

NBN Co

Full Year Results

28 August 2014

This document sets out NBN Co's proposals in respect of certain aspects of the National Broadband Network. The contents of this document represent NBN Co's current position on the subject matter of this document. The contents of this document should not be relied upon by our stakeholders (or any other persons) as representing NBN Co's final position on the subject matter of this document, except where stated otherwise. NBN Co's position on the subject matter of this document may also be impacted by legislative and regulatory developments in respect of the National Broadband Network. All prices shown in this document are exclusive of GST.

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Bill Morrow

Chief Executive Officer



NBNCo

Bringing broadband to life

Our goals

- Universal access to broadband
- Competition and consumer choice
- Speeds and capacity
- Value



FY14 progress

- Doubled premises ready for service
- Tripled end users
- Quadrupled revenue



FY14 progress

- Conflicts resolved
- FTTB/N trials
- Interim Satellite Solution
- Long Term Satellite and Fixed Wireless
- Company culture



Our culture

- Transformation
- Governance
- Process management
- Structure

“Premises passed” to

“Premises connected”

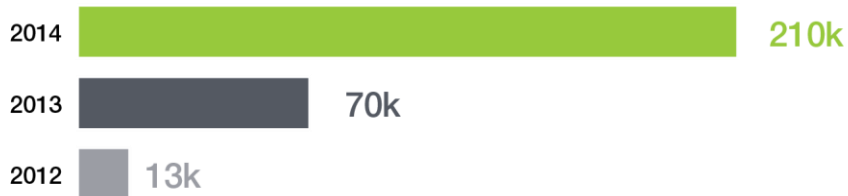


Agenda

1. Introductory remarks
2. Customers – **Bill Morrow**
3. Network – **Greg Adcock**
4. Financials – **Stephen Rue**
5. The year ahead
6. Questions

