

ASX Announcement

2 May 2022

## Aussie Broadband 3Q FY22 trading update excluding Over the Wire

### Highlights:

- Successfully completed the acquisition of Over the Wire.
- 3Q overall broadband services increased 11%, with business broadband services increasing 10% on the previous quarter.
- Wholesale and white label services increased by 91%, from 27,286 to 52,125 services, which included remaining white label migrations.
- Increased share of NBN services (excluding Satellite) to 6.19%.
- 3Q mobile services increased 9% from the previous quarter, from 32,207 to 34,985 services.
- 55 NBN Points of Interconnect links migrated to the Aussie fibre network.
- Provides updated connections guidance of 580,000 to 585,000.
- Provides updated full year EBITDA guidance (before transaction costs and excluding any contribution from Over the Wire) in the range of \$27m to \$28m.

Aussie Broadband Limited (ASX:ABB) is pleased to provide the following trading update for the quarter ended 31 March 2022 (3Q FY22):

	Quarterly performance – active services						
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	QoQ % Change	YoY % Change
<b>Residential</b>	339,668	363,455	396,452	422,034	446,814	6%	32%
<b>Business</b>	31,446	35,466	40,135	45,483	49,972	10%	59%
<b>Wholesale</b>	1,959	2,144	9,460	27,286	52,125	91%	2561%
<b>Total Broadband</b>	<b>373,073</b>	<b>401,065</b>	<b>446,047</b>	<b>494,803</b>	<b>548,911</b>	<b>11%</b>	<b>47%</b>
<b>Voice</b>	76,835	79,982	84,146	88,204	92,030	4%	20%
<b>Mobile</b>	21,587	25,706	29,560	32,207	34,985	9%	62%
<b>Fetch</b>	15,557	16,196	18,101	18,489	18,381	-1%	18%
<b>Managed</b>	2,712	2,695	2,714	2,743	2,776	1%	2%
<b>Total Services</b>	<b>489,764</b>	<b>525,644</b>	<b>580,568</b>	<b>636,446</b>	<b>697,083</b>	<b>10%</b>	<b>42%</b>

The figures above exclude any contribution from Over the Wire (OTW), other than those services already with ABB.

The company continues to strategically invest in growth to drive the longer-term value of the business, with an increase in broadband connections of 11% in 3Q FY22.

“The company has delivered consistent broadband services growth over the last three quarters, and this financial year is on track to be our largest ever for net broadband service additions,” said Managing Director, Phillip Britt.

“This growth is extremely pleasing in a market which is no longer growing and is reliant on customers choosing Aussie and switching from other providers to win market share.

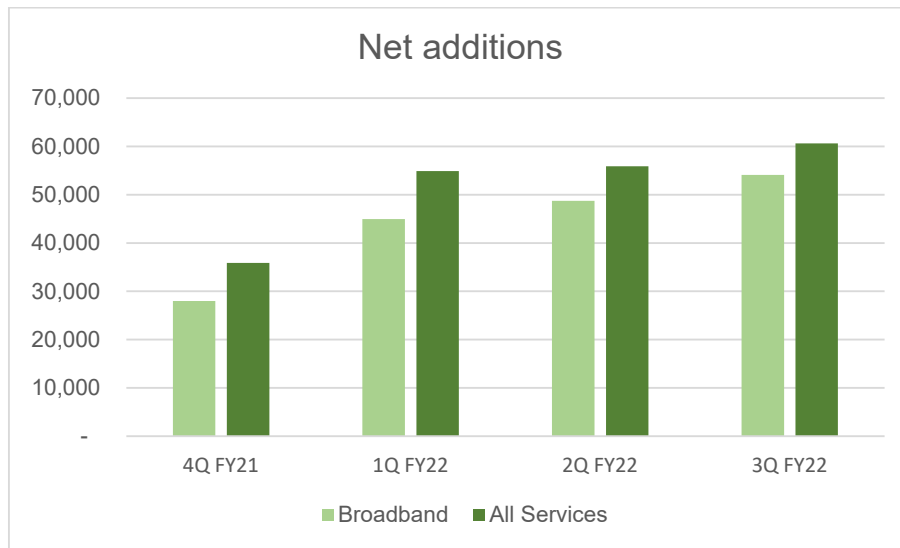
“The third quarter remained strong for new white label services, assisted by the largely complete migration for our white label customer. We expect to see continued organic growth in this segment as our white label customer secures ongoing sales driven by industry leading customer service.

“We welcomed the Over the Wire team into the Aussie Broadband family at the end of the quarter and there is excitement across the whole organisation at the opportunities this will bring. Both teams are already working closely to unlock the full potential of this acquisition.”

## Services

Total broadband services for 3Q increased by 54,108 or 11%. The company’s NBN market share (excluding satellite) is expected to be 6.19% at 31 March 2022, up from 5.66% at 31 December 2021.

Total services increased in 3Q by 60,637 or 10%.



### **Residential broadband**

Net residential broadband additions for 3Q were 24,780.

Promotional offers were reduced during the quarter which decreased the cost to acquire in this segment. Above the line marketing has been reduced during the federal election campaign on advice from our media buying partners that marketing efficiency will be materially impacted during this period which will reduce new sales.

Call centre wait times increased during late February and March due to increased call volume as a result of white label migration work, some network outages generating large call volume and challenges in recruiting additional call centre staff. This has resulted in increased churn late in the quarter.

NBN has recently released its Fibre Connect program which is focused on moving customers from copper-based Fibre to the Node services (FTTN) and Fibre to the Curb (FTTC) services to Fibre to

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the Premises (FTTP). Aussie is currently the market leader by a considerable margin in Fibre Connect services and only a few other providers are offering this service today.

### **Business broadband**

Business broadband net additions were 4,489, a 10% increase over the previous quarter.

Demand for Aussie's NBN enterprise ethernet services has continued to grow and Aussie took more than 18% of all Enterprise Ethernet orders in March.

At the beginning of 4Q, Over the Wire moved new orders for NBN business services to Aussie and migration of its existing services from other providers onto the Aussie network will commence over the next couple of months.

### **Wholesale and white label broadband**

Wholesale and white label net additions for 3Q were 24,839, made up of 16,736 migrated white label services in addition to net organic growth of 8,103 services during the quarter. The total number of services migrated was lower than expected due to organic churn in the existing customer base prior to migration. A further 800 services have been migrated in 4Q.

Aussie Broadband anticipates future organic growth in the wholesale and white label, with its white label customer demonstrating ambitions to drive further growth. The company also intends to explore wholesale broadband opportunities with Over the Wire's partners and wholesale customers in the voice and data segments.

### **Mobile services**

Mobile net additions for 3Q were 2,778, a 9% increase over the previous quarter.

Online mobile sign up is now available for both new and existing customers and dedicated mobile advertising has commenced.

Mobile uptake from existing customers is positive, however gaining mobile-only customers is challenging. Issues regarding the supply of mobile handsets to customers is continuing, with our current handset vendor impacted by ongoing global supply chain issues. We are working to resolve this as a priority to accelerate our growth in mobile services.

### **Aussie Fibre Project update**

Construction is nearing completion and the following sites in each state are now complete:

State	Complete today	Under construction
VIC	28	5
NSW	23	7
ACT	2	1
QLD	13	6
SA	8	0
WA	12	2
<b>Total</b>	<b>86</b>	<b>21</b>

The company expects the remaining 21 sites will be completed in 4Q FY22. The project remains on time and on budget.

The migration off existing Telstra backhaul agreements onto the Aussie fibre network is moving at pace and it is anticipated this work will be completed in early 1Q FY23. Over 55 of the 121 POIs have

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been migrated to the new network, unlocking the planned savings, offset by transitional costs in establishing the new links.

The migration work is complex and involves teams from Aussie and NBN working through the very early hours of the morning to complete each migration with minimal disruption to customers.

### **NBN CVC & pricing update**

Total CVC expense for the quarter was \$4.9m (2Q: \$1.8m), and 18% higher than forecast driven by increased peak time customer usage.

Separately from the current ACCC/NBN pricing consultation, NBN committed to increasing CVC inclusions from 1 May 2022 under a previous consultation. As a result, we expect 4Q FY22 CVC expense to be modestly lower than 3Q.

On 29 March 2022, NBN provided its latest version of the Special Access Undertaking (SAU) to the ACCC. The process continues to drag on and the ACCC has advised it will publish the latest version on 23 May 2022 after the Federal Election.

Aussie believes the process is likely to continue throughout 2022, with extensive ACCC involvement being likely.

### **Over The Wire acquisition**

On 15 March 2022, Aussie Broadband completed the acquisition of Over the Wire Holdings Limited and has now started integrating the two companies.

Early synergy wins have been achieved with Aussie moving a significant portion of its voice traffic onto the Over the Wire tier 1 voice network.

Both companies are presently working through a co-creation process to define what "Aussie 2.0" will look like. This work includes defining its goals and ambitions, as well as its fully merged organisational and go-to-market strategy. Aussie Broadband anticipates providing more information to the market in August 2022.

Aussie Broadband's full year FY22 results will include consolidated financials for Over the Wire for the contribution made since acquisition which are expected to be published on 29 August 2022.

### **Guidance**

The company provides updated guidance and expects total active broadband connections at 30 June 2022 to be in the range of 580,000 to 585,000 and full year EBITDA (before transaction costs and excluding any contribution from Over the Wire) to be in the range of \$27m to \$28m.

### **ENDS**

**Authorised for release by the Aussie Broadband Board.**

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### **About Aussie Broadband Limited:**

Aussie Broadband is an Australian operated telecommunications and technology company that formed in 2008 and is based in Morwell Victoria, Australia.

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The company provides nbn™ (NBN) subscription plans and bundles to residential homes, small businesses, not-for-profits, corporate/enterprise and managed service providers.

As a licensed carrier, the company provides these services through a wholesale agreement with NBN Co, a mix of leased backhaul infrastructure from third parties and its own network fibre and equipment.

The company also offers a range of other telecommunications services including VOIP, mobile plans and handsets, entertainment bundles through its partnership with Fetch TV and connections through its own fibre, the Opticomm network and its white label platform.

With its acquisition of Over The Wire, the company is also a Tier 1 voice provider, and offers a range of tailored cloud, connect and collaborate solutions to business, government and enterprise customers.

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