17 February 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 half-year ended 31 December 2021 – CEO/CFO Analyst Briefing Presentation and Materials

In accordance with the Listing Rules, I enclose the following material, approved by the CEO and CFO, for immediate release to the market:

a) a presentation;

b) CEO and CFO speeches;

c) Telstra's Half-Year Results and Operations Review; and

d) financial and statistical tables.

Telstra will conduct an analyst briefing on the half-year results from 9.15am AEDT and a media briefing from 11.00am AEDT. 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 by:

Sue Laver
Company Secretary

Half year 2022 results

Andrew Penn – Chief Executive Officer

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Financial headlines

1H22 Reported	1H22 Guidance basis[1]
Total income: $10.9 billion, -9.4%	**Underlying EBITDA[3]:** $3.5 billion, +5.1% **In-year nbn headwind[3]:** ~$190 million (LTD ~$3.4 billion)
EBITDA: $3.5 billion, -14.8% **EBITDA lease adjusted[2]:** $3.5 billion, -12.4%	**Underlying EPS:** 6.2 cents, +55.0%
NPAT: $0.7 billion, -34.0% **EPS:** 5.9 cents, -35.9%	**Capex[3]:** $1.4 billion, -3.1% **Free cashflow after lease payments[3]:** $1.7 billion, -9.1%
Interim dividend: 8 cps[4] (consistent with pcp)	

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 Half year results and operations review – guidance vs reported results reconciliation (set out in our ASX announcement titled "Financial results for the half year ended 31 December 2021" lodged with the ASX on 17 February 2022).
2.'Reported lease adjusted' includes all mobile handset leases as operating expenses in 1H21.
3.Refer to definition in the Glossary.
4.Interim dividend of 8 cents per share fully franked comprising ordinary dividend of 6 cents per share and special dividend of 2 cents per share.

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Operating highlights

Continuing to deliver growth

Mobile service net adds

- +84k retail postpaid handheld services including +62k branded +22k Belong
- +67k retail prepaid handheld unique users
- +91k wholesale MVNO including prepaid and postpaid services
- +452k retail IoT services

Fixed service net adds

- -50k retail fixed bundle and data services

- **Mobile:** +5.0% postpaid handheld ARPU growth, +6.3% services revenue growth and +$392m EBITDA growth
- **Fixed – C&SB:** +0.5% bundles and data ARPU growth
- **Enterprise:** +1.1% income and +6.8% EBITDA growth
- **InfraCo Fixed:** $1.2b income, +1.5% ex commercial works
- **Telstra Health:** +9% organic revenue growth. On-track for high teens organic revenue growth in FY22

Improved customer experience

- Episode NPS improved +11 last 12 months and +5 last six months
- Strategic NPS declined -2 last 12 months and -4 last six months

Continued cost reduction

- $254m or 8.9% underlying fixed cost reduction
- $644m or 8.0% decline in total operating expenses[1]
- $2.5b 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 in 1H21.

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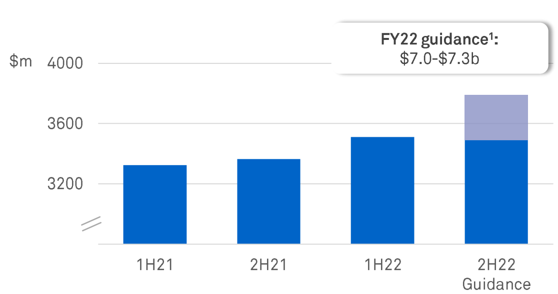
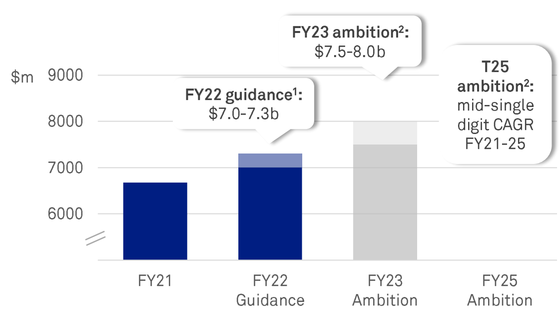
Underlying EBITDA growth

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.Telstra does not provide financial guidance beyond the current financial year. Telstra's financial ambitions for its Underlying EBITDA and FY25 outcomes are not guidance and there are greater risks and uncertainties in connection with these ambitions.

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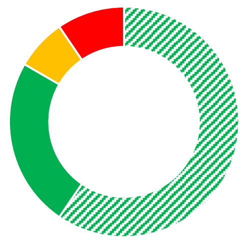
T22 achievements

Simplification & Digitisation	▪ ~9.4m services on 20 simplified C&SB in market plans ▪ ~4.0m Telstra Plus members ▪ C&SB digital sales increased +11pp to >50% and digital service interactions >74% ▪ Reduced annual contact centre calls by 70% since FY18 ▪ Reduced Enterprise active products by 54% since FY18 ▪ Enterprise digital service interactions increased +7pp to 35%
Ways of working	▪ Leaner, more efficient organisation including ~17k working in Agile ▪ ~8.4k direct FTE reduction since FY18 ex-COVID hires ▪ FTE reduction by >one-third or ~27k: ~7.9k direct, ~18.9k indirect ▪ Hybrid working for all office based and contact centre employees
Productivity	▪ $2.5b cost reduction since FY16 – on track for $2.7b by FY22 ▪ $2b asset monetisation, ~$5b including Amplitel
Network leadership	▪ 77.5% of population covered – Australia's largest 5G network ▪ Almost 2.8m 5G devices connected to the Telstra network ▪ Lead in combined 4G/5G speeds driven by broader 5G footprint
Infrastructure	▪ Completed 49% sale of Amplitel/InfraCo Towers for $2.8b ▪ Proposed legal restructure: we anticipate announcing the details of the scheme process this quarter

T22 Scorecard metrics – as at 1H22



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 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 40% of Enterprise service interactions through the digital channel by FY22 Increase average services per customer Eliminate two thirds of mass market servicing calls by FY22 – one third by FY20 All mass market incoming calls answered in Australia 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 | Status change vs FY21

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Finishing the job on T22

Group restructure and InfraCo
Completing the group restructure to drive value from InfraCo and create optionality while preserving Telstra's core differentiation

Enterprise
Restoring financial momentum to Telstra Enterprise by delivering overall revenue and EBITDA growth

Operating momentum
Continuing to deliver operating momentum: including mobile SIOs, Telstra Plus members, media services while turning around Fixed – C&SB

Customer experience
Bringing our stores in house and consumer and small business call centres on shore while delivering our NPS aspirations

New markets
Starting to scale our energy business and delivering high teens growth in health revenues

Productivity
Delivering our $2.7bn annualised productivity target by FY22

Network leadership
Consolidating our position as Australia's largest 5G network with 80% population coverage by end of T22

Digitisation
Ceasing sale and new development on the old stack while migrating at scale to the new

New ways of working
Leading employee engagement and full scale Agile

Our strategy: T25

Our purpose and values

To build a connected future so everyone can thrive

We are changemakers | We are better together | We care | We make it simple

Our strategic pillars

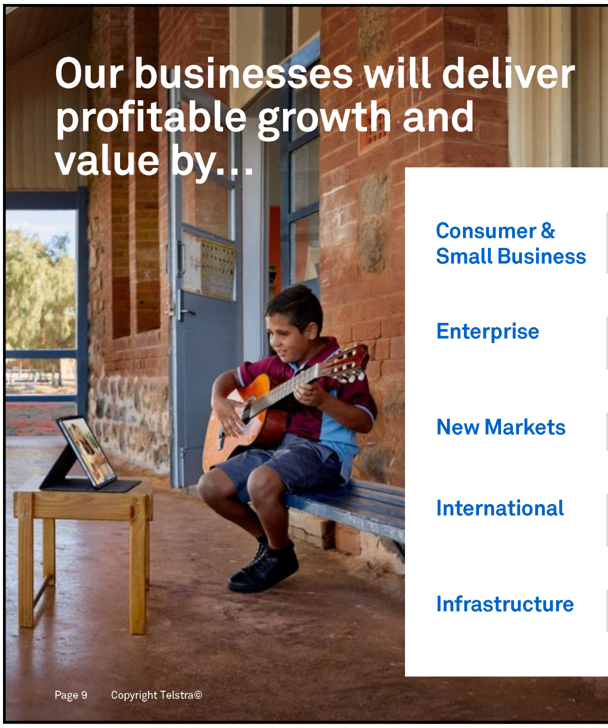
An exceptional **customer experience** you can count on | Leading **network & technology solutions** that deliver your future | Sustained **growth and value** for our shareholders

The place you want to work

Excelling at new ways of working | Accelerating digital leadership | Doing business responsibly

Our businesses

Consumer & Small Business | Enterprise | New Markets | International | Infrastructure



Our businesses will deliver profitable growth and value by…

Consumer & Small Business	**Creating brilliant experiences that enable our customers to work, learn and play**
Enterprise	**Connecting our customers with Australia's most trusted and secure technology and services**
New Markets	**Building and scaling our new businesses**
International	**Leveraging the growing strategic significance of our international network**
Infrastructure	**Improving access, utilisation and scale of our infrastructure**

T25 scorecard

Our commitments and metrics

Customer experience

Market leading CX with
- eNPS >40 by FY25
- sNPS uplift of +25 by FY25

Getting it right for customers
- >90% 'Once and Done' by FY25 (C&SB)
- 90% rating in support and engagement by FY25 (TE)

Reduce our complaints
- One-third by FY23, 50% by FY25 (C&SB)
- >95% of billing disputes will be resolved in 1 cycle by FY25 (TE)

Grow Telstra Plus members (#) and engagement (%)
- 5.4m and 70% by FY23
- 6m and 80% by FY25

Grow digitally active users by 2m to 8.5m FY25 (C&SB)

Improve availability of infra. assets for customers, by FY25
- 250 new towers
- 20,000km of fibre deployed[1]

Network & Technology

Network leadership; by FY25:
- ~95% pop. coverage for 5G
- >80% of traffic on 5G
- 3G closed in FY24

Win majority of key surveys for best fixed/ mobile network including
- Coverage, and
- Overall customers speeds for mobile FY23-FY25

Double metro cell sites by FY25 to densify the network

Expand regional coverage
- 100,000km^2 new coverage by FY25

Growth and value

Underlying EBITDA
- $7.5-8.0b by FY23
- Mid-single digit CAGR FY21 to FY25

Underlying ROIC
- ~8% by FY23
- Grow beyond to FY25

Underlying EPS: High-teens CAGR FY21 to FY25

Maximise fully-franked dividend and seek to grow over time

Maintain cost discipline
- $500m net fixed cost out from FY23 to FY25 while investing for growth
- Maintain leading operating cost metrics for full-service telco

Maximise value from infra.
- Amplitel EBITDAaL CAGR – low-to-mid single digit
- InfraCo Fixed EBITDAaL CAGR – low-single digit

New ways of working

Remain at 90th percentile employee engagement (equivalent to high-performance norm)

Improve agile maturity of teams, with 70% scoring above 4 by FY25

Halve our time to market for products and services from FY22 to FY25

50% increase in representation of Data & Analytics workforce by FY25

Direct software engineering workforce delivering ~2x the percentage of strategic development work by FY25

Digital leadership

All key service transactions with customers are capable of being conducted digitally by FY25

100% of key business processes enhanced/ improved using AI by FY25

Reach top 20% in Digital Capability Index by FY25

100% API-first architecture for customer management, product development, and external monetisation

Move ~90% of applications to the public cloud by FY25

Responsible business

Enable renewable energy generation equivalent to 100% of our consumption by 2025

Reduce absolute emissions from FY19 by at least 50% by 2030

Increase digitally active customers by 2m, including building digital skills for 500k Australians, by FY25

Help keep 1m customers in vulnerable circumstances connected each year from FY22-25

4-7pt uplift in RepTrak reputation score by FY25

Note: Commitments are baselined to FY21, except where stated otherwise and see disclaimer slide in relation to financial ambitions
1. Fibre deployed updated from 6,000km in February 2022

Summary

Our transformation has continued – well positioned for further growth

The benefits of T22 are flowing through for our customers and our shareholders

Our mobile network remains Australia's biggest and best

We are determined to finish the job on T22 and complete transition to T25

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Half year 2022 results

Vicki Brady – Chief Financial Officer

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Income statement

Reported	1H21	1H22	CHANGE
Total income[1]	**$12.0b**	**$10.9b**	**-9.4%**
EBITDA	$4.1b	$3.5b	-14.8%
EBIT	**$1.6b**	**$1.3b**	**-22.2%**
Net finance costs	$0.3b	$0.2b	-22.5%
Income tax expense	$0.2b	$0.3b	41.6%
NPAT	**$1.1b**	**$0.7b**	**-34.0%**
EPS (cents)	**9.2**	**5.9**	**-35.9%**
DPS (cents)	**8.0**	**8.0**	**-**

NPAT decline due to one-offs
Underlying EPS growth of 55%

1H22 interim dividend of 8c (6c ordinary, 2c special)
EPS payout of 136%; FCF[4] payout of 67%

Underlying	1H21	1H22	CHANGE
Total Income	**$11.2b**	**$10.7b**	**-4.4%**
EBITDA – lease adjusted[2]	**$4.0b**	**$3.5b**	**-12.4%**
Less net one-off nbn DA[1]	$0.5b	$0.1b	-76.0%
Less guidance adjustments[3]	$0.1b	-$0.2b	NM
Underlying EBITDA[1]	**$3.3b**	**$3.5b**	**5.1%**
D&A – lease adjusted[2]	$2.3b	$2.2b	-5.5%
Underlying EPS (cents)	**4.0**	**6.2**	**55.0%**

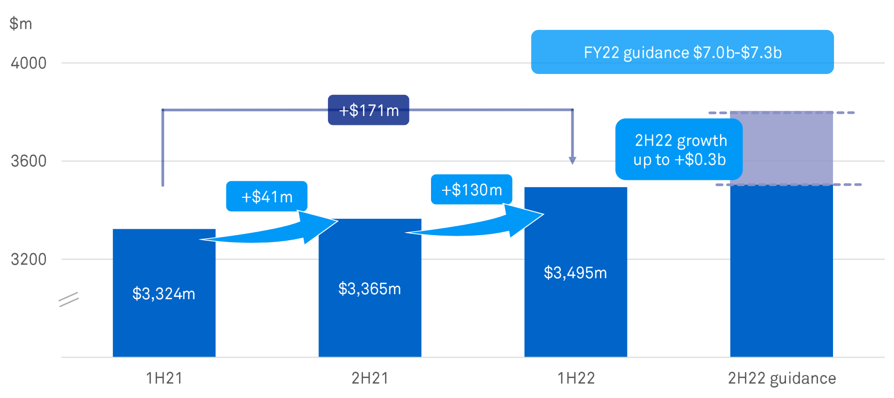
Underlying EBITDA grew $171m or 5.1% on pcp
Growth despite in-year nbn headwind[1] of ~$190m

FY22 underlying EBITDA guidance for $7.0b to $7.3b
FY22 guidance reaffirmed across all measures

1. Refer to definition in the Glossary.
2. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in 1H21. 1H21 adjusted to include $113m of reported depreciation of mobile handsets right-of-use assets in EBITDA.
3. Refer to Half 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 FY22 (set out in our ASX announcement titled "Financial results for the half year ended 31 December 2021" lodged with the ASX on 17 February 2022).
4. Free cash flow after lease payments[1] less other finance costs paid, employee share purchases and dividends to non-controlling interests.

Financial momentum continuing

Underlying EBITDA – halves



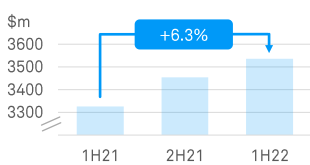
EBITDA by product[1]

	1H21	CHANGE $m	1H22	CHANGE	
Mobile	$1,565m	392	$1,957m	25.0%	Service revenue growth, plan structure, hardware and productivity
Fixed - C&SB	$96m	-73	$23m	-76.0%	Revenue reduction, growing nbn costs, partly offset by cost out
Fixed - Enterprise	$311m	-11	$300m	-3.5%	NAS growth offset by data & connectivity decline
Fixed - Active Wholesale	$133m	-43	$90m	-32.3%	Ongoing legacy decline partially offset by cost-out
International	$164m	30	$194m	18.3%	7.5% constant currency growth
InfraCo fixed	$868m	-100	$768m	-11.5%	InfraCo Fixed EBITDAaL grew excluding commercial works
Amplitel	$152m	-	$152m	-	Revenue growth offset by costs build up on standalone business
Other[2]	$35m	-24	$11m	-68.6%	Includes corporate adjustments
Underlying	**$3,324m**	171	**$3,495m**	**5.1%**	
Net one-off nbn DA	$520m	-395	$125m	-76.0%	Reflects nbn migration timing
Restructuring	-$60m	38	-$22m	-63.3%	
Other guidance adj.[3]	$173m	-305	-$132m	NM	Gain on sale in pcp; Towers transaction costs in 1H22
Reported lease adjusted[1]	**$3,957m**	-491	**$3,466m**	**-12.4%**	

1. Mobile and Fixed products include internal infrastructure costs. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in 1H21.
2. Other includes miscellaneous and Telstra Health.
3. Refer to Half 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 FY22 (set out in our ASX announcement titled "Financial results for the half year ended 31 December 2021" lodged with the ASX on 17 February 2022).

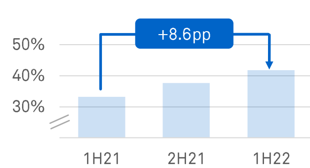
Product highlights – mobile momentum and growth

Mobile service revenue growth



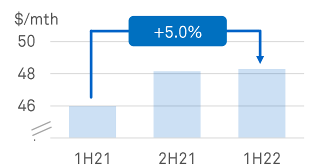
All segments and product service revenue lines growing including postpaid, prepaid, MBB, wholesale and IoT

Mobile EBITDA % margin expansion



Operating leverage from service revenue growth, transitioning off subsidy /lease plans, hardware and productivity

Mobile postpaid handheld ARPU growth

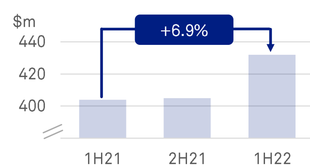


Growth in all brands and segments

~$1.50 negative from non-economic accounting chg

TMMC +$2 in 1H22 on pcp

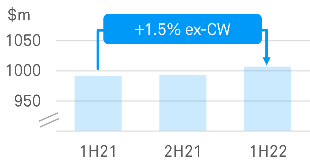
Mobile prepaid handheld revenue growth



Prepaid strength from unique users and ARPU growth

Product highlights – Infrastructure

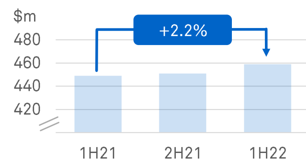
InfraCo Fixed revenue excluding CW



>$2b annualised fixed passive access revenue for fibre, network sites & ducts

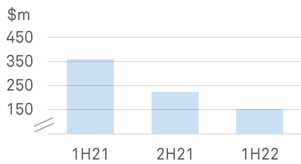
Additional long-term growth from major infrastructure investments

nbn recurring revenue supported by CPI increase



Average contracted period of 26 years

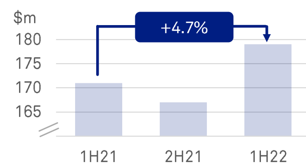
Commercial & recoverable works (CW) revenue decline



nbn CW rolling off as nbn rollout nears completion & contracts end

Other CW impacted by slow -down in relevant construction

Amplitel (Towers) revenue growth



Demand including new builds and 5G coverage expansion from Telstra

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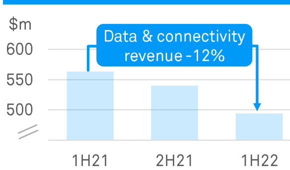
Product highlights – Fixed Enterprise

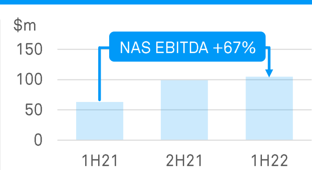
Fixed – Enterprise decline moderating supported by NAS growth



T-Fibre SIOs flat vs 2H21

Transitioning through ARPU compression from competition/technology

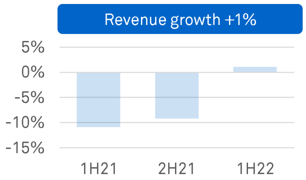
Return to growth by FY24

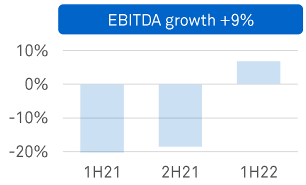


NAS cloud, professional & managed services incl. security & IoT growth offset legacy decline

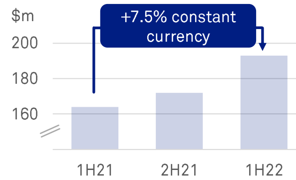
NAS % margin mid-teens by FY25

Enterprise total (incl. mobile & international) growth





International EBITDA growth



Profitable revenue growth and operational efficiency

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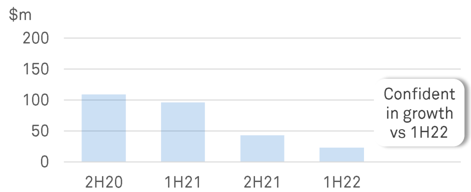
Product highlights – Fixed C&SB and Active wholesale

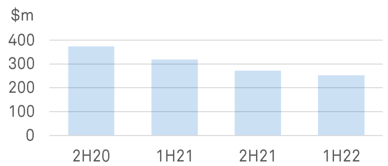
Fixed - C&SB EBITDA has bottomed



Confidence in outlook and off-net margin improvement:

- nbn driven decline substantially complete
- TMMC/ARPU growth & momentum
- New stack/digitisation positive for experience and productivity
- 5G Home wireless opportunity

Fixed – Active Wholesale



Decline largely attributed to copper and legacy

Further decline expected until legacy and nbn impacts roll off and before data & connectivity stabilises

Operating expenses[1]

	1H21	CHANGE $m	1H22	CHANGE
Sales costs - nbn payments	$960m	74	$1,034m	7.7%
Sales costs - other	$3,174m	-108	$3,066m	-3.4%
Fixed costs - underlying	$2,851m	-254	$2,597m	-8.9%
Fixed costs - other[2]	$839m	-377	$462m	-44.9%
Underlying	**$7,824m**	**-665**	**$7,159m**	**-8.5%**
One-off nbn DA and nbn C2C	$138m	-60	$78m	-43.5%
Restructuring	$60m	-38	$22m	-63.3%
Other guidance adjustments	$34m	119	$153m	NM
Reported lease adjusted	**$8,056m**	**-644**	**$7,412m**	**-8.0%**

Total operating costs declined 8.0%

nbn™ network payments increased on higher services
Other sales costs declined including lower hardware costs
Fixed costs - other decline includes lower mobile lease and commercial works costs

Underlying fixed costs decreased $254m or 8.9% in 1H22 enabled by our ongoing drive to digitise and simplify our processes, as well as our move to an agile workforce. The continued migration of our fixed customers to the NBN as well as our focus on rationalising vendors and services have also contributed to cost reduction

~**$2.5b net productivity** achieved since FY16. On track for $2.7b cumulative by FY22, with $430m FY22 target

Target for further $500m productivity FY23-FY25 under T25

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in 1H21.
2. Includes items supporting revenue growth including relevant NAS costs, mobile handset lease, and product impairment, and additional costs from insourcing retail channel in 1H22.

