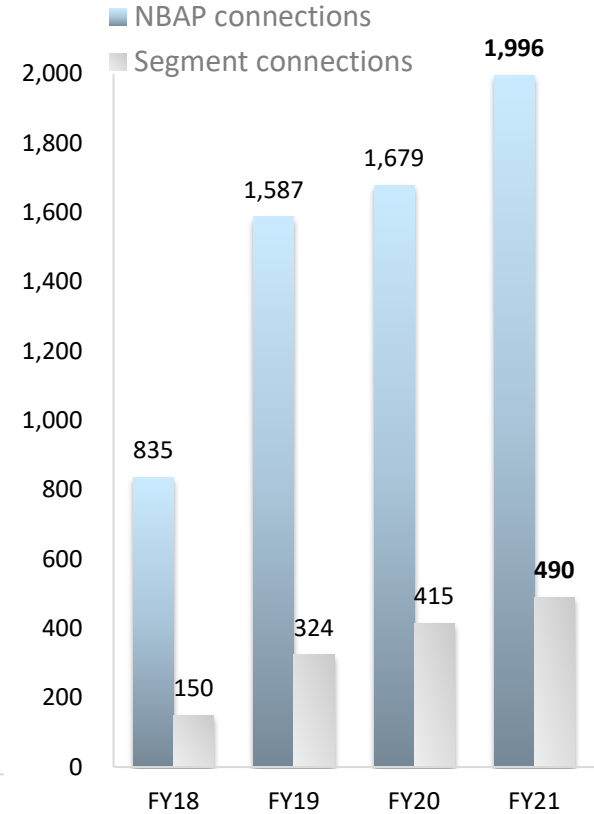
Residential



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

FY21 Profit & loss statement

S\$'000	FY21	FY20	Variance (%)
Revenue	368,466	370,192	(0.5)
EBITDA	270,237	258,425	4.6
EBITDA margin (%)	73.3	69.8	3.5 pp
Depreciation & amortisation	(167,792)	(167,782)	-
Net finance charges	(10,803)	(18,774)	(42.5)
Profit before tax	91,642	71,869	27.5

Revenue for FY21 was marginally lower by 0.5% mainly due to lower installation-related, diversion and ducts & manholes service revenue. This was partially offset by higher residential, NBAP and segment connections revenue.

EBITDA increased 4.6% due mainly to the lower write-off of project costs in relation to a discontinued IT project as compared to amount written off in FY20; government grants; lower operation & maintenance costs; and lower installation costs. The write-off of the project costs had no cashflow impact in FY21.

