



SGX-Maybank Singapore Corporate Day

07 June 2023

NetLinkNBN
the fibre of a smart nation

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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.

NBN industry structure



End-Users

Retail Services Providers (RSPs)

Purchase bandwidth connectivity from OpCo(s) and provide services to end-users.

Active Infrastructure Company (OpCo)

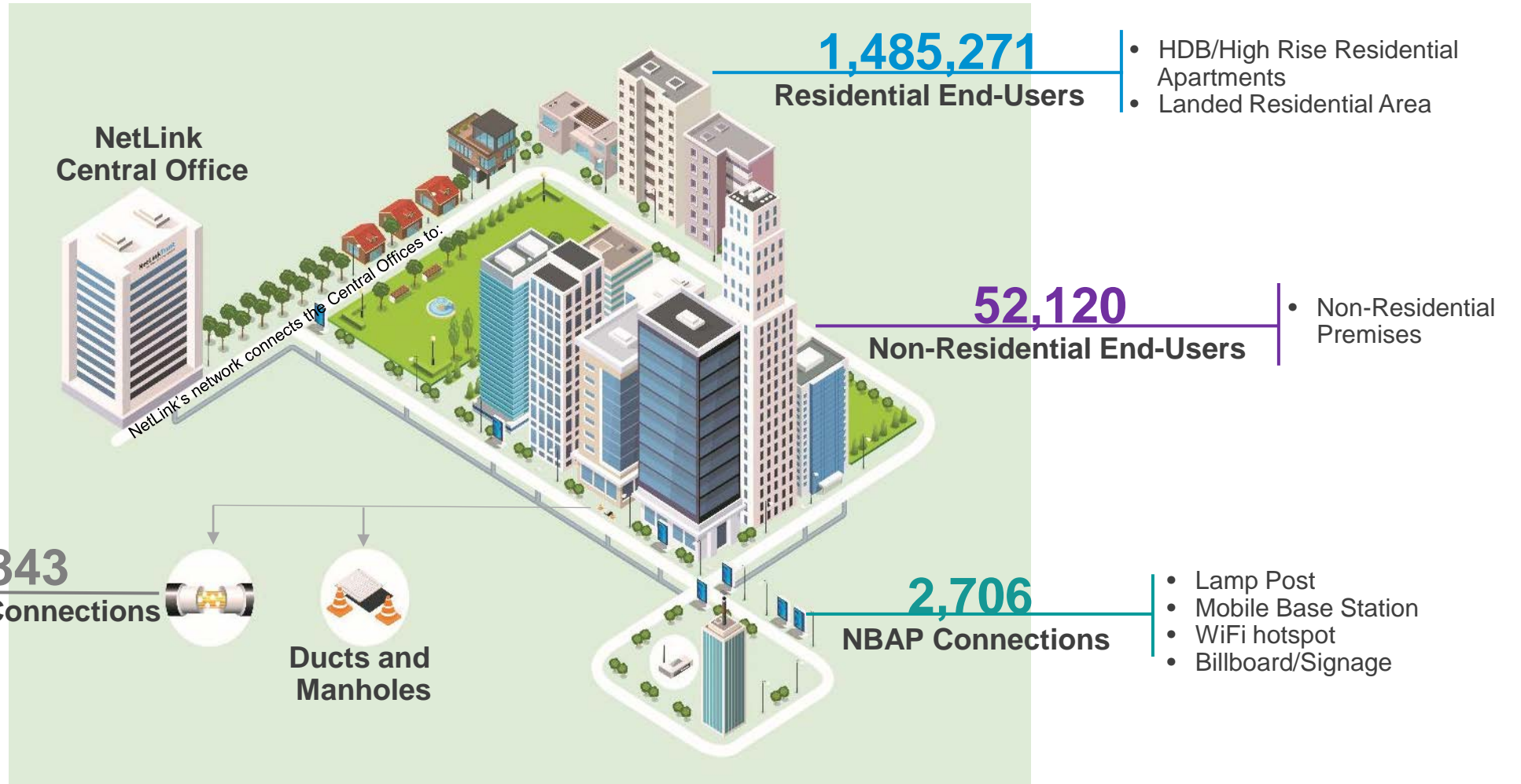
Build and operate the Network's active infrastructure

