

Optus Update

**SingTel Regional Mobile Investor Day
1 December 2010**

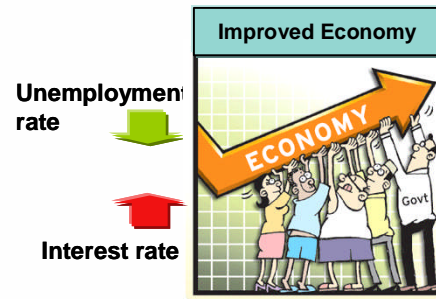
Mr Paul O'Sullivan, Chief Executive



Agenda

- Economy and Industry Landscape
- Strategy and Performance
- Outlook

Improved economy and changing industry



Australian dollar hits record high

Telstra Structural Separation Bill

Morgan Stanley ranks Australian 3G penetration 3rd highest in world at 65%

Communications Day – 21 November 2010

Australian Federal Election



“In 2Q10, 54.7% of new mobile devices shipped to Australia were smartphones, up from 48.1% in 1Q10 with a strong increase from 34.3% a year ago.”

Source: IDC Market Analysis (IDC #AU3054107S) – Oct 2010

Mobile broadband growth outstrips DSL 13 to 1

Source: ABS Internet Activity Survey – 3 months Jun10



Optus positions itself with a range of initiatives

Optus consolidates mobile networks under 'Open' brand



Mobile streaming explodes as Optus customers watch the big game on a small screen

Live and Free 2010 FIFA World Cup™ streaming reaches 300,000 streams

OPTUS LAUNCHES TRAFFICVIEW SERVICE

Optus swoops in on Qualcomm's 2100MHz spectrum, doubles holdings

IDC mobile broadband report: Optus closing gap on Telstra

Optus first to gain new spectrum for regional Australia

Optus announces pricing of EUR 700 million 3.50 percent Guaranteed Notes due 2020

Australia's newest satellite - Optus D3 - is fully operational

Optus announced today that Australia's newest state-of-the-art satellite, Optus D3, is fully operational after successfully completing extensive in-orbit testing ahead of schedule.

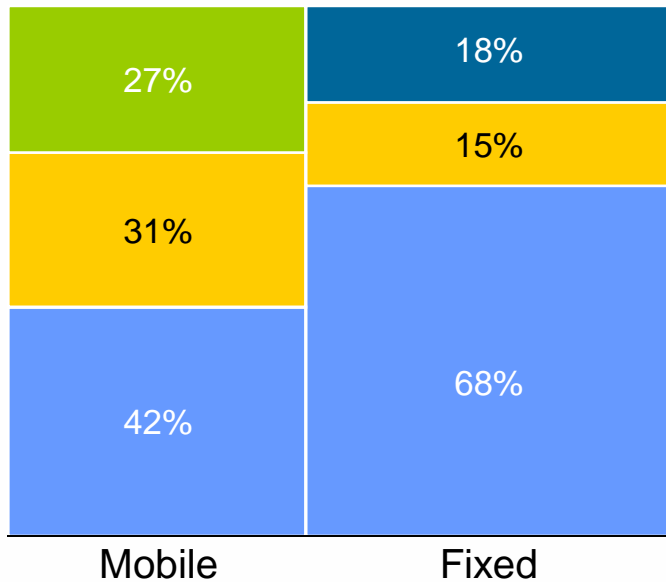
SingTel and Optus team up with VMWare for public cloud offering

SingTel and subsidiary Optus have become the first telecommunications operators in the Asia Pacific to jump onboard VMWare's vCloud Datacenter Service program.

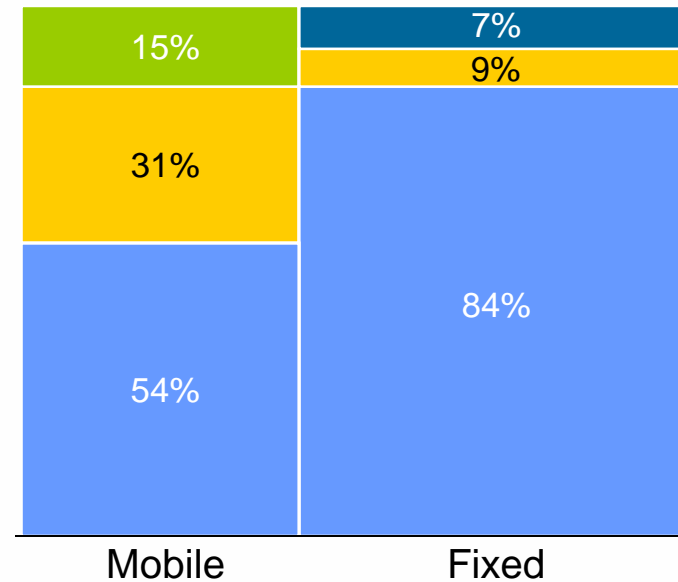


Over the next few years, the industry revenue and profit pools will undergo a major change

