15 August 2019

Office of the Company Secretary

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The Manager

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

ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Corporation Limited - Financial results for the full year ended 30 June 2019 – CEO/CFO Analyst Briefing Presentation and Materials

In accordance with the Listing Rules, I enclose for immediate release to the market:

a) a presentation;

b) CEO and CFO speeches;

c) Telstra's Full Year Results and Operations Review; and

d) financial and statistical tables.

Telstra will conduct an analyst briefing on its 2019 full year results from 9.15am AEST and a media briefing from 11.00am AEST. The briefings will be webcast live at https://www.telstra.com.au/aboutus/investors/financial-information/financial-results

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

This announcement has been released simultaneously to the New Zealand Stock Exchange.

Yours faithfully

Sue Laver
Company Secretary

Full year 2019 results

Andrew Penn – Chief Executive Officer

Full year 2019 results | Headlines

Reported Total income[2] $27.8 billion, -3.6%	Guidance basis[1] Total income[2] $27.8 billion, -2.6%	
Reported EBITDA $8.0 billion, -21.7%	Guidance basis[1] EBITDA excluding restructuring $9.4 billion, -11.4%	Underlying[3] EBITDA $7.8 billion, -11.2%
Reported NPAT: $2.1 billion, -39.6% EPS: 18.1 cents FY19 total dividends: 16 cps[5]	Guidance basis[1] Capex: $4.1 billion FCF: $3.2 billion	In-year nbn headwind[4] ~$600 million Underlying EBITDA less in-year nbn headwind[4] ~–4%

1. This guidance assumed wholesale product price stability and no impairments to investments or core 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 FY19 was broadly in accordance with the nbn Corporate Plan 2019. The guidance was provided on the basis of AASB15. Capex was measured on an accrued basis and excluded expenditure on spectrum and externally funded capex.
2. Total income excludes finance income.
3. Underlying EBITDA excludes one-off nbn DA receipts less nbn net C2C, and guidance adjustments.
4. In-year nbn headwind defined as the net negative recurring EBITDA impact on our business based on management best estimates.
5. Total dividends 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.

Building value and momentum in cost reduction

Building value

Mobile and fixed:
- Postpaid handheld revenue growth +1.2% in FY19. New plans launched focused on value and minimum monthly commitment growth in the base
- Increased fixed product pricing capturing more value in new plans
- IoT revenue growth +19.4% in FY19. Launched new products and solutions

Other products:
- NAS EBITDA margin increased to 15.5% in 2H19
- Global connectivity growth EBITDA +7.5% in FY19 on PCP (constant currency)
- Health growth revenue +36% and EBITDA +49% in FY19 on PCP

Improved customer experience

Episode NPS improvement +6

Strategic NPS improvement +3

TIO complaints reduced 20% in FY19 on PCP

Continuing growth in customer numbers

Multi-brand strategy led to:
- +378k retail postpaid handheld services added including +197k branded, +181k Belong
- +230k wholesale MVNO prepaid and postpaid services added

Added net new fixed services in FY19:
- +107k retail bundle and data services including +56 branded, +51k Belong
- +659k nbn connections with 49% estimated market share (excluding satellite) as at end of FY19

Momentum in cost reduction program

Achieved underlying fixed cost reduction target in FY19 with $456m or 6.0% cost out

$1.17b underlying fixed cost reduction achieved since FY16 – 47% of FY22 $2.5b target

Cost out achieved through simplification and digitisation across labour and other costs

T22

Our purpose is to build a connected future so everyone can thrive

Strategic pillars	Radically simplify our product offerings, eliminate customer pain points and create all digital experiences	Establish a standalone infrastructure business unit to drive performance and set up optionality post the nbn rollout	Greatly simplify our structure and ways of working to empower our people and serve our customers	Industry leading cost reduction program and portfolio management
Enabled by our up to $3b investment program	New digital platforms Australia's largest, fastest, safest, smartest and most reliable next generation network			

Delivering	Market leading customer experience	Simplified products, business and operating model	Extended network superiority and 5G leadership	Achieve Global High Performance Norm in employee engagement	Net cost productivity of $2.5bn by FY22	Post-nbn ROIC > 10%[1]

1. Post-nbn defined as FY23 and beyond on AASB16 basis

T22 Strategic pillars | Progress to date

Radically simplify our product offerings, eliminate customer pain points and create all digital experiences	Establish a standalone infrastructure business unit to drive performance and set up optionality post the nbn rollout	Greatly simplify our structure and ways of working to empower our people and serve our customers	Industry leading cost reduction program and portfolio management
Mass market: ▪ Reduced 1800 in market plans to 20 ▪ 1.3 million Smart Modem consumer customers ▪ Reduced contact centre calls by 22% in FY19 and by over 15m since FY16 ▪ Increased digital service interactions to 53.5%, more than doubled digital sales to 16.8% ▪ Introduced loyalty program – Telstra Plus **Small business:** Transformed products and service delivery model **Enterprise:** ▪ Reduced active plans by 21% to 517 ▪ Launched Connected Workplace, new wideband products and IoT Track and Monitor	▪ Telstra InfraCo established as standalone business unit with separate reporting ▪ SLA's established for major assets and services provided by Telstra InfraCo to the rest of Telstra ▪ Supported nbn to achieve their FY19 rollout targets ▪ Increased wholesale MVNO mobile services revenue by 6.3% in FY19 on PCP	▪ Removed on average 3 management layers and >25% management roles ▪ Announced ~6k direct FTE reduction and ~6k indirect FTE reduction ▪ Introduced Agile at scale ▪ Built new capabilities – software engineering and data analytics	▪ Total underlying fixed cost reduction achieved since FY16: $1.17b vs FY22 target $2.5b ▪ Portfolio management: – Restructured Telstra Ventures in July 2018 – Exited Ooyala in October 2018 – Sold Brisbane CBD exchange in June 2019 – Sold three non-core international data centres for ~$160m (subject to conditions precedent and completion)

We are making good progress in executing against our T22 strategy

We have built the platform for our T22 strategy

New digital platforms and capabilities	Network superiority and reliability	Next generation network and devices
▪ New mass market technology stacks stood up ▪ Digitised customer touchpoints e.g. Telstra Connect for Enterprise customers, Telstra 24x7 app ▪ Launched new quote API to provide real time communication with Wholesale customers ▪ Strengthened tech expertise – 70% of Agile teams level 3 Agile maturity ▪ Deployed new digital tools used to improve the customer experience across front line ▪ Piloted Console – single one stop customer service shop ▪ Reduced >170 processes removing >70k labour hours	▪ 93.6% of the population with double the original 4G speed ▪ >1m sq km more mobile network coverage than competitors ▪ Deployed gigabit-capable LTE footprint covering all CBD centres ▪ Activated one of the largest IoT enabled networks in the world ▪ Resiliency investments and focus have dropped customer impact hours by 76% since 2016 ▪ Established the platform for 5G	▪ 41% of new builds on SDN/NFV ▪ Deployed Next Gen Optical Transmission network to all 121 nbn POI's with automated rebuild and increased resiliency ▪ Launched Network as a Service (NaaS) platform ▪ Launched first common Network Function Virtualisation Infrastructure (NFVi) platform for scaling and efficiency

Over the last three years our $2.6 billion strategic investment has built the capabilities in digital and network that are the platform for our T22 strategy. This investment has delivered sustainable EBITDA benefits of >$500m

Leading into the 5G era

In the past year we've led the world with many of our 5G achievements

- 1st operator to launch 5G in the southern hemisphere and among the first globally
- Six world firsts on 5G and eight Australian firsts
- Now moving to next stage of 5G and preparing for 5G stand alone, mm wave, low band and 2nd generation chip sets

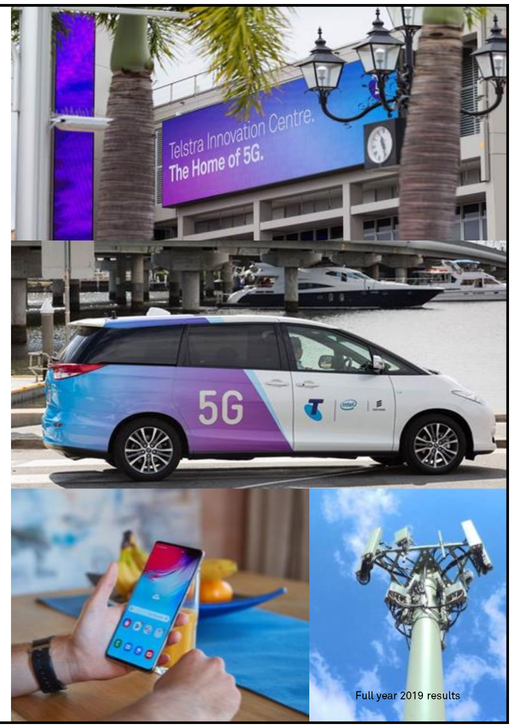
First in Australia with leading 5G devices

- Samsung Galaxy S10 5G, HTC Hub 5G, Oppo Reno 5G and LG V50 ThinQ

Rolling out 5G in major Australian capital cities (and selected regional centres)

- Current footprint focusses on 10 CBD locations and selected regional centres where more than 4 million people live, work or pass through every day
- By the end of FY20, we expect to increase our 5G coverage in area almost five-fold to reach at least 35 Australian cities

5G will bring incredible benefits to customers and mobile networks including supporting data growth at flat costs

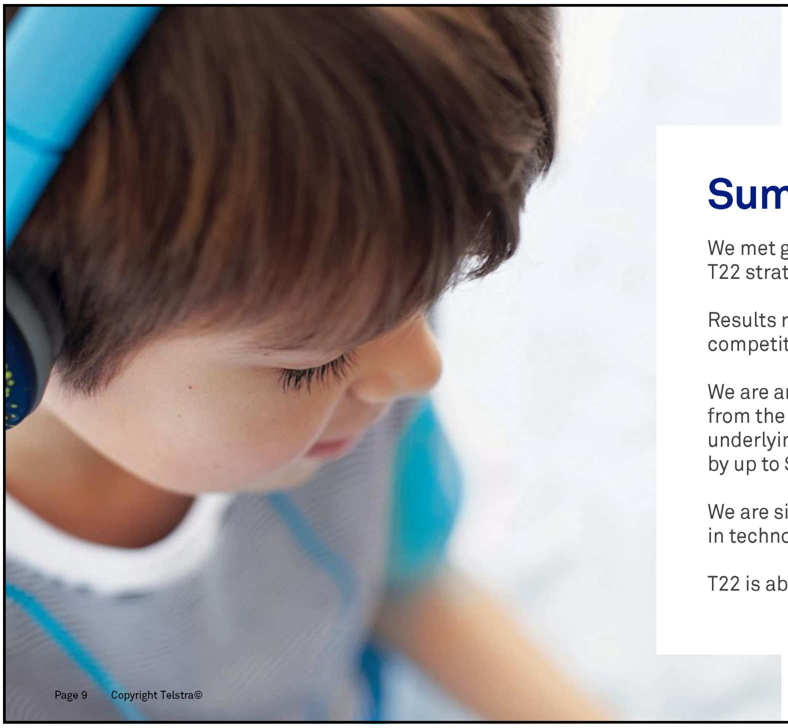


T22 strategy | Scorecard

	Customers	Simplification	Network	Employees	Cost reduction	Balance sheet
Outcomes	Market leading customer experience	Simplified products, business and operating model	Extended network superiority and 5G leadership	Achieve Global High Performance Norm in employee engagement	Net cost productivity of $2.5bn by FY22	Post-nbn ROIC > 10%[1]
Metrics & Measures	Increase NPS 3 to 6 points pa Double active 24x7 app users from 4m to 8m by FY22 – 6m active users by FY20 24% of Consumer & Small Business sales transactions through the digital channel by FY20 4,000 active Enterprise customers on Telstra Connect by FY20 Increase average services per customer Eliminate two thirds of mass market servicing calls by FY22 – one third by FY20 2m Telstra Plus members by FY20	Build and launch new digital technology stack in FY19 Complete Digitisation program with key products built on the new stack >3m services on in-market Consumer & Small Business plans by FY20 Simplify from ~1800 to ~20 active Consumer & Small Business plans Migrate all Consumer & Small Business customers to the new product range on the new digital technology stack by FY21 Rationalise 50% of Enterprise products by FY21 Reduce 2 to 4 management layers in the organisation 700 apps decommissioned or contained by FY20	Lead in all key industry network performance surveys from FY19 Network ready for 5G in H1 FY19 Full commercial deployment of 5G in capital cities, major regional centres and other high demand areas by FY20 Deliver 5x data growth at flat costs by FY21	80% of Agile teams at level 3 of Agile Maturity by FY20 1 quartile increase in ease of doing business management practices of Organisational Health Index (OHI) by FY20 Increase employee engagement score 10 points Reduce total FTE by 8,000 net by FY22	Net cost productivity – more than $1.5bn cumulatively delivered by FY20 Total costs will be flat or decline in each year from FY18 Absorb nbn CVC/AVC costs Labour cost to sales ratio to decline ~one third by FY22 Top quartile cost metrics for full-service telco by FY22	Underlying ROIC to improve from FY19 to FY22 Monetise assets of up to $2bn by FY20 Establish standalone infrastructure business unit with effect from 1 July 2018 High level SLA's for infrastructure business to be defined by 1 October 2018 and segment reporting by 31/12/18 Telstra InfraCo fully operational by June 19 EBITDA benefits of >$500m p.a. from $3bn strategic investment realised by FY21

