

11 August 2017

Optus Delivers Solid EBITDA Growth

Australia – Optus today reported a solid quarter as business transformation coupled with expanded content partnerships, network investments, and competitive products and plans resulted in an increase in operating revenue and EBITDA (YoY).

EBITDA increased 2.6 per cent to A\$662 million underpinned by growth in our mobile and fixed businesses.

Net Profit was stable at \$171 million following an increase in depreciation and amortisation from network investments and net finance expenses.

Operating revenue increased 4.8 per cent to A\$2,095 million due to higher Mobile and NBN revenues, partially offset by decline in Wholesale Fixed revenues.

Free cash flow for the quarter was A\$120 million, up from \$99 million (YoY).

With an increased focus on postpaid customers, Optus added over 54,000 postpaid subscribers. Postpaid handset ARPU improved 1.8 per cent excluding Device Repayment Plan (DRP) credits.

The number of 4G mobile customers increased by 85,000 this quarter, resulting in the total 4G customer base increasing to 5.88 million as at 30 June 2017. 4G Plus customers now account for 60% of Optus' total mobile customer base.

Optus continued to invest in its mobile network, reaching 96.4% of 4G population coverage. Optus has also announced its intention to spend A\$1 billion to strengthen and expand its mobile network in regional Australia by the end of June 2018.

In Consumer Mass Market Fixed, operating revenue grew 13.2% mainly on higher NBN migration and NBN customer growth of 143,000 from a year ago. Excluding NBN migration and preparation fees, Mass Market Fixed revenue grew 4.4%.

Optus now has 279,000 NBN broadband customers.

Optus Business experienced stabilisation for the quarter, reporting stable EBITDA, and revenue of A\$380 million.

Allen Lew, Chief Executive Officer at Optus said, "Our first quarter result is built on consistent investment in our network and the creation of content and new services that resonate with customers, with the promise of more to come."

Demonstrating its commitment to innovation and enhancing its content suite for customers, Optus launched an exclusive, multimedia mobile app with National Geographic that combines National Geographic print, photography and video resources in a unique way. Optus also introduced a cloud-based mobile-led PABX product called Optus Loop for small and medium business (SMB) operators to challenge traditional PABX services.

"Our comprehensive regional and metropolitan network investment strategy is delivering positive momentum for our business.

Media release

With National Geographic and our exclusive English Premier League offerings we are looking to expand the appeal of our content suite to even larger audiences with an appetite for premium entertainment and game-changing content,” said Mr Lew.

Financial Highlights

	Quarter		YoY Chge %
	30 Jun		
	2017 A\$ m	2016 A\$ m	
Operating revenue	2,095	1,999	4.8
EBITDA	662	645	2.6
<i>EBITDA margin</i>	31.6%	32.3%	
EBIT	314	313	0.1
Underlying net profit	188	194	-3.2
Net profit	171	173	-0.8
Free cash flow	120	99	21.4

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