

NETLINK NBN TRUST RECORDS 7.4% GROWTH IN Q3 FY20 EBITDA TO S\$67.5 MILLION ON 2.9% INCREASE IN REVENUE TO S\$91.6 MILLION

- **EBITDA margin improves 3.0 percentage points to 73.6%**
- **Profit After Tax increases 9.6% to S\$21.5 million**
- **Residential connections revenue increases 12.8%**

Summary of NetLink Group's Results

S\$' million	Quarter ended 31 Dec			Nine months ended 31 Dec		
	2019 ("Q3 FY20")	2018 ("Q3 FY19")	Variance (%)	2019 ("9M FY20")	2018 ("9M FY19")	Variance (%)
Revenue	91.6	89.0	2.9	277.8	265.7	4.5
EBITDA	67.5	62.8	7.4	202.6	185.1	9.5
EBITDA Margin (%)	73.6	70.6	3.0 pp	73.0	69.6	3.4 pp
Profit After Tax	21.5	19.6	9.6	65.6	57.3	14.5

SINGAPORE, 10 February 2020 – NetLink NBN Management Pte. Ltd., the Trustee-Manager of NetLink NBN Trust (网联宽频信托) (NetLink NBN Trust, together with its subsidiaries, the “**NetLink Group**”) announced today that its EBITDA and Profit After Tax for the three months ended 31 December 2019 (“**Q3 FY20**”) increased by 7.4% and 9.6% respectively, compared to the equivalent period a year ago (“**Q3 FY19**”).

Mr. Tong Yew Heng (唐耀兴), Chief Executive Officer of the Trustee-Manager, said, “The resilience of our business model enables us to achieve sustainable growth in terms of revenue, EBITDA and Profit After Tax, as we continue to see a steady increase in the number of residential, non-residential and NBAP connections. Going forward, the NetLink Group remains fully supportive of Singapore’s objectives towards the deployment of 5G infrastructure and growth of the 5G innovation ecosystem and will continue to work closely with our industry partners to accelerate these objectives.”

STRONG GROWTH IN RESIDENTIAL CONNECTIONS

The NetLink Group achieved a revenue of S\$91.6 million in Q3 FY20, 2.9% higher than S\$89.0 million recorded in Q3 FY19. This increase was mainly due to higher residential revenue, partially offset by lower installation-related revenue, diversion revenue as well as ducts and manhole service revenue.

Residential connections continued to drive NetLink Group's revenue, with residential connections revenue increasing by 12.8% to S\$58.7 million in Q3 FY20, contributing 64.1% of NetLink Group's total revenue. As at 31 December 2019, there were 1,421,173 residential connections as compared to 1,283,801 residential connections as at 31 December 2018.

Meanwhile, installation-related revenue was S\$1.9 million lower during the quarter under review mainly due to lower residential service activation charges and installation charges from fewer orders requiring installation as the migration of coaxial cable subscribers to fibre by StarHub ended in 30 September 2019. Diversion revenue decreased by S\$1.0 million mainly due to the completion of fewer projects in Q3 FY20 as compared to Q3 FY19. Ducts and manholes service revenue decreased by S\$2.0 million mainly due to the completion of fewer joint-build projects in Q3 FY20.

Despite higher revenue in Q3 FY20, total expenses were marginally higher by S\$0.6 million. Total expenses increased mainly due to higher depreciation and amortisation costs and other operating expenses, partially offset by lower installation costs and diversion costs.

As a result, the NetLink Group reported EBITDA margin of 73.6%¹ in Q3 FY20, up by 3.0 percentage points from 70.6% in Q3 FY19. The NetLink Group achieved a Profit After Tax of S\$21.5 million for Q3 FY20, which was 9.6% higher than Q3 FY19. In 9M FY20, the NetLink Group achieved a revenue of S\$277.8 million, 4.5% higher than S\$265.7 million recorded in 9M FY19. EBITDA rose 9.5% to S\$202.6 million compared to S\$185.1 million a year ago. EBITDA margin improved 3.4 percentage points to 73.0%² in 9M FY20 from 69.6% in 9M FY19. Profit After Tax rose 14.5% to S\$65.6 million from S\$57.3 million across the same comparative period.

