

Optus year-end results reflect challenging fourth quarter

For the full year ended 31 March 2020, Optus operating revenue declined 2% to A\$8,954 million, with higher NBN migration revenue offsetting lower equipment and service revenues.

During the year Optus added 141,000 new post-paid mobile subscribers and 251,000 new nbn broadband customers.

EBITDA was down 2% to A\$2,652 million reflecting lower contributions from Optus Business and retail fixed and equipment sales revenues. Full year net profit was A\$402 million.

Free cashflow grew strongly to A\$1,396 million, up 36%, reflecting strong working capital management.

For the quarter, Optus' operating revenue declined 9% to A\$2,104 million due to lower service and equipment sales revenues and weaker consumer sentiment following recent natural disasters and the early impacts of COVID-19.

Mobile service revenue decreased 6% due to an increased mix of SIM-only customers and continuing data price competition. Equipment sales also decreased sharply due to lower sales of mobile devices as consumers retain their handsets for longer periods, the removal of handset subsidies, and delivery disruptions from a major logistics supplier.

Retail fixed revenue declined 7% as Optus continues to transition customers to the NBN. Optus recorded 45,000 new NBN customers for the quarter taking total Optus NBN customers to 848,000.

Optus Business revenue declined in the quarter as a result of continued price erosion for voice and data services and lower ICT project services and maintenance revenues. On a sequential quarterly basis operating revenue grew slightly.

Optus' EBITDA was down 25% to A\$562 million reflecting fixed margin erosion from a higher mix of nbn customers. Net profit decreased to A\$37 million.

Free cash flow for the quarter grew strongly, up 21% to A\$539 million, reflecting strong working capital management.

Optus Chief Executive Kelly Bayer Rosmarin said, "It has been a challenging year for our industry as consumer demand has slowed compared with the previous year, and these challenges have intensified in the last quarter as Australia managed through natural disasters and COVID-19 impacted the economy."

"However, recent events have underscored the importance of our essential services to Australia. I am confident that the fundamentals of our business remain strong and I am optimistic that our strategy - underpinned by an unwavering focus on our customers - will continue to drive our performance as economic conditions and consumer sentiment recover."

Media release

Optus has committed to keeping customers connected during the COVID-19 pandemic. Optus reacted quickly and implemented a range of measures to support its customers, including the provision of additional data allowances, waiving fees and charges for customers in hardship, and providing a special offer for Australia's healthcare care workers to show them our gratitude and to keep them connected.

During the quarter, Optus' digital inclusion initiative *Donate Your Data* saw 200,000 unique donors contribute more than 5 million gigabytes of data to underprivileged Australian youth. Seven new charities were onboarded to broaden the impact of the program, underpinning the long-term viability of the donation platform in reaching the most vulnerable Australians.

Optus Business announced a seven-year IoT research partnership with James Cook University to drive innovation in IoT and co-deliver new business innovations that harness the power of IoT.

Optus was named the tenth strongest brand for telecommunications in the world by Brand Finance in their Telecoms 150 2020 report published in April.

For the third successive quarter Optus was also named number one for NBN average download speeds in the ACCC's Measuring Broadband Australia Report.

Financial Highlights

	Quarter		YoY Chge %	31 Mar		YoY Chge %
	Full Year			Full Year		
	2020 A\$m	2019 A\$m		2020 A\$m	2019 A\$m	
Operating revenue	2,104	2,303	-8.6	8,954	9,099	-1.6
EBITDA - margin	562 26.7%	748 32.5%	-24.9	2,652 29.6%	2,699 29.7%	-1.7
EBITDA & share of results of joint ventures	562	748	-24.9	2,652	2,699	-1.7
EBIT	104	375	-72.4	837	1,215	-31.1
Profit before exceptional items and tax	56	329	-83.0	617	1,024	-39.8
Underlying net profit	39	228	-82.9	431	716	-39.8
Net profit	37	228	-84.0	402	659	-39.0

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