

FY16 ANNUAL RESULTS PRESENTATION.

23 AUGUST 2016

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HIGHLIGHTS.

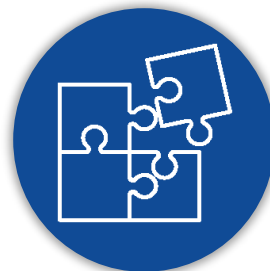
FULLY INTEGRATED TELCO SERVICING HOUSEHOLDS AND CORPORATES



Completed
acquisition of
Amcom
(July 2015)



Merger of
equals with M2
Group
(February 2016)



Announced
acquisition of
Nextgen
Networks
(June 2016)



Declared final
fully franked
dividend of 8.0
cents per share
bringing total
dividends to
17.5 cents per
share¹

**Leveraging fixed infrastructure to the continued growth in demand
for bandwidth**

1. Including the 9.5 cents per share FY16 interim dividend paid which includes the 1.9 cents per share special dividend associated with the M2 merger. Ordinary full year dividend is 15.6 cents per share for FY16.

FINANCIAL HIGHLIGHTS.

A YEAR OF SIGNIFICANT GROWTH AND TRANSFORMATION

Revenue

\$830.8m



455%

Underlying EBITDA¹

\$215.6m



318%

Underlying NPAT¹

\$101.7m



461%

Underlying Diluted EPS²

29.9cps



72%

Final Dividend

8.0cps



300%³

1. Underlying EBITDA excludes gains on total return swaps, acquisition and integration costs and other gains/losses. Underlying NPAT also excludes amortisation of acquired intangibles.
2. Underlying diluted earnings per share is calculated with reference to Underlying NPAT, which excludes the after tax effect of the items noted above. The weighted number of shares on issue for 2016 and 2015 have also been adjusted for the effect of the 1-for-8.9 rights issue undertaken in July, in line with accounting standards.
3. Excludes special dividend of 1.9cps paid in April 2016

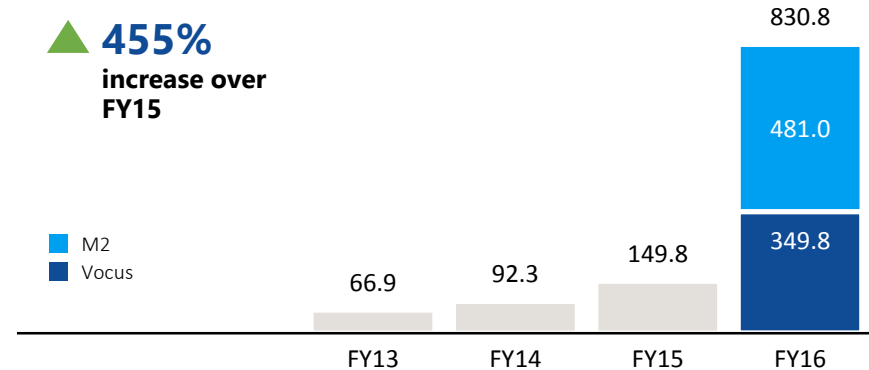
HEADLINE RESULTS – REVENUE.

STEP-CHANGE IN EARNINGS FROM ENHANCED SCALE

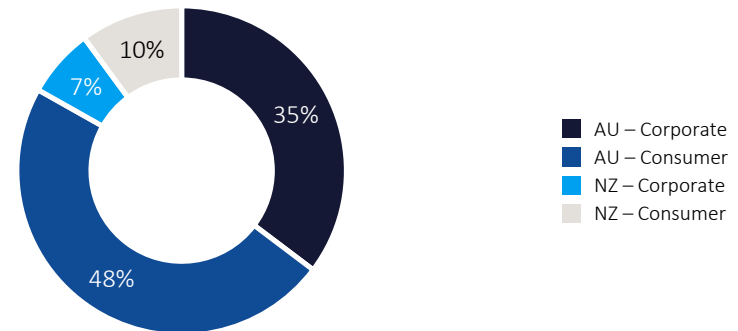
- Revenue in line with June trading update range of \$820-835m
- Revenue step-change following Amcom and M2 transactions
- Amcom west coast network created a national fibre network
- Diversified revenues by extending reach to consumers in Australia and New Zealand
- Divestment of non-core IT Services business in December 2015²

Revenue (\$m)

▲ **455%**
increase over
FY15



Revenue Breakdown (%)¹



1. Revenue breakdown excludes interest and other income and includes M2 contributions from 22 February 2016.

2. \$10m in revenue generated from non-core IT Services in 1HFY16.

HEADLINE RESULTS – EBITDA.

STRONG DIVERSIFIED PLATFORM CREATED TO DRIVE FUTURE GROWTH

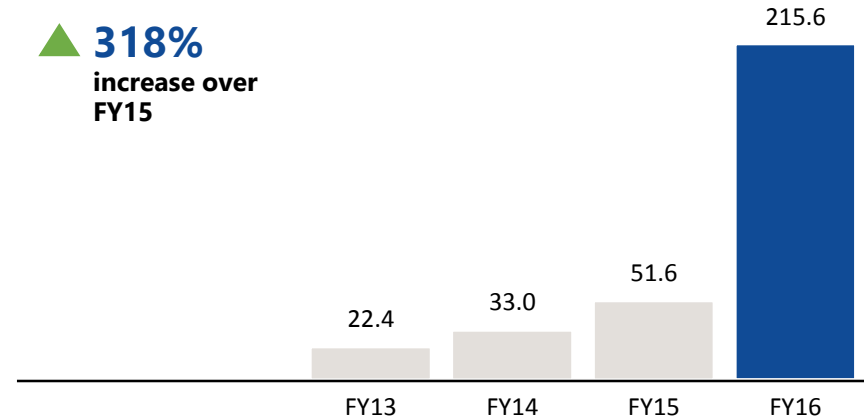
- EBITDA in line with June trading update range of \$213-218m
- Q4/16 EBITDA inline with trading update range of \$95-100m
- Invested in Corporate sales team and doubled capability in FY16; expect to increase sales team by a further ~35% in FY17
- Investment in Consumer sales and marketing reflected in increased NBN market share

Underlying EBITDA (\$m)¹



318%

increase over
FY15



1. Underlying EBITDA excludes gains on total return swaps, acquisition and integration costs and other gains/losses.

EARNINGS AND DIVIDENDS.

