30 May 2019

Office of the Company Secretary

Level 41
242 Exhibition Street
MELBOURNE VIC 3000
AUSTRALIA

General Enquiries 03 8647 4838
Facsimile 03 8600 9800

The Manager

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

ELECTRONIC LODGEMENT

Dear Sir or Madam

Transcript - Market Release 29 May 2019

I attach a copy of the transcript from the briefing in relation to the market release dated 29 May 2019, for release to the market.

Yours faithfully

Sue Laver
Company Secretary

MODERATOR: Good morning everyone and welcome to the Telstra call on today's ASX announcement. Go ahead please.

ROSS MOFFAT: Good morning Ross Moffat here from Telstra Investor Relations. Welcome to the call this morning. On the call today we have Andy Penn the CEO of Telstra and Robyn Denholm the CFO. I'll hand over to Andy for some brief comments and then we'll move to Q and A. Over to you Andy.

ANDREW PENN: Thanks very much Ross and firstly thanks everybody for giving us your time and dialling in this morning. The purpose of the call really is just to give you a little bit more colour around an announcement we released a little bit earlier this morning. And the central message here is that we're making good progress on our T22 strategy and we're pleased with the milestones that we're working through. And against the background of that there's a couple of financial implications which we're reporting to the market today. The first is in relation to a non-cash impairment which we've already flagged a couple of times previously that one of the things that we're doing as part of our digitisation program is that we're completely replacing our business IT stacks and that includes our CRM systems, our provisioning systems, our billing systems, our e-commerce systems. And that really stems all the way back to the announcement we made in 2016 about a commitment to really invest in the business and put us in a very strong position to be successful over the longer term.

Of course like with any large systems and infrastructure investment there's a lot of heavy lifting, there’s a lot of foundational work that needs to go into place. And the really exciting thing is now we're at that point in the overall investment where we're starting to really be able to bring the benefits of some of that new functionality to bear. We're in the process of launching our new radically-simplified product propositions onto that technology stack and then we will start the process of migrating our customers to that technology stack as we've previously indicated was a critical part of our strategy.

As a consequence of that, what that means is that we’ve reviewed the asset lives of our legacy IT systems and as we've previously indicated we would do. We will accelerate in a non-cash impairment about $500 million dollars in those assets which we will book in the FY19 results. And then obviously that will have a positive impact on D&A in future periods. So that's the first material point and it's a beacon of the fact that we're making very solid progress on our digitisation part of our T22 program. So we're pleased with that, and we're excited about that, and we wanted to communicate that today.

The second thing is in relation to our productivity program and particularly what we have a whole range of initiatives under Pillar 3 of our strategy which is really about simplifying the business, simplifying the structure, introducing new ways of working, reducing spans and layers across the organisation. And overall, as we had previously indicated, we expect that to lead to a net reduction of around 8,000 roles within the company over the period of the T22 program. One of the things that has been important to us is as much as we possibly can is to get more of that behind us as quickly as possible. Predominantly because it's really important for us to be able to move forward into the future with a greater degree of certainty for our teams and for our people rather than being a world of continual change and potential further reductions, significant further reductions into the future.

Now this is a long program so we're not able to achieve that completely but by bringing forward these announcements, which are actually roles that will leave the organisation this year, but by bringing them forward into this year it means that we can by the end of FY19 essentially have around about three quarters of the 8,000 FTE number announced by the end of this financial year, and that enables us as a way to move forward into the future with a bit more certainty for our teams and for our people.

That's not the same as saying there won't be further role reductions in the future but we believe that through the investments in our digitisation, in our new technology stacks, that will come from the reduced activity within the business and will be a natural, we'll be able to manage it much more naturally in the momentum of the business. The other thing it will be is the case is that a lot of the high-volume activity that's conducted in the business which we want to reduce as a consequence of simplifying the business and simplifying a product, a lot of that high-volume activity is actually through third-party service contracts with third parties, so they are not necessarily FTEs, so we'll expect to see the number of people that we effectively employ through third-party service contracts, as distinct from FTEs, increase into the future as well.

