NetLinkNBN
the fibre of a smart nation

CGS-CIMB Investor Conference

22 May 2020

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Financial snapshot[1]

Revenue	Cash Balance	Market Cap[4]
S$370m ▲ 4.7%[2]	S$169m	S$3,527m

EBITDA	Gross Debt	Enterprise Value
S$258m[3] ▲ 4.3%[2]	S$666m	S$4,024m

[1] FY20
[2] Variance versus FY19
[3] Excluding the impact of the one-time write-off of capitalised project cost of S$15.4m in relation to a discontinued IT system replacement contract, the EBITDA would have been S$274 million, representing an increase of 10.5% over FY19
[4] Based on the unit price of S$0.905 at 31 Mar 2020

Fibre is ‘future proof’

Fibre is the medium of choice for delivering broadband services

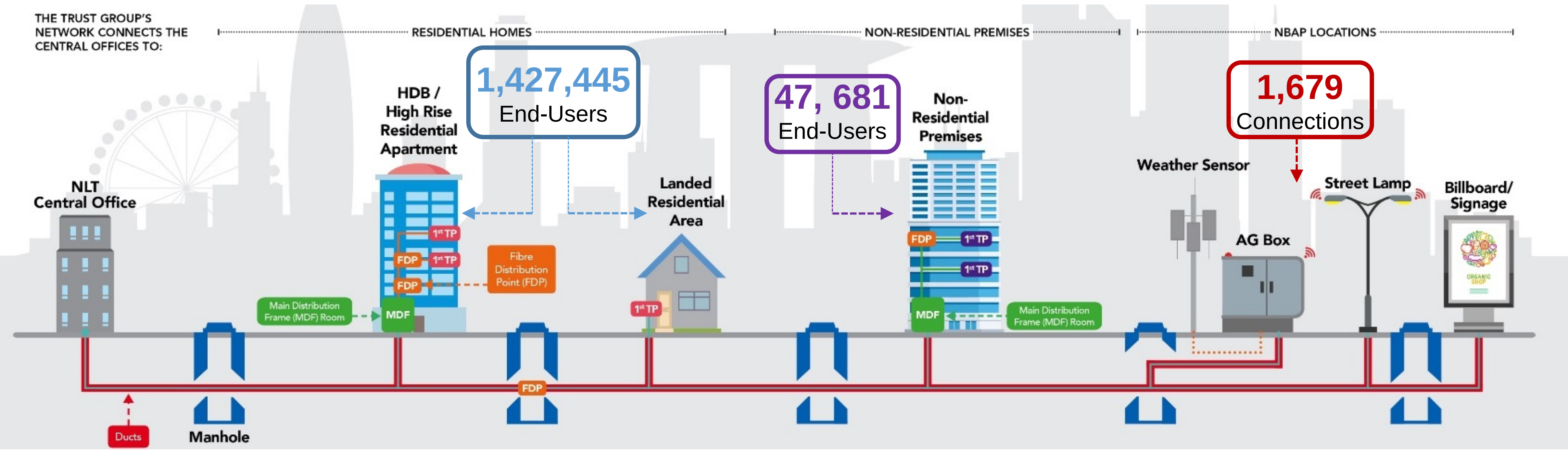
About 9 out of 10 homes in Singapore has a fibre termination point installed

Fibre broadband prices are lower in Singapore than many other countries

Fibre supports wireless access solution such as WiFi hotspots and 3G/4G/5G infrastructure

