

1st Half FY12 Results Presentation

Investing for Continued Growth

20 February 2012

Presented by

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- Strong sales growth across all product lines
- Fibre sales for the first half up 45% on PCP
- Product offering broadened – cross sell and acquire new customers
- Acceleration of Cloud through the acquisition of L7
- Clean structure with the in specie distribution of iiNet Shareholding
- Investing in FY12 for next step change in FY13

- Launch of Cloud services in April 2011
- First major win - UWA in July 2011 (circa. \$9m over 3 years)
- Acquisition of L7 in November 2011



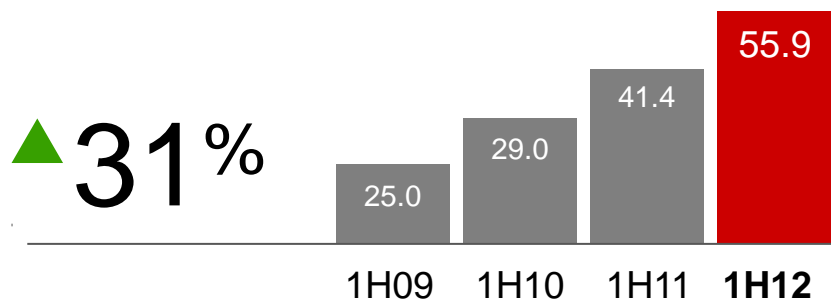
- Investing in FY12 for step growth in FY13

Financial Highlights

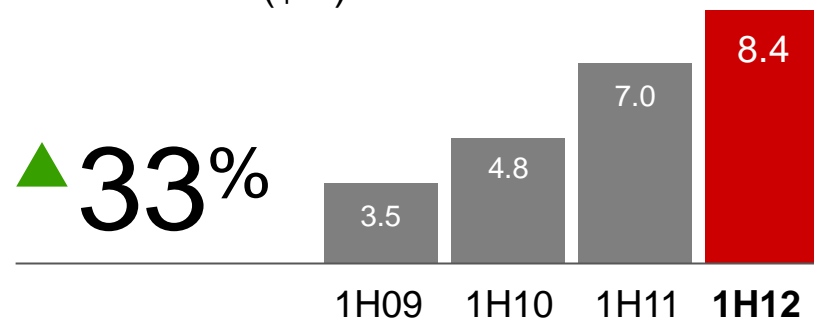
Consistent Track Record (3 YR CAGR)

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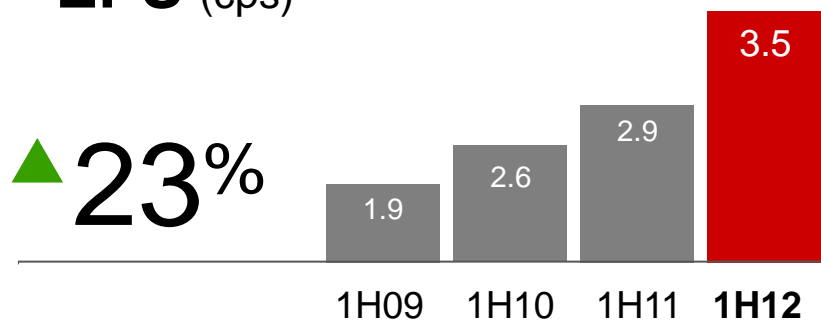
Revenue (\$m)



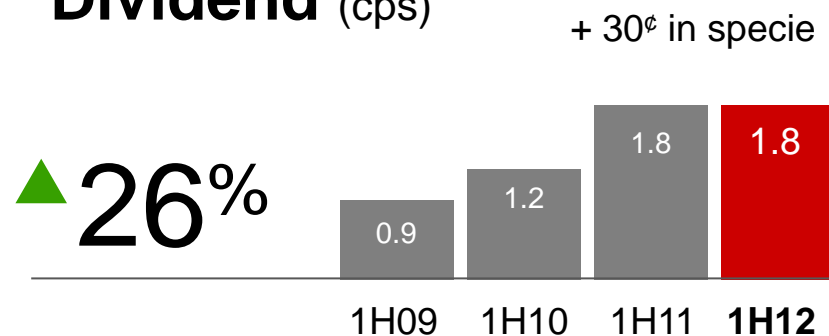
NPAT* (\$m)



