

2 May 2017

The Manager
Market Announcements Office
Australian Securities Exchange Limited
20 Bridge St
Sydney NSW 2000

ELECTRONIC LODGEMENT

Dear Sir or Madam,

REVISION OF FY17 GUIDANCE

In accordance with the Listing Rules, please find attached a presentation to be delivered by Vocus CEO Geoff Horth at the Macquarie Australia Conference in Sydney tomorrow.

The presentation contains a trading and business update and includes a revision to the Company's FY17 financial guidance on slides 7-8.

A conference call for investors will be held at 8.30am on Wednesday 3rd May. The details of the call are as follows:

Australia: 1 800 558 698 or +61 2 9007 3187
New Zealand: 0800 453 055
Passcode: 626482

A recording of the call will be available on our website, www.vocusgroup.com.au, later in the morning.

Yours sincerely,

Vocus Group Limited



Ashe-lee Jegathesan
Company Secretary

VOCUS GROUP

**Macquarie Conference
May 2017**



vocusgroup.com.au



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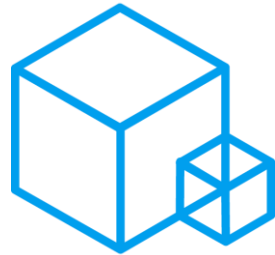
Vocus at a Glance

VOCUS AT A GLANCE

VOCUS IS A VERTICALLY INTEGRATED, CHALLENGER TELCO PROVIDING SERVICES ACROSS AUSTRALIA AND NEW ZEALAND TO ALL KEY MARKET SEGMENTS



Competitive, fully integrated, fibre infrastructure footprint across Australia and New Zealand



Increased scale has driven improved penetration of the Enterprise, Wholesale & Government markets and an expanded opportunity set



Mass market brands leveraged to once in a generation migration from copper to fibre. Market share continues to grow, creating reliable long term revenue streams



Integration and extraction of synergies from recent acquisitions focused on driving earnings growth and improved shareholder returns

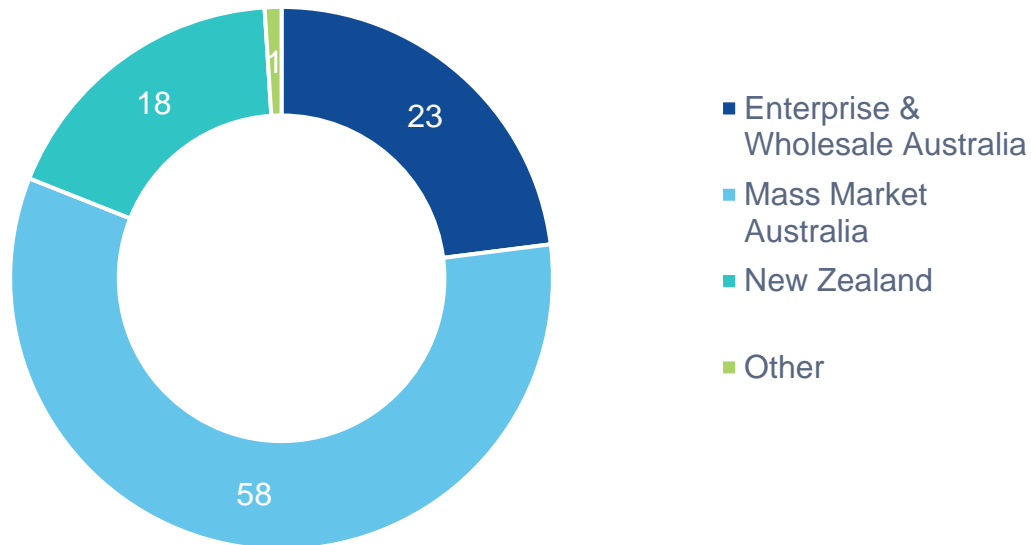
VOCUS WILL CREATE SHAREHOLDER VALUE BY LEVERAGING ITS FIXED INFRASTRUCTURE PLATFORM TO THE CONTINUED GROWTH IN DEMAND FOR SECURE, RESILIENT, CONNECTIVITY

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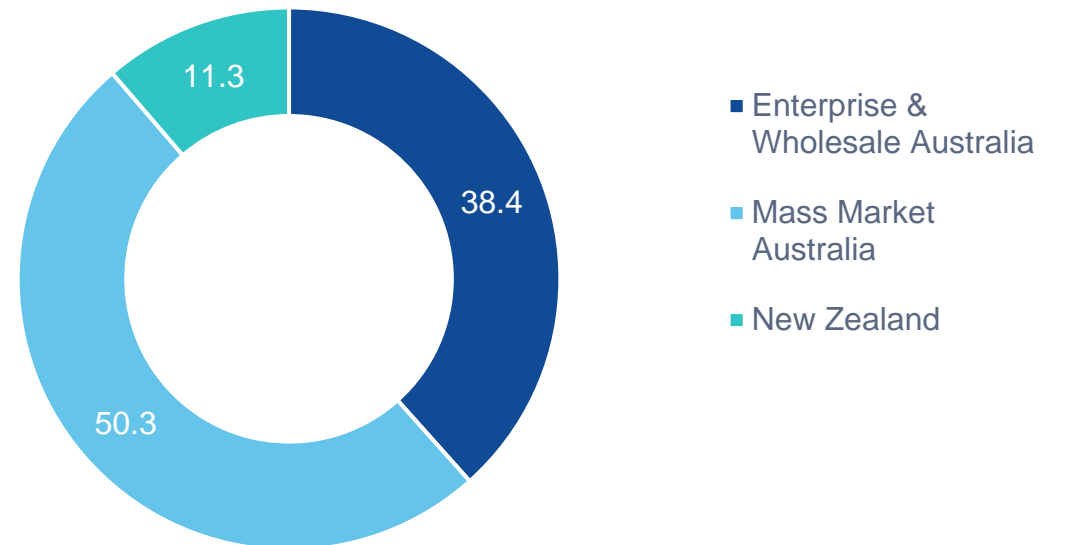
DIVERSIFIED EARNINGS PLATFORM

VOCUS IS MANAGED ACROSS THREE BUSINESS DIVISIONS - ENTERPRISE & WHOLESALE AUSTRALIA, MASS MARKET AUSTRALIA AND NEW ZEALAND²

Revenue Breakdown 1HFY17 (%)

