



2018  
**FULL YEAR RESULTS**  
PRESENTATION

18 SEPTEMBER 2018

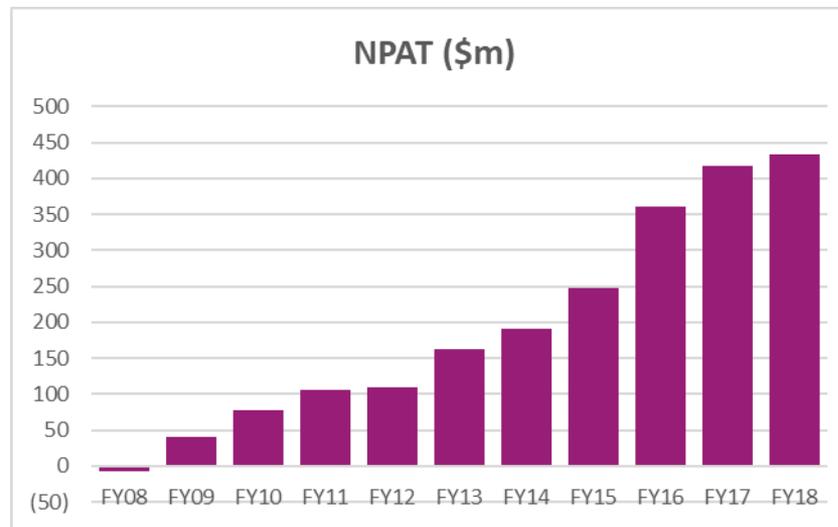
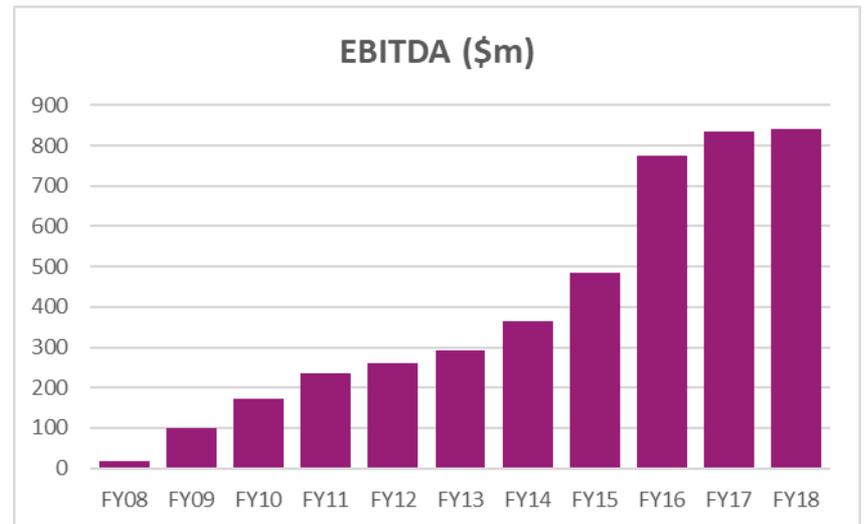
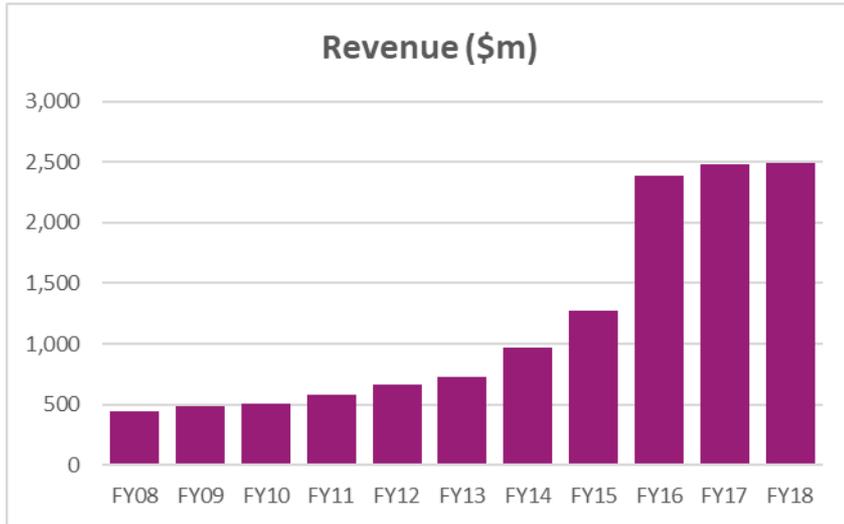


