

NetLinkNBN

the fibre of a smart nation

Corporate Connect Seminar

21 March 2019

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Overview

Key Highlights

- **YTD EBITDA & PAT have exceeded projections by 3.8% and 20.1% respectively**
- **Residential fibre connections has surpassed the full-year IPO projections with 1.28 million residential end-users**
- **Resilient business model with transparent and predictable revenue streams**
- **Strong balance sheet to support growth**
- **The Trust Group expects to achieve the projected revenue as stated in the Prospectus for FY19 due to the better year-to-date performance**

Financial Snapshot

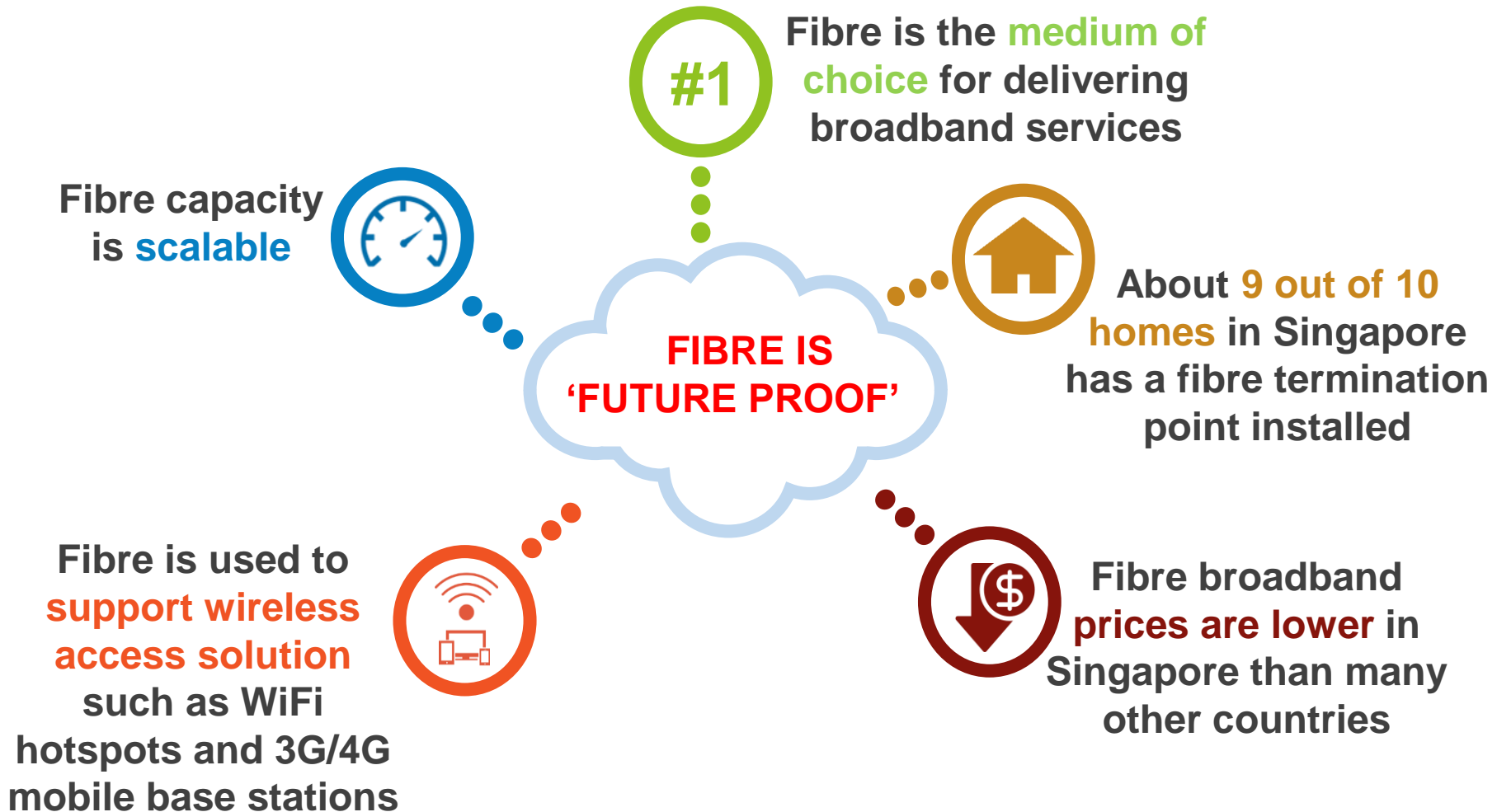
\$m	Q3 FY19	Variance vs Projection ⁽¹⁾
Revenue	89.0	↑ 3.4%
EBITDA	62.8	↑ 3.7%
EBITDA Margin	70.6%	↑ 0.2 p.p
Profit After Tax	19.6	↑ 17.6%