EPS* (cps)



Dividend (cps)



* Before iiNet related amounts and once off items

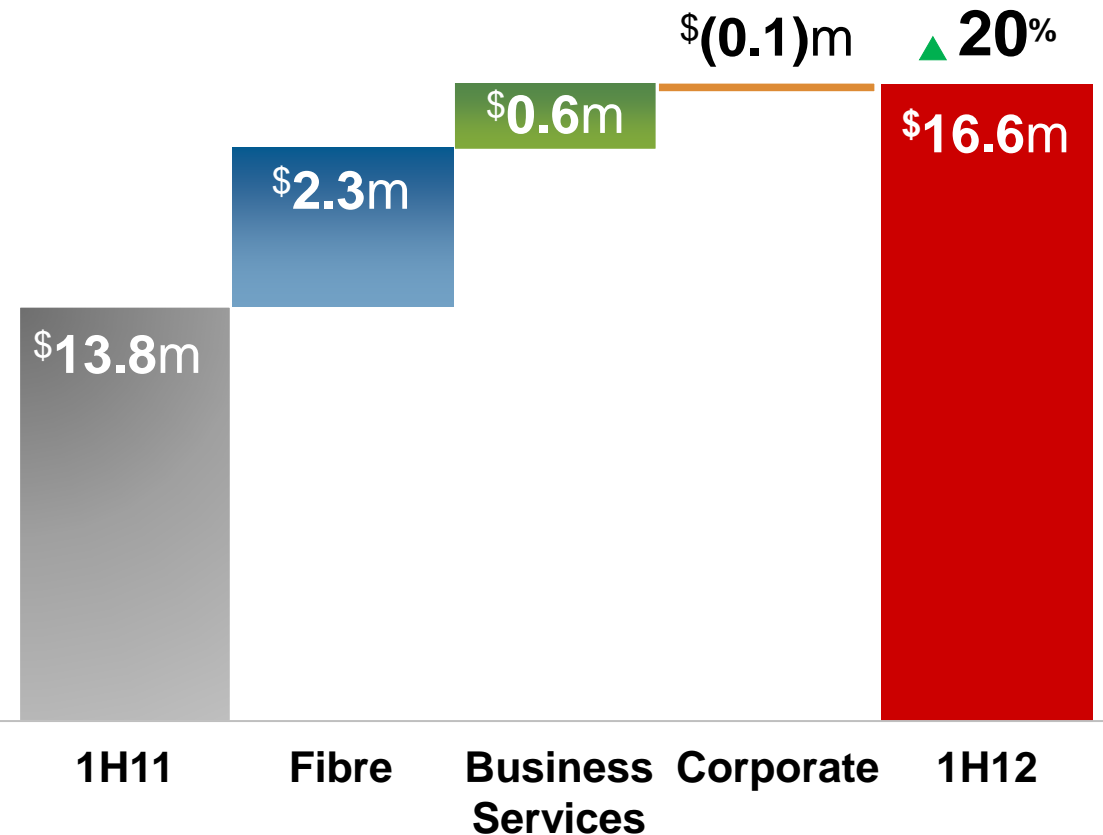
Financial Highlights

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Reported Results (\$m)	1H12	1H11	Var %
Revenue	55.9	41.4	▲ 35%
EBITDA	16.6	13.8	▲ 20%
NPAT - Operating Units	8.4	7.0	▲ 20%
Profit - in specie	18.6	-	
Acquisition expenses and other once off items	(0.5)	-	
Equity Accounted Earnings	-	2.9	
NPAT - Reported	26.5	9.9	▲ 169%
Earnings per share (Operating Units)	3.5c	2.9c	▲ 21%
Earnings per share (Reported)	11.0c	4.2c	▲ 168%
Dividend per share	1.8c	1.8c	
ROE normalised	14.8%	14.5%	▲ 2%

EBITDA Growth

▲ \$2.8m



Drivers

- Exposure to buoyant economy, particularly WA
- Fibre network products in demand

