

Optus delivers a strong quarter of revenue and EBITDA growth

Australia – Optus today reported a strong third quarter of revenue and EBITDA growth, underpinned by the improved performance of its mobile operations.

Quarterly Performance

Operating revenue was up 6.0% to A\$2.3 billion, boosted by strong mobile service revenue growth. EBITDA grew 3.7%.

Optus mobile service revenue rose 4.3% to A\$1.22 billion, driven by robust mobile handset customer growth, continued take-up of My Plan Plus and a 12% increase in data revenues.

Blended average mobile revenue per user (ARPU) increased 5% on the same quarter last year, reflecting the steady growth of our 4G base and higher data usage by both postpaid and prepaid customers.

Fixed operating revenues were stable as higher mass-market revenue from NBN was offset by a decline in wholesale fixed revenues.

Free cash flow for the quarter was up 23% to A\$306 million driven by higher EBITDA. Net profit for the quarter declined 8.2% on higher net finance expenses, mainly due to higher dividends received from associates in the same quarter last year.

Allen Lew, Optus Chief Executive Officer, said “Optus’ second consecutive quarter of revenue and mobile handset customer growth reflects the strength of our core business. Our strategy to achieve long-term sustainable growth by continual customer service improvements and delivering innovative products and services such as data sharing and Cash by Optus is on track.”

Agreement on HFC Assets

In December 2014, Optus and NBN Co reached a revised agreement on the migration of Optus’ HFC customers to the National Broadband Network.

Under the terms of the agreement, once Optus’ HFC subscribers have been migrated to the NBN, Optus will progressively transfer ownership of its coaxial cable and ancillary assets to NBN Co, while retaining ownership of strategic aerial fibre assets used to connect mobile base stations and business customers. The overall value of the agreement remains comparable to the 2011 Optus HFC Subscriber Agreement.

Customer Growth Momentum

Strong take-up of Optus’ My Plan Plus and Prepaid Daily Plans continued to drive customer growth throughout the period. Optus added 100,000 mobile handset customers during the quarter, with growth in both the postpaid and prepaid segments.

Optus continues to invest in its mobile network. Access to spectrum and the acceleration of our 4G upgrade program has expanded Optus’ national 4G footprint to 80% of Australians as at 31 January 2015.

During the quarter, Optus added 435,000 4G mobile customers, bringing its 4G customer base to 3.18 million, up from 2.75 million a quarter ago.

“The release of 700 MHz spectrum on 1 January 2015 is a major milestone in our network expansion strategy, taking us one step closer to our goal to deliver Optus’ superfast 4G Plus network to 90% of Australians by April 2015,” Mr Lew said.

Financial Highlights

	Quarter		YoY Chge %	Nine Months		YoY Chge %
	31 Dec			31 Dec		
	2014 A\$ m	2013 A\$ m		2014 A\$ m	2013 A\$ m	
Operating revenue	2,290	2,160	6.0	6,506	6,400	1.7
EBITDA	652	628	3.7	1,901	1,845	3.0
<i>EBITDA margin</i>	<i>28.5%</i>	<i>29.1%</i>		<i>29.2%</i>	<i>28.8%</i>	
EBIT	335	322	4.1	972	939	3.5
Net profit	208	227	-8.2	602	611	-1.6
Free cash flow	306	249	22.7	571	516	10.7

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* Note to editors: As a result of data sharing plans introduced in June 2014, 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.