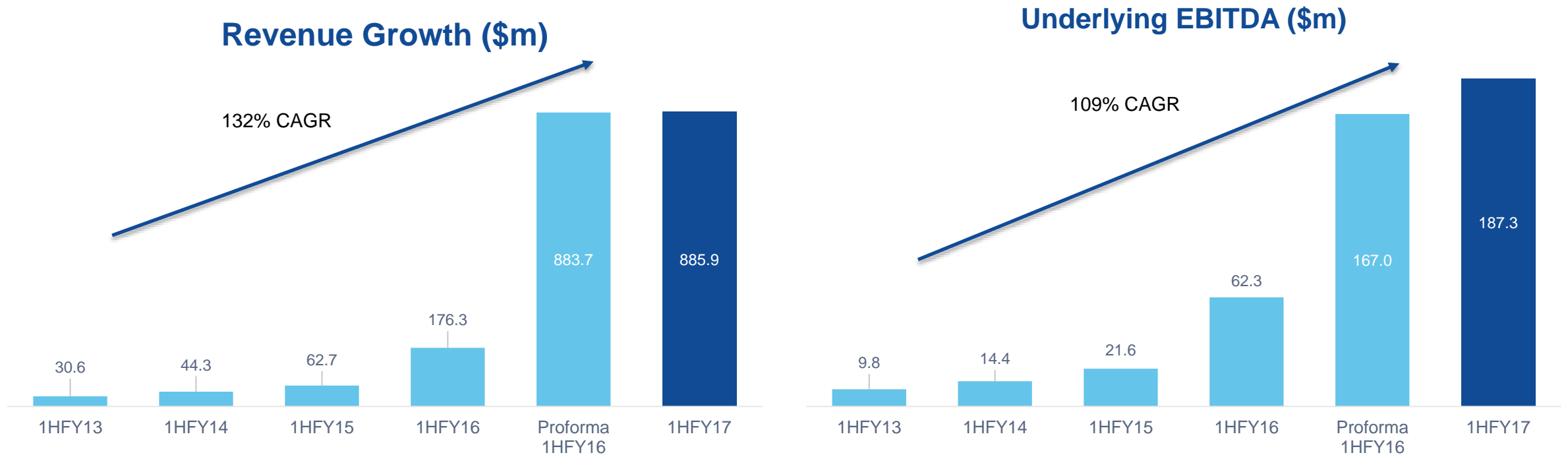


EBITDA Contribution¹ Breakdown 1HFY17 (%)



1. This does not take into account Australian corporate overheads and network costs which are not allocated to segments. Enterprise & Whole Australia only includes 2 months of Nextgen earnings
2. New Zealand offers services across Mass Market, and Enterprise & Wholesale sectors

EARNINGS GROWTH DRIVEN BY ACQUISITIONS AND ORGANIC GROWTH



*Proforma 1HFY16 reflects the M2 and Vocus 1HFY16 results combined and does not include proforma Nextgen earnings

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Trading Update

TRADING UPDATE

- ✓ Following a detailed review of trading at the end of 3QFY17 and its outlook for 4QFY17, the Company has revised its FY17 guidance:
 - FY17 Revenue is now expected to be ~\$1.8bn compared to guidance of ~\$1.9bn driven primarily by
 - Following an accounting review of the negotiated contract terms on a number of large projects included in the 2HFY17 forecast, the revenue associated with these projects will be predominantly recognised in future periods rather than recognised as an upfront contribution in FY17 ~\$40m
 - The positive cash flow benefit of these contracts is now expected to be \$45m across FY17 and FY18
 - The divestment of the Aggregato Australia business and the Cisco HCS voice platform ~\$20m revenue, negligible earnings impact
 - Impact of lower than forecast billings in the Enterprise & Wholesale division of ~\$12m
 - FY17 Underlying EBITDA is now expected to be \$365-375m compared to guidance of \$430-450m driven by:
 - Impact of the accounting review as stated above ~\$33m
 - Impact of lower than forecast billings combined with an increase in service delivery headcount in the Enterprise & Wholesale division ~\$10m
 - Lower earnings than forecast from the Mass Market energy business following the volatility created by extreme weather events in 3QFY17 ~\$5m
 - Higher than forecast expenses in Group Services, primarily Technology ~\$12m
 - Other trading variances across the Group ~\$10m

TRADING UPDATE

- FY17 Underlying NPAT is now expected to be in the range of ~\$160-165m compared to guidance of \$205-215m
- FY17 significant items below the line are expected to be a pre tax expense of ~\$113m including
 - The non cash amortisation of acquired customer intangibles of ~\$61m and the amortisation of acquired software ~\$26.4m
 - Acquisition and integration costs of \$21.4m
 - The non cash book loss on divestment of the Connect 8 joint venture and the Cisco HCS voice platform \$5.6m
- ✓ Based on the FY17 revised earnings forecast, net debt at 30 June 2017 is expected to be \$1-1.1bn. The Company continues to be well within covenant levels, net leverage expected to be ~2.6x vs covenant of 3.5x
- ✓ Cumulative run rate of acquisition synergies expected to reach \$57m in line with guidance
- ✓ Continue to expect FY17 core capital expenditure (pre ASC payments but inclusive of IRU payments) to be ~\$182m
- ✓ Appointment of two additional Non Executive Directors' well progressed



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Business Update

TECHNOLOGY AND TRANSFORMATION

- ✓ Vocus has a significant program of work to execute requiring both capital and resource prioritisation and allocation
 - Following the purchase of Nextgen in October 2016 Vocus acquired networks and IT teams with capabilities overlapping those of the core Vocus business
 - Streamlining this and prioritising our approach requires a unique skill set and experience
- ✓ Review of Technology and Transformation work streams commenced in late 2016 now concluded and implementation underway
 - Newly created Vocus-wide Transformation Office which will:
 - Support the identification and Implementation of a clear set of enterprise wide priority projects that are aligned to our business needs
 - Ensure that all the projects that are underway are resourced, funded and progress reported in a consistent way and
 - Create a Vocus-wide view of our priority project activity so that we can make well-informed choices about what we do when
 - Technology team focused on delivering today's services and building the future network strategy and architecture
 - Providing the architectural roadmap for Vocus' for technology
 - Developing and delivering streamlined business support systems to enable seamless delivery to customers
 - Running the Network efficiently and effectively and the IT systems efficiently and effectively

TECHNOLOGY AND TRANSFORMATION

- ✓ Transformation steering group established and top 10 projects and scope nearing finalisation
- ✓ Recruitment of two new roles
 - Head of the Transformation Office is expected to be a ~18 month contract role to establish office, systems and key priorities. Recruitment process progressed well credentialed candidate list
 - Chief Technology Officer to head the Technology Office for the long term. Recruitment process underway
 - Highly talented network and technology team which, coupled with strategic leadership and direction, positions Vocus well to innovate in this area

FINANCE TRANSFORMATION

✓ New finance structure implemented

- Provides strong financial support to the operating divisions, ensuring full ownership and accountability
- Small number of additional key roles recruited or pending

✓ Financial systems changes

- Selected and implementing new consolidation, reporting and planning (CRP) tool
- ERP migration targeted 1 July 2017
- Other system standardisation under way

✓ Control and reporting enhancements in progress

- Balance sheet review underway
- Working capital and cash flow reporting enhanced
- Changes to capital expenditure approval and monitoring processes in place

ENTERPRISE & WHOLESALE AUSTRALIA

- ✓ Michael Simmons appointed to Head up the Enterprise & Wholesale division in Australia. Significant experience in managing a rapidly expanding business platform
- ✓ Integrating and transforming acquired/merged businesses to adopt a consistent national approach to sales including policies, product offerings, business development and market segmentation
- ✓ Changes being made to broaden product offering reflective of the maturity of the business and the limited product penetration with existing Corporate customers → need to leverage the platform
- ✓ Expand sales resourcing and activity to pursue all Enterprise market segments:
 - Government strategy implemented to take advantage of Federal and State government panel inclusion
 - Implement Corporate Account Management process and resources to improve retention and cross sell capabilities maximising customer lifetime value
 - Wholesale team restructured to take advantage of key opportunities in the carrier segment and with new entrants via NBN aggregation
- ✓ Focus on service delivery and optimizing customer experience and engagement
 - Technology program to shift to focus on improving sold to tolled performance and customer portal enhancements
 - Revenue Assurance audit undertaken identifying opportunities

