



NetLinkNBN

the fibre of a smart nation

Morgan Stanley 17th Annual Asia Pacific Summit

28 - 30 November 2018

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Overview

Key Highlights

- Sole appointed “Network Company” for Singapore's Next Gen NBN
- Resilient business model generates long-term, predictable cash flows through:
 - Growing demand for fibre connections
 - Regulated and transparent pricing
 - Creditworthy customers
- “Future-proof” fibre infrastructure
- Strong balance sheet to support growth
- Constituent of FTSE ST Large & Mid Cap Index, FTSE ST Singapore Shariah Index and the MSCI Global Small Cap – Singapore Index

Financial Snapshot

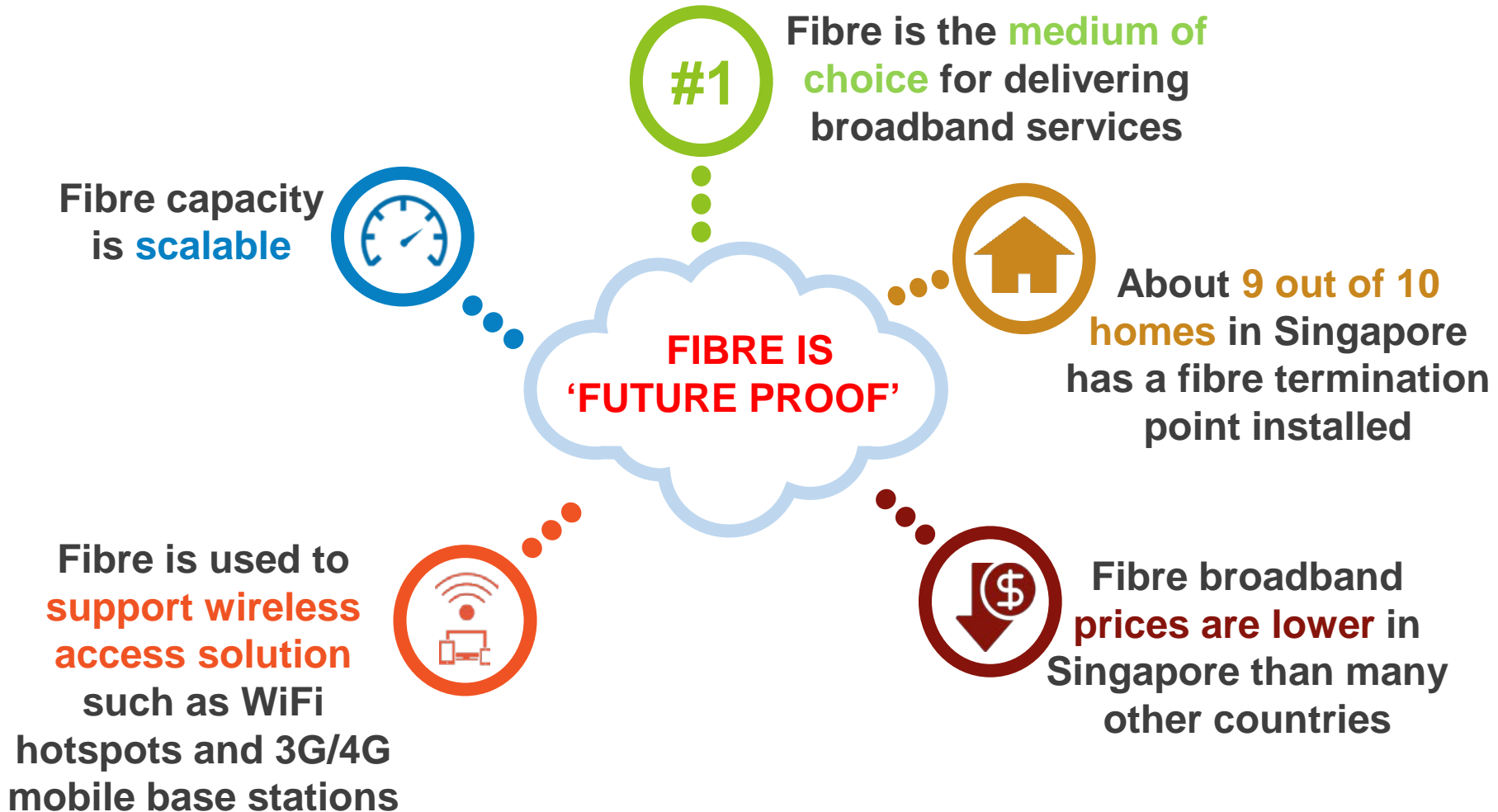
\$m	H1 FY19	Variance vs Projection ⁽¹⁾
Revenue	176.7	↑ 4.8%
EBITDA	122.2	↑ 3.8%
EBITDA Margin	69.2%	↓ 0.6 p.p
Profit After Tax	37.7	↑ 21.4%
Distribution Per Unit (Cents)	2.44	n/a

