



Vodafone Hutchison Australia

2016 Performance
Media and Analyst Briefing

A solid performance in 2016



Customer
numbers up



Underlying
revenue up



EBITDA



#1 network in
major cities



Roaming
revenue up



Growth in EBU



NPS up +13 points



Cash flow
positive

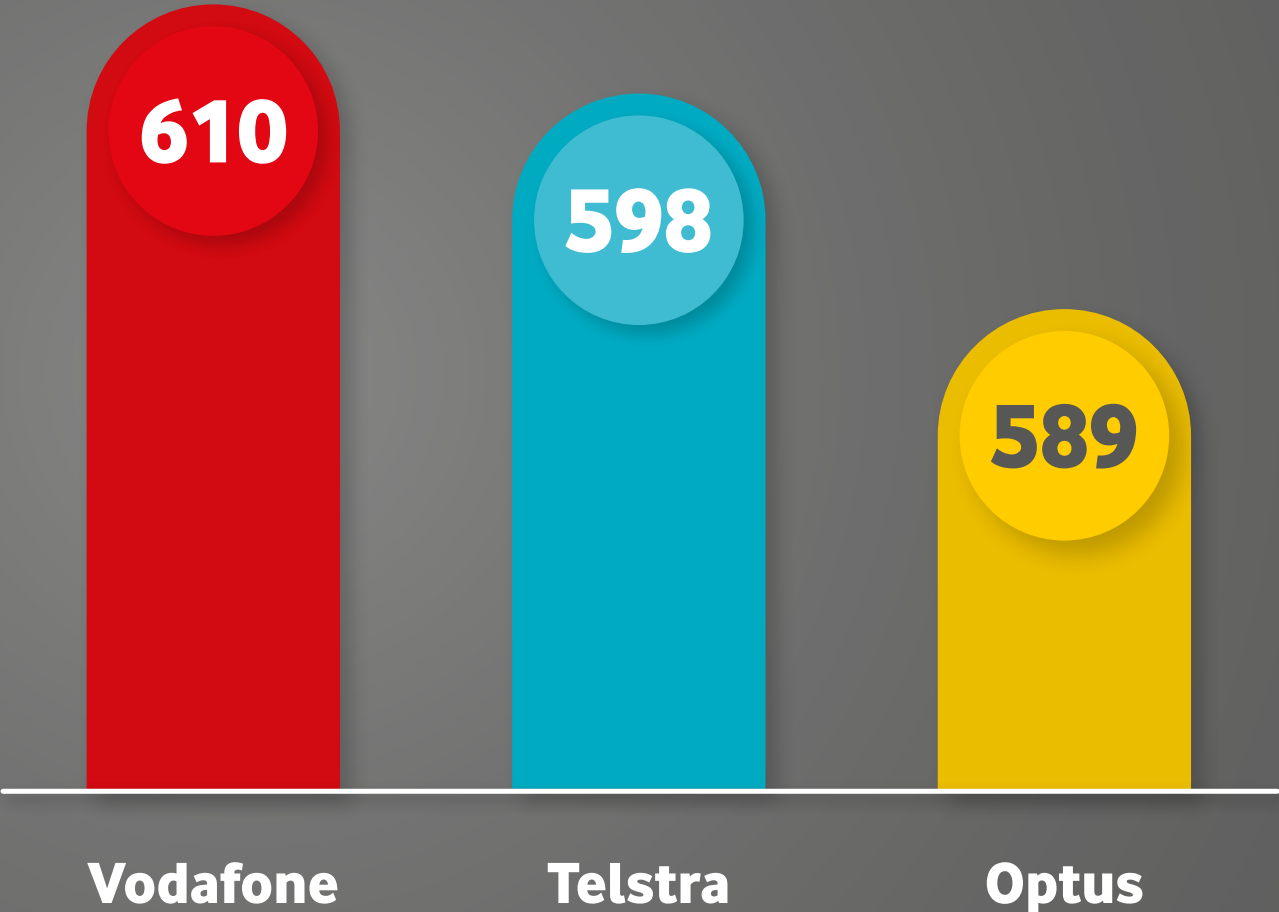
Drivers of performance – network



#1 network in
major cities

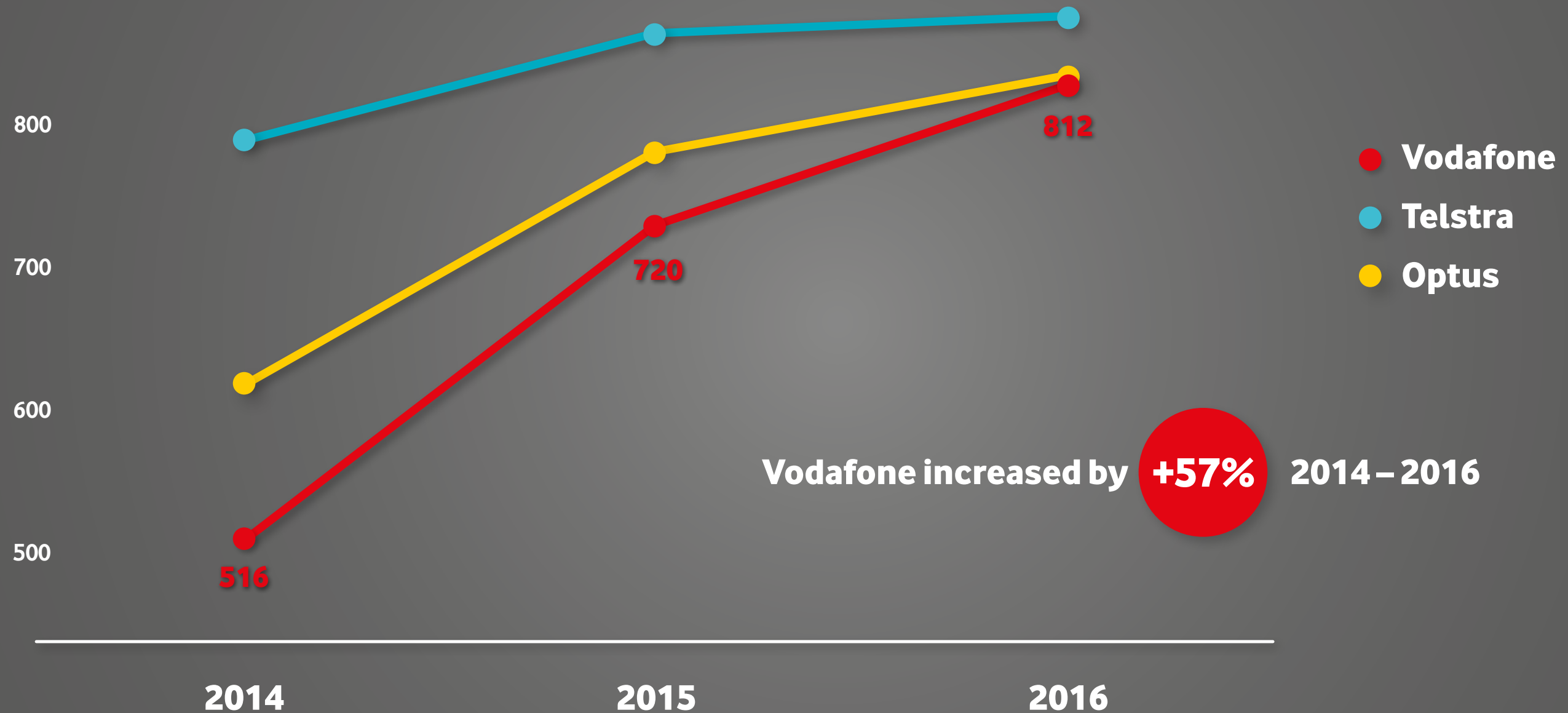
**MAJOR CITIES
BREAKDOWN
(Drive & walk tests)**

COMMSDAY 2016




* VHA ranked as the top-performing network in Australia's cities with a population over 100,000 for aggregate voice and data performance in the independent CommsDay P3 network benchmark tests released in December 2016.

Drivers of performance – network improvement





Drivers of performance – products which offer value



Points mode **ON.**
\$5 Roaming **ON.**

Earn up to 7,500 Qantas Points¹ in store and roam to over 50 countries for \$5 extra a day.


\$5 Roaming free
in New Zealand
Until 31.01.17²



Vodafone
Power to you

Available on Qantas Red plans. \$5 Roaming max 90 days.

¹The daily offer: 1. Available to Qantas Frequent Flyer (QFF) members who sign-up or upgrade to an eligible Qantas Red Plan listed at vodafone.com.au/qantas. Min month spend and early exit fees apply. Qantas Points are subject to the QFF terms and conditions. Qantas Frequent Flyer members who sign-up or upgrade to an eligible Qantas Red Plan must meet QFF membership criteria. QFF membership number must be provided to Vodafone in the application form when signing up or within 60 days of sign-up or points will be forfeited. Points will be earned once only during term. If plan is cancelled pursuant to the Vodafone Network Guarantee, members will no longer qualify for any points. Points are not exchangeable, transferable or redeemable for cash. Full terms at vodafone.com.au/terms. ²Available to eligible customers for use in selected countries. \$5 daily charge in addition to minimum monthly spend. \$5 daily charge waived when roaming in New Zealand until 31.01.17 (unless extended). Customers who join or change to an eligible Plan will automatically be opted into \$5 Roaming. All other eligible customers must choose to opt-in. Vodafone Vodafone to Vodafone reserves the right to amend this offer at any time, without notice.



