

Market Announcements Office
Australian Securities Exchange
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S&P Global Ratings Report - revising the outlook to stable from negative

Please find attached a report on TPG Telecom Limited (ASX: TPG) issued by S&P Global Ratings today, revising the outlook to stable from negative.

Authorised for lodgement with ASX by the TPG Market Disclosure Committee.

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Research Update:

TPG Telecom Ltd. Outlook Revised To Stable On Mobile Growth Following Business Reset; 'BBB' Ratings Affirmed

October 12, 2026

Rating Action Overview

- TPG Telecom Ltd.'s solid market position, improving earnings trajectory, and supportive financial policies underpin its credit quality.
- We expect the Australia-based telco's credit metrics to continue strengthen over the next two years, driven by growth in the mobile business and improved cash flow.
- On Oct. 12, 2026, S&P Global Ratings revised its outlook on TPG to stable from negative and affirmed its 'BBB' long-term credit rating on the company.
- The stable outlook reflects our expectation that TPG will be able to maintain improvement in its credit metrics. We expect earnings growth and a lower capital intensity to drive the company's S&P Global Ratings adjusted debt-to-EBITDA ratio to below 2.75x from fiscal 2027 onward.

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Rating Action Rationale

A credible deleveraging strategy following recent business transformations underpins TPG's creditworthiness, in our view. The company's competitive position continues to improve as its expanded network reach, a simpler operating model, and lower capital intensity translate into stronger and more resilient earnings and cash flow, thereby supporting improvement in its credit metrics.

TPG will see slightly elevated leverage in fiscal 2026, reflecting a transition period in our view, as the company consolidates transformative transactions completed in fiscal 2025 and builds on balance sheet repair. We expect the company's S&P Global Ratings adjusted debt to EBITDA to be about 2.8x in fiscal 2026 (ending Dec. 31, 2026), which is slightly above our current rating trigger of 2.75x. We forecast this measure will fall closer toward 2.5x from fiscal 2027, which is in line with our expectations for the rating.

Major changes to the business model include a multi-operator core network (MOCN) agreement with Singtel Optus Pty Ltd. that commenced in January 2025 and the sale of TPG's fixed enterprise, government, and wholesale business, and sale and leaseback of its fiber assets (A\$4.7 billion in net proceeds) to Vocus in July 2025. This includes the transmission and wholesale fiber access agreement (TAWFA), that TPG has implemented with Vocus.

TPG reduced its bank debt by approximately A\$2.7 billion in fiscal 2025, bringing the total balance down to A\$1.4 billion from A\$4.1 billion. Key drivers for this reduction included the Vocus transaction proceeds A\$1.7 billion, the sale of the handset receivables financing program A\$600 million, and A\$370 million from the company's reinvestment plan proceeds.

We believe management will operate the business with capital structure and financial policies that are consistent with our 'BBB' rating. We expect TPG to build on its balance sheet headroom to manage upcoming capital expenditure (capex), including significant spectrum renewal costs, alongside shareholder returns.

We also note that the company's S&P Global Rating adjusted debt comprises approximately 70% long-dated lease commitments, with the remainder consisting of drawn debt, which we expect to be about A\$1.4 billion in fiscal 2026.

Mobile earnings growth, a focus on costs, and moderating capex should strengthen cash flow and improve credit metrics. A simplified business model and an improved balance sheet (post Vocus transaction) should enhance cash conversion, providing the capacity to fund spectrum and network investments while maintaining financial discipline.

The company estimates upcoming material spectrum relicensing at A\$2.1 billion from fiscal 2028 to fiscal 2032, with a front-loaded A\$840 million payment due in fiscal 2028 and A\$570 million in fiscal 2029. At the same time, we expect capex to moderate to A\$550 million-A\$650 million annually as the 5G rollout and major transformation programs conclude, down from a A\$1.2 billion peak in fiscal 2024.

