

NetLinkNBN
the fibre of a smart nation

Lim & Tan Trading Representatives Briefing

3 March 2021

DBS Vickers Private Bankers Briefing

4 March 2021



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Financial snapshot¹

S\$276m ↓(0.5)%²

Revenue

S\$123m

Cash Balance

S\$3,761m

Market Capitalisation³

S\$210m ↑3.6%²

EBITDA

S\$666m

Gross Debt

S\$4,303m

Enterprise Value

¹ 9M FY21

² Variance versus 9M FY20

³ Based on the unit price of S\$0.965 at 31 Dec 2020

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 3G/4G/5G mobile base stations



SCALABLE

Fibre capacity is highly scalable and can support future transmission technologies

Our network

NETLINK'S NETWORK CONNECTS THE CENTRAL OFFICES TO:

RESIDENTIAL HOMES

NON-RESIDENTIAL PREMISES

NBAP LOCATIONS

1,443,032
End-Users

48,004
End-Users

1,884
Connections

NLT Central Office

HDB /
High Rise
Residential
Apartment

Landed
Residential
Area

Non-Residential
Premises

Mobile Base
Station

Billboard/
Signage

Main Distribution
Frame (MDF) Room

MDF

Fibre Distribution
Point (FDP)

FDP

FDP

1st TP

1st TP

MDF

Main Distribution
Frame (MDF) Room


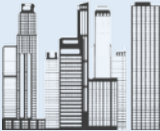
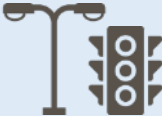





