



NBN Co

Half-Year Results FY2021

10 February 2021



Stephen Rue

Chief Executive Officer



Headline Results HY21

Active premises

7.9m

HY20: 6.4m

↑ 23%

Revenue

\$2.3bn

HY20: \$1.8bn

↑ 25%

Premises ready to connect

11.9m

HY20: 10.5m

↑ 13%

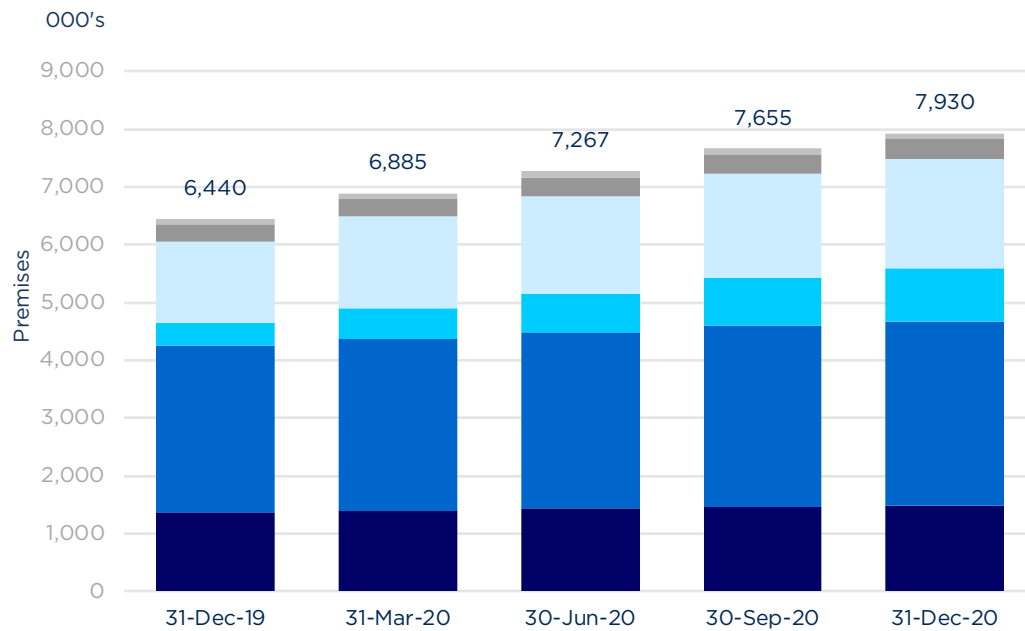
EBITDA

\$0.4bn

HY20: \$0.7bn loss

