27 November 2019

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Investor Day 2019

In accordance with the Listing Rules, I attach the presentations and CEO's and CFO's speeches to be delivered at Telstra's Investor Day today, for release to the market.

The presentations include:

- updates on the key market dynamics in the Enterprise and Consumer & Small Business segments, and the transformation of those businesses under T22;
- a deep dive into 5G;
- an update on the progress being made in setting up Telstra InfraCo, including fine tuning the scope of assets and internal arrangements between Telstra InfraCo and Telstra Retail; and
- an update from the CFO, including reconfirming our guidance for FY20.

The briefing will be webcast from 9am (AEDT), which is available at

https://www.telstra.com.au/aboutus/investors/financial-information/investor-presentations.

A transcript of the event will be lodged with the ASX when available.

Yours faithfully

Sue Laver
Company Secretary

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CEO & CFO SPEECH NOTES

TELSTRA INVESTOR DAY 2019

27 NOVEMBER 2019

ANDREW PENN – CEO

SLIDE 1 – Investor Day

Good morning everybody and welcome.

Thank you for investing the time to be with us today.

Today's event is also being live-streamed and I know many other people are tuning in online so can I also offer a very warm welcome to all of you.

SLIDE 2 – Objectives for the day

Let me start by setting the scene for today's discussion.

There are four key things we would like to achieve today.

Firstly, we want to give you the opportunity to hear directly from the broader management team.

Secondly, we want to update you on some of the key dynamics we are seeing in the market by customer segment.

Thirdly, we will update you on progress with our T22 strategy.
And finally, we will take the opportunity to provide a deep dive on two key aspects of our T22 strategy – 5G and Telstra InfraCo.

SLIDE 3 – Agenda

Against this we have split today's agenda into two sessions.

Firstly, you will hear from Michael Ebeid, Group Executive Enterprise - and Michael Ackland, Group Executive Consumer and Small Business.

They will take you through the key market dynamics they are seeing in each of the market segments for which they are responsible. They will also address how the changes we are making under T22, are transforming the business for their customers.

Then Channa Seneviratne, who is responsible for Network Engineering and therefore the roll out of 5G, will lead a deep dive into 5G. In particular, Channa will look at the technology that is powering 5G, the benefits it will bring, where we are at with spectrum as well as developments in the broader eco-system.

This is such an important technology and there is a lot of misunderstandings on exactly what 5G is and what it can and cannot do as well as the road map for its evolution.

For this reason, we are keen to make sure there is a good understanding of the core technology that is supporting the significant opportunity 5G presents.

We will then pause for Q&A on the first three presentations followed by a short break.

After the break, you will hear from Brendon Riley the CEO of InfraCo.

Brendon will take you through the progress we are making in setting up Telstra InfraCo including fine tuning the scope of assets and the internal arrangements between Telstra InfraCo and the rest of Telstra.

This is an important part of our T22 program, maximising the value of our infrastructure assets, increasing optionality, particularly in a post NBN world while ensuring we maximise and maintain our network differentiation.

Finally, Vicki Brady will close with a CFO update followed by a final Q&A session and we will aim to conclude by midday.

SLIDE 4 – Global context

As you would appreciate, through being on the board of the GSMA, the global telecommunications industry body, our relationships with key telcos around the world such as Verizon, BT, Deutsche Telecom, Telefonica and many others, meeting with international investors and stakeholders more broadly, we obviously have the benefit of seeing Telstra in the context of what is happening globally.

Before handing over to Mike Ebeid for the first session, let me make some observations in that regard because while there are market differences, there are also many aspects of the industry that follow similar global patterns.

- Firstly, Telstra is recognised as an absolute leader in telecommunications technology. This has been reflected most recently by our clear leadership in 5G and mobile more generally. We were one of the first to launch 5G globally, we already have 10s of thousands of customers using 5G and today we will be announcing how we have further extended our network. 5G is going to be crucial for our collective future prosperity not just Telstra but for Australia, and at Telstra we will continue to lead in it as we have with previous generations of telecommunications technology.

- Secondly, our T22 strategy is being closely followed by many of our peers internationally who relate to the challenges we face and are therefore extremely keen to learn from our experience given the scale of ambition with which we are approaching them.

- The third point to make is that globally the telco sector has struggled to deliver attractive returns on invested capital over the last decade. A combination of increasing capex driven by demand for more coverage, speed, capacity and resilience has driven up capex as a percentage of sales across the industry. At the same time revenues and ARPUs across the cycle have been broadly flat which has led to falling ROICs globally.

- Notwithstanding this Telcos have followed a cyclical pattern through the generations of mobile technologies. Through the cycle of Gs, industry handheld ARPU and revenues have generally grown through the first half of the roll out, such as they did in Australia between 2011 and 2015 for 4G. However, they have tended to decline thereafter as we have seen in the last three years with industry handheld ARPUs down around 3/4% per annum.

- The good news from this is that we are about to move into the first part of that cycle again with the roll out of 5G. While we will continue to see industry ARPUs decline for the next 12 months or so, transacting MMC is increasing for Telstra indicating a return to ARPU growth ahead.

- The crucial question though for telcos generally and Telstra in particular, is how do we make sure we capitalise on the opportunity of the current inflection between 4G and 5G and more importantly convert it into sustainable growth over the long term. This is exactly what our T22 strategy is aimed to do.

SLIDE 5 – T22

I am not going to comment further on the detailed progress on T22 because the team will do that through their presentations this morning. However, I will take a moment to remind us of the philosophy behind it.

When we launched T22 in June of last year, it was less a change of perspective of where the industry is going but more a recognition of the scale and urgency of the changes we needed to make at Telstra.

A combination of being in the back end of the 4G cycle of industry competitive dynamics that I have spoken about, the growing negative impact of the NBN balanced with the significant opportunities ahead as we lead the next generation of technology innovation with 5G, meant we had an opportunity to radically lift the scale of our ambition. And this is what T22 was designed to do.

T22 is essentially about 4 things which are reflected in the pillars of our strategy

Firstly, radical simplification. Telstra, like many incumbent businesses with years of history had built up multiples of complex legacy products, legacy systems, legacy processes and legacy thinking. Ultimately, we realised we were not going to achieve the level of improvement in customer experience, reduction in activity in the business and therefore productivity if we did not completely reengineer our product architecture and related processes. Moreover, trying to digitise a business that is that complex is a virtually impossible task and is why many IT transformations fail.

And this is the second theme of T22 - investing in the technology platforms of the future. A journey which we started in 2016 and why we are so well progressed with 5G and the evolution of our network to the world of software defined.

We were well progressed with building the underlying new platforms for our new digital IT stack when we launched T22 last year. However, if we had tried to migrate our old world onto it, we would simply have failed for the reasons I have just mentioned regarding complexity.

We have now built new CRM, provisioning, billing and ecommerce systems and are beginning the journey of migrating our customers not only to the new product architecture but also onto the new technology from which we will leverage significant benefits.

The third dimension of T22 is building the skills and capabilities we need to be successful in the future. In the past I have talked about Telstra needing to become more of a technology company that empowers people to connect. I think my comments have been misunderstood. This has never been about Telstra losing sight of what is core to our business, it has always been about understanding what a telco of the future needs to be.

We have a deep history and capabilities in electrical and network engineering, in radio and in building telecommunications networks. However, in the world of 5G, software defined networks and network function virtualisation, we need new skills in new areas. We need more skills in software engineering, in data analytics, in artificial intelligence, in cyber and we need them at scale. This is why we are recruiting an additional 1,500 people in these areas.

These skills are also critical for the development of the applications and services that our customers are increasingly leveraging from our network. If we are to take advantage of the potential benefits 5G will bring, we have to not only build these skills but create a working environment that is not going to reject them such as a Telstra of the past would. That is also why we are also adopting agile and other work practices of the future at scale.

