

# Half Year Results 2016 Presentation



# Agenda



- **Company highlights**
- **Financial results**
- **nbn operational progress**
- **Questions**



# 2020 goals

**Connect Australia. Close Digital Divide**

**8 million premises connected by 2020**

**Five strategic imperatives**

**1**

**Build a united partnership**

**2**

**Build affordable products and services**

**3**

**Build a high performance and reliable network**

**4**

**Build processes and systems**

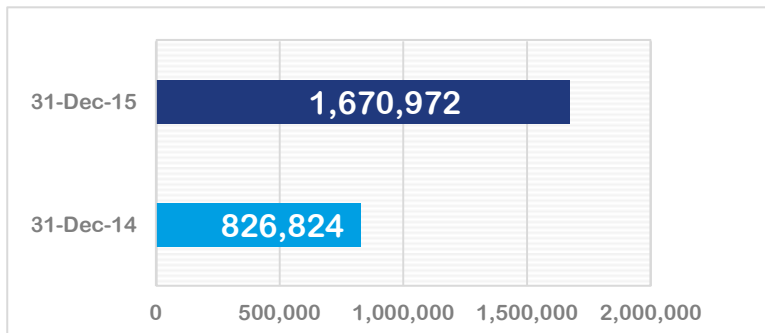
**5**

**Make nbn a great place to work**

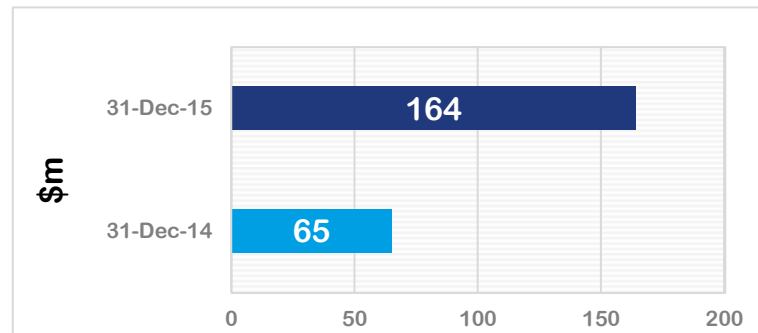


# Momentum towards our full year targets

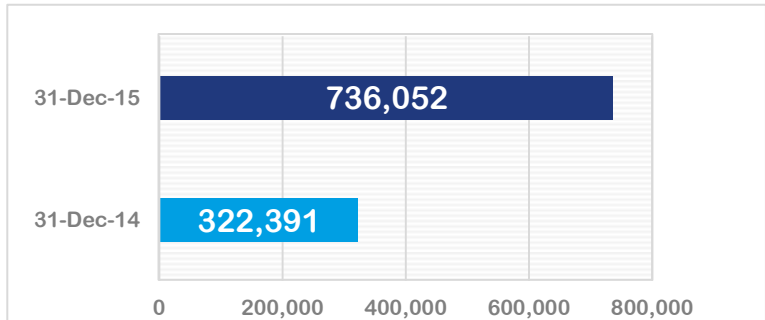
## Premises Ready-for-service



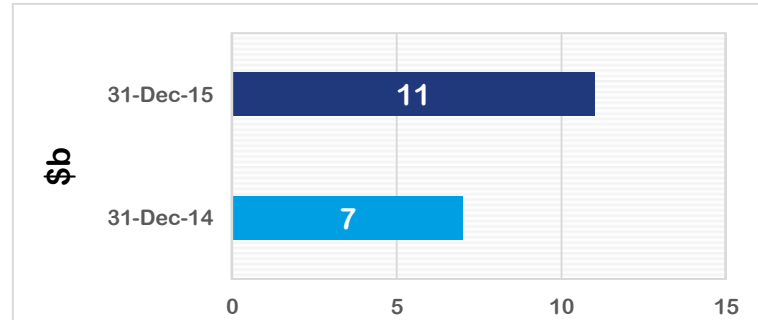
## Total Revenue



## Active Premises



## Life-to-date Capex



# Stephen Rue

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Chief Financial Officer



