



NetLinkNBN
the fibre of a smart nation

PhillipCapital Retail Investor Briefing

5 June 2020

Disclaimer

This presentation is for information purposes only and does not constitute or form part of an offer, solicitation, recommendation or invitation for the sale or purchase or subscription of securities, including units in NetLink NBN Trust (the “**Trust**” and the units in the Trust, the “**Units**”) or any other securities of the Trust. No part of it nor the fact of its presentation shall form the basis of or be relied upon in connection with any investment decision, contract or commitment whatsoever.

The information and opinions in this presentation are provided as at the date of this document (unless stated otherwise) and are subject to change without notice, its accuracy is not guaranteed and it may not contain all material or relevant information concerning NetLink NBN Management Pte. Ltd. (the “**Trustee-Manager**”), the Trust or its subsidiaries (the “**NetLink Group**”). None of the Trustee-Manager, the Trust nor its affiliates, advisors and representatives make any representation regarding, and assumes no responsibility or liability whatsoever (in negligence or otherwise) for, the accuracy or completeness of, or any errors or omissions in, any information contained herein nor for any loss howsoever arising from any use of this presentation. Further, nothing in this presentation should be construed as constituting legal, business, tax or financial advice.

The information contained in this presentation includes historical information about and relevant to the assets of the NetLink Group that should not be regarded as an indication of the future performance or results of such assets. Certain statements in this presentation constitute “forward-looking statements”. These forward-looking statements are based on the current views of the Trustee-Manager and the Trust concerning future events, and necessarily involve risks, uncertainties and assumptions. These statements can be recognised by the use of words such as “expects”, “plans”, “will”, “estimates”, “projects”, “intends” or words of similar meaning. Actual future performance could differ materially from these forward-looking statements, and you are cautioned not to place any undue reliance on these forward-looking statements. The Trustee-Manager does not assume any responsibility to amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise, subject to compliance with all applicable laws and regulations and/or the rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and/or any other regulatory or supervisory body or agency.

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\$370m

▲ 4.7%²

Cash Balance

S\$169m

Market Cap⁴

S\$3,527m

EBITDA

S\$258m³

▲ 4.3%²

Gross Debt

S\$666m

Enterprise Value

S\$4,024m

¹ FY20

² Variance versus FY19

³ Excluding the impact of the one-time write-off of capitalised project cost of S\$15.4m in relation to a discontinued IT system replacement contract, the EBITDA would have been S\$274 million, representing an increase of 10.5% over FY19

⁴ Based on the unit price of S\$0.905 at 31 Mar 2020

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



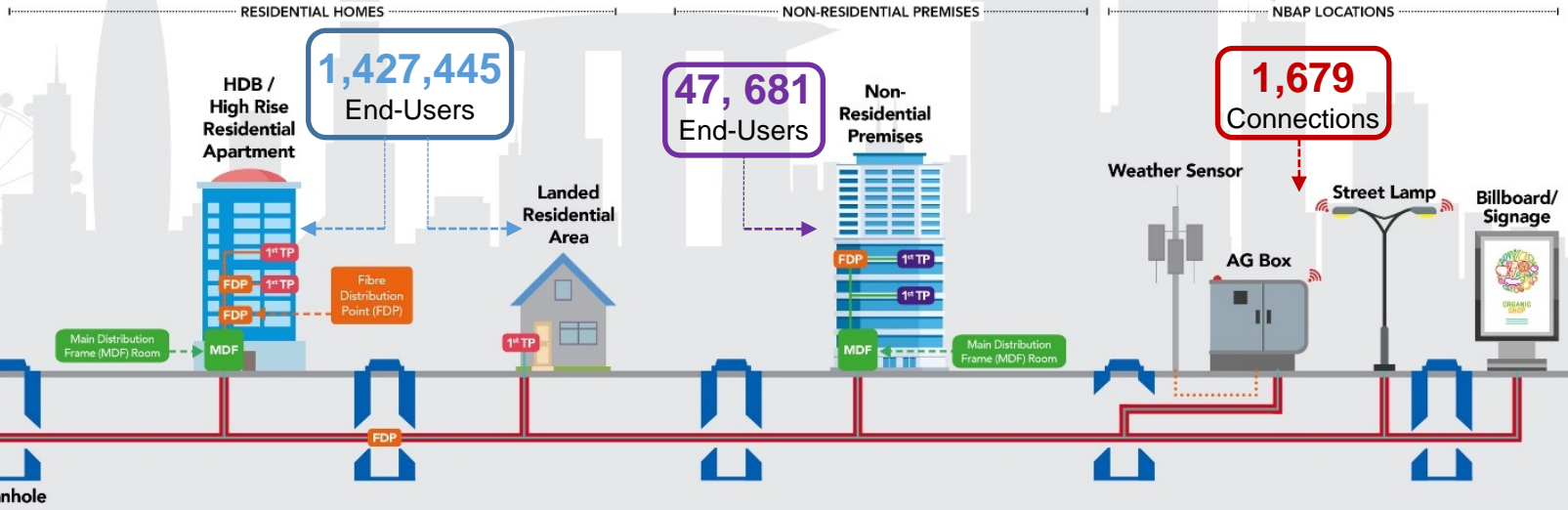
Fibre **supports wireless access solution** such as WiFi hotspots and **3G/4G/5G** infrastructure