Free cashflow

	1H21	CHANGE $m	1H22	CHANGE
EBITDA[1]	$3,957m	-491	$3,466m	-12.4%
Working capital movement[2]	-$96m	341	$245m	NM
Tax paid	-$456m	25	-$431m	-5.5%
Capex (excl. Spectrum & Investment)	-$1,582m	-11	-$1,593m	0.7%
Lease payments	-$333m	-3	-$336m	0.9%
Other incl. non-cash EBITDA[3]	$353m	-29	$324m	-8.2%
Free cashflow after lease payments[4]	**$1,843m**	**-168**	**$1,675m**	**-9.1%**
Spectrum	-$31m	-2	-$33m	6.5%
M&A / asset sale	$408m	-1,062	-$654m	NM
Lease payments[5]	$446m	-110	$336m	-24.7%
Reported operating cashflow less investing cashflow	**$2,666m**	**-1,342**	**$1,324m**	**-50.3%**

FCFaL[4] declined 9.1% to $1,675m in 1H22 with lower EBITDA partially offset by working capital

On track for $3.5b to $3.9b FY22 guidance range

Working capital movement of +$245m in 1H22 largely due to reduced receivables including from lower handset sales and stronger collections performance

Accrued capex[4] of $1,386m or 13.4% capex/sales (guidance)

M&A in 1H22 includes $428m for health acquisitions of MedicalDirector and PowerHealth, $183m on insourcing retail stores, and Amplitel transaction costs. 1H21 included sale of Pitt St exchange, Velocity fibre and other asset sales

Financing activities cash flow in 1H22 (not in table) includes:

- +$2.9b of proceeds for Towers 49% sale (~$2.8b net proceeds)
- -$571m of planned $1.35b buyback expect to complete in FY22

Future commitment of $616m for 850MHz spectrum won at auction in 1H22 expected to be paid shortly before commencement in mid-2024

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in 1H21.
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.
5. For illustrative purposes in 1H21, 'lease payments' of -$446m included as -$333m for lease payments and -$113m for mobile handset leases which is depreciation of right-of-use assets included in EBITDA.

Capital position

		1H21	FY21	1H22
Gross debt		$17.4b	$16.4b	$14.9b
Cash and cash equivalents		$1.3b	$1.1b	$1.7b
Net debt		$16.1b	$15.3b	$13.2b
Average gross borrowing cost[1]		3.8%	3.8%	3.7%
Average debt maturity (years)[1]		3.7	3.4	3.3
Financial parameters[2]	**Comfort Zones**			
Debt servicing	1.5 - 2.0x	2.0x	2.0x	1.9x
Gearing	50% to 70%	51.5%	50.0%	43.1%
Interest cover	>7x	13.6x	13.2x	13.0
Ratios				
Capex[3] to sales		13.3%	14.4%	13.4%
ROE[3]		15.2%	12.8%	9.1%
ROIC[3]		8.7%	7.5%	6.0%
Underlying ROIC[3]		4.5%	5.0%	6.2%

Net debt declined ~$2.1b in 1H22 supported by our strong FCF and proceeds from partial sale of our Towers business

Average gross borrowing costs continue to decline

Continued access to diverse and efficient sources of funding

Strong liquidity. $1.7b cash and $2.9b of unused committed bank facilities at end 1H22. Post balance date we entered into new syndicated loan facilities totalling $1.5b increasing total available bank facilities to $4.4b of which $3.8b is undrawn

Balance sheet strength and flexibility. Parameters within comfort zones

Accrued capex[3] of $1,386m in 1H22 (guidance basis)

Momentum under T22 delivering progress to FY23 Underlying ROIC target 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	1H22	FY22 guidance[1]
Total Income	$22.9b	$10.9b	**$21.6b to $23.6b**
Underlying EBITDA[2]	$6.7b	$3.5b	**$7.0b to $7.3b**
Capex[3]	$3.0b	$1.4b	**$2.8b to $3.0b**
Free cashflow after lease payments (FCFaL)[4]	$3.7b	$1.7b	**$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.

Summary

- Results demonstrate our financial momentum and underlying growth
- Confident in outlook with ongoing momentum and diversifying growth
- Delivering to FY22 guidance and FY23/T25 financial ambitions
- Strong cash flow, balance sheet and flexibility
- Remain disciplined and focused on creating shareholder value

Detailed financials

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Underlying earnings

	Reported basis		Mobile handset Lease adjustments[2]		Restructuring/ other guidance adustments[3]		Net one-off nbn receipts[4]		Underlying earnings[1] basis		
	1H21	1H22	1H21	1H22	1H21	1H22	1H21	1H22	1H21	1H22	CHG
Total income	**$12,015m**	**$10,887m**	-	-	**-$207m**	**-$21m**	**-$658m**	**-$203m**	**$11,150m**	**$10,663m**	**-4.4%**
Operating expenses	$7,943m	$7,412m	$113m	-	-$94m	-$175m	-$138m	-$78m	$7,824m	$7,159m	-8.5%
Equity accounted entities	-$2m	-$9m	-	-	-	-	-	-	-$2m	-$9m	NM
EBITDA	**$4,070m**	**$3,466m**	**-$113m**		**-$113m**	**$154m**	**-$520m**	**-$125m**	**$3,324m**	**$3,495m**	**5.1%**
Depreciation and amortisation	$2,429m	$2,189m	-$113m	-	-	-	-	-	$2,316m	$2,189m	-5.5%
EBIT	**$1,641m**	**$1,277m**	-	-	**-$113m**	**$154m**	**-$520m**	**-$125m**	**$1,008m**	**$1,306m**	**29.6%**
Net finance costs	$307m	$238m	-	-	-	-	-	-	$307m	$238m	-22.5%
Income tax expense	$209m	$296m	-	-	$154m	$27m	-$156m	-$38m	$207m	$285m	37.7%
NPAT	**$1,125m**	**$743m**	-	-	**-$267m**	**$127m**	**-$364m**	**-$87m**	**$494m**	**$783m**	**58.5%**
Non-controlling interests	$27m	$45m	-	-	-$12m	-	-	-	$15m	$45m	200.0%
EPS (cents)	**9.2**	**5.9**	-	-	**-2.1**	**1.1**	**-3.1**	**-0.7**	**4.0**	**6.2**	**55.0%**

1. Refer to definition in the Glossary.
2. 'Reported lease adjusted' which includes all mobile handset leases as operating expenses in 1H21.
3. Refer to Half 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 FY22 (set out in our ASX announcement titled "Financial results for the half year ended 31 December 2021" lodged with the ASX on 17 February 2022).
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.

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Dividends

	1H21	1H22	CHANGE
Earnings per share			
Basic earnings per share (cents)	9.2	5.9	-35.9%
Underlying earnings[1] per share (cents)	4.0	6.2	55.0%
Dividends (fully franked)			
Ordinary dividend (cents)	5.0	6.0	20%
Special dividend (cents)	3.0	2.0	-33.3%
Total dividend (cents)	**8.0**	**8.0**	-
Payout Ratios			
Ordinary dividend as % of underlying earnings[1]	125%	97%	-28pp
Total dividends as % of earnings per share	**87%**	**136%**	**+46pp**
Total dividends as % of Free cashflow[2]	**63%**	**67%**	**+4pp**

1H22 total interim dividend of 8 cents per share (cps) fully franked, including ordinary of 6cps and special of 2cps

1H22 interim dividend supported by cash flow which is higher than accounting earnings

1H22 interim dividend represents 67% payout of Free cashflow[2]

78% 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 other finance costs paid, employee share purchases and dividends to non-controlling interests.
3. Life to date defined as since beginning FY18.

Income by product[1]

	1H21	CHANGE $m	1H22	CHANGE	
Mobile	$4,710m	-27	$4,683m	-0.6%	Service revenue growth of $211m offset by hardware decline
Fixed - CS&B	$2,426m	-166	$2,260m	-6.8%	SIO and ongoing legacy decline
Fixed - Enterprise	$1,852m	-38	$1,814m	-2.1%	Data & connectivity decline partially offset by NAS growth
Fixed - Active Wholesale	$319m	-67	$252m	-21.0%	Ongoing legacy decline due to nbn
International	$755m	3	$758m	0.4%	0.6% constant currency growth
InfraCo Fixed	$1,352m	-193	$1,159m	-14.3%	1.5% growth excluding commercial and recoverable works
Amplitel	$171m	8	$179m	4.7%	New towers and inflation-linked pricing
Other[2]	$327m	3	$330m	0.9%	Health +9% organic excluding M&A
Elimination	-$762m	-10	-$772m	1.3%	Intercompany revenue
Underlying	**$11,150m**	**-487**	**$10,663m**	**-4.4%**	
One-off nbn DA & connection[3]	$658m	-455	$203m	-69.1%	nbn migration timing
Guidance adjustments[4]	$207m	-186	$21m	-89.9%	M&A and gains on sale in pcp
Reported	**$12,015m**	**-1,128**	**$10,887m**	**-9.4%**	

1. Refer to half 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 internal revenue, miscellaneous and Telstra Health.
3. Includes $176m (1H21 $660m) of nbn disconnection fees (Per Subscriber Address Amount (PSAA)) and $6m (1H21 -$19m) of ISA ownership receipts for assets transferred under the nbn Definitive Agreements.
4. Refer to Half 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 FY22 (set out in our ASX announcement titled "Financial results for the half year ended 31 December 2021" lodged with the ASX on 17 February 2022).

Product framework: operating expenses[1]

	1H21	2H21	1H22	CHANGE	CHANGE
Mobile	$3,145m	$2,868m	$2,726m	-$419m	-13.3%
Fixed - C&SB	$2,330m	$2,267m	$2,237m	-$93m	-4.0%
Fixed - Enterprise	$1,541m	$1,538m	$1,514m	-$27m	-1.8%
Fixed - Active Wholesale	$186m	$174m	$162m	-$24m	-12.9%
International	$594m	$565m	$563m	-$31m	-5.2%
InfraCo Fixed	$484m	$412m	$391m	-$93m	-19.2%
Amplitel	$19m	$19m	$27m	$8m	42.1%
Other[2]	$287m	$244m	$311m	$24m	8.4%
Elimination	-$762m	-$750m	-$772m	-$10m	1.3%
Underlying	**$7,824m**	**$7,337m**	**$7,159m**	**-$665m**	**-8.5%**
One-off nbn DA and nbn C2C	$138m	$110m	$78m	-$60m	-43.5%
Restructuring	$60m	$151m	$22m	-$38m	-63.3%
Other guidance adjustments	$34m	$10m	$153m	$119m	NM
Reported lease adjusted[1]	**$8,056m**	**$7,608m**	**$7,412m**	**-$644m**	**-8.0%**

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 costs decline due to lower NAS sales costs and productivity

Fixed – Active Wholesale costs declined largely due to productivity

International costs declined on currency and productivity

InfraCo Fixed costs declined due to lower commercial works costs

Amplitel costs increased due to build up of costs as standalone business

1. Mobile and Fixed products include internal infrastructure costs. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in 1H21 and 2H21.
2. Other includes miscellaneous and Telstra Health.

EBITDA by product[1]

	1H21	CHANGE $m	1H22	CHANGE	
Mobile	$1,565m	392	$1,957m	25.0%	Service revenue growth, plan structure, hardware and productivity
Fixed - C&SB	$96m	-73	$23m	-76.0%	Revenue reduction, growing nbn costs, partly offset by cost out
Fixed - Enterprise	$311m	-11	$300m	-3.5%	NAS growth offset by data & connectivity decline
Fixed - Active Wholesale	$133m	-43	$90m	-32.3%	Ongoing legacy decline partially offset by cost-out
International	$164m	30	$194m	18.3%	7.5% constant currency growth
InfraCo fixed	$868m	-100	$768m	-11.5%	Broadly flat excluding nbn commercial works
Amplitel	$152m	-	$152m	0.0%	Revenue growth offset by costs build up on standalone business
Other[2]	$35m	-24	$11m	-68.6%	Includes corporate adjustments
Underlying	**$3,324m**	171	**$3,495m**	**5.1%**	
Net one-off nbn DA	$520m	-395	$125m	-76.0%	Reflects nbn migration timing
Restructuring	-$60m	38	-$22m	-63.3%	
Other guidance adj.[3]	$173m	-305	-$132m	NM	Gain on sale in pcp; Towers transaction costs in 1H22
Reported lease adjusted[1]	**$3,957m**	-491	**$3,466m**	**-12.4%**	

1. Mobile and Fixed products include internal infrastructure costs. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in 1H21.
2. Other includes miscellaneous and Telstra Health.
3. Refer to Half 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 FY22 (set out in our ASX announcement titled "Financial results for the half year ended 31 December 2021" lodged with the ASX on 17 February 2022).

Product performance: Mobile

	1H21	2H21	1H22	CHANGE vs PCP
Mobile Income	**$4,710m**	**$4,600m**	**$4,683m**	**-0.6%**
Mobile services[1]	**$3,326m**	**$3,455m**	**$3,537m**	**6.3%**
- Postpaid handheld	$2,352m	$2,478m	$2,500m	6.3%
- Prepaid handheld	$404m	$405m	$432m	6.9%
- Mobile broadband	$316m	$296m	$319m	0.9%
- Internet of Things (IoT)	$118m	$128m	$129m	9.3%
- Wholesale	$127m	$140m	$148m	16.5%
Hardware, interconnect & Other[2]	**$1,384m**	**$1,145m**	**$1,146m**	**-17.2%**
EBITDA[3] **Margin**	**$1,565m** **33.2%**	**$1,732m** **37.7%**	**$1,957m** **41.8%**	**+25.0%** **+8.6%**
Total retail mobile SIOs	19.0m	19.5m	20.0m	5.4%
Postpaid handheld mobile SIOs	8,564k	8,585k	8,669k	1.2%
Internet of things (IoT) SIOs	4,240k	4,676k	5,128k	20.9%
Postpaid handheld ARPU/mth	$45.99	$48.16	$48.29	5.0%
Postpaid handheld churn	10.7%	11.9%	10.8%	+0.1ppt

Service revenue +6.3% vs pcp. Total income decline due to hardware revenue on lower volumes and supply constraints

Postpaid HH 1H22 net adds of +84k including +22k Belong. All segments positive with strong contribution from Enterprise

Postpaid HH ARPU +5% in 1H22 with growth in all segments and brands and despite ~$1.50 negative impact from accounting. Full benefits of price and $5 TMMC lift from FY19-21 now largely reflected in 1H22

TMMC +$2 in 1H22 vs pcp (+$1 vs 2H21). Expected to flow to ARPU in 2H22 but be offset by further accounting impacts

Prepaid handheld growth on +67k unique users and ARPU growth

Mobile broadband growth with reduction in prepaid offset by consumer postpaid ARPU growth

IoT growth from SIO adds and increased value added app adoption

Wholesale revenue growth from +91k net adds and ARPU growth

EBITDA growth due to service revenue, transitioning our customers off subsidy and lease plans, hardware and productivity

1. Mobile services revenue also includes other revenue of $9m (1H21 $9m, 2H21 $8m).
2. Other includes media and Telstra Plus loyalty.
3. Includes internal infrastructure costs. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in 1H21 and 2H21.

Product performance: Fixed - C&SB

	1H21	2H21	1H22	CHANGE vs PCP
Fixed - C&SB Income[1]	**$2,426m**	**$2,310m**	**$2,260m**	**-6.8%**
On-net fixed	$462m	$322m	$259m	-43.9%
Off-net fixed	$1,470m	$1,531m	$1,554m	5.7%
Consumer content & services	$342m	$319m	$306m	-10.5%
Business apps & services	$94m	$89m	$86m	-8.5%
Interconnection, E000 & other	$58m	$49m	$55m	-5.2%
EBITDA[2] **Margin**	**$96m** **4.0%**	**$43m** **1.9%**	**$23m** **1.0%**	**-76.0%** **-3.0ppt**
C&SB Bundles & data SIOs	3,656k	3,640k	3,590k	-1.8%
C&SB Bundles & data ARPU	$75.40	$74.13	$75.76	+0.5%
C&SB Standalone voice SIOs	554k	416k	372k	-32.9%
C&SB Standalone voice ARPU	$45.82	$43.38	$38.19	-16.7%

Income reduction on SIOs and legacy decline. Focus on long-term economics, customer experience, differentiation, fixed wireless and return to growth

FY21 bundles & data net adds of –50k incl. +3k Belong
Smart Modem utilised by 88% of bundles & data consumer base (81% FY21)

On-net revenue decline and off-net revenue growth reflecting nbn migration

5G home internet positioned to capture growth

Consumer content & services supporting differentiation including gaming (SIOs +15k in 1H22 to 77k) and SVOD (+12k in 1H22 to 658k)

Business apps & services impacted by legacy product decline

Bundles & data ARPU grew on plan mix despite benefit of price rises being delayed due to customer credits. 92% of customers now on in-market plans (85% FY21). 9% nbn SIOs on 100Mbps+

Standalone voice ARPU & SIO decline from abandonment and migration to bundles

EBITDA decline includes revenue reduction and growing nbn network payments partly offset by cost out. 1H22 off-net resale margin 4% (5% FY21) includes higher nbn CVC overage costs, and investment in customer experience. On-net largely break even in 1H22 after internal infrastructure costs

1. Includes $104m (1H21 $81m, 2H21 $99m) 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.
2. Includes internal infrastructure costs.

