

A decorative horizontal band of blue particles, including circles and dots of various sizes, some with thin lines extending from them, set against a white background.

Vocus Communications Limited HY14 Results Presentation

27 February 2014

A large, abstract graphic at the bottom of the slide consisting of numerous thin, light blue lines radiating upwards from the bottom edge, interspersed with various sized blue circles and dots, creating a dynamic, particle-like effect.

Financial Highlights

Continued strong growth

Financial Results	H1/14	H1/13	% Chg
Revenue (\$'000)	44,300	30,615	▲ 44.7%
Underlying EBITDA ¹ (\$'000)	14,646	9,797	▲ 49.5%
Underlying NPAT ¹ (\$'000)	5,881	3,862	▲ 52.3%
Statutory NPAT (\$'000)	5,123	4,185	▲ 22.4%
Underlying diluted EPS ¹ (cps)	7.26	5.09	▲ 42.6%

Commentary

Strong contributions from both Internet and Fibre / Ethernet products

New data centre facilities in Auckland and Melbourne

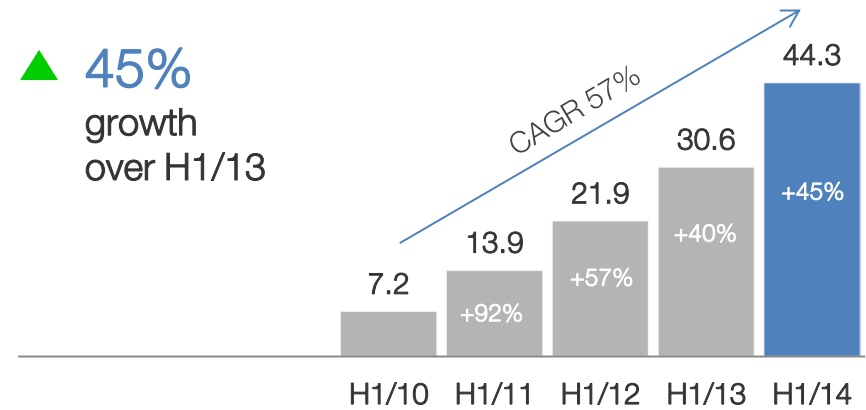
Refinance of 50% of the Southern Cross liability to reduce foreign currency volatility

Interim dividend doubled to 0.8 cps fully franked

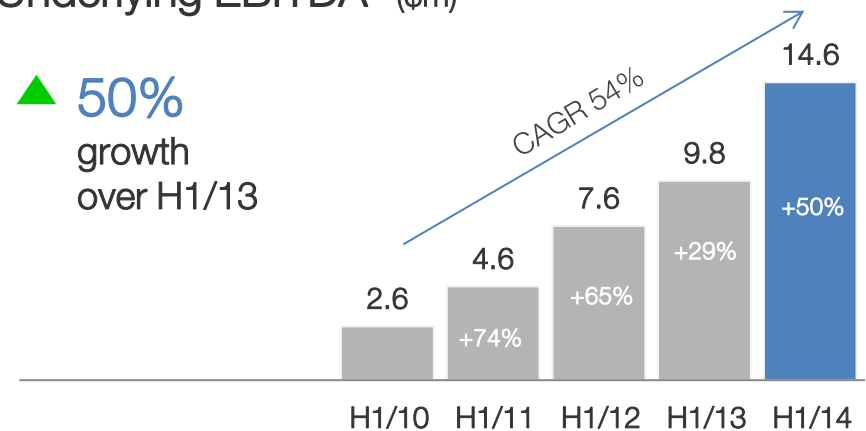
Revenue and EBITDA

- Increasing operational leverage and asset utilisation

Revenue (\$m)



Underlying EBITDA¹ (\$m)

