



NetLinkNBN
the fibre of a smart nation

**CGS-CIMB Trading
Representative Briefing**

10 November 2020



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Financial snapshot¹

S\$181 ↓ 2.5%²

Revenue

S\$181m

Cash Balance

S\$3,800m

Market Capitalisation³

S\$140m ↑ 3.4%²

EBITDA

S\$666m

Gross Debt

S\$4,285m

Enterprise Value

¹ H1 FY21

² Variance versus H1 FY20

³ Based on the unit price of S\$0.975 at 30 Sep 2020

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

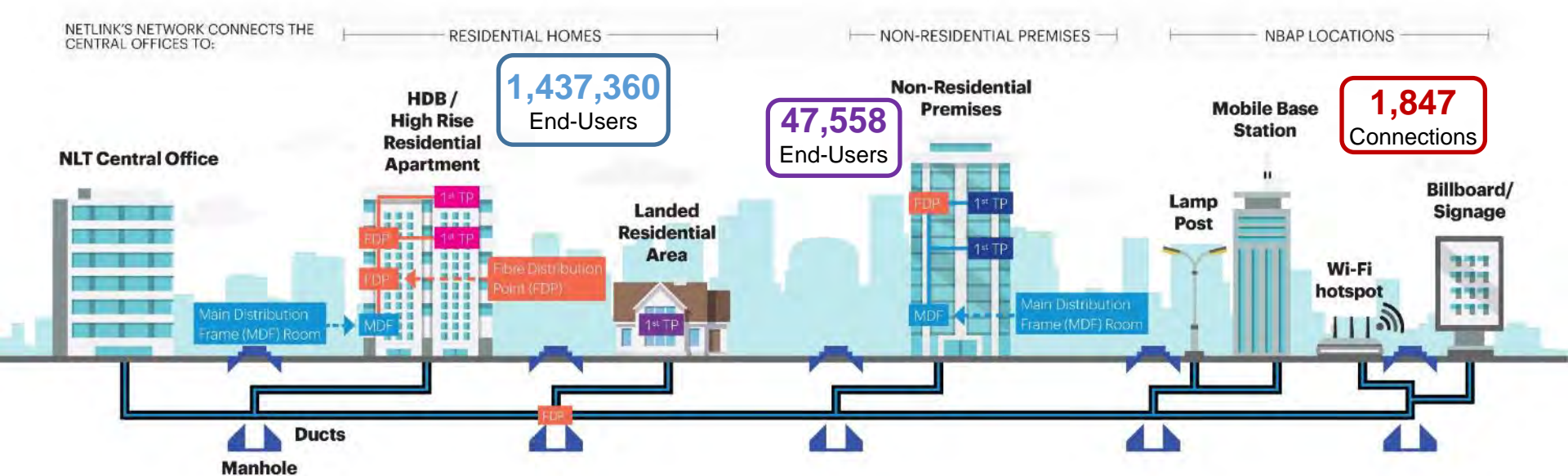
Fibre supports last-mile wireless access solutions such as WiFi hotspots and 3G/4G/5G mobile base stations




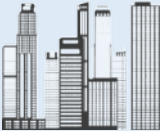
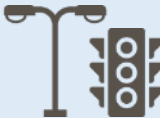





SCALABLE

Fibre capacity is highly scalable and can support future transmission technologies