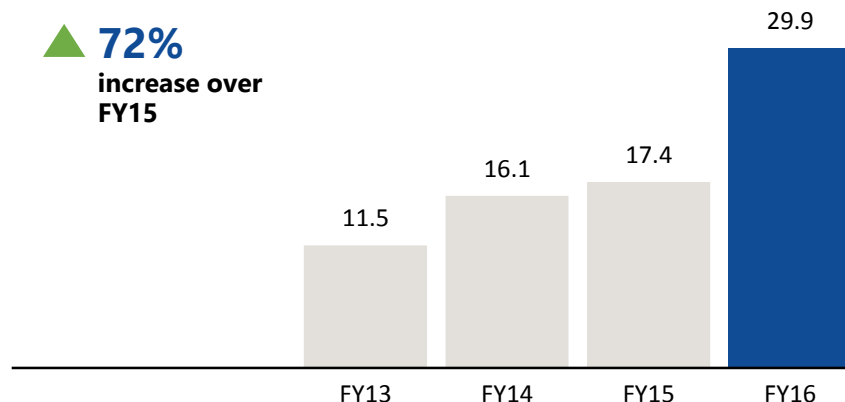
CONTINUING TO DELIVER STRONG RETURNS FOR SHAREHOLDERS

- Growth in EPS through accretive M&A
- Increased dividends reflective of high cash generation
- Final dividend of 8.0 cps up 300%
- Full year fully franked dividends of 17.5 cps including 1.9 cps special dividend²
- Vocus' dividend policy is to deliver growing dividends reflective of profitability, cash position and investing in growth

Underlying Diluted EPS (cps)¹

▲ **72%**

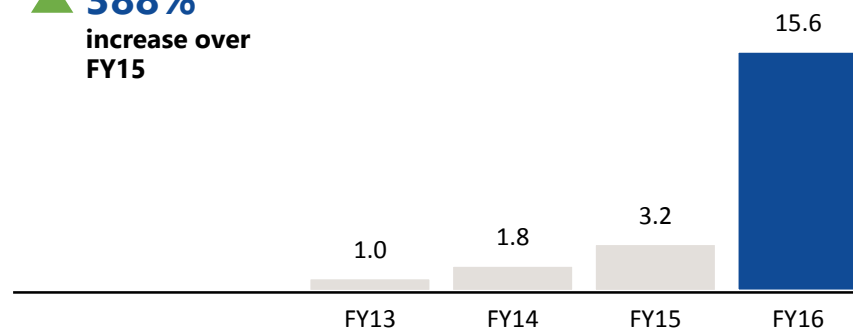
increase over
FY15



Dividends Declared (ex. special dividends) (cps)

▲ **388%**

increase over
FY15



1. Underlying diluted earnings per share is calculated with reference to Underlying NPAT, which excludes the after tax effect of the items noted above. The weighted number of shares on issue for 2016 and 2015 have also been adjusted for the effect of the 1-for-8.9 rights issue undertaken in July, in line with accounting standards.

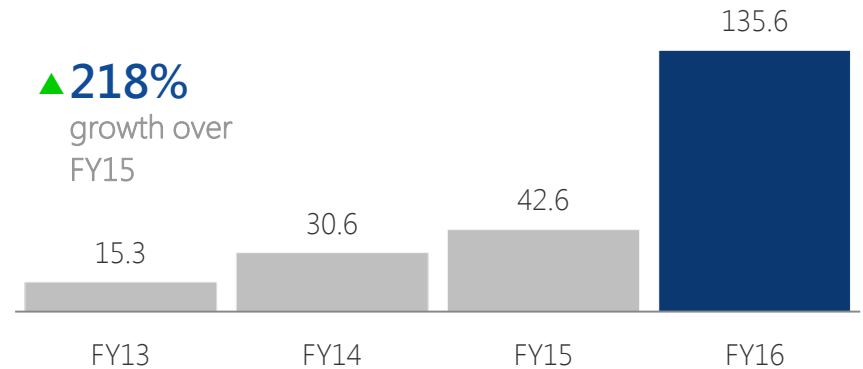
2. Special one-off dividend of 1.9 cps was paid in April 2016.

CASH FLOWS

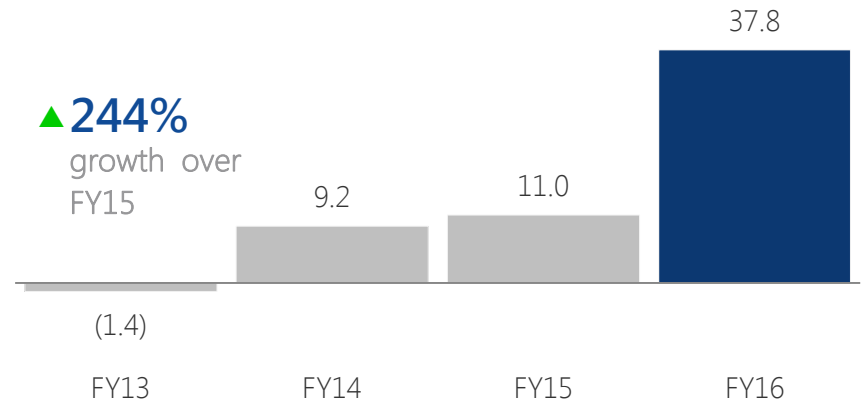
STRONG OPERATING CASH FLOW FROM QUALITY INFRASTRUCTURE ASSETS

- Recurring cash flows underpinned by long term infrastructure
- Increasing cash flow to invest in growth and improve returns to shareholders

Operating Cash Flow (\$m)



Free Cash Flow (\$m)



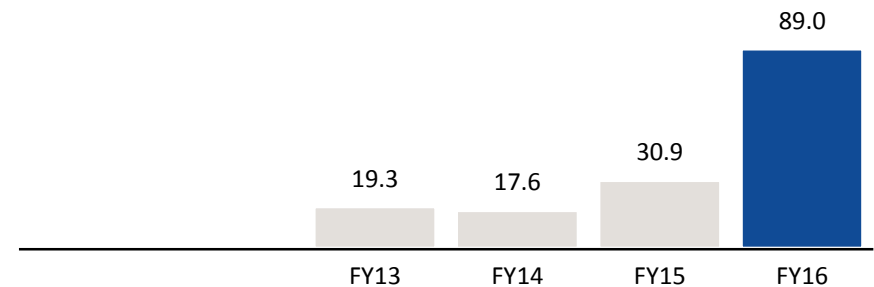
Free Cash Flow = Operating Cash Flow less payments for property, plant and equipment and intangibles net of proceeds on disposal