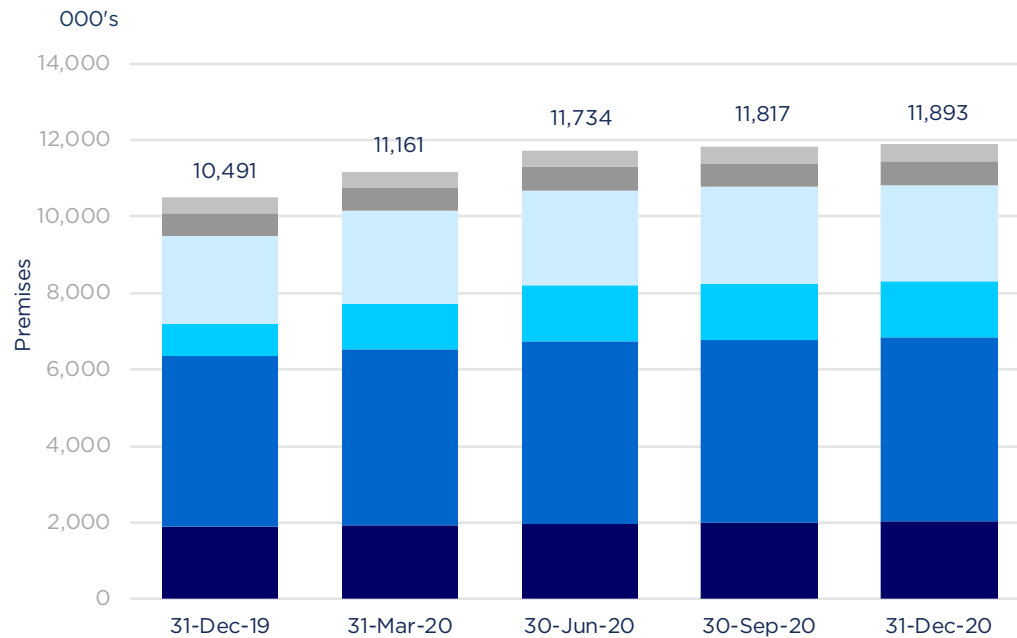
↑ \$1.1bn
improvement

Active premises



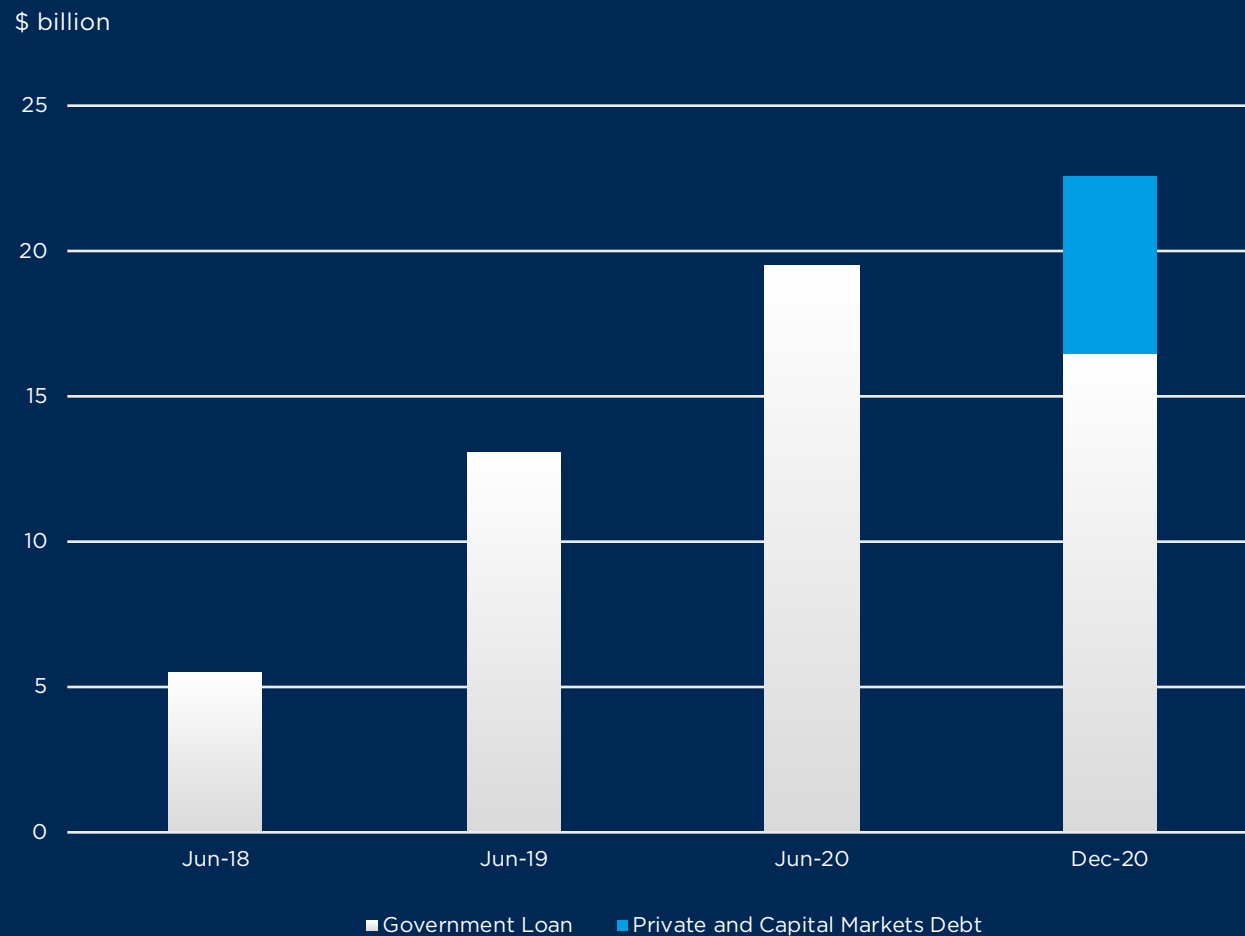
Cumulative premises	31 Dec 19	31 Dec 20
Satellite	96,518	108,208
Fixed Wireless	299,318	339,314
HFC	1,387,637	1,898,617
FTTC	405,459	914,870
FTTN	2,877,141	3,182,292
FTTP	1,363,560	1,487,009
Total	6,439,633	7,930,310

