

Full Year Results 2016



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Agenda



Company highlights



Financial results



nbn's operational progress



Questions

2020 goals



**Connect
Australia**



**8 million
premises
connected
by 2020**



**Close
Digital
Divide**

Strategic imperatives



**Build a united
partnership**



**Build affordable
products and services**



**Build a high-performing
and reliable network**



**Build effective and
efficient processes
and systems**



**Make nbn a great
place to work**

nbn FY2016 highlights



Today, nearly two thirds of the nation are either in design, construction or already eligible for an nbn™ service



Doubled the number of premises Ready for Service – 2.9m



More than doubled activated end users – 1.1m



More than doubled revenue – \$421m



Three product launches: FTTN, Sky Muster™, HFC



Stronger industry, RSP, end-user relationships

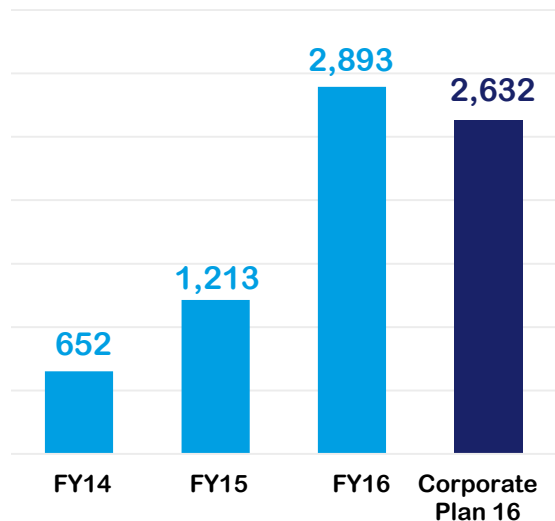


Improved culture

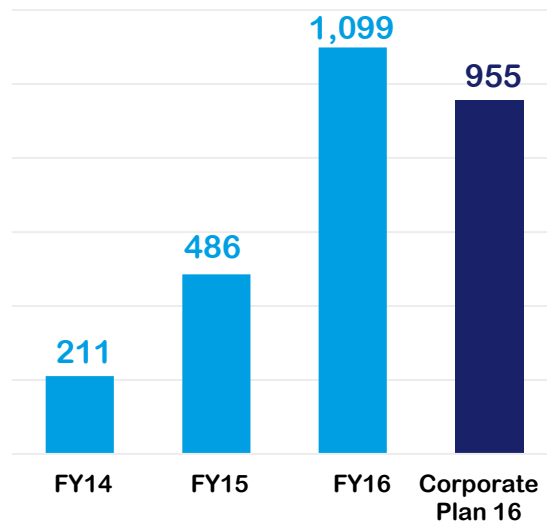
FY2016 momentum



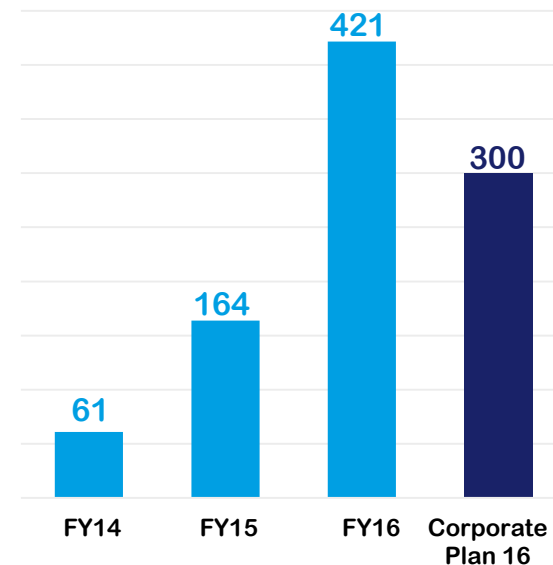
Cumulative premises Ready for Service ('000)



Cumulative premises activated ('000)



Total revenue (\$m)



