

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

**Macquarie Singapore  
Access**

2 October 2020



# Disclaimer

This presentation is for information purposes only and does not constitute or form part of an offer, solicitation, recommendation or invitation for the sale or purchase or subscription of securities, including units in NetLink NBN Trust (the “**Trust**” and the units in the Trust, the “**Units**”) or any other securities of the Trust. No part of it nor the fact of its presentation shall form the basis of or be relied upon in connection with any investment decision, contract or commitment whatsoever.

The information and opinions in this presentation are provided as at the date of this document (unless stated otherwise) and are subject to change without notice, its accuracy is not guaranteed and it may not contain all material or relevant information concerning NetLink NBN Management Pte. Ltd. (the “**Trustee-Manager**”), the Trust or its subsidiaries (the “**Trust Group**”). None of the Trustee-Manager, the Trust nor its affiliates, advisors and representatives make any representation regarding, and assumes no responsibility or liability whatsoever (in negligence or otherwise) for, the accuracy or completeness of, or any errors or omissions in, any information contained herein nor for any loss howsoever arising from any use of this presentation. Further, nothing in this presentation should be construed as constituting legal, business, tax or financial advice.

The information contained in this presentation includes historical information about and relevant to the assets of the Trust Group that should not be regarded as an indication of the future performance or results of such assets. Certain statements in this presentation constitute “forward-looking statements”. These forward-looking statements are based on the current views of the Trustee-Manager and the Trust concerning future events, and necessarily involve risks, uncertainties and assumptions. These statements can be recognised by the use of words such as “expects”, “plans”, “will”, “estimates”, “projects”, “intends” or words of similar meaning. Actual future performance could differ materially from these forward-looking statements, and you are cautioned not to place any undue reliance on these forward-looking statements. The Trustee-Manager does not assume any responsibility to amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise, subject to compliance with all applicable laws and regulations and/or the rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and/or any other regulatory or supervisory body or agency.

This document contains certain non-SFRS financial measures, including EBITDA and EBITDA margin, which are supplemental financial measures of the Trust Group’s performance and liquidity and are not required by, or presented in accordance with, SFRS, IFRS, IFRS-identical Financial Reporting Standards, U.S. GAAP or any other generally accepted accounting principles. Furthermore, EBITDA and EBITDA margin are not measures of financial performance or liquidity under SFRS, IFRS, IFRS-identical Financial Reporting Standards, U.S. GAAP or any other generally accepted accounting principles and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with SFRS, IFRS, IFRS-identical Financial Reporting Standards, U.S. GAAP or any other generally accepted accounting principles. You should not consider EBITDA and EBITDA margin in isolation from, or as a substitute for, analysis of the financial condition or results of operation of the Trust Group, as reported under SFRS. Further EBITDA and EBITDA margin may not reflect all of the financial and operating results and requirements of the Trust Group. Other companies may calculate EBITDA and EBITDA margin differently, limiting their usefulness as comparative measures.

# Financial snapshot<sup>1</sup>

**S\$89.0** ↓ 3.3%<sup>2</sup>

Revenue

**S\$120m**

Cash Balance

**S\$3,780m**

Market Capitalisation<sup>3</sup>

**S\$68.8m** ↑ 4.3%<sup>2</sup>

EBITDA

**S\$666m**

Gross Debt

**S\$4,326m**

Enterprise Value

<sup>1</sup> Q1 FY21

<sup>2</sup> Variance versus Q1 FY20

<sup>3</sup> Based on the unit price of S\$0.970 at 30 Jun 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

