

**ASX Market Announcements  
Australian Securities Exchange**

**Date 2 May 2018**

**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 ADDRESS**  
**Wednesday 2 May, 2018**  
**10am**

Good morning.

When I spoke to you at last year's AGM, we reported that VHA was performing solidly. We are pleased to report to you today that this trend has continued, with VHA achieving another well-rounded performance in line with its long-term, sustainable growth strategy.

In February, HTAL released its annual results for 2017. Highlights included:

- Customer base grew by 246,000 customers to 5.8 million, a 4.4 per cent increase year-on-year;
- A 3.4 per cent increase in HTAL's share of VHA revenue to \$1,729 million;
- A 6.5 per cent increase in HTAL's share of VHA EBITDA to \$486 million;
- A small increase in net ARPU to \$38.03; and
- A 37.5 per cent decrease in HTAL's share of net loss of VHA.

This result was particularly pleasing as VHA was the only mobile network operator to record growth in all of the following metrics - customer base, revenue, EBITDA and ARPU.

Today I would like to take the opportunity to share more about VHA's performance and its plans for 2018.

### **BUILDING A SUSTAINABLE BUSINESS**

HTAL is pleased to continue to support VHA and its strategy to continue building a strong business through sustainable customer and financial growth.

VHA achieves this through:

- Its mobile network, which is consistently recognised in independent network benchmarking for its high performance. Just last week, analytics company Open Signal released its Australian Mobile Network quarterly report which saw VHA's network win or draw in every category, including outright leadership in the 4G and overall download speed categories.
- VHA also differentiates through competitive, innovative products, such as \$5 per day international roaming and no lock-in handset contracts, which give customers the confidence to use their phone the way they want to; and
- Vodafone NBN, which I will talk about in some detail shortly.

In a sign of strong brand health, VHA ended 2017 with the leading Net Promoter Score, or NPS, among the Mobile Network Operators.

VHA also recorded the lowest rate of customer complaints to the Telecommunications Industry Ombudsman of the major telecommunications companies throughout 2017.

This trend continues in 2018 with VHA recording a complaints ratio 46 per cent lower than the industry average in the March quarter.

VHA is also proud of the important work of the Vodafone Foundation, in particular, the DreamLab app. The clever app, which is now available on Android and Apple devices, allows users to help speed up ground-breaking cancer research by the Garvan Institute of Medical Research.

Following on from the success of DreamLab in Australia, the app is being expanded to other markets globally.

### **FIXED BROADBAND LAUNCH**

In what was a significant and exciting step-change for the company, in December 2017, VHA began offering fixed broadband services via the National Broadband Network.

The launch of Vodafone NBN was a strategic decision to complement VHA's mobile network, and is a move HTAL is pleased to support.

VHA has differentiated itself in a competitive market with market-leading features to provide a superior customer experience. The key differentiator is Instant Connect – customers who sign up for Vodafone NBN receive a dual modem which enables them to connect to the internet via VHA's 4G mobile network as soon as they set up the modem at home.

Customers then continue to use the mobile network until the NBN is installed at their premises. The modem will also switch to the mobile network in the event of a fault. Vodafone NBN is being made available progressively across the country and is now available in 444 stores.

I'm pleased to report that there has been a positive response from customers to Vodafone NBN, and, although still early, connections are encouraging.

### **VHA's 5G JOURNEY**

I'd also like to update you on VHA's progress to 5G - the next generation of mobile network technology.

VHA is excited about the opportunities 5G will offer consumers. 5G will bring exponentially faster speeds than 4G, allowing downloads in a fraction of the time it currently takes.

It will also bring ultra-low latency, which is the time it takes to transmit data from point-to-point. This advancement will be especially important for applications such as driverless cars.

5G requires a series of complex upgrades across parts of the network, and VHA began this journey several years ago.

VHA's preparations for 5G include the final stages of a fibre transmission rollout by a third party, a significant project to virtualise its core network, holding demonstrations and trials, and carrying out detailed infrastructure planning.

However, mobile networks are only one element of the 5G puzzle, with device and spectrum availability key to the enablement of 5G.

The first 5G spectrum auction is set down for October this year, with licences for 175MHz of spectrum on the 3.5GHz band to go to auction. The spectrum to be auctioned will be available for use from 2020.

However, VHA has raised concerns that far less spectrum is being made available in Australia than in other countries.

And the final element is device availability. The current devices on the market are not 5G compatible, and according to best estimates, devices which will work on 5G networks will not be widely available until around mid-2020.

So while there is much to look forward to, there are also a number of key elements which will need to happen before 5G services are available to consumers.

## **OUTLOOK**

Turning to the outlook, we expect VHA to continue building on its performance.

Yesterday, in line with its strategy to offer customers value products which also provide a return for the business, VHA launched Australia's first widely-available mobile plans with unlimited data.

VHA also continues to invest heavily in its mobile network, with a \$1.3 billion total network and technology spend for 2018.

And it continues to build its fixed business. Recently it announced the expansion of its Vodafone NBN footprint to more regions - Brisbane, the Gold Coast, Adelaide, Perth and Tasmania.

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 perform solidly.

Before I open up to questions from the floor, let me answer a question received before the meeting:

*Can you please explain how HTA can make net profit and realistically start to reward long term shareholders?*

As I have outlined, VHA continues to perform solidly, and it is through VHA's improved performance that HTAL's performance is improving. HTAL supports VHA's strategy, and is pleased with its growth and performance.