Lamp
Post

Wi-Fi
hotspot

Ducts

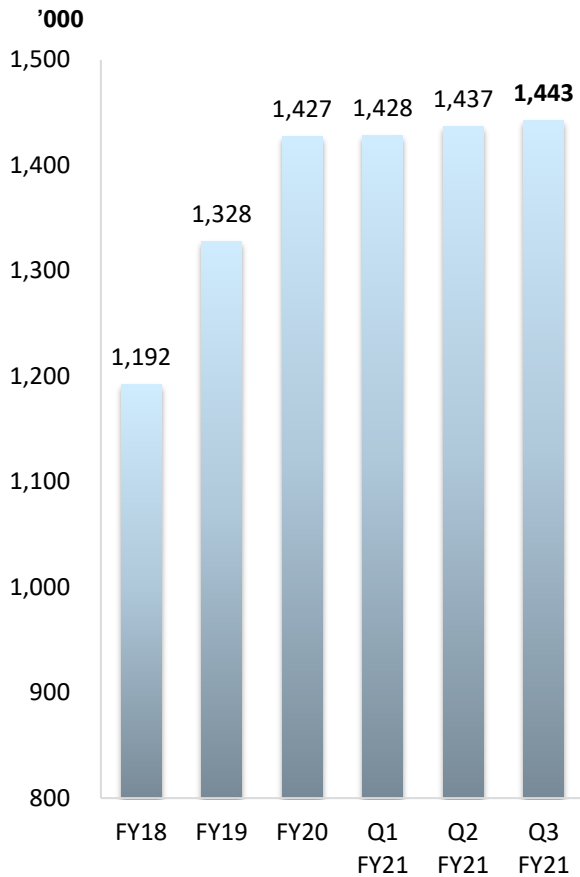
Manhole

A resilient business model

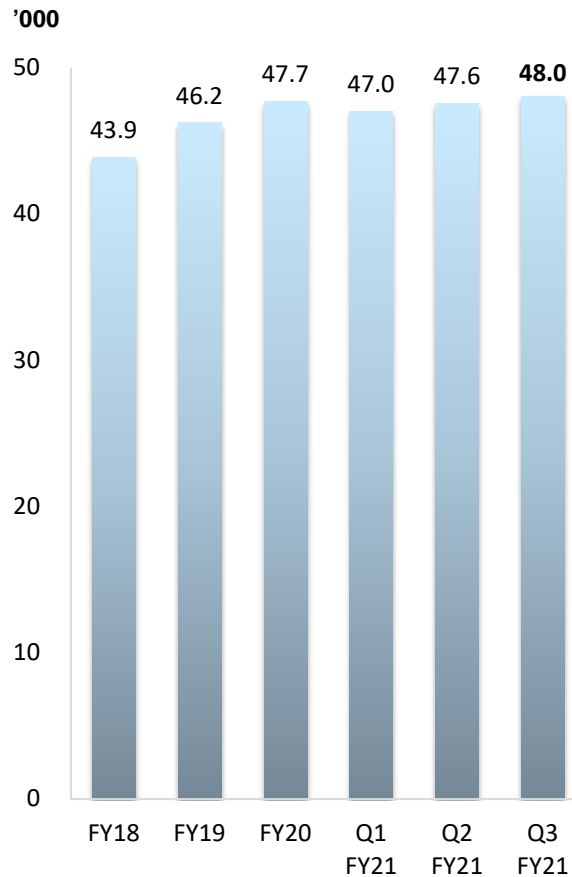
	RAB Revenue				Non-RAB Revenue			
								
	Residential Connections	Non-Residential Connections	NBAP and Segment Fibre Connections	Ducts and Manholes Service Revenue	Installation Related Revenue	Diversion Revenue	Co-Location and Other Revenue	Central Office Revenue
% of 9M FY21 Revenue	64.5%	8.2%	2.3%	7.9%	4.3%	2.6%	5.2%	5.0%
Recurring, predictable cash flows	✓	✓	✓	✓	–	–	✓	✓
Long-term contracts / customer stability	✓	✓	✓	✓	–	–	✓	✓
Regulated revenues	✓	✓	✓	✓	✓	–	✓	–
Creditworthy customers	✓	✓	✓	✓	✓	✓	✓	✓

Fibre connections

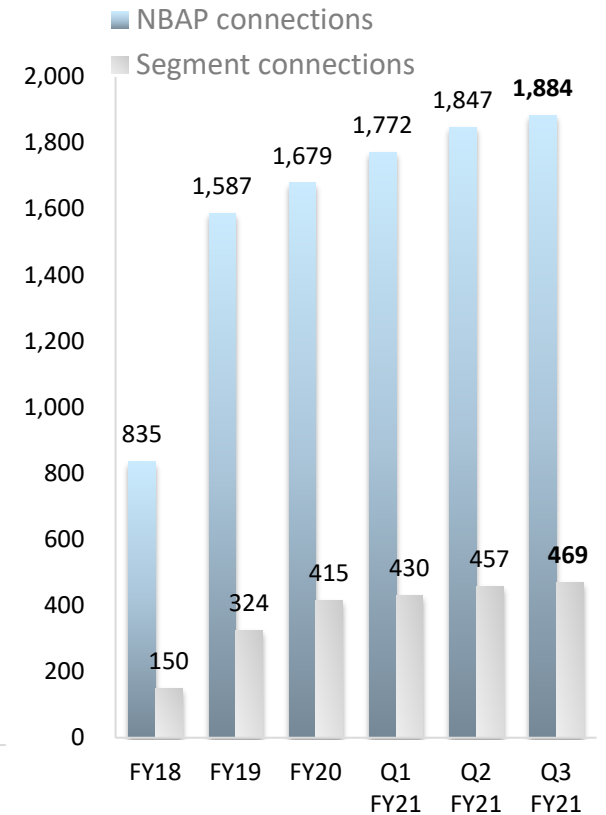
Residential



Non-Residential



Non-Building Address Points And Segment connections¹



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

9M FY21 Profit & loss statement

S\$'000	9M FY21	9M FY20	Variance (%)
Revenue	276,279	277,750	(0.5)
EBITDA	209,915	202,647	3.6
EBITDA margin (%)	76.0	73.0	3.0 pp
Depreciation & amortisation	(125,449)	(126,085)	(0.5)
Net finance charges	(13,935)	(13,873)	0.4
Profit before tax	70,531	62,689	12.5

Revenue for 9M FY21 was 0.5% lower mainly due to lower installation-related revenue. This was partially offset by higher residential and NBAP & Segment connections revenue.

EBITDA which includes Government relief grants and lower operation and maintenance costs, was higher by 3.6% as compared to 9M FY20.