Our network

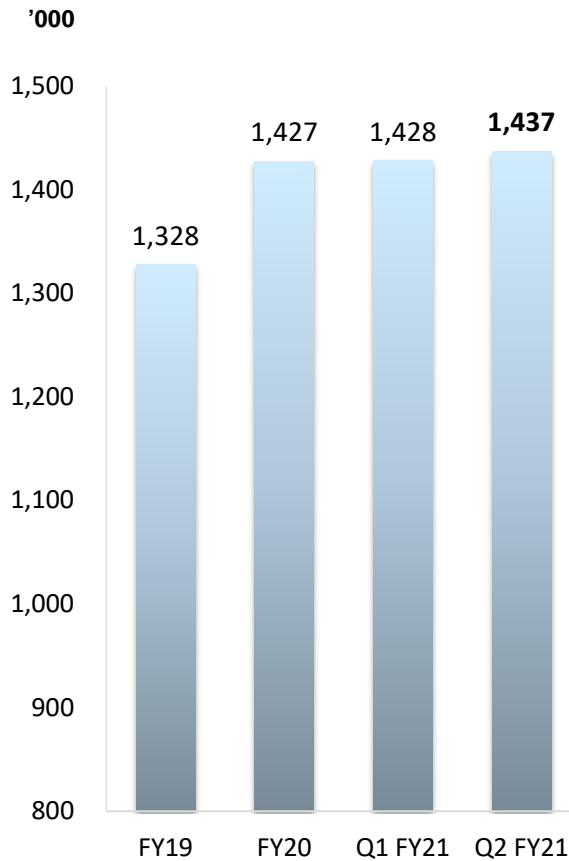


A resilient business model

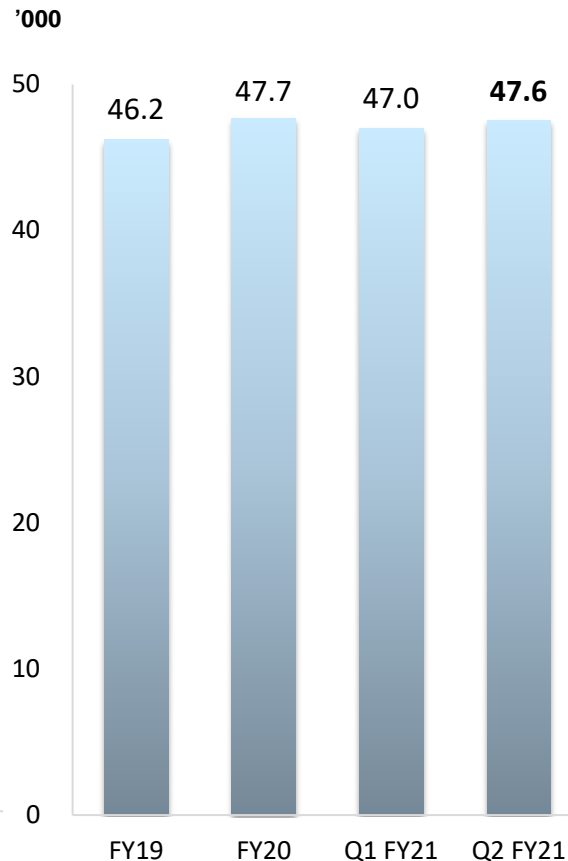
	RAB Revenue				Non-RAB Revenue			
								
	Residential Connections	Non-Residential Connections	NBAP and Segment Fibre Connections	Ducts and Manholes Service Revenue	Installation Related Revenue	Diversion Revenue	Co-Location and Other Revenue	Central Office Revenue
% of H1 FY21 Revenue	65.3%	8.4%	2.2%	8.0%	3.8%	1.8%	5.3%	5.2%
Recurring, predictable cash flows	✓	✓	✓	✓	–	–	✓	✓
Long-term contracts / customer stability	✓	✓	✓	✓	–	–	✓	✓
Regulated revenues	✓	✓	✓	✓	✓	–	✓	–
Creditworthy customers	✓	✓	✓	✓	✓	✓	✓	✓

