Market Announcements Office
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TPG announces capital management plans

Key highlights:

- Vocus Transaction generated net cash proceeds of approximately $4.7 billion
- TPG to return up to $3 billion to all shareholders via a pro rata Capital Reduction of up to $1.61 per share
- Reinvestment Plan of up to $688 million intended to provide minority shareholders with the option to re-invest Capital Reduction proceeds
- Reinvestment Plan designed to improve TPG's free-float liquidity and maintain ASX200 index position, with proceeds being used to repay bank borrowings
- Total Debt Repayment of up to $2.4 billion assuming full Reinvestment Plan uptake, targeting reduction in bank borrowings to approximately $1.7 billion
- TPG confident transformed financial position will be deemed "investment grade"
- FY25 dividend targeted to be 18 cents per share (equal to FY24) with new policy to increase dividends over time as profit and cash flow grows
- Pro Forma historical financial information and updated market guidance for FY25 released including update on half-year performance
- Webcast to discuss today's announcements to be held at 10.30am Sydney time

TPG Telecom Limited (ASX: TPG) (**TPG** or the **Company**) has today announced plans to return cash to shareholders, repay debt and increase minority ownership of the Company. This follows financial close on 31 July 2025 of the sale of TPG's fibre network infrastructure assets and Enterprise, Government and Wholesale fixed business to Vocus Group Limited (**Vocus Transaction**) for an enterprise value of $5.25 billion, generating net cash proceeds of approximately $4.7 billion[1].

Capital management overview

TPG intends to implement the following actions:

1. Subject to shareholder approval, return up to $3 billion of Vocus Transaction proceeds to all shareholders via a pro rata capital reduction of up to $1.61 per share (the **Capital Reduction**).

[1]Net cash proceeds are enterprise value ($5,250 million) less Contingent Value Payment ($250 million), TPG's contribution to Buyer Transaction Costs ($100 million) and estimated Seller Transaction Costs including stamp duty and other cash tax impacts, but prior to the impact of any TPG Separation Costs.

2. An option for minority shareholders to increase their ownership in TPG by reinvesting their Capital Reduction proceeds in new TPG shares, raising up to $688 million (the **Reinvestment Plan**).
3. Target repayment of up to $2.4 billion of bank borrowings comprising approximately $1.7 billion of Vocus Transaction proceeds and a targeted $688 million of Reinvestment Plan proceeds, assuming the Reinvestment Plan is fully subscribed (the **Debt Repayment**).
4. New policy to increase dividends over time as profit and cash flow grows, with FY25 dividend targeted to be 18 cents per share (equal to FY24) (**Dividend Policy**).

TPG expects to hold an extraordinary general meeting (**EGM**) to seek shareholder approval for the Capital Reduction. The EGM is expected to take place in early October 2025, with a Notice of Meeting to be sent to shareholders in September 2025.

TPG's Strategic Shareholders, CK Hutchison Holdings Limited, Vodafone Group Plc, companies owned by David and Vicky Teoh and Washington Soul Pattinson Holdings Limited, (together, the **Strategic Shareholders**), which between them currently own approximately 77 per cent of TPG's shares, have all indicated their support for the Capital Reduction and intention to vote in favour of the relevant EGM resolutions.

The Strategic Shareholders have also indicated their support for the Reinvestment Plan being offered only to TPG minority shareholders, thereby enabling an increase in the proportion of the Company owned by minority shareholders and improving the liquidity of TPG's free-float shares on the ASX.

TPG Chairman, Canning Fok, said: "The Board is pleased to announce these plans, which we consider provide a compelling value proposition for all shareholders, while putting in place a sustainable long-term financial position for TPG to deliver stronger and more consistent returns. Strategic Shareholders' willingness not to participate in the Reinvestment Plan recognises that increasing minority shareholders' ownership of TPG's shares will improve ASX free-float liquidity and has the potential to unlock value for all shareholders."

TPG CEO and Managing Director, Iñaki Berroeta, said: "We have transformed our business over the past year through the execution of the Vocus Transaction and the doubling of our mobile network coverage, which have made us a simpler, more capital efficient business, while improving our commercial position. Our investment in IT modernisation, refreshed brand propositions, and our consistent focus on leveraging our cost advantage to offer compelling value is delivering momentum with customers.

"The Vocus Transaction has positioned us to compete as a lean, mobile-led integrated telco with an attractive long-term cost structure for accessing fixed network infrastructure. This structure will enable us to grow our share of the Mobile and home internet markets, with higher customer numbers or data volumes, without incurring higher costs for accessing the fixed network.

"Our capital management plans demonstrate the transformation of our financial position and the conviction we have in TPG's growth strategy and competitive position. We anticipate strong free cash flow generation over the coming years due to service revenue growth, operating cost efficiency, capital expenditure reductions, and lower borrowing costs."

Investors should note that while TPG is actively progressing the above initiatives, the outcome of its engagement with regulators and its overall approach remains subject to ongoing review and assessment by the TPG Board. Accordingly, there is no guarantee that the capital management initiatives will be implemented, or if they are, be implemented in accordance with all of the indicative terms set out in this announcement.

