

**TPG TELECOM LIMITED (ASX: TPM)**

**FINANCIAL RESULTS COMMENTARY**

**YEAR ENDED 31 JULY 2011**

**TPG Telecom reports 40% increase in earnings**

The directors of TPG Telecom Limited have today reported the Group's financial results for the year ended 31 July 2011 ("FY11"), which include a 40% increase in the Group's Net Profit After Tax to \$78.2m.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 37% to \$234.0m, compared to the Group's guidance range of \$225m-\$230m.

Strong organic subscriber growth in the Group's core consumer broadband business has continued with a net increase in the year of 59,000 subscribers (comprising 77,000 On-Net growth, partially offset by a decline in lower margin Off-Net subscribers). The On-Net broadband and home phone bundle has continued to be the major growth driver, adding 98,000 subscribers during the year.

The PIPE Networks business has also continued to grow strongly. Its first full 12 months as part of the Group has contributed \$57.2m to the FY11 EBITDA result, which has been driven by continued strong domestic revenue growth. Its network rollout for the Vodafone Hutchison Australia contract, which will increase PIPE's domestic fibre footprint by approximately 60%, is progressing well to schedule.

Other features of the Group's FY11 financial results include:

- Earnings per share ("EPS") increased by 33% to 10.1 cents per share;
- EPS, excluding the impact of intangible amortisation expense, was 14.3 cents per share;
- The Group's strong cashflow enabled it to reduce its bank debt by \$100m in the year;
- The Group's debt to annual EBITDA leverage ratio at 31 July 2011 has been reduced to less than 1.0 times.

During the first quarter of FY12 the Group will formally complete its acquisition of 100% of the shares in IntraPower Limited, whose "Trusted Cloud" platform will complement the Group's extensive network infrastructure and enable further products and services to be offered to the Group's customers.

TPG's Board of Directors has declared a final FY11 dividend of 2.25 cents per share (fully franked), payable on 22 November 2011 to shareholders on the register at 18 October 2011, bringing total FY11 dividends to 4.5 cents per share. For this dividend, the directors again invite shareholders to reinvest in the Company through its Dividend Reinvestment Plan, for which the discount will be 2.0%.

David Teoh  
Executive Chairman  
20 September 2011