

The background of the slide is a night-time photograph of a city skyline, likely Singapore, with numerous skyscrapers illuminated. Overlaid on the image are several bright blue, glowing lines that curve and sweep across the sky, suggesting high-speed data or fiber optic connections. The lines originate from the bottom right and fan out towards the top left, with some lines also curving around the city buildings.

**NetLinkNBN**  
*the fibre of a smart nation*

# Investor Presentation

October 2019

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# Financial snapshot<sup>1</sup>

Revenue

**S\$92m**

▲ 6.9%<sup>2</sup>

Cash Balance

**S\$92m**

Market Cap<sup>3</sup>

**\$3,468m**

EBITDA

**S\$67m**

▲ 9.1%<sup>2</sup>

Gross Debt

**S\$636m**

Enterprise Value<sup>3</sup>

**\$4,012m**

Profit After Tax

**S\$21m**

▲ 10.0%<sup>2</sup>

<sup>1</sup> Q1 FY20

<sup>2</sup> Variance versus Q1 FY19

<sup>3</sup> Based on the unit price of \$0.89 at 30 Jun 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



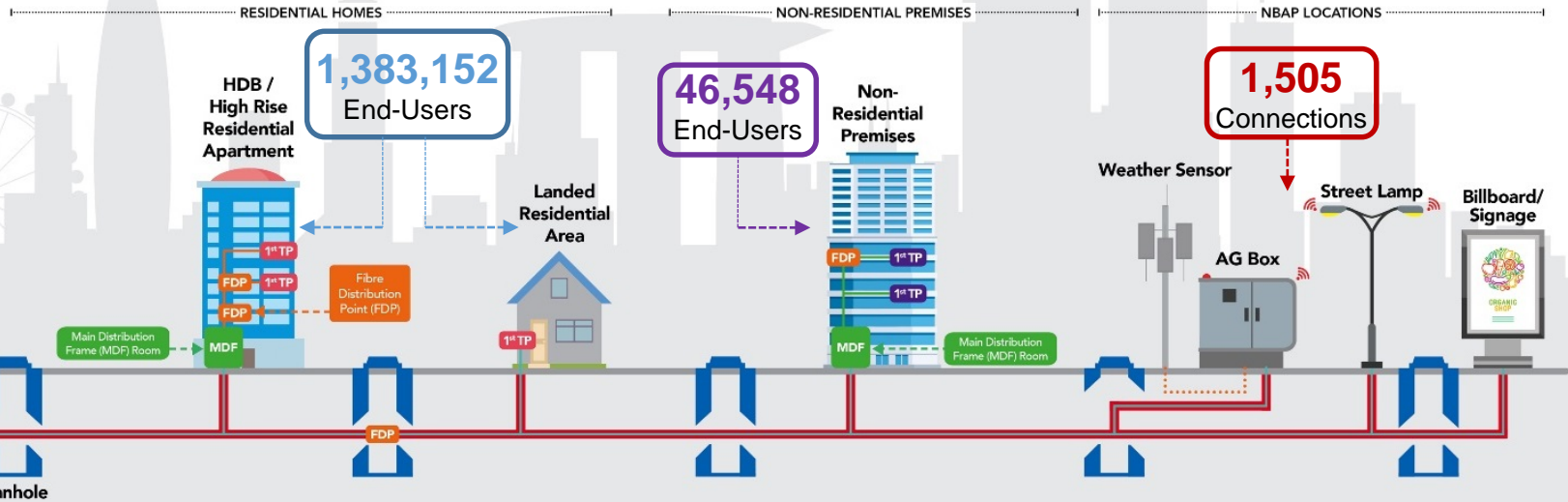
Fibre **supports wireless access solution** such as WiFi hotspots and 3G/4G/5G infrastructure



