

Half-Year Results 2018

12 February 2018

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Agenda

- 1 Company highlights
- 2 Financial results
- 3 Focus on customer experience
- 4 Questions



NBN Co HY2018 highlights



Premises ready
to connect
6.1 million



Premises
activated
3.4 million



Revenue
**\$0.9
billion**



ARPU
increase to
\$44



Greater focus on
**customer
experience**

2020 key targets

Our purpose

**Connect Australia
and bridge the
digital divide**

Our goal

**8 million homes
and business
connected by 2020**

Our
targets



100%
completed
Build



8
million
premises
connected



\$5
billion
revenue



+
positive
customer
experience

Stephen Rue

Chief Financial Officer



Headline half-year results

Total revenue

\$891m

Dec 2016: \$403m

 **121%**

Premises activated

3,386,360

Dec 2016: 1,652,564

 **105%**

ARPU

\$44

Dec 2016: \$43

 **2%**

Premises ready
for service

7,143,268

Dec 2016: 3,824,465

 **87%**

Premises ready to
connect

6,137,272

Dec 2016: 3,746,936

 **64%**

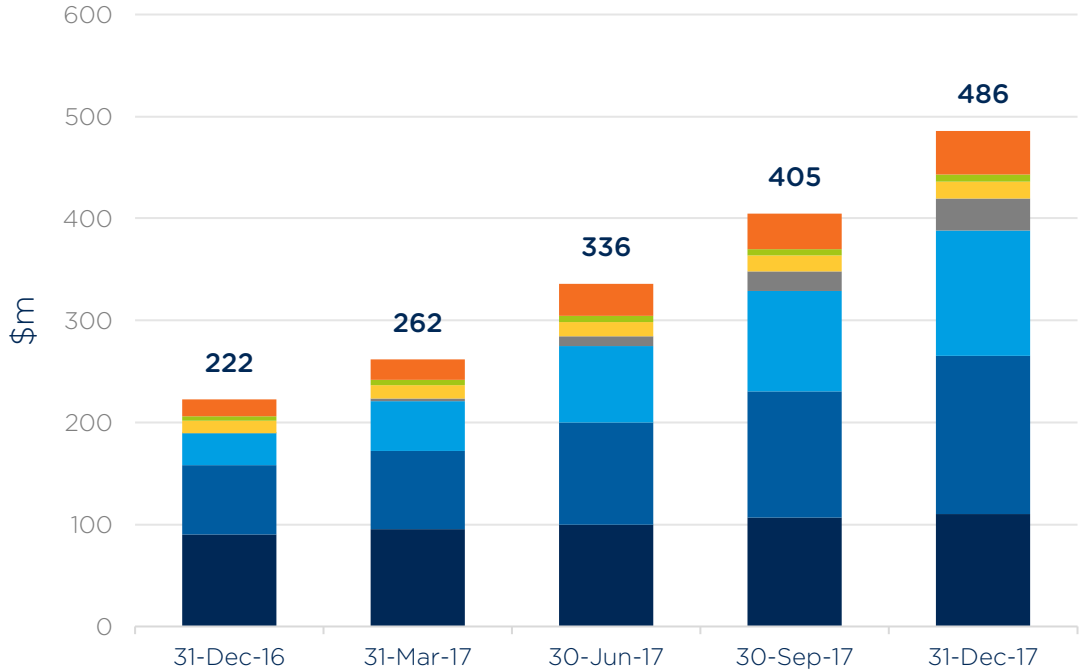
Cash funding

\$31.1bn

Dec 2016: \$23.8bn

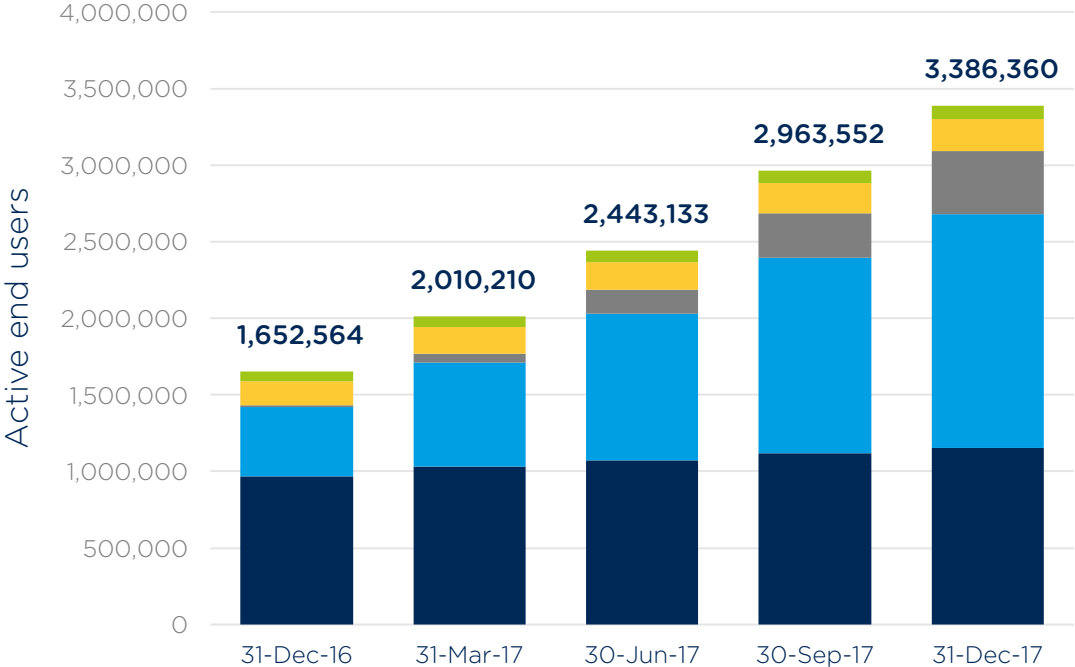
 **31%**

Total revenue by quarter



\$m	6 months to	
	31-Dec-16	31-Dec-17
Other	28	78
Satellite	8	13
Fixed Wireless	22	33
HFC	1	50
FTTN	49	222
CVC/NNI	122	279
FTTP	173	216
Total	403	891

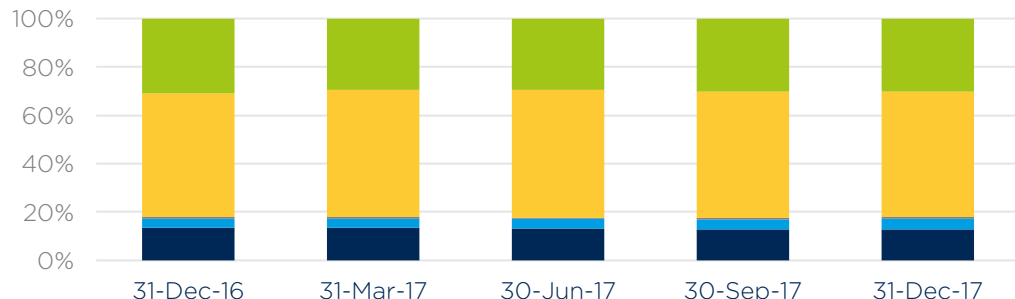
Cumulative active end users by quarter



Cumulative active end users	As at		
	31-Dec-16	30-Jun-17	31-Dec-17
Satellite	64,943	74,931	83,400
Fixed Wireless	154,078	184,678	212,917
HFC	14,615	152,786	408,293
FTTN	449,258	957,919	1,529,907
FTTP	969,670	1,072,819	1,151,843
Total	1,652,564	2,443,133	3,386,360
ARPU	\$43	\$43	\$44