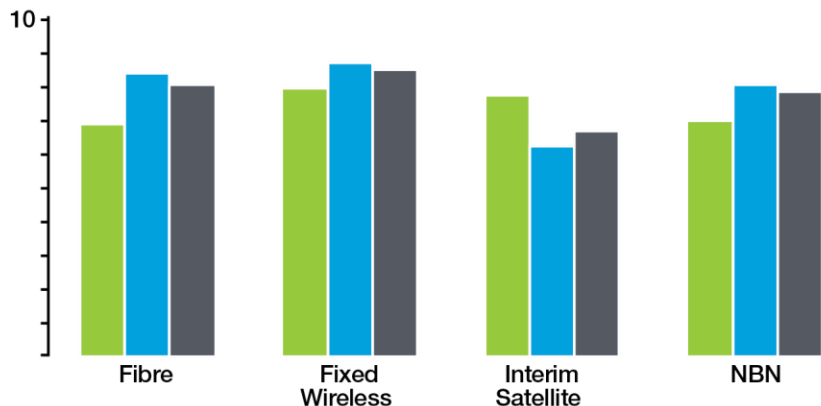
End-user experience

Premises Activated



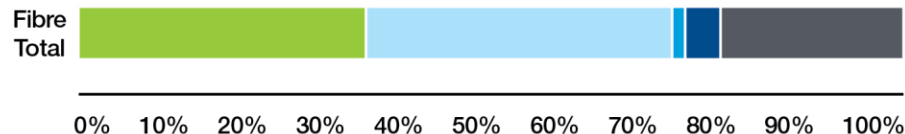
End User Satisfaction

■ Activation ■ Use ■ Overall Satisfaction

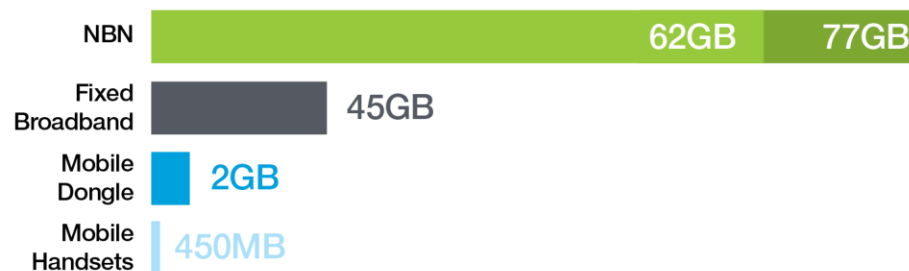


Product Mix

■ 12/1 ■ 25/5 ■ 25/10 ■ 50/20 ■ 100/40



Data Consumption



Our customers



6.4

Customer Experience Metric

Greg Adcock

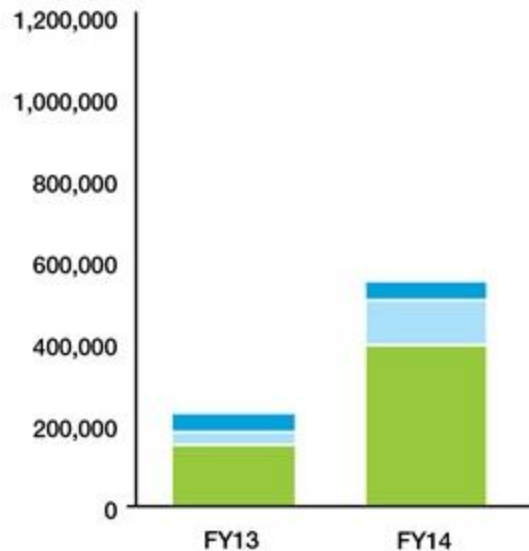
Chief Operating Officer



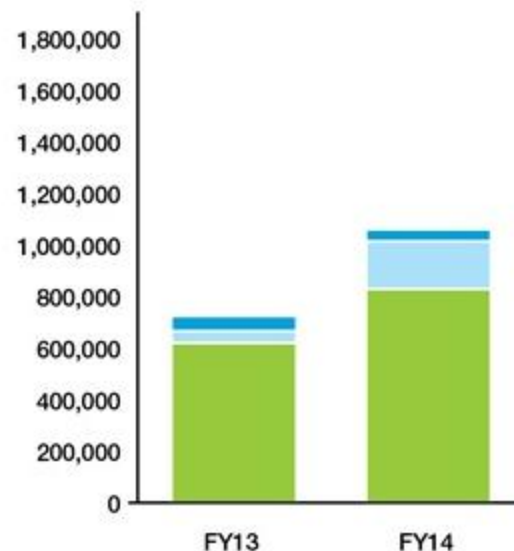
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Key network data

Premises Serviceable



Build Commenced



■ Fibre ■ Wireless ■ Interim Satellite

Fibre to the Premises

- FY15 construction program agreed with Delivery Partners
- Work packages issued in contiguous geographies
- Commercial disputes no longer impeding construction progress
- Increased focus on connecting premises to Service Class 2



Fixed Wireless

- Total **1,005 sites** acquired – includes 145 during the quarter
- Total **457 sites** integrated – includes 126 during the quarter
- **222 base stations** built ready to activate



Long Term Satellite

- Payload reference performance testing for NBN 1A complete, confirms theoretical performance predicted through initial modelling
- Construction complete at 7 of the ground stations and is well underway at the remaining 3
- Contract with Ericsson for Fixed Wireless and Satellite Network Operations



Fibre to the Building

- 8 MDU sites selected in Victoria to participate. First services activated on 20 March 2014. Total of 50 orders activated

- Average speeds experienced above **100 Mbps downstream / 45 Mbps upstream** with little variation between services



Fibre to the Node

Pilot

- 10 nodes in Woy Woy NSW
- Initial speed results vary between 95-97 Mbps downstream / 28-34 Mbps upstream
- Survey work in Epping VIC

Deployment Program

- Construction commences in September with the first three areas of Belmont NSW to be handed over in December 2014
- Majority of 1000 nodes to be handed over by end June 2015
- FY15 commercial launch



Hybrid Fibre Coaxial

- Telstra and Optus discussions progressing with scope and timelines being locked down
- RFP for CMTS released. Initial presentations from key vendors completed on 25 August 2014
- Development work is underway for outside plant and equipment RFP

MTM capable, stimulated industry

Three interrelated activities required:



Stephen Rue

Chief Financial Officer



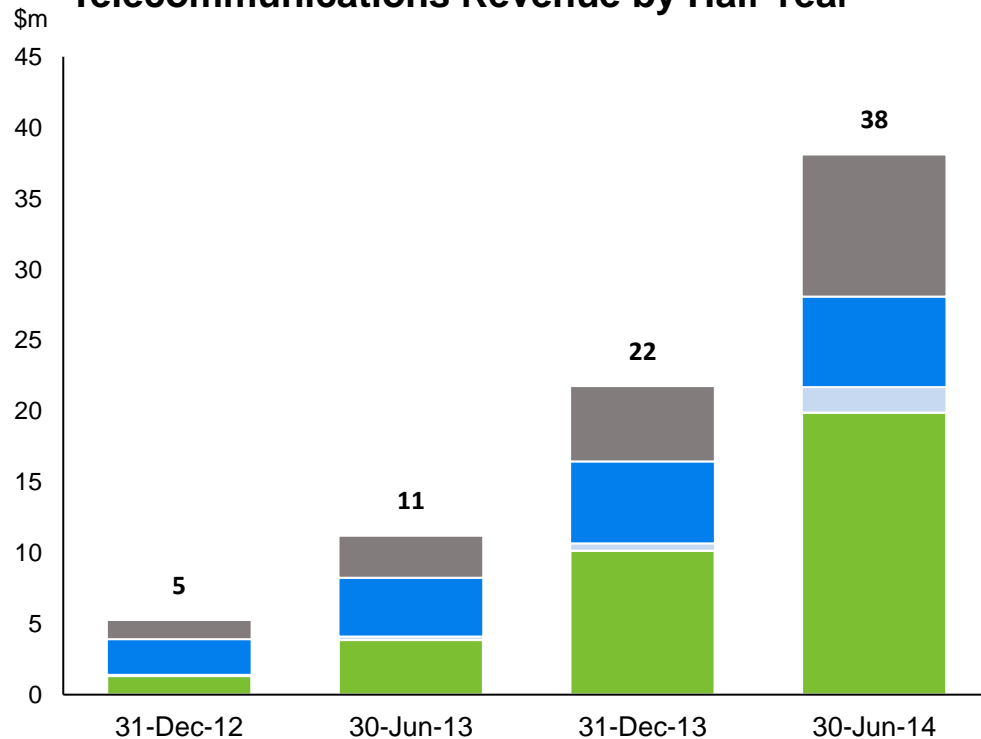
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Summary Financials

\$m	30-Jun-12	30-Jun-13	30-Jun-14
Total Revenue	2	17	61
Operating Expenses	(509)	(749)	(1,065)
EBITDA	(507)	(732)	(1,004)
EBIT	(581)	(929)	(1,439)
Total Assets	2,467	5,519	9,468
Contributed Equity	2,832	5,228	8,418

