

A photograph of three technicians in dark blue polo shirts and jeans kneeling on a grassy area, working with a large bundle of blue fiber optic cables. They are in an urban setting with modern buildings in the background. A dark blue diagonal overlay covers the left side of the image.

# ASIAN INVESTMENT CONFERENCE PRESENTATION.

APRIL 2016.

# INVESTMENT HIGHLIGHTS.

## A FULL SERVICE TELCO SERVICING AUSTRALIA AND NEW ZEALAND

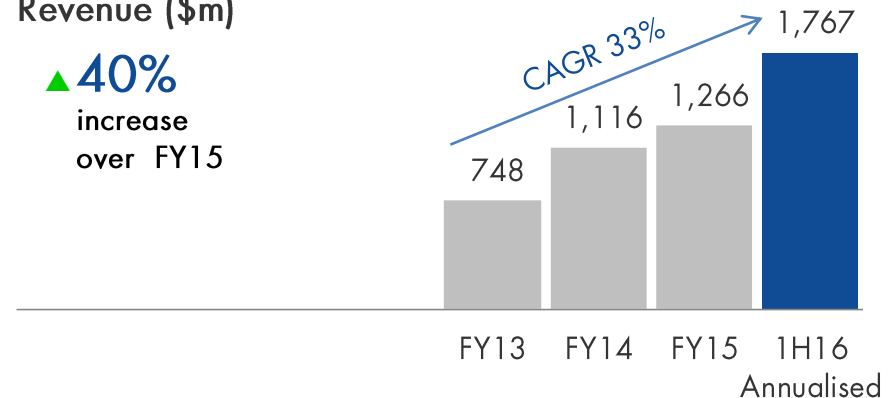
- Network infrastructure in place, built for the new millennium
- Capacity to Singapore, Hong Kong and the USA
- Brands positioned to take advantage of government-supported national broadband networks in Australia and New Zealand
- Once in a generation shift from copper to fibre optics
- Growth led by experienced management team, strong sales capability and world-class infrastructure

**LEADING  
BRANDS  
SUPPORTED BY**

**WORLD-CLASS INFRASTRUCTURE.**

Revenue (\$m)