Outcomes

- Benefits of scale
- Margin change with adjacent products
- Increased free cash

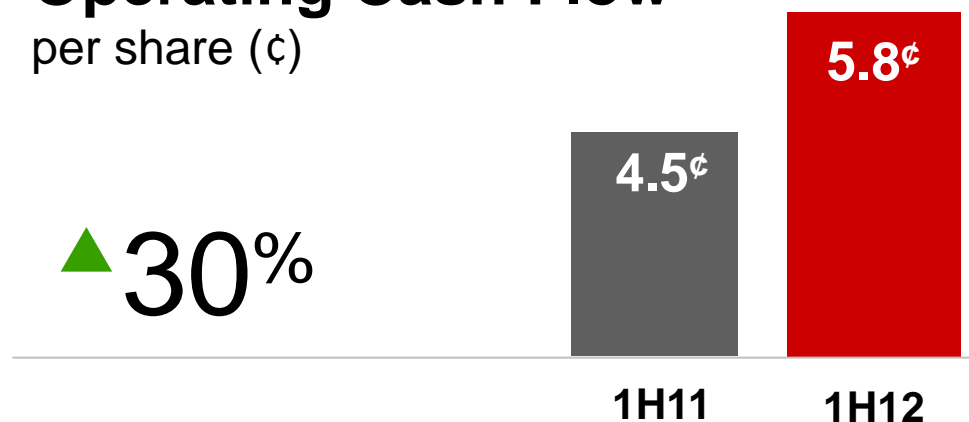
Cash Flow

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(\$m)	1H12	1H11	Var %
EBITDA	16.6	13.8	▲ 21%
Interest paid	(0.3)	(0.5)	
Tax paid	(3.3)	(1.9)	
Working Capital & Other	1.1	(0.5)	
Operating Cash Flow*	14.1	10.9	▲ 30%

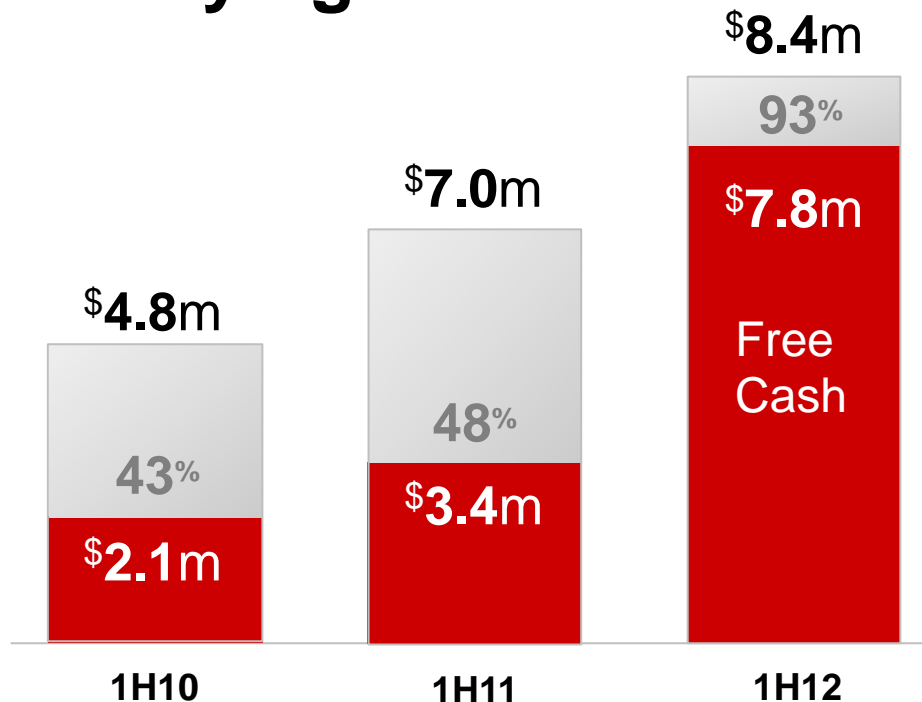
Operating Cash Flow

per share (c)



