



NetLinkNBN

the fibre of a smart nation

dbAccess Asia Conference 2018

16 May 2018

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Presentation outline

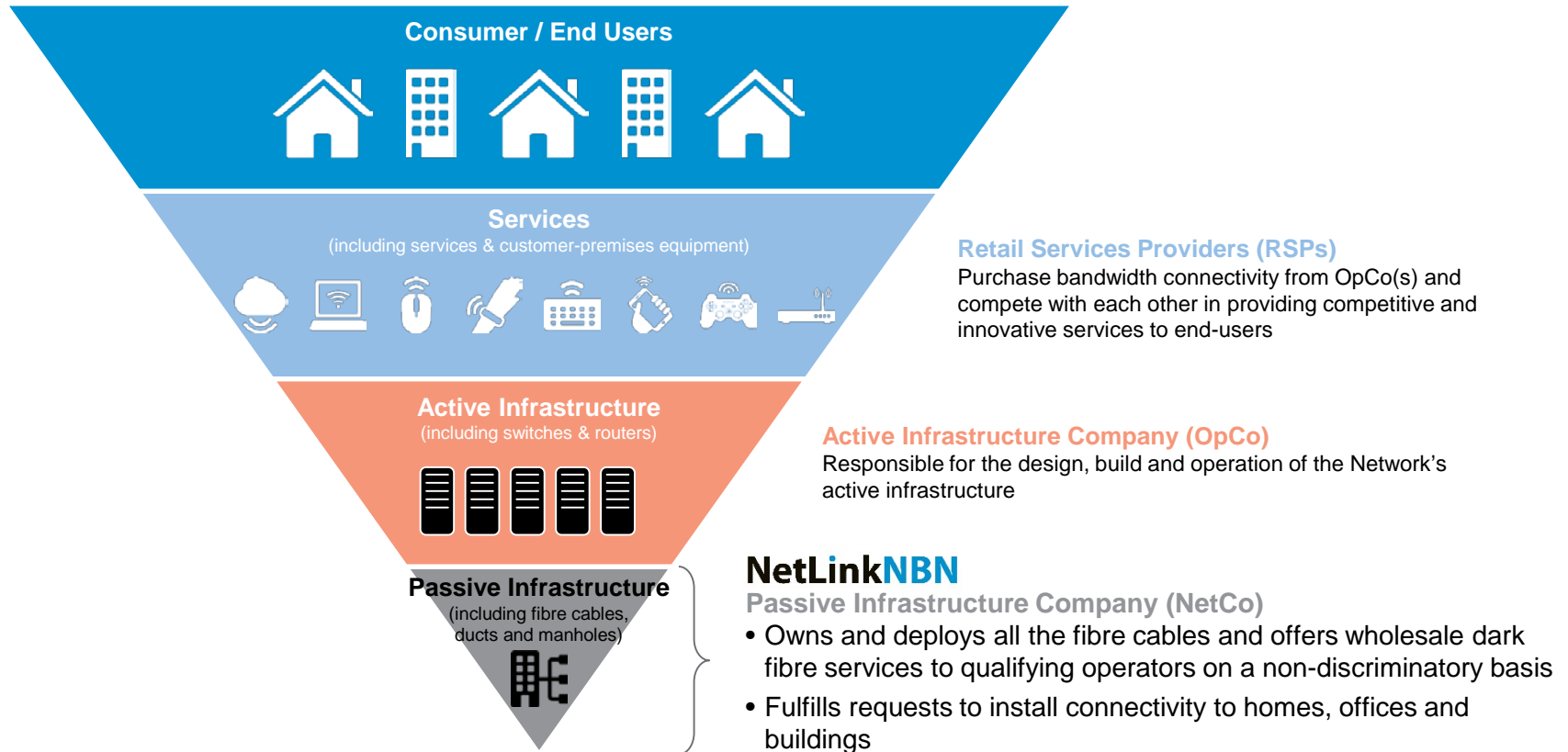
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Section 1
Overview of the Trust Group

Next Gen NBN industry structure

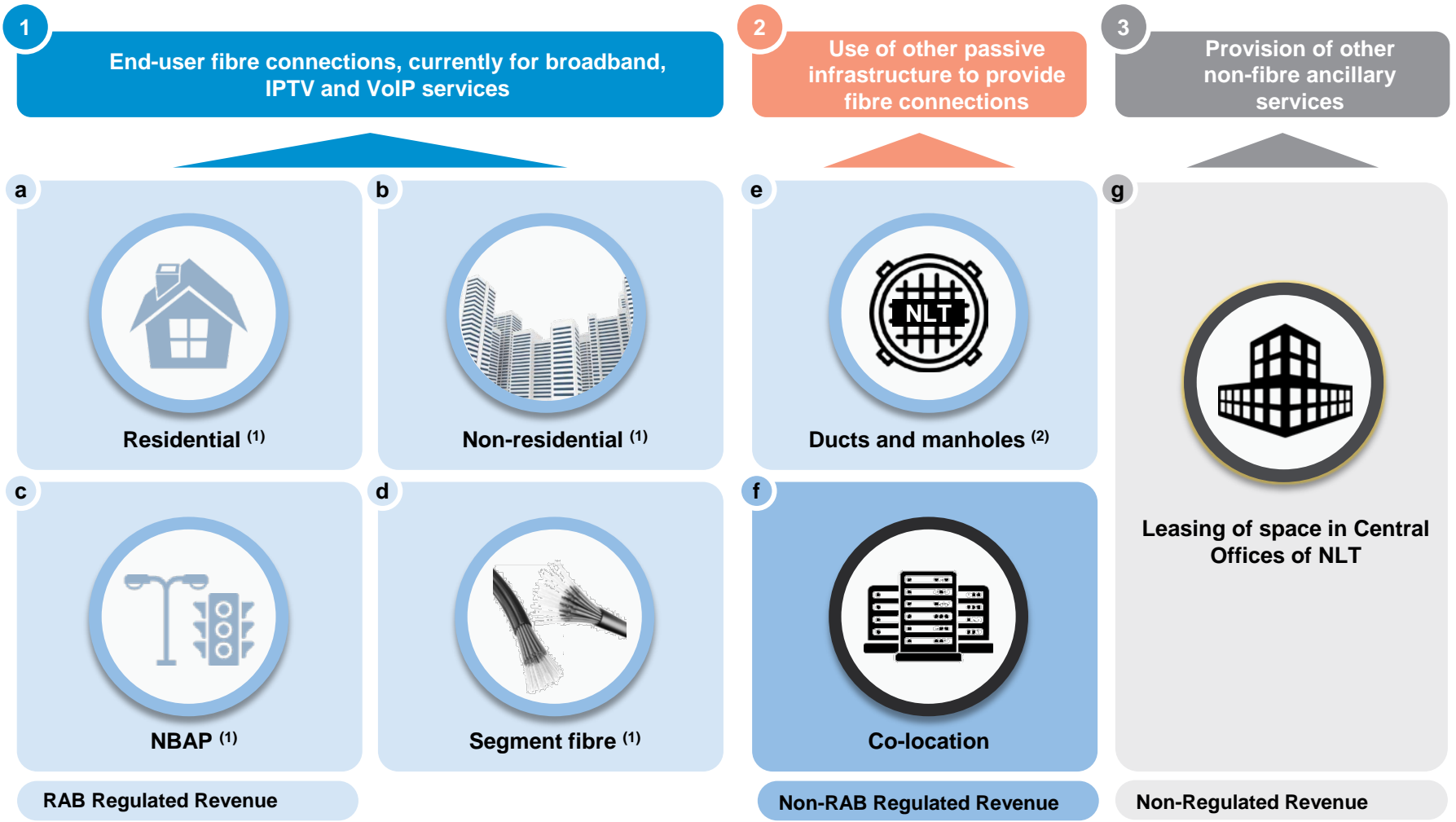
The Next Gen NBN industry comprises three distinct layers to ensure open access to the Next Gen NBN for all participants