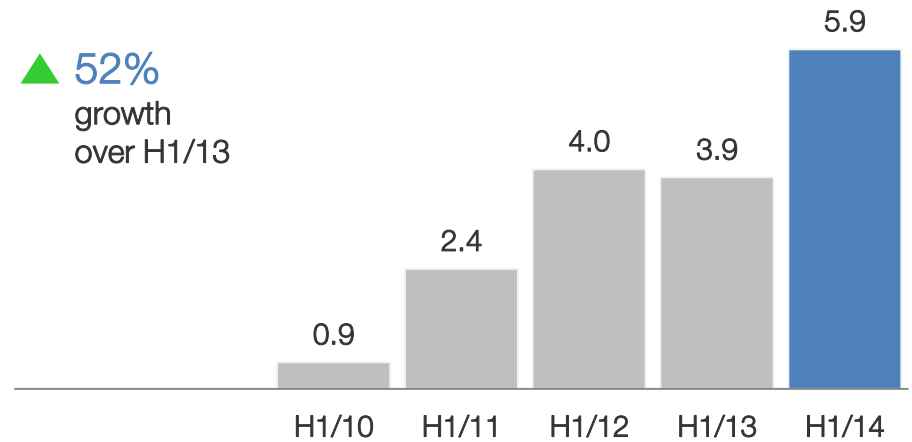


Notes: 1) Underlying EBITDA excludes FX gains and losses

Underlying NPAT

- NPAT in line with Revenue and EBITDA
- Strong NPAT growth
- Overall tax rate c. 28%

Underlying Net Profit after Tax¹ (\$m)



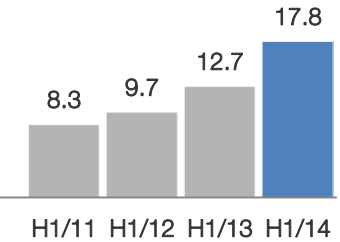
Growth in Integrated Services

Internet

- Substantial IP Transit and wholesale DSL internet growth

Revenue by Service (\$m)

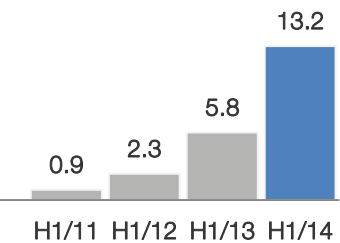
▲ 41%
growth over
H1/13



Fibre and Ethernet

- Ipera contributed 35% of revenue growth
- Network more than doubled in the last 12 months to 504km
- 814 on-net buildings

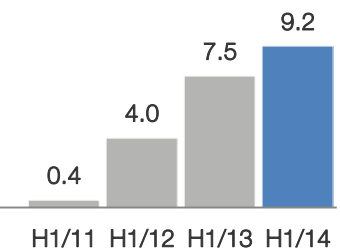
▲ 128%
growth over
H1/13



Data Centres

- Ipera contributed 85% of revenue growth
- Auckland and Melbourne DC facilities completed in Q2/14

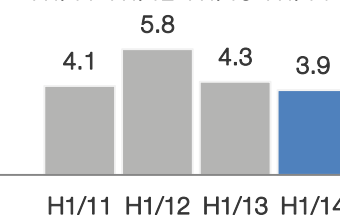
▲ 22%
growth over
H1/13



Voice

- Revenue impacted by regulatory rate reductions
- Focus on higher margin business

