



Media release

Wednesday 10 February 2021

NBN Co delivers strong H1 FY21 financial results, on track to achieve full year forecast

Performance summary for the six months to 31 December 2020:

- Key performance metrics on track to meet FY21 Corporate Plan forecasts
- Raised \$10 billion in private debt over the last 12 months, including an additional \$4.0 billion in H1 FY21. Repaid \$3.0 billion of the \$19.5 billion government loan, lowering interest payments
- Network continued to perform well throughout COVID-19 crisis and additional CVC (capacity) provided at no additional cost to eligible retailers
- Following completion of the initial build¹ and continued strong momentum in Ready to Connect and new activations, new \$4.5 billion network investment plan announced
- Launched new Wholesale Broadband Agreement (WBA4) and transitioned all Retail Service Providers to the new agreement
- Total revenue of \$2.26 billion for the six months to 31 December 2020, up 25 per cent on H1 FY20. On track to achieve FY21 forecast of \$4.5 billion
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), including subscriber costs, of \$424 million, reflecting a \$1.1 billion improvement on the corresponding period last year. Subscriber costs in H1 FY21 were \$809 million, down 44 per cent from \$1.44 billion in H1 FY20
- 11.9 million premises Ready to Connect, with a footprint increase of approximately 160,000 premises in the six months to 31 December 2020
- 7.9 million premises connected to the network, with approximately 660,000 additional premises connected in the six months to 31 December 2020

NBN Co today reported total revenue of \$2.26 billion for the six months to 31 December 2020, a 25 per cent increase on H1 FY20. The strong result was underpinned by the acquisition of more than 660,000 new customers in the first half of FY21 and increasing demand for higher speed broadband plans.

NBN Co connected a total of more than 7.9 million premises by 31 December 2020, and the company is well placed to meet its Corporate Plan 2021 target of 8.2 million connected premises by 30 June 2021, despite current challenges in the HFC supply chain. A total of more than 11.9 million premises were made Ready to Connect by 31 December 2020.

NBN Co generated Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), before subscriber costs, of \$1.23 billion in H1 FY21, compared to \$775 million in H1 FY20.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), including subscriber costs, was \$424 million in the first half, reflecting a \$1.1 billion improvement on the corresponding period last year as a result of revenue growth and declining subscriber payments to Telstra and Optus.

In the first half of FY21, NBN Co recognised \$809 million in subscriber costs to Telstra and Optus, compared to payments of approximately \$1.44 billion in H1 FY20. As previously stated, these subscriber payments will continue to decrease throughout the fiscal year and are forecast to cease by FY24.

Residential Average Revenue Per User (ARPU) remained steady at \$45 in the six months to 31 December 2020, despite significant revenue forgone as a result of NBN Co's response on behalf of the community to the COVID-19 pandemic. Despite challenging business conditions, revenue from Business customers increased to \$397 million in the first half of FY21, up 25 per cent from \$319 million in the previous corresponding period.

NBN Co continues to see strong customer demand for higher speed tiers. At 31 December 2020, approximately 70 per cent of residential and business customers were connected to plans based on **nbn** wholesale speed tiers with peak download speeds of 50 Mbps² and above and approximately 80 per cent of new orders from new and existing customers were for plans based on wholesale speed tiers with peak download speeds of 50 Mbps² and above.

Capital expenditure in the first half was \$1.42 billion, with build and connection costs making up the lion's share.

On 1 December 2020, NBN Co finalised the latest Wholesale Broadband Agreement (WBA4) agreement with internet retailers. WBA4 delivered more than 70 changes to the previous Wholesale Broadband Agreement (WBA3) to drive substantial improvements and price certainty for retailers and will help to create better customer experience outcomes.

NBN Co is focused on raising \$27.5 billion of private debt by June 2024. In addition to the \$6.1 billion facilities secured before 30 June 2020, the company raised additional facilities of \$4.0 billion during the six months to 31 December 2020, including \$1.6 billion in Australian Medium Term Notes (AMTN). It repaid \$3.0 billion of the \$19.5 billion Commonwealth Government loan using the full proceeds of the AMTN and \$1.4 billion bank debt draw downs.