Fibre capacity is scalable and can support future transmission technology

Our network

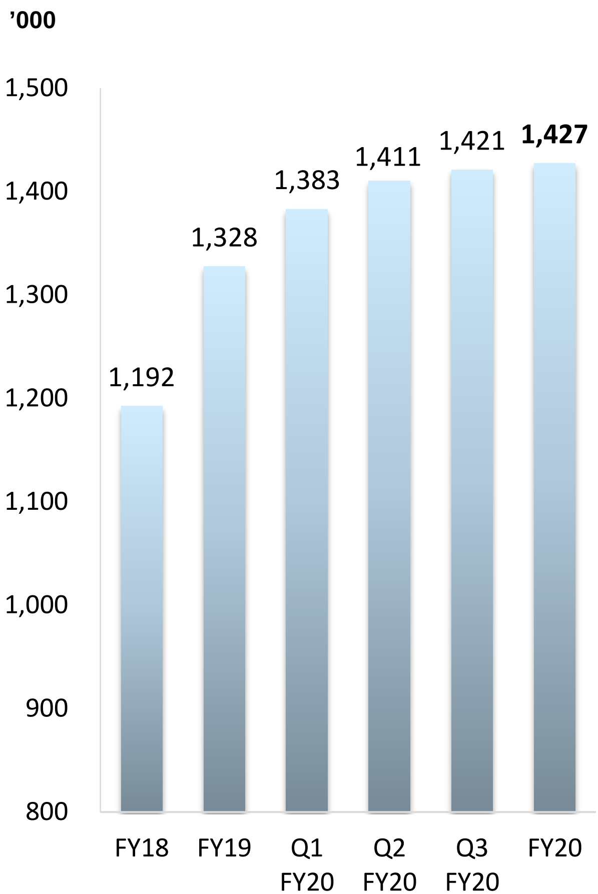

THE TRUST GROUP'S NETWORK CONNECTS THE CENTRAL OFFICES TO:
RESIDENTIAL HOMES
NON-RESIDENTIAL PREMISES
NBAP LOCATIONS
1,427,445
End-Users
47, 681
End-Users
1,679
Connections
HDB / High Rise Residential Apartment
Landed Residential Area
Non-Residential Premises
NLT Central Office
Weather Sensor
Street Lamp
Billboard/ Signage
AG Box
Fibre Distribution Point (FDP)
Main Distribution Frame (MDF) Room
MDF
FDP
1st TP
Ducts
Manhole

A resilient business model

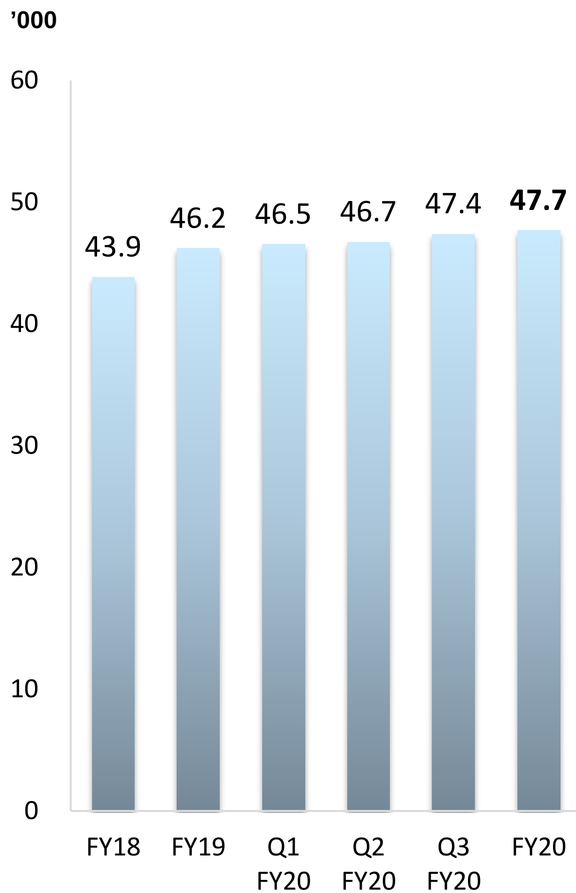
	RAB Revenue				Non-RAB Revenue			
	Residential Connections	Non-Residential Connections	NBAP and Segment Fibre Connections	Ducts and Manholes Service Revenue	Installation Related Revenue	Diversion Revenue	Co-Location and Other Revenue	Central Office Revenue
% of FY20 Revenue	62.5%	8.4%	2.0%	8.2%	5.6%	3.0%	5.5%	4.8%
Recurring, predictable cash flows	✓	✓	✓	✓	–	–	✓	✓
Long-term contracts / customer stability	✓	✓	✓	✓	–	–	✓	✓
Regulated revenues	✓	✓	✓	✓	✓	–	✓	–
Creditworthy customers	✓	✓	✓	✓	✓	✓	✓	✓

