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ASX Market Announcements

Australian Securities Exchange

Date: 10 June 2025

Subject: Off-market takeover bid by HTABV — target's statement

We attach, by way of service pursuant to item 14 of section 633(1) of the *Corporations Act 2001* (Cth), a copy of the target's statement of Hutchison Telecommunications (Australia) Limited (ASX:HTA) (**HTAL**) in response to the off-market takeover bid by Hutchison Telecommunications (Amsterdam) B.V. (**HTABV**) for all of the ordinary shares in HTAL.

Yours sincerely,

SDKeskar

Swapna Keskar
Joint Company Secretary

AUTHORISED FOR RELEASE: By the Independent Board Committee

For further information, please contact the shareholder information line on 1800 134 068 (for calls made from within Australia) or +61 1800 134 068 (for calls made from outside Australia). The shareholder information line is available Monday to Friday (excluding public holidays) between 8.30am and 5.30pm (Sydney time).

This is an important document and requires your immediate attention.

If you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser immediately.

Hutchison Telecommunications (Australia) Limited

ACN 003 677 227

Target's Statement

This Target's Statement has been issued in response to the off-market takeover bid made by Hutchison Telecommunications (Amsterdam) B.V., an indirect wholly owned subsidiary of CK Hutchison Holdings Limited, for all the fully paid ordinary shares in Hutchison Telecommunications (Australia) Limited.

The Independent Board Committee unanimously recommends that you **ACCEPT** the Offer from Hutchison Telecommunications (Amsterdam) B.V., in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable.

FINANCIAL ADVISER

Barrenjoey
Partnering with BARCLAYS

LEGAL ADVISER

HERBERT SMITH FREEHILLS KRAMER

Important notices

Nature of this document

This document is a Target's Statement issued by Hutchison Telecommunications (Australia) Limited ACN 003 677 227 (**HTAL**) under Part 6.5 Division 3 of the Corporations Act in response to the off-market takeover bid made by Hutchison Telecommunications (Amsterdam) B.V. (**HTABV**), an indirect wholly owned subsidiary of CK Hutchison Holdings Limited (**CKHH**), for all the fully paid ordinary shares in HTAL.

A copy of this Target's Statement was lodged with ASIC and given to ASX on 10 June 2025. Neither ASIC nor ASX nor any of their respective officers take any responsibility for the content of this Target's Statement.

Key dates

Date of HTABV's Offer	5 June 2025
Date of this Target's Statement	10 June 2025
Close of HTABV's Offer Period (unless extended or withdrawn)	7.00pm (Sydney time) on 7 July 2025

HTAL shareholder information line

HTAL has established a shareholder information line which HTAL Shareholders may call if they have any queries in relation to HTABV's Offer. The telephone number for the shareholder information line is 1800 134 068 (for calls made from within Australia) or +61 1800 134 068 (for calls made from outside Australia). The shareholder information line is available Monday to Friday (excluding public holidays) between 8.30am and 5.30pm (Sydney time). Calls to the shareholder information line may be recorded.

Defined terms

A number of defined terms are used in this Target's Statement. These terms are explained in section 8.1 of this Target's Statement.

In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

No account of personal circumstances

This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. You should seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Disclaimer as to forward-looking statements

Some of the statements appearing in this Target's Statement (including in the Independent Expert's Report) may be in the nature of forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which HTAL operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement. None of HTAL, HTAL's officers and employees, any persons named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this Target's Statement (including in the Independent Expert's Report) reflect views held only as at the date of this Target's Statement.

Disclaimer as to information

The information on HTABV, CKHH and CKHH Group contained in this Target's Statement has been prepared by HTAL using publicly available information. The information in the Target's Statement concerning HTABV, CKHH and CKHH Group has not been independently verified by HTAL. Accordingly, HTAL does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Maps and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the Last Practicable Date.

Privacy

HTAL has collected your information from the HTAL register of shareholders for the purpose of providing you with this Target's Statement. The type of information HTAL has collected about you includes your name, contact details and information on your shareholding in HTAL. Without this information, HTAL would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to HTAL's related bodies corporate and external service providers (such as the share registry of HTAL and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by HTAL, please contact MUFG Corporate Markets (AU) Limited at the address shown in the Corporate Directory of this Target's Statement. HTAL's privacy policy is available at https://hutchison.com.au/privacy-statement/.

The registered address of HTAL is Level 27, Tower Two, International Towers Sydney, 200 Barangaroo Avenue, Barangaroo, NSW 2000.

Letter from the Chair of the Independent Board Committee

Dear HTAL Shareholders

The Independent Board Committee unanimously recommends that you ACCEPT the Offer from Hutchison Telecommunications (Amsterdam) B.V., in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable

You should have recently received a Bidder's Statement from Hutchison Telecommunications (Amsterdam) B.V. (**HTABV**), an indirect wholly owned subsidiary of CK Hutchison Holdings Limited (**CKHH**), containing an off-market takeover bid to acquire all your shares in Hutchison Telecommunications (Australia) Limited ACN 003 677 227 (**HTAL**) for $0.032 cash per HTAL Share (the **Offer**).

An Independent Board Committee has been formed to ensure your interests are protected

HTABV already owns approximately 87.87% of all HTAL Shares. Accordingly, we have taken appropriate steps to ensure HTAL Shareholders' interests are protected, including the formation of a special Board committee of HTAL's Independent Directors (the **Independent Board Committee**) to evaluate and respond to the Offer. The Independent Board Committee comprises Justin Herbert Gardener and John Michael Scanlon.

This Target's Statement sets out HTAL's formal response to the Offer and the recommendations provided in this Target's Statement are provided by the Independent Board Committee only.

Recommendation of the Independent Board Committee

The Independent Board Committee has carefully considered the Offer to assess whether it is in the best interests of HTAL Shareholders. The Independent Board Committee unanimously recommends that you **ACCEPT** the Offer, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable.

The key reasons for this recommendation are as follows:

1. The Independent Expert has concluded that the Offer is fair and reasonable, in the absence of a superior proposal.
2. The Offer provides certain and immediate cash consideration at an attractive premium to both recent HTAL trading prices and the Independent Expert's valuation range.
3. In relation to the proposed sale of TPG Telecom's fibre and fixed EGW assets to Vocus, the Independent Expert has observed that there is no certainty of how and the extent to which the net proceeds will be distributed and, notwithstanding, has included the total $4.7 billion estimated proceeds in its valuation of TPG Telecom shares and therefore the HTAL Share value.
4. If you do not accept the Offer and remain an HTAL Shareholder, you will continue to be subject to the risks associated with an investment in HTAL.

5. As at the date of this Target's Statement, no superior proposal has emerged and it is highly unlikely that a superior proposal from a third party will emerge.
6. The HTAL Share price may fall if the Offer is not successful, in the absence of a superior proposal.
7. There is very limited liquidity in HTAL Shares, which may inhibit your ability to sell your entire holding of HTAL Shares in the future.
8. You will not be required to pay brokerage fees if you accept the Offer and have an Issuer Sponsored Holding.

These reasons are further detailed in section 1 of this Target's Statement.

In considering the Offer, HTAL Shareholders should be aware that there are a number of risks associated with either accepting the Offer or rejecting the Offer and continuing to hold HTAL Shares. Selected risks related to accepting or rejecting the Offer are set out in section 5.10 of this Target's Statement.

Conclusion of the Independent Expert

The Independent Board Committee appointed KPMG Financial Advisory Services (Australia) Pty Ltd as an Independent Expert to give an independent opinion as to whether HTABV's Offer is fair and reasonable to HTAL Shareholders.

The Independent Expert has concluded that the Offer is fair and reasonable, in the absence of a superior proposal.

A copy of the Independent Expert's Report is contained in Attachment 1 to this Target's Statement.

The Independent Board Committee recommends that HTAL Shareholders read the Independent Expert's Report in full before making a decision as to whether or not to accept the Offer.

Further information

The Independent Board Committee will continue to keep you fully informed of key developments in relation to the Offer. All HTAL announcements are available on our website at https://hutchison.com.au.

For further details, please don't hesitate to call our shareholder information line on 1800 134 068 (for calls made from within Australia) or +61 1800 134 068 (for calls made from outside Australia). The shareholder information line is available Monday to Friday (excluding public holidays) between 8.30am and 5.30pm (Sydney time).

Yours sincerely

Justin Herbert Gardener
Chair, Independent Board Committee
Hutchison Telecommunications (Australia) Limited

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1.1 The Independent Board Committee unanimously recommends that you ACCEPT the Offer, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable

The Independent Board Committee has carefully considered the Offer to assess whether it is in the best interests of HTAL Shareholders.

The Independent Board Committee unanimously recommends that you **ACCEPT** the Offer, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable.

Subject to the same qualifications, each Independent Director intends to accept the Offer in respect of all HTAL Shares held or controlled by them or held on their behalf.

1.2 The Independent Expert has concluded that the Offer is fair and reasonable, in the absence of a superior proposal

The Independent Expert, KPMG Financial Advisory Services (Australia) Pty Ltd, has considered the terms of the Offer and concluded that the Offer is fair and reasonable, in the absence of a superior proposal.

The Independent Expert has reached this conclusion because the Offer Consideration of $0.032 cash per HTAL Share exceeds the Independent Expert's assessed valuation range of $0.009 to $0.022 per HTAL Share.

The factors that led the Independent Expert to conclude that the Offer is reasonable, in addition to its valuation of HTAL Shares, are set out in sections 3.4 and 3.5 of the Independent Expert's Report.

A copy of the Independent Expert's Report is contained in Attachment 1 to this Target's Statement.

The Independent Board Committee recommends that HTAL Shareholders read the Independent Expert's Report in full before making a decision as to whether or not to accept the Offer.

1.3 The Offer provides certain and immediate cash consideration at an attractive premium to both recent HTAL trading prices and the Independent Expert's valuation range

The Independent Board Committee considers the Offer Consideration to provide attractive and certain value for HTAL Shareholders that, together with the other benefits of the Offer as outlined in this section 1, outweigh the benefits of remaining an HTAL Shareholder.

If you accept the Offer, and the Offer becomes unconditional, you will be paid the Offer Consideration of $0.032 cash for each HTAL Share you hold on or before the earlier of:

- one month after you accept the Offer or, if at the time of your acceptance the Offer remains subject to a condition, one month after the Offer becomes unconditional; and
- 21 days after the end of the Offer Period (7.00pm (Sydney time) on 7 July 2025).

The Independent Board Committee notes the Offer Consideration represents an attractive premium based on HTAL's historical trading prices prior to the announcement of the Offer, despite there being no change of control in HTAL (given HTABV already controls HTAL as its 87.87% majority shareholder).

The Offer Consideration of $0.032 cash per HTAL Share represents a premium of:

- 52.4% to the closing price of HTAL Shares on 21 May 2025, being the last trading day prior to the announcement of the Offer, of $0.021;
- 39.1% to the 1-month volume weighted average price (**VWAP**) up to and including 21 May 2025 of $0.023;
- 39.1% to the 3-month VWAP to and including 21 May 2025 of $0.023; and
- 33.3% to the 6-month VWAP up to and including 21 May 2025 of $0.024.

The Independent Board Committee also notes the Offer Consideration represents an attractive premium of 45.5% to 255.6% to the Independent Expert's valuation range of $0.009 to $0.022 per HTAL Share.

In addition, HTAL Shareholders should note that the principal activity of HTAL is the ownership of a combined 25.05% equity interest in TPG Telecom Limited (**TPG Telecom**). An investment in HTAL is therefore an indirect investment in TPG Telecom. HTAL Shareholders that wish to maintain an investment in TPG Telecom may consider directly purchasing shares in TPG Telecom, which is listed on ASX, although the Independent Board Committee makes no recommendation in that regard.

1.4 In relation to the proposed sale of TPG Telecom's fibre and fixed EGW assets to Vocus, the Independent Expert has observed that there is no certainty of how and the extent to which the net proceeds will be delivered and, notwithstanding, has included the total $4.7 billion estimated proceeds in its valuation of TPG Telecom shares and therefore the HTAL Share value

On 14 October 2024, TPG Telecom announced the sale of its fibre network infrastructure assets and Enterprise, Government and Wholesale (**EGW**) fixed business, including Vision Network, to Vocus Group Limited (**Vocus**), for an enterprise value of $5.25 billion (including a potential $250 million contingent value payment) (**Vocus Transaction**).[1]

On 20 March 2025, TPG Telecom announced that the Vocus Transaction had received clearance from the Australian Competition and Consumer Commission.[2]

On 7 May 2025, at the TPG Telecom 2025 Annual General Meeting, TPG Telecom management noted:

- the Vocus Transaction is expected to complete in the second half of 2025, subject to regulatory approval and other conditions precedent; and
- the net proceeds of the Vocus Transaction, expected to be approximately $4.65–$4.75 billion in cash, create optionality for TPG Telecom as it looks to put in place the optimal capital structure to reward existing shareholders and attract new ones.[3]

In relation to this statement and the potential impact of the Vocus Transaction on HTAL, the Independent Expert has observed that:

[1] TPG Telecom, ASX Announcement: 'TPG Telecom agrees sale of fibre and fixed EGW assets to Vocus', 14 October 2024.

[2] TPG Telecom, ASX Announcement: 'TPG Telecom welcomes ACCC clearance of sale of fibre and fixed EGW assets to Vocus', 20 March 2025.

[3] TPG Telecom, ASX Announcement: '2025 Annual General Meeting — Addresses and Presentation', 7 May 2025.

- whilst the Vocus Transaction is likely to complete, there is no guarantee of this taking place; and
- if the Vocus Transaction does complete, there is no certainty of how and the extent to which the net proceeds will be distributed to TPG Telecom shareholders (including H3GAH and VHAH) and, in turn, HTAL Shareholders.

Notwithstanding the above uncertainty, the Independent Expert has included the total expected proceeds of the Vocus Transaction (estimated at $4.7 billion in cash) in its valuation of HTAL Shares.

1.5 If you do not accept the Offer and remain an HTAL Shareholder, you will continue to be subject to the risks associated with an investment in HTAL

HTAL has exposure to a number of risks including financial risks, strategic risks and risks related to HTAL's operations. Section 3.5 of this Target's Statement sets out a description of these general risks which may affect the future operating and financial performance of HTAL and the value of HTAL Shares, including the risks associated with HTAL's investment in TPG Telecom and HTAL's funding of VHAH. You will continue to be exposed to these risks if you remain an HTAL Shareholder.

There are other potentially adverse consequences of remaining an HTAL Shareholder, which are set out in section 5.10(b) of this Target's Statement.

1.6 As at the date of this Target's Statement, no superior proposal has emerged and it is highly unlikely that a superior proposal from a third party will emerge

As at the date of this Target's Statement, no superior proposal to the Offer has emerged.

The Independent Board Committee is, as at the date of this Target's Statement, not aware of, and has not received, any superior proposal.

In light of HTABV already owning approximately 87.87% of all HTAL Shares, the Independent Board Committee considers that it is highly unlikely that a superior proposal from a third party will emerge.

1.7 The HTAL Share price may fall if the Offer is not successful, in the absence of a superior proposal

While there are many factors that influence the price and value of HTAL Shares, the Independent Board Committee anticipates that, in the absence of a superior proposal, the HTAL Share price may fall if HTABV acquires less than 96.97% of all HTAL Shares such that HTABV does not become entitled to proceed with post-takeover compulsory acquisition in accordance with the Corporations Act.

See section 5.9(a) of this Target's Statement for further information.

1.8 There is very limited liquidity in HTAL Shares, which may inhibit your ability to sell your entire holding of HTAL Shares now or in the future

There is very limited liquidity in HTAL Shares and no certainty as to the price at which you may be able to sell some or all of your HTAL Shares, now or in the future, if HTABV's Offer does not proceed, particularly if you hold less than a marketable parcel of HTAL

Shares.[4] In the 12-month period to 21 May 2025 (being the last trading day prior to the announcement of the Offer), the cumulative volume of HTAL Shares traded on ASX represented approximately less than 1% of all HTAL Shares on issue.

The average daily HTAL Share price in the 12-month period to 21 May 2025 is $0.027 and the median during this period was $0.027.

HTABV's Offer represents a significant liquidity event allowing you to immediately monetise your investment in HTAL at a certain cash value, in circumstances where you may (depending on the size of your shareholding) presently face limited opportunities to sell your entire holding of HTAL Shares, or may only do so at a discount to the prevailing HTAL Share price.

1.9 You will not be required to pay brokerage fees if you accept the Offer and have an Issuer Sponsored Holding

If your HTAL Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to HTABV, you will not be required to pay any brokerage fees if you accept HTABV's Offer.

If your HTAL Shares are registered in a CHESS Holding, or if you are a beneficial owner whose HTAL Shares are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transaction fees.

Regardless of the type of holding you have, it is possible that brokerage charges (and, potentially GST on those charges) would be incurred if you dispose of your HTAL Shares other than under HTABV's Offer.

[4] Under the Listing Rules, a 'marketable parcel' means a parcel of securities worth not less than $500.

2 Frequently asked questions

This section 2 answers some frequently asked questions about the Offer. It is not intended to address all relevant issues for HTAL Shareholders. This section 2 should be read together with all other parts of this Target's Statement.

Question		Answer
1	**What is this Target's Statement and why have I received this document?**	This Target's Statement is the formal response of HTAL to the Offer as overseen by the Independent Board Committee and required by the Corporations Act. This document contains important information regarding the Offer and should be read in its entirety. You have received this Target's Statement because you are an HTAL Shareholder. This Target's Statement includes the unanimous recommendation of the Independent Board Committee to **ACCEPT** the Offer, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable.
2	**Who is making the Offer?**	The bidder under the Offer is Hutchison Telecommunications (Amsterdam) B.V. (**HTABV**), an indirect wholly owned subsidiary of CK Hutchison Holdings Limited. HTABV already owns approximately 87.87% of all HTAL Shares. See section 4 of the Bidder's Statement for more information on HTABV.
3	**Who is CK Hutchison Holdings Limited?**	CK Hutchison Holdings Limited (**CKHH**) is a multinational conglomerate incorporated in the Cayman Islands with its principal place of business in Hong Kong, and whose shares are listed on The Stock Exchange of Hong Kong Limited. CKHH operates four core business divisions in about 50 countries/markets: ports and related services, retail, infrastructure and telecommunications (as well as finance and investments and other operations). CKHH is the majority shareholder of HTAL, owning 87.87% of HTAL Shares via HTABV. See section 4 of the Bidder's Statement for more information on CKHH.
4	**How do I accept the Offer?**	See section 10.3 of the Bidder's Statement for information on how to accept the Offer.

Question		Answer
5	**How do I reject the Offer?**	To reject the Offer, simply do nothing. If you wish to reject the Offer, you should take no action in relation to all correspondence from HTABV regarding the Offer.
6	**What is HTABV's Offer for my HTAL Shares?**	HTABV is offering $0.032 cash for each HTAL Share.
7	**What choices do I have as an HTAL Shareholder?**	As an HTAL shareholder, you have the following choices in respect of your HTAL Shares: • accept the Offer (subject to the conditions of the Offer); • sell your shares on the ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or • do nothing and reject the Offer. If you are in any doubt or need advice about what you should do given your particular circumstances, you should contact your broker, financial adviser, legal adviser or other professional adviser.
8	**Why is there an Independent Board Committee?**	The Independent Board Committee is required because a number of the Directors are, or have been, officers of the CKHH Group and/or have been nominated to the Board by the CKHH Group. The Independent Board Committee comprises the Independent Directors, who are independent of the CKHH Group. The establishment of the Independent Board Committee ensures the independence of the advice given to shareholders in this Target's Statement.
9	**What is the Independent Board Committee recommending?**	The Independent Board Committee unanimously recommends that you **ACCEPT** the Offer, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable.
10	**What is the Independent Expert's opinion of the Offer?**	The Independent Expert has concluded that the Offer is fair and reasonable, in the absence of a superior proposal. A copy of the Independent Expert's Report is contained in Attachment 1 to this Target's Statement. The Independent Board Committee recommends that HTAL Shareholders read the Independent Expert's Report in full before making a decision as to whether or not to accept the Offer.

Question		Answer
11	**What are the consequences of accepting the Offer now?**	If you accept the Offer, unless withdrawal rights become available (see below), you will give up your right to sell your HTAL Shares on the ASX or otherwise deal with your HTAL Shares while the Offer remains open and conditional.
12	**If I accept the Offer, can I withdraw my acceptance?**	No. You may only withdraw your acceptance if, while the Offer remains conditional, HTABV varies the Offer in a way that postpones the time when HTABV is required to meet its obligations under the Offer by more than one month.
13	**When does the Offer close?**	The Offer is scheduled to close at 7.00pm (Sydney time) on 7 July 2025, unless extended as required or permitted by the Corporations Act.
14	**What are the conditions to the Offer?**	The Offer is conditional upon a number of matters contemplated by the terms of the Offer outlined in section 10.6 of the Bidder's Statement, being: • HTABV and its Associates together having relevant interests in at least 97% of all HTAL Shares; • no 'prescribed occurrence' occurs in relation to HTAL between the date of the Bidder's Statement and the end of the Offer Period; and • HTAL does not make, determine as payable or declare any dividend between the date of the Bidder's Statement and the end of the Offer Period. See section 5.1 of this Target's Statement for further details. Subject to the Corporations Act, HTABV may choose to waive any of the conditions to the Offer in accordance with the terms of the Offer set out in the Bidder's Statement.
15	**What happens if the conditions of the Offer are not satisfied or waived?**	If the conditions of the Offer are not satisfied or waived before the Offer closes, the Offer will lapse. If you had accepted the Offer you will not receive the Offer Consideration, but once the Offer lapses, you will be free to deal with your HTAL Shares.
16	**Can HTABV withdraw the Offer?**	HTABV may only withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent. However, if the Offer closes and some or all of the conditions of the Offer are not satisfied (and have not been waived by HTABV), then the Offer will lapse and your acceptance will be void.

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Question		Answer
17	**Does HTABV already have an interest in HTAL Securities?**	As set out in the Bidder's Statement, HTABV already owns approximately 87.87% of HTAL Shares. CKHH's total voting power in HTAL is 88.48%. See section 7.3 of this Target's Statement for further details.
18	**What are the prospects of a superior proposal?**	Given 87.87% of HTAL Shares are owned by HTABV, the Independent Board Committee considers that it is highly unlikely that a superior proposal from a third party will emerge. If any superior proposal or other competing offer for HTAL emerges, HTAL Shareholders will be informed through an announcement to the ASX. Please note that if you have already accepted the Offer, you will be unable to accept any competing offer unless the Offer lapses first.
19	**What happens to my shares if I do nothing?**	You will remain a shareholder of HTAL. If you choose to reject the Offer, HTABV may be entitled to compulsorily acquire your HTAL Shares on the same terms as the Offer if, during or at the end of the Offer Period, HTAL and its Associates have relevant interests in at least 90% (by number) of HTAL Shares and HTABV and its Associates have acquired at least 75% (by number) of the HTAL Shares that are the subject of the Offer. These thresholds will be satisfied if HTABV acquires at least 96.97% of all HTAL Shares.
20	**Can I be forced to sell my HTAL Shares?**	You cannot be forced to sell your HTAL Shares unless HTABV compulsorily acquires your HTAL Shares. HTABV may be entitled to compulsorily acquire your HTAL Shares on the same terms as the Offer if, during or at the end of the Offer Period, HTAL and its Associates have relevant interests in at least 90% (by number) of HTAL Shares and HTABV and its Associates have acquired at least 75% (by number) of the HTAL Shares that are the subject of the Offer. These thresholds will be satisfied if HTABV acquires at least 96.97% of all HTAL Shares. If HTABV compulsorily acquires the outstanding HTAL Shares, you will receive the same consideration for your HTAL Shares that you would have received under the Offer, although it will take longer for you to receive such consideration. For more information about compulsory acquisition, refer to section 5.9 of this Target's Statement.

Question		Answer
21	**Can I accept the Offer for only some of my HTAL Shares?**	No. The terms of the Offer state that you may only accept the Offer in respect of all your HTAL Shares. However, if you hold one or more parcels of HTAL Shares as trustee or nominee, you may accept the Offer as if a separate offer had been made in relation to each of those parcels and any parcel you hold in your own right. See section 10.9 of the Bidder's Statement for further details.
22	**When will I be paid if I accept the Offer?**	If you accept the Offer, and the Offer becomes unconditional, you will be paid the Offer Consideration on or before the earlier of: • one month after you accept the Offer or, if at the time of your acceptance the Offer remains subject to a condition, one month after the Offer becomes unconditional; and • 21 days after the end of the Offer Period (7.00pm (Sydney time) on 7 July 2025).
23	**What are the tax implications of accepting the Offer?**	A general outline of the tax implications of accepting the Offer is set out in section 6 of this Target's Statement. As the outline is general in nature and not intended to constitute tax advice to HTAL Shareholders, you should seek your own independent advice on the tax implications applicable to your specific circumstances.
24	**Who should I call if I have any questions?**	HTAL Shareholders should call 1800 134 068 (for calls made from within Australia) or +61 1800 134 068 (for calls made from outside Australia). The shareholder information line is available Monday to Friday (excluding public holidays) between 8.30am and 5.30pm (Sydney time).

3 Overview of HTAL

3.1 Overview

HTAL is an Australian public company listed on ASX, the principal activity of which is the ownership of a combined 25.05% equity interest in TPG Telecom.

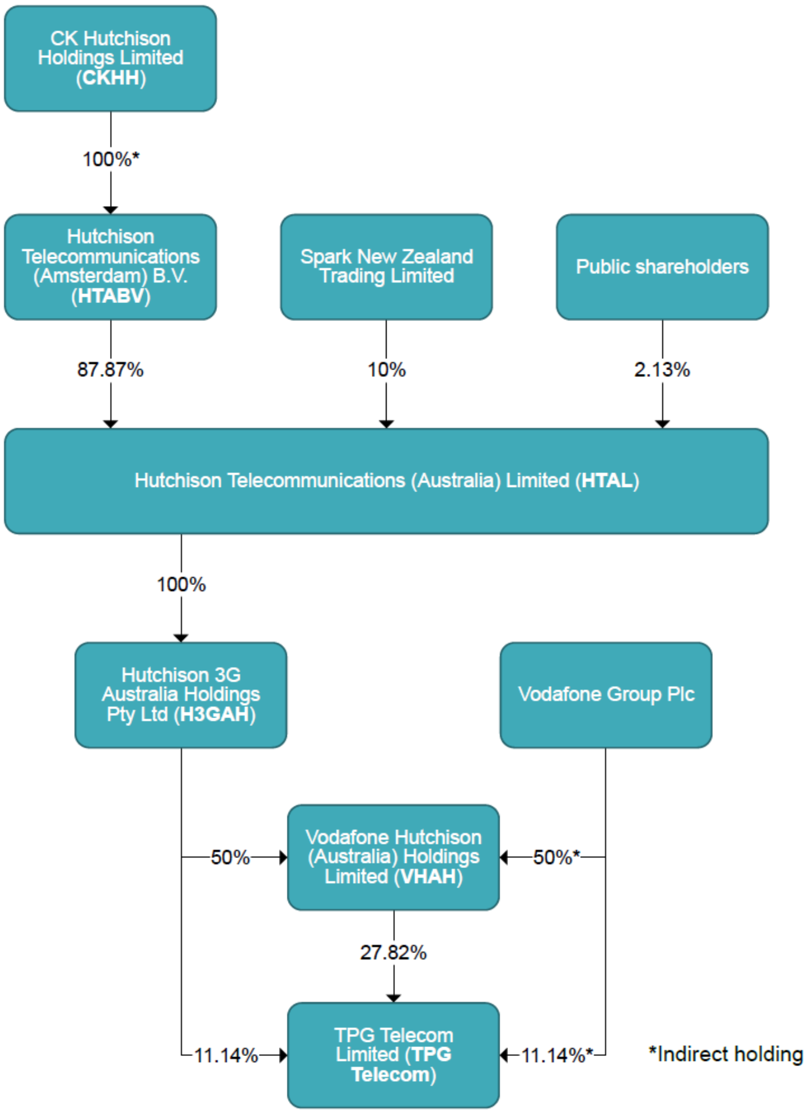
TPG Telecom is an Australian public company listed on ASX that provides telecommunications services to consumers, business, enterprise, government and wholesale customers in Australia.

HTAL’s equity interest comprises an 11.14% interest directly held by Hutchison 3G Australia Holdings Pty Limited (**H3GAH**), a wholly owned subsidiary of HTAL, and an attributed 13.91% interest indirectly held by H3GAH through Vodafone Hutchison (Australia) Holdings Limited (**VHAH**), a company domiciled in the United Kingdom in which H3GAH has a 50% shareholding. VHAH has a direct 27.82% interest in TPG.

CKHH is the majority shareholder of HTAL, owning 87.87% of HTAL Shares via HTABV.

Company history	
1999	HTAL was listed on the ASX
2003	HTAL launched Australia’s first 3G service under the 3 brand
2009	HTAL’s operations were merged with Vodafone Australia to form Vodafone Hutchison Australia Pty Limited (**VHA**)
2020	VHA merged with TPG Corporation Limited (formerly TPG Telecom Limited) creating the present TPG Telecom

3.2 Ownership structure



3.3 Board of directors of HTAL

The Board comprises:

- Frank John Sixt (Chairman) (also alternate to Lai Kai Ming, Dominic);
- Barry Roberts-Thomson (Deputy Chairman);
- Steven Paul Allen;
- Susan Mo Fong Chow, also known as Woo Mo Fong Susan (alias Chow Woo Mo Fong, Susan);
- Justin Herbert Gardener;
- Lai Kai Ming, Dominic (also alternate to Frank John Sixt);
- John Michael Scanlon; and
- Woo Chiu Man, Cliff.

Each of the Directors, other than the Independent Directors, is, or has been, an officer or employee of the CKHH Group of which HTABV forms part and/or has been nominated to the Board by the CKHH Group. Accordingly, these Directors have a potential conflict of interest in relation to the Offer.

See section 4.1 of this Target's Statement for further information about how the Independent Directors are protecting the interests of HTAL Shareholders in relation to the Offer.

3.4 Financial information

Comprehensive financial information about HTAL can be found on the ASX website at www.asx.com.au or the HTAL website at https://hutchison.com.au. This includes copies of HTAL's historical consolidated financial statements for FY24, FY23 and FY22, which can be found in:

- the 2024 HTAL annual report (released to ASX on 28 March 2025);
- the 2023 HTAL annual report (released to ASX on 28 March 2024); and
- the 2022 HTAL annual report (released to ASX on 29 March 2023).

3.5 Selected risks associated with an investment in HTAL

(a) Overview

There are risks which are specific to HTAL and other risks which apply to similar investments generally, which may materially and adversely affect the future operating and financial performance of HTAL and the price or value of HTAL Shares.

The risks described in this section 3.5 are not the only risks that HTAL faces. This section 3.5 does not purport to be, nor should it be construed as representing, an exhaustive summary of the risks associated with an investment in HTAL.

Other risks may not be known to HTAL and some currently believed to be immaterial may subsequently turn out to be material. One or more or a combination of these risks could materially impact HTAL's businesses, its operating and financial performance, the price or value of HTAL Shares or the dividends (if any) paid in respect of HTAL Shares.

(b) Risks associated with HTAL's investment in TPG Telecom

HTAL's sole activity is its investment in TPG Telecom. Therefore, the material business and operational risks to which HTAL Shareholders will continue to be exposed if they reject the Offer and retain their current investment in HTAL are those associated with an investment in TPG Telecom. Information in respect of TPG Telecom, including such risks, may be accessed via TPG Telecom's separate disclosures available on the ASX website at www.asx.com.au and on the TPG Telecom website www.tpgtelecom.com.au.

HTAL has not identified any material exposure of HTAL to environmental and social risks.

(c) Risks associated with HTAL's funding of VHAH

As outlined in section 3.2 of this Target's Statement, HTAL owns 50% of the shares in VHAH through its wholly owned subsidiary H3GAH, with the other 50% being indirectly owned by Vodafone Group Plc (**Vodafone**). In November 2023, VHAH entered into a $4.9 billion three-year Multicurrency Syndicated Facility Agreement (**MSFA**) with a syndicate of lenders. The facilities were fully drawn in November 2023 and will mature in

November 2026. Further details in relation to the MSFA are set out in the 2024 HTAL annual report.

Under the shareholders' agreement between HTAL and Vodafone (amongst others) in respect of VHAH, if the cash flows of VHAH's business are insufficient to fund VHAH and VHAH is unable to obtain additional funding from third party commercial lenders on commercially reasonable terms, the shareholders of VHAH (including HTAL's wholly owned subsidiary H3GAH) are required to contribute additional funds to VHAH.

There is no guarantee that VHAH will be able to meet its liabilities, including making the required repayments under the MSFA, without making such funding calls on its shareholders. If such funding calls are made, there is no guarantee that HTAL will be able to meet the calls from its existing cash reserves, or at all. If HTAL cannot meet the calls from its existing cash reserves, it may need to raise additional funds, which could include undertaking an equity raising that is dilutive to existing HTAL Shareholders.

HTAL's ability to raise funds from either debt or equity sources in the future depends on a number of factors, including the state of debt and equity markets, the general economic and political climate and the performance, reputation and financial strength of HTAL. Changes to any of these underlying factors could lead to an increase in the cost of funding, limit the availability of funding, and increase the risk that HTAL may not be able to raise additional funds to meet a funding call from VHAH.

3.6 Publicly available information about HTAL

HTAL is a disclosing entity (as that term is defined in the Corporations Act) and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. Copies of documents lodged with ASX by HTAL may be obtained from the ASX website at www.asx.com.au.

4 Recommendation of the Independent Board Committee

4.1 Independent assessment of the Offer

Each of the Directors, other than the Independent Directors, is, or has been, an officer or employee of the CKHH Group of which HTABV forms part, and/or has been nominated to the Board by the CKHH Group. Accordingly, these Directors have a potential conflict of interest in relation to the Offer (the **Conflicted Directors**). In broad terms, three measures have been taken to protect the interests of minority HTAL Shareholders.

