



Media release

31 August 2018

NBN Co on track for 2020 completion

By 2020: 11.7 million ready to connect, 8.1 million activations, \$3.9 billion revenue in FY20, within \$51 billion peak funding

Summary of 2020 outcomes:

- NBN Co on track for rollout completion with 11.7 million premises Ready to Connect (RTC) and 8.1 million homes and businesses with an active service over the **nbn™** access network
- More than \$1 billion investment in total capacity upgrades on the fixed wireless network up to FY22
- \$3.9 billion total revenue in FY20 with improved customer experience initiatives
- Internal rate of return (IRR) of 3.2 per cent with measurable additional economic and social benefits
- Peak funding within range at \$51 billion – inclusive of \$1 billion contingency

31 August 2018: NBN Co, the company building and operating Australia's broadband access network, today released its Corporate Plan 2019-2022 demonstrating its ability to complete the build by 2020, activate eight million premises and continue its progress on customer experience improvement.

The network rollout has reached momentum and scale with all technologies launched in the Multi-Technology Mix, more than 60 per cent of Australian homes and businesses now Ready to Connect to a service over the **nbn™** access network, and 99 per cent of the network footprint now either in design, construction or complete.

Construction and activation progress remains on track

The company's deployment forecasts show that FY19 will be the biggest year for construction with an additional 2.7 million premises to be declared Ready to Connect. By the end of FY19, more than 80 per cent of Australian homes and businesses are forecast to be Ready to Connect to a service over the **nbn™** access network. A further 1.9 million are projected to be added to the footprint in the **nbn™** network's final year of construction.

FY20 is forecast to be NBN Co's most significant year of activations with two million new homes and businesses expected, bringing total activations to 7.5 million. By FY22, 8.7 million premises are expected to be connected to services over the **nbn™** access network.

Investment in customer experience

The company has been working hard over the past year to help improve customer experience by optimising the HFC network, introducing wholesale pricing bundle discounts, and upgrading network capacity as demand outstrips original forecasts.

NBN Co is already seeing improvements in meeting agreed installation times and agreed fault restoration times with RSPs¹, and helping to improve end user experience on the **nbn™** broadband access network.

The implementation of new wholesale pricing discounts in December 2017 helped increase the number of end users on higher speed plans to 45 per cent in June 2018 from 16 per cent a year earlier. New wholesale pricing options have also helped reduce average network congestion from more than five hours per week per premises in June 2017 to less than 30 minutes².



To help improve network capacity across regional and rural Australia, the Corporate Plan 2019-22 also provides for more than \$1 billion in investment on the fixed wireless network.

Revised revenue and peak funding forecasts

The Corporate Plan 2019-22 forecasts total revenue at \$3.9 billion in FY20 in line with the re-phasing of activations from the HFC pause decision and deferred revenue from the implementation of new wholesale bundle discounts. The company continues to forecast annual revenues of at least \$5 billion from FY21 onwards.

Total revenue will be supported by a forecasted growth in Average Revenue Per User (ARPU) from \$44 to \$51 in FY22, stimulated by expected increase in take-up of higher speed plans, increased data consumption and penetration into small and medium business segments.

These forecasts result in the company's internal rate of return remaining within range at 3.2 per cent.

Peak funding is estimated within the range outlined in the previous Corporate Plan at \$51 billion, inclusive of \$1 billion contingency to accommodate for any risks in the complex final stages of the build. The increase from the estimated \$49 billion base case is the result of the HFC pause and deferred revenues, the introduction of wholesale pricing bundle discounts and additional investment in the fixed wireless network.

CEO commentary on Corporate Plan 2019-22

NBN Co CEO Stephen Rue said: "NBN Co is undergoing a significant period as we work to complete the build, improve customer experience and position our business for the future. The Corporate Plan 2019-22 is our blueprint for how we will navigate the complexity and deliver on our goals to provide affordable access to all Australians by 2020.

"We know the network is already having a significant impact on the lives of Australians and the economy, helping to drive the growth of new businesses, industry productivity, jobs, educational opportunities and access to healthcare options.

"There will inevitably be challenges in the remainder of the build – some known, some new. But our ability to deploy the network at speed and scale is evident, and we're well-positioned to continue enhancing customer experience and delivering access to the benefits of high-speed broadband to all Australians."

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¹ Relates to individual service faults on the **nbn**[™] access network. Agreed service levels vary by premises location, and differ for the Sky Muster[™] satellite network. The Wholesale Broadband Agreement (WBA) includes detailed rules for defining “**nbn**[™] faults” and this metric excludes Priority Assistance Faults of Enhanced Faults.

² Excludes **nbn**[™] Sky Muster. Bandwidth congestion depends on the capacity purchased by phone and internet providers. Numbers are indicative only. Your experience may vary depending on your **nbn**[™] access technology, internet provider, plan and equipment.