

24 August 2023

**Phillip Capital Trading  
Representatives Briefing and  
Retail Investors Briefing**

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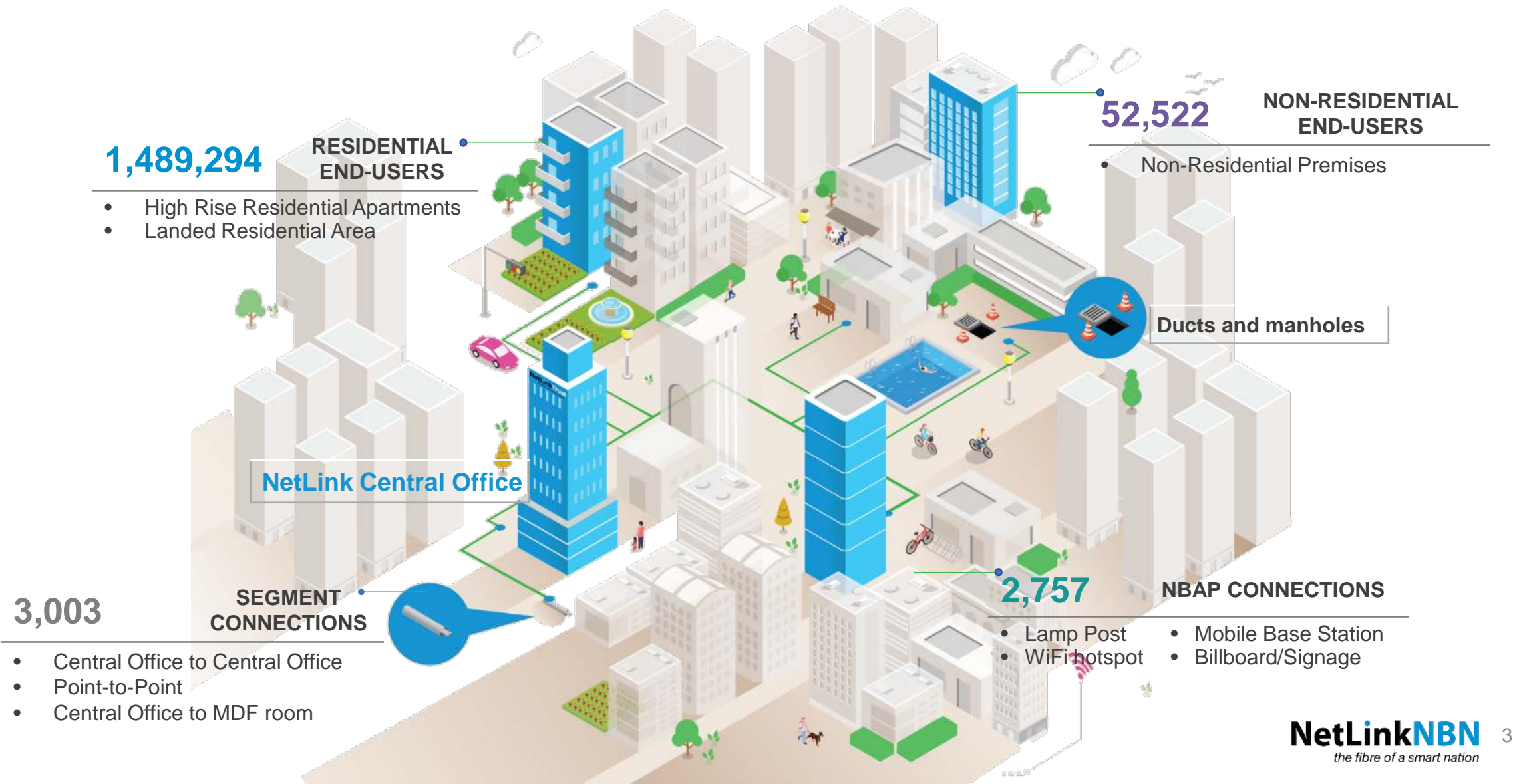
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# Our business