The Trust Group's nationwide network is the foundation of the Next Gen NBN

Sole appointed "Network Company" for Singapore's Next Gen NBN

Scope of services provided by the Trust Group



1. From ICO
2. From Ducts and Manhole Service Agreement / RAO



Section 2
Resilient Business Model

1 Critical infrastructure enabling Singapore's Next Gen NBN



Foundation of Next Gen NBN, over which ultra-high-speed internet access is delivered throughout Singapore



Nationwide coverage in Singapore in terms of residential homes and non-residential premises



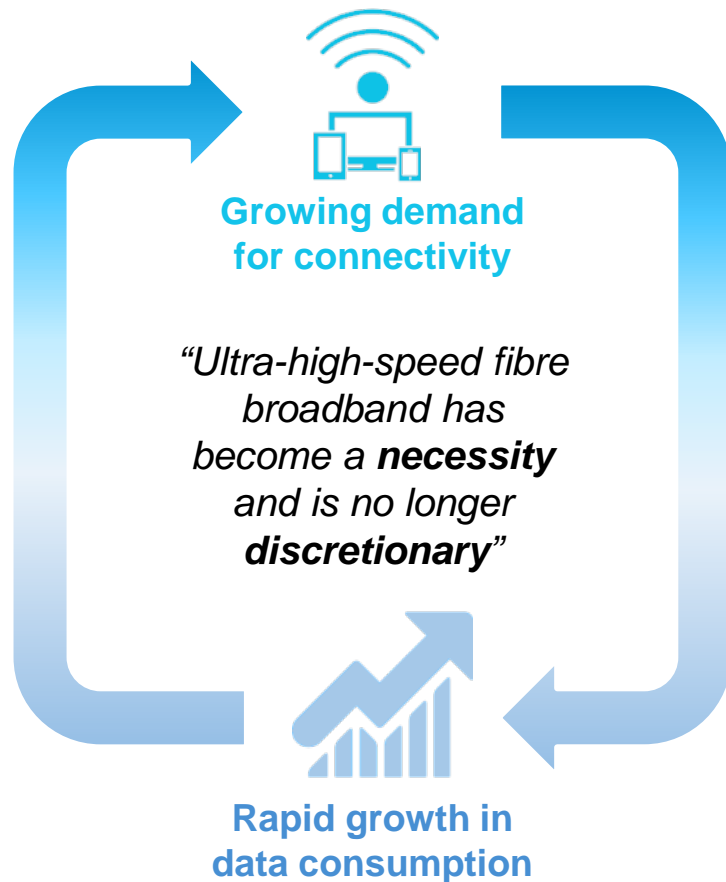
Passive fibre infrastructure supported by an aggregate of S\$732 million government grant



Able to cater to future technological developments with limited substitution risk for the foreseeable future

2 Growing demand for connectivity

Increasing use of fibre broadband services for day-to-day activities makes the Trust Group's business resilient



OTT Content Consumption



Bandwidth Intensive Electronic Games



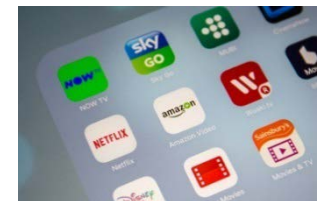
E-Learning



E-Payments



E-Commerce



HD Online Video and Audio Services

3 Sole nationwide provider of residential fibre network in Singapore



**Sole
Nationwide
Provider of
Residential Fibre
Network in
Singapore**



**~1.5 million
Residential
Home
Passed ⁽¹⁾**



**~1.3 million
Residential
Home
Reached ⁽²⁾**

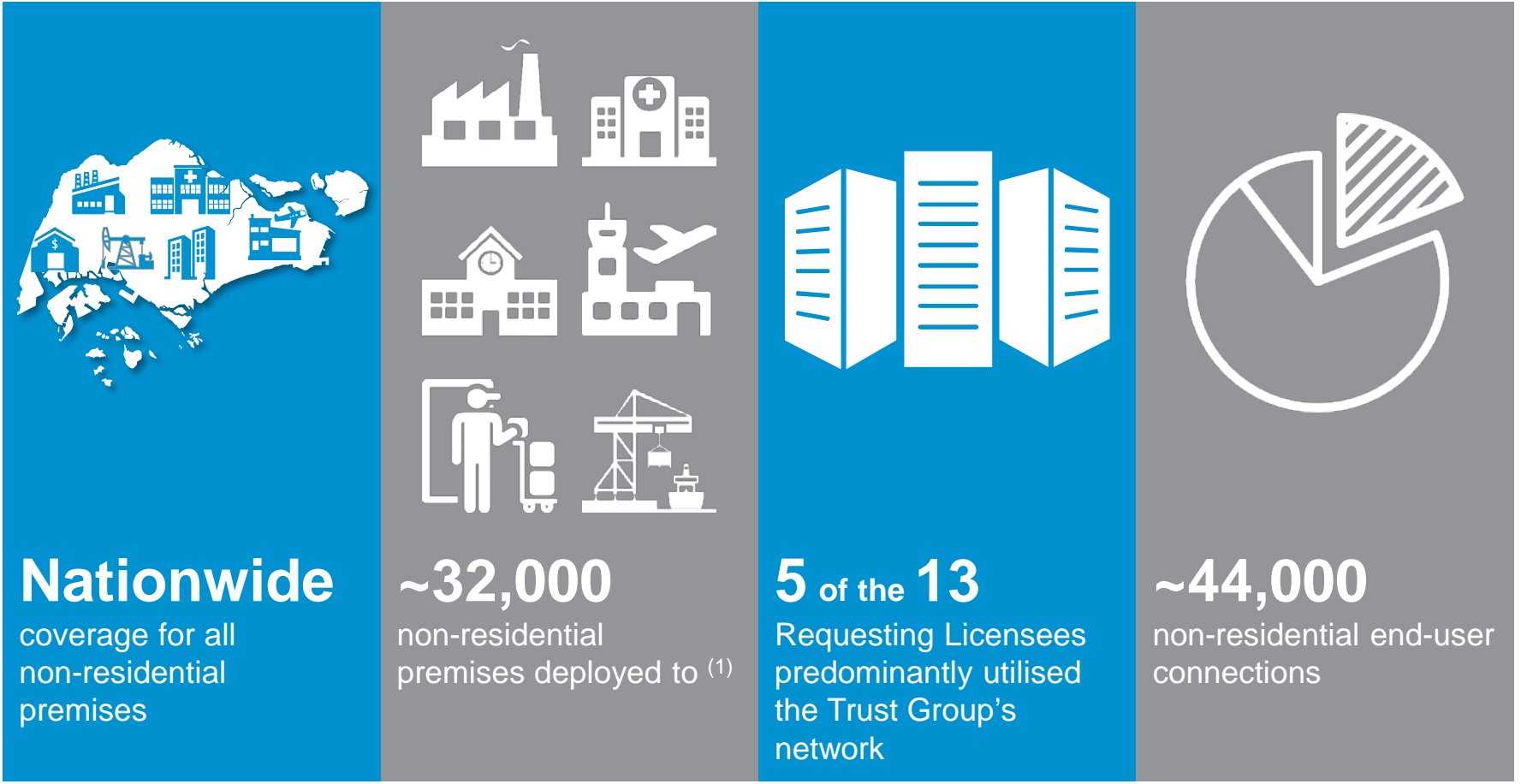


**~1.2 million
Residential
End-User
Connections
Supported**

1. Residential home passed refers to residential premises for which the Trust Group's network has been deployed up to the distribution point of each floor for a high-rise building containing two or more residential premises or to the gatepost or, where applicable, to the nearest manhole for a landed building containing one residential premises

2. Residential home reached refers to the residential premises for which the Trust Group's network has been deployed up to the first termination point in the residential premises

