

# 2015 Financial Results Presentation



# Agenda

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- Company highlights
- Financial results
- **nbn**<sup>™</sup> operational progress
- Questions



# 2020 goals

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**Connect Australia. Close Digital Divide**

**8 million premises connected by 2020**

**Five strategic imperatives**

Build united  
partnerships

Build affordable  
products and  
services

Build a high  
performance  
and reliable  
network

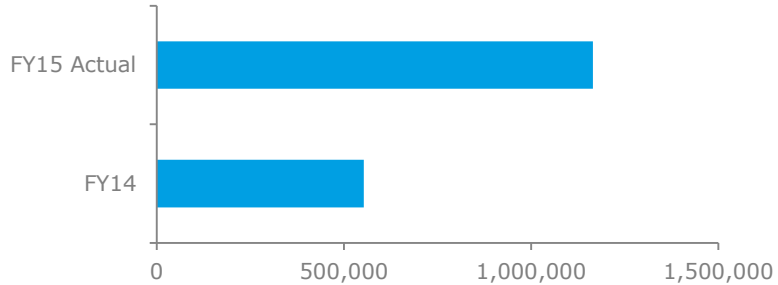
Build processes  
and systems

Make nbn a  
great place to  
work

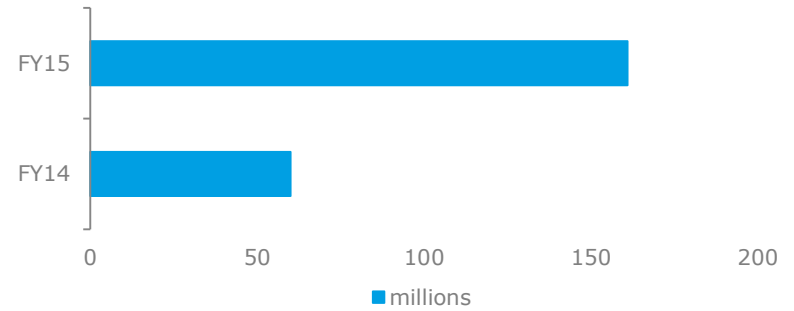
# Meeting our FY 2015 commitments



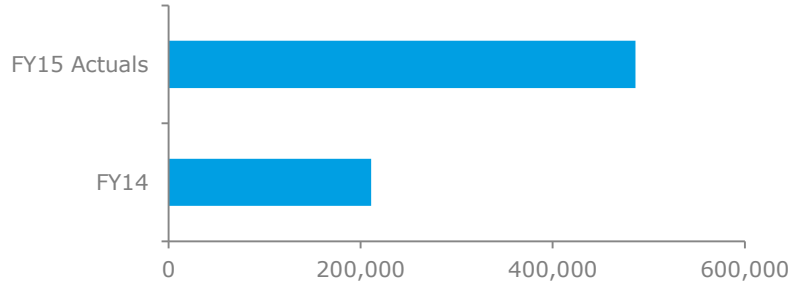
### Premises Serviceable



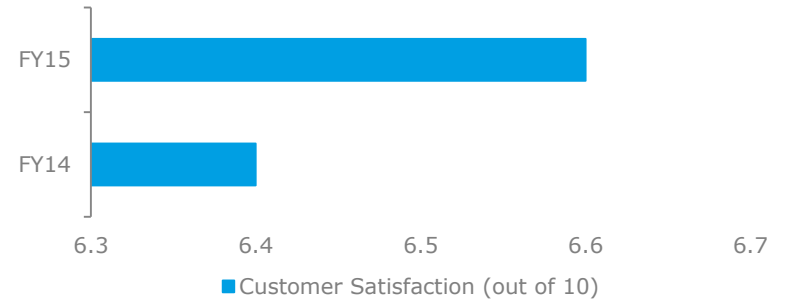
### Total Revenue



### Active Premises



### Customer Satisfaction



# Stephen Rue

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Chief Financial Officer



# Financial summary



|   |   |   |
|---|---|---|
| <p>EBITDA<br/>(\$1.1bn)<br/>FY14: (\$1.0bn)</p> | <p>ARPU<br/>\$40<br/>FY14: \$37</p>       | <p>Telco revenue<br/>\$161m<br/>FY14: \$60m</p> |
| <p>Capex<br/>\$3.3bn<br/>FY14: \$2.5bn</p>      | <p>Opex<br/>\$1.3bn<br/>FY14: \$1.1bn</p> | <p>Equity<br/>\$13.2bn<br/>FY14: \$8.4bn</p>    |