Revenue share*



EBITDA share*



VHA Optus
Other Telstra

Mobile business increasingly valuable, however, level playing field in fixed creates future growth opportunities



* Optus estimates base on market available information, 12mths to Jun 10

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Our strategy is aligned to capitalise on industry changes, with five key priorities identified for FY11



- 1 > Seize leadership position in Customer Experience
- 2 > Continue mobile growth momentum
- 3 > Accelerate on mobile data
- 4 > Prepare for future NBN & IP enabled world
- 5 > High performing organisation to drive change



Our brand proposition remains consistent, with new foundation of deep, personalised experience

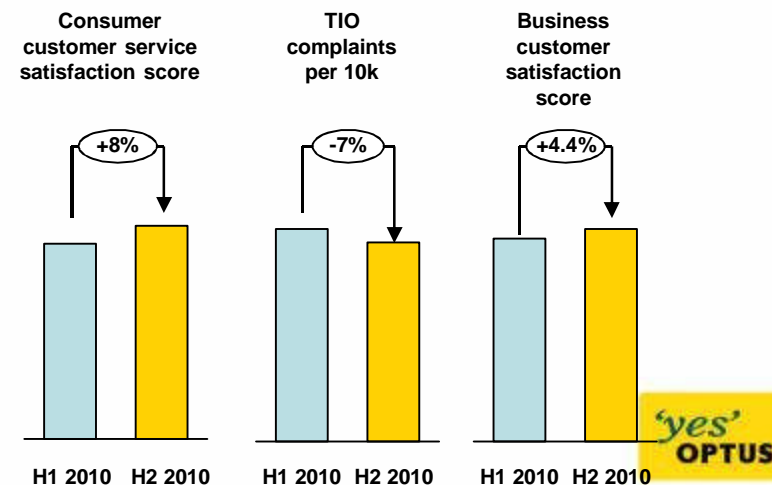
1 Seize leadership position in Customer Experience



Customer Experience Transformation

- **IT Transformation – Reitz Program**
 - Rationalisation of IT system
 - Single view of Customer for frontline staff
 - Develop online sales and services transactions
- **Transformation program**
 - Lean Six Sigma Methodology rolled out with over 1,900 people trained
 - Customer Experience KPI's rolled out to all Optus staff
 - Executive incentive tied to Customer Experience attainment

External Recognition of Our Success



Based on customer feedback our focus on 4 key areas continues to deliver operational & customer benefits

Billing

- 20% increase in customers using online instead of call centres, with improved online & SMS capabilities
- 15% reduction in general billing enquiries due to simplified bills

Customer Service

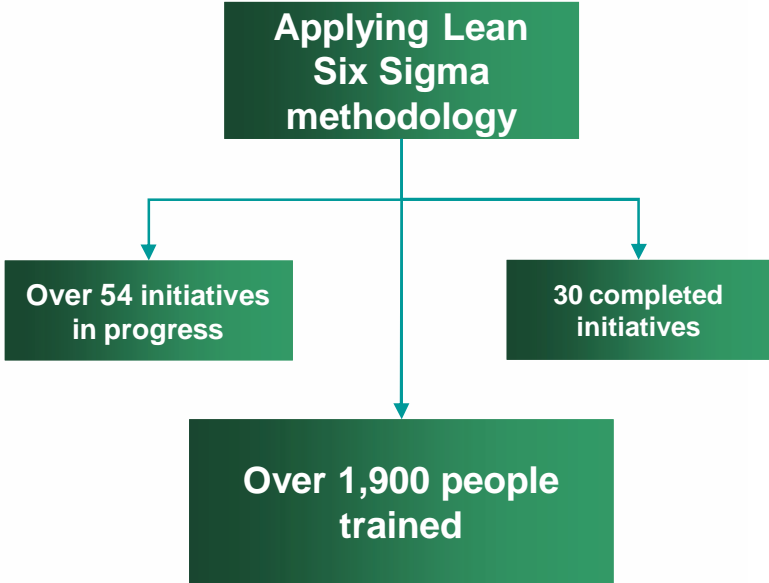
- Reduced customer waiting times by 20%
- Simplified web and call centre functionality for wireless account balance, payment and recharge
- Reduced technical support repeat calls by up to 30%