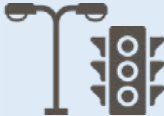





Fibre capacity is **scalable** and can support future transmission technology

Our network

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

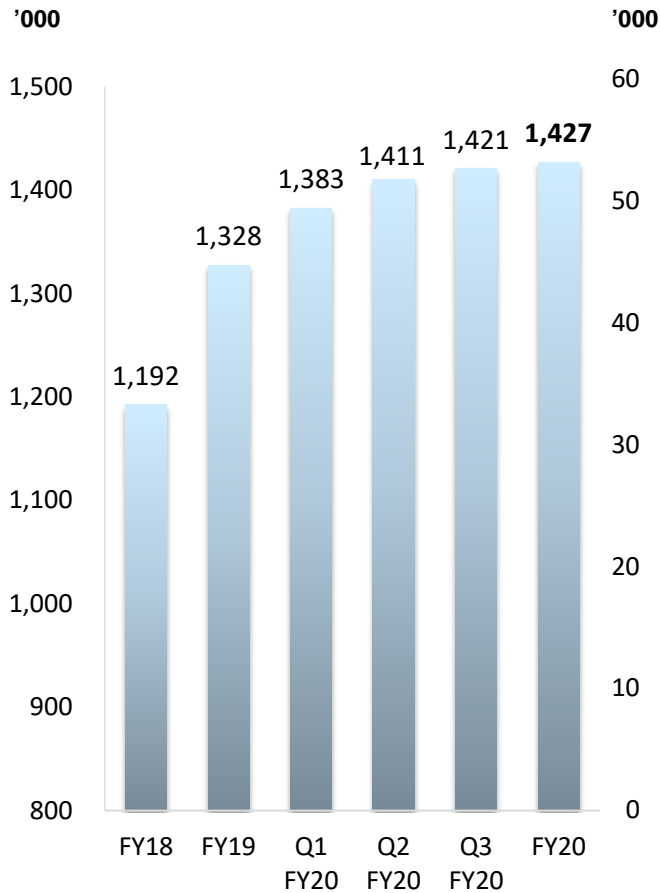


A resilient business model

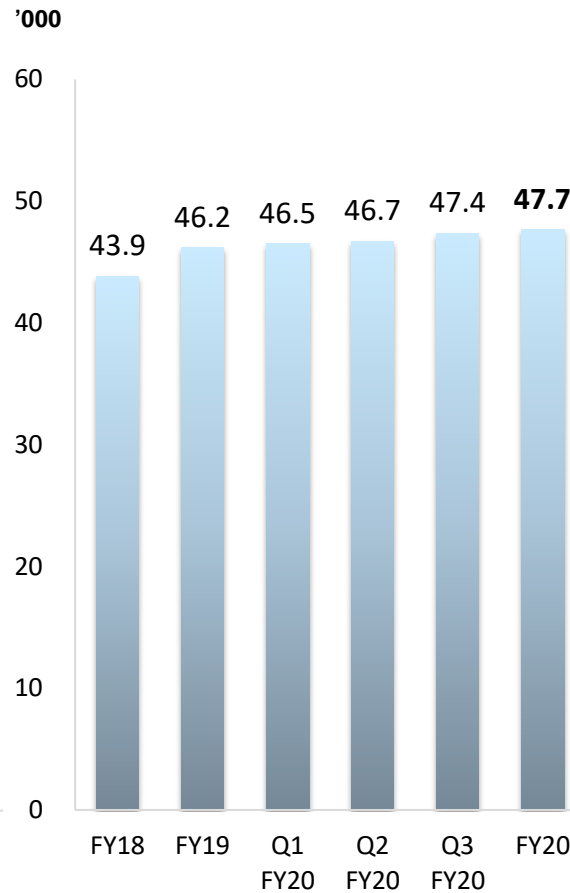
	RAB Revenue				Non-RAB Revenue			
								
	Residential Connections	Non-Residential Connections	NBAP and Segment Fibre Connections	Ducts and Manholes Service Revenue	Installation Related Revenue	Diversion Revenue	Co-Location and Other Revenue	Central Office Revenue
% of FY20 Revenue	62.5%	8.4%	2.0%	8.2%	5.6%	3.0%	5.5%	4.8%
Recurring, predictable cash flows	✓	✓	✓	✓	–	–	✓	✓
Long-term contracts / customer stability	✓	✓	✓	✓	–	–	✓	✓
Regulated revenues	✓	✓	✓	✓	✓	–	✓	–
Creditworthy customers	✓	✓	✓	✓	✓	✓	✓	✓

Fibre connections

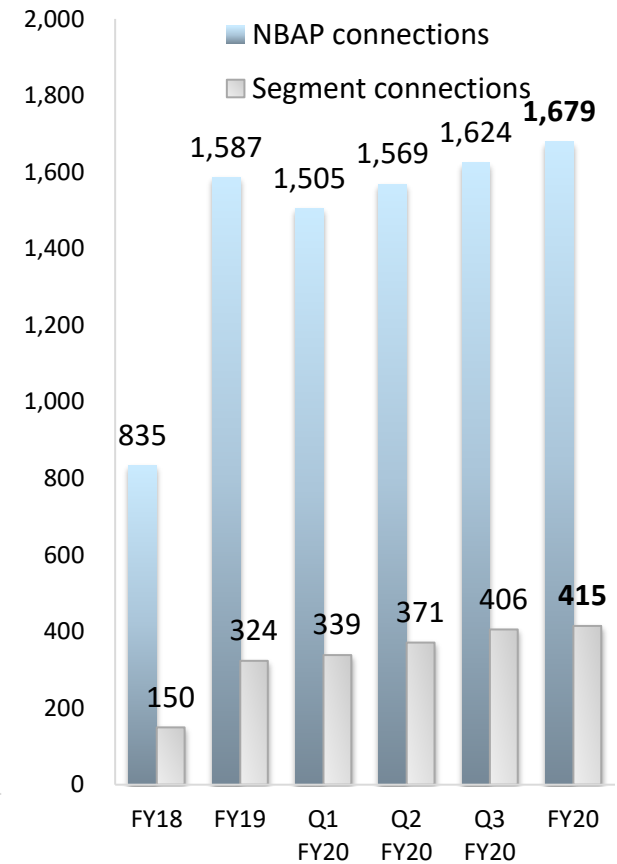
Residential



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

Q4 FY20 Profit & loss statement

S\$'000	Q4 FY20	Q4 FY19	Variance (%)
Revenue	92,442	87,862	5.2
EBITDA	55,778	62,810	(11.2)
EBITDA Margin (%)	60.3	71.5	(11.2) pp
Depreciation & amortisation	(41,697)	(40,743)	2.3
Net finance charges	(4,901)	(4,364)	12.3
Profit before tax	9,180	17,703	(48.1)

Illustrating the impact of excluding the one-time write-off of capitalised project cost of S\$15.4 million:

EBITDA	71,195	62,810	13.3
EBITDA Margin (%)	77.0	71.5	5.5 pp

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 12 of the Financial Statements Announcement for the fourth quarter and financial year ended 31 Mar 2020

Revenue grew by 5.2% mainly due to higher residential connections and diversion revenue, partially offset by lower installation-related revenue and ducts and manholes service revenue.