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


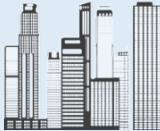






# Our network

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



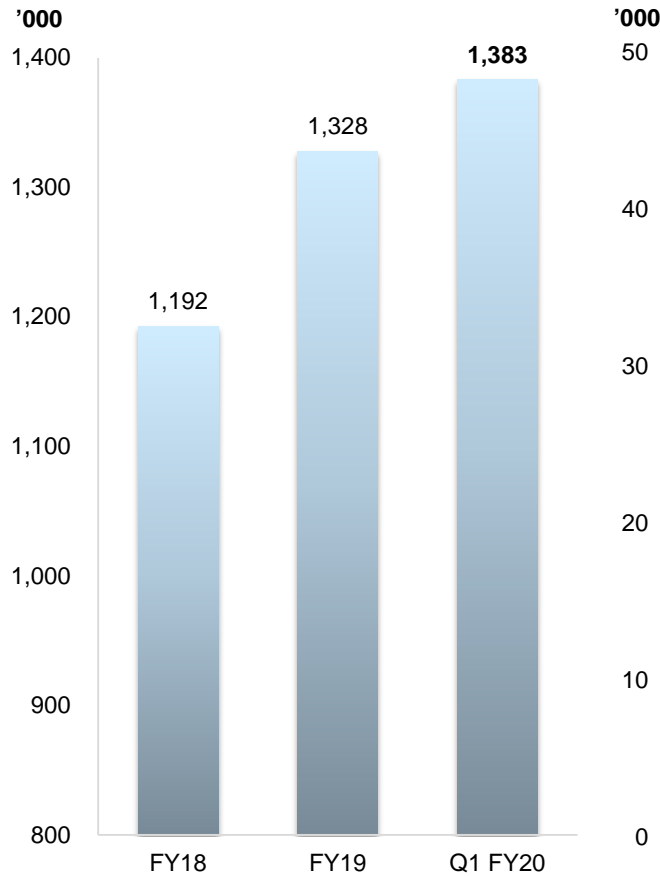


# A resilient business model

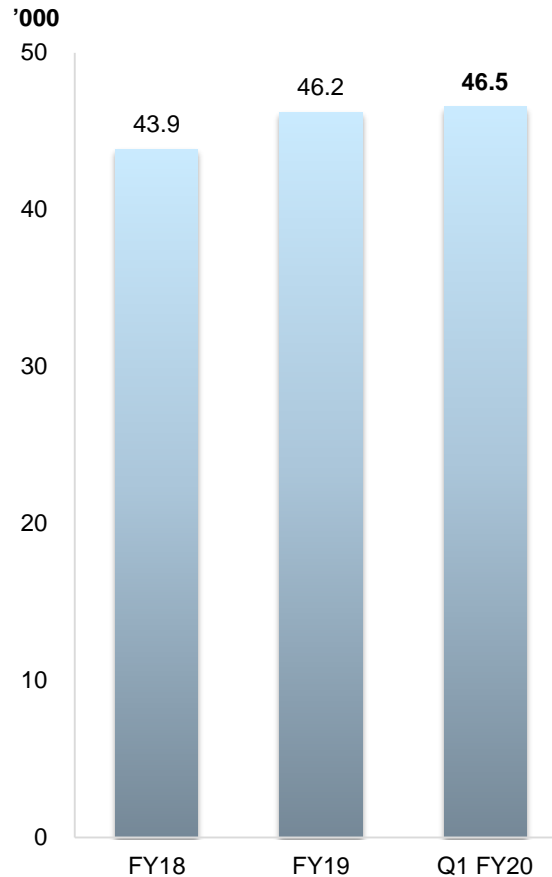
|  | RAB Revenue   |   |   |  | Non-RAB Revenue   |   |   |   |
|--|---|---|---|--|---|---|---|---|
|  |  |  |  |  |  |  |  |  |
|  | Residential Connections   | Non-Residential Connections   | NBAP and Segment Fibre Connections  | Ducts and Manholes Service Revenue   | Installation Related Revenue  | Diversion Revenue   | Co-Location and Other Revenue   | Central Office Revenue  |
| % of Q1 FY20 Revenue                     | 60.9%   | 8.3%  | 1.9%  | 8.3%   | 7.5%  | 2.6%  | 5.7%  | 4.8%  |
| Recurring, predictable cash flows        | ✓   | ✓   | ✓   | ✓  | –   | –   | ✓   | ✓   |
| Long-term contracts / customer stability | ✓   | ✓   | ✓   | ✓  | –   | –   | ✓   | ✓   |
| Regulated revenues                       | ✓   | ✓   | ✓   | ✓  | ✓   | –   | ✓   | –   |
| Creditworthy customers                   | ✓   | ✓   | ✓   | ✓  | ✓   | ✓   | ✓   | ✓   |

