ASX/Media Release

29 November 2016

2016 AGM – Chairman and CEO Speeches and Presentation

Vocus Communications (ASX: VOC) (Vocus) is holding its Annual General Meeting at 11am today in the Balinga Room, The Grace Hotel, Sydney. A live audio webcast of the meeting will be available on our website, www.vocus.com.au. A recording of the event will be available on the website later in the day.

The Chairman and CEO's formal speeches and presentation to be made at the meeting are enclosed.

The presentation includes an FY17 trading update. Key highlights include:

- An update on the CFO and Director appointments
- An update on the strategic direction of the Company
- Financial guidance for FY17 for Revenue, Underlying EBITDA and Underlying NPAT
- Guidance around the expected level of material items to be reported
- An update on the run rate of synergies achieved in relation to recent acquisitions
- An update on the outlook for FY17 capital expenditure

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About Vocus (ASX: VOC): Vocus Communications is an ASX listed, vertically integrated telecommunications provider, operating in the Australian and New Zealand markets. The Company owns an extensive national infrastructure network of metro and back haul fibre connecting all capital cities and most regional cities across Australia and New Zealand and directly connects more than 5,000 buildings. Vocus owns a portfolio of brands catering to corporate, small business, government and residential customers across Australia and New Zealand. Vocus also operates in the wholesale market providing high performance, high availability and highly scalable communications solutions which allow service providers to quickly and easily deploy new services for their own customer base.

CHAIRMAN DAVID SPENCE SPEECH 2016 AGM

Slide 3 - FY16 A Year of Significant Growth and Transformation

As I am sure you are all aware our Company has gone through a major transformation over the last 2 years transitioning from an Australian, east coast centric, metropolitan fibre operator, providing high speed connections to a portfolio of commercial premises and data centres; to the owner of a fully integrated modern high speed telecommunications network across Australia and New Zealand. Following the merger with M2, completed earlier this year, your Company now has a full suite of nationally recognised brands providing targeted services across this network to a growing portfolio of corporate, wholesale and mass market customers.

This transformation has been created through a series of mergers and acquisitions combined with the power of our sales and marketing teams leveraging our expanded infrastructure platform and market presence. Vocus' fibre network today combines the FX Networks' fibre back bone in New Zealand, acquired in October 2014; the Amcom west coast centric fibre network acquired in July 2015; the backhaul network of the recently completed Nextgen acquisition; with the original Vocus metro fibre assets, to create one of the most advanced telecommunications infrastructure platforms in Australia and New Zealand. This platform combined with the rollout of the National Broadband Network, commonly known as the NBN in Australia and the Ultra-Fast Broadband project or UFB network in New Zealand, improves the Company's competitive position to provide a range services to its targeted market segments.

In FY16 Vocus continued its track record of reporting strong growth in earnings which flowed through to a 388% increase in the full year ordinary dividend to 15.6cps. In addition the Company paid a 1.9cps special dividend in April this year.

It is pleasing that our growth has been recognised by the broader market place with the Company recently awarded the Deloitte Fast 50 Technology Leadership Award ($50m+ revenue).

Slide 4 - Update on Key Appointments

As you may have read after 7 years of helping to manage our Company's relentless growth our CFO Rick Correll has decided to leave the Company and take a well-earned break before looking for other opportunities to use his wealth of experience in steering small high growth companies. We would like to thank Rick for his very significant contribution to helping manage the growth in the business over the last seven years.

We are well advanced with finding a replacement for Rick with a short list of candidates presently being considered and the announcement of an appointment currently expected soon. Given the time frame that may be involved in bringing on a new appointment we have made the decision to appoint current Vocus senior executive John Allerton to the role of interim CFO in addition to his current responsibilities heading our Commercial and Regulatory function. John has an extensive background and experience in the finance field as well as in the Australian telecommunications industry and is well equipped to lead the finance function through this period.

We also recently announced the resignation of two Directors from our Board, Mr James Spenceley and Mr Tony Grist, and we would like to take this opportunity to thank them for their contributions in developing both the Vocus and Amcom businesses and more recently to the Vocus Board.

We are well progressed with the process of appointing two replacement Directors. We have appointed a search firm to assist us with this process and already have an outstanding list of potential candidates.

We are focused on ensuring that we take the time to appoint candidates that bring complimentary experience and skills in areas that are not fully represented on the Board at the current time. We believe that the acquisitions made over the last two years have placed Vocus in a strong and competitive position to take advantage of the many opportunities emerging in the market to leverage the world class infrastructure platform that the Company now owns. It is important that we have an independent Board well positioned to guide the Company through its next phase of growth.

We hope to announce these appointments over the next few months.

Slide 5 - Strategic Direction

That leads me to touch on Vocus' broad strategic direction following a very active period of M&A, before I hand over to Geoff to dive into the specifics of the near term outlook.

As mentioned previously at the end of October we completed the acquisition of Nextgen Networks and the process of integration is now under way. This acquisition delivers the last significant strategic piece of the terrestrial infrastructure puzzle in Australia for Vocus. It delivers the business greater control over its cost base and expands our Company's competitive product suite.

The Nextgen Networks acquisition includes two strategic infrastructure projects that provide opportunities to further develop the Company's infrastructure platform and deliver enhanced levels of service, reliability and security to our Company's customers.

The first project, the North West Cable System (NWCS) has recently commenced services and foundation customers are now coming online. We will continue to look for ways to leverage this infrastructure with key customers in the region.

