

Date: 28 October 2020

The Manager  
Market Announcements Office  
Australian Securities Exchange Limited  
20 Bridge St  
Sydney NSW 2000

## ELECTRONIC LODGEMENT

Dear Sir or Madam,

### 2020 Annual General Meeting Speeches

Vocus Group Limited (ASX: VOC) today holds its 2020 Annual General Meeting.

Please find enclosed the speeches of the Chairman and Group Managing Director and Chief Executive Officer, which will be delivered from 10am at the meeting.

The Annual General Meeting will also be webcast live and can be accessed through the Company's website at [www.vocusgroup.com.au/investors](http://www.vocusgroup.com.au/investors).

Authorised for release by:

A handwritten signature in black ink, appearing to read "Simon Lewin".

**Simon Lewin**  
**Company Secretary**

## 2020 Annual General Meeting – 28 October 2020

### Chairman's Address – Bob Mansfield

Welcome ladies and gentlemen to the Annual General Meeting of Vocus Group. My name is Bob Mansfield and I have the pleasure of being the Chairman of your company.

On behalf of the Vocus Board of Directors, I'd like to welcome our shareholders, employees and guests present – thank you for attending today.

As a quorum is present, I declare the 2020 Vocus Annual General Meeting open. I propose to take the Notice of Meeting as read.

I would like to start by introducing the company officeholders present today:

- Kevin Russell, Group Managing Director and CEO
- Our Non-Executive Directors:
  - David Wiadrowski
  - Julie Fahey
  - John Ho
  - Bruce Akhurst
  - Matt Hanning
- And Executive Director Mark Callander, who is also our Chief Executive of New Zealand, and Chief Executive of Wholesale and International in Australia

Also with us is our Executive Team:

- Nitesh Naidoo, Group CFO
- Simon Lewin, General Counsel & Company Secretary
- Ellie Sweeney, Chief Operating Officer
- Andrew Wildblood, Chief Executive - Enterprise and Government
- Antony de Jong, Chief Executive – Business and Consumer
- And Amber Kristof, Head of People and Culture

Our Auditor, Mark Dow, from PWC, is also present.

Like many AGMs this year, given the ongoing health risks associated with the COVID-19 pandemic, our Annual General Meeting is being held online via the Lumi platform, which I will take a moment to explain. All attendees are currently listening to a live webcast of the meeting, and you are also able to ask questions and submit votes through the platform.

Questions can be submitted at any time. Instructions for how to ask a question are available on the screen. To ask a question, press on the 'speech bubble' icon. This will open a new screen. At the bottom of that screen there is a section for you to type your question. Once you have finished typing, please hit the arrow symbol to send.

Please note that while you can submit questions from now on, I will address them at the relevant time in the meeting. Please also note that your questions may be moderated, or if we receive multiple questions on one topic they may be

amalgamated. But we will be very conscious to try and answer everyone's questions throughout the course of today's meeting.

Voting today will be conducted by way of a poll on all items of business. In order to provide you with enough time to vote, I will shortly open voting for all resolutions. Instructions for how to vote are available on the screen.

If you are eligible to vote at this meeting, a new polling icon will appear. Selecting this icon will bring up a list of resolutions, and present you with voting options. To cast your vote simply select one of the options. There is no need to press a 'submit' or 'enter' button, as the vote is automatically recorded. However, you do have the ability to change your vote, up until the time I declare voting closed.

I now declare voting open on all items of business. The polling icon will soon appear, please submit your votes at any time. I will give you a warning before I move to close voting.

With that explanation, I will now make some remarks before handing over to our CEO Kevin Russell.

I'd like to start by providing some broad context on the business.

Since I became Chair of this company I have consistently said that Vocus would require three years to turn around.

FY20 marked year-two of that three-year turnaround, and it was a year of strong operational execution and financial progress.

Today, four months into year three of our turnaround, I'm pleased to say the execution risk is largely behind us and the foundations for growth are firmly in place.

Vocus is Australia's specialist fibre and network solutions provider.

At its core, Vocus is an infrastructure company. The fibre and network assets that we own and operate have proven to be critical infrastructure over the past year through the bushfires and COVID.

It's worth taking a minute to look back at what's been achieved over the past two years.

Year one, FY19, was the foundational year to get the right people, the right structure, and the right strategy in place.

Year two, FY20, was a critical year for rebuilding Vocus as an organisation – where we stopped talking and started delivering, demonstrating progress and building momentum in building a strong, sustainable and growing business.

The company's FY20 results provide an endorsement that our strategy is the right one and the turnaround is firmly on-track.

We have been clear that Vocus Network Services (VNS) is our core infrastructure business positioned to capitalise on our market opportunity as Australia's specialist fibre and network solutions provider.

Our FY20 results show that we have momentum to achieve this ambition, with EBITDA growth of 10% in VNS.

