



# Media release

10 August 2023

## NBN Co delivers solid FY23 financial and operational results in line with guidance

### Performance summary for the 12 months to 30 June 2023:

- NBN Co achieved key performance metrics and full year guidance as set out in the Corporate Plan 2023
- Total revenue of \$5.27 billion for FY23, up 3 per cent on the prior corresponding period and within the guidance range of \$5.2 billion to \$5.4 billion set out in the company's Corporate Plan 2023. The strong result was due to a combination of increased activations and improved Residential Average Revenue Per User (ARPU) as more customers upgrade to **nbn** higher speed tier plans
- Earnings Before Interest, Tax, Depreciation and Amortisation<sup>1</sup> (EBITDA) was \$3.59 billion, 15 per cent higher than the \$3.11 billion EBITDA<sup>1</sup> achieved in FY22 and at the top end of the guidance range of \$3.4 billion to \$3.6 billion set out in the company's Corporate Plan 2023
- In FY23, NBN Co raised a further \$5.69 billion in bank and capital markets debt. To date, the company has repaid \$14 billion of the \$19.5 billion Commonwealth loan, reducing the outstanding balance to \$5.5 billion
- The company's net activations increased by approximately 43,000 premises in FY23 to take the total number of residential and business premises connected to services over the **nbn**<sup>®</sup> network to approximately 8.56 million
- NBN Co has continued to invest in the **nbn**<sup>®</sup> network on behalf of customers by pushing fibre deeper into communities and extending fixed wireless and satellite coverage and capabilities.

NBN Co generated total revenue of \$5.27 billion in FY23, an increase of 3 per cent year-on-year, and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)<sup>1</sup> of \$3.59 billion, a 15 per cent improvement on FY22. Both revenue and EBITDA were in line with guidance.

The revenue result was based on growth in telecommunications revenue driven by increased activations, particularly in the residential segment, and improved Residential Average Revenue Per User (ARPU) of \$47 as the proportion of customers adopting 100 Mbps and above wholesale download speed tiers continues to grow. Business revenue has also grown by 8 per cent to \$1.1 billion. Approximately 8.56 million homes and businesses are now connected to the **nbn**<sup>®</sup> network.

Capital expenditure in the 12 months to 30 June 2023 was \$3.04 billion. The company continued to invest in upgrades to the **nbn**<sup>®</sup> network, pushing fibre deeper into communities, improving and extending fixed wireless coverage and satellite capabilities for a more reliable and secure network.

NBN Co's network investment strategy remains designed to keep ahead of national data demand and help unlock social and economic benefits for the nation.

NBN Co successfully raised more than \$5.69 billion in bank and capital markets debt during FY23, which included raising EUR 1.35 billion (AUD \$2.13 billion) from its debut European Green Bonds issuance in March 2023. The proceeds from the European Green Bonds will be fully allocated to eligible green projects undertaken as part of the company's commitment to energy efficiency in line with its Sustainability Bond Framework.

In addition, the company repaid a further \$875 million of the Commonwealth loan in the 12 months to 30 June 2023, which reduced the outstanding balance to \$5.5 billion. The company is well on track to repay the Government loan by June 2024 and maintains a strong liquidity position.

### **NBN Co Chief Executive Officer, Stephen Rue, said:**

"NBN Co has met the key performance metrics and full year guidance as set out in the Corporate Plan 2023.

"Our responsible and sustainable financial growth, alongside prudent investments to extend the reach of fibre, fixed wireless and satellite capabilities, has meant the **nbn**<sup>®</sup> network continues to play an essential role for communities across Australia.

"Through faster **nbn** speeds and greater capacity, the **nbn**<sup>®</sup> network is enabling employment and educational opportunities, promoting community connectedness and social inclusion, all the while driving productivity and the nation's economic growth.<sup>2</sup>

"As the operator of Australia's digital backbone, we are also committed to supporting Australia's climate ambitions.

"During the financial year, NBN Co set targets of achieving net-zero emissions by 2050, or sooner, via the Science Based Targets initiative (SBTi)<sup>8</sup>. In addition, we were proud to become the first Australian Government Business Enterprise to issue Green Bonds in Europe with the combined proceeds fully dedicated to supporting eligible green projects.

"Looking ahead, we remain committed to delivering great outcomes for customers while maintaining a productive relationship with industry participants as we work toward acceptance of the SAU Variation.

"Sustainable long-term pricing will underpin future investments in the **nbn**<sup>®</sup> network to ensure we continue to serve and keep pace with the nation's digital needs."

### **Special Access Undertaking (SAU) Variation**

NBN Co is working to evolve its wholesale pricing and products to support retailers and achieve the mutual goals of delivering a fast, reliable broadband network and the best possible customer experience.

The proposed revisions to the SAU have been subject to detailed consultation and iterative development over the last two years involving NBN Co, the Australian Competition and Consumer Commission (ACCC), the Government, Retail Service Providers and consumer advocacy groups.

NBN Co continues to work constructively with the ACCC and other industry stakeholders with the aim of lodging a revised SAU Variation to the ACCC by mid-August, which the company believes will be capable of acceptance. It will be designed to deliver greater cost certainty, simplicity and value to the industry and customers.