TPG's solid market share in the mobile and broadband sectors, combined with its robust margins, supports its overall business strength. TPG maintains the No. 3 position in Australian mobile services and holds a strong No. 2 position in the national broadband network (NBN) fixed broadband wholesale market with a 18% market share, trailing Telstra's No. 1 position of 37%.

In our view, the MOCN agreement with Singtel Optus Pty Ltd., which commenced in January 2025, has significantly enhanced TPG's mobile business proposition enabling it to close network coverage gaps compared with key competitors.

In our view, this establishes a growth platform for the mobile business, reinforced by improved network economics, strategic multi-brand positioning, particularly through digital-value brands, and momentum in subscriber growth and average revenue per user (ARPU).

TPG's strategy centers on a low-cost, capital-light business model designed to maximize return on invested capital. We expect the company to enhance its operating margins through a more streamlined cost structure; we forecast EBITDA margins of about 39% to 40% over the next two years, by our measure.

Tempering these strengths, TPG faces periodic competitive pressure in Australia's telecommunications industry, particularly from its larger and well-capitalized competitor, Telstra Group Ltd. Moreover, TPG's exposure to network-sharing arrangements incorporates substantial contractual commitments, which we treat as debt. And while these arrangements are

directly contributing to a capital-light business model with lower capex requirements, they do expose the company to contract renewal risks in the longer term.

Outlook

The stable rating outlook reflects our expectation that TPG will maintain its mobile and fixed line market share and margins over the next two years. We expect the company's S&P Global Ratings adjusted debt-to-EBITDA ratio to track below 2.75x from fiscal 2027 onward, supported by a robust financial policy framework that builds credit metric headroom to accommodate upcoming spectrum payments.

Downside scenario

Downward pressure on the rating could emerge if TPG's fully adjusted debt-to-EBITDA ratio exceeds 2.75x on a sustained basis. This could occur if:

- TPG underperforms our earnings and cash flow growth expectations due to higher costs than anticipated, or the company experiences material deterioration in the group's competitive position.
- The company adopts more aggressive financial policies such as unduly shareholder friendly actions.
- Adverse changes in TPG's access to and sharing of infrastructure under its current commercial arrangements, including the MOCN agreement with Singtel Optus and the TAWFA with Vocus, which erodes its competitive position.

Upside scenario

We could raise the rating if the company adopts a more conservative financial policy stance that supports a sustainably stronger financial profile, including an adjusted debt-to-EBITDA ratio of below 2.0x on a sustained basis. An upgrade would also rely on TPG successfully executing its growth strategy, while maintaining its competitive position and favorable long-term access to essential infrastructure.

Company Description

TPG is the third-largest telco in Australia by revenue and one of only three mobile network operators in the country, offering a wide range of telecommunications products and services.

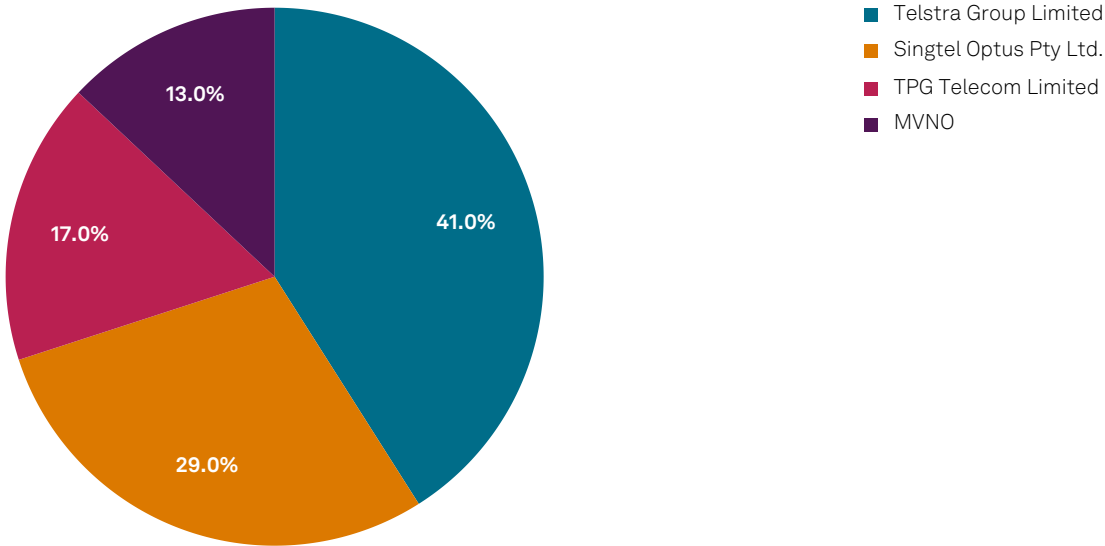
Established in 2020 through the merger of Vodafone Hutchison Australia Pty Ltd. and TPG Corp., TPG has emerged as a full-service telecommunications provider. Vodafone Group PLC and the Hutchison group jointly hold a 47.5% ownership stake in TPG. The family of founder David Teoh owns 13.5%, while other minorities own 39%. We do not consider that any single entity has control over TPG.

