2 November 2017

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Investor Day 2017

In accordance with the Listing Rules, I attach the presentations and CEO's and CFO's speeches to be delivered at Telstra's Investor Day on Thursday 2 November 2017, for release to the market.

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

Yours faithfully

Damien Coleman
Company Secretary

Disclaimer

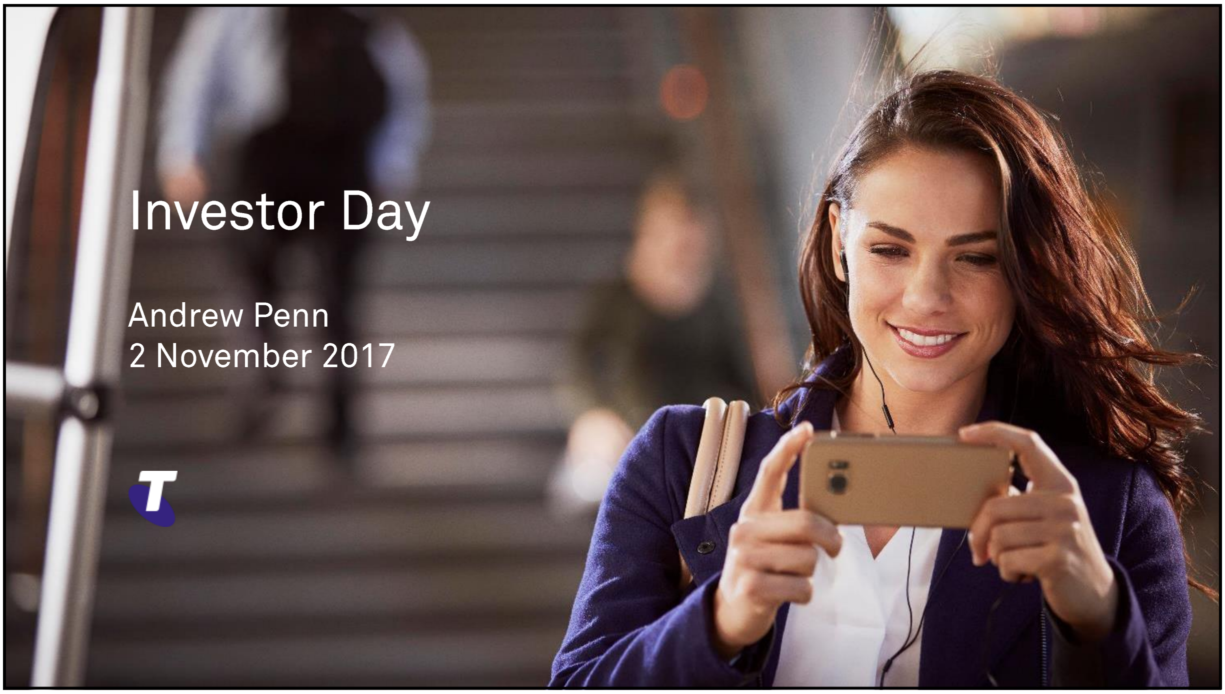
These presentations include certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Telstra, which may cause actual results to differ materially from those expressed in the statements contained in these presentations. For example, the factors that are likely to affect the results of Telstra include general economic conditions in Australia; exchange rates; competition in the markets in which Telstra will operate; the inherent regulatory risks in the businesses of Telstra; the substantial technological changes taking place in the telecommunications industry; and the continuing growth in the data, internet, mobile and other telecommunications markets where Telstra will operate. A number of these factors are described in “Our material risks” section of our Operating and Financial Review (OFR) which is set out in Telstra’s financial results for the year ended 30 June 2017 which was lodged with the ASX on 17 August 2017, and also included in our 2017 Annual Report which was released on 1 September 2017, and are available on Telstra’s Investor Centre website www.telstra.com/investor.

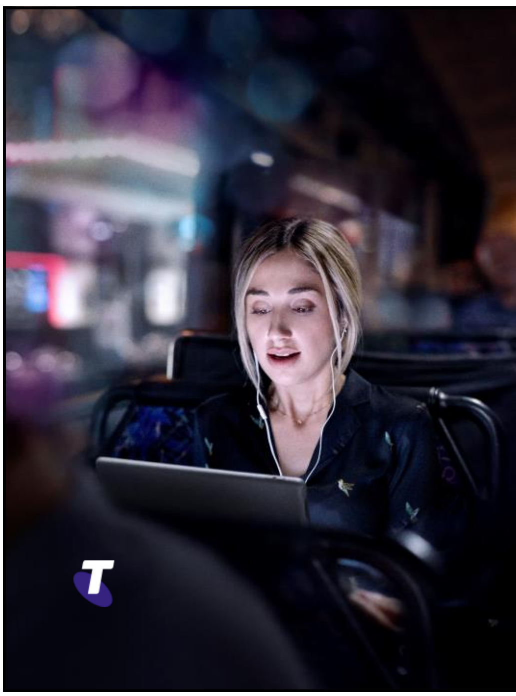
These presentations are not intended to (nor do they) constitute an offer or invitation by or on behalf of Telstra, its subsidiaries, or any other person to subscribe for, purchase or otherwise deal in any debt instrument or other securities, nor are they intended to be used for the purpose of or in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

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

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

All amounts are in Australian Dollars unless otherwise stated.





Objectives for the day

1. Opportunity to engage with key members of the broader team
2. Position our vision and strategy within the context of changing market dynamics
3. Demonstrate how we are progressing in relation to the 3 pillars of our strategy
   - Delivering Brilliant Customer Experiences
   - Driving Value and Growth from the Core
   - Building Growth Businesses close to the Core
4. Update you in relation to the progress we are making on our Strategic Investment Program
5. Provide a deeper dive on our infrastructure and telecommunications assets, including in a post nbn world
6. Demonstrate the growth and value opportunity for the company

CEO leadership team

Andrew Penn
Chief Executive Officer

Cynthia Whelan
Group Executive
New Businesses

Carmel Mulhern
Group General Counsel
Group Executive
Corporate Affairs

Warwick Bray
Chief Financial Officer

Vicki Brady
Group Executive
Consumer & Small Business

Robyn Denholm
Chief Operations Officer

Alex Badenoch
Group Executive HR

Brendon Riley
Group Executive Enterprise

• Also speaking today

Will Irving
Group Executive
Wholesale

Joe Pollard
Group Executive
Media & Marketing

Stephen Elop
Group Executive
Technology, Strategy & Innovation

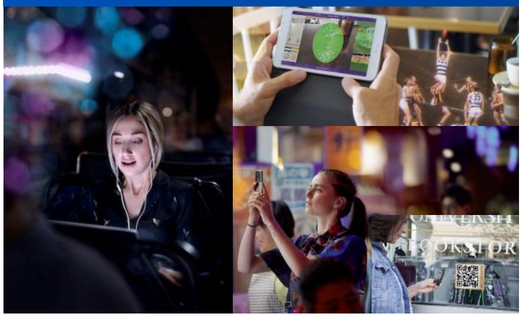
Mike Wright
Group Managing Director, Networks

Agenda

Agenda and Strategy Update	Andrew Penn
Market context	Stephen Elop
Break	
Telstra Enterprise	Brendon Riley
Consumer & Small Business	Vicki Brady
Q&A	Andrew Penn, Stephen Elop, Brendon Riley, Vicki Brady
Lunch & Customer Immersion Sessions	
Transformation update: Networks for the Future and Digitisation	Robyn Denholm, Mike Wright
Financial Strategy	Warwick Bray
Q&A	Andrew Penn, Robyn Denholm, Mike Wright, Warwick Bray

Our vision is to become a world class technology company that empowers people to connect

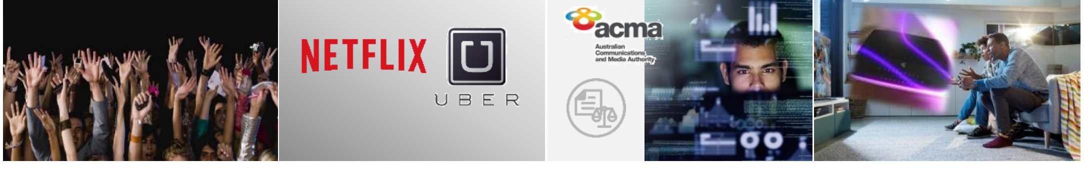
1. Traditional worlds of technology and computing are converging



2. Demand is growing, but value is captured at the layer of applications and services

Economic headwinds and challenges will increase over next 2 – 3 years

Competitive dynamics	Digital disruption	Regulatory and macro economics	Migration to nbn



Two critical decisions:

1. Strategic investment program; investing up to $3bn incremental capex over 3 years to 30 June 2019
2. New dividend policy

nbn

Service	Speed	Affordability
• Activation • Assurance	• nbn technology choice • CVCs • In home experience • Other network	• CVC/AVC – pricing structure

Our purpose, vision & strategy

Purpose	To create a brilliant connected future for everyone		
Vision	To be a world class technology company that empowers people to connect		
Brand	To create better ways to empower everyone to thrive in a connected world		
Strategic pillars	Deliver brilliant customer experiences	Drive value and growth from the core	Build new growth businesses close to the core
Strategic enablers	Networks for the future	Deliver a seamless end to end usage experience across our networks and build the network 2020 architecture	Strategic investment of up to $3 billion from FY17 – FY19
	Digitisation	Digitise our systems and processes to enable brilliant customer experiences and simplify our ways of working	
	Culture & capabilities	Build and enhance priority capabilities and drive critical cultural shifts (simplicity and accountability)	

Strategic Investment Program

- Investing up to $3bn incremental capex to achieve a step change in Customer Experience
- Total capex (including spectrum) over 3 years to FY19 to exceed $15bn
- Financial benefit of >$500 million per annum realised by FY21

Customer Experience

Networks of the future		Digitisation	
The New Generation Network	Mobile Leadership	Digital Experiences (Customer)	Digital Experiences (Employee)
Always On Network	New Services	Digital Platforms	Digital Ways of Working

$750m of strategic investment deployed at 30 June

KEY METRICS UPDATE:

Networks for the future	UPDATE
New network build based on SDN/NFV architecture: 100% by FY20	**6.4%** (vs FY17 target of 5%)
Deliver Gigabit-enabled LTE in CBD locations and selected high traffic areas for our capital cities by end FY19	Gigabit enabled network in **Sydney & Melbourne** CBDs plus ~2km, **Bris** CBD plus ~1.5km & a number of additional sites in all 3 cities. Gigabit LTE deployment **underway in Perth & Adelaide** CBDs.
Mobility speed and coverage: deliver double the speeds of original 4G to 87% of population by end FY 19	Double the speeds of original 4G to **90% of population.**
Ensure **85% of ADSL customers** during nbn transition can experience a **quality video streaming experience** and the other 15% are provided tailored solutions for the best possible experience	**90%** of ADSL customers now have ADSL supporting quality video streaming. New HEVC technology in Telstra TV2 reduces data consumption for streaming HD video.
Deliver **5 times data growth** holding overall network costs flat by FY20	**Optical transport layer** now available on routes connecting Sydney, Melbourne, Brisbane, Perth & Adelaide. These foundations allow us to increase capacity to meet future customer demand & simplify our network to enable capital efficiency.

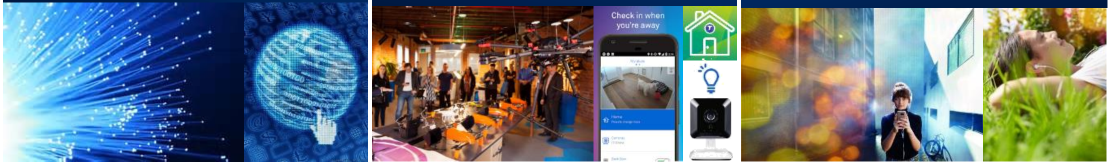
Digitisation	UPDATE
Applications retired, contained or moved to cloud: FY20: 50% or 800 applications	156 additional applications retired, contained or virtualised in FY17.
IT delivery capability applying Agile/DevOps capabilities: FY20: 70%	**25%** with over 100 teams implementing Agile/DevOps delivery through some of our major programs.
Automated processing of consumer nbn orders: FY20: 95%	**<5%.** Initial volumes now provisioned leveraging new digital platforms. On track for 50% by end of financial year.