4 Well-positioned to benefit from growth in the non-residential segment as the independent nationwide network provider

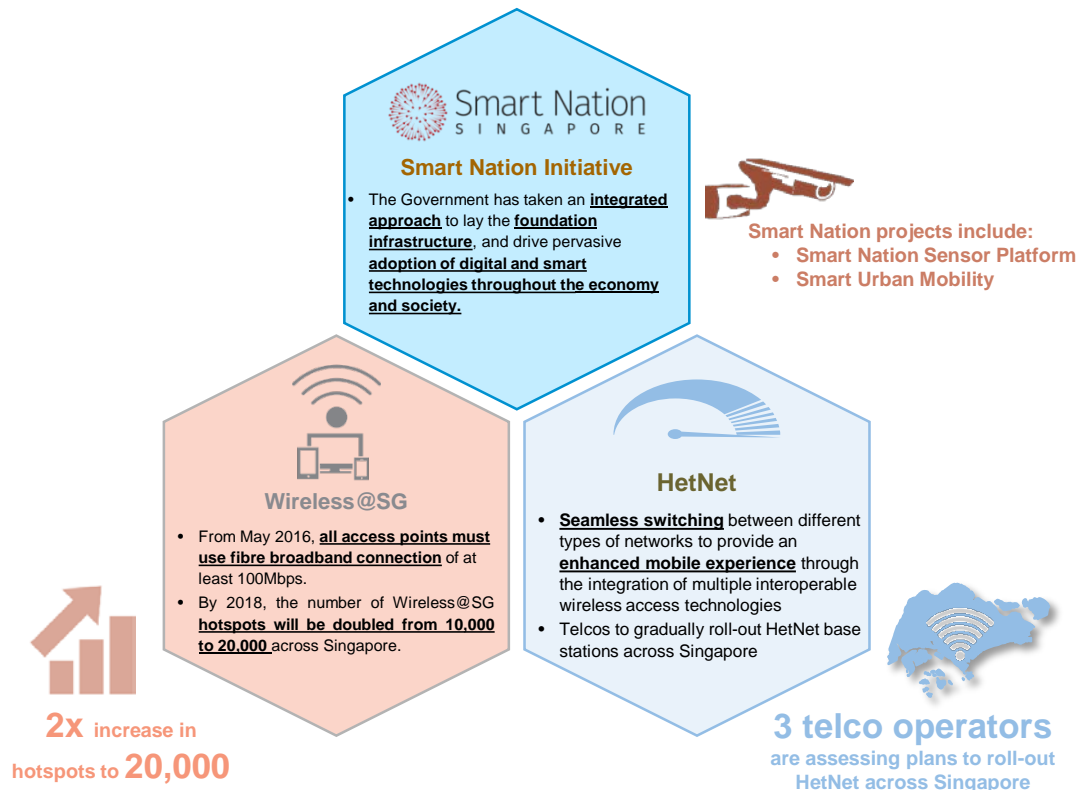


1. Meaning that the Trust Group's network has been deployed up to the telecommunication equipment room of the non-residential premises

Figures are as of 31 Mar 2018 unless otherwise stated

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

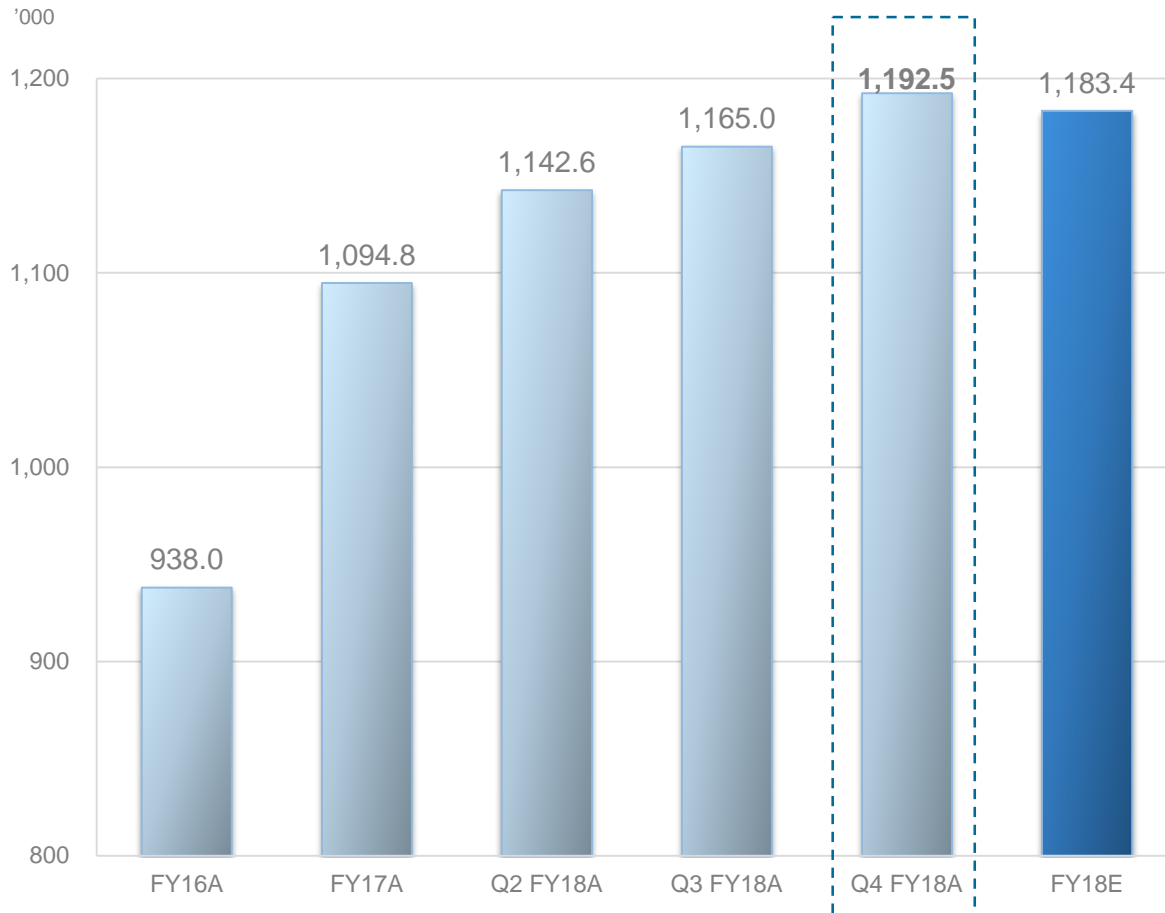
Initiatives that require fibre connections...





