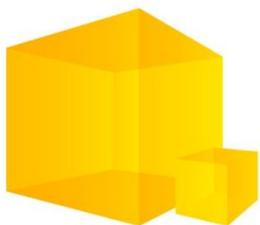


SingTel Optus Update to Analysts

Kevin Russell, CEO Consumer Australia
Murray King, CFO Group Consumer

29 November 2012

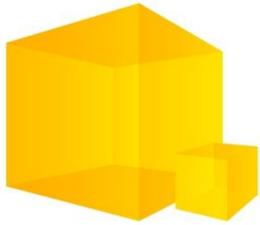




Optus: stable EBITDA amid industry slowdown

Q2 FY13	A\$m	YoY Change	Highlights
Total revenue	A\$2,239m	-4%	› increased focus on customer experience and yield
Mobile	A\$1,432m	-5%	› lower incoming termination rates and equipment shipments › impact of DRP ¹ service credits
Business & Wholesale Fixed	A\$505m	-1%	› higher ICT & Managed Services revenue partially offset declines in voice and data & IP revenues
Consumer & SMB Fixed	A\$302m	-6%	› lower on-net broadband ARPU
Total EBITDA	A\$560m	Stable	› margin: 25% (Q2 FY12: 23.9%)

1. Device repayment plans



Mobile: improved EBITDA despite lower revenue

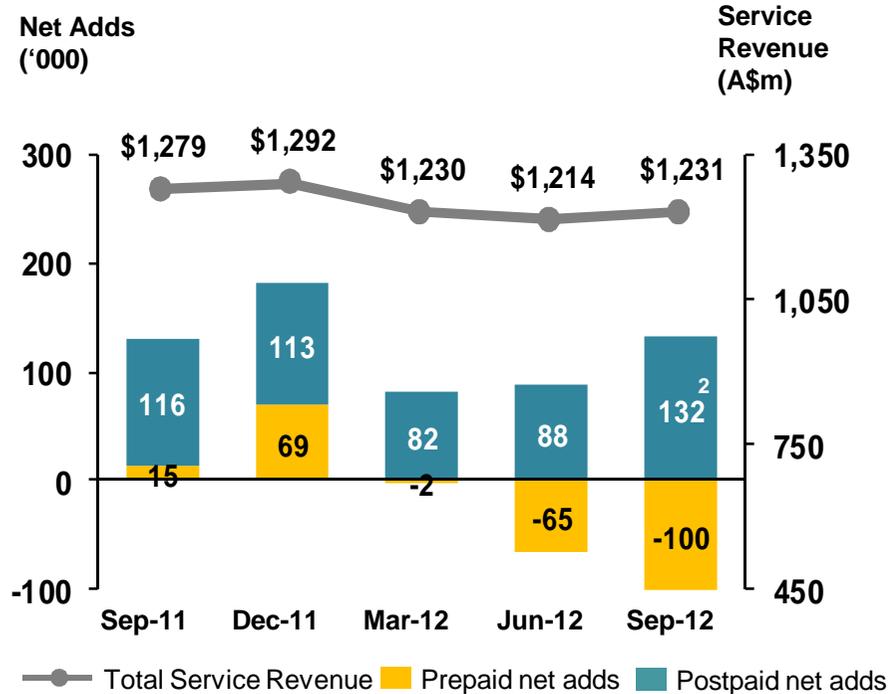
Total revenue

-\$77m

- › MTR decline -\$46m
- › Equipment -\$30m
- › DRP¹ credits -\$25m

Lower SAC increases EBITDA by 1%

- › EBITDA margin up 1ppt to 26%



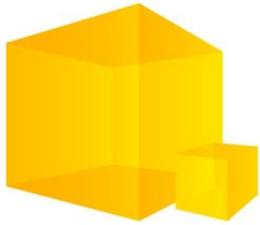
Postpaid

- › ARPU **A\$59**
 - down 12%
- › Net adds **+132k²**
- › Retail churn **1.6%**
 - down from 1.7% in June 2012 quarter
- › SAC **A\$315**
 - down 23% YoY and down 6% QoQ

Prepaid

- › ARPU **A\$23**
 - down 2%
- › Net adds **-100k**
- › SAC **A\$19**
 - down 49% YoY and down 24% QoQ

