Market Announcements Office
Australian Securities Exchange
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TPG Telecom Limited - UBS Australasia Conference Presentation

In accordance with TPG Telecom Limited's Market Disclosure Policy, enclosed is a copy of the presentation which is being released to the ASX ahead of the upcoming investor briefings at the UBS Australasia Conference.

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

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UBS Australasia Conference

11 and 12 November 2024

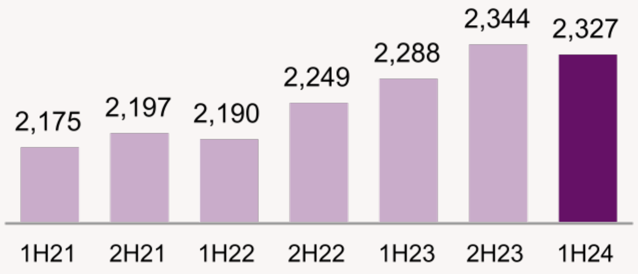
FY24 recap to date: solid trading, strong cash performance, increased action on cost, progress on key strategic initiatives

1	**1H24 trading**	• **Mobile service revenue[1] up 7.2%** vs.1H23 driven by sustained higher ARPU • **Fixed broadband AMPU[2] 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 Flow[3] up $340m** in 1H24 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 MOCN sharing with Optus:** ACCC approved, on track to be operational in early 2025 • **Business simplification:** customer journey milestones on track for delivery in early FY25 • **Fibre strategic review outcome:** announced $5.25b sale of fibre and fixed EGW assets to Vocus
5	**FY24 guidance[4]**	• **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 2024

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.

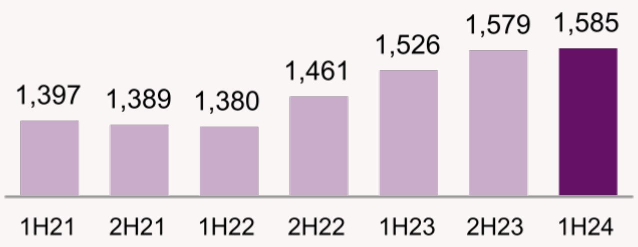
Margin resilience: margin growth continues to exceed revenue growth driven by Mobile and on-net Fixed broadband

Group service revenue[1] ($m)



▲ **1.7%**
1H24 on 1H23

Group gross margin ($m)



▲ **3.9%**
1H24 on 1H23

Mobile service revenue growth reflects sustained higher mobile ARPU and subscriber gains from past two years

Mobile service revenue up 15.9% since 1H22: simplified, great value plans monetising higher consumption following 5G rollout

Postpaid ARPU growth of 6.1% in 1H24 vs. 1H23 despite impact of competitor handset discounting

Prepaid subscriber growth reflects strong performance from digital-first brands (TPG, iiNet, felix, Kogan)

Group gross margin: strong Consumer performance driven by Mobile and Fixed Wireless offering

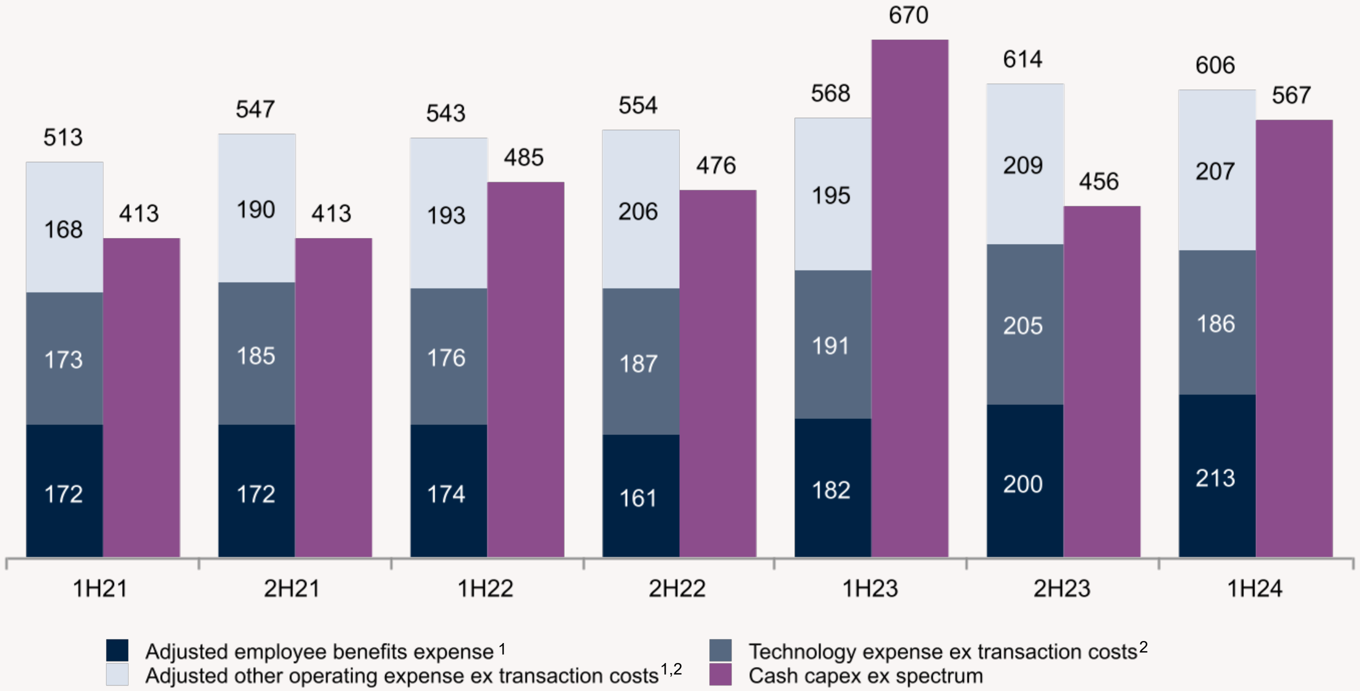
Consumer Fixed gross margin up 6.7% in 1H24 vs. 1H23 despite modest decline in service revenue, reflecting strong Fixed Wireless