Passive Infrastructure Company (NetCo)

- Owns and deploys all the fibre optic cables and offers wholesale dark fibre services to qualifying operators on a non-discriminatory basis
- Fulfills requests to install connectivity to homes, offices and buildings

and other RSPs

Our business



Our business is future proof

#1

PREFERRED

Only means of fixed broadband delivery in Singapore



HIGH PENETRATION

Over 95% 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 4G/5G mobile base stations

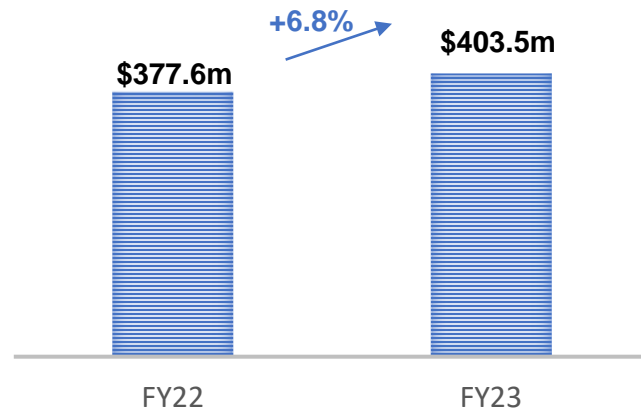


SCALABLE

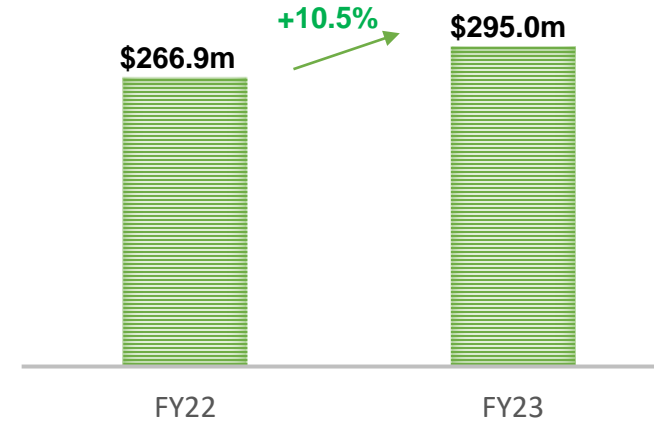
Fibre capacity is highly scalable and can support future transmission technologies

