



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 – Investor Presentation

Please find attached for immediate release to the market an Investor Presentation 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

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A decorative graphic on the left side of the slide consisting of several overlapping circles in various colors: red, purple, orange, yellow, grey, and dark blue. The circles are arranged in a vertical column, with some overlapping horizontally and vertically.

TPG Telecom 2024 Half-Year Results

30 August 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, CEO and Managing Director

Review of financial performance

John Boniciolli, CFO

Outlook

Iñaki Berroeta, CEO and Managing Director

To seek a better understanding of TPG Telecom performance, users should read this presentation in conjunction with the consolidated financial statements in TPG's 2024 half-year financial report, which is available on the Company's website at www.tpgtelecom.com.au.

This presentation includes certain non-IFRS financial measures. These non-IFRS financial measures are used management to assess the performance of TPG's business and make decisions on allocation of resources. Further information regarding the non-IFRS financial measures and other key terms used in this presentation are included in the glossary on slide 39. Non-IFRS measures have not been subject to audit or review.

Results highlights and business update

Iñaki Berroeta

Chief Executive Officer and Managing Director

Results highlights: solid trading and strong cash performance; increased action on cost and strategy delivery in the second half

1 First-half trading

- **Mobile service revenue¹ up 7.2%** vs.1H23 driven by sustained higher ARPU
- **Fixed broadband AMPU² up 6.3%** vs.1H23 driven by strong Fixed Wireless growth
- **EGW gross margin excluding Vision Network stable** in challenging market environment

2 Cash performance

- **Operating Free Cash Flow³ up \$340m** vs.1H23
- **Working capital and cash capex trends** improving following period of heightened investment
- **Second half expected to deliver acceleration** in cash flow improvement

3 Cost management

- **Focus on delivering flatter opex** growth profile in 2H24 and FY25
- **Reduced roles by c. 120 in August** to support delivery of flatter employee expense profile for FY25
- **Depreciation and amortisation growth slowing** and lower than expected

4 Strategic initiatives

- **Regional network sharing with Optus:** ACCC approval decision due on 13 September
- **Business simplification:** customer journey milestones on track for delivery in early FY25
- **Fibre strategic review continuing;** confirmed re-engagement with Vocus in confidential discussions

5 FY24 guidance⁴

- **Tracking towards mid-point of current EBITDA guidance range** of \$1,950m to \$2,025m
- **Cash capex guidance (excluding spectrum) was reduced** by \$30m to \$1,020m in April

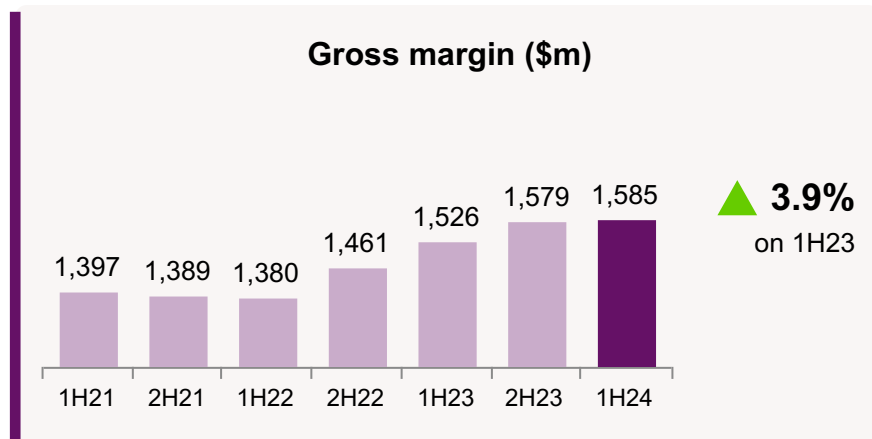
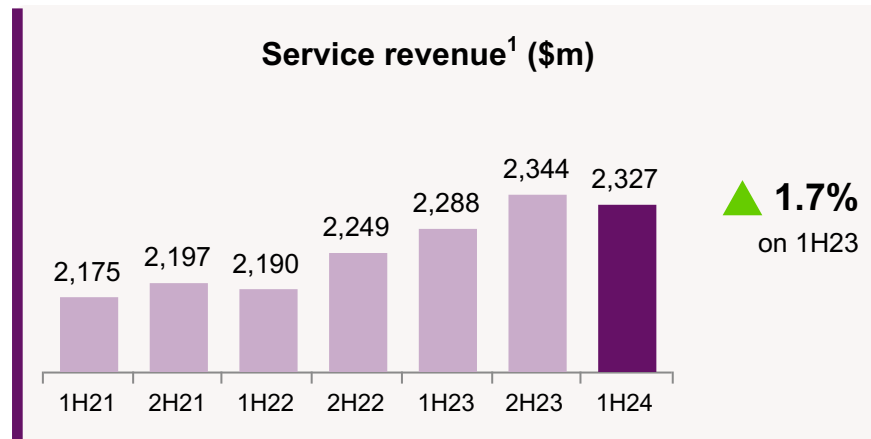
1. Service revenue excludes revenue from handsets, accessories or other hardware products.

2. 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.

3. 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).

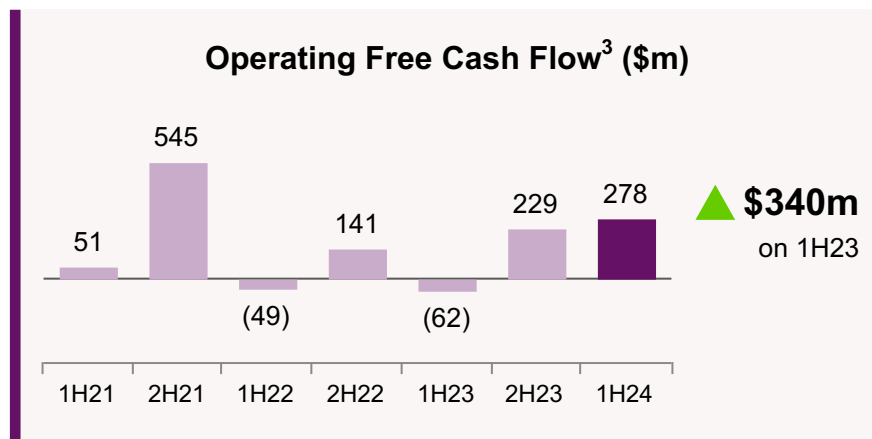
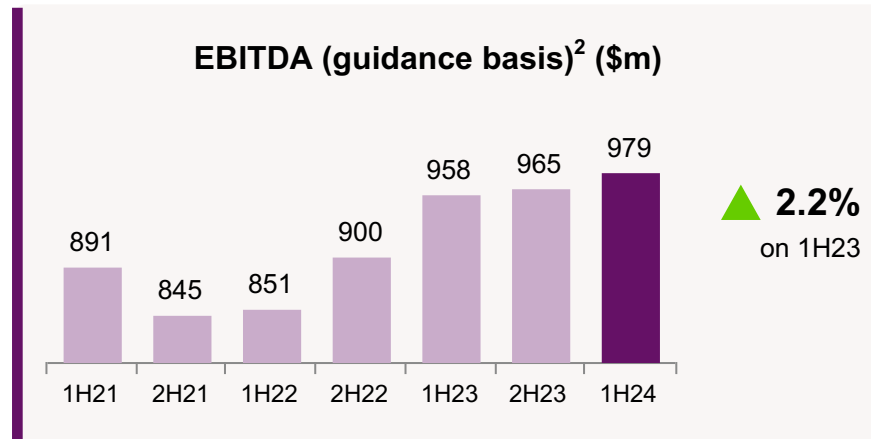
4. EBITDA guidance is subject to no material change in operating conditions and excludes any impact of material one-offs such as transaction costs, restructuring, mergers and acquisitions, disposals, impairments, and such other items as determined by the Board and management.

Financial highlights: margin growth continues to exceed revenue growth; operating cash result ahead of expectations



EPS adjusted for customer base amortisation, material one-offs⁴

4.8c (22.6)%



ROIC⁵

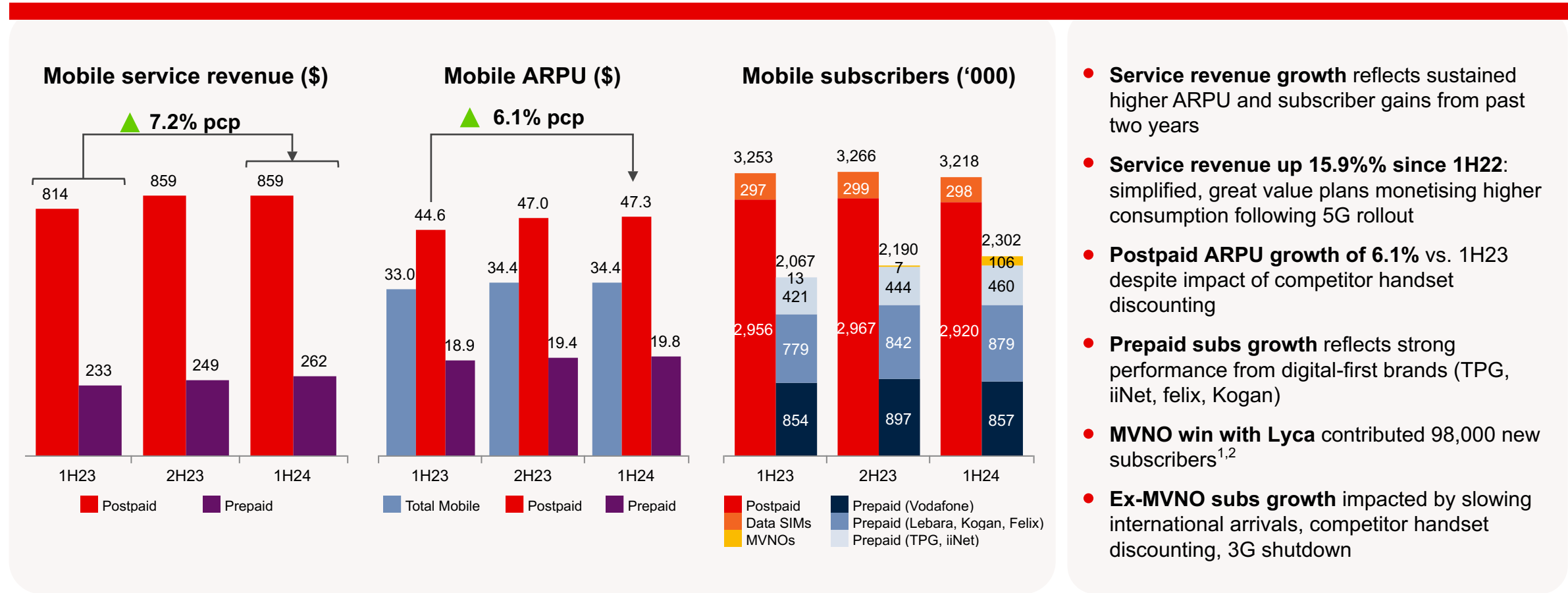
5.6% (0.2)pp

Interim dividend

9.0cps 87% franked

1. Service revenue excludes revenue from handsets, accessories or other hardware products.
 2. EBITDA (guidance basis) 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.
 3. 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).
 4. Measures statutory NPAT adjusted by adding back customer base amortisation and material one-offs (subject to discretion of the Board), and divided by weighted number of shares on issue. 1H24 NPAT adjusted on this basis was \$89 million (1H23: \$116 million). See slide 37 for more detail. See slide 15 for more details of statutory EPS.
 5. Return on Invested Capital (ROIC) measures net operating profit after tax (NOPAT) on a 12-month rolling basis, adjusted to remove customer base amortisation and material one-offs (subject to discretion of the Board), divided by average invested capital excluding goodwill, brand and customer base intangibles.