MASS MARKET AUSTRALIA

- ✓ Total Vocus NBN subscribers at the end of 3Q FY17 160,346 (inclusive of Wholesale) up 32.4% on 31 December 2016
 - Dodo & iPrimus total NBN subscribers 142,380 up 28.1% on 31 December 2016
 - Dodo and iPrimus NBN order share 8.4% for in 3QFY17¹, Vocus order share 10.2% for in 3QFY17¹
 - Subscriber acquisition costs in line with previous periods
- ✓ Good momentum in NBN over the quarter margins slightly improved
 - 3QFY17 NBN ARPU \$62.03, NBN AMPU \$23.74 per subscriber per month
 - Small margin improvement reflects increasing number of iPrimus subscribers, skewed to higher speed packages relative to Dodo
 - 64% of consumer NBN subscribers on 12mbps packages, 29% on 25mbps packages
 - NBN net churn remains materially lower than copper broadband at 1.5% per month (3Q FY17)
- ✓ Phase 1 of customer experience transformation on schedule with iPrimus being migrated to salesforce Q1 FY18

1. Excluding satellite subs

MASS MARKET NEW ZEALAND

✓ Share of Broadband subscribers continues to grow

- Share of new UFB orders in 3Q17 was 18%
- Share of UFB connections continues to increase reaching 12.5%
- Broadband ARPU of NZ\$71.40 in 3Q
- Broadband AMPU NZ\$28.10 in 3Q
- Churn on UFB remains lower than copper broadband at 2%
- 76% of subscribers on 50mbps or higher speeds

✓ Launched Energy offer in mass market

- Slingshot launched Energy in Auckland market in March
- Bundled with Telco services in every instance
- Launching nationwide in July for Slingshot
- Orcon the next cab of the rank

ENTERPRISE & WHOLESALE NEW ZEALAND

- ✓ Continued growth in Wholesale on back of UFB roll out
 - Increased demand for national backhaul and international transit
 - New entrant RSPs growing well in niche segments
- ✓ Vocus bid for TaaS¹
 - Increased focused on Government and bidding for direct supply
 - Key reseller partnerships maintained for indirect supply of services to the Government
 - Broader portfolio including voice and mobile, not just data services
- ✓ Growth in SMB market continues
 - Increased broadband connections and revenue growth under CallPlus and 2talk brands
 - Improved service environment driving NPS and lower churn at ~1.5%

1. TaaS – Telecommunications as a Service programme is an initiative of the NZ Government developed to change the way telecommunications services are delivered and managed by government agencies

BUSINESS PRIORITIES

✓ Take Share

- Take advantage of the roll out of the NBN and UFB and continue market share gains
- Leverage our expanded sales platform and product set in the enterprise and government markets

✓ Implement Transformation Program

- Define enterprise wide architecture
- Identify and implement clear set of enterprise wide projects and priorities

✓ Grow Shareholder Returns

- Manage working capital effectively, all the time
- Diligently invest our capital in the core
- Deliver on synergies, efficiency safeguards the business

✓ Be the Most Loved Telco

- Simplify our products and processes, automate everything
- Put the customer in control with self help
- Leverage our data to create actionable customer insights

✓ Live the values and create a great place to work

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Appendices



VOCUS AT A GLANCE

VOCUS GROUP

- Listed on ASX in 2010 (ASX:VOC) enterprise value ~\$3.1bn
- 2,215 FTE's¹, in excess of 5,000 team members (inclusive of Philippines call centre team)
- In excess of 30,000km of advanced fibre network across Australia and New Zealand, competitive market footprint
- On-net connection to 112 of 121 NBN points of interconnect in Australia²
- 100% coverage of UFB network in New Zealand

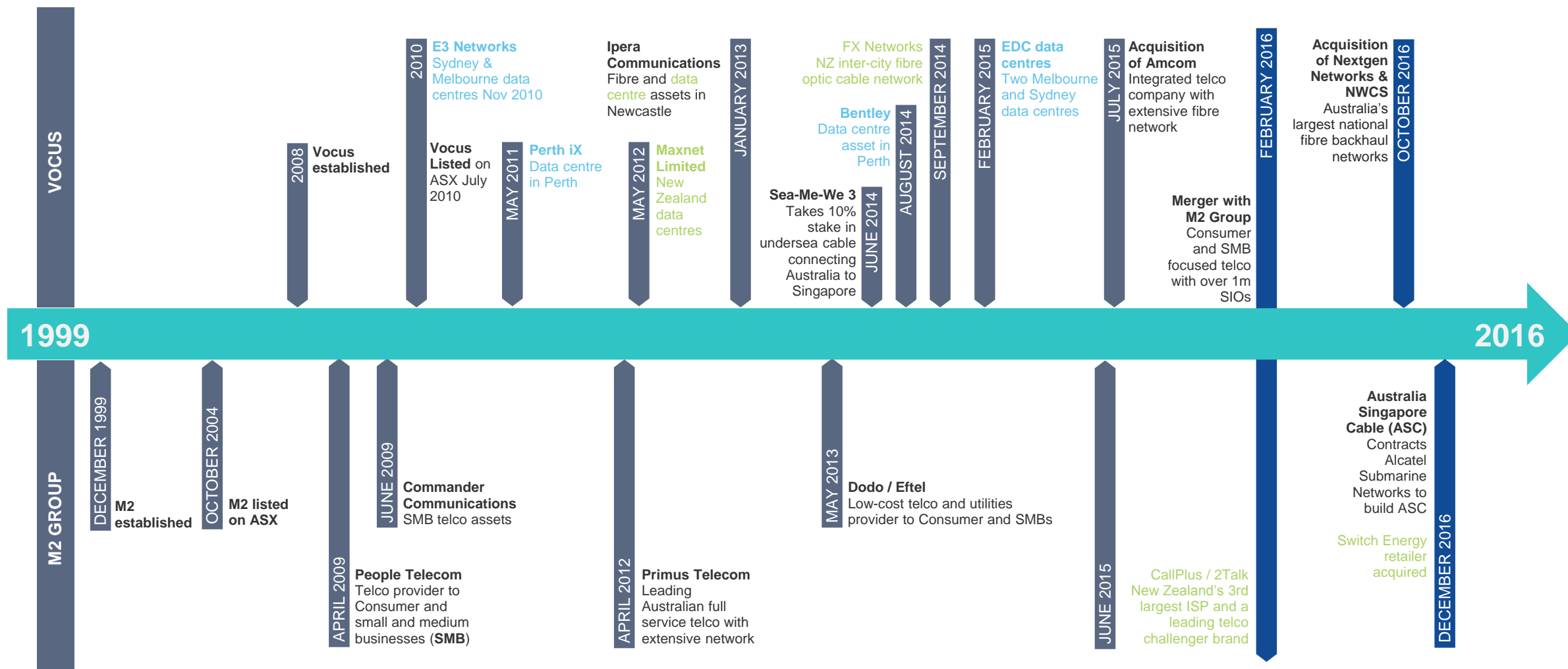
Enterprise & Wholesale Australia	Mass Market Australia	New Zealand
<ul style="list-style-type: none"> • Target market enterprises with > 50 seats • Focused telecommunications service offering including fibre & ethernet, voice, internet and data centre connection and services • IP transit primarily through capacity owned on two undersea cables: <ul style="list-style-type: none"> • Southern Cross (SX): connection from Australia and NZ to US • Sea-Me-We-3 connection from Australia to Singapore and onwards to Europe 	<ul style="list-style-type: none"> • Low cost provider of telecommunications products and services including broadband, fixed voice and mobile • Other products include fetch tv, electricity, gas and insurance 	<ul style="list-style-type: none"> • Low cost provider of telecommunications services including broadband, fixed voice and mobile • Provides services across the enterprise, wholesale and mass market segments • Recently entered energy market through Switch acquisition
<ul style="list-style-type: none"> • Portfolio of 20 data centres across Australia. On-net fibre access to >70 data centres 	<ul style="list-style-type: none"> • Copper Bundles SIO's¹ 378,000 • Copper broadband SIO's¹ 45,940 • NBN SIO's¹ 111,000 	<ul style="list-style-type: none"> • UFB SIOs 37,500¹ • Copper broadband SIOs 154,491¹ • SMB SIOs 20,709
<ul style="list-style-type: none"> • ~ 4-5% market share (ex SMB market) • ~0.5% market share in NBN Wholesale¹ 	<ul style="list-style-type: none"> • Mobile SIO's¹ 160,000 • Energy SIO's¹ 153,323 	<ul style="list-style-type: none"> • Energy SIOs ~2,000¹ • Mobile SIOs ~18,732¹
<ul style="list-style-type: none"> • > 5,550 on-net buildings • > 550 customers 	<ul style="list-style-type: none"> • 7.3% of NBN subscribers (excl satellite) ¹ • Consumer broadband market share ~7%¹ 	<ul style="list-style-type: none"> • Portfolio of 3 data centres
<p>Key brand: Vocus Communications</p>	<p>Key brands : dodo™, iPrimus, Commander</p>	<p>Key brands: slingshot, orcon, CallPlus, Vocus Communications, Switch</p>