2 months free
access fees on the HTC U Ultra

8GB
\$88/mth
80 MyMix Red Data plan
*\$5 phone

Over 24 months. Total min cost \$2112.
Additional data in Oz added at \$10/GB (\$0.10/NB).



Vodafone
Power to you

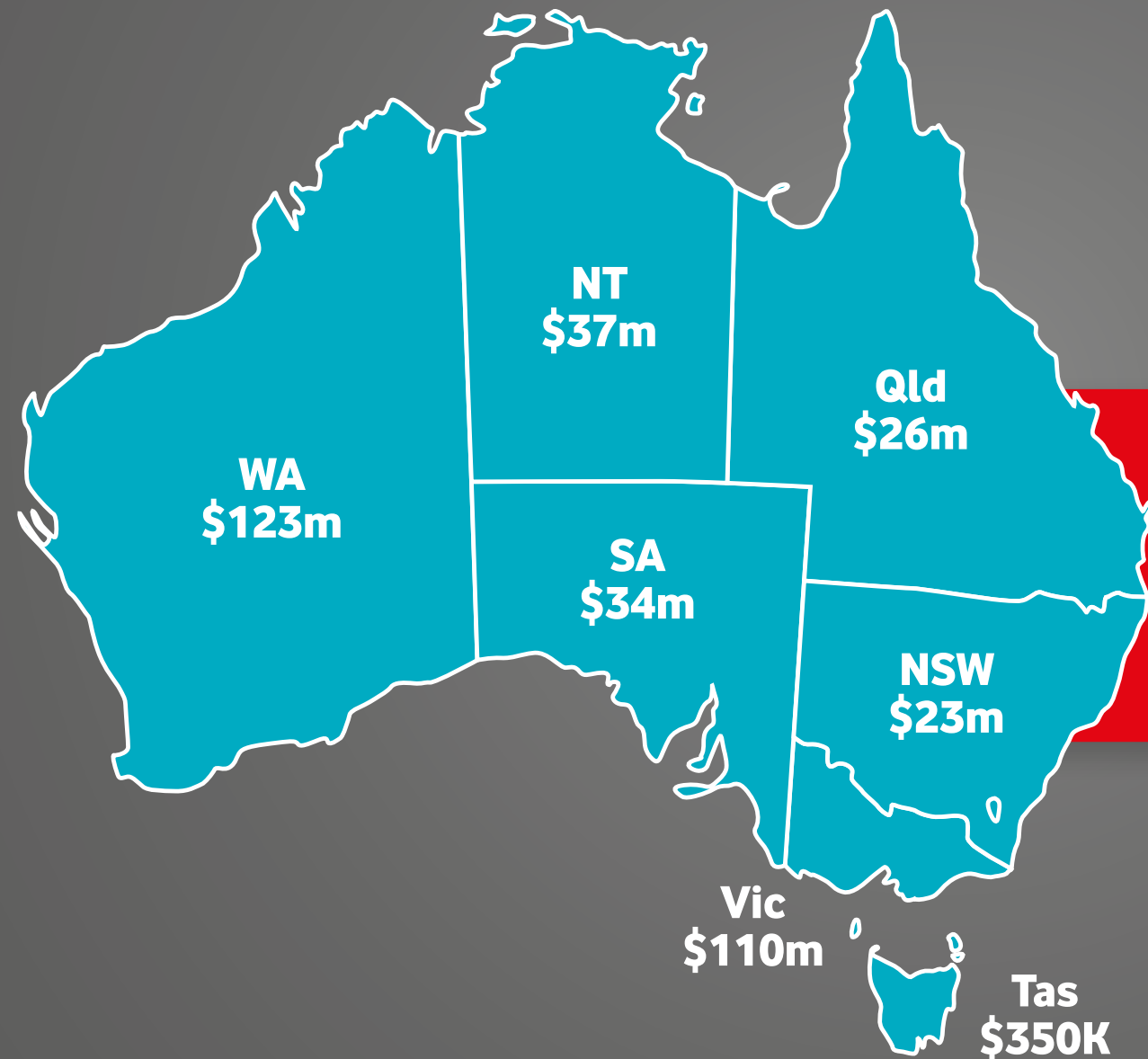
Offers end 09.05.17. For use in Oz.
To find out where we have coverage, visit vodafone.com.au/coverage.

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Drivers of performance – customer first culture



Calls for greater choice for regional Australia



**Total subsidies
\$1.9 billion**

(including Fed Govt subsidies/USO)

Calls for greater choice for regional Australia



The TUSO is past its use-by date.

