

## Stephen Rue FY20 annual results speech – Part one

[SLIDE 1]

Good morning and welcome to NBN's results announcement for the 12 months ending 30 June 2020.

I trust you've all received the media release and presentation slides for today's event. If not, these materials are now available on our website.

Joining me today is our Chief Financial Officer Philip Knox and our Chief Customer Officer Brad Whitcomb.

Before we get into the details of the fiscal 20 results, I'd first like to take you through some of the highlights of what has been one of the most significant periods in NBN's history.

The past twelve months have seen incredible challenges, change and achievement for NBN, its employees, delivery partners, and the broader telecommunications industry.

Important milestones have been passed, construction challenges overcome, new high-speed retail and business services launched, and we have connected more than 1.7 million premises to the network in the last 12 months alone as we continue to fulfil our purpose to lift the digital capability of Australia.

There is of course one milestone above all others that I would like to briefly focus on - and that is the completion of the initial build of the network as we fulfilled our Corporate Plan target to make more than 11.5 million homes and businesses ready to connect to this vital piece of communications infrastructure.

Thanks to the dedication and hard work of nbn's employees, our delivery partners and the telecommunications sector, we were able to achieve this important construction milestone two months ahead of schedule and with 11.73 million premises ready to connect at June 30, which was more than 230,000 premises in excess of our full year target.

Completing the initial build of this network has been a truly historic milestone for NBN and indeed the nation.

[SLIDE 2 – Delivering the initial network build]

To comprehend what an achievement that is, it's worth considering the journey we have been on over the past decade as we worked tirelessly to deliver this network and the social and economic benefits it unlocks.

We've come a long way since nbn's first ever customer was connected to the network just over a decade ago, in July 2010.

Since that first connection we have hauled fibre through city centres and suburbs, we've brought broadband to rural and regional areas that never before were exposed to the benefits of fast internet access; we've connected islands; and even launched satellites into orbit.

From a standing start, it took more than five years to connect our one millionth customer in 2016, but from that moment on we have flown.

[SLIDE 3 – Activation of premises]

Over the last four years, we have connected another six million premises to the network, and today's total activated services stands at more than 7.4 million premises.

Even though the initial build may be over, we are not for a minute slowing down when it comes to connecting and supporting our customers as we work to lift the digital capability of Australia.

In fact, today I can reveal that there will be more than eight million homes and businesses connected to the nbn by this time next year.

Just as important as it is to continue connecting customers, it's equally important that we deliver a network that meets user and business demands, and with nbn we have done that.

#### [SLIDE 4 – Data usage]

Over the last eight years data usage per customer on nbn has grown by more than 10 times, from an average of 25 gigabytes of monthly downloads, to more than 300 gigabytes today.

Upstream demand has also dramatically increased, with average monthly uploads per customer growing from around five gigabytes in 2012 to about 30 gigabytes today.

Connecting new homes and businesses to this network continues to be a great source of pride for us at nbn, because we know what an important difference access to fast, reliable and secure broadband makes to peoples' lives.

## **COVID AND BUSHFIRE SUPPORT**

This year, the impacts of bushfires and floods across the country, and the economic and social dislocation caused by COVID-19, has cast a spotlight on just how important that access is.

I've said before that Australia would have been in a dire position during COVID-19 were it not for the fast, reliable and secure broadband access that nbn provides homes and businesses.

And my feelings on this have only been compounded during the lockdowns many of us have endured and continue to endure.

Because were it not for NBN, the nation's productivity, many businesses, the education of our children, and many of our social interactions with friends and family would simply have shuddered to a stop.

Instead - thanks to the access to fast, reliable broadband from nbn - families and friends have stayed connected, many businesses have pivoted online, healthcare services have shifted to virtual consultations, and schools and teachers have continued their important task in furthering the educations of our children.

For people like Leanne DeMartini and her retail shop, Thousand Island Dressing in Paddington, Brisbane, having access to the nbn over the past few months has been the difference between success and failure.

When COVID-19 struck, the foot traffic that her business relied upon suddenly dried up.

But because she had access to fast, reliable broadband through nbn, she was able to quickly pivot to the online world.

Her business hasn't just survived through COVID-19, it's gone through a resurgence, with online sales doubling since social distancing restrictions were implemented.

Leanne of course is just one of thousands of small businesses owners across Australia who, thanks to the nbn, have not just survived the dislocation of COVID, but have thrived.

For me, it's cases like Leanne's that really put into perspective the incredible achievement that the nbn has been for the nation.

Not only has this asset unlocked better retail competition for the nation's telco operators, but it's also unlocked new modes of business, new ways for us to connect with each other.

I'll delve into some more detail on the impact that COVID-19 has had on our business and our outlook later, but for now, I'll hand over to Philip who will take you through this year's results.

--- PHILIP KNOX SPEECH ---

**Stephen Rue – Part Two**

[SLIDE 14 – holding slide]

Thank you Philip.