Core EGW remains resilient amid challenging market conditions

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

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 systems uplift has now passed its peak
- Reduced c. 120 roles in August 2024: 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
- 1H24 opex growth of 6.7% to reduce in 2H24 to **low-to-mid single-digit run rate, flatten further in FY25**
- Cash capex ex spectrum on track for $1,020m in FY24 (approx. $450m in 2H24)
- Pre Vocus transaction: cash capex ex. spectrum now expected to be c. $900m in FY25 (**down $50m from prior guidance**), decreasing further to $700-800m p.a. from FY27
- Seller Transaction Costs[3] of c. $45-55m and net Separation Costs[4] of $80-120m spread over FY24, FY25 and FY26
- **Post Vocus transaction**
  - Cash capex p.a. of c. $150m transfers, so FY27 range becomes $550-650m, ex. spectrum
  - Opex of c. $210m p.a. transfers, with **further efficiency opportunity of c. $100m p.a.**

1. Employee benefits expense and other operating expense (1H21 to 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.
3. Seller Transaction Costs means fees and other costs incurred by TPG as a result of the sale of assets to Vocus including but not limited to advisory, legal and other third-party support fees.
4. Separation Costs means TPG's cost of preparing assets, including network and IT systems, for transfer to Vocus and is net of $40m capped contribution from Vocus.

Fibre strategic review outcome: sale of fibre network assets and fixed EGW operating business to Vocus for $5.25b

1 **Unlocks value**

2 **Increases strategic focus**

3 **Enables capital management**

- ✓ Transaction perimeter comprises high-value fibre assets with strong cash profile as well as resilient EGW fixed and voice operations
- ✓ Fibre assets sold: primarily a challenger metropolitan access network competing with larger incumbents (e.g. NBN); complementary to Vocus' inter-capital and international capabilities
- ✓ Capital allocation constraints limit TPG's ability to optimise fixed network infrastructure in an intensely competitive and challenging market – Vocus better placed to optimise and invest
- ✓ TPG retains owner economics on fixed network under right-of-use style model, plus access to solutions from full Vocus network
- ✓ TPG keeps mobile infrastructure with strong commercial growth profile enhanced by MOCN and infrastructure-sharing opportunities
- ✓ Increased TPG focus on attractive growth opportunities in wireless infrastructure, consumer and enterprise mobile, consumer/SOHO NBN and fibre and Fixed Wireless
- ✓ Streamlined TPG structure, operating model and cost base post transaction
- ✓ Opportunities to drive further efficiency in both capex and opex (c. $100m post transaction) leveraging recent systems uplift investment
- ✓ Capacity to pay down bank borrowings to achieve optimal "investment grade" leverage
- ✓ Potential to reward shareholders through distribution of proceeds
- ✓ Generation of franking credits post transaction in support of ongoing dividend policy
- ✓ Further details on future TPG strategy and capital management to be provided closer to completion date

Oct 2024
Agreement and announcement of sale

↓

Separation, internal restructure and regulatory approvals

↓

H2 2025
Completion target and proceeds received

Completion of the Vocus transaction remains subject to conditions precedent including completion of the internal restructure, no material adverse change in the business being sold and regulatory approvals.