\$m	As at 31 Dec 2018
Market Capitalisation ⁽²⁾	2,962
Enterprise Value ⁽²⁾	3,496
Net Assets	3,009
NAV Per Unit (Cents)	77.2

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

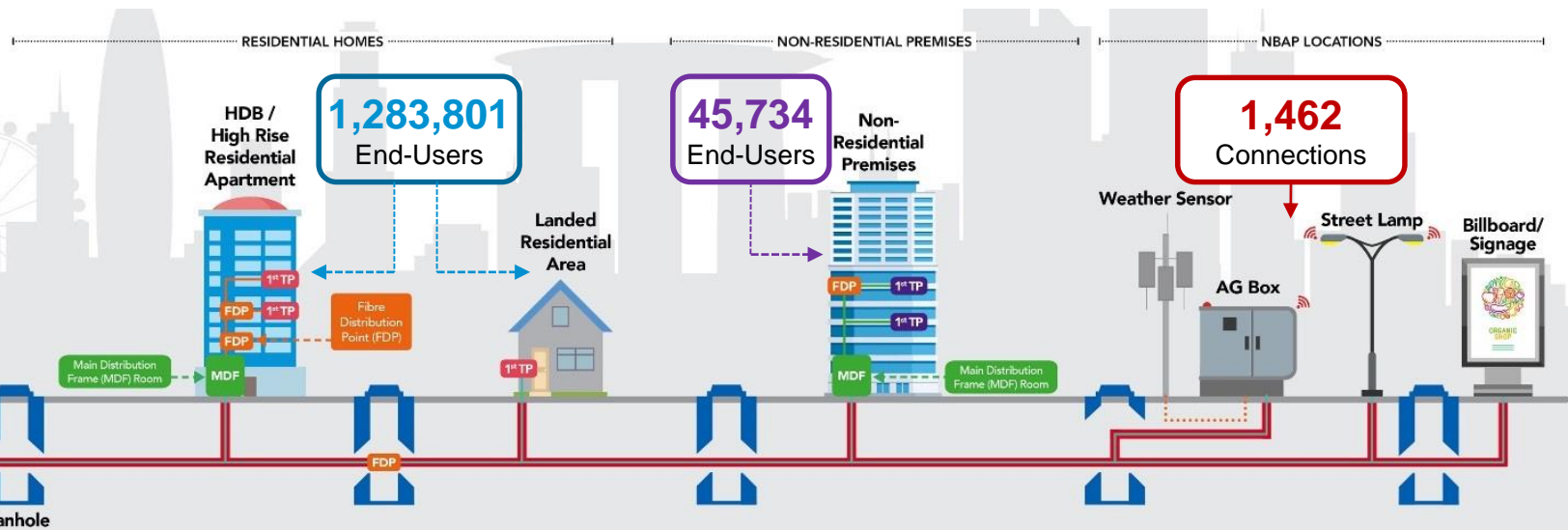
(2) Based on the unit price of \$0.76 as at 31 Dec 2018.

