



Media release

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NBN Co delivers FY22 financial and operational results in line with guidance

FY22 performance summary for the 12 months to 30 June 2022:

- NBN Co achieves key performance metrics and full year guidance as set out in the Corporate Plan 2022
- Total revenue of \$5.1 billion for FY22, up 10 per cent on FY21
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), after subscriber costs, was \$3.1 billion, 130 per cent higher than the \$1.35 billion EBITDA achieved in FY21
- In FY22 NBN Co raised a further \$7.0 billion in bank and capital markets debt, including the issuance of an \$800 million Green Bond. During FY22 the Company repaid a further \$6.8 billion of the \$19.5 billion Commonwealth loan, lowering interest payments and reducing the outstanding balance to \$6.4 billion
- 8.5 million residential and business premises connected to the **nbn**[®] network, representing approximately 316,000 additional net activations since 30 June 2021.

NBN Co generated total revenue of \$5.1 billion in FY22, an increase of 10 per cent year-on-year, and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$3.1 billion, which was a 130 per cent improvement on FY21. Both revenue and EBITDA were in line with guidance.

The revenue result was based on the addition of approximately 316,000 residential and business premises to reach a total of more than 8.5 million premises at 30 June 2022.

The company recognised increasing demand for higher speed tiers with 76 per cent of customers on retail plans based on wholesale download speed tiers of 50 Mbps and above¹ and 18 per cent of residential customers using plans based on wholesale speed tiers offering download speeds of up to 100 Mbps and above² at 30 June 2022.

Residential Average Revenue Per User (ARPU) remained stable and unchanged since the half-year at \$46, up from \$45 at 30 June 2021. Revenue from the business segment amounted to \$1.0 billion, up 20 per cent year on year.

NBN Co's subscriber payments to Telstra and Optus continued to decline, decreasing from \$1.2 billion in FY21 to \$175 million in FY22. The reduced payments are the result of the company reaching the tail end of disconnections from legacy services.

The Company also reduced its cost of debt after refinancing and repaying a large portion of the government loan, replacing it with bank and capital markets debt at lower average interest rates. As a result, net finance costs reduced by \$151 million compared to the prior year.

Capital expenditure in the 12 months to 30 June 2022 was \$2.5 billion. The Company continued to invest in upgrades to the **nbn** network, pushing fibre deeper into communities around Australia, expanding the network to

serve new residential and business premises and delivering important capacity upgrades to meet customers' growing demand for data.

Statutory NPAT improved by 62 per cent or almost \$2.4 billion in FY22, reducing the statutory loss from \$3.8 billion in FY21 to less than \$1.5 billion in FY22.

NBN Co successfully raised more than \$7.0 billion in private and capital markets debt during FY22. This included raising \$800 million in its first Green Bond issuance, which at the time of issuance was the largest such raising by an Australian company. The new debt facilities have enabled the company to repay a further \$6.8 billion of the \$19.5 Commonwealth loan, reducing the outstanding balance to \$6.4 billion.

NBN Co Chief Executive Officer, Stephen Rue, said:

"We have achieved our full year guidance targets but, more importantly, the network has continued to support Australians working, studying, shopping, staying connected to family and friends and accessing entertainment content from home.

"Our oversight and financial management of the business enables us to continue to invest in the network to deliver faster speeds and greater capacity across the network for the benefit of all customers.

"We have accelerated our private debt raising and capital recycling program over the last three years to take advantage of record low interest rates, locking in a series of well-priced Medium-Term Notes. This provides us with a good hedge should interest rates continue to rise in the future.

"It is, however, important that we continue to prudently manage our capital and operating costs and generate consistent, predictable revenue so we can continue to deliver on customer, industry and government expectations as we work to lift the digital capability of Australia.

"We are pleased with the progress we have made in upgrading our network and look forward to continuing to deliver on these upgrade programs on behalf of customers in coming years.

"We are also committed to collaborating with the industry to deliver great outcomes for customers and play our part to create a new commercial and regulatory framework."

Special Access Undertaking (SAU) Variation

NBN Co is working to evolve its wholesale pricing and products to support retailers and achieve the mutual goals of delivering fast, reliable broadband and the best possible customer experience.

NBN Co withdrew its previously proposed SAU Variation on 27 July, recognising that a varied SAU should reflect the changes in the policy landscape and operating environment since the current variation was lodged.

The company has engaged in further consultation with the Government and the Australian Competition and Consumer Commission (ACCC) and is planning to release a new SAU Variation Discussion Paper later this week.

NBN Co will participate in further consultation, chaired by the ACCC, later this month which will seek feedback and input from Retail Service Providers and consumer advocacy groups involved in the process. Following this consultation, NBN Co plans to submit a revised SAU Variation proposal in October 2022.

Network upgrades

The company is on track to make 8 million premises, or 75 per cent of the fixed line network, capable of accessing the **nbn**[®] Home Ultrafast wholesale speed tier, offering wholesale download speeds of 500 Mbps to close to 1 Gbps by the end of 2023^{3,4,5,6}.