FY23 Financial highlights

REVENUE



EBITDA



NET GEARING

20.3%

Comfortable debt headroom

WEIGHTED AVERAGE DEBT DURATION

3.4 years

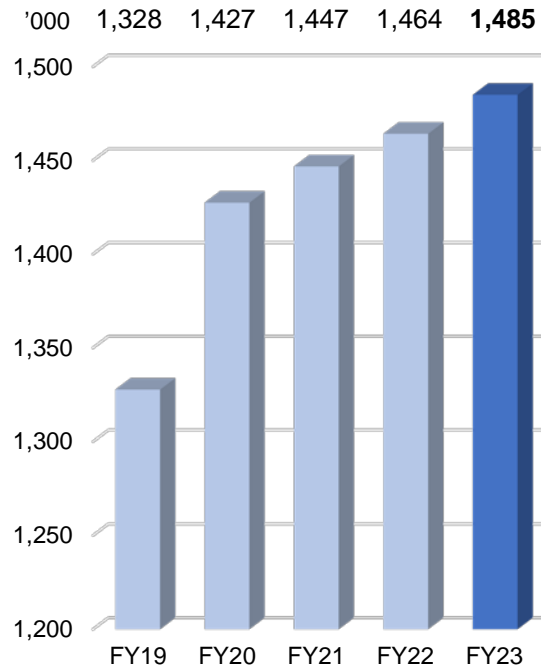
MARKET CAPITALISATION

\$3.4 billion

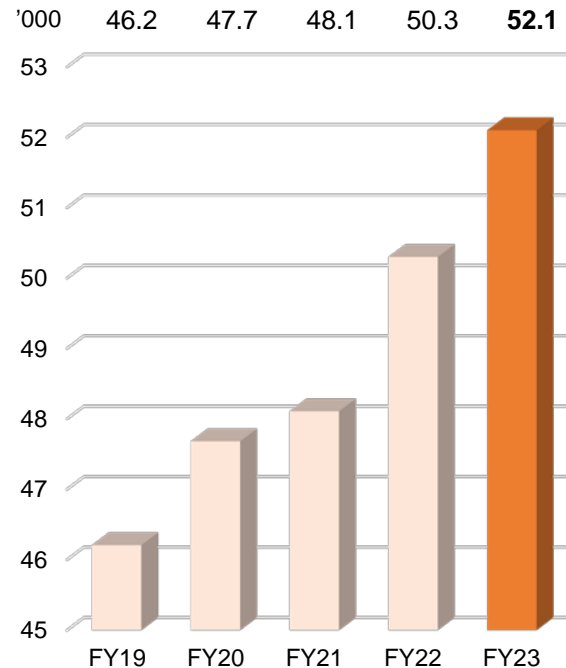
Unit price of \$0.86 as at
31 Mar 2023

Fibre connections

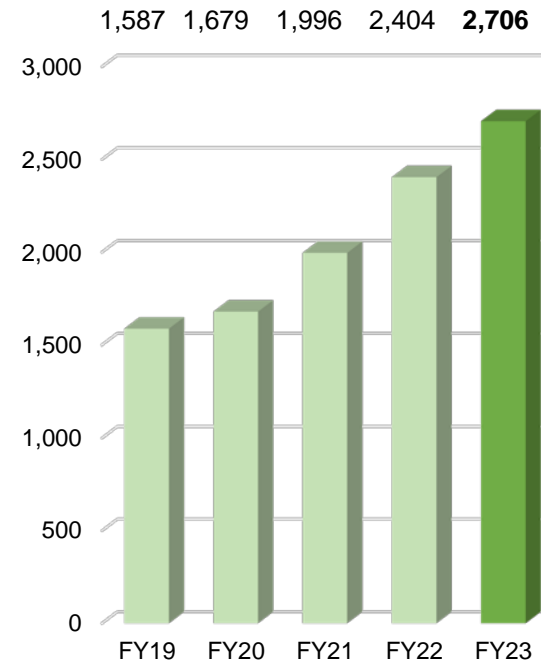
Residential



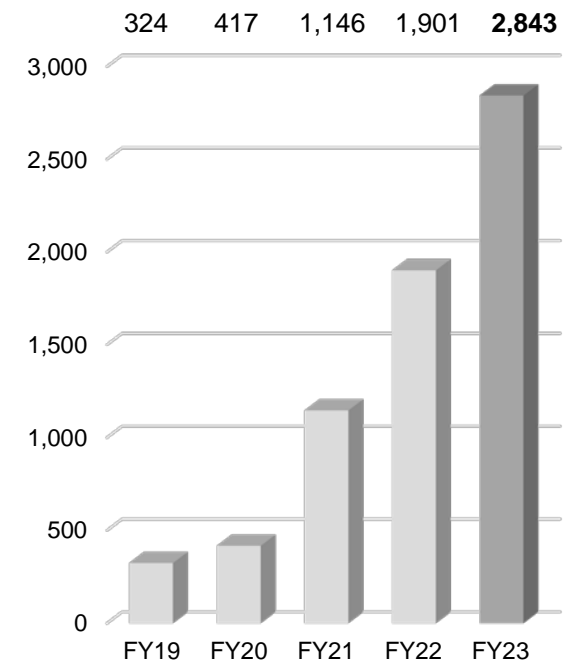
Non-Residential



Non-Building Address Points



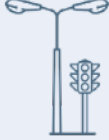







Segment⁽¹⁾



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

Resilient business model

	 Residential Connections	 Non-Residential Connections	 NBAP & Segment Connections	 Ducts & Manholes Service Revenue	 Installation Related Revenue	 Ancillary Project Revenue	 Co-Location & Other Revenue	 Central Office Revenue
	RAB REVENUE				NON-RAB REVENUE			
% of FY23 Revenue	60.5%	8.0%	4.2%	6.8%	5.0%	6.4%	5.3%	3.8%
Recurring, predictable cash flows	✓	✓	✓	✓	-	-	✓	✓
Long-term contracts / customer stability	✓	✓	✓	✓	-	-	✓	✓
Regulated revenues	✓	✓	✓	✓	✓	-	✓	-
Creditworthy customers	✓	✓	✓	✓	✓	✓	✓	✓

