

A nighttime city skyline, likely Singapore, with numerous skyscrapers illuminated. Overlaid on the scene are several bright blue, glowing light trails that curve across the sky, suggesting high-speed data or fiber optic connections. The sky transitions from a deep blue at the top to a lighter purple and pink near the horizon.

**NetLinkNBN**  
*the fibre of a smart nation*

## Maybank Invest ASEAN 2020

13 & 14 July 2020

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EBITDA is a non-SFRS financial measure and represents operating profit before depreciation and amortisation expense, net finance costs and income tax expense. EBITDA and EBITDA margin are supplemental financial measures of the NetLink Group’s performance and liquidity, and are not required by, or presented in accordance with SFRS, IFRS, Singapore Financial Reporting Standards (International), U.S. GAAP or any other generally accepted accounting principles. Furthermore, EBITDA and EBITDA margin are not measures of financial performance or liquidity, and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with SFRS, IFRS, Singapore Financial Reporting Standards (International), U.S. GAAP or any other generally accepted accounting principles.

# Financial snapshot<sup>1</sup>

Revenue

**S\$370m**

▲ 4.7%<sup>2</sup>

Cash Balance

**S\$169m**

Market Cap<sup>4</sup>

**S\$3,527m**

EBITDA

**S\$258m<sup>3</sup>**

▲ 4.3%<sup>2</sup>

Gross Debt

**S\$666m**

Enterprise Value

**S\$4,024m**

<sup>1</sup> FY20

<sup>2</sup> Variance versus FY19

<sup>3</sup> 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

<sup>4</sup> 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

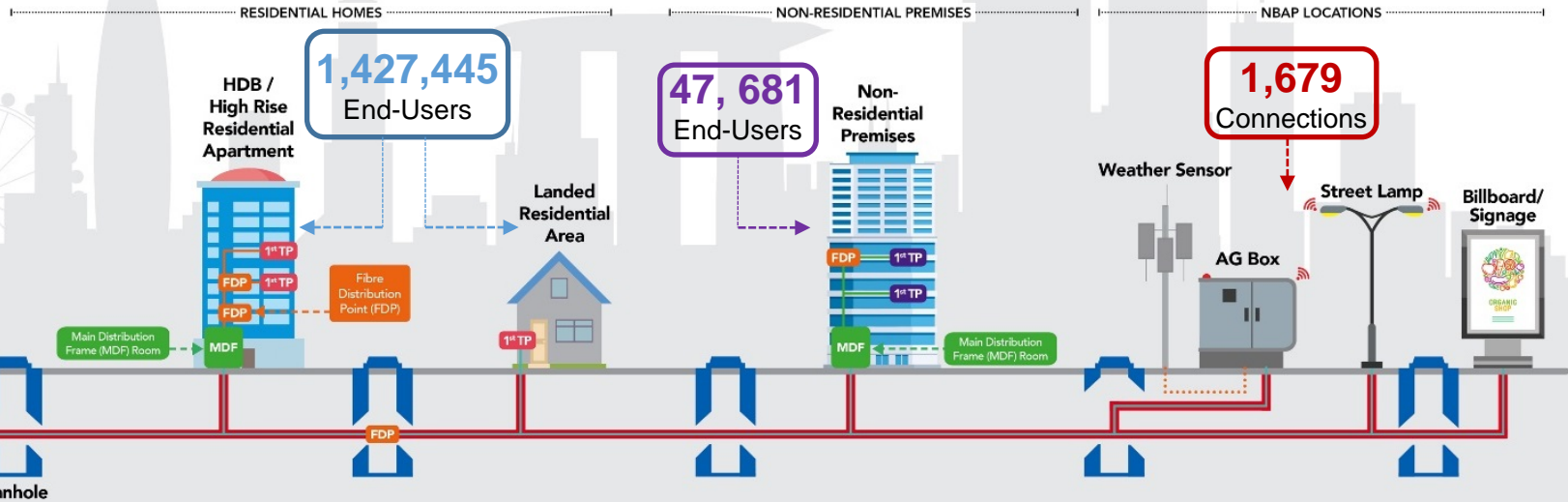


Fibre capacity is **scalable** and can support future transmission technology


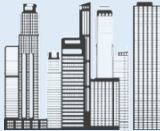
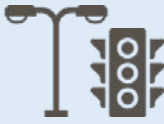