NBN Co Chief Executive Officer, Stephen Rue, said:

"Our results in the first half of FY21 are very strong and underscore the strength of the business in what has been a challenging time for all Australians. 2020 was a watershed year for **nbn** as the digital needs of residential and business customers were more important than ever before.

"Demand for higher speed broadband services has accelerated and we have seen and experienced profound changes in the way we work, the way we connect with family, friends and colleagues, and the way Australians access essential services such as healthcare and lifelong learning.

"Our revenue and EBITDA exceeded forecast in the first half, and it was particularly pleasing to see the stronger than expected new customer activation numbers, demonstrating Australians' reliance on the **nbn**[™] network to meet their everyday needs.

"The strong total revenue growth in the first half puts us in solid position to achieve positive full year Statutory EBITDA for the first time, which will be a significant financial milestone for the company.

“During the first half, we continued to support the industry and customers through the COVID pandemic with a number of significant measures such as the extension of the additional CVC capacity at no additional cost to internet retailers until the end of January 2021. We also brought forward the release of additional CVC data inclusions on our wholesale 100/40 Mbps, **nbn** Home Fast, **nbn** Home Superfast and **nbn** Home Ultrafast bundle discounts so they were available to internet retailers from 1 December 2020.

“As the digital backbone of the nation, **nbn** is a critical national infrastructure asset that will continue to support individuals, communities and businesses during Australia’s economic recovery.

“We will continue to put our customers at the centre of everything we do. We will support businesses by extending the competitive benefits of **nbn** to more regions, and we will continue to co-invest with state governments and local councils to help ensure that the benefits of fast broadband are extended to more Australians than ever before.

“We have brought forward our planned network investments to meet the nation’s future needs, and we will continue to invest in the network from a position of financial strength in the years and decades ahead, so that we can incorporate the latest and best technologies to unlock the capabilities and full potential of Australia’s **nbn** for the benefit of Australians.

“We have been encouraged by the significant progress we have made in raising debt to both replace government loans and to finance the investments announced in our recent Corporate Plan. The response from the private sector demonstrates the strength of the **nbn** business model.”

Network investment update

NBN Co is making good progress on its \$4.5 billion Network Investment Plan that was announced in September 2020 as part of the NBN Co Corporate Plan 2021, which aims to make the **nbn** Home Ultrafast wholesale speed tier, capable of achieving peak wholesale download speeds of 500Mbps to close to 1 Gbps, accessible to up to 75 per cent of premises on the fixed line network by 2023.

NBN Co started work in October 2020 to extend fibre deeper into communities in selected metropolitan and regional areas of New South Wales, Victoria, Queensland, South Australia and Western Australia, with a plan to pass more than 200,000 premises in areas currently serviced by **Fibre to the Node (FTTN)** technology. The company will progressively continue to select, design and construct new fibre extensions over the next two years and is aiming to pass around 2 million premises by the end of 2023.

The **Hybrid Fibre Cable (HFC)** network investment program is also progressing well. As at 10 February 2021, 94 per cent of the 2.5 million premises in the HFC footprint can access the **nbn** Home Superfast wholesale speed tier, and 46 per cent of premises in the HFC footprint are able to access the **nbn** Home Ultrafast wholesale speed tier.

Since the launch of NBN Co’s **Business Fibre Initiative**, the response from the industry has been encouraging with the company receiving an uplift in Enterprise Ethernet orders.

ENDS

Media enquiries

Greg Spears

Email: gregspears@nbnco.com.au

Mobile: 0406 315 014



For further information, visit www.nbnco.com.au

Katherine Jimenez

Email: Katherinejimenez@nbnco.com.au

Mobile: 0456 811 401

Notes to editors

1 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.

2. In this reference, **nbn** wholesale download speed tiers include 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**™ 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.