Customer Experience	UPDATE
Strategic NPS: Annual increase of 3-6 points each year from FY17-FY20	**+6 points** over 6 months to June 2017 (flat compared to June 2016)
Episode NPS: Annual increase of 3-6 points each year from FY17-FY20	**+2 points** over 6 months to June 2017 (+3 points compared to June 2016)

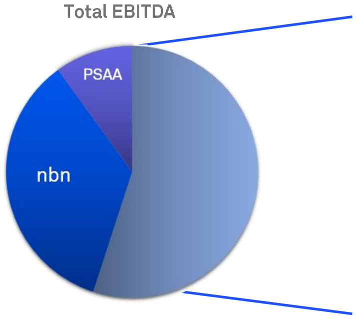
We are making good progress

Innovation	Simplified business	Building capability for the future
Initiatives aimed at lifting the level of innovation	Refocused our strategy on new growth and adjacencies closer to the core	Creating new customer-inspired culture & capabilities

Networks	Applications & services	Repositioning the Telstra brand
Completed major network resiliency & redundancy program	Delivering world-leading digital experiences for our customers	Becoming a provider of world-leading technology solutions



Driving value



- Mobile gross contribution margin
- nbn reseller margins
- Cost out
- NAS > Data & IP
- Strategic benefits from capex program

\+

- New business opportunities
- New revenue capabilities
  - IoT
  - 5G
  - Big Data
- Improved market dynamics

Over long term, the foundations we are laying today will open up new opportunities for growth

Horizon 1
"Value and growth from the core"

Horizon 2
"Growth from adjacencies"

Horizon 3
"Growth from emerging opportunities"

- Ventures, Muru-D
- New 5G use cases
- Media (digital advertising)
- Data & Analytics: internal (next gen OSS), data exchanges
- IoT enabling capabilities: e.g. network build, platforms
- 5G: Capacity improvements, mobile broadband, ultra-low latency use cases
- Telstra Enterprise: domestic and international organic, IoT, international inorganic
- Consumer & Small business: Fixed, Mobiles, Smart Home

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Market context

Stephen Elop, Group Executive
Technology, Innovation and Strategy

Telstra has capitalised on previous moments of disruption

We benchmarked ourselves against 16 telco peers on dimensions of market position, market performance, and levels of investment

		Our Peer Ranking	Result	Peer Group Average
Market position	Mobile Market share[1]	#3	~54%	~39%
Market Performance	EBITDA Margin*	#1	~41%	~33%
	Mobile ARPU (USD)*2	#9	~$31.6	~$29.1
Capex investment & returns	Capex/Sales*3	#7	~16%	~16%
	FCF/Sales*4	#1	~25%	~18%
	ROIC*5	#2	~16%	~10%

Source: Company filings, broker research, BoAML Global Wireless Matrix, GSMA, Factset and Ovum
Note: Global peer group: AT&T, BCE (Bell), BT Group, Deutsche Telekom, NTT Docomo, Orange, Rogers, Singtel, Swisscom, Telecom Italia, Telefonica, Telenor, Telia, T-Mobile US, Verizon and Vodafone
Telstra reported on a continuing operations basis, with the exception of capex/sales, which are reported on a continuing and discontinued operations basis
* Three year average (2015-2017) based on annual figures calendarised to June year-end, or estimates
1. Mobile Market share (SIOs) as at end of calendar year 2016
2. ARPU includes cellular M2M
3. Capex and sales not adjusted for spectrum or M&A spend
4. FCF calculated as EBITDA less capex over sales
5. ROIC is equal to NOPAT / average invested capital; NOPAT calculated as EBIT * (1 - effective tax rate), average invested capital calculated as net debt + shareholders equity averaged between the current and preceding fiscal year

Four key trends affecting the connectivity value chain

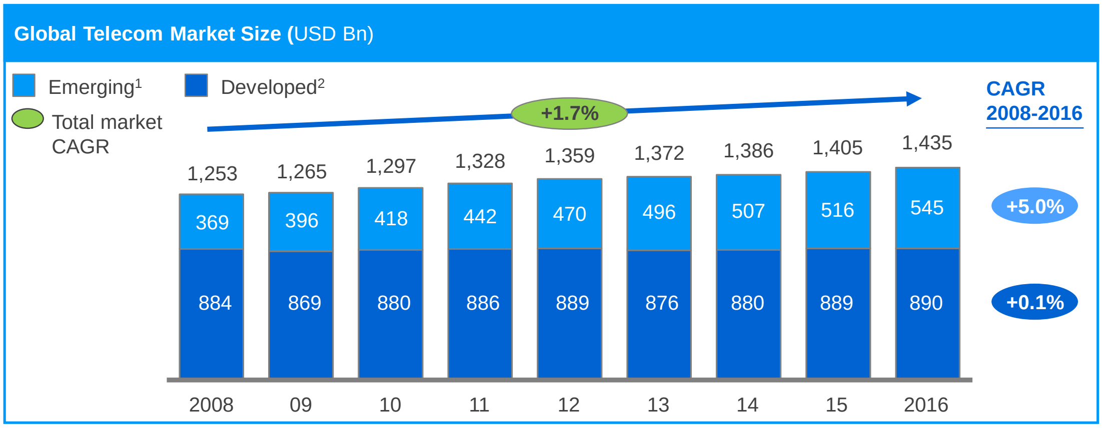
1 Changing consumer behaviour
- Rising demand and reliance on connectivity
- Rising standards for customer experience (e.g. self-service, best-of-breed offerings)
- Increased usages on IP platforms (e.g. WhatsApp, WeChat)

2 Intensifying market dynamics
- Network differentiation narrowing
- Competition driving to convergence and bundling
- Global software players widening service offering and investing in their own networks
- Continued regulatory uncertainty

3 Ecosystem value shift
- Significant growth expected in content, IoT, and software
- Growth in the global telecom market has stagnated in recent years

4 Technological developments
- 5G era is a critical opportunity for Telcos to move beyond connectivity
- Data & Analytics are becoming table stakes
- IoT is gaining momentum
- eSIM: both an opportunity and a challenge
- Telcos face new entrants through alternative networks, and unlicensed spectrum

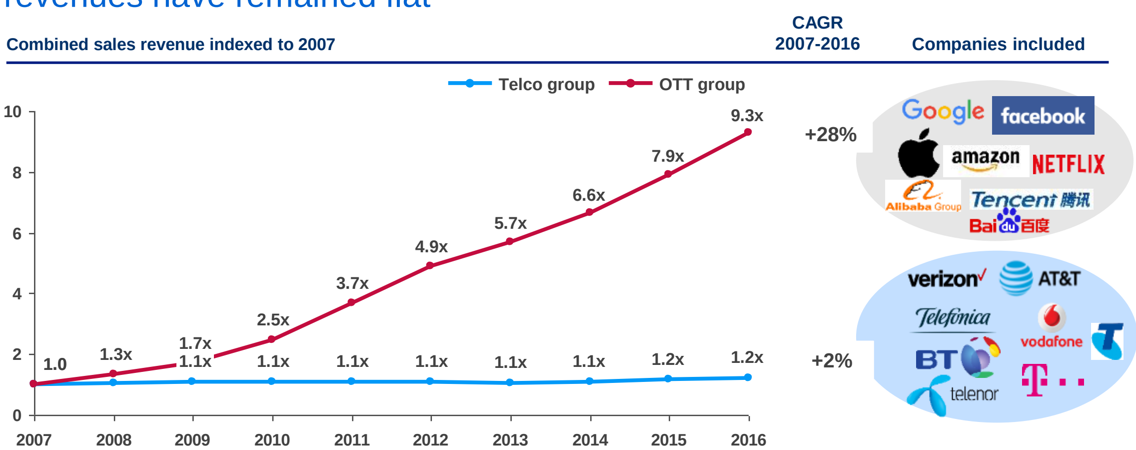
Global market growth has mainly come from emerging markets, with developed markets stagnating



1 Emerging includes Latin America, MENA, SSA, Emerging Asia Pacific; 2 Developed markets include North America, Developed Asia Pacific, Western Europe and Central and Eastern Europe

Source: Analysys Mason

OTT company revenue growth has accelerated since 2007, while telco revenues have remained flat



Source: company filling, annual report, factset

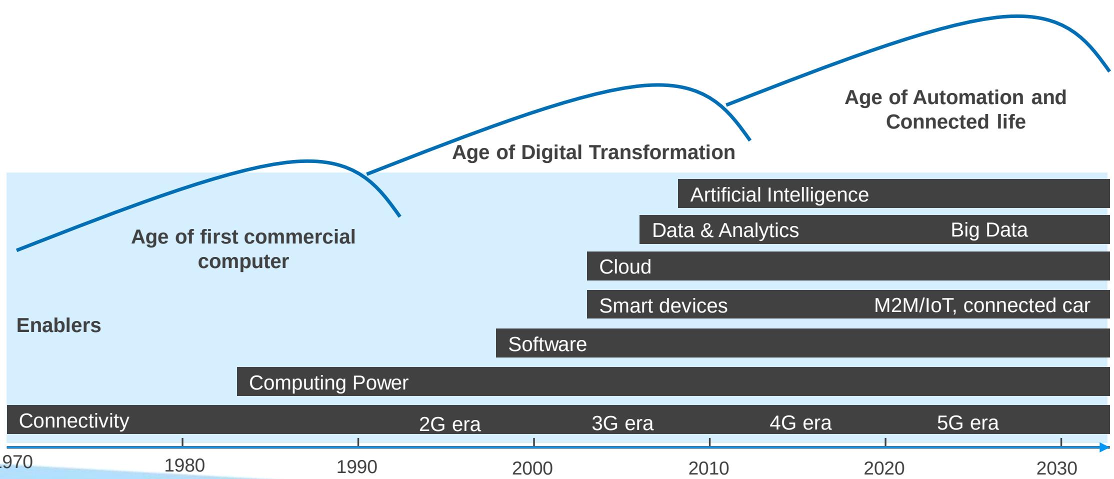
Note: based on restated, calendarised sales revenue, converted into USD based on constant exchange rate consistent with benchmark exercise on page 2.

BYO plans are an example of a hotly contested battle fought with increased data and inclusions

	2013 BYO $50	2015 BYO $50	2017 BYO $49
Calls	**$600**	**$1000**	**Unlimited**
Data	**1GB**	**2.5GB**	**10GB**
Extra inclusions	N/A	Free 6 month presto or 12 month NRL digital pass or 12 month AFL live pass	Free live, data-free AFL, NRL and Netball on mobile Free WiFi with Telstra Air Free 6 months apple music Free 200GB with OneDrive
Mobile Network % cost reduction		**45% reduction (vs. 2013)**	**49% reduction (vs. 2015)**

 Source: Telstra Analysis

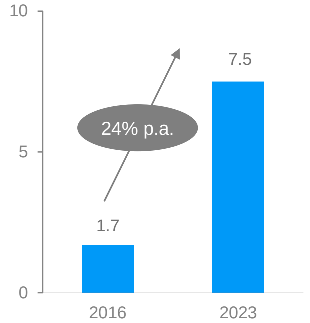
The industry needs to capitalise on the shift to 5G and everything connected as it has with prior technology inflections



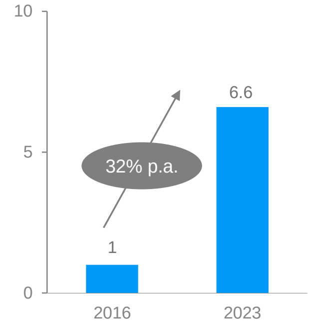
 Source: GSMA

Beyond our core there are multiple trends to support new growth

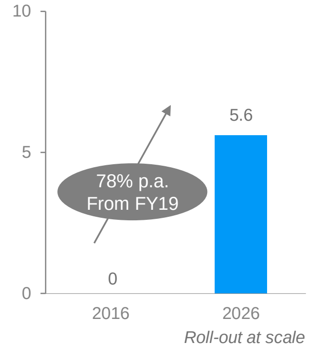
Data & Analytics
Addressable market ($B)[1]



IoT
Addressable market ($B)[2]



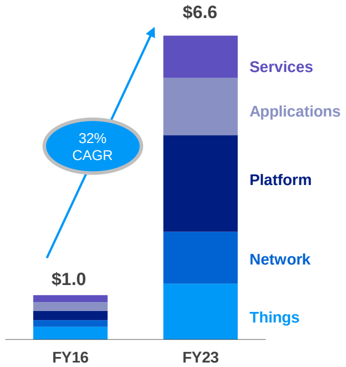
5G connectivity
Telco addressable market ($B)[3]



Sources: 1) BCG, TeBIT 2016 Executive Report: Drilling for Digital Gold (2016), Telstra analysis 2) ABI Research, IDC, Telstra analysis; 3) Ericsson 5G telco operator revenue forecasts as at October 2017. New 5G ICT revenue forecast to be ~ 36.5B AUD of which Telco operators forecast to have access to up to $17.2B AUD; around $5.6bn is attributable to connectivity and infrastructure (note the rest of the opportunity is excluded here to avoid duplication with IoT and Data & Analytics)

Beyond our core there are multiple trends to support new growth

IoT
Addressable market ($B)[2]



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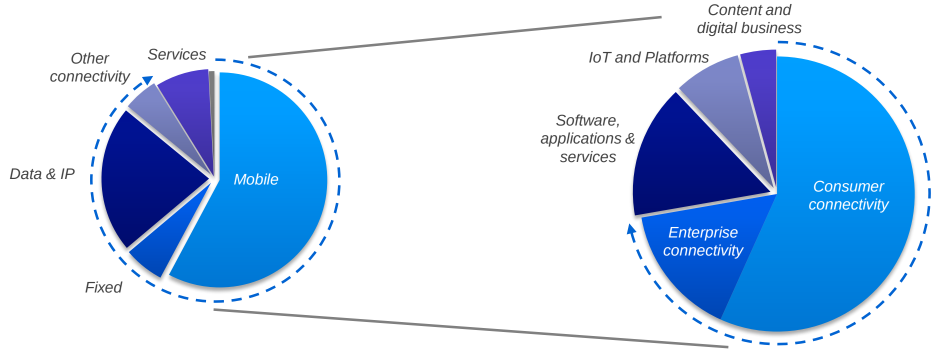
How are others responding to value shifts and technology developments?