Fibre connections

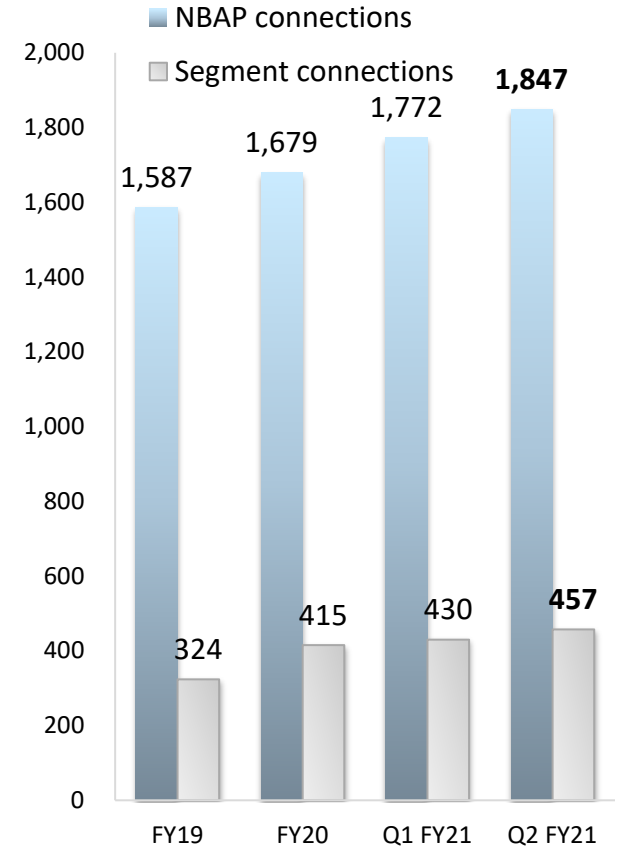
Residential



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

H1 FY21 Profit & loss statement

S\$'000	H1 FY21	H1 FY20	Variance (%)
Revenue	181,465	186,113	(2.5)
EBITDA	139,734	135,186	3.4
EBITDA margin (%)	77.0	72.6	4.4 pp
Depreciation & amortisation	(83,460)	(83,821)	(0.4)
Net finance charges	(9,344)	(9,177)	1.8
Profit before tax	46,930	42,188	11.2

Revenue for H1 FY21 was lower by 2.5% mainly due to lower installation-related revenue, diversion revenue and ducts and manholes service revenue, partially offset by higher residential connections revenue.

EBITDA margin of 77.0% was 4.4 pp higher primarily contributed by the higher proportion of revenue from residential connections and from the Government relief grants received.

