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

Sydney, 26 February 2024

TPG Telecom Limited Results for Full Year Ended 31 December 2023 – Investor Presentation

Please find attached for immediate release to the market an Investor Presentation concerning TPG Telecom Limited's financial results for the full year ended 31 December 2023.

Authorised for lodgement with ASX by:

Trent Czinner
Company Secretary
TPG Telecom Limited

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TPG Telecom Limited

Full-Year Results

26 February 2024

Acknowledgement of Country

‘Listening to Land - Connecting to Country’ by Riki Salam (Mualgal, Kaurareg, Kuku Yalanji), We are 27 Creative.

TPG Telecom acknowledges the Traditional Custodians of Country throughout Australia and the lands on which we and our communities live, work and connect.

We pay our respects to their Elders, past and present.

Agenda

Results highlights and business update	• Iñaki Berroeta Chief Executive Officer and Managing Director
Review of financial performance	• John Boniciolli Chief Financial Officer
Strategy and outlook	• Iñaki Berroeta Chief Executive Officer and Managing Director

Results highlights and business update

Iñaki Berroeta

Chief Executive Officer and Managing Director

Result highlights: strong growth in FY23 driven by Mobile as TPG's multi-year transformation continues

Key commercial initiatives supporting earnings growth

- **Mobile service revenue up 9.3%, driven by subscriber growth and plan refresh in premium Postpaid products**
  broader product rationalisation and simplification accelerating in FY24
- **Fixed Wireless broadband expansion supporting margin growth in Fixed**
  focus on stabilising and optimising overall Fixed base in FY24 amid intense competition from smaller and non-telco players
- **Enterprise, Government & Wholesale continues to grow core enterprise connectivity offerings**
  focused on maintaining and building sales momentum amid challenging market conditions in FY24

Execution of key strategic priorities

- **Transformation well under way** with 40% reduction in active in-market "front book" plans already delivered; focus in FY24 on significant rationalisation of more than 3,700 "back book" legacy plans
- **Upgrade of national mobile network** with 5G rollout completed to more than half our sites; commitment to delivering stronger competition and value to regional Australia through exploration of infrastructure sharing
- **Strategic review of fibre infrastructure assets** progressing with TPG continuing to assess value-optimising options

Positive outlook improving over medium term

- **FY23 result:** EBITDA growth of 7.6% to $1,930m delivered in line with August 2023 updated guidance[1]
- **FY24 guidance:** EBITDA expected to be $1,950-2,025m including transformation costs but excluding material one-offs[2]
- **Cash earnings expected to improve beyond FY24** as working capital movement, capex and interest cost headwinds lessen

1. FY23 EBITDA on FY23 updated guidance basis includes $31m of transaction costs within EBITDA but adjusts for transformation costs of $38m and Internode brand impairment of $17m.
2. FY24 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.

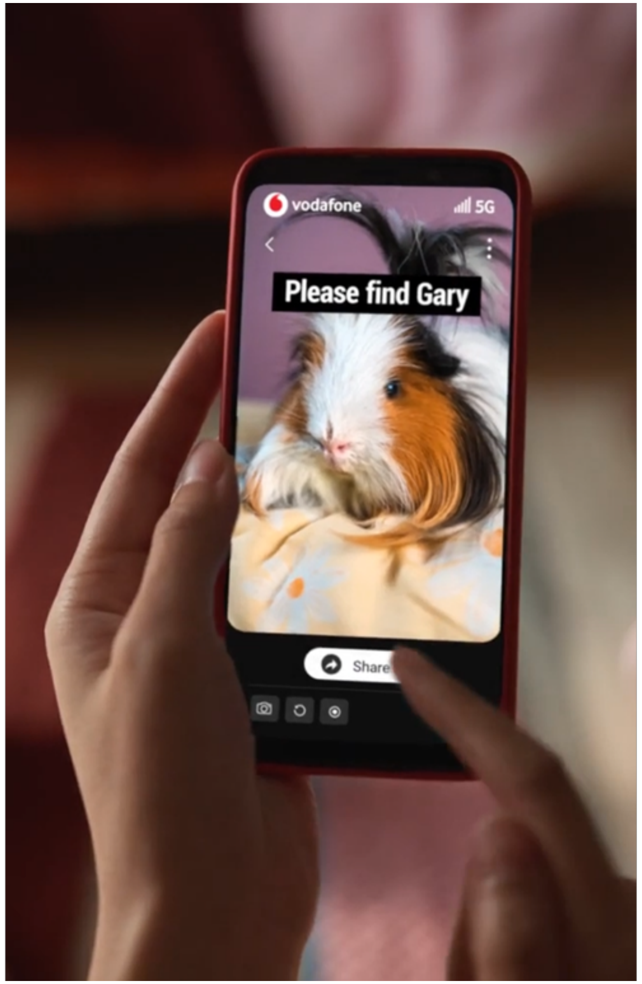
FY23 financial summary: EBITDA delivered in line with updated guidance, improvement in Operating Free Cash Flow

Metric	2023	2022	Change
Service revenue	$4,632m	$4,439m	4.3%
EBITDA (statutory basis – includes $402m tower sale gain in FY22)	$1,875m	$2,135m	(12.2%)
EBITDA (August 2023 guidance basis)	$1,930m[1]	$1,793m[2]	7.6%
EBITDA excluding transformation costs, transaction costs and one-offs	$1,961m[3]	$1,793m[2]	9.4%
Statutory NPAT	$49m	$513m	(90.4%)
Adjusted NPAT[4]	$584m	$646m	(9.6%)
Earnings Per Share (LTIP basis)[5]	11.9 cps	14.2 cps	(16.2%)
Cash capital expenditure	$(1,126)m	$(961)m	(20.1%)
Operating Free Cash Flow[6]	$167m	$92m	81.5%
Dividends per share	18.0 cps	18.0 cps	—%
Return on Invested Capital (LTIP basis)[7]	6.1%	5.7%	0.4 pp

1. FY23 EBITDA on FY23 updated guidance basis includes $31m of transaction costs within EBITDA but adjusts for transformation costs of $38m and Internode brand impairment of $17m.
2. FY22 EBITDA adjusted by adding back transformation costs of $60m (inclusive of $18m of redundancy costs) and removing July 2022 tower sale gain of $402m.
3. FY23 EBITDA adjusted by adding back transaction costs of $31m, transformation costs of $38m and Internode brand impairment of $17m.
4. Adjusted NPAT defined as statutory NPAT adding back spectrum amortisation expense, customer base amortisation expense, non-cash tax expense, transaction costs, transformation costs and material one-offs. See slide 24 for more detail.
5. Long Term Incentive Plans (LTIP) basis Earnings Per Share measures statutory NPAT adjusted by adding back customer base amortisation and material one-offs (subject to the discretion of the Board), and divided by weighted number of shares on issue. FY23 NPAT adjusted on this basis was $221m. See slide 40 for more detail.
6. Operating Free Cash Flow measures cash flow from operations less capex, finance lease repayments and finance lease interest (within cash flow from financing activities). It does not include payments for spectrum and dividends and excludes any loan payments/drawdowns. See slide 41 for more detail.
7. LTIP basis Return on Invested Capital measures net operating profit after tax (NOPAT) adjusted to remove customer base amortisation expense and material one-offs (subject to the discretion of the Board), divided by average invested capital excluding goodwill, brand and customer base intangibles. Refer to slide 39 for more detail.

Delivering a premium experience: superior service, features and exceptional value on Australia's #1 Global 5G Network

tpg TELECOM



Proud to be value leader: simple value-led telco offering from the home of high-speed broadband

Simplification: program on track to deliver transformational reduction in plans and products

We are building Australia's best telco by...

Simplifying plans and products

Increasing digitalisation of customer experience

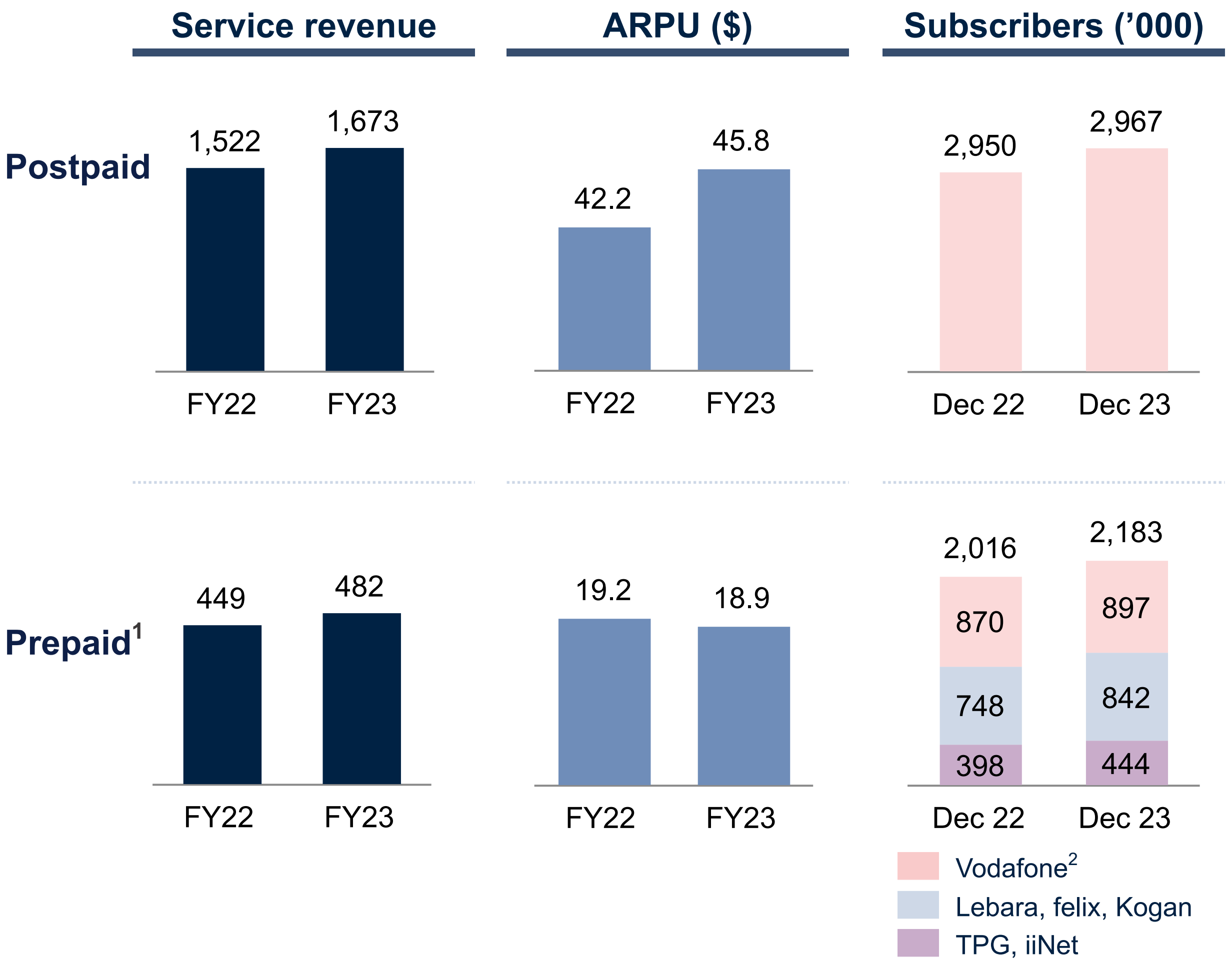
Modernising IT platforms

FY23 progress	**FY24 focus**
• Stopped selling Internode and Westnet brands • 5 of 8 email platforms closed • 40% reduction in in-market "front book" plans to ~110 • 37 applications moved to cloud • 43 systems decommissioned	• 24% reduction of ~80 EGW products • Remainder email platform to close in 1H24 • 50% reduction of 3,700+ consumer legacy "back book" plans • 40 more applications moved to cloud • Additional legacy system decommissioning