Fibre connections

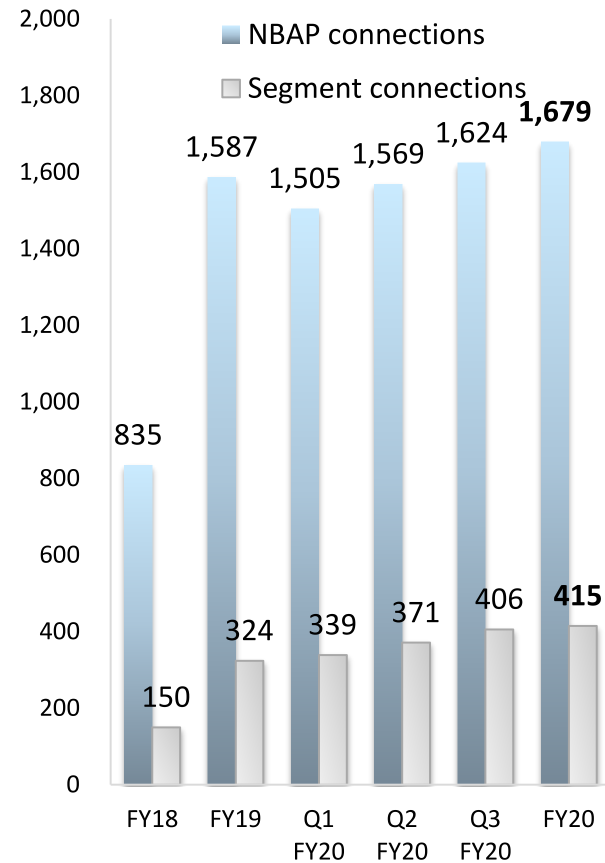
Residential



Non-Residential



Non-Building Address Points And Segment connections[1]



[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

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Q4 FY20 Profit & loss statement

S$'000	Q4 FY20	Q4 FY19	Variance (%)
Revenue	92,442	87,862	5.2
EBITDA	55,778	62,810	(11.2)
EBITDA Margin (%)	60.3	71.5	*(11.2) pp*
Depreciation & amortisation	(41,697)	(40,743)	2.3
Net finance charges	(4,901)	(4,364)	12.3
Profit before tax	**9,180**	**17,703**	**(48.1)**

Illustrating the impact of excluding the one-time write-off of capitalised project cost of S$15.4 million:

EBITDA	**71,195**	**62,810**	**13.3**
EBITDA Margin (%)	77.0	71.5	*5.5 pp*

The NetLink Group has adopted a new accounting standard, Singapore Financial Reporting Standard (International) 16 – *Leases* ("SFRS(I) 16"), for the first time on 1 Apr 2019 using the modified retrospective approach. For more information, please refer to pages 11 to 12 of the Financial Statements Announcement for the fourth quarter and financial year ended 31 Mar 2020

Revenue grew by 5.2% mainly due to higher residential connections and diversion revenue, partially offset by lower installation-related revenue and ducts and manholes service revenue.

EBITDA declined by 11.2% mainly due to a one-time write-off of capitalised project cost of S$15.4 million in relation to a discontinued IT system replacement project.[1]

[1] Please refer to separate announcement released on 27 Feb 2020.

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FY20 Profit & loss statement

S$'000	FY20	FY19	Variance (%)
Revenue	370,192	353,580	4.7
EBITDA	258,425	247,876	4.3
EBITDA Margin (%)	69.8	70.1	*(0.3) pp*
Depreciation & amortisation	(167,782)	(160,792)	4.3
Net finance charges	(18,774)	(17,334)	8.3
Profit before tax	**71,869**	**69,750**	**3.0**

Illustrating the impact of excluding the one-time write-off of capitalised project cost of S$15.4 million:

EBITDA	**273,842**	**247,876**	**10.5**
EBITDA Margin (%)	74.0	70.1	*3.9 pp*

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Revenue grew by 4.7% mainly due to higher residential and non-residential connections, partially offset by lower installation-related revenue and ducts and manholes service revenue.