		Reported		Underlying <sup>(1)</sup>		
		FY18	FY17	FY18	FY17	Growth
Revenue	\$m	2,495.2	2,490.7	2,495.2	2,483.7	+0.5%
EBITDA	\$m	841.1	890.8	841.1	835.0	+0.7%
NPAT	\$m	396.9	413.8	432.6	417.3	+3.7%
EPS	cps	42.8	47.9	46.7	48.3	-3.3%

(1) Refer to slide 3 for reconciliation between reported and underlying results

	FY18		FY17	
\$m	EBITDA	NPAT	EBITDA	NPAT
<b>Reported</b>	<b>841.1</b>	<b>396.9</b>	<b>890.8</b>	<b>413.8</b>
<i>Less: Profit on sale of equity investments</i>	-	-	(48.8)	(35.3)
<i>Less: One-off Consumer Segment revenue</i>	-	-	(7.0)	(4.9)
<i>Add: Acquired customer base intangible amortisation</i>	-	35.7	-	43.7
<b>Underlying</b>	<b>841.1</b>	<b>432.6</b>	<b>835.0</b>	<b>417.3</b>

# HISTORICAL PERFORMANCE



The charts are based on 'underlying' data as disclosed in reports to the market.

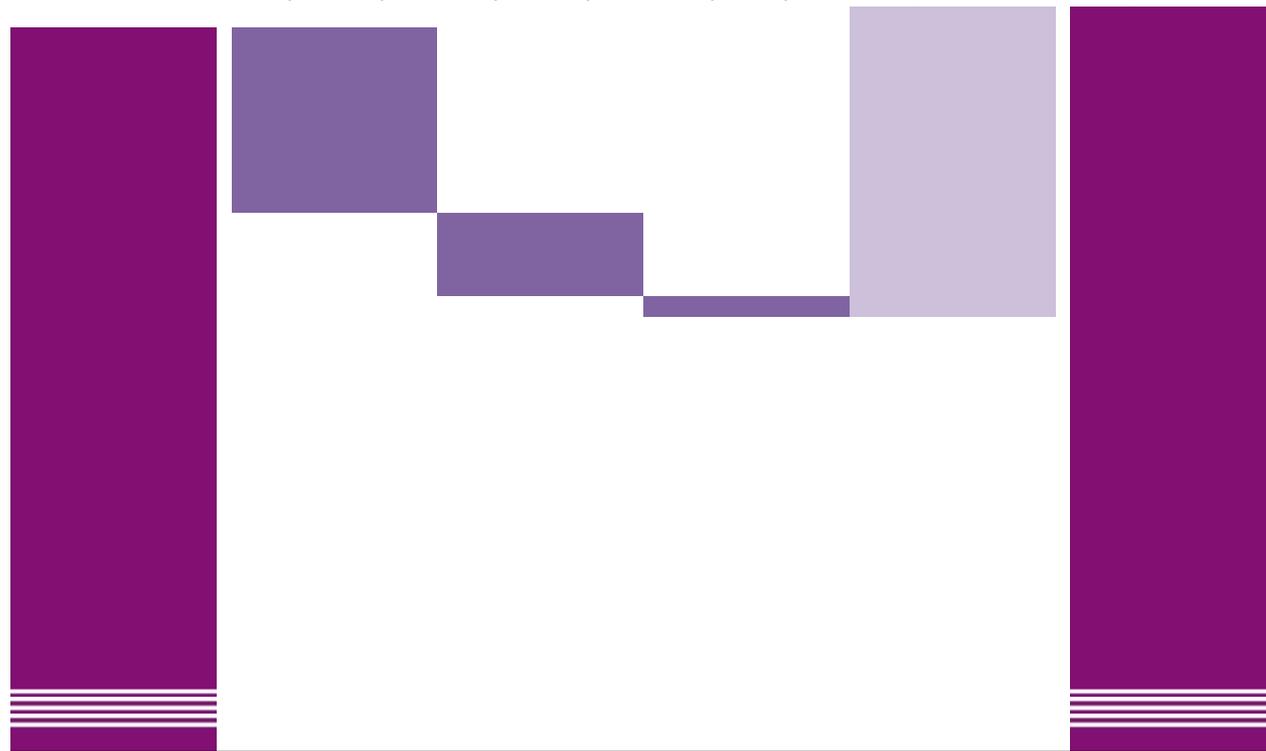
<b>FY18 Guidance</b>	<b>Original Guidance (Sept-17)</b>	<b>Updated Guidance (Mar-18)</b>	<b>FY18 Actual (July-18)</b>
Underlying EBITDA	800-815	825-830	841
BAU capex	270-310	270-310	258

