UBS Corporate Week

10 March 2020

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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 snapshot[1]

Revenue	Cash Balance	Market Cap[3]
S$92m	**S$83m**	**S$3,683m**
▲ 2.9%[2]		

EBITDA	Gross Debt	Enterprise Value
S$67m	**S$636m**	**S$4,236m**
▲ 7.4%[2]		

Profit After Tax
S$22m
▲ 9.6%[2]

[1] Q3 FY20
[2] Variance versus Q3 FY19
[3] Based on the unit price of S$0.945 as at 31 Dec 2019

Fibre is 'future proof'

Fibre is the medium of choice for delivering broadband services

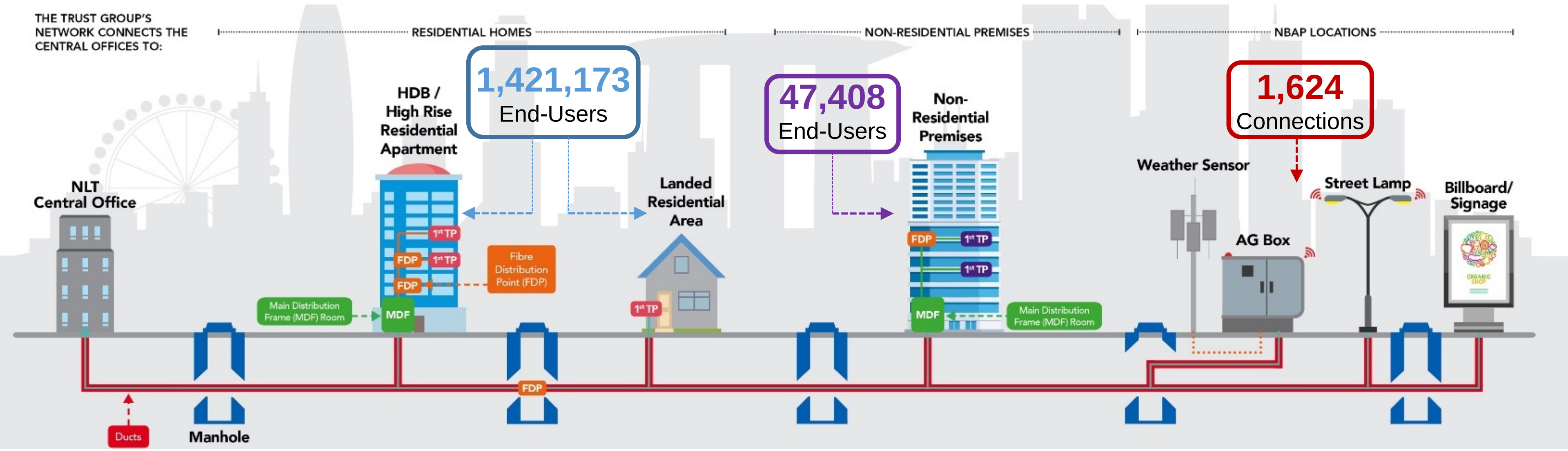
About 9 out of 10 homes in Singapore has a fibre termination point installed

