



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

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TPG Telecom Limited Results for Half-Year Ended 30 June 2022 – 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 2022.

Authorised for lodgement with ASX by:

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TPG Telecom reports HY22 results as momentum accelerates into second half

Highlights

- Service revenue of \$2,190m and EBITDA of \$837m (including \$35m of non-recurring restructuring costs)
- Interim dividend of 9.0 cents per share, fully franked, up 12.5% on FY21 interim dividend
- Strong mobile momentum with 135,000 net increase in mobile subscribers
- Fixed wireless subscribers at 113,000; on track for 160,000 FY22 target
- Significant net debt reduction of \$890m following completion of tower assets sale
- Agreed landmark regional network sharing agreement with Telstra and regulatory approval process underway
- On track to deliver \$125-150m merger synergies target in FY22
- Accelerating growth momentum through 2Q22 supports outlook for remainder of FY22

19 August 2022 – TPG Telecom Limited (ASX: TPG) (TPG Telecom) today released its results for the half-year ended 30 June 2022 (HY22), reporting strong gains in mobile and fixed wireless subscriber numbers.

Chief Executive Officer and Managing Director, Iñaki Berroeta, said the Company recorded accelerating momentum through the second quarter, following easing of international travel restrictions and lessening COVID impacts.

“Our strong competitive offering has driven growth in our mobile and fixed wireless subscriber base, positioning us to deliver improved performance as we complete our transition to a growth footing into the second half.” Mr Berroeta said.

Financial result

In the six months to 30 June 2022, TPG Telecom reported service revenue of \$2,190 million, up 0.7 per cent compared with the six months to 30 June 2021 (prior corresponding period) as second-quarter growth offset the lingering effects of COVID-19 related restrictions on the telecommunications industry in the first quarter.

Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$837 million, down 5.3 per cent on 1H21, including \$35 million of restructuring costs to simplify the organisation. Excluding these costs, EBITDA decreased 1.4 per cent to \$872 million, reflecting higher NBN wholesale charges and increasing costs for mobile phone handsets.



Net profit after tax (NPAT) was \$167 million, compared with \$78 million in the prior corresponding period. This was largely due to recognising a \$110 million capital loss benefit to be utilised against the sale of the Company's tower assets, completed on 29 July 2022.

Dividend

TPG Telecom's Board declared a fully franked interim dividend of 9.0 cents per share, up 1 cent per share on the FY21 interim dividend. The FY22 interim dividend represents a payout ratio of 51 per cent of Adjusted NPAT¹ of \$331 million, in line with TPG Telecom's policy to pay at least 50 per cent of Adjusted NPAT.

Strong growth in mobile subscribers

TPG Telecom recorded a net increase in Mobile subscribers of 135,000 for the half as competitive offers and the return of international travellers to Australia attracted new customers.

Average revenue per user (ARPU) for Mobile was up 1 per cent in the period to \$31.8 per month, reflecting higher international roaming levels in Postpaid and a favourable price mix on new customer acquisitions. Postpaid mobile ARPU was \$42.0 per month, an increase of \$0.9 or 2.2 per cent.

"Our commitment to competition and choice is resonating with customers who continue to join our award-winning mobile brands," Mr Berroeta said.

"As the market for international visitors continues to recover, we expect positive momentum to continue and look forward to welcoming more customers to our popular family of brands in the future."

The group ended the year with 5.16 million mobile customers, up 2.7 per cent on December 2021.

Fixed wireless growth

Building on the strong momentum of FY21, TPG Telecom added 33,000 net subscribers in Fixed Wireless broadband services during the first half of 2022, taking total Fixed Wireless subscribers to 113,000 customers at 30 June. While modem supply and global chipset shortages continue to present challenges, the Company's target of 160,000 fixed wireless subscribers by the end of the year remains unchanged.

¹ Adjusted NPAT (as originally defined in VHA-TPG merger scheme booklet) excludes restructuring costs, customer base intangible amortisation, spectrum amortisation and non-cash tax expense.



TPG Telecom’s total Fixed customer base was steady at 2.22 million subscribers, largely driven by the migration of customers from NBN and ADSL to Fixed Wireless.

“The continued growth of our Fixed Wireless business shows there is a strong market for NBN alternatives that deliver great products for customers and leverage our proprietary infrastructure,” Mr Berroeta said.

“While NBN pricing continues to challenge industry profitability, we are hopeful the recent reset will lead to practical changes to the Special Access Undertaking aligned to NBN’s original purpose to provide fast, reliable and affordable connectivity.”

Enterprise customer growth

TPG Telecom’s Enterprise business continued to deliver growth in the period. Major customer wins in the half included a managed services contract with consultancy firm Tracey Brunstrom & Hammond, and a partnership with DC Alliance to deliver high-speed and cloud computing services throughout Western Australia.

Wholesale momentum

TPG Telecom continued to strengthen its wholesale business in the half, becoming the first major telco in Australia to launch G.Fast technology across its fibre-to-the-building (FTTB) wholesale network.

The launch of gigabit speed tiers across TPG Telecom’s wholesale fixed networks follows the decision by the ACCC to accept an undertaking that will enable TPG Telecom to separate its wholesale and retail arms for the supply of superfast broadband services. This undertaking will provide TPG Telecom with greater flexibility to expand its fixed line network footprint and supports the Company’s pro-competitive growth strategy.

Regional network sharing agreement

The regulatory process to approve TPG Telecom and Telstra’s network sharing agreement continues with a decision expected from the ACCC on 2 December 2022, as recently agreed with the ACCC.

The proposed network sharing deal will boost TPG Telecom’s mobile coverage to 98.8 per cent of the population and deliver a step change in mobile competition across regional Australia.

“This proposed network sharing deal is a game-changer for TPG and will bring more choice for customers who value coverage in regional Australia,” Mr Berroeta said.



“The arrangement will allow TPG’s more than 5 million mobile customers faster access to regional 5G services than would otherwise be achievable.”

The company’s 5G rollout is ahead of schedule, with 1,500 mobile sites completed to date. TPG Telecom expects its 5G rollout will surpass 2,000 sites by the end of 2022. The Company’s network investment program will continue as more than 1,000 mobile sites per year are rolled out until the mid-2020s.

Tower assets sale and debt reduction

In May 2022, TPG Telecom entered into an agreement to sell approximately 1,250 tower and rooftop sites to OMERS Infrastructure Management for an enterprise value of \$950 million. The transaction completed on 29 July 2022 and the net proceeds of \$890 million were used to pay down debt.

Outlook

Mr Berroeta said: “TPG Telecom is transitioning to a new phase of growth following a prolonged period of markets uncertainty and expects earnings momentum to accelerate in the second half of FY22 with the full run-rate benefit of a higher Mobile subscriber base, targeted on-net strategies and tactical pricing to support Fixed product margins.”

The Company remains on track to deliver its total merger synergies of \$125 million to \$150 million in 2022, a year earlier than originally expected.

“We continue to simplify our business operating model so we can offer greater value and enhance the experience for new and existing customers,” Mr Berroeta said.

“With the regulatory progress underway for our landmark network sharing agreement, we are excited to bring real choice and competition to the millions of Australians living, working and travelling through regional Australia.”

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