But the headline financial growth of VNS, while obviously very positive, doesn't tell the full story of the shape of the business.

The company's operational response to the summer bushfires and COVID was second to none, and Vocus is in better shape today having successfully managed these significant events.

VNS is winning bigger, higher quality customers with higher monthly recurring revenues.

We're being recognised in market as being more responsive to our customers' needs, and more agile in delivering new services when our customers have urgent requirements.

In my experience, culture trumps strategy in business, and Vocus is building a challenger culture that delivers for our customers, cares about our people, and is accountable for financial performance.

Across the Vocus Group, FY20 was characterised by building momentum in our core markets, delivering a stronger balance sheet, and increasing stability as we managed through the financial headwinds caused by the transition to NBN from legacy copper-based products in the Australian Retail business.

And there are broader indicators of our success in FY20.

The refinancing of our debt facilities and the extension of their duration was a clear vote of confidence from our lenders, both existing and new.

The fact that the debt syndication was oversubscribed in a period of global economic uncertainty shows the underlying strength of Vocus' business, and the new loan facility gives Vocus financial stability and flexibility as we enter the next phase of the company's growth and business transformation.

In summary, the second year of our turnaround was a critical execution year and with the turnaround firmly on track, we are now starting to see the longer-term financial shape of our different business units.

All of our 3 businesses are operating well. VNS and New Zealand are well-positioned to benefit from the accelerating market trends due to COVID-19 and our Retail business has largely negotiated the erosion of legacy revenues and its financial performance is stabilising.

As we move into FY21 our focus is shifting to winning in market and capitalising on the progress we have made in the past 12 months. Vocus cemented its credentials as a critical infrastructure company in FY20, and this provides us with a strong and stable growth platform for the coming year.

Now, turning to matters involving the Board.

I'd like to address a point raised at last year's AGM, and that is our commitment to increase female representation on the Board. We are committed to this, and we had engaged in a process over the past year to appoint a second female director.

Regrettably, this process was unable to be concluded prior to the disruption caused by COVID. Despite this disruption, we are still working to appoint a second female director ahead of our next AGM.

I would now like to invite our Group Managing Director and CEO Kevin Russell to speak about Vocus' performance in 2020, and to give you more insight into our trading performance in the first quarter of FY21, which I am sure you will find very encouraging.

With that said, thank you all for your ongoing support and I will hand over to Kevin.

## **CEO Address – Kevin Russell**

Thanks Bob, and good morning everybody.

I would like to start by congratulating Bob who was admitted into the Industry "Hall of Fame" at the CommsDay Edison Awards yesterday. A great recognition of your achievements in the telecoms industry over the past three decades. We're very fortunate to have you as our Chair.

Before I get into the business' performance in FY20 and the early results we're seeing in FY21, I want to reiterate Bob's point that Vocus' credentials as an infrastructure company have strengthened and solidified through the major events of the past 12 months.

The bushfires of last summer and the impact of COVID have emphasised that our national fibre network is a critical infrastructure for Australia. Our fibre assets, and our people that manage them, have set us apart in an environment where connectivity is more valuable than ever.

The events of 2020 drove home that as a business we exist to serve our customers. We knew in those critical early days of COVID that our customers needed us, and that our ability to deliver for them in their time of need would bring long-term benefits. I am proud to say that our people across Australia, New Zealand and the Philippines have been outstanding and that we have delivered when our customers needed us most.

Delivery timeframes for fibre during March and April were reduced from weeks to days, and sometimes even minutes. We shifted smoothly to working from home, and our offshore contact centres rapidly re-established a base level of operations despite the lockdowns. Our key productivity measures have held or improved and our customer engagement scores have climbed.

So, I want to take this opportunity to thank our people. Our people care about this company and they have stepped up at a critical time for us.

Our vision for Vocus is to be the challenger our customers deserve and our people are proud of every day. This vision really has come to life during COVID.

That provides some good context for our company's performance in FY20.

In my first financial results presentation in August 2018, I said that Vocus had strong infrastructure assets but a low share in our core markets. Today, our infrastructure assets are stronger, we are winning in market, and profitably growing share.

The Vocus Network Services business is building momentum, which is demonstrated in our financial results.

In FY20, VNS saw EBITDA growth of 10%, with positive momentum in underlying recurring revenue and an improving customer profile.

VNS recurring revenue grew 6% for the year, and gross margin grew 5% for the year.

Our average Enterprise deal was 24% larger than 12 months earlier.

We also strengthened our market-leading credentials in Large Infrastructure Projects. In FY20 we delivered the Coral Sea Cable System for the Australian Government, ahead of schedule and on-budget. These credentials are being recognised in the market: the Coral Sea Cable project won the Innovation Award at the ACOMM Awards in September. We have a solid pipeline of opportunities ahead of us in large infrastructure builds.