Robust balance sheet¹

S\$123m

Cash Balance

S\$666m

Gross Debt

S\$2,784m

Net Assets

2.5x

Gross Debt/
EBITDA²

14.2x

EBITDA Interest
Cover²

71.4 cents

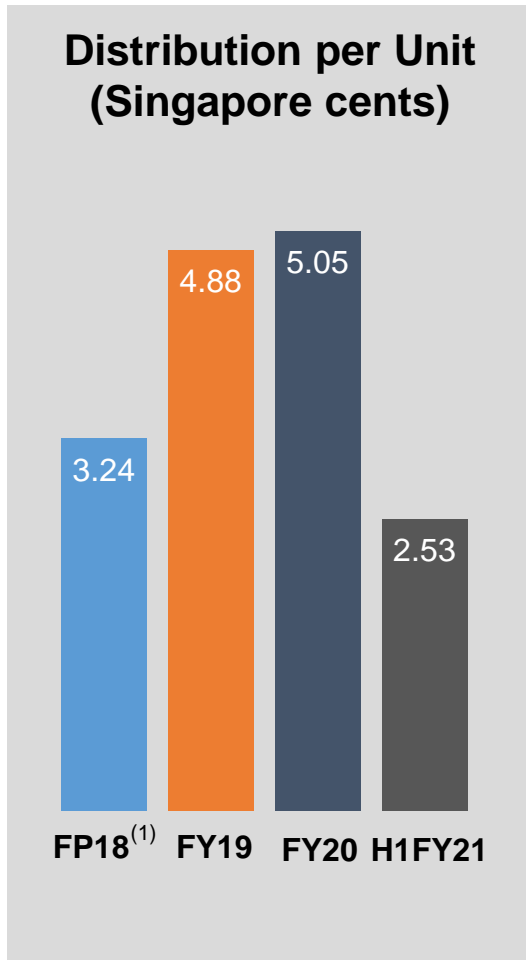
Net Assets per Unit

- The Group entered into a one-year extension for the outstanding term loan of S\$510m to mature on 24 March 2022
- Stable capital structure with debt headroom to fund future capex

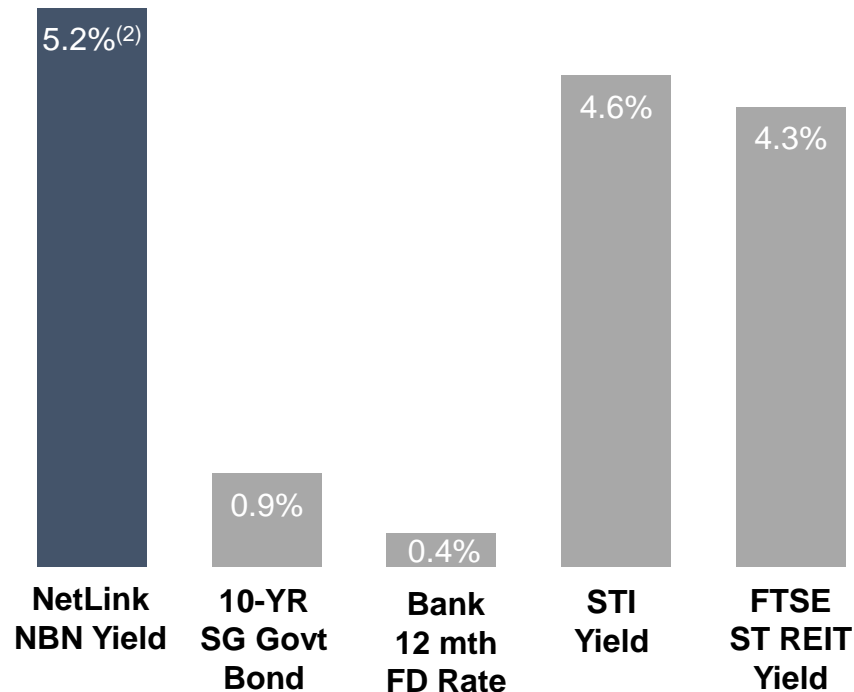
¹ As at 31 Dec 2020

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

Attractive distribution yield with low risk



Distribution Yield (%)