Target state

- Clear customer focus with fewer brands
- Targeting ~100 plans and products
- Significant improvement in digital interface and care
- Removal of cross-selling constraints
- Dedicated IT stacks for Consumer and EGW
- Cloud-first approach to reduce cost of ownership

Mobile: subscriber growth, and strong ARPU improvement in Postpaid, drives 9.3% year-on-year growth in service revenue



Commentary

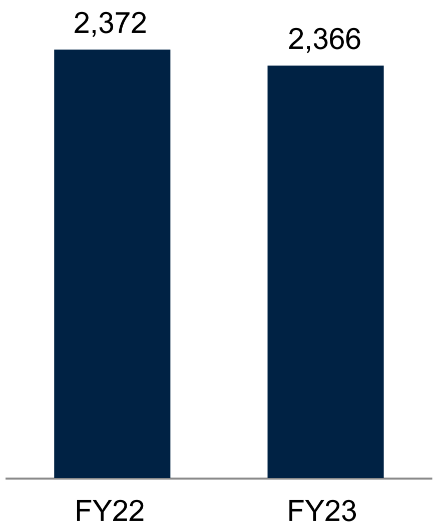
- **Service revenue up 9.9% vs FY22** driven by higher subscriber base, refresh of premium plans, roaming
- **FY23 ARPU up 8.5% vs FY22 to $45.8** with second-half ARPU up 10.1% vs 2H22 to $47.0
- **Subscriber base up 17k YoY** following strong FY22 (+86k)
- Churn increased to 15.1% from 13.6%

- **Service revenue up 7.3% vs FY22** driven by a larger subscriber base
- **FY23 ARPU down 1.6% vs FY22 to $18.9** primarily due to mix shift to value brands
- **Subscriber base up 167k YoY** following strong FY22 (+225k)
- Growth across all brands

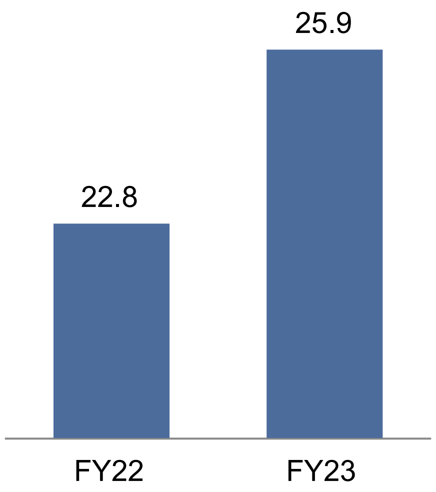
1. Prepaid ARPU was restated in FY22 to reflect removal of approximately 70,000 inactive customers on long-dated plans from Lebara base at December 2022 to align with classification in other TPG Telecom brands.
2. Vodafone mobile subscriber base shown excludes data sims of 280,000 from Postpaid and 19,000 from Prepaid. Refer to slide 42 for a detail breakdown.

Fixed broadband profitability: AMPU continues to grow in competitive market, supported by Fixed Wireless offerings

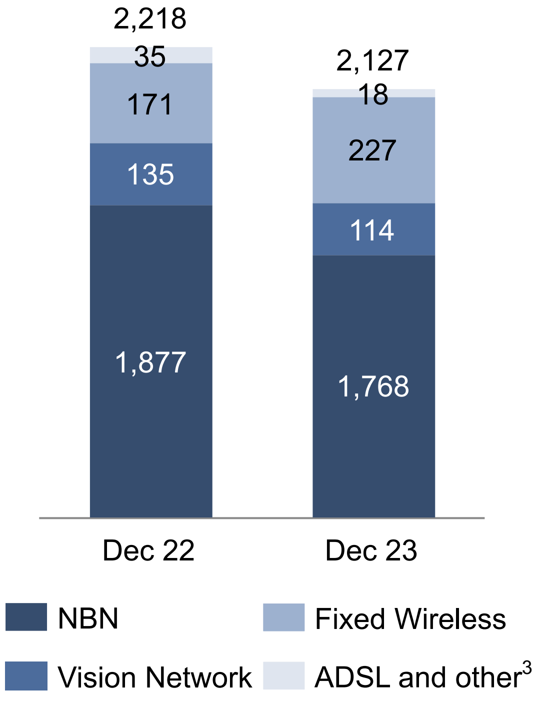
Total Fixed service revenue (incl. data and internet) ($m)[1]



Fixed broadband AMPU ($)[2]



Fixed broadband subscribers ('000)[2,3]



Commentary

- **Total Fixed service revenue flat**
- **Average margin per user (AMPU) up 13.6%** supported by growth of Fixed Wireless
- **Subscribers down 91k** as Fixed Wireless growth only partially offsets impact of smaller and non-telco entrants
- **Vision Network retail revenue flat:** subscriber numbers impacted as new wholesale pricing implemented following functional separation
- **FY24 focus on stabilising and optimising Fixed base:** Fibre Connect offerings, Fixed Wireless growth

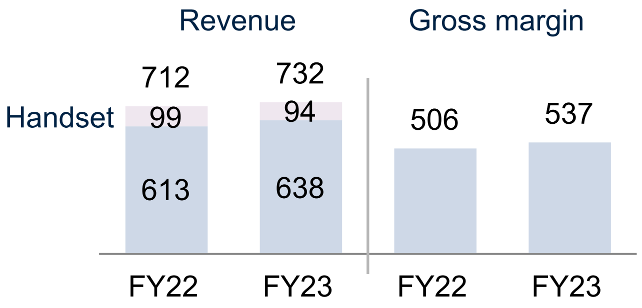
1. Total Fixed service revenue includes all Consumer and small business fixed broadband products, as well as Enterprise, Government & Wholesale data and internet products.
2. Fixed broadband AMPU and subscriber numbers includes all Consumer NBN, Fixed Wireless and Vision Network products and Vodafone-branded small business fixed broadband products (i.e excluding data and internet and fixed voice products). AMPU calculation excludes any intersegment costs, which are eliminated at the Group level.
3. Due to the expected closure of the ADSL service in early 2024, approximately 8,000 ADSL subscribers have been removed from the FY23 base.

Enterprise, Government & Wholesale: revenue and margin growth continues in a challenging market

Revenue and gross margin ($m)

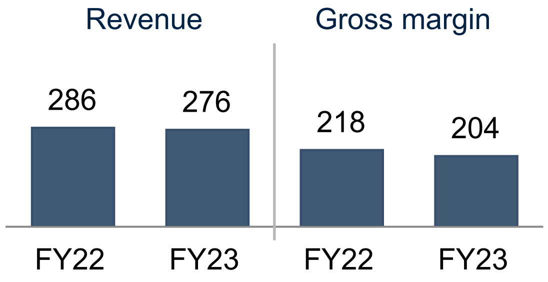
Commentary

Enterprise & Government



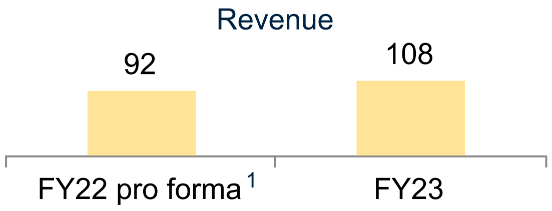
- Enterprise & Government revenue up 2.8%, gross margin up 6.1% driven by cost savings
- Supported by recurring on-net Fast Fibre and NBN Enterprise Ethernet sales
- Connectivity growth supported by bespoke managed services (e.g. SD-WAN)

Wholesale excluding Vision Network



- Wholesale revenue down 3.5%, gross margin down 6.4%, impacted by decline in non-core products
- Margin decline offset by continued growth in on-net Fast Fibre and NBN Enterprise Ethernet

