



NBN Co Annual Results FY18



Agenda

1. FY18 progress
2. Financial results
3. Improving customer experience together with RSPs
4. Questions

Stephen Rue

Chief Financial Officer



Headline results - FY2018

Total revenue

\$1,978m

FY2017: \$1,001m

 **98%**

Active premises

4,035,870

FY2017: 2,443,133

 **65%**

ARPU

\$44

FY2017: \$43

 **1%**

Premises ready
for service

8,124,436

FY2017: 5,713,350

 **42%**

Premises ready to
connect

7,036,838

FY2017: 5,444,616

 **29%**

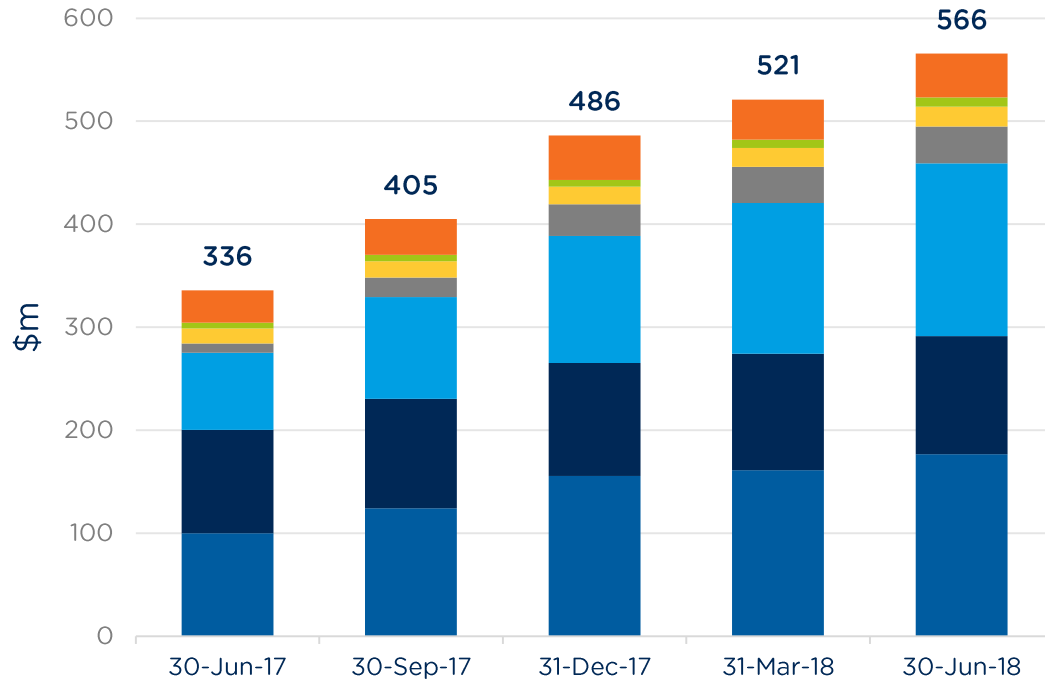
Cash funding

\$35.0bn

FY2017: \$27.5bn

