

NetLinkNBN
the fibre of a smart nation

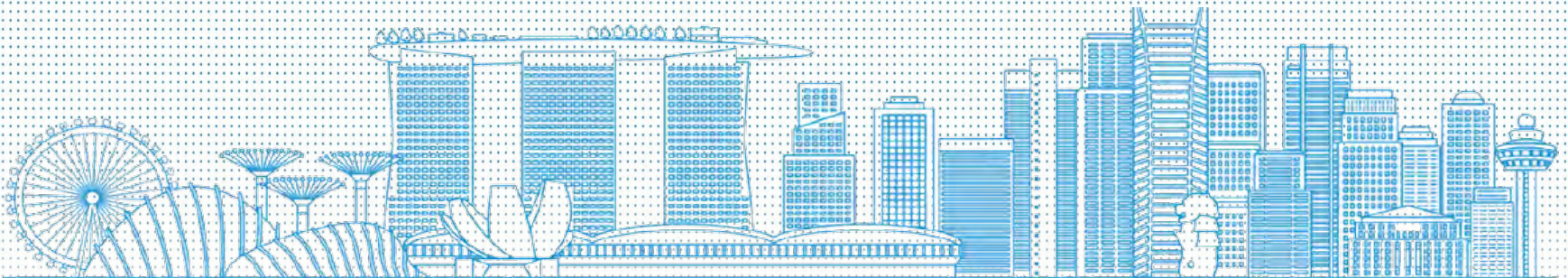
DBS Vickers Private Bankers Briefing

Nomura ASEAN Virtual Conference

3 March 2022

Lim & Tan Trading Representatives Briefing

4 March 2022



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Financial snapshot⁽¹⁾

REVENUE

S\$282m

↑ 1.9%⁽²⁾

CASH BALANCE

S\$113m

**MARKET
CAPITALISATION⁽³⁾**

S\$3,897m

EBITDA

S\$197m

↓ 6.2%⁽²⁾

GROSS DEBT

S\$666m

**ENTERPRISE
VALUE⁽³⁾**

S\$4,450m

(1) 9MFY22

(2) Variance versus 9MFY21

(3) Based on the unit price of S\$1.00 at 31 Dec 2021

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

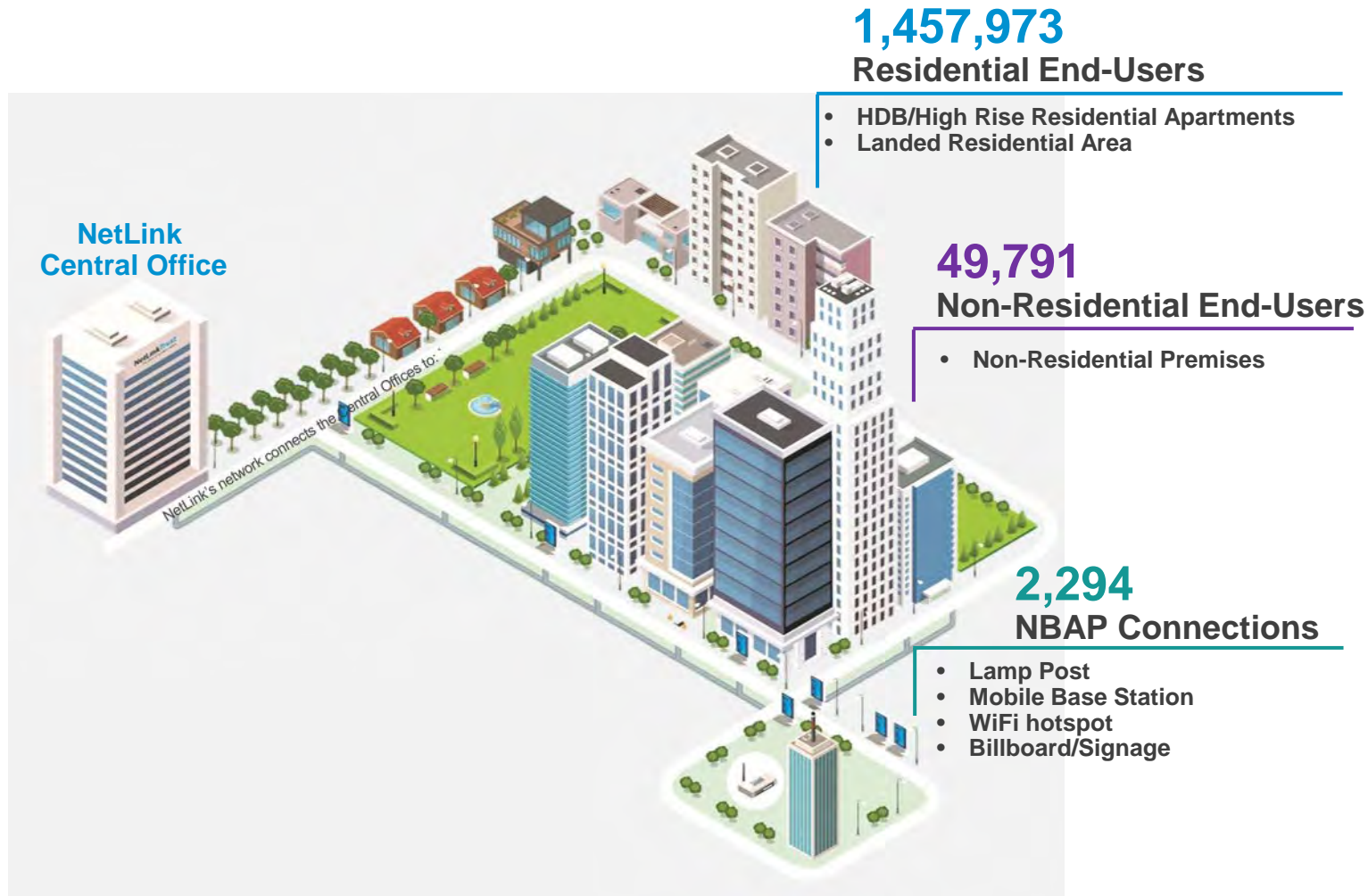
Fibre supports last-mile wireless access solutions such as WiFi hotspots and 4G/5G mobile base stations





