

2012

FULL YEAR RESULTS PRESENTATION



18 September 2012



FY12 EBITDA of \$261.4m, 12% growth on prior year

Normalised NPAT up 46% (adjusted to exclude \$23.2m one-off tax expense).
Reported NPAT up 16%

Organic broadband subscriber growth for the year of 47k (62k On Net)
ADSL2+ with Home Phone bundle subscribers increased by 114k to 221k

Organic mobile subscriber growth for the year of 54k

Strong growth in Corporate EBITDA of 30% to \$110.8m

725km (39%) expansion of own fibre network

\$10m reduction in net financing costs in the year due to refinanced debt facility and significant debt reduction (\$185m repaid in past 2 years)

\$m

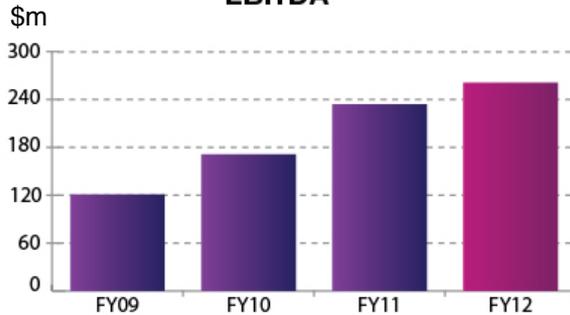
	FY12	FY11	Growth
Revenue	663.1	574.5	15%
EBITDA	261.4	234.0	12%
Reported NPAT	91.0	78.2	16%
Reported EPS (cents)	11.5	10.1	14%
<i>NPAT excluding one-off tax expense</i>	<i>114.2</i>	<i>78.2</i>	<i>46%</i>
<i>- adjusted EPS (cents)</i>	<i>14.4</i>	<i>10.1</i>	<i>43%</i>
<i>NPAT excluding amortisation* & one-off tax</i>	<i>137.9</i>	<i>111.1</i>	<i>24%</i>
<i>- adjusted EPS (cents)</i>	<i>17.4</i>	<i>14.3</i>	<i>22%</i>

* See Appendix for details

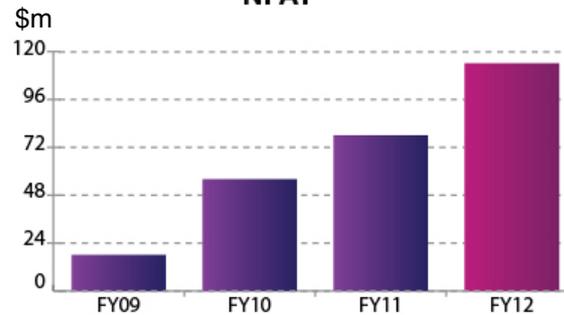
FY12 Financials: 4 Consecutive Years of Strong Growth



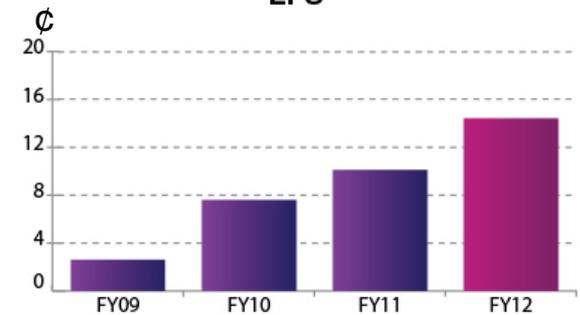
EBITDA



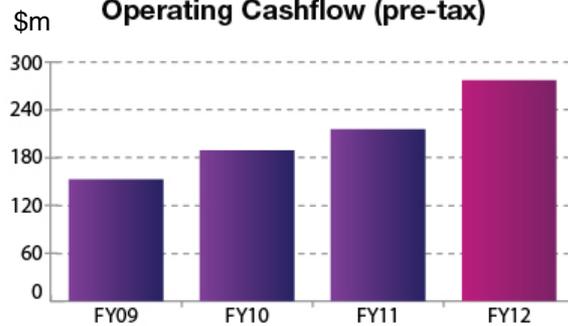
NPAT*



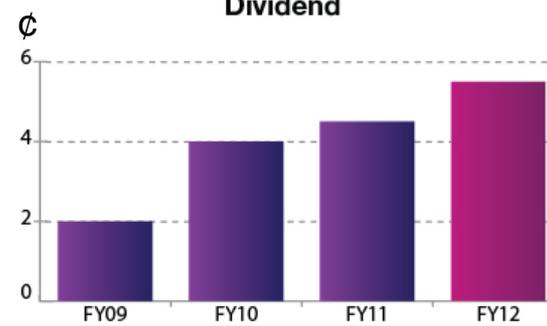
EPS*



Operating Cashflow (pre-tax)