CAPITAL EXPENDITURE

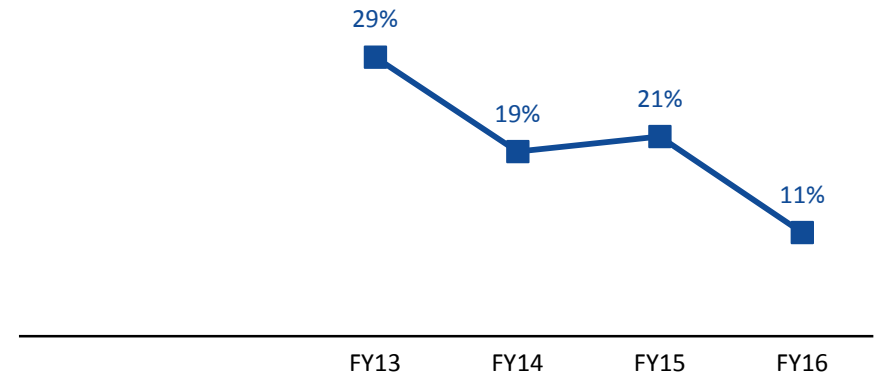
DISCIPLINED INVESTMENT IN LONG-TERM INFRASTRUCTURE

- Capital expenditure predominantly spent on fibre and associated infrastructure, and consumer CPE
- Capital expenditure as a percentage of revenue expected to be between 7% - 8% of revenue in FY17
- SX IRU payments were \$19.4m in FY16

Capital Expenditure (\$m)^{1,2}



Capital Expenditure as % of revenue



1. Includes ~4 month contribution from M2 since 22 February 2016.

2. Capex represents additions to property plant and equipment and other intangibles but excludes SX IRU capacity purchases.

BALANCE SHEET.

PRUDENT CAPITAL STRUCTURE WITH LIQUIDITY AND FLEXIBILITY

(\$m)	30 June 2016
Cash	128.6
PP&E	522.4
Intangibles	3,757.1
Other assets	285.9
Total assets	4,694.0
Loans and borrowings	886.1
Other liabilities	581.0
Total liabilities	1,519.7
Net assets	3,174.3

Net debt^{2 3}	757.5
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- Balance sheet and liquidity flexibility
- New debt facilities in May 2016
 - A\$1,070 million
 - NZ\$160 million
- \$652 million equity raising completed in July 2016 to support the proposed Nextgen Networks acquisition
- Gearing of 19% as at 30 June 2016¹
- Net debt^{3 4} to EBITDA < 2.0x annualised Q4FY16⁵ EBITDA

1. Where Gearing is defined as Net Debt / Net Debt + Equity.

2. Net Debt inclusive of finance leases and IRU liabilities.

3. Net Debt/Proforma underlying EBITDA based on 4QFY16 annualized

4. Net Debt as at 30 June 2016

5. As per trading update in June 2016



DIVISIONAL SUMMARY.

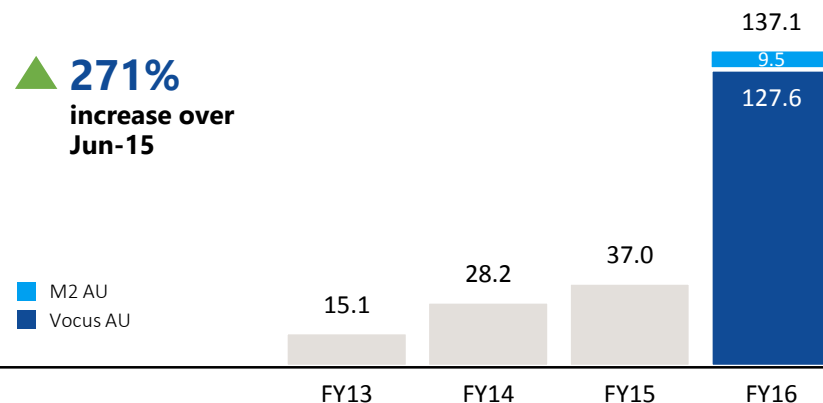
CORPORATE (AU).

ANNUITY REVENUES FROM EXTENSIVE INFRASTRUCTURE NETWORK

- National fibre network
- Focused expansion on high-yielding customers and metropolitan locations
- Significant available network capacity presents opportunity to increase operating leverage

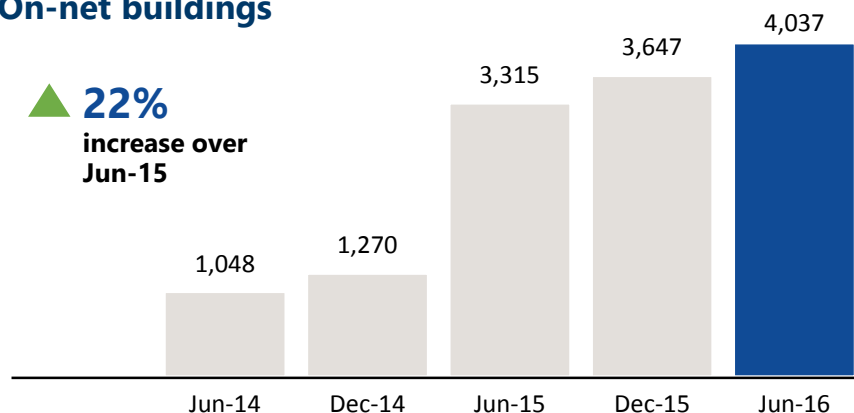
Fibre & Ethernet Revenue (\$m)¹

▲ **271%**
increase over
Jun-15



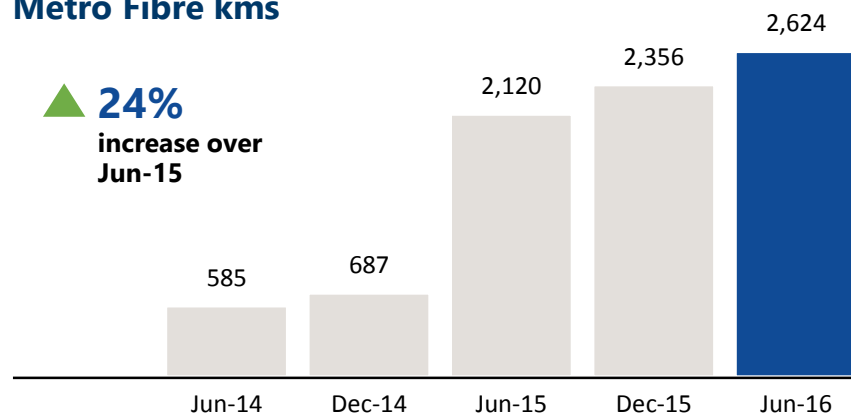
On-net buildings

▲ **22%**
increase over
Jun-15



Metro Fibre kms

▲ **24%**
increase over
Jun-15



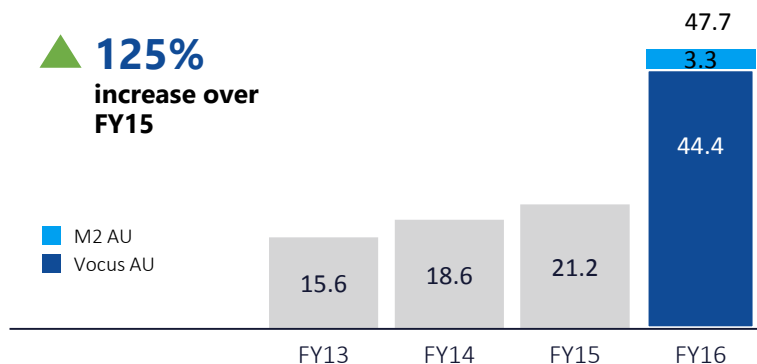
1. FY15 and FY16 excludes intercompany eliminations. No adjustments have been made for FY13 and FY14.