# Our network

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

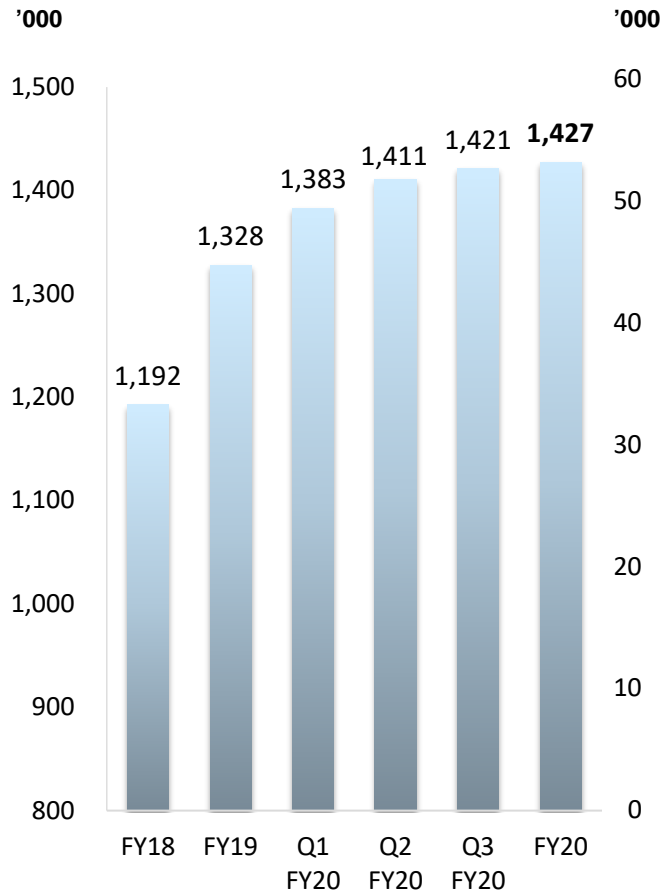


# A resilient business model

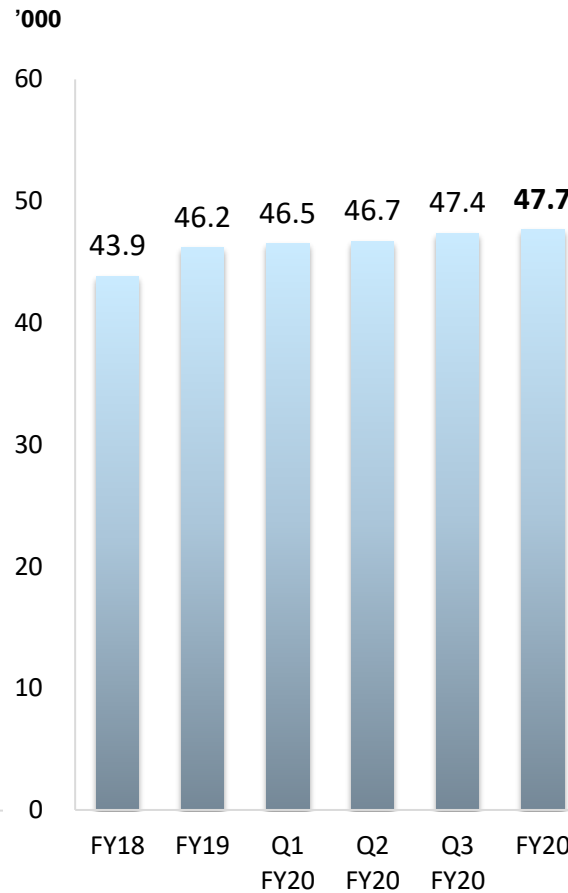
	RAB Revenue				Non-RAB Revenue			
								
	Residential Connections	Non-Residential Connections	NBAP and Segment Fibre Connections	Ducts and Manholes Service Revenue	Installation Related Revenue	Diversion Revenue	Co-Location and Other Revenue	Central Office Revenue
% of FY20 Revenue	62.5%	8.4%	2.0%	8.2%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

