

2013

Full Year Results Presentation

29th August 2013



Highlights

Strong growth and continued diversification of revenues

Strategy

Focus on wholesale and enterprise markets with bundled service offerings

Financial Results

	FY13	FY12	% Chg
Revenue (\$'000)	66,910	45,285	▲ 47.8%
Underlying EBITDA ¹ (\$'000)	22,630	16,673	▲ 35.7%
Underlying NPAT ¹ (\$'000)	8,738	8,441	▲ 3.5%
Statutory NPAT (\$'000)	5,098	7,775	▼ (34.4)%

Earnings

Strong growth in Fibre / Ethernet and Data Centre product groups has diversified FY13 revenue. These products now account for 46% of group revenues

Network investment has increased depreciation / amortisation and interest, and combined with an increased effective tax rate has affected underlying NPAT growth

Net foreign exchange losses of \$5.2m, largely non-cash unrealised exchange differences in US\$ denominated IRU liabilities has led to a decline in statutory NPAT

Vocus Communications Overview

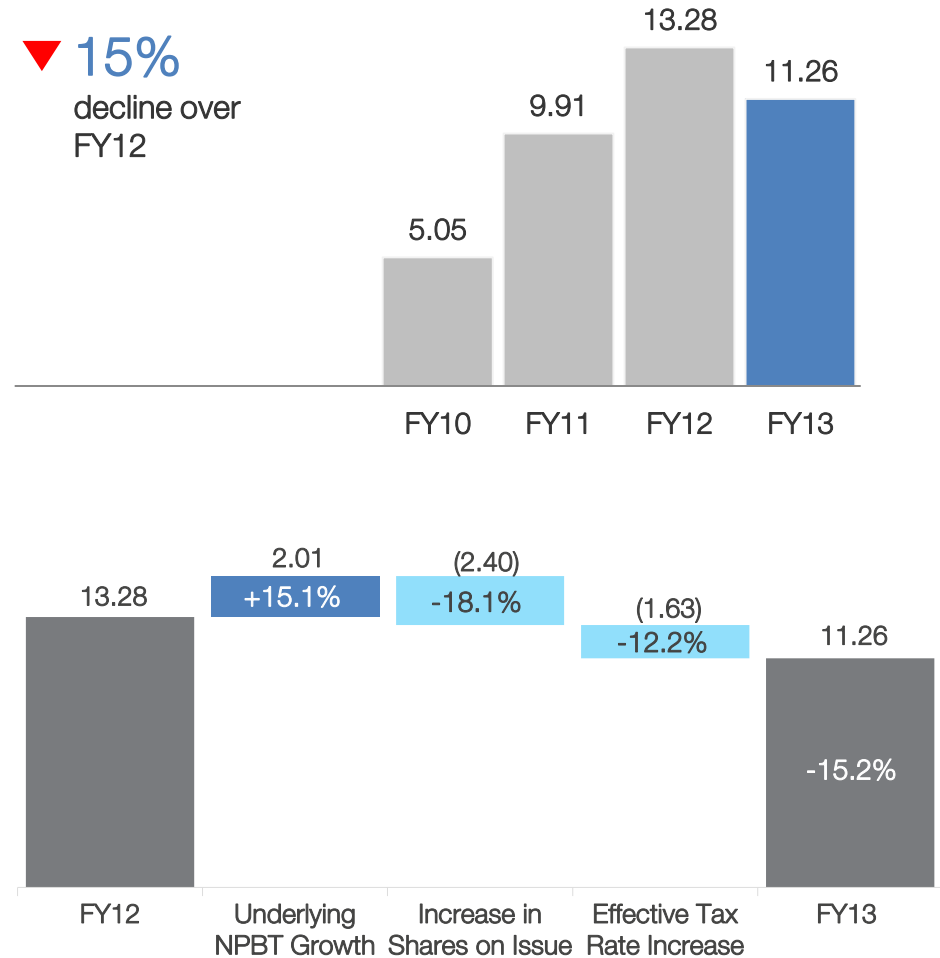
Vocus achieves record earnings whilst investing for future growth

- Organic and strategic acquisition growth has led to 3-year Revenue and EBITDA CAGR of 56.4% and 48.5%, respectively
- Vocus Fibre is now 363km up from 176km and services delivered on Vocus Fibre are up 243% over June 2012
- New Data Centre facilities in Melbourne and Auckland due to open in Q1 2014
- Concluded acquisition of Ipera Communications
- Quadrupled capacity on Southern Cross cable
- 0.6cps fully franked final dividend declared, taking full year dividends to 1.0cps

Earnings Per Share and Dividends

- Final dividend of 0.6cps declared with the first full year of dividends being 1.0cps, fully franked
- EPS impacted by
 - Increase in share capital to fund acquisitions and infrastructure growth
 - cash not fully deployed
 - benefits not fully realised
 - Increased effective tax rate from 21% to 28%

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



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

Revenue and EBITDA up

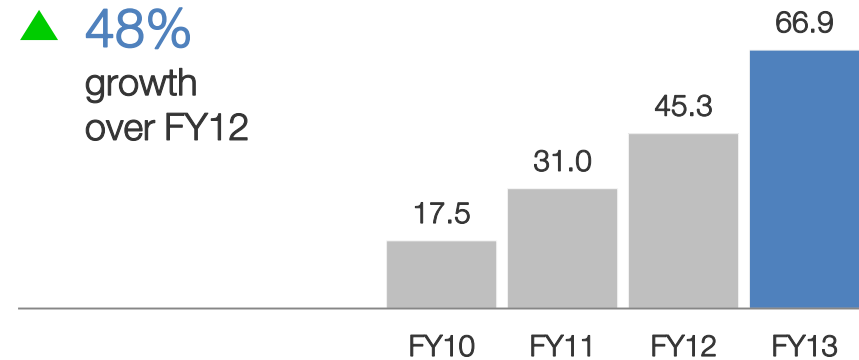
Internet, Fibre and Data Centres showing robust growth