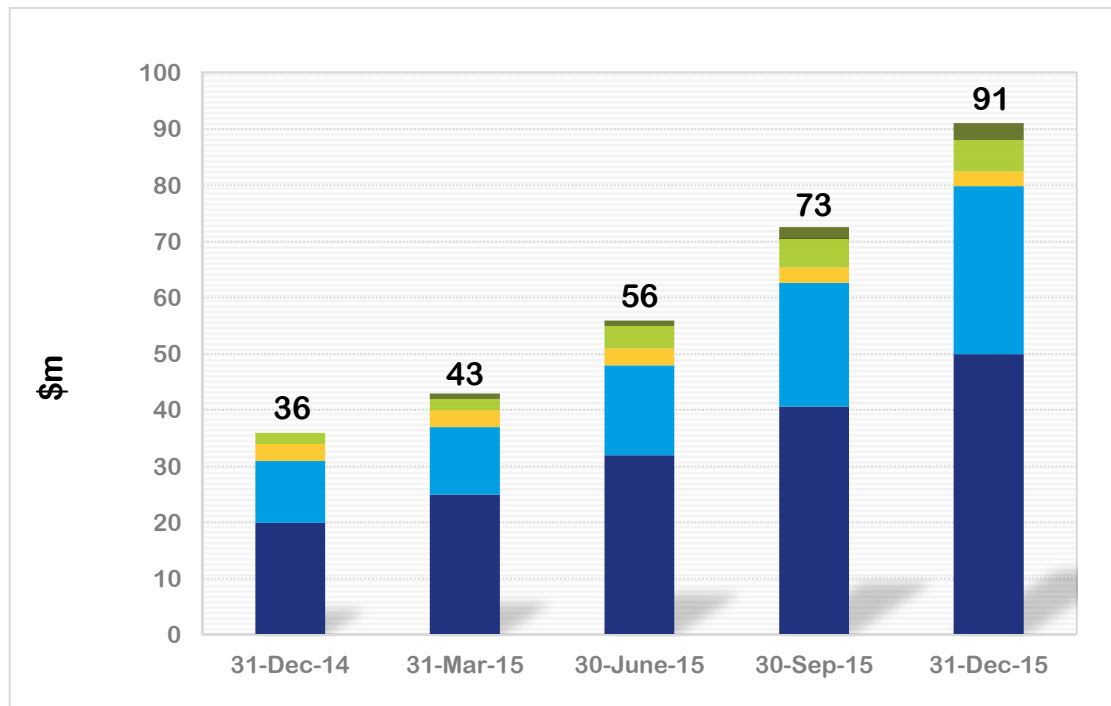


# Financial summary – HY2016

Total Revenue	Premises Activated	ARPU
<b>\$164m</b> HY15: \$65m <b>+152%</b>	<b>736,052</b> HY15: 322,391 <b>+128%</b>	<b>\$43</b> HY15: \$39 <b>+10%</b>
Premises Ready-for-service	Life-to-date Capex	Equity
<b>1,670,972</b> HY15: 826,824 <b>+102%</b>	<b>\$11.1bn</b> HY15: \$7.0bn <b>+57%</b>	<b>\$16.4bn</b> HY15: \$10.4bn <b>+58%</b>



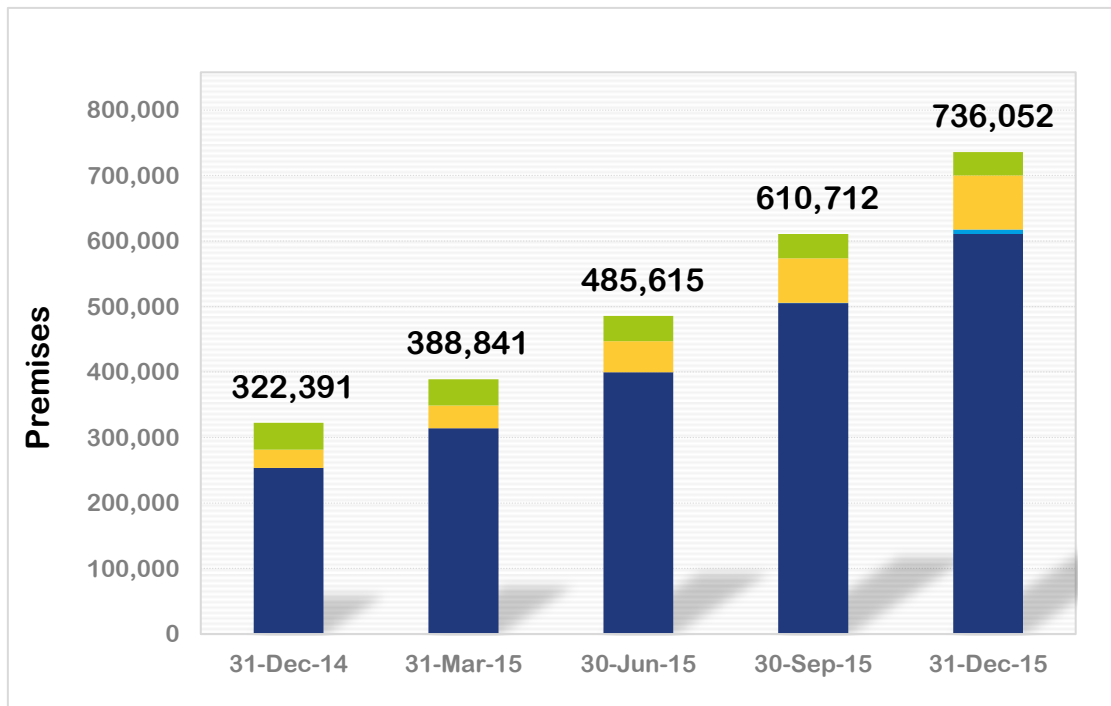
# Total revenue by quarter



	\$m	6 months to	
		31-Dec-14	31-Dec-15
Other		1	5
HFC		-	-
FTTN		-	0
Fixed Wireless		4	12
Satellite		6	5
CVC/NNI		18	51
FTTP		36	91
<b>Total</b>		<b>65</b>	<b>164</b>



# Cumulative active end-users by quarter



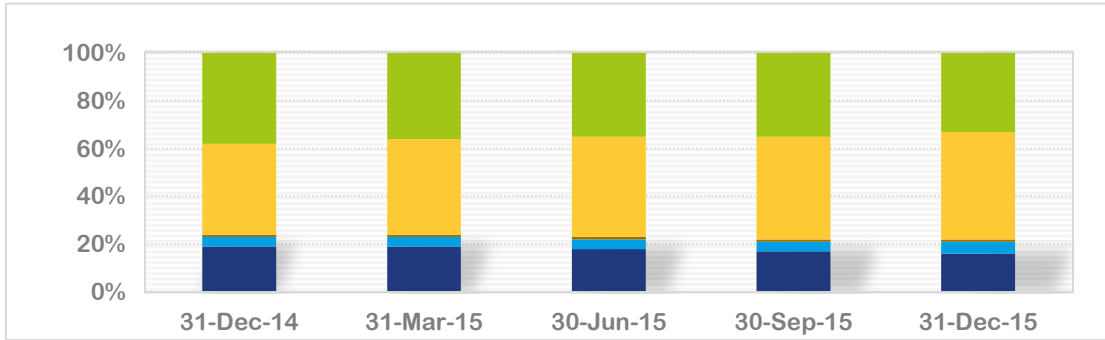
Cumulative Active End Users	As at	
	31-Dec-14	31-Dec-15
Satellite	40,716	36,003
Fixed Wireless	27,792	82,435
FTTN	-	6,636
FTTP	253,883	610,978
<b>Total</b>	<b>322,391</b>	<b>736,052</b>
ARPU	\$39	\$43