# Our business is future proof

## PREFERRED

#1

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

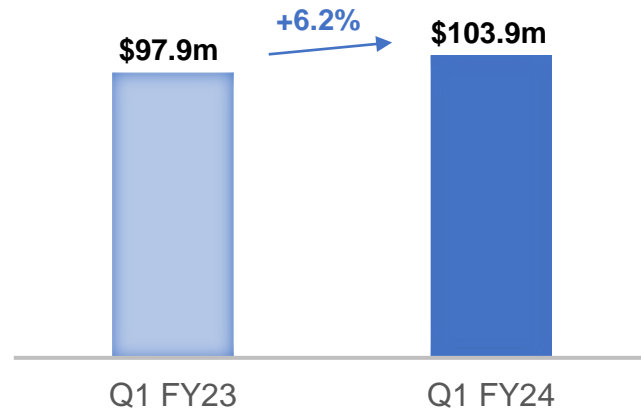
## SCALABLE



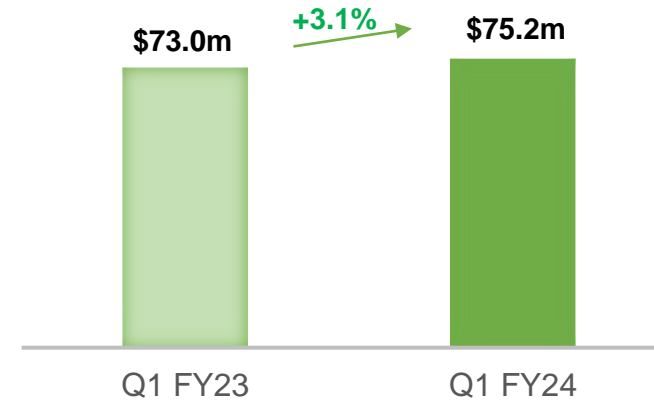
Fibre capacity is highly scalable and can support future transmission technologies

