

Key highlights



Revenue	\$92.3m	↑ 38%
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Underlying EBITDA	\$33.1m	↑ 48%
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Underlying NPAT	\$13.6m	↑ 53%
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Operating cash flows	\$30.6m	↑ 100%
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Financial Overview

Continued strong growth



Financial Results	FY13	FY14	% Chg
Revenue (\$'000)	66,910	92,302	↑ 37.9%
Underlying EBITDA ¹ (\$'000)	22,425	33,073	↑ 47.5%
Underlying NPAT ¹ (\$'000)	8,882	13,629	↑ 53.4%
Statutory NPAT (\$'000)	5,098	12,925	↑ 153.5%
Underlying diluted EPS ¹ (cps)	11.45	16.14	↑ 41.0%

Commentary

Strong contributions from both Internet and Fibre / Ethernet products

New data centre facilities in Auckland and Melbourne

Final dividend declared of 1.0 cps, fully franked, total dividends for FY14 - 1.8 cps (FY13: 1.0 cps)

Two new acquisitions in FY15, FX Networks and Bentley (Perth) Data Centre announced

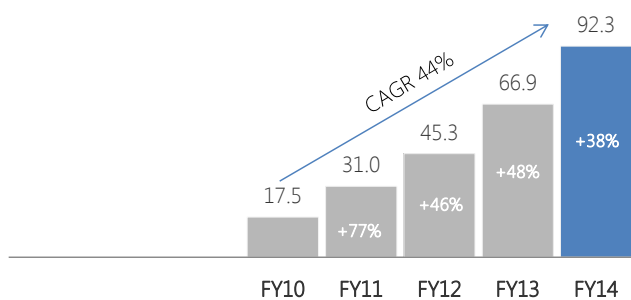
1. Excludes the effects of foreign exchange, gains from IRU prepayment and acquisition costs

Company Overview

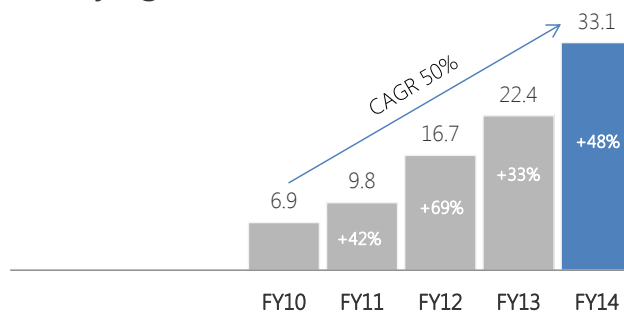


- Leading provider of telecommunications services across Australia and New Zealand
- Provides Internet, Fibre & Ethernet and Data Centres
- Revenue and Underlying EBITDA¹ CAGR of 44% and 50%, respectively

Revenue (\$m)



Underlying EBITDA¹ (\$m)



1. Underlying EBITDA excludes the effects of foreign exchange, gains on IRU prepayment and acquisition costs (previously foreign exchange only)

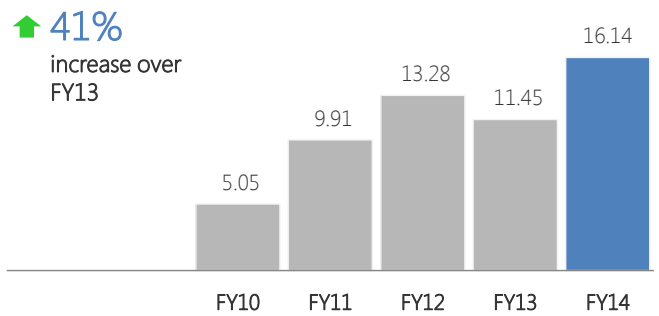
2. Compound annual growth rate ("CAGR") from FY10 – FY14

Earnings per Share and Dividends

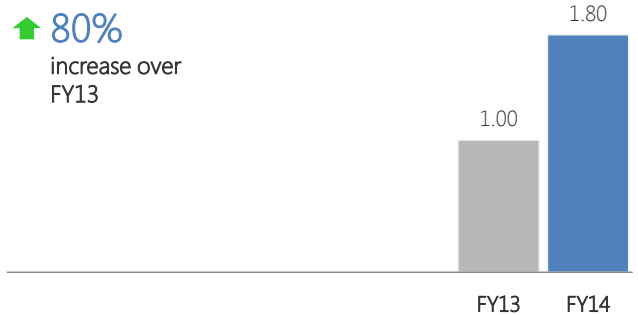


- Accelerating returns from infrastructure investments
- EPS growth net of dilution from capital raisings
- Increasing returns to shareholders as business matures