'BAU capex' above excludes any expenditure in relation to mobile network builds and spectrum payments.

# FY17 → FY18 UNDERLYING EBITDA BRIDGE



FY18 Guidance >>	\$835m	(\$60m)	(\$20m)	(\$7m)	\$52-67m	\$800-815m
FY18 Actual >>	\$835m	(\$43m)	(\$18m)	(\$5m)	\$72m	\$841m



FY17	DSL-->NBN	iiNet	Increased	Other	FY18
Underlying	GP margin	fixed voice	electricity	growth	Underlying
EBITDA	reduction	GP decrease	prices		EBITDA

REVENUE \$m	Consumer	Corporate	Other	TOTAL
FY17	1,740.7	743.0	-	2,483.7
FY18	1,741.4	753.8	-	2,495.2
Movement	0.7	10.8	-	11.5

EBITDA \$m	Consumer	Corporate	Other	TOTAL
FY17	523.4	312.8	(1.2)	835.0
FY18	513.1	330.1	(2.1)	841.1
Movement	(10.3)	17.3	(0.9)	6.1

EBITDA %	Consumer	Corporate	Other	TOTAL
FY17	30%	42%	-	34%
FY18	29%	44%	-	34%

The results shown in the table are 'underlying' results incorporating the adjustments set out on slide 3

<b>FY17</b>	<b>Consumer Segment</b>				
<b>\$m</b>	<b>Broadband</b>	<b>Fixed Voice</b>	<b>Mobile</b>	<b>Other</b>	<b>Total</b>
Revenue	1,373.2	165.4	118.0	84.1	1,740.7
Gross Profit	699.3	46.9	29.7	48.4	824.3
Gross Profit %	51%	28%	25%	58%	47%
Overheads					(300.9)
Overheads %					17%
EBITDA					523.4
EBITDA %					30%

<b>FY18</b>	<b>Consumer Segment</b>				
<b>\$m</b>	<b>Broadband</b>	<b>Fixed Voice</b>	<b>Mobile</b>	<b>Other</b>	<b>Total</b>
Revenue	1,424.4	114.9	111.6	90.5	1,741.4
Gross Profit	684.1	33.1	25.3	49.5	792.0
Gross Profit %	48%	29%	23%	55%	45%
Overheads					(278.9)
Overheads %					16%
EBITDA					513.1
EBITDA %					29%

The results shown in the tables are 'underlying' results incorporating the adjustments set out on slide 3. Minor reallocations have been made between 'broadband' and 'other' in the FY17 numbers for improved comparability.

	Corporate Segment Revenue			
\$m	Data/Internet	Voice	Legacy iiNet	Total
FY17 reported	526.1	147.1	69.8	743.0
Proforma adj*	(4.4)	-	-	(4.4)
FY17 proforma	521.7	147.1	69.8	738.6
FY18 reported	562.7	130.4	60.7	753.8
FY18 growth	41.0	(16.7)	(9.1)	15.2

\$m	Corporate Segment EBITDA
FY17 reported	312.8
Proforma adj*	(3.5)
FY17 proforma	309.3
FY18 reported	330.1
FY18 growth	20.8

\* The proforma adjustment relates to the fact that Corporate Segment data/internet revenue and EBITDA were adversely impacted by the retail FTTB subscribers of a wholesale customer having been acquired by the Group's Consumer Segment during FY17 which had a negative impact on Corporate Segment revenue and EBITDA growth in FY18 with a corresponding benefit to the Consumer Segment results. For improved comparison purposes the FY17 proforma numbers re-state the Corporate Segment results excluding the FTTB contribution of the relevant wholesale customer.