# Q1 FY24 Financial highlights

## REVENUE



## EBITDA



## NET GEARING

**23.6%**  
Comfortable debt headroom

## WEIGHTED AVERAGE DEBT MATURITY

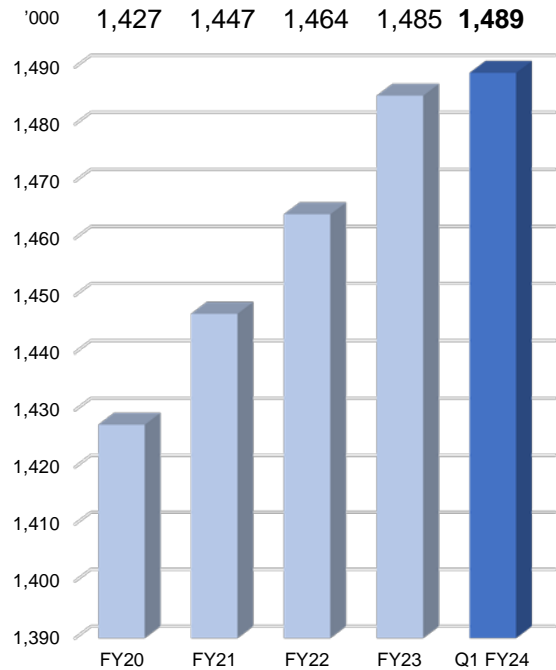
**3.2 years**

## MARKET CAPITALISATION

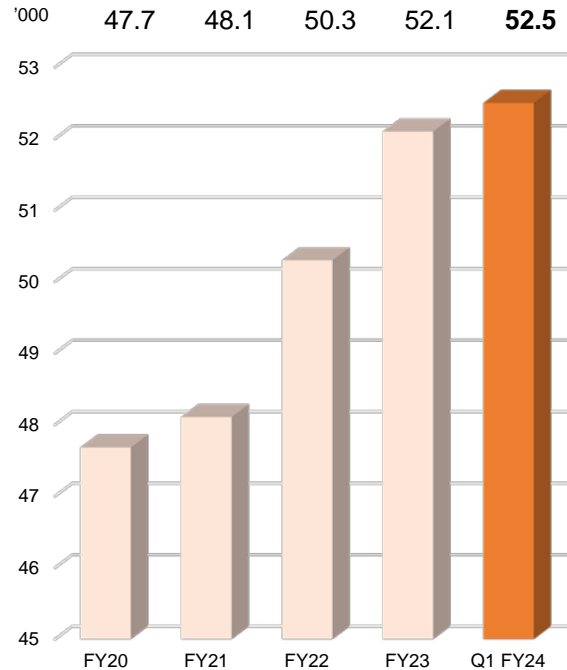
**\$3.3 billion**  
Unit price of \$0.855 as at  
30 Jun 2023

# Fibre connections

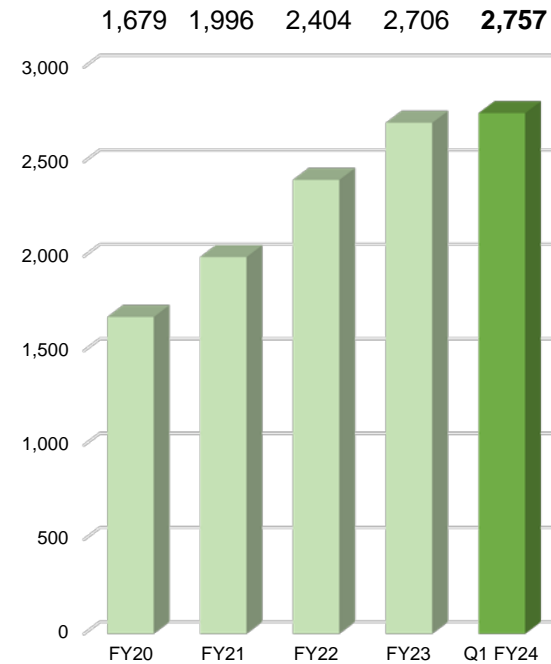
## Residential



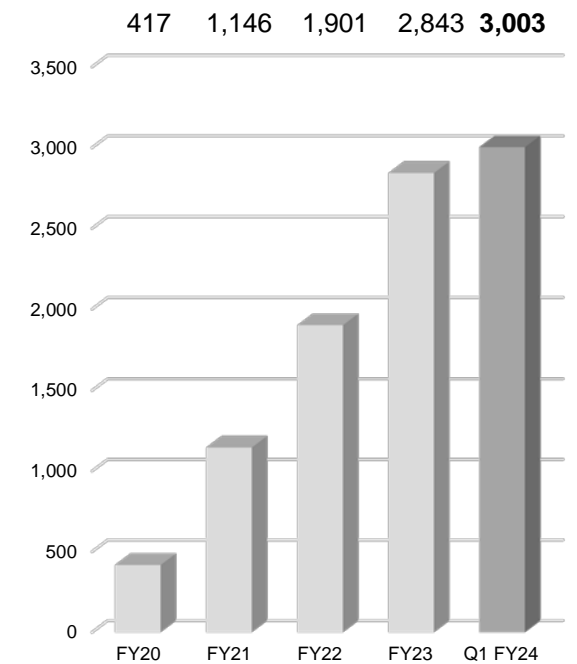
## Non-Residential



## Non-Building Address Points



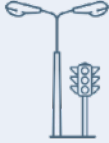







## Segment<sup>(1)</sup>



<sup>(1)</sup> 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			
<b>% of Q1 FY24 Revenue</b>	<b>59.2%</b>	<b>7.9%</b>	<b>4.5%</b>	<b>6.5%</b>	<b>5.3%</b>	<b>6.7%</b>	<b>5.4%</b>	<b>4.5%</b>
<b>Recurring, predictable cash flows</b>	✓	✓	✓	✓	-	-	✓	✓
<b>Long-term contracts / customer stability</b>	✓	✓	✓	✓	-	-	✓	✓
<b>Regulated revenues</b>	✓	✓	✓	✓	✓	-	✓	-
<b>Creditworthy customers</b>	✓	✓	✓	✓	✓	✓	✓	✓