(Productivity Commission, December 2016)

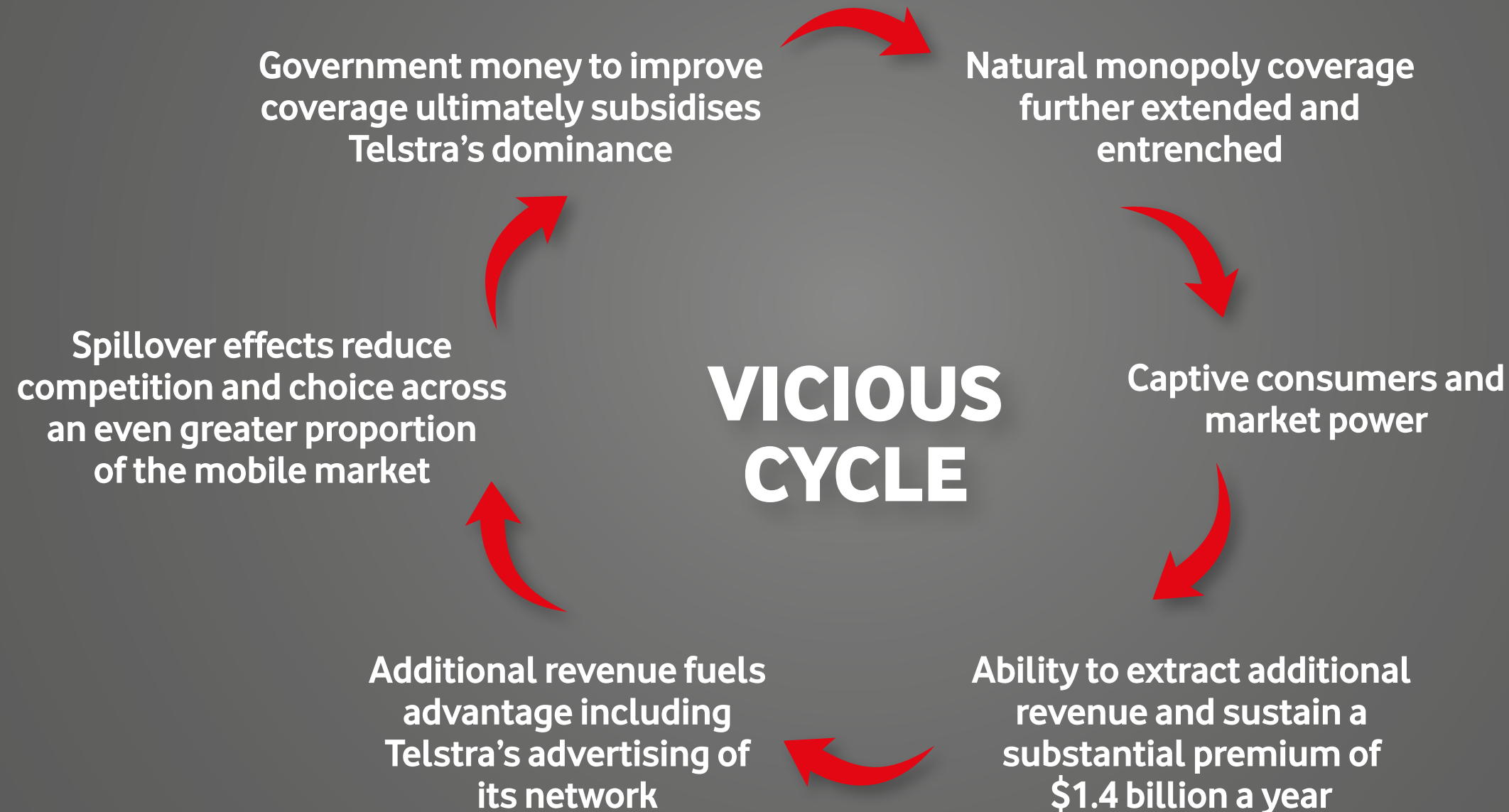
The lack of transparency and accountability makes the continuation of current arrangements difficult to justify from the point of view of those who contribute to its funding.

(Productivity Commission, December 2016)

The rollout of the national broadband network and increasing consumer demand for data is leading to the rapidly declining relevance of the Universal Service Obligation.

(Regional Telecommunications Independent Review Committee, October 2015)

