

## TPG TELECOM LIMITED (ASX: TPM)

### FINANCIAL RESULTS COMMENTARY

#### HALF YEAR ENDED 31 JANUARY 2012

## TPG Telecom reports 65% increase in half year earnings

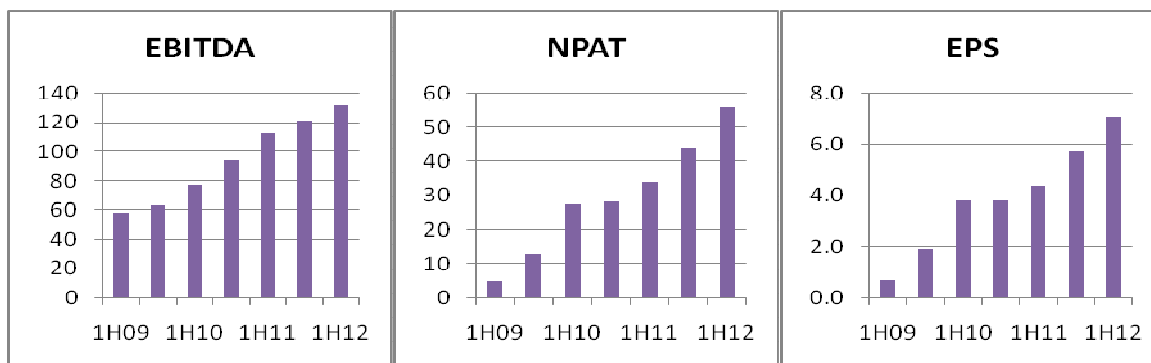
- **EBITDA up 17%**
- **EPS up 61%**
- **7th consecutive half year of earnings growth**

TPG Telecom Limited has today announced its financial results for the half year ended 31 January 2012 ("1H12"), which include Net Profit After Tax ("NPAT") of \$55.7m, an increase over 1H11 of 65%.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") for the half year increased by 17% to \$131.9m, leaving the Group well positioned to achieve its EBITDA guidance range for the full year of \$250m-\$260m.

Earnings per share ("EPS") increased by 61% to 7.1 cents per share. EPS, excluding the impact of intangible amortisation expense, was 8.7 cents per share.

These strong results represent the Group's 7<sup>th</sup> consecutive half year of growth in reported EBITDA, NPAT, and EPS.



### Consumer business

Organic subscriber growth in the Group's consumer broadband business has continued to be driven by TPG's award winning ADLS2+ with Home Phone bundle plans, which grew by 49,000 bundle subscribers during the half year. The increase in bundle subscribers was partially offset by a decline in standalone on-net (23,000) and off-net (7,000) subscribers, such that the total net increase in TPG's consumer broadband subscribers for the 6 months was 19,000.

Since launching its Super Value Mobile Plans with unlimited calls to TPG Mobiles and Home Phone in September 2011, TPG's mobile business has shown increased momentum, achieving a net growth of 21,000 mobile subscribers in the 6 months, taking its total mobile subscriber numbers to 222,000.

### **Corporate business**

During the half year the Group created a Corporate division comprising the corporate, government and wholesale businesses of TPG, Soul, and PIPE. Each of these businesses is adopting PIPE as its brand. The Corporate division has delivered excellent first half results, providing 44% of the Group's total EBITDA.

The fibre network expansion continues with an additional 417km installed during the half, representing a 26% increase over 31 July 2011, to a total of 2,264km.

### **Cashflow**

The Group's cashflow for the period was also very strong; \$146.6m cash was generated from operations (pre-tax). After tax, interest and capital expenditure, the Group had free cash flow of \$76.6m.

The free cashflow enabled the Group to repay \$26m of debt in the period, as well as to fund the acquisition of an established cloud business and to purchase shares in iiNet.

The Group re-financed its debt facility during the half year, securing improved pricing and extending the term of the facility to March 2015. The amended facility has a limit of \$300m (in addition to a \$20m working capital facility) of which \$103m is currently undrawn. The Group's debt to annual EBITDA leverage ratio has now been reduced to less than 0.8 times with \$126m of debt having been repaid in the 18 months to January 2012.

### **Dividend**

In light of the strength of the Group's cashflows and earnings growth, the Board of Directors has also declared an increase in the interim FY12 dividend by 22% to 2.75 cents per share (fully franked), payable on 22 May 2012 to shareholders on the register at 17 April 2012. The directors have decided to suspend the Dividend Reinvestment Plan (DRP) until further notice and, accordingly, the DRP will not apply to this dividend.

David Teoh  
Executive Chairman  
20 March 2012