



# Media release

Tuesday 10 August 2021

## NBN Co delivers reliable, secure, high-speed broadband to keep Australians connected and productive during lockdowns; strong revenue and EBITDA growth

### FY21 performance summary for the 12 months to 30 June 2021:

- NBN Co achieves key performance metrics set out in the Corporate Plan 2021
- As at 30 June 2021, the company had raised more than \$14.1 billion in private debt, with \$8 billion raised during FY21. By 30 June 2021, the Company had repaid \$6.3 billion of the \$19.5 billion Commonwealth loan, lowering interest payments
- Total revenue of \$4.6 billion for FY21, up 21 per cent on FY20
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), after subscriber costs, was \$1.35 billion, representing a \$2 billion improvement on FY20
- Good progress on \$4.5 billion network investment program with strong focus on design and construction of local fibre rollout for Fibre to the Node (FTTN) to Fibre to the Premises (FTTP) upgrades and accelerated augmentation to improve speeds and capacity across the Hybrid Fibre Cable (HFC) network
- 8.2 million residential and business premises connected on the **nbn**<sup>™</sup> network, representing a 13 per cent increase on the 7.3 million premises connected at 30 June 2020.

NBN Co generated total revenue of \$4.6 billion in FY21, an increase of 21 per cent year-on-year. Driving the solid revenue performance was the addition of 933,000 residential and business premises that connected to the **nbn**<sup>™</sup> network in the last 12 months and a total of 8.2 million premises connected to the network at 30 June 2021.

The company generated Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$1.35 billion in the 12 months to 30 June 2021. The solid outcome was based on strong revenue growth and a reduction in subscriber payments, resulting in a \$2 billion improvement on FY20 EBITDA. NBN Co's subscriber payments to Telstra and Optus halved in the 12 months to 30 June, decreasing from \$2.4 billion in FY20 to \$1.2 billion in FY21.

The company's strong financial results and predictable, sustainable cashflow creates a solid platform that enables the company to continue to progress and accelerate its network investment plan for the benefit of customers.

Customer demand for the higher speed tiers remained strong throughout FY21 with 75 per cent of customers on retail plans based on wholesale download speed tiers of 50 Mbps and above at 30 June<sup>1</sup>. The company saw a positive market response to its Focus on Fast campaign, which launched on 1 February 2021 to support retailers and encourage customers to upgrade to higher speed tiers.

By 30 June 2021, 17 per cent of residential customers were using plans based on wholesale speed tiers offering download speeds of up to 100 Mbps and above<sup>2</sup>, compared to 9 per cent of premises on download speeds of up to 100 Mbps and above at 30 June 2020.

Following the completion of the initial build by 30 June 2020, capital expenditure for FY21 was \$2.8 billion, down 45 per cent on FY20. Throughout the fiscal year, capital was allocated to 933,000 new connections, design and construction activity to make an additional 233,000 premises ready to connect, capacity upgrades across the network, and its national network upgrade program, which aims to deliver access to **nbn**<sup>™</sup> Home Ultrafast services to up to 75 per cent of premises connected to the **nbn**<sup>™</sup> fixed line network by the end of 2023.

Statutory NPAT improved by 27 per cent or \$1.4 billion in FY21, reducing the statutory loss from \$5.2 billion in FY20 to \$3.8 billion in FY21. NBN Co achieved guidance on revenue, connection and upgrade targets while reducing subscriber payments as it reaches the tail end of disconnections from legacy services.

NBN Co successfully raised more than \$8 billion in private debt during FY21. This included raising \$2 billion in Australian Medium Term Notes (AMTN) and successful inaugural debt raisings in the US capital market through US144A bond issuances. The new debt facilities have enabled the company to repay \$6.3 billion of the Commonwealth loan, reducing the outstanding balance to \$13.2 billion.

### **NBN Co Chief Executive Officer, Stephen Rue, said:**

“The last 12 months have been very challenging for most Australians, but our purpose has never been clearer. NBN Co exists to lift the digital capability of Australia and we reiterate our commitment to provide a secure, reliable, high-speed broadband network to our residential and business customers across the country.