Vision Network

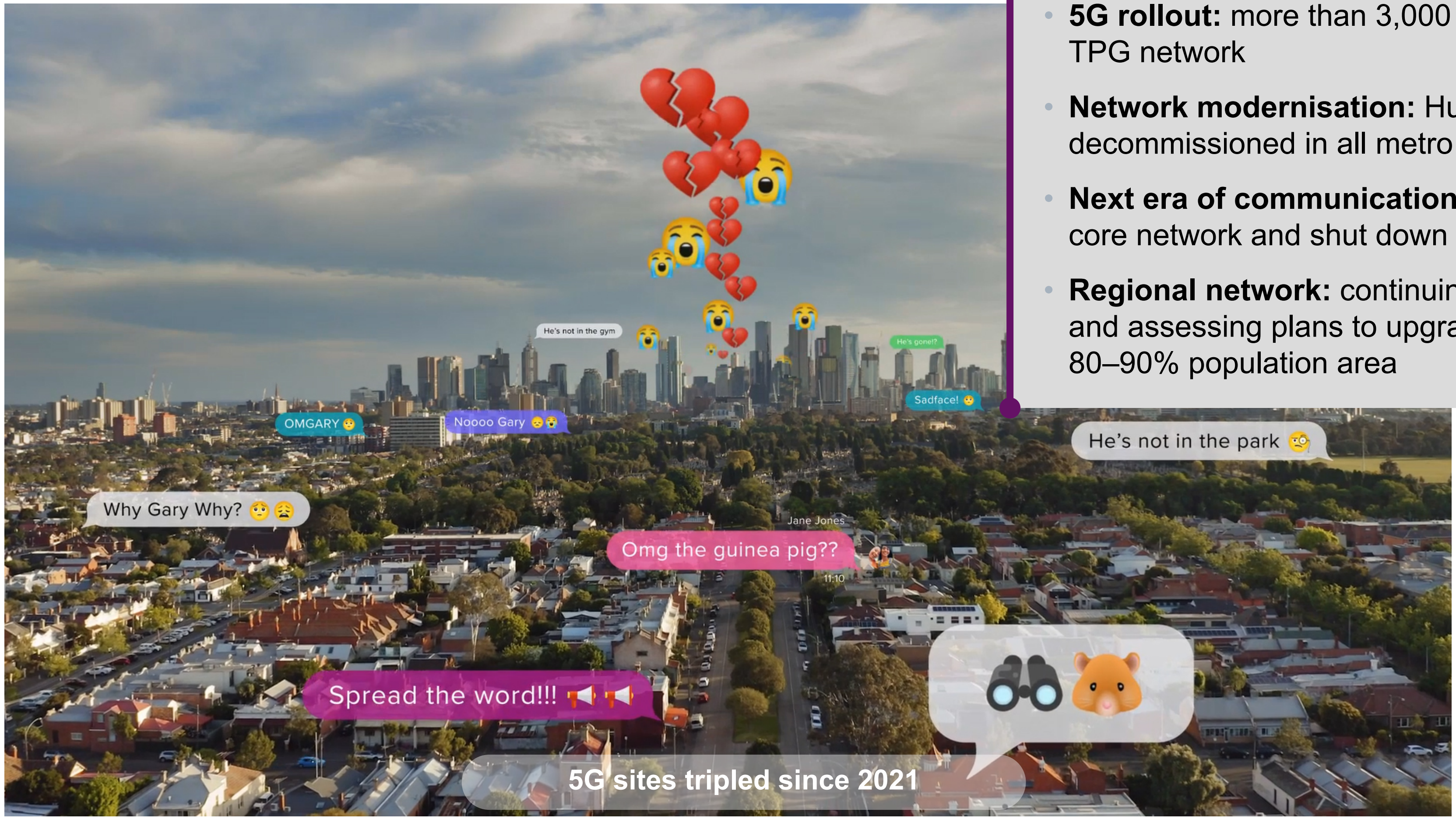


- Vision Network pro forma wholesale revenue up strongly following functional separation
- Vision Network targeting subscriber growth with competitive pricing and new retailer credits

1. Vision Network revenue now recognised in Wholesale following functional separation from retail. FY22 Vision Network is presented on a pro forma basis, as if Vision Network had been operating on a standalone basis for the entirety of FY22 and functionally separated rate cards had applied throughout the year.

Mobile network: 5G rollout on track, Australian-first implementation of advance 5G dual-core network

- **5G rollout:** more than 3,000 TPG sites now converted to 5G, over half of TPG network
- **Network modernisation:** Huawei transmission equipment decommissioned in all metro areas[1]
- **Next era of communication:** first Australian telco to implement 5G dual-core network and shut down 3G nationally
- **Regional network:** continuing to explore infrastructure-sharing options and assessing plans to upgrade ~250 additional sites to 5G within the 80–90% population area



1. Metro network covers 0% to 80% of Australian population.

Spirit of TPG: nurturing a strong company culture around our ambition to be Australia's best telco

Investing in our leadership group

- **Leading with Spirit program attended by 831 leaders** over three years across Australia and the Philippines
- **In 2023, leadership index scores increases by 11% in Australia to 75%** and by 3% overall to 76%

Attracting, Strengthening and retaining female leaders in Technology

- **AccelerateHer Program launched in 2023, 160+ women came together** to connect, learn and provide feedback
- **Resulted in a 7% increase in engagement for women in Technology** compared with October 2022

Sustainability: continued progress on delivering our commitments and targets

Customer wellbeing

Cross-industry collaboration initiatives to protect customers' information: intelligence-sharing partnerships with Commonwealth Bank of Australia and the Australian Financial Crimes Exchange

Environmental Responsibility

Emissions reduction targets validated by the Science Based Target initiative; first Australian telco to achieve this validation for all three targets (long term, short term and Net Zero)

Supplier Engagement Program launched to address key issues including energy use, greenhouse gas emissions, human rights, modern slavery, nature and biodiversity and waste reduction

Renewable electricity commitment: procurement process under way to support our commitment to power our Australian operations with 100% renewable energy

Inclusion and belonging

Gender diversity: Australian workforce female representation increased to 34.9%, nearing our target of 35% by the end of 2024

Reconciliation Action Plan: received conditional endorsement for Innovate RAP from Reconciliation Australia

Employer of Choice: HRD 2023 5-Star Employer of Choice, awarded second year in a row

Review of financial performance

John Boniciolli

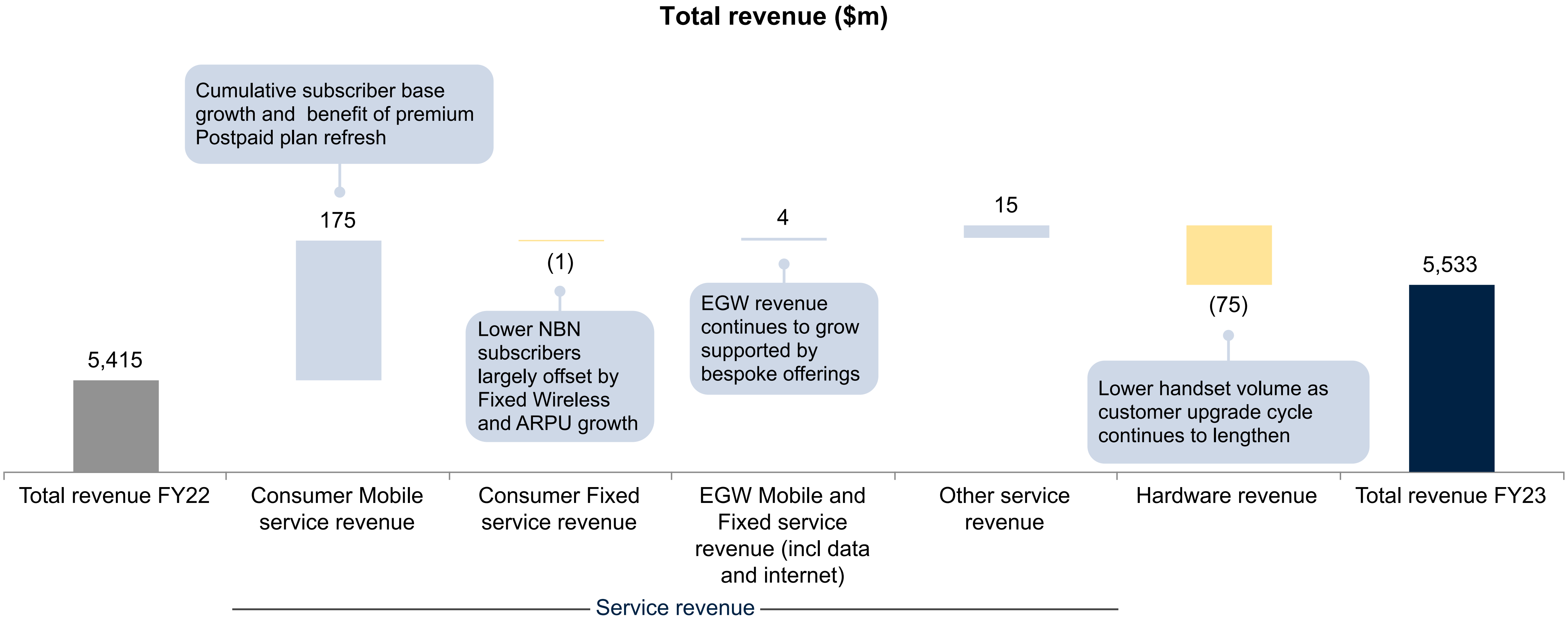
Chief Financial Officer

FY23 result vs. guidance: operating performance drives strong outcome despite higher transaction costs

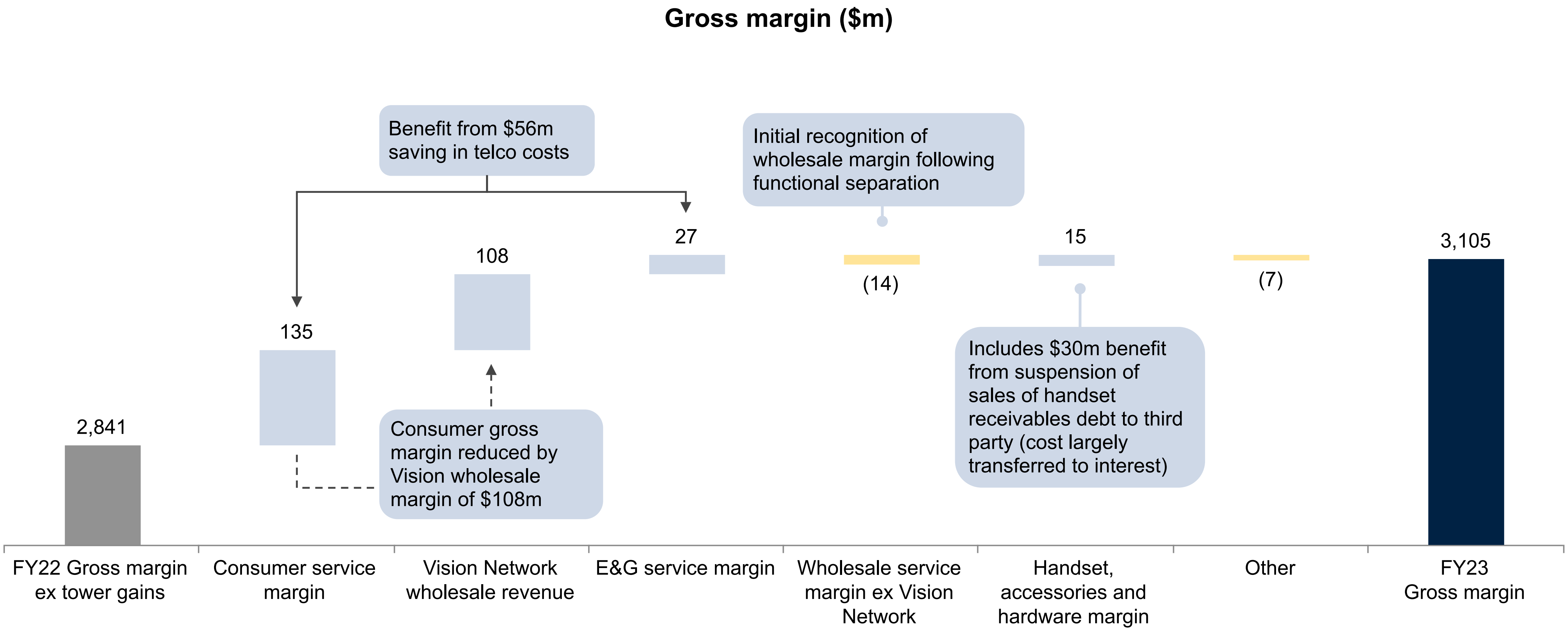
	FY23 Result	FY23 Guidance (August 2023)[1]	FY22 Result
Statutory EBITDA	**$1,875m**	n/a	$2,135m
One-off losses/(gains)	**$17m**	n/a	$(402)m
Transformation costs	**$38m**	$35-40m	$60m
EBITDA (ex. material one-offs and transformation costs)	**$1,930m**	$1,925 to $1,950m	$1,793m
Transaction costs	**$31m**	$20-25m	n/a
Capex	**Incurred capex $1.08b** **Cash capex $1.13b**	Incurred ~$1.05b Cash ~$1.1b	

1. Guidance updated at HY23 results in August 2023 to absorb one-off transaction costs relating to strategic projects within guidance EBITDA, but continued to exclude other transformation costs. Guidance excluded any impact of material one-offs, mergers and acquisitions, disposals, impairments, spectrum and such other items as determined by the Board and management.

