

Optus delivers revenue and customer growth

For the first half, Optus operating revenue grew by 6% to A\$4,377 million as continued network investment and exclusive entertainment content delivered mobile subscriber growth.

EBITDA was stable at A\$1,287 million while net profit was lower at A\$259 million due to lower NBN migration payments and workforce restructuring charges. Excluding NBN migration revenues, EBITDA and underlying net profit¹ increased 4% and 3% respectively.

Free cash flow was up 9% to A\$423 million.

For the quarter ended 30 September 2018, Optus revenue grew 5% YoY to A\$2,199 million as strong handset sales continued to deliver Postpaid customer growth.

EBITDA declined 2% to A\$631 million and net profit was lower at A\$105 million. Excluding NBN migration payments EBITDA grew 4% and underlying net profit² was up 6%.

Across Optus Consumer and Enterprise businesses, Postpaid mobile subscribers and mobile broadband increased by 93,500 and 26,000 respectively while Prepaid handset customer base declined 120,000 impacted by seasonality and intense competition in the quarter.

Mobile revenue rose strongly by 14% YoY due to higher handset sales, while mobile service revenue decreased slightly to A\$943 million due to an increase in SIM only plans and data price competition.

Consumer broadband customers grew 4% YoY to 1.25 million. Mass Market Fixed revenues increased 2%, excluding NBN migration revenue which was impacted by the temporary suspension of customer migrations to the NBN HFC network.

Allen Lew, Optus Chief Executive said, "Optus continues to achieve profitable customer growth in the quarter and attract customers by leveraging our premium national network. After successfully concluding live 5G trials in Sydney we are on track to commercially launch Fixed Wireless Access services in January 2019.

"Customer experience remains our top priority and we are focused on removing customer pain-points across the entire business," said Mr Lew.

Optus kicked off its third season broadcasting the Premier League. Optus Sport now broadcasts the UEFA Nations and Champions League, which together with Premier League cements Optus as the home of elite football in Australia.

¹Underlying net profit excluding exceptional items and NBN migration payments (post tax).

²Underlying net profit excluding exceptional items and NBN migration payments (post tax).

Media release

During the quarter Optus Business was appointed by the Australian Department of Health as its whole-of-department telecommunications provider following a competitive tender process.

Optus' 4G network population coverage was 97.2%³ in Australia, with 7,011 sites upgraded to 4G. Our 4G customer base reached 6.48 million as at 30 September 2018.

FINANCIAL HIGHLIGHTS

	Quarter		YoY Chge %	Half Year		YoY Chge %
	30 Sep			30 Sep		
	2018 A\$ m	2017 A\$ m		2018 A\$ m	2017 A\$ m	
Operating revenue	2,199	2,087	5.4	4,377	4,148	5.5
EBITDA	631	646	-2.4	1,287	1,292	-0.4
EBITDA margin	28.7%	31.0%		29.4%	31.1%	
EBIT	263	284	-7.3	549	581	-5.5
Net profit	105	165	-36.6	259	325	-20.3
Underlying net profit ¹	134	127	5.5	283	274	3.1
Free cash flow	293	268	9.6	423	387	9.3

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¹Underlying net profit excluding exceptional items and NBN migration payments (post tax).

³At 31 October 2018