12 August 2021

Office of the Company Secretary

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The Manager

Market Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Corporation Limited - Financial results for the full year ended 30 June 2021 – CEO/CFO Analyst Briefing Presentation and Materials

In accordance with the Listing Rules, I enclose for immediate release to the market:

a) a presentation;

b) CEO and CFO speeches;

c) Telstra's Full Year Results and Operations Review; and

d) financial and statistical tables.

Telstra will conduct an analyst briefing on its 2021 full year results from 9.15am AEST and a media briefing from 11.00am AEST. The briefings will be webcast live at https://www.telstra.com.au/aboutus/investors/financial-information/financial-results.

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

Authorised for lodgement

Sue Laver
Company Secretary

Full year 2021 results

Andrew Penn – Chief Executive Officer

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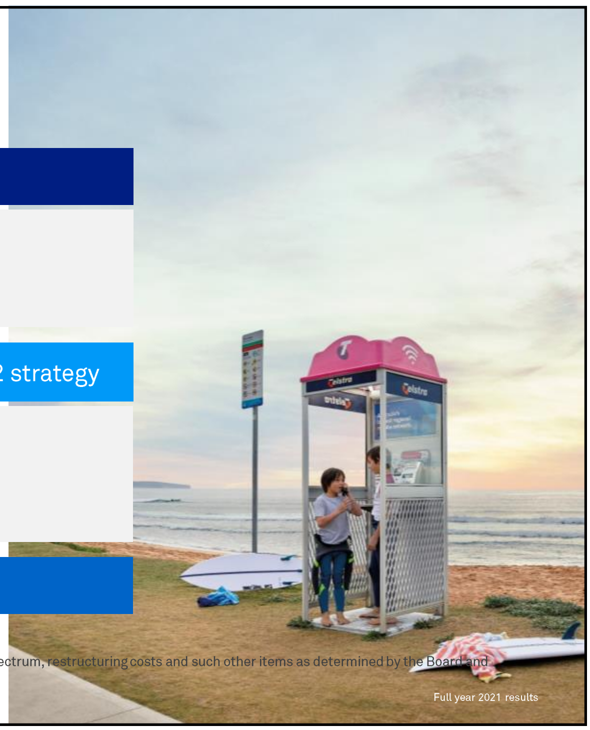
Delivering on our strategy



2021 – a turning point in our financial trajectory

- 2H21 underlying EBITDA up on 1H21
- Guidance for FY22 underlying EBITDA of mid-to-high single digit growth[1]
- FY21 NPAT and EPS up 3.4% and 2% respectively

We have stayed disciplined and focused on delivering T22 strategy

- Radically simplified the business
- Productivity target on track
- Proposed legal restructure announced
- ~80% metrics completed or on track for delivery with a year to run

Next strategy update in September 2021

1.This guidance excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management. Refer to slide "FY22 guidance".

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Financial headlines

FY21 Reported	FY21 Guidance basis[1]
Total income: $23.1 billion, -11.6%	**Underlying EBITDA**[3]**:** $6.7 billion, -9.7% 1H21 $3.3 billion, 2H21 to $3.4 billion **In-year nbn headwind**[3]**:** ~$650 million (LTD ~$3.2 billion) **Estimated COVID impact**[4]**:** ~$380 million (FY20 ~$200 million) **Underlying EBITDA decline ex in-year nbn headwind**[3]**:** ~$70 million
EBITDA: $7.6 billion, -14.2% **EBITDA lease adjusted**[2]**:** $7.4 billion, -11.5%	
NPAT: $1.9 billion, +3.4% **EPS:** 15.6 cents, +2.0% **Total dividend:** 16 cps[5] (consistent pcp)	**Capex**[3]**:** $3.0 billion, -6.6% **FCF**[3]**:** $3.8 billion, +11.6%

1.This guidance assumed no impairments in and to investments or non-current tangible and intangible assets, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum, and excluded the impacts of Pitt St exchange sale and leaseback. The guidance was based on management best estimates of nbn impacts including input from the nbn Corporate Plan currently published at time of issue of this guidance. Refer to Full year results and operations review – guidance vs reported results reconciliation (set out in our ASX announcement titled "Financial results for the full year ended 30 June 2021" lodged with the ASX on 12 August 2021).
2.'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA.
3.Refer to definition in the Glossary.
4.COVID impact in FY21 includes estimates across international roaming declines, delayed cost out, customer support and deferred NAS professional services.
5.Total dividend of 16 cents per share fully franked comprising total ordinary dividend of 10 cents per share and total special dividend of 6 cents per share.

Operating highlights

Mobile strategy continuing to deliver growth

Mobile service net adds

- +101k retail postpaid handheld services including +67k branded +34k Belong
- +95k retail prepaid handheld unique users
- +240k wholesale MVNO including prepaid and postpaid services
- +892k retail IoT services

Fixed service net adds

- -69k retail fixed bundle and data services including +10k Belong
- +246k nbn connections with 45% estimated market share as at end of FY21 (ex-satellite)

Building value

- **Mobile:** +$3 TMMC mass market branded growth on pcp and $170m EBITDA growth on pcp
- **Fixed – C&SB:** Focus on higher speed tiers and add-ons
- **Fixed – Enterprise:** Positioning for return to growth with Adaptive Networks
- **Telstra Health:** FY21 revenue growth 6% and confident for high teens organic revenue growth in FY22
- **Telstra Ventures:** ~$300m increase investment value

Improved customer experience

- Episode NPS improved +9 last 12 months and +6 last six months
- Strategic NPS improved +7 last 12 months and +2 last six months

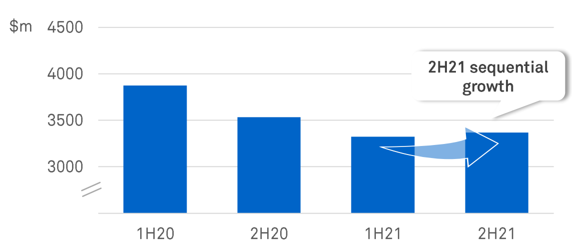
Continued cost reduction

- $490m or 8.1% underlying fixed cost reduction in FY21
- $1.8b or 10.2% decline in FY21 total operating expenses[1]
- $2.3b underlying fixed cost reduction since FY16. On track for $2.7b cost reduction with $430m target in FY22

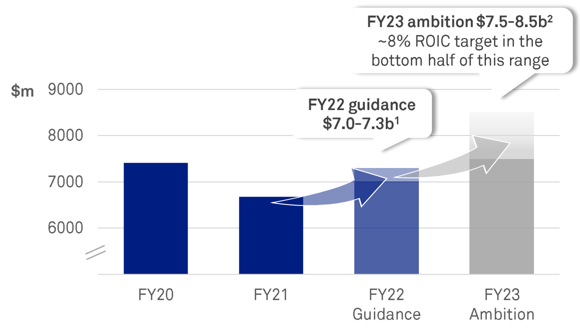
1.'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA.

Underlying EBITDA growth

Underlying EBITDA – halves



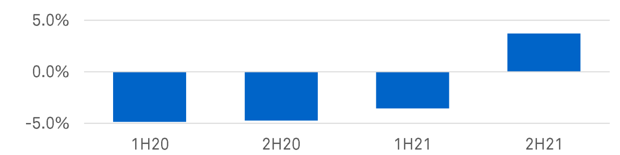
Underlying EBITDA – full year



1.This guidance excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management. Refer to slide "FY22 guidance".
2.While we do not provide financial guidance beyond FY22, our Board and management team understands the importance of achieving EBITDA in this range and the actions required to deliver it. Telstra's ambition for its Underlying EBITDA in FY23 is not guidance and there are greater risks and uncertainties in connection with this ambition.

Underlying EBITDA growth drivers

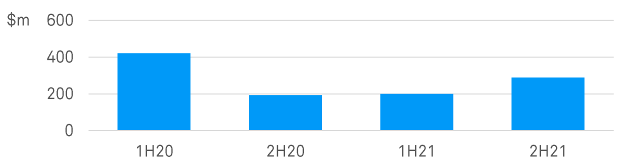
Mobile service revenue growth on pcp



Mobile service revenue growth of 3.7% in 2H21 on pcp (5.2% excluding international roaming)

Further growth expected in FY22

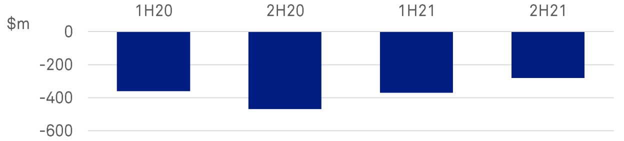
Underlying fixed cost out on pcp



Underlying fixed costs reduced by $490m in FY21

~$430m cost out expected in FY22 with opportunity beyond

In-year nbn headwind[1]



In-year nbn headwind expected to reduce substantially to ~$350m in FY22

1.Refer to definition in the Glossary.

T22 achievements to date

Simplification & Digitisation	▪ ~8.8 million services on 20 new simplified C&SB in market plans ▪ ~3.5 million Telstra Plus members ▪ Reduced Enterprise active products by more than half since FY18 ▪ Digital sales increased +9pp in FY21 to 39% in C&SB ▪ Digital service interactions >73% in C&SB ▪ Reduced annual contact centre calls by two-thirds since FY18
Ways of working	▪ Leaner, more efficient organisation including ~17k working in Agile ▪ ~8.3k direct FTE reduction since FY18 ex-COVID hires ▪ FTE reduction by one-third or ~25k: ~7.6k direct, ~17.4k indirect
Productivity	▪ $2.3b cost reduction since FY16 – on track for $2.7b ▪ $2b asset monetisation
Network leadership	▪ 75% of population covered – Australia's largest 5G network ▪ ~1.6m 5G devices connected to the Telstra network
Infrastructure	▪ Completed first year as infrastructure business function in FY21 ▪ Announced 49% sale of InfraCo Towers for $2.8b ▪ Proposed legal restructure: It was our intention to seek shareholder approval at AGM. We now aim to do so at a separate general meeting before the end of calendar year 2021

T22 Scorecard metrics – as at FY21

Completed
On track for delivery
Progress but below target metric
Below target metric

~80% metrics completed or on track for delivery

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T22 strategy – Scorecard

	Customers	Simplification	Network	Employees	Cost reduction	Balance sheet
Outcomes	**Market leading customer experience**	**Simplified products, business and operating model**	**Extended network superiority and 5G leadership**	**Achieve Global High Performance Norm in employee engagement**	**Net cost productivity of $2.7bn by FY22[1]**	**ROIC ~8% by FY23[1]**
Metrics & Measures	Increase NPS 3 to 6 points p.a. Double active app users from 4m to 8m by FY22 – 6m active users by FY20 Consumer & Small Business sales transactions through the digital channel: 24% by FY20 45% by FY22 Active Enterprise customers on Telstra Connect: 4,000 by FY20 7,100 by FY21 Increase average services per customer Eliminate two thirds of mass market servicing calls by FY22 – one third by FY20 Telstra Plus members: 2m by FY20 5m by FY22	Build and launch new digital technology stack in FY19 Complete Digitisation program with key products built on the new stack Simplify from ~1800 to ~20 active Consumer & Small Business plans Services on in-market Consumer & Small Business plans: >3m by FY20 >10m by FY22 Migrate all Consumer & Small Business customers to the new product range on the new digital technology stack by FY21 Rationalise 50% of Enterprise products by FY21 Reduce 2 to 4 management layers in the organisation 700 apps decommissioned or contained by FY20	Lead in all key industry network performance surveys from FY19 Network ready for 5G in H1 FY19 Full commercial deployment of 5G in capital cities, major regional centres and other high demand areas by FY20 Australia's largest 5G network Deliver 5x data growth at flat costs by FY21	Agile teams at level 3 of Agile Maturity: 80% by FY20 >90% by FY22 1 quartile increase in ease of doing business management practices of Organisational Health Index (OHI) by FY20 Increase employee engagement score 10 points Reduce total FTE by 8,000 net by FY22	Net cost productivity – more than $1.5bn cumulatively delivered by FY20 Total costs will be flat or decline in each year from FY18 Absorb nbn CVC/AVC costs Labour cost to sales ratio to decline ~one third by FY22 Top quartile cost metrics for full-service telco by FY22	Underlying ROIC to improve from FY19 to FY22 Monetise assets of up to $2bn by FY20 Establish standalone infrastructure business unit with effect from 1 July 2018 High level SLAs for infrastructure business to be defined by 1 October 2018 and segment reporting by 31 December 2018 Telstra InfraCo fully operational by June 19 EBITDA benefits of >$500m p.a. from $3bn strategic investment realised by FY21

1.Net cost productivity targeted outcome increased from $2.5bn in February 2021. ROIC targeted outcome reduced from >10% in August 2020.

Completed · Completed after due date · On track for delivery · Progress but below target metric · Below target metric · Early progress /development · Status change vs 1H21

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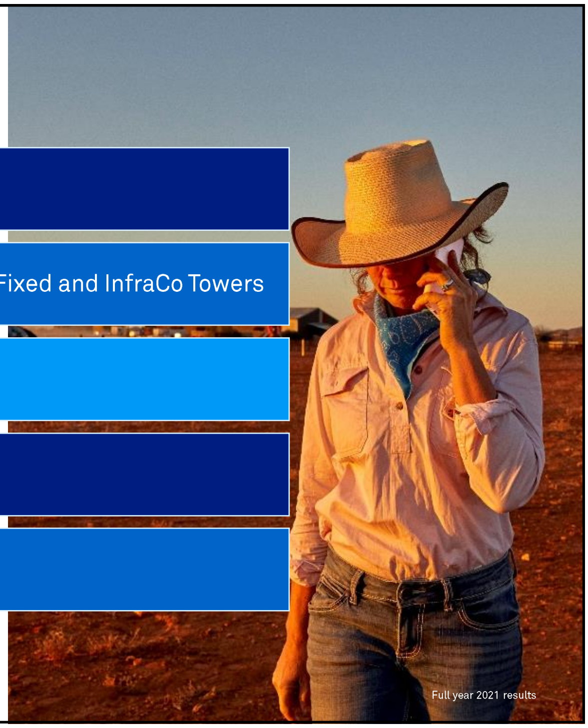
FY22 priorities – finish the job

- Improve customer experience and complete digitisation
- Complete group restructure and drive value from InfraCo Fixed and InfraCo Towers
- Extend our leadership in 5G
- Grow core services and new businesses
- Deliver on our financial commitments



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Full year 2021 results

Vicki Brady – Chief Financial Officer

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Income statement

	Reported basis		Reported lease adjusted[1]		
	FY20	FY21	FY20	FY21	CHANGE
Total income[2]	**$26.2b**	**$23.1b**	**$26.2b**	**$23.1b**	**-11.6%**
Operating expenses	$17.0b	$15.5b	$17.4b	$15.7b	-10.2%
Share of equity accounted entities	-$0.3b	-$0.0b	-$0.3b	-$0.0b	NM
Underlying EBITDA[2]			**$7.4b**	**$6.7b**	**-9.7%**
Net one-off nbn DA less net C2C[2]			$1.5b	$0.8b	-47.8%
Restructuring & other guidance adj.[3]			-$0.5b	-$0.0b	-91.2%
EBITDA	**$8.9b**	**$7.6b**	**$8.4b**	**$7.4b**	**-11.5%**
Depreciation and amortisation	$5.3b	$4.6b	$4.8b	$4.5b	-8.1%
EBIT	**$3.6b**	**$3.0b**	**$3.6b**	**$3.0b**	**-16.1%**
Net finance costs	$0.8b	$0.6b	$0.8b	$0.6b	-28.5%
Income tax expense	$1.0b	$0.5b	$1.0b	$0.5b	-43.7%
NPAT	**$1.8b**	**$1.9b**	**$1.8b**	**$1.9b**	**3.4%**

Results in line with guidance

Underlying fixed cost reduction of $490m or 8.1%
Total operating costs declined 10.2%

Underlying EBITDA:
- **Reduced ~$720m including in-year nbn headwind[2] of ~$650m**
- **Includes COVID-19 estimated yoy negative impact of ~$180m (~-$380m in FY21 and ~-$200m in FY20)[4]**
- **2H21 grew sequentially on 1H21**
- **FY22 guidance for $7.0b to $7.3b**

NPAT growth of 3.4% supported by D&A and net finance costs decline and low effective tax rate from one-off transactions in 1H21

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. FY21 adjusted to include $194m (FY20 $494m) of reported depreciation of mobile handsets right-of-use assets in EBITDA. No adjustment expected in FY22.
2. Refer to definition in the Glossary.
3. Refer to Full year results and operations review – guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY21 (set out in our ASX announcement titled "Financial results for the full year ended 30 June 2021" lodged with the ASX on 12 Aug 2021).
4. COVID impact includes estimates across international roaming declines, delayed cost out, customer support and deferred NAS professional services.

Income by product[1]

	FY20	CHANGE $m	FY21	CHANGE	
Mobile	$10,130m	-820	$9,310m	-8.1%	Hardware -$748m; Service rev +3% ex-intl. roaming (+5.2% 2H21 yoy)
Fixed - CS&B	$5,083m	-347	$4,736m	-6.8%	Decline in legacy voice/media and remediation credits
Fixed - Enterprise	$4,106m	-382	$3,724m	-9.3%	Legacy/equipment/prof. service decline; Cloud/managed service growth
Fixed - Wholesale	$1,872m	-516	$1,356m	-27.6%	nbn headwinds, legacy calling and commercial works decline
Global	$1,725m	-229	$1,496m	-13.3%	Currency, shift away from low-margin revenue & one-offs in pcp
Recurring nbn DA	$874m	34	$908m	3.9%	Reflects nbn™ network rollout
Other[2]	$334m	10	$344m	3.0%	Includes Health +6%
Underlying	**$24,124m**	**-2,250**	**$21,874m**	**-9.3%**	**~-3% excl. nbn headwind, intl. roaming & hardware**
One-off nbn DA & connection[3]	$2,004m	-954	$1,050m	-47.6%	Reflects nbn migration timing
M&A and Pitt St[4]	$33m	175	$208m	NM	Gain on sale from Pitt St and M&A transactions
Reported	**$26,161m**	**-3,029**	**$23,132m**	**-11.6%**	**Reported income decline ~$3b or -11.6%**

1. Refer to Full year results 2.1.2 Segment results and disaggregated revenue Table B for schedule of product revenue from contracts with customers, revenue from other sources and other income.
2. Other includes miscellaneous and Telstra Health.
3. Includes $1,022m (FY20 $1,721m) of nbn disconnection fees (Per Subscriber Address Amount (PSAA)) and -$7m (FY20 $210m) of ISA ownership receipts for assets transferred under the nbn Definitive Agreements.
4. Includes $106m (FY20 $20m) for M&A and $102m for Pitt St gain on sale. FY20 also includes $13m of restructuring income.

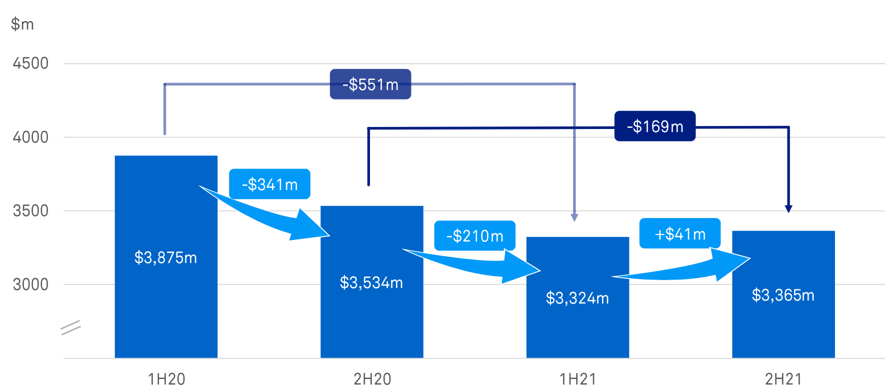
EBITDA by product[1]

	FY20	CHANGE $m	FY21	CHANGE	
Mobile	$3,477m	170	$3,647m	4.9%	Growth despite intl. roaming decline on improved margins (2H growth: +$297m)
Fixed - CS&B	$567m	-294	$273m	-51.9%	High margin legacy decline, higher nbn payments, partially offset by productivity
Fixed - Enterprise	$1,149m	-262	$887m	-22.8%	Market disruption, legacy decline > managed services & cloud growth
Fixed - Wholesale	$897m	-276	$621m	-30.8%	nbn headwinds, legacy & commercial works declines partly offset by productivity
Global	$377m	-41	$336m	-10.9%	Flat in constant currency & excluding one-off transactions in pcp
Recurring NBN DA	$820m	40	$860m	4.9%	Reflects nbn™ network rollout
Other[2]	$122m	-57	$65m	-46.7%	Reduction largely due to various non-operating accounting adjustments
Underlying	**$7,409m**	**-720**	**$6,689m**	**-9.7%**	**Underlying decline -$720m or ~-$70m excl. nbn headwind**
Net one-off nbn	$1,536m	-734	$802m	-47.8%	Reflects nbn rollout and migration timing
Restructuring[3]	-$246m	35	-$211m	14.2%	Restructuring costs for T22 initiatives reduced vs pcp
Other guidance adj.[4]	-$288m	452	$164m	NM	Gain on sale from Pitt St and M&A
Reported lease adjusted	**$8,411m**	**-967**	**$7,444m**	**-11.5%**	**Reported lease adjusted decline -$967m**

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA.
2. Other includes miscellaneous and Telstra Health.
3. Restructuring in FY20 includes $13m of income and $259m of expenses.
4. Refer to Full year results and operations review – guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY21 (set out in our ASX announcement titled "Financial results for the full year ended 30 June 2021" lodged with the ASX on 12 Aug 2021).

