15 September 2020

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Retail Shareholder Meeting – 15 September

In accordance with the Listing Rules, I attach the presentations to be made by the CEO and CFO at Telstra's virtual retail shareholder meeting today from 10:15 – 11:15am AEST, for release to the market.

Further information is available on our website at https://www.telstra.com.au/aboutus/investors/key-dates/shareholdermeetings.

Authorised for lodgement by:

Sue Laver
Company Secretary

Telstra Corporation Limited
ACN 051 775 556
ABN 33 051 775 556

Telstra retail shareholder meeting 2020

Andrew Penn – Chief Executive Officer

How we have led through 2020

- FY20 financial results in line with guidance
- We are well positioned as we pass the midway point of our T22 strategy
- During COVID, we have supported our customers, our people, the economy and shareholders
- Maintained total dividend of 16cps[1] – returning $1.9bn to shareholders from our FY20 results
- Key principles behind our T22 strategy are more important than ever before
- T22 is fundamental to the transformation of Telstra and the success of our customers

1.Total dividend of 16 cents per share fully franked comprising total ordinary dividend of 10 cents per share and total special dividend of 6 cents per share.

Financial headlines

Reported Total income $26.2 billion, -5.9%	Reported lease adjusted[1] Total income $26.2 billion, -5.9%	Guidance basis[2] Underlying EBITDA[3] $7.4 billion, -9.7%
Reported EBITDA $8.9 billion, +11.5%	Reported lease adjusted[1] EBITDA $8.4 billion, -0.3%	Underlying EBITDA growth ex in-year nbn headwind[3]: ~+$40m In-year nbn headwind[3] ~$830 million (LTD ~$2.6b)
Reported NPAT: $1.8 billion, -14.4% EPS: 15.3 cents, -15.5% FY20 total dividend: 16 cps[5]	Reported lease adjusted[1] NPAT: $1.8 billion, -12.6%	Guidance basis[2] Capex: $3.2 billion, -22% FCF[4]: $3.4 billion, +7.2%

1.Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.
2.This guidance assumed wholesale product price stability and no impairments in and to investments or property, plant and equipment and intangible assets, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumed the nbn rollout and migration in FY20 was broadly in accordance with the nbn Corporate Plan 2020. Guidance was provided on the basis of AASB16 Leases and assumed impacts consistent with management estimates. Capex was measured on an accrued basis and excluded expenditure on spectrum and externally funded capex and capitalised leases under AASB16 Leases. Refer to Full-year results and operations review – guidance vs reported results reconciliation schedule (set out in our ASX announcement titled "Financial results for the full year ended 30 June 2020" lodged with the ASX on 13 August 2020).
3.'Refer to definition in the Glossary.
4.FY20 free cashflow defined as operating cash flows less investing cash flows less operating leases (reported in financing cash flows under AASB16 Leases).
5.Total dividend of 16 cents per share fully franked comprising total ordinary dividend of 10 cents per share and total special dividend of 6 cents per share.

Operating highlights

Continued growth in customers through multi-brand strategy

Mobile service net adds
- +240k retail postpaid handheld services including +86k branded, +154k Belong
- +171k retail prepaid handheld unique users
- +347k wholesale MVNO including prepaid, postpaid and IoT services
- +652k retail IoT services

Fixed service net adds
- +80k retail fixed bundle and data services including +79k Belong
- +620k nbn connections with 46% estimated market share (ex-satellite) as at end of FY20

Belong has >730k services making it one of the largest operators in Australia

Continued cost reduction

- $615m or 9.2% underlying fixed cost reduction in FY20
- $1.8bn underlying fixed cost reduction achieved since FY16
- 10% decline in FY20 total operating expenses (reported lease adjusted[1])

Customer experience

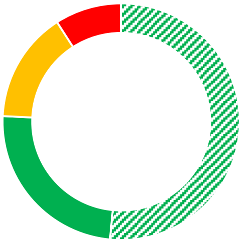
- T22 enabled digital engagement with our customers grew substantially
- Our aspiration is to bring all in-bound calls from Consumer & Small Business customers onshore by the end of T22
- Episode NPS declined -2 (1H20 improved +2, 2H20 declined -4)
- Strategic NPS improvement +5

1.Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.