Product performance: Fixed - Enterprise

	1H21	2H21	1H22	CHANGE vs PCP
Data & connectivity Income[1]	$563m	$540m	$494m	-12.3%
Data & connectivity EBITDA[3] **Margin**	**$248m** **44.0%**	**$235m** **43.5%**	**$195m** **39.5%**	**-21.4%** **-4.5pp**
Data & connectivity SIOs[1]	195k	188k	185k	-5.1%
NAS Income	$1,289m	$1,332m	$1,320m	2.4%
Calling applications[2]	$366m	$342m	$342m	-6.6%
Managed services	$328m	$343m	$357m	8.8%
Professional services	$181m	$195m	$185m	2.2%
Cloud applications	$127m	$130m	$135m	6.3%
Equipment sales	$157m	$186m	$177m	12.7%
Other	$130m	$136m	$124m	-4.6%
NAS EBITDA[3] **Margin**	**$63m** **4.9%**	**$99m** **7.4%**	**$105m** **8.0%**	**66.7%** **+3.1pp**
Fixed - Enterprise Income	**$1,852m**	**$1,872m**	**$1,814m**	**-2.1%**
Fixed - Enterprise EBITDA[3] **Margin**	**$311m** **16.8%**	**$334m** **17.8%**	**$300m** **16.5%**	**-3.5%** **-0.3pp**

1. Includes products across T-Fibre, NBN and copper access types.
2. Includes Fixed & Legacy Calling including ISDN revenue of $130m (1H21 $175m. 2H21 $148m).
3. Includes internal infrastructure costs.

Data & connectivity T-Fibre SIOs net adds flat as we successfully re-signed key customers despite overall SIO decline driven by legacy/copper. ARPU compression continues due to nbn rollout of fibre zones and tech change
Ambition to return to growth by FY24 unchanged

Data & connectivity EBITDA declined largely due to reduced revenue

NAS income growth across strategic areas, as we execute our strategy, partly offset by calling applications legacy decline

Calling applications decline from legacy ISDN and fixed line calling product migrations, somewhat offset by higher call volumes due to market conditions

Managed services growth due to increase in cyber security services attached to network customers and growth in Contact Centre solutions

Professional services largely stable with focus on digital transformation engagements by Telstra Purple

Cloud applications growth driven by demand for partner cloud products enabling professional and managed service attachment

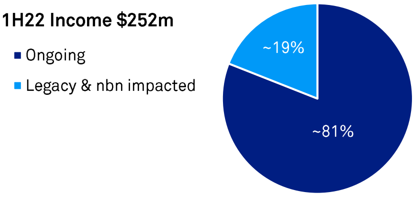
Other decline with growth in Telstra Broadcast Services more than offset by legacy product retirement

NAS EBITDA grew with growth in strategic areas and productivity partially offset by decline in high margin products

Product performance: Fixed – Active Wholesale

	1H21	2H21	1H22	CHANGE vs PCP
Fixed – Active Wholesale Income	**$319m**	**$272m**	**$252m**	**-21.0%**
Data & connectivity	$175m	$166m	$158m	-9.7%
Legacy calling & fixed	$144m	$106m	$94m	-34.7%
EBITDA[1] **Margin**	**$133m** **41.7%**	**$98m** **36.0%**	**$90m** **35.7%**	**-32.3%** **-6.0pp**
Fixed legacy SIOs	393k	248k	158k	-59.8%
Data & connectivity SIOs	33k	31k	29k	-12.1%

1H22 Income $252m



Fixed – Active Wholesale income decline largely attributed to copper and legacy

Data & connectivity includes Telstra active fibre for backhaul and transmission products. Decline due to SIO reduction in enterprise grade legacy products, price competition in wideband fibre products, and migration of legacy services

Legacy calling & fixed includes legacy copper access, nbn reseller wholesale, interconnect and other fixed products. Decline from continued legacy fixed product SIO decline as nbn migration nears completion

EBITDA decline due to revenue decline partially offset by productivity. Further decline expected until legacy and nbn impacts roll off and before data & connectivity stabilises

1. Includes internal infrastructure costs.

Product performance: InfraCo Fixed

	1H21	2H21	1H22	CHANGE vs PCP
InfraCo Fixed – Income[1]	**$1,352m**	**$1,217m**	**$1,159m**	**-14.3%**
Commercial & recoverable works	$360m	$224m	$152m	-57.8%
NBN recurring	$449m	$451m	$459m	2.2%
Other external	$68m	$68m	$71m	4.4%
Internal (i.e. Telstra)	$475m	$474m	$477m	0.4%
EBITDA	$868m	$805m	$768m	-11.5%
Leases	$28m	$36m	$36m	28.6%
EBITDAaL[2] **Margin**	**$840m** **62.1%**	**$769m** **63.2%**	**$732m** **63.2%**	**-12.9%** **+1.1pp**

Strong demand and underlying growth of InfraCo Fixed infrastructure. On track for T25 ambition for Low-single digit EBITDAaL CAGR ex-commercial works

Income and EBITDAaL broadly flat excl. nbn commercial works (CW). Reported decline due to nbn CW rolling off as nbn rollout nears completion and contracts end

Other CW also declined impacted by a slow-down in relevant construction

EBITDAaL also impacted by additional investment in asset maintenance and growth opportunities, and an increase in lease expense due to sale and leaseback of the Pitt St exchange in Dec-2020

Income from NBN Co for use of fibre, ducts and exchanges contributes $433m to EBITDA. This is government backed, recurring and indexed to CPI for the remaining average contracted period of 26 years

By asset type:
- **Fibre** revenue growth from ancillary services and dark fibre offset by commercial works
- **Ducts** revenue declined due to commercial works partially offset by nbn CPI indexation and increase in utilisation
- **Fixed Network Sites decline** on forecast decline in Telstra Exchange Building Access (TEBA) and power recharge, off-set by other sales

Capex in 1H22 was $112m (9.7% of revenue) mostly on lifecycle management. Investment in two major telecommunications infrastructure projects to begin late FY22

1. Proforma Internal income and EBITDA presented on like-for like view with FY22 pricing methodology. To provide a management view 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.
2. EBITDAaL defined as Earnings Before Interest, Taxes, Depreciation, Amortization and after Leases.

Product performance: Amplitel (Towers)

	1H21	2H21	1H22	CHANGE vs PCP
Amplitel - Income[1]	**$171m**	**$167m**	**$179m**	**4.7%**
External	$30m	$30m	$29m	-3.3%
Internal (i.e. Telstra)	$141m	$137m	$150m	6.4%
EBITDA	$152m	$148m	$152m	-
Leases	$28m	$29m	$28m	-
EBITDAaL[2] **Margin**	**$124m** **72.5%**	**$119m** **71.3%**	**$124m** **69.3%**	**-** **-3.2pp**
Towers (mobile - excl. Govt')	5,010	5,067	5,093	1.7%
Tenancies (mobile - excl. Govt')	6,694	6,766	6,877	2.7%
Tenancy ratio	1.34	1.34	1.35	1.1%

Increase in income is primarily driven by internal charges to Telstra associated with new tower builds and 5G upgrades

External revenue declined marginally largely due to one-off commercial works decline, partially offset by demand from new non-MNO customers and recontracted rates

EBITDAaL flat as increased costs to establish standalone business offsets revenue growth

1H22 increase in expenses is driven by on-boarding of employees, IT and lifecycle maintenance and other costs. Further increase in costs are expected in 2H22 after these were delayed including due to the impact of COVID-19

T25 ambition for Low-to-mid single digit EBITDAaL CAGR

49% Towers sale valuing business at $5.9b and 28x EV/EBITDAaL based on FY21 Proforma at full cost run-rate completed Sep-21

Capex $13m in 1H22 or (7.4% of sales). Expected to increase as restrictions ease

1. To provide a management view 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.
2. EBITDAaL defined as Earnings Before Interest, Taxes, Depreciation, Amortization and after Leases.

Product performance: International

($ amounts in AUD)	1H21	2H21	1H22	CHANGE vs PCP	CHANGE in constant currency
International Income[1]	**$755m**	**$741m**	**$758m**	**0.4%**	**0.6%**
Fixed (legacy voice)	$105m	$124m	$109m	3.8%	4.5%
Data & connectivity	$488m	$451m	$483m	-1.0%	-
NAS and other	$162m	$166m	$166m	2.5%	0.1%
EBITDA **Margin**	**$164m** **21.7%**	**$172m** **23.2%**	**$194m** **25.6%**	**+18.3%** **+3.9pp**	**+7.5%** **+1.9pp**

Revenue growth of +0.6% at constant currency. Strong performance in wholesale from new sales and infrastructure investment, offset by Enterprise decline due to COVID impacts

Fixed legacy voice +4.5% in constant currency. Focus remains on maximising profit and portfolio expected to resume revenue decline in line with market in 2H22

Data & connectivity flat in constant currency with wholesale growing. Further growth in Enterprise expected as launch new product capability.

NAS and other flat in constant currency but grew 5.2% excluding exit of TelkomTelstra with growth in managed networks, equipment and professional services

EBITDA +7.5% in constant currency **with margin expansion** from higher data & connectivity and NAS contribution and operational efficiency

1. Excludes inter-segment revenue of $106m (1H21 $114m, 2H21 $116m).

nbn impact on EBITDA

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

Recurring nbn headwind	FY16 – FY21	1H22	FY22 est.[1]
Recurring nbn DA	+$0.5b	~+$10m	~+$0.03b
Reduction in legacy access network costs	+$0.5b	~+$30m	~+$0.1b
Network payments to nbn	-$2.0b	~ -$70m	~ -$0.2b
Wholesale legacy earnings decline	-$1.0b	~ -$70m	~ -$0.1b
Retail decline **attributable to nbn** across Fixed-C&SB and Data & connectivity	-$1.2b	~ -$90m	~ -$0.2b
Total recurring nbn headwind	**-$3.2b**	**~-$190m**	**~-$350m**

As at end of 1H22, we estimate we have absorbed around 95%[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	1H22	FY22 est.[1]
PSAA and ownership receipts for transitioning to nbn	+$10.0b	$182m	
net one-off costs of migrating to the nbn	-$2.0b	-$57m	
Total Net one-off nbn DA receipts less nbn net C2C	**+$7.9b**	**$125m**	**~$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.

C&SB, Enterprise & InfraCo fully allocated segment[1]

		Underlying Income				Underlying EBITDA			
		1H21	2H21	1H22	CHANGE	1H21	2H21	1H22	CHANGE
C&SB	Mobile	$3,843m	$3,654m	$3,714m	-3.4%	$1,190m	$1,348m	$1,510m	26.9%
	Fixed - C&SB	$2,426m	$2,310m	$2,260m	-6.8%	$96m	$43m	$23m	-76.0%
	Other	-	$3m	-	-	-$2m	$4m	-$2m	-
	Total	**$6,269m**	**$5,967m**	**$5,974m**	**-4.7%**	**$1,284m**	**$1,395m**	**$1,531m**	**19.2%**
Enterprise	Mobile	$732m	$780m	$809m	10.5%	$283m	$271m	$345m	21.9%
	Fixed - Enterprise	$1,852m	$1,872m	$1,814m	-2.1%	$311m	$334m	$300m	-3.5%
	Other	$15m	$18m	$9m	n/m	$7m	$5m	-$3m	n/m
	Total Domestic	**$2,599m**	**$2,670m**	**$2,632m**	**1.3%**	**$601m**	**$610m**	**$642m**	**6.8%**
	International	**$755m**	**$741m**	**$758m**	**0.4%**	**$164m**	**$172m**	**$194m**	**18.3%**
	Total	**$3,354m**	**$3,411m**	**$3,390m**	**1.1%**	**$765m**	**$782m**	**$836m**	**9.3%**
InfraCo segment (Active and Passive)	Mobile	$138m	$149m	$160m	15.9%	$94m	$97m	$104m	10.6%
	Fixed - Active wholesale	$319m	$272m	$252m	-21.0%	$133m	$98m	$90m	-32.3%
	InfraCo Fixed	$1,352m	$1,217m	$1,159m	-14.3%	$868m	$805m	$768m	-11.5%
	Amplitel	$171m	$167m	$179m	4.7%	$152m	$148m	$152m	0.0%
	Other	$1m	$1m	$2m	n/m	-$12m	-$13m	-$11m	n/m
	Total	**$1,981m**	**$1,806m**	**$1,752m**	**-11.6%**	**$1,235m**	**$1,135m**	**$1,103m**	**-10.7%**
Other		$308m	$290m	$319m	3.6%	$40m	$53m	$25m	-37.5%
Eliminations		-$762m	-$750m	-$772m	-1.3%	-	-	-	-
Underlying		**$11,150m**	**$10,724m**	**$10,663m**	**-4.4%**	**$3,324m**	**$3,365m**	**$3,495m**	**5.1%**

Consumer & Small Business income decline largely in Fixed and mobile hardware. EBITDA growth due to mobile

Enterprise income and EBITDA growth largely due to mobile

InfraCo decline due to nbn commercial works decline and Fixed legacy roll off, partially offset by mobile growth

1. C&SB, Enterprise and InfraCo exclude any one-off nbn DA and connection, and guidance adjustments attributable. Enterprise International excludes inter-segment revenue. Mobile and Fixed products include internal infrastructure costs. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in 1H21 and 2H21.

Appendix

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

- 1.2m shareholders
- A$48b market capitalisation
- Public ASX20 company
- A$23b total income FY21
- #447 on Forbes Global 2000
- A-/A2 investment grade rating from S&P and Moody's

Customers and people

- 20.0m retail mobile services
- 1.8m wholesale mobile services
- 3.6m Consumer & Small Business bundle and data services
- 185k Enterprise data and connectivity services
- ~330 retail stores in Australia
- We operate in 20 countries and territories outside of Australia
- Employee engagement score 80

Leading in sustainability

- Helped 1m customers in vulnerable circumstances to stay connected in FY21
- #1 ranked company in Asia-Pacific for digital inclusion[1]
- Provided $127m of value through our social and community investment programs in FY21
- Maintained carbon neutral status across our operations and targeting 50% absolute emissions reduction by 2030

1. World Benchmarking Alliance Digital Inclusion Benchmark, December 2021

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We will deliver growth through our T25 strategy

Financial strategy

- **Build financial momentum across our portfolio** to deliver growth
- **Deliver net cost reductions –** $500m net fixed cost out from FY23 to FY25 while investing for growth
- **Focus on cash conversion and generation**
- **Active portfolio management to unlock value** and manage our Balance Sheet
- **Create shareholder value** through our capital management framework

Financial ambitions

Underlying EBITDA[1]
- $7.5–8.0b by FY23
- Mid-single digit CAGR FY21 to FY25

Underlying ROIC[1]
- ~8% by FY23
- Grow beyond to FY25

Underlying EPS[1]
- High-teens CAGR FY21 to FY25

Dividend
- Maximise fully-franked dividend and seek to grow over time

Excess cashflow
- Invest for growth and return excess cash to shareholders

1. Refer to definition in Glossary and see disclaimer slide in relation to these financial ambitions

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Growth ambitions across our portfolio[1]

Mobile	Fixed – C&SB	Fixed – Enterprise	Infrastructure	New Markets
Mid-single digit service revenue CAGR to FY25	Growing and profitable **home and business internet services**	Return to growth in **data and connectivity** by FY24	**Amplitel by FY25** • Low-to-mid single digit EBITDAaL CAGR	Grow **Telstra Health** to become a $0.5b revenue business by FY25
	nbn reseller % EBITDA margin • At least 8% by FY23 • Mid-teens by FY25	Mid-single digit **NAS revenue** CAGR to FY25 with mid-teens **EBITDA margin**	InfraCo Fixed by FY25 • Low-single digit EBITDAaL CAGR ex-commercial works	Top 5 **Energy** retailer by FY25
	Double **Business Apps & Services** revenue by FY25	**Enterprise revenue and EBITDA growth in FY22** (mobile, fixed and international as a whole)		
	Less than $100m on average p.a. losses in legacy copper excluding internal infrastructure costs (across all fixed products)			

1. See disclaimer slide in relation to financial ambitions

Updated February 2022

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. Maximise fully-franked dividend and seek to grow over time[1]
3. Ongoing business-as-usual capex of ~$3b p.a. excluding spectrum[2]
4. Invest for growth and return excess cash to shareholders

1. 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.
2. 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	1H22 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 • 40% of Enterprise service interactions through the digital channel by FY22 • Increase average services per customer • Eliminate two thirds of mass market servicing calls by FY22 – one third by FY20 • All mass market incoming calls answered in Australia • Telstra Plus members: 2m by FY20, 5m by FY22	• Episode NPS (3MMA) increased 5 points against FY21 and increased 11 points against 1H21 • Strategic NPS (3MMA) decreased 4 points against FY21 and 2 point against 1H21 • 4.7m active My Telstra app users, (FY21 4.5m, FY20 4.36m, FY19 3.98m). Digital active users 6.33m (FY21 6.53, FY20 6.33m) • C&SB digital sales increased to 50.8% (FY21 39.3%, FY20 30.3%, FY19 16.8%, FY18 6.2%) • C&SB digital service interactions increased to 74.4% (FY21 73.2%, FY20 71.3%, FY19 53.5%, FY18 39.5%) • Telstra Connect is available to all 23.8k eligible customers. ~12.5k active customers in three months to December 2021 (FY21 9.8k , FY20 6.6k) • 35.3% Enterprise digital services interactions (FY21 28.1%, FY20 12.3%) • Average services per customer 2.2 (FY21 2.6, FY20 2.6) • Total mass market servicing calls to contact centres 5.47m (down from FY21 11.5m, FY18 35.8m) • ~4.0m members of Telstra Plus loyalty program (FY21 3.5m)
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	• ~9.4 million services on in market C&SB fixed and postpaid mobile plans • Reduced active Enterprise products by 54% since FY18 to 287 • Simplified and flattened structure removing on average >4 management layers

T22 outcomes – Progress (cont.)

Outcomes		Metrics & Measures	1H22 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 ▪ Resilience investments have led to an overall reduction of 100% 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 around 930 sites once all five current MBSP rounds are completed. In addition, in FY22, we have built eight sites in other co-funded programs with states, councils and other entities. A further 217 small cells for localised regional community connectivity were delivered at Telstra's expense ▪ Ranked #1 for Ookla full-year (FY21) mobile combined 4G/5G speed-score results based on Q1/Q2 and Q3/Q4 results. We maintain a small lead on combined 4G/5G ▪ Finished #3 in the ACCC report released in December for average download speeds during busy hours when underperforming/impaired lines are removed, which was a drop from #1 in the August report. The latest result was impacted by an increase in services that could not achieve the maximum line speed in the survey pool. ▪ In 1st tier for Netflix ISP Speed Index for every month's result released to date in H1 FY22 ▪ We continue to meet our speed claims on all plans, with our NBN download speeds at 51.2Mbps for 50/20 plans and 101.1Mbps for 100/40 & 100/20 plans (12 week-rolling average) ▪ In 1H22 243 5G sites were added for a total of 4,072 5G macro sites in the network. In addition, we deployed 36 Greenfields macro sites and 195 upgrades at existing locations ▪ We have expanded 5G rollout to selected areas within 350+ cities and towns across Australia, with over 3,400 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	▪ 97% of Agile teams at level 3 Agile Maturity in Q1 FY22 ▪ The Q2 AMAT result is 63% teams at Maturity level 4 ▪ As at end Dec 2021 we had ~17.1k people in Agile at scale chapter areas ▪ Employee engagement score at 80 for Q2 FY22 (Nov) – measured through the Experience Pulse conducted quarterly for all eligible employees. Q3 FY22 survey trending higher ▪ Reported ~7.9k direct FTE reduction and 18.9k indirect FTE reduction since end of FY18. ~8.4k 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	1H22 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: $2.5bn vs updated FY22 target $2.7bn. $254m net reduction in 1HY22 ▪ 1H22 total operating expenses (reported lease adjusted) decreased 8.0% to $7.4bn (FY21 $15.7bn) ▪ 1H22 nbn AVC/CVC costs $1,034m (FY21 $1,975m) ▪ 1H22 Labour cost to sales ratio 16.6% (FY21 17.2%) ▪ We have improved our cost benchmarking position, moving from the bottom quartile in FY18 to the third quartile as at end of FY21. Benchmarking to be updated in December 2022
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 improved to 6.2% (FY21 5.0%). Revised ROIC target of ~8% by FY23 ▪ Exceeded target of monetising assets of up to ~$2bn as at end FY21 ▪ Proposed legal restructure: we anticipate announcing the details of the scheme process this quarter ▪ 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.

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 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 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 half 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 FY22 (set out in our ASX announcement titled "Financial results for the half year ended 31 December 2021" lodged with the ASX on 17 February 2022)
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 or **one-off nbn DA**	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 in FY21. 1H21 adjusted to include \$113m of reported depreciation of mobile handsets right-of-use assets in EBITDA (2H21 \$81m). No adjustment in FY22.
ROE	Calculated as Profit After Tax after Minority Interests (PATMI) 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 excluding net one-off nbn receipts and guidance adjustments (as defined above). See 'Underlying earnings' slide for details
Underlying EBITDA	Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C and guidance adjustments (as defined above). FY20/21 underlying EBITDA also includes depreciation of mobile lease right-of-use assets.
Underlying EPS	Calculated as PATMI attributable to each share, excluding net one-off nbn receipts and guidance adjustments (as defined above).
Underlying ROIC	Calculated as NOPAT as a percentage of total capital, excluding net one-off nbn receipts and guidance adjustments (as defined above) less tax.

