

Stephen Rue – Part one

Good morning and welcome to NBN's results announcement for the six months ending 31 December 2019.

We will go through the financial highlights for the period in just a moment, but first I would like to speak briefly about the bushfires that have affected so much of the nation.

It was only a short period ago that I was presenting our Q1 results when these devastating fires were beginning.

It's difficult to fathom that three months on, these fires have impacted so many communities, destroying property and had such a devastating impact on wildlife and natural habitats.

But as destructive as these fires have been, it heartens me to see the response from the emergency services, communities, business owners and individuals who have bonded together to help others in need.

These fires have reminded us how important it is that we as a nation work together across all geographies, industries, and sectors – to do all we can to support those affected and ensure life and property are protected where possible.

It also serves as a timely reminder on how crucial communication services are - not just in our daily, connected lives or to help businesses prosper – but to access the outside world in times of emergency.

I'm immensely proud of the small but important role that nbn employees played in helping to quickly restore impacted communication services in bushfire-affected areas.

We were able to restore impacted nbn network sites, on average, in less than 48 hours, working in close collaboration with our government and industry colleagues.

We also helped establish vital communication services to 33 evacuation centres across New South Wales and Victoria thanks to nbn-supplied Wi-Fi over our Sky Muster satellite service. Our people remained in these centres, working in shifts to ensure they could provide advice to those needing information about how best to connect with loved ones and emergency service providers.

As a result, these communication services helped support more than 5000 residents, business owners, volunteers and other support staff across the evacuation centres, providing a vital link to the outside world.

It's been humbling to see the efforts of many nbn employees who gave up their holidays and personal time to help reconnect communities affected by these fires. I would like to take this opportunity to reiterate my thanks.

The impacts of these bushfires have been far-reaching and have already started some important discussions about how we as a nation need to rethink how we respond to natural disasters, how we can even better support emergency services, and how we jointly make the critical infrastructure that connects this nation together and to the world, more resilient.

We know that telecommunications services went down in many areas affected by fires. And we know that this will happen again.

So we must ensure that we work together as an industry, to make networks as resilient as possible in the face of natural disasters; that business continuity planning is as robust and capable as possible; and that in instances where infrastructure can't stand up to the

ferocity of disaster that we ensure our recovery efforts are safe, swift, coordinated and executed with as little impact as possible to the people who need them most.

We know that our Satellite services played a critical role in keeping communities connected – and Satellite broadband services will likely play an important role in the future to deliver greater resilience in times of natural disasters, and we are actively looking at options in this regard.

So with that, let's move onto results.

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 here 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.

I'll first take you through the financial highlights for the half and then Philip will take you through the details. I'll then provide an update on our operations before we open up for any questions you may have.

The first half of fiscal 20 has been another period of strong performance for both the build and financial operations of nbn.

We continue to track ahead of budget on both our ready-to-connect and activation profiles which keeps us in sync with our latest Corporate Plan to complete the volume build by the end of June 2020.

The fact that activations are above our budgeted forecast is a great sign that we are meeting market demands for faster speed plans with a network that is satisfying the data consumption needs of its customers.

Revenue for the half continued to grow strongly with a 39 per cent increase to 1.8 billion dollars thanks to strong activations across residential and business customers, and as our bundled pricing plans continue to be well-received by retailers.

We are particularly pleased to see that changes to these bundled pricing plans – which came as a result of our wholesale pricing consultations - have helped improve affordability for entry-level plans and boost data inclusions across the board.

Today more than 95 per cent of all plans are on bundled products which is giving more capacity certainty to retail providers and better value and experience for customers.

I'll now hand over to Phillip who will take you through the finer detail of the financials.

Thanks Philip.

--- PHILIP KNOX SPEECH ---

Stephen Rue – Part Two

Thanks Philip.

With less than 150 days left in this fiscal year, we are well and truly on the home stretch to make one million more homes and businesses ready to connect, taking us to 11.5 million by the end of June.

Connecting one million homes and businesses in six months – or more than 6000 premises a day – sounds like a mammoth task, but we have the people, the experience and the track record to get it done.

In fact, in the same corresponding period last year, we made more than 1.5 million premises Ready to Connect – so while the job remains challenging, we are well-prepared for it.

Indeed, we have already started this half at a great pace with January being one of our best ever on record as we made more than 200,000 homes and businesses ready to connect.

While January has certainly been a standout in terms of the progress our teams have made, it's worth pointing out that when it comes to making homes and businesses Ready to Connect, nbn has delivered on its monthly targets for a full two years running now.

This sustained momentum, over a long period, gives us the confidence to meet our fiscal 2020 targets.

Making 11.5 million homes and businesses Ready to Connect by the end of June will be an incredible achievement, especially when you consider the complexities involved in managing an infrastructure project of this size, as well as the changes we have absorbed over multiple years to improve customer experience.

But in reality, getting to June 30 will be just one more step in our long journey to fulfil our purpose which is to help lift the digital capability of Australia.

This purpose has helped galvanise our people around the greater task we have at hand. It defines what nbn stands for and why we exist.

Faster speeds, better access, improved competitive outcomes for industry might be the enablers of this purpose, but the ultimate success of nbn hinges on how we work together, as an industry and a nation, to get the most out of the critical asset we have built and position it as the driving force behind Australia's digital economy.

So while we are marking June 30 as a milestone for completion of the volume rollout, our job does not end there.

Just as the task of extending, maintaining and improving the vast network of roads and highways across this nation never ceases, so too will the task of extending, maintaining and improving this vast information highway continue for nbn.

Whether it be through the implementation of DOCSIS 3.1 on the HFC network to increase speed and capacity, or deploying G.Fast on our FTTC network, enabling speeds well in excess of 100 Mbps, our job to continually improve the capability of this great asset does not end.

And for that matter, nor does the build end. There will, of course, always be new homes that will need to be added to the network, and there remain a number of culturally significant and heritage sites, and complex builds where construction efforts will continue past that June target.

These complex builds include connecting some of Australia's outlying islands, it includes difficult-to-access sites like airports and ports, and it includes some regions that have been impacted by natural disasters - all of which serve as another reminder of the complexity we face on a daily basis as we roll out this network to all corners of the nation.

BUSINESS

Before diving into comments on pricing, customer experience and the outlook ahead, I want to briefly touch on some of the changes we recently announced regarding our engagement with large enterprise businesses.

In summary, we listened carefully to our RSP partners who were clear in telling us two things. First, there was a concern that nbn was not making appropriate use of existing fibre networks with the potential to unnecessarily overbuild existing fibre infrastructure. And secondly, there was disquiet around nbn directly contracting with enterprise customers.

In this regard, over the past two weeks, we have issued two industry consultation papers, and have announced that we will cease contracting directly with enterprise end users so that RSPs will have the direct contractual relationship.

The first of these consultation papers sought views from the industry on possible approaches for the procurement of additional dark fibre services from network carriers in areas already served by existing fibre.

The second consultation paper recognises that nbn will engage with end users to educate and stimulate demand for nbn wholesale services, but seeks industry views on how any such leads for fibre build services are best shared with the industry, continuing our commitment to working with our partners on a transparent and non-discriminatory basis.

We are pleased that our approach to dark fibre procurement and the change to the direct contracting arrangements have been well received by the industry. And now we look forward to engaging further with industry on both matters through these consultations.

Much has been said and written about this topic in recent weeks. But I want to add three important points.

The first is that although there will always be matters of debate between wholesale and retail players, particularly around pricing and service delivery, it is important to me that nbn works in partnership with RSPs.

We have much to do together to drive economic and social prosperity for our nation - whether it be in healthcare, education, agriculture, tourism, social connectivity, entertainment, or small business. These economic and social benefits will only be maximised through committed partnership.