Telecommunications Revenue

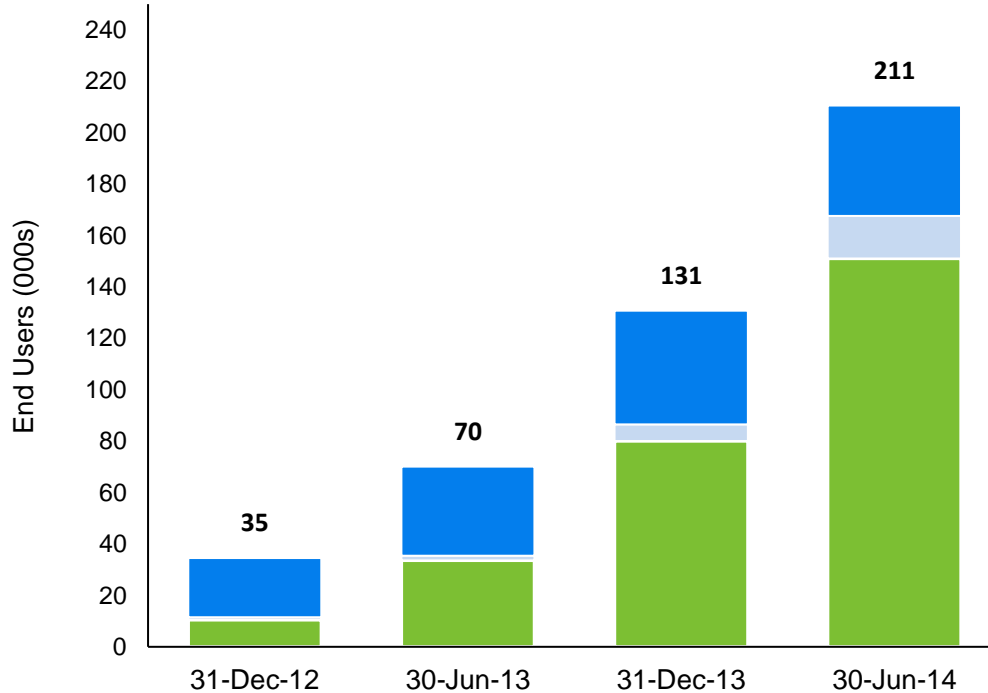
Telecommunications Revenue by Half Year



\$m	Full Year	
	30-Jun-13	30-Jun-14
CVC/NNI	4	15
Satellite AVC	7	12
Wireless AVC	0	2
Fibre AVC	5	31
Total	16	60