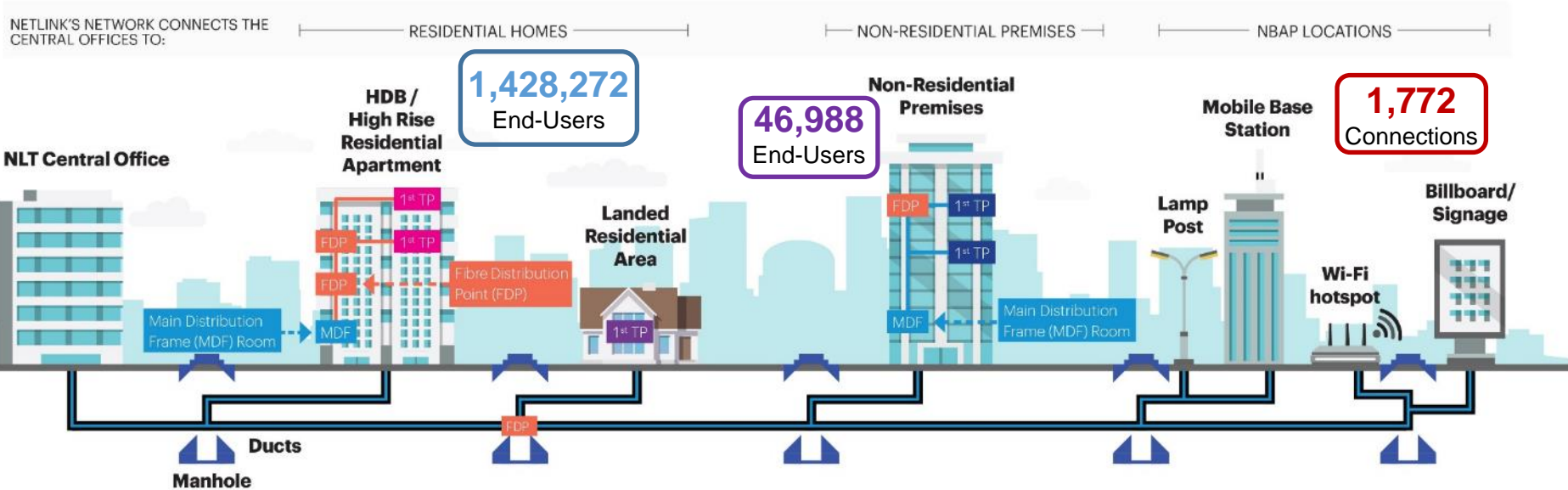
Fibre supports last-mile wireless access solutions such as WiFi hotspots and 3G/4G/5G mobile base stations




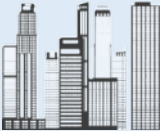
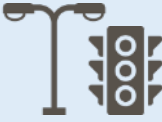





## SCALABLE

Fibre capacity is highly scalable and can support future transmission technologies