EBITDA declined by 11.2% mainly due to a one-time write-off of capitalised project cost of S\$15.4 million in relation to a discontinued IT system replacement project.¹

¹ Please refer to separate announcement released on 27 Feb 2020.

FY20 Profit & loss statement

S\$'000	FY20	FY19	Variance (%)
Revenue	370,192	353,580	4.7
EBITDA	258,425	247,876	4.3
EBITDA Margin (%)	69.8	70.1	(0.3) pp
Depreciation & amortisation	(167,782)	(160,792)	4.3
Net finance charges	(18,774)	(17,334)	8.3
Profit before tax	71,869	69,750	3.0

Revenue grew by 4.7% mainly due to higher residential and non-residential connections, partially offset by lower installation-related revenue and ducts and manholes service revenue.

EBITDA increased by 4.3% mainly due to higher revenue, higher other income and lower installation costs, partially offset by higher operating expenses due to a one-time write-off of capitalised project cost.¹

Illustrating the impact of excluding the one-time write-off of capitalised project cost of S\$15.4 million:

EBITDA	273,842	247,876	10.5
EBITDA Margin (%)	74.0	70.1	3.9 pp

¹ Please refer to separate announcement released on 27 Feb 2020.

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 12 of the Financial Statements Announcement for the fourth quarter and financial year ended 31 Mar 2020.