▲ **40%**  
increase  
over FY15



# LEADING BRANDS.



BRANDS FOR EVERY INDIVIDUAL, BUSINESS AND GOVERNMENT IN AUSTRALIA AND NEW ZEALAND

Consumer

Households in Australia and New Zealand

SMB

2-49 employees

Corporate

50-2000 employees and government departments

Wholesale

## Key Australian Brands

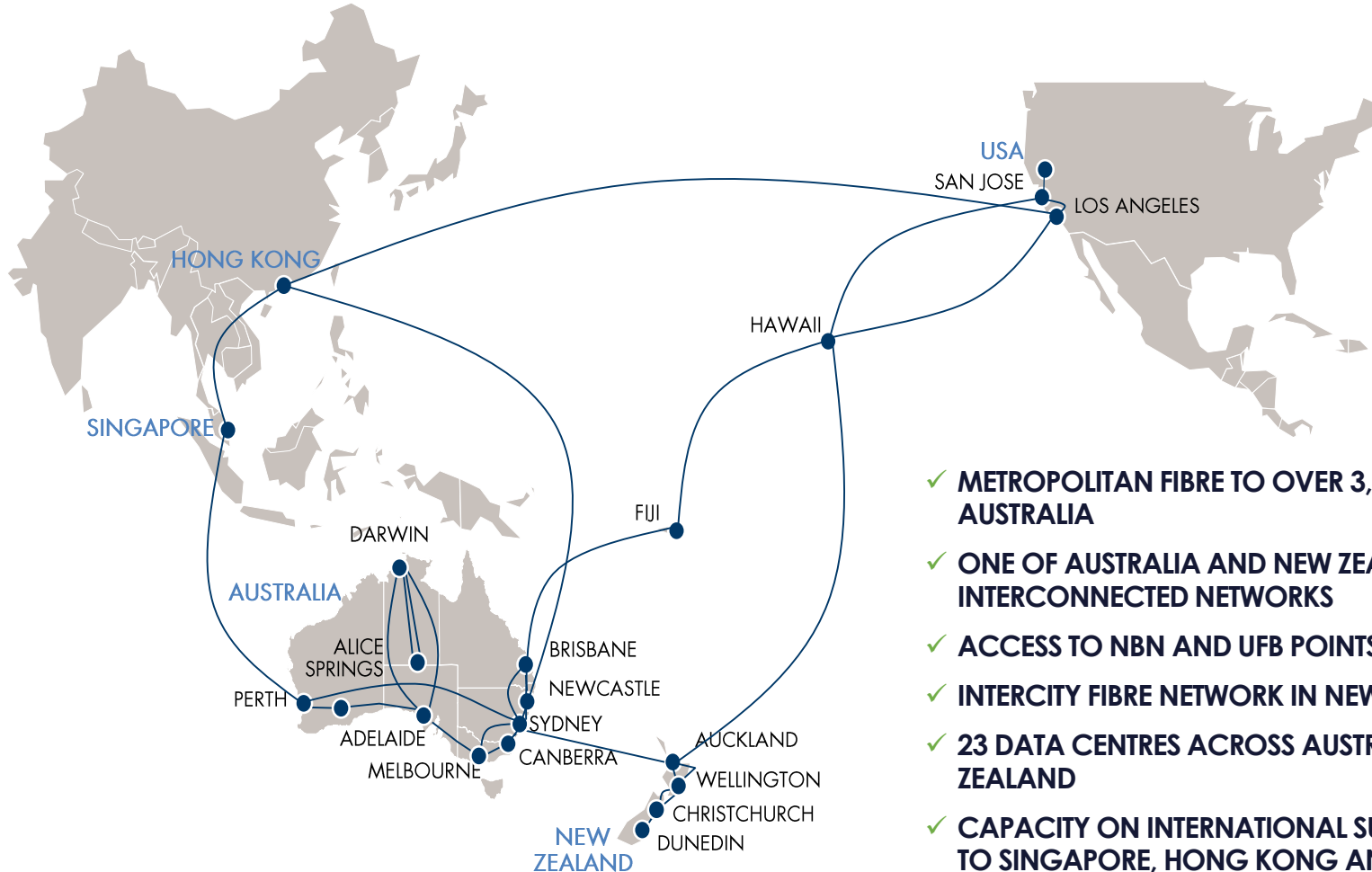


## Key New Zealand Brands



# WORLD-CLASS INFRASTRUCTURE.

CONNECTING AUSTRALIA AND NEW ZEALAND TO SINGAPORE, HONG KONG AND THE UNITED STATES



- ✓ METROPOLITAN FIBRE TO OVER 3,750 BUILDINGS IN AUSTRALIA
- ✓ ONE OF AUSTRALIA AND NEW ZEALAND'S MOST INTERCONNECTED NETWORKS
- ✓ ACCESS TO NBN AND UFB POINTS OF INTERCONNECT
- ✓ INTERCITY FIBRE NETWORK IN NEW ZEALAND
- ✓ 23 DATA CENTRES ACROSS AUSTRALIA AND NEW ZEALAND
- ✓ CAPACITY ON INTERNATIONAL SUBMARINE CABLES TO SINGAPORE, HONG KONG AND THE UNITED STATES

# FINANCIAL SNAPSHOT.

- Significant earnings and balance sheet strength in the combined business
- Proven growth track record and ability to acquire and integrate purchased businesses
- Strong cash flow generation combined with long-term infrastructure assets
- Highly liquid equity security
- Participant in major indices including the ASX 100, 200 and MSCI AC Asia Pacific

\$m (Pro-forma)	H1/16
Revenue	883.7m
Underlying EBITDA	167.0m
Underlying NPAT	82.5m
Underlying diluted EPS	15.63c
Interim dividend per share	7.6c

## Equity snapshot

Ticker	ASX:VOC, VOC.AX
Share price (1 April 2016)	8.31
Shares outstanding	532.1m
Market capitalisation	4,427m
Average daily trading volume (last 30 days)	4.26m
Free float %	100%

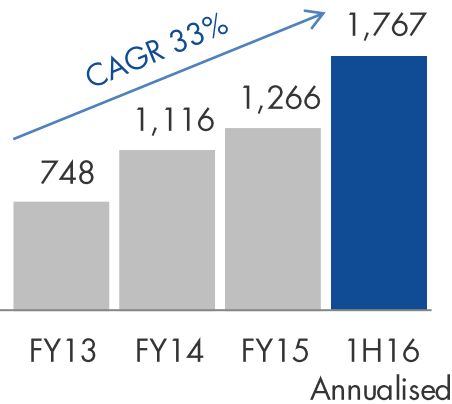
- *Pro-forma as if Vocus had owned M2 for the relevant period and excludes synergies, intercompany or purchase price accounting adjustments*
- *Sales revenue excludes interest income.*
- *Underlying EBITDA excludes gains on total return swaps, early repayment of borrowings, acquisition and integration costs and other gains/losses. Underlying NPAT also excludes amortisation of acquired customer contracts.*

# GROWTH TRACK RECORD.



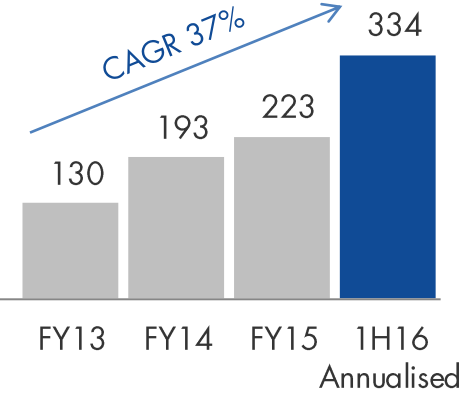
## Revenue (\$m)