CORPORATE (AU).

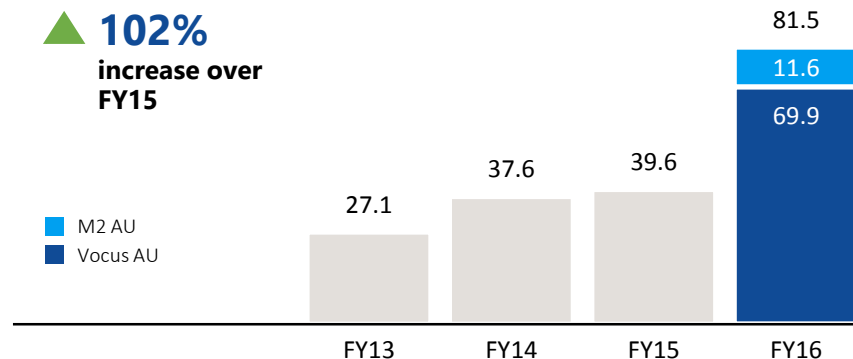
INCREASE BUNDLING OPPORTUNITIES TO CORPORATE CUSTOMER BASE

- Products complementary to growth in fibre demand
- Internet yield improving through focus on corporate customers
- Focus on IP and Hosted voice to drive additional revenues on-net

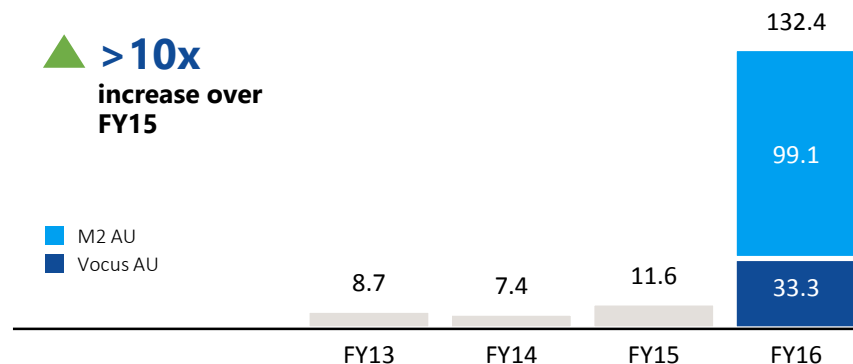
Data Centre Revenue¹ (\$m)



Internet Revenue¹ (\$m)



Voice Revenue¹ (\$m)

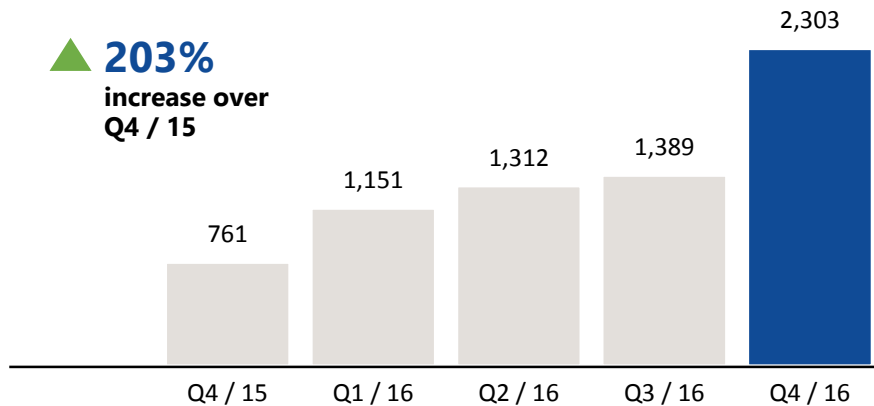


1. FY15 and FY16 excludes intracompany eliminations. No adjustments made for FY13 and FY14

CORPORATE (AU).

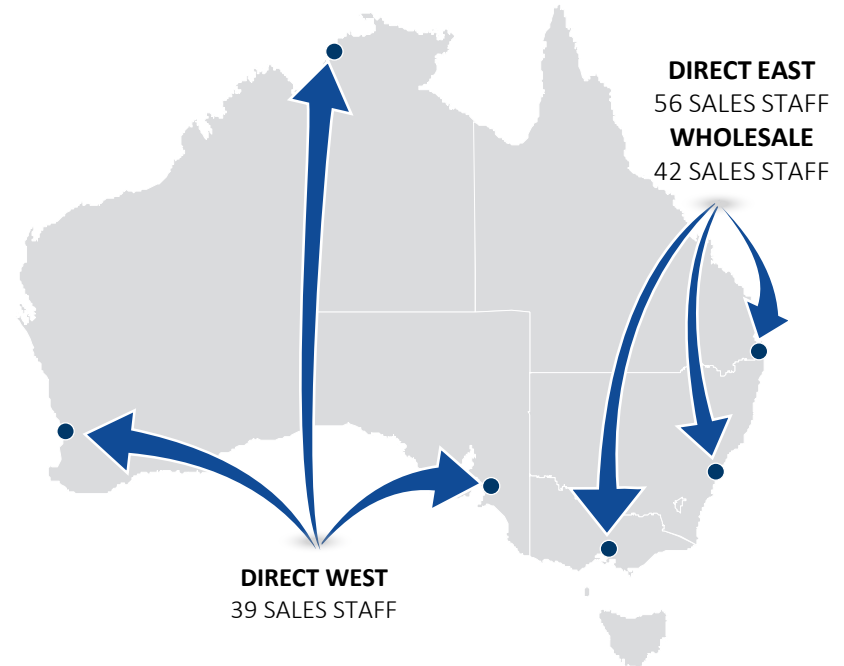
ADDITIONAL SALES TEAM GROWTH TO CAPITALISE ON MOMENTUM

Corporate New MRR Sales (\$'000s)¹



- Doubling of sales team in FY16 has driven strong growth in new monthly recurring revenues
- Further growth planned for FY17, to continue current momentum and optimise Nextgen Networks opportunity
- Enhancing 'Vocus One' self service portal functionality to improve customer experience