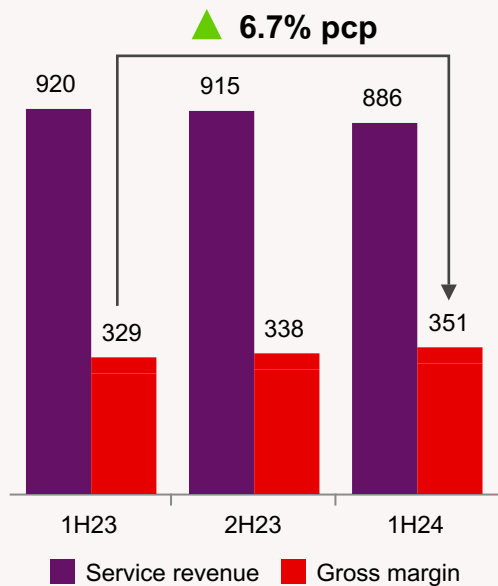
Mobile: service revenue up 7.2% on sustained higher ARPU; subscriber base supported by milestone MVNO contract win



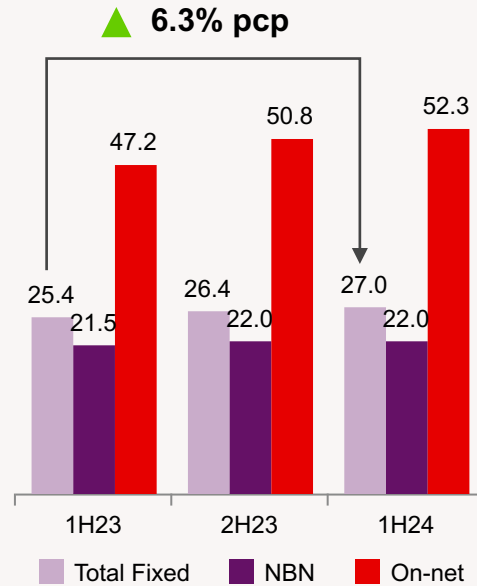
1. Due to the recency of Lyca Mobile MVNO contract, TPG only included active Lyca subscribers (these are the 98,000 active network account users in June) in TPG's total mobile subscriber base at 30 June 2024, rather than including all registered Lyca subscribers.
 2. MVNO revenue is accounted for in the Wholesale segment. It is not included in Mobile service revenue or Mobile ARPU.

Fixed: gross margin growth continues supported by strong Fixed Wireless offering despite inherent challenges in NBN

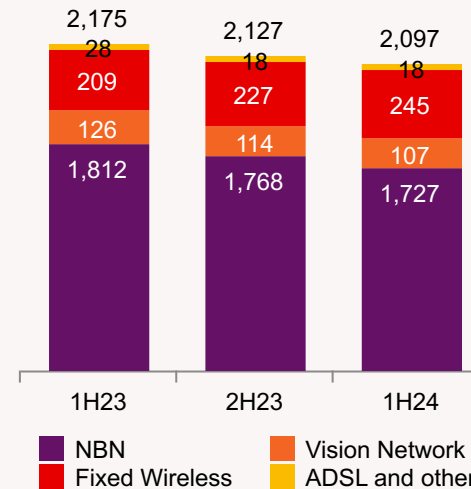
Fixed service revenue and gross margin (excluding enterprise products)¹ (\$m)



Fixed broadband AMPU²(\$)



Fixed broadband subscribers² ('000)

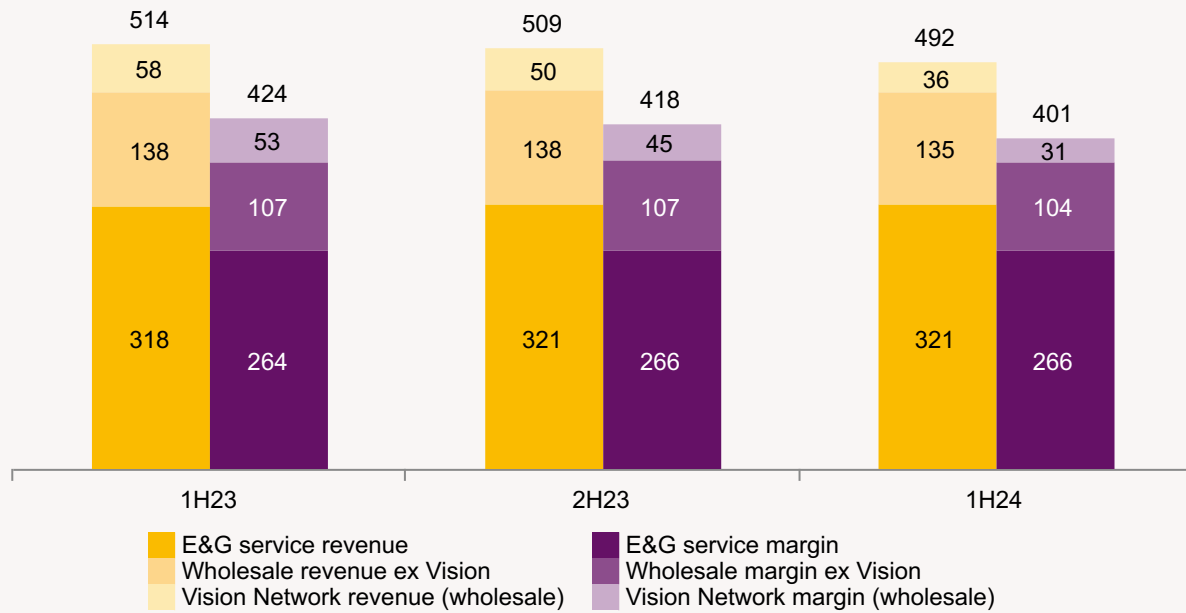


- **Gross margin** up 6.7% despite modest decline in service revenue, primarily reflecting continued Fixed Wireless growth
- **AMPU** up 6.3% on higher Fixed Wireless and on-net margin
- **Fixed Wireless subscribers up 18,000** with strong outlook for continued growth
- **Subscriber decline in NBN slowing** amid challenging market, with heightened churn in Q1 from delayed NBN Fibre Connect launch and TPG shutdown of legacy email services

1. Includes all Consumer and small office/home office (SOHO) NBN, Fixed Wireless and Vision Network broadband products and fixed voice products but excludes Enterprise, Government & Wholesale fixed Data & Internet products.
 2. 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. Total Fixed AMPU includes ADSL and other broadband products. On-net AMPU includes Fixed Wireless and Vision Network broadband products.

EGW: resilient performance in core Enterprise and Government business amid challenging market conditions

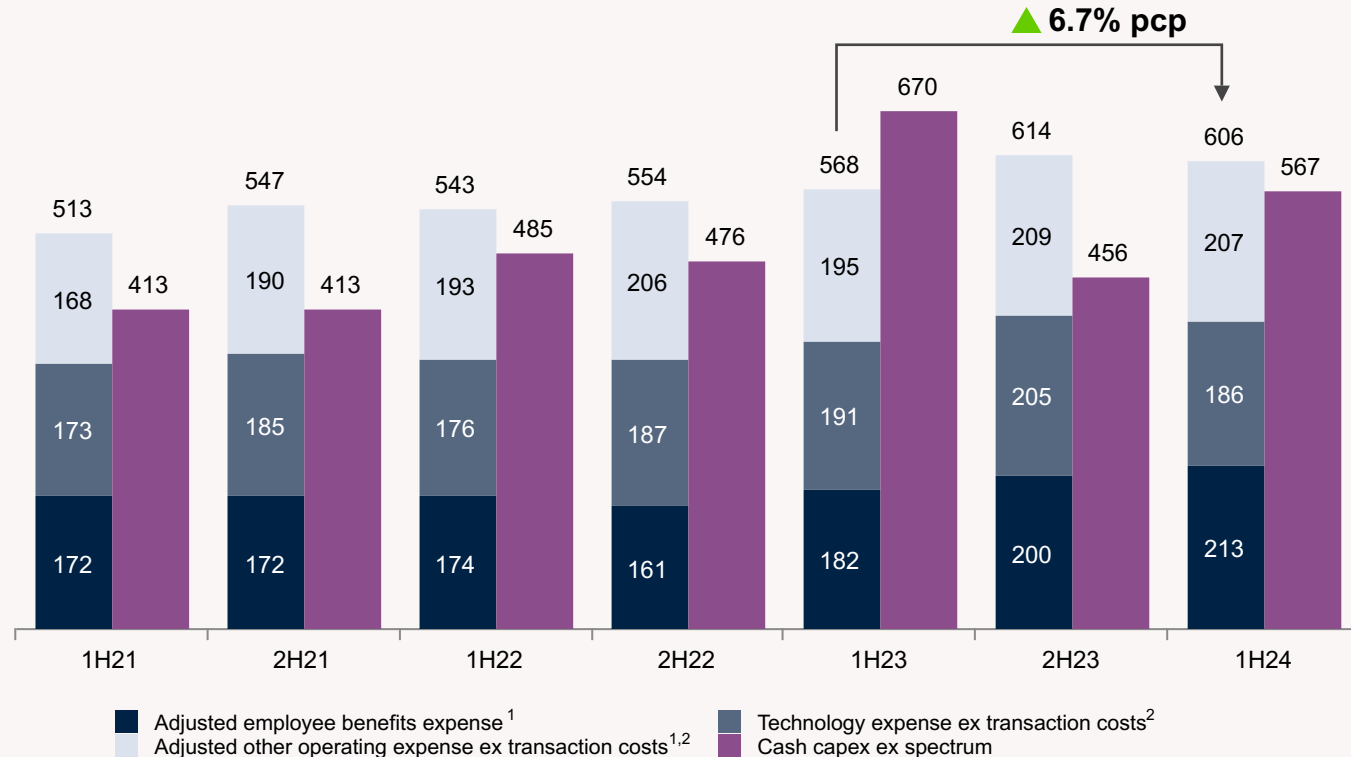
EGW service revenue and service gross margin (\$m)