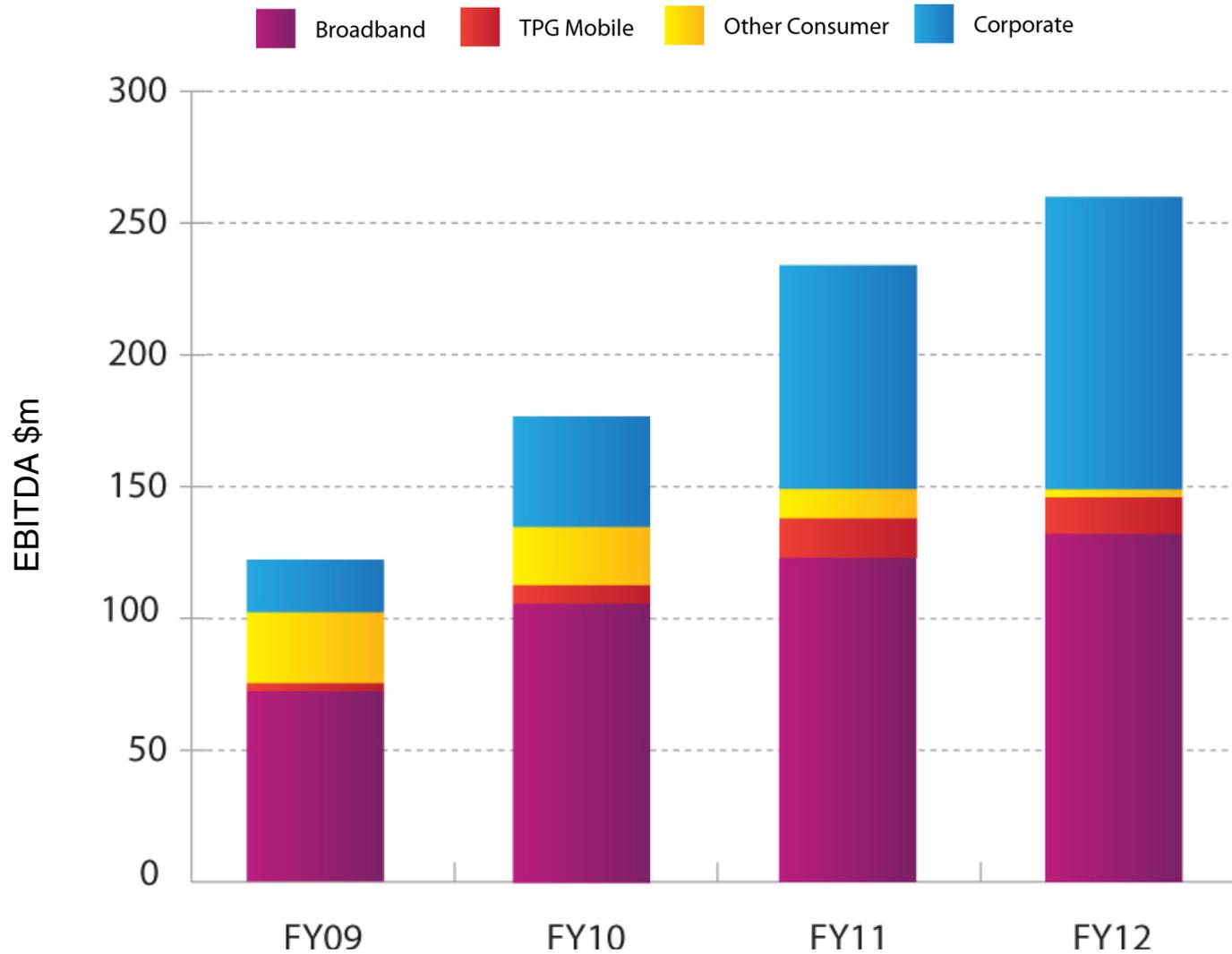


Dividend



****Note FY12 NPAT and EPS exclude the one-off tax expense arising from the retrospective change in rights to future income tax legislation***