EBITDA increased by 4.3% mainly due to higher revenue, higher other income and lower installation costs, partially offset by higher operating expenses due to a one-time write-off of capitalised project cost.[1]

[1] Please refer to separate announcement released on 27 Feb 2020.

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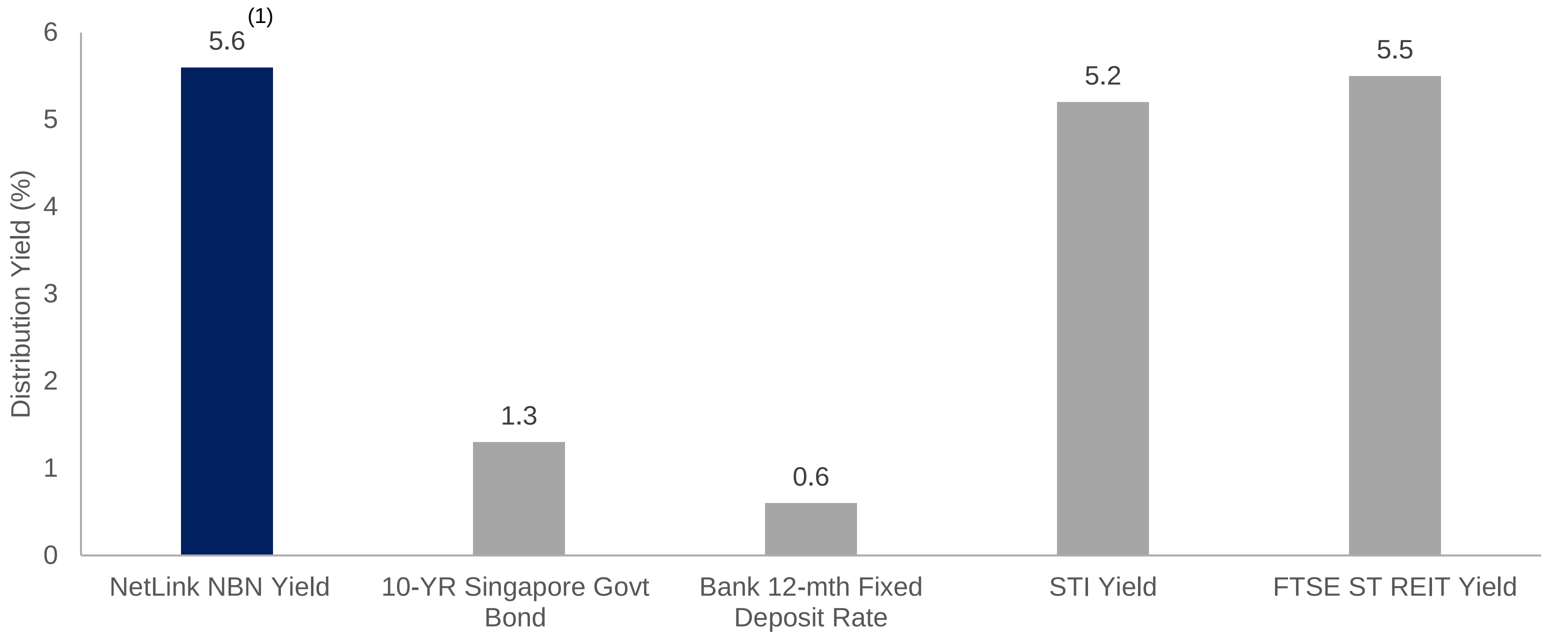
Robust balance sheet[1]

S$169m	**S$666m**	**S$2,907m**
Cash Balance	Gross Debt	Net Assets
2.6x	**13.4x**	**74.6 cents**
Gross Debt/ EBITDA[2]	EBITDA Interest Cover[2]	Net Assets per Unit

- Interest rate exposure substantially hedged
- Stable capital structure with debt headroom to fund future capex

[1] As at 31 Mar 2020
[2] Ratios calculated based on NetLink Group's trailing 12 months financials

Attractive distribution yield with low risk



Source: Bloomberg as at 31 Mar 2020

- The Trust's distribution policy is to distribute 100% of its CAFD[2].
- Distributions made by the Trust are exempt from Singapore income tax in the hands of the Unitholders.

