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

Sydney, 28 February 2025

TPG Telecom Limited Results for Full Year Ended 31 December 2024 – 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 2024.

Iñaki Berroeta, Chief Executive Officer and Managing Director, and John Boniciolli, Group Chief Financial Officer, will present TPG Telecom's results via webcast followed by a question-and-answer session at 10.30am (Sydney time), on Friday, 28 February 2025.

Webcast link: https://loghic.eventsair.com/155201/774247/Site/Register

Authorised for lodgement with ASX by:

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FY24 results: solid financial performance in line with guidance; major strategic milestones achieved

- Service Revenue[1] up 1.5 per cent to $4,702 million with Mobile Service Revenue up 5.4 per cent
- Statutory earnings before interest, tax, depreciation and amortisation (**EBITDA**) of $1,712 million, including previously disclosed impairment of regional mobile sites to facilitate Optus network sharing
- EBITDA excluding impairment charge and other material one-offs[2] up 3.4 per cent to $1,988 million, at the mid-point of guidance
- Operating Free Cash Flow (**OFCF**)[3] up $474 million to $672 million reflecting lower capital expenditure and improved working capital
- Return on Invested Capital (**ROIC**)[4] up 40 basis points to 6.1 per cent
- Final dividend of 9.0 cents per share, bringing FY24 dividends to 18.0 cents per share
- Regional network sharing agreement activated in January 2025 doubles TPG Telecom's mobile coverage; strong customer response in month since launch
- Separation planning and regulatory approval process progressing on agreed sale of fibre assets and Enterprise Government and Wholesale (**EGW**) Fixed business to Vocus for $5,250m
- FY25 Guidance[5]: stable EBITDA between $1,950m and $2,025m due to impact of regional sharing costs accruing prior to revenue; cash capex excluding spectrum of approximately $900m

28 February 2025 – TPG Telecom Limited (**TPG Telecom** or the **Company**) has reported a strong result for the year ended 31 December 2024 (**FY24**), while doubling its mobile network coverage to accelerate growth in Mobile, de-risking its fixed network cost base and improving capital efficiency.

Chief Executive Officer and Managing Director Iñaki Berroeta, said: "In FY24, we achieved continued growth in Mobile Service Revenue, expanded gross margin, increased EBITDA in line with our guidance, materially improved our cash flow and delivered higher return on capital and stable dividends.

"We have made substantial progress with our strategy, doubling the size of our mobile network coverage through our innovative regional sharing agreement with Optus. We have made material progress to simplify our business for customers by rationalising plans, IT systems and brands. We have agreed the sale of our fibre infrastructure and EGW Fixed assets to Vocus, further simplifying our business, de-risking our network costs as we grow, and strengthening our financial position.

"Over the coming years, TPG Telecom is positioned to capture greater revenue share following the significant increase in the reach of our mobile network, while making things even simpler for our customers and delivering an increasingly efficient cost and capital base.

"The network sharing agreement is a step change, creating a much larger addressable market. Our network now covers 98.4 per cent of the Australian population, with 89.7 per cent 5G coverage. We are delighted with the customer response so far, with strong growth in subscribers and materially increased data traffic since the launch.

"Simplifying our business and making things easier for our customers remains a key part of our strategy. We have reduced the combined number of front and back-book Consumer plans in market by 69 per cent from more than 3,700 to 1,145, and are on track to reduce plans to a target end state of approximately 100. This combined with increased brand differentiation and digitalisation is making TPG Telecom faster and more responsive to customer needs."

FY24 results summary

TPG Telecom reported FY24 Service Revenue of $4,702 million, up 1.5 per cent, with Mobile Service Revenue of $2,272 million up 5.4 per cent, reflecting higher average revenue per user (ARPU) and increased subscriber numbers in Prepaid.

Total Mobile subscribers were 5.51 million, up 1.8 per cent, with a strong increase in Prepaid digital brands and a major contract win with mobile virtual network operator (**MVNO**) Lyca Mobile. This offset a decrease in Postpaid subscribers due to aggressive competitor handset discounting, lower international arrivals and the shutdown of the 3G network.

TPG Telecom remained Australia's largest provider of Fixed Wireless services. Continued growth of this product enabled improved gross margin in the Consumer Fixed segment despite a 2.4 per cent reduction in total Fixed subscribers to 2.08 million. Group gross margin of $3,213 million was up 3.5 per cent, reflecting Mobile Service Revenue growth, Fixed Wireless growth and continued cost discipline.

Statutory EBITDA of $1,712 million included the $250 million non-cash impairment (originally disclosed in April 2024) of decommissioned mobile network sites to facilitate the landmark Multi-Operator Core Network (**MOCN**) regional sharing agreement with Optus, and $26 million of other material one-off costs.

Excluding the impairment and material one-offs, EBITDA was $1,988 million, up 3.4 per cent and at the mid-point of Company guidance. The EBITDA result included a strong improvement in operating expenditure, with the rate of increase decreasing in the second half to 1.0 per cent.

OFCF of $672 million, up $474 million, reflected a $112 million reduction in capital expenditure excluding spectrum payments, to $1,014 million, after heavy investment in transformation programs peaked in the previous year, as well as improved working capital. ROIC was up 40 basis points to 6.1 per cent as profit growth outpaced the slowing rate of capital investment.

