



Market Announcements Office
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney NSW 2000

Sydney, 30 August 2024

TPG Telecom Limited Results for Half Year Ended 30 June 2024 – Media Release

Please find attached for immediate release to the market a Media Release concerning TPG Telecom Limited's financial results for the half year ended 30 June 2024.

Authorised for lodgement with ASX by:

Trent Czinner
Company Secretary
TPG Telecom Limited

Investor contact: Bruce Song, bruce.song@tpgtelecom.com.au, 0426 386 006

Media contact: Mitchell Bingemann, mitchell.bingemann@tpgtelecom.com.au, 0493 733 904



HY24 results: solid trading and strong cash performance;
increased action on cost and strategy delivery in second half

- Service revenue¹ up 1.7 per cent to \$2,327 million
- Mobile service revenue up 7.2 per cent to \$1,121 million
- EBITDA up 3.5 per cent to \$974 million
- EBITDA excluding material one-offs (guidance basis) up 2.2 per cent to \$979 million
- Operating Free Cash Flow² up \$340 million to \$278 million
- Interim dividend per share of 9.0 cents per share declared
- Tracking towards mid-point of current EBITDA guidance range of \$1,950-2,025 million³

30 August 2024 – TPG Telecom Limited (ASX: TPG) (TPG Telecom or the Company) today released its half-year results for the six months ended 30 June 2024 (HY24), reporting continued strong service revenue growth in Mobile and increased gross margin in Fixed Broadband.

Chief Executive Officer and Managing Director, Iñaki Berroeta, said: "The continued growth in our Mobile business reflects our focus on offering simple, great value plans in an environment of growing demand, despite slowing subscriber growth. In Fixed, our ongoing success in rolling out our Fixed Wireless products is offsetting the impact of intense competition in the NBN market.

"Our cash performance in the half was encouraging, reflecting operating profit growth as well as improved working capital trends and stabilisation of capital expenditure levels with investment in the 5G network upgrade and technology capability uplifts to support business simplification having peaked.

"We are taking action on operating costs, removing 120 roles from the organisation this month as we look to offset the impact of sustained inflation of recent years and deliver a flatter overall operating cost profile heading into FY25.

"We are focused on strategy delivery as we look to progress our proposed regional network sharing arrangement with Optus, complete the strategic review of our fibre infrastructure assets and prepare to start delivering customer benefits of business simplification in FY25."

¹ Service revenue excludes revenue from handsets, accessories and other hardware products.

² Operating Free Cash Flow (OFCF) measures cash flow from operations less capital expenditure (excluding spectrum payments), finance lease repayments and finance lease interest (which is accounted within cash flow from financing activities).

³ EBITDA guidance is subject to no material change in operating conditions and excludes any impact of material one-offs such as transaction costs, restructuring, mergers and acquisitions, disposals, impairments, and such other items as determined by the Board and management.



Financial results

TPG Telecom reported service revenue of \$2,327 million in HY24, up 1.7 per cent on HY23. Growth was driven by a 7.2 per cent increase in Mobile service revenue to \$1,121 million, offsetting a 3.5 per cent decline in Fixed service revenue (including data and internet).

Gross margin was \$1,585 million, up 3.9 per cent, reflecting the strong Mobile service revenue growth as well as the growth of higher margin Fixed Wireless products, which offset the impact of lower Fixed service revenue from intense competition in the NBN market.

On a statutory basis, EBITDA increased 3.5 per cent to \$974 million, which included transaction costs of \$5 million related to the ongoing strategic review of TPG's fibre infrastructure assets and proposed regional sharing agreement with Optus. On the same basis as TPG has provided FY24 guidance, which excludes material one-offs such as transaction costs, EBITDA increased 2.2 per cent to \$979 million.

NPAT was \$29 million, compared with \$48 million in HY23. As foreshadowed at TPG's FY23 results, this reflected increased depreciation and amortisation expense from investments in network and technology capability and higher financing costs from a new tower lease agreement entered in the second half of FY23 and higher interest rates on bank borrowings.

Dividend

TPG Telecom declared an interim dividend of 9.0 cents per share, the same as HY23. This dividend will be 87% franked, reflecting the full utilisation of historically generated franking credits, as TPG has previously indicated.

Operating performance

Total Mobile subscribers across TPG Telecom's brands increased 64,000 during the reporting period, bringing the total to 5.52 million at the end of HY24, reflecting the addition of a new mobile virtual network operator (MVNO) contract with Lyca mobile⁴ in June.