VNS has entered FY21 with market momentum, a reduced cost base and a good operational platform.

Our New Zealand business is also performing strongly, delivering growth for the fifth consecutive year.

Its bundling strategy across broadband and energy in the Consumer market continues to drive growth.

Significantly, the business is now also pursuing acquisitions and the purchase of Stuff Fibre grew the broadband subscriber base by 10%.

The Wholesale business also had a strong year with increased bandwidth demands and the overall EBITDA grew 4% year-on-year with stable margins.

Like VNS, the New Zealand business has market momentum and is well positioned for growth.

There are also positive signs in our Retail business, with the Consumer business having largely navigated through legacy revenue declines from copper fixed voice, and margin erosion from the migration from ADSL to NBN.

Retail showed significant progress in stabilising the business, with year-on-year revenue declines improving from -12% in H1 to -6% in H2.

The Consumer business was stable in the second half and has a clear path to profitable growth through bundling broadband, energy and mobile services.

The small and medium business segment is the one area where we continue to face challenging market conditions. This business will continue to navigate the decline in legacy revenues over the coming year and will prepare for a difficult environment as Government support for SMBs is withdrawn.

As I said in my first Vocus AGM in 2018, strong cost discipline must be a fundamental part of our core DNA as a challenger. Pleasingly, we have seen significant progress in cost control in every business unit at Vocus during FY20. Overall, Group overheads reduced by 6%, with \$28 million of costs coming out of Retail alone.

Moving to our current financial year. Almost 4 months in, and we have started well across all three businesses.

In VNS our key growth trends across revenue, margin, EBITDA have continued and our pipeline of opportunities is strong.

We recently announced a key Data and IP Networks contract win with the Australian Tax Office. This was a competitive flagship customer win, executed well in a new virtual environment.

New Zealand has also had a strong start to the year. Our Stuff Fibre acquisition has been fully integrated ahead of plan, and we're seeing continued organic growth in key segments. Our New Zealand brands recently dominated their industry awards leading categories including NZ Service Provider of the Year, Best Value Broadband Provider, and Best Fibre Broadband Provider.

The Retail business is also steadily improving, with the Consumer business on track to return to growth before the end of this financial year. Cash collections are strong, and we're seeing a good performance in our energy business as we seek to bundle energy, broadband and mobile for our retail customers.

On Monday, Dodo won the award for Best MVNO at the CommsDay Edison Awards, another indicator that this business is being positively recognised in market.

Overall, we are on-track to meet our financial guidance for FY21 that we issued in August at our FY20 results presentation. We expect Vocus Network Services to deliver revenue growth of at least 5% in FY21, which exceeds the 3% growth in the key Data and IP Networks segment in the prior period. And we expect VNS to deliver underlying EBITDA growth in the 8-12% range, which we believe will be a market leading performance in this segment. For the overall Vocus Group, we're guiding towards an underlying FY21 EBITDA in the range of \$382-\$397 million, which does include a benefit of \$22m from a change in accounting standard AASB16, relating to Lease Accounting. On Capex, we're guiding towards \$160-\$180 million, down from \$200m in FY20. Finally, the Board is focused on reducing the financial leverage in the business, which we expect to reduce over the coming 12 months.

I'd like to finish with a summary of where we are as a company.

We're two years through our three-year turnaround.

We are working to a plan that has a sequence and logic to it.

We had to get the right people, the right partners and set the right strategy.

We had to restructure our operations, reduce our cost base, define our target markets and set the platform to deliver growth.

At our Investor Day last July, I said we had a lot to do and there was execution risk. Today, the execution risk is largely behind us and the focus is on delivering on our market opportunity.

We are also more clearly seeing the longer-term financial shape of our three individual business units. So now is the right time to look at our capital allocation and corporate structure.

As I indicated at our full year results, I expect we'll be able to provide more detail on this at our half year results in February.

One of the interesting consequences of COVID has been the acceleration of market trends. I believe that Vocus will benefit from a number of these trends.

Firstly, the acceleration of digitisation, and the resulting demand for bandwidth. Bandwidth is our core business and our strength lies with high-capacity, low-latency connectivity across Australia and New Zealand, and into Asia.

Secondly, the increased focus on cybersecurity where our recent investments in secure network capabilities are very timely.

Finally, customer expectations on speed, flexibility and value. We proved throughout COVID that our people and our culture are competitive strengths. I believe that we can deliver for our customers better than anyone in the market.

Throughout COVID-19 we have acted purposefully and made tough decisions, including some reprioritisation of capex for our Future State network program, reshaping our strategy for the small business market, and an employee restructure.

We've learned a lot about our culture, our customers, our suppliers, our partners and our business model in this period, and we are a stronger business as a result. Periods of change favour the challenger and Vocus is very well positioned to capitalise.

Thank you.