As of Dec. 31, 2025, TPG had approximately 5.7 million mobile subscribers, about 50% of which were post-paid customers.

TPG delivers consumer fixed services predominantly through the resale of services from the NBN. As of Dec. 31, 2025, TPG had approximately 2.0 million consumer broadband subscribers.

TPG remains third-largest player by some distance

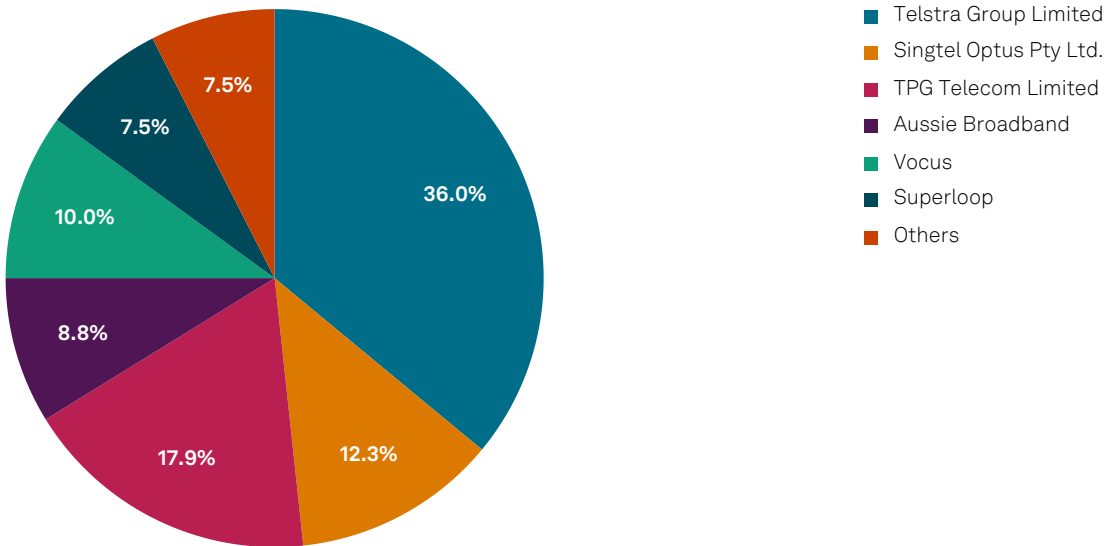
Retail market share for mobile phone services as of December 2025



MVNO--Mobile virtual network operators. Source: ACCC Communications market report - Dec. 2025, S&P Global Ratings
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TPG remains the second largest player in the NBN fixed broadband wholesale market

Wholesale access seeker market share



Source: NBN Wholesale Market Indicators Report - Dec. 2025, S&P Global Ratings.
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Our Base-Case Scenario

Assumptions

- Australia's real GDP to be 2.0% in 2026 and 1.7% in 2027.
- Australia's average consumer price index to be 4.3% in 2026 and 3.0% in 2027.