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



Dividends declared (cps)



1. Diluted EPS calculated on underlying NPAT

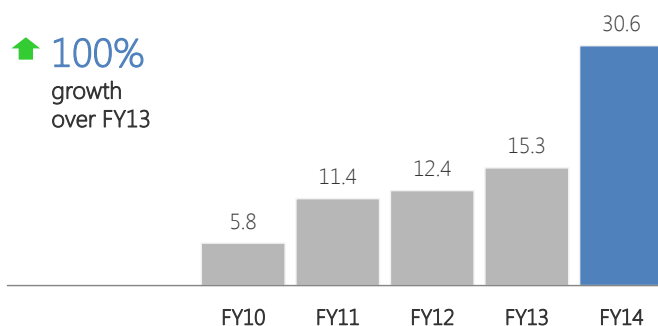
2. Underlying NPAT excludes FX gains and losses, IRU prepayment gains and acquisition costs;

Cash Flows

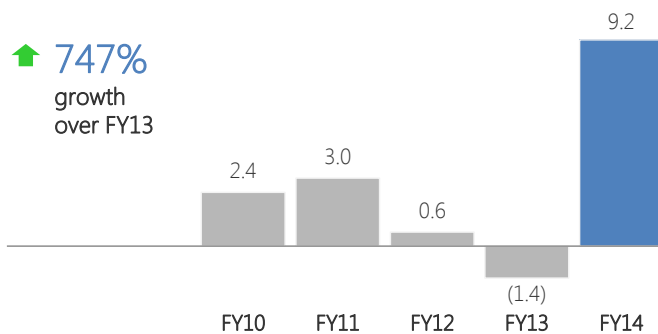


- Operating leverage continues to strengthen
- Strong base to fund ongoing operations and future expansion
- Free cash flow emerging

Operating Cash Flow (\$m)



Free Cash Flow (\$m)



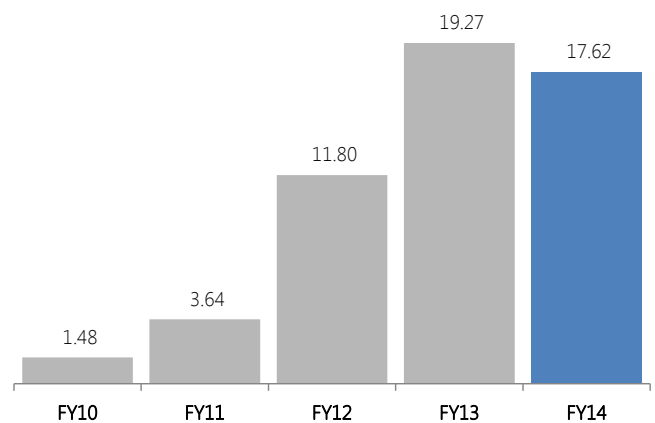
1. Free Cash Flow = Operating Cash Flow less payments for property, plant and equipment and intangibles

Core Capital Expenditure



- Customer demand driving capital expenditure
- FY15 expected to be in line with current levels based on strong opportunity pipeline
- Maintenance capex in line with prior periods

Core Capital Expenditure (\$m)



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

Leverage



- Significant reduction in leverage following capital raising in March 2014
- Remaining IRU liability settled in July 2014 with prepayment benefit
- Net leverage following FY15 announced acquisitions expected to be 2.6x and gearing of 40%

	30 June 2013	30 June 2014
IRU liability	\$55.9m	\$22.1m
Bank debt	\$12.8m	\$25.0m
Finance leases	\$2.1m	\$2.7m
<i>less</i> Cash	(\$14.2m)	(\$44.6m)
Net debt	\$56.6m	\$5.2m
Gearing ¹	44%	4%
Interest cover ²	15.5x	14.0x
Net leverage ³	2.52x	0.16x