- In recognition of the potential conflict, a special Board committee comprising only the Independent Directors was established to evaluate and respond to the Offer. This is called the Independent Board Committee, which comprises Justin Herbert Gardener and John Michael Scanlon.
- The Independent Board Committee considered how best to manage the potential conflict, bearing in mind that the Conflicted Directors' input and insights on company matters is highly regarded by the Independent Directors. This led to the Independent Board Committee and the Conflicted Directors agreeing on a number of protocols that govern the responsibilities of the Independent Board Committee, the appointment of advisers and the provision of information to the Conflicted Directors in relation to HTAL and the Offer. The Independent Board Committee considers that these arrangements are in the best interests of HTAL Shareholders and ensure the independence of the advice given to HTAL Shareholders in this Target's Statement, as well as equal access to material information for all HTAL Shareholders.
- In addition, as required by the Corporations Act whenever the bidder has voting power in excess of 30% and/or where the bidder and the target company have a director in common, the Independent Expert, KPMG Financial Advisory Services (Australia) Pty Ltd, has been appointed to give a report on whether, in its view, the Offer is fair and reasonable. A copy of the Independent Expert's Report is contained in Attachment 1 to this Target's Statement. The Independent Board Committee recommends that HTAL Shareholders read the Independent Expert's Report in full before making a decision as to whether or not to accept the Offer.

4.2 Independent Board Committee recommendation

For the reasons set out in section 1 of this Target's Statement, the Independent Board Committee unanimously recommends that you **ACCEPT** the Offer, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable.

Each of the Conflicted Directors, being Frank John Sixt, Barry Roberts-Thomson, Lai Kai Ming, Dominic, Steven Paul Allen, Susan Mo Fong Chow and Woo Chiu Man, Cliff, has declined to make a recommendation on whether the Offer should be accepted given the potential conflict of interest described in section 4.1 of this Target's Statement.

5 Key features of the Offer

5.1 Conditions to the Offer

The Offer is subject to a number of conditions. Those conditions are set out in full in section 10.6 of the Bidder's Statement.

Subject to the Corporations Act, at any time when the Offer is open, HTABV may choose to waive certain conditions of the Offer, declare the Offer unconditional and/or extend the Offer Period.

In summary, the conditions of the Offer which are yet to be satisfied or waived are the following:

(a) (**Minimum 97% relevant interest**) HTABV and its Associates together have relevant interests (disregarding any relevant interests that HTABV or any of its Associates have merely because of the operation of section 608(3) of the Corporations Act) in at least 97% of all HTAL Shares (even if subsequently HTAL and its Associates cease together to have relevant interests in at least 97% of all HTAL Shares as a result of any issue of further HTAL Shares);

(b) (**No prescribed occurrences**) no 'prescribed occurrence' occurs in relation to HTAL between the date of the Bidder's Statement and the end of the Offer Period. The prescribed occurrences are listed in section 10.6(b) of the Bidder's Statement; and

(c) (**No dividends**) between the date of the Bidder's Statement and the end of the Offer Period (each inclusive), HTAL does not make, determine as payable or declare any dividend.

5.2 Effect of non-satisfaction of conditions on the Offer

If any condition of the Offer is not satisfied or waived by HTABV by the end of the Offer Period, then the Offer will lapse and not proceed, you will retain your HTAL Shares and you will not receive the Offer Consideration.

Even if the conditions of the Offer are not satisfied (or are triggered, as appropriate), HTABV has reserved the right to waive the 97% minimum acceptance condition and any other conditions of the Offer. If any condition of the Offer is not satisfied (or has been triggered) and has not been waived, HTABV will have an option as to whether to waive the non-satisfaction of the condition or allow the Offer to lapse with unsatisfied conditions. If the Offer lapses, all acceptances under the Offer will be void and of no effect.

5.3 Status of conditions of the Offer

Section 10.7(d) of the Bidder's Statement states that HTABV will give a notice of status of conditions to the ASX and HTAL on 26 June 2025.

HTABV is required to set out in its notice of status of conditions:

- whether the Offer is free of any or all the conditions;
- whether, so far as HTABV knows, any of the conditions have been fulfilled; and
- HTABV's voting power in HTAL.

If the Offer Period is extended by a period before the time by which the notice of status of conditions is to be given, the date for giving the notice of status of conditions will be taken to be postponed for the same period. In that case, HTABV is required, as soon as practicable after the extension, to give a notice to the ASX and HTAL that states the new date for the giving of the notice of status of conditions.

If a condition is fulfilled (so that the Offer becomes free of that condition) during the bid period but before the date on which the notice of status of conditions is required to be given, HTABV must, as soon as practicable, give the ASX and HTAL a notice that states that the particular condition has been satisfied or waived.

5.4 Variation of the Offer

Subject to the Corporations Act, HTABV may increase the Offer Consideration or extend the Offer Period at any time up until the end of the Offer Period.

If HTABV increases the Offer Consideration, any HTAL Shareholder who has already accepted the Offer will be entitled to receive the amount of the increase on their HTAL Shares.

5.5 If you sell your HTAL Shares on market, you will not receive any improved Offer Consideration

If you sell your HTAL Shares on market and HTABV subsequently improves the Offer Consideration, you will not be entitled to the benefit of that improved Offer Consideration. This differs from accepting the Offer as, in that case, accepting HTAL Shareholders will be entitled to receive the increased Offer Consideration.

5.6 Withdrawal of the Offer

HTABV may only withdraw the Offer with ASIC's written consent and subject to the conditions (if any) specified in such consent. However, if the Offer closes and some or all the conditions of the Offer are not satisfied (and have not been waived by HTABV), then the Offer will lapse and all acceptances will be void. Any withdrawal of the Offer must be announced by HTABV to ASX.

5.7 Effect of acceptance of the Offer

The effect of acceptance of the Offer is set out in sections 10.4 and 10.5 of the Bidder's Statement. You should read these provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your HTAL Shares and the representations and warranties which you will be giving HTABV by accepting the Offer. In particular, accepting the Offer will prevent you from selling your HTAL Shares during the Offer Period unless your acceptance can be withdrawn (see below).

5.8 Withdrawal of your acceptance of the Offer

If you accept the Offer, you will only be able to withdraw your acceptance in limited circumstances. You may only withdraw your acceptance of the Offer if HTABV varies the Offer in a way that postpones, for more than one month, the time when HTABV needs to meet its obligations under the Offer. This will occur if HTABV extends the Offer Period by more than one month and the Offer is still subject to conditions.

5.9 Compulsory acquisition

(a) **Compulsory acquisition following the Offer**

HTABV states in section 6.2 of the Bidder's Statement that, if it becomes entitled to proceed with post-takeover compulsory acquisition in accordance with the Corporations Act, it intends to compulsorily acquire any HTAL Shares it does not already own.

If you choose to reject the Offer, HTABV may be entitled to compulsorily acquire your HTAL Shares on the same terms as the Offer if, during or at the end of the Offer Period, HTAL and its Associates have relevant interests in at least 90% (by number) of HTAL Shares and HTABV and its Associates have acquired at least 75% (by number) of the HTAL Shares that are the subject of the Offer. These thresholds will be satisfied if HTABV acquires at least 96.97% of all HTAL Shares.

HTAL Shareholders have statutory rights to challenge any compulsory acquisition, but a successful challenge will require the relevant shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for the HTAL Shares. If HTAL Shares are compulsorily acquired, HTAL Shareholders who have their HTAL Shares compulsorily acquired are likely to become entitled to their consideration approximately 5 to 6 weeks after the compulsory acquisition notices are dispatched to them.

(b) **Future compulsory acquisition by HTABV**

Even if HTABV does not satisfy the compulsory acquisition threshold referred to in section 5.9(a) of this Target's Statement, it is possible that HTABV will, at some time after the end of the Offer Period, become the beneficial holder of 90% of HTAL Shares.

HTABV would then be able to compulsorily acquire HTAL Shares not owned by it within six months of becoming the holder of 90% of HTAL Shares. The price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert at the relevant time.

5.10 Risks related to accepting or rejecting the Offer

In considering the Offer, HTAL Shareholders should be aware that there are a number of risks associated with either accepting the Offer or rejecting the Offer and continuing to hold HTAL Shares.

The risks set out in this section 5.10 do not take into account the individual investment objectives, financial situation, position or particular needs of HTAL Shareholders.

In addition, these risks are general in nature only and do not cover every risk that may be associated with an investment in HTAL now or in the future, or arising from the sale of your HTAL Shares.

(a) **Selected risks associated with accepting the Offer**

(1) *Possible appreciation of HTAL Shares in the future*

By accepting the Offer, you may forego any ability to sell your HTAL Shares in the future for a higher price than the Offer Consideration, although the Independent Board Committee can give no assurances and makes no forecast as to whether this will occur.

(2) *Possibility of superior proposal emerging*

A superior proposal may emerge (however, given 87.87% of HTAL Shares are owned by HTABV, the Independent Board Committee considers that it is highly unlikely that a superior proposal from a third party will emerge).

By accepting the Offer, you will not be able to accept any superior proposal that may be made. As such, you may not be able to obtain any potential benefit associated with any such superior proposal.

(3) *Taxation consequences of accepting the Offer*

The taxation consequences of disposing of your HTAL Shares pursuant to the Offer depend on a number of factors and your particular circumstances. You should seek your own specific professional tax advice as to the taxation implications applicable to your circumstances.

(4) *Foregoing potential dividends or other returns on HTAL Shares*

By accepting the Offer, you will also forego any potential dividends or other returns on your HTAL Shares in the future, although the Independent Board Committee similarly can give no assurances and makes no forecast as to whether these will occur.

In particular, in relation to the potential impact of the Vocus Transaction on HTAL, HTAL Shareholders should note the Independent Expert has observed that:

- whilst the Vocus Transaction is likely to complete, there is no guarantee of this taking place; and
- if the Vocus Transaction does complete, there is no certainty of how and the extent to which the net proceeds will be distributed to TPG Telecom shareholders (including H3GAH and VHAH) and, in turn, HTAL Shareholders.

See section 1.4 of this Target's Statement for further information in relation to the Vocus Transaction.

(b) **Selected risks associated with rejecting the Offer**

Rejecting the Offer may have the following risks, depending on the outcome of the Offer, in addition to those general risks applicable to an investment in HTAL (as described in section 3.5 of this Target's Statement).

(1) *Compulsory acquisition*

If HTABV and its Associates become entitled to exercise compulsory acquisition rights, you may be compelled to sell your HTAL Shares to HTABV. For post-takeover compulsory acquisition, this would be at the same price as under the Offer, but you may not receive the consideration for some time.

Refer to section 5.9 of this Target's Statement for details of HTABV's entitlement to proceed with compulsory acquisition.

(2) HTABV's intentions if no compulsory acquisition

In section 6.3 of the Bidder's Statement, HTABV states that it has not yet formed any intentions in respect of the corporate matters, employees, business or other matters of HTAL in a scenario where HTABV does not obtain a relevant interest in at least 97% of the HTAL Shares and does not become entitled to compulsorily acquire the remaining HTAL Shares. Further, HTABV states that it has not made any decision on whether it would waive the 'Minimum 97% relevant interest' condition in section 10.6(a) of the Bidder's Statement.

Notwithstanding the above, HTAL Shareholders should be aware that, given HTABV already owns approximately 87.87% of all HTAL Shares, it is possible that HTABV could seek to have ASX delist HTAL in the future.

The delisting of HTAL would require ASX consent. ASX guidance states that delisting in these circumstances would generally require approval of HTAL Shareholders by special resolution, where HTABV would be excluded from voting on such a resolution for 12 months after the end of the Offer Period, amongst other things.

If HTAL is delisted, you may find it is more difficult to sell your HTAL Shares. The protections available to shareholders under the Listing Rules will no longer be available to HTAL Shareholders if HTAL is delisted. Further, if HTAL is delisted with 50 shareholders or less, HTAL will no longer be subject to the takeover provisions in Chapter 6 of the Corporations Act, and you may not have the opportunity to participate in any future transactions in respect of HTAL Shares.

Further, if your HTAL Shares are not acquired under the Offer and/or via compulsory acquisition and HTAL Shares remain listed on ASX, it may be more difficult for you to sell your HTAL Shares due to very limited liquidity in HTAL Shares, as set out in section 1.8 of this Target's Statement.

6 Taxation considerations for HTAL Shareholders

6.1 Introduction

This section 6 is a general description of the Australian income tax and GST consequences for HTAL Shareholders relating to the Offer. It is general in nature and is not intended to constitute tax advice to HTAL Shareholders. Accordingly, each HTAL Shareholder should seek independent professional advice in relation to their own particular circumstances.

The information in this section 6 below deals only with the taxation implications for HTAL Shareholders who hold their HTAL Shares on capital account. It does not address the taxation implications for HTAL Shareholders who:

- hold their HTAL Shares for the purposes of speculation or a business of dealing in securities (e.g. as trading stock) or who otherwise hold their HTAL Shares on revenue account; or
- have made any of the tax timing method elections pursuant to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their HTAL Shares;
- are subject to the Investment Manager Regime under Division 842 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their HTAL Shares; or
- acquired their HTAL Shares pursuant to an employee share or option plan.

HTAL Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of accepting the Offer.

The information in this section 6 is based on the Australian law and administrative practice in effect as at the date of this Target's Statement.

6.2 Australian resident shareholders

(a) HTAL Shareholders who accept the Offer

Acceptance of the Offer, if it becomes unconditional, will involve the disposal by HTAL Shareholders of their HTAL Shares by way of transfer to HTABV. This change in the ownership of the HTAL Shares will constitute a CGT event for Australian CGT purposes.

The date of disposal for CGT purposes will be the date the contract to dispose of the HTAL Shares is formed, which is the date of acceptance of the Offer. The conditions to the Offer are conditions subsequent to the formation of a contract. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period, prevent a contract to sell the HTAL Shares arising on acceptance. Accordingly, the date of disposal is not affected by the Offer being subject to one or more conditions subsequent as the Offer is accepted.

(b) Compulsory acquisition

If an HTAL Shareholder does not dispose of their HTAL Shares under the Offer and their HTAL Shares are subsequently compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, those HTAL Shareholders will also be treated as having disposed of their HTAL Shares for CGT purposes.

The date of disposal for CGT purposes will be the date when HTABV becomes the owner of the HTAL Shares.

(c) **Calculation of capital gain or capital loss**

HTAL Shareholders will make a capital gain to the extent that their capital proceeds from the disposal of the HTAL Shares are more than the cost base of those HTAL Shares. Conversely, HTAL Shareholders will make a capital loss to the extent that their capital proceeds are less than their reduced cost base of those HTAL Shares.

The cost base of the HTAL Shares generally includes the cost of acquisition and certain non-deductible incidental costs of their acquisition and disposal. The reduced cost base of the HTAL Shares is usually determined in a similar, but not identical, manner.

The capital proceeds of the CGT event will equal the Offer Consideration received by the HTAL Shareholder in respect of the disposal of their HTAL Shares.

If the HTAL Shares were acquired at or before 11.45am (Sydney time) on 21 September 1999, an HTAL Shareholder who is an individual, a complying superannuation entity or the trustee of a trust may choose to adjust the cost base of the HTAL Shares to include indexation by reference to changes in the consumer price index from the calendar quarter in which the HTAL Shares were acquired until the quarter ended 30 September 1999. HTAL Shareholders which are companies will include that indexation adjustment if their HTAL Shares were acquired at or before 11.45am (Sydney time) on 21 September 1999. These indexation adjustments are taken into account only for the purposes of calculating a capital gain; they are ignored when calculating the amount of any capital loss.

Individuals, complying superannuation entities or trustees which have held their HTAL Shares for at least 12 months should be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of HTAL Shares by 50% in the case of individuals and trusts or by 33⅓% for complying superannuation entities. For trusts, the ultimate availability of the discount may depend on a beneficiary's entitlement to the discount. Companies are not entitled to discount the amount of the capital gain.

Capital gains (prior to any CGT discount) and capital losses of a taxpayer in an income year are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to satisfaction of loss recoupment tests for certain taxpayers).

6.3 Non-resident shareholder

For an HTAL Shareholder who:

- is not a resident of Australia for Australian tax purposes; and
- does not hold their HTAL Shares in carrying on a business through a permanent establishment in Australia,

the disposal of HTAL Shares will generally only result in Australian CGT implications if:

- that HTAL Shareholder together with its associates hold 10% or more of the HTAL Shares at the time of disposal or have held 10% or more of the HTAL Shares for any continuous 12-month period within 2 years preceding the disposal; and
- more than 50% of the market value of the assets of HTAL is due to direct or indirect interests in Australian real property (referred to as an 'Indirect Australian Real Property Interest').

A non-resident HTAL Shareholder whose HTAL Shares constitute an 'Indirect Australian Real Property Interest' should obtain independent advice as to the tax implications of sale.

A non-resident HTAL Shareholder who has previously been a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident will be subject to Australian CGT consequences on disposal of the HTAL Shares as set out in section 6.2 of this Target's Statement.

HTABV is obligated to pay to the Australian Taxation Office an amount equal to 15% of the consideration payable to a non-resident HTAL Shareholder if the HTAL Shares constitute an Indirect Australian Real Property Interest.

HTABV has stated in section 8.3 of the Bidder's Statement that it does not currently expect that the HTAL Shares will constitute an Indirect Australian Real Property Interest.

Proposed changes to the non-resident CGT regime announced in the May 2024 Federal Budget could affect the determination of whether HTAL Shares constitute an Indirect Australian Real Property Interest and may result in changes to non-resident HTAL Shareholder's obligations under Australian tax law. The proposed changes should not apply to CGT events that occur before 1 October 2025 at the earliest.

6.4 Goods and services tax

HTAL Shareholders should not be liable to GST in respect of a disposal of their HTAL Shares.

HTAL Shareholders may be charged GST on costs (such as adviser fees) that relate to their participation in the Offer. HTAL Shareholders may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

7 Additional information

7.1 Interests and dealings in HTAL Shares

As at the Last Practicable Date, the Directors had the following relevant interests in HTAL Shares:

Director	Number of HTAL Shares
Frank John Sixt[5]	1,000,000
Barry Roberts-Thomson	83,918,337
Lai Kai Ming, Dominic[6]	0
Steven Paul Allen	2,040
Susan Mo Fong Chow[7]	0
Woo Chiu Man, Cliff[8]	0
Justin Herbert Gardener	1,957,358
John Michael Scanlon	0
Total	**86,877,735**

No Director has acquired or disposed of a relevant interest in any HTAL Shares in the 4-month period ending on the date immediately before the date of this Target's Statement.

Each Independent Director intends to accept the Offer in respect of all HTAL Shares held or controlled by them or held on their behalf, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable.

[5] In addition, Frank John Sixt holds a relevant interest in 166,800 ordinary shares in CKHH and 255,000 ordinary shares in Hutchison Telecommunications Hong Kong Holdings Limited (**HTHKH**), another entity in the CKHH Group.

[6] In addition, Lai Kai Ming, Dominic holds a relevant interest in 34,200 ordinary shares in CKHH.

[7] In addition, Susan Mo Fong Chow holds a relevant interest in 129,960 ordinary shares in CKHH and 250,000 ordinary shares in HTHKH.

[8] In addition, Woo Chiu Man, Cliff holds a relevant interest in 3,420 ordinary shares in CKHH and 2,001,333 ordinary shares in HTHKH.

7.2 Issued capital

As at the Last Practicable Date, HTAL's issued capital consisted of 13,572,508,577 fully paid ordinary shares.

7.3 Substantial holders

As at the Last Practicable Date, based on substantial holding notices provided to HTAL, the following persons have voting power in 5% or more of HTAL Shares:

Substantial holder	Number of HTAL Shares	Voting power
CK Hutchison Holdings Limited and its subsidiaries[9]	12,009,393,175	88.48%
Li Ka-Shing Unity Trustee Company Limited as trustee for The Li Ka-Shing Unity Trust[10]	12,009,393,175	88.48%
Vodafone Group Plc and its subsidiaries[11]	12,009,393,175	88.48%
Spark New Zealand Trading Limited and Spark New Zealand Limited	1,357,250,858	10.00%

[9] Substantial shareholding includes relevant interest arising from an equitable mortgage of shares that a wholly owned subsidiary of CKHH has over the HTAL Shares held by Leanrose Pty Limited, representing approximately 0.62% of the issued capital of HTAL. For further details, see form 603 lodged by CKHH with the ASX on 5 June 2015.

[10] Substantial shareholding arises solely because Li Ka-Shing Unity Trustee Company Limited as trustee for The Li Ka-Shing Unity Trust (**Unity Trustee**) owns more than 20% of the issued shares in CKHH and therefore has a relevant interest in the same shares in HTAL in which CKHH has a relevant interest. Li Ka-Shing Unity Trustee Company Limited as trustee for The Li Ka-Shing Unity Trust or otherwise does not hold any shares in HTAL. For further details, see form 603 lodged by Unity Trustee with the ASX on 11 June 2015.

[11] Substantial shareholding arises solely as a result of the relevant interests which Vodafone Group Plc and its subsidiaries have in shares in HTAL in which CKHH and its subsidiaries have a relevant interest. None of Vodafone Group Plc or any of its subsidiaries holds any shares in HTAL. Previously, Vodafone Group Plc's relevant interests arose under a Shareholders Agreement between Vodafone Group Plc, Hutchison Whampoa Limited (currently a subsidiary of CKHH) and other parties in relation to Vodafone Hutchison Australia Pty Limited (name changed to Vodafone Hutchison Australia Limited and then to TPG Telecom Limited) (the **VHA Shareholders Agreement**). The acquisition of the relevant interests was approved by HTAL Shareholders in April 2009. The VHA Shareholders Agreement was terminated in June 2020. At or about the time of termination of the VHA Shareholders Agreement, Vodafone Group Plc, CKHH, HTAL and other parties entered into a Shareholders Agreement in relation to VHAH (the **New Shareholders Agreement**). As a result of certain provisions in the New Shareholders Agreement, Vodafone Group Plc and its subsidiaries have a relevant interest in shares in HTAL in which CKHH and its subsidiaries have a relevant interest.

7.4 Effect of the Offer on HTAL's material contracts

To the best of the Independent Board Committee's knowledge, none of the material contracts to which HTAL is a party contain change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer.

7.5 Consents

KPMG Financial Advisory Services (Australia) Pty Ltd has given and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as HTAL's Independent Expert in the form and context it is so named and to the inclusion of the Independent Expert's Report contained in Attachment 1 to this Target's Statement. KPMG Financial Advisory Services (Australia) Pty Ltd has not caused or authorised the issue of this Target's Statement and, other than any references to its name and the Independent Expert's Report, takes no responsibility for any part of this Target's Statement.

In addition, the following persons have given, and not withdrawn before the lodgement of this Target's Statement with ASIC, their written consent to be named in this Target's Statement in the form and context in which it appears:

- Barrenjoey Advisory Pty Ltd, to being named as HTAL's financial adviser;
- Herbert Smith Freehills Kramer, to being named as HTAL's legal adviser; and
- MUFG Corporate Markets (AU) Limited, to being named as HTAL's share registrar.

None of these persons have caused or authorised the issue of this Target's Statement, and does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based (other than a statement included in this Target's Statement with the consent of that party) and takes no responsibility for any part of this Target's Statement other than any reference to its name and the statements (if any) included in the Target's Statement with the consent of that party.

As permitted by *ASIC Corporations (Takeover Bids) Instrument 2023/683*, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to the ASX, or announced on the Company Announcements Platform of the ASX. Pursuant to *ASIC Corporations (Takeover Bids) Instrument 2023/683*, consent is not required for the inclusion of such statements in this Target's Statement. Any HTAL Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) by contacting the HTAL shareholder information line on 1800 134 068 (for calls made from within Australia) or +61 1800 134 068 (for calls made from outside Australia). The shareholder information line is available Monday to Friday (excluding public holidays) between 8.30am and 5.30pm (Sydney time).

As permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72*, this Target's Statement:

- may include or be accompanied by certain statements:
  - fairly representing what purports to be a statement by an official person; or
  - that are a correct and fair copy of, or extract from, what purports to be a public official document; or

   - that are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication; and
- contains trading data sourced from IRESS provided without their consent.

7.6 No other material information

This Target's Statement is required to include all the information that HTAL Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Director.

The Directors are of the opinion that, based on information known to them as at the close of business on 9 June 2025, the information that HTAL Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is the information contained in:

- the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- HTAL's releases to the ASX, and in the documents lodged by HTAL with ASIC before the date of this Target's Statement; and
- this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, in their role as directors of HTAL, they do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the HTAL Shares;
- the matters that HTAL Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to HTAL Shareholders' professional advisers; and
- the time available to HTAL to prepare this Target's Statement.

8 Glossary and interpretation

8.1 Glossary

The meanings of the terms used in this Target's Statement are set out below.

Term	Meaning
$	Australian dollar.
ASIC	Australian Securities and Investments Commission.
Associate	has the same meaning as in sections 12(2)(b) and 12(2)(c) of the Corporations Act, where for the purposes of section 12 the 'designated body' is HTAL.
ASX	ASX Limited ACN 008 624 691 and, where the context requires, the financial market that it operates.
Bidder's Statement	the bidder's statement of HTABV dated 22 May 2025.
Board	the board of directors of HTAL.
CGT	capital gains tax.
CHESS Holding	a holding of HTAL Shares on the 'CHESS Subregister' (as defined in the Settlement Operating Rules) of HTAL.
CKHH	CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability and listed on The Stock Exchange of Hong Kong Limited.
CKHH Group	CKHH and each of its related bodies corporate, other than HTAL.
Conflicted Directors	has the meaning given in section 4.1 of this Target's Statement.
Controlling Participant	has the meaning given in the Settlement Operating Rules.

Term	Meaning
Corporations Act	the *Corporations Act 2001* (Cth) (as modified or varied by ASIC).
Director	a director of HTAL.
EGW	has the meaning given in section 1.4 of this Target's Statement.
GST	goods and services tax or similar value added tax levied or imposed in Australia under the GST Law or otherwise on a supply.
GST Law	has the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).
H3GAH	Hutchison 3G Australia Holdings Pty Limited ACN 096 549 423.
HTABV	Hutchison Telecommunications (Amsterdam) B.V., a company incorporated in the Netherlands.
HTAL	Hutchison Telecommunications (Australia) Limited ACN 003 677 227.
HTAL Share	a fully paid ordinary share in HTAL.
HTAL Shareholder	a registered holder of HTAL Shares.
Independent Board Committee	a committee of the Board comprising the Independent Directors.
Independent Directors	Justin Herbert Gardener and John Michael Scanlon.
Independent Expert	KPMG Financial Advisory Services (Australia) Pty Ltd ACN 007 363 215.
Independent Expert's Report	the independent expert's report prepared by the Independent Expert and dated 10 June 2025, a copy of which is contained in Attachment 1 to this Target's Statement.

Issuer Sponsored Holding	a holding of HTAL Shares on the 'Issuer Sponsored Subregister' (as defined in the Settlement Operating Rules) of HTAL.
Last Practicable Date	6 June 2025, being the last practicable date to prepare information before finalising this Target's Statement.
Listing Rules	listing rules of ASX (as amended or varied from time to time).
MSFA	has the meaning given in section 3.5(c) of this Target's Statement.
Offer or **HTABV's Offer**	the offer by HTABV for the HTAL Shares, which offer is contained in section 10 of the Bidder's Statement.
Offer Consideration	$0.032 cash for each HTAL Share.
Offer Period	the period during which the Offer will remain open for acceptance in accordance with section 10.2 of the Bidder's Statement.
Settlement Operating Rules	the operating rules of the settlement facility provided by ASX Settlement Pty Limited ACN 008 504 532.
Target's Statement	this document (including the attachments), being the statement of HTAL under Part 6.5 Division 3 of the Corporations Act.
TPG Telecom	TPG Telecom Limited ACN 096 304 620.
VHA	Vodafone Hutchison Australia Pty Limited, the former name of TPG Telecom.
VHAH	Vodafone Hutchison (Australia) Holdings Limited, a company domiciled in the United Kingdom.
Vocus	Vocus Group Limited ACN 084 115 499.
Vocus Transaction	has the meaning given in section 1.4 of this Target's Statement.
Vodafone	has the meaning given in section 3.5 of this Target's Statement.

VWAP	has the meaning given in section 1.3 of this Target's Statement.

8.2 Interpretation

In this Target's Statement:

(1) Other words and phrases have the same meaning (if any) given to them in the Corporations Act.

(2) Words of any gender include all genders.

(3) Words importing the singular include the plural and vice versa.

(4) An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.

(5) A reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.

(6) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.

(7) Headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.

(8) A reference to time is a reference to Sydney, Australia time.

9 Authorisation

This Target's Statement has been approved by a resolution passed by the directors of HTAL, excluding the Conflicted Directors, who abstained from voting on the resolution.

Signed for and on behalf of HTAL:

date 10 June 2025

sign here ►

print name Justin Herbert Gardener

position Independent Non-Executive Director

Attachment 1

Independent Expert's Report

KPMG Corporate Finance
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
Australian Financial Services Licence No. 246901
Level 38, International Towers Three
300 Barangaroo Avenue
Sydney NSW 2000

P O Box H67 Australia Square
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Australia

ABN: 43 007 363 215
Telephone: +61 2 9335 7621
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

The Independent Board Committee
Hutchison Telecommunications (Australia) Limited
Level 27, Tower Two
International Towers Sydney
200 Barangaroo Avenue, NSW 2000

10 June 2025

Dear Directors

Independent Expert Report and Financial Services Guide

Part One – Independent Expert's Report

1 Introduction

On 22 May 2025, Hutchison Telecommunications (Amsterdam) B.V. (**HTABV or Bidder**) (an indirect wholly-owned subsidiary of CK Hutchison Holdings Limited (**CKHH**)) announced its intention to make an off-market takeover bid for 100% of the issued shares in Hutchison Telecommunications (Australia) Limited (**HTAL**), by acquiring the 12.13% of HTAL's issued shares not already held by HTABV (the **Offer**).

Under the terms of the Offer, HTABV is offering $0.032 cash for each HTAL share. The Offer will be implemented by way of an off-market takeover bid and, if HTABV becomes entitled to do so, the post-bid compulsory acquisition process under Chapters 6 and 6A of the *Corporations Act 2001 (Cth)* (**Corporations Act**), with the outcome of that compulsory acquisition process being that HTABV will own 100% of all the HTAL shares on issue.

The conditions to the Offer are as follows:

- **Minimum 97% relevant interest:** during, or at the end of, the offer period, HTABV and its associates together have relevant interests in at least 97% of HTAL's issued shares
- **No prescribed occurrences:** there being no 'prescribed occurrences' in relation to HTAL, which includes no new equity issuances, no insolvency events or the sale of a substantial part of the business of HTAL during the period from the date of the HTABV bidder's statement (**Bidder's Statement**) until the end of the offer period, and
- **No dividends:** no dividends are declared, determined as payable, or paid during the period from the date of the Bidder's Statement and until the end of the offer period.

The Independent Board Committee (**IBC**) of HTAL has requested that KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (**KPMG Corporate Finance**) prepare an Independent Expert's Report (**IER**) providing an opinion as to whether the Offer is fair and reasonable to HTAL shareholders.

This report outlines KPMG Corporate Finance's opinion as to the merits or otherwise of the Offer. This report should be considered in conjunction with, and not independently of, the information set out in the Target Statement.

KPMG Corporate Finance's Financial Services Guide is contained in Part Two of this report.

2 Requirement of our Report

Under Section 640 of the Corporations Act, an IER is required to be included in a target's statement, where the bidder is connected with the target because:

- the bidder's voting power in the target is 30% or more, or
- the bidder and the target have a common director.

In this case HTABV owns 87.87% of HTAL and holds an 88.48% relevant interest. Therefore, the IBC has requested that KPMG Corporate Finance prepare an IER in accordance with Section 640 of the Corporations Act and provide an opinion as to whether the Offer is fair and reasonable.

In undertaking our work, we have referred to guidance provide by the Australian Securities and Investments Commission (**ASIC**) in its Regulatory Guides, in particular Regulatory Guide 111 'Content of expert reports' (**RG 111**), which outlines the principles and matters which it expects a person preparing an independent expert's report to consider when providing an opinion on whether a transaction is "fair and reasonable".

Further details of the relevant technical requirements and the basis of assessment in forming our opinion are set out in Section 6.2 of this report.

3 Summary of opinion

3.1 Summary

In our opinion, **the Offer is fair and reasonable to HTAL shareholders**, in the absence of a superior proposal.

In arriving at this opinion, we have assessed whether the Offer is:

- ***fair***, by comparing the Offer to our assessed value of an HTAL share, on a controlling interest basis. This approach is in accordance with the guidance set out in RG 111 'Content of Expert Reports' (**RG111**)
- ***reasonable***, by assessing the implications of the Offer for HTAL shareholders, the alternatives to the Offer which are available to HTAL shareholders, and the consequences of not accepting the Offer.

3.2 Background

HTAL is an Australian incorporated telecommunications holding company listed on the Australian Securities Exchange (**ASX**) (ASX:HTA). HTAL forms part of the multinational conglomerate, CKHH, which has its principal place of residence in Hong Kong and operates in various countries around the world. HTAL is a listed vehicle which holds a 25.05% indirect shareholding in TPG Telecom Limited (**TPG Telecom**).

On 26 June 2020, the merger between Vodafone Hutchison Australia Limited (**VHA**) and TPG Telecom was sanctioned by the Supreme Court of New South Wales and became effective. On June 2020, VHA was renamed TPG Telecom and listed on the ASX.

The merger created an integrated, full-service telecommunications company which planned to deliver better services and competitive propositions to Australian customers and be a more formidable competitor against Telstra and Optus. Benefits of scale and a strengthened balance sheet were expected to support the pursuit of growth opportunities, and financial performance was expected to benefit from cost and capital synergies, economies of scale and cross-selling of revenue synergies.

Following implementation of the merger, Vodafone Hutchison (Australia) Holdings Limited (**VHAH**) held a 27.82% interest in TPG Telecom and $4.9 billion of debt. On 13 July 2020, upon completion of all merger implementation and debt restructuring activities, HTAL's effective 25.05% interest comprised an 11.14% direct interest and a 13.91% indirect interest (being 50% of VHAH's 27.82% interest in TPG Telecom) (the corporate structure is outlined in Section 8.2.2).

The VHAH debt at 31 March 2025 amounted to approximately $4.9 billion. The debt in VHAH is guaranteed by the VHAH ultimate parent entities, CKHH and Vodafone Group Plc. In addition, HTAL's investment in VHAH is predicated on the ongoing financial support from both VHAH's ultimate shareholders.

Over the three years ended 31 December 2024, TPG Telecom demonstrated defensive, yield investment characteristics as it successfully distributed annual dividends of $0.18 per share (totaling approximately $335 million per annum). Dividends received by Hutchison 3G Australia Holdings Pty Limited (**H3GAH**) and VHAH have mainly been used to service or repay debt.

