

NBN Co Half Year 2025 Financial Results

12 February 2025



ELLIE SWEENEY

Chief Executive Officer

LIFTING THE DIGITAL CAPABILITY OF AUSTRALIA



NBN Co is on track to meet performance metrics and full year guidance

Network and customers

12.52m

Premises Ready to Connect (RTC)
FY24: 12.44m

8.62m

Homes and businesses connected
FY24: 8.61m

Business performance

\$2.9bn

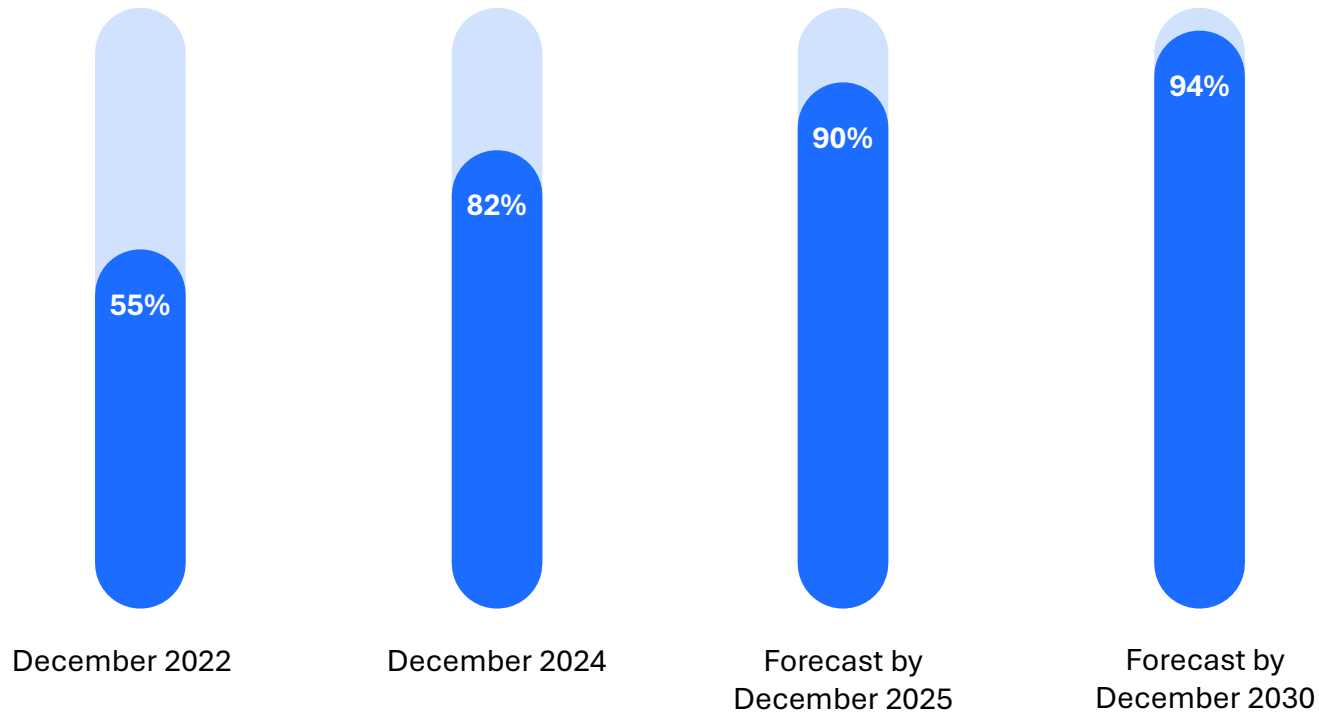
4% increase in revenue
HY24: \$2.8bn

\$2.1bn

7% increase in EBITDA
HY24: \$2.0bn

OVERALL IMPROVEMENTS IN NETWORK SPEED, RELIABILITY AND CONSISTENCY

Close to 1 Gbps download speed capabilities on nbn's Fixed Line network



At completion of current network investment plan



CONNECTING REGIONAL AUSTRALIA

NBN Co has delivered on its commitments to expand coverage and increase the speed and capacity of the nbn Fixed Wireless network by 31 December 2024.

More than 800,000 homes and businesses can now access faster nbn speeds on the nbn Fixed Wireless network.