Robust balance sheet¹

S\$181m

Cash Balance

S\$666m

Gross Debt

S\$2,856m

Net Assets

2.5x

Gross Debt/
EBITDA²

13.8x

EBITDA Interest
Cover²

73.3 cents

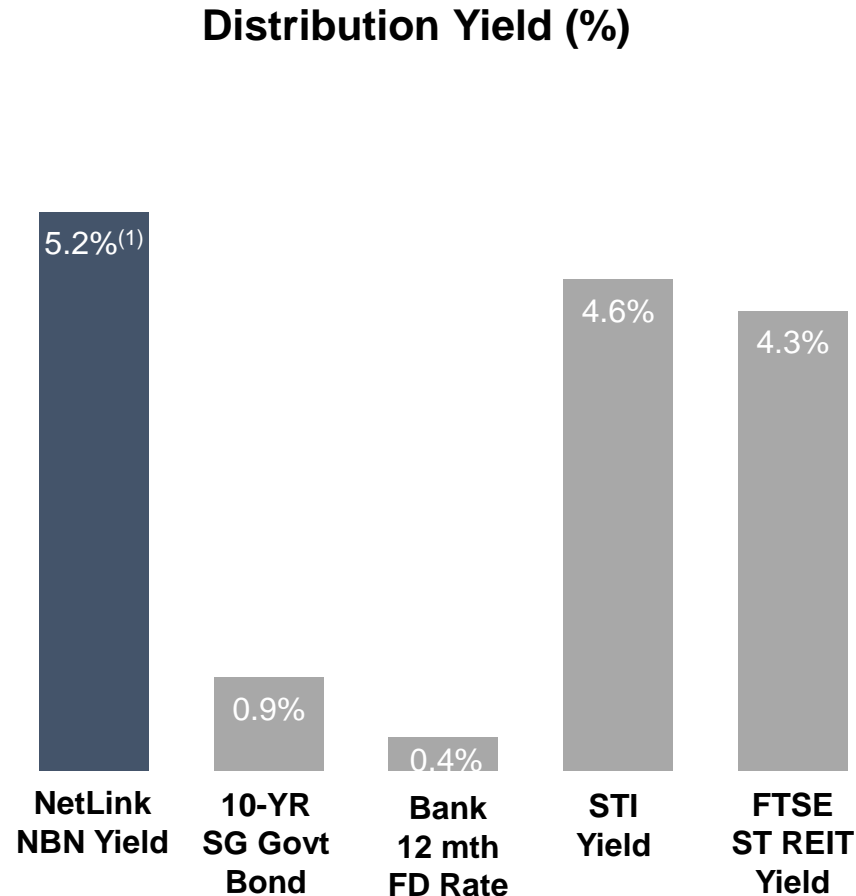
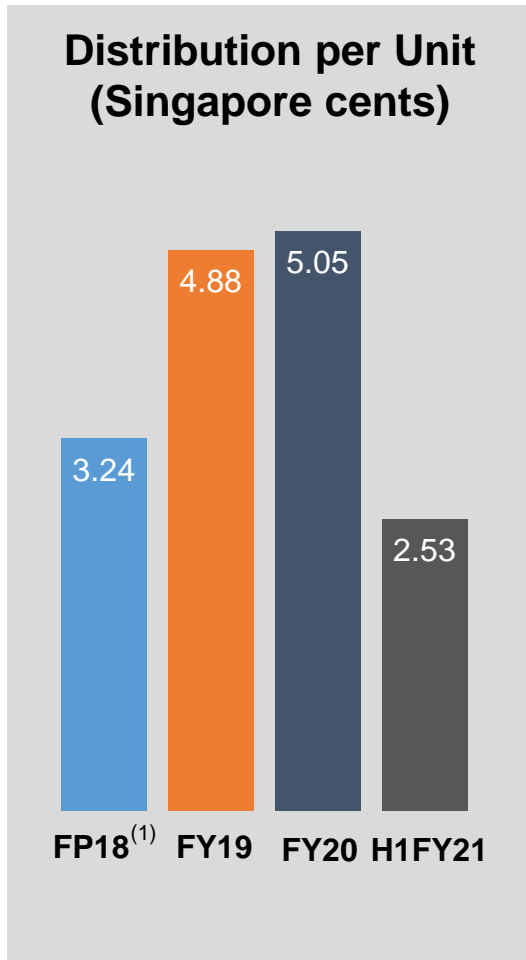
Net Assets per Unit

- Interest rate exposure substantially hedged
- The Group entered into a one-year extension for the outstanding term loan of S\$510.0m to mature on 24 March 2022
- Stable capital structure with debt headroom to fund future capex