The other thing is that this gives us a really good confidence that we're on track to deliver our previously announced $2.5 billion dollars' worth of productivity by the end of 2022. And in good shape overall. And the other thing I think that's enabled us to do is to be a little bit more definitive about what we think we will need to incur in terms of restructuring costs after FY19 to get to the end of the program. So we're announcing today an increase of $200 million dollars on our previously communicated $600 million expected restructuring costs for this year and then $350 million over the balance of the FY22 program, so that's the other material point that we're communicating.

And as I say these are roles that are announced. We're about to go into consultation or we are going into consultation with them as well. And so both the additional $200 million and the $500 million on the non-cash impairments are both subject to us going through those processes, through the usual year-end audit processes and in that respect they will be confirmed through that process in conjunction with our results which we will announce in August.

I think the last thing to say just as we, before I sort of then hand over and we go to Q and A. In relation to guidance, we are on track for our FY19 guidance. So the only change that we're making today is in relation to that restructuring point. Otherwise we're on track to EBITDA and income in the range, of the capex, etc in the ranges that we've previously communicated with the piece that we also communicated with in relation to free cash flow, we expect that to be at the lower end of the guidance range previously provided.

So I think that's covered everything, Ross, that I wanted to say by way of introductory comments. And with that I'd be very happy to open up to questions and Robyn's with me as well and she can take questions too. So, Ross and Michael, who's our Telstra conference call moderator, happy to pass back to you. So thank you.

ROSS MOFFAT: Thanks Andy.

MODERATOR: Thank you. The first question we have is from Kane Hannan from Goldman Sachs. Go ahead.

KANE HANNAN: Morning Andy and Robyn. Just three for me please. Firstly, on the IT platforms, just confirming does that mean your mass market stack has now gone live in the market and it's all about migrating the customers across? And the Enterprise stack, I think you had 1,600 customers on that at the half year. Could you just update us on how that's been going and where that number is at today? Secondly obviously reiterated your 19 guidance, but just given the acceleration in the restructuring, should we still be expecting your total opex excluding restructuring to be broadly flat in 19, which I think was the comments at the half year? And then finally, on your aspirations to grow underlying ROIC. Given you now booking $800 million of restructuring in 19 and have $350 million across 20 and 21, would it be fair to say that growing underlying ROIC into FY20 is almost a base case expectation given that delta? Thanks.

ANDREW PENN: Well thanks very much Kane. I'll make a comment on the progress on the IT programs and I'll also make a quick comment on the cost thing and then I'll ask Robyn to comment also on costs and the underlying ROIC point as well if that's ok. So when we talk about our technology stack, we sort of, I know I simplify it and make it sound like one piece of functionality, one technology stack. As you will appreciate it's a very large complex integration of a number of systems. But essentially on the mass market side to your point, what we have implemented is all the core technology architecture, all of the core platforms. We're now building out the features and the functionality which to your point is essentially as we're starting to roll out that onto the platform. So things like we've launched something called a marketing cloud which is actually a piece of functionality that helps us manage our interactions with customers through their journey through Telstra.

We've also launched something called the agent console which gives our agents internally the ability to actually front-end some of the legacy with a new front end which makes their life a lot easier as well. That's being piloted in different areas and so to your question we are starting to launch the functionality which will give support to the new product set on the platform now, but it's a phase. You launch in the phased way, so you phase the functionality, but you also phase where it's available. So some agents have got access and we're trialling the agent console but not all agents because we've got many, many thousands of agents but that's all on track and it's going really well.

On the Enterprise side, I don't actually have the numbers to be honest in front of me, of the numbers that you mentioned. Overall we've got about 14,000 Enterprise customers in the Enterprise group. I know we've got 5,000 using Telstra Connect which is actually the digital front end of the engagement. We've got a number on the other product propositions but I'm afraid I don't have the update on the number that you mentioned.