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



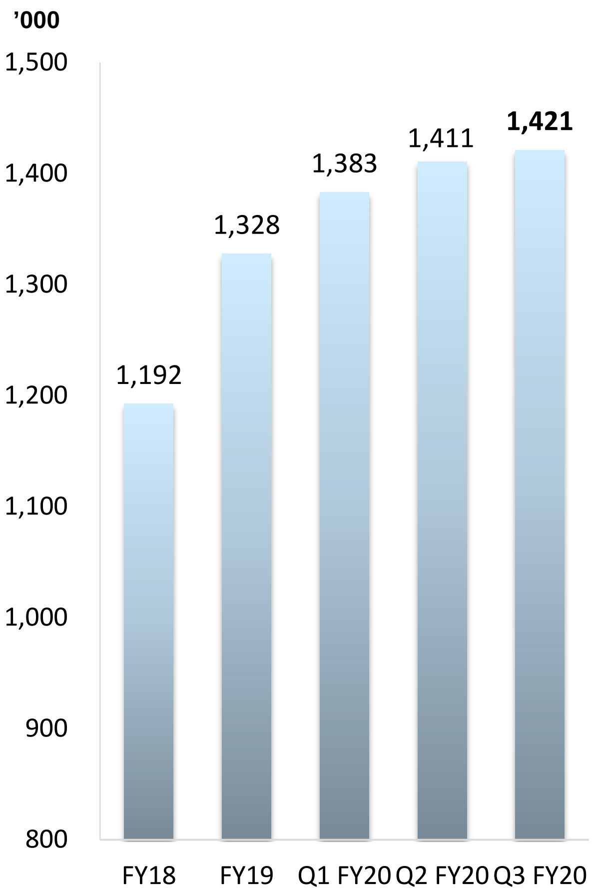
THE TRUST GROUP'S NETWORK CONNECTS THE CENTRAL OFFICES TO:
RESIDENTIAL HOMES
NON-RESIDENTIAL PREMISES
NBAP LOCATIONS
1,421,173
End-Users
47,408
End-Users
1,624
Connections
NLT
Central Office
HDB / High Rise Residential Apartment
Landed Residential Area
Non-Residential Premises
Weather Sensor
Street Lamp
Billboard/ Signage
AG Box
Fibre Distribution Point (FDP)
Main Distribution Frame (MDF) Room
MDF
FDP
1st TP
Ducts
Manhole

A resilient business model

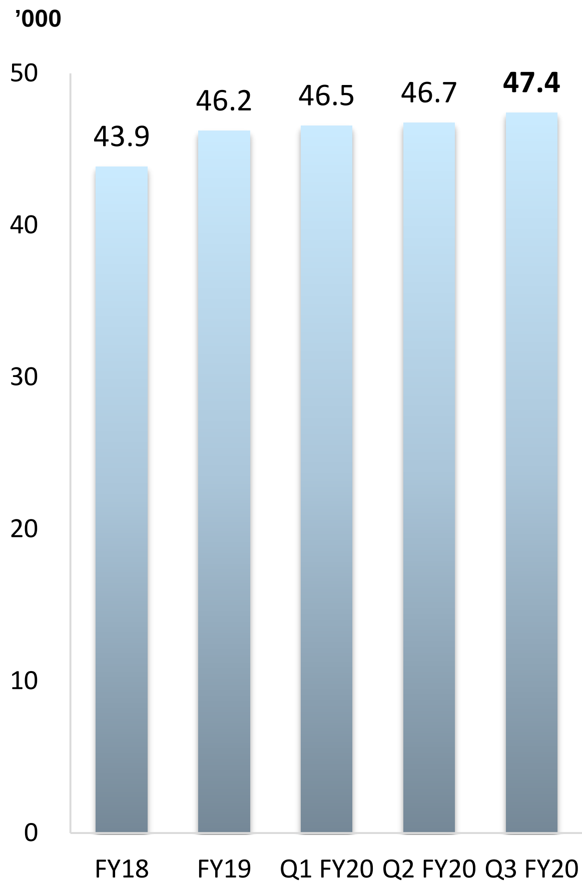
	RAB Revenue				Non-RAB Revenue			
	Residential Connections	Non-Residential Connections	NBAP and Segment Fibre Connections	Ducts and Manholes Service Revenue	Installation Related Revenue	Diversion Revenue	Co-Location and Other Revenue	Central Office Revenue
% of Q3 FY20 Revenue	64.1%	8.6%	2.0%	8.1%	4.8%	1.4%	5.7%	5.3%
Recurring, predictable cash flows	✓	✓	✓	✓	–	–	✓	✓
Long-term contracts / customer stability	✓	✓	✓	✓	–	–	✓	✓
Regulated revenues	✓	✓	✓	✓	✓	–	✓	–
Creditworthy customers	✓	✓	✓	✓	✓	✓	✓	✓

