



TPG Telecom records solid HY21 result

Driven by merger synergy realisation and integration benefits

Highlights

- Strong progress on integration and strategic priorities during foundational year post-merger
- Ahead on 2021 5G coverage target
- Total fixed broadband subscriber base increased to 2.2 million
- Launched 5G home wireless, tripled 4G home wireless customer base
- Merger synergy program on track with \$38 million in cost synergies delivered in six months
- Reported revenue of \$2.63 billion, EBITDA of \$886 million and NPAT of \$76 million
- Declared interim dividend of 8 cents per share

Friday 20 August 2021 – TPG Telecom Limited (ASX: TPG) (TPG Telecom) today released solid results for the six months ended 30 June 2021 that demonstrate the benefits of the merger as the company completes its foundational phase of integration.

TPG Telecom Chief Executive Officer Iñaki Berroeta said the company had delivered for shareholders, despite external factors presenting significant challenges.

“The group’s EBITDA result is pleasing and demonstrates a solid underlying performance achieved through the realisation of \$38 million in merger cost synergies and strong commercial management,” Mr Berroeta said.

“In an environment with continued headwinds from COVID-19, NBN margin erosion and the new RBS levy, and residual challenges from the merger delay and 5G vendor restrictions, we are performing well.

“Through the groundwork we have laid across the company over the past year since the merger, we are now in a stronger position to take advantage of our growth potential.

“With 7.5 million consumer and business services, the largest family of owned telco brands in Australia, and a valuable portfolio of infrastructure assets, there is enormous potential to drive greater shareholder returns and exceptional customer experiences.”

Mr Berroeta said the company had made good progress on its strategic priorities for 2021.

“We are seeing rapid early growth in NBN alternatives with our 4G home wireless customer base more than tripling in the first six months of the year, and we will build on this following the launch of our 5G home wireless in June,” he said.

“Our mobile network is better than ever through our fast-tracked 5G rollout and combined spectrum deployment, and this will support mobile and home wireless growth as 5G reaches scale in major cities by the end of the year.

“We have built good momentum in Enterprise, with strong growth in our own Fast Fibre as well as NBN products, and signing iconic Australian and global brands.”



Financial performance

The group's reported revenue increased 71 per cent from HY20 to \$2.63 billion and reported EBITDA increased by 67 per cent to \$886 million, as the HY20 results only had four days' contribution from TPG Corporation.

On a pro forma basis, which calculates figures to simulate what the group's results would have been if the merger had been effective throughout HY20, revenue decreased by 3 per cent from \$2.71 billion and EBITDA decreased by 3 per cent from \$918 million.

Reported NPAT for HY21 was \$76 million, a decrease of 8 per cent from \$83 million in HY20 although this was impacted by the fact that HY20 NPAT benefitted from a \$226 million one-off accounting credit to income tax expense. Underlying NPAT decreased 6 per cent to \$132 million compared to HY20 pro forma NPAT.

The TPG Telecom Board has declared an interim dividend of 8 cents per share.

Strong start for on-net strategy with growth in NBN alternatives

The group's strategy to improve fixed broadband margins through growth in on-net products is building momentum. On-net subscribers increased 12 per cent to 154,000 in the six months. This comprises customers on the group's own home wireless, FTTB, HFC and VDSL networks.

The group's total fixed broadband customer base increased in the six months by 23,000 to 2.20 million, including 1.95 million NBN customers. The NBN customer base increased by 48,000 in the period.

Mobile subscriber trends improving

Returning to mobile subscriber growth continues to be a key focus with new price plans and promotional activity across the company's three major mobile brands - Vodafone, TPG and iiNet.

TPG Telecom is confident its mobile business, which has been impacted by factors including COVID restrictions, will return to growth when Australian borders reopen and its 5G network reaches scale in the major cities.

Postpaid mobile subscriber declines started to flatten in HY21, with the customer base ending the period at 3.19 million, a 1.8 per cent decrease in the half-year.

The prepaid mobile subscriber base ended the period at 1.91 million, a 3.4 per cent decline in the half-year.

Excluding the impact of reduced international roaming revenue and interconnect rate changes, postpaid ARPU for HY21 was \$36.0, a 1.6 per cent decline vs HY20, while prepaid ARPU was \$17.7, a 12.7 per cent increase vs HY20.

The group's total mobile subscriber base was 5.11 million as at 30 June 2021.



Merger synergy program on track

TPG Telecom has delivered \$38 million in cost synergies during HY21 as part of its \$70 million merger synergy target for 2021, excluding home wireless and revenue synergies.

The savings arose from migrating iiNet mobile customers onto the group's network, optimising network backhaul and transit arrangements, eliminating certain duplicated costs and streamlining other operating expenses.

Additionally, during HY21 TPG Telecom renegotiated its \$5.25 billion debt facilities with improved margins and extended maturity dates.

A stronger, smarter 5G network

TPG Telecom is expecting to surpass its 5G rollout target of 85 per cent population coverage in the top six cities in 2021, by reaching this milestone in four additional regions.

The company is now expecting to reach 85 per cent population coverage on the Gold Coast, Sunshine Coast, NSW Central Coast and in Wollongong by the end of the year, in addition to Sydney, Melbourne, Brisbane, Adelaide, Perth and Canberra.

5G coverage is currently available in more than 700 suburbs and more than 750,000 5G-enabled devices are on the network.

The company is building a smarter 5G network through innovative technologies and processes, including pre-assembling hundreds of 5G sites in a factory for a faster, cheaper and more sustainable rollout.

Strategic assets review

TPG Telecom advises it is undertaking a strategic review of its telecommunications tower assets.

The company operates a mobile network of 5,800 rooftops and towers, and owns the passive infrastructure on around 1,200 of those sites. The majority of those 1,200 sites are in metro areas and have a high average tenancy ratio.

Demand for telecommunications infrastructure assets is strong, and TPG Telecom has commenced this review to obtain a preliminary market assessment.

While the company is continually seeking opportunities to maximise shareholder value, it has not made any commitment in relation to these assets.

A more responsible and sustainable business

TPG Telecom has demonstrated its increased commitment to becoming a more sustainable and responsible business.

The company has committed to powering Australian operations by 100 per cent renewable electricity



by 2025, introduced vaccination leave, and harmonised employee benefits across pre-merger entities including its Super Bump to help bridge the gender gap in superannuation balances.

Looking ahead

TPG Telecom enters the second half of 2021 in a strengthened position following solid progress on integration activities and its strategic priorities.

The company is on track to reach 85 per cent 5G population coverage in ten of Australia's largest cities and regions by the end of the year, supporting future growth in mobile and home wireless.

The company's key strategic focus areas for the second half of 2021 are bringing more fixed customers onto its own infrastructure, lifting its impact in the enterprise and government market, improving mobile performance and achieving its \$70 million merger cost synergy target for 2021.

As an enabler of long-term growth, TPG Telecom will continue to focus on embedding its culture, growing leadership capability, and supporting customers and employees through COVID-19.

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About TPG Telecom: TPG Telecom is an Australian telecommunications company which is home to some of Australia's most-loved telecommunications brands including Vodafone, TPG, iiNet, AAPT, Internode, Lebara and felix. TPG Telecom owns and operates mobile and fixed networks that are connecting Australia for the better.

Media contact: Head of Corporate Media Relations, Jen Zemek, 0451 123 307, jennifer.zemek@vodafone.com.au

Investor relations enquiries: investor.relations@tpgtelecom.com.au