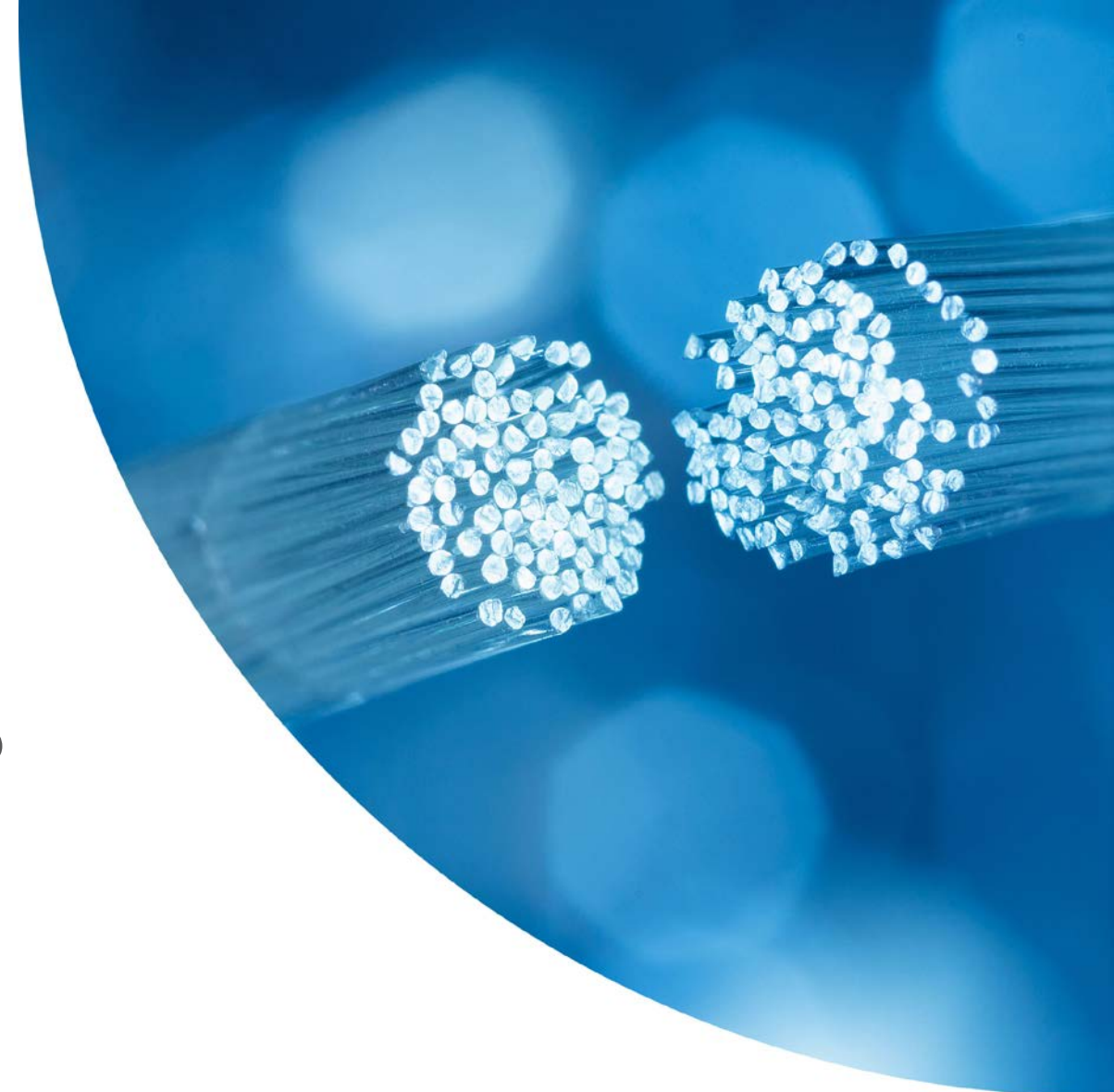




FY17 Final Results Presentation

23 August 2017



Contents

	TOPIC	SPEAKER
1.	Result Highlights	CEO - Geoff Horth
2.	Financial Overview	CFO- Mark Wratten
3.	Business Outlook	CEO – Geoff Horth
4.	Appendices	



Result Highlights

CEO Geoff Horth

Group Highlights

Key Financial Highlights

- Revenue ↑ 119% on pcp to \$1.8bn¹
- Underlying EBITDA ↑70% on pcp to \$366.4m¹; Guidance \$365-375m
- Underlying NPAT ↑ 50% to \$152.3m
- Underlying EPS ↓ 17% impacted by the capital raising to fund the Nextgen acquisition
- Net Debt \$1.029bn, leverage 2.6x, interest cover 9.1x, gearing 30.9%

Strategic Initiatives

- Acquisition of Nextgen delivers national infrastructure platform opening new markets
- Key senior appointments bring new skill sets to manage size and complexity
- Restructured Technology Division and established Transformation office; key programs accelerated
- Brand Portfolio re-positioned to leverage market opportunities
- ASC project progressed targeting Q1FY19 ready for service
- Northwest Cable System cornerstone customers connecting Q1FY18
- Board renewal commenced three new Non Executive Directors appointed

1. Nextgen overall group contribution \$127.1m in revenue and \$62.5m EBITDA for the ~8 months of ownership in FY17

Highlights - Enterprise & Wholesale Australia

Financial Highlights

- Revenue ↑ 77% on pcp to \$703m, Underlying EBITDA contribution ↑ 86% on the pcp to \$346m¹
- Nextgen² contributed \$127.1m in revenue & \$85.5m in EBITDA post synergies²; Business performing ahead of expectations
- Full year of M2³ delivers additional ~\$185m revenue & ~\$81m EBITDA compared to pcp

Operational Highlights

- On time delivery performance improved by ~80% over 2H17 further improvements forecast in 1HFY18
- Completed integration of sales teams to enable a national approach across all markets/segments
- Implemented national account management approach & aligned incentives.
- Completed integration of Amcom delivery & billing functions, unified data services into Vocus billing platform
- Strategic plan in place to deliver increased market share, profitability and improved customer service
- Strong sales momentum trend in MRR, June 17 a record month

1. FY16 and FY17 now include Commander and CVC charges

2. The Nextgen acquisition was completed on 26 October 2016. A proforma full year contribution is outlined in the appendix of the Operating & Financial Review page 35. Proforma FY17 includes a full year of Nextgen. This figure is pre operating costs that are included in Group Overheads Group EBITDA contribution \$62.5m

3. The merger with M2 was completed on 22 February 2016. An FY16 proforma full year contribution from M2 Wholesale & Commander is outlined in the Appendix of the Operating & Financial Review. A Divisional revenue and EBITDA bridge in the OFR

Highlights - Consumer Australia

Financial Highlights

- Revenue ↑ 176% on the pcp to \$795m; EBITDA contribution ↑ 109% on the pcp to \$125m¹
- Full year of M2 delivers additional \$465m revenue & \$81m EBITDA compared to pcp

Operational Highlights

- Broadband growth in SIOs 4% on pcp; growth impacted by migration to NBN and 1H provisioning platform issues
- 10% growth in energy SIOs on pcp
- NBN ARPU³ \$64.23; NBN AMPU³ \$20.26 per subscriber per month
- Consumer NBN market share excl satellite 7.3%, up from 6.4% in the pcp
- NBN churn³ 1.4% per month compared to copper churn at 2.4% per month
- Fetch subscribers more than doubled over the period to 30,568; significantly improves AMPU per subscriber
- Operational transformation milestone achieved with Salesforce service cloud delivered for iPrimus in July 2017 on time and budget

1. The Consumer result now includes CVC costs. The result no longer includes the Commander SMB earnings the Commander business is now incorporated into Enterprise & Wholesale
2. Reconciliations between reported earnings and Proforma 16 and Proforma 17 are contained in the OFR on page 31
3. Only includes Consumer broadband SIOs

Highlights - New Zealand

Financial Highlights

- Revenue ↑ 123% on pcp to \$323m; E&W ↑ 79% and Consumer ↑ 186% on the pcp
- EBITDA contribution ↑ 101% to \$57.5m on the pcp; in NZD EBITDA ↑ 103%
- Full year of M2 delivers additional ~\$163.6m revenue & ~\$29.1m EBITDA compared to pcp

Operational Highlights

- Broadband ARPU of NZ\$71; Broadband AMPU of NZ\$29 per subscriber per month
- 18,664 UFB SIOs connected in FY17; share of new UFB orders 18% in Q4FY17
- Lower churn on UFB at ~1.9% versus copper churn of ~3.0%
- Acquired Switch Energy and launched offer under Slingshot brand in Q4
- Network integration completed and synergies program delivered
- Consolidate to single brand in the business segment under Vocus Communications to leverage awareness

1. The merger with M2 was completed on 22 February 2016. An FY16 pro-forma full year contribution from M2 is outlined in the appendix of the Operating & Financial Review



Financial Overview

CFO Mark Wratten

Financial Highlights

Financial Performance driven by acquisitions & organic growth

Twelve Months Ended 30 June	2016	2017	%chg
Revenue	\$829.9m	\$1,820.6m	119%
Underlying EBITDA ¹	\$215.6m	\$366.4m	70%
Statutory EBITDA	\$194.1m	\$335.5m	73%
Underlying NPAT ¹	\$101.7m	\$152.3m	50%
Statutory NPAT	\$64.1m	(\$1,464.9)m	n/m
Underlying Diluted EPS ²	29.5cps	24.7cps	(17%)
Full Year Dividend ³	15.6cps	6.0cps	(62%)

