

NBN Co Full Year Results presentation – FY25
Address by Simon Atkinson
NBN Co Chief Financial Officer



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Thanks Ellie and good morning to everyone on the call.

It's been an honour joining nbn and stepping into this role, and I'm delighted to be sharing the progress the company's made over the past year.

As Ellie has mentioned, our 2025 financial results represent a solid financial performance and our commitment to pursuing a positive free cash flow, which requires not only stable revenue growth, but also a continuing focus on both operating efficiency and prudent capital management.

Headline Results Financial Year 2025

Turning to the next slide you'll see our headline financial results for the 2025 financial year.

These results demonstrate the ongoing progress that the company has made.

I'll provide greater detail on each of these metrics on subsequent slides, but from this you can see that:

- Total Revenue has grown by 4 per cent on the prior year to \$5.7 billion, and
- Operating expenses have declined by 5 per cent to \$1.6 billion, despite inflationary cost pressures.

As a result, our EBITDA result grew by 8 per cent to over \$4.2 billion.

As Ellie mentioned earlier, these results are within the guidance ranges set out in our 2025 Statement of Corporate Intent.

Our capital expenditure was \$3.5bn for the year and NBN is committed to both:

- The continued investment in network upgrades which enhance service quality, and

- Investments that keep ahead of national demand for data to ensure the evolving broadband needs of customers continue to be met.

The company's Capital Management Strategy applies strict investment governance and capital allocation processes to efficiently plan and deliver these investments.

Our FY25 capital expenditure includes both:

- The execution at scale of our fibre upgrade program, and
- The completion of the Fixed Wireless Upgrade Program in December 2024.

I'll provide more information on capex later.

Revenue and customer base

Turning to Revenue in more detail on the next slide.

Total core Telecommunications revenue increased by 6 per cent to over \$5.5 billion - underpinned by a \$3 dollar increase in monthly Residential Average Revenue Per User (or ARPU) from 47 to 50 dollars.

This increase is reflective of the greater customer take up of higher speed tier products.

As of 30 June 2025, 32 per cent of active premises are on plans delivering 100 Mbps or more, up from 24 per cent a year earlier.

This increase in Higher Speed Tier services is supported by growing demand for fibre upgrade connections as highlighted by Ellie earlier, with approximately 430,000 additional premises upgrading to full fibre during the year.

This is a very strong result leading into the launch of the Accelerate Great in September this year which Ellie also spoke to earlier.



And, additionally, ARPU increased in line with the application of regulated CPI-indexed annual wholesale price changes - in accordance with our Special Access Undertaking with the ACCC.

With 7 out of 10 Australian homes and business connected to the nbn network, our customer base remains stable, with an incremental 21,000 active premises connecting to the network during the year.

This means that over 8.63 million premises are activated on the network, and we are committed to growing our customer base through the delivery of network investment plans that are taking fibre deeper into communities and improving fixed wireless and satellite network capabilities.

These investments will enable faster speeds, more reliability, lower latency and greater capacity - while continuing to deliver excellent customer experience.

Turning to other revenue, this is predominantly related to the network construction activity and was \$196 million for FY25.

This decrease compared to the prior year is due to lower construction completion volumes in respect of co-investment projects and new developments.

And finally on the revenue result, pleasingly revenues from our business segment increased by 6 per cent year on year to \$1.2 billion, as we continue to support the diverse and evolving broadband needs of small, medium and large businesses across all parts of Australia.

Operating expenditure

Now moving to operating expenses on the next slide.

I am pleased to say that operating expenses decreased by 5 per cent for the year to \$1.6 billion.



As a percentage of revenue, operating expenses now stand at 28 per cent - a 3 percentage point improvement year on year.

This improvement was achieved through a continued focus on delivering cost efficiencies through simplification and automation of both our internal and field operations.

These initiatives have helped mitigate inflationary cost pressures across all categories of operating expenditure.

So at a category level:

- Direct network costs decreased by 7 per cent - largely driven by cost optimisation initiatives and the company's ongoing emphasis on enhancing network performance and reliability - which is supported by the growing number of active premises connected via full fibre.
- Employee costs decreased 2 per cent for the year driven by the implementation of workforce transformation and productivity improvements - partly offset by the annual remuneration adjustments in line with market conditions.
- Other expenses also decreased by 7 per cent. This category covers a wide range of expenditure, with the reduction largely attributed to the focus on minimising discretionary spend and the continued implementation of cost optimisation measures, including reduced software licensing and insurance costs.

Continuing EBITDA momentum

Turning to EBITDA on the following slide.

This graph illustrates the continued improvement in our EBITDA result and our EBITDA margin over the past 5 years.

Since the completion of the initial build in 2020, there has been:



- A substantial growth in our revenue as the Company reached full operating scale, and
- A material reduction in operating expenditure as the company matures and we optimise our cost base.

While there has been progress in improving EBITDA, we know that there is further work to be done and we will continue driving operational and capital efficiency measures into the future.

EBITDA reached \$4.2 billion in 2025, and the EBITDA margin increased to 74 per cent.

As discussed earlier, this uplift reflects the combined impact of our revenue growth and disciplined cost management.

Capital expenditure

Now moving to capital expenditure on the next slide.

Throughout the year, we continued to make significant investments in the nbn network:

- To meet growing national data demand,
- To increase the availability of higher speed tiers to end users, and
- To continue connecting Australia and serving our customers.