FY12 Financials: EBITDA Growth



Growth and diversification of EBITDA

	\$m	
	FY12	FY11
Operating Cash Flow	277.2	215.2
Tax	(47.7)	(47.5)
Interest	(14.9)	(23.4)
Capex	(64.6)	(43.3)
Free Cash Flow	150.0	101.0

\$150m free cash flow generated in FY12

Increase in FY12 capex attributable to roll-out of domestic fibre network for VHA contract

	\$m	
	FY12	FY11
Free Cash Flow	<u>150.0</u>	<u>101.0</u>
<i>Utilisation of cash:</i>		
Debt repayments	84.5	100.0
Acquisition of cloud business	11.4	-
Investment in equities	22.4	-
Dividend payments (net of DRP)	26.0	8.7
Other	0.8	(0.2)
Increase / (decrease) in cash at hand	<u>4.9</u>	<u>(7.5)</u>
	150.0	101.0

	\$m
Group debt balance at 31 July 2011	232.0
Bank debt acquired on acquisition	1.5
Repayments made during FY12	(84.5)
Group debt balance at 31 July 2012	149.0

Debt to annualised EBITDA leverage ratio now < 0.6
 Significant capacity for growth if required

Debt facility refinanced in Dec 11

- term extended to March 2015
- improved pricing
- \$320m facility
- no compulsory repayments until end of term

FY12 Financials: Segment & Product Analysis



\$m

REVENUE	TPG Broadband	TPG Mobile	Other Consumer	Consumer Total	Corporate	Unalloc.	Total
FY11	298.8	49.2	26.2	374.2	200.3	-	574.5
FY12	337.7	52.0	13.5	403.2	259.9	-	663.1

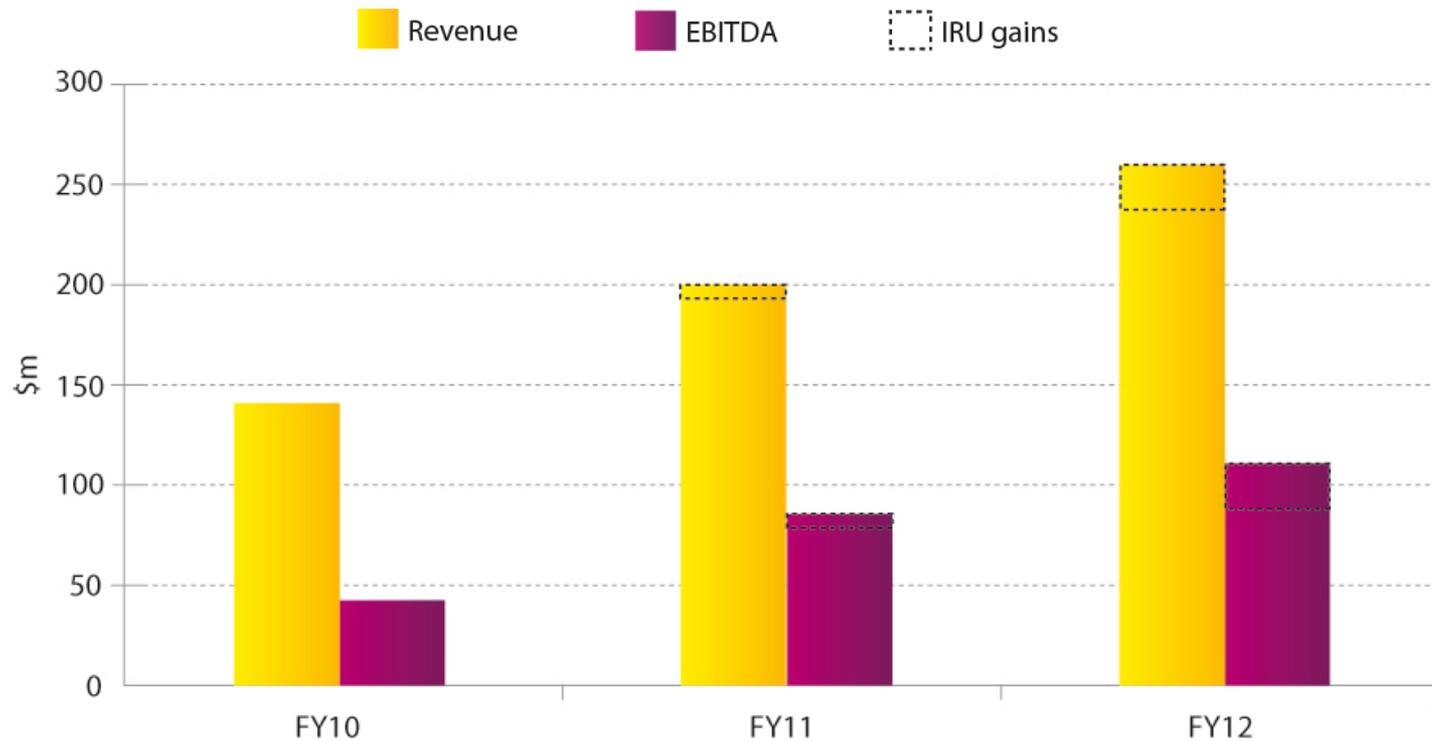
EBITDA	TPG Broadband	TPG Mobile	Other Consumer	Consumer Total	Corporate	Unalloc.	Total
FY11	122.7	15.4 ¹	10.6	148.7	85.5 ²	(0.2)	234.0
FY12	131.8	14.2	3.5	149.5	110.8 ³	1.1	261.4