New metric | Completed | Early progress/development | On track for delivery | Progress but below target metric | Below target metric

1. Post-nbn defined as FY23 and beyond on AASB16 basis



Summary

We met guidance and built strong momentum behind T22 strategy

Results reflected impact of nbn and intense competition – this will continue

We are around half way through negative headwind from the nbn and we expect momentum in our underlying business excluding this headwind to grow by up to $500m in FY20

We are sitting at an incredibly exciting inflection point in technology, telecommunications and for Telstra

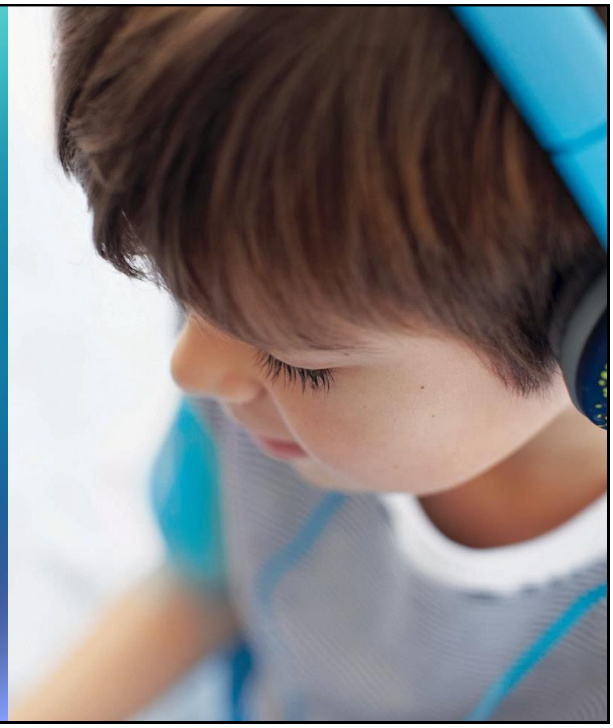
T22 is about positioning us in that world

Full year 2019 results

Vicki Brady – Chief Financial Officer

Agenda

- Group results
- nbn impact
- Product performance
- Free cashflow
- Capital position and dividends
- Accounting changes
- Guidance



Group results: income statement

Guidance basis[1]	FY18	FY19	CHANGE
Total income[2]	**$28.5b**	**$27.8b**	**-2.6%**
Operating expenses	$18.0b	$18.5b	2.4%
EBITDA excluding restructuring costs	**$10.6b**	**$9.4b**	**-11.4%**
Underlying EBITDA	**$8.7b**	**$7.8b**	**-11.2%**
Net one-off nbn DA less net C2C	$1.8b	$1.6b	-12.1%

Reported basis	FY18	FY19	CHANGE
Total income[2]	**$28.8b**	**$27.8b**	**-3.6%**
Impairments & M&A disposals	$0.3b	$0.6b	NM
Restructuring costs	$0.3b	$0.8b	NM
Operating expenses	**$18.6b**	**$19.8b**	**6.5%**
EBITDA	**$10.2b**	**$8.0b**	**-21.7%**
Depreciation and amortisation	$4.5b	$4.3b	-4.2%
EBIT	**$5.7b**	**$3.7b**	**-35.4%**
Net finance costs	$0.6b	$0.6b	7.1%
Income tax expense	$1.6b	$0.9b	-41.7%
NPAT	**$3.6b**	**$2.1b**	**-39.6%**
Basic earnings per share (cents)	**30.2**	**18.1**	**-40.1%**

Results in line with FY19 guidance[1] and expectations

Underlying EBITDA reduced ~$979m in FY19 incl.:
- **~ -$0.6b from recurring nbn headwind**
- **~ -$0.4b largely from declines in mobile** (incl. ~$200m out of bundle) **and Data&IP** offset by New Business & Global growth

Underlying EBITDA includes **$456m fixed cost** reduction

Impairments and restructuring costs, in addition to one-off income gains, excluded from guidance basis

FY19 EBITDA $8.0b reported basis reduced $2.2b in FY19 incl.:
- **~ -$1.0b from guidance adjustments** of higher restructuring and impairments as we execute T22
- **~ -$0.8b from nbn impacts:**
  - ~-$0.6b from recurring nbn headwind
  - ~-$0.2b due to lower one-off nbn receipts
- **~ -$0.4b underlying EBITDA excl. recurring nbn headwind**

1. This guidance assumed wholesale product price stability and no impairments to investments or core 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 FY19 was broadly in accordance with the nbn Corporate Plan 2019. The guidance was provided on the basis of AASB15.
2. Total income excludes finance income.

nbn impact on EBITDA

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

Recurring nbn headwind	FY16 - FY19	FY19	FY20 est.[1]
(+) Recurring nbn DA	+$0.4b	+$0.1b	~+$0.1b
(+) Reduction in legacy access network costs	+$0.3b	+$0.1b	~+$0.1b
(−) Network payments to nbn	-$1.3b	-$0.4b	~ -$0.5b
(−) Wholesale legacy earnings decline	-$0.6b	-$0.2b	~ -$0.3b
(−) Retail decline **attributable to nbn** across Fixed & Data&IP	-$0.5b	-$0.2b	~ -$0.3b
Total recurring nbn headwind	**-$1.7b**	**-$0.6b**	**~ -$0.8 to -$1.0b**

As at end FY19, we estimate we have now absorbed around 50%[1] of the total headwind expected when migration to the nbn is complete.

In addition, there are **one-off impacts** of the nbn:

One-off nbn impact	FY13 – FY19	FY19	FY20 est.[1]
(+) PSAA and ownership receipts for transitioning to nbn	+$7.0b	+$2.0b	
(−) net one-off costs of migrating to the nbn	-$1.4b	-$0.4b	
Total net one-off nbn DA less net C2C	**+$5.6b**	**+$1.6b**	**$1.6b - $2.0b**

From 1 July 2019 until end of nbn migration, net one-off nbn DA forecast at ~$3b pre-tax.[1]

1. Impact based on management best estimates including key input of the nbn Corporate Plan 2019.

Group results: income by product

	FY18	FY19 change $m	FY19		
Mobile	$10,380m	165	$10,545m	1.6%	Postpaid handheld +1%; Hardware $283m growth offset Prepaid/MBB weakness
Fixed excl. one-off nbn C2C[1]	$5,819m	-543	$5,276m	-9.3%	Flat bundle/FBB revenue with -26% standalone voice & -20% wholesale revenue
Recurring nbn DA[2]	$642m	142	$784m	22.1%	Growth reflects nbn™ network rollout
Data & IP	$2,556m	-198	$2,358m	-7.7%	IPVPN ARPU pressure and accelerated ISDN decline
NAS	$3,627m	-150	$3,477m	-4.1%	2% growth excl. nbn commercial works and shift to higher annuity mix
Global connectivity[3]	$1,584m	121	$1,705m	7.6%	Mix shift to more profitable products; +2.1% growth in constant currency
Other[4]	$1,452m	-77	$1,375m	-5.3%	Lower Foxtel from Telstra and cable revenue
New business[5]	$200m	-32	$168m	-16.0%	Strong Health growth of $35m, offset by Ooyala sale
Underlying	**$26,260m**	**-572**	**$25,688m**	**-2.2%**	**Underlying income decline $572m or -2.2%**
One-off nbn DA and connection	$2,282m	-166	$2,116m	-7.3%	Decline on lower nbn disconnections vs PCP
Guidance basis[6]	**$28,542m**	**-738**	**$27,804m**	**-2.6%**	**Guidance basis income decline $738m or -2.6%**
Guidance adjustments	$299m	-296	$3m	NM	
Total Reported	**$28,841m**	**-1,034**	**$27,807m**	**-3.6%**	**Reported income decline $1,034m or -3.6%**

1. Fixed excludes one-off nbn connection income FY19 $106m (FY18 $113m) and includes TUSOPA income FY19 $159m (FY18 $167m). One-off nbn connection income included in one-off nbn DA and connection.
2. Recurring nbn DA restated to include ISA power.
3. Global connectivity includes other income FY19 $5m (FY18 $15m).
4. Other includes media, nbn commercial works (sale of assets), M&A, and miscellaneous.
5. New business includes Telstra Health and Ooyala.
6. Refer to Full Year Results and Operations Review – guidance versus reported results reconciliation schedule.

Group results: operating expenses[1]

	FY18	FY19 change $m	FY19	
Sales costs - nbn payments	$941m	410	$1,351m	43.6%
Sales costs - other	$7,184m	296	$7,480m	4.1%
Fixed costs - underlying[2]	$7,561m	-456	$7,105m	-6.0%
Fixed costs - other[3]	$1,878m	133	$2,011m	7.1%
One-off nbn DA and nbn C2C	$445m	58	$503m	13.0%
Guidance basis[4]	**$18,009m**	**441**	**$18,450m**	**2.4%**
Restructuring	$286m	515	$801m	NM
Other guidance adjustments	$327m	257	$584m	NM
Total reported	**$18,622m**	**1,213**	**$19,835m**	**6.5%**

Sales costs increased including:
- nbn™ network payments +$410m
- Other +$296m mostly mobile hardware plus NAS & Global

Underlying fixed costs decreased $456m in FY19 with ongoing productivity including ~6k direct FTE reduction with 4.86k reported reduction in FY19

~**$1.17b productivity** achieved since FY16 **and on track for $2.5b** cumulative by FY22

Fixed cost reduction to accelerate in FY20 with $660m target

Total operating expense rate of growth has continued to slow, **with growth of 1.9% in 2H vs 3.0% in 1H** excluding restructuring costs and guidance adjustments

In FY20, we expect total operating expenses excluding restructuring costs and impairments to decline, with reductions in underlying fixed to offset increased nbn™ network payments and other variable costs

AASB16 leases adoption will result in $450m of rent costs shifting out of Fixed costs – underlying to below EBITDA in FY20

1.Restated due to accounting changes and review of fixed costs - underlying and other inclusions. Sales and fixed costs exclude costs associated with one-off nbn DA and nbn cost to connect (C2C).
2.Fixed costs - underlying was ~$8.3b in FY16 and targeted to decline by our net cost productivity target of $2.5b by FY22.
3.Fixed costs - other includes items supporting revenue growth including relevant NAS costs, mobile lease, and product impairment.
4.Refer to Full Year Results and Operations Review – guidance versus reported results reconciliation schedule

Group results: EBITDA by product[1]

	FY18	FY19 change $m	FY19		
Mobile	$3,921m	-342	$3,579m	-8.7%	Service revenue and hardware margin decline offset by lower fixed cost
Fixed excl. net one-off nbn C2C[2,3]	$2,042m	-636	$1,406m	-31.1%	Includes revenue declines in high margin products, growing nbn AVC/CVC payments, partially offset by productivity
Recurring nbn DA	$579m	152	$731m	26.3%	
Data & IP	$1,642m	-149	$1,493m	-9.1%	Reflects declining high margin products incl. ISDN and pricing pressure in IPVPN
NAS	$365m	-34	$331m	-9.3%	NAS decline due to nbn commercial works and contract timing FY19 margins of 9.5%; remain committed to mid-teens at maturity
Global connectivity	$293m	37	$330m	12.6%	Global connectivity improvement from focus on profitable products
Other[4]	$49m	-100	-$51m	NM	Decline includes corporate adjustments, bond rate, and miscellaneous
New business[5]	-$159m	93	-$66m	+58.5%	Strong Health improvement; Ooyala sale
Underlying	**$8,732m**	**-979**	**$7,753m**	**-11.2%**	**Underlying decline ~$1b or ~$400m excluding nbn headwind**
Net one-off nbn DA less net C2C[3]	$1,836m	-223	$1,613m	-12.1%	Decline on lower nbn connections and higher C2C
Guidance basis[6]	**$10,568m**	**-1,202**	**$9,366m**	**-11.4%**	**Guidance EBITDA decline -$1.2b or -11.4%**
Restructuring	-$286m	-515	-$801m	NM	Increased restructuring costs for T22 initiatives
Other guidance adjustments	-$85m	-496	-$581m	NM	Includes impairments and M&A disposals
Total Reported	**$10,197m**	**-2,213**	**$7,984m**	**-21.7%**	**Reported EBITDA decline -$2.2b or -21.7%**

1. Product EBITDA restated due to accounting changes and review of fixed cost allocation methodologies to products. Mobile & fixed restated to include International network costs previously included in Other.
2. Fixed includes TUSOPA income FY19 $159m (FY18 $167m).
3. Fixed excludes one-off nbn C2C net of connection income FY19 $362m (FY18 $284m) represented against net one-off nbn DA less net C2C. This includes one-off nbn connection income FY19 $106m (FY18 $113m) and one-off nbn cost to connect (C2C) FY19 $468m (FY18 $397m).
4. Other includes media, nbn commercial works (sale of assets), and miscellaneous.
5. New business includes Telstra Health and Ooyala.
6. Refer to Full Year Results and Operations Review – guidance versus reported results reconciliation schedule.