Robust balance sheet¹

S\$171m

Cash Balance

S\$666m

Gross Debt

S\$2,804m

Net Assets

2.5x

Gross Debt/
EBITDA²

14.8x

EBITDA Interest
Cover²

71.9 cents

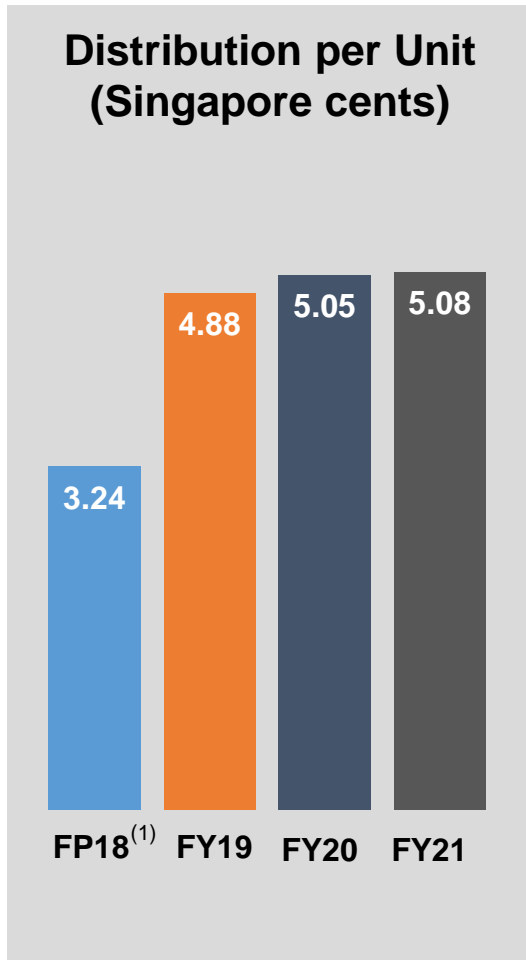
Net Assets per Unit

- Stable capital structure with debt headroom to fund future capex

¹ As at 31 Mar 2021

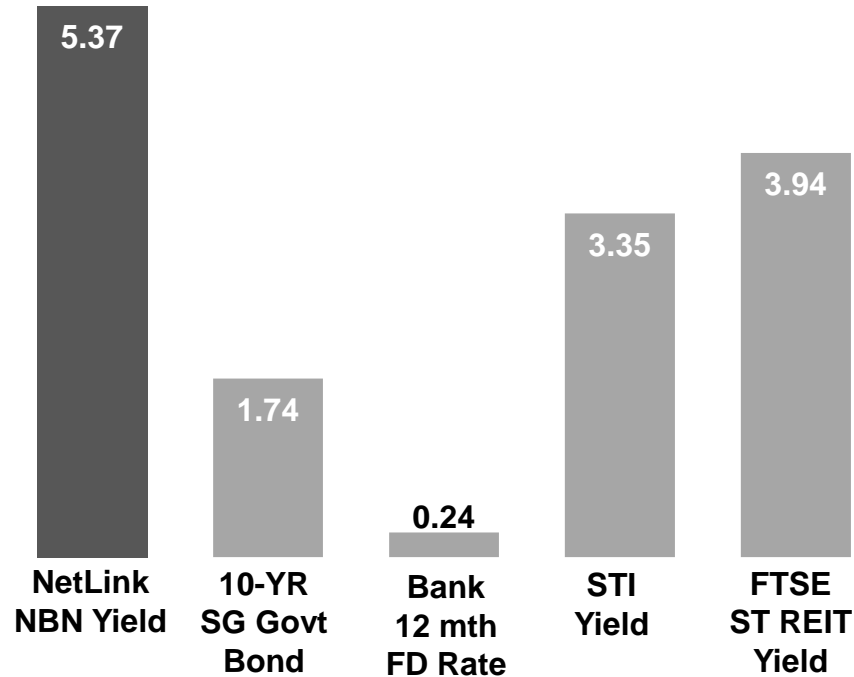
² Ratios calculated based on NetLink Group's trailing 12 months financials

Attractive distribution yield with low risk



⁽¹⁾ For the financial period 19 Jun 2017 (date of constitution) to 31 Mar 2018.

Distribution Yield (%)



Bloomberg as at 31 Mar 2021

Our focus for FY22

01 RESIDENTIAL

- Improve take-ups from first time fibre users
- Connect low-income households via initiatives such as IMDA's Home Access programme
- Connect new homes
- Improve service provisioning QoS