EBITDA MARGIN	TPG Broadband	TPG Mobile	Other Consumer	Consumer Total	Corporate	Unalloc.	Total
FY11	41%	31%	40%	40%	43%	-	41%
FY12	39%	27%	26%	37%	43%	-	39%

¹TPG Mobile FY11 EBITDA included \$3.0m of one-off benefits

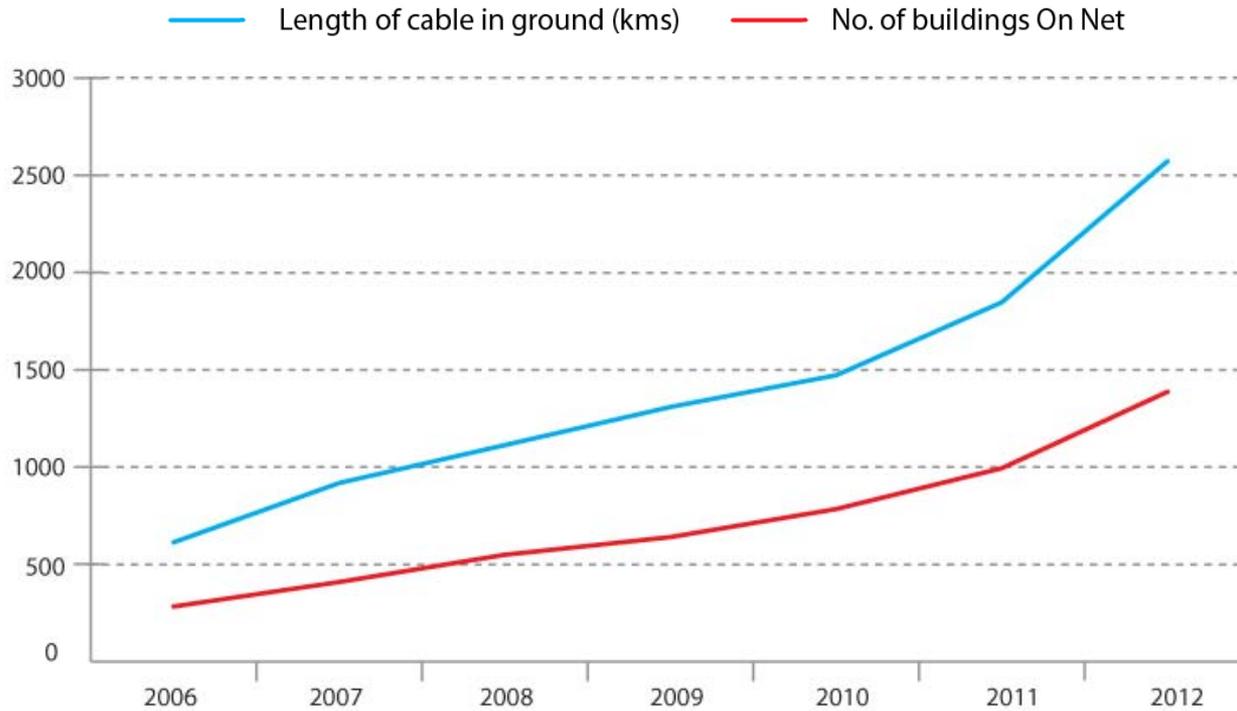
²Corporate FY11 EBITDA included a \$1.75m one-off benefit and a \$6.4m net gain on sale of capacity under an IRU