Premises ready to connect



Cumulative premises	31 Dec 19	31 Dec 20
Satellite	408,954	437,628
Fixed Wireless	579,210	624,289
HFC	2,303,792	2,517,214
FTTC	841,757	1,486,849
FTTN	4,459,595	4,785,520
FTTP	1,897,327	2,041,232
Total	10,490,635	11,892,732

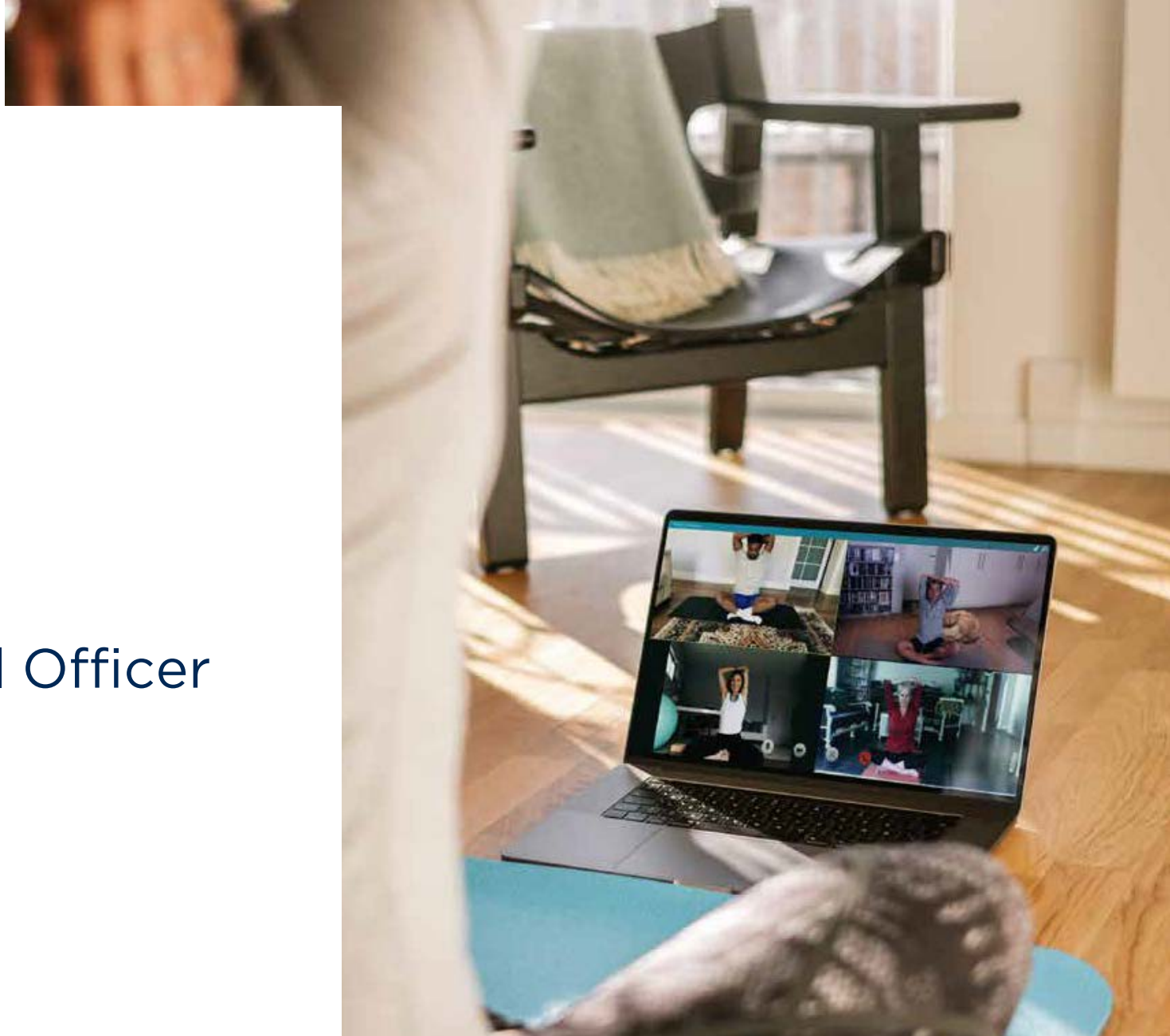
NBN Co Total Debt





Philip Knox

Chief Financial Officer



Headline Results HY21

Total revenue

\$2.26bn

HY FY20: \$1.81bn

↑ 25%

EBITDA before subscriber costs

\$1.23bn

HY FY20: \$0.78bn

↑ 59%

EBITDA

\$424m

HY FY20: (\$663m)

↑ \$1.1bn
improvement

Capital expenditure

\$1.42bn

HY FY20: \$2.52bn

↓ 43%

Borrowings

\$22.64bn

FY20: \$20.46bn

↑ 11%

Operating cash flows

\$1.2bn

HY FY20: \$642m

↑ 86%

Total Revenue

\$m	6 months to		% Increase/ (Decrease)
	31 Dec 19	31 Dec 20	
Telecommunications - Residential	1,399	1,765	26%
Telecommunications - Business	319	397	25%
Other	95	98	3%
Total	1,813	2,260	25%
Residential ARPU (\$)	\$45	\$45	-
Activations (premises)	6,439,633	7,930,310	23%

Total nbn™ network speed tiers (Mbps)

	31 Dec 19	31 Dec 20	% Increase/ (Decrease)
Below 50/20	33%	30%	(3%)
50/20 or above	67%	70%	3%
Total	100%	100%	

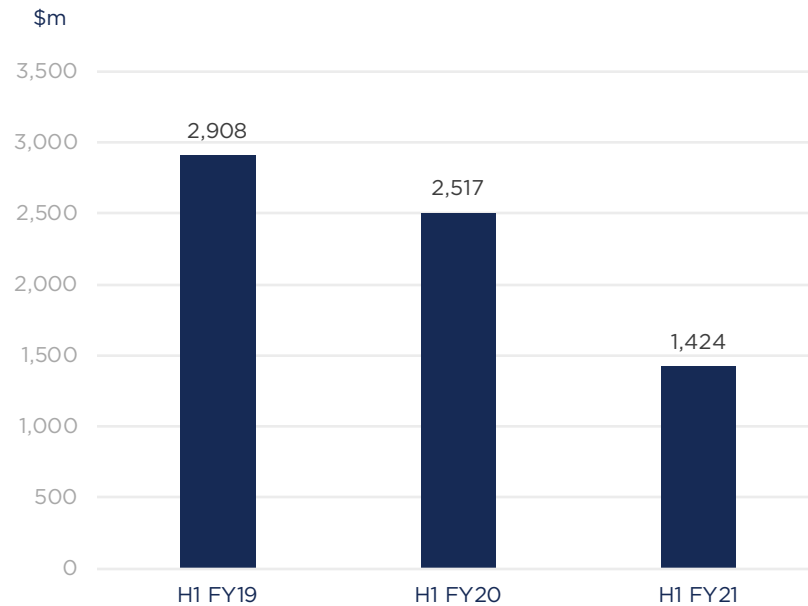
- Strong first half revenue performance driven by customer demand
- Accelerated activations profile, with more than 660k new customers connecting to the nbn™ network since 30 June 2020
- Despite industry and customer COVID support, Residential ARPU remained steady due to strong demand for higher speed tiers
- On track to exceed FY21 Corporate Plan revenue target of \$4.5bn

Operating Expenses

\$m	6 months to		% Increase/ (Decrease)
	31 Dec 19	31 Dec 20	
Direct network costs	327	326	-
Employee benefits expenses	439	453	3%
Other expenses	272	248	(9%)
Operating expenses	1,038	1,027	(1%)
Subscriber costs	1,438	809	(44%)
Total	2,476	1,836	(26%)

- Direct network costs remain flat despite growth in network footprint and customer base
- Employee benefits expenses higher due to restructuring costs and significantly lower levels of annual leave taken
- Other expenses continue to decline as a result of cost reduction initiatives
- Subscriber costs continue to decrease in line with customer disconnection/migration activity from legacy Telstra and Optus networks
- Subscriber costs higher than expected in H1 due to accelerated activations profile

Capital Expenditure



- Capital expenditure in H1 FY21 primarily relates to investments into our customer base:
 - over 660k new customers connecting to the network
 - build costs in new developments and complex premises
 - capacity upgrades to cater for growing data demand
 - deployment of enterprise ethernet products to grow business customer base.