¹ As at 30 Sep 2020

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

Attractive distribution yield with low risk



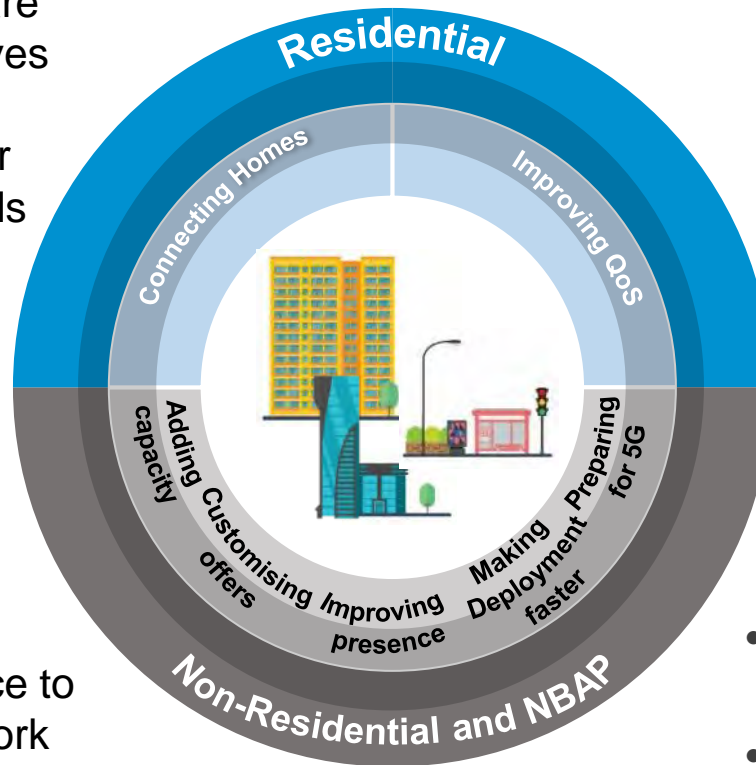
Bloomberg as at 30 Sep 2020

⁽¹⁾ Distribution yield is based on annualised DPU of 5.06 Singapore cents and the unit price of 97.5 cents as at 30 Sep 2020

Our focus for FY21

- **Connecting** new homes and households that are not on fibre via initiatives such as IMDA's Home Access programme for low-income households

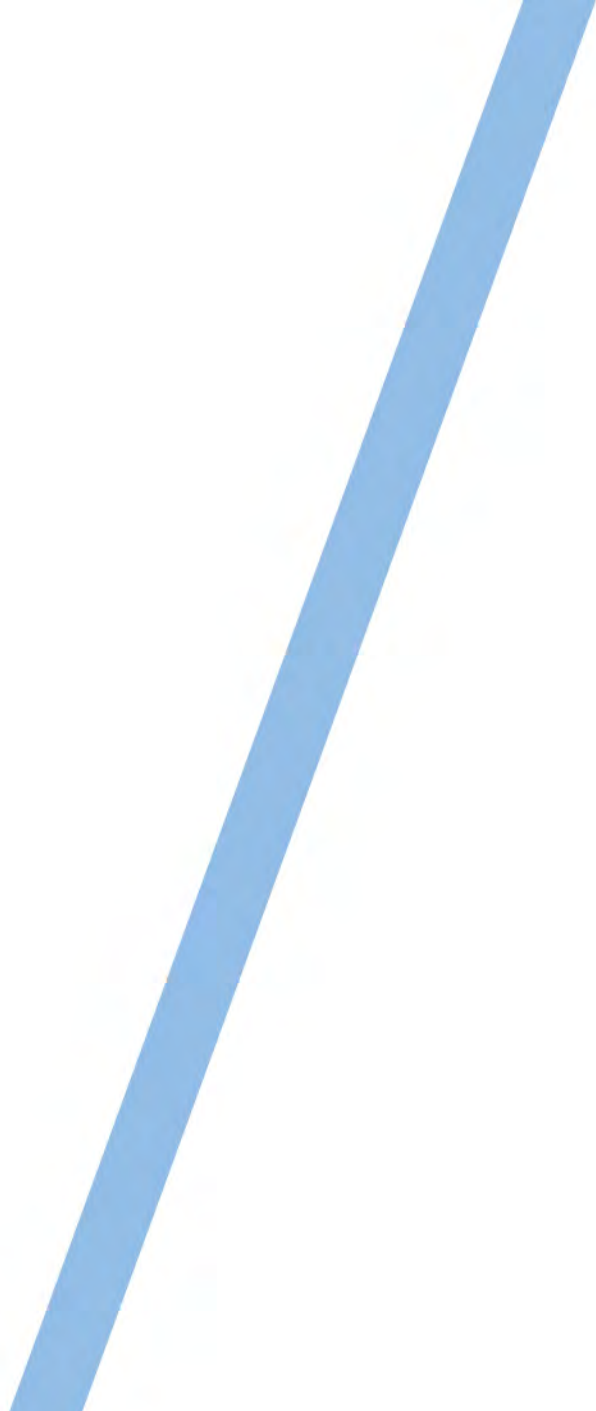
- **Improving** service provisioning QoS