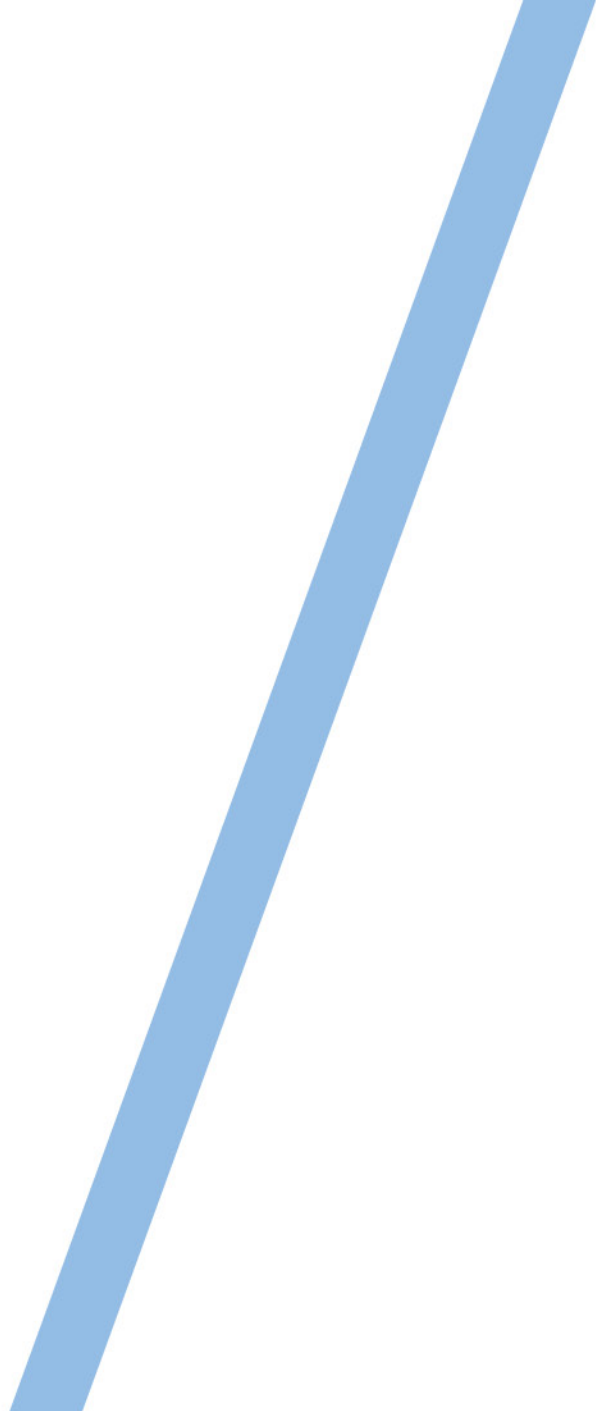
02 NON-RESIDENTIAL, NBAP & SEGMENT

- Continue improving network capacity, flexibility and resilience
- Customised offerings for projects
- Support 5G roll-outs
- Improve take-ups at major Data Centres

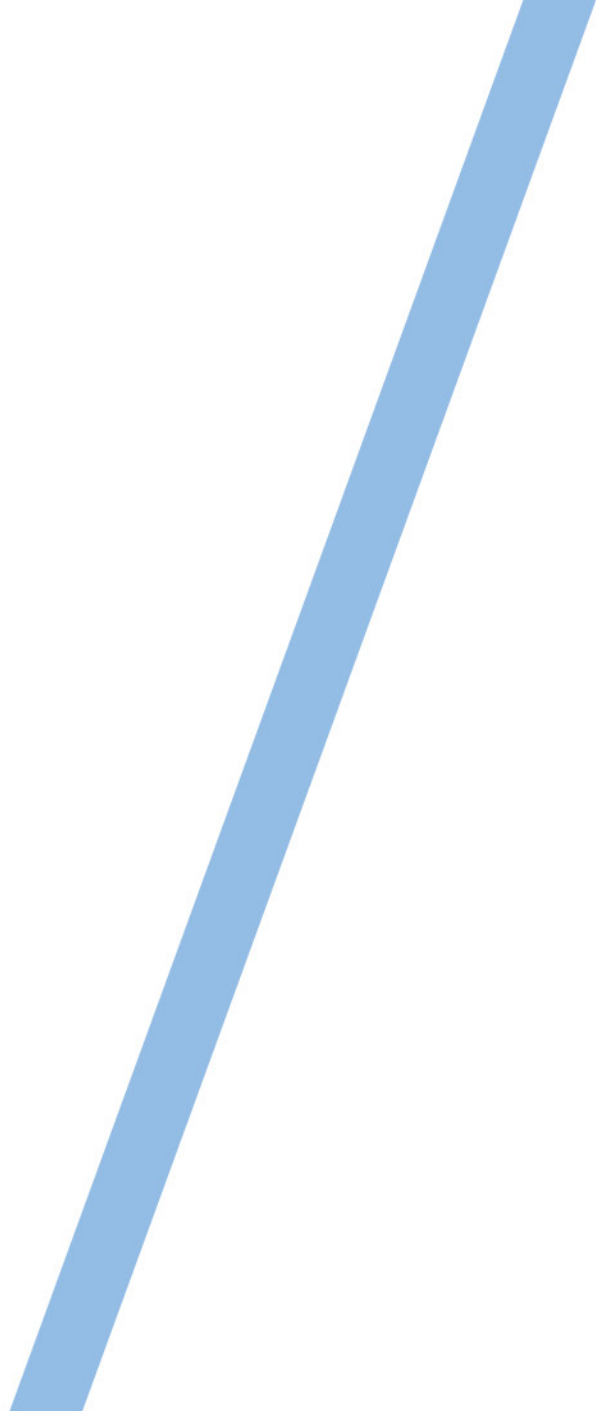
03 POTENTIAL NEW INVESTMENTS

- Explore opportunities to invest in telecoms infrastructure businesses which are likely to generate a stable cashflow.