	\$m	
	FY18	FY17
Operating Cash Flow	868.3	869.7
Tax	(194.5)	(147.0)
Capex – Australia – BAU	(258.0)	(362.5)
Capex – Australia – mobile spectrum	(597.3)	(83.1)
Capex – Singapore – mobile spectrum	-	(124.4)
Capex – Australia – mobile network	(38.7)	(1.9)
Capex – Singapore – mobile network	(62.3)	(4.4)
IRU/finance lease payments	(34.1)	(27.0)
Operating Cash Flow less Capex	(316.6)	119.4

'Capex' includes payments for property, plant and equipment plus intangible assets.

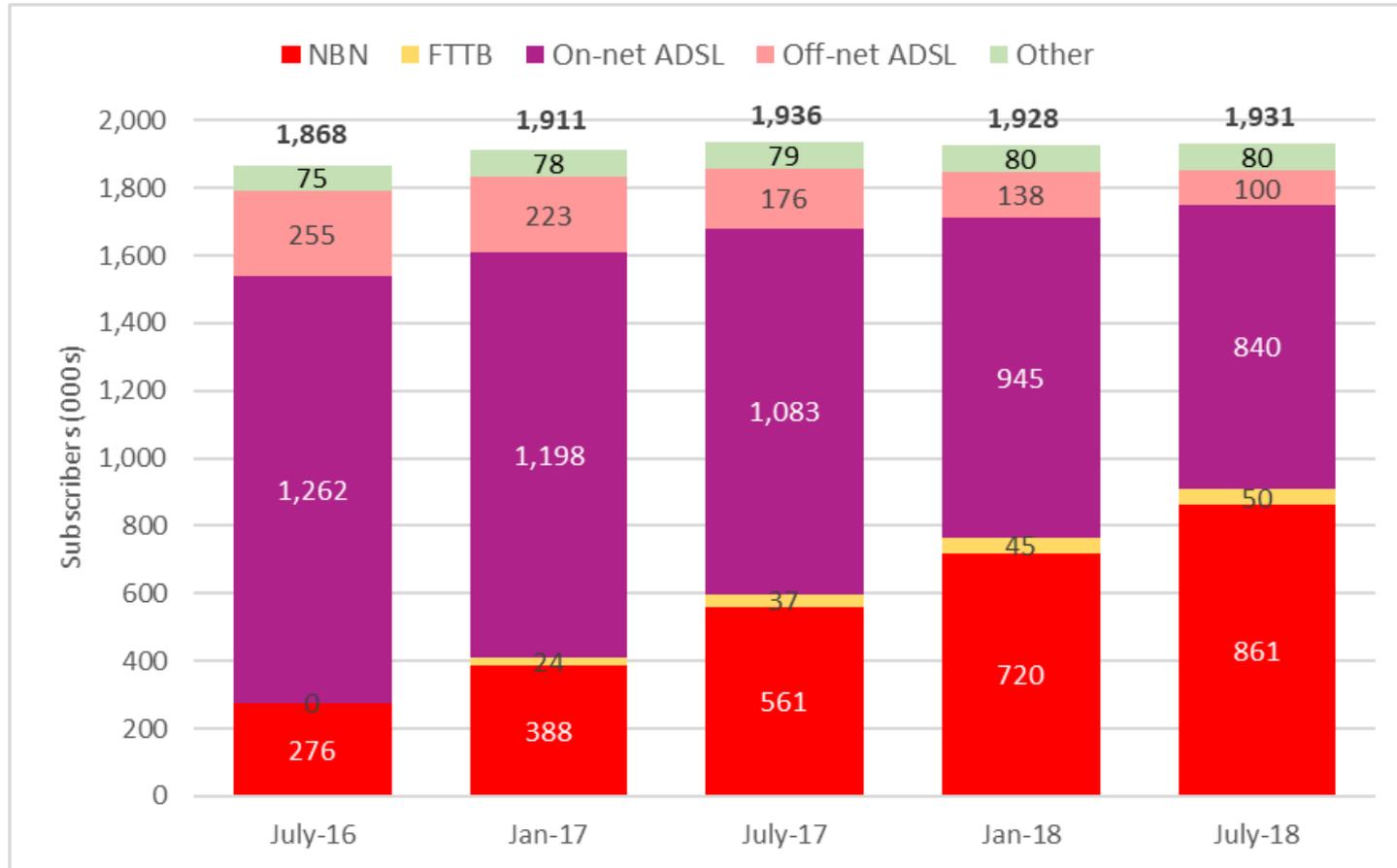
'BAU' capex includes builds for the Vodafone fibre contract and for the SEA-US cable.