Stephen Rue

Chief Financial Officer



Australia's
broadband
network



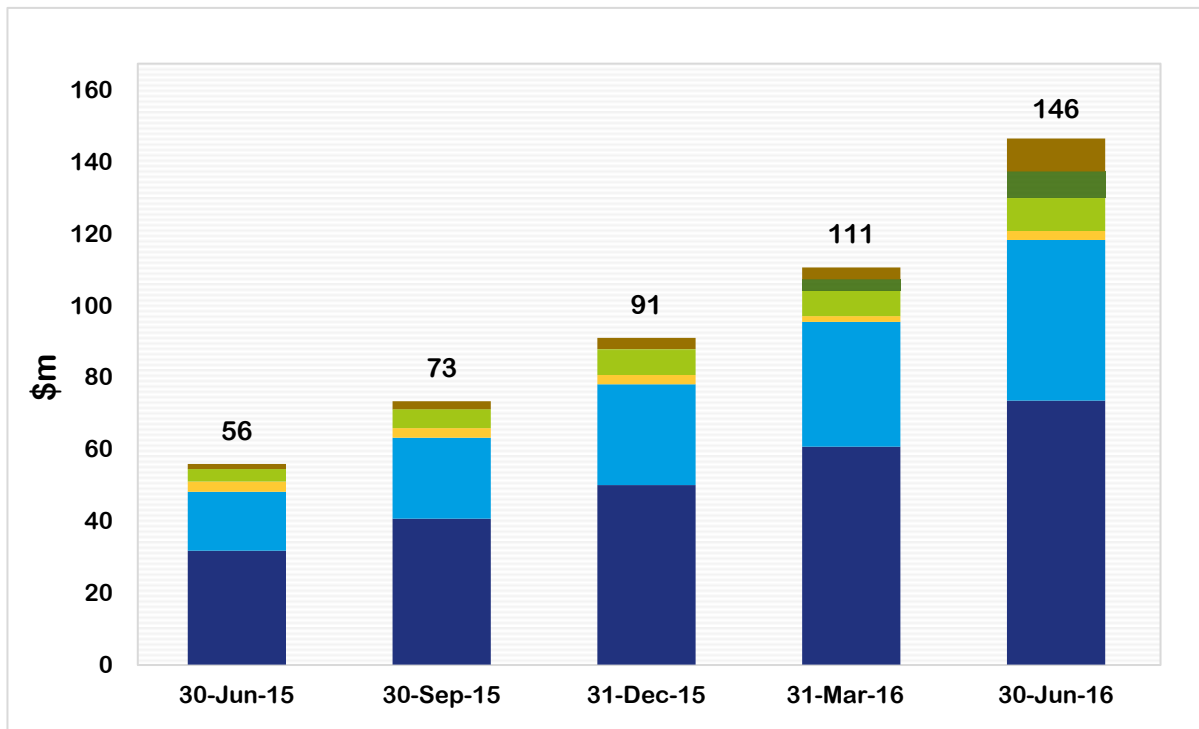
nbn is happy to have helped connect Jayden, Kylie, Amy and Emily so successfully. Of course, and your experience of nbn's network may vary. Your experience, including the speeds you get, will depend on the technology used, your location and some factors outside our control like your equipment, software, broadband plans and how your service provider connects to our network. nbn's network is part of the Connected Nation.

Headline results – FY2016



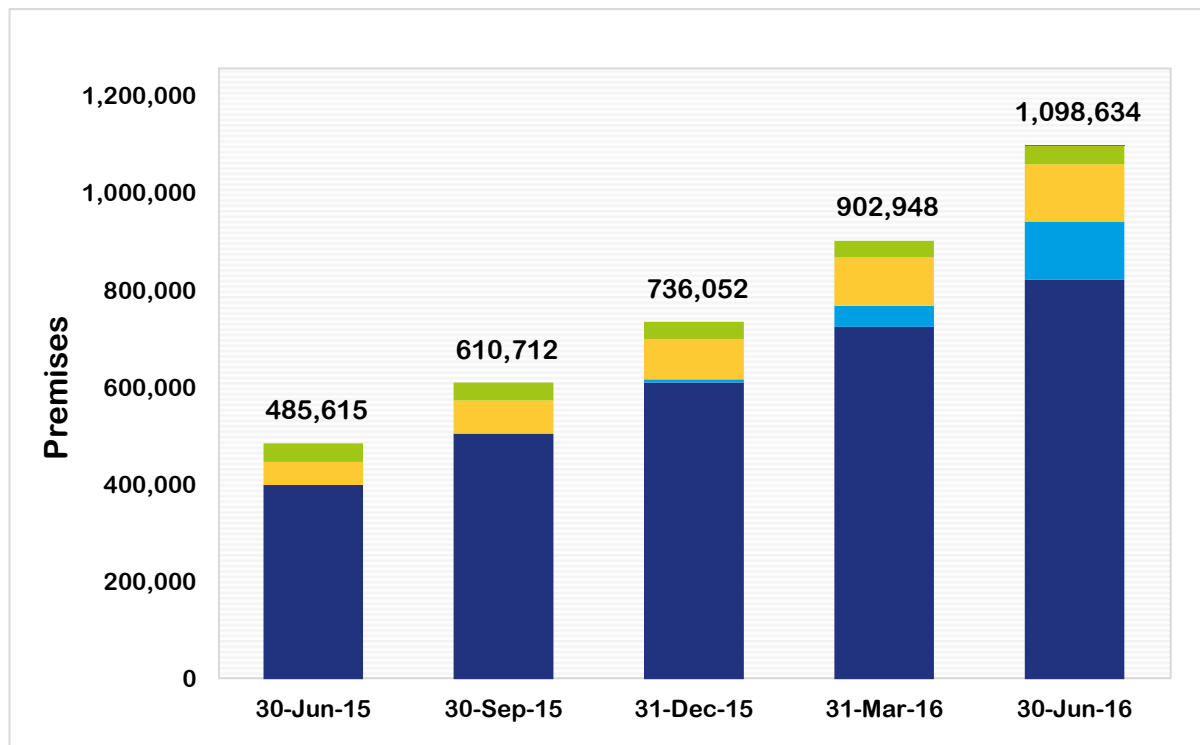
Total Revenue	Premises Activated	ARPU
\$421m FY15: \$164m +157%	1,098,634 FY15: 485,615 +126%	\$43 FY15: \$40 +7%
Premises Ready for Service	Life-to-date Capex	Equity
2,893,474 FY15: 1,213,391 +138%	\$13.6bn FY15: \$8.9bn +52%	\$20.3bn FY15: \$13.2bn +54%