# Fibre connections

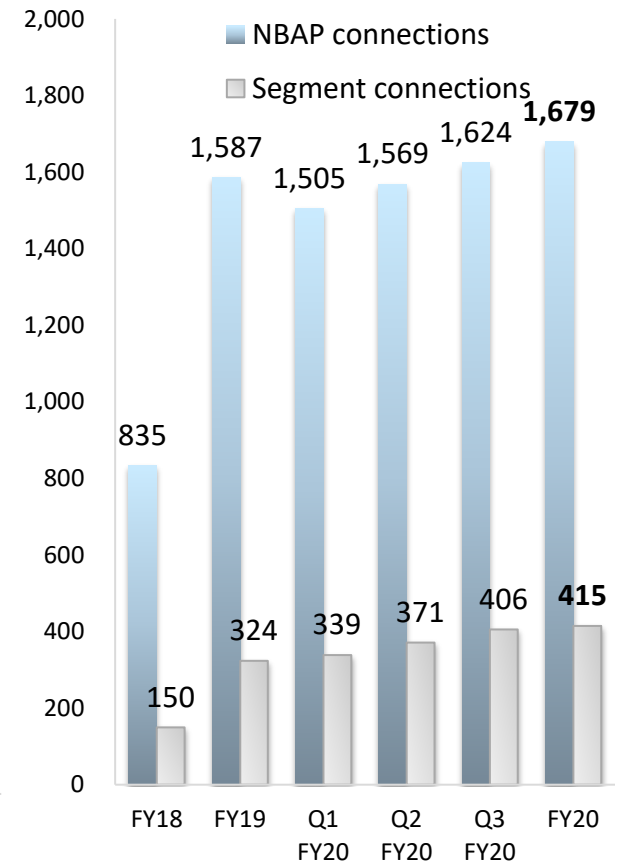
## Residential



## Non-Residential



## Non-Building Address Points And Segment connections<sup>1</sup>



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

## 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
<b>Profit before tax</b>	<b>9,180</b>	<b>17,703</b>	<b>(48.1)</b>

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

<b>EBITDA</b>	<b>71,195</b>	<b>62,810</b>	<b>13.3</b>
<b>EBITDA Margin (%)</b>	<b>77.0</b>	<b>71.5</b>	<b>5.5 pp</b>

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.<sup>1</sup>

<sup>1</sup> Please refer to separate announcement released on 27 Feb 2020.



# 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
<b>Profit before tax</b>	<b>71,869</b>	<b>69,750</b>	<b>3.0</b>

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

<b>EBITDA</b>	<b>273,842</b>	<b>247,876</b>	<b>10.5</b>
<b>EBITDA Margin (%)</b>	<b>74.0</b>	<b>70.1</b>	<b>3.9 pp</b>

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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.<sup>1</sup>

<sup>1</sup> Please refer to separate announcement released on 27 Feb 2020.