The final dimension to T22 is the creation of Telstra InfraCo. There has been much written about Telstra InfraCo so I want to remind you of the three clear reasons behind this initiative.

- Firstly, it is clear that infrastructure assets have become a very important asset class for investment and tend to be viewed differently from a valuation perspective from a retail business. Given this, the creation of Telstra InfraCo provides a very transparent picture of our extensive infrastructure assets for investors.

- The second reason is to enable us to commercialise these assets more effectively to drive more value. Previously they were incorporated as part of the day to day operations of the delivery of our network experience. We now have a CEO and a management team whose sole responsibility is to maximise the value of these assets and to be accountable for the standalone P&L of each asset class while maintaining Telstra's network differentiation.

- The final reason is to create optionality particularly, for a world where the NBN has been fully rolled out. It is impossible to predict what the telco world will look like at that point and when the Government might decide to privatise the NBN. It is also unclear whether Telstra would have any interest in being part of any structure involving NBN. It will depend on the circumstances at the time.

However, it does make sense for us to be in a position to have a seat at that table. That would not be possible if we were still structurally integrated. It would also be critically important in any arrangement to absolutely make sure our strategic differentiation, particularly in relation to network is maintained.

That is why it makes sense to set up Telstra InfraCo now including the detailed arrangements between Telstra InfraCo and the rest of Telstra. And there is much we are learning in this process.

I hope this review of some of the industry dynamics we are seeing the reminder of the rational for our T22 strategy, are helpful context for today's presentations. As I said earlier, a look at the sector through a global lens tells us we are absolutely on the right path and I am encouraged by the progress of our execution almost 18 months in.

Furthermore, as we sit here today on the dawn of the 2020s and at the dawn of 5G, I think there is much to be excited about for the future opportunities this technology will bring.

Let me know hand over to the Mike Ebeid to take you through in more than detail what we are achieving in our Enterprise business.

Thank you

VICKI BRADY – CFO

SLIDE 1 – CFO Update

SLIDE 2 – Agenda

Good morning,

Thanks to Andy, Mike, Michael, Channa and Brendon for their presentations.

At our Full Year Results in August, I described my key areas of focus to deliver value and I'd like to wrap this morning up by returning to these.

SLIDE 3 – T22 translating into value | Pillar 1 example

Let me start with T22, and how that is translating into financial benefits.

As you've seen throughout today's presentations, significant progress has been made across the four pillars, and two enablers of the T22 strategy since its launch last year.

T22 is doing multiple jobs. It is about delivering cost reductions and simplifying our business. It is also, importantly, about delivering revenue and profit margin benefits.

While remaining focused on delivering operational outcomes from T22, we also closely monitor the leading indicators that show the ways these outcomes translate into financial benefits for Telstra.

For example, under Pillar One of T22 – *radically simplify our product offerings, eliminate customer pain points and create all digital experiences* – an operational outcome that has received a lot of attention is our massive reduction in the number of consumer plans along with no lock-in service contracts, and device contracts you can simply pay out if you decide to leave.

The commercial impact includes improved customer experiences, better differentiation from our competitors and net price increases.

We have developed a new financial leading indicator called Transacting Minimum Monthly Commitment (or TMMC) which represents the average MMC, excluding hardware, of new and existing branded customers that have taken up our new plans in the period.

TMMC is a leading indicator of revenue and influences gross margin in our mobile business.

Another leading indicator we monitor carefully is call centre volumes. We know this is a leading indicator of both direct and indirect labour costs and therefore underlying fixed cost reductions.

SLIDE 4 – Addressing the entire cost base | Total costs to be flat or decline each year

My second area of focus is reducing costs and improving productivity.

We continue to target cost savings and productivity across our entire cost-base, not just our fixed costs. This approach will help ensure total costs are flat or declining each year, with productivity offsetting increased nbn costs.

In FY20, we expect total operating expenses - excluding restructuring costs and impairments - to decline, with reductions in underlying fixed costs to offset increased nbn network payments and other variable costs.

As we've stated previously, we expect One-off nbn DA and nbn costs to connect to reduce to zero over time as migration to nbn completes.

In addition, we expect additional restructuring costs of around $300 million associated with T22 in FY20.

Due to AASB16 accounting changes, underlying fixed costs will now exclude operational lease costs associated with rent.

Even though this change reduces the size of the bucket from which we can derive savings, we have maintained the size of our cost-reduction target. Let me talk to our underlying fixed costs in more detail on the next slide.

SLIDE 5 – Fixed cost productivity | $2.5 target by FY22

In term of our underlying fixed costs, let me remind you of our productivity target.

The target is to reduce underlying fixed costs by a cumulative $2.5 billion by FY22, relative to FY16.

The target is for net reduction and it includes absorbing inflation and re-investment. For example, we will meet our $2.5 billion target despite rising energy costs, costs from some acquisitions, and foreign exchange headwinds in our international business.

It also includes some reduction in legacy access network costs due to migration of the nbn.

We have made very significant progress reducing our underlying fixed costs. In the three years to FY19 we have achieved a $1.17 billion reduction, and our trajectory remains on track.

While we have been really pleased by this progress, we are acutely aware that the task in this financial year is even greater than previous years, with FY20 being the single biggest year of underlying fixed cost reductions at $630 million.

To achieve our target, we are acting with urgency and making difficult decisions that enable us to keep up momentum.

As you can see on the slide, we target cost reduction across three broad areas:
- Direct Labour, which is around 45% of underlying fixed costs
- Indirect labour, around 25% of underlying fixed costs, and
- Non-labour, which is around 30%

In FY20 our direct labour costs will continue to fall, as we see the financial impact of the workforce changes we have previously announced flow through.

Throughout FY20 and FY21, we expect to see a higher proportion of reductions coming from a decrease in indirect labour as a result of simplifying our business.

Areas of focus for future non-labour cost reduction are energy, IT and software costs, business operations and logistics.

We remain mindful that in order to achieve our cost reduction targets, all aspects of our T22 strategy need to be working together to simplify our business.

SLIDE 6 – Capex intensity | Prioritising to ensure returns

The next area of focus I mentioned was, free cashflow including working capital and capex.

Looking at our capex, as stated in our Capital Management Framework our target is a ratio of approximately 14 per cent capex to sales.

Our current outlook and business mix aligns with this, representing a significant reduction in both the absolute and intensity level of recent years.

In FY17 to FY19, while we were making additional strategic investments, the ratio was approximately 18 per cent. In the four years prior to that, the ratio was approximately 15 per cent.

Post the rollout of the nbn, we expect this capex to sales figure would trend closer to 12 than 14 per cent.

The lower capital intensity reflects both:
- An ongoing shift in product mix to lower-margin and less capital intensive products such as nbn resale, and NAS, and;
- The transition of ownership of the last mile of our fixed network to NBN, and the capex requirements associated with that.

The deployment of 5G will involve significant capex as we extend our network advantage, however we plan to manage our current 5G rollout plans within these envelopes.

SLIDE 7 – Value and growth in key products | Focus on differentiation

At our FY19 financial results presentation, I also said a focus would be building value in key products and growth opportunities.

Today we have already provided detail on some products in the preceding presentations, so I'll just make a few brief comments on these:

Mobile is continuing to return to a more rational market as we go through the evolution of 5G. We are encouraged by what we see.

We have seen a sustained rise in our leading ARPU indicator, TMMC, of $2-3 in branded postpaid handheld since the launch of our new plans in late June.

However, as outlined at our FY19 results, postpaid handheld ARPU is expected to decline in 1H20 by a greater rate than 2H19, with the decline moderating in 2H20.

In a slowing market, our share of net adds has been strong supported by our multi-brand strategy. We are also seeing market pre to post-paid migration stabilise.

There are a number of trends happening in our mobile business. Taking into account all these factors, we expect mobile gross margin to return to growth within the next twelve months.