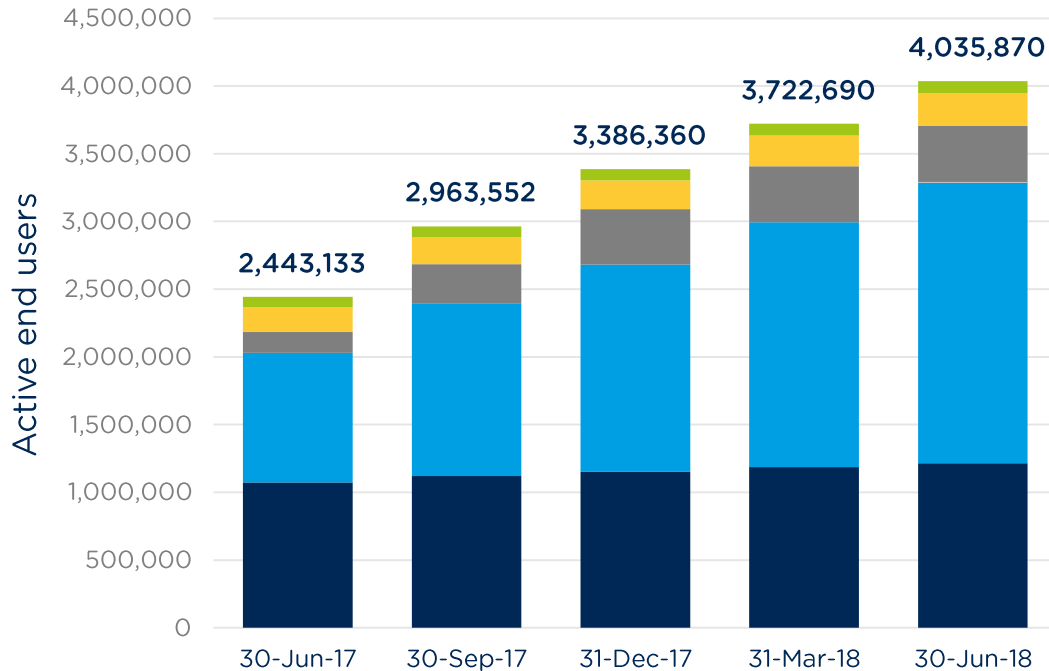
 **28%**

Total revenue by quarter



\$m	Full year	
	30-Jun-17	30-Jun-18
Other	79	160
Satellite	19	30
Fixed Wireless	50	70
HFC	13	120
FTTN	172	536
FTTP	369	444
CVC/NNI	299	618
Total	1,001	1,978

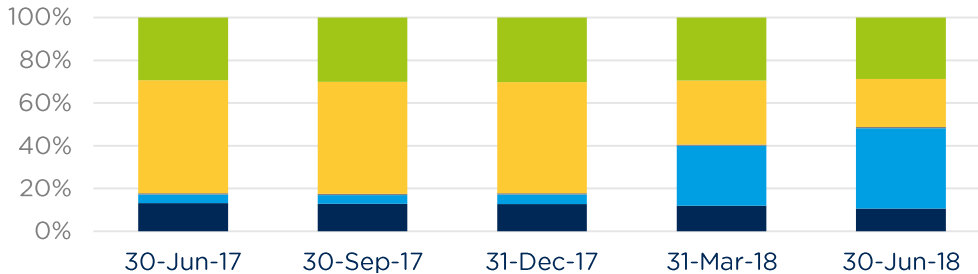
Cumulative active end users by quarter



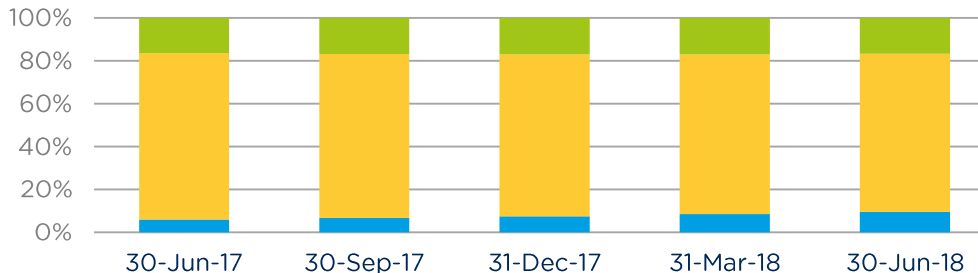
Cumulative active end users	As at	
	30-Jun-17	30-Jun-18
Satellite	74,931	90,327
Fixed Wireless	184,678	240,084
HFC	152,786	414,703
FTTC	-	3,977
FTTN	957,919	2,072,451
FTTP	1,072,819	1,214,328
Total	2,443,133	4,035,870
ARPU	\$43	\$44