Planned total sales team in FY17



**~35% growth in sales team
planned in FY17**

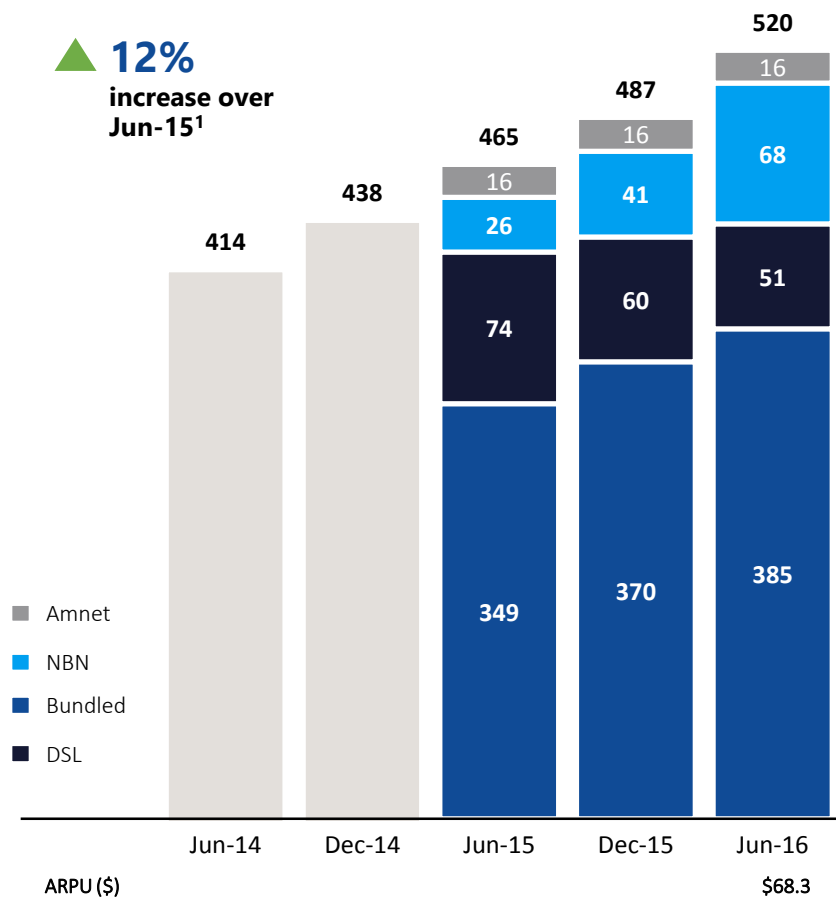
1. New MMR equates to the new monthly recurring revenue sold in that quarter.

2. Vocus One is the portal that enables the Corporate customer to create a quote, order and track delivery of a service.

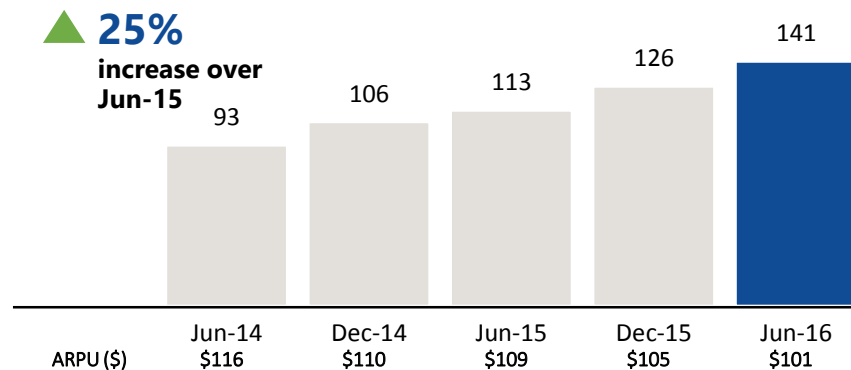
CONSUMER (AU).

55K ORGANIC GROWTH IN BROADBAND SERVICES IN FY16

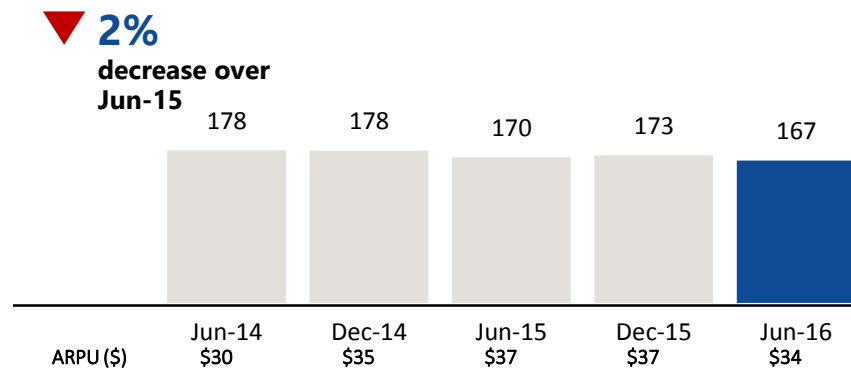
Broadband SIOs¹ ('000)



Energy SIOs¹ ('000)



Mobile SIOs¹ ('000)



Note: Charts not to scale, subject to rounding

1. Prior to completion of the Scheme in February 2016 this data relates to M2

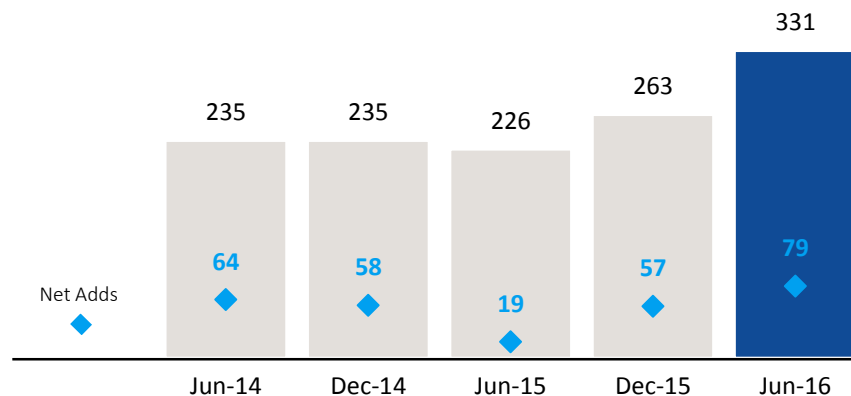
STRAIGHTFORWARD.

CONSUMER (AU).

