

Optus Delivers Quarterly Earnings Growth

Australia – Optus today reported a 5.4% increase in quarterly Net Profit, as it continues to improve customer experience and drive profitable growth to strengthen its core business.

Quarterly Performance

Operating and mobile service revenue returned to growth this quarter, reflecting Optus' long-term strategy to capitalise on customers' increasing demand for data. Operating revenue rose 1.7%, while mobile service revenue increased 1.2%.

Optus' EBITDA increased 1.2% year-on-year to A\$652 million, with EBITDA margin stable. Adjusting for the write-back of base station rental provisions during the same quarter last year, EBITDA grew 4.7%.

Free cash flow for the quarter was A\$138 million, reflecting increased capital expenditure on Optus' accelerated mobile network expansion program. In addition, payments of A\$652 million were made this quarter for the acquisition of spectrum which Optus is deploying in its national 4G rollout. The 2600MHz spectrum is generally available from October 2014 and the 700MHz spectrum is available from January 2015.

Growing Customers and Data Use

Optus is making progress with its strategy of offering simpler plans that give customers the confidence to use data and the rollout of 4G services that satisfy demand for faster speeds and better network quality.

Optus is improving customer experience and capitalising on consumers' growing demand for mobile data with a range of differentiated mobile plans to drive profitability in the mobile business.

This strategy is delivering positive results with strong take-up of tiered data plans and data sharing contributing a 7% increase in data revenues for the quarter and blended average mobile revenue per user (ARPU) increasing 2% on the same quarter last year.

Allen Lew, Optus Chief Executive Officer, said, "Optus achieved solid sales momentum during the period with strong demand for My Plan Plus and data sharing plans, combined with a compelling 'Switch' postpaid mobile offer and a revitalised portfolio of prepaid plans. Optus' prepaid and postpaid mobile handset customer base grew strongly with net additions of 65,000 this quarter."*

Accelerated 4G Network Rollout

During the quarter, Optus made significant investments to its mobile network, upgrading 2,245 4G sites.

"Expanding our national 4G network to 90% of the population by April 2015 underpins Optus' strategy for driving long term data revenue growth. We are well on schedule to turn on new 4G spectrum in all state capital cities and over 100 regional towns throughout January 2015," Mr Lew said.

Consistent with previous quarters, the 4G customer base continues to grow as Optus brings choice and competition in 4G services to more Australians. Customers using Optus' rapidly growing 4G network rose to 2.75 million, up from 2.43 million last quarter.

Ongoing Improvements in Customer Experience

During the quarter there were again positive signs that ongoing customer experience initiatives are having a positive effect on customers' trust in the Optus brand.

Market Net Promoter Score improved to +6, while new complaints to the Telecommunications Industry Ombudsman (TIO) fell 47% year-on-year during the 12 month period ended June 2014, and monthly mobile postpaid retail churn declined to its lowest level in seven years at 1.32%.

Financial Highlights

	Quarter		YoY Chge %	Half Year		YoY Chge %
	30 Sep			30 Sep		
	2014 A\$ m	2013 A\$ m		2014 A\$ m	2013 A\$ m	
Operating revenue	2,155	2,119	1.7	4,216	4,239	-0.5
EBITDA	652	644	1.2	1,249	1,217	2.7
<i>EBITDA margin</i>	<i>30.3%</i>	<i>30.4%</i>		<i>29.6%</i>	<i>28.7%</i>	
EBIT	345	342	0.9	637	618	3.1
Underlying net profit	230	222	3.7	417	388	7.4
Net profit	230	218	5.4	394	385	2.3
Free cash flow	138	239	-42.0	265	266	-0.6

Media contact

Gabrielle Crittenden
Optus Corporate Affairs
+61 2 8082 7850

* Note to editors: As a result of Optus' new data sharing plans, Optus now reports its mobile customer base as postpaid handsets, prepaid handsets, and mobile broadband. Prepaid and postpaid mobile handset net additions exclude mobile broadband customers.