▲ **40%**  
increase  
over FY15



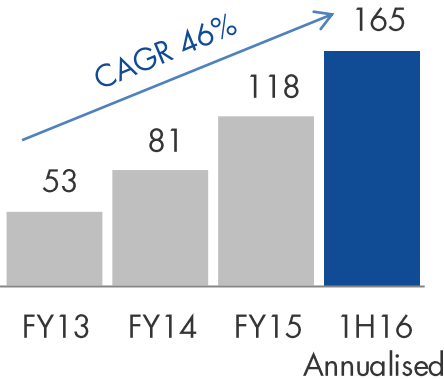
## Underlying EBITDA (\$m)

▲ **50%**  
increase  
over FY15



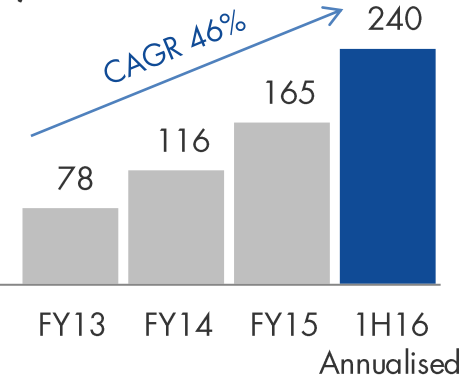
## Underlying NPAT (\$m)

▲ **39%**  
increase  
over FY15



## Operating Cash Flow (\$m)

▲ **46%**  
increase  
over FY15



**STRAIGHTFORWARD.**

(1) Pro-forma as if Vocus has owned M2 for the relevant period and excludes synergies, intercompany or purchase price accounting adjustments

(2) Sales revenue excludes interest income.

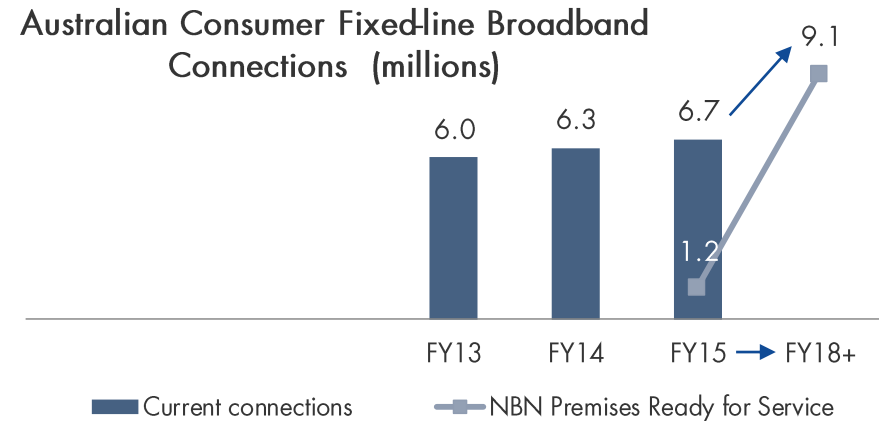
(3) Underlying EBITDA excludes gains on total return swaps, early repayment of borrowings, acquisition and integration costs and other gains/losses. Underlying NPAT also excludes amortisation of acquired customer contracts.



# CONSUMER.

## NBN – A GENERATIONAL CHURN EVENT - 9.1 MILLION PREMISES READY BY FY18

- Wholesale-only access network being built by the Australian Federal Government
- 9.1 million premises ready by FY18
- Replaces existing copper access networks operated by Telstra and other carriers
- Minimal margin impact for Vocus on transfer to NBN, unlike competitors
- Potential for Vocus to take share from incumbents
  - If Vocus market share to 10%, services in operation (SIOs) would double
- Similar market dynamic for UFB in New Zealand

