

10 November 2022

Optus delivers a strong half year performance

For the half year ended 30 September 2022, Optus has delivered increased revenue, EBITDA and EBIT year on year, driven by strong momentum in customer growth and a rebound in international travel.

Operating revenue increased 1% year on year. Excluding NBN migration revenue, Optus' operating revenue grew 2.3% in the first half year. NBN migration revenue was minimal in the current period, compared to A\$51 million in the last corresponding half year, with customer migrations tapering off.

Mobile service revenue grew 2%, with customer growth, stronger roaming from the continued recovery of international travel and a higher Prepaid active base. Mobile equipment sales grew 4.2%, with supply constraints gradually easing and retail footfall improving post-COVID lockdowns.

Mobile ARPU, however, fell slightly, mainly due to a higher mix of Prepaid customers, lower carriage revenue from domestic roaming, and a decline in insurance revenue due to the sale of this business.

The mobile customer base grew 304,000 in the first half year, reflecting prepaid growth of 182,000, due to improved domestic foot traffic and the return of international travel. The Postpaid mobile customer base grew 75,000 from half a year ago due to lower churn and continued uptake in Choice plans, and connected devices grew 47,000, driven by the success of product campaigns.

Home revenue was up 4.2%, due mainly to 8.7% growth in NBN broadband revenue from higher ARPU on price increases and customer growth. 5G Fixed Wireless Access revenues continue to rise.

Optus Enterprise and Business (EB) secured a range of key customer wins, expanding Business Centre coverage and launching Optus Campus Network with 5G wireless to support advanced automated operations for customers in the government sector.

Operating expenses were stable on strong cost management.

Year on year, EBITDA and EBIT were up 2.2% and 13% respectively. Excluding NBN migration revenue, EBITDA and EBIT grew strongly, with EBITDA up 7.4% and EBIT up 73%.

"The momentum in the first half demonstrates that customers recognise the great value and world class connectivity over Australia's fastest 5G which Optus is delivering," said Optus CEO Kelly Bayer Rosmarin.

"We continued to innovate, differentiate and provide options for customers, all with the aim of making a difference to our customers at great value."

Optus was recently recognised as the third most innovative company in Australia in the AFR 2022 Boss Most Innovative Companies awards. Optus' Living Network continued to gain traction with customers as it rolled out its latest feature, Network Pulse, which gives customers visibility of their mobile or Wi-Fi network's performance. Optus Sport reinforced its commitment to streaming the world's best football by securing the Australian media rights to the final tournament of the UEFA EURO 2024 finals and the exclusive Australian rights to Spain's LaLiga.

Optus recently received some notable awards for its operations, including 2022 MVNO Awards' Host Operator of the Year and OpenSignal's fastest 5G Download Speed and 5G Video Experience awards.

At the end of the half year, Optus customers were hit by a cybercrime which exposed customers' personal information. An amount of A\$140 million has been provided in the current period as an exceptional expense for the expected costs of actions to prevent harm to customers, such as the replacement of identity documents, and in relation to recovery activities noted below.

Kelly Bayer Rosmarin, Optus CEO, said Optus is committed to rebuilding trust following the cyberattack on its customers. "We recognise how painful the exposure of personal information from the cyberattack on Optus customers has been, and we are deeply sorry."

"We have listened to our customers' feedback and are committed to finding improvements and ensuring a safer future against cybercrime.

"We are today announcing a series of commitments and investments to further lift our cyber capabilities, to provide additional protections for our customers, and to share insights to help protect other organisations and the communities in which we operate.

"I would also like to take the opportunity to thank the very many people across Federal and State governments offices, departments and agencies for the incredible support they have given to help protect our customers from harm and provide advice to customers who need to replace identity documents."

Optus has announced seven commitments which it will pursue to help provide protections from the growing threat of cybercrime. Commitments include enhancements to Optus' cyber capabilities, providing customers with more information and tools, investment in building Australia's cyber research and skills, and sharing learnings with communities and organisations. Find out more at <https://www.optus.com.au/cyber>.

Financial Highlights (Statutory View)

	Half Year		YoY Chge %
	30 Sep		
	2022 A\$m	2021 A\$m	
Operating revenue	3,963	3,923	1.0
Operating expenses	(2,962)	(2,936)	0.9
Other income	64	55	15.6
EBITDA	1,065	1,042	2.2
- margin	26.9%	26.6%	
Share of results of joint ventures	*	*	nm
EBITDA & share of results of joint ventures	1,065	1,042	2.2
Depreciation & amortisation	(901)	(897)	0.5
EBIT	164	145	13.0
NBN migration revenue	*	51	nm
Ex-NBN migration revenue			
Operating revenue	3,963	3,872	2.3
EBITDA	1,064	991	7.4
EBIT	164	94	73.4

“*” denotes less than +/- A\$0.5 million.

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