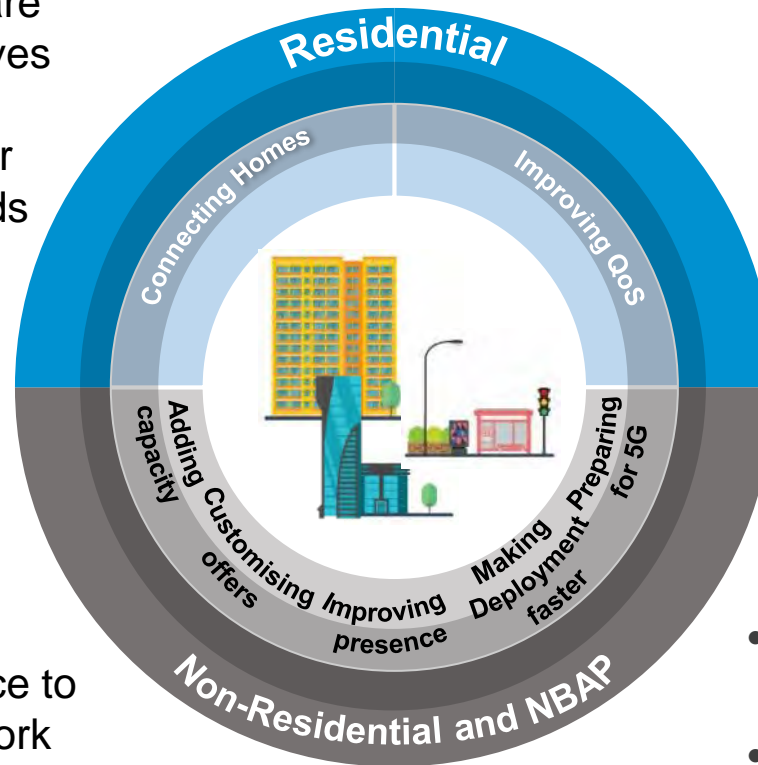
Bloomberg as at 30 Sep 2020

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

(2) Distribution yield is based on annualised DPU of 5.06 Singapore cents and the unit price of 97.5 cents as at 30 Sep 2020

Our focus for FY21

- **Connecting** new homes and households that are not on fibre via initiatives such as IMDA's Home Access programme for low-income households