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





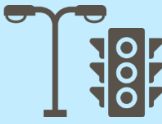





Our network

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



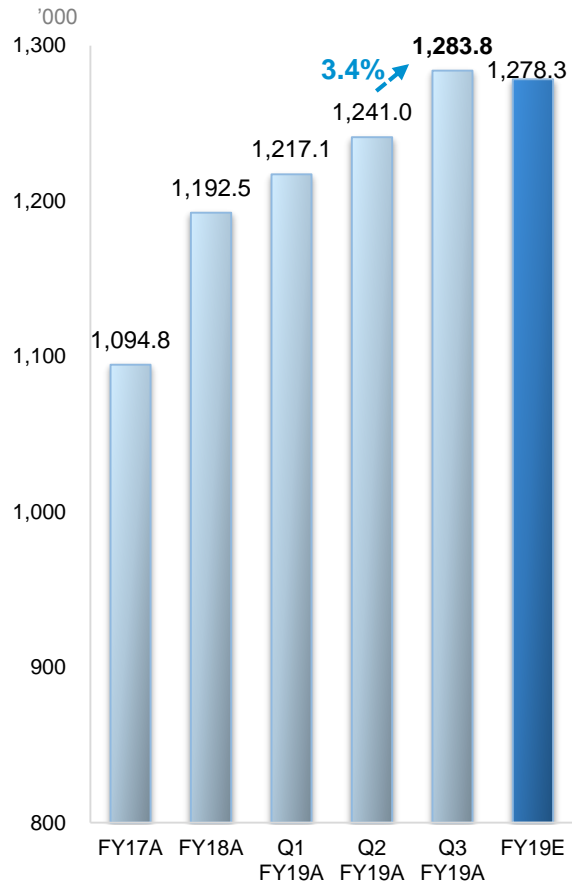
* Figures are as at 31 Dec 2018

A resilient business model

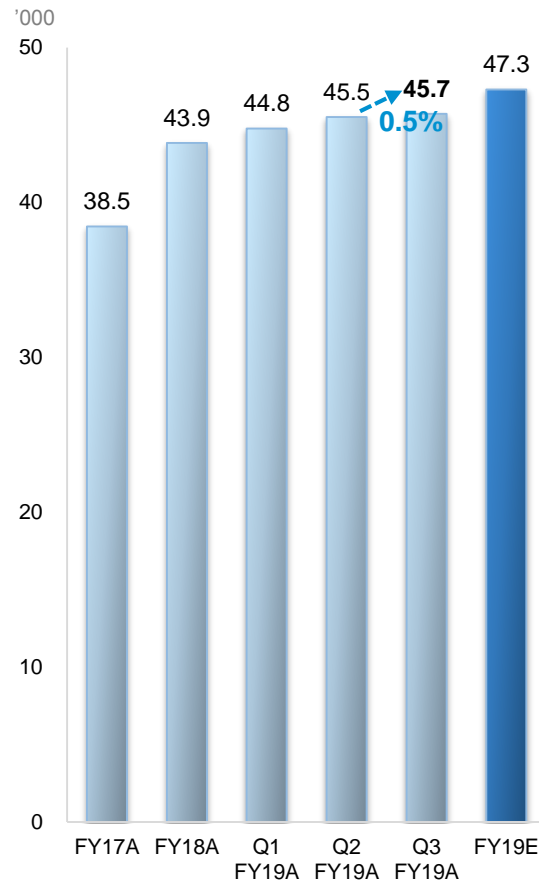
	RAB Revenue				Non-RAB Revenue			
% of Q3 FY19 Revenue								
	Residential Connections	Non-Residential Connections	NBAP and Segment Fibre Connections	Ducts and Manholes Service Revenue	Installation Related Revenue	Diversion Revenue	Co-Location and Other Revenue	Central Office Revenue
	58.5%	8.5%	1.9%	10.6%	7.1%	2.6%	5.7%	5.1%
Recurring, predictable cash flows	✓	✓	✓	✓	–	–	✓	✓
Long-term contracts / customer stability	✓	✓	✓	✓	–	–	✓	✓
Regulated revenues	✓	✓	✓	✓	✓	–	✓	–
Creditworthy customers	✓	✓	✓	✓	✓	✓	✓	✓