As Philip highlighted, fiscal 20 has been one of our best financial periods on record as we exceeded our full-year operational and construction targets, generated strong revenues, and improved customer satisfaction levels as the network performed extremely well through the year.

I have been particularly proud of the important work we continue to do in rural and regional Australia where the creation of our Regional Development and Engagement business unit has helped amplify the importance of broadband to communities.

I was thrilled earlier this year when our Sky Muster satellite service connected its 100,000<sup>th</sup> customer and it's been with a great sense of satisfaction that we have introduced improved speed, capacity and reliability to our fixed-wireless network.

But it's not just rural and regional Australia where nbn has lived its purpose, the company also continued to meet strong demand for all our services and maintained an exceptionally high level of network quality with high utilisation and very little congestion, even as the challenge of COVID-19 increased the nation's reliance on the nbn like never before.

[SLIDE 15 – 24hr downloads]

The impact of COVID-19 on telco infrastructure has resulted in significant increases in data demand across all networks, at all times of the day, as Australians continue to rely on their broadband services to remain productive and connected through this crisis.

As you can see on the following slides, the COVID impact on data demand for both downloads and uploads has been significant.

With more than 600,000 new customers joining the network since the start of March, we always expected data to grow over this period.

But the important thing to point out with these graphs is how dramatically consumer behaviour has changed when it comes to broadband use.

They clearly show the massive growth in usage during the daytime business hours that has been fuelled by millions of Australians relying on nbn for their work and education needs.

[SLIDE 16 – 24hr uploads]

The reliance on nbn for business and schooling needs has been demonstrated on our upstream network profile where real-time communication applications like video-conferencing and collaborative productivity tools have shifted from the office to the home.

This data demand has been sustained since March and of course, more recently, we have seen another wave in data demand as the spread of COVID-19 again ebbs and flows across states.

What's important here though is not just the demand we are seeing, but the performance of the network and the combined efforts of the telecommunications industry to keep the nation connected and productive.

Our ongoing efforts to keep this network not just operational, but for it to excel through the impact of COVID and record significant customer and data growth, is testament to what a critical asset this is for the nation.

Indeed, when it comes to network performance during COVID, nbn has been an exemplar on the global stage.

We are proud of the role we have played to lead the conversation with industry – and, of course, we have not acted alone. It has taken the full resources of an industry-wide response to the crisis not merely to keep Australia connected, but to consistently deliver a high-quality broadband experience - day after day - that has garnered a new level of trust amongst our customers.

Just last week UK broadband monitoring company cable.co.uk released some analysis based on over 364 million broadband speed tests that showed an average drop in speed of 6.38 per cent across 114 countries that had lockdowns in place.

While those drops might be expected as more people jumped online, the research also shows that Australia was one of only a handful of countries that actually improved its internet speed during lockdown, with a gain of 5.38 per cent.

Although this is just one piece of analysis, it lends weight to what we already know at nbn: that this network has stood up to the challenge and become the backbone of not just the digital economy, but the nation as Australians come to rely on nbn for work, study and entertainment.

It's great to see independent, empirical, international analysis call out our performance during COVID, and we of course have worked very closely with our domestic and international telecommunications partners to achieve this outstanding result.

**[SLIDE 17 – Supporting the nation's capacity needs]**

When the impact of the COVID-19 crisis became apparent in March, we acted quickly - as seen on this slide - to support customers and the industry by offering up to 40 per cent additional capacity to internet retailers at no extra cost.

Since the introduction of the offer, we have forgone more than \$80 million in potential revenue to help support retailers and the nation during the impacts of COVID-19.

It's important to point out, however, that while it has been critical to support the industry through these waves of heightened data demand, the additional CVC capacity we put in place was only ever intended as a short-term measure.

Capacity, of course, hasn't been the only support we have offered to the industry.

We also significantly increased download data limits for customers on standard nbn Sky Muster satellite services and worked with the industry to establish a \$150 million financial relief fund to internet providers to assist Australian families and businesses in accessing the nbn.

**[SLIDE 18 – Keeping homes, businesses and healthcare connected]**

This has helped keep school-aged children connected to the internet for home schooling, it's provided discounted services to residential customers that are under financial strain to ensure they remain connected to the nbn, and it's helped support small and medium business at this critical time.

Our support measures have also helped emergency services and telehealth providers stay connected, with nbn providing enhanced service levels, prioritised connections and fault resolutions for these customers through our Business Operations Centre.

And to further support increases in telehealth activity, we've helped internet retailers upgrade healthcare providers to higher speed tiers at no additional charge.

We are proud of the support we have provided with this extra capacity and financial assistance packages, when the nation has needed it most.

But as an industry, we also need to recognise the seismic shift is taking place – and was already well underway in Australia. COVID has simply accelerated that pace of change.

COVID has induced changes over the last 6 months that would otherwise have taken years to play out. It's changed not just *where* we work, but *how* we work: *how* we collaborate; *how* we innovate, and *who* we work with.