Account Management

- Reduced time taken to close out sales leads for Wholesale customers by more than 40%
- Halved commercial preparation time for Business customers

Network Performance

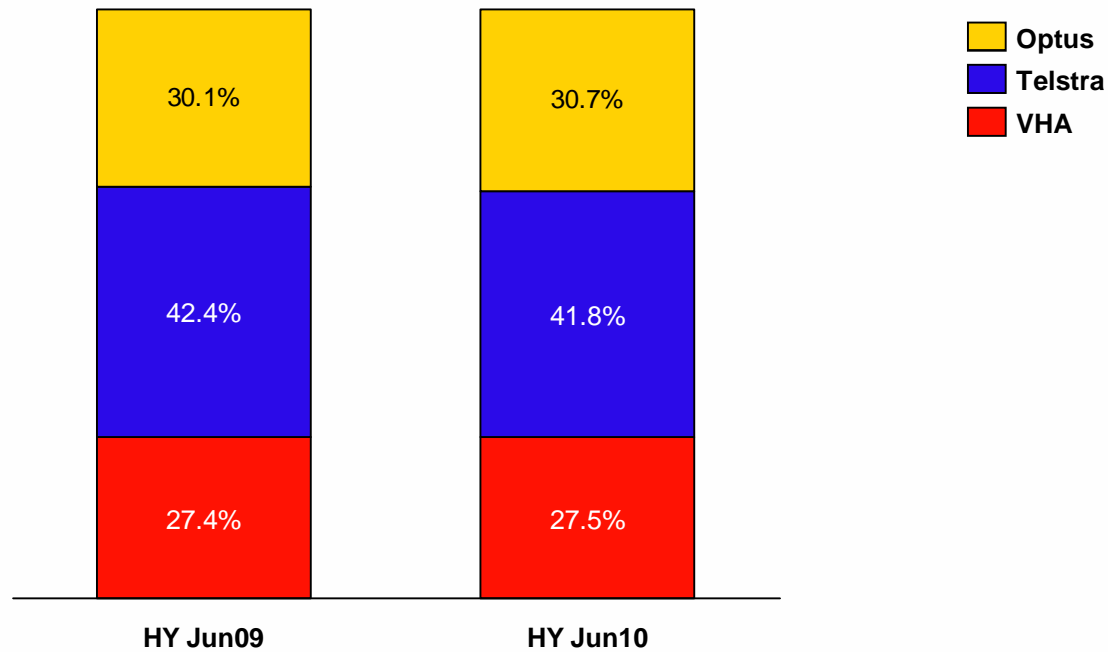
- Reduced time taken to resolve customer issues for major outages by 85%
- Improved fault management processes by providing better diagnostic capability in service centres
- Reduced average provisioning time by 65%



Our recent strategy has driven growth in mobile market share ...

Continue mobile growth momentum

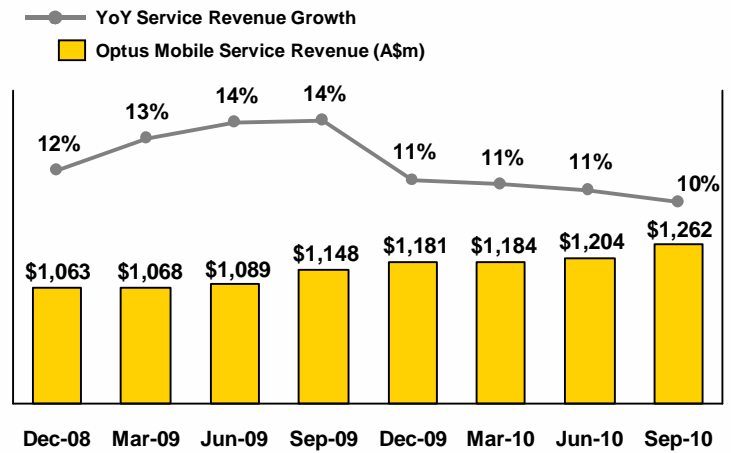
Service Revenue market share



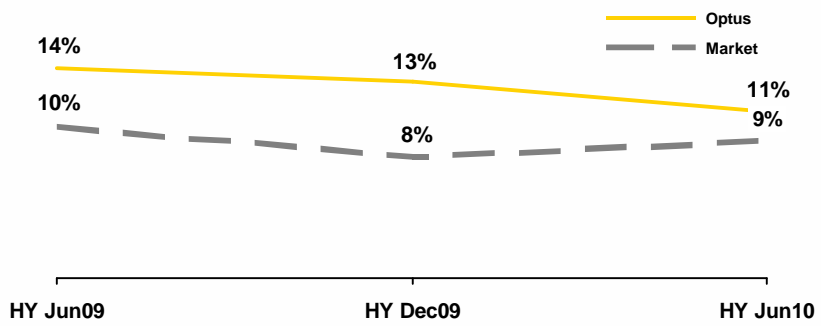
Continue mobile growth momentum

Underpinned by strong performance in key metrics ...