n/m not meaningful

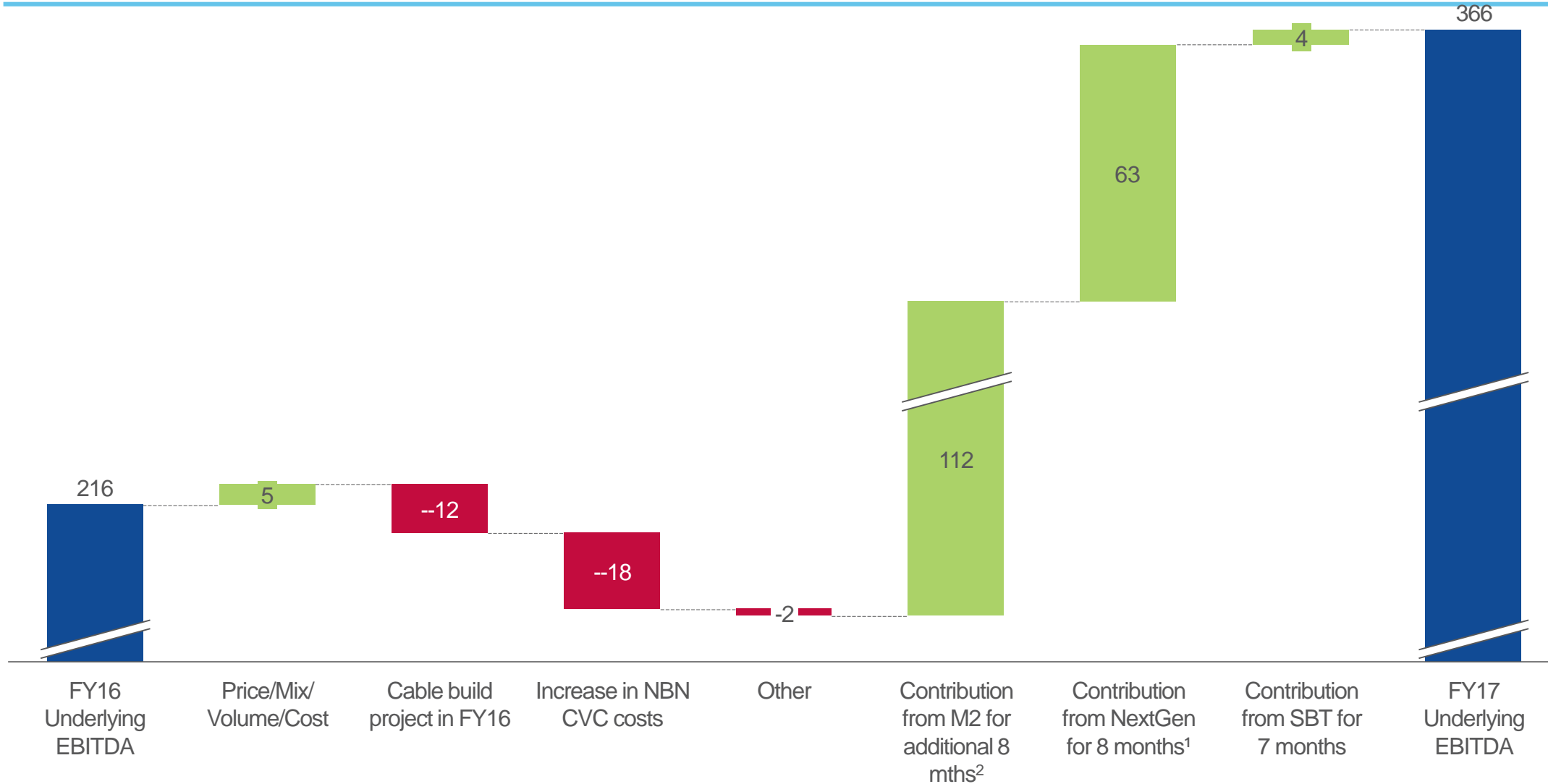
1. Underlying EBITDA and Underlying NPAT exclude significant items. A reconciliation between statutory and Underlying numbers can be found on slide 10
2. Underlying diluted earnings per share is calculated with reference to Underlying NPAT, which excludes the after tax effect of significant items.
3. The Board elected not to declare an FY17 final dividend. FY16 excludes special dividend of 1.9cps paid in April 2016 in connection with its merger with M2

Earnings Reconciliation

Reconciliation between the Underlying and Statutory Result

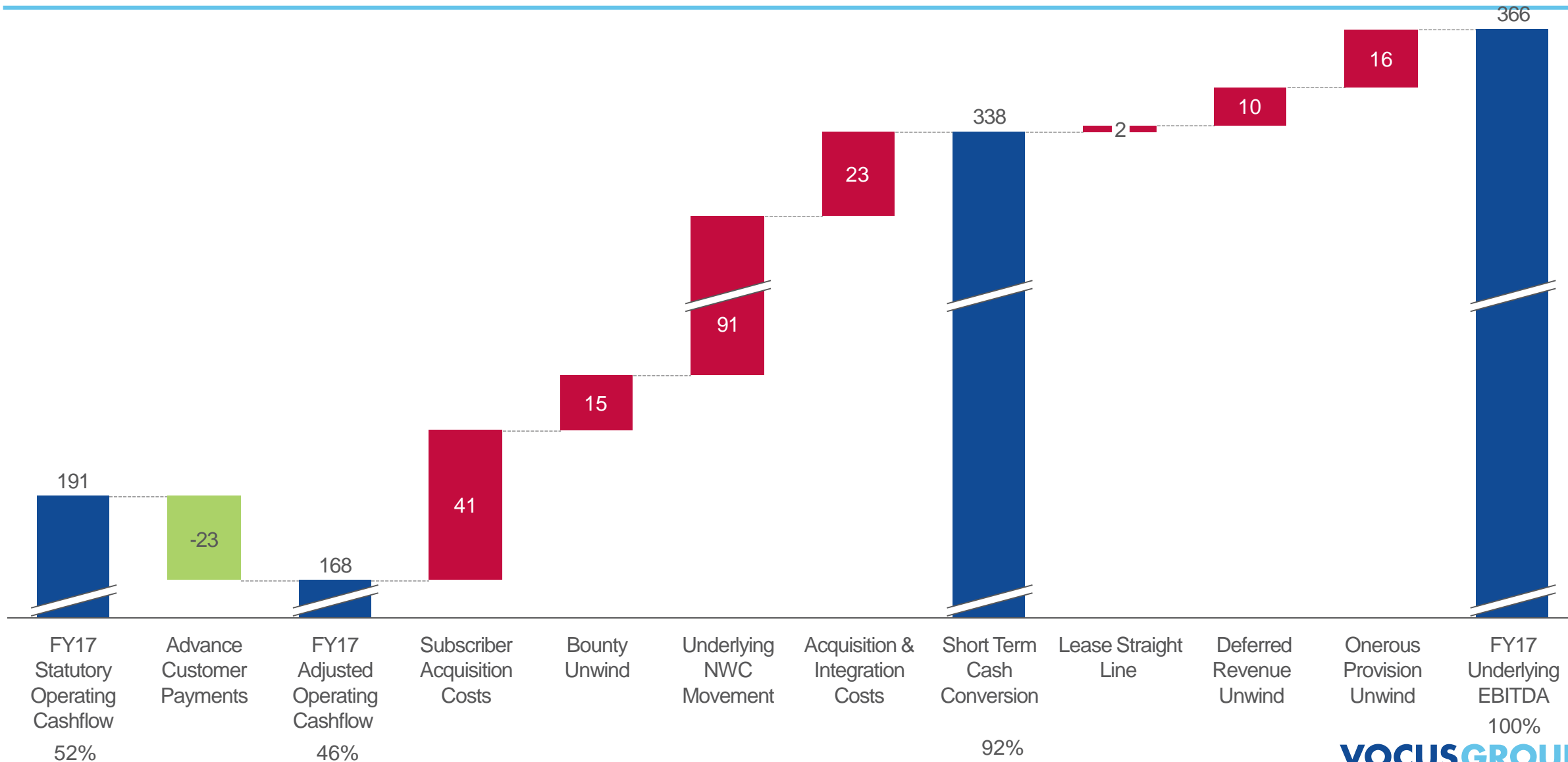
Twelve Months Ended 30 June 2017 (\$'m)	EBITDA	EBIT	NPAT
Underlying Result	366.4	260.2	152.3
Significant Items:			
Gains on total return swaps	0.1	0.1	0.1
Gains/losses associated with foreign exchange & other	(0.6)	(0.6)	(1.3)
Net gain/loss on disposal of investments	(4.7)	(4.7)	(4.1)
Amortisation of acquired customer intangibles	-	(61.0)	(42.7)
Amortisation of acquired software intangibles	-	(26.4)	(18.5)
Acquisition & Integration Costs	(25.7)	(25.7)	(18.6)
Goodwill Impairment	-	-	(1,532.1)
Total Significant Items	(30.9)	(118.3)	(1,617.2)
Statutory Result	335.5	141.9	(1,464.9)

Underlying EBITDA Bridge

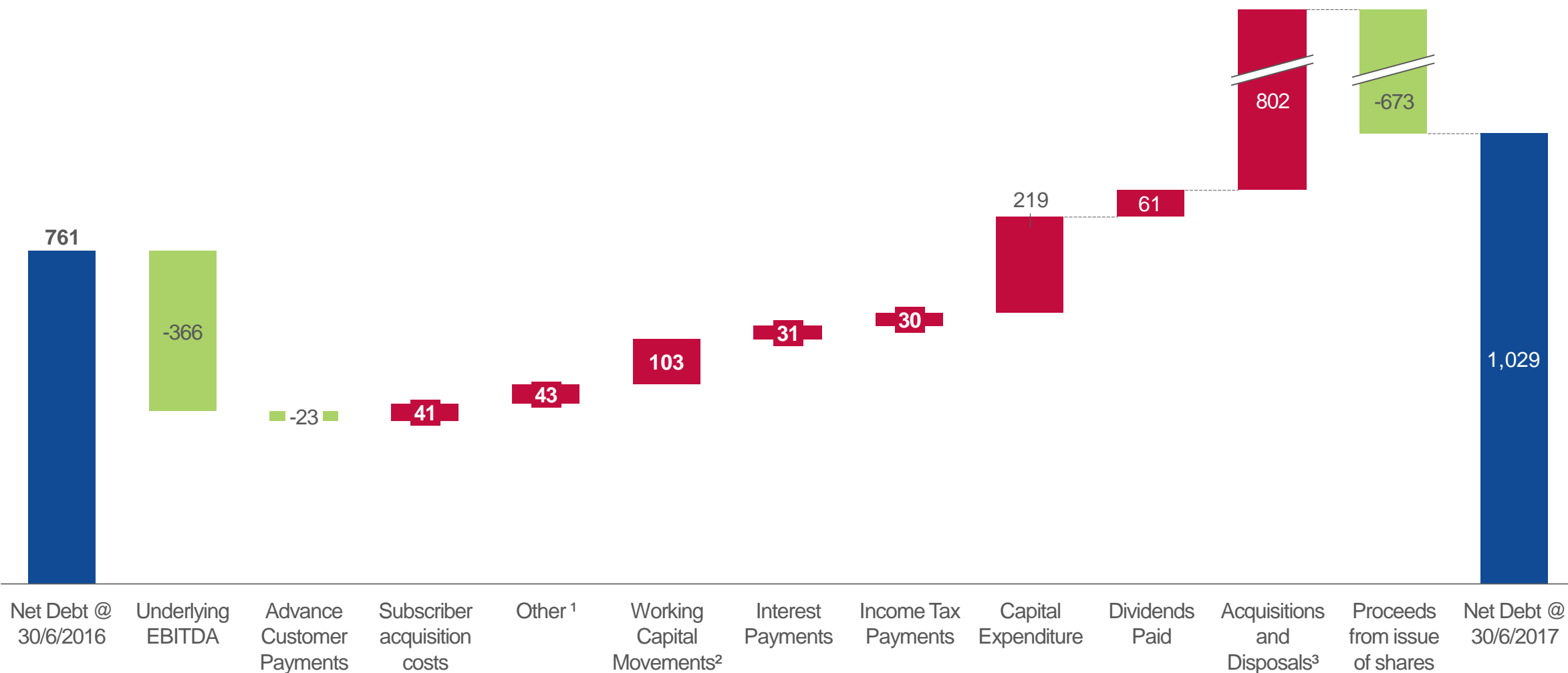


1. Nextgen acquisition was completed on 26 October 2016. This represents the contribution for the period of ownership inclusive of synergies
2. The M2 merger was completed on 22 February 2016, FY16 result had ~4 mths contribution from the M2 Consumer business
3. Other includes a compensation payment and electricity volatility impact

Operating Cash flow to Underlying EBITDA Bridge



Cash flow to Net Debt Bridge



1. Other included onerous provisions (\$16m), bounty unwind (\$15m), deferred revenue unwind (\$10m) and lease straight lining (\$2m)

2. Working capital movements include underlying NWC movements (\$91m) and tax/interest movements (\$12m)

3. Includes the acquisition of Nextgen, Switch, Smart Business Telecom and the sale of Connect 8, Macquarie Telecom stake and the Cisco Equipment business. Also includes integration costs

Subscriber acquisition costs (SAC)