Invest in IoT / M2M	T · · · • Develops solutions through partnerships, research centres and open platforms	verizon • Acquired Fleetmatics and Telogis to develop Telematics business
Invest in Big Data	orange • Developed Flux Vision, a geo-analytics platform to turn its mobile data into location insights for government and enterprise customers	Telefónica • Formed JV with China Unicom to bring 'Smart Steps' product to China.
Invest in Media and Content	verizon • Verizon has ~10% stake in total display revenue, making it the third biggest player after Facebook and Google.	AT&T • Acquired DirecTV in 2014, which enabled expansion to Latin America, and subscriber growth; in process of acquiring Time Warner

 Source: Telstra analysis, Factset, company filing

Telcos will look different in the future

Current telco portfolio mix FY17 - % EV | *Hypothetical telco portfolio view FY25 - % EV*



- Connectivity makes up majority of value in a telco portfolio today
- By 2025, a hypothetical portfolio could have significantly higher contributions from software, platforms and content

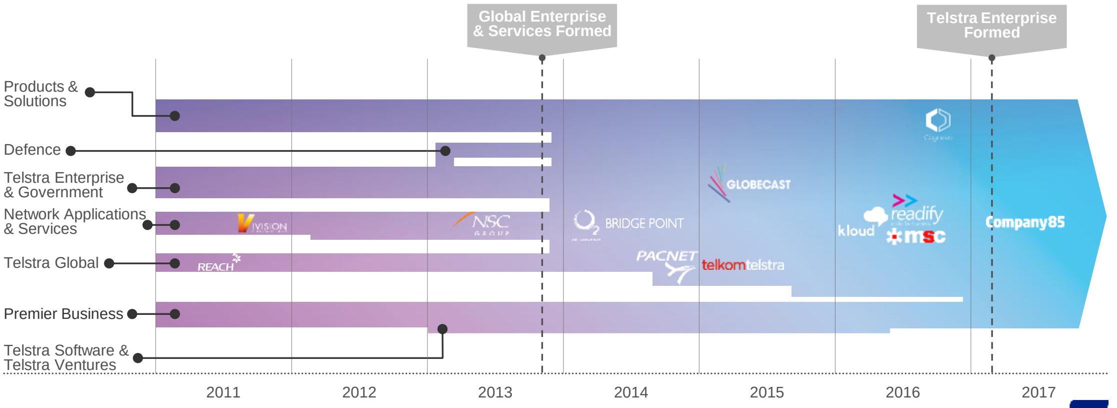
 Source: Telstra Analysis

Telstra Enterprise

Brendon Riley, Group Executive

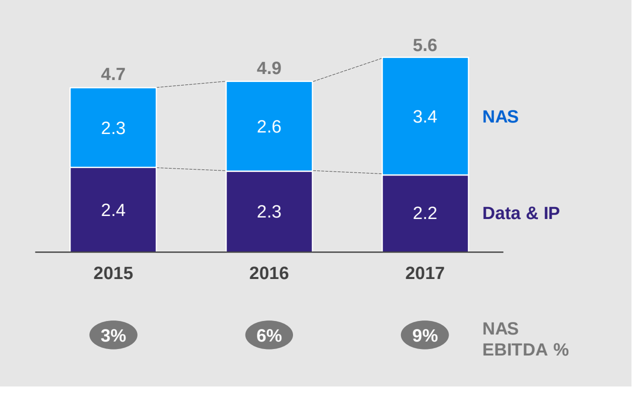
We have intensified our focus on the Enterprise segment and continue to transform our business model

Evolution of Telstra Enterprise 2011 - 2017



NAS growth continues to offset declines in Data & IP

Telstra Enterprise domestic Data & IP and NAS Revenue & Margin (A$b)



- Continued growth in NAS across both Business and Enterprise segments
- Continued improvement in NAS EBITDA towards mid-teens goal
- Competition and nbn continues to drive Data & IP margins downwards

Rapidly evolving markets create challenges for our Enterprise customers and opportunities for Telstra

- Non-traditional competitors & entrants
- Disruptive technologies & innovation
- New customer experience benchmarks
- Regulatory & macro-economics

Telstra Enterprise creates better ways to empower business and government to thrive in a connected world

Better ways	Optimise your IT	Reach global markets	Secure your business	Liberate your workforce	Create transformative innovation
Business solutions	Telstra Programmable Network		Cyber security	Employee effectiveness and productivity	IoT
	Hybrid cloud	Global connectivity	Electronic security	Customer engagement and insights	Innovation and design services
	Branch connectivity	Global managed network services			

Telstra Enterprise is focussed on driving four strategic priorities

1 Product Leadership

- Simplify the portfolio
- Focus on fewer, bigger plays

2 Market Engagement

- Transform the Sales & Service model
- Accelerate indirect channels
- Capture industry whitespaces

3 International Growth

- Continue to globalise Services capabilities
- Maintain network leadership in Asia Pacific
- Deliver value adding services in targeted markets

4 Digitisation and Experience

- Execute B2B digitisation

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We have launched four market leading capabilities in the last six months

Telstra Programmable Network

- Network-as-a-Service – SDN, NFV and Cloud connectivity in a single platform
- Brings software-control to the Network

Telstra Dynamic Security

- Re-imagining managed security for the explosion of data and data security threats
- Open-source, Cloud-based and cutting-edge Security Operations Centres

Liberate

- Unifying the desk phone and mobile phone
- An Australian first, network-integrated solution

Telstra IoT Network

- Australia’s largest IoT network
- Early focus on Enterprise use cases: Location of Things, Intelligent Transport, Smart Metering

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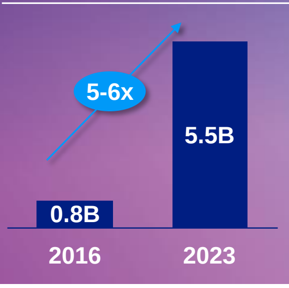
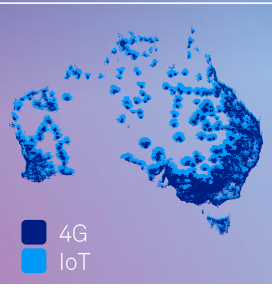
We see significant potential in Enterprise IoT

Rapid Enterprise IoT market growth



Australia's largest IoT network



Enterprise use-cases in focus

- Intelligent Transport
- Location of Things
- Smart Metering

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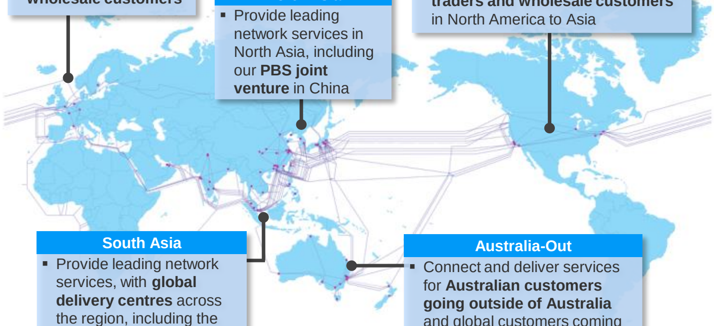
We continue to grow internationally and expand our capabilities beyond the network across five regions



EMEA
- Focus on **MNCs and wholesale customers**

North Asia
- Provide leading network services in North Asia, including our **PBS joint venture** in China

North America
- **Connect OTTs, high-frequency traders and wholesale customers** in North America to Asia

South Asia
- Provide leading network services, with **global delivery centres** across the region, including the telkomtelstra JV

Australia-Out
- Connect and deliver services for **Australian customers going outside of Australia** and global customers coming into Australia

Apps & Services
- Acquired **Company85 in UK** to strengthen Service capability in key MNC hub
- Winning and delivering large scale, **global Conferencing and Collaboration deals**

Platforms
- **Telstra Programmable Network** gaining traction with Australia-Out and Asian MNCs
- **Global Media Network** delivering at major sporting events
- **Security Operations Centre** to be built in UK

Infrastructure
- Retained #1 in Asia for **High-Capacity, Low-Latency** networks
- World first **'Always-on'** service guarantee across Hong Kong, Singapore, Japan
- **China Data Centres** resonating with Western MNCs and OTTs

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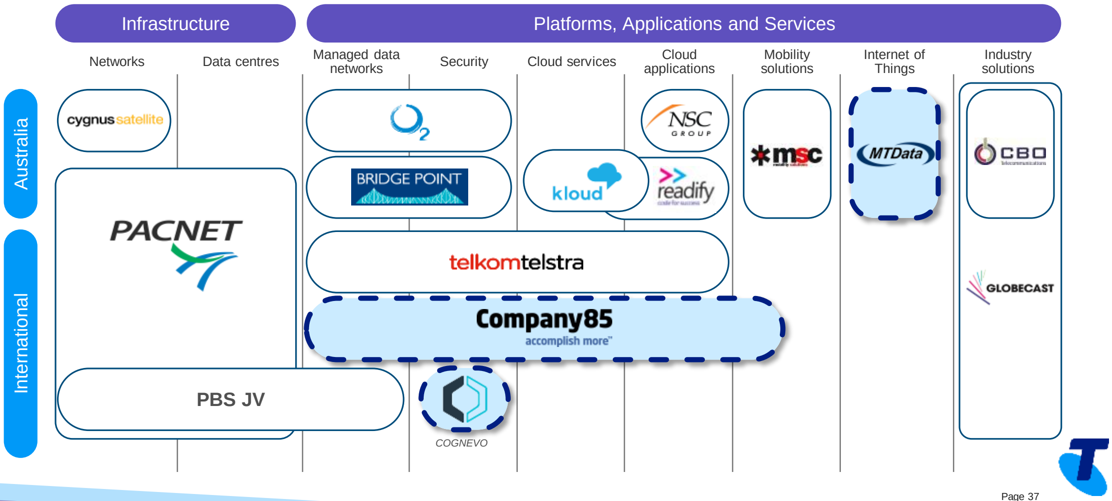
Acquisitions continue to accelerate our business offerings and growth in Australia and globally

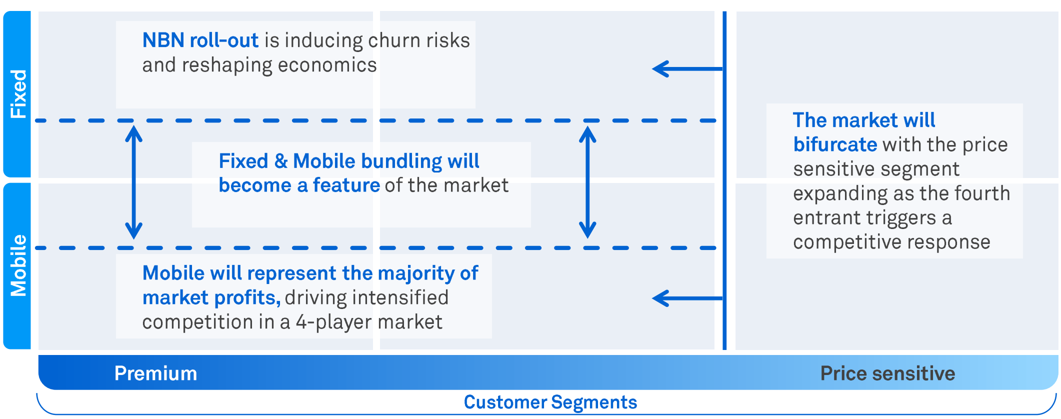


Consumer and Small Business

Vicki Brady, Group Executive

We have a powerful combination of unique assets

The market is fundamentally changing



Our strategy is to shape the market, outperform in key segments and reset our cost base

1. Execute on a multi-brand strategy in Consumer
2. Sustain our leadership on the NBN
3. Drive adjacent sources of growth in IoT and NAS

4. Strengthen our network differentiation supported by 'Better Ways'
5. Grow share of wallet with 'Whole of Household' and 'Whole of Business' bundles that offer more-for-more
6. Targeted local market execution
7. Deliver exceptional customer experience
8. Rebase Fixed Broadband cost structure through digitisation and network optimisation

Shaping the market with our multi-brand strategy

	Telstra	Belong	boost mobile
Positioning	**Telstra** creates better ways to enable everyone to thrive in a connected world.	**Belong** strives to be the best way for savvy shoppers to get all the data they need.	**Boost Mobile** gives Australia's young people the connectivity for adventure.
Core brand differentiator	**Network Superiority:** Speed, Coverage, Reliability, Security.	A singular focus on providing **loads of data at a great price**.	**Youth focus:** Associated with music and lifestyle sports such as surfing and skateboarding.
Target audience	Consumers and businesses who value **superior connectivity** from a **trusted brand**.	**'Price sensitive' consumers** regardless of demographic.	**16 to 26 years old:** School leavers, university students and consumers in their first job.

Bringing our Whole of Household proposition to life

Better Ways	Customer proposition		
Superior connectivity in and out of the home	Faster 4G and improved in-building coverage	99% 4G population coverage and 1M Wi-Fi hotspots	Hybrid modem
The best loyalty rewards for your whole household	Telstra Databank	Telstra Thanks	Device protection and replacement
The best entertainment experiences, in and out of the home	Telstra TV®	Premium content, live, fast and data free	Sharable content
Connected technology that puts you in control and gives you peace of mind	Telstra Protect	Home Dashboard	Smarthome
Expert advice and support that is easy to access when you need it most	Personalised advice and service regardless of channel	Platinum service	Telstra 24/7 App. Effortless digital

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We will focus on growth in IoT and Digital Entertainment

Internet of Things

Our ambition: Lead the market with Smart Home and Security.

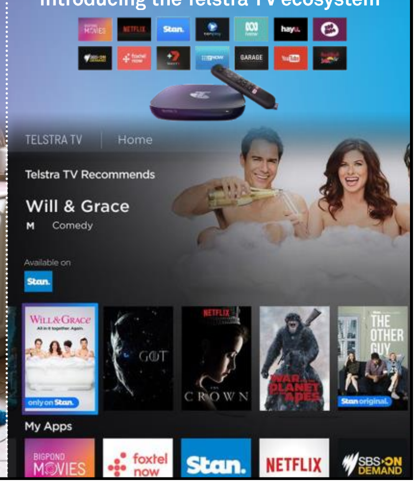
Home is where Smart lives

Check in on your home when you're away

Digital entertainment

Our ambition: Provide the most compelling media experiences that connect customers with their passions.