EBITDA by half shows improving momentum

Underlying EBITDA – halves



Reduced rate of Underlying EBITDA decline on pcp:

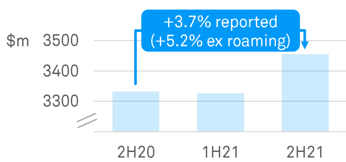
- 1H21 -$551m
- 2H21 -$169m

Sequential growth in 2H21 $41m, including:

- Mobile EBITDA growth
- Fixed-C&SB stabilising
- Enterprise positioned for FY22 growth

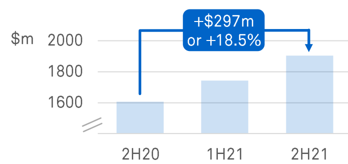
Product highlights – mobile momentum

Mobile service revenue growth



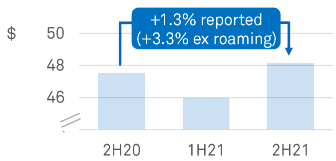
2H21 service revenue growth +5.2% excl. international roaming (1H21 +0.7%)

Mobile EBITDA growth



Outlook for further mobile service revenue and EBITDA growth

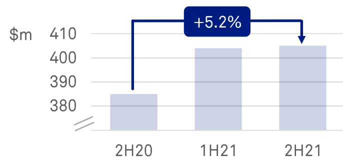
Mobile postpaid handheld ARPU growth



Growth due to TMMC (>$5 since FY19) and pricing changes

Consumer +7.5% in 2H21 vs pcp offset by Enterprise & SB decline

Mobile prepaid handheld revenue growth

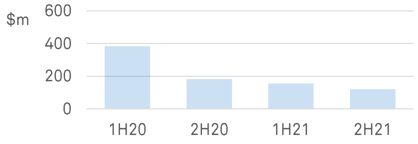


Prepaid strength +5.2% 2H21 revenue growth and +4.7 FY21 revenue growth

Product highlights – Fixed approaching inflection

As at end of FY21, we estimate we have absorbed around 90%[1] of the total headwind expected when migration to the nbn is complete

Fixed - C&SB EBITDA stabilising



nbn driven decline now substantially complete

ARPU has bottomed. TMMC accretive to ARPU. 6% on 100Mbps+

Productivity, digitisation and on-net opportunity to support earnings recovery

Mid-teens off-net nbn resale margins by FY23

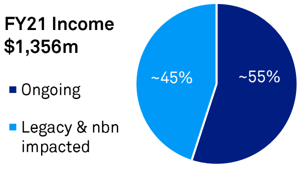
Fixed - Enterprise positioning for return to growth

Re-signed key T-Fibre customers to broadly maintain SIOs

Data & connectivity: Increased focus on **leveraging T-Fibre**, reselling nbn, Adaptive Networks and **optimising cost**

NAS focus on strategic areas of **cloud, professional & managed services including security and IoT** to offset ongoing legacy/calling decline

Fixed - Wholesale in line with expectation



'Ongoing' portfolio now 55% of revenue

maintain EBITDA of ~$350m p.a. before returning to growth

1. Based on management best estimates including key input of the nbn Corporate Plan.

Operating expenses[1]

	FY20	CHANGE $m	FY21	CHANGE
Sales costs - nbn payments	$1,731m	244	$1,975m	14.1%
Sales costs - other	$7,071m	-862	$6,209m	-12.2%
Fixed costs - underlying	$6,083m	-490	$5,593m	-8.1%
Fixed costs - other[2]	$1,833m	-449	$1,384m	-24.5%
Underlying	**$16,718m**	**-1,557**	**$15,161m**	**-9.3%**
One-off nbn DA and nbn C2C	$468m	-220	$248m	-47.0%
Restructuring	$259m	-48	$211m	-18.5%
Other guidance adjustments	-	44	$44m	NM
Reported lease adjusted	**$17,445m**	**-1,781**	**$15,664m**	**-10.2%**

Total operating expenses declined 10.2% with reduction in all underlying lines except nbn network payments

nbn™ network payments increased on higher services
Other sales costs declined including lower hardware costs

Underlying fixed costs decreased $490m or 8.1% in FY21 enabled by simplification, adoption of digital channels, focus on vendor costs, lower international costs, and workforce efficiency

~$2.3b net productivity achieved since FY16. On track for $2.7b cumulative by FY22, with $430m FY22 target

Additional costs from insourcing retail channel in FY22 to be including in 'Fixed costs - other'

Further opportunity beyond FY22

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. Sales and fixed costs exclude costs associated with one-off nbn DA and nbn cost to connect (C2C).
2. Includes items supporting revenue growth including relevant NAS costs, mobile handset lease, and product impairment, and additional costs from insourcing retail channel from FY22

Free cashflow

	FY20	CHANGE $m	FY21	CHANGE
Reported EBITDA lease adjusted[1]	$8,411m	-967	$7,444m	-11.5%
Working capital movement[2]	-$946m	1,394	$448m	NM
Tax paid	-$754m	-8	-$762m	-1.1%
Capex (excl. Spectrum & Investment)	-$3,007m	-45	-$3,052m	-1.5%
Rent/other lease payments	-$521m	-2	-$523m	-0.4%
Other incl. non-cash EBITDA items[3]	$232m	25	$257m	10.8%
Free cashflow after operating lease[4]	**$3,415m**	**397**	**$3,812m**	**11.6%**
Spectrum	-$435m	347	-$88m	-79.8%
M&A / asset sale	$39m	407	$446m	NM
Operating lease payments[5]	$1,015m	-298	$717m	-29.4%
Reported operating cashflow less investing cashflow	**$4,034m**	**853**	**$4,887m**	**21.1%**

Free cashflow after operating lease[4] increased 11.6% to $3.8b in FY21, above the top end of guidance, due to working capital improvement more than offsetting lower EBITDA

Working capital movement of +$448m in FY21. Improved $1.4b on FY20 largely due to reduced receivables from lower handset sales and roaming revenue and stronger collections performance

$277m of mmWave spectrum acquired in 2H21 to be paid over 5 equal instalments; Low-band spectrum auction expected late CY21 but no significant cash outlay is expected for any licences acquired until shortly before they commence in mid-2024

$2.8b of net proceeds from InfraCo Towers 49% sale expected in Q1FY22. Expect to return ~$1.35b via buy-back in FY22

$446m cash flow includes M&A and Pitt St exchange sale

Reported operating cashflow less investing cashflow includes lease payments reported in financing cashflow

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA.
2. Working capital movement from operating activities.
3. Includes net investments, interest received, proceeds from lease assets, proceeds on disposal and non-cash EBITDA items (including impairments and gain on disposal of PP&E).
4. Refer to definition in the Glossary. 'Free cashflow after operating lease' of $3,812m in FY21 includes estimated operating lease payments of $717m. For FY22 guidance, 'Free cashflow after lease payments' of $3,740 in FY21 includes all lease payments of $789m.
5. 'Operating lease payments' include both principal and interest payments for leases previously classified as operating leases but excludes finance lease payments historically excluded from free cashflow. 'Operating lease payments' estimated at -$717m (-$1015m in FY20). For illustrative purposes, 'Operating lease payments' included in 'Free cashflow after lease payments' as -$523m (-$521m in FY20) for 'rent/other lease payments' and -$194m (-$494m in FY20) for mobile handset leases which is depreciation of right-of-use assets included in 'Reported EBITDA lease adjusted'.

Dividends

	FY20	FY21	CHANGE
Earnings per share			
Basic earnings per share (cents)	15.3	15.6	2.0%
Underlying earnings[1] per share (cents)	10.1	9.7	-4.0%
Dividends (fully franked)			
Ordinary dividend	10.0	10.0	-
Special dividend	6.0	6.0	-
Total dividend	**16.0**	**16.0**	**-**
Payout Ratios			
Ordinary dividend of underlying earnings[1]	**99%**	**103%**	**+4pp**
Special dividend as % of net one-off nbn receipts	66%	128%	+62pp
Total dividends as % of earnings per share	105%	103%	-2pp
Total dividends as % of Free cashflow[2]	73%	59%	-14pp

FY21 total dividend of 16 cents per share (cps) fully franked, including ordinary dividend of 10cps and special dividend of 6cps

Final dividend of 8cps fully franked, including ordinary dividend of 5cps and special dividend of 3cps

FY21 dividend consistent with FY20

FY21 ordinary dividend payout of underlying earnings[1] of 103% (88% in 2H21) and supported by cash flow which is higher than accounting earnings

FY21 total dividend represents 59% payout of Free cashflow after lease payments[1] less net finance costs paid

74% of cumulative net one-off nbn receipts received life to date[3] returned via fully franked special dividends

1. Refer to definition in the Glossary.
2. Free cash flow after lease payments[1] less net finance costs paid.
3. Life to date defined as since beginning FY18.

Capital position

		FY20	1H21	FY21
Gross debt		$17.3b	$17.4b	$16.4b
Cash and cash equivalents		$0.5b	$1.3b	$1.1b
Net debt		$16.8b	$16.1b	$15.3b
Average gross borrowing costs[1]		4.6%	3.8%	3.8%
Average debt maturity (years)[1]		3.9	3.7	3.4
Cash and unused bank facilities		$4.3b	$4.8b	$3.6b
Financial parameters[2]	**Comfort Zones**			
Debt servicing	1.5 - 2.0x	1.9x	2.0x	2.0x
Gearing	50% to 70%	52.7%	51.5%	50.0%
Interest cover	>7x	11.7x	13.6x	13.2x
Ratios				
Capex[3] to sales		14.2%	13.3%	14.4%
ROE[3]		12.5%	15.2%	12.8%
ROIC[3]		7.6%	8.7%	7.5%
Underlying ROIC[3]		5.4%	4.5%	5.0%

Net debt declined ~$1.5b in FY21 supported by our strong FCF

Average gross borrowing costs expected to continue to decline in FY22

Access to diverse and efficient sources of funding

Strong liquidity. $1.1b cash & $2.5b of unused committed bank facilities

Balance sheet strength and flexibility. Parameters within comfort zones

FY21 Accrued capex[4] of $3,020m or 14.4% capex to sales (guidance basis)

Target FY23 underlying ROIC of ~8%

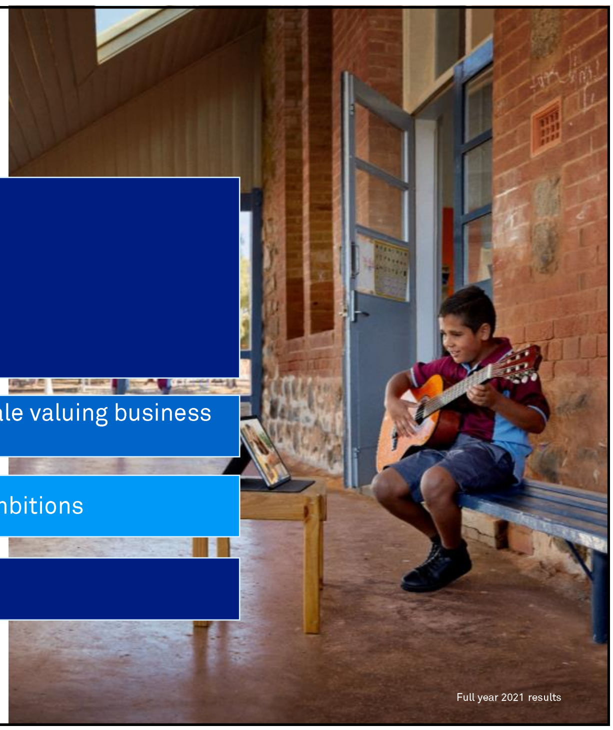
1. Excludes leases.
2. Debt servicing calculated as net debt over reported EBITDA. Gearing calculated as net debt over total net debt and equity. Interest cover calculated as reported EBITDA over net interest expense (excluding capitalised interest, revaluation impacts on our borrowings and derivatives and other non-cash accounting impacts).
3. Refer to definition in the Glossary.

FY22 guidance

	FY21	FY22 guidance[1]
Total Income	$22.9b	**$21.6b to $23.6b**
Underlying EBITDA[2]	$6.7b	**$7.0b to $7.3b**
Capex[3]	$3.0b	**$2.8b to $3.0b**
Free cashflow after lease payments (FCFaL)[4]	$3.7b	**$3.5b to $3.9b**

1. This guidance excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management.
2. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C and guidance adjustments. FY20/21 underlying EBITDA also includes depreciation of mobile lease right-of-use assets.
3. Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases.
4. Free cashflow after lease payments defined as 'operating cash flows' less 'investing cash flows' less 'payments for lease liabilities', and excludes spectrum and guidance adjustments.

Building financial momentum



T22 momentum translating into 2H21 financials
- Mobile growth
- Productivity delivery
- FCF generation
- Strong balance sheet with net debt reduction

T22 infrastructure strategy illustrated by 49% Towers sale valuing business at 28x EV/EBITDAaL

FY22 guidance for growth; on track for FY23 financial ambitions

Continuing to diversify growth across core and verticals

Appendix

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Telstra at a glance

Telstra is Australia's leading telecommunications and technology company
Our purpose is to build a connected future so everyone can thrive

Size and scale	Customers and people	Leading in sustainability
1.2m shareholders	19.5m retail mobile services	Helped 1m customers in vulnerable circumstances to stay connected
A$45b market capitalisation	1.8m wholesale mobile services	#1 ranked company globally for digital inclusion
Public ASX20 company	3.6m Consumer & Small Business bundle and data services	Provided $127m through our social and community investment programs
A$23b total income FY21	188k Enterprise data and connectivity services	Maintained carbon neutral status across our operations and targeting 50% absolute emissions reduction by 2030
#447 on Forbes' Global 2000	~330 retail stores in Australia	
A-/A2 investment grade rating from S&P and Moody's	We operate in 20 countries and territories outside of Australia	
	Employee engagement score 78	

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Capital management framework

Fiscal discipline			
Objectives	Maximise returns for shareholders	Maintain financial strength	Retain financial flexibility
Principles	1. Committed to balance sheet settings consistent with an A band credit rating 2. Pay fully-franked ordinary dividend of 70-90% of underlying earnings[1,3] 3. Target capex/sales ratio of ~12% excluding spectrum from FY23[4] 4. Maintain flexibility for portfolio management and strategic investments		

Return in the order of 75% of net one-off nbn receipts to shareholders over time via fully-franked special dividends[2,3]

1. Underlying earnings is defined as NPAT from continuing operations excluding net one-off nbn receipts (as defined in footnote 2), one-off restructuring costs and guidance adjustments. Guidance adjustments include impairments in and to investments or non-current tangible and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum.
2. "net one-off nbn receipts" is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect less tax.
3. The dividend is subject to no unexpected material events, and is subject to Board discretion having regard to financial and market conditions, business needs and maintenance of financial strength and flexibility consistent with Telstra's capital management framework.
4. Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases.

T22

Our purpose is to build a connected future so everyone can thrive

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					
Delivering	Market leading customer experience	Simplified products, business and operating model	Extended network superiority and 5G leadership	Achieve Global High Performance Norm in employee engagement	Net cost productivity of $2.7bn by FY22[1]	ROIC ~8% by FY23[1]

1. Net cost productivity targeted outcome increased from $2.5bn in February 2021. ROIC targeted outcome reduced from >10% in August 2020.

T22 outcomes – Progress

Outcomes		Metrics & Measures	FY21 progress to date
Customers	Market leading customer experience	▪ Increase NPS 3 to 6 points p.a. ▪ Double active app users from 4m to 8m by FY22 – 6m active users by FY20 ▪ Consumer & Small Business sales transactions through the digital channel: 24% by FY20, 45% by FY22 ▪ Active Enterprise customers on Telstra Connect: 4,000 by FY20, 7,100 by FY21 ▪ Increase average services per customer ▪ Eliminate two thirds of mass market servicing calls by FY22 – one third by FY20 ▪ Telstra Plus members: 2m by FY20, 5m by FY22	▪ Episode NPS (3MMA) increased 9 points against FY20 and increased 6 points against 1H21 ▪ Strategic NPS (3MMA) improved 7 points against FY20 and 2 points against 1H21 ▪ 4.5m active My Telstra app users, (FY20 4.36m, FY19 3.98m). 6.53m active users (FY20 6.33m) ▪ C&SB digital sales increased to 39.3% (FY20 30.3%, FY19 16.8%, FY18 6.2%) ▪ C&SB digital service interactions increased to 73.2% (FY20 71.3%, FY19 53.5%, FY18 39.5%) ▪ Telstra Connect is available to all 18k eligible customers. ~9.8k active customers in three months to June 2021 (FY20 6.6k active customers) ▪ 28.1% Enterprise digital services interactions (FY20 12.3%) ▪ Average services per customer 2.6 (FY20 re-baselined 2.6) ▪ Total mass market servicing calls to contact centres 11.5m (down from FY18 35.8m) ▪ ~3.5m members of Telstra Plus loyalty program
Simpli-fication	Simplified products, business and operating model	• Build and launch new digital technology stack in FY19 • Complete Digitisation program with key products built on the new stack • Simplify from ~1800 to ~20 active Consumer & Small Business plans • Services on in-market Consumer & Small Business plans: >3m by FY20, >10m by FY22 • Migrate all Consumer & Small Business customers to the new product range on the new digital technology stack by FY21 • Rationalise 50% of Enterprise products by FY21 • Reduce 2 to 4 management layers in the organisation • 700 apps decommissioned or contained by FY20	▪ ~8.8 million services on in market C&SB fixed and postpaid mobile plans ▪ Reduced active Enterprise products by 52% since FY18 to 299 ▪ Simplified and flattened structure removing on average >4 management layers

T22 outcomes – Progress (cont.)

Outcomes		Metrics & Measures	FY21 progress to date
Network	Extended network superiority and 5G leadership	▪ Lead in all key industry network performance surveys from FY19 ▪ Network ready for 5G in H1 FY19 ▪ Full commercial deployment of 5G in capital cities, major regional centres and other high demand areas by FY20 ▪ Australia's largest 5G network ▪ Deliver 5x data growth at flat costs by FY21	▪ >1 million sq. km more mobile coverage than any other competitor ▪ Both our LTE-M and NB-IoT are now formally recognised as 5G technologies, enabling a head start to lead in IoT through the fifth-generation of mobile network development ▪ Resiliency investments have led to an overall reduction of 85% in national severity 1 incidents as compared to 2016 ▪ Regional: Under the Federal Mobile Blackspot program (MBSP) we continued the delivery of new blackspots sites and are heading toward a total of >880 sites once all five current MBSP rounds are completed. In addition, in FY21, we have built 71 sites in other co-funded programs with states, councils and other entities. A further 214 small cells for localised regional community connectivity were delivered at Telstra's expense ▪ Ranked #1 for Ookla half-yearly (Q1 and Q2 2021) mobile combined 4G/5G speed-score results ▪ In #1 tier for Netflix ISP Speed Index for 11 of 12 months in FY21 including June 2021 ▪ Telstra was #1 in the June ACCC Measuring Broadband Australia Report for average download speeds during busiest hour when underperforming/impaired lines are removed. This busy hour performance was driven by cost effective CVC management ▪ Our network experience monitoring shows our NBN download speeds during busy hours are 50.9Mbps for 50/20 plans and 100.5Mbps for 100/40 & 100/20 plans (12 week-rolling average) ▪ In FY21 we added 2,279 5G sites taking the total 5G sites to 3,829, we also added 166 new macro sites to the network and completed 890 capacity augmentations at existing locations ▪ We now have expanded 5G rollout to selected areas within 200+ cities and towns across Australia, with over 3,200 suburbs more than 50% covered with 5G
Employees	Achieve Global High Performance Norm in employee engagement	▪ Agile teams at level 3 of Agile Maturity: 80% by FY20, >90% by FY22 ▪ 1 quartile increase in ease of doing business management practices of Organisational Health Index (OHI) by FY20 ▪ Increase employee engagement score 10 points ▪ Reduce total FTE by 8,000 net by FY22	▪ 96% of Agile teams at level 3 Agile Maturity ▪ As at the end of June 2021 we had ~16.8k people in Agile at scale chapter areas ▪ Employee engagement score at 78 for Q4 (May) – measured through the Experience Pulse conducted quarterly for all eligible employees ▪ Reported ~7.6k direct FTE reduction and ~17.4k indirect FTE reduction since end of FY18. ~8.3k direct FTE reduction since FY18 excluding additional hires in response to COVID-19. Committed 8k direct FTE reductions completed as at end FY21

T22 outcomes – Progress (cont.)

Outcomes		Metrics & Measures	FY21 progress to date
Cost reduction	**Net cost productivity of $2.7bn by FY22**[1]	▪ Net cost productivity – more than $1.5bn cumulatively delivered by FY20 ▪ Total costs will be flat or decline in each year from FY18 ▪ Absorb nbn CVC/AVC costs ▪ Labour cost to sales ratio to decline ~one third by FY22 ▪ Top quartile cost metrics for full-service telco by FY22	▪ Total underlying fixed cost reduction achieved since FY16: $2.3bn vs updated FY22 target $2.7bn. $490m net reduction in FY21 ▪ FY21 total operating expenses (reported lease adjusted) decreased 10.2% to $15.7bn (FY20 $17.4bn) ▪ FY21 nbn AVC/CVC costs FY21 $1,975m (FY20 $1,731m) ▪ FY21 Labour cost to sales ratio 17.2% (FY20 16.1%) ▪ We have improved our cost benchmarking position, moving from the bottom quartile in FY18 to the third quartile
Balance sheet	**ROIC ~8% by FY23**[1]	▪ Underlying ROIC to improve from FY19 to FY22 ▪ Monetise assets of up to $2bn by FY20 ▪ Establish standalone infrastructure business unit with effect from 1 July 2018 ▪ High level SLA's for infrastructure business to be defined by 1 October 2018 and segment reporting by 31/12/18 ▪ Telstra InfraCo fully operational by June 2019 ▪ EBITDA benefits of >$500m p.a. from $3bn strategic investment realised by FY21	▪ Underlying ROIC behind original target at launch of T22 with FY21 5.0% (FY20 5.4%). Revised ROIC target of ~8% by FY23 ▪ Exceeded target of monetising assets of up to ~$2bn including the sale of the Clayton data centre, the Sydney Pitt Street exchange and the Velocity and South Brisbane Fibre networks ▪ Announced proposed legal restructure in March 2021. The proposed restructure will see the establishment of a new holding company and the creation of three key separate subsidiaries, ServeCo, InfraCo Fixed and InfraCo Towers. ▪ EBITDA benefits of >$500m delivered from up to $3bn strategic investment by June 19

1. Net cost productivity targeted outcome increased from $2.5bn in February 2021. ROIC targeted outcome reduced from >10% in August 2020.

Supporting material

- Building momentum and growth
- nbn impact on EBITDA
- Telstra InfraCo
- Product performance detail & operating expenses
- Segment fully allocated Income & EBITDA
- Underlying earnings reconciliation
- Telstra long-term debt maturity
- Glossary

Building momentum and growth

Ambition is to achieve \$7.5b - \$8.5b of underlying EBITDA and ROIC target of ~8% by FY23[1]					
Mobile	**Fixed – C&SB**	**Fixed – Enterprise**	**Fixed – Wholesale**	**Other**	**Productivity**
▪ Service revenue & EBITDA growth ▪ Monetise 5G growth cycle	▪ Mid-teens nbn resale EBITDA margin in FY23 ▪ Accelerate on-net solutions ▪ Less than \$100m pa of losses in legacy copper (across all products)	▪ Data & connectivity growth by FY24 ▪ NAS EBITDA growth & mid-teens margin ▪ Enterprise revenue & EBITDA growth (mobile, fixed and International as a whole)	▪ Maintain EBITDA of ~\$350m p.a. until FY23 before the portfolio returns to growth	▪ International constant currency growth ▪ InfraCo unlocking value ▪ Health - at least high-teens organic revenue growth in FY22 ▪ Growth in other verticals including Energy	▪ \$2.7b net by FY22 (from FY16 base) including ~\$430m in FY22 ▪ Further opportunity beyond FY22

1. Telstra's ambitions for FY23 is not guidance and there are greater risks and uncertainties in connection with this ambition. Further, the information on this slide across Mobile, Fixed, Other and Productivity is not guidance and is provided to illustrate some of the outcomes which management is focused on delivering as part of this ambition. Each is subject to a range of assumptions and contingencies including the actions of third parties.
2. Refer to definition in the Glossary.

nbn impact on EBITDA

As previously advised, nbn migration creates a **net negative recurring headwind** on our business

Recurring nbn headwind	FY16 – FY21	FY21	FY22 est.[1]
⊕ Recurring nbn DA	+\$0.5b	~+\$0.04b	~+\$0.03b
⊕ Reduction in legacy access network costs	+\$0.5b	~+\$0.1b	~+\$0.1b
⊖ Network payments to nbn	-\$2.0b	~ -\$0.25b	~ -\$0.2b
⊖ Wholesale legacy earnings decline	-\$1.0b	~ -\$0.2b	~ -\$0.1b
⊖ Retail decline **attributable to nbn** across Fixed-C&SB and Data & connectivity	-\$1.2b	~ -\$0.3b	~ -\$0.2b
Total recurring nbn headwind	**-\$3.2b**	**-\$650m**	**~-\$350m**

As at end of FY21, we estimate we have absorbed around 90%[1] of the total headwind expected when migration to the nbn is complete

In addition, there are **one-off impacts** of the nbn

One-off nbn impact	FY13 – FY21	FY21	FY22 est.[1]
⊕ PSAA and ownership receipts for transitioning to nbn	+\$10.0b	\$1.0b	
⊖ net one-off costs of migrating to the nbn	-\$2.0b	-\$0.2b	
Total Net one-off nbn DA receipts less nbn net C2C	**+\$7.9b**	**\$0.8b**	**~\$0.25b**

From 1 July 2021 until end of nbn migration, net one-off nbn DA receipts less nbn net C2C forecast at ~\$350m pre-tax[1]

1. Based on management best estimates including key input of the nbn Corporate Plan.

Telstra InfraCo - Income

Income – External & Internal	FY20P[1]	FY21	CHANGE vs PCP
Total InfraCo Segment[2]	$4,157m	$3,745m	-9.9%
Active wholesale	$1,706m	$1,260m	-26.1%
InfraCo Fixed Passive[2]	**$2,147m**	**$2,168m**	**1.0%**
FibreCo	$808m	$811m	0.4%
Ducts & Fixed Network Sites (D&FNS)[3]	$1,494m	$1,513m	1.3%
Eliminations	-$155m	-$156m	-0.6%
InfraCo Towers[2]	**$326m**	**$340m**	**4.3%**
Eliminations	-$22m	-$23m	4.5%

FY21 Net book value of Passive assets $9.9b

InfraCo Fixed and Towers income in FY21 includes:
- $1,203m internal revenue from Telstra (incl. $261m Towers)
- $891m from NBN Co for Fixed infrastructure

FibreCo launched dark fibre product and we are seeing strong market demand. Launch also improved overall product proposition supporting active wholesale business

Ducts & Fixed Network Sites revenue includes continued growth in Ducts and largely flat Fixed Network Sites revenue

Ducts expected to continue to benefit from CPI indexation and small increases in utilisation

Fixed Network Sites largely flat with decline in Telstra Exchange Building Access (TEBA) partly offset by nbn growth

Data Centre new colocation product launch in Q1FY22

InfraCo Towers growth from continued demand including new builds and 5G coverage expansion from Telstra. Completed drone audit and digital twin creation

Active wholesale see 'Fixed - Wholesale' and 'Mobile' slides

FY21 Telstra InfraCo $9.9b assets down $0.4b from FY20P due to asset sales and ongoing depreciation

1. Proforma Internal income and EBITDA presented on proforma like-for like view with FY21 pricing methodology (as opposed to actuals reported in segment results).
2. To provide an economic view of InfraCo Fixed Passive and InfraCo Towers any transactions arising from the intercompany agreements are presented as revenue or expenses, i.e. they do not consider the impacts (if any) of the application of the Australian Accounting Standards to those intercompany agreements.
3. Formerly E&I. Represent the aggregation of Ducts, Data Centres, Fixed Network Sites (including Exchanges) and fixed network supporting infrastructure.