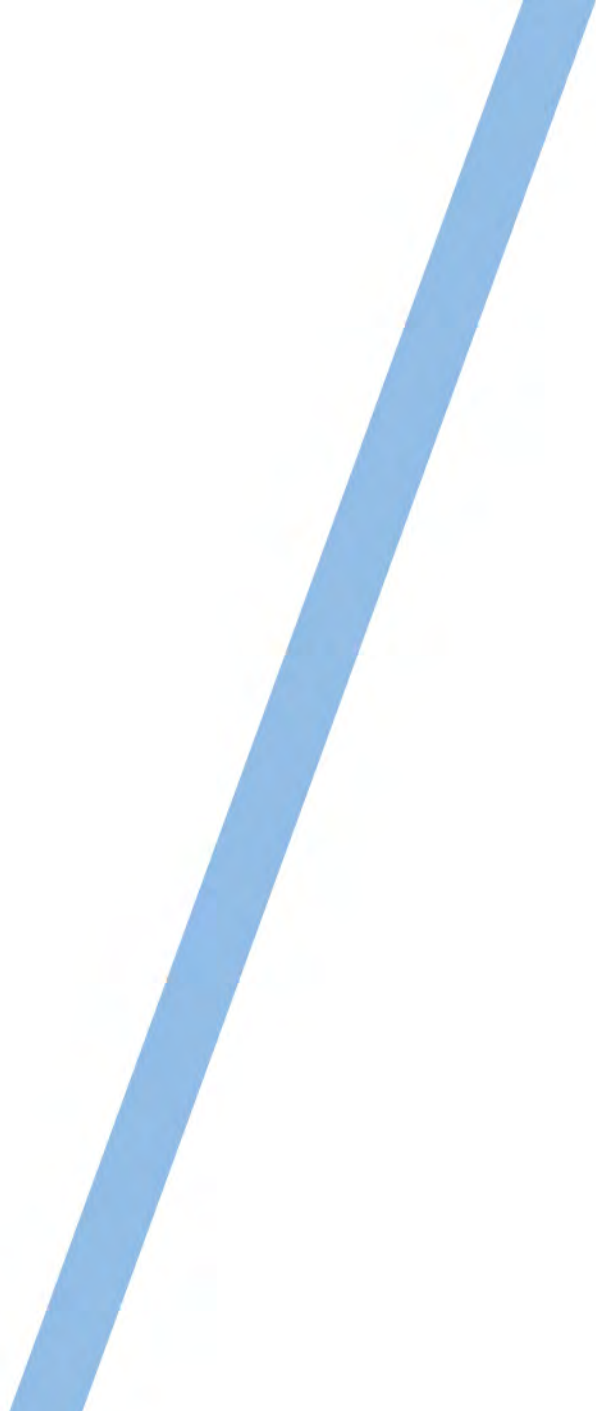


- **Improving** service provisioning QoS

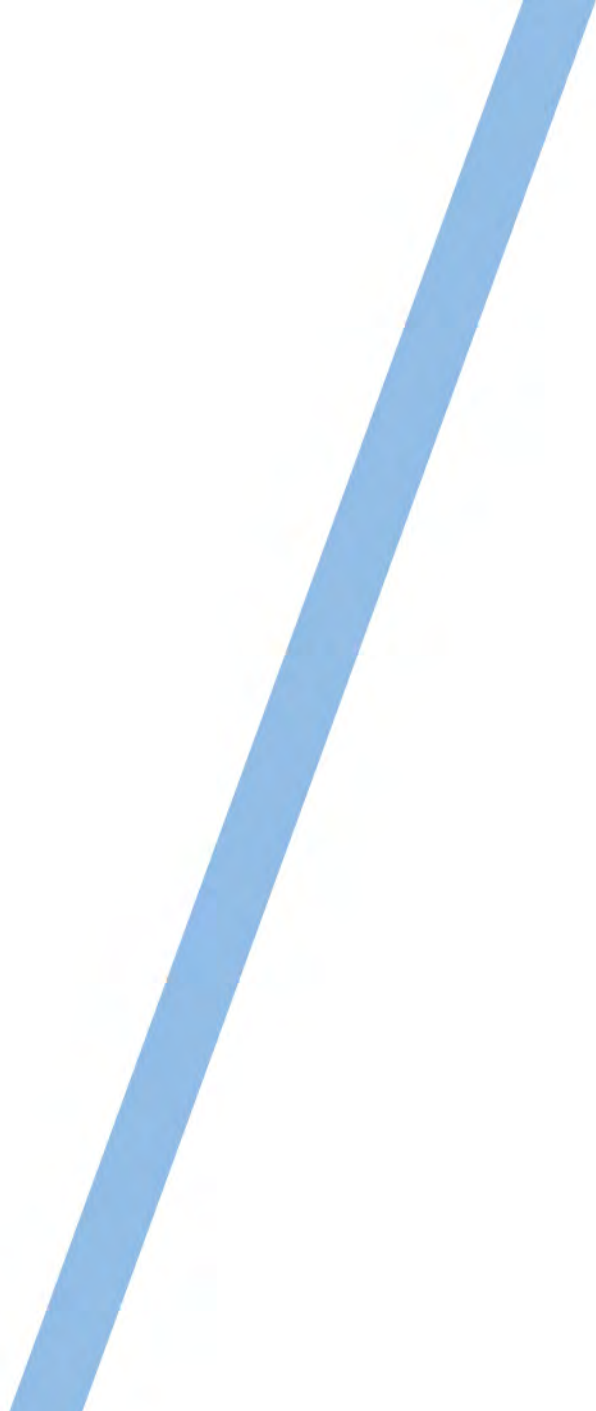
- **Adding** capacity, flexibility and resilience to create a denser network
- **Customising** offerings to SMEs
- **Improving** presence in major Data Centres

- **Making** NBAP easier and faster to deploy
- **Preparing** to support 5G infrastructure

