NBN Co FY26 Financial Results – CFO Speech

Thank you Ellie

Good morning and once again, thank you for joining us.

Today I will take you through nbn's FY26 financial performance.

FY26 represents another year of disciplined execution against our long-term strategy.

We have delivered growth in revenue, stronger earnings and improved cash flow performance.

Importantly, these outcomes have been achieved while continuing to invest heavily in network modernisation, expanding fibre connectivity, and improving customer outcomes.

The results demonstrate the increasing economic benefits of our fibre upgrade strategy, the success of customers migrating to higher speed tiers, and continued focus on operating efficiency across the business.

[SLIDE: FY26 Headline Results]

Starting with our headline results. FY26 was a year of solid financial progress.

Telecommunications revenue increased by 4% to $5.7 billion

This growth was driven by higher Residential ARPU, supported by continued customer migration to High Speed Tiers and a 2.4% CPI-linked pricing adjustment implemented at the beginning of FY26.

OPEX reduced by $52 million, or 3%, reflecting the benefits of ongoing cost efficiency and optimisation initiatives and lower network operating costs associated with the transition of our customer base to full fibre services

As a result, EBITDA increased by 5% to $4.46 billion, an improvement of $231 million year-on-year.

Capital expenditure was 13% lower at $3 billion, primarily due to the timing of fibre infrastructure programs, the completion of the Fixed Wireless Upgrade Program in FY25, and ongoing capital efficiency initiatives driving down fibre connection cost per premises.

Pleasingly, free cash flow before financing activities improved significantly, increasing 51% to $1.16 billion.

Finally, our leverage ratio of Net Debt to EBITDA improved from 9.25x to 8.95x, demonstrating stronger earnings growth relative to debt levels and disciplined cash management.

These results reflect improving financial performance and sustainability while continuing to invest in Australia's critical broadband infrastructure.

[SLIDE: Revenue and Customer Base]

Moving to the next slide. Revenue growth continues to be primarily driven by customer behaviour and demand for higher speed products.

Telecommunications revenue grew by 4% to $5.75 billion.

This increase is underpinned by growth in Residential ARPU from $50 to $52 per month, due to customer migration onto High Speed Tiers and the application of regulated 2.4% CPI-linked wholesale pricing changes I mentioned earlier.

Active premises remained broadly stable at approximately 8.65 million, reflecting the maturity of the network footprint.

As mentioned by Ellie, a particularly important trend is the ongoing migration to High Speed Tiers which was accelerated in FY26 by the Accelerate Great initiative

Almost half of all customers are now on plans delivering speeds of 100 Mbps or above, increasing from 32% last year to 47% this year.

Even more significantly, customers on 500 Mbps and above plans increased dramatically to approximately 37% of the base, compared with only 4% a year earlier.

This shift in customer demand reflects changing consumer needs, higher data consumption, and the success of our fibre upgrade program.

[SLIDE: Revenue and Customer Base]

The progress made on fibre upgrades is shown on the next slide.

Since nbn's fibre upgrade program began in FY22, we have seen growth in the number of active premises connected to the network via full fibre.

Fibre premises have increased from 1.6 million in FY22 to over 3.3 million as at 30 June 2026. This has doubled the percentage of the fixed line network that is now connected via fibre – up to 40%.

Following the construction of initial fibre infrastructure to make premises eligible for fibre upgrades – we have seen strong momentum in the delivery of fibre connection upgrades. This has continued into FY26 with more than 575,000 fibre upgrades being completed, delivering access to nbn's highest speed tiers.

As a result, by the end of FY26 more than 1.38 million premises had been upgraded to fibre. Bringing the number of premises on fibre to over 3.3 million as highlighted earlier.

[SLIDE: EBITDA Movement]

The next slide focuses on operational performance.

EBITDA increased by $231 million to $4.46 billion.

And there were three primary drivers.

Firstly, as I mentioned earlier, telecommunications revenue growth contributed positively as customers adopted higher-value High Speed Tier products.

Total operating costs reduced by $52 million through targeted efficiency initiatives.

Direct network costs decreased by $68 million or 12%, benefiting from improved network performance, simplification activities and enhanced reliability due to the increasing proportion of customers connected by fibre.

Thirdly, labour costs reduced by $13m or 2% reflecting ongoing changes to our operating model as we simplify the network and move customers to more resilient and efficient fibre technology.

These benefits were partially offset by increased technology and software expenditure as we continue our migration towards cloud-based services and digital capabilities.

Overall, this demonstrates our ability to grow earnings while maintaining investment in future capabilities.

[SLIDE: Capital Expenditure]

Moving to the subsequent slide, we can see the scale and nature of our ongoing capital investment.

Capital expenditure was $3.03 billion in FY26, down 13% from FY25.