TPG Telecom operations were significantly negatively affected by COVID-19 and related travel restrictions of its target market. Following the easing of COVID-19 restrictions, whilst operating in a very competitive market, it successfully implemented certain initiatives, including the sale of passive tower and rooftop infrastructure, entering into a network sharing with Optus and creating a regional Multi-Operator Core Network (**MOCN**). Further, in October 2024, TPG Telecom announced the sale of its Enterprise, Government, and Wholesale (**EGW**) fixed-line business, and its fibre network infrastructure assets to Vocus Group Limited (**Vocus**), for an enterprise value of $5.25 billion (including contingent value payment) (**Vocus Transaction**). The transaction is expected to complete in the second half of 2025, subject to regulatory approval and other conditions precedent.

Notwithstanding, the TPG Telecom share price declined significantly during COVID-19 and subsequently has not significantly appreciated in value since then. Accordingly, the value of HTAL's effective 25.05% interest in TPG Telecom has declined. In addition, HTAL continues to hold a 50% share of the VHAH net debt (which amounted to $2.4 billion at 31 March 2025). Accordingly, the net value of HTAL's interest in TPG Telecom has declined over time.

HTABV directly holds an 87.87% direct interest of HTAL and Spark New Zealand Trading Limited (**Spark**) holds a 10% direct interest in HTAL, respectively bringing the combined holding of these two shareholders to 97.87%. As a result, there is limited share trading liquidity in the remaining 2.13% of HTAL shares.

The Bidder's Statement has noted that, if the Offer is successful, then it is possible that at some time in the future, HTAL's ownership in TPG Telecom and VHAH (and all the rights and obligations of HTAL and H3GAH under the VHAH shareholder's agreement) will be transferred to a wholly owned subsidiary of CKHH as part of an internal restructure for the purpose of consolidating, under a single holding company, all of CKHH's telecommunication interests and businesses.

It is in this context that KPMG Corporate Finance has assessed the Offer.

3.3 The Offer is fair

We have assessed the value of an HTAL share (on a control basis) to be in the range of $0.009 to $0.022. This is to be compared to the Offer price of $0.032. As the Offer price falls within or above our assessed value range for an HTAL share, we consider the Offer to be fair.

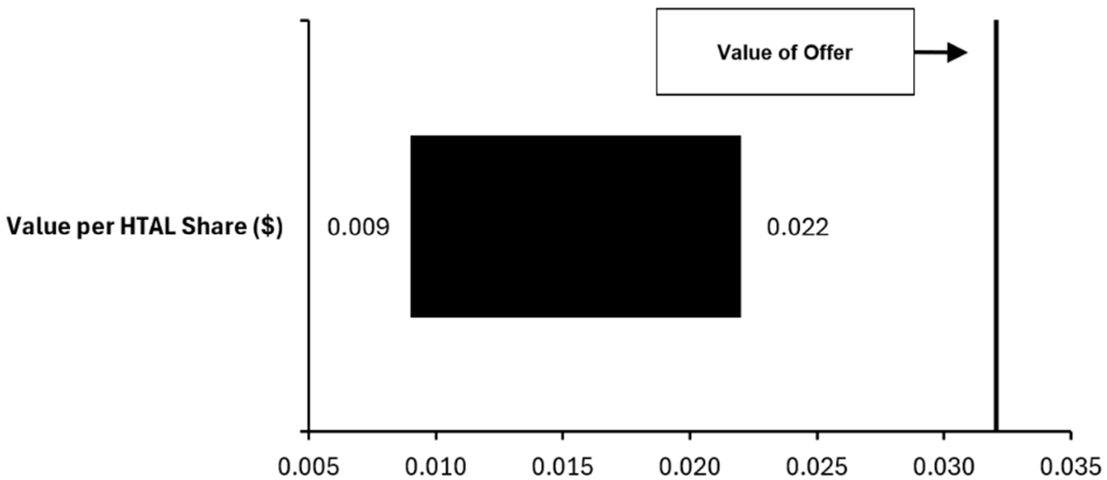
Our valuation is set out in Section 10 of this report and the assessment of fairness is summarised below.

Table 1: HTAL valuation summary

$m (unless stated otherwise)	Section reference	Value range Low	High
HTAL's economic interest in TPG Telecom	10.4	2,552.4	2,723.3
Less: HTAL's share of VHAH net debt	10.4.3	(2,429.0)	(2,429.0)
Less: HTAL's net debt and other balance sheet items	10.4.3	1.4	1.4
Equity value		**124.8**	**295.7**
Fully paid ordinary number of HTAL shares on issue (million)	8.7.1	13,572.5	13,572.5
Value per HTAL Share ($)		0.009	0.022

Source: KPMG Corporate Finance analysis

Figure 1: Assessment of fairness



Source: KPMG Corporate Finance analysis

Assessment of the value of HTAL

Our valuation reflects 100% ownership of HTAL and is calculated based on the net assets approach. The net assets comprise the value of HTAL's effective 25.05% holding in TPG Telecom, including a significant influence premium less HTAL's share of the VHAH net debt. This approach therefore yields a control value for HTAL.

Given that HTAL is an investment holding company and our application of the net assets valuation approach, there are unlikely to be synergies and/or benefits available to an alternate acquirer of HTAL, other than limited cost savings such as ASX listing fees. As such, no additional premium for synergies from control has been included in the valuation.

As we have separately considered a significant influence premium (of HTAL's 25.05% effective interest in TPG Telecom), we have first determined the value of TPG Telecom on a minority (portfolio) basis. In this regard, we adopted capitalisation of maintainable earnings (**Capitalised Earnings**) as the primary methodology, taking into consideration:

- the expected maintainable earnings of TPG Telecom, acknowledging the impact of one-off costs, significant items incurred historically and anticipated costs to be incurred and benefits to be realised in the future
- our assessment of an appropriate earnings multiple to be applied to the selected maintainable earnings, which reflects the nature of the business, growth expectations, risks, exposures to the economic environment, associated estimates for forecast lease payments and the outlook for the sector
- the net debt of the business
- expected proceeds from the sale of the EGW fixed business and fibre infrastructure. This is discussed in Section 9.2.3.

We have cross-checked the results of our primary valuation method by valuing TPG Telecom on a discounted cash flow (**DCF**) basis.

We have further cross-checked our valuation of TPG Telecom by comparing it to TPG Telecom share trading analysis prior to the announcement of the Offer.

Overall, our cross-checks support our valuation of TPG Telecom.

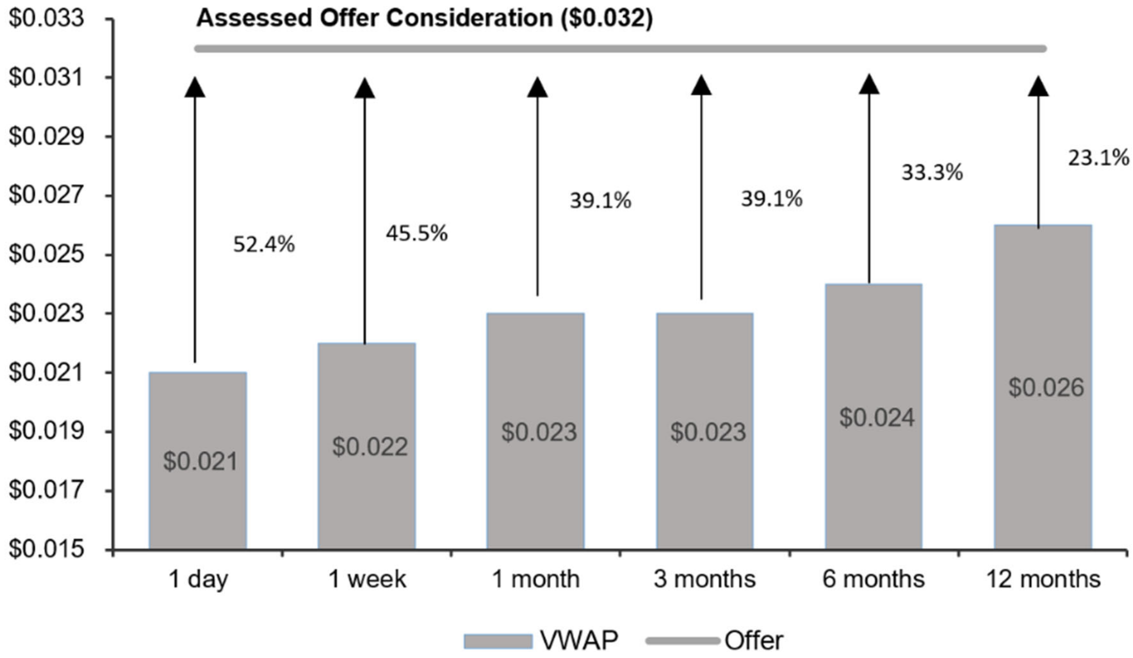
3.4 *The Offer is reasonable*

In accordance with RG 111, an offer is reasonable if it is fair. As we have assessed the Offer to be fair, this means that the Offer is reasonable. However, we have also considered a range of other factors that are relevant to assessing the reasonableness of the Offer as outlined below.

The Offer represents a premium to the trading price of HTAL

The Offer represents a 52.4% premium to the last undisturbed closing price prior to the announcement of the Offer. This premium reflects a high point when calculated over alternate time periods as shown below.

Figure 2: HTAL – Share price trading relative to Offer



Source: IRESS, KPMG Corporate Finance analysis
Note:
1 The Offer is shaded in grey
2 Prices used for percentage calculation have been rounded to three decimal places

With regard to the premia implied by the Offer, we note:

- as discussed above there is unlikely to be significant synergies and/or benefits available to an alternate acquirer of HTAL
- the premium offered by HTABV over HTAL's trading price is significant and likely compensates for various uncertainties relating to HTAL discussed below. It may also be priced to incentivise HTAL shareholders to accept the Offer.

The Offer provides certainty to HTAL shareholders

The Offer terms provide certainty to HTAL shareholders as:

- the Offer will be paid in cash
- HTABV (as Bidder) has financial support of its parent company, CKHH, to fund the Offer.

The Offer removes uncertainty regarding HTAL's obligations to fund VHAH

HTABV, as Bidder, has no intention of changing its arrangements regarding VHAH, including the existing shareholders agreement in relation to VHAH. HTABV has confirmed that the Offer will not trigger any change of control provision in the VHAH shareholders' agreement, as that agreement does not restrict or regulate acquisitions of shares in HTAL by HTABV.

Therefore, the Offer, if implemented, removes the uncertainty of HTAL meeting the funding requirements of VHAH.

HTABV's current shareholding in HTAL

HTABV currently holds an 87.87% direct interest in HTAL and therefore controls HTAL. In addition, Spark holds 10%, bringing the combined direct holding of these two shareholders to 97.87%. The significant holding of HTABV represents a deterrent to any alternative control transaction in HTAL.

Liquidity of the market in HTAL shares

Given the small free float there is limited liquidity for trading in HTAL shares. The Offer presents an opportunity for HTAL shareholders to realise value for their HTAL shares at a price that exceeds that of recent share trading.

In the absence of the Offer the market price of HTAL shares will likely fall

On the day of the announcement of the Offer, the HTAL share price increased from $0.021 to $0.032. The current share price therefore reflects the Offer.

Accordingly, in the absence of the Offer or an alternative proposal (or speculation thereof), it is likely that the HTAL share price will fall to levels consistent with trading prices prior to the announcement.

No alternative proposal has been made and the likelihood of an alternative proposal emerging at this time is considered to be low.

At the date of the report, the Offer represents the only opportunity for HTAL shareholders to monetise their investment at a premium to the pre-announcement trading prices of HTAL shares.

3.5 Other considerations

In forming our opinion, we have also taken the following factors into consideration:

Tax implications

Taxation implications of the Offer for HTAL shareholders are dependent on a number of factors and individual shareholder circumstances. The change in ownership of HTAL shares will constitute a Capital Gains Tax (**CGT**) event for Australian CGT purposes. Accordingly, each HTAL shareholder should seek independent professional advice with respect to their own personal circumstances.

Further details on tax implications of the Offer are contained in the Target Statement.

Vocus Transaction

The Vocus Transaction is expected to complete in the second half of 2025, subject to regulatory approval and other conditions precedent. Whilst it is likely to complete, there is no guarantee of this taking place.

In May 2025 TPG Telecom management advised that the net proceeds, expected to be approximately $4.7 billion in cash, creates optionality as the company looks *"to put in place the optimal capital structure to reward existing shareholders and attract new ones"*.

Whilst further details will be provided by TPG Telecom in due course, the above indicates that TPG Telecom may use the proceeds in a range of ways to benefit shareholders' capital and yield returns. These could include:

- capital management initiatives e.g. deleveraging and / or rebalancing debt and equity in an optimal capital structure
- investment in business opportunities where returns will be generated commensurate with the risk profile of the specific investment, and
- returns to shareholders (e.g. share buyback or dividend distribution).

If the Vocus Transaction completes, there is no certainty of how and the extent to which the net proceeds will be distributed to TPG Telecom shareholders and, in turn, H3GAH, VHAH and ultimately HTAL shareholders.

Notwithstanding the above, we have included the full benefit of the total $4.7 billion expected proceeds in our valuation of TPG Telecom shares and therefore the HTAL share value. In addition, the Offer is priced at a premium to our valuation of an HTAL share and, therefore, compensates HTAL shareholders for uncertainty in this regard.

Information

Our opinion is based solely on information available as at the date of this report as set out in Appendix 2 of the report. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion. We refer readers to the limitations and reliance on information section as set out in Section 6 (Scope of Report) of our report.

4 Other matters

In forming our opinion, we have considered the interests of HTAL shareholders as a whole. This advice, therefore, does not consider the financial situation, objectives or needs of individual HTAL shareholders. It is not practical or possible to assess the implications of the Offer on individual HTAL shareholders as their financial circumstances are not known.

The decision of HTAL shareholders as to whether or not to accept the Offer is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual HTAL shareholders should, therefore, consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision may be influenced by his or her particular circumstances, we recommend that individual HTAL shareholders including residents of foreign jurisdictions seek their own independent professional advice.

Our report has also been prepared in accordance with the relevant provisions of the Corporations Act and other applicable Australian regulatory requirements. This report has been prepared solely for the purpose of assisting HTAL shareholders in assessing the Offer. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

KPMG Corporate Finance has made reasonable enquiries of HTAL and has concluded the underlying financial product pursuant to the Offer is not captured by Design and Distribution Obligations (**DDO**) regulations.

All currency amounts in this report are denominated in Australian dollars (**$**) unless otherwise stated.

Neither the whole nor any part of this report or its attachments or any reference thereto may be included in or attached to any document, other than the Target Statement to be sent to HTAL shareholders in relation to the Offer, without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears. KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it appears in the Target Statement.

The above opinion should be considered in conjunction with and not independently of the information set out in the remainder of this report, including the appendices.

Yours faithfully

Adele Thomas	Joanne Lupton
Authorised Representative	Authorised Representative

Contents

5 The Offer

On 22 May 2025, HTABV (an indirect wholly-owned subsidiary of CKHH) announced its intention to make an off-market takeover bid for 100% of the issued shares in HTAL, by acquiring the 12.13% of HTAL's issued shares not already directly held by HTABV.

Under the terms of the Offer, HTABV is offering $0.032 cash for each HTAL share. The Offer will be implemented by way of an off-market takeover bid and, if HTABV becomes entitled to do so, the post-bid compulsory acquisition process under Chapters 6 and 6A of the *Corporations Act 2001 (Cth)*, with the outcome of that compulsory acquisition process being that HTABV will own 100% of all the HTAL shares on issue.

The conditions to the Offer are as follows:

- **Minimum 97% relevant interest:** during, or at the end of, the offer period, HTABV and its associates together have relevant interests in at least 97% of HTAL's issued shares;
- **No prescribed occurrences:** there being no 'prescribed occurrences' in relation to HTAL, which includes no new equity issuances, no insolvency events or the sale of a substantial part of the business of HTAL during the period from the date of the Bidder's Statement until the end of the offer period; and
- **No dividends:** no dividends are declared, determined as payable, or paid during the period from the date of the Bidder's Statement and until the end of the offer period.

6 Scope of the report

6.1 Purpose

Under Section 640 of the Corporations Act, an IER is required to be included in a target's statement, where the bidder is connected with the target because:

- the bidder's voting power in the target is 30% or more, or
- the bidder and the target have a common director.

In this case HTABV is connected to HTAL as it directly owns 87.87% of the shares (and holds an 88.48% relevant interest). Therefore, the IBC has requested that KPMG Corporate Finance prepare an IER in accordance with Section 640 of the Corporations Act and provide an opinion as to whether the Offer is fair and reasonable.

6.2 Basis of assessment

In undertaking our work, we have referred to guidance provided by ASIC in its Regulatory Guides, in particular RG111 'Content of expert reports' which outlines the principles and matters which it expects a person preparing an independent expert's report to consider. In this regard, RG 111 notes:

- 'fair and reasonable' is not regarded as a compound phrase
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer
- the comparison should be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash

- the expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison
- an offer is 'reasonable' if it is 'fair'
- an offer might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

Reasonableness involves analysis of other factors that shareholders may consider prior to accepting an offer, such as:

- the bidder's pre-existing shareholding in the target
- other significant shareholding in the target
- the liquidity of the market in the target's shares
- any special value of the target to the bidder
- the likely market price of the target's shares in the absence of the offer
- the likelihood of an alternative offer being made.

In forming our opinion, we have considered the interests of HTAL's shareholders as a whole. As an individual shareholder's decision whether to accept an offer from the Bidder may be influenced by his or her particular circumstances, we recommend they each consult their own financial advisor.

6.3 *Limitations and reliance on information*

In preparing this report and arriving at our opinion, we have considered the information detailed in Appendix 2 of this report. In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying it. Nothing in this report should be taken to imply that KPMG Corporate Finance has in any way carried out an audit of the books of account or other records of HTAL for the purposes of this report.

Further, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of HTAL representatives. In addition, we have also had discussions with HTAL's IBC in relation to the nature of HTAL's business operations, its specific risks and opportunities, its historical results and its prospects for the foreseeable future. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

HTAL has been responsible for ensuring that information provided by it or its representatives is not false or misleading or incomplete.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to KPMG Corporate Finance included forecasts/projections and other statements and assumptions about future matters (forward-looking financial information) prepared by representatives of HTAL. Whilst KPMG Corporate Finance has relied upon this forward-looking financial information in preparing this report, HTAL remains responsible for all aspects of this forward-looking financial information. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which have not yet transpired. We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any forward-looking financial information, however we have made sufficient enquiries to satisfy ourselves that such information has been prepared on a reasonable basis.

Notwithstanding the above, KPMG Corporate Finance cannot provide any assurance that the forward-looking financial information will be representative of the results which will actually be achieved during the forecast period. Any variations in the forward-looking financial information may affect our valuation and opinion.

It is not the role of the independent expert to undertake the commercial and legal due diligence that a company and its advisers may undertake. The IBC of HTAL, together with HTAL's legal advisers, are responsible for conducting due diligence in relation to the Offer. We have assumed that the due diligence process has been and is being conducted in an adequate and appropriate manner.

The opinion of KPMG Corporate Finance is based on prevailing market, economic and other conditions at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

6.4 Disclosure of information

In preparing this report, KPMG Corporate Finance has had access to all financial information considered necessary in order to provide the required opinion. HTAL has requested KPMG Corporate Finance limit the disclosure of some commercially sensitive information relating to HTAL and its subsidiaries. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising HTAL. As such the information in this report has been limited to the type of information that is regularly placed into the public domain by HTAL.

7 Industry overview

7.1 *Overview*

The telecommunications industry in Australia, which is primarily comprised of mobile, fixed line and internet-based communication, is a mature market valued at approximately $38.6 billion in 2024[1]. Industry growth in recent years, of approximately 1% to 2% per year on average[2], reflects the high penetration rate and saturated consumer base[3]. Nearly every Australian adult is a telecommunication customer in some form, with over 30 million mobile phone services in operation (exceeding the current population of 27 million)[4], and, as of June 2022, 93% of Australian households having broadband internet access, with 82% connected to the National Broadband Network (**NBN)** via Retail Service Providers (**RSP**)[5]. The industry's contribution to the economy, at approximately $34.5 billion in Gross Value Added[6], underscores its importance to the general market.

The industry is highly developed but concentrated, with three large integrated operators dominating the market, being Telstra Group Ltd (**Telstra**), Singtel Optus Pty Ltd (**Optus**), a subsidiary of Singapore Telecommunications Limited and TPG Telecom, formed by the 2020 merger of TPG Telecom and VHA [7]. These three operators own nationwide mobile networks and together serve approximately 87% and 67% of the Australian mobile and NBN retail market, respectively. The remainder of the market is served by a mix of smaller carriers, niche providers, and resellers.

The following table outlines a brief history of the telecommunications industry in Australia:

Table 2: History of the telecommunication industry in Australia

Date	Event
1991	The Australian government ends Telecom Australia's (now known as Telstra) monopoly by licensing a second full-service carrier. AUSSAT, Australia's first national satellite system is sold to a consortium of Cable & Wireless, BellSouth and others, and named Optus Communications.
1993	Vodafone Australia, backed by the UK's Vodafone Group, becomes Australia's third mobile operator. Telstra, Optus, and newcomer Vodafone PLC all launch Global System for Mobile Communication (**GSM**) digital mobile networks.
Mid-1990s	Telstra and Optus each begin building hybrid fibre-coaxial (**HFC**) networks across metropolitan areas to deliver pay TV (Telstra partners with News Corp launch Foxtel in 1995, while Optus launches Optus Vision) and broadband internet.

[1] Budde Communication. *Telecoms, Mobile and Broadband – Statistics and Analyses. Published 21 February 2025*, Accessed April 23, 2025.
[2] Ibid.
[3] Market Report Analytics. *Telecommunications Market in Australia*. Accessed April 23, 2025. https://www.marketreportanalytics.com/reports/telecommunications-market-in-australia-91424.
[4] Australian Competition and Consumer Commission (ACCC). *Communications Market Report 2023–24*. Accessed April 23, 2025. https://www.accc.gov.au/system/files/communications-market-report-2023-24.pdf.
[5] Australian Communications and Media Authority, How We Use the Internet: Executive Summary and Key Findings, December 2022, accessed May 2, 2025, https://www.acma.gov.au/sites/default/files/2023-03/HOWWEU~1.PDF.
[6] Statista, "Australia: *Gross Value Added (GVA) by the Telecommunications Services Industry*," accessed May 1, 2025, https://www.statista.com/statistics/875031/australia-gross-value-added-telecommunications-services-industry/.
[7] Macquarie Group. "TPG Telecom and Vodafone Hutchison Australia: Opportunity." *Macquarie Insights*. Accessed April 23, 2025. https://www.macquarie.com/us/en/insights/tpg-telecom-and-vodafone-hutchison-australia.html.

1997	On 1 July 1997, the new Telecommunications Act 1997 is passed abolishing the carrier duopoly. Telstra is partially privatised as the government floats one-third of Telstra on the ASX.
1998	AAPT (backed by Telecom New Zealand, now Spark) grows as a fixed-line competitor, and OneTel (a new Australian telecommunication company) starts offering GSM mobile and long-distance services.
2000	A government auction of spectrum in 2000 allocates licenses for new 3G networks. On the internet front, Telstra launches ADSL broadband over copper phone lines, ushering in the broadband era.
2001	Singapore Telecommunications (SingTel) acquires Optus in a $17 billion deal providing Optus with fresh capital to challenge Telstra.
2003–2005	HTAL “3” launches Australia’s first 3G network in 2003, Telstra and Optus soon follow with their own 3G offerings.
2006	The Australian government sells its remaining interest in Telstra on the ASX, placing a 17% holding into the Future Fund Board of Guardians.
2009	Announcement in April 2009 of a government-owned national fibre-optic network company (NBN Co) with plans to spend up to $43 billion to facilitate its development. HTAL and Vodafone Australia merge their Australian operations into a joint venture, VHA. The merger resulted in a 50:50 joint venture where VHA operates under the Vodafone brand but retaines exclusive rights to use the "3" brand in Australia.
2010	Telstra switches on Australia’s first 4G network in late 2010, offering data speeds of five to ten times faster than 3G and cements Australia’s early adoption of Long Term Evolution (**LTE**) protocols. The rollout of the NBN officially begins in July 2010, with Tasmania hosting the first customers to be connected to the service.
2013–2014	4G coverage rapidly expands Telstra and Optus reach, covering well over 70% of the population with LTE, resulting in an increase in mobile broadband (via USB dongles, then Wi-Fi hotspots) competition.
2015	TPG Telecom announces a $1.4 billion takeover of iiNet, combining Australia’s second and third largest broadband providers. The merger creates the second-largest internet service provider in the country, surpassing Optus in fixed-broadband customers.
2016	The first NBN Sky Muster satellites start delivering broadband to remote Australia. In September 2016 Telstra conducts the first public 5G test.
2018–2019	Telstra and Optus launch commercial 5G services. Optus focuses on 5G fixed wireless broadband, while Telstra targets mobile users. In August 2018 VHA and TPG Corporation Limited announce plans to merge, aiming to create a stronger third competitor in both mobile and fixed. The Australian Competition & Consumer Commission (**ACCC**) initially objects to the merger over competition concerns.
2020	In February 2020, the Federal Court overturns the ACCC’s objection and approves the merger in a $15 billion deal. The merged company, TPG Telecom, launches in July 2020, with Vodafone’s mobile network and TPG/iiNet’s fixed-line customer base combined under one umbrella. In September 2020, the Australian government announces the NBN build was effectively complete, marking the end of the rollout phase.

2021	SpaceX's Starlink low-earth orbit (**LEO**) service starts beta service in Australia. Offering high-speed, low-latency internet from space, Starlink presents a competitive alternative to NBN's Sky Muster satellite and fixed wireless offerings, potentially disrupting the remote broadband segment.
2022–2023	Optus faces a major cyberattack in 2022 exposing customer data and a nationwide outage in 2023, both of which lead to Optus losing customers to competitors. In 2023, the NBN announced it had over 8 million premises connected across the country.
2024–2025	Amazon announced plans to launch a cluster of LEO satellites by 2026 to compete with Starlink. In October 2024, Vocus announced the signing of a binding agreement to acquire TPG's Enterprise, Government and Wholesale fixed business and fibre network assets for $5.25 billion.

Source: Multiple sources and KPMG Corporate Finance analysis

7.2 Participants and market share

Vertically integrated providers

The three largest telecom companies are vertically integrated carriers offering nationwide mobile and fixed services. Descriptions of these operators are as follows:

- Telstra is the market leader in mobile, with approximately 42% and 35% share of mobile phone[8], and retail fixed broadband services and NBN[9] services, respectively. Telstra provides mobile, internet, fixed-line telephone and a range of digital services to consumer and enterprise customers. It operates the largest mobile network with the widest coverage, as a result of its extensive infrastructure assets. In recent years Telstra has created separate infrastructure units for its towers and fixed assets and is heavily invested in 5G rollout and network upgrades. Scale and premium network quality allow it to command high Average Revenue Per User (**ARPU**), relative to its peers
- Optus, the second-largest operator, holds approximately 28% and 12% of the mobile market[10] and NBN retail market[11], respectively. Optus offers a full suite of services including mobile phone plans, fixed broadband (reselling NBN access), streaming (through Optus Sport) and enterprise telecommunications. Optus also operates wholesale and Mobile Virtual Network Operator (**MVNO**) services, whereby it leases excess network capacity to smaller mobile services providers. In recent years, Optus acquired the MVNO, amaysim, and has focused on improving customer experience and pricing to grow its subscriber base
- TPG Telecom, the result of the merger between TPG Telecom and VHA, combined one of Australia's three largest broadband Internet Service Provider (**ISP**) and Australia's third largest mobile services provider to create Australia's third largest fully integrated carrier. TPG Telecom holds a suite of mobile and ISP brands, servicing approximately 17% and 20% of the mobile and NBN market, respectively[12].

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[8] Australian Competition and Consumer Commission (ACCC). Communications Market Report 2023–24. Accessed April 23, 2025. https://www.accc.gov.au/system/files/communications-market-report-2023-24.pdf.
[9] Ibid.
[10] Ibid.
[11] Ibid.
[12] Australian Competition and Consumer Commission (ACCC). *Communications Market Report 2023–24*. Accessed April 23, 2025. https://www.accc.gov.au/system/files/communications-market-report-2023-24.pdf.

Other providers

Beyond the three largest providers described above, Australia has a range of smaller carriers and region-focused operators that contribute to the telecom landscape. These include:

- Vocus, a significant player in fibre networks and enterprise telecom, focusing on enterprise, government and wholesale services. In October 2024 Vocus agreed to a proposal to acquire TPG Telecom's enterprise and wholesale fibre business, improving its position as a major infrastructure-based provider[13]. This is discussed further in Section 9.2.3
- Aussie Broadband, one of the fastest growing retail ISPs in Australia services approximately 7% of the NBN retail market as of 2024[14], making it one of the largest ISPs outside of Telstra, Optus and TPG. Aussie Broadband offers NBN-based internet, mobile plans (as an MVNO on the Optus network), and recently has entered the enterprise market after acquiring IT company Over the Wire
- Superloop, with approximately 4% of the NBN market, owns and operates extensive fibre networks across major Australian cities. The acquisition of Exetel in 2021 further strengthened its presence in the Australian ISP market and enhanced its ability to offer high-speed, reliable internet services to a broader customer base
- Macquarie Telecom (Macquarie Technology Group) is a domestic telecommunications and hosting provider focusing on business and government clients although it does not compete in the mass consumer market. It provides data networking, cloud services, hosting and some mobile and voice solutions for enterprises.

MVNO's

The Australian mobile market includes many MVNO's which are companies that resell mobile services by leasing capacity on Telstra, Optus, or TPG Telecom's mobile networks. MVNO's collectively account for approximately 12% of mobile phone subscriptions in 2024[15]. MVNO brands target price-sensitive consumers with no-frills plans.

Wholesale Network Provider (i.e. the NBN)

NBN Co, which is government owned and operated, wholesales capacity on its nationwide multi-technology broadband network (fibre, copper, HFC cable, fixed wireless, satellite) to retail service providers. It does not sell internet access directly to consumers but is the backbone for fixed internet service delivery. All major ISPs and smaller providers rely on NBN Co's network for fixed-line broadband offerings.

Market share

The following figures outline the market share breakdown by provider for fixed and mobile services as at 30 June 2024:

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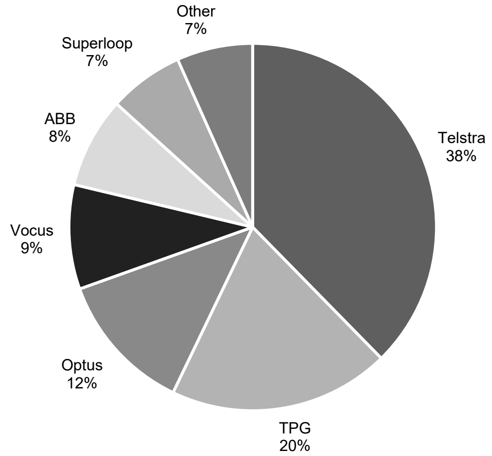
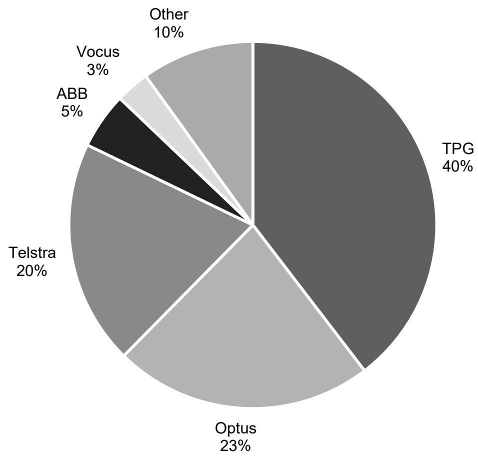
[13] Macquarie Group. "Vocus to Acquire TPG's Enterprise, Government and Wholesale Fixed Business for AU$5 Billion." *Macquarie Newsroom*, May 27, 2024. Accessed April 23, 2025. https://www.macquarie.com/us/en/about/news/2024/vocus-to-acquire-tpgs-enterprise-government-and-wholesale-fixed-business-for-au-5-billion.html.
[14] Australian Competition and Consumer Commission (ACCC). *Communications Market Report 2023–24*. Accessed April 23, 2025. https://www.accc.gov.au/system/files/communications-market-report-2023-24.pdf.
[15] Ibid.

Figure 3: Retail NBN market share (Mar-2025)



Source: March quarter 2025 NBN Wholesale Market Indicators Report

Figure 4: Retail non-NBN market share (Jun-2024)

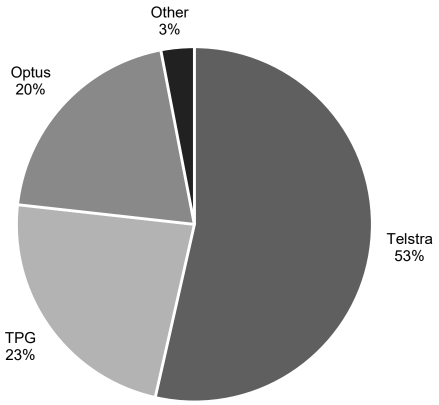


Source: ACCC Communications market report 2023-2024
Notes:

1. *In 2023-24 the retail non-NBN market only represented approximately 9% of all internet downloads in Australia[16].*

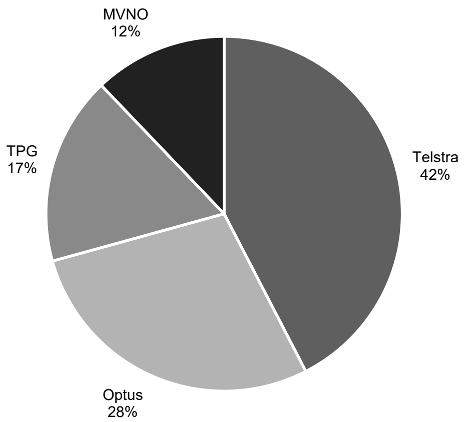
[16] Australian Competition and Consumer Commission, Internet Activity Report – June 2024, December 18, 2024, accessed May 4, 2025, https://www.accc.gov.au/system/files/internet-activity-report-june2024.pdf.

Figure 5: Retail market share for fixed voice services (Jun-2024)



Source: ACCC Communications market report 2023-2024

Figure 6: Retail market share for mobile phone services (Jun-2024)



Source: ACCC Communications market report 2023-2024

7.3 *Regulatory bodies*

The key regulators of the telecommunications industry are the ACCC and the Australian Communications and Media Authority (**ACMA**), which are discussed below.