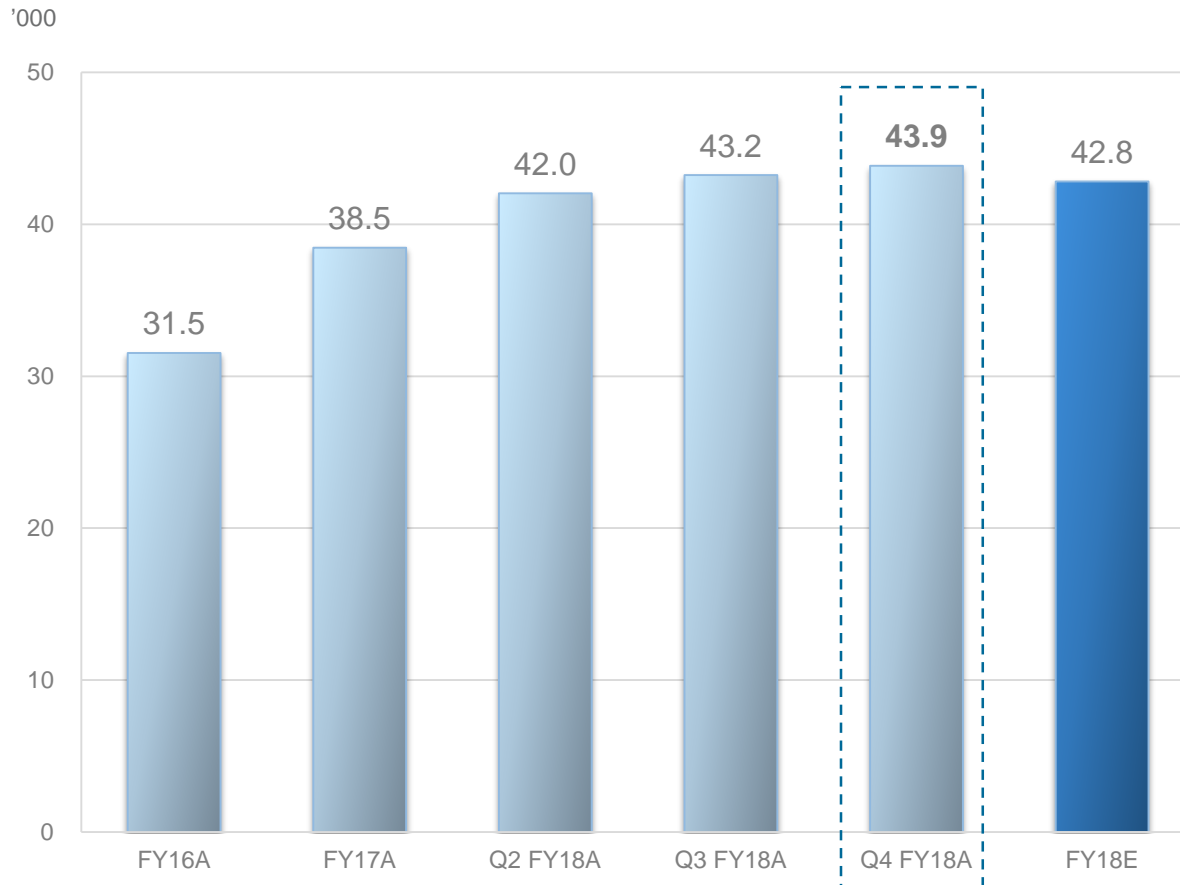
Section 3
**Operational & Financial
Highlights**

Residential fibre connections



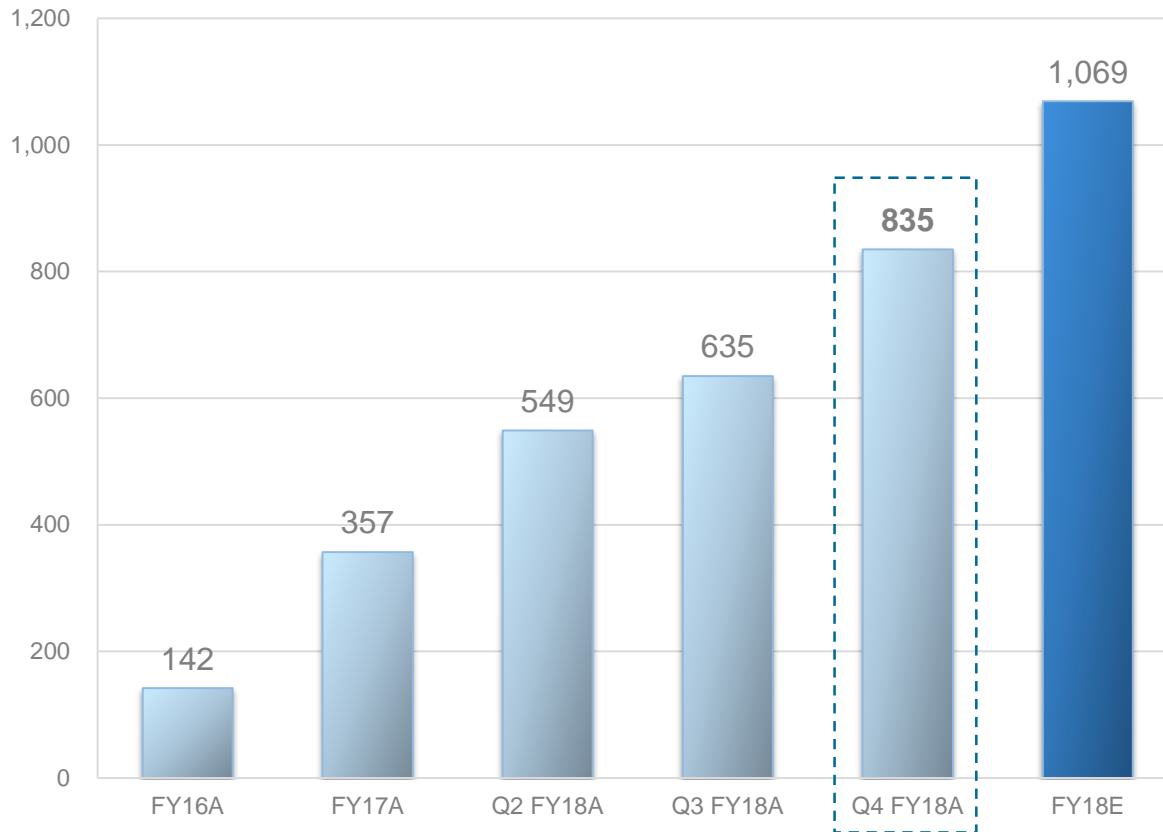
- 1.19m residential connections as at 31 Mar 2018
- Residential connections exceeded forecast by 0.8%.

Non-residential fibre connections



- 43,855 non-residential connections as at 31 Mar 2018
- Non-residential connections exceeded forecast by 2.4%

Non-Building Address Point (“NBAP”) connections



- NBAP connections below forecast due mainly to slower than expected project deployment from customers
- Continue to support RLs and government agencies on the rollout of Smart Nation initiatives

FP18 Profit & loss statement

S\$'000	FP18 ⁽¹⁾	Forecast ⁽²⁾	% Change
Revenue	228,587	232,802	(1.8)
EBITDA	167,275	161,235	3.8
EBITDA margin (%)	73.2%	69.3%	3.9pp
Depreciation & amortisation	(111,811)	(110,543)	1.1
Net finance charges	(11,655)	(12,873)	(9.5)
Profit before tax	43,809	37,819	15.8

⁽¹⁾ No comparative Consolidated Statement of Profit or Loss. Although NetLink NBN Trust was constituted on 19 Jun 2017, there were no operating activities until the acquisition of NetLink Trust, which was completed on the Listing Date on 19 Jul 2017.