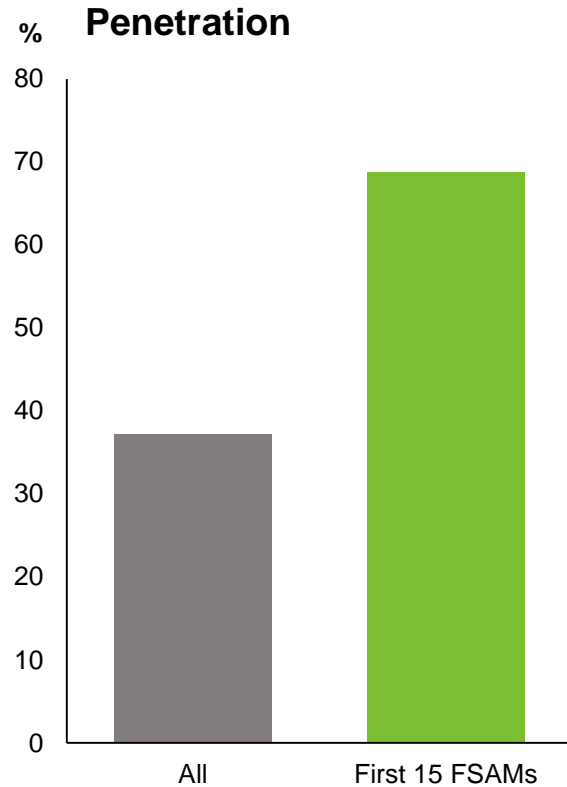
Active End Users

Cumulative Active End Users by Half Year



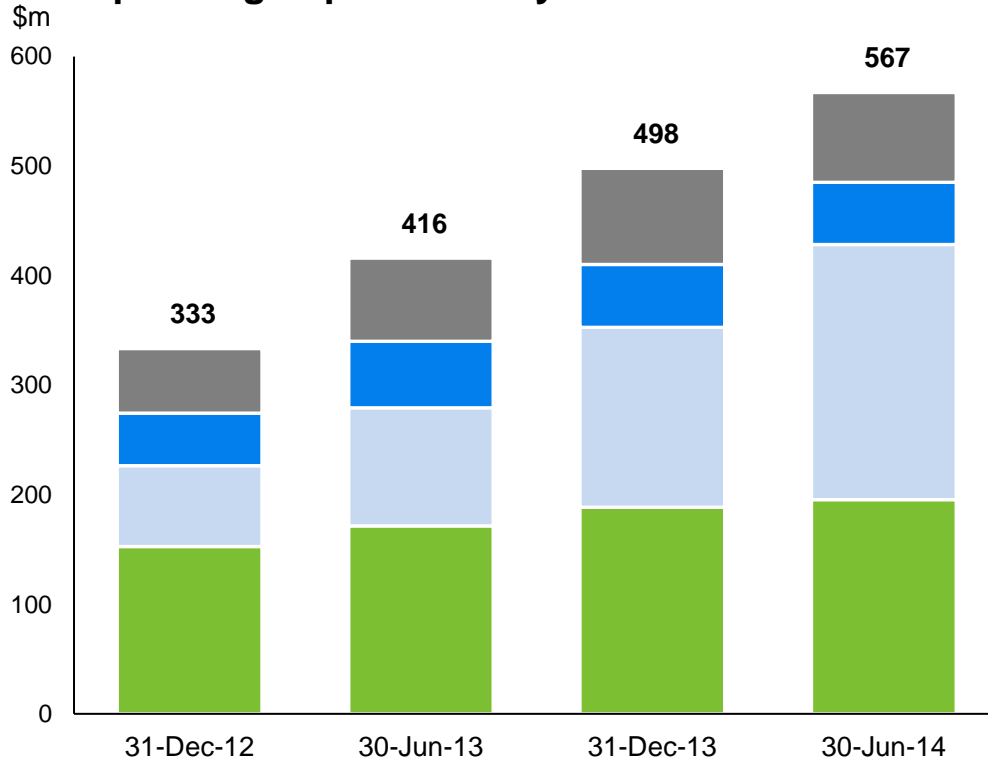
Cumulative End Users	As at	
	30-Jun-13	30-Jun-14
Satellite	34,640	42,948
Fixed Wireless	1,874	16,553
Fibre	33,586	151,127
Total	70,100	210,628
ARPU	\$37	\$37

First NBN Communities



Operating Expenditure

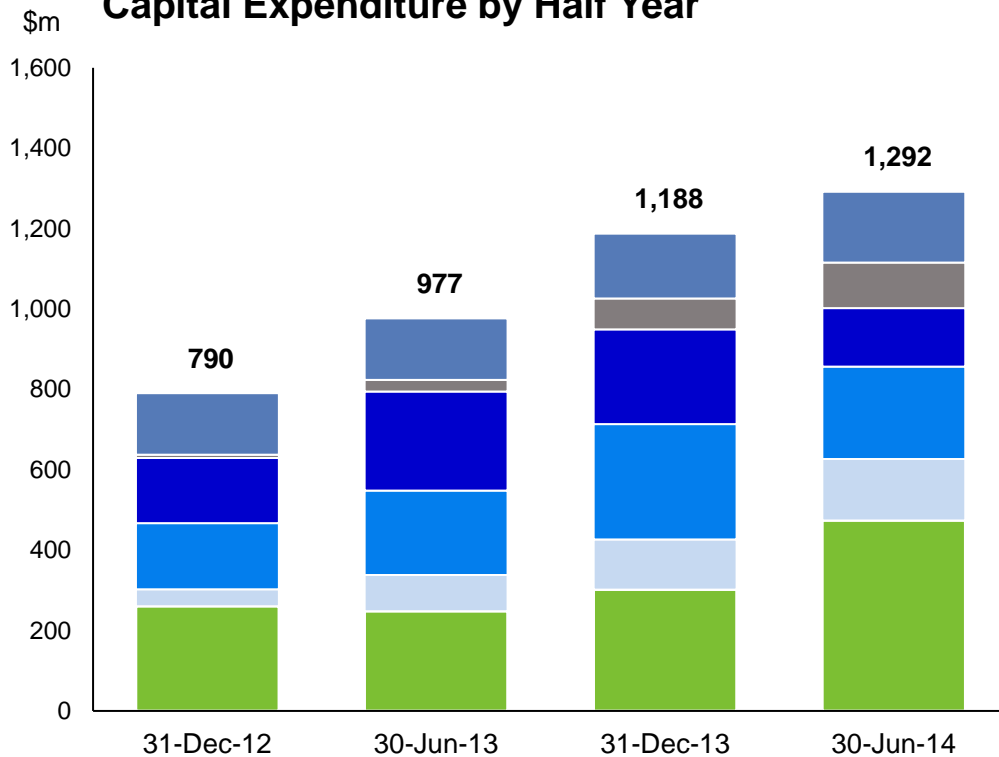
Operating Expenditure by Half Year



\$m	Full Year	
	30-Jun-13	30-Jun-14
Other	134	170
IT & Software Costs	109	114
Direct Telecom Costs	182	397
Employee Expenses	324	384
Total	749	1,065

