

Optus records strong fourth quarter results

Continued customer growth drives revenue, profit and free cashflow

For the quarter ended 31 March 2019, Optus reported strong results with operating revenue up 7% to A\$2,303 million driven by customer growth, higher equipment sales and higher nbn migration revenue following the resumption of nbn HFC migrations.

Mobile revenue increased 9% reflecting strong customer growth with 126,000 postpaid mobile subscribers added for the quarter.

In Mass Market Fixed, operating revenue was up 19% due to higher nbn migration payments and continued NBN customer growth, with 50,000 new customers added in the quarter.

Optus EBITDA was up 6% to A\$748 million, while net profit increased 12% to A\$228 million.

Free cash flow for the quarter grew strongly, up 25% to A\$446 million.

Optus Business announced a 5-year strategic alliance with marquee Australian supermarket operator Coles to deliver enterprise network services to more than 2,400 locations across Australia and support Coles' 115,000 employees.

For the full year, Optus operating revenue increased a healthy 6% to A\$9,099 million driven by strong customer growth and higher equipment revenues.

During the year Optus added 379,000 new post-paid mobile subscribers and 137,000 new nbn broadband customers.

EBITDA was marginally down at A\$2,699 million. Net profit was lower due mainly to the impact of the temporary suspension of nbn HFC migrations together with higher depreciation and amortisation costs and exceptional items as Optus continues to transform its business.

Free cashflow grew strongly to A\$1,028 million, up 9%.

Optus Chief Executive Allen Lew said, "Optus achieved a very strong performance in the fourth quarter underpinned by a relentless focus on delivering exceptional network and customer value to drive customer growth and engagement."

"We continue to differentiate ourselves through our exclusive content strategy. Optus content more than doubled with the UEFA Champions League, the UEFA Europa League, Euro 2020 and the UEFA Nations League. The next few weeks will be an exciting time for football fans as we broadcast the all-EPL finals of the Champions League and Europa League and the 2019 FIFA Women's World Cup."

Optus Sport will be the only broadcaster covering all 52 matches of the Women's World Cup and has also launched its improved NatGeo app, featuring Optus' exclusive content "Only in OZ".

Optus cemented its 5G leadership position by announcing Australia's first commercial broadband service - Optus 5G Home Broadband, and completing a ground breaking 5G video call, with augmented reality, between Singapore and Australia.

Media release

“Optus is scaling its 5G network in preparation for a broader commercial launch later this year which will start to see this exciting next generation technology in the homes and hands of our customers,” Mr Lew said.

Financial Highlights

	Quarter		YoY Chge %	31 Mar		YoY Chge %
	Full Year			Full Year		
	2019 A\$m	2018 A\$m		2019 A\$m	2018 A\$m	
Operating revenue	2,303	2,149	7.2	9,099	8,612	5.7
Operating expenses	(1,583)	(1,479)	7.0	(6,535)	(6,075)	7.6
Other income	28	35	-20.4	134	186	-28.0
EBITDA	748	705	6.1	2,699	2,724	-0.9
<i>- margin</i>	<i>32.5%</i>	<i>32.8%</i>		<i>29.7%</i>	<i>31.6%</i>	
EBITDA & share of results of joint ventures	748	705	6.0	2,699	2,724	-0.9
Depreciation & amortisation	(373)	(363)	2.6	(1,483)	(1,436)	3.3
EBIT	375	342	9.7	1,215	1,288	-5.7
Net finance expense	(46)	(46)	0.0	(191)	(185)	3.3
Profit before exceptional items and tax	329	296	11.2	1,024	1,103	-7.2
Taxation	(101)	(89)	13.4	(309)	(325)	-5.0
Underlying net profit	228	207	10.3	716	778	-8.1
Exceptional items (post-tax)	(0)	(3)	-96.0	(57)	4	nm
Net profit	228	204	11.7	659	782	-15.8

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