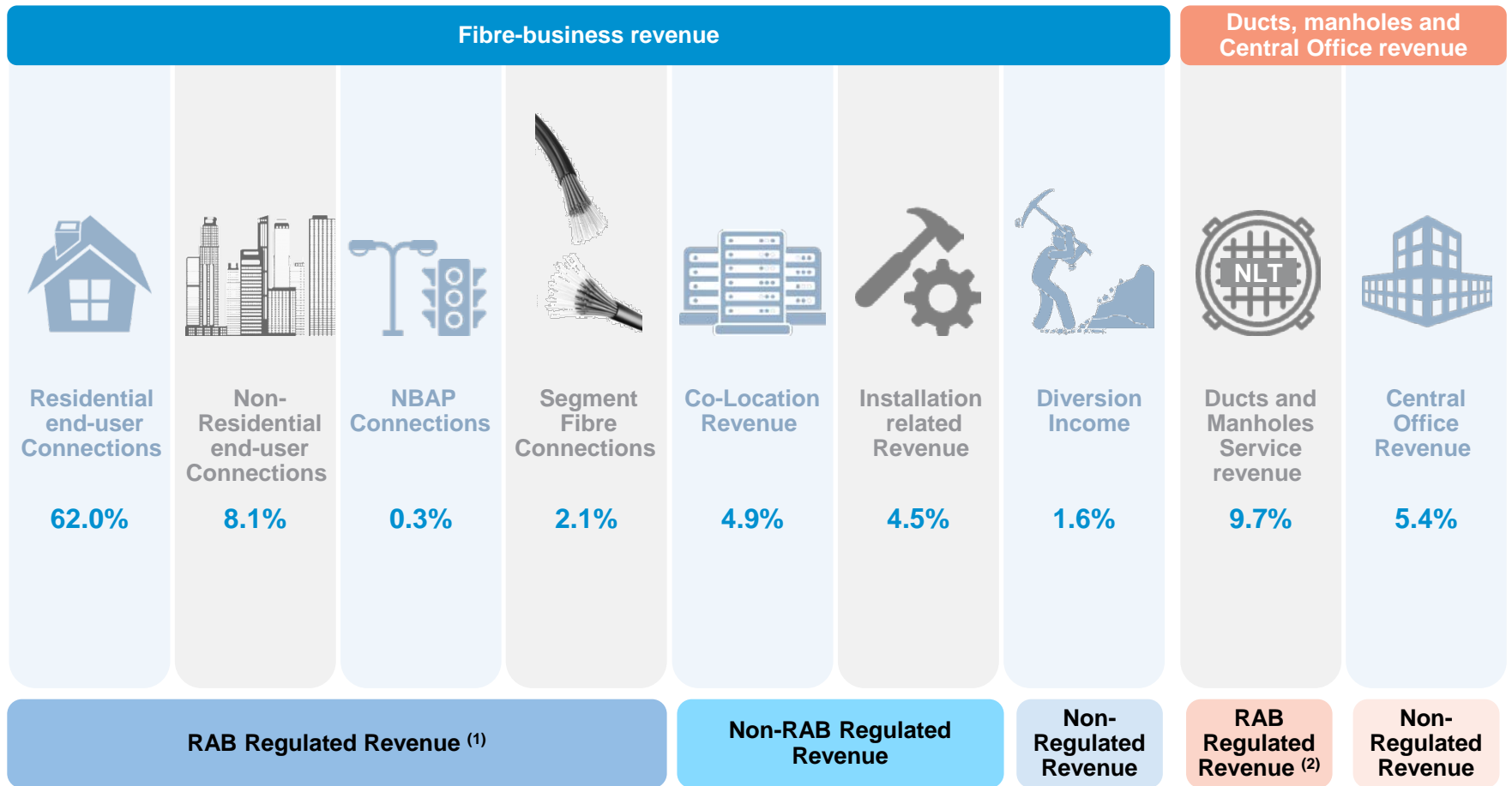
⁽²⁾ Forecast results for the period from 19 Jul 2017 to 31 Mar 2018.

Revenue was lower than forecast mainly due to lower installation-related revenue

EBITDA and **EBITDA margin** were ahead of forecast mainly due to lower operation and maintenance costs, staff costs and other operating expenses.

PBT increased mainly due to higher EBITDA and lower finance charges. Lower finance charges due to lower debt drawdown than projected as a result of stronger operational cash flow and proceeds from over-allotment option as part of the IPO

FP18 Key revenue segments



1. From ICO
2. From Ducts and Manhole Service Agreement / RAO

Q4 FY18 Profit & loss statement

S\$'000	Q4 FY18 ⁽¹⁾	Forecast ⁽²⁾	% Change
Revenue	80,716	84,387	(4.4)
EBITDA	57,341	58,432	(1.9)
EBITDA margin (%)	71.0%	69.2%	1.8pp
Depreciation & amortisation	(40,306)	(39,617)	1.7
Net finance charges	(4,098)	(5,044)	(18.8)
Profit before tax	12,937	13,771	(6.1)

⁽¹⁾ No comparative Consolidated Statement of Profit or Loss. Although NetLink NBN Trust was constituted on 19 Jun 2017, there were no operating activities until the acquisition of NetLink Trust, which was completed on the Listing Date on 19 Jul 2017.

⁽²⁾ Forecast results for the period included Jan 2018 - Mar 2018 figures that were part of the Forecast Period 2018 projections disclosed in the Prospectus.

Revenue was lower than forecast mainly due to lower installation-related revenue.

EBITDA was lower than forecast mainly due to lower revenues; **EBITDA Margin** was 1.8pp better than forecast due to lower operation and maintenance costs, staff costs and other operating expenses

Balance sheet as at 31 Mar 2018

Cash Balance	S\$166 million
Net Debt	S\$425 million
Net Assets	S\$3,174 million
Debt/EBITDA ⁽¹⁾	2.5x
EBITDA Interest Cover ⁽¹⁾	9.8x
Net Assets per unit ⁽²⁾	81.5 cents

⁽¹⁾ Ratios calculated based on NetLink Trust Group's trailing 12-month financials

⁽²⁾ Net assets per unit represents equity divided by total number of units (3,896,971,100)

Focus for FY19

Quality of service

- Continue to improve our residential and non-residential QoS Timeframe Standards performance
- Pre-lay fibre infrastructure to non-residential buildings to speed up service provisioning
- Continue to maintain high network reliability of > 99.99%

Customers

- Support RLs' efforts to acquire new corporate and NBAP customers
- Support RLs', government agencies' and end-users' Smart Nation initiatives, such as the developments in Punggol Digital District and Jurong Innovation District.
- Support network deployment of 4th mobile operator

Network expansion

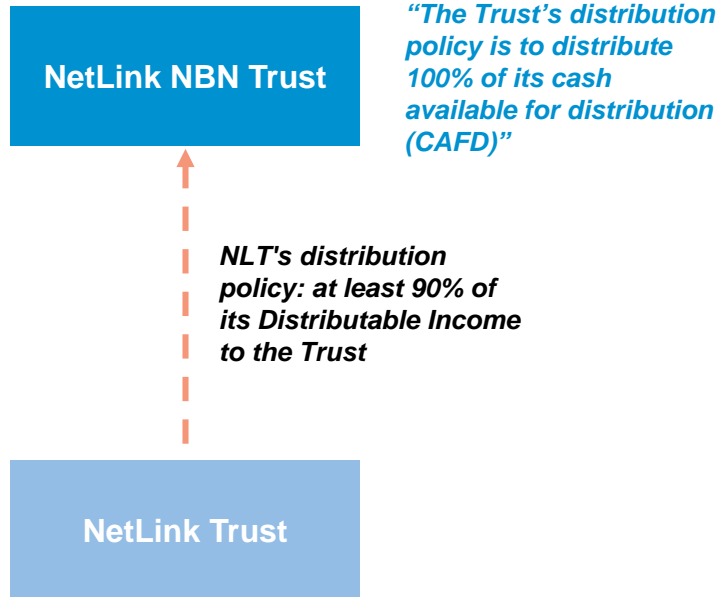
- Continue to expand our network coverage in new housing estates (such as Sengkang, Punggol, and Tengah estates) and expand network capacity to existing residential and non-residential sites
- Monitor 5G development in Singapore and explore opportunities associated with the new technology

Financial forecast

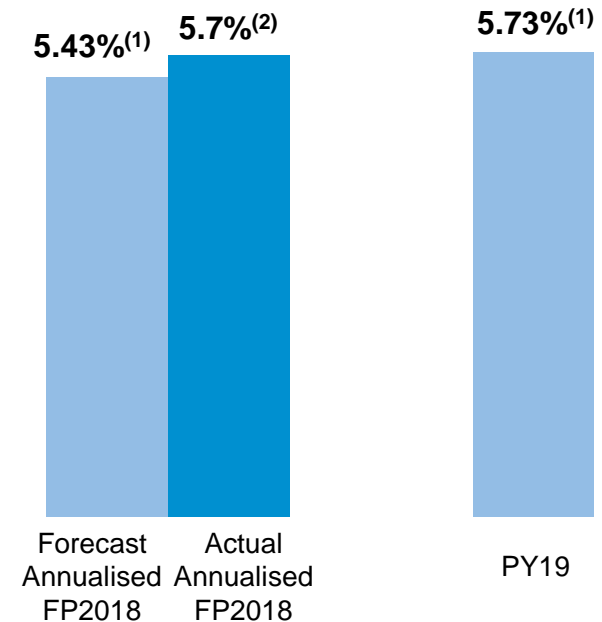
- FY19 distribution as per forecast in the IPO prospectus
- Maintain debt capital structure in line with disclosure at IPO