Strategic Focus

- 1. Improve network reach, densification and capability in support of NetLink's fibre-to-anywhere (FTTx) deployment.**
- 2. Improve competitiveness of NetLink's Fibre in enterprise and Government segment**
- 3. Provide expertise and infrastructure to support the upgrade of the NBN**
- 4. Explore opportunities to invest in telecoms infrastructure businesses overseas which are likely to generate a stable cashflow**
- 5. Create brand affinity with end-users**

FY23 Profit & loss statement

\$'000	FY23	FY22	Variance (%)
Revenue	403,460	377,611	6.8
EBITDA	294,979	266,941	10.5
EBITDA Margin (%)	73.1	70.7	2.4 pp
Depreciation and amortisation	(170,617)	(169,723)	0.5
Net finance charges	(15,145)	(10,140)	49.4
Net Profit after tax	109,253	91,262	19.7

Revenue for FY23 was **6.8%** higher than FY22 due to:

- Higher revenue from ancillary projects, NBAP and segment connections, residential connections, co-location and installation orders.
- Partially offset by lower Central Office revenue and ducts and manholes service revenue
- Ancillary project revenue contributed most significantly with more projects completed in FY23.

EBITDA was **10.5%** higher mainly due to:

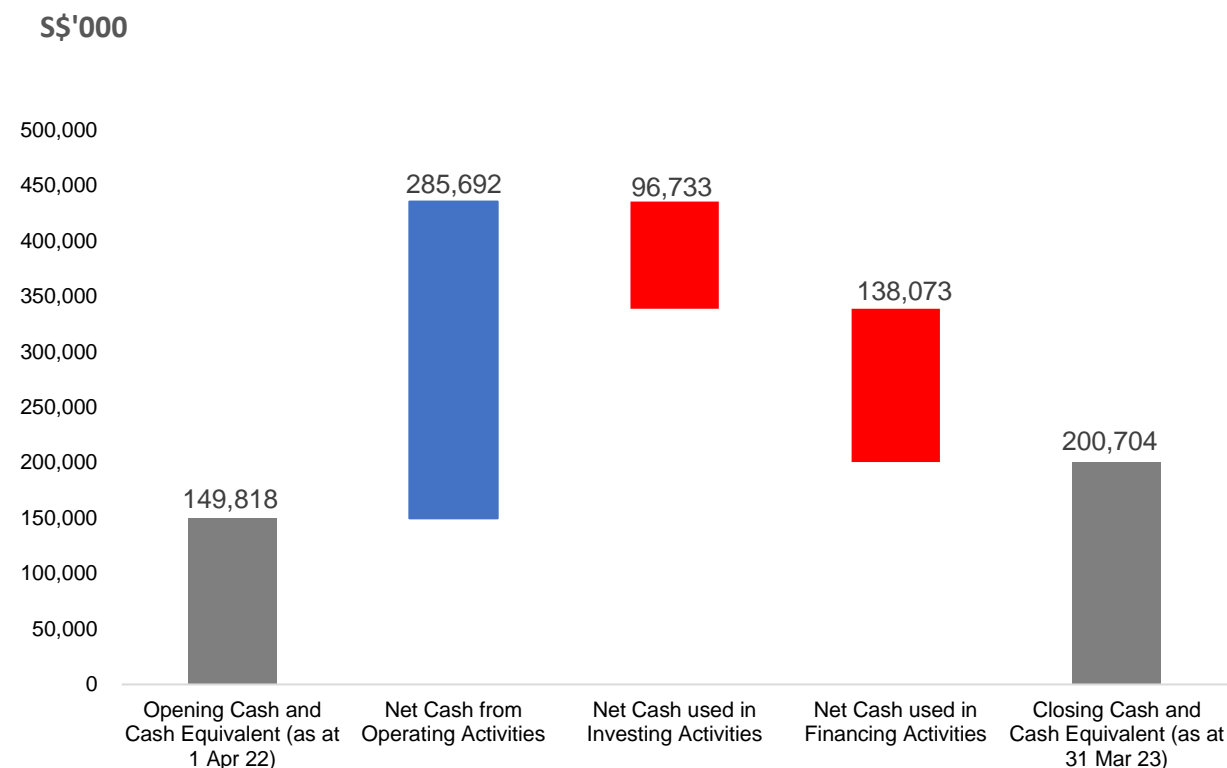
- Higher revenue (net of its related costs), higher other income, lower staff costs and operating expenses.
- Operating expenses for FY23 were significantly lower in comparison to FY22 because of the \$12.4 million remeasurement loss recorded in FY22 due to the reduction in rental rates upon the renewal of the Central Office lease agreements.