Telstra InfraCo - EBITDAaL[1]

EBITDAaL	FY20P[1]	FY21	CHANGE vs PCP	FY21 EBITDaL Margin	Indicative EBITDAaL margin range at full-cost run-rate
Total InfraCo Segment[2]	$2,765m	$2,541m	-8.1%	68%	
Active wholesale	$1,120m	$836m	-25.4%	66%	
InfraCo Fixed Passive[2]	**$1,415m**	**$1,469m**	**3.8%**	**68%**	
FibreCo	$544m	$568m	4.4%	70%	64% to 68%
Ducts & Fixed Network Sites[2]	$871m	$901m	3.4%	60%	57% to 60%
InfraCo Towers[2]	**$230m**	**$236m**	**2.6%**	**69%**	**62% to 65%**

InfraCo Fixed FY21 Passive assets EBITDAaL includes $851m from NBN Co for use of fixed assets. This is government backed, recurring and indexed to CPI for the remaining average contracted period of 26 years

InfraCo Fixed Passive and Towers EBITDAaL does not reflect full cost run-rate given build out of business model. Full-cost run-rate to include higher labour, IT and lifecycle maintenance, and support costs. All such costs included in group outlook

InfraCo Towers Proforma EBITDAaL at full cost run-rate was $210m in FY21 ($206m in FY20). 49% Towers sale valuing business at $5.9b and 28x EV/EBITDAaL based on FY21 Proforma at full cost run-rate

1. EBITDAaL defined as Earnings Before Interest, Taxes, Depreciation, Amortization and after Leases. FY21 includes $123m cash lease expense treated as operating expense in InfraCo Towers and InfraCo Fixed.
2. To provide an economic view of InfraCo Fixed Passive and InfraCo Towers any transactions arising from the intercompany agreements are presented as revenue or expenses, i.e. they do not consider the impacts (if any) of the application of the Australian Accounting Standards to those intercompany agreements.
3. Formerly E&I. Represent the aggregation of Ducts, Data Centres, Fixed network sites (including Exchanges) and fixed network supporting infrastructure.
4. InfraCo EBITDAaL excludes support costs incurred by other BUs which support the active wholesale fixed and mobile customer base.

Product performance: Mobile

	FY20	FY21	CHANGE vs PCP
Mobile Income	**$10,130m**	**$9,310m**	**-8.1%**
Mobile services[1]	**$6,782m**	**$6,781m**	**-0.0%**
- Postpaid handheld	$4,913m	$4,830m	-1.7%
- Prepaid handheld	$773m	$809m	4.7%
- Mobile broadband	$640m	$612m	-4.4%
- Internet of Things (IoT)	$243m	$246m	1.2%
- Wholesale	$221m	$267m	20.8%
Hardware, interconnect & Other[2]	**$3,348m**	**$2,529m**	**-24.5%**
EBITDA[3] **Margin**	**$3,477m** **34.3%**	**$3,647m** **39.2%**	**+4.9%** **+4.9pp**
Customers – retail	18.8m	19.5m	3.7%
Postpaid handheld mobile SIOs	8,484k	8,585k	1.2%
Internet of things (IoT) SIOs	3,784k	4,676k	23.6%
Postpaid handheld ARPU/mth	$48.96	$47.16	-3.7%
Postpaid handheld churn	11.5%	11.0%	-0.5pp

Mobile income decline due to hardware on lower volumes and international roaming. Mobile service revenue +3% ex roaming. **2H21 service revenue +3.7% vs pcp or +5.2% ex roaming showing strong momentum**

Postpaid handheld FY21 net adds of +101k including +34k Belong and strong contribution from Enterprise

Postpaid handheld ARPU +1.3% in 2H21 vs pcp or +3.3% ex roaming. Growth from higher TMMC in FY20/21 and price changes offsetting negatives of accounting impacts from migration to new plans, out of bundle decline and Belong mix dilution. **Consumer 2H21 ARPU growth of 7.5% offset by Small Business and Enterprise decline**

5G network at 75% population coverage with ~1.6m 5G devices on our network. Customers on average consume 2x more data on 5G

Prepaid handheld revenue +4.7% with **+95k unique users** and ARPU +7%

Mobile broadband revenue -4.4% mainly due to reduction in prepaid, and out of bundle Enterprise revenue in the pcp

IoT growth from SIO adds and increased value added app adoption

Wholesale revenue +20.8% with net adds of +240k

EBITDA growth due to productivity and hardware margin

Service revenue and EBITDA growth expected in FY22

1. Mobile services revenue also includes other revenue of $17m (FY20 -$8m).
2. Other includes media, Telstra Plus loyalty, Satellite & Other.
3. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA.

Product performance: Mobile (half yearly)

	2H20	1H21	2H21	CHANGE vs PCP
Mobile Income	**$4,775m**	**$4,710m**	**$4,600m**	**-3.7%**
Mobile services[1]	**$3,333m**	**$3,326m**	**$3,455m**	**3.7%**
- Postpaid handheld	$2,405m	$2,352m	$2,478m	3.0%
- Prepaid handheld	$385m	$404m	$405m	5.2%
- Mobile broadband	$315m	$316m	$296m	-6.0%
- Internet of Things (IoT)	$127m	$118m	$128m	0.8%
- Wholesale	$117m	$127m	$140m	19.7%
Hardware, interconnect & Other[2]	**$1,442m**	**$1,384m**	**$1,145m**	**-20.6%**
EBITDA[3] **Margin**	**$1,607m** **33.7%**	**$1,743m** **37.0%**	**$1,904m** **41.4%**	**+18.5%** **+7.7pp**
Customers – retail	18.8m	19.0m	19.5m	3.7%
Postpaid handheld mobile SIOs	8,484k	8,564k	8,585k	1.2%
Internet of things (IoT) SIOs	3,784k	4,240k	4,676k	23.6%
Postpaid handheld ARPU/mth	$47.53	$45.99	$48.16	1.3%
Postpaid handheld churn	11.2%	10.7%	11.8%	+0.6pp

1. Mobile services revenue also includes other revenue of $8m (2H20 -$16m 1H21 $9m).
2. Other includes media, Telstra Plus loyalty, Satellite & Other.
3. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA.

Product performance: Fixed - C&SB

	FY20	FY21	CHANGE vs PCP
Fixed - C&SB Income[1]	**$5,083m**	**$4,736m**	**-6.8%**
On-net fixed	$1,453m	$784m	-46.0%
Off-net fixed	$2,595m	$3,001m	15.6%
Consumer content & services	$727m	$661m	-9.1%
Business apps & services	$193m	$183m	-5.2%
Intercon., payphones, E000	$115m	$107m	-7.0%
EBITDA **Margin**	**$567m** **11.2%**	**$273m** **5.8%**	**-51.9%** **-5.4pp**
C&SB Bundles & data SIOs	3,709k	3,640k	-1.9%
C&SB Bundles & data ARPU	$75.90	$74.59	-1.7%
C&SB Standalone voice SIOs	692k	416k	-39.9%
C&SB Standalone voice ARPU	$50.25	$44.76	-10.9%

Fixed - C&SB impacted by nbn migration, legacy voice and Foxtel from Telstra decline. **Focus on long term economics/margin and customer experience** with TMMC/ARPU growth through differentiation, add-ons and plan/speed mix, greater efficiency through digitisation and automation

FY21 retail bundles & data net adds of -69k including +10k Belong. **nbn retail connections** +246k to 3,471k with 45% total market share (ex-satellite). <150k services to migrate to nbn in FY22 – half the volume of FY21

On-net revenue decline and off-net revenue growth reflecting nbn migration
5G Home Internet to drive on-net growth with mmWave increasing capacity
Smart Modem utilised by 81% of bundles & data consumer base (79% 1H21)
Telstra Plus Loyalty program with ~3.5m members

Consumer content & services supporting differentiation through Media (Telstra TV devices +69k to 1,728k), Gaming (SIOs +41k or 199%) and Platinum. Revenue decline due to lower Foxtel from Telstra SIOs

Business apps & services impacted by legacy product decline partly offset by growth in IP voice and video calling, and professional services

Bundles & data ARPU -1.7% due to one off remediation credits in 2H21 for issues from prior periods (-$32m). 85% of customers now on in-market plans (70% 1H21). TMMC accretive to ARPU
Standalone voice ARPU & SIOs decline from abandonment and migration to bundles

EBITDA decline includes high margin legacy revenue reduction and growing nbn network payments partly offset by cost out. nbn resale margin ~5% with mid-teens ambition by FY23

1. Includes $180m ($150m FY20) Telstra Universal Service Obligation Performance Agreement (TUSOPA) Income. TUSOPA is run by Department of Infrastructure, Transport, Regional Development and Communications and the income is net of the levy paid.

Product performance: Fixed - C&SB (half yearly)

	2H20	1H21	2H21	CHANGE vs PCP
Fixed - C&SB Income[1]	**$2,460m**	**$2,426m**	**$2,310m**	**-6.1%**
On-net fixed	$616m	$462m	$322m	-47.7%
Off-net fixed	$1,351m	$1,470m	$1,531m	13.3%
Consumer content & services	$346m	$342m	$319m	-7.8%
Business apps & services	$94m	$94m	$89m	-5.3%
Intercon., payphones, E000	$53m	$58m	$49m	-7.5%
EBITDA **Margin**	**$182m** **7.4%**	**$155m** **6.4%**	**$118m** **5.1%**	**-35.2%** **-2.3p**
C&SB Bundles & data SIOs	3,709k	3,656k	3,640k	-1.9%
C&SB Bundles & data ARPU	$75.37	$75.40	$74.13	-1.6%
C&SB Standalone voice SIOs	692k	554k	416k	-39.9%
C&SB Standalone voice ARPU	$48.96	$45.82	$43.38	-11.4%

1. Includes $99m (2H20 $72m 1H21 $81m) Telstra Universal Service Obligation Performance Agreement (TUSOPA) Income. TUSOPA is run by Department of Infrastructure, Transport, Regional Development and Communications and the income is net of the levy paid.

Product performance: Fixed - Enterprise

	FY20	FY21	CHANGE vs PCP
Data & connectivity Income[1]	$1,193m	$1,103m	-7.5%
Data & connectivity EBITDA **Margin**	**$797m** **66.8%**	**$663m** **60.1%**	**-16.8%** **-6.7p**
Data & connectivity SIOs[1]	203k	188k	-7.4%
T-Fibre SIOs	55k	54k	-1.8%
NAS Income	$2,913m	$2,621m	-10.0%
Calling applications[2]	$828m	$708m	-14.5%
Managed services	$634m	$671m	5.8%
Professional services	$427m	$376m	-11.9%
Cloud applications	$246m	$257m	4.5%
Equipment sales	$500m	$343m	-31.4%
Other	$278m	$266m	-4.3%
NAS EBITDA **Margin**	**$352m** **12.1%**	**$224m** **8.5%**	**-36.4%** **-3.6p**
Fixed - Enterprise Income	**$4,106m**	**$3,724m**	**-9.3%**
Fixed - Enterprise EBITDA **Margin**	**$1,149m** **28.0%**	**$887m** **23.8%**	**-22.8%** **-4.2pp**

Data & Connectivity we successfully re-signed key customers which helped maintain our T-Fibre SIOs and increase capacity. ARPU compression continues to occur within our T-Fibre products, while our Adaptive Networks strategy is gaining traction

NAS income decline due to reduction in higher margin legacy calling apps, professional services, and equipment sales partly offset by growth in managed services and cloud as we execute on our Next Gen strategy

Calling applications decline from legacy ISDN, inbound and fixed line calling products, and customer shift to cloud based contact solutions

Managed services growth due to increase in cyber security services attached to network customers and managed cloud services growth

Professional services decline with large strategic contracts replaced by digital transformation engagements. **Equipment revenue decline** partly due to market conditions and shift to cloud based technologies

Cloud applications growth due to demand for partner cloud products including AWS and Microsoft, enabling managed service attachment

Data & connectivity and NAS EBITDA declined in part due to fixed cost not reducing. Product improvements and cost reduction executed in 2H21 will have full year impact in FY22

1. Includes products across T-Fibre, NBN and copper access types.
2. Includes FY21 Fixed & Legacy Calling including ISDN revenue of $323m (FY20 $468m).

Product performance: Fixed - Enterprise (half yearly)

	2H20	1H21	2H21	CHANGE vs PCP
Data & connectivity Income[1]	$586m	$563m	$540m	-7.8%
Data & connectivity EBITDA **Margin**	**$407m** **69.5%**	**$330m** **58.6%**	**$333m** **61.7%**	**-18.2%**
Data & connectivity SIOs[1]	203k	195k	188k	-7.4%
NAS Income	$1,542m	$1,289m	$1,332m	-13.6%
Calling applications[2]	$402m	$366m	$342m	-14.9%
Managed services	$326m	$328m	$343m	5.2%
Professional services	$236m	$181m	$195m	-17.4%
Cloud applications	$127m	$127m	$130m	2.4%
Equipment sales	$306m	$157m	$186m	-39.2%
Other	$145m	$130m	$136m	-6.2%
NAS EBITDA **Margin**	**$192m** **12.5%**	**$100m** **7.8%**	**$124m** **9.3%**	**-35.4%**
Fixed - Enterprise Income	**$2,128m**	**$1,852m**	**$1,872m**	**-12.0%**
Fixed - Enterprise EBITDA **Margin**	**$599m** **28.1%**	**$430m** **23.2%**	**$457m** **24.4%**	**-23.7%** **-3.7pp**

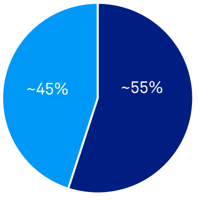
1. Includes products across T-Fibre, NBN and copper access types.
2. Includes 2H21 Fixed & Legacy Calling including ISDN revenue of $148m (2H20 $213m 1H21 $175m).

Product performance: Fixed - Wholesale

	FY20	FY21	CHANGE vs PCP
Fixed - Wholesale Income	**$1,872m**	**$1,356m**	**-27.6%**
Data & connectivity	$367m	$343m	-6.5%
Legacy calling & fixed	$624m	$412m	-34.0%
Commercial & recoverable works	$881m	$601m	-31.8%
EBITDA **Margin**	**$897m** **47.9%**	**$621m** **45.8%**	**-30.8%** **-2.1pp**
Fixed legacy SIOs	719k	248k	-65.5%
Data & connectivity SIOs	35k	31k	-11.4%

FY21 Income $1,356m

- Ongoing
- Legacy & nbn impacted



Fixed - Wholesale income decline attributed to legacy with growth in ongoing products:
- **Legacy & nbn impacted** (45% revenue from 59% in FY20) includes copper and nbn commercial works
- **Ongoing** includes Telstra fibre including backhaul and transmission, passive asset charges for ducts, towers, and dark fibre, nbn reseller and recoverable works

Data & connectivity decline due to ongoing SIO reduction in enterprise grade copper products, price competition in wideband fibre products, and migration of copper services

Legacy calling & fixed decline from continued legacy fixed product SIO decline as nbn migration nears completion

Commercial & recoverable works decline due to nbn migration nearing completion

EBITDA decline due to continued legacy and nbn revenue reduction. We expect by FY23 for legacy & nbn impacted revenues to largely bottom out with Data & connectivity growing. Our ambition is to maintain EBITDA of ~$350m p.a. until FY23 before the portfolio returns to growth

Product performance: Global

($ amounts in AUD)	FY20	FY21	CHANGE vs PCP	CHANGE in constant currency
Global Income[1]	**$1,725m**	**$1,496m**	**-13.3%**	**-8.1%**
Fixed (legacy voice)	$279m	$229m	-17.9%	-8.9%
Data & connectivity	$1,075m	$939m	-12.7%	-2.9%
NAS and other	$371m	$328m	-11.6%	-4.2%
EBITDA **Margin**	**$377m** **21.9%**	**$336m** **22.5%**	**-10.9%** **+0.6pp**	**-6.3%** **+0.4pp**

Global income -8.1% in constant currency largely due to continuing decline in low margin legacy voice and one-off transactions in FY20. Focused capital investment for future revenue growth and cost transformation see an improved entry into FY22

Fixed legacy voice -8.9% in constant currency due to continued market decline with strategic focus on maximising margin

Data & connectivity -2.9% in constant currency from industry wide price erosion across transmission products and customer churn in Enterprise as the market moves towards SD-WAN

NAS and other -4.2% in constant currency due to a reduction in low margin CPE sales and professional services, and churn in private cloud

EBITDA decline -6.3% in constant currency from revenue reduction but focus on improving margin ensured an improved exit trajectory into FY22

1. Enterprise Global excludes inter-segment revenue of $230m (FY20 $304m).

Product framework: operating expenses

	FY20	FY21	CHANGE $	CHANGE %
Mobile	$6,653m	$5,663m	-$990m	-14.9%
Fixed - C&SB	$4,516m	$4,463m	-$53m	-1.2%
Fixed - Enterprise (incl. NAS)	$2,957m	$2,837m	-$120m	-4.1%
Fixed - Wholesale	$975m	$735m	-$240m	-24.6%
Global	$1,351m	$1,159m	-$192m	-14.2%
Recurring nbn DA	$54m	$48m	-$6m	-11.1%
Other[2]	$212m	$256m	$44m	20.8%
Underlying	**$16,718m**	**$15,161m**	**-$1,557m**	**-9.3%**
One-off nbn DA and nbn C2C	$468m	$248m	-$220m	-47.0%
Restructuring	$259m	$211m	-$48m	-18.5%
Other guidance adjustments	-	$44m	$44m	NM
Reported lease adjusted[1]	**$17,445m**	**$15,664m**	**-$1,781m**	**-10.2%**

Mobile costs declined largely due to lower hardware costs and productivity

Fixed - C&SB costs declined with increase in nbn payments more than offset by productivity

Fixed - Enterprise (incl. NAS) costs decline due to lower NAS sales costs

Fixed - Wholesale costs declined largely due to productivity and commercial works

Global costs declined on currency and lower network costs

Underlying operating costs reduced 9%, due to lower hardware costs and productivity

Total operating expenses **declined**

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA.
2. Other includes miscellaneous and Telstra Health.

C&SB, Enterprise & Wholesale fully allocated EBITDA[1]

		Underlying Income			Underlying EBITDA[2]		
		FY20	FY21	CHANGE	FY20	FY21	CHANGE
C&SB	Mobile	$8,330m	$7,509m	-9.9%	$2,695m	$2,852m	5.8%
	Fixed - C&SB	$5,083m	$4,736m	-6.8%	$567m	$273m	-51.9%
	Other	-$4m	$2m	n/m	-$6m	$1m	n/m
	Total	**$13,409m**	**$12,247m**	**-8.7%**	**$3,256m**	**$3,126m**	**-4.0%**
Enterprise	Mobile	$1,593m	$1,513m	-5.0%	$643m	$587m	-8.7%
	Fixed - Enterprise	$4,106m	$3,724m	-9.3%	$1,149m	$887m	-22.8%
	Other	$27m	$33m	22.2%	$14m	$12m	-14.3%
	Global	$1,725m	$1,496m	-13.3%	$377m	$336m	-10.9%
	Total	**$7,451m**	**$6,766m**	**-9.2%**	**$2,183m**	**$1,822m**	**-16.5%**
InfraCo External (Active & Passive)	Mobile	$230m	$275m	19.6%	$160m	$196m	22.5%
	Fixed - Wholesale	$1,872m	$1,356m	-27.6%	$897m	$621m	-30.8%
	Recurring nbn DA	$865m	$899m	3.9%	$811m	$851m	4.9%
	Other	$7m	$12m	71.4%	-$24m	-$25m	-4.2%
	Total	**$2,974m**	**$2,542m**	**-14.5%**	**$1,844m**	**$1,643m**	**-10.9%**
Other		$290m	$319m	10.0%	$126m	$98m	-22.2%
Underlying		**$24,124m**	**$21,874m**	**-9.3%**	**$7,409m**	**$6,689m**	**-9.7%**

Telstra Consumer and Small Business income decline includes legacy voice and mobile hardware. EBITDA decline due to revenue decline partially offset by lower costs and productivity

Telstra Enterprise Domestic decline is largely due to the decline in Fixed - Enterprise across both Data & Connectivity and NAS. Telstra Enterprise Global decline is driven by reduction in low margin voice traffic

We expect Total Enterprise revenue & EBITDA to grow in FY22

Telstra InfraCo external excludes internal access charges with decline due to Fixed - Wholesale legacy products and commercial works for NBN Co. This was partially offset by increased recurring nbn DA and mobile

1. C&SB, Enterprise, InfraCo external exclude any one-off nbn DA and connection, and guidance adjustments attributable. Enterprise Global excludes inter-segment revenue. InfraCo is external and excludes internal access charges.
2. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA.

Underlying earnings

	Reported basis		Mobile handset Lease adjustments[2]		Restructuring/ other guidance adjustments[3]		Net one-off nbn receipts[4]		Underlying earnings[1] basis		
	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	CHANGE
Total income	**$26,161m**	**$23,132m**			**-$33m**	**-$208m**	**-$2,004m**	**-$1,050m**	**$24,124m**	**$21,874m**	**-9.3%**
Operating expenses	$16,951m	$15,470m	$494m	$194m	-$259m	-$255m	-$468m	-$248m	$16,718m	$15,161m	-9.3%
Equity accounted entities	-$305m	-$24m			$308m				$3m	-$24m	NM
EBITDA	**$8,905m**	**$7,638m**	**-$494m**	**-$194m**	**$534m**	**$47m**	**-$1,536m**	**-$802m**	**$7,409m**	**$6,689m**	**-9.7%**
Depreciation and amortisation	$5,338m	$4,646m	-$494m	-$194m					$4,844m	$4,452m	-8.1%
EBIT	**$3,567m**	**$2,992m**			**$534m**	**$47m**	**-$1,536m**	**-$802m**	**$2,565m**	**$2,237m**	**-12.8%**
Net finance costs	$771m	$551m							$771m	$551m	-28.5%
Income tax expense	$957m	$539m			$74m	$197m	-$461m	-$241m	$570m	$495m	-13.2%
NPAT	**$1,839m**	**$1,902m**			**$460m**	**-$150m**	**-$1,075m**	**-$561m**	**$1,224m**	**$1,191m**	**-2.7%**
Non-controlling interests	$20m	$45m				-$8m			$20m	$37m	85.0%

1. Refer to definition in the Glossary.
2. 'Reported lease adjusted' which includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA.
3. Refer to Full year results and operations review – guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY21 (set out in our ASX announcement titled "Financial results for the full year ended 30 June 2021" lodged with the ASX on 12 Aug 2021).
4. "net one-off nbn receipts" is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect less tax.