Natural monopoly & subsidies driving vicious cycle

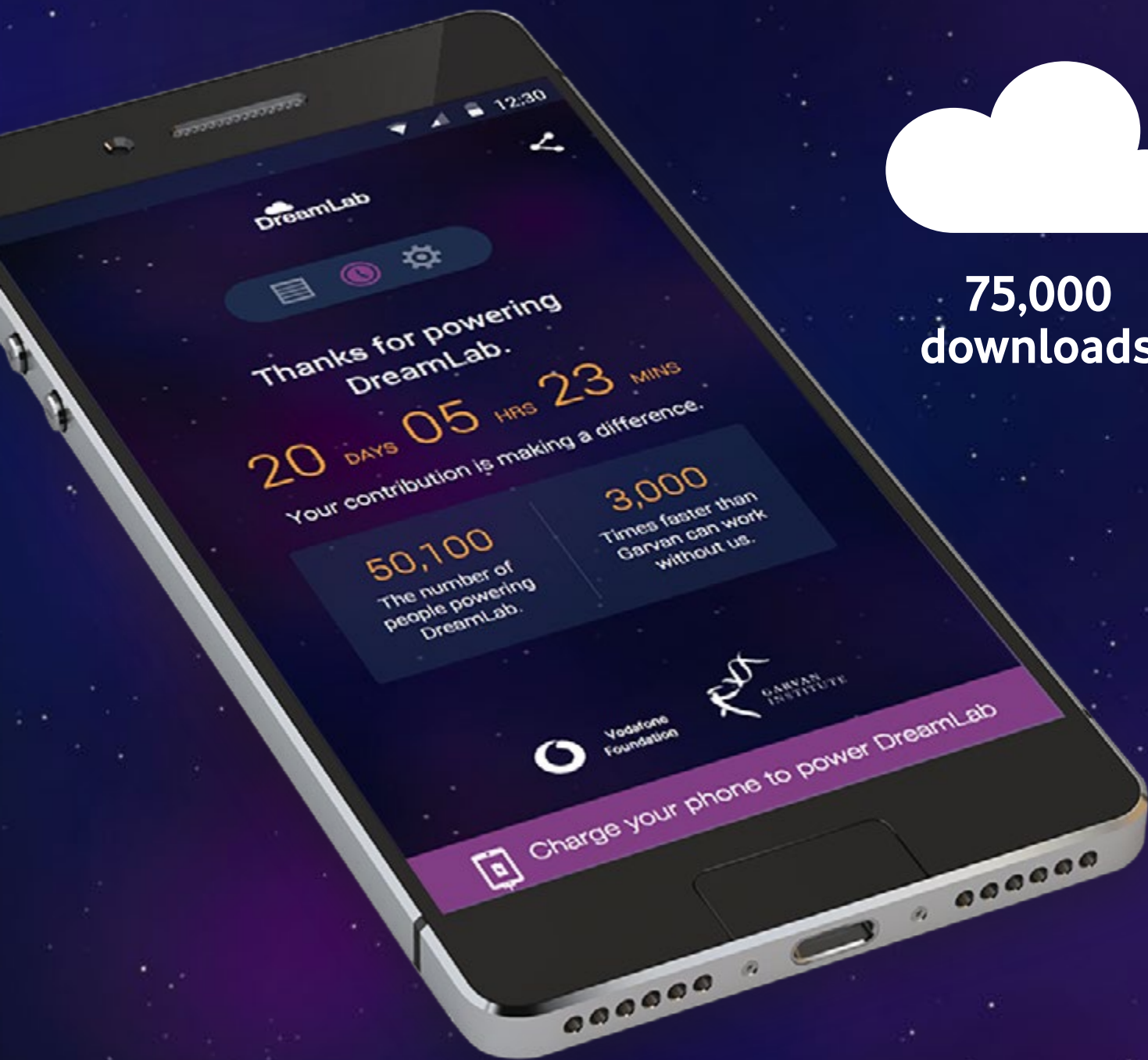


Domestic roaming is the best solution



- ✓ A natural monopoly exists in many rural and remote areas
- ✓ Telstra's mobile monopoly has been entrenched by subsidies
- ✓ International experience demonstrates domestic roaming promotes competition and investment
- ✓ No international evidence to support claims domestic roaming would negatively impact investment
- ✓ There would be no "free ride"
- ✓ Two thirds* of regional Australians support domestic roaming