Sustained Mobile Service Revenue Performance
 - Eight consecutive quarters of double digit growth
 - Outperforming market growth



Optus vs market: YoY service revenue growth



Source: JP Morgan - 7 September 2010

Strong EBITDA growth¹
 - Margin stable at 25%

8%

Strong underlying year on year customer growth³
 - Wireless broadband base exceeds 1 million
 - Strong growth in Postpaid – 594k (15% year on year growth)

975k²

Postpaid ARPU at \$70¹
 - up 5% excluding WBB

1%

Total data % of ARPU¹
 - 18% non-SMS data

40%

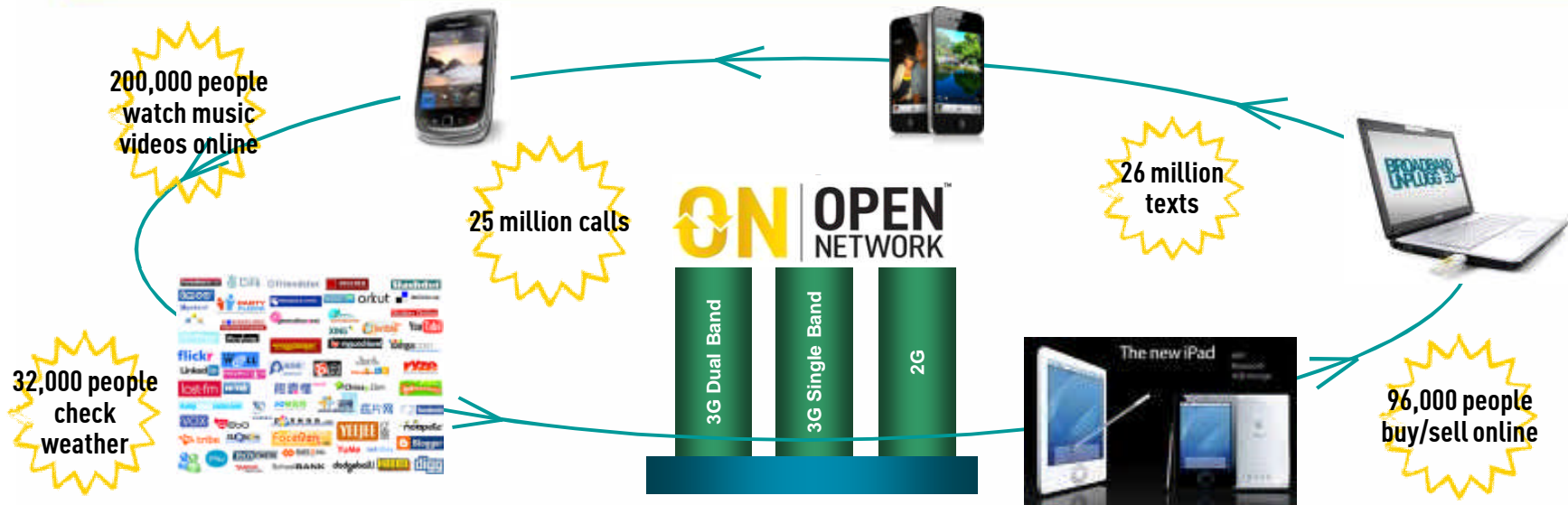
Subscriber acquisition cost¹
 - up 5% year on year

\$214

1: for Q2 FY11
 2: 652k – including prepaid cleanouts
 3: as at 30 September 2010



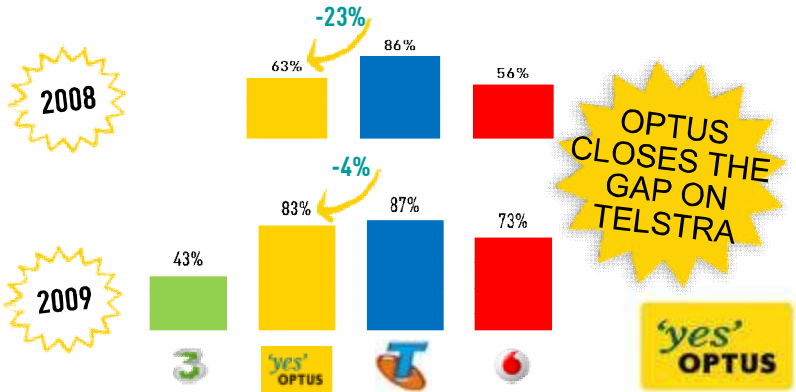
... and delivered by a high performance network