# Fibre connections

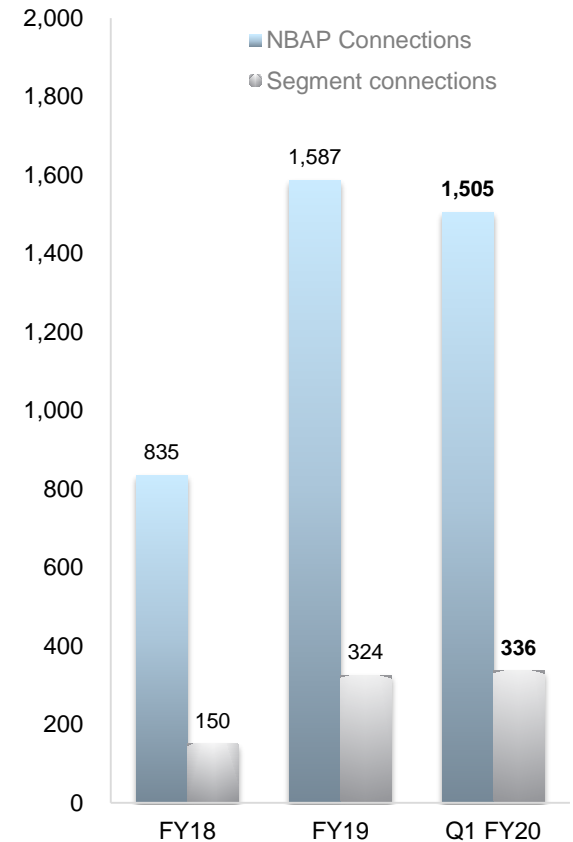
## Residential



## Non-Residential



## Non-Building Address Points And Segment connections<sup>1</sup>



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

# Q1 FY20 Profit & loss statement

| S\$'000                     | Q1 FY20       | Q1 FY19       | Variance (%) |
|-----------------------------|---------------|---------------|--------------|
| Revenue                     | 92,041        | 86,112        | 6.9          |
| <b>EBITDA</b>               | <b>66,525</b> | <b>60,992</b> | <b>9.1</b>   |
| EBITDA Margin (%)           | 72.3          | 70.8          | 1.5 pp       |
| Depreciation & amortisation | (42,040)      | (39,776)      | 5.7          |
| Net finance charges         | (4,517)       | (4,144)       | 9.0          |
| <b>Profit before tax</b>    | <b>19,968</b> | <b>17,072</b> | <b>17.0</b>  |

**Revenue** for Q1 FY20 grew by 6.9% mainly due to higher residential connections and installation-related revenue partially offset by lower ducts and manholes service and diversion revenue.

**EBITDA margin** of 72.3% was 1.5 pp higher mainly due to the adoption of the SFRS(I) 16<sup>1</sup>. Excluding the impact of SFRS(I) 16, EBITDA margin for Q1 FY20 would have been 71.5%, or 0.7 pp higher compared to 70.8% for Q1 FY19.

<sup>1</sup> 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 8 to 10 of the Financial Statements Announcement for the first quarter ended 30 Jun 2019.