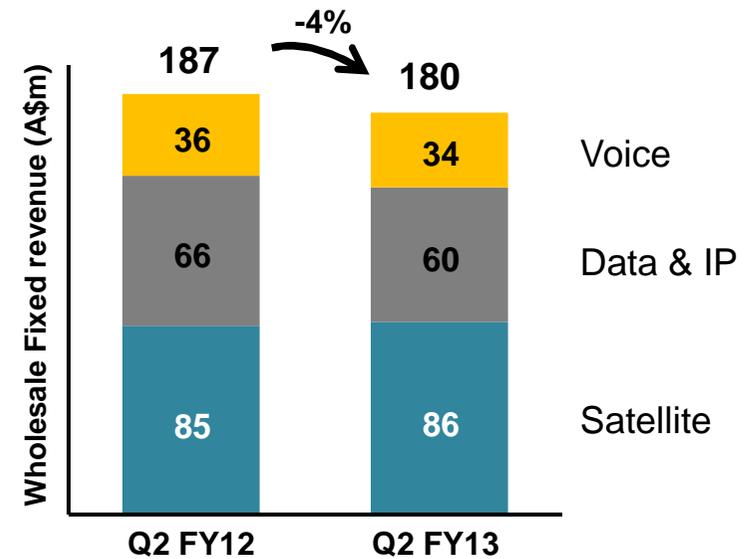
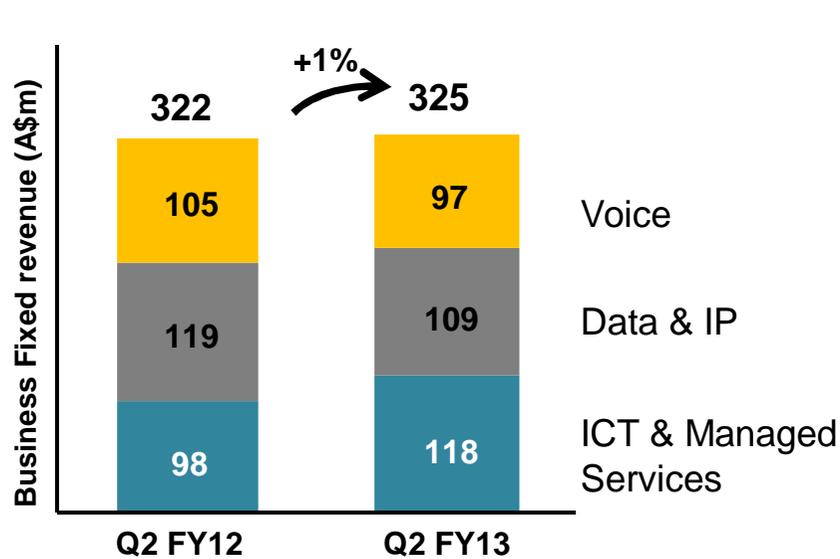
1. Device repayment plans
 2. Includes 60k Vividwireless customers acquired



Business & Wholesale Fixed: stable EBITDA

Business: growth in ICT & Managed Services

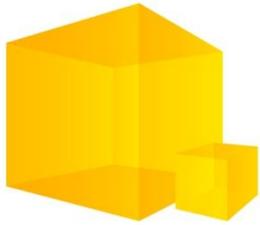
Wholesale: price competition drives lower Data & IP revenue