* iiNet dividend \$2.1m excluded from PCP

Ung geared Free Cash* to Underlying NPAT

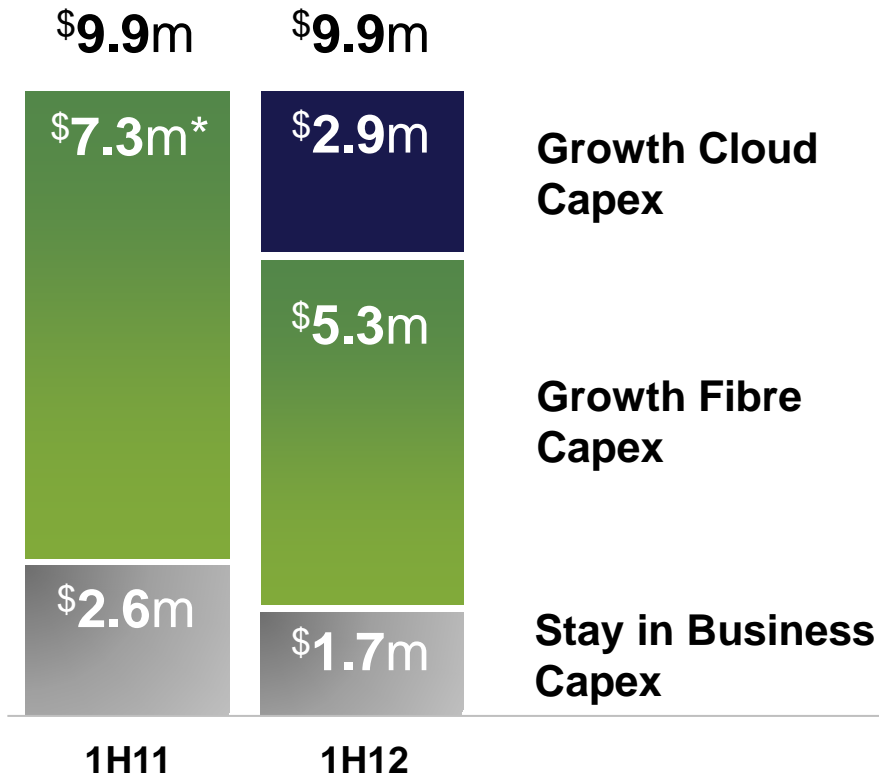


Cash Flow conversion accelerating as business scales

* Operating Cash Flow before interest, tax and iiNet dividend less Capex

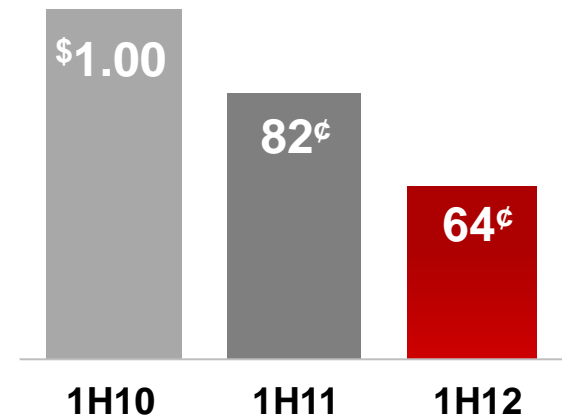
Capex Efficiency

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Growing Efficiency

Capex to connect \$1
of Fibre Revenue



* Includes \$2.0m Northern Territory Government Build

Capacity for Growth

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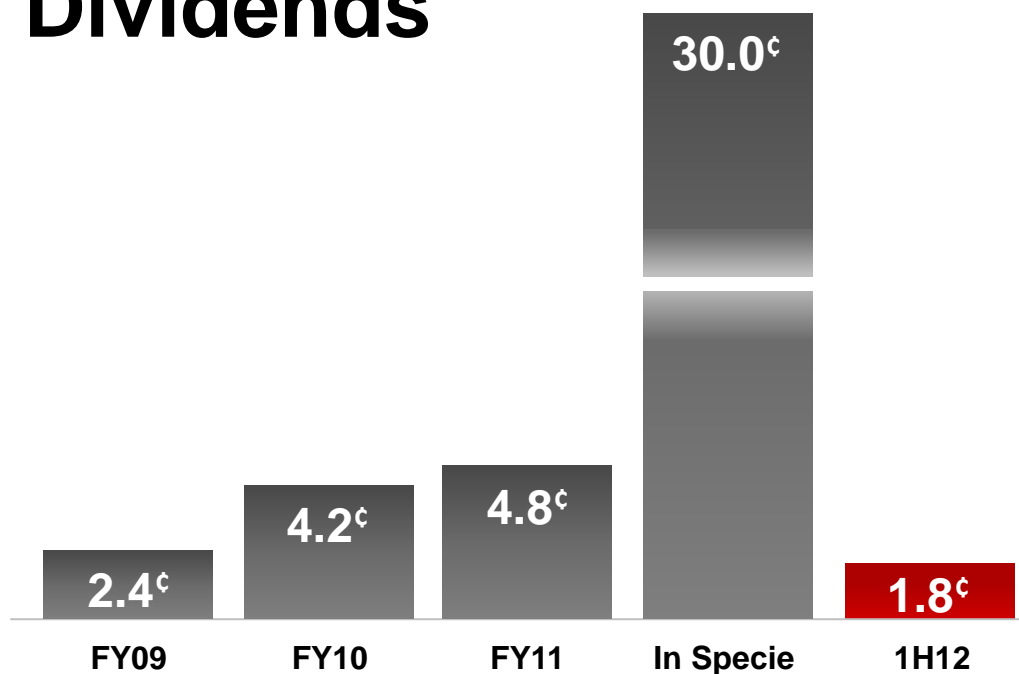
	Dec-11	Jun-11