Group results: free cashflow

FY19 change $m

	FY18	FY19 change $m	FY19
EBITDA – reported basis	$10,197m	-2,213	$7,984m
Working capital movement[1]	$531m	-820	-$289m
Tax paid	-$1,521m	565	-$956m
Capex (excl. Spectrum & Investment)	-$4,819m	478	-$4,341m
Other incl. non-cash EBITDA items[2]	$485m	303	$788m
Free cashflow – guidance basis[3]	**$4,873m**	**-1,687**	**$3,186m**
Guidance adjustments	-$178m	60	-$118m
Free cashflow – reported basis	**$4,695m**	**-1,627**	**$3,068m**

Free cashflow declined due to lower EBITDA including restructuring and increased working capital partially offset by lower cash capex and tax paid

Guidance free cashflow of $3.2b vs $3.1b to $3.6b[4] guidance

FY19 accrued capex on guidance basis of $4,140m or 17.0% capex to sales[4]

FY20 accrued capex guidance range of $2.9b to $3.3b[5] as strategic investment rolls into BAU (refer to FY20 guidance slide)

Working capital movement of -$0.3b in FY19 largely due to nbn receivables

Working capital improved in the second half through improvements in inventory and stock management

Other including non-cash EBITDA items include non-cash items in EBITDA (incl. impairment) and net proceeds on disposals

1. Working capital movement from operating activities.
2. Includes net investments, interest received, proceeds from lease assets, proceeds on disposal, and non-cash EBITDA items (including impairments and gain on disposal of PP&E).
3. Refer to Full Year Results and Operations Review – guidance versus reported results reconciliation schedule. Guidance adjustments include M&A disposals and spectrum.
4. This guidance assumed wholesale product price stability and no impairments to investments or core 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 FY19 was broadly in accordance with the nbn Corporate Plan 2019. The guidance was provided on the basis of AASB15. Capex was measured on an accrued basis and excluded expenditure on spectrum and externally funded capex.
5. Capex is measured on an accrued basis and excludes expenditure on spectrum and externally funded capex and capitalised leases under AASB16 leases.

Group results: dividends

	FY18	FY19	CHANGE
Earnings per share			
Basic earnings per share (cents)	30.2	18.1	-40.1%
Underlying basic earnings per share (cents)[1]	21.7	17.0	-21.7%
Dividends (fully-franked)			
Ordinary dividend	15.0	10.0	-33.3%
Special dividend	7.0	6.0	-14.3%
Total dividends	**22.0**	**16.0**	**-27.3%**
Payout Ratios[3]			
Ordinary dividend of underlying earnings[3]	69%	59%	
Special dividend of net one-off nbn receipts	65%	63%	
Total dividends of earnings per share[3]	**73%**	**88%**	

FY19 total dividends of 16 cents per share (cps) fully franked, including total ordinary dividends of 10cps and total special dividends of 6cps

Final dividend of 8cps fully franked, including ordinary dividend of 5cps and special dividend of 3cps

2H19 dividends consistent with 1H19

FY19 ordinary dividend payout of underlying' earnings[1,2] below indicative 70% to 90% range with the board taking into account capital management framework

64% of cumulative net one-off nbn™ receipts received life to date[4] returned via fully-franked special dividends[1,2]

Overall FY19 dividend payout ratio of 88%

Underlying earnings excludes restructuring costs, impairments and guidance adjustments as well as net one-off nbn receipts[1]

Remain committed to capital management framework including maintaining balance sheet settings consistent with an A band credit rating

1. Underlying earnings is defined as NPAT from continuing operations excluding net one-off nbn receipts and guidance adjustments. Guidance adjustments include one-off restructuring costs, impairments in and to investments or property, plant and equipment and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. "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. FY19 underlying earnings were $2,019m (FY18 $2,582m), net one-off nbn DA receipts less nbn net C2C less tax were $1,129m (FY18 $1,285m), and total guidance adjustments less tax and non-controlling interest were -$994m (FY18 -$276m).
2. The dividend is subject to no unexpected material events, and is subject to Board discretion having regard to financial and market conditions, business needs and maintenance of financial strength and flexibility consistent with Telstra's capital management framework.
3. FY18 payout ratios have been restated consistent with restatement of earnings based on AASB15 and underlying earnings definition. Ordinary dividend payout ratio including guidance adjustments was 116% in FY19 (77% FY18).
4. "Life to date" defined as since beginning FY18 and implementation of new dividend policy with restated earnings based on AASB15.

Capital position

		FY18	1H19	FY19
Gross debt[1]		$15.4b	$16.4b	$15.3b
Cash and cash equivalents		$0.6b	$0.5b	$0.6b
Net debt		$14.7b	$15.8b	$14.7b
Average gross borrowing costs[2]		4.9%	4.9%	4.9%
Average debt maturity (years)		4.3	3.7	4.1
Financial parameters[3]	**Comfort Zones**			
Debt servicing	1.3 - 1.8x	1.5x	1.7x	1.8x
Gearing	50% to 70%	50.2%	52.2%	50.3%
Interest cover	>7x	14.0x	11.2x	10.5x
Ratios				
Capex to sales[4]		18.9%	19.3%	17.0%
ROE[5]		25.0%	17.0%	14.8%
ROIC[6]		13.4%	9.7%	8.8%
Underlying ROIC[6]		10.0%	8.3%	8.4%

Gross and net debt were broadly flat year on year

AASB16, the leasing standard, will be implemented in FY20 and see operating lease commitments move onto the balance sheet
Although not an economic change, with no impact on credit quality, we estimate the implementation to increase our net debt in the range of ~$3.6b to $3.8b[7]

Average gross borrowing costs remain flat

Financial parameters remain within our comfort zones. Comfort zones will be recalibrated from FY20 under the new AASB 16 leases reporting framework effective from 1 July 2019. On an adjusted basis excluding restructuring costs from EBITDA our debt servicing would be 1.7 times at 30 June 2019

Underlying ROIC not expected to improve in FY20
Target post-nbn ROIC >10%[8]

1. Represents position after hedging based on accounting carrying values. Gross debt comprises borrowings and derivatives.
2. Represents gross interest cost on gross debt.
3. Debt servicing calculated as net debt over EBITDA. Gearing calculated as net debt over total net debt and equity. Interest cover calculated as EBITDA over net interest expense (excluding capitalised interest and revaluation impacts on our borrowings and derivatives).
4. Capex was measured on an accrued basis and excluded expenditure on spectrum and externally funded capex.
5. ROE is calculated at PATMI as a percentage of equity.
6. ROIC calculated as NOPAT as a percentage of total capital. Underlying ROIC calculated as NOPAT excluding net one-off nbn DA less C2C and guidance adjustments less tax as a percentage of total capital. Guidance adjustments include one-off restructuring costs, impairments in and to investments or property, plant and equipment and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. Historical numbers restated based on updated definition and - underlying ROIC including guidance adjustments 5.0% (FY18 9.1%)
7. This estimate is illustrative only and actual impacts will depend on final accounting interpretations and assumptions. See 'AASB16 "leases" FY19 Proforma & FY20 indicative impacts" slide
8. Post-nbn defined as FY23 and beyond on AASB16 basis

Key areas of focus to deliver value

Executing our T22 strategy including delivery of $2.5b cost-out

Free cashflow including working capital, capex discipline and returns

Building value including:
- Mobile – Lifting transacting MMC with new plans and 5G
- Fixed - improving nbn resale economics
- Data & IP – optimising infrastructure investment, differentiation, and next-generation product innovation
- NAS – achieving mid-teens margins

Growth opportunities including through 5G, IoT, Global Connectivity, Infrastructure and Health

AASB16 "Leases" FY19 Proforma & indicative impacts

FY19[1]	Actual FY19	Rent/other leases	Management & Guidance Proforma	Mobile Swap	Statutory Proforma FY19
Operating expenses	$19.8b	-$0.45b	$19.4b	-$0.6b	$18.8b
Underlying EBITDA	**$7.8b**	**+$0.45b**	**$8.2b**	**+$0.6b**	**$8.8b**
Net one-off nbn DA	$1.6b		$1.6b		
Guidance adjustments[2]	-$1.4b		-$1.4b		
Reported EBITDA	**$8.0b**	**+$0.45b**	**$8.4b**	**+$0.6b**	**$9.0b**
D&A	$4.3b	+$0.44b	$4.7b	+$0.6b	$5.5b
EBIT	$3.7b	-$22m	$3.7b	-	$3.7b
Net finance	$0.6b	+$83m[3]	$0.7b	-	$0.7b
NPBT	$3.1b	-$61m	$3.0b	-	$3.0b

AASB16 leases statutory impacts
- No Income impact
- Reduction in opex as lease costs move below EBITDA
- On balance sheet, right-of-use assets and lease liability recognised (PV of lease payments). We estimate the implementation to increase **our net debt in the range of ~$3.6b to $3.8b[4]**
- P&L impacts are deprecation on ROU asset and interest expense on the lease liability within finance costs.
- In cash flow statement, operating cash flow increases as lease expense moves to financing costs

Management reporting and basis for FY20 guidance
- Mobile Swap lease depreciation only will be treated as an operating expense. This will provide a transparent view of operating performance without the noise from mobile lease exit
- Mobile lease commitments expected to roll-off in FY20 and FY21 following exit of new sales from June 2019. Mobile Swap depreciation expense expected at ~$460m in FY20, <$100m in FY21, and ~$0 in FY22
- Management and Statutory view to converge by FY22
- Free cashflow defined as after operating lease payments
- Management & Guidance FY19 Proforma Product EBITDA detail in Appendix

1. Impacts shown are based on a projection of current lease portfolios and provided to give a directional sense of the quantum. Actual impacts may differ from numbers shown.
2. Refer to Full Year Results and Operations Review – guidance versus reported results reconciliation schedule.
3. Finance costs also relate to mobile swap.
4. This estimate is illustrative only and actual impacts will depend on final accounting interpretations and assumptions

FY20 guidance

	FY19	FY20 guidance[1] Based on new accounting standards
Total income[2]	$27.8b	$25.7b to $27.7b
Underlying EBITDA[3] - Included in-year nbn headwind[4]	**$8.2b**	**$7.3b to $7.8b** ~-$0.8 to ~-$1.0b
Net one-off nbn DA receipts less nbn net C2C	$1.6b	$1.6b to $2.0b
Restructuring costs	$0.8b	~$0.3b
Capex	**$4.1b**	**$2.9b to $3.3b**
Free cashflow after operating lease payments[5,6]	**$3.1b**	**$3.4b to $3.9b**

	Range	
FY20 Underlying EBITDA movement	-$0.9b	-$0.4b
Excluding approximate in-year nbn headwind	$0.9b	$0.9b
Growth ex-nbn headwind	$0b	+$0.5b

1. This guidance assumes wholesale product price stability and no impairments in and to investments or property, plant and equipment and intangible 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 FY20 is broadly in accordance with the nbn Corporate Plan 2019. Guidance is provided on the basis of AASB16 Leases and assumes impacts consistent with management estimates and current interpretation of the standard. Capex is measured on an accrued basis and excludes expenditure on spectrum and externally funded capex and capitalised leases under AASB16 Leases.
2. Excluding finance income.
3. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C, guidance adjustments and includes amortisation of mobile operating lease costs.
4. In-year nbn headwind defined as the net negative recurring EBITDA impact on our business based on management best estimates including key input of the nbn Corporate Plan 2019.
5. FY20 free cashflow defined as operating cash flows less investing cash flows less operating leases (reported in financing cash flow under AASB16 Leases).
6. FY20 free cashflow guidance includes ~$1b working capital increase including from exit of mobile lease plans, remaining outflows from restructuring costs announced in May 2019, and an increase in nbn receivables

Appendix

Telstra at a glance

Telstra is Australia's leading telecommunications and technology company
Our purpose is to build a connected future so everyone can thrive

Size and scale

1.3m shareholders

A$47b market capitalisation

Public ASX20 company

#398 on Forbes' Global 2000

A-/A2 investment grade rating from S&P and Moody's

Awarded Australia's most valuable brand by Brand Finance Australia 2019

Customers and people

18.3m retail mobile services

3.7m retail bundle and data services

~350 retail stores around Australia

We operate in 20+ countries and territories outside of Australia

We directly employ more than 29,000 people

Leading in sustainability

Helped around one million customers in vulnerable circumstances to stay connected

One of three Australian companies to be included in CDP's 2018 Climate A List

Provided digital capability training to almost 36,000 people

Capital management framework

Fiscal discipline			
Objectives	Maximise returns for shareholders	Maintain financial strength	Retain financial flexibility
Principles	1. Committed to balance sheet settings consistent with an A band credit rating 2. Pay fully-franked ordinary dividend of 70-90% of underlying earnings[1,3] 3. Target capex/sales ratio of ~14% excluding spectrum from FY20[4] 4. Maintain flexibility for portfolio management and 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]			

1. Underlying earnings is defined as NPAT from continuing operations excluding net one-off nbn receipts (as defined in footnote 2) and guidance adjustments. Guidance adjustments include one-off restructuring costs, impairments in and to investments or property, plant and equipment and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum.
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. The dividend is subject to no unexpected material events, and is subject to Board discretion having regard to financial and market conditions, business needs and maintenance of financial strength and flexibility consistent with Telstra's capital management framework.
4. Capex is measured on an accrued basis and excludes expenditure on spectrum and externally funded capex and capitalised leases under AASB16 Leases.