T22 strategy | Passed the midway point

Achievements

T22 Scorecard metrics – as at FY20



Completed

On track for delivery

Progress but below target metric

Below target metric

T22 | Pillar One

- Reduced C&SB in market plans from ~1800 to 20. >4.8m services on in market plans
- Reduced Enterprise active products by 35% since FY18 to 422
- Delivered front end digital platforms. Increased digital service interactions to 71% and digital sales to 30%. Reduced contact centre calls by 42% since FY18 and by nearly 23m since FY16
- Active Telstra Connect Enterprise customers increased to ~6.6k
- New propositions – Telstra Plus, Telstra Purple and Gaming. >2m Telstra Plus members

T22 strategy | Passed the midway point (cont.)

Achievements (cont.)

T22 | Pillar Two

- Established Telstra InfraCo with revised asset base from July 2020

T22 | Pillar Three

- Removed on average >four layers of management. Announced 7.3k direct FTE reduction and 12k indirect FTE reduction. >10k working in Agile and 25k working from home
- Employee engagement at all time high +16pt to 83

T22 | Pillar Four

- Solid delivery on productivity - $1.8bn
- Monetised assets announced of >$1.5bn

T22 | Network leadership

- #1 in major mobile network leadership surveys since T22 launch
- Clear leadership on 5G
  - Expanded 5G rollout to selected areas within 53 cities and towns across Australia
  - Our 5G network covers around one third of the Australian population and we intend to extend that to 75% of the population by June next year
  - 210k 5G devices are already connected to the Telstra network

FY21 priorities

- Staying committed to simplification
- Completing our Digitisation program to make a real difference to customer experience
- Realising value from our strategic shift in Telstra Enterprise with our Adaptive Networks and Mobility products
- Maturing our ways of working and embedding our new operating model
- Extending our leadership in 5G and realising value from our strategic investment in networks. This includes launching targeted fixed wireless
- Ensuring InfraCo is fully operational and driving increased value from passive assets
- Continuing to deliver our $2.5bn productivity target including $400m in FY21

Summary

- 2020 has highlighted the importance of connectivity and the role we play in the digital economy
- T22 is transforming us to a simpler, more digital and more agile business built around our purpose and values and a commitment to responsible business
- FY20 financial results in line with guidance
- Maintained FY20 total dividend of 16cps[1]

1.Total dividend of 16 cents per share fully franked comprising total ordinary dividend of 10 cents per share and total special dividend of 6 cents per share.

Vicki Brady – Chief Financial Officer

Group results: income by product[1]

	FY19	CHANGE $m	FY20	CHANGE	
Mobile	$10,545m	-461	$10,084m	-4.4%	Handheld decline on expected weak ARPU and intl. roaming; hardware decline
Fixed excl. one-off nbn C2C[2]	$5,276m	-600	$4,676m	-11.4%	Legacy decline including -$274m standalone voice & -$223m wholesale
Recurring nbn DA	$784m	90	$874m	11.5%	Growth reflects nbn™ network rollout
Data & IP	$2,358m	-306	$2,052m	-13.0%	-$187m legacy calling incl. ISDN decline and connectivity competition
NAS	$3,477m	-98	$3,379m	-2.8%	Flat excl. nbn commercial works; higher annuity product mix
Global connectivity[3]	$1,705m	20	$1,725m	1.2%	Mix shift to more profitable products
Other[4]	$1,543m	-209	$1,334m	-13.5%	nbn commercial works and media declines
Underlying	**$25,688m**	**-1,564**	**$24,124m**	**-6.1%**	**Underlying decline ~-6% or ~-3% excl. nbn headwind & hardware**
One-off nbn DA and connection[2]	$2,116m	-112	$2,004m	-5.3%	Reflects nbn rollout and migration timing
Adjustments[5]	$3m	30	$33m	NM	
Reported lease adjusted	**$27,807m**	**-1,646**	**$26,161m**	**-5.9%**	**Reported lease adjusted income decline ~$1.65b or -6%**

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.
2. Fixed excludes one-off nbn connection income FY20 $65m (FY19 $106m) and includes TUSOPA income FY20 $150m (FY19 $159m). One-off nbn connection income included in one-off nbn DA and connection.
3. Global connectivity includes other income FY20 $19m (FY19 $5m).
4. Other includes media, nbn commercial works (sale of assets component), Telstra Health, and miscellaneous.
5. Adjustments in FY20 include $13m of restructuring income and $20m M&A guidance adjustments.