NBN SPEED LEADERSHIP PROGRAM

01 Increase speeds across three existing tiers on HFC and FTTP

02 Launch a new era of multi-gig plans on HFC and FTTP

03 Next Generation FTTP Network Termination Device (NTD)



UPGRADES FOR REMAINING HOMES AND BUSINESSES ON FIBRE TO THE NODE

NBN Co will provide new upgrade paths for the remaining homes and businesses across Australia on the Fibre to the Node network, enabled through an investment with the Australian Government.

Around 622,000 homes and businesses are expected to benefit.

nbn full fibre is faster and more reliable than Fibre to the Node and enables access to nbn's fastest upload and download speeds.

Note: The investment is comprised of an equity investment of up to \$3 billion from the Australian Government, in addition to more than \$800 million from NBN Co





**COMMITTED
TO
WORKING
TOGETHER**

PLAYING OUR PART IN THE COMMUNITY



- Continues to support the Australian Government's School Student Broadband Initiative (SSBI) which has now surpassed more than 23,000 connections.
- Advanced the focus on digital inclusion for remote First Nations communities by activating Wi-Fi connectivity at 19 of an expected 23 remote townships.
- Playing our part in supporting Australia's transition to a net-zero economy by 2050.

BUILDING AUSTRALIA'S DIGITAL CAPABILITIES



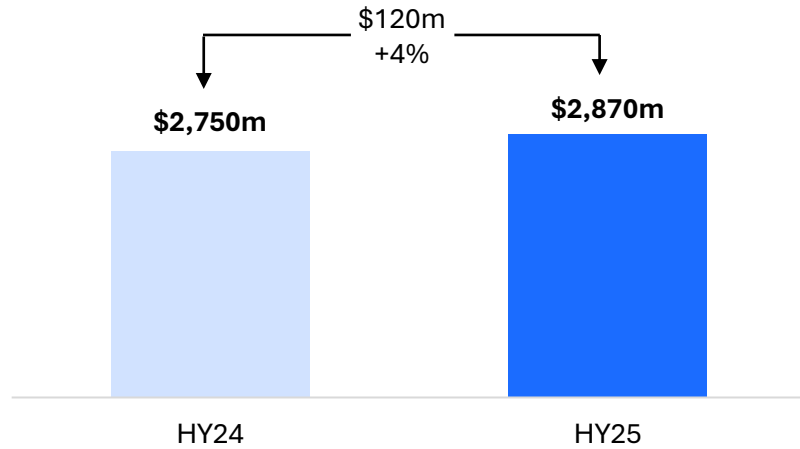


PHILIP KNOX

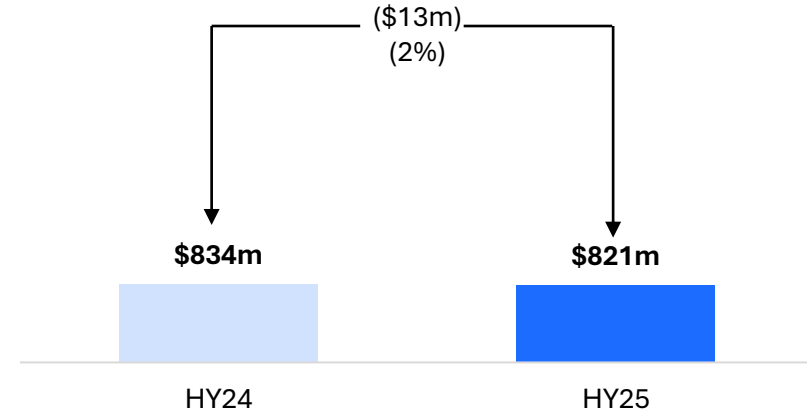
Chief Financial Officer

HEADLINE RESULTS HY25