Glossary

Term	Definition (unless separately defined in the slide footnotes)
Capex	Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases
Free cash flow after operating lease payments (FCF)	'operating cash flows' less 'investing cash flows' less 'payments for operating lease liabilities', and excludes spectrum and guidance adjustments
Free cash flow after lease payments (FCFal)	'operating cash flows' less 'investing cash flows' less 'payments for lease liabilities', and excludes spectrum and guidance adjustments
Guidance adjustments	Guidance adjustments include impairments in and to investments or non-current tangible and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. Refer to Full year results and operations review – guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY21 (set out in our ASX announcement titled "Financial results for the full year ended 30 June 2021" lodged with the ASX on 12 Aug 2021)
In-year nbn headwind or **nbn headwind**	The net negative recurring EBITDA impact of the nbn on our business for the reporting period. See 'nbn impact on EBITDA' slide for details of the in-year nbn headwind
Net one-off nbn DA less net C2C	Adjustments for net one-off nbn receipts which is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect
Reported lease adjusted	'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. FY21 adjusted to include $194m (FY20 $494m) of reported depreciation of mobile handsets right-of-use assets in EBITDA. No adjustment expected in FY22.
ROE	Calculated as profit after tax attributable to equity holders of Telstra as a percentage of equity
ROIC	Calculated as Net operating profit after tax (NOPAT) as a percentage of total capital
Total Income	Total income excluding finance income
Underlying earnings	NPAT from continuing operations excluding net one-off nbn receipts, one-off restructuring costs and guidance adjustments. Guidance adjustments include impairments in and to investments or non-current tangible and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. See 'Underlying earnings' slide for details of underlying earnings
Underlying EBITDA	EBITDA excluding net one-off nbn DA receipts less nbn net C2C, one-off restructuring costs and guidance adjustments but includes depreciation of mobile lease right-of-use assets
Underlying ROIC	Calculated as NOPAT excluding net one-off nbn receipts, one-off restructuring costs and guidance adjustments less tax as a percentage of total capital. Guidance adjustments include impairments in and to investments or non-current tangible and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum

Disclaimer

These presentations include certain forward-looking statements. The forward-looking statements are based on certain assumptions and information known by Telstra as at the date of these presentations.

The 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 Telstra's actual results, performance and achievements to differ materially from those expressed in, or implied by, the forward-looking statements including 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; the ongoing impacts of the COVID-19 pandemic; and the continuing growth in the data, internet, mobile and other telecommunications markets where Telstra will operate. A number of these risks, uncertainties and other factors are described in the "Chairman & CEO Message", "Our material risks" and "Outlook" sections of our Operating and Financial Review (OFR). The OFR is set out in Telstra's financial results for the year ended 30 June 2021 which were lodged with the ASX on 12 August 2021 and are available on Telstra's Investor Centre website www.telstra.com/investor.

In addition, there are particular risks and uncertainties in connection with the implementation of the Telstra2022 strategy (T22), 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 T22 may vary as plans are developed and third parties engaged; Telstra's ability to execute and manage T22 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.

Telstra does not provide financial guidance beyond the current financial year. Telstra's ambition for its Underlying EBITDA in FY23 is not guidance and there are greater risks and uncertainties in connection with this ambition. The indicators provided in this presentation, including across Mobile, Fixed – CS&B, Fixed - Enterprise, Fixed - Wholesale, Other and Productivity, are not guidance and is provided to illustrate some of the outcomes which management is currently focused on delivering as part of this ambition across the short to medium term. Each item and action subject to a range of assumptions and contingencies, including the actions of third parties. As with the implementation of T22, associated detailed business plans have not be developed in their entirety and the full scope and cost may vary as plans are developed and third parties engaged. Telstra's ability to realise these ambitions will also depend on Telstra's ability to execute in accordance with the associated business plans (once developed).

Investors should not place undue reliance on the forward-looking statements. To the maximum extent permitted by law, Telstra gives no representation, warranty or other assurance in connection with, and disclaims all responsibility for, the accuracy and completeness of the forward-looking statements, whether as a result of new information, future events or otherwise.

In terms of the information provided in these presentations relating to the proposed restructure of the Telstra Group, any restructure is a complex process and we will need to navigate a range of existing commercial, regulatory, operational and other requirements. There may be delays in implementing some parts of the program, or they may not be implemented.

The assumptions underlying and the basis upon which we have provided our FY22 earnings guidance is set out on slide "FY22 guidance". Defined terms are set out on the slide "Glossary".

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All forward-looking figures and proforma statements in these presentations are unaudited and based on A-IFRS unless otherwise indicated. Certain figures may be subject to rounding differences.

All market share information in these presentations is based on management estimates having regard to internally available information unless otherwise indicated.

All amounts are in Australian Dollars unless otherwise stated.

CEO & CFO SPEECH NOTES

TELSTRA FULL YEAR RESULTS

12 AUGUST 2021

ANDREW PENN – CEO

Slide 1 – Full year results 2021 - Andrew Penn Telstra CEO

Good morning and welcome to Telstra's results announcement for the full year ended 30 June 2021. A year in which we saw our underlying business return to growth. A year in which we continued to make strong progress against our T22 strategy.

This morning I will make some introductory remarks and take you through an overview of our results. Vicki will then take you through the numbers in detail before we move to Q&A.

Before I start I wanted to thank you for attending virtually. It's been a trying 18 months for all of us and my thoughts go out to those in lockdown and those families and businesses doing it tough. I hope you and your families are staying safe.

Slide 2 – Delivering on our strategy

2021 was a significant year for Telstra. It was a crucial milestone in our T22 journey.

It represents a turning point in our financial trajectory with second half underlying EBITDA up on the first half, guidance for FY22 underlying EBITDA in the range of $7.0-7.3bn representing mid to high single digit growth and FY21 NPAT and EPS up 3.4% and 2% respectively.

We have achieved this because we have stayed disciplined and focused on delivering what we said we would. Three years into what has been one of the largest and most ambitious transformations of a telco globally, we are now a vastly different company.

Since announcing T22:

- we have radically simplified our business reducing the number of Consumer & Small Business plans from 1800 to 20. We have removed lock in contracts, excess data and many other fees. The number of calls coming into our contact centres has fallen by more than two-thirds and by the end of this financial year we expect to answer all calls from these customers in Australia;
- We are also well progressed on the arrangements to bring our licensee stores back in house;
- We have cut our workforce by one third reducing our direct and indirect headcount by more than 25,000 in response to the transfer of a material part of our business to the nbn and from our digitisation and efficiency initiatives;
- we have also exceeded our target to recruit new capabilities in new areas such as software engineering, data analytics, cyber security and artificial intelligence with more than 1,500 new hires;
- we have removed on average more than four layers of management
- we have delivered cost reductions of $2.3 billion and are on track to deliver our T22 productivity target of $2.7 billion;
- we have repositioned our investment in Foxtel, retaining access to key content for our customers and supporting its turnaround;
- we have similarly repositioned our investment in Telstra Ventures which delivered a mark to market gain of $300m this year;
- we have improved the performance of our health business and with Monday's announcement regarding Medical Director, it is very well positioned strategically for the future;

- we have also successfully established InfraCo and we are progressing our corporate restructure. We will continue to focus on opportunities to realise additional value for shareholders on top of the $2.8bn deal on towers;
- we have monetised over $2 billion of assets, further strengthening our balance sheet. In addition to our ordinary dividends, we have returned approximately 75% of the net one off payments from the nbn to shareholders and today we have announced an on-market share buy-back returning up to a further $1.35bn from the Towers deal; and
- we have taken a leadership position on climate change and the environment and we have been certified carbon neutral since this time last year. We also continue to make progress on our two other climate targets, to reduce our absolute emissions by at least 50% by 2030 and to enable renewable energy generation equivalent to 100% of our consumption by 2025; and
- importantly, through all of this change, we have seen positive movements in the way our customers and employees view us, with Strategic NPS increasing 15 points and employee engagement increasing 4 points.

It is clear in my mind that initially we did not respond quickly or significantly enough to the reality of the impact of the nbn on Telstra which, as you know, has a negative impact on EBITDA of at least $3.5bn per annum. Before T22 we were not focussed enough on transforming and improving the core business to mitigate this, we were too dependent on investments outside of the core.

We have addressed this and our T22 program has been a clear success. While we have more to do and we are determined to finish the job we will be announcing what comes after T22 and our strategy for the future at an investor briefing on 16 September. This will be firmly focussed on continuing to improve customer experience, driving growth and how we will be leveraging the foundation and capabilities we have built.

So with that now let me turn to the financial results for FY21.

Slide 3 – Financial headlines

Total Income for the year decreased 11.6 per cent to $23.1b on a reported basis.

Underlying EBITDA on a guidance basis, which excludes one-off NBN income and guidance adjustments, decreased 9.7 per cent to $6.7b.

Underlying EBITDA increased from $3.3b in the first half to $3.4b in the second half.

Underlying EBITDA included an in-year NBN headwind of $650m and an estimated $380m financial impact from COVID.

Encouragingly NPAT increased 3.4 per cent to $1.9b on a reported basis and Earnings Per Share was up 2% to 15.6 cents per share.

Free cashflow was up 11.6 per cent to $3.8b.

The Board has resolved to pay a fully-franked final dividend of 8 cents per share bringing the total dividend for the year to 16 cents per share.

We have also announced today returning $1.35bn to shareholders over the coming period through an on-market buy-back from the proceeds of the towers deal. This will bring total returns to shareholders from activities in FY21 to $3.25bn.

Slide 4 – Operating highlights

In terms of the operating highlights for the year.

We continued to see strong customer growth in mobiles albeit there is no doubt the market has slowed considerably due to COVID. This has included the sharp reversal of net immigration and population growth in Australia as well as hardware supply shortages.

We added 101,000 net retail postpaid mobile services including 67,000 branded and 34,000 from Belong. Our branded performance reinforces the benefits of our clear leadership in 5G.

In Wholesale we added 240,000 services, and we added 892,000 IoT services.

Importantly, in mobiles, we saw our lead indicator – transacting minimum monthly commitment or TMMC, increase by more than $3. Our continued focus on building value in mobiles resulted in EBITDA growth of $170m.

In fixed we lost 69,000 net new retail bundles including 10,000 adds from Belong.

While we had negative net adds, Bundle and standalone data ARPU, excluding one-offs, in Consumer & Small Business stabilised. We continue to focus on building value in fixed through our focus on price, higher speed tiers, add-ons, improvements to Wi-Fi and our Smart Modem.

The Telstra Smart Modem is now in over 2.3 million homes and it has been key to keeping customers connected when working and studying from home.

Telstra TV is keeping them entertained and through it, more customers are watching Foxtel's Kayo and Binge streaming products.

Last week Foxtel reported paid streaming subscribers were up 155% to over 2 million. That exceptional subscriber growth has Foxtel, and our investment in Foxtel, well positioned for the future and validates our strategy to restructure and retain our investment giving us continued access to great content for our customers.

Telstra Health also had a strong year operationally and strategically. Revenue was up 6% in FY21 and we are confident Health will see high teens organic revenue growth in FY22.

COVID has highlighted the importance of digital health and has driven growth to key platforms such as virtual health care and electronic and real time prescribing. Notwithstanding the strong demand, key health care organisations have understandably been focussed on their own COVID responses and this has disrupted a number of contracts in our pipeline. This has included electronic medical record and integration opportunities – albeit we expect these to be just timing delays.

Also, as you saw earlier this week, we have entered into binding agreements to acquire Medical Director, a key provider of practice management software to GPs in Australia. As you would appreciate GPs play a central and key role in the health care system. A number of our digital services already integrate into their practice management systems. This acquisition will enable us to supercharge the digitisation of this critical part of the health care system and comes on the back of our announced acquisition of specialist billing and clinical coding software company PowerHealth in June.

It was also a very strong year for Telstra Ventures where on a mark to market basis, the value of our investment increased almost $300m. Telstra Ventures is one of the most successful corporate backed venture firms globally. Not only have our investments given us access to key insights, technologies and innovation, of the 74 start ups Telstra Ventures has invested in, 12 have achieved Unicorn status with a value of more than $1bn and 4 have achieved a value of more than $10bn.

In customer experience Episode NPS improved nine points in the year and six points in the last six months. Similarly, Strategic NPS improved seven points in the year and two points in the last six months.

These improvements are evidence that the many initiatives under our T22 program in simplifying and digitising the business are having a positive impact on customer experience. Customer complaint levels are now at their lowest level since the migration to the nbn began.

I know that not all aspects of customer experience are yet where they need to be, and we have more work to do. Nonetheless, I am confident these initiatives, combined with our decisions to have all inbound customer calls answered in Australia and to bring our branded retail stores back in house, will deliver further improvements.

Finally, on our operating highlights, we have made very strong progress in our productivity program. For the year total operating expenses were down $1.8bn, more than 10% and underlying fixed costs were down $490m.

Slide 5 – Underlying EBITDA growth ambition

So, it is clear we are building financial momentum.

The left-hand side of this slide shows the growth we achieved in Underlying EBITDA from the first half to the second half this year.

The chart on the right shows the evolution of our full year Underlying EBITDA including guidance for FY22 of $7.0 – 7.3b and the aspiration to be in the range of $7.5 – 8.5b in FY23.

As you know we communicated the $7.5 – 8.5b range as that required to support a 16 cents dividend under our dividend policy. We plan to update how we articulate our financial aspirations in conjunction with our strategy briefing in a few weeks. However, to be clear we are not changing our outlook and we continue to aspire to be in this range, I am just noting that our 8% ROIC target is in the bottom half.

I am also required to point out that these statements for FY23 are not guidance. They are aspirations or ambitions which means there are greater risks and uncertainties associated with them compared to our normal guidance statements.

Nonetheless the charts clearly demonstrate why I say we are at a turning point.

Slide 6 – Underlying EBITDA growth drivers

While there are many things that support the trajectory of Underlying EBITDA, three in particular are important.

Firstly mobile services revenue. Through our continued focus on building value, we achieved mobile service revenue growth of 3.7 per cent in the second half, 5.2 per cent excluding international roaming. This was the first period of growth in four years with further growth expected next year.

Secondly, and as I have already mentioned, we have continued to make strong progress on our productivity program reducing underlying fixed costs by $490m in FY21 with another approximately $430m expected in FY22.

Thirdly, the major headwinds that we have been facing from the migration to the nbn, are coming to an end. The in-year nbn headwinds peaked in the second half of FY20, reduced in FY21, and will be substantially less in FY22 with the majority coming between now and December.

Slide 7 – T22 achievements to date

With that, let me turn back to this year and comment on our progress with T22.

We have completed or are on track to deliver around 80 per cent of our T22 scorecard metrics.

We now have 8.8 million services on our 20 new simplified Consumer and Small Business plans. We have 3.5 million customers signed up to our rewards program, Telstra Plus, and we are seeing strong engagement from these customers.

Indeed, NPS for customers who are also members of Telstra Plus is around 20 points higher than customers who are not.

We have rationalised the number of Enterprise active products by more than half and we have launched new Adaptive Networks and Adaptive Mobility products to provide more flexibility to customers and support a return to growth.

For Consumer and Small Business customers, digital sales interactions are up 9 percentage points to 39 per cent. Overall, almost three quarters of all service interactions with customers are now digital.

Under our T22 strategy, our aspiration had been to reduce the number of calls to our contact centres by at least two thirds by FY22. With the acceleration to digital we have achieved this aspiration one year early.

We are also on track with the transition to full ownership of Telstra branded licensee stores and we have reached agreement with most licensees.

We have also met our T22 target to reduce our direct workforce by 8,000 net, excluding hires due to COVID workforce restrictions.

Whilst we have completed our T22 reductions, we remain a large organisation in a dynamic environment and there will always be workforce changes across Telstra as we work to improve customer experience, the nbn transition is finalised, technology continues to automate and digitise parts of our business.

We have further progressed our journey to introduce agile ways of working and today we have around 17,000 people across the business working in Agile.

We have a proud history of building Australia's – and even the world's – leading mobile networks. And we're continuing that with 5G.

Our competitors like to talk up their 5G networks, but they're not in the same league. Our 5G network is now more than twice the size of our next nearest competitor. We cover more than 75% of the population and our customers know this coverage matters, with more than 1.6 million 5G devices on already connected.

Importantly, while we continue to roll out 5G, customers will use both 4G and 5G as they travel, which is why combined average speeds are the most important metric. And on this measure, Telstra's network outperforms all of its competitors for both download and upload.

The 1000MHz of 26GHz spectrum we acquired at auction earlier this year gives us a 10 fold increase in capacity in hot spots. This is significant as we ramp up the rollout of mmWave beyond the five major capital cities and more compatible devices are released.

In regional Australia, we have announced almost half a billion dollars of additional investment in our networks to ensure we maintain our competitive advantage and continue to maintain and improve connectivity for regional customers.

I am pleased therefore with the Minister's decision to not follow the ACCC's advice in relation to the low band spectrum auction later this year. This was an important decision for our customers in regional Australia particularly as we move to close 3G to focus on 4G and 5G.

Not surprisingly, we continued to lead the market in the major mobile industry network performance benchmarks in the year, including umlaut where we ranked #1 for best in test and best in data.

Turning to Infrastructure.

Telstra InfraCo has now completed its first full year as a fully operational business function. InfraCo Fixed passive income increased 0.9 percent to around $2.2b, and InfraCo Towers income increased 4.3 percent to $340m.

The part sale of our Towers business announced in June and which we expect to complete this quarter, reinforces the value of our infrastructure assets. The financial outcomes of the transaction –

a valuation of Telstra InfraCo Towers at $5.9 billion, representing an FY21 pro forma EV to EBITDA after leasing multiple of 28x – clearly demonstrate this.

We have also continued to make progress to implement the proposed legal restructure we announced in November of last year. This includes working closely with our partners, our people and stakeholders to navigate the range of commercial, regulatory and operational requirements and approvals.

The proposed restructure is complex and involves the creation of separate subsidiaries including InfraCo Fixed, InfraCo Towers, ServeCo and Telstra International under a holding company.

We expect the restructure to be undertaken by way of scheme of arrangement. It was our intention to seek shareholder approval for the scheme at this year's AGM. However, we now aim to do so at a separate general meeting before the end of this year.

Let me also comment on our recent announcement confirming we are in discussions regarding Digicel. As we said in the ASX statement, the discussions are incomplete and it is not certain a transaction will proceed.

Given the nature of these discussions, I am not able to say more at this stage other than any transaction will have to meet certain financial parameters. These include Telstra's financial investment being the minor economic portion of the overall transaction with all other capital being resourced on a non recourse basis. Telstra would own Digicel with appropriate risk protections and consolidate it in our financial results.

Digicel Pacific is a commercially attractive asset, enjoying a strong market position in the South Pacific region. It generated EBITDA of $US235 million in calendar 2020 with a strong margin and has an extensive network.

But let me also strongly reiterate the comments from our Chairman that we will only proceed with a transaction if it is in the interests of our shareholders.

Slide 8 – T22 Strategy scorecard

Turning to our T22 scorecard.

There are two things you will notice on the scorecard – firstly, with a year to go on T22 there are more ticks than dots and secondly, there are three times as many greens than ambers and reds.

In the period, we completed six measures to bring the total completed to date to more than half.

There are however, some measures rated amber or red and I want to take a moment to explain why.

Firstly, underlying ROIC. Our target is to achieve around 8 per cent and with the financial ambitions I spoke to earlier, we can see our path to doing so in FY23.

The building of our new technology stacks is very well progressed but as in many IT projects of this scale there are a few timings that have shifted.

Active My Telstra app users have grown by more than 500,000 in the last two years to 4.5 million. This is below where we had planned but reflects good progress and active users across Consumer and Small Business digital platforms have grown to 6.5 million.

We need to build more momentum in average services per customer and we are continuing to target increased multi-product holdings through entertainment, mobile assurance and gaming add-ons.

We are behind where we wanted to be on achieving top quartile cost metrics for a full service telco. On this measure we set ourselves a very ambitious target three years ago. We have since achieved $2.3b of underlying cost out, increased our overall cost out ambition, and delivered on our commitment to reduce total costs.

This strong progress on costs has improved our benchmarking position substantially and we expect further improvement in FY22. However, we expect to finish FY22 just outside the top quartile given our global peers are also improving more than we had originally anticipated.

Similarly, on labour costs to sales, although we have achieved our T22 cost reductions, this metric has been impacted by lower hardware revenue.

Our employee engagement did fall a few points this year however, we were pleased it remained high with a score of 78 consistent with other high performing companies, through a period of great uncertainty and relentless change.

Slide 9 – FY22 priorities

If I was to summarise FY21 into a single sentence it would be: We stayed disciplined on the execution of our T22 strategy through uncertain times, our hard work is paying off and the turnaround is here.

We are earning the trust of our customers, including by removing pain points and raising the bar on doing business responsibly.

Our networks remain Australia's biggest and best. Agile is transforming how we work and, combined with our hybrid working model, is helping our people to feel supported and perform at their best notwithstanding COVID related restrictions.

I said in my opening that 2021 was a significant year for Telstra. We have reached an important turning point financially and we look to 2022 with great confidence in our ability to deliver our strategic ambitions.

In this final year of T22 we will be:

- Continuing to improve our customer experience including for regional customers;
- Completing our Digitisation program, including remaining focused on simplification and migration of our customers to the new stack;
- Completing our group restructure, further operationalising Telstra InfraCo and driving value from our passive assets;
- Extending our leadership in 5G, including stand-alone core;
- Continuing to grow core connectivity and services, and accelerating the growth of our new businesses; and finally,
- delivering on our financial commitments to our shareholders.

Delivering these priorities is key to us finishing the T22 job and setting us up for what comes next. We have done the hard transformational work. We have built the capabilities to take advantage of the opportunities ahead.

As I said in my introduction, I am excited to announce that we will be communicating what comes after T22 and our strategy for the future at an investor day on 16 September.

Can I close by acknowledging that the progress we have made is due to the combined efforts of our many dedicated employees. Despite the disruptions and impact on them personally from COVID, every day they have focussed on working for our customers and keeping Australians connected and for that I want to sincerely thank them.

Thank you and with that I will hand over to Vicki before we open for Q&A.

VICKI BRADY – CFO

SLIDE 10 –FULL YEAR 2021 RESULTS

Thanks Andy.

Good morning and thank you for joining us.

I'd like to begin by recognising that I am joining you from the land of the Darramuragal people. I acknowledge their ancient and ongoing connection to this land and their culture. And I welcome any Aboriginal and Torres Straight Islanders joining us today.

This morning I'll go through our full year results and highlight some important trends in the second half, which illustrate the momentum we've built towards underlying growth.

I will also discuss expenses, free cashflow, dividends, capital and FY22 guidance.

SLIDE 11 – INCOME STATEMENT

Turning to our FY21 performance on slide 11.

The numbers on the left are our statutory results. The numbers on the right are 'Reported Lease adjusted', which include depreciation of mobile handset lease expense as opex. This provides a like-for-like, year-on-year view, given our exit of mobile lease plans. This is the view we use when managing the business, and which today's presentation will focus on. Pleasingly, FY21 is the last year this adjustment will be required.

For FY21, income was $23.1 billion, down 11.6 percent.

Total operating expenses declined 10.2 percent, including a $490 million, or 8.1 percent decline in underlying fixed costs.

On a reported lease adjusted basis, EBITDA declined 11.5 percent to $7.4 billion. This included a $734 million reduction in net one-off nbn receipts, and a $487 million positive movement in guidance adjustments due to an impairment in FY20 and gains on sale in FY21.

Underlying EBITDA for the year was in line with our FY21 guidance, declining 9.7 per cent or $720 million. This included an estimated $650 million of in-year nbn headwind, and approximately $180 million of negative year-on-year impacts related to COVID-19.

At our half year results in February we committed to growing underlying EBITDA half-on-half, and I'm pleased to say we've achieved this.

Depreciation and Amortisation declined 8.1 percent, or $397 million, on a reported lease adjusted basis, due to assets associated with nbn completion, and legacy IT assets fully depreciating. We would expect around $100 million of further decline in FY22 in the ordinary course.

However, given our shift to hybrid working, we will continue to assess our property requirements and may exit some leases early. This may have a short-term negative impact on D&A but should result in financial benefits overtime.

Net finance costs declined due to both our reduction of net debt and lower average borrowing costs. We expect this trend to continue in FY22.

Income tax expense declined 44 percent, as we have used some capital losses to offset material profit on asset sales during FY21. Excluding one-offs our effective tax rate was close to 30 percent.

Reported NPAT grew 3.4%, to $1.9 billion.