# Results



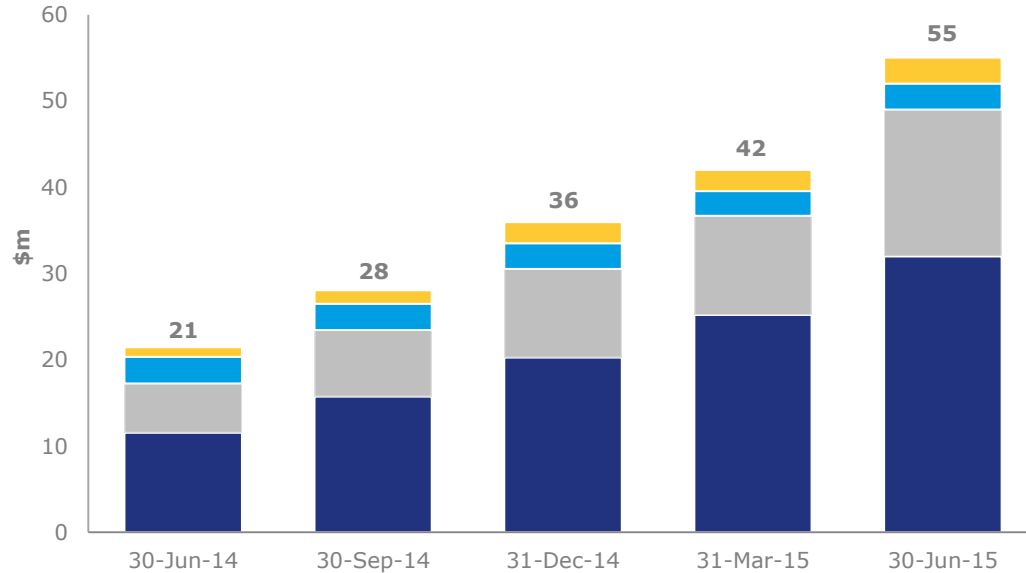
| \$m                       | For the 3 months to |           |          | For the year ended |           |          |
|---------------------------|---------------------|-----------|----------|--------------------|-----------|----------|
|                           | 30-Jun-14           | 30-Jun-15 | Change % | 30-Jun-14          | 30-Jun-15 | Change % |
| <b>Total Revenue</b>      | 22                  | 56        | 155%     | 61                 | 164       | 169%     |
| <b>Operating Expenses</b> | (322)               | (401)     | 25%      | (1,070)            | (1,294)   | 21%      |
| <b>EBITDA</b>             | (300)               | (345)     | 15%      | (1,009)            | (1,130)   | 12%      |
| <b>EBIT</b>               | (457)               | (524)     | 15%      | (1,439)            | (1,753)   | 22%      |

| \$m - As at               | 30-Jun-14 | 30-Jun-15 | Change % |
|---------------------------|-----------|-----------|----------|
| <b>Total Assets</b>       | 9,468     | 13,259    | 40%      |
| <b>Contributed Equity</b> | 8,418     | 13,185    | 57%      |

# Telecommunications revenue



Telecommunications Revenue by Quarter



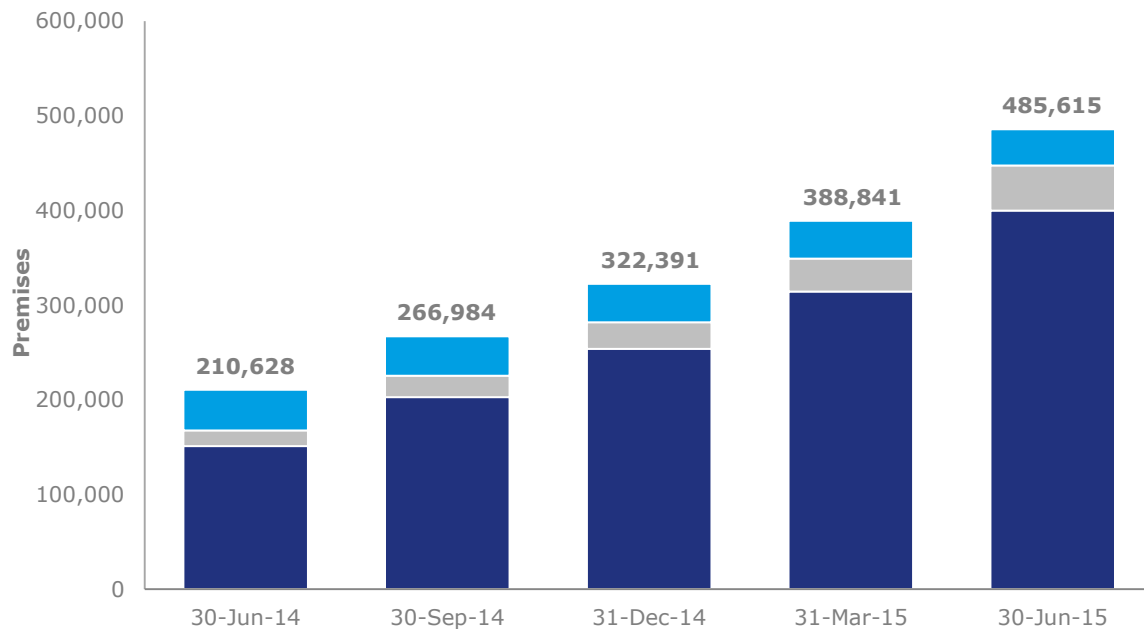
| \$m            | Full Year |            |
|----------------|-----------|------------|
|                | 30-Jun-14 | 30-Jun-15  |
| FTTP           | 31        | 93         |
| CVC/NNI        | 15        | 46         |
| Satellite      | 12        | 12         |
| Fixed Wireless | 2         | 10         |
| FTTN           | -         | -          |
| HFC            | -         | -          |
| <b>Total</b>   | <b>60</b> | <b>161</b> |



