



## Media release

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# NBN Co achieves targets for revenue, network rollout and activations

### Performance summary for the six months to 31 December 2019:

- Total revenue of \$1.81 billion, up 39 per cent on HY19
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) before subscriber costs of \$775 million
- Monthly Residential Average Revenue Per User (ARPU) of \$45, up from \$43 in HY19
- Business revenue of \$319 million, up from \$214 million in HY19
- 10.5 million premises Ready to Connect, up 30 per cent on HY19
- 6.4 million premises activated, up 38 per cent on HY19
- On track to meet the financial and operational performance metrics in the Corporate Plan 2020-23

NBN Co today posted a 39 per cent increase in total revenue to \$1.81 billion in the six months to 31 December 2019, following strong momentum in total activations and continued residential and business revenue growth.

More than 667,000 premises were declared Ready to Connect to the **nbn**<sup>™</sup> access network during the first half of FY20, lifting the total number of homes and businesses able to order a service to 10.5 million and signifying that the national broadband network volume build is more than 90 per cent complete<sup>2</sup>.

Activations were another highlight with more than 907,000 residential and business premises activated in the first half of FY20, lifting total activations to 6.44 million at 31 December 2019.

Strong demand from new and existing customers upgrading to higher wholesale speed tiers generated Residential Average Revenue Per User (ARPU) of \$45, up from \$43 in HY19. At 31 December 2019, 67 per cent of residential and business customers were on wholesale speed tiers of 50 Mbps<sup>1</sup> and above, up from 56 per cent in HY19.

NBN Co continued to make strong inroads in the business segment. Business revenue increased to \$319 million in the first half of FY20, up from \$214 million in the previous corresponding period.

The Company's earnings performance continued to improve with Statutory Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), before subscriber costs, increasing to \$775 million.

Capital expenditure during the first half of FY20 was \$2.5 billion, down from \$2.9 billion in HY19, which reflects network rollout volumes as the Company approaches the final stages of the volume build, as specified in the Corporate Plan 2020-23.

## CEO commentary of Company performance:

NBN Co CEO Stephen Rue said: “These are outstanding results executed during a crucial time of the build. We continued to deliver against our key financial and business metrics, and we remain well positioned to complete the volume rollout of the network by 30 June 2020<sup>2</sup>.

“The progress of the rollout during the half was particularly pleasing, given we are now at the most challenging stage of the build, which takes in more complex sites. In the six months to 31 December 2019, we undertook one of the biggest ever phases of deployment and activations of residential and business premises on the network, with more than 907,000 premises activated and more than 667,000 premises declared ready to connect.

“We expect the urban rollout activity to further accelerate in the second half, particularly across our Fibre to the Curb (FTTC) deployment. We are very pleased to say that the **nbn** is now available in most areas of Australia, and customers continue to sign up to **nbn** services at a rapid rate.

“This strong momentum in the rollout puts us well on track to deliver on our commitment of making 11.5 million residential and business premises Ready to Connect and seven million premises connected to the network by 30 June 2020.

“Our earnings position continued to strengthen, with statutory EBITDA, before subscriber costs, increasing to \$775 million. It’s important for NBN Co to generate reasonable earnings to allow reinvestment in the network, while also meeting our borrowing obligations and to generate a modest return on the Australian taxpayers’ investment.

During the first half of FY20, NBN Co made significant investments to improve customer experience and enhance the network, including:

- \$160 million investment in Fixed Wireless capacity upgrades
- Completion of the HFC optimisation program
- Established a dedicated Regional Deployment and Engagement (RDE) business unit to meet the needs of regional and rural communities across Australia
- Launched the business **nbn**<sup>™</sup> Satellite Service
- Launched Sky Muster Plus
- Completion of the Wholesale Pricing Review 2019 resulted in a range of new wholesale discounts and annual increases in data capacity to meet customer demand
- NBN Co also announced that it is planning to introduce an overhead allowance for the downstream component of most fixed line wholesale speed tiers, where possible, to assist RSPs to supply higher retail peak download speeds to customers.

## ENDS

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## Notes to editor:

<sup>1</sup>In this metric, '50Mbps (download) wholesale speed plan' includes wholesale plans available to phone and internet providers with download speeds of 50Mbps and 25-50Mbps. The **nbn**<sup>™</sup> wholesale speed tiers available to your phone and internet provider vary depending on the **nbn**<sup>™</sup> access network technology in your area. Your experience, including the speeds actually achieved over the **nbn**<sup>™</sup> network, depends on the **nbn**<sup>™</sup> access network technology and configuration over which services are delivered to your premises, whether you are using the internet during the busy period, and some factors outside our control (like your equipment quality, software, broadband plans, signal reception and how your service provider designs its network). Speeds may be impacted by network congestion on **nbn**'s Fixed Wireless network, including during busy periods. Satellite users may experience latency.

<sup>2</sup>NBN Co's build completion commitment is that all standard installation premises in Australia are able to connect to the **nbn**<sup>™</sup> access network as at the build completion date. This excludes premises in future new developments which will be an ongoing activity for NBN Co beyond the build completion date. It also excludes a small proportion of premises defined as 'complex connections' – which includes properties that are difficult to access, culturally significant areas and heritage sites – where connection depends on factors outside of NBN Co's control such as permission from traditional owners, and where network construction to allow such premises to connect will be an ongoing activity of NBN Co beyond the build completion date.