Total revenue by quarter



\$m	Full year	
	30-Jun-15	30-Jun-16
Other	3	18
FTTN	-	10
Fixed Wireless	10	27
Satellite	12	10
CVC/NNI	46	131
FTTP	93	225
Total	164	421

Cumulative active end-users by quarter

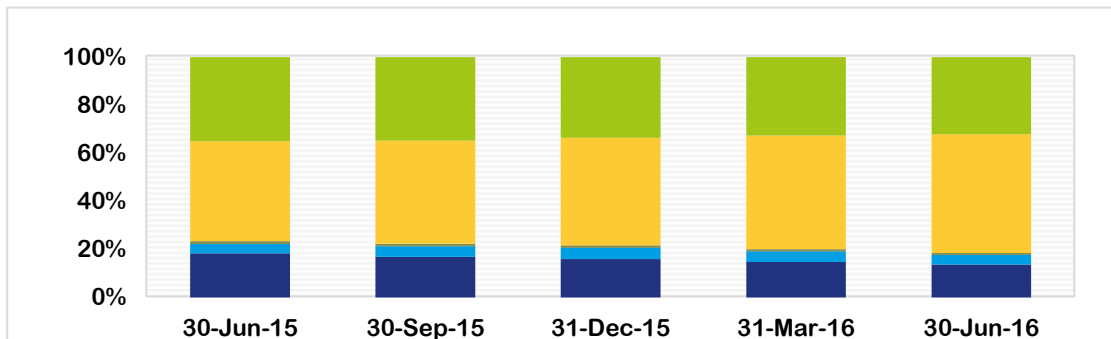


	As at	
	30-Jun-15	30-Jun-16
Cumulative active end-users		
HFC	-	10
Satellite	38,288	38,764
Fixed Wireless	47,473	117,514
FTTN	-	119,694
FTTP	399,854	822,652
Total	485,615	1,098,634
ARPU	\$40	\$43

