



NBNCo

Bringing broadband to life

NBN Co Half Year Results

26 February 2015

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Agenda

- Overview
- Financial results
- Operational highlights
- Questions



Forward momentum

<p>Serviceable premises</p> <p>748,552</p> <p>2X increase</p>	<p>Premises activated</p> <p>322,391</p> <p>2X increase</p>	<p>Telecommunications revenues</p> <p>\$64m</p> <p>3X increase</p>
<p>ARPU</p> <p>\$39</p> <p>↑8% VLY</p>	<p>Telstra and Optus agreements signed</p>	<p>Progress towards new rollout approach</p>

Transition to new rollout approach

- Telstra and Optus DAs concluded
- MTM design rules published
- Initial FTTN and FTTB construction
- End user trials
- HFC equipment contract
- Long-term satellite approaching launch



2020 goals

- Universal access to high-speed broadband
- More than 8 million premises
- \$4 billion annual revenue
- Customer satisfaction
- Best place to work



Stephen Rue

Chief Financial Officer



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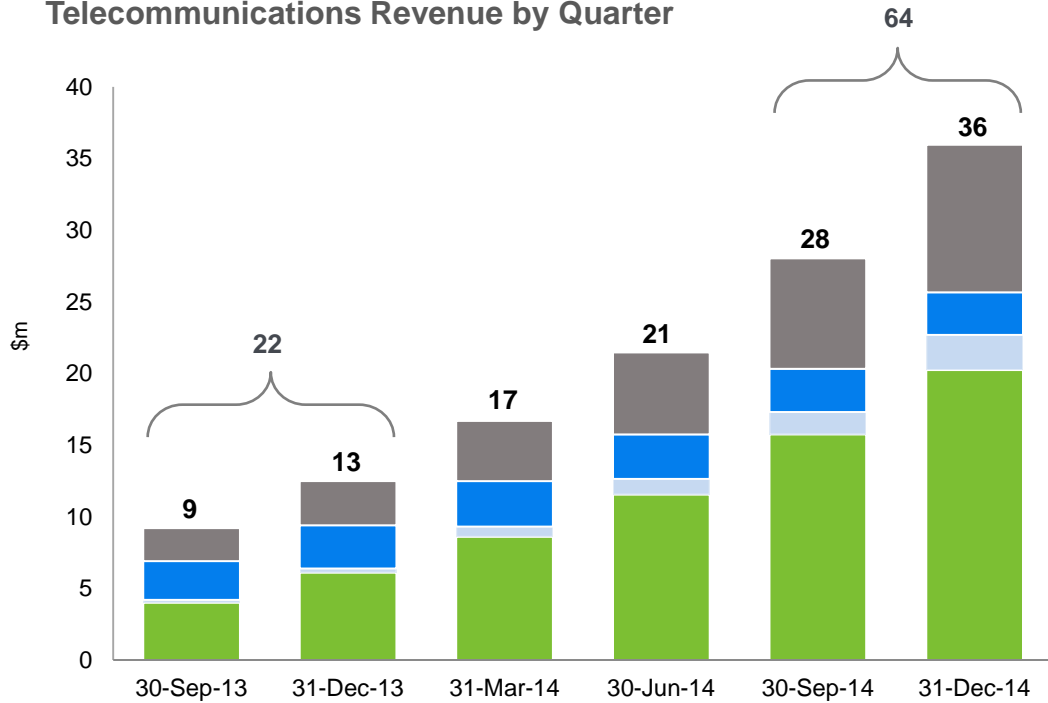
Summary results

\$m	H1 FY14 31-Dec-13	H1 FY15 31-Dec-14	Change % vs H1 FY14
Total Revenue	22	65	195%
Operating Expenses	(500)	(562)	12%
EBITDA	(476)	(497)	4%
EBIT	(645)	(776)	20%

\$m	30-Jun-14	31-Dec-14	Change %
Total Assets	9,468	10,936	16%
Contributed Equity	8,418	10,395	23%