Capital Expenditure

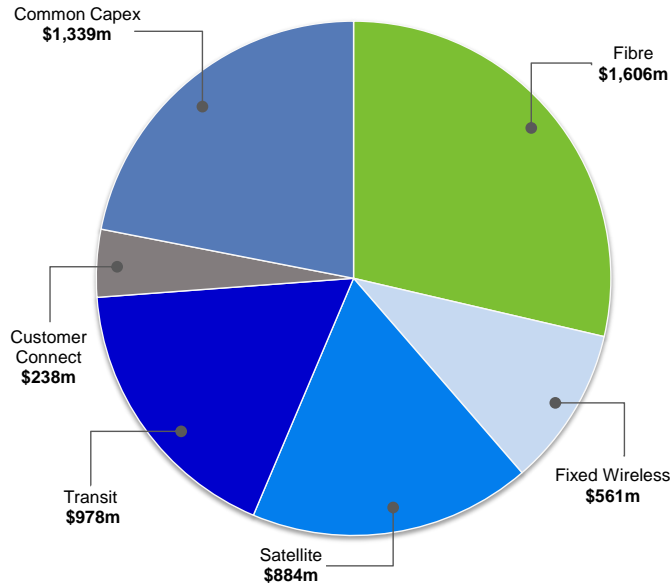
Capital Expenditure by Half Year



\$m	Full Year	
	30-Jun-13	30-Jun-14
Common Capex	306	337
Customer Connect	37	190
Transit	409	382
Satellite	374	517
Fixed Wireless	132	278
Fibre	509	776
Total	1,767	2,480