Credit metrics and cashflow

	FY23	FY22
Gross Debt	\$735m	\$666m
Weighted average debt maturity	3.4 yrs	3.4 yrs
Net debt/EBITDA ⁽¹⁾	1.8x	1.9x
EBITDA Interest cover ⁽¹⁾	18.6x	29.8x
Borrowings at Fixed Rate	69.4%	76.6%
Effective average interest rate	2.1%	1.1%

⁽¹⁾ Ratios calculated based on NetLink Group's trailing 12 months financial

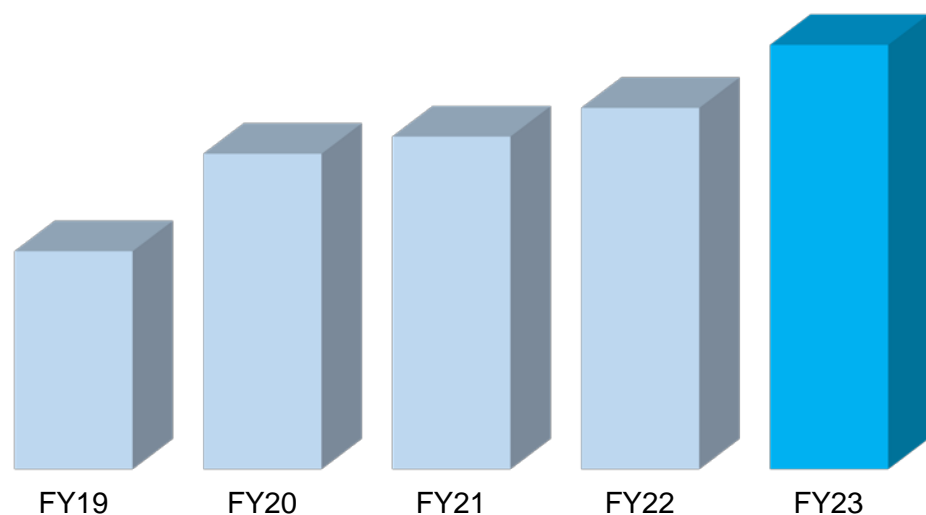
- Debt interest rate substantially hedged
- Stable capital structure with debt headroom to fund future capex
- Strong cashflow generated from operations and cash reserves



Attractive distribution yield

Distribution per Unit (Singapore cents)

4.88	5.05	5.08	5.13	5.24
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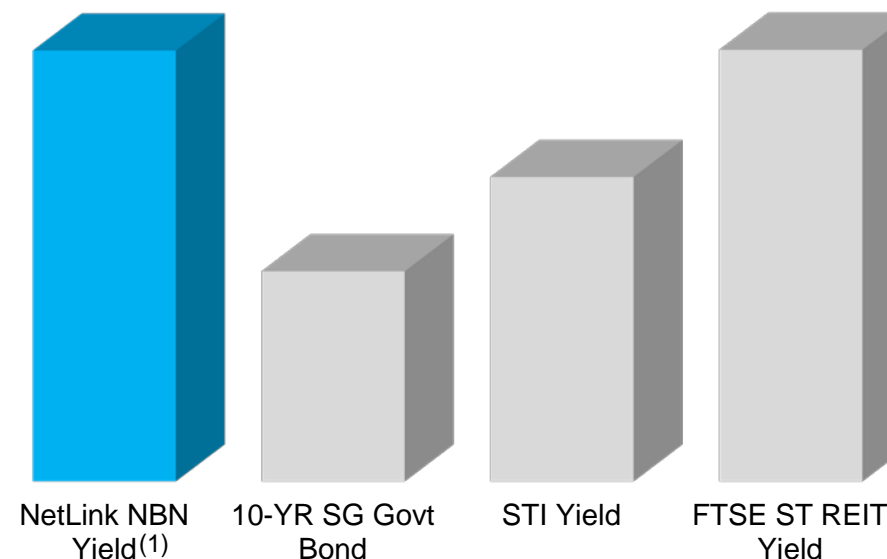