# 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**



# Q1 FY24 Profit & loss statement

\$'000	Q1 FY24	Q1 FY23	Variance (%)
Revenue	103,935	97,892	6.2
EBITDA	75,221	72,962	3.1
EBITDA Margin (%)	72.4	74.5	(2.1) pp
Depreciation and amortisation	(43,149)	(42,336)	1.9
Net finance charges	(4,575)	(3,320)	37.8
Profit after tax	28,241	27,647	2.1

**Revenue** for Q1 FY24 was higher by \$6.0 million compared to Q1 FY23.

- \$4.1 million from Non-RAB revenue, mainly contributed by more ancillary projects
- \$1.9 million from RAB revenue on the back of higher residential, non-residential, NBAP and Segment orders.

**EBITDA** was \$2.3 million higher as a result of higher revenue offset by higher operating costs.

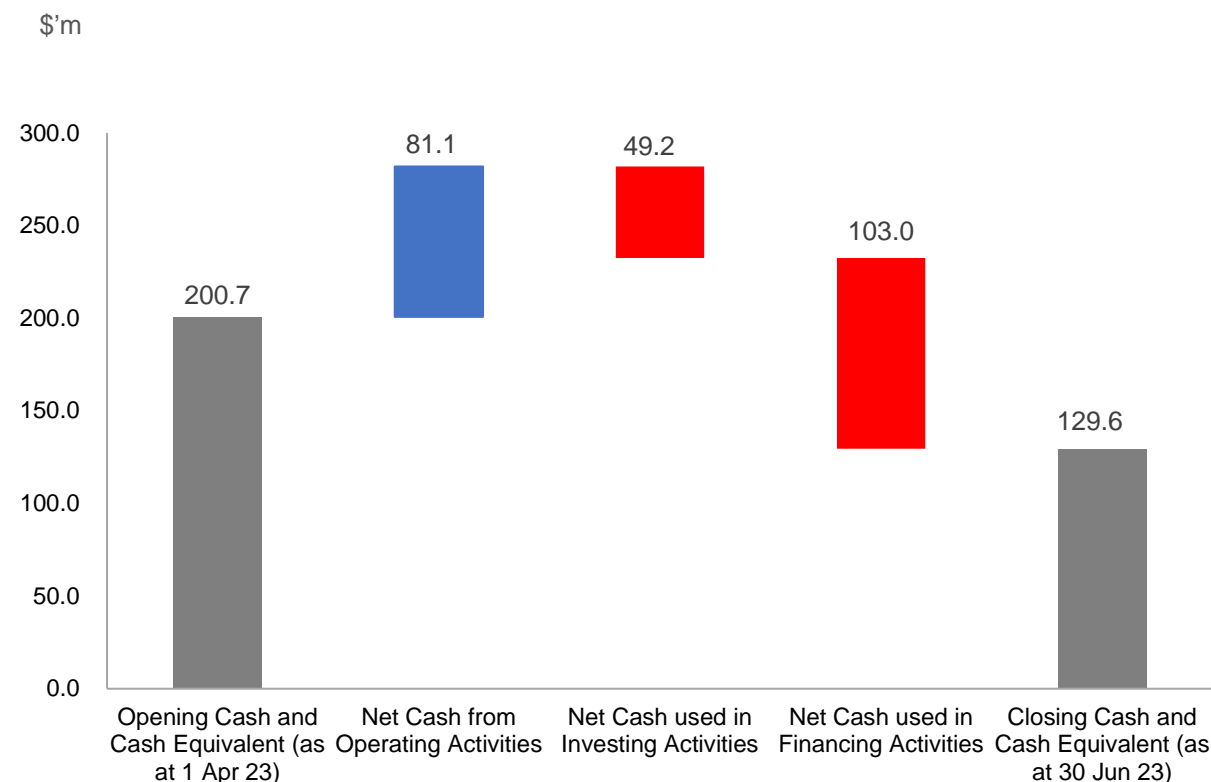
**PAT** improved by \$0.6 million as a result of higher EBITDA offset by higher interest and depreciation.