EBITDA Stable

› EBITDA margin stable at 25%

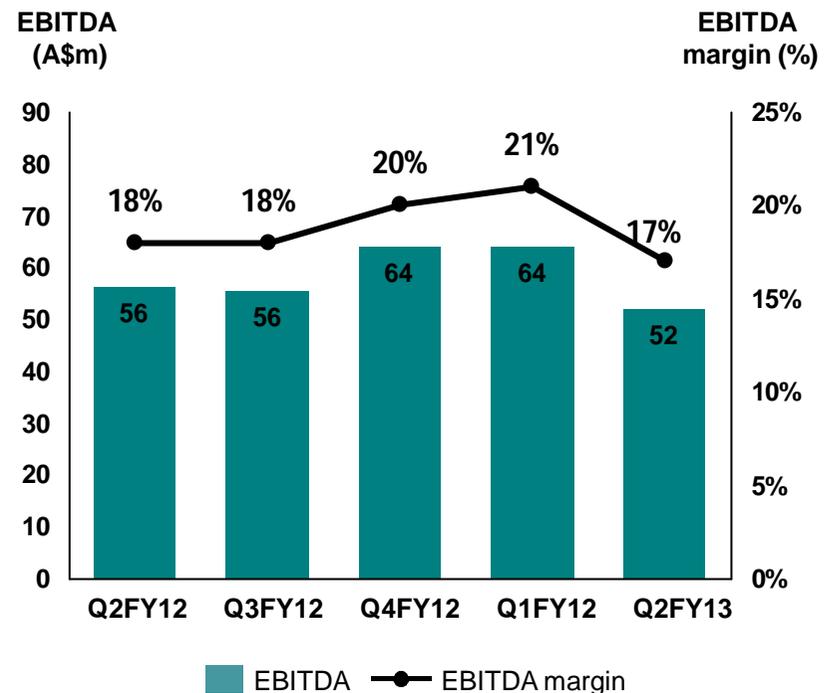
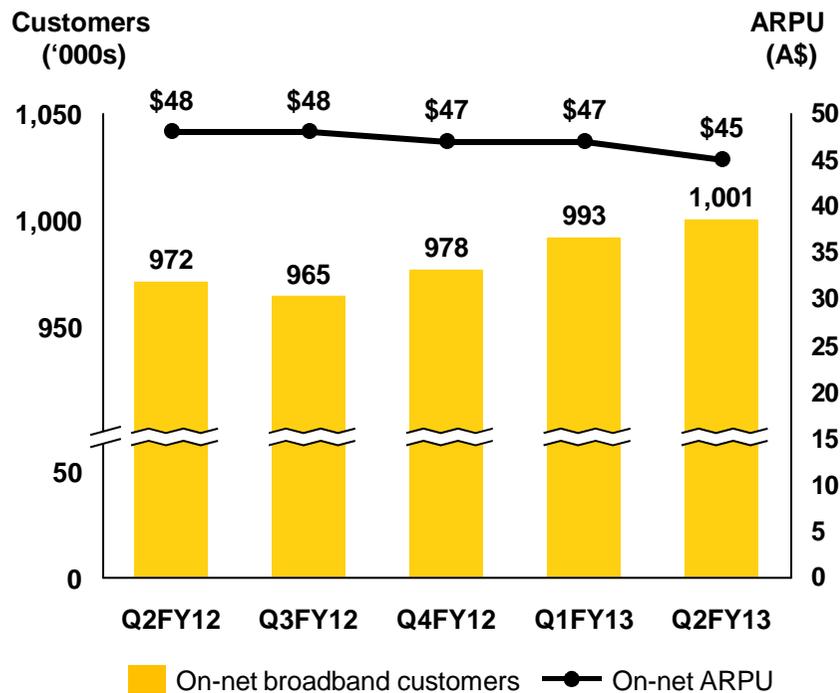




Consumer & SMB Fixed: EBITDA margin impacted by lower ARPU and higher selling costs

Over 1 million on-net broadband customers

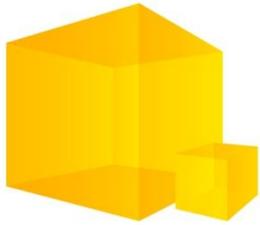
Lower ARPU and higher selling costs impact margin