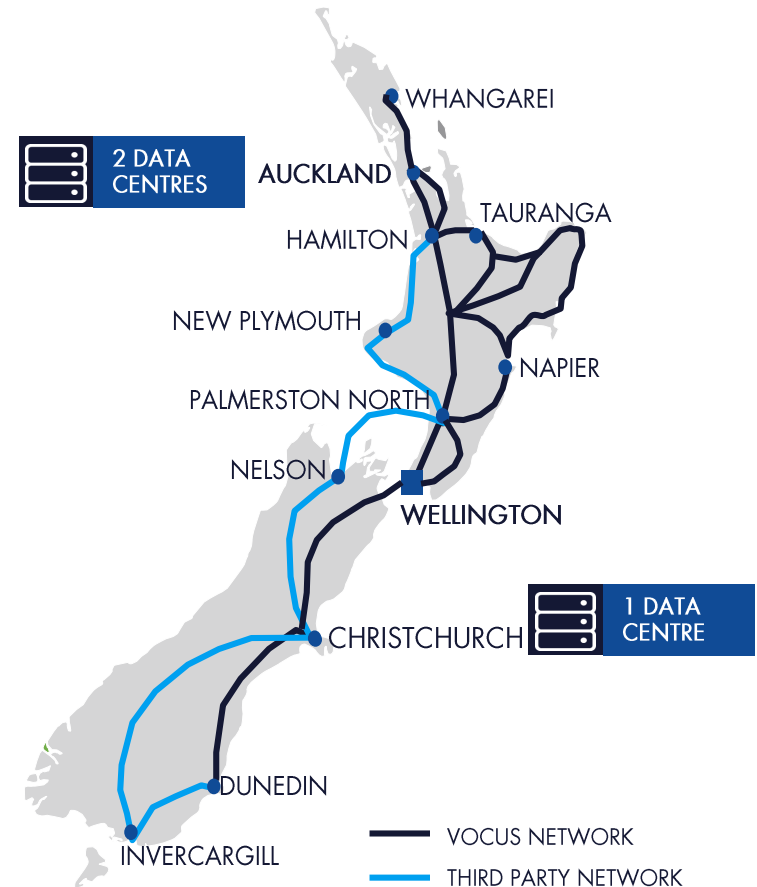


Worked example	FY15	FY18+	Δ%
Current market share	7%		
Broadband SIOs - if market share held constant	449k	637k	42%
Broadband SIOs – if market share increases to 10%	449k	910k	103%

# NEW ZEALAND.

## CONSUMER AND CORPORATE TELECOMMUNICATIONS THROUGH STRONG CHALLENGER BRANDS

- Specialist in both consumer and corporate telecommunications
- Stable of consumer brands to satisfy all market segments
- Corporate business has many of the NZX50 as customers
- Owned intercity fibre optic network
- Positioned to take advantage of UFB (New Zealand's NBN) which will provide fibre-to-the-home to 80% of the population