Telecommunications revenue

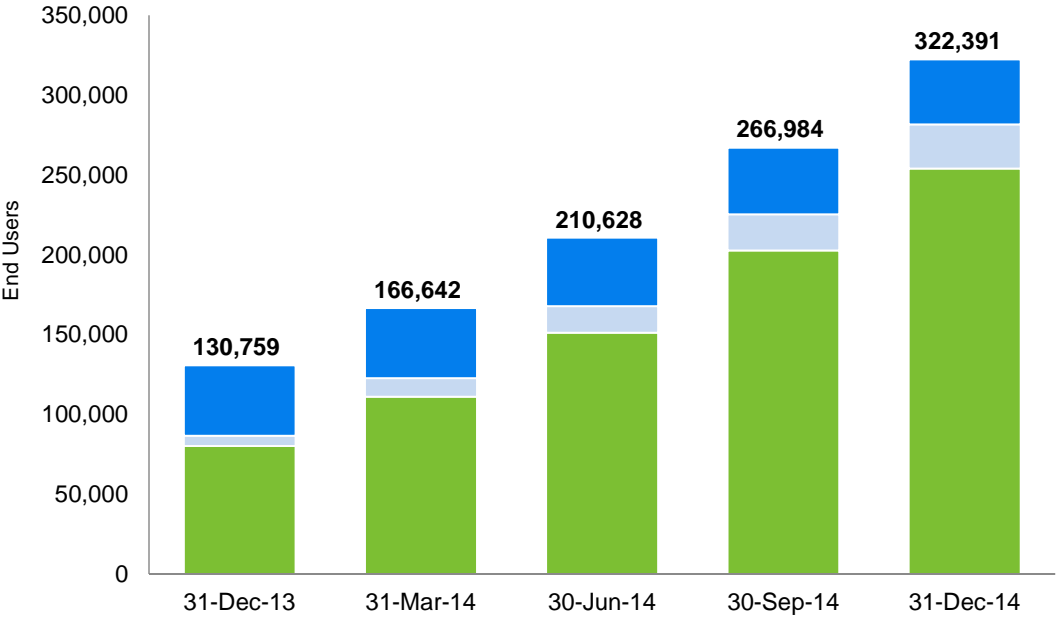
Telecommunications Revenue by Quarter



\$m	Half Year	
	31-Dec-13	31-Dec-14
CVC/NNI	5	18
Satellite AVC	6	6
Wireless AVC	1	4
Fibre AVC	10	36
Total	22	64

Premises activated

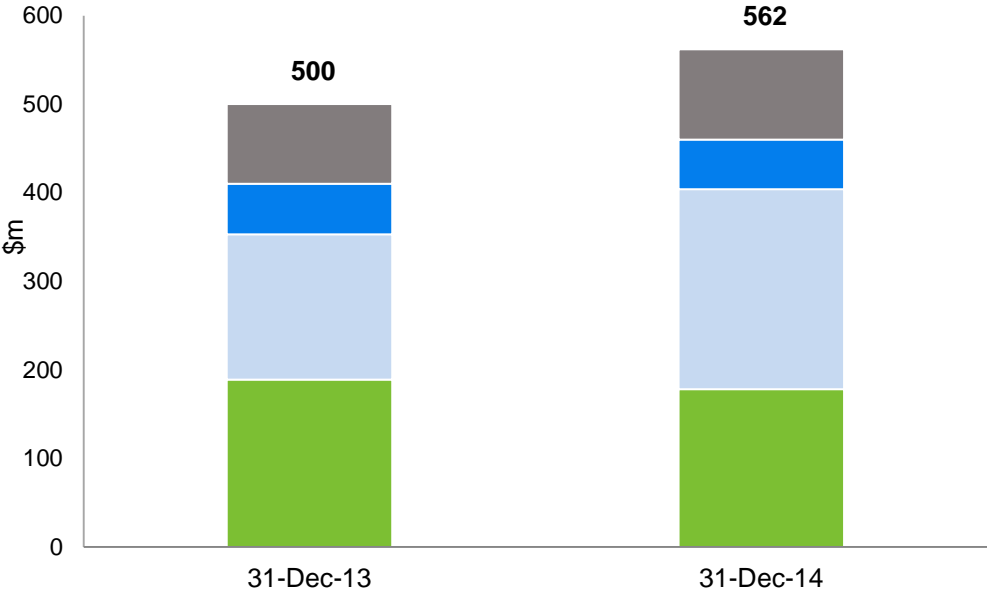
Cumulative Premises Activated by Quarter