Revenue up 48% to \$66.9m

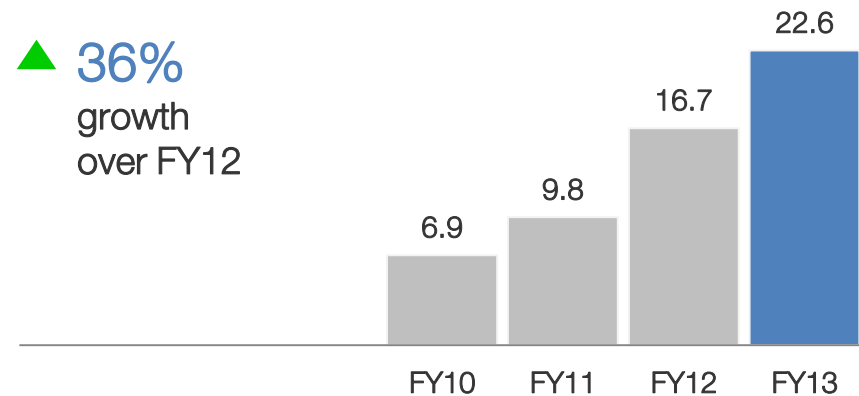
Underlying EBITDA¹ up 36% to \$22.6m

- Data Centres and Fibre contributed 73% of FY13 revenue growth and are expected to drive continued growth into FY14 as expansions come online
- 651 buildings connected to the Vocus Fibre network up 343% over the previous year

Revenue (\$m)



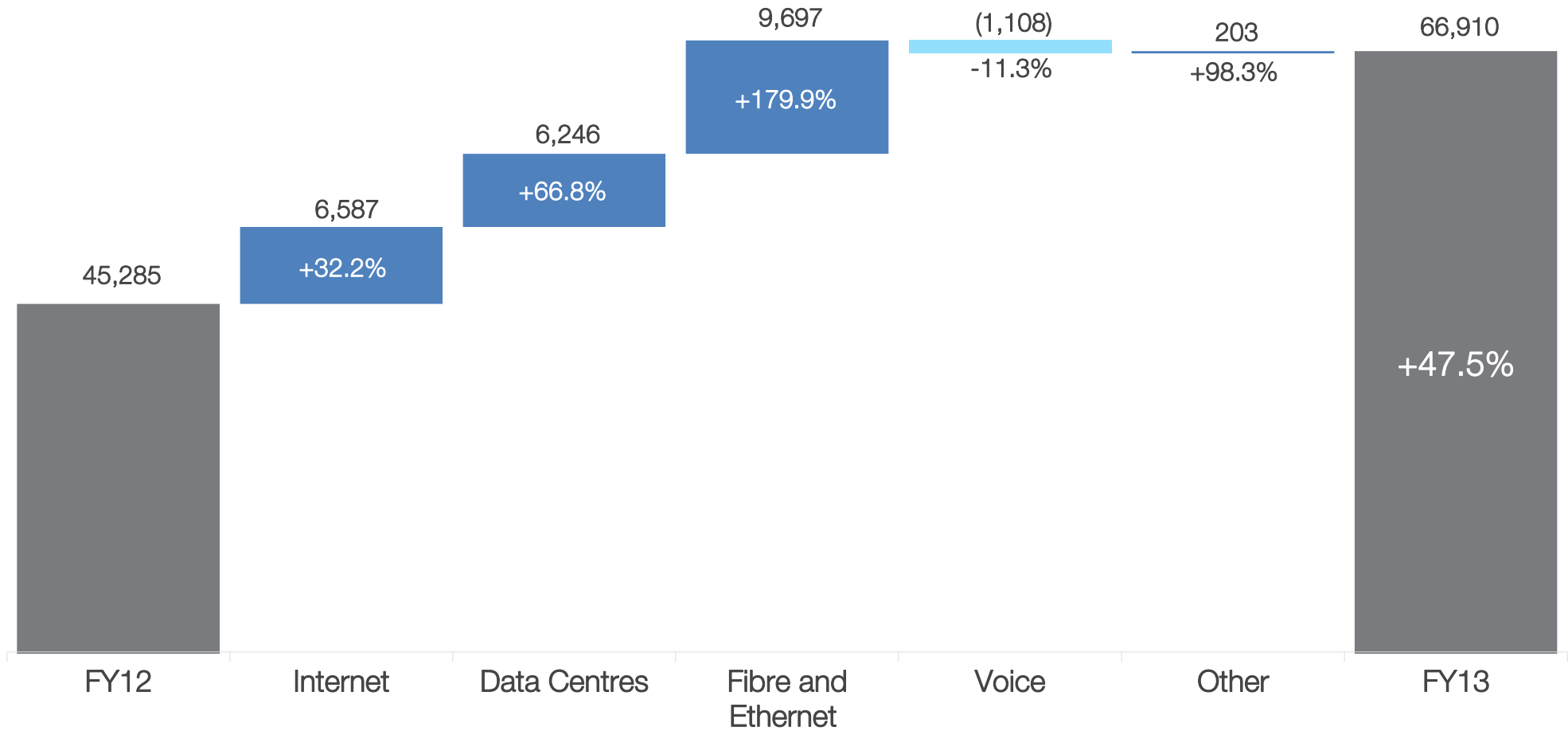
Underlying EBITDA¹ (\$m)