- **Enterprise and Government service margin** up modestly continued growth in TPG Fast Fibre, NBN Enterprise Ethernet, Mobile Private Network and IoT offerings
- **Key customer wins** include Lyca mobile (MVNO), a ten-year deal to provide IoT services to South East Water for their connection of one million digital water meters
- **Wholesale margin ex Vision** down reflecting exits of non-core and legacy technology products
- **Vision Network wholesale** revenue reduction reflects strategic reduction in wholesale pricing in January 2024 to attract new customers and Retail Service Providers (RSPs)
- **Market conditions remain challenging**, however relative performance demonstrates resilience in demand for TPG's strong connectivity portfolio and customer service

Cost outlook: investment uplift peaked in FY23; focused on delivering flatter profile in 2H24, FY25 and beyond

Operating expense and cash capex excluding spectrum (\$m)



- Investment growth in network, security and technology uplift now passed its peak
- Reduced c. 120 roles in August 2024
- Reduction in workforce expected to contribute \$20m annualised efficiency as part of flatter overall employee expenses in FY25
- Redundancy costs of \$7-9m to be recognised in material one-offs in 2H24
- First-half opex growth of 6.7% to reduce in 2H24 to low-to-mid single-digit run rate
- Cash capex ex spectrum on track for \$1,020m in FY24 (i.e., approx. \$450m in 2H24)
- Cash capex ex spectrum expected to be approx. \$950m in FY25 and FY26
- Cash capex ex spectrum to reduce further to \$700-800m p.a. beyond FY27

1. Employee benefits expense and other operating expense (1H21 - 1H24) have been adjusted, on a like-for-like basis, to show the transfer of costs related to the sale in February 2024 of the company's Manila shared service operations (i.e. costs were removed from employee benefits expense and added to other operating expense between 1H21 and 1H24).
 2. Material one-offs of \$11m, \$17m, \$14m, \$5m have been removed from operating expense across periods from 2H22 to 1H24, respectively.

Business simplification: project underway, cost consistent with expectations; on track for \$140m p/a cash benefits from FY27

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



Simplifying plans and products



Increasing digitalisation of customer experience



Modernising IT platforms

FY23 Achievements

- **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**

1H24 Progress

- **EGW product simplification:** Exited 8 EGW products in 1H24, on track to deliver targeted 19 products exits in 2024
- **Email platforms:** fully closed and migrated
- **Consumer products simplification:** ~1,300 "back book" plans exited in 1H24, on track to deliver exits of ~1,900 back book plans in 2024
- **Cloud adoption:** 3 applications moved in 1H24, on track to migrate 40 apps to cloud in 2024
- **Systems decommissioned:** 7 decommissioned in 1H24

FY25 and beyond

- **New digital experience:** Technology agnostic fixed products, curated bundling, credit checks, ID verification in 1Q25
- **New employee experience:** improved customer accounts dashboard and structure in 1Q25
- **New SOHO digital experience and product bundling** in 2Q25
- **Billing system consolidation:** from 8 to 2 in FY26
- **Customer system consolidation:** from 5 to 2 in FY26

- **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**

Capex

- Current spend broadly in line with expectations of approximately \$80m across FY24 and FY25 (i.e., c. \$40m per annum)
- Expected cash benefits continue to be approximately half of the \$140m from FY27 in annualised recurring capex savings

EBITDA

- Incremental IT opex spend broadly in line with the original expectation of \$15-20m per annum in both FY24 and FY25
- Expected cash benefits continue to be approximately half of the \$140m from FY27 from improved gross margin and removal of incremental IT opex

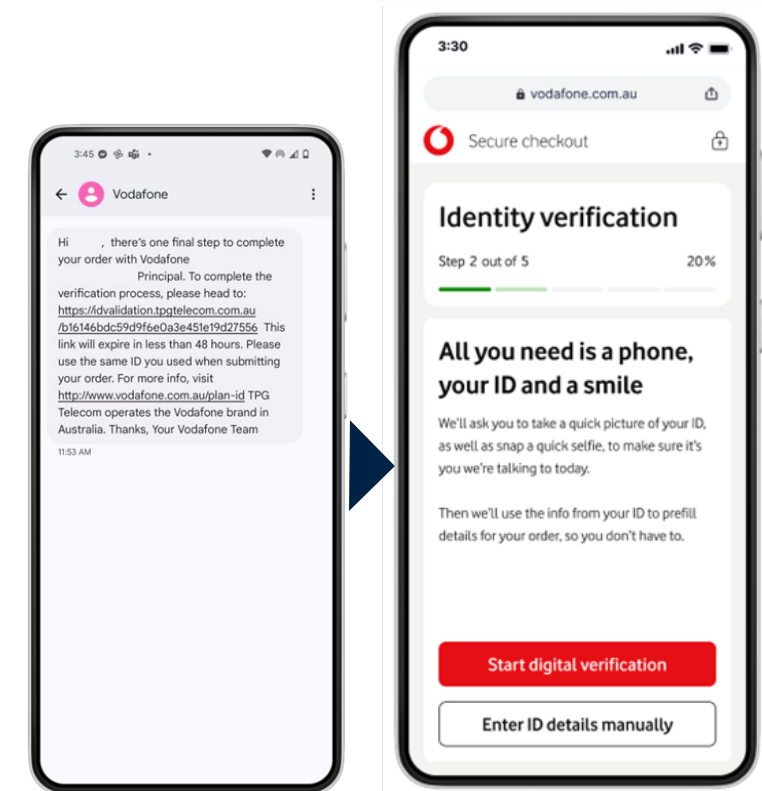
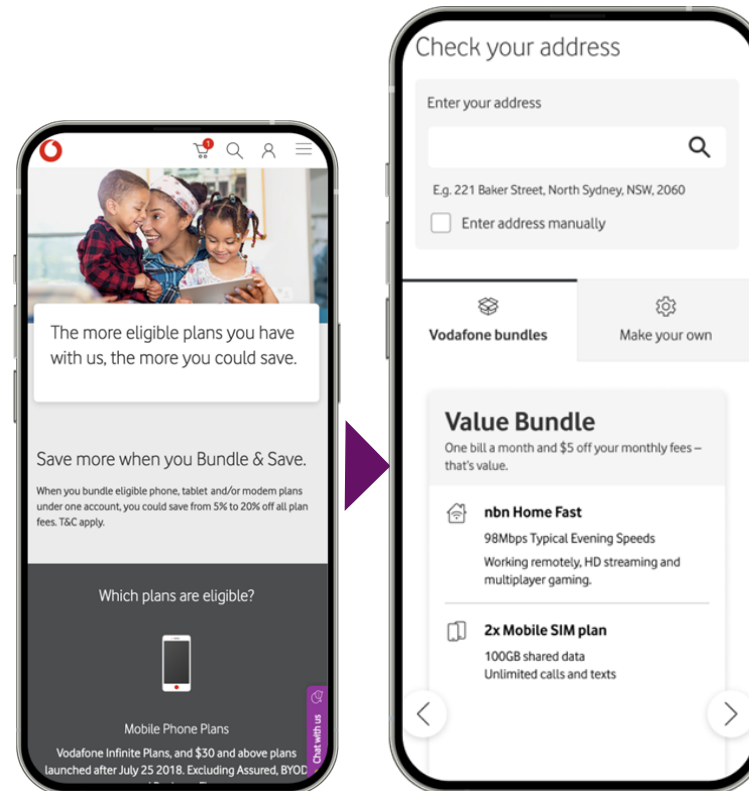
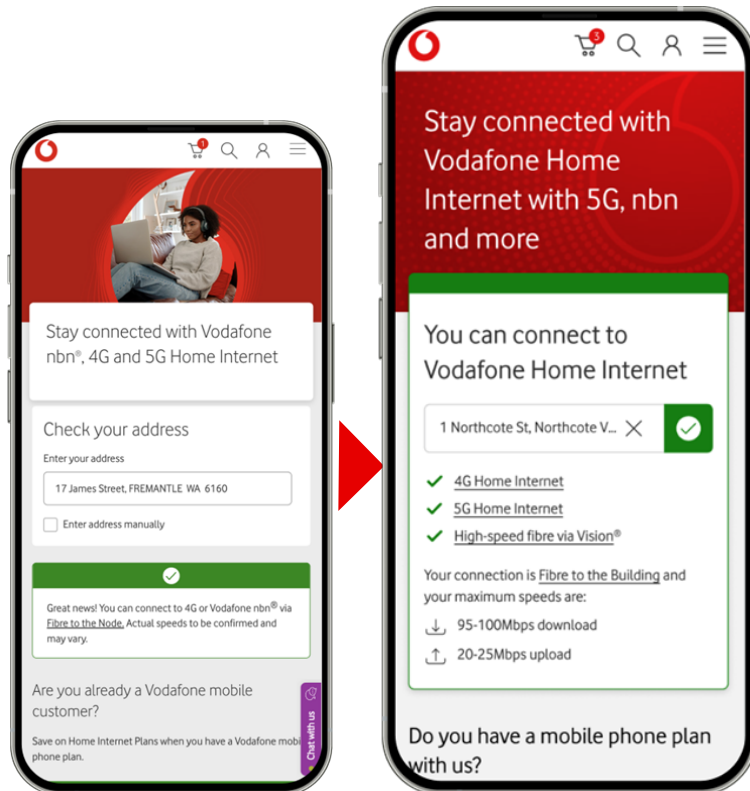


Business simplification: major improvement in customer experience enabling key updates to digital journeys from early FY25

Technology-agnostic Fixed products
enabling customer flexibility to match value to the best-fit network

New multi-product experience
unlocking greater value for customers with additional flexibility for multiple purchases

New digital experience
including credit check options, ID verification, improved cart user interface, login simplification



Network update: proposed regional sharing agreement creates opportunity to build on successful ongoing 5G rollout

TPG to gain three times current network sites in regional Australia, subject to regulatory approval

Network expansion

Regional network sharing approval: ACCC decision due on 13 September

Implementation: MOCN on track to be operational in early 2025

Network: doubles reach to 1 million sq km at approximately one third the costs to build, operate and maintain¹

Cost savings: expected to avoid gross cash costs of \$575m to \$675m over 11-year agreement²

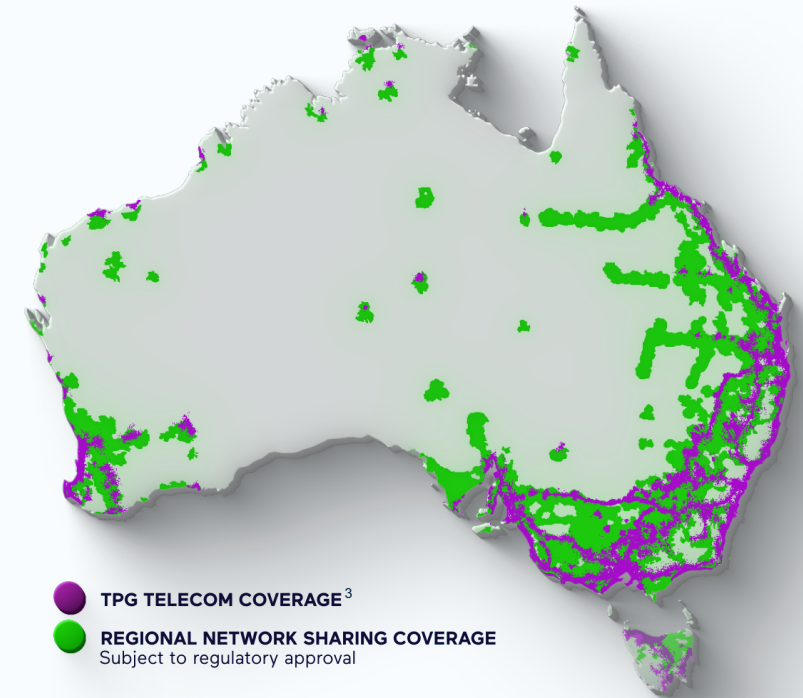
LEO Satellite: landmark deal signed with Lynk Global; initial “direct to cell” messaging trials planned for 2025

5G rollout

5G rollout: completed more than 3,400 sites to date of approx. 5,000 post-MOCN total sites

Ultra-modern: Australian-first implementation of 5G dual-core network

Unique approach: fully virtualised mobile core enabling accelerated 5G coverage of >95% in top 12 cities



1. Approximately one third the costs TPG Telecom estimates it would incur to build, operate and maintain a similar 4G and 5G network in regional Australia.
 2. Gross cash savings over the 11-year term before decommissioning, implementation and associated marketing costs.
 3. TPG mobile coverage as at 30 June 2024.