Wholesale speed tiers by quarter

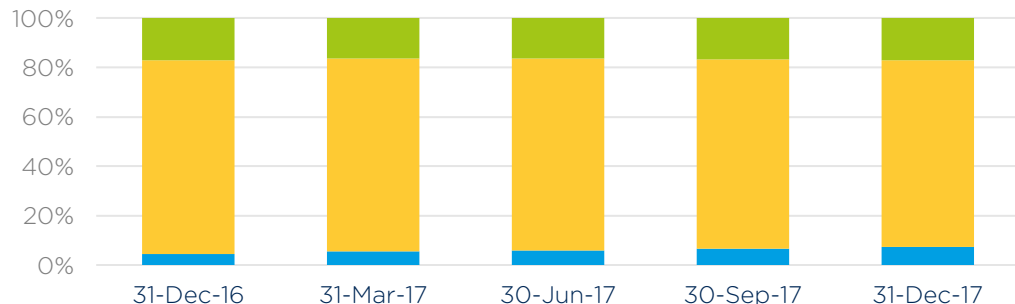
Fixed Line wholesale speed tiers



As at

	31-Dec-16	30-Jun-17	31-Dec-17
Fixed Line speed tiers (Mbps)			
12/1	31%	29%	30%
25/5	51%	53%	52%
25/10	1%	1%	1%
50/20	4%	4%	4%
100/40	13%	13%	13%
Total	100%	100%	100%

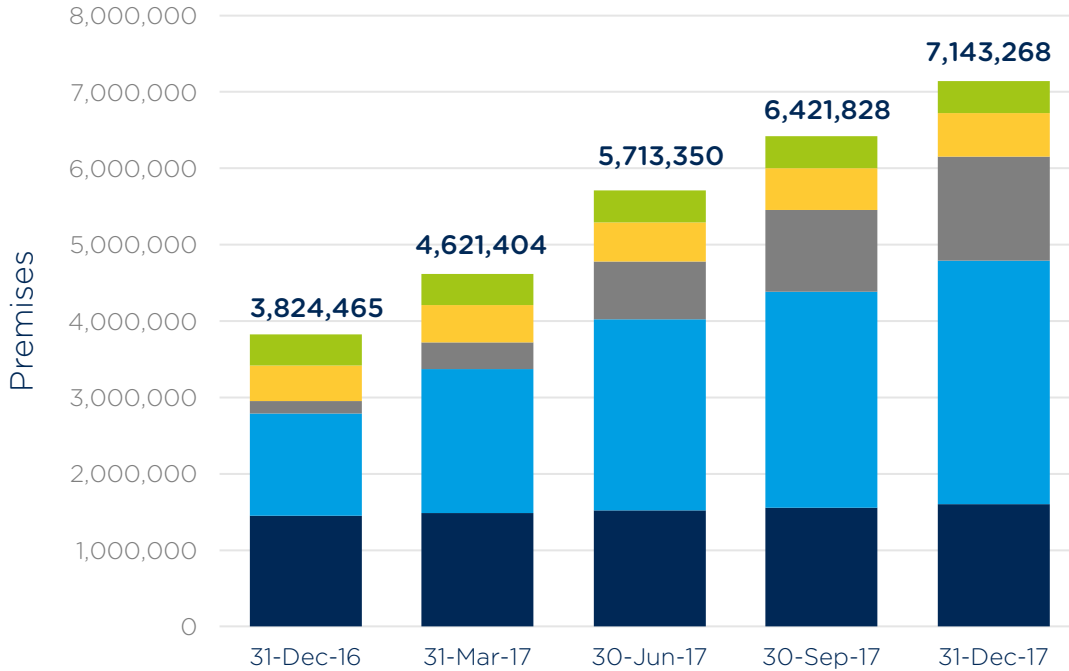
Fixed Wireless wholesale speed tiers



	31-Dec-16	30-Jun-17	31-Dec-17
Fixed Wireless speed tiers (Mbps)			
12/1	17%	16%	17%
25/5	79%	78%	76%
50/20	4%	6%	7%
Total	100%	100%	100%