Capital summary

Summary of borrowings and other financial liabilities

\$m	As at	
	30 Jun 20	31 Dec 20
Commonwealth loan	19,458	16,500
Private debt facilities	-	4,540
AMTN ¹	-	1,600
Working capital facilities	1,000	-
Overdraft facility	-	4
Total borrowings and short-term facilities	20,458	22,644

Available liquidity

\$m	As at 31 December 2020		
	Facility Limit	Utilised	Undrawn
Commonwealth loan	16,500	16,500	-
Private debt facilities	8,450	4,540	3,910
Overdraft facility	200	4	196
AMTN ¹	1,600	1,600	-
Total	26,750	22,644	4,106

¹ AMTN refers to Australian Medium-Term Note

- Capital strategy remains focused on refinancing the Commonwealth Loan by June 2024 and funding ongoing business activities and further network investments
- Successfully raised more than \$10bn in new external debt during 2020 calendar year, with \$1.6bn in domestic bonds and \$8.5bn in bank facilities. This includes the following in the past quarter:
 - Inaugural AMTN issuance in December, comprised of \$1.2bn five-year bond and \$0.4bn ten-year bond¹
 - Arranged \$2.4bn in incremental revolving credit facilities from new relationship banks in December
- New financing has enabled the Company to prepay \$3bn of the Commonwealth Loan in December, reducing the outstanding loan balance to \$16.5bn
- Weighted average cost of drawn debt is 3.17% (30 June 2020: 3.96%)
- Total liquidity of \$4.1 bn to support ongoing business activities

Income Statement

\$m	For the 6 months ended		
	31 Dec 19	31 Dec 20	% Movement
Total revenue	1,813	2,260	25%
Operating expenses	(1,038)	(1,027)	(1)%
EBITDA before subscriber costs	775	1,233	59%
Subscriber costs	(1,438)	(809)	(44%)
EBITDA	(663)	424	164%
Depreciation and amortisation expense	(1,488)	(1,720)	16%
Other income	11	13	19%
EBIT	(2,140)	(1,283)	40%
Net finance costs	(677)	(827)	22%
Tax (expense)	-	(3)	n/m
NPAT	(2,817)	(2,113)	25%

- On track to meet or exceed FY21 Corporate Plan revenue target of \$4.5 billion, EBITDA target of \$1.3 billion and NPAT target of (\$4.0) billion
- Net finance costs includes interest on borrowings and finance charges relating to the accounting for leasing arrangements

Cash Flows

\$m	For the 6 months ended		% Increase /(Decrease)
	31 Dec 19	31 Dec 20	
Operating cash flows	642	1,193	86%
Payments for subscriber costs	(1,405)	(871)	(38%)
Capital expenditure	(2,813)	(1,930)	(31%)
Lease payments	(427)	(472)	11%
Interest paid on borrowings and other financial liabilities	(289)	(399)	38%
Free cash flow	(4,292)	(2,479)	42% improvement

- Operating cash flows growing rapidly due to strong revenue growth
- Subscriber payments declining since their peak in FY20
- Interest payments predominantly reflect fixed rate of 3.96% on government borrowings
- 42% improvement in free cash flow compared to prior period due to positive operating cash flows and lower capital expenditure and subscriber payments



Stephen Rue

Chief Executive Officer







\$4.5 billion network investment plan

- Making our highest speed plans available to more Australians
- Supporting the digitisation of Australian businesses
- Working together to co-invest in regional and rural Australia