Group results: operating expenses[1]

	FY19	CHANGE $m	FY20	CHANGE
Sales costs - nbn payments	$1,351m	380	$1,731m	28.1%
Sales costs - other	$7,480m	-409	$7,071m	-5.5%
Fixed costs - underlying[2]	$6,698m	-615	$6,083m	-9.2%
Fixed costs - other[3]	$1,968m	-135	$1,833m	-6.9%
Underlying	**$17,497m**	**-779**	**$16,718m**	**-4.5%**
One-off nbn DA and nbn C2C[4]	$503m	-35	$468m	-7.0%
Restructuring	$801m	-542	$259m	-67.7%
Other guidance adjustments	$584m	-584	-	NM
Reported lease adjusted	**$19,385m**	**-1,940**	**$17,445m**	**-10.0%**

nbn™ network payments increased on higher connections
Other sales costs declined with lower hardware costs

Underlying fixed costs decreased $615m or 9.2% in FY20 despite COVID-19 impacts including additional bad debt provisions

Productivity achieved in FY20 included:

- **Direct labour (-12%)** due to continued execution of T22 workforce optimisation strategy
- **Indirect labour and Service Contracts (-11%)** from digitisation and lower legacy network costs
- **Non-labour (-2%)** including energy and travel

~**$1.8b productivity** achieved since FY16 **and on track for $2.5b** cumulative by FY22, with $400m FY21 target

Total underlying operating expenses declined as underlying fixed cost reduction exceeded increased nbn™ network payments

In FY21, we expect total operating expenses **to continue to decline**

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail. Sales and fixed costs exclude costs associated with one-off nbn DA and nbn cost to connect (C2C).
2. Fixed costs - underlying was ~$7.9b in FY16 on a restated basis and targeted to decline by our net cost productivity target of $2.5b by FY22.
3. Includes items supporting revenue growth including relevant NAS costs, mobile handset lease, and product impairment.
4. Includes one-off nbn cost to connect (C2C) FY20 $449m (FY19 $468m), and other one-off nbn DA costs of $19m (FY19 $35m).

Capital position

		FY19	1H20	FY20
Gross debt		$15.3b	$18.6b	$17.3b
Cash and cash equivalents		$0.6b	$0.7b	$0.5b
Net debt		$14.7b	$17.9b	$16.8b
Average gross borrowing costs[1]		4.9%	4.8%	4.6%
Average debt maturity (years)[1]		4.1	3.6	3.9
Cash and unused bank facilities		$3.8b	$3.7b	$4.3b
Financial parameters[2]	**Comfort Zones**			
Debt servicing	1.5 - 2.0x	1.8x	1.9x	1.9x
Gearing	50% to 70%	50.3%	53.7%	52.7%
Interest cover	>7x	10.5x	11.8x	11.7
Ratios				
Capex[3] to sales		17.0%	11.7%	14.2%
ROE[3]		14.8%	15.6%	12.5%
ROIC[3]		8.8%	8.5%	7.6%
Underlying ROIC[3]		8.4%	6.0%	5.4%

Gross debt declined ~$1.0b in FY20 excluding lease liabilities. FY20 Net debt includes net increase of $3.0b in lease liabilities from recognition of leases under AASB16

Average gross borrowing costs expected to continue to decline

Access to diverse and efficient sources of funding. Successfully issued 10 year €500m (A$856m) bond swapped back at <2% interest rate

Debt maturities well spread (see maturity profile in Appendix)

Strong liquidity. $0.5b of cash and $3.8b of unused committed bank facilities

Balance sheet strength and flexibility. Financial parameters remain within comfort zones

>$1.5b asset sales to support balance sheet including in FY20 ~$700m from sale of a 49% stake in a property trust holding 36 Telstra exchanges, and announced $417m Clayton property sale in August 2020

Target FY23 underlying ROIC of >7%. AASB16 implementation negatively impacted reported ROIC by ~1ppt

1. Excludes leases.
2. Financial settings for FY20 reflect the adoption of AASB16 (FY19 settings have not been restated).Debt servicing calculated as net debt over reported EBITDA. Debt servicing comfort zone recalibrated under AASB16 reporting framework from 1.3-1.8x to 1.5-2.0x at 1H20 results. Gearing calculated as net debt over total net debt and equity. Interest cover calculated as reported EBITDA over net interest expense (excluding capitalised interest, revaluation impacts on our borrowings and derivatives and other non-cash accounting impacts).
3. Refer to definition in the Glossary.