Notes:

1) *Net Debt / Net Debt + Equity*

2) *Underlying LTM EBITDA/Net LTM Interest Expense*

3) *Net Debt/Underlying LTM EBITDA*

LTM – Last Twelve Months

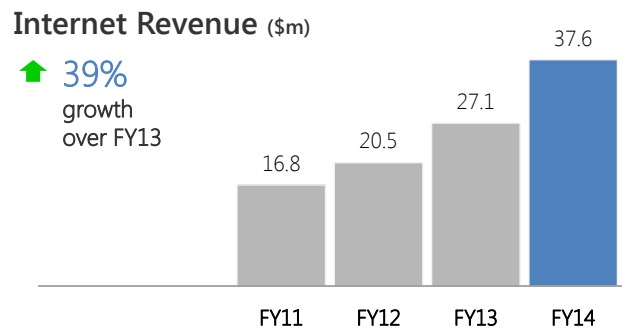
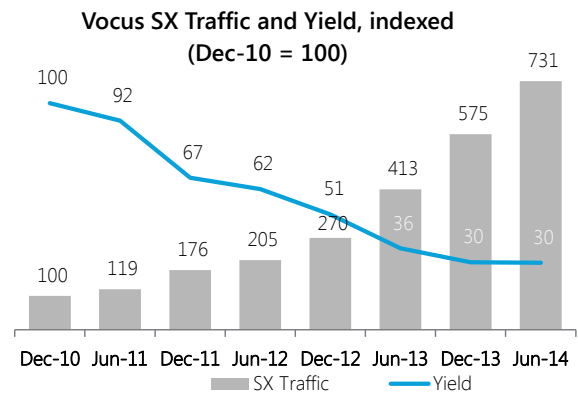
Product Review



Internet



- Yield decline offset by volume growth
- 77% Southern Cross traffic growth in FY14
- Growth in wholesale DSL product provided through relationship with iiNet
- Increased focus on provision of Internet to corporate sector

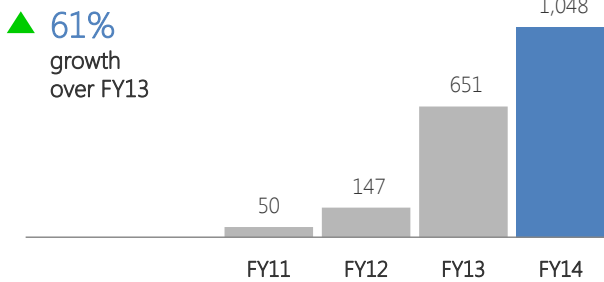


Fibre and Ethernet

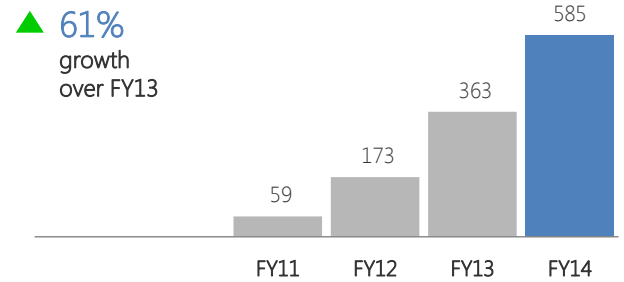


- Key driver of growth
- Current utilisation 13.5%
- Focus on customers in on-net buildings
- 16% of revenue growth from Ipera acquisition