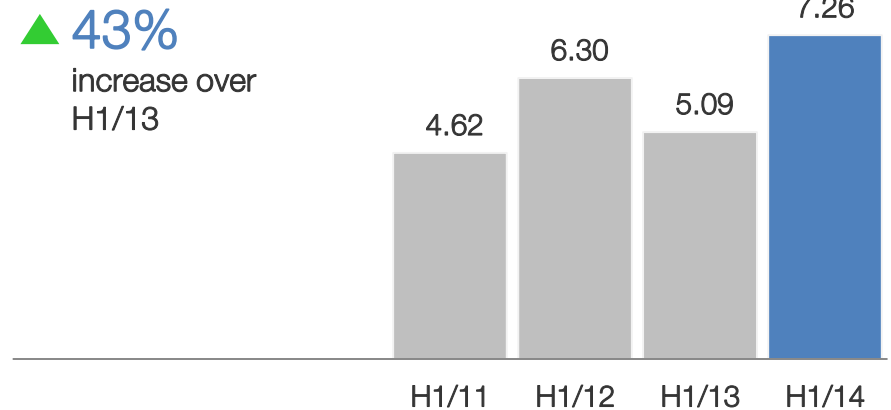
▼ 9%
decline over
H1/13



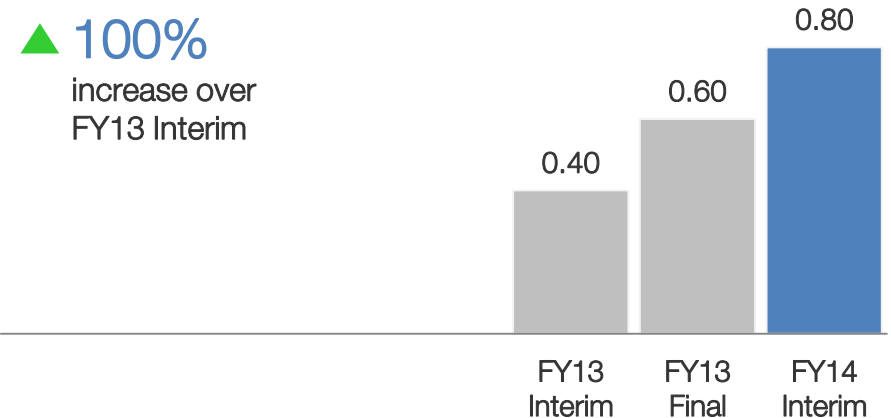
Earnings per Share and Dividends

- Commitment to providing incremental returns to shareholders
- Interim dividend up 33% on FY13 final dividend

Diluted Underlying Earnings Per Share^{1,2} (cps)



Dividends declared (cps)

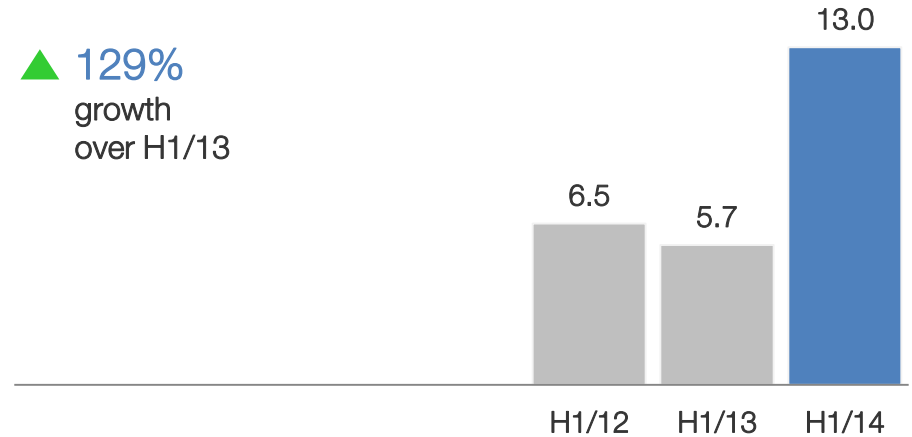


Notes: 1) Underlying NPAT excludes FX gains and losses; 2) Diluted EPS calculated on underlying NPAT

Cash Flows

- FY14 plan mainly funded from operating cash flows
- Strong base to fund ongoing operations and future expansion

Operating Cash Flow (\$m)



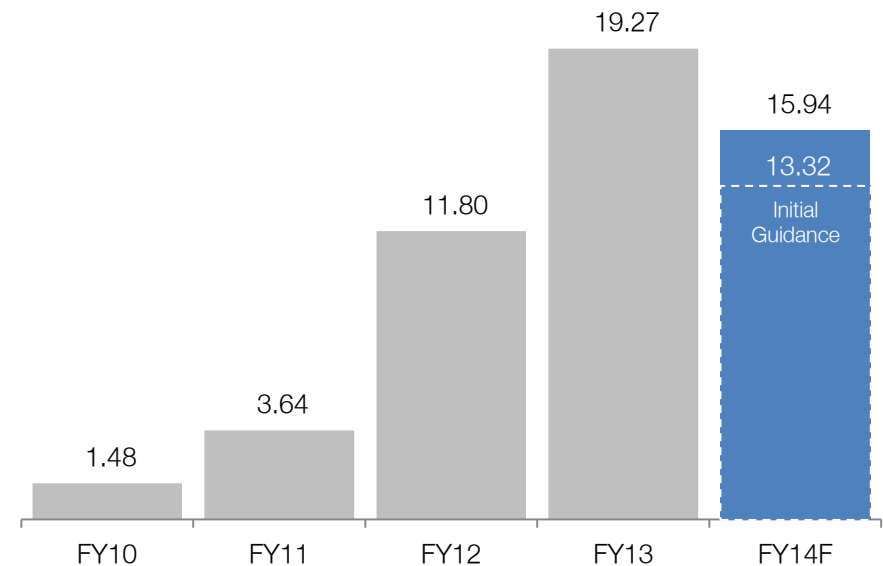
	31 Dec 12	31 Dec 13
EBITDA	\$10.26m	\$14.65m
Net other payments	(\$2.29m)	(\$1.30m)
Operating Cash Flow before balance sheet movements	\$7.97m	\$13.05m
Balance sheet movements*	(\$2.27m)	(\$0.01m)
Operating Cash Flow	\$5.69m	\$13.04m

