

Market Announcements Office
Australian Securities Exchange
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ACCC clearance of regional network sharing arrangement between TPG Telecom and Optus

The ACCC has today announced that it will not oppose the regional network sharing arrangements between TPG Telecom Limited (ASX: TPG) and Optus Mobile Pty Limited to create a regional Multi-Operator Core Network.

Key details of the arrangements were contained in TPG Telecom's announcement on 29 April 2024.

A TPG Telecom media release is attached.

Authorised for lodgment with ASX by the TPG Telecom Market Disclosure Committee.

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TPG Telecom welcomes ACCC approval of regional network sharing arrangement

5 September 2024 – TPG Telecom Limited (ASX: TPG) (TPG Telecom or the Company) has welcomed today’s clearance by the Australian Competition and Consumer Commission (ACCC) of its regional network sharing arrangement with Optus.

TPG Telecom Chief Executive, Iñaki Berroeta, said the decision marks a new era for mobile services competition and consumer choice in rural and regional Australia.

“We are pleased with today’s decision and thank the ACCC for its consideration of our regional network sharing arrangement which will bring much needed competition to rural and regional areas,” Mr Berroeta said.

“With this arrangement, for the first time the TPG Telecom mobile network will cover most towns in Australia. We are excited about the opportunity to extend the reach of our award-winning mobile services to even more people and businesses, and to deliver more competition and choice to all Australians.”

With the implementation of a multi-operator core network (MOCN), TPG Telecom will gain access to Optus’s regional mobile network across 2,444 regional sites, boosting TPG Telecom’s network coverage to 98.4 per cent of the Australian population. This includes Optus’ 4G network and 5G network as it becomes available.

When launched, TPG Telecom will deliver 4G and 5G services to thousands of new places and towns and give Vodafone, TPG, iiNet, Internode, Felix and its MVNO customers access to a million square kilometres of mobile coverage across Australia.

“Our regional network sharing arrangement will deliver better service and coverage to our five and a half million mobile customers who will gain access to around 600,000 square kilometres of new coverage, more than doubling the size of TPG Telecom’s national mobile network”, Mr Berroeta said.

“The expansion of our regional mobile network will drive growth in our customer base in regional and metropolitan areas. It will allow us to win and retain customers in the cities who need reliable mobile service when they travel to the bush and customers in the regional areas looking for a different choice of provider.”

The shared regional network will use both Optus and TPG Telecom spectrum, delivering improved service quality and speeds for all customers.

“By sharing costs and network assets, we can bring coverage benefits to customers at a fraction of the cost of duplicating infrastructure. This will allow us to reduce rollout and operating costs, make better use of our network assets and deliver huge public benefits,” Mr Berroeta said.

Under the shared network arrangement, TPG will share the Optus 4G and 5G radio access network in the regional coverage zone, but both carriers will continue to operate their own



core networks. This will allow the carriers to have full network control, enabling differentiation of service for customers, and independent control of security and resiliency.

TPG Telecom will continue to operate its own 4G and 5G networks in metropolitan areas, reaching around 80 per cent of the population, where it already has a passive network infrastructure sharing arrangement with Optus.

TPG Telecom expects the expanded regional network will be operational in early 2025.

Cost impacts from regional sharing arrangements

The estimated financial impact of the MOCN on TPG Telecom is unchanged from the announcement of 29 April 2024.

TPG Telecom's total estimated payments to Optus amount to approximately \$1.17 billion over the 11-year term. This represents around one-third of the costs TPG Telecom estimates it would incur to build, operate and maintain a similar network in regional Australia.

In FY24, TPG Telecom expects to recognise \$230 million to \$250 million of non-cash charges related to the 755 total network sites within the MOCN area to be decommissioned. These one-off non-cash costs comprise approximately:

- \$170 million to \$180 million of non-cash impairment of right-of-use assets related to onerous leases within the MOCN area;
- \$25 million to \$30 million of non-cash impairment of existing network infrastructure assets; and
- \$35 million to \$40 million provision for network decommissioning costs.

In FY25, TPG Telecom expects a negative EBITDA impact of approximately \$55 million to \$65 million, inclusive of MOCN fees to Optus, operating expense savings, spectrum receipts from Optus and increased go-to-market expenses.

This will be offset on a cash basis with a \$50 million reduction in capex requirements. A negative NPAT impact of approximately \$10 million to \$20 million is estimated in FY25.

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Disclaimer

This announcement contains forward-looking statements, including statements of opinion and expectation. These statements may be affected by various assumptions, risk and uncertainties, including matters which are outside the control of TPG Telecom, and may differ from the results actually achieved. Investors are cautioned against placing undue reliance upon such statements.

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