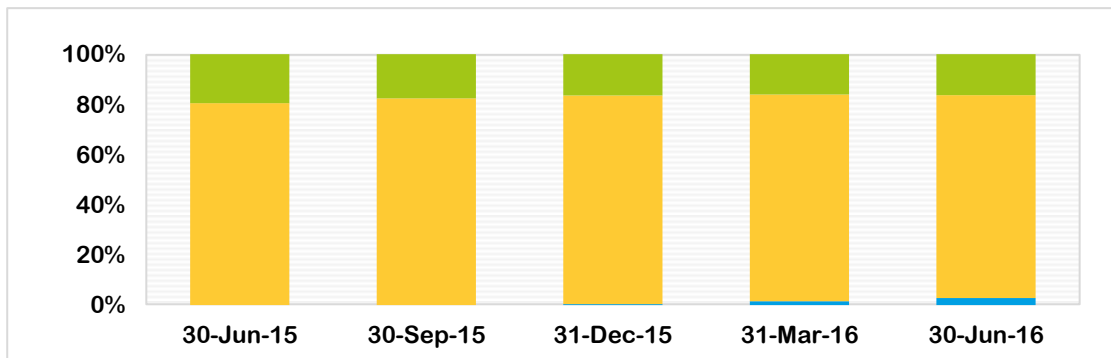
Speed tier mix



Fixed Line speed tier mix



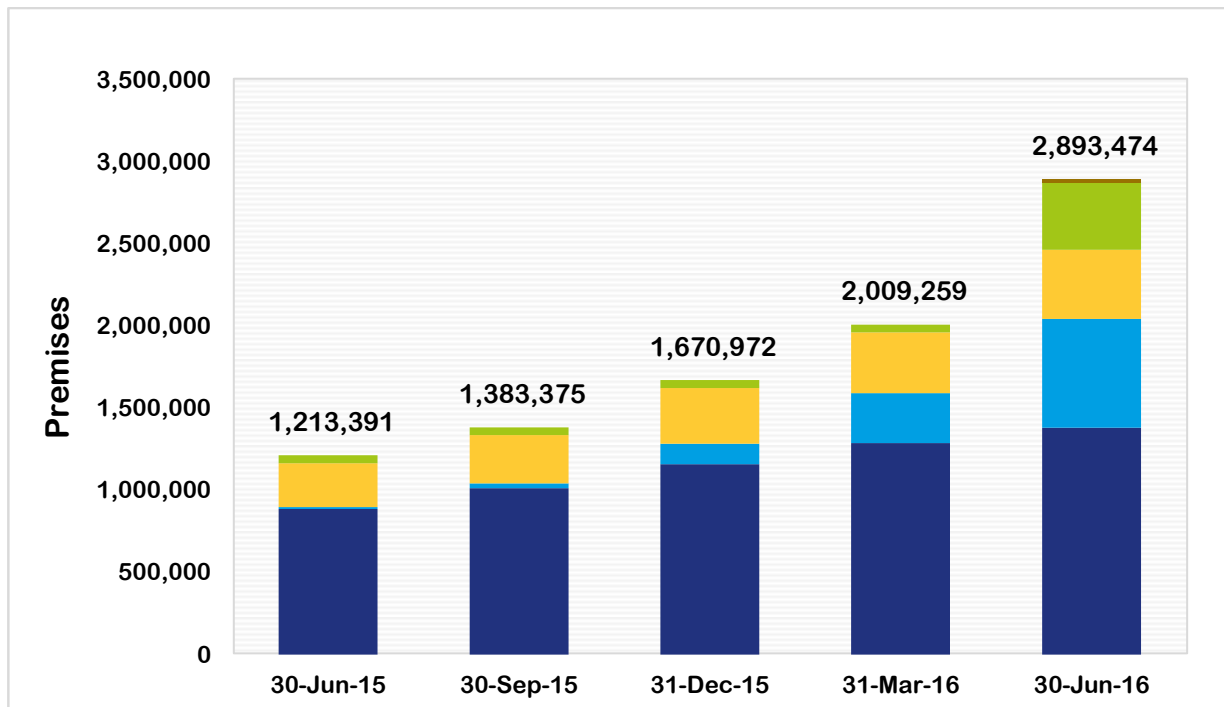
Fixed Wireless speed tier mix



Fixed Line speed tier mix (Mbps)	As at	
	30-Jun-15	30-Jun-16
12/1	35%	32%
25/5	42%	49%
25/10	1%	1%
50/20	4%	4%
100/40	18%	14%
Total	100%	100%

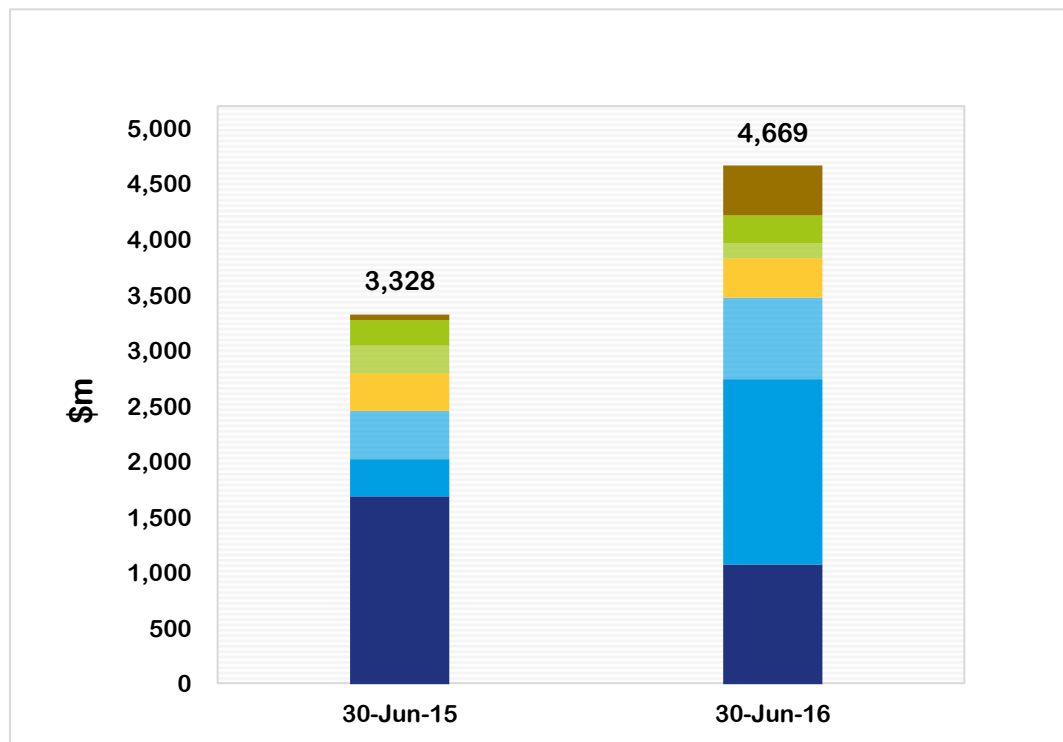
Fixed Wireless speed tier mix (Mbps)	As at	
	30-Jun-15	30-Jun-16
12/1	20%	16%
25/5	80%	81%
50/20	-	3%
Total	100%	100%