	\$m	
	FY18	FY17
<b>Operating Cash Flow less Capex</b>	<b>(316.6)</b>	<b>119.4</b>
Disposal of equity investments	-	124.5
iiNet acquisition transaction costs	-	(5.3)
Net proceeds from capital raise	-	396.3
Net drawdown / (repayment) of bank debt	430.8	(450.0)
Debt facility amendment & extension costs	(10.8)	(3.4)
Interest payments	(44.6)	(40.8)
Dividend payments	(23.0)	(131.5)
Other	0.1	(2.1)
<b>Increase in cash balance</b>	<b>35.9</b>	<b>7.1</b>

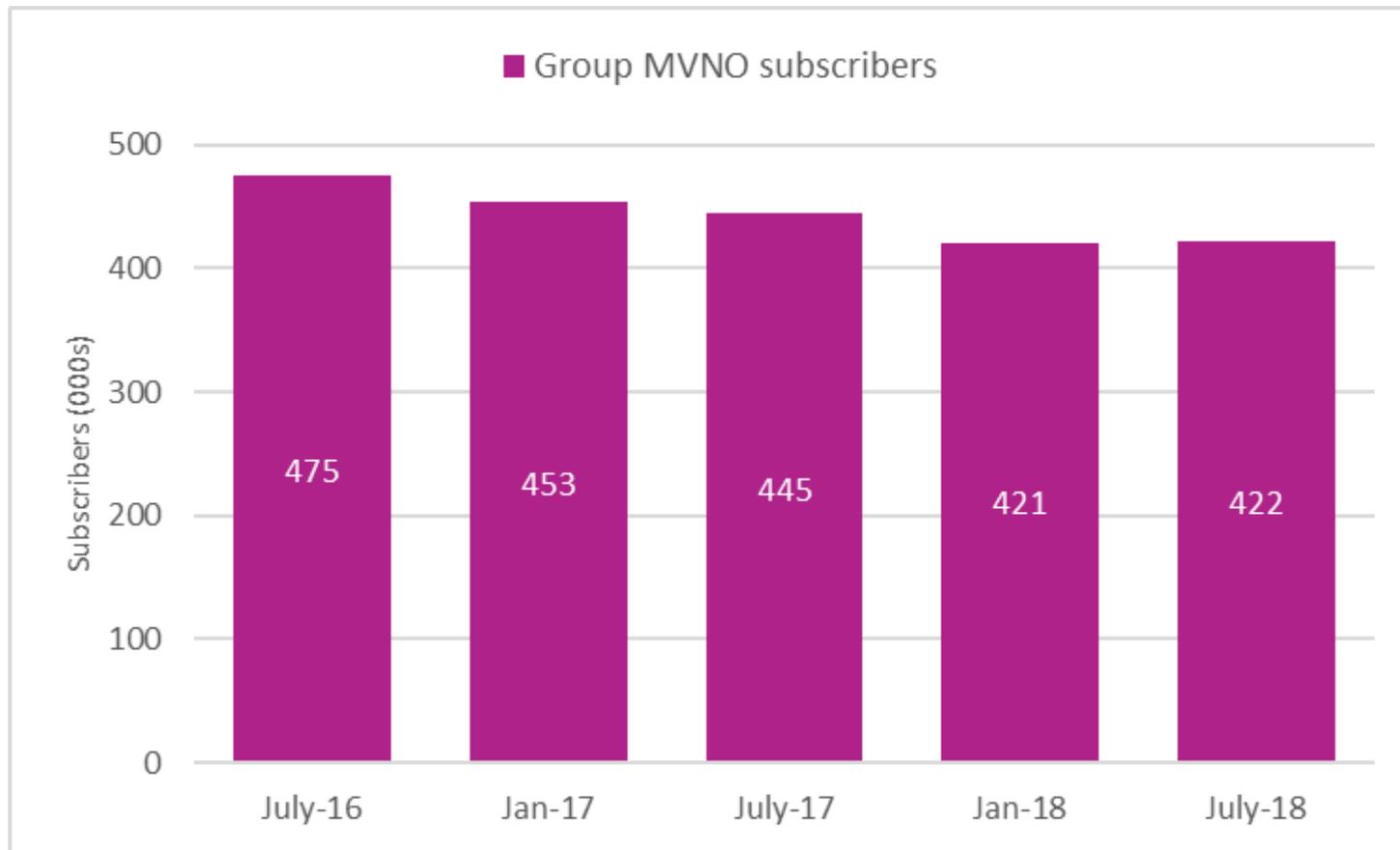
	\$m
Net debt as at 31 July 2017	886.2
Net increase during 1H18	524.4
Net debt as at 31 January 2018	1,410.6
Net decrease during 2H18	(144.2)
Net debt as at 31 July 2018	1,266.4