³Corporate FY12 EBITDA includes a \$20.7m net gain on sale of capacity under an IRU, and \$2.0m of other one-off benefits



Strong revenue and EBITDA growth driven by sales of capacity and services on the PIPE Networks domestic and international fibre network

Corporate contributed 43% of the Group's FY12 EBITDA



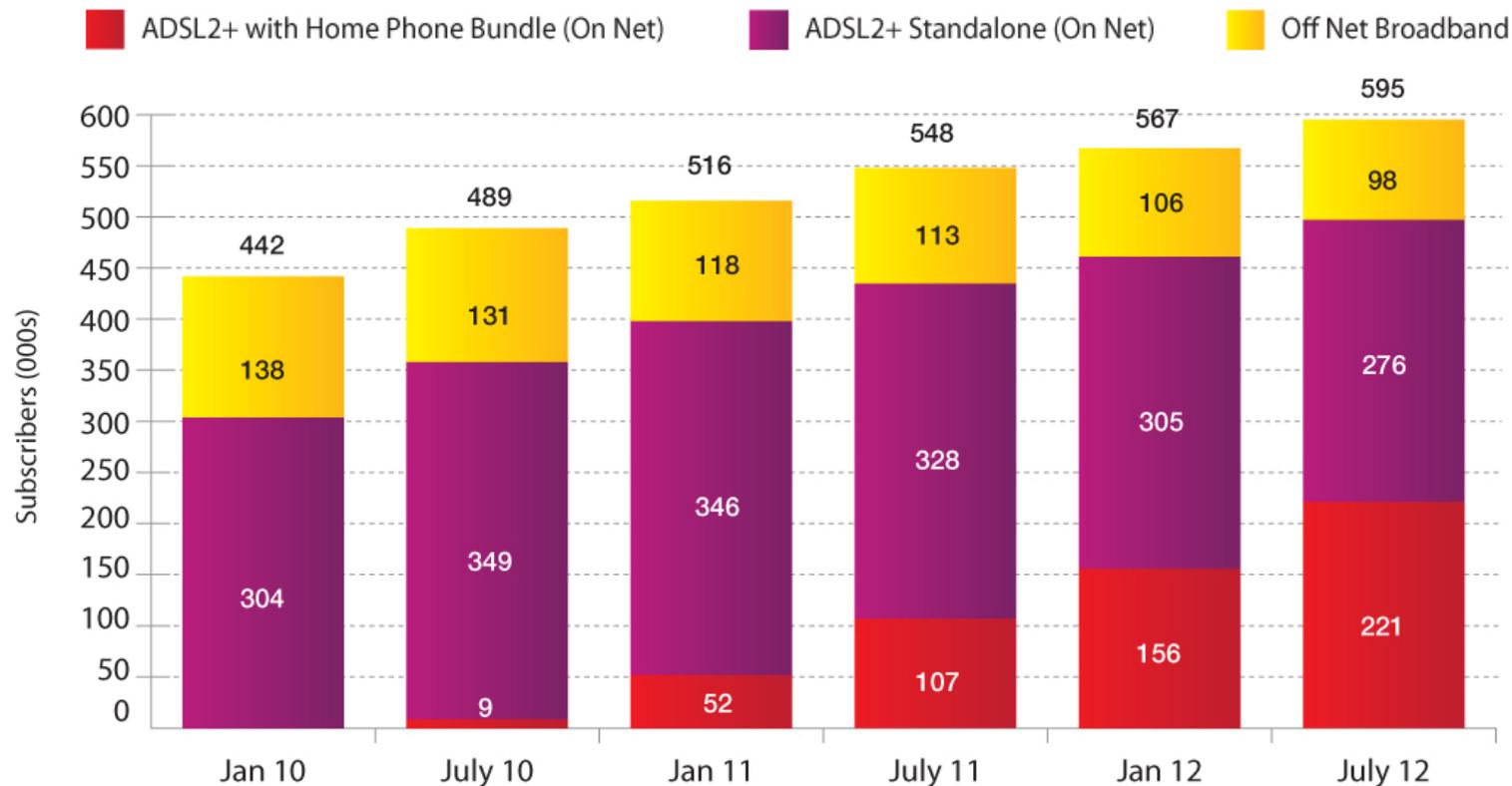
Coverage of domestic fibre network at 31 July 12 = 2,572km, 725km (39%) increase relative to 31 July 11.

