

**ASX Market Announcements
Australian Securities Exchange**

Date 28 April 2017

Subject: Annual General Meeting

Please find attached the Chairman's address to be made at the Annual General Meeting of the Company this morning.

Yours faithfully



Louise Sexton
Company Secretary

HTAL AGM CHAIRMAN'S SPEECH Friday 28 April, 2017

When I spoke to you at last year's AGM, we reported that VHA had entered a growth phase and was performing solidly.

I am pleased to report to you that this trend has continued, with an on-going focus on long-term, sustainable growth in an increasingly competitive market.

In February, HTAL released its annual results for 2016.

Highlights included:

- VHA's customer base grew by 125,000 customers to 5.56 million, which is a 2.3 per cent increase year on year;
- A 12.2 per cent increase in HTAL's share of VHA EBITDA to \$456.1 million;
- And a 63.7 per cent decrease in HTAL's share of net loss of VHA.

Today, I would like to take the opportunity to talk to you about some of the drivers of VHA's performance, and how VHA's strategy is delivering for the business and for customers.

CUSTOMER SENTIMENT

One of the best indicators of a company's success is the satisfaction of its customers. And to put it simply, customers are increasingly happy with their VHA experience.

To gauge how customers are feeling about VHA, and whether they are likely to recommend VHA products and services to others, VHA surveys its customers following interactions such as those through the call centre or retail stores.

This provides VHA with its Net Promotor Score, or what we call NPS. I'm pleased to report that VHA is now tied for the NPS market lead, driven by its network, the value it offers, and its products.

The company also continues to focus on driving a reduction in customer complaints.

VHA has the lowest rate of complaints to the Telecommunications Industry Ombudsman of the mobile network operators, with a ratio around 20 per cent lower than the industry average.

Since the beginning of 2014, VHA has reduced its ratio of complaints by almost 75 per cent.

NETWORK AND PRODUCTS

One of the cornerstones of VHA's recent success is its network, which it continues to expand and enhance.

This was again confirmed with the release in December last year of the independent P3 CommsDay network benchmark tests, which assessed Australia's three mobile networks through extensive walk and drive testing.

In these tests, VHA was recognised as the top-performing network in major cities with populations above 100,000.

This follows VHA's multi-billion dollar investment over recent years, and continued heavy investment in its network.

With the support of HTAL, VHA continues to enhance, maintain and expand its network, and prepare for future technologies.

Mobile network infrastructure consists of a number of elements which work together to enable mobile communications. These include the towers, core network, transmission and spectrum.

Spectrum licences are auctioned by the Federal Government which sells the rights to transmit signals over specific bands of electromagnetic spectrum.

VHA is in a strong spectrum position following the recent acquisition of a new low-band spectrum licence, and the renewal of an existing high-band licence.

In metropolitan areas, VHA now has the second largest low-band spectrum holding, and the largest holdings in the key 1800 MHz and 2100 MHz bands.

Earlier this month, VHA was successful at the 700 MHz spectrum auction.

VHA bought a licence for 2 x 5 MHz of 700 MHz spectrum, for the reserve price of \$286 million. This will help VHA to support growing customer data usage.

This low-band spectrum is very useful, as it provides excellent indoor coverage.

VHA also recently accepted the Australian Communications and Media Authority's offer to renew its high band 2100 MHz spectrum licences for \$544 million.

HTAL was pleased to support VHA in these investments.

VHA continues to execute its strategy to offer products which are more transparent and fairer to the customer, simplifying plans, offering value and eliminating bill shock.

VHA's \$5 Roaming product, which allows customers to use their plans overseas for just an additional \$5 per day in almost sixty countries - and for \$0 in New Zealand - is a key differentiator.

And this product is not only popular with customers, it is delivering for the business, with a 42 per cent year on year increase in roaming revenue.

POLICY AND REGULATORY

VHA also continues to advocate strongly with government and regulatory authorities for increased competition in the mobile market, to deliver better outcomes for customers.

The Australian Competition and Consumer Commission will shortly announce its draft decision on domestic roaming, which would allow all mobile customers to pick up a signal from the nearest tower when they are outside their provider's footprint.

VHA is supportive of domestic roaming, which is a common infrastructure-sharing solution around the world. International experience has demonstrated an uplift in infrastructure investment following the introduction of regulated roaming in countries such as the United States, Canada and France.

VHA argues domestic roaming is the best opportunity to bring the benefits of competition and choice to all Australians, and HTAL supports VHA's position.

VHA is also encouraging government to look forward and ensure appropriate allocation of spectrum to allow the full benefits of 5G to become reality.

OUTLOOK

Turning to the outlook, we expect VHA to continue performing well this year.

VHA will continue to invest in its network, to deliver for its customers now and in the future.

One of VHA's major projects is the virtualisation of its network.

Network virtualisation allows us to run our network in software using standard hardware.

This allows greater flexibility in managing and scaling the network given the growing demand for data.

One of VHA's other major projects is the launch of its fixed broadband services later this year, which will complement its mobile network.

Its fixed services, which will be delivered via the National Broadband Network, will allow customers to be connected to Vodafone at home, at work or while on the go.

This is just a snapshot of what is to come from VHA this year but in everything VHA does, it is underpinned by its purpose – to give customers the freedom and choice to connect the way they want.

In conclusion, HTAL is pleased with VHA's performance and continues to support VHA's strategy through our investment.

While we do not provide financial forecasts, nor does VHA, we expect VHA to continue to improve and perform well.

Before I open up to questions from the floor, let me answer two questions received before the meeting from shareholders.

When will HTAL turn a profit?

As I just mentioned, neither HTAL nor VHA provide profit forecasts. HTAL was of course pleased to record a 63.7 per cent decrease in its share of VHA's loss year on year, and we expect the loss position to continue to improve. In 2016, the improvement was driven by the increase in EBITDA, lower interest rates and a decrease in depreciation.

The second submission was more of a comment, but I am happy to address it.

Hutchison is clearly not going to be successful, so I suggest the company be sold and the shareholders get the proceeds. It seems to me that only people getting anything out of the company are the greedy incompetent directors.

HTAL supports VHA's strategy, and is pleased with its growth and performance. In relation to director remuneration, only two out of eight directors receive director fees.

I am now happy to take any further questions.