# NBN Co FY24 Financial Results

# Philip Knox – Interim Chief Executive Officer

*(Intro slide)*

**Part One**

Good morning and welcome to nbn's results announcement for the 12 months ended 30 June 2024.

I'd like to start by acknowledging the Traditional Custodians of the various lands on which we work today and any First Nations' People participating in this call.

We pay our respects to their Elders past, present and emerging, and recognise and celebrate the diversity of First Nations People and their ongoing cultures and connections to the lands, skies, and waters across Australia.

We have distributed our media release and presentation slides for today's call – but if you have not received them, please visit the Media Centre on our website where they are now available.

Joining me today is the Interim Chief Financial Officer, Richard Cairns and our Chief Customer Officer, Anna Perrin.

**Introduction**

I will make some introductory remarks and touch on the highlights and achievements of the year, before Richard takes you through the numbers in more detail. We will then go to question and answer.

Whilst I have taken part in nbn's financial results announcements on many occasions previously, this is my first time as nbn's interim Chief Executive Officer.

This follows the resignation of Stephen Rue from his position as CEO of nbn in May 2024, after almost a decade with the company.

I had the pleasure of working closely with Mr Rue for almost six years and together we led the company through a period of significant growth and transformation.

It is with great pride that I step into this appointment as the Interim CEO.

I am of course well supported by the Board and a highly skilled and experienced executive leadership team that remains dedicated to connecting Australians to high-quality broadband services across the nation.

**Financial Highlights**

*(Slide depicting progress, performance & growth)*

Fiscal 24 was a solid year of performance for nbn as you can see from our highlights.

Total revenue for fiscal 24 came in at $5.5 billion dollars, which was a 4 per cent increase year on year.

Our EBITDA was $3.9 billion dollars, up 9 per cent on the last year.

Our Residential Average Revenue Per User - or ARPU – was consistent with the fiscal 23 result at $47 dollars, as we signalled to the industry for the second half of FY24, following acceptance and implementation of the SAU Variation.

Our Business Revenue in fiscal 24 was $1.14 billion dollars, which is a 3 per cent increase on fiscal 23.

As at 30 June 2024, we had more than 8.6 million homes and businesses connected to the nbn network, which represents a net increase of approximately 50,000 premises over the last 12 months.

Throughout fiscal 24, we continued to extend fibre to new homes and businesses in new residential communities and business precincts across Australia.

During the year, we made an additional 150,000 residential and business premises Ready to Connect, taking the total number of Ready to Connect premises to over 12.4 million at 30 June 2024.

Throughout fiscal 24, we continued to deliver on our purpose to lift the digital capability of Australia.

And no more so than delivering on our commitment to continually upgrade our network to meet current and future customer demand for high-speed services and increased volumes of data.

In fact, since completion of the initial nbn network build in June 2020, we have announced investments to upgrade the Fixed Line and Fixed Wireless networks totalling over $6.5 billion dollars.

*(Slide depicting Fixed Line network download speed capabilities)*

Our largest fibre upgrade program is the Fibre-to-the-Node to Fibre-to-the-Premises, network upgrade program, which will enable up to 3.5 million premises to access our fastest residential on demand[1] wholesale download speed tier of close to 1 Gbps[2] by the end of 2025.

This includes the Government's announcement to contribute $2.4 billion dollars in equity towards the roll-out of fibre to an additional 1.5 million Fibre-to-the-Node premises.

Our Fibre-to-the-Node upgrades have now enabled 2.4 million premises to become eligible for full fibre upgrades.

*1 Conditions, eligibility criteria and costs may apply – please speak with your preferred provider. Eligibility criteria includes among other things, being esignated by nbn as a simple premises and 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.*

*2 Regardless of the retail service a customer purchases, the actual wholesale speeds delivered by NBN Co's highest residential wholesale speed tiers of 500 to close to 1000 Mbps will be less than 1 Gbps due to equipment and network limitations and the peak information rate may fall anywhere in this range. Reference to speeds are not customer speeds; they are wholesale layer 2 peak information rate bandwidth provided to retail providers. A customer's experience, including the speeds actually achieved over the nbn® network, depends on some factors outside NBN Co's control (like equipment quality, software, and how a retail service provider designs its network) and the NBN Co technology used for the connection.*

At the end of fiscal 24, more than 8.84 million premises – or 78 per cent of the Fixed Line network - were eligible to access our highest residential speed tier, nbn Home Ultrafast, which offers peak wholesale download speeds of 500 Mbps to close to 1 Gbps.

We are on track to enable over 10 million premises – or up to 90 per cent of the Fixed Line network – to access close to Gigabit speeds by the end of 2025.

During fiscal 24, our full fibre roll-out reached major milestones in Victoria and New South Wales by enabling more than one million premises across each state to be eligible for full fibre upgrades on the nbn network.

