

ASX Announcement

24 February 2025

---

## **1H FY25 Results Briefing – Script**

Aussie Broadband Limited (ASX:ABB, **ABB**) is pleased to provide the script for the 1H FY25 Results Briefing, hosted by Co-founder and Group Managing Director Phillip Britt and executive management, held at 10:00am AEDT today.

A copy of the recording of the Results Briefing will be made available on ABB's Investor Centre website:

<https://www.aussiebroadband.com.au/investor-centre/>

### **ENDS**

**Authorised for release by the Company Secretary.**

**Investor enquiries** contact Gurjit Mann at [investors@team.aussiebroadband.com.au](mailto:investors@team.aussiebroadband.com.au)

**Media enquiries** contact Alex Walker at [media@team.aussiebroadband.com.au](mailto:media@team.aussiebroadband.com.au)

### **About the Aussie Broadband Group:**

Aussie Broadband Group is a fast-growing technology services provider – comprising of the Aussie Broadband and Symbio businesses – with a market cap of around \$1 billion (AUD).

Listed on the Australian Stock Exchange (ASX: ABB), the Group collectively supplies more than 1 million services, operates two Tier 1 voice providers in Australia and owns fibre infrastructure.

The fifth largest provider of broadband services in Australia with continuing growth in the residential segment, the Group provides a broad suite of solutions through its data, voice, and managed solutions to business, enterprise and government customers. Aussie Broadband Group also provides wholesale services to other telecommunications companies and managed service providers.

For further information please visit: <https://www.aussiebroadband.com.au>

## **Half-Year Results Briefing Script**

Good morning and welcome to today's call for the Aussie Broadband Group FY25 Half Year Results. We will be using the Investor Deck as lodged with ASX this morning, when referring to page numbers.

My name is Phillip Britt, and this will be my final call with you all as the Group Managing Director of the Aussie Broadband Group.

Before we get into the results for the half, I'd like to acknowledge the Aboriginal and Torres Strait Islanders as the First Australians, and for their role as the original communicators, connectors, scientists and carers of the land and waters across Australia.

We pay our respects to Elders past and present. We commit to working respectfully to honour ongoing cultural and spiritual connections between the Traditional Owners of this country and to building an inclusive Australia together.

### **Phil – Agenda/Speakers, Why Aussie Broadband Group**

As we announced earlier in the year, I will be retiring from my role on 1 March to transition into a non-executive and Special Technical Adviser role.

I'm joined on this call by my successor, Aussie Broadband CEO Brian Maher, along with:

- Michael Omeros, better known as MO, Symbio Chief Executive Officer, and
- Andy Giles Knopp, Aussie Broadband Group Chief Financial Officer

Before I hand you over to Brian to go through the results, I wanted to provide one final high-level refresher of the Group and what the business has grown into with your support over the years. Let's turn to page 5.

Aussie Broadband is more than just a challenger brand now. We have evolved into Australia's Most Trusted Telco, Best of the Best in the industry, and the 33rd most trusted brand in Australia, all according to Roy Morgan. The fact that we have maintained those industry-leading highs, particularly amongst an industry as challenging as telco, is thanks to our incredible customer service teams who continue to lead the way, day in and day out.

That culture of industry-leading quality and service also drives the rest of the business, which is why we're continuing to see great success across the board. Revenue grew in the half compared to the prior corresponding period by 6.8 percent.

We've spoken a lot in the past about the advantage our infrastructure assets provide, and that continues to be the case with almost 2,000 kilometres of Aussie Fibre laid, and our high margin tier 1 voice networks with Symbio and NetSIP. More than 4,300 buildings can connect to Aussie Fibre today, and we are continuing to invest in our physical expansion and our digital experience.

All that work has led to a business which has incredibly strong financials with healthy cashflow. These fundamentals have enabled Aussie Broadband's growth and investment in our future, which is an incredibly exciting place to be given Aussie Broadband's humble beginnings. We'll talk more about our look to 28, 3-year strategy, later in the presentation, but for now I'll pass you over to Brian who will take you through the highlights for the first half.

## **Brian – FY25 Highlights, Why Aussie Broadband Group**

Thanks Phil.

Before we begin the presentation, I just wanted to say it is an incredible privilege to be given the opportunity to lead the remarkable business that Phil and founders has built and led. It's an enormous responsibility and honour to continue to Change The Game in his stead, and I'm incredibly excited for what lies ahead for Aussie and the Group.

Let's start now by looking at the highlights from the first half on Page 7.