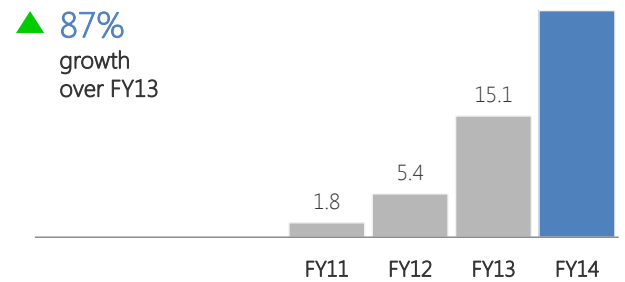
On-net buildings



Fibre network kilometres



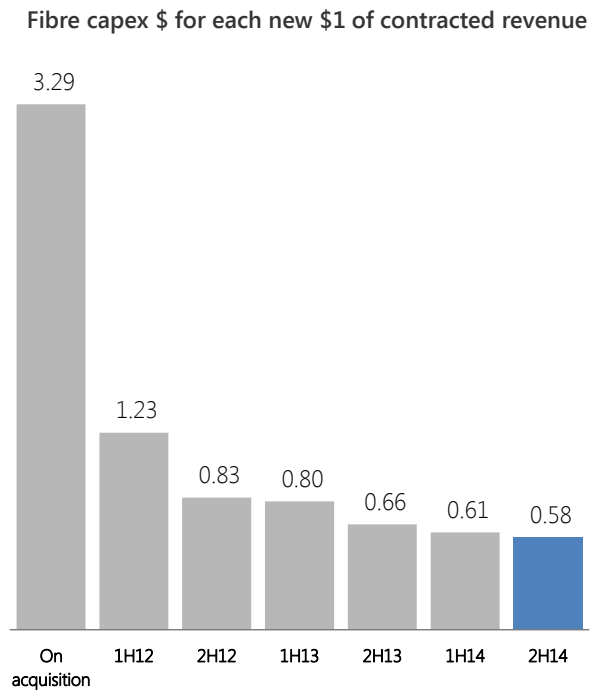
Fibre and Ethernet Revenue (\$m)



Fibre increased capex efficiency



- Capex required per dollar of new revenue decreasing
- Capex efficiency continues to improve as network reach increases
- FY14 includes proactive capex to increase efficiency of future builds



Data Centres

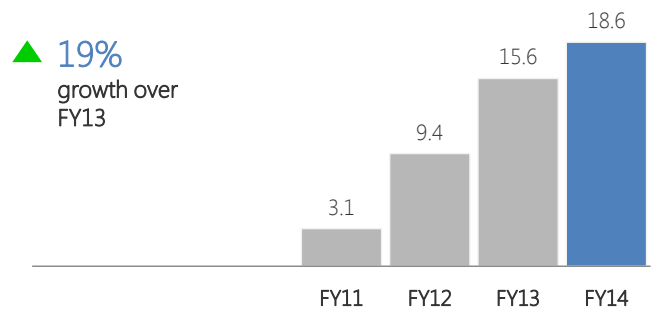


- 12 facilities across 8 sites, totalling 3,670m²
- Auckland expansion and new Melbourne facility opened in Q2/14 will provide revenue growth
- Melbourne expansion planned for FY15
- Bentley (Perth) DC acquired in FY15
 - 552m²
 - 171 racks (91% utilised)
- 8% of revenue growth from Ipera acquisition

Data Centre Summary – June 2014

Location	Area	Utilisation
Sydney - Doody St	897m ²	88%
Melbourne – Crockford St	490m ²	100%
Melbourne – 530 Collins St	685m ²	19%
Perth - William St	536m ²	94%
Auckland - Albany	564m ²	68%
Christchurch	128m ²	40%
Newcastle – Denison	90m ²	97%
Newcastle – Steel River	280m ²	59%
Total	3,670m²	78%

Data Centre Revenue (\$m)



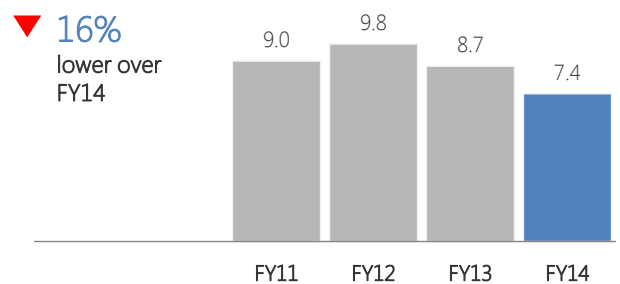
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Voice revenues lower



- Revenue impacted by regulatory rate reductions of 25% and strong wholesale competition
- Valuable bundled product for other services

Voice Revenue (\$m)