Cash (\$m)	19.6	22.1
Net Debt / (Cash) (\$m)	12.6	(7.6)
Shareholders Equity ¹ (\$m)	113.9	151.8
Gearing ² %	10%	-
EBITDA/ Net Interest Exp (x)	53.2	25.4
Net Debt/ EBITDA %	76.4	-

¹ Shareholders' equity reduction due to in specie distribution

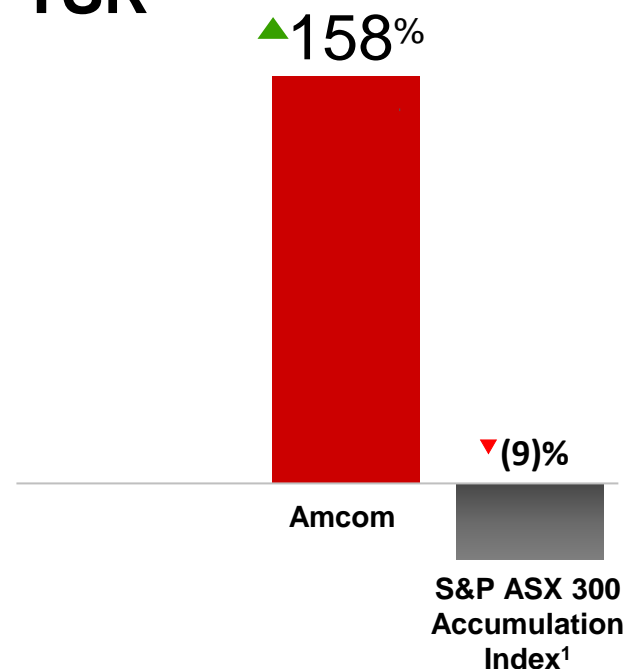
² Gearing: Net debt to net debt plus equity

- \$40m Bank Facilities to December 2014
- Low Gearing
- Strong operating cash flow

Dividends



TSR*



TSR* normalised 395%

* Remaining iiNet share value implicit in opening Amcom share price

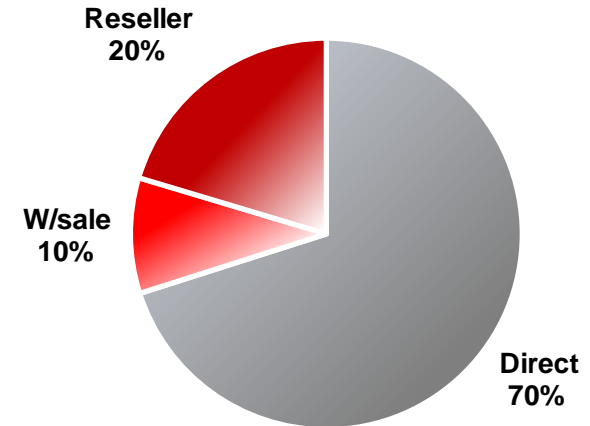
¹ Measured 1st July '08 to 31st December '11