### **Brian – 1<sup>st</sup> Half Group Highlights**

The half has been strong for the Group, with the business recording robust organic growth across our core segments compared to Half 1 FY24, with improvements in gross margin and underlying EBITDA. The addition of Symbio has further diversified the Group's revenue, with Residential's share reducing from 64 percent to 56 percent. We've also made great progress in delivering the operational efficiencies and synergies that we discussed at our full year results.

We have continued to bolster our reputation for high speeds and high quality by adding 43,652 connections in the half. More than half of our broadband connections now are over 100Mbps. That's a huge advantage for Aussie, and it positions us well to take advantage of the multi-gigabit future that will be enabled for Australian households later this year.

Speaking of successes, I wanted to highlight the excellent contribution of Symbio. Mo and the team are delivering higher gross margin thanks to growth in the core business. Symbio is on track to deliver its expected 38 million dollars EBITDA contribution for FY25, a 30 percent earnings growth year on year. You'll hear more from Mo about how Symbio is tracking later in the call.

We have made a significant capex investment in the half, strengthening our technical foundations by investing in a new internal cloud platform and increasing our voice capacity. We have also identified opportunities to acquire additional IP addresses and incremental enhancement of inter-capital and subsea fibre optic capacity. These investments will continue to ensure our network will be enhanced to support our future growth.

We've maintained a strong balance sheet, giving us the flexibility to make a special announcement today. The Board has declared a fully franked interim ordinary dividend of 1.6 cents per share, along with a fully franked special dividend of 2.4 cents per share.

Now let's look at the core numbers for the half on Page 8.

### **Brian – Aussie Broadband Group at a glance**

We've continued to lead the way in high speed residential NBN plans, adding more than 43,000 new connections. That has grown Aussie's market share of on-net NBN services to 7.8 percent. We also maintained our status as the Most Trusted Telco and improved to become the 33rd most trusted brand in Australia, according to Roy Morgan's brand research.

We've continued to grow our Aussie Fibre network, with another 165 kilometres laid over the half. That brings our fibre footprint to 1,886 kilometres, with 691 connected buildings and more than 4,300 buildings now able to connect.

Our voice business has grown as well and mobile services have increased across the Group to 204,000. We now also host 7.5 million phone numbers between our two Tier 1 Voice Networks in Symbio and NetSIP, with over 4.3 billion call minutes across our networks for the half.

With that, I'll pass over to Andy who will go into our financials for the half.

### **Andy – 1H FY25 Financials, 1H FY25 Financial Results**

Thanks Brian. Let me talk through the first half financials for FY25. Let's turn to Page 10.

The comparable financial results on the page are pro-forma numbers, incorporating both ABB and Symbio's first half results for FY24.

The Group has enjoyed a strong performance for the half, with growth in our revenues, gross margins and underlying EBITDA, despite the ever increasingly competitive market, inflationary pressures and the challenging cost of living environment.

Revenue is 588 million dollars, which is a 6.8 percent growth on the pro forma prior comparable period, and a 32 percent increase on a statutory basis.

At a segment level, we saw double digit percentage growth in Residential, Business, Enterprise & Government segments as well as Wholesale, after reflecting the migration and loss of the Whitelabel customers.

Gross margin grew by 7.5 percent to almost 218 million dollars, while our underlying EBITDA grew by 8.9 percent to almost 66 million dollars.

Operating cash flow before interest and tax declined to 49 million dollars, down 25.8 percent in the half. This was primarily affected by the timing of working capital cash management, and I expect this to recover over the second half.

Finally, and as previously announced, the Board has declared a fully franked interim ordinary dividend of 1.6 cents per share, along with a fully franked special dividend of 2.4 cents per share.

Let's turn to page 11 now for our EBITDA bridge.

### **Andy – 1H FY24, 1H FY25 EBITDA Bridge**

At the full year, we bridged FY24 to FY25 guidance. Following this format the chart outlines the first half FY24 proforma EBITDA to the reported first half reported underlying EBITDA and the key factors that have played into the half.

There are four key messages:

- First, the direct contribution of Origin, after direct customer service costs, was 7 million dollars lower half on half, although the final contribution for FY25 was 1 million dollars more than forecast due to the migrations of customers being slower through the initial period.

- Second, thanks to the implementation of several productivity initiatives and maintaining tight controls on spending, we were able to deliver greater cost efficiencies than expected.
- Third, the core business grew by 22% through the period and this was at the top end of our expectations, but timing of SAU price changes in the two halves is important to note.
- Finally, our net investment in Buddy was as anticipated with a half year impact of 5 million dollars.

