6 September 2018

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra revises FY19 guidance for nbn Corporate Plan 2019

In accordance with the Listing Rules, I attach a market release for release to the market.

Yours faithfully

Sue Laver
Company Secretary

MARKET RELEASE

Telstra revises FY19 guidance for nbn Corporate Plan 2019

- **Modest FY19 guidance reductions due to updated nbn Corporate Plan**
- **Guidance unchanged outside updated nbn rollout assumptions**
- **Changes expected to be financially positive to Telstra over the full nbn rollout**

Thursday 6 September 2018 – Telstra today revised FY19 guidance based on the nbn co Corporate Plan 2019 released on 31 August 2018.

Telstra's FY19 guidance included an assumption that the nbn rollout and migration in FY19 would be broadly in accordance with management's current best estimates and may be updated for any material changes, including after taking account of the nbn Corporate Plan 2019 when it was published.

The nbn Corporate Plan 2019 includes lower than previously estimated premises declared Ready for Service (RFS) and premises activated for FY19. This has the effect of deferring Per Subscriber Address Amount (PSAA) receipts from nbn in FY19 into future periods. This will be partly offset in FY19 by the natural hedge including benefits from lower nbn costs to connect (C2C), lower network payments to nbn and retained wholesale EBITDA.

While the lower volumes impact Telstra's outlook for FY19, it is anticipated these changes will be financially positive to Telstra over the full rollout due to the effects of the natural hedge.

The revised FY19 guidance assumes operating earnings are otherwise unchanged. The net impact and revised FY19 guidance is as follows:

Measure	Previous FY19 Guidance	**FY19 Guidance Updated[1]**	**Change (nbn rollout impact)**
Total income[2]	$26.5b to $28.4b	$26.2b to $28.1b	$0.3b reduction
EBITDA excluding restructuring costs	$8.8b to $9.5b	$8.7b to $9.4b	$0.1b reduction
Net one-off nbn DA receipts less nbn net C2C[3]	$1.8b to $1.9b	$1.5b to $1.7b	$0.2b reduction
Capex	$3.9b to $4.4b	$3.9b to $4.4b	No impact
Free cashflow	$3.1b to $3.6b	$3.1b to $3.6b	Immaterial impact

Guidance range details by measure

Income: reduced by $0.3 billion including lower PSAA receipts, partly offset by higher wholesale legacy income.

EBITDA: reduced by $0.1 billion including the net one-off impact, partly offset by improved recurring impacts from lower nbn network payments and higher wholesale legacy wholesale income.

Net one-off nbn DA receipts less nbn net C2C: reduced by $0.2 billion including delayed one-off PSAA receipts (associated with lower expected in year nbn disconnection volumes), partly offset by lower cost to connect expenses. We have also widened the guidance range by $100 million.

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[1] This guidance assumes wholesale product price stability and no impairments to investments or core assets, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumes the nbn™ rollout and migration in FY19 is broadly in accordance with the nbn Corporate Plan 2019. The guidance is provided on the basis of AASB15. Capex is measured on an accrued basis and excludes expenditure on spectrum and externally funded capex.

[2] Excluding finance income.

[3] "net one-off nbn™ DA receipts" is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining).