

# Media release

23 October 2014

## NBN delivers revenue and customer growth

For Q1 FY15:

- **Serviceable homes grew 16% over the quarter to c.640,000**
- **End users grew 27% over the quarter to c.267,000**
- **Revenue grew 32% over the quarter to \$29 million**
- **Several advancements in the multi-technology mix**

In announcing the 2015 First Quarter Financial Results today, NBN Co CEO Bill Morrow said the company has seen steady growth of serviceable premises, active end-users and revenue since 30 June.

The number of serviceable homes rose 16% in the quarter to 640,000 - more than double the figure for the corresponding quarter last year.

The percentage increase in active users was even greater – up 27% in the period to 267,000 (172% year-on-year).

This in turn helped delivered revenue of \$29 million – up 32% for the quarter and triple what it was a year ago (Q1-14: \$9m).

“These results reflect the improvements we are making in construction, product development and the end user experience. They represent solid progress towards our FY15 targets of 1 million serviceable homes and 480,000 end users,” Mr Morrow said.

The company incurred \$677 million in capital expenditure for the period (\$6.3 billion Life-to-Date), an EBITDA loss of \$252 million and operating expenses of \$281 million. NBN Co received an additional \$997 million equity funding from the Commonwealth in the period (\$9.4bn LTD). Average Revenue Per User (ARPU) grew to \$39 – up 4% since June.

### **Progress towards the Multi-Technology Mix**

Mr Morrow said the move towards the new rollout model – that aims to connect 8 million homes and deliver \$4 billion in revenues by 2020 – was also gathering momentum.

“The steps we’re taking to deliver the Multi-Technology Mix will put us in the best possible position to start delivering exponential growth in the pace of the rollout and our revenues,” he said.

According to Mr Morrow, the company continues to negotiate potential changes to agreements with Telstra and Singtel Optus, including for the use of their network assets.

It is also well advanced with a series of initiatives to prepare for the transition to the new rollout model in the second half of FY15:

- NBN Co and Telstra have commenced construction on the first of 1,300 nodes in NSW and Queensland that aim to deliver high speed broadband to more than 200,000 households. The trial locations have been added to the public rollout map on the NBN website;
- Three additional internet service providers – Optus, M2 and iiNet – have begun participating in Fibre to the Node end user trials in Umina NSW. The average peak download and upload speeds are 90Mbps and 36Mbps respectively\*. The company is nearing completion of the required nodes in the second trial area, the Melbourne suburb of Epping;
- The company has established a new internal group to lead the integration of Hybrid Fibre Coaxial (HFC) cables into the NBN. Existing HFC assets already pass more than 3 million homes.

Mr Morrow announced that NBN Co had also met a key milestone with the integration into the network of all 121 Points of Interconnect (a nationwide network of exchange buildings where telephone companies and internet service providers can connect their networks to the NBN). The NBN transit network, which will use 54,000 kilometres of fibre to link all 121 POIs, remains on track for completion this year.

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#### Notes to editors

- Unaudited Management Accounts for the three months to 30 September 2014 and an associated presentation are available at [www.nbnco.com.au/financials](http://www.nbnco.com.au/financials)
- NBN Co is committed to fulfilling the Federal Government's policy goal of ensuring all Australians have access to fast broadband as soon and as cost-effectively as possible, as set out in the [Statement of Expectations](#) to the company.
- \*NBN Co provides services to its wholesale customers – telephone and internet service providers – and does not provide services directly to end users. This trial involves service providers testing speeds between the end user device (modem) and their networks. End user experience including the speeds achieved over the NBN depends on the technology over which services are delivered to the end user's premises and some factors outside our control like equipment quality, software, broadband plans, length and quality of copper lines and how the end user's service provider designs its network.