The second project is the Australian Singapore Cable (ASC) project. This sub- sea cable project is of national importance and a significant opportunity for Vocus shareholders. Since completing the acquisition of Nextgen we have advanced this opportunity and will update the market shortly on our progress.

The Company is making further investments this year in our sales, marketing and provisioning capabilities to leverage our portfolio of brands and ensure that we build and maintain high standards of customer service. This year we have decided to invest in our data analytics capability taking advantage of the forced shift from copper to fibre occurring over the next few years in both Australia and New Zealand. The aim of this investment is to grow our market share, reduce customer churn by improving the customer experience and boost our product bundling opportunities in the mass market.

We believe Vocus is well placed to take advantage of the growing demand for increasingly resilient, secure and reliable network connectivity. We are of the view that the growth in demand for bandwidth will be faster in the next ten years than the last ten years and your Company is well placed to take advantage of this opportunity. The rollout of the NBN and UFB places the Company on a level playing field to secure new business not only in the mass market but in the commercial sector.

After such a busy period of M&A our CEO Geoff Horth and his management team have a significant task over the next two years integrating the businesses and ensuring that we maximise the returns from the platforms we have built. The Board will ensure that the team is given all the support that is required to deliver the promised benefits of our integrated platform.

With that I will hand over to Geoff to take you through a more detailed view of the outlook for your Company over the next twelve months before I return to run through the formal business of the meeting.

Slide 6 - CEO Geoff Horth AGM Address

Thanks David. Good morning everyone I would just like to add my welcome and thanks to all those shareholders who have joined us at the venue and on the webcast through the Vocus website.

As David has mentioned, in the last two years and in particular the last eighteen months Vocus has seen its business profile expand significantly. The next few slides are designed to just give you a snap shot of your Company's business and the outlook for each of the Divisions.

Slide 7 - Vocus Snap Shot Infrastructure

On this slide you can see the Company's integrated fibre network across Australia and New Zealand following the completion of the acquisition of Nextgen Networks. We now have 30,000km of advanced fibre network with 23,000 km of fibre connecting the length and breadth of Australia. In addition we now have in excess of 5,000 buildings on net in Australia and a portfolio of 23 data centres across Australia and New Zealand.

Slide 8 - Vocus Snapshot Infrastructure

Complementing our presence in Australia and New Zealand we also have access to international submarine cable networks to Singapore, Hong Kong and the United States. As previously mentioned by David, the ASC project would, if pursued, also enhance our international interconnectivity.

Slide 9 - Strategic Overview

Now that we have put this outstanding infrastructure platform together, our goal is to leverage the network to the rapid growth in demand for bandwidth, in turn improving returns for shareholders. Our four key areas of focus are:

1. Invest in our fibre network, lead with connectivity and leverage that to deliver high quality applications and content that are relevant to our customers.
2. Be the most loved Telco, make our products simple and reliable and our processes highly automated, give our customers the ability to manage their own experience (engage with us on their terms) and use our rich data sources to be more intuitive about our customers' needs and potential areas of concern
3. Combat commoditisation and competition risk by being relentless about efficiency
4. An engaged and motivated team will ensure we achieve our amazing potential

Slide 10 - Vocus Snap Shot Brand Portfolio

Following the merger with M2 earlier this year, the Company now has a brand portfolio providing targeted services across the consumer, small business, corporate, government and wholesale segments of the market. Our brands are benefitting from the increased size and scale of the Vocus Group which has driven improved brand support and recognition across the market opening new doors for the business.

Slide 11 - Corporate & Wholesale (AU) – Update

Moving now to trading conditions across the Group in the first quarter of FY17.

First up the Australian Corporate and Wholesale business. The Division continued the 4QFY16 strong sales growth trajectory into the first quarter of the FY17 year with our sales teams recording a record quarter. Net new monthly recurring revenue over the quarter was $1.35m. This figure represents new gross monthly recurring revenue net of cancellations and the impact of customer re-signs.

The ongoing positive trajectory in sales has placed pressure on our provisioning resources and caused a lag in the conversion rate of sales to monthly revenue. As a result we have decided to expand our provisioning team by approximately 19 people to ensure customer services standards are maintained and ensuring a timely conversion of sales to actual billed revenue. We currently expect provisioning lead times to normalise by January 2017.

The Nextgen Networks acquisition delivers opportunities for growth in segments of the market where Vocus has been under represented, including Government and certain sections of the Corporate market. Cost synergies are expected to be in the range of $30m per annum and the Company expects to be at that run rate exiting FY19.

The contribution to Underlying EBITDA in FY17 from the Nextgen Networks acquisition is expected to be approximately $41m for the circa 8 months between completion and 30th June 2017. This forecast excludes the contribution from the benefit of synergies and an initial contribution from the NWCS project of approximately $3m. This result is below our expectations at the time the acquisition was announced and is due to a high level of customer cancellations, the impact of the re-signing of contracts on lower margins and a slowing in overall sales performance following the announcement of the transaction. Now that we have full control over the business we are confident that the quality of the assets combined with our significant Corporate & Wholesale sales team will allow us to rebuild sales momentum and drive future revenue growth.

Slide 12 - Consumer (AU)

Turning now to the Australian Consumer business. This Division has been able to grow its market share of new NBN subscribers signing 26,333[1] new subscribers in the September quarter or approximately 10% of NBN total new subscribers in the quarter. In FY16 we successfully relaunched the iPrimus brand pitching it at slightly different demographic than the Dodo brand. This strategy has proved successful with iPrimus now accounting for 25-30% of Vocus' new NBN subscribers. We believe that the business can consolidate its market share of NBN subscribers around these levels over the medium term.