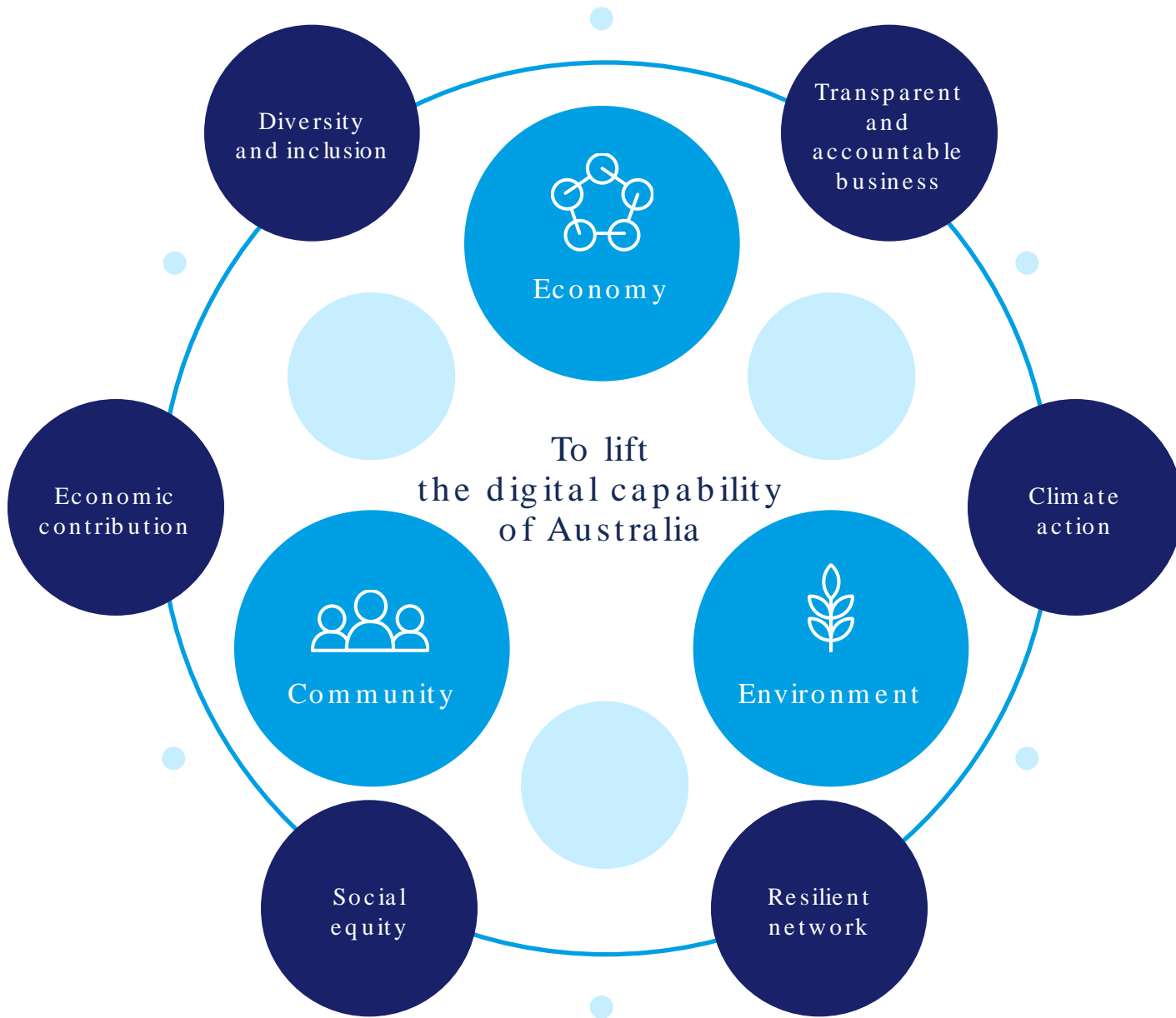




Sustainability Report

2020





Wholesale Broadband Agreement 4

- 65 retailers have signed up to WBA4
- WBA4 provides:
 - greater pricing certainty for customers connecting to the nbn network
 - better information for retailers to help manage customer expectations
 - stronger incentives so that NBN Co and industry meet service standards for connections, fault repair, appointment keeping, and network performance.
- New wholesale pricing consultation with industry to begin in the near future.

Questions

This document is provided for information purposes only. The contents, including any views expressed by NBN Co are indicative only and subject to change. This document is subject to the information classification set out on each page. If no information classification has been included, this document must be treated as 'nbn-Confidential: Commercial' and must not be disclosed other than with the consent of NBN Co. The recipient (including third parties) must make and rely on their own inquiries as to the currency, accuracy and completeness of the information contained herein and must not use this document other than with the consent of NBN Co.

© 2021 nbn co ltd. nbn, business nbn and nbn logos are trade marks of nbn co ltd | ABN 86 136 533 741