SLIDE 12 – INCOME BY PRODUCT

Looking now at income by product, on slide 12.

Underlying income declined $2.25 billion or 9.3 percent.

This decline was around 3% excluding in-year nbn headwinds, lower international roaming due to travel restrictions, and a reduction in low-margin hardware.

For example, although mobile income declined $820 million, this was largely due to a $750 million decline in hardware revenue, as handset and tablet volumes fell due to lower foot traffic in our stores, customers holding handsets for longer, and higher outright purchases through independent retailers.

Fixed-C&SB income remained impacted by nbn migration, legacy voice decline, Foxtel from Telstra decline and remediation credits.

Fixed-Enterprise declined due to competition and technology disruption in data & connectivity, as well as legacy calling and equipment decline not being offset by cloud and NextGen services growth in NAS.

The decline in Fixed-Wholesale is attributable to legacy products, nbn headwinds, and commercial works.

We saw growth in recurring nbn DA, which represents government backed contracts indexed to inflation, with an average of 26 years remaining, for use of our InfraCo fixed assets.

Other revenue grew. This included Health revenue growing 6 percent in FY21. We are confident Health will see at least high teens organic revenue growth in FY22.

Turning to EBITDA.

SLIDE 13 – EBITDA by product

Our full year Underlying EBITDA declined $720 million, reflecting ongoing nbn headwinds, legacy declines, and the financial impacts of COVID-19.

In FY21, mobile EBITDA grew by $170 million. This was driven by benefits from transitioning our customers off subsidy and lease plans, and ongoing productivity, despite around $200 million of decline in international roaming revenue.

As expected, and in line with migration to nbn and legacy decline, all Fixed products decreased.

I will address Mobile and Fixed products in more detail shortly.

Global EBITDA was largely flat in constant currency, and excluding one-offs in the prior period, as initiatives to reduce costs were offset by revenue declines.

nbn recurring grew.

Other declined, largely due to non-operating accounting adjustments.

Despite declines, there has been a significant improvement in the trajectory of the business during the year.

The second half has clear indicators of momentum, especially in our mobile business.

This is further illustrated on slide 14.

SLIDE 14 – EBITDA by half shows improving momentum

Here you can see the trend in our underlying EBITDA by half.

As you can see in the dark blue boxes at the top of the graph, between first half FY20 and first half 21, underlying EBITDA declined $551 million. However, between second half FY20 and second half FY21, this moderated to a $169 million decline.

Looking sequentially, the light blue arrows show that we have gone from a $210 million decline between second half FY20 and first half FY21, to achieving growth of $41 million in the second half.

This momentum is a result of improved product trajectory that includes Mobile growth and Fixed-C&SB stabilising, as well as ongoing productivity and reducing nbn headwinds.

I will now take you through the key products trends.

SLIDE 15 – Product highlights– mobile momentum

Firstly, looking at mobile.

We have delivered on all our FY21 mobile market commitments, and now have clear momentum which is flowing through to the financials.

Let me take you through four important aspects of this:

Firstly, top left you can see Mobile service revenue, the key driver of mobile profitability, which has returned to growth. In the second half of the year service revenue, excluding international roaming, grew 5.2 percent, up from 0.7 percent in the first half.

We added 101,000 postpaid handheld customers, including 34,000 Belong SIOs and a strong contribution from Enterprise. This increase is despite a decline in Australia's population, a trend which is expected to continue to impact industry growth.

In addition, 75 percent of mass market postpaid customers are on new simplified plans providing pricing flexibility.

Secondly, top right you can see Mobile EBITDA, which grew an impressive $297 million in the second half vs pcp, as service revenue growth flows through to earnings.

Thirdly, Bottom left, you can see postpaid handheld ARPU, which grew 1.3 percent in the second half compared to the same period last year.

Our lead indicator of postpaid handheld ARPU, Transacting Minimum Monthly Commitment, or TMMC, has now grown by more than $5 since FY19. We can see this increase and pricing changes are flowing through to ARPU.

However, the growth of Reported postpaid handheld ARPU was somewhat offset by four negative impacts:

- Firstly, International roaming decline;
- Secondly, accounting changes including new plans which allocate more revenue to hardware, and a shift from full revenue recognition for some add-ons to commission;
- Thirdly, lower out of bundle excess voice and data fees; and
- Finally, dilution from a higher mix of Belong customers.

If these negative impacts are excluded, postpaid handheld growth would have been in the high-single digits.

By segment, we achieved strong Consumer postpaid ARPU growth in the second half, of 7.5 percent on pcp. This was offset by Small Business and Enterprise declines.

Encouragingly, on a sequential basis Small Business ARPU grew, and Enterprise ARPU flattened, giving us confidence that both segments will follow Consumer to growth in FY22.

With TMMC being accretive to ARPU, and pricing changes continuing to flow through, we expect reported postpaid handheld ARPU growth in FY22. This is despite the identified negative impacts I just mentioned, except for roaming, continuing to drag.

Forth, on the bottom right, you can see that Prepaid handheld performance was strong, with FY21 revenue growing 4.7 percent. This was due to a 95,000 increase in unique users, and higher ARPU.

Finally, in other mobile categories:

- Mobile broadband declined 4.4 percent, mainly due to higher out of bundle enterprise revenue in the pcp and a reduction in prepaid , and
- Wholesale grew revenue 21 percent, with net adds of 240,000, and largely flat ARPU.

These factors give us confidence that mobile EBITDA growth will continue thanks to a combination of service revenue, the final benefits of migrating customers off subsidy and lease plans and ongoing productivity.

SLIDE 16 – Product highlights – Fixed approaching inflection

Turning now to our Fixed portfolio.

We have not achieved the same momentum in Fixed as we have in mobile. Products within the Fixed portfolio are at different stages, however in all fixed products we can see an inflection point, as we address challenges head-on.

We have now absorbed around 90 percent, or around $3.2 billion, of net negative recurring headwind from the nbn migration.

We are further through this headwind in C&SB than Enterprise.

This means that in Fixed-C&SB, we have reached an inflection point, with the nbn driven decline now substantially complete.

The rate of decline has reduced in the second half of FY21, and is stabilising sequentially. We expect this to continue in FY22, before EBITDA begins to grow in FY23.

In FY21, bundle and data connections declined 69,000, and we saw higher churn as customers continued to migrate to the nbn. We now have less than 150,000 services to migrate to the nbn in FY22 – less than half the volume of FY21. Our churn on nbn is lower than legacy, giving us confidence of trends improving in FY22.

ARPU has bottomed and is now expected to grow. The decline in this period was due to remediation credits and other one-offs. TMMC was accretive to ARPU, and 85 percent of mass market customers are now on simplified plans.

We remain focused on increasing ARPU through plan mix and add-ons, while maintaining our premium through differentiation.

We increased the percentage of customers on more profitable higher speed plans, with 6 percent of customers now on plans of 100Mbps or greater. And we have well over 1 million carrier billed streaming and Foxtel from Telstra services.

Digitisation represents an opportunity to deliver a step change, in both customer experience and productivity. We are seeing these benefits in mobile, and expect similar benefits to follow in mass market fixed, as further digitisation capabilities are enabled.

In FY21 we also launched 5G Home Internet and we remain excited by the opportunities to drive on-net growth.

Our nbn reseller EBITDA margin in FY21 was around 5 percent. Despite challenges, we maintain our ambition to reach mid-teens nbn resale margin in FY23.

Turning to Fixed-Enterprise.

In Data & connectivity we are seeking to stabilise the portfolio and position it for growth by FY24, as we transition from virtual private networks to integrating over-the-internet technologies such as SDWAN, with Telstra Fibre or NBN access.

During the year, we successfully re-signed key customers, which helped maintain our T-Fibre SIOs, and increase network capacity for future services growth. Total-SIOs declined as lower-value copper connections were impacted by consolidation and nbn migration.

While ARPU compression continued to occur, we made material progress in modernising the product portfolio with Adaptive Networks, which has been well received by customers.

In FY22 we will have an increased focus on leveraging our extensive fibre footprint, complemented by reselling nbn, and continued investment in capabilities. This is expected to deliver a lower rate of decline in FY22.

Disappointingly, NAS income and EBITDA did not grow at the rate we expected in FY21, given the larger than anticipated decline in high-margin legacy calling apps, and under performance in professional services. We are confident that the workforce changes we put in place, which temporarily disrupted our execution, have set us up for future benefit.

We remain focused on executing our NAS NextGen strategy, targeting growth in strategic areas including cloud, IoT, security, managed and professional services.

We expect to achieve mid-teens NAS EBITDA margins in FY22.

The significant restructuring initiatives we undertook in late FY21 will support our commitment to deliver overall Enterprise revenue & EBITDA growth in FY22, across mobile, fixed & International.

Turning to Fixed-Wholesale, where you can see that 55 per cent of the portfolio is now ongoing revenue.

Our outlook for this product has not changed. We are targeting to maintain around $350 million of EBITDA per annum from FY23 once the portfolio stabilises and returns to growth.

SLIDE 17 – OPERATING EXPENSES

Turning to our operating expenses, which you can see on slide 17.

We are pleased to have achieved a significant reduction in costs during FY21. Total costs declined 10.2 percent, and underlying costs declined 9.3 percent.

An increase in nbn payments of $244 million, was more than offset by the productivity gains we achieved. Other sales costs declined $862 million due to lower hardware costs.

Underlying fixed costs reduced by $490 million, as our T22 strategy continued to deliver productivity and simpler, better outcomes for our customers.

This means that since FY16 we have delivered $2.3 billion of cumulative cost reductions, and we are confident we can deliver our $2.7 billion target by the end of FY22.

We continue to target top quartile cost metrics for a full-service telco. We expect to finish FY22 just outside the top quartile, given our peers are improving more than we had originally anticipated.

Cost reductions in FY22 are expected to be delivered from digitisation benefits, including product simplification and customer self-service tools, reductions in IT and Network costs, as well as ongoing vendor optimisation and labour efficiencies.

SLIDE 18 – FREE CASHFLOW

Turning to free cashflow, which you can see on slide 18.

We are very pleased with the improvement we have delivered in free cashflow.

Free cashflow, after operating lease payments, increased 11.6 percent to $3.8 billion, slightly above the top end of guidance. This was due to working capital improvements, more than offsetting lower EBITDA.

Working capital improvement reflects reduced receivables from lower sales including lower handset and roaming revenue. In addition, focussed initiatives were delivered resulting in improved collections performance in both Enterprise and C&SB.

In FY21, we also purchased 1GHz of mmWave spectrum for $277 million, with payment terms spread over five annual instalments.

We expect to receive $2.8 billion of net proceeds from the sale of 49 percent of InfraCo Towers in Q1 of FY22. We were very pleased with the transaction announced in June, which valued the business at $5.9 billion or 28x EBITDA after Leases.

We will return up to $1.35 billion of these net proceeds through an on-market buyback, expected to commence mid-September.

SLIDE 19 – DIVIDENDS

Moving to dividends, the Board has resolved to pay a final dividend for FY21 of 8 cents per share fully franked, including an ordinary dividend of 5 cents, and a special dividend of 3 cents.

This brings the total FY21 dividend to 16 cents per share. The total FY21 ordinary dividend represents a 103 percent payout ratio of underlying earnings, and is well supported by cashflow.

The FY21 dividend represents a 59 percent payout of free cashflow, after operating lease payments, less net finance costs paid.

Consistent with our commitment to return in the order of 75 percent of net-one-off nbn receipts, we have returned 74 percent of receipts received life to date since FY18.

SLIDE 20 – CAPITAL POSITION

Turning to our capital position, which you can see on slide 20.

We reduced net debt by $1.5 billion in FY21, and we remain within our comfort ranges for all our credit metrics.

We remain committed to our capital management framework, including balance sheet efficiency and settings consistent with an A-band credit rating.

We successfully completed our T22 $2b asset sale program, and announced an up to $1.35b buyback from the Towers sale proceeds, re-enforcing this commitment.

Our target for underlying ROIC is around 8 percent by FY23, with a long-term ambition to grow ROIC.

SLIDE 21 – FY22 GUIDANCE

Turning now to FY22 guidance, which you can see, along with the assumptions and conditions upon which we have provided them, on slide 21.

Our Underlying EBITDA FY22 guidance implies mid-single digit growth or around $450 million at the mid-point.

This guidance is despite remaining in-year nbn headwinds of approximately $350 million in FY22. It also includes around $50 million of non-cash accounting headwind from insourcing our Telstra-branded retail stores, and no return of international mobile roaming.

Pleasingly in FY22 we maintain a strong outlook on free cashflow supported by further improvement in working capital, despite our expectation that one-off nbn DA EBITDA will reduce by over $550 million.

Proceeds from the InfraCo Towers sale, M&A, and payments to acquire licensees under our strategy to transition to full ownership of our branded stores, are excluded from guidance free cashflow.

SLIDE 22 – Building financial momentum

To conclude, FY21 was an inflection point for the financial performance of our business.

In the second half, you can clearly see strong momentum leading to sequential growth in underlying EBITDA.

We have confidence this momentum will continue, thanks to ongoing mobile growth, continued delivery of our productivity program, solid free cashflow including sustained improvement in working capital, and a strong balance sheet.

We will continue driving the performance and recognition of our world-class infrastructure assets, as we illustrated through our agreement to sell 49 percent of our Towers business.

In FY22, we expect to revise our disclosure to further elevate InfraCo Fixed and Towers, giving more focus and clarity on their performance.

We are also focussed on diversifying our growth across other verticals including in Energy. Telstra Health is well positioned, and we are excited by the in-organic growth including from the recently announced acquisitions of Medical Director and PowerHealth.

By staying disciplined and focused on delivering our strategy, we have put the business on course for growth in FY22, and on track to meet our FY23 ambitions.

We look forward to talking more about our growth outlook at our September Investor day.

Finally, I would like to take this opportunity to add my thanks and recognise our dedicated teams right across Telstra.

I will now hand over to Nathan to take us through Q&A.

[END]

Full year results and operations review

Summary financial results	FY21 $m	FY20 $m	Change %
Revenue (excluding finance income)	**21,558**	23,710	(9.1)
Total income (excluding finance income)	**23,132**	26,161	(11.6)
Operating expenses	**15,470**	16,951	(8.7)
Share of net profit/(loss) from equity accounted entities	**(24)**	(305)	92.1
EBITDA	**7,638**	8,905	(14.2)
Depreciation and amortisation	**4,646**	5,338	(13.0)
EBIT	**2,992**	3,567	(16.1)
Net finance costs	**551**	771	(28.5)
Income tax expense	**539**	957	(43.7)
Profit for the period	**1,902**	1,839	3.4
Profit attributable to equity holders of Telstra Entity	**1,857**	1,819	2.1
Capex[1]	**3,020**	3,233	(6.6)
Free cashflow	**4,887**	4,034	21.1
Earnings per share (cents)	**15.6**	15.3	2.0

1. Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases.

Reported results

Telstra delivered FY21 results in line with guidance showing the business had reached an important turning point in its financial performance and outlook, with financial momentum building and the underlying business to return to full year growth in FY22.

On a reported basis, total income declined by 11.6 per cent and EBITDA declined by 14.2 per cent while NPAT increased by 3.4 per cent. Underlying EBITDA declined by 9.7 per cent on a guidance basis including an in-year nbn headwind of $650 million. Underlying EBITDA includes an estimated $380 million impact from COVID-19. Excluding the in-year nbn headwind, underlying EBITDA declined by approximately $70 million.

We continue to execute on our T22 strategy with around 80 per cent of our scorecard metrics completed or on track for delivery, and we are seeing the decision to be bold and transform the business for the future clearly paying off. Underlying fixed costs decreased by $490 million or 8.1 per cent bringing the total underlying fixed cost reductions to around $2.3 billion since FY16. We remain on track to meet our cost out target of $2.7 billion by FY22.

Our multi-brand strategy continued to deliver mobile SIO growth as we added 101,000 retail postpaid handheld mobile services including 34,000 from Belong, 95,000 retail prepaid handheld unique users, and 240,000 Wholesale services. We have expanded our 5G rollout to selected areas in more than 200 cities and towns across Australia and the network now provides 5G coverage to more than 75 per cent of the population. We now have around 1.6 million 5G devices connected to our network.

We have seen strong performances in our growth businesses during the year, including Telstra Health, Telstra Ventures and Foxtel, as well as progress on Telstra Energy. Foxtel reported record subscriber growth in FY21 with paid streaming subscribers increasing 155 per cent to over 2 million. This exceptional subscriber growth has Foxtel, and our investment in Foxtel, well positioned for the future.

The Telstra Board resolved to pay a fully franked final dividend of 8 cents per share, comprising a final ordinary dividend of 5 cents and a final special dividend of 3 cents. The total dividend for FY21 is 16 cents per share, fully franked. Telstra also provided financial guidance including assumptions on a range of metrics for FY22, showing the underlying business returning to full year growth.

Other information

Consistent with information presented for internal management reporting purposes, the result of each segment is measured based on its EBITDA contribution which differs from our statutory EBITDA. Refer to Note 2.1.1 in the Financial Report for further detail.

Commentary reflects statutory and management accounts reporting.

Results on a guidance basis[1]	FY21	FY21 Guidance[2]
Total income	**$22.9b**	$22.6b to $23.2b
Underlying EBITDA	**$6.7b**	$6.6b to $6.9b
Net one-off nbn DA receipts less nbn net cost to connect	**$0.8b**	$0.7b to $1.0b
Capex	**$3.0b**	$2.8b to $3.2b
Free cashflow after operating lease payments	**$3.8b**	$3.3b to $3.7b

Guidance versus reported results[1]	FY21	FY21	FY21	FY20
	Reported results $m	Adjustments $m	Guidance basis $m	Guidance basis $m
Total income	**23,132**	(208)	22,924	26,141
Underlying EBITDA	**7,638**	(949)	6,689	7,409
Free cashflow	**4,887**	(1,075)	3,812	3,415

1. This guidance assumed no impairments in and to investments or non-current tangible and intangible assets, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum, and excluded the impacts of Pitt St exchange sale and leaseback. The guidance was based on management best estimates of nbn impacts including input from the nbn Corporate Plan currently published at time of issue of this guidance. Total income excludes finance income. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net cost to connect, one-off restructuring costs and guidance adjustments but includes depreciation of mobile lease right-of-use assets. Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases. Free cashflow defined as 'operating cash flows' less 'investing cash flows' less 'payments for operating lease liabilities', and excludes spectrum and guidance adjustments. Refer to the *Guidance versus reported results* schedule. The adjustments within the tables in this schedule have been reviewed by our auditors.
2. FY21 guidance revised at 1H21 results announcement on 11 February 2021.

On 12 August 2021, the Directors of Telstra Corporation Limited resolved to pay a final fully franked dividend of 8 cents per ordinary share, comprising a final ordinary dividend of 5 cents per share and a final special dividend of 3 cents per share. Shares will trade excluding entitlement to the final dividend from 25 August 2021 with payment to be made on 23 September 2021. The total dividend for FY21 is 16 cents per share, fully franked, including 10 cents ordinary and 6 cents special. This is in line with the FY21 dividend guidance we provided on 11 February 2021.

The ordinary dividend represents a 103 per cent payout ratio on FY21 underlying earnings[1] which is higher than the range indicated in our capital management framework to pay a fully franked ordinary dividend of 70 to 90 per cent of underlying earnings. The Board has decided for FY21 to exceed its preferred ordinary dividend payout ratio as a proportion of underlying earnings because (1) our ambition of delivering underlying EBITDA of $7.5 billion to $8.5 billion from FY23 onwards is achievable; (2) the free cash flow dividend payout ratio remains supportive and we retain a strong financial position; and (3) there are no other factors that would make the payment of the ordinary dividend at this level imprudent.

The special dividend represents a 128 per cent payout ratio of FY21 net one-off nbn receipts[2]. We have returned 74 per cent of cumulative net one-off nbn receipts since the beginning of FY18, consistent with our capital management framework to return in the order of 75 per cent of net one-off nbn receipts via fully franked special dividends over time.

Our FY21 underlying earnings were $1,191 million while net one-off nbn receipts were $561 million compared with underlying earnings of $1,224 million and net one-off nbn receipts of $1,075 million in FY20.

1. "underlying earnings" is defined as net profit after tax from continuing operations excluding net one-off nbn receipts (as defined in footnote 2), one-off restructuring costs and guidance adjustments (as defined in footnote 3).
2. "net one-off nbn receipts" is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect less tax.
3. Guidance adjustments included impairments in and to investments or non-current tangible and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum, and excluded the impacts of Pitt St exchange sale and leaseback.

Given the status of our proposed legal restructure, in order for us to manage our ongoing continuous disclosure obligations the Board has determined that the Dividend Reinvestment Plan (DRP) will not operate for the final dividend for FY21. Our intention is to reinstate it when circumstances allow.

Segment performance

We report segment information on the same basis as our internal management reporting structure as at reporting date. Segment comparatives reflect organisational changes that have occurred since the prior reporting period to present a like-for-like view.

Segment total income

1. Excludes internal access charges

Total external income	FY21 $m	FY20 $m	Change %
Telstra Consumer and Small Business	**12,342**	13,474	(8.4)
Telstra Enterprise	**6,985**	7,743	(9.8)
Networks and IT	**33**	30	10.0
All Other	**1,230**	1,940	(36.6)
Telstra InfraCo[1]	**3,745**	4,664	(19.7)
Internal access charges	**(1,203)**	(1,690)	28.8
Total	**23,132**	26,161	(11.6)

1. Includes internal access charges

On a reported basis, total income (excluding finance income) declined by 11.6 per cent to $23,132 million. On a guidance basis, total income (excluding finance income) was $22,924 million. Legacy product and service declines, lower hardware and equipment sales volumes, loss of international roaming revenue, and the nbn™ network rollout negatively impacted income. There were positive trends in mobile including further customer service additions, and an increase in postpaid Transacting Minimum Monthly Commitment (TMMC) and a return to postpaid average revenue per user (ARPU) growth in 2H21. Segment performance is on a reported basis unless otherwise stated.

Telstra Consumer and Small Business
Telstra Consumer and Small Business provides telecommunication products, services and solutions across mobiles, fixed and mobile broadband, media and digital content to consumer and small business customers in Australia. It also operates call centres, Telstra shops and the Telstra dealership network.

Income decreased by 8.4 per cent to $12,342 million impacted by a 6.8 per cent decline across fixed products including a 46.0 per cent decline in on-net revenue due to nbn migration and a 9.9 per cent decline in mobility revenue largely due to lower hardware revenue.

Telstra Enterprise
Telstra Enterprise provides telecommunication services, advanced technology solutions, network capacity and management, unified communications, cloud, industry solutions integrated and monitoring services in Australia and globally. It also manages our networks outside Australia in conjunction with the Networks and IT and Telstra InfraCo segments.

Income decreased by 9.8 per cent to $6,985 million impacted by a 9.3 per cent decline across fixed products including a 7.5 per cent decline in data and connectivity income due to a decline in services in operation (SIO) and ARPU, and a 10.0 per cent decrease in NAS income largely due to declines in calling applications and equipment sales.

Networks and IT
Networks and IT primarily support the revenue generating activities of the other segments. It builds and manages our digital platforms underpinning our customer digital experience, and software for all internal functions. Income increased by 10.0 per cent to $33 million.

Telstra InfraCo
Telstra InfraCo is responsible for key passive network assets including data centres, exchanges, poles, ducts, pits and pipes, whole fibre network, and mobile towers. This segment also includes Telstra Wholesale.

Income excluding internal access charges decreased by 14.5 per cent to $2,542 million due to expected declines from Telstra Wholesale legacy fixed products and commercial works supporting the nbn. This was partly offset by increased recurring nbn DA receipts in line with the progress of the nbn network rollout and receipts for access to passive infrastructure, and an increase in wholesale mobility. Including internal access charges, income decreased by 19.7 per cent to $3,745 million. Internal access charges in FY20 are based on a different asset perimeter and pricing to FY21 and therefore numbers are not like-for-like.

All Other
All Other includes certain items of income and expense relating to other operating segments and corporate functions recorded by our corporate areas. This category includes Product and Technology Group, Global Business Services (GBS) and Telstra Health. Income decreased by 36.6 per cent mainly due to declines in Per Subscriber Address Amount (PSAA) receipts and Infrastructure Services Agreement (ISA) ownership receipts in line with the progress of the nbn network rollout partly offset by $78 million in proceeds from the sale of our investment in Sensis.