Review of financial performance

John Boniciolli

Chief Financial Officer

1H24 financial summary: solid result consolidating operating business momentum of the past two years

Metric (\$m)	1H23	1H24	Change
Service revenue	2,288	2,327	1.7%
Gross margin	1,526	1,585	3.9%
Operating expense (statutory basis)	585	611	(4.4%)
EBITDA (statutory basis)	941	974	3.5%
EBITDA (guidance basis)	958 ¹	979²	2.2%
Statutory NPAT	48	29	(39.6%)
Earnings per share (EPS) (cents)	2.6	1.6	(38.5)%
EPS adjusted for customer base amortisation and material one-offs (cents) ³	6.2	4.8	(22.6)%
Cash capital expenditure	(670)	(567)	103
Operating Free Cash Flow ⁴	(62)	278	340
Free Cash Flow to Equity ⁵	(145)	18	163
Adjusted NPAT ⁶	304	264	(13.2%)
Dividend (cps)	9.0	—	—
Return on Invested Capital ⁷	5.8%	5.6%⁸	(0.2)pp

1. 1H24 EBITDA adjusted by adding back transaction costs of \$5m.

2. 1H23 EBITDA adjusted by adding back transaction costs of \$17m.

3. Measures statutory NPAT adjusted by adding back customer base amortisation and material one-offs (subject to discretion of the Board), and divided by weighted number of shares on issue. 1H24 NPAT adjusted on this basis was \$89 million (1H23: \$116 million). See slide 37 for more detail.

4. 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).

5. Free Cash Flow to Equity is defined as the Group's net change in cash flow before net change in borrowings and dividend payments.

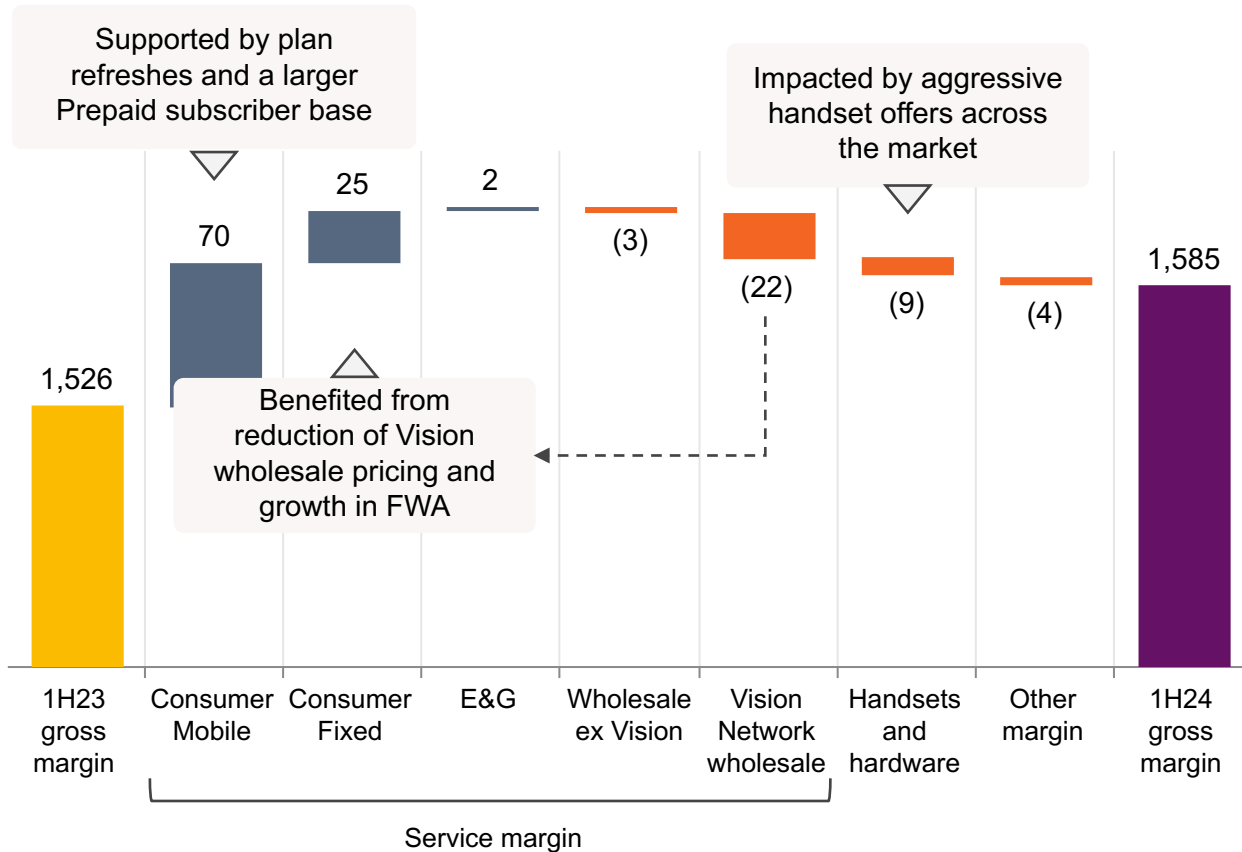
6. Adjusted NPAT is defined as statutory NPAT adding back spectrum amortisation expense, customer base amortisation expense, non-cash tax expense, material one-offs (subject to the discretion of the Board). See slide 22 for more details.

7. Return on Invested Capital (ROIC) measures net operating profit after tax (NOPAT) on a 12-month rolling basis, adjusted to remove customer base amortisation and material one-offs (subject to discretion of the Board), divided by average invested capital excluding goodwill, brand and customer base intangibles. Refer to slide 36 for more details.

8. 1H23 ROIC has been restated to FY24 guidance basis. As a result, 1H23 NOPAT is no longer adjusted to exclude \$16 million of transformation costs as material one-offs.

Gross margin: strong Consumer performance driven by Mobile and Fixed Wireless; core EGW remains resilient

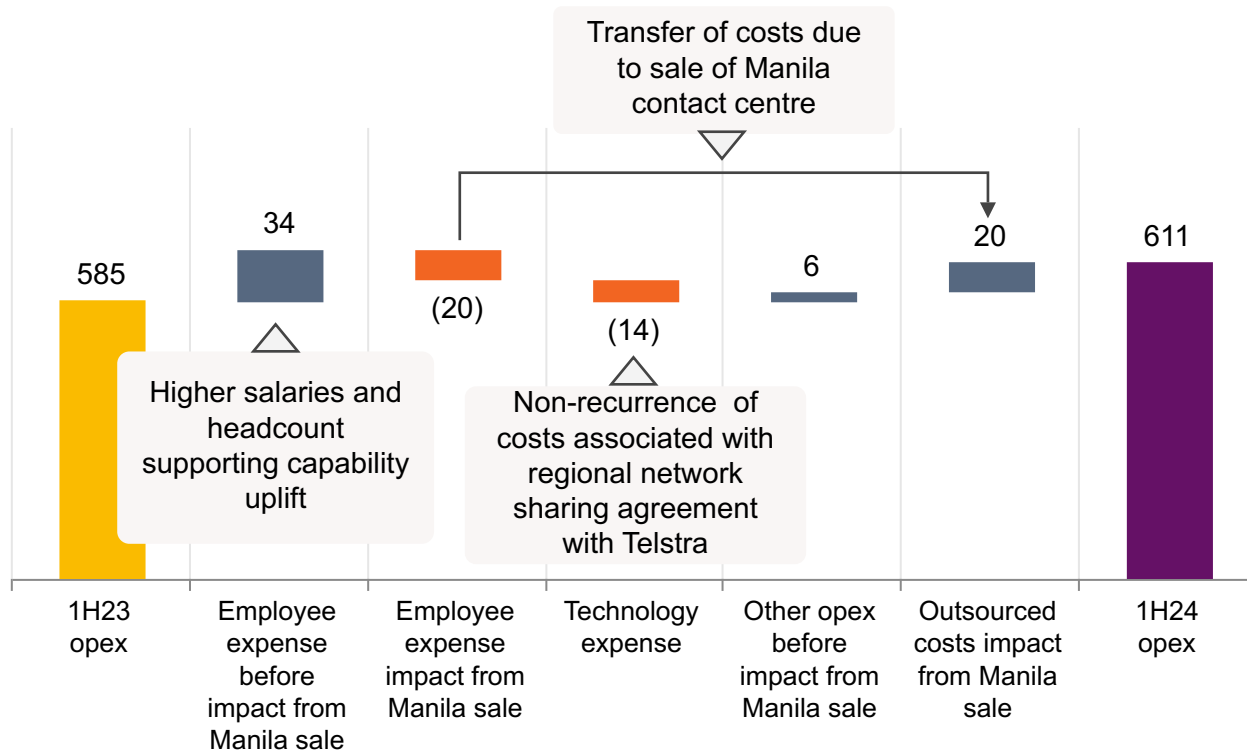
Gross margin movement (\$m)



Metric (\$m)	1H23	1H24	Change
Consumer Mobile service margin	794	864	8.8%
Consumer Fixed service margin	290	315	8.6%
E&G service margin	264	266	0.8%
Wholesale ex Vision margin	107	104	(2.8%)
Vision Network wholesale margin	53	31	(41.5%)
Consumer hardware margin	9	1	(88.9%)
EGW hardware margin	2	1	(50.0%)
Other segment	7	3	(57.1%)
Gross margin	1,526	1,585	3.9%

Opex: action taken in 2H24 to reduce employee expense as part of focus on delivering flatter opex growth profile for FY25

Operating expense movement (\$m)