\$m	As at 30 Sep 2018
Market Capitalisation ⁽²⁾	3,040
Enterprise Value ⁽²⁾	3,523
Net Assets	3,088
NAV per unit (Cents)	79.2

(1) Projection for H1 was part of the Projection Year 2019's projection disclosed in the prospectus dated 10 Jul 2017.

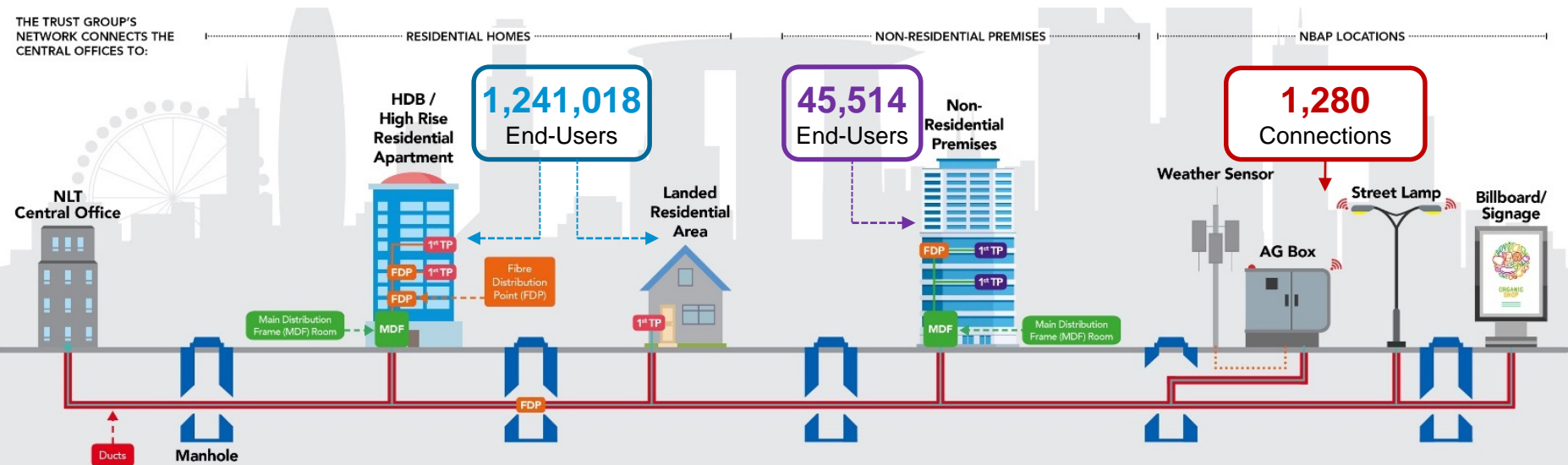
(2) Based on the unit price of \$0.78 as at 28 Sep 2018.