For **Fixed**, major improvement in economics will require significant adjustment to NBN pricing. However, we are doing everything we can to improve the things that are within our control. These efforts have seen our nbn cost to serve reduce around 20 per cent in Q1 FY20, versus the prior corresponding period.

In Q1 we have seen branded bundles excluding belong TMMC lift by around $1, however, we are seeing slowing momentum in fixed broadband net adds.

Our expectation is that ARPU will continue to decline in FY20 due to ongoing migration to in-market price points, and an increasing mix of Belong in our customer base.

In **Data&IP**, although the financial outlook remains challenging, as you have seen from Mike Ebeid we have a clearly-defined strategy around:

Leveraging our Telstra fibre architecture and footprint advantage, while also partnering with nbn, and

Continuing to support differentiation across all our products, including product investment across Telstra fibre and nbn

In **NAS**, we are on track to achieve mid-teens profit margins through a focus on cost reductions and profitable NAS products.

We are also working on growth opportunities.

We are making decisions to capture value from our infrastructure. Our International business continues to grow on a pcp basis, as does Telstra Health. And we remain excited by early signs and potential of 5G, especially our ability to extend network leadership, differentiate our products, and increase revenue while lowering cost per bit.

SLIDE 8 – FY20 guidance reconfirmed

Finally, turning to our expectations of FY20.

Today we are reconfirming FY20 guidance. A detailed view of our FY20 guidance range, along with the assumptions and conditions upon which we have provided them, is shown on the slide.

I’m going to touch briefly on several aspects. We will of course provide more detail when we present our financial results for the first half of FY20 in February.

On income, our first half results will be the first time you can see the impact from accounting for our loyalty program, Telstra Plus. This will defer approximately $150 million of income, as we’ve accounted for in our Guidance.

On free cashflow, when we presented our FY19 financial results in August, I indicated that we were likely to see a $1 billion increase in working capital. This is tracking as expected and is due to three factors:

- The exit of mobile lease, which will see $700-$800 million of off-balance sheet leasing come back on balance sheet.
- The remaining outflows from restructuring costs announced in May 2019, and;
- An increase in nbn receivables.

This anticipated shift was factored into our plans and our guidance for FY20.

Consistent with our guidance, after excluding the expected in-year headwind of the nbn we expect underlying EBITDA to grow up to $500 million.

More than 100 per cent of this is expected from our target to reduce costs by $630 million, with product margins in aggregate, excluding nbn headwind and productivity, to decline.

We also expect second half performance vs pcp to be stronger than first half, with Underlying EBITDA growth excluding nbn headwind and product trajectory, especially mobile, expected to improve in the second half of the year vs pcp.

Thank you, we'll now move to our second Q&A session.

[END]

Investor Day

27 November 2019

Introduction

Andrew Penn – CEO

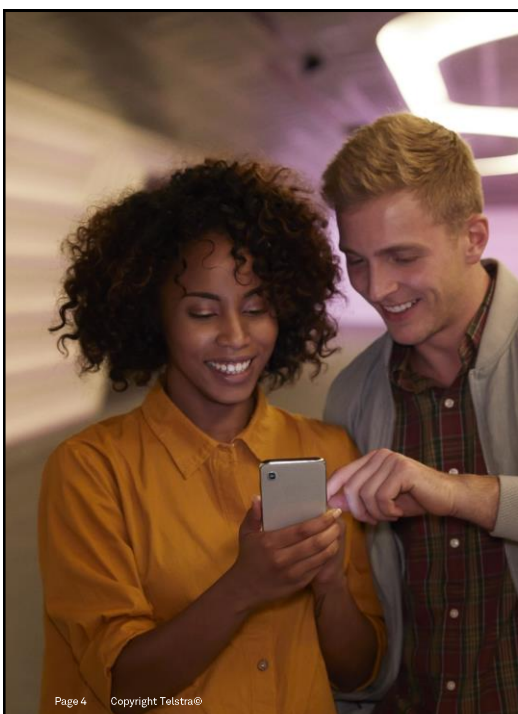
Objectives for the day

Opportunity to **engage** with broader management team

Update you on **key market dynamics** by customer segment

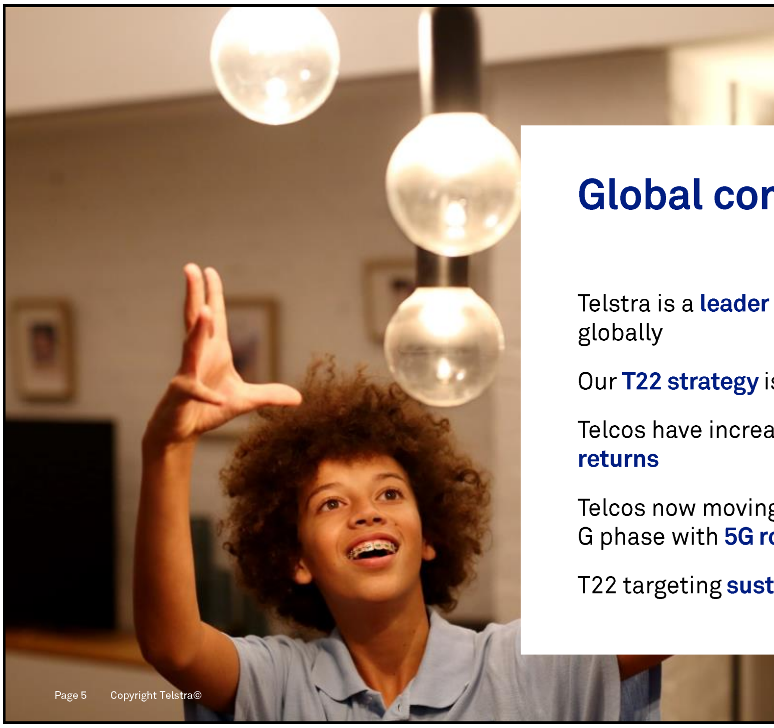
Demonstrate ongoing progress against our **T22 strategy** in market context

Provide a deeper dive into **5G** and **Telstra InfraCo**



Agenda

9.00am	**Introduction**	**Andrew Penn**
9.10am	**Enterprise**	**Michael Ebeid**
9.30am	**C&SB**	**Michael Ackland**
9.50am	**5G update**	**Channa Seneviratne**
10.10am	Q&A followed by break/morning tea	
10.50am	**Telstra InfraCo**	**Brendon Riley**
11.10am	**CFO update**	**Vicki Brady**
11.30am	Q&A followed by tea/coffee	
12.30pm	Event concludes	



Global context

Telstra is a **leader** in telecommunications technology globally

Our **T22 strategy** is closely followed by many global peers

Telcos have increasingly **struggled to deliver attractive returns**

Telcos now moving into the typically more profitable mobile G phase with **5G roll out**

T22 targeting **sustainable growth over the long term**

T22

Strategic pillars	Radically simplify our product offerings, eliminate customer pain points and create all digital experiences	Establish a standalone infrastructure business unit to drive performance and set up optionality post the nbn rollout	Greatly simplify our structure and ways of working to empower our people and serve our customers	Industry leading cost reduction program and portfolio management
Enabled by our up to $3b investment program	New digital platforms			
	Australia's largest, fastest, safest, smartest and most reliable next generation network			

Radical simplification

Investing in the **technology platforms** of the future

Building the skills and capabilities we need to be successful in the future

Implementation of **Telstra InfraCo**

Telstra Enterprise

Michael Ebeid AM – Group Executive

Telstra provides end-to-end network and technology services for B2B customers

Technology Services	Largest Australian owned technology services organisation, bringing purpose to technology for our customers	Telstra Purple: ICT Consulting and Professional Services; Managed Services
Platforms and Applications	World class platforms and applications to enable customers to transform their business with technology	Software Defined Networks; Cloud; Unified Communications; Security; Internet of Things
Connectivity	Leading provider of fixed and mobile connectivity	Fibre Connectivity; Subsea Cable Network; Wireless Connectivity (incl 5G); IoT Networks