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 or predictions 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. These factors include general economic conditions in Australia; exchange rates; competition in the markets in which Telstra will operate; the inherent regulatory risks in the businesses of Telstra; the substantial technological changes taking place in the telecommunications industry; 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 and in Telstra's 2021 Annual Report which were lodged with the ASX on 12 August 2021 and 27 August 2021 respectively, 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 Telstra2025 strategy (T25), including the response of customers to changes in products and the way we interact with them as we move to a digital operating model; the risks of disruption from changes to the ways we work; that detailed business plans have not been developed for the entirety of the strategy and the full scope and cost of T25 may vary as plans are developed; Telstra's ability to execute and manage the elements of T25 in a sequenced, controlled and effective manner and realise the planned operational synergies, cost savings and revenue benefits. There are also risks and uncertainties in connection with the proposed legal restructure announced on 22 March 2021.

Telstra does not provide financial guidance beyond the current financial year. Telstra's financial ambitions to FY25 (in particular for its Underlying EBITDA and Underlying ROIC by FY23) and growth ambitions across our portfolio are not guidance and there are greater risks and uncertainties in connection with these ambitions. The indicators provided in this presentation of FY25 outcomes and FY25 financial ambitions, including across Mobile, Fixed – C&SB, Fixed – Enterprise, Infrastructure and New markets, are provided to illustrate some of the outcomes which management is currently focused on delivering across the short to medium term. Each item and action is subject to a range of assumptions and contingencies, including the actions of third parties.

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".

These presentations are not intended to (nor do they) constitute an offer or invitation by or on behalf of Telstra, its subsidiaries, or any other person to subscribe for, purchase or otherwise deal in any equity, debt instrument or other securities, nor are they intended to be used for the purpose of or in connection with offers or invitations to subscribe for, purchase or otherwise deal in any equity, debt instruments or other securities.

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 HALF YEAR RESULTS

17 FEBRUARY 2022

ANDREW PENN – CEO

Slide 1 – Half year results 2022 - Andrew Penn Telstra CEO

Good morning and welcome to Telstra's results announcement for the half year ended 31 December 2021.

A half in which we saw our underlying business continue to grow. A half in which we saw the benefits of our T22 strategy flowing through for our customers and for our shareholders. And a half in which we announced the transition to T25, a strategy for growth. A strategy that leverages the foundation and capabilities we have built.

We have achieved these results because we have stayed disciplined and focused on delivering what we said we would. Our T22 strategy has been a clear success. We are now a vastly different company and we are determined to finish the job.

As the nation has developed an ever-increasing reliance on digital connectivity, we are well placed to deliver the infrastructure, solutions and security needed by our customers and to support Australia's aspiration to become a world leading digital economy by 2030.

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.

Thank you all for attending today, albeit virtually. Hopefully we will get the chance to catch up face to face soon.

With that let me turn to the results.

Slide 2 – Financial headlines

FY22 is a pivotal year for Telstra financially as we see the near final negative transitional effects of the nbn in our reported results but with the growing momentum in our underlying performance starting to show through.

For example, our reported total income includes declines of around $450m in one off nbn receipts and $200m in nbn commercial works, while our underlying results demonstrate the benefits of our T22 strategy.

Total Income for the half therefore decreased 9.4 per cent to $10.9b on a reported basis.

NPAT also decreased 34 per cent to $0.7b and Earnings Per Share was down 35.9 per cent to 5.9 cents per share, also both on a reported basis.

In addition to the impact of the nbn, the declines on a reported basis reflect the one-off gains last year from the sale of our Velocity and South Brisbane Exchange fibre assets and the sale and lease back of our Pitt St exchange.

In contrast to our reported results, Underlying EBITDA on a guidance basis increased 5.1 per cent to $3.5b. This was the second consecutive half of underlying EBITDA growth.

Underlying EBITDA included an in-year nbn headwind of $190m down on last year and which will be less again in the second half.

Underlying EPS was up 55 per cent to 6.2 cents per share, a strong start against our T25 ambition of Underlying EPS CAGR in the high teens from FY21 to FY25.

The Board has resolved to pay a fully-franked interim dividend of 8 cents per share returning around $940m to shareholders. While this is the same level of total interim dividend as last year, it is worth noting it includes an increase in the ordinary dividend from 5 to 6 cents per share.

Also, by the end of December we were more than 40 per cent of the way through our $1.35bn on-market share buy-back. We expect to complete the buy-back by the end of the current financial year.

I will now turn to the operating highlights for the half.

Slide 3 – Operating highlights

We continued to see good customer growth in mobiles despite the impact of COVID on population growth and our retail presence.

We added 84,000 net retail postpaid mobile services including 62,000 branded with a strong contribution from Enterprise. Our branded performance reinforces the benefits of our clear leadership in 5G.

In Wholesale we added 91,000 services, and we added 452,000 IoT services.

Our continued focus on mobile network leadership and building value resulted in 5 per cent postpaid handheld ARPU growth, 6.3 per cent mobile services revenue growth and $392m mobile EBITDA growth.

Our performance in fixed for consumer and small business customers has been more challenged, particularly as we are now at the tail end of the migration to the nbn and dealing with the most difficult cases. Net new retail bundles were negative 50,000 although, bundle and standalone data ARPU increased 0.5 per cent.

Notwithstanding the disappointing SIO performance we are confident of restoring momentum by leveraging the benefit of the many value adding home broadband features Telstra offers. These include, the Telstra Smart Modem, Telstra TV, the Telstra wifi guarantee and our new 5G fixed wireless offer.

Earlier this month, Foxtel also reported a 19% increase in paid streaming subscribers to more than 3.9m, compared to last year. This strong subscriber growth positions Foxtel and our investment well for the future as well as providing great entertainment experiences for our customers.

In Enterprise, in line with our previously communicated aspiration, we returned to income and EBITDA growth, and we are on track to deliver growth for the full year.

Growth in the half was achieved across mobile, International and NAS. NAS income and EBITDA grew in the half by 2.4% and 67% respectively, as Vicki will talk to later.

We also recently signed a major contract with the Department of Defence.

InfraCo Fixed income was up 1.5 per cent for the half to $1.2bn excluding commercial works.

Telstra Health also had a strong half both operationally and strategically. Revenue was up 9 per cent or 37 per cent after including the MedicalDirector and PowerHealth acquisitions.

Confirming our continued improvements in customer experience, Episode NPS improved eleven points in the last 12 months and five points in the last six.

Strategic NPS declined two points in the last 12 months and four points in the last six although remains up 13 points since the launch of T22.

Finally, on our operating highlights, we have made very strong progress in our productivity program. For the half, underlying fixed costs were down $254m and total operating expenses were down $644m or 8 per cent.

We are on track to deliver a reduction in our underlying fixed costs of approximately $430m for the full year.

Slide 4 – Underlying EBITDA growth

So, it is clear we have financial momentum.

The left-hand side of this slide shows the growth we have achieved in Underlying EBITDA in the last three halves including $3.5b this half. Against this, our guidance for the full year is $7.0 – 7.3b which indicates growth again in the second half.

The chart on the right shows the evolution of our full year Underlying EBITDA including our aspiration to be in the range of $7.5 – 8.0b in FY23, and our T25 ambition for mid-single digit CAGR to FY25.

These statements for FY23 and FY25 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 our ongoing financial momentum and our ambition for further growth.

Slide 5 – T22 achievements

With that, let me turn back to our progress with T22.

We have completed or are on track to deliver over 80 per cent of our T22 scorecard metrics as we enter the final six months.

I will highlight today just a few of our many T22 achievements. At the full year, I will provide a comprehensive review as we close out the program.

Since announcing T22, we have radically simplified our business reducing the number of Consumer & Small Business plans from 1800 to 20 and we now have 9.4m services on them. We have removed lock in contracts, excess data charges and many other fees.

We have 4.0m customers signed up to our rewards program, Telstra Plus, and we are seeing strong engagement with NPS for customers who are members of Telstra Plus around 20 points higher than customers who are not.

For Consumer and Small Business customers, digital sales interactions were up 11 percentage points in the half to 50 per cent. Overall, almost three quarters of all service interactions with C&SB customers are now digital.

The number of calls coming into our consumer and small business contact centres has fallen by 70% and by the end of this financial year we expect to answer all of these calls in Australia.

We are also well progressed on the arrangements to bring our licensee stores back in house. By the end of December, we had in-sourced almost half of the 166 branded stores previously run by independent licensees. We had also completed the acquisition of Vita, bringing another 104 stores back in house.

In Enterprise, we have rationalised the number of active products by more than a half and our Adaptive Networks and Adaptive Mobility products are providing more flexibility to customers.

And similar to our digitisation progress in Consumer and Small Business, more than a third of all Enterprise service interactions are now through the digital channel.

On ways of working, we have further progressed our journey to introduce Agile and today we have around 17,000 people working in Agile at a high level of maturity.

Excluding hires due to COVID workforce restrictions, we have met our T22 target to reduce our direct workforce by 8,000 net. Overall, we have reduced our direct and indirect headcount by one third or 27,000 in response to the transfer of a material part of our business to the nbn and from our digitisation and efficiency initiatives.

At the same time, we have 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 delivered cost reductions of $2.5b and are on track to deliver our T22 productivity target of $2.7b.

We have monetised over $2b of assets, further strengthening our balance sheet. This is in addition to the sale of a 49 per cent non-controlling stake in our towers business for $2.8b which was finalised this half.

In network leadership our 5G network is now more than twice the size of our next nearest competitor. We cover more than 77.5 per cent of the population and 2.8m 5G devices are already connected.

Not surprisingly, we also 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.

umlaut's 5G audit also showed that Telstra had by far the widest 5G availability in each of the eight tested cities.

We've also just been awarded Australia's fastest mobile network by Ookla. The Ookla Speedtest Award found that we were faster nationally and faster on both median download and median upload speeds in the three largest Australian cities being Sydney, Melbourne and Brisbane.

Our spectrum holdings are crucial to our ongoing leadership. I am therefore pleased to report we secured the maximum possible low-band spectrum at the December auction and we will be using our 900 spectrum to support our 3G network with more capacity for regional and rural customers ahead of retiring 3G in FY24.

Together with our existing spectrum holdings, we continue to hold more low band spectrum than any other carrier, which is important given our larger customer base.

On Infrastructure, the business has been operating for some time now as a stand-alone business unit under the leadership of Brendon Riley. We are also well progressed on our legal restructure and you will have noted the introduction into Parliament in late November of changes to legislation which are consistent with this.

There are still a couple of steps we need to conclude and we anticipate announcing the details of the scheme process by the end of this quarter.

Slide 6 – T22 scorecard

Turning to our T22 scorecard.

In the half, we completed our ambition to have more than 45 per cent of consumer and small business sales transactions through the digital channel. This brings the total number of completed T22 measures to 25.

With less than six months to go, we are on track to complete another ten. This includes two new measures added in the half being 40 per cent of Enterprise service interactions through the digital channel by FY22, and all consumer and small business incoming calls being answered in Australia.

As I have previously reported, there are some measures rated amber or red, however there have been no significant changes to these ratings from the full year so I will only make a couple of comments.

Firstly, on underlying ROIC our target is to achieve around 8 per cent in FY23. This is consistent with the financial ambitions I spoke to earlier.

Secondly, our employee engagement increased to 80 by the end of December and has improved further since then. We are on track to achieve our target of a 10 point improvement by the end of the year placing us among the top performing companies globally.

Slide 7 – Finishing the job on T22

In terms of finishing the job on T22 over the few months of this year, our key focus is on:

- Completing the group restructure to drive value from InfraCo and create optionality while preserving Telstra's core differentiation.
- Further improving customer experience including the completion of bringing our stores in house and Consumer and Small Business call centres on shore
- Further consolidating our position as Australia's largest 5G network with 80% population coverage.
- Restoring financial momentum to Telstra Enterprise by building on the first half results and delivering overall revenue and EBITDA growth.
- Starting to scale our energy business and delivering high teens growth in health revenues before acquisitions
- Ceasing sale and new development on the old technology stack while migrating at scale to the new one
- Continuing to deliver operating momentum – including in mobile SIOs, Telstra Plus, media services and turning around performance in Fixed.
- Delivering our $2.7bn annualised productivity target.
- And finally, delivering on new ways of working, including leading employee engagement and being at full scale with Agile.

Slide 8 – Our strategy: T25

With that let me turn briefly to T25.

As you know like T22, T25 is built around four key strategic pillars:

- Firstly, to provide an exceptional customer experience you can count on. Nothing is more important than continuing to improve customer experience and this sits at the heart of T25.
- The second pillar is to provide the leading network and technology solutions that deliver your future.
- The third pillar is to create sustained growth and value for our shareholders.
- The fourth and final pillar is to be the place you want to work.

T25 is a strategy focussed on growth by leveraging the capabilities we have built under T22. In the same way T22 would not have been possible without the foundational investments we announced in 2016, T25 would not be possible without all that we have accomplished in T22. This is why we are so focussed on finishing the job on T22.

Slide 9 – Our businesses will deliver profitable growth and value by…

We will deliver T25 through our five key businesses – Consumer and Small Business, Enterprise, New Markets – comprising Energy and Health, International and Infrastructure.

The four pillars of T25 are guiding the strategy for each of these businesses but each also has its own ambition reflecting the place it is at and the opportunities ahead.

In its implementation, we will be using exactly the same disciplines and governance that we used for T22 including a T25 scorecard that lays out the key milestones and metrics that underpin the strategic pillars.

Slide 10 – T25 scorecard

The scorecard shows how we plan to keep track of our progress and how we will hold ourselves to account.

It's ambitious in its breadth and depth and like T22, while we may not hit every measure 100 per cent, I would rather be bold and clear about our aspirations and be transparent with you about the progress we are making. We will update the scorecard at every results presentation starting next financial year.

In the meantime, we have already made some good early progress.

The recent TIO quarterly complaints report showed our complaint numbers fell 50% compared to the same quarter last year.

Earlier this month we announced two major telecommunications infrastructure projects to support the nation's digital economy and enable unprecedented levels of connectivity across Australia.

Building and managing the ground infrastructure and fibre network in Australia for Viasat's new series 3 satellite system and the major new fibre project to build state-of-the-art inter-city dual fibre paths across the country.

We have updated the T25 scorecard for the new fibre build to 20,000 kilometres accordingly

Last month, Telstra Health was selected to deliver 1800RESPECT for an initial five years at an estimated contract value of around $200m. This adds to the recent strategic health software company acquisitions in GP practice management and specialist billing and clinical coding.

We also announced earlier this week the appointment of Elizabeth Koff as the new CEO of Telstra Health. Elizabeth is the current Secretary of the New South Wales Department of Health and has been responsible for navigating the state's health system through COVID.

Whilst Mary Foley will be staying with us on the board of Telstra Health and in an advisory capacity following her retirement in June, I wanted to take a moment to acknowledge and thank Mary for her outstanding leadership over the last 5 years. She has truly transformed the business and placed it in an excellent position for growth.

On energy, we received the final license approvals for Victoria In December. This adds to earlier licences in Queensland, New South Wales, and South Australia and we are now trialling the product with our first customers.

Earlier this month we also announced a $100 million deal with Intellihub to provide up to 4.1 million IoT SIMs over the next decade. It's our largest ever IoT deal in terms of value and the number of devices. The IoT SIMs will help deliver real-time monitoring and insights to help Intellihub and its customers better manage energy demand.

In November, we announced our intent to form a new joint venture with Quantium to bring together Quantium's market-leading data science and AI capabilities with our customer, product and network data assets.

This unique partnership is a key enabler for our T25 data and AI ambitions.

We are also bringing to life the many ambitious goals we have set ourselves to be a leading, responsible and sustainable business.

In December, we announced that we will be broadening our existing greenhouse gas emission reduction targets to include a 50 per cent reduction in scope three emissions by 2030 from our FY19 baseline.

Our scope three emissions are three times greater than our scope one and two emissions, so this is a very significant commitment.

And finally, while not strictly contemplated in our T25 strategy, in October last year we announced the acquisition, in partnership with the Australian Government, of Digicel Pacific adding 2.5m customers and leading mobile businesses in PNG, Fiji, Vanuatu, Tonga, Nauru and Samoa to our International business. We are currently working through the final stages of the regulatory process for the acquisition and anticipate completion by the end of the quarter.

So in summary, while we have not yet transitioned to T25, we are putting in place the initiatives that will fuel our growth.

Slide 11 – Half year 2022 results

With that let me close.

The transformation of Telstra and our turnaround has continued and we are well positioned for growth.

We have stayed disciplined on the execution of T22 and our hard work is paying off. The benefits are flowing through for our customers and our shareholders.

We are delivering a better customer experience, we have removed many pain points and we have raised the bar on doing business responsibly.

Our mobile network remains Australia's biggest and best.

Agile is transforming how we work and, combined with our hybrid working model, it is helping our people to feel supported and perform at their best.

Our T22 program has been a clear success and we are determined to finish the job and complete the transition to T25.

I would like to close by acknowledging that the progress we have made is due to the combined efforts of the many dedicated Telstra 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 12 -HALF YEAR 2022 RESULTS

Thanks Andy.

This morning I am delighted to provide details on our 1H22 results, which demonstrate the disciplined execution of our T22 strategy translating into ongoing financial momentum and underlying growth. These results do, however, show declines on a reported basis due to the negative effect of transitioning customers to the nbn, and one-off gains on sales of assets in the prior comparative period.

SLIDE 13 -INCOME STATEMENT

I will now take you through the results starting with our 1H22 income statement and financial highlights on slide 13.

The left-hand side shows our reported results for 1H22.

Income was $10.9 billion, down 9 percent.

EBIT was $1.3 billion, down 22 percent.

Net finance costs declined, due to a reduction in both net debt, and lower average borrowing costs.

Tax increased 42 percent. The effective tax rate of 28.5% in this half, compared to only 16% in the prior corresponding period, with capital losses offsetting the profit on asset sales.

Reported NPAT declined 34% to $0.7 billion. This decline was due to a number of one-offs in the pcp.

The right-hand side of the slide shows our underlying results.

These underlying results exclude nbn one-offs, which on an EBITDA basis declined $395 million as the nbn migration completes. They also exclude restructuring and guidance adjustments, which reduced $267 million largely due to gains on sale of assets in 1H21.

Underlying is the basis on which we provide EBITDA guidance.

Underlying income declined 4%.

This includes in-year nbn headwinds, and the roll-off of nbn commercial works.

Low-margin mobile hardware revenue also declined this included the impacts of supply constraints.

Underlying EBITDA was $3.5 billion, up 5.1%.

This included absorbing an estimated $190 million of in-year nbn headwind, further illustrating the strong financial performance of the underlying business.

Depreciation and Amortisation declined 5.5%, due to several assets fully depreciating in 1H21. Our FY22 D&A outlook for an around $100 million reduction is unchanged, this excludes any potential lease exits, as we right size our property portfolio. From FY22 we expect D&A to be broadly flat.

Underlying EPS grew 55% to 6.2 cents per share.

The Board has resolved to pay an interim dividend of 8 cents per share fully franked, including a 6 cent ordinary and 2 cent special. The interim dividend represents a 136% earnings payout ratio, or a 67% payout of free cashflow.

SLIDE 14 - FINANCIAL MOMENTUM CONTINUING

In 1H22 we have continued our financial growth trajectory.

Slide 14 shows the trend in our underlying EBITDA by half.

Looking sequentially, the blue arrows show that we have gone from $41 million growth in the second half FY21, to growth of $130 million in first half of FY22.

This momentum is a result of improved product trajectory, especially in mobile, ongoing productivity, and slowing drag from fixed and nbn headwinds.

Today we reaffirm FY22 guidance, and therefore expect further sequential growth of underlying EBITDA of up to $300 million in the second half.

SLIDE 15 - EBITDA by Product

Now looking at EBITDA growth in more detail by product on slide 15.

These products represent the new categories we announced in January. These changes result in:

- More transparency across our infrastructure business with InfraCo Fixed and Amplitel (our Towers business) shown on a standalone basis, and
- Our mobile and fixed products are shown including internal infrastructure costs.

Mobile continued its momentum and was the key contributor to 1H growth, as we see execution of our T22 strategy to simplify our plans flowing through to the bottom line, along with successful monetisation of 5G leadership.

Mobile EBITDA grew $392m, driven by service revenue growth, transitioning our customers off subsidy and lease plans, and ongoing productivity.

Mobile growth was partly offset by declines across our domestic fixed portfolio, albeit the decline reduced vs FY21.