On the cost side, the short answer is no. We actually don't expect the total costs number to be flat year-on-year in FY19. I think as we've indicated at the half year, one of the big drivers of that is that handset prices are up materially on the mobiles business this year just as a consequence of exchange rate and also where the handset providers have moved their handset prices too. And that means, and then of course our revenue’s up as a consequence, so net-net it meant that having a flat total cost in FY19 is unlikely and is going to be more challenged. But the important point is we are delivering the productivity targets that we put out. And also importantly what we've said is that we will be seeking to effectively offset the incremental costs arising from the migration to the nbn and to AVC/CVC charges in particular and that equation is broadly balancing out and I do expect our costs to eventually start to reduce from about now and I think whilst our costs net-net year-on-year will be up, I think actually more of that will be in the first half than in the second half. So if I sort of look at it in the trajectory sense I think we're sort of we are where we sort of want to be. If I look at it just in terms of what do I think the reporting numbers are going to be, yes they'll probably be up a little bit but that will be explained by handset prices. But I might hand to Robyn to see if there's anything else that she wanted to add on the cost side. And then also to comment on the ROIC point as well.

ROBYN DENHOLM: Ok, so let me talk about cost. So Andy absolutely covered the main points. So as we've discussed at the half year we're making good progress on total cost. Obviously with the exception of the revenue-related hardware costs to do with mobile handsets and CPE in the Enterprise space, both which are tied to the revenue mix obviously in income. But in terms of the other costs we are making good progress on that front.

In terms of the IT platform, the only thing I'd add to what Andy said, we are making good progress on the digitisation side. For us to be able to book the impairment charge we need to be satisfied that the useful life of the legacy assets will be truncated in terms of having not only the stack in place but also the migration plans in place. And that's what we've been testing for over this last period of time and we're satisfied obviously subject to our finalising of that before the year end, that that is the case. And so the other way of looking at that is that we are on track with our plan as we talked about from our T22 strategy around not only launching the IT stack but also putting the new plans on there over time and adding customers onto that new stack. So I think that would be the only thing I'd add in terms of that side.

In terms of ROIC, we obviously have talked about a greater than 10% ROIC post T22. At the full year results, Andy and Vicki will update in terms of where we see us progressing on that, not just for FY19 to 20 but also longer term. But we're not going to make any more comments on the ROIC as we see it in the outlying years on this call.

KANE HANNAN: Thanks guys. Just on that handset point, Andy, is much of that being driven by the Galaxy 5G and some of the upgrade work you’ve done with that?

ANDREW PENN: No, to be perfectly honest, as Robyn said, she's right to elaborate my point a bit because it's not just on handsets, it's also in Enterprise CPE. But actually in handsets it was one provider in particular, their prices went up quite materially when they launched in September of last year. I won't name which provider but they normally launch at that time of year. Their handset prices were up I think, I'm looking at Robyn, I think in the order of 30%, I mean by the time you put the exchange rate in the actual price adjustment.

ROBYN DENHOLM: It was a material increase, yeah.

KANE HANNAN: Ok, thanks very much.

ANDREW PENN: Thank you.

OPERATOR: And the next question we have is from Eric Pan from JP Morgan.

ERIC PAN: Good morning guys. Thanks for taking my questions. So just to clarify the remaining $350 million of restructuring cost, is that going to be expensed solely in fiscal 20 or will they be dispersed to fiscal 21 or 22 as well? And then can you give us an update on the asset sales? The media has indicated you are looking at $1.5 billion in property sales and $400-500 million from the data centre portfolio. How does that impact your cost if you have to lease back some of your properties, and when can we expect that to settle and what do you plan to do with the proceeds? And then lastly, you recently released the first 5G device and 5G plan pricing. Can you just give us an update on the progress of your rollout and what kind of equipment and spectrum have you been deploying and in what regions?