Number of buildings directly connected to the domestic fibre network increased by 350 in the year to over 1,400 buildings.

- Utilisation now 31.4% (32.8% at July 11)

- Drivers of network growth – VHA network rollout, expansion to key new datacentres and further growth into financial sector

- International fibre: capacity of PPC-1 to be upgraded in 4Q 2012



- Overall growth of 47k in FY12, of which 28k in 2H12

- Award Winning ADSL2+ with Home Phone - key driver with 114k growth in the year

- Subscriber growth is 100% organic

- On Net churn rate 1.5%

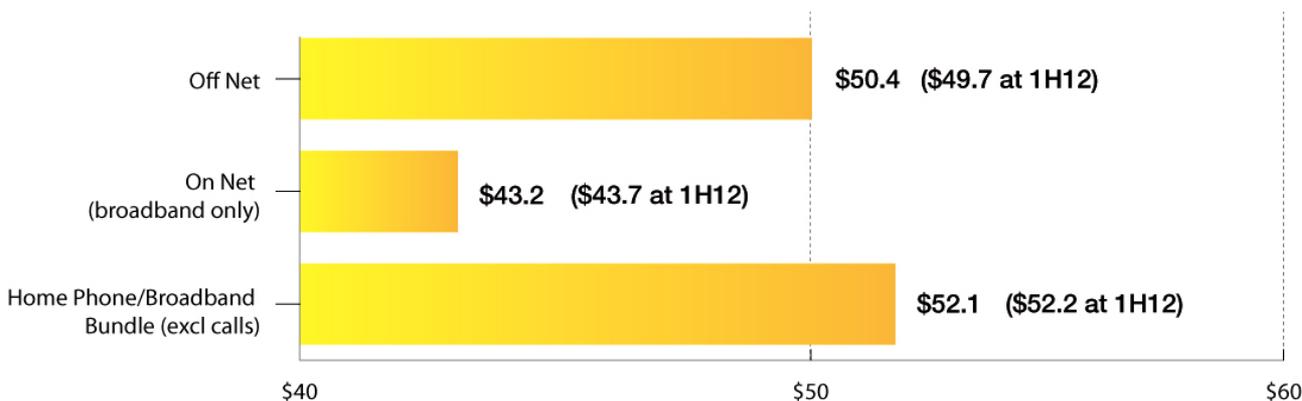
Overall Broadband ARPU Trend



Overall ARPU continuing to trend higher as bundle plans form a larger proportion of the customer base