# Premises activated



Cumulative Active End Users by Quarter

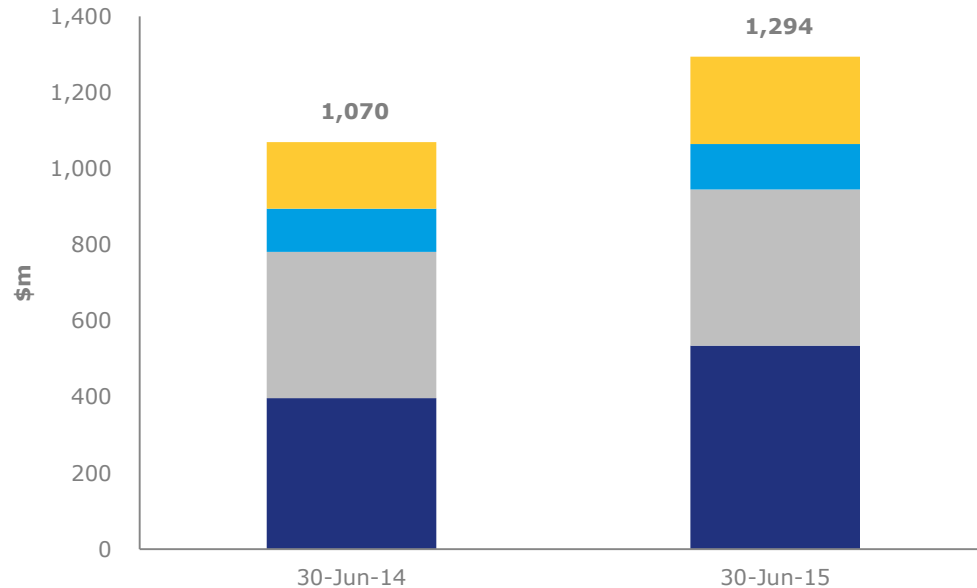


| Cumulative Active End Users | As at          |                |
|-----------------------------|----------------|----------------|
|                             | 30-Jun-14      | 30-Jun-15      |
| Fibre                       | 151,127        | 399,854        |
| Fixed Wireless              | 16,553         | 47,473         |
| Satellite                   | 42,948         | 38,288         |
| <b>Total</b>                | <b>210,628</b> | <b>485,615</b> |
| ARPU                        | \$37           | \$40           |

# Operating expenses



## Annual Operating Expenditure

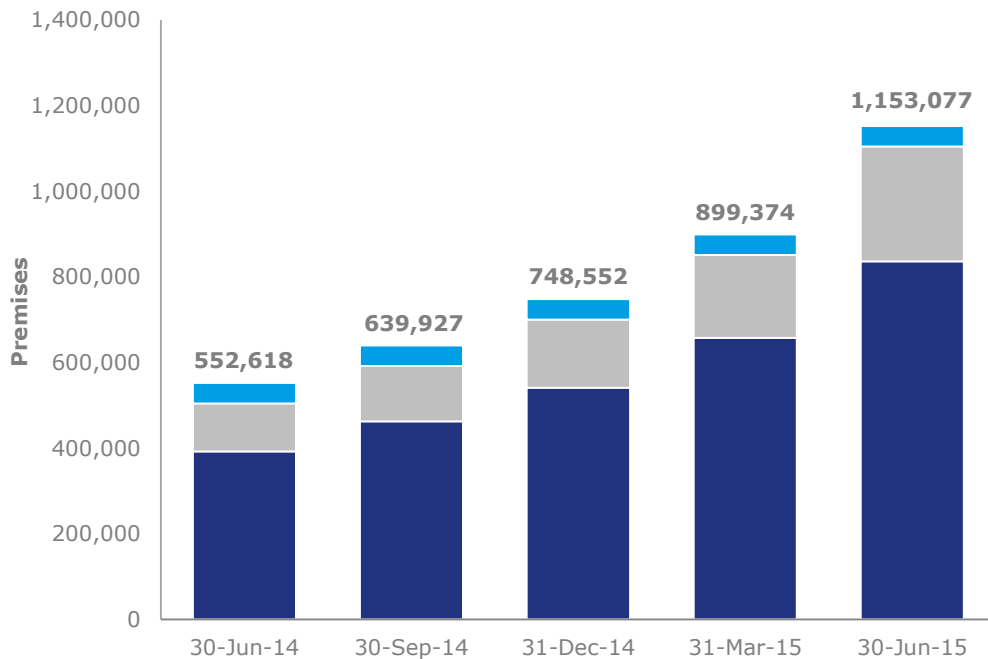


| \$m                        | Full Year    |              |
|----------------------------|--------------|--------------|
|                            | 30-Jun-14    | 30-Jun-15    |
| Telecom & Network Expenses | 397          | 535          |
| Employee Expenses          | 384          | 410          |
| IT & Software Costs        | 114          | 120          |
| Other                      | 175          | 229          |
| <b>Total</b>               | <b>1,070</b> | <b>1,294</b> |

# Premises serviceable



Cumulative Premises Serviceable by Quarter

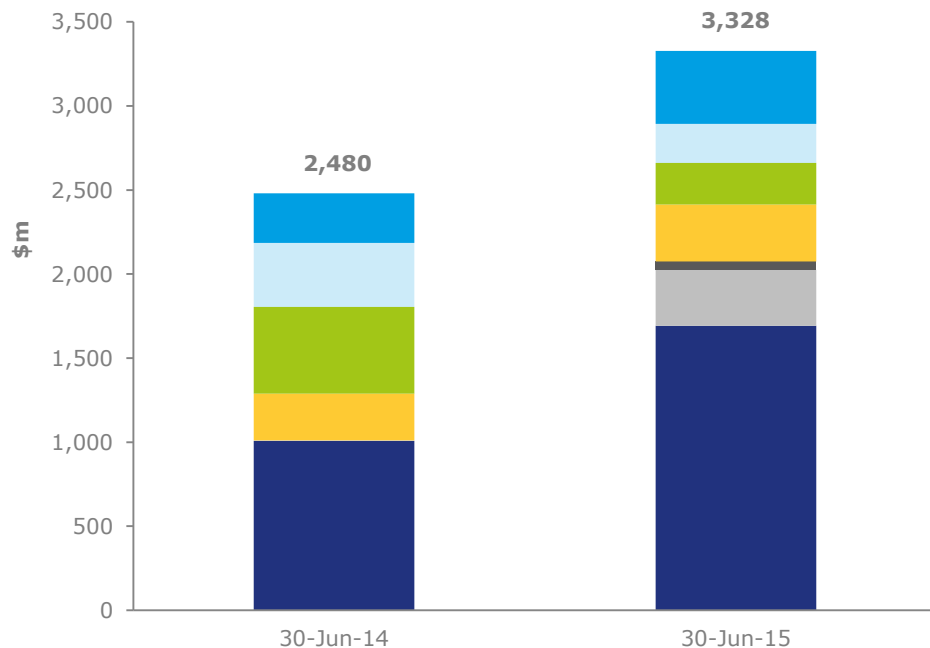


| Cumulative Premises Serviceable | As at          |                  |
|---------------------------------|----------------|------------------|
|                                 | 30-Jun-14      | 30-Jun-15        |
| Fibre                           | 392,410        | 836,680          |
| Fixed Wireless                  | 112,208        | 268,397          |
| Satellite                       | 48,000         | 48,000           |
| <b>Total</b>                    | <b>552,618</b> | <b>1,153,077</b> |