1. As at 31 December 2016

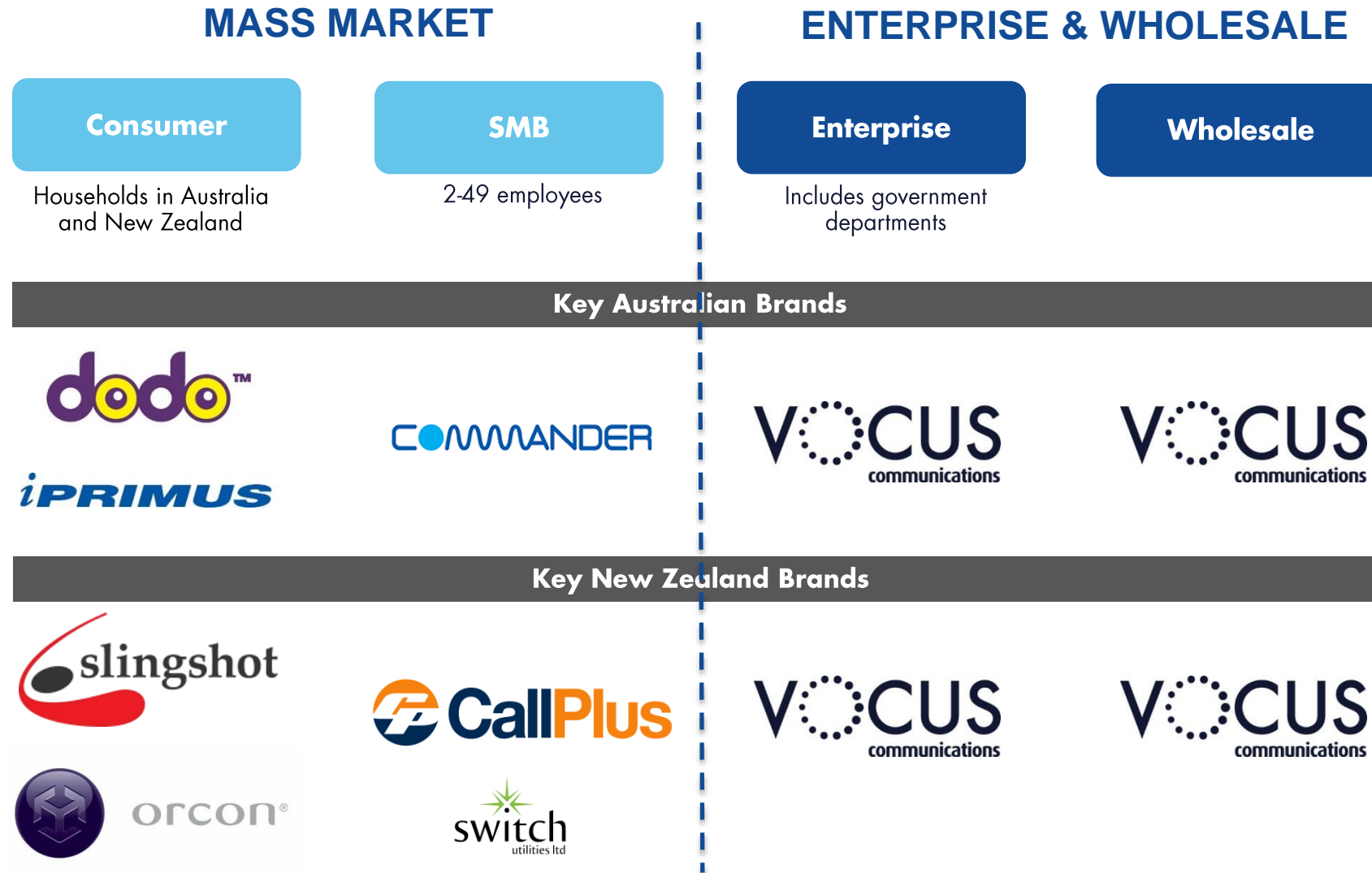
2. Access to remaining POI's via third party interconnect arrangements

THE ACQUISITION HISTORY OF VOCUS AND M2

CREATING SHAREHOLDER VALUE THROUGH ORGANIC AND ACQUISITION GROWTH



BRANDS FOR EVERY CONSUMER, ENTERPRISE, GOVERNMENT AND WHOLESALE CUSTOMER IN AUSTRALIA AND NEW ZEALAND



WORLD CLASS INFRASTRUCTURE

21ST CENTURY FIBRE NETWORK SPANNING AUSTRALIA AND NEW ZEALAND WITH CAPACITY TO SUPPORT RAPID GROWTH IN DEMAND FOR BANDWIDTH