Product performance

Product revenue breakdown

Product income	FY21 $m	FY20 $m	Change %
Mobile	**9,310**	10,130	(8.1)
Fixed – C&SB	**4,736**	5,083	(6.8)
Fixed – Enterprise	**3,724**	4,106	(9.3)
Fixed – Wholesale	**1,356**	1,872	(27.6)
Global	**1,496**	1,725	(13.3)
Recurring nbn DA	**908**	874	3.9
One-off nbn DA & connection	**1,050**	2,004	(47.6)
Other	**552**	367	50.4
Total	**23,132**	26,161	(11.6)

EBITDA contribution margins[1]	FY21 %	2H21 %	1H21 %	FY20 %
Mobile	**39.2**	41.4	37.0	34.3
Fixed – C&SB	**5.8**	5.1	6.4	11.2
Fixed – Enterprise	**23.8**	24.4	23.2	28.0
Fixed – Wholesale	**45.8**	42.3	48.4	47.9
Global	**22.5**	23.2	21.7	21.9
Recurring nbn DA	**94.7**	94.7	94.7	93.8
Net one-off nbn DA less nbn net cost to connect	**76.4**	71.9	79.0	76.6

1. The data in this table includes adjustments to historic numbers to reflect changes in product hierarchy.

Product performance is on a reported basis unless otherwise stated.

Mobile
Mobile income declined by 8.1 per cent to $9,310 million largely due to lower hardware volumes (-$748 million) and international roaming declines (~-$200 million). Mobile services revenue, the key driver of mobile profitability, increased by 3.7 per cent or 5.2 per cent excluding international roaming in 2H21. Retail SIOs increased by 696,000 bringing the total to 19.5 million. We now have 8.6 million postpaid handheld retail SIOs, an increase of 101,000 including 34,000 from Belong and a strong contribution from Enterprise.

Postpaid handheld services revenue decreased by 1.7 per cent to $4,830 million as net adds were offset by a 3.7 per cent ARPU decline from $48.96 to $47.16. Excluding the international roaming decline, ARPU was broadly flat as benefits from TMMC improvement in mass market and pricing changes were offset by out of bundle revenue decline, accounting for new plans which allocate more revenue to hardware, and dilution from Belong customer mix.

Prepaid handheld services revenue increased by 4.7 per cent to $809 million as unique users increased by 95,000. ARPU increased 7.0 per cent from $19.46 to $20.83.

Mobile broadband services revenue decreased by 4.4 per cent to $612 million largely due to a decline in prepaid, and out of bundle Enterprise revenue in FY20.

Internet of Things (IoT) services revenue grew by 1.2 per cent to $246 million from increasing carriage and managed services revenue.

Wholesale services revenue increased 20.8 per cent to $267 million. Wholesale SIOs increased by 240,000 bringing the total to 1.7 million as Mobile Virtual Network Operators (MVNO) plans on the Telstra mobile network grew in popularity.

Hardware, interconnect and other revenue decreased by 24.5 per cent to $2,529 million largely due to lower handset sales.

Mobile EBITDA contribution margin increased by 4.9 percentage points to 39.2 per cent largely due to improved hardware margin and productivity. 2H21 margin was also supported by mobile services revenue growth.

Fixed - Consumer and Small Business (C&SB)
Fixed - C&SB income declined by 6.8 per cent to $4,736 million impacted by nbn migration along with declines in legacy voice and Foxtel from Telstra. C&SB bundles and standalone data SIOs declined by 69,000 including 10,000 additions from Belong, bringing the total to 3.6 million.

We continue to lead the nbn market with a total of 3.5 million nbn connections, an increase of 246,000. Our nbn market share is now 45 per cent (excluding satellite) with the migration to nbn now around 90 per cent complete. The Telstra Smart Modem is now being utilised by 81 per cent of our fixed data consumer base, providing a better experience on the nbn with strong Wi-Fi connectivity and mobile back up.

On-net fixed revenue, which is revenue from services on the Telstra network, decreased by 46.0 per cent to $784 million while off-net fixed revenue, which is revenue from services for which we are a reseller, increased by 15.6 per cent to $3,001 million as customers continue to migrate on to the nbn network.

Consumer content and services revenue declined by 9.1 per cent to $661 million due to lower Foxtel from Telstra SIOs despite growth in gaming.

Business apps and services revenue declined by 5.2 per cent to $183 million due to legacy product decline, partly offset by growth in IP voice and video calling, and professional services.

Interconnect, payphones and E000 revenue declined by 7.0 per cent to $107 million mainly due to ongoing decline in payphone usage and inbound calling services.

Fixed - C&SB EBITDA contribution margin declined by 5.4 percentage points to 5.8 per cent due to high margin revenue reduction and growing network payments to NBN Co, partly offset by fixed cost reduction.

Fixed - Enterprise
Fixed - Enterprise income decreased by 9.3 per cent to $3,724 million reflecting declines in data and connectivity income and NAS income.

Data and connectivity income declined by 7.5 per cent to $1,103 million. While we maintained our fibre SIO base, this was offset by copper SIO decline and a decrease in ARPU.

NAS income decreased by 10.0 per cent to $2,621 million due to a decline in legacy calling applications including ISDN, and fewer lower margin equipment sales.

Calling applications revenue declined by 14.5 per cent to $708 million due to declines in ISDN, inbound and fixed line calling products, and a customer shift to cloud based contact solutions.

Managed services revenue increased by 5.8 per cent to $671 million as more network customers attached cyber security services in addition to growth in managed cloud services.

Professional services revenue decreased by 11.9 per cent to $376 million as large strategic contracts were replaced by digital transformation engagements.

Cloud applications revenue increased by 4.5 per cent to $257 million due to demand for partner cloud products including AWS and Microsoft, enabling attachment to managed services.

Equipment sales revenue declined by 31.4 per cent to $343 million from a general deferral of hardware spend due to market conditions resulting from COVID-19 and a shift to cloud based technologies.

Fixed - Enterprise EBITDA contribution margin declined by 4.2 percentage points to 23.8 per cent. Data and connectivity EBITDA contribution margin declined by 6.7 percentage points to 60.1 per cent reflecting reduced revenue and higher costs. NAS EBITDA contribution margin declined by 3.6 percentage points to 8.5 per cent due to reductions in higher margin legacy calling applications, professional services, and equipment sales partly offset by growth in managed services and cloud applications.

Fixed - Wholesale
Fixed - Wholesale income declined by 27.6 per cent to $1,356 million impacted by ongoing migration to the nbn and a decline in commercial works.

Data and connectivity revenue decreased by 6.5 per cent to $343 million reflecting an ongoing SIO reduction in enterprise grade copper products, price competition in wideband fibre products, and migration of copper services.

Legacy calling and fixed revenue declined by 34.0 per cent to $412 million due to the continued legacy fixed product SIO decline as the nbn migration nears completion.

Commercial and recoverable works revenue declined by 31.8 per cent to $601 million as the nbn network rollout nears completion.

Fixed - Wholesale EBITDA contribution margin decreased by 2.1 percentage points to 45.8 per cent due to continued legacy and nbn revenue decline.

Global
Global represents the international business of Telstra Enterprise. Income declined by 8.1 per cent in constant currency (CC) terms largely due to continuing decline in low margin legacy voice and one-off transactions in FY20.

Fixed legacy voice revenue decreased by 8.9 per cent (CC) due to continued market decline with strategic focus on maximising margin.

Data and connectivity revenue declined by 2.9 per cent (CC) from industry wide price erosion across transmission products and customer churn in Enterprise as the market moves towards SD-WAN.

NAS and other revenue decreased by 4.2 per cent (CC) due to a reduction in low margin customer premises equipment (CPE) sales and professional services, and churn in private cloud.

Global EBITDA contribution margin increased by 0.6 percentage points to 22.5 per cent as lower costs offset revenue reduction.

Recurring nbn DA
Recurring nbn DA income includes infrastructure services across ducts, racks and fibre backhaul provided to NBN Co. Income increased by 3.9 per cent to $908 million reflecting the nbn network rollout.

One-off nbn DA & connection
One-off nbn DA & connection income includes receipts from NBN Co for disconnecting customers from our legacy network, and one-off income we receive from customers to connect to the nbn network. Income decreased by 47.6 per cent to $1,050 million as migration to the nbn nears completion.

Other
Other product income includes Telstra Health and corporate adjustments. Corporate adjustments include items not related to products such as impact of bond rate movements on leave provisions. Income increased by 50.4 per cent to $552 million mainly due to a gain on sale and leaseback of the Pitt Street exchange property and other M&A transactions, and 6.4 per cent revenue growth in Telstra Health.

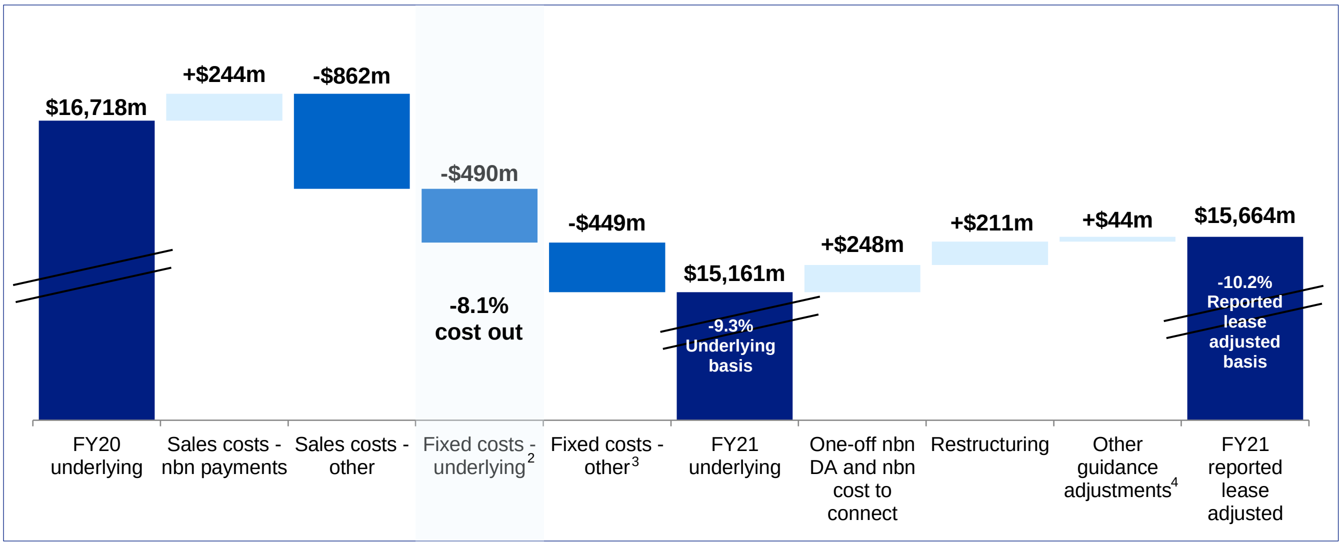
Expense performance

Total operating expenses declined by 8.7 per cent to $15,470 million on a reported basis and declined by 10.2 per cent to $15,664 million on a reported lease adjusted basis in part due to the 8.1 per cent or $490 million reduction in underlying fixed costs from our productivity program.

Sales costs, which are direct costs associated with revenue and customer growth, decreased by 7.0 per cent to $8,184 million due to an $862 million decline in other sales costs as a result of lower hardware costs, partly offset by a $244 million increase in nbn access payments. Other fixed costs decreased by 24.5 per cent while one-off nbn DA and nbn cost to connect declined by 47.0 per cent in line with the progress of the nbn network rollout. On an underlying basis, total operating expenses declined by 9.3 per cent as underlying fixed cost reduction exceeded increased nbn access payments.

We are targeting a $2.7 billion annual reduction in underlying fixed costs by FY22 compared with underlying fixed costs of ~$7.9 billion in base year FY16. We have now achieved approximately $2.3 billion of annual cost out since FY16.

Operating expenses[1]	FY21 $m	FY20 $m	Change $m	Change %
Sales costs	*8,184*	*8,802*	*(618)*	*(7.0)*
- nbn payments	1,975	1,731	244	14.1
- other	6,209	7,071	(862)	(12.2)
Fixed costs	*6,977*	*7,916*	*(939)*	*(11.9)*
- underlying[2]	5,593	6,083	(490)	(8.1)
- other[3]	1,384	1,833	(449)	(24.5)
Underlying	**15,161**	**16,718**	**(1,557)**	**(9.3)**
One-off nbn DA and nbn cost to connect	248	468	(220)	(47.0)
Restructuring	211	259	(48)	(18.5)
Other guidance adjustments[4]	44	-	44	n/m
Reported lease adjusted[5]	**15,664**	**17,445**	**(1,781)**	**(10.2)**
Lease adjustments[6]	(194)	(494)	300	n/m
Reported	**15,470**	**16,951**	**(1,481)**	**(8.7)**



1. Sales and fixed costs exclude costs associated with one-off nbn DA and nbn cost to connect.
2. Fixed costs - underlying was ~$7.9b in FY16 on a restated basis and targeted to decline by our net cost productivity target of $2.7b by FY22. Underlying fixed costs are costs excluding other fixed costs (as defined in footnote 3).
3. Fixed costs - other includes items supporting revenue growth including relevant NAS costs, mobile handset lease, and product impairment.
4. Other guidance adjustments include M&A transactions.
5. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA.
6. Refer to note 7 of the *Guidance versus reported results* schedule.

Our progress on achieving our productivity target is reported through the above operating expenses table. The detail below provides commentary on the operating expenses as disclosed in our statutory accounts.

Operating expenses on a reported basis	FY21	FY20	Change
	$m	$m	%
Labour	**4,012**	4,058	(1.1)
Goods and services purchased	**8,318**	9,107	(8.7)
Net impairment losses on financial assets	**160**	202	(20.8)
Other expenses	**2,980**	3,584	(16.9)
Total	**15,470**	16,951	(8.7)

Labour
Total labour expenses decreased by 1.1 per cent or $46 million to $4,012 million. Salary and associated costs increased by $108 million as lower headcount was offset by higher costs per employee. Labour substitution costs declined by $242 million from a reduction in labour outsourcing which was partly due to our COVID-19 response as a portion of our labour substitution headcount shifted to be permanent employees. Employee redundancy costs increased by $96 million due to job reductions associated with the T22 program. Total full time staff equivalents (FTE) decreased by 6.7 per cent or 1,944 to 27,015.

Goods and services purchased
Total goods and services purchased decreased by 8.7 per cent or $789 million to $8,318 million.

Cost of goods sold, which includes mobile handsets and accessories, tablets, cellular Wi-Fi, broadband modems and other fixed hardware decreased by 19.9 per cent or $693 million to $2,797 million due to lower hardware and NAS equipment sales volume.

Network payments decreased by 0.1 per cent or $2 million to $3,153 million due to a $243 million decline in costs associated with lower global voice, data and connectivity revenue, and lower international roaming payments, while nbn access payments increased by $244 million as customers migrate across to nbn services.

Other goods and services purchased declined by 3.8 per cent or $94 million to $2,368 million mainly due to a reduction in Foxtel service fees as a result of a decline in Foxtel from Telstra subscribers.

Net impairment losses on financial assets
Total net impairment losses on financial assets decreased by 20.8 per cent or $42 million to $160 million.

Other expenses
Total other expenses decreased by 16.9 per cent or $604 million to $2,980 million.

Service contracts and other agreements expenses declined by 22.3 per cent or $329 million to $1,144 million due to productivity and cost reduction programs. Impairment losses (excluding net losses on financial assets) increased by 25.6 per cent or $33 million to $162 million largely due to a $34 million impairment loss for our Sensis investment. Other expenses decreased by 15.5 per cent or $308 million to $1,674 million including a $112 million decline in general and administrative costs.

Depreciation and amortisation
Depreciation and amortisation decreased by 13.0 per cent or $692 million to $4,646 million including a $291 million decrease in depreciation of right of use assets, a $151 million decrease in depreciation of property, plant and equipment, and a $250 million decline in amortisation of intangible assets. Review of asset service lives during FY21 resulted in a $7 million decrease in depreciation expense and a $71 million decrease in amortisation expense.

Foreign currency impacts
For the purposes of reporting our consolidated results, the translation of foreign operations denominated in foreign currency to Australian dollars (AUD) reduced our sales revenue by $157 million. This foreign exchange impact was partly offset by a decrease in expenses by $132 million across labour, goods and services purchased, and other expenses resulting in an unfavourable EBITDA contribution of $25 million.

Net finance costs
Net finance costs decreased by 28.5 per cent or $220 million to $551 million. This decrease is due to a reduction in interest on borrowings of $160 million, a reduction in interest on lease liabilities of $26 million and other financing items as set out in note 4.4.3. Interest on borrowings decreased as a result of a reduction in our average gross borrowing cost from 4.6 per cent to 3.8 per cent and lower debt on issue.

Financial position

Summary statement of cash flows	FY21 $m	FY20 $m	Change %
Net cash provided by operating activities	**7,231**	7,010	3.2
Net cash used in investing activities	**(2,344)**	(2,976)	21.2
- Capital expenditure (before investments)	**(3,140)**	(3,442)	8.8
- Other investing cash flows	**796**	466	70.8
Free cashflow	**4,887**	4,034	21.1
Net cash used in financing activities	**(4,236)**	(4,138)	(2.4)
Net increase/(decrease) in cash and cash equivalents	**651**	(104)	n/m
Cash and cash equivalents at the beginning of the period	**499**	604	(17.4)
Effects of exchange rate changes on cash and cash equivalents	**(25)**	(1)	n/m
Cash and cash equivalents at the end of the period	**1,125**	499	n/m

Capital expenditure and cash flow

Free cashflow generated from operating and investing activities was $4,887 million representing an increase of $853 million or 21.1 per cent. It was positively impacted by a $1,394 million improvement in working capital largely due to reduced receivables from lower handset sales and roaming revenue, and stronger collections performance, and a $407 million year on year improvement including the sale and leaseback of the Pitt Street exchange property and other M&A transactions. This was partly offset by a $967 million decline in reported lease adjusted EBITDA largely due to a $734 million decline in net one-off nbn DA receipts and EBITDA declines across the Fixed business.

Net cash provided by operating activities increased by 3.2 per cent or $221 million to $7,231 million mainly due to a $2,994 million decrease in payments to suppliers and employees, partly offset by a $2,779 million decline in receipts from customers.

Net cash used in investing activities decreased by 21.2 per cent or $632 million to $2,344 million primarily due to a $273 million increase in proceeds from sale and leaseback, a $160 million increase in proceeds from sale of businesses and shares in controlled entities (net of cash disposed), and a $132 million increase from the sale of equity accounted and other investments.

Net cash used in financing activities increased by 2.4 per cent or $98 million to $4,236 million. This was largely due to $698 million in proceeds from the sale of units in a controlled trust in 1H20 and a $3,168 million decrease in proceeds from borrowings. This was partly offset by $3,302 million decrease in repayment of borrowings, a $287 million decline in payments for the principal portion of lease liabilities, and a $199 million decline finance costs paid.

Our accrued capital expenditure for the year on a guidance basis was $3,020 million or 14.4 per cent of sales revenue.

On a guidance basis free cashflow after operating lease payments was $3,812 million. Performance against guidance has been adjusted for free cashflow associated with operating lease payments (-$717 million), the sale and leaseback of the Pitt Street exchange property (-$282 million), M&A (-$164 million) and spectrum ($88 million).

Debt issuance	$m
Drawings (bilateral bank facilities)	753
Proceeds under sale and leaseback transaction[1]	414
Short term commercial paper and revolving bank facilities (net)	203
Other loans	35
Total	**1,405**

Debt repayments	$m
AUD bonds	(800)
Euro bond	(708)
Bilateral bank facilities	(452)
AUD floating rate note	(150)
Private placements	(145)
Other loans	(102)
Total	**(2,357)**

1. Treated as a financial liability under accounting standards.

Debt position

Our gross debt position was $16,388 million comprising borrowings of $14,136 million, lease liabilities of $3,305 million less $1,053 million in net derivative assets. Gross debt decreased by 5.5 percent or $955 million primarily due to an issuance of $1,405 million offset by higher debt repayments of $2,357 million. Net debt decreased by 9.4 per cent or $1,581 million to $15,263 million reflecting an increase in cash holdings of $626 million and the decrease in gross debt.

Financial settings	FY21 Actual	FY21 Comfort zone
Debt servicing[1]	2.0x	1.5x to 2.0x
Gearing[2]	50.0%	50% to 70%
Interest cover[3]	13.2x	>7x

1. Debt servicing ratio is calculated as net debt/reported EBITDA.
2. Gearing ratio is calculated as net debt/total net debt plus equity.
3. Interest cover is calculated as reported EBITDA/net interest expense (excluding capitalised interest, revaluation impacts on our borrowings and derivatives and other non-cash accounting impacts).

We remain within our comfort zones for our credit metrics. Our debt servicing is 2.0 times (30 June 2020: 1.9 times), gearing ratio is at 50.0 per cent (30 June 2020: 52.7 per cent) and interest cover is 13.2 times (30 June 2020: 11.7 times).

Summary statement of financial position	30 Jun 2021	30 Jun 2020	Change
	$m	$m	%
Current assets	**7,114**	6,534	8.9
Non-current assets	**35,411**	37,869	(6.5)
Total assets	**42,525**	44,403	(4.2)
Current liabilities	**10,424**	10,094	3.3
Non-current liabilities	**16,826**	19,162	(12.2)
Total liabilities	**27,250**	29,256	(6.9)
Net assets	**15,275**	15,147	0.8
Total equity	**15,275**	15,147	0.8
Return on average assets (%)	**7.0**	8.0	(1.0)pp
Return on average equity (%)	**12.8**	12.5	0.3pp

Statement of financial position

Our balance sheet remains in a strong position with net assets of $15,275 million.

Current assets increased by 8.9 per cent to $7,114 million. Cash and cash equivalents increased by $626 million including proceeds from business and asset sales while derivative financial assets increased by $477 million largely from reclassification to current assets for instruments maturing within the next 12 months and foreign currency and other valuation impacts. This was partly offset by a $544 million decline in trade and other receivables and contract assets reflecting lower revenue and better collections.

Non-current assets decreased by 6.5 per cent to $35,411 million. Derivative financial assets decreased by $1,225 million due to a reclassification to current assets of instruments maturing within the next 12 months and foreign currency and other valuation impacts. Property, plant and equipment declined by $636 million mainly due to depreciation expense partly offset by network investments, while intangible assets decreased by $281 million mainly due to amortisation expense partly offset by spectrum licence and software asset additions.

Current liabilities increased by 3.3 per cent to $10,424 million. Borrowings increased by $868 million comprising reclassification to current liabilities of debt maturing within the next 12 months and an increase in commercial paper issuance, partly offset by debt maturities during the year and other valuation impacts. Trade and other payables declined by $214 million due to a decrease in accrued capital expenditure while current tax payables decreased by $100 million as a result of payments of prior year tax provisions.

Non-current liabilities decreased by 12.2 per cent to $16,826 million. Borrowings decreased by $2,561 million from reclassification to current liabilities of debt maturing within the next 12 months and foreign currency and valuation impacts offset by drawings on bilateral bank facilities and a financial liability recognised on sale and leaseback of the underlying land and buildings housing the Clayton data centre.