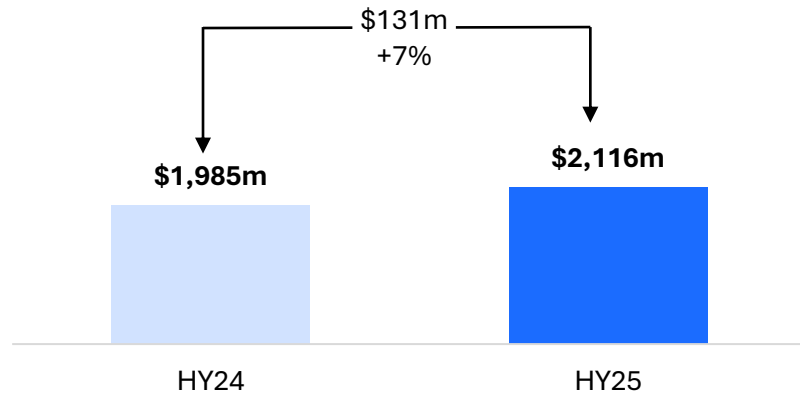
Revenue



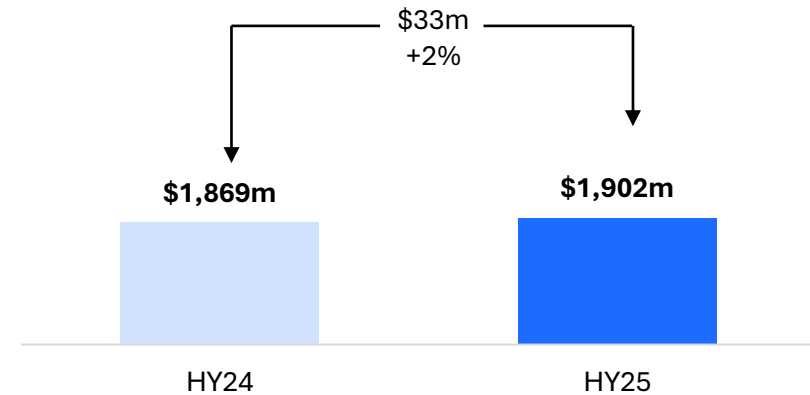
Operating Expenditure



EBITDA¹



Capital Expenditure



1. EBITDA is defined as earnings before interest, tax, other non-operating income, depreciation, amortisation and gains or losses on derivatives measured at fair value

HY25 revenue performance supported by growth in customer demand

	For the 6 months ended		% Increase/ (Decrease)
	31 Dec 23	31 Dec 24	
Telecommunications revenue (\$m)	2,625	2,759	5%
Other revenue (\$m)	125	111	(11%)
Total (\$m)	2,750	2,870	4%
Activations (million premises)	8.58	8.62	0.4%
Percentage of premises on 100 Mbps and above	20%	28%	8%
Residential ARPU	\$47	\$49	4%

- Telecommunications revenue has increased by 5% due to:
 - \$2 growth in Residential ARPU to \$49, driven by:
 - Application of regulated wholesale price changes in line with the SAU Variation which governs the wholesale prices charged by NBN Co
 - Increased customer take up of higher speed tier products (100 Mbps and above) which reached 28% as at 31 December 2024
 - Higher activations with over 36,000 incremental premises on the nbn® network compared to 31 December 2023
- The greater uptake of higher speed tiers is supported by the increased customer demand for full fibre connection upgrades, with over 217,000 upgrades occurring during HY25
- Other revenue decreased by \$14m due to a reduction in new developer deployment charges and contributions received in respect of completed co-investment projects