# Our network

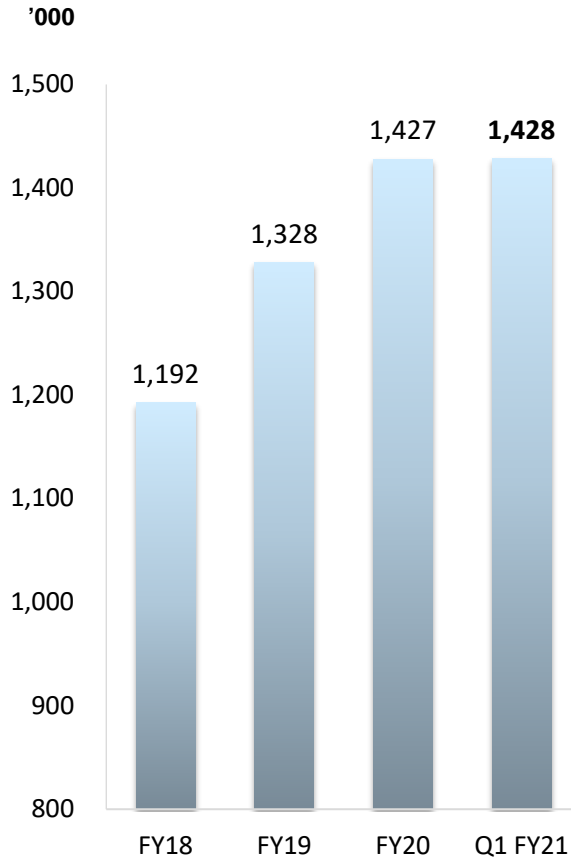


# A resilient business model

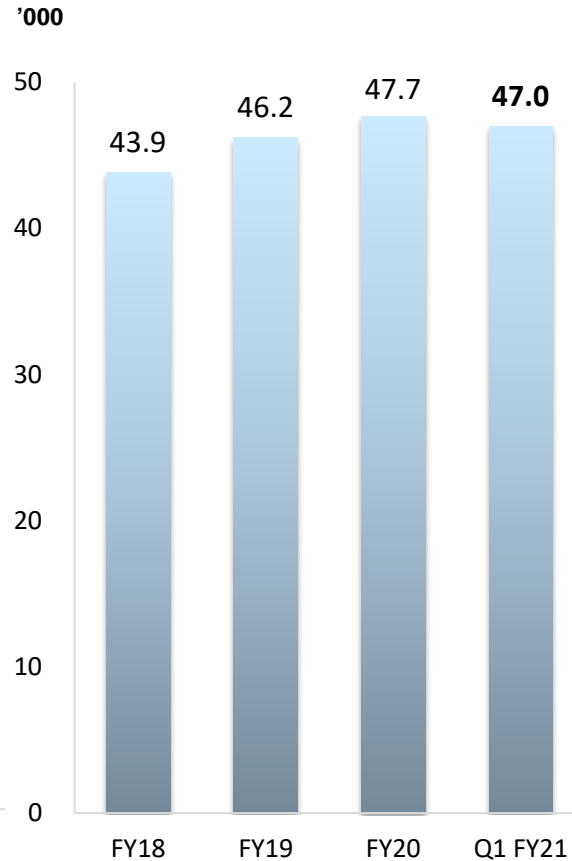
	RAB Revenue				Non-RAB Revenue			
								
	Residential Connections	Non-Residential Connections	NBAP and Segment Fibre Connections	Ducts and Manholes Service Revenue	Installation Related Revenue	Diversion Revenue	Co-Location and Other Revenue	Central Office Revenue
<b>% of Q1 FY21 Revenue</b>	<b>66.5%</b>	<b>8.3%</b>	<b>2.1%</b>	<b>8.3%</b>	<b>2.4%</b>	<b>1.6%</b>	<b>5.4%</b>	<b>5.4%</b>
<b>Recurring, predictable cash flows</b>	✓	✓	✓	✓	–	–	✓	✓
<b>Long-term contracts / customer stability</b>	✓	✓	✓	✓	–	–	✓	✓
<b>Regulated revenues</b>	✓	✓	✓	✓	✓	–	✓	–
<b>Creditworthy customers</b>	✓	✓	✓	✓	✓	✓	✓	✓

# Fibre connections

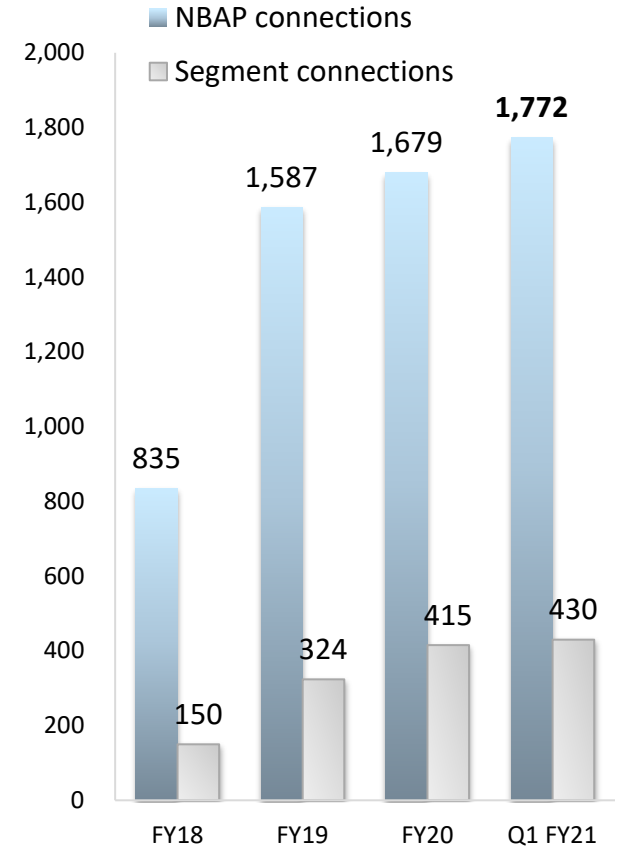
## Residential



## 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

# Q1 FY21 Profit & loss statement

S\$'000	Q1 FY21	Q1 FY20	Variance (%)
Revenue	88,962	92,041	(3.3)
<b>EBITDA</b>	<b>68,764</b>	<b>66,525</b>	<b>3.4</b>
EBITDA margin (%)	77.3%	72.3%	5.0 pp
Depreciation & amortisation	(41,504)	(42,040)	1.3
Net finance charges	(4,712)	(4,517)	(4.3)
<b>Profit before tax</b>	<b>22,548</b>	<b>19,968</b>	<b>12.9</b>

**Revenue was lower by 3.3%** mainly due to the impact COVID-19 had on lower installation- related revenue and diversion revenue partially offset by revenues from higher residential connections

**EBITDA margin of 77.3% was 5.0 pp higher** primarily contributed by the higher proportion of revenue from residential connections and from the Government relief grants received