Business update

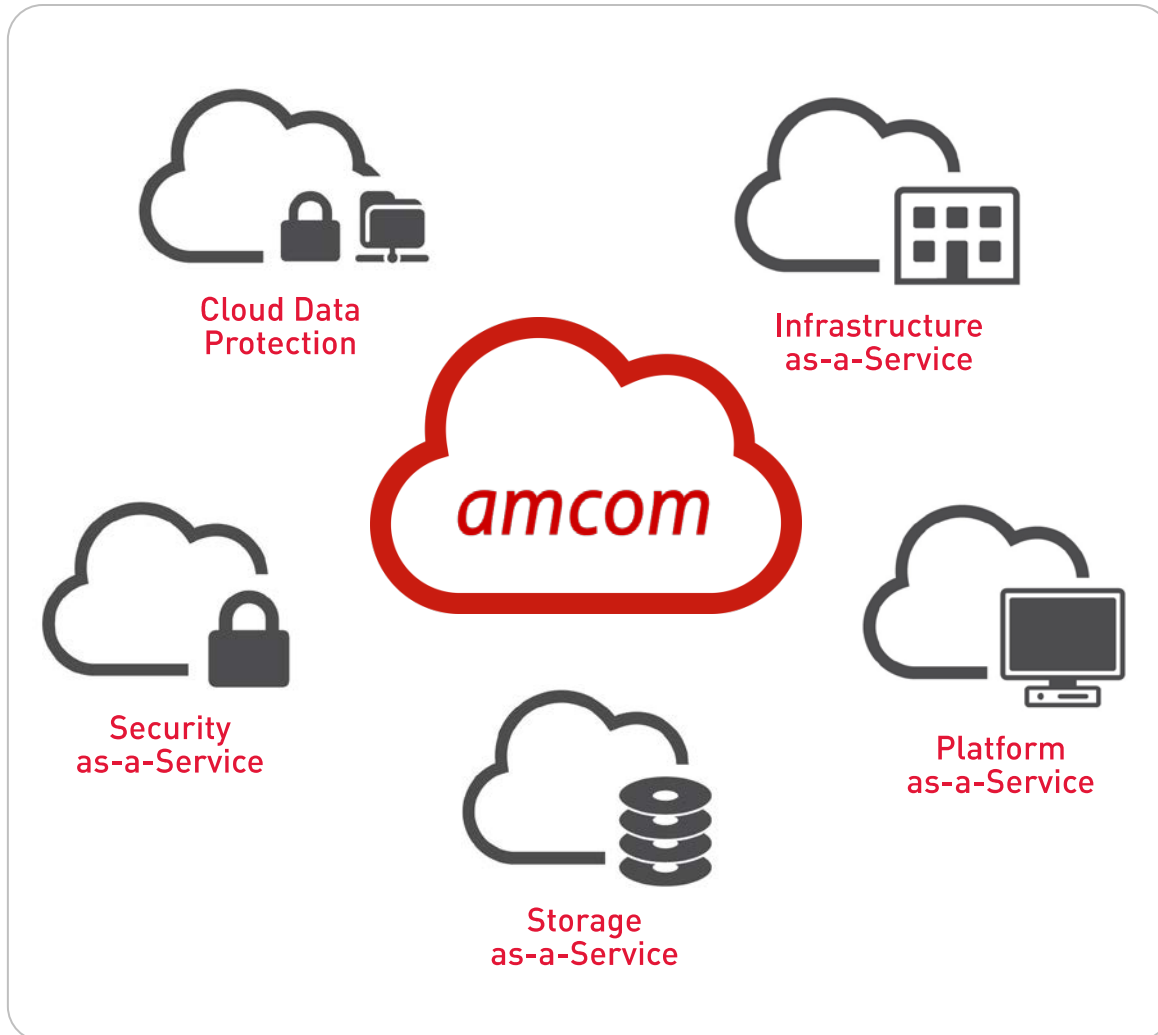
Strong Organic Sales Growth

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Channel	Products	Segments
Direct	<ul style="list-style-type: none">• Data/ Networks• IP Tel• Cloud	Corporate Enterprise Government
Wholesale	<ul style="list-style-type: none">• Data/ Networks• IP Tel	Telco's Service Providers
Resellers	<ul style="list-style-type: none">• Data/ Networks• IP Tel• Cloud	SMB/ SME