Thank You



Supplemental Business Information



NetLink Trust's pricing for its services

Pricing of NLT's principal services are regulated by IMDA

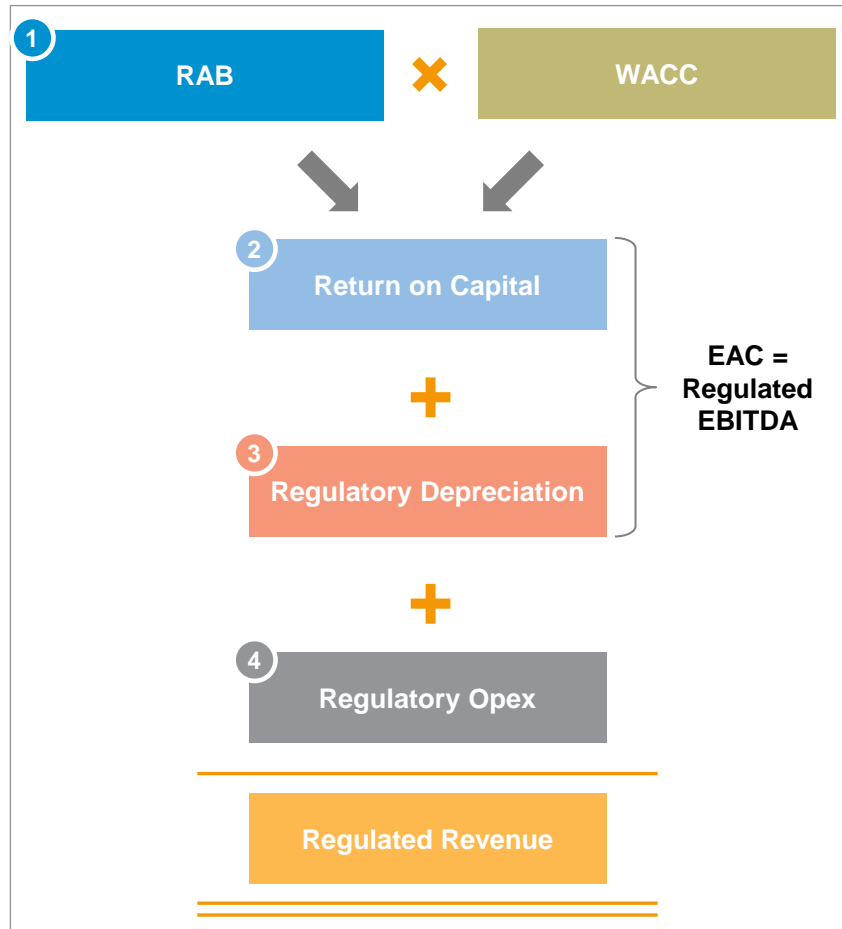
- IMDA shall hold a review of pricing terms every five years following the last price review, or at any such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review)
 - The most recent review by IMDA of prices under the Interconnection Offer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

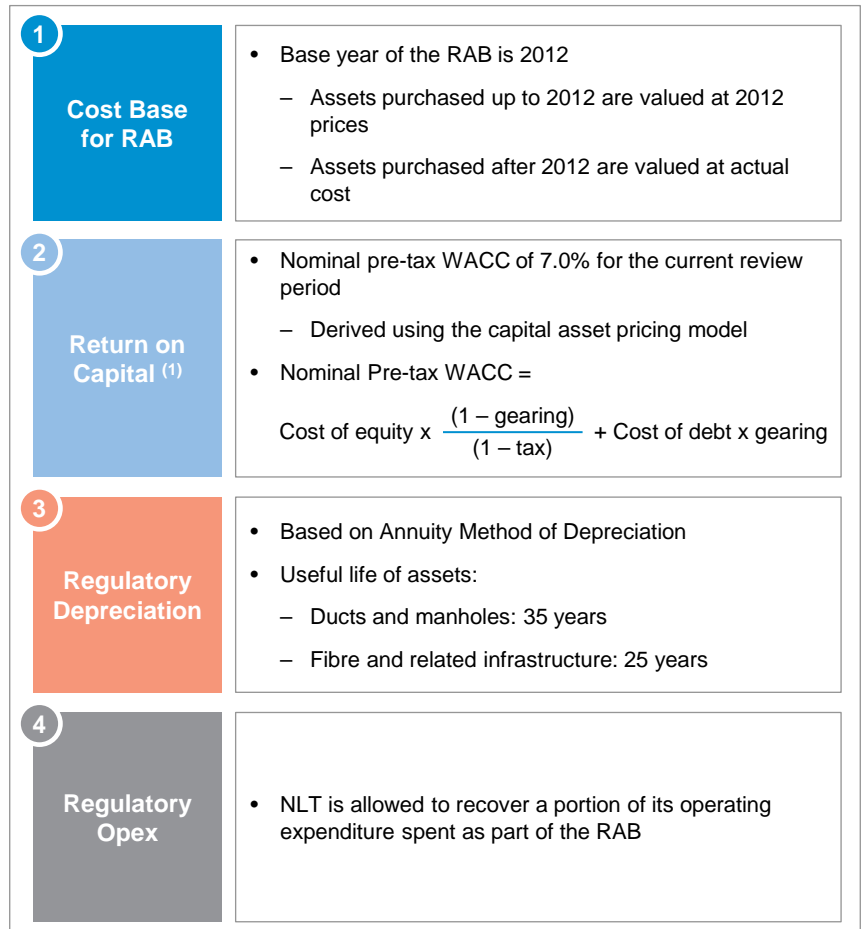
Residential	S\$13.80 per connection per month
Non-residential	S\$55 per connection per month
NBAP	S\$73.80 per connection per month