Let's turn to page 12 now for a summary of our operating cash flow and leverage position.

### **Andy – Cashflow and leverage summary**

Our operating cash flow declined to \$49 million dollars, and as a result the cash conversion was sitting at 74.9 percent for the half.

As indicated before, the lower operating cash flow and cash conversion ratio was driven entirely by the timing of working capital movements. Indicators such as debtor days and bad debt provision percentage have improved in the period, which goes to the quality of the cash generation, and I expect for the full year to be in a much better position.

The operating cash flow is before interest and Tax. The Group is now in a tax paying position having utilised the historical tax losses and the incremental reversal of the 100 percent tax depreciation concessions that were available during COVID.

With the significant cash balance, we repaid 120 million dollars of borrowings during half one and that facility remains available for redraw. At December, we were well below our net leverage ratio target range 1.75 to 2.50 times at 0.72 times.

In line with the capital management framework, we communicated in November our intention to commence a Share Buyback of up to 10% of the share capital over a 12-month period and today we announced the fully franked special dividend of 2.4 cents per share on top of the interim dividend

Let's turn the page now to look at our capex in greater detail.

### **Andy – Capex**

The Group continues to maintain a disciplined approach to capex making investments in core growth, customer growth, lifecycle replacement, incremental capability and our Aussie Fibre infrastructure.

We are announcing a revised capex guidance for FY25 of an increase of 20 million dollars to between \$75 million and \$80 million dollars, inclusive of Symbio.

The increase is down to the decisions we made in the first half to take advantage of opportunities to invest in our capacity and resiliency to unlock greater potential – and greater savings – in the future.

Some of the significant spend has gone towards migrating multiple technology environments and their associated applications into a new, strategic internal cloud platform. This will eventually become a single platform across the group.

Our increased guidance reflects our ongoing investment in long-term growth. \$4 million dollars of the new capex guidance will go towards securing more IP addresses to ensure no more capacity is needed through to FY28.

We are also making a \$5.7 million dollar, 15-year commitment to inter-capital and subsea fibre optic cables, strengthening our capacity to handle increased bandwidth across our inter-capital and international links and improving our gross margin in future years.

It is important to note, our internal capitalised software development cost has also remained in line with our original forecasts.

I will now hand over to Brian to discuss segment performance in more detail.

### **Brian – Segment performance, Residential**

Thanks Andy, this now brings us to our performance across our various segments starting with residential on Page 15.

We've continued to gain revenue and market share within our residential segment, with revenue totalling \$327 million dollars for the half, a 15.3 percent increase on the prior corresponding period.

Our gross margin grew by 19.3 percent as well to \$102 million dollars, while our gross margin percentage improved slightly to 31.3 percent from 30.2 percent, thanks to changes in the wholesale pricing. The margin for the half declined modestly against H2 FY24 due to a timing mismatch between when wholesale prices came into force and when that flowed through to ABB customers. We also saw a higher than expected movement in our customer mix towards 100Mbps products, as well as greater network costs being allocated to the segments after the migration of the whitelabel customers.

Aussie Broadband has also maintained its position as a preferred provider of high-speed broadband plans. More than 54 percent of Aussie's connections are over 100Mbps, an increase from 40 percent in December 2023. This is an excellent position for the Group to be in ahead of the release of NBN's new plans and products in September this year, which will unlock additional speed and new tiers for users on full fibre and HFC connections.

In addition to that, residential mobile services are now exceeding 64,000 which represents our continued growth and presence as an MVNO operator.

Maintaining momentum through the Fibre Connect program, particularly given NBN's decision to extend the rollout until 2030, will be a key focus for us for the remainder of FY25 and beyond. We'll also continue the good momentum in the mobile sector by continuing to grow our footprint in that market.

We'll also look to continue to increase our broadband market share by scaling Buddy Telco, both through additional product offerings and targeted marketing.

Speaking of Buddy, let's turn to Page 16 to look at how Buddy is performing in greater detail.

### **Brian – Buddy**

Buddy launched in July 2024, and it has seen a particularly strong response in market from competitors with a lot of significant price-based promotional activity, although Buddy's always-on pricing remains highly competitive outside of the promotional windows.

To date, the competitor response has impacted sales volumes and Buddy's net growth trajectory is lower than our initial expectations.

It is important to call out that we are proud of how we have been able to establish Buddy thus far with a small support staff based out of our Perth office.

We remain committed to our original target of securing 100,000 subscribers by the end of FY27, and we're excited to see how far Buddy can grow throughout the rest of the year.