- Annual revenue increases in low single digits in fiscal 2026 and fiscal 2027, supported by incremental gains in market share in the core mobile business segment following the launch of the MOCN deal in January 2025. While delivering on home broadband initiatives to address NBN churn.
- An EBITDA margin of about 39%-40% over the next two years. Tight control of operating expenses along with increase in ARPU to drive margin expansion.
- Capex of about A\$750 million for fiscal 2026, with spectrum payments to commence in 2028.
- Annual dividends of A\$360 million-A\$380 million over the next 12-24 months.

Key metrics

Period ending	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. AUD)	2024a	2025a	2026e	2027f	2028f
Revenue	5,520	4,179	4,240	4,380	4,570
EBITDA	1,879	1,621	1,670	1,770	1,890
Funds from operations (FFO)	1,501	1,158	1,330	1,450	1,520
EBIT	477	457	410	450	580
Cash flow from operations (CFO)	1,553	1,559	1,370	1,430	1,490
Capital expenditure (capex)	1,170	891	750	650	1,470
Free operating cash flow (FOCF)	383	668	620	780	20
Dividends	334	501	360	380	400
Adjusted ratios					
Debt/EBITDA (x)	3.3	3.0	2.8	2.5	2.6
FFO/debt (%)	23.9	23.7	28.1	32.5	30.5
FFO cash interest coverage (x)	5.0	3.8	5.5	6.1	6.3
EBITDA interest coverage (x)	4.9	4.2	5.6	6.1	6.5
CFO/debt (%)	24.7	31.9	28.9	32.0	29.9
FOCF/debt (%)	6.1	13.7	13.1	17.5	0.3
DCF/debt (%)	0.6	(54.9)	5.4	8.9	(7.7)
Annual revenue growth (%)	(0.2)	(24.3)	1.3	3.3	4.5
EBITDA margin (%)	34.0	38.8	39.5	40.4	41.3

All figures are adjusted by S&P Global Ratings unless stated as reported. The base case financials have been rounded off, while the ratios are the actual calculations. a--Actual. e--Estimate. f--Forecast.

Liquidity

We assess TPG's liquidity as adequate. We expect the company's sources of liquidity, including cash, to exceed its uses by 1.2x or more over the next 12 months. We anticipate that net sources of liquidity will remain positive even if EBITDA declines by 15% from our forecasts over the same period.

We believe TPG has solid relationships with banks and will exercise prudence in managing capital spending to avoid any liquidity constraints.

Our assumptions for TPG's key sources and uses of liquidity over the next 12 months are:

Principal liquidity sources	Principal liquidity uses
• Cash and cash equivalents of A\$55 million • Undrawn committed facilities of about A\$325 million • Unadjusted funds from operations of A\$1.0 billion-A\$1.5 billion over the next 12 months	• No debt repayments • Minimal working capital outflows • Capex of about A\$650 million. • Dividends of about A\$360 million-A\$380 million

Issue Ratings--Subordination Risk Analysis

Capital structure

As of June 30, 2026, TPG has about A\$1.14 billion of drawn revolving facilities and a A\$300 million term loan on its balance sheet. It also has undrawn revolving facilities of A\$325 million. The company's weighted-average debt maturity is about 3.2 years.

Analytical conclusions

The bank facilities are unrated.

Rating Component Scores

Component	
Foreign currency issuer credit rating	BBB/Stable/--
Local currency issuer credit rating	BBB/Stable/--
Business risk	Satisfactory
Country risk	Very low risk
Industry risk	Intermediate risk
Competitive position	Satisfactory
Financial risk	Intermediate
Cash flow/leverage	Intermediate
Anchor	bbb-

Modifiers

Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Adequate
Management and governance	Neutral
Comparable rating analysis	Positive
Stand-alone credit profile	bbb

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025

- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: The Impact Of Captive Finance Operations On Nonfinancial Corporate Issuers](#), Oct. 23, 2023
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Ratings List

Ratings List		
Ratings Affirmed; Outlook Action		
	To	From
TPG Telecom Ltd.		
Issuer Credit Rating	BBB/Stable/--	BBB/Negative/--

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