NetLink has returned \$1.1 billion to unitholders since its IPO in Jul 2017 to date (including the H2FY23 distribution)

Distribution yield (%)

6.09	2.94	4.26	6.04
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Bloomberg as at 31 Mar 2023



⁽¹⁾ Based on the unit price of \$0.86 as at 31 Mar 2023

Sustainability: Achievements



OUR BUSINESS PRACTICES

- Maintained **zero cases** of corruption and significant non-compliance with laws and regulations
- Received **five awards and recognitions** for corporate governance and communications
- Sustained **zero incidents** of data breaches affecting personal data or company-related confidential data



OUR ENVIRONMENT

- Achieved within target a **scrap rate of 2.2%** on fibre cable issued
- Maintained **zero incidents** of non-compliance on waste disposal practices
- Recorded **31% Scope 1 and 2 emissions** reduction from FY22 base year*
- Embarked on our **inaugural TCFD report** with completed qualitative scenario analysis



OUR PEOPLE AND COMMUNITIES

- Recorded a total of **5,864 learning hours**
- **No incidents** of discrimination reported
- Maintained **zero work-related incidents** that resulted in permanent disability or fatality
- Maintained **100% islandwide** fibre coverage
- Maintained **99.99%** network availability

* This is mainly due to the reduction in refrigerant and diesel top up in our COs. The amount of top up required varies from year to year.



Thank You



Supplementary Information

Corporate Video



<https://youtu.be/Tc88XRe40Wg>

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")