Introducing the Telstra TV ecosystem



Bringing our Whole of Business propositions to life

Better Ways	Customer proposition		
Best service, advice & support	Communities to help small business thrive	Business solutions & skills in all channels	Personalised & ongoing support
Business grade connectivity	Hybrid solution with mobile backup	4G network Quality of Service	Telstra Internet Direct / Mid-tier Internet
Mobilise your workforce	2-in-1 mobile computing plans	O365 & productivity apps	Seamless call convergence with UC
Secure your business	Endpoint device & network security	Mobile Device Management	Cloud backup of all lease devices
Grow your customers	Telstra Air Merchant	Online Essentials	Neto eCommerce
Rewarding customers	Data Bonus Awards	Business Loyalty Growth fund	Telstra Thanks Business

In Small Business we will capture growth in NAS via simple, relevant solutions

Mobilise your workforce

"O365" Cloud based Office products

"SKYPE FOR BUSINESS" virtual team rooms

"LIBERATE" unifying desk phone and mobile[1]

Secure your business

"BUSINESS PROTECT" alarm monitoring

"MCAFEE" endpoint security

"SECURE INTERNET" data protection

Find new customers

"ONLINE ESSENTIALS" creating online presence

"AIR MERCHANT" WiFi hotspot for businesses

1 In market for customers on IP solutions, primarily in the Business Plus segment

Deliver a great experience on the NBN

	Key Initiatives	
Transformed service model	Online order tracker	Dedicated service teams
Set clear expectations	Speed expectations	Simplified communications
Simplify experiences	Self install kits	Simplified fees
Reduce time to connect	Hybrid modem	Appointment management

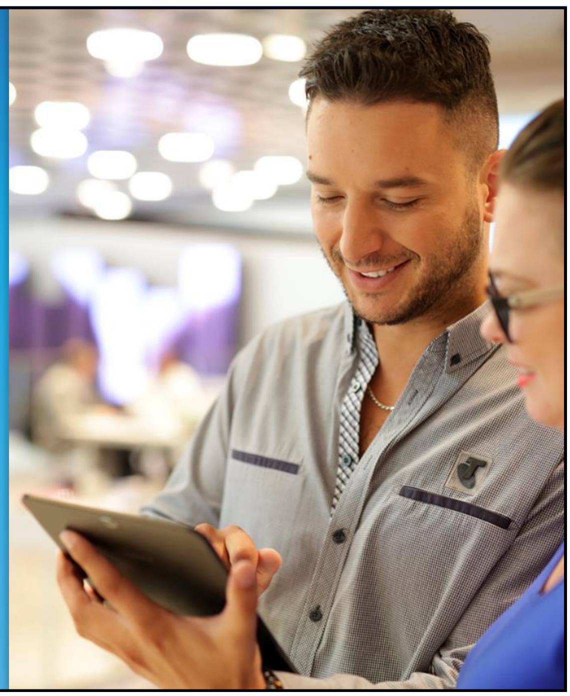
Deliver an exceptional customer experience

Personalising and transforming our service model

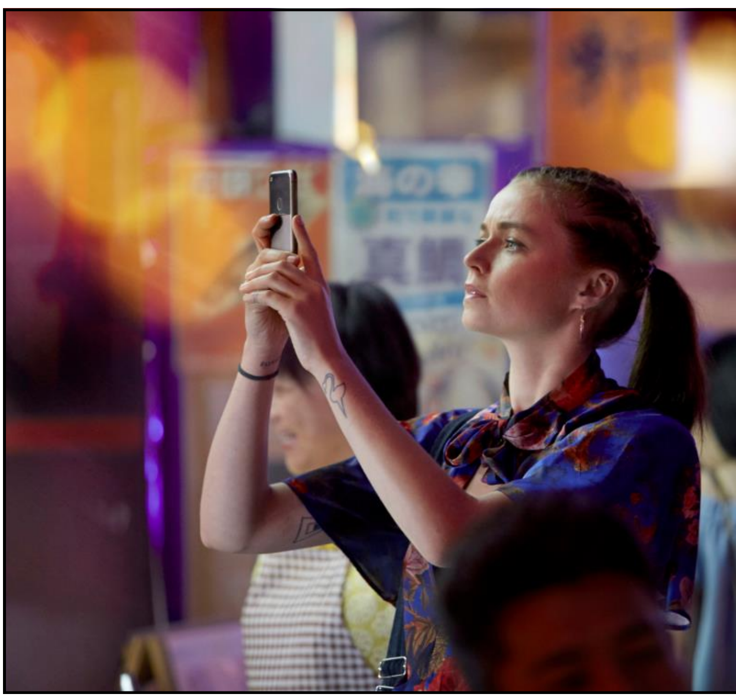
- Telstra Branded Experience
- Personalised offers & agent tools
- Premium support

Enabling effortless digital experiences

- Redesigned 24/7 & telstra.com
- Virtual agent powered by artificial intelligence



Reset our cost base and **leverage our unique assets to shape the market, and outperform in key segments**
TECH BAR
Shape the market
Outperform in key segments
Reset our cost base
Belong
boost



Q&A

Transformation update: Networks for the Future and Digitisation

Robyn Denholm, Chief Operations Officer
Mike Wright, Group Managing Director, Networks

Key Telstra network assets

Optical transport network
230,000km of fibre across Australia, plus 400,000km of subsea cables and 50+ integrated data centres globally

People
World renowned expertise and experience in designing, building and operating networks

Mobile sites – 3G/4G/4GX
Over 9,000 mobile sites nationally, >50% Telstra-owned

Spectrum
Invested over $3.4 billion over the past 15 years in wireless spectrum portfolio

Exchanges and data centres
Network of 5,300 exchanges across Australia

Ducts, pits and pipes
500,000km of ducts and pipes and 6.8 million pits

Demand for our networks

- 5x the data in 5 years
- 4x the connected devices in 5 years
- Everything always on
- 70% of mobile traffic will be video
- Millions of customers on the NBN
- New technology – 5G, IoT, SDN/NFV

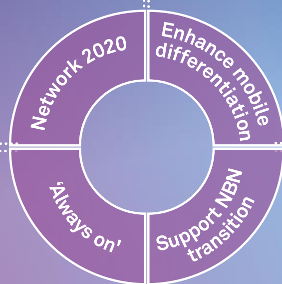
Networks for the Future update

Direct investments into emerging technology wave

- SDN/NFV evolution
- Network compute
- Programmable network
- Media optimised

Reinforce mobile leadership and 5G readiness

- Lead spectrum, speed and technology evolution
- More 4G area, better indoor coverage
- New features and services
- 5G architecture and standards



Scale and reliability for the future

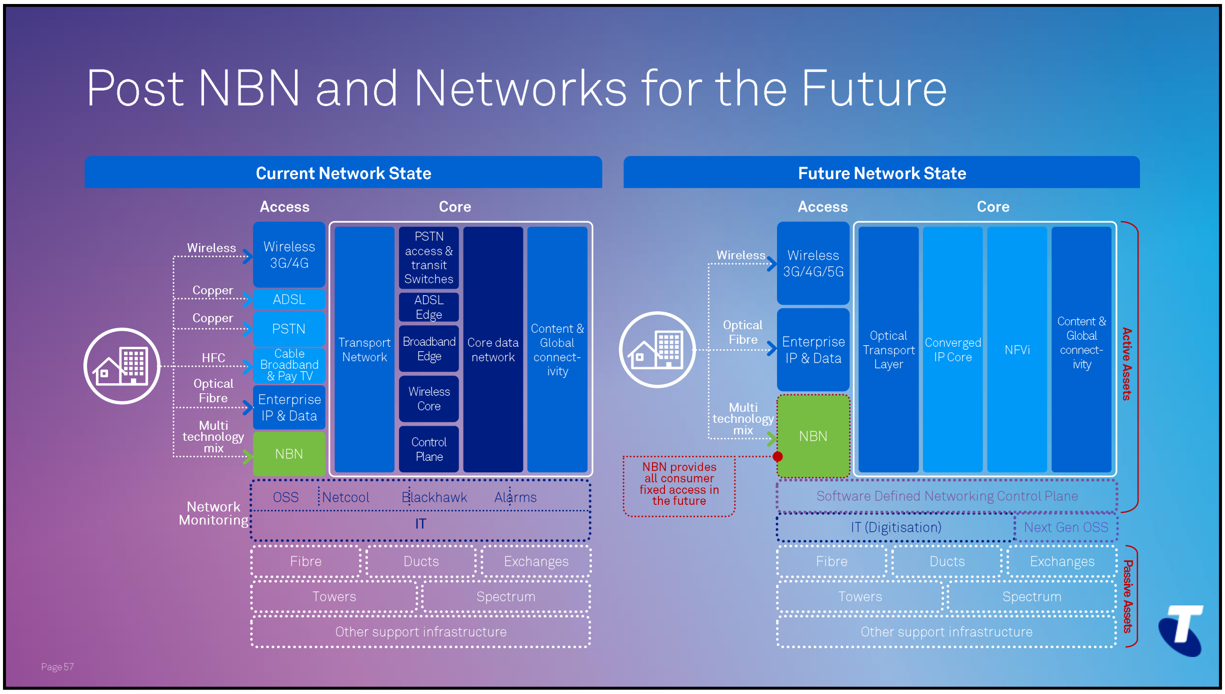
- Exploit architectural simplicity
- Better tools and analytics
- Proactively identify problems
- Faster recovery

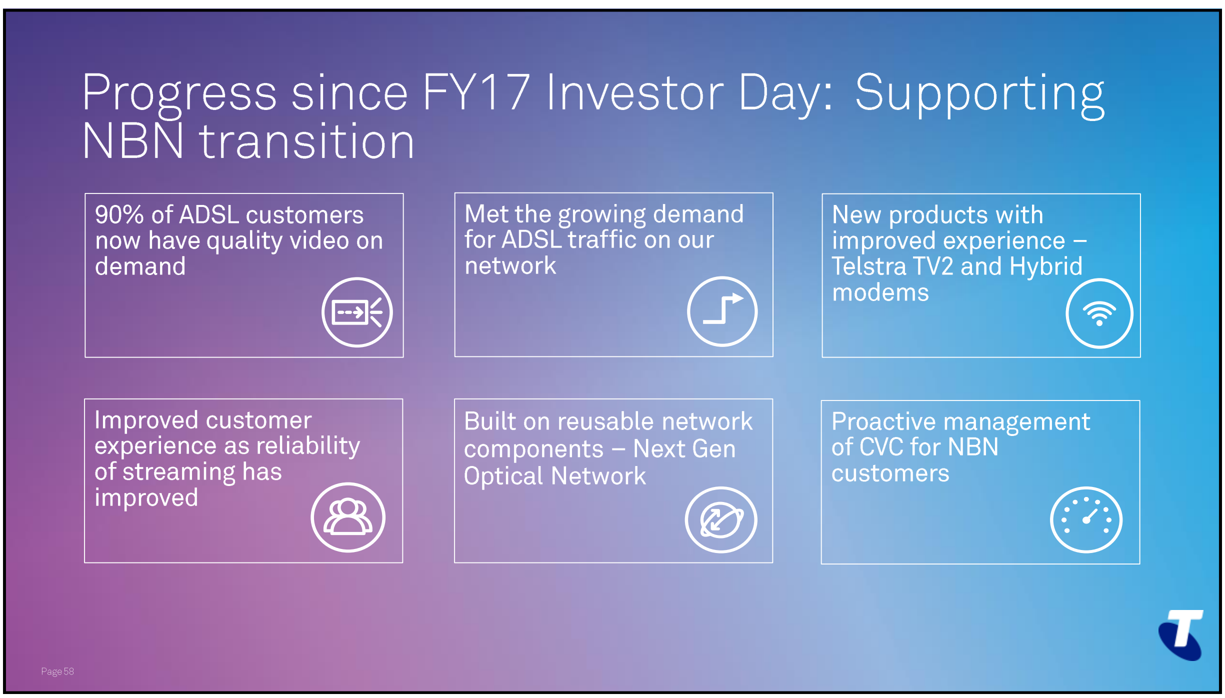
Reusable investment in performance during NBN transition

- Quality VOD to at least 85%
- Targeted solutions
- 95% reusable for NBN

Australia's largest optical transport network

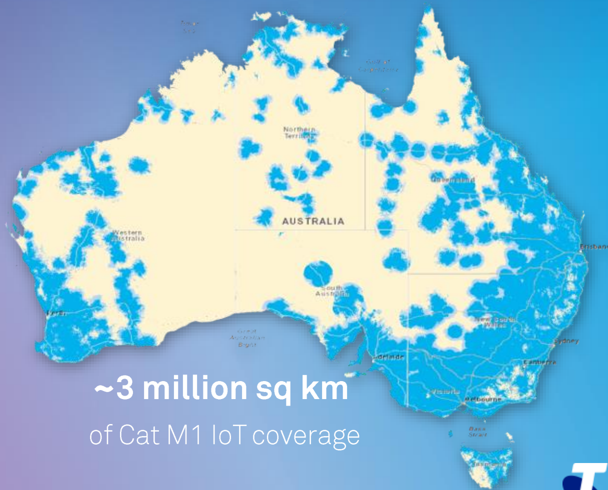
Telstra's fibre in Melbourne


Post NBN and Networks for the Future
Current Network State
Access
Core
Wireless
Wireless 3G/4G
Copper
ADSL
Copper
PSTN
HFC
Cable Broadband & Pay TV
Optical Fibre
Enterprise IP & Data
Multi technology mix
NBN
Transport Network
PSTN access & transit Switches
ADSL Edge
Broadband Edge
Wireless Core
Control Plane
Core data network
Content & Global connect-ivity
Network Monitoring
OSS
Netcool
Blackhawk
Alarms
IT
Fibre
Ducts
Exchanges
Towers
Spectrum
Other support infrastructure
Future Network State
Access
Core
Wireless
Wireless 3G/4G/5G
Optical Fibre
Enterprise IP & Data
Multi technology mix
NBN
NBN provides all consumer fixed access in the future
Optical Transport Layer
Converged IP Core
NFVi
Content & Global connect-ivity
Software Defined Networking Control Plane
IT (Digitisation)
Next Gen OSS
Fibre
Ducts
Exchanges
Towers
Spectrum
Other support infrastructure
Active Assets
Passive Assets
Page 57


Progress since FY17 Investor Day: Supporting NBN transition
90% of ADSL customers now have quality video on demand
Met the growing demand for ADSL traffic on our network
New products with improved experience – Telstra TV2 and Hybrid modems
Improved customer experience as reliability of streaming has improved
Built on reusable network components – Next Gen Optical Network
Proactive management of CVC for NBN customers
Page 58

