

## Optus delivers highest ever quarterly postpaid customer growth and strong profit increase

**Australia** – Optus' first-half momentum has accelerated during the third quarter, delivering strong operating revenue growth of 5% year-on-year to A\$2,328 million following its highest ever postpaid handset customer growth.

During the quarter, Optus continued to leverage its network investments to deliver its record postpaid handset customer growth of 127,000. This was slightly offset by a 29,000 decline in prepaid customers as Optus continues to focus on acquiring quality customers.

Mass Market Fixed operating revenue grew 21% following an increase of 65,000 NBN customers and higher NBN migration payments during the quarter. Optus now has 416,000 NBN broadband customers.

Optus Business continued to show resilience with healthy EBITDA growth of 5 per cent. Whilst revenues declined in the quarter, this largely resulted from the timing of ICT projects. With expanding mobile network coverage, Optus Business continued to connect more enterprise mobile customers. Mobile revenue increased 9 per cent due to record mobile net additions in the quarter, with higher carriage and mobile applications revenue.

Optus' EBITDA growth was strong at 14% reflecting increased Mobile Service revenue, NBN migration payments and higher other income from disputes settlement.

As a result, net profit for the quarter was 39% higher.

Free cash flow for the quarter was A\$203 million, up \$225 million from the prior year mainly due to higher EBITDA, lower quarterly cash capex and lower cash tax payments.

Allen Lew, Optus Chief Executive said, "This is a pleasing result that demonstrates our continued focus on compelling content such as premium sports, National Geographic and free live streaming of music and video, and consistent network investment is really resonating with Australian consumers. Strong postpaid mobile customer growth for the quarter has also benefited from new premium handset releases and continued network expansion."

The Optus mobile network ranked 'best in test' in the 2017 P3<sup>1</sup> Connect Mobile Benchmark Australian network test which compares Australia's three leading mobile network operators across voice and data services in metropolitan and regional areas. The network achieved the highest overall rating, including being placed first in mobile and voice, as well as first for voice and data in small towns.

During the quarter, Optus added 100 new mobile sites and deployed its 7,000th site demonstrating a commitment to invest in our network to provide high quality services and competition, particularly in regional Australia. The Optus 4G mobile network now reaches 96.6% of the Australian population.

<sup>1</sup> P3 is a global company which performs independent measurement of mobile network performance.

# Media release

Optus' growing entertainment portfolio was enhanced through a partnership with the Seven Network, which gives eligible free data streaming of the 2018 Australian Open Tennis, the forthcoming 2018 Winter Olympic Games and the 2018 Gold Coast Commonwealth Games.

A focus on product innovation, exclusive content and network investment has lifted customer advocacy ratings, with Market Net Promoter Score (NPS) improving 2 points to +12.

## Financial Highlights

	Quarter		YoY Chge %	Nine Months		YoY Chge %
	31 Dec			31 Dec		
	2017 A\$ m	2016 A\$ m		2017 A\$ m	2016 A\$ m	
<b>Operating revenue</b>	<b>2,328</b>	<b>2,207</b>	<b>5.5</b>	<b>6,541</b>	<b>6,318</b>	<b>3.5</b>
Operating expenses	(1,655)	(1,583)	4.5	(4,630)	(4,504)	2.8
	673	623	7.9	1,911	1,815	5.3
Other income	66	27	148.2	151	113	33.9
Share of results of joint ventures	*	*	nm	*	*	nm
<b>EBITDA &amp; share of results of joint ventures</b>	<b>739</b>	<b>650</b>	<b>13.7</b>	<b>2,062</b>	<b>1,928</b>	<b>7.0</b>
Depreciation & amortisation	(362)	(343)	5.3	(1,073)	(1,013)	5.8
<b>EBIT</b>	<b>377</b>	<b>307</b>	<b>23.1</b>	<b>989</b>	<b>915</b>	<b>8.2</b>
Net finance expense	(48)	(38)	26.2	(139)	(110)	26.0
<b>Profit before exceptional items and tax</b>	<b>330</b>	<b>269</b>	<b>22.7</b>	<b>850</b>	<b>804</b>	<b>5.7</b>
Taxation	(91)	(78)	16.8	(249)	(235)	5.7
<b>Underlying net profit</b>	<b>239</b>	<b>191</b>	<b>25.0</b>	<b>602</b>	<b>569</b>	<b>5.8</b>
Exceptional items (post-tax)	23	(3)	nm	7	(25)	nm
<b>Net profit</b>	<b>262</b>	<b>188</b>	<b>39.3</b>	<b>608</b>	<b>544</b>	<b>11.8</b>
<i>Exclude:</i>						
Exceptional items	33	(4)	nm	10	(35)	nm
Deferred Tax on Exceptional Items	(10)	1	nm	(3)	11	nm

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