Wholesale speed tiers by quarter

Fixed Line wholesale speed tiers



Fixed Wireless wholesale speed tiers

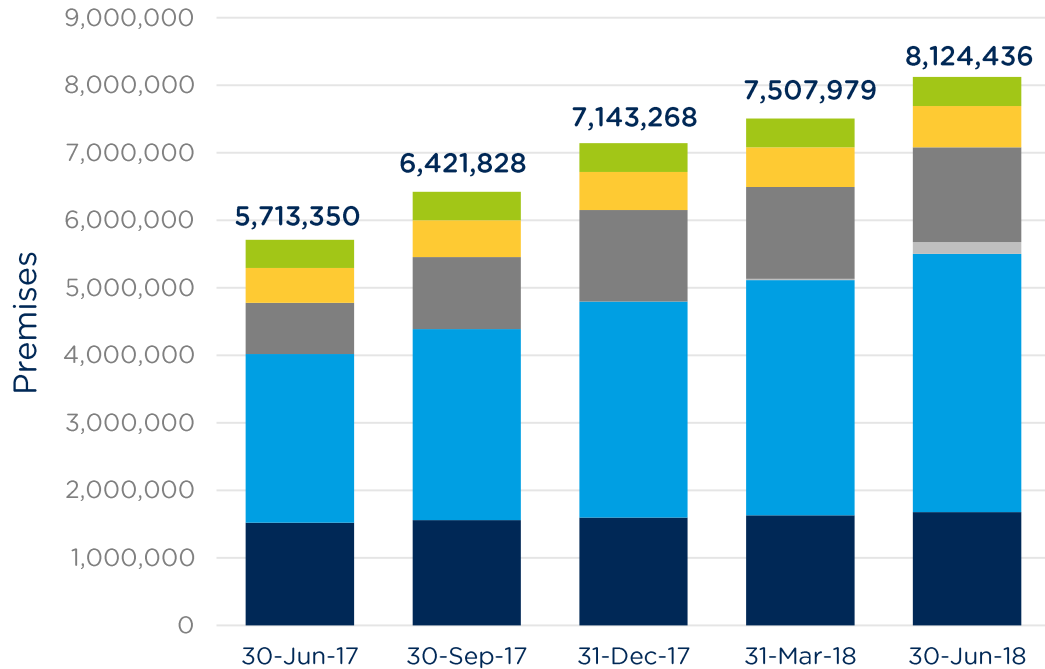


	As at	
	30-Jun-17	30-Jun-18
Fixed Line speed tiers (Mbps)		
12/1	29%	29%
25/5	53%	22%
25/10	1%	1%
50/20	4%	37%
100/40	13%	11%
Total	100%	100%

Fixed Wireless speed tiers (Mbps)		
12/1	16%	17%
25/5	78%	74%
50/20	6%	9%
Total	100%	100%