# Credit metrics and cash flow

	Jun 2023	Mar 2023
Gross Debt	\$735m	\$735m
Weighted average debt duration	3.2yrs	3.4yrs
Net debt/EBITDA <sup>(1)</sup>	2.0x	1.8x
EBITDA Interest cover <sup>(1)</sup>	16.8x	18.6x
Borrowings at Fixed Rate	69.4%	69.4%
	Q1 FY24	Q1 FY23
Effective average interest rate	2.6%	1.8%

<sup>(1)</sup> Ratios calculated based on NetLink Group's trailing 12 months financial

- Debt interest rate substantially hedged
- Strong capital structure with debt headroom to fund future capex

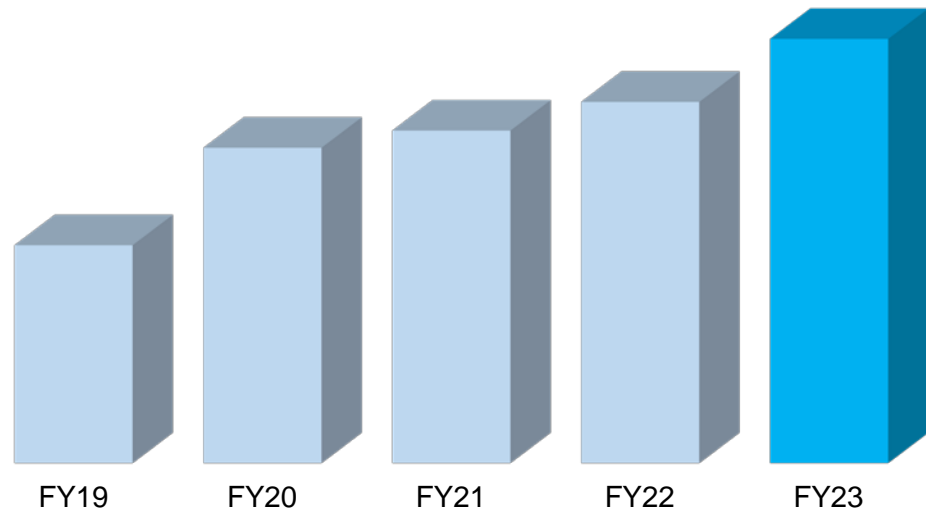


- Strong cash flow generated from operations
- Net Cash used in Financing Activities pertained to distribution paid on 13 June 2023