Significant investment in the Open Network

- Enhanced transmission and backhaul capacity with extensive fibre reach in metro areas
- Over 9,000 base stations, more than 4,500 3G
- Over \$2 billion invested in mobile in the last 5 years¹
- Over A\$300m invested in 1HFY11, up 21% YoY
- Plans to reach 98% coverage are in place

IDC overall rating of mobile networks

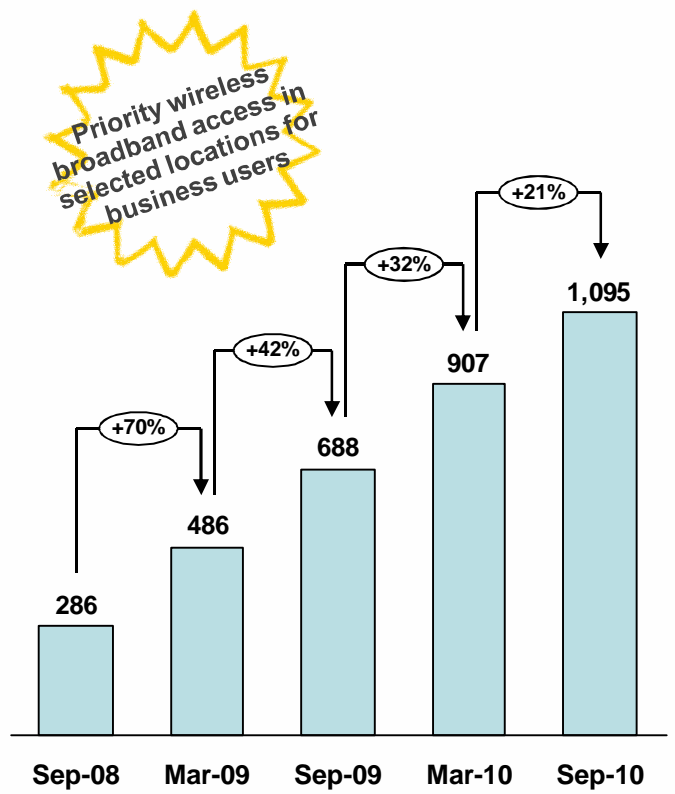


1: for financial years FY06 to FY10, end 31 March

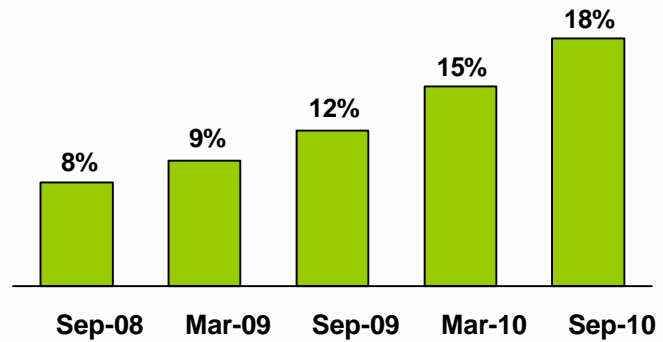
Seizing on customer demand for data

The surge in wireless broadband continues

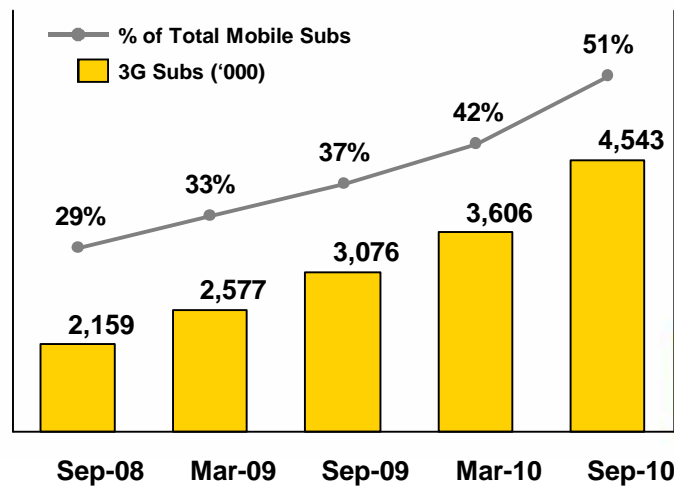
Wireless Broadband Customers ('000)



Strong growth in non-SMS share of service revenue (6 months)