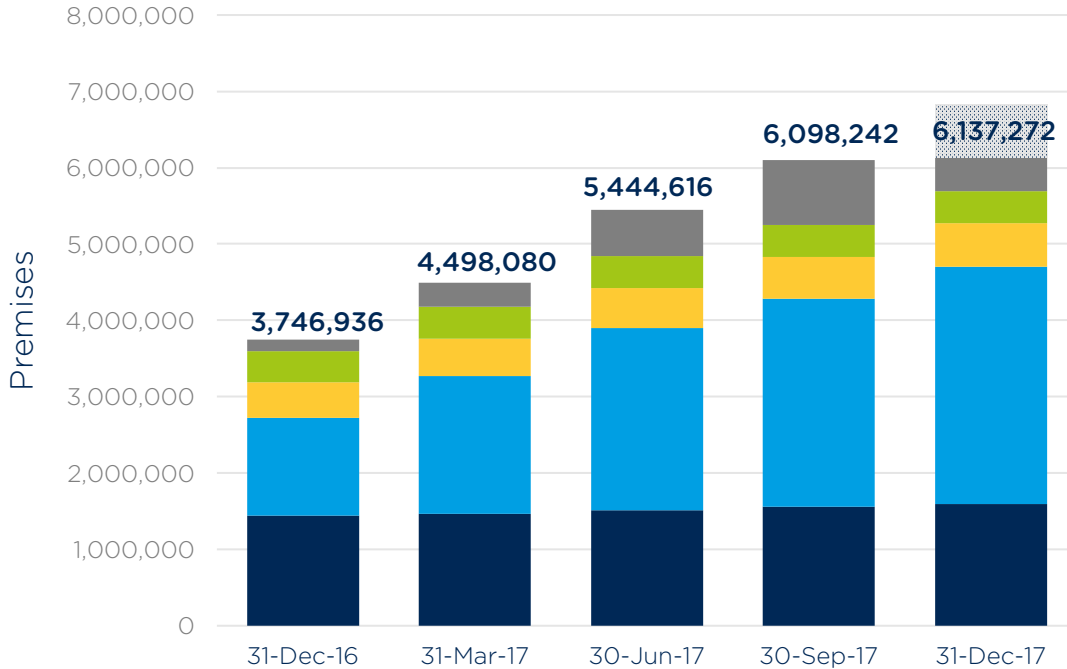
	31-Dec-16	30-Jun-17	31-Dec-17
Sky Muster™ Satellite Service speed tiers (Mbps)			
12/1	33%	34%	34%
25/5	67%	66%	66%
Total	100%	100%	100%

Premises ready for service



	As at		
	31-Dec-16	30-Jun-17	31-Dec-17
Cumulative premises ready for service			
Satellite	409,377	418,135	424,184
Fixed Wireless	468,930	517,543	565,557
HFC	158,938	758,416	1,358,295
FTTN	1,334,824	2,496,380	3,199,163
FTTP	1,452,396	1,522,876	1,596,069
Total	3,824,465	5,713,350	7,143,268