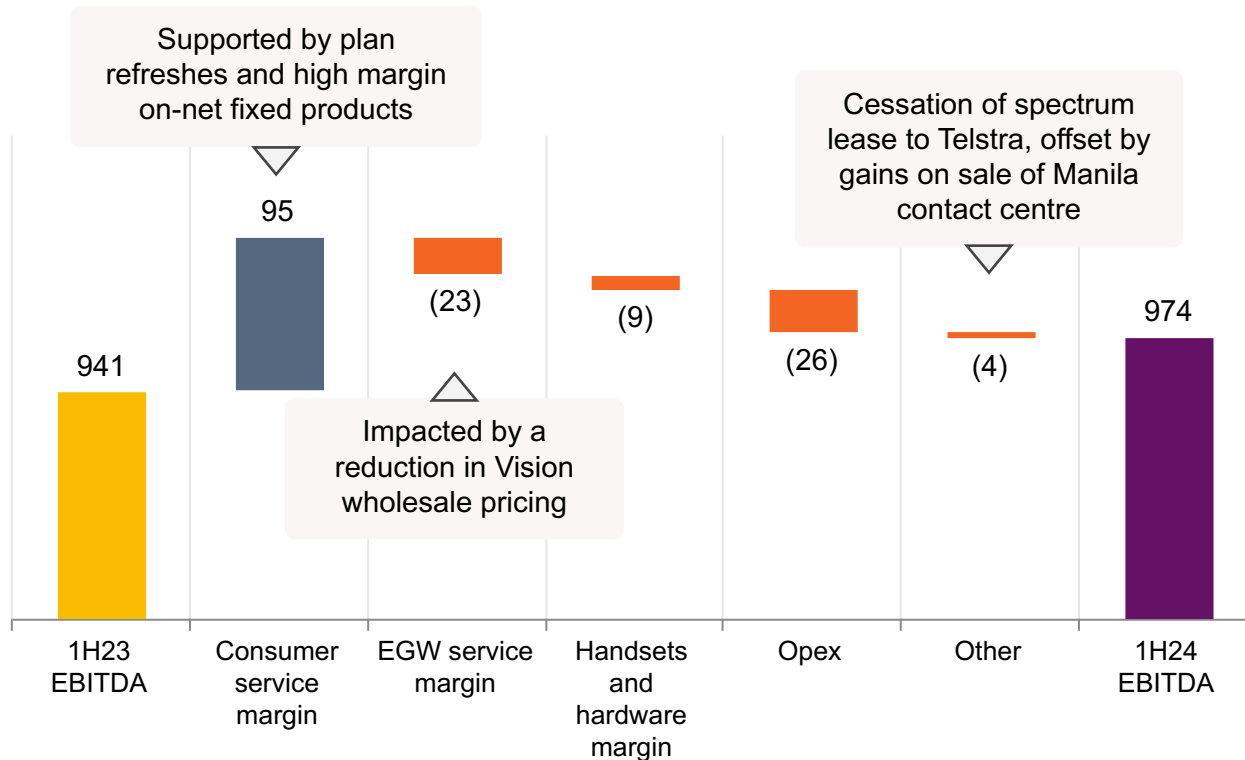
Metric (\$m)	1H23	1H24	Change
Superannuation expense	(19)	(24)	(26.3)%
Redundancy costs	(1)	(2)	(100.0)%
Other employee benefits expense	(185)	(193)	(4.3)%
Employee benefits expense (EBE) ¹	(205)	(219)	(6.8)%
Technology expense	(200)	(186)	7.0%
Advertising and promotion expenses	(58)	(67)	(15.5)%
Consulting and outsourced services costs	(78)	(94)	(20.5)%
Facilities expenses	(16)	(17)	(6.3)%
Administration and other expenses	(28)	(28)	—
Other operating expense	(180)	(206)	(14.4)%
Operating expense	(585)	(611)	(4.4)%
Material one-offs ²	(17)	(5)	70.6%
Operating expense excl material one-offs	(568)	(606)	(6.7)%

1. EBE for 1H24 includes Manila shared service centre costs until February 2024. Post the sale of this centre, these costs form part of outsourced services costs within other operating expense.

2. 1H23 material one-off costs reflected \$17m of transaction costs associated with the regional network sharing agreement with Telstra and the strategic review of Vision Network. 1H24 material one-off costs reflected costs associated with the ongoing strategic review of TPG's fibre infrastructure assets and the regional network sharing agreement with Optus.

EBITDA: strong gross margin result partially offset by opex growth, but rate of cost inflation slowing

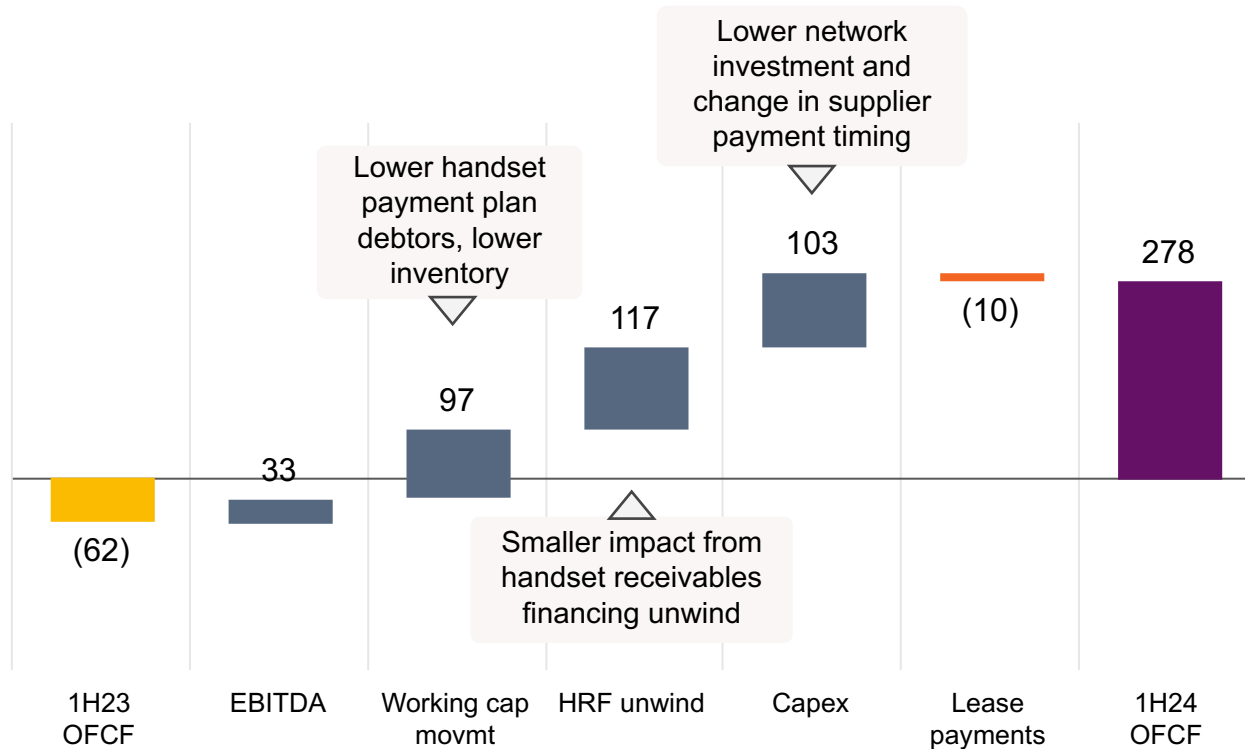
EBITDA movement (\$m)



Metric (\$m)	1H23	1H24	Change
Consumer service gross margin	1,084	1,179	8.8%
EGW ex Vision service gross margin	371	370	(0.3%)
Vision Network gross margin	53	31	(41.5%)
Handsets and Hardware margin	11	2	(81.8%)
Other segment	7	3	(57.1%)
Operating expense	(585)	(611)	(4.4%)
EBITDA	941	974	3.5%
Material one-offs	(17)	(5)	70.6%
EBITDA (guidance basis)	958	979	2.2%

Cash flow: strong outcome supported by working capital benefits and lower cash capex excluding spectrum

Operating Free Cash Flow movement (\$m)

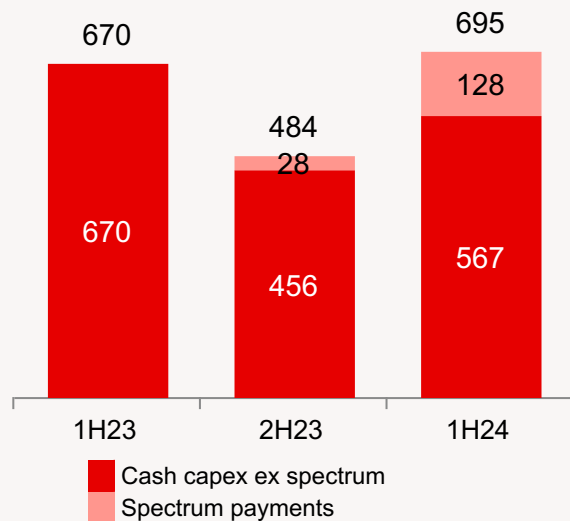


Metric (\$m)	1H23	1H24	Change
EBITDA	941	974	33
Working capital movement	(13)	84	97
Handset receivables financing unwind	(214)	(97)	117
Cash flow from operating activities	714	961	247
Cash capex ex spectrum	(670)	(567)	103
Lease payments (principal and interest)	(106)	(116)	(10)
Operating Free Cash Flow	(62)	278	340
Receipts from the sale of a subsidiary	—	5	5
Net bank interest paid	(75)	(125)	(50)
Spectrum payment	—	(128)	(128)
Share payments - TPG EIPT	(8)	(12)	(4)
Free Cash Flow to Equity	(145)	18	163

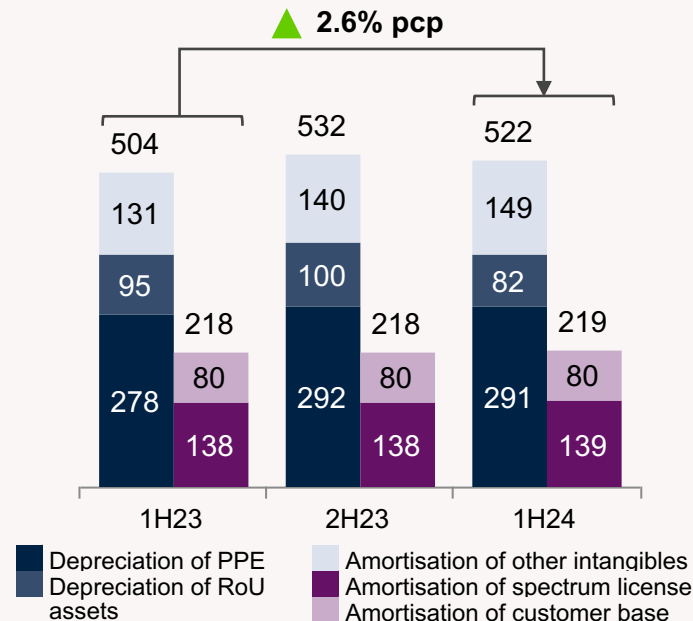
1. Operating Free Cash Flow (OFCF) measures cash flow from operations less capital expenditure (excluding spectrum payments), finance lease repayments and finance lease interest (which is accounted within cash flow from financing activities).