(1) Distribution yield is based on annualised DPU of 5.05 Singapore cents and the unit price of 90.5 cents as at 31 Mar 2020
(2) Cash Available for Distribution as defined in the prospectus dated 10 July 2017

Our focus for FY21

01 RESIDENTIAL

- Connect households not on fibre via initiatives such as IMDA's Home Access programme for low-income households
- Connect new homes
- Improve service provisioning QoS

02 NON-RESIDENTIAL, NBAP & SEGMENT

- Denser network – adding capacity, flexibility and resilience
- Prepare to support 5G infrastructure
- Customised offerings to SMEs
- Improve presence in major Data Centres
- Make NBAP easier and faster to deploy

Thank You

Supplemental Business Information

NetLink Trust's pricing for its services

Pricing of NLT's principal services are regulated by IMDA

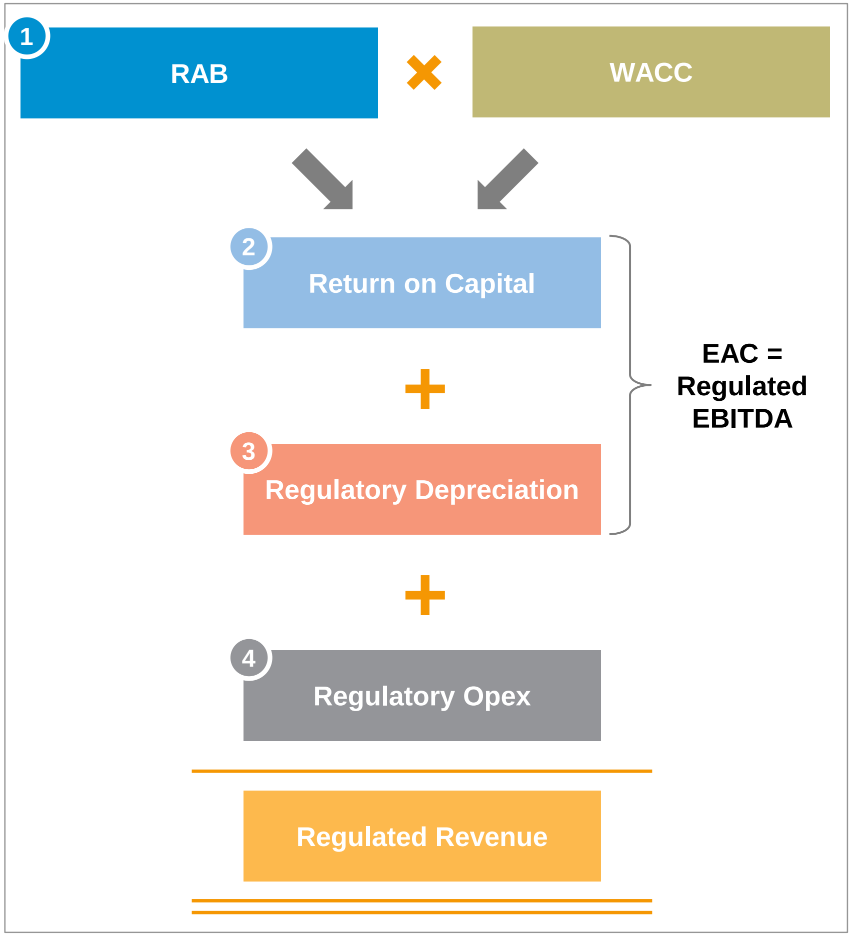
- IMDA shall hold a review of pricing terms every five years following the last price review, or at any such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review)
  - The most recent review by IMDA of prices under the Interconnection 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 Cost Base for RAB	• Base year of the RAB is 2012 – Assets purchased up to 2012 are valued at 2012 prices – Assets purchased after 2012 are valued at actual cost
2 Return on Capital (1)	• Nominal pre-tax WACC of 7.0% for the current review period – Derived using the capital asset pricing model • Nominal Pre-tax WACC = $\text{Cost of equity} \times \frac{(1 - \text{gearing})}{(1 - \text{tax})} + \text{Cost of debt} \times \text{gearing}$
3 Regulatory Depreciation	• Based on Annuity Method of Depreciation • Useful life of assets: – Ducts and manholes: 35 years – Fibre and related infrastructure: 25 years
4 Regulatory Opex	• NLT is allowed to recover a portion of its operating expenditure spent as part of the RAB