Our capex in 2025 was just over \$3.5 billion and it's important to note that as we continue to upgrade the network, the level of capital investment will vary between years reflecting the company's prudent and efficient investment practices.

Our capital expenditure in 2025 can be summarised across the following main areas:

- Firstly, we continue to make strategic investments in our fibre network upgrade program, delivering fibre deeper into communities and providing more customers with access to nbn's fastest wholesale residential speed plans and connecting premises via new fibre lead ins.



During the year, NBN invested \$1.6 billion in this area, which was largely in line with the prior year

- Secondly, we invested \$497 million in network infrastructure to support fibre deployment in new developments and for business customers, as well as expanding network capacity to meet increasing data traffic demands.
- Thirdly, we enhanced the Fixed Wireless and Satellite network – investing a further \$487 million, which enabled the successful completion of the Fixed Wireless Upgrade Program in December 2024. Looking forward, our ongoing investment to operate and maintain the fixed wireless network will reduce now that the upgrade program is complete.
- Fourthly, our connect and assure capital expenditure was \$474 million in 2025. This expenditure relates to first time connections, re-connections and required assurance work for premises on the **nbn** network, but it excludes our fibre upgrades.
- Finally, we continue to invest in our software and system development, network security and other operational support activities with expenditure in the year totalling \$396 million.

Cash flow summary

On the next slide we provide an outline of our cash flow position.

Pleasingly, our net cash from operating activities increased 16 per cent to over \$4.2 billion in 2025.

Operating cash flows continue to grow in line with the improved EBITDA performance.

This also demonstrates a strong cash conversion from operations and a stable working capital position. Both areas will remain in focus moving forward.



As expected, despite the continued improvement in operating cashflows, free cash flow was negative in 2025. However, our net cash outflow of \$270 million for the year was an 81 per cent improvement on the prior year.

This outflow is largely driven by our substantial ongoing capital investments to deliver our fibre and fixed wireless network upgrade programs - partly offset by almost \$1.2 billion in equity injections received from the Commonwealth in support of our fibre upgrades.

Lease and interest payments increased during the year, primarily due to CPI-linked variable lease payments, and the combined impact of high debt levels and an increase in the weighted average cost of debt.

This cash outflow was funded through a net increase in borrowings of \$275 million.

Capital summary

Turning to the next slide where we can see a summary of our debt and equity funding.....

Our capital strategy remains focused on both:

- Maintaining a strong liquidity position, and
- Funding network investments through sustainable debt financing.

During 2025, NBN received almost \$1.2 billion in equity funding from the Commonwealth of Australia, which includes the first contributions received as part of the funding commitment of up to \$3 billion to make all remaining FTTN premises eligible for network upgrades by 2030.

As at year end, the company had access to over \$37 billion in funding through debt capital markets and committed bank facilities.

This represents a \$3.8 billion increase in available funding during the year.

Looking back at 2025, our key Capital Market transactions included:



- Our inaugural 700m Euro Sustainability EMTN bond,
- Additional Green Bond issuances of \$1.5 billion under our Sustainability Bond Framework, and
- Further conventional bond issuances across Australian Dollar and US Dollar markets.

NBN has now raised a total of A\$8.7 billion in Green and Sustainability bonds which represents 32 per cent of the company's total borrowings and reflects our commitment to sustainable financing.

NBN is now the largest Australian corporate issuer of Sustainable Bonds.

The weighted average cost of drawn debt for the period of 3.54 per cent, which, as I said earlier, is higher than the prior year due to increased interest rate costs associated with newly issued debt and derivatives.

However, I'd note that we continue to be shielded from the full effect of current market interest rates as a significant portion of our floating debt portfolio is hedged.

Our committed liquidity increased to over \$6 billion as at 30 June 2025, up from \$2.9 billion in 2024, largely due to recent debt capital market issuances and the repayment of bank facilities during the year.

Finally, our total debt to EBITDA ratio improved during 2025, dropping from 9.9x last year to 9.3x this year.

This reflects the company's stronger EBITDA earnings and our disciplined financial management.

Interest cover remained stable at 2.1x, demonstrating our continued ability to meet our interest obligations.



FY25 Statutory Results

On the following slide you can see the Statutory Profit or Loss statement for the full year to 30 June 2025.

While I have already covered revenue, expenses and EBITDA in detail, I would like to highlight some other results.

Our Earnings Before Interest and Tax - or EBIT, reached \$1 billion, which was a 33 per cent improvement year on year.

This is a direct result of the improved EBITDA position, partially offset by marginal increases in depreciation and amortisation driven by our growing asset base from ongoing capital investments.

NBN's statutory loss before tax in 2025 was \$963 million, a \$108 million or 10 per cent improvement year on year.

Our improved EBIT result was partially offset by increased financing costs from both CPI linked lease arrangements and higher average borrowing levels and weighted average cost of debt in the year.

The 2025 performance underscores the importance of our ongoing efforts to drive commercial decision making, operating efficiency and capital discipline to deliver sustainable cash flow and growth.

All of which are key to achieving our future financial targets.



As a company, we continue to drive increased utilisation of our network to deliver strong EBITDA growth, bringing us closer to achieving a sustainable positive cash flow position which remains central to our strategy, as it enables NBN to reinvest in the network – thereby supporting future customer demand and enhancing service delivery, and to meet our ongoing contractual and funding commitments.

And with that, I'll hand back to Ellie...