Following the government's recent announcement, NBN Co has commenced design activity to extend the Fibre Connect upgrade program to an additional 1.5 million premises. This will enable a total of 9.7 million premises, or approximately 90 per cent of the fixed line network, to access **nbn** Home Ultrafast by the end of 2025^{3,4,5,6}.

The company has also recently completed Hybrid Fibre Coaxial (HFC) network upgrades, enabling the entire footprint of some 2.5 million premises to access **nbn** Home Ultrafast, on demand.

NBN Co is also making good progress on its Fibre to the Node (FTTN) and Fibre to the Curb (FTTC) to Fibre to the Premises (FTTP) upgrade program. By 30 June 2022, some 230,000 FTTN premises and around 380,000 FTTC premises were able to upgrade to FTTP and access **nbn** Home Ultrafast services. As a result of the company's network investment and upgrades undertaken to date, 5.1 million premises throughout Australia can now access **nbn** Home Ultrafast services. Customers are invited to register to receive information on when their premises may become eligible to access higher speed broadband services at nbn.com.au/fttpupgrade.

NBN Co has also confirmed that it is progressing well with the \$750 million investment to significantly enhance the capability of the **nbn**® Fixed Wireless network. The investment will expand the coverage, speed and capacity of more than 2,200 fixed wireless infrastructure sites and more than 22,000 cells in rural, regional and remote areas of Australia.

Some **nbn**® Fixed Wireless towers will see coverage expanded by up to 50 per cent, thereby enabling approximately 120,000 former satellite-only eligible premises to the ability to access faster broadband services via the **nbn**® Fixed Wireless network.

Once the upgrades have been completed, NBN Co is proposing that homes and businesses in the expanded **nbn** Fixed Wireless footprint will be able to order retail services based on maximum wholesale download speeds of up to 100Mbps⁷. It is also aiming to enable up to 85 per cent of the expanded footprint to be able to order services with maximum wholesale download speeds of up to 250 Mbps, which is up to three times faster than the highest wholesale speeds currently available on the **nbn** Fixed Wireless network.

Notes to Editors:

1 Retail broadband plans based on wholesale download speeds of 50 Mbps include retail broadband plans based on wholesale download speeds of 50Mbps and 25-50Mbps. The **nbn**™ wholesale speed tiers available to your phone and internet provider vary depending on the **nbn**® access network technology in your area. Your experience, including the speeds actually achieved over the **nbn**™ network, depends on the **nbn**® access network technology and configuration over which services are delivered to your premises, whether you are using the internet during the busy period, and some factors outside our control (like your equipment quality, software, broadband plans, signal reception and how your service provider designs its network). Speeds may be impacted by network congestion on **nbn**'s Fixed Wireless network, including during busy periods. Satellite users may experience latency.

2 Retail plans based on wholesale download speeds of 100 Mbps include retail broadband plans based on wholesale download speeds of 100Mbps and 25-100Mbps.

3 NBN Co reserves the right to amend the list of targeted suburbs and towns for the local fibre network build at its discretion.

4 Conditions, eligibility criteria and costs will apply. Eligibility criteria is expected to include, among other things, being designated by **nbn** as a simple premises (e.g. standalone premises or Single Dwelling Unit (SDU)) and once the program is available for an eligible premises, placing an order for an **nbn**® powered plan based on an eligible wholesale speed tier. Additional costs may apply to providers, who may choose to pass this charge onto their customers.

5 Regardless of the retail service you purchase, the actual wholesale speeds delivered by **nbn**'s highest wholesale speed tiers of 500 to close to 1000 Mbps will be less than 1Gbps due to equipment and network limitations and the peak information rate may fall anywhere in this range. In addition, the HFC Home Ultrafast bandwidth profile downstream service provided to retail providers is a ranged profile with a maximum sustained information rate of 750Mbps. Reference to speeds are not end user speeds; they are wholesale layer 2 peak information rate bandwidth provided to retail providers. An end customer's experience, including the speeds actually achieved over the **nbn** network, depends on some factors outside our control (like equipment quality, software, and how your retail service provider designs its network) and the **nbn** technology used for your connection.

6 An end customer's experience, including the speeds actually achieved over the **nbn**® network, depends on the **nbn**® network technology and configuration over which services are delivered to their premises, whether they are using the internet during the busy period, and some factors outside of NBN Co's control (like their equipment quality, software, chosen broadband plan, signal reception, or how their provider designs its network).

7 **nbn** is a wholesaler and end customers should contact their preferred service provider to ask about availability. Any new speed tiers or changes to Fixed Wireless products is subject to consultation with industry which may alter the design, contractual terms, product specifications and/or go-to-market approach. The planned wholesale download speeds for Fixed Wireless Home Fast and Fixed Wireless Home Superfast are potential maximum Information Rates. They are not Peak Information Rates or Committed Information Rates. **nbn** expects it will operate similarly to how the Fixed Wireless Plus product operates today but with potential maximum wholesale speeds up to 100 Mbps for Fixed Wireless Home Fast and up to 250 Mbps Fixed Wireless Home Superfast.

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