Cumulative Premises Activated	As at	
	31-Dec-13	31-Dec-14
Satellite	44,170	40,716
Wireless	6,512	27,792
Fibre	80,077	253,883
Total	130,759	322,391
ARPU	\$ 36	\$ 39

Operating expense

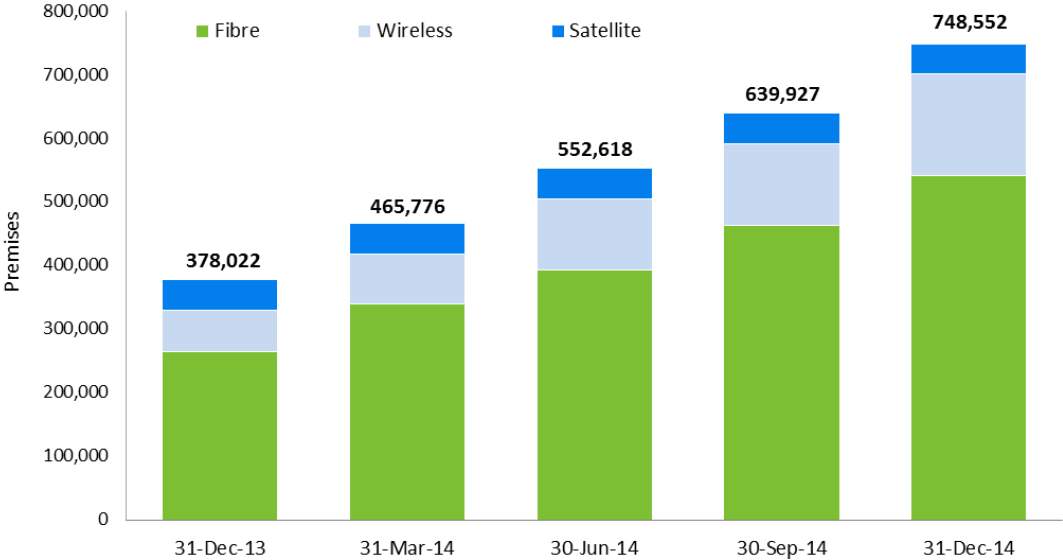
Operating Expenditure by Half



\$m	Half	
	31-Dec-13	31-Dec-14
Other	90	102
IT & Software Costs	57	56
Telecom & Network Costs	164	226
Employee Expenses	189	178
Total	500	562