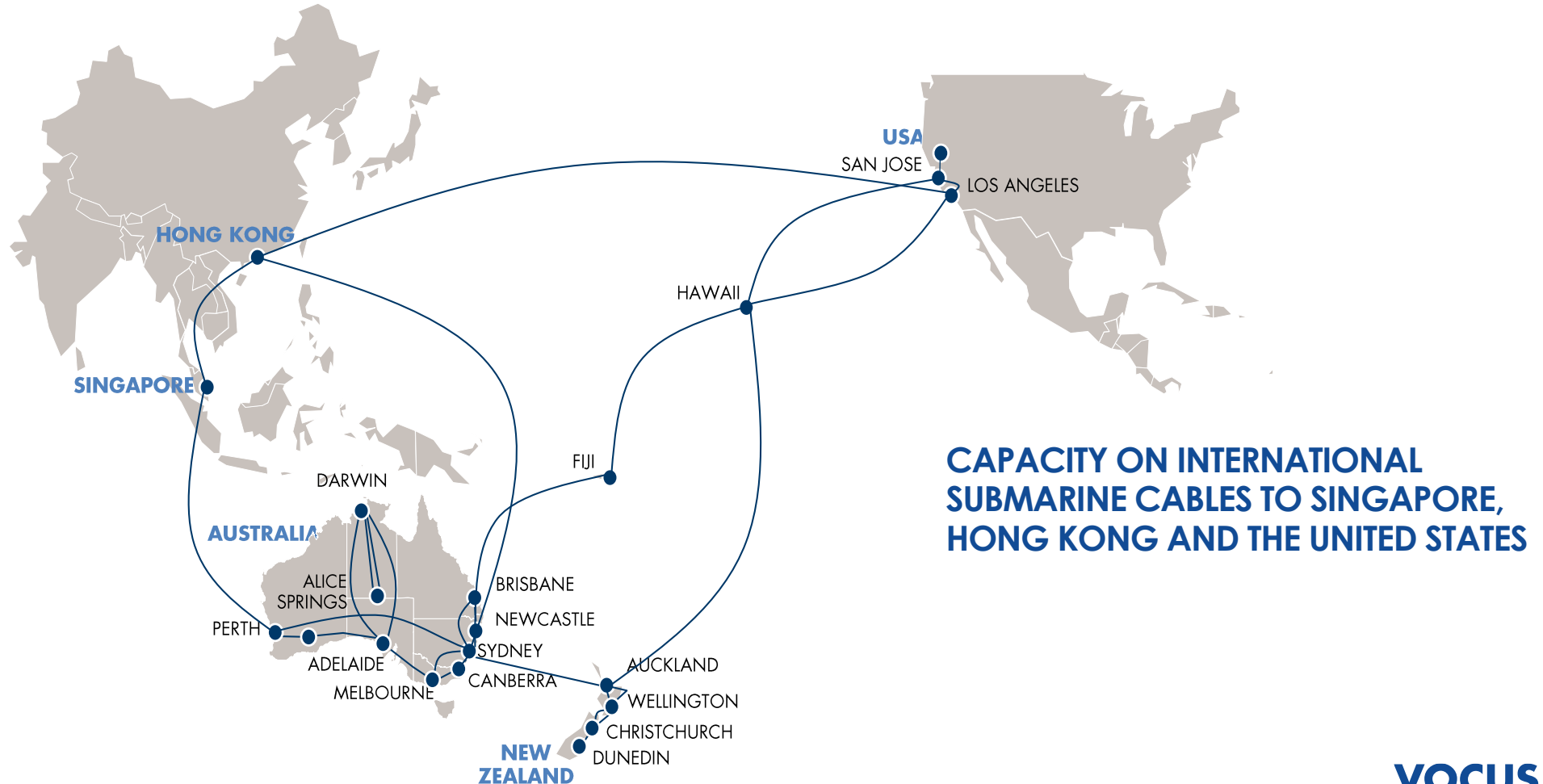


- Greater than 5,500 buildings on-net
- 30,000km fibre network spanning Australia and New Zealand

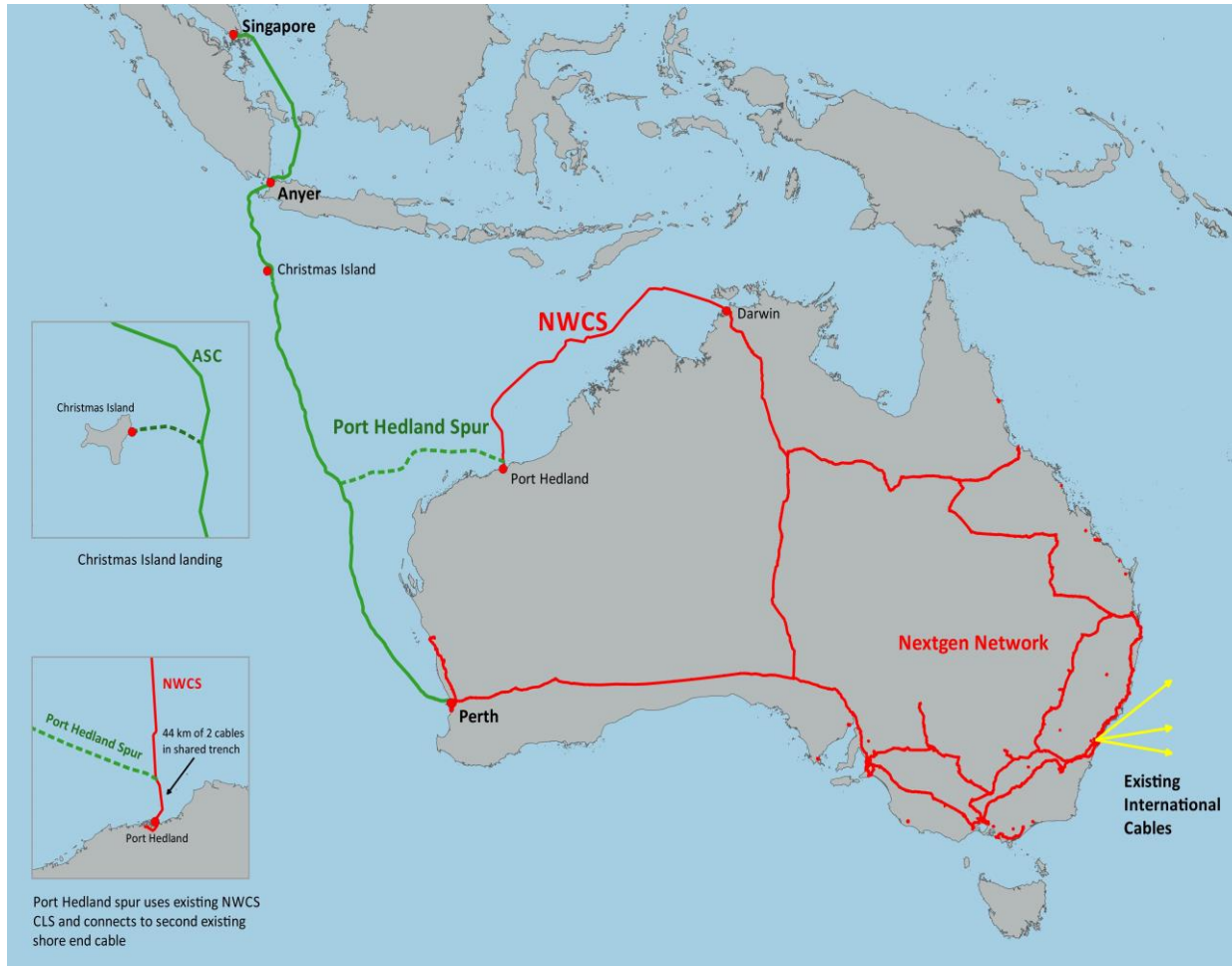
(1) Regional Backbone Blackspots Program (“RBBP”) was a 2009 Commonwealth initiative to provide competitive wholesale backbone services in regional markets.