3G customers comprise half of mobile base



Driving growth in digital media

Data revenue growth through relevance and personalisation

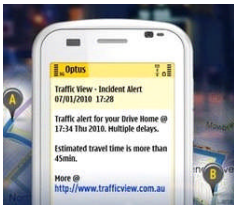


World Cup 2010

- 389,000 live streams
- average daily unique visitors – 10,200

Consumer and Business app stores

- Launched Sept '09
- Approx. 2,000 apps available, 100% growth since launch



trafficview beta

TrafficView – delivering real time view of traffic conditions using data from Optus mobile network

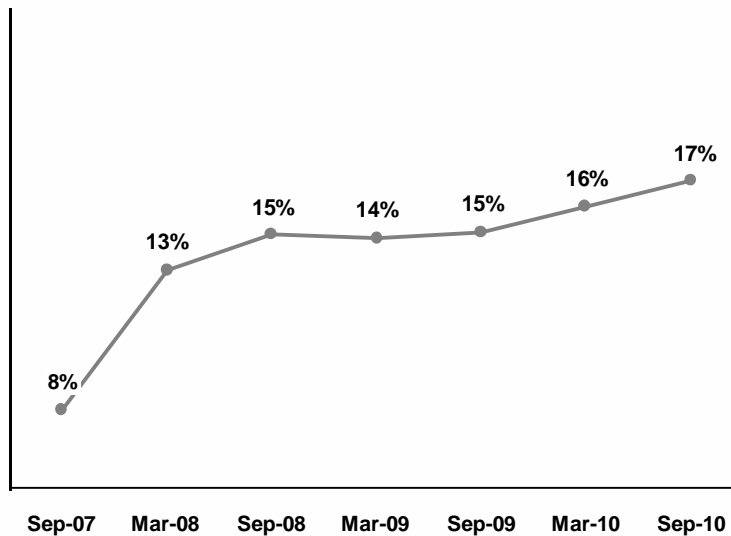
Optus' expanding portfolio of data-centric devices



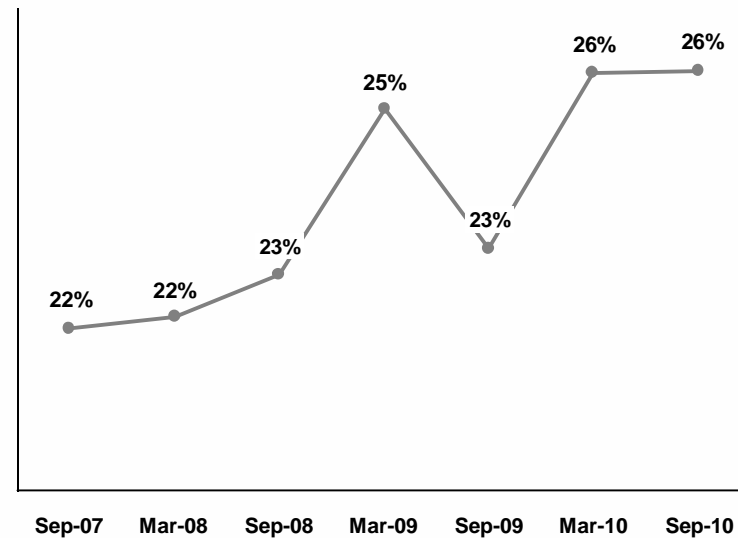
As we have grown on-net and exited unprofitable resale, our fixed margins and earnings have improved