# Attractive distribution yield

## Distribution per Unit (Singapore cents)

4.88	5.05	5.08	5.13	5.24
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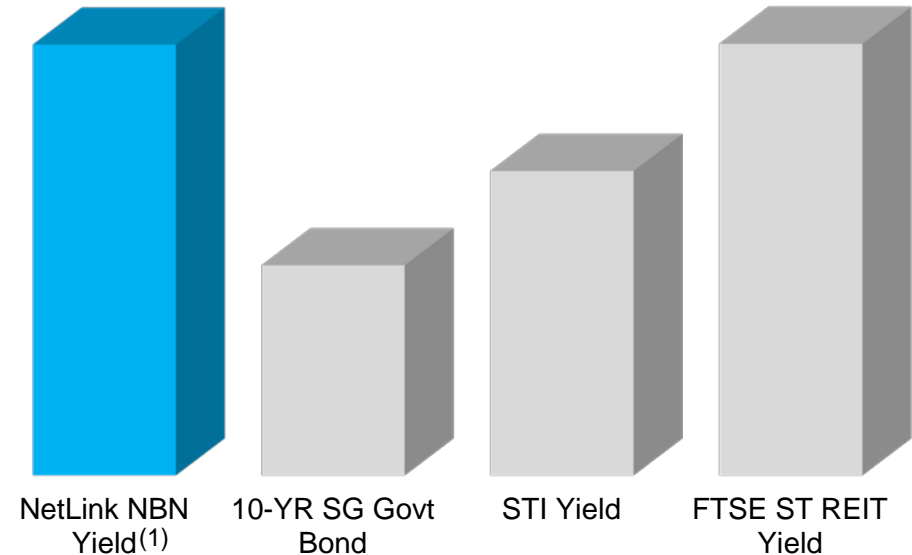


NetLink has returned \$1.1 billion to unitholders since its IPO in Jul 2017 to date (including the H2FY23 distribution)

## Distribution yield (%)

6.09	2.94	4.26	6.04
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Bloomberg as at 31 Mar 2023



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

# Sustainability

## TARGET

- Reduce scope 1 and 2 emissions **50% by FY30 (using FY22 as a baseline)**
- Achieve net zero by 2050



## 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

\* 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.



## 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 PEOPLE & 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



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**Thank you**





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## Supplementary 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")