Australian Competition and Consumer Commission

The ACCC promotes a fair and competitive market and protects end-point consumers. The ACCC is involved in five key functions as follows:

- mandating that network owners provide access to competitors on fair and reasonable terms, promoting competition and efficient use of infrastructure
- enforcing consumer protection laws within the telecommunications industry, ensuring that providers do not engage in misleading or unconscionable conduct

- regular monitoring of the telecommunications market to assess competition levels and price changes
- monitoring broadband performance through their Measuring Broadband Australia program, which involves collecting data on broadband speeds and reliability, helping consumers make informed choices and encouraging providers to improve service quality
- oversight of the NBN, including the Special Access Undertaking (**SAU**) submitted by NBN Co, which outlines the terms and conditions under which NBN Co provides access to its network, ensuring that the long-term interests of end-users is protected[17].

Australian Communications and Media Authority

ACMA is the federal regulator overseeing Australia's telecommunications, broadcasting, radiocommunications, and certain online content. ACMA is involved in two key functions as follows:

- the provision of telecommunication licenses for carriers and carriage service providers, and the monitoring of the performance of service providers[18]
- the planning, allocation and licensing of the radiofrequency spectrum, a critical resource for services like mobile communications, broadcasting, and emergency services[19].

7.4 Key value drivers

The telecommunications industry is subscriber-driven and capital intensive. The financial performance of the participants within the industry is driven by factors, including:

Infrastructure investment and network upgrades

To stay competitive in an industry reliant on infrastructure and network quality, operators must ensure capital is allocated towards projects that expand network coverage and speeds, with the aim of attracting new customers without lowering prices. The rollout of 5G is a recent example, with two of the largest integrated operators investing large amounts of capital into 5G infrastructure during the buildout phase of their 5G network. Between announcing their first public 5G test in September 2016 and launching the service in May 2019, Telstra saw their annual capital expenditure rise to an average of $3,501 million from an average of $2,921 million in the three years prior to the initial announcement. Similarly, Optus, who shared a similar timeline, saw their capital expenditure rise from an average of $1,168 million to $1,327 million for the same respective periods.

Subscriber numbers

Telecommunication businesses rely on scale and subscriber growth to improve revenues and business economics. Although the Australian market is close to saturation, subscriber growth

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[17] Australian Competition and Consumer Commission (ACCC). Communications Market Report 2023–24. Accessed April 23, 2025. https://www.accc.gov.au/system/files/communications-market-report-2023-24.pdf.
[18] DLA Piper, "Key Telecommunications Laws, Regulations and Policies in Australia," Telecommunications Laws of the World, last modified October 6, 2022, accessed May 2, 2025, https://www.dlapiperintelligence.com/telecoms/index.html?c=AU&t=laws.
[19] Australian Communications and Media Authority, "What We Do," accessed May 2, 2025, https://www.acma.gov.au/what-we-do.

can still arise through winning customers from rivals, population increases, or new device connections like secondary SIMs (e.g. devices such as smartwatches)[20].

ARPU and pricing strategy

ARPU measures the average monthly revenue from each subscriber. Increasing ARPU can significantly increase revenue without the need to acquire new customers. ARPU is influenced by the mix of services customers use. Upselling customers to higher-speed broadband tiers or bigger mobile data plans increases ARPU, as was seen with the introduction of 5G which gave operators an opportunity to launch premium plans. Converged bundles also improve ARPU, through the cross-selling of additional services. When prices remain competitive and churn is minimized, ARPU growth can greatly improve financial performance.

Customer churn and retention management

Customer churn directly impacts net subscriber growth and cost structure. Low churn supports stronger margins and business economics. Companies manage churn through flexible contracts, bundling discounts and network quality differentiation (as providers leverage their unique infrastructure)[21]. Financially, churn affects key metrics like customer acquisition cost (**CAC**) and lifetime value (**LTV**), with lower churn boosting LTV whilst reducing ongoing marketing and acquisition spend. As such, effective churn management preserves the customer base, lowers acquisition costs, resulting in enhanced financial performance by maintaining profitability and reducing reliance on costly customer acquisition campaigns.

Product mix and innovation

Product innovation drives customer acquisition and retention, creating new revenue streams and improving margins. Examples include Internet of Things (**IoT**) services, 5G applications, edge computing, and cloud collaborations. Innovations like Telstra's 5G fixed wireless plans and Optus's satellite-to-mobile service with SpaceX differentiate carriers and attract customers[22]. Efficiency innovations such as network virtualisation, automation, and Artificial Intelligence (**AI**) in customer service reduce operating costs. The rollout of 5G has enabled telecommunications companies to market home broadband replacements and offer ultra-low-latency connections for gamers and autonomous systems, developments which allowed operators to retain existing customers whilst concurrently acquiring new ones.

Cost and financial leverage control

Operational costs and financial leverage significantly influence reinvestment capacity and equity recapitalisation. Measures like outsourcing, IT upgrades, and restructuring can improve profitability. Maintaining strong margins through efficiency, even in competitive markets, is key.

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[20] Australian Communications and Media Authority (ACMA), Trends and Developments in Telecommunications 2022–23, December 2023, accessed April 23, 2025, https://www.acma.gov.au/sites/default/files/2023-12/Trends%20and%20developments%20in%20telecommunications%202022-23_0.pdf.

[21] Australian Competition and Consumer Commission (ACCC), Communications Market Report 2023–24, December 2024, accessed April 23, 2025, https://www.accc.gov.au/system/files/communications-market-report-2023-24.pdf.

[22] David Braue, "Elon Musk's Starlink Whipping the Competition," Information Age (Australian Computer Society), December 10, 2024, accessed April 23, 2025, https://ia.acs.org.au/article/2024/elon-musk-s-starlink-whipping-the-competition.html.

In FY23, major telecommunication operators improved profits despite flat industry revenue, aided by ARPU increases and cost rationalisation[23].

7.5 Recent structural trends

5G rollout and services evolution

The deployment of 5G has been one of the defining technological trends of recent years. The three main mobile operators have extensive 5G coverage in metropolitan and many regional areas, with approximately 85% population coverage achieved by mid-2023[24]. 5G has raised the barriers to entry as it requires expensive spectrum and dense infrastructure. 5G has ushered the industry towards higher speeds, new services and more reliance on wireless technologies, which has improved the services available to customers.

Competition from low-earth-orbit satellites (Starlink and others)

LEO internet presents a disruption to the rural ISP segment of the market. In this regard, Starlink, launched by SpaceX in 2021, has rapidly expanded across rural Australia. Unlike NBN's Sky Muster geostationary satellites, Starlink offers faster speeds (approximately 470 Mbps) and lower latency (approximately 30 ms). In contrast, Sky Muster delivers approximately 100 Mbps with 600+ ms latency. This performance gap drove many remote users to switch providers and by late 2024, Starlink had over 200,000 Australian users, surpassing Sky Muster's 84,000[25].

NBN economics and regulatory oversight

The NBN remains central to Australia's telecommunications industry. The NBN Co supplies the 'last mile' access services, including for the three key last mile access products including, the access virtual circuit (**AVC**), the connectivity virtual circuit (**CVC**) and the network-to-network interface (**NNI**) for connection at a point of interconnection (**POI**). To access this last mile service the NBN charges a set of wholesale rates across an array of speed tiers to ISPs. As a result, NBN Co's financial model and wholesale pricing play an important role in the financial performance and feasibility of industry participants. In 2023, a revised SAU introduced which lowered costs on slower plans and allowed gradual price increases for faster tiers. This was in response to concerns that NBN's wholesale costs were too high, squeezing retail ISP margins and making mobile or wireless substitutes more attractive. The regulatory aim was to strike a balance between NBN Co being financially viable whilst keeping internet services affordable to end-users.

Regulatory intervention in Australia involves ACCC oversight. A notable case was the ACCC opposing the TPG Telecom and VHA merger in 2019 (due to concerns over reduced competition), although it was later allowed on appeal[26]. More recently, in 2023 the ACCC

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[23] Gaurav Sodhi, "Telstra: Result 2023," Intelligent Investor, August 17, 2023, accessed April 23, 2025, https://www.intelligentinvestor.com.au/recommendations/telstra-result-2023/152836.
[24] Australian Communications and Media Authority (ACMA), Trends and Developments in Telecommunications 2022–23, December 2023, accessed April 23, 2025, https://www.acma.gov.au/sites/default/files/2023-12/Trends%20and%20developments%20in%20telecommunications%202022-23_0.pdf.
[25] David Braue, "Elon Musk's Starlink Whipping the Competition," Information Age (Australian Computer Society), December 10, 2024, accessed April 23, 2025, https://ia.acs.org.au/article/2024/elon-musk-s-starlink-whipping-the-competition.html.
[26] Macquarie Group, "Creating Australia's Leading Challenger Full-Service Telecommunications Provider," Macquarie Insights, accessed April 23, 2025, https://www.macquarie.com/us/en/insights/tpg-telecom-and-vodafone-hutchison-australia.html.

blocked Telstra and TPG Telecom's network sharing deal in regional areas (citing that it would strengthen Telstra's dominance), a decision that maintained the status quo and led TPG Telecom to pursue a deal with Optus instead. Such decisions shape how operators can improve coverage or reduce costs via collaboration.

Convergence and shifts in consumer behaviour

Four main changes in consumer behaviour are as follows:

- growth in data consumption: data consumption in Australia is growing rapidly, with about 12.2 million terabytes downloaded in Q4 2022 across fixed and mobile broadband. This growth is driven by streaming video, cloud computing, and online gaming, leading to network upgrades and changes in product offerings, such as unlimited data plans[27]
- streaming: consumer behaviour is shifting towards streaming and on-demand content, prompting telecommunication operators to consider bundled mobile and streaming services, an example of which is Optus recently signaling their intentions to begin buddling mobile plans with sports streaming subscriptions[28]
- remote work: COVID-19 has accelerated remote work and study, increasing demand for higher-speed broadband and enterprise-grade communication tools at home[29]
- Over The Top (**OTT**) messaging: younger consumers are increasingly using OTT messaging apps, reducing traditional SMS and voice revenue, and telecommunication operators are adapting by focusing on data-centric plans[30].

Domestic industry collaboration and sharing

The industry has evolved significantly through consolidation and collaboration. Operators are increasingly forming joint ventures (**JVs**) to share the costs of deploying costly network equipment and expanding their reach. A recent example of network sharing within the industry is the TPG Telecom and Optus agreement, which will involve TPG Telecom authorising Optus to share TPG Telecom's radio spectrum in regional Australia, while Optus will provide TPG Telecom with network services by way of active mobile network infrastructure sharing in certain regional areas which will assist in their 5G rollout.

In addition to network sharing, integrated operators are also divesting passive mobile infrastructure to free up investment capital. Recent examples of this include TPG Telecom's sale of its mobile tower and rooftop infrastructure assets to OMERS Infrastructure Management in 2022, as well as the recently agreed sale of TPG Telecom's EGW fixed and fibre assets to Vocus in 2024. These collaborations allow operators to differentiate based on services rather than just connectivity, addressing competitive pressures and financial challenges.

[27] Australian Communications and Media Authority (ACMA), Trends and Developments in Telecommunications 2022–23, December 2023, accessed April 23, 2025, https://www.acma.gov.au/sites/default/files/2023-12/Trends%20and%20developments%20in%20telecommunications%202022-23_0.pdf.
[28] Jenny Wiggins, "Optus Considers Bundling Sports Streaming with Mobile Plans," *The Australian Financial Review*, March 16, 2025, accessed May 2, 2025, https://www.afr.com/companies/telecommunications/optus-considers-bundling-sports-streaming-with-mobile-plans-20250313-p5ljev.
[29] Ibid.
[30] Ibid.

7.6 Outlook

Three significant factors will contribute to the continued growth of industry revenues and improved profitability:

- **Expanding 5G network coverage**: as more consumers gain access to 5G networks, reliance on smartphones is expected to grow[31]. As a result of the 5G network's faster speeds and low latency, consumers will more readily access online entertainment, such as video streaming and gaming, providing ongoing demand for telecommunications services. In order to accommodate this, the large telecommunication operators are expected to accelerate their focus on developing and improving infrastructure in major cities and urban areas, where much of the incremental demand is predicted to be. This would be continuation of recent trends in the industry, with the three major operators deploying a materially lower number of new sites in regional and remote areas of Australia compared to Major Cities in 2023 and 2024 compared to previous years[32]
- **Easing inflationary pressures**: this will support consumer spending on telecommunications services e.g. consumers choosing premium plans offering greater data allowances or higher internet speeds, and as such improved connectivity[33]. In addition to improved revenue performance, telecommunication companies will also see abating wage cost inflation and other CPI-linked fixed costs such as leasehold assets decline
- **Growing data consumption**: this will contribute to greater usage volumes and will directly improve ARPU performance as customers demand more products and services. This will be driven by advancements in mobile and smart home devices enabling consumers to use more data at home and on the move. Additionally, as AI continues to evolve, consumers and businesses will require more and more data, leading to further incremental demand for telecommunications services and additional revenues for the providers[34]. This will also drive cost savings as the adoption of AI by operators can help improve operational efficiency and strengthen the business's understanding of its customers and the trends in the market.

[31] Laurence Dell, "Unlocking Growth: How Australia's Telcos Can Find Growth by Revisiting the Past," PwC Australia, March 17, 2025, accessed April 28, 2025, https://www.pwc.com.au/industry/telecommunications-industry-trends/how-australias-telcos-can-find-growth.html.

[32] Australian Competition and Consumer Commission, Mobile Infrastructure Report 2024, November 8, 2024, accessed May 12, 2025, https://www.accc.gov.au/system/files/mobile-infrastructure-report-2024.pdf.

[33] IBISWorld, Telecommunications Services in Australia, ANZSIC J5800 (January 2025), accessed April 28, 2025, https://www.ibisworld.com/australia/industry/telecommunications-services/1730/.

[34] Ibid.

8 Profile of HTAL

8.1 Background

HTAL is an Australian incorporated listed telecommunications holding company on the ASX (ASX:HTA). HTAL forms part of the multinational conglomerate, CKHH, with its principal place of residence in Hong Kong and operates in various countries around the world. HTAL is an investment listing vehicle which holds a 25.05% indirect shareholding interest in TPG Telecom. This comprises an 11.14% direct interest held by H3GAH, a wholly owned subsidiary of HTAL, and a 13.91% indirect interest held by H3GAH through VHAH (in which H3GAH has a 50% shareholding), with VHAH having a 27.82% direct interest in TPG Telecom (discussed in more detail in Section 8.2.3). The corporate structure of HTAL is shown in Section 8.2.2.

TPG Telecom provides telecommunication services through several brands that provide mobile (Vodafone, Lebara and felix) and/or ISP (TPG, iiNet and AAPT) services. In providing these services, TPG Telecom markets to retail consumers, business, enterprise, government, and wholesale customers in Australia (further information on TPG Telecom is provided in Section 9).

8.1.1 Corporate History

Table 3: HTAL - Corporate history

Date	Event
1989	The company, HTAL was incorporated as a joint venture between Hutchison Whampoa and the Roberts-Thomson family.
1995	HTAL entered the Internet market in 1995, to provide dial up and dedicated Internet access, Internet messaging, full web hosting and associated services.
1999	HTAL entered a brand licence agreement in July 1999 with UK's Orange Personal Communication Services Ltd (now part of France Telecom's operations) to use the "Orange' brand across all its products and services. HTAL was listed on the ASX in August 1999 with 57.82% owned by Hutchison Whampoa Limited in Hong Kong and 12.52% owned by of Leanrose Pty Limited. Hutchison began building its own cellular network based on CDMA technology from Samsung Electronics Co Ltd.
2000	HTAL's first cellular network service, Orange One (Orange Mobile) was launched in June.
2001	Hutchison Whampoa Limited and HTAL announces the establishment of Hutchison 3G Australia Pty Limited as an alliance with Telecom Corporation of New Zealand Limited (now known as Spark New Zealand Limited), to introduce 3G services to Australia. HTAL's GSM resale base was sold to Optus in October 2001.
2002	Hutchison 3G Australia Pty Limited (which would eventually become VHA), acquired the major network assets constructed by Lucent Technologies for One.Tel.
2003	HTAL launched Australia's first 3G services under the '3' brand.
2004	Hutchison 3G Australia Pty Limited and Telstra set up a joint venture, 3GIS Partnership, to which HTAL sold 50% of its radio access network infrastructure for $47 million.

2006	HTAL announced its decision to merge Orange and 3 under the 3 brand. Promotional efforts were made to push its 2G customers to upgrade to 3G services. Shortly after HTAL closed its 2G CDMA network.
2007	Telecom Corporation of New Zealand transferred its 19.94% interest in H3GAH to HTAL in exchange for a 10% interest in HTAL.
2009	HTAL and Vodafone Group merged their telecommunications businesses in Australia with each party holding a 50% interest in the new business. In the merger, Hutchison 3G Australia Pty Limited was renamed to Vodafone Hutchison Australia Pty Limited where it acquired 100% of Vodafone Australia Limited. HTAL remained listed on the ASX, with its primary undertaking being holding the 50% interest in the merged entity.
2017	VHA announced plans to initiate the launch of its NBN service within Australia in 2017.
2020	HTAL, as part of VHA and the TPG Corporation Limited merger, converted its 50% equity interest in VHA to an effective 25.05% holding in TPG Telecom.
2023	HTAL moved its registered office and principal place of business to Level 27, Tower Two, International Towers Sydney, 200 Barangaroo Avenue, Barangaroo, NSW 2000.

Source: Annual Reports, company websites, and KPMG Corporate Finanance analysis

8.2 Business operations

8.2.1 Business model

HTAL operates as a holding company, with an effective 25.05% equity interest in TPG Telecom (as noted above). As owner of H3GAH, HTAL generates economic value through dividends from its subsidiaries, which are recognised as a dividend recorded under operating cash flows.

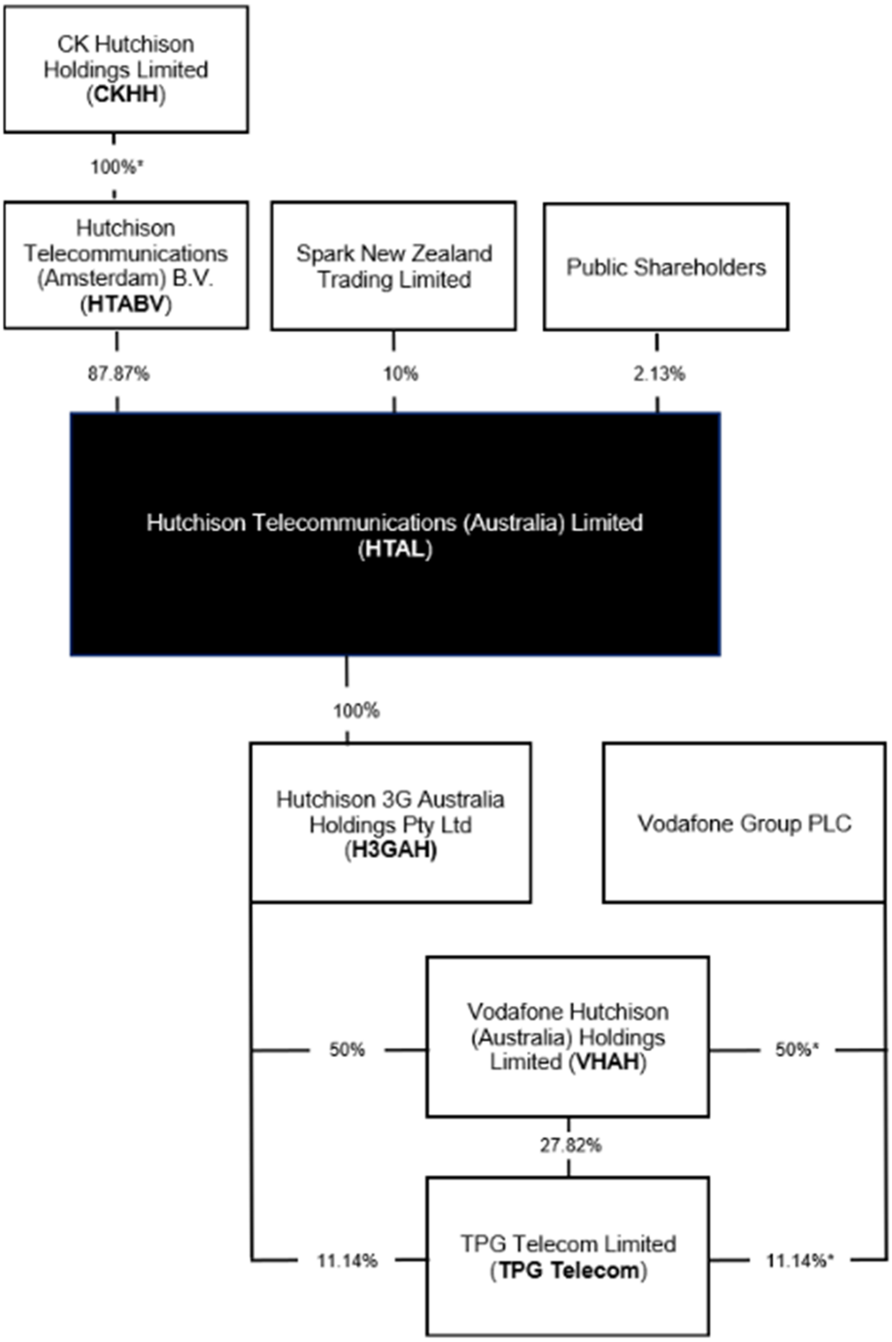
In 2024, H3GAH and VHAH received dividends of \$37.3 million (2023: \$37.3 million) and \$93.1 million (2023: \$93.1 million) from TPG Telecom, respectively. Dividends received by H3GAH of \$37.3 million were advanced to HTAL on an interest-free basis during 2024.

The dividends received by HTAL are held to service the \$4.9 billion outstanding credit facility that is held by their JV, VHAH, the servicing of this facility is an obligation of the VHAH Shareholders Agreement, the details of which are provided in Section 8.2.3.

8.2.2 Corporate structure

The following figure outlines HTAL's corporate structure:

Figure 7: HTAL corporate structure



Source: S&P Capital IQ, Annual Reports, and KPMG Corporate Finance analysis
*Notes: * indicates an indirect holding*

8.2.3 Corporate structure entities

Hutchison 3G Australia Holdings Pty Limited

In April 2001, HTAL established H3GAH in partnership with Spark to introduce 3G services to Australia. In October 2007, Spark swapped its full 19.94% interest of H3GAH for a 10% equity interest in HTAL. Since this transaction, HTAL has remained the sole owner of H3GAH ordinary shares.

Vodafone Hutchison (Australia) Holdings

In June 2009, H3GAH and Vodafone Australia merged their telecommunications business (3 and Vodafone) in a 50:50 joint venture named VHA. This arrangement saw Hutchison 3G Australia acquire 100% of Vodafone Australia's ordinary shares and 50% of HTAL ordinary shares acquired by a wholly owned subsidiary of Vodafone Group Plc, with HTAL owning 50% of VHA's ordinary shares through its subsidiary H3GAH[35], and Vodafone Group Plc indirectly owning the remaining 50%. Hutchison 3G Australia was then renamed to VHA.

VHAH was established in June 2020, following the merger of TPG Telecom and Vodafone Hutchison Australia Pty Limited (VHA). The entity held a 27.82% direct interest in the newly listed TPG Telecom and US$3.5 billion of debt, which was refinanced in November 2020.

On 13 November 2023, VHAH entered into a $4.9 billion three-year Multicurrency Syndicated Facility Agreement (**MSFA**) with a syndicate of lenders. Tranche B of the MSFA is guaranteed by one of VHAH's ultimate shareholders, CKHH. This facility is recorded on the balance sheet of VHAH, with HTAL recording this facility as a change to the carrying value of their equity investments through their 50% ownership of VHAH.

Under Clause 9.3 of the Shareholders Agreement dated 24 June 2020, HTAL can be called to provide funding to VHAH if the company does not have, or is unable to, obtain from the cash flows from the business or from third party commercial lenders on commercially reasonable terms, all the funding required by VHAH.

On 12 December 2024, H3GAH and Vodafone International Operations Limited (**VIOL**) a subsidiary of Vodafone Group PLC entered into a share subscription agreement with VHAH, to provide VHAH with additional funding requirements for its 2025 calendar year. According to the agreement, both H3GAH and VIOL committed to subscribe for one new share each in VHAH at a price of $36.25 million on or before 9 January 2025 and another new share each in VHAH at the same price of $36.25 million on or before 10 July 2025. As at the time of this report, both H3GAH and VIOL have injected $36.25 million cash into VHAH, with the first subscription completed on 9 January 2025[36].

TPG Telecom

On 19 June 2020, VHA was converted to a public company and changed its name to Vodafone Hutchison Australia Limited. On 26 June 2020, Vodafone Hutchison Australia Limited merged with TPG Telecom Corporation (previously listed on the ASX under the ticker code "TPM")[37]

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[35] Vodafone Group Plc, "Vodafone Group Announces Merger Between VHA and TPG," Vodafone News, August 29, 2018, accessed April 23, 2025, https://www.vodafone.com/news/technology-news/vodafone-group-announces-merger-between-vha-and-tpg.
[36] HTA FY24 Annual Report.
[37] Hutchison Telecommunications (Australia) Limited, "About HTAL," accessed April 28, 2025, https://hutchison.com.au/about-hutchison/.

under the new VHA name. Shortly thereafter VHA was renamed TPG Telecom and listed on the ASX.

As part of the merger, HTAL converted its 50% equity interest in VHA into a 25.05% effective interest in TPG Telecom, with 11.14% derived directly from H3GAH and 13.91% held indirectly through its 50% ownership via H3GAH of VHAH, which holds 27.82% of TPG Telecom.

TPG Telecom equity accounting

Under the VHAH Shareholders' Agreement, HTAL, through H3GAH, has a present obligation to provide funding to VHAH which it has been called by VHAH to provide. Consequently, HTAL continuously funds its share of additional losses (resulting from MSFA related interest payments), and recognises its liability in VHAH, after HTAL's interest is reduced to zero.

As at 31 December 2024, the carrying amount of listed equity-accounted investments amounted to a negative balance and is recognised as "Liability arising from equity-accounted investments". This is discussed further below in the sections on financial performance and position.

8.3 Financial performance

The financial performance of HTAL for the three years ended FY24 is summarised below:

Table 4: HTAL - Consolidated statement of profit or loss

$m	Audited 12 months 31-Dec-22	Audited 12 months 31-Dec-23	Audited 12 months 31-Dec-24
Revenue	0.2	0.9	2.5
Operating expenses	(1.7)	(1.8)	(2.0)
Impairment loss of equity-accounted investments, net of tax	(444.6)	-	(31.7)
Share of net loss of equity-accounted investments, net of tax	47.7	(123.1)	(160.3)
Loss before income tax	(398.4)	(124.0)	(191.4)
Income tax expense	-	-	-
Loss before income tax	(398.4)	(124.0)	(191.4)
Net (loss) /gain on cash flow hedges taken to equity (shares of equity-accounted investments)	0.6	0.6	(0.8)
Other comprehensive (loss) / income for the year, net of tax	0.6	0.6	(0.8)
Total comprehensive loss for the year, net of tax	**(397.7)**	**(123.4)**	**(192.2)**
Revenue growth	60%	342%	196%

Source: FY24 and FY23 Annual Report and KPMG Corporate Finance analysis
Notes:
1 Numbers may not add due to rounding

HTAL increased its revenue to $2.5 million for the year ending 31 December 2024, up from $0.9 million the previous year, due to higher cash balances and increased interest rates. Operating expenses rose to $2.0 million from $1.8 million, driven largely by higher remuneration. The loss from ordinary activities before tax was $191.4 million, up from $124.0 million. This was driven by an impairment loss on equity-accounted investments of $31.7 million, and a share of net loss of equity-accounted investments of $160.3 million, compared to $123.1 million from the previous year.

In both periods, HTAL received a $37.3 million dividend from its subsidiary H3GAH as an advance of the dividend paid by TPG Telecom for both parcels. In the year ending 31 December 2023, HTAL fully settled a $5.4 million financing facility provided by CKHH, which was terminated on 30 June 2023. As a result, cash and cash equivalents increased to $74.5 million from $37.2 million for the period ending 31 December 2024[38].

Impairment value

During the financial years 2022 and 2024, HTAL recorded an impairment of investments accounted for using the equity method. These impairments were $444.6 million and $31.7 million, respectively. As HTAL's interests in VHAH and TPG Telecom are recorded using the equity method of accounting, these equity-accounted investments are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. This is discussed in greater detail in Section 8.4.

Share of net loss from equity accounted investments

In relation to the equity accounted investments we note that:

- the 2024 performance included a $160.3 million share of net loss from its equity-accounted investments in VHAH and TPG Telecom. When compared to the $123.1 million share of net loss in 2023, this represented an increase in share of net loss of $37.2 million
- the movement was primarily driven by HTAL's share of TPG Telecom's loss for 2024 being $39.1 million greater than in 2023 (2024: share of loss of $26.8 million, 2023: share of profit of $12.3 million) offset by HTAL's share of VHAH's net finance costs being $1.9 million lower
- the decrease in the share of TPG Telecom's results was primarily attributable to TPG Telecom's one-off impairment charge related to the decommissioning of sites that will no longer be used once MOCN regional sharing arrangement with Optus is implemented (further information on MOCN discussed in Section 9.2.2)
- the decrease in the share of VHAH's net finance costs mainly reflect the increase in gain from fair value changes of derivative financial instruments and the increase in interest income from term deposits, partly offset by the increase in the interest rates of VHAH's borrowings.

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[38] HTA FY24 Annual Report.

HTAL's share of net loss of equity-accounted investments, net of tax, is summarised in the table below:

Table 5: HTAL – Changes in net loss from equity-accounted investments

	FY23		FY24	
$m	**VHAH**	**TPG**	**VHAH**	**TPG**
Revenues	-	5,533.0	-	5,520.0
Other income	-	36.0	-	12.0
Expenses	(0.4)	(3,694.0)	(0.3)	(3,820.0)
Share of (loss) / profit from investment in TPG, net of tax	13.7	-	(29.8)	-
Depreciation and amortisation	-	(1,471.7)	-	(1,485.0)
Net finance costs	(270.5)	(341.0)	(266.4)	(378.0)
(Loss) / profit before income tax	(257.1)	62.3	(296.4)	(151.0)
Income tax expense	0.0	(13.0)	(0.3)	44.0
(Loss) / profit for the year	(257.1)	49.3	(296.7)	(107.0)
Other comprehensive (loss) / income	0.7	3.0	(0.8)	(3.0)
Total comprehensive (loss) / profiit	(256.4)	52.3	(297.5)	(110.0)
Reconciliation to the Group's share of (loss) / profit of the equity-accounted investments:				
Groups interest	50.0%	11.1%	50.0%	11.1%
Groups share of (loss) / profit of equity account investments	(128.6)	5.5	(148.4)	(11.9)
Net share of (loss) / profit of equity account investments	(123.1)		(160.3)	

Source: FY24 and FY23 Annual Report and KPMG Corporate Finance analysis
Notes:
1 Numbers may not add due to rounding

When accounting for VHAH's share of TPG Telecom's profit (loss) in VHAH's consolidated statement of financial position, HTAL's share of (loss)/profit of equity account investments (totaling $160.3 million for 2024) reflects the following:

- HTAL's 50% share of net loss of VHAH of $148.4 million (2023: $128.6 million share of net loss)
- HTAL's 11.14% direct share of net loss of TPG Telecom of $11.9 million (2023: $5.5 million share of net profit).

8.3.1 *Dividend policy, payout ratio and franking credits*

HTAL does not have a dividend policy and has never paid dividends to shareholders. Franking credits are outlined below:

Table 6: Franking credit balance

	Consolidated		Parent entity	
$m	**FY23**	**FY24**	**FY23**	**FY24**
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2023: 30%)	45.6	60.5	0.4	16.3

Source: FY24 and FY23 Annual Report and KPMG Corporate Finance analysis

The franking credits would be available to the parent entity, HTAL, if distributable profits from its subsidiaries were paid as dividends.

8.4 *Financial position*

The financial position of HTAL as at 31 December 2022, 31 December 2023 and 31 December 2024:

Table 7: HTAL - Consolidated statement of financial position

$m	Audited 12 months 31-Dec-22	Audited 12 months 31-Dec-23	Audited 12 months 31-Dec-24
Cash and cash equivalents	5.8	37.2	74.5
Other receivables	0.1	0.2	0.3
Prepayments	0.0	0.0	0.0
Total current assets	**6.0**	**37.4**	**74.8**
Investments accounted for using the equity method	339.7	179.9	-
Total non-current assets	339.7	179.9	-
Total assets	**345.7**	**217.3**	**74.8**
Payables	0.4	0.3	0.4
Accrued expenses	0.5	1.0	0.5
Short-term borrowings	5.4	-	-
Liabilities arising from equity-accounted investments	-	-	50.1
Total current liabilities	**6.2**	**1.3**	**51.0**
Total liabilities	**6.2**	**1.3**	**51.0**
Contributed equity	4,204.5	4,204.5	4,204.5
Reserves	69.5	70.1	69.3
Accumulated loses	(3,934.6)	(4,058.6)	(4,250.0)
Total equity	**339.4**	**216.0**	**23.8**
Total liabilities and equity	**345.7**	**217.3**	**74.8**
Shares on issue	13,572.5	13,572.5	13,572.5

Source: FY24 and FY23 Annual Report and KPMG Corporate Finance analysis
Notes:
1 Numbers may not add due to rounding

We note the following in relation to HTAL's historical financial position:

- total current assets increased from $37.4 million at 31 December 2023 to $74.8 million at 31 December 2024, due to the receipt of dividend payments from subsidiaries which increased the cash and cash equivalents balance
- total assets declined from $217.3 million at 31 December 2023 to $74.8 million at 31 December 2024, as investments accounted for using the equity method declined from $179.92 million to nil
- current and total liabilities increased from $1.3 million at 31 December 2023 to $50.1 million at 31 December 2024, as liabilities arising from equity account investments increased from nil in 2023 to $50.12 million in 2024
- as a result, tangible book value declined from $216 million to $23.8 million over the same period.