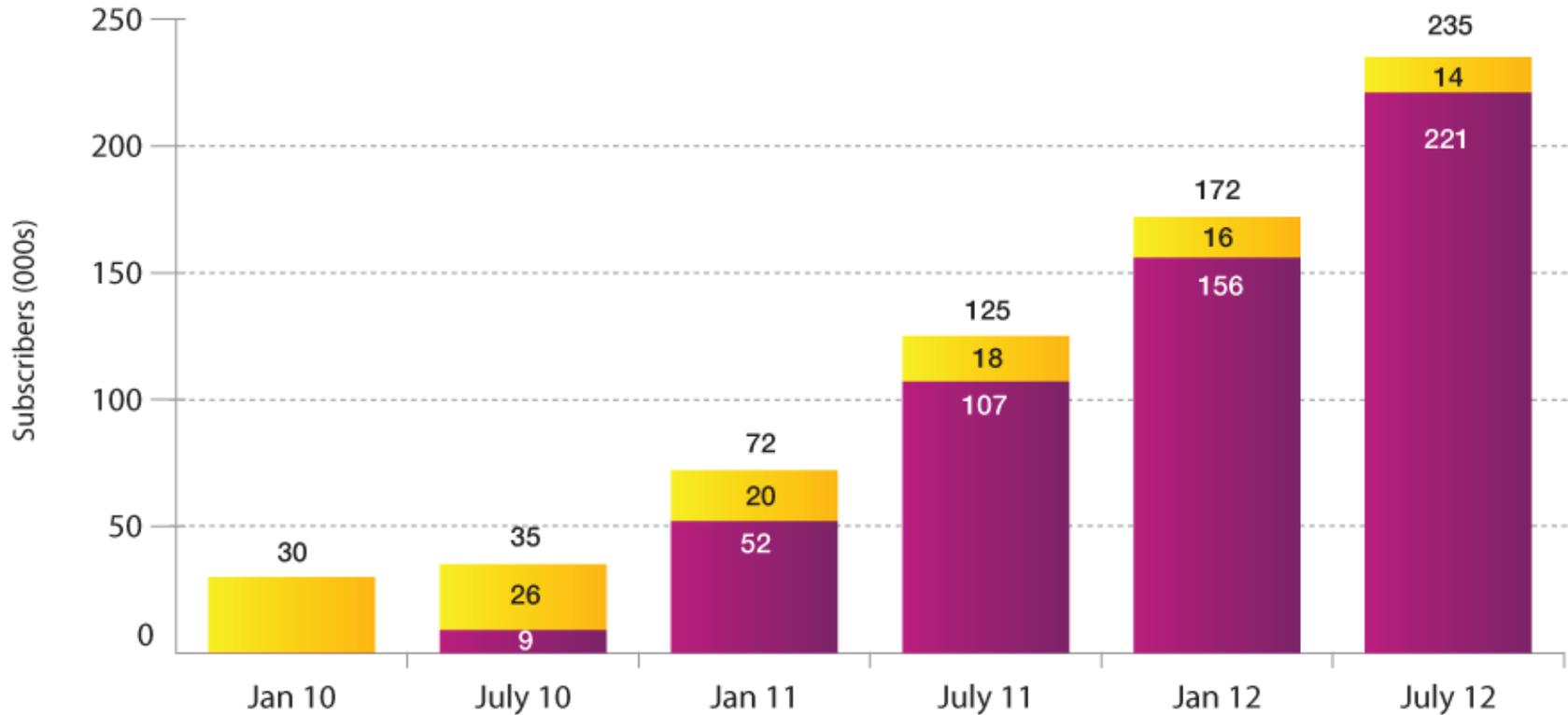
The bundle also generates monthly call charge revenue not included in these charts; currently approx \$6 (\$6 at 1H12)