At the end of the first quarter of FY17, Vocus combined market share of total NBN subscribers was 7.1 % up from 6.4% at 30 June 2016. The Consumer division has been the key contributor to this growth in market share representing 88% of all services connected in the quarter.
However, overall broadband consumer subscriber growth in the first quarter has not met our expectations due to a number of outages on our primary consumer broadband supplier's provisioning platform. This has impacted both new service connection and customer experience. While these issues have now largely been addressed and we don't expect them to be repeated, the net growth in consumer broadband subscribers in 1HFY17 will be lower than the previous corresponding period (pcp) and below our expectations at the start of FY17.

During the quarter Dodo relaunched its Fetch subscription television packages, with new hardware and an enhanced programming platform. Early indications are that this will deliver significant opportunities to lift the average value of a subscriber's bundled package and assist in reducing churn. The package is expected to be extended to iPrimus customers in coming weeks.

Slide 13 - Consumer Update

The net churn rate across our consumer copper broadband subscriber portfolio over 1Q FY17 was 2.6% per month. In comparison our NBN net churn rate in the first quarter of FY17 was circa 1.5% per month reflecting the improved customer experience on the NBN platform. However our net churn on our copper broadband packages remains above other published market statistics and we continued to be focused on improving this through the provision of new

[1] Includes SMB and Wholesale NBN customers

NBN ready modems combined with investments in our unified agent console and contact centre solution outlined in our FY16 annual results presentation.

Pleasingly, the lower churn on NBN implies greater lifetime customer value. In addition our per customer NBN margins are comparable to copper broadband with our Average Margin Per User (AMPU) per month on our blended copper broadband portfolio currently $24.10 compared to NBN at $23.60.

The NBN presents a significant opportunity for Vocus but there are also, inevitably, costs associated with transitioning our existing customers to this new technology across marketing, operational resources and customer equipment. Our average costs to transition an existing customer to NBN is approximately $125, we therefore expect additional costs in FY17 of approximately $7.9m related to this customer migration. These costs are one off in nature but will continue for several years as we progressively migrate our customers to NBN.

Slide 14 - New Zealand Update

Turning now to our New Zealand business. The business targets customers across the corporate, wholesale and consumer market segments and has continued to perform to expectations and is well positioned to take advantage of the rollout of the UFB in New Zealand. The Business connected 6,717 UFB services in the 1Q FY17 representing approximately 17% share of all new UFB services connected in New Zealand over the quarter.

Average revenue per UFB subscriber per month is currently NZ$78.47 reflecting the higher speeds New Zealand customers are subscribing for compared to Australian consumers. Average margin per UFB subscriber per month is NZ$32.62.

During the first quarter the business signed two new Wholesale agreements, including with Stuff Fibre. The New Zealand business is well positioned in the market to secure new business in this area as other organisations seek to leverage brand recognition into the provision of new retail services on the UFB. Our investment in customer self service enhancements should assist in driving growth in the wholesale market.

Likewise, the business and corporate sales teams are starting to gain traction following the M2 merger. With an increased portfolio of products to sell into this market on the back of our comprehensive national fibre network, we see strong growth opportunities.

The network and service platform integration between Call Plus and M2 is largely complete. The focus now is on bringing together the Vocus and M2 networks, rationalising billing systems and investing to improve the customer experience and reduce costs.

Slide 15 - Outlook

Turning now to the outlook for the Company across the fiscal 17 year. We expect revenue in FY17 to be in the order of $1.9bn. Factors driving revenue include:

- Strong growth in data, core fibre and ethernet revenues offset to an extent by:
  - the disposal of the non-core Aggregato US pre-paid calling business (~$35m);
  - the impact of a wholesale fibre build contract not being rolled forward from FY16 (~$17m);
  - lower mobile wireless revenue due to the elimination of commissions and a decline in the subscriber base (~$21m); and
  - a declining fixed voice revenue in the consumer and small business segment reflecting in part the migration from legacy to IP voice (~$30m).

We are currently expecting FY17 Underlying EBITDA to be in the range $430m to $450m. The forecast range assumes:

- no material change in the business environment in Australia or New Zealand over the course of FY17;
- an eight month underlying EBITDA contribution from Nextgen Networks in the order of $41m and excludes synergies and an initial contribution from the NWCS expected to be approximately $3m;
- the upfront costs associated with the migration of existing subscribers to NBN in the order of $3.5m in operating expenses;
- the impact of a high margin wholesale fibre build contract in the Corporate & Wholesale business not being rolled forward from FY16, of approximately $14m;
- an additional investment in sales, marketing and provisioning across the Australian Corporate and Wholesale Division of $4m to $5m; and
- the achievement of certain acquisition synergy run rates by the end of FY17 expected to be in the order of $57m.

Slide 16 - Outlook

Following the Nextgen acquisition we are currently expecting depreciation & amortisation to be in the order of $98m.[2] Underlying NPAT is expected to be in the range of $205-215m driving low to mid teen underlying EPS growth. The Board has the stated aim of increasing dividends in line with the growth of the business taking into account the capital requirements and accretive opportunities in M&A and further infrastructure projects.