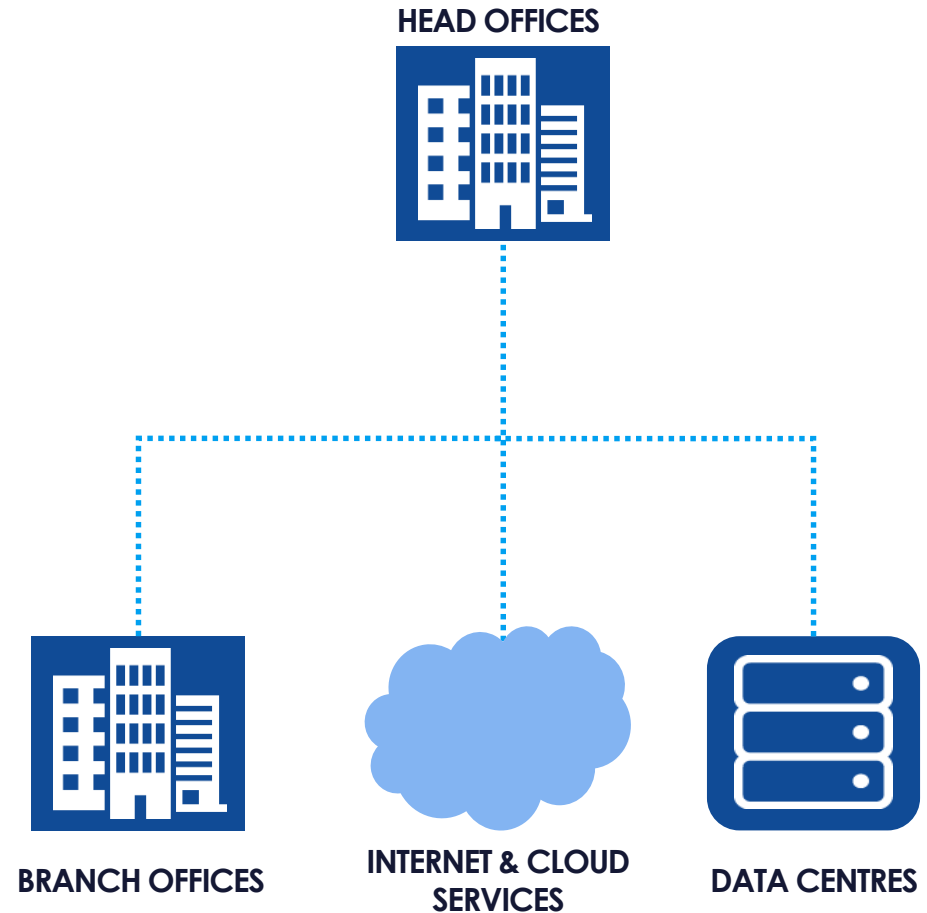




# CORPORATE.

## COMPELLING ECONOMICS FROM VOCUS METROPOLITAN FIBRE

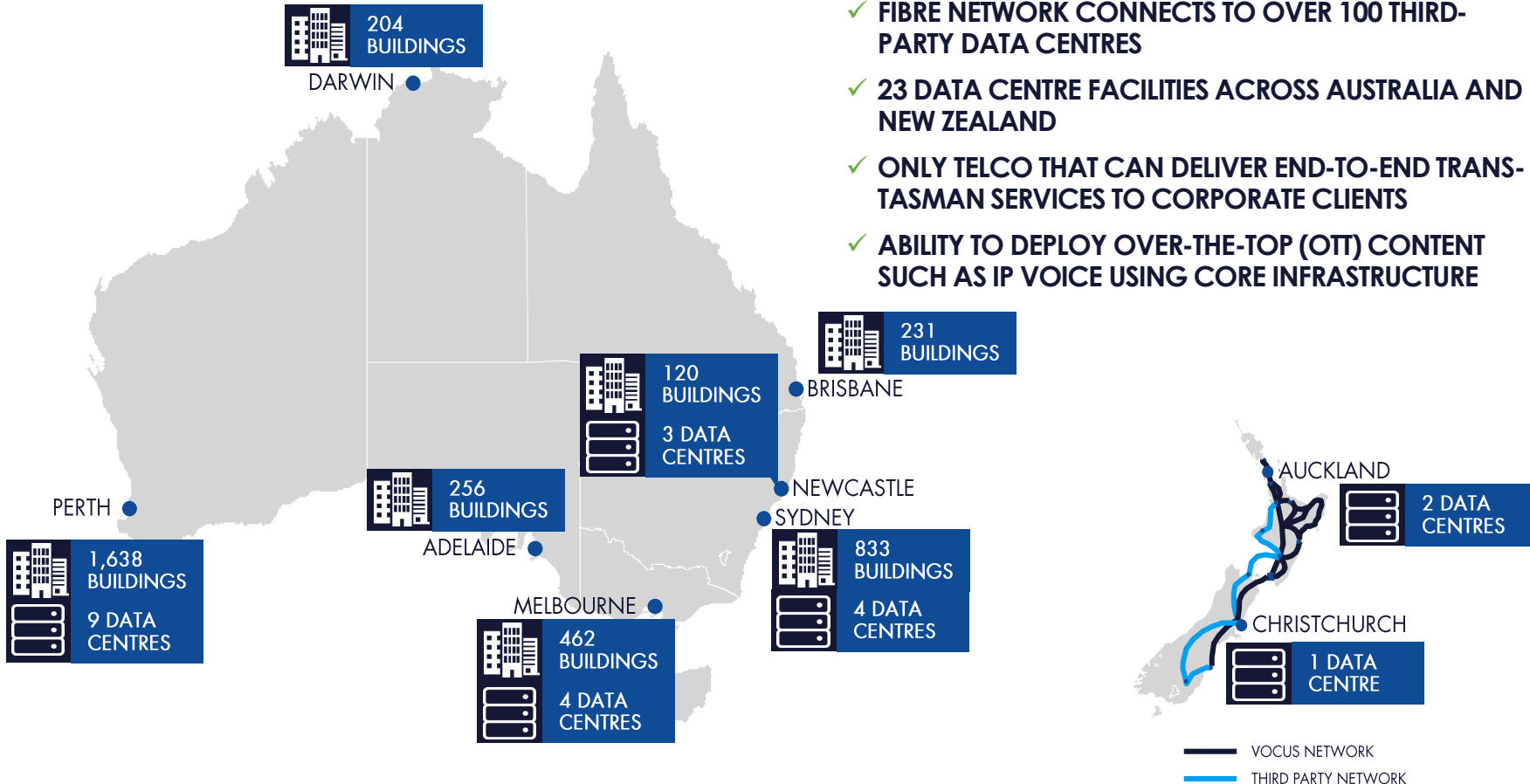
- 3,750+ buildings connected across Australia
- Provides point-to-point connections between buildings, data centres and the Cloud
- First customer in each building pays for the connection
- Minimal incremental cost for each additional customer
- Network targets density over reach to improve addressable market



# CORPORATE.

## INTEGRATED TELECOMMUNICATIONS SOLUTIONS COMBINING INTERNET, IP VOICE, METRO FIBRE AND DATA CENTRES

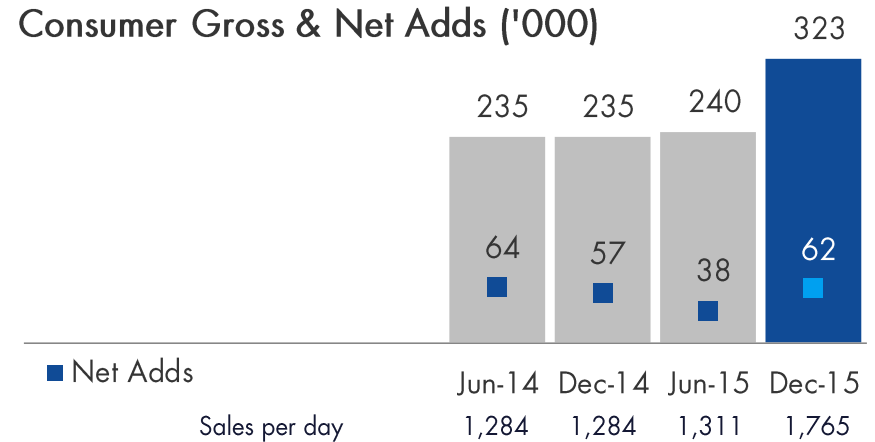
- ✓ OVER 3,750 ON-NET BUILDINGS AND 1,900 FIBRE KILOMETRES IN AUSTRALIA
- ✓ 4,600KM+ INTERCITY FIBRE OPTIC NETWORK IN NEW ZEALAND
- ✓ FIBRE NETWORK CONNECTS TO OVER 100 THIRD-PARTY DATA CENTRES
- ✓ 23 DATA CENTRE FACILITIES ACROSS AUSTRALIA AND NEW ZEALAND
- ✓ ONLY TELCO THAT CAN DELIVER END-TO-END TRANS-TASMAN SERVICES TO CORPORATE CLIENTS
- ✓ ABILITY TO DEPLOY OVER-THE-TOP (OTT) CONTENT SUCH AS IP VOICE USING CORE INFRASTRUCTURE