Robust balance sheet¹

S\$169m

Cash Balance

S\$666m

Gross Debt

S\$2,907m

Net Assets

2.6x

Gross Debt/
EBITDA²

13.4x

EBITDA Interest
Cover²

74.6 cents

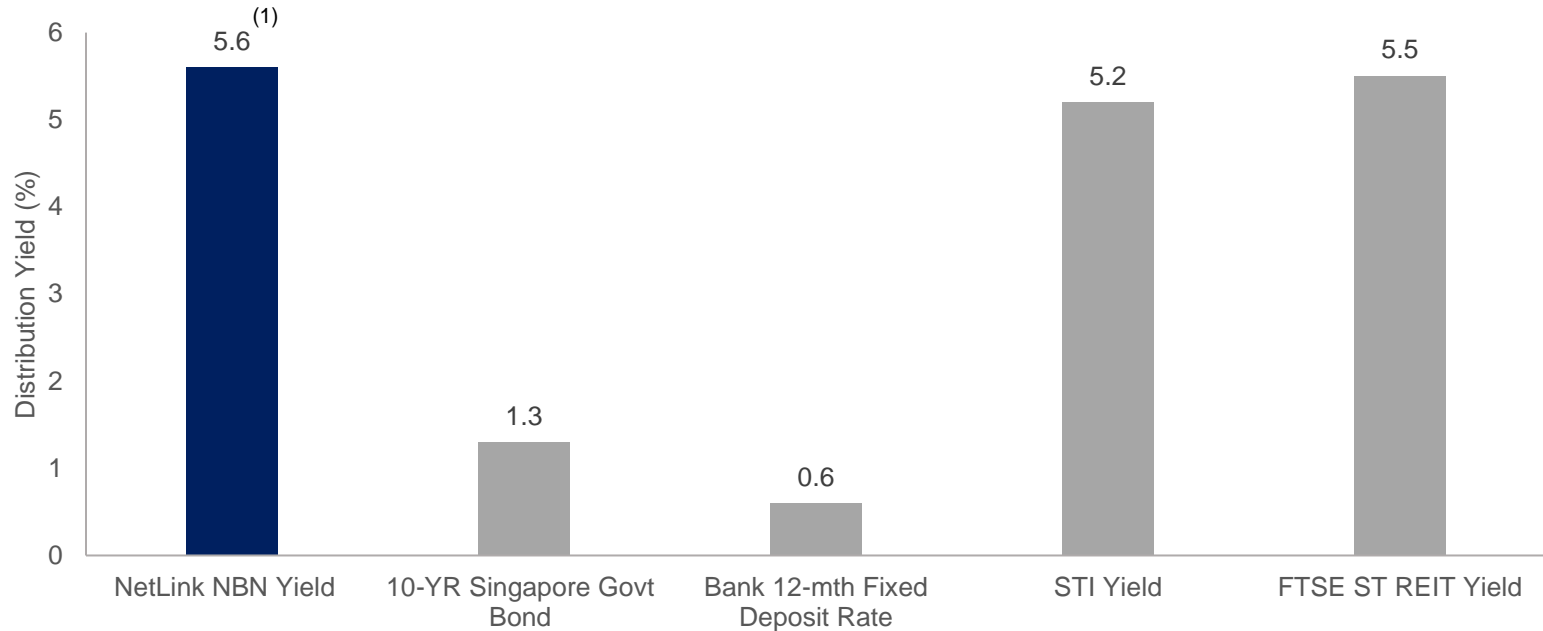
Net Assets per Unit

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

¹ As at 31 Mar 2020

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

Attractive distribution yield with low risk



Source: Bloomberg as at 31 Mar 2020

- 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 DPU of 5.05 Singapore cents and the unit price of 90.5 cents as at 31 Mar 2020

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

Our focus for FY21

01

RESIDENTIAL

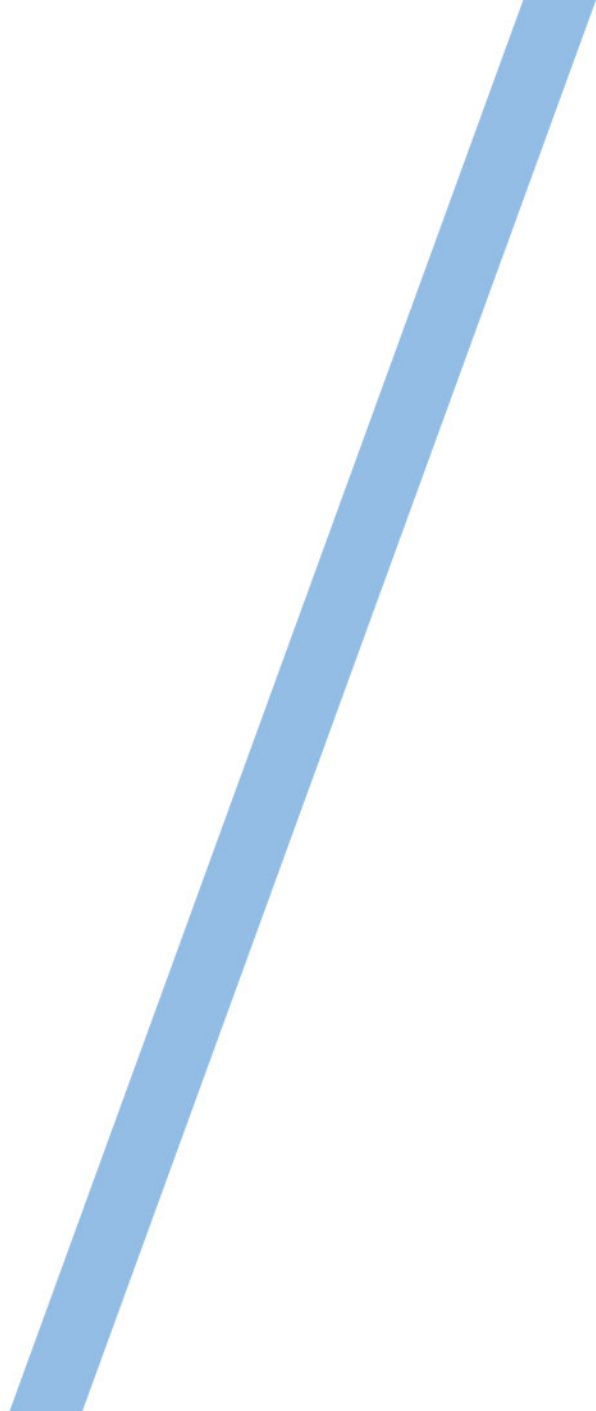
- Connect households not on fibre via initiatives such as IMDA's Home Access programme for low-income households
- Connect new homes
- Improve service provisioning QoS