Fibre is a critical infrastructure enabling Singapore's Next Gen NBN



Our network

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











* Figures are as at 30 Sep 2018

~90% share of residential market

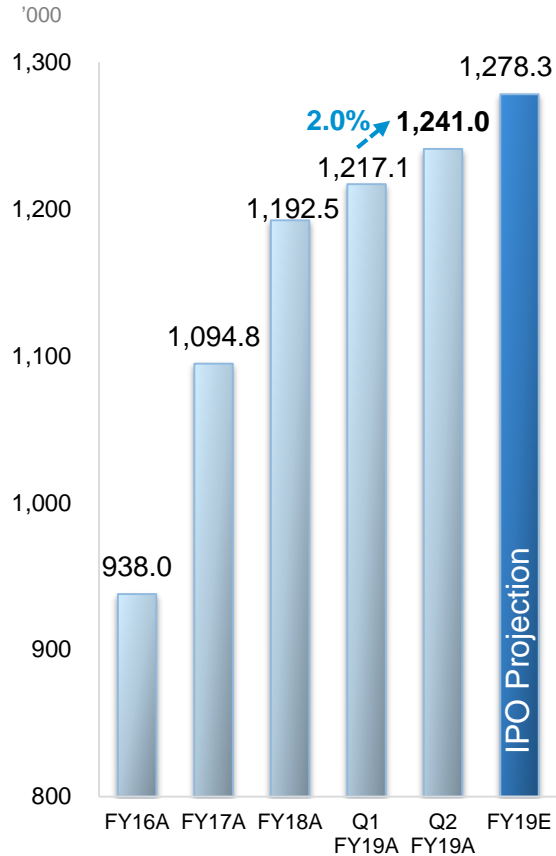
~35% share of non-residential market

A resilient business model

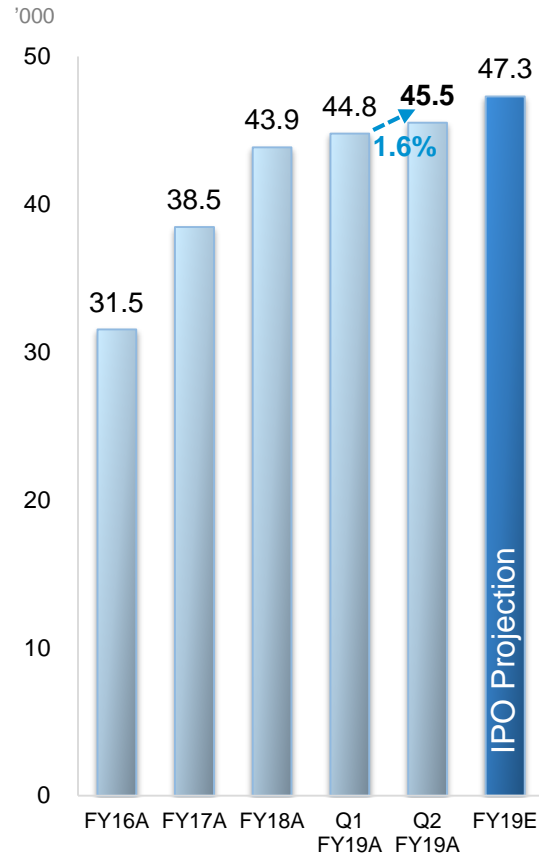
	RAB Revenue				Non-RAB Revenue			
% of H1 FY19 Revenue	 Residential Connections 57.0%	 Non-Residential Connections 8.4%	 NBAP and Segment Fibre Connections 1.9%	 Ducts and Manholes Service Revenue 10.6%	 Installation Related Revenue 5.8%	 Diversion Revenue 6.0%	 Co-Location and Other Revenue 5.6%	 Central Office Revenue 4.7%
Recurring, predictable cash flows	✓	✓	✓	✓	–	–	✓	✓
Long-term contracts / customer stability	✓	✓	✓	✓	–	–	✓	✓
Regulated revenues	✓	✓	✓	✓	✓	–	✓	–
Creditworthy customers	✓	✓	✓	✓	✓	✓	✓	✓