We are delivering our T22 commitments

Simplification and customer experience

- Transformed our **operating model**
- Improved **segment focus on Enterprise, Government and Business**
- Rationalised **20%** of our Enterprise product portfolio by end of FY19
- Transitioning teams to **new ways of working**

Profitable growth

- Leveraging market leading **Data & IP, 5G and IoT assets**
- Launched the largest Australia owned technology services business (**Telstra Purple**)
- **New industry vertical solutions for mid-market**
- Executed our **international growth strategy**

B2B digitisation

- Scaled up **digital capabilities** (e.g. Salesforce, Telstra Connect)
- Deployed **MVP product builds (Mobile and Next-gen UC)** on the new B2B platform. Product in market planned for H2FY20
- Leveraged **Robotics and Process Automation** for >170 processes

Technology and Market dynamics are impacting the economics of the connectivity market and providers

Major disruptions

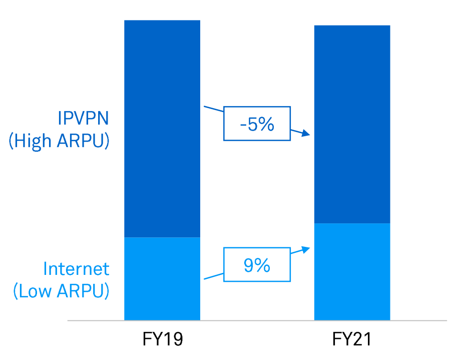
Global

- Enterprise ICT increasingly moving to the cloud
- SDWAN enabled migration to hybrid networks

Australia

- Forced copper disconnection regime
- nbn focus on enterprise market

Impact on connectivity market (CAGR)[1]



Impacts on providers

- Overall increased SIOs in market
- Margin compression as internet services replace IPVPN
- Accelerated ARPU erosion
- Loss of profitable copper connections
- Increased rate of customer re-contracting

1. FY19-21 CAGR; Source: Gartner

We continue to differentiate over our direct fibre network

Connectivity profile
Leading fixed fibre network for enterprise

- Massive fibre footprint
  - ~250,000 km sheath fibre
  - >60,000 lit buildings
  - Direct fibre architecture (suitable for high bandwidths)
- Market leading resiliency

Investments
Evolving technology and product offerings

- SDWAN
- Hybrid network features
- nbn readiness
- Digital managed services
- Next-generation products
  - Edge computing
  - Developing integrated "walk-out-working" on a 4G/5G enabled SDWAN
  - Network architecture innovation driving faster provisioning

Cross portfolio synergies
Supporting the growth of our NAS business

- Growth of our services business driven by our superior connectivity business
  - 77% of connectivity customers also bought our NAS services in FY19, up from 74% in FY18
  - 36% of connectivity customers have managed services attached in FY19, up from 34% in FY18

We are best positioned to win in the enterprise connectivity market

Leading with Telstra

- Leveraging our market leading fibre footprint and increasing flexibility for our customers hybrid networks
- Focused value propositions for high bandwidth, enterprise grade networks and internet-based services over our direct fibre network
- Enhancing SDWAN offerings and differentiated managed network services at scale

Leveraging nbn

- Migrating copper customers to fibre over nbn
- Partnering with nbn for customers requiring low bandwidths, cost-effective and consumer/business grade network
- Enhanced product range on nbn access

Telstra Purple - plans, designs, manages and delivers transformative technology solutions

Telstra Purple

Acquisitions

1,500+ Experts

1,600+ Clients

4 Regions

- Design
- Data & Analytics
- Software
- Mobility
- Collaboration
- Cloud
- Security
- Network

- Learning experience with augmented-reality
- Digitally enabled essential services
- Simplified care for the disabled
- Flexible networking (SDWAN) for business outcomes

We are pursuing opportunities in mid-market, security and international

Mid-market

- Driving radical product **simplification** and **digital customer experiences**
- Providing customer with **flexibility in the way they do business with Telstra**
- **Growth in Security and IoT**
- Leveraging our **networks to deliver a more reliable customer experience**
- Further scaling our **indirect channel** to extend our capabilities and coverage

Security

- Leveraging our **internal cyber security capabilities** for our customer
- Continue to focus on **targeted products innovations**
- Extending into mid-market through **partner channel**
- Bundling security offerings with network propositions
- **Leveraging Telstra Purple** to deliver unparalleled expertise and scale

International

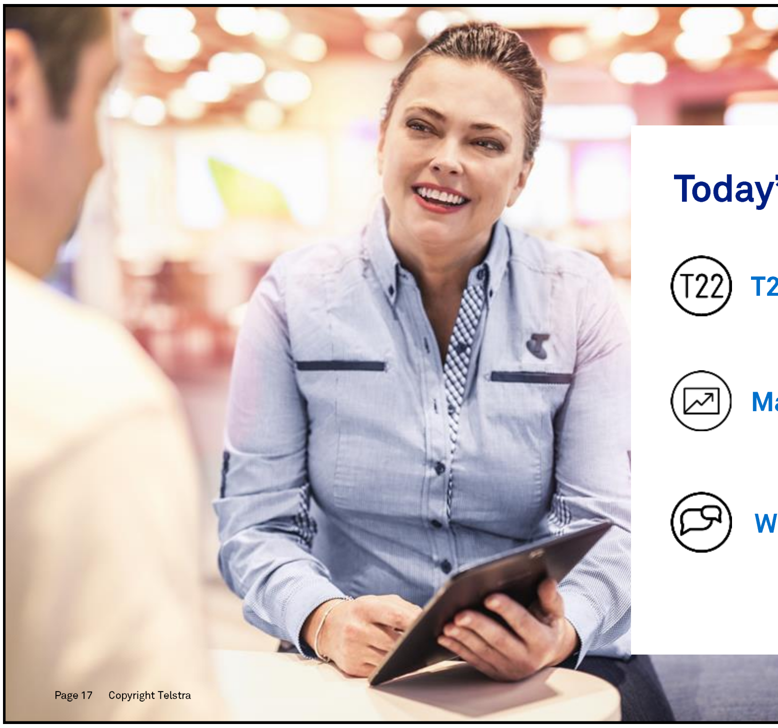
- Leveraging our vast subsea cable networks **connecting International businesses to Asia and Asia to the World**
- Focusing on a **core product portfolio**
- Offering **industry solutions** for key industries including financial services (Telstra Octagon), and technology & media

In summary

- Delivering on T22 commitments
- Enterprise connectivity market disruption continuing to impact D&IP
- Strong differentiation in connectivity market – both fixed and mobile
- Consolidated our market leading technology services capabilities
- Well positioned in growth opportunities

Consumer & Small Business

Michael Ackland – Group Executive



Today's Session

- T22: Our Progress
- Market update and 5G momentum
- What's coming in FY20

We've delivered on our FY19 T22 ambitions

T22 Pillar 1 ambition

- ☑ Radically simpler product propositions
- ☑ No more complex bills or charges for excess data on new plans
- ☑ Only pay for the services customers value
- ☑ Freedom to move between plans
- ☑ Incentives to have more services with Telstra
- ☑ Effortless digital service

FY19 outcomes delivered

- Increased Strategic NPS by **3 points** and Episode NPS by **6 points**
- Simplified plans from **1,800 to 20 in-market C&SB plans**
- Reduced call volumes by **22% (500k calls ahead of Q1 target)**
- Increased digital services interactions **to 53.5% (currently at 56%)**
- More than doubled digital sales mix to **17% (remains on track)**
- Launched **account management** for small businesses
- Launched new **Telstra Business Technology Centres**
- Telstra Plus 610K members by FY19 **(now ~1.1m members)**

T22: Our Progress

In June we launched our radically simplified mobile plans




1. No lock in service contracts	2. No excess data charges	3. Flexible device repayment options	4. Personalise with extras