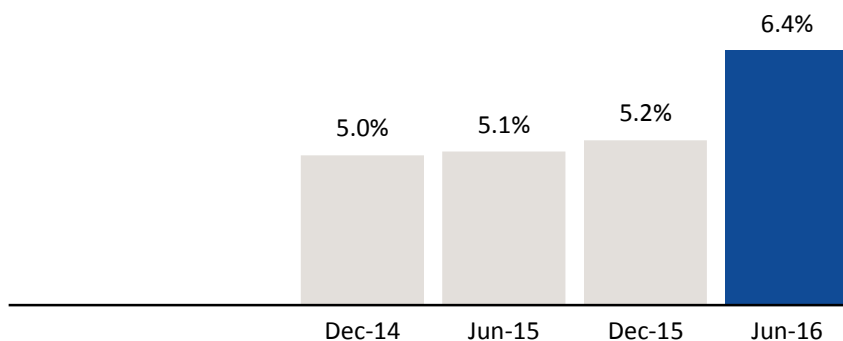
CONTINUED STRONG SALES MOMENTUM ACROSS DIVISION

- 29% growth in gross adds on prior year
- NBN investment driving increased market share in FY16 from 5.1% to 6.4%
- Average NBN churn for H2 was 0.8% per month less than churn on copper broadband
- iPrimus brand relaunch providing access to new consumer segments
- Majority of broadband sales bundled with voice and on 24 month contracts

Gross & Net Adds ('000)^{1 2}



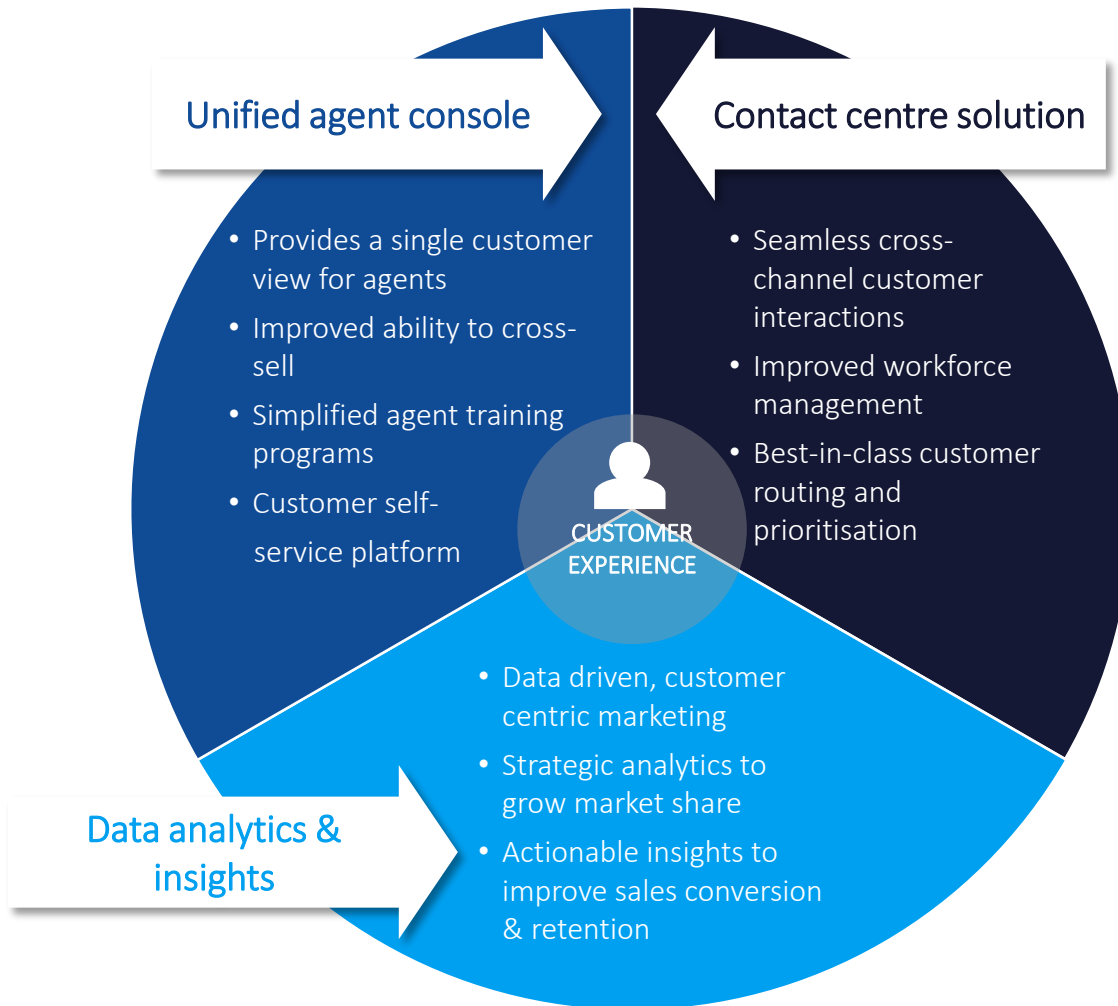
NBN market share (%)



1. Net additions includes all additions and cancellations throughout the period. This is not a indication of loss of customers as can include a customer moving house (e.g. disconnects and then reconnects).
2. Combined with NZ gross adds of 72 equals 403 gross adds compared to trading update forecast of 390 gross add

CONSUMER (AU).

IMPLEMENTING STRATEGY TO IMPROVE CUSTOMER LIFETIME VALUE



Outcomes

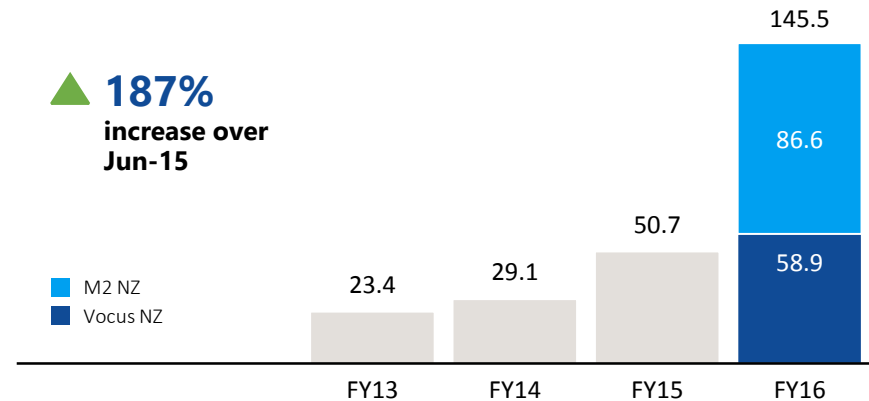
- Comprehensive expansion program to deliver long term benefits including:
 - Improve agent efficiency
 - Low-touch NBN migrations
 - Improved retention and customer satisfaction
 - Customer journey automation
 - Real-time customer interaction data and insights

NEW ZEALAND.