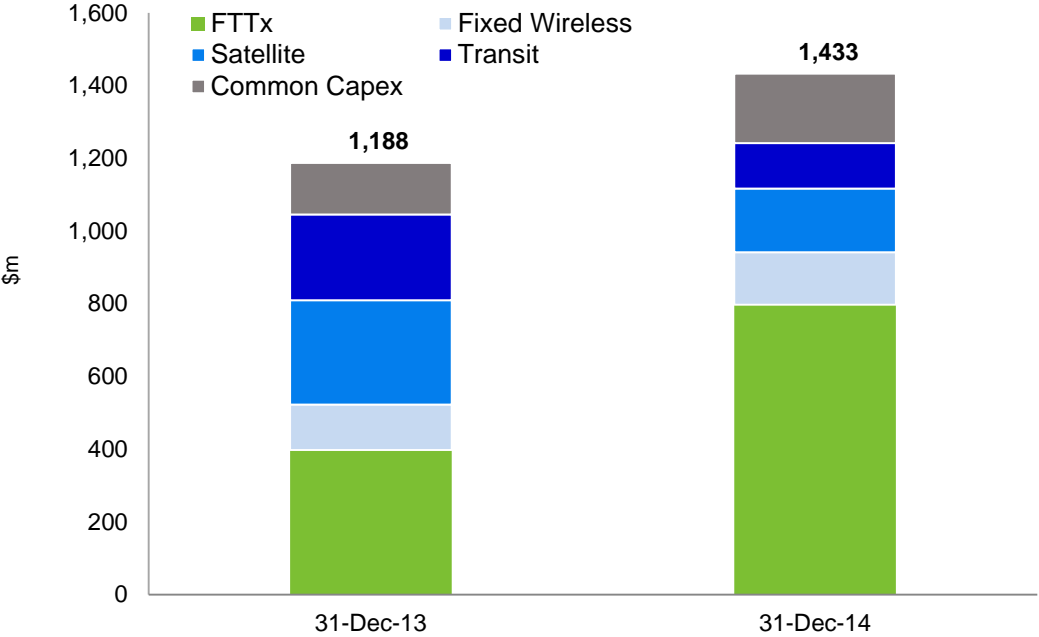
Premises serviceable

Cumulative Premises Serviceable by Quarter



Capital expenditure

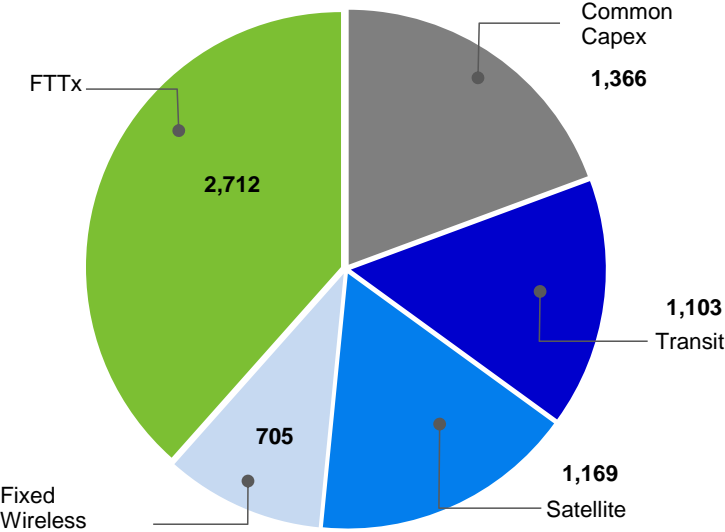
Capital Expenditure by Half



\$m	Half	
	31-Dec-13	31-Dec-14
Common Capex	142	191
Transit	236	125
Satellite	287	175
Fixed Wireless	125	145
FTTx	398	797
Total	1,188	1,433

Capital expenditure

Life to Date Capital Expenditure (\$m) — \$7.1bn



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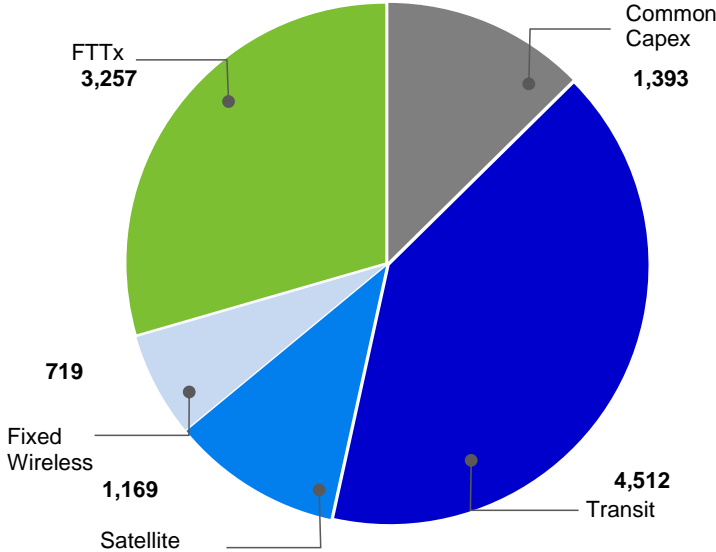
Assets Under Finance Lease
+\$3.6bn