Earn points and enjoy benefits on Telstra Plus

Network & 5G leadership

1.8m services now on new simplified plans; SNPS up 6pts since June in mobile

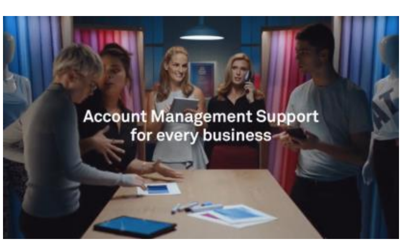
T22: Our Progress

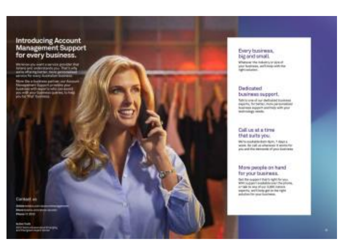
We are leading the market with the launch of Account Management for *every* Small Business

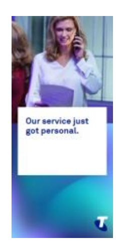
In person	▪ 3000+ trained Business Experts across our store network ▪ Telstra Business Technology Centre Account Management teams consulting face to face
Phone	▪ Dedicated Account Management Team Support in Contact Centres, with one number to call, seven days a week
Digital	▪ “Click to Call” and in-store appointment booking via T.com and the 24x7 app

“Someone is taking care of me at Telstra while I take care of my business”

Customer



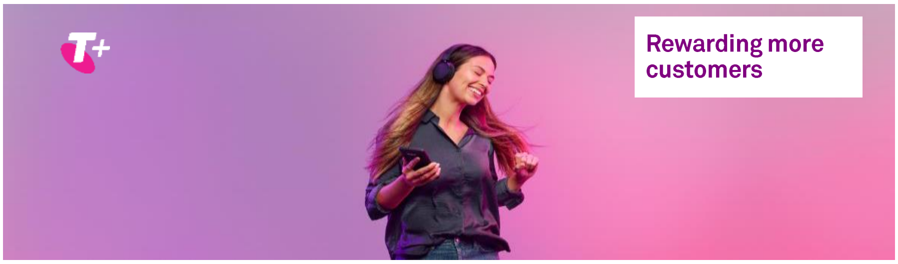


Service improvement supported by account management contributed ***+2.6 points*** *this quarter*

T22: Our Progress

We have seen great success with Telstra Plus



~1.1m
members enrolled[1]

12.5b
points earned to date[1]

Building scale across the consumer base

Welcomed our 1 millionth member in October

Building member engagement

Accelerating redemptions and membership rewards

Building partner engagement

Expanding offers in partnership with vendors

Note 1. As at 19 November 2019

Market Update and 5G momentum

There is more to home connectivity than nbn speeds

Home Connectivity Experience

Superior modem

Optimised devices

4GX **Backed up by Australia's best mobile network**

Mobile market net adds slower in Q1

- Mobile service net adds are down overall but we continue to **acquire customers**
- We are **delivering ARPU** in line with expectations and with guidance
- TMMC[1] increase maintained and **consistent with expectations** in Q1

Note 1. Transacting minimum monthly commitment on branded postpaid handheld

Device availability will accelerate 5G momentum

Samsung S10 5G **first handset to market** in June 2019

Successfully launched Oppo Reno 5G, LG ThinQ 5G and Samsung Galaxy Note 10+ 5G

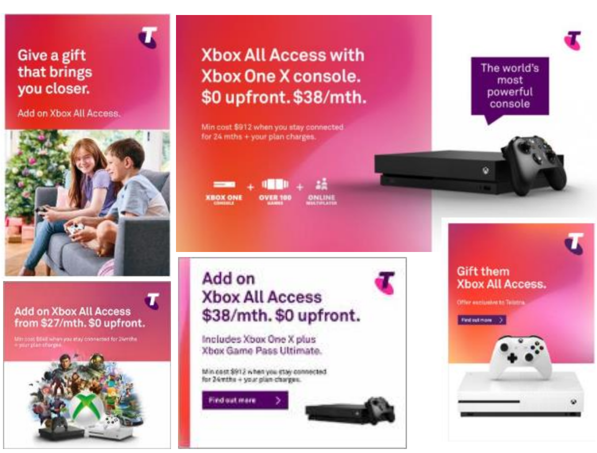
HTC 5G hub the **first mobile broadband device** to market in June 2019

1. **A quarter** of android devices sold since July are 5G capable
2. **Most major brands** expected to launch 5G handsets in 2020
3. There'll be a **greater range** of device types and prices in 2020

5G will change the market, just as past generations have

Voice network	Data network	Differentiated data network
3G	**4G**	**5G**
No. of minutes No. of SMS	Volume of data	Network experiences ▪ Video definition (SD/HD/UHD) ▪ Speed tiering ▪ AR/VR ▪ Latency

On October 29 we launched our gaming offer with an exclusive partnership with Microsoft



Market leading gaming offer

- Early positive momentum, well above plan[1]
- Now positioned in a $7 billion dollar a year Australian market

Note 1. As at 18 November 2019

What's coming in FY20

We will continue to focus on removing customer pain points through FY20

T22 Pillar 1 ambition

- ☑ Radically simpler product propositions
- ☑ No more complex bills or charges for excess data on new plans
- ☑ Only pay for the services customers value
- ☑ Freedom to move between plans
- ☑ Incentives to have more services with Telstra
- ☑ Effortless digital service

FY20 outcomes to be delivered

- Increase strategic and episode NPS by +4
- >3m services onto in-market C&SB plans
- 2m members enrolled on Telstra Plus
- 24% of C&SB sales interactions through the digital channel
- Eliminate one third of mass market servicing calls

We have delivered well in FY19 and are on track so far in FY20

- Great delivery of T22 objectives in FY19 – standouts include radically simplified products, Loyalty and Small Business account management
- nbn rollout dominant dynamic in Fixed market
- Mobile market stabilising – volumes are soft but we expect momentum to build with 5G over time
- Opportunity to lead with new differentiated network experiences
- Strong performance in new gaming category
- Continued focus on removing customer pain points in FY20

5G update and the road ahead

Channa Seneviratne – Network Engineering & Infrastructure Executive

The Telstra Mobile Network

More than
2.5M km²
mobile network coverage

Largest coverage
vastly more than any other mobile network in Australia

99.2%
of population with 4G coverage

Around
3.0M km²
of LTE-M / Cat M1 coverage

More than
3.5M km²
of NB IoT coverage

We have been transforming our networks and operations

Underpinned by next generation network technology

Asia Pacific's leading subsea cable network

Next-Gen optical transport layer

Simplified, reusable network components

Next Generation Operational Support System (Next-Gen OSS)

Data analytics and Artificial Intelligence

SDN/NFV. Slicing and virtual mobile core

Orchestration & Network as a Service (NaaS)

5G rollout and technology

Media optimised networks

Bringing network infrastructure closer to the customer

Launch and expansion of Telstra's 5G technology

Commercial launch in May with 5G sites in 10 cities
Currently we have six 5G devices for our customers

Future technology advances

- 2nd generation 5G chipsets – Q1 2020
- Progressive re-farming of 3G spectrum to 5G
- 5G Next Generation Core for advanced 5G services, e.g. Network Slicing
- mmWave spectrum – Auction Q1 2021
- Edge Computing

In FY20 we will **increase** our coverage footprint five fold including into 25 additional cities

We now have 5G sites in 25 cities around Australia

Cities at launch in May
Adelaide
Brisbane
Canberra
Gold Coast
Hobart
Launceston
Melbourne
Perth
Sydney
Toowoomba