Let's turn to the business segment on Page 17.

### **Brian – Business**

The top line growth is strong with a 12.7 percent jump in revenue to \$54.1 million dollars, which is a higher growth rate than the first half of FY24. Our gross margin improved by 6.9 percent to \$23.2 million dollars, although the gross margin percentage declined due to the net impact of wholesale price changes.

The team focused on growing their digital presence in the space for the first half, while also revising the operating model to streamline support for customers and driving efficiencies.

Looking forward, the team will leverage our Group's brand image as Australia's Most Trusted Telco to increase awareness within the segment, while building on the higher attachment rate of business customers to multi-product offerings.

On the next page, we'll look at enterprise and government.

### **Brian – Enterprise & Government**

Our E&G teams have maintained good momentum with new business wins. The team has onboarded major strategic clients in the half. That includes the deal with Bunnings where Aussie will supply connectivity to more than 350 Bunnings sites across Australia. Almost 200 of those sites have already been completed in the first half, and we expect to complete the rollout across the remaining sites in the second half.

Those deals have helped the segment's revenue grow by 13.2 percent to \$47.2 million dollars. Average Gross margin percentage has come under some pressure in the half due to the mix of new revenue being weighted to data and price increases from US technology vendors in the cloud space.

For the second half of the year, the E&G team will be leveraging the growing Aussie Fibre network as part of a "land and expand strategy". The team will be focusing further on our expertise in data, while simplifying the product offering to better match the demands of E&G clients. We'll also be working to accelerate and reduce friction in the Aussie Fibre sales process to better unlock the competitive advantage it provides.

### **Brian – Wholesale**

Next up is our wholesale segment, on page 19, which has been refocusing on new partnerships and driving growth through our tier 1 voice networks in Symbio and NetSIP.

The segment recorded a higher than expected revenue contribution in the first half due to the phasing of the Whitelabel offboarding. Organic growth, excluding this, for the Wholesale team grew by 20.2 percent in the period, with a 35.9 percent increase in connections.

The team will continue to add more wholesale partners going forward, adding to the 58 partners that were added during the first half, and we have an exciting pipeline of partners that we are continuing to explore through the second half. The team will also continue to drive more sales of voice products by improving the alignment between our Symbio and NetSIP tier 1 voice networks and the opportunities they provide.

Next up is Symbio, and for that I'll hand over to Mo.

### **Mo – Symbio**

Thanks Brian. As you can see on page 20, Symbio has continued with the strong momentum since being acquired by Aussie Broadband, with some solid results in our gross margin and core business growth.

The slight decline in revenue by 1.3 percent to \$103.8 million dollars is related to some one-off and expected decreases during the half. The retirement of Cisco's HCS on-prem platform resulted in a \$3.7 million dollar reduction, while the expected drop in international minutes from our Exchange (formerly TNZI) business reduced revenue when compared to the prior period by \$1 million dollars. Excluding those elements, Symbio's underlying growth was 5 percent, and we are well positioned to continue that moving forward.

Symbio's contribution to the Group remains strong. Symbio's Singaporean operation is now profitable, which is a huge milestone for the business, and we are also celebrating a significant win with the extension of our partnership with MEDION Australia. The MEDION Australia deal will run for another 5 years, and their reach makes Symbio one of the largest mobile virtual network enablers in Asia-Pacific.

For the second half, our focus is on delivering the 30 percent year-on-year earnings growth and our expected EBITDA contribution of \$38 million dollars. We will continue to drive greater voice, mobile and data growth through a greater alignment of Symbio and Aussie Broadband's combined advantages. And we have already made great headway in delivering on the synergies we committed to in previous calls, with the business on track to deliver 8 to 12 million dollars of synergies by the end of FY26.

That's it from me. I'll be on the call later if you have any questions, but for now I will pass you back to Brian who will talk through our aspirations to FY28 and our outlook and guidance for the coming financial year.

### **Brian – Updates & Summary, 2H FY25 Outlook and Guidance**

Thanks Mo. Let's turn to page 22 now.

### **Brian – 2H FY25 Outlook & Guidance**



For the full financial year, we're happy to announce that we are upgrading our guidance for underlying EBITDA to a range of \$133 million to \$138 million dollars based on the strong trading performance to date. Underlying EBITDA excludes significant non-recurring costs relating to acquisitions and restructuring but includes share-based payment expenses. Our capex guidance has also been revised upwards by \$20 million to \$75 million to \$80 million dollars, as we outlined earlier on in this call.

