



Media release

14 May 2020

NBN Co posts strong third quarter results with both build and activations ahead of target

Performance summary for the nine months to 31 March 2020:

- NBN Co supports Australians through COVID-19 pandemic, offering internet retailers a 40 per cent capacity boost for five months from March at no extra charge, and a \$150 million financial relief package to help internet providers connect low-income families with home schooling needs and assisting small and medium businesses and households facing financial hardship
- Total revenue of \$2.8 billion, up 38 per cent on last year
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) before subscriber costs of \$1.25 billion
- Monthly Residential Average Revenue Per User (ARPU) of \$45, up from \$44 last year
- Business revenue of \$496 million, up from \$341 million last year
- 11.2 million premises Ready to Connect and 6.9 million premises activated
- Increased customer demand drives achievement of 7 million connected premises two months ahead of the full year target.

NBN Co today reported a 38 per cent increase in total revenue to \$2.8 billion in the nine months to 31 March 2020, following a strong third quarter of residential and business activations.

NBN Co made 667,000 residential and business premises Ready to Connect to the **nbn™** access network in the third quarter alone, enabling a total of 11.2 million premises to order a service as at 31 March 2020. The build of the national broadband network remains on track for completion of the initial rollout by 30 June 2020.

NBN Co CEO Stephen Rue said: “As we approach the final stages of the initial planned rollout and while we adjust to changes in how we live due to COVID-19, I am pleased that the universal access of the **nbn** across the country has meant that the vast majority of Australians who are in a position to work and study from home can do so.

“Whether it is school children using broadband to access online education; health clinics conducting telehealth consultations; or companies supporting more of their employees to work from home – the importance of investing in and maintaining a ubiquitous, high-speed, broadband network has never been clearer.

“Underpinning the critical services of online health and education, as well as supporting business, requires collaboration, and we at NBN Co are very thankful we work in an industry that has worked so well with each other, and the regulators, to keep the nation connected during this time.

"I was delighted to recently announce a \$150 million relief package to assist residential and business customers through this period, and to confirm that for certain families there was financial relief to ensure their children would be able to continue their education online."

Demand for **nbn** services remained strong in the third quarter with 445,000 premises activated, lifting total activations to 6.9 million as at 31 March. Strong activation orders continued in April, resulting in NBN Co reaching its Corporate Plan 2020-23 target of 7 million activations two months ahead of schedule.

Residential Average Revenue Per User (ARPU) increased from \$44 to \$45 in the nine months to 31 March 2020, driven by a rise in new and existing customers signing up to higher speed tiers. As at 31 March 2020, 68 per cent of residential and business customers were connected to the **nbn** via wholesale speed tiers of 50 Mbps¹ and above. More than 80 per cent of all new customers are signing up to speeds of 50 Mbps and above, and pleasingly, since the start of April, as more Australians work, study and stream video entertainment from home, approximately 20 per cent of new customers have chosen retail plans based on the 100 Mbps wholesale speed tier³.

"There is no doubt that COVID-19 has accelerated the data demands of the nation beyond what most would have forecast. But while COVID-19 may have changed data demand on our network, we have not changed our focus on providing great customer experience. As more people recognise the importance of accessing high-speed, reliable broadband, we have seen customer experience sentiment recorded at its most positive. We are pleased to be supporting Australia through this period by providing up to 40 per cent additional capacity to our retail partners free of charge, and providing increased data allocation to satellite services, for five months."

Business revenue increased to \$496 million in the nine months to 31 March 2020, up from \$341 million in the previous corresponding period.

Statutory Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) before subscriber costs was \$1.25 billion in the nine months to 31 March 2020. A record \$1.98 billion in subscriber costs were paid in this period to Telstra and Optus.

In line with the network initial rollout reaching the final stages of completion, capital expenditure declined from \$4.3 billion to \$3.7 billion in the nine months to 31 March 2020.

CEO commentary of overall Company performance:

NBN Co CEO Stephen Rue said: "I'm pleased to announce a strong third quarter performance by NBN Co, during what has been an unprecedented and challenging time for Australians and the Australian economy as a result of the COVID-19 pandemic. I'm particularly proud of the way our staff have rallied together to continue to rollout the network and connect hundreds of thousands of Australian homes and businesses during this critical time. Today, **nbn** is on the cusp of completing the volume build of the national broadband network and on 24 April we reached our 7 million activation milestone, two months ahead of schedule, which is an extraordinary achievement.

"Reaching the 7 million milestone shows that NBN Co is delivering on its purpose and commitment of lifting Australia's digital capability. We remain on track to make 11.5 million premises ready to connect thereby completing the initial rollout by 30 June 2020².

"A standout in the results was revenue, which rose nearly \$1 billion in the third quarter to \$2.8 billion in the nine months to 31 March 2020, putting the company in a strong position to meet its FY20 target of \$3.7 billion.

"Earnings remained strong in the third quarter, with Statutory EBITDA before subscriber costs increasing to \$1.25 billion for the nine months to 31 March 2020, which puts us in a great position to achieve our 30 June target of \$1.5 billion as set out in the Corporate Plan 2020-23.

"Furthermore, we recently announced our inaugural debt raising of \$6.1 billion from the private debt market. This raising demonstrates both the importance of **nbn** as critical national infrastructure, and the confidence that lenders have in the long-term financial standing of the company."

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Notes to editor:

¹ 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™** wholesale speed tiers available to your phone and internet provider vary depending on the **nbn™** access network technology in your area. Your experience, including the speeds actually achieved over the **nbn™** network, depends on the **nbn™** 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.

² NBN Co's build completion commitment is that all standard installation premises in Australia are able to connect to the **nbn™** 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.

³ The **nbn™** wholesale speed tiers available to your phone and internet provider vary depending on the **nbn™** access network technology in your area. Your experience, including the speeds actually achieved over the **nbn™** network, depends on the **nbn™** 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.