* Movements in relation to timing of receipts and payments including working capital and other items

Core Capital Expenditure

- Capex reducing from FY13 peak
- Continued stronger than expected customer demand led to higher than forecast capital expenditure
- Capital expenditure expected to continue to moderate
- H1/14 capital expenditure primarily:
 - Customer connections to Fibre network
 - Upgrade of network core to support growth
 - Launch of Melbourne and Auckland DCs

Capital expenditure (\$m)



Capital expenditure represents additions to property, plant and equipment, measured on an accrued basis

Leverage

- Refinance of 50% of Southern Cross (SX) USD liability
- Net debt increased over the previous corresponding period due to the acquisition of Ipera and movement in the USD on the remaining SX liability

	31 Dec 12	31 Dec 13
IRU liability	\$54.0m	\$26.2m
Bank debt	\$6.7m	\$36.4m
Finance leases	\$1.5m	\$2.3m
<i>less</i> Cash	(\$13.3m)	(\$7.7m)
Net debt	\$48.9m	\$57.2m
Gearing ¹	45%	41%
Interest cover ²	16.9x	16.8x
Net leverage ³	2.98x	2.09x

Notes:

1) *Net Debt / Net Debt + Equity*

2) *Underlying LTM EBITDA/Net LTM Interest Expense*

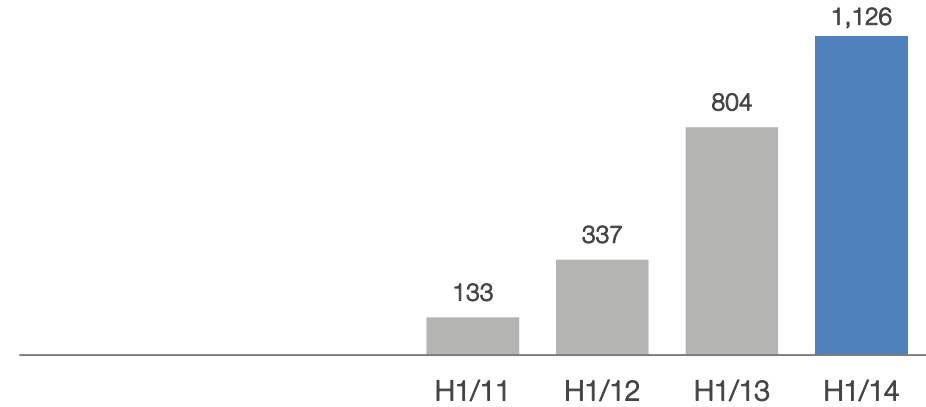
3) *Underlying LTM EBITDA/Net Debt*

LTM – Last Twelve Months

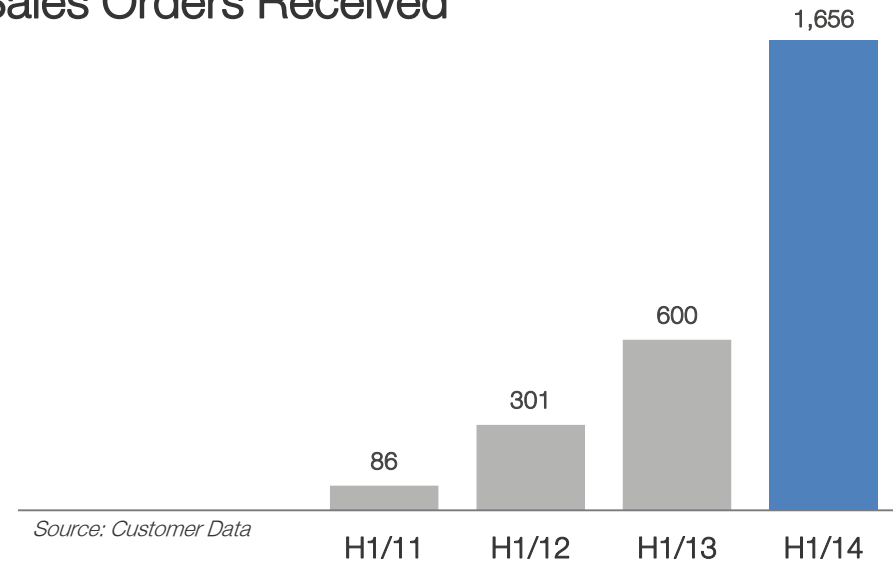
Customer and Sales Order Growth

- Customer Number CAGR of 85%
- Robust customer demand

Customer Numbers



Sales Orders Received



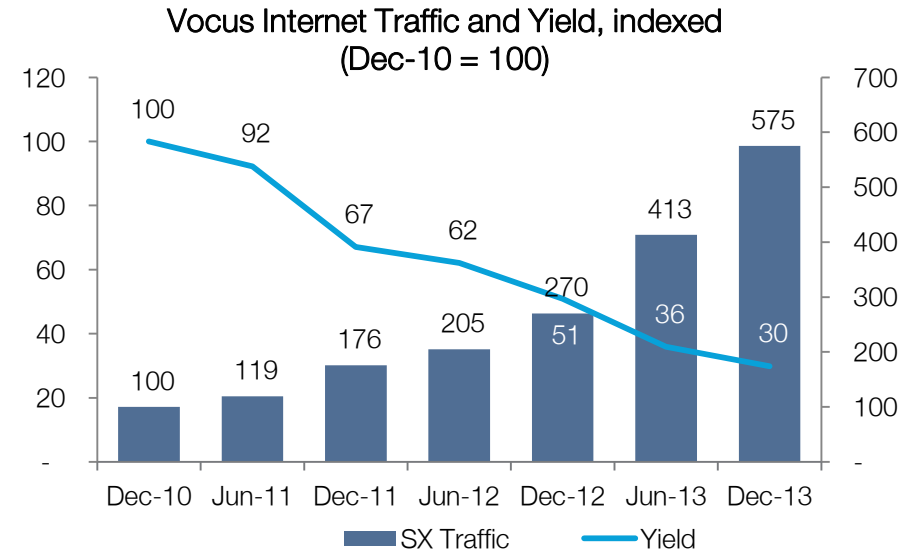
Source: Customer Data

Product Updates

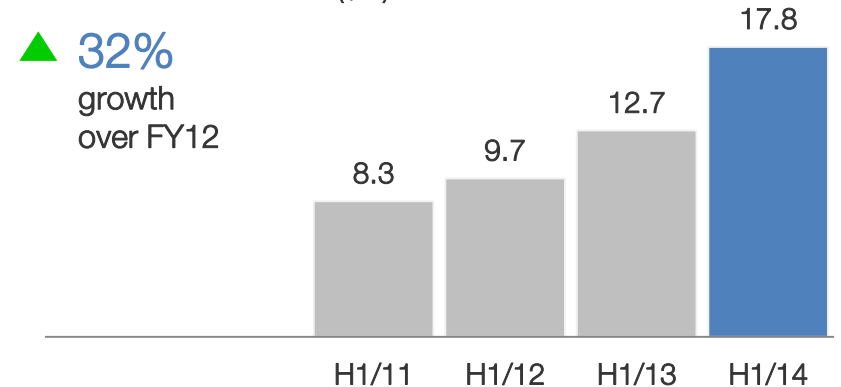


Internet

- Yield decline offset by volume growth
- Traffic demand strong
- Internet volume growth continues



Internet Revenue (\$m)