Average revenue per user (ARPU) for Mobile increased by 4.2 per cent to \$34.4 per month, as plan refreshes across TPG Telecom's premium postpaid services drove a 6.1 per cent increase in Postpaid ARPU to \$47.3 per month.

TPG Telecom's total Fixed customer base declined by 30,000 to 2.1 million as the Company continued to focus on improving margins amid aggressive competition from smaller and non-telco NBN providers. TPG Telecom maintained its position as the largest provider of Fixed

⁴ Due to the recency of Lyca Mobile MVNO contract, TPG only included active Lyca subscribers (these are the 98,000 active network account users in June) in TPG's total mobile subscriber base at 30 June 2024, rather than including all registered Lyca subscribers.



Wireless services in Australia with 245,000 subscribers, after growing its customer base by an additional 18,000 in the half.

Average margin per user (AMPU⁵) in Fixed broadband grew 6.3 per cent to \$27.0 per month, reflecting the continued growth in Fixed Wireless subscribers and targeted plan refreshes for NBN services.

TPG Telecom's Consumer business recorded service revenue of \$1,871 million, up 2.1%, as the higher ARPU in Mobile and Fixed Wireless growth offset the impact of lower NBN subscribers. In Enterprise, Government & Wholesale, TPG Telecom delivered a resilient result amid challenging market conditions with flat service revenue of \$456 million, after intersegment eliminations. New customer wins included a landmark internet of things (IoT) rollout with South East Water in Victoria, a mobile private network for New Hope Group and the Lyca MVNO win.

Regional mobile network sharing

In April, TPG Telecom announced an 11-year regional network sharing agreement with Optus to create a Multi-Operator Core Network (MOCN) to extend TPG Telecom's 4G and 5G mobile networks to reach 98.4 per cent of the Australian population.

The network sharing arrangement, which remains subject to regulatory approval, will see TPG Telecom increase its mobile network from around 755 to 2,444 network sites in regional Australia, more than doubling its national coverage from around 400,000 square kilometres to around 1 million square kilometres.

The ACCC has set a date of 13 September 2024 to announce the findings of its review of this network sharing arrangement.

"We are pleased the ACCC process to review our regional network sharing agreement with Optus will soon complete and we look forward to receiving its decision," Mr Berroeta said.

"This proposed sharing agreement will fundamentally reshape competition for mobile services and strengthen TPG Telecom's market position."

TPG's national 5G rollout remains on schedule, with more than 3,400 mobile sites upgraded to 5G. Upgrades to the rest of the Company's metropolitan sites are scheduled to be complete by the end of 2026.

⁵ Includes all Consumer and small office/home office (SOHO) NBN, Fixed Wireless and Vision Network broadband products but excludes fixed voice products and Enterprise, Government & Wholesale fixed Data & internet products. AMPU calculation excludes Vision Network intersegment costs, which are eliminated at the Group level.



Business simplification

TPG Telecom's multi-year program remains on track to simplify its business, increase digitalisation and streamline systems and platforms.

Mr Berroeta said: "The streamlining of our products, services and platforms will make us leaner, nimbler and further strengthen our ability to deliver the simple, great value connectivity services that match our customers' changing needs.

"The simplification of our business and removal of complexity and duplication will directly benefit customers from early next year, as we deliver a step-change in redesigned products, services and improved processes."

TPG Telecom recently reduced approximately 120 roles across the business and will incur a restructuring cost of between \$7 million and \$9 million in 2H24 as a material one-off. It is expected these changes will deliver annualised savings of \$20 million in FY25.

Fibre strategic review

On 5 August 2024, TPG Telecom confirmed it had entered into non-exclusive discussions with Vocus Group as part of its ongoing strategic review to assess value-optimising alternatives for its fixed infrastructure assets.

Securityholders should be aware TPG's discussion with Vocus Group in 2023 did not lead to a transaction and there is no certainty a transaction will eventuate from the current discussions.

FY24 guidance

Assuming no material change in operating conditions, TPG Telecom is tracking towards the mid-point of the previously provided FY24 EBITDA guidance range of \$1,950 million to \$2,025 million, excluding material one-offs.⁶

- ENDS -

Media contact: Mitchell Bingemann, 0493 733 904, mitchell.bingemann@tpgtelecom.com.au

Investor contact: Bruce Song, 0426 386 006, bruce.song@tpgtelecom.com.au

⁶ EBITDA guidance is subject to no material change in operating conditions and excludes any impact of material one-offs such as transaction costs, restructuring, mergers and acquisitions, disposals, impairments, and such other items as determined by the Board and management.