International contributed positively, while InfraCo Fixed declined $100m due to the run-off in nbn commercial works. InfraCo Fixed EBITDAaL grew excluding commercial works.

Other EBITDA declined $24m due to a range of corporate adjustments.

I will now take you through the key products.

SLIDE 16 - Product highlights- mobile momentum and growth

Firstly, looking at mobile with four charts shown on Slide 16.

On the top left you can see mobile service revenue, which is the key long-term driver of mobile profitability. First half service revenue grew 6.3 percent.

Pleasingly this growth was across the board. With all segments and product service revenue lines growing, including postpaid, prepaid, MBB, wholesale and IoT.

The biggest category and contributor to growth was postpaid handheld. We added 84,000 postpaid handheld customers, with SIO growth in all segments including a strong contribution from Enterprise.

Postpaid handheld revenue growth was largely due to ARPU, which can be seen on the bottom left chart.

It grew 5 percent, with all brands and segments in growth, as we monetise 5G and our network leadership.

Reported growth is despite around a $1.50 negative impact from accounting changes, including a shift from gross revenue recognition to net margin recognition for some add-ons. These changes are non-economic, illustrated by the strength of our mobile EBITDA.

1H22 ARPU has now largely captured the full benefits of the pricing, and associated $5 Transacting Minimum Monthly Commitment lift from FY19-21.

However, our momentum continues and our lead indicator of postpaid handheld ARPU, TMMC, grew a further $2 in 1H22 vs pcp or $1 sequentially.

We expect this to flow through to ARPU in 2H22, however it will be offset by further non-economic accounting impacts. The return of international roaming, to the extent it does return, will also benefit future ARPU.

We now have 82% of our mass market customers on in-market plans. These plans provide customers with more simplicity, transparency, and certainty, including ensuring everyone is on the latest plan.

Like any business we have inflation pressures, and our in market plans can accommodate price changes simply. This would be similar to the approach taken by some international telcos and other industries here in Australia.

We remain confident postpaid handheld, in addition to other mobile revenue lines, can contribute to our ambition for a mid-single digit mobile service revenue CAGR to FY25.

In the chart on the bottom right, you can see that prepaid handheld performance was strong, with revenue growth of 6.9% due to a 67,000 increase in unique users, and higher ARPU.

Our prepaid business has moved to the new digital stack, and we are seeing a higher proportion of customers using auto-recharge through the My Telstra app, giving us more confidence in the quality and stability of this revenue.

Finally, top right you can see mobile EBITDA percentage margin, which grew from 33.2% in 1H21 to 41.8% in 1H22.

This illustrates the operating leverage we have in mobile, as we grow high margin service revenue and continue to achieve reductions in fixed costs through productivity.

The margin increase, has now captured the full benefits of transitioning off subsidy and lease plans. Revenue mix, also supported the percentage margin increase, including a lesser amount of lower margin hardware and interconnect revenue.

SLIDE 17 - Product highlights - Infrastructure

Turning to infrastructure on Slide 17.

We have a world class set of fixed infrastructure assets, across fibre, ducts and fixed network sites, with over $2b of annualised infrastructure access revenues. One of the pillars of T22 has been to set ourselves up to better realise the value of these assets.

Recuring revenue from nbn for the use of InfraCo Fixed assets is shown on the top right chart, it grew 2%. These revenues are indexed to CPI for the remaining average contracted period of 26 years.

InfraCo Fixed also includes nbn commercial works revenue, which is rolling off as nbn rollout nears completion and contracts end. Other commercial and recoverable works also declined impacted by a slow-down in relevant construction.

InfraCo Fixed revenue, excluding commercial works, is shown on the top-left chart. On this basis, both InfraCo Fixed revenue and EBITDAaL grew.

We remain confident in the outlook for InfraCo Fixed, with demand supporting our T25 ambition for low-single digit EBITDAaL growth. With additional longer-term growth, from the strategic infrastructure investments associated with the two major projects we announced in early February.

SLIDE 18 - Product highlights - Fixed Enterprise

Turning to Fixed-Enterprise on slide 18.

Overall, the decline in Fixed-Enterprise moderated, as NAS growth partially offset the data & connectivity decline.

Data & connectivity revenue declined 12%. T-Fibre SIOs were flat sequentially as we successfully re-signed key customers. For example, we now have contracts to supply high bandwidth fibre and broadband to almost every public school in the country, and recently signed major contracts with the Department of Defence and Viasat.

However, overall SIO's declined, driven by lower-value copper and legacy connections which were impacted by consolidation and nbn migration.

ARPU compression continued due to the nbn's rollout of business fibre zones and technology change. As a result, data & connectivity revenue decline is not expected to slow in FY22.

Despite ongoing disruption, we continue to target growth from the portfolio by FY24, by navigating through price compression and returning to SIO growth as we leverage our extensive fibre footprint, complemented by reselling nbn.

In NAS, income and EBITDA grew 2.4% and 67% respectively.

Cloud, professional and managed services, including security and IoT, all grew consistent with our strategy. This was partially offset by legacy decline. Although it was pleasing to see NAS return to growth, we continue to target higher levels of income growth in this business.

EBITDA also benefited from productivity.

NAS margin was 8% in 1H22, or 11% before our restatements to include internal infrastructure charges.

We have always believed mid-teens margins are required to ensure appropriate returns from this business, and this remains our ambition.

We expect to achieve around 13% in FY22, pre the internal infrastructure charges. By FY25 on this new basis our ambition is to reach mid-teens.

The bottom right chart shows total Enterprise revenue and EBITDA. Slowing Fixed Enterprise decline, International growth (shown on the bottom right chart), and especially strong mobile growth, contributed to Enterprise delivering overall revenue and EBITDA growth.

This was in line with our commitment to achieve Enterprise growth in FY22.

SLIDE 19 - Product highlights - Fixed C&SB and Active Wholesale

Finally, turning to Fixed-C&SB and Active Wholesale.

In Fixed-C&SB, revenue and EBITDA declines reflect SIO losses, the tail-end of nbn migrations and legacy declines.

We are however confident that EBITDA has now reached the bottom. Our confidence in achieving growth is due to four key factors.

- First, the nbn migration is now substantially complete, which reduces the future economic headwinds and drag on SIOs.
- Second, we see further ARPU momentum. ARPU grew in the half on plan mix, despite the benefit of price rises being credited until 2H22. TMMC is currently accretive to ARPU and we expect to continue to lift the 9% of nbn customers on 100Mbps plans and higher.
- Third, are the benefits from migrating to the new digital stack. As migration progresses, we are seeing similar customer and financial benefits that were achieved in mobile now flowing through to fixed, with the NPS for customers on the new digital stack +20ppts higher, and lower cost to connect.
- Finally, ongoing productivity will also benefit Fixed - C&SB.

These factors also support off-net margin expansion. Our 1H22 Off-net EBITDA margin was 4%, a small decline sequentially which includes higher nbn CVC overage costs and investment in customer experience.

We stand by our nbn reseller mid-teens EBITDA margin ambition. However, we now expect to achieve this by FY25, rather than FY23.

This right shift reflects the slower realisation of digitisation benefits including from disruption on our workforce due to COIVD-19, and our trading performance.

Our ambition for FY23 is to more than double EBITDA margin from the 4% reported this half. We are confident of achieving this, and our mid-teens ambition by FY25, as we deliver on the key items I have just spoken to.

Our Fixed-C&SB outlook longer run is also supported by 5G Home Internet where there is strong demand and opportunity. We see SIOs accelerating in 2H and getting to scale in FY23.

Turning to Fixed-Active Wholesale, which is a much smaller portfolio following our restatements with commercial works and facilities access moving into InfraCo.

As result, our prior outlook for Fixed-Wholesale therefore no longer applies.

The EBITDA decline was largely due to the tail-end of nbn headwinds, legacy product declines and similar trends in data & connectivity to Enterprise.

Further declines are expected, until legacy and nbn impacts roll off and before data & connectivity stabilises.

SLIDE 20 - OPERATING EXPENSES

Turning to our operating expenses, which you can see on slide 20.

We are pleased to have achieved further cost reductions in 1H22. Total costs declined 8 percent, and underlying fixed costs declined 8.9 percent.

An increase in nbn payments, was more than offset by a decline in other sales costs, including lower hardware costs.

Underlying fixed costs reduced by $254 million, enabled by our T22 drive to digitise and simplify our processes, as well as our move to an agile workforce. Migration of customers to the nbn, along with our focus on rationalising vendors and services have also contributed to cost reduction.

This means that since FY16 we have delivered $2.5 billion of cumulative annual recurring cost reductions, and we are confident of delivering our $2.7 billion target in FY22.

Under T25, our ambition is to deliver a further $500 million of net fixed cost reductions from FY23 to FY25 while investing for growth.

SLIDE 21 - FREE CASHFLOW

Turning to free cashflow, which you can see on slide 21.

We continued the strong conversion of EBITDA to cash, with cash running significantly above accounting earnings.

This is partly due to structurally lower BAU capex than adjusted D&A by ~$600m per annum. Or ~$250m per annum in FY23 to FY25 after an additional $350m per annum for the strategic infrastructure investments announced a couple of weeks ago.

Free cashflow, after lease payments, declined with lower reported EBITDA due to one-offs, partially offset by working capital improvements.

Working capital improvements in 1H22 were largely due to reduced receivables, including from lower handset sales and stronger collections.

Consistent with our historical split, we expect FY22 cash flow to be weighted to the second half.

In 1H22, M&A adjustments include $428m related to the acquisitions of MedicalDirector and Power Heath, and $183m from insourcing retail stores.

In financing cash flow, we also received $2.9 billion, or $2.8b net of costs, from the sale of the 49 percent stake in Amplitel.

At the end of 1H22, we were $571m of the way through our planned up to $1.35 billion buyback, using part of the proceeds from the Towers transaction.

SLIDE 22 -CAPITAL POSITION

Turning to our capital position on slide 22.

We reduced net debt by $2.1 billion in 1H22, supported by our strong free cash flow and proceeds from the partial sale of our Towers business.

We remain within our comfort ranges for all our credit metrics, with debt servicing at 1.9x.

This provides us significant flexibility ahead of the Digicel acquisition closing, completing our buyback, and announced strategic infrastructure investments.,

Underlying ROIC improved from 4.5% in 1H21 to 6.2% in 1H22, with momentum from executing our T22 strategy delivering progress towards our FY23 target of ~8%.

SLIDE 23 - FY22 GUIDANCE

Turning now to FY22 guidance, which is unchanged.

You can see the ranges, along with the assumptions and conditions upon which we have provided them, on slide 23.

SLIDE 24 - SUMMARY

To summarise.

Our results clearly demonstrate our financial momentum and strong underlying growth.

We have confidence this momentum will continue, driven by product growth, delivery of productivity, and diversifying our growth, including in Infrastructure, Health, Energy and through the Digicel acquisition.

This will also support delivery of our financial ambitions under T25.

We continue to have strong cash generation, a strong balance sheet, and we will stay disciplined and focused on creating shareholder value.

I remain excited by the future and the opportunities in front of us.

Finally, I would like to thank and recognise our dedicated teams right across Telstra.

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

[END]

Half year results and operations review

Summary financial results	1H22 $m	1H21 $m	Change %
Revenue (excluding finance income)	**10,503**	10,984	(4.4)
Total income (excluding finance income)	**10,887**	12,015	(9.4)
Operating expenses	**7,412**	7,943	(6.7)
Share of net loss from equity accounted entities	**(9)**	(2)	n/m
EBITDA	**3,466**	4,070	(14.8)
Depreciation and amortisation	**2,189**	2,429	(9.9)
EBIT	**1,277**	1,641	(22.2)
Net finance costs	**238**	307	(22.5)
Income tax expense	**296**	209	41.6
Profit for the period	**743**	1,125	(34.0)
Profit attributable to equity holders of Telstra	**698**	1,098	(36.4)
Capex[1]	**1,386**	1,421	(2.5)
Free cash flow	**1,324**	2,666	(50.3)
Earnings per share (cents)	**5.9**	9.2	(35.9)

1. Capex is defined as additions to property, plant and equipment and intangible assets, excluding expenditure on spectrum and guidance adjustments, externally funded capex, and capitalised leases. Capex is measured on an accrued basis

Reported results

Telstra delivered 1H22 results showing continued growth in our underlying business. On a reported basis, total income for the half decreased 9.4 per cent to $10.9 billion. Reported EBITDA was $3.5 billion, down 14.8 per cent. NPAT decreased by 34 per cent to $0.7 billion, and earnings per share was down 35.9 per cent to 5.9 cents. Underlying EBITDA increased 5.1 per cent to $3.5 billion, demonstrating the positive momentum in our core business, with mobiles performance reinforcing our clear leadership in networks and 5G. Underlying EPS[1] was up 55 per cent to 6.2 cents, this growth represents a strong start against Telstra's T25 ambition for underlying EPS target of high teens CAGR from FY21 to FY25.

Our continued mobile network leadership was underpinned by our multi-brand strategy where we again delivered mobile SIO growth, adding 84,000 net retail post-paid mobile services including 62,000 branded with a strong contribution from Enterprise. Our branded performance reinforces the benefits of our clear leadership in 5G. We continue to extend our 5G leadership with our 5G network now more than twice the size of our next nearest competitor with more than 77.5 per cent of the population covered and almost 2.8 million 5G devices connected. 1H22 saw five per cent post-paid handheld ARPU growth, 6.3 per cent mobile services revenue growth and $392 million mobile EBITDA growth.

The execution of our T22 strategy continues with more than 80 per cent of the measures used to monitor progress against now delivered or on track for delivery. We continued to make very strong progress in our productivity program, with underlying fixed costs down $254 million and total operating expenses down $644 million or 8 per cent. We are on track to deliver a reduction of underlying fixed costs of approximately $430 million for the full year. We have now reduced total underlying fixed costs by around $2.5 billion since FY16 and are on track to deliver $2.7 billion by end FY22. We have exceeded our $2 billion asset monetisation target, with approximately $5 billion of assets sales including the part sale of our Towers business, with proceeds going towards strengthening our balance sheet and a share buy-back of up to $1.35 billion. At the end of the half, more than 40 per cent of the buy-back had been completed.

The Telstra Board resolved to pay a fully franked interim dividend of 8 cents per share, comprising an interim ordinary dividend of 6 cents per share and an interim special dividend of 2 cents per share. Guidance[2] for full year was reaffirmed across all measures.

Other information

Consistent with information presented for internal management reporting purposes, the result of each segment is measured based

[1] Calculated as Profit After Tax after Minority Interests (PATMI) attributable to each share, excluding net one-off nbn receipts and guidance adjustments (guidance adjustments defined in footnote 2).

[2] 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 guidance vs reported results reconciliation (page 10) 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 FY22 (set out in our ASX announcement titled "Financial results for the half year ended 31 Dec 2021" lodged with the ASX on 17 Feb 2022).

on its EBITDA contribution which differs from our statutory (reported) EBITDA. Refer to Note 2.1.1 of the Half-Year Financial Report for further details.

First half performance against our FY22 Executive Variable Remuneration Plan (EVP) metrics is included on page 11. For additional details on EVP metrics and targets, refer to pages 69-71 of our 2021 Annual Report available at https://www.telstra.com.au/aboutus/investors/financial-information/reports

Commentary reflects statutory (reported) and management reporting.

Results on a guidance basis[1]	1H22	FY22 Guidance
Total income	**$10.9b**	$21.6b to $23.6b
Underlying EBITDA	**$3.5b**	$7.0b to $7.3b
Capex	**$1.4b**	$2.8b to $3.0b
Free cash flow after payments for lease liabilities	**$1.7b**	$3.5b to $3.9b

Guidance versus reported results[1]	1H22 Reported results $m	1H22 Adjustments $m	1H22 Guidance basis $m	1H21 Guidance basis $m
Total income	**10,887**	(21)	10,866	11,808
Underlying EBITDA	**3,466**	29	3,495	3,324
Free cash flow	**1,324**	351	1,675	1,843

1. 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 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. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C and guidance adjustments. 1H21 underlying EBITDA also 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 cash flow after lease payments (FCFaL) is defined as 'operating cash flows' less 'investing cash flows' less 'payments for 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.

We updated our Capital Management Framework at the September 2021 Investor Day.

Principle 2 of our updated Capital Management Framework is to 'maximise fully-franked dividend and seek to grow over time'. The dividend is subject to no unexpected material events and board discretion having regard to financial and market conditions, business needs and maintenance of financial strength and flexibility consistent with our Capital Management Framework.

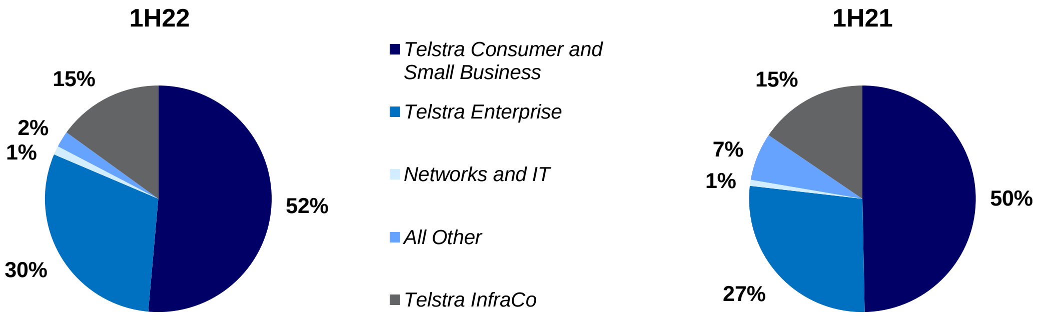
On 17 February 2022, the Directors of Telstra Corporation Limited resolved to pay a fully franked interim dividend of 8 cents per share, comprising an interim ordinary dividend of 6 cents and an interim special dividend of 2 cents. Shares will trade excluding entitlement to the interim dividend from 2 March 2022 with payment to be made on 1 April 2022.

The interim dividend represents a 136 per cent payout ratio on 1H22 reported earnings per share but is well supported by our strong free cash flow.

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 (including internal charges)



Total income	1H22 $m	1H21 $m	Change %
Telstra Consumer and Small Business incl one-off nbn connection	**5,995**	6,348	(5.6)
Telstra Enterprise	**3,496**	3,468	0.8
Networks and IT incl internal charges	**147**	111	32.4
Telstra InfraCo incl internal charges	**1,752**	1,981	(11.6)
All Other incl internal charges	**269**	869	(69.0)
Total management reported income	**11,659**	12,777	(8.8)
Transactions between segments	**(772)**	(762)	(1.3)
Total external income	**10,887**	12,015	(9.4)

Telstra Consumer and Small Business
Telstra Consumer and Small Business provides telecommunications, media and technology products and services to Consumer and Small Business customers in Australia using mobile and fixed network technologies. It also operates call centres, retail stores, a dealership network, digital channels, distribution systems and a loyalty program in Australia.

Income for Telstra Consumer and Small Business decreased by 5.6 per cent to $5,995 million impacted by a 6.8 per cent decline across fixed products including a 43.9 per cent decline in on-net revenue due to nbn™ migration and a 3.4 per cent decline in mobility income largely due to lower hardware revenue caused by lower volumes and supply constraints.

Telstra Enterprise
Telstra Enterprise is responsible for providing telecommunications and technology services and solutions for government and large enterprise customers in Australia and globally. It also provides product management for advanced technology solutions, through data and connectivity and NAS products such as unified communications, cloud, industry solutions and integrated services.

Income for Telstra Enterprise increased by 0.8 per cent to $3,496 million primarily due to 10.5 per cent growth in Enterprise Mobility. This was partly offset by a 2.1 per cent decline across fixed products including a 12.3 per cent decline in data and connectivity income as the nbn accelerates the roll out of its business fibre zones, and a 6.6 per cent decline in calling applications revenue attributable to declines in legacy ISDN and fixed line calling products.

Networks and IT
Networks and IT is responsible for the overall planning, engineering architecture, construction and maintenance of Telstra networks, technology and information technology solutions. It primarily supports the revenue generating activities of other segments.