## nbn® network update

NBN Co remains on track to enable up to 10 million premises, or up to 90 per cent of homes and businesses across the fixed line network, to access **nbn**® Home Ultrafast, offering wholesale download speeds of 500 Mbps up to close to 1 Gbps, by the end of 2025.<sup>3,4</sup>

Following upgrades to the Hybrid Fibre Coaxial (HFC) network undertaken in the previous financial year, some 2.5 million premises now have access to **nbn**® Home Ultrafast.<sup>4</sup>

In addition, NBN Co is making good progress on its Fibre Connect program, which enables the transition from copper to full fibre and providing eligible customers with access to higher speed services.

In February 2023, NBN Co and the Australian Government announced the latest suburbs and towns where an additional 1 million premises currently served by Fibre to the Node (FTTN) will become eligible to get full fibre connected to their house or business by ordering an eligible wholesale speed tier.<sup>5,6</sup>

These premises form part of the 1.5 million premises to be upgraded under the Government's \$2.4 billion equity investment in the **nbn**® network. Combined with the existing fibre upgrade investment already underway, this takes the total announced eligible footprint to 3.5 million premises.<sup>5,6</sup>

The final 500,000 premises within the Government's investment to upgrade the **nbn**® network are expected to be announced in FY24.

The latest 1.5 million FTTN to FTTP footprint identification follows NBN Co's earlier announcement of some 2 million premises served by FTTN that will also become eligible to access FTTP.<sup>5,6</sup> To date, close to 1.1 million FTTN premises have been made ready to order higher speed services, which will trigger construction of fibre lead-ins to convert these premises to FTTP.

An additional 1.5 million premises currently served by Fibre to the Curb (FTTC) will also become eligible to upgrade to FTTP by December 2023.<sup>5,6</sup> To date, more than 950,000 FTTC premises have been made ready to order higher speed services, which will trigger construction of fibre lead-ins to convert these premises to FTTP.

Together, the company's FTTN and FTTC upgrades have so far enabled more than 2 million premises to become eligible for full fibre upgrades.<sup>5,6</sup> As at 10 August, NBN Co has connected more than 100,000 customers living in premises served either by FTTN or FTTC to full fibre.

Separately, NBN Co is on track with the \$750 million investment in the fixed wireless network to expand capacity and capability by enabling 5G infrastructure across its sites.

The company expects that by the end of 2024, approximately 750,000 homes and businesses in rural and regional Australia will be able to benefit from faster broadband because of these technology and software enhancements.

By expanding the capacity of the network, it is expected that existing fixed wireless users will be able to achieve faster and more consistent speeds with less congestion. Up to 120,000 homes and businesses within NBN Co's satellite footprint will also be able to access **nbn**® Fixed Wireless for the first time.

In FY23 the company also launched the new **nbn**® Sky Muster Plus® Premium plan, following a successful trial that provides uncapped data usage<sup>9</sup> for all internet activities, and for the first time, the Company's 25/5 Mbps wholesale plan that can offer burst download speeds of up to 100 Mbps<sup>2,7</sup>.

**ENDS**

## Notes to editors

1 EBITDA includes Earnings Before Interest, Tax, Other non-operating income, Depreciation and Amortisation

2 Customer experience, including the speeds actually achieved over the **nbn**<sup>®</sup> broadband access network, depends on the **nbn**<sup>®</sup> access network technology and configuration over which services are delivered to the premises, whether the customer is using the internet during the busy period, and some factors outside of NBN Co's control (like equipment quality, software, chosen broadband plan, signal reception, or how the provider designs its network). For **nbn**<sup>®</sup> Sky Muster satellite, customers may also experience latency.

3 NBN Co provides wholesale services to phone and internet providers. **nbn**<sup>®</sup> wholesale speed tiers available to providers vary depending on the access technology in an end users' area.

4 Regardless of the retail service you purchase, the actual wholesale speeds delivered by **nbn**'s highest wholesale speed tiers of 500 to close to 1000 Mbps will be less than 1 Gbps due to equipment and network limitations and the peak information rate may fall anywhere in this range. In addition, the HFC Home Ultrafast bandwidth profile downstream service provided to retail providers is a ranged profile with a maximum sustained information rate of 750 Mbps. Reference to speeds are not end user speeds; they are wholesale layer 2 peak information rate bandwidth provided to retail providers. An end customer's experience, including the speeds actually achieved over the **nbn**<sup>®</sup> network, depends on some factors outside our control (like equipment quality, software, and how your retail service provider designs its network) and the **nbn** technology used for your connection.

5 NBN Co reserves the right to amend the list of targeted suburbs and towns for the local fibre network build at its discretion.

6 Conditions, eligibility criteria and costs will apply. Eligibility criteria is expected to include, among other things, being designated by **nbn** as a simple premises (e.g. standalone premises or Single Dwelling Unit (SDU)) and once the program is available for an eligible premises, placing an order for an **nbn**<sup>®</sup> powered plan based on an eligible wholesale speed tier. Additional costs may apply to providers, who may choose to pass this charge onto their customers.

7 Supplementary Burst allows for wholesale data transfer speeds to exceed the Access Rates of 25 Mbps/5 Mbps if network capacity is available. For Sky Muster<sup>®</sup> Plus Premium the Supplementary Burst may be able to achieve, from time to time, bursts of up to 100 Mbps download and 10 Mbps upload. **nbn**<sup>®</sup> does not guarantee that plans on Sky Muster<sup>®</sup> Plus Premium will achieve burst wholesale download speeds of 100 Mbps. Achievable burst speeds are subject to network capacity at the time of transfer (which varies over time based on aggregate usage of the network by all users and may also be dependent on the specifications of end user equipment).

8 <https://sciencebasedtargets.org/companies-taking-action>

9 Fair Use Policy and shaping apply.

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