Set out below are the movements in the carrying value of the equity accounted investments (liability arising from equity-accounted investments):

Table 8: HTAL – Financial position carrying value look through

$m	FY23 VHAH	FY23 TPG	FY24 VHAH	FY24 TPG
Current assets	207.8	1,284.0	37.7	1,161.0
Non-current assets	3,320.9	18,704.7	3,298.1	18,253.7
Current liabilities	(42.7)	(1,722.0)	(62.7)	(1,606.0)
Non-current liabilities	(4,896.7)	(6,329.0)	(4,981.4)	(6,315.0)
Net (liabilities) / assets	(1,410.7)	11,937.7	(1,708.3)	11,493.7
Group interest	50.0%	11.1%	50.0%	11.1%
Group's share of net (liabilities) / assets	(705.3)	1,329.9	(854.2)	1,280.4
Group's provision for impairment	(246.9)	(197.7)	(264.5)	(211.8)
Carrying amount	(952.2)	1,132.1	(1,118.7)	1,068.6
Net carrying amount	179.9		(50.1)	

Source: FY24 and FY23 Annual Report and KPMG Corporate Finance analysis
Notes:
1 Numbers may not add due to rounding

The position of the equity accounted investments changes from an asset of $179.9 million at December 31 2023 to a liability of $50.1 million at 31 December 2024. The table reflects*:*

- the total of HTAL's 50% share of VHAH net liabilities of $854.2 million (31 December 2023: $705.3 million share of net liabilities)
- the total of HTAL's 11.14% direct share of net assets of TPG Telecom of $1,280.4 million (31 December 2023: $1,329.8 million share of net assets), and provision for impairment totaling $476.3 million (31 December 2023: $444.6 million)
- a negative carrying value of $50.1 million for these assets, resulting in it being accounted for as a liability.

We note the following with reference to the HTAL's share of VHAH's non-current liabilities:

- HTAL's carrying amount of its investment reduces as VHAH entered into a $4.9 billion three-year MSFA. Tranche B of the MSFA is concurrently guaranteed by HTAL's ultimate shareholder, CKHH. This is accounted for in non-current liabilities (Table 8), shown as a 50% share of VHAH's debt of $4,981.4 in FY24 and debt plus derivative instrument liabilities (cross-currency interest rate swaps) of $4,801.3 million and $95.5 million in FY23.

The dividends received by HTAL are recorded as a negative value (Table 9), as dividends are recognised as a reduction in the carrying value of HTAL's equity investment, while the cash inflow is recorded in the cash flow statement reflected in Table 10.

Table 9: HTAL - Change in the carrying value of investments / (liabilities)

$m	Ownership interest FY23	FY24
At 1 January	339.7	179.9
Share of net loss of equity-accounted investments, net of tax	(123.1)	(160.3)
Share of TPG's net (loss) / gain on cash flow hedges taken to equity, net of	0.6	(0.8)
Share of TPG's employee share schemes – value of employee services, net	1.6	3.0
Share of TPG's acquisition of treasury shares, net of tax	(1.6)	(3.0)
Dividends received from equity-accounted investments	(37.3)	(37.3)
Provision for impairment	-	(31.7)
At 31 December	179.9	(50.1)

Source: FY24 and FY23 Annual Report and KPMG Corporate Finance analysis
Notes:
1 Numbers may not add due to rounding

As at 31 December 2024, HTAL recognised a liability arising from the equity-accounted investments of $50.1 million, as its aggregated share of losses in VHAH and TPG Telecom exceeded the carrying amount of its investments by $18.4 million. As such, an impairment of $31.7 million was recognised at 31 December 2024.

The notes of the financial statements outline that the main valuation inputs used in arriving at the fair value less costs of disposal (**FVLCOD**) were the closing price of TPG Telecom shares at 31 December 2024 of $4.49 ($5.18 at 31 December 2023). In addition, a block premium was included on the basis of HTAL's significant influence on TPG Telecom with reference to specific, comparable and current transactions within the investee's industry[39].

[39] HTA FY24 Annual Report.

8.5 Cash flow

The cash flow statement of HTAL for the three years ended 31 December 2024 is summarised below:

Table 10: HTAL - Statement of cash flow

$m	Audited 12 months 31-Dec-22	Audited 12 months 31-Dec-23	Audited 12 months 31-Dec-24
Payments to suppliers and employees (inclusive of GST)	(1.4)	(1.3)	(2.4)
Interest receievd	0.2	0.7	2.4
Dividends from investments accounted for using the equity method	36.2	37.3	37.3
Net cash inflows from operating activities	**35.0**	**36.7**	**37.3**
Cash flows from investing activities	-	-	-
Net cash inflows from investing activities	-	-	-
Repayment of borrowings - entity within the CKHH group	(33.0)	(5.4)	-
Total Debt Repaid	(33.0)	(5.4)	-
Net cash outflows from financing activities	**(33.0)**	**(5.4)**	**-**
Net Change in Cash	**2.1**	**31.4**	**37.3**
Cash and cash equivalents at 31 December	5.8	37.2	74.5

Source: FY24 and FY23 Annual Report and KPMG Corporate Finance analysis
Notes:
1 Numbers may not add due to rounding

We note the following in relation to HTAL's cash flows:

- dividends received through H3GAH were advanced on an interest-free basis by H3GAH
- the advanced amount of $37.3 million equates to 11.14% of the recorded $335.0 million in dividends paid by TPG Telecom for the financial year ending 30 June 2023. The residual 13.91% claim (indirect holding) to the TPG Telecom dividend remains held by VHAH, totaling approximately $46.6 million
- part of the proceeds from the interest-free advance was used to fund the $33.0 million and $5.4 million repayments of a borrowing facility in FY22 and FY23. The facility was granted to HTAL by an entity within the CKHH group for a maximum amount of $1,600 million and matured on 30 June 2023. The facility was terminated on 30 June 2023[40]
- the newly entered $4.9 billion three-year MSFA is recorded on the balance sheet of VHAH.

8.6 Board and management

The following table outlines the current Board of Directors:

[40] HTA FY23 Annual Report.

Table 11: HTAL - Board of Directors

Director	Board position
Frank John Sixt	Chairman
Barry Roberts-Thomson	Deputy Chairman
Steven Paul Allen	Executive Director
Susan Mo Fong Chow	Non-Executive Director
Justin Herbert Gardener	Independent Non-Executive director
Dominic Lai Kai Ming	Non-Executive Director
John Michael Scanlon	Independent Non-Executive director
Cliff Woo Chiu Man	Non-Executive Director

Source: Annual Reports, company website, and KPMG Corporate Finance analysis

8.7 Share capital ownership

8.7.1 Equity capital and Ownership

- HTAL has 13,572.508,577 fully paid ordinary shares on issue.

CKHH and Spark (both public companies) hold 87.87% and 10%, respectively, accounting for 97.87% of the shares.

The following table outlines the top 5 shareholders in HTAL:

Table 12: Top 5 shareholder breakdown

Shareholder	Number of shares	% of capital held
CK Hutchison Holdings Limited (SEHK:1)	11,925,479,378	87.87%
Spark New Zealand Limited (NZSE:SPK)	1,357,250,858	10.00%
Leanrose Pty Limited	83,913,797	0.62%
Mr Dimitrios Piliouras & Mrs Konstantina Piliouras <Energia Super Fund	21,155,352	0.15%
HSBC Custody Nominees (Australia) Limited	10,635,402	0.07%
Total	**13,398,434,787**	**98.71%**
Other shareholders		1.29%

Source: S&P Capital IQ and KPMG Corporate Finance analysis
Notes:
1 *Totals may not add due to rounding*
2 *% of capital held is rounded to two decimal places*
3 *CKHH has a total relevant interest in 88.48% of HTAL shares comprising HTABV's direct interest of 87.87% plus a relevant interest arising from the equitable mortgage that Glenfer Group Limited (a wholly owned subsidiary of CKHH) has in respect of Leanrose Pty Ltd's 0.62% shareholding interest in HTAL.*

8.7.2 Employee Stock Ownership Plan

As at 31 December 2024, HTAL held $14,095,000 in their share-based payments reserve to satisfy the requirements of the fixed and performance-based remuneration structure.

The remuneration of the non-executive, executive and independent Directors, Mr. Justin Herbert Gardener and Mr. John Michael Scanlon, is comprised of a fixed amount only and is not performance based.

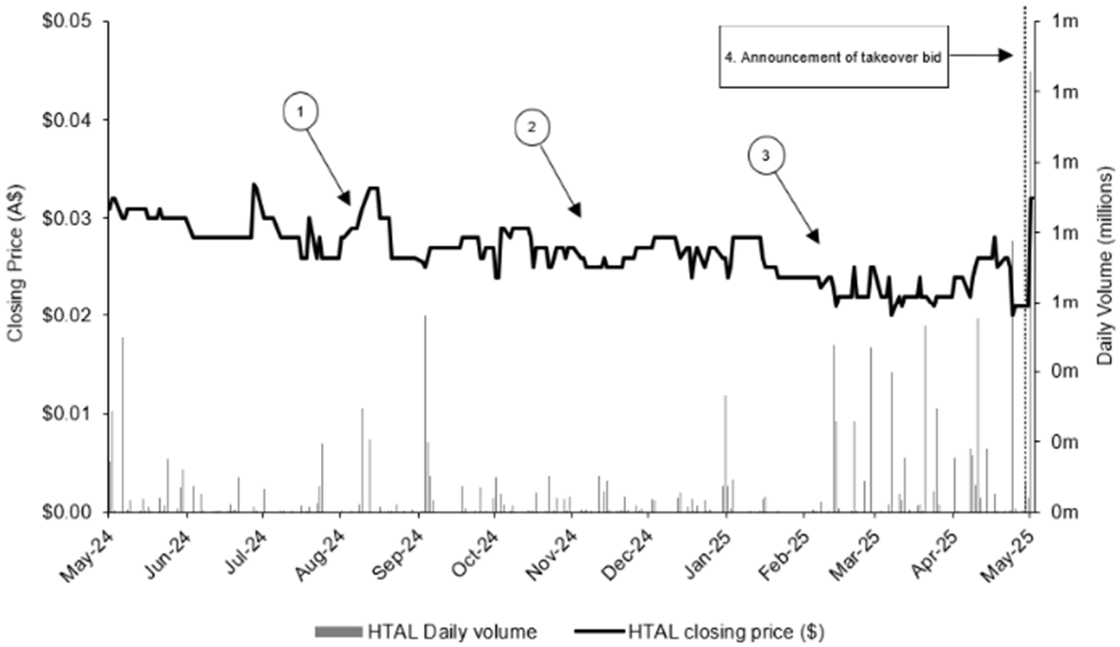
The non-executive and non-independent Directors do not currently receive remuneration for their services as Directors of HTAL.

8.8 Trading performance

8.8.1 Share price and volume performance

HTAL's share price performance and the volume of shares traded for the 12-month period to 22 May 2025 is illustrated below:

Figure 8: HTAL – Daily closing share price on ASX and volume trading



Source: S&P Capital IQ, IRESS & KPMG Corporate Finance analysis

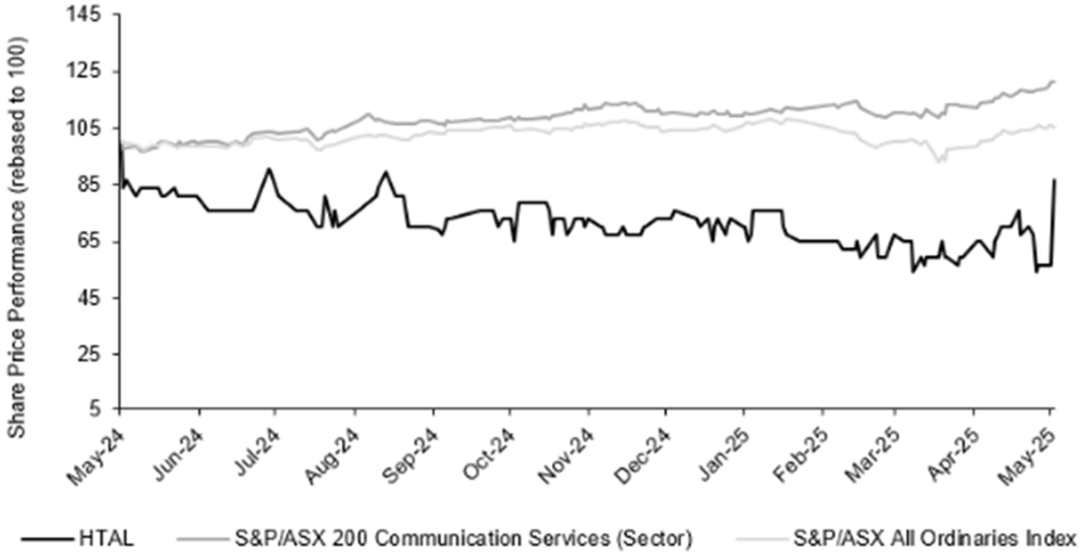
HTAL announcements identified as being price sensitive over the 12-month period to 22 May 2025, include:

1. 30 August 2024: HTAL released their Half-Year Financial Report for FY2024
2. 29 November 2024: HTAL announced that Ms Melissa Anastasiou resigned as director of HTAL with effect on and from 29 November 2024
3. 28 February 2025: HTAL released their Full-Year Financial Report for FY2024
4. 22 May 2025: HTABV announces its intention to make an off-market takeover bid for all of the ordinary shares it does not already own in HTAL.

8.8.2 Relative share price performance

The following figure illustrates HTAL's price performance relative to the S&P/ASX 200 Communications Services (Sector) and the S&P/ASX All Ordinaries Index.

Figure 9: HTAL – Relative share price performance



Source: S&P Capital IQ, IRESS & KPMG Corporate Finance analysis

As illustrated in Figure 9, HTAL shares underperformed the S&P/ASX All Ordinaries index and the S&P/ASX Communication Services Index for the 12-month period ending 22 May 2025 by 35% and 20%, respectively. This was largely the result of the strength of both comparative indices.

Whilst HTAL broadly follows the TPG Telecom shares price, given limited turnover and liquidity in HTAL shares there are limited observations that can be made regarding investor sentiment and the associated impact on the share price performance.

8.8.3 *Liquidity*

The table below summarises the liquidity of HTAL shares pre and post the announcement of the Offer.

Table 13: HTAL - VWAP and liquidity analysis

Pre-announcement

Period up to and including 21 May 25	Price (low) A$	Price (high) A$	Price VWAP A$	Cumulative value A$m	Cumulative volume m	% of issued capital
1 day	0.021	0.021	0.021	0.001	0.043	0.000%
1 week	0.020	0.025	0.022	0.020	0.923	0.007%
1 month	0.020	0.028	0.023	0.055	2.353	0.017%
3 months	0.020	0.028	0.023	0.129	5.580	0.041%
6 months	0.020	0.028	0.024	0.164	6.931	0.051%
12 months	0.020	0.038	0.026	0.289	11.274	0.083%

Post-announcement

Period from 22 May 25 to 3 Jun 25 incl.	Price (low) A$	Price (high) A$	Price VWAP A$	Cumulative value A$m	Cumulative volume m	% of issued capital
13 days	0.0310	0.0340	0.0320	0.0255	0.7946	0.0001

Source: S&P Capital IQ, IRESS & KPMG Corporate Finance analysis

The corporate ownership of 97.87% of the outstanding shares dictates that the daily traded volume of HTAL is thin, with less than 0.1% of the issued capital traded in the past 12 months.

Post announcement, the HTAL share price increased and reflects the Offer.

9 Profile of TPG Telecom

9.1 Background

TPG Telecom provides a comprehensive range of telecommunications services to consumer, business, enterprise, government, and wholesale customers across Australia. TPG Telecom is the second largest telecommunications company on the ASX and operates a number of leading mobile and internet brands including Vodafone, TPG, iiNet, AAPT, Lebara, and felix, providing consumers with a comprehensive portfolio of fixed and mobile products. TPG Telecom also owns and operates extensive nationwide mobile and fixed networks.

In June 2020, VHA merged with TPG Telecom and became the current business that is TPG Telecom. Outlined below is the corporate history of TPG Telecom:

9.1.1 Corporate history

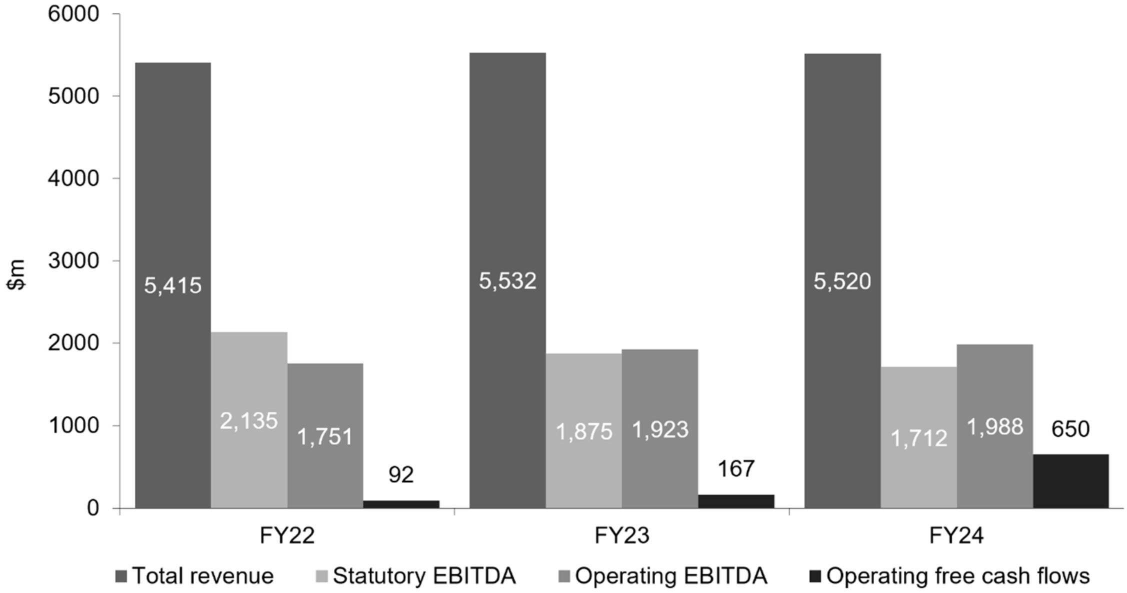
Table 14: TPG Telecom - corporate history

Year	Event
1986	Founded by David Teoh as Total Peripherals Group, focusing on IT hardware and network equipment.
1993	Vodafone Australia Limited commenced operations in Australia.
2008	Total Peripherals Group listed on the ASX.
2008	Total Peripherals Group conducts a reverse takeover of SP Telemedia Limited.
2009	SP Telemedia Limited renamed to TPG Telecom Limited, in consumer and business internet services as well as mobile services.
2009	HTAL merges with Vodafone Australia Limited to form VHA.
2018	TPG Telecom Limited and VHA announced plans to merge their operations.
2020	TPG Telecom Limited merged with VHA. Shortly thereafter VHA was renamed TPG Telecom and listed on the ASX.
2022	TPG Telecom sold 100% of its passive mobile towers and rooftop infrastructure to OMERS Infrastructure Management Inc for an enterprise value of $950 million.
2024	TPG Telecom signed an agreement with Optus to create a regional MOCN expanding TPG Telecom's 4G and 5G mobile network to reach 98.4% of the Australian population.
2024	TPG Telecom agreed to sell its fibre assets and fixed EGW business to Vocus for an enterprise value of $5.25 billion.

Source: TPG Telecom website and ASX company announcements

9.1.2 Growth profile

Figure 10: FY22 to FY24 revenue, statutory EBITDA, operating EBITDA and operating free cash flow



Source: FY22, FY23 and FY24 TPG Telecom Annual Report and KPMG Corporate Finance analysis

Note:

1 *Statutory EBITDA figures are the same as reported figures on audited income statement*
2 *Operating EBITDA figures are calculated by removing one off impacts from the statutory EBITDA. The bridge between operating EBITDA and statutory EBITDA is shown in Table 29*
3 *Operating free cash flows are taken from TPG Telecom's Annual Reports (page 7 in FY23 report and page 10 in FY24 report)*
4 *Operating free cash flows exclude one-off impacts as per TPG Telecom's Annual Report.*

Between FY22 and FY24, TPG Telecom's revenues remained relatively stable, with a modest CAGR of 1.0%, whilst TPG Telecom's EBITDA declined at a CAGR of 10.5% over the same period. The decline in the statutory EBITDA is attributed to one-off impacts. Further information on financial performance and the nature of one-off impacts is detailed in Section 9.3.

TPG Telecom reported strong operating free cash flow (**OFCF**) growth, recording uplifts of $75 million and $483 million in FY23 and FY24, respectively. FY23 OFCF growth was primarily attributed to year-on-year growth in operating EBITDA (which excludes the one-off $402 million benefit from the passive mobile tower sale in FY22) and a reduced negative working capital amount[41]. FY24 OFCF growth was driven by a slight increase in operating EBITDA (which removes the $250 million negative impairment impact in FY24), lower capital expenditure and further reduced negative working capital movements.[42]

[41] TPG Telecom FY23 Annual Report.
[42] TPG Telecom FY24 Annual Report.

9.2 Business operations overview

9.2.1 Overview

The consolidated TPG Telecom group provides three primary service offerings: mobile services, fixed services, and handsets and hardware.

The mobile services segment, which provides these services through the brands Vodafone Australia, iiNet Mobile, and felix, accounted for 41.2% or $2,272 million of total revenue in FY24. This offering primarily consists of prepaid and postpaid mobile phone plans for individuals and consumers. The key services provided within the mobile services segment includes mobile voice calls, SMS and MMS messaging (text and multimedia messages), and mobile data services for internet access on smartphones, tablets, and other mobile devices. The segment also provides customers with access to a wide range of mobile devices through outright purchase or device payment plans and offers specialised business mobile solutions featuring mobile fleet management, shared data pools, and enterprise-grade security. By leveraging the extensive mobile network infrastructure of its subsidiaries, including advanced technologies like 4G LTE and the expansion into 5G, TPG Telecom ensures robust and reliable connectivity, delivering quality mobile telecommunications solutions tailored to meet the needs of a wide range of users.

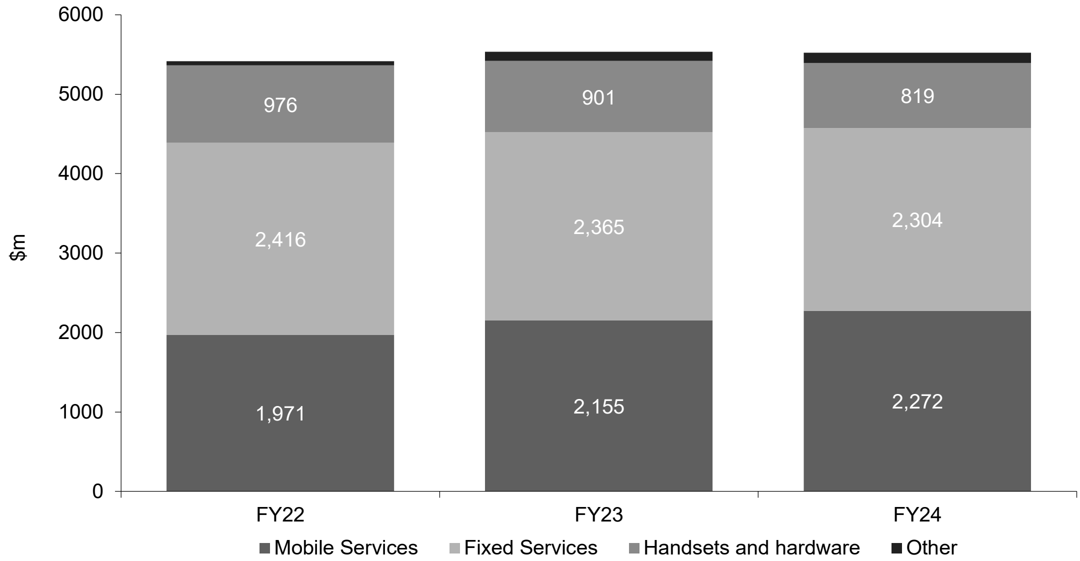
The fixed services segment of TPG Telecom, which includes the TPG, iiNet, and AAPT brands, accounted for 41.7% or $2,304 million of revenue in FY24. In FY24, the fixed services segment offered a wide array of fixed-line telecommunications solutions including broadband internet services delivered through various technologies such as Fibre-to-the-Premises (**FTTP**), Fibre-to-the-Node (**FTTN**), High-Speed Cable, and Digital Subscriber Line (**DSL**), providing reliable and high-speed internet access. Additionally, it provided fixed Voice over Internet Protocol (**VoIP**) services with a variety of plans for local, national, and international calls, as well as bundled services that combine internet, phone, and entertainment options for cost-effective and convenient packages. For businesses, the segment delivered enterprise-grade solutions, including dedicated internet access, IP telephony, and private network services, ensuring seamless and secure communication and data transfer.

In October of 2024, TPG Telecom announced the sale of its EGW fixed-line business, and its fibre network infrastructure assets to Vocus, for an enterprise value of $5.25 billion (including contingent value payment). This sale will allow TPG Telecom to streamline its operations and concentrate on its core consumer and mobile markets, though it will reduce their operations and revenue generated from the EGW fixed services sector and fibre assets. EGW fixed and Vision Network Pty Ltd (**Vision Network**) revenues represented approximately 12.6% or $694 million of total revenue in FY24. Further information on the Vocus Transaction and Vision Network is outlined in Section 9.2.3.

The handset and hardware segment accounted for 14.8% of total revenue in FY24 and refers to physical handsets, modems and accessories sold by TPG Telecom. The remaining 2.3% or $126 million of total revenue came from other sources including Push Text, IoT and MVNOs.

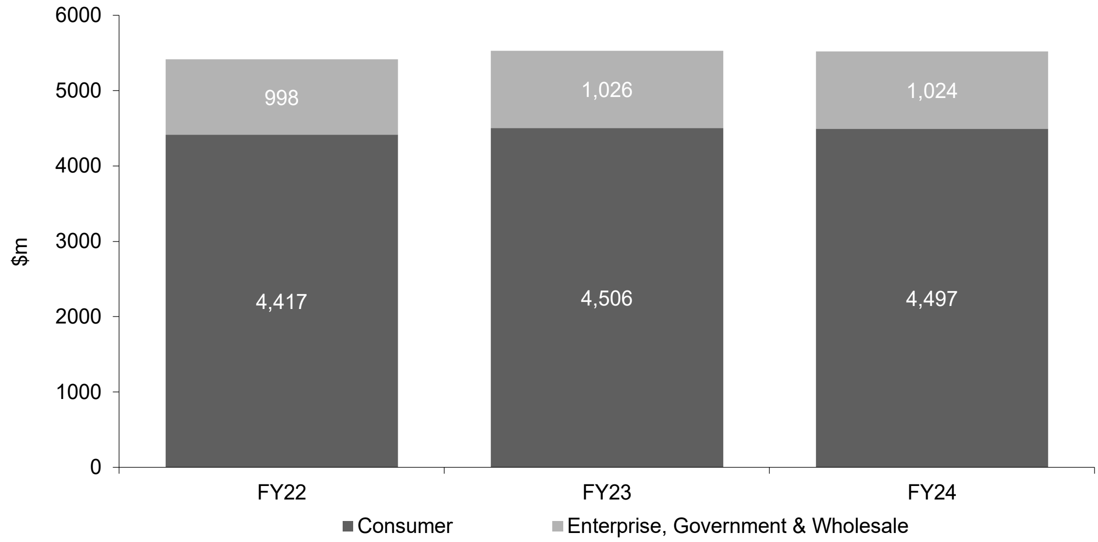
The following figures illustrate the breakdown of revenue by service type and business line:

Figure 11: TPG Telecom - FY22 to FY24 revenue by service type



Source: FY22, FY23 and FY24 TPG Telecom Annual Report and KPMG Corporate Finance analysis

Figure 12: TPG Telecom - FY22 to FY24 revenue by business line



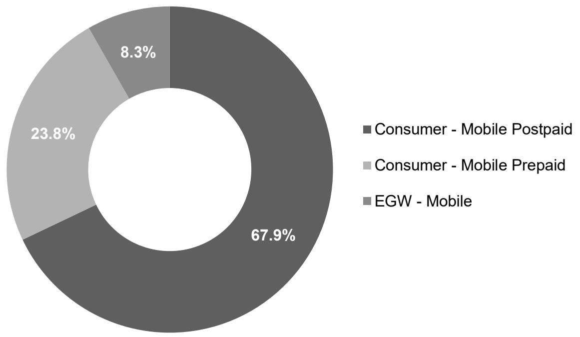
Source: FY22, FY23 and FY24 TPG Telecom Annual Report and KPMG Corporate Finance analysis

TPG Telecom's business lines comprise Consumer and EGW, with the key service functions outlined earlier provided to both. In FY24, approximately 81.6% and 18.4% of TPG Telecom's total revenue were generated by sales to Consumers and EGW clients, respectively.

The following details the service types by business lines:

Mobile services

Figure 13: TPG Telecom - FY24 mobile services revenue breakdown by business line

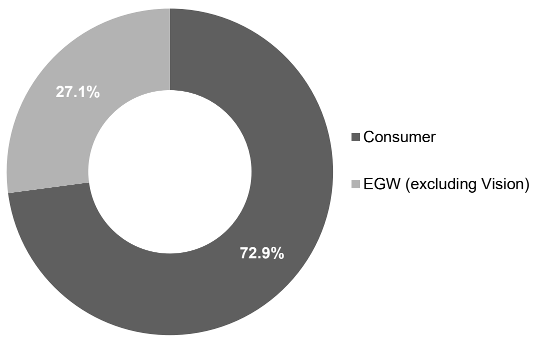


Source: FY22, FY23 and FY24 TPG Telecom Annual Report and KPMG Corporate Finance analysis

The majority of revenue in the mobile services segment was derived from Consumer customers, with 67.9% and 23.8% of sales from postpaid customers and prepaid customers, respectively. Mobile services sales to EGW accounted for 8.3% of revenue.

Fixed services

Figure 14: TPG Telecom - FY24 fixed services revenue breakdown by business line



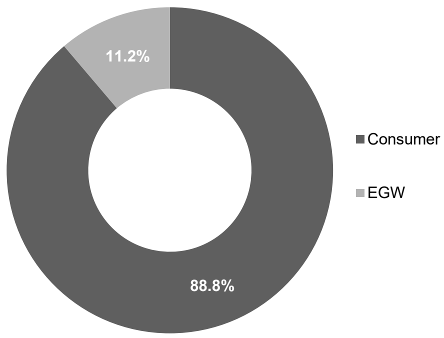
Source: FY22, FY23 and FY24 TPG Telecom Annual Report and KPMG Corporate Finance analysis

Note: Vision Network Pty Ltd wholesale revenue is recognised in the EGW segment and Vision Network Pty Ltd retail revenue and wholesale cost is recognised in the consumer segment. Intersegment charges (wholesale revenue and costs are eliminated at the group level)

Consumer has been the primary driver of fixed services revenue, representing 72.9% of total fixed services revenue in FY24. EGW fixed services represented the remaining 27.1% of total fixed services revenue in FY24. Fixed services revenue is projected to decline following the sale of the EGW fixed business and the fibre network infrastructure. Future revenues, therefore, will be primarily generated from the Consumer sector.

Handset and hardware

Figure 15: TPG Telecom - FY24 handset and hardware revenue breakdown by business line



Source: FY22, FY23 and FY24 TPG Telecom Annual Report and KPMG Corporate Finance analysis

In FY24, the Consumer and EGW handset and hardware business lines generated $727 million and $92 million in total revenue, respectively.

9.2.2 *TPG and Optus Multi Operator Core Network Regional Agreement*

The MOCN refers to network sharing technology that allows multiple mobile network operators (companies providing wireless communication services) to share the same radio access network, (infrastructure such as base stations and antennas that connect mobile devices to the core network). In 2024, Optus and TPG Telecom entered into a MOCN agreement that provided TPG Telecom with access to Optus' regional radio access network and the sharing of spectrum in regional Australia. Under the agreement, TPG Telecom will gain access to over 2,400 Optus mobile network sites in regional Australia, increasing its current national 4G coverage from around 400,000 square kilometres to approximately 1,000,000 square kilometres, and covering 98.4% of the population.

9.2.3 *TPG and Vocus Transaction*

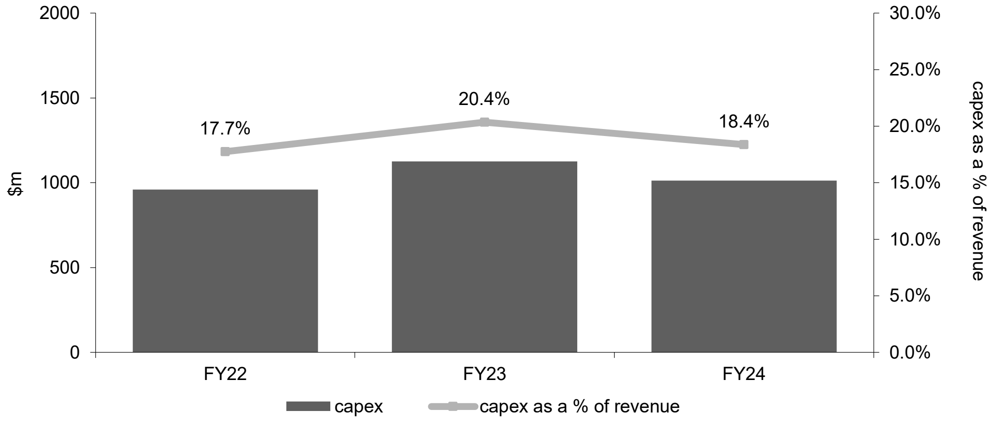
In October 2024, TPG Telecom and Vocus reached an agreement for TPG Telecom to sell its EGW fixed business and fibre network assets to Vocus for an enterprise value of $5.25 billion, which includes a $250 million contingent value payment. This includes the selling of Vision Network which was a functionally separated, wholly owned subsidiary of TPG Telecom and remains one of Australia's largest non-NBN fixed broadband networks that provides residential broadband access services in selected areas of Sydney, Canberra, Perth, Adelaide, Brisbane, Melbourne.

As part of the transaction, TPG will enter into a Transmission and Wholesale Fibre Access Agreement (**TAWFA**) with Vocus, under which Vocus will provide network services to TPG for an annual fee of $130 million. The initial term of the TAWFA is 15 years, with the option for TPG to extend it twice for an additional 10 years each. The transaction has been approved by the ACCC and, subject to other regulatory approval, is expected to reach completion during the second half of 2025. TPG Telecom is expected to generate net cash proceeds of $4.65 billion to $4.75 billion from the transaction.

9.2.4 Capital Expenditure

TPG Telecom is a capital-intensive business, having incurred $1,014 million or 18.4% of TPG Telecom's total revenue for the year in capital expenditure (**capex**) during FY24. This was a 2.0% decline relative to FY23, as TPG Telecom's network investment spending has passed its peak. TPG Telecom plans to reduce its capex forecast to $900 million in 2025 and to between $550 million to $650 million by 2027. Additionally, TPG Telecom management has indicated that following the sale of the fibre infrastructure and EGW fixed assets, annual capex is estimated to decrease by $150 million, on a FY23 pro forma basis[43].