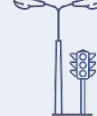





SCALABLE

Fibre capacity is highly scalable and can support future transmission technologies

Our network



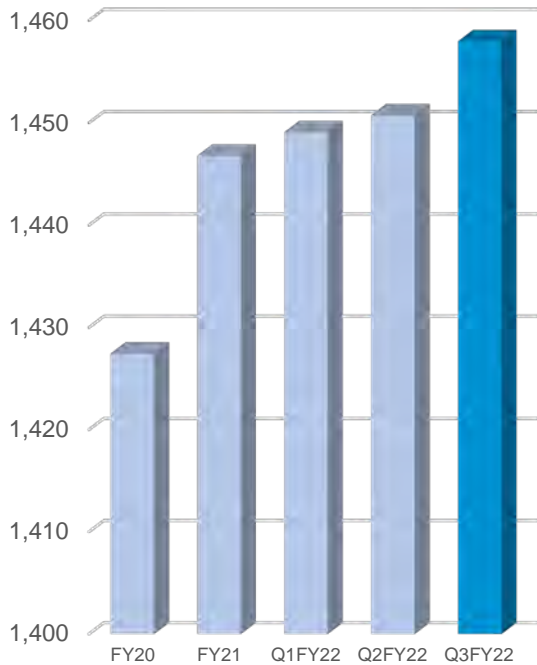
A resilient business model

	 Residential Connections	 Non-Residential Connections	 NBAP & Segment Connections	 Ducts & Manholes Service Revenue	 Installation Related Revenue	 Diversion Revenue	 Co-Location & Other Revenue	 Central Office Revenue
	RAB Revenue				Non-RAB Revenue			
% of 9MFY22 Revenue	64.0%	8.2%	3.3%	7.5%	5.2%	2.3%	5.2%	4.3%
Recurring, predictable cash flows	✓	✓	✓	✓	-	-	✓	✓
Long-term contracts / customer stability	✓	✓	✓	✓	-	-	✓	✓
Regulated revenues	✓	✓	✓	✓	✓	-	✓	-
Creditworthy customers	✓	✓	✓	✓	✓	✓	✓	✓