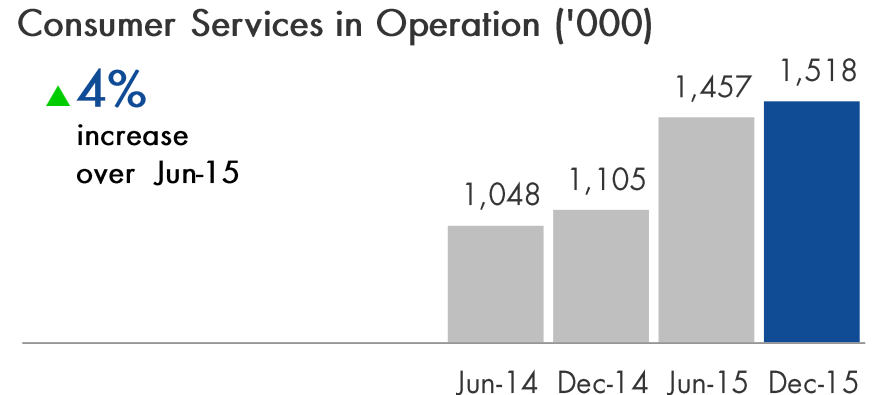
# SALES & MARKETING.

## PROVEN CONSUMER SALES CAPABILITY BACKED BY SIGNIFICANT MARKETING SPEND

- Significant consumer sales and marketing firepower
- 1,000+ strong phone sales team across Australia, New Zealand and Philippines
- Growing retail kiosk network in Australia now exceeding 70 locations
- In excess of \$40M pa marketing spend



**THE COMBINATION OF NBN AND VOCUS INFRASTRUCTURE SHOULD IMPROVE CUSTOMER EXPERIENCE AND REDUCE CHURN**



# SALES AND MARKETING.

## CORPORATE AND WHOLESALE GO TO MARKET MODEL BASED ON MARKET SEGMENT, UNDERPINNED BY INFRASTRUCTURE

- 150+ direct sales people
- 400+ channel partners
- 80+ Commander dealers
- Wholesale and business partner program providing significant indirect sales capability
- Proven ability to capture market share from competitors

Market Segment	Australian Primary Brand	Australian Primary Competitors
SMB 5 to 49 seats		  
Corporate and Wholesale 50+ seats		  

# CAPITAL STRUCTURE.

## CONSERVATIVE GEARING LEVELS

- M2 merger implemented on 22 February 2016
- 300.1m shares issued
- Total shares on issue<sup>3</sup> 532.1m
- Market cap<sup>3</sup> of 4.4bn
- Group debt refinancing envisioned in the near term

A\$m	31 December 2015
Borrowings	798.1
less Cash	(127.3)
<b>Net Debt</b>	<b>670.8</b>
Gearing Ratio <sup>1</sup>	17.5%
Net Leverage <sup>2</sup>	2.01x
Scheme consideration	2,265.0
M2 net assets at 31 December 2015	375.1

*Pro-forma as if Vocus had owned M2 for the relevant period and excludes synergies, intercompany or purchase price accounting adjustments*

- 1. Net Debt divided net debt plus equity (Vocus 31 December equity plus consideration paid for M2)*
- 2. Net Debt / Annualised H1/16 pro-forma Underlying EBITDA*
- 3. As at 1 April 2016*

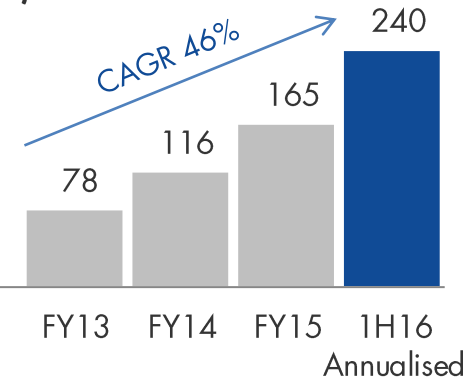
# CASH FLOW.