Progress since FY17 Investor Day: Enhance mobile differentiation

- 4G to 99% of the population
- Up to double the speed of original 4G to 90% of the population
- Gigabit enabled LTE in CBD locations and high traffic areas*
- Enhanced calling (e.g. Voice over LTE and WiFi, Video over LTE)
- Rich Communications Standard Telstra Messaging
- Internet of Things – Cat M1 deployed, NarrowBand available soon



~3 million sq km

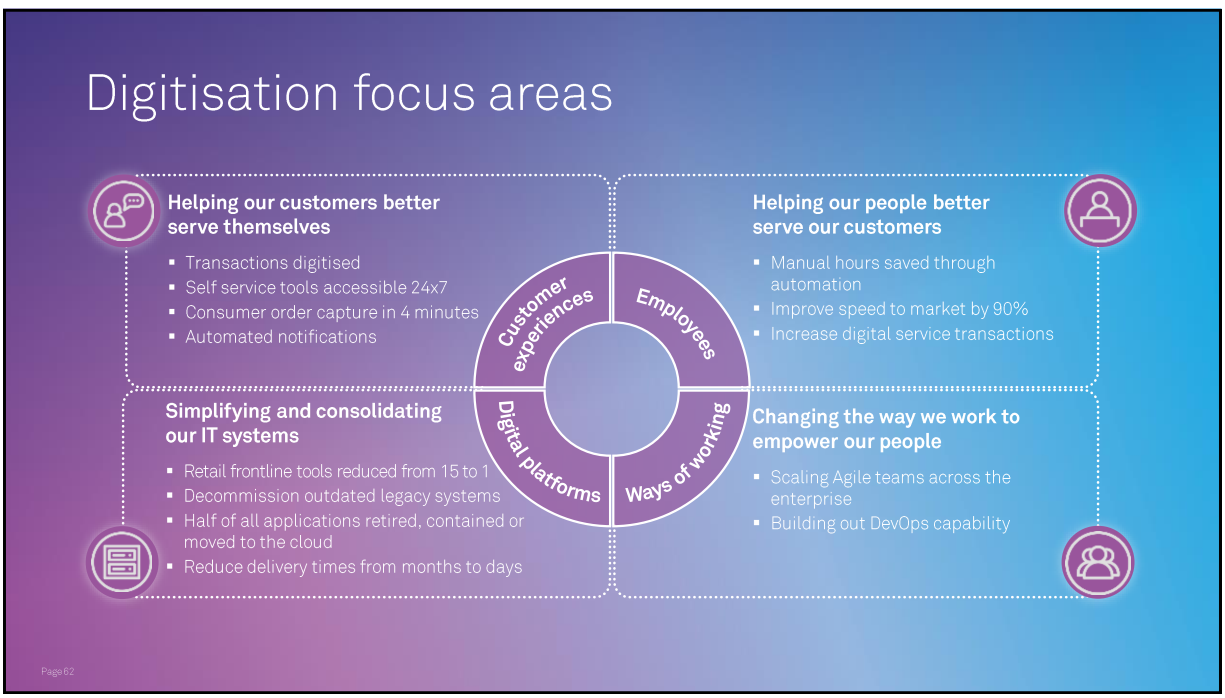
of Cat M1 IoT coverage

* In Sydney and Melbourne CBDs plus ~2km, Brisbane CBD plus ~1.5km and a number of other sites in the three cities. Typical speeds for Cat 16 devices are in the range of 5 to 300 Mbps in 4GX areas.

Evolution of 4G and preparing for 5G

- First Australian 5G trial September 2016
- 5G built on 4G (gigabit enabled LTE)
- Input to 5G standards
- 5G alignment to NE2020 Architecture
- 5G chipset and device partnerships
- 5G trials on the Gold Coast
- 5G-ready core network
- 3GPP meeting September 2018


Networks for the Future journey
Foundations for the transformational years ahead
Coverage
Optical transmission
SDN/NFV
IoT
Cat M1 and Narrowband
5G
5G readiness
Built in resiliency and scaleability
Automation
Received customer experience
Fibre bypass and site exits
Page 61


Digitisation focus areas
Helping our customers better serve themselves
▪ Transactions digitised
▪ Self service tools accessible 24x7
▪ Consumer order capture in 4 minutes
▪ Automated notifications
Helping our people better serve our customers
▪ Manual hours saved through automation
▪ Improve speed to market by 90%
▪ Increase digital service transactions
Customer experiences
Employees
Digital platforms
Ways of working
Simplifying and consolidating our IT systems
▪ Retail frontline tools reduced from 15 to 1
▪ Decommission outdated legacy systems
▪ Half of all applications retired, contained or moved to the cloud
▪ Reduce delivery times from months to days
Changing the way we work to empower our people
▪ Scaling Agile teams across the enterprise
▪ Building out DevOps capability
Page 62

Pipeline of digitisation initiatives

200+ initiatives to improve customer experience, simplify operations and drive efficiencies.

'Promise'

- New tablets for field technicians plus workforce planning system delivering improved scheduling, work optimisation and dispatch. Currently in trial across Tasmania, will be rolled out nationally in Q2 FY18.
- Reduces rescheduling, optimises resources, provides better service through improved appointment time performance and 'Where's my Tech' online map. Saves around half an hour per day per tech.

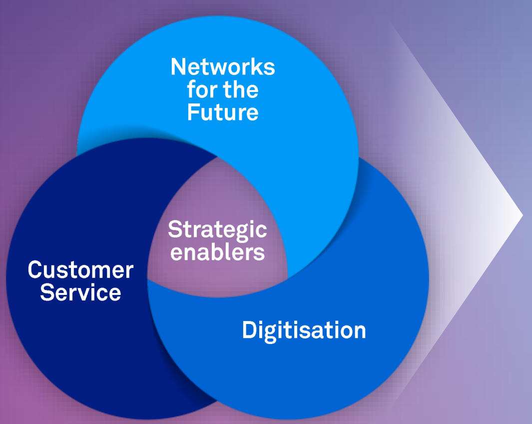
'Get Help'

- Suite of new tools and automation for fault assurance contact centres complemented by better self-help online tools. Currently active with 400 agents and to be scaled to 1,000 by end of calendar year.
- Automates processes and reduces screens for agents from 9 to 1, resulting in a significant reduction in call handling time, 70% fewer truck rolls.

Next Gen OSS

- New operating support system providing big data capability to analyse 8 terabytes of data generated by our network every day.
- Anomaly detection identifies rural 'hot spots' and potential issues in our network before they affect customers, reduces time to identify impact of a service disruption by 80%.

Investing in customer experience, growth and efficiencies



- **Customer experience** – step change in customer experience by digitising service channels
- **Reinforce market leadership** – continue to offer the largest, fastest and most reliable set of networks to our customers
- **Growth** – support new revenue streams from emerging technologies and use cases, including Internet of Things and 5G
- **Cost reduction** – utilise new technologies and digitise systems and processes to reduce cost per unit of data, cost to serve and cost to connect

Financial strategy

Warwick Bray, Chief Financial Officer

Our financial strategy supports our corporate strategy

Financial strategy

Grow our underlying businesses

- Mobile
- Fixed and nbn reseller
- NAS and Data & IP

Reset the cost base

- We are committed to >$1.5bn reduction in core fixed costs
- Manage other costs through margins
- Manage efficiency of capital

Deliver returns on our capital investments

- Spectrum auctions
- Achieve >$500m EBITDA benefits from strategic capex
- Manage business for ROIC

Manage timing and conversion of cash

- We continue to manage the efficiency and timing of converting EBITDA to cash and EPS

Fiscal discipline – Capital Management Framework

- Maximising returns for shareholders
- Maintaining financial strength
- Retain financial flexibility

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Achieving growth by major product
Influences

Grow our underlying businesses

FY17 Income and growth[1]

	FY17 Income $b	FY17 Income Growth
Mobile	$10.2b	0.8% ↗
Fixed excl. nbn connection	$6.5b	-5.1% ↘
NAS	$3.4b	30.6% ↑
Data & IP	$2.7b	-4.1% ↘
One-off nbn DA	$1.8b	130% ↑
Global connectivity	$1.4b	4.4% ↗
Recurring nbn DA	$0.5b	20.5% ↑
New businesses	$0.2b	-18.8% ↓

Influences

Mobile
- **FY19-20 Opportunities** – MMC growth through plan updates
- **Post nbn rollout** - 5G and IOT
- **Risks** – competition, price sensitive mix

nbn reseller and legacy fixed
- **FY19-20 Opportunities** – product differentiation; further reduce nbn cost to connect and cost to serve
- **Post nbn rollout** – industry dynamics
- **Risks** – competition, retention of voice

NAS and Data & IP
- **FY19-20 Opportunities** – Domestic NAS market expected to grow 10% CAGR out to FY20[2], NAS margin towards mid teens, NAS EBITDA dollar growth to offset Data & IP
- **Risks** – competition, replace nbn commercial works contracts

1. Source: Full year 2017 results. Growth ex-MTAS & FAD
2. Source: Gartner

Future growth and likely mix shift to technology is dilutive to percentage margins
Mix effects on percentage margins

Reset the cost base

Relative margin

Lower margin products	Higher margin products
NAS	Mobile
Global connectivity	Data & IP
New businesses	Fixed excl. nbn reseller
Fixed nbn reseller	Recurring nbn DA
	One-off nbn DA[1]
Overall growing faster	Overall growing slower or in decline

Influences

EBITDA percentage margin
- FY15 41.6%
- FY17 41.2%

Aim to:
- **Grow overall EBITDA dollars**
- **Achieve appropriate percentage margins and ROIC for each product**

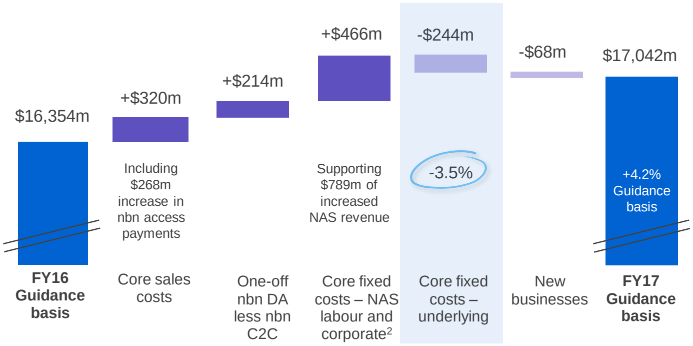
1. One-off nbn DA is accretive to percentage margin until peak of nbn receipts, then dilutive

We are committed to >$1.5bn reduction in core fixed costs and manage other lines through margins

Reset the cost base

Cost management approach

FY16-17 operating costs[1]



Influences

- **Core sales costs -** we manage by efficiency. These costs include handset costs, NAS CPE and nbn access payments.
- Post nbn rollout, reported core sales costs expected to be ~$2bn higher due to nbn access payments
- **Core fixed costs –** include NAS labour which supported significant revenue increases in FY17. We manage these costs through the NAS margin
- We expect a new core fixed cost category for lease expense associated with Go Mobile swap. This will have offsetting revenue
- **Underlying –** $244m reduction in FY17 underlying core fixed costs against target of >$1.5bn by FY22. We manage these costs through net productivity
- Opportunity to further improve unit costs and eliminate costs associated with legacy business

1. Source: Full year 2017 results
2. NAS labour and corporate costs include significant transactions and events associated with NAS commercial works and labour, global connectivity costs including FX, Go mobile lease costs and bond rate impacts

Our productivity program has four approaches

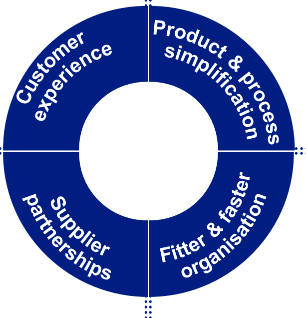
Reset the cost base

Improving end-to-end customer experience

Reducing our customers effort by getting it right first time

Product and process simplification

Intuitive products
Automation
Digitisation
Rationalising products and platforms



Supplier partnerships

Using supplier partnerships to reduce complexity and costs

Fitter & faster organisation

Reducing complexity in our organisational structure

Cost out of $244m delivered in FY17
Productivity example initiatives

Reset the cost base

Productivity focus	Example initiatives	Outcomes
Improve customer call resolution speed	• Reduced call scripts for most frequent call types e.g. international roaming travel pass • Work led by experiences agents • Trained agents with a focus on increasing speed of resolution	• Customer benefits: 20-30% faster resolution or 700,000 less hours on the phone (when fully rolled out) • Productivity: $15m p.a.
Automate repetitive tasks	• Created in house automation technology capability • 75 'bots' deployed in billing, credit and accounting • 100s more processes identified across the business • Increasing skills	• Processes brought back from outsource partners to automate onshore • The outcomes are great financially and also better for customers – for example secondary credit checks are now processed by "a bot" meaning customers don't have to wait in store for an agent to answer the phone and complete the check
Increase field job productivity	• Great outcomes in the field require strong alignment between front of house, dispatch and field work force • Through root cause analysis we found that some KPIs were more important than others • We have prioritised "start time" as an example and have a focus on the correct spares being in vans the night before and have improved our inventory management to do so	• Productivity: average jobs completed per worker per day has increased 13% (from 4.6 to 5.2) • Customer experience: appointments met on time has increased from 93% to 97% (350 more per day)

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Cost out of $244m delivered in FY17
Productivity example initiatives

Reset the cost base

Productivity focus	Example initiatives	Outcomes
Innovative Small Cell Design	• Use of small cells to provide in-fill coverage in high demand regions • Increased coverage cells implies fewer cells, capex, rent and power	• Repurposed existing equipment to increase the coverage by 2.2 times • Worked with vendors to reduce the cost per deployment • $20m of capital savings this year • Future benefits for small cell roll outs
Better IT procurement outcomes	• Increased rigour on "statement of work" - Specificity on task - Review of internal vs external options more systematically - Fact based challenge or resources required to complete - Stopped unnecessary work through prioritisation	• $25m of annual savings to date • Improving the capability and engagement of our IT workforce