Premises ready to connect

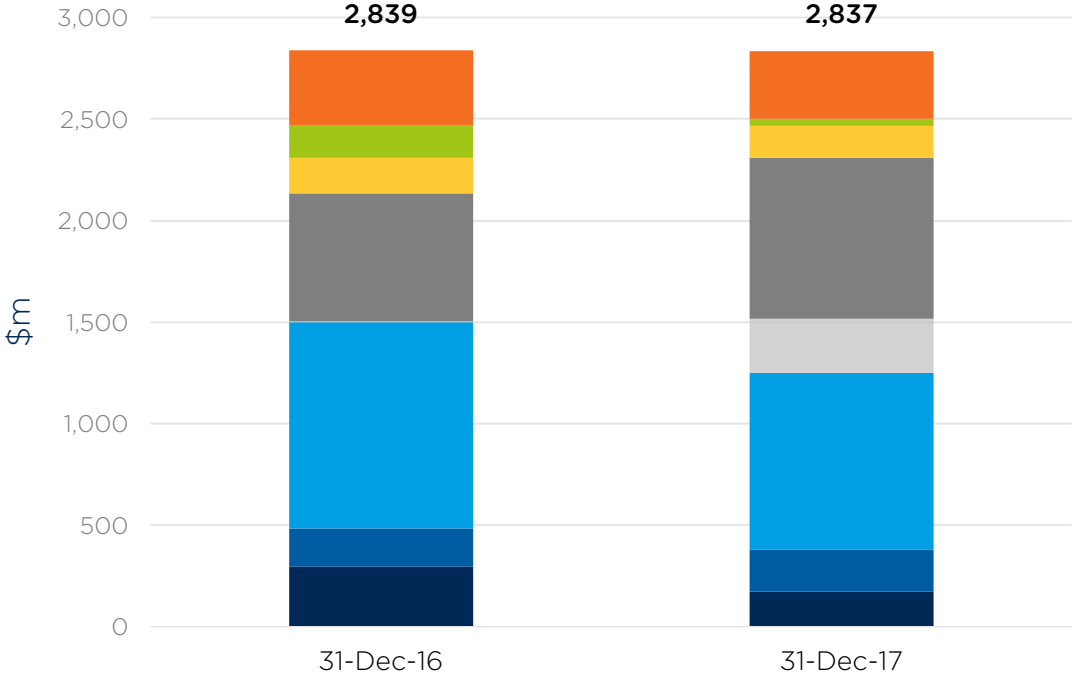


	Cumulative premises ready to connect		As at	
	31-Dec-16	30-Jun-17	30-Jun-17	31-Dec-17
HFC	146,086	608,165	608,165	442,419
Satellite	409,377	418,135	418,135	424,184
Fixed Wireless	468,930	517,543	517,543	565,557
FTTN	1,284,708	2,385,775	2,385,775	3,114,076
FTTP	1,437,835	1,514,998	1,514,998	1,591,036
Total	3,746,936	5,444,616	5,444,616	6,137,272



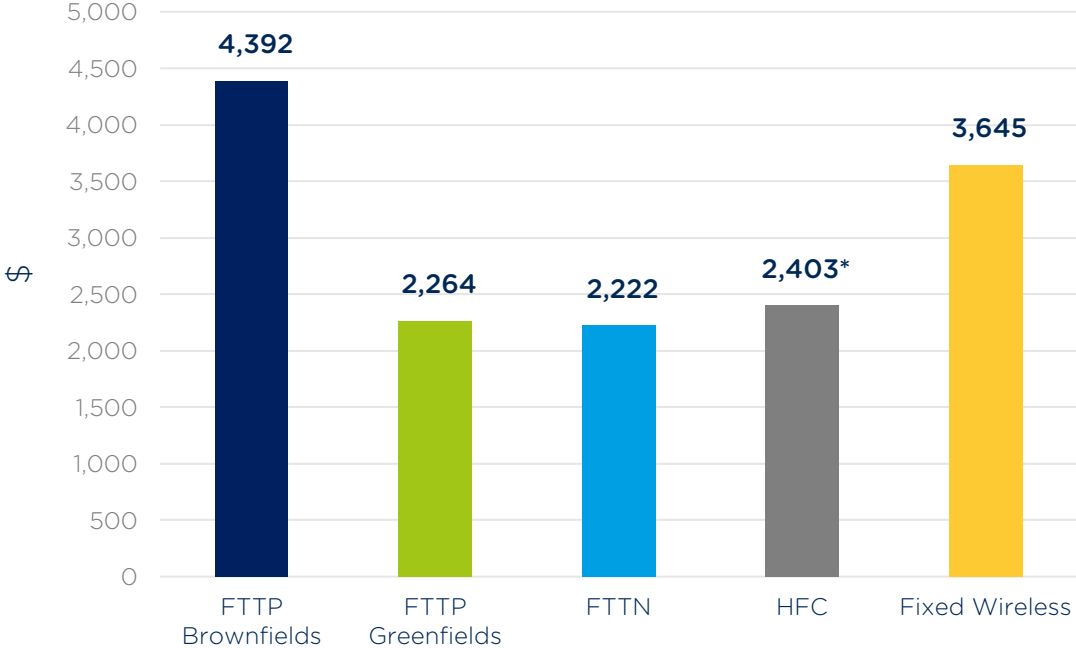
On 27 November 2017, NBN Co paused all activations over its HFC access network for approximately six to nine months to perform advanced network testing and remediation before declaring the HFC network ready to connect. This resulted in approximately 700,000 premises being rolled back from their ready to connect status during the quarter.