Capital Expenditure

Life to Date Capital Expenditure - \$5.6bn

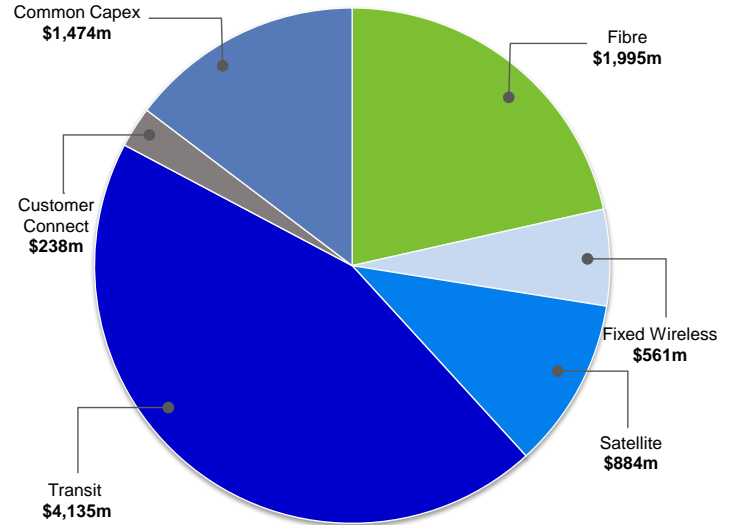


Assets
under
Finance
Lease
+ \$3.4bn

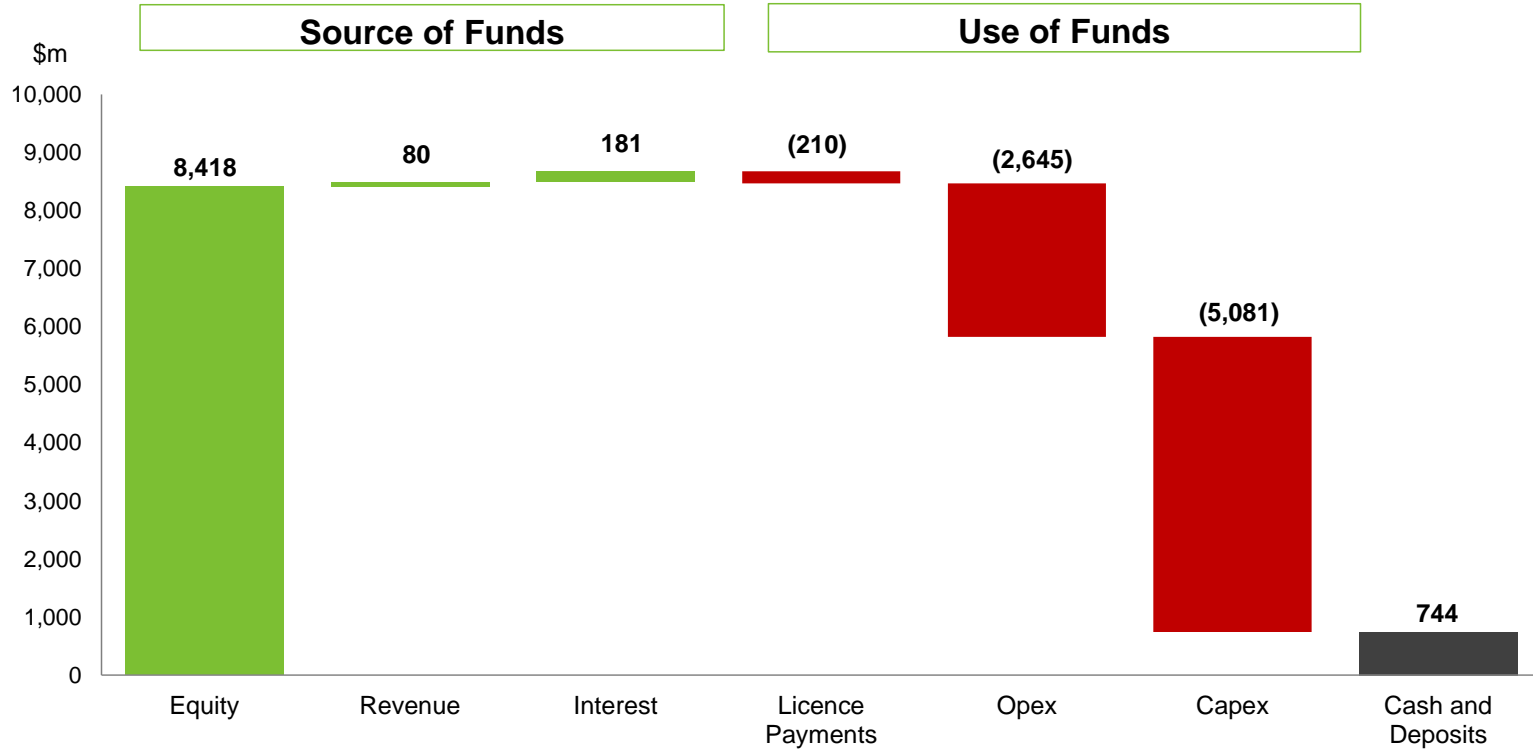
Gifted
Assets
+ \$0.2bn

Other
+ \$0.1bn

Life to Date of PP&E and Intangibles - \$9.3bn



Life to Date Cash Flow



Bill Morrow

Chief Executive Officer



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8 Million satisfied families and businesses

All premises
serviceable

Products &
services

Economic
efficiency

Internal
culture

Cost per
premises

ARPU

Government
Equity & IRP

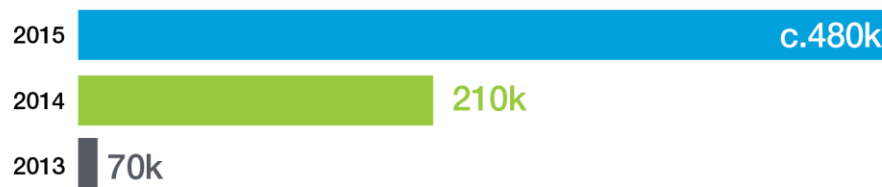
Motivated
employees

2015 targets

Premises Serviceable



Premises Activated



End User Satisfaction



Annual Revenue



Questions and Answers



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