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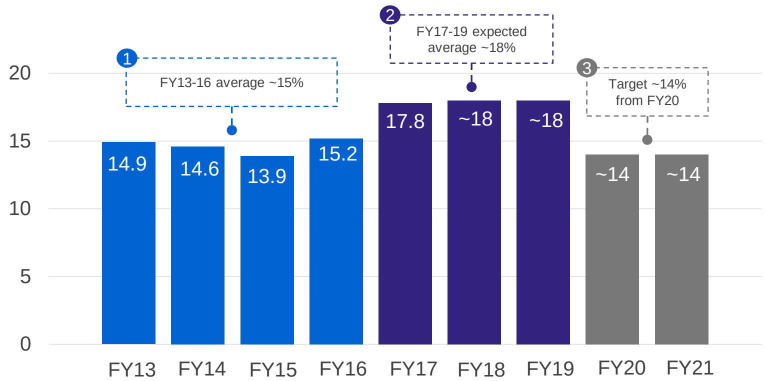
Manage capex to sales down to 14% or below over time

Deliver returns on our capital investments

Capex to sales ratio (%) – Telstra



Relative to global peers[1]

1. Source: Capex to sales ratio comparison against 45 global telco peers (FY13-16)

Spectrum is important to our competitive position and to providing an outstanding customer experience

Deliver returns on our capital investments

Spectrum auctions[1]

Band	Multi-band residual spectrum	3.6 GHz (3575 – 3700 MHz)	26 GHz (24.25 – 27.5 GHz)	900 MHz	850 MHz expansion[2]	1500 MHz
Spectrum quantity	Various	125 MHz	3250 MHz[3]	2x25 MHz	2x15 MHz	91 MHz
Use	3G/4G/5G	5G	5G	3G/4G/5G	4G/5G and possible PPDR band[4]	4G/5G
Current ACMA timing	Nov 2017	2H CY18	2H CY19	CY19	CY19	TBC[5]

1. Source: based on ACMA's "Five Year Spectrum Outlook 2017-21", released 26 October 2017
2. The ACMA has indicated an intent to auction 850 MHz expansion and 900 MHz spectrum at the same time in calendar year 2019. However the amount of 850 MHz expansion spectrum which may be offered to mobile network operators is dependent on government decisions on whether to allocate any of the 850 MHz expansion band to PPDR services
3. The 27.0-27.5 GHz portion of the band may be auctioned later depending on when technical studies are completed to confirm the arrangements for sharing with incumbent NBN satellite services in this spectrum.
4. PPDR = Public Protection and Disaster Relief (emergency and public safety services)
5. The ACMA indicates that the 1500 MHz band is "currently regarded as a lower priority for allocation"

Strategic investment program

Deliver returns on our capital investments

- Investing up to $3bn incremental capex to achieve a step change in Customer Experience
- Total capex (including spectrum) over 3 years to FY19 to exceed $15bn
- Financial benefit of >$500 million per annum realised by FY21

Customer Experience

Networks of the future		Digitisation	
The New Generation Network	Mobile Leadership	Digital Experiences (Customer)	Digital Experiences (Employee)
Always On Network	New Services	Digital Platforms	Digital Ways of Working

Future growth and likely mix shift to technology is dilutive to ROIC

Mix effects on ROIC

Deliver returns on our capital investments

Relative ROIC

Lower ROIC products	**Higher ROIC products**
NAS	Mobile
Global connectivity	Data & IP
New businesses	Fixed excl. nbn reseller
Fixed nbn reseller	Recurring nbn DA
	One-off nbn DA[1]
Overall growing faster	**Overall growing slower or in decline**

Influences

ROIC
- FY15 17.5%
- FY17 14.7%

Aim to:
- **Deploy capital in line with ROIC opportunity**
- **Optimise individual product ROIC**
- **Optimise Corporate ROIC**

1. One-off nbn DA is accretive to percentage margin until peak of nbn receipts, then dilutive

We continue to manage the efficiency and timing of converting EBITDA to cash and EPS

Cash vs accounting and timing

Deliver returns on our capital investments

Conversion	Timing expectations	
Manage efficiency of converting EBITDA to cash and EPS	**Manage timing of cash vs accounting FY19-20…**	**… and post nbn rollout completion**
• Capital efficiency as per previous section	• 18% capex to sales vs depreciation reflecting lower historical rates	• 14% capex to sales vs depreciation reflecting higher historical rates
• Working capital improvements including mobile handsets leasing	• Spectrum vs amortisation	• Amortisation reflects additional spectrum purchases FY18-20 (if any)
• 3.9% average interest rate on last three new capital market bond issues	• nbn still consuming working capital	• nbn no longer consuming substantial working capital
	Implication: Accounting EPS superior to cash equivalent[1]	**Implication:** Cash superior to accounting EPS[1]

1. Subject to timing of spectrum payments and other cash flows

Capital Management Framework

Fiscal discipline – Capital Management Framework

FISCAL DISCIPLINE

OBJECTIVES

1 MAXIMISING RETURNS FOR SHAREHOLDERS

2 MAINTAINING FINANCIAL STRENGTH

3 RETAIN FINANCIAL FLEXIBILITY

PRINCIPLES

1. We remain committed to retain balance sheet settings consistent with an A band credit rating
2. Pay fully-franked ordinary dividend of 70-90% of underlying earnings[1,2]
3. Target capex/sales ratio of ~14% excluding spectrum from FY20[4,5]
4. Maintain flexibility for portfolio management and to make strategic investments

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

Capex/sales ratio[4,5] of ~18% in FY18 and FY19

1. Underlying earnings is defined as NPAT from continuing operations excluding net one-off nbn receipts (as defined in footnote 2).
2. "net one-off nbn receipts" is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect less tax.
3. Return subject to no unexpected material events, assumes nbn™ rollout is broadly in accordance with the nbn Corporate Plan 2017 and receipt of associated one-offs, and is subject to Board discretion having regard to financial and market conditions, business needs and maintenance of financial strength and flexibility consistent with Telstra's capital management framework.
4. Capex excludes expenditure on spectrum, measured on an accrued basis. Capex excludes externally funded capex.
5. This guidance assumes wholesale product price stability and no impairments to investments, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumes the nbn™ rollout is broadly in accordance with the nbn Corporate Plan 2017.

Key Telstra network assets

Fiscal discipline – Capital Management Framework

Optical transport network
230,000 km of fibre across Australia, plus 400,000km of subsea cables and 50+ integrated data centres globally

People
World renowned expertise and experience in designing, building and operating networks

Mobile sites – 3G/4G/4GX
Over 9,000 mobile sites nationally, >50% Telstra-owned

Spectrum
Invested over $3.4 billion over the past 15 years in wireless spectrum portfolio

Exchanges and data centres
Network of 5,300 exchanges across Australia

Including up to ~2,500 redundant exchanges

Ducts, pits and pipes
500,000km of ducts and pipes and 6.8 million pits

FY18 guidance[1]

Measure	FY17	FY18 GUIDANCE
Total income	$28.2b	$28.3b to $30.2b
EBITDA	$10.7b	$10.7b to $11.2b
Net one-off nbn DA receipts less nbn net C2C	$1.3b	$2.0b to $2.5b
Capex	$4.6b	$4.4b to $4.8b
Free cashflow	$4.3b	$4.4b to $4.9b

1. This guidance assumes wholesale product price stability and no impairments to investments, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumes the nbn™ rollout is broadly in accordance with the nbn Corporate Plan 2017. Capex excludes externally funded capex.

Summary

Growth from existing and future businesses

Reset the cost base

Capital, cash and fiscal discipline

Capture option value
- Industry structure
- Infrastructure
- Future opportunities

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Q&A

CEO & CFO SPEECH NOTES

TELSTRA INVESTOR DAY

2 NOVEMBER 2017

ANDREW PENN – CEO

Slide – Investor Day

Good morning and welcome to our investor day.

We appreciate the investment of time that you are making to be here. I am particularly conscious we have a long session with you and will be covering a lot of material over the next 5 – 6 hours.

Investor day is an opportunity for us to immerse you in our business and strategic direction outside of our results announcements. Today is therefore not about providing a trading update, it is about taking you deeper into our strategy, how this is playing out across the business and how we are progressing regarding its implementation. We will however, make some comments on Q1 trends through the course of our presentations.

The telecommunications sector is going through a challenging and dynamic period. We are seeing increased competition, the effects of digital disruption, regulatory developments and the significant implications of the migration to the nbn across the whole industry. This makes the sector and Telstra more complicated to follow at the moment as there are a lot of moving parts and this is why we were keen to give you more time today.

None of us can predict how the market will play out over the next period and certainly the next 2 – 3 years will be challenging. However, we should not lose sight of the fact that we are seeing increasing demand for our services and growth in data volumes as connectivity becomes increasingly more important. We therefore remain optimistic about the long term future of the industry and for Telstra.

This is why we are making the significant capital investments that we are today. Not only do they put Telstra in the best possible position to respond to the market dynamics, they also set us up very strongly to deliver value and growth in the future.

Slide – Objectives for the day

Let me turn then to objectives for the day.

Firstly, today will be an opportunity to engage with key members of the broader team. You see a lot of Warwick and myself through results and our investor meetings.

The second objective for the day is to explore more deeply our vision and strategy within the context of the changing market dynamics about which I have already spoken.

In particular, we will demonstrate how we are progressing the 3 pillars of our strategy.

- Delivering brilliant customer experiences;
- Driving value and growth from the core business; and
- Building new growth businesses close to the core.

Fourthly, we will update you in relation to the strategic investment program of up to an additional $3bn of Capex in networks and digitising the business to support the delivery of better experiences for customers.

We will also be providing you with a deeper dive in relation to our infrastructure and telecommunication assets and how we are deploying capex. We will illustrate the significant strategic value in our telecommunications infrastructure and how the assets we transfer to the nbn are a relatively minor part of the whole.

The final objective for the day is to spend some time on the longer term growth and value opportunities that will arise from the investments we are making and capabilities we are building.

Slide – CEO Leadership Team

Let me start with a few introductions.

From my leadership team here and presenting today are first Stephen Elop. Stephen is the Group Executive Technology, Strategy and Innovation. Stephen joined us just over 18 months ago from Microsoft where he was Executive Vice President of the Devices Group. Prior to this Stephen was the Group Chief Executive of Nokia.

Next I think all of you are familiar with Brendon Riley, Group Executive Enterprise. Brendon has been with Telstra for 7 years, most of that time running the Enterprise business where he has also been the architect behind our very successful NAS business. Prior to Telstra, Brendon was Chief Executive of IBM Europe.

Vicki Brady has recently been appointed to the position of Group Executive Consumer and Small Business.

Vicki joined Telstra 18 months ago as head of Consumer and is already making a big impact with her new expanded responsibilities. Prior to joining Telstra, Vicki was Managing Director of Consumer at Optus.

Next Robyn Denholm, Robyn joined us as Chief Operations Officer in January when she returned to Australia after a successful 20 years in Silicon Valley. Prior to joining Telstra, Robyn was Chief Operating Officer for Juniper Networks.

Robyn is on the Board of Tesla where she is also the Chairman of their Audit Committee. As an aside, I have often thought this would have to be one of the most interesting boards to be a member of. Robyn was also formally on the Board of ABB.

Mike Wright, who is part of Robyn's team is our very experienced Group Managing Director of Networks and a world respected leader in mobile technology. Mike is also speaking today.

Finally, Warwick Bray our CFO who you know well.

In addition to those speaking, also here from the Management team and with whom you will have an opportunity to interact over lunch are Cynthia Whelan Group Executive New Businesses and Joe Pollard, Group Executive Media and Marketing.

Slide – Agenda

Turning then to the agenda.

Following my introductory presentation you will hear from Stephen. You we will then receive presentations from Brendon and Vicki.

At that point we will have our first Q&A session responding to the first four presentations.

During lunch we have organised some immersion sessions. These will provide you with an opportunity to engage in what we are doing in our brand strategy, the whole of home for consumers and a tour of our new Security Operation Centre here in Sydney.

After lunch, Robyn and Mike are going to provide a deep dive on our telecommunication network assets and finally we will hear from Warwick on our financial strategy.

We will then have a further Q&A session before closing for the day.

Let me now turn then to my presentation.

Slide - Vision

Two years ago we announced our vision to become a world class technology company that empowers people to connect.

I want to reinforce the point here that this is not about moving away from our origins of being a telecommunications company. Quite the opposite, it is in fact because we are a telecommunications company and because technology innovation is changing our industry that we need to build new skills in new areas.

It is often said that today every business in every industry needs to be a technology company, but this concept has special meaning for Telstra. As you have heard me say before the traditional worlds of telecommunications and computing are converging.

What I mean by this is that there is no technology innovation happening today that is not intended to be connected. Whether it's drones, driverless cars, cloud computing, high definition video streaming, augmented reality or the internet of things. All of these applications have one thing in common; they all rely on high quality, fast, reliable and secure telecommunications networks.

We have a long history and deep skills in network and electrical engineering. We are a world leader and we have applied these skills to build the best telecommunications network in Australia.

But to support our ongoing leadership in telecommunications we need to build skills in new areas - in software engineering, in data science and in machine learning. Because this is how networks are built today and will be in the future.

The second reason for this change of emphasis is the applications and services driving the significant data growth on our network are all software based.

And as you will hear from Stephen, whilst there has been considerable growth in data on telecommunications networks globally, the value this demand has generated has typically been captured at the layer of the applications and services not by the telcos.

So this is not about losing sight of our traditional core business of being a telco, it is recognising what a telco will look like in the future. As we are building these new skills we are also very focussed on driving value in today's business, in mobiles, in fixed, in data and IP and in NAS.

Slide – Challenges

This is critically important because the Industry is facing a challenging and dynamic period.

Competition has continued to intensify. Not only are we expecting the entrance of a fourth operator into the mobile sector, in the meantime we are seeing continued pressure on mobile pricing and increasing data allowances. We estimate the average data inclusions have increased another almost 100% for consumer postpaid handheld plans in the last 12 months alone.