Long-term, regular and predictable distributions

Distribution Policy



Distribution Yield



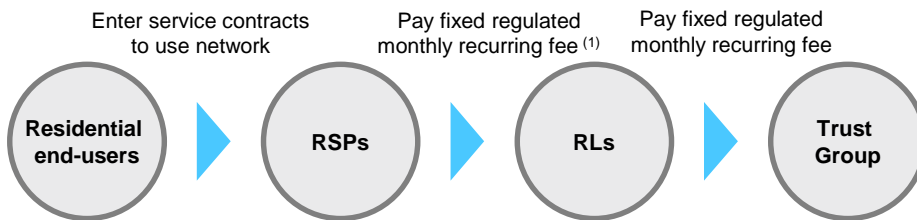
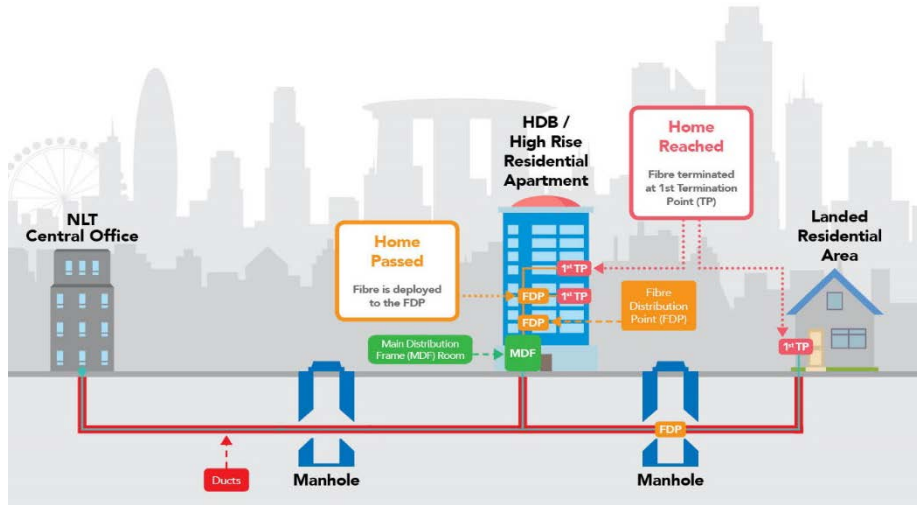
Distributions made by the Trust are exempt from Singapore income tax in the hands of all Unitholders

1. Distribution yields based on assumptions set out in the IPO prospectus and based on the IPO offering price of S\$0.81 per Unit.
2. Distribution yield based on the distribution declared for FP2018 and based on the IPO offering price of \$0.81 per Unit.

Supplemental Business Information

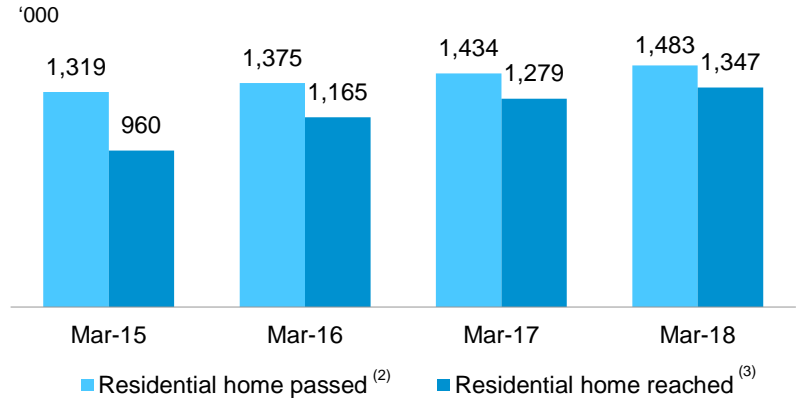
a Residential segment

Providing fibre connection to all residential homes in Singapore

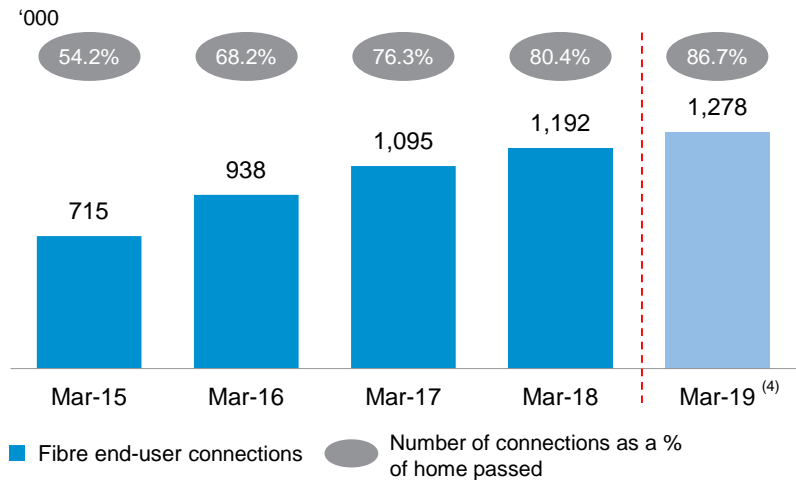


1. In the case of Nucleus Connect. Pricing between other RSPs and RLs are commercially agreed and not publically available
2. Residential home passed refers to residential premises for which the Trust Group's network has been deployed up to the distribution point of each floor for a high-rise building containing two or more residential premises or to the gatepost or, where applicable, to the nearest manhole for a landed building containing one residential premises
3. Residential home reached refers to the residential premises for which the Trust Group's network has been deployed up to the first termination point in the residential premises
4. Projection Year 2019 is the 12-month period from 1 Apr 2018 to 31 Mar 2019

The Trust Group's key operating statistics

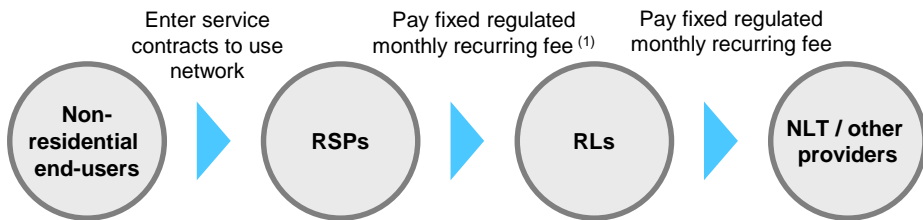
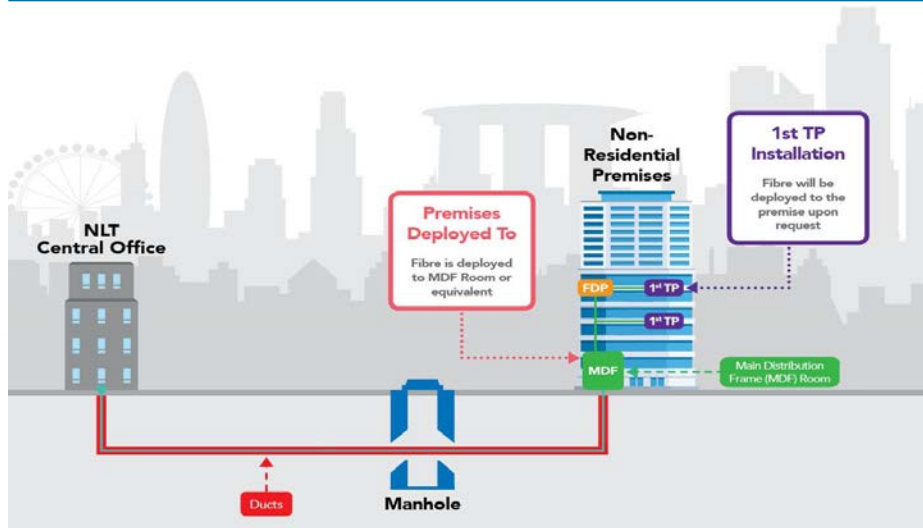