# Speed tier mix

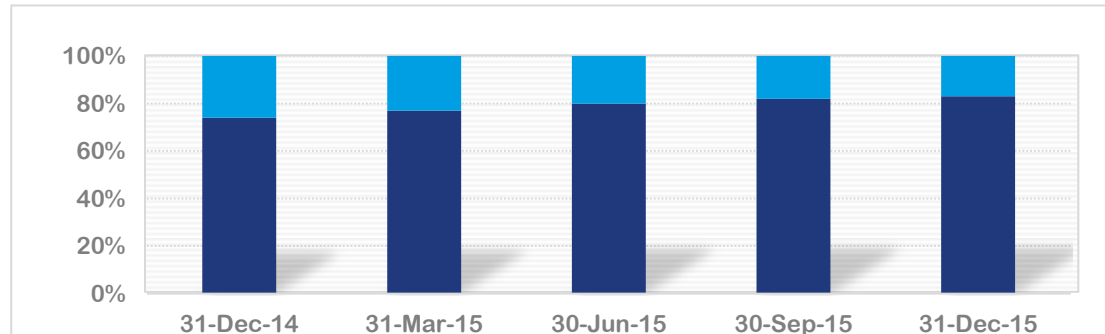


## Fixed Line Speed Tier Mix



Fixed Line Speed Tier Mix (Mbps)	As at	
	31-Dec-14	31-Dec-15
12/1	38%	33%
25/5	38%	45%
25/10	1%	1%
50/20	4%	5%
100/40	19%	16%
<b>Total</b>	<b>100%</b>	<b>100%</b>

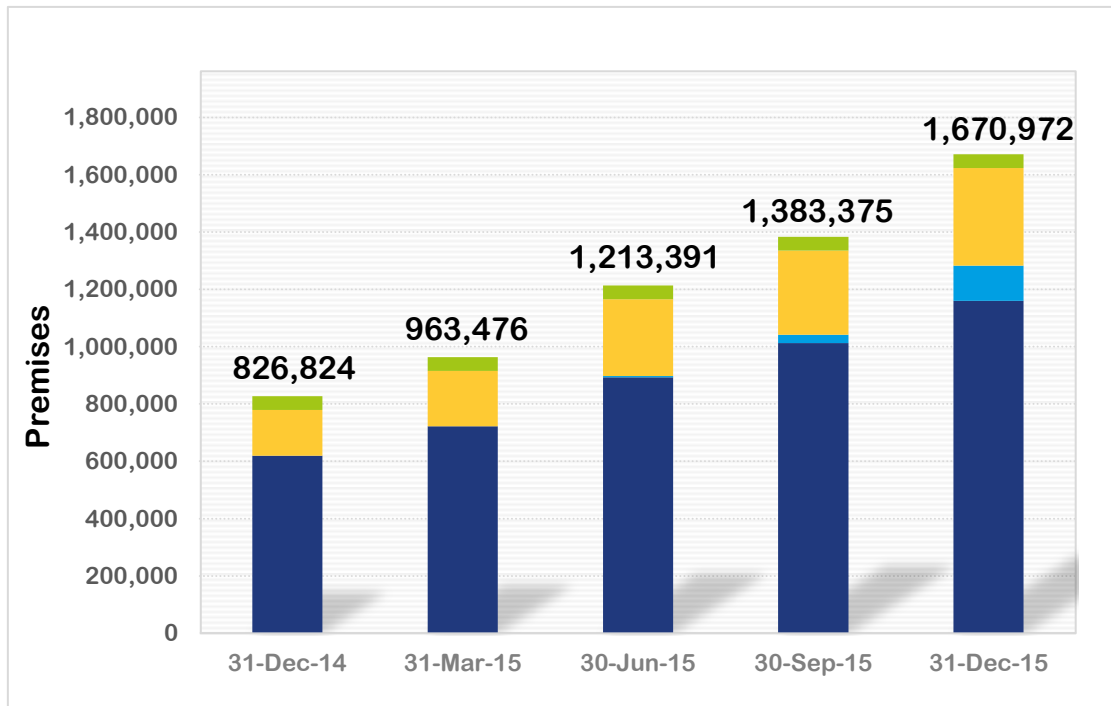
## Fixed Wireless Speed Tier Mix



Fixed Wireless Speed Tier Mix (Mbps)	As at	
	31-Dec-14	31-Dec-15
12/1	26%	17%
25/5	74%	83%
<b>Total</b>	<b>100%</b>	<b>100%</b>

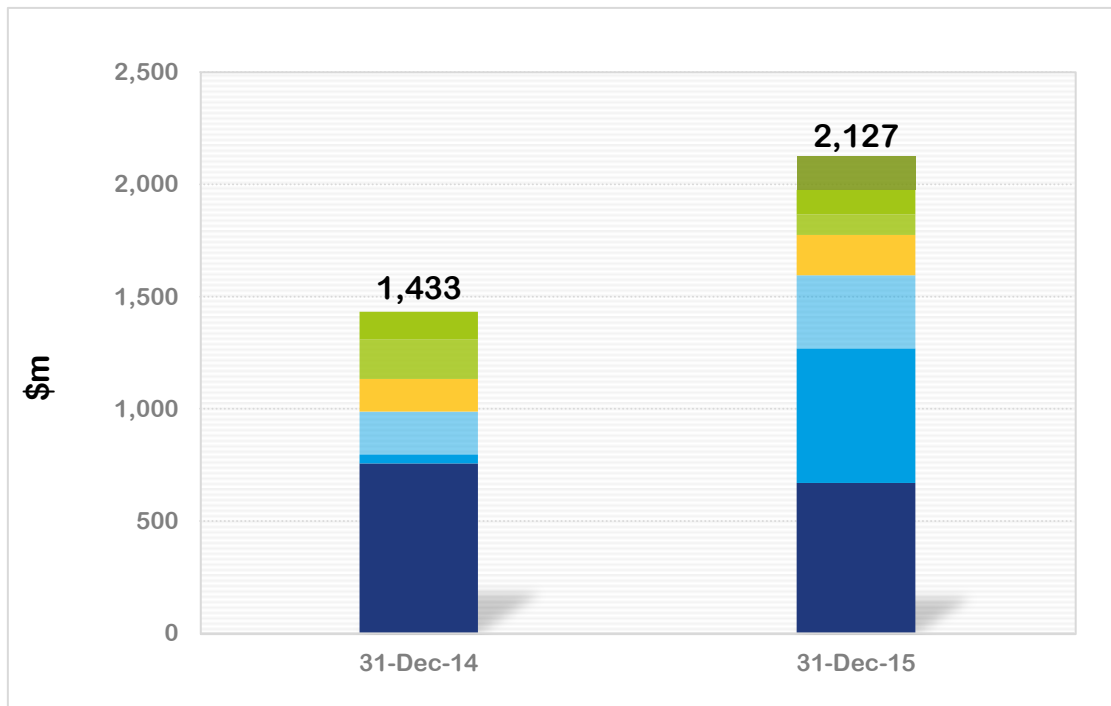


# Cumulative premises ready-for-service by quarter



	As at	
	31-Dec-14	31-Dec-15
Satellite	48,000	48,000
Fixed Wireless	159,479	339,783
FTTN	-	123,574
FTTP	619,345	1,159,615
<b>Total</b>	<b>826,824</b>	<b>1,670,972</b>

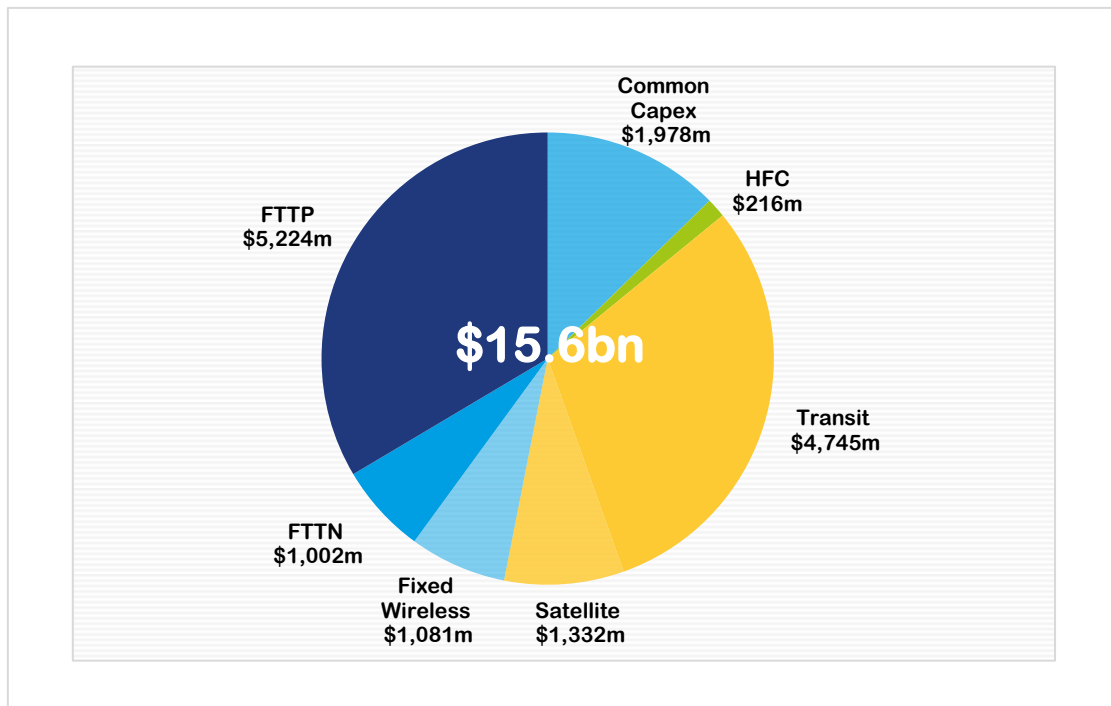
# Capital expenditure



	\$m	6 months to	
		31-Dec-14	31-Dec-15
HFC		-	151
Transit		125	109
Satellite		175	91
Fixed Wireless		145	180
Common Capex		191	328
FTTN		41	599
FTTP		756	669
<b>Total</b>		<b>1,433</b>	<b>2,127</b>