We are currently expecting to report a material below the line expense in the order of $105m[3]. This expense will include:

- Acquisition and integration costs of ~$17m primarily associated with Nextgen acquisition and the M2 merger; and
- The non-cash amortisation of acquired customer intangibles of ~$61m and the amortisation of software intangible uplift of ~$27m arising from the purchase price allocation process

[2] Does not include the amortisation of acquired intangibles arising from purchase price allocation
[3] Does not include Nextgen stamp duty payment

We continually review our portfolio of businesses and assets with a view to ensuring that we are allocating our capital to the areas of our business we can generate the best returns for shareholders. This may result in the sale of non-core businesses and assets from time to time.
The results for FY17 are expected to be skewed to the 2H FY17. Factors impacting the 1H FY17 result include:

- Additional investment in consumer sales, marketing and provisioning resources did not contribute to expected revenue growth due to outages on our primary consumer broadband suppliers provisioning platform;
- Delayed realisation of revenue in the Corporate & Wholesale division due to provisioning issues;
- Delayed completion of Nextgen and the underperformance of the Nextgen business relative to expectations; and
- The impact of a high margin wholesale fibre build contract not being rolled forward. This contract contributed approximately $10m to EBITDA in 1H FY16 and $4m to EBITDA in 2HFY16.

Net debt to underlying EBITDA is expected to be approximately 2x at the end of FY17. Given the growth and diversification of the business cash flows over the last twelve months this is considered to be a manageable level.

Slide 17 Profile of Acquisition Synergies
The achievement of acquisition synergies in the previously announced time frame is on track. The integration of the Nextgen business has commenced with an initial review of staffing levels and the welcoming of Nextgen people into Vocus teams across the business divisions. The network integration planning commenced prior to the completion of the acquisition is now under way and is being run in conjunction with the ongoing integration of the M2 business.

Slide 18 Capital Expenditure Update
Following the acquisition of the Nextgen backhaul network, capital expenditure in FY17 is expected to be approximately $186m inclusive of $32m of IRU or indefeasible rights of use payments.

Given new business opportunities, in particular in the Corporate & Wholesale business, growth capital expenditure including connections to new buildings and business CPE is expected to be approximately $84m in FY17. It is important to note that growth capital expenditure related to the connection of new buildings is only invested where new customers are signed, underwriting this expenditure.

IRUs relate to purchase programme for cable capacity. The increase in IRU payments in FY17 related to Southern Cross is due to strong sales growth in the Corporate & Wholesale business combined with the migration of customers to NBN and those services utilising Southern Cross capacity. The forecast also reflects $7m in payments to Telstra under the NBN POI (points of interconnect) backhaul IRU.

There are a number of new cable projects under evaluation that complement Vocus existing infrastructure platform. Expenditure associated with those projects will be announced when decisions are made to proceed.

In closing, I would like to thank you once again for your attendance at our AGM and your ongoing support as shareholders. The FY17 year will be one in which we are focused on execution of our strategy, delivering on the growth potential of the business and integrating the recent acquisitions. We are very confident of the strength of the business and can see significant opportunities for further growth and investment in the coming years.

I will now hand the meeting back to our Chairman David Spence to run through the formal business of the meeting.

2016 ANNUAL GENERAL MEETING

29 NOVEMBER 2016

CEO AND CHAIRMAN'S ADDRESS

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DAVID SPENCE
CHAIRMAN

2016 AGM ADDRESS

VOCUS.COM.AU

FY16 – A YEAR OF SIGNIFICANT GROWTH AND TRANSFORMATION

- 8 July 2015 - successfully completed the Amcom acquisition
- 22 February 2016 - Scheme of Arrangement with M2 implemented
- 29 June 2016 - Nextgen acquisition announced
- 22 July 2016 - successfully completed ~$652m capital raising via rights issue and placement to fund Nextgen acquisition (inclusive of the NWCS and ASC development projects)
- 26 October 2016 - Nextgen acquisition completed
- Reported record growth in revenue and profitability for FY16
  - Revenue ↑ 455% to $830.8m, Underlying EBITDA[1] ↑ 318% to 215.6m
  - Underlying NPAT ↑ 461% to $101.7m, Underlying diluted EPS[2] ↑ 72% to 29.9cps
  - Final dividend ↑ 300% to 8.0cps, full year dividend ↑ 388% to 15.6cps[3]

1. Underlying EBITDA excludes gains on total return swaps, acquisition and integration costs and other gains/losses. Underlying NPAT also excludes amortisation of acquired intangibles.
2. Underlying diluted earnings per share is calculated with reference to Underlying NPAT, which excludes the after tax effect of the items noted above. The weighted number of shares on issue for 2016 and 2015 have also been adjusted for the effect of the 1-for-8.9 rights issue undertaken in July, in line with accounting standards.
3. Excludes special dividend of 1.9cps paid in April 2016

UPDATE ON KEY APPOINTMENTS

- CFO search underway, short list developed
    - Expect appointment soon (start date to be determined with successful candidate)
    - John Allerton, Vocus Head of Commercial and Regulatory appointed as interim CFO to ensure detailed handover
- Board member search underway
    - Skills identified
    - Search firm selected
    - Short list developed
    - Expected appointments(s) over 2H FY17

STRATEGIC DIRECTION

- Nextgen Networks acquisition completed 26 October 2016
  - Final piece of the terrestrial infrastructure puzzle in Australia
  - Enhances control over Vocus cost base
  - Expands product offering for corporate, government and wholesale customers
  - ASC[1] and NWCS[2] cable projects open up further strategic opportunities
- Vocus now has the fixed network infrastructure platform to rival all major players
  - Future projects designed to enhance infrastructure position
  - Infrastructure designed to target rapidly growing requirement for security and resilience
  - Investment in sales, marketing and provisioning capability to leverage portfolio of brands
  - Investment in data analytics designed to grow mass market share taking advantage of shift from copper to fibre in both Australia and New Zealand

1. ASC – Australia-Singapore Cable project
2. NWCS – North West Cable System

GEOFF HORTH
CEO

2016 AGM ADDRESS

VOCUS.COM.AU

VOCUS SNAPSHOT - INFRASTRUCTURE

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

Note: Map for illustrative purposes only.