*(Slide depicting speed leadership program)*

In March 2024, we launched a consultation with industry that proposed changes to some of our bandwidth profiles on the HFC and fibre networks including five times faster wholesale download speeds on our popular **nbn** Home Fast product.

We also proposed to triple the wholesale download speed of **nbn** Home Superfast.

And to double the wholesale upload speed of **nbn** Home Ultrafast.

Then soon after, in May 2024, we responded to early feedback from internet retailers about bringing forward discussions on 2 Gigabit per second wholesale download speeds on the HFC and fibre networks.

We also issued a related consultation paper on Next Generation FTTP Network Termination Devices, which are referred to as NTDs or simply 'nbn connection boxes.' These devices will eventually enable nbn to provide speeds even higher than 2 Gbps.

The deadline for retailers' feedback was the end of June – and we expect to publish the outcomes of that consultation process in coming weeks.

I'm pleased to report that feedback from retailers has been supportive.

We acknowledge and appreciate the positive engagement and collaboration from retailers as we help unlock the social and economic benefits of broadband across our nation.

Our Hybrid Fibre Coaxial, or HFC network - currently passes 2.5 million premises - and is already capable of delivering close to gigabit speed. It currently serves approximately 2 million customers that have so far connected to the HFC network.

*(Slide depicting regional Australia)*

We are on track to deliver a major upgrade of our Fixed Wireless network by the end of 2024 to help meet the growing data demands of regional Australia.

We're enhancing nbn's Fixed Wireless broadband network with increased capacity and higher speeds across Australia through a $750 million dollar investment, made up of $480 million dollars from the Commonwealth Government and an additional $270 million dollars from nbn.

As part of the upgrade program, nbn has increased the potential maximum wholesale speed on the popular nbn Fixed Wireless Plus Plan, which is available to more than 700,000 homes and businesses across regional Australia.

Following industry consultation, in June 2024 we launched two new Fixed Wireless high-speed tiers which are now being progressively rolled out by a growing number of participating providers in eligible upgraded locations.

These enable even faster wholesale nbn network download speeds of up to four times faster than was previously available.

Our Fixed Wireless infrastructure sites will have their footprint coverage expanded by up to 50 per cent, enabling approximately 120,000 former satellite-only premises to access nbn Fixed Wireless services.

The Fixed Wireless upgrade has also enabled us to offer improved **nbn** Sky Muster services.

These are our first residential grade satellite plans to offer uncapped data - subject to fair use and shaping – and at varying wholesale price points, to suit different needs and budgets.

**Growing data demands**

Our proposed acceleration of the speed tiers is in response to the step-change in technology adoption and usage in Australia and globally.

*(Slide depicting Accenture research metrics)*

Economic research from Accenture, commissioned by nbn and published in February 2024, shows that our network is supporting productivity and social equity for the nation.

Turning to my next slide, the Accenture report found that for every one megabit per second increase in average broadband speed, Australia's productivity-driven GDP increased by 0.04 per cent on average between 2012 and 2022 - with a cumulative GDP uplift estimated at $122 billion dollars.

The research estimated that the impacts of a faster, higher capacity nbn network were 16 times more in remote areas, and twice the impact in regional areas than in capital cities.

In the years ahead, you will see the many benefits of the investments that we are making today flow through to our product mix, revenues, EBITDA and cashflow – all of which underpins our ability to constantly reinvest.

In May 2024, we published our wholesale tariff list for FY25 and a three-year wholesale pricing roadmap for FY25-27, as we are required to do under the Special Access Undertaking.

Throughout fiscal 24, we have remained committed to continually improving performance and providing a great experience to consumers.

*(Slide depicting network availability)*

Our network also performed well. Our national average network availability[3] was 99.96 per cent – which was ahead of our target.

We exceeded our targets for meeting the agreed installation and agreed fault restoration times, having technicians arriving at premises within the agreed window. And we also met our targets for reducing faults reported on the nbn network.

These key metrics are delivering improved customer experience, with customers connected faster and experiencing fewer outages due to faults.

We will continue to work with retailers to deliver a positive customer experience and enable customers to enjoy great broadband services.

Our solid financial position at the close of fiscal 24 is a great springboard for delivering our network investment plan to support the nation's growing digital needs.

*3 Percentage of time the nbn access network is available and operating. For this measure, the network is considered 'unavailable' during the time NBN Co is restoring services following the raising of a fault. It doesn't include periods where the network is unavailable due to operational outages for network upgrades and improvements or events beyond NBN Co's control.*

I will now hand over to Richard who will share more detail on our financial and capital management plans.

Thank you, Richard.

## Interim CFO speech

Richard Cairns to discuss the Company's financial performance and progress.

**Part Two – Philip Knox, Interim Chief Executive Officer, continued…**

*(Intro slide)*

Thank you, Richard.

As you've heard, fiscal 24 was a solid year for nbn. We delivered our financial and operational results in line with guidance.