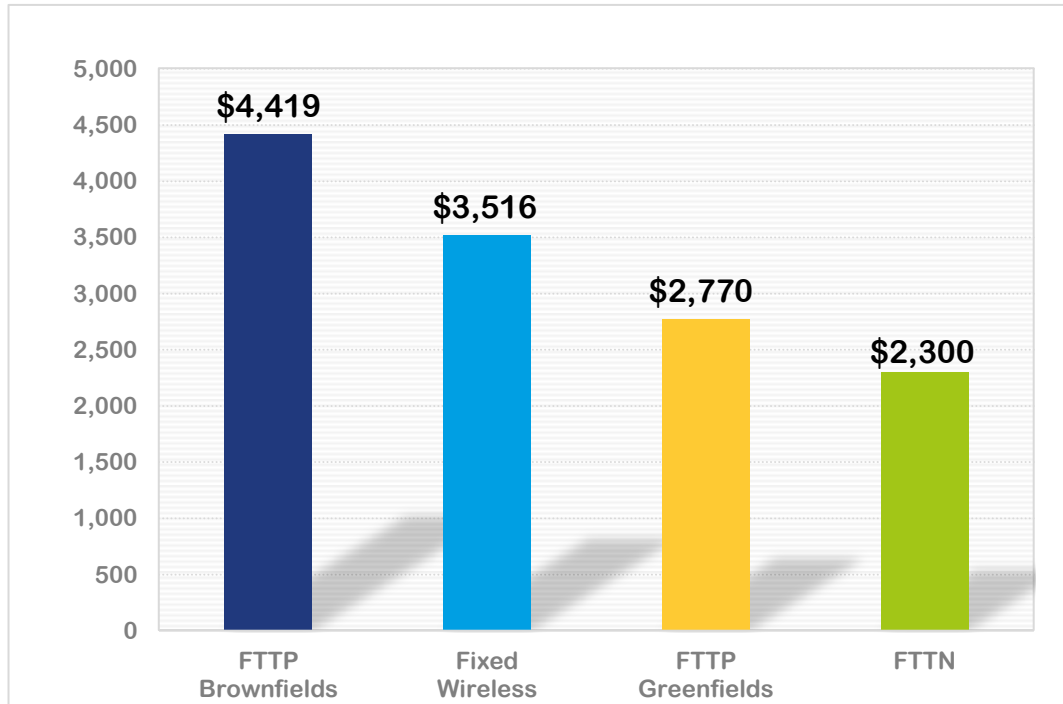
# Life-to-date PP&E and Intangibles\*



\*Includes finance leases, gifted assets and working inventory

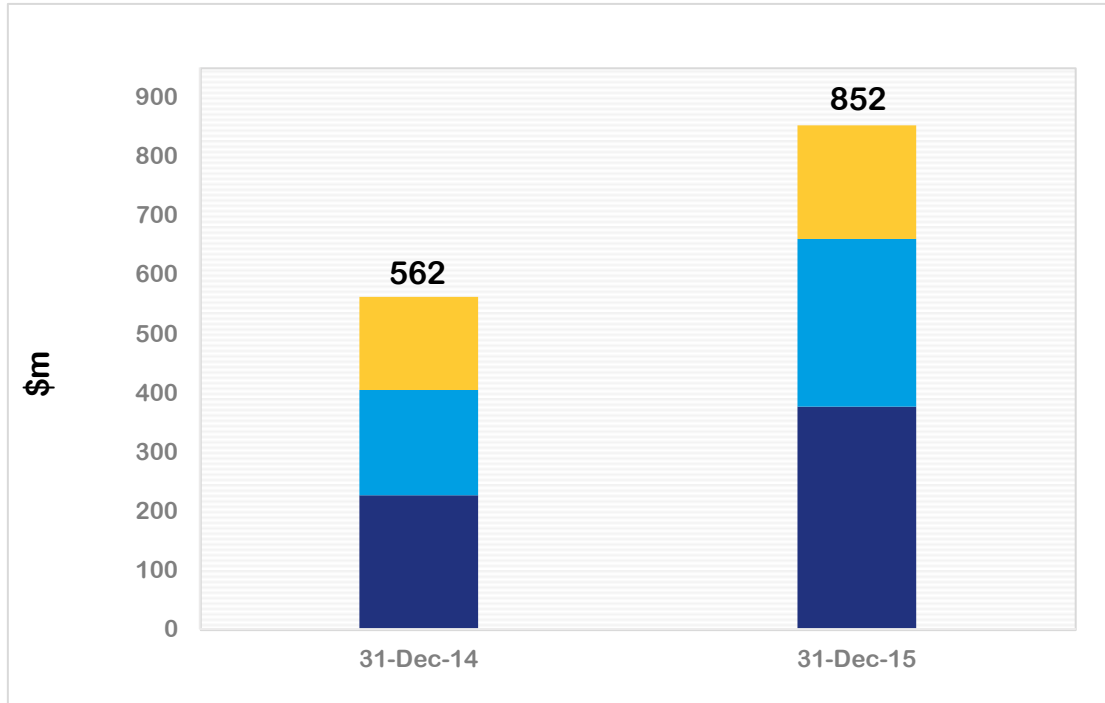
\$m	As at	
	30-Jun-15	31-Dec-15
HFC	50	216
Transit	4,665	4,745
Satellite	1,241	1,332
Fixed Wireless	917	1,081
Common Capex	1,652	1,978
FTTN	385	1,002
FTTP	4,244	5,224
<b>Total</b>	<b>13,154</b>	<b>15,578</b>

# Cost per premises



	Life-to-date
€	31-Dec-15
FTTP Brownfields	4,419
Fixed Wireless	3,516
FTTP Greenfields	2,770
FTTN	2,300