It's important to note this reduction does not reflect reduced commitment to upgrading the network.

Rather, it reflects both the timing of delivery for various capital programs, including the completion of the Fixed Wireless upgrade and the local fibre infrastructure for the 3.5m N2P program.

And the impact of our ongoing focus on capital cost efficiencies, which has lowered the cost per premises for fibre connections. Moving forward we are committed to scaling delivery of the network upgrades for the remaining FTTN premises and continuing to accelerate fibre upgrades, including within Multi Dwelling Unit premises or MDUs.

During FY26, the largest investment category remains our fibre upgrade programs, with $1.56 billion invested in local fibre infrastructure and new fibre connections.

Included within this expenditure is the completion of the 3.5 billion N2P program as well as initial work on the network upgrades for the remaining FTTN premises. It also includes the capital investment to connect over 575k premises previously served by copper technology to full fibre during FY26, which incorporates the material reductions achieved within the average connection cost per premises.

We also invested:

- $470 million in network capacity and infrastructure expansion.
    - This included:
        - capex to expand the fibre footprint to new development premises,
        - capex to build and connect Enterprise Ethernet customers, and
        - capacity investments in both the transit and HFC networks to meet growing consumer demand for data
- Another $470 million for connect and assure activities.
    - This included:
        - Connecting new customers with first time connections and reconnecting customers that move premises and,
        - Performing capital maintenance activities to assure the network
- $391 million invested in technology and strategic systems, as well as cyber and network security programs; and
- $142 million for fixed wireless and satellite network initiatives, which declined following the completion of the Fixed Upgrade Program in December 2024

These investments ensure the network remains capable of supporting continuously growing data demand while enabling customers to migrate to higher speed tier products.

[SLIDE: Cash Flow Summary]

Turning to the next slide.

One of the most encouraging and pleasing aspects of the FY26 result is the improvement in cash flow performance.

As I mentioned earlier, cash flow before financing activities improved 51%, increasing from $764 million to $1.16 billion.

This was largely driven by stronger EBITDA performance and reduced capital expenditure due to timing of program delivery and the significant efficiency improvements in connection costs as mentioned earlier

While free cash flow continues to be negative, after considering all capex, leasing and interest payments, we improved our Free Cash Flow by $505 million compared with FY25.

This highlights the progress being made toward a more self-funding financial profile over time.

[SLIDE: Capital Summary]

Moving to the capital summary slide.

We can see NBN Co maintained a strong and diversified funding position throughout FY26.

During the year we received circa $621 million in equity funding from the Commonwealth Government to support fibre upgrade programs.

We also completed successful funding issuances across the Australian, European and US debt markets in which we raised:

- 650 million USD in the US market;
- 750 million Euro in the European Sustainability Bond market;
- 850 million AUD from our inaugural Australian Sustainability Bond issuance.

At the same time, we repaid more than $2 billion Aussie dollars in maturing US and Australian debt.

As a consequence of this activity, Net debt increased modestly to $27.5 billion;

Committed liquidity increased to more than $7.5 billion, providing significant financial flexibility.

However, as I mentioned earlier, stronger earnings growth has resulted in an improved leverage ratio of 8.95 times EBITDA.

Importantly, green and sustainability-labelled bonds now make up $10.7 billion or 39% of total borrowings, demonstrating strong alignment between our financing strategy and sustainability objectives.

[SLIDE: Statutory Results]

Turning to our statutory results.

Notably total revenue increased 3% to $5.9 billion and EBITDA rose 5% to $4.46 billion, meeting the financial targets outlined in our Statement of Corporate Intent.

EBIT increased 24% to $1.25 billion, reflecting stronger operating performance and relatively stable depreciation.

Finance costs increased as expected due to our higher debt balance year on year, and higher interest rates as we roll off funding secured at historically low rates from earlier this decade

Despite these headwinds, our statutory loss before tax improved by $152 million to a loss of $811 million in FY26.

This demonstrates continued strengthening of the underlying profitability of the business.

[SLIDE: Closing Remarks]

In summary, FY26 was characterised by:

- Revenue growth driven by increased adoption of higher-speed services.
- Improved EBITDA through disciplined cost management.
- Significant improvement in free cash flow.
- Continued investment in fibre and network modernisation.
- Strong liquidity and diversified funding access, and
- Improved leverage and statutory profitability metrics.

The ongoing transition of the customer base to higher-speed fibre services is delivering measurable financial benefits today while creating a stronger long-term platform for sustainable growth.

We remain focused on:

- delivering value for customers,
- supporting Australia's digital economy,
- and continuing to strengthen nbn financial performance over the years ahead.

On a final note, I would like to thank our financiers across institutional banking and debt capital markets for their continued support

On that note, thank you for your time today and I'll pass the call back to Ellie.