# Capital expenditure



## Annual Capital Expenditure

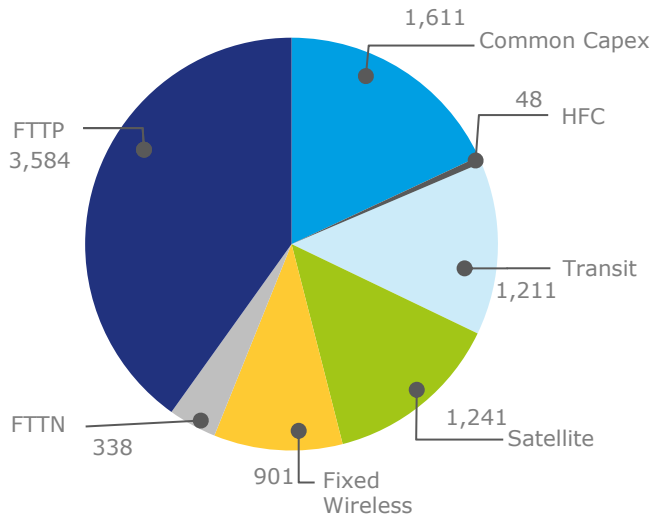


| \$m            | Full Year    |              |
|----------------|--------------|--------------|
|                | 30-Jun-14    | 30-Jun-15    |
| FTTP           | 1,007        | 1,692        |
| FTTN           | 3            | 334          |
| HFC            | -            | 48           |
| Fixed Wireless | 278          | 340          |
| Satellite      | 517          | 247          |
| Transit        | 381          | 233          |
| Common Capex   | 294          | 434          |
| <b>Total</b>   | <b>2,480</b> | <b>3,328</b> |

# Capital expenditure - LTD

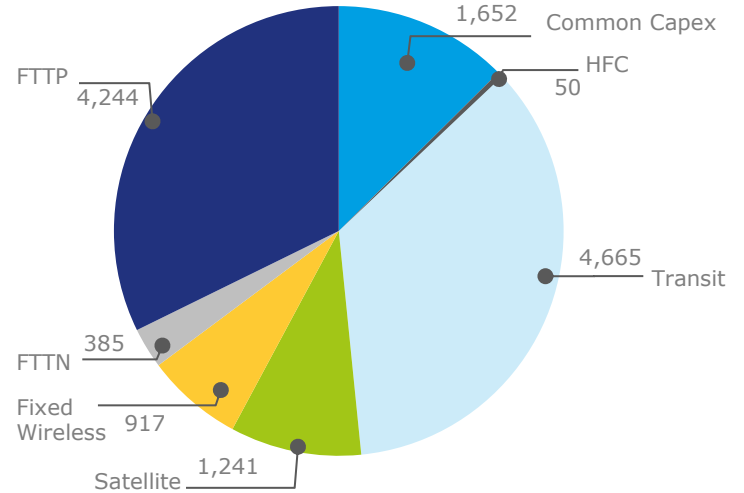


Life to Date Capital Expenditure (\$m) — \$8.9bn



Assets Under Finance Lease  
**+\$3.8bn**  
 Gifted Assets  
**+\$0.3bn**  
 Other  
**+\$0.2bn**

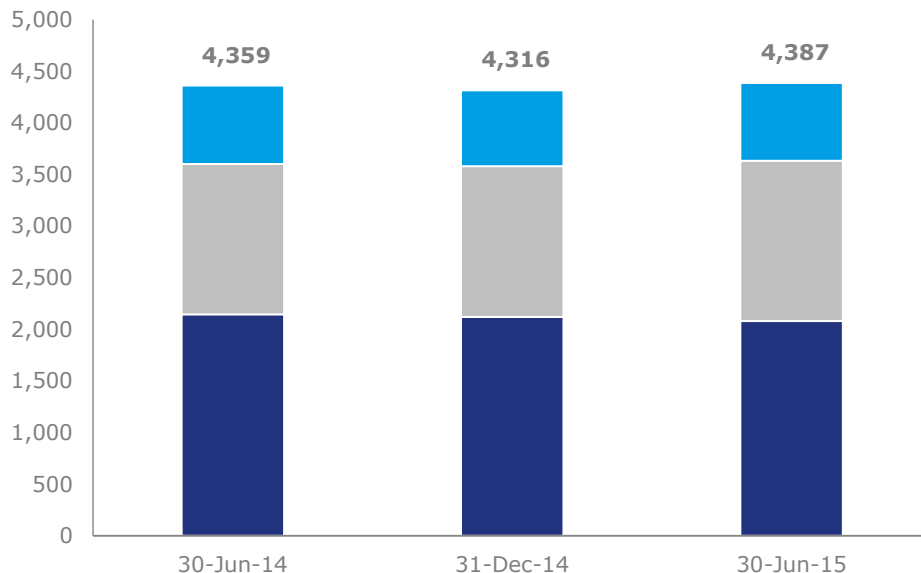
Life to Date PP&E and Intangibles (\$m) — \$13.2bn