## ANNUITY CASH FLOWS UNDERPINNED BY INFRASTRUCTURE

- Operating cash flow continues to strengthen
- Improving free cash flow whilst investing in long term infrastructure
- Returns to shareholders whilst continuing to invest in growth

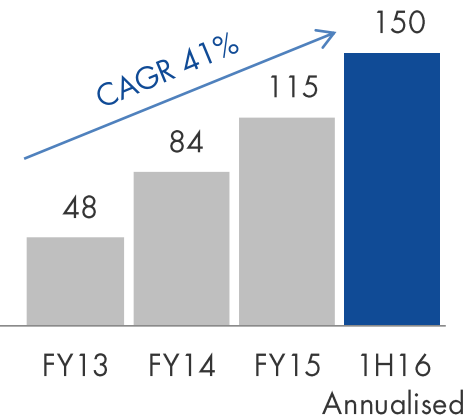
### Operating Cash Flow (\$m)

▲ **46%**  
increase  
over FY15



### Free Cash Flow (\$m)

▲ **31%**  
increase  
over FY15



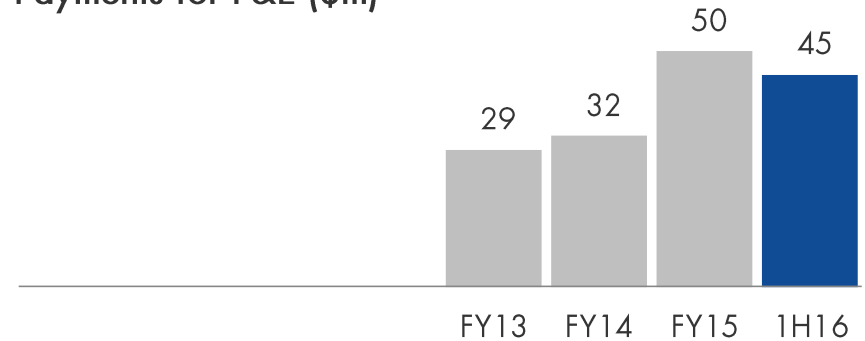


# CAPEX.

## INCREASED SCALE AND NETWORK REACH

- Investment in long-term infrastructure
- Scale increase following Amcom acquisition
- Predominantly spent on metropolitan fibre across the combined national fibre footprint
- Focus on high-yield builds – increasing network density
- Supported through strong balance sheet and cash flow generation

Payments for P&E (\$m)



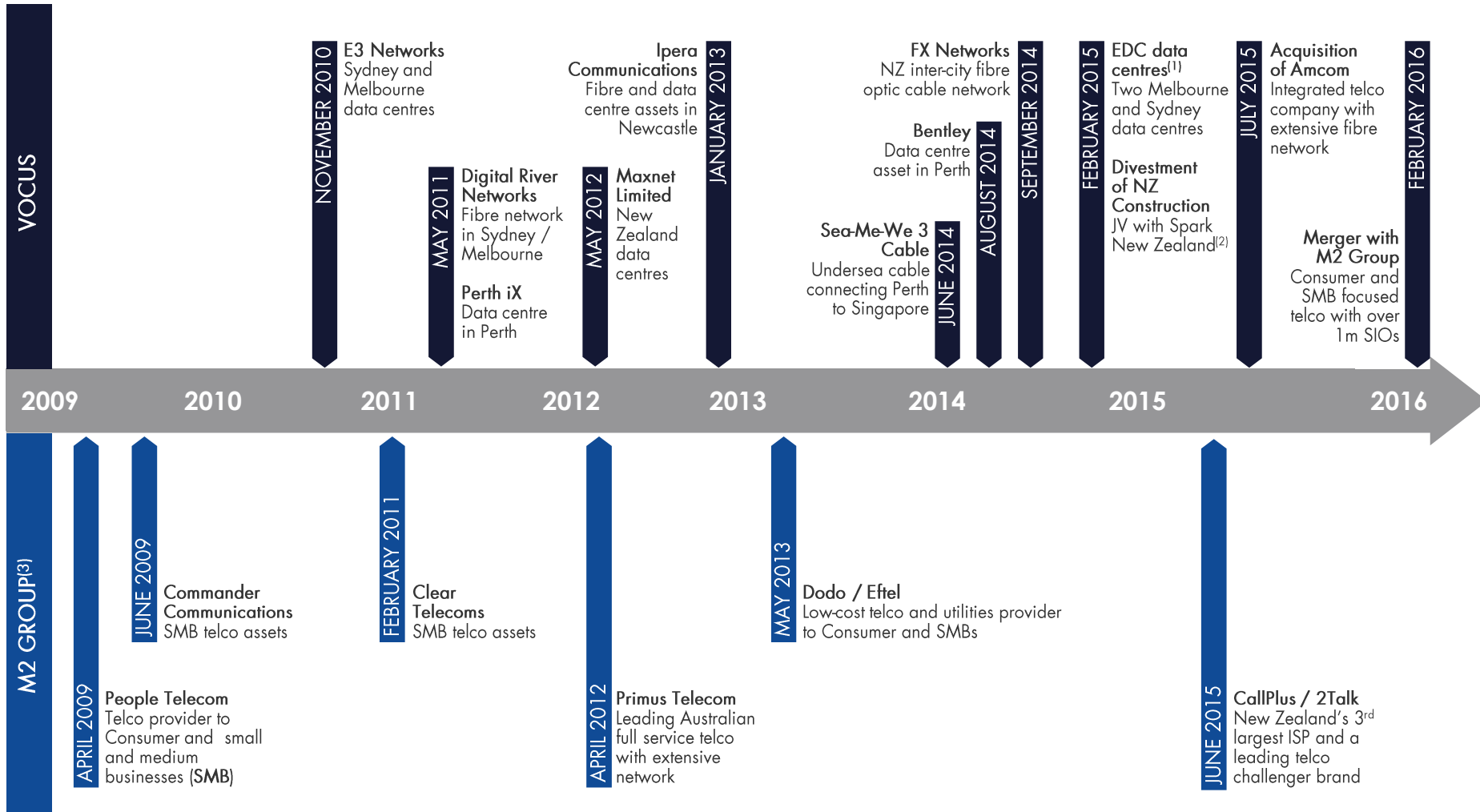
# SUMMARY.