EBITDA -8%

› EBITDA margin down 1 ppt to 17%





Restructuring for greater efficiency and competitiveness

Operating expenses

-6%

Selling & Admin

-11%

› reduction in subsidy levels

Cost of sales

-1%

› lower mobile equipment costs

Traffic expenses

-6%

› reduced interconnect costs

Staff costs

+5%

› no incentive accrual in Q2FY12

Key initiatives

› **Optimising acquisition and retention costs**

› **Restructuring workforce**

› increasing staff productivity with approx 10% workforce reduction

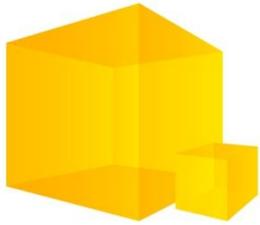
› investment in customer-facing roles

› **Restructuring distribution**

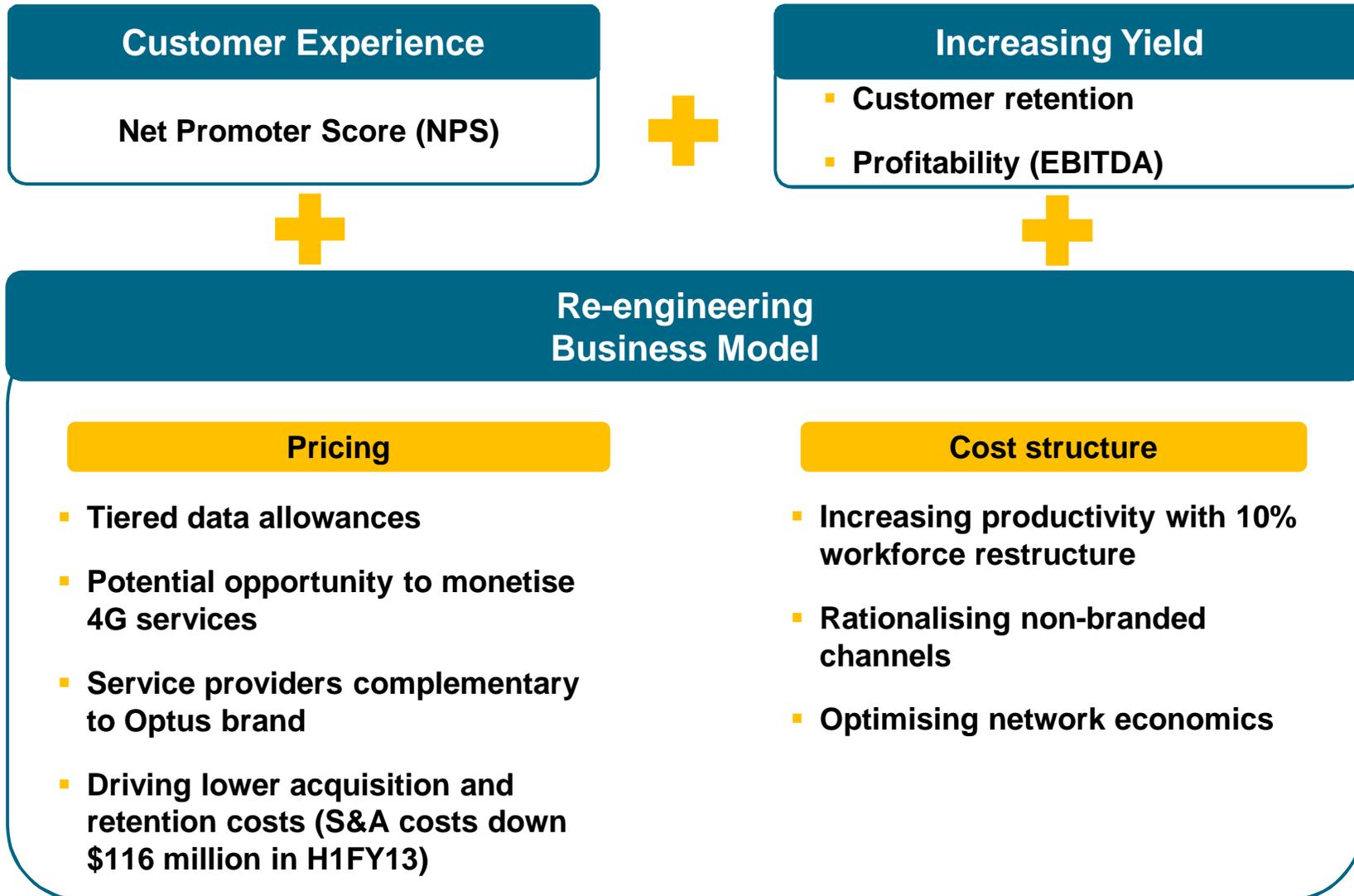
› channels rationalisation

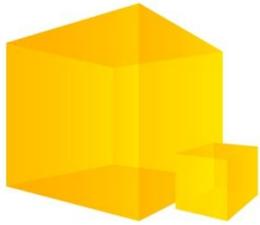
› investing in branded channels



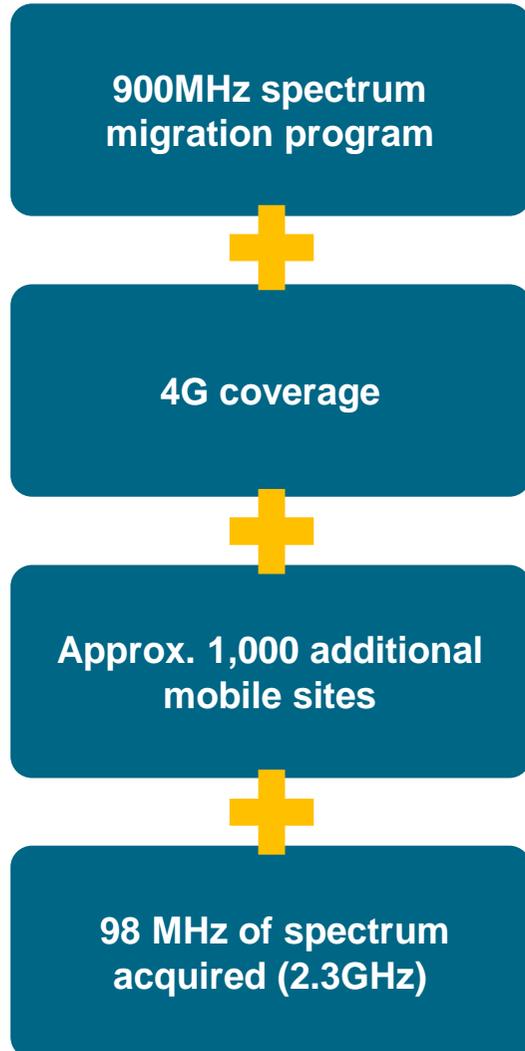


Driving changes in the Business Model





Network investment to close gap to incumbent's network



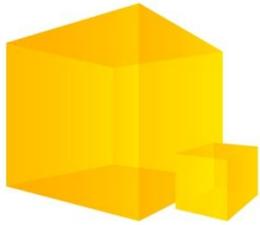
- Improved 3G performance, particularly in-building
- Over 3,000 sites upgraded delivering >90% in-building capital city coverage

