



TPG Telecom Limited
Annual General Meeting - 3 May 2022
Chairman's Address

It is my pleasure to speak to you this afternoon at TPG Telecom's 2022 Annual General Meeting.

I would like start by thanking our shareholders for supporting and investing in TPG Telecom.

2021 was a year of change and opportunity for TPG Telecom, as we responded to headwinds and strengthened our competitive position.

Today, we own and operate Australia's second largest fixed network and are the fastest growing 5G network in Australia, reaching more than 90 percent of the population across the nation's 12 largest cities.

We added more than 1,000 5G sites in 2021 and will roll out another 1,000 by the end of this year.

In 2021, TPG Telecom delivered EBITDA of \$1.73 billion and a strong cash flow performance.

Financial discipline and merger integration synergies offset reduced margins from NBN services and lower mobile revenues resulting from travel restrictions and the COVID operating environment.

Efficiencies in spectrum investment, management of working capital and reduced borrowing costs, enabled the board to approve an interim dividend of 8.0 cents per share and a final dividend of 8.5 cents per share, both fully franked.

This is up from 7.5 cents per share for the 2020 final dividend.

The Board is confident of continuing to reward shareholders with dividends consistent with our policy of paying out at least 50 percent of adjusted net profit after tax.

In 2021 the company also made good progress against its Sustainability Strategy.

Our commitment to power our Australian operations with 100 percent renewable electricity by 2025 remains on track.

And the Board and I were pleased to see our company formally commit to setting a science-based target to reach net zero greenhouse gas emissions by no later than 2050.

We also welcomed the release of TPG Telecom's 2021 Sustainability Report and the launch of our 2021-2023 Gender Action Plan.

In closing, the outlook for your company and operating environment remains positive.

TPG Telecom has entered 2022 in a strong financial position and is ready to capitalise on the positive momentum in its fixed and mobile subscriber base.



Our recently announced network sharing deal with Telstra, which remains subject to ACCC approval, has the potential to provide greater customer choice and market competition in regional areas.

And the Executive Leadership team led by our CEO Iñaki Berroeta has the balance of telecoms and broader experience required to drive more value for TPG Telecom's customers and shareholders.

I wish to thank for their contributions, my fellow directors, our CEO and executive team, the people of TPG Telecom – and of course you, our shareholders, whose continued support is helping create more value and competition in Australia's telecommunications sector.

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CEO and Managing Director's Address

I'd like to begin by acknowledging and thanking our shareholders for their continued support.

I would also like to thank all of our people at TPG Telecom who, since our merger, have navigated the uncertainty of COVID, and changing market conditions with incredible resilience, focus and commitment.

FINANCIAL PERFORMANCE

As noted at our results in February, 2021 was marked by significant headwinds as COVID and natural disasters continued to create uncertainty for communities and business.

Despite these challenges, TPG Telecom built a solid financial foundation that has positioned us to capitalise on new market opportunities as businesses and consumers seek greater value from their telecommunications provider.

Service revenue for 2021 was \$4.39 billion, which was slightly down compared with 2020 pro forma results. This was mostly due to the decline in mobile subscribers as COVID restrictions continued to impact international travel to and from Australia.

While there was an overall decline in mobile subscribers over the year, by the end of 2021, we started to see positive momentum returning to the business.

That positive momentum has now resulted in us adding approximately 70,000 mobile subscribers in the first quarter of 2022, our strongest growth in several years.

We expect the rate of growth to moderate in the second quarter, which is normally a lower growth month, but we are increasingly confident about the fundamental settings of our mobile business as we look to the future.

In fixed broadband, we continued to grow our customer base as more Australians embrace our fixed wireless offerings.

Some 95,000 customers have now signed up to our fixed wireless home broadband services, which continue to be recognised as providing a great value, no fuss, alternative to the NBN.

We know customers are embracing this as an NBN alternative because two out of every three customers switching across to our fixed wireless services are in fact former NBN customers.

While short-term growth in fixed wireless may be slower as a result of modem supply constraints arising from the pandemic, we are taking mitigating action and continuing to target at least 160,000 fixed wireless subscribers by the end of 2022.



Our family of household telco brands also continued their industry leadership position in customer satisfaction.

We were delighted to be acknowledged in Canstar Blue's Telco Awards for 2021 as we received awards for Outstanding Value in the Phone on a Plan and NBN Plan categories.

Those accolades have continued in 2022 with Vodafone recently winning the 'Outstanding Value Phone on a Plan' award; TPG winning the 'Outstanding Value NBN Plans' award; and iiNet taking home the 'Outstanding Value Prepaid Mobile Plans' award.

We were also pleased to see our felix mobile brand pick up the Canstar Green Excellence Award for 2022 for its commitment to sustainability.

Felix was the first telco brand in Australia to be powered by 100% renewable electricity, certified carbon neutral by Climate Active and was recognised for planting more than 290,000 trees on behalf of its customers.