Fibre connections

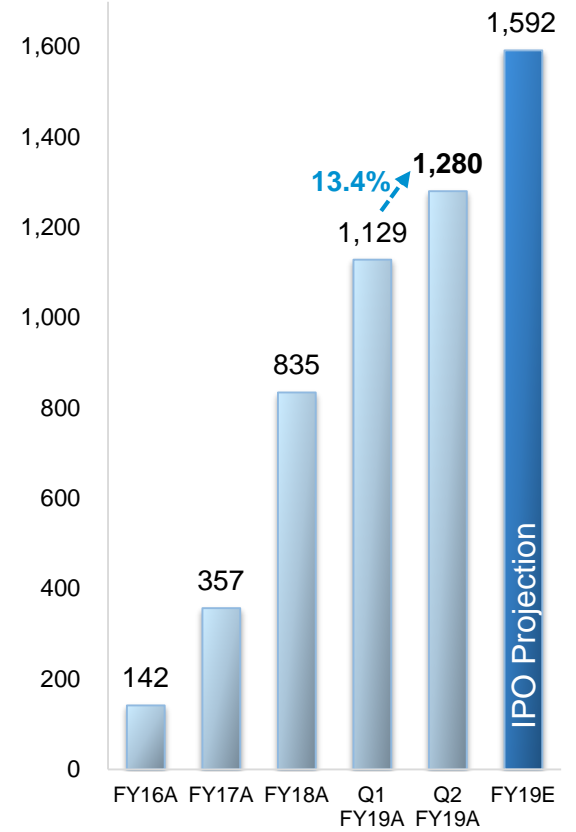
Residential



Non-Residential



Non-Building Address Points



Q2 Profit & loss statement

S\$'000	Q2 FY19	Projection ⁽¹⁾	Variance (%)
Revenue	90,594	84,876	6.7
EBITDA	61,239	59,427	3.0
EBITDA margin (%)	67.6 ⁽²⁾	70.0	(2.4p.p)
Depreciation & amortisation	(40,030)	(40,865)	(2.0)
Net finance charges	(4,340)	(5,042)	(13.9)
Profit before tax	16,869	13,520	24.8

(1) Projection for Q2 FY19 was part of the Projection Year 2019's projection disclosed in the prospectus dated 10 July 2017.

(2) Excluding the impact of the higher diversion revenues, the Trust Group would have achieved EBITDA margin of 70.4% in Q2 FY19.

Revenue was higher than projection mainly due to higher diversion revenue and ducts & manhole service revenue, this was partially offset by lower than projected installation-related revenue.

EBITDA margin was lower than projection mainly due to the higher diversion revenues which carry lower margins as compared to the overall EBITDA margins of the Trust Group.

H1 Profit & loss statement

S\$'000	H1 FY19	Projection ⁽¹⁾	Variance (%)
Revenue	176,706	168,671	4.8
EBITDA	122,231	117,766	3.8
EBITDA margin (%)	69.2 ⁽²⁾	69.8	(0.6p.p)
Depreciation & amortisation	(79,806)	(81,730)	(2.4)
Net finance charges	(8,484)	(10,085)	(15.9)
Profit before tax	33,941	25,951	30.8

(1) Projection for H1 FY19 was part of the Projection Year 2019's projection disclosed in the prospectus dated 10 July 2017 (the "Prospectus").

(2) Excluding the impact of the higher diversion revenues, the Trust Group would have achieved EBITDA margin of 71.1% in H1 FY19.

Revenue was higher than projection mainly due to higher diversion revenue and ducts & manhole service revenue, this was partially offset by lower than projected installation-related revenue.