NetLink Trust's pricing for its services

Framework for RAB Based Pricing Model



Methodology for RAB based pricing model



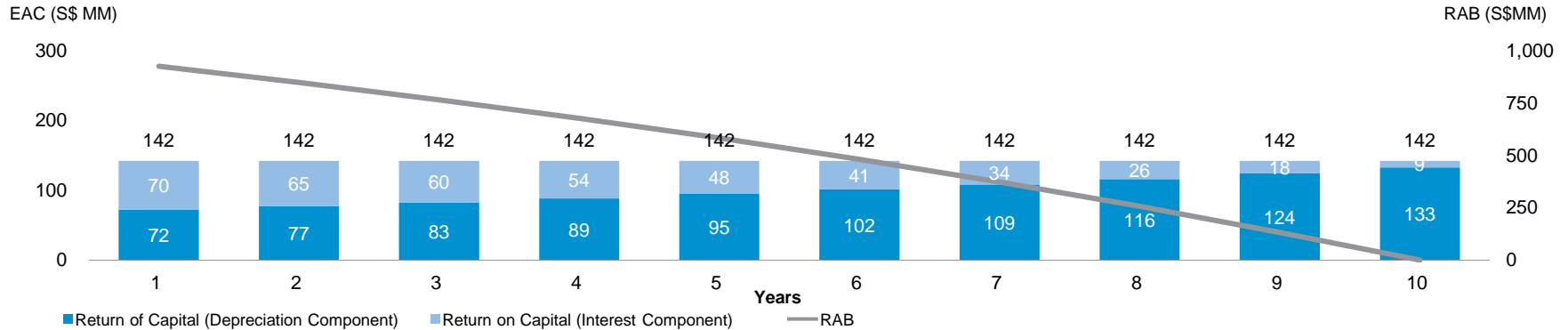
1. IMDA may change the rate of applicable pre-tax WACC in future review period

Understanding the ICO pricing framework

Illustrative Worked Example

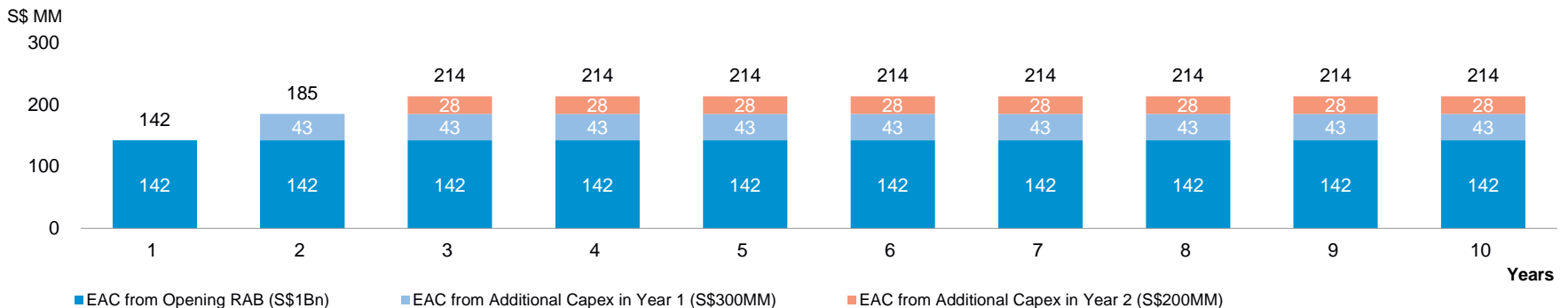
How Does EAC Work for 1 Year's Outflow on Capex?

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)