MEDIA RELEASE

14 November 2013

Optus Reshapes Business

Improving Profitability and Customer Experience

Australia, 14 November 2013 – Optus continues to reshape its business to deliver sustained profit growth through improving customer experience, providing fairer plans to strengthen customer confidence and trust, and transforming its cost base.

Brand Transformation Continues

Optus' transformation continued this quarter with a number of significant initiatives including the promotion of My Plan, which provides customers with greater certainty over the cost of increased data usage and removes bill shock, along with simpler international roaming plans and the removal of credit card fees on direct debits.

Kevin Russell, Country Chief Officer, Australia said, "The launch of plans which eliminate breakage fees and roaming charges will encourage customers to confidently use their devices when and where they want."

"The initial signs for My Plan are positive. We saw a strong take-up of new plans and an upswing in data usage amongst early My Plan adopters."

Optus is already seeing strong signs that the transformation initiatives outlined in previous quarters are having a positive effect on customer experience with:

- Mobile postpaid retail monthly churn improving 30 basis points year-on-year, taking churn to its lowest level in seven years

- Market Net Promoter Score increasing seven points for the period; and

- An industry-leading 36% decline in the total number of new complaints to the Telecommunications Industry Ombudsman (TIO) over the last 12 months. Encouragingly this reduction has been led by a 50% decline in TIO complaints about network coverage.

Improved Profitability

Optus reported strong financial results for the quarter ended 30 September 2013. EBITDA grew 11% excluding A$23 million of provision write-back for base station rentals. Net profit increased 33% to A$218 million despite operating revenue declining 5%.

Cost saving initiatives reduced operating expenses by A$202 million and offset the continuing trend of both lower breakage and roaming revenues, and early termination fees.

Free cash flow for the quarter was A$42 million lower due to phasing of tax payments.

Financial Highlights

	Quarter 30 September 2013 A$ m	Quarter 30 September 2012 A$ m	YOY Change %
Operating revenue	**2,119**	**2,239**	**-5.4**
EBITDA	**644**	**560**	**15.1**
EBITDA margin	***30.4%***	***25.0%***	
EBIT	**342**	**276**	**23.9**
Net profit	**218**	**164**	**32.6**

We're Getting Plans Right and We're Getting Network Right

During the quarter, Optus continued to enhance its network capacity by investing in 3G Plus upgrades, expanding our 1800MHz 4G coverage and launching its complementary 4G Plus network in select areas of Sydney, Melbourne, Brisbane and Adelaide.

"We're focused on growing our combined 4G network to reach over 70 per cent of the metro population by April 2014. With a multi-band 4G strategy that combines low-band 4G frequency for strong coverage with high-band spectrum for increased network capacity, Optus is positioning itself to meet customers' needs for additional capacity and faster network speeds," Mr Russell said.

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