As you know one of our critical objectives is to achieve growth in mobile services revenue which has been under pressure from these competitive dynamics over the last 2 years. We did see some modest signs of growth in the second half of last year however, we have yet to see this translate into further momentum and mobile services revenues declined slightly in Q1. As Warwick will take you through later consumer postpaid handheld MMCs are continuing to increase on PCP but this is being more than offset by lower additional data charges and business revenues.

In the market for retail fixed broadband services there are now around 180 resellers of nbn services in Australia and this is leading to significant downward pressure on pricing. We have continued to grow net adds in the market, but momentum has slowed. In response to this we have made a number of enhancements to our fixed broadband market offers which I will reference later.

We also continue to experience the impact of digital disruption on some of our traditional business models. For example, video streaming on Foxtel and Over the Top communications solutions are impacting some of our communication products.

Turning to regulatory developments. The last fixed access determination on our wholesale prices to the industry reduced these by more than 9%. This in contrast to nbn wholesale prices which are increasing about 100% in the migration and are projected to increase a further 20-25% over the next 3 years in nbn's plans.

We are obviously pleased with the ACCC decision in relation to mobile roaming because this was the right decision for customers, particularly in regional Australia. There are other regulatory reviews underway to which we will continue to contribute our views in the interests of the best outcome for customers.

Finally, and most significantly is the migration to the nbn. Clearly the nbn has major implications for the whole industry but the impact on Telstra is unique. We have taken you through the significant economic implications for the company with our latest estimate being the loss of around $3bn in EBITDA once the nbn is fully rolled out.

As a reseller of nbn, the economics are challenging. This is because the margins after the wholesale price are extremely slim. Notwithstanding this we remain committed to being a leader in the fixed market.

Ultimately it is critical we support all our customers with the best network experience available on the nbn and remain a leader in both fixed and mobile. While the current economics are challenging I am confident that ultimately the dynamics will improve because clearly the current paradigm is unsustainable.

Slide - nbn

In the meantime what I am most concerned about is the impact for customers and in this regard I think there are three areas of critical importance.

Firstly, the service experience.

Today the time taken to activate customers on the nbn can be considerably longer than for traditional broadband services. This is due to the extra complexity involved. We are working closely with nbn to continue to streamline our respective processes to ensure this becomes a more seamless experience. Vicki will touch on this in her presentation.

In the meantime it will be important that achieving the roll out schedule set does not come at the expense of improving the experience of customers being activated on the nbn.

Secondly, not all customers are receiving the speeds they were anticipating or hoping for. As I explained at the AGM this can be for a number of reasons.

Available speeds are principally determined by the underlying technology that nbn chooses to rollout - whether this is fibre, cable, copper or other forms of technology. This choice has a material impact on the maximum speed available to customers.

Once the maximum speed available is determined by nbn's choice of technology, the customer then chooses an appropriate plan from their Retail Service Provider, the RSP. The RSP must provision the right amount of capacity from nbn through CVCs.

We continually monitor traffic and adjust our CVCs to meet demand. We installed robotic testers in our network more than 18 months ago to measure a sample of customer speeds to ensure we are buying enough CVCs.

It is this testing that gives us confidence we are buying the right amount of CVCs to meet or exceed the ACCCs recently issued guidelines to RSPs.

There are other factors that can affect the speed that customers experience for the nbn. For example in home wiring and wifi configuration can play a significant role. Customers can find lots of tips on our website on how to optimise their broadband at home.

We are also continuing to develop products and tools to help our customers with their experience in the home.

Combined with Telstra's Platinum Service, these are all designed to deliver the best possible experience for our customers in an nbn world.

If customers are still not experiencing what they anticipated, it is quite likely to be a fault in the nbn network or some other factor. In which case they should contact us so that we can investigate and follow up accordingly.

The third and final factor affecting customers in the migration to the nbn is affordability. Due to the significant costs associated with the rollout of the nbn, wholesale broadband prices in Australia from nbn are more than doubling in the migration.

nbn is currently conducting a review of its prices and it will be important in the long term that wholesale prices are set at a level which ensures affordability of broadband for all Australians.

Slide – Strategy

Notwithstanding these significant market challenges, our strategy has not changed. It is built on three fundamental pillars of delivering brilliant customer experiences, driving value and growth from our core and building new growth businesses close to the core.

This time last year we made some minor modifications to the language. We did this to make it absolutely crystal clear that the investments and the acquisitions that we are making are all about strengthening our core telecommunication business, extending our strategic differentiation and building new capabilities and offerings up the stack in applications and services.

These applications and services support our telco business and add opportunities for growth in the future.

Also this time last year we announced the details of our strategic investment program.

Slide - Strategic Investment Program

I want to remind you of the parameters of the program, the key metrics and how we are progressing against these.

The program is phased over a three year period to 30 June 2019. During this time we expect to invest up to an additional $3bn into the core business. The focus of the program is about delivering a very different and improved customer experience.

More than half of the investment is in building the capabilities for the networks for the future and this includes preparing for 5G. Approximately $1bn is expected in be invested in a major digitalisation program of work across the business. Finally, we expect to invest up to a further $500m in other customer experience improvement initiatives.

Robyn and Mike are going to talk more specifically about what we are delivering in networks and the digitisation program. You will also hear from Brendon and Vicki in relation to what we are doing to improve customer experience.

In the meantime let me make a couple of comments on networks.

This is where foundational capabilities in SDN / NFV are critical such as our Next Gen OSS. This is providing significant efficiencies in how we operate the network and supporting our new managed security offering.

Our investment also includes upgrading our optical transmission network and our new CATM1 platform which is the foundation for the new IoT offerings we are developing. And of course our preparations for the launch of 5G where we are well advanced in relation to in market live trials on the Gold Coast in April next year. Only this week we successfully conducted the first 5G trial data call in Australia.

In addition the investments in digitisation have already enabled us to launch the Telstra programmable network. This capability enabled Enterprise customers to dynamically manage their networks and cloud digitally. We have also launched Liberate our Over the Top new unified communications product.

Ultimately we are targeting run rate benefits in excess of $500m in EBITDA per annum to be fully realised from the program by 2021.

Approximately 2/3 of these benefits will be derived from revenue and 1/3 in cost out. This represents a return on invested capital in excess of 14% and is consistent with our published guidelines for organic investment.

Slide 10 - $750m of Strategic Investment

As at 30 June we had invested approximately $750m most of which had been in the network. Our focus on digitalisation will ramp up in this financial year.

I do not propose to go through this slide in detail. However, it does provide an update in relation to metrics for the program we communicated last year. As you can see we are broadly on track with the progress we are making.

Slide 11 – We are making good progress

So in summary and in conjunction with the strategic program and other business initiatives we have been undertaking over the last two years, we are making progress on a number of fronts.

We are becoming a more innovative company, we are simplifying the business and have tightened our strategy. We made the decision not to pursue international mobile, we crystallised value in Autohome and we are restructuring our investment in Foxtel and improving its position by merging it with FoxSports.

We are building the new capabilities that we will need for the future, particularly in the network and we are delivering new applications and services into the market.

This week we launched a number of new fixed broadband bundles.

The $99 bundle now includes our hybrid modem with inbuilt 4G chipset and Telstra TV2 which is by far the best streaming device on the market with next generation compression technology, integrated free to air SVOD and pay TV and a universal search capability.

I am also pleased to announce that later this month we will be introducing unlimited data on our $99 and above plans for new and existing customers and doubling the data allowances on other broadband plans for existing customers over the coming weeks.

These bundles adopt the ACCC new communication guidelines for nbn services. We have been in discussions with the ACCC regarding these guidelines and how to address the spirit of them retrospectively and we anticipate communicating the results of this shortly.

Ultimately we are repositioning the brand of Telstra as a world class technology company that empowers people to connect.

You will hear more about many of these initiatives from the team during the course of the day.

Slide – Driving Value

In the meantime, I wanted to comment more on what will drive value for the company in the short term and in the long term.

I know the current market outlook is challenging. I know we need to continue to respond to the competitive dynamics and mitigate the impact on margins of the nbn. I know critically we also need to do much more to improve the customer experience.

All of us at Telstra from the Board down are focussed on these priorities every single day. The economics of the company are driven by how well we execute in this regard and I can guarantee it is what management is focussed on.

Last year our EBITDA was approximately $10.7bn. This comprised of $1.3bn in one off nbn payments. We also know that the implementation of the nbn takes $3bn in EBITDA from Telstra.

Clearly therefore the short term drivers that you have heard Warwick talk about many times in the past are critical. He will revisit them today particularly as we also face the impact increased competitive dynamics. They are:

- Continued growth in mobile contribution margins. This is the single biggest driver of value for the company today.
- Improvements in nbn reseller margins. These are challenged today but ultimately we believe the nbn market dynamics have to improve. In the meantime it is critical we achieve our targeted improvements in the costs to connect and costs to serve customers on the nbn.
- Delivery of our productivity and cost out program including our accelerated and increased productivity target of $1.5bn by FY22;
- Growing our NAS business, expanding the EBITDA margins and growing IP products to more than offset the impact of pricing pressure and the decline in legacy data revenue; and
- Finally delivering the strategic benefits from the capex program which we have promised.

We also firmly believe there are new sources of value emerging for the future.

Ultimately therefore our success is not only defined by what we are doing in the short term but what we are doing to build growth and value for the longer term.

This includes successfully growing the new businesses in which we have invested and delivering new revenue opportunities in areas such as IoT, 5G and big data.

These are the levers we need to pull to maximise the economic value of the company.

Slide – Horizon

We use the three horizon framework when thinking about investing for growth in the future. Stephen is going to comment more on these shortly but I will make some brief comments.

Firstly 5G. Each of the ‘Gs’ – 2G, 3G and then 4G led to a surge in value in the telecommunications industry. Recent research by Ericsson predicts that 5G could enable a 48 percent incremental revenue opportunity for Australian mobile operators by 2026, with up to $13.5 billion worth of digitalisation potential to tap into.

This is because 5G brings a number of benefits – more efficient basic service for traditional use, video streaming in addition to new use cases. It is predicted that much of the value from 5G will be concentrated on the level of the applications and services which is consistent with our strategy.

In IoT we have created the platform and we have significant opportunities which are well underway. You will hear more on that from Brendon shortly and Stephen will also take you through the scale of the opportunity.

I am particularly pleased with yesterday's announcement of the acquisition of MTData, a leading provider of GPS and telematics fleet management solutions. MTData delivers solutions that assist customers with compliance and safety, improving productivity and reducing operating costs.

This acquisition will provide Telstra with the technical capability and software expertise necessary to help fast track our Enterprise Connected Vehicle offering as part of our growing business in this area both in Australia and internationally.

An IoT solution for logistics where we are already a leading provider.

Turning to Big Data – you will have heard a lot of hype and speculation about the opportunities.

However, we believe the hype is now translating into material opportunities. In our core business for reasons already mentioned we are building significant capabilities, for example our Next Gen OSS which manages the network and where we experience 6 million transactions per minute.

This is one of the largest big data and machine learning engines in the country. It provides us some significant opportunities such as location insights where we are currently working on several projects. We match our anonymised location data with those of other customers such as in retail and banking to provide significant insights and value.

So while the next 2 – 3 years is likely to be more challenging, ultimately we believe in the long term value in the industry. We also believe value will grow and shift as our changing business model shifts and we leverage these new areas of opportunity.

We believe our core business will be defined more by our customer groups, consumer, small medium business and enterprise than by the nature of the underlying technology fixed and mobile.

We also will see a higher proportion of value arising from the internet of things and other enterprise platforms including data analytics, software applications above the layer of the network and through content and digital advertising.

It's a challenging time but it is also an exciting time. Telstra has always been a leading telecommunications company. We have always also been a leader in innovation – not just locally but globally. We have always also been at the forefront of investment at pivotal times and that is where we are now and why our vision is to be a world class technology company that empowers people to connect.

Let me handover to Stephen Elop who will take you through some of the global contextual dynamics that support our strategy and reinforce the opportunities.

WARWICK BRAY – CFO

SLIDE – Financial strategy

Thank you Robyn. Good afternoon.

SLIDE – Our financial strategy supports our corporate strategy

The purpose of this update is to provide a financial view of our transition to becoming a world class technology company that empowers people to connect. This financial view accompanies the strategies that you have heard today.

I will provide some views on recent financial movements, the implications for our economics in 2019-20 and at the conclusion of the nbn, and our capital efficiency and policies.

SLIDE – Achieving growth by major product

Achieving growth from our major products is important for our short and long term success.

We have heard from Andy, Stephen, Vicki, Brendon and Robyn about our strategies to achieve this including:

- In consumer and small business:
- Multi-brand
- nbn leadership
- local market execution; and
- whole of customer approach

In enterprise:

- our Telstra Programmable Network
- our Internet of Things layers
- Telstra dynamic security; and
- our leading NAS position

In network: our network of the future, 5G and digitisation.

To complement this strategic view, I will make some financial comments on our largest products, starting with mobile…

Mobile

Our largest product went through a period of rapid growth from 2010 to 2015, then some decline and has been stable for the 18 months ending June 2017.

Positive indicators for future growth are minimum monthly commitment increases through plan updates and continued growth in machine to machine.

Post the conclusion of the nbn rollout, we would expect positive momentum from 5G and IOT that you have heard about today from Robyn and Brendon.

In the balance is mobile broadband. We are optimistic about the longer term future with connected tablets and cellular WiFi but we first need to stabilise the category

Counteracting these positive indicators is that competition remains strong, we have a further competitor, and negative potential mix impacts from BYO offerings.

However, we are also taking a proactive approach to disruption, and have recently launched Belong mobile as a 'fighter' or 'challenger' brand that is competing for, and winning market share in the price-sensitive, data-led segment of the mobile market.

