

25 May 2023

Optus Customer Growth and Price Discipline Underpin Positive Results

For the full year ended 31 March 2023, Optus delivered EBITDA growth of 4.5% and EBIT grew 59% to A\$286 million, excluding NBN migration revenues.

Operating revenue was up 2.8% with growth across its mobile and fixed businesses. Excluding NBN migration revenue, which has now come to an end, Optus' operating revenue grew 3.7%.

During the year, Optus added 425,000 subscribers to its mobile customer base, led by a strong performance in prepaid, and growth in both postpaid and connected devices, demonstrating a good recovery from the cyberattack.

This customer growth and continued focus on ARPU, coupled with disciplined cost management (with indirect costs increasing only 1.2% despite inflationary pressures), underpinned the strong improvement in profitability.

Optus CEO Kelly Bayer Rosmarin said Optus' commitment to customers, innovation and strengthening its network helped drive the solid results.

"Each of us at Optus is driven to do the best we can for our customers, through our network, our great value offerings and our service. We've provided customers with fast and reliable network experience as we continue to expand our national 5G population coverage.

"Our customers continue to benefit from our ground-breaking Living Network and its launch of more new features this year including Optus Eco, Network Pulse and Turbocharge, with our innovative approach having been recognised as one of the most innovative companies in Australia."

Optus was awarded Australia's Fastest 5G for mobile download speeds for the third year in a row. It lit-up 5G at 1,200 new sites over the last year, switched on its 3,000th 5G site and activated 5G on the 900MHz spectrum band, as it continues to expand its national 5G population coverage at pace.

Optus brought its Consumer and Enterprise businesses together, creating an integrated 'One Optus' to serve all Australian customers. The newly formed Enterprise and Business division creates the opportunity to deliver scale and synergies and saw Optus gain traction in all segments of the B2B market, as well as deliver initial cost efficiencies.

Optus welcomed the Australian Competition and Consumer Commission's (ACCC) decision in December to oppose the authorisation of the proposed Telstra and TPG regional network sharing arrangement, which is now being considered by Competition Tribunal on appeal. Optus reaffirmed its commitment to providing Australia's regional communities with a strong network and great service, achieved through ongoing investment programs and focus on innovation.

OPTUS

MEDIA RELEASE

For the second half of the year ended 31 March 2023, Optus delivered profitable growth, with EBITDA up by 1.6%, while EBIT grew by 43% to A\$123 million, excluding NBN migration revenues.

Optus' operating revenue grew 4.5% to A\$4 billion in the second half. Excluding NBN migration payments, operating revenue grew 5.0%. Mobile service revenue increased 3.9%, driven by customer growth, consistent price discipline, and stronger prepaid and roaming revenues from the continued recovery in international travel. Equipment sales performed strongly, with 16% growth from sales of high-end devices.

Customer growth continued in the second half, despite the impacts of the cyberattack. Continued strength was seen in prepaid as retail foot traffic improved and inbound international travellers returned. Mobile ARPU fell slightly, due to a higher mix of prepaid customers, lower carriage revenue from domestic wholesale roaming and a decline in handset insurance revenue, due to the sale of this business in the first half of the year.

Wholesale, Fleet and Enterprise Fixed revenue was stable. Increases in Satellite and ICT equipment revenues were offset by lower NBN resale revenue from Optus' strategic exit from this market, and a decline in Enterprise fixed carriage revenue from structural market shifts.

Non-revenue related expenses were up 2.8% in the half, reflecting inflationary pressures.

“Our results reflect positively on the brand and culture of Optus. We are grateful to our customers for the loyalty and trust they have shown in us, and our team remains focused on doing the very best we can in the year ahead as we continue to innovate and deliver exceptional value and service,” said Bayer Rosmarin.

Financial Highlights

| | Full Year | | | Half Year | | |
|---------------------------------------|------------------|------------------|---------------|------------------|------------------|---------------|
| | FY2023 (A\$m) | FY2022 (A\$m) | YoY Change | FY2023 (A\$m) | FY2022 (A\$m) | YoY Change |
| Statutory View | | | | | | |
| Operating revenue | 8,053 | 7,836 | 2.8% | 4,090 | 3,914 | 4.5% |
| Operating expense | (6,085) | (5,886) | 3.4% | (3,123) | (2,950) | 5.9% |
| Direct costs | (3,780) | (3,608) | 4.8% | (1,955) | (1,814) | 7.8% |
| Indirect costs | (2,305) | (2,279) | 1.2% | (1,168) | (1,136) | 2.8% |
| Other income | 120 | 117 | 2.9% | 57 | 62 | (8.4%) |
| EBITDA ex NBN migration | 2,088 | 1,998 | 4.5% | 1,023 | 1,007 | 1.6% |
| Depreciation & amortisation | (1,801) | (1,818) | (0.9%) | (901) | (921) | (2.2%) |
| EBIT ex NBN migration | 286 | 180 | 59% | 123 | 86 | 43% |
| NBN migration revenue | - | 69 | NM | - | 18 | NM |
| Singtel Group View¹ | | | | | | |
| Operating revenue | 8,052 | 7,768 | 3.7% | 4,089 | 3,895 | 5.0% |
| EBITDA | 2,088 | 1,999 | 4.4% | 1,023 | 1,011 | 1.2% |
| EBIT | 286 | 143 | 100% | 123 | 86 | 43% |

NM denotes not meaningful.

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Note:

¹The comparatives in the table above are based on the statutory view of Singtel Group where FY22 have included the depreciation charges of Indara towers from April to October 2021 before the sale & leaseback of Indara towers by Optus from November 2021 (when Indara ceased to be a subsidiary of Singtel). The figures are before NBN migration payments.