4 Prepare for future NBN & IP enabled world

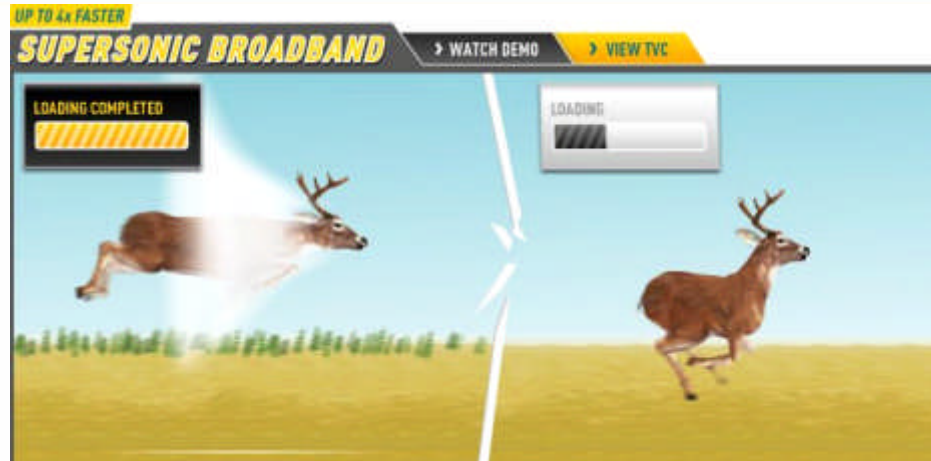
CONSUMER & SMB EBITDA MARGIN



OB & OWS EBITDA MARGIN



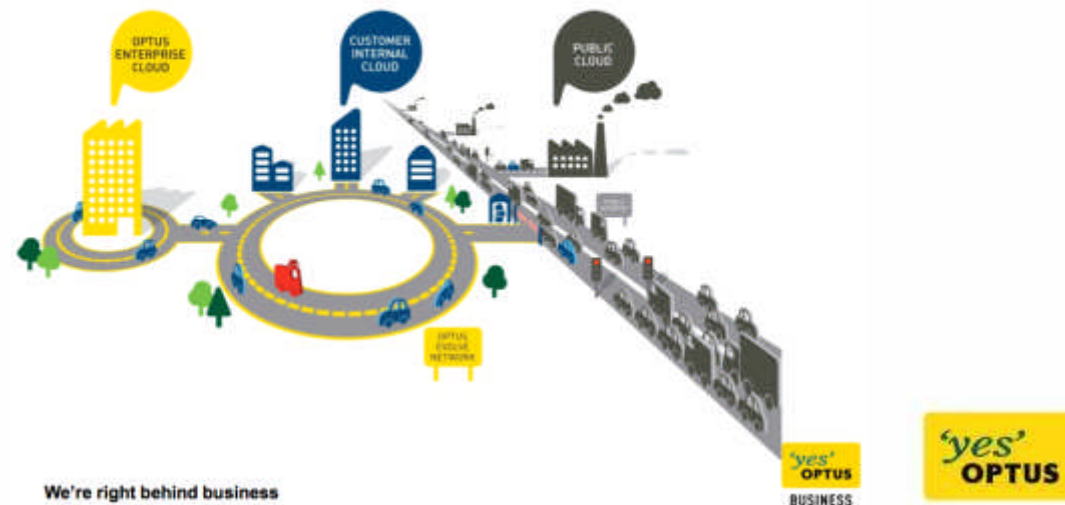
Continuing to innovate in Fixed



- ▶ Launched - August 2010
- ▶ Upgrade of HFC to DOCSIS 3.0
- ▶ Speeds up to 4 times faster

Enterprise Private Cloud

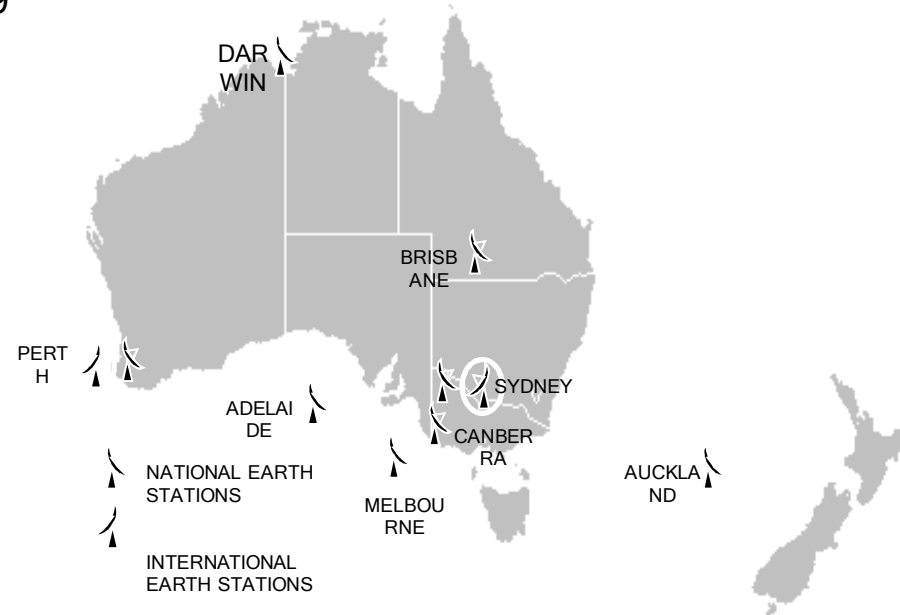
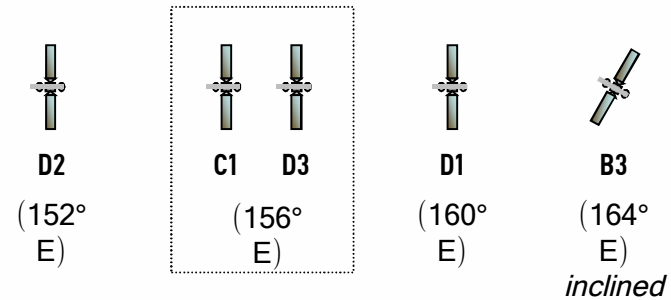
- ▶ Launched - September 2010 in partnership with wholly owned subsidiary, Alphawest
- ▶ Designed to give customers the flexibility, agility and control to scale their IT services up and down in real time



