Half-year results

Aussie Broadband Limited (ASX:ABB) today announced its results for the half-year ended 31 December 2021 (1H FY22).

Highlights:

- Revenue of $229.3 million, an increase of 46% on prior corresponding period (pcp)
- EBITDA of $9.1 million, an increase of 7% on pcp
- Providing 494,803 broadband connections, an increase of 45% on pcp
- Providing 32,207 mobile services, up 70% on pcp
- Business broadband services up 67% on pcp to 45,483
- 5.66% NBN broadband market share (excluding satellite) up from 4.23% at December 20
- The opening of our office and call centre in Burswood, WA
- Won Customer Service Organisation of the Year – Large Business in the Australian Service Excellence Awards, for the second year in a row

The company achieved revenue of $229.3 million and EBITDA of $9.1 million.

"It's been another year of growth for Aussie, and I am extremely proud of the work the whole team has put in to create some great half-year results," said Managing Director Phill Britt.

"The year started with a huge amount of uncertainty due to the ongoing effects of the COVID-19 pandemic, but our growth in broadband services, for both residential and business segments, remained consistently strong.

"We continued the fibre roll out with 63 sites complete at 31 December 2021; the remainder of the sites will be connected by end of FY22 when 1200km of Aussie fibre will be in the ground.

"A huge 'thank you' goes out to the entire Aussie team who continue to kick goals."

The company's market share of NBN fixed-line and fixed-wireless technologies increased to 5.66%, compared to 4.23% in December 2020.

Marketing expenses for the period were $16.4 million, with an additional $8m provided in promotional discounts to drive broadband and mobile growth, along with mobile retention during the network migration.

EBITDA was impacted by network costs including higher CVC due to lockdowns in the period, as well as promotional and free month offers impacting short-term EBITDA but driving better than expected volume growth.

Services summary

On 31 December 2021 the company was providing 494,803 broadband connections across residential, business and wholesale customer bases:

	Dec-21	Dec-20	Growth
Residential broadband	422,034	313,233	35%
Business broadband	45,483	27,248	67%
Wholesale broadband	27,286	1,816	1,403%
Total	**494,803**	**342,297**	**45%**

White label

The migration of white label services began in the period, with 8,725 services transferred in 1H FY22. The remainder of services will be migrated in 3Q FY22, with the majority already complete. In total there were 25,142 net additions in the wholesale and white label segment for 1H FY22.

Environmental, social, governance (ESG)

The company is on track to become a Certified B Corporation, having already completed its first submission for assessment.

"This certification will allow us to benchmark ourselves and improve our ESG practices," Phil said. "As a company, Aussie Broadband is always concerned with revenue growth, but we also care about our corporate social responsibility for society, our staff, the community, and the environment.

"Becoming certified as a B Corporation will assist us as we move into a new phase of the organisation and continue to change the game".

Outlook

The beginning of 3Q FY22 has seen record sales for broadband. This, along with the completion of white label migrations in 3Q, will assist the company achieve its continued growth.

In December 2021, the company announced that it had entered a Scheme Implementation Deed (SID) with Over the Wire Holdings Limited (ASX:OTW) under which it is proposed that Aussie Broadband Limited will acquire 100% of the share capital in OTW.

Having been approved by ASIC and authorised by the Federal Court, the Scheme booklet has been despatched to OTW shareholders.

The Scheme meeting is scheduled to be held on 24 February 2022 and is expected to be implemented following Federal Court approval in March 2022.

The company expects full year FY22 EBITDA (before transaction costs and excluding any contribution from OTW) to be in the range of $27 million to $30 million. Performance in 2H FY22 is expected to be driven by employee and administration costs being lower as a percentage of revenue, as well as continued growth in connections and services, and the completion of the white label migrations.

Comparable marketing costs, lower promotional costs, and the benefit of a full half of revenue from 1H FY22 acquired customers will also have a positive impact on EBITDA for FY22.

The company expects broadband net additions of 85,000 to 95,000 for 2H FY22, which will include the migration of white label services. This guidance will see total active broadband connections at 30 June 2022 in the range of 580,000 to 590,000.

This guidance is dependent on the company's marketing activities and the relative competitive environment through the period. The company will provide an update to these figures in the 3Q update, expected to be released in late April 2022.

Authorised for release by the Aussie Broadband Board.

ENDS

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About Aussie Broadband Limited:

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

The company's main focus is 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 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.