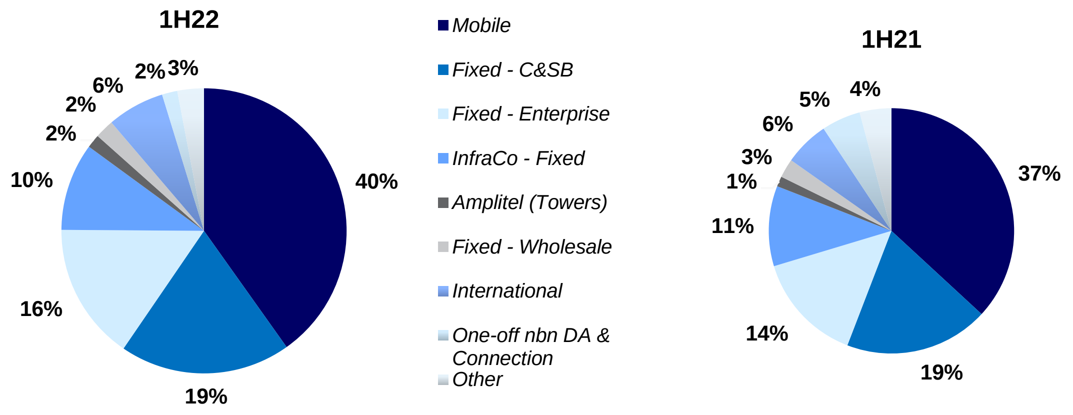
Telstra InfraCo
Telstra InfraCo is a standalone infrastructure business unit within Telstra. It is responsible for key passive network assets including data centres, exchanges, our fibre network, our physical mobile tower assets owned by the Amplitel business, ducts and pipes. It also provides active mobile and fixed wholesale telecommunication products and services to other carriers and internet service providers.

Telstra InfraCo income, including internal charges, decreased by 11.6 per cent to $1,752 million due to expected declines from Telstra Wholesale legacy fixed products and commercial works for NBN Co as the nbn rollout nears completion. This was partly offset by an increase in wholesale mobility. Excluding commercial and recoverable works, Telstra InfraCo income decreased by 1.3%. Excluding internal charges, Telstra InfraCo income decreased by 17.6 per cent to $1,125 million.

All Other
Certain items of income and expense relating to multiple reportable segments are recorded by our corporate areas and included in the All Other category. This category also includes Product and Technology Group, Global Business Services (GBS) and Telstra Health. Income decreased by 69.0 per cent to $269 million, $231 million excluding internal charges, mainly due to declines in Per Subscriber Address Amount (PSAA) receipts and ISA ownership receipts in line with the progress of the nbn network rollout.

Product performance

Product income breakdown (including internal charges)



Product income	1H22 $m	1H21 $m	Change %
Mobile	**4,683**	4,710	(0.6)
Fixed – C&SB	**2,260**	2,426	(6.8)
Fixed – Enterprise	**1,814**	1,852	(2.1)
Fixed – Active Wholesale	**252**	319	(21.0)
International	**758**	755	0.4
InfraCo Fixed	**1,159**	1,352	(14.3)
Amplitel	**179**	171	4.7
One-off nbn DA & connection	**203**	658	(69.1)
Other	**351**	534	(34.3)
Total management reported income	**11,659**	12,777	(8.8)
Eliminations	**(772)**	(762)	(1.3)
Total external income	**10,887**	12,015	(9.4)

EBITDA contribution margins[1]	1H22 %	2H21 %	1H21 %	FY21 %
Mobile	**41.8**	37.7	33.2	**35.4**
Fixed – C&SB	**1.0**	1.9	4.0	**2.9**
Fixed – Enterprise	**16.5**	17.8	16.8	**17.3**
Fixed – Active Wholesale	**35.7**	36.0	41.7	**39.1**
International	**25.6**	23.2	21.7	**22.5**
InfraCo – Fixed	**66.3**	66.1	64.2	**65.1**
Amplitel	**84.9**	88.6	88.9	**88.8**
Other	**3.3**	11.2	10.7	**10.9**
Net one-off nbn DA less nbn net cost to connect	**61.6**	71.9	79.0	**76.4**

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

On a reported basis, total external income (excluding finance income) declined by 9.4 per cent to $10,887 million. The decline was due to a reduction in low margin hardware revenues, one-off nbn income and Fixed legacy products across all segments. Material one-offs in the prior comparative period through the sale and lease back of the Pitt St exchange also contributed to the decline. This was partly offset by growth in Mobile service revenue. On a guidance basis, total external income (excluding finance income) was $10,866 million.

More detail on each of the products are outlined below on a reported basis unless otherwise stated, presented in accordance with our new product reporting framework which was announced to the market on 13 January 2022. The restated product reporting framework aligns with our T25 strategy and includes:

- More transparency across our infrastructure business with InfraCo Fixed and Amplitel (InfraCo Towers) on a standalone basis
- Mobile and Fixed product EBITDA margins after including internal charges.

Mobile
Mobile income declined by 0.6 per cent to $4,683 million with higher postpaid handheld services income (+$148 million) and growth in Prepaid, mobile broadband, internet of things and wholesale services revenue offset by lower hardware income (-$171 million) caused by lower volumes and supply constraints.

Retail services in operation (SIO) increased by 578,000 in the half, bringing the total to 20.0 million. We now have 8.7 million postpaid handheld retail SIOs, an increase of 84,000 in the half including 22,000 from Belong.

Postpaid handheld revenue increased by 6.3 per cent to $2,500 million with a 5.0 per cent ARPU increase from $45.99 to $48.29, with ARPU growth in all segments and brands. Transacting minimum monthly commitment (TMMC), our lead indicator of ARPU, improved $2 in 1H22 compared with 1H21 illustrating continued momentum in market.

Prepaid handheld revenue increased by 6.9 per cent to $432 million as unique users increased by 116,000 over the past 12 months (67,000 increase in the half). ARPU increased from $20.89 to 22.70, a gain of 8.7 per cent.

Mobile broadband revenue increased by 0.9 per cent to $319 million as an increase in ARPU more than offset a slight reduction in SIOs with a reduction of 28,000 seen over the past 12 months (10,000 increase in the half).

Internet of Things (IoT) and Other revenue increased by 8.7 per cent to $138 million with SIOs increasing by 452,000 in the half. Growth was predominantly driven by carriage, while managed services SIOs also grew.

Wholesale revenue increased 16.5 per cent to $148 million. Wholesale SIOs increased by 91,000 in the half bringing the total to 1.8 million. Wholesale revenue growth was also supported by ARPU growth in prepaid wholesale.

Hardware, interconnect and other revenue decreased by 17.2 cent to $1,146 million largely due to lower C&SB handset sales impacted by COVID-19 trading and supply constraints, partially offset by improved Enterprise hardware sales.

Mobile EBITDA contribution margin increased by 8.6 percentage points to 41.8 per cent largely due to higher service revenue, transitioning our customers off subsidy and lease plans, lower hardware volumes and productivity.

Fixed – Consumer and Small Business (C&SB)
Fixed – C&SB income declined by 6.8 per cent to $2,260 million impacted by nbn migration along with declines in legacy voice and SIOs. C&SB bundles and standalone data SIOs declined by 50,000 in the half bringing the total to 3.6 million.

On-net fixed revenue, which is revenue from services on the Telstra network, decreased by 43.9 per cent to $259 million while off-net fixed revenue, which is revenue from services for which we are a reseller, increased by 5.7 per cent to $1,554 million as customers continue to migrate on to the nbn network.

Consumer content and services revenue declined by 10.5 per cent to $306 million due to lower Foxtel from Telstra SIOs despite 79 per cent year on year growth in SVOD (subscription video on demand) seeing closing SIOs of 658,000.

Business apps and services revenue declined by 8.5 per cent to $86 million due to legacy product decline, partly offset by growth in unified communications.

Interconnect, payphones and E000 revenue declined by 5.2 per cent to $55 million mainly due to inbound calling services decline and the loss of payphone revenue following our decision to provide these free of charge across all of Australia.

Fixed – C&SB EBITDA contribution margin declined by 3.0 percentage points to 1.0 per cent due to high margin revenue decline and growing network payments to NBN Co, partly offset by fixed cost reduction.

Fixed – Enterprise
Fixed – Enterprise income decreased by 2.1 per cent to $1,814 million reflecting declines in data and connectivity income, offset by gains in NAS income.

Data and connectivity income declined by 12.3 per cent to $494 million. Fibre SIOs were flat sequentially as we successfully re-signed key customers. However, overall SIO's declined, driven by lower-value copper and legacy connections impacted by consolidation and nbn migration. ARPU compression also intensified due to competitor rollout and technology change.

NAS income increased by 2.4 per cent to $1,320 million largely due to growth in strategic areas such as managed services, professional services, cloud applications and equipment sales, however this was partially offset by decreases in calling applications.

Calling applications revenue declined by 6.6 percent to $342 million due to ISDN and fixed line calling products. This was partly offset by higher call volumes due to market conditions.

Managed services and maintenance revenue increased by 8.8 per cent to $357 million as more network customers attached cyber security services and from growth in contact centre solutions.

Professional services revenue increased by 2.2 per cent to $185 million driven by renewed focus on large strategic contracts and digital transformation engagements by Telstra Purple.

Cloud applications revenue increased by 6.3 per cent to $135 million from partner cloud products including AWS and Microsoft, enabling attachment to managed services.

Fixed – Enterprise EBITDA contribution margin declined by 0.3 percentage points to 16.5 per cent. Data and connectivity EBITDA contribution margin declined by 4.5 percentage points to 39.5 per cent reflecting reduced revenue. NAS EBITDA contribution margin grew by 3.1 percentage points to 8.0 per cent as decline in high margin products was more than offset by growth in strategic areas and productivity.

Fixed – Active Wholesale
Fixed – Active Wholesale income declined by 21.0 per cent to $252 million impacted by ongoing migration to the nbn and legacy product decline.

Data and connectivity revenue decreased by 9.7 per cent to $158 million reflecting an ongoing SIO reduction in enterprise grade legacy products, price competition in wideband fibre products and migration of legacy services.

Legacy calling and fixed revenue declined by 34.7 per cent to $94 million due to continued legacy fixed product SIO decline as customers migrate to nbn solutions.

Fixed – Active Wholesale EBITDA contribution margin decreased by 6.0 percentage points to 35.7 per cent as declines in revenue were partially offset by productivity.

International
Income from our International business increased by 0.4 per cent (0.6 per cent in constant currency (CC) terms) due to strong performance in wholesale from new sales and infrastructure investment, offset by declines in Enterprise due to COVID impacts.

Fixed legacy voice revenue increased by 4.5 per cent (CC).

Data and connectivity revenue was flat (CC) with wholesale growth offsetting enterprise decline.

NAS and other revenue increased by 0.1 per cent (CC) but grew 5.2 per cent excluding the exit of TelkomTelstra, with growth in managed network and equipment and also professional services revenues.

International EBITDA contribution margin increased by 3.9 percentage points to 25.6 per cent with margin expansion from higher Data & connectivity and NAS contribution as well as operational efficiency.

InfraCo Fixed
InfraCo Fixed income declined by 14.3 per cent to $1,159 million largely due to the roll off of nbn commercial works as the nbn network rollout nears completion. InfraCo Fixed derives income from operation of fixed passive network infrastructure including our fibre network, ducts and fixed network sites. Growth in fibre and ducts revenue was offset by declines in nbn commercial works, while our fixed network sites also saw forecast declines in revenue. Excluding commercial and recoverable works, InfraCo Fixed Income grew 1.5 per cent.

Commercial and recoverable works revenue declined by 57.8 per cent to $152 million.

Recurring nbn DA income includes infrastructure services across ducts, racks and backhaul provided to NBN Co. Income increased by 2.2 per cent to $459 million partly reflecting CPI price increases.

InfraCo Fixed EBITDA contribution margin increased by 2.1 percentage points to 66.3 per cent. EBITDA contribution however declined $100 million largely due to the decline in commercial and recoverable works.

Amplitel (Towers)
Amplitel saw income growth of 4.7 per cent to $179 million, including internal charges, from continued demand including new builds and 5G coverage expansion from Telstra. We completed our 49 per cent Towers sale, valuing the business at $5.9 billion, in September 2021.

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 69.1 per cent to $203 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 decreased by $183 million to $351 million, including internal charges, mainly due to a gain on sale of the Pitt Street exchange property and other M&A transactions in 1H21.

Elimination
Elimination represents internal revenue with $477 million in InfraCo Fixed, $150 million in Amplitel and $145 million in Other.

Expense performance

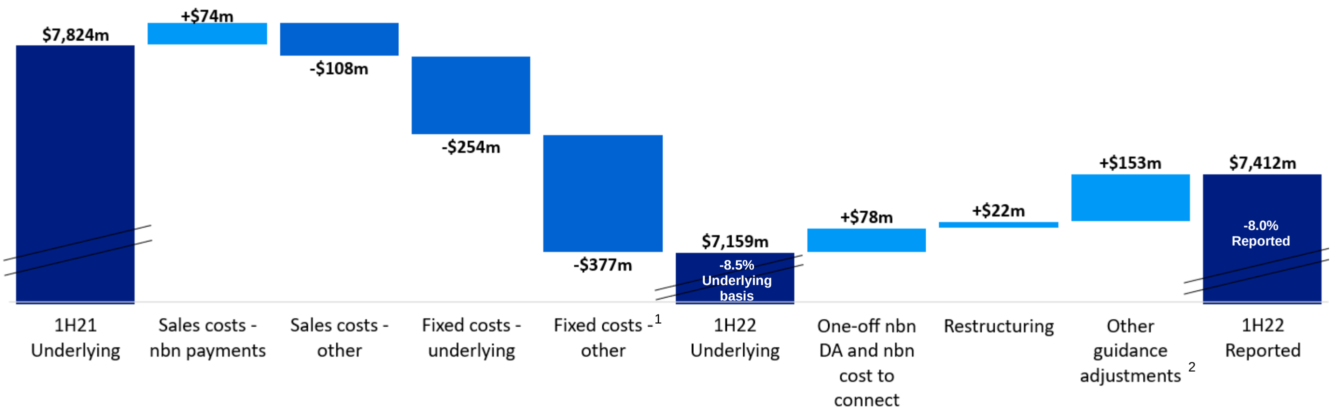
Total reported operating expenses declined by 6.7 per cent to $7,412 million. On a reported lease adjusted basis total operating expenses declined by 8.0 per cent to $7,412 million largely due to a $665 million reduction in Underlying costs. Operating expenses on an underlying basis declined by 8.5 per cent.

Sales costs, which are direct costs associated with revenue and customer growth, decreased by 0.8 per cent to $4,100 million due to a $108 million decline in other sales costs as a result of lower hardware costs, partly offset by a $74 million increase in nbn access payments.

Underlying fixed costs declined 8.9 per cent or $254 million enabled by our ongoing drive to digitise and simplify our processes, as well as our move to an agile workforce. The continued migration of our fixed customers to the nbn network as well as our focus on rationalising 3rd party vendors and services have also contributed to cost reduction. Other fixed costs decreased by 44.9 per cent from lower mobile lease and commercial works costs, while one-off nbn DA and nbn cost to connect declined by 43.5 per cent in line with the progress of the nbn network rollout.

In June 2018, we announced we would target a $2.5 billion annual reduction in underlying fixed costs by FY22 compared with restated underlying fixed costs of ~$7.9 billion in base year FY16. We subsequently increased our FY22 target by $200 million to $2.7 billion. We have now achieved approximately $2.5 billion of annual cost out since FY16.

Operating expenses	1H22 $m	1H21 $m	Change $m	Change %
Sales costs	*4,100*	*4,134*	*(34)*	*(0.8)*
- nbn payments	1,034	960	74	7.7
- other	3,066	3,174	(108)	(3.4)
Fixed costs	*3,059*	*3,690*	*(631)*	*(17.1)*
- underlying	2,597	2,851	(254)	(8.9)
- other[1]	462	839	(377)	(44.9)
Underlying	**7,159**	**7,824**	**(665)**	**(8.5)**
One-off nbn DA and nbn cost to connect	78	138	(60)	(43.5)
Restructuring	22	60	(38)	(63.3)
Other guidance adjustments[2]	153	34	119	n/m
Reported lease adjusted[3]	**7,412**	**8,056**	**(644)**	**(8.0)**
Lease adjustments[4]	0	(113)	113	n/m
Reported	**7,412**	**7,943**	**(531)**	**(6.7)**



1. Fixed costs - other includes items supporting revenue growth including relevant NAS costs, mobile handset lease, and product impairment, and additional costs from insourcing retail channel from FY22.
2. Other guidance adjustments include M&A transactions. M&A adjustments relate to acquisition and disposals of controlled entities, joint ventures, associates and other investments and any associated net gains or losses and contingent consideration
3. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. There were no mobile handset leases or other leases below EBITDA in FY22.
4. 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	1H22 $m	1H21 $m	Change %
Labour	**1,834**	2,033	(9.8%)
Goods and services purchased	**4,148**	4,208	(1.4%)
Net impairment losses on financial assets	**41**	78	(47.4%)
Other expenses	**1,389**	1,624	(14.5%)
Total	**7,412**	7,943	(6.7%)

Labour
Total labour expenses decreased by 9.8 per cent or $199 million to $1,834 million. Salary and associated costs decreased by $102 million due to workforce optimisation and process simplification as Telstra moves to Agile, as well as continued decline in legacy services post NBN migration, leading to lower field services support. Labour substitution costs declined by $49 million from a reduction in labour outsourcing.

Total FTE decreased by 6.7 per cent or 1,909 to 26,728 largely due to our productivity program. FTE decreased by 1.1 per cent or 287 in the six months to December 2021.

Goods and services purchased
Total goods and services purchased decreased by 1.4 per cent or $60 million to $4,148 million.

Cost of goods sold, which includes mobile handsets and accessories, tablets and modems decreased by 8.2 per cent or $118 million to $1,322 million mainly due to lower C&SB mobile hardware volumes.

Network payments increased by 2.2 per cent or $35 million to $1,617 million. This included a $74 million increase in nbn network payments driven by nbn SIO growth, movement towards higher tiered nbn plans and Connectivity Virtual Circuit (CVC) charges due to increased user data consumption.

Other goods and services purchased increased by 1.9 per cent or $23 million to $1,209 million as a result of higher managed costs through increased revenue from Managed Services and Cloud Applications which led to increased cost of sales. This was offset by decreased service fees through lower Foxtel from Telstra volumes.

Other expenses
Total other expenses decreased by 14.5 per cent or $235 million to $1,389 million primarily due to a reduction related to termination of swap handset leases and associated termination fees payable.

Service contracts and other agreements expenses declined by 5.0 per cent or $29 million to $553 million due to productivity and cost reduction programs. Impairment losses (excluding net losses on financial assets) decreased by 37.0 per cent or $40 million to $68 million largely due to a $34 million impairment loss for our Sensis investment classified as held for sale in the prior corresponding period. Other expenses decreased by 17.8 per cent or $166 million to $768 million primarily due to termination charges for our mobile handset leases.

Depreciation and amortisation
Depreciation and amortisation decreased by 9.9 per cent or $240 million to $2,189 million due to transformation network and IT applications fully depreciating in the prior corresponding period. The reduction included a $133 million decrease in amortisation of intangible assets, an $86 million decrease in depreciation of right-of-use assets, and a $19 million decrease in amortisation and $4 million increase in depreciation expense from the assessment of useful lives.

Net finance costs
Net finance costs decreased by 22.5 per cent or $69 million to $238 million. This decrease was primarily due to a reduction in interest on borrowings of $30 million and financing items relating to contracts with customers (refer note 4.4.3 in the financial report for further details). Interest on borrowings decreased as a result of a reduction in our average gross borrowing cost from 3.8 per cent to 3.7 per cent and lower debt on issue.

Financial position

Summary statement of cash flows	1H22 $m	1H21 $m	Change %
Net cash provided by operating activities	**3,246**	3,443	(5.7)
Net cash used in investing activities	**(1,922)**	(777)	n/m
- Capital expenditure (before investments)	**(1,626)**	(1,597)	1.8
- Other investing cash flows	**(296)**	820	n/m
Free cash flow	**1,324**	2,666	(50.3)
Net cash used in financing activities	**(815)**	(1,836)	(55.6)
Net increase/(decrease) in cash and cash equivalents	**509**	830	(38.7)
Cash and cash equivalents at the beginning of the period	**1,125**	499	n/m
Effects of exchange rate changes on cash and cash equivalents	**14**	(34)	n/m
Cash and cash equivalents at the end of the period	**1,648**	1,295	27.3

Capital expenditure and cash flow
Free cash flow generated from operating and investing activities was $1,324 million representing a decrease of $1,342 million or 50.3 per cent. It was negatively impacted by M&A/asset sales outflows and declines in EBITDA. Reported EBITDA declined by $604 million including a $395 million decline in net one-off nbn DA receipts and gains on sale of the Pitt St exchange in the prior corresponding period. Also impacting free cash flow was $428 million spent on the health acquisitions of MedicalDirector and PowerHealth, and $183m on insourcing retail stores.

Net cash provided by operating activities decreased by 5.7 per cent or $197 million to $3,246 million mainly due to a $1,193 million decline in receipts from customers, partly offset by a $955 million reduction in payments to suppliers and employees.