Cash flow upside: Continuing TPG retains substantially all the Group's free cash flow upside post Vocus transaction

Strong momentum expected from lower capex and opex, working capital movements and reduced interest costs

	Current trend	Outlook
Service revenue	Recent plan refresh actions in Mobile on strong FY22-23 subscriber growth, strong Fixed Wireless growth	Continued growth will leverage completion of 5G rollout and MOCN launch, plus improved customer experience post systems uplift
Operating costs	Rate of increase slowing to low-to-mid-single digit % growth in 2H24, flattening further in FY25 (excluding separation/transaction costs)	c. $210m of opex transferring out with Vocus transaction, further c. $100m p.a. efficiency post-transaction from leaner, simpler business post systems uplift
Capex	Expected to fall from $1,020m (ex-spectrum) in FY24 to $900m in FY25 (down $50m from last guidance) Spectrum capex of $156m in FY24 and $28M in FY25	Expected to be $550-650m from FY27 as 5G and systems investment passes peak and c. $150m transfers out with Vocus transaction
Working capital	FY25 impact of legacy handset receivables financing unwind c. $135m lower than FY24	Potential upside from balance sheet optimisation (e.g. potential new handset receivables financing solution) Other movements (i.e. debtors) sensitive to consumer handset sales volumes
Lease payments	No material organic increases expected into FY25	Post Vocus transaction, net increase of c. $52m
Tax	Tax losses expected to be fully utilised against gain on Vocus transaction	Payment of cash tax post Vocus transaction expected to generate franking credits
Bank borrowing costs	Organic cash flow generation reducing need for further drawdowns	Capacity to reduce borrowings using Vocus transaction proceeds Interest costs will decline as interest rates fall

Owner economics: TPG remains major mobile telco infrastructure operator with competitive fibre network access

Retain c. **80% of assets**

Predictable and **non-volatile** payments

Retain **owner economics**

Supports growth of existing business

Post the transaction, TPG will retain more than 80% of total assets (excluding goodwill)[1] including:

- ✓ All active mobile components: radio access network, spectrum, MOCN sharing and tower leases
- ✓ IP core network for mobile and consumer fixed
- ✓ Mobile data centres

Transmission and Wholesale Fibre Access Agreement (TAWFA) with Vocus:

- ✓ Vocus will provide network services for a fee of $130m p.a. (FY24 $)
- ✓ Initial 15-year term with two 10-year extensions at TPG's election
- ✓ Predictable service payment replacing ongoing capital investment while preserving capacity and usage rights
- ✓ TPG maintains owner economics:
  - Preservation of commercial control of the assets TPG uses
  - Pricing is non-volumetric, regardless of future data or customer growth
  - TPG maintains independence to serve its Mobile business and consumer broadband
- ✓ TPG has access to solutions from Vocus' entire network, not just former TPG assets
- ✓ Delivers predictable, certain cost base and removes requirement to invest capital to grow sub-scale fibre network
- ✓ TAWFA indexation capped

1. FY23 pro forma, based on book value at 31 December 2023

Capital allocation: framework first presented at June 2022 investor day continues to reflect our approach

Recurring capital management

Sustaining investment

Clear disclosure of capex required to run the business

Continuously drive efficiency

Strong balance sheet

Financial leverage consistent with sector benchmarks

Appropriate risk management practices

Optimal mix of borrowing types and tenors

Vocus transaction creates capacity to reduce debt

Annual dividend to shareholders

Utilise tax position for sustainable shareholder benefit

Dividend policy to pay at least 50% of Adjusted NPAT[1]

Generation of franking credits post transaction in support of ongoing dividend policy

Value maximisation levers

Enhanced portfolio management

Optimise asset sharing, utilisation and financing structures

Continual assessment of core/ non-core asset ownership

Illustrated by Towers sale and Vocus transaction

Transformation investment

Invest in value-enhancing capabilities and platforms (e.g. network elements and IT architecture)

Growth investment

Develop and extend business and asset footprint to support customer delivery

Additional return to shareholders

Potential to reward shareholders through distribution of proceeds

Anticipated reduction in total capex to $700-800m from FY27 becomes $550-650m post Vocus transaction

1. Adjusted NPAT adds back transformation and transaction costs, customer base intangible amortisation, spectrum amortisation and non-cash tax expense.