## Robust balance sheet<sup>1</sup>

**S\$169m**

Cash Balance

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**S\$666m**

Gross Debt

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**S\$2,907m**

Net Assets

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**2.6x**

Gross Debt/  
EBITDA<sup>2</sup>

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**13.4x**

EBITDA Interest  
Cover<sup>2</sup>

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**74.6 cents**

Net Assets per Unit

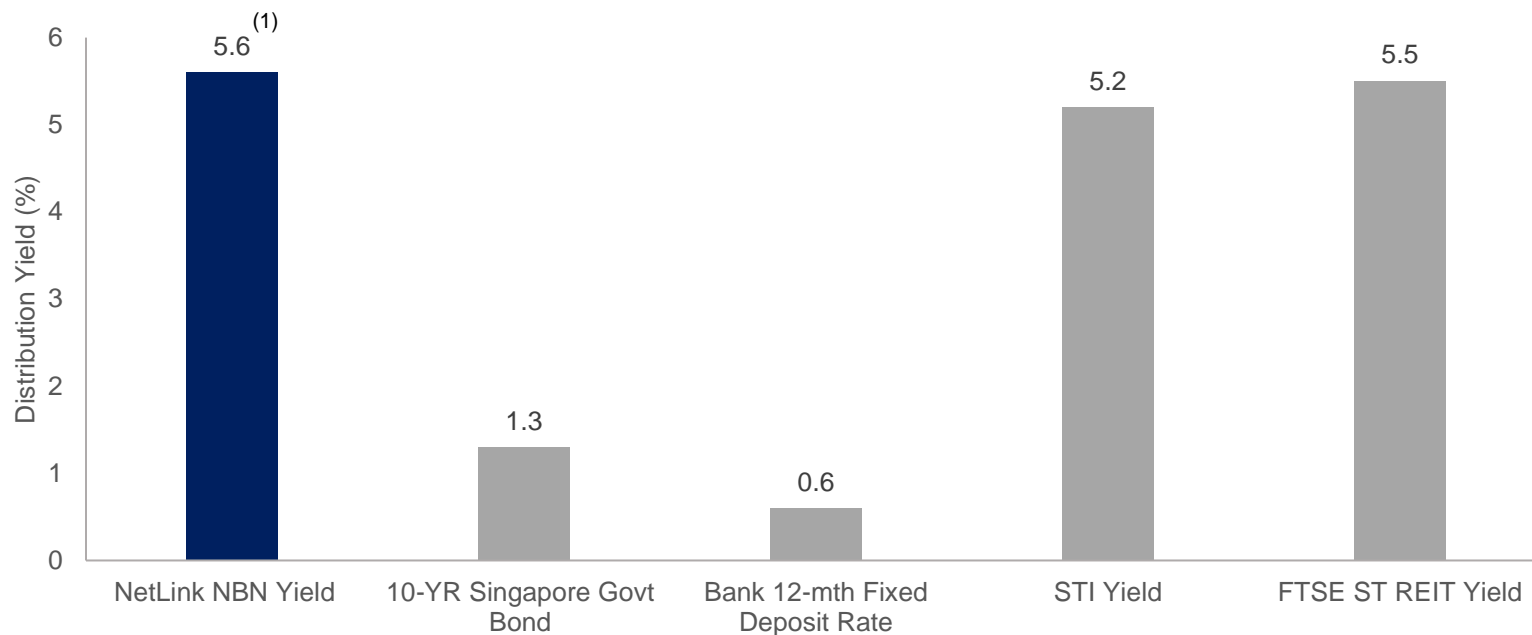
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- Interest rate exposure substantially hedged
- Stable capital structure with debt headroom to fund future capex

<sup>1</sup> As at 31 Mar 2020

<sup>2</sup> 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<sup>2</sup>.
- Distributions made by the Trust are exempt from Singapore income tax in the hands of the Unitholders.

<sup>(1)</sup> 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

<sup>(2)</sup> Cash Available for Distribution as defined in the prospectus dated 10 July 2017

# Our focus for FY21

01

## RESIDENTIAL

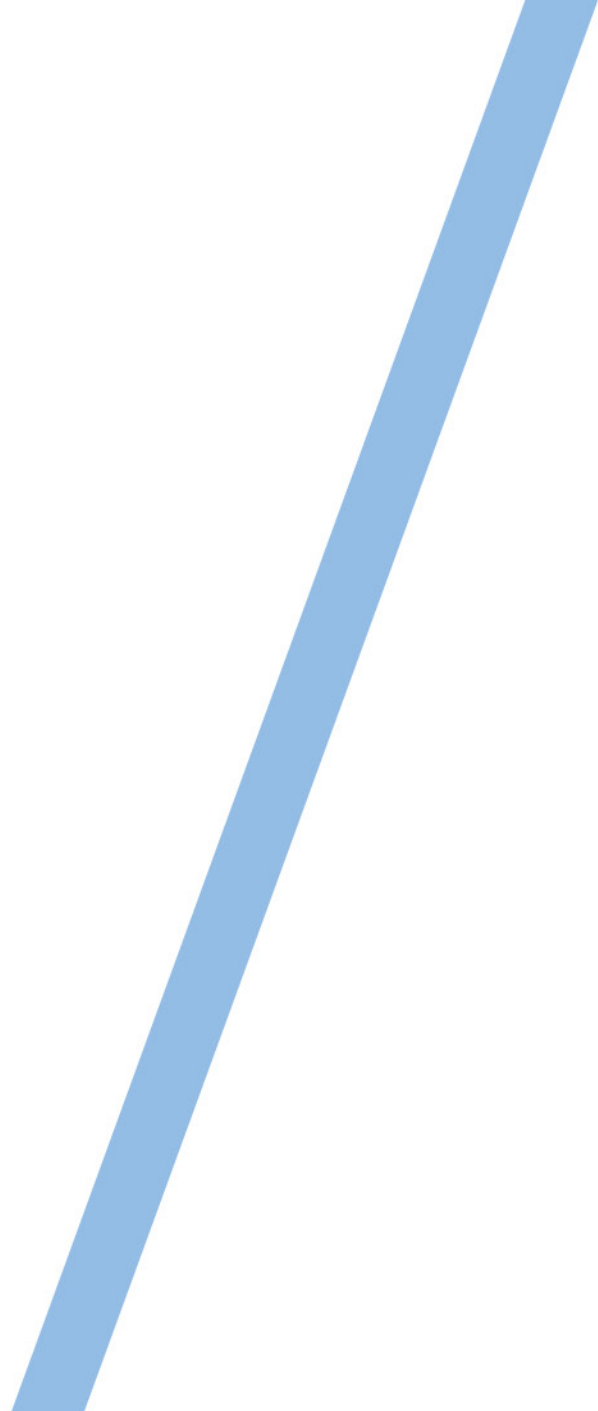
- Connect households not on fibre via initiatives such as IMDA's Home Access programme for low-income households
- Connect new homes
- Improve service provisioning QoS

