

# FY21 Full Year Results Presentation

30 August 2021

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**Aussie  
Broadband**

*Bloody good broadband*

# Company highlights FY21



# Highlights

**\$350.3m**

Revenue

↑84%

(\$190.5m FY20)



**\$19.1m**

EBITDA before  
IPO costs

↑433%

(\$3.6m FY20)



**400,848**

Total  
broadband  
services

↑53%

(261,361 as at 30 June 2020)



**25**

NBN POIs &  
data centres  
connected  
to Aussie Fibre



**25,606**

Mobile services

↑102%

(12,639 as at 30 June 2020)



**37,498**

Business &  
wholesale  
broadband  
services

(19,734 as at  
30 June 2020)



↑90%

# Highlights

**ASEA  
winner**

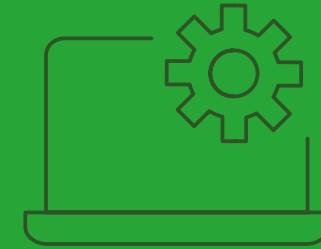


Customer Service  
Organisation of the  
Year – Large 2020

**86%**



Great Places to Work score,  
16th place in medium  
business in Australia



**New  
technology  
platforms**

**8.4/10**



Customer  
satisfaction

As measured by voice of customer surveys

**28%**



Staff increase  
to 568

(444 at 30 June 2020)

Carbon  
White label  
Mobile



# Segment performance

## Residential



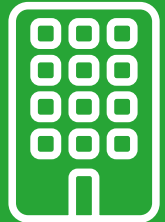
**Revenue** **\$305.0m**  
(\$165.8m FY20)

**EBITDA** **\$12.5m**  
(\$0.1m FY20)

**Customers** **362,260**  
(241,606 at Jun-20)

**ARPU** **\$78.19 p/m**

## Business



**Revenue** **\$45.2m**  
(\$24.7m FY20)

**EBITDA** **\$6.7m**  
(\$3.6m FY20)

**Customers** **24,152**  
(12,703 at Jun-20)

**ARPU** **\$129.67 p/m**

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# Operational performance



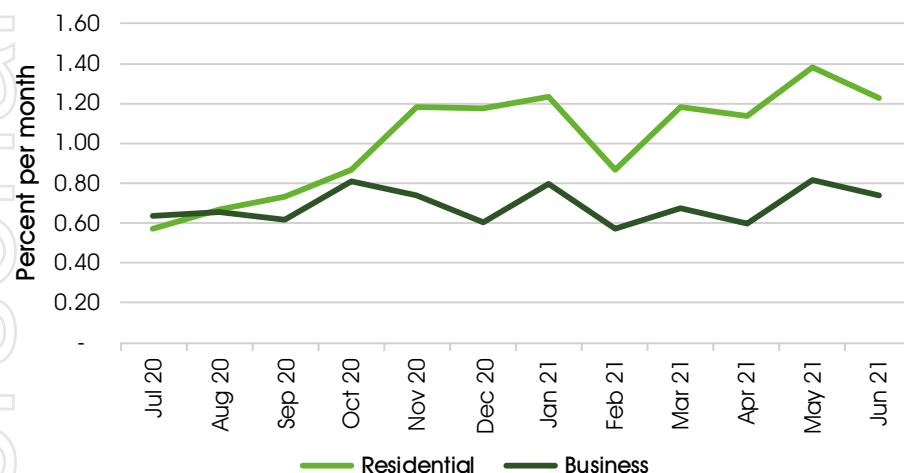
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# Broadband services

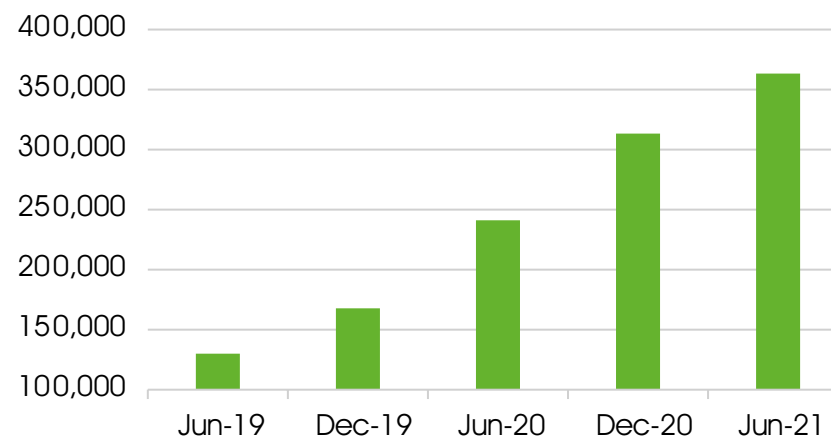
## Sustained growth in a highly competitive market

- 400,848 total broadband services at the end of FY21, an increase of 53% on the prior year.
- Achieved more than 20% of net nbn orders in 4Q FY21.
- Over 80% of nbn sales are from customers switching nbn providers (churning into Aussie) and this continues to increase.
- 121,723 residential and 17,764 business & wholesale net additions for the year.
- 100% organic growth.
- Customer churn has remained mostly stable since the residential price rise in November 20 and effects from NBN's focus on fast campaign.

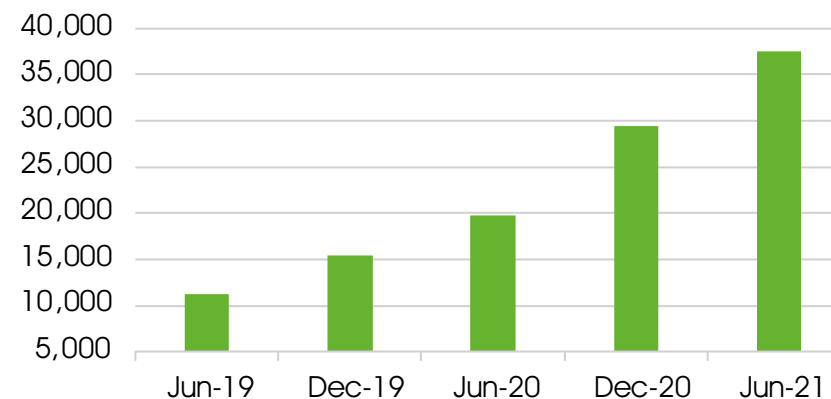
### Customer churn



### Residential broadband



### Business & wholesale broadband



# Mobile services

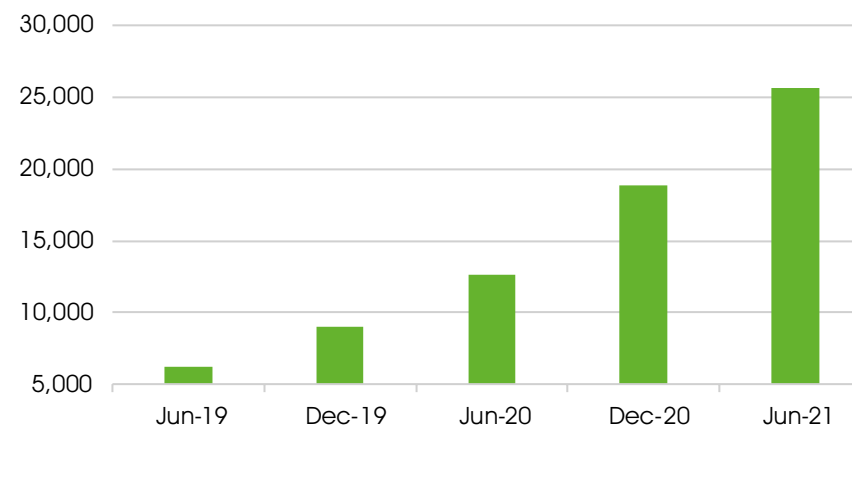
## New MVNO agreement online and set for growth

- 12,967 net mobile additions for the year.
- New mobile virtual network operator (MVNO) agreement with Optus went online in May 2021 which has resulted in good connection growth in recent months.
- Seeing good migrations from our existing Telstra mobile base onto the Optus network and increased attachment with customers signing onto nbn also taking mobile services.
- Focus now shifting to increasing upsell activities within the existing broadband base, and increased attachment at point of sale for new customers.

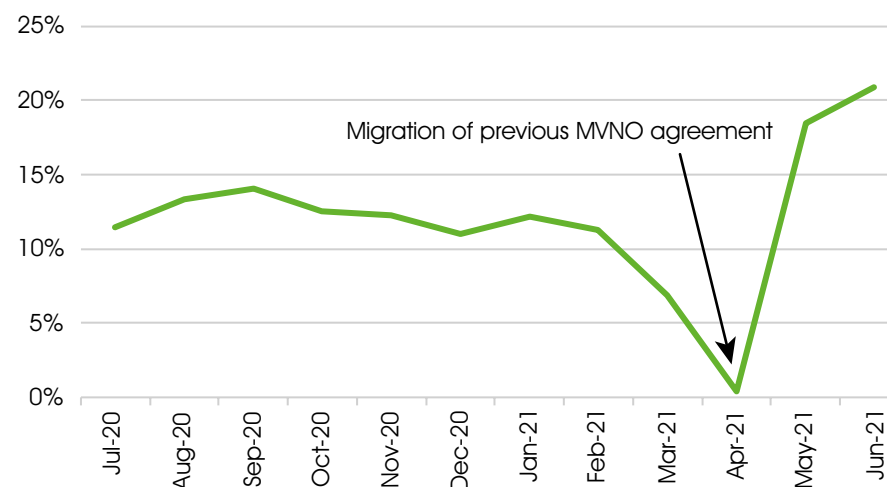


Mobile figures in the 4Q results update were disclosed as 22,454 which only related to the Residential segment. Mobile figures presented here include residential and business segment services.

Mobile services



Call Centre Mobile Attachment Rate





# Voice & Fetch services

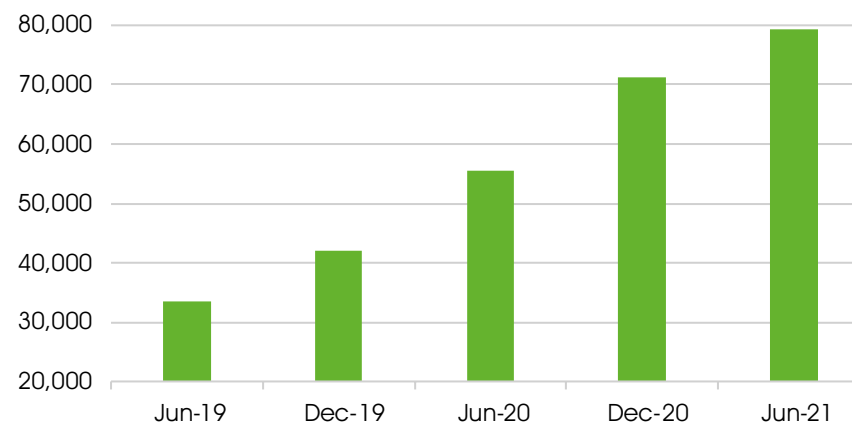
## Voice growth slowing as nbn migration is complete

- 23,770 net voice additions for the year, with 7,996 in the last 6 months.
- Single line voice service additions slowed in the second half of the year, primarily linked to nbn first time connects declining. The second half saw an increase from the business segment.
- Seeing a move to mobile rather than traditional voice services when customers churn their nbn to a new provider like Aussie. This causes customers to reconsider the need for fixed line voice.

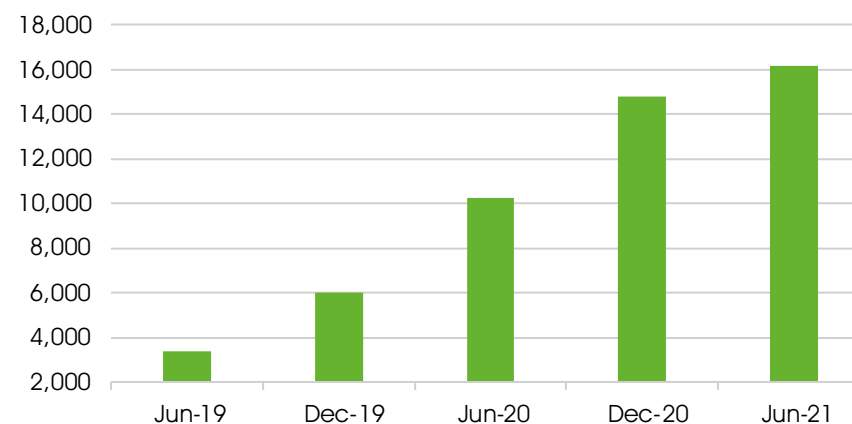
## Fetch growth slowing as more streaming services enter market

- 5,908 net Fetch additions for the year with 1,405 in the last 6 months.
- Increased streaming options like Disney+ have entered the market with many of these new additions not yet available on the Fetch platform.
- Smart TVs are increasingly including streaming applications as part of their software, removing the need for an additional box.

Voice services



Fetch services



# Marketing

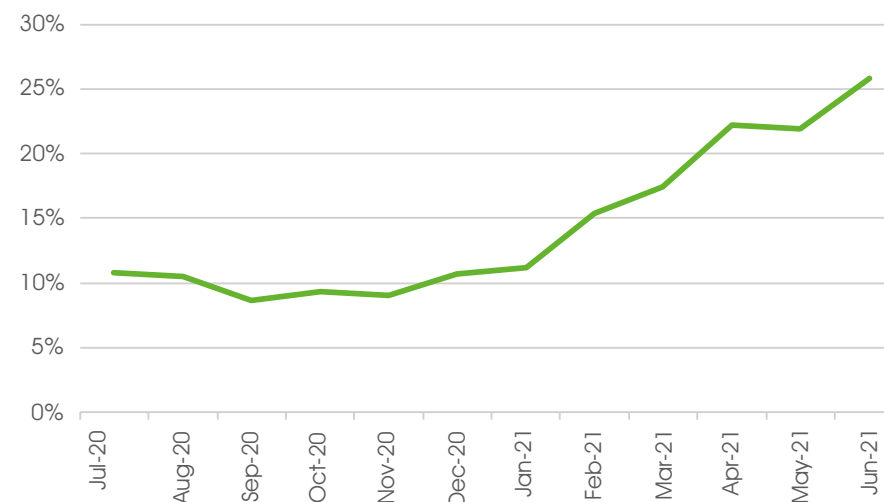
## Highly competitive market in the second half due to NBN's Focus on Fast program.

- \$26.3m marketing expenses for the year, with \$16.6m in the second half.
- We launched a new brand campaign in 2H FY21 which contributed to an increase in prompted brand awareness from 33% (May 2020) to 54% (May 2021).
- Cost Per Acquisition increased significantly in 3Q FY21 due in part to NBN's Focus on Fast program, which led to a number of competitive offers in market.
- Despite a challenging environment our share of net nbn orders continued to grow significantly, reaching 25.8% in June 2021.

Cost Per Acquisition (CPA)



Share of Net Service Activation Orders (NSAO)



# Customer experience



4.5/5 from 5946 reviews on



4.3/5 from 2666 reviews on

facebook



4.8/5 from 1974 reviews on



- Customer satisfaction remained high even through a price rise period of September to December 2020.
- Winner Customer Service Organisation of the Year, Large Business – Australian Service Excellence Awards.



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# Annual Results FY21



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# Financial performance

	2021	2020	Movement
	\$m	\$m	%
Revenue	350.3	190.5	84%
Network and hardware expenses	(252.0)	(145.7)	73%
<b>Gross margin</b>	<b>98.3</b>	<b>44.8</b>	<b>119%</b>
<b>Gross margin %</b>	<b>28.1%</b>	<b>23.5%</b>	-
Employee expenses	(41.3)	(22.9)	81%
Marketing expenses	(26.3)	(11.2)	134%
Administration and other expenses	(11.6)	(7.1)	62%
<b>EBITDA before IPO expenses and fair value adjustments</b>	<b>19.1</b>	<b>3.6</b>	<b>433%</b>
IPO expenses	(1.2)	(0.4)	217%
Depreciation and amortisation	(7.6)	(5.5)	37%
Interest expenses	(2.3)	(7.0)	(68%)
Interest income	0.1	0.1	(9%)
Change in fair value of derivative	(12.3)	(3.0)	312%
<b>Loss before income tax benefit</b>	<b>(4.2)</b>	<b>(12.3)</b>	<b>(66%)</b>

- Residential revenue increased by 84% for the year and Business revenue by 83%.
- Gross margin improved through shift to higher margin, high speed plans and the capping of CVC costs through to January 2021. Further contribution from termination of low/no margin ADSL services in September 2020.
- Employee expenses increased modestly lower than revenue increase. Operating leverage mitigated by the increase in middle management staff and additional roles and skill sets related to becoming a listed entity.
- Marketing expenses were \$26.3m for the year, with \$16.6m in the second half.
- Administration costs increased at a lower rate than revenue but include costs associated with being a listed entity.
- Depreciation and amortisation increased as network infrastructure was upgraded.
- Interest expenses included interest associated with the convertible note.
- The Group has incurred a current tax charge of \$654k and a deferred tax benefit of \$314k. The tax charge arose due to the convertible note related costs being capital in nature from a tax perspective, and restrictions on the use of the brought forward tax losses in the current period due to the "available fraction" mechanics.

# Financial position

	2021	2020	Movement
	\$m	\$m	%
Cash and cash equivalents	57.0	21.4	166%
Trade and other receivables	16.9	11.4	49%
Plant and equipment	17.4	5.4	222%
Right-of-use assets	12.3	12.4	(1%)
Other assets	13.3	6.9	92%
<b>Total assets</b>	<b>116.9</b>	<b>57.5</b>	<b>103%</b>
Trade and other payables	26.8	16.1	66%
Contract liabilities	15.8	10.8	47%
Current tax liabilities	0.6	–	–
Lease liabilities	10.6	11.5	(9%)
Debt	–	37.6	(100%)
Other liabilities	3.6	2.2	62%
<b>Total liabilities</b>	<b>57.4</b>	<b>78.2</b>	<b>(27%)</b>
<b>Net assets</b>	<b>59.5</b>	<b>(20.7)</b>	<b>387%</b>

- Cash has increased by \$35.6m following the IPO and better than forecast EBITDA.
- Trade debtors are at historical levels. A COVID related deterioration during the year had been ameliorated by year end.
- Plant & Equipment growth is related to the ongoing construction of the optic fibre network.
- Other asset increases include higher inventory levels to address global chip shortages and the recognition of a deferred tax asset.
- Trade creditors and contract liabilities increase is broadly related to growth in size of business.
- Current tax liability recognised due to limits on current year utilisation of losses.



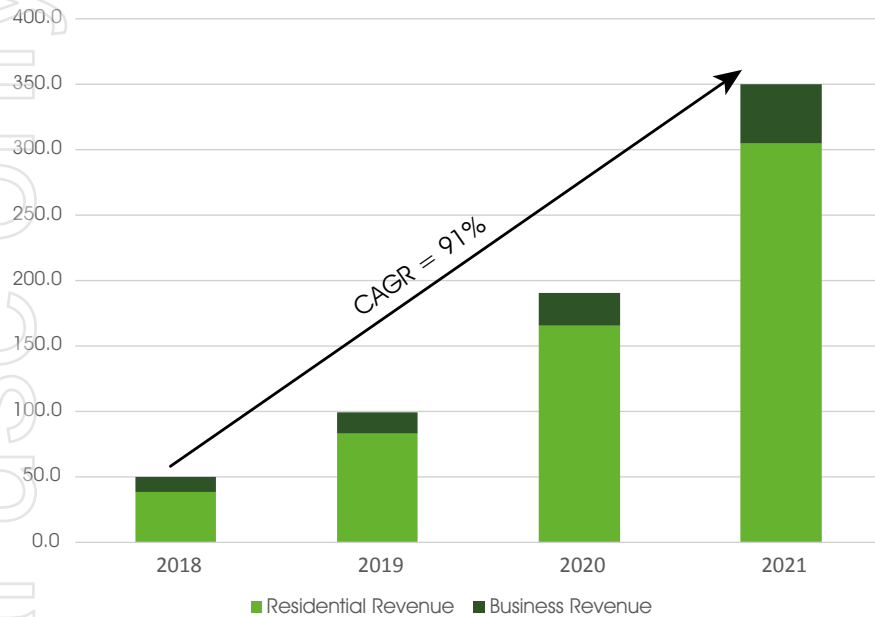
# Cash flow

	2021	2020	
	\$m	\$m	Movement
Receipts from customers (inclusive of GST)	384.7	209.3	84%
Payments to suppliers & employees (inclusive of GST)	(359.2)	(201.2)	79%
Net interest payments	(0.2)	(1.2)	(82%)
<b>Operating cash flows</b>	<b>25.3</b>	<b>6.9</b>	<b>267%</b>
Payments for PPE	(15.0)	(3.9)	285%
Payments for intangibles	(2.1)	(1.5)	40%
Proceeds from disposal of asset	0.0	0.1	(99%)
<b>Investing cash flows</b>	<b>(17.1)</b>	<b>(5.4)</b>	<b>220%</b>
Lease payments	(6.0)	(3.9)	54%
Net proceeds of Convertible Note	–	23.4	
Repayment of debt	(5.5)	–	–
Net proceeds of IPO	37.4	–	–
Other	1.5	(0.1)	(1283%)
<b>Financing cash flows</b>	<b>27.4</b>	<b>19.4</b>	<b>41%</b>
Net increase in cash and cash equivalents	35.6	20.9	70%

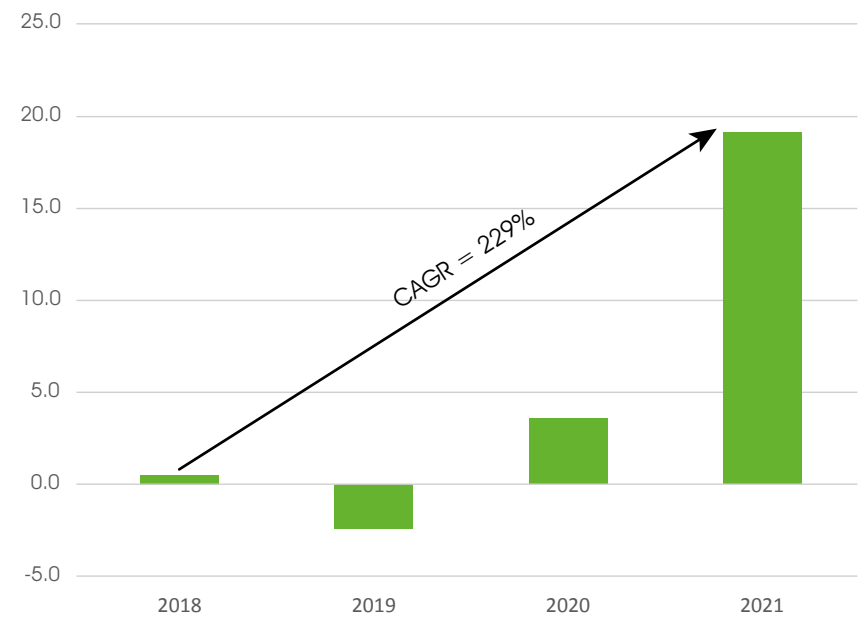
- Strong EBITDA cash conversion with EBITDA ahead of forecast.
- \$5.5m of external debt repaid during the year.
- Net proceeds of IPO boosted the cash reserves to fund the ongoing development of the optic fibre network.

# Historical financial performance

Revenue Growth \$m



EBITDA \$m



- Residential Revenue CAGR of 100% since 2018.
- Business CAGR lower (56%) representing a growth opportunity.
- EBITDA in FY21 assisted by active CVC management & COVID relief from NBN.
- Some future operating leverage anticipated but CVC headwinds will need to be mitigated.

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# Looking ahead



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# Completing the fibre build

## We will complete the fibre build this financial year

- 25 sites were completed in FY21.
- 35 sites are now complete.
- 71 sites are committed and are either under construction or in the final stages of field design and acquiring permits.
- Over 1200km of Aussie Broadband owned fibre will be in the ground on completion.
- 85 NBN POIs and 21 Data centres connected to Aussie Broadband owned or leased dark fibres connected with multiple 100G links. Remaining 36 POIs connected via 100G wavelengths.
- Fully protected and diverse network to all NBN POIs and Data Centres.
- 13 customer builds have been completed and 35 are under construction.
- \$15m+ per year saving in backhaul charges from FY23 onwards as a result of completing the fibre build.

# Victoria



## Stats:

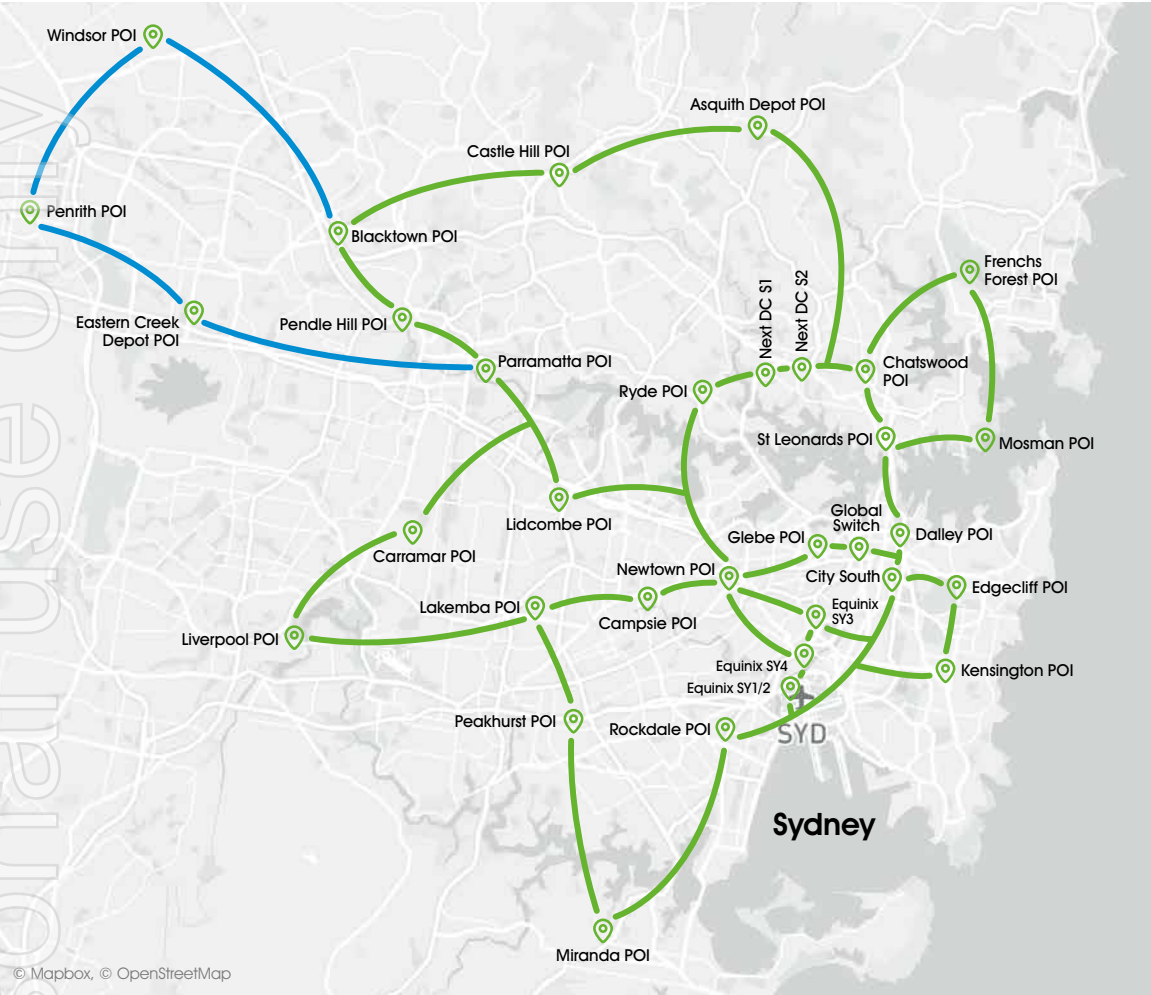
- 5 Data centres, and 24 of 30 NBN POIs connected to ABB owned or leased fibre.
- 331km of ABB owned fibre.

## Legend

- ABB owned fibre
- Leased fibre



# New South Wales & ACT

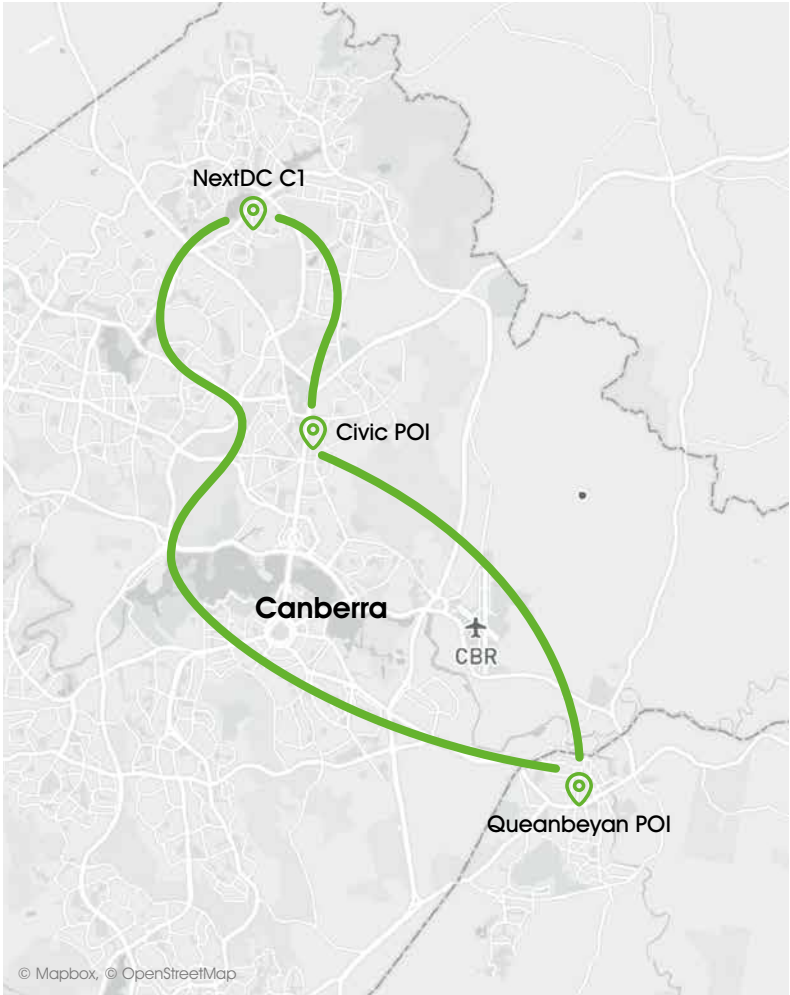


## Legend

- ABB owned fibre
- Leased fibre

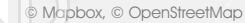
## Stats:

- 7 Data centres, and 28 of 43 NBN POIs connected to ABB owned or leased fibre.
- 311km of ABB owned fibre.





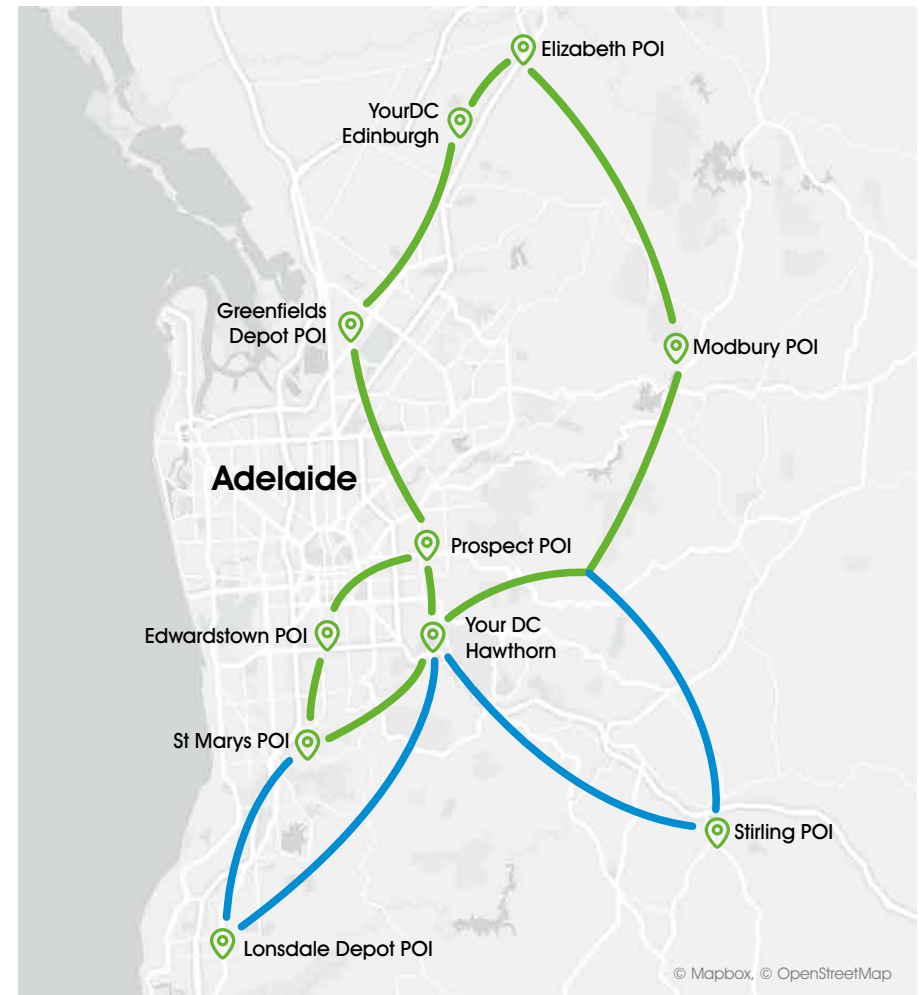
## 21.



## Legend

- ABB owned fibre  
■ IRU and leased fibre

# Western Australia & South Australia



## Legend

- ABB owned fibre
- Leased fibre

## Stats:

- 5 Data centres, and 19 of 23 NBN POIs connected to ABB owned or leased fibre.
- 348km of ABB owned fibre.

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# Continue to build scale



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# Business

## Connectivity at our core

- Connectivity has been at the core of our business offering for over 17 years, primarily internet access and private MPLS (multi protocol label switching) networks.
- Other services like Voice (Single Line VoIP, SIP Trunks and Hosted Phone) and Mobile (Handset and data-only plans) have also been part of the offering.
- Carbon our business portal has enabled rapid turn up of connectivity services and supports over 400 managed service providers.

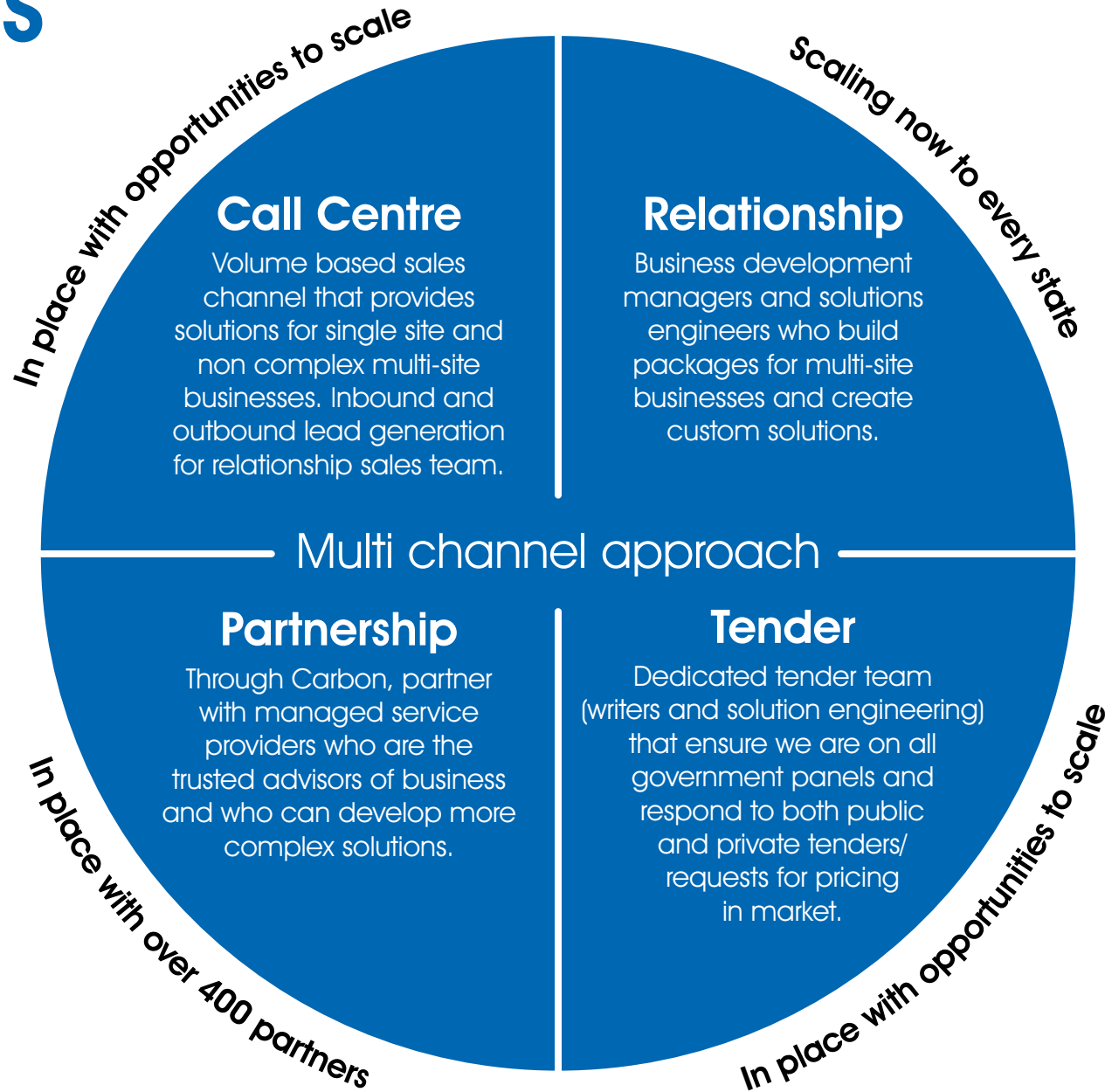
## Products under development

- Integrate all existing and new product sets into Carbon.
- Security – Fortinet firewall and SD-WAN solutions.
- Managed hardware – Wifi, switching, and other hardware solutions.
- Cloud – customer or Aussie Broadband managed cloud services.

## Changing to be solutions focused

- Provide a “one stop shop” for customers' communications and IT requirements.
- Expert design, advice and implementation of solutions rather than just selling connections that the customer or 3rd parties integrate.
- Business development managers and key account managers that are responsive, technology focused and are supported by skilled solution engineers.
- Enable around the clock support by team members that know and understand the customer's environment, solution and unique requirements.
- Proactive monitoring of the solution so that issues are identified before the customer even notices them.
- Provide market leading tools and portals so that customers that want to self manage have their whole solution at their fingertips.

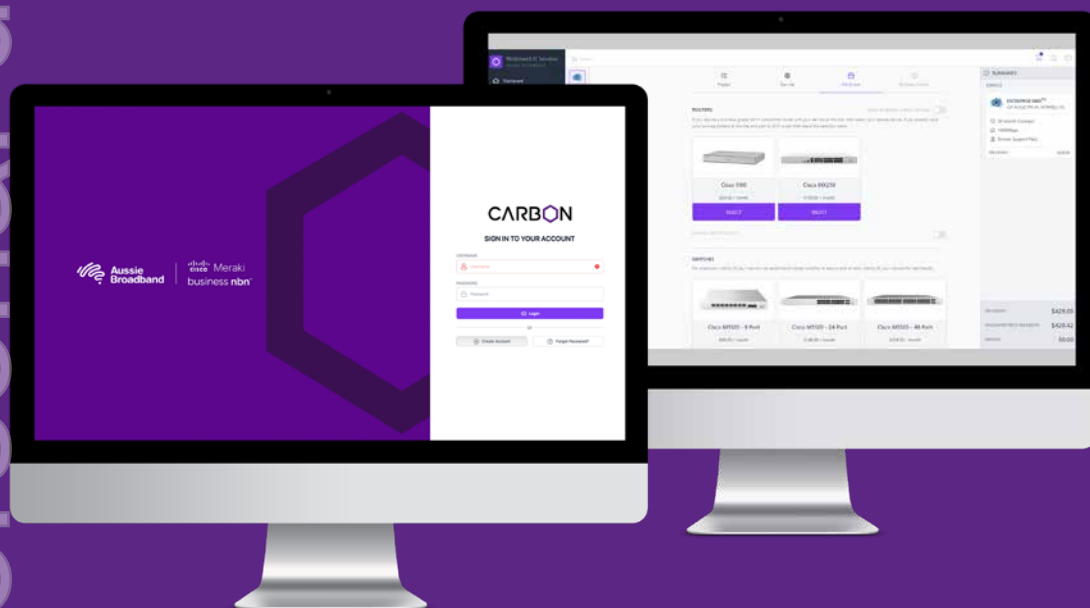
# Business



# CARBON

## Industry leading automation & control

- Single platform that enables businesses and partners to quote, service qualify, connect, modify and manage nbn services in minutes all through a single platform.
- Manage complex solutions using a simple interface.
- Over 400 partners now signed up and using Carbon including a major corporate customer with over 3000 services.
- Next evolution of Carbon is under development to enable all Aussie Broadband products to be sold and managed through Carbon.
- Will provide a demonstration of Carbon at our first investor day in 2Q FY22.





# Residential

## Focused on increasing services per customer

- Increasing attachment rate of additional services across both new and existing customers, particularly in mobile.
- Continue to grow broadband subscribers and win market share away from the big 4 by continuing our focus on great customer experience whilst exploring other channels to market.
- Exploring more bolt-on services for the home.
- Continue to evolve MyAussie app to enable more customer self service.

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# Indirect channels

Four distinct areas that will allow organisations to partner with Aussie Broadband to add value to their customers and to provide incredible customer experiences.



**Whitelabel**

Premium offering to limited partners across Australia in non-competing segments.

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**Reseller**

Strategic channel of partners selling under the Aussie Broadband brand. Customer belongs to Aussie.

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**Wholesale**

MSP partners/IT integrators leveraging Aussie infrastructure bundles with their services.

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**Community**

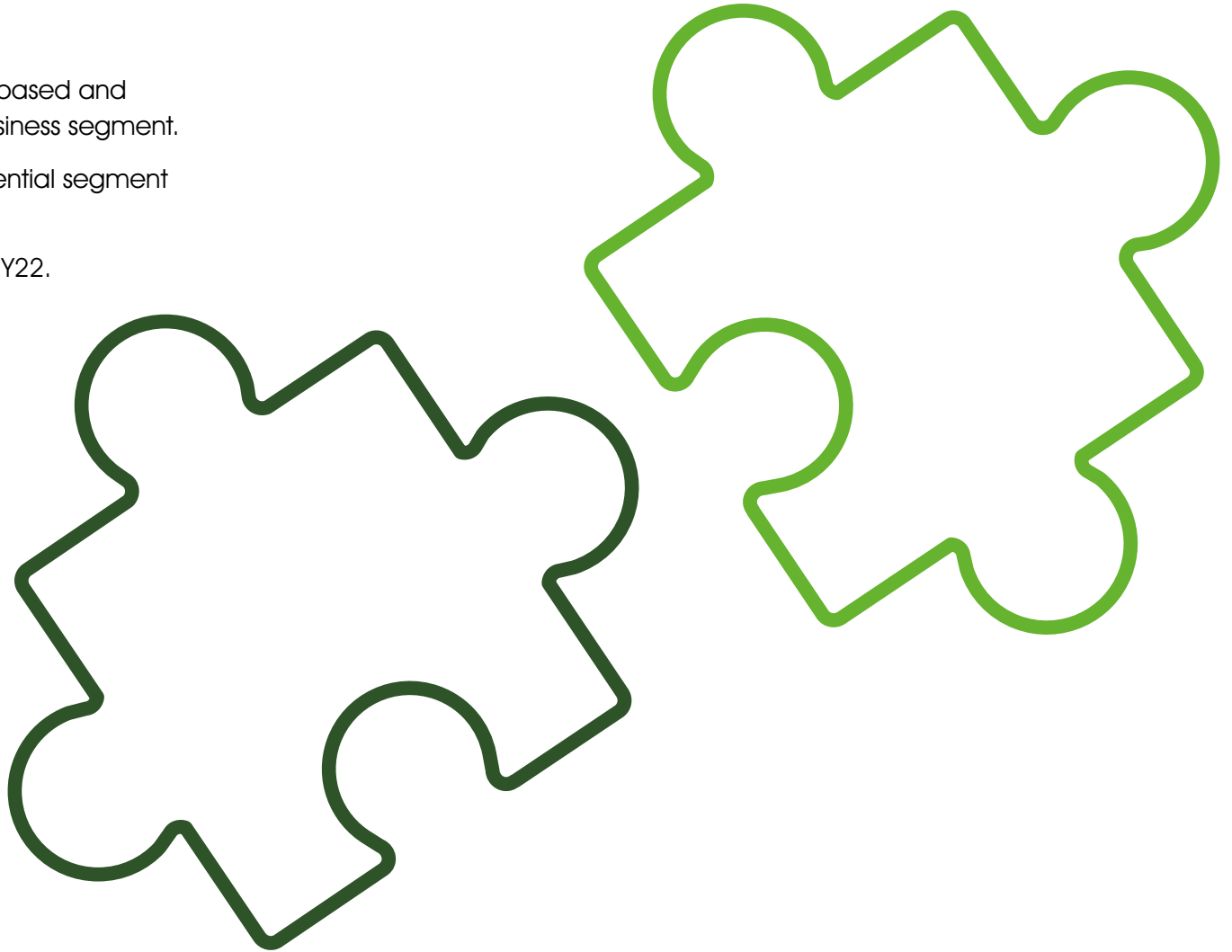
Aussie Broadband branded sales rewarding not-for-profit partners that give back to the community.

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# Mergers and Acquisitions

## Actively seeking M&A opportunities

- Head of M&A was appointed in April 2021.
- Currently working through a number of capability based and customer base acquisition opportunities in the business segment.
- Exploring customer base acquisitions for the residential segment but opportunities with scale are limited.
- Expecting to make at least one acquisition in 1H FY22.





# 1H FY22 outlook

## Achieving continued growth

- Record broadband and mobile sales month for July and on track for a new record month in August.
- Broadband sales (all channels) - 23,229 for July & 22,223 as at 28 August with 3 more trading days remaining in the month.
- Commenced accepting orders through the new white label platform on 19 July, with daily order volume already exceeding initial forecast and expectations.
- Migration of 32,000 white label broadband services onto the Aussie Broadband network to now commence in 2Q FY22 due to customer request.
- CVC utilisation due to COVID-19 lockdowns in a number of states continues to be challenging. NBN has announced that it will continue to provide lockdown CVC relief for August and September which will assist in partly mitigating increase in CVC expense.

## Guidance

- Due to the dynamic and changing nature of the retail telecommunications market, ongoing lockdowns and the impact on CVC expense, the company will not be providing guidance for FY22.
- The company will continue to provide quarterly market updates in a similar format to the 4Q FY21 market update. Management will hold an investor call following each quarterly market release including a Q&A session.



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