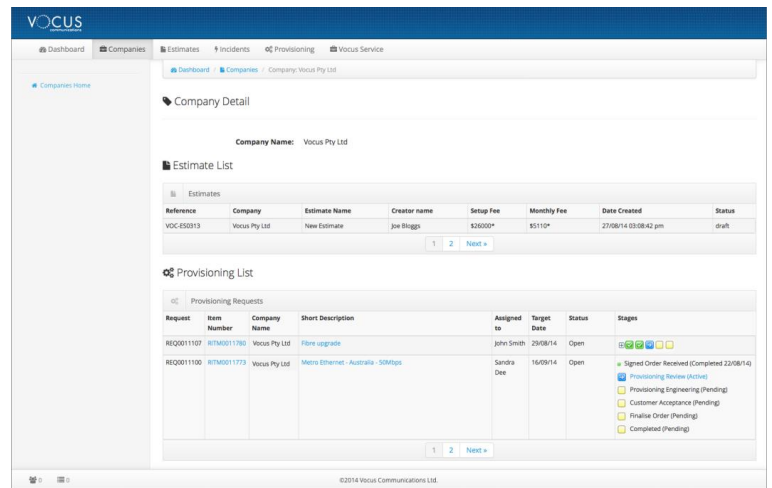
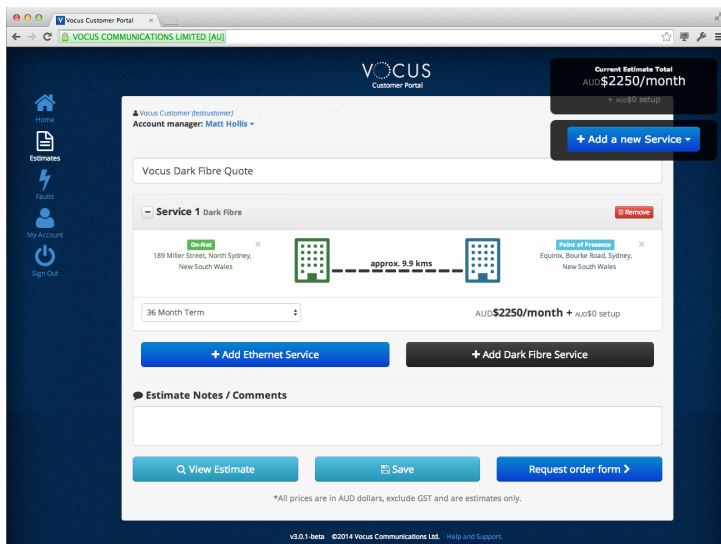
The Way Forward

- Clear growth strategy, aligned to ever increasing data demand coupled with cloud computing and IT outsourcing trends
- Focus on sales and building the brand in the corporate market
- Increasing operational leverage and asset utilisation
- Emphasis on automation and workflow to reduce service delivery costs
- Strategic acquisitions where complementary to current business
- Bentley (Perth) DC – acquisition to complete in September 2014
- FX Networks – acquisition to complete in October 2014

Customer and Internal Portals



Self-service quoting for Vocus services and internal workflow management



Marketing initiatives

Focus on corporate customers in on-net buildings



Vocus Communications
For faster, direct connections
to the content you need

VOCUS
communications



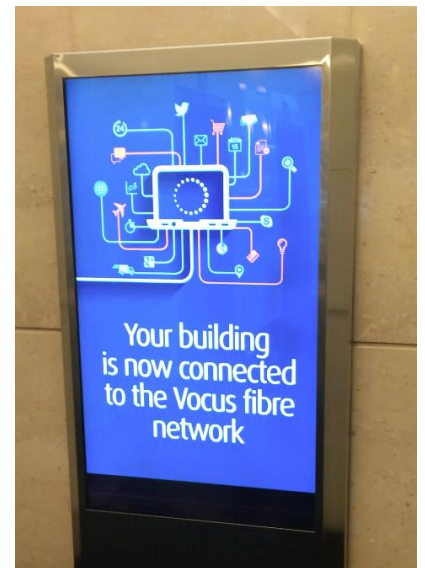
VOCUS | Internet Express
40Mbps Unlimited
Business Fibre Broadband

\$299 Per Month

\$5,000 install or \$0 install and \$599 per month

Internet Express is also available in
10Mbps, 40Mbps, 100Mbps and 250Mbps

Min cost over 24 months is \$12,176 (if \$5,000 upfront fee is paid) or \$14,376 (if no upfront fee is paid).
Taxes not included. Only available to eligible business customers in limited Vocus connect buildings.



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