Notes: 1) Underlying EBITDA excludes FX gains and losses

Product Performance

Revenue Growth



Product Highlights

Fibre and Data Centres are the primary growth drivers

Fibre and Ethernet

180%

Revenue Growth

\$5.39M  \$15.09M

110%

Fibre Network Growth

173km  363km

Data Centres

67%

Revenue Growth

\$9.36M  \$15.60M

34%

Capacity Growth

2,471m²  3,300m²

Product Highlights

Internet performing strongly

Internet

32%

Revenue Growth

\$20.49M  \$27.08M

34%

IP Transit Customer
Growth

Voice marginally down

Voice

(11%)

Revenue Growth

\$9.84M  \$8.73M

(10%)

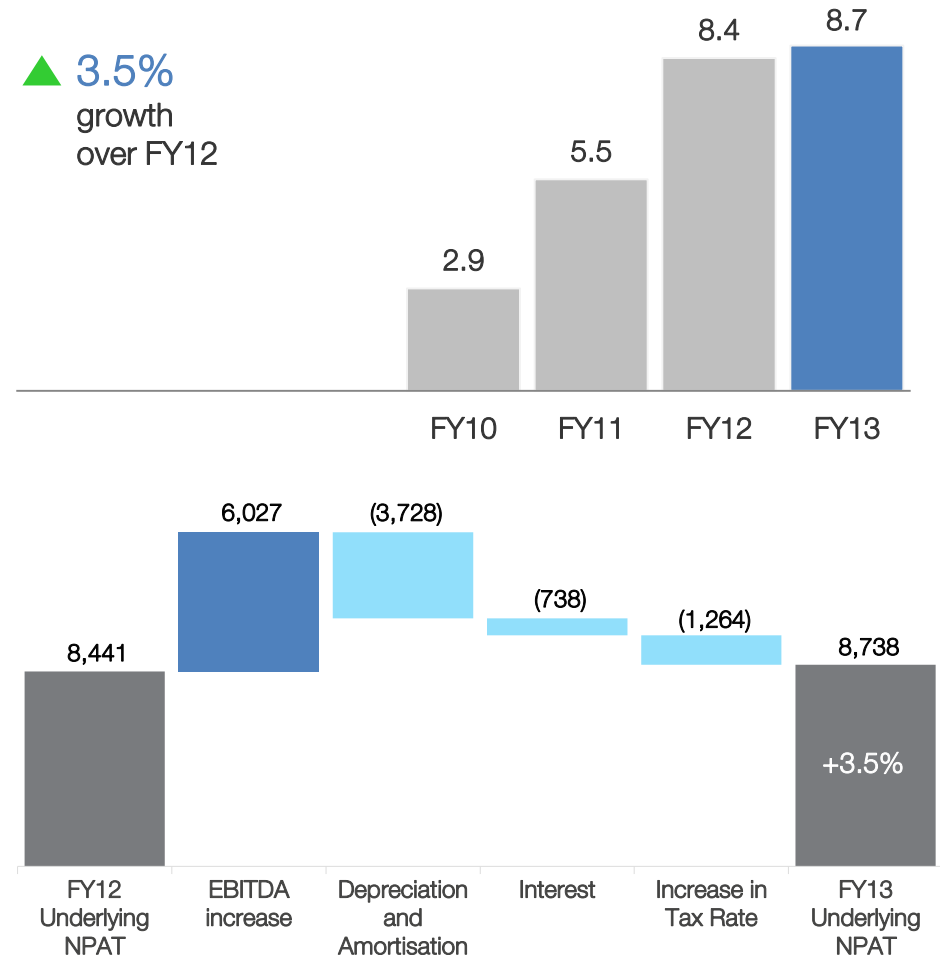
Volume Growth

Underlying NPAT up 3.5%

Growth initiatives impacting NPAT

- Growth in NPAT reduced by investment in infrastructure:
 - Depreciation and Amortisation
 - Expanded IRU
 - New data centres
 - Increased fibre capacity
 - Acquisition intangibles
 - Interest costs
- Increased effective tax rate from 21% to 28%

Underlying Net Profit after Tax¹ (\$m)