02

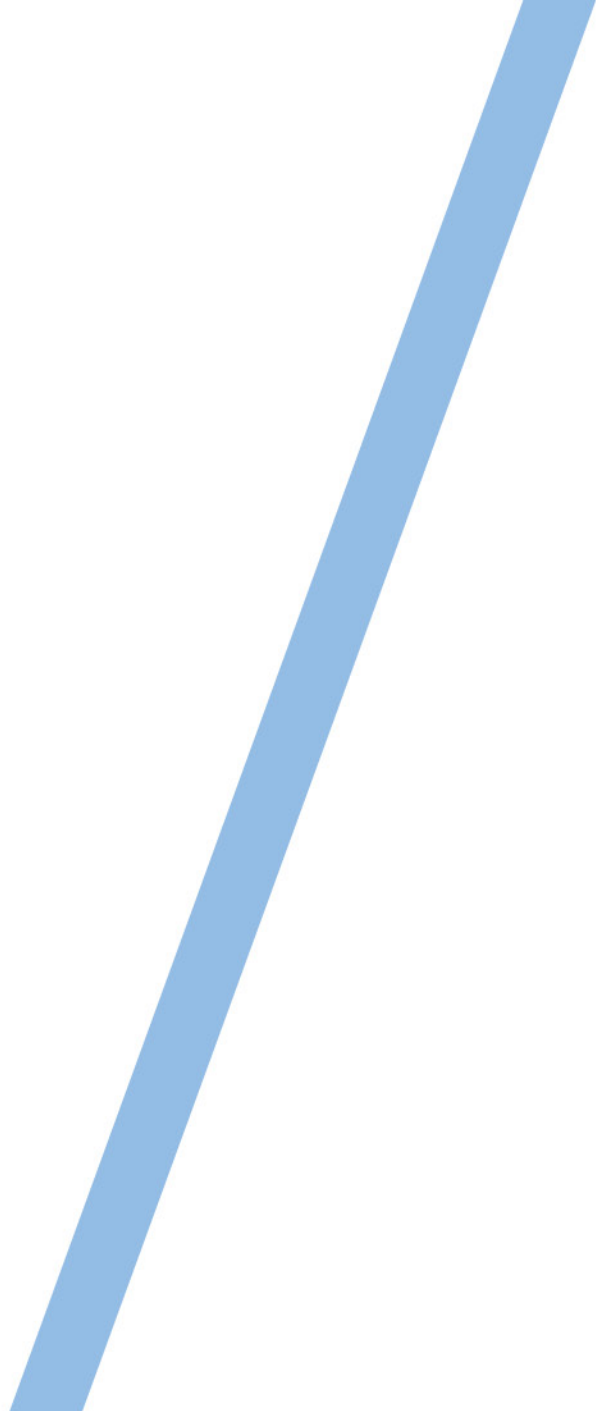
NON-RESIDENTIAL, NBAP & SEGMENT

- Denser network – adding capacity, flexibility and resilience
- Prepare to support 5G infrastructure
- Customised offerings to SMEs
- Improve presence in major Data Centres
- Make NBAP easier and faster to deploy