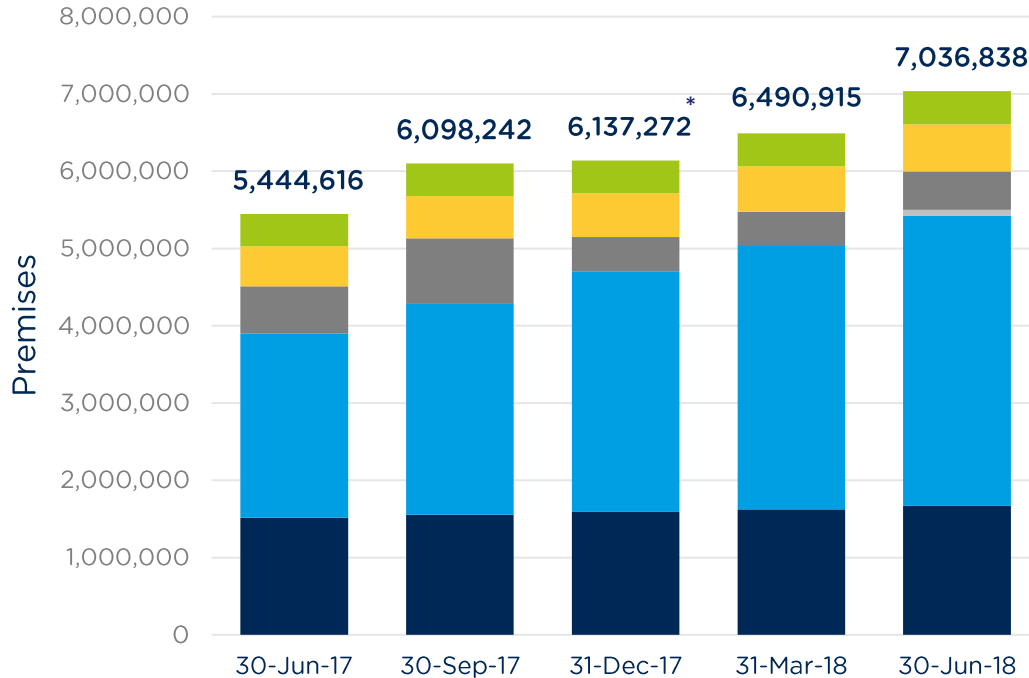
Sky Muster™ Satellite Service speed tiers (Mbps)		
12/1	34%	32%
25/5	66%	68%
Total	100%	100%

Premises ready for service



Cumulative premises ready for service	As at	
	30-Jun-17	30-Jun-18
Satellite	418,135	430,449
Fixed Wireless	517,543	609,913
HFC	758,416	1,406,003
FTTC	-	174,161
FTTN	2,496,380	3,827,631
FTTP	1,522,876	1,676,279
Total	5,713,350	8,124,436