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

**S\$120m**

Cash Balance

---

**S\$666m**

Gross Debt

---

**S\$2,832m**

Net Assets

---

**2.6x**

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

---

**14.3x**

EBITDA Interest  
Cover<sup>2</sup>

---

**72.7 cents**

Net Assets per Unit

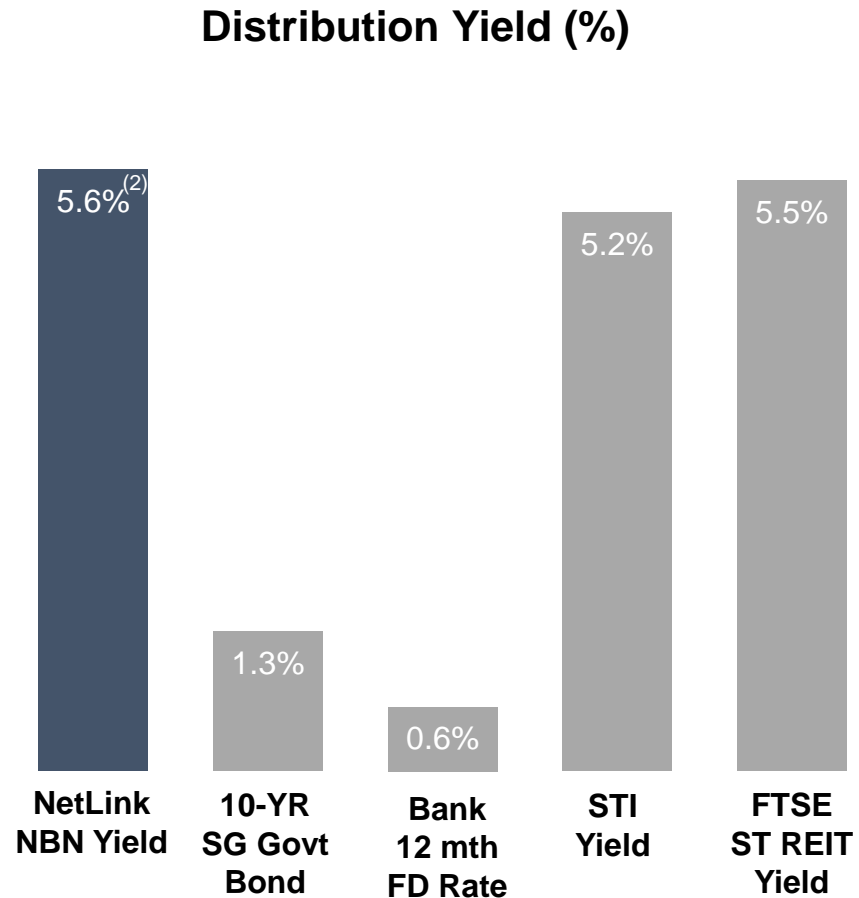
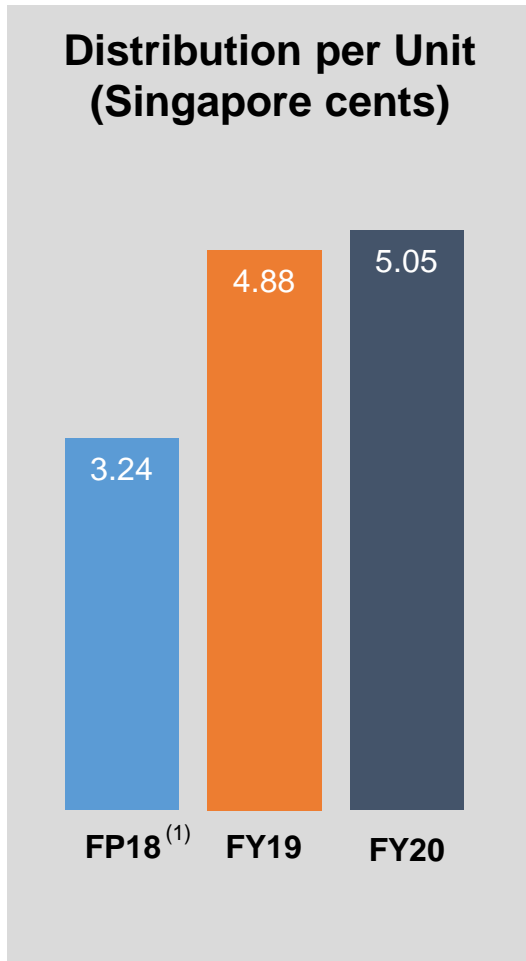
---