# Cost per premises – Brownfields



**Brownfields Cost Per Premises (\$)**

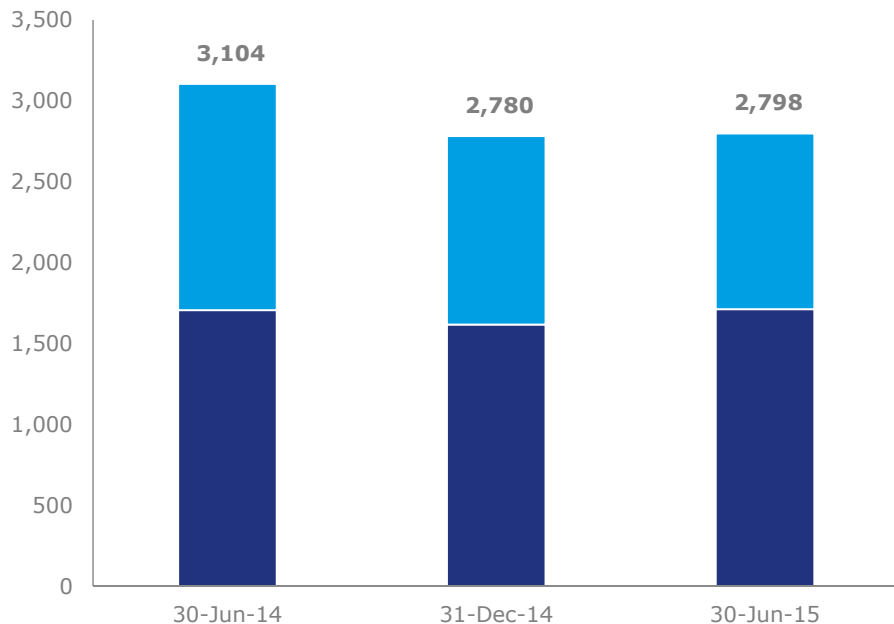


|                        | LTD |              |              |              |
|------------------------|-----|--------------|--------------|--------------|
|                        | \$  | 30-Jun-14    | 31-Dec-14    | 30-Jun-15    |
| LNDN                   |     | 2,146        | 2,119        | 2,080        |
| Customer Connect       |     | 1,457        | 1,460        | 1,552        |
| <b>Total Build CPP</b> |     | <b>3,602</b> | <b>3,579</b> | <b>3,632</b> |
| LNDN Duct Lease        |     | 757          | 737          | 755          |
| <b>Total</b>           |     | <b>4,359</b> | <b>4,316</b> | <b>4,387</b> |

# Cost per premises – Greenfields



Greenfields Cost Per Premises (\$)

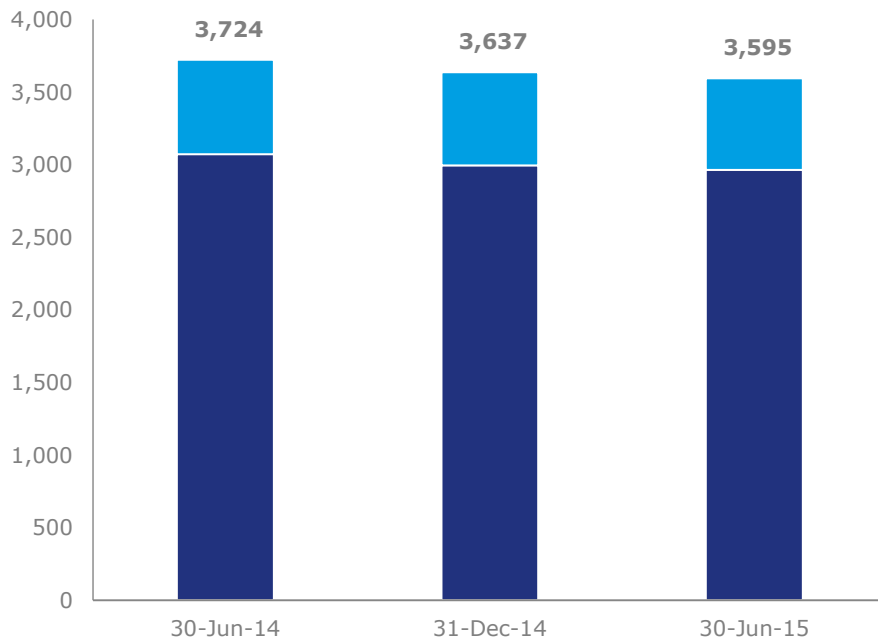


| \$             | LTD          |              |              |
|----------------|--------------|--------------|--------------|
|                | 30-Jun-14    | 31-Dec-14    | 30-Jun-15    |
| Design & Build | 1,706        | 1,616        | 1,711        |
| TFAN / TTFN    | 1,398        | 1,165        | 1,087        |
| <b>Total</b>   | <b>3,104</b> | <b>2,780</b> | <b>2,798</b> |

# Cost per premises – Fixed Wireless



Fixed Wireless Cost Per Premises (\$)



|                      | LTD          |              |              |
|----------------------|--------------|--------------|--------------|
|                      | 30-Jun-14    | 31-Dec-14    | 30-Jun-15    |
| \$                   |              |              |              |
| Design & Build       | 3,073        | 2,996        | 2,966        |
| Ground & Tower Lease | 651          | 641          | 629          |
| <b>Total</b>         | <b>3,724</b> | <b>3,637</b> | <b>3,595</b> |