FY21 guidance

	FY20	FY21 guidance[1]
Total income	$26.1b	$23.2b to $25.1b
Underlying EBITDA[2,3] - Included in-year nbn headwind[4]	**$7.4b**	**$6.5b to $7.0b** ~$0.7b
Net one-off nbn DA receipts less nbn net C2C	$1.5b	$0.7b to $1.0b
Capex[5]	**$3.2b**	**$2.8b to $3.2b**
Free cashflow after operating lease payments[6]	**$3.4b**	**$2.8b to $3.3b**

1. This guidance assumes no impairments in and to investments or non-current tangible and intangible assets, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance is based on management best estimates of nbn impacts including input from the nbn Corporate Plan currently published at time of issue of this guidance.
2. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C, one-off restructuring costs and guidance adjustments but includes depreciation of mobile lease right-of-use assets.
3. Guidance for FY21 underlying EBITDA assumes an estimated negative impact from the COVID-19 pandemic in FY21 of approximately $400 million. This estimate is approximately $200 million greater than the estimated negative impact from the COVID-19 pandemic for FY20 underlying EBITDA.
4. In-year nbn headwind defined as the net negative recurring EBITDA impact on our business.
5. Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases.
6. Free cashflow defined as 'operating cash flows' less 'investing cash flows' less 'payments for operating lease liabilities', and excludes spectrum and guidance adjustments.

Q&A

Glossary

Term	Definition (unless separately defined in the slide footnotes)
Capex	Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases
Free cashflow after operating lease payments	'operating cash flows' less 'investing cash flows' less 'payments for operating lease liabilities', and excludes spectrum and guidance adjustments
Guidance adjustments	Guidance adjustments include impairments in and to investments or non-current tangible and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. Refer to Full-year results and operations review – guidance vs reported results reconciliation schedule (set out in our ASX announcement titled "Financial results for the full year ended 30 June 2020" lodged with the ASX on 13 August 2020) which details the adjustments made to the reported results for the current and comparative period to reflect the performance of the business on the basis on which we provided guidance to the market for FY20
In-year nbn headwind or **nbn headwind**	The net negative recurring EBITDA impact of the nbn on our business for the reporting period. See 'nbn impact on EBITDA' slide for details of the in-year nbn headwind
Reported lease adjusted	'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail
ROE	Calculated as profit after tax attributable to equity holders of Telstra as a percentage of equity
ROIC	Calculated as NOPAT as a percentage of total capital
Total Income	Total income excluding finance income
Underlying earnings	NPAT from continuing operations excluding net one-off nbn receipts, one-off restructuring costs and guidance adjustments. Guidance adjustments include impairments in and to investments or non-current tangible and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. See 'Underlying earnings for dividend' slide for details of underlying earnings
Underlying EBITDA	EBITDA excluding net one-off nbn DA receipts less nbn net C2C, one-off restructuring costs and guidance adjustments but includes depreciation of mobile lease right-of-use assets
Underlying ROIC	Calculated as NOPAT excluding net one-off nbn receipts, one-off restructuring costs and guidance adjustments less tax as a percentage of total capital. Guidance adjustments include impairments in and to investments or non-current tangible and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum

Disclaimer

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

The forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Telstra, which may cause Telstra's actual results, performance and achievements to differ materially from those expressed in, or implied by, the forward-looking statements including general economic conditions in Australia; exchange rates; competition in the markets in which Telstra will operate; the inherent regulatory risks in the businesses of Telstra; the substantial technological changes taking place in the telecommunications industry; the ongoing impacts of the COVID-19 pandemic; and the continuing growth in the data, internet, mobile and other telecommunications markets where Telstra will operate. A number of these risks, uncertainties and other factors are described in the "Chairman & CEO Message", "Our material risks" and "Outlook" sections of our Operating and Financial Review (OFR). The OFR is set out in Telstra's financial results for the year ended 30 June 2020 which were lodged with the ASX on 13 August 2020 and are available on Telstra's Investor Centre website www.telstra.com/investor.

In addition, there are particular risks and uncertainties in connection with the implementation of Telstra2022, including the response of customers to changes in products; the risks of disruption from changes to the organisation structure; that detailed business plans have not been developed for the entirety of the strategy and the full scope and cost of Telstra2022 may vary as plans are developed and third parties engaged; Telstra's ability to execute and manage Telstra2022 in a sequenced, controlled and effective manner and in accordance with the relevant project and business plan (once developed); and Telstra's ability to execute productivity initiatives and realise operational synergies, cost savings and revenue benefits in accordance with the plan.

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

The assumptions underlying and the basis upon which we have provided our FY21 earnings guidance is set out on slide "FY21 guidance". Defined terms are set out on the slide "Glossary".

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

We have adopted AASB16 on a prospective basis and prior year comparatives on a reported basis have not been restated.

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

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

All amounts are in Australian Dollars unless otherwise stated.