Deferred SAC (\$'m)	Consumer	NZ	EW	Total
Deferred SAC balances 30/6/16	18.0	4.3	11.5	33.8
Deferred	25.5	10.6	10.7	46.8
Expensed	(9.2)	(5.0)	(4.7)	(18.9)
Deferred SAC balances 31/12/16	34.3	9.9	17.5	61.7
Deferred	25.0	7.6	11.1	43.7
Expensed	(15.6)	(7.9)	(6.8)	(30.3)
Deferred SAC balances 30/6/17	43.7	9.6	21.8	75.1
Current Deferred SAC	33.5	8.4	14.5	56.3
Non Current Deferred SAC	10.2	1.3	7.3	18.8
Deferred SAC balances 30/6/17	43.7	9.7	21.8	75.1

FY17 Movements	Consumer	NZ	EW	Total
Deferred	50.5	18.2	21.8	90.5
Expensed	(24.8)	(12.9)	(11.5)	(49.2)
Delta	25.7	5.3	10.3	41.3

- ✓ Deferred SAC balances for M2 were reset post merger in February 2016 as required by PPA
- ✓ Customer contract / relationships intangibles independently valued at that time, amortisation commenced and recorded “below the line”
- ✓ The difference between deferred and expensed SACs
 - in H2 FY16 was ~\$27m
 - in H1 FY17 was ~\$28m
 - in H2 FY17 was ~\$13m
 - In 1H FY18 ~\$3m
- ✓ Normalisation of SAC balances expected around the end of Q2 FY18.
- ✓ Deferred SACs in FY18/19 will be dependent on the rate at which SIOs are signed in the face of copper to fibre migration
- ✓ In FY19 a change in accounting standards will reduce the type and amount of SACs we can defer, analysis is ongoing

Capital Expenditure Update

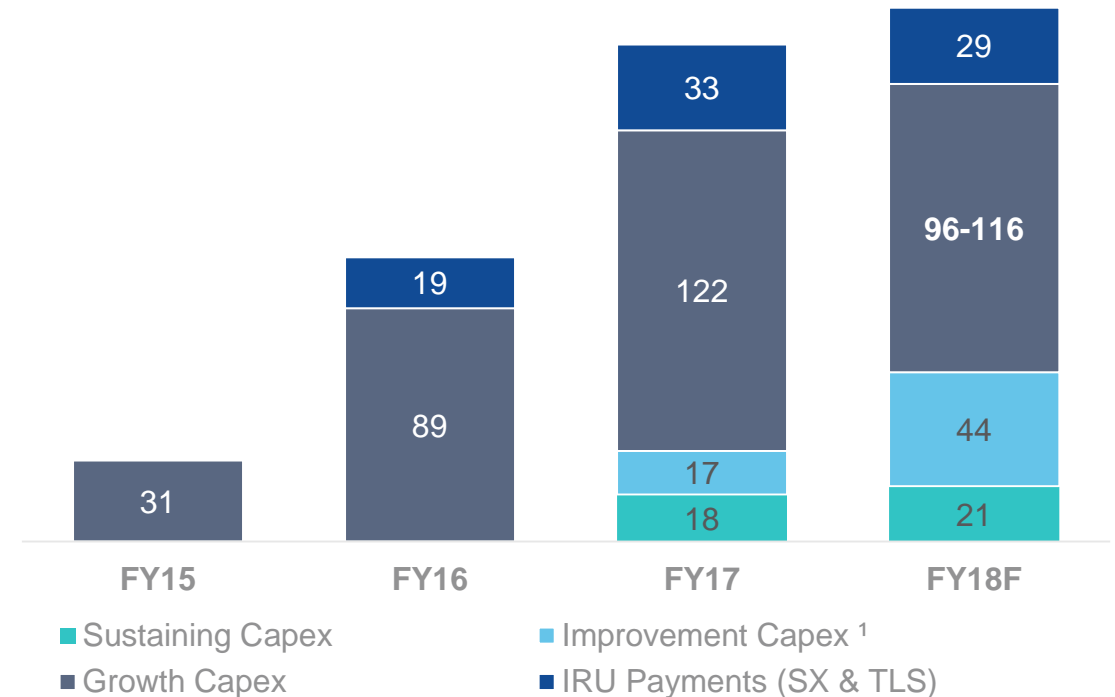
Capital expenditure in FY17 of \$189.6m (excl ASC project) was primarily associated with:

- IRU payments on SX and Telstra backhaul
- Growth capital expenditure in the Enterprise & Wholesale Division
- Costs associated with Technology & Network projects

In FY18 capital expenditure is expected to be in the range \$190-210m (excl ASC):

- SX IRU payments combined with Telstra IRU payments are expected to be ~A\$29.3m
- E&W capex is forecast to decline but will be dependent on bespoke project opportunities
- Capex associated with Transformation projects ~\$29.5m

Forecast FY18 Capital Expenditure (A\$m)



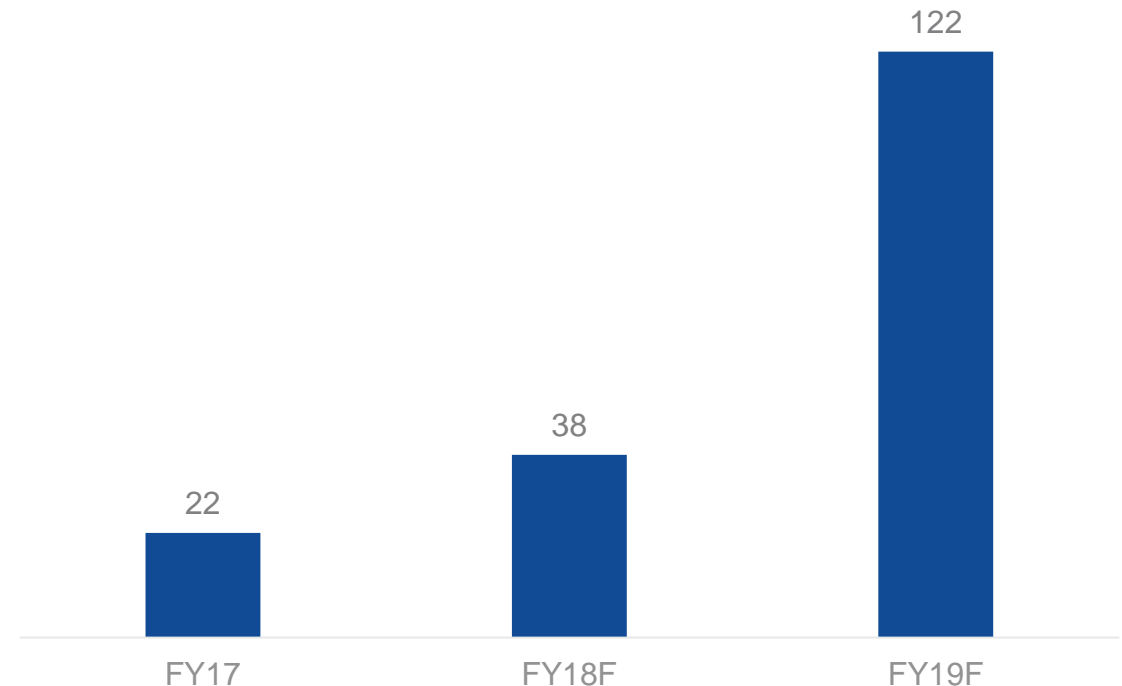
1. Improvement Capex includes augmenting core network capacity, upgrading network applications, integration of legacy platforms and investments in deploying new transformative operating systems

Update on Australia Singapore Cable (ASC) Project

- ✓ Vocus has recently signed a contract variation which included the expansion of the project to incorporate the construction of a spur to Christmas Island following significant interest from a range of Government agencies. The cash flow profile associated with capex as per the contract variation, including the new spur, is now expected to be:
 - 1HFY18 US\$32m
 - 2HFY18 US\$6m
 - 1HFY19 US\$122m¹
- ✓ The project continues to track ahead of schedule and is expected to be ready for service Q1FY19
- ✓ Engagement with prospective cornerstone customers continues with strong and growing demand for capacity on the route

1. Includes payment to Nextgen vendors and additional spend for Christmas Island spur

ASC – Investment Profile (US\$m)



Balance Sheet Movements

Period ended (\$'m)	30 Jun 16	31 Dec 16	30 Jun 17
Cash	128.6	131.5	50.2
PP&E	522.4	1,531.0	1,543.0
Intangibles	3,757.1	3,793.0	3,744.1
- Goodwill	2,960.3	3,007.5	1,475.1
- Customer Intangibles	350.2	322.0	293.1
- IRU capacity	126.7	149.6	143.7
- Brands and other	192.6	191.6	182.4
- Software	127.3	122.3	117.7
Trade Receivables	144.4	178.1	167.1
Other assets	144.6	199.2	199.3
Total assets	4,697.10	5,832.8	4,171.6
Loans and borrowings	889.2	1,122.5	1,079.5
Other liabilities	633.6	876.8	789.0
Total Liabilities	1,522.8	1,999.3	1,868.5
Net Assets	3,174.3	3,833.5	2,303.1

Key movements in the balance sheet from 30 June 2016 relate primarily to the acquisition of Nextgen on 26 October 2016:

- Increase in \$949m of PPE at business combination date including projects under construction;
- \$160m increase in deferred revenue shown in other liabilities representing primarily the contracts that underpin the North West Cable project (\$109m) and Corporate and Wholesale contracts (\$51m);
- \$41m in provisions arising on acquisition shown in other liabilities;
- \$48m increase in Goodwill as a result of transaction.

The other key movement is the decline in the value of goodwill resulting from the \$1,532m impairment recognised following a review of the key assumptions that underpin the valuation.

Net Debt Position

Period Ending (\$'m)	30 Jun 16	31 Dec 16	30 Jun 17
Bank loans	828.8	1,071.1	1,031.4
Backhaul IRU liability	31.3	25.3	25.3
Lease liability	29.1	26.1	22.8
Borrowings per balance sheet	889.2	1,122.5	1,079.5
Cash	128.6	131.5	50.2
Net Debt	760.6	991.0	1,029.3

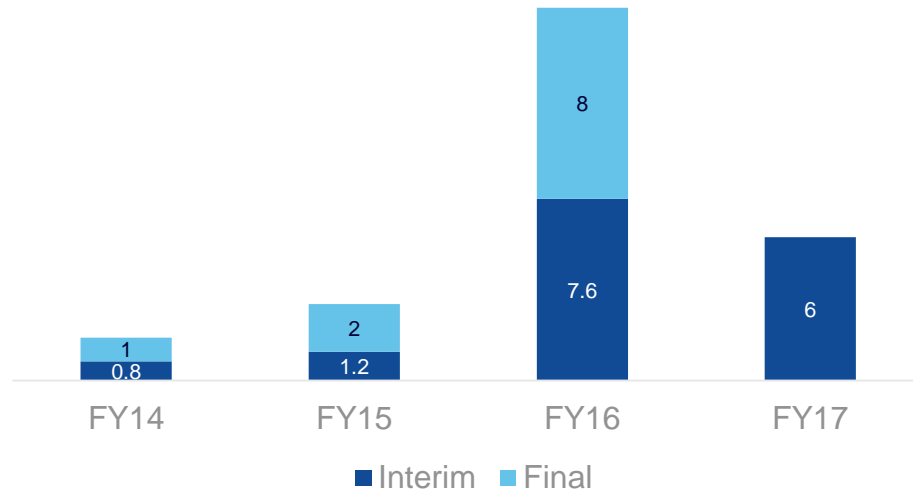
Covenants	Threshold	Surge ¹	Actual	Result
Leverage ratio	<3.0x	<3.5x	2.6x	✓
Interest Cover ratio	>5.0x	n/a	9.1x	✓
Maximum Gearing ratio	60%	n/a	30.9%	✓