Gifted Assets
+\$0.3bn

Other
+\$0.1bn

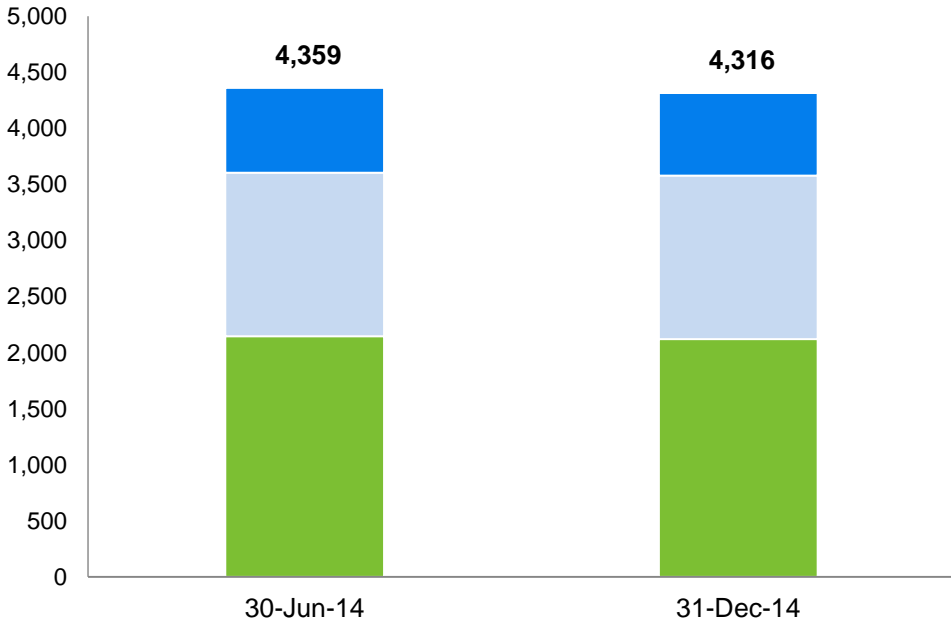
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Life to Date PP&E and Intangibles (\$m) — \$11.1bn



Cost per premise - Brownfields

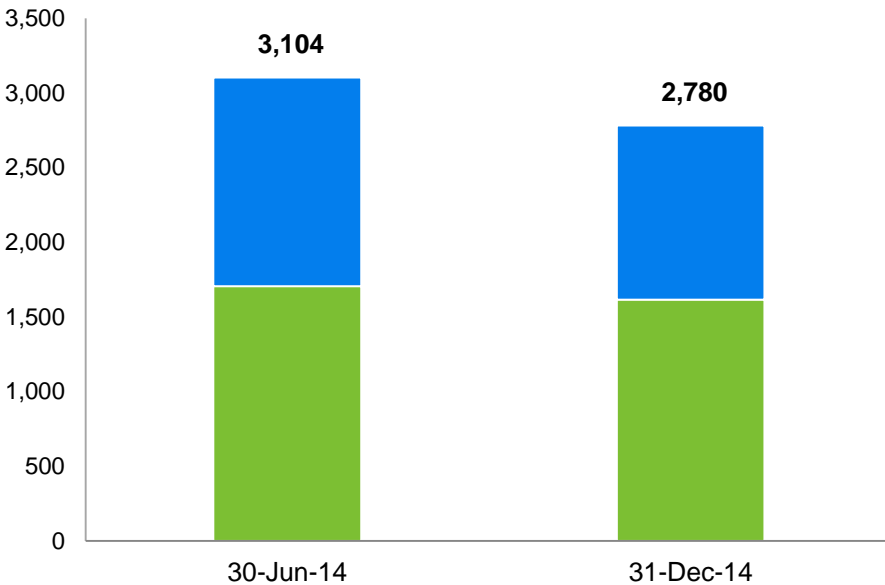
Brownfields Cost Per Premise (\$)



	LTD	
	30-Jun-14	31-Dec-14
\$		
LNDN	2,146	2,119
Customer Connect	1,457	1,460
Total Build CPP	3,602	3,579
LNDN Duct Lease	757	737
Total	4,359	4,316