We have a rare opportunity to reposition Australian entrepreneurialism and business at the heart of the global economy. The internet and the sort of ubiquitous, high-speed broadband that we now take for granted in Australia will democratise and enable our participation not just within the domestic digital economy, but on the international stage.

And that includes how we buy and sell expertise in the international workplace, and how we consume and market online, life-long learning and education.

Some say that every device and technology is better when connected. Connectivity drives greater utility value, and the same is true of people. We are *all* better connected.

The important role that nbn has played in supporting the nation through COVID also serves as a good reminder on why it is so important for this business to make a sufficient level of return.

We simply must have strong cashflows so we can continue to invest – for our customers, for our retail partners, and for the community.

It's why, over these last few months of increased data demand, we have accelerated our investments to build more capacity into the network.

We are committed to working with the industry to adapt to these new data demands, but we must also recognise that when it comes to broadband consumption, the world has undergone profound change.

But this is a good thing - because this is precisely what the nbn was built to support.

The nbn is not just an upgrade to the nation's telecommunications infrastructure, it is the digital platform that will reenergise our economy and allow businesses to flourish, no matter their location.

It collapses the tyranny of distance between friends and loved ones and enriches our social lives by providing access to the services that keep us connected, entertained and productive.

It bolsters the education of our children with enhanced learning tools and remote lessons.

It strengthens the abilities of our healthcare systems by enabling tele-consultations and remote diagnostics.

Put simply, it helps build a stronger, and more prosperous Australia.

## **CUSTOMER EXPERIENCE**

nbn, of course, is not in this alone.

[SLIDE 19 – Customer Experience]

We are thankful for the incredible collaboration that the telco industry, regulators and government have shown this year as we all worked together to ensure Australians stayed connected when they needed it most.

I am very hopeful that our collaborative efforts this year will set the new standard for industry partnerships going forward.

The numerous industry forums, taskforces and working groups we have all been part of this year to meet the challenge of COVID, have really shown what this industry can achieve when we all work together.

And I'm not just talking about the role of nbn here. I'm talking about all networks and all operators. From the private fibre operators through to the mobile players who have all played an important role in keeping this nation going.

We are proud of the critical role the nbn has played in supporting the nation through COVID-19, but we know our job to connect the nation to the benefits of broadband is not yet over.

Over the last 12 months our commitment to our purpose has been demonstrated through the continued rollout of the network and the evolution of our wholesale pricing plans.

Our pricing teams have continued to support businesses with enterprise-grade, high-speed services and we have revamped our wholesale pricing products to give more bundled inclusions and value to retail customers.

These new wholesale bundle discounts have included significant annual increases in data capacity for most wholesale speed tiers. We also recently introduced overprovisioning of the download component of most fixed line wholesale speed tiers by 10 – 15 per cent which is helping internet providers to supply higher retail peak download speeds to customers.

We know that our response to COVID, new pricing plans, and our customer service initiatives are being well-received by the market because our customers are telling us so.

In fact, since the start of this year our customer satisfaction scores have improved significantly, and over the past couple of months have been sitting at all-time highs.

In addition, we have seen nbn-related complaints to the TIO pleasingly continue to trend down.

We know we will always have more to do when it comes to customer service, but the fact that broadband is now viewed as the necessity it is, will only strengthen our resolve to deliver the best service we can.

## **OUTLOOK**

There's no doubt that fiscal 20 has been a monumental year for not just nbn, but the nation.

No one could have imagined the trajectory these past few months have taken any of us on, and the next 12 are likely to be another period of uncertainty as we work through the economic impacts of COVID.

But while the traffic on roads and rail may have slowed to a trickle during the peak of this pandemic, the information superhighways made possible by nbn have never been more critical to our way of life.

And I believe the importance of the nbn, and digital connectivity it makes possible, will only grow in importance in the future.

Changes to urban lifestyle, the regeneration of regional and rural life, and an evolving economy has already positioned broadband connectivity as the defining piece of 21<sup>st</sup> century infrastructure.

The distributed workforces of the future have arrived.

The online resources we need to retrain, re-educate and re-tool for new careers and opportunities are here.

The tyrannies of distance that once kept regional and rural communities dislocated from the metro centres of business, trade and social cohesion, are disappearing.

Thanks to broadband connectivity, the world has truly grown smaller while markets and the opportunities to participate in the digital age have grown larger.

We will undoubtedly face new challenges in the year ahead, but our purpose at nbn - to lift the digital capability of Australia - will not change. In fact, it will only grow in importance.

We take our responsibility to keep the nation connected very seriously at nbn. We are both proud and humbled by it. And I can assure you that all of us at nbn will continue working hard to support the nation through this crisis.

But for now, with the initial build behind us, we are excited about the new era facing nbn, an era that we believe will see great progress towards the digitisation of the economy and the creation of a truly connected nation.

Thank you.