02

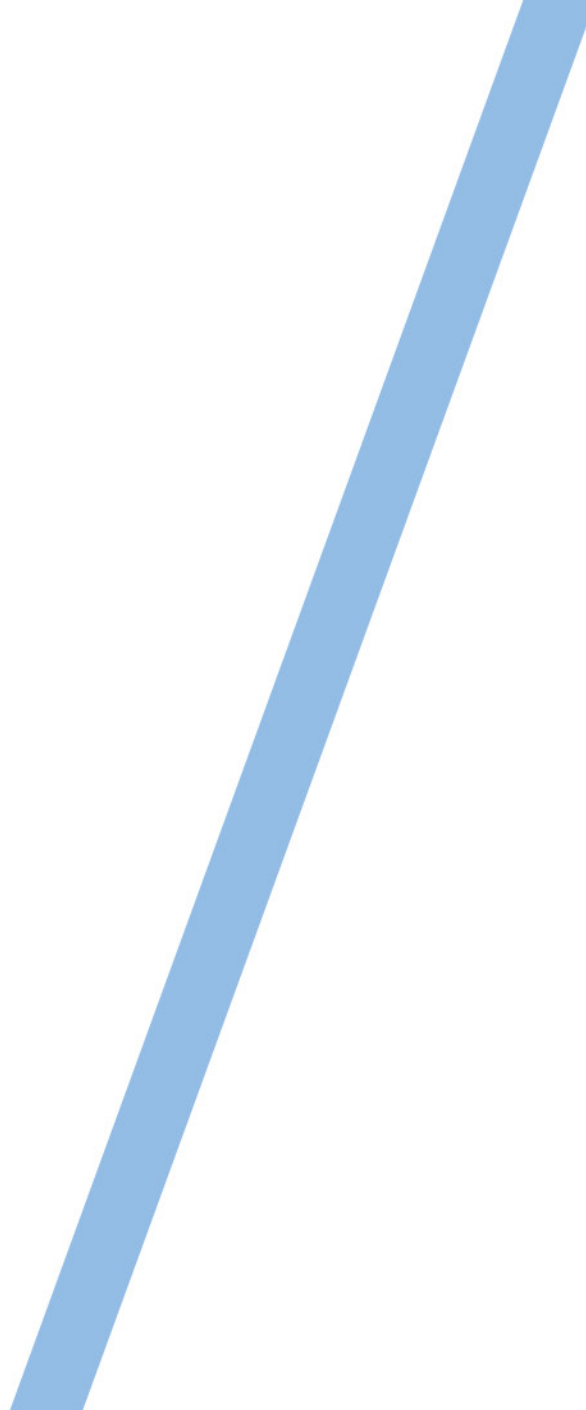
## NON-RESIDENTIAL, NBAP & SEGMENT

- 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

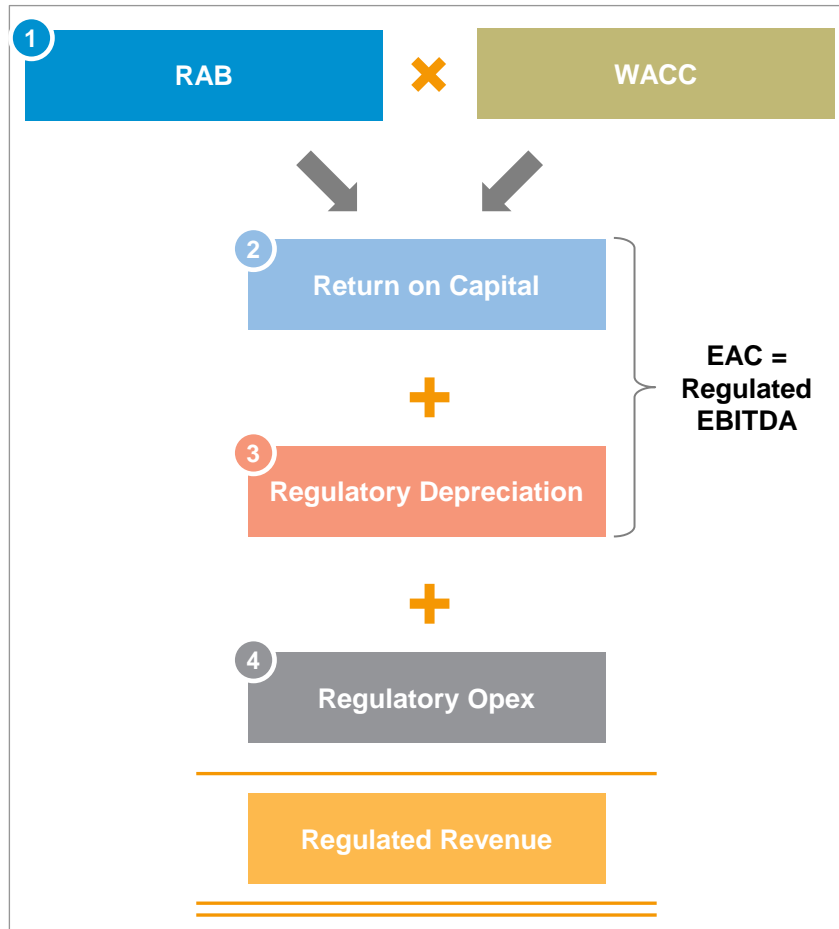
- IMDA shall hold a review of pricing terms every five years following the last price review, or at any such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review)