In the year ahead we will finalise our renewable energy purchasing strategy for the whole of TPG Telecom and are committed to engaging with suppliers capable of helping us meet our future renewable electricity requirements.

These awards and our ambitions for future growth would not be possible without the commitment of our retail, call centre, and corporate teams who continue to deliver great value and service to our customers.

Working together during a year of challenging market conditions, they have helped us build a diverse, inclusive and flexible workplace we can be proud of.

I am pleased to confirm our most recent Employee Survey, measuring our employees' experience of our values and culture from April to October 2021, increased by four percentage points to 76%.

While we are encouraged by the increase, we acknowledge there is more to be done and have set clear internal targets for the road ahead, with our Values Alignment Index forming part of the short-term incentive measure of Executive and senior leadership remuneration.

ENTERPRISE UPDATE

We have also had a pleasing start to 2022 in our Wholesale, Enterprise and Government business, which is another vital growth area for us.

In December 2021 we refreshed our brand and go-to-market strategy for business customers and set an aspiration to build an Enterprise and Government division that could deliver revenue of \$1 billion in 2025, compared with about \$700 million today.

I'm pleased to say we are making great progress in this area, with a number of large customer wins as we build our credentials to be the number one communications provider for business innovation, choice and value.

Our ambitions in enterprise are underpinned by four key pillars of growth.



One: growing core enterprise connectivity services, as we have done with recent customer wins including Qantas and NAB.

Two: winning greater share of small businesses in fixed and mobile via enhanced cross-selling and digital sales channels.

Three: expanding our capabilities in network managed services and security in areas such as SD-WAN which has been taken up by organisations like the Master Builders Association.

Four: enhanced IoT and private networks solutions – an area that will accelerate with increased 5G uptake.

STRATEGY AND GUIDING PRINCIPLES

While our 2021 result reflected a year in which we established strong foundations for growth – 2022 and beyond will be the years in which we achieve our true potential.

We have entered 2022 with renewed focus and a refreshed set of guiding principles to deliver on our strategy and to provide greater competition and choice to more Australians than ever before.

Our strategy has the strong support of the Board and will guide the company as it consolidates its post-merger benefits, wins market share in key fixed and mobile markets, and delivers innovation to deliver the best telecommunications service and customer experience for as many Australians as possible.

The first of our refreshed guiding principles is to Integrate and Simplify. This is about creating a lean company that integrates brands, technology, infrastructure, processes and people as one.

The second is to Win Smart. This means focusing our investments where a clear infrastructure advantage, increased utilisation opportunity, or valuable adjacency exists.

And the third is to Maximise our Potential. This is about developing an efficient and scalable business model, creating a vibrant and dynamic competitor in the telco industry.

These principles extend across everything we do at TPG Telecom – from how we go to market, to how we operate, and how we capitalise on the opportunities of being a full-service telecommunications company.

We are intending to hold an investor day in late June, at which we will provide shareholders with more detail about how our strategy is evolving.

MOCN AND 5G INVESTMENT

There is no better demonstration of our refreshed set of guiding principles than our recently announced network sharing agreement with Telstra.

This ground-breaking deal – which remains subject to regulatory approval – will provide mobile customers in regional Australia with more choice than ever before.



Under the agreement, TPG Telecom's family of brands will gain access to Telstra's 4G mobile network across 3,700 regional sites, boosting our mobile network coverage to 98.8 per cent of Australia's population. And as 5G is rolled out, TPG will also gain access to the 5G network within this regional coverage area.

This will make us a real choice for the more than four million customers in the regional coverage zones and millions more in the cities who need quality mobile coverage when they travel to the country.

This agreement is a game-changer for TPG Telecom and our customers and creates a new competitive environment for mobile services in Australia.

Importantly, the network sharing agreement is in addition to our continued accelerated investment into our own 5G network, which now has around 1,300 sites and will reach around 2,000 5G sites by the end of the year.

TOWERS UPDATE AND OUTLOOK

As seen with our network sharing agreement, we will continue to explore opportunities to drive higher asset utilisation through greater infrastructure sharing – delivering capital efficiency across the industry to keep overall costs lower and allow us to pass those benefits to customers.

We are nearing the finalisation of our strategic review of our mobile phone towers and rooftop sites. We see this as a potential opportunity to unlock value and will update the market on the process when it is complete.

In conclusion, the outlook for the market, our industry, consumers and TPG Telecom remains positive and we are very optimistic about the opportunities 2022 will bring.

Having made the necessary changes to simplify our company, our executive leadership team has established TPG Telecom as one of Australia's largest full-service telecommunications providers, delivering greater competition and choice to more Australians than ever before.

We have entered the year with confidence. The headwinds of the past are lessening, and the momentum in subscriber growth and our ongoing delivery of cost savings are expected to deliver a strong result in 2022 as we target the early delivery of \$125 million to \$150 million of cost synergies.

We look forward to bringing the competitive might and value of our brands to market, as we continue to meet the connectivity needs of consumers and businesses across the country.

Thank you, to you, our shareholders.

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