

## **Optus Transformation Strategy Gains Momentum**

### ***Improves Profitability for quarter ended 31 Dec 2013***

**Australia, 13 February 2014** – Optus achieved another quarter of strong profit growth as it continues to transform its business to focus on meeting customers' needs and expectations.

#### **Improved Profitability**

Optus reported strong financial results for the quarter ended 31 December 2013. Net profit and EBITDA rose 41% and 9% respectively, despite a 5% decline in revenue. This reflected lower equipment revenues, the mandated reduction in mobile termination fees and service credits associated with device repayment plans. Free cash flow for the quarter was A\$250 million, up 32% against the same quarter last year.

Kevin Russell, Country Chief Officer, Australia said, "As we have said before, our focus at Optus is on delivering sustainable profit growth and making significant improvements in the experience we deliver for our customers. This quarter has seen great progress in both these areas.

"Optus will continue to differentiate its brand with new products and services that address real customer pain points, strengthen trust in the brand and deliver a market leading experience for our customers," Mr Russell said.

Optus is redefining the industry for customer experience, with a 50% decline in the number of new complaints to the Telecommunications Industry Ombudsman for the quarter ended 30 September 2013 and Market Net Promoter Score improving six points over the December quarter.

This has put Optus' benchmarks for customer experience into positive territory for the first time in a number of years. These customer experience improvements are reflected in a reduction in mobile postpaid retail churn to 1.4%.

"Optus is making real progress, increasing its leadership over key competitors in customer advocacy. We're seeing an accelerated take-up of initiatives like My Plan, which provide customers with greater certainty over the cost of data usage. Customer advocacy is a critical platform for our business to grow strongly in the years ahead," Mr Russell said.

#### **Network Milestones**

Optus continues to invest in its mobile network to enhance customer experience and meet consumers' growing demand for faster speeds and more data. During the quarter, Optus achieved a significant milestone, completing the U900 upgrade of 4,400 3G sites and delivering improved in-building 3G coverage to 94% of the metropolitan population.

Expanding Optus' combined 4G network remains a priority. With 50% on-street coverage in metropolitan areas already achieved, rollout plans are on track to reach 70% on-street metropolitan coverage by the end of March 2014. Customers are embracing superfast 4G with 1.8 million 4G devices on Optus' network, up more than 30% during the quarter.

### Reshaping the Retail Footprint

This quarter, Optus further improved the online and in-store experience it delivers for customers, building on its earlier retail transformation progress by:

- bringing 120 franchised stores back under Optus ownership
- fitting out and re-branding 57 new-look stores
- redesigning optus.com.au and the Optus mobile app with customers in mind, and
- completing intensive customer service training for more than 1,500 front line retail staff.

### Financial Highlights

	Quarter		YOY Change %
	31 December		
	2013 A\$ m	2012 A\$ m	
Operating revenue	2,160	2,283	-5.4
EBITDA	628	576	9.1
<i>EBITDA margin</i>	<i>29.1%</i>	<i>25.2%</i>	
EBIT	322	288	11.7
Net profit	227	160	41.4

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