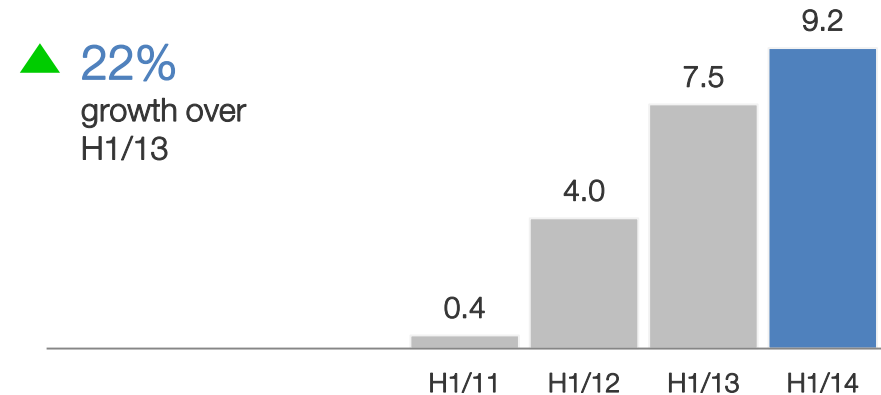
Data Centres

- 12 facilities across 8 sites, totalling 3,670m²
- Auckland expansion (AKL2) and new Melbourne facility (MEL2) opened in Q2/14 will provide revenue growth

Data Centre Summary – Dec 2014

Location	Area	Utilisation
Sydney (SYD1, SYD2, SYD3a)	897m ²	88%
Melbourne – Crockford St (MEL1)	490m ²	100%
Melbourne – 530 Collins St (MEL2)	685m ²	5%
Perth (PER1)	536m ²	96%
Auckland (AKL1, AKL2)	564m ²	69%
Christchurch (CHC1)	128m ²	34%
Newcastle – Denison (NTL01)	90m ²	97%
Newcastle – Steel River (NTL02, NTL03)	280m ²	51%
Total	3,670m²	72%

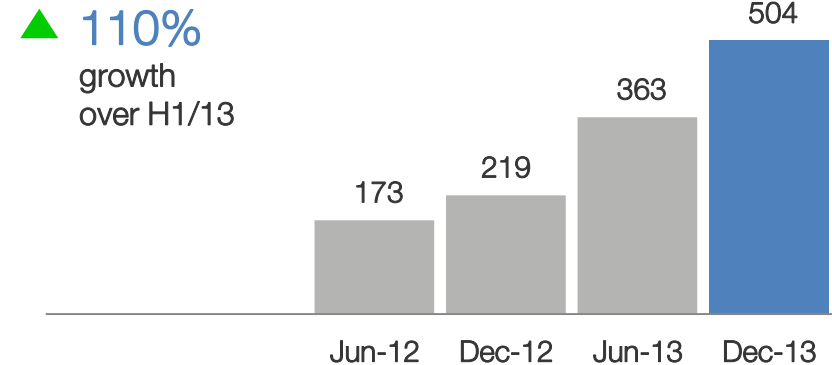
Data Centre Revenue (\$m)



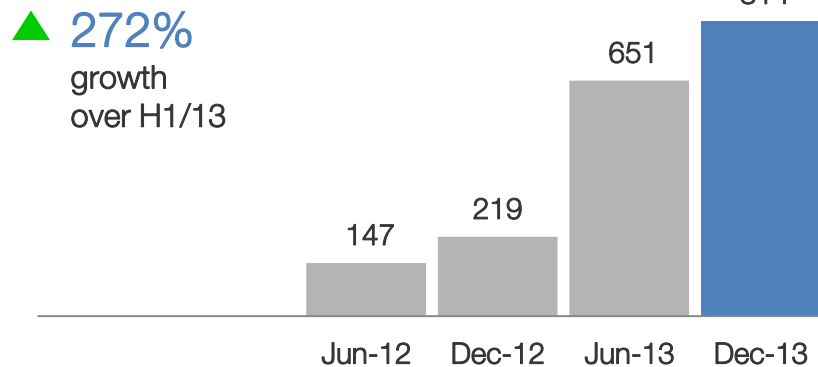
Fibre and Ethernet

- Key driver of growth with current utilisation only 10.9%
- Large number of customer builds

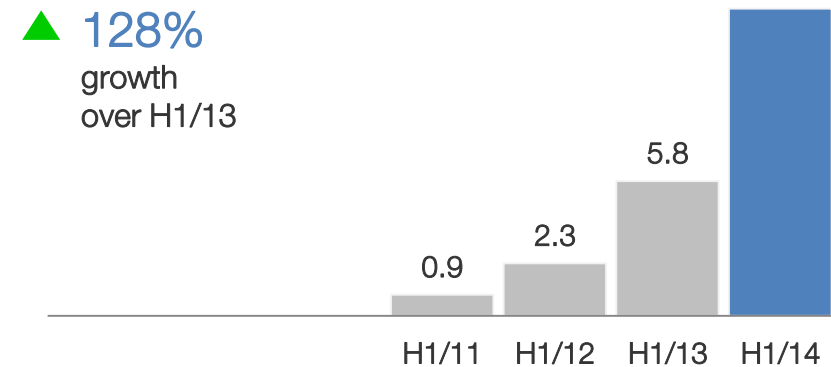
Fibre network kilometres



On-net buildings



Fibre and Ethernet Revenue (\$m)