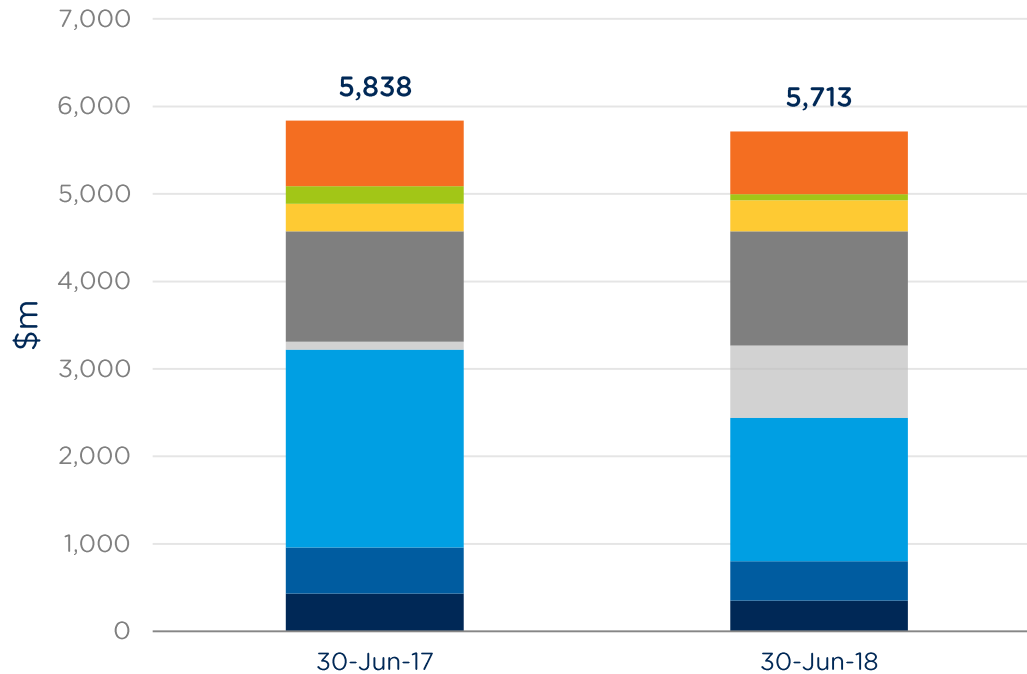
Premises ready to connect



Cumulative premises ready to connect	As at	
	30-Jun-17	30-Jun-18
Satellite	418,135	430,449
Fixed Wireless	517,543	609,913
HFC	608,165	498,333
FTTC	-	75,387
FTTN	2,385,775	3,753,616
FTTP	1,514,998	1,669,140
Total	5,444,616	7,036,838

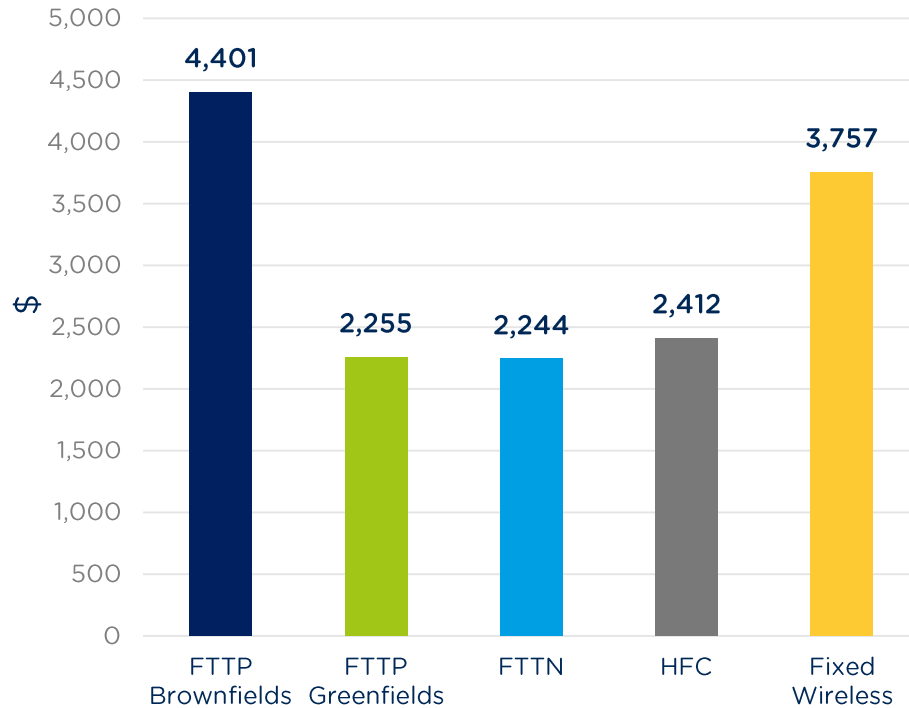
*On 27 November 2017, NBN Co paused all activations over its HFC access network to perform advanced network testing and remediation before declaring the HFC network ready to connect. This resulted in approximately 700,000 premises being rolled back from their ready to connect status during the quarter ended 31 December 2017.