1. Surge limit applied for 18 months after permitted acquisition eg Nextgen. The next time covenants will be test at 3.0x is 30 June 2018

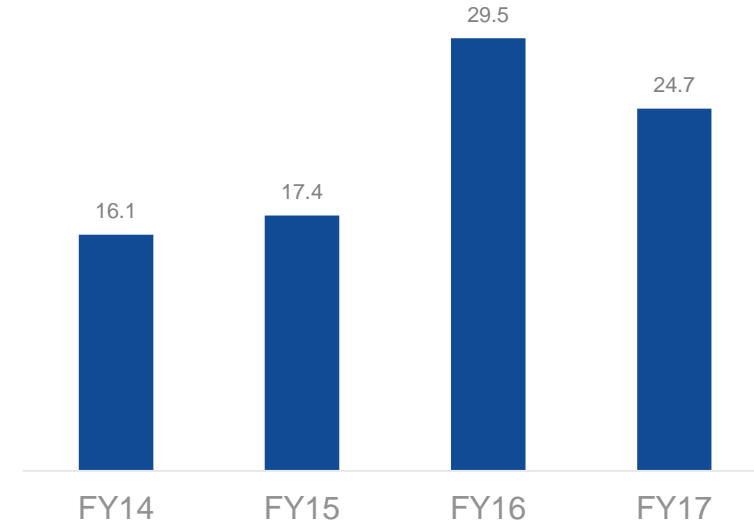
- Based on current forecasts for capital expenditure Net Debt is expected to be in the range of \$1.03-1.06bn at 30 June 2018
- The Company's leverage covenant is expected to be ~2.65x at 30 June 2018
- The Company will continue to assess opportunities to sell non-core Australian assets to reduce leverage

Shareholder Returns

Dividends declared (ex special dividends¹)
(cps)



Underlying Diluted EPS (cps)



- Diluted EPS impacted by the capital raising completed in July 2016 to fund the acquisition of Nextgen, which completed on 26 October 2016
- The Vocus Board has made the decision not to declare a final dividend for the FY17 year in light of the current competing demands and opportunities for capital investment across the business including the ASC project; combined with the focus of the Board on reducing the overall leverage in the business.
- An interim dividend of 6¢ per share fully franked was paid in April 2017
- The Board also does not anticipate paying an FY18 interim dividend



Business Outlook

CEO Geoff Horth



Enterprise & Wholesale – Strategic Priorities

Drive Top Line Growth

- Invest in sales team growth to take advantage of market share opportunity in Eastern States
 - Focus on segments where Vocus is currently under represented including Government & Carrier markets
 - Relaunch partner program to maximise opportunities presented by NBN disruption in the SMB market
-

Reduce Cost to Serve

- Transformation program to drive further consolidation of legacy systems, improve automation and customer experience
 - Unify the product portfolio across all segments to deliver a consistent customer experience and reduce operational complexity
-

Improve Returns

- Implement consistent national customer account management approach
- Focus on churn reduction and driving product penetration
- Focus on capital allocation and returns

Consumer – Strategic Priorities

Drive Top Line Growth

- Relaunch iPrimus, leverage awareness and target new customers
 - Focus on bundling energy, mobile and entertainment to drive value from existing customer base
 - Leverage dodo retail kiosk network and extend to new NBN areas
-

Reduce Cost to Serve

- Complete transformation of operations (Salesforce & Genesys) increasing customer satisfaction and delivering cost to serve improvements
 - Deliver new web and online capabilities to drive increased on line transactions
 - Leverage transformation team to improve automation and simplify the business
-

Improve Returns

- Focus data analytics to pre-empt churn
- Increase share of wallet through bundling
- Deliver a quality in home media streaming experience

New Zealand – Strategic Priorities

Drive Top Line Growth

- Broadband growth and UFB market share through Orcon refresh
 - Leverage size and relevance to drive growth in all segments
 - Drive product penetration across all market segments
-

Reduce Cost to Serve

- Automate everything and deliver better customer outcomes
 - Reduce complexity through streamlining brands
 - Ensure investment improves resiliency while reducing costs
-

Improve Returns

- Deliver service and support on our customers terms
- Bundle more services that complement the core
- Improve business processes that impact customer experience

FY18 Guidance

Top line growth offset to an extent at the EBITDA line by \$38m deferred SAC head wind

	FY18 Guidance
Revenue	\$1.9-2.0bn
Underlying EBITDA	\$370-390m
D&A ¹	\$130-140m
Net Financing Costs	~\$50m
Underlying NPAT	\$140-150m
Below the line amortisation	~\$87m
Capex (ex ASC)	\$190-210m
ASC Capex	US\$38m
Net Debt 30 June 2018	\$1.03-1.06bn

1. Above the line D&A

FY18 Earnings Guidance - Divisions

	FY17 Proforma (\$'m)		FY18 Forecast % chg	
	Revenue	EBITDA	Revenue	EBITDA
Aust. – Enterprise & Wholesale	764.6	378.1	Mid single digit growth	High single digit growth
- Consumer	795.1	124.9	Mid single digit growth	15-20% decline
New Zealand ¹	323	57.5	High single digit growth	Low single digit growth
Group Services	-	(171.0)		~\$(175)m

- ✓ Top line growth forecast across all divisions driven by leveraging expanded platform, increasing penetration of key markets and growing share of wallet through expanded product set
- ✓ Enterprise & Wholesale FY18 result will include a full 12 month contribution from Nextgen (compared to 8 months in the pcp) and a \$13m EBITDA contribution from various bespoke contracts signed in FY17/18
- ✓ The FY18 results will be impacted by the headwinds resulting from the deferred SACs benefit in FY17 of \$41.3m; \$13.3m in 2HFY17
 - Most significant impact in the Australian Consumer business (P&L benefit of \$25.7m in FY17)
- ✓ Increased competition in all segments driving ongoing focus on improving customer service and reducing cost to serve through automation

1. New Zealand guidance based on constant currency earnings
 There is more information on the outlook for each Division in the Operating and Financial Review

Group Strategic Priorities

1

Invest in
infrastructure
platform

- Leverage Nextgen acquisition and expanded platform to the insatiable demand for connectivity
- Continue to invest in core strategic infrastructure projects; ASC, NWCS spurs

2

Take Share

- Relaunch iPrimus to expand addressable market and support Dodo's aim to take 10% NBN share
- Relaunch Orcon to take advantage of UFB and connect 1 in 4 kiwi homes
- Leverage increased scale and relevance to drive growth in new business segments

3

Most Loved
Telco

- Invest in customer journey management in all segments to maximise product penetration and customer lifetime value
- Leverage data analytics to improve insight and to be more intuitive about our customers needs
- Consolidate business brands in Australia and New Zealand under Vocus Communications to leverage strong equity in this brand

4

Transform the
Business

- Remove network, technical and operational complexity and duplication
- Automate everything and put the customer in control
- Initial review of non core Australian assets completed; a number of assets identified for divestment

5

Improve
Returns

- Rigorous approach to capital allocation to improve returns
- Focus on costs to drive earning efficiency
- Refining our brand portfolio and go to market strategy to optimise marketing spend



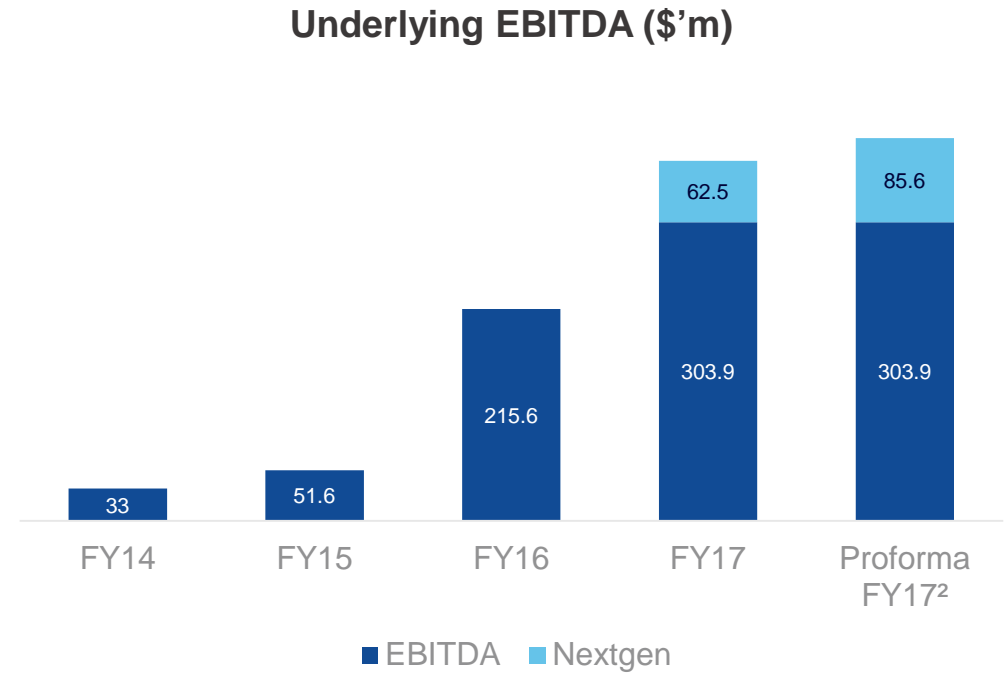
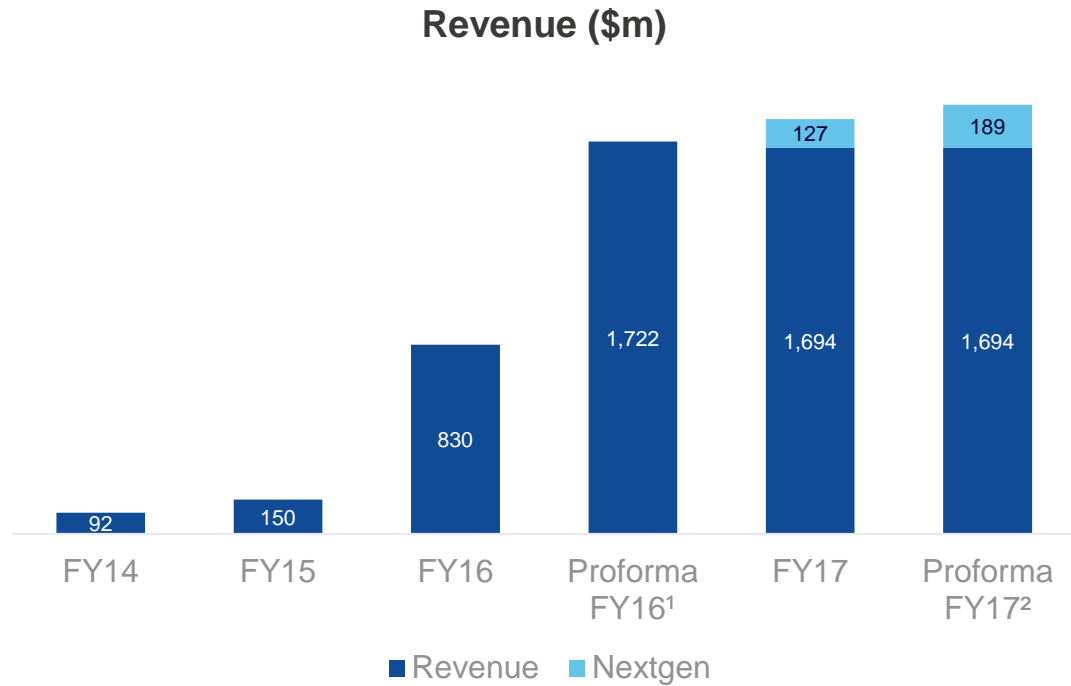
Questions