(1) Regional Backbone Blackspots Program ("**RBBP**") was a 2009 Commonwealth initiative to provide competitive wholesale backbone services in regional markets. Nextgen was provided with A$250 million to design and construct the RBBP network from February 2010 to February 2012.

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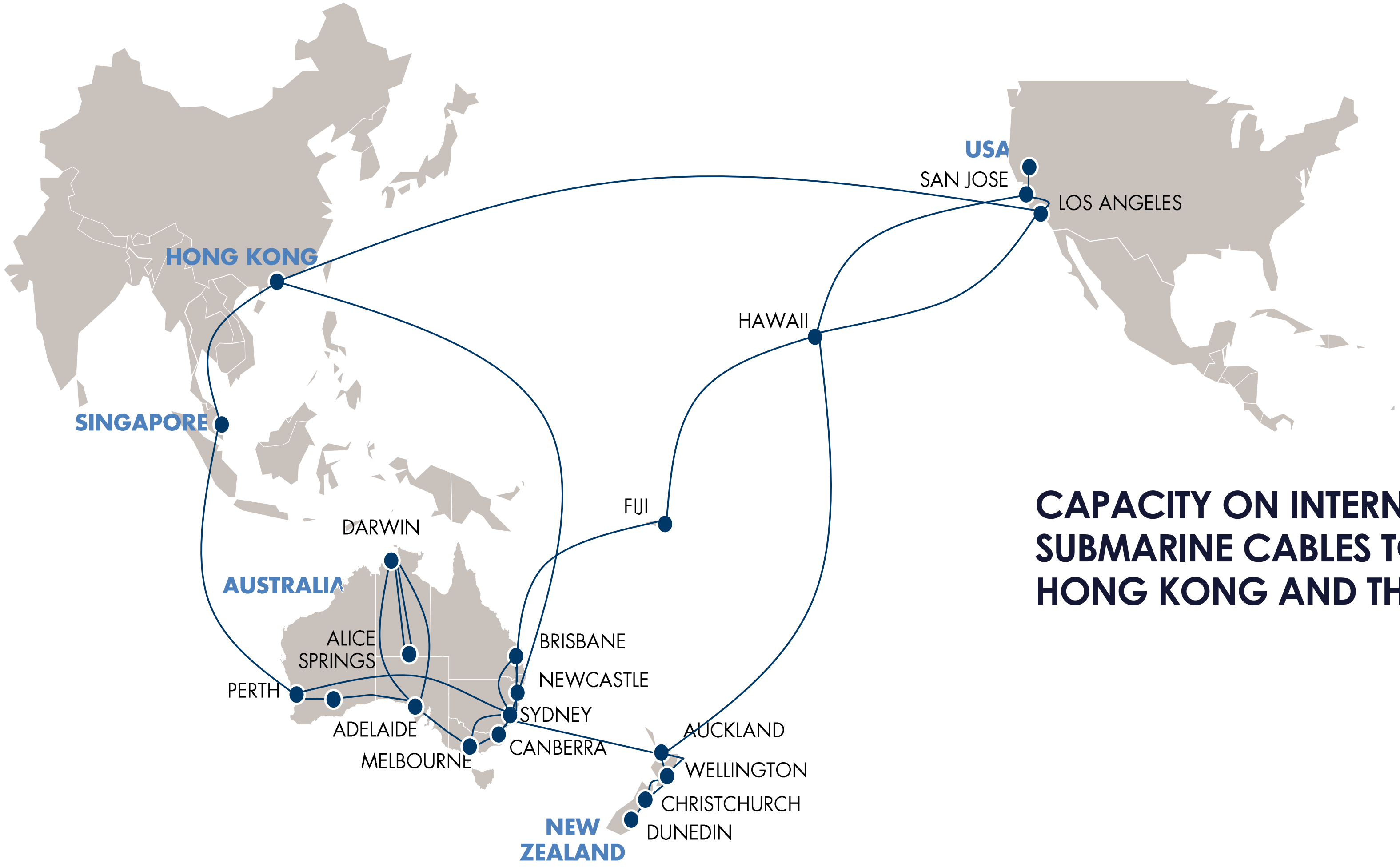
VOCUS SNAPSHOT - INFRASTRUCTURE

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



CAPACITY ON INTERNATIONAL SUBMARINE CABLES TO SINGAPORE, HONG KONG AND THE UNITED STATES

STRATEGIC OVERVIEW

LEVERAGE OUR INFRASTRUCTURE PLATFORM TO THE GROWTH IN DEMAND FOR BANDWIDTH

- Continue to invest in our fibre network, lead with connectivity
  - Complement with products that leverage that connectivity (internet, voice, content)
  - Only enter adjacencies that strengthen the core (eg. energy)
  - Focus on execution
- Be the Most Loved Telco
  - Simplicity, automation -> reliability
  - Customer in control
  - Analytics -> insights -> next best action
- Efficiency combats competition/commoditisation risk – future proofs the business
- Live the values and create a great place to work