Capex and D&A: rate of network investment slowing as 5G rollout continues; D&A to grow more slowly in 2H24

Capital expenditure (\$m)



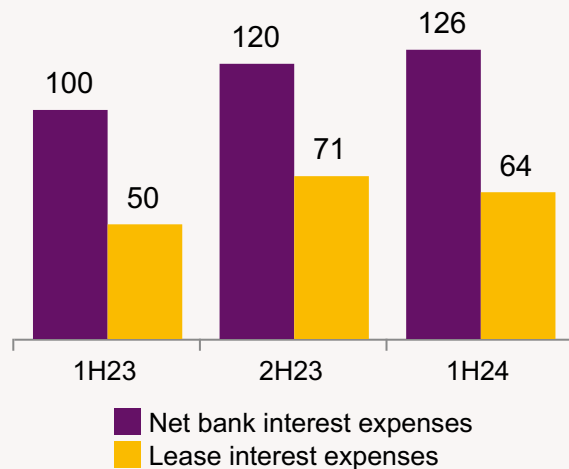
Depreciation and amortisation (\$m)



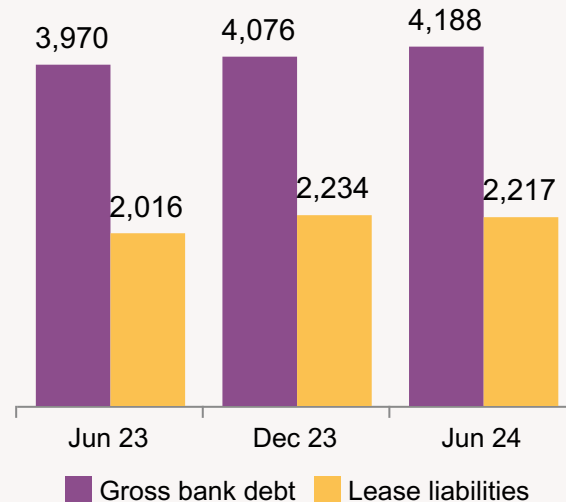
- Cash capex ex spectrum down \$103m vs 1H23 due to lower investment and change in supplier payment timing
- Spectrum payment of \$128m reflected payment for the 3.7GHz spectrum auctioned in November 2023
- 1H24 depreciation and amortisation up 2.6%, broadly in line with expectations, on higher investment and share of faster-amortising software intangible assets
- 2H24 depreciation and amortisation growth to slow, reflecting slowdown in investment growth

Financing costs: increased impact consistent with expectations, reflecting anticipated peak of market interest rate cycle

Net financing costs (\$m)



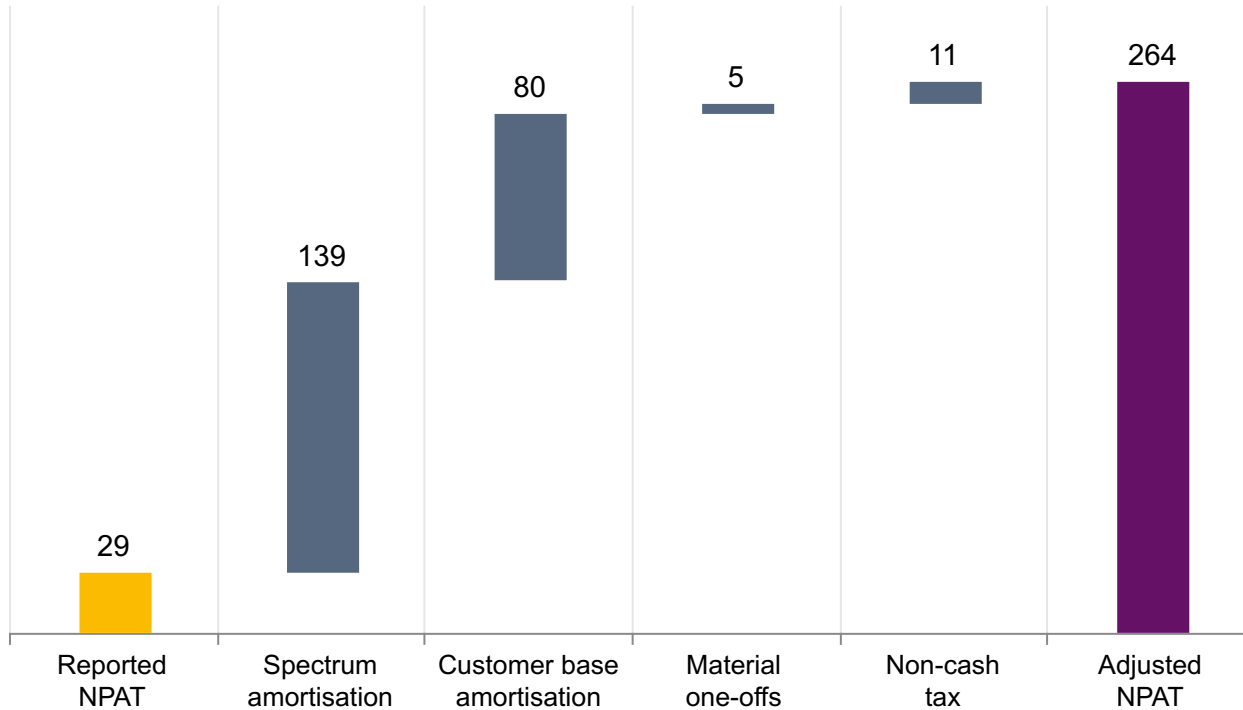
Gross bank debt and lease liabilities (\$m)



- Net bank interest expenses up \$26m reflecting increases in market rates and higher drawn bank debt
- Bank debt hedging at 38% with all-in costs approximately 20 bps below floating interest costs
- Lease interest expenses up \$14m, primarily due to new tower lease agreement signed in August 2023
- Lease interests stabilised following various lease extensions and modifications impacting 2H23
- 2H24 bank and lease interests to be broadly in line with 1H24 on improving cash performance, stabilising market rates, no new major leases

Dividends: 1H24 payout reflects confidence in medium-term cash flow; franking credits fully utilised as previously indicated

Adjusted NPAT reconciliation (\$m)



Metric (\$m)	1H23	1H24	Change
NPAT	48	29	(39.6%)
Spectrum amortisation	138	139	0.7%
Customer base amortisation	80	80	—%
Material one-offs	17	5	(70.6%)
Non-cash tax	21	11	(47.6%)
Adjusted NPAT	304	264	(13.2%)
Payout ratio	54.9%	63.3%	
Tax losses (tax affected)	254	225	(11.4%)
Franking credits	133	62	(53.4%)

Dividend information	Cents per share	Franking (%)
FY23 final dividend	9.0	100%
FY24 interim dividend	9.0	87%
FY24 interim dividend record date	13 September 2024	
FY24 interim dividend payment date	11 October 2024	

1. For the purpose of dividend calculation, Adjusted NPAT is defined as statutory Net Profit After Tax adding back material one-offs (subject to discretion of the Board), customer base intangible amortisation, spectrum amortisation and non-cash tax expense.

Outlook

Iñaki Berroeta

Chief Executive Officer and Managing Director

FY24 guidance: tracking towards mid-point of current EBITDA guidance range; cash capex guidance lowered by \$30m in April




	Updated FY24 guidance ¹	Original FY24 guidance
EBITDA² Excludes material one-offs	\$1,950m to \$2,025m	\$1,950m to \$2,025m
Capital expenditure (cash basis) Excludes spectrum payments	Approximately \$1.02b	Approximately \$1.05b

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.

Value drivers: TPG well positioned for the next phase of growth supported by benefits of recent investment focus

Proved performance




From 1H22 to 1H24....

 Mobile	Service revenue +15.9% CAGR of 6.1%	Subscribers +539k ~210k p.a
 Fixed Broadband	Margin ¹ +21.7% CAGR of 8.2%	Fixed Wireless Subscribers +165k ~66k p.a
 Network	5G rollout Approx. 3,400 sites upgraded	

Telco market dynamics

 Mobile market	Strong consumption growth but subscriber growth flattening due to slowing international arrivals
 NBN market	Highly commoditised by non-telco entrants
 Handset market	Aggressive promotional and discounting activity
 EGW	Challenging market with high level of technology consolidation

Management focus

 Return on investment	Continued focus on monetisation of increased demand following strong 5G investment cycle
 Addressable market	Proposed regional network sharing agreement to open up new growth opportunities
 Digital channels	Continued emphasis on digital channels following business simplification program

1. 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. The margin calculation excludes Vision Network intersegment costs, which are eliminated at the Group level.



Questions and answers

Appendices

Income statement summary

\$m	1H23	2H23	1H24	Change (1H24 v 1H23)
Service revenue	2,288	2,344	2,327	1.7%
Handset, accessories & hardware	420	481	384	(8.6)%
Total revenue	2,708	2,825	2,711	0.1%
Other income	11	25	10	(9.1)%
Cost of provision of telco services	(784)	(796)	(754)	3.8%
Cost of handsets sold	(409)	(475)	(382)	6.6%
Gross margin	1,526	1,579	1,585	3.9%
Impairment charge	—	(17)	—	—%
EBITDA	941	934	974	3.5%
Depreciation and amortisation	(722)	(750)	(741)	(2.6)%
Results from operations	219	184	233	6.4%
Net financing costs	(150)	(191)	(190)	(26.7)%
Profit before income tax	69	(7)	43	(37.7)%
Income tax benefit/(expenses)	(21)	8	(14)	33.3%
Net profit after tax (NPAT)	48	1	29	(39.6)%

Balance sheet summary

\$m	31 December 2023	30 June 2024	Change
Cash and cash equivalents	116	77	(39)
Trade and other receivables	968	973	5
Inventories	117	79	(38)
Other current assets	83	73	(10)
Total current assets	1,284	1,202	(82)
Trade and other receivables	469	443	(26)
Property, plant and equipment	3,795	3,767	(28)
Right-of-use assets	1,709	1,658	(51)
Spectrum licences	1,737	1,726	(11)
Other intangible assets	10,484	10,413	(71)
Deferred tax assets	171	160	(11)
Other non-current assets	19	19	—
Total non-current assets	18,384	18,186	(198)
Trade and other payables	1,174	938	(236)
Contract liabilities	294	306	12
Lease liabilities	122	143	21
Other current liabilities	132	125	(7)
Total current liabilities	1,722	1,512	(210)
Borrowings	4,076	4,188	112
Lease liabilities	2,112	2,074	(38)
Other non-current liabilities	141	139	(2)
Total non-current liabilities	6,329	6,401	72

