



Thursday, 15 August 2019

## NBN Co delivers strong FY19 financial results

**Company on schedule for network completion in 2020<sup>1</sup>, activates 1.5 million additional premises, strong focus on improving customer experience**

### Performance summary for the Financial Year ended 30 June 2019:

- Total revenue of \$2.83 billion - up 43 per cent on FY18
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$608 million, after excluding subscriber payments – compared to a \$103 million loss in FY18
- Average Revenue Per User (ARPU) was \$46 – up from \$44 in FY18
- Business revenue of \$388 million – up 54 percent on FY18
- Network construction 85 per cent complete – compared to 75 per cent in FY18
- 9.95 million premises Ready to Connect – up 41 per cent on FY18
- 5.53 million customers – up 37 per cent on FY18
- Continuing improvement in customer satisfaction

NBN Co, the company building and operating Australia's broadband access network, has recorded a 43 per cent increase in revenue to \$2.83 billion in FY19, driven by more than 1.5 million additional activations.

NBN Co has completed construction on 85 per cent of the **nbn**<sup>TM</sup> access network and confirmed that it is on schedule to complete the build by 30 June 2020. During the 12 months to 30 June 2019, NBN Co made almost 3.0 million residential and business premises Ready to Connect (RTC), including more than 1.8 million premises declared RTC in the last six months to 30 June. In FY19, the Company boosted the total number of premises Ready to Connect to 9.95 million, well ahead of its Corporate Plan 2019-22 target of 9.7 million premises.

Total residential and business activations increased 37 per cent to 5.53 million during the financial year. The addition of more than 1.5 million new customers in the last 12 months helped to underpin the company's strong revenue growth and outperformance across a number of other key financial metrics.

Monthly Average Revenue Per User (ARPU) increased to \$46 as at 30 June 2019, up \$2 year-on-year. This growth was driven by a combination of factors, including the high number of customers upgrading to wholesale speed tiers of 50 Mbps and above<sup>2</sup>, rising data consumption amongst residential and business customers, and stronger Business segment revenue of \$388 million for FY19.

Based on the Company's statutory accounting results, NBN Co generated \$608 million in Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), after excluding subscriber payments of around \$2 billion to Telstra and Optus, compared to a \$103 million loss recorded in FY18.

Capital expenditure was \$5.9 billion in FY19, a 3 per cent increase on FY18. The growth correlates to the Company's biggest single year for network construction. Operating expense growth was contained to around 7 per cent. All factors combined to support NBN Co's trajectory towards a positive cashflow position.

**NBN Co CEO Stephen Rue said:**

“FY19 has been the Company’s biggest single year of progress on the build and, more importantly, we’ve welcomed 1.5 million new customers to the **nbn** in the last 12 months. And here today, I am pleased to confirm that the construction of the **nbn**™ access network – the largest infrastructure project ever undertaken in Australia – is on track and remains on schedule for completion by 30 June 2020.

“I cannot emphasise enough what a remarkable achievement this is.

“Many years ago, we set out a plan to complete the build in 2020. Today, less than one year away, we can confirm we are on time and on budget. This is a testament to the incredible diligence and effort of **nbn** employees and our delivery partners and I thank them for their continued commitment. As Australians, the way we live and how we work will be changed for the better because of this investment in this country’s digital capability.

“As we turn towards the next phase of the Company, we know that we have more work to do to improve the experience of our customers – from meeting service performance expectations when they are connected, to improving their everyday experience, to ensuring any issues are resolved promptly. We’re working hard to improve, and we’re also collaborating with our delivery partners and all Retail Service Providers (RSPs) to improve every aspect of the residential and business customer experience.

“Today’s results confirm the strength of the Company and our strategic plan and demonstrate that we are delivering against our key financial and business metrics. Our total revenue result of \$2.83 billion, some \$200 million above forecast, was a standout success.

“From a statutory accounting point of view, we’re also very pleased to announce the achievement of a very important milestone with the Company generating \$608 million in EBITDA, after excluding subscriber payments to Telstra and Optus, compared to our \$103 million loss in FY18. This EBITDA performance augurs well for NBN Co’s target to become cashflow positive. It is imperative that the Company maintains its prudent financial management to ensure we can sustainably fund ongoing maintenance and operations of the network on behalf of customers, and to be in a position to upgrade the network as community needs develop over time.