  - The most recent review by IMDA of prices under the Interconnection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

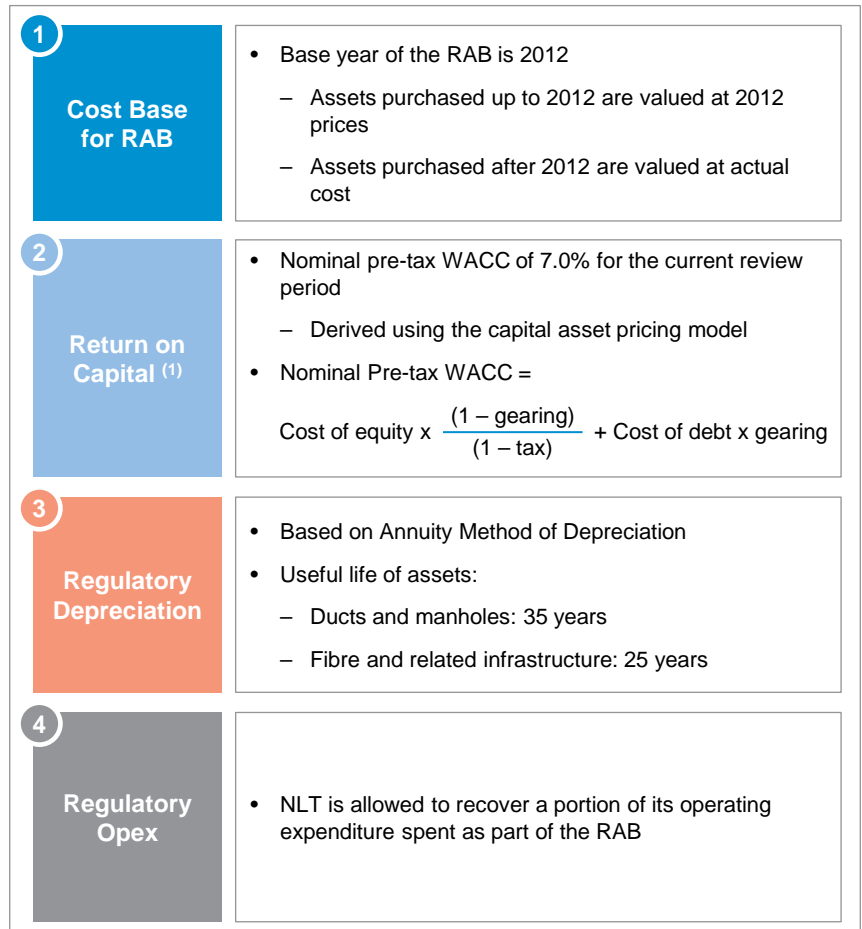
Residential	<b>S\$13.80</b> per connection per month
Non-residential	<b>S\$55</b> per connection per month
NBAP	<b>S\$73.80</b> per connection per month