Revenue: service revenue up 4.3%, driven by 9.3% growth in Mobile, partly offset by decrease in low-margin hardware revenue

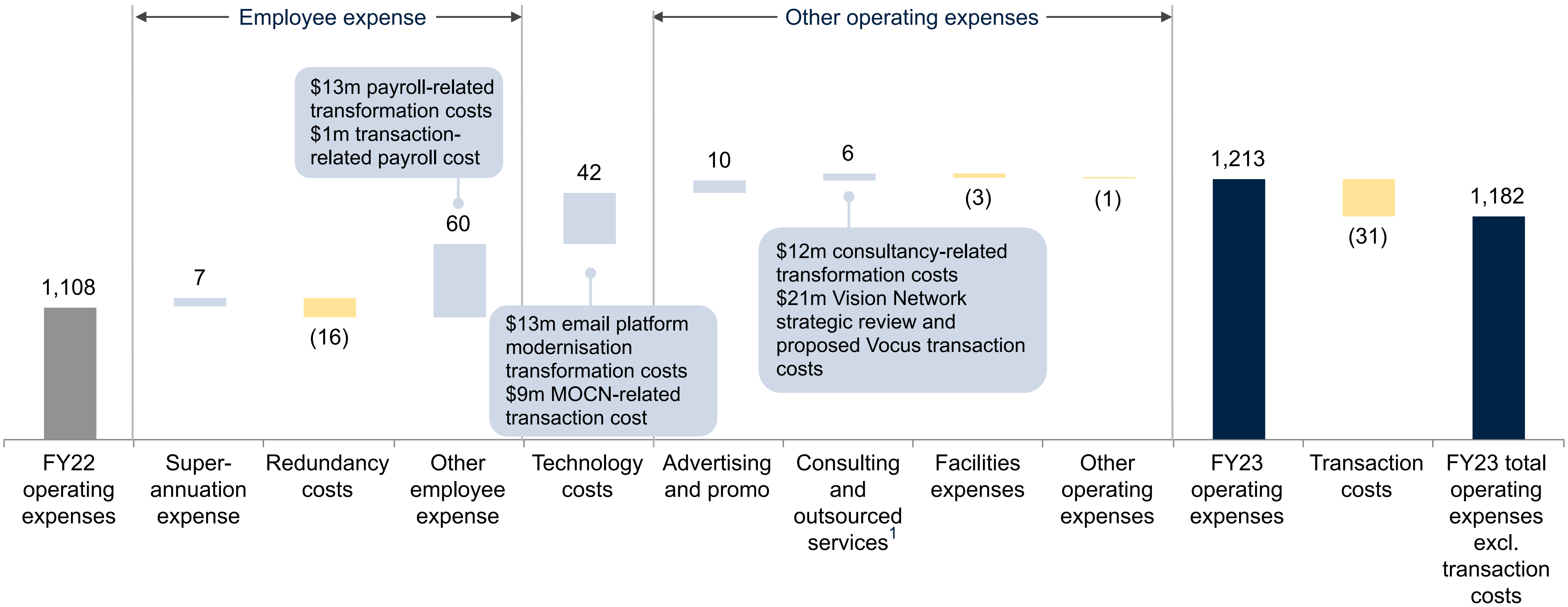


Gross margin: strong growth of 9.3% resulting from service revenue growth and reduction in direct costs



Opex: reflects investment in simplification, IT modernisation and critical capabilities amid higher cost of doing business

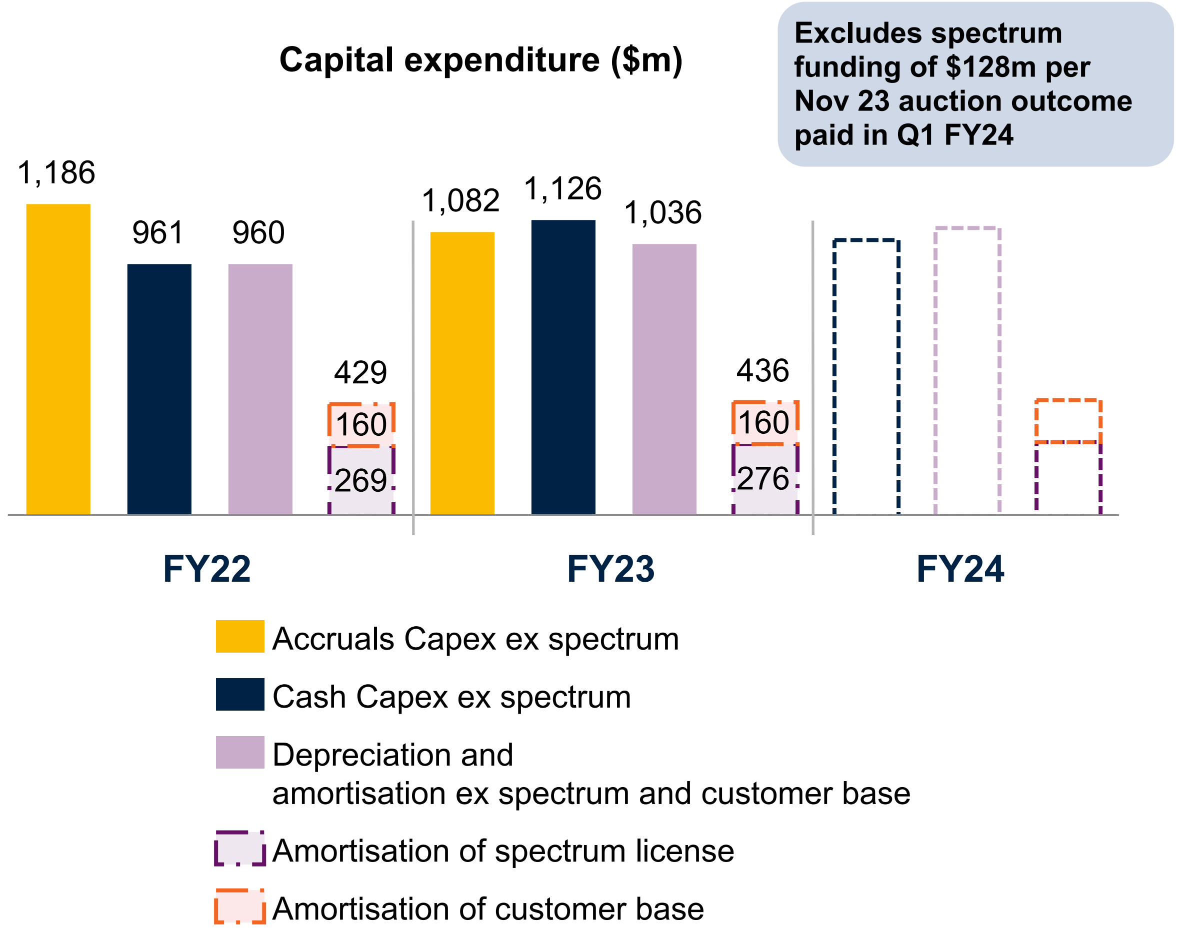
Operating expense (opex) ($m)



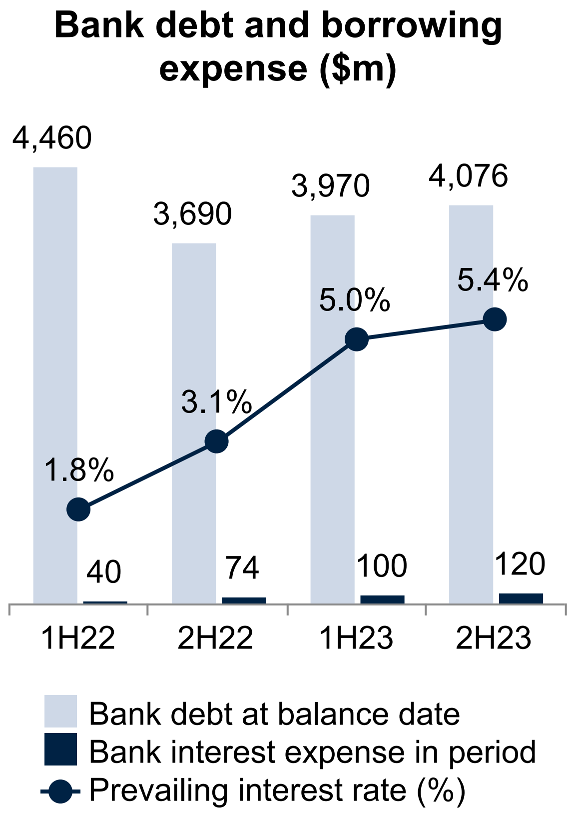
1. $6m increase in consulting and outsourced services was due to a $2m increase of outsourced services to $107m and a $4m increase in professional and consultancy fee to $54m, of which $33m was due to transformation and transaction costs mentioned above.

