



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

Sydney, 27 February 2023

## **TPG Telecom Limited Results for Full Year Ended 31 December 2022 – Media Release**

Please find attached for immediate release to the market a Media Release concerning TPG Telecom Limited's financial results for the full year ended 31 December 2022.

Authorised for lodgement with ASX by:

Trent Czinner  
Company Secretary  
TPG Telecom Limited

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## FY22 results: strategy execution and improving growth momentum

- Return of growth in key areas of financial performance:
  - Service revenue up 1.5 per cent to \$4,439m as mobile subscriber growth returns
  - EBITDA of \$2,135m and NPAT of \$513m including accounting gain on tower assets sale
  - EBITDA up 3.8 per cent to \$1,793m excluding tower assets gain and restructuring costs
  - NPAT of \$222m before tower assets gain and customer base amortisation<sup>1</sup>
  - Final dividend 9.0 cps, fully franked; total FY22 dividend of 18.0 cps up 9 per cent
- Delivering against key strategic objectives:
  - Net increase in Mobile subscribers of 300,000 with plan and pricing refresh underway
  - Improved Fixed profitability from Fixed Wireless growth and NBN plan re-pricing
  - Enterprise, Government & Wholesale returned to growth, driven by on-net Fast Fibre
  - Delivery of \$140m of annualised merger cost synergies offsetting inflationary pressure
  - Strengthened balance sheet with reduced net debt following tower assets sale
  - 5G rollout exceeding milestones, continued commitment to regional sharing proposal
- FY23 EBITDA guidance of \$1,850-1,950m, excluding material one-offs and transformation costs

**27 February 2023** – TPG Telecom Limited (ASX: TPG) (TPG Telecom) today released its results for the financial year ended 31 December 2022 (FY22), showing continued gains in mobile subscriber numbers and reporting growth in service revenue and EBITDA.

Chief Executive Officer and Managing Director, Iñaki Berroeta, said: "These results reflect solid execution of our strategy as we benefited from renewed customer activity throughout 2022. The operational and strategic foundations we have put in place are translating to an improving financial performance, which we expect to gather momentum through 2023."

### Financial results

TPG Telecom reported service revenue of \$4,439 million in FY22, up 1.5 per cent on FY21. Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$2,135 million, up 23.6 per cent, including a \$402 million accounting gain from the sale of passive tower and rooftop assets to OMERS Infrastructure Management in July 2022.

Excluding the tower assets gain and \$60 million of restructuring costs, EBITDA was \$1,793 million, up 3.8 per cent. Delivery of \$140 million in annualised cost synergies from the 2020 merger of Vodafone Hutchison Australia and TPG Corporation helped offset inflationary pressures.

Net profit after tax (NPAT) was \$513 million, compared to \$113 million in FY21. Excluding customer base amortisation and the tower assets gain, NPAT was \$222 million, compared to \$225 million in FY21.

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<sup>1</sup> Calculated as profit before tax before one-off non-cash accounting gain, adding back customer amortisation, and adjusted for 30% tax rate.

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## Dividend

TPG Telecom has declared a fully franked final dividend of 9.0 cents per share, up 0.5 cents per share on the FY21 final dividend. Total dividends declared for FY22 of 18.0 cents per share represent a payout ratio of 51.6 per cent of Adjusted NPAT of \$646 million, in line with TPG Telecom's policy to pay out at least 50 per cent of Adjusted NPAT<sup>3</sup>.

## Operating performance

TPG Telecom recorded a net increase in Mobile subscribers of 300,000 in 2022 as its commitment to being a value leader and the return of international travellers to Australia attracted new customers. The group ended the year with 5.28 million mobile customers, up 6.0 per cent on December 2021.

Average revenue per user (ARPU) for Mobile was up 1.9 per cent in the period to \$32.4 per month, primarily reflecting higher international roaming levels. Postpaid mobile ARPU was \$42.7 per month, up 3.1 per cent.

Mr Berroeta said: "Our position as a value leader in the market and our family of award-winning mobile brands continues to attract local and overseas customers."

TPG Telecom's total Fixed customer base was broadly flat at 2.22 million subscribers as the company continued its strategy to migrate NBN services to Fixed Wireless services and reprice NBN plans where appropriate. The Company more than doubled the number of Fixed Wireless subscribers to 171,000 at 31 December 2022.

Mr Berroeta said: "Our Fixed Wireless services continue to play an important role in attracting more customers onto services delivered over our own infrastructure, helping improve margins across our total Fixed base. While we are pleased to see the NBN constructively engage with industry on pricing, more needs to be done to ensure affordable broadband remains available to all customers."

TPG Telecom's Enterprise, Government and Wholesale business continued to deliver growth in 2022. In the Enterprise and Government division, there were major customer wins in the year including Hungry Jacks, Lifeline, and Freedom Furniture. Total contract value of more than \$150 million was booked in 2022.

In the Wholesale division, TPG Telecom continued to strengthen its position as a leader of alternative NBN wholesale services becoming the first major telco in Australia to launch G.Fast technology across its fibre-to-the-building (FTTB) network. The Company also launched a mobile virtual network enablement platform to lower the barriers to entry for new MVNOs.

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<sup>3</sup> Adjusted NPAT adds back restructuring costs, customer base intangible amortisation, spectrum amortisation and non-cash tax expense.



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Mr Berroeta said: “Our Enterprise, Government and Wholesale business continues to grow service revenue, reflecting our ability to deliver essential connectivity solutions to businesses of all sizes.”

### **Regional network sharing agreement and network update**

TPG Telecom’s 5G rollout remains on schedule, with more than 2,000 mobile sites completed to date. TPG’s network investment program will continue with an additional 1,000 new 5G mobile upgrade sites in 2023 and a similar number planned each year to 2025.

On 21 December 2022, the ACCC did not authorise the proposed network sharing agreement with Telstra. The proposed network sharing deal would boost TPG Telecom’s mobile coverage to 98.8 per cent of the population and deliver a viable, and competitive, third mobile player into regional Australia.

Mr Berroeta said: “The ACCC decision not to authorise this network sharing agreement was a significant loss for regional Australia and for consumers and businesses. TPG Telecom and Telstra are challenging the decision through the Australian Competition Tribunal.”

As a result of the ACCC’s decision, TPG Telecom has not recognised any material financial impacts of the proposed agreement in its FY22 results.

### **Unlocking asset value**

TPG Telecom continues to explore ways to achieve more efficient asset utilisation across its network and to unlock additional value in the business.

In October, the Company announced a strategic review of its wholesale residential access business, Vision Network, to explore optimal growth opportunities for the business unit.

The strategic review of Vision Network follows the completion of the sale and lease-back of TPG Telecom’s passive mobile tower and rooftop assets to OMERS in July 2022. The towers transaction generated net cash proceeds of \$892 million, enabling TPG Telecom to reduce net bank debt and handset receivables financing activity.

### **Outlook**

Assuming no material change in operating conditions, TPG Telecom expects EBITDA for FY23 to be between \$1,850 million and \$1,950 million, excluding material one-offs and transformation costs<sup>4</sup>.

**ENDS**

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<sup>4</sup> Assuming no material change in operating conditions, EBITDA guidance excludes potential material one-offs, such as any impacts or benefits from the execution of the regional network sharing arrangement (MOCN) (subject to appeal with the Australian Competition Tribunal), transformation costs, mergers and acquisitions, disposals, impairments, spectrum transactions and such other items as determined by the Board and management.

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