

Optus delivers a quarter of revenue, EBITDA and profit growth

Australia – Optus today reported a 9% increase in quarterly net profit, as it continues with network investments supporting its strategy to become a mobile-led multimedia company with innovative data plans and compelling content.

Quarterly Performance

For the quarter ended 31 December 2015, Optus' EBITDA increased 5% to A\$685 million.

Operating revenue was up 6% to A\$2.43 billion, reflecting strong equipment sales, and sustained growth across Optus' mobile and fixed businesses.

Mobile service revenue rose 1% to A\$1.24 billion. Incoming service revenue declined 5% due to lower inbound roaming revenues, while outgoing mobile service revenue rose 2%, underpinned by a 133,000 year-on-year increase in postpaid handset customers.

Optus added 12,000 new mobile customers during the quarter, bringing the total number of mobile subscribers to 9.37 million. The number of 4G subscribers increased to 4.45 million, a 40% year-on-year increase. 4G Plus customers now account for 47% of Optus' total mobile customer base.

Prepaid handset customers returned to growth this quarter with net additions of 61,000 subscribers. Postpaid handset customers declined by 26,000 this quarter, impacted by the deactivation of a wholesale customer. Excluding these deactivations, postpaid handset customers grew by 88,000.

In Mass Market Fixed, operating revenue grew 6%, due to growth in Optus' NBN customer base and increased take up of Optus TV. The expanding national NBN footprint and competitive entertainment offers increased Optus' NBN broadband customer base. Optus now has 88,000 NBN customers, and a total of 1.04 million broadband customers.

Free cash flow for the quarter was A\$147 million, mainly reflecting higher investments in mobile customer acquisition and retention.

Building a Competitive Mobile Network

During the quarter, Optus made significant progress building an even better network for customers. Optus' 4G Plus network is now available at 4,451 regional and metropolitan sites, and reaches 92% of Australians, as of 31 January 2016.

"In the coming quarter, Optus will continue to strengthen and extend the reach of its 4G Plus network as it increases deployment across its 700 MHz and 2600 MHz spectrum holdings. Following its recent acquisition of regional 1800 MHz spectrum, Optus now has more spectrum assets to expand its network and improve its 4G coverage for more Australians," Mr Lew said.

| | Quarter | | YoY Chge % | Nine Months | | YoY Chge % |
|-----------------------|---------------|---------------|------------------|---------------|---------------|------------------|
| | 31 Dec | | | 31 Dec | | |
| | 2015 A\$ m | 2014 A\$ m | | 2015 A\$ m | 2014 A\$ m | |
| Operating revenue | 2,433 | 2,290 | 6.3 | 7,042 | 6,506 | 8.2 |
| EBITDA | 685 | 652 | 5.1 | 2,032 | 1,901 | 6.9 |
| <i>EBITDA margin</i> | 28.2% | 28.5% | | 28.9% | 29.2% | |
| EBIT | 356 | 335 | 6.4 | 1,034 | 972 | 6.4 |
| Underlying net profit | 228 | 208 | 9.6 | 657 | 625 | 5.1 |
| Net profit | 227 | 208 | 9.1 | 653 | 602 | 8.6 |
| Free cash flow | 147 | 306 | -52.1 | 259 | 571 | -54.7 |

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