T22 strategy | measuring progress

Outcomes		Metrics & Measures	FY19 progress
Customers	Market leading customer experience	• Increase NPS 3 to 6 points pa • Double active 24x7 app users from 4m to 8m by FY22 – 6m active users by FY20 • Increase average services per customer • Eliminate two thirds of mass market servicing calls by FY22 – one third by FY20	• Group Episode NPS (3MMA) improvement of 6 points against FY18 and 4 points against 1H19 • Group Strategic NPS (3MMA) improvement of 3 points against FY18 and unchanged against 1H19 • >600k members of our Loyalty Program Telstra Plus as at end of FY19 • 4m active Telstra 24x7 app users, consistent with FY18. Depth of engagement increased substantially with transaction volumes in the app up 65% • Telstra Connect platform available to >6k Enterprise customers (1.3k active Enterprise customers in three months to June 2019) and over time will combine >50 active portals • Average services per customer 2.4 (up from 2.3 at end of FY18) • Total mass market servicing calls to contact centres 28.1m at end of FY19 (FY18 35.8m)
Simplification	Simplified products, business and operating model	• Build and launch new digital technology stack in FY19 • Simplify from ~1800 to ~20 active Consumer & Small Business plans • Migrate all Consumer & Small Business customers to the new product range on the new digital technology stack by FY21 • Rationalise 50% of Enterprise products by FY21 • Reduce 2 to 4 management layers in the organisation • 700 apps decommissioned or contained by FY20	• C&SB digital sales increased to 16.8% (FY18 6.2%) • C&SB digital service interactions increased to 53.5% (FY18 39.5%) • Active in-market C&SB plans reduced to 20 • Released an update of Connected Workplace that enables nbn access, the addition of Mobile Add On and trial of the offer into the Business Plus customer segment • Delivered our FY19 Enterprise products cease sale target, reducing our active products by 21% from 651 in FY18 to 517 in FY19 • Simplified and flattened structure removing on average 3 management layers • Removed more than one in four management and executive roles exceeding target • Cumulative 620 apps decommissioned or contained to June 2019
Network	Extended network superiority and 5G leadership	• Lead in all key industry network performance surveys from FY19 • Network ready for 5G in H1 FY19 • Full commercial deployment of 5G in capital cities, major regional centres and other high demand areas by FY20 • Deliver 5x data growth at flat costs by FY21	• "Best in Test" P3 survey 2018 and Systemics survey 2017-2018 ranking us as Australia's best mobile operator • "Fastest Mobile Network" Ookla® Speedtest® 2015-2018 Q1-Q2 • Ranked #1 for Netflix Speed Index from February 2018 to July 2019 (18 months running) • ACCC Fixed Broadband survey methodology under discussion • Added 252 new mobile sites and upgraded 1,188 • Regional: delivered >600 Blackspots sites (target >780 sites) • 300 5G mobile sites with footprint in all major capital cities and selected regional areas • 41% of new network investment on SDN/NFV

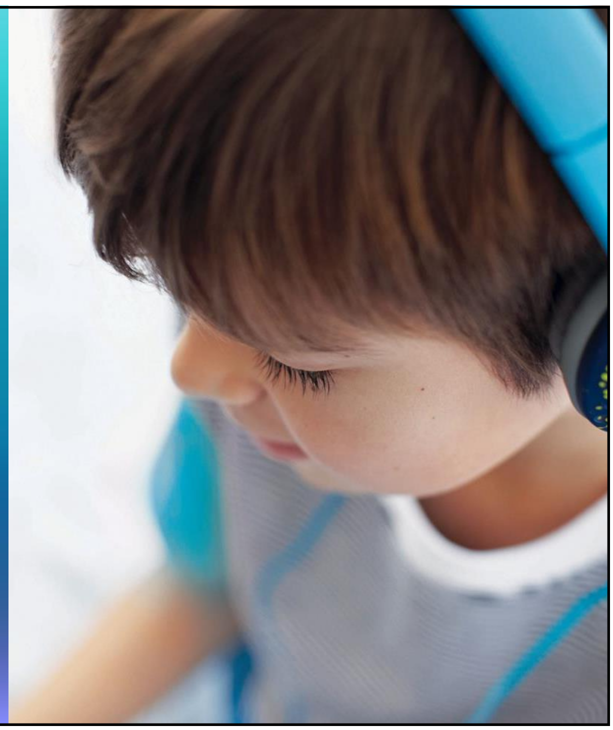
T22 strategy | measuring progress

Outcomes		Metrics & Measures	FY19 progress
Employees	**Achieve Global High Performance Norm in employee engagement**	• 80% of Agile teams at level 3 of Agile Maturity by FY20 • 1 quartile increase in ease of doing business management practices of Organisational Health Index (OHI) by FY20 • Increase employee engagement score 10 points • Reduce total FTE by 8,000 net by FY22	• 70% of Agile teams at level 3 Agile maturity exceeding the internal FY19 target • FY19 employee engagement score of 67 (FY18 74) • Announced ~6k direct FTE reduction to date with 4.86k reduction in FY19
Cost reduction	**Net cost productivity of $2.5bn by FY22**	• Net cost productivity – more than $1.5bn cumulatively delivered by FY20 • Total costs will be flat or decline in each year from FY18 • Absorb nbn CVC/AVC costs • Labour cost to sales ratio to decline ~one third by FY22 • Top quartile cost metrics for full-service telco by FY22	• Delivered cumulative net reduction in underlying fixed costs of ~$1.17bn LTD • $456m net cost reduction achieved in FY19 on a reported basis. Measured on like-for-like basis as Executive Variable Remuneration Plan (EVP), cost reduction of $453m exceeded FY19 EVP target of $438m • FY19 total operating expenses $18.4bn increased on a guidance basis and excluding restructuring costs (FY18 $18.0bn) • FY19 nbn AVC/CVC costs increased $410m on PCP to $1.4bn • FY19 Labour cost to sales ratio 18.0% reduced 1.2pp on PCP. FY18 19.2% after restatement for accounting standards
Balance sheet	**Post-nbn ROIC > 10%[1]**	• Underlying ROIC to improve from FY19 to FY22 • Monetise assets of up to $2bn by FY20 • Establish standalone infrastructure business unit with effect from 1 July 2018 • High level SLA's for infrastructure business to be defined by 1 October 2018 and segment reporting by 31/12/18 • Telstra InfraCo fully operational by June 2019 • EBITDA benefits of >$500m p.a. from $3bn strategic investment realised by FY21	• FY19 $148m total proceeds from asset monetisation including Telstra Ventures transaction, disposal of Orion Health Group Ltd and sale of Brisbane CBD exchange. Sold three non-core international data centres for ~$160m in August 2019 (subject to conditions precedent and completion) • Telstra InfraCo established as a standalone business unit and separate reporting segment • SLA's established for major assets and services provided by Telstra InfraCo to the rest of Telstra • Telstra InfraCo supported nbn to achieve their FY19 rollout targets • Telstra InfraCo now fully operational • EBITDA benefits of >$500m now delivered from up to $3bn strategic investment

1. Post-nbn defined as FY23 and beyond on AASB16 basis

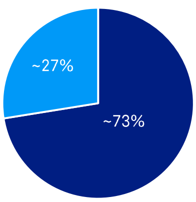
Supporting material

- Telstra InfraCo
- Product detail & operating expenses
- nbn DA income
- Segment results
- Historical and proforma information



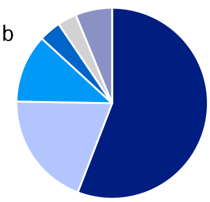
Telstra InfraCo

	FY18 proforma[1]	FY19[1]	CHANGE
Income	$5,437m	$4,948m	-$489m
EBITDA by product:			
Recurring nbn DA	$579m	$724m	$145m
Mobile	$335m	$343m	$8m
Fixed excl. nbn C2C	$1,216m	$979m	-$237m
Data & IP and NAS	$916m	$768m	-$148m
Global connectivity	$144m	$152m	$8m
Other[2]	$165m	$226m	$61m
EBITDA	**$3,355m**	**$3,192m**	**-$163m**



FY19 EBITDA $3.2b

- Long term
- Legacy and nbn network related



FY19 assets $10.8b

- Ducts, pipes and fibre $6.0b
- Exchanges $2.1b
- Subsea cables $1.2b
- Copper and HFC $0.4b
- Data centres $0.3b
- Other $0.7b

Telstra InfraCo fully operational on 30 June 2019, after being established as a standalone business unit on 1 July 2018

FY19 Telstra InfraCo income and EBITDA includes growth from recurring nbn DAs and mobile. This was outweighed by expected declines from Telstra Wholesale fixed legacy, nbn commercial works, and internal access charges due to declines in fixed legacy

Proportion of recurring or long term FY19 Telstra InfraCo EBITDA increased to ~73% (vs ~67% FY18 proforma EBITDA)

Legacy earnings to remain under pressure - FY19 Fixed excl. nbn C2C EBITDA includes ~$0.5b related to legacy copper products. Other legacy includes nbn commercial works which is included in Data & IP and NAS

FY19 Telstra InfraCo $10.8b assets down $0.3b from 30 June 2018 due to ongoing depreciation of copper and HFC assets

FY19 includes $1.89b income and $0.87b EBITDA from internal access charges

1. FY19 includes income of ~$1,891m (FY18 $2,174m) and EBITDA ~$871m (FY18 $937m) for internal access charges.
2. Other includes nbn commercial works (sale of assets) and asset charges to other products including media.

Product performance: Mobile

	FY18	FY19	CHANGE
Revenue	$10,380m	$10,545m	1.6%
Mobile services	$7,557m	$7,439m	-1.6%
- Postpaid handheld	$5,233m	$5,294m	1.2%
- Prepaid handheld	$958m	$829m	-13.5%
- Mobile broadband	$783m	$673m	-14.0%
- Internet of things (IoT)	$170m	$203m	19.4%
- Other[1]	$413m	$440m	6.5%
Hardware[2]	$2,823m	$3,106m	10.0%
EBITDA[3] Margin	$3,921m 37.8%	$3,579 33.9%	-8.7% -3.9pp
Customers – retail	17.7m	18.3m	3.5%
Postpaid handheld mobile SIOs	7,866k	8,244k	4.8%
Internet of things (IoT) SIOs	2,571k	3,132k	21.8%
Postpaid handheld ARPU	$56.53	$54.77	-3.1%
Postpaid handheld churn	10.9%	11.8%	+0.9pp

Mobile revenue growth from hardware offset by prepaid handheld and mobile broadband weakness. Postpaid handheld SIO growth offset ARPU decline

Postpaid handheld net add momentum with +378k incl. +181k Belong. Postpaid churn largely stable excluding Belong

Postpaid handheld ARPU declined 3.1% due to ~$200m lower out of bundle (OoB) revenue and Minimum Monthly Commitment (MMC) declines

ARPU declines expected to continue into FY20 due to:
- ~$200m OoB revenue decline in FY20 (of remaining ~$300m)
- Underlying MMC decline as FY19 competition washes through
- Accounting for loyalty and new T22 plans launched in June (which has the impact of moving service revenue to hardware revenue)

Prepaid handheld revenue decline due to lower ARPU, competition and migration to postpaid, Belong and wholesale

Mobile broadband revenue decline due to both post and prepaid SIO and ARPU decline

IoT grew 19.4% with continued strong SIO growth

Prepaid and postpaid MVNO net adds of 230k and services revenue increased 6.3% to $201m

Sports live pass users 3 million across AFL, NRL, FFA, and Netball

EBITDA declined due to lower service revenue, hardware margin decline including lease, offset by fixed cost reduction

1. Other includes wholesale, satellite and interconnection.
2. Hardware revenue includes lease revenue FY19 $481m (FY18 $309m).
3. Restated to include International network costs.