Thank You



Supplemental Business Information



NetLink Trust's pricing for its services

Pricing of NLT's principal services are regulated by IMDA

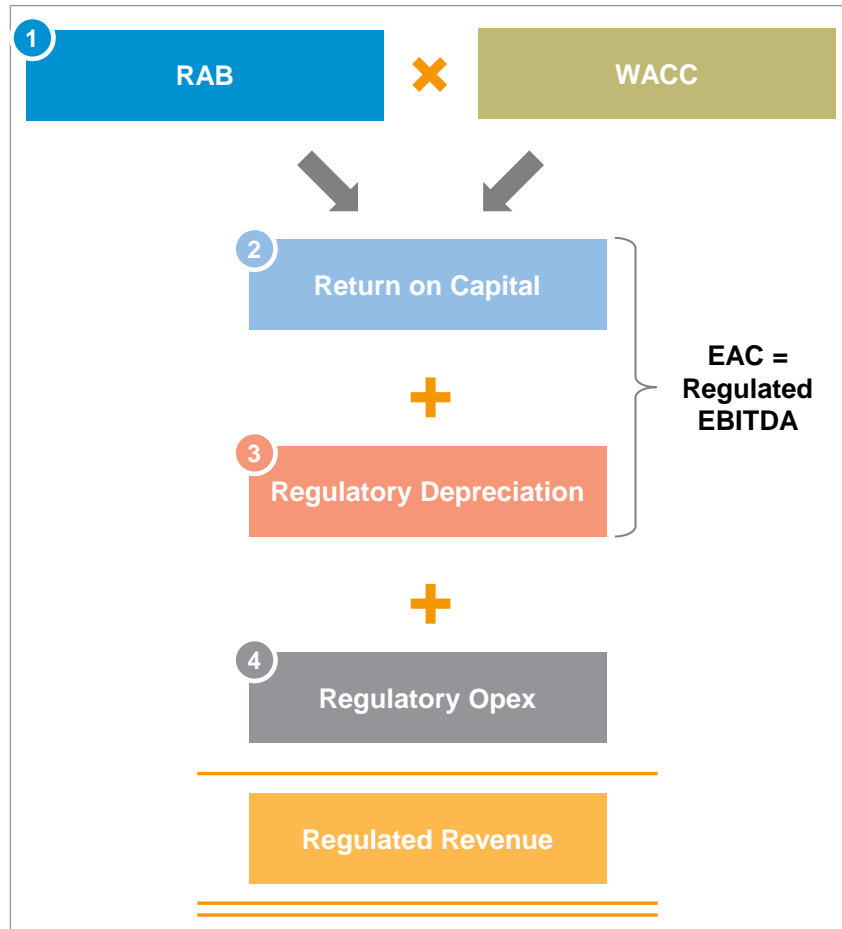
- IMDA shall hold a review of pricing terms every five years following the last price review, or at any such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review)
 - The most recent review by IMDA of prices under the Interconnection Offer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

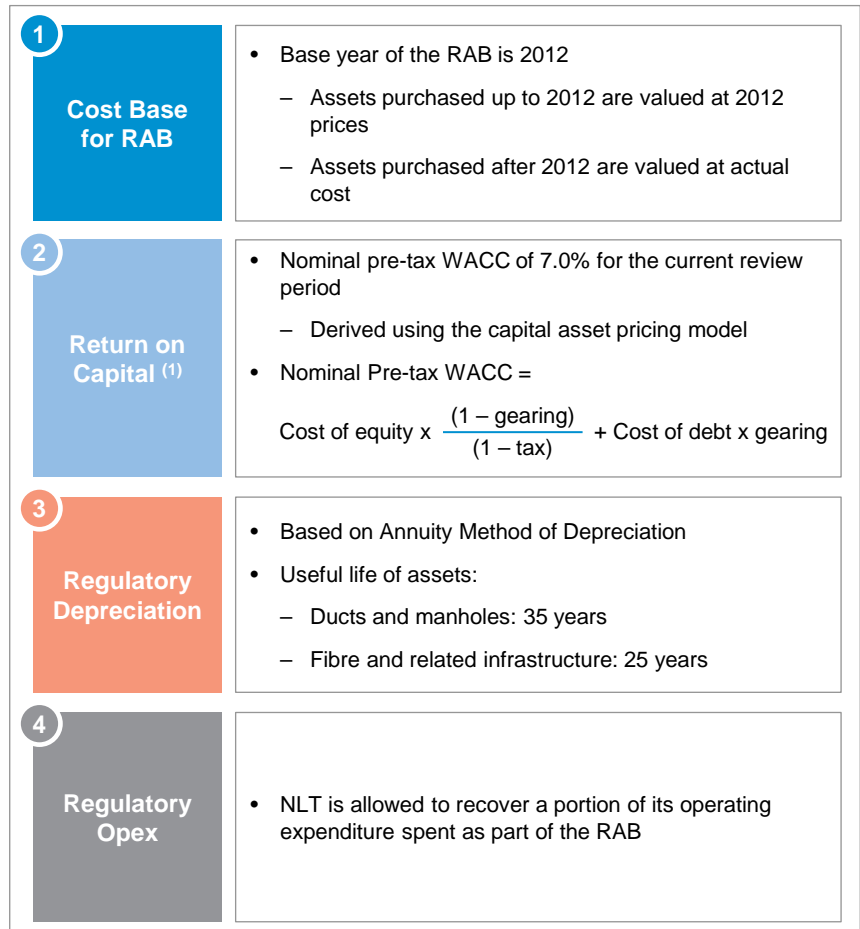
Residential	S\$13.80 per connection per month
Non-residential	S\$55 per connection per month
NBAP	S\$73.80 per connection per month