Figure 16: TPG Telecom - FY22 to FY24 capex



Source: FY22, FY23 and FY24 TPG Telecom Annual Report and KPMG Corporate Finance analysis

[43] TPG Telecom FY24 Annual Report.

9.2.5 Operational brands

The following table provides an overview of TPG Telecom's key operational brands:

Table 15:TPG Telecom key operational brands

Brand	Description
Vodafone	Provider of mobile and fixed broadband services, including a 4G network that reaches over 22 million people and a developing 5G network. It supplies nbn™ fixed broadband to major cities and some regional areas.
TPG	Provider of high-speed fibre and NBN plans in Australia, recognised for its extensive infrastructure and advanced fibre and next-generation networks, ensuring reliable and fast internet services for both residential and business users.
iiNet	Provider of high-speed ULTRA Broadband networks, comprehensive nbn™ technologies, and mobile plans.
Lebara	Provider of affordable mobile plan that have no lock-in contracts, focusing on international calling options, data plans, and prepaid services. Targets customers looking for flexible mobile solutions with competitive rates for both local and international calls.
AAPT	Offers inovative wholesale solutions to both residential and business sectors through the provision of data, cloud, voice, and internet services.
felix	Provider of low cost mobile phone services in Australia, powered entirely by 100% renewable electricity. Focuses on sustainable and environmentally friendly practises and partners with One Tree Planted to plant one tree for every month an active subscription is maintained by a customer.

Source: TPG Telecom Company Website

9.3 Financial performance

The financial performance of TPG Telecom for the three years ending 31 December 2024 is summarised below:

Table 16: TPG Telecom - Financial performance

$m	Audited 12 months 31-Dec-22	Audited 12 months 31-Dec-23	Audited 12 months 31-Dec-24
Revenue from contracts with customers	5,415	5,533	5,520
Other income	438	36	12
Cost of provision of telecommunication services	(1,636)	(1,580)	(1,533)
Cost of handsets and hardware sold	(974)	(884)	(786)
Technology costs	(363)	(405)	(391)
Employee benefits expense	(377)	(428)	(439)
Other operating expenses	(368)	(380)	(421)
Impairments and other charges	-	(17)	(250)
Earnings before interest, tax, depreciation and amortisation	**2,135**	**1,875**	**1,712**
Depreciation and amortisation expense	(1,389)	(1,472)	(1,485)
Results from operating activities	**746**	**403**	**227**
Finance income	2	4	3
Finance expenses	(189)	(345)	(381)
Net financing costs	(187)	(341)	(378)
(Loss)/profit before income tax	**559**	**62**	**(151)**
Income tax benefit/(expense)	(46)	(13)	44
(Loss)/profit after income tax	513	49	(107)
Attributable to owners of the company	**513**	**49**	**(107)**
Revenue growth (%)	*2.3%*	*2.2%*	*-0.2%*
NPAT margin %	*9.5%*	*0.9%*	*-1.9%*

Source: FY22, FY23 and FY24 TPG Telecom Annual Report and KPMG Corporate Finance analysis

In the FY22 to FY24 period, TPG Telecom's revenue remained relatively stable, growing at a CAGR of 1.0%. Revenue growth in the mobile services segment has been strong, with year-on-year revenue growth of 9.3% and 5.4% in FY23 and FY24, respectively. This was driven by an increase in subscriber numbers across key TPG Telecom services, alongside higher ARPU in postpaid and prepaid following the ongoing rationalisation of legacy plans and refreshed pricing for in-market plans over FY23 and FY24.

Fixed service revenue declined by 2.6% in FY24 and 2.1% in FY23. This was primarily caused by lower subscriber numbers in consumer NBN products, alongside shortfalls in the non-core legacy technology products and the Vision Network wholesale residential broadband access business[44]. Handset and hardware revenue also fell in FY23 and FY24 by 7.7% and 9.1%, respectively.

TPG Telecom's direct costs fell over the FY22 to FY24 period. Cost of provision of telecommunications services declined at a CAGR of 3.2% over the period as a result of product efficiency and lower NBN input lines[45]. Cost of handsets and hardware sold decreased at a CAGR of 10.2%, coinciding with the reduced sales of handsets and hardware for this period.

[44] TPG Telecom FY24 Annual Report.
[45] TPG Telecom FY24 Annual Report.

Indirect operating costs increased over the period, with employee benefits, operating expenses and technology increasing by 7.9%, 7.0% and 3.8%, respectively.

TPG Telecom's EBITDA fell at a CAGR of 10.5% over the FY22 to FY24 period. This was primarily due to the following one-off impacts: the $402 million infrastructure tower sale benefit in FY22 (reflected in the other income line item), and the $250 million non-cash impairment announced in April 2024 as a result of decommissioning assets ahead of the regional mobile network sharing arrangement with Optus[46] (reflected in the impairments and other charges line item).

In addition to the above, finance expenses increased from $189 million in FY22 to $345 million in FY23 and $381 million in FY24. This aligns with TPG Telecom's additional debt drawdowns of $400 million in FY23 and $20 million in FY24, alongside increasing interest rates.

9.3.1 *Dividend policy, payout ratio and franking credits*

TPG Telecom's dividend policy states that the company must pay a dividend of at least 50% of their adjusted NPAT[47]. In 2024, total dividends declared amounted to 18 cents per share, consistent with the dividends paid in FY22 and FY23.

In the FY22 to FY24 period, the dividends paid each year were interim and final dividends of 9 cents per share each, totaling 18 cents per share.

The following table summarises the dividend paid over the FY22 to FY24 period:

Table 17: TPG Telecom – Dividend payout

	Audited 12 months 31-Dec-22	Audited 12 months 31-Dec-23	Audited 12 months 31-Dec-24
Adjusted NPAT ($m)	646	546	562
Dividend paid per share ($)	0.18	0.18	0.18
Weighted average number of shares (million)	1,859	1,859	1,859
Total dividend payout ($m)	335	335	335
Payout ratio	51.8%	61.3%	59.6%

Source: FY22, FY23 and FY24 TPG Telecom Annual Report and KPMG Corporate Finance analysis
Note:
1 *Payout ratio is calculated based on adjusted NPAT as shown in the table above*
2 *Adjusted NPAT is defined as statutory NPAT adding back material one-offs, customer base amortisation expense, spectrum amortisation expense and noncash tax expense*

The following table summarises the available franking credits of TPG Telecom over the FY22 to FY24 period:

[46] TPG Telecom FY24 Annual Report.
[47] TPG Telecom FY24 Annual Report.

Table 18: TPG Telecom – Franking credit balance

$m	Audited 12 months 31-Dec-22	Audited 12 months 31-Dec-23	Audited 12 months 31-Dec-24
Franking credits available for subsequent reporting periods based on a tax rate of 30%	277	133	-

Source: FY22, FY23 and FY24 TPG Telecom Annual Report and KPMG Corporate Finance analysis

In relation to the table above, we note the following:

- the FY24 final dividend paid on 4 April 2025 was unfranked as TPG Telecom has nil remaining franking credits at that point in time[48]
- a partially-franked dividend (87%) was paid out for the interim FY24 dividend which exhausted all remaining available franking credits[49]
- fully-franked credits were paid out for FY22 and FY23 interim and full year dividend payments[50].

[48] TPG Telecom FY24 Annual Report.
[49] TPG Telecom FY24 Annual Report.
[50] TPG Telecom FY23 Annual Report and TPG Telecom FY22 Annual Report.

9.4 Financial position

The financial position of TPG Telecom as at 31 December 2022, 31 December 2023 and 31 December 2024 is provided below:

Table 19: TPG Telecom - Financial position

$m	Audited 12 months 31-Dec-22	Audited 12 months 31-Dec-23	Audited 12 months 31-Dec-24
Cash and cash equivalents	114	116	42
Trade and other receivables	681	968	972
Inventories	155	117	82
Derivative financial instruments	-	2	5
Prepayments and other assets	83	81	60
Total current assets	**1,033**	**1,284**	**1,161**
Trade and other receivables	358	469	447
Property, plant and equipment	3,580	3,795	3,865
Right-of-use assets	1,527	1,709	1,469
Intangible assets	12,663	12,221	11,923
Deferred tax assets	183	171	218
Derivative financial instruments	2	3	-
Prepayments and other assets	20	16	11
Total non-current assets	**18,333**	**18,384**	**17,933**
Total assets	**19,366**	**19,668**	**19,094**
Trade and other payables	1,185	1,174	1,031
Contract liabilities	283	294	315
Lease liabilities	93	122	136
Provisions	87	91	92
Other liabilities	84	41	32
Total current liabilities	**1,732**	**1,722**	**1,606**
Contract liabilities	18	16	17
Borrowings	3,690	4,076	4,099
Lease liabilities	1,872	2,112	2,069
Provisions	61	67	101
Other liabilities	93	58	29
Total non-current liabilities	**5,734**	**6,329**	**6,315**
Total liabilities	**7,466**	**8,051**	**7,921**
Net assets	**11,900**	**11,617**	**11,173**
Contributed equity	18,399	18,399	18,399
Reserves	(3)	-	(2)
Accumulated losses	(6,496)	(6,782)	(7,224)
Total Equity	**11,900**	**11,617**	**11,173**
Shares on issue (m)	*1,859*	*1,859*	*1,859*
Net debt / Operating EBITDA	*2.0x*	*2.1x*	*2.0x*

Source: FY22, FY23 and FY24 TPG Telecom Annual Report and KPMG Corporate Finance analysis

We note the following in relation to TPG Telecom's historical financial position:

- total currents assets increased from $1,033 million at 31 December 2022 to $1,284 million at 31 December 2023, primarily driven by an increase in handset receivables following the suspension of receivables sales to third parties[51]. Current assets declined as at 31 December 2024 compared to 31 December 2023, primarily driven by a reduction in the cash and cash equivalents balance from $116 million to $42 million, as well as further reductions in the inventory balance
- total assets declined from $19,668 million at 31 December 2023 to $19,094 million at 31 December 2024. This primarily was driven by a reduction in the right-of-use assets from $1,709 million to $1,469 million as a result of the decommissioning of parts of TPG Telecom's regional mobile networks to enable the regional mobile network sharing arrangement with Optus, combined with the amortisation of the Spectrum licenses
- total current liabilities remained relatively stable over the period from 31 December 2022 to 31 December 2024, reducing slightly from $1,732 million to $1,606 million. This reduction in current liabilities was primarily driven by a reduction in the trade and other payables balance from $1,174 million at 31 December 2023 to $1,031 million at 31 December 2024
- total non-current liabilities was $5,734 million at 31 December 2022, $6,329 million at 31 December 2023, and $6,315 million at 31 December 2024. The changes were primarily driven by an increase in borrowings and liabilities between 2022 to 2023. In 2023, TPG Telecom undertook a net debt drawdown of $400 million, primarily due to the suspension of the sale of handset receivables[52]
- the net debt to EBITDA ratio has increased from 1.7x at 31 December 2022 to 2.4x at 31 December 2024. This is due to a lower year-on-year statutory EBITDA, coupled with an increase in borrowing and the reduction in the cash and cash equivalents balance.
- the net debt to operating EBITDA ratio has remained stable from 2.0x at 31 December 2022 to 2.1x at 31 December 2023 to 2.0x at 31 December 2024. Between 2022 and 2023 operating EBITDA increased in relative proportion to net debt meaning there was minimal changes to the ratio. Between 2023 and 2024, changes were minimal, with the 0.1x reduction attributed to a minor increase of $97 million in net debt offset by operating EBITDA growth of $65 million.

[51] TPG Telecom FY23 Annual Report.
[52] TPG Telecom FY23 Annual Report.

9.5 Cash flow

The cash flow statement of TPG Telecom for the three years ending 31 December 2024 is summarised below:

Table 20: TPG Telecom – Statement of cash flows

$m	Audited 12 months 31-Dec-22	Audited 12 months 31-Dec-23	Audited 12 months 31-Dec-24
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	5,652	5,725	6,052
Payments to suppliers and employees (inclusive of GST)	(4,401)	(4,203)	(4,124)
Income taxes paid	-	-	(2)
Net cash generated from operating activities	**1,251**	**1,522**	**1,926**
Cash flows from investing activities			
Payments for property, plant and equipment	(745)	(862)	(783)
Payments for spectrum licences	(31)	(28)	(156)
Receipts from sale of tower assets	892	-	-
Payments for intangible assets	(216)	(264)	(231)
Other income	1	-	5
Interest received	2	4	3
Net cash outflows from investing activities	**(97)**	**(1,150)**	**(1,162)**
Cash flows from financing activities			
Proceeds from borrowings	470	3,670	1,170
Repayment of borrowings	(1,070)	(3,270)	(1,150)
Principal elements of lease payments	(123)	(108)	(136)
Payments for shares acquired by the tpg employee incentive plan trust	(14)	(8)	(12)
Finance costs paid	(180)	(319)	(376)
Dividends paid	(325)	(335)	(334)
Net cash outflows from financing activities	**(1,242)**	**(370)**	**(838)**
Net increase/(decrease) in cash and cash equivalents	**(88)**	**2**	**(74)**
Cash and cash equivalents at 1 January	202	114	116
Cash and cash equivalents at 31 December	**114**	**116**	**42**

Source: FY22, FY23 and FY24 TPG Telecom Annual Report and KPMG Corporate Finance analysis
Note
1 Other income refers to loan repayment from tech 2 in 2022 and receipts from sale of a subsidiary in FY2024.

We note the following with regard to TPG Telecom's cash flows:

- the $271 million and $404 million uplift in net cash generated from operating activities can be attributed to increased receipts from customers (inclusive of GST)
- cash flows from investing activities in FY22 benefited from an $892 million one-off benefit from the receipt of the tower assets sale in FY22
- changes in cash flows from investing activities between FY23 and FY24 can primarily be attributed to increased mobile spectrum payments and decreased payments for PPE over the two years, reflective of the reduced capex of $1,014 million in FY24 from $1,126 million in FY23

- cash outflows from financing activities declined from FY22 to FY23 primarily due to changes in debt repayments/drawdowns and finance costs paid. In FY22, TPG Telecom had a net repayment of $600 million, while in FY23, TPG Telecom undertook a net debt drawdown of $400 million due to the suspension of the sale of handset receivables[53]. In FY24, net drawdown of borrowings was $20 million. Further information on the movements of net debt can be seen in Table 20 below.

- the debt drawdowns in FY23 and FY24 increased the financing costs for TPG Telecom, resulting in a negative impact on the cash flows from financing activities.

This net debt position over the FY22 to FY24 period is set out as follows:

Table 21: TPG Telecom – Net debt reconciliation

$m	Audited 12 months 31-Dec-22	Audited 12 months 31-Dec-23	Audited 12 months 31-Dec-24
Cash and cash equivalents	114	116	42
Borrowings	(3,690)	(4,076)	(4,099)
Lease liabilities	(1,965)	(2,234)	(2,205)
Net debt	**(5,541)**	**(6,194)**	**(6,262)**

Source: FY22, FY23 and FY24 TPG Telecom Annual Report and KPMG Corporate Finance analysis

9.6 *Board and management*

The current Directors and Management are set out below:

Table 22: TPG Telecom – Board of Directors

Name	Board Position
Fok Kin Ning, Canning	Chairman
Iñaki Berroeta	Chief Executive Officer and Managing Director
Paula Dwyer [1]	Independent Non-Executive Director
Pierre Klotz	Non-Executive Director
Robert Millner AO	Non-Executive Director
Antony Moffatt	Non-Executive Director
Dr Helen Nugent AC	Independent Non-Executive Director
Frank Sixt	Non-Executive Director
Jack Teoh	Non-Executive Director
Serpil Timuray	Non-Executive Director
Arlene Tansey [2]	Former Independent Non-Executive Director

Source: FY24 Annual Report
Note:
1 Paula Dwyer was appointed to the board of directors as at 21 October 2024
2 Arlene Tansey retired from the board of directors as at 21 October 2024

9.7 *Strategy*

TPG Telecom's strategy is focused on becoming Australia's most nimble, simple and efficient integrated telecommunication company, and is guided by four principles: run networks smarter, invigorate brands and services, make it easy for customers, and become faster, simpler and

[53] TPG Telecom FY23 Annual Report.

stronger. The primary end goal of TPG Telecom's corporate strategy is to be Australia's best telecommunications company for customers, shareholders and Australian communities.

Over the short term TPG Telecom aims to:

- implement agreements to share network infrastructure with regional partners to enhance coverage and reduce costs
- ensure that more than 80% of metropolitan areas have access to 5G technology
- enhance cost efficiencies and operational synergies through the joint venture with Optus, focusing on sharing mobile tower infrastructure
- finalise the separation of fibre optic assets from EGW and integrate the benefits into the operational framework
- allocate resources to expand and strengthen presence in strategically important locations
- improve and clarify the value propositions of the company's brands to better meet customer needs
- update and improve mobile service offerings for business customers
- streamline and reduce the number of available plans by approximately 750 to simplify customer choices
- introduce a new Vodafone mobile application with enhanced digital features for better customer experience
- reduce the number of IT applications by approximately 100 to streamline operations and reduce complexity
- maintain operating costs at current levels, adjusted for inflation, to ensure financial stability
- limit cash capital expenditure, excluding spectrum costs, to $900 million in FY25
- adjust the capital structure to maximise financial efficiency following the proceeds from the Vocus Transaction.

Over the long term TPG Telecom aims to:

- ensure nationwide coverage of 5G technology
- identify and pursue additional strategic partnerships to enhance service offerings and market reach
- increase the use of the company's network through MVNO agreements and fixed wireless access (**FWA**) services
- achieve growth in revenue sharing agreements with partners
- increase in-brand convergence and multi-product purchasing through targeted campaigns
- further reduce the number of available plans to approximately 100 to simplify offerings
- ensure that digital sales performance meets or exceeds industry standards

- maintain a streamlined IT architecture with approximately 250 applications and a unified customer management system
- achieve additional annual operational cost savings of approximately $100 million following the Vocus Transaction
- decrease annual capital expenditure, excluding spectrum costs, to between $550 million and $650 million starting from FY27
- continuously refine the capital structure to ensure optimal financial performance and flexibility.

9.8 *Broker consensus forecast*

In order to provide an indication of the future financial performance of TPG Telecom, we have considered brokers' forecasts for TPG Telecom. Summarised below are the mean and median consensus forecast for FY25, FY26 and FY27:

Table 23: TPG Telecom - Broker consensus forecast

	Actuals	Mean Estimate			Median Estimate		
$m	**FY24**	**FY25**	**FY26**	**FY27**	**FY25**	**FY26**	**FY27**
Revenue	**5,520**	**5,679**	**5,844**	**5,993**	**5,700**	**5,892**	**5,992**
Operating EBITDA	**1,988**	**1,991**	**2,157**	**2,252**	**1,988**	**2,139**	**2,255**
Revenue growth (%)	-0.2%	2.9%	2.9%	2.6%	3.3%	3.4%	1.7%
EBITDA margin (%)	*36.0%*	*35.1%*	*36.9%*	*37.6%*	*34.9%*	*36.3%*	*37.6%*

Source: KPMG Corporate Finance and broker reports
Note:
1 Operating EBITDA is defined as statutory EBITDA adding back material one-offs

In relation to the table above, we note:

- to establish the consensus forecast for TPG Telecom, we have consulted broker reports from five prominent financial institutions
- the consensus forecast represent the latest available broker forecasts from the noted companies for TPG Telecom on a standalone basis and have not been adjusted for the impacts associated with the Vocus Transaction
- brokers' forecast revenue to grow in FY25, FY26 and FY27. Additionally, in FY26 and FY27 margin expansion is also predicted. The basis for these estimations include improved market share gains from the MOCN deal with Optus and profitability growth through post-merger cost out. Risks to these forecasts include, but are not limited to:
    - technological advances driving margin attrition and loss of mobile market share
    - growing competition erodes broadband margins
    - failure to meet cost-out expectations
    - additional equity capital may be required.

9.9 Share capital ownership

9.9.1 Equity capital and ownership

TPG Telecom has 1,859,341,669 fully paid ordinary shares on issue.[54]

The following table outlines the substantial shareholders in TPG Telecom:

Table 24: TPG Telecom - substantial shareholders

Shareholder	Number of shares	% of capital held
Vodafone Hutchison (Australia) Holdings Limited	517,345,024	27.8%
Washington H Soul Pattinson And Company Limited	237,544,846	12.8%
Hutchison 3G Australia Holdings Pty Limited	207,092,576	11.1%
Vodafone International Operations Limited	207,092,576	11.1%
J P Morgan Nominees Australia Pty Limited	130,174,730	7.0%
Total	**1,299,249,752**	**69.9%**
Other Shareholders		*30.1%*

Source: FY24 TPG Telecom Annual Report and KPMG Corporate Finance analysis

9.9.2 Employee stock ownership plan

TPG Telecom offers share-based compensation benefits for their executives and eligible employees via a short-term incentive (**STI**) and long-term incentive (**LTI**) schemes.

TPG Telecom's STI scheme rewards executives for meeting annual performance targets including financial performance, risk management gateway requirements and individual behaviour standards. Payments for the STI scheme come in the form of a 50% cash component which is paid to Executives following the end of the one-year performance period and a 50% deferred share right (**DSR**). The DSR is awarded in equal amounts over one-year and two-year periods in which the number of DSR's awarded are based on the face volume of the VWAP of TPG Telecom's ordinary shares 5 days prior to the announcement of annual results.[55]

TPG Telecom's LTI plan aims to create alignment between the current Executives and the long-term performance and objectives of the business. The LTI has a performance period of 3 years and examines key performance metrics including ROIC, earnings per share (**EPS**) and ESG renewable electricity targets. TPG Telecom pays LTI in the form of performance rights that entitle participants to a fully paid ordinary share in TPG Telecom, should they meet the required thresholds.[56]

TPG Telecom holds shares in the TPG Telecom Employee Incentive Plan Trust to ensure they can distribute shares for the STI and LTI. As of 31 December 2024, the number of shares that were held in this trust were 5,478,250 at an average price of $5.17 per share.[57]

[54] TPG Telecom FY24 Annual Report.
[55] TPG Telecom FY24 Annual Report.
[56] TPG Telecom FY24 Annual Report.
[57] TPG Telecom FY24 Annual Report.

9.10 Trading performance

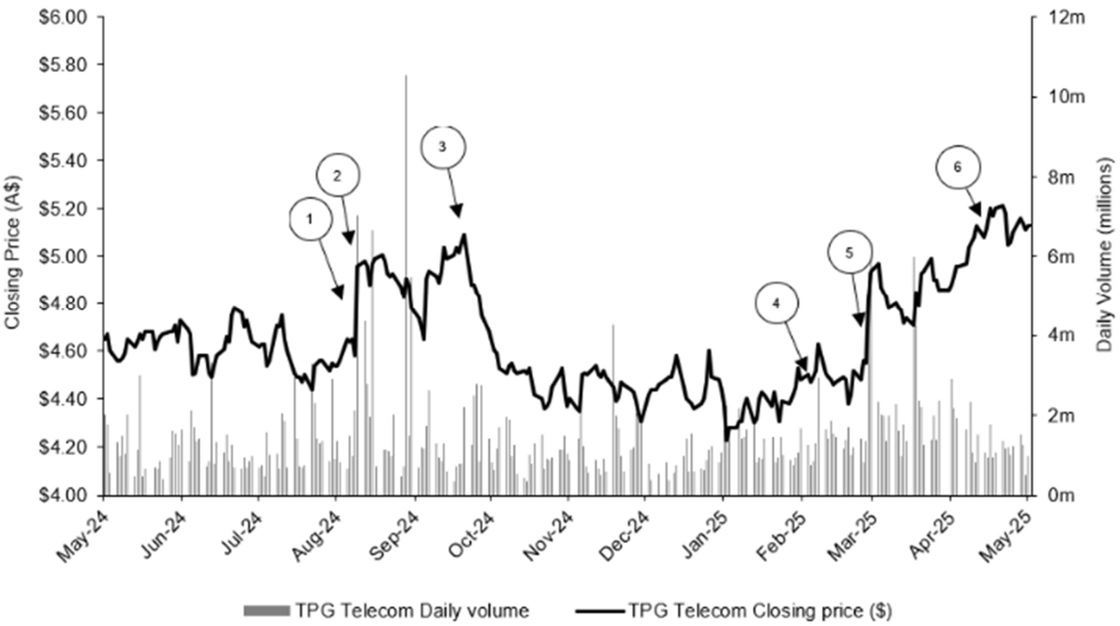
In analysing TPG Telecom's share price performance, we have:

- analysed price and volume performance for the period between 22 May 2024 and 22 May 2025
- compared TPG Telecom's share price movements to the S&P/ASX 200 communication services sector and S&P/ASX 100 index for the period between 22 May 2024 and 22 May 2025
- considered the VWAP and trading liquidity of TPG Telecom shares for the period pre and post the announcement of the takeover.

9.10.1 Share price and volume performance

TPG Telecom's share price performance and the volume of shares traded for the period between 22 May 2024 and 22 May 2025:

Figure 17: TPG – Daily closing share price on ASX and volume trading



Source: S&P Capital IQ, IRESS & KPMG Corporate Finance analysis

TPG Telecom announcements identified as being price sensitive over the 12-month period to 1 April 2025 and the subsequent period to 22 May 2025:

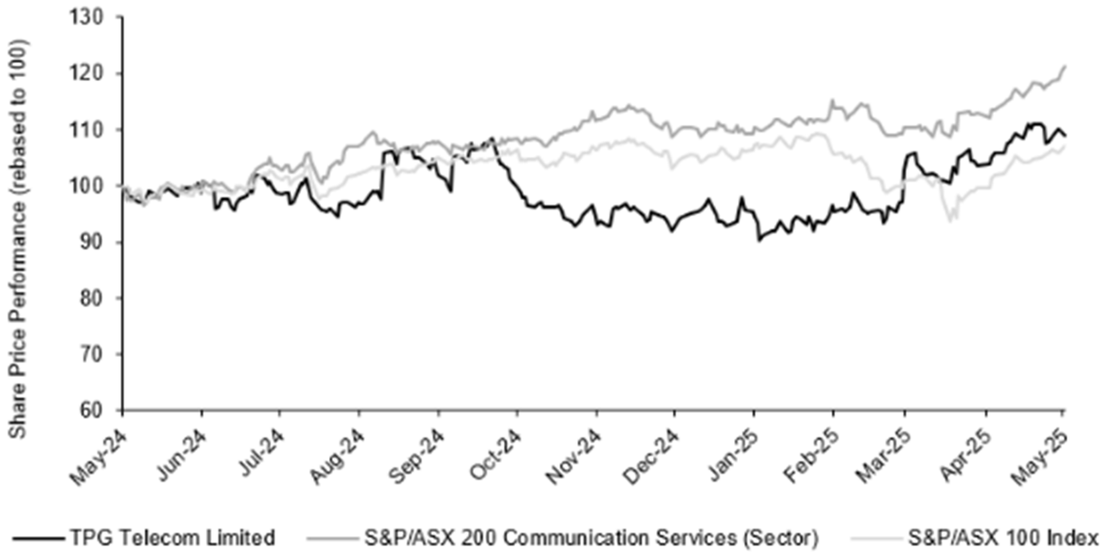
1. 30 August 2024: TPG Telecom announced earnings results for the half year ending 30 June 2024
2. 5 September 2024: The regional network sharing arrangement between TPG Telecom and Optus is cleared by the ACCC

3. 14 October 2024: TPG Telecom announces the Vocus Transaction
4. 28 February 2025: TPG Telecom announced earnings results for the full year ending 31 December 2024
5. 20 March 2025: ACCC announced that the Vocus Transaction will not be opposed by the ACCC
6. 7 May 2025: TPG holds Annual General Meeting (**AGM**) where they deliver their annual company presentation and announce profit guidance.

9.10.2 Relative share price performance

As illustrated in the figure below, TPG Telecom shares outperformed the S&P/ASX 200 communication services sector and S&P/ASX 100 index for the period between 22 May 2024 and 22 May 2025. This reflects the market's broadly positive response to interim and full year earnings result as well as structural decisions such the MOCN with Optus and the Vocus Transaction.

Figure 18: TPG – Relative share price performance



Source: S&P Capital IQ, IRESS & KPMG Corporate Finance analysis

9.10.3 Liquidity

The table below summarises the liquidity of TPG Telecom shares pre and post the annoucement of the Offer:

Table 25: TPG - VWAP and liquidity analysis

Pre-announcement

Period up to and including 21 May 25	Price (low) A$	Price (high) A$	Price VWAP A$	Cumulative value A$m	Cumulative volume m	% of issued capital
1 day	5.05	5.16	5.10	2.6	0.5	0.0%
1 week	5.03	5.21	5.11	28.3	5.5	0.3%
1 month	4.79	5.25	5.06	149.1	29.5	1.6%
3 months	4.35	5.25	4.82	516.9	107.3	5.8%
6 months	4.23	5.25	4.65	840.6	180.8	9.8%
12 months	4.23	5.25	4.68	1,743.3	372.4	20.1%

Post-announcement

Period from 22 May 25 to 3 Jun 25 incl.	Price (low) A$	Price (high) A$	Price VWAP A$	Cumulative value A$m	Cumulative volume m	% of issued capital
13 days	5.10	5.28	5.18	42.2	8.1	0.4%

Source: S&P Capital IQ, IRESS & KPMG Corporate Finance analysis

Trading in TPG Telecom shares has been liquid over the twelve months to the announcement, as it is a defensive, mid-to-high market capitalisation company.

10 Valuation of HTAL

10.1 *Valuation summary*

We have valued 100% of the equity in HTAL in the range of $124.8 million to $295.7 million, which corresponds to a value of $0.009 to $0.022 per HTAL share on a control basis.

The assessed value of the equity reflects the value of HTAL's effective 25.05% interest in TPG Telecom (including a significant influence premium) after deducting HTAL's 50% share of joint venture debt in VHAH. Our valuation of HTAL is summarised below and detailed in the remainder of this section.

Table 26: HTAL valuation summary

$m (unless stated otherwise)	Section reference	Value range Low	High
HTAL's economic interest in TPG Telecom	10.4	2,552.4	2,723.3
Less: HTAL's share of VHAH net debt	10.4.3	(2,429.0)	(2,429.0)
Less: HTAL's net debt and other balance sheet items	10.4.3	1.4	1.4
Equity value		**124.8**	**295.7**
Fully paid ordinary number of HTAL shares on issue (million)	8.7.1	13,572.5	13,572.5
Value per HTAL Share ($)		0.009	0.022

Source: KPMG Corporate Finance analysis

10.2 *Valuation methodology*

10.2.1 *Overview*

In determining the value of HTAL, we have used the International Valuations Standards (**IVS**) definition of market value, being the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Market value excludes 'special value', which is an estimated price inflated or deflated by special terms or circumstances granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

Our valuation has had regard to the additional value resulting from estimated net corporate cost savings that would generally be available to a pool of purchasers, both financial and trade buyers. It does not include any other operational or financing synergies as it is unlikely any would be able to be estimated due to the nature of HTAL and its holding in TPG Telecom.

Market value is commonly derived by applying one or more of the following valuation methodologies[58].

- Capitalised Earnings
- DCF
- estimated net proceeds from an orderly realisation of assets (**Net Assets**)
- rules of thumb, and

[58] Valuation methodologies are consistent with RG111 and IVS.

- current trading prices on the relevant securities exchange.

These methodologies are discussed in further detail in Appendix 3. Ultimately, the methodology adopted is dependent on the nature of the underlying business and the availability of suitably robust information. A secondary methodology is often adopted as a cross-check to ensure reasonableness of outcome, with the valuation conclusion ultimately being a judgment derived through an iterative process.

For profitable businesses, methodologies such as Capitalised Earnings and DCF are commonly used as they reflect 'going concern' values, which typically incorporate some element of goodwill over and above the value of the underlying assets.

For businesses that are either non-profitable, non-tradable or asset rich, Net Assets is typically adopted as there tends to be minimal goodwill, if any.

For listed companies, the trading price typically provides an indication of the value of a minority interest where trading is liquid, and no takeover speculation is evident.

10.2.2 *Selection of methodology*

HTAL

As HTAL is a holding company, with a 25.05% effective equity interest in TPG Telecom, with no other operations or holdings, a Net Asset approach has been adopted as the primary methodology to value HTAL.

TPG Telecom

We have valued TPG Telecom's business operations, by adopting a Capitalised Earnings method as our primary methodology. We adopted a DCF approach and analysis of TPG Telecom's trading prices as cross checks to the primary valuation approach outcome. This was based on the following considerations:

- a Capitalised Earnings methodology is commonly used to value businesses and operations that have a demonstrated history of recurring earnings and expected ongoing profitability, which is the case for TPG Telecom. TPG Telecom operates in a relatively mature industry, in which it has well-established market positions in the geography in which it operates. Further, there is sufficient market evidence available from which a meaningful earning multiple can be derived, including an adequate number of transactions involving companies with operations sufficiently comparable to that of TPG Telecom
- a DCF methodology is also widely used to value established businesses, where long-term, detailed cash flows are available. Under a DCF methodology, forecast cash flows are discounted back to the Valuation Date (i.e. the Offer date), generating a net present value (**NPV**) for the cash flow stream. The rate at which the future cash flows are discounted (the discount rate) should reflect not only the time value of money, but also the risk associated with the cash flow stream. We have adopted a DCF methodology based on TPG Telecom's FY25 guidance and broker consensus forecast information, which we have adjusted where we deem appropriate
- a Net Assets approach, whilst appropriate to value HTAL, is not considered appropriate to value TPG Telecom as this method would not capture the growth potential and goodwill associated with the TPG Telecom business

- we have further cross-checked our valuation of TPG Telecom by comparing our selected valuation range to the trading price of TPG Telecom shares prior to the announcement of the Offer. Market price can be applied when the shares of an entity are reasonably liquid and the market is well informed because the listed market price typically reflects all publicly available information about the entity's future risks and prospects. Therefore, we consider it reasonable as a cross-check to support the robustness of the value derived under the primary and secondary methodologies discussed above.

The value of the business operations of TPG Telecom has been determined through a robust process, ensuring the value derived from our primary methodology (Capitalised Earnings) is consistent with the outcomes of our cross-checks (DCF and analysis of TPG Telecom's trading price).

10.2.3 *Selection of earnings metrics*

Application of the Capitalised Earnings methodology involves the capitalisation of the earnings or cash flows of a business at a multiple that reflects the risks of the business and the future growth prospects of the income it generates. Application of the methodology requires professional judgement as to:

- a level of earnings or cash flows expected to be maintainable that takes into account historical and forecast operating results, adjusted for non-recurring items and other known factors likely to impact future operating performance
- an appropriate capitalisation multiple that is supported by market evidence derived from comparable transactions and share market prices for comparable companies, while also considering the specific characteristics of the business being valued.