# Operating expenses

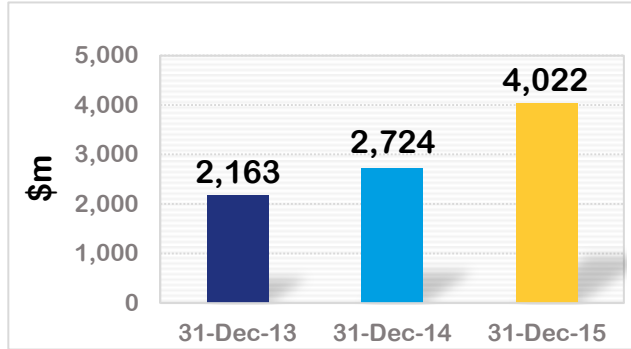


\$m	6 months to	
	31-Dec-14	31-Dec-15
Other	160	192
Employee Expenses	176	284
Telecom & Network Expenses	226	376
<b>Total</b>	<b>562</b>	<b>852</b>

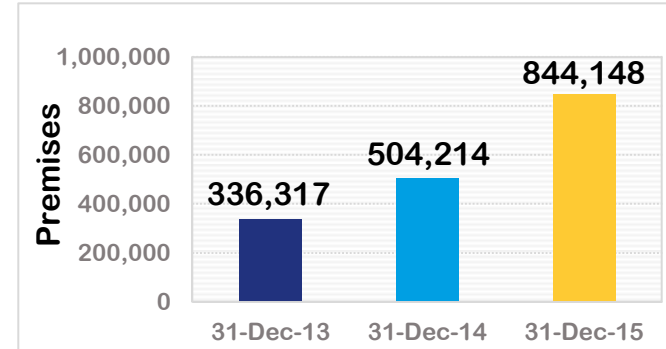
# 2015 Calendar Year\*



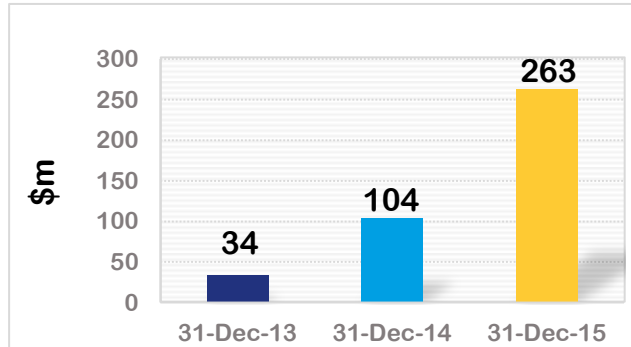
### 12-month incremental capex



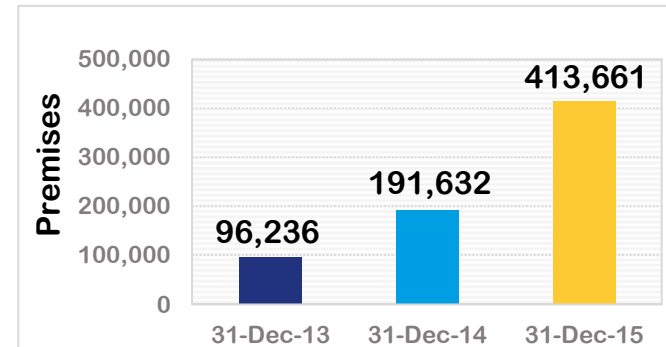
### 12-month incremental premises ready-for-service<sup>‡</sup>



### 12-month incremental total revenue



### 12-month incremental premises activated



\*all metrics are for 12-month periods ended 31 December

<sup>‡</sup>Premises passed used for comparative periods

# Financial summary



\$m	For the 3 months to			For the 6 months to		
	31-Dec-14	31-Dec-15	Change %	31-Dec-14	31-Dec-15	Change (%)
<b>Total Revenue</b>	36	91	153%	65	164	152%
<b>Operating Expenses</b>	(281)	(443)	58%	(562)	(852)	52%
<b>EBITDA</b>	(245)	(352)	44%	(497)	(688)	38%
<b>EBIT</b>	(399)	(559)	40%	(776)	(1,085)	40%

\$m	As at		
	30-Jun-15	31-Dec-15	Change %
<b>Total Assets</b>	13,259	15,331	16%
<b>Contributed Equity</b>	13,185	16,385	24%



# Bill Morrow

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Chief Executive Officer





# 2020 goals

**Connect Australia. Close Digital Divide**

**8 million premises connected by 2020**

**Five strategic imperatives**

**1**

**Build a united partnership**

**2**

**Build affordable products and services**

**3**

**Build a high performance and reliable network**

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**Build processes and systems**

**5**

**Make nbn a great place to work**

# A united partnership

## Delivery partners



- 10 partners now signed under our new performance based agreements, with all mainland states having between two to five partners to accelerate the roll out
- 3 “Operate and Maintain” Master Agreements for activations and assurance
- Memorandum of Understanding with Telstra for HFC construction management
- End-to-end process improvement, driving higher quality

# High performing, reliable network

## FTTP



- **More than 1.1 million FTTP premises now ready-for-service (RFS)**
- **More than 10,000 activations each week in Dec 2015, (vs 4,000 a week in Dec 2014)**
- **The New Developments FTTP Program ahead of plan, with 229,161 premises RFS versus full year target of 260,000**



# High performing, reliable network

## Fixed Wireless



- **More than 50% of footprint complete, with more than 330,000 premises now RFS**
- **Fixed Wireless product Net Promoter Score of +50**
- **Highest product satisfaction at 8.1 out of 10**

# High performing, reliable network

## FTTN



- 123,000 now RFS for FTTN, on track for 500,000 premises RFS by end of FY16
- 12 week rolling average for FTTN RFS now at 8,000 per week
- FTTN network accelerating: more than 600,000 in construction, and nearly 1.3 million in design
- Fibre-to-the-Distribution Point (FTTdp) trial using VDSL
- G.Fast certification from ITU, with the technology now a global technology standard
- Copper condition falling within expectations