Capital Reduction

TPG plans to execute a cash distribution and pro rata Capital Reduction of up to $3.0 billion, which is equivalent to up to $1.61 per share. No shares will be consolidated or cancelled in connection with the Capital Reduction. The Capital Reduction will be subject to shareholder approval by a simple majority of shares voted at the EGM.

TPG is in the process of seeking a Class Ruling from the Australian Taxation Office (**ATO**) to confirm the tax treatment to shareholders of the Capital Reduction.

Reinvestment Plan

TPG plans to offer minority shareholders the opportunity to re-invest their Capital Reduction proceeds in new fully paid ordinary shares in the Company through the Reinvestment Plan.

The Reinvestment Plan is designed to offset the reduction in TPG's free-float market capitalisation arising from the Capital Reduction, increase minority shareholder ownership, improve trading liquidity, and support ASX200 index weighting of TPG's shares. Proceeds from the Reinvestment Plan will be used to pay down debt. TPG plans to operate the Reinvestment Plan and the Capital Reduction, in such a manner as to give shareholders the ability to receive a cash distribution, new shares, or a combination of both. The pricing terms of the Reinvestment Plan, including any discount to be applied, will be determined closer to the time of execution.

Assuming the Reinvestment Plan is fully subscribed, the Reinvestment Plan will raise $688 million and increase TPG's free float to approximately 30 per cent from 23 per cent at prevailing share prices[2].

It is TPG's current intention that any new shares not subscribed for in the Reinvestment Plan may be offered, at the discretion of TPG's Board, and having regard to market conditions at that time, to existing minority shareholders via an over-subscription facility or to existing and new shareholders via a book-build process.

Debt Repayment

TPG plans to reduce its financial leverage through the repayment of bank borrowings of up to $2.4 billion, comprising approximately $1.7 billion of Vocus Transaction proceeds and a targeted $688 million of Reinvestment Plan proceeds.

Post this Debt Repayment, TPG expects to have drawn bank borrowings of approximately $1.7 billion, approximately 1.3 times FY25 Pro Forma EBITDA on a pre-AASB16 basis[3]. This follows the strongly supported refinancing in June 2025 of $2.1 billion of TPG's bank debt facilities that were due to mature in June 2026, which extended their maturities to July 2027 and July 2028.

Following engagement with credit rating agencies, TPG is confident that it will achieve the parameters of an "investment grade" financial position following the implementation of the capital management initiatives announced today.

TPG Group CFO, John Boniciolli, said: "Our plans, including those we are announcing today, reflect TPG's disciplined approach to capital management and the strong cash flow outlook of our growing business."

[2]Increased free float percentage calculated on illustrative basis only, assuming full take-up of Reinvestment Plan at closing TPG share price of $5.52 on 4 August 2025 less $1.61 per share Capital Reduction, resulting in issuance of approximately 176 million new shares. Actual outcome subject to prevailing share price, pricing terms, investor take-up and market conditions at execution of Reinvestment Plan.
[3] Pro Forma pre-AASB16 FY24 EBITDA calculated as mid-point of Pro Forma EBITDA guidance less cash lease costs.

Dividend Policy

TPG intends to pay a dividend for FY25 of 18 cents per share (FY24: 18 cents per share) and intends to increase dividends in future years subject to sustainable growth in profit and cash flow.

The dividend for any period is subject to Board discretion after considering the capital management priorities of the Company, market and operating conditions, and such other matters as the Board deems appropriate.

TPG will consider the timing and extent to which the Company resumes franking dividends in future, once it begins generating franking credits.

Indicative timetable

TPG shareholders do not need to take any action at this time.

TPG expects to send shareholders a notice of meeting in September containing all information in relation to the Capital Reduction and the EGM.

Assuming shareholder approval for the Capital Reduction is obtained at the EGM in early October, TPG expects to open the Reinvestment Plan, in effect giving shareholders the option to receive cash, new fully paid ordinary shares, or a combination of both.

After the close of the Reinvestment Plan election period, new shares will be issued and proceeds of the Capital Reduction will be paid to shareholders. This is expected to occur in late October.

The Reinvestment Plan will be made under a prospectus that will be lodged with ASIC and made available when the shares are offered. Shareholders who wish to participate in the Reinvestment Plan will need to complete the application form that will accompany the prospectus. When the prospectus is made available, shareholders should read it carefully, and in its entirety, including the risk factors, and contact their financial advisor for assistance as required.

Investors should note that dates set out in this announcement are indicative and subject to change.

Bank of America is acting as financial advisor to TPG on its capital management plans, and Allens are acting as legal advisors.

Webcast details

The Company has also today released to the ASX its Pro Forma financials for FY23 and FY24 and a trading update with updated Pro Forma guidance for FY25.

Mr Berroeta and Mr Boniciolli will host a webcast to discuss today's announcements at 10.30am Sydney time today. Presentation materials have been lodged separately with the ASX.

The webcast can be accessed through this link:
https://loghic.eventsair.com/377025/761354/Site/Register.

Authorised for lodgement with ASX by the TPG Board.

Further information

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