

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Budget Estimates May 2017
Communications Portfolio
NBN Co Limited

Question No: 270

NBN Co Limited

Hansard Ref: Written, 07/06/2017

Topic: Terminal value

Senator Urquhart, Anne asked:

With reference to QON 213 from Additional Estimates.

Please do not attempt to avoid answering the question by referencing the Strategic Review.

Question No: 213

NBN Co Limited

Hansard Ref: Written, 14/03/2017

Topic: Terminal value

Senator Urquhart, Anne asked:

1. What terminal value was used as part of the IRR calculations in the 2017 Corporate Plan?
2. What terminal value was used as part of the IRR calculations in the 2016 Corporate Plan?

Answer:

Following the same assumption as used in the nbn strategic review in December 2013, the terminal value used in calculation of IRR for both Corporate Plans was 6 times the FY2040 EBITDA.

1. What terminal value was used as part of the IRR calculations in the 2017 Corporate Plan?
Please state the figure.
2. What terminal value was used as part of the IRR calculations in the 2016 Corporate Plan?
Please state the figure.
3. What FY2020 EBITDA was used?
4. Enterprises
5. Does NBNCo currently provide services to any enterprises?
(a) If yes, how many? How much revenue has been earned in FY16-17 to date.

Answer:

1. The IRR reported in the Corporate Plan 2017 included a terminal value at FY40 of \$37.8b, which was based on a 6x EBITDA multiple.
2. The IRR reported in the Corporate Plan 2016 included a terminal value at FY40 of \$36.7b, which was based on a 6x EBITDA multiple.
3. The FY20 EBITDA of \$0.7b was reported on page 47 of the Corporate Plan 2017.

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4. nbn currently provides a large volume of services to business premises, including enterprise products. nbn operates in competition with other fixed network and point to point fibre operators in these segments, and disclosure of the volume and revenue associated with enterprise services would adversely impact nbn's ability to compete in these markets. This information is therefore commercial in confidence.