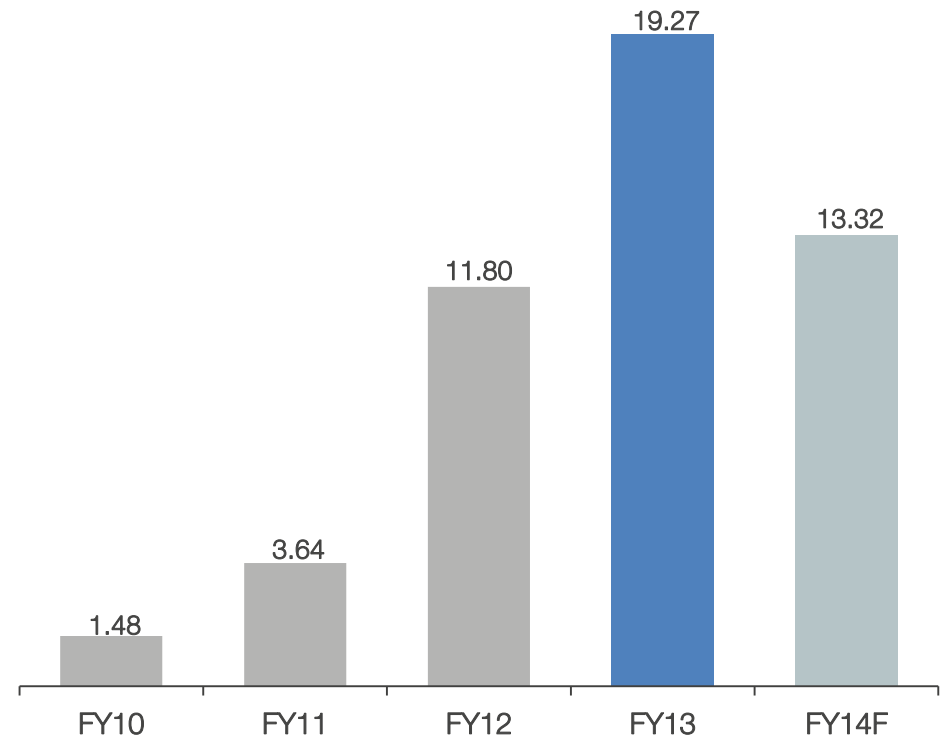


Capital Expenditure

Investments in core network, fibre and data centres in FY13

- Capital expenditure driven by customer demand
- Solid base for future growth and return on assets
- FY14 planned capital expenditure of \$13.3m for:
 - Expansion of Fibre and Core Network in response to customer demand
 - Data Centre expansion
 - Voice product refresh as part of targeting the enterprise market

Capital expenditure (\$m)



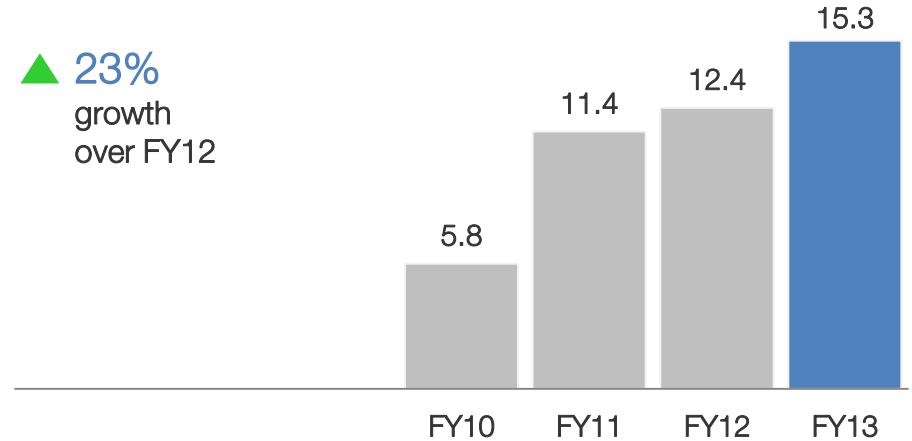
Capital expenditure represents additions to property, plant and equipment, measured on an accrued basis

Cash Flows

Operating cash flow up 23% to \$15.3m

- Current cash balance \$14.2m
- Provides a strong base to fund ongoing operations, future expansion as well as returns to shareholders
- FY14 plan fully funded from operating cash flows and existing reserves

Operating Cash Flow (\$m)



	30 June 13	30 June 12
EBITDA	\$22.7m	\$16.7m
Net other payments	(\$2.4m)	(\$2.3m)
Operating Cash Flow before balance sheet movements	\$20.3m	\$14.4m
Balance sheet movements*	(\$5.0m)	(\$2.0m)
Operating Cash Flow	\$15.3m	\$12.4m

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

Leverage

- Net leverage up as a result of the additional vendor financed Southern Cross capacity taken up in September 2012 and bank facilities utilised as part of the Ipera acquisition
- Minimal net debt at 30 June 2013 (excluding Southern Cross IRU liability)

	30 June 13	30 June 12
Cash	\$14.2m	\$2.4m
IRU liability	(\$55.9m)	(\$26.5m)
Finance leases	(\$2.1m)	(\$1.8m)
Bank debt	(\$12.8m)	(\$7.3m)
Net debt incl. SX vendor finance	(\$56.6m)	(\$33.2m)
Net debt excl. SX vendor finance	(\$0.7m)	(\$6.7m)
Interest cover ¹	15.7x	23.6x
Net leverage ²		
- incl. SX	2.49x	1.98x
- excl. SX	(0.03x)	(0.40x)

Notes:

1) Underlying EBITDA/Net Interest Expense for the period

2) Underlying EBITDA/Net Debt

IRU and FX Hedging

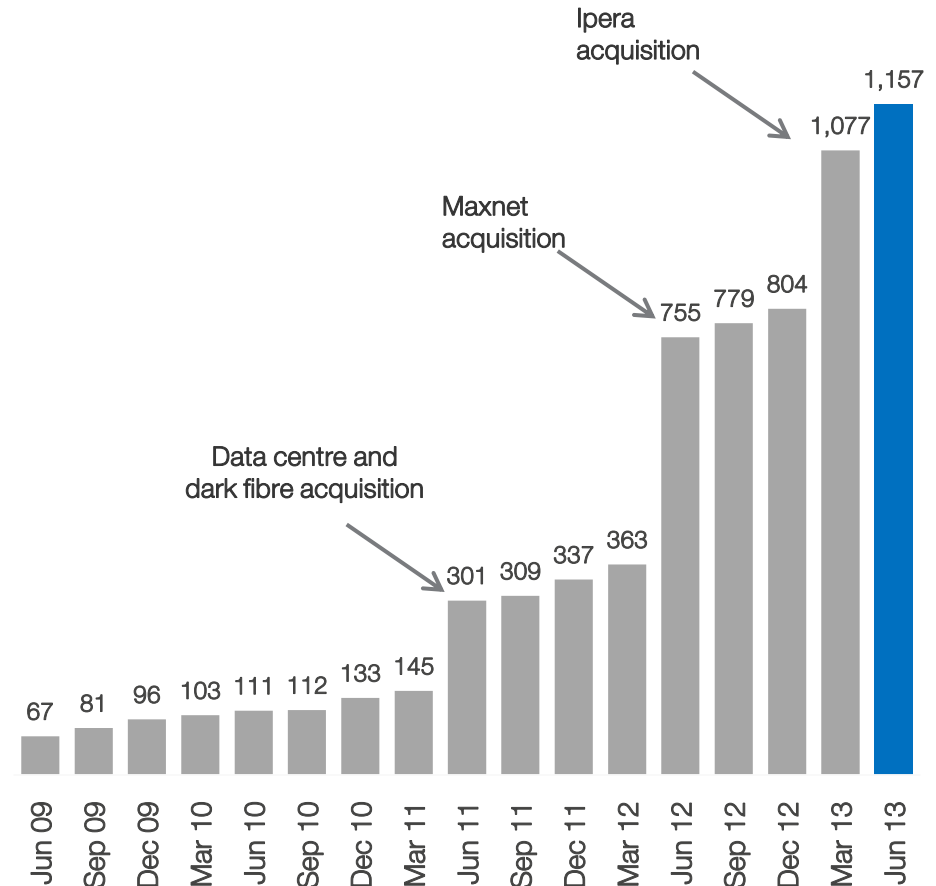
Fully hedged to March 2014; partially hedged to December 2014

- The Southern Cross IRU liability is \$55.9m at June 2013, up from \$26.5m at June 2012 following a quadrupling in transit capacity in September 2012
- Fully hedged to March 2014 and partially hedged to December 2014
- US\$10.2m of repayments in FY14 from cash flows
- \$0.01 movement in the AU\$/US\$ exchange rate will increase/decrease profit by \$0.3m and cash flow by \$0.1m in FY14

Strong Customer Growth

- Customer CAGR of 145% since June 2009
- Organic customer growth of 58% in FY13
- 195 customers added as part of Ipera acquisition

Customer Numbers

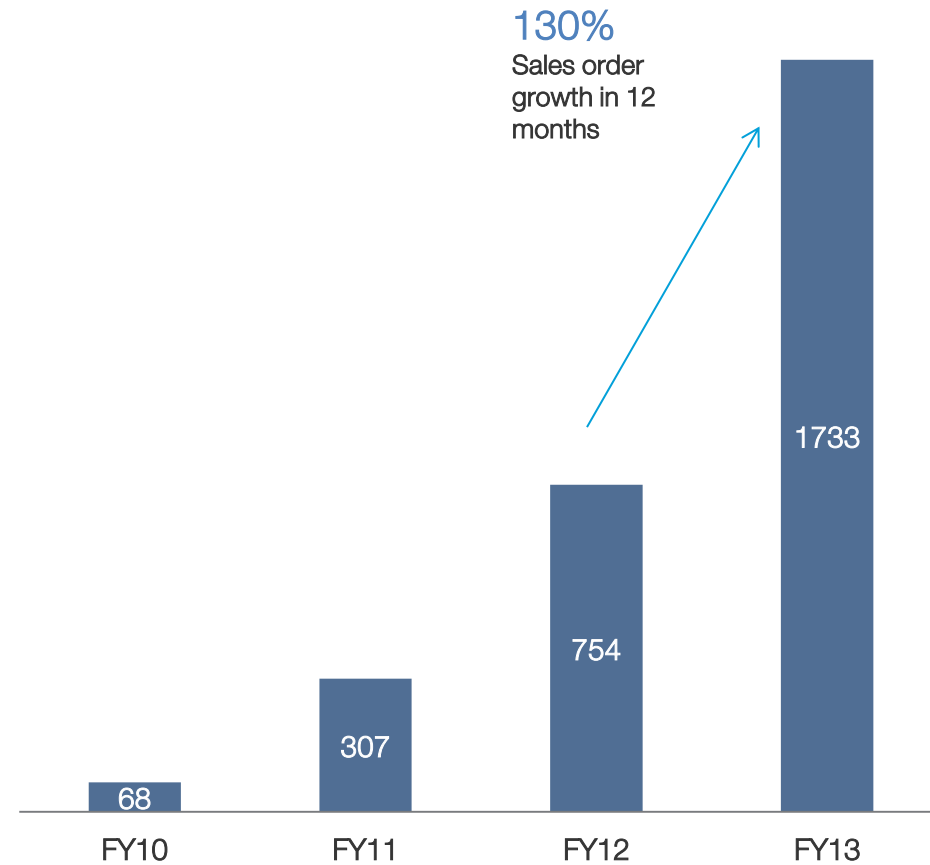


Does not include Maxnet retail ISP customers

Sales Order Growth

- Sales order growth results in sales to new and existing customers
- Benefits of Ipera and Maxnet acquisitions through cross sales
- Pipeline is robust