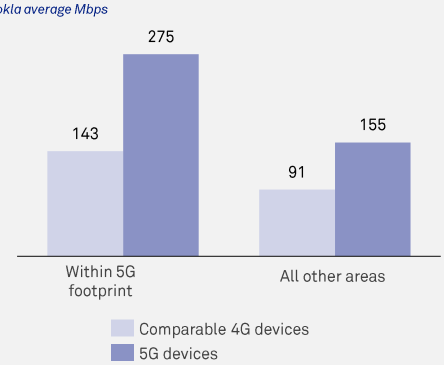
Cities announced today
Albury Wodonga
Ballarat
Bendigo
Bundaberg
Cairns
Central Coast
Coffs Harbour
Geelong
Ipswich
Newcastle
Port Macquarie
Rockhampton
Townsville
Wagga Wagga
Warrnambool

We are rolling out 5G to selected areas of these cities
The first 5G sites in each city have now been brought online

Since launching in May, our customers can receive ~2x 4G speeds in 5G areas

Customers can receive ~2x speeds vs comparable 4G devices when in the 5G footprint

Ookla average Mbps

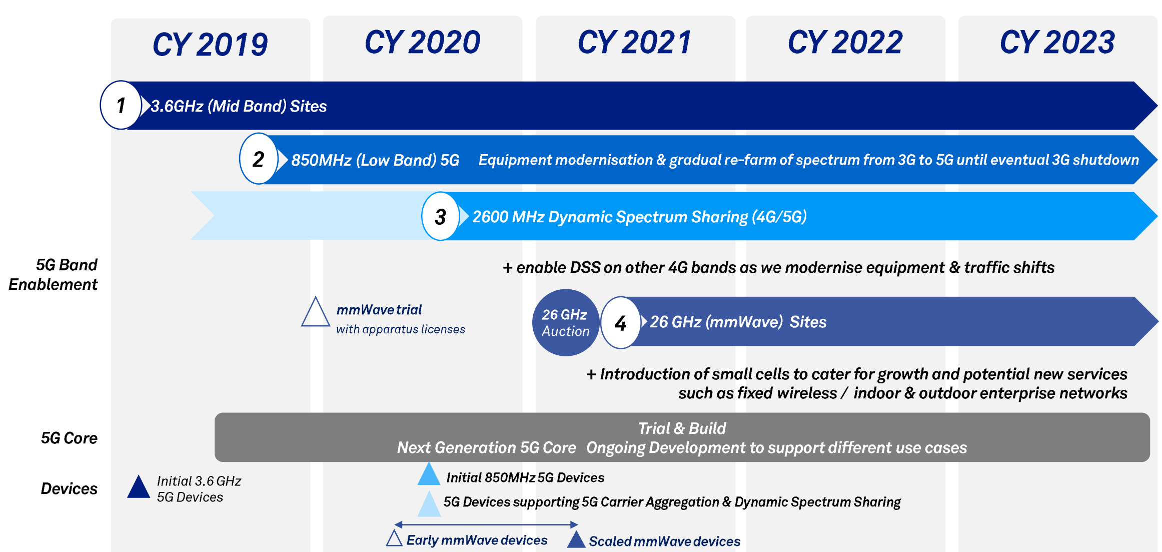


We are seeing faster average speeds on Telstra 5G compared to competitor 5G networks

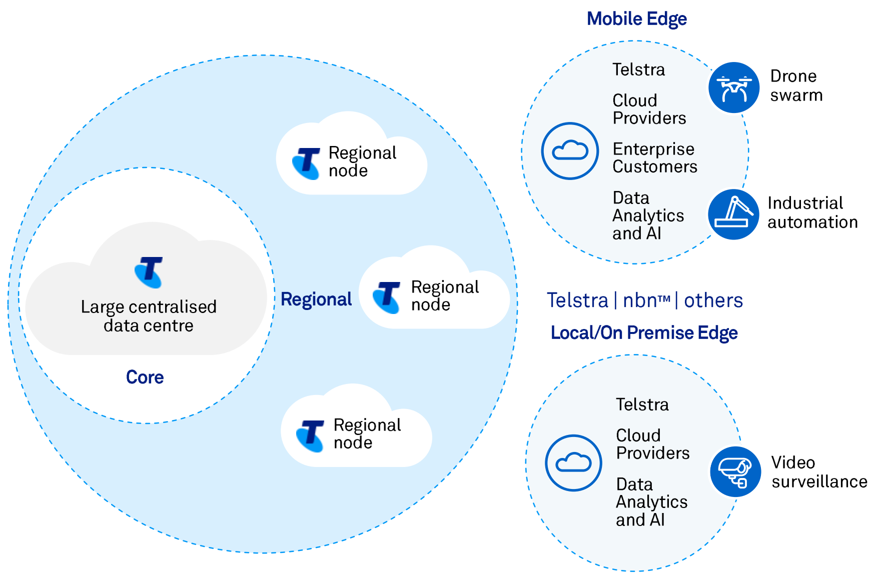
Spectrum bands and their characteristics

Band	Frequencies	Total spectrum	Coverage per site	Purpose	Benefit	Typical Use Case
Low Band	Below 1 GHz	20 to 45 MHz	Large	Wide area and deep coverage	Greater reach for indoor and regional coverage	Mobility (Consumer & Enterprise)
Mid Band	1-6 GHz	60 to 200 MHz	Medium / Small	Coverage and capacity	Best balance of coverage and capacity	Mobility (Consumer & Enterprise)
mmWave	26 GHz	TBC More than 2 GHz to be auctioned	Very small	High capacity and high speed	High speed (6 to 8 x 4G) to dense concentration of customers	Enterprise & Industry applications Fixed Wireless (U.S)

Roadmap to underpin 5G market leadership



With edge compute, we can enable the next wave of use cases and value creation



Potential Telstra 5G use cases and dependencies

Use case (not exhaustive)	Spectrum band	Characteristics	4G core – non stand alone	5G core – stand alone	Edge computing
Mobility – 5G Launch	Mid	2x 4G speeds	Y	N	N
Office of the Future - Mobile Workspace - Branch / Office Access	Low, Mid, mmWave	High speed, high capacity, low latency (SA mode)	Y	Y (for advanced 5G services)	Y
5G Industry Solutions	Low, Mid, mmWave	High speed, high capacity, low latency (SA mode)	Y	Y (for advanced 5G services)	Y
Private Industrial Comms - Mining	Low, Mid, mmWave	High speed, high capacity, low latency (SA mode)	Y	Y (for advanced 5G services)	Y
Immersive Experiences - VR (360)	Mid, mmWave	High capacity, high speed, low latency	Y	Y	Y
Fixed Wireless Access	mmWave	High capacity, high speed	Y	Y	N
5G IoT (Industrial IoT) - Smart Factory, video surveillance, remote robotics, intelligent power	Low, Mid, mmWave	High capacity, medium speeds, ultra reliable, low latency	N	Y	Y
Autonomous Vehicles	Low, Mid	Medium speed, ultra reliable, low latency	N	Y	Y

In summary

Commercial launch of 5G in May with sites in 10 cities

On track with expanding our 5G footprint during FY20 – capital city expansions in progress and 15 additional cities now have some 5G coverage

A **defined** roadmap of 5G use cases for new value creation based on technology advancements in edge computing, the future 5G core network and mmWave spectrum

Q&A

Investor Day

27 November 2019

Telstra InfraCo

Brendon Riley – CEO Telstra InfraCo

There is increasing appetite for telco infrastructure

Vodafone Group Aims to Create Europe's Largest Towers Company

Telecom Italia aims to bring funds into single fiber network deal: sources

Vocus confirms $3.3b takeover bid from EQT

Verizon now rolling 1,000 miles of fibre per month across 60 cities

AT&T signs tower sale-leaseback deal with Peppertree for up to $680 million

Vodafone NZ sold for $3.4 billion to Infratil and Canadian investment firm

Telstra InfraCo operational 1 July 2019

A broad range of specialist infrastructure businesses have emerged

Fundamental forces underpinning specialist infra businesses

1. Increasing demand for fibre driven by data usage growth and 5G deployment
2. Investment in 4G/5G driving tower densification and small cell rollout
3. Compression in operator ROIC
4. Greater infrastructure sharing
5. Availability of institutional capital seeking long term, stable infra-structure returns