Fibre connections

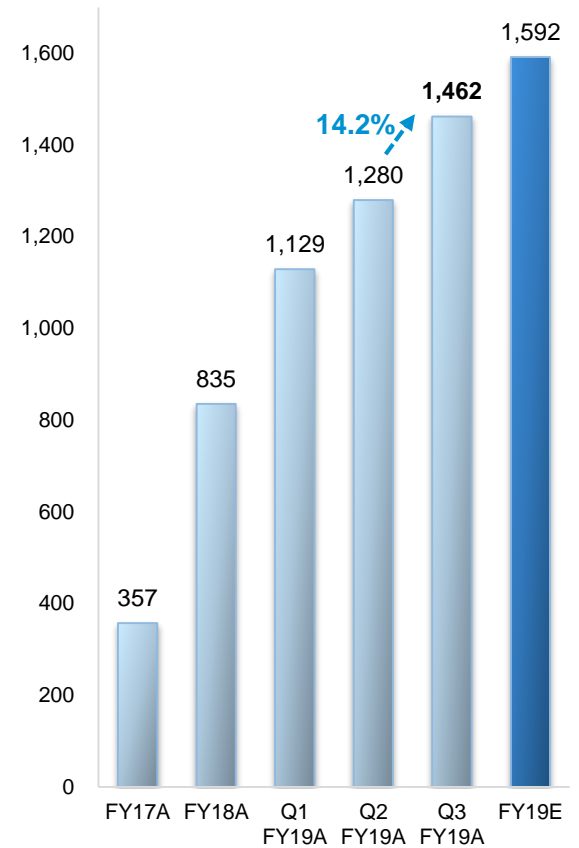
Residential



Non-Residential



Non-Building Address Points



Q3 FY19 Profit & loss statement

S\$'000	Q3 FY19	Projection ⁽¹⁾	Variance (%)
Revenue	89,012	86,108	3.4
EBITDA	62,834	60,588	3.7
EBITDA margin (%)	70.6	70.4	0.2pp
Depreciation & amortisation	(40,243)	(40,865)	(1.5)
Net finance charges	(4,486)	(5,588)	(19.7)
Profit Before Tax	18,106	14,135	28.1

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

Revenue was higher due to higher diversion revenue and ducts and manholes service revenue. This was partially offset by lower than projected installation-related revenue.

EBITDA margin was in line with projections

9M FY19 Profit & loss statement

S\$'000	9M FY19	Projection ⁽¹⁾	Variance (%)
Revenue	265,717	254,779	4.3
EBITDA	185,065	178,355	3.8
EBITDA margin (%)	69.6	70.0	(0.4pp)
Depreciation & amortisation	(120,049)	(122,595)	(2.1)
Net finance charges	(12,969)	(15,674)	(17.3)
Profit Before Tax	52,047	40,086	29.8

(1) Projection for the nine months ended 31 Dec 2018 was part of the Projection Year 2019's projection disclosed in the prospectus dated 10 Jul 2017.

Revenue was higher due to higher diversion revenue and ducts and manholes service revenue. This was partially offset by lower than projected installation-related revenue.

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

Balance sheet as at 31 Dec 2018

Cash Balance	S\$102m
Gross Debt	S\$636m
Net Assets	S\$3,009m
Gross Debt/EBITDA	2.6x
EBITDA Interest Cover	13.5x
Net Assets Per Unit ⁽¹⁾	77.2