Guidance versus reported results

This schedule details adjustments made to the reported results for the current and comparative periods to reflect the performance of the business on the basis on which we provided guidance to the market, which is EBITDA on an underlying basis and assumed no impairments in and to investments or non-current tangible and intangible assets, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum, and excluded the impacts of Pitt St exchange sale and leaseback. The guidance was based on management best estimates of nbn impacts including input from the nbn Corporate Plan currently published at time of issue of this guidance. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C, one-off restructuring costs and guidance adjustments but includes depreciation of mobile lease right-of-use assets. Free cashflow defined as 'operating cash flows' less 'investing cash flows' less 'payments for operating lease liabilities', and excludes spectrum and guidance adjustments.
The following adjustments provide a detailed reconciliation from reported to guidance results for each guidance measure:

	Total Income			Underlying EBITDA			Free Cashflow	
	FY20	FY21		FY20	FY21		FY20	FY21
	$m	$m		$m	$m		$m	$m
Reported Total Income	**26,161**	**23,132**	**Reported EBITDA**	**8,905**	**7,638**	**Reported Free Cashflow**	**4,034**	**4,887**
Adjustments								
M&A adjustment[1]	(20)	(106)	M&A adjustment[1]	(20)	(96)	M&A adjustment[1]	(39)	(164)
Impairment[2]	n/a	n/a	Impairment[2]	308	34	Impairment[2]	0	0
Pitt St sale and leaseback[3]	n/a	(102)	Pitt St sale and leaseback[3]	0	(102)	Pitt St sale and leaseback[3]	0	(282)
Restructuring costs[4]	n/a	n/a	Restructuring costs[4]	246	211	Restructuring costs[4]	n/a	n/a
Net one-off NBN receipts[5]	n/a	n/a	Net one-off NBN receipts[5]	(1,536)	(802)	Net one-off NBN receipts[5]	n/a	n/a
Spectrum payments[6]	n/a	n/a	Spectrum payments[6]	n/a	n/a	Spectrum payments[6]	435	88
Lease[7]	n/a	n/a	Lease[7]	(494)	(194)	Lease[7]	(1,015)	(717)
Guidance Total Income	**26,141**	**22,924**	**Guidance Underlying EBITDA**	**7,409**	**6,689**	**Guidance Free Cashflow**	**3,415**	**3,812**

The adjustments set out in the above tables have been reviewed by our auditor for consistency with the guidance basis as set out on this page.

Note:

1 Adjustments relating to acquisition and disposals of controlled entities, joint ventures, associates and other investments and any associated net gains or losses and contingent consideration. During FY21 we disposed of our e-commerce platform business, our FTTP Velocity business and acquired Epicon IT Solutions Pty Ltd (including its wholly owned subsidiary, Service Potential Pty Ltd), Epicon Software Pty Ltd and the business and assets of Mediacloud Ltd. FY20 includes adjustments relating to the disposal of our investment in Chief Entertainment Pty Ltd, Snap Inc and PharmX Pty Ltd, and a data centre held by Telstra Singapore Pte Ltd, the execution of a warrant we held in Ooyala Inc, and additional investments in our interest in the Telstra Ventures Fund II, L.P., Telstra Ventures Fund III, L.P. and Southern Cross Cable Holdings Limited.

2 Adjustment related to impairment loss for our investment in Project Sunshine 1 Pty Limited (Sensis).
FY20 adjustments relating to impairment of our investment in NXE Australia Pty Ltd (Foxtel).

3 Adjustment relating to the sale and leaseback transaction of the Pitt Street exchange property.

4 Adjustments for the strategic focus (T22 program) to improve customer experience, simplify structure and cut costs, in addition to our normal business as usual redundancies for the period.

5 Adjustments for net one-off nbn receipts which is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect.

6 Adjustment relating to the impact on free cashflow associated with our spectrum purchases and renewals for the period including:
- $56m for the first (of five) annual instalment payments for our new 26 GHz spectrum licence;
- $28m for renewal of spectrum licences in the 900 MHz band; and
- minor payments for spectrum and apparatus licences in various other spectrum bands

7 Adjustment for EBITDA impact for depreciation of mobile lease right-of-use assets. Adjustment for Free Cashflow impact of lease payments related to leases classified as operating leases prior to transition to AASB 16: 'Leases' (ie. before 1 July 2019) and to any new leases accounted for after 1 July 2019.

n/a Adjustment is not relevant to the respective guidance measure.

Results of operations

	Year ended 30 June				Lease adjustments (i) Year ended 30 June		Reported lease adjusted (i) Year ended 30 June			
	2021 $M	2020 $M	Change $M	Change %	**2021 $M**	2020 $M	**2021 $M**	2020 $M	Change $M	Change %
Revenue (excluding finance income)	**21,558**	23,710	(2,152)	(9.1)	**-**	-	**21,558**	23,710	(2,152)	(9.1)
Other income (ii)	**1,574**	2,451	(877)	(35.8)	**-**	-	**1,574**	2,451	(877)	(35.8)
Total income (excluding finance income)	**23,132**	26,161	(3,029)	(11.6)	**-**	-	**23,132**	26,161	(3,029)	(11.6)
Labour	**4,012**	4,058	(46)	(1.1)	**-**	-	**4,012**	4,058	(46)	(1.1)
Goods and services purchased	**8,318**	9,107	(789)	(8.7)	**-**	-	**8,318**	9,107	(789)	(8.7)
Net impairment losses on financial assets	**160**	202	(42)	(20.8)	**-**	-	**160**	202	(42)	(20.8)
Other expenses	**2,980**	3,584	(604)	(16.9)	**194**	494	**3,174**	4,078	(904)	(22.2)
Operating expenses	**15,470**	16,951	(1,481)	(8.7)	**194**	494	**15,664**	17,445	(1,781)	(10.2)
Share of net (loss)/profit from joint ventures and associated entities	**(24)**	(305)	281	92.1	**-**	-	**(24)**	(305)	281	92.1
	15,494	17,256	(1,762)	(10.2)	**194**	494	**15,688**	17,750	(2,062)	(11.6)
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)	**7,638**	8,905	(1,267)	(14.2)	**(194)**	(494)	**7,444**	8,411	(967)	(11.5)
Depreciation and amortisation	**4,646**	5,338	(692)	(13.0)	**(194)**	(494)	**4,452**	4,844	(392)	(8.1)
Earnings before interest and income tax expense (EBIT)	**2,992**	3,567	(575)	(16.1)	**-**	-	**2,992**	3,567	(575)	(16.1)
Finance income	**103**	274	(171)	(62.4)	**-**	-	**103**	274	(171)	(62.4)
Finance costs	**654**	1,045	(391)	(37.4)	**-**	-	**654**	1,045	(391)	(37.4)
Net finance costs	**551**	771	(220)	(28.5)	**-**	-	**551**	771	(220)	(28.5)
Profit before income tax expense	**2,441**	2,796	(355)	(12.7)	**-**	-	**2,441**	2,796	(355)	(12.7)
Income tax expense	**539**	957	(418)	(43.7)	**-**	-	**539**	957	(418)	(43.7)
Profit for the period	**1,902**	1,839	63	3.4	**-**	-	**1,902**	1,839	63	3.4
Attributable to:										
Equity holders of Telstra Entity	**1,857**	1,819	38	2.1						
Non-controlling interests	**45**	20	25	n/m						
	1,902	1,839	63	3.4						
Effective tax rate on operations	**22.1%**	34.2%		(12.1) pp						
EBITDA margin on revenue	**35.4%**	37.6%		(2.2) pp						
EBIT margin on revenue	**13.9%**	15.0%		(1.1) pp						

	cents	cents	Change cents	Change %
Earnings per share (cents per share)				
Basic (iii)	15.6	15.3	0.3	2.0
Diluted (iii)	15.6	15.3	0.3	2.0

(i) From 1 July 2019 we have adopted AASB 16: 'Leases'. 'Reported Lease adjusted' provides a view of our mobile handset leases (Telstra as a lessee) which for management reporting purposes are treated as part of operating performance results. FY20 and FY21 have been adjusted to include the reported depreciation of mobile handsets right-of-use assets in EBITDA.

(ii) Other income includes gains and losses on asset and investment sales (including assets transferred under the nbn Definitive Agreements), income from government grants under the Telstra Universal Service Obligation Performance Agreement, Mobile Blackspot Government program and other individually immaterial contracts, income from nbn™ network disconnection fees, subsidies and other miscellaneous items.

(iii) Basic and diluted earnings per share are impacted by the effect of shares held in trust by Telstra Growthshare Trust (Growthshare) and by the Telstra Employee Share Ownership Plan Trust II (TESOP99).

n/m = not meaningful

Total income

	Year ended 30 June			
	2021	2020	Change	Change
	$M	$M	$M	%
Mobile				
Postpaid handheld	**4,830**	4,913	(83)	(1.7)
Prepaid handheld	**809**	773	36	4.7
Mobile broadband	**612**	640	(28)	(4.4)
Internet of Things (IoT)	**246**	243	3	1.2
Mobile wholesale	**267**	221	46	20.8
Other	**17**	(8)	25	n/m
Total mobile services	**6,781**	6,782	(1)	(0.0)
Hardware	**2,306**	3,054	(748)	(24.5)
Mobile interconnect	**264**	257	7	2.7
Media, Telstra Plus & other	**(41)**	37	(78)	n/m
Total Mobile	**9,310**	10,130	(820)	(8.1)
Fixed - C&SB				
On-net fixed	**784**	1,453	(669)	(46.0)
Off-net fixed	**3,001**	2,595	406	15.6
Consumer content & services	**661**	727	(66)	(9.1)
Business applications & services	**183**	193	(10)	(5.2)
Interconnect, payphones & E000	**107**	115	(8)	(7.0)
Total Fixed - C&SB	**4,736**	5,083	(347)	(6.8)
Fixed - Enterprise				
Data & connectivity	**1,103**	1,193	(90)	(7.5)
Calling applications	**708**	828	(120)	(14.5)
Managed services & maintenance	**671**	634	37	5.8
Professional services	**376**	427	(51)	(11.9)
Cloud applications	**257**	246	11	4.5
Equipment sales	**343**	500	(157)	(31.4)
Other	**266**	278	(12)	(4.3)
Total NAS	**2,621**	2,913	(292)	(10.0)
Total Fixed - Enterprise	**3,724**	4,106	(382)	(9.3)
Fixed - Wholesale				
Data & connectivity	**343**	367	(24)	(6.5)
Legacy calling & fixed	**412**	624	(212)	(34.0)
Commercial & recoverable works	**601**	881	(280)	(31.8)
Total Fixed - Wholesale	**1,356**	1,872	(516)	(27.6)
Global				
Fixed (legacy voice)	**229**	279	(50)	(17.9)
Data & connectivity	**939**	1,075	(136)	(12.7)
NAS & other	**328**	371	(43)	(11.6)
Total Global	**1,496**	1,725	(229)	(13.3)
Recurring nbn DA	**908**	874	34	3.9
Other product income	**552**	367	185	50.4
One-off nbn DA & connection	**1,050**	2,004	(954)	(47.6)
Total income	**23,132**	26,161	(3,029)	(11.6)

Total expenses

	Year ended 30 June			
	2021	2020	Change	Change
	$M	$M	$M	%
Salary and associated costs	**3,195**	3,087	108	3.5
Other labour expenses	**208**	216	(8)	(3.7)
Labour substitution	**356**	598	(242)	(40.5)
Employee redundancy	**253**	157	96	61.1
Total labour	**4,012**	4,058	(46)	(1.1)
Cost of goods sold	**2,797**	3,490	(693)	(19.9)
Network payments	**3,153**	3,155	(2)	(0.1)
Other	**2,368**	2,462	(94)	(3.8)
Total goods and services purchased	**8,318**	9,107	(789)	(8.7)
Net impairment losses on financial assets	**160**	202	(42)	(20.8)
Service contracts and other agreements	**1,144**	1,473	(329)	(22.3)
Impairment losses (excluding net losses on financial assets)	**162**	129	33	25.6
Other	**1,674**	1,982	(308)	(15.5)
Total other expenses	**2,980**	3,584	(604)	(16.9)
Total operating expenses	**15,470**	16,951	(1,481)	(8.7)
Property Plant & Equipment	**2,606**	2,757	(151)	(5.5)
Right of Use assets	**726**	1,017	(291)	(28.6)
Depreciation	**3,332**	3,774	(442)	(11.7)
Amortisation of intangible assets	**1,314**	1,564	(250)	(16.0)
Total depreciation and amortisation	**4,646**	5,338	(692)	(13.0)

Statement of Financial Position

	As at			
	30 Jun 21 $M	30 Jun 20 $M	Change $M	Change %
Current assets				
Cash and cash equivalents	**1,125**	499	626	n/m
Trade and other receivables and contract assets	**4,577**	5,121	(544)	(10.6)
Deferred contract costs	**113**	82	31	37.8
Inventories	**385**	418	(33)	(7.9)
Derivative financial assets	**624**	147	477	n/m
Current tax receivables	**5**	2	3	n/m
Prepayments	**285**	265	20	7.5
Total current assets	**7,114**	6,534	580	8.9
Non-current assets				
Trade and other receivables and contract assets	**1,168**	1,428	(260)	(18.2)
Deferred contract costs	**1,342**	1,354	(12)	(0.9)
Inventories	**21**	28	(7)	(25.0)
Investments - accounted for using the equity method	**1,018**	897	121	13.5
Investments - other	**15**	21	(6)	(28.6)
Property, plant and equipment	**20,863**	21,499	(636)	(3.0)
Right-of-use assets	**2,852**	3,030	(178)	(5.9)
Intangible assets	**7,131**	7,412	(281)	(3.8)
Derivative financial assets	**786**	2,011	(1,225)	(60.9)
Deferred tax assets	**60**	66	(6)	(9.1)
Defined benefit asset	**155**	123	32	26.0
Total non-current assets	**35,411**	37,869	(2,458)	(6.5)
Total assets	**42,525**	44,403	(1,878)	(4.2)
Current liabilities				
Trade and other payables	**3,766**	3,980	(214)	(5.4)
Employee benefits	**682**	727	(45)	(6.2)
Other provisions	**87**	124	(37)	(29.8)
Lease liabilities	**503**	611	(108)	(17.7)
Borrowings	**3,631**	2,763	868	31.4
Derivative financial liabilities	**26**	54	(28)	(51.9)
Current tax payables	**124**	224	(100)	(44.6)
Contract liabilities and other revenue received in advance	**1,605**	1,611	(6)	(0.4)
Total current liabilities	**10,424**	10,094	330	3.3
Non-current liabilities				
Other payables	**9**	4	5	n/m
Employee benefits	**150**	127	23	18.1
Other provisions	**126**	143	(17)	(11.9)
Lease liabilities	**2,802**	2,687	115	4.3
Borrowings	**10,505**	13,066	(2,561)	(19.6)
Derivative financial liabilities	**331**	320	11	3.4
Deferred tax liabilities	**1,580**	1,605	(25)	(1.6)
Defined benefit liabilities	**10**	8	2	25.0
Contract liabilities and other revenue received in advance	**1,313**	1,202	111	9.2
Total non-current liabilities	**16,826**	19,162	(2,336)	(12.2)
Total liabilities	**27,250**	29,256	(2,006)	(6.9)
Net assets	**15,275**	15,147	128	0.8
Equity				
Share capital	**4,436**	4,451	(15)	(0.3)
Reserves	**138**	5	133	n/m
Retained profits	**10,014**	10,017	(3)	(0.0)
Equity available to Telstra Entity shareholders	**14,588**	14,473	115	0.8
Non-controlling interests	**687**	674	13	1.9
Total equity	**15,275**	15,147	128	0.8
Gross debt	**16,388**	17,343	(955)	(5.5)
Net debt	**15,263**	16,844	(1,581)	(9.4)
EBITDA interest cover (times) (i)	**13.2**	11.7	1.5	12.8
Net debt to EBITDA	**2.0**	1.9	0.1	5.3
ROA - Return on average assets	**7.0%**	8.0%		(1.0) pp
ROE - Return on average equity	**12.8%**	12.5%		0.3 pp
ROI - Return on average investment	**9.6%**	11.0%		(1.4) pp
ROIC - Return on invested capital	**7.5%**	7.6%		(0.1) pp
Gearing ratio (net debt to capitalisation)	**50.0%**	52.7%		(2.7) pp

(i) EBITDA interest cover equals EBITDA to net interest.

n/m = not meaningful

Statement of Cash Flows

	Year ended 30 June			
	2021 $M	2020 $M	Change $M	Change %
Cash flows from operating activities				
Receipts from customers (inclusive of goods and services tax (GST))	**26,727**	29,506	(2,779)	(9.4)
Payments to suppliers and employees (inclusive of GST)	**(18,901)**	(21,895)	2,994	13.7
Government grants received for operating activities	**167**	153	14	9.2
Net cash generated by operations	**7,993**	7,764	229	2.9
Income taxes paid	**(762)**	(754)	(8)	(1.1)
Net cash provided by operating activities	**7,231**	7,010	221	3.2
Cash flows from investing activities				
Payments for property, plant and equipment	**(2,079)**	(2,341)	262	11.2
Payments for intangible assets	**(1,061)**	(1,101)	40	3.6
Capital expenditure (before investments)	**(3,140)**	(3,442)	302	8.8
Payments for shares in controlled entities (net of cash acquired)	**(26)**	-	(26)	n/m
Payments for equity accounted investments	**(30)**	(33)	3	9.1
Payments for other investments	**(152)**	(122)	(30)	(24.6)
Total capital expenditure (including investments)	**(3,348)**	(3,597)	249	6.9
Proceeds from sale of property, plant and equipment	**154**	258	(104)	(40.3)
Proceeds from sale and leaseback	**291**	18	273	n/m
Proceeds from sale of businesses and shares in controlled entities (net of cash disposed)	**218**	58	160	n/m
Proceeds from sale of equity accounted and other investments	**147**	15	132	n/m
Distributions received from equity accounted investments	**20**	83	(63)	(75.9)
Receipts of the principal portion of finance lease receivables	**120**	135	(15)	(11.1)
Government grants received for investing activities	**36**	28	8	28.6
Interest received	**18**	26	(8)	(30.8)
Net cash used in investing activities	**(2,344)**	(2,976)	632	21.2
Operating cash flows less investing cash flows	**4,887**	4,034	853	21.1
Cash flows from financing activities				
Proceeds from borrowings	**2,308**	5,476	(3,168)	(57.9)
Repayment of borrowings	**(3,260)**	(6,562)	3,302	50.3
Payments for the principal portion of lease liabilities	**(706)**	(993)	287	28.9
Purchase of shares for employee share plans	**(39)**	(22)	(17)	(77.3)
Finance costs paid	**(613)**	(812)	199	24.5
Dividends paid to non-controlling interests	**(35)**	(23)	(12)	(52.2)
Dividends paid to equity holders of Telstra Entity	**(1,902)**	(1,903)	1	0.1
Proceeds from the sale of units in a controlled trust	**-**	698	(698)	n/m
Other	**11**	3	8	n/m
Net cash used in financing activities	**(4,236)**	(4,138)	(98)	(2.4)
Net increase/(decrease) in cash and cash equivalents	**651**	(104)	755	n/m
Cash and cash equivalents at the beginning of the year	**499**	604	(105)	(17.4)
Effects of exchange rate changes on cash and cash equivalents	**(25)**	(1)	(24)	n/m
Cash and cash equivalents at the end of the year	**1,125**	499	626	n/m

n/m = not meaningful

Average Revenue per Unit (ARPU) ($)

	Half-year ended			Jun 21 vs Jun 20		Jun 21 vs Dec 20	
	Jun 2021	Dec 2020	Jun 2020	**Change**	Change	**Change**	Change
	$	$	$	**$**	%	**$**	%
Mobile							
Postpaid handheld	**48.16**	45.99	47.53	0.63	1.3	2.17	4.7
Prepaid handheld	**21.46**	20.89	19.05	2.41	12.7	0.57	2.7
Mobile broadband	**16.20**	16.93	16.58	(0.38)	(2.3)	(0.73)	(4.3)
Fixed - C&SB							
C&SB bundle and standalone data	**74.13**	75.40	75.37	(1.24)	(1.6)	(1.27)	(1.7)
C&SB standalone fixed voice	**43.38**	45.82	48.96	(5.58)	(11.4)	(2.44)	(5.3)
Fixed - Enterprise							
Data & connectivity	**469.97**	471.52	475.26	(5.29)	(1.1)	(1.55)	(0.3)

Note: Statistical data represents management's best estimates.

Services in operation (000s)

	Half-year ended			Jun 21 vs Jun 20		Jun 21 vs Dec 20	
	Jun 2021	Dec 2020	Jun 2020	**Change**	Change	**Change**	Change
	000s	000s	000s	**000s**	%	**000s**	%
Mobile							
Postpaid handheld retail	**8,585**	8,564	8,484	101	1.2	21	0.2
Prepaid handheld retail	**3,157**	3,134	3,319	(162)	(4.9)	23	0.7
Mobile broadband (data cards)	**3,023**	3,061	3,158	(135)	(4.3)	(38)	(1.2)
Internet of Things (IoT)	**4,676**	4,240	3,784	892	23.6	436	10.3
Satellite	**30**	30	30	-	-	-	-
Total retail mobile	**19,471**	19,029	18,775	696	3.7	442	2.3
Total wholesale mobile	**1,747**	1,652	1,507	240	15.9	95	5.8
Prepaid handheld retail unique users	**2,511**	2,462	2,416	95	3.9	49	2.0
Fixed - C&SB							
C&SB bundles and standalone data	**3,640**	3,656	3,709	(69)	(1.9)	(16)	(0.4)
C&SB standalone voice	**416**	554	692	(276)	(39.9)	(138)	(24.9)
Foxtel from Telstra	**528**	579	632	(104)	(16.5)	(51)	(8.8)
Fixed - Enterprise							
Data & connectivity	**188**	195	203	(15)	(7.4)	(7)	(3.6)
Fixed - Wholesale							
Fixed legacy	**248**	393	719	(471)	(65.5)	(145)	(36.9)
Data & connectivity	**31**	33	35	(4)	(11.4)	(2)	(6.1)

Note: Statistical data represents management's best estimates. Total wholesale mobile excludes IoT.

Workforce

	Half-year ended			Jun 21 vs Jun 20		Jun 21 vs Dec 20	
	Jun 2021	Dec 2020	Jun 2020	**Change**	Change	**Change**	Change
	000s	000s	000s	**000s**	%	**000s**	%
Employee data							
Full time staff equivalents incl. contractor/agency labour	**27,015**	28,637	28,959	(1,944)	(6.7)	(1,622)	(5.7)

Note: Statistical data represents management's best estimates.

Segment information from operations

	Total income Year ended 30 June 2021 $M	2020 $M	Change %	EBITDA contribution Year ended 30 June 2021 $M	2020 $M	Change %
Telstra Consumer and Small Business	**12,342**	13,474	(8.4)	**4,818**	4,888	(1.4)
Telstra Enterprise	**6,985**	7,743	(9.8)	**2,921**	3,274	(10.8)
Networks and IT	**33**	30	10.0	**(1,360)**	(1,619)	16.0
All Other	**1,230**	1,940	(36.6)	**(679)**	(153)	n/m
Telstra excluding Telstra InfraCo	**20,590**	23,187	(11.2)	**5,700**	6,390	(10.8)
Telstra InfraCo	**3,745**	4,664	(19.7)	**2,664**	2,758	(3.4)
Internal access charges	**(1,203)**	(1,690)	28.8	**(920)**	(737)	(24.8)
Total Telstra segments	**23,132**	26,161	(11.6)	**7,444**	8,411	(11.5)
Depreciation of mobile handsets right-of-use assets				**194**	494	(60.7)
Telstra Group EBITDA				**7,638**	8,905	(14.2)

C&SB, Enterprise and Wholesale underlying income and fully allocated EBITDA

	Total income Year ended 30 June 2021 $M	2020 $M	Change %	EBITDA contribution Year ended 30 June 2021 $M	2020 $M	Change %
Mobile	**7,509**	8,330	(9.9)	**2,852**	2,695	5.8
Fixed - C&SB	**4,736**	5,083	(6.8)	**273**	567	(51.9)
Other	**2**	(4)	n/m	**1**	(6)	n/m
Telstra Consumer and Small Business	**12,247**	13,409	(8.7)	**3,126**	3,256	(4.0)
Mobile	**1,513**	1,593	(5.0)	**587**	643	(8.7)
Fixed - Enterprise	**3,724**	4,106	(9.3)	**887**	1,149	(22.8)
Other	**33**	27	22.2	**12**	14	(14.3)
Global	**1,496**	1,725	(13.3)	**336**	377	(10.9)
Telstra Enterprise	**6,766**	7,451	(9.2)	**1,822**	2,183	(16.5)
Mobile	**275**	230	19.6	**196**	160	22.5
Fixed - Wholesale	**1,356**	1,872	(27.6)	**621**	897	(30.8)
Recurring nbn DA	**899**	865	3.9	**851**	811	4.9
Other	**12**	7	71.4	**(25)**	(24)	(4.2)
InfraCo	**2,542**	2,974	(14.5)	**1,643**	1,844	(10.9)
Other	**319**	290	10.0	**98**	126	(22.2)
Underlying	**21,874**	24,124	(9.3)	**6,689**	7,409	(9.7)

Note: C&SB, Enterprise, InfraCo external exclude any off-one nbn DA and connection, and guidance adjustments attributable. Enterprise Global excludes inter-segment revenue.
InfraCo is external and excludes internal access charges.