Fibre connections

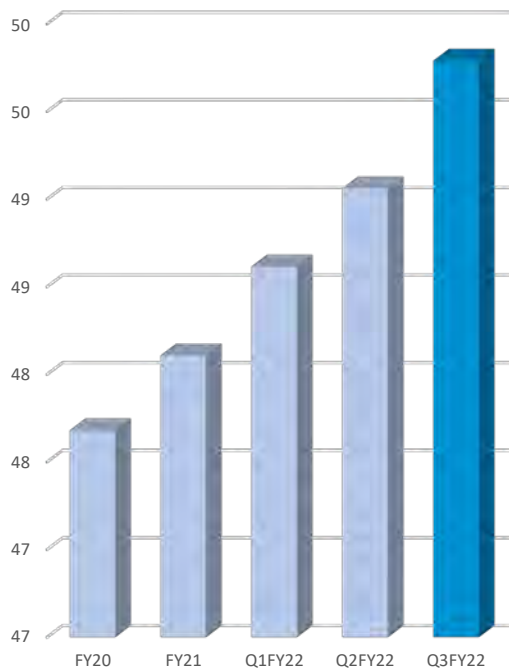
Residential

'000 1,427 1,447 1,449 1,451 **1,458**



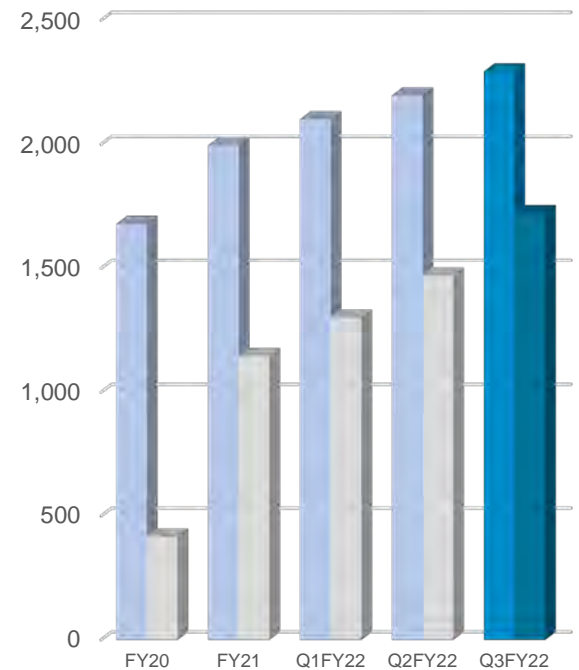
Non-Residential

'000 47.7 48.1 48.6 49.1 **49.8**



Non-Building Address Points and Segment Connections¹

■ NBAP 1,679 1,996 2,101 2,197 **2,294**
 ■ Segment 417 1,146 1,301 1,471 **1,668**



¹ Segment fibre connections comprise, *inter alia*, Central Office to Central Office connections, Central Office to MDF room connections, Point-to-Point connections and CO Diversity connections provided to Requesting Licensees

9MFY22 Profit & loss statement

\$'000	9MFY22	9MFY21	Variance (%)
Revenue	281,551	276,279	1.9
EBITDA	196,890	209,915	(6.2)
EBITDA Margin (%)	69.9	76.0	(6.1) pp
Depreciation and amortisation	(127,215)	(125,449)	1.4
Net finance charges	(7,620)	(13,935)	(45.3)
Profit before tax	62,055	70,531	(12.0)

Revenue for 9MFY22 was 1.9% higher mainly due to higher residential, NBAP & segment connections revenue, and installation-related revenue. This was partially offset by lower Central Office revenue.