Capex and D&A: outlook to FY26 continues to reflect elevated investment for 5G, simplification and IT modernisation

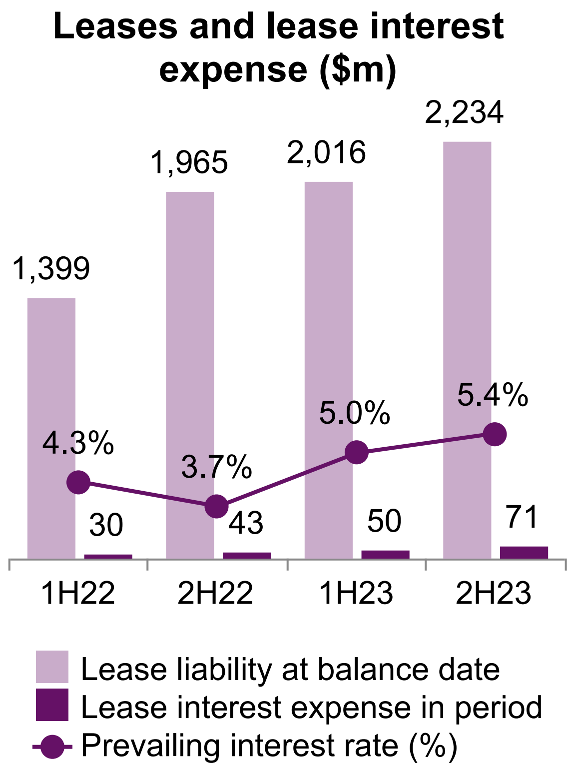
- **FY23 cash capex of $1,126m** (accruals capex $1,082m), broadly in line with Aug 23 guidance
- **FY23 D&A expense up 6.0%** due to full-year impact of tower sale leases, other new leases, higher mix of software (lower useful life)
- **FY24 capex expected to be $1.05b** with mix shifting from infrastructure to software
- **FY24 D&A expense** expected to continue to increase at mid-single digit rate
- **Cash capex (ex. spectrum) until FY26** expected to be ~$1b on completion of 5G rollout
- **Post FY26** capex spend ex spectrum expected at 13-15% of service revenue or $700-800m



Interest costs: impact of higher market rates in F23 continuing into FY24 but TPG well positioned for expected lower rates

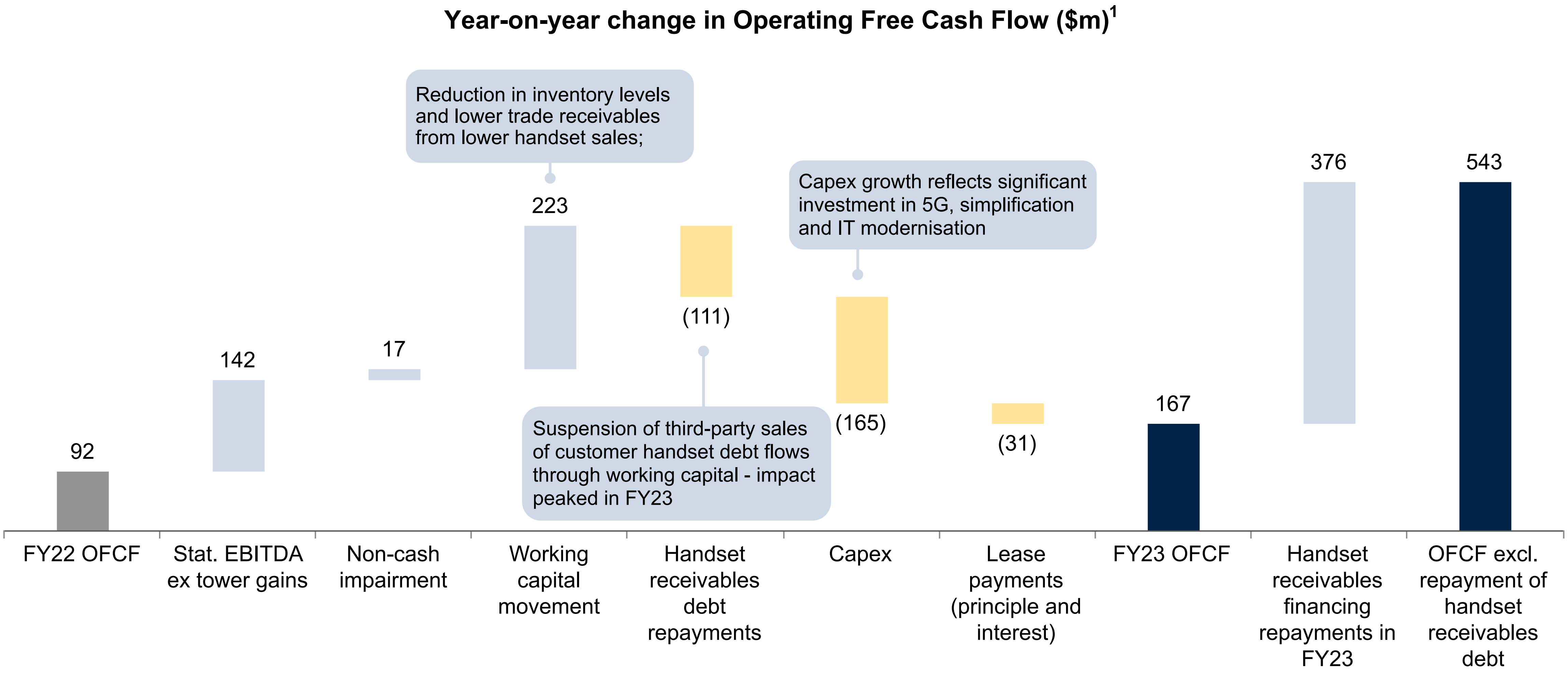


- Bank debt expected to increase marginally over 2024
- Interest cost for 1Q24 expected to be ~6.0% reflecting weighted average margin of ~1.4%
- Hedging of ~30% through 2024
- Significant headroom above the existing bank covenants with ~$1b of liquidity available
- 50 bps change in market interest rates, ~$20m impact in cash interest



- FY23 lease liability increase driven by new tower lease agreement for existing sites and full 12-month impact from the July 2022 tower sale
- Lease interest expected to stabilise in FY24

Operating Free Cash Flow: improvement in FY23 despite elevated capex and change to handset financing strategy

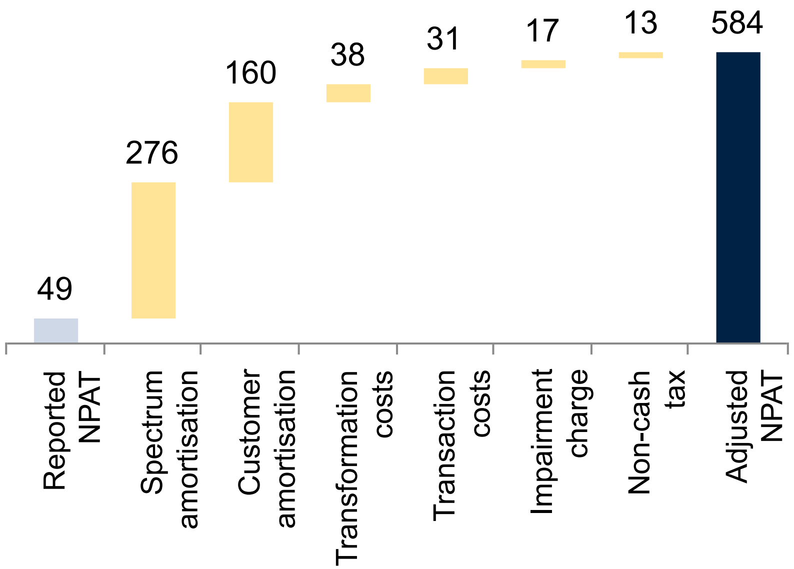


1. Operating Free Cash Flow measures cash flow from operations less capex, finance lease repayments and finance lease interest (within cash flow from financing activities). It does not include payments for spectrum and dividends and excludes any loan payments/drawdowns.

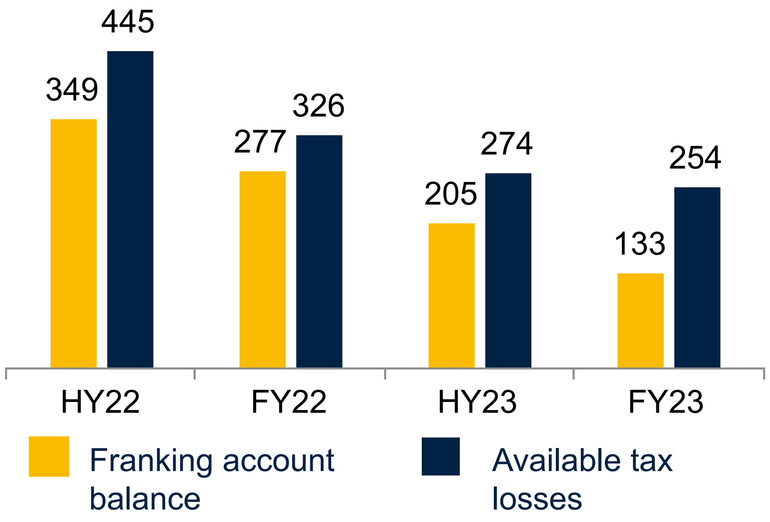
Dividends: FY23 payout reflects confidence in medium-term cash flows; franking balance expected to be fully utilised in FY24

- Total FY23 dividend of 18.0 cents per share is ~57% of Adjusted NPAT and fully-franked
- Dividend Policy to pay out at least 50% of Adjusted NPAT
- Franking balance may be fully utilised in FY24 at the current rate of franking
- Availability of franking credits in future years subject to utilisation of tax loss balance

Reconciliation of FY23 statutory NPAT to Adjusted NPAT ($m)



Franking credit and tax loss balance ($m)



1. Adjusted NPAT defined as statutory NPAT adding back spectrum amortisation expense, customer base amortisation expense, non-cash tax expense, transaction costs, transformation costs and material one-offs.

Medium-term outlook: cash earnings expected to improve as working capital, capex and interest costs normalise

- Pressure on cash earnings expected to moderate from FY25 onward as working capital, capex and interest costs trends improve
- Improving cash conversion expected to support ongoing investment and returns to shareholders

Expected trends in key cash drivers (illustrative only)[1]

	FY22	FY23	FY24	FY25	FY26 and beyond
Working capital	Impact of suspension of sales of handset receivables to third parties $(265)m	$(376)m	~$(150)m	▲ Impact of suspension of third-party sales substantially complete	
Cash capex including specturm	$(992)m	$(1,182)m	~$(1,050)m cash capex $(128)m spectrum[2]	5G upgrade complete in FY26 ▲	▲ IT modernisation complete
Opex	←	▼ Increase in opex due to multi-year customer transformation	→	→	▲ Business simplif-ication complete
Interest costs	▼ Sharp increase in market rates ▼ Higher lease costs due to July 2022 tower sale	▼ New tower lease agreement	▲ Interest rate cycle expected to have peaked ▲ Lease interest expected to stabilise		
Free Cash Flow to Equity[2]	$837m	$(63)m	▲ Positive from FY24 with improving year-on-year outlook accelerating from FY25		
Gearing Net debt incl. lease to EBITDA	3.1x	3.2x		▲ Improving towards target of 2-3x	

1. Projection of key cash drivers does not include future spectrum payments, timing of which is uncertain.
2. $128 million was paid in Q1 FY24 for the outcome of the 3.7GHz spectrum auction that took place in Q4 2023.
3. Free Cash Flow to Equity is defined as the Group's net change in cash flow before net change in borrowings and dividend payments. In FY22, this included the $892m cash benefit of the July 2022 towers sale.

