

9 December 2013

TPG Telecom announces acquisition of AAPT

TPG Telecom Limited ("TPG", ASX: TPM) is pleased to announce that it has entered into a binding Share Sale Agreement to acquire 100% of Telecom New Zealand Australia Pty Ltd and its subsidiaries, for cash consideration of A\$450m on a debt-free and cash-free basis. The transaction will have the effect of transferring to TPG the AAPT and PowerTel businesses that have largely been trading under the AAPT brand for some years ("AAPT").

The agreement is free of conditions precedent and, subject to the finalisation of routine mechanical steps, the transaction will complete on 28 February 2014.

AAPT is one of Australia's leading telecommunications infrastructure companies, offering voice, internet, data and cloud services for business and wholesale customers via its extensive national network.

In FY13, AAPT reported revenues of A\$410.3m and underlying EBITDA of A\$55.0m. As at November 2013 its recurring annualised EBITDA run-rate has grown to approximately A\$70m¹.

TPG will fund the acquisition by increasing and extending its existing debt facility. On completion of the acquisition, TPG expects its pro-forma debt to EBITDA leverage ratio to be approximately 1.2:1.

AAPT has extensive telecommunications infrastructure that will complement TPG's network, including:

- 11,000km of fibre across six states and territories, importantly including fibre between the large capital cities;
- Fibre access to 1,500 premises;
- 15 data centres across all major capital cities; and
- Widespread mid-band Ethernet capability.

TPG Executive Chairman, David Teoh, said "As well as bringing a large and profitable wholesale and corporate business, the acquisition of AAPT provides important new infrastructure to the TPG Group. The incorporation of AAPT's inter-capital fibre into TPG's extensive CBD, metropolitan and international network assets will further enhance TPG's position as an increasingly major force in the telecommunications market."

-ENDS-

¹ Unaudited. 'Recurring' EBITDA excludes material one-off items.