EBITDA margin was lower than projection mainly due to the higher diversion revenues which carry lower margins as compared to the overall EBITDA margins of the Trust Group.

Balance sheet as at 30 Sep 2018

Cash Balance	S\$153m
Gross Debt	S\$636m
Net Assets	S\$3,088m
Gross Debt/EBITDA	2.6x
EBITDA Interest Cover	14.1x
Net Assets per unit ⁽¹⁾	79.2

⁽¹⁾ Net assets per unit represents equity divided by total number of units (3,896,971,100)

Growth opportunities



In the next 5 years



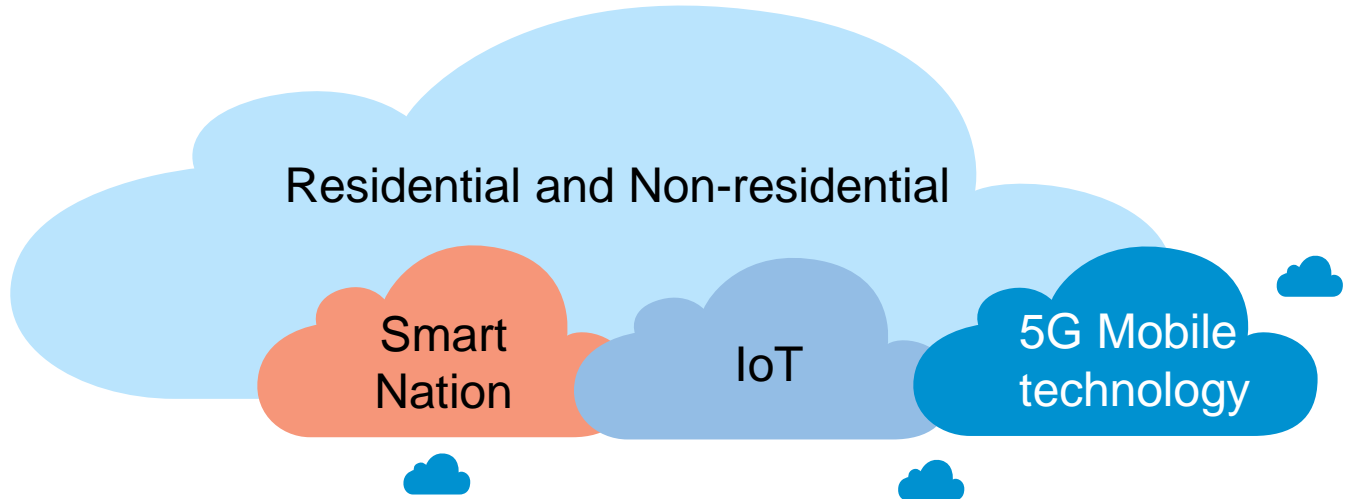
Residential homes not on fibre broadband & new household formations