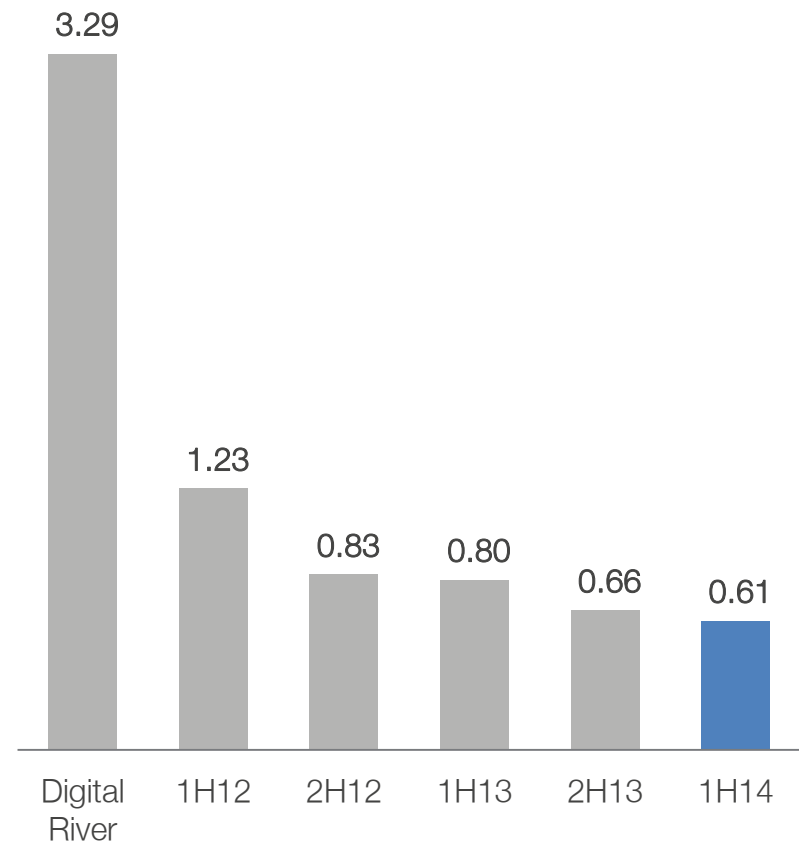


Fibre: Increased efficiency

- Capex required for new revenue continues to decrease
- ‘On-net’ sales increasing – minimal capex required
- Network utilisation 10.9%

Fibre Capex Efficiency

Fibre capex \$ for each new \$1 of contracted revenue

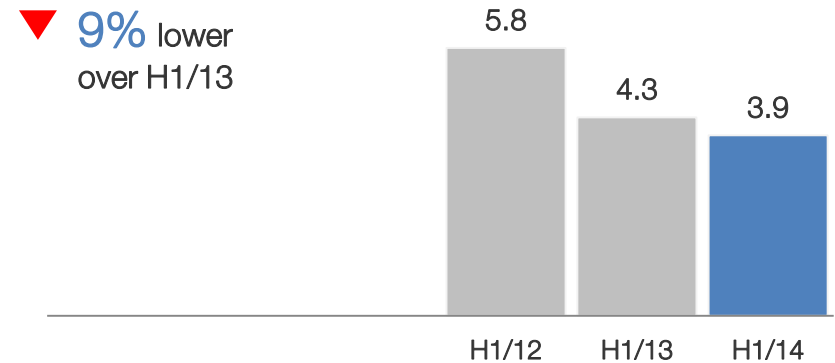


Notes: Digital River capex efficiency is calculated using the purchase price of Digital River and contracted revenue arising from the acquisition

Voice: Revenues lower

- 8% growth in traffic offset by regulatory rate reductions
- Shift from lower margin traffic
- Continues to be a valuable bundled product

Voice Revenue (\$m)



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