“The number of customers subscribed to wholesale speed tier plans of 50Mbps or above<sup>2</sup> has grown to more than 64 per cent. Today, approximately 80 per cent of new customers are subscribing to wholesale speed tiers of 50 Mbps or above and thousands of customers each week are upgrading from lower wholesale speed tiers to 50 Mbps or above.

“We are making great progress with the Business segment contributing more than \$388 million in revenue in FY19 and we expect this segment to remain solid and for residential and business customer demand for higher speed tiers to continue in FY20.”

**Commitment to customer experience improvement**

“As NBN Co approaches the final stages of network construction, we’re strengthening our focus on becoming a full-scale service delivery organisation, bringing into sharper focus the needs and expectations of our customers.

“We will continue to provide detailed metrics across key performance indicators<sup>3</sup>. Meeting agreed installation times with RSPs rose to 96 per cent in June 2019<sup>4</sup>, compared to 95 per cent in June 2018, while the overall network fault rate dropped to 6 per 1000 premises in June 2019<sup>5</sup>, from 8 per 1000 premises in June 2018.

“Meeting agreed fault restoration times improved marginally to 91 per cent<sup>6</sup>, compared to 90 per cent in June 2018, and Right First Time installations was at 91 per cent.

“However, we recognise that there is more work to be done both by areas within **nbn**’s responsibility and in working with our retail partners to provide better customer service in accordance with community expectations.”

## Outlook

“We will continue to invest in the **nbn**<sup>™</sup> access network and focus on achieving sustainable improvements in the customer experience over the next 12 months and beyond. NBN Co goes into the 2020 Financial Year with strong momentum and we are well positioned for another solid year,” said Mr Rue.

“We will continue to deliver on government policy objectives to provide enhanced social and economic outcomes for all Australians.”

For further information, visit [www.nbnco.com.au](http://www.nbnco.com.au)

<sup>1</sup> This represents the connection of standard installation premises only. Network construction will continue beyond 2020 in relation to new residential and business developments and complex installations, which includes properties that are difficult to access, culturally significant areas and heritage sites.

<sup>2</sup> In this metric, '50Mbps (download) wholesale speed plan' includes wholesale plans available to phone and internet providers with download speeds of 50Mbps and 25-50Mbps.

<sup>3</sup> NBN Co's monthly progress report is designed to give Australians a clearer understanding of the ways the company is taking action to improve customer experience. The metrics used relate to services NBN Co delivers to phone or internet providers and the physical connection of homes and businesses to **nbn**<sup>™</sup> infrastructure. The metrics do not cover services supplied by providers to end users. Metrics are based on averages, summaries and simplifications – end user experiences vary. For important information on the metrics and their descriptions please visit [nbn.com.au/updates](http://nbn.com.au/updates)

<sup>4</sup> The target timeframes vary by **nbn**<sup>™</sup> access network type and available infrastructure at the premises. This measure does not include Priority Assistance connections or Accelerated Connections.

<sup>5</sup> The calculation of this metric has changed from Oct 2018. The new calculation of this metric excludes faults within 10 business days of the connection. This provides a better representation of the performance of the network post any connection related issues. This measure tracks individual service faults, not network related faults which are tracked separately. It excludes faults not related to the **nbn**<sup>™</sup> access network.

<sup>6</sup> This measure tracks individual service faults, not network related faults which are tracked separately. The fault restoration measure does not include restoration for faults reported to us relating to Priority Assistance Faults or Enhanced Faults, network upgrades and improvements, and events beyond NBN Co's control. NBN Co's target timeframes apply to faults raised by phone and internet providers and accepted by NBN Co and vary depending on the location of the premises, and are different for the Sky Muster<sup>™</sup> satellite network.

<sup>7</sup> Typically NBN Co excludes end user cancellations, end user or phone and internet provider initiated reschedules, end user premises "shortfalls" and other things outside of NBN Co's control such as bad weather. This measure covers the installation of equipment that does not require more than one appointment. It does not cover successful connections to a plan over the **nbn**<sup>™</sup> access network through a phone and internet provider.

## Media enquiries

### Greg Spears

Email: [gregspears@nbnco.com.au](mailto:gregspears@nbnco.com.au)

Mobile: 0406 315 014

### Katherine Jimenez

Email: [Katherinejimenez@nbnco.com.au](mailto:Katherinejimenez@nbnco.com.au)

Mobile: 0456 811 401