Capital expenditure



\$m	6 months to	
	31-Dec-16	31-Dec-17
Common Capex	370	333
Satellite	158	35
Fixed Wireless	177	159
HFC	631	794
FTTC	5	266
FTTN	1,014	870
Transit	190	207
FTTP	294	173
Total	2,839	2,837

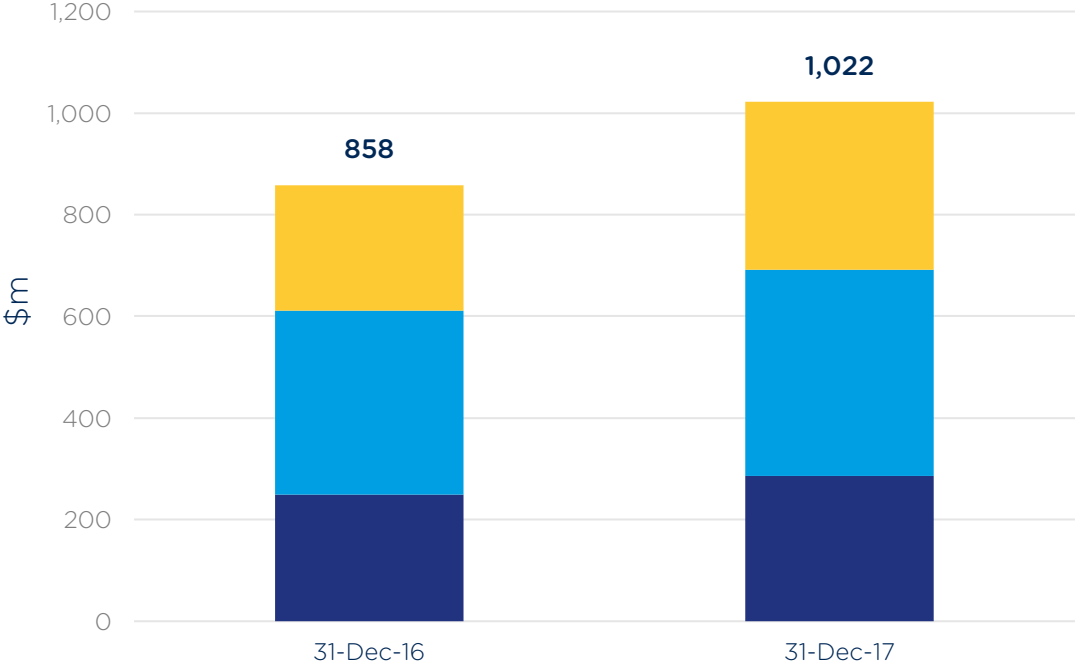
Cost per premises



\$	Life-to-date	
	30-Jun-17	31-Dec-17
FTTP Brownfields	4,403	4,392
FTTP Greenfields	2,393	2,264
FTTN	2,174	2,222
HFC	2,258	2,403
Fixed Wireless	3,569	3,645

* The HFC CPP has increased in comparison to June 2017, primarily due to the impact of bringing forward capacity (node splits) and remediation work for completion before declaring an area ready to connect.

Operating expenses



\$m	6 months to	
	31-Dec-16	31-Dec-17
Direct network costs	246	329
Employee benefits expenses	362	406
Other expenses	250	287
Operating expenses	858	1,022
Subscriber costs	549	1,246
Total	1,407	2,268

Financial summary

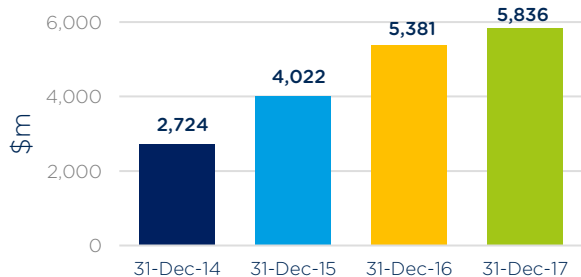
\$m	For the 3 months ended			For the 6 months ended		
	31-Dec-16	31-Dec-17	Change (%)	31-Dec-16	31-Dec-17	Change (%)
Total revenue	222	486	119%	403	891	121%
Operating expenses	(428)	(520)	21%	(858)	(1,022)	19%
EBITDA before subscriber costs	(206)	(34)	(83%)	(455)	(131)	(71%)
Subscriber costs	(297)	(565)	90%	(549)	(1,246)	127%
EBITDA	(503)	(599)	19%	(1,004)	(1,377)	37%
Depreciation and amortisation expense	(337)	(542)	61%	(658)	(1,028)	56%
Other income	3	4	40%	7	8	23%
EBIT	(837)	(1,137)	36%	(1,655)	(2,397)	45%