Sales Orders Received

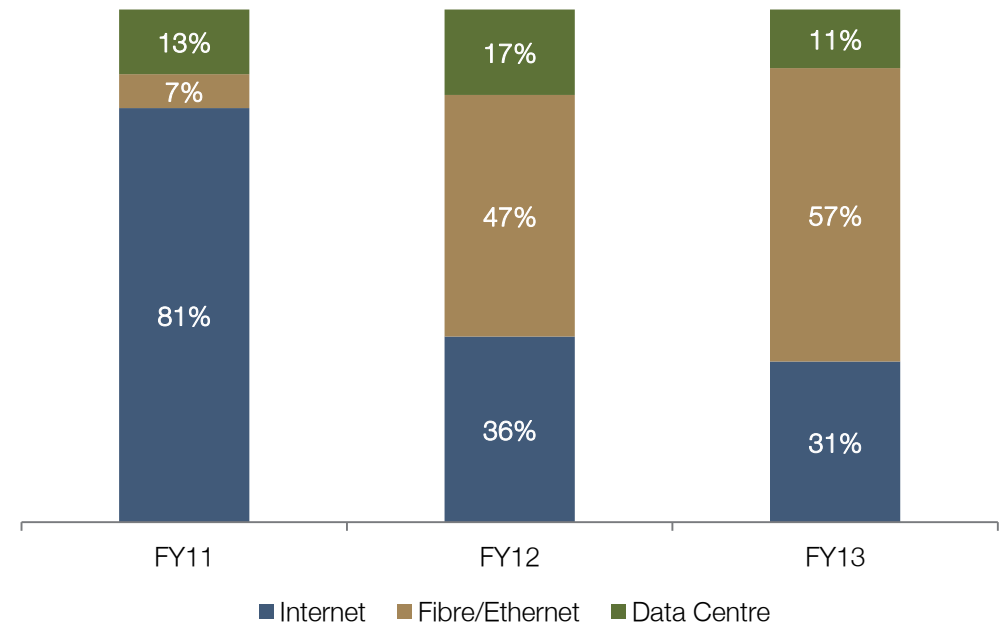


Source: Customer Data, excludes Ipera

Maturing Sales Mix

- New sales predominantly coming from Fibre/Ethernet
- New Data Centre facilities in Auckland and Melbourne will contribute to sales growth in FY14

Proportion of new monthly recurring revenue by product



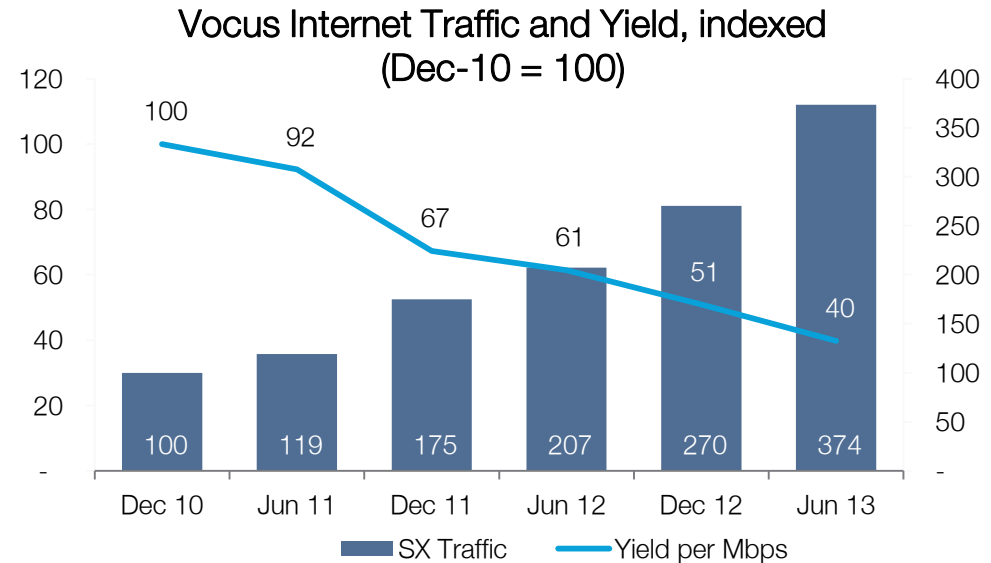
Product Updates



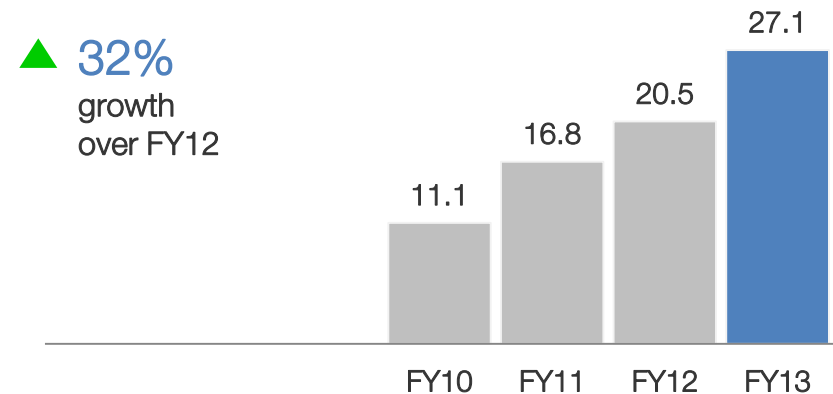
Internet

Internet volume growth strong

- Volume growth offset by yield decline
- Substantial capacity available following new IRU arrangements
- Data usage is forecast to increase more than 3-fold between 2012 and 2016*, driven mainly by demand from video