Net debt to annualised EBITDA leverage ratio as at 31 July 2018 of ~1.5

For the purpose of the table above 'net debt' comprises bank debt and finance lease liabilities less cash, but excludes outstanding spectrum instalment liabilities.



FY18 net adds include +300k NBN and +13k FTTB  
 TPG brand net adds +15k in 2H18



Positive momentum re-established in 4Q18

<b>TPG Consumer</b>	+38.8
<b>iiNet</b>	+51.0
<b>TPG/AAPT Corporate</b>	+73.8

NPS results represent the average for FY18

## Australia

- Small cell site rollout is continuing.
- TPG's small cell network would be complementary to VHA's mobile network bringing greater strength to the combined Group in densely populated areas through increased coverage and capacity.
- Capital expenditure outlook still in line with initial forecasts.

## Singapore

- Still on track to achieve milestone of outdoor service coverage in Singapore by the end of 2018.
- Production network already covering in excess of 90% of outdoor areas.
- Strong initial testing results.
- Capital expenditure outlook still in line with initial forecasts.

## 2.0 cents per share final FY18 dividend

Payable

20 November 2018

Record date

16 October 2018

\$m	FY18 Actual	FY19 Guidance
BAU EBITDA	841	800-820
BAU capex	258	180-220

refer to 'EBITDA Bridge' on next slide

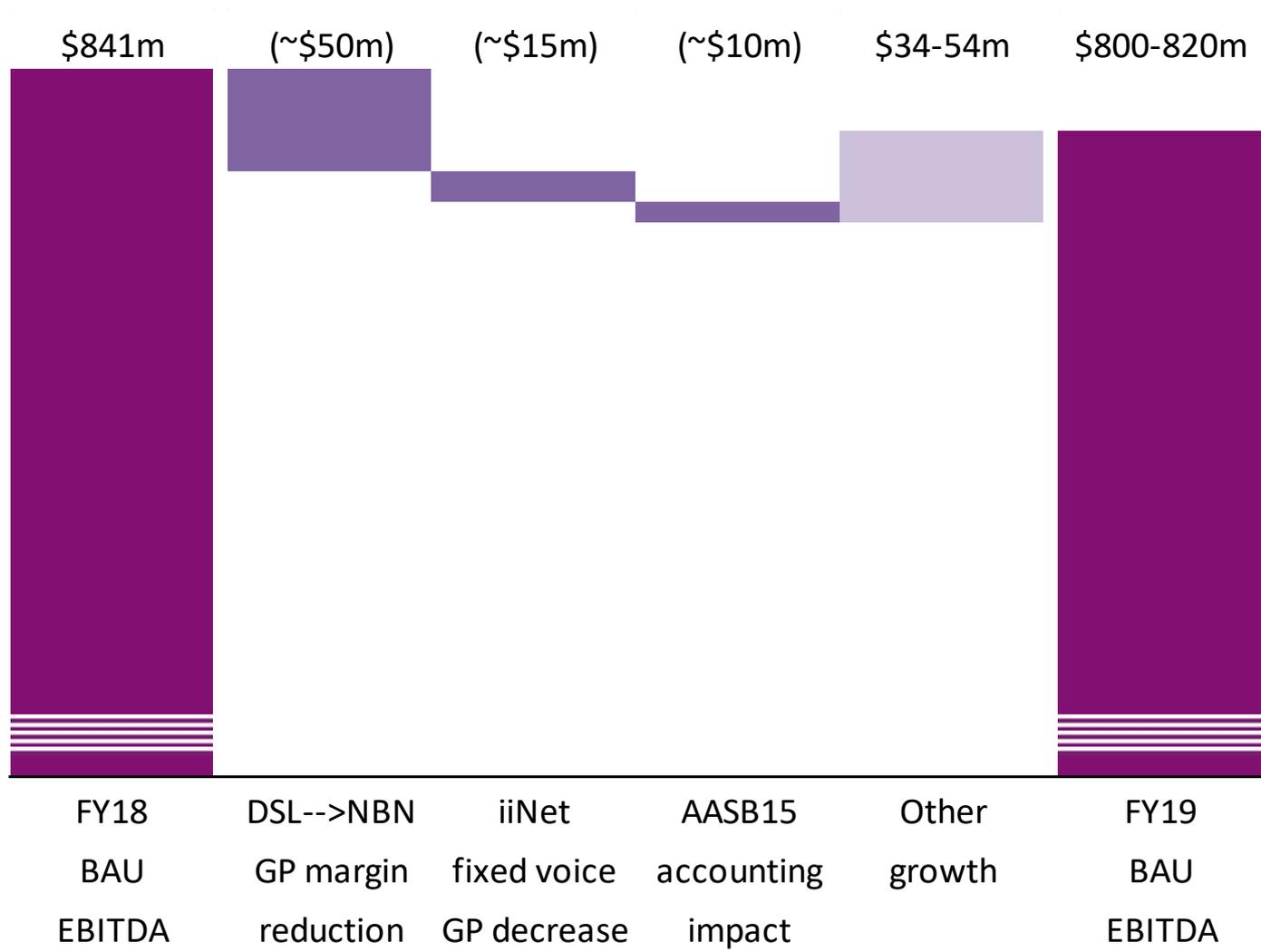
'BAU EBITDA' relates to existing Consumer and Corporate Division operations and excludes any impact (revenue or expense) from mobile network operations in Australia or in Singapore.

'BAU capex' excludes any expenditure in relation to mobile network builds in Australia or in Singapore and excludes spectrum payments.

BAU EBITDA and capex guidance takes no account of any impact from the planned merger with VHA which could complete during FY19. Transaction costs relating to the planned merger are also excluded.

Capital expenditure expectations regarding both the Singapore and Australia mobile network builds are unchanged from the guidance previously provided.

In line with accounting standards, interest expense arising directly from investment in spectrum and mobile network capex incurred during the build phase will continue to be capitalised as part of the mobile network build cost in FY19. This will continue and depreciation of the mobile network capex and spectrum will not commence until the relevant network assets are ready for their intended use.



