

Stephen Rue – Part one

Good morning and welcome to NBN's third quarter results announcement for fiscal 2020.

I trust you've all received the email containing the media release and presentation slides.

If not, these materials are now available on our website.

Joining me online today is our Chief Financial Officer, Philip Knox. Also joining me are Chief Customer Officer Residential, Brad Whitcomb and Chief Customer Officer Business, Paul Tyler.

Before we get into the details of this quarter's results, I first wanted to make some comments about the recent announcement of our private sector funding.

As many of you will be aware, this is our inaugural, long-term borrowing from private debt markets and has seen us enter into bilateral agreements with a group of banks to receive credit facilities totalling \$6.1 billion.

Our finance team ran a very competitive process and our offer was oversubscribed which is an incredibly strong endorsement of NBN's future outlook.

Securing these credit facilities will help us finish the job of building the network and provide flexibility to maintain a financially prudent level of liquidity, and the opportunity to accelerate value accretive initiatives.

Significantly, this raising has been secured with no covenants and no government guarantees, which is testament to the incredible asset we have built for the nation, the strong financial foundations we have laid for this business, and the long-term outlook on our ability to create real social and economic value for the nation through nbn.

The securing of this funding also comes at a time when the nation, businesses and schools have needed nbn like never before.

With the majority of the country working, learning and communicating with friends and loved ones from home, access to reliable and affordable broadband has never been more important.

There is no doubt that the COVID-19 pandemic and its wide ranging impacts on the economy, on business, on schooling, on life as we knew it, has been a huge challenge for us all.

For nbn it's presented us with our biggest test and our biggest opportunity.

It's been our biggest test because never before has the nation relied on broadband connectivity like it does today.

And in respect to that test, I can proudly say that not only has the network held up, it's performed exceptionally well.

But it is no matter of luck that the network has performed so well over this period.

This is what the nbn was built to do.

And it's what the thousands of employees - both internal and external - have been working towards over the past decade: to build this critical piece of telecommunications infrastructure to support the nation's digital needs now and into the future.

We as an industry and as a nation are fortunate to have this network, and it's worth considering what life through this crisis could have been like without nbn and the fast, reliable broadband it provides us all with.

Without nbn, we would be a nation without the capability to work from home as millions of Australians are now doing every day.

Without nbn, we would be a nation without the capability for our children to connect to their virtual classrooms.

Without nbn, we would be a nation without the access to online tools to keep us productive and the economy going through this crisis.

Had Australia not embarked on this critical infrastructure build a little over ten years ago, large swathes of the population would today be fumbling their way through this crisis, relying on an antiquated blend of ADSL and dial-up connections.

But thanks to the nbn, we have a nationwide broadband network that is closing in to completion; a network where:

- we have made more than 11.2 million homes and businesses ready to connect and we remain on track to meet our full year target of 11.5 million;
- we have connected more than 7 million households and businesses – that’s 17 million Australians;
- and we have a network that is fast approaching cash flow positive, which means we will soon have the financial independence to further invest in this vital infrastructure.

These significant milestones have become more meaningful in the uncertain times we are all living through due to COVID-19.

That has been evidenced not just in the data demand we have seen on the network – which is tracking at significantly higher levels than the pre-COVID-19 baseline – but also in activations over the last fiscal quarter.

As I mentioned just before, we now have more than seven million homes and businesses on the network.

We achieved that milestone two months ahead of budget, as more than 445,000 new customers came onto the network in the three months to March 31.

The third quarter also saw us make 670,000 homes and businesses Ready to Connect, while Average Revenue per User increased to \$45 thanks to more customers taking up higher speed plans which helped revenue increase 38 per cent to \$2.8 billion for the nine months to March 31.

I'll provide some more detail on these trends a bit later, but for now I will hand over to Philip who will take you through this quarter's results.

--- PHILIP KNOX SPEECH ---

Stephen Rue – Part Two

Thank you Philip.

The past quarter, and indeed the past nine months, have been another period of operational excellence for nbn.

Even with the disruptions and obstacles caused by this year's bushfires and COVID-19, we continue to track closely with the forecasts in our Corporate Plan for activations, earnings and revenue, and importantly we remain on track to meet our target to make 11.5 million homes and businesses ready to connect by the end of fiscal 2020.

Even with those promising results, it is no exaggeration to say this has been one of our most challenging quarters.

When we last updated the market on results in February, the disruption and economic damage that COVID-19 was about to unleash on the world was just beginning.

Since that time, the importance of this critical asset has been cast under the national spotlight and I am proud to say that we have met every challenge thrown at us.

We have continued business-as-usual activities - rolling out the network, connecting homes and business, and investing in better customer experience - while many industries and workplaces have been forced to slow down.

This is an incredible achievement and testament to the hard work of all our people who have banded together, put the nation's needs above their own and worked tirelessly around the clock to ensure we all stay connected through this crisis.