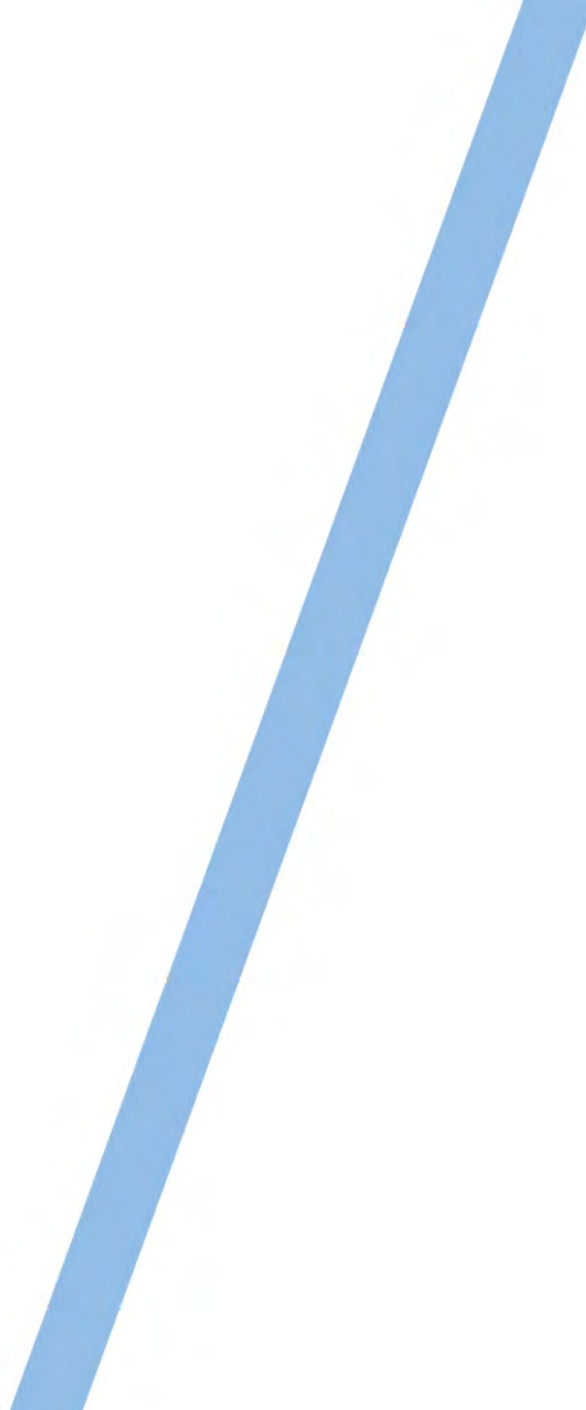
- **Adding** capacity, flexibility and resilience to create a denser network
- **Customising** offerings to SMEs
- **Improving** presence in major Data Centres

- **Making** NBAP easier and faster to deploy
- **Preparing** to support 5G infrastructure