Product performance: Mobile (2H)

	2H18	1H19	2H19	CHANGE vs PCP	CHANGE vs 1H19
Revenue	$5,211m	$5,291m	$5,254m	0.8%	-0.7%
Mobile services	$3,764m	$3,780m	$3,659m	-2.8%	-3.2%
- Postpaid handheld	$2,624m	$2,665m	$2,629m	0.2%	-1.4%
- Prepaid handheld	$465m	$448m	$382m	-17.8%	-14.7%
- Mobile broadband	$367m	$350m	$323m	-12.0%	-7.7%
- Internet of things (IoT)	$97m	$99m	$104m	7.2%	5.1%
- Other[1]	$211m	$218m	$222m	5.2%	1.8%
Hardware[2]	$1,447m	$1,511m	$1,595m	10.2%	5.6%
EBITDA[3] Margin	$1,928m 37.0%	$1,851m 35.0%	$1,728m 32.9%	-10.4% -4.1pp	-6.6% -2.1pp
Customers – retail	17.7m	18.0m	18.3m	3.5%	2.1%
Postpaid handheld mobile SIOs	7,866k	8,105k	8,244k	4.8%	1.7%
Internet of things (IoT) SIOs	2,571k	2,832k	3,132k	21.8%	10.6%
Postpaid handheld ARPU	$56.22	$55.62	$53.60	-4.7%	-3.6%
Postpaid handheld churn	11.2%	12.0%	11.9%	+0.7pp	-0.1pp

Mobile revenue grew in 2H mostly due to hardware growth offsetting prepaid handheld and mobile broadband weakness. In postpaid handheld SIOs growth offset ARPU weakness

Postpaid handheld net add momentum continued in 2H19 with +139k incl. +66k Belong. Postpaid churn largely stable excluding Belong

Postpaid handheld ARPU declined 4.6% due to both out of bundle (OoB) and Minimum Monthly Commitment (MMC) declines

ARPU declines expected to continue into FY20

Prepaid handheld unique users increased in 2H however **revenue declined** due to lower ARPU

Mobile broadband revenue decline due to both post and prepaid SIO and ARPU decline

Wholesale net adds of +105k

EBITDA declined due to lower service revenue, hardware margin decline including lease, offset by fixed cost reduction

1. Other includes wholesale, satellite and interconnection.
2. Hardware revenue includes lease revenue 2H19 $250m (1H19 $231m, 2H18 $185m).
3. Restated to include International network costs.

Product performance: Fixed

	FY18	FY19	CHANGE
Revenue[1]	$5,765m	$5,223m	-9.4%
Bundles & standalone data	$3,300m	$3,290m	-0.3%
Standalone voice	$1,186m	$881m	-25.7%
Other retail fixed[2]	$269m	$247m	-8.2%
Total retail fixed	$4,755m	$4,418m	-7.1%
Wholesale	$1,010m	$805m	-20.3%
Retail Fixed EBITDA (incl. net C2C)[3] –Margin	$1,291m 27.2%	$790m 17.9%	-$502m -9.3pp
Net one-off nbn cost to connect (C2C)	$284m	$362m	+$78m
nbn™ network payments	$941m	$1,351m	+$410m
Bundle & standalone data SIOs	3,599k	3,706k	+3.0%
Standalone voice SIOs	1,954k	1,412k	-27.7%
Bundle & standalone data ARPU/mth	$77.37	$75.07	-3.0%

Fixed market continued to be impacted by nbn migration, competition, voice and legacy decline

FY19 retail bundles & data net adds of +107k incl. +51k Belong. Growth increased yoy despite slowing market growth. Churn incl. Belong declined yoy through strong base management

nbn retail active connections grew +659k to 2,605k with ~49% total market share (ex-satellite)

Enhanced differentiated experiences incl.
- **Connectivity with Smart modems** now across 44% of fixed data consumer base
- **Media with Telstra TV** devices increasing 256k to 1,546k; ~52% of fixed broadband consumer customers are active entertainment users

Bundle & standalone data revenue is >98% Minimum Monthly Commitment (MMC). Flat revenue due to lower value added services and voice billed usage (-43% PCP) offset by MMC revenue growth (+1% pcp)

Standalone voice revenue declined with lower SIOs and usage, driven by standalone voice line abandonment and migration to bundles

Retail Fixed EBITDA declines include high margin revenue reduction, growing network payments to nbn co, and nbn migration costs, partially offset by fixed cost reduction

1. Fixed excludes other income from TUSOPA FY19 $159m (FY18 $167m).
2. Other retail fixed revenue includes platinum, once off revenue (hardware and professional installation fees) payphones, directory assistance, fixed interconnect
3. Restated to include International network costs. Retail Fixed EBITDA (incl. net C2C) 1H19 $476m and 1H18 $718m

Product performance: Data & IP

	FY18	FY19	CHANGE
Revenue	$2,556m	$2,358m	-7.7%
IPVPN[1]	$1,064m	$996m	-6.4%
ISDN	$471m	$387m	-17.8%
Other data & calling products[2]	$1,021m	$975m	-4.5%
EBITDA Margin	$1,642m 64.2%	$1,493m 63.3%	-9.1% -0.9pp
IPVPN SIOs	119k	127k	6.7%
ISDN SIOs	164k	122k	-25.6%

Data & IP revenue down 7.7% reflecting competitive pricing pressures, technology shifts, and legacy product declines especially within ISDN

IPVPN SIOs grew 6.7% with migration to fibre or nbn equivalents from copper services. SIO growth was outweighed by continued competitive pressure on yields resulting in revenue decline of 6.4%

ISDN decline of 17.8% represents service rationalisation and customer migrations to equivalent voice products within the NAS portfolio

Other data and calling revenue decline of -4.5% includes wholesale decline. Enterprise Internet growth of 10% offset by declines in legacy products – Inbound Calling, Frame Relay and media solutions

EBITDA declined $149m reflecting declining revenue on high margin products including ISDN and pricing pressure in IPVPN.

Margins will increasingly be impacted by resale of nbn at lower margins.

1. IP based Virtual Private Network (IPVPN) includes IPMAN/Ethernet MAN, IPWAN, and nbn.
2. Other data & calling products includes wholesale, Inbound Calling (1300/1800), internet, media solutions, and legacy data (e.g. Frame Relay).

Product performance: NAS

	FY18	FY19	CHANGE
Revenue[1]	$3,627m	$3,477m	-4.1%
Managed network services	$675m	$648m	-4.0%
Unified communications	$885m	$1,009m	14.0%
Cloud services	$428m	$430m	0.5%
Industry solutions (incl. nbn commercial works)	$1,374m	$1,184m	-13.8%
Integrated services	$265m	$206m	-22.3%
EBITDA Margin	$365m 10.1%	$331m 9.5%	-9.3% -0.6pp
NAS revenue by segment[1]			
Telstra Small Business	$273m	$311m	13.9%
Telstra Enterprise Australia	$2,546m	$2,565m	0.8%
Other (incl. nbn commercial works)	$808m	$600m	-25.7%

Reported NAS revenue growth impacted by lower nbn commercial works and Integrated Services (-22%) including due to timing of project revenues

Revenue growth of 2% in underlying business incl. +14% in Small Business and +1% in Enterprise, plus a higher mix of annuity revenue

Managed network services decline reflects growth in Security Services +32%, offset by declining non-recurring revenue within Managed Data Networks

Unified communications growth from calling and collaboration annuity revenue (+15%) reflecting new service growth and fixed migration; in addition to growth in Enterprise professional services revenue

Cloud includes public cloud annuity revenue growth offset by lower professional services and CPE

nbn commercial works revenue provided through contracts outside of nbn DAs. Decline is expected as part of nbn™ network rollout maturity

EBITDA margin declined due to change of revenue mix including a decline in nbn commercial works and contract timing.
NAS has historically seen seasonality in periods with 1H19 margin 2.5% and 2H19 15.5%

1. Segment comparatives reflect organisational changes that have occurred since the prior reporting period to present a like-for-like view.

Product performance: Global connectivity

($ amounts in AUD)	FY18	FY19	CHANGE	CHANGE in constant currency
Revenue[1]	$1,569m	$1,700m	8.3%	2.1%
Fixed	$318m	$346m	8.8%	0.1%
Data & IP	$923m	$1,003m	8.7%	3.2%
NAS and other	$328m	$351m	7.0%	0.3%
EBITDA Margin	$293m 18.5%	$330m 19.4%	$37m +0.9pp	$23m +0.9pp

Strong revenue performance with growth in more profitable Data & IP products offset by declining legacy voice revenues

Telstra continues to invest in key cable systems including Indigo (live in FY20), Hong Kong Americas and Pacific Light Cable Network subsea cable systems

Fixed legacy products had a solid performance during the year in a declining market

Data & IP growth of 3.2% from existing and new capacity

NAS revenue flat with growth in professional services, cloud services and unified communications offset by pricing pressure in co-location

EBITDA growth of $23m in constant currency from profitable revenue growth and cost productivity

1. Global connectivity excludes other income FY19 $5m (FY18 $15m).

Product framework: operating expenses [1]

	FY18	FY19	CHANGE $	CHANGE %
Mobile	$6,459m	$6,966m	$507m	7.8%
Fixed excl. net one-off nbn C2C[2]	$3,777m	$3,870m	$93m	2.5%
Recurring nbn DA[3]	$63m	$53m	-$10m	-15.9%
Data & IP	$914m	$865m	-$49m	-5.4%
NAS	$3,262m	$3,146m	-$116m	-3.6%
Global connectivity	$1,293m	$1,378m	$85m	6.6%
Other[4]	$1,441m	$1,438m	-$3m	-0.2%
New business[5]	$354m	$231m	-$123m	-34.7%
Underlying	**$17,563m**	**$17,947m**	**$384m**	**2.2%**
One-off nbn DA and nbn C2C[2]	$446m	$503m	$57m	12.8%
Guidance basis[6]	**$18,009m**	**$18,450m**	**$441m**	**2.4%**
Restructuring	$286m	$801m	$515m	180.1%
Other guidance adjustments	$327m	$584m	$257m	78.6%
Total Reported	**$18,622m**	**$19,835m**	**$1,213m**	**6.5%**

Mobile costs increased due to hardware and lease costs

Fixed costs increased largely due to nbn payments offset by productivity

NAS costs declined largely due to nbn commercial works and productivity

New business costs declined due to sale of Ooyala

Underlying costs increased 2.2% excluding restructuring costs and guidance adjustments, with growth in sales costs offset by productivity

Rate of growth has continued to slow with cost growth of 1.9% in 2H vs 3.0% in 1H

In FY20, we expect total operating expenses excluding restructuring costs and impairments to decline, with reductions in underlying fixed to offset increased nbn™ network payments and other variable costs

Fixed cost reduction to accelerate in FY20 with $660m target

1. Product operating expenses restated due to accounting changes and review of fixed cost allocation methodologies to products.
2. Fixed excludes one-off nbn cost to connect (C2C) FY19 $468m (FY18 $397m). One-off nbn C2C included in one-off nbn DA and nbn C2C.
3. Recurring nbn DA restated to include ISA power.
4. Other includes media, nbn commercial works (sale of assets), and miscellaneous.
5. New business includes Telstra Health and Ooyala.
6. Refer to Full Year Results and Operations Review – guidance versus reported results reconciliation schedule.

nbn DAs and commercial works

	FY18	FY19	CHANGE
Income	**$3,189m**	**$3,222m**	**1.0%**
TUSOPA[1]	$167m	$159m	-4.6%
Recurring ISA: duct, rack and backhaul[2]	$642m	$784m	22.1%
nbn commercial works – sale of assets[3]	$211m	$268m	27.5%
One-off nbn DAs	**$2,169m**	**$2,010m**	**-7.4%**
- ISA: Ownership receipts[4]	$371m	$387m	4.3%
- PSAA[5]	$1,779m	$1,611m	-9.5%
-Retraining	$19m	$12m	-37.0%
nbn commercial works – products and services[6]	$750m	$549m	-26.9%

Overall decline in one-off DAs
- **PSAA** revenue decline is mainly due to the reduction in disconnection volumes caused by the nbn HFC Cease Sale in CY2018
- **One-off ISA** revenues has increased due to nbn rollout

Recurring ISA revenue growth due to nbn™ network rollout progress

nbn commercial works – sale of assets revenue related to HFC and cost recovery has increased inline with nbn™ network rollout progress

nbn commercial works – products and services revenue provided through contracts outside of nbn DAs. Decline is expected as part of nbn network rollout maturity

1.TUSOPA is run by Department of Communications and the Arts and the income is net of the levy paid.
2.Included as sales revenue. Restated to include ISA power.
3.Included as other income.
4.Included as other income. Includes receipts for assets transferred under the nbn Definitive Agreements (DAs). Restated to exclude ISA power.
5.included as other income. Includes income from nbn disconnection fees (Per Subscriber Address Amount (PSAA)).
6.nbn commercial works – products and services revenue is recognised as NAS revenue.