ANDREW PENN: Thanks Eric. I will let Robyn touch on the $350 million point that you mentioned. First let me just comment on the other two for a second. I think the short answer on the part on our T22 program which is realising $2 billion worth of assets. The only thing I would say is I'm comfortable with the progress that we are making. And as you can imagine there's lots of activity. There's confidential negotiations and discussions and that sort of stuff. And so I'd rather not say anything more about that right now other than I'm comfortable with the progress that we're making. And we'll give a sort of a more substantial update at results in August, including to your point on are we switching, just incurring some additional operating expenses and as well and deal with all of that then, if that’s ok.

On the 5G launch, look we're really excited with 5G and the 5G launch. We would be, in fact I sort of saw a couple of days ago that BT were just announcing, so we were ahead of BT. We're pretty much leading the world in terms of our 5G readiness both in terms of timing but actually also in terms of coverage. I mean of course coverage is going to be limited early on but we're already in 10 cities. We have more than 230-240 towers up. We believe we will cover by the 30th of June areas that about 4 million people touch. And by that what I mean is they either live in the coverage area or they work in that coverage area or they go through that coverage area.

So our strategy has been to be considered, one, to be the leader in 5G which we clearly are. Secondly to be considered in terms of how we do the rollout because we need to be thoughtful about where we invest. And to your point the technology because it will be second or third generations of technology that are coming through, and to enable enough of an experience for our customers, and you saw our price and where we're giving, we're basically we will ultimately make 5G effectively free on our top two tiered plans but an option on the rest of our plans that's consistent with our overall approach on product design and product structure under the T22 program. And it will be $15 per-month per-customer when we get to that point but we're going to give it to them free for essentially the first, I think it's roughly 12 months so customers can start to experience it as we roll out.

So look I think overall it's very early days on 5G. We think it's tremendously exciting. We get asked a lot about use cases and whether customers need it or want it. The only thing I would say is that put it in the hand the customers, put it in the hands of developers and you will see the innovation and you will see the demand as we saw with 4G. So we think 5G is very exciting, we think it's got lots of benefits from us from a network engineering perspective. We think it's got lots of benefits for our customers and we want to be at the forefront of that technology. So I might hand over to Robyn, if there was anything you wanted to add on either of those points, she’s across all of that. And then as well as the $350 million question.

ROBYN DENHOLM: Yes. So Eric in terms of the $350 million that's for the total T22 program to go after the increment in restructuring in FY19. So bringing the total program to about $1.4 billion dollars or just over $1.4 billion. We're expecting that $350 million over the balance of FY20, 21, 22. But I would front-end-load that in terms of how you model that going forward but there will be some in each of the years is what we're expecting at this point.

The one thing that I would add to the commentary about the divestment progress as Andy said we are making good progress on that. I'll just remind you that we have the adoption of IFRS16 coming into play for the new fiscal year and that impacts leases and it impacts existing leases and any future leases so at the full year results Vicki and Andy will go through that. I gave you a preview of that at the half year results but not specific to just the work we're doing on divestments but more generally there will be an impact in our results to do with the adoption of IFRS16 just like there is for many companies in Australia and around the world. But given you mentioned the word leases I just wanted to make sure you remembered that.

And I'm excited about the 5G progress the team's making, they've been working on it for a number of years and doing an awesome job in actually not just deploying the network but deploying a great experience for our customers.

ERIC PAN: Great. Thank you very much.

MODERATOR: And the next question we have is from Sameer Chopra from Bank of America. Go ahead.

SAMEER CHOPRA: Good morning. I'll stick with three questions as well. One is just on amortisation. So new assets are being added as you roll out this new technology and then you're taking the $500 million write down. Can I get a sense is amortisation expense in the next couple of years going to drift lower or higher? My second question is just on accounting vs cash impact of this restructuring expense. Is that one of those drivers behind the lower free cash flow this year. In other words, are you going to pay the cash out associated with this redundancy payment in FY19 or do you think that that comes in FY20? And then finally just on the timing of the redundancy. Am I right in assuming that the people will actually exit the business end of July, August, September October time period? And we're talking about 3,000 to 4,000 net headcount out?