Cumulative premises Ready for Service by quarter



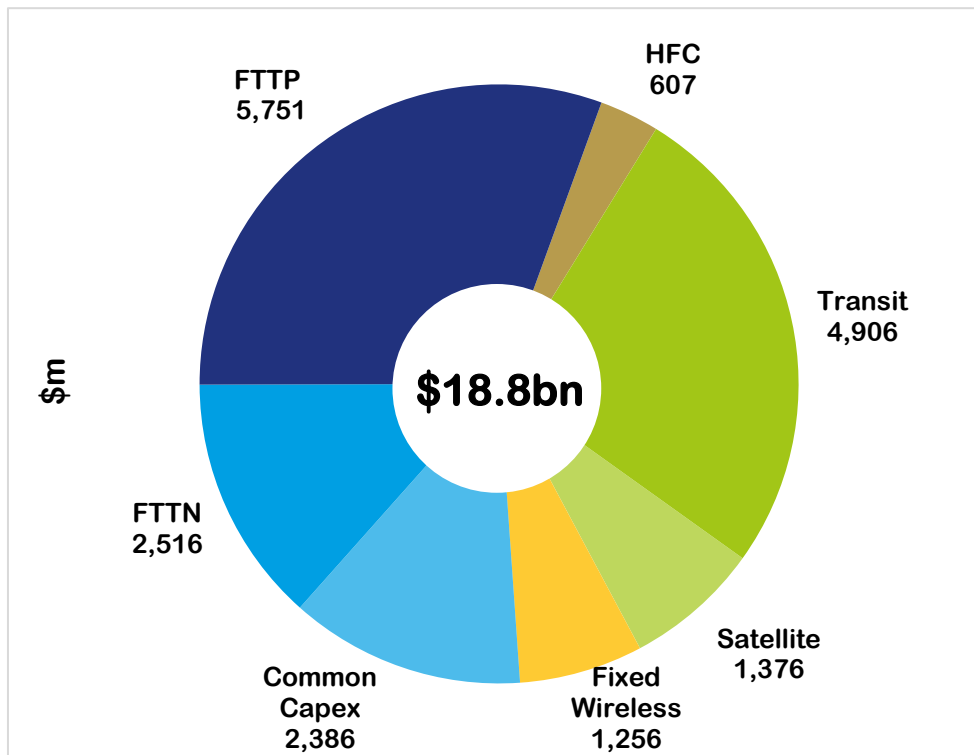
	As at	
	30-Jun-15	30-Jun-16
Cumulative premises Ready for Service		
HFC	-	18,462
Satellite	48,000	409,959
Fixed Wireless	268,397	420,524
FTTN	11,579	662,729
FTTP	885,415	1,381,800
Total	1,213,391	2,893,474

Capital expenditure



	\$m	Full year	
		30-Jun-15	30-Jun-16
HFC		48	448
Transit		233	252
Satellite		247	135
Fixed Wireless		340	354
Common Capex		434	734
FTTN		334	1,668
FTTP		1,692	1,078
Total		3,328	4,669

