

12 November 2020

Optus results reflect challenging half year

Optus' results for the **half year ended 30 September** reflect the impacts of industry headwinds, the COVID-19 global pandemic, and Australia's first recession in almost three decades.

Optus played its part during the pandemic to keep Australians connected with work, family and friends through a range of customer and staff support measures. Our customer offers included bonus data for mobile customers, account hibernation and enhanced hardship options, and free credits for frontline health care workers to thank them for their significant contribution.

In the half year, operating revenue decreased 9% to A\$4,064 million and EBITDA declined to A\$997 million. This reflected continued industry headwinds with lower retail fixed margins from a higher mix of NBN customers, lower NBN migration payments which declined from their peak of last year, as well as reduced volumes of equipment sales.

These headwinds were exacerbated by COVID-19 impacts. Optus mobile service revenue was down 2% as customer growth, roaming and prepaid revenues were impacted by the COVID-19 lockdown and global travel restrictions which resulted in reduced inbound and outbound travellers and fewer overseas students to Australia. Operating revenue was also impacted by Optus' COVID-19 customer support measures.

Excluding the COVID-19 impacts, mobile service revenue would have seen low single digit growth with increased penetration of Optus Choice plans driving higher ARPU through increased customer value and reduced subsidies, partially offset by a decline in the number of prepaid customers.

Fixed NBN customers grew by 235,000 from a year ago and now account for 90 per cent of Optus' total fixed broadband base as at 30 September.

Optus Enterprise (previously Optus Business) reported revenue and EBITDA growth compared to the corresponding prior year period. ICT services revenue rose strongly, boosted by demand for collaboration tools and equipment to support customers' implementation of work from home arrangements. Optus Enterprise also completed the re-sign of the Australian Taxation Office on a three plus two year contract.

Operating expenses remained stable as reductions in direct costs were offset by higher spending on COVID-19 related activities such as onshore support, increased safety and cleaning measures and higher network expenses.

EBIT declined to A\$69 million and free cash flow for the half year was A\$332 million.

Media release

Kelly Bayer Rosmarin, Optus Chief Executive Officer said, “Optus has been focused on doing the right thing to support customers and staff during a very challenging year, and our results reflect the conditions we currently face. I take heart from the inherent resilience in our core business, and the strong recoveries we have seen across our channels with the easing of COVID-19 related restrictions. Our customer satisfaction has never been stronger, our complaints are reducing, and our offering is very compelling and provides great value for customers. Whilst the headwinds are likely to continue to dampen our performance for the foreseeable future, I am optimistic about our longer term plans and expect a return to growth underpinned by a continued focus on customers”.

Optus launched several innovative mobile features that give customers more flexibility and control, including multi-service Family and Business Connect plans, the Unlimited Data Days add on, and Optus Flex for prepaid customers.

New seasons of Premier League, Women’s Super League, UEFA Champions League and key European football tournaments saw Optus Sport’s active subscribers exceed 860,000. Optus Sport’s new health and wellbeing platform, OS Fitness, has exceeded 60,000 users.

Our multi-award winning Optus 5G fixed wireless access product was complemented by new 5G home plans giving market-leading speeds. Optus 5G has been rolled out to more than 920 sites nationally covering more than 650,000 homes. Optus NBN was also recognised as providing the fastest internet speeds for the fourth consecutive quarter by the ACCC.

Optus has recently announced plans to acquire Australia’s leading low-cost MVNO partner Amaysim and launch a new digital-only telco brand - Gomo - into the Australian market.

Optus Financial Highlights

	30 Sep		YoY Chge %
	Half Year		
	2020 A\$m	2019 A\$m	
Operating revenue	4,064	4,457	-8.8
EBITDA	977	1,390	-29.7
EBIT	69	479	-85.6
Net (loss)/profit	(27)	235	nm

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