### RESIDENTIAL

**S\$13.80**

per connection per month

### NON-RESIDENTIAL

**S\$55**

per connection per month

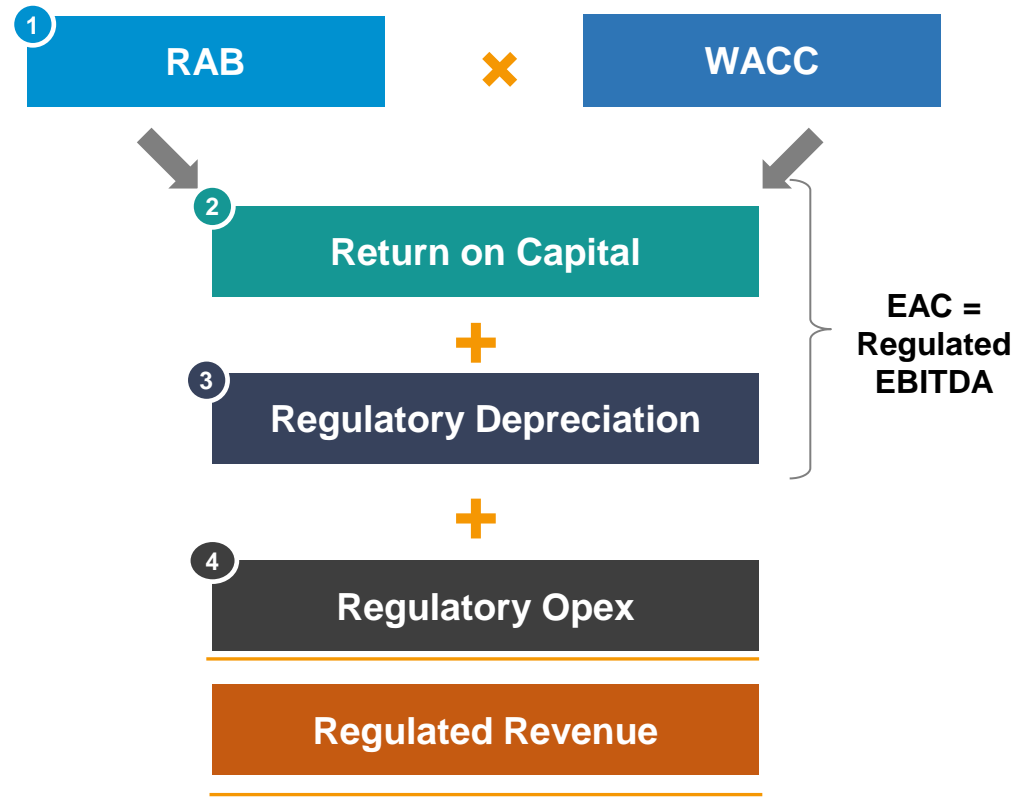
### NBAP

**S\$73.80**

per connection per month

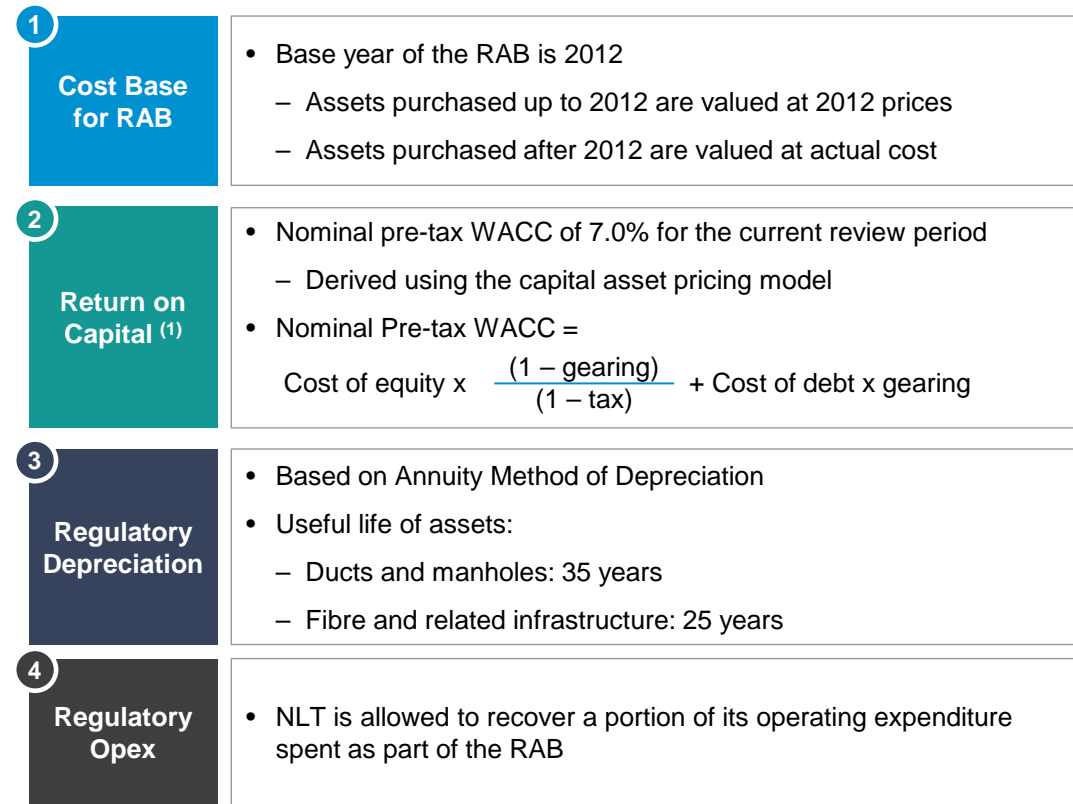
# NetLink Trust's pricing for its services

