



**MOBILE IS THE FUTURE**

<b>Company/ASX Code</b>	TPG Telecom/TPM
<b>Meeting date</b>	Wednesday 24 June 2020
<b>Time and location</b>	Scheme Meeting at 10.30 followed by EGM, on-line with LUMI
<b>Registry</b>	Computershare
<b>Webcast</b>	Yes
<b>Poll or show of hands</b>	Poll
<b>Monitor</b>	Estelle Renard
<b>Pre-meeting</b>	Not applicable

The individual involved in the preparation of this voting intention has no shareholding in this company.

	<b>To approve the scheme of arrangement for the merger of TPG Telecom Ltd (TPM) and Vodafone Hutchison Australia Ltd (VHA)</b>
<b>ASA Vote</b>	FOR

**Summary of ASA Position**

The 359 page scheme booklet is a challenge to digest. In the first 140 pages one finds the salient points, letters from the chairs of TPG Telecom Ltd and Vodafone Hutchison Australia, reasons for and against the scheme, overview of TPG, VHA and the merged company, associated risk factors and frequently asked questions, which provide an easier to read overview. Followed by the Independent Expert’s Report (160 pages) from Lonergan Edwards & Associates Ltd. Existing contracts add complexity to the report. TPG has a large fixed line footprint and VHA the complementary mobile business. As part of this process TPG’s Singapore business will be demerged from TPG.

**Background:**

During the 2016 AGM question time the CEO/Chairman David Teoh, stated that “the future is in mobile”. Subsequently TPG acquired mobile spectrum but a planned roll out of small cells could not proceed after the banning of Huawei equipment. Subsequently a merger with Vodafone was planned, timeline as follows:

- 30 August 2018: Merger of equals announced between TPG and VHA
- 8 May 2019: ACCC announced its opposition to the merger
- 24 May 2019: VHA, working with TPG, files Statement of Claim in the Federal Court
- 10 September 2019 – 1 October 2019: Federal Court case is heard in Melbourne
- 13 February 2020: The Federal Court approves the merger
- 5 March 2020: ACCC announces it will not appeal the Federal Court decision
- 26 March 2020: Treasurer issues a Foreign Investment Board no objection notice

- 19 May 2020: TPG Scheme Booklet is registered with ASIC

The demerger of TPG's Singapore business is explained in the TUAS Information Memorandum (157 pages) distributed at the same time as the TPG Scheme Booklet. TPG Shareholders will receive 1 share in the Singapore business for every 2 shares held in TPG by way of an in specie dividend. TUAS will be listed on the ASX with code TUA. For more information shareholders should read the TUAS Information Memorandum sent to TPG Shareholders. The memorandum explains the transaction, an overview of the TUAS group, tax implications, investing accountants report, board composition and financial reports. No vote is required for the demerger which will proceed when the merger scheme is approved.

The merger between TPG and VHA announced as a "merger between equals" would result in 49.9% TPG and 50.1% VHA. The ownership of VHA is complex and explained on page 54. VHA is 50% owned by Vodafone Oceania Ltd (UK) leading up the Vodafone Group plc (UK) listed on the LSE and 50% owned by Hutchison 3G Australia Pty Ltd (Australia) owned by Hutchison Telecommunications (Australia) Ltd listed as HTA on the ASX. HTA is indirectly owned 87.865% by CK Hutchison Holdings Ltd (CKHH) listed in Hong Kong. The complexity of merging these two companies where many contracts are concerned is explained in the lengthy document.

TPG has almost 2 million broadband subscribers and VHA about 5.75 million mobile subscribers. As a vertically integrated company the merged group will provide a third telecommunications group in competition with Telstra and Optus.

It is important that all shareholders consider the merger carefully and vote giving directed proxies as they see fit. The ASA will vote undirected proxies in favour of the merger. Note that in accordance with section 411(4)(a)(ii) of the Corporations Act, the scheme resolution must be passed by:

- a majority in number (more than 50%) of TPG Shareholders present and voting at the Scheme Meeting (in person or by representative or proxy) and
- TPG Shareholders holding at least 75% of the total number of votes cast by TPG Shareholders present and voting at the Scheme Meeting (in person or by representative or proxy).

The current major shareholders David Teoh and Washington Soul Pattinson (SOL) own 34.3% and 25.3% of TPG Telecom Ltd respectively.

Shareholdings in the merged company will be David Teoh and associates 17.12%, WHSP (SOL) 12.61%, other TPG shareholders 20.17%, VHA Shareholders being Vodafone Group PLC as the ultimate parent 25.05% and Hutchison Telecommunications HTAL (listed on ASX) 25.05%. The major shareholders of TPG and VHA will enter into voluntary escrow agreements prior to implementation. David Teoh and his associates will enter into an escrow agreement under which they must not dispose of, subject to certain exceptions, more than 20% of their aggregate shareholding in the merged company for a period of 24 months following implementation of the scheme. Likewise, there are restrictions on the VHA side not to dispose of any shares for 24 months, in addition there are restrictions on board seat increases by indirect shareholder CKHH.

### **Key Board and senior management changes**

The new merged board will have 10 members. The current CEO of VHA, Iñaki Berroeta, becomes the managing director and CEO of the merged group and current TPG CEO/Chairman David Teoh, chairman.

The other directors are: Robert Millner and Shane Teoh from the current TPG board; 2 new female directors Helen Nugent AO and Arlene Tansey; Canning Fok (director of VHA & HTAL), Frank Sixt (director of VHA & HTAL) and Diego Massidda (CEO of Vodafone Partners Markets)

**Pro Forma Historical Income Summary (See page 103 for detail)**

	<b>TPG 12 mths to 31/1/2020</b>	<b>VHA FY to 31/12/19</b>
Revenue (\$m)	2,488.1	3,523.4
EBITDA (\$m)	796.0	1,178.7
NPAT (\$m)	272.3	(279.3}

	<b>EGM (conditional on scheme being approved)</b> Shareholders to approve the change of name of TPG Telecom Ltd to TPG Corporation Ltd
<b>ASA Vote</b>	<b>FOR</b>

The new merged company will become TPG Telecom Ltd and list under the code TPG. If the scheme becomes effective, then TPG will need to change its name to TPG Corporation Limited in order to free the name TPG Telecom so that VHA can adopt the name “TPG Telecom Limited” as the merged company when listing.

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