# Bill Morrow

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Chief Executive Officer



# 2020 goals



**Connect Australia. Close Digital Divide**

**8 million premises connected by 2020**

**Five strategic imperatives**

Build united  
partnerships

Build affordable  
products and  
services

Build a high  
performance  
and reliable  
network

Build processes  
and systems

Make nbn a  
great place to  
work

# United partnerships: DPs, RSPs and more



- Competitive construction agreements to reward speed, quality and safety
- Training program to scale industry workforce
- Field workforce expected to grow to 9,000
- More than 52 RSPs
- Collaborative planning
- Co-marketing



# Products and services: RSP and end-user focus



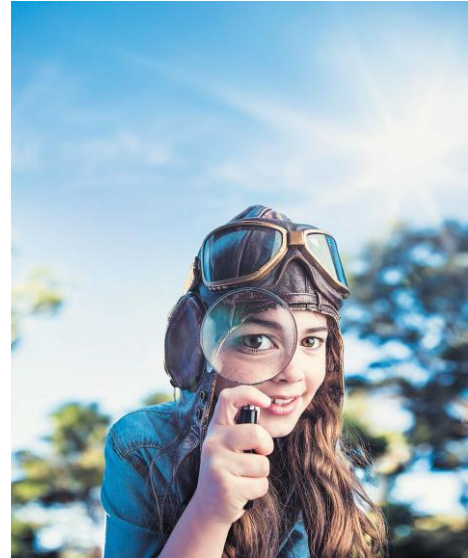
- New products – FTTB
- Trialling  $\leq 50$ Mbps Fixed Wireless
- Technology Choice offering
- Reduced CVC pricing
- Extended construction forecasts
- Increased RSP satisfaction
- NPS from 16 to 27



# Products and services: visionary brand



- New brand to engage the community
- Targeted campaigns tied to rollout
- Increase in public sentiment



# Products and services: co-brand RSP campaigns

**OPTUS HD**

## IT'S FULL SPEED AHEAD WITH OPTUS NBN

**FAST FACTS**

It's just 7 years before the National Broadband Network (NBN) rollout to allow the best of the best to get NBN in your neighbourhood! You can experience Super NBN today.

**BEATING SOME NBN MYTHS**

- Is the NBN "wireless"? Not so much! The NBN requires almost every customer (some fibre, ADSL, and some cable connected) and their service box. In eventually, most work will need to move to work their fibre optic service. If you already have a fibre optic cable, or your internet is handled by the building owner, you may not require one.
- The best of the NBN is really wireless... what you pay for your service will depend on the plan you choose, and the quality. And you don't pay for the building of the NBN as part of your service plan. That number's just not true!

**NO TO GET YOUR BACK**

- 24/7 support and a dedicated team of NBN experts
- A speed boost, super stable service
- Great value, superior speeds and no data cap
- NBN is a gateway to a great connection experience

**6 MONTHS' GETTING ON LINE**

This... all a customer will be giving you a 6 months service subscription... that's a central requirement and a great value service to an enhanced broadband plan. Offer ends 31st July 2015.

**PRE-ORDER TODAY**

Be one of the first to get NBN connected - pre-order today!

It's now. See our [NBN Pre-Order](#) link for complete details and see [NBN Pre-Order](#) for more info.

Help! Don't want a pre-connection plan? Any time before installation is available!

**The Optus NBN Team**

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**HERE'S A PLAN YOU MIGHT LIKE: UNLIMITED BROADBAND & HOME PHONE BUNDLE**

~~\$145~~ **\$90**

**60D MINUTE OVER 24 MONTHS**

**FREE\* 24 MONTH**

How to save more:

- 1. Download
- 2. Unlimited download content
- 3. Unlimited download content
- 4. Unlimited download content
- 5. Unlimited download content
- 6. Unlimited download content

\*Based on 12 months of use

powered by **nbn**

**WOW FAST NBN**

FAST

**NBN FIXED WIRELESS HAS ARRIVED IN THE CLARENCE VALLEY**

That's right! Fixed Wireless is just the beginning. You can now experience super NBN in the Clarence Valley. It's here! And it's yours. So why not get NBN now?

Get your NBN now!

Get your NBN now!

**nbn**

**UNLIMITED NBN<sup>TM</sup> BROADBAND**

**13 dodo (13 36 36)**

**nbn**

**iinet**  
the nbn experts

**No lock-in NBN contracts!**

Other NBN plans from **\$59.90/month**

**Local and standard national calls included**  
Min. cost \$108.85. HD 37's Maximum has high-speed HD 37's. Maxed out subject to the applicable cap being set out in all plans.

**You should see the size of the keying.**

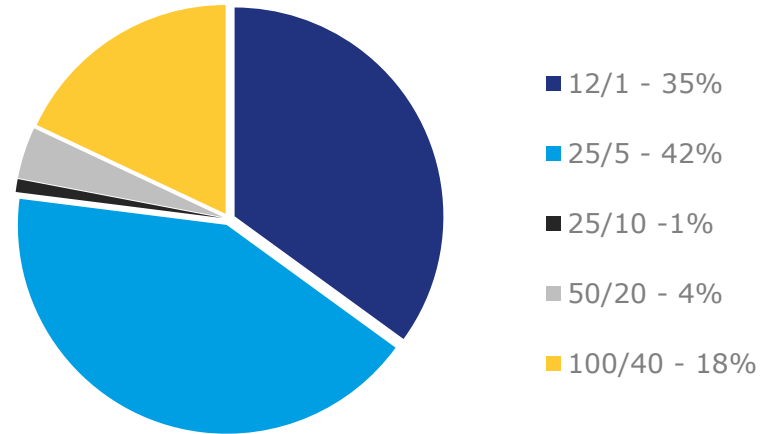
**1inet.net.au/nbn**

# Products and services: end-user product mix



- 77% of **nbn**<sup>TM</sup> plans chosen remain 12/1 or 25/5
- Consistent dominance YoY of 12/1 and 25/5 categories
- Small shift YoY between 12/1 tier and 25/5

