



## MEDIA RELEASE

### Vodafone and TPG announce \$1 billion deals

#### *Companies sign transmission and wholesale arrangements*

**Wednesday 30 September, 2015:** Vodafone Hutchison Australia and TPG Telecom Limited (ASX:TPM) have announced two commercial agreements with a combined value of more than \$1 billion: a major Dark Fibre transmission network expansion and the migration of TPG's mobile customer base to the Vodafone network.

#### **Dark Fibre Agreement**

Under the first agreement, TPG will provide Dark Fibre and network services to more than 3,000 Vodafone Australia sites over a 15 year term.

In order to provide the services, TPG will extend its current fibre infrastructure by constructing about 4,000km of new fibre to Vodafone cell sites across the country.

Vodafone Chief Executive Officer, Iñaki Berroeta, said that the transmission agreement is a step change for the Vodafone network, delivering lower latency, an exponential increase in capacity and enhanced resilience.

"Dark Fibre is about preparing Vodafone for the future. It is the next step in our network evolution and builds on our multi-billion dollar network investment in recent years to further enhance the customer experience," Mr Berroeta said.

"For customers, it will mean a higher-performing, 5G-ready network which will enable exciting future opportunities such as virtual and augmented reality applications.

"Network data traffic will continue to grow through customers' appetite for mobile content and the emergence of technologies such as the Internet of Things, and a Dark Fibre network will allow us to cater for future growth."

TPG Chief Executive Officer, David Teoh, said: "This is an exciting opportunity to apply our proven capability in delivering dark fibre services to Vodafone utilising our own fibre infrastructure across the country.

"The companies are already working extremely well together, and the end result will be a network that will enable Vodafone to continue to deliver a premium service long into the future, without the capacity limitations of legacy technologies."

This agreement extends the existing relationship between the two companies, with TPG having already delivered 900km of fibre for VHA sites between FY11 and FY13.

Construction of the dark fibre network will start immediately with deployment to the majority of the existing Vodafone network to be completed during 2018.

TPG estimates that it will incur incremental capital expenditure of \$300-400m over the rollout period, the majority of which will be incurred over the next 3 years.

TPG will provide the dark fibre services for 15 years from the date each site is delivered, with minimum contracted revenue over the term exceeding \$900m.

#### **MVNO (Mobile Virtual Network Operator) Agreement**

The two companies have also announced one of the industry's largest-ever Mobile Virtual Network Operator (MVNO) arrangements, with TPG to migrate its mobile wholesale customer base to the Vodafone network.

Mr Teoh said TPG mobile customers can look forward to the reliability and super-fast 4G data speeds of Vodafone's network.

"One of the biggest benefits for all existing TPG mobile customers is access to 4G on Vodafone's network, meaning they will be able to experience substantially faster data speeds" he said.



## Partnership

Mr Berroeta and Mr Teoh said the two agreements built on the existing long-term working relationship between the two companies.

“We have the need for dark fibre to set up our network for the future and TPG has the resources to deliver it on our behalf, so it is a natural fit” Mr Berroeta said.

“The MVNO agreement will mean TPG mobile customers will be able to experience Vodafone’s world-class network which TPG is working with us to further enhance.”

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## Notes to editor:

### **Future proofing the Vodafone network**

Dark Fibre sets Vodafone up for the future as it will support the higher capacity requirements of new technologies such as the Internet of Things and 5G. Vodafone can use Dark Fibre to expand its bandwidth requirements as it sees fit. This provides the potential for virtually unlimited bandwidth at the same operating costs enabling Vodafone to deliver greater speeds, improved latency, performance and resilience without additional operating costs.

### **Cost benefits**

One of the biggest cost barriers for telecommunications companies to provide mobile services is the cost of backhaul to towers. Traditionally, companies have used microwave technologies and fixed-line infrastructure for backhaul, however legacy technologies are costly to operate. As demand for data grows, greater capacity is needed. Dark fibre represents the optimum solution to the challenges with backhaul and legacy infrastructure. The capacity of dark fibre is virtually unlimited, and the technology can be upgraded without the need to install new cables.

### **Greater value for customers**

Vodafone currently buys managed transmission services on a bandwidth basis. As customer usage increases, it becomes necessary to buy more bandwidth, which increases costs. Dark Fibre means transmission costs will no longer be tied to data growth, allowing Vodafone to offer even greater value to customers.

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