- Interest rate exposure substantially hedged
- The Group entered into a one-year extension for the outstanding term loan of S\$510.0 million to mature on 24 March 2022
- Stable capital structure with debt headroom to fund future capex

<sup>1</sup> As at 30 Jun 2020

<sup>2</sup> Ratios calculated based on NetLink Group's trailing 12 months financials

# Attractive distribution yield with low risk



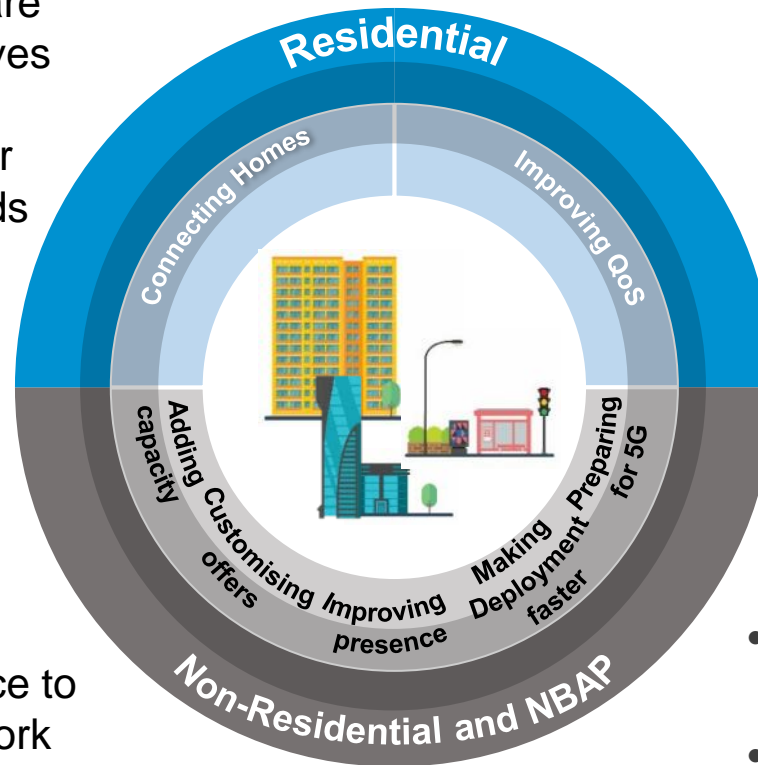
Bloomberg as at 31 Mar 2020

<sup>(1)</sup> For the financial period from 19 Jul 2017 (date of IPO) to 31 Mar 2018