ANDREW PENN: Let me just comment quickly on that last point Robyn. And then hand over to you. The thing about the - in terms of the way the process works is that we first of all we sort of obviously think about the changes that we want to make and then we enter into a period of consultation with our employees and with our teams and then at that point that's what triggers effectively from a financial point of view the obligation to make a provision. And that's why we are communicating this today because we have a reasonably large restructure coming through or going into consultation today. And then those roles will flow through as you said Sameer into FY20. It's not changing our overall outlook on productivity. It gives us the confidence that we're on target for our productivity but it does bring forward essentially those announcements which otherwise would have been in FY20 and so that's really the point.

And it's for the reason I mentioned in my introduction is that we want to give our teams as much certainty and get as much of the big changes and roll reductions because I'm acutely aware of the impact that it has on our people and I’m committed to try to be as transparent as we possibly can - to be as transparent as we possibly can and also committed to the transition programs that we're providing to help our people as they go through a difficult period. But with that said, Sameer maybe I'll hand over to Robyn just if there's anything else Robyn on that time point and then the accounting versus cash and amortisation questions.

ROBYN DENHOLM: Yeah I think you addressed the two second question. But just to reiterate, the restructuring charge of $200 million that where flagging today, the cash impact will be in FY20 not in 19. The charge will be in 19 assuming we exit consultation before the end of the fiscal year which is the current plan.

In terms of the cash impact of previous consultations during the year. We've taken those into account that do have a cash impact in FY19 in the bottom end of guidance statement that we made at the half year results. So as you recall some of that impact in terms of cash was also around the inventory and the hardware cost that we were talking about earlier through the half year.

But in terms of your first question around amortisation. I'll start by explaining how the impairment works and then I'll give you some broader colour in terms of D&A. So in terms of the way the impairment work it truncates the useful life. So we've talked about assessing the useful life. It's not a gradual reduction in the D&A associated with that legacy I.T. asset. It actually just cuts it off at the point in time where we've migrated customers and we're able to effectively move all the workloads onto the new assets which is why we're entering it before the end of this fiscal year because there's a truncation of that asset beyond that FY21 22 timeframe. So that's the first point.

The second point, I'll remind you of the guidance that we've already got in the market place in terms of future capex which is that 12 to 14 percent. Obviously that has an impact on D&A as we go forward. But I'll also remind you that over the last couple of years we've been spending an elevated rate of capex to do with our strategic programs which we do expect to largely complete FY19, maybe a small amount into FY20 but that's covered by a 12 to 14 percent guidance on capex. So in terms of the amortisation there all the factors that we're taking into account in terms of future periods and we'll give you an update - Andy and Vicki will give you an update at the full year results in terms of where we say that going for FY20.

SAMEER CHOPRA: Thank you. Thanks.

MODERATOR: The next question we have at the moment is Eric Choi from UBS. Go ahead.

ERIC CHOI: Hey guys thanks. Just had two more. Can I just confirm that the $438 million net opex reduction in FY19 doesn't really change much? I guess given most of these benefits seem like in FY20. And then, just then how much of that $438 million is being driven by headcount reductions? And then I just wanted to follow up on the asset sort of depreciation question. Just wondering if you can drill into that a little bit more, give us a bit of an idea of what the asset life on those assets were? Thanks.

ANDREW PENN: Thanks Eric. I'll just comment on the $438 million and I'm not sure if we do have more colour on that depreciation but I'll offer Robyn the opportunity - she may or may not. But look on the $438 million, the $438 million is the number, for people who are on the call, that is in our EVP for our target for opex reduction in FY19. As I said, overall we're on - we think we're on target there or thereabouts for our productivity for this year but Telstra is a very large complex organisation and there's lots of moving parts and we're still at the end of May and we've got another month to go and then we've got to go through the year end process and audit. So I can't tell you precisely where that number is going to land but broadly speaking we're on target.

