

27 May 2021

Optus sees signs of growth in the face of continued industry headwinds and COVID impacts

For the full year ended 31 March 2021, Optus' results reflect the continued impacts of the COVID-19 pandemic and its associated travel restrictions on revenues from visitors, students and outbound travellers, as well the structural impacts of the NBN.

Operating revenue declined 7% to A\$8,320 million, EBITDA declined by 25% and EBIT declined 77% due to the COVID-19 pandemic impacts, lower NBN migration revenues, and market headwinds which led to lower equipment sales and leasing revenues as well as lower fixed broadband margins from higher NBN costs as customer bandwidth consumption continued to rise.

Free cashflow for the year was solid at A\$758 million.

Acknowledging the difficult year, Kelly Bayer Rosmarin, Optus CEO, said:

"This has been a challenging year with COVID-19 and structural NBN impacts affecting the whole industry. However, Optus continued to prioritise keeping Australians connected, ensuring our teams were safe and employed, and investing in our network, customer service and digital experiences. During the second half of the year we've seen improvements across the board as a result of disciplined execution of those priorities."

In the second half ended 31 March 2021, Optus saw good momentum with growth of 5% in operating revenue, 5% in EBITDA and 73% in EBIT when compared to the first half, driven by stronger equipment sales, improved mobile net connections and ARPU growth.

Optus has continued to differentiate with product innovation, expanding its unique family offers, adding Family Internet plans with a WiFi Booster to the successful Family Mobile plans. Optus also introduced OptusPay, an interest-free device payment option which allows customers the flexibility to pay off their device over time, and Game Path, a feature which delivers a 30% reduction in lag for gamers.

Operating revenue in the second half of the year declined 5% year-on-year to A\$4,255 million, mainly driven by NBN migration revenue tapering off from the previous year's high as migrations near completion. Excluding NBN migration revenues, operating revenue was stable.

Mobile service revenue returned to growth driven by higher postpaid revenue from increased penetration of Optus Choice plans. This resulted in total Optus ARPU postpaid growth of 4% compared to the corresponding half year.

COVID-19 shutdowns and travel restrictions which curtailed inbound and outbound travellers and foreign students negatively impacted customer growth, roaming and prepaid revenues. Excluding these impacts, mobile service revenue would have increased by mid-single digit. Equipment sales revenue increased 2% year on year driven by higher activations due to increased premium handsets sales.

Ms Bayer Rosmarin stated that the second half revenue growth and disciplined price management indicates new momentum for Optus.

"Through these challenging times we've kept customers at the very heart of our decision making, demonstrating our commitment through clear product leadership and innovative solutions such as our Unlimited Data Days, introduction of our Optus Fitness streaming service, and continued digital developments with My Optus App, the leading telco app."

Optus Enterprise saw EBITDA growth, reflecting a combination of improved sales volumes, strong cost stewardship and support for enterprises seeking to lockdown-proof their workforces.

Ms Bayer Rosmarin said: “We will continue to deliver customer-led differentiation through digitalisation, the Optus Living Network and 5G speed leadership, and it’s deeply rewarding to see the satisfaction this brings to our customers.”

Independent benchmark tests confirmed Optus’ 5G speed leadership in Sydney and Melbourne, Australia’s two largest cities, and Optus switched on 5G connectivity at the Optus Stadium in Perth as a showcase of its customer-focused 5G rollout.

Optus completed the strategic acquisition of the amaysim mobile business to disrupt the MVNO market and offer greater choice for value-seeking customers.

Optus Sport secured the rights to Copa América 2021 and 2024 and the UEFA Women’s Euros 2022 to cement its position as the home of premium quality football. Optus Sport also added new home fitness content to the OS Fitness offering, broadening its appeal beyond football fans. Continuing the focus on promoting health and fitness, Optus announced a partnership with AIA to provide Optus and AIA customers access to exclusive offers and incentives which encourage active healthy lifestyles.

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Financial Highlights

	31 Mar		YoY Chge %	31 Mar		YoY Chge %	2021		HoH Chge %
	Half Year			Full Year			Half Year		
	2021	2020		2021	2020		H2	H1	
	A\$m	A\$m		A\$m	A\$m		A\$m	A\$m	
Operating revenue	4,255	4,497	(5)	8,320	8,954	(7)	4,255	4,064	4.7
EBITDA - margin	1,021 24.0%	1,262 28.1%	(19)	1,998 24.0%	2,652 29.6%	(25)	1,021 24.0%	977 24.0%	4.5
EBIT	120	358	(67)	189	837	(77)	120	69	72.7
Profit / (loss) before exceptional items and tax	45	259	(83)	12	617	(98)	45	(33)	nm
Underlying net profit / (loss)	31	179	(83)	8	431	(98)	31	(23)	nm
Net (loss) / profit	(181)	167	nm	(208)	402	nm	(181)	(27)	@

nm denotes not meaningful

@ denotes more than 500%