A Capitalised Earnings methodology can be applied to a number of different earnings or cash flow measures, including, but not limited to, EBITDA, EBIT and NPAT. EBITDA and EBIT multiples are commonly used in the context of control transactions where the capital structure is in the hands of the acquirer. Price earnings multiples are more commonly used in the context of share market trading.

We have selected EBITDA as an appropriate measure of earnings for TPG Telecom because earnings multiples based on EBITDA are less sensitive to different financing structures, depreciation and amortisation accounting policies and effective tax rates than multiples based on EBIT or NPAT. This allows better comparison with the earnings multiples of other companies.

10.2.4 *Control premium considerations*

Consistent with the requirements of RG 111, we have assumed 100% ownership in valuing HTAL and, therefore, our valuation reflects the value of control. More specifically:

- in valuing HTAL, as a Net Asset Approach has been adopted (reflecting the holding value of its effective interest in TPG Telecom and its JV interest in VHAH), no additional value is considered likely as there are no actual business operations within HTAL, and cost savings of listing fees are not significant. As such, no additional premium would likely to be extracted when assessing the per share value of HTAL, provided that HTAL's net asset holdings (being its economic interest in TPG Telecom) reflect market value
- when valuing TPG Telecom, we have reflected minority or trading value (i.e. specifically excluded a control premium when assessing our earnings multiple for TPG Telecom).

However, we have added a significant influence premium to the minority (trading) value to reflect HTAL's 25.05% economic interest in TPG Telecom

- Multiples applied in a Capitalised Earnings methodology are generally based on data from listed companies and recent transactions in the industry, with appropriate adjustment for specific characteristics of the business being valued

  The multiples derived for listed comparable companies are generally based on share prices reflective of the trades of small parcels of shares. As such, they generally reflect prices at which portfolio interests change hands. That is, there is no control premium incorporated in such pricing. They may also be impacted by the level of liquidity in trading of the particular stock.

  As we have first valued a minority (or portfolio) interest in TPG Telecom, we have referenced multiples of share trading of comparable companies.

10.3 *Valuation of TPG Telecom*

10.3.1 *Summary*

We have determined the enterprise value of TPG Telecom, on a minority basis, to be in the range of $10,875 million to $11,625 million. After adjusting for the expected net proceeds from the Vocus Transaction and net debt, this implies a value of between $4.98 to $5.44 per TPG Telecom share. A summary of our valuation is set out in the table below:

Table 27: Valuation of TPG Telecom

$m (unless stated otherwise)	Section reference	Value range Low	High
Capitalised Earnings methodology	10.3.2	10,875.0	11,625.0
Enterprise value (on a minority basis)		**10,875.0**	**11,625.0**
Plus: proceeds from Vocus Transaction	10.3.3	4,650.0	4,750.0
Less: net debt	10.3.4	(4,057.0)	(4,057.0)
Less: lease liabilities	10.3.4	(2,205.0)	(2,205.0)
Equity Value (on a minority basis)		**9,263.0**	**10,113.0**
Fully paid ordinary number of TPG Telecom shares on issue (million)	9.9.1	1,859.3	1,859.3
Value per TPG Telecom Share ($)		**4.98**	**5.44**
TPG share price range LTM ($)		**4.23**	**5.21**

Source: KPMG Corporate Finance analysis

The valuation of TPG Telecom was determined based on Capitalised Earnings as a primary method. The enterprise value reflects the value of the 'ongoing' TPG Telecom business and the impact of the Vocus Transaction as follows:

- The adjusted NTM EBITDA is calculated after deducting the estimated EBITDA attributable to the EGW business and fibre network infrastructure assets, and the estimated annual payments of the TAWFA (in the absence of a gross TAWFA lease liability estimate)
- The selected EBITDA multiple applied considers the mix of 'ongoing' TPG Telecom EBITDA less the TAWFA payments.

To the enterprise value we add the total expected transaction proceeds for the Vocus Transaction. The result of our valuation is checked for reasonableness to DCF analysis and trading prices of TPG Telecom shares.

The analysis supporting the valuation is discussed in the sections below.

10.3.2 Capitalised Earnings Methodology

Set out below is a summary of our valuation under a Capitalised Earnings methodology:

Table 28: Valuation of TPG Telecom based on Capitalised Earnings methodology

$m (unless stated otherwise)	Value range Low	High
Selected adjusted NTM EBITDA	1,500	1,500
EBITDA multiple (on a minority basis)	7.25	7.75
Enterprise value (on a minority basis)	**10,875.0**	**11,625.0**

Source: KPMG Corporate Finance analysis
Note:
1 Adjusted NTM EBITDA = FY25 EBITDA estimate adjusted for the financial impacts from the Vocus Transaction.

The valuation of TPG Telecom (adjusted for Vocus Transaction) using a Capitalised Earnings methodology was based on a future maintainable EBITDA of $1,500 million and a forward capitalisation multiple of 7.25 to 7.75 times. The basis of each of these assumptions is discussed below.

Assessment of maintainable earnings

Maintainable earnings represents the level of earnings that the business can sustainably generate in the future. In order to assess the appropriate level of future maintainable EBITDA for TPG Telecom, we had regard to the following:

- TPG Telecom's FY25 represents the next twelve months (**NTM**), whilst FY24 reflects the last twelve months (**LTM**)
- TPG Telecom's historical financial performance from FY22 to FY24, adjusted for abnormal or non-recurring items (as set out in Table 29 below); TPG Telecom reported FY25 earnings guidance and reported and adjusted FY25 to FY27 broker consensus (as set out in Table 23 above)
- The estimated reduction in earnings associated with the assets sold as part of the Vocus Transaction. The NTM earnings of $369 million attributed to the Vocus Transaction assets is derived from the associated announced FY23 earnings (of approximately $430 million) from the same operating assets and then updated for FY24 relevant information
- The announced forecast payments associated with TAWFA of $130 million.

The factors considered above are outlined in the table below.

Table 29: TPG Telecom - adjusted EBITDA

$m (unless stated otherwise)	FY22A	FY23A	FY24A	NTM
Statutory EBITDA	**2,135**	**1,875**	**1,712**	
Add back: Brand impairment charge	-	17	250	
Add back: Transaction & seperation costs	-	31	20	
Add back: Restructuring redundancy costs	-	-	6	
Add back: Other material one offs	18	-	-	
Remove: Tower and rooftop sale asset benefits	(402)	-	-	
Operating / Guidance EBITDA (rounded)	**1,751**	**1,923**	**1,988**	**1,990**
Less: Calculated EGW & Fibre EBITDA Contribution				(369)
Less: TAWFA payments				(130)
Calculated adjusted EBITDA Post-Vocus Transaction	**1,751**	**1,923**	**1,988**	**1,491**
Adopted maintainable EBITDA Post-Vocus Transaction (rounded)				**1,500**

Source: FY24 Annual Reports, Broker reports and KPMG Corporate Finance Analysis
Note:
1 *In the absence of the lease liability estimate of TAWFA, the adopted maintainable earnings incorporate the associated annual TAWFA payment as disclosed by TPG Telecom*

- as noted above, the historical results show a trend of increasing Operating EBITDA over FY22 to FY24. Growth between FY22 and FY23 was driven by strong mobile services revenue growth and cost discipline in the telecommunication services segment. Operating EBITDA also grew between FY23 and FY24, albeit at a lower amount relative to FY23 growth. This was driven by higher ARPU in postpaid and prepaid mobile services following the streamlining of legacy plans and the repricing of in-market plans from FY23 to FY24. Additionally, within prepaid mobile services there was an increase in subscriber growth. The fixed services segment recorded higher margin on-net from Wireless products, however, overall revenue growth in the segment declined due to lower NBN subscriber numbers and lower revenue within EGW, driving the reduced Operating EBITDA growth in FY24 relative to FY23. At a cost level, direct costs were lower and YoY growth in indirect operating costs declined
- future earnings forecast for NTM is based on TPG Telecom earnings guidance, broker estimates for FY25 and KPMG Corporate Finance estimates regarding the expected revenue decline, capital expenditure and future cost savings from the Vocus Transaction.

Based on the above considerations, we have selected a future maintainable EBITDA of $1,500 million. The selected future maintainable EBITDA:

- is lower than the FY24 EBITDA ($1,988 million) as it recognises the EBITDA impacts associated the Vocus Transaction as discussed above
- is broadly in-line with the FY25 guidance EBITDA from TPG Telecom of $1,950 million to $2,025 million on a pre-Vocus Transaction (i.e. aggregated with the EGW fixed business and adjusted for TAWFA) basis
- is broadly in line with the adjusted FY25 consensus EBITDA guidance from brokers on a pre-Vocus Transaction basis.

Assessment of earnings multiple

The multiple applied in a Capitalised Earnings methodology should reflect the return expected by an investor in the business. Returns are dependent on various factors including a business' operational risks, growth profile, profitability, size and external environment, amongst others.

In selecting the multiple range to be applied, consideration is generally given to:

- the multiples attributed by share market investors to listed companies involved in similar activities or exposed to the same broad industry sectors, including the extent to which a premium for control is appropriate
- the multiples that have been paid in recent acquisitions of businesses involved in similar activities or exposed to the same broad industry sectors, with appropriate adjustment to reflect the specific characteristics of the business being valued.

Sharemarket evidence

Apart from TPG Telecom, the Australian telecommunications industry has only two other fully integrated operators, of which only one is publicly listed (Telstra). As such, to value TPG Telecom we included a broad range of comparative domestic and international telecommunications companies. The domestically listed companies provide comparable services, including mobile, voice and broadband, and provide services to the same group of end-point customers, including, retail, business, enterprise and government. The internationally listed companies have a primary focus of delivering telecommunications services such as mobile, voice, broadband and fibre, and have limited revenue generated from ancillary activities (including television and media). These services are provided to similar though geographically different, end-point consumers as TPG Telecom.

An additional consideration for international comparative companies is the size of the business as larger global businesses exert scale and distribution advantages that can potentially distort relative financial performance. We note that any outliers in terms of market capitalisation have not been included in our calculation.

Due to TPG Telecom's expected sale of its EGW fixed business and fibre network assets, companies with a large proportion of such assets and high exposure to these types of customers have been considered an outlier.

The implied EBITDA multiples of the identified listed comparable companies are summarised in the table below:

Table 30: Sharemarket evidence on a minority basis

Company name	Market Cap AUDm	Enterprise Value AUDm	EBITDA growth CAGR -4Y	EBITDA growth CAGR +3Y	EBITDA margin LTM	EBITDA margin NTM	EBITDA multiple LTM	EBITDA multiple NTM
Australia and New Zealand								
Telstra Group Limited	53,504	72,903	6.6%	4.0%	35.6%	36.3%	8.9	8.3
Spark New Zealand Limited	3,912	6,354	0.7%	-1.8%	24.8%	28.4%	7.3	6.5
Superloop Limited	1,321	1,321	52.6%	32.8%	15.3%	16.2%	18.0	13.6
Aussie Broadband Limited	1,109	1,210	155.8%	14.7%	12.4%	11.8%	8.5	8.3
Global								
AT&T Inc.	305,786	547,889	1.4%	3.2%	46.2%	37.3%	6.2	7.6
Verizon Communications Inc.	285,362	550,815	0.6%	3.0%	41.3%	36.6%	6.4	7.1
T-Mobile US, Inc.	422,905	592,594	6.1%	7.0%	44.8%	39.2%	10.3	11.1
Vodafone Group Public Limited Company	40,366	131,090	-7.3%	2.2%	38.2%	29.1%	5.3	6.8
Frontier Communications Parent, Inc.	14,235	31,464	-5.6%	7.6%	38.1%	39.6%	8.9	8.4
25th percentile (Total)			0.6%	3.0%	24.8%	28.4%	6.4	7.1
Mean (Total)			23.4%	8.1%	33.0%	30.5%	8.9	8.6
Median (Total)			1.4%	4.0%	38.1%	36.3%	8.5	8.3
75th percentile (Total)			6.6%	7.6%	41.3%	37.3%	8.9	8.4
25th percentile (Total) excl. outliers			-1.0%	2.8%	32.9%	28.9%	6.4	7.0
Mean (Total) excl. outliers			19.8%	5.0%	35.2%	32.3%	7.7	8.0
Median (Total) excl. outliers			1.1%	3.6%	38.2%	36.5%	7.9	8.0
75th percentile (Total) excl. outliers			6.2%	7.2%	42.2%	37.8%	8.9	8.3

Source: S&P Capital IQ (data as at 21 May 2025), KPMG Corporate Finance Analysis

Notes:

1 *LTM = Last Twelve Months, NTM = Next Twelve Months, FY = Latest fully-reported Financial Year, CAGR = Compound Annual Growth Rate, AVG = Average*

2 *Outliers have been shaded and excluded from the calculation of descriptive statistics (where specified)*

3 *Currency conversions have been based on foreign exchange rates as at the Valuation Date*

4 *EV/EBITDA multiples are on a post IFRS 16 basis with lease liabilities included in net debt and EBITDA before rent expenses. Forward estimates are on a similar basis.*

A detailed description of these comparable companies is set out in Appendix 5. In assessing the comparability of these companies, we note the following:

- the multiples derived for listed comparable companies are generally based on share prices reflective of trades of smaller parcels of shares and reflect prices at which portfolio interests change hands. That is, there is no premium for control incorporated within such pricing
- the Australian companies trade at higher multiples than their internationally listed counterparts (excluding T-Mobile) due to range of factors, including, lower competition, higher growth, higher capital return stability, franking credits and market concentration
- the growth rates for these emergent domestic operators are expected to be significantly greater than their incumbent and international counterparts, with companies such as Aussie Broadband and Superloop expected to grow EBITDA at a rate of 17.6% and 35.9%, respectively, for the next three years. The divergence in expectations is driven by targeted operations in underserved segments of the market
- compared with internationally listed companies, TPG Telecom is of smaller size, less regionally diversified and provides fewer ancillary services
- T-Mobile trades at significantly higher historical and forward valuation multiples than its main U.S. competitors, AT&T and Verizon, reflecting stronger investor confidence. Despite generating lower EBITDA, T-Mobile holds the highest market capitalisation among the three, reflecting its market leadership in 5G. T-Mobile's network performance is driven by its extensive mid-band 2.5 GHz spectrum holding and strategic acquisitions such as Sprint and the United States Cellular Corporation (which provided T-Mobile US cellular wireless operations 30% of its spectrum, and lease rights to approximately 2,600 towers).

Additionally, unlike AT&T and Verizon, T-Mobile reinvests more heavily in its business, allocating less capital to dividends. This strategy is evidenced in T-Mobile's higher growth including an historical and forecast EBITDA CAGR of 6.1% and 7.0%, respectively outpacing AT&T's metrics (historical and forecast EBITDA CAGR of 1.4% and 3.2%, respectively), and those of Verizon (historical and forecast EBITDA CAGR of 0.6% and 3.0%, respectively). As a result, TPG Telecom's growth trajectory is more closely aligned to AT&T and Verizon than that of T-Mobile

- the globally listed peers have been considered, however the Australian and New Zealand companies have been the focus of our valuation and the main consideration in our selected range of multiples
- the historical multiples of the selected Australian and New Zealand companies (excluding outliers) exhibit a range 7.3 to 8.9 times EBITDA with a mean and median of 8.2 times and 8.5 times, respectively
- the forward multiples of the selected Australian and New Zealand companies (excluding outliers) exhibit a range of 6.5 to 8.3 times EBITDA with a mean of 7.7 times and median of 8.3 times.

Transaction evidence

The price paid in transactions is widely considered to represent the market value of a controlling interest in the target company. The difference between the value of a controlling interest and a minority interest (as implied by the share price) is referred to as a premium for control. The quantum of this premium will vary dependent on the specific circumstances of each transaction, including the equity share acquired, the negotiation position of the parties, competitive tension in the sales process, the availability of synergies and the extent to which a buyer would pay away these synergies to gain control of the target.

There have been a number of transactions in the telecommunication sector since 2013, motivated by scale, geographical expansion and synergies. In identifying relevant transactions our analysis has focused on transactions involving businesses that are similar to TPG Telecom in similar economic locations/conditions to that of TPG Telecom; namely the United Kingdom, New Zealand and Canada, for those considered outside of Australia. We have also considered transactions in which TPG Telecom (or its predecessors) have been involved.

The table below sets out the EBITDA multiples implied by recent transactions involving telecommunications companies for which sufficient financial data is available:

Table 31: Transaction evidence

Date [1]	Target	Acquirer	Target Country	Acquired Stake (%)	Enterprise value [2] ($AUDm)	EBITDA multiple Historical	EBITDA multiple Forecast
Jun-23	One New Zealand Group Limited	Infratil Limited	New Zealand	49.95%	5,346	11.2x	9.8x
Apr-23	Rogers Communications Inc.	Shaw Communications Inc.	Canada	100.00%	28,402	11.0x	10.8x
Aug-21	Exetel Pty Ltd.	Superloop Limited	Australia	100.00%	110	10.0x	6.0x
Mar-21	amaysim Mobile Pty Ltd	WAM Capital Limited	Australia	79.80%	199	5.4x	4.5x
Jan-21	amaysim Mobile Pty Ltd	Optus Mobile Pty Ltd	Australia	100.00%	201	5.2x	n/a
Mar-21	TalkTalk Telecom Group PLC [3]	Tosca IOM Limited	United Kingdom	70.90%	3,734	5.2x	n/a
Jun-20	TPG Telecom Ltd	Vodafone Hutchinson Australia Limited	Australia	n/a[4]	16,500	8.3x	8.4x
Jul-19	Vodafone New Zealand Limited [5]	Brookfield Asset Management Inc [6]; Infratil Limited	New Zealand	99.8%[7]	3,257	10.7x	n/a
Sep-15	M2 Telecommunications Group Limited [8]	Vocus Communications Ltd	Australia	n/a[9]	2,745	16.6x	10.4x
Sep-15	iiNet Limited	TPG Corporation Limited	Australia	100.00%	1,821	9.3x	9.0x
Apr-15	Call Plus Group	M2 Telecommunications Group Limited [8]	New Zealand	100.00%	245	n/a	5.6x
Feb-14	Telecom New Zealand Australia Pty Limited	TPG Corporation Limited	Australia	100.00%	450	8.2x	n/a
May-13	Dodo Australia Holdings Pty Ltd.	M2 Telecommunications Group Limited [8]	Australia	100.00%	214	10.2x	n/a
Median						9.6x	8.7x
Mean						9.3x	8.1x
Range						5.2x to 16.6x	4.5x to 10.8x

Source: S&P Capital IQ, Company financial statements and announcements, IER reports and KPMG Corporate Finance analysis

Notes:

1. *Date the transaction closed*
2. *Implied value of an acquisition of 100% if the transaction does not already involve an acquisition of 100%*
3. *TalkTalk Telecom Group PLC is now known as TalkTalk Telecom Group Limited*
4. *This transaction was a merger, meaning there was no acquired stake. The shareholder breakdown of the merged entity was 50.1% to Vodafone Hutchison Australia Limited and 49.9% to TPG Telecom Ltd*
5. *Vodafone New Zealand Limited is now known as One New Zealand Group Limited*
6. *Brookfield Asset Management Inc. is now known as Brookfield Corporation*
7. *Brookfield Asset Management and Infratil limited both acquired a 49.95% stake in Vodafone New Zealand Limited*
8. *M2 Telecommunications Group Limited is now known as M2 Group Limited*
9. *This transaction was a merger, meaning there was no acquired stake. The shareholder breakdown of the merged entity was 56% to existing M2 Telecommunications Group Limited Shareholders and 44% to existing Vocus Communications Ltd shareholders*

Each of the above transactions is described in Appendix 5

In respect to the comparable transactions, we note that:

- the evidence indicates transactions related to acquiring a majority interest in the business, implying that the valuation metrics include a control premium. It is important to note that in the July 2019 acquisition of Vodafone New Zealand Limited by Infratil Limited (**Infratil**) and Brookfield Asset Management Ltd. (**Brookfield**), each party acquired a 49.95% interest, resulting in neither having complete control. However, due to the coordination between these two parties during the acquisition, we have included this transaction

- the transaction multiples are calculated based on the most recent actual earnings (historical multiples) or expected future earnings for the current year at the date of the transaction (forecast multiples). The multiples are therefore not necessarily reflective of the multiple which would be derived from an assessment of each target entity's "maintainable" earnings
- higher multiples have typically been paid for transactions involving larger telecommunication companies. This is because larger companies within the sector often benefit from economies of scale, market dominance, growth potential, synergies, financial stability, and diversification, which make them more attractive and less risky to investors
- the historical multiples of the selected transactions range between 5.2 to 16.6 times EBITDA with a mean and median of 9.3 and 9.6 times
- the forward multiples of the selected transactions range between 4.5 to 10.8 times EBITDA with a mean and median of 8.1 and 8.7 times.

Selected multiple range

Based on our analysis of the implied multiples of comparable companies and transactions as outlined above, we have selected a forward multiple range of 7.25 to 7.75 times (applicable to NTM EBITDA) having regard to the following:

- the nature and earnings makeup of the TPG Telecom business post the Vocus Transaction
- a blending of the multiple accounting for the 'ongoing' operating earnings and the estimated lease payments associated with TAWFA in the absence of a specific TAWFA lease liability estimate
- a comparatively lower scale and presence to its Australian market counterpart Telstra, thus commanding a lower multiple
- higher exposure to more competitive verticals (mobile) than Aussie Broadband and Telstra
- operating in a less competitive mobile market than its global peers such as AT&T, Verizon and Vodafone, and not sharing the same growth profile as T-Mobile
- following the Vocus Transaction, TPG Telecom will be a less capital and asset intensive operator than its global peers, improving operating agility
- the most relevant comparable transactions of broadly similar scale to TPG Telecom reflect a mean and median forward EBITDA multiple of 8.1 and 8.7 times respectively, implying a premium for control in the transaction
- the forward EBITDA multiples implied by listed telecommunications companies (excluding outliers), which trade in the range of 6.5 to 11.1 times, on a minority basis
- the forward EBITDA multiples implied by the listed Australian and New Zealand telecommunication companies (excluding outliers), which trade in the range of 6.5 to 8.5, on a minority basis.

10.3.3 Value impact of Vocus Transaction

The Vocus Transaction is expected to complete in the second half of 2025, subject to regulatory approval and other conditions precedent.

In May 2025 TPG Telecom management advised that the net proceeds, expected to be $4.7 billion in cash, creates optionality as TPG Telecom looks *"to put in place the optimal capital structure to reward existing shareholders and attract new ones"*. TPG Telecom has noted that these initiatives have not yet been finalised, with further details on how the proceeds will be utilised to be disseminated upon the completion of the Vocus Transaction.

The above indicates that TPG Telecom may use the proceeds in a range of ways to benefit shareholders' capital and yield returns. These could include:

- capital management initiatives e.g. deleveraging and / or rebalancing debt and equity in an optimal capital structure
- investment in business opportunities where returns will be generated commensurate with the risk profile of the specific investment, and
- returns to shareholders (e.g. share buyback or dividend distribution).

Notwithstanding the above, we have included the full benefit of the total $4.7 billion expected proceeds in our valuation of TPG Telecom shares and therefore the HTAL share value. We have not applied a discount for uncertainty regarding the specific use of, or access to the proceeds by shareholders. Our valuation is therefore neutral with respect of the Vocus Transaction consideration.

10.3.4 Net debt – TPG Telecom

TPG Telecom's net debt (including lease liabilities) at 31 December 2024 is estimated at $6,262 million and is detailed in the table below.

Table 32: TPG Telecom net debt

$m (unless stated otherwise)	31-Dec-24
Borrowings	(4,099)
Less: cash and cash equivalents	42
Net debt	**(4,057)**
Lease liabilities	(2,205)
Net debt (including lease liabilities)	**(6,262)**

Source: FY22, FY23 and FY24 TPG Telecom Annual Report and KPMG Corporate Finance analysis

10.3.5 TPG Telecom – Valuation cross checks

Comparison to comparable companies

As a cross-check of our selected valuation range for TPG Telecom shares, we have compared the implied historical EBITDA multiples for TPG Telecom to market evidence derived from comparable companies.

Table 33: TPG – Implied enterprise value and EBITDA multiples

$m (unless stated otherwise)	Section reference	Value range Low	High
Implied equity value of TPG Telecom		**9,263.0**	**10,113.0**
Plus: net debt	10.3.4	4,057.0	4,057.0
Plus: lease liabilities	10.3.4	2,205.0	2,205.0
Implied enterprise value of TPG Telecom		**15,525.0**	**16,375.0**
LTM Operating EBITDA		1,988	1,988
Implied FY24 EBITDA multiple		7.8x	8.2x

Source: KPMG Corporate Finance analysis
Note:
1 FY24 Operating EBITDA is on a pre-Vocus Transaction basis

Equity value

The equity value of TPG Telecom of $9,263 million to $10,113 million is based on our assessed value range of TPG Telecom shares (as discussed in Section 10.3.1).

LTM operating EBITDA

For the purposes of calculating the EBITDA multiples implied by our enterprise value, we have adopted the last reported Operating EBITDA of $1,988 million. This is not adjusted for the impact of the Vocus Transaction as the equity value includes the value of the EGW business and fibre infrastructure assets (by including the Vocus Transaction proceeds).

Implied historical EBITDA multiples

We have compared the EBITDA multiples implied by our valuation of TPG Telecom to those of comparable companies operating in the broader telecommunications sector as set out in Table 29.

The implied LTM multiple range of 7.8 to 8.2 times sits slightly above the mean of comparable companies (excluding outliers) of 7.7 times and around the median of 7.9 times (excluding outliers). We also acknowledge the following:

- the nature and earnings makeup of the TPG Telecom business pre Vocus Transaction
- Australian companies are more comparable to TPG Telecom as they operate within the same market and adhere to same regulatory standards. The mean of the LTM multiples of Australian and New Zealand comparable companies (excluding outliers) of 8.2 times is within the implied LTM EBITDA multiple range of 7.8 times to 8.2 times and the median of the LTM of Australian and New Zealand comparable companies (excluding outliers) of 8.5 times is slightly above the implied LTM EBITDA multiple range of 7.8 times to 8.2 times
- TPG Telecom has a comparatively lower scale and presence than its Australian market counterpart Telstra, thus commanding a lower multiple

- TPG Telecom has higher exposure to more competitive verticals (mobile) than Aussie Broadband and Telstra
- TPG Telecom operates in a less competitive mobile market than its global peers such as AT&T, Verizon and Vodafone and does not share the same growth profile as T-Mobile
- the LTM multiples implied by listed telecommunications companies (excluding outliers), which trade in the range of 5.3 to 10.3 times, on a minority basis.

DCF methodology

Overview

As a secondary cross-check, we have assessed the equity value of TPG Telecom based on a DCF methodology. The DCF analysis projects nominal, after tax cash flows from 22 May 2025 to 31 December 2029 (Forecast Period). A terminal value added at the end of the Forecast Period. In building our cash flow forecast, we have had regard to key value drivers set out in the following paragraphs, including the impact of the Vocus Transaction.

Revenue is projected to grow over the Forecast Period, driven by customer and ARPU growth. Costs and operating expenses are based on historical gross margins adjusted for expected growth over the Forecast Period. As our valuation is based on free cash flows, we have considered depreciation and amortisation, capital expenditure, working capital requirements, and taxation. A terminal value has been calculated at the end of the Forecast Period based on a Gordon Growth formula with a terminal growth rate of 3.0% per annum.

The post-tax cash flows are discounted by a weighted average cost of capital (**WACC**) in the range of 8.80% and 9.10%, with a mid-point of 8.95%. A corporate tax rate of 30.0% has been utilised.

The valuation derived under our DCF analysis indicates an equity value range higher than that presented in our primary NTM Capitalised Earnings approach. In our view, given that the DCF valuation reflects a 100% control value, the DCF cross-check supports the value range implied by our primary methodology which is on a minority basis.

Analysis of trading price of TPG Telecom shares

We have cross-checked our assessed value of the equity in TPG Telecom to the listed share price of TPG Telecom up to 21 May 2025, being the last day of trading prior to the announcement of the Offer.

When compared with a single external observer, the consensus view of a well-traded, fully-informed market is likely to be a more reliable estimate of the value of a portfolio interest in the underlying company. Trading prices usually incorporate the influence of all publicly available information on an entity's prospects, future earnings potential and risks. This is particularly true for shares that experience high levels of liquidity and are closely followed by a range of market analysts.

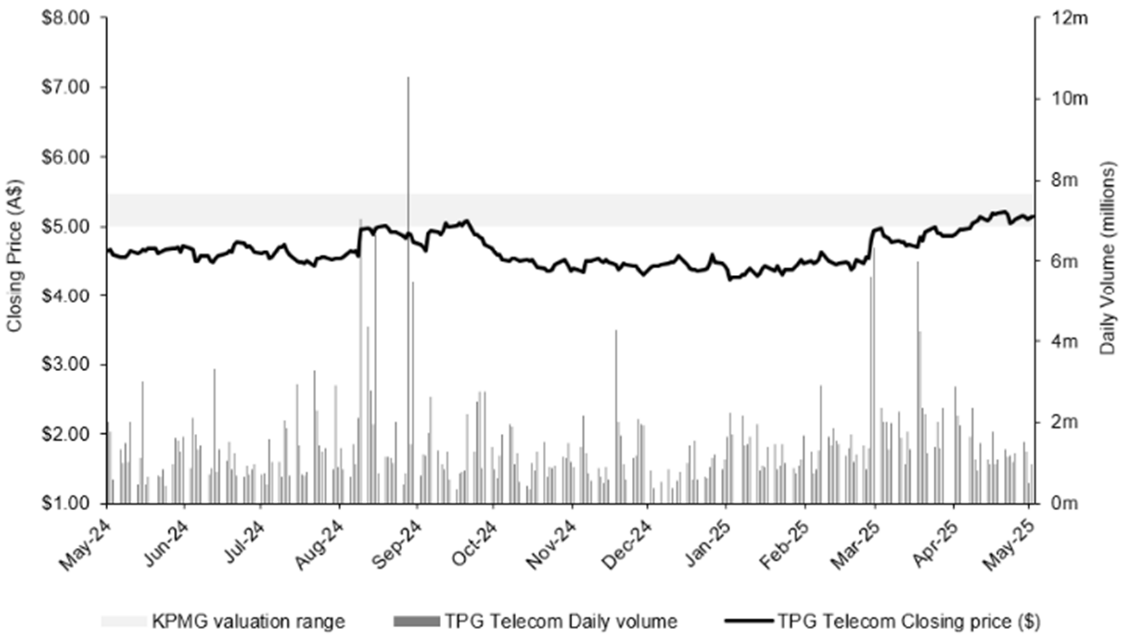
Therefore, on the premise that the trading price is reflective of market value, we have considered the appropriateness of the TPG Telecom share price in our valuation.

To address this, we have:

- considered the frequency of release of material information from TPG Telecom to the market

- analysed the historical trading volumes in TPG Telecom shares to, inter alia, consider the liquidity of the TPG Telecom shares.

Figure 19: TPG Telecom – Share price trading relative to the selected range of values



Source: S&P Capital IQ, KPMG Corporate Finance analysis
Note:
1. Our selected range of values are shaded in grey

In regard to the above graph, we note that:

- over the one-year period analysed above, TPG Telecom's share price has traded at a low and high closing price of $4.23 to $5.21, respectively. Specific information relating to TPG's share price performance are discussed in Section 9.10.1
- TPG Telecom's share price has traded at or below our selected range for much of the analysed period, although falls within the range during the latter time period. TPG Telecom shares performed relatively in line with the S&P ASX 200 for the period.

Non-public information

Under ASX Listing Rules (LR 3.1 and 3.1A), TPG Telecom is required to keep the market informed of events and developments in a timely manner as they occur. If TPG Telecom becomes aware of any information that a reasonable person would expect to have a material effect on the price or value of its shares, it must inform the market of that information.

Public information

TPG Telecom have informed the market of such events and has provided regular earnings updates in a timely manner.

Liquidity analysis

TPG Telecom is a sufficiently liquid stock as illustrated in Table 24 of Section 9.10.3.

Conclusion

Based on the above, the cross-check to share price supports the value range implied by our primary methodology.

10.4 Valuation of HTAL

10.4.1 Summary

We have valued 100% of the equity in HTAL in the range of $124.8 million to $295.7 million, which corresponds to a value of $0.009 to $0.022 per HTAL share on a control basis. A summary of our valuation is set out in the table below:

Table 34: HTAL valuation summary (sum of the parts method)

$m (unless stated otherwise)	Section reference	Value range Low	High
Equity Value of TPG (on a minority basis)	10.3	**9,263.0**	**10,113.0**
HTAL - direct interest in TPG (%)	8.2.2	11.14%	11.14%
HTAL - indirect interest in TPG (%)	8.2.2	13.91%	13.91%
Value of HTAL's interest in TPG		**2,320.4**	**2,533.3**
HTAL's significant influence premium for interest in TPG Telecom	10.4.2	10.00%	7.50%
Enterprise value	**10.4**	**2,552.4**	**2,723.3**
Less: net debt	10.4.3	(2,429.0)	(2,429.0)
Less: other balance sheet items	10.4.3	1.4	1.4
Equity value (control basis)		**124.8**	**295.7**
Fully paid ordinary number of HTAL shares on issue (million)	8.7.1	13,572.5	13,572.5
Value per HTAL Share ($)		0.009	0.022
HTAL share price range LTM ($)		0.020	0.038

Source: KPMG Corporate Finance analysis

The valuation range per HTAL shares of $0.009 to $0.022 can be compared to the HTAL share price range of $0.020 to $0.038 over twelve months, the twelve-month VWAP of $0.026 and the price of $0.021 on 21 May 2025. We note the limitations of this comparison given the low level of liquidity of HTAL share trading.

The low end of the valuation range is particularly sensitive to changes in value given the significant weight of net debt.

The valuation of HTAL was determined based on the value of HTAL's direct and indirect interest in TPG Telecom. The analysis supporting this is discussed in the sections below.

10.4.2 Significant influence premium

When valuing HTAL's 25.05% interest in TPG Telecom using market information, we have included a significant influence premium of 10.0% at the low end and 7.5% at the high end of the value range.

