

Optus Delivers First Quarter EBITDA Growth

Australia – Optus today reports quarterly EBITDA and underlying Net Profit growth, as it continues to transform its business through improved customer experience, mobile product innovation and an accelerated rollout of its national 4G mobile network. Excluding exceptional items relating to a provision for workforce restructuring, underlying Net Profit rose 12.3% to A\$187 million.

Improved Profitability

EBITDA grew 4.4% to A\$597 million for the quarter ended 30 June 2014, despite a 2.8% decline in operating revenue, reflecting strong cost management and yield improvements. Net Profit declined 1.8%. EBITDA margin improved 2.0 percentage points to 29.0%.

Total Mobile revenue declined 1.5% due to the continuing effect of the industry-mandated reduction in mobile termination rates and lower equipment sales. Mobile service revenue was stable, reflecting Optus' strategy to drive data revenue growth.

Increased Focus on Simple Products and Brand

Optus has displayed its challenger spirit with new offers that promote data sharing across multiple mobile devices and a new brand campaign.

Paul O'Sullivan, Country Chief Officer, Australia, said, "Optus is changing the rules with mobile plans that allow customers to share data with up to five devices. Yet again Optus is giving customers more freedom in taking advantage of new technology."

Building a Competitive Mobile Network

During the quarter, Optus launched commercial 4G pilots in Darwin and Perth using early access commercial licenses on the 700MHz spectrum band.

"We're upgrading our entire mobile network in preparation for access to 700MHz spectrum in January 2015, putting us well on track to offer 4G national coverage that reaches 90% of the Australian population by the end of March 2015. This spectrum will be used to bring 4G coverage to regional locations and improve indoor 4G experience for more customers," Mr O'Sullivan said.

"Our 4G customer base continues to grow steadily, with a further 1.3 million mobile customers* using our 4G network over the last 12 months", Mr O'Sullivan said.

Continued Improvements in Customer Experience

The combination of Optus' industry-leading plans, ongoing improvements in customer channels and enhanced network performance are having a positive effect on customers.

During the quarter:

- Mobile postpaid monthly churn improved and is down to 1.4% from 1.5% a year ago
- Market Net Promoter Score remained positive at +2; and
- New complaints to the Telecommunications Industry Ombudsman (TIO) are down 41% for the March quarter compared to the same period last year. For the past 13 quarters, Optus has had the lowest TIO complaints of the three main telecommunications providers.

Optus Business

In Optus Business, revenue declined 3.0% to A\$367 million because of price competition and a decline in legacy data revenues. EBITDA for the Australian enterprise business improved 2.0%.

During the quarter, Optus Business won a significant 5-year deal to service Westpac's domestic mobile device fleet and managed services across its offices in Asia, New Zealand, the United States and the United Kingdom.

Financial Highlights

	Quarter		YOY Chge %
	30 Jun		
	2014 A\$ m	2013 A\$ m	
Operating revenue	2,061	2,120	-2.8
Operating expenses	(1,480)	(1,560)	-5.2
	582	560	3.9
Other income	16	12	26.9
EBITDA - margin	597 29.0%	572 27.0%	4.4
EBITDA and share of results of joint ventures	597	572	4.4
Depreciation & amortisation	(306)	(297)	3.0
EBIT	291	275	5.8
Net finance expense	(23)	(33)	-30.3
Profit before exceptional items and tax	268	242	10.8
Taxation	(81)	(75)	7.7
Underlying net profit	187	167	12.3
Exceptional items (post-tax)	(24)	-	nm
Net profit	164	167	-1.8

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*Note to editors: Defined as 4G handsets on the Optus network.