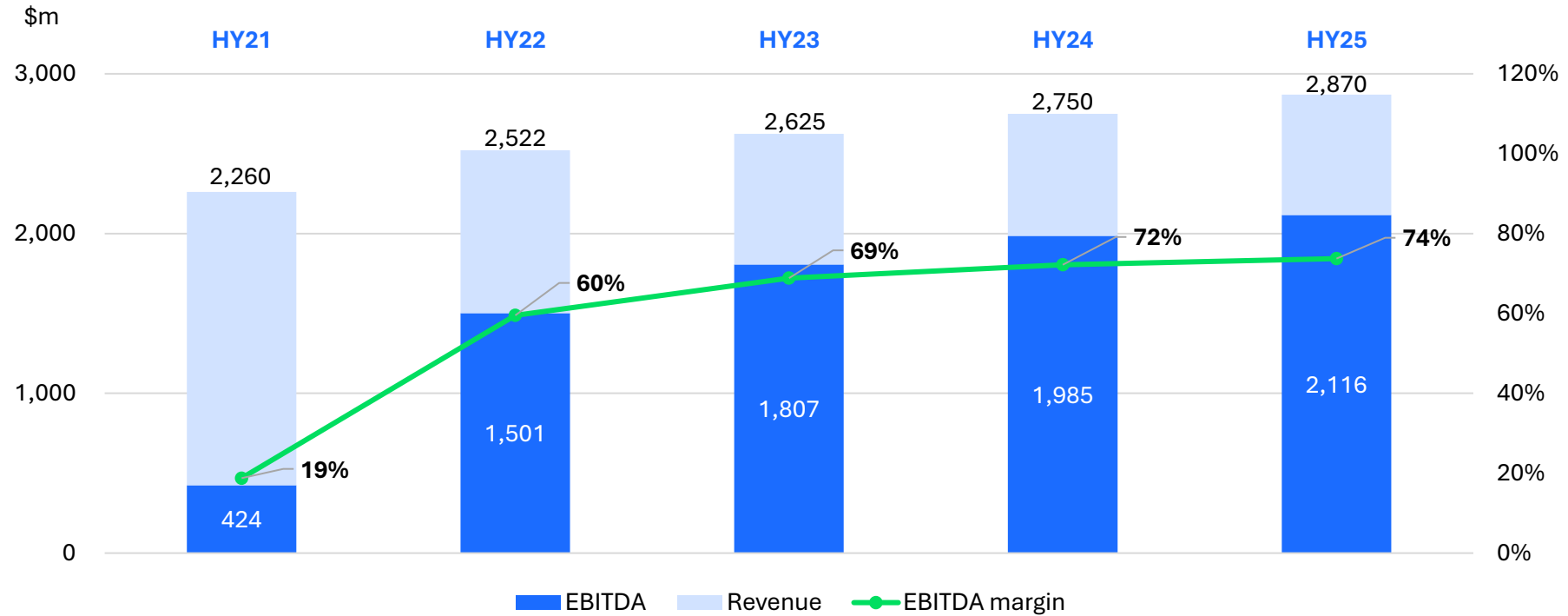
Operating expenditure continues to reflect the delivery of ongoing cost efficiency initiatives

\$m	For the 6 months ended		
	31 Dec 23	31 Dec 24	% Increase/ (Decrease)
Direct network costs	293	297	1%
Employee benefits expenses	297	294	(1%)
Other operating expenses	244	230	(6%)
Total operating expenses	834	821	(2%)
Operating expenses as a % of revenue	30%	29%	(1%)

- Direct network costs have increased by 1% primarily due to inflationary cost increases to operate network infrastructure assets. These increases have been partially offset by cost efficiency benefits achieved by the Company’s continued focus on cost optimisation and network performance and reliability
- Employee benefits expenses have decreased due to planned headcount reductions, partially offset by inflationary remuneration increases
- Other operating expenses decreased by 6% due to efficiency gains across multiple areas, including IT support and licencing, insurance and marketing costs