EBITDA decreased by 6.2% in spite of higher revenue, mostly due to higher operating expense impacted by a remeasurement loss of \$12.4 million relating to finance lease receivables arising from the reduction in rental rates upon the renewal of the CO lease agreements with the lessee from Sep 2021. The accounting standards require the reduction in rental rate for FY22 and subsequent years (i.e. remaining lease term of the leasehold ranging from 47 to 67 years) to be recognised upfront as the remeasurement loss. The reduction in rental rates is not expected to have a material cashflow impact for FY22 nor subsequent years.

Robust balance sheet⁽¹⁾

Cash Balance	S\$113m
Gross Debt	S\$666m
Net Assets	S\$2,677m
Gross Debt/EBITDA ⁽²⁾	2.6x
EBITDA Interest Cover ⁽²⁾	23.9x

- Stable capital structure with debt headroom to fund future capex

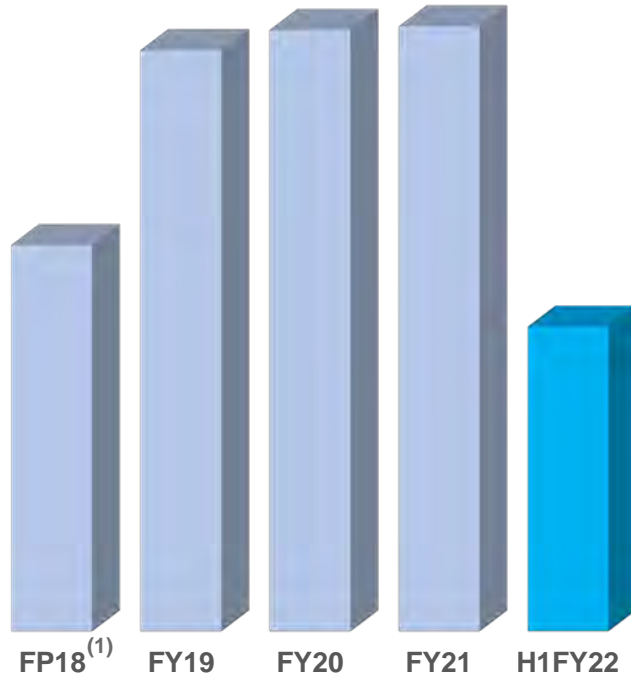
(1) As at 31 Dec 2021

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

Attractive distribution yield with low risk

**Distribution per Unit
(Singapore cents)**

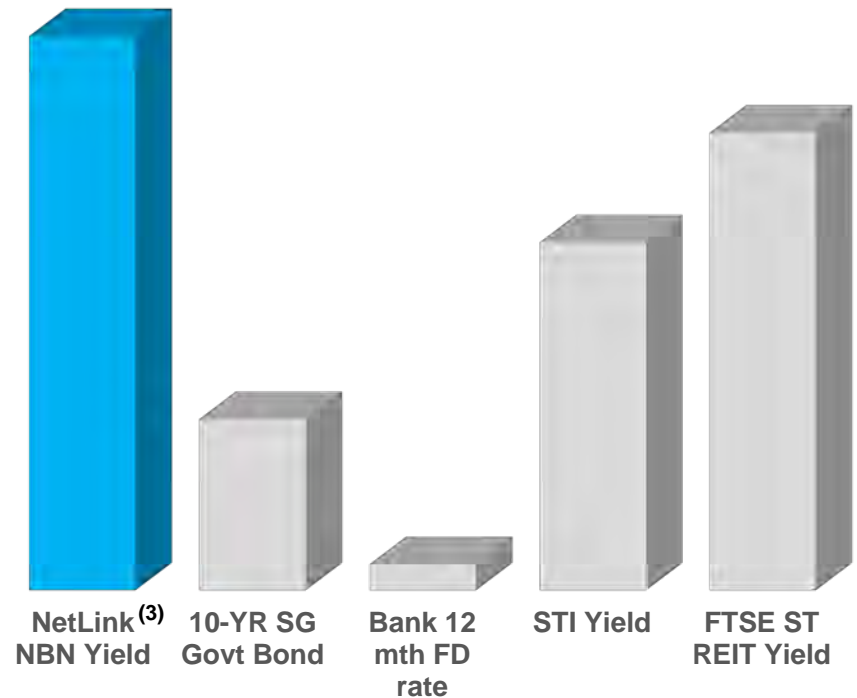
3.24	4.88	5.05	5.08	2.56 ⁽²⁾
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Distribution Yield (%)