INTERNATIONAL ACCESS TO SUPPORT CUSTOMERS

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



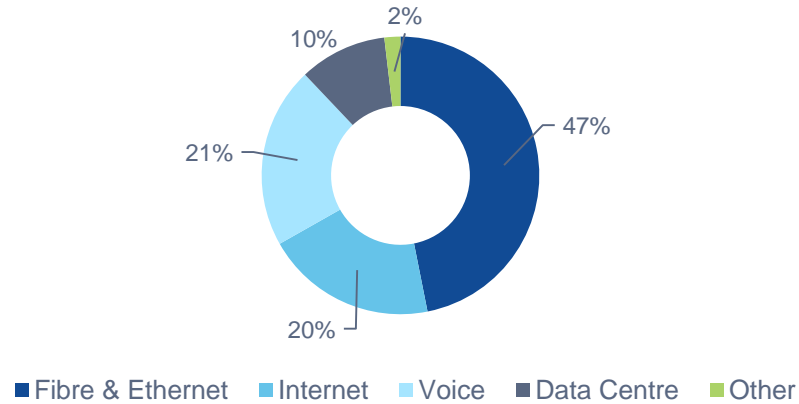
AUSTRALIA -SINGAPORE CABLE



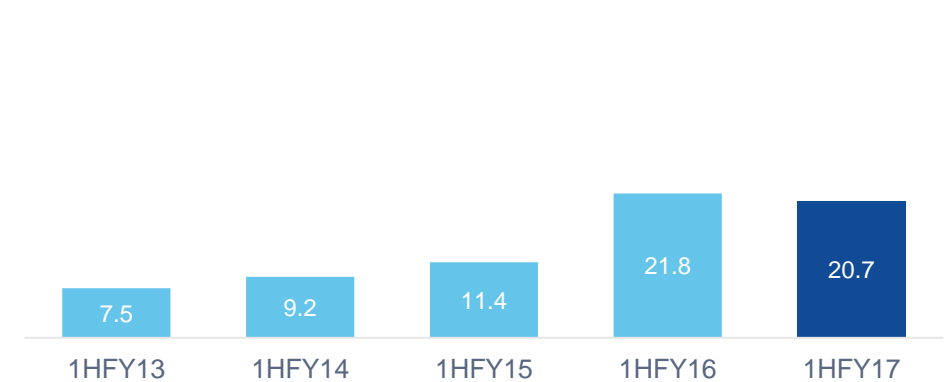
- ✓ 4,600km submarine cable system linking Australia to Singapore and Indonesia
 - Four fibre pairs providing a minimum of 40Tbps capacity
 - System has moved into manufacture in France
 - Design allows for branching units (BU) for future connection, opens up additional customers:
 - A BU preserves the option of a <25 km branch to Christmas Island
 - An additional fibre pair with a switched BU preserves the option to build a ~1,100 km branching spur cable which would connect to an existing the North West Cable System stub cable which is located 44 km offshore.
 - A branch to Anyer provides for high speed capacity between Indonesia and Singapore
- ✓ Discussions with potential customers progressing
 - Interested parties include a range of OTT players, a number of international carriers, domestic carriers and government agencies
 - A number of potential customers have desire to see two systems built to secure redundancy
- ✓ Project remains on track to be ready for service mid 2018
 - Capex profile remains in-line with the cash flow profile outlined at the interim result

ENTERPRISE & WHOLESALE AUSTRALIA – OVERVIEW

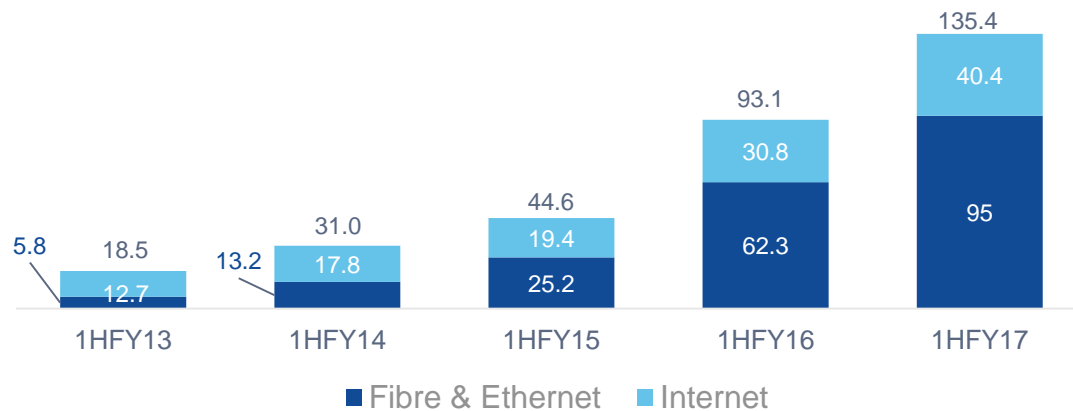
Revenue By Product Breakdown 1HFY17(%)



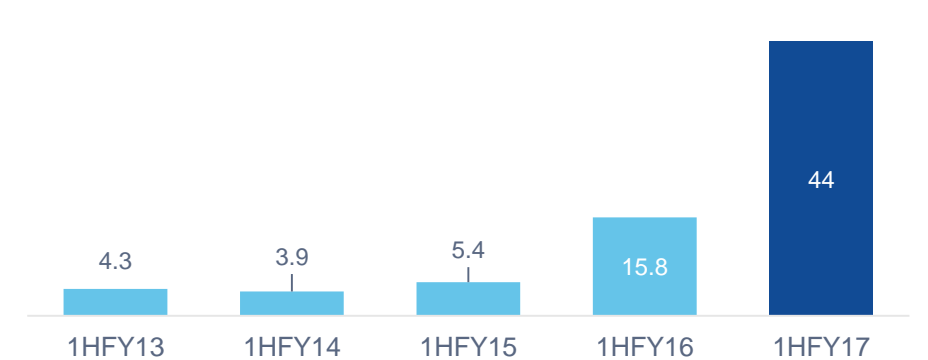
Data Centre revenue (\$m)



Data Networks Revenue (\$m)¹



Voice Revenue (\$m)²

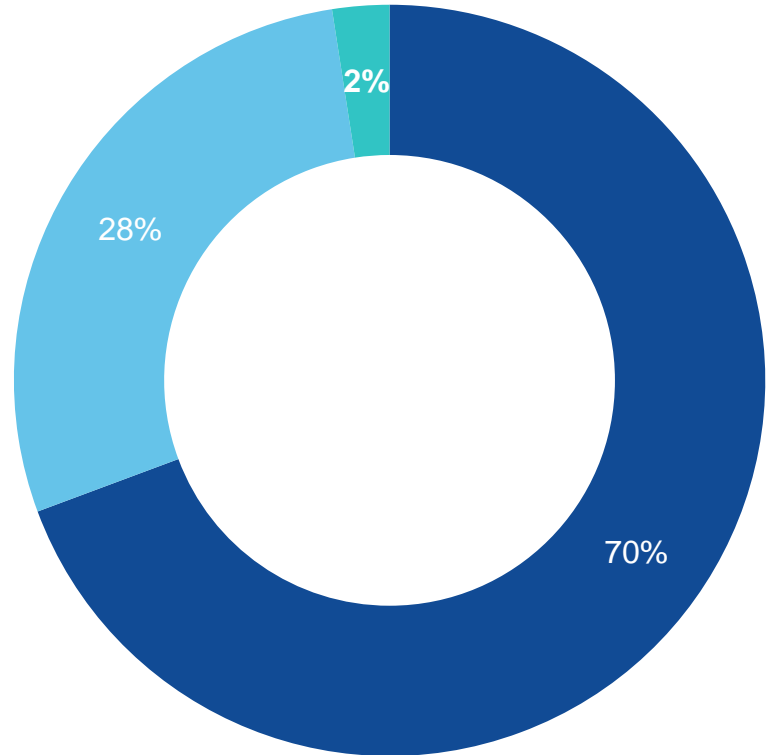


¹ Data Networks in 1HFY17 includes Nextgen revenue. In 1HFY16 Data Networks includes the cancelled fibre build contract

² The increase in Voice revenue in 1HFY17 reflects the inclusion of the M2 Wholesale business

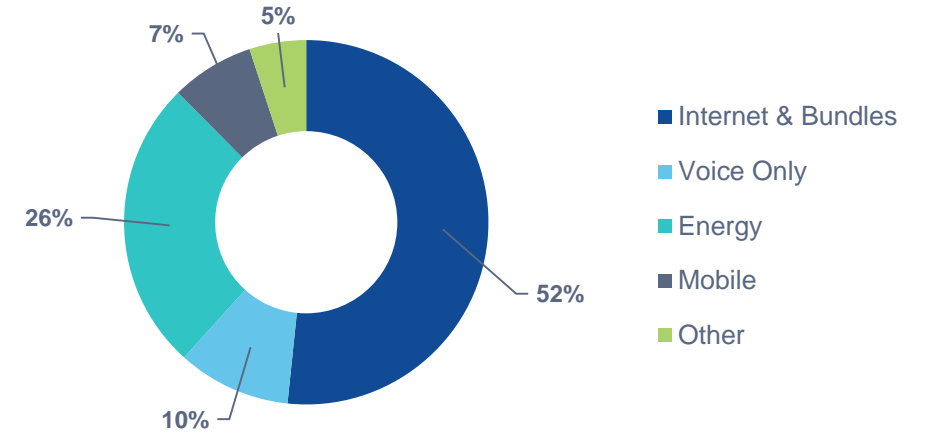
MASS MARKET AUSTRALIA – OVERVIEW

Mass Market Revenue Breakdown 1HFY17 (%)