FY24 guidance: positive operating earnings performance expected to support continued EBITDA growth

	FY24 guidance[1]	FY23 comparison[3]
EBITDA[2] Includes transformation costs Excludes material one-offs	**$1,950m to $2,025m**	$1,923m
Capital expenditure (cash basis) excluding spectrum payments	**Approximately $1.05b**	$1,126m

1. 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.
2. Remuneration outcomes linked to EBITDA will be set and assessed on the same basis as guidance, including transformation costs and excluding material one-offs as noted above.
3. FY23 EBITDA on FY24 guidance basis includes $38m of transformation costs within EBITDA but adjusts for transaction costs of $31m and Internode brand impairment of $17m.

Strategy and outlook

Iñaki Berroeta

Chief Executive Officer and Managing Director

Driving growth and value: positioning TPG for long-term growth and creating a simpler, smarter company

FY24: continued focus on growth and simplification

- Continued growth in Mobile subscribers and service revenue
- Stabilising Fixed broadband subscribers based
- Continued Enterprise Government and Wholesale growth
- Continuation of 5G upgrade and exploration of regional mobile network sharing
- Acceleration of business simplification and IT modernisation
- Strategic review assessing value-optimising options for fibre assets

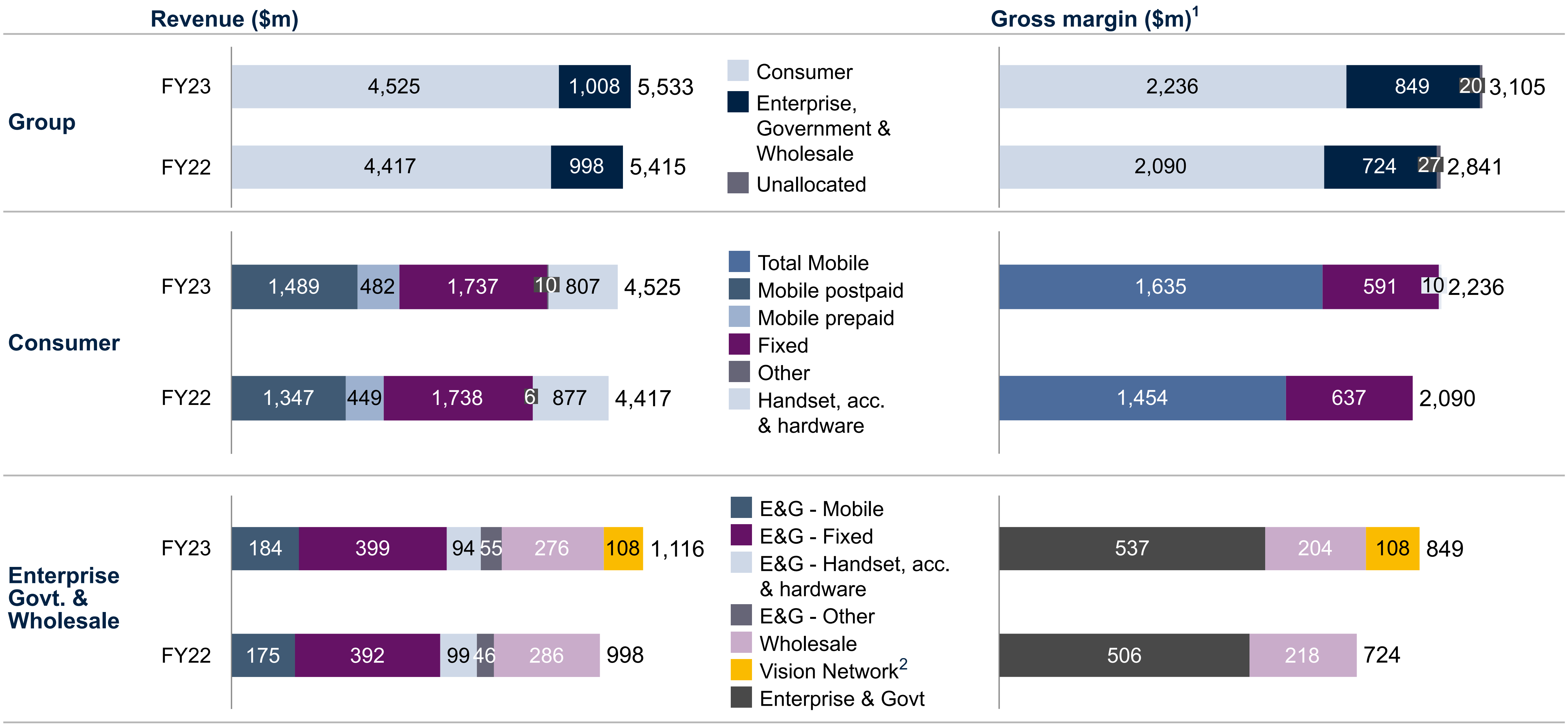
Longer term: supporting sustainable growth

- Population growth and increase in data consumption continues to support underlying demand
- Delivery of simpler, smarter customer offerings and experiences
- Ongoing emphasis on infrastructure sharing to optimise capital efficiency
- Improving cash earnings as working capital, capex, interest rate cycles normalise

Questions and Answers

Appendices

Revenue and gross margin by product



1. FY22 gross margin excludes the accounting gain of $402 million from the July 2022 sale of the tower assets.
2. Following the functional separation undertaking completed in October 2022, Vision Network wholesale revenue is being recognised in Enterprise, Government and Wholesale segment and Vision Network wholesale cost is recognised in Consumer segment. Intersegment charges are eliminated at the Group level.

Gross margin breakdown by half-year period

$m	CONSUMER Reported 1H22	Reported 2H22	Reported 1H23	Reported 2H23	Change vs 2H22	Change vs 1H23
Service revenue	1,744	1,796	1,832	1,886	5.0%	2.9%
Handset, accessories and hardware	398	479	377	430	(10.2)%	14.1%
Inter-segment revenue		—	—	—	n.m[1]	n.m[1]
Total revenue	2,142	2,275	2,209	2,316	1.8%	4.8%
Other income	—	—	—	—	n.m[1]	n.m[1]
Telco costs	(736)	(713)	(748)	(744)	4.3%	(0.5)%
Cost of handsets sold	(391)	(487)	(368)	(429)	(11.9)%	16.6%
Gross margin	1,015	1,075	1,093	1,143	6.3%	4.6%
Hardware gross margin ($m)	7	(8)	9	1	(112.5)%	(88.9)%
Service gross margin ($m)	1,008	1,083	1,084	1,142	5.4%	5.4%
Service gross margin (%)	57.8%	60.3%	59.2%	60.6%	0.3 pp	1.4 pp

$m	ENTERPRISE, GOVERNMENT & WHOLESALE Reported 1H22	Reported 2H22	Reported 1H23	Reported 2H23	Change vs 2H22	Change vs 1H23
Service revenue	446	453	456	458	1.1%	0.4%
Handset, accessories and hardware	38	61	43	51	(16.4)%	18.6%
Inter-segment revenue		—	58	50		
Total revenue	484	514	557	559	8.8%	0.4%
Other income	3	4	3	11	175.0%	266.7%
Telco costs	(94)	(91)	(93)	(101)	11.0%	8.6%
Cost of handsets sold	(37)	(59)	(41)	(46)	(22.0)%	12.2%
Gross margin	356	368	426	423	14.9%	(0.7)%
Hardware gross margin ($m)	1	2	2	5	150.0%	150.0%
Service gross margin ($m)	355	366	424	418	14.2%	(1.4)%
Service gross margin (%)	79.6%	80.8%	93.0%	91.3%	10.5 pp	(1.7 pp)

$m	INTER-SEGMENT AND OTHER UNALLOCATED Reported 1H22	Reported 2H22	Reported 1H23	Reported 2H23	Change vs 2H22	Change vs 1H23
Service revenue		—	—	—		
Handset, accessories and hardware		—	—	—	n.m[1]	n.m[1]
Inter-segment revenue		—	(58)	(50)	n.m[1]	n.m[1]
Total revenue	—	—	(58)	(50)		(13.8)%
Other income	10	421	8	14	(96.7)%	75.0%
Telco costs	(1)	(1)	57	51	n.m[1]	n.m[1]
Cost of handsets sold	—	—	—	—		
Gross margin	9	420	7	15	(96.4)%	114.3%
Hardware gross margin ($m)	—	—	—	—		
Service gross margin ($m)	9	420	7	15	(96.4)%	114.3%
Service gross margin (%)						

$m	GROUP Reported 1H22	Reported 2H22	Reported 1H23	Reported 2H23	Change vs 2H22	Change vs 1H23
Service revenue	2,190	2,249	2,288	2,344	4.2%	2.4%
Handset, accessories and hardware	436	540	420	481	(10.9)%	14.5%
Inter-segment revenue		—	—	—	n.m[1]	n.m[1]
Total revenue	2,626	2,789	2,708	2,825	1.3%	4.3%
Other income	13	425	11	25	(94.1)%	127.3%
Telco costs	(831)	(805)	(784)	(796)	(1.1)%	1.5%
Cost of handsets sold	(428)	(546)	(409)	(475)	(13.0)%	16.1%
Gross margin	1,380	1,863	1,526	1,579	(15.2)%	3.5%
Hardware gross margin ($m)	8	(6)	11	6	(200.0)%	(45.5)%
Service gross margin ($m)	1,372	1,869	1,515	1,573	(15.8)%	3.8%
Service gross margin (%)	62.6%	83.1%	66.2%	67.1%	(16.0 pp)	0.9 pp

1. Not meaningful comparison

Income statement summary

$m	2023	2022	change
Service revenue	**4,632**	4,439	4.3%
Handset, accessories & hardware	**901**	976	(7.7)%
Total revenue	**5,533**	5,415	2.2%
Other income[1]	**36**	438	(91.8)%
Cost of provision of telco services	**(1,580)**	(1,636)	(3.4)%
Cost of handsets sold	**(884)**	(974)	(9.2)%
Gross Margin	**3,105**	3,243	(4.3)%
Technology cost	**(405)**	(363)	11.6%
Employee benefits expense	**(428)**	(377)	13.5%
Other operating expenses	**(380)**	(368)	3.3%
Impairment charge	**(17)**		
EBITDA	**1,875**	2,135	(12.2)%
Depreciation and amortisation	**(1,472)**	(1,389)	6.0%
Results from operations	**403**	746	(46.0)%
Net financing costs	**(341)**	(187)	82.4%
Profit before income tax	**62**	559	(88.9)%
Income tax benefit/(expense)	**(13)**	(46)	(71.7)%
Net profit after tax (NPAT)	**49**	513	(90.4)%

1. Other income in FY22 included an accounting gain of $402 million from the July 2022 sale of the tower assets.

Operating expense breakdown

$m	2023	2022	Change
Superannuation expense	**40**	33	21.21%
Redundancy expense	**2**	18	(88.9)%
Other employee expense	**386**	326	18.4%
Employee expense	**428**	377	13.5%
Technology costs	**405**	363	11.6%
Advertising and promotion expenses	**132**	122	8.2%
Consulting and outsourced services costs	**161**	155	3.9%
Facilities expenses	**33**	36	(8.3)%
Administration and other expenses	**54**	55	(1.8)%
Other operating expenses	**380**	368	3.3%
Total operating expense	**1,213**	1,108	9.5%