Product profitability - EBITDA ($M)

	Year ended 30 June 2021	2020	Change %
Mobiles	**3,647**	3,477	4.9
Fixed - C&SB	**273**	567	(51.9)
- Data & connectivity	**663**	797	(16.8)
- NAS	**224**	352	(36.4)
Fixed - Enterprise	**887**	1,149	(22.8)
Fixed - Wholesale	**621**	897	(30.8)
Global	**336**	377	(10.9)
Recurring nbn DA	**860**	820	4.9
Other	**65**	122	(46.7)
Underlying	**6,689**	7,409	(9.7)
Net one-off nbn DA less nbn net C2C	**802**	1,536	(47.8)
Restructuring	**(211)**	(246)	14.2
Other guidance adjustments	**164**	(288)	n/m
Reported lease adjusted	**7,444**	8,411	(11.5)

Note: Product margins represent management's best estimates and are based on lease adjusted figures.

Product profitability - EBITDA margins %

	Year ended 30 June 2021	2020
Mobiles	**39.2%**	34.3%
Fixed - C&SB	**5.8%**	11.2%
- Data & connectivity	**60.1%**	66.8%
- NAS	**8.5%**	12.1%
Fixed - Enterprise	**23.8%**	28.0%
Fixed - Wholesale	**45.8%**	47.9%
Global	**22.5%**	21.9%
Recurring nbn DA	**94.7%**	93.8%
Other	**18.9%**	36.5%
Underlying	**30.6%**	30.7%
Net one-off nbn DA less nbn net C2C	**76.4%**	76.6%
Restructuring	**-**	-
Other guidance adjustments	**-**	-
Reported lease adjusted	**32.2%**	32.2%

Note: Product margins represent management's best estimates and are based on lease adjusted figures.

Telstra Corporation Limited
Half-year comparison - Reported lease adjusted (i)
Year ended 30 June 2021

Summary management reported half-yearly data ($ Millions)	Half 1 Dec-17	Half 2 Jun-18	Full year Jun-18	Half 1 Dec-18	PCP Growth	Half 2 Jun-19	PCP Growth	Full year Jun-19	PCP Growth	Half 1 Dec-19	PCP Growth	Half 2 Jun-20	PCP Growth	Full year Jun-20	PCP Growth	Half 1 Dec-20	PCP Growth	Half 2 Jun-21	PCP Growth	Full year Jun-21	PCP Growth
Total income																					
Mobile																					
Postpaid handheld	2,570	2,574	5,144	2,615	1.8%	2,567	(0.3%)	5,182	0.7%	2,508	(4.1%)	2,405	(6.3%)	4,913	(5.2%)	2,352	(6.2%)	2,478	3.0%	4,830	(1.7%)
Prepaid handheld	493	465	958	448	(9.1%)	381	(18.1%)	829	(13.5%)	388	(13.4%)	385	1.0%	773	(6.8%)	404	4.1%	405	5.2%	809	4.7%
Mobile broadband	416	367	783	350	(15.9%)	323	(12.0%)	673	(14.0%)	325	(7.1%)	315	(2.5%)	640	(4.9%)	316	(2.8%)	296	(6.0%)	612	(4.4%)
Internet of Things (IoT)	84	105	189	106	26.2%	118	12.4%	224	18.5%	116	9.4%	127	7.6%	243	8.5%	118	1.7%	128	0.8%	246	1.2%
Mobile wholesale	90	99	189	99	10.0%	102	3.0%	201	6.3%	104	5.1%	117	14.7%	221	10.0%	127	22.1%	140	19.7%	267	20.8%
Other	6	6	12	7	16.7%	8	33.3%	15	25.0%	8	14.3%	(16)	n/m	(8)	n/m	9	12.5%	8	n/m	17	n/m
Total mobile services	3,659	3,616	7,275	3,625	(0.9%)	3,499	(3.2%)	7,124	(2.1%)	3,449	(4.9%)	3,333	(4.7%)	6,782	(4.8%)	3,326	(3.6%)	3,455	3.7%	6,781	(0.0%)
Hardware	1,382	1,464	2,846	1,531	10.8%	1,621	10.7%	3,152	10.8%	1,741	13.7%	1,313	(19.0%)	3,054	(3.1%)	1,242	(28.7%)	1,064	(19.0%)	2,306	(24.5%)
Mobile interconnect	106	106	212	112	5.7%	112	5.7%	224	5.7%	120	7.1%	137	22.3%	257	14.7%	150	25.0%	114	(16.8%)	264	2.7%
Media, Telstra Plus & other	89	86	175	80	(10.1%)	69	(19.8%)	149	(14.9%)	45	(43.8%)	(8)	n/m	37	(75.2%)	(8)	n/m	(33)	n/m	(41)	n/m
Total Mobile	5,236	5,272	10,508	5,348	2.1%	5,301	0.6%	10,649	1.3%	5,355	0.1%	4,775	(9.9%)	10,130	(4.9%)	4,710	(12.0%)	4,600	(3.7%)	9,310	(8.1%)
Fixed - C&SB																					
On-net fixed (ii)	1,697	1,476	3,173	1,264	(25.5%)	1,062	(28.0%)	2,326	(26.7%)	837	(33.8%)	616	(42.0%)	1,453	(37.5%)	462	(44.8%)	322	(47.7%)	784	(46.0%)
Off-net fixed (ii)	670	778	1,448	972	45.1%	1,092	40.4%	2,064	42.5%	1,244	28.0%	1,351	23.7%	2,595	25.7%	1,470	18.2%	1,531	13.3%	3,001	15.6%
Consumer content & services	422	399	821	390	(7.6%)	375	(6.0%)	765	(6.8%)	381	(2.3%)	346	(7.7%)	727	(5.0%)	342	(10.2%)	319	(7.8%)	661	(9.1%)
Business applications & services	100	97	197	90	(10.0%)	93	(4.1%)	183	(7.1%)	99	10.0%	94	1.1%	193	5.5%	94	(5.1%)	89	(5.3%)	183	(5.2%)
Interconnect, payphones & E000	87	85	172	78	(10.3%)	69	(18.8%)	147	(14.5%)	62	(20.5%)	53	(23.2%)	115	(21.8%)	58	(6.5%)	49	(7.5%)	107	(7.0%)
Total Fixed - C&SB	2,976	2,835	5,811	2,794	(6.1%)	2,691	(5.1%)	5,485	(5.6%)	2,623	(6.1%)	2,460	(8.6%)	5,083	(7.3%)	2,426	(7.5%)	2,310	(6.1%)	4,736	(6.8%)
Fixed - Enterprise																					
Data & connectivity	692	674	1,366	656	(5.2%)	625	(7.3%)	1,281	(6.2%)	607	(7.5%)	586	(6.2%)	1,193	(6.9%)	563	(7.2%)	540	(7.8%)	1,103	(7.5%)
Calling applications	528	499	1,027	485	(8.1%)	461	(7.6%)	946	(7.9%)	426	(12.2%)	402	(12.8%)	828	(12.5%)	366	(14.1%)	342	(14.9%)	708	(14.5%)
Managed services & maintenance	310	314	624	305	(1.6%)	331	5.4%	636	1.9%	308	1.0%	326	(1.5%)	634	(0.3%)	328	6.5%	343	5.2%	671	5.8%
Professional services	214	335	549	218	1.9%	275	(17.9%)	493	(10.2%)	191	(12.4%)	236	(14.2%)	427	(13.4%)	181	(5.2%)	195	(17.4%)	376	(11.9%)
Cloud applications	78	83	161	94	20.5%	111	33.7%	205	27.3%	119	26.6%	127	14.4%	246	20.0%	127	6.7%	130	2.4%	257	4.5%
Equipment sales	221	411	632	226	2.3%	356	(13.4%)	582	(7.9%)	194	(14.2%)	306	(14.0%)	500	(14.1%)	157	(19.1%)	186	(39.2%)	343	(31.4%)
Other	111	124	235	124	11.7%	138	11.3%	262	11.5%	133	7.3%	145	5.1%	278	6.1%	130	(2.3%)	136	(6.2%)	266	(4.3%)
Total NAS	1,462	1,766	3,228	1,452	(0.7%)	1,672	(5.3%)	3,124	(3.2%)	1,371	(5.6%)	1,542	(7.8%)	2,913	(6.8%)	1,289	(6.0%)	1,332	(13.6%)	2,621	(10.0%)
Total Fixed - Enterprise	2,154	2,440	4,594	2,108	(2.1%)	2,297	(5.9%)	4,405	(4.1%)	1,978	(6.2%)	2,128	(7.4%)	4,106	(6.8%)	1,852	(6.4%)	1,872	(12.0%)	3,724	(9.3%)
Fixed - Wholesale																					
Data & connectivity	196	205	401	200	2.0%	201	(2.0%)	401	-	188	(6.0%)	179	(10.9%)	367	(8.5%)	176	(6.4%)	167	(6.7%)	343	(6.5%)
Legacy calling & fixed	571	520	1,091	463	(18.9%)	407	(21.7%)	870	(20.3%)	343	(25.9%)	281	(31.0%)	624	(28.3%)	225	(34.4%)	187	(33.5%)	412	(34.0%)
Commercial & recoverable works	631	559	1,190	539	(14.6%)	509	(8.9%)	1,048	(11.9%)	421	(21.9%)	460	(9.6%)	881	(15.9%)	369	(12.4%)	232	(49.6%)	601	(31.8%)
Total Fixed - Wholesale	1,398	1,284	2,682	1,202	(14.0%)	1,117	(13.0%)	2,319	(13.5%)	952	(20.8%)	920	(17.6%)	1,872	(19.3%)	770	(19.1%)	586	(36.3%)	1,356	(27.6%)
Global																					
Fixed (legacy voice)	151	167	318	144	(4.6%)	202	21.0%	346	8.8%	140	(2.8%)	139	(31.2%)	279	(19.4%)	105	(25.0%)	124	(10.8%)	229	(17.9%)
Data & connectivity	452	471	923	491	8.6%	512	8.7%	1,003	8.7%	532	8.4%	543	6.1%	1,075	7.2%	488	(8.3%)	451	(16.9%)	939	(12.7%)
NAS & other	165	178	343	168	1.8%	188	5.6%	356	3.8%	174	3.6%	197	4.8%	371	4.2%	162	(6.9%)	166	(15.7%)	328	(11.6%)
Total Global	768	816	1,584	803	4.6%	902	10.5%	1,705	7.6%	846	5.4%	879	(2.5%)	1,725	1.2%	755	(10.8%)	741	(15.7%)	1,496	(13.3%)
Recurring nbn DA	304	338	642	374	23.0%	410	21.3%	784	22.1%	432	15.5%	442	7.8%	874	11.5%	452	4.6%	456	3.2%	908	3.9%
Other product income (iii)	247	491	738	177	(28.3%)	167	(66.0%)	344	(53.4%)	188	6.2%	179	7.2%	367	6.7%	392	n/m	160	(10.6%)	552	50.4%
One-off nbn DA & connection	1,308	974	2,282	992	(24.2%)	1,124	15.4%	2,116	(7.3%)	1,039	4.7%	965	(14.1%)	2,004	(5.3%)	658	(36.7%)	392	(59.4%)	1,050	(47.6%)
Total income	14,391	14,450	28,841	13,798	(4.1%)	14,009	(3.1%)	27,807	(3.6%)	13,413	(2.8%)	12,748	(9.0%)	26,161	(5.9%)	12,015	(10.4%)	11,117	(12.8%)	23,132	(11.6%)
Total expenses																					
Labour	2,699	2,508	5,207	2,722	0.9%	2,557	2.0%	5,279	1.4%	2,170	(20.3%)	1,888	(26.2%)	4,058	(23.1%)	2,033	(6.3%)	1,979	4.8%	4,012	(1.1%)
Goods and services purchased	3,989	4,349	8,338	4,382	9.9%	4,756	9.4%	9,138	9.6%	4,622	5.5%	4,485	(5.7%)	9,107	(0.3%)	4,208	(9.0%)	4,110	(8.4%)	8,318	(8.7%)
Net impairment losses on financial assets	103	87	190	88	(14.6%)	96	10.3%	184	(3.2%)	80	(9.1%)	122	27.1%	202	9.8%	78	(2.5%)	82	(32.8%)	160	(20.8%)
Other expenses	2,473	2,414	4,887	2,124	(14.1%)	2,660	10.2%	4,784	(2.1%)	2,060	(3.0%)	2,018	(24.1%)	4,078	(14.8%)	1,737	(15.7%)	1,437	(28.8%)	3,174	(22.2%)
Operating expenses	9,264	9,358	18,622	9,316	0.6%	10,069	7.6%	19,385	4.1%	8,932	(4.1%)	8,513	(15.5%)	17,445	(10.0%)	8,056	(9.8%)	7,608	(10.6%)	15,664	(10.2%)
Share of net profit/(loss) from equity accounted entities	(31)	9	(22)	1	n/m	11	22.2%	12	n/m	(2)	n/m	(303)	n/m	(305)	n/m	(2)	-	(22)	92.7%	(24)	92.1%
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)	5,096	5,101	10,197	4,483	(12.0%)	3,951	(22.5%)	8,434	(17.3%)	4,479	(0.1%)	3,932	(0.5%)	8,411	(0.3%)	3,957	(11.7%)	3,487	(11.3%)	7,444	(11.5%)
Depreciation and amortisation	2,219	2,251	4,470	2,366	6.6%	2,366	5.1%	4,732	5.9%	2,428	2.6%	2,416	2.1%	4,844	2.4%	2,316	(4.6%)	2,136	(11.6%)	4,452	(8.1%)
Earnings before interest and income tax expense (EBIT)	2,877	2,850	5,727	2,117	(26.4%)	1,585	(44.4%)	3,702	(35.4%)	2,051	(3.1%)	1,516	(4.4%)	3,567	(3.6%)	1,641	(20.0%)	1,351	(10.9%)	2,992	(16.1%)
Net finance costs	296	292	588	352	18.9%	342	17.1%	694	18.0%	375	6.5%	396	15.8%	771	11.1%	307	(18.1%)	244	(38.4%)	551	(28.5%)
Profit before income tax expense	2,581	2,558	5,139	1,765	(31.6%)	1,243	(51.4%)	3,008	(41.5%)	1,676	(5.0%)	1,120	(9.9%)	2,796	(7.0%)	1,334	(20.4%)	1,107	(1.2%)	2,441	(12.7%)
Income tax expense	889	693	1,582	559	(37.1%)	344	(50.4%)	903	(42.9%)	526	(5.9%)	431	25.3%	957	6.0%	209	(60.3%)	330	(23.4%)	539	(43.7%)
Profit for the period	1,692	1,865	3,557	1,206	(28.7%)	899	(51.8%)	2,105	(40.8%)	1,150	(4.6%)	689	(23.4%)	1,839	(12.6%)	1,125	(2.2%)	777	12.8%	1,902	3.4%
Attributable to:																					
Equity holders of Telstra Entity	1,713	1,878	3,591	1,211	(29.3%)	899	(52.1%)	2,110	(41.2%)	1,139	(5.9%)	680	(24.4%)	1,819	(13.8%)	1,098	(3.6%)	759	11.6%	1,857	2.1%
Non-controlling interests	(21)	(13)	(34)	(5)	76.2%	-	n/m	(5)	85.3%	11	n/m	9	n/m	20	n/m	27	n/m	18	100.0%	45	n/m

(i) From 1 July 2019 we have adopted AASB 16: 'Leases' on a prospective basis, i.e. no restatement of the comparative period. FY20 and FY21 have been adjusted to include the reported depreciation of mobile handsets right-of-use assets in EBITDA because for management reporting purposes these expenses are treated as part of operating performance results. Given different accounting treatment of leases in FY20 and FY21 compared to FY19, to provide a like-for-like view of our mobile handset leases (Telstra as a lessee), for illustrative purposes FY19 has been adjusted to exclude proforma operating lease expense and implied interest in the capitalised lease liability of all but mobile handset leases from operating expenses, D&A, finance costs and income tax expense. FY18 has not been adjusted.

(ii) Includes bundles and data, standalone voice, hardware, Telstra Plus, TUSOPA, business data & connectivity and other one-off revenue.

(iii) Includes guidance adjustments. Guidance adjustments include impairments in and to investments or non-current tangible and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum.

n/m = not meaningful

Telstra Corporation Limited
Half-year comparison
Year ended 30 June 2021

Summary management reported half-yearly data	Half 1 Dec-17	Half 2 Jun-18	Full Year Jun-18	Half 1 Dec-18	PCP Growth	Half 2 Jun-19	PCP Growth	Full Year Jun-19	PCP Growth	Half 1 Dec-19	PCP Growth	Half 2 Jun-20	PCP Growth	Full Year Jun-20	PCP Growth	Half 1 Dec-20	PCP Growth	Half 2 Jun-21	PCP Growth	Full Year Jun-21	PCP Growth
Selected statistical data																					
Mobile																					
Total retail mobile SIOs (thousands)	17,609	17,716	17,716	17,956	2.0%	18,338	3.5%	18,338	3.5%	18,497	3.0%	18,775	2.4%	18,775	2.4%	19,029	2.9%	19,471	3.7%	19,471	3.7%
Postpaid handheld mobile SIOs (thousands)	7,692	7,866	7,866	8,105	5.4%	8,244	4.8%	8,244	4.8%	8,381	3.4%	8,484	2.9%	8,484	2.9%	8,564	2.2%	8,585	1.2%	8,585	1.2%
Belong postpaid handheld mobile SIOs (thousands) (i)	21	67	67	182	n/m	248	n/m	248	n/m	339	86.3%	402	62.1%	402	62.1%	424	25.1%	436	8.5%	436	8.5%
Mobile broadband (data cards) SIOs (thousands)	3,964	3,893	3,893	3,723	(6.1%)	3,627	(6.8%)	3,627	(6.8%)	3,180	(14.6%)	3,158	(12.9%)	3,158	(12.9%)	3,061	(3.7%)	3,023	(4.3%)	3,023	(4.3%)
Prepaid mobile handheld unique users (thousands) (ii)	2,432	2,294	2,294	2,234	(8.1%)	2,245	(2.1%)	2,245	(2.1%)	2,380	6.5%	2,416	7.6%	2,416	7.6%	2,462	3.4%	2,511	3.9%	2,511	3.9%
Internet of Things (IoT) SIOs (thousands)	2,346	2,571	2,571	2,832	20.7%	3,132	21.8%	3,132	21.8%	3,482	23.0%	3,784	20.8%	3,784	20.8%	4,240	21.8%	4,676	23.6%	4,676	23.6%
Total wholesale mobile SIOs (thousands) (iii)	862	973	973	1,098	27.4%	1,196	22.9%	1,196	22.9%	1,354	23.3%	1,507	26.0%	1,507	26.0%	1,652	22.0%	1,747	15.9%	1,747	15.9%
Average postpaid handheld revenue per user per month ($)	56.15	55.12	55.55	54.58	(2.8%)	52.34	(5.0%)	53.61	(3.5%)	50.31	(7.8%)	47.53	(9.2%)	48.96	(8.7%)	45.99	(8.6%)	48.16	1.3%	47.16	(3.7%)
Average prepaid handheld revenue per user per month ($)	22.70	22.36	22.75	22.54	(0.7%)	19.38	(13.3%)	20.76	(8.7%)	19.20	(14.8%)	19.05	(1.7%)	19.46	(6.3%)	20.89	8.8%	21.46	12.7%	20.83	7.0%
Average mobile broadband revenue per user per month ($)	17.58	15.58	16.69	15.32	(12.9%)	14.65	(6.0%)	14.92	(10.6%)	16.81	9.7%	16.58	13.2%	16.62	11.4%	16.93	0.7%	16.20	(2.3%)	16.49	(0.8%)
nbn^{TM} premise connections																					
Bundles and standalone data (thousands)	1,304	1,573	1,573	1,844	41.4%	2,149	36.6%	2,149	36.6%	2,452	33.0%	2,711	26.2%	2,711	26.2%	2,895	18.1%	3,011	11.1%	3,011	11.1%
Belong (thousands)	92	110	110	132	43.5%	176	60.0%	176	60.0%	240	81.8%	298	69.3%	298	69.3%	332	38.3%	337	13.1%	337	13.1%
Voice only (thousands)	234	263	263	278	18.8%	280	6.5%	280	6.5%	272	(2.2%)	216	(22.9%)	216	(22.9%)	194	(28.7%)	123	(43.1%)	123	(43.1%)
Total nbn^{TM} premise connections (thousands)	1,630	1,946	1,946	2,254	38.3%	2,605	33.9%	2,605	33.9%	2,964	31.5%	3,225	23.8%	3,225	23.8%	3,421	15.4%	3,471	7.6%	3,471	7.6%
Fixed - C&SB																					
C&SB bundles and standalone data SIOs (thousands)	3,451	3,519	3,519	3,585	3.9%	3,627	3.1%	3,627	3.1%	3,654	1.9%	3,709	2.3%	3,709	2.3%	3,656	0.1%	3,640	(1.9%)	3,640	(1.9%)
Belong fixed data SIOs (thousands) (iv)	180	203	203	225	25.0%	254	25.1%	254	25.1%	298	32.4%	333	31.1%	333	31.1%	344	15.4%	343	3.0%	343	3.0%
C&SB standalone voice SIOs (thousands)	1,710	1,494	1,494	1,277	(25.3%)	1,061	(29.0%)	1,061	(29.0%)	871	(31.8%)	692	(34.8%)	692	(34.8%)	554	(36.4%)	416	(39.9%)	416	(39.9%)
Foxtel from Telstra (thousands)	799	790	790	772	(3.4%)	730	(7.6%)	730	(7.6%)	678	(12.2%)	632	(13.4%)	632	(13.4%)	579	(14.6%)	528	(16.5%)	528	(16.5%)
Average C&SB bundle and standalone data revenue per user per month ($)	81.78	80.11	80.67	79.56	(2.7%)	76.69	(4.3%)	78.25	(3.0%)	76.72	(3.6%)	75.37	(1.7%)	75.90	(3.0%)	75.40	(1.7%)	74.13	(1.6%)	74.59	(1.7%)
Average C&SB standalone fixed voice revenue per user per month ($)	51.35	51.48	51.26	51.36	0.0%	51.97	1.0%	51.64	0.7%	51.60	0.5%	48.96	(5.8%)	50.25	(2.7%)	45.82	(11.2%)	43.38	(11.4%)	44.76	(10.9%)
Fixed - Enterprise																					
Data & connectivity SIOs (thousands)										208	n/m	203	n/m	203	n/m	195	(6.3%)	188	(7.4%)	188	(7.4%)
Average data & connectivity revenue per user per month ($)										484.05	n/m	475.26	n/m	481.44	n/m	471.52	(2.6%)	469.97	(1.1%)	470.16	(2.3%)
Fixed - Wholesale																					
Fixed legacy SIOs (thousands)	3,060	2,638	2,638	2,221	(27.4%)	1,671	(36.7%)	1,671	(36.7%)	1,168	(47.4%)	719	(57.0%)	719	(57.0%)	393	(66.4%)	248	(65.5%)	248	(65.5%)
Data & connectivity SIOs (thousands)	37	39	39	39	5.4%	38	(2.6%)	38	(2.6%)	37	(5.1%)	35	(7.9%)	35	(7.9%)	33	(10.8%)	31	(11.4%)	31	(11.4%)
Labour																					
Telstra FTEs incl contractor/agency	34,115	34,624	34,624	31,419	(7.9%)	29,769	(14.0%)	29,769	(14.0%)	28,270	(10.0%)	28,959	(2.7%)	28,959	(2.7%)	28,637	1.3%	27,015	(6.7%)	27,015	(6.7%)

(i) Included in postpaid handheld mobile SIOs.

(ii) Defined as the three month rolling average of monthly active prepaid users.

(iii) Excludes IoT.

(iv) Included in C&SB bundles and standalone data SIOs.

n/m = not meaningful