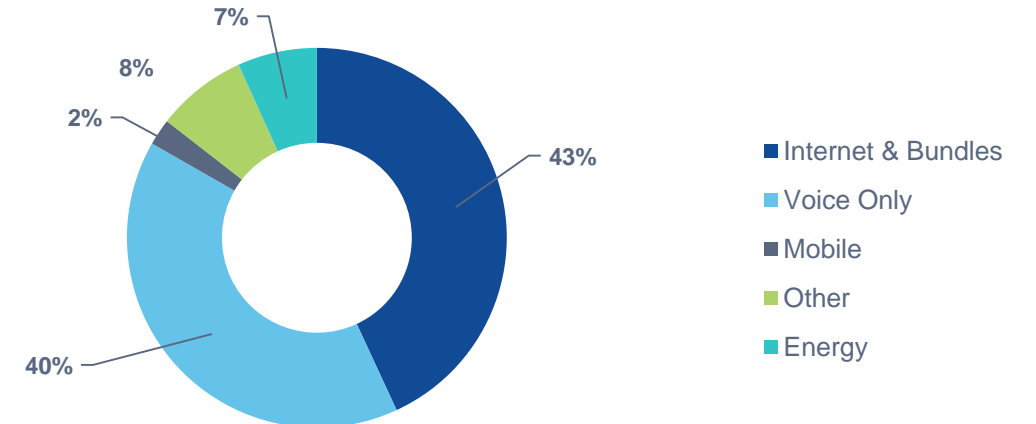
■ Consumer ■ Commander SMB ■ Discontinued businesses

Consumer Revenue Breakdown 1HFY17(%)



■ Internet & Bundles
 ■ Voice Only
 ■ Energy
 ■ Mobile
 ■ Other

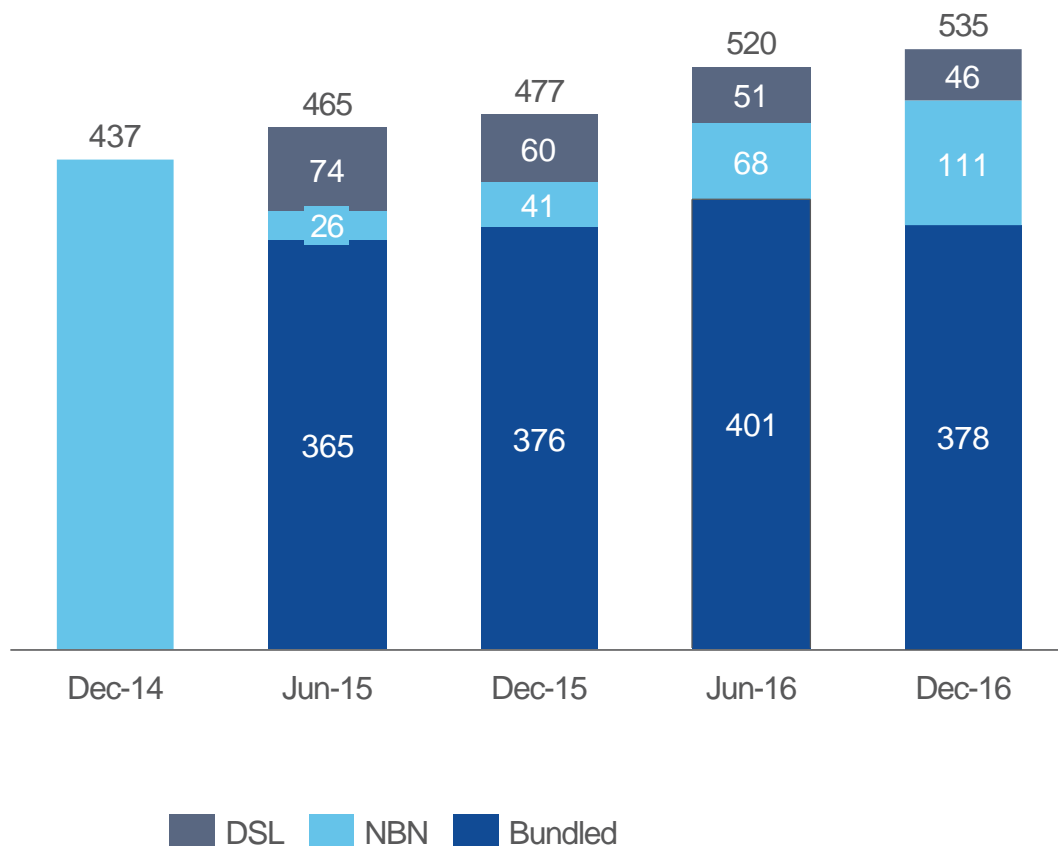
Commander SMB Revenue Breakdown 1HFY17 (%)



■ Internet & Bundles
 ■ Voice Only
 ■ Mobile
 ■ Other
 ■ Energy

AUSTRALIA CONSUMER BROADBAND

Consumer Broadband SIOs ('000)²



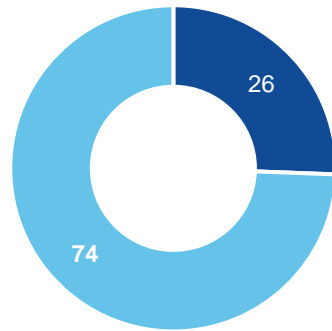
1. Net churn is net of movements including moving house and technology change i.e. migration to NBN
2. Data for periods prior to the completion of the Scheme of Arrangement with M2 on 22 Feb 2016 relates to M2 reported figures combined with Amnet. Amnet is the consumer broadband business acquired by Vocus through the acquisition of Amcom

Key Statistics

	Proforma Dec 15	Dec 16
ARPU\$ copper	62.14	61.56
AMPU\$ copper	25.17	25.09
ARPU\$ NBN	58.91	61.53
AMPU\$ NBN	24.09	23.36
Net churn copper ¹ (%)	2.6	3.0
Net churn NBN ¹ (%)	1.5	1.3
Market share Mass Market NBN incl satellite(%)	5.9	7.0
Market share Mass Market NBN excl satellite(%)	6.2	7.3
Energy SIOs ('000) – Electricity	88	105
- Gas	39	48
Mobile SIOs ('000)	173	160
Mobile ARPUs (\$)	30	27

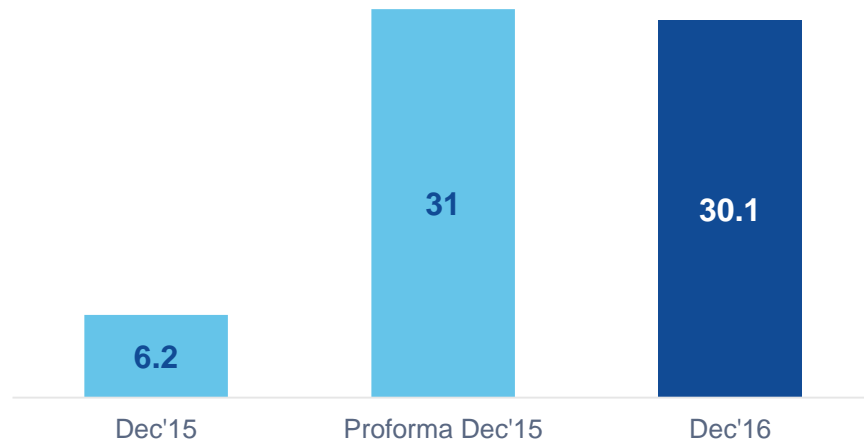
NEW ZEALAND – OVERVIEW

Revenue Breakup 1HFY17 (%)

