



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

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

Authorised for lodgement with ASX by:

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TPG Telecom FY23 results: a solid result in line with guidance as transformation continues

- Service revenue up 4.3 per cent to \$4,632m driven by Mobile subscriber and ARPU growth
- Statutory EBITDA down 12.2 per cent to \$1,875m due to one-off gain on tower sale in FY22¹
- EBITDA ex. the tower sale gain and other non-recurring items up 7.6 per cent to \$1,930m, in line with guidance¹
- Operating Free Cash Flow up 81.5 per cent to \$167m
- Dividend of 9.0 cents per share declared, bringing total FY23 dividends to 18.0 cents per share
- FY24 EBITDA guidance of \$1,950m to \$2,025m²

26 February 2024 – TPG Telecom Limited (ASX: TPG) (**TPG Telecom** or the **Company**) today released its full-year results for the year ended 31 December 2023 (**FY23**). The result reflected strong growth in mobile service revenue and continued investment in transformation and simplification.

Chief Executive Officer and Managing Director, Iñaki Berroeta, said: "Our mobile business has achieved solid gains driven by new subscribers and the successful refresh of plans across our premium Vodafone brand as we position our business for sustainable growth in a competitive market.

"Our transformation continues at pace, and we are seeing the positive impact of simplifying and removing complexity from the business. These benefits will accelerate in the coming years as we deliver better network and service experiences for our customers."

Financial results

Service revenue across Mobile and Fixed increased 4.3 per cent to \$4,632 million, driven strongly by Mobile with the addition of 175,000 new subscribers and continued growth in average revenue per user (ARPU) across our premium Postpaid services.

Statutory earnings before interest, tax, depreciation and amortisation (EBITDA) decreased 12.2 per cent to \$1,875 million, due to the one-off gain of \$402 million in FY22 from the tower sale.

Excluding the impact of the tower sale, and after adjusting for other non-recurring items including transformation costs and a \$17 million impairment of the Internode brand in FY23, TPG Telecom

¹ Guidance basis EBITDA includes \$31 million of transaction costs within EBITDA but adds back transformation costs of \$38 million and Internode brand impairment of \$17 million. FY22 comparative EBITDA added back transformation costs of \$60m and removed gain on July 2022 sale of passive tower and rooftop assets of \$402 million.

² Assuming no material change to operating conditions. Guidance excludes any impact of material one-offs, mergers and acquisitions, disposals, impairments, spectrum and such other items as determined by the Board and management.



delivered EBITDA of \$1,930 million, up 7.6 per cent and in line with the Company's earnings guidance for the year.

Mr Berroeta said: "Our EBITDA growth in FY23 reflects the strong performance across our Mobile business as well as the delivery of direct cost efficiencies during the year."

Statutory net profit after tax (NPAT) was \$49 million, compared with \$513 million in FY22. This year-on-year change was due to the one-off gain in FY22 from the tower sale, as well as higher depreciation and amortisation costs reflecting new leases and network and IT investment, and higher market interest rates.

Dividend

TPG Telecom declared a fully-franked final dividend of 9.0 cents per share, equating to a payout ratio of approximately 57 per cent of Adjusted NPAT of \$584 million, reflecting TPG Telecom's policy to pay out at least 50 per cent of Adjusted NPAT³.

Operating performance

TPG Telecom's Mobile service revenue grew 9.3 per cent to \$2,155 million, supported by a larger subscriber base, refreshed plans for premium Postpaid products and higher roaming revenue. Mobile subscribers across TPG Telecom's brands grew 3.3 per cent to 5.46 million⁴ at the end of FY23.

ARPU for Mobile increased 4.7 per cent to \$33.5 per month for FY23, driven by an 8.5 per cent increase in Postpaid ARPU to \$45.8 per month.