## **Merger**

- Planned Merger of Equals with Vodafone Hutchison Australia (VHA) announced on 30 August 2018.
- Application for ACCC Informal Clearance has been lodged. ACCC's provisional timeline is approximately 12 weeks.
- Required FCC notification has been given. CFIUS application well advanced and will be lodged shortly.
- Formal notification to the Singapore IMDA has been lodged

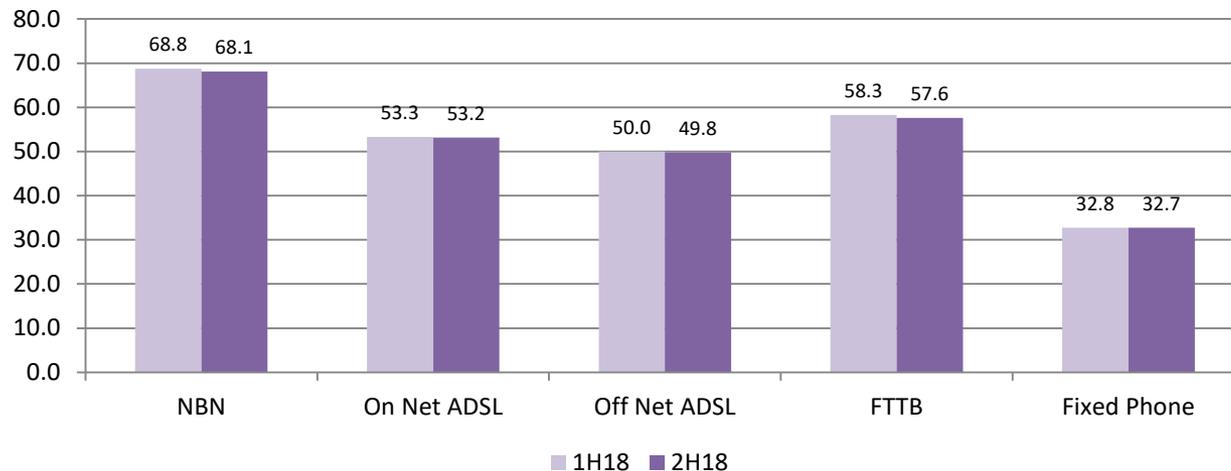
## **Joint Venture**

- Joint Venture announced 30 August 2018.
- Application made by JV Company to bid in upcoming 3.6 GHz auction.
- Auction currently scheduled to take place in November 2018.

THANK YOU

Q&A

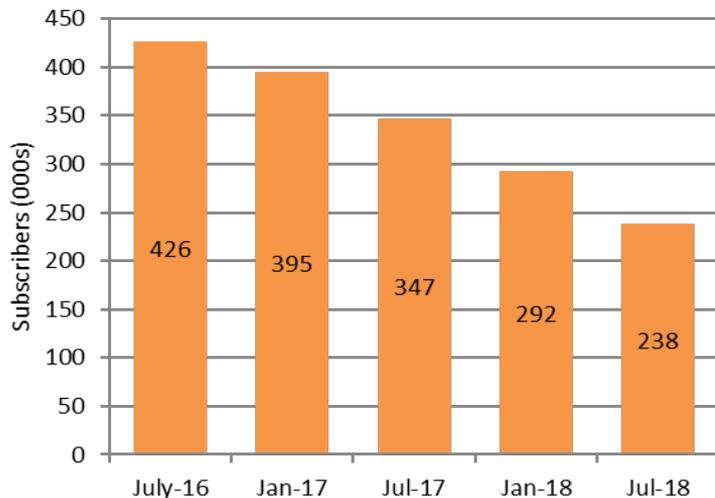
### ARPU (\$/mth)



ARPU shown is the weighted average across all brands. Excludes GST and any one-off charges.

ARPU for NBN and On Net ADSL includes revenue from bundled home phone voice.

### iiNet Fixed Voice Subscribers



iiNet fixed voice subscribers represent standalone home phone services which are declining as they are replaced by NBN services.

\$m	FY18 Actual	FY19 F'cast	FY20 F'cast	FY21 F'cast	FY22 F'cast	FY23 F'cast
Acquired customer base intangible amortisation	51.0	43.5	31.7	20.8	15.3	11.2

The expected pre-tax P&L expense in relation to the Group's acquired customer base intangible amortisation is shown above.

There are no cashflows associated with this expense.

This presentation contains certain forward-looking and unaudited information. Such information is based on estimates and assumptions that, whilst considered reasonable by the Company, are subject to risks and uncertainties. Actual results and achievements could be significantly different from those expressed in or implied by this information.