“As the nation faces into new challenges with the lockdowns that were recently imposed in New South Wales, Victoria, Queensland and South Australia, we will continue to support customers and internet retailers through these uncertain times. The **nbn**<sup>™</sup> network is the digital backbone of the nation that will continue to keep Australians connected and productive, educated, informed and entertained today and in the future.

“It is important that we maintain a financially strong and economically viable company that can continue to invest in the network. However, in these challenging times, we continued to provide support to customers and the industry during the year via a range of COVID support measures. This has included almost 12 months of additional CVC capacity at no extra cost to internet retailers, until the end of January 2021; bringing forward the release of additional data inclusions on our wholesale 100/40 Mbps service as well as **nbn**<sup>™</sup> Home Fast, **nbn**<sup>™</sup> Home Superfast and **nbn**<sup>™</sup> Home Ultrafast bundle discounts, which were made available from 1 December 2020.

“We are proud of the measures we have put in place to support the nation, and the balance we have achieved in delivering strong and sustainable operational and financial results. This is what we believe is expected of us by our ultimate shareholders - every Australian taxpayer who has indirectly invested in the **nbn**<sup>™</sup> network. Our financial discipline and the delivery of predictable financial and operational performance gives us a solid foundation for future investment as we work to improve and enhance our customers’ experience of the network.”

### **Network investment update**

NBN Co is making good progress on its \$4.5 billion Network Investment Plan that was announced in September 2020 as part of the NBN Co Corporate Plan 2021, which aims to make the **nbn**<sup>™</sup> Home Ultrafast wholesale speed tier, capable of achieving peak wholesale download speeds of 500Mbps to close to 1 Gbps<sup>3</sup>, accessible to up to 75 per cent of premises on the fixed line network by 2023.

NBN Co has so far identified 1.1 million of approximately 2 million premises in suburbs and towns across all states and territories of Australia that will be eligible to upgrade from Fibre to the Node (FTTN) to Fibre to the Premises (FTTP) to gain access to higher speed tiers, on demand, by the end of 2023. To date, the company has commenced the detailed design process for the local fibre network that will pass approximately 467,000 premises, and it has commenced the roll out of new fibre to pass the first 100,000 premises. By calendar year

end, the company plans to initiate a small volume launch of FTTN to FTTP upgrades, making up to 10,000 premises eligible to access to **nbn**<sup>™</sup> Home Fast and other higher speed services on demand, before scaling the program throughout 2022 and 2023.

NBN Co also made very significant progress, ahead of schedule, on its Hybrid Fibre Cable (HFC) network enhancement program in FY21. This program will increase the proportion of HFC customers able to access NBN Co's higher wholesale speed plan – **nbn**<sup>™</sup> Home Ultrafast. As at 30 June 2021, all of the 2.5 million premises in the HFC footprint could access wholesale download speed tiers of up to 250Mbps, and around 87 per cent of HFC premises could access **nbn**<sup>™</sup> Home Ultrafast.

Since the launch of NBN Co's Business Fibre Initiative, which included the establishment of 240 **nbn**<sup>™</sup> Business Fibre Zones throughout Australia, the response from the industry has been encouraging with the company receiving an uplift in Enterprise Ethernet orders.

As part of the company's commitment to supporting businesses, it has announced the creation of 44 new **nbn**<sup>™</sup> Business Fibre Zones to deliver high-speed fibre to an estimated 60,000 additional eligible business premises across Australia when they order a premium business **nbn**<sup>™</sup> Enterprise Ethernet service. The creation of the new Business Fibre Zones follows the company's investment to create the first 240 **nbn**<sup>™</sup> Business Fibre Zones, offering direct fibre connections and enabling access to business-grade broadband to more than 770,000 eligible premises across Australia.

#### 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.
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** provides wholesale services to phone and internet providers. An end customer's experience, including the speeds actually achieved over the **nbn**<sup>™</sup> network, depends on the **nbn**<sup>™</sup> access 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**'s control (like their equipment quality, software, chosen broadband plan, signal reception, or how their provider designs its network).

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