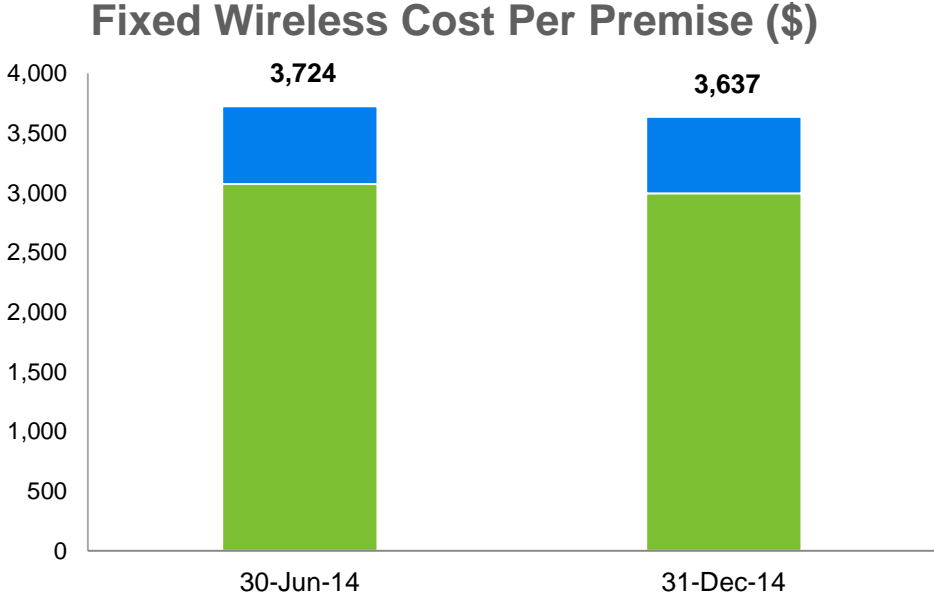
Cost per premise - Greenfields

Greenfields Cost Per Premise (\$)



	LTD	
	30-Jun-14	31-Dec-14
\$		
Design & Build	1,706	1,616
TFAN / TTFN	1,398	1,165
Total	3,104	2,780

Cost per premise – Fixed Wireless



\$	LTD	
	30-Jun-14	31-Dec-14
Design & Build	3,073	2,996
Ground & Tower Lease	651	641
Total	3,724	3,637