Product market	Key assets	Archetypes based on international examples		Fixed & Mobile	Full NetCo
Access Infrastructure	Ducts, pits, exchanges, etc.			Crown Castle	Operator formed: CETIN, TDC
Fixed	Passive FibreCo	Operator formed: NetLinkTrust	Independent businesses: nbn, CityFibre, exent, Uniti, eunetworks, open fiber		
	Active FibreCo (up to Layer 2)	Chorus, openreach, reggefiber			
	Layer 3+	TIM (separation currently on hold)	colt, CenturyLink, hyperoptic		
Mobile	Towers only	Operator formed: Deutsche Funkturm, eco	Independent businesses: American Towers, Axicom		
	Towers plus ancillary assets	INWIT, CTIL, Bharti Infratel Limited, cellnex, TELXIUS	arqiva, Tillman Infrastructure		
	Active equipment	Active Sharing: Dense Air			

Telstra InfraCo is an integrated market-facing asset-based infrastructure business

Provide greater transparency on the value of Telstra's underlying infrastructure	Improve infrastructure operating efficiency and service delivery	Provide optionality for Telstra in the future

- Infra expertise
- Talent
- Brand and reputation
- New offerings and customers
- Profitable and attractive
- Flexible business model

We have adjusted asset accountabilities

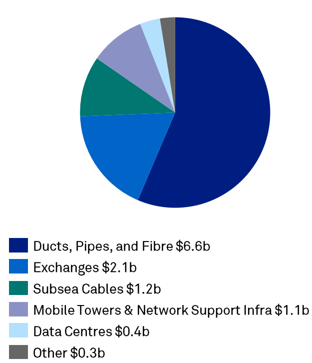
Asset adjustments

Changes effective 1 July 2020

- **All fibre (incl. mobile backhaul)** to sit within Telstra InfraCo
- **Mobile towers** to sit within Telstra InfraCo
- **Network supporting infrastructure in exchanges** to sit within Telstra InfraCo
- **PSTN & Legacy Fixed, and Satellites** to remain with Telstra Retail business in line with the USO

Financial implications – indicative impacts

Balance sheet (net book value)



Net impact of asset changes

Telstra InfraCo FY19 Assets Value (pre-adjustment)	**~ $10.8b**
Estimated net impact of asset changes	*+ ~ $0.9b*
Telstra InfraCo FY19 Assets Value (post-adjustment)	**~ $11.7b**

Our asset base and value drivers

Effective 1 July 2020

Telstra InfraCo Assets

250,000km optical fibre	8,000 towers, masts, mobile poles	360,000 km ducts	5,000 exchanges & 2 data centres	Access to 400,000km subsea cables	160,000 small poles
• Copper to fibre migration • New use cases e.g. IoT and remote ops	• Increased tenancy ratios • New towers to serve 5G rollout	• Increased asset utilisation • New customer groups	• Property lease arrangements • New services e.g. edge compute	• Continuing demand for international connectivity	• Network densification and small cell rollout

Operating and capital efficiency

Telstra InfraCo will be an asset-based business

Asset-based businesses

Fibre	Towers & Poles	Ducts, Pits & Pipes	Exchanges & Data Centres	Subsea Cables

Operational Activities
- Offerings & sales
- Design & construct
- Operate & maintain
- Service Operations

We are taking a staged approach to build optionality and manage execution risk

Telstra InfraCo priorities

Key programs

Stage 1
Standalone infra business unit

- Drive asset efficiencies
- Maintain existing customer and offering portfolio
- Establish intercompany agreements by asset class

- Asset accountabilities
- Detailed operating agreements
- Organisational structure, core competencies and op model
- Financial reporting
- IT and process architecture

FY19/20

Stage 2
Asset and business value creation

- Build out asset based businesses
- Evolve market offerings and brand
- Partnerships to drive growth

- Asset business and legal structures
- Market offerings, customer segments and branding
- Funding optionality
- Operational excellence
- Standalone processes and systems

FY21/22

Structural optionality

- Long term shareholder value maximisation
- Readiness and flexibility
- Market options
- Co-operation options

Post nbn completion

Our intention is to create structural options and flexibility around the key asset classes

Telstra

Telstra InfraCo

- FibreCo
- TowerCo
- Ducts, Pits & Pipes
- Exchanges & Data Centres
- Subsea Cables

Telstra Retail

- Telstra Enterprise
- Consumer & Small Business
- Product & Technology
- Network & IT
- Global Business Services
- Corporate Functions

Note: Structure is illustrative only

In summary

- Telstra InfraCo remains a core part of the T22 program and essential to Telstra's market position
- We are a little over a year into the program and will continue to design, build and grow the business
- There will be greater transparency on the value of Telstra's underlying infrastructure
- We will improve our operating efficiency and service delivery
- Our infrastructure strategy is consistent with global trends, with some unique attributes
- Our customer offerings, asset disciplines and organisational capabilities will evolve
- We are taking a multi-staged approach to drive value and create optionality
- We seek to maximise long term value for Telstra shareholders

CFO Update

Vicki Brady – Chief Financial Officer

Agenda

Key areas of focus to deliver value

Executing our T22 strategy and translating to value

Cost reduction and productivity

Free cashflow including working capital, capex discipline and returns

Building value across key products including Mobile, Fixed, Data & IP and NAS
Growth opportunities including through 5G, IoT, Global Connectivity, Infrastructure and Health

FY20 guidance

T22 translating into value | Pillar 1 example

T22 Pillar	Operational outcome	Commercial impact	Leading indicator	Financial benefit
• Pillar 1 - radically simplify our product offerings, eliminate customer pain points and create all digital experiences	• Reduced in-market C&SB plans from 1800 to 20 • Removal of charges for excess data • Unbundling of device from core connectivity plan • No lock-in contracts • Increase in digital service and sales	• Net price increase • Increased differentiation • Price premium support • Reduction in out of bundle revenue	Transacting minimum monthly commitment (TMMC)	• Mobile revenue / gross margin
		• Improved customer experience • Fewer in-bound calls regarding data overage • Lower cost to acquire and cost to serve	Call centre volumes	• Underlying fixed cost reduction

Addressing the entire cost base | Total costs to be flat or decline each year

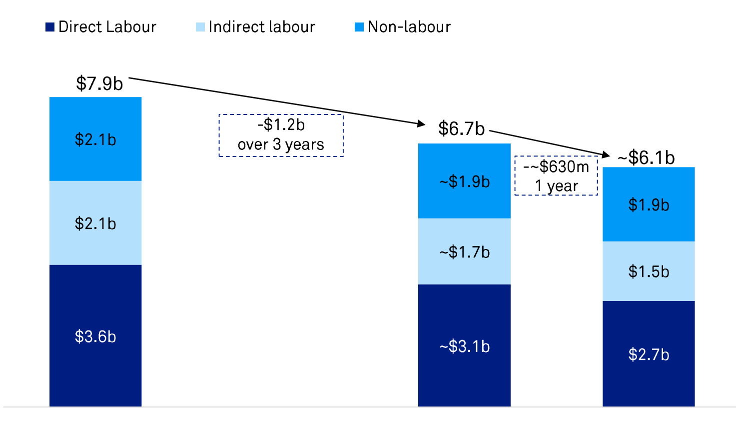
Operating expenses	FY19[1]	Outlook
Sales costs - nbn payments	$1.4b	Grow to ~$2.5b by end of FY22
Sales costs - other	$7.5b	Focused on gross margin efficiency (for example hardware margins)
Fixed costs - underlying	$6.7b	Reduce to <~$5.4b by end of FY22 from $7.9b in FY16[1]
Fixed costs - other	$2.0b	Manage by efficiency
One-off nbn DA and nbn C2C	$0.5b	Removed post nbn network rollout
Guidance basis	**$18.0b**	**Total costs expected to be flat or decline each year**
Restructuring	$0.8b	Expect ~$300 million associated with T22 in FY20
Other guidance adjustments	$0.6b	
Total	**$19.4b**	

