# Kia ora and welcome to One New Zealand

**Infratil Investor Day Presentation** 

24 March 2023

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Chief Executive Officer



# Our purpose

Unlocking the magic of technology to create an awesome Aotearoa

Ka mau te mauri o te hangarau, ka whakamana a Aotearoa

# Our plan to deliver

#### **Customer Obsessed**

Our customers love us because we understand their needs and are passionate about always delivering for them

#### Remarkable Simplicity

Our customers value us
because we support them with
effortless experiences that work
flawlessly every time

#### **Network Forward**

Our customers trust us because we provide secure, world-leading technology solutions that improve their lives and businesses

#### Winning where it matters

Our owners back us because we provide strong financial returns through ICT, mobility and on net leadership, with the most efficient cost to operate

# **Our behaviours**

#### Heart

We show up as our best selves in every situation

#### Grit

We deliver a radically better world for our customers

#### Freedom

We're empowered to shape the future by creating a more progressive, more inclusive Aotearoa

## One awesome business

Maximising infrastructure investment to deliver ongoing value uplift

#### Infrastructure

- We are a technology leader and have led the market in launching 2G, 3G, 4G, 5G and IoT
- Awarded New Zealand's best mobile network
- One of New Zealand's largest fixed infrastructure owners and continue to own active mobile network infrastructure (core, backhaul power, radio network, spectrum) across ~1,500 sites
- Our 4.5/5G upgrade path and 2G/3G switch off plans are all on track and our negotiations continue with the Crown on direct allocation of 3.5GHz spectrum to accelerate the roll out of 5G further and faster

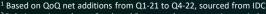


### One awesome business

Excellent medium to long term industry dynamics, competitive but stable market

#### **Services**

- More than 2 million mobile connections, 70 retail stores, providing mobile fixed and ICT services to over 110,000 corporate, government and small/medium businesses
- We are the number one growing postpaid mobile provider in New Zealand, leading the market in total postpaid mobile connection growth for the past 8 quarters<sup>1</sup>
- We are the fastest growing ICT provider in the country<sup>2</sup>
- We continue to achieve our best ever IT stability and customer service results
- We are achieving the fastest cost reduction in the market<sup>3</sup>



<sup>&</sup>lt;sup>2</sup> Relative to incumbents Spark and Datacom, latest reporting periods vs PCP (Prior Comparable Period). Spark (December-22) and Datacom (March-22)

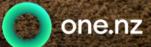


<sup>&</sup>lt;sup>3</sup> Relative to peers Spark and 2degrees, latest annualised reporting periods vs PCP, excluding one-offs. Spark (December-22) and 2degrees (December-21).

## One awesome Aotearoa

Halving the number of youth experiencing disadvantage and creating a better planet for future generations

- \$2 million per year (\$49 million total) invested in Te Rourou, Vodafone Aotearoa Foundation focused on New Zealand's youth
- One Good Kiwi \$100k per month to youth-related charities
- Auckland flood and Cyclone Gabrielle response
- Emissions footprint evaluation underway
- Energy reduction through power management of off-peak capacity, recycling of infrastructure, passive heat exchanging, solar power trials



## One awesome team

2,500 team members, with capability and culture scores now in the top quartile internationally

- Organisational health in top quartile of international employee benchmark
- Strong employment brand with excellent talent retention and acquisition track record
- Investing in data, Al and ICT for growth
- Investing in Transformation Office to accelerate business simplification
- Cross skilling and in-housing of service teams delivering further service uplifts
- Retail stores successfully integrated and delivering strong mobile results
- Successful separation and handover of Passive mobile assets to FortySouth
- Strong team of partners supporting us including Vodafone, Nokia, DEFEND, Amazon, Microsoft, Harvey Norman and Google



## One trading update

Market leading mobile growth, increasing mobile ARPU, ICT growing

#### **Consumer and SME**

- Fastest growing Consumer postpaid connections<sup>1</sup>
- Mobile ARPU increasing
- Roaming at >70% of pre-Covid levels
- Record low SME churn
- Continued move to on-net Fixed-Wireless Access