And this sets us up to support the nation's rapidly accelerating digital demands.

**Industry insights**

*(Slide on data demand growth)*

According to the ACCC, and a recent digital consumer survey, the average household consumes on average 452 gigabytes of data per month to power 22 household devices.

This compares to 30 gigabytes of data per month for five household devices a decade ago.

We expect this to grow to 33 devices per household by 2026 and 40 devices, on average, by the end of the decade.

In just six years, data volumes have tripled across Australia. And we know the growing need for broadband will reach even higher levels over the next decade as the internet continues to transform how we live and work.

By 2026, it is predicted that nearly three quarters of households will be using some form of 'smart home' connected device such as household appliances, security cameras and lighting systems.

Today people are relying on the internet for connected health, such as health monitors and baby monitors.

There's growing use of smart appliances such as air conditioners, washing machines and fridges, energy saving smart home products, smart security surveillance and even smart home pet care devices.

We know the rise of emerging technologies like generative AI will further increase broadband demand.

AI will require real-time data in both upload and download, as consumers and businesses alike begin to leverage the possibilities and productivity efficiencies enabled by AI.

These emerging technologies rely heavily on high speed, low latency broadband connections.

So, for us at nbn, we continue to invest in network upgrades so that the right technology is ready for the industry and for our nation, when it is needed.

nbn will continue to work with retailers to upgrade customers to higher speeds as their needs evolve, enabling better customer experience and more participation in the digital economy.

**Outlook for FY25 and beyond**

I would now like to briefly look at the years ahead - and for nbn - the job to be done.

We will continue to work with developers, competing in the market for new estates and new buildings. These new developments will be served by fibre, so we will expand our fibre reach along the way as a result.

We will continue to enhance the capability of our transit network which consists of over 76,000 kilometres of fibre. This is a huge super-highway that connects more than 1,500 of our network sites across the nation.

This fibre technology is crucial because the transit network carries 83 per cent of Australia’s data.

We are evolving this network with the next generation of technology, building greater capacity along the way.

We are committed to delivering a better broadband experience, while reducing the environmental impact of our network operation. As a result, we are enabling customers to realise significant social, economic and environmental benefits in a digital world.

**Social licence**

We continue to tackle barriers to digital inclusion by providing people across Australia with access to online government services, education, health and connectivity.

*(Slide on SSBI)*

nbn is proud to support the Government's School Student Broadband Initiative, known as SSBI, which was set up to provide free nbn home internet for families with school aged students who are not connected to services over the nbn network.

We have now provided access to fast, reliable internet to over 15,000 families who may otherwise be without this essential service.

During fiscal 24, the new SSBI national referral centre run by Anglicare Victoria was established so families can self-nominate for the program. And the free service period has been extended until the end of 2025.

nbn initiated and chairs the Low-Income and Digital Inclusion Forum (LIDIF) with the aim of identifying possible targeted initiatives to improve access, affordability, and digital ability for low-income, vulnerable, and unconnected users of the nbn network.

*(Slide on First Nations)*

Through the installation of 107 community Wi-Fi points within 101 First Nations communities around Australia, nbn is enabling access to essential services such as telehealth, MyGov, online education and mentoring services.

Through a $20 million grant from the Commonwealth Government, announced in February 2024, we are rolling out free community-wide Wi-Fi to a further 23 remote First Nations communities.

A further strand in our strategy is to play our part in supporting Australia's transition to a net-zero economy by 2050.

*(Slide depicting sustainability)*

By replacing copper connections in the network with more energy-efficient fibre, we aim to enable long-term reductions in network power demand, leading to both reduced emissions for nbn and avoided emissions for households and businesses.

In fiscal 24, we made progress on our commitment to 100 per cent renewable electricity purchases from December 2025 with announcements of our three Renewable Power Purchase Agreements (PPAs).

In September 2023, a new solar farm at West Wyalong in the Riverina area of New South Wales, was officially completed and switched on. This was enabled by our first Renewable PPA.

**Closing remarks**

Finally, we are totally committed to further improve the experience customers receive over the nbn network from retailers and reduce costs for nbn and the industry as a result.

*(Slide depicting digital capability purpose)*

More fibre connections lead to lower faults, more reliability, greater customer experience, higher speeds and lower operational costs for nbn and retailers.

Our investments in fibre, higher speeds and greater network operational capacity are designed to enable access to the economic and social opportunities that come from a more connected Australia.

This is, of course, good for our business as we prudently invest, reduce our costs and build residential ARPU and business revenue.

But it is also good for Australia. Fast broadband delivers productivity benefits for the nation and assists in social equity. This is central to everything we do at nbn.

As we support the nation's growing digital demands, we will stay true to our purpose to lift the digital capability of Australia to ensure the positive social and economic benefits made possible by fast broadband are accessible to everyone.

Thank you, we will now take questions.

**ENDS**