STABLE AND INCREASING CASH FLOW

Bolstered by the stronger operating performance, NetLink Group's net cash from operating activities was higher at S\$191.1 million in 9M FY20 as compared to S\$168.8 million in 9M FY19.

The NetLink Group has a stated policy to make distributions on a semi-annual basis. Accordingly, the next distribution period will be for the six months ending 31 March 2020.

OUTLOOK

For the financial year ending 31 March 2020 ("**FY20**"), the NetLink Group expects revenues from key connection services to be higher than that of FY19 mainly due to higher residential connections. The NetLink Group will continue to invest and expand its network

¹ EBITDA margin for 3M FY20 at 73.6% was higher than 3M FY19 by 3.0 percentage point partly due to the impact from the adoption of Singapore Financial Reporting Standard (International) 16 - Leases ("SFRS(I) 16"). Excluding the impact of SFRS(I) 16, EBITDA margin for 3M FY20 would have been 72.8%, 2.2 percentage point higher compared to 70.6% for 3M FY19.

² EBITDA margin for 9M FY20 at 73.0% was higher than 9M FY19 by 3.4 percentage point partly due to the impact from the adoption of Singapore Financial Reporting Standard (International) 16 – Leases ("SFRS(I) 16"). Excluding the impact of SFRS(I) 16, EBITDA margin for 9M FY20 would have been 72.1%, 2.5 percentage point higher compared to 69.6% for 9M FY19.

to improve the network's capability and resiliency. The NetLink Group expects capital expenditure in FY20 to be higher than that of FY19.

The NetLink Group is continuing to expand its network in new housing estates. The NetLink Group has also been working proactively with the Requesting Licensees ("RLs") (who provide fibre services to Retail Service Providers that in turn provide retail fibre services to end-users) to meet future demand for Non-Residential and NBAP connections, and to support the RLs' efforts to acquire new Non-Residential and NBAP customers. With its extensive nationwide fibre network, the NetLink Group is well-positioned to support, among others, the Smart Nation initiatives, the Punggol Digital District and Jurong Innovation District. In addition, the NetLink Group is monitoring the development of the 5G network in Singapore and will explore opportunities associated with the new market development.

In this connection, the NetLink Group is supporting IMDA's objectives to achieve pervasive deployment of 5G infrastructure and grow the 5G innovation ecosystem. The NetLink Group looks forward to working with industry partners in offering the use of its nationwide fibre network to accelerate the realisation of IMDA's objectives. For example, the NetLink Group is supporting M1 for its 5G trial at a new restaurant in Marina Square and TPG Telecom for its upcoming 5G network trial at Singapore Science Park I and II.

The NetLink Group's resilient business model is expected to provide recurring and predictable cashflows to support distributions to Unitholders.

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ABOUT NETLINK NBN TRUST

The NetLink Group's nationwide network is the foundation of Singapore's Next Generation Nationwide Broadband Network ("**Next Gen NBN**"), over which ultra-high-speed internet access is delivered throughout mainland Singapore and its connected islands.

The NetLink Group designs, builds, owns and operates the passive fibre network infrastructure (comprising ducts, manholes, fibre cables and Central Offices) of Singapore's Next Gen NBN. The NetLink Group's extensive network provides nationwide coverage to residential homes and non-residential premises in mainland Singapore and its connected islands.

NetLink NBN Trust was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 19 July 2017, and is a constituent of the FTSE ST Large & Mid Cap Index, FTSE ST Singapore Shariah Index and the MSCI Global Small Cap – Singapore Index.

For more information about NetLink NBN Trust, please visit: www.netlinknbn.com

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