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

Growth opportunities

**In the next
5 years**

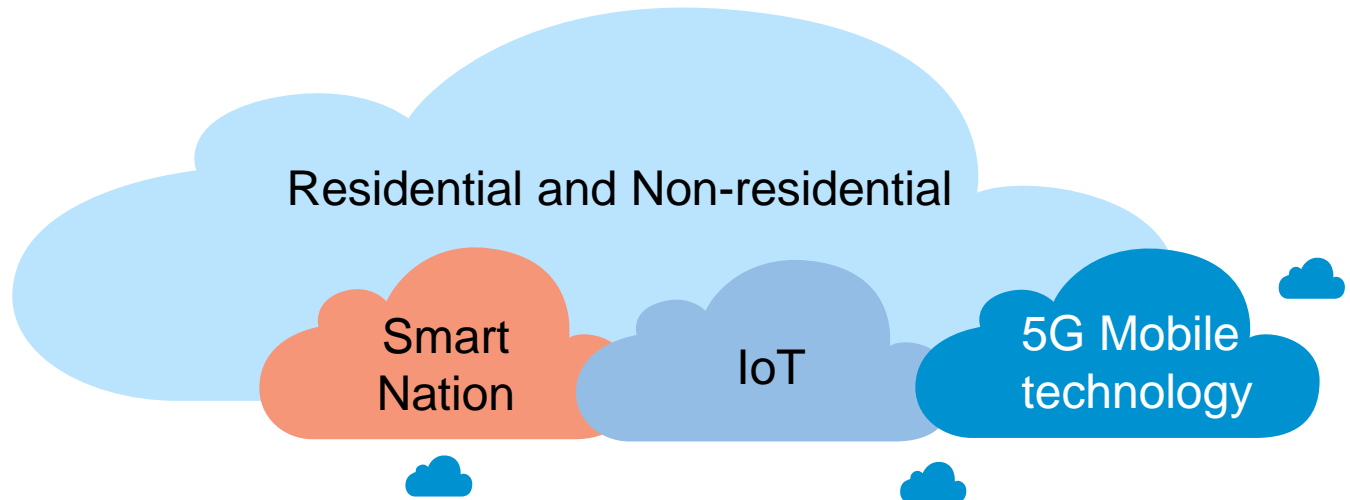


Residential homes not on
fibre broadband & new
household formations

Increasing Non-residential
end-users

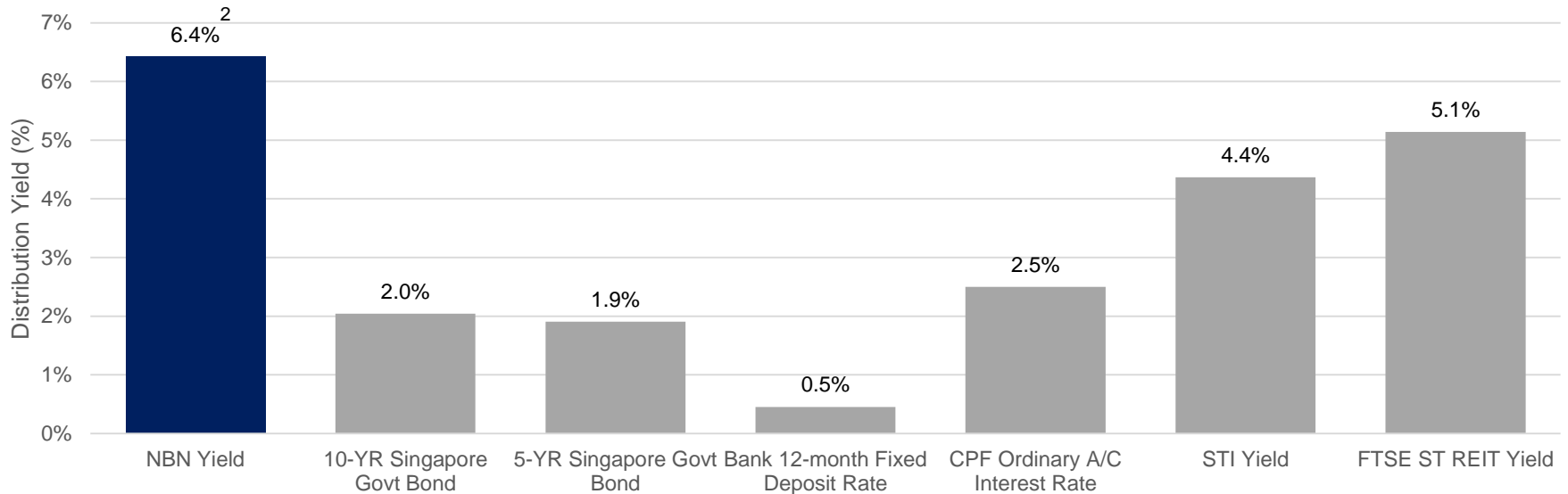
NBAP demand
from Smart
Nation, IoT
and mobile

**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 31 Dec 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 \$0.76 cents as at 31 Dec 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