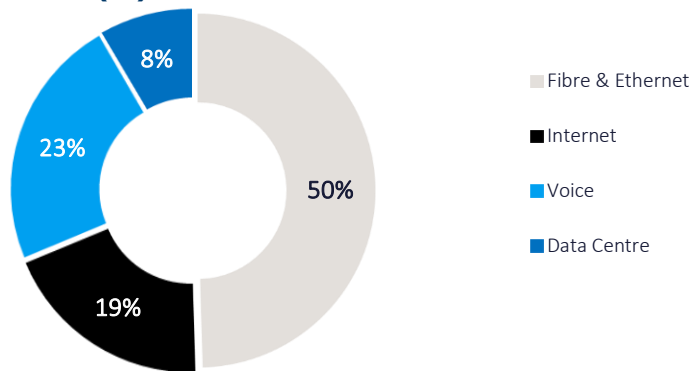
VERTICALLY INTEGRATED AND COMPETING IN ALL MARKET SEGMENTS

- Significant next generation network with national coverage
- Recognised and trusted brands catering to all market segments
- Broad product offering with strong challenger positioning

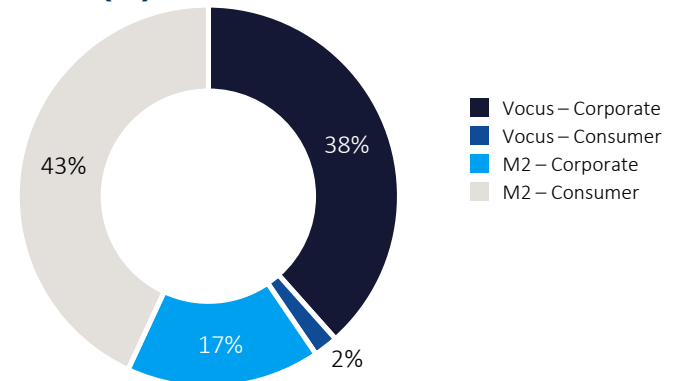
Total revenue (\$m) ¹



Corporate Revenue Breakdown by Product (%) ^{2 3}



Revenue Breakdown Corporate vs Consumer (%)²



1. FY15 and FY16 Total revenues in A\$ before eliminations

2. Revenue breakdown set excluding interest and other income and includes M2 contributions from 22 February 2016

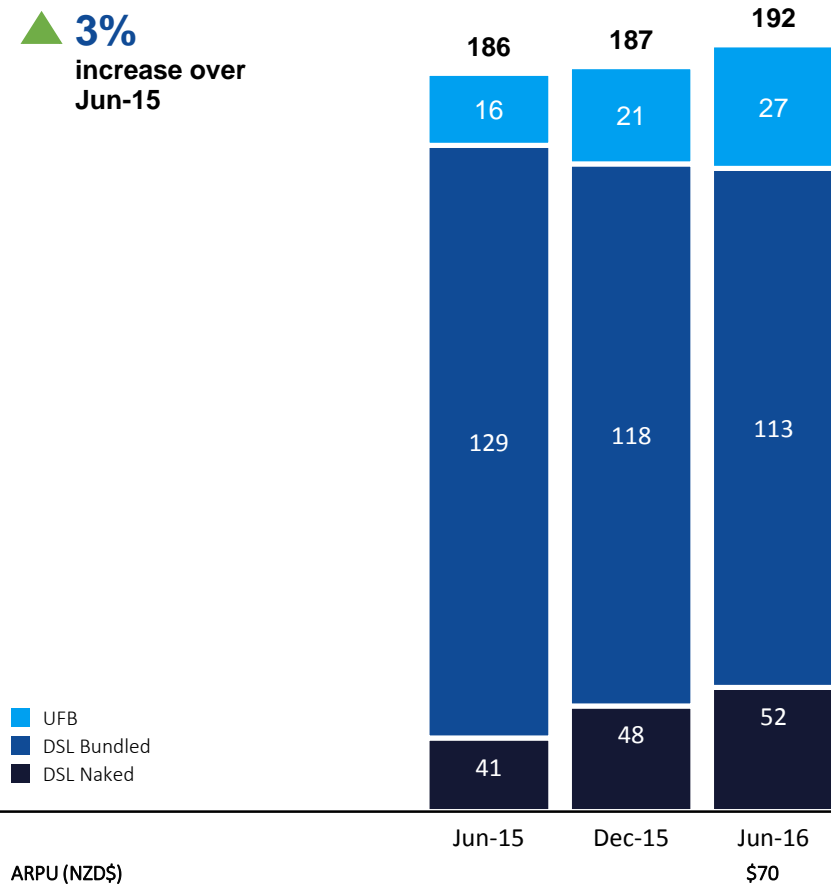
3. Excludes project revenue.

NEW ZEALAND.

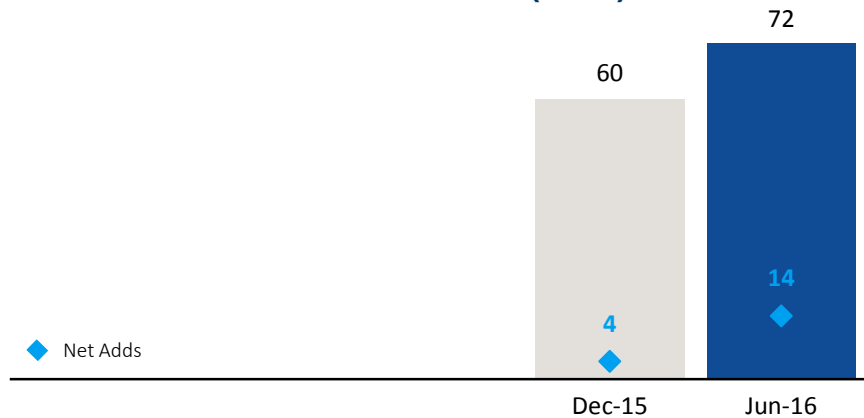
UFB ROLL OUT TO DRIVE GROWTH IN CONSUMER BROADBAND

Consumer Broadband SIOs ('000)

▲ 3%
increase over
Jun-15



Consumer Gross and Net Adds (000s)



Note: Charts not to scale, subject to rounding.

STRAIGHTFORWARD.

NEW ZEALAND.