Bill Morrow

Chief Executive Officer

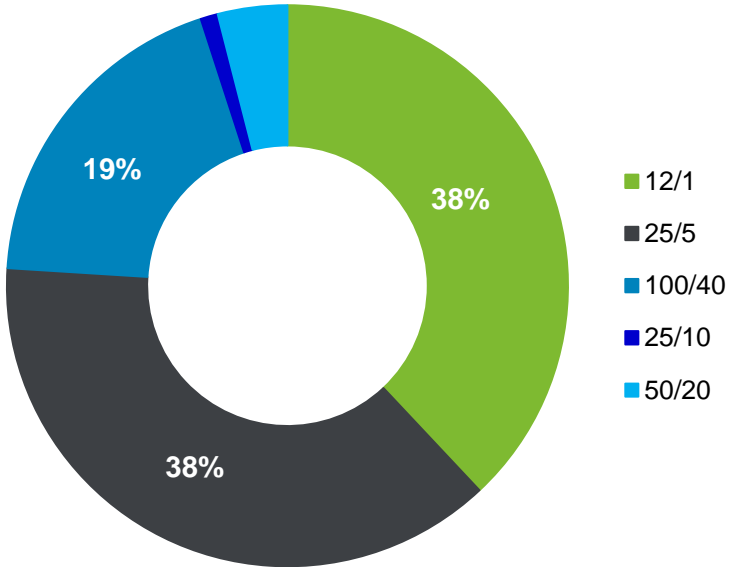


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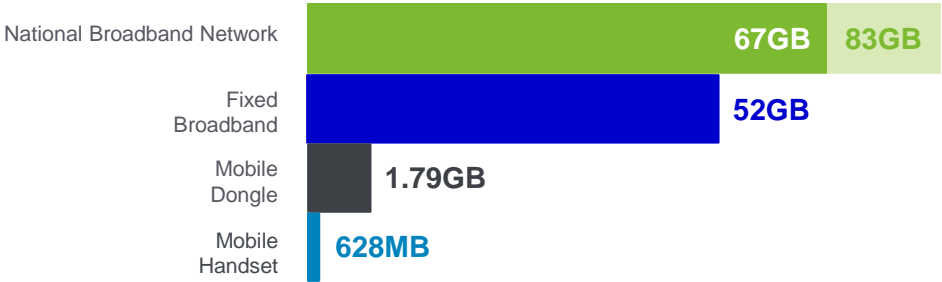
End user experience

Fixed Line Product Mix

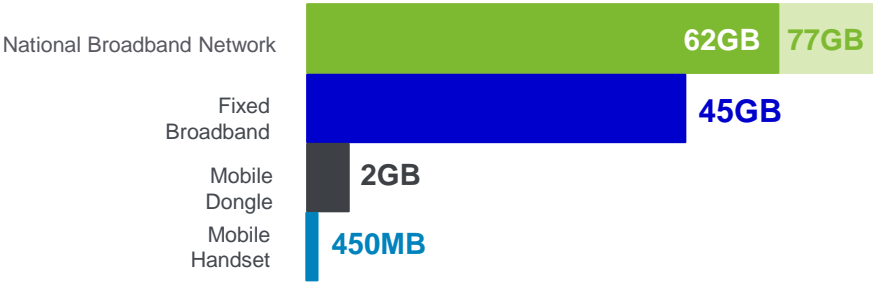


Data Consumption

H1 FY15



H2 FY14



Fibre to the premises

- Stabilised rollout
- Weekly output doubles YoY
- Reduction in SC0s
- Increase in premises with lead-ins



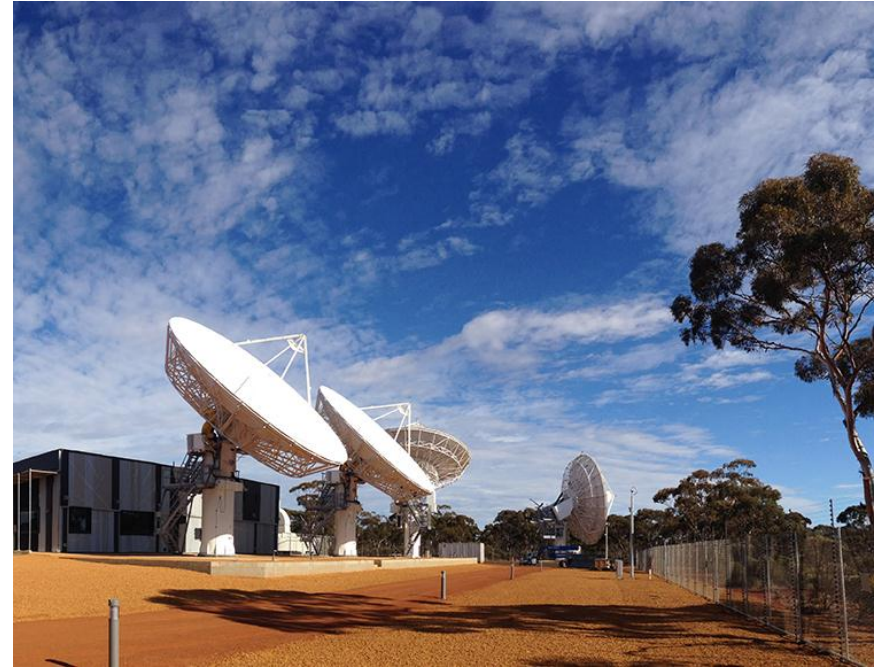
Fixed wireless

- Premises serviceable doubled
- Active end users tripled
- 217 sites acquired during the period
- 157 base stations ready for service
- Plans for additional, higher speed tier