Optus owns and operates Australia's main satellite fleet, where we have added 30%+ more capacity with the launch of D3

Prepare for future NBN & IP enabled world

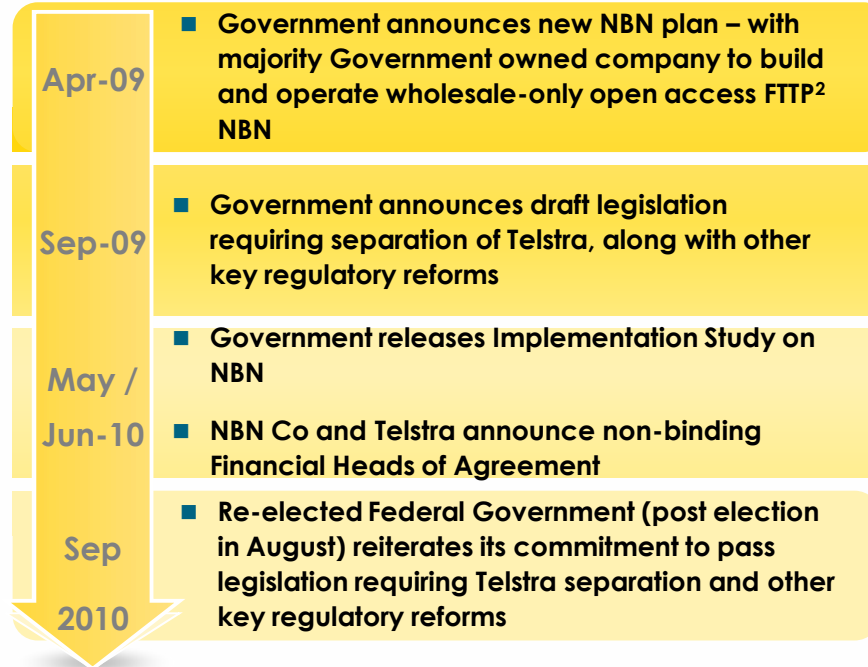
- Leading player in Australia/NZ satellite industry
- 5 Optus satellites in orbit
- Australia & New Zealand 'hot' bird locations
- 9th successful launch with D3 in August 2009
- Won contract for next generation digital free-to-air TV services via satellite in blackspot areas
- Premium customer base



Working to improve the regulatory environment

Next key event: NBN – leveling the playing field

Securing a pro-competitive NBN¹ model



Achieving competitive industry structure

- The NBN is a unique opportunity to level the playing field in fixed line services
- SingTel Optus continues to advocate for a regulatory framework that is built around four pillars:

- 1 Structural separation
- 2 Equivalent open access principles
- 3 Cost based pricing
- 4 ACCC oversight

The NBN should enhance our ability to compete – however, the future direction of the NBN remains subject to the Australian Parliament passing key legislation

Senate approved Telco Competition and Consumer Safeguards Bill on 26 Nov

¹ National Broadband Network
² Fibre to the premise



Cultural Renewal



- Connecting back office staff with the frontline and call centres to get first hand customer experience
- 4,000 people registered
- to date 1,000 attended...
- ...including Optus Senior Leadership Team





- Optus awarded one national and six state awards (Nov 2010)
- Recognition of Optus' hard work carried out over the past two years on its company wide customer experience transformation program

About the CSIA Awards
 The CSIA Australian Service Excellence Awards showcase achievement in Customer Service. Reaching the finals and winning an award illustrates the high standards of management, training and commitment to excellence within those organisations.



- Aligning the internal culture with the external brand promise
- Further strengthened Customer Centric Culture
- 1,600 Optus leaders have attended a ME WE for Leaders Day
- Understanding their role in driving Optus to deliver on its customer experience vision

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Our future: focus on maintaining mobile momentum,
exploiting the NBN

FY10-FY12

Drive to
leadership in
Customer
Experience &
relevance

FY2012+

Exploit NBN & IP
to cement
leadership
via wireless-led
convergence