VOCUS SNAPSHOT – BRAND PORTFOLIO

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

Consumer	SMB	Corporate	Wholesale
Households in Australia and New Zealand	2-49 employees	50-2000 employees and government departments	

Key Australian Brands

Key New Zealand Brands

CORPORATE & WHOLESALE (AU) - UPDATE

- Net new monthly recurring revenue (MRR)[1] for 1Q FY17 of $1.35m reflecting ongoing benefit of the expanded sales team and growing brand acceptance and recognition
- Rapid growth in new MRR has resulted in longer lead times on customer provisioning and thus conversion to revenue
- We have expanded the provisioning team by an initial ~19 people to ensure customer service standards are maintained and a timely conversion of sales to active accounts
  - Expect provisioning lead times to normalise by January 2017
- Nextgen Networks acquisition provides opportunities for growth in new market segments
  - Cost synergies expected to be $30m per annum, full run rate achieved by FY19
  - Eight month Underlying EBITDA contribution in FY17 expected to be ~$41m[2] (excluding synergies), below our initial expectations driven by: customer cancellations; the impact of the re-signing of contracts on lower margins; and slowing in overall sales performance following the announcement of the transaction
- We are confident that the value of the business is strong and we can rebuild momentum combining the strength of the Vocus sales team with the best-in-class Nextgen fibre assets to drive future revenue growth

1. New gross monthly recurring revenue (MRR) of $1.96m for 1QFY17 net of the impact of customer re-signs and the impact of cancellations
2. Excludes an initial contribution from the NWCS project of ~$3m expected in FY17

CONSUMER (AU) - UPDATE

- A further 26,333 new NBN subscribers[1] added in 1Q FY17
  - 88% of new NBN subscribers added were in the consumer market
  - SMB market uptake slower and later
  - Vocus gaining average 10% of NBN market share growth in 1Q FY17
- Vocus market share of total NBN subscribers grew to 7.1% by end 1QFY17, from 6.4% at 30 June 2016
- Overall broadband net subscriber growth has been below expectations due to a number of outages on our primary consumer broadband suppliers' core provisioning platform
  - Impacted service connection and customer experience
  - Largely addressed and one-off in nature, but net growth in broadband subscribers will be lower than pcp[2]
- Dodo launched new Fetch subscription TV packages choice of two new Fetch boxes. Offer extended to iPrimus subscribers in coming weeks
  - Expect this will improve customer experience and lower churn rates over time

1. Includes SMB and wholesale customers
2. Growth rate in the previous corresponding period (pcp) as reported by M2 in 1H FY16

CONSUMER (AU) - UPDATE

- 1Q FY17 **net** churn rate[1] in copper broadband of 2.6%
- 1Q FY17 **net** churn rate[1] for NBN subscribers of 1.5%, reflecting improved customer experience
- 1Q FY17 copper broadband ARPU[2] of ~$61.70 and the AMPU[3] of ~$24.10 per subscriber per month
- 1Q FY17 NBN broadband ARPU[2] of ~$65.40 and the AMPU[3] of ~$23.60 per subscriber per month
- Cost of migrating copper broadband customers to NBN currently estimated to be $125 per subscriber:
    - ~$70 NBN ready modem. Cost to be capitalised and depreciated over 24 month period
    - ~$55 direct operating expenses including labour associated with migration
- Total upfront costs of migrating copper broadband subscribers across to NBN in FY17 estimated to be $4.4m in capital expenditure and $3.5m in operating expenses

1. Net churn is net of movements including moving house and technology change i.e. migration to NBN
2. ARPU – average $ revenue per user
3. AMPU – average $ margin per user

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NEW ZEALAND - UPDATE

- Consumer broadband market share at the end of 1Q FY17 was ~14.5%
  - 6,717 UFB subscribers connected in 1Q FY17
  - Share of new fibre orders in 1QFY17 has increased to 17%, benefit flowing through to 2Q FY17 results
  - UFB ARPU[1] is NZ$78.47 per subscriber per month and AMPU[2] is NZ$32.62
  - Copper broadband ARPU[1] is NZ$70.13 per subscriber per month and AMPU[2] is NZ$28.81
- The business is starting to gain traction in the Corporate market following the M2 merger and the enlarged platform and presence
- Signed new wholesale agreements, including with Stuff Fibre, well positioned to secure further new business in the wholesale market
- Integration of network and service platform following M2 and other acquisitions largely complete
- Our focus is now on bringing together networks and billing systems and investing to improve the customer experience and reduce costs

1. ARPU average $ revenue per user per month
2. AMPU – average $ margin per user per month

OUTLOOK

- Currently expect FY17 revenue to be ~$1.9bn
  - Strong growth in data, core fibre and ethernet revenues
  - Offset to an extent by:
    - ✓ Sale of non-core Aggregato US prepaid calling business (~$35m)
    - ✓ Lower mobile wireless broadband revenue due to the elimination of commissions and a decline in the mobile subscriber base (~$21m)
    - ✓ Declining fixed voice revenue in the consumer and SMB segment (~$30m)
    - ✓ The impact of a wholesale fibre build contract not rolled forward (~$17m)
- Currently expect FY17 Underlying EBITDA to be in the range $430m to $450m. Assumes:
  - No material change in the business environment in Australia or New Zealand over the course of FY17
  - An eight month underlying EBITDA contribution from Nextgen Networks in the order of ~$41m[2]
  - Upfront costs associated with the migration of existing subscribers to NBN ~$3.5m in opex in FY17
  - Impact of high margin fibre build contract in the Corporate & Wholesale business not being rolled forward from FY16 of ~$14m
  - An additional investment in sales, marketing and provisioning in the Corporate & Wholesale of ~$4-5m
  - The achievement of certain acquisition synergy run rates by the end of FY17 of ~$57m