## FRAMEWORK FOR RAB BASED PRICING MODEL



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

## METHODOLOGY FOR RAB BASED PRICING MODEL

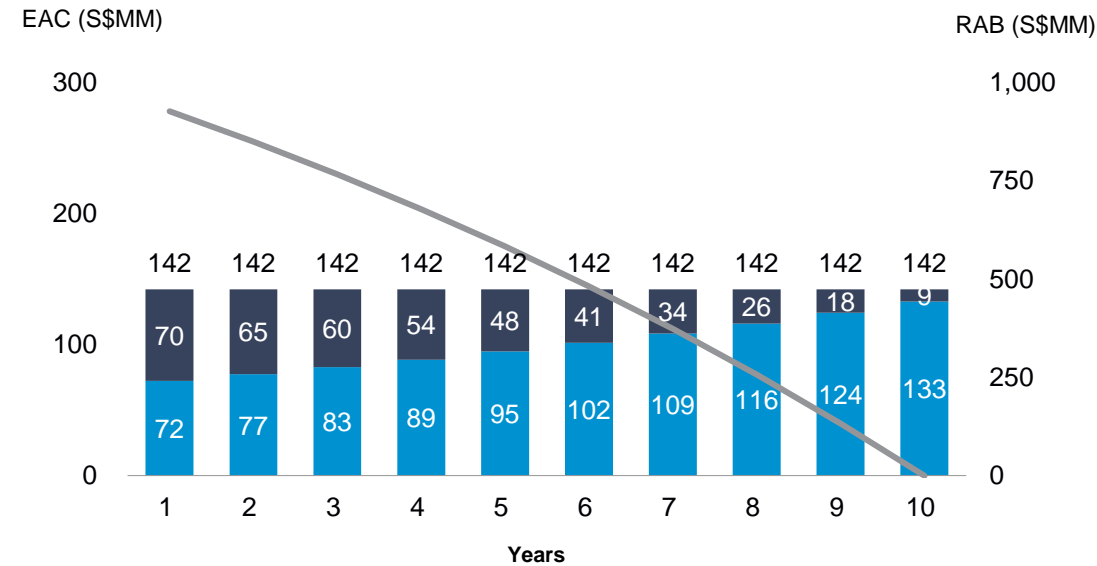


# Understanding the ICO pricing framework

ILLUSTRATIVE EXAMPLE

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

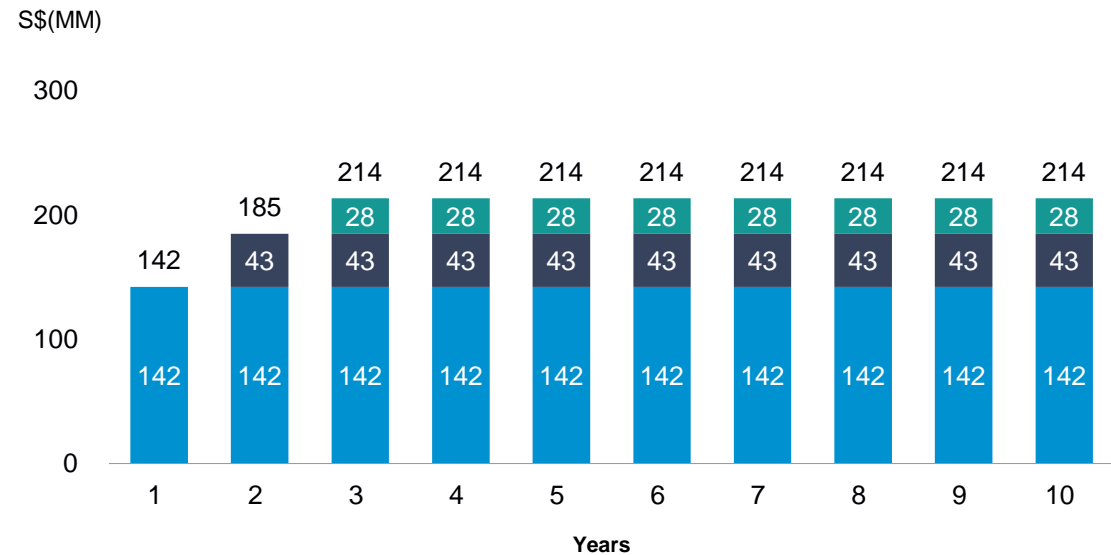
Assuming Opening RAB of S\$1Bn, WACC of 7.0% and Asset Useful Life of 10 Years; the cumulative return is S\$1.42Bn



■ 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)