- Launched in Sydney, Melbourne, Perth, Brisbane, Gold Coast and Newcastle/Hunter region
- One of only two carriers providing 4G services in Australia
- Competitive to Telstra's network (where comparable coverage exists)
 - Data downloads on the Optus network faster in 11 of 13 Sydney locations tested¹

- Extended JV with VHA
- Increased network capacity in metro
- Faster time to market

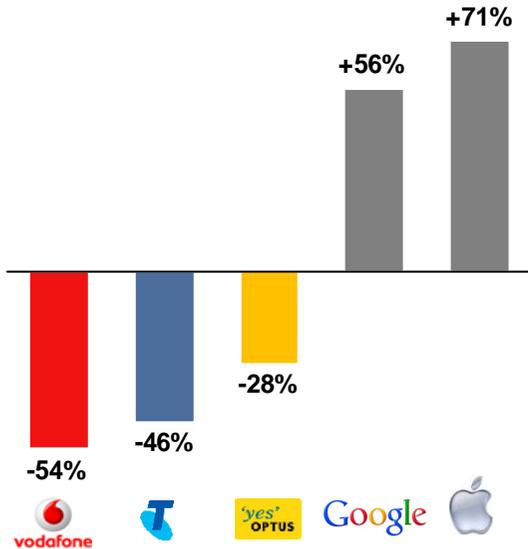
- High speed data services
- Download speeds ranging from 25Mbps to 87Mbps²

1. The Sun-Herald – 14 Oct 2012
2. Based on a two month trial of LTE-TDD conducted by Vividwireless in early 2011. The speed range quoted is the 25th – 75th percentile.



Focus on customer experience and brand differentiation

Customer Advocacy (Net Promoter Score)



Sources: 2011 – 12 Mobile Network Provider Consumer Recommendation & Loyalty Study; Satmetrix

4 key priorities to drive step change in customer experience



Early initiatives

- Reorganisation
 - New Customer division
- Prioritisation
 - existing customers are prioritised v/s new customers (eg iPhone 5 allocations)
- Customer alerts
 - Usage
 - Roaming