EBITDA: non-recurring items and material one-offs breakdown

$m	2022	2023	2023 (on FY23 guidance basis)	2023 (on FY24 guidance basis)
Statutory EBITDA	**2,135**	**1,875**	**1,875**	**1,875**
Transformation costs	60	38	38	
Transaction costs	—	31		31
Material one-offs				
Towers gain	(402)			
Internode brand impairment	—	17	17	17
EBITDA excl. transformation costs, transaction costs and material one-offs (i.e. FY23 original guidance basis)	**1,793**[1]	**1,961**[2]		
EBITDA incl. transaction costs, excl. transformation costs and material one-offs (i.e. FY23 updated guidance basis)	**1,793**		**1,930**[3]	
EBITDA incl. transformation costs, excl. transaction costs and material one-offs (i.e. FY24 guidance basis)	**1,751**[4]			**1,923**[5]

1. FY22 EBITDA adjusted by adding back transformation costs of $60m (inclusive of $18m of redundancy costs) and removing July 2022 tower sale gain of $402m.
2. FY23 EBITDA adjusted by adding back transaction costs of $31m, transformation costs of $38m and Internode brand impairment of $17m.
3. FY23 EBITDA on FY23 updated guidance basis includes $31m of transaction costs within EBITDA but adjusts for transformation costs of $38m and Internode brand impairment of $17m.
4. FY22 EBITDA on FY24 guidance basis adjusted by adding back redundancy costs of $18m and removing July 2022 tower sale gain of $402m.
5. FY23 EBITDA on FY24 guidance basis includes $38m of transformation costs within EBITDA but adjusts for transaction costs of $31m and Internode brand impairment of $17m.

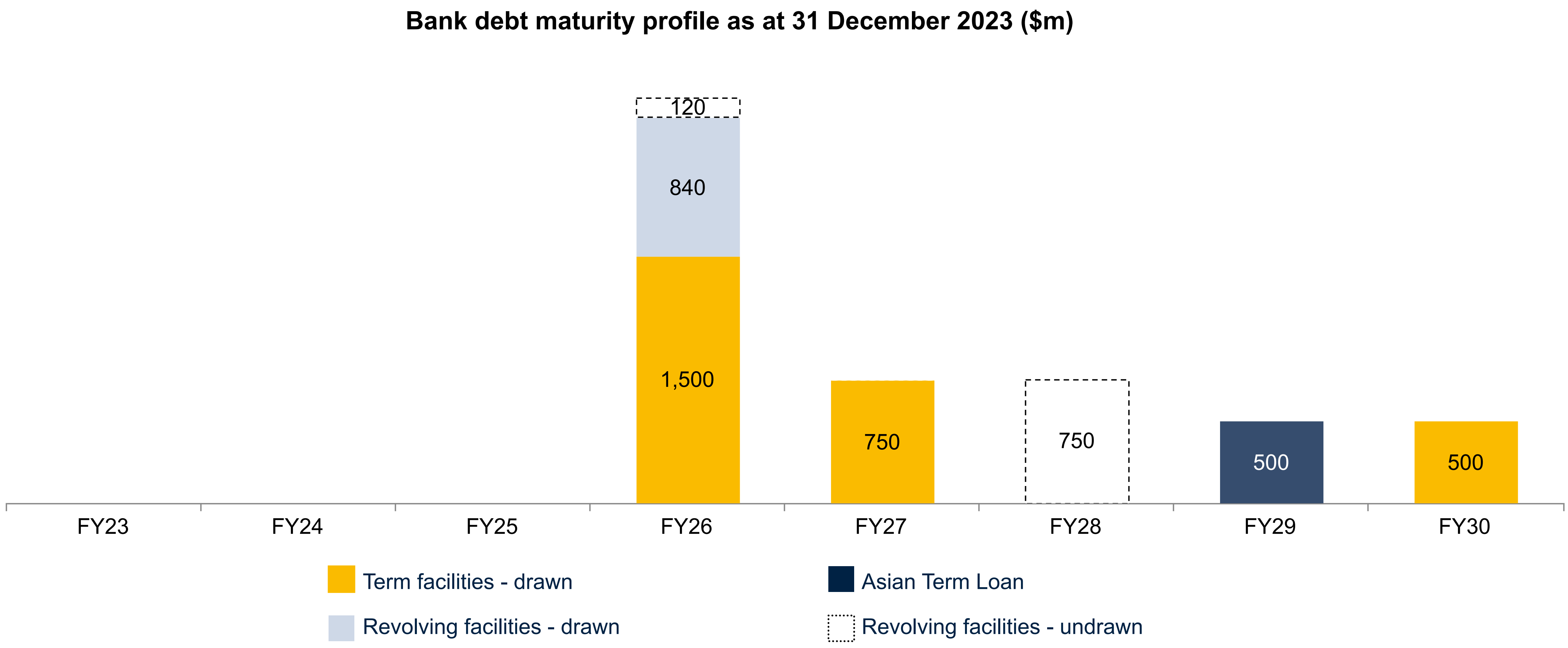
Balance sheet summary

$m	2023	2022	Change
Cash and cash equivalents	**116**	114	2
Trade and other receivables	**968**	681	287
Inventories	**117**	155	(38)
Other current assets	**83**	83	—
Total current assets	**1,284**	1,033	251
Trade and other receivables	**469**	358	111
Property, plant and equipment	**3,795**	3,580	215
Right-of-use assets	**1,709**	1,527	182
Spectrum licences	**1,737**	2,010	(273)
Other intangible assets	**10,484**	10,653	(169)
Deferred tax assets	**171**	183	(12)
Other non-current assets	**19**	22	(3)
Total non-current assets	**18,384**	18,333	51
Trade and other payables	**1,174**	1,185	(11)
Contract liabilities	**294**	283	11
Borrowings	**—**	—	—
Lease liabilities	**122**	93	29
Other current liabilities	**132**	171	(39)
Total current liabilities	**1,722**	1,732	(10)
Borrowings	**4,076**	3,690	386
Lease liabilities	**2,112**	1,872	240
Other non-current liabilities	**141**	172	(31)
Total non-current liabilities	**6,329**	5,734	595

Depreciation and Amortisation profile

$m	2023	2022	Change vs 2022
Depreciation of PPE	**(570)**	(554)	2.9%
Depreciation of Right of Use assets	**(195)**	(143)	36.4%
Total depreciation	**(765)**	(697)	9.8%
Amortisation of Spectrum licence	**(276)**	(269)	2.6%
Amortisation of Customer base	**(160)**	(160)	—%
Amortisation of other intangibles	**(271)**	(263)	3.0%
Total amortisation	**(707)**	(692)	2.2%
Depreciation and amortisation	**(1,472)**	(1,389)	6.0%

Debt maturity profile



Return on Invested Capital

$m	2023	2022
Statutory EBIT	**403**	746
Add back acquired customer base amortisation	**160**	160
Adjustment for towers gain, restructuring, transformation or transaction costs	**86**	(342)
EBIT adjusted for specific items	**649**	564
Notional tax	**195**	(169)
Net Operating Profit After Tax (NOPAT)	**454**	395
Total assets	**19,668**	19,366
Less current liabilities	**(1,722)**	(1,732)
Add back borrowings (current)	**—**	—
Add back lease liabilities (current)	**122**	93
Less cash	**(116)**	(114)
Remove DTAs	**(171)**	(183)
Remove brand name	**(407)**	(424)
Remove customer base intangible	**(1,127)**	(1,287)
Remove goodwill	**(8,515)**	(8,515)
Capital invested	**7,732**	7,204
Average Capital Invested (ACI)	**7,468**	6,969
RoIC (NOPAT ÷ ACI)	**6.1%**	5.7%

Reconciliation of statutory NPAT to non-statutory definitions of NPAT and Earnings per Share

$m	2023	2022
Statutory NPAT	**49**	513
Add back spectrum amortisation	**276**	269
Add back Customer base amortisation	**160**	160
Adjustment for transformation costs	**38**	60
Adjustment for transaction costs	**31**	—
Add back Internode brand impairment	**17**	—
Add back non-cash tax	**13**	46
Remove from tower assets gain on sale	**—**	(402)
Adjusted NPAT for dividend calculation purpose	**584**	646
Statutory NPAT	**49**	513
Remove from tower assets gain on sale	**—**	(402)
Add back acquired customer base amortisation (tax affected)	**112**	112
Adjustment for transformation costs (tax affected)	**26**	42
Adjustment for transaction costs (tax affected)	**22**	—
Add back impairment (tax affected)	**12**	—
NPAT adjusted for LTIP basis	**221**	265
Weighted average number of ordinary shares	**1,856**	1,858
EPS (NPAT adjusted for LTIP basis ÷ Weighted average number of ordinary shares)	**11.9 cps**	14.2 cps