Capital expenditure



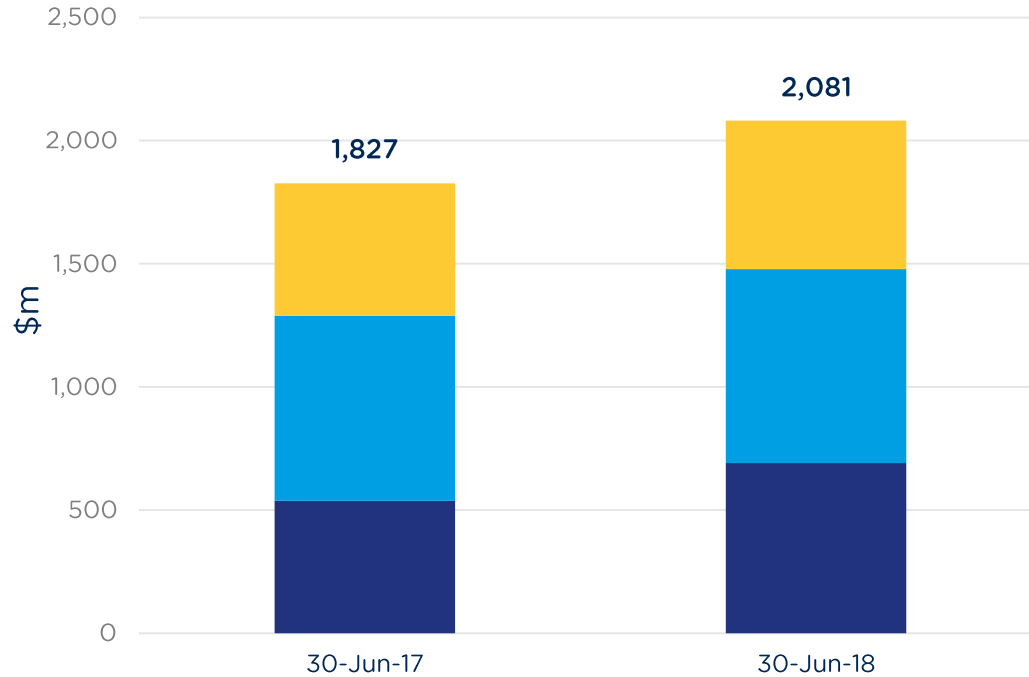
\$m	Full year	
	30-Jun-17	30-Jun-18
Common Capex	750	715
Satellite	201	72
Fixed Wireless	317	353
HFC	1,260	1,306
FTTC	93	827
FTTN	2,259	1,639
Transit	527	451
FTTTP	431	350
Total	5,838	5,713

Cost per premises



	Life-to-date		
	30-Jun-17	31-Dec-17	30-Jun-18
\$			
FTTP Brownfields	4,403	4,392	4,401
FTTP Greenfields	2,393	2,264	2,255
FTTN	2,174	2,222	2,244
HFC	2,258	2,403	2,412
Fixed Wireless	3,569	3,645	3,757

Operating expenses



\$m	Full year	
	30-Jun-17	30-Jun-18
Direct network costs	537	691
Employee benefits expenses	751	787
Other expenses	539	603
Operating expenses	1,827	2,081
Subscriber costs	1,573	1,948
Total	3,400	4,029

Financial summary

\$m	For the 3 months ended			For the year ended		
	30-Jun-17	30-Jun-18	Change (%)	30-Jun-17	30-Jun-18	Change (%)
Total revenue	336	566	68%	1,001	1,978	98%
Operating expenses	(512)	(531)	4%	(1,827)	(2,081)	14%
EBITDA before subscriber costs	(176)	35	(120%)	(826)	(103)	(88%)
Subscriber costs	(555)	(320)	(42%)	(1,573)	(1,948)	24%
EBITDA	(731)	(285)	(61%)	(2,399)	(2,051)	(15%)
Depreciation and amortisation expense	(444)	(586)	32%	(1,488)	(2,167)	46%
Other income	5	6	20%	16	19	19%
EBIT	(1,170)	(865)	(26%)	(3,871)	(4,199)	8%

\$m	As at		
	30-Jun-17	30-Jun-18	Change (%)
Total assets	24,127	28,203	17%
Contributed equity	27,465	29,500	7%
Borrowings	-	5,531	n/m

n/m - not meaningful

Bill Morrow

Chief Executive Officer



Customer experience



Connect



Use



Fix

Customer Experience – Connect

Measure

Jun 17 Jun 18 Jul 18

Installed nbn™ equipment in our control right the first time

87% 92% 93%

Meeting installation times agreed with RSPs (excludes Priority Assistance connections and Accelerated Connections)

92% 95% 94%

Please see Monthly Progress Report on [nbn™](#) website for further details on how metrics are calculated