Fibre connections

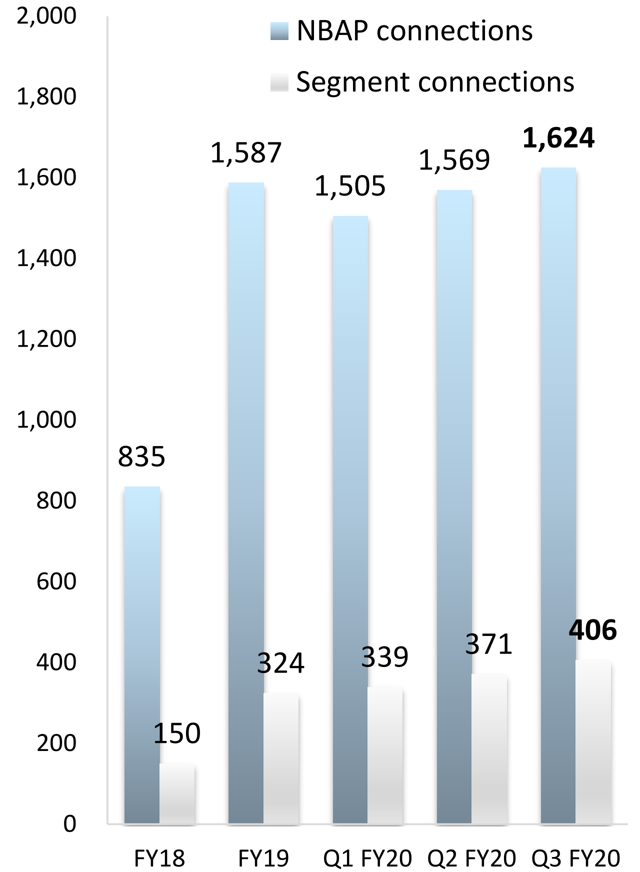
Residential



Non-Residential



Non-Building Address Points And Segment connections[1]



[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

Q3 FY20 Profit & loss statement

S$'000	Q3 FY20	Q3 FY19	Variance (%)
Revenue	91,637	89,012	2.9
EBITDA	**67,461**	**62,834**	**7.4**
EBITDA margin (%)	73.6	70.6	*3.0 pp*
Depreciation & amortisation	(42,264)	(40,243)	5.0
Net finance charges	(4,696)	(4,485)	4.7
Profit before tax	20,501	**18,106**	**13.2**

Revenue grew by 2.9% mainly due to higher residential connections, partially offset by lower installation-related revenue, diversion revenue and ducts and manholes service revenue.

EBITDA margin of 73.6% was 3.0 pp higher partly due to the adoption of the SFRS(I) 16[1]. Excluding the impact of SFRS(I) 16, EBITDA margin for Q3 FY20 would have been 72.8% or 2.2 pp higher compared to Q3 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 9 to 11 of the Financial Statements Announcement for the third quarter ended 31 Dec 2019.

9M FY20 Profit & loss statement

S$'000	9M FY20	9M FY19	Variance (%)
Revenue	277,750	265,717	4.5
EBITDA	**202,647**	**185,065**	**9.5**
EBITDA margin (%)	73.0	69.6	*3.4 pp*
Depreciation & amortisation	(126,085)	(120,049)	5.0
Net finance charges	(13,873)	(12,969)	7.0
Profit before tax	**62,689**	**52,047**	**20.4**

Revenue grew by 4.5% mainly due to higher residential connections, non-residential connections and Central Office revenue, partially offset by lower ducts and manholes service and diversion revenue.

EBITDA margin of 73.0% was 3.4 pp higher partly due to the adoption of the SFRS(I) 16[1]. Excluding the impact of SFRS(I) 16, EBITDA margin for 9M FY20 would have been 72.1% or 2.5 pp higher compared to 9M 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 9 to 11 of the Financial Statements Announcement for the third quarter ended 31 Dec 2019.