## Robust balance sheet<sup>1</sup>

**S\$92m**

Cash Balance

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**S\$636m**

Gross Debt

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**S\$2,952m**

Net Assets

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**2.5x**

Gross  
Debt/EBITDA<sup>2</sup>

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**13.5x**

EBITDA Interest  
Cover<sup>2</sup>

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**75.7 cents**

Net Assets per Unit

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

<sup>1</sup> As at 30 Jun 2019

<sup>2</sup> Ratios calculated based on NetLink Group's trailing 12 month financials

# Our focus for FY20



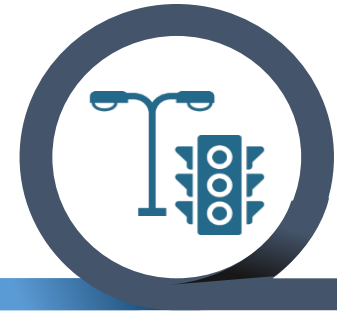
## Residential

- 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

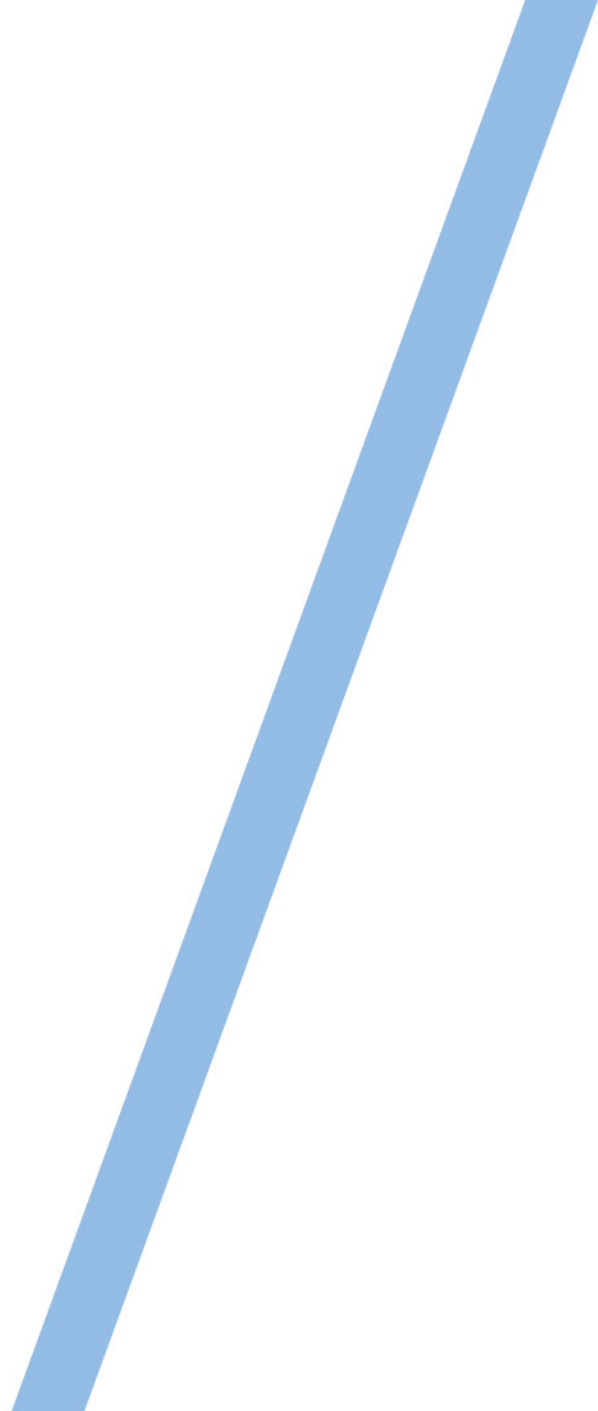
5

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

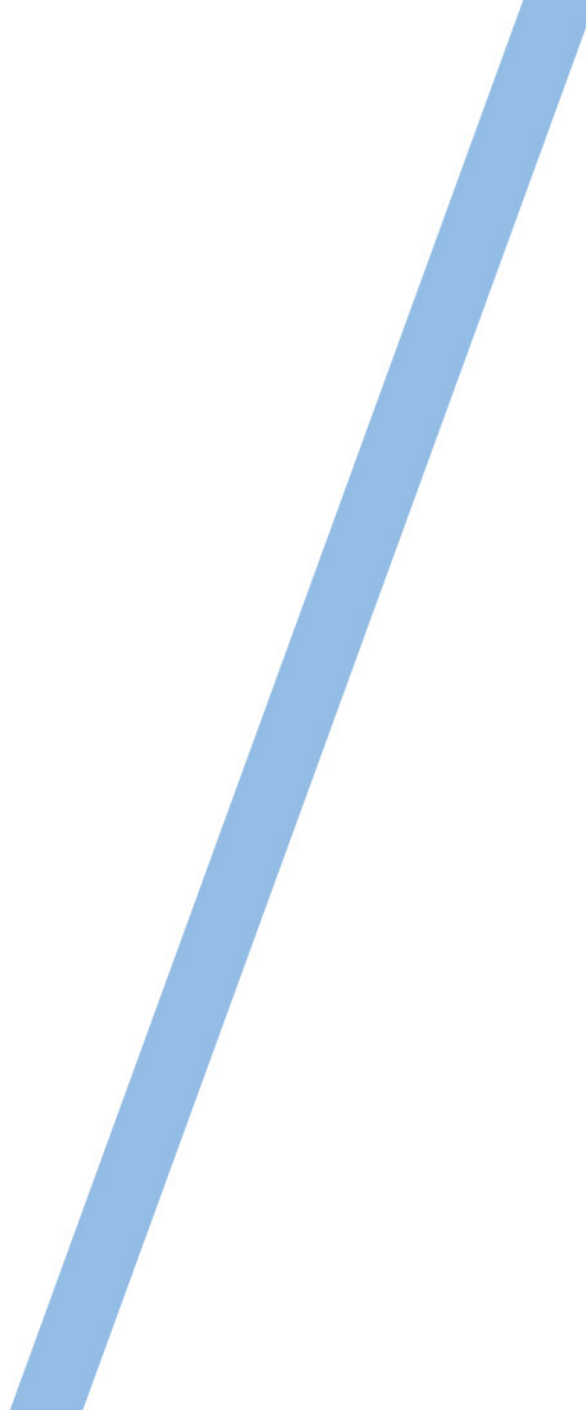
6

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

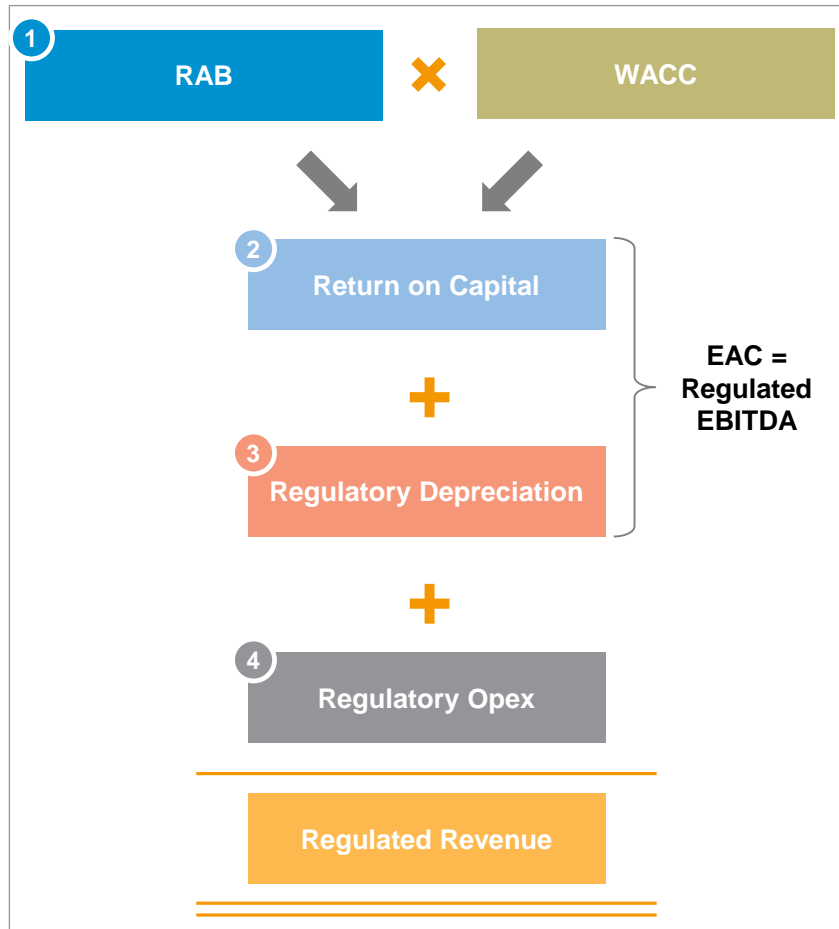
## Monthly recurring charge (MRC) for fibre connections

|                 |  |
|-----------------|--|
| Residential     | <b>S\$13.80</b> per connection per month |
| Non-residential | <b>S\$55</b> per connection per month    |
| NBAP            | <b>S\$73.80</b> per connection per month |