5.15	1.59	0.24	3.23	4.25
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Bloomberg as at 30 Sep 2021



(1) For the financial period 19 Jun 2017 (date of constitution) to 31 Mar 2018

(2) DPU of 2.56 Singapore cents in H1 FY22 is 1.2% higher than H1 FY21's

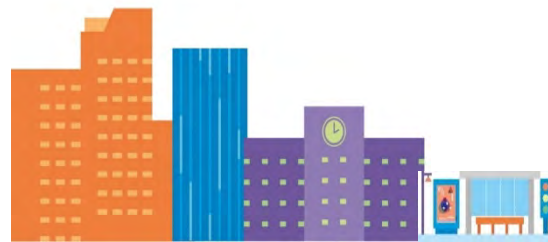
(3) Based on the unit price of S\$0.995 at 30 Sep 2021

Our focus for FY22



RESIDENTIAL

- Improve take-ups from first time fibre users
- Connect low-income households via initiatives such as IMDA's Home Access programme
- Connect new homes
- Improve service provisioning QoS



NON-RESIDENTIAL AND NBAP

- Continue improving network capacity, flexibility and resilience
- Customised offerings for projects
- Support 5G roll-outs
- Improve take-ups at major Data Centres



POTENTIAL NEW INVESTMENTS

- Explore opportunities to invest in telecoms infrastructure businesses which are likely to generate a stable cashflow



Thank You



Supplemental Business Information

NetLink Trust's pricing for its services

Pricing of NLT's principal services are regulated by IMDA

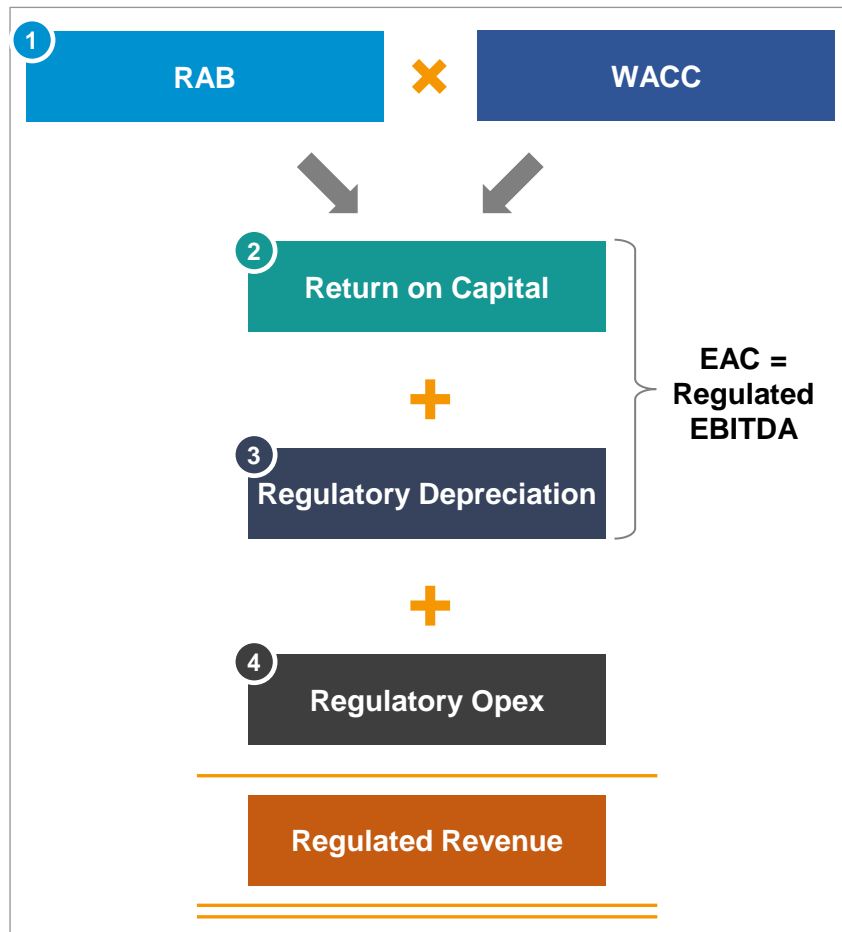
- IMDA shall hold a review of pricing terms every five years following the last price review, or at any such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review)
 - The most recent review by IMDA of prices under the Interconnection Offer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