NetLink Trust's pricing for its services

Framework for RAB Based Pricing Model



Methodology for RAB based pricing model



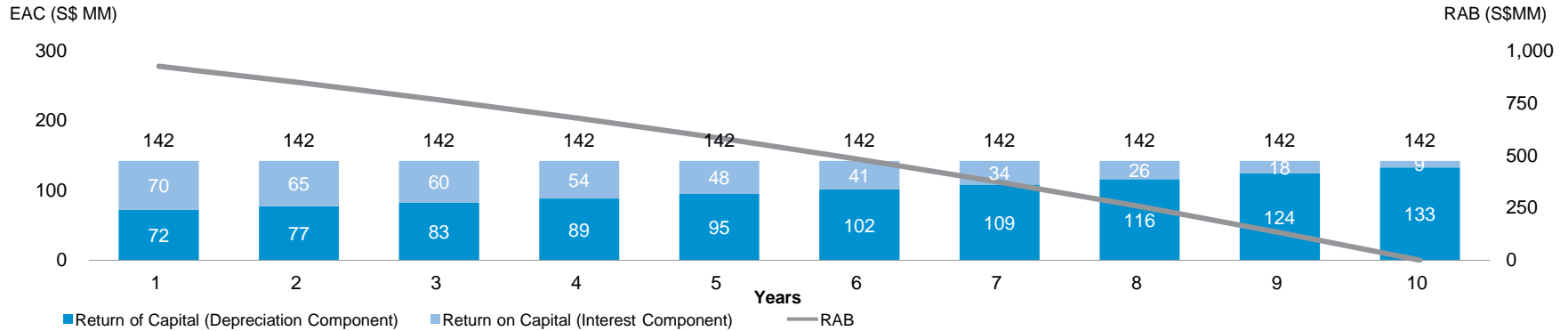
1. IMDA may change the rate of applicable pre-tax WACC in future review period

Understanding the ICO pricing framework

Illustrative Worked Example

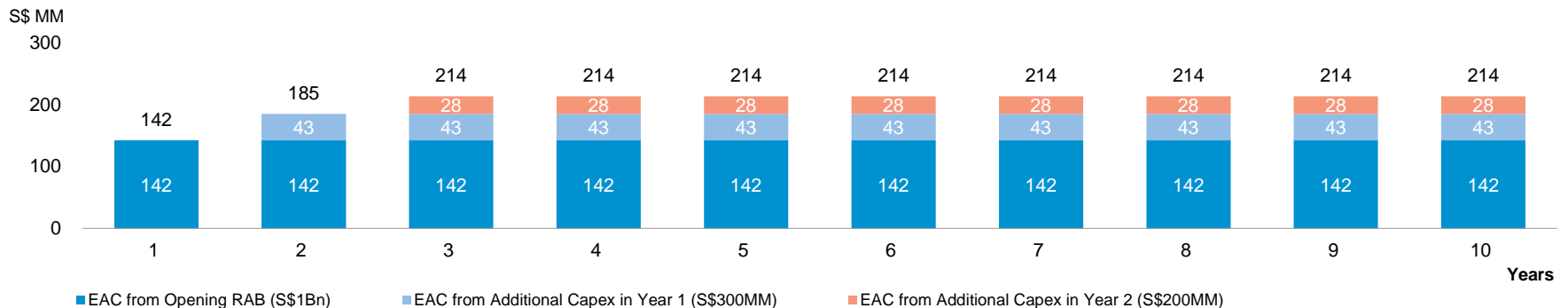
How Does EAC Work for 1 Year's Outflow on Capex?

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)