Using mobile for good



75,000
downloads



50% of the project
data has been
crunched to date



HALF the time
compared
to Garvan's
supercomputer

2016 Financial performance



Revenue*
\$3,211 million
up 5.7%



Network customer base
5.56 million
up 2.3%



Customer ARPU*
\$43.77
up 3.6%



EBITDA
\$912.1 million
up 12.2%



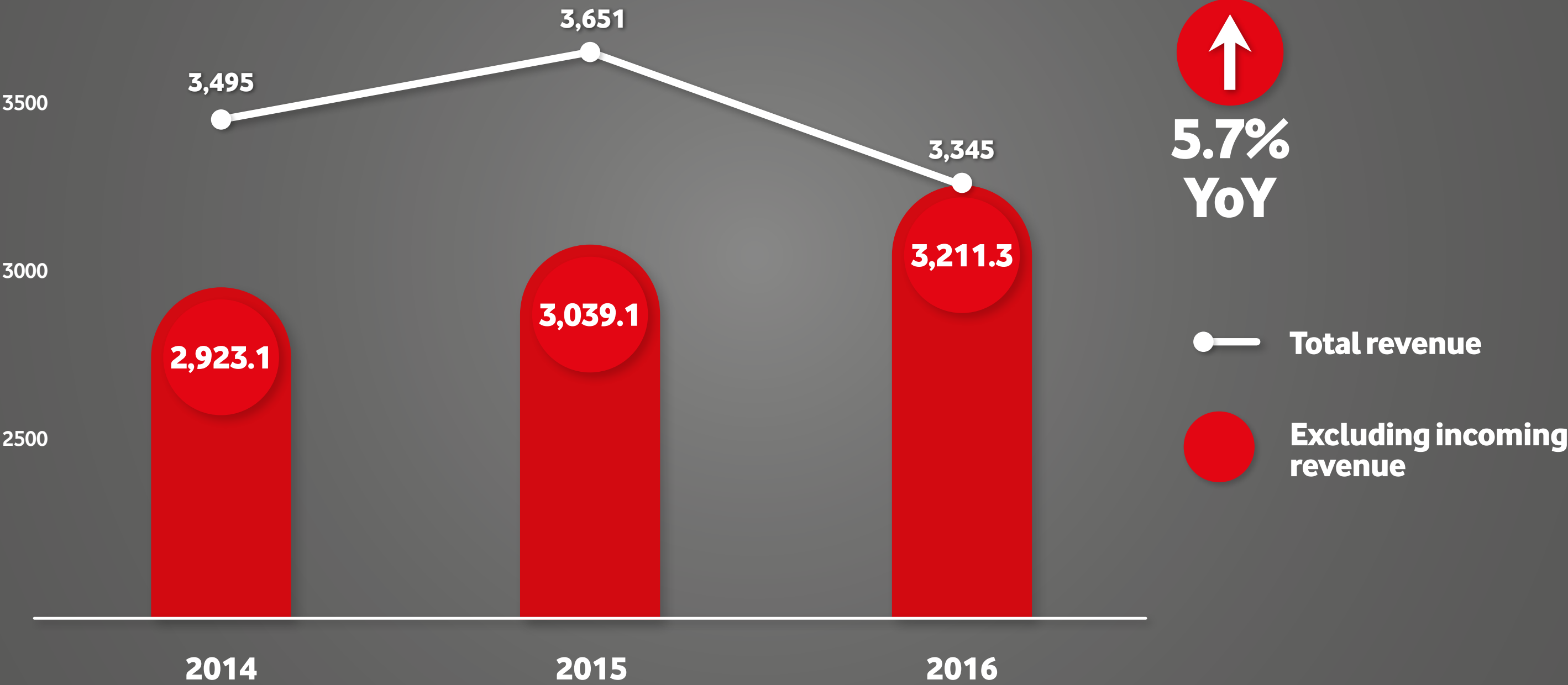
OFCF/FCF



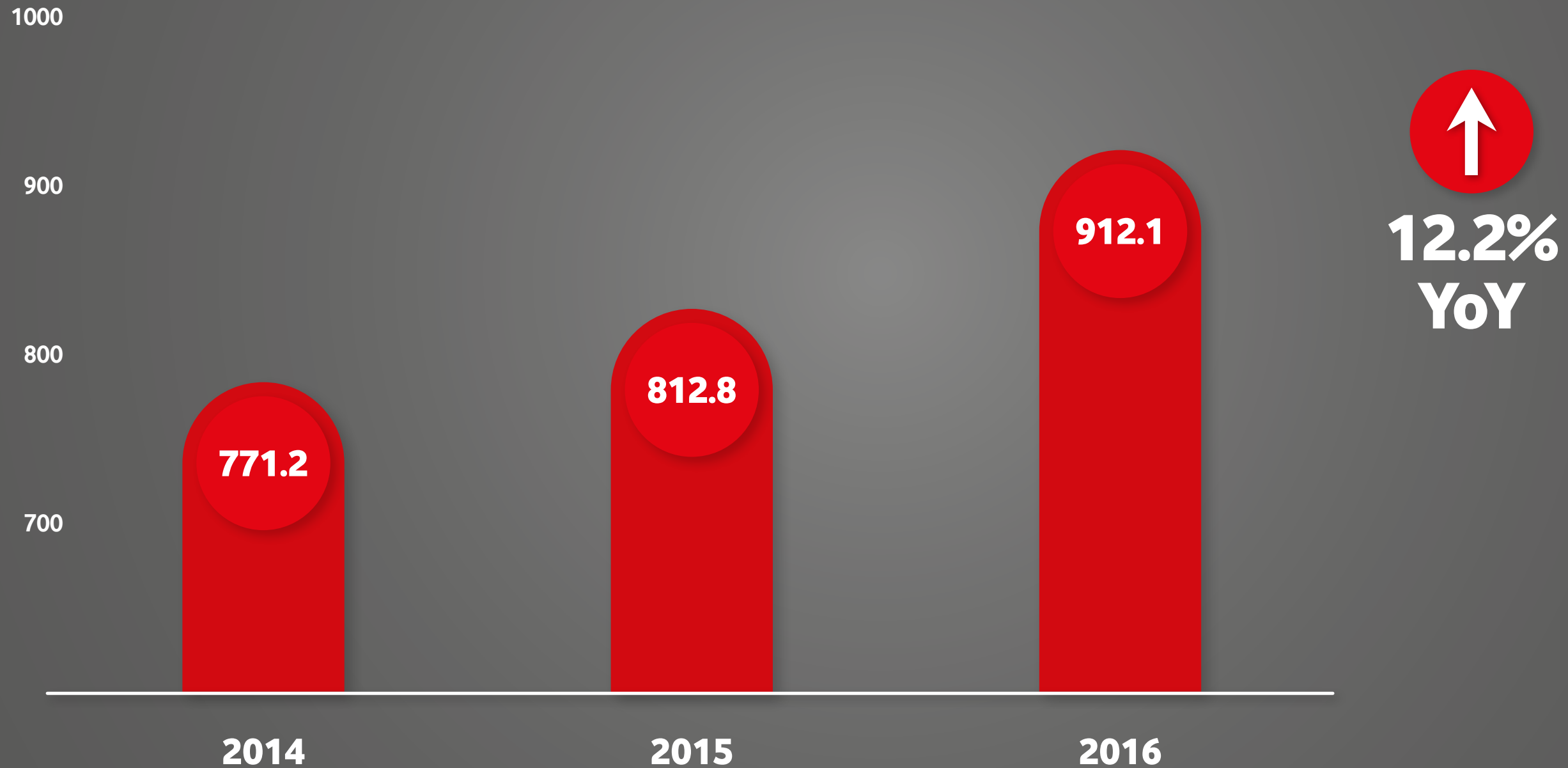
Improved loss position
down 43.8%

* Excluding incoming revenue

Revenue (\$m)



EBITDA (\$m)