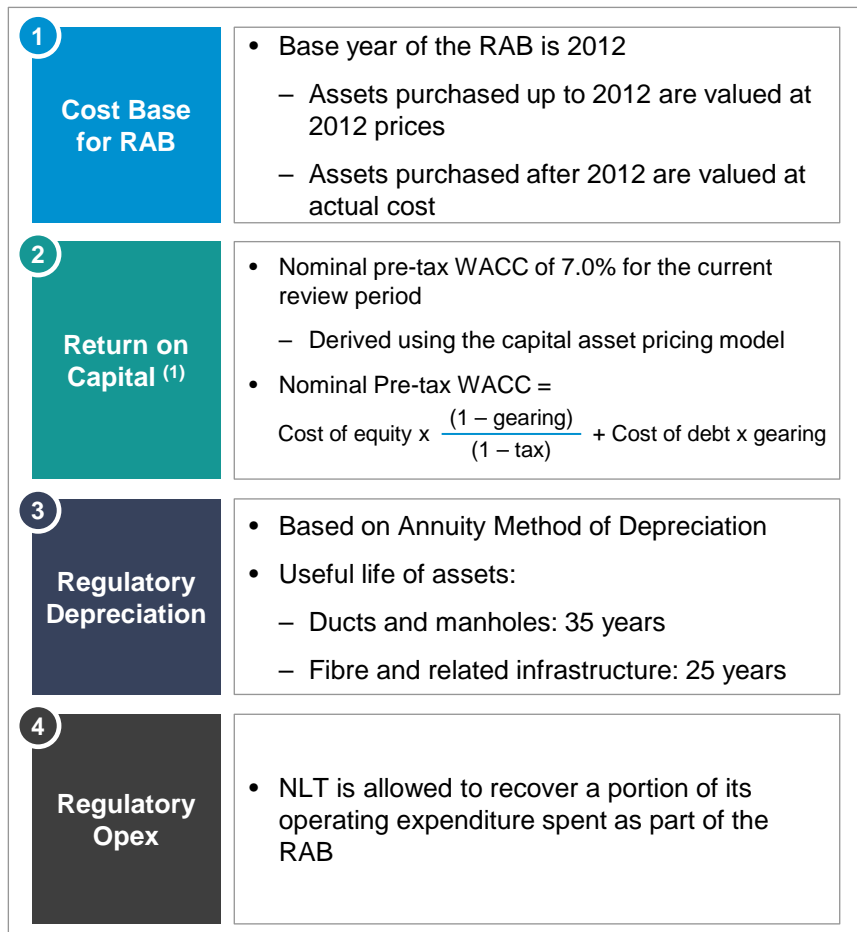
Residential	S\$13.80 per connection per month
Non-residential	S\$55 per connection per month
NBAP	S\$73.80 per connection per month

