Construction is underway
First release site - Willunga South Australia

- Willunga is a rural town south of Adelaide in the City of Onkaparinga, South Australia
- It is 47 km from the Adelaide CBD
- 941 premises in first release site
- 64% of Willunga premises with internet connection
First release site – Brunswick Victoria

• Brunswick is an urban suburb in the City of Moreland in Victoria
• It is 6 km from Melbourne’s CBD
• 2600 premises in first release site
• 55% of Brunswick premises with internet connection
First release site – Townsville Queensland

- Townsville is a tropical city on the north east coast of QLD
- It is Australia’s largest urban centre north of the Sunshine Coast
- 2500 premises in first release site
- 63% of Townsville premises with internet connection
First release site – Minnamurra & Kiama Downs NSW

- Minnamurra is a coastal suburb in the Illawarra region of NSW in the Municipality of Kiama
- It is within a 2 hour drive south of Sydney
- 2350 premises in first release site
- 68% of Kiama premises with internet connection

Source: ABS Census 2006
First release site – Armidale New South Wales

- Armidale is a regional town situated half way between Sydney and Brisbane and 2 hours from the coast
- 4800 premises in first release site including the University of New England connections
- 61% of Armidale premises with internet connection

Across all First Release Sites
90% complete passive build
Community and stakeholder engagement

Some of the things that we are doing…

• Creating a safe workplace for all employees and suppliers
• Targeted community engagement throughout the construction of the new network
• Making sure that suppliers are engaged as partners and are a key component of our community engagement process
• Transparent engagement with all stakeholder levels

Community satisfaction is a key aim for construction roll-out
Building a wholesale telco

Long-Term Timeline

Period covered by the Corporate Plan

- June ‘10
- June ‘13
- Dec ‘20

- Plan
- Test
- Construct
- Maintain
- Operate
Fibre, satellite and wireless product construct

Source: NBN Co
Wireless – distance and contention effects

LTE proof of concept peak rates

- Peak unloaded
- Strong
- Ave
- Weak

Notes: 2x20MHz, 2x2 MIMO
Source: LTE/SAE Trial Initiative (Oct 2009)
Mobile broadband and fixed broadband

• “If you take HSPA+ and you go out to West Texas and put two people in a cellsite you can get 20 meg. Take HSPA+ and put it in downtown Manhattan and you load a cellsite, even with fibre backhaul, probably the best you’re going to get is two to three meg. LTE will be the same thing.” Randall Stephenson, CEO AT&T

• “Could we wait eight years and not require high-speed fixed networks? The answer is no, because of the capacity issue.” Hugh Bradlow, CTO Telstra

• “We’re looking at compound annual growth of mobile data in the order of 95% for the next five years. If that’s going to be effectively carried, and the service delivered and the customer experience maintained and enhanced, then we will need to be using fibre....When you look at the volume of data and the size of files and the use of video, you can’t have that stuff floating around endlessly. We’ve got to get it efficiently onto a fixed network.” Chris Althaus, Chief Executive, AMTA
New wireless versus fixed network perspective

- Analysis Mason – independent telecoms, tech and media consultants
- 75% wireless data in Europe downloaded “indoors” ie to home wireless/Wi-Fi network
- Smartphone’s iPads able to switch from the mobile network to a home or other available Wi-Fi network.
- Helps keep user costs down
- Helps network providers by shifting traffic from shared, capacity-limited mobile networks to fixed networks.
- Analysis Mason believes this trend will continue and expects that customers will download almost 90 per cent of data “indoors” by 2015.
NBN Co is building a **fixed** wireless network

**Fixed wireless**
- single type of device,
- fixed number of connections

**Mobile**
- variable number
- and type of devices

### Key Concepts
- **POINT OF INTERCONNECT**
- **Backhaul**
- **Access Seeker**
- **Point of Presence**

**12Mbps - cell boundary**
- Professionally installed antenna

**MOBILE VOICE AND DATA CORE NETWORK**

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Revenue Assumptions - Passed vs Active End Users by 2025

FTTP Premises passed

- Insensitive to NBN Basic Service price
  - Leakage: 12.4%
  - Empty / no service premises

- Telstra deal drives migration
  - Leakage: 74.6%
  - Fibre connected premises

- Sensitive to NBN Basic Service price
  - Leakage: 13%
  - Wireless only premises

NBN FTTP connected premises

- Leakage: 70.0%
  - Third party premises

NBN Premises on Basic Service

- Lower price elasticity

NBN Premises on higher speed tiers

- Higher price elasticity

Challenge for NBN is to drive ARPU by moving customers up speed tiers
## Financials Summary

### Key Financial Performance Indicators (Nominal Dollars)

<table>
<thead>
<tr>
<th>Key Performance Indicators</th>
<th>FY2011</th>
<th>FY2013</th>
<th>FY2015</th>
<th>FY2017</th>
<th>FY2019</th>
<th>FY2021</th>
<th>FY2023</th>
<th>FY2025</th>
<th>FY2027</th>
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<tr>
<td>IRR</td>
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<td>Payback Year</td>
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<td>Total Capex (to end of Construction Period)</td>
<td>$35.9 bn</td>
<td>$36.3 bn</td>
<td>$36.9 bn</td>
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<td>$37.6 bn</td>
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<td>Connection Capex (to end of Construction Period)</td>
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<td>Opex (to end of Construction Period)</td>
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<td>Peak Funding in FY2021</td>
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<td>Estimated Government Equity</td>
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<td>EBT Positive</td>
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<td>Levered Free Cash Flow Positive</td>
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Source: NBN Co Corporate Plan – business case assumptions