By working closely with the industry we have ensured the nbn can support the nation's increasing online needs by:

- boosting CVC capacity by 40 per cent, at no charge to our retail partners;

- we have effectively doubled the average data download limits on our Sky Muster satellite service to ensure those in rural and regional Australia can stay connected
- Both of these initiatives were recently extended for another two months – through to the end of July - because we know how crucial it is for the nation to have access to reliable and fast broadband services as Australians continue to work, study and be entertained at home.
- We've also released \$150 million in financial assistance packages to ensure low-income households can continue to be connected to the internet. Our overall intent with this package is simple: to ensure no home or small business gets disconnected because they can't afford to pay their broadband bill. Created in consultation with industry, the relief fund is aimed at helping internet providers connect low income households with home schooling needs, supporting emergency and essential services and assisting small and medium businesses and residential customers who are facing financial hardship.

While I believe it's important to recognise the hard work that the telecoms industry has done to support the nation through this, we are not yet out of the woods when it comes to COVID-19.

Government and health experts continue to advise that we should expect more months of social distancing which means telecoms networks will continue to play their vital role in keeping the nation connected.

We have already seen significant changes to our network profile as more people work and study from home and as they increasingly turn to the internet for entertainment.

Since the start of April we have been keeping the public up to date with the data demands being placed on our network by releasing weekly metrics showing how network usage has changed since COVID-19 and social distancing measures came into effect.

These metrics are fascinating and I encourage you to go to our website and check these out each week as they are released.

They show that since social distancing measures were introduced, data demand across our network has increased by more than 70 per cent during the daytime business hours.

We have also seen large increases in our usually busy evening period, and just two weeks ago we recorded the highest ever throughput peak in the history of nbn at 13.9 terabits per second.

This phenomenal amount of data represents an increase of almost 27 per cent for the evening peak compared to the pre-COVID period.

But it's not just downloads that have experienced large increases.

Uploads too have increased by more than 100 per cent in daytime hours as businesses and schools also rely on nbn to stay connected.

We feel it's important to highlight these figures to the public so they can see the very real impact that millions of Australians working and studying from home has had on the nbn.

These metrics also make two important points about nbn.

The first is that these increases show how the data needs of the nation have been accelerated by COVID-19.

Whether it's school children using broadband to access online education tools; health clinics conducting telehealth consultations; or workforces supporting more of their

employees from home – the importance of investing in, and maintaining a ubiquitous, high-speed, broadband network has never been clearer.

The second important point about these metrics is that they show just how well the nbn has been built to handle the ever growing data demand from our customers.

For the vast majority of nbn customers, these massive increases would have gone unnoticed because our infrastructure has held up so well.

We know the customer experience of the nbn during these COVID-19 times has been exceptional with our internal metrics tracking at their best ever levels.

This shows that we have built a network that has handled the rigours of significantly increased usage, while also keeping congestion, faults and outages at very low levels.

Of course, the increased usage we are seeing and the strong performance of the network has also been possible thanks to the 40 per cent extra capacity we have offered to internet providers free of charge.

This credit of capacity back to internet providers and the \$150 million relief package, clearly have a financial impact on nbn, but we have absolutely no reservations about making these decisions.

In fact, we are incredibly proud to support internet providers and the nation with these offers and relief measures if it means more Australians can stay connected through this crisis.

Prioritising the immediate needs of our customers at this unprecedented time – even if it means a cost consequence to us - is simply the right thing to do to.

It's worth pointing out these data trends because they clearly show the world has changed when it comes to broadband consumption.

We don't foresee network usage going back to the pre-COVID-19 levels, instead we expect more people to be working and studying from home in the future and this will certainly result in a lift to nbn data demand.

And we expect many of the business and social trends we have seen to continue. Indeed, we see an acceleration of the digitisation of the economy.

We've shown that this network can handle that load, but we also know that we need to continue investing in this network to ensure we keep up with the ever-increasing demands from the nation.

It's why we remain focused on achieving our operational objectives so we can edge closer to cash-flow positive territory and the financial independence to continue investments in this critical asset.

OUR PURPOSE

At nbn, it is our purpose – to lift the digital capability of Australia - that guides us and drives us every day.

It is that purpose that leads us to seek to support Australians in their everyday lives: as they are educated; seek health advice; connect with loved ones. As they build up their small businesses or as they work from home.

To uplift digital capability is why we were created, and it is why we are what we are today.

And never before in our history has that purpose been so relevant.

We have seen that digital capability being uplifted as people learn new ways to educate and be educated; to give and receive healthcare; and to work from new environments using new tools.

The importance of speed, of the modem and WiFi setup, and of computer skills has never been better understood.

We stand ready and willing to support Australians into the future as digital tools and the use of online services becomes increasingly important.

OUTLOOK

So finally, like the nation and businesses everywhere, we are yet to see the full implications of COVID-19 play out.

But while we may not know how long, or how far the fallout from this health and economic crisis will extend, we do know that nbn will be here to support the nation.

We will continue rolling out the network, connecting Australians and we will keep investing in this network for all Australians so that when the time comes to recover we will be ready.

Thank you, we will now take questions.

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