Net cash used in investing activities increased by 147.4 per cent or $1,145 million to $1,922 million primarily due to a $593 million increase in payments for shares in controlled entities including our health acquisitions and insourcing of retail stores, a $286 million decrease in proceeds from sale and leaseback and a $138 million decreases in proceeds from sale of businesses.

Net cash used in financing activities decreased by 55.6 per cent or $1,021 million to $815 million. This was largely due to $2,883 million in proceeds received from InfraCo Towers' (now Amplitel) 49 per cent sale. This was partly offset by a $1,029 million decrease in proceeds from borrowings, $428 million increase in repayment of borrowings and $571 million spent to 31 December 2021 on our share buy-back.

Our accrued capital expenditure for the year on a guidance basis, was $1,386 million or 13.4 per cent of sales revenue. Guidance figures are adjusted from 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.

Proceeds from borrowings	$m
Bilateral loan facilities	302
Other loans	7
Total	**309**

Debt repayments	$m
USD bond	(955)
Bilateral loan facility	(600)
Other loans	(71)
Short term commercial paper (net)	(258)
Total	**(1,884)**

Debt position
Our gross debt was $14,855 million comprising borrowings of $12,132 million, lease liabilities of $3,495 million less $772 million in net derivative assets. Gross debt decreased by 9.4 per cent or $1,533 million primarily from debt repayments of $1,884 million which was partially offset by some drawings on bank facilities and other loans of $309 million. Movement in lease liabilities, non-cash valuation impacts and bank overdraft resulted in a net increase to debt of $42 million. Net debt decreased by 13.5 per cent or $2,059 million to $13,204 million reflecting an increase in cash holdings of $526 million and the decrease in gross debt.

Financial settings	1H22 Actual	FY22 Comfort zone
Debt servicing[1]	1.9x	1.5x to 2.0x
Gearing[2]	43.1%	50% to 70%
Interest cover[3]	13.0x	>7x

1. Debt servicing ratio is calculated as net debt/EBITDA.
2. Gearing ratio is calculated as net debt/total net debt plus equity.
3. Interest cover is calculated as EBITDA/net interest on debt (excluding capitalised interest and non-cash accounting impacts within net finance costs).

We remain within our comfort zones for our credit metrics. Our debt servicing is 1.9 times (30 June 2021: 2.0 times), gearing ratio is at 43.1 per cent (30 June 2021: 50.0 per cent) and interest cover is 13.0 times (30 June 2021: 13.2 times).

Summary statement of financial position	31 Dec 2021	30 Jun 2021	Change
	$m	$m	%
Current assets	**7,346**	7,114	3.3
Non-current assets	**35,507**	35,411	0.3
Total assets	**42,853**	42,525	0.8
Current liabilities	**10,659**	10,424	2.3
Non-current liabilities	**14,735**	16,826	(12.4)
Total liabilities	**25,394**	27,250	(6.8)
Net assets	**17,459**	15,275	14.3
Total equity	**17,459**	15,275	14.3
Return on average assets (%)	**6.2**	7.0	(0.7pp)
Return on average equity (%)	**9.1**	12.8	(3.5pp)

Statement of financial position
Our balance sheet remains in a strong position with net assets of $17,459 million.

Current assets increased by 3.3 per cent to $7,346 million. Cash and cash equivalents increased by $526 million supported by proceeds from partial sale of our Towers business. This was partly offset by a $368 million decline in trade and other receivables and contract assets due to better collections and credit controls, product constructs and lower revenue.

Non-current assets declined by 0.3 per cent to $35,507 million. Intangible assets increased by $700 million due to acquisitions of controlled entities. This was offset by derivative financial assets decreasing by $343 million due to instruments maturing, property, plant and equipment which declined by $127 million due to depreciation expenses exceeding additions, and trade and other receivables and contract assets decreased by $262 million consistent with current trade and other receivables.

Current liabilities increased by 2.3 per cent to $10,659 million. Borrowings increased $498 million as maturities become due in the next 12 months offset by debt repayments. These increases were offset by trade and other payables declining by $311 million mainly due to lower expenses while current tax payables decreased by $99 million due to a decrease in taxable profit.

Non-current liabilities declined by 12.4 per cent to $14,735 million. The reduction was primarily due to borrowings decreasing by $2,502 million largely from reclassification to current liabilities of debt maturing within the next 12 months. This was partly offset by a $215 million increase in other payables, with $169 million for spectrum, and a $93 million increase in deferred tax liabilities due to the tax effect of timing differences between accounting and tax.

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 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. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C and guidance adjustments. FY21 underlying EBITDA also includes depreciation of mobile lease right-of-use assets. Free cashflow after lease payments (FCFaL) defined as 'operating cash flows' less 'investing cash flows' less 'payments for 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	
	1H21	1H22		1H21	1H22		1H21	1H22
	$m	$m		$m	$m		$m	$m
Reported Total Income	**12,015**	**10,887**	**Reported EBITDA**	**4,070**	**3,466**	**Reported Free Cashflow**	**2,666**	**1,324**
Adjustments								
M&A adjustment[1]	(105)	(21)	M&A adjustment[1]	(105)	132	M&A adjustment[1]	(126)	654
Sensis impairment[2]	n/a	n/a	Sensis impairment[2]	34	0	Sensis impairment[2]	0	0
Pitt St sale and leaseback[3]	(102)	0	Pitt St sale and leaseback[3]	(102)	0	Pitt St sale and leaseback[3]	(282)	0
Restructuring costs[4]	n/a	n/a	Restructuring costs[4]	60	22	Restructuring costs[4]	n/a	n/a
Net one-off NBN receipts[5]	n/a	n/a	Net one-off NBN receipts[5]	(520)	(125)	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]	31	33
Lease[7]	n/a	n/a	Lease[7]	(113)	0	Lease[7]	(446)	(336)
Guidance Total Income	**11,808**	**10,866**	**Guidance Underlying EBITDA**	**3,324**	**3,495**	**Guidance Free Cashflow**	**1,843**	**1,675**

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 1H22 we disposed of a 49% non controlling stake in our towers business and acquired:
- Power Solutions Holdings Pty Ltd and its subsidiaries (PowerHealth)
- Clinical Technology Holdings Pty Ltd and its subsidiaries (MedicalDirector) and
- Fone Zone Pty Ltd (Fone Zone) and its controlled entities and multiple individually immaterial retail stores from various licensees.
  Consistent with the guidance we provided to the market we are not adjusting Income, EBITDA or Free Cashflow for the trading results of these stores.

1H21 includes the disposal of our e-commerce platform business, our FTTP Velocity business and the acquisition of Epicon IT Solutions Pty Ltd (including its wholly owned subsidiary, Service Potential Pty Ltd) and Epicon Software Pty Ltd.

2 Adjustment related to impairment loss for our Sensis investment that was classified as held for sale at 31 December 2020.

3 Adjustment relating to the sale and leaseback transaction of the Pitt Street exchange property in FY21.

4 Adjustments for the strategic focus (T22 program) to improve customer experience, establish a standalone infrastructure business, 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:
- $28m for renewal of our national spectrum licence in the 900 MHz band
- ~$5m payments for spectrum and apparatus licences in various spectrum bands

7 Adjustment to EBITDA for depreciation of mobile lease right-of-use assets in FY21.
Adjustment to Free Cashflow for payment of lease liabilities.

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

Executive Variable Remuneration Plan (EVP) Metric Additional Detail

First half performance against FY22 EVP Performance Measures and Targets:

	Performance Measure	Metric	Weighting	FY21 Baseline^	FY22 Threshold	FY22 Target	FY22 Max	1H22 Actual**
Financial 60% of total weighting	Total Income	Telstra External Income (excluding finance income)	15%	$23,108m				$10,866m
	Underlying EBITDA	Underlying EBITDA is Earnings Before Interest, Tax, Depreciation & Amortisation, excludes net one-off nbn DA receipts less nbn net C2C, one-off restructuring costs and guidance adjustments	15%	$6,765m	At or above bottom end of Market Guidance*	Approx. Midpoint of Market Guidance*	At or above top end of Market Guidance*	$3,495m
	Free Cash Flow (FCF)	Free Cash flow after lease payments and excluding M&A and spectrum	15%	$3,903m				$1,675m
	Net Opex Reduction	Year-on-year reduction in operating non-Direct Variable Cost (DVC) expenses	15%	$490m	$380m	$430m	$530m	$254m
Strategic, Customer & Transformation 40% of total weighting	Episode NPS	Improvement in our Episode NPS	15%	+32	+34	+36	+38	+37
	Product Portfolio Simplification	Number of Fixed and Postpaid Mobile Services on in-market plans	5%	8.8m	9.7m	10m	10.2m	9.44m
	Digital Engagement	C&SB digital sales interactions	5%	39.3%	43%	45%	55%	46.5%
		TE Digital Service Interactions	5%	n/a	38.5%	40%	45%	35.3%
	People Capability & Engagement	Top-line sustainable employee engagement score	10%	78	80	84	85	80

^ For FY22 targets, the baseline refers to the FY21 EVP performance outcomes as outlined in section 2.2 of the 2021 Remuneration Report.
* Market Guidance means guidance for FY22 as set out in Telstra's ASX announcement dated 12 August 2021.
**For the financial metrics only, the 1H22 actuals are calculated on a guidance basis.

Results of operations

	Half-year ended 31 December				Lease adjustments (i) Half-year ended 31 December		Reported lease adjusted (i) Half-year ended 31 December			
	2021 $M	2020 $M	Change $M	Change %	2021 $M	2020 $M	**2021 $M**	2020 $M	Change $M	Change %
Revenue (excluding finance income)	**10,503**	10,984	(481)	(4.4)	-	-	**10,503**	10,984	(481)	(4.4)
Other income (ii)	**384**	1,031	(647)	(62.8)	-	-	**384**	1,031	(647)	(62.8)
Total income (excluding finance income)	**10,887**	12,015	(1,128)	(9.4)	-	-	**10,887**	12,015	(1,128)	(9.4)
Labour	**1,834**	2,033	(199)	(9.8)	-	-	**1,834**	2,033	(199)	(9.8)
Goods and services purchased	**4,148**	4,208	(60)	(1.4)	-	-	**4,148**	4,208	(60)	(1.4)
Net impairment losses on financial assets	**41**	78	(37)	(47.4)	-	-	**41**	78	(37)	(47.4)
Other expenses	**1,389**	1,624	(235)	(14.5)	-	113	**1,389**	1,737	(348)	(20.0)
Operating expenses	**7,412**	7,943	(531)	(6.7)	-	113	**7,412**	8,056	(644)	(8.0)
Share of net (loss)/profit from joint ventures and associated entities	**(9)**	(2)	(7)	n/m	-	-	**(9)**	(2)	(7)	n/m
	7,421	7,945	(524)	(6.6)	-	113	**7,421**	8,058	(637)	(7.9)
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)	**3,466**	4,070	(604)	(14.8)	-	(113)	**3,466**	3,957	(491)	(12.4)
Depreciation and amortisation	**2,189**	2,429	(240)	(9.9)	-	(113)	**2,189**	2,316	(127)	(5.5)
Earnings before interest and income tax expense (EBIT)	**1,277**	1,641	(364)	(22.2)	-	-	**1,277**	1,641	(364)	(22.2)
Finance income	**61**	29	32	n/m	-	-	**61**	29	32	n/m
Finance costs	**299**	336	(37)	(11.0)	-	-	**299**	336	(37)	(11.0)
Net finance costs	**238**	307	(69)	(22.5)	-	-	**238**	307	(69)	(22.5)
Profit before income tax expense	**1,039**	1,334	(295)	(22.1)	-	-	**1,039**	1,334	(295)	(22.1)
Income tax expense	**296**	209	87	41.6	-	-	**296**	209	87	41.6
Profit for the period	**743**	1,125	(382)	(34.0)	-	-	**743**	1,125	(382)	(34.0)
Attributable to:										
Equity holders of Telstra Entity	**698**	1,098	(400)	(36.4)						
Non-controlling interests	**45**	27	18	66.7						
	743	1,125	(382)	(34.0)						
Effective tax rate on operations	**28.5%**	15.7%		12.8 pp						
EBITDA margin on revenue	**33.0%**	37.1%		(4.1) pp						
EBIT margin on revenue	**12.2%**	14.9%		(2.7) pp						
	cents	cents	Change cents	Change %						
Earnings per share (cents per share)										
Basic (iii)	**5.9**	9.2	(3.3)	(35.9)						
Diluted (iii)	**5.9**	9.2	(3.3)	(35.9)						

(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. 1H21 has been adjusted to include the reported depreciation of mobile handsets right-of-use assets in EBITDA. No adjustment to 1H22.

(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 miscellaneous items.

n/m = not meaningful

Total income

	Half-year ended 31 December			
	2021 $M	2020 $M	Change $M	Change %
Mobile				
Postpaid handheld	**2,500**	2,352	148	6.3
Prepaid handheld	**432**	404	28	6.9
Mobile broadband	**319**	316	3	0.9
Internet of Things (IoT)	**129**	118	11	9.3
Mobile wholesale	**148**	127	21	16.5
Other	**9**	9	-	-
Total mobile services	**3,537**	3,326	211	6.3
Hardware	**1,071**	1,242	(171)	(13.8)
Mobile interconnect	**129**	150	(21)	(14.0)
Media, Telstra Plus & other	**(54)**	(8)	(46)	n/m
Total Mobile	**4,683**	4,710	(27)	(0.6)
Fixed - C&SB				
On-net fixed (ii)	**259**	462	(203)	(43.9)
Off-net fixed (ii)	**1,554**	1,470	84	5.7
Consumer content & services	**306**	342	(36)	(10.5)
Business applications & services	**86**	94	(8)	(8.5)
Interconnect, payphones & E000	**55**	58	(3)	(5.2)
Total Fixed - C&SB	**2,260**	2,426	(166)	(6.8)
Fixed - Enterprise				
Data & connectivity	**494**	563	(69)	(12.3)
Calling applications	**342**	366	(24)	(6.6)
Managed services & maintenance	**357**	328	29	8.8
Professional services	**185**	181	4	2.2
Cloud applications	**135**	127	8	6.3
Equipment sales	**177**	157	20	12.7
Other	**124**	130	(6)	(4.6)
Total NAS	**1,320**	1,289	31	2.4
Total Fixed - Enterprise	**1,814**	1,852	(38)	(2.1)
Fixed - Active Wholesale				
Data & connectivity	**158**	175	(17)	(9.7)
Legacy calling & fixed	**94**	144	(50)	(34.7)
Total Fixed - Active Wholesale	**252**	319	(67)	(21.0)
International				
Fixed (legacy voice)	**109**	105	4	3.8
Data & connectivity	**483**	488	(5)	(1.0)
Other	**166**	162	4	2.5
Total International	**758**	755	3	0.4
InfraCo - Fixed				
Commercial & recoverable works	**152**	360	(208)	(57.8)
NBN recurring	**459**	449	10	2.2
Other external & passive	**71**	68	3	4.4
Internal	**477**	475	2	0.4
Total InfraCo - Fixed	**1,159**	1,352	(193)	(14.3)
InfraCo - Tower / Amplitel				
External	**29**	30	(1)	(3.3)
Internal	**150**	141	9	6.4
Total InfraCo - Tower / Amplitel	**179**	171	8	4.7
One-off nbn DA & Connection	**203**	658	(455)	(69.1)
Other Product Income				
External (iii)	**206**	388	(182)	(46.9)
Internal	**145**	146	(1)	(0.7)
Total Other Product Income	**351**	534	(183)	(34.3)
Elimination	**(772)**	(762)	(10)	(1.3)
Total income	**10,887**	12,015	(1,128)	(9.4)

Total expenses

	Half-year ended 31 December			
	2021 $M	2020 $M	Change $M	Change %
Salary and associated costs	**1,560**	1,662	(102)	(6.1)
Other labour expenses	**67**	107	(40)	(37.4)
Labour substitution	**150**	199	(49)	(24.6)
Employee redundancy	**57**	65	(8)	(12.3)
Total labour	**1,834**	2,033	(199)	(9.8)
Cost of goods sold	**1,322**	1,440	(118)	(8.2)
Network payments	**1,617**	1,582	35	2.2
Other	**1,209**	1,186	23	1.9
Total goods and services purchased	**4,148**	4,208	(60)	(1.4)
Net impairment losses on financial assets	**41**	78	(37)	(47.4)
Service contracts and other agreements	**553**	582	(29)	(5.0)
Impairment losses (excluding net losses on financial assets)	**68**	108	(40)	(37.0)
Other	**768**	934	(166)	(17.8)
Total other expenses	**1,389**	1,624	(235)	(14.5)
Total operating expenses	**7,412**	7,943	(531)	(6.7)
Property Plant & Equipment	**1,287**	1,308	(21)	(1.6)
Right of Use assets	**292**	378	(86)	(22.8)
Depreciation	**1,579**	1,686	(107)	(6.3)
Amortisation of intangible assets	**610**	743	(133)	(17.9)
Total depreciation and amortisation	**2,189**	2,429	(240)	(9.9)

Statement of Financial Position

	As at			
	31 Dec 21	30 Jun 21	Change	Change
	$M	$M	$M	%
Current assets				
Cash and cash equivalents	**1,651**	1,125	526	46.8
Trade and other receivables and contract assets	**4,209**	4,577	(368)	(8.0)
Deferred contract costs	**150**	113	37	32.7
Inventories	**456**	385	71	18.4
Derivative financial assets	**564**	624	(60)	(9.6)
Current tax receivables	**86**	5	81	n/m
Prepayments	**230**	285	(55)	(19.3)
Total current assets	**7,346**	7,114	232	3.3
Non-current assets				
Trade and other receivables and contract assets	**906**	1,168	(262)	(22.4)
Deferred contract costs	**1,306**	1,342	(36)	(2.7)
Inventories	**23**	21	2	9.5
Investments - accounted for using the equity method	**945**	1,018	(73)	(7.2)
Investments - other	**15**	15	-	-
Property, plant and equipment	**20,736**	20,863	(127)	(0.6)
Right-of-use assets	**3,033**	2,852	181	6.3
Intangible assets	**7,831**	7,131	700	9.8
Derivative financial assets	**443**	786	(343)	(43.6)
Deferred tax assets	**55**	60	(5)	(8.3)
Defined benefit asset	**214**	155	59	38.1
Total non-current assets	**35,507**	35,411	96	0.3
Total assets	**42,853**	42,525	328	0.8
Current liabilities				
Trade and other payables	**3,455**	3,766	(311)	(8.3)
Employee benefits	**705**	682	23	3.4
Other provisions	**102**	87	15	17.2
Lease liabilities	**568**	503	65	12.9
Borrowings	**4,129**	3,631	498	13.7
Derivative financial liabilities	**1**	26	(25)	(96.2)
Current tax payables	**25**	124	(99)	(79.8)
Contract liabilities and other revenue received in advance	**1,674**	1,605	69	4.3
Total current liabilities	**10,659**	10,424	235	2.3
Non-current liabilities				
Other payables	**224**	9	215	n/m
Employee benefits	**127**	150	(23)	(15.3)
Other provisions	**128**	126	2	1.6
Lease liabilities	**2,927**	2,802	125	4.5
Borrowings	**8,003**	10,505	(2,502)	(23.8)
Derivative financial liabilities	**234**	331	(97)	(29.3)
Deferred tax liabilities	**1,673**	1,580	93	5.9
Defined benefit liability	**11**	10	1	10.0
Contract liabilities and other revenue received in advance	**1,408**	1,313	95	7.2
Total non-current liabilities	**14,735**	16,826	(2,091)	(12.4)
Total liabilities	**25,394**	27,250	(1,856)	(6.8)
Net assets	**17,459**	15,275	2,184	14.3
Equity				
Share capital	**3,869**	4,436	(567)	(12.8)
Reserves	**2,328**	138	2,190	n/m
Retained profits	**9,813**	10,014	(201)	(2.0)
Equity available to Telstra Entity shareholders	**16,010**	14,588	1,422	9.7
Non-controlling interests	**1,449**	687	762	n/m
Total equity	**17,459**	15,275	2,184	14.3
Gross debt	**14,855**	16,388	(1,533)	(9.4)
Net debt	**13,204**	15,263	(2,059)	(13.5)
EBITDA interest cover (times) (i)	**13.0**	13.2	(0.2)	(1.5)
Net debt to EBITDA	**1.9**	2.0	(0.1)	(5.0)
ROA - Return on average assets	**6.2%**	7.0%		(0.8) pp
ROE - Return on average equity	**9.1%**	12.8%		(3.7) pp
ROI - Return on average investment	**8.3%**	9.6%		(1.3) pp
ROIC - Return on invested capital	**6.0%**	7.5%		(1.5) pp
Gearing ratio (net debt to capitalisation)	**43.1%**	50.0%		(6.9) pp