RESIDENTIAL

S\$13.80

per connection per month

NON-RESIDENTIAL

S\$55

per connection per month

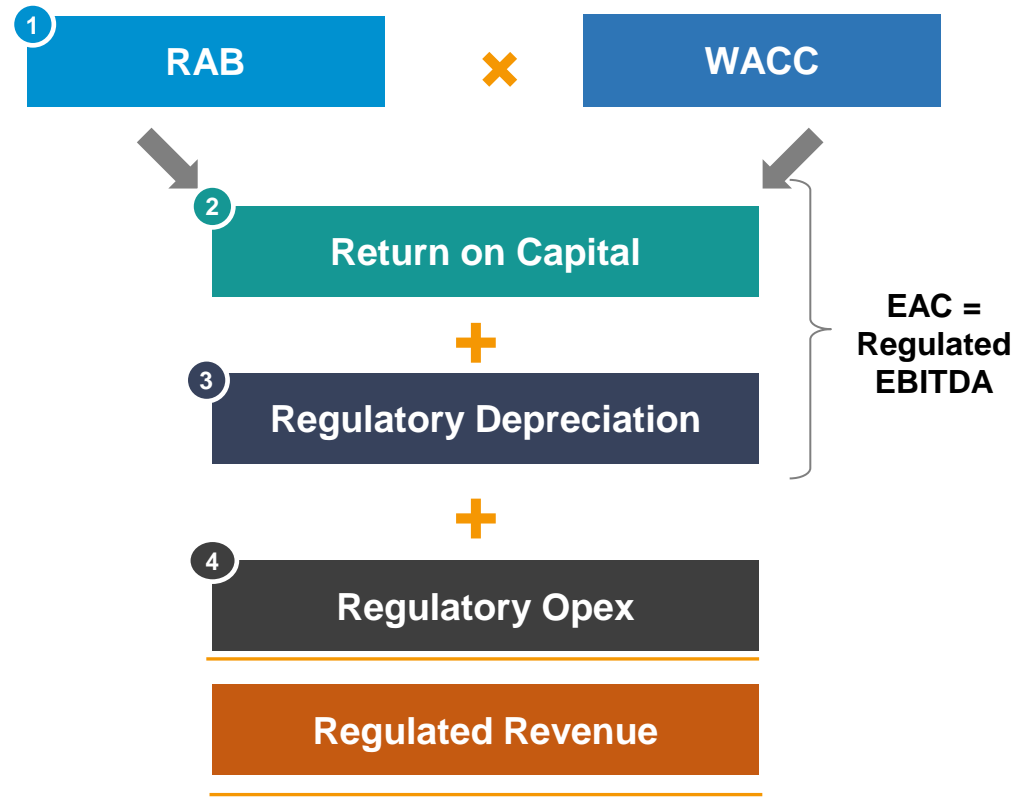
NBAP

S\$73.80

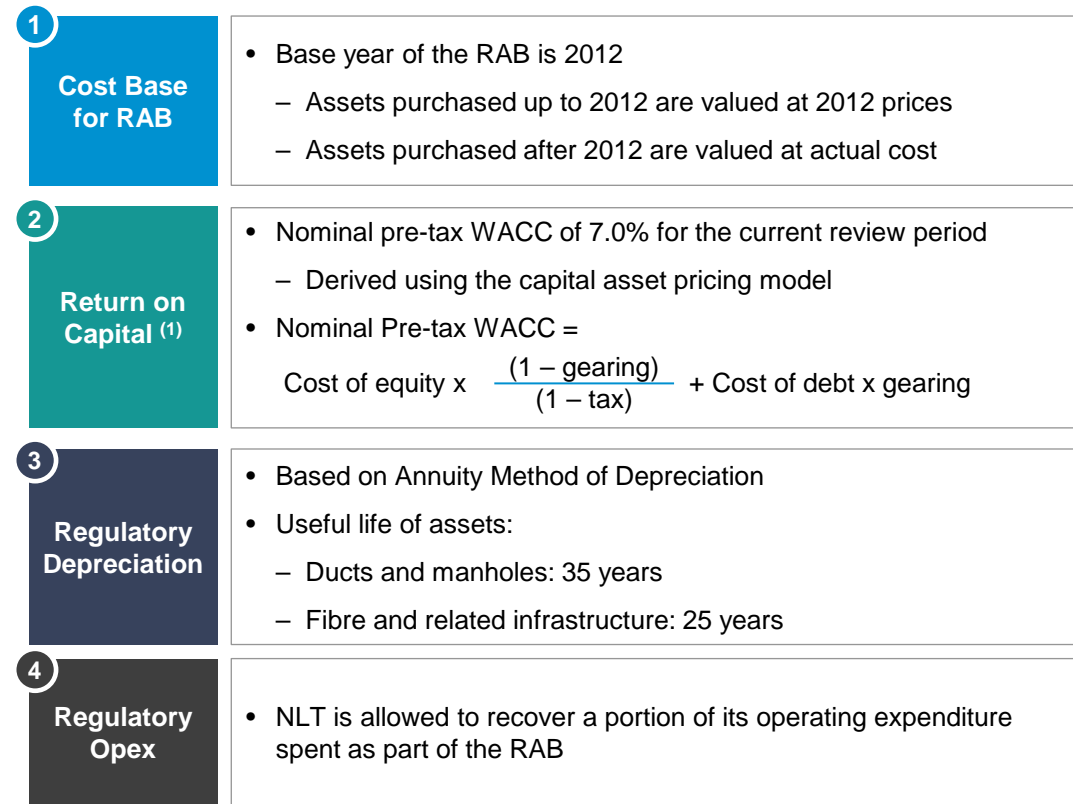
per connection per month

NetLink Trust's pricing for its services

FRAMEWORK FOR RAB BASED PRICING MODEL



METHODOLOGY FOR RAB BASED PRICING MODEL



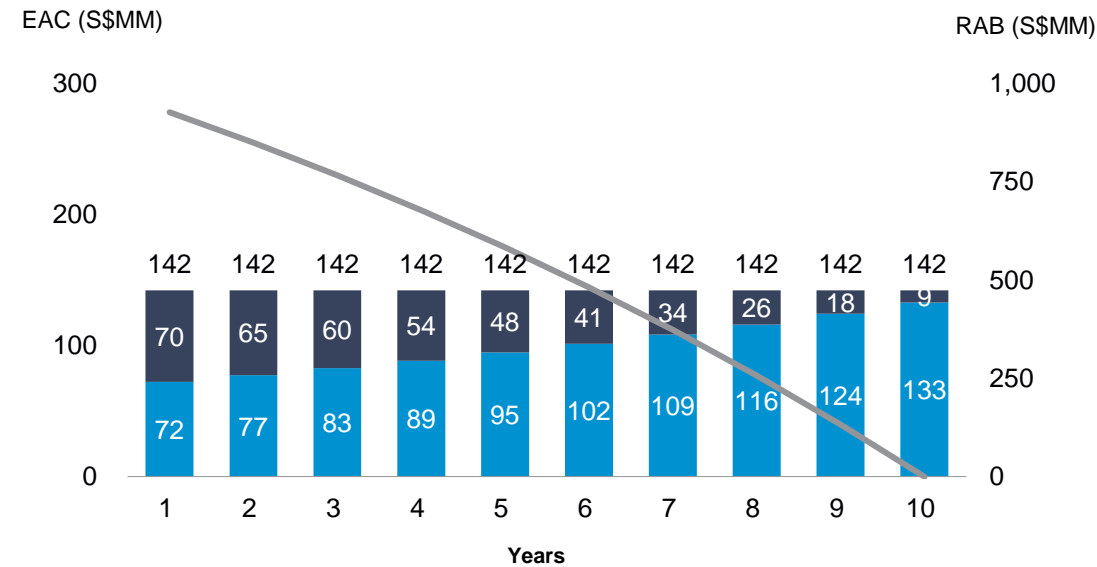
⁽¹⁾ IMDA may change the rate of applicable pre-tax WACC in future review period

Understanding the ICO pricing framework

ILLUSTRATIVE EXAMPLE

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