Segment results

Segment Income[1]	FY18	FY19	CHANGE
Telstra Consumer & Small Business	$14,498m	$14,271m	-1.6%
Telstra Enterprise[2]	$8,217m	$8,243m	0.3%
- Domestic	$6,410m	$6,274m	-2.1%
- International	$1,807m	$1,969m	9.0%
Telstra InfraCo[3]	$3,263m	$4,948m	NM
- Internal access charges	-	$1,891m	NM

Consumer and Small Business decline across fixed products including standalone fixed voice, and mobile services revenue. Declines were partly offset by double digit NAS growth

Telstra Enterprise domestic low single digit decline with NAS and Mobiles growth offset by Data & IP ARPU declines in IPVPN and ongoing legacy decline in ISDN

Telstra Enterprise international includes growth in higher margin Data & IP and has been positively impacted by the depreciation of the Australian Dollar

Telstra InfraCo excluding internal access charges declined due to Telstra Wholesale decline across legacy fixed products and commercial works for nbn co. This was offset by increased recurring nbn DA

1. Segment comparatives reflect organisational changes that have occurred since the prior reporting period to present a like-for-like view.
2. Telstra Enterprise split between Domestic and International income is based on location of management operations. Telstra Enterprise includes $254m (FY18: $214m) of inter-segment revenue treated as external expenses in the TC&SB and InfraCo segments.
3. Telstra InfraCo includes internal access charges FY19 $1,891m. FY18 excludes internal access charges ($2,174m on proforma basis).

Product EBITDA (restated historical)

	1H18	1H19	CHANGE $	CHANGE %
Mobile	$1,993m	$1,851m	-$342m	-8.7%
Fixed excl. net one-off nbn C2C[2]	$1,156m	$796m	-$636m	-31.1%
Recurring nbn DA	$270m	$345m	$152m	26.3%
Data & IP	$828m	$782m	-$149m	-9.1%
NAS	$114m	$39m	-$34m	-9.3%
Global connectivity	$135m	$155m	$37m	12.6%
Other[4]	$16m	$4m	-$100m	NM
New business[5]	-$92m	-$48m	$93m	+58.5%
Underlying	**$4,420m**	**$3,924m**	-$979m	**-11.2%**
One-off nbn DA and nbn C2C[3]	$1,089m	$752m	-$223m	-12.1%
Guidance basis[6]	$5,509m	$4,676m	-$1,202m	-11.4%
Restructuring	-$134m	-$328m	-$515m	NM
Other guidance adjustments	-$279m	-$90m	-$496m	NM
Total Reported	$5,096m	$4,258m	-$2,213m	-21.7%

1. Product EBITDA restated due to accounting changes and review of fixed cost allocation methodologies to products. Mobile & fixed restated to include International network costs previously included in Other.
2. Fixed includes TUSOPA income FY19 $159m (FY18 $167m).
3. Fixed excludes one-off nbn C2C net of connection income FY19 $362m (FY18 $284m) represented against net one-off nbn DA less net C2C. This includes one-off nbn connection income FY19 $106m (FY18 $113m) and one-off nbn cost to connect (C2C) FY19 $468m (FY18 $397m).
4. Other includes media, nbn commercial works (sale of assets), M&A and miscellaneous.
5. New business includes Telstra Health and Ooyala.
6. Refer to Full Year Results and Operations Review – guidance versus reported results reconciliation schedule.

Management & Guidance FY19 Proforma Product EBITDA[1]

	1H19 Reported	FY19 Reported	1H19 AASB16 Rent/other	FY19 AASB16 Rent/other	1H19 Proforma	FY19 Proforma
Mobile	$1,851m	$3,579m	$86m	$173m	$1,937m	$3,752m
Fixed excl. net one-off nbn C2C[2,3]	$796m	$1,406m	$66m	$130m	$862m	$1,536m
Recurring nbn DA	$345m	$731m			$345m	$731m
Data & IP	$782m	$1,493m	$26m	$53m	$808m	$1,546m
NAS	$39m	$331m	$14m	$29m	$53m	$360m
Global connectivity	$155m	$330m	$17m	$34m	$172m	$364m
Other[4]	$4m	-$51m	$12m	$24m	$16m	-$27m
New business[5]	-$48m	-$66m	$4m	$7m	-$44m	-$59m
Underlying	**$3,924m**	**$7,753m**	**$225m**	**$450m**	**$4,149m**	**$8,203m**
One-off nbn DA and nbn C2C[3]	$752m	$1,613m			$752m	$1,613m
Restructuring[6]	-$328m	-$801m			-$328m	-$801m
Other guidance adjustments[6]	-$90m	-$581m			-$90m	-$581m
Total	$4,258m	$7,984m	$225m	$450m	$4,483m	$8,434m

1. For further detail see, 'AASB16 "leases" FY19 Proforma & indicative impacts
2. Fixed includes TUSOPA income FY19 $159m (FY18 $167m).
3. Fixed excludes one-off nbn C2C net of connection income FY19 $362m (FY18 $284m) represented against net one-off nbn DA less net C2C. This includes one-off nbn connection income FY19 $106m (FY18 $113m) and one-off nbn cost to connect (C2C) FY19 $468m (FY18 $397m).
4. Other includes media, nbn commercial works (sale of assets), M&A and miscellaneous.
5. New business includes Telstra Health and Ooyala.
6. Refer to Full Year Results and Operations Review – guidance versus reported results reconciliation schedule.

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 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 2019 which was lodged with the ASX on 15 August 2019 and available on Telstra's Investor Centre website www.telstra.com/investor.

In addition to the risks and uncertainties outlined above, 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.

The assumptions underlying and the basis upon which we have provided our FY20 earnings guidance is set out on slide "FY20 guidance".

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AASB 15 superseded the existing accounting standards and interpretations for revenue and subscriber acquisition costs in the telecommunications industry. We have adopted AASB 15 from 1 July 2018 and applied the standard retrospectively to prior reporting periods from 1 July 2017 ('transition date'). As a result, comparatives have been restated where applicable. For further detail refer to Note 1.5 'Adoption of the new accounting standards' in full-year financial report.

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

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ANDREW PENN – CEO

Slide – Full Year 2019 Results

Good morning and welcome to Telstra's results announcement for the financial year ended 30 June 2019.

FY19 has been a pivotal year for Telstra. Notwithstanding the intense competitive environment and the challenging structural dynamics of our industry, it is a year in which I believe we can start to see the turning point in the fortunes of the company from the changes we have embraced.

FY19 was the year in which we completed the strategic investment program we announced in 2016, to create the networks for the future and to digitise our business. While we will obviously continue to make investments, we are now doing so through our business as usual parameters and we have reduced our capex to sales ratio for FY20 to less than 14%.

FY19 was the year in which, as an industry we passed the half way mark in the migration to the nbn. We estimate we have now absorbed around 50% or $1.7 billion since FY16 of the economic headwind from the nbn with more than 60% of homes in Australia connected.

FY19 was the year in which we commenced our T22 strategy to radically simplify our products and services, improve and digitise the experience for our customers; establish Telstra InfraCo as a separate business unit; simplify how we work; reduce our cost base and improve our portfolio management. We have made very significant progress in the program as I will cover shortly.

FY19 was also the year in which we again demonstrated our clear network leadership by being the first operator in Australia and among the first globally to launch 5G, the next generation of mobile telecommunications technology. 5G is clearly going to be an important platform for our growth in the future.

Today we are already a very different, much simpler and more customer focussed organisation than we were a year ago and we are well positioned for the era into which we are about to head – the 2020s.

Let me turn then to the results highlights and a summary of our progress before handing over to Vicki for more detail on the financials.

We will then open for Q&A.

Slide – Full Year 2019 Results – Headlines

Total Income for the year decreased 3.6 per cent to $27.8 billion on a reported basis.

On a guidance basis, total income decreased 2.6 per cent.

EBITDA decreased 21.7 per cent to $8 billion on a reported basis.

Underlying EBITDA which excludes one-off nbn income, restructuring costs and impairments, decreased 11.2 per cent to $7.8 billion.

The estimated nbn headwind that we absorbed in FY19 was approximately $600 million. Excluding this Underlying EBITDA decreased approximately 4%.

After accounting for significant restructuring costs of approximately $800 million and asset impairments of approximately $500 million, NPAT decreased 39.6 per cent to $2.1 billion.

The Board has resolved to pay a fully franked final dividend of 8 cents per share. This takes the total dividend for the year to 16 cents per share, comprising a 10 cent ordinary and 6 cent special dividend.

Telstra's circumstances today are very different from what they were before the nbn. We are no longer the national wholesale provider – that part of our business, the revenue and value, is progressively being transferred back to the Government via the nbn.

Vicki will spend some time taking you through the current view of the impact of this on Telstra, but I want to make two points on comments that often come up in relation to the commercial agreements we have with nbn co.

Firstly, the notion that the payments we receive from nbn co for access to our network leave us better off or somehow give us an advantage. This is not the case as our results clearly show.

The second point is the claim that payments to Telstra are the reason nbn co's wholesale prices are so high. In fact, it is completely the opposite - these payments to Telstra have actually helped keep the cost of the nbn down. Without access to our very extensive network – all the exchanges, fibre, ducts, pits and pipes – nbn co would have had to build this infrastructure from scratch at a higher cost and longer build time.

But we are reaching an inflection.

While, in FY19, Underlying EBITDA excluding the nbn headwind declined by around 4%, we estimate it will grow by up to $500 million in FY20. Vicki will provide more detail on FY20 guidance in her presentation.

Slide – Building value and momentum in cost reduction

This turn-around is the result of our focus on building value and growth through the many initiatives under our T22 program as demonstrated in our operating highlights.

Postpaid handheld mobile revenue was up 1.2 per cent while services revenue was down 1.6%. Our Mobile business performed well compared to industry where overall we saw pressure on ARPUs and service revenues.

In Fixed, we are now capturing more value with price increases reducing the negative ARPU impact from customers recontracting onto the nbn.

Our Internet of Things business exceeded industry growth rates with revenue up 19.4 per cent. During the year we introduced new IoT products including Telstra Locator in May, Telstra IoT SIM Manager and OneSIM in March, and a commercial vehicle product and digital water metering solution, in June.

Our NAS business performed strongly in the second half with an EBITDA margin of 15.5 per cent after a soft performance in the first half. This put us back on track to deliver long term NAS margins in the mid teens.

We also achieved an improvement in the performance of our International business with global connectivity EBITDA up 7.5 per cent on a constant currency basis.

Encouragingly our health business also achieved strong performance with revenues up 36% and EBITDA improved by 49%. Our Health business is performing well and is expected to hit break even point in FY20 and is strategically very well positioned in what is a rapidly growing market.

Turning now to customer experience.

I am pleased to report the investments we have been making and the initiatives under our T22 strategy are having a positive impact for our customers.

Episode NPS improved six points over the year while Strategic NPS improved three points. We were also pleased to see TIO Level 1 complaints reduce 20 per cent on the prior year.

This improved customer experience and our simplified product offerings, contributed to continued growth in customer numbers.

Through our multi-brand strategy we added 378,000 net retail postpaid mobile services in the year. This included 197,000 branded and 181,000 from Belong.

We estimate we took almost 60% market share in postpaid industry net adds in the last quarter.

We also added 230,000 wholesale MVNO mobile prepaid and postpaid services in the year, bringing total wholesale services for the company to over 1.2 million.

In fixed, we added 107,000 net new retail bundle and data services, including 56,000 branded and 51,000 from Belong Fixed.

Belong now has over 400,000 services, almost 250,000 mobile services and over 175,000 fixed.

In the year, we added 659,000 new nbn connections with an estimated nbn market share excluding satellite of 49 per cent. Total nbn connections from Telstra now exceed 2.6 million.