Appendices



Earnings Overview

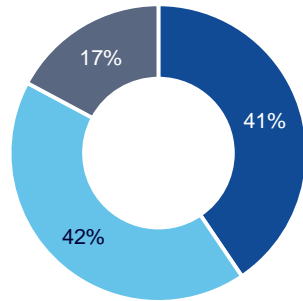


1. Proforma FY16 includes a full year contribution from M2

2. Proforma FY17 includes a full year contribution from Nextgen

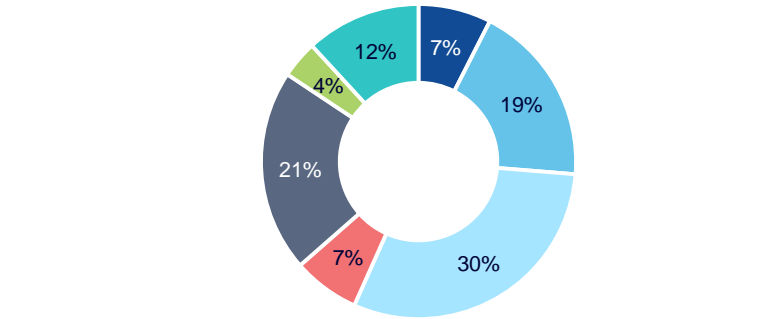
Group Earnings Breakdown

FY17 Proforma¹ Revenue Split by Division



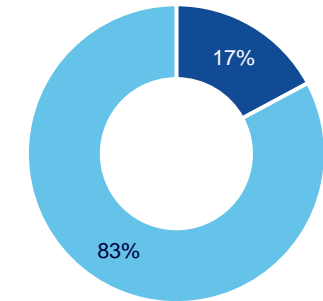
- Enterprise & Wholesale Aust
- Consumer Australia
- New Zealand

Proforma¹ FY17 Revenue Split by Product



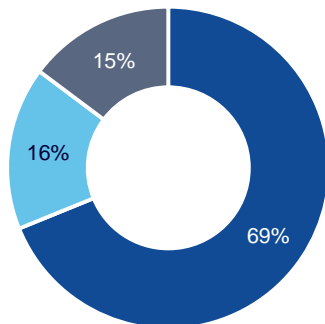
- Internet
- Fibre & Ethernet
- Broadband
- Data Centres & Other
- Energy
- Voice
- Mobile

Proforma¹ FY17 Revenue Geographic Split



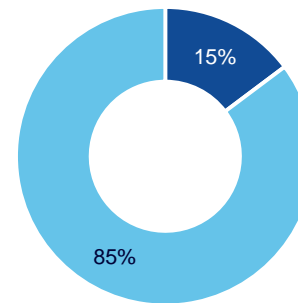
- New Zealand
- Australia

FY17 Proforma¹ Underlying EBITDA Split by Division



- Enterprise & Wholesale Aust
- Consumer Australia
- New Zealand

FY17 Proforma¹ Underlying EBITDA by Geography

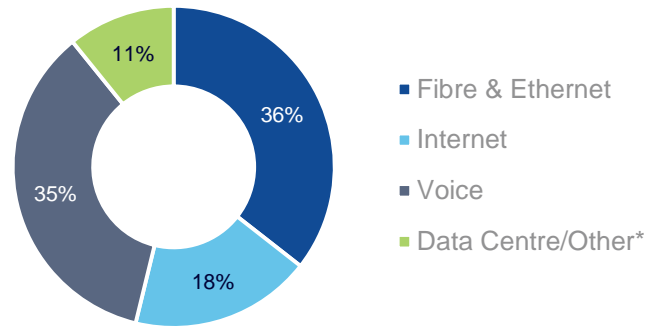


- New Zealand
- Australia

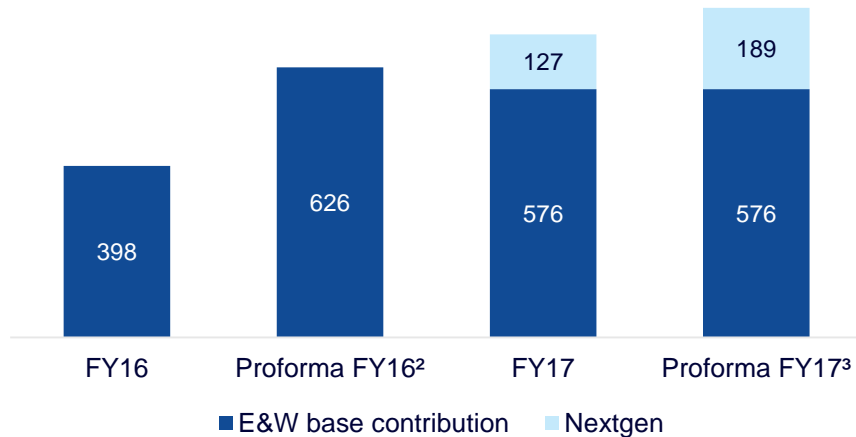
1. Proforma assumes a full 12 month contribution from Nextgen and Commander SMB business is in E&W revenue. Groups Services have been allocated on a proportional basis

Enterprise & Wholesale - Earnings Overview

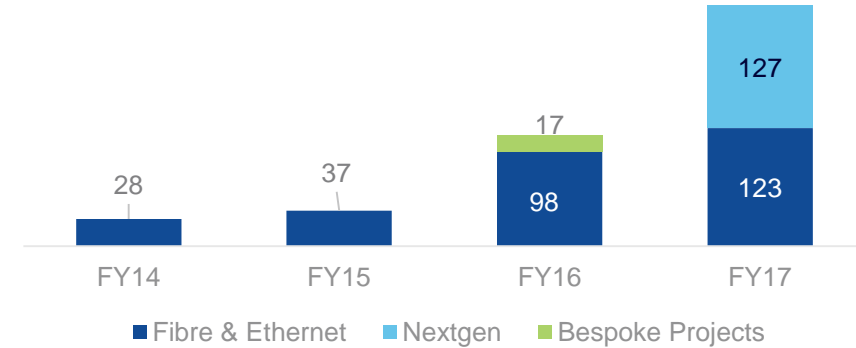
FY17 Revenue by Product



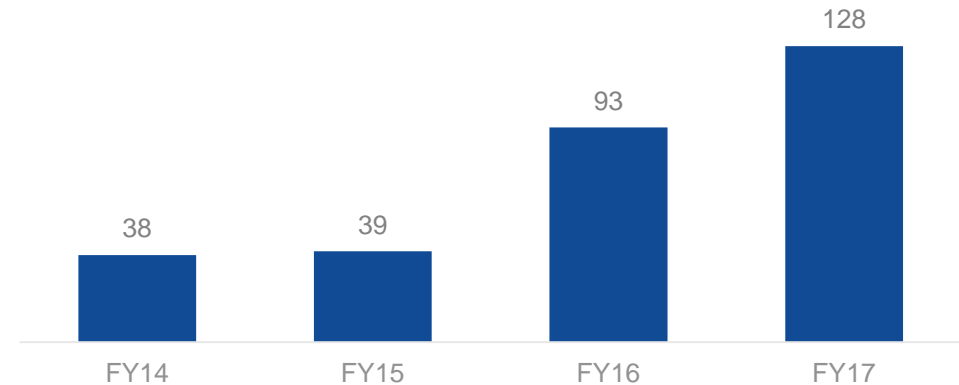
Enterprise & Wholesale Revenue (\$'m)



Fibre & Ethernet Revenue (\$'m)



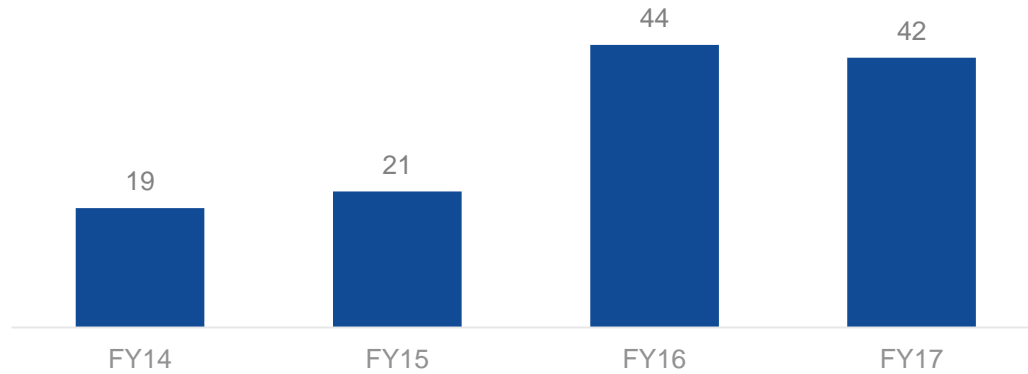
Internet Revenue (\$'m)



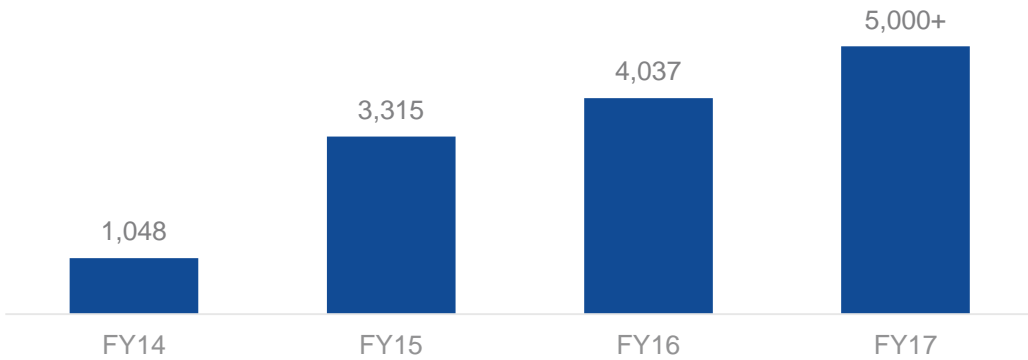
1. FY15 -FY17 excludes intracompany revenues
 2. Proforma FY16 includes a 12 month contribution from M2 Wholesale and Commander
 3. Proforma FY17 includes a 12 month contribution from Nextgen
 * Includes Commander mobile and hardware sales