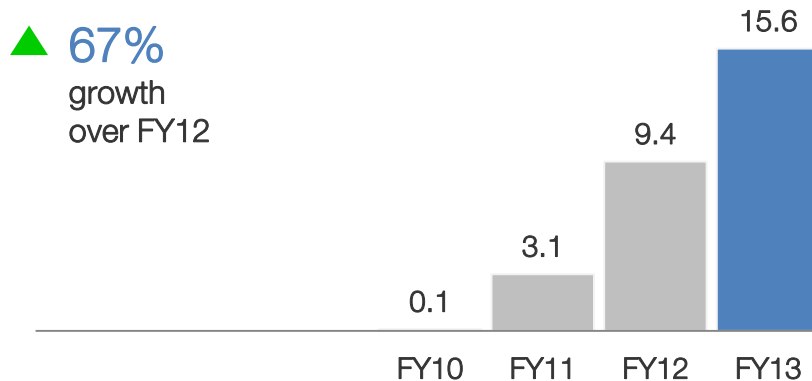
Internet Revenue (\$m)



Data Centres

- 11 facilities across 8 sites, totalling 3,300m²
- Auckland expansion and new Melbourne facility due for completion in Q1 2014
- Ipera acquisition added two data centres in Newcastle

Data Centre Revenue (\$m)



Data Centre Summary – June 2013

Location	Area	Utilisation
Sydney (SYD1, SYD2, SYD3a)	897m ²	72%
Melbourne (MEL1)	490m ²	100%
Perth (PER1)	536m ²	98%
Auckland (AKL1)	420m ²	76%
Christchurch (CHC1)	128m ²	32%
Newcastle – Denison (NTL01)	90m ²	94%
Newcastle – Steel River (NTL02)	280m ²	52%
Total current DCs	2,841m²	81%
Melbourne (MEL2) – in build	685m ²	n/a
Auckland (AKL2) – in build	144m ²	n/a
Total including in build DCs	3,300m²	

Fibre and Ethernet

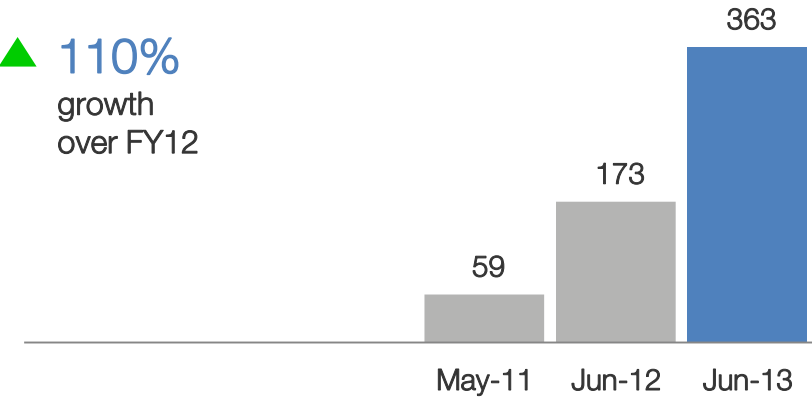
Key driver of growth with current utilisation only 8.7%

Vocus Dark Fibre Network Key Statistics

Geographic location	Sydney, Melbourne, Brisbane, Adelaide, Perth and Newcastle CBDs
Major Data Centres connected	59
Current utilisation	8.7%

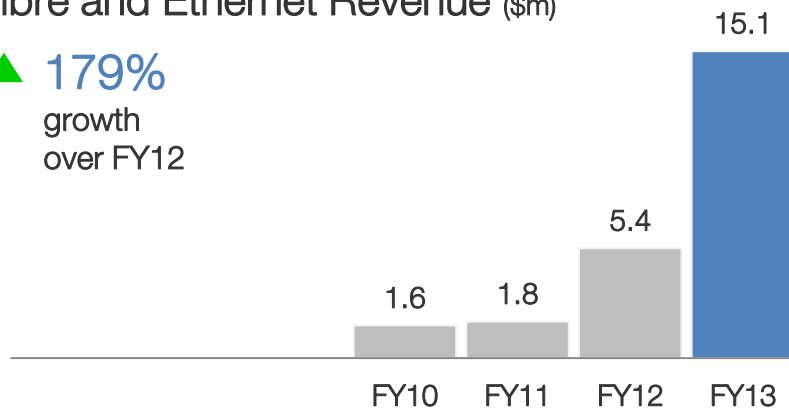
Fibre network kilometres

▲ 110%
growth
over FY12



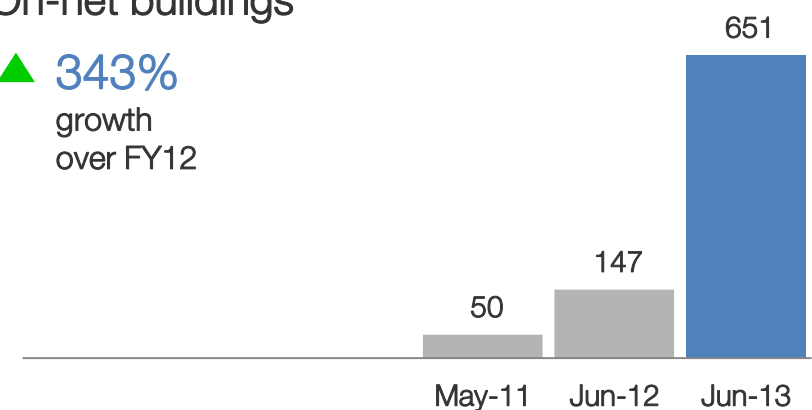
Fibre and Ethernet Revenue (\$m)