NetLink Trust's pricing for its services

Framework for RAB Based Pricing Model



Methodology for RAB based pricing model



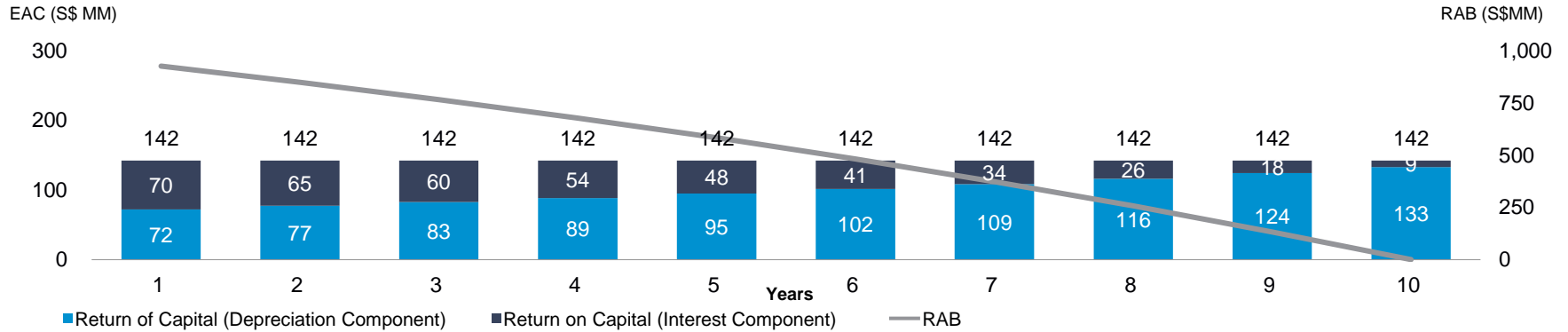
1. IMDA may change the rate of applicable pre-tax WACC in future review period

Understanding the ICO pricing framework

Illustrative Worked Example

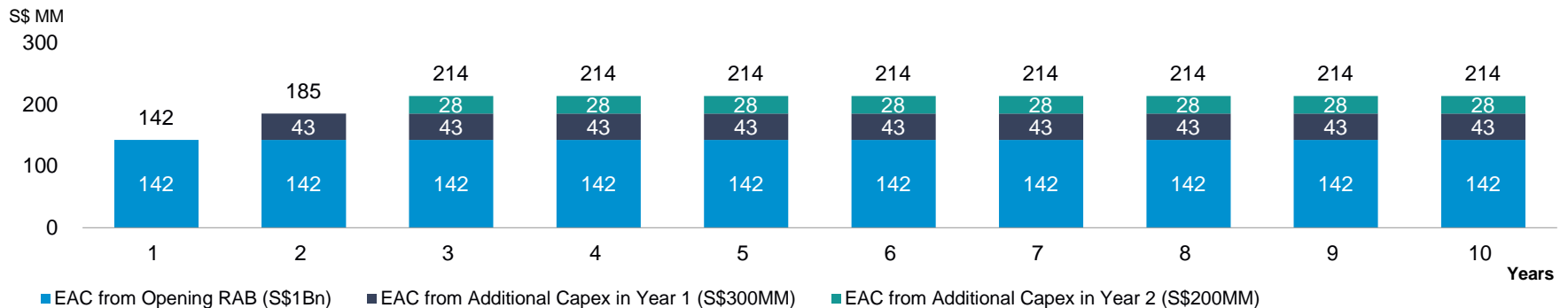
How Does EAC Work for 1 Year's Outflow on Capex?

Assuming Opening RAB of S\$1Bn, WACC of 7.0% and Asset Useful Life of 10 Years; the cumulative return is \$1.42Bn



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)