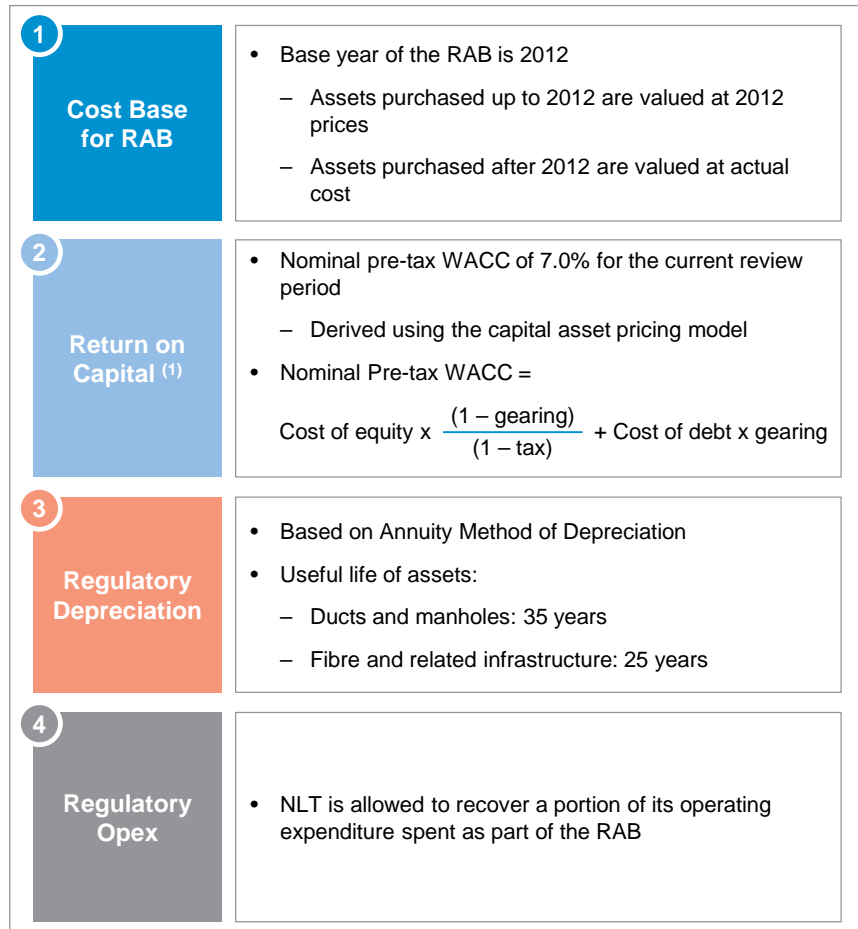


# NetLink Trust's pricing for its services

## Framework for RAB Based Pricing Model



## Methodology for RAB based pricing model



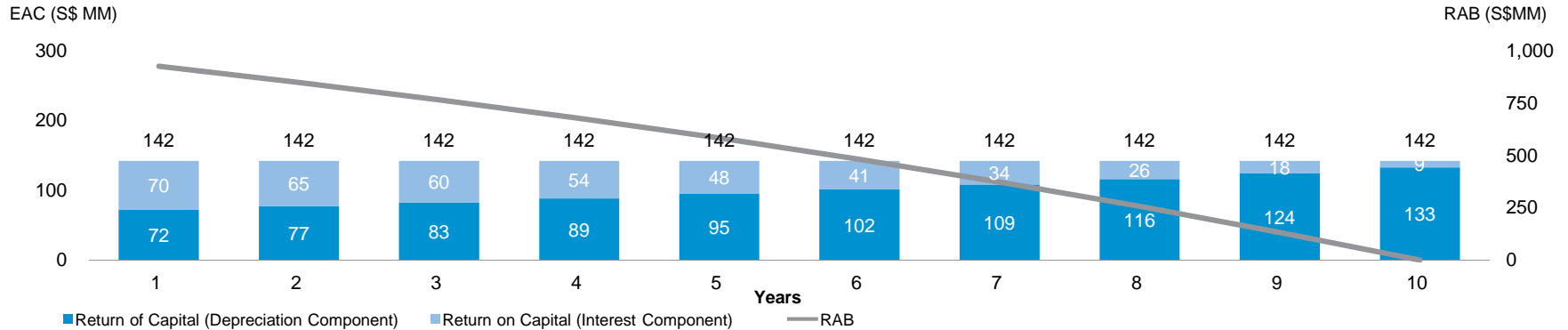
1. IMDA may change the rate of applicable pre-tax WACC in future review period