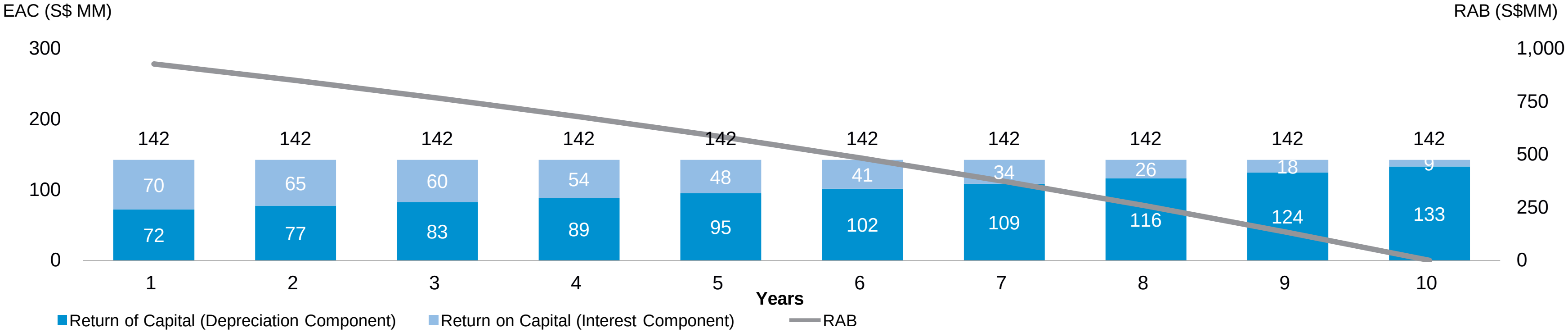
1. IMDA may change the rate of applicable pre-tax WACC in future review period

Understanding the ICO pricing framework

Illustrative Worked Example

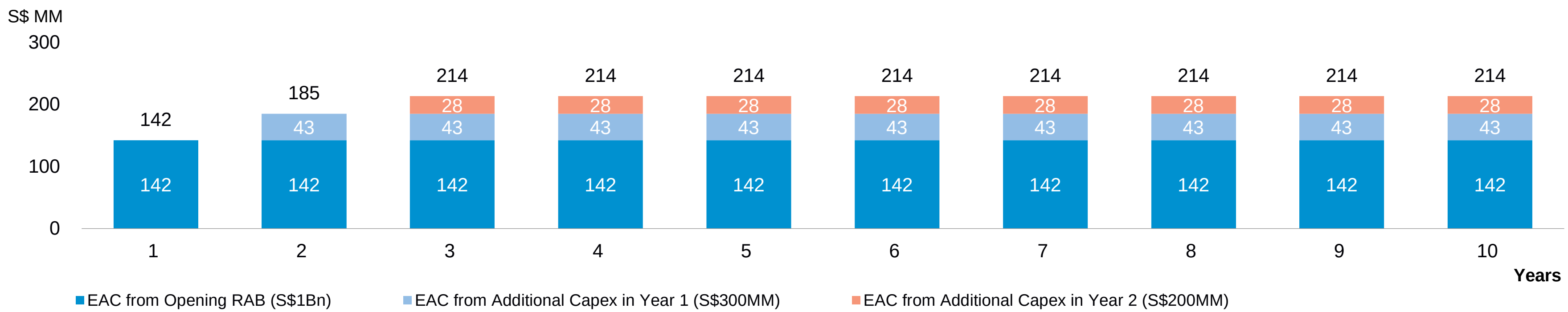
How Does EAC Work for 1 Year's Outflow on Capex?

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)

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