EBITDA to cash flow reconciliation

EBITDA TO NET CASH FLOW RECONCILIATION

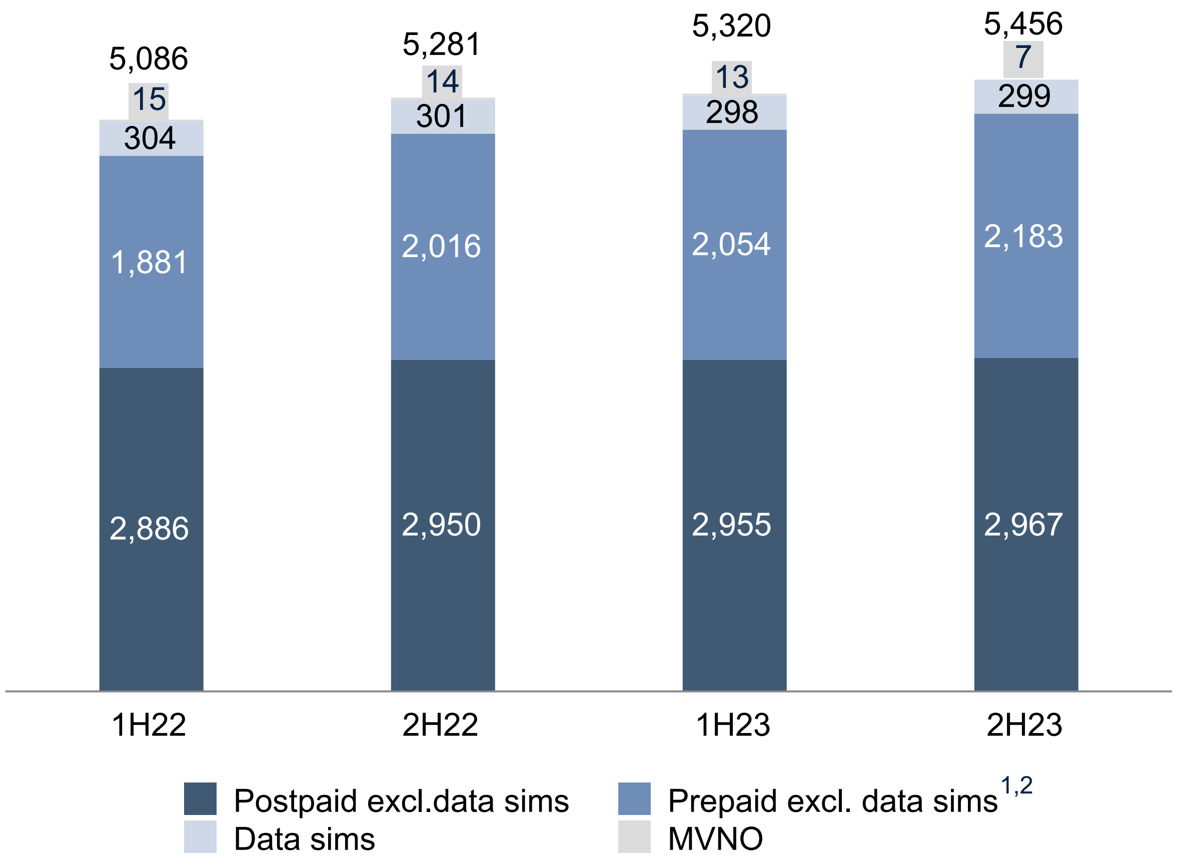
$m	2023	2022	Contribution to change in cash flow
EBITDA ex towers gain	1,875	1,733	142
Non-cash impairment	17	—	17
Handset financing movements	(376)	(265)	(111)
Working capital movements	6	(217)	223
Cash flow from operating activities	**1,522**	**1,251**	271
Cash tax paid	—	—	
Capital expenditure	(1,126)	(961)	(165)
Interest received	4	2	2
Net change in borrowings	400	(600)	1,000
Lease principal element	(108)	(123)	15
Net financing costs	(319)	(180)	(139)
Share payments – TPG employee incentive plan	(8)	(14)	6
Dividends paid	(335)	(325)	(10)
Net cash flow	**2**	**(88)**	90

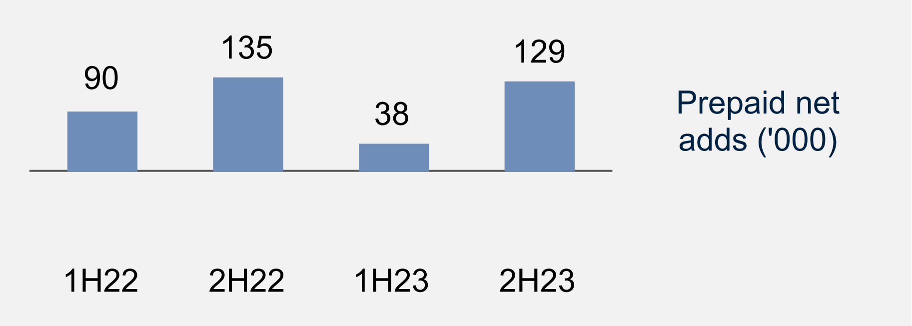
CASH FLOW FROM OPERATING ACTIVITIES TO OPERATING FREE CASH FLOW (OFCF) RECONCILIATION

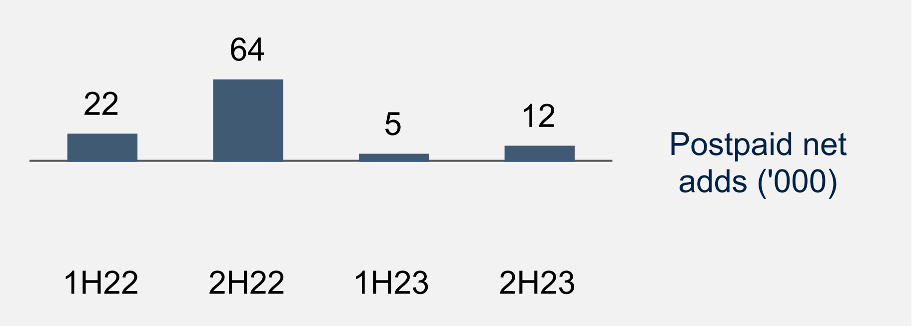
$m	2023	2022	Contribution to change in cash flow
Cash flow from operating activities	**1,522**	**1,251**	271
Cash tax paid	—	—	
Capital expenditure	(1,126)	(961)	(165)
Lease principal element	(108)	(123)	15
Lease interest costs	(121)	(75)	(46)
Operating Free Cash Flow	**167**	**92**	75

Mobile subscribers

SUBSCRIBERS ('000)



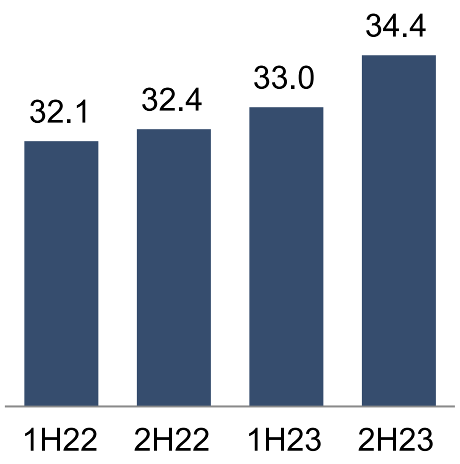




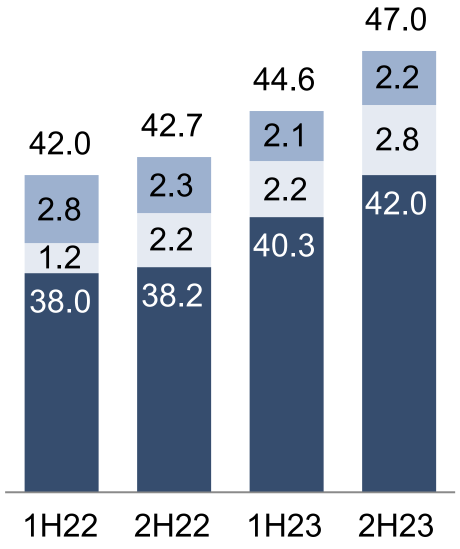
1. Prepaid and MVNO subscribers are calculated based on 'registered subscribers'. Registered subscribers include all subscribers who have had a chargeable event in the previous six months.
2. All periods restated to reflect removal of 70,000 inactive customers on long-dated plans from Lebara base at June 2022 to align with classification in other TPG Telecom brands.

Mobile ARPU breakdown

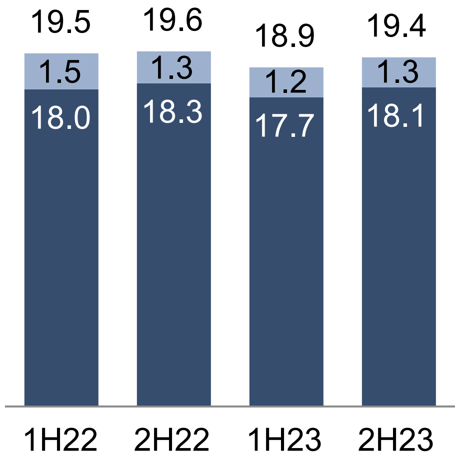
Overall Mobile ARPU ($/month)



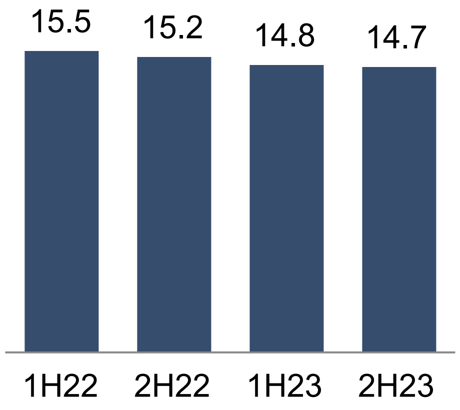
Postpaid Mobile ARPU ($/month)



Prepaid Mobile ARPU ($/month)[1]



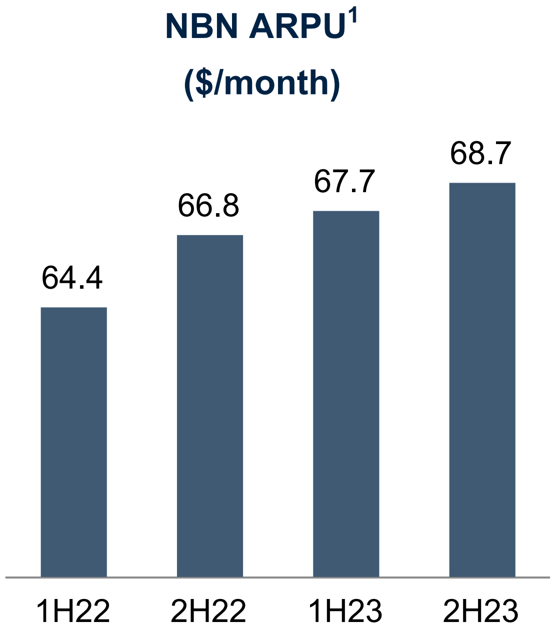
Data sims ARPU ($/month)

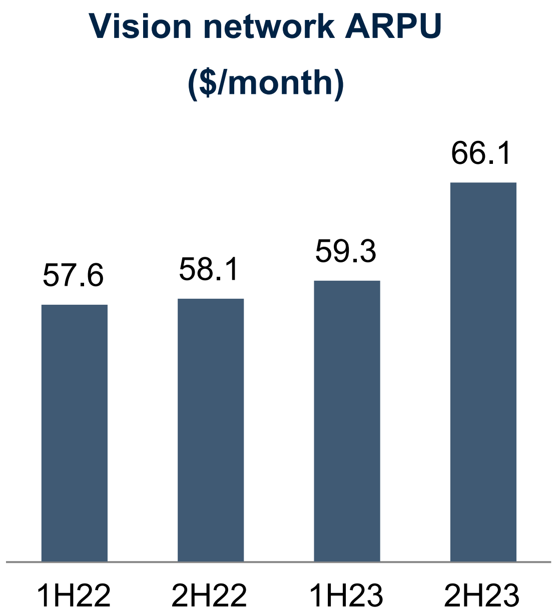


International roaming ARPU   Incoming ARPU   Core Mobile ARPU

1. In 1H22 and 2H22 periods, Prepaid ARPU restated to reflect removal of approximately 70,000 inactive customers on long-dated plans from Lebara base at December 2022 to align with classification in other TPG Telecom brands.

Fixed broadband ARPU breakdown





1. Multi-service credits are proportionately allocated between products.

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