Turning to costs, we achieved our underlying fixed cost reduction target with underlying fixed costs down 6 per cent, or $456 million. This brings annualised cost reductions achieved since the program began in FY16 to $1.17 billion and we remain on track to achieve our target of $2.5 billion by FY22.

Cost out drivers have included simplification and digitisation and this has led to reductions in direct and indirect labour as well as non-labour related costs.

Slide – T22

In June of last year, as the impacts of the nbn and competition became more profound, we recognised we needed to do even more in response to the market dynamics. We needed to accelerate our rate of change. We needed to lift our level of aspiration. We needed to be more aggressive in leaving our legacy behind.

This is why we launched T22. It is about simplifying the business and reducing our cost base for the future. It is about maximising the value of our infrastructure assets.

It is about positioning us for the 2020's and beyond and taking advantage of the significant opportunities coming around the corner from growing demand, technology change and the arrival of 5G.

The strategy is built around four key pillars and two critical enablers, building the networks for the future and digitisation.

We have made a very strong start, so let me cover some of the highlights starting with Pillar One to radically simplify our product offerings, eliminate customer pain points and create all digital experiences.

Slide – T22 Strategic Pillars - progress to date

We have completely overhauled and simplified our product range. We have reduced more than 1,800 Consumer and Small Business plans to just 20 creating simpler, more flexible ways for customers to choose the best value connectivity, devices and services for them.

During the year, Telstra became the first major telco in Australia to introduce no lock-in plans across fixed and mobile. We also launched build-your-own mobile plans to give our customers freedom and flexibility.

Pain points such as excess data charges are now a thing of the past across all of our new mobile plans and already more than 820,000 customers are enjoying the freedom and peace of mind this brings.

In October last year we launched the next generation of our smart modem, a technology that includes a 4G chipset which now also enables voice as well as data back up – already 1.3 million customers are using the smart modem.

One of the most pleasing measures of the real progress we made during the year to improve the experience for our customers, was a 22 per cent reduction in the volume of service calls to our call centres from our Consumer and Small Business customers. Since 2016, we have reduced the number of calls into our call centres by more than 15 million to less than 30 million.

We have significantly improved our online experience including refreshing the Telstra 24x7 app, making it simpler for customers to self-manage their services. Our digital experience now accounts for more than 53 per cent of service transactions including account management, pre-paid product and billing relating enquiries.

At the same time we have also achieved an increase in the number of digital sales interactions for Consumer and Small Business customers which have more than doubled to 16.8 per cent in the year.

The message is clear, our customers increasingly prefer to use digital channels to interact with us and this creates great opportunities for us to deliver a better experience more efficiently.

As well as flexibility, simplicity and choice, our customers told us they also wanted to be rewarded and recognised for their loyalty.

During the year we introduced Telstra Plus - a program offering customers the opportunity to earn rewards, discounts on new technology as well as bonus entertainment and more. Already more than 770,000 customers have enrolled in our loyalty program Telstra Plus since it launched in April 2019.

Our support for small business customers also underwent a major revamp.

As well as no lock-in contracts and no excess data charges on new mobile and tablet plans, we launched a host of more dedicated support services. This includes account management for all small business customers through a new 24/7 tech support service where we have trained thousands more dedicated small business specialists. It also includes new Telstra Business Technology Centres - a premium channel for small business customers with more complex technology needs.

The drive to have fewer, better products and services also extends to our Enterprise customers with the number of active Enterprise plans cut by 21 per cent as we continued to remove and unravel complexity.

Connected Workplace was launched to select Enterprise customers in December 2018. It offers a simple, streamlined way for our mid-market business customers to get all the communications, data and connectivity solutions they need at a fixed per-user, per-month price.

Call volumes from Enterprise customers have also reduced by 8 per cent reflecting these improved services.

Turning now to Pillar 2 – Telstra InfraCo.

Telstra InfraCo is fully operational, as a standalone infrastructure business unit within Telstra run by Brendon Riley.

Master SLAs have been established and we are reporting InfraCo separately so as to provide greater visibility to the market of the performance and the value of our infrastructure assets.

Telstra InfraCo controls assets with a book value of around $11 billion and is responsible for key network assets including data centres and exchanges, most of our fibre network, the residual copper and HFC networks not transferred to nbn, international subsea cables, poles, ducts and pipes.

The third Pillar of our T22 strategy is focused on simplifying our structure and ways of working to empower our people to serve our customers.

A critical part of delivering our T22 strategy and re-engineering Telstra for the future, is changing how we work to allow our people to collaborate more easily so that they can deliver better, faster outcomes for our customers.

This has meant an ongoing and unrelenting focus on removing hierarchies and siloes and redesigning our organisation from the ground up. We have already removed on average three layers of management across the business.

The organisational changes have meant around 6,000 - or 75 per cent - of the net 8,000 direct workforce role reductions have now been announced. Almost 5,000 have already left the company. We have also reduced our indirect headcount by approximately 6,000 in the last year.

While difficult, these changes are about adapting the business to a rapidly changing market and the transfer of a substantial part of our business to nbn – a company that did not previously exist.

To support those affected we are investing up to $50 million in a transition program that provides a range of services to help people move into a new role.

As well as changing how we are structured, we are also changing how we work. We have adopted Agile at scale enabling us to deliver products and services faster and more easily to the changing needs of our customers.

Under this program of work we are also building the capabilities we will need for the future creating 1,500 new roles in new areas such as cyber security and software engineering, data analytics and AI.

The fourth and final pillar of our strategy is to deliver an industry leading cost reduction program and portfolio management.

We have accelerated the cost program in the second half of FY19 and into FY20, and we remain on track to reach our target of reducing annual underlying fixed costs by $2.5 billion by FY22.

We have already delivered $1.17 billion and with the acceleration we are targeting a further reduction in fixed costs this year of $660 million.

The other aspect of Pillar 4 is focussed on actively managing our portfolio to monetise up to $2 billion of assets.

In this regard we have restructured Telstra Ventures releasing $75m and exited Ooyala. More recently we sold the Edison Exchange in Brisbane's CBD for $57 million and today we announced the sale of three international data centres for $160 million yielding a nine times EBITDA multiple and $110 million gain on sale.

Slide – We have built the platform for our T22 strategy

T22 is built on the foundation provided by our strategic investment program announced in 2016.

We have now completed this program having invested $2.6 billion digitising the business and building the networks of the future. This has delivered sustainable EBITDA benefits of more than $500 million per annum. We are now moving the ongoing initiatives and investments into business as usual within our promised mid term capex to sales ratio of 14%.

Without these investments our T22 program would not have been possible.

Upgrading and digitising our CRM, provisioning, billing, HR and many other systems and taking these to the cloud is a key enabler of the many customer experience initiatives we are delivering.

The enhanced functionality on our new Salesforce CRM system is allowing us to remove complexity for our Consumer and Small Business frontline teams and they can now respond to customer needs and process transactions from a single console.

Salesforce is also now the single portal for Telstra Enterprise and our partners to manage sales opportunities. This has helped increase our sales pipeline by 27 per cent over the past 12 months.

Enterprise has also introduced Telstra Connect as a single digital channel for business to business customer interactions which will bring together more than 50 active portals into one.

At the same time as we are building new platforms, we are retiring many of our legacy systems. As we announced during the year this resulted in an approximately $500 million non-cash impairment and write down of the value of legacy IT assets.

The investments in our network have also been a crucially important foundation for our T22 program. It's about building the networks for the future, continuing to reinforce our network superiority, developing the next generation of software defined networks and launching 5G.

I will talk more about 5G in a moment but in addition to 5G, this year we added more than 250 new mobile sites and upgraded a further 1,200.

500 new small cells were also installed brining our total number of small cells in regional and rural Australia to more than 200.

Nationally our mobile footprint has now been extended to more than 2.5 million square kilometres, at least 1 million square kilometres more than any other mobile network in Australia. Our leading mobile footprint is why we can offer more than 3.5 million square kilometres of narrowband-IoT coverage and around 3 million square kilometres of CatM1 coverage.

Service reliability and resilience remain critical factors for our mobile customers – and a key network differentiator for Telstra. Since 2016 customer impact hours from outages have been reduced 76 per cent as a result of our ongoing network improvements.

Telstra also continues to lead the market in key speed benchmarks.

Independent, third party recognition for the speed and quality of our network this year included winning P3 and Systemics network surveys for Australia's best mobile operator, and the Netflix speed index for the last eighteen months in a row.

However, perhaps the most significant network achievement this year was launching 5G and putting the technology into the hands of our customers for the first time.

Slide – Leading into the 5G era

Telstra is a global leader in the development of 5G, and was the first to introduce it here in Australia.

We have delivered the first 5G handsets available in the world through a number of exclusive arrangements with major handset manufacturers.

The rollout of 5G coverage is ongoing and is currently focused on CBD locations and selected regional centres where more than four million people live, work or visit every day.

We have already rolled out more than 320 5G enabled mobile base stations across the country in 10 cities nationally. We expect to increase our 5G coverage fivefold over the next 12 months as a further 35 Australian cities and major towns are connected.

For the tens of thousands of our customers already using our 5G network, they are in 5G coverage almost 25% of their time, experiencing two times the speed of 4G with almost half of their data usage coming over the 5G network.

And we are only at the beginning and on the first generation of handsets and chipsets. 5G will deliver ultrafast speeds, ultra-low latency and greater bandwidth. That will transform the way we live and work by enabling all sorts of future applications and technologies including the Internet of Things, cloud computing, big data, machine learning and artificial intelligence – all areas where we continue to build our expertise and capabilities.

And as with 4G, we believe as 5G rolls out, customers will be willing to pay more to access this new technology and the great benefits it brings.

5G will also enable new revenue streams that do not exist today as well as delivering capital efficiency by reducing the cost per bit of data travelling over the network.

Slide – T22 Strategy scorecard

Before I close, I would like to take you through our T22 scorecard which we use to track our progress. Importantly, the scorecard represents a very strict view of our progress and is reviewed by our auditors.

I want to comment on our performance against this scorecard and also highlight five new measures.

As you can see, six key T22 milestones are now complete including the key measures to simplify to 20 Consumer & Small Business plans, to be 5G ready and to ensure Telstra InfraCo is fully operational.

Of the remaining 23 measures, 13 are on track and we have made good early progress on a further three which we show in grey as they are too early to measure.

Seven measures in our T22 scorecard are rated either amber or red and I want to take a moment to explain why.

Firstly, our new technology stacks. We are very well progressed. For Enterprise, the stack is live with our customers starting to experience the benefits. Mass market customers are also already experiencing benefits. We are currently building our key mass market products on the new stack to enable us to migrate customers albeit some functionality remains to be delivered.

Secondly, the Telstra 24x7 App. Ironically, one of the side effects of our successful peace of mind data plans is customers are understandably using their Telstra 24x7 app less to check their data consumption. This is good news for customers and as I mentioned earlier, we are working on other initiatives to increase customer engagement with the App including Telstra Plus.

Thirdly, while we have increased average services per customer in the year we are below where we want to be. We launched a series of campaigns late in the year to increase multi-product holdings.

For industry network surveys we lead in all with the exception of the ACCC Fixed Broadband survey. The survey methodology does not allow for under performing nbn lines which acts as a disadvantage to Telstra compared to the rest of the industry. In contrast we continue to lead Netflix.

Employee engagement is critical to our ability to have both the key leadership and technical talent required to deliver our T22 strategy. We set ourselves an ambitious target this year given the changes we were implementing which we missed.

Employee engagement reduced 7 points in the year. This was disappointing and the level of disruption certainly had an impact on our results.

For the year ending 30 June 2020 we are again setting an ambitious target to increase engagement by 9 points and we are well underway in making improvements to the employee experience around processes, decision making and approvals. In our monthly pulse survey of employee engagement we have seen a 4 point and consistent improvement since April.

As I mentioned earlier, we are also very much on track in relation to our cost productivity targets although total costs excluding restructuring costs did increase in FY19. So we have identified this metric as amber, although this was driven by handset prices and did not affect profitability. We expect total operating expenses, excluding restructuring costs, to decline in FY20 due to momentum in the underlying core fixed cost reductions.

Lastly on underlying ROIC. Whilst we expect growth in underlying ROIC from FY20 to FY22, we have identified this metric as amber. We do not expect growth in underlying ROIC in FY20 given it has become the peak headwind year of the nbn and because of some of the AASB accounting changes that Vicki will explain.

The impact of AASB16 is to reduce our ROIC by around one percentage point. Given this we now target hitting around 9% in FY22 but we are committed to a 10 percentage point target after the roll out of nbn in FY23 and beyond on a AASB16 basis.

This brings me to the additional five T22 measures in our scorecard which have been chosen to give you continued transparency of our progress. These measures include targeting 24 per cent of consumer and small business transactions through the digital channel, 4,000 active Enterprise customers on Telstra Connect and 2 million Telstra Plus members by FY20.