LEADING CHALLENGER WITH NEXT GENERATION NETWORK



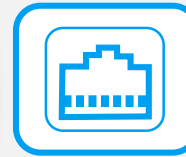
~700

Team members



3

Data Centres



**4,600+
kms**

**Intercity fibre
optic network**



14%

**Consumer
broadband
market share**



100%

UFB coverage

IMPROVED SCALE AND CAPABILITIES HAS INCREASED COMPETITIVENESS

1 Take an unfair share

- Fibre is creating a generational opportunity to reach new customers for the first time
- Connecting 1 in 4 fibre customers has set the new battle ground and rules of engagement
- Fibre First team established to lead all aspects of the customer experience and success
- Identify and target new distribution channels

2 Leverage infrastructure and capability

- Deliver the best broadband network experience to drive NPS in all segments
- Deliver the lowest possible network cost to support the business growth demands
- Customer self-service enhancements to drive further competitive advantage in wholesale markets

3 Transform customer experience

- Continued investment in digital engagement and platforms across all brands
- Invest in technology that reduces costs while improving the customer experience
- Engage with the customer on their terms, to be the most loved Telco
- Understand the customer intimately to maximise share of wallet

New Zealand Brand Family





BUSINESS UPDATE.

INTEGRATION UPDATE.

AMCOM INTEGRATION NEARING COMPLETION - M2 TRACKING TO PLAN

Acquisition of *amcom*

- ✓ Aligned product and pricing strategies
- ✓ Divested non-core IT Services business
- ✓ Network optimisation and systems integration nearing completion
- ✓ **On-track to achieve \$13-\$15 million annualised cost synergies by end of FY17**

Merger with

- ✓ New organisation design in place
- ✓ FY16 integration milestones achieved
- ✓ IT and network integration programs in progress
- ✓ **Focus on delivering synergy targets of \$40 million by the end of FY18**

NEXTGEN NETWORKS.

THE MISSING PIECE IN VOCUS' INFRASTRUCTURE NETWORK

- Announced acquisition on 29 June 2016
- National fibre network spanning over 17,000km and two development projects
- Fibre access to 1,164 buildings
- Provisional date for announcement of ACCC's decision (22 September 2016)
- IDA² application submitted



Note: Map for illustrative purposes only.
1. Infocomm Development Authority of Singapore.

GOALS & VALUES.

NOT LIKE THE OTHERS

VOCUS GROUP GOALS.



CLEVER COMPANY NO MUPPETS.

We are awesome people with a great attitude,
unleashed and empowered to do our job.



TO BE THE MOST LOVED TELCO.

HAVE A CRACK.

We detest bureaucracy, we collaborate to
find a smarter way, we take risks, we act
decisively and we celebrate our wins.



TOP 10 GREAT PLACE TO WORK.



DON'T SCREW THE CUSTOMER.

We put ourselves in the customers' shoes,
we make it easy to buy and easy to use.



\$20 BY 2020.








DON'T BE A D!@KHEAD.

We respect each other, we value relationships
and we have the hard conversations.



KEY MESSAGES

THE YEAR AHEAD....

-  Strategic acquisitions creating the leading challenger telco across Australia and New Zealand, to take advantage of revenue growth opportunities in both corporate and consumer
-  Integration on track, with merged company organisation design complete, achieving Q4/16 EBITDA run rate of \$95-100m
-  Synergy realisation programs on track.
Amcom complete by end of FY17, M2 by end of FY18
-  Investing in growing sales teams and stepping up marketing investment
-  Transformation projects to commence in FY17 to optimise the business and improve customer experience
-  Focus on team member engagement to set us apart
-  Growing returns to shareholders a priority

CONTACTS.



GEOFF HORTH
CEO

RICK CORRELL
CFO

INVESTORS

KELLY HIBBINS
INVESTOR RELATIONS
DL: +61 2 83169856
M: +61 414 609192

DEBRA MANSFIELD
CORPORATE COMMUNICATIONS
MANAGER
P: +61 2 8999 8999
E: INVESTOR@VOCUS.COM.AU
WWW.VOCUS.COM.AU



APPENDICES.

UNDERLYING EBITDA

RECONCILIATION OF STATUTORY AND UNDERLYING RESULTS

(\$m)	FY15	FY16
Statutory NPAT	19.9	64.1
Add back: Income tax expense	8.4	27.9
Add back: Net finance costs	5.3	24.5
Add back: Depreciation and amortisation	18.7	78.5
Statutory EBITDA	52.2	195.0
Less: Gains and losses on early repayment of borrowings	(5.5)	-
Less: Gains on total return swaps	(7.5)	(19.5)
Add back: Acquisition and integration costs	10.4	40.6
Add back: Gains and losses on foreign exchange	0.6	(1.4)
Add back: Other gains and losses	1.3	0.9
Underlying EBITDA¹	51.6	215.6

Note: Due to rounding, numbers presented on this reconciliation may not add up precisely to the totals provided.

1. Underlying EBITDA excludes gains on total return swaps, early repayment of borrowings, acquisition and integration costs and other gains/losses and other intangibles arising on acquisition

UNDERLYING NPAT

RECONCILIATION OF STATUTORY AND UNDERLYING RESULTS

(\$m)	FY15	FY16
Statutory NPAT	19.9	64.1
Less: Gains and losses on early repayment of borrowings	(5.5)	-
Less: Gains on total return swaps	(7.5)	(19.5)
Add back: Acquisition and integration costs	10.4	40.7
Add back: Gains and losses on foreign exchange	0.6	(1.4)
Add back: Other gains and losses	1.3	1.0
Add back: Amortisation of acquired intangibles	0.6	33.1
Tax effect of above items	(1.6)	(16.1)
Underlying NPAT	18.2	101.7

- Amortisation of acquired intangibles arising from purchase price allocation refers to amortisation expense incurred in relation to intangible assets recognised on acquisition. These include customer intangibles and software assets

Note: Due to rounding, numbers presented on this reconciliation may not add up precisely to the totals provided.

1. Underlying NPAT excludes the after-tax impact of gains on total return swaps, early repayment of borrowings, acquisition and integration costs, other gains/losses and intangibles arising on acquisition.

GLOSSARY OF TERMS

UNBUNDLING TELCO TALK

\$	Australian dollars unless otherwise stated	kms	Kilometres
ACCC	Australian Competition and Consumer Commission	MRR	Monthly recurring revenue
ARPU	Average Revenue Per User	Naked DSL	DSL broadband Internet connection that does not require a landline phone service
ASC	Australia Singapore Cable	NBN	National Broadband Network
Capex	Capital expenditure	NZ\$	New Zealand dollars
cps	Cents per share	NPAT	Net Profit After Tax
D&A	Depreciation & Amortisation	NPS	Net promoter score
DSL	Digital subscriber line	NWCS	North West Cable System
DRP	Dividend reinvestment plan	OCF	Operating Cash Flow
EBITDA	Earnings before interest, tax, depreciation and amortisation	RBBP	Regional Backbone Blackspots Program
EPS	Earnings per share	SIO	Services in operation
FY	Financial year ending 30 June	SX	Southern Cross Cable
IDA	Infocomm Development Authority of Singapore	UFB	Ultra Fast Broadband
IRU	Indefeasible right of use		

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