In FY20, we expect total operating expenses excluding restructuring costs and impairments to decline, with reductions in underlying fixed costs to offset increased nbn™ network payments and other variable costs

1. Historical costs re-stated on a post AASB16 basis

Fixed cost productivity | $2.5 target by FY22

Underlying fixed costs[1]



Targeting **$2.5 billion net productivity by FY22** from FY16 base of underlying fixed costs
- Net target includes absorbing inflation and re-investment, and reduction in legacy access network costs
- Absorbing FX changes on international business

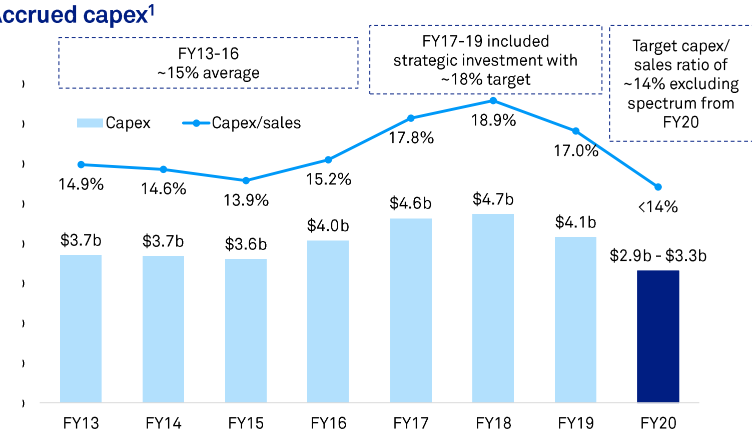
Direct labour is ~45% and **Indirect Labour ~25%** of FY19 underlying fixed costs
- FY20 reduction includes full year impact of FY19 changes
- Reduce labour to sales ratio ~1/3 consistent with our T22 commitment
- Simplification and automation will help drive direct and indirect labour reductions

Non-labour is ~30% of FY19 underlying fixed costs
- Ongoing productivity initiatives targeting energy, IT & software, business operations and logistics

1. Historical costs re-stated on a post AASB16 basis and now exclude rent

Capex intensity | Prioritising to ensure returns

Accrued capex[1]



Higher capital in FY17 – FY19 reflect strategic investment of up to $3b

Based on our current outlook and business mix: Targeting ~14% capex/sales

Post nbn we would expect capex intensity to trend closer to 12% than 14%

Lower capital intensity reflects:
- Ongoing shift in product mix to lower margin & less capital intensive products (e.g. nbn resale, NAS)
- The transition of ownership of the last mile to NBN

Current 5G deployment expected to be managed within targets

Capex spend prioritised in line with ROIC opportunity and to maximise strategic objectives

1. Capex is measured on an accrued basis and excludes expenditure on spectrum and externally funded capex and capitalised leases under AASB16 Leases

Value and growth in key products | Focus on differentiation

Mobile

- $2-3 **TMMC**[1] increase maintained
- **Postpaid handheld ARPU** expected to decline in 1H20 by a greater rate than 2H19 with decline moderating in 2H20 (all vs PCP)
- **Market handset SIO growth** slowing. Our share of net adds has been strong supported by our multi-brand strategy
- **Gross margin** expected to return to growth in next 12 months

Fixed

- **~+$1 TMMC[2] increase** in 1Q20 but slowing momentum in **net adds**
- **FY20 ARPU expected to continue to decline**
- **Cost to serve customer on nbn** reduced 21% in 1Q20 vs pcp

Data & IP

- **Leveraging fibre** architecture and footprint advantage; **Partnering with nbn**
- Continuing to **support differentiation**
- **Product investment** across Telstra fibre and nbn

NAS

- **On track** with focus on costs and profitable NAS products
- **77% of Enterprise connectivity customers** also bought NAS services in FY19

1. Transacting minimum monthly commitment on branded postpaid handheld
2. Branded Bundles Transacting minimum monthly commitment excluding Belong

FY20 guidance reconfirmed

	FY19	FY20 guidance[1] Based on new accounting standards (Updated 2 Sep 2019)
Total income[2]	$27.8b	$25.3b to $27.3b
Underlying EBITDA[3] - Included in-year nbn headwind[4]	**$8.2b**	**$7.4b to $7.9b** ~-$0.6 to ~-$0.8b
Net one-off nbn DA receipts less nbn net C2C	$1.6b	$1.3b to $1.7b
Restructuring costs	$0.8b	~$0.3b
Capex	**$4.1b**	**$2.9b to $3.3b**
Free cashflow after operating lease payments[5,6]	**$3.1b**	**$3.3b to $3.8b**

1. This guidance assumes wholesale product price stability and no impairments in and to investments or property, plant and equipment and intangible assets, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumes the nbn rollout and migration in FY20 is broadly in accordance with the nbn Corporate Plan 2020. Guidance is provided on the basis of AASB16 Leases and assumes impacts consistent with management estimates and current interpretation of the standard. Capex is measured on an accrued basis and excludes expenditure on spectrum and externally funded capex and capitalised leases under AASB16 Leases.
2. Excluding finance income.
3. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C, guidance adjustments and includes amortisation of mobile operating lease costs.
4. In-year nbn headwind defined as the net negative recurring EBITDA impact on our business based on management best estimates including key input of the nbn Corporate Plan 2020.
5. FY20 free cashflow defined as operating cash flows less investing cash flows less operating leases (reported in financing cash flow under AASB16 Leases).
6. FY20 free cashflow guidance includes ~$1b working capital increase including from exit of mobile lease plans, remaining outflows from restructuring costs announced in May 2019, and an increase in nbn receivables

Q&A

Disclaimer

These presentations include certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Telstra, which may cause actual results of Telstra include general economic conditions in Australia; exchange rates; competition in the markets in which Telstra will operate; the inherent regulatory risks in the businesses of Telstra; the substantial technological changes taking place in the telecommunications industry; and the continuing growth in the data, internet, mobile and other telecommunications markets where Telstra will operate. A number of these factors are described in "our material risks" section of our Operating and Financial Review (OFR) which is set out in Telstra's financial results for the year ended 30 June 2019 which was lodged with the ASX on 15 August 2019 and available on Telstra's Investor Centre website www.telstra.com/investor.

In addition to the risks and uncertainties outlined above, there are particular risks and uncertainties in connection with the implementation of Telstra2022 including the response of customers to changes in products, the risks of disruption from changes to the organisation structure; that detailed business plans have not been developed for the entirety of the strategy and the full scope and cost of Telstra2022 may vary as plans are developed and third parties engaged; Telstra's ability to execute and manage Telstra2022 in a sequenced, controlled and effective manner and in accordance with the relevant project and business plan (once developed) and Telstra's ability to execute productivity initiatives and realise operational synergies, cost savings and revenue benefits in accordance with the plan.

The assumptions underlying and the basis upon which we have provided our FY20 earnings guidance is set out on slide "FY20 guidance".

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AASB 15 superseded the existing accounting standards and interpretations for revenue and subscriber acquisition costs in the telecommunications industry. We have adopted AASB 15 from 1 July 2018 and applied the standard retrospectively to prior reporting periods from 1 July 2017 ('transition date'). As a result, comparatives have been restated where applicable. For further detail refer to Note 1.5 'Adoption of the new accounting standards' in full-year financial report.

All forward-looking figures in this presentation are unaudited and based on A-IFRS. Certain figures may be subject to rounding differences.

All market share information in this presentation is based on management estimates based on internally available information unless otherwise indicated.

All amounts are in Australian Dollars unless otherwise stated.