Growth in the Trust Group's fibre end-user connections



b Non-residential segment

Providing competitive non-residential access across Singapore



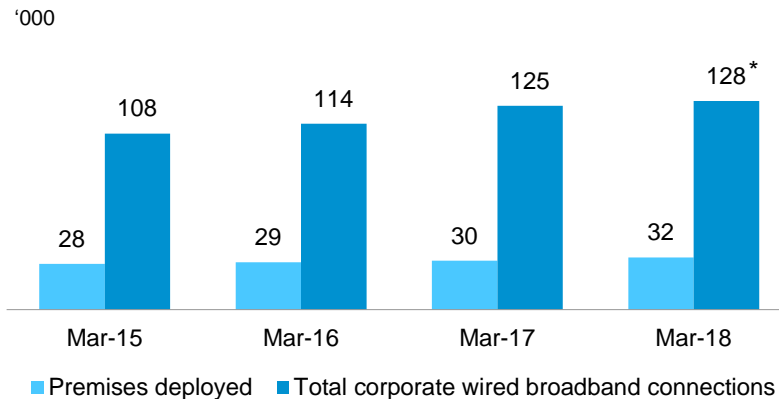
- Subject to competition, NLT's extensive nationwide network accesses non-residential end-users across Singapore (in particular SMEs outside the CBD) in a **cost efficient** way, and offers an **attractive neutral option** for RSPs as an independent network provider

1. In the case of Nucleus Connect. Pricing between other RSPs and RLS are commercially agreed and not publically available

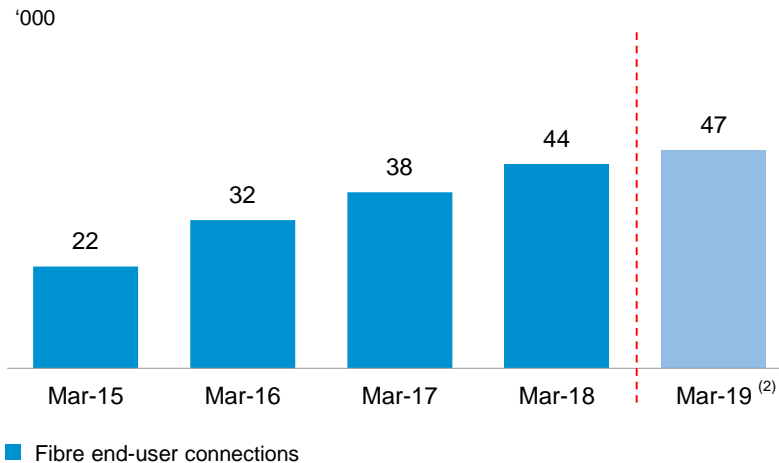
2. Projection Year 2019 is the 12-month period from 1 Apr 2018 to 31 Mar 2019

* Based on the latest available information provided by IMDA

The Trust Group's key operating statistics and total addressable market

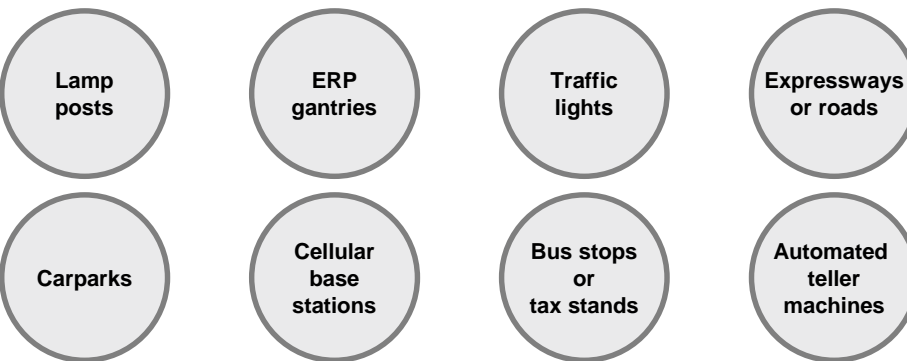
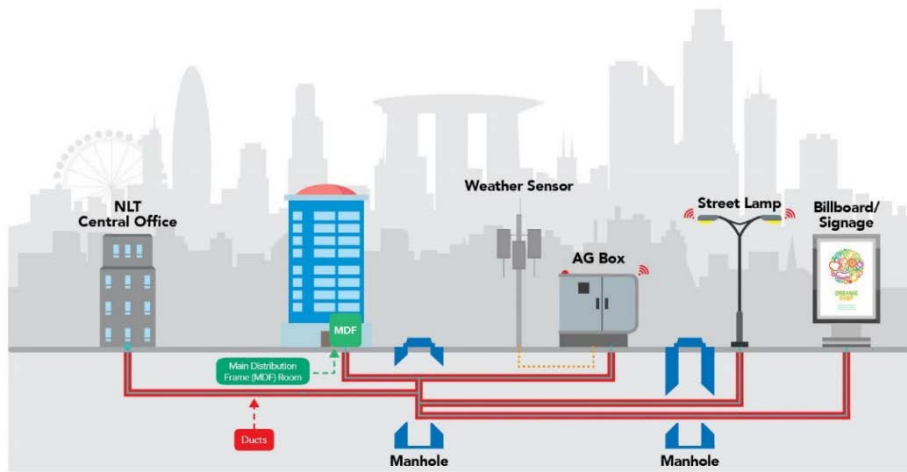


Increase in the Trust Group's non-residential fibre end-user connections



c NBAP segment

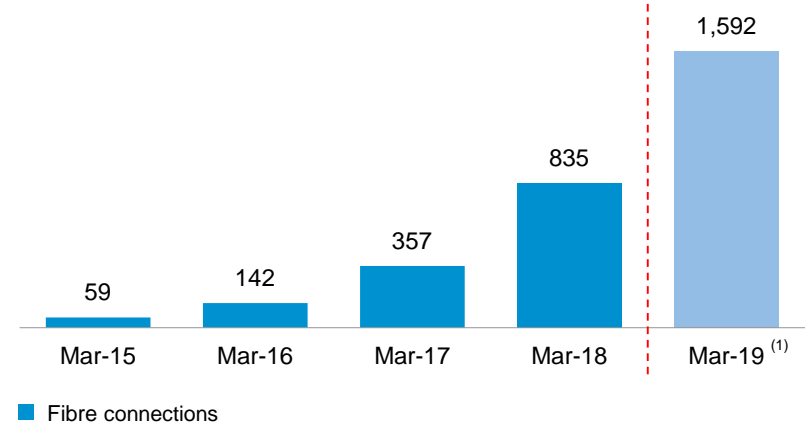
Providing NBAP connection services throughout Singapore



1. Projection Year 2019 is the 12-month period from 1 Apr 2018 to 31 Mar 2019

The Trust Group's key operating statistics

NBAP connections



The Trust Group's NBAP segment to benefit from Smart Nation initiatives

- The Trust Group is the only provider of NBAP connections in "Phase 1" of the Smart Nation Programme
- The demand for NBAP services is expected to continue to grow with the roll-out of Singapore's Smart Nation programme