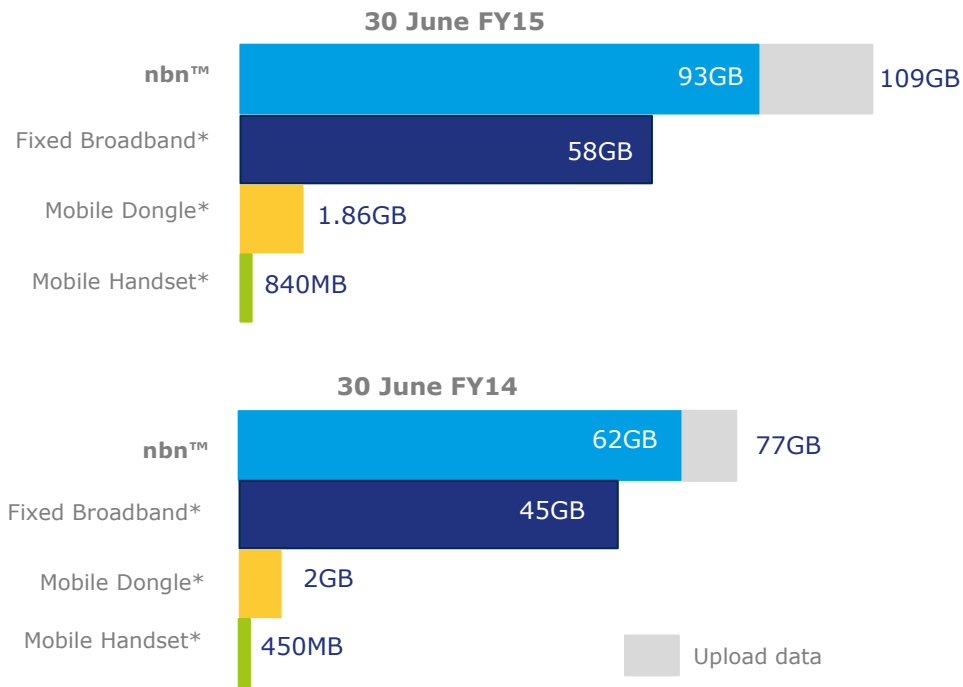
Fixed line mix at 30 June 2015



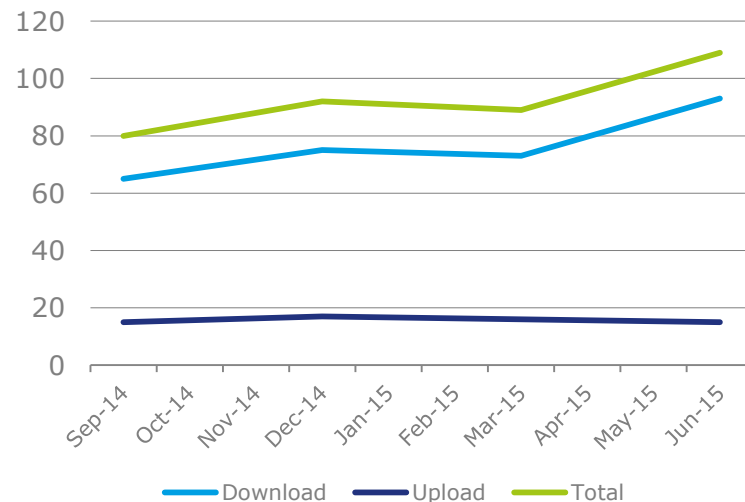
# Products and services: data consumption trends



## Data consumption



## Average GBs per month





# High performing, reliable network: FTTP



- Doubled FTTP premises serviceable and activations YoY
- More than doubled 12 week rolling serviceable run rate
- Changes to New Developments policy



# High performing, reliable network: FTTN/B



- Commercial FTTB product and MDU program launched
- Successful FTTN trials in NSW and QLD with speeds of  $\leq 100\text{Mbps}$
- 780,000 FTTN premises in plan and construction at 30 June 2015
- Around 200,000 premises ready for commercial launch



# High performing, reliable network: HFC



- High level design complete
- Equipment supplier selected
- Construction trials launched in Redcliffe, QLD
- Will launch with world leading DOCSIS 3.1 capable of Gbps speeds
- On track for product launch EOY



# High performing, reliable network: fixed wireless



- 270,000 premises serviceable
- Launched wholesale 50Mbps/20Mbps trial services across the network
- World-leading in speed, price and data: Ovum research
- Very high customer satisfaction



# High performing, reliable network: **nbn**<sup>TM</sup> satellite



- 10 ground station locations complete
- Sky Muster on its way to launch site
- RSPs in product development
- Introduced new capacity and fair-usage on ISS



# Processes and systems



- Major IT releases every quarter
- Order process flow completely automated
- Process excellence embedded as a cultural norm
  - 1/4 staff trained
  - More than 50 DMAIC projects
  - Evidence in action
  - DP collaboration for increased productivity