And I don't know that I'm in a position or want to provide any more colour on the split between labour and non-labour. This might be something that is better handled when we go through results. But Robyn anything else to add either on that and the asset depreciation and useful lives etc.?

ROBYN DENHOLM: No. The only thing on expenses that I would add is as we said at the half year obviously there is a lot of focus on headcount because we put the three-year number out there but we are taking a very aggressive approach to our indirect workforce as well as our other costs as well. And the three of those combined make up the $2.5 billion of cost out that we've been talking about for some time. So, but in terms of further color on the $438 million, I think we won't do that today nor on the D&A. I gave you three of the moving elements in terms of D&A as we move forward here and how the impairment works. But I think any further colour will wait for the full year results.

ERIC CHOI: Ok. Thank you.

MODERATOR: The next question we have is from Entcho Raykovski from Credit Suisse. Go ahead.

ENTCHO RAYKOVSKI: Hi Andy. Hi Robyn. Couple from me. The first one you've touched on but just for the avoidance of doubt, does today's announcement accelerate the realisation of some of the cost benefits into FY20 as to what you may have previously expected to happen over the course of FY21 and 22 or is it just purely the accounting impact of recognising some of those charges? And then secondly, you've obviously reaffirmed the full year guidance, but interested in any comments you can make around the second half trends, particularly in postpaid handheld ARPU. Are they consistent with what you said back in February for a decline at a faster rate than in the first half? And then any sort of general comments you can make around competition in the mobile market would be useful.

ANDREW PENN: Look on the first point. No we're not. The communication today is not that we're accelerating those cost benefits or increasing our overall cost scale of benefits. I mean we will absolutely provide guidance for FY20 in August when we announce results and we'll provide specific guidance on productivity for FY20 as well. As I said earlier there's a lot of complex moving parts with Telstra as a business, it’s a very large business. We're not in a position to be specific about that right now. So it is to your point, it's more that what we are doing is we're bringing forward the announcements now which triggers the accounting now. But I would say that that's in the context of overall I'm pleased with the progress we’re making with our T22 program including the productivity aspect of it.

But look on the other question, as much as I know that that would be helpful and of interest, I think we're getting pretty close to the end of the year right now. Today's announcement is really about these specific points. I don't think it would be appropriate for me to comment more specifically on trends and ARPUs and competition and that sort of stuff. So I think I'll decline that and apologise if it can't be more helpful on that but I think we should perhaps leave that for results. I'm looking at Robyn and she's nodding vigorously at me. But I do understand that that's an area of keen interest to the market and I'm committed to try and provide you as much colour and commentary on that as we possibly can and will definitely cover that when we get the results in just a few week’s time.

ENTCHO RAYKOVSKI: Thank you. Thanks.

MODERATOR: And the last question we have at the moment is Tom Westbrook from Reuters. Go ahead.

TOM WESTBROOK: Good morning Andy and Robyn. I am just wondering you know if you can explain why Telstra is so keen to, sort of, bring these expenses into the current financial year.

ANDREW PENN: I don't know Tom I would say that we are necessarily keen to. We had always expected to address the question of impairment of the I.T. legacy assets. We communicated that to the market, I think we communicated it at a strategy briefing in November. We certainly communicated it at the half year as well. And the reason that we are doing it now is that we are at a milestone in our digitisation program where we are entering into the phase where we are launching our new products onto our new technology stack which basically means that we start to take volume off of our legacy stack. And therefore we can foresee what the revised useful life is as we have also built out our migration plans. And so the timing of that piece is as it was planned to be and is a measure of the fact that we're on target for all of that work and the digitization program. So there's nothing new in any of that or in the timing of that.