\$m	As at		
	31-Dec-16	31-Dec-17	Change (%)
Total assets	20,978	26,155	25%
Contributed equity	23,805	29,500	24%
Borrowings		1,610	n/m

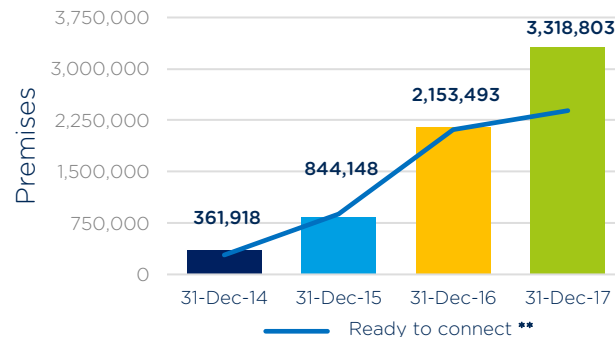
n/m - not meaningful

2017 calendar year*

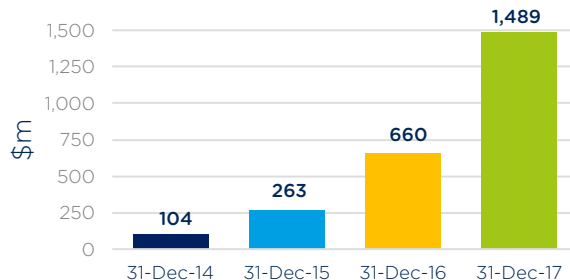
12-month incremental capital expenditure



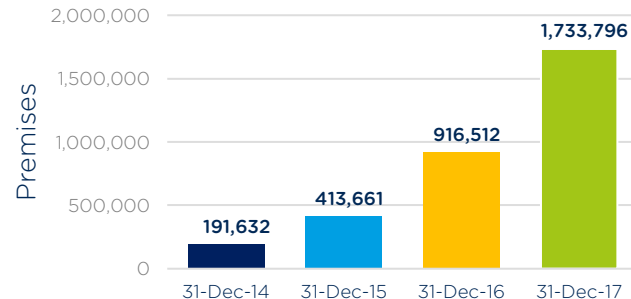
12-month incremental premises ready for service and ready to connect



12-month incremental total revenue



12-month incremental premises activated



* All metrics are for 12-month periods ended 31 December.

** On 27 November 2017, NBN Co paused all activations over its HFC access network for approximately six to nine months to perform advanced network testing and remediation before declaring the HFC network ready to connect. This resulted in approximately 700,000 premises being rolled back from their ready to connect status during the 2017 calendar year.

Bill Morrow

Chief Executive Officer



Improved focus on customer experience



Wholesale pricing model evolution to help improve broadband speeds and service during peak hours



HFC upgrade to improve service quality



Campaign to **improve end user awareness**



Improve the installation experience to help get installations right the first time



Enhanced our case management with retailers



Developed more **advanced fault detection technology**



Signed a **new Wholesale Broadband Agreement (WBA)**

Network build and activation progress



Reaching peak construction with **7.1 million premises ready for service** and **6.1 million ready to connect**



At 31 December, **95 per cent of premises** are in design, construction or already ready to order a service



3.4 million premises activated with services on the **nbn™** access network



FTTC customer trials in Victoria continued with positive results



Announced G.fast technology to enable even faster speeds on FTTB and FTTC

Questions?



This presentation includes information from the Financial Statements of NBN Co limited (**nbn**) for the period ended 31 December 2017. The Financial Statements consist of the unaudited statement of profit or loss and other comprehensive income, unaudited statement of financial position, unaudited statement of changes in equity and unaudited statement of cash flows for the NBN Group, comprising nbn, nbn tasmania ltd and nbn co spectrum Pty Ltd. While every effort is made to provide accurate and complete information in this presentation, no representation or warranty is made as to the accuracy or completeness or reliability of that information.

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