Thank You



Supplemental Business Information



NetLink Trust's pricing for its services

Pricing of NLT's principal services are regulated by IMDA

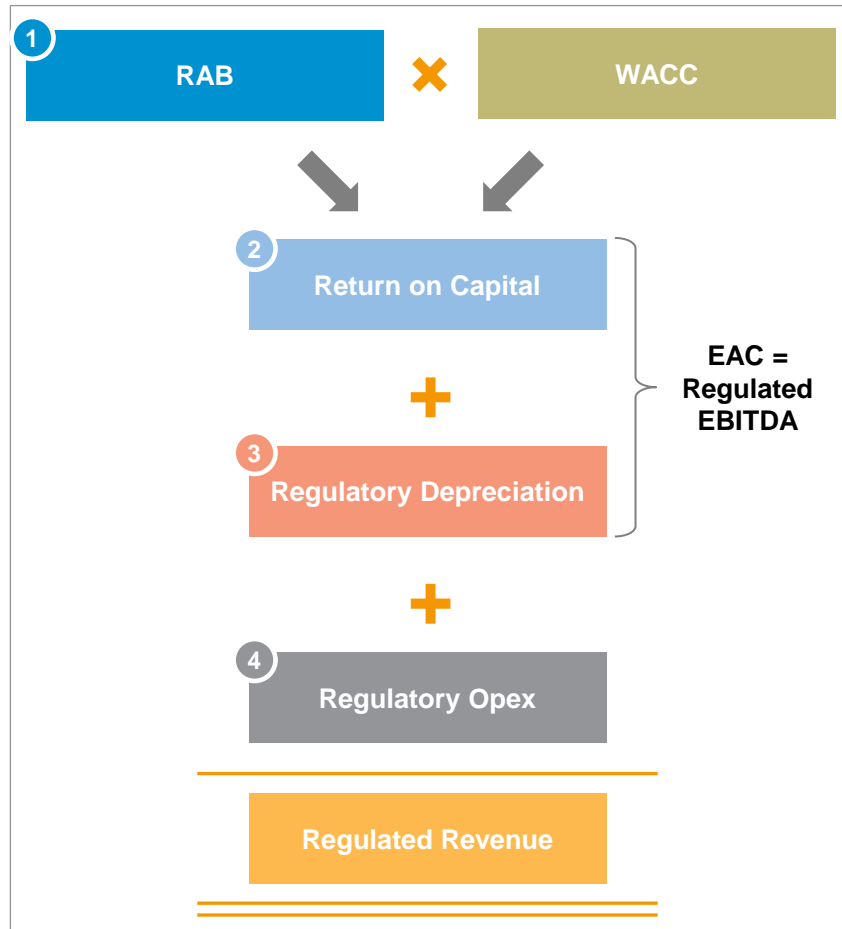
- IMDA shall hold a review of pricing terms every five years following the last price review, or at any such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review)
 - The most recent review by IMDA of prices under the Interconnection Offer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

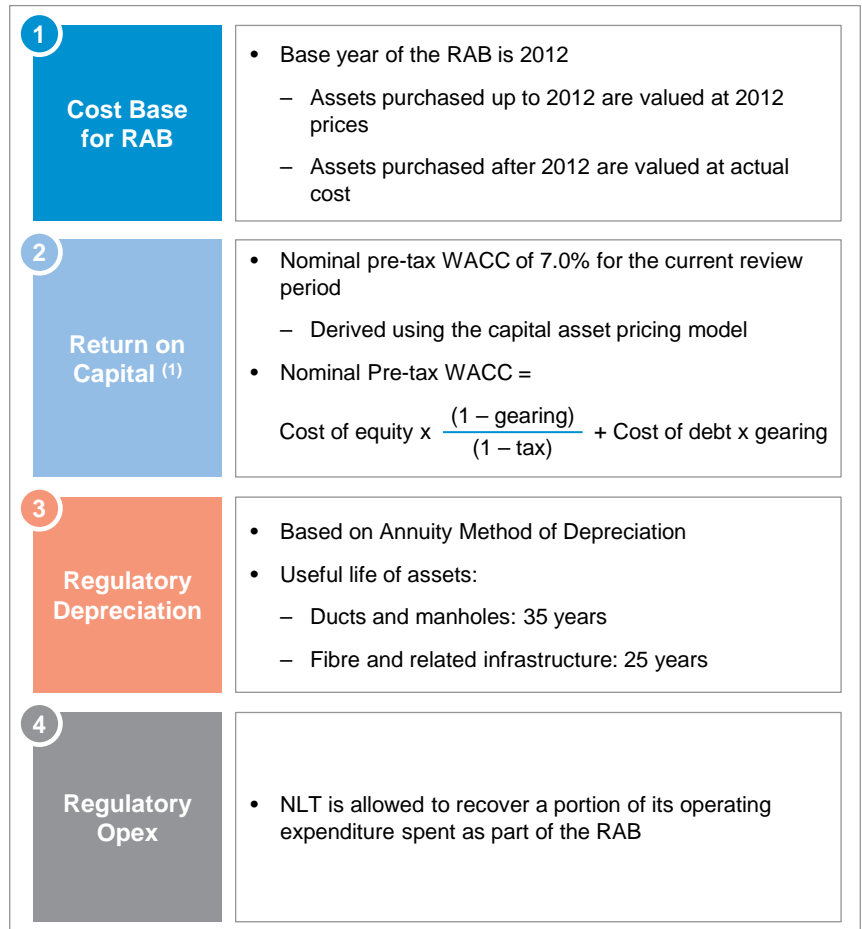
Residential	S\$13.80 per connection per month
Non-residential	S\$55 per connection per month
NBAP	S\$73.80 per connection per month