Thank You



Supplemental Business Information



NetLink Trust's pricing for its services

Pricing of NLT's principal services are regulated by IMDA

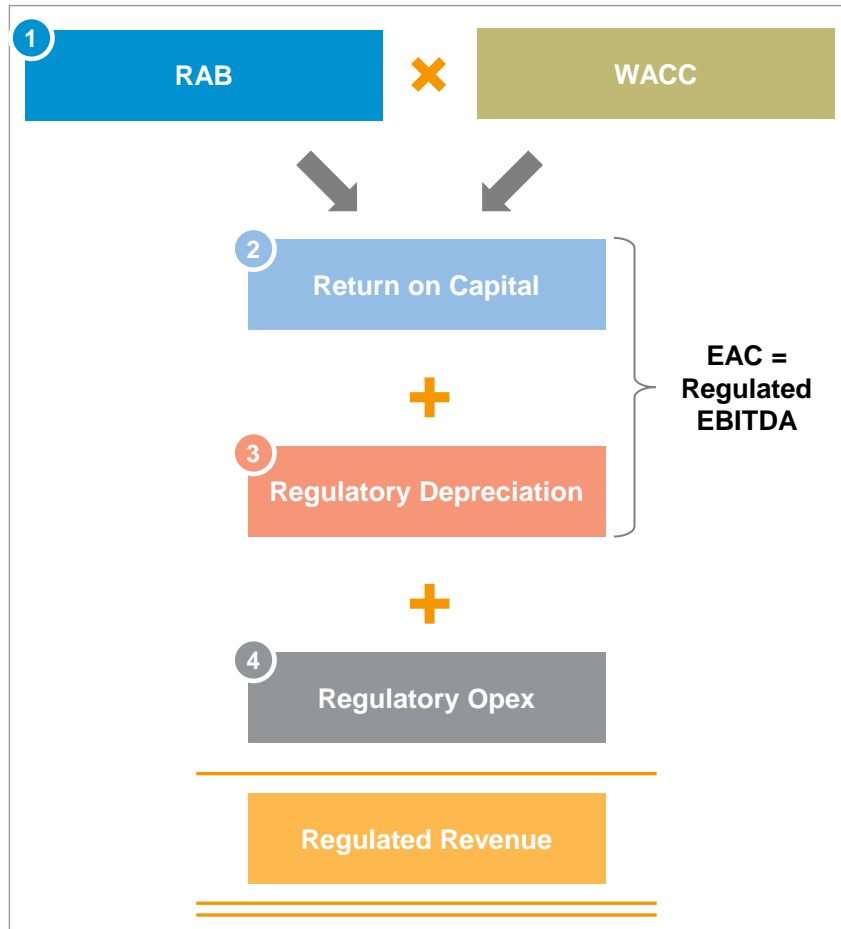
- IMDA shall hold a review of pricing terms every five years following the last price review, or at any such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review)
 - The most recent review by IMDA of prices under the Interconnection Offer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

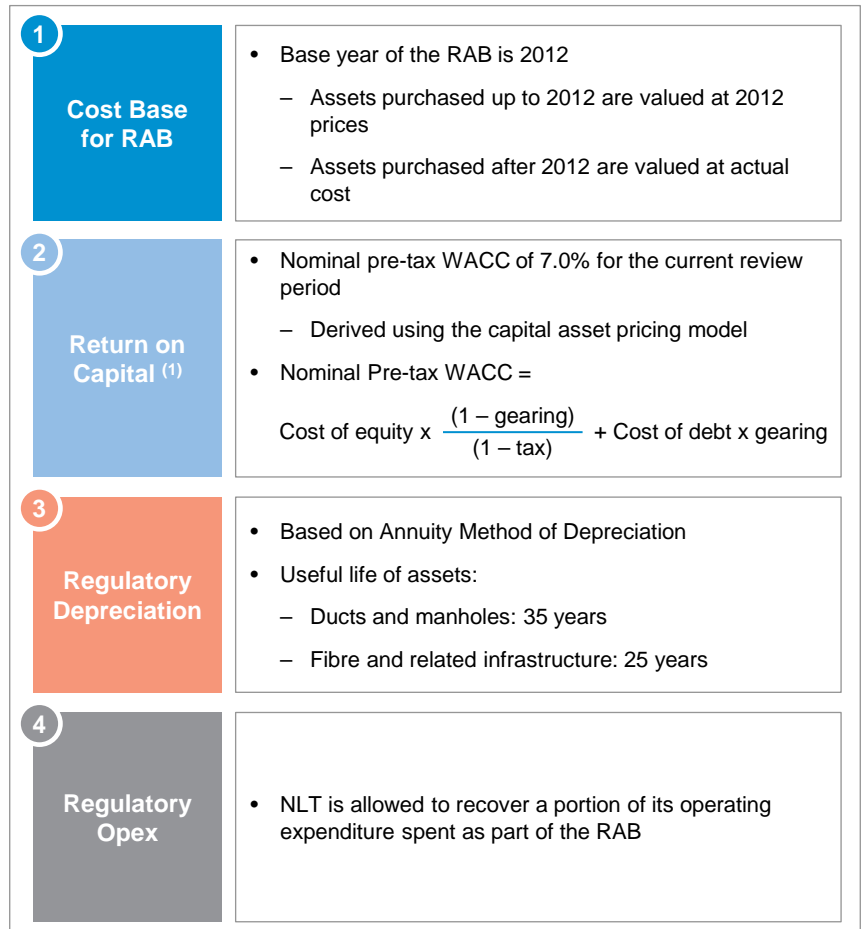
Residential	S\$13.80 per connection per month
Non-residential	S\$55 per connection per month
NBAP	S\$73.80 per connection per month