TPG Telecom's Consumer Fixed service revenue was flat at \$1,737 million. Strong growth in Fixed Wireless subscribers and continued profitability improvements offset an overall decline of 91,000 in total fixed broadband retail customers to 2.13 million. Average margin per user (AMPU) in Fixed grew 13.6 per cent to \$25.9 per month⁵.

TPG Telecom added 56,000 subscribers to its on-net Fixed Wireless services in FY23, bringing its total Fixed Wireless customer base to 227,000. This establishes TPG Telecom as the largest provider of Fixed Wireless services in Australia.

TPG Telecom's Enterprise, Government and Wholesale (EGW) business recorded revenue of \$1,116 million. This reflected a growth of 1 per cent excluding the \$108 million benefit of recognising

³ Adjusted NPAT in FY23 adds back customer base intangible amortisation, spectrum amortisation, non-cash tax expense, transformation costs, transaction costs and the Internode brand impairment.

⁴ Mobile subscribers include MVNO wholesale subscribers of 7,000.

⁵ Fixed Subscribers and AMPU numbers include all retail fixed broadband products.



Vision Network wholesale revenue within the segment for the first year. EGW growth was underpinned by uptake of TPG Telecom's on-net Fast Fibre and NBN Enterprise Ethernet solutions.

Customer experience simplification

TPG Telecom is building momentum with its multi-year program to simplify its brand portfolio, rationalise products and customer journeys, increase digitalisation and streamline internal systems and platforms.

Mr Berroeta said: "This company-wide simplification will enable TPG Telecom and its family of brands to deliver new and innovative ways to connect and serve our customers, while improving experience and efficiencies for our future.

"In 2023 we made significant progress, removing complexity from the business, reducing obsolete plans and services, and embedding new ways to segment and serve customers across our brands and channels."

During the year, significant simplification progress included:

- 40 per cent reduction of the number of in-market plans
- 43 legacy systems decommissioned and 37 critical applications moved to the cloud
- Non-core email platforms retired
- Stop-sell initiated on minor brands

From FY27 onward, the program is expected to deliver net cash benefits of approximately \$140 million per annum compared with FY23, split relatively evenly across capital expenditure savings and EBITDA gains from improved gross margin and lower operating costs.

Mobile network update

TPG Telecom's national 5G rollout remains on schedule, with more than 3,000 mobile sites upgraded to 5G. The Company has now upgraded over half of its approximately 5,700 network sites to 5G. Upgrades to the remaining metropolitan sites are scheduled to be completed by 2026.

New spectrum in the 3.7Ghz band was acquired towards the end of 2023. This spectrum will deliver a capacity boost for 5G and Fixed Wireless services, while also extending coverage across Australia.

In December, TPG Telecom also became the first mobile operator in Australia to close down its 3G network, marking the end of an era as customers transition to 4G and 5G services.



Plans to upgrade to 5G outside metropolitan areas continues to be assessed alongside the ongoing exploration of commercial options to expand TPG Telecom’s network reach through strategic sharing of mobile network infrastructure.

Unlocking value from fixed infrastructure

In November, TPG Telecom ceased discussions with Vocus Group following Vocus’ non-binding, indicative offer to acquire TPG’s fibre network infrastructure and some of its Enterprise, Government and Wholesale business.

TPG Telecom continues to explore options to deliver value through the ongoing strategic review of its fibre network infrastructure assets.

Outlook

Assuming no material change in operating conditions, TPG Telecom expects EBITDA for FY24 to be between \$1,950 million and \$2,025 million, including transformation costs but excluding any material one-off items⁶. EBITDA was \$1,923 million on a comparable basis in FY23.

Mr Berroeta said: “We are pleased with the very strong growth we delivered in FY23 and expect to deliver further growth in FY24 at the same time as we continue to invest in the transformation and simplification of our business.

“We are confident in the outlook for strong improvements in cash earnings over the next few years, supporting returns for shareholders as the working capital, capital investment and interest cost cycles reduce from currently elevated levels.”

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⁶ 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.