<sup>(2)</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

# 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

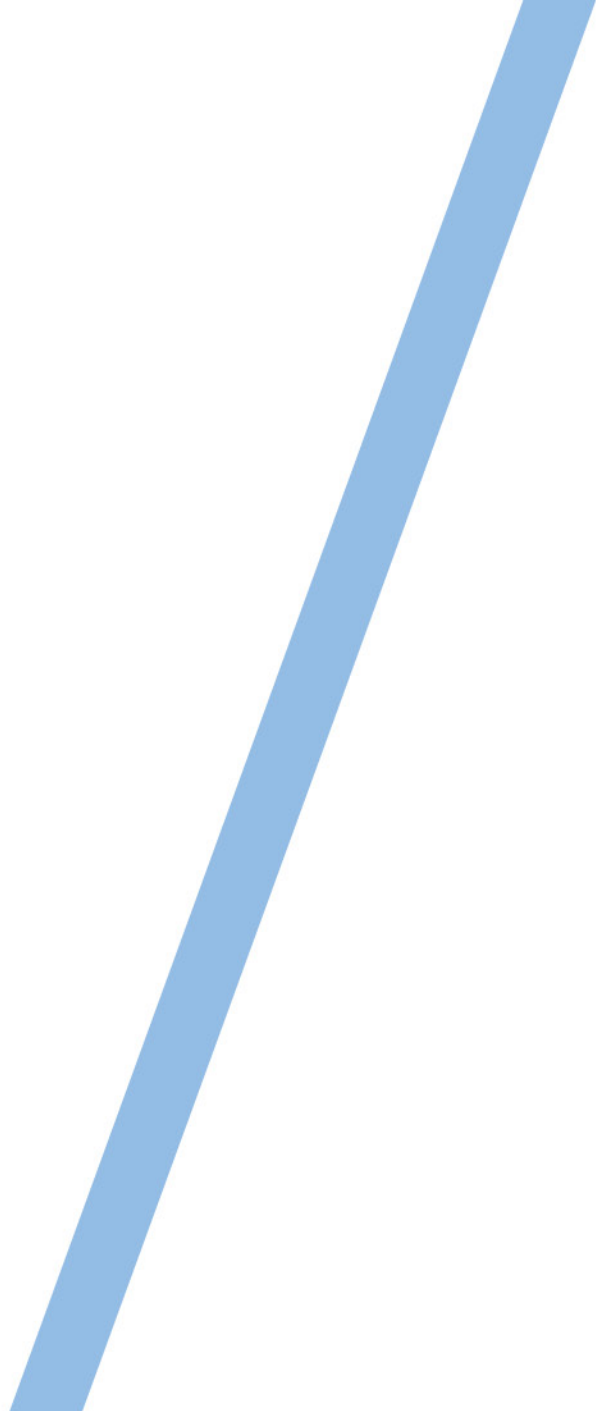


- **Improving** service provisioning QoS

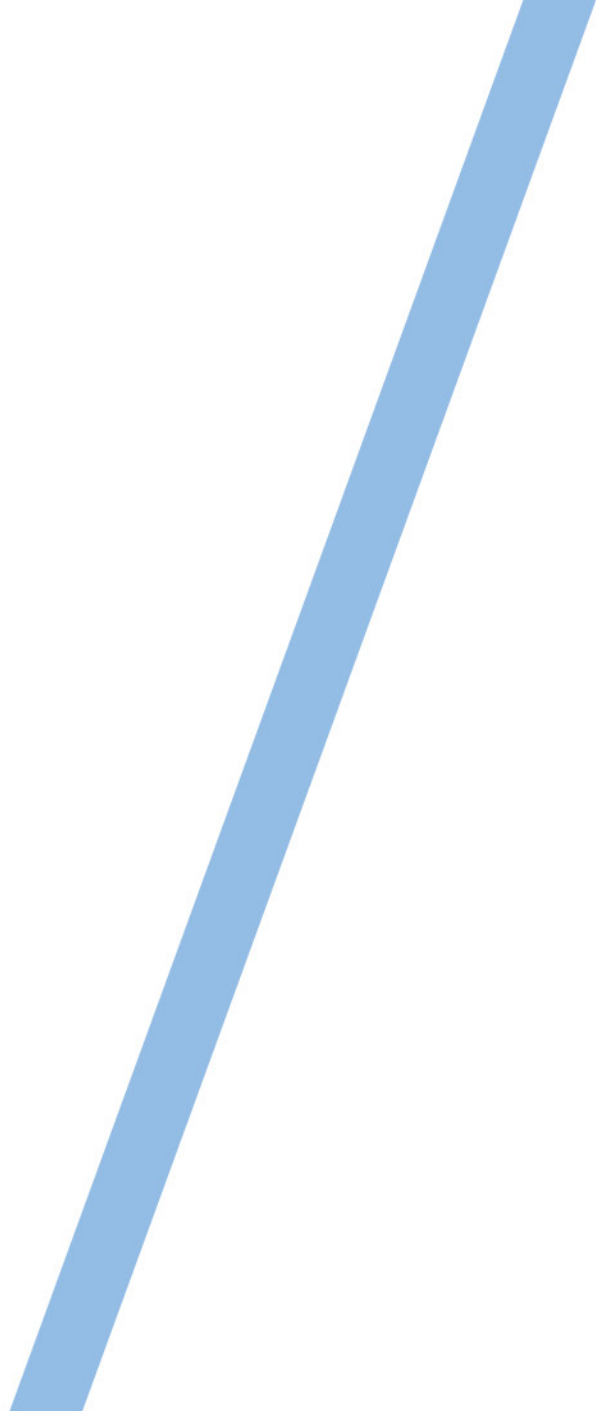
- **Adding** capacity, flexibility and resilience to create a denser network
- **Customising** offerings to SMEs
- **Improving** presence in major Data Centres