1. Underlying EBITDA before excludes gains on total return swaps, acquisition and integration costs and other gains/losses
2. Excludes synergies and the initial contribution from the NWCS project of ~$3m

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OUTLOOK

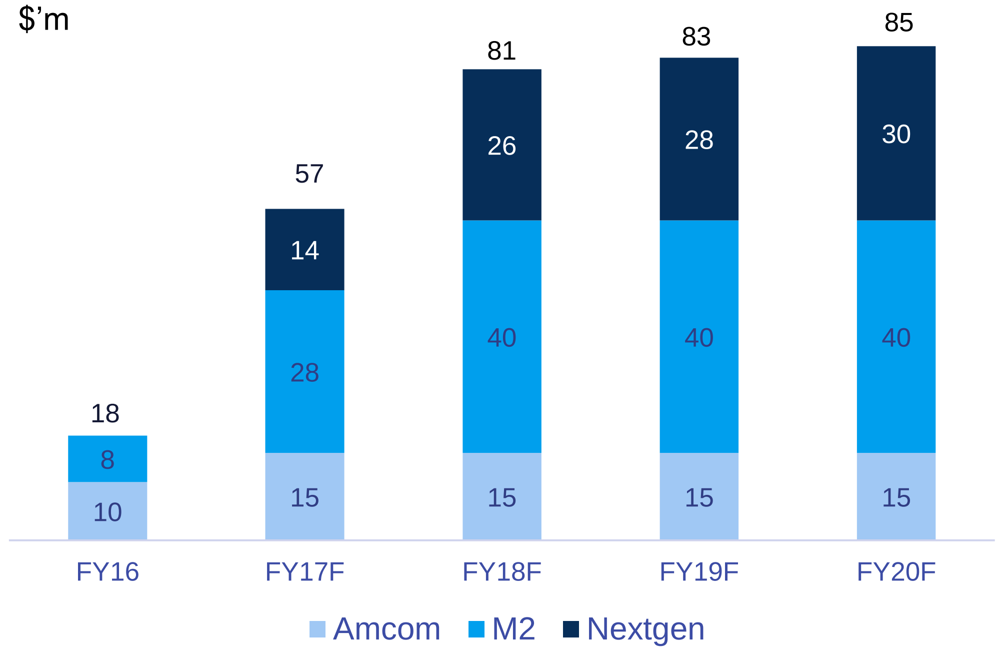
- Depreciation & amortisation[1] in FY17 is expected to be ~$98m
- Forecast underlying FY17 NPAT is expected to be in a range of $205m- $215m
  - Will drive low to mid teen underlying EPS growth
  - The Board expects to increase dividends in line with the growth of the business, taking into account the capital requirements and accretive opportunities in M&A and further infrastructure projects
- Expect to report a material below the line expense of ~$105m[2]:
  - Acquisition and integration costs of ~$17m primarily associated with the Nextgen acquisition and M2 merger
  - Non cash amortisation of acquired customer intangibles of ~$61m and the amortisation of software intangible uplift of ~$27m arising from the purchase price allocation process
- Continually review business portfolio, may result in the sale of non core assets or businesses
- The FY17 result is expected to be skewed to 2H FY17. Factors impacting the 1H FY17 include:
  - Additional investment in consumer sales, marketing and provisioning resources did not contribute to expected revenue growth due to outages on our primary consumer broadband suppliers' provisioning platform
  - Delay to completion of Nextgen and underperformance of the business relative to expectations
  - Impact of high margin fibre build contract in the Corporate & Wholesale business not being rolled forward (~$10m EBITDA contribution in 1HFY16, ~$4m EBITDA contribution in 2H FY16)
- Reported Net Debt to Underlying EBITDA at the end of FY17 is expected to be ~2x[3]

1. Forecast does not include amortisation of acquired intangibles arising from purchase price allocation
2. Does not include stamp duty associated with the Nextgen acquisition
3. This does not assume significant investment in new cable projects