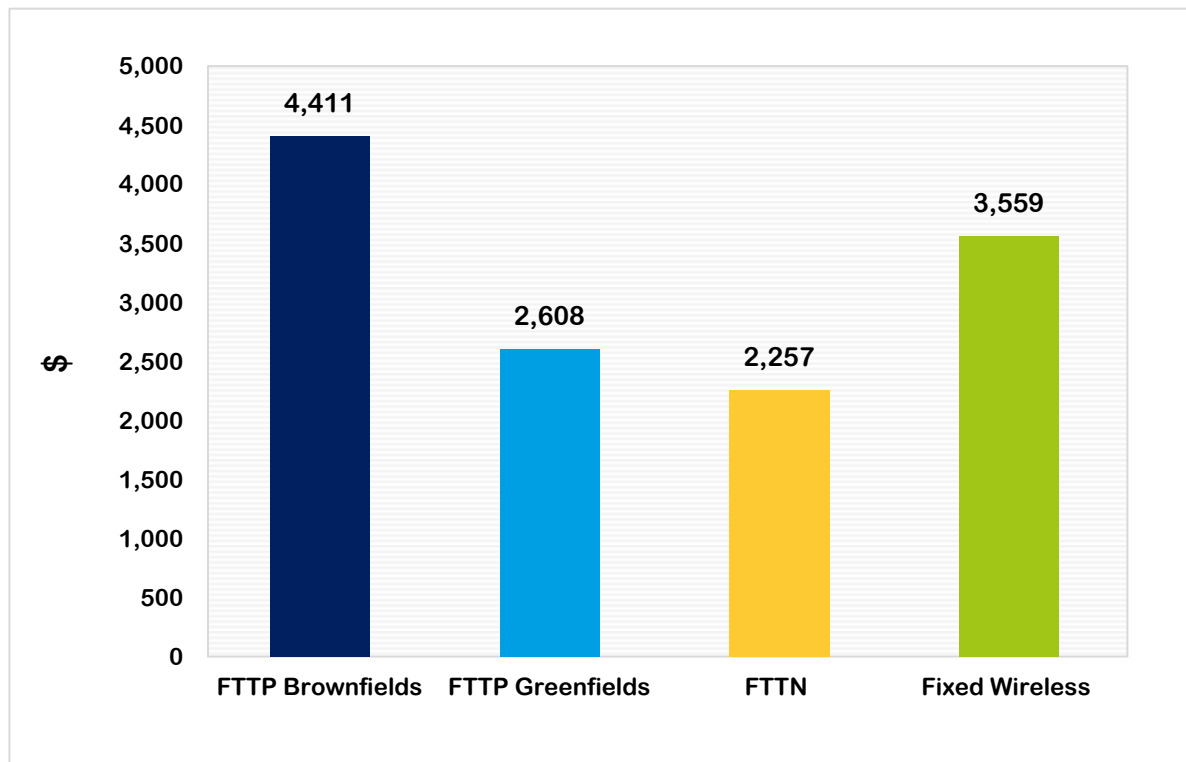
Life-to-date PP&E and Intangible Assets*



	\$m	As at	
		30-Jun-15	30-Jun-16
HFC		50	607
Transit		4,665	4,906
Satellite		1,241	1,376
Fixed Wireless		917	1,256
Common Capex		1,652	2,386
FTTN		385	2,516
FTTP		4,244	5,751
Total		13,154	18,798

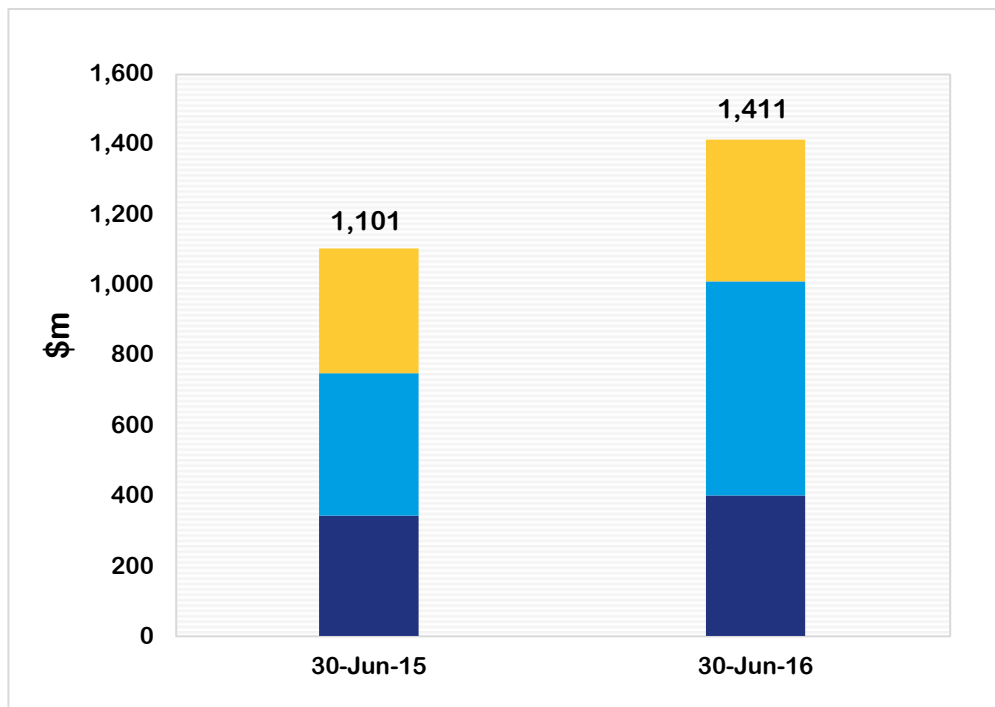
*Property, plant and equipment includes additions of leased assets, gifted assets and items of property, plant and equipment classified as inventories.