NetLinkNBN

Robust balance sheet[1]

S$83m	**S$636m**	**S$2,897m**
Cash Balance	Gross Debt	Net Assets
2.4x	**13.7x**	**74.4 cents**
Gross Debt/ EBITDA[2]	EBITDA Interest Cover[2]	Net Assets per Unit

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

[1] As at 31 Dec 2019
[2] Ratios calculated based on NetLink Group's trailing 12 months 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

Thank You

Supplemental Business Information

NetLink Trust's pricing for its services

Pricing of NLT's principal services are regulated by IMDA

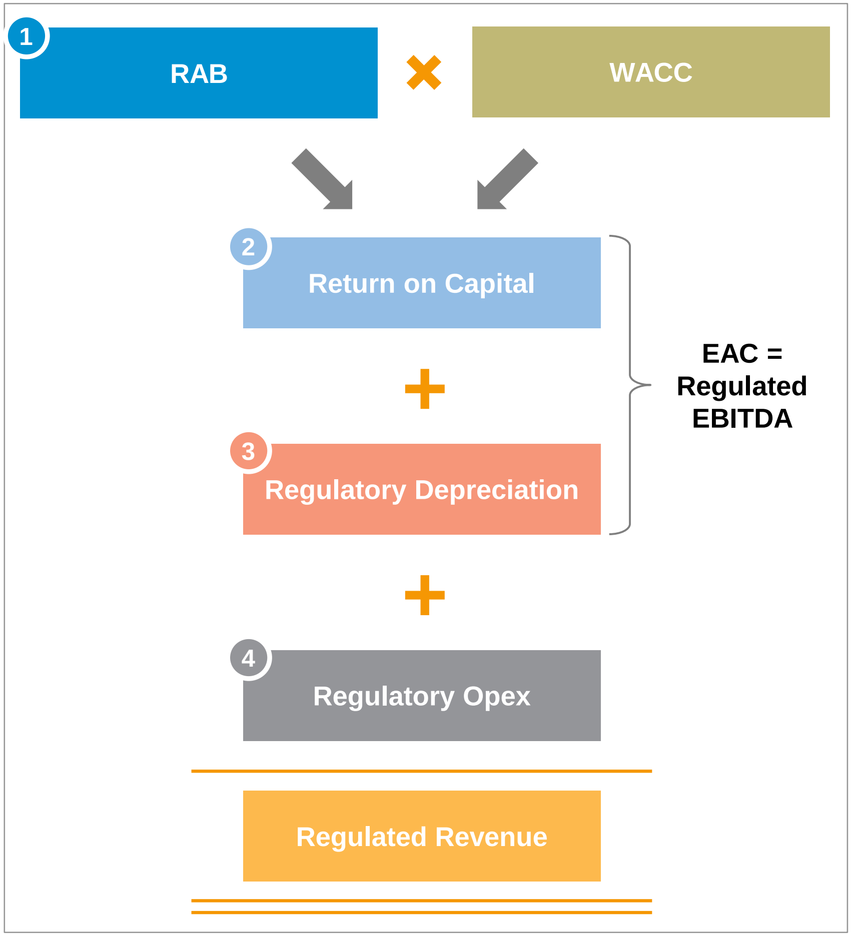
- IMDA shall hold a review of pricing terms every five years following the last price review, or at any such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review)
  - The most recent review by IMDA of prices under the Interconnection 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 Cost Base for RAB	• Base year of the RAB is 2012 – Assets purchased up to 2012 are valued at 2012 prices – Assets purchased after 2012 are valued at actual cost
2 Return on Capital [1]	• Nominal pre-tax WACC of 7.0% for the current review period – Derived using the capital asset pricing model • Nominal Pre-tax WACC = $\text{Cost of equity} \times \frac{(1 - \text{gearing})}{(1 - \text{tax})} + \text{Cost of debt} \times \text{gearing}$
3 Regulatory Depreciation	• Based on Annuity Method of Depreciation • Useful life of assets: – Ducts and manholes: 35 years – Fibre and related infrastructure: 25 years
4 Regulatory Opex	• NLT is allowed to recover a portion of its operating expenditure spent as part of the RAB