NetLink Trust's pricing for its services

Framework for RAB Based Pricing Model



Methodology for RAB based pricing model



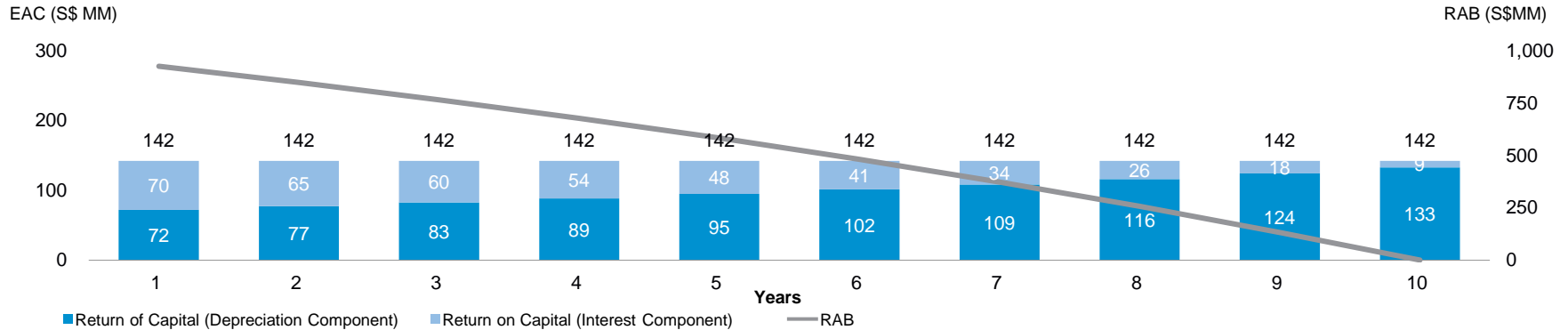
1. IMDA may change the rate of applicable pre-tax WACC in future review period

Understanding the ICO pricing framework

Illustrative Worked Example

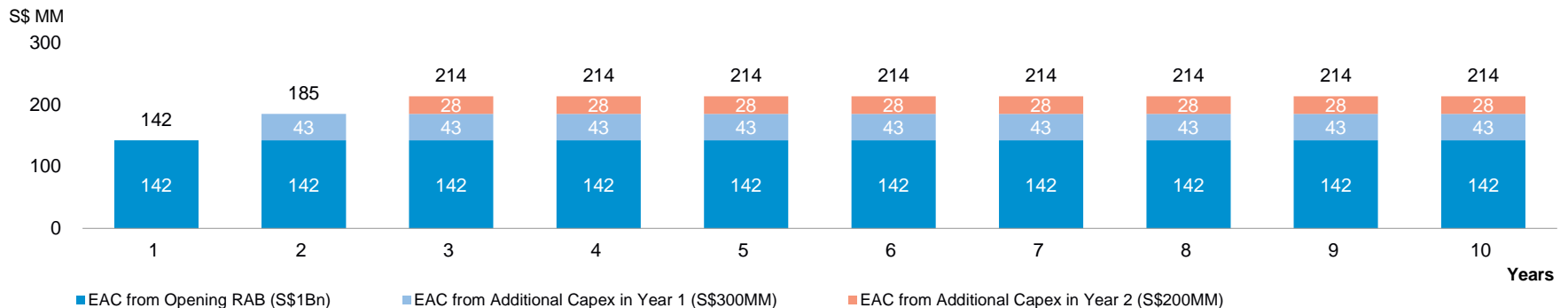
How Does EAC Work for 1 Year's Outflow on Capex?

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)