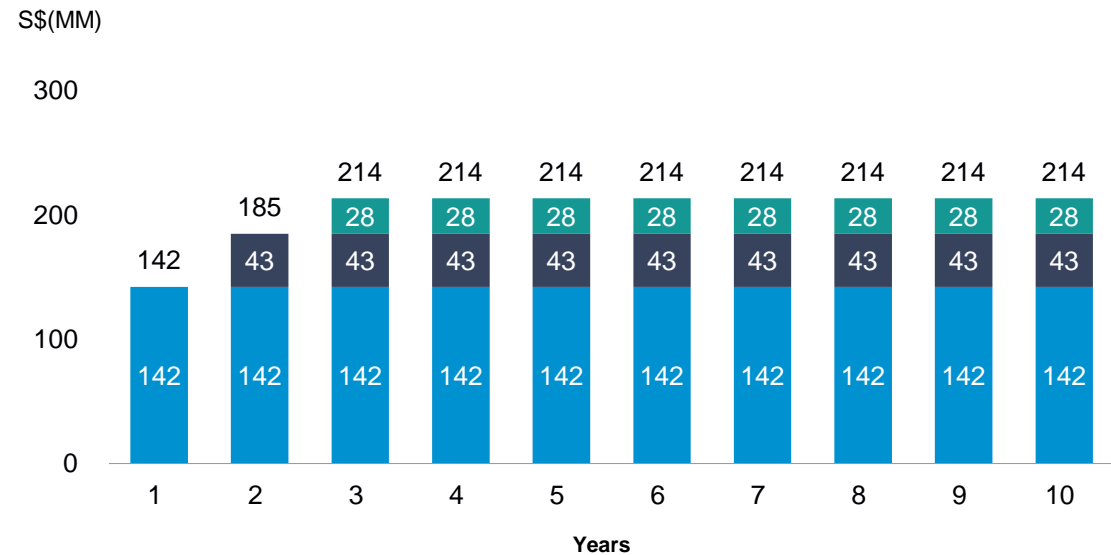
Assuming Opening RAB of S\$1Bn, WACC of 7.0% and Asset Useful Life of 10 Years; the cumulative return is S\$1.42Bn



■ Return of Capital (Depreciation Component) ■ Return on Capital (Interest Component) — RAB

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



■ EAC Opening RAB (S\$1bn) ■ EAC from Additional Capex in Year 1 (S\$300MM) ■ EAC from Additional Capex in Year 2 (S\$200MM)

The annuity method of depreciation provides an Equivalent Annual Cost which equates to regulatory depreciation (depreciation component) + return on capital (interest component)