# NetLink Trust's pricing for its services

## Framework for RAB Based Pricing Model



## Methodology for RAB based pricing model



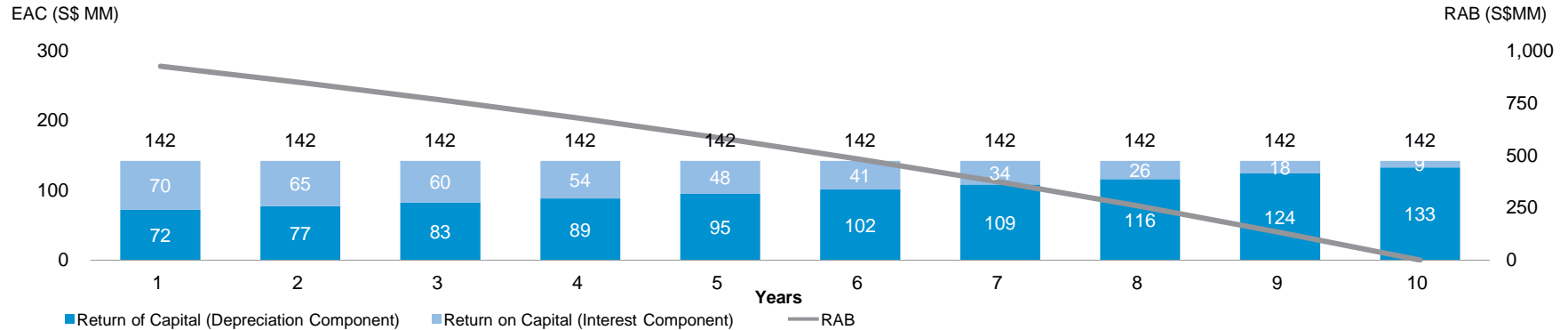
1. IMDA may change the rate of applicable pre-tax WACC in future review period

# Understanding the ICO pricing framework

## Illustrative Worked Example

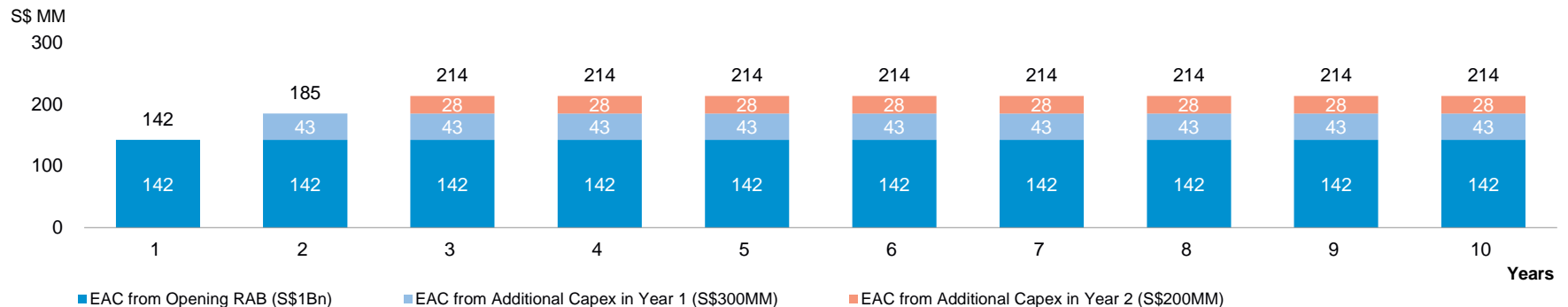
### How Does EAC Work for 1 Year's Outflow on Capex?

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)**