# High performing, reliable network

## HFC



- **Redcliffe QLD HFC Pilot delivered valuable experience for nbn and partners**
- **Memorandum of Understanding with Telstra for HFC engineering, procurement and construction management**
- **DOCSIS 3.1 being embraced globally by a number of major companies**

# High performing, reliable network

nbn™ satellite



- **Sky Muster™ launched into orbit**
- **Modems activated for 95% of Beams**
- **Initial testing achieving expected speed performance**
- **End-user trial to commence this quarter**
- **Commercial launch late April to early May**
- **Satellite nbn 1B launch preparation**
- **Improved capacity released and new education product**



# Products and services

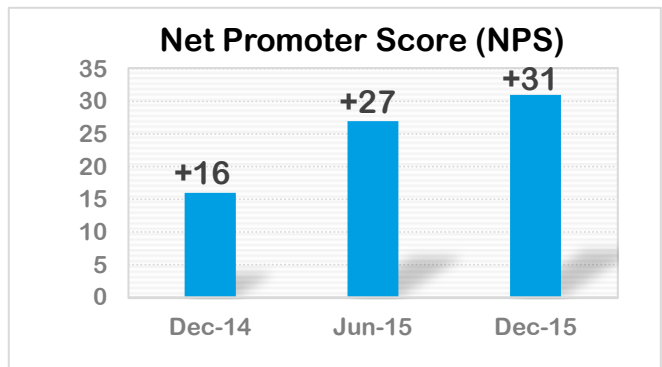
## New products launched



- 25-50/5-20Mbps Fixed Wireless product launched
- FTTN product launched in September 2015
- Product Roadmap progressing

# Products and services

## Building advocacy

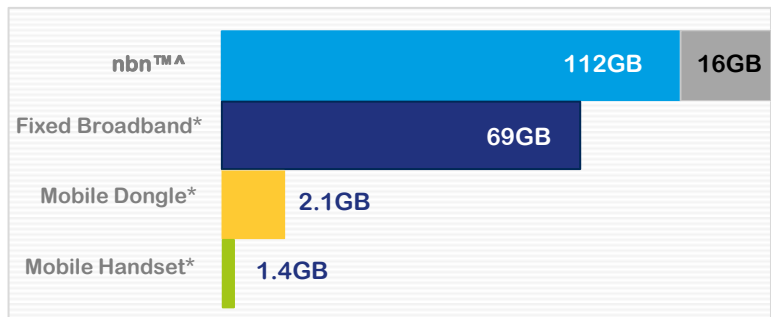


- Ongoing improvements to install service and quality, including reduction in wait times
- Total Net Promoter Score across all products continues to trend upwards, now at +31 up from +16, 12 months ago
- Mid-year Customer Experience Index trending towards 7 out of 10 for FY16
- User satisfaction over all products at 7.7 out of 10
- User satisfaction for FTTP and FTTN at the same level, both scoring 7.7 of out 10 for use of the service

# Products and services

## Data consumption trends

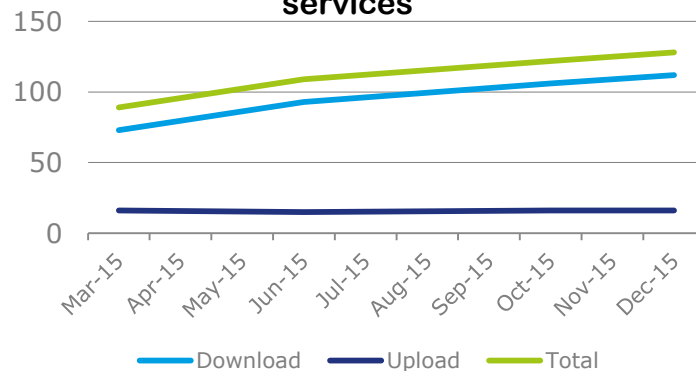
Average monthly download on nbn consistently higher than ABS average



Source: ABS and nbn  
<sup>▲</sup>nbn average monthly download in Dec 2015  
 \*ABS data published 30 Jun 2015



Average per month on nbn services



- Ongoing industry consultation on dimension-based model for CVC pricing

# Processes and systems

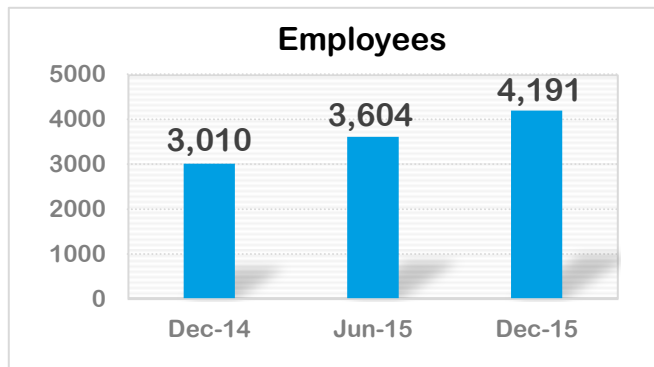


- **RFS forecast accuracy levels of above 85%, four months out from delivery to RSPs**
- **Advanced business process leadership across the company**
- **Successful IT releases each month, building the systems to operate the nbn network at scale**



# Great place to work

## Employee focus



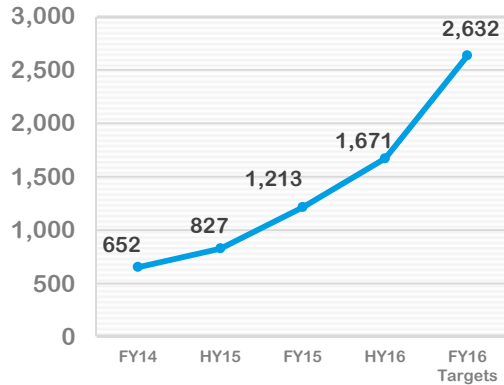
- 4,191 employees, growth rate of 16% from June 2015
- Improvement in employee engagement, Pulse survey results continue to trend upwards
- Voluntary turnover is 7.6% versus the global industry standard of 14.6%
- Company wide culture program, leadership capability focus