TPG's journey and looking ahead

2018-19: Pre-merger approval

- Merger execution delayed by lengthy regulatory approval process

2020-21: COVID-19 transition

- COVID-19 created widespread industry disruption
- Scale of post-merger systems uplift requirement emerges
- 5G rollout cost exacerbated by Huawei replacement

2022-23: Service revenue recovery

- Border reopening supported strong growth in subscribers
- ARPU increases
- Peak of network and systems uplift investment

2024-25: Completing transformation

- Transformational MOCN and fibre/EGW fixed asset sale
- Cost outlook improving as network and systems uplift investment passes peak
- Capital management opportunity

2026 onwards: Rebased TPG

- Leaner, simpler mobile-first and asset efficient TPG
- Ongoing growth and efficiency opportunities

Key next steps in our journey

- Embed MOCN and complete Vocus transaction
- Finalise 5G rollout and systems uplift
- Maximise growth opportunity from improved network position
- Further reduce capex and cost intensity

Appendices

Vocus transaction: financial impacts on TPG group results have been estimated on FY23 pro forma basis

$m, pro-forma underlying basis	TPG Status Quo FY23A	Continuing TPG FY23 PF	Change $m
EBITDA[4] [A]	**1,923**	**1,494**	**(429)**
D&A	(1,472)	(1,240)	232
EBIT[4]	**451**	**253**	**(198)**
Capex (inc. spectrum) [B]	1,150	1,003	(147)
Lease Payments [C]	108	160	52
Operating Free Cash Flow (OFCF)[5] [A-B-C]	**665**	**331**	**(334)**

Enterprise value (EV)[1] $5,250m incl. potential $250m Contingent Value Payment[2]

Net cash proceeds[3] $4,650-4,750m with target completion date in 2H 2025

Fee to Vocus for network services under TAWFA - $130m p.a. subject to capped inflation from Jan 2025

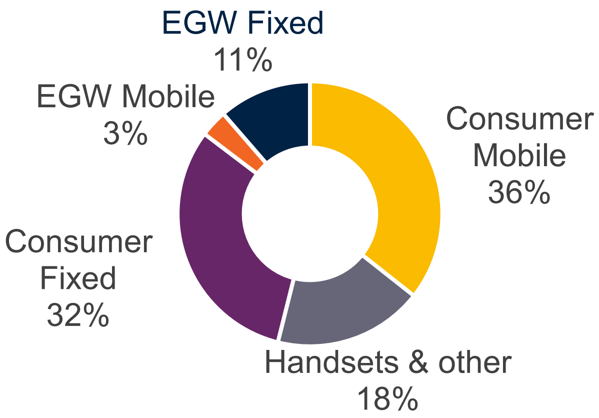
FY23 EBITDA impact of $429m includes $65m of the $130m annual TAWFA fee

Remainder of **TAWFA fee** ($65m) to be expenses as lease and included within net change in lease payments of $52m

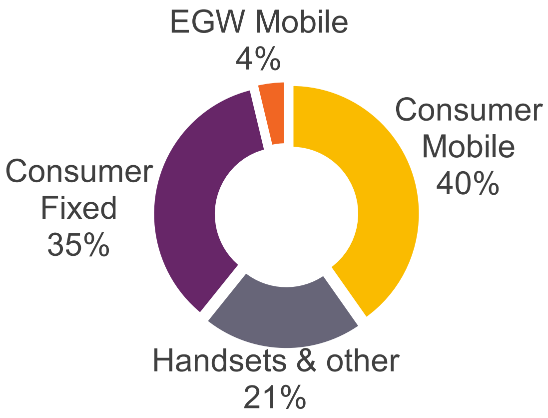
1. Enterprise value includes $40m contribution by Vocus to TPG Separation Costs and excludes TPG's $100m contribution to Buyer Transaction Costs.
2. Contingent Value Payment subject to the meeting of certain subscriber targets for the Vision Network wholesale residential fixed access business between two and four years after completion.
3. Net cash proceeds are calculated as enterprise value ($5,250m) less Contingent Value Payment ($250m), TPG's contribution to Buyer Transaction Costs ($100m), estimated Seller Transaction Costs including stamp duty and other cash tax impacts, but prior to the impact of any TPG Separation Costs.
4. FY23 pro forma EBITDA/ EBIT excludes material one-offs of $31m for transaction costs and $17m for Internode brand impairment and does not include any one-off impacts of the Vocus transaction such as Seller Transaction Costs, TPG Separation Costs and gain on sale.
5. Operating Free Cash Flow measures cash flow from operations less capital expenditure, finance lease repayments and finance lease interest (within cash flow from financing activities). For the purposes of the FY23 proforma impacts, Operating Free Cash Flow excludes cash tax arising from income tax obligations. It does not include payments for spectrum and dividends and excludes any loan payments/drawdowns.

Vocus transaction: TPG revenue profile has greater exposure to higher growth Mobile business post transaction

Revenue FY23A – Before Sale



Revenue FY23 PF – Continuing TPG



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