Customer Experience - Use

Measure	Jun 17	Jun 18	Jul 18
Average network bandwidth congestion per week per service (excludes Sky Muster)	5 h 23 m	25 mins	28 mins
Fixed line network congestion (excludes Fixed Wireless and Sky Muster)	0.039%	0.081%	0.036%
Uptake to higher wholesale plans (50Mbps (download) wholesale speed plans and above, includes 25-50Mbps (download) wholesale speed plans)	16%	45%	47%
Network availability (calculated per agreed service levels with phone and internet providers)	100.0%	100.0%	100.0%

Please see Monthly Progress Report on [nbn™](#) website for further details on how metrics are calculated



Customer Experience - Fix

Measure	Jun 17	Jun 18	Jul 18
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Meeting fault restoration times agreed with phone and internet providers	70%	90%	91%
Faults per 100 connected homes and businesses	1.0	0.9	0.9

Please see Monthly Progress Report on [nbn™](#) website for further details on how metrics are calculated



Build progress and performance towards 2020

- Four million activations
- 60 per cent of premises Ready to Connect at 30 June 2018
- 70 per cent of **nbn**TM access network footprint Ready for Service at 30 June 2018
- 99 per cent **nbn**TM access network footprint in design, construction or complete today

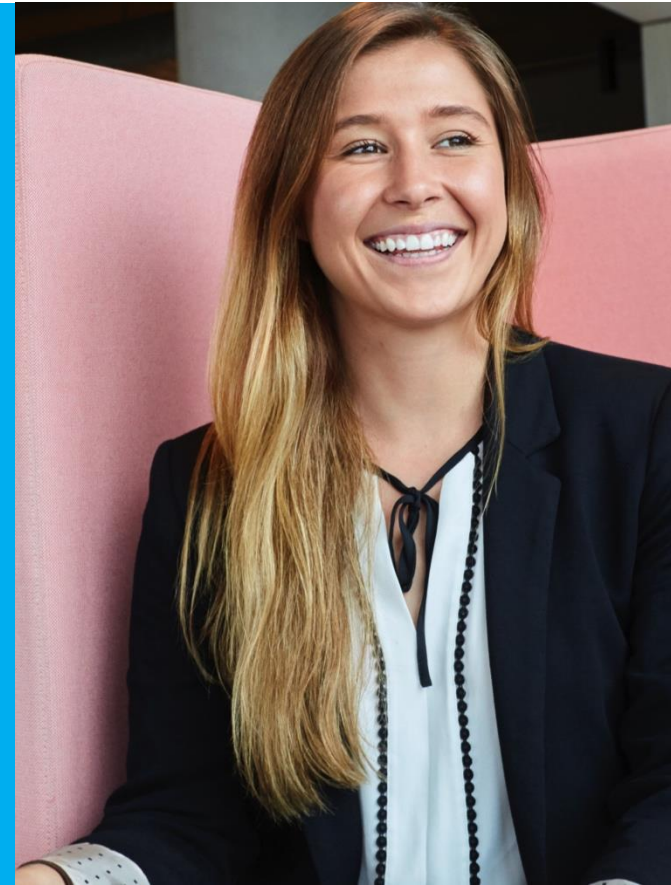
People making the **nbn**TM access network a reality

- 6,850 employees and temporary staff
- 24,000 external workforce
- Employee engagement score of 74 – up 4 per cent

FY19 Outlook

- Continued focus on customer experience and end user satisfaction
- Significant 12 months for deployment and activation

Questions?



This presentation contains some information extracted from the audited Consolidated Financial Report of NBN Co limited (NBN Co) for the year ended 30 June 2018. The audited Consolidated Financial Report is expected to be made available in September 2018. The Consolidated Financial Report consists of the Statement of profit or loss and other comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows and the Notes to the financial statements for the nbn Consolidated Group, comprising NBN Co limited, 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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