- **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

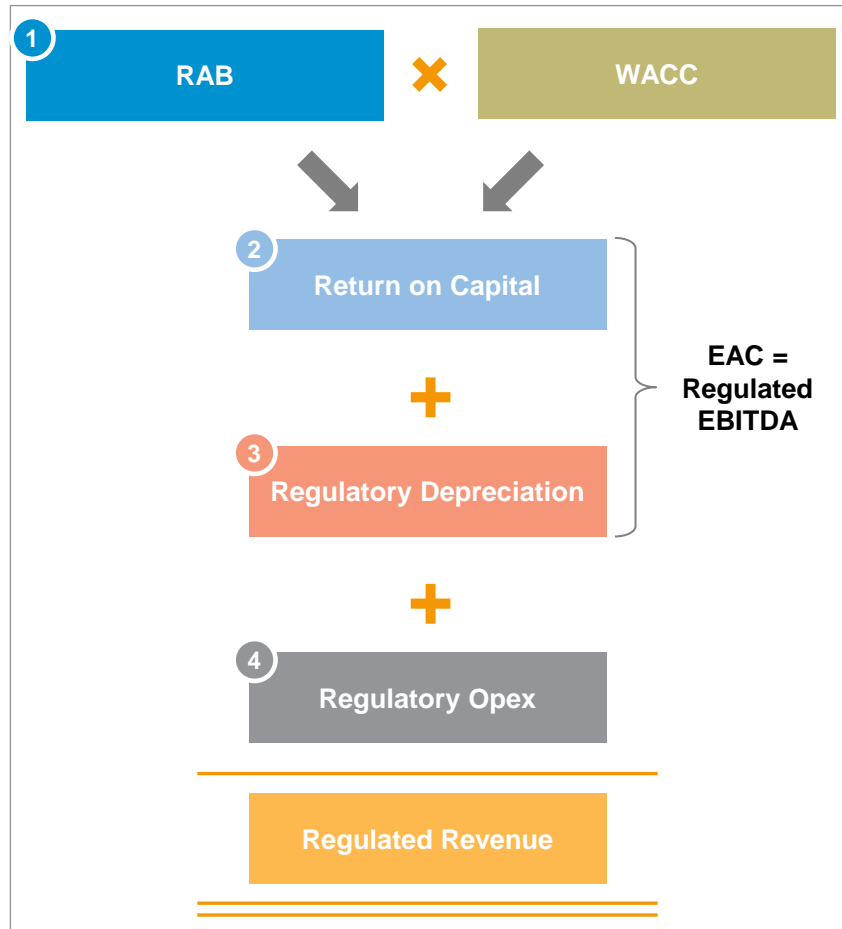
- IMDA shall hold a review of pricing terms every five years following the last price review, or at any such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review)
  - The most recent review by IMDA of prices under the Interconnection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

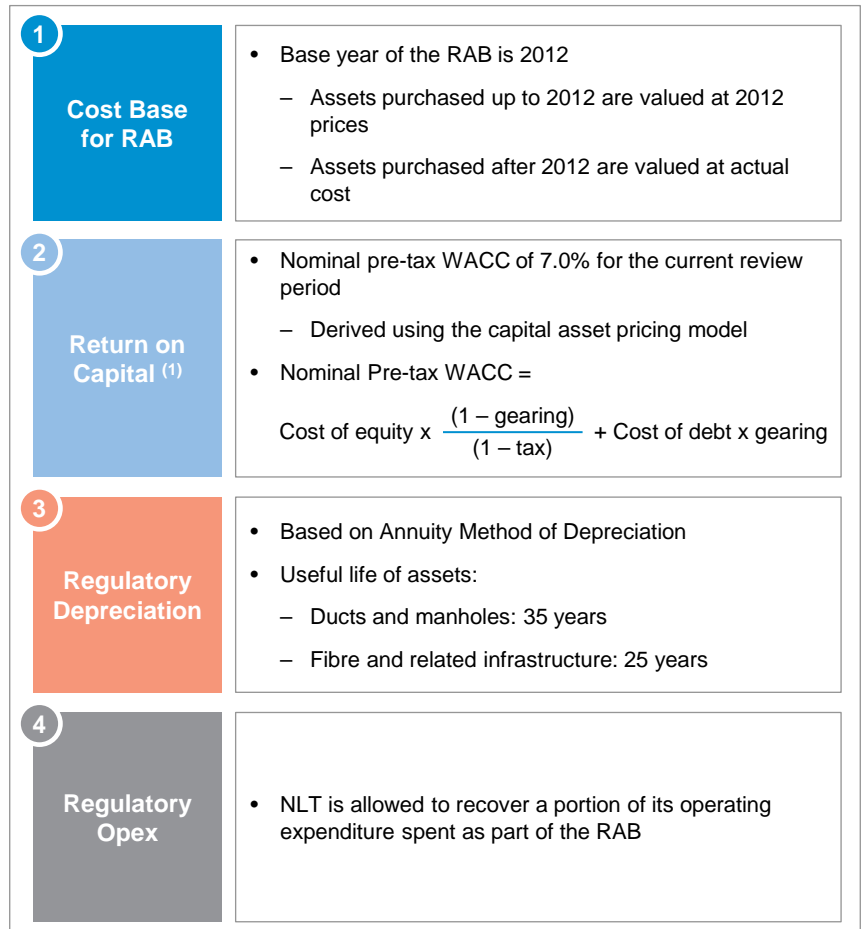
<b>Residential</b>	<b>S\$13.80</b> per connection per month
<b>Non-residential</b>	<b>S\$55</b> per connection per month
<b>NBAP</b>	<b>S\$73.80</b> per connection per month