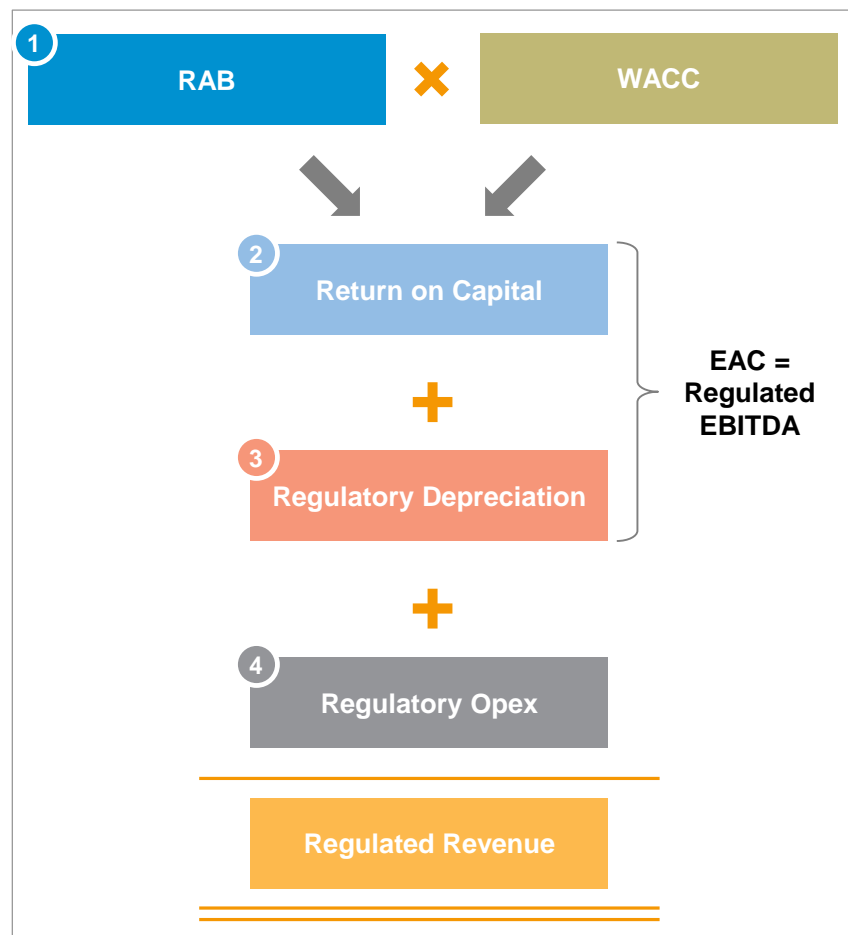
- IMDA shall hold a review of pricing terms every five years following the last price review, or at any such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review)
 - The most recent review by IMDA of prices under the Interconnection Offer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

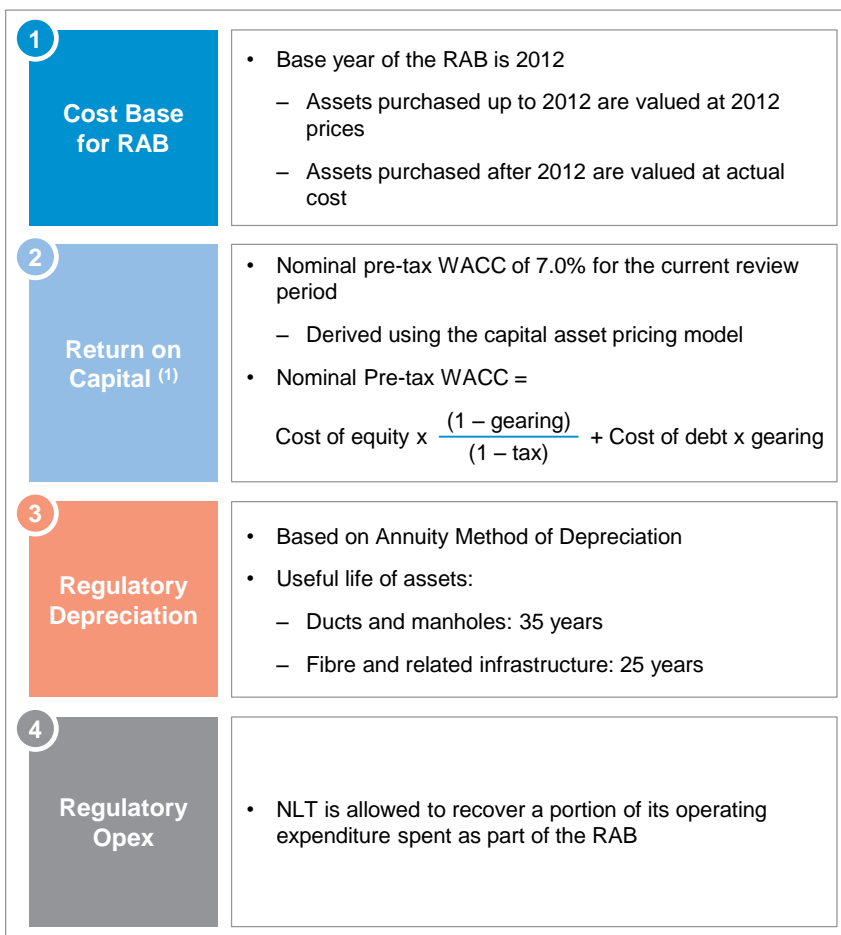
Residential	S\$13.80 per connection per month
Non-residential	S\$55 per connection per month
NBAP	S\$73.80 per connection per month