#### **Enterprise**

- Market leading growth in ICT services<sup>2</sup>
- Number one for enterprise mobile<sup>3</sup> and IoT connections
- Integration of DEFEND security offering
- Industry leading ICT attachment at 55%
- Palo Alto Networks ANZ
   Service Provider of the Year

#### Wholesale

- Double digit growth with strong pipeline
- Mobile products launched with MVNO offering mobile, FWA and IoT
- New fibre builds for CDC and hyperscaler data centres
- Delivering private 5G networks and Mobile Edge Compute



<sup>&</sup>lt;sup>1</sup>Dec-22 vs PCP, sourced from IDC

<sup>&</sup>lt;sup>2</sup> Relative to incumbents Spark and Datacom, latest reporting periods vs PCP. Spark (December-22) and Datacom (March-22)

## On track to exceed FY2023 EBITDAF guidance

| Income statement              | FY2023 | FY2022 | PCP   |
|-------------------------------|--------|--------|-------|
| \$ millions                   | Н1     | H1     | H1    |
| Consumer SME                  | 315    | 290    | 9%    |
| Enterprise                    | 60     | 57     | 5%    |
| Mobile                        | 375    | 347    | 8%    |
| Consumer SME – Fixed & ICT    | 174    | 195    | (11%) |
| Enterprise – Fixed & ICT      | 127    | 109    | 16%   |
| Wholesale & other             | 83     | 79     | 4%    |
| Recurring revenue             | 758    | 730    | 4%    |
| Procurement & One-off revenue | 232    | 225    | 3%    |
| Total Revenue                 | 990    | 955    | 4%    |
| Direct Cost                   | (433)  | (439)  | 1%    |
| Gross Margin                  | 557    | 516    | 8%    |
| Operating Expenses            | (299)  | (274)  | (9%)  |
|                               |        |        |       |
| Normalised EBITDAF**          | 258    | 242    | 7%    |
| Normalised EBITDAF %          | 26%    | 25%    | 1pp   |
|                               |        |        |       |
| Capex incl. Spectrum          | 125    | 211    | 41%   |

 $<sup>\</sup>hbox{** Normalised EBITDAF excludes impairment, impact of M\&A activity and transaction costs}$ 

#### **FY2023 Key Trends**

- Market leading total mobile service revenue growth<sup>1</sup> due to strong acquisition in post-paid and ARPU increasing as customers move to higher value plans and roaming returns
- Consumer fixed ARPU is stable, but revenue has declined due to the intensely competitive market
- ICT is growing faster than market<sup>2</sup> due to good momentum in Contact Centres, public cloud migrations and Security via our partial acquisition of DEFEND
- Wholesale revenue uplift due to the continued growth in fixed line capacity
- Procurement revenue largely relates to lower margin device revenue with uplift due to buy back of our retail stores
- Operating expenditure increases largely due to in housing of our retail stores and investment in rebrand to One NZ
- Capex decrease largely relates to non-recurring spectrum cost in prior period. IT project spend mix changed between SaaS and Capital spend
- On track to exceed FY23 guidance range of \$490 million to \$520 million with estimated growth of ~10% PCP



<sup>&</sup>lt;sup>1</sup> Dec-22 vs PCP, sourced from IDC

<sup>&</sup>lt;sup>2</sup> Relative to incumbents Spark and Datacom, latest reporting periods vs PCP. Spark (December-22) and Datacom (March-22)

## One simple business

- Pivoted from changing out parts of our existing IT stack with a new vendor to upgrading these components with existing partners
- A new Business Simplification programme is helping us to become an even leaner and more efficient business and deliver further gains in customer service and cost reduction
- Focus areas include:
  - Product rationalisation
  - Improved digital first customer journeys and experience
  - Operational excellence driven by AI, robotics and automation
  - Technology modernisation
- Our new brand drives this focus within the business: One plan, One click, One call, One bill,
   One process, One decision maker, One meeting

# Changing the way customers think about our brand

#### Our new brand will:

- Enable significant ongoing cost savings
- Improve mobile trading performance
- Accelerate our ICT growth
- Drive dramatic simplification and efficiency across the company