# FY16 Targets



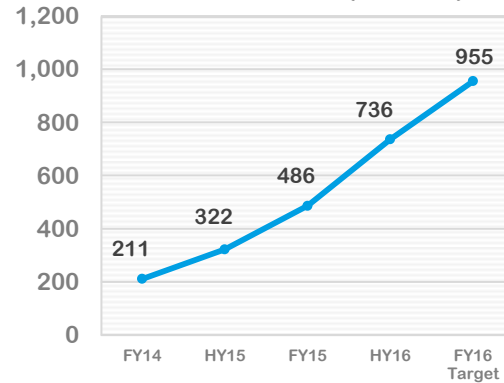
~2,632,000

### Premises RFS ('000s)



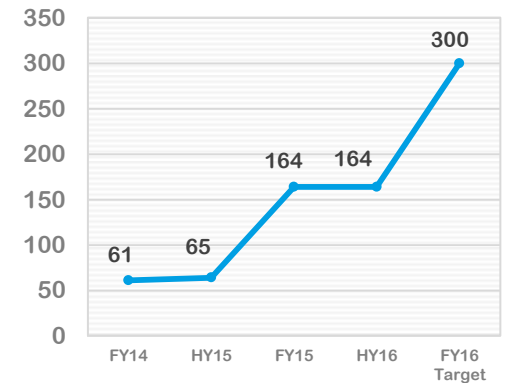
~955,000

### Active Premises ('000s)



~\$0.3 billion

### Total Revenue (\$m)

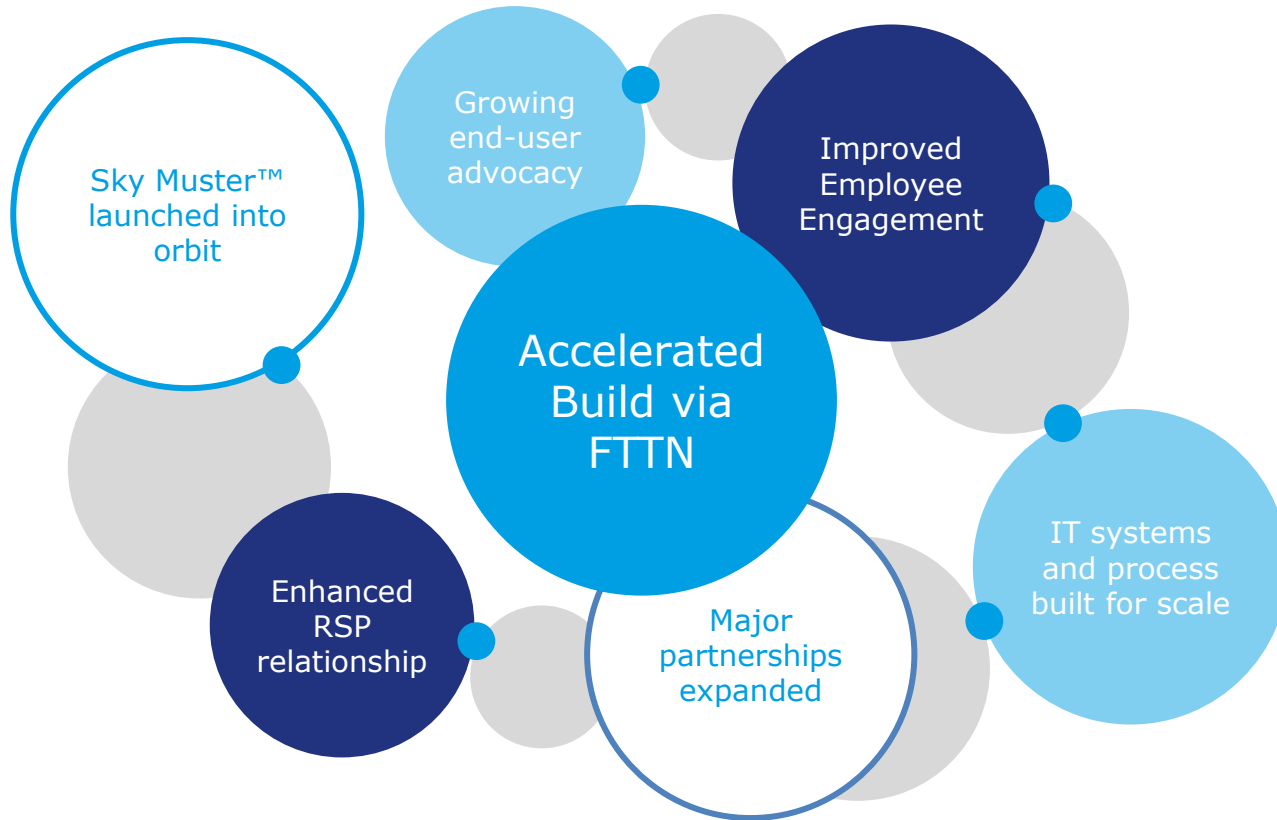


# Questions

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# Major achievements







# Disclaimer

This presentation includes information from the Financial Statements for nbn co limited (**nbn**) for the period ended 31 December 2015. The Financial Statements consist of the unaudited statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows for the nbn Group, comprising **nbn**, 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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