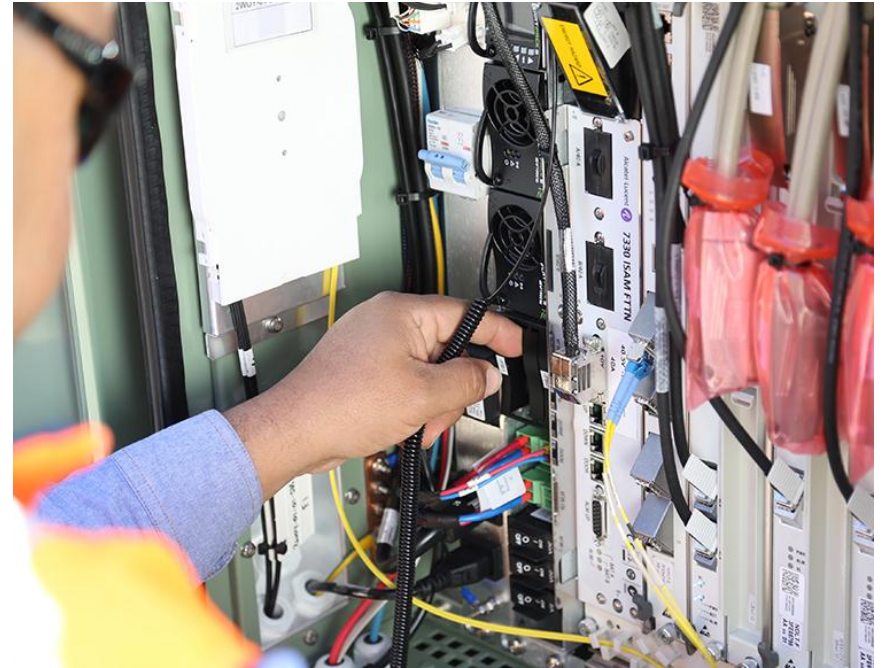
Long term satellite

- First satellite on track for 2015 launch
- Product release 2016
- Successful testing
- Construction of all 10 ground stations complete
- Contract with Ericsson for Fixed Wireless and Satellite Network Operations commences in May



Fibre to the node

- Construction underway in all 11 build trial locations
- Covers 200,000+ homes in Queensland and NSW
- Q1 – FY16 product release
- End-user trial ongoing in Umina NSW



Source: Alcatel-Lucent

Fibre to the building

- Design and construction underway for 6,000 apartments in NSW, VIC and ACT
- Targeting 2,000 premises RFS this quarter
- Product release imminent



Hybrid-fibre coaxial

- Equipment contract with ARRIS
- Upgrade path to gigabit speeds
- Initial HFC pilot by end of calendar year
- 2016 commercial launch



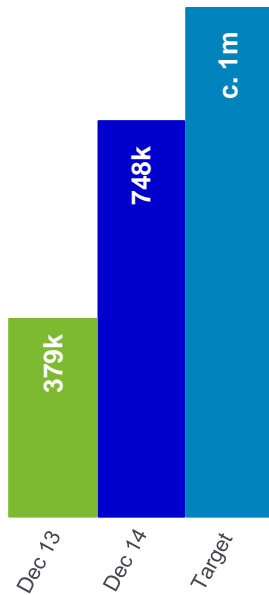
Source: Arris

Company culture

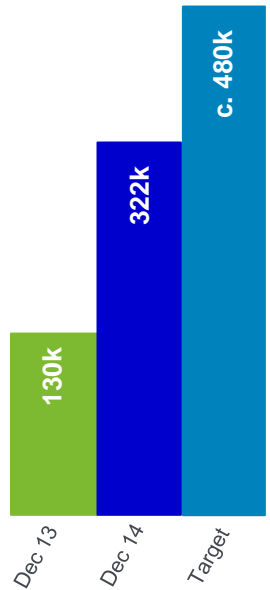
- Improved human resources systems and processes
- Employees aligned around strategic direction
- BPE embedded across the company



Tracking to targets



Premises serviceable



Premises activated



Telco revenue

Questions and Answers



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