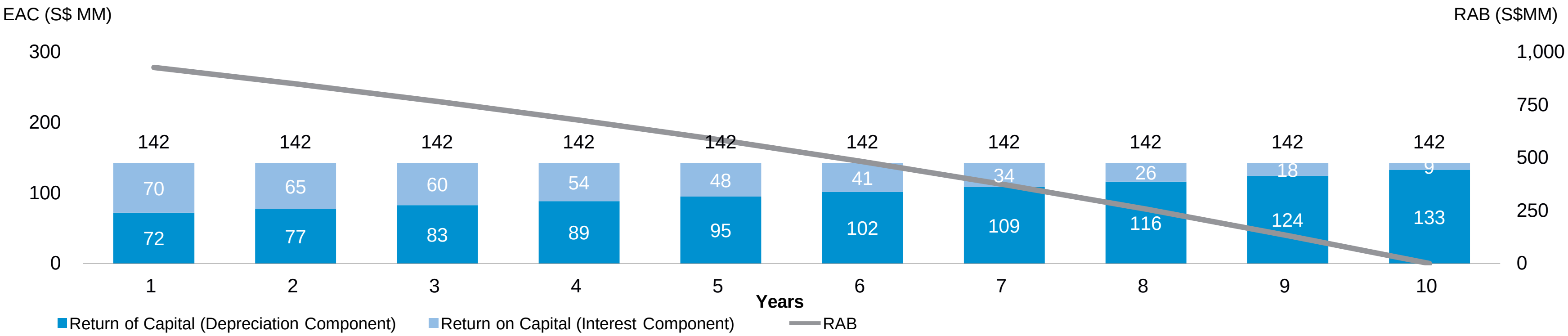
1. IMDA may change the rate of applicable pre-tax WACC in future review period

Understanding the ICO pricing framework

Illustrative Worked Example

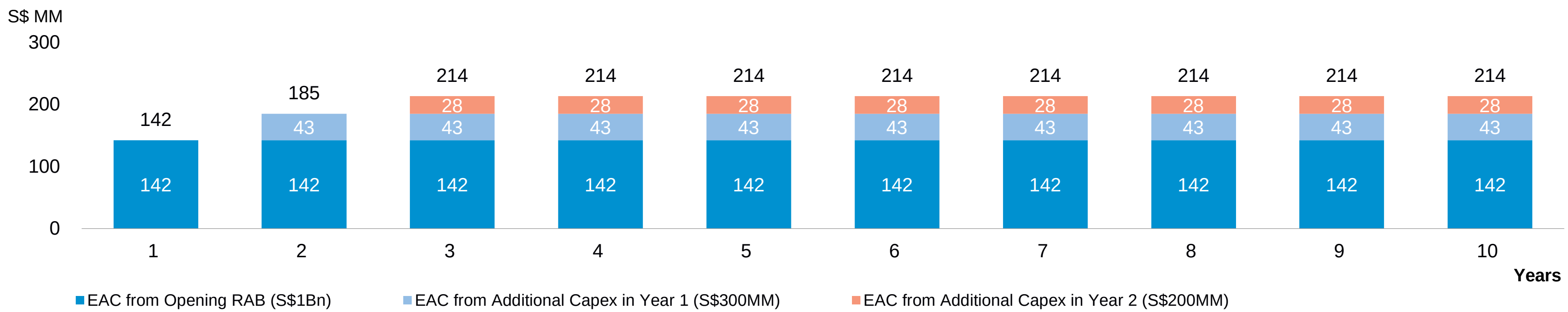
How Does EAC Work for 1 Year's Outflow on Capex?

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)

NetLinkNBN