By way of a trading update, since the half year the business has added 14,129 net connections this quarter as of 21 February. Of the net additions, Buddy contributed 2,131 connections in the quarter to date.

### **Brian – Look to 28 – Our Three Year Aspiration**

Beyond the current financial year, we have been working on a refreshed strategy to better reflect the Group's ambitions for the coming years. A copy of this is on Page 23.

This is just a high-level overview, but the focus is recognising and building on the strengths in our core telco business. We have 5 strategic priorities as we look-to-28:

- First, we will continue our legacy of long-term growth by maintaining our focus on diversifying revenue across all segments to deliver strong margins.
- Next, we'll continue to grow our Aussie Fibre footprint to better control our own destiny, while growing our share of on-net connections across the Group.
- Third, Aussie is known for its industry-leading customer service – but we can always do better. And we'll do that by adopting and building digital tools and portals to make our experience even better.
- Next, having the right foundations is key. We've already begun the work to simplify and uplift the capability of our systems to truly unlock the potential of our people and our future growth, but this is something that we'll continue to do through to FY28.
- Finally, there's also the most important foundation of all: security. Hundreds of thousands of Australians rely on us to keep their data safe. That trust is the absolute bedrock of our business, and we are constantly focusing on security through every facet of Aussie to ensure that that foundation is as rock-solid as humanly possible.

We will share more detail on our Look to 28 strategy and our growth aspirations at our Investor Day on 10 April at Sydney's Parliament House. Registration is open now, and it is a chance to hear from our broader executive team and catch up with them and members of our board over lunch. We look forward to seeing many of you there.

### **Brian – Leadership Transition**

On page 24, As we reach the tail-end of today's call, I wanted to take the time to acknowledge our Group Managing Director and co-founder Phil Britt, who will be retiring from his role at the end of the week.

Phil isn't saying goodbye just yet. He will remain with the business as a Non-Executive Director and a Special Technical Adviser for the next few years. Phil has been the cornerstone of the business for 21 years and has been a significant player in the industry. We congratulate him on what he has built and wish him well with Rural Fibre Co.

As I step into Phil's shoes and as we look-to-28, the Group will be realigning some of its business units and making some executive changes. The changes will move us from a purely functional model to a divisional model enabling end to end accountability for the experience of each of our customer groups and just as importantly, financial performance.

From FY26 we will have 3 operating segments: Residential; Business, Enterprise & Government; and Wholesale.

Each segment will be led by a Group Executive. I'm pleased to announce that those executives will be:

- Jonathan Prosser, our current Chief Strategy Officer, will lead Residential;
- Aaron O'Keeffe, our current Chief Growth Officer, will head up Business, Enterprise & Government;
- and Michael Omeros, who will expand his role as CEO of Symbio to include responsibility for leading Wholesale for the group.

These changes will come into effect from 1 July 2025, and as a result will not affect financial reporting for FY25.

With that, I will now pass you back over to Phil for the last time to sum up our main takeaways from the first half.

### **Phil – Key Takeaways From 1H FY25**

Thanks Brian.

Before handing over for questions, on page 25, I just wanted to make some final remarks about Aussie Broadband and the business we have been able to build with your joint support over the years.

Aussie Broadband has always strived to Change The Game and leave behind a lasting impact. We started by connecting Morwell, the Latrobe Valley and the greater Gippsland region. Our presence and reach now extends throughout Australia and beyond.

We have always faced difficulties and challenges, and every time the team has rallied to find a solution and a path forward. Having managed a significant migration of customers this financial year, Aussie has still gained market share, grown its revenue, improved its margins and now upgraded our EBITDA from the original guidance.

The same can be said for Symbio. The business is on track to achieve earnings growth of 30 percent year-on-year and a \$38 million dollar EBITDA contribution by the end of the

financial year. The combination of Symbio with our Wholesale team is truly game changing when we consider the products and services their combined powers can offer. This represents the extension of our revenue diversification strategy.

Our foundation is strong, as is our balance sheet that has allowed us to accelerate investments to enable even greater growth as we Look to 28. That discipline has allowed us to deliver sustainable returns for shareholders, with an interim dividend this year, a share buyback announced in November, and the flexibility to take advantage of opportunities as they arise.

The best years of Aussie are well and truly to come. The business is in an incredible shape with an excellent pipeline, a clear three year strategy, and an experienced leadership team that knows how to deliver.

It has been an incredible journey. Thank you all for your support, and for the very last time: that concludes our investor presentation, and we're now ready to take your questions.