Increasing Non-residential end-users

NBAP demand from Smart Nation, IoT and mobile

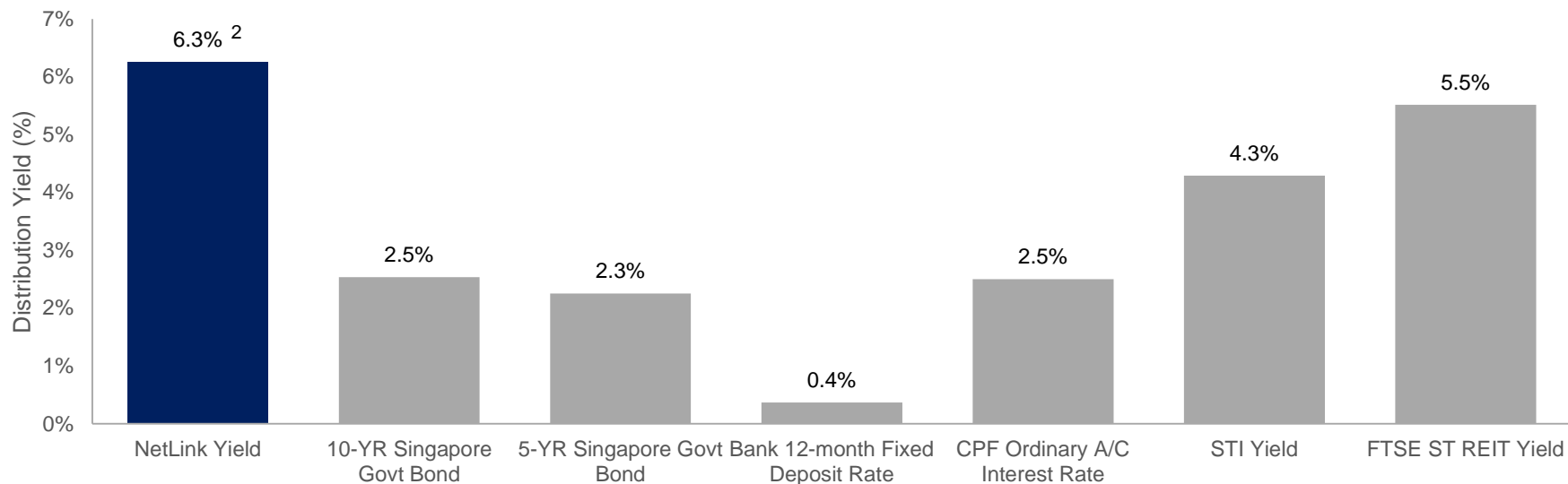


Beyond the next 5 years



Attractive distribution yield with low risk

NetLink NBN's Distribution Yield vs Other Investments ¹



- Assuming the distribution for the second half of the financial year is the same as the first half, the annualised DPU of 4.88 cents represents an increase of 5.2% over the projected DPU of 4.64 cents
- The Trust's distribution policy is to distribute 100% of its CAFD³
- Distributions made by the Trust are exempt from Singapore income tax in the hands of all Unitholders

¹ Source: Bloomberg as at 28 Sep 2018

² Distribution yield is based on the assumption that the annualised DPU is 4.88 cents (as mentioned above) and the unit price of \$0.78 cents as at 28 Sep 2018

³ Cash Available for Distribution as defined in the prospectus dated 10 July 2017

Well-positioned to deliver long-term value and growth

NetLinkNBN

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

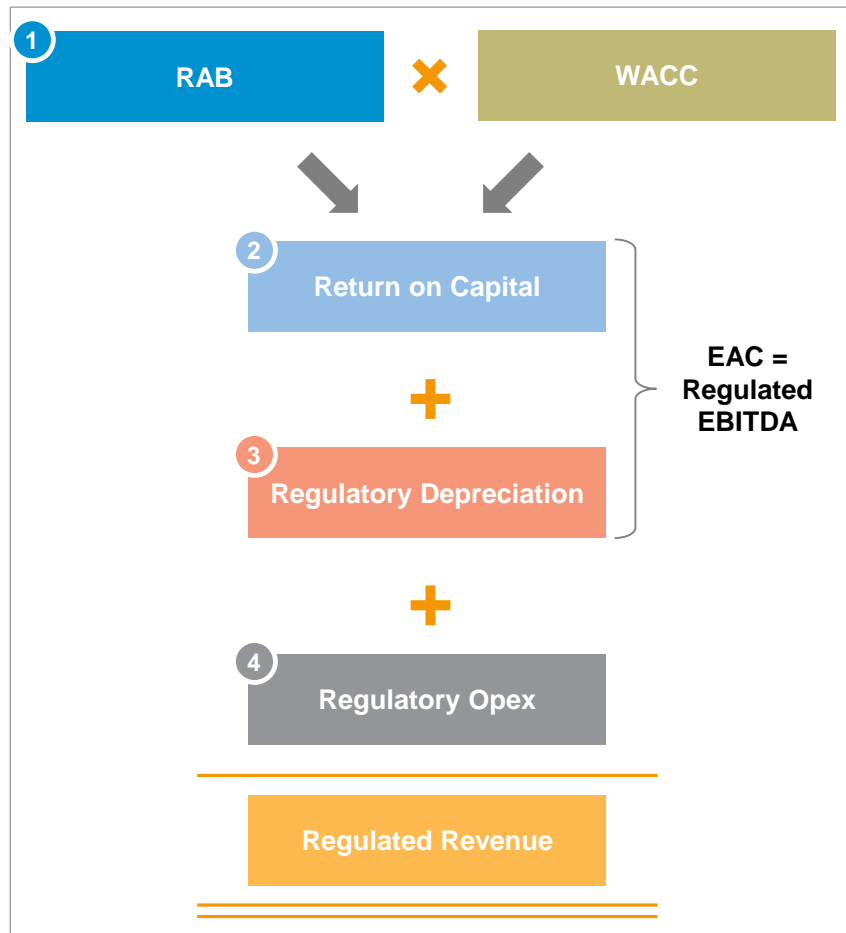
- IMDA shall hold a review of pricing terms every five years following the last price review, or at any such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review)
 - The most recent review by IMDA of prices under the Interconnection Offer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