EBITDA to cash flow reconciliation

EBITDA to net cash flow reconciliation

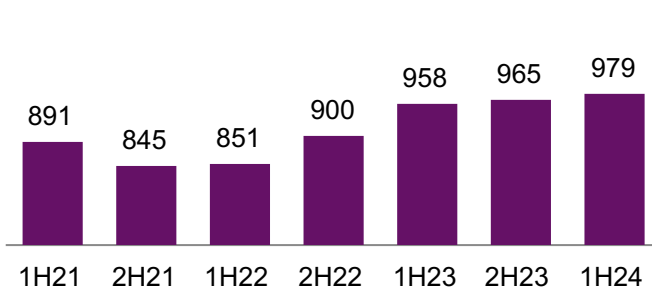
\$m	1H23	1H24	Contribution to change in cash flow
EBITDA	941	974	33
Handset financing movements	(214)	(97)	117
Working capital movements	(13)	84	97
Cash flow from operating activities	714	961	247
Capital expenditure	(670)	(567)	103
Mobile spectrum payments	—	(128)	(128)
Receipts from the sale of a subsidiary	—	5	5
Interest received	2	2	—
Net change in borrowings	280	110	(170)
Lease principal element	(56)	(52)	4
Finance costs paid	(127)	(191)	(64)
Share payments – TPG employee incentive plan	(8)	(12)	(4)
Dividends paid	(167)	(167)	—
Net cash flow	(32)	(39)	(7)
Add back dividends paid	167	167	—
Remove change in borrowings	(280)	(110)	170
Free Cash Flow to Equity	(145)	18	163

Cash flow from operating activities to operating free cash flow (OFCF) reconciliation

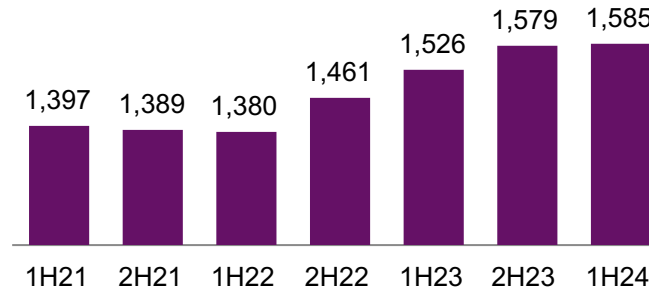
\$m	1H23	1H24	Contribution to change in cash flow
Cash flow from operating activities	714	961	247
Capital expenditure	(670)	(567)	103
Lease principal element	(56)	(52)	4
Lease interest costs	(50)	(64)	(14)
Operating Free Cash Flow	(62)	278	340

Historical financial metrics

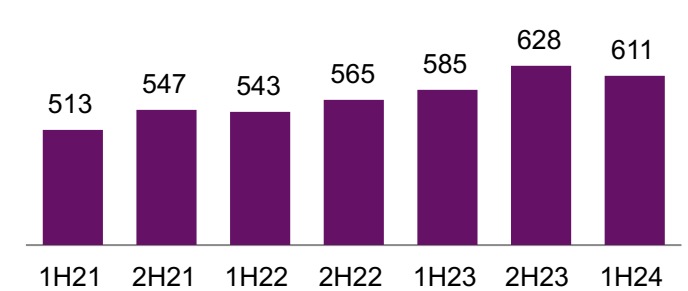
EBITDA (guidance basis¹, \$m)



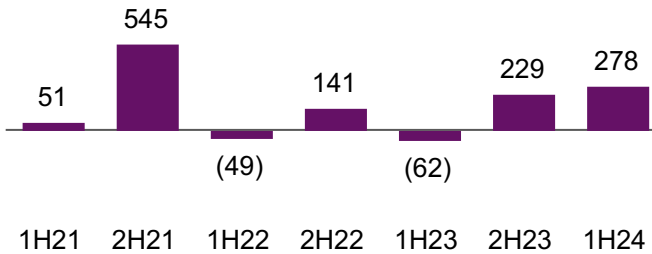
Gross margin (\$m)



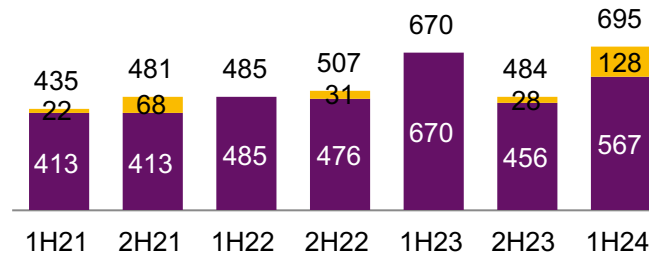
Operating expenses (\$m)



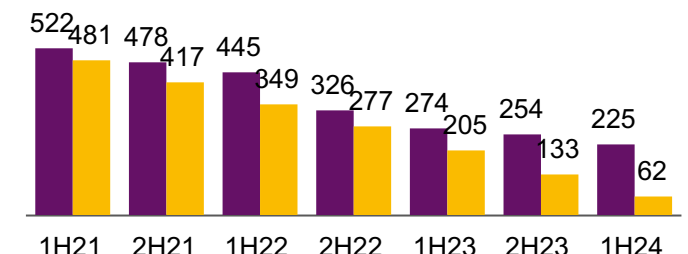
OFCF² (\$m)



Cash capex (\$m)



Tax losses and franking credits (\$m)



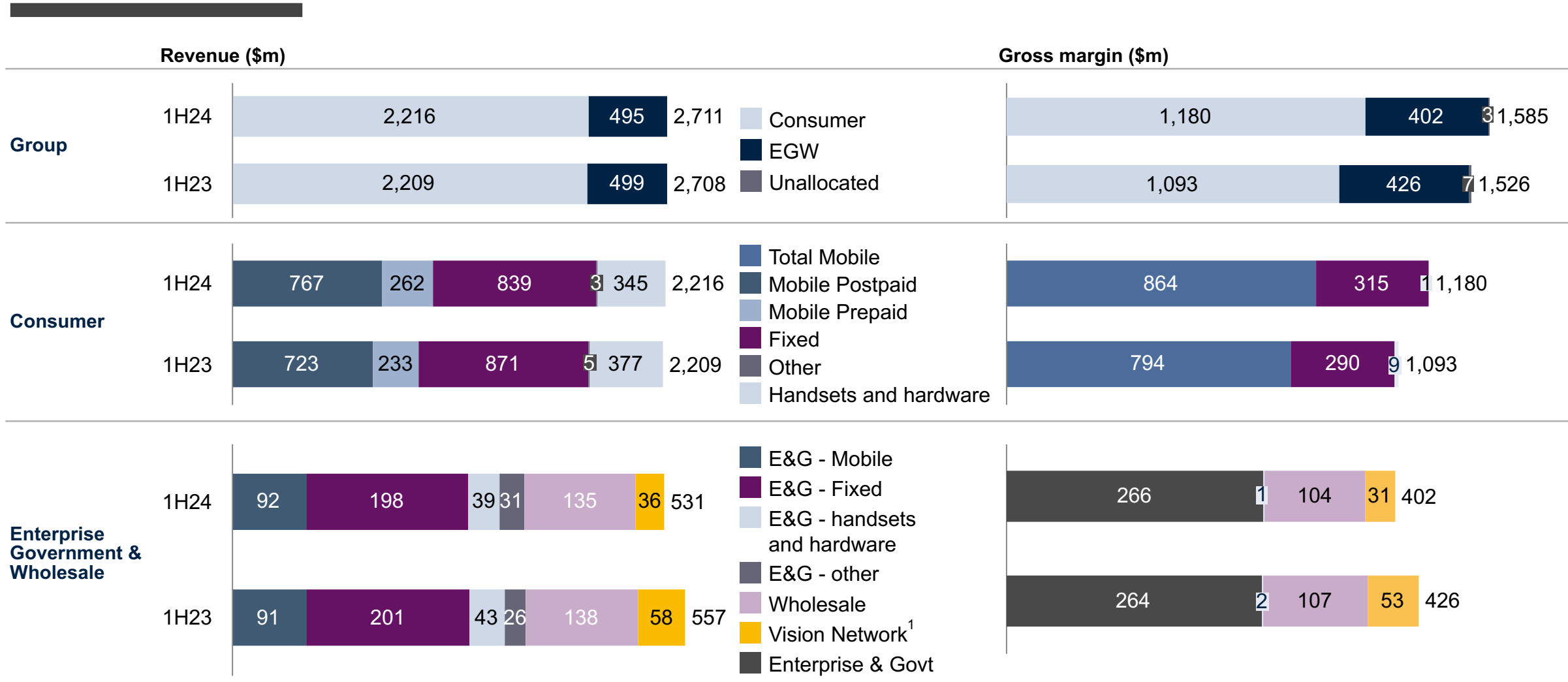
■ Cash capex ex spectrum
■ Spectrum payments

■ Available tax losses ■ Franking credits

1. EBITDA (guidance basis) 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. 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). 31

Revenue and gross margin by product



1. Vision Network wholesale revenue is recognised in the Enterprise, Government and Wholesale segment and Vision Network retail revenue and wholesale cost is recognised in the Consumer segment. Intersegment charges (Wholesale revenue and costs) are eliminated at the Group level.

Gross margin breakdown by half-year period

\$m	Consumer						Enterprise, Government and Wholesale					
	Reported 2H22	Reported 1H23	Reported 2H23	Reported 1H24	Change vs 1H23	Change vs 2H23	Reported 2H22	Reported 1H23	Reported 2H23	Reported 1H24	Change vs 1H23	Change vs 2H23
Service revenue	1,796	1,832	1,886	1,871	2.1%	(0.8)%	453	456	458	456	—%	(0.4)%
Handset, accessories and hardware	479	377	430	345	(8.5)%	(19.8)%	61	43	51	39	(9.3)%	(23.5)%
Inter-segment revenue	—	—	—	—	n.m ¹	n.m ¹	—	58	50	36	(37.9)%	(28.0)%
Total revenue	2,275	2,209	2,316	2,216	0.3%	(4.3)%	514	557	559	531	(4.7)%	(5.0)%
Other income	—	—	—	—	n.m ¹	n.m ¹	4	3	11	5	66.7%	(54.5)%
Telco costs	(713)	(748)	(744)	(692)	(7.5)%	(7.0)%	(91)	(93)	(101)	(96)	3.2%	(5.0)%
Cost of handsets sold	(487)	(368)	(429)	(344)	(6.5)%	(19.8)%	(59)	(41)	(46)	(38)	(7.3)%	(17.4)%
Gross margin	1,075	1,093	1,143	1,180	8.0%	3.2%	368	426	423	402	(5.6)%	(5.0)%
Hardware gross margin (\$m)	(8)	9	1	1	(88.9)%	—%	2	2	5	1	(50.0)%	(80.0)%
Service gross margin (\$m)	1,083	1,084	1,142	1,179	8.8%	3.2%	366	424	418	401	(5.4)%	(4.1)%
Service gross margin (%)	60.3%	59.2%	60.6%	63.0%	3.8 pp	2.5 pp	80.8%	93.0%	91.3%	87.9%	(5.0 pp)	(3.3 pp)