2H12 Broadband ARPU composition



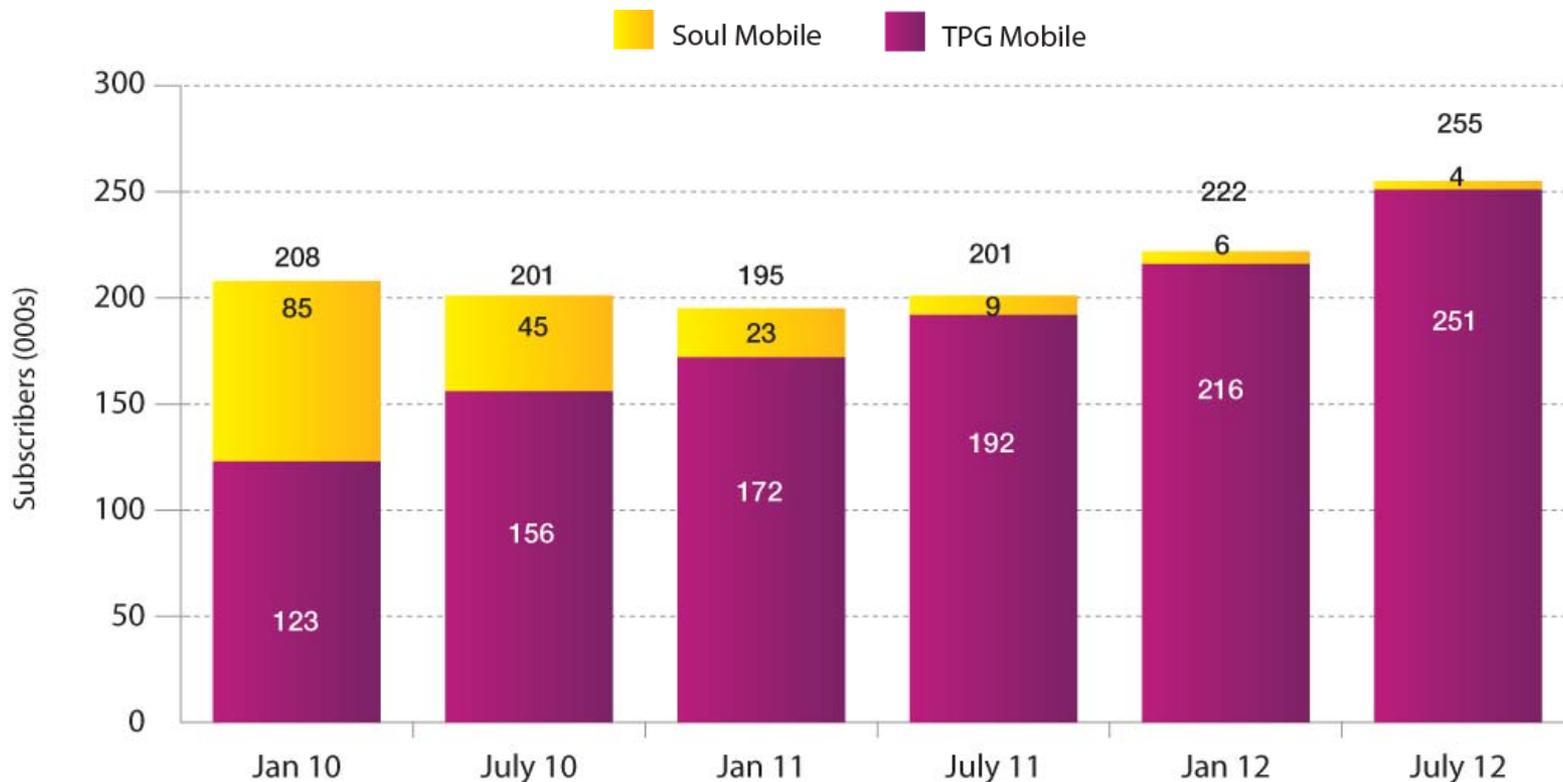
Note: ARPU excludes GST and any one-off charges e.g. installs and equipment sales

Off Net On Net



- ADSL2+ with Home Phone Bundles surpass 220k customers since 2010 launch

- Easier for average consumer to understand compared to Naked DSL - no VoIP equipment



- 54,000 mobile subscriber growth in FY12, of which 33,000 in 2H12
- Super Value Mobile Plans released in Sept 11 continue to drive momentum
- Unlimited On Net calling and included international calls
- Winner of Canstar Blue Customer Satisfaction award for Mobile Phone Carriers two years in a row

12 Month Plan

NBN Standard*

UNLIMITED DATA USAGE

with

TPG HOME PHONE RENTAL

\$ **69**⁹⁹
per month

MIN CHARGE \$939.⁸³

Includes upfront fees

INCLUDES:

UNLIMITED Local & Standard National Calls to Landlines

UNLIMITED International Calls to:

* NBN Standard plan has an access connection speed of up to 12Mbps download/1Mbps upload. Standard call charges apply for calls to all other services including mobile, premium rate services and other international destinations

Min Charge incl \$20 Deposit & \$79.95 Setup. New customers only. Available in selected coverage areas.

2.75 cents per share final FY12 dividend

Payable 20 November 2012

Record date 16 October 2012

Total FY12 dividends = 5.5 cents per share

22% increase on prior year

\$m

	FY12 Actual	FY13 Guidance
Regular EBITDA	240.7	256 - 263
IRU gains	20.7	7 - 10
Total EBITDA	261.4	263 - 273

The Group's accounts currently include substantial intangible amortisation charges which predominantly arise from the accounting for the acquisitions of TPG and PIPE Networks. These are non-cash items. The table below shows the expected ongoing amortisation schedule.

Expected Amortisation Schedule

	FY11 (actual)	FY12 (actual)	FY13 (forecast)	FY14 (forecast)	FY15 (forecast)	FY16 (forecast)
TPG acquired customer base	9.9	4.0	2.0	2.0	1.0	0.0
PIPE acquired customer base	30.5	22.0	15.3	11.4	9.0	7.0
Other	6.6	7.9	6.4	5.6	5.3	5.0
TOTAL	47.0	33.9	23.7	19.0	15.3	12.0
Post tax expense included in Reported NPAT	32.9	23.7	16.6	13.3	10.7	8.4

Thank you

Questions?

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.