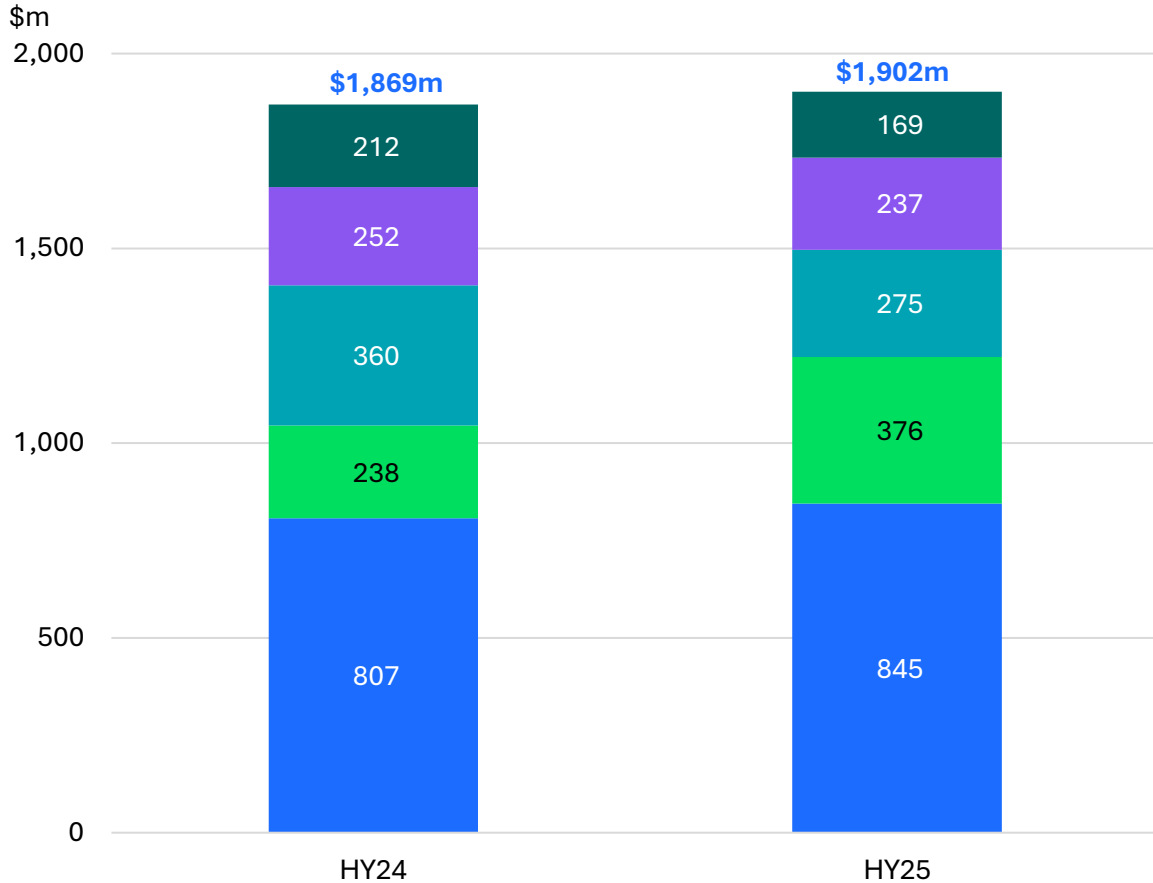
CONTINUING EBITDA MOMENTUM

Revenue, EBITDA and EBITDA margin



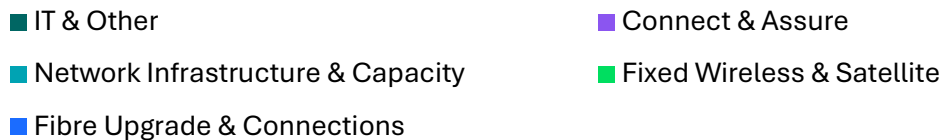
- EBITDA growth continues to be driven by both increasing revenues and declining operating costs
- EBITDA margin continues to grow in line with expectation, reaching 74% for HY25, up from 72% in HY24

Continued investment in the network and delivering Fibre and Fixed Wireless upgrades



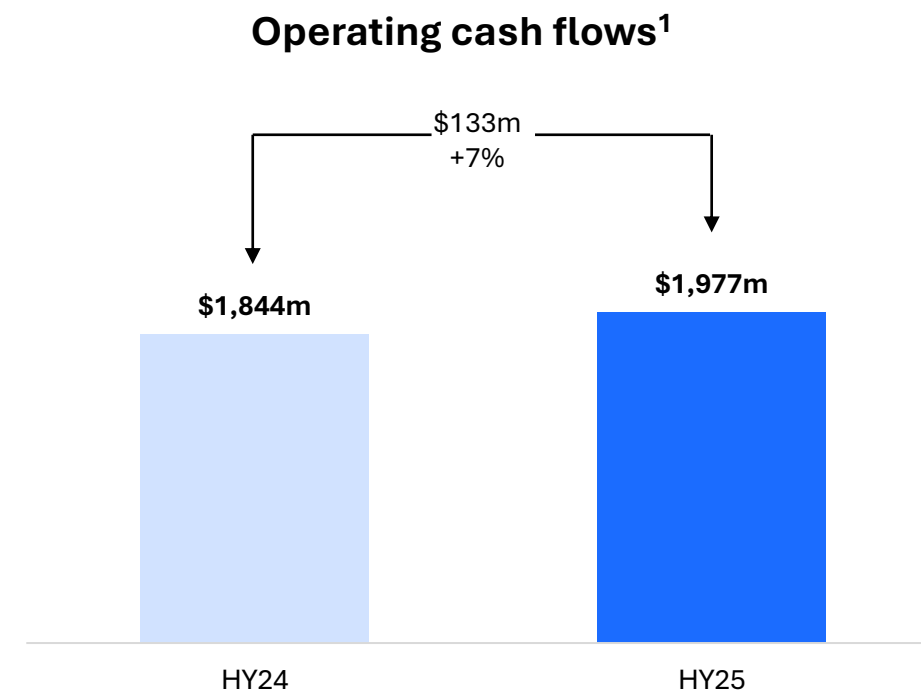
NBN Co continues to invest in the nbn[®] network on behalf of our customers. Capital expenditure in HY25 has increased compared to the corresponding period driven by the following:

- 1 Fibre upgrade investment of \$845 million to build local fibre network infrastructure and deliver an increased volume of fibre connections to upgraded premises
- 2 Fixed Wireless and Satellite investments of \$376 million to deliver the Fixed Wireless Upgrade Program which was completed in December 2024
- 3 Network Infrastructure and Capacity expenditure of \$275 million to build fibre to new developments and business customers, and to deliver incremental network capacity
- 4 Connect and Assure capital expenditure of \$237 million for continued first-time connection and re-connection of premises onto the nbn[®] network and network assurance activities
- 5 IT and Other investment of \$169 million includes expenditure for software and system development, network security and resilience, and facility costs



Network upgrade investments funded by growing operating cash flows and Commonwealth equity funding for fibre upgrades

\$m	For the 6 months ended		
	31 Dec 23	31 Dec 24	% Increase/ (Decrease)
Operating cash flows ¹	1,844	1,977	7%
Receipts of Government grants	1	28	n/m ²
Capital expenditure payments	(1,921)	(1,910)	(1%)
Equity funding from the Commonwealth	546	528	(3%)
Lease payments	(575)	(610)	6%
Interest paid on borrowings and other financial liabilities	(409)	(520)	27%
Free cash flow	(514)	(507)	(1%)



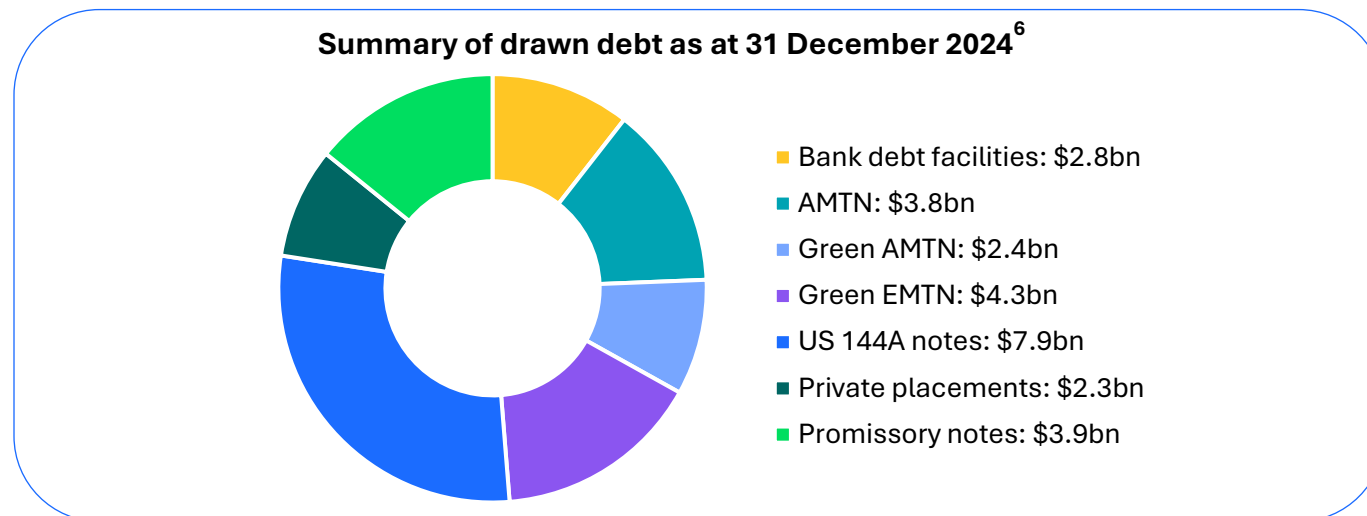
- Operating cash flows continue to improve in line with the EBITDA performance of the Company
- In line with expectations, the free cash flow result reflects the ongoing capital investment requirements to upgrade the network to meet future customer demands. These investments are partially offset by the receipt of \$528 million in equity funding from the Commonwealth Government
- Lease payments and interest paid on borrowings increased compared to HY24 due to CPI-linked increases on lease arrangements and higher average levels of borrowings and weighted average cost of debt

1. Excluding receipts from Government grants and infrastructure lease payments

2. n/m - not meaningful

Debt issuances have helped fund ongoing network investment and strengthened NBN Co's liquidity position