NetLink Trust's pricing for its services

Framework for RAB Based Pricing Model



Methodology for RAB based pricing model



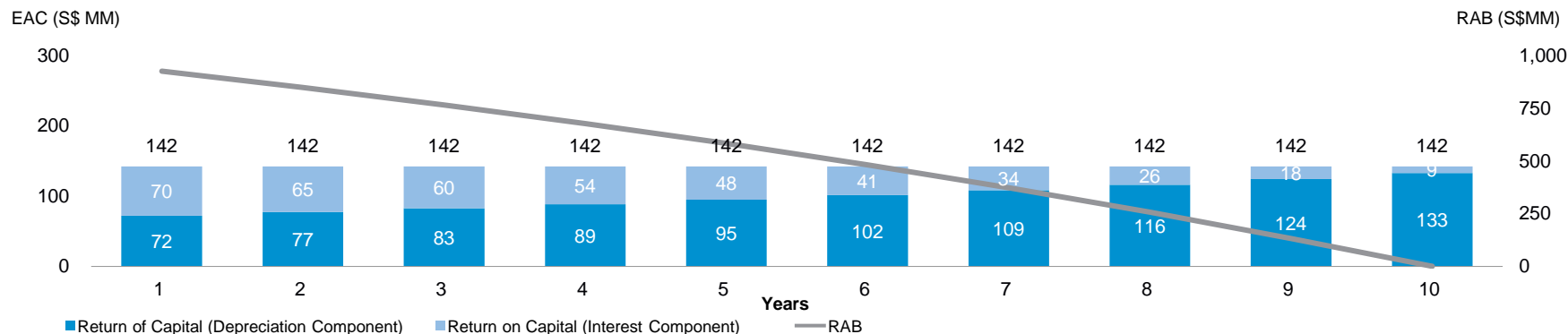
1. IMDA may change the rate of applicable pre-tax WACC in future review period

Understanding the ICO pricing framework

Illustrative Worked Example

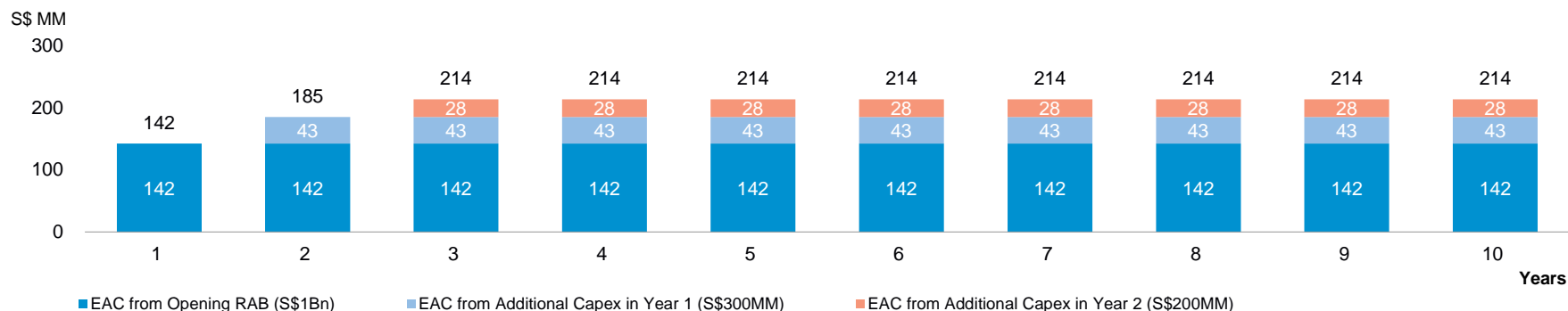
How Does EAC Work for 1 Year's Outflow on Capex?

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)