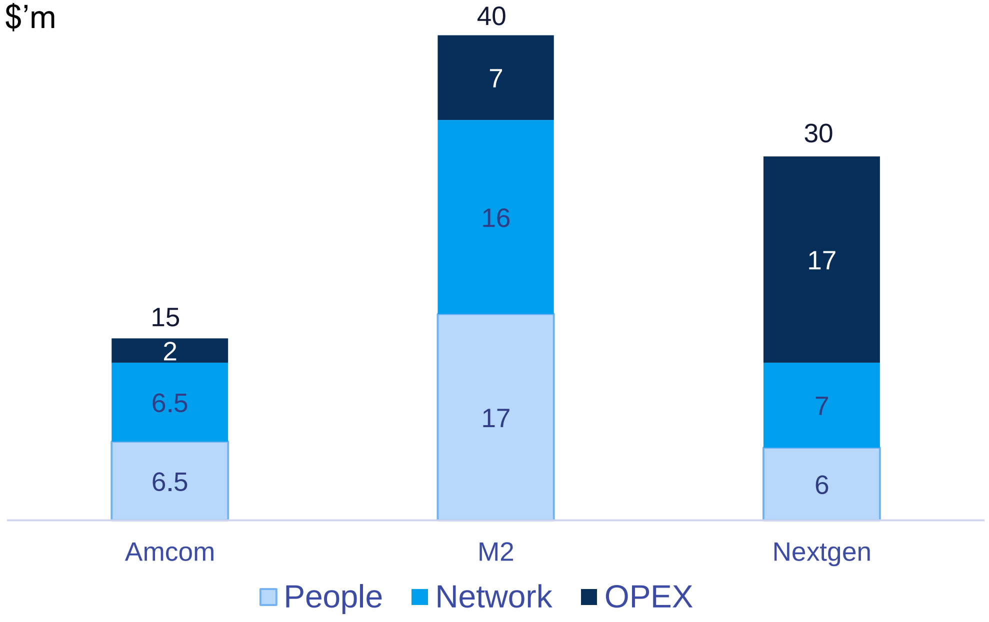
VOCUS communications

PROFILE OF ACQUISITION SYNERGIES

Forecast Run Rate of Cumulative Acquisition Synergies[1]



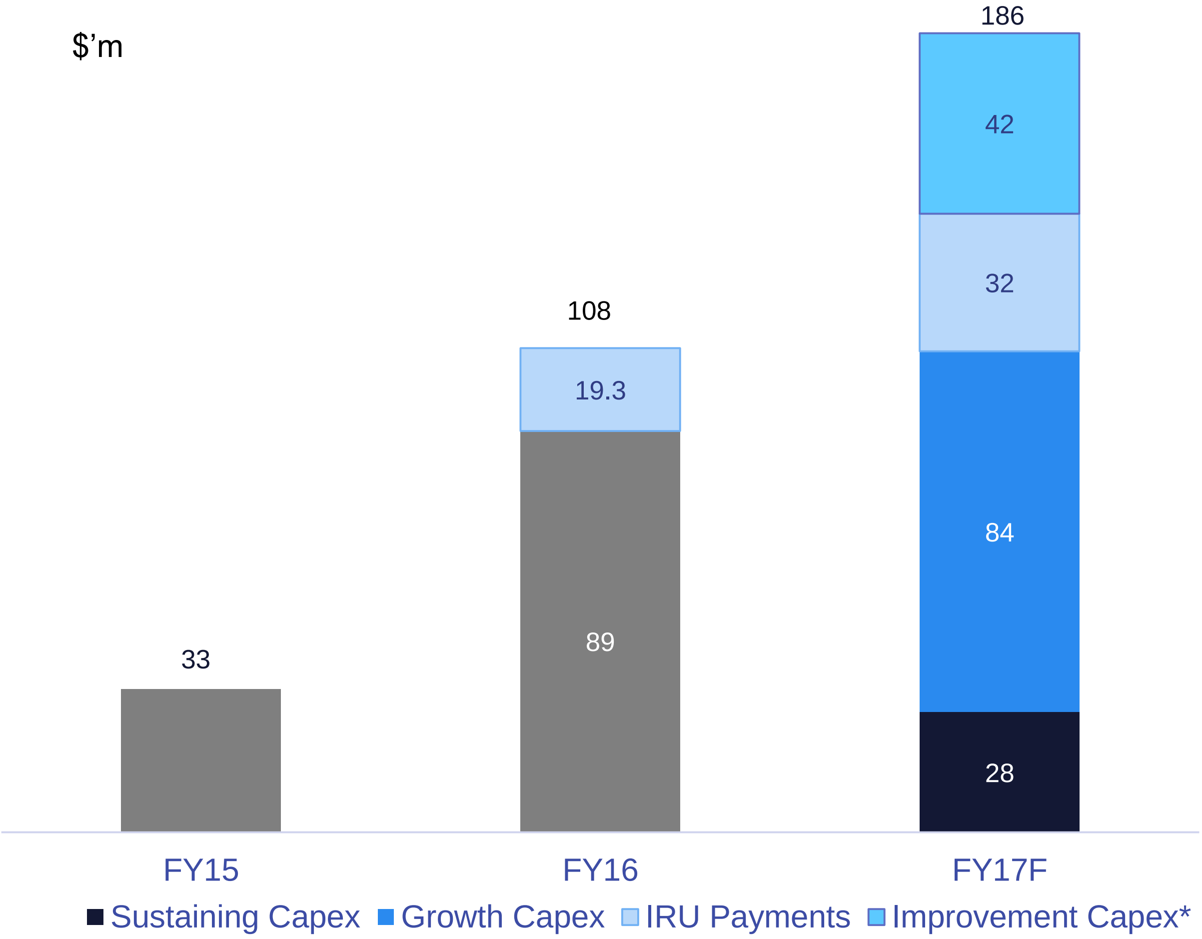
Forecast Breakdown of Synergies by Category



1. Run rate at the end of the period

CAPITAL EXPENDITURE UPDATE

- IRU payments relate to the purchase program for cable capacity. The increase in IRU payments in FY17 related to Southern Cross is due to strong sales growth in the Corporate & Wholesale business combined with the migration of customers to NBN and those services utilising Southern Cross capacity. The forecast also reflects ~$7m in payments to Telstra under the NBN POI (points of interconnect) backhaul IRU.
- Growth capex will be dictated by customer demand
- A number of new cable projects are being evaluated at the current time that may be included in capex over the next few years
- Depreciation in FY17 is expected to be ~$77m



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