Cost per premises



	Life-to-date
\$	30-Jun-16
FTTP Brownfields	4,411
FTTP Greenfields	2,608
FTTN	2,257
Fixed Wireless	3,559

Operating expenses



	Full Year	
	30-Jun-15	30-Jun-16
\$m		
Other expenses	355	403
Employee benefits expenses	404	609
Direct network costs	342	399
Operating expenses	1,101	1,411
Subscriber costs	193	582
Total expenses	1,294	1,993

Financial summary



\$m	For the 3 months ended			For the year ended		
	30-Jun-15	30-Jun-16	Change %	30-Jun-15	30-Jun-16	Change (%)
Total Revenue	56	146	161%	164	421	157%
Total Expenses	(401)	(647)	61%	(1,294)	(1,993)	54%
EBITDA	(345)	(501)	45%	(1,130)	(1,572)	39%
Exclude: Subscriber Costs	79	218	176%	193	582	202%
Adjusted EBITDA	(266)	(283)	6%	(937)	(990)	6%
EBIT	(524)	(758)	45%	(1,753)	(2,446)	40%

\$m	As at		
	30-Jun-15	30-Jun-16	Change %
Total Assets	13,259	18,552	40%
Contributed Equity	13,185	20,275	54%

Bill Morrow

Chief Executive Officer





Products and services

New products launched and new technologies trialled



Launched



FTTN



Sky Muster™



HFC with DOCSIS 3.0



50/20 Mbps Fixed Wireless product launched



Cell Site Access Service



Fibre TV



In trial



G.Fast



FTTdP



DOCSIS 3.1



Products and services

Stronger retailer and end user experience



Building advocacy



Net Promoter Score +20



Customer Experience Metric
7.2 out of 10



End-user satisfaction 7.1
out of 10



New dimension based
pricing for CVC



Average monthly download
consistently higher on nbn
than national average



Key improvements



New customer processes



Improved response times



Enhanced appointment
scheduling



Right first time
increasing



25,000 orders processed
per week

Great place to work

Employee focus



More than 5,000 employees, extended workforce +11,000



Employee Engagement 68% shift from bottom to top quartile of ANZ companies

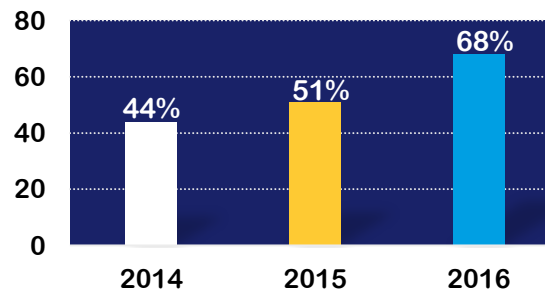


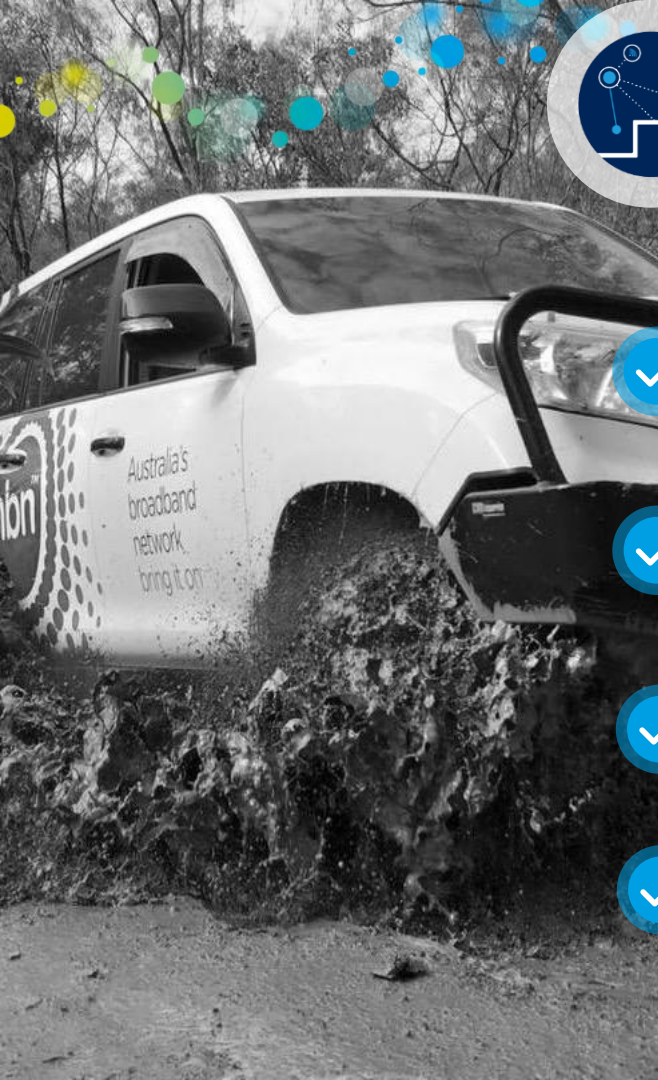
Employee Engagement up 17 percentage points