The timing on the restructuring cost point is literally just as I have explained it's a function of from an accounting point of view we are required to make a provision once we have detailed plans, and we have detailed plans now which is why we're going into consultation. And the reason that we wanted to bring the detailed plans into this year was because I want to be in a position with my team and the people at Telstra to be able to say, FY19 we've got most of the heavy lifting, big structural changes and big headcount reductions behind which as I said before is not saying it won't continue to be - I mean a large organisation like Telstra there's always things that are changing and always movements but that's what's motivated the timing of those two things.

TOM WESTBROOK: OK. Thanks Andy. And you know when all this is done how does Telstra plan to hold on to its market position without these 8,000 people in the company.

ANDREW PENN: Well the one thing I would just give you is context is that I mean obviously one of the significant developments in the telecommunications market over the last period of time is obviously the establishment of the nbn. The consequence of the nbn is essentially a very significant part of our business effectively as the wholesale network provider and fixed line to every home in Australia is an obligation and a function and a part of our economics that transfers effectively back to the government through the nbn. That sort of impacts our EBITDA as we've previously briefed the market by around about $3 billion dollars and a bigger impact proportionately in relation to our net profit after tax. So that's a material impact and it's a material part of our business going to the material part of the activity.

We estimate through our T22 program we will reduce our headcount by around about 8,000 roles. With these announcements today we will be at around 6,000. The nbn as an interesting sort of measure if you like is probably connected to about somewhere between 62-63-64 percent homes in Australia are connected today to the nbn. So that's got about 30-40 percent to go. The nbn, which as an organisation which did not exist before this government policy, today employs more than 7,500 people. So put it in context, Telstra is reducing 8,000 FTEs, one of the material drivers of that is the migration of part of our business to nbn. The nbn today employs 7,500 people. So it's a consequence of reshaping our business in response to that but also in response to actually the other changing dynamics and opportunities in the market and where 5G is going and stuff so I'm really excited by the future. These changes are challenging and they're tough and they’re difficult for our people. But if you look at it in the broader context of the telecommunications market it can be it can be understood in terms of how that work shift is shifting effectively from Telstra to the nbn is a material part of all of this.

TOM WESTBROOK: All right. Thanks.

ROSS MOFFAT: Thank you. Michael I believe we have no more questions.

MODERATOR: That's right. Thank you.

ROSS MOFFAT: With that. Andy would you like to make any closing comment before we finish the call.

ANDREW PENN: Thank you everybody for hooking in. Always appreciate you doing so at relatively short notice. You know the summary of my message is that whilst we're not changing any of our outlook here, what we are saying is that these changes or these announcements arise as a consequence of the fact that we are making good progress on our T22 strategy and we continue to be directionally committed in relation to that and we remain optimistic and positive about the future particularly with where we're at on our 5G launch most recently and the changes that we're making in the business through the investments we're making on digitisation, simplifying our products and all of the things that we're endeavouring to do under our T22 strategy. So we look forward to sharing that with you more fully in results.

I should say as well just to call out to Robyn before we close. Robyn as you know is leaving us to take on a very significant opportunity and an exciting opportunity as the Chairman of Tesla. She's been incredibly supportive and incredibly effective for us in the time she's been with us particularly in the last period as the CFO. She won't be at results. She is continuing to support us and help us in the transition. Vicki as many of you know is incredibly capable and we’re really excited to have Vicki back full time in the team as she's made a full recovery from her health situation last year and she's working quite closely with Robyn now in the transition. Whilst I’m desperately disappointed to lose Robyn we've got a really good transitional process and Vicki very strongly coming into the role and she'll be supporting me as we go through the results presentation and she's across all of the work that we're briefing you on today and our outlooks for next year as well as the results currently and for this year. So that's it for me Ross. Thank you very much.

ROSS MOFFAT: Thanks Andy and a last for me, just say if anyone's got any follow ups please feel free to contact myself or the rest of the IR team. Thanks everybody.

BRIEFING CONCLUDED