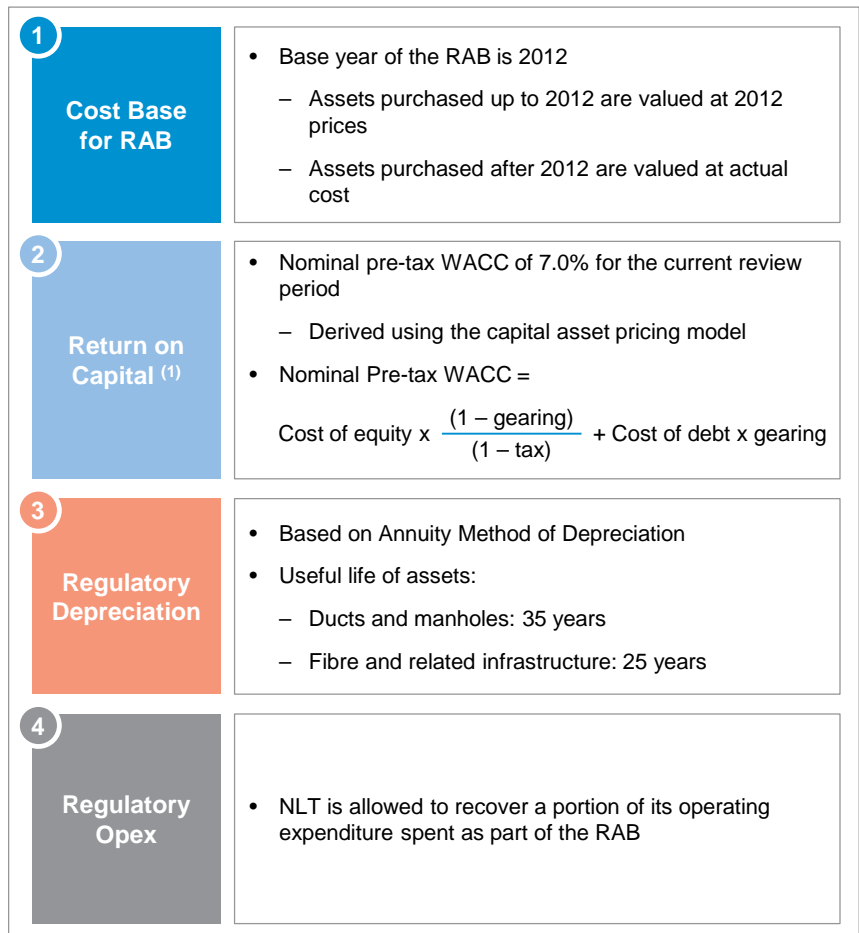
Residential	S\$13.80 per connection per month
Non-residential	S\$55 per connection per month
NBAP	S\$73.80 per connection per month