▲ 179%
growth
over FY12



On-net buildings

▲ 343%
growth
over FY12

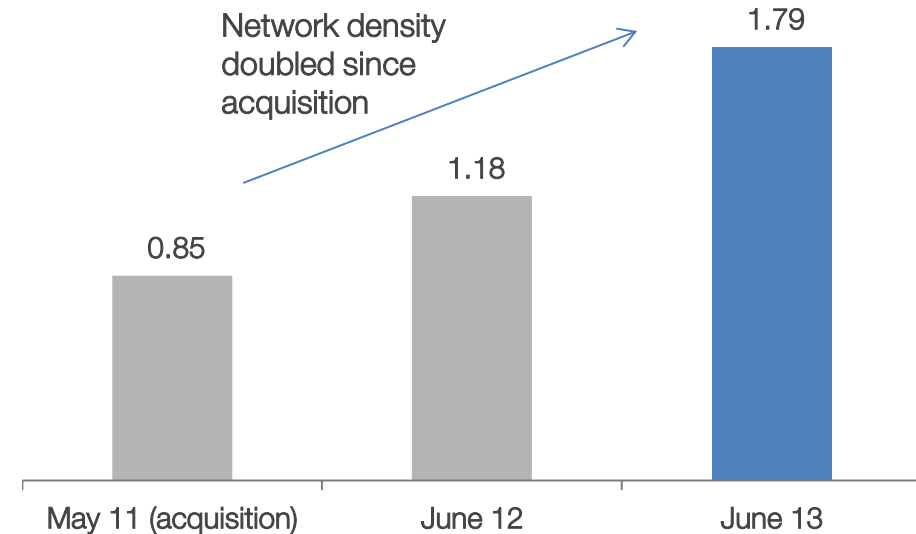


Fibre: Increasing market through density

Targeting density rather than distance

- Focus during FY13 has been to increase the density of the network
- As buildings are connected returns increase through larger addressable market

Connected buildings per kilometre of Vocus Fibre



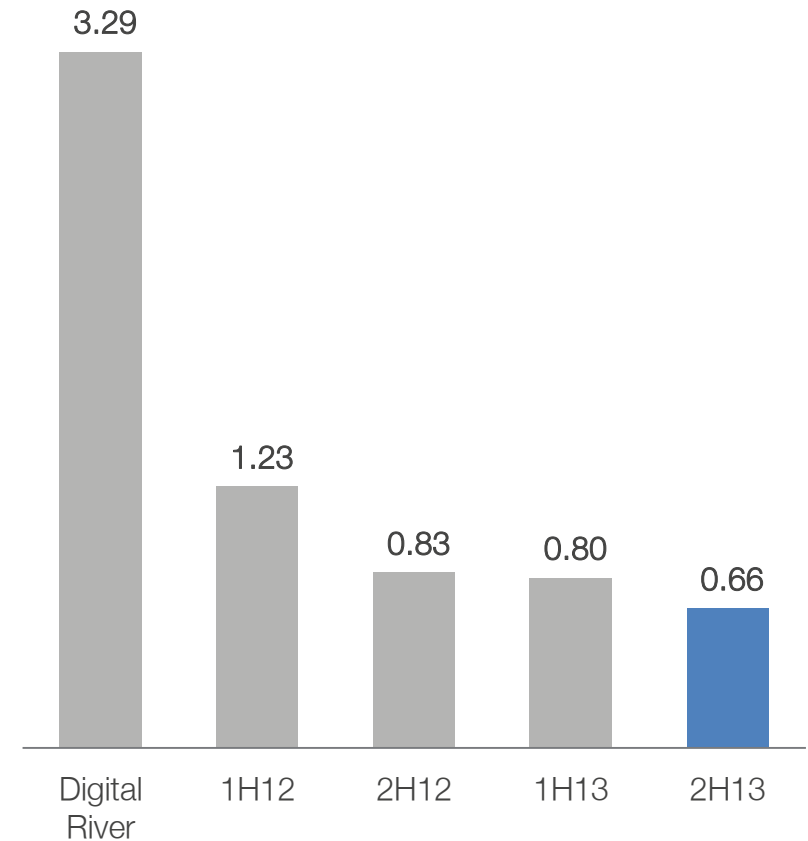
Fibre: Increased efficiency

Increased 'on-net' sales

- Capex required for new contracted revenue continues to decrease generating more yield from the network
- 'On-net' sales increasing – minimal capex required to provision customers
- Network utilisation is 8.7%

Fibre Capex Efficiency

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

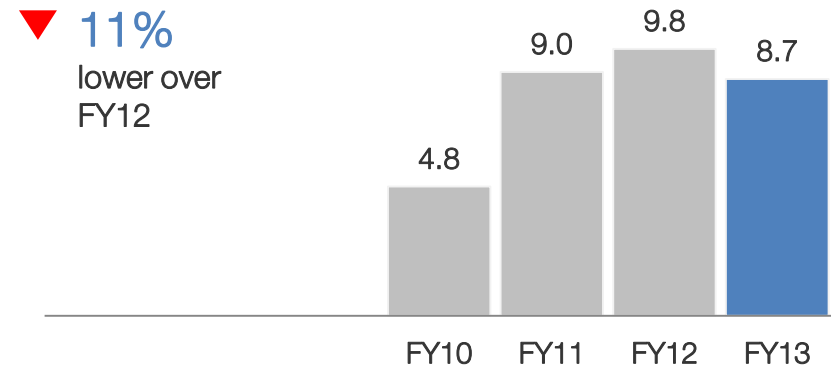


Notes: Digital River capex efficiency is calculated using the purchase price of Digital River and contracted revenue arising from the acquisition

Voice: Shift towards enterprises

- Voice revenue down over FY12
- Commenced shift towards providing enterprise voice services offered as part of bundled service offering, providing higher margins
- Upgrading voice infrastructure to provide more value-add service to enterprise customers in FY14

Voice Revenue (\$m)



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