NetLink Trust's pricing for its services

Pricing of NLT's principal services are regulated by IMDA

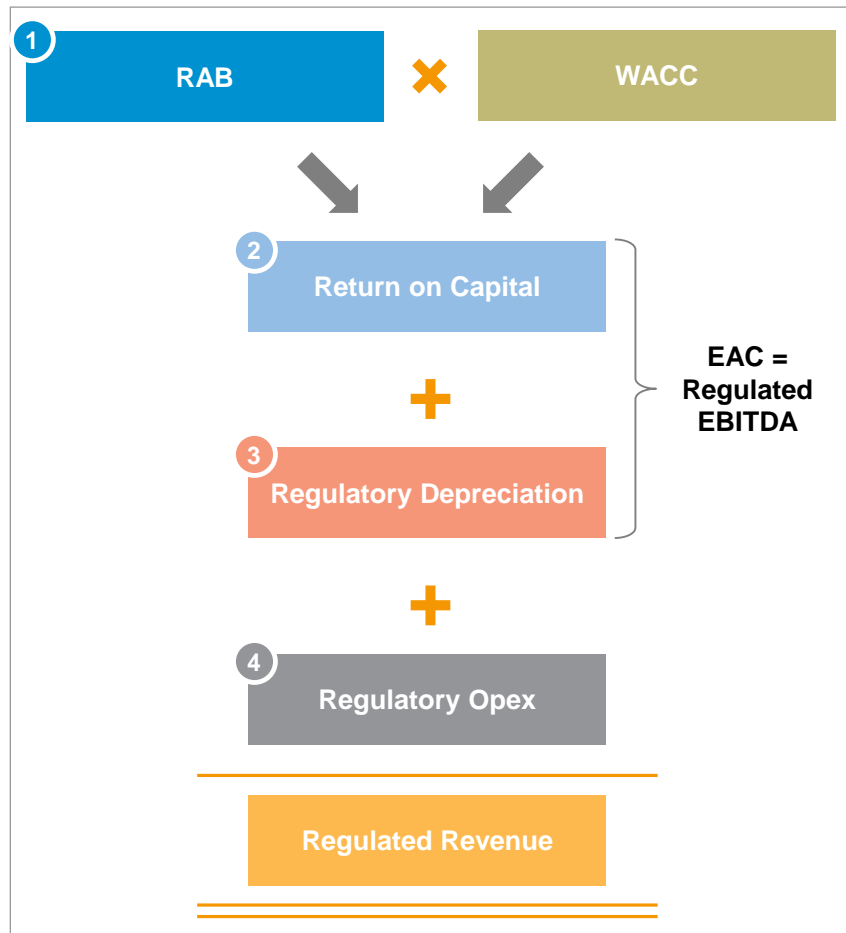
- IMDA shall hold a review of pricing terms every five years following the last price review, or at any such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review)
 - The most recent review by IMDA of prices under the Interconnection Offer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

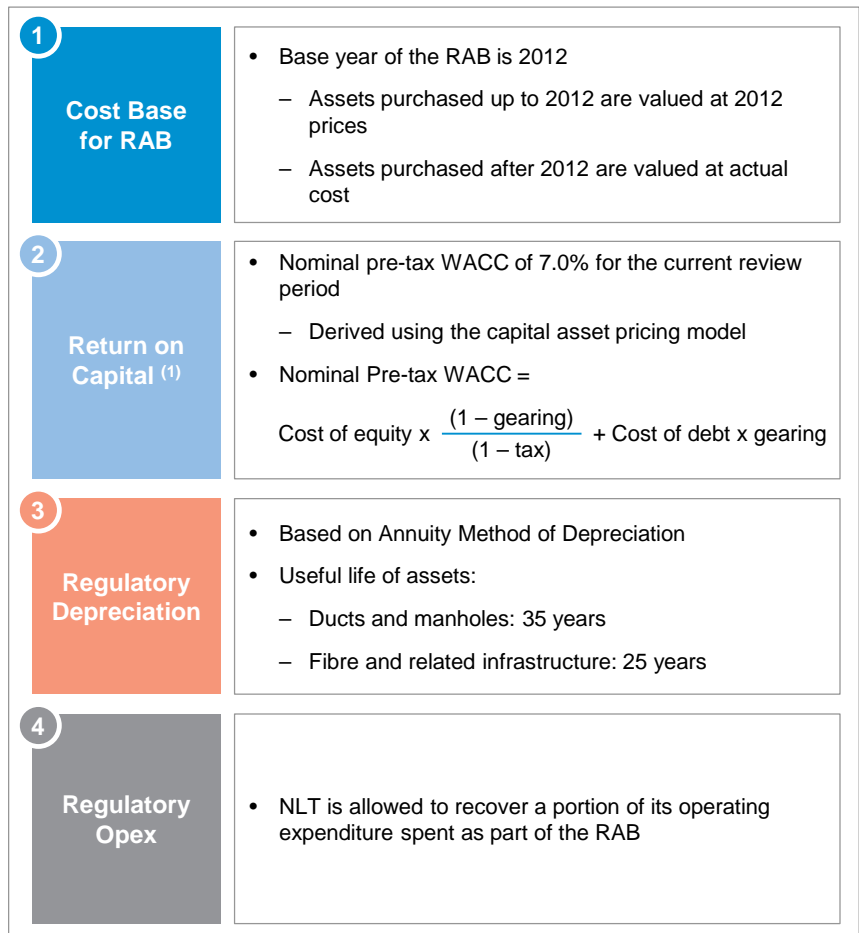
Residential	S\$13.80 per connection per month
Non-residential	S\$55 per connection per month
NBAP	S\$73.80 per connection per month

NetLink Trust's pricing for its services

Framework for RAB Based Pricing Model



Methodology for RAB based pricing model



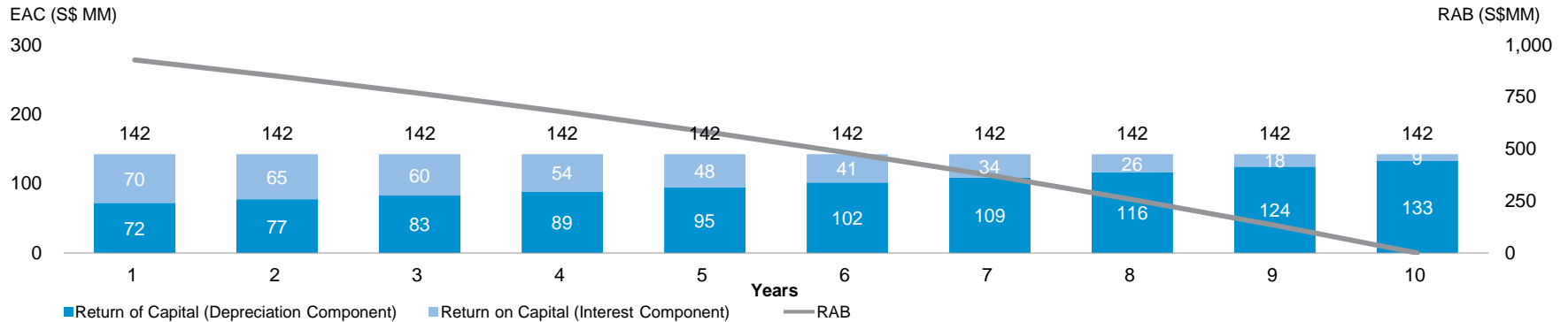
1. IMDA may change the rate of applicable pre-tax WACC in future review period

Understanding the ICO pricing framework

Illustrative Worked Example

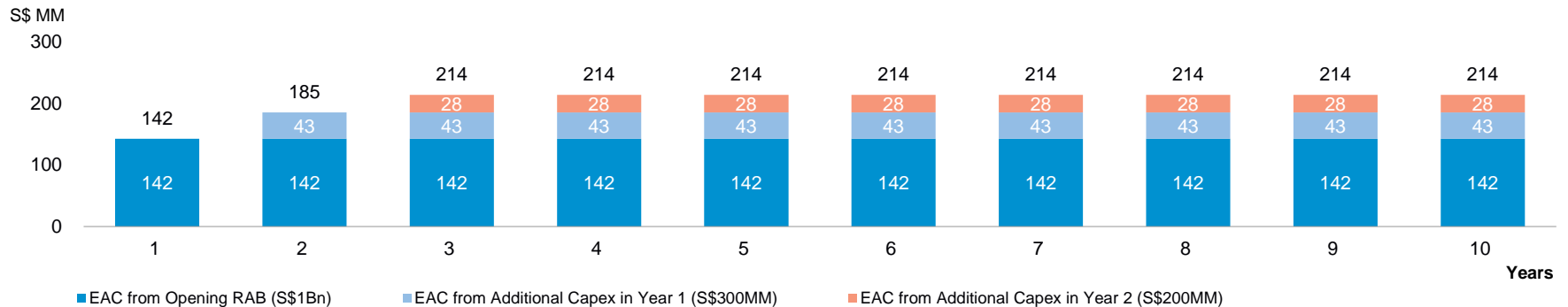
How Does EAC Work for 1 Year's Outflow on Capex?

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)

Thank You