NetLink Trust's pricing for its services

Framework for RAB Based Pricing Model



Methodology for RAB based pricing model



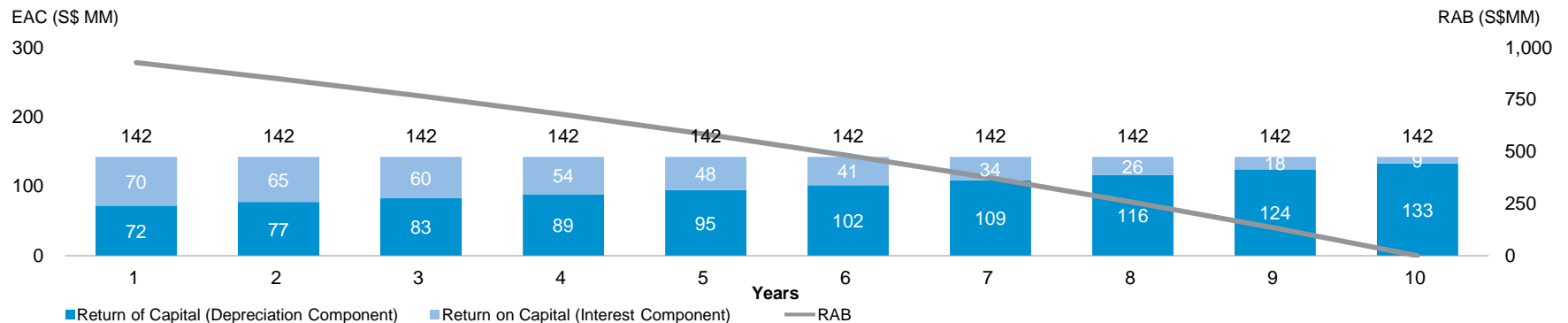
1. IMDA may change the rate of applicable pre-tax WACC in future review period

Understanding the ICO pricing framework

Illustrative Worked Example

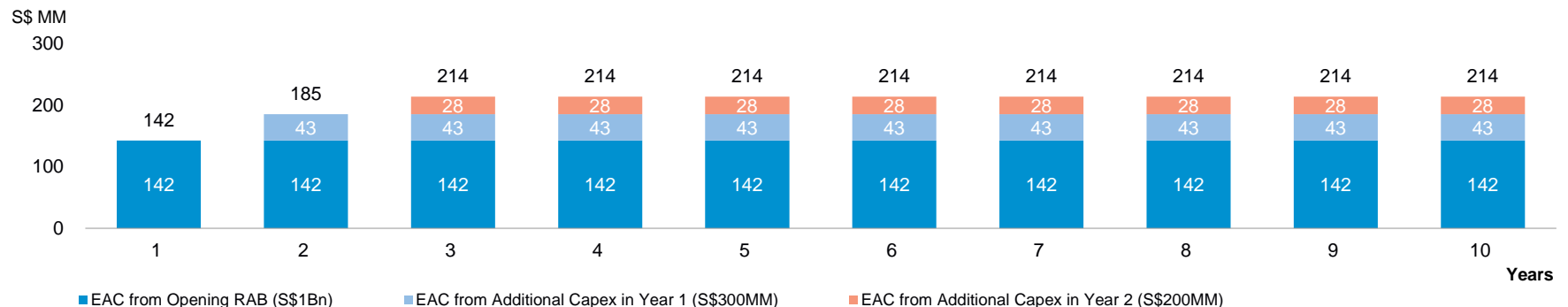
How Does EAC Work for 1 Year's Outflow on Capex?

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)