The second point is that though acknowledging that revenue from enterprise business is an important part of our future, the real value, and the big majority of our \$1 billion plus annual revenue aspiration for business services, comes from small and medium enterprises.

For too long these customers have been underserved, and often the customer experience needs addressing. I hear far too many stories of small businesses who are unknowingly on low speed plans that do not fit their purpose, or who are missing out on capability that is available in the market place like priority repair services, symmetrical speeds or committed information rates.

We recently conducted research across tens of thousands of Australian small businesses showing a clear correlation between their investment in internet services and revenue and employment growth. So, together with our retail partners, nbn has a real obligation to help serve the small to medium business segment, which of course is the backbone of the Australian economy and help them choose the right support for their needs.

And finally, I should be clear that these recent decisions have not changed our revenue aspirations for the business market, they remain the same.

It was always planned, and remains our plan, to primarily derive this revenue from the small to medium size business market. With a run rate in excess of 600 million dollars this fiscal year, we are well on course to achieving this.

PRICING AND COLLABORATION

All of our decisions at nbn are driven by two crucial factors – how can we make customer experience better, and how we can we do that in collaboration with the industry.

To me, it's a simple equation. For customers, and by extension the nation, to get the most out of this critical asset, we must continually find new and better ways to work together to deliver better customer experience and service.

Whether that's through new pricing initiatives – as evidenced by the introduction of better value plans through our wholesale pricing consultations – or through better customer experience programs – like improving wiring and wi-fi in the home – our success as an industry will be defined by how well we can work together for the customer.

We have already seen the first signs of success with our new bundled product.

This entry-level bundle has been particularly well received by the market and we are pleased to see retailers marketing this as a genuine entry-level product for price conscious customers.

As important as it is to get customers to move up nbn's speed stack and experience the network the way it was intended, it's equally important that all segments of the community can access this critical asset, no matter their means or location.

CX and WBA4

Our wholesale broadband agreement with retailers continues to play an important role in setting the parameters of our success in these areas.

We remain in discussions about the next iteration of this agreement which we believe will help define the right level of balance between nbn, the retailers, and other critical industry stakeholders so that we clearly understand each others' points of view, roles and responsibilities, and so we can work together to make sure all Australian get the most out of their broadband connections.

As always, ensuring customers can access the nbn remains a driving force in everything we do.

It's why our efforts in customer experience are not slowing down. And it is why we will continue to seek consensus wherever we can with the broader industry.

As we near completion of the build, we will be increasing our focus on customer experience, and will be working towards releasing new metrics to give customers insights into what matters most to them.

OUTLOOK

As we close the first half of fiscal 20 and move through the last 150 days of the build for this year, we remain confident that our momentum will meet and hopefully exceed the targets we have set for this important nation-building project.

Our transition from being primarily a builder of this network and into a full customer focussed service delivery organisation, will be another exciting period for nbn.

Not just for the employees of this company – the builders, the network and IT engineers, the customer service employees and product teams who have all worked hard to connect Australia - but also for what it signifies for the nation to have access to ubiquitous, high-speed broadband.

When we think about the capability of internet access just ten years ago when nbn was conceived, and compare that to the capability the nation has today, the improvements across this vast continent is simply remarkable.

Importantly, we are close to providing access to high speed broadband to nearly every premises across our nation. And competition in the retail market sector has helped ensure consumer prices remain low, despite the huge increases in capability provided. And, regardless of reports to the contrary, it is a fact that consumer prices remain affordable on an international comparison scale.

We have been connecting Australia for more than ten years now, and we look forward to the next challenge of helping a connected Australia get the most out of this important asset.

Our purpose is to play our part in lifting the digital capability of Australia, in turn leading to greater economic and social prosperity for our country. That is what we at nbn strive to do every minute of our working day. And how we are currently doing that, and how we see an even bigger role for nbn in the future, is something you can expect to hear more and more of from me and my colleagues in the months and indeed years ahead.

Thank you, we will now take questions.

---ENDS---