Debt overview	As at	
	30 Jun 24	31 Dec 24
Contributed equity (\$m)	30,576	31,104
Company debt (\$m) ¹	26,888	27,401
Weighted average cost of drawn debt ²	3.24%	3.52%
Fixed interest ratio ³	74%	75%
Weighted average duration of available debt (years) ⁴	4.4	4.2
Committed liquidity (\$m) ⁵	2,914	4,017



- During HY25, NBN Co received \$528 million of equity funding as part of the Commonwealth Government's commitment to provide NBN Co with up to \$2.4 billion in equity to support additional fibre upgrades
- NBN Co raised \$3.9 billion from debt capital markets during the six months ended 31 December 2024, including AUD \$1.0 billion in an Australian Medium-Term Note (AMTN) issuance, AUD \$0.75 billion in a Green AMTN issuance, USD \$1.0 billion (AUD \$1.45 billion equivalent) from the US 144A market and a further AUD \$0.7 billion increase in promissory notes. These debt raisings were used to fund business operations and refinance \$1.6 billion of existing debt
- The weighted average cost of drawn debt has increased to 3.52% due to the impact of higher market interest rates, which affect NBN Co's unhedged floating debt portfolio as well as the interest rates associated with newly issued interest-bearing debt
- Committed liquidity of \$4.0 billion increased from \$2.9 billion as at 30 June 2024, largely due to capital market debt issuances and the repayment of bank debt in the period

1. Principal value of drawn debt, including overdraft facility but excluding hedge valuation adjustments, accrued interest and fees
2. Average for the financial period, includes the interest rate impact of hedging activities and amortisation of associated fees
3. Percentage comprises fixed and floating rate debt that has been hedged as a proportion of total debt. Excludes forward starting interest rate swaps
4. Excluding promissory note issuances and overdraft facilities
5. Excludes committed bank facilities with less than 12 months to maturity, promissory note issuances and overdraft facilities
6. The figures presented in the graph have been rounded to the nearest 1 decimal place

HY25 STATUTORY RESULTS

NBN Co is on track to deliver revenue and EBITDA results in line with the guidance set out in its 2025 Statement of Corporate Intent

\$m	For the 6 months ended			
	31 Dec 23	31 Dec 24	% Increase /(Decrease)	
Total revenue	2,750	2,870	4%	<ul style="list-style-type: none"> Revenue increased by 4% which was driven by ARPU growth and higher activations. This was partially offset by lower construction related revenue from new developer deployment charges and contributions received in respect of co-investment projects
Operating income	69	67	(3%)	<ul style="list-style-type: none"> Primarily consists of income recognised for Fixed Wireless upgrade grants and the Regional Broadband Scheme
Operating expenses	(834)	(821)	(2%)	<ul style="list-style-type: none"> Operating expenses have decreased by 2% mainly due to delivery of ongoing cost efficiency initiatives which have exceeded inflationary cost increases
EBITDA	1,985	2,116	7%	<ul style="list-style-type: none"> EBITDA increase of 7%
Depreciation and amortisation expense	(1,638)	(1,613)	(2%)	<ul style="list-style-type: none"> Depreciation and amortisation expense has decreased by 2%
Other income	23	21	(9%)	<ul style="list-style-type: none"> Non-cash income related to contributed network infrastructure from third parties
EBIT¹	370	524	42%	<ul style="list-style-type: none"> EBIT improved by 42% to \$524 million
Finance costs on lease arrangements	(464)	(475)	2%	<ul style="list-style-type: none"> Higher finance costs on lease arrangements as a result of CPI-linked increases
Net finance costs on borrowings ²	(455)	(506)	11%	<ul style="list-style-type: none"> Net finance costs have risen due to higher average debt borrowings and an increased weighted average cost of debt during the period
Income tax expense	(147)	(107)	(27%)	<ul style="list-style-type: none"> Temporary non-cash impact related to deferred tax accounting treatment associated with financial derivatives
Statutory loss after tax	(696)	(564)	(19%)	<ul style="list-style-type: none"> 19% or \$132 million improvement in statutory loss after tax

1. EBIT is defined as earnings before interest and tax

2. Includes loss on derivatives measured at fair value through the P&L



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NBN CO IS ON TRACK TO...

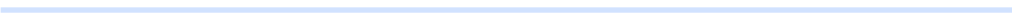
Achieve FY25 guidance



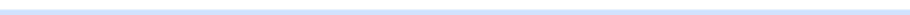
Continue network upgrade momentum



Meet our investment programs



Prepare for Australia's digital future





Questions