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

n/m = not meaningful

Statement of Cash Flows

	Half-year ended 31 December			
	2021	2020	Change	Change
	$M	$M	$M	%
Cash flows from operating activities				
Receipts from customers (inclusive of goods and services tax (GST))	**12,441**	13,634	(1,193)	(8.8)
Payments to suppliers and employees (inclusive of GST)	**(8,937)**	(9,892)	955	9.7
Government grants received for operating activities	**173**	157	16	10.2
Net cash generated by operations	**3,677**	3,899	(222)	(5.7)
Income taxes paid	**(431)**	(456)	25	5.5
Net cash provided by operating activities	**3,246**	3,443	(197)	(5.7)
Cash flows from investing activities				
Payments for property, plant and equipment	**(1,210)**	(1,096)	(114)	(10.4)
Payments for intangible assets	**(416)**	(501)	85	17.0
Capital expenditure (before investments)	**(1,626)**	(1,597)	(29)	(1.8)
Payments for shares in controlled entities (net of cash acquired)	**(614)**	(21)	(593)	n/m
Payments for equity accounted investments	**(4)**	-	(4)	n/m
Total capital expenditure (including investments)	**(2,244)**	(1,618)	(626)	(38.7)
Proceeds from sale of property, plant and equipment	**61**	159	(98)	(61.6)
Proceeds from sale and leaseback	**3**	289	(286)	(99.0)
Proceeds from sale of businesses and shares in controlled entities (net of cash disposed)	**2**	140	(138)	(98.6)
Proceeds from sale of equity accounted and other investments	**158**	153	5	3.3
Distributions received from equity accounted investments	**38**	9	29	n/m
Receipts of the principal portion of finance lease receivables	**44**	69	(25)	(36.2)
Government grants received for investing activities	**8**	11	(3)	(27.3)
Interest received	**8**	11	(3)	(27.3)
Net cash used in investing activities	**(1,922)**	(777)	(1,145)	n/m
Operating cash flows less investing cash flows	**1,324**	2,666	(1,342)	(50.3)
Cash flows from financing activities				
Proceeds from borrowings	**309**	1,338	(1,029)	(76.9)
Repayment of borrowings	**(1,884)**	(1,456)	(428)	(29.4)
Payments of principal portion of lease liabilities	**(295)**	(403)	108	26.8
Share buy-back	**(571)**	-	(571)	n/m
Purchase of shares for employee share plans	**(5)**	(34)	29	85.3
Finance costs paid	**(285)**	(314)	29	9.2
Dividends/distributions paid to non-controlling interests	**(16)**	(16)	-	-
Dividends paid to equity holders of Telstra Entity	**(951)**	(951)	-	-
Proceeds from the sale of units in a controlled trust	**2,883**	-	2,883	n/m
Net cash used in financing activities	**(815)**	(1,836)	1,021	55.6
Net increase/(decrease) in cash and cash equivalents	**509**	830	(321)	(38.7)
Cash and cash equivalents at the beginning of the period	**1,125**	499	626	n/m
Effects of exchange rate changes on cash and cash equivalents	**14**	(34)	48	n/m
Cash and cash equivalents at the end of the period	**1,648**	1,295	353	27.3

n/m = not meaningful

Average Revenue per Unit (ARPU) ($)

	Half-year ended			Dec 21 vs Dec 20		Dec 21 vs Jun 21	
	Dec 2021	Jun 2021	Dec 2020	**Change**	Change	**Change**	Change
	$	$	$	**$**	%	**$**	%
Mobile							
Postpaid handheld	**48.29**	48.16	45.99	2.30	5.0	0.13	0.3
Prepaid handheld	**22.70**	21.46	20.89	1.81	8.7	1.24	5.8
Mobile broadband	**17.58**	16.20	16.93	0.65	3.8	1.38	8.5
Fixed - C&SB							
C&SB bundle and standalone data	**75.76**	74.13	75.40	0.36	0.5	1.63	2.2
C&SB standalone fixed voice	**38.19**	43.38	45.82	(7.63)	(16.7)	(5.19)	(12.0)
Fixed - Enterprise							
Data & connectivity	**441.47**	469.97	471.52	(30.05)	(6.4)	(28.50)	(6.1)

Note: Statistical data represents management's best estimates.

Services in operation (000s)

	Half-year ended			Dec 21 vs Dec 20		Dec 21 vs Jun 21	
	Dec 2021	Jun 2021	Dec 2020	**Change**	Change	**Change**	Change
	000s	000s	000s	**000s**	%	**000s**	%
Mobile							
Postpaid handheld retail	**8,669**	8,585	8,564	105	1.2	84	1.0
Prepaid handheld retail	**3,188**	3,157	3,134	54	1.7	31	1.0
Mobile broadband (data cards)	**3,033**	3,023	3,061	(28)	(0.9)	10	0.3
Internet of Things (IoT)	**5,128**	4,676	4,240	888	20.9	452	9.7
Satellite	**31**	30	30	1	3.3	1	3.3
Total retail mobile	**20,049**	19,471	19,029	1,020	5.4	578	3.0
Total wholesale mobile	**1,838**	1,747	1,652	186	11.3	91	5.2
Prepaid handheld retail unique users	**2,578**	2,511	2,462	116	4.7	67	2.7
Fixed - C&SB							
C&SB bundles and standalone data	**3,590**	3,640	3,656	(66)	(1.8)	(50)	(1.4)
C&SB standalone voice	**372**	416	554	(182)	(32.9)	(44)	(10.6)
Foxtel from Telstra	**492**	528	579	(87)	(15.0)	(36)	(6.8)
Fixed - Enterprise							
Data & connectivity	**185**	188	195	(10)	(5.1)	(3)	(1.6)
Fixed - Wholesale							
Fixed legacy	**158**	248	393	(235)	(59.8)	(90)	(36.3)
Data & connectivity	**29**	31	33	(4)	(12.1)	(2)	(6.5)

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

Workforce

	Half-year ended			Dec 21 vs Dec 20		Dec 21 vs Jun 21	
	Dec 2021	Jun 2021	Dec 2020	Change	Change	Change	Change
	000s	000s	000s	000s	%	000s	%
Employee data							
Full time staff equivalents incl. contractor/agency labour	**26,728**	27,015	28,637	(1,909)	(6.7)	(287)	(1.1)

Note: Statistical data represents management's best estimates.

Segment information from operations

	Total income			EBITDA contribution		
	Half-year ended 31 December			Half-year ended 31 December		
	2021	2020	Change	2021	2020	Change
	$M	$M	%	$M	$M	%
Telstra Consumer and Small Business	**5,995**	6,348	(5.6)	**2,563**	2,375	7.9
Telstra Enterprise	**3,496**	3,468	0.8	**1,480**	1,467	0.9
Networks and IT	**147**	111	32.4	**(1,125)**	(1,244)	9.6
All Other	**269**	869	(69.0)	**(584)**	(46)	n/m
Telstra excluding Telstra InfraCo	**9,907**	10,796	(8.2)	**2,334**	2,552	(8.5)
Telstra InfraCo	**1,752**	1,981	(11.6)	**1,132**	1,405	(19.4)
Internal access charges	**(772)**	(762)	(1.3)	**-**	-	n/m
Total Telstra segments	**10,887**	12,015	(9.4)	**3,466**	3,957	(12.4)
Depreciation of mobile handsets right-of-use assets				**-**	113	n/m
Telstra Group EBITDA				**3,466**	4,070	(14.8)

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

	Total income			EBITDA contribution		
	Half-year ended 31 December			Half-year ended 31 December		
	2021	2020	Change	2021	2020	Change
	$M	$M	%	$M	$M	%
Mobile	**3,714**	3,843	(3.4)	**1,510**	1,190	26.9
Fixed - C&SB	**2,260**	2,426	(6.8)	**23**	96	(76.0)
Other	**-**	-	n/m	**(2)**	(2)	-
Telstra Consumer and Small Business	**5,974**	6,269	(4.7)	**1,531**	1,284	19.2
Mobile	**809**	732	10.5	**345**	283	21.9
Fixed - Enterprise	**1,814**	1,852	(2.1)	**300**	311	(3.5)
Other	**9**	15	(40.0)	**(3)**	7	n/m
Telstra Enterprise	**2,632**	2,599	1.3	**642**	601	6.8
International	**758**	755	0.4	**194**	164	18.3
Mobile	**160**	138	15.9	**104**	94	10.6
Fixed - Active Wholesale	**252**	319	(21.0)	**90**	133	(32.3)
InfraCo - Fixed	**1,159**	1,352	(14.3)	**768**	868	(11.5)
InfraCo - Tower / Amplitel	**179**	171	4.7	**152**	152	-
Other	**2**	1	100.0	**(11)**	(12)	8.3
InfraCo (Active and Passive)	**1,752**	1,981	(11.6)	**1,103**	1,235	(10.7)
Other	**319**	308	3.6	**25**	40	(37.5)
Elimination	**(772)**	(762)	(1.3)	**-**	-	n/m
Underlying	**10,663**	11,150	(4.4)	**3,495**	3,324	5.1
One-off nbn DA & Connection	**203**	658	(69.1)	**125**	520	(76.0)
Guidance adjustments	**21**	207	(89.9)	**(154)**	113	n/m
Reported lease adjusted	**10,887**	12,015	(9.4)	**3,466**	3,957	(12.4)

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

Note: Product margins represent management's best estimates and are based on lease adjusted figures in 1H21. Mobile and Fixed products include intercompany infrastructure costs.

Product profitability - EBITDA ($M)

	Half-year ended 31 December		
	2021	2020	Change %
Mobile	**1,957**	1,565	25.0
Fixed - C&SB	**23**	96	(76.0)
- Data & connectivity	**195**	248	(21.4)
- NAS	**105**	63	66.7
Fixed - Enterprise	**300**	311	(3.5)
Fixed - Active Wholesale	**90**	133	(32.3)
International	**194**	164	18.3
InfraCo - Fixed	**768**	868	(11.5)
InfraCo - Tower / Amplitel	**152**	152	-
Other	**11**	35	(68.6)
Underlying	**3,495**	3,324	5.1
Net one-off nbn DA less nbn net C2C	**125**	520	(76.0)
Restructuring	**(22)**	(60)	63.3
Other guidance adjustments	**(132)**	173	n/m
Reported lease adjusted	**3,466**	3,957	(12.4)

Note: Product margins represent management's best estimates and are based on lease adjusted figures in 1H21.

Product profitability - EBITDA margins %

	Half-year ended 31 December	
	2021	2020
Mobile	**41.8%**	33.2%
Fixed - C&SB	**1.0%**	4.0%
- Data & connectivity	**39.5%**	44.0%
- NAS	**8.0%**	4.9%
Fixed - Enterprise	**16.5%**	16.8%
Fixed - Active Wholesale	**35.7%**	41.7%
International	**25.6%**	21.7%
InfraCo - Fixed	**66.3%**	64.2%
InfraCo - Tower / Amplitel	**84.9%**	88.9%
Other	**3.3%**	10.7%
Underlying	**32.8%**	29.8%
Net one-off nbn DA less nbn net C2C	**61.6%**	79.0%
Restructuring	**-**	-
Other guidance adjustments	**-**	-
Reported lease adjusted	**31.8%**	32.9%

Note: Product margins represent management's best estimates and are based on lease adjusted figures in 1H21.

Telstra Corporation Limited
Half-year comparison - Reported lease adjusted (i)
Half-year ended 31 December 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	Half 1 Dec-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%)	2,500	6.3%
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%	432	6.9%
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%)	319	0.9%
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%	129	9.3%
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%	148	16.5%
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	9	-
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%)	3,537	6.3%
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%)	1,071	(13.8%)
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%	129	(14.0%)
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	(54)	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%)	4,683	(0.6%)
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%)	259	(43.9%)
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%	1,554	5.7%
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%)	306	(10.5%)
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%)	86	(8.5%)
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%)	55	(5.2%)
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%)	2,260	(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%)	494	(12.3%)
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%)	342	(6.6%)
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%	357	8.8%
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%)	185	2.2%
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%	135	6.3%
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%)	177	12.7%
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%)	124	(4.6%)
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%)	1,320	2.4%
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%)	1,814	(2.1%)
Fixed - Active Wholesale																							
Data & connectivity	195	204	399	198	1.5%	200	(2.0%)	398	(0.3%)	187	(5.6%)	178	(11.0%)	365	(8.3%)	175	(6.4%)	166	(6.7%)	341	(6.6%)	158	(9.7%)
Legacy calling & fixed	476	424	900	371	(22.1%)	316	(25.5%)	687	(23.7%)	252	(32.1%)	196	(38.0%)	448	(34.8%)	144	(42.9%)	106	(45.9%)	250	(44.2%)	94	(34.7%)
Total Fixed - Active Wholesale	671	628	1,299	569	(15.2%)	516	(17.8%)	1,085	(16.5%)	439	(22.8%)	374	(27.5%)	813	(25.1%)	319	(27.3%)	272	(27.3%)	591	(27.3%)	252	(21.0%)
International																							
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%)	109	3.8%
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%)	483	(1.0%)
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%)	166	2.5%
Total International	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%)	758	0.4%
InfraCo - Fixed																							
Commercial & recoverable works	626	552	1,178	535	(14.5%)	499	(9.6%)	1,034	(12.2%)	413	(22.8%)	450	(9.8%)	863	(16.5%)	360	(12.8%)	224	(50.2%)	584	(32.3%)	152	(57.8%)
NBN recurring	299	331	630	367	22.7%	400	20.8%	767	21.7%	428	16.6%	439	9.8%	867	13.0%	449	4.9%	451	2.7%	900	3.8%	459	2.2%
Other external & passive	78	78	156	74	(5.1%)	78	-	152	(2.6%)	74	-	71	(9.0%)	145	(4.6%)	68	(8.1%)	68	(4.2%)	136	(6.2%)	71	4.4%
Internal	0	0	0	0	n/m	0	n/m	0	n/m	473	n/m	473	n/m	946	n/m	475	0.4%	474	0.2%	949	0.3%	477	0.4%
Total InfraCo - Fixed	1,003	961	1,964	976	(2.7%)	977	1.7%	1,953	(0.6%)	1,388	42.2%	1,433	46.7%	2,821	44.4%	1,352	(2.6%)	1,217	(15.1%)	2,569	(8.9%)	1,159	(14.3%)
InfraCo - Tower / Amplitel																							
External	24	28	52	26	8.3%	31	10.7%	57	9.6%	29	11.5%	29	(6.5%)	58	1.8%	30	3.4%	30	3.4%	60	3.4%	29	(3.3%)
Internal	0	0	0	0	n/m	0	n/m	0	n/m	133	n/m	133	n/m	266	n/m	141	6.0%	137	3.0%	278	4.5%	150	6.4%
Total InfraCo - Tower / Amplitel	24	28	52	26	8.3%	31	10.7%	57	9.6%	162	n/m	162	n/m	324	n/m	171	5.6%	167	3.1%	338	4.3%	179	4.7%
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%)	203	(69.1%)
Other Product Income																							
External (iii)	251	496	747	182	(27.5%)	170	(65.7%)	352	(52.9%)	189	3.8%	178	4.7%	367	4.3%	388	n/m	157	(11.8%)	545	48.5%	206	(46.9%)
Internal	0	0	0	0	n/m	0	n/m	0	n/m	156	n/m	155	n/m	311	n/m	146	(6.4%)	139	(10.3%)	285	(8.4%)	145	(0.7%)
Total Other Product Income	251	496	747	182	(27.5%)	170	(65.7%)	352	(52.9%)	345	89.6%	333	95.9%	678	92.6%	534	54.8%	296	(11.1%)	830	22.4%	351	(34.3%)
Elimination	0	0	0	0	n/m	0	n/m	0	n/m	(762)	n/m	(761)	n/m	(1,523)	n/m	(762)	-	(750)	1.4%	(1,512)	0.7%	(772)	(1.3%)
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%)	10,887	(9.4%)
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%)	1,834	(9.8%)
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%)	4,148	(1.4%)
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%)	41	(47.4%)
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%)	1,389	(20.0%)
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%)	7,412	(8.0%)
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%	(9)	n/m
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%)	3,466	(12.4%)
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%)	2,189	(5.5%)
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%)	1,277	(22.2%)
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%)	238	(22.5%)
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%)	1,039	(22.1%)
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%)	296	41.6%
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%	743	(34.0%)
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%	698	(36.4%)
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	45	66.7%

(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. No adjustment to 1H22. 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 material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management.

n/m = not meaningful

Telstra Corporation Limited
Half-year comparison
Half-year ended 31 December 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**	**Half 1 Dec-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%	20,049	5.4%
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%	8,669	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%	458	8.0%
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%)	3,033	(0.9%)
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%	2,578	4.7%
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%	5,128	20.9%
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%	1,838	11.3%
Average postpaid handheld revenue per user per month ($)	56.15	55.12	55.55	54.58	(2.8%)	52.34	(5.0%)	53.61	(3.5%)	50.31	(7.8%)	47.53	(9.2%)	48.96	(8.7%)	45.99	(8.6%)	48.16	1.3%	47.16	(3.7%)	48.29	5.0%
Average prepaid handheld revenue per user per month ($)	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%	22.70	8.7%
Average mobile broadband revenue per user per month ($)	17.58	15.58	16.69	15.32	(12.9%)	14.65	(6.0%)	14.92	(10.6%)	16.81	9.7%	16.58	13.2%	16.62	11.4%	16.93	0.7%	16.20	(2.3%)	16.49	(0.8%)	17.58	3.8%
nbnTM premise connections																							
Bundles and standalone data (thousands)	1,304	1,573	1,573	1,844	41.4%	2,149	36.6%	2,149	36.6%	2,452	33.0%	2,711	26.2%	2,711	26.2%	2,895	18.1%	3,011	11.1%	3,011	11.1%	3,035	4.8%
Belong (thousands)	92	110	110	132	43.5%	176	60.0%	176	60.0%	240	81.8%	298	69.3%	298	69.3%	332	38.3%	337	13.1%	337	13.1%	344	3.6%
Voice only (thousands)	234	263	263	278	18.8%	280	6.5%	280	6.5%	272	(2.2%)	216	(22.9%)	216	(22.9%)	194	(28.7%)	123	(43.1%)	123	(43.1%)	99	(49.0%)
Total nbnTM premise connections (thousands)	1,630	1,946	1,946	2,254	38.3%	2,605	33.9%	2,605	33.9%	2,964	31.5%	3,225	23.8%	3,225	23.8%	3,421	15.4%	3,471	7.6%	3,471	7.6%	3,478	1.7%
Fixed - C&SB																							
C&SB bundles and standalone data SIOs (thousands)	3,451	3,519	3,519	3,585	3.9%	3,627	3.1%	3,627	3.1%	3,654	1.9%	3,709	2.3%	3,709	2.3%	3,656	0.1%	3,640	(1.9%)	3,640	(1.9%)	3,590	(1.8%)
Belong fixed data SIOs (thousands) (iv)	180	203	203	225	25.0%	254	25.1%	254	25.1%	298	32.4%	333	31.1%	333	31.1%	344	15.4%	343	3.0%	343	3.0%	346	0.6%
C&SB standalone voice SIOs (thousands)	1,710	1,494	1,494	1,277	(25.3%)	1,061	(29.0%)	1,061	(29.0%)	871	(31.8%)	692	(34.8%)	692	(34.8%)	554	(36.4%)	416	(39.9%)	416	(39.9%)	372	(32.9%)
Foxtel from Telstra (thousands)	799	790	790	772	(3.4%)	730	(7.6%)	730	(7.6%)	678	(12.2%)	632	(13.4%)	632	(13.4%)	579	(14.6%)	528	(16.5%)	528	(16.5%)	492	(15.0%)
Average C&SB bundle and standalone data revenue per user per month ($)	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%)	75.76	0.5%
Average C&SB standalone fixed voice revenue per user per month ($)	51.35	51.48	51.26	51.36	0.0%	51.97	1.0%	51.64	0.7%	51.60	0.5%	48.96	(5.8%)	50.25	(2.7%)	45.82	(11.2%)	43.38	(11.4%)	44.76	(10.9%)	38.19	(16.7%)
Fixed - Enterprise																							
Data & connectivity SIOs (thousands)										208	n/m	203	n/m	203	n/m	195	(6.3%)	188	(7.4%)	188	(7.4%)	185	(5.1%)
Average data & connectivity revenue per user per month ($)										484.05	n/m	475.26	n/m	481.44	n/m	471.52	(2.6%)	469.97	(1.1%)	470.16	(2.3%)	441.47	(6.4%)
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%)	158	(59.8%)
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%)	29	(12.1%)
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%)	26,728	(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