# Understanding the ICO pricing framework

## Illustrative Worked Example

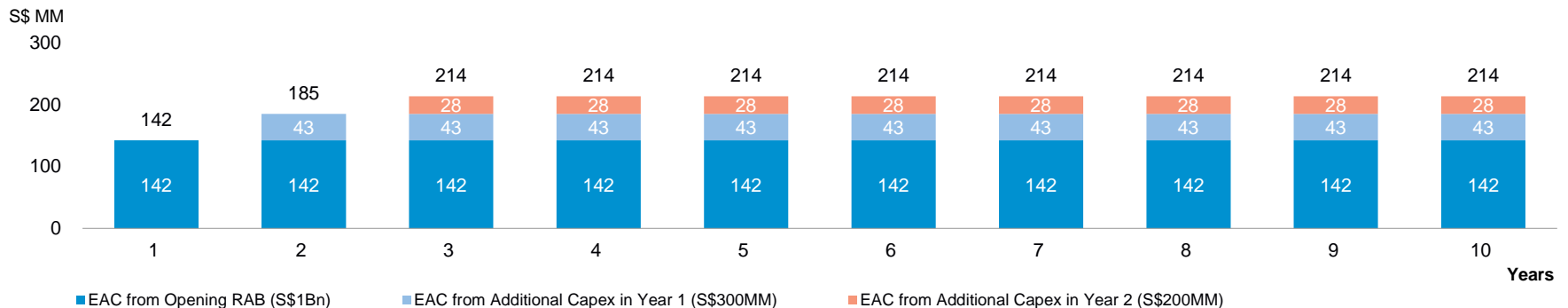
### How Does EAC Work for 1 Year's Outflow on Capex?

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)**