- Strong sales growth across all product lines
- Fibre sales for the first half up 45% on PCP
- Strong channel growth
 - Increased number of channel partners
 - Investing in channel: on-line B2B, products, programs & training



- Launched in April 2011
- Early success in 1H12 with UWA
- Strong pipeline of opportunities
- L7 adds capability to accelerate

- The IT and Telco sectors converging



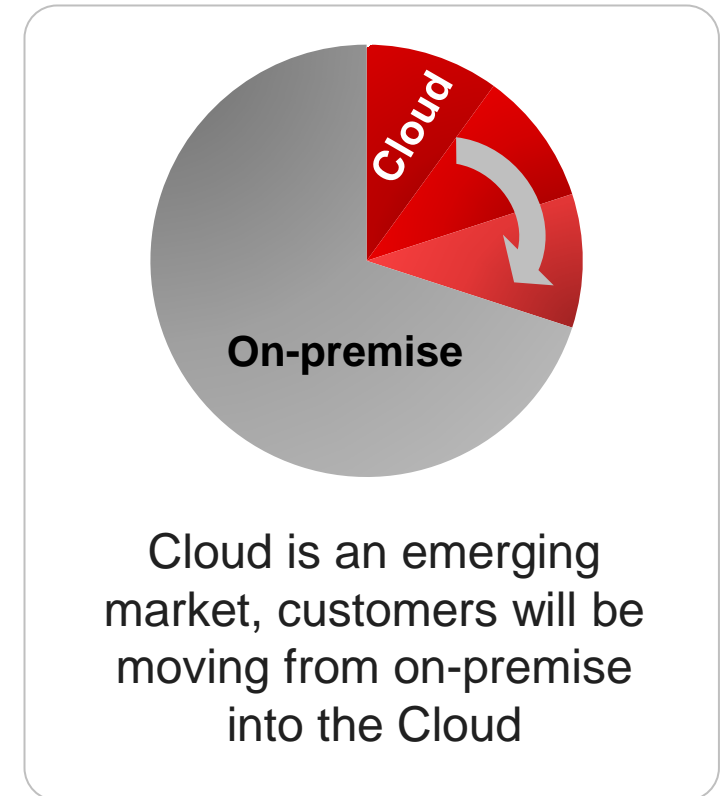
- Ideally placed to leverage the Cloud opportunity:
 - Customer relationships
 - Fibre Networks
 - Data Centres
 - Extensive Private Cloud offerings
 - Execution capability (over 100 IT professionals)

The Emerging Cloud

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	Cloud	On Premise
IP Telephony	✓ Amcom	✓ L7
IT	✓ Amcom	✓ L7

Customer choice and transition path to the Cloud



Cloud is an emerging market, customers will be moving from on-premise into the Cloud

“...by 2015, 50% of all CIOs expect to operate the majority of their applications and infrastructure via the Cloud.” **Gartner**



- Culture alignment
- Build the business for scale
- Back of house integration
- Sales acceleration
- Cross sell products

- ✓ Proven track record to deliver demonstrated over the past five years
- ✓ Earnings from “essential” annuity based services
- ✓ Bolstered IT capabilities with L7 – more products to sell
- ✓ Strong cash flow generation with low debt levels

- Core business performing well
- Growth foundation in place - Cloud, marketing, L7 acquisition
- L7 - build for scale, accelerate Cloud and Managed Service capabilities
- Amcom maintains guidance of double digit earnings growth*

- Full year benefit of FY12 will drive accelerated growth in FY13:
 - Fibre annuity sales
 - Cloud annuity sales
 - L7 sales & Managed Services

* Net profit after tax from wholly owned operations in FY12 before once-off items

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