# NetLink Trust's pricing for its services

## Framework for RAB Based Pricing Model



## Methodology for RAB based pricing model



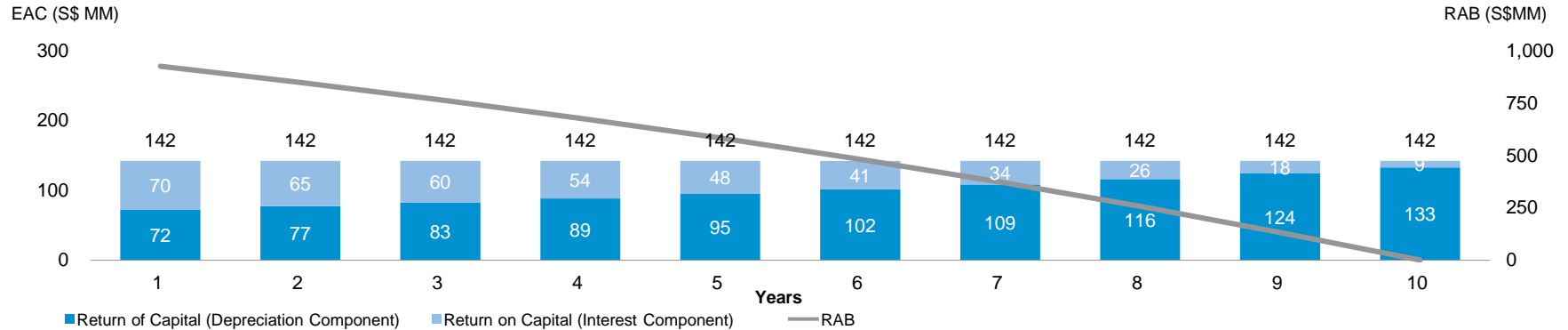
1. IMDA may change the rate of applicable pre-tax WACC in future review period

# Understanding the ICO pricing framework

## Illustrative Worked Example

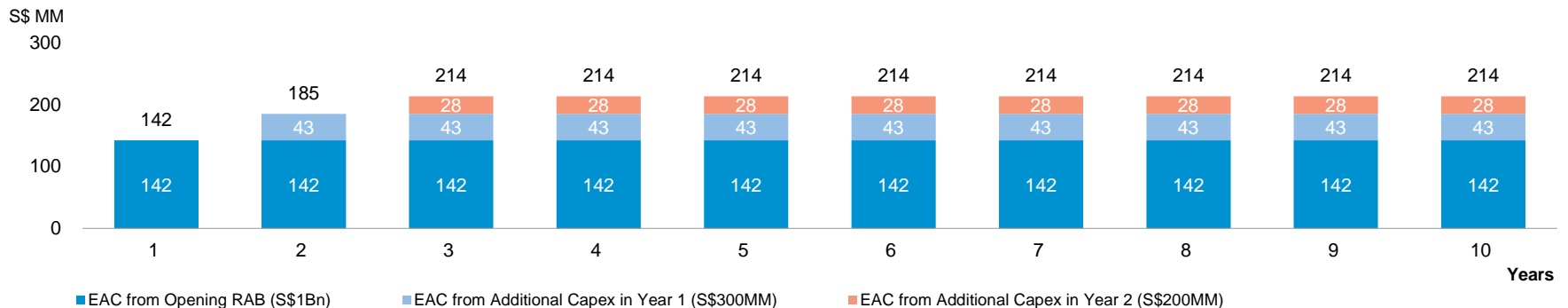
### How Does EAC Work for 1 Year's Outflow on Capex?

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)**