\$m	Inter-segment and other unallocated						Group					
	Reported 2H22	Reported 1H23	Reported 2H23	Reported 1H24	Change vs 1H23	Change vs 2H23	Reported 2H22	Reported 1H23	Reported 2H23	Reported 1H24	Change vs 1H23	Change vs 2H23
Service revenue	—	—	—	—	n.m ¹	n.m ¹	2,249	2,288	2,344	2,327	1.7%	(0.7)%
Handset, accessories and hardware	—	—	—	—	n.m ¹	n.m ¹	540	420	481	384	(8.6)%	(20.2)%
Inter-segment revenue	—	(58)	(50)	(36)	(37.9)%	(28.0)%	—	—	—	—	n.m ¹	n.m ¹
Total revenue	—	(58)	(50)	(36)	(37.9)%	(28.0)%	2,789	2,708	2,825	2,711	0.1%	(4.0)%
Other income	421	8	8	5	(37.5)%	(37.5)%	425	11	25	10	(9.1)%	(60.0)%
Telco costs	(1)	57	49	34	n.m ¹	n.m ¹	(805)	(784)	(796)	(754)	(3.8)%	(5.3)%
Cost of handsets sold	—	—	—	—	n.m ¹	n.m ¹	(546)	(409)	(475)	(382)	(6.6)%	(19.6)%
Gross margin	420	7	7	3	(57.1)%	(57.1)%	1,863	1,526	1,579	1,585	3.9%	0.4%
Hardware gross margin (\$m)	—	—	—	—			(6)	11	6	2	(81.8)%	(66.7)%
Service gross margin (\$m)	9	7	7	3	(57.1)%	(57.1)%	1,869	1,515	1,573	1,583	4.5%	0.6%
Service gross margin (%)	83.1%	66.2%	67.1%	68.0%	1.8 pp	0.9 pp	83.1%	66.2%	67.1%	68.0%	1.8 pp	0.9 pp

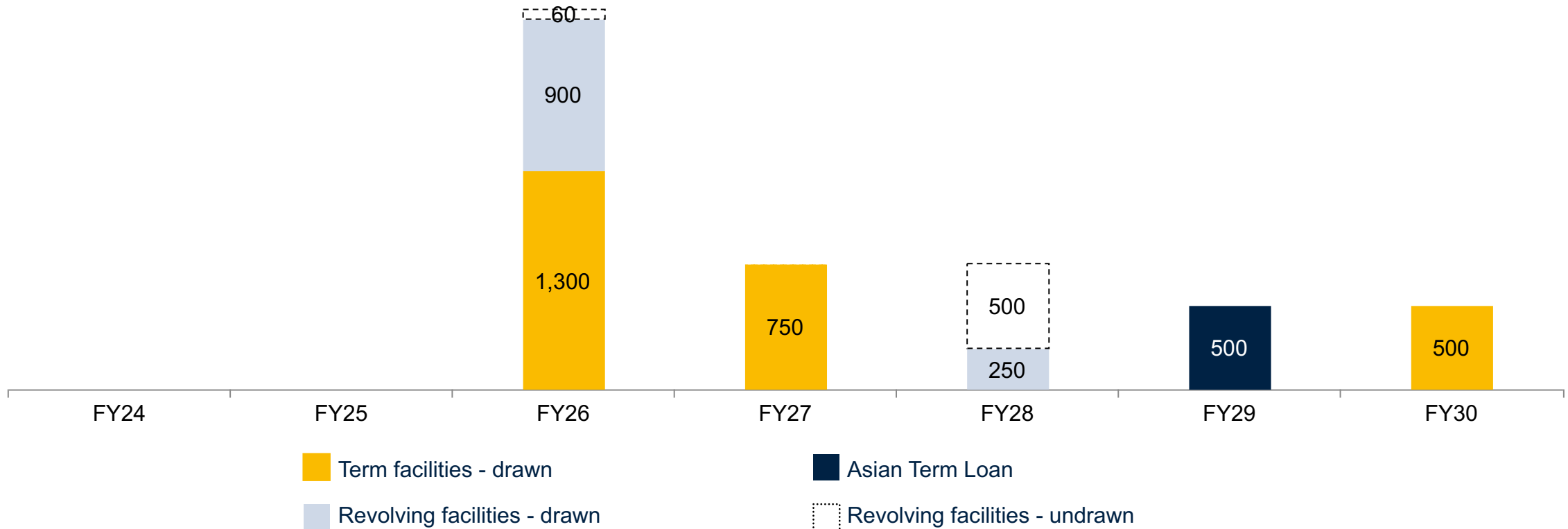
1. Not a meaningful comparison

Operating expenses breakdown

\$m	1H23	1H24	Change
Superannuation expense	(19)	(24)	(26.3)%
Redundancy expense	(1)	(2)	(100.0)%
Other employee expense	(185)	(193)	(4.3)%
Employee benefits expense	(205)	(219)	(6.8)%
Technology expense	(200)	(186)	7.0%
Advertising and promotion expenses	(58)	(67)	(15.5)%
Consulting and outsourced services costs	(78)	(94)	(20.5)%
Facilities expenses	(16)	(17)	(6.3)%
Administration and other expenses	(28)	(28)	—%
Other operating expense	(180)	(206)	(14.4)%
Total operating expense (statutory)	(585)	(611)	(4.4)%
Material one-offs	(17)	(5)	70.6%
Total operating expense (ex. material one-offs)	(568)	(606)	(6.7)%

Debt maturity profile

Bank debt maturity profile as at 30 June 2024 (\$m)



Return on Invested Capital

\$m	1H23 ¹	1H24
Statutory EBIT	219	233
Add back acquired customer base amortisation	80	80
Adjustment for towers gain, restructuring, transformation or transaction costs	17	5
EBIT adjusted for specific items	316	318
Notional tax	(95)	(95)
Net operating profit after tax (NOPAT)	221	223
Net operating profit after tax (NOPAT) 12-month rolling	415	429
Total assets	19,366	19,388
Less current liabilities	(3,536)	(1,512)
Add back borrowings (current)	2,020	—
Add back lease liabilities (current)	103	143
Less cash	(82)	(77)
Remove deferred tax assets	(162)	(160)
Remove brand name	(424)	(407)
Remove customer base intangible	(1,207)	(1,047)
Remove goodwill	(8,515)	(8,515)
Capital invested	7,563	7,813
Average capital invested (ACI)	7,173	7,688
Return on invested capital (ROIC = NOPAT ÷ ACI)	5.8%	5.6%

1. 1H23 ROIC has been restated to FY24 guidance basis. As a result, 1H23 NOPAT is no longer adjusted to exclude \$16 million of transformation costs as material one-offs.

Reconciliation of statutory NPAT to non-statutory NPAT and earnings per share

\$m	1H23	1H24
Statutory NPAT	48	29
Add back spectrum amortisation	138	139
Add back Customer base amortisation	80	80
Adjustment for transaction costs	17	5
Add back non-cash tax	21	11
Adjusted NPAT for dividend calculation purpose	304	264
Statutory NPAT	48	29
Add back acquired customer base amortisation (tax affected)	56	56
Adjustment for transaction costs (tax affected)	12	4
NPAT adjusted for customer base amortisation and material one-offs	116	89
Weighted average number of ordinary shares	1,857	1,855
EPS (NPAT excluding customer base amortisation and material one-offs ÷ Weighted average number of ordinary shares)	6.2	4.8

Mobile and Fixed metrics

		1H22	2H22	1H23	2H23	1H24
Mobile (overall)	Subs ('000)	5,086	5,281	5,320	5,456	5,520
	ARPU (\$)	\$32.1	\$32.4	\$33.0	\$34.4	\$34.4
Mobile Postpaid	Subs	2,886	2,950	2,956	2,967	2,920
	ARPU	\$42.0	\$42.7	\$44.6	\$47.0	\$47.3
Mobile Prepaid ¹	Subs	1,881	2,016	2,054	2,183	2,196
	ARPU	\$19.5	\$19.6	\$18.9	\$19.4	\$19.8
Data SIMs	Subs	304	301	297	299	298
	ARPU	\$15.5	\$15.2	\$14.8	\$14.7	\$14.5
MVNOs	Subs	15	14	13	7	106
Fixed (overall)	Subs	2,223	2,218	2,175	2,127	2,097
	AMPU	\$21.1	\$24.5	\$25.4	\$26.4	\$27.0
NBN	Subs	1,934	1,877	1,812	1,768	1,727
	ARPU	\$64.4	\$66.8	\$67.7	\$68.7	\$67.6
	AMPU	\$17.8	\$20.8	\$21.5	\$22.0	\$22.0
Fixed Wireless	Subs	113	171	209	227	245
	ARPU	\$42.8	\$42.6	\$43.9	\$47.8	\$49.1
Vision Network (retail)	Subs	135	135	126	114	107
	ARPU	\$57.6	\$58.1	\$59.3	\$66.1	\$67.4
On-net (Fixed Wireless and Vision Network retail)	AMPU	\$47.7	\$46.9	\$47.2	\$50.8	\$52.3
Other Fixed	Subs	41	35	28	18	18

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.

Glossary

Term	Definition
1H	Six months ended/ending 30 June of the relevant financial year
2H	Six months ended/ending 31 December of the relevant financial year
ACCC	Australian Competition and Consumer Commission
Adjust NPAT	For the purpose of dividend calculation, Adjusted NPAT is defined as statutory Net Profit After Tax adding back material one-offs (subject to discretion of the Board), customer base intangible amortisation, spectrum amortisation and non-cash tax expense.
AMPU	Fixed Broadband Average Margin Per User (AMPU) 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.
ARPU	Average Revenue Per User
bps	Basis points (1.0% = 100bps)
CAGR	Compound annual growth rate
Capex	Fund invested for the purchase, upgrade or improve long term assets
cps	Cents per share
EBITDA	Earnings before interest, income tax expense, depreciation and amortisation.
EPS	Earnings per share
EPS adjusted for customer base amortisation and material one-offs	Statutory NPAT adjusted by adding back customer base amortisation and material one-offs (subject to discretion of the Board), and divided by weighted number of shares on issue

Term	Definition
FY	Financial year ended/ending 31 December of the relevant financial year
FWA	Fixed Wireless Access
Gross margin	Earnings after cost of provisioning telecommunication services, but before operating expense
MOCN	Network sharing arrangement "Multi-Operator Core Network"
MVNO	Mobile Virtual Network Operator
NPAT	Net profit after tax
NOPAT	Net operating profit after tax
OFCF	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)
Opex	Operating expense
pcp	Prior corresponding period
PPE	Plant, property and equipment
ROIC	Return on Invested Capital (ROIC) measures net operating profit after tax (NOPAT) on a 12-month rolling basis, adjusted to remove customer base amortisation and material one-offs (subject to discretion of the Board), divided by average invested capital excluding goodwill, brand and customer base intangibles
RoU	Right-of-use assets
RSP	Retail service provider, a third party provider services to end-users
Spectrum	Radio frequency spectrum is where radio waves are transmitted and received

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