This range has been determined based on our judgement, but considering factors including:

- the size of HTAL's effective interest, being 25.05%, which is more valuable that a small portfolio interest. We note however, that this is not a direct interest as it comprises a direct and indirect interest in TPG Telecom,
- the impact of the Vocus Transaction to the TPG Telecom business. As the transaction monitises the fibre network and EGW fixed business being sold, the expected proceeds are

assumed to reflect the market value of these assets. As such the application of a significant influence premium to these expected proceeds would be inappropriate, which is considered in the range applied in the above calculation

- representation of two HTAL nominees on the TPG Telecom board, their access to information and influence over decision making, and
- the observations from transaction evidence that indicate that takeover premia generally range from 25% to 40% for completed takeovers depending on the individual circumstances and extent of synergies. This level of premium is relevant to 100% interest (rather than a 25.05% effective interest in the case of HTAL) and therefore the premium relevant to HTAL's interest should be lower than this range.

10.4.3 Net debt - HTAL

HTAL's net debt exposure at 31 March 2025 amounts to $2,427 million consisting of $2,429 million being HTAL's 50% share of VHAH net debt and $2 million in HTAL net debt and other balance sheet items. This amount is inclusive of the funding call to be paid to VHAH by HTAL on 10 July 2025.

Appendix 1 – KPMG Corporate Finance Disclosures

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (APESB). KPMG Corporate Finance and the individuals responsible for preparing this report have acted independently.

The individuals responsible for preparing this report on behalf of KPMG Corporate Finance are Adele Thomas and Joanne Lupton. Adele is a member of the Institute of Chartered Accountants in Australia and New Zealand and holds a Bachelor of Commerce degree and a Graduate Diploma in Accounting. Joanne is a member of the Institute of Chartered Accountants in Australia and New Zealand, fellow of the Financial Securities institute of Australasia and holds a Bachelor of Commerce degree. Both Adele and Jo have a significant number of years' experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports. Christopher Low assisted in the preparation of the report.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than KPMG Corporate Finance's opinion as to whether the Offer is fair and reasonable to HTAL shareholders. KPMG Corporate Finance expressly disclaims any liability to any HTAL shareholders who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, neither KPMG Corporate Finance nor the KPMG Partnership has been involved in the preparation of the Target Statement or any other document prepared in respect of the Offer. Accordingly, we take no responsibility for the content of the Target Statement as a whole or other documents prepared in respect of the Offer.

Independence

In addition to the disclosures in our Financial Services Guide, it is relevant to a consideration of our independence that, during the course of this engagement, KPMG Corporate Finance provided draft copies of this report to management of HTAL for comment as to factual accuracy, as opposed to opinions which are the responsibility of KPMG Corporate Finance alone. Changes made to this report as a result of those reviews have not altered the opinions of KPMG Corporate Finance as stated in this report.

Consent

KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it is included within the Target Statement to be issued to the HTAL shareholders. Neither the whole or any part of this report, nor any reference thereto may be included in any other document without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears.

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (APESB). KPMG Corporate Finance and the individuals responsible for preparing this report have acted independently.

Appendix 2 – Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information:

- various ASX company announcements
- annual reports and investor information published by TPG Telecom
- annual reports and investor information published by HTAL
- various broker and analyst reports
- various press and media articles
- various online databases and industry reports (as shown in footnotes when necessary)
- financial information from Bloomberg, IRESS, S&P Capital IQ, LSEG Data & Analytics

Non-public information

- management papers and documents confidential to HTAL

In addition, we have had discussions with, and obtained information from, representatives of HTAL, the IBC and HTAL's advisors

Appendix 3 – Overview of methodology

Capitalisation of earnings

An earnings-based approach estimates a sustainable level of future earnings for a business (maintainable earnings) and applies an appropriate multiple to those earnings, capitalising them into a value for the business. The earnings bases to which a multiple is commonly applied include Revenue, EBITDA, EBIT and NPAT.

In considering the maintainable earnings of the business being valued, factors to be taken into account include whether the historical performance of the business reflects the expected level of future operating performance, particularly in cases of development, or when significant changes occur in the operating environment, or the underlying business is cyclical.

With regard to the multiples applied in an earnings-based valuation, they are generally based on data from listed companies and recent transactions in a comparable industry, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of securities. As such, multiples are generally reflective of the prices at which portfolio interests change hands. That is there is no premium for control incorporated within such pricing. They may also be impacted by illiquidity in trading of the particular stock. Accordingly, when valuing a business en bloc (100%) we would also reference the multiples achieved in recent mergers and acquisitions, where a control premium and breadth of purchaser interest are reflected.

An earnings approach is typically used to provide a market cross-check to the conclusions reached under a theoretical DCF approach or where the entity subject to valuation operates a mature business in a mature industry or where there is insufficient forecast data to utilise the DCF approach.

Discounted cash flow

Under a DCF approach, forecast cash flows are discounted back to the valuation date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the valuation date to give an overall value for the business.

In a DCF analysis, the forecast period should be of such a length to enable the business to achieve a stabilised level of earnings, or to be reflective of an entire operation cycle for more cyclical industries. Typically, a forecast period of at least five years is required, although this can vary by industry and within a given industry.

The rate at which the future cash flows are discounted (the Discount Rate) should reflect not only the time value of money, but also the risk associated with the business' future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental.

The Discount Rate most generally employed is the WACC, reflecting an optimal (as opposed to actual) financing structure, which is applied to unleveraged cash flows and results in an Enterprise Value for the business. Alternatively, for some industries it is more appropriate to apply an equity approach instead, applying a cost of equity to leveraged cash flows to determine equity value.

In calculating the terminal value, regard must be had to the business' potential for further growth beyond the explicit forecast period. This can be calculated using either a capitalisation of earnings methodology or the ‘constant growth model’, which applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity.

Net assets or cost based

Under a net assets or cost-based approach, total value is based on the sum of the net asset value or the costs incurred in developing a business to date, plus, if appropriate, a premium to reflect the value of intangible assets not recorded on the balance sheet.
Net asset value is determined by marking every asset and liability on (and off) the entity’s balance sheet to current market values.

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the ‘book’ net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset or cost-based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). A net asset approach is also useful as a cross-check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

Enterprise or equity value

Depending on the valuation approach selected and the treatment of the business’ existing debt position, the valuation range calculated will result in either an enterprise value or an equity value being determined.

An enterprise value reflects the value of the whole of the business (i.e. the total assets of the business including fixed assets, working capital and goodwill/intangibles) that accrues to the providers of both debt and equity. An enterprise value will be calculated if a multiple is applied to unleveraged earnings (i.e. revenue, EBITDA, EBITA or EBIT) or unleveraged free cash flow.

An equity value reflects the value that accrues to the equity holders. To compare an enterprise value to an equity value, the level of net debt must be deducted from the enterprise value. An equity value will be calculated if a multiple is applied to leveraged earnings (i.e. NPAT) or free cash flow, post debt servicing

Appendix 4 – Market evidence

Table 35: Sharemarket evidence - Australian and global listed telecommunication companies – EBITDA margins & multiples

Company name	Country	Latest Report FY	Market Cap AUDm	Enterprise Value AUDm	EBITDA growth CAGR -4Y	EBITDA growth CAGR +3Y	EBITDA margin LTM	EBITDA margin NTM	EBITDA multiple LTM	EBITDA multiple NTM
Australia and New Zealand										
Telstra Group Limited	Australia	30/06/2024	53,504	72,903	6.6%	4.0%	35.6%	36.3%	8.9	8.3
Spark New Zealand Limited	New Zealand	30/06/2024	3,912	6,354	0.7%	-1.8%	24.8%	28.4%	7.3	6.5
Superloop Limited	Australia	30/06/2024	1,321	1,321	52.6%	32.8%	15.3%	16.2%	18.0	13.6
Aussie Broadband Limited	Australia	30/06/2024	1,110	1,211	155.8%	14.7%	12.4%	11.8%	8.5	8.3
Global										
AT&T Inc.	United States	31/12/2024	305,786	547,889	1.4%	3.2%	46.2%	37.3%	6.2	7.6
Verizon Communications Inc.	United States	31/12/2024	285,362	550,815	0.6%	3.0%	41.3%	36.6%	6.4	7.1
T-Mobile US, Inc.	United States	31/12/2024	422,905	592,594	6.1%	7.0%	44.8%	39.2%	10.3	11.1
Vodafone Group Public Limited Company	United Kingdom	31/03/2024	40,366	131,090	-7.3%	2.2%	38.2%	29.1%	5.3	6.8
Frontier Communications Parent, Inc.	United States	31/12/2024	14,235	31,464	-5.6%	7.6%	38.1%	39.5%	8.9	8.4
25th percentile (Total)					0.6%	3.0%	24.8%	28.4%	6.4	7.1
Mean (Total)					23.4%	8.1%	33.0%	30.5%	8.9	8.6
Median (Total)					1.4%	4.0%	38.1%	36.3%	8.5	8.3
75th percentile (Total)					6.6%	7.6%	41.3%	37.3%	8.9	8.4
25th percentile (Total) excl. outliers					-1.0%	2.8%	32.9%	28.9%	6.4	7.0
Mean (Total) excl. outliers					19.8%	5.0%	35.2%	32.3%	7.7	8.0
Median (Total) excl. outliers					1.1%	3.6%	38.2%	36.5%	7.9	8.0
75th percentile (Total) excl. outliers					6.2%	7.2%	42.2%	37.8%	8.9	8.3

Source: S&P Capital IQ (data as at 21 May 2025), KPMG Corporate Finance Analysis

Notes:

1 *LTM = Last Twelve Months, NTM = Next Twelve Months, FY = Latest fully-reported Financial Year, CAGR = Compound Annual Growth Rate, AVG = Average*
2 *Outliers have been shaded and excluded from the calculation of descriptive statistics (where specified)*
3 *Currency conversions have been based on foreign exchange rates as at the Valuation Date*
4 *EV/EBITDA multiples are on a post IFRS 16 basis with lease liabilities included in net debt and EBITDA before rent expenses. Forward estimates are on a similar basis.*

Description of companies – Australian & New Zealand listed telecommunications companies

Telstra Group Limited

Telstra Group Limited (Telstra) is an integrated provider of telecommunications and information services to businesses, government, and individuals in Australia and internationally. The core operating segments are:

- Mobile (41.2% of FY24 Revenue): encompasses services for consumers, small businesses, and enterprises, including postpaid and prepaid mobile plans, mobile broadband, and device sales
- Consumer & Small Business (16.7% of FY24 Revenue): provides fixed-line services, including broadband and voice, to residential and small business customers[59]
- Enterprise (13.6% of FY24 EBITDA): services large business and government clients, offers data, cloud and connectivity solutions, as well as network applications and services
- Active Wholesale (1.4% of FY24 Revenue): delivers wholesale fixed-line services, including broadband and voice, to other telecommunications providers, including MVNOs
- International (9.9% of FY24 Revenue): manages operations in over 30 countries, offering services such as subsea cables, data centres, and enterprise solutions
- InfraCo (10.6% of FY24 Revenue): owns and operates Telstra's passive fixed infrastructure assets, including ducts, fibre, telephone poles, data centres, subsea cables and fibre optic cables[60]
- Amplitel (1.7% of FY24 Revenue): established in September 2021, Amplitel is Australia's largest mobile tower infrastructure provider, owning over 8,000 towers. Telstra retains a 51% interest, with the remaining 49% held by a consortium of investors[61].

Spark New Zealand Limited

Spark New Zealand Limited (Spark), together with its subsidiaries, provides telecommunications and digital services in New Zealand. The core operating segments are:

- Mobile (39.2% of FY24 Revenue): provides a wide array of mobile services, including prepaid and postpaid plans, mobile broadband, and roaming. Recently, the business has made substantial investments in growing its 5G network to deliver improved connectivity and digital experiences throughout New Zealand
- Procurement and partners (14.6% of FY24 Revenue): manages relationships with external suppliers and partners. It encompasses the procurement of devices, network equipment, and collaboration with third-party providers to enhance Spark's service offerings[62]

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[60] Telstra Group Limited, *Annual Report 2024*, August 28, 2024, accessed April 28, 2025. https://www.telstra.com.au/content/dam/tcom/about-us/investors/pdf-g/telstra-annual-report-2024.pdf.
[61] Macquarie Group, "Creating Australia's Largest Standalone Wireless Tower Company," Macquarie Insights, accessed April 28, 2025. https://www.macquarie.com/fi/en/insights/creating-australias-largest-standalone-wireless-tower-company.html.
[62] IBISWorld, Spark New Zealand Limited – Company Profile Report, accessed April 28, 2025. https://www.ibisworld.com/australia/company/spark-new-zealand-limited/18109/.

- Broadband (16.3% of FY24 Revenue): provides broadband services through various technologies, including fibre, Very high-speed Digital Subscriber Line (**VDSL**), and fixed wireless access
- IT products (14.0% of FY24 Revenue): offers a range of information technology products, such as hardware, software, and cloud-based solutions. The delivery of these products is catered to business and enterprise clients
- Voice (4.8% of FY24 Revenue): provides services that include traditional landline telephony, VoIP solutions, and unified communication offerings
- IT services (4.4% of FY24 Revenue): delivers a suite of IT services designed to assist the digital transformation process, including managed services, cybersecurity, cloud computing, and IT consulting
- Data centres (1.0% of FY24 Revenue): operates data centres that provide secure and scalable infrastructure for hosting and managing data, supporting cloud services and data storage across both business and government clients
- High-tech (2.1% of FY24 Revenue): encompasses advanced technology solutions such as IoT, AI, and data analytics[63].

Superloop Limited

Superloop Limited (Superloop), together with its subsidiaries, operates as a telecommunications and ISP in Australia. The core operating segments are:

- Consumer (63.5% of FY24 Revenue): offers residential customers high-speed internet, mobile services, VoIP, and in-home cybersecurity solutions. These services are delivered through the Superloop and Exetel brands, following the acquisition of Exetel in 2021 (this acquisition carried with it over 110,000 new consumer and business clients)[64]
- Business (25.0% of FY24 Revenue): provides tailored telecommunications solutions to SMEs, such as NBN and fibre internet, mobile plans, voice services, and hosted PBX systems. These services are designed to support the connectivity and communication needs of Australian businesses
- Wholesale (11.5% of FY24 Revenue): supplies network services to other telecommunications providers, including ISPs and MSPs. Products include NBN access, enterprise ethernet, internet access, VoIP transit, dark fibre, fixed wireless access, and international subsea cable capacity services[65].

Aussie Broadband Limited

Aussie Broadband Limited (Aussie Broadband) provides telecommunications and technology services in Australia. The core operating segments are:

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[63] Spark New Zealand Limited, Annual Report 2024, accessed April 28, 2025. https://investors.sparknz.co.nz/FormBuilder/_Resource/_module/gXbeer80tkeL4nEaF-kwFA/file/2024_Spark_Annual_Report.pdf.
[64] ASX Announcement, 8 June 2021: Superloop to acquire Exetel, Australia's largest independent internet service provider, primarily funded by fully underwritten capital raising.
[65] Superloop Limited, Annual Report 2024, accessed April 28, 2025. https://investors.superloop.com/FormBuilder/_Resource/_module/tLPydTM2DUStGfiPut9iFA/file/agm/2024/SLC_2024_Annual_Report.pdf.

- Residential (58.5% of FY24 Revenue): provides internet, mobile, and home phone services to individual consumers. Aussie Broadband is recognised for its high-speed NBN plans, and no lock-in contracts. At June 2024, the Aussie Broadband had over 780,000 broadband connections, making it the fourth-largest retail ISP in Australia[66]

- Business (9.7% of FY24 Revenue): targets small to medium-sized enterprises (**SMEs**), this segment offers tailored telecommunications solutions, including NBN and fibre internet, mobile plans, voice services, and hosted Private Branch Exchange systems

- Wholesale (16.0% of FY24 Revenue): provides network services to other telecommunications providers, including ISPs and managed service providers (**MSPs**). Products include data, voice, and network solutions, leveraging Aussie Broadband's infrastructure to enable partners to serve their customers effectively

- Enterprise and Government (8.8% of FY24 Revenue): caters to large businesses and government entities, offering advanced telecommunications and IT solutions. This is a key investment area of their 'Look to 28' strategy[67]. The services are enterprise-grade internet, managed networks, cloud services, and cybersecurity solutions, facilitating digital transformation and secure connectivity for complex organizational needs

- Symbio Group (7.0% of FY24 Revenue): acquired in February 2024 for $262 million, Symbio operates as a unified communications-as-a-service (**UCaaS**) provider[68]. It offers cloud-based communication services, including voice, messaging, and number management, supporting service providers and enterprises in deploying scalable communication solutions across the Asia-Pacific region[69].

Description of companies – Globally listed telecommunications companies

AT&T Inc.

AT&T Inc. (AT&T) is a provider of telecommunications and technology services globally. The core operating segments are:

- Mobility (69.7% of FY24 Revenue): offers wireless services to both consumers and businesses across the United States. Services include voice, messaging, and data plans and the sale of wireless devices

- Business Wireline (15.4% of FY24 Revenue): this segment provides advanced communication services to business customers, including fibre-based ethernet, VoIP, and managed services.

- Consumer Wireline (11.1% of FY24 Revenue): this segment delivers broadband and voice services to residential customers in the United States

[66] Commission, Australian Competition and Consumer (27 August 2024). "June quarter 2024 report". accessed April 28, 2025. www.accc.gov.au
[67] Brendan Swan, "Aussie Broadband Unveils 'Look to 28' Strategy, Eyeing Growth in the SMB and Enterprise Market," IT Connection, accessed April 28, 2025. https://itcblogs.currentanalysis.com/2025/04/23/aussie-broadband-unveils-look-to-28-strategy-eyeing-growth-in-the-smb-and-enterprise-market/.
[68] Brendan Swan, "Aussie Broadband Unveils 'Look to 28' Strategy, Eyeing Growth in the SMB and Enterprise Market," IT Connection, accessed April 28, 2025. https://itcblogs.currentanalysis.com/2025/04/23/aussie-broadband-unveils-look-to-28-strategy-eyeing-growth-in-the-smb-and-enterprise-market/.
[69] Aussie Broadband Limited, Annual Report 2024, accessed April 28, 2025. https://wcsecure.weblink.com.au/pdf/ABB/02842867.pdf.

- Latin America (3.5% of FY24 Revenue): this segment operates primarily in Mexico, offering postpaid and prepaid wireless services under the AT&T and Unefon brand names[70].

Verizon Communications Inc.

Verizon Communications Inc. (Verizon) is a holding company. Verizon, through its subsidiaries, provides communications, technology, information and streaming products and services to consumers, businesses and government entities. The core operating segments are:

- Consumer – Services (58.1% of FY24 Revenue): encompasses wireless services (including voice, text, and data plans) and FWA broadband and Fios fibre-optic internet services
- Consumer – Wireless equipment (14.8% of FY24 Revenue): involves the sale of wireless devices and accessories to consumers, such as smartphones, tablets and smartwatches
- Consumer – Other (4.7% of FY24 Revenue): includes ancillary consumer services and products, such as digital content offerings, device protection plans, and other value-added services
- Business – Enterprise and public sector (10.7% of FY24 Revenue): serves large enterprises and government agencies, providing communication services, including fibre-based Ethernet, VoIP, managed services, and security solutions
- Business – Business markets and other (9.9% of FY24 Revenue): caters to businesses not accommodated by the Enterprise and public sector segment, offering a suite of business communication solutions, including internet, phone, and cloud services
- Business – Wholesale (1.7% of FY24 Revenue): provides network services to other telecommunications carriers, including voice, data, and internet services[71].

T-Mobile Inc.

T-Mobile US, Inc. is a provider of wireless communications services, including voice, messaging and data, under its flagship brands, T-Mobile and Metro by T-Mobile, and Mint Mobile, in the United States, Puerto Rico and the United States Virgin Islands. The businesses core operating segments include:

- Postpaid mobile (64.3% of FY24 Revenue): this segment offers various plans under this segment, such as Go5G Plus and Essentials, and provides device financing options
- Prepaid mobile (12.8% of FY24 Revenue): T-Mobile's prepaid offerings include brands like Metro by T-Mobile, Mint Mobile, and Ultra Mobile
- Wholesale & other (4.2% of FY24 Revenue): this segment involves providing network access to third-party service providers, including MVNOs and partners offering machine-to-machine (M2M) and IoT services

[70] AT&T Inc., Annual Report 2024, accessed April 28, 2025. https://investors.att.com/~/media/Files/A/ATT-IR-V2/financial-reports/annual-reports/2024/complete-annual-report-2024.pdf.
[71] Verizon Communications Inc. 2024 Annual Report on Form 10-K. February 12, 2025, accessed April 28, 2025.https://www.verizon.com/about/sites/default/files/2024-Annual-Report-on-Form-10k.pdf.

- Equipment (17.5% of FY24 Revenue): this segment includes the sale of mobile devices and accessories. Revenue is generated through direct sales and equipment instalment plans (EIPs), where customers pay for devices over time

- Other (1.2% of FY24 Revenue): this segment encompasses various ancillary services and revenue streams, such as device insurance, extended warranties, and advertising services.

Vodafone Group Public Limited Company

Vodafone Group Plc is a telecommunications company, providing mobile and fixed services to over 330 million customers in 15 countries, while partnering with mobile networks in 47 more. The core operating segments are:

- Germany (38.3% of FY24 Revenue): offers a comprehensive suite of services, including mobile, fixed broadband, TV, and enterprise solutions
- UK (18.8% of FY24 Revenue): provides a range of mobile and fixed-line connectivity services, including voice, data, broadband, and TV offerings
- Other Europe (15.8% of FY24 Revenue): encompasses Vodafone's operations outside of Germany and the UK, including Portugal, Ireland, Greece, and the Netherlands. Vodafone Group continues to invest in network infrastructure and digital services across these regions to drive growth and customer acquisition
- Turkey (19.9% of FY24 Revenue): serves over 23 million subscribers delivering mobile voice and data services[72]
- Africa (5.8% of FY24 Revenue): operations are primarily conducted through its majority interest in Vodacom Group Limited and includes markets such as South Africa, Egypt, Kenya, Tanzania, Mozambique, and the Democratic Republic of Congo[73].

Frontier Communications Parent, Inc.

Frontier Communications Parent, Inc. (Frontier) is a fibre provider in the United States. Frontier offers a portfolio of communications and technology services for consumer and business customers. Frontier operating segments are:

- Data and internet services (66.8% of FY24 Revenue): provides high-speed internet services through its fibre-optic network, offering symmetrical upload and download speeds
- Voice services (20.7% of FY24 Revenue): encompass both traditional home phone and digital voice options and provides features that include unlimited local and long-distance calling, voicemail, caller ID, call waiting, and call forwarding
- Video services (5.8% of FY24 Revenue): having divested away from traditional TV, this segment involves Frontier partnering with streaming providers like YouTube TV to deliver live and on-demand content and allowing customers to bundle these streaming services with Frontier's internet plans, accessing a wide range of channels and content without the need for a cable box

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[72] Vodafone Group Plc, Annual Report 2024, accessed April 28, 2025. https://reports.investors.vodafone.com/view/197179846/.
[73] Vodafone Group Plc, "Where We Operate", accessed April 28, 2025. https://www.vodafone.com/about-vodafone/where-we-operate.

- Other (5.6% of FY24 Revenue): this represents additional services such as UCaaS for businesses, hardware and network solutions, and customer premises equipment (CPE) with related maintenance services

and:

- Consumer (53.3% of FY24 Revenue): focuses on providing residential customers with high-speed internet
- Business and wholesale (45.6% of FY24 Revenue): caters to small and medium-sized businesses, large enterprises, government agencies, and wholesale partners[74]

[74] Frontier Communications Parent, Inc., Form 10-K for the Fiscal Year Ended December 31, 2024, accessed April 28, 2025. https://d18rn0p25nwr6d.cloudfront.net/CIK-0000020520/9026e8c6-0acd-4a4f-a2c2-1ed3b012b901.pdf.

Appendix 5 – Transaction evidence

Description of transaction evidence

One New Zealand Group Limited (June 2023)

In June 2023, Infratil acquired Brookfield's 49.95% stake in One New Zealand Group Limited (**One NZ**). This took Infratil's ownership of One NZ from 49.95% to 99.90% and the total consideration for the transaction was NZD $5.9 billion (AUD $5.3 billion)

One NZ, previously known as Vodafone New Zealand, remains a prominent telecommunications company in NZ that offers mobile plans, international roaming, broadband internet, and ICT solutions tailored for both personal and business needs.

Rogers Communications Inc. (April 2023)

In April 2023, Rogers Communications Inc. (**Rogers Communications**) was acquired by Shaw Communications Inc. (**Shaw Communications)** for a total consideration of CAD $25.8 billion (AUD $28.4 billion).

Before its acquisition by Shaw Communications, Rogers Communications was a leading Canadian telecom and media company offering services such as wireless communications, cable television, high-speed internet, and home phone services. Rogers Communications also had a presence in the media and entertainment sector and provided business solutions like data centres and cloud services.

Exetel Pty Ltd. (August 2021)

In August 2021, Exetel Communications Ltd. (Exetel) was acquired by Superloop for a total consideration of $110 million.

At the time, Exetel was Australia's largest privately owned independent ISP that offered Internet, voice, mobile, and business connectivity services via wholesale partnerships and its own network infrastructure management.

amaysim Mobile Pty Ltd (March 2021)

In March 2021, WAM Capital acquired 79.8% of amaysim Mobile Pty Ltd (**amaysim**) issued capital. WAM paid $200.8 million for the 79.8% interest for a total consideration of $199 million.

At the time, amaysim operated as an MVNO Australia and had been acquired by Optus two months prior (discussed below). Amaysim provided mobile phone plans, including both prepaid and postpaid options, with the business model centred around offering simple, flexible, and affordable mobile plans targeting a segment of the market that desired budget-friendly and no-contract mobile services.

amaysim Mobile Pty Ltd (January 2021)

In January 2021, Optus acquired 100% of the amaysim for a total consideration of $201 million.

Prior to the acquisition, amaysim operated as an MVNO Australia. Amaysim provided mobile phone plans, including both prepaid and postpaid options, and leased Optus network to deliver its services.

TalkTalk Telecom Group (March 2021)

In March 2021, Toscafund Asset Management LLP and Penta Capital (Tosca IOM Limited) acquired a 70.9% stake in TalkTalk Telecom Group (**TalkTalk**) for a total consideration of £2.1 billion (AUD $3.7 billion).

At the time, TalkTalk was a major UK connectivity provider, offering fibre, broadband, landline, TV, and mobile services to over four million customers. TalkTalk served both residential and business sectors via an extensive network coverage.

TPG Telecom Ltd (June 2020)

In June 2020, TPG Telecom merged with VHA becoming TPG Telecom. Within the merged company, 49.9% was owned by existing TPG Telecom shareholders and 50.1% was owned by existing VHA shareholders. The total consideration for the transaction was $16.5 billion.

At the time, VHA primarily operated mobile telecommunications services in Australia, providing mobile voice, messaging, data, and broadband Internet services while TPM was a diversified telecommunications provider offering fixed-line broadband services, NBN, mobile, and various other communication products to residential, business, and wholesale customers in Australia.

Vodafone New Zealand Limited (May 2019)

In May 2019, Brookfield and Infratil each acquired a 49.95% interest in Vodafone New Zealand (**Vodafone NZ**), for a total consideration of NZD $3.4 billion ($AUD 3.3 billion).

As of 2019, Vodafone New Zealand Limited, which has now been rebranded to One NZ, provided comprehensive telecommunications services, including mobile and fixed-line services, broadband Internet and ICT solutions for residential and business customers.

M2 Telecommunications Group Limited (September 2015)

In September 2015, M2 Telecommunications Group Limited (**M2**) merged with Vocus Communications Limited to become Vocus Group. The total consideration for this merger was $2.7 billion.

At the time, M2 Group Ltd was a rapidly expanding provider of communication, utility, and insurance services to households and small businesses in Australia and New Zealand. In Australia, it operated through the Commander, Engin, Dodo, and iPrimus brands, while in New Zealand, it operated under Call Plus, Slingshot, Orcon, 2Talk, and Flip brands, serving a diverse range of consumer and business needs.

iiNet Limited (September 2015)

In September 2015, iiNet Limited (**iiNet**) was acquired by TPM for a total consideration of $1.8 billion.

At the time, iiNet was a leading Australian internet service provider known for its strong customer service, innovative broadband products, and strategic acquisitions of smaller ISPs. The acquisition of the iiNet meant TPM gained access to the iiNet business which:

- provided over 1.9 million broadband, telephony and IPTV services to over 975,000 broadband customers
- had over 60,000 NBN and fibre subscribers
- operated a proprietary network of over 4500 DSLAMs.

Call Plus Group (April 2015)

In April 2015, M2, acquired Call Plus Group (Call Plus) for a total consideration of $250 million NZD ($245 million AUD).

As of 2015, Call Plus was the third largest New Zealand telecommunications company and provided internet, voice, and data solutions through well-known subsidiaries like Slingshot, Orcon and Flip. It operated in the consumer, business and wholesale market segments providing over 400,000 services to a customer base of over 220,000.

Telecom New Zealand Australia Pty Limited (February 2014)

In December 2013, TPM acquired 100% of Telecom New Zealand Australia Pty Ltd and its subsidiaries (including AAPT) for a total consideration of $450 million. The transaction will result in TPM also inheriting the AAPT and PowerTel businesses.

At the time of the acquisition, AAPT had extensive telecommunication infrastructure including:

- widespread ethernet capabilities
- 15 data centres across major capital cities
- fibre access to 1,500 premises
- 11,000km of fibre across six states and territories.

Dodo Australia Holdings Pty (May 2013)

In May 2013, Dodo Australia Holdings Limited (**Dodo**) was acquired by M2 for a total consideration of $214 million.

At the time, Dodo was primarily known for offering affordable telecommunication services including broadband, mobile, home phone and wireless broadband services. They serviced over 400,000 customers and aimed to provide competitive rates and services, catering mainly to residential and small business markets. Additionally, Dodo was in the early stages of expansion into bundled products including power, gas and insurance.

Part Two – KPMG FAS Corporate Finance Financial Services Guide

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by KPMG Financial Advisory Services (Australia) Pty Ltd (**KPMG FAS**) ABN 43 007 363 215, Australian Financial Services Licence Number 246901 (of which KPMG Corporate Finance is a division) (**KPMG Corporate Finance**).

Adele Thomas is an authorised representative of KPMG FAS, authorised representative number 404180 and Joanne Lupton, as an authorised representative of KPMG FAS, authorised representative number 449593 (**Authorised Representatives**).

This FSG includes information about:

- KPMG FAS and its Authorised Representative/s and how they can be contacted;
- The services KPMG FAS and its Authorised Representative/s are authorised to provide;
- How KPMG FAS and its Authorised Representative/s are paid;
- Any relevant associations or relationships of KPMG FAS and its Authorised Representative/s;
- How complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- The compensation arrangements that KPMG FAS has in place.

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- foreign exchange contracts;
- debentures, stocks or bonds issued or proposed to be issued by government;
- interests in managed investments schemes including investor directed portfolio services;
- securities;
- superannuation;
- carbon units;
- Australian carbon credit units; and
- eligible international emissions units,

to retail and wholesale clients.

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KPMG FAS and the Authorised Representative's responsibility to you

KPMG FAS has been engaged by Hutchison Telecommunications (Australia) Limited (**Client**) to provide general financial product advice in the form of a Report to be included in the Target's Statement (**Document**) prepared by the Client in relation to the offer from Hutchison Telecommunications (Amsterdam) B.V. (**Offer**).

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KPMG FAS and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice Warning

As KPMG FAS has been engaged by the Client, the Report only contains general advice as it has been prepared without taking your personal objectives, financial situation or needs into account. You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG FAS may receive and remuneration or other benefits received by our representatives

KPMG FAS charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG FAS $245,000 for preparing the Report. KPMG FAS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG FAS officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the **KPMG Partnership**). KPMG FAS' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG FAS nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures, KPMG FAS operates as part of the KPMG Australian firm. KPMG FAS' directors and Authorised Representatives may be partners in the KPMG Partnership. The financial product advice in the Report is provided by KPMG FAS and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG FAS, the KPMG Partnership and related entities (**KPMG entities**) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided a range of services to the Client and for which professional fees are received. Over the past two years professional fees of approximately $0 have been received from the Client. None of those services have related to the strategic advice relating to the Transaction or alternatives to the Transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG FAS or the Authorised Representative know. Complaints can be sent in writing to:

The Complaints Officer

KPMG

GPO Box 2291U

Melbourne, VIC 3000

or via email (AU-FM-AFSL-COMPLAINT@kpmg.com.au).

If you have difficulty in putting your complaint in writing, please call (03) 9288 5555 where you will be directed to the Complaints Officer who will assist you in documenting your complaint.

We will acknowledge receipt of your complaint, in writing, within 1 business day or as soon as practicable and will investigate your compliant fairly and in a timely manner.

Following an investigation of your complaint, you will receive a written response within 30 calendar days. If KPMG FAS is unable to resolve your complaint within 30 calendar days, we will let you know the reasons for the delay and advise you of your right to refer the matter to the Australian Financial Complaints Authority (**AFCA**).

External complaints resolution process

If KPMG FAS cannot resolve your complaint to your satisfaction within 30 days, you can refer the matter to AFCA. AFCA is an independent body that has been established to provide free and impartial assistance to consumers to help in resolving complaints relating to the financial services industry. KPMG FAS is a member of AFCA (member no 11690).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:

Address: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1800 931 678

Email: info@afca.org.au.

The Australian Securities and Investments Commission also has a free call Customer Contact Centre info-line on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG FAS has compensation arrangements for loss or damage in accordance with section 912B of the *Corporations Act 2001* (Cth). KPMG FAS holds professional indemnity insurance which, subject to its terms, provides cover for work performed by KPMG FAS including current and former representatives of KPMG FAS.

Contact Details

You may contact KPMG FAS using the below contact details:

KPMG Corporate Finance (a division of KPMG Financial Advisory Services (Australia) Pty Ltd)
Level 38, International Towers Three
300 Barangaroo Avenue
Sydney NSW 2000

PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7621
Facsimile: (02) 9335 7000

Corporate directory

Registered and Principal Administrative Address

Level 27, Tower Two
International Towers Sydney
200 Barangaroo Avenue
Barangaroo, NSW 2000

Website Address

https://hutchison.com.au

Australian Securities Exchange (ASX) Listing

ASX code: HTA

Financial Adviser

Barrenjoey Advisory Pty Ltd
Level 19, Quay Quarter Tower
50 Bridge Street
Sydney, NSW 2000

Legal Adviser

Herbert Smith Freehills Kramer
ANZ Tower
161 Castlereagh Street
Sydney, NSW 2000

Share Registry

MUFG Corporate Markets (AU) Limited
Liberty Place
Level 41, 161 Castlereagh Street
Sydney, NSW 2000

Shareholder Information Line

Telephone within Australia: 1800 134 068
Telephone outside of Australia: +61 1800 134 068