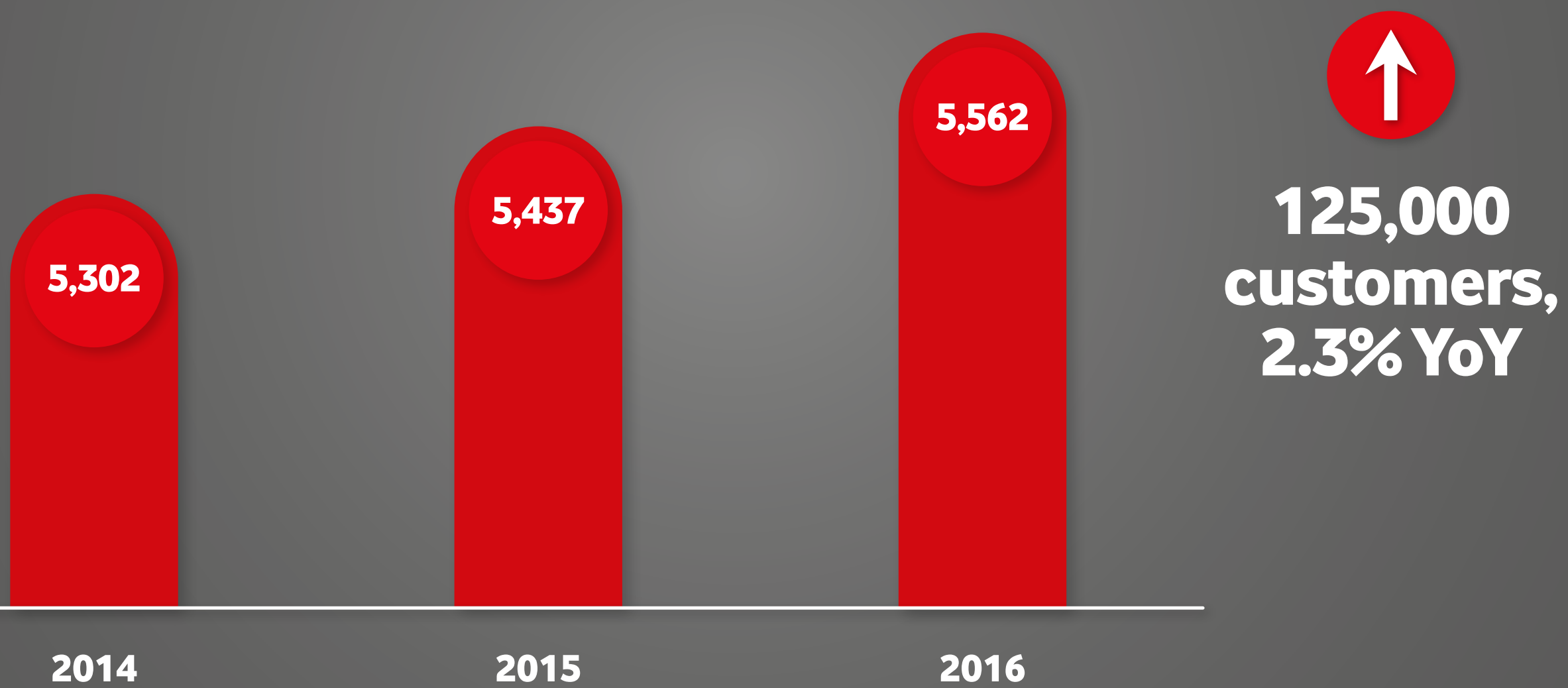


Total network customers ('000)

6000

5500

5000



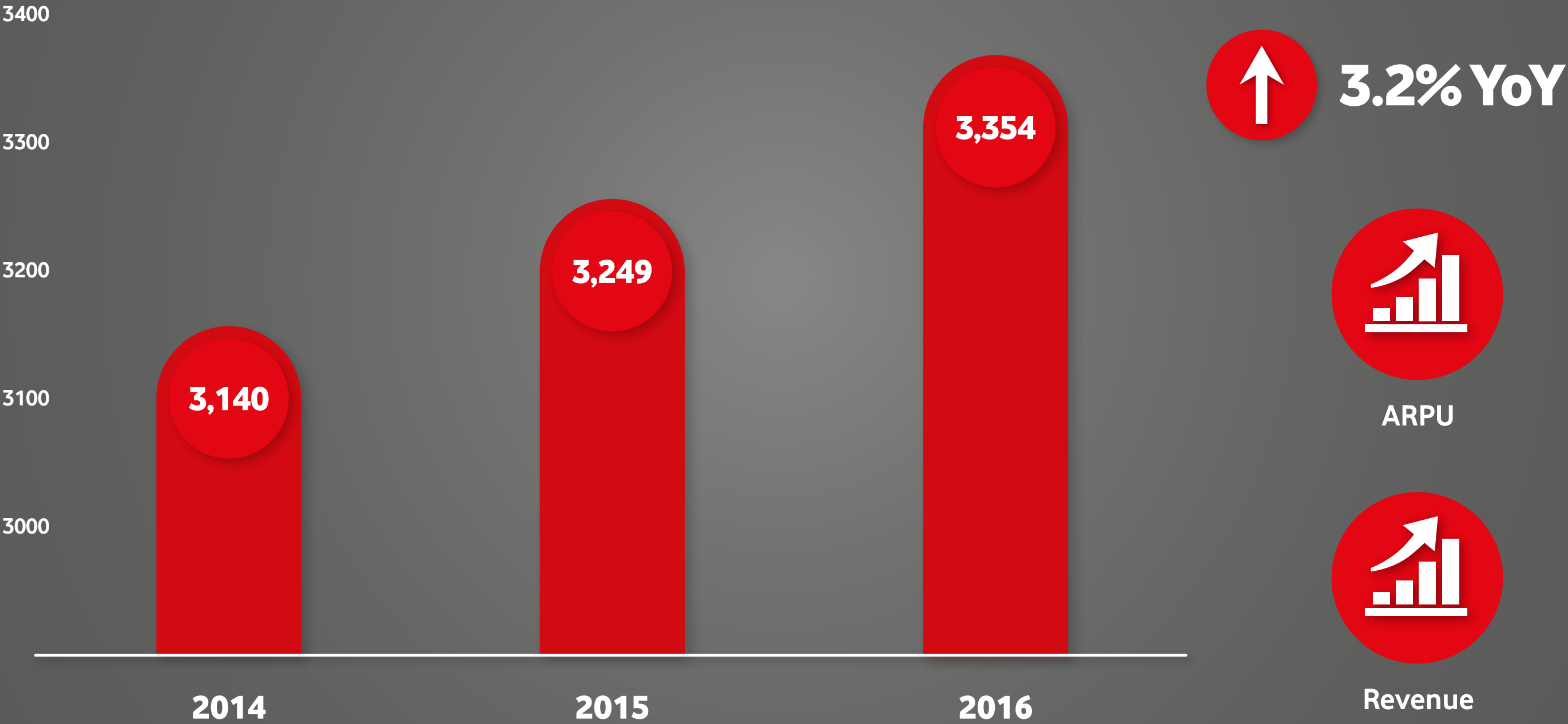
2014

2015

2016

**125,000
customers,
2.3% YoY**

Post-paid ('000)



2017 Outlook

**Continued
significant network
investment**

**Launch fixed
broadband services**

**Connect more
Australians**

**Tailored products
that put customers
in control**

**Focus on seamless,
simple customer
experience**

**Continue
regulatory agenda
to drive competition
and choice for
all Australians**

Questions?