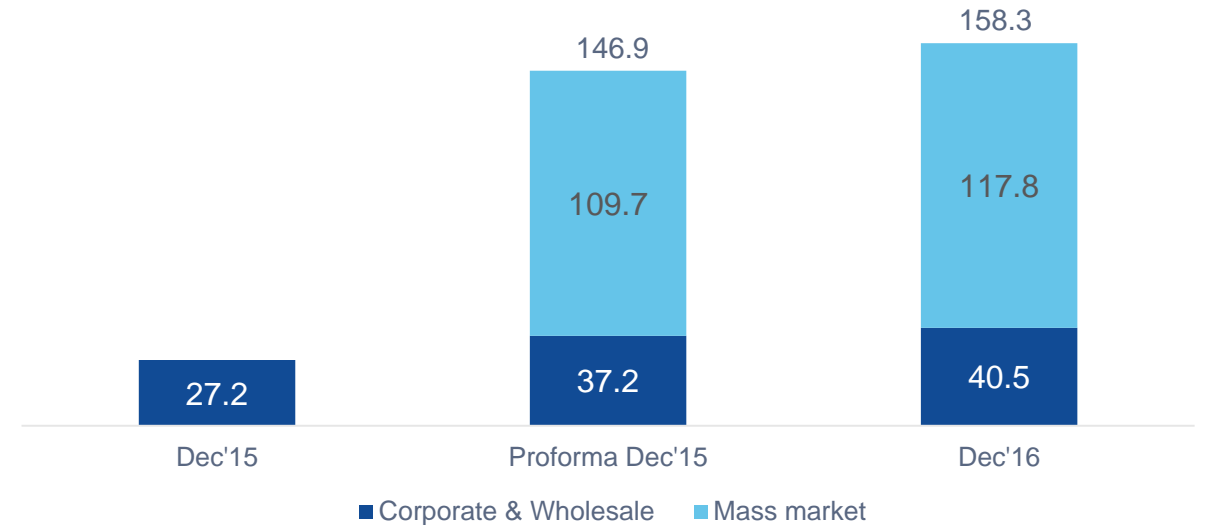


■ Enterprise & Wholesale ■ Mass Market

EBITDA Trend (A\$m)



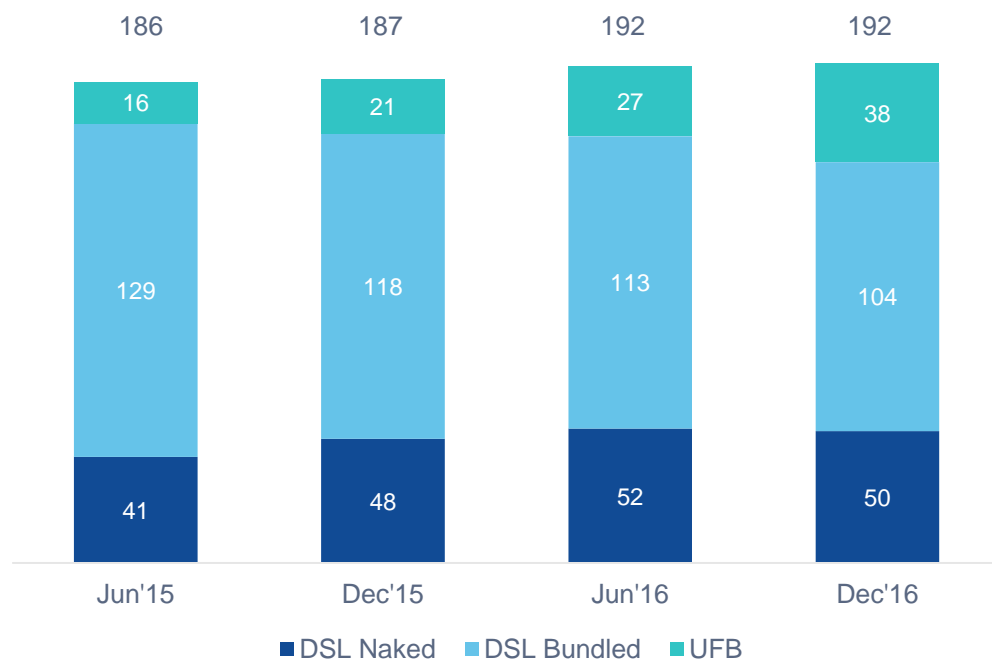
Revenue Trend (A\$m)



- Proforma 1HFY16 earnings assumes the ownership of M2's New Zealand business for the six month period
- Proforma 1HFY16 EBITDA includes a one-off ~NZ\$4.2m restructuring write back associated with the CallPlus acquisition. Removing the impact of this, organic growth was in the order of 4% on the proforma pcp in NZD earnings

NEW ZEALAND – KEY TRENDS

Consumer Broadband SIOS¹ ('000)



New Zealand Mass Market Key Statistics ¹

Period ended (\$'m)	Dec 15	Jun 16	Dec 16
ARPU NZ\$ broadband	67.68	71.37	71.88
AMPU NZ\$ broadband	29.77	29.61	29.72
Net churn copper (%)	2.9%	2.8%	2.8%
Net churn UFB (%)	1.9%	2.0%	1.8%
Market share UFB (%)	13%	11%	12%
Energy SIOs ('000)	-	-	2
Mobile SIOs ('000)	15	17	19
SMB SIOs ('000)	20	20	21

1. SIOs and other key Mass Market statistics prior to Dec 16 represent the M2 New Zealand Mass Market business

GLOSSARY OF TERMS

\$	Australian dollars unless otherwise stated	FY	Financial year ending 30 June
ACCC	Australian Competition and Consumer Commission	IDA	Infocomm Development Authority of Singapore
AMPU	Average margin per user	IRU	Indefeasible right of use
ARPU	Average revenue per user	kms	Kilometres
ASC	Australia Singapore Cable	MRR	Monthly recurring revenue
AVC	Access Virtual Circuit – the bandwidth acquired by RSPs which can be allocated to end-user premises. The AVC is a virtual point to point connection from NBN’s network boundary associated with end-user premises back to the POI	Naked DSL	DSL broadband Internet connection that does not require a landline phone service
CAGR	Cumulative Average Growth Rate	NBN	National Broadband Network
CSA	Connectivity Servicing Area. A logical collection of end users defined by nbn. Each CSA has approximately the same number of end-user premises	NZ\$	New Zealand dollars
CVC	Connectivity Virtual Circuit – Determines the capacity of an RSP to be able to serve each CSA. The CVC in virtual Ethernet broadband capacity acquired by an RSP that can be allocated by them to their aggregated AVCs at a CSA	NPAT	Net Profit After Tax
Capex	Capital expenditure	NPS	Net promoter score
cps	Cents per share	NWCS	North West Cable System
D&A	Depreciation & amortisation	OCF	Operating Cash Flow
DSL	Digital subscriber line	RBBP	Regional Backbone Blackspots Program
DRP	Dividend reinvestment plan	SIO	Services in operation
EBITDA	Earnings before interest, tax, depreciation and amortisation	SX	Southern Cross Cable
EPS	Earnings per share	UFB	Ultra Fast Broadband

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