Enterprise & Wholesale - Earnings Overview

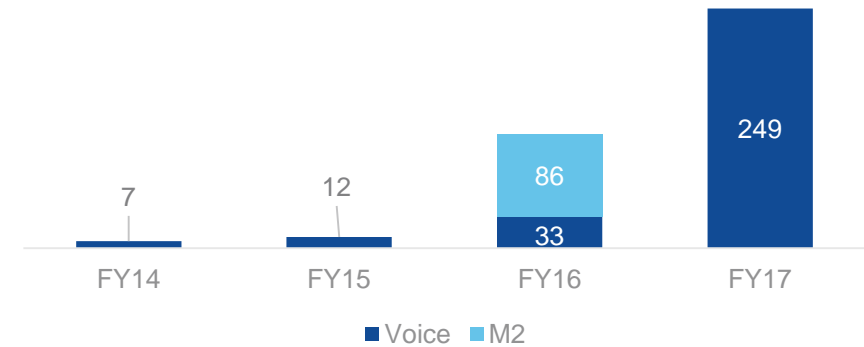
Data Centre Revenue¹ \$'m



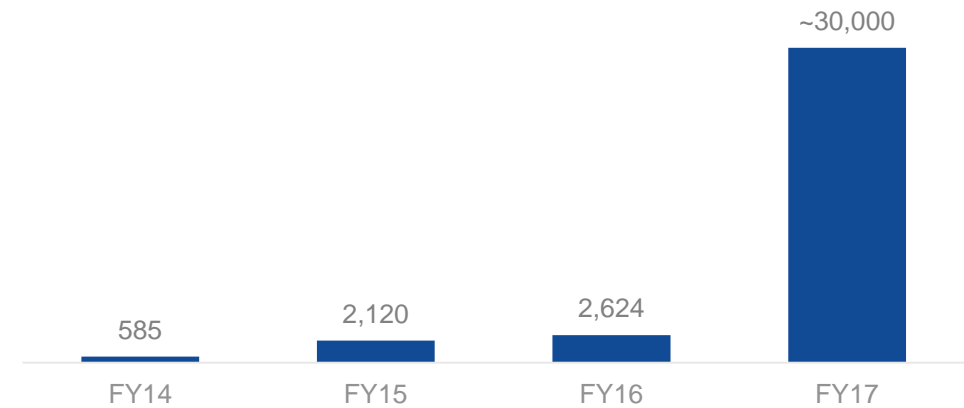
On-net buildings



Voice Revenue² (\$'m)



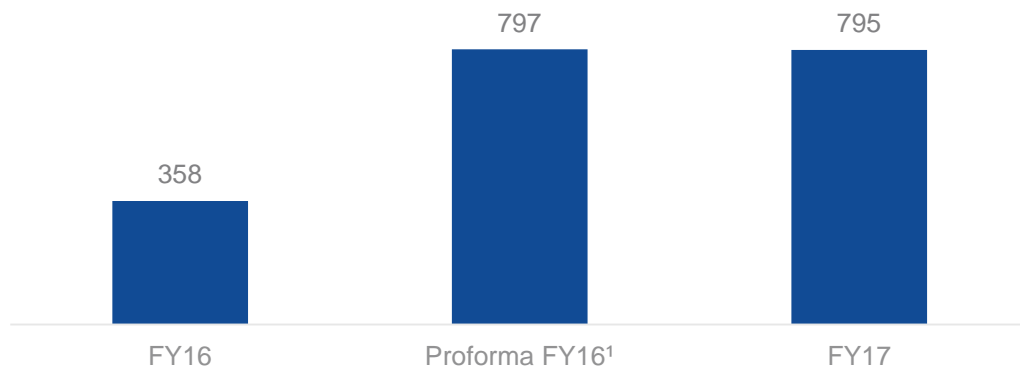
Metro Fibre km's



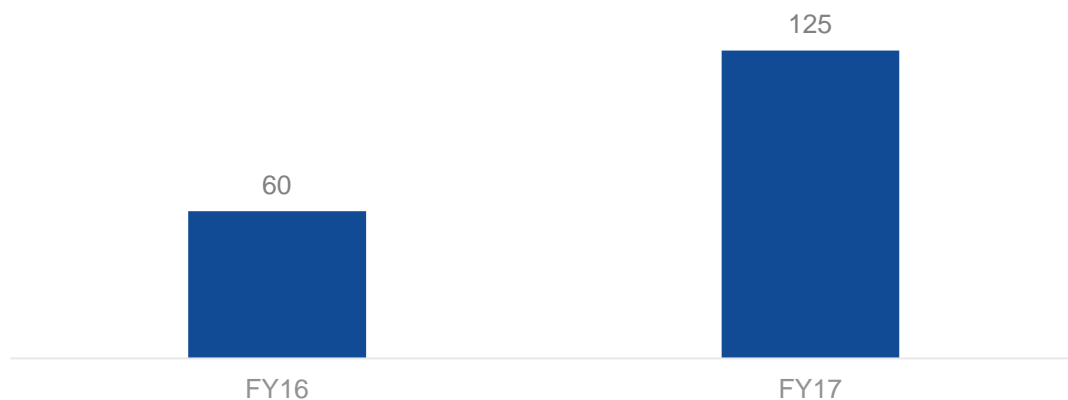
1. FY15 -FY17 excludes intracompany revenues
2. Includes SMB voice revenues

Consumer Australia – Earnings Overview

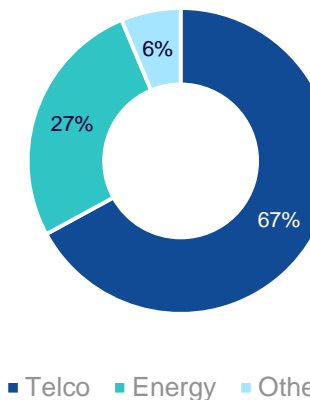
Consumer Australia Revenue \$(m)



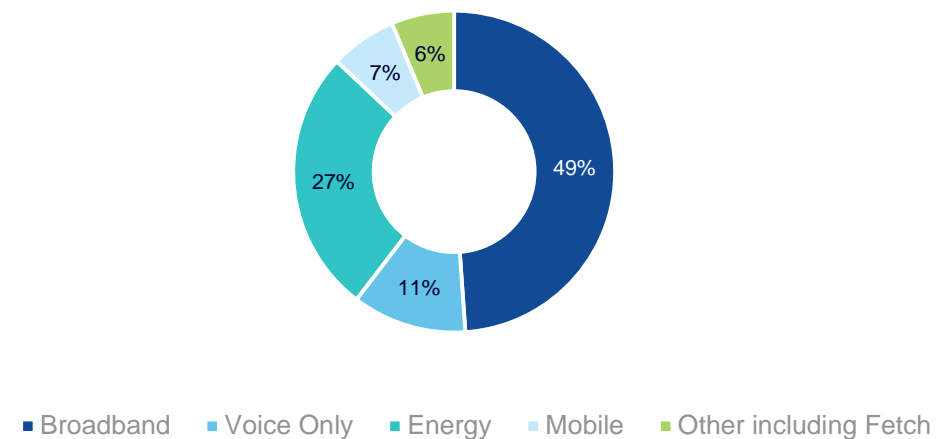
Consumer Australia EBITDA Growth on pcp \$(m)



FY17 Consumer Revenue Breakdown by Sector



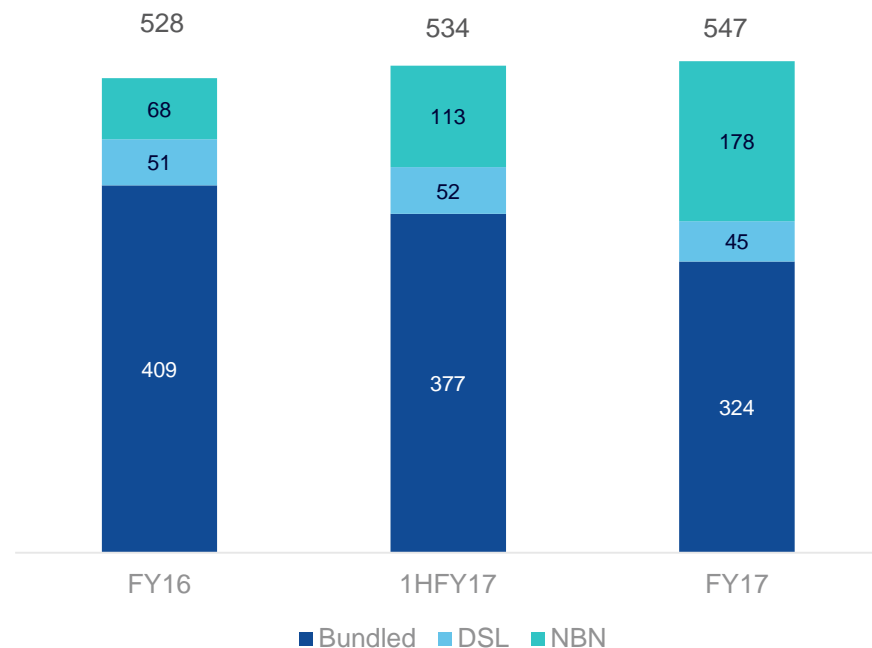
FY17 Consumer Revenue Breakdown by Product



1. Proforma FY16 represents a full 12 month contribution from M2 Consumer businesses

Consumer Broadband Trends

Consumer Broadband SIOs ('000)¹

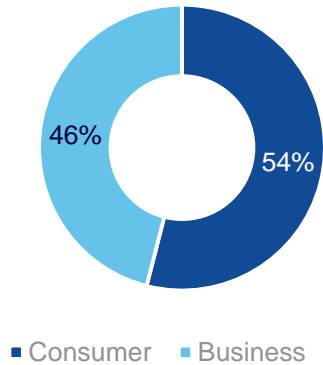


	FY16	FY17
ARPU\$ copper	60.62	61.04
AMPU\$ copper	24.64	25.26
ARPU\$ NBN	64.54	64.23
AMPU\$ NBN	22.07	20.26
Net churn copper (%)	2.4%	2.4%
Net churn NBN (%)	1.5%	1.4%
Market share Consumer NBN excl satellite	6.4	7.3
Energy SIOs ('000)	147	161
Mobile SIOs ('000)	169	163

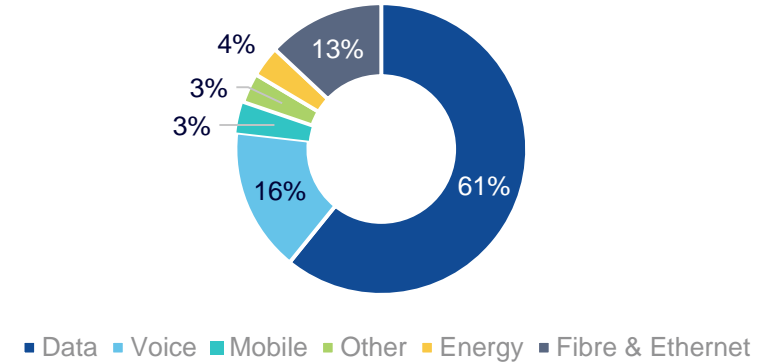
1. Data includes Amnet does not include Commander SIOs
2. ARPU and AMPUs based on per subscriber per month