# Great place to work: employee focus

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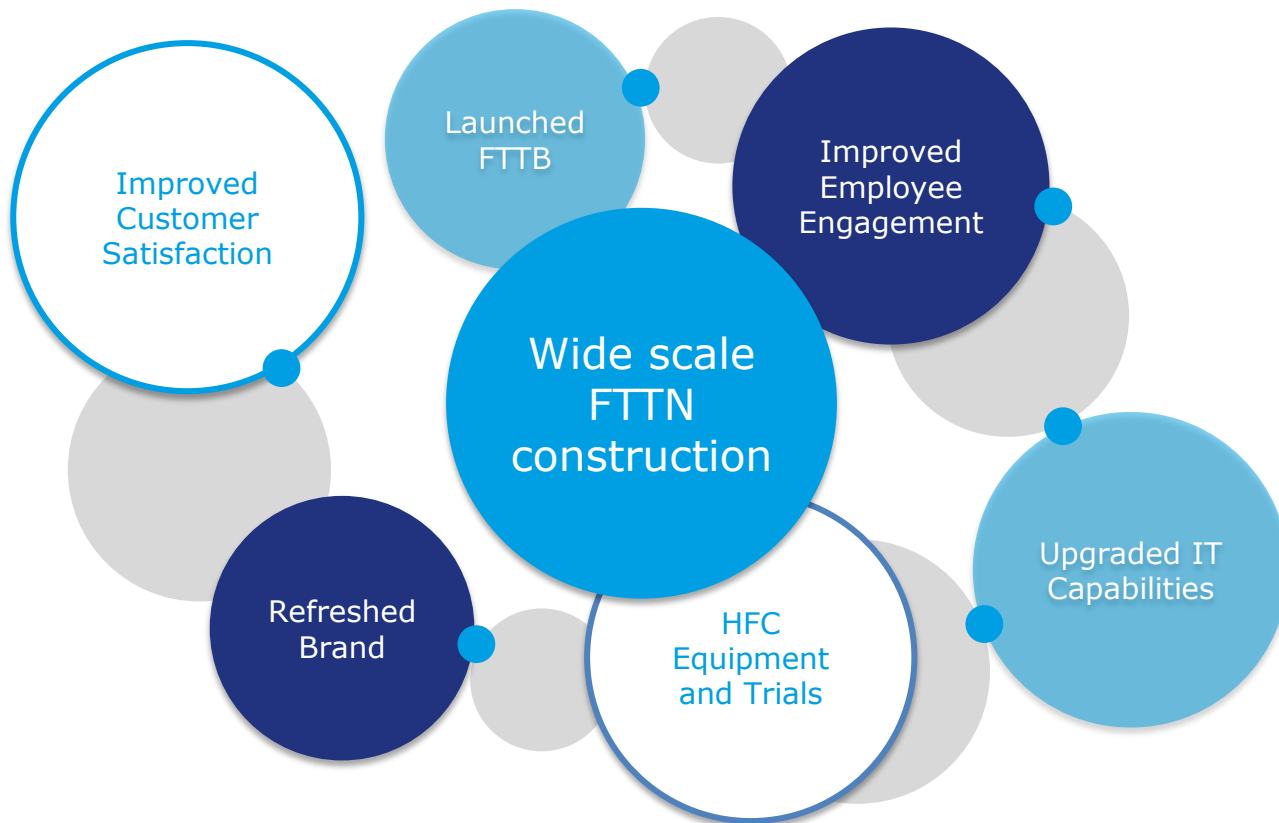


- Aligned on a single goal
- Focused on an internal customer-supplier model
- Significant culture uplift
- Simplified governance and decision making
- Engagement increased by 16%





# A year of achievement



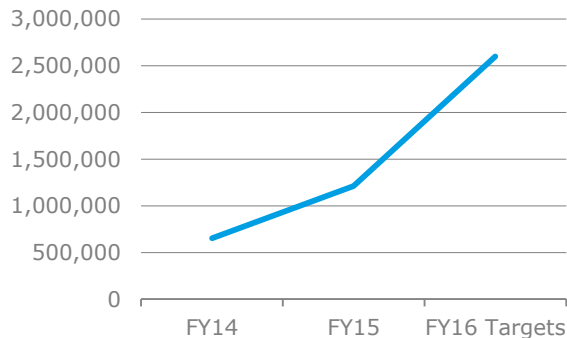


# FY16 Targets



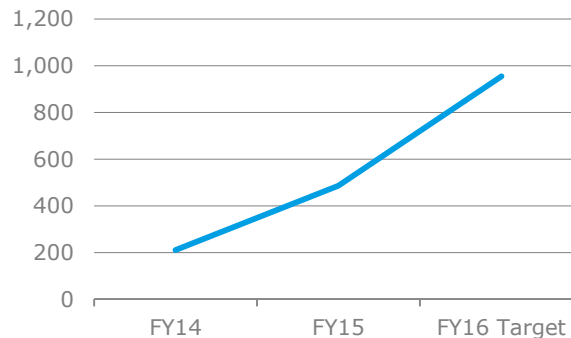
~2,600,000

### Premises RFS



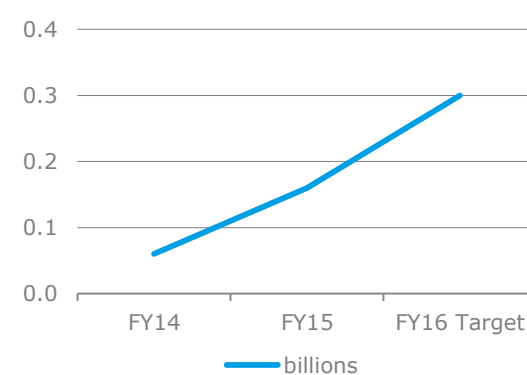
~955,000

### Active Premises



~300,000,000

### Total Revenue



# Questions

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# Disclaimer

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This presentation includes the full year audited financial statements for nbn co limited (**nbn**) for the year ended 30 June 2015 and other information. The financial statements consist of the Statement of profit or loss a comprehensive income, Statement of financial position, Statement of changes of equity and Statement of cash flows for the **nbn** Consolidated Group, comprising **nbn**, nbn tasmania limited and nbn co spectrum Pty Ltd. Whilst every effort is made to provide accurate and complete information in this presentation, no representation or warranty is made as to the accuracy, completeness or reliability of that other information.

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