In Q1 this financial year, in what remains an intensely competitive market:

- Mobile service revenue declined slightly on PCP.
- We achieved continued growth in postpaid handheld SIOs (but at a slower rate than in the PCP), however this was offset by a modest decline in ARPU vs the PCP and the June 17 fourth quarter.

Fixed & nbn reseller

As we indicated at the full year, the economics of reselling the nbn are tough for us and for the industry. We have taken approximately 50% share on the nbn but there is pressure on ARPU combined with rising CVC/AVC costs.

Our profitability on nbn in the future will depend on:

- Our ability to differentiate through initiatives such as Telstra TV2, the hybrid modem and mesh Wi-Fi.
- Industry dynamics especially price competition and nbn CVC/AVC costs.
- Further reducing cost to serve and cost to connect. Cost to connect came down 18% in FY17 and 40% in FY16.

Our assumption in the estimated $3bn "annual recurring impact of the nbn" to our EBITDA is that nbn resale is not very profitable. If industry dynamics improve, then this is positive option value.

On the journey to nbn, the rate at which we hold legacy revenues is important including fixed voice SIO's.

In Q1 this financial year, fixed trading conditions remain tough. Q1 fixed broadband SIOs grew but at a slower rate than PCP, while fixed revenue declines have accelerated especially due to further declines in voice and wholesale as a consequence of nbn migration.

NAS and data and IP

Our domestic NAS business has grown by over 30% in FY17 (or 14% without nbn commercial works) and the EBITDA margin has grown from 3% in FY15 to 9% in FY17.

Our aspirations for the domestic NAS business continue to be:

- Growth in excess of the market CAGR of 10%.
- Margin expansion towards the mid-teens.
- Growth in NAS EBITDA dollars to offset the decline in data and IP (as was achieved in FY17).
- Complement our data & IP offering.

In the FY19/20 years, the development of our nbn commercial works business will have some impact. We have strong aspirations for our commercial works business but this will depend on major contract wins.

SLIDE – Future growth and likely mix shift to technology is dilutive to percentage margins

Putting all of our products together, we expect the composition of our EBITDA will change over the next few years with:

- Faster growth from lower margin products – e.g. NAS, global connectivity, new businesses and nbn reseller.
- Slower growth or declining higher margin products – e.g. mobile, data & IP and legacy fixed.
- Partly offset from a margin perspective by growth in higher margin one-off nbn DA receipts to FY19 and recurring nbn DA.

The implication is that we expect our percentage EBITDA margin in FY18 and 19 to be fairly stable but to decline by the end of the nbn rollout due to this mix effect.

We are focussed on increasing the dollar EBITDA of the corporation and getting individual products to appropriate percentage margins.

SLIDE – We are committed to >$1.5bn reduction in core fixed costs and manage other lines through margins

Turning to costs. We continue to manage costs by cost category, including

First, core sales or variable costs. These costs include mobile handsets, NAS customer premises equipment, interconnect and roaming. We manage the unit cost of each of these categories and measure our success by changes in unit cost and the relevant margin e.g. hardware margin for mobile and service contribution margin for NAS. This category also includes nbn access payments that we would expect to rise by ~$2b by the conclusion of the nbn build.

Second, core fixed costs for NAS labour and corporate. NAS labour is reported in our fixed costs although, by nature, it is variable. We manage this category by unit costs and measure success by change in unit costs and NAS margin (which was up 3 percentage points in FY17). The $466m rise in this cost category in FY17 supported $789m of increased NAS revenue. This cost category also includes corporate costs such as bond rate but not corporate overhead which is in underlying core fixed costs.

A new cost which will appear in this category is Go Mobile swap costs. This is expected to be some hundreds of millions of dollars and will be matched by an entry in other revenue.

Third, underlying core fixed costs – where we manage costs by net productivity.

In FY17, we achieved $244m net productivity or a 3.5% net cost decline. We measure this category by net cost decline. To achieve this decline, our gross productivity must first offset inflation and re-investment. We estimate that we required more than 6.5% gross productivity to achieve the 3.5% net productivity outcome.

The FY17 outcome was slightly ahead of our target run rate for our more than $1.5bn net productivity goal. To achieve this, we will need to further improve our unit costs, in particular nbn cost to serve and nbn cost to connect; and eliminate costs associated with our legacy fixed business. We are focussed on process improvement and productivity that results in better customer as well as cost outcomes.

In Q1 this financial year, somewhat offsetting the softening in mobile and fixed revenue we acheived accelerated cost-out. The Q1 rate of decline in underlying core fixed costs increased vs the 3.5% rate of decline achieved in FY17.

SLIDE – Our productivity program has four approaches

Our productivity program has four approaches which we outlined at our Investor Day 12 months ago.

- First, improving end-to-end customer experience – we are focused on reducing our customers' effort by getting it right first time, on time.
- Second, product and process simplification – we are providing more intuitive products; improving our processes by automating, digitising and removing manual effort, complexity and waste; and reducing the number of products and platforms we operate.
- Third, reducing complexity in our organisational structures.
- Fourth, using supplier partnerships to reduce complexity and costs.

Our productivity program is delivering outcomes across our business. We take a co-ordinated whole of company approach with accountability sitting with line managers and the executive leadership team directly involved to accelerate decision making and tackle the hard challenges required to deliver cross-company improvements.

SLIDE – Cost out of $244m delivered in FY17

This slide shows productivity examples from FY17 – all of which acheived simultaneous improvement in both customer and productivity outcomes. This is our aim for the majority of the initiatives in the program.

To improve customer call resolution speed, we empowered our front line agents to redesign the call scripts focussing on the top reasons customers call front of house – for example, provisioning an international roaming pass – and the most common resolutions. This redesign, coupled with intensive training, led to 20-30% lower call handling times and $15m annual savings.

On automating repetitive tasks, we have deployed 75 “bots" to eliminate repetitive billing and credit tasks, and have a pipeline of 100s of processes for further automation across the organisation.

For example, secondary credit checks are now processed by “a bot” meaning customers don’t have to wait in store for an agent to complete the check.

In our field work forces, we identified an opportunity to improve “start time” through improved processes to get the right tools and spares into vans and increasing the emphasis of this measure. This, coupled with other initiatives, has led to 13% increase in jobs completed per day and 350 more customer appointments met on time per day which is encouraging for customer satisfaction.

SLIDE – Cost out of $244m delivered in FY17 (cont.)

We have also achieved capital savings from our productivity initiatives.

For example, through Innovative Small Cell Design for our mobile network through re-purposing existing equipment as well as working with our vendors, we have more than doubled the coverage from each small cell. We have been scaling our use of small cells to provide in-fill coverage in high demand regions. The greater the coverage we can get from each small cell the less number of small cells we need, reducing capex and associated operating costs including rent and power.

SLIDE – Manage capex to sales down to 14% or below over time

In relation to capital investments. We have committed to a heightened spend on capex from FY17 – FY19 of 18% or up to $3bn.

Our long term capex to sales is estimated at 14%, including capital savings from our productivity initiatives.

We often get asked whether this long term number should be lower. A basis for the question is if one looks at product capex/sales – for example across mobile, NAS, nbn reseller, it would suggest a lower figure.

However, we note:

- Capex/sales around the telecommunications world is rising partly due to growth in data.
- We have given our estimate of a “through the cycle” figure ie. an average including periods of heightened capex.

Clearly in any year we would aim to come in lower than the 14%.

SLIDE – Spectrum is important to our competitive position and to providing an outstanding customer experience

We note that there are a number of important spectrum auctions coming up based on ACMA’s recently released “Five Year Spectrum Outlook”.

These include:

- Multiband residual spectrum this month
- 3.6Ghz in 2H calendar 2018
- 26Ghz in 2H calendar 2019
- 850Mhz expansion & 900Mhz in calendar 2019

Spectrum is important to our competitive position and to providing an outstanding customer experience.

As a leading network operator, we need to have a strong spectrum position nationally to support our current and future services. We have the necessary holdings in the main mobile spectrum bands to deliver superior services to our customers, and we have a coherent spectrum strategy for the future.

We look forward to the auction of the 3.6 GHz and 26 GHz bands, which we are keen to see brought to market as soon as practical to deliver 5G to the Australian public and businesses as early as possible.

Beyond that, we are actively engaged in local and international spectrum processes to identify future spectrum requirements and work with the relevant organisations to bring these to market in a timely and orderly fashion.

SLIDE – Strategic investment program

We are committed to returns from our strategic capex program.

Today you have heard from Robyn and Mike about what we are delivering in networks and digitisation. You have heard from Brendon and Vicki about what we are doing to improve customer experience.

And as you heard from Andy, we are targeting run rate benefits from our strategic capex program in excess of $500m in EBITDA per annum to be fully realised by 2021. This goal has remained unchanged since August 2016.

SLIDE – Future growth and likely mix shift to technology is dilutive to ROIC

From 2015 to 2017 our ROIC went from 17.5% to 14.7%. Similar to the mix effects on EBITDA, we would expect our ROIC to be influenced by the changing product mix including:

- Faster growth from lower ROIC products – NAS, global connectivity, new businesses and nbn reseller.
- Slower growth or declining higher ROIC products – Mobile, Data & IP and legacy fixed.
- Partly offset from a ROIC perspective by growth in higher margin one-off nbn DA receipts to FY19 and recurring nbn DA.

By the end of the nbn rollout we would expect our ROIC to be lower than today due to these mix effects but higher than our cost of capital.

We also aim to deploy capital in line with the ROIC opportunity, manage each of our product ROICs to optimum and optimise corporate ROIC.

SLIDE – We continue to manage the efficiency and timing of converting EBITDA to cash and EPS

This slide makes two points.

- First. Managing efficiency of EBITDA to cash earnings is an ongoing priority. Go Mobile leasing is a good example of improved working capital. On interest costs, the rate on the last three new capital market bond issues has averaged 3.9%, well below our total FY17 gross borrowing costs of 5.1%.
- Second. Timing differences between accounting and cash earnings.

Over the next few years we expect some important timing differences between our cash and accounting flows.

In FY19 and 20 we would expect that our cash flows would be lower than the accounting equivalents due to:

- Capex and spectrum being higher than D&A (due to 18% capex/sales and likely spectrum auctions).
- Continued build up of working capital due to nbn receipts (being billed quarterly in arrears).

At the end of the nbn, we would expect that our cash flows would be higher than the accounting equivalents due to capex at 14% of sales being lower than the D&A which will reflect the heightened spend in FY17-19 and likely spectrum auctions.

The above statements are our best view at the moment and factors such as timing of spectrum payments could change that outlook.

The implication of this is that to understand our economic position (accounting, Balance Sheet ratios, and cash), it is important to consider these substantial timing differences and to consider both the cash and accounting views.

SLIDE – Capital Management Framework

We updated our Capital Management Framework at the full year results in August 2017 and we have no further update on the framework objectives or principles today.

Our objectives remain:
- Maximising returns for shareholders
- Maintaining financial strength; and to
- Retain financial flexibility

On the principles. We are committed to retaining balance sheet settings consistent with an A band credit rating.

Our dividend policy is to pay ordinary dividends of 70-90% of underlying earnings from FY18 fully-franked. In addition, it is our intention to return in the order of 75% of net one-off nbn income over time as fully-franked special dividends.

I have already talked to capex.

And we will maintain flexibility for portfolio management and to make strategic investments

SLIDE – Key Telstra network assets

We continue to review the value of assets on our balance sheet including the infrastructure assets that you heard earlier about from Robyn.

These assets will continue to be a key source of competitive advantage as well as underpin the core component of our earnings.

Most of our assets deliver a strategically valuable network, and as such their composite value is greater than the sum of the individual parts. However, we think our assets give us significant option value, and there may be opportunities to optimise.

For example with exchanges, land and buildings - accommodation requirements are reducing as electronics shrink, copper is transferred to nbn and we simplify our network architecture.

This will enable an estimated up to 2,500 or close to half our exchange sites to be potentially rationalised. Our initial view is that their market value less remediation costs would be more than their current written down book value of approximately $1bn.

SLIDE – FY18 guidance

Before concluding and consistent with our recent AGM, let me reconfirm our guidance for the year.

In FY18, we expect Income to be in the range of $28.3 to $30.2bn and EBITDA to be in the range of $10.7 to $11.2bn.

Guidance for EBITDA is after absorbing incremental restructuring costs of $200 to $300m to support our increased productivity target.

We expect net one-off nbn DA receipts less the net cost to connect to be in the range of $2 to $2.5bn.

We expect to spend capex in the range of $4.4 to $4.8bn or approximately 18% of sales.

Finally we expect free cash flow to be in the range of $4.4 to $4.9bn.

As is usually the case, the basis on which we provide guidance is detailed in the footnote.

SLIDE – Summary

When we think about our financial strategy, it's important that we grow the businesses that we can see today such as:

- Mobile.
- NAS EBITDA dollar growth to offset Data & IP.
- Grow nbn reseller business and global connectivity.
- New businesses to breakeven and beyond.

It is also important that we reset our cost base. To this end – we are targeting more than $1.5bn net reduction in fixed costs by FY22 and managing variable costs via efficiency.

Capital, cash and fiscal discipline is critical. We are focussed on efficient cash conversion and managing timing differences between cash and accounting earnings.

When we look longer term, we are optimists. We believe Telstra is in an operationally and financially unique position to take advantage through the strength of our infrastructure assets, customer base, skills and Balance Sheet.

We have option value which is important for us to capture where appropriate. Examples include:

First: industry structure. Our $3bn estimate of the nbn impact assumes that the nbn reseller market is not very profitable – but as Andy mentioned 'while the current economics are unattractive, we are confident that ultimately the dynamics will improve.

Second: infrastructure. We continue to review the value of our assets, including our infrastructure assets. There may be opportunities to further optimise our assets – including for example, potentially rationalising up to close to half our exchange sites due to reduced accommodation requirements.

Third: Future opportunities including 5G, internet of things, data analytics and opportunities that require a deep network and low latency.

Thank you. I will hand back to Peter to moderate Q&A.

[END]