New Zealand Earnings Overview - Update

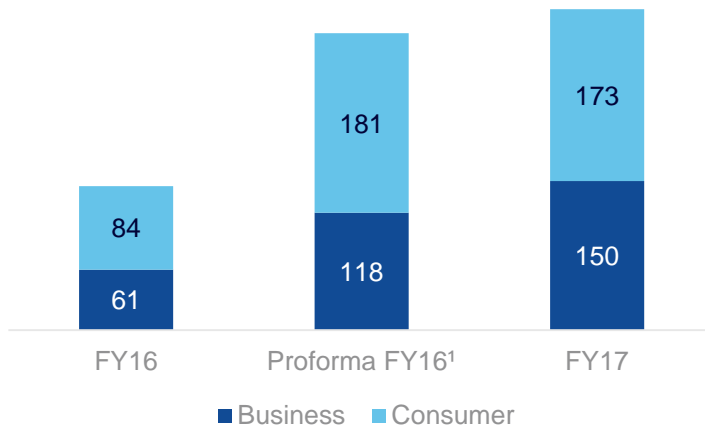
FY17 Revenue by Segment



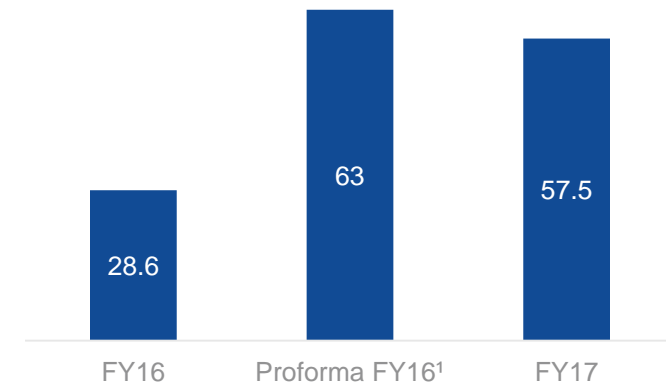
FY17 Revenue Split by Product



Revenue Growth (A\$m)



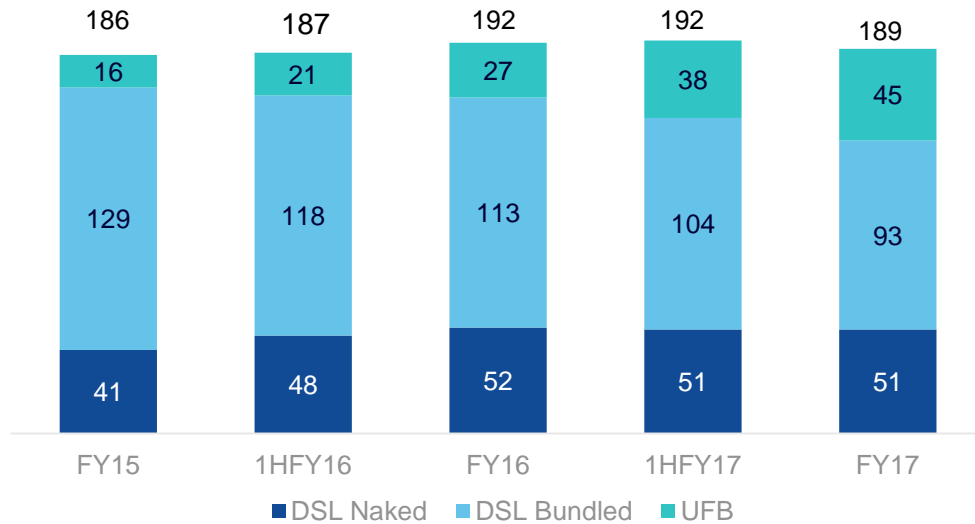
EBITDA (A\$m)



1. Proforma FY16 includes a full 12 month contribution from the M2 New Zealand Call Plus businesses. Proforma FY16 includes a ~NZ\$4.2m restructuring write back associated with the Call Plus acquisition

New Zealand Consumer Broadband Trends

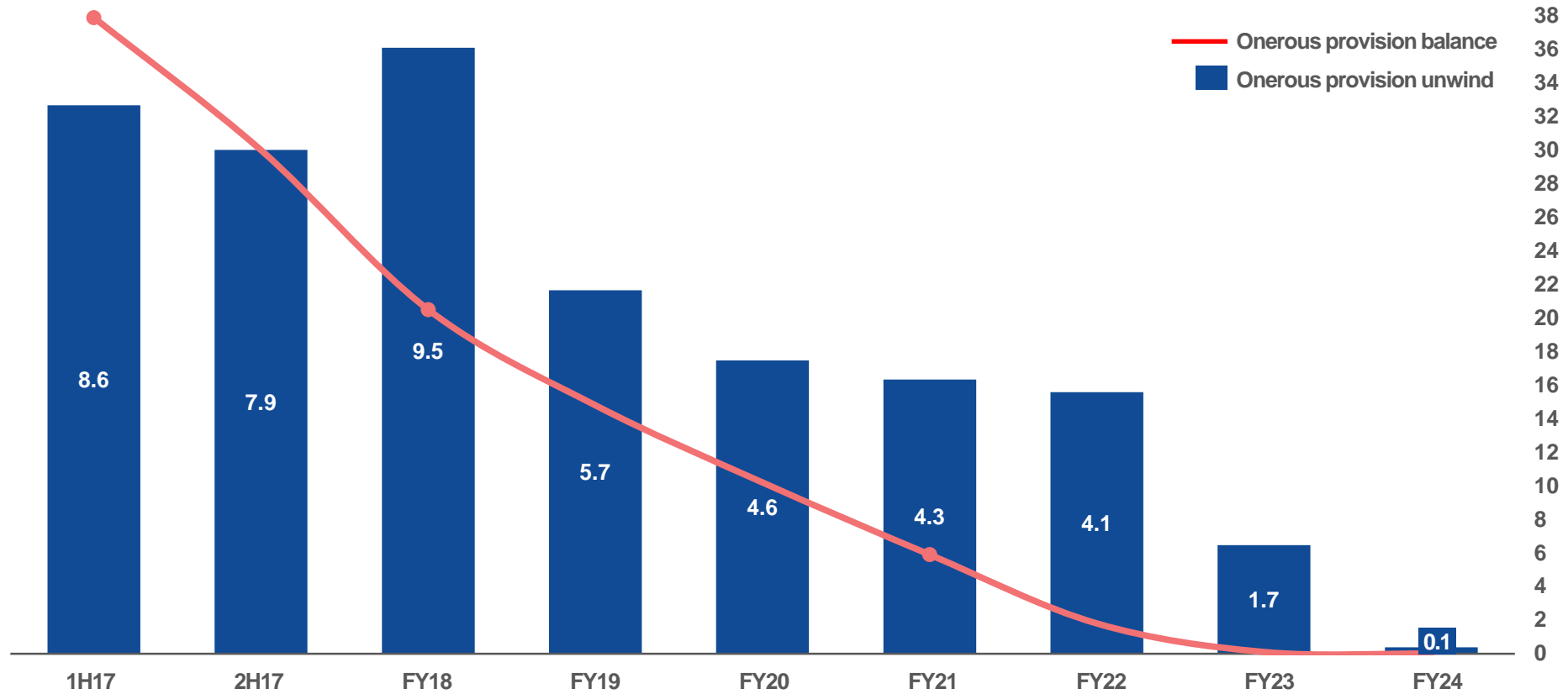
Consumer Broadband SIOs¹ ('000)



Period ended (\$'m)	Jun 16	Dec 16	Jun 17
ARPU NZ\$ broadband	71.37	71.88	71.21
AMPU NZ\$ broadband	29.61	29.72	28.87
Net churn copper (%)	2.8%	2.8%	3.0%
Net churn UFB (%)	2.0%	1.8%	1.9%
Market share UFB ² (%)	11%	12%	13%
Energy SIOs ('000)	-	2	5
Mobile SIOs ('000)	17	19	21
SMB SIOs ('000)	20	21	21

1. SIOs and other key consumer statistics prior to Dec 16 represent the M2 New Zealand consumer businesses
2. Market share UFB estimated based on April and May actuals and an estimate for June 2017 based on order volumes. Industry data not released for June 2017 yet.
3. ARPU and AMPUs per subscriber per month

Onerous provisions cash release profile

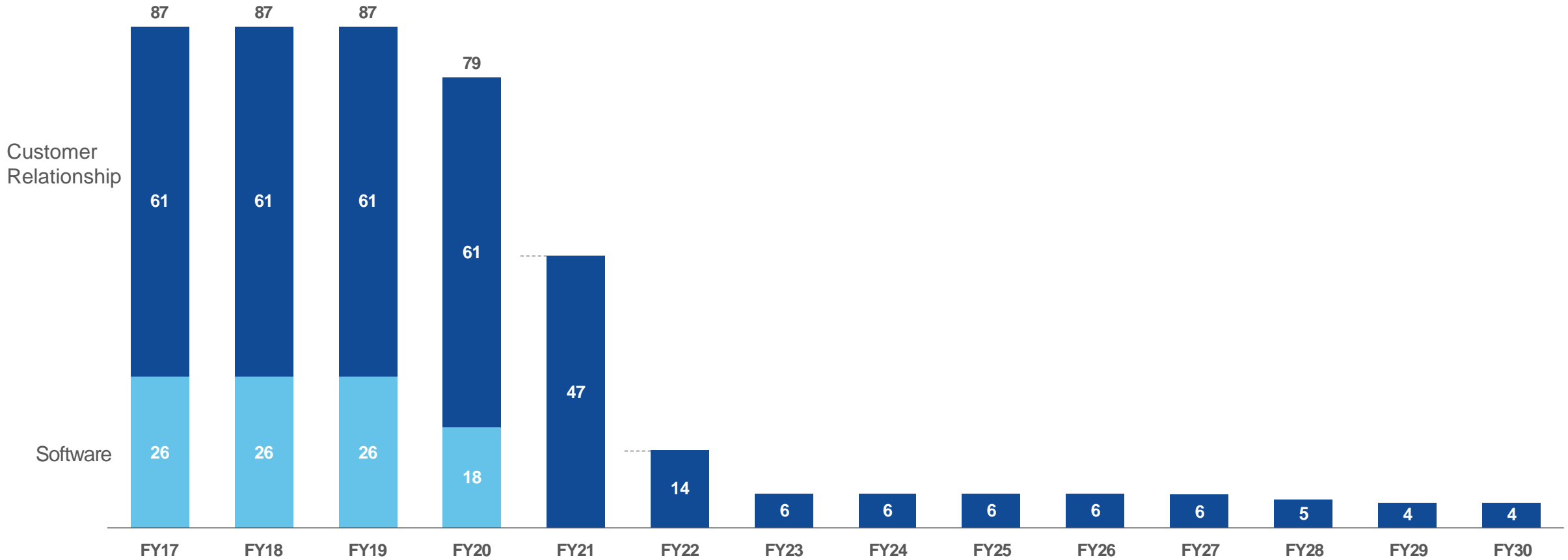


Notes:

1. Onerous contract provisions created on acquisitions
2. Include property leases and Metronode contract

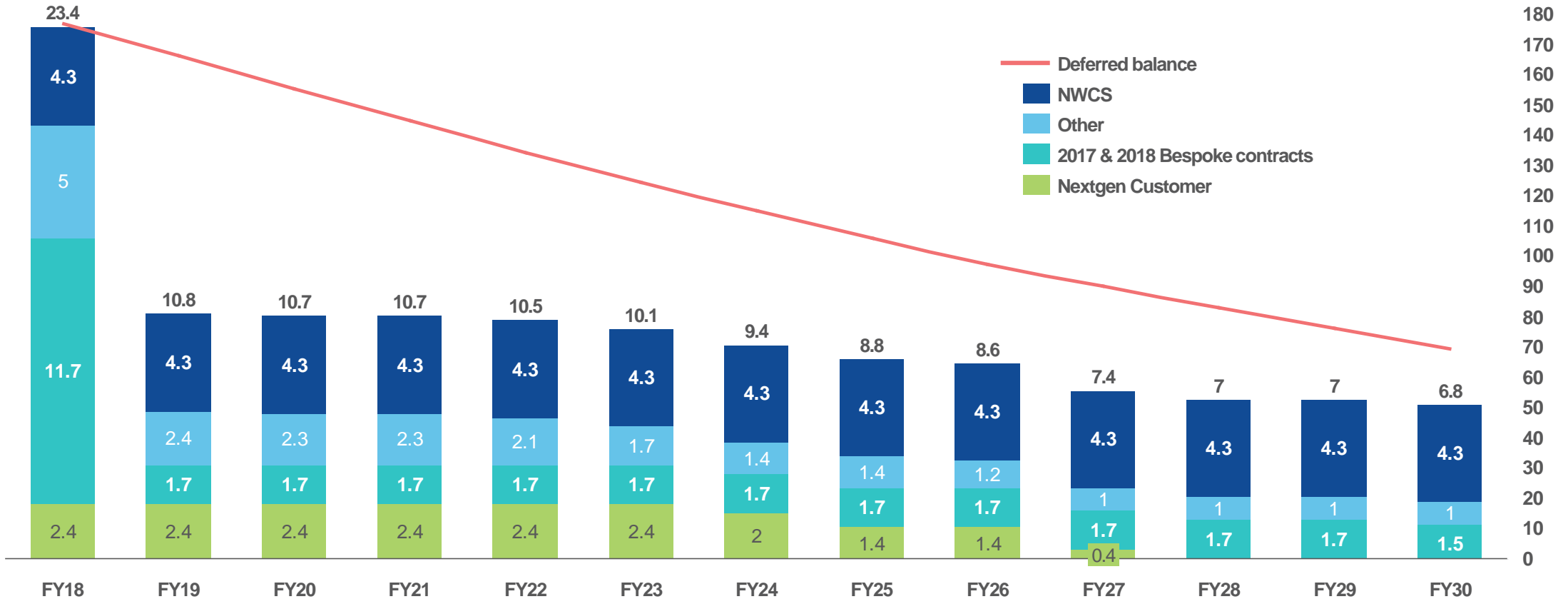
Below the line amortisation - intangibles

Acquired Customer Relationship & Software (\$M)



Deferred Revenue Profile 2018 - 2030

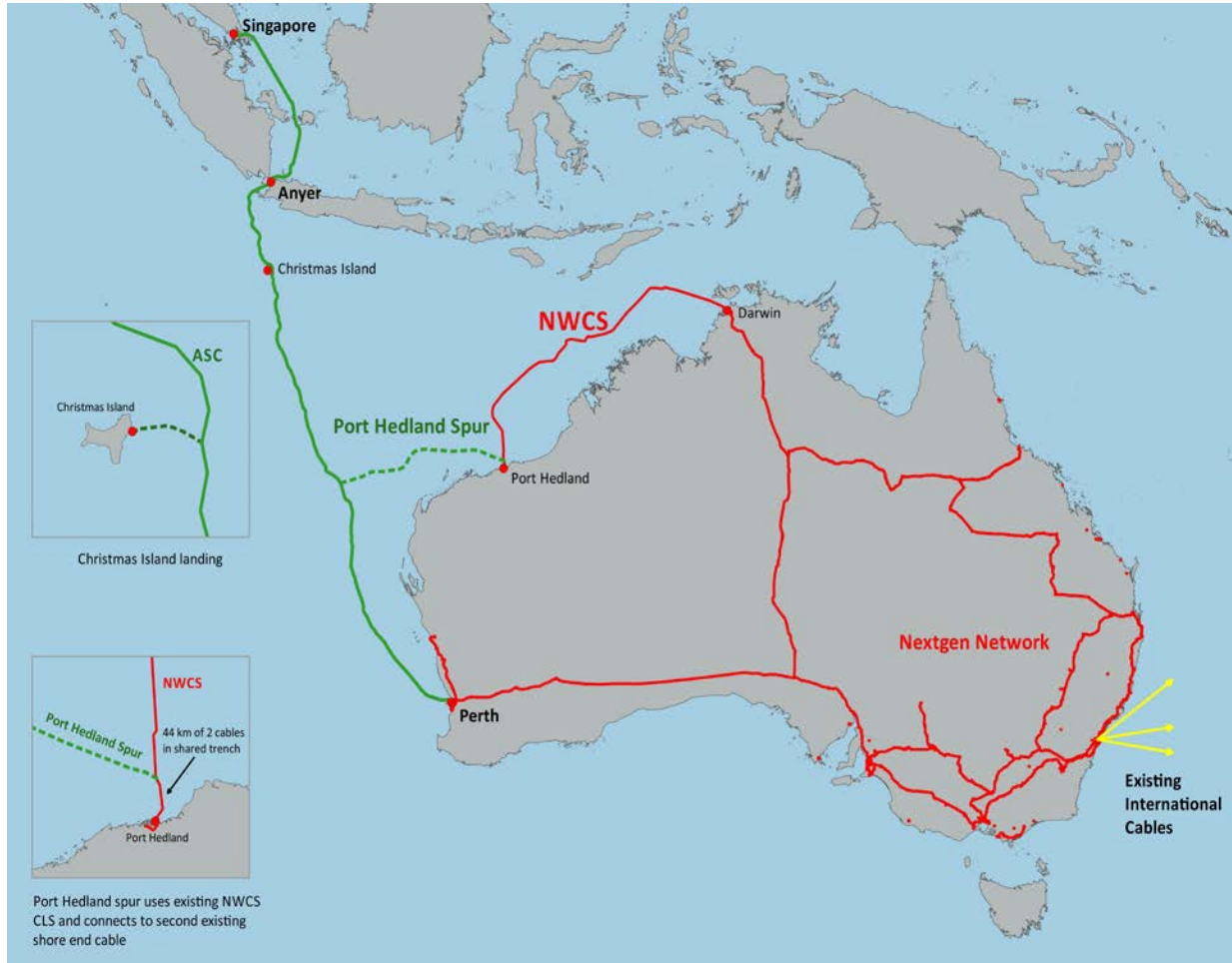
Deferred Revenue (\$M)



Notes:

1. All long term deferred revenue sits within Enterprise & Wholesale & NZ.
2. Short term (monthly in advance) revenue is excluded from the above
3. NZD to AUD rate forecast at 0.95
4. 2017 & 2018 specific bespoke projects cash received: 2017 - \$22.3M / 2018 - \$5M

Australia - Singapore Cable



- ✓ **4,600km submarine cable system linking Australia to Singapore and Indonesia**
 - Project expanded to include a spur to Christmas Island
- ✓ **Project remains on budget and on track to be ready for Q1FY19**
- ✓ **Marine route survey and full system design completed**
- ✓ **Construction works now underway at the cable landing sites in Singapore, Indonesia (Anyer) and Perth**
- ✓ **Marine transmission system manufacturing in full swing:**
 - Marine cable – 50%
 - Land based electronics and power systems – 80%
 - Sub-sea electronic systems – 40%
- ✓ **Engagement with prospective cornerstone customers continues with strong and growing demand for capacity on the route**

ASC - Strategic Rationale

Strategic Rationale

- Access to burgeoning market for a diverse western path for Australian international traffic to and from Asia
- Creates an alternative path for International transit traffic from Asia to North America which may be subject to geopolitical and geographical risks
- Ability to leverage ownership economics on ASC to acquire equivalent commercials on other targeted international routes via swaps and peering relationships

Competitive Advantages

- First to Market: Ability to deliver the ASC system well ahead of the competing cable project
- Complementary Terrestrial Offering: Leverage the Vocus terrestrial assets to deliver customers access to all Australian mainland capital cities
- Diversity: Potential to offer diversity from both East and West coast of Australia which competitors may not be able to match

North West Cable System Update

- 1
 - North West Cable System (“**NWCS**”) is a **~2,000km submarine cable connecting Darwin and Port Hedland** with various branch connections providing high speed, fibre-based data services to offshore platforms
- 2
 - **State of the art two fibre pair cable with a design capacity of 12 Tbps** constructed by Alcatel Submarine Networks for a total construction cost of ~US\$130 million and which commenced services in October 2016
- 3
 - **Supported by foundation customers (Shell and INPEX) under long-term IRUs** for minimal base level of capacity that is expected to increase significantly once projects become operational with significant future use agreements with Woodside and Shell (Crux)
- 4
 - **Leveraged to significant demand** for high-capacity and reliable data connectivity services from offshore Oil & Gas platforms which are currently underserved by expensive, low-capacity and weather dependent satellite services
- 5
 - **NWCS was connected to INPEX’s Icthys platform on 30 July 2017** and is operational with testing underway. Connection to Shell’s Prelude due at the end of the month
- 6
 - **Opportunity** to connect the NWCS to Vocus’ Australian Singapore Cable (“**ASC**”) to provide **terrestrial connectivity services to offshore energy sector in Carnarvon Basin**

Glossary of Terms

\$	Australian dollars unless otherwise stated	IRU	Indefeasible right of use
ACCC	Australian Competition and Consumer Commission	kms	Kilometres
AMPU	Average margin per user	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
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	NZ\$	New Zealand dollars
CAGR	Cumulative Average Growth Rate	NPAT	Net Profit After Tax
CSA	Connectivity Servicing Area. A logical collection of end users defined by nbn. Each CSA has approximately the same number of end-user premises	NPS	Net promoter score
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	NWCS	North West Cable System
Capex	Capital expenditure	OCF	Operating Cash Flow
cps	Cents per share	PCP	Previous corresponding period
D&A	Depreciation & amortisation	PPA	Purchase price accounting
DSL	Digital subscriber line	PPE	Property plant & equipment
DRP	Dividend reinvestment plan	RBBP	Regional Backbone Blackspots Program
EBITDA	Earnings before interest, tax, depreciation and amortisation	SIO	Services in operation
EPS	Earnings per share	SX	Southern Cross Cable
FY	Financial year ending 30 June	UFB	Ultra Fast Broadband
IDA	Infocomm Development Authority of Singapore		

Disclaimer

This presentation (**Presentation**) contains summary information about Vocus Group Limited (**Vocus**) and its activities which is current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Vocus or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act 2001 (Cth). This Presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation to acquire shares in Vocus.

Vocus' historical information in this Presentation is, or is based upon, information that has been released to the Australian Securities Exchange (**ASX**). This Presentation should be read in conjunction with Vocus' other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

All financial information in this Presentation is in Australian Dollars (\$) or AUD unless otherwise stated. This Presentation contains pro forma and forecast financial information. The pro forma and forecast financial information, and the historical information, provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Vocus' views on its future financial condition and/or performance. The pro forma financial information has been prepared by Vocus in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory reporting requirements in Australia.

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

This Presentation contains certain 'forward looking statements', including but not limited to projections, guidance on future revenues, earnings, margin improvement, other potential synergies and estimates and the future performance of Vocus. Forward looking statements can generally be identified by the use of forward looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'outlook', 'guidance', 'potential' and other similar expressions within the meaning of securities laws of applicable jurisdictions and include. The forward looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Vocus, its Directors and management, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Actual performance may differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in this Presentation. Investors should consider the forward looking statements contained in this Presentation in light of those disclosures. The forward looking statements are based on information available to Vocus as at the date of this Presentation. Except as required by law or regulation (including the ASX Listing Rules), Vocus undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

Past performance, including past share price performance of Vocus and pro forma historical information in this Presentation, is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future Vocus performance including future share price performance. The pro forma historical information is not represented as being indicative of Vocus' views on its future financial condition and/or performance.

To the maximum extent permitted by law, Vocus, the underwriter and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation

This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction

VOCUSGROUP



VOCUSGROUP.COM.AU