- ✓ World-class infrastructure built for the new millennium
- ✓ Inspired, empowered people
- ✓ Great brands and products
- ✓ Strong cash flow and earnings profile
- ✓ Positioned to take advantage of the transition from copper to fibre optic

# APPENDICES.

# ACQUISITION HISTORY.

## CREATING SHAREHOLDER VALUE THROUGH ORGANIC AND ACQUISITION GROWTH



Notes: Timeline not to scale.

(1) Enterprise Data Corporation Pty Limited.

(2) Spark New Zealand (trading) a subsidiary of Spark New Zealand Limited (formerly Telecom New Zealand).

(3) M2's material acquisitions shown.

# BOARD AND EXECUTIVE TEAM.



## HIGHLY EXPERIENCED BOARD WITH DECADES OF TELCO INDUSTRY EXPERIENCE

BOARD OF DIRECTORS



**David Spence**  
Non-Executive Chairman

- 20+ years internet industry experience as Chairman, CEO, director, shareholder or adviser
- Chairman of PayPal Australia, Director at Hills Ltd and SAI Global Ltd



**James Spenceley**  
Executive Director

- Founder and former CEO of Vocus
- 15+ years' experience
- Established Australia's first and largest converged voice and data network



**Tony Grist**  
Non-Executive Director

- Co-founder and former Chairman of Amcom Telecommunications
- Former non-executive director of iiNet Limited
- Extensive capital markets experience



**Jon Brett**  
Non-Executive Director

- Extensive experience in management, operations, finance and corporate advisory
- Current director of PAS Group Limited and Godfreys Group Limited



**Craig Farrow**  
Non-Executive Deputy Chairman

- Former Chairman of M2
- Craig is Chairman of Brentnalls SA and AIRR Holdings Ltd and Tonkin Consulting Engineers
- 2012 President of the Institute of Chartered Accountants Australia



**Vaughan Bowen**  
Executive Director

- Founder and former CEO/MD of M2
- Founder and Chairman of the Telco Together Foundation
- Awarded 2012 ACOMMS Communications Ambassador for contributions to the telecommunications industry
- Extensive experience in M&A, negotiation and IT&T



**Rhoda Phillippo**  
Non-Executive Director

- More than 30 years' experience in the telecommunications and IT sectors
- Former COO of HRL Morrison & Co
- Executive Chair of Vix Technology, Chair Snapper Services Ltd and non-executive director of Vix Investments



**Michael Simmons**  
Non-Executive Director

- Former CEO of SP Telemedia (now TPG Telecom)
- More than 25 years' experience in media, telecommunications and finance

EXECUTIVE TEAM



**Geoff Horth**  
Chief Executive Officer (CEO)

- Appointed CEO of Vocus in February 2016
- Joined M2 in 2009 and promoted to CEO in 2011
- Worked within the telecommunications industry for in excess of 20 years



**Rick Correll**  
Chief Financial Officer (CFO)

- CFO of Vocus since 2009
- Extensive experience in the finance and media and communications industries globally
- Former executive of Ernst & Young, News Limited and Austar

Legend



Former Vocus Board member



Former M2 Board member



Senior Executive

# ANALYST COVERAGE.



## WIDELY COVERED BY ANALYSTS

- **CLSA:** Roger Samuel
- **Credit Suisse:** Fraser McLeish and Lucas Goode
- **Evans and Partners:** Peter Stamoulis and Lisa Hyunh
- **Goldman Sachs:** Raymond Tong, Kane Hannan and Anita Dinshaw
- **Morgan Stanley:** Mark Goodridge, Andrew McLeod, Alexandra Thrum and Elise Lansky
- **Patersons:** Conor O'Prey
- **Shaw and Partners:** David Spotswood and Annabel Riggs
- **UBS:** Eric Choi, Tristan Joll and Michelle Tsang



# CONTACTS.



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