NetLink Trust's pricing for its services

Framework for RAB Based Pricing Model



Methodology for RAB based pricing model



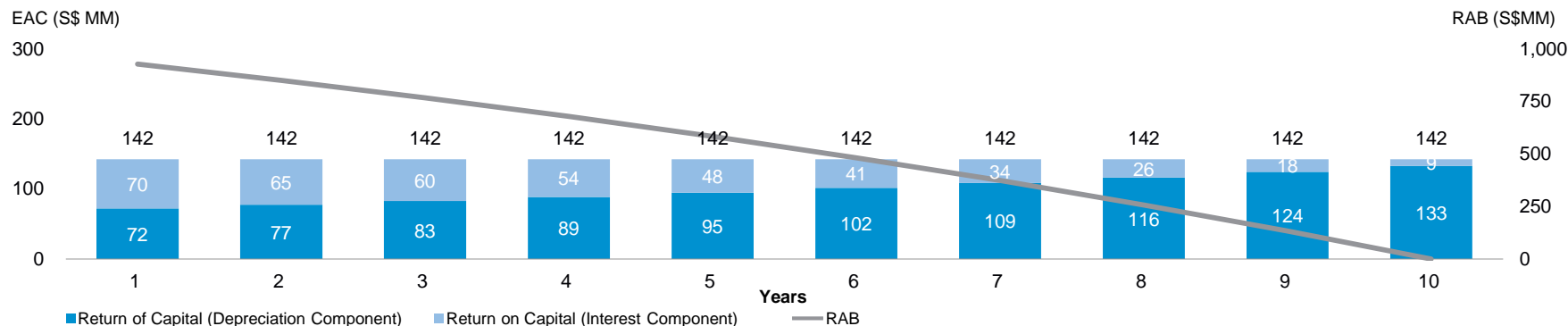
1. IMDA may change the rate of applicable pre-tax WACC in future review period

Understanding the ICO pricing framework

Illustrative Worked Example

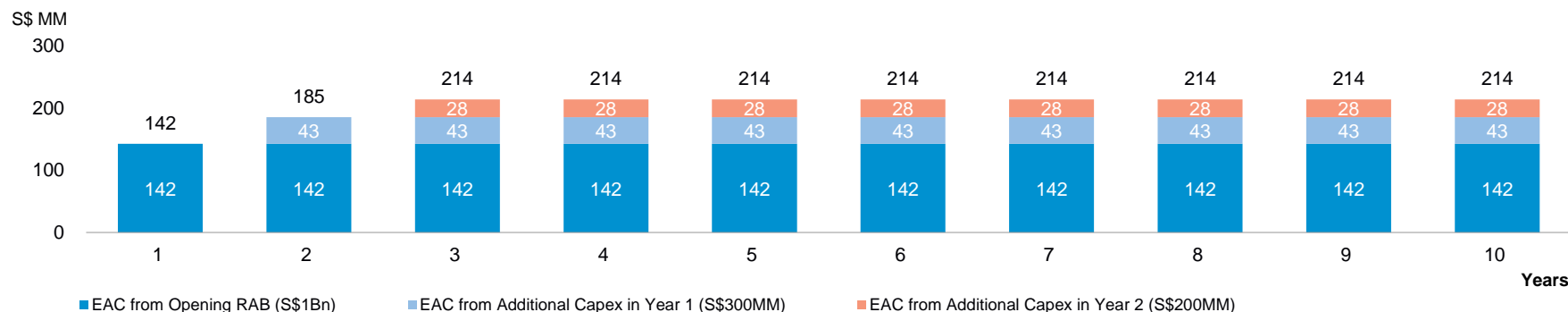
How Does EAC Work for 1 Year's Outflow on Capex?

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)