Voluntary turnover is 7.7% versus 14.6% for the global industry standard

Employee Engagement Score





High performing, reliable network

Accelerating the build



3 million premises RFS (August 2016)



One in four premises can order an **nbn™** service



More than 40,000 RFS a week in June 2016 (vs 20,000 a week June 2015)



Nearly two thirds of all Australian premises either in design, in construction or able to order an **nbn™** service



High performing, reliable network

Accelerating the build



Rapid scale: 12 week rolling average for FTTN RFS 30,000 per week



HFC product now live on both legacy Optus and Telstra networks



15,000 Sky Muster™ service end users (August 2016)



Sky Muster™ II launch date confirmed, 4 October 2016





Economic benefits of the nbn™ network

nbn™ network critical to e-retailer success



Smitten Merino, Hobart

“The backbone of Smitten is that we have great internet - it's very important.”

Nicola

“The nbn™ network came on just in time for us to be able to push our online shop to its full.”

Carl

FY2016 a year of delivery



Signed new agreements



Launched 3 products



Doubled speed of build



Doubled speed of activations



Improved RSP experience



Improved end user experience



Improved culture and engagement



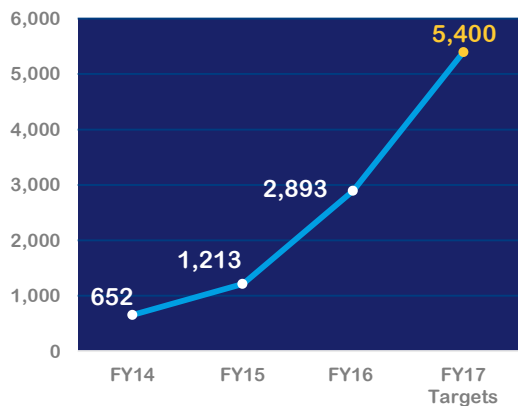
Ninth quarter in a row on track

FY2017 targets



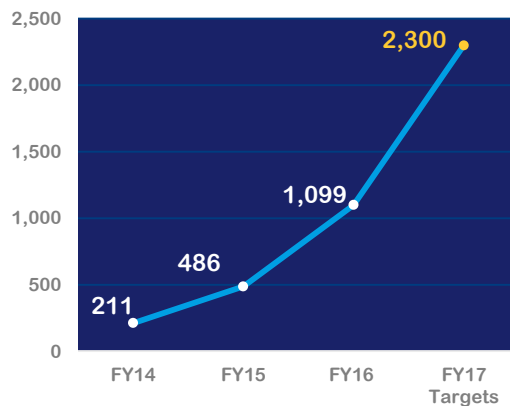
5.4 million

Premises RFS ('000s)



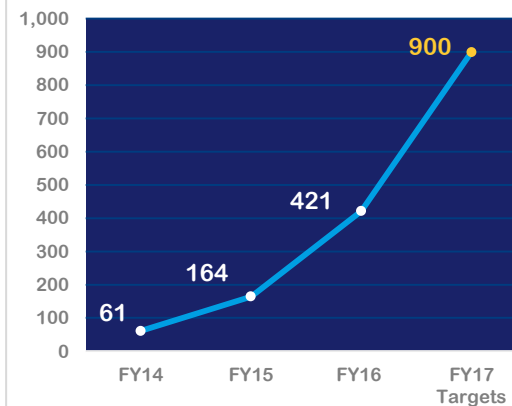
2.3 million

Active Premises ('000s)



~\$0.9 billion

Total Revenue (\$m)



Questions



Australia's
broadband
network



*nbn is happy to have helped connect Jayden, Kylie, Amy and Emily so
r experience, including the speeds you get, will depend on the
software, broadband plans and how your service provider does the*

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