Key financial performance metrics

($m)	FY23[6]	FY24	Change
Service Revenue[1]	4,632	4,702	1.5%
Gross margin	3,105	3,213	3.5%
Operating expense[2]	(1,182)	(1,225)	(3.6)%
EBITDA (statutory basis)	1,875	1,712	(8.7)%
Material one-offs: Impairment	(17)	(250)	n/m
Material one-offs: Other	(31)	(26)	n/m
EBITDA (guidance basis)[2]	1,923	1,988	3.4%
NPAT (statutory basis)	49	(107)	n/m
NPAT (guidance basis)[2]	83	87	4.8%
Earnings per share (EPS) (cents - LTIP basis)[7]	10.5	10.7	1.9%
Cash capital expenditure (excluding spectrum)	(1,126)	(1,014)	9.9%
Operating Free Cash Flow (OFCF)[2]	198	672	n/m
Dividends per share (cents)	18.0	18.0	-
Return on Invested Capital (ROIC)[4]	5.7%	6.1%	40 bps

Dividend

TPG Telecom declared a final dividend of 9.0 cents per share, bringing the total 2024 dividends to 18.0 cents per share the same as FY23. The FY24 final dividend will be unfranked, reflecting the full utilisation of historically generated franking credits, as TPG Telecom has previously indicated.

Fibre and EGW Fixed sale

In October, TPG Telecom announced the proposed sale of its fibre network infrastructure and EGW Fixed business to Vocus Group for an enterprise value of $5.25 billion, subject to regulatory approvals and other conditions precedent.

Mr Berroeta said: “The proposed transaction simplifies the TPG Telecom business while considerably strengthening our financial position. We are well positioned to compete as a lean, mobile-led integrated telco with a capital efficient operating model.

“It simplifies TPG Telecom’s operations while putting in place an attractive long-term cost structure. This structure will enable us to grow our share of the Mobile and home internet market with higher customer numbers or data volumes without incurring higher costs for accessing the fixed network. The arrangement with Vocus also removes the need for TPG Telecom to invest in or purchase additional fixed transmission services in the future.

“We will be free to focus on delivering growth in revenue and market share, reducing our annual capital expenditure to between $550 million and $650 million and reduce annual operating costs by an incremental $100 million[8]. Combined, this is expected to result in growth in EBITDA margin, OFCF and ROIC and support attractive dividends for shareholders.”

TPG Telecom intends to host an investor day later in 2025 at which the Company will provide more information about its commercial and financial outlook and capital management objectives post the transaction. Timing of the investor day will be subject to the approval process and certainty of completion timing for the transaction.

FY25 guidance

Assuming no material change in operating conditions and excluding material one-offs[5], in FY25 TPG Telecom expects:

- EBITDA to be between $1,950 million and $2,025 million
- Cash capital expenditure excluding spectrum payments to be approximately $900 million

EBITDA guidance for FY25 reflects TPG Telecom's expectation that continued growth in Service Revenue and flattening operating costs will offset the initial financial impact of the regional network sharing agreement and the revenue impacts of changes to the structure of a key enterprise internet of things contract.

Guidance is for the entire TPG Telecom business, including assets proposed to be sold to Vocus.

TPG Telecom expects the lower capital expenditure and improved working capital trends to drive a strong improvement in OFCF performance in FY25.

Webcast details

TPG Telecom will present its results via webcast followed by a question-and-answer session at 10.30am (Sydney time), on Friday, 28 February 2025.

Webcast link: https://loghic.eventsair.com/155201/774247/Site/Register

A replay of the webcast will be made available on the TPG Telecom website after the event.

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Contact

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Footnotes:
1. Service Revenue excludes revenue from handsets, accessories and other hardware products.
2. Excludes any material one-off impact arising from events such as transactions, redundancy restructuring, mergers and acquisitions, disposals, impairments and any other items as determined by the Board and management. FY23 restated to no longer treat $38 million of transformation costs (pre-tax) as material one-offs.
3. Cash flow from operations less capital expenditure (excluding spectrum payments) and lease payments.
4. NOPAT adjusted to remove customer base amortisation expense and material one-offs (subject to discretion of the Board), divided by average invested capital excluding goodwill, brand and customer base intangibles. FY23 restated to no longer treat $38 million of transformation costs (pre-tax) as material one-offs.
5. Guidance is subject to no material change in operating conditions and excludes any material one-off impact arising from events such as transactions, redundancy restructuring, mergers and acquisitions, disposals, impairments and any other items as determined by the Board and management. Separation costs of $80 million to $120 million related to the proposed sale of fixed network infrastructure assets and EGW Fixed operations to Vocus Group will be included within material one-offs in FY25.
6.FY23 restated to no longer treat $38 million of transformation costs (pre-tax) as material one-offs. This impacts operating expense, EBITDA (guidance basis), material one-offs (other), NPAT (guidance basis), EPS (LTIP basis), OFCF and ROIC.
7. EPS (LTIP basis) is statutory NPAT adjusted by adding back customer base amortisation and material one-offs (subject to the discretion of the Board), divided by weighted number of shares on issue.
8. $100m cost reduction is the gross efficiency prior to the impact of inflation and is expected to be delivered over two to four years post the completion of the sale of the fibre and EGW Fixed assets; excludes material one-offs (including but not limited to transition and separation costs relating to the fibre/EGW Fixed transaction).