As we have done today, we will use this updated T22 scorecard in future announcements to track execution and provide transparency.

Slide – Summary

So let me summarise before I hand over to Vicki.

FY19 was a year in which we met guidance and built strong momentum behind our T22 strategy. A year in which I believe we can start to see the turning point in the fortunes of the Company from the changes we have been embracing.

Our progress was the result of the combined efforts of many people including our dedicated employees who are focussed on serving our customers and helping us return value to our shareholders.

As expected and as previously flagged our results also reflected current market realities including the impact of nbn and intense competition.

While these factors will continue to influence the year ahead, we are now approximately half way through the negative headwind from the nbn and we expect the hard work of our teams to translate into momentum in our underlying business. Excluding the in year nbn headwind we expect underlying EBITDA to grow by up to $500 million in FY20.

At the same time, we are also sitting at an incredibly exciting inflection point - in technology, in telecommunications and for Telstra.

We are only a few months away from the dawn of the 2020's, we are already at the dawn of 5G and we have entered a period of rapid technology innovation which will provide significant opportunities for Telstra in the future.

T22 is about positioning us in this world – as a simpler, more digitally enabled business; with the best network; the right economic model; a strong balance sheet; and the skills, capabilities, culture and ways of working we need to succeed.

Thank you and with that I will hand over to Vicki to take you through the detailed financials before we open for Q&A.

SLIDE – TELSTRA FULL YEAR RESULTS

Thanks Andy.

It is a privilege to be here as CFO presenting our full year results for the first time.

SLIDE – AGENDA

This morning I will provide details on our financial performance, and some insights into how our business is performing. I will take some time, to walk through the impact the nbn is having on our business.

Prior to outlining our FY20 Guidance, I will talk through the impact of accounting standard AASB16, which will be implemented in FY20. I will also provide further transparency, on the expected turn-around in our underlying business performance in FY20.

SLIDE – GROUP RESULTS: INCOME STATEMENT

Turning to our results for FY19, which were in line with guidance and market expectations.

On a guidance basis, Total Income was down 2.6% to $27.8 billion.

EBITDA was down 11.4% to $9.4 billion, which was at the upper end of our guidance.

Guidance excludes approximately $1.4 billion of restructuring and impairment costs incurred in FY19, largely related to the strong momentum we have built in executing against our T22 strategy.

Underlying EBITDA declined by $979 million to $7.8 billion.

The largest reason for this decline was the nbn, where we absorbed around $600 million of negative recurring headwind in the period. I will talk more about this in a moment.

The remaining decline of approximately $400 million, excludes these nbn impacts, and provides the clearest view of the trajectory of our business.

This decline was largely in mobile and Data&IP.

We also reduced fixed costs at an accelerated rate during the year, and have now achieved close to 50% of our $2.5 billion FY22 cost out target. The $456 million reduction achieved in year, was however, not enough to change the underlying earnings trajectory.

As you can see, on a reported basis, EBITDA, EBIT and NPAT were down 22, 35 and 40 per cent respectively.

Depreciation and Amortisation reduced 4.2%, partly due to our ongoing review of asset lives. Finance costs were broadly flat, while tax declined on lower net profit.

We have great confidence, that our strategy can arrest earnings decline, and create opportunities for growth. However, there are remaining financial headwinds we need to navigate, and a return to growth will take time.

SLIDE – NBN IMPACT

Let me now talk to you about the impact the nbn is having on our business.

As we have previously advised, we estimated, at least a $3 billion, negative impact on recurring EBITDA by the end of the nbn roll out.

Today, we are providing you a breakdown of the component parts, as shown on the slide.

First, on the positive side, we receive recurring EBITDA from the nbn via the Infrastructure Service Agreement for access to our ducts, pits, exchanges and backhaul. This is contracted for over 30 years, increases with inflation, and is expected to reach just under $1b per annum, by the end of the nbn migration period.

Second, the exit of our legacy access network business, will result in reductions in our fixed costs. This category is made up of, direct costs related to field activation and assurance activity, in the fixed network.

However, the negative nbn headwinds, across the next three areas, far outweigh the positives.

As a retail provider, we now incur significant new costs in the form of AVC/CVC payments to nbnCo.

We also lose our legacy fixed wholesale business.

Finally, the nbn rollout results in retail revenue decline, at an accelerated rate, in our Fixed and Data&IP businesses. We have assessed the declines in these businesses, in the several years prior to nbn roll out, these declines were between 3-5%. Post nbn rollout, declines greater than these levels, we have attributed to nbn.

Based on these five factors, we estimate the in-year net recurring negative headwind of the nbn, was approximately $600 million in FY19, and the cumulative headwind, from FY16 to FY19, was approximately $1.7 billion per annum.

We estimate that we are around 50% of the way through the recurring financial impact of the nbn. FY20 is expected to be the peak headwind year. We estimate that the impact in FY20 will be between $800 million and $1 billion.

These impacts are based on management's best estimates, with a key input being the 2019 nbn Corporate Plan. The ultimate impact, will be determined by how the identified areas evolve.

The slide also shows, that we expect to receive around a further $3 billion, pre-tax, net one-off nbn receipts, through to the end of the nbn migration period.

SLIDE – INCOME BY PRODUCT

Looking now at income by product:

Our reported income declined 3.6%. This is partly due to one-off gains in the prior year, and lower one-off nbn DA and connection revenue during FY19.

Excluding these one-offs, underlying income for the period declined $572 million, or 2.2%, year over year.

In terms of our major products:

Mobile revenue grew $165 million in FY19. This was primarily associated with hardware, which increased $283 million.

In postpaid handheld, we were pleased with our performance in market, with service revenue growth of 1.2%, as positive SIO momentum offset ARPU decline.

Post-paid handheld ARPU decline of 3.1% in FY19 was caused by several factors:

- Firstly, $200 million lower out of bundle revenue,
- Secondly, Minimum Monthly Commitment, or MMC, which, whilst flat in the first half, declined in the second half,
- And finally, dilution from a higher mix of Belong customers.

Reported ARPU decline, also benefited by around 1 percentage point from one-offs.

Our new T22 mass market plans have improved economics. Our leading ARPU indicator, Transacting MMC, is up approximately $2-3 since the launch of the new plans in June, though we are only looking at a relatively small amount of data.

Transacting MMC represents the average MMC, excluding hardware, of new and existing customers that have taken up our new plans in the period.

Despite this improvement in our leading ARPU indicator, we expect post-paid ARPU declines to continue in FY20 due to:

- A further decline of approximately $200 million in out of bundle revenue,
- The accounting treatment for our loyalty program and new plans, and
- MMC decline, due to a period of intense price competition in FY19, washing through the base.

Turning to other mobile categories;

- In prepaid handheld, we largely arrested unique user decline in FY19. However, increases in competitive intensity, including dramatic growth in data inclusions, have impacted ARPU.
- We remain pleased with positive momentum in IoT with revenue up 19%, and
- Our Wholesale MVNO business - a crucial part of our multi-brand strategy - achieved revenue growth of 6.3%.

Now let me turn to our fixed-line business, where revenue declined in line with expectations.

We performed strongly in retail broadband SIOs, with net adds of 107,000 supported by;

- First, our multi-brand strategy, with Belong contributing 51,000 net adds,
- Second, lower churn through strong base management, including moving customers to in-market plans, bestowals of higher speeds and more data,
- And finally, differentiated experiences, including extending the number of consumer broadband customers using a Telstra Smart Modem, to 44%.

Throughout FY19, we have continued to lift recontracting fixed MMC. This is helping to reduce the rate of ARPU erosion.

Turning to Data & IP, revenue was down 7.7%, with IPVPN SIO growth, offset by competitive pricing pressures, technology shifts and legacy product declines, especially within ISDN.

The ISDN revenue decline, accelerated to -18% for the year, reflecting impact from the nbn, rationalisation of legacy products, and customer migrations to voice products within the NAS portfolio.

Reported NAS revenue also declined, due to the expected reduction in nbn commercial works. NAS revenue, excluding commercial works, grew 2% and shifted to a higher-quality mix of annuity revenue. We expect these trends to continue in in FY20.

SLIDE – OPERATING EXPENSES

Turning to our operating expenses for FY19.

We are delivering well against our $2.5 billion net productivity target, and managing our total costs.

Total FY19 operating costs rose 6.5%, largely due to increased restructuring, associated with reshaping our workforce, and asset impairments.

Excluding guidance adjustments, total costs increased 2.4%. Importantly, our cost growth slowed, as demonstrated by a second-half increase of 1.9%, vs a first-half increase of 3.0%, on a pcp basis.

The key components of FY19 cost increases, were nbn payments, up $410 million, and other sales costs, up $296 million, mostly related to mobile hardware.

The increase in nbn payments, was more than offset by our productivity program, which reduced underlying fixed costs by $456 million in the period.

In addition to reductions in labour costs, we have also reduced non-labour costs in a range of other areas, including:
- a 32,000 square meter, or 8% reduction, in Commercial property footprint,
- Also, a 1,400 or 14% reduction in fleet vehicles, and
- Finally, a 900,000, or 19% reduction in truck rolls

In FY20, we expect our level of fixed cost reduction to accelerate. We are targeting a further $660 million reduction. This will take us to a cumulative total from FY16 of over $1.8 billion, by the end of FY20.

In line with our T22 commitment, we also expect total operating expenses, excluding restructuring costs, to decline in FY20, with reductions in underlying fixed costs, offsetting increased nbn network payments and other variable costs.

SLIDE – EBITDA

Moving to EBITDA, where our results were in line with expectations.

The mobile EBITDA decline of $342 million, can be explained by lower service revenue, and hardware margin decline, including lease, partly offset by fixed cost reductions. We expect some of these trends to continue in FY20.

Fixed EBITDA declined by $636 million. We achieved significant productivity improvements. This was however, more than offset by over $500 million of revenue declines, in mostly high-margin legacy products, and growing network payments to nbn.

Including one-off nbn migration costs, our retail fixed EBITDA margin was 17.9%, and we expect further pressure on margins, as the migration to the nbn continues.

Turning to Data & IP, revenue pressure has flowed through to EBITDA, despite some improvement in costs. Margin is expected to be increasingly impacted by competition, and resale of nbn at lower margins.

NAS performed strongly in the second half, achieving EBITDA margins of 15.5%. FY19 margins declined modestly, from 10.1% to 9.5%, due to a change of revenue mix, including a decline in nbn commercial works, and timing of large contracts.

We expect NAS EBITDA growth in FY20, and remain committed to mid-teens NAS EBITDA margins at maturity.

In Global Connectivity, EBITDA improved by $37 million, as we focused on more profitable products. We were also pleased with progress in New Business, especially Health.

SLIDE – GROUP RESULTS – FREE CASHFLOW

Turning to free cashflow.

Our FY19 free cashflow was $3.2 billion, and consistent with our guidance.

The decline vs the pcp, was principally due to lower EBITDA, including restructuring costs, and increased working capital, largely due to timing of nbn receivables. This was partly offset by lower capex and tax paid.

Capex was consistent with FY19 guidance. FY19 was the final year of our strategic investment program, which has laid the foundations for our T22 strategy.

SLIDE – GROUP RESULTS – DIVIDENDS

Moving to dividends, the Board has resolved to pay a final dividend for FY19, of 8 cents per share fully franked, including an ordinary dividend of 5 cents per share, and a special dividend of 3 cents per share.

Dividends for the second half of FY19, are consistent with the first half.

Total dividends for FY19 are 16 cents per share fully franked, including 10 cents ordinary, and 6 cents of special dividends.

The ordinary dividend represents a 59% payout ratio of underlying earnings.

Underlying earnings in our capital management framework, now explicitly exclude restructuring costs, impairments and other guidance adjustments, as well as one-off nbn receipts.

The ordinary dividend payout, is below the indicative 70 – 90% range, with the Board taking into account, our overall capital management framework, which is included in the supporting material.

SLIDE – CAPITAL POSITION

Turning to our capital position.

Debt levels, average maturities and gross borrowing costs, were all broadly flat, year on year.

We remain within our comfort ranges for all our credit metrics.

Our Reported and Underlying Return on Invested Capital, were 8.8%, and 8.4% respectively.
We previously outlined a target for underlying ROIC, to improve from FY19 to FY22.

Although our aspiration remains for a post-nbn ROIC, of greater than 10%, we do not expect to achieve underlying ROIC growth in FY20.

There are a number of factors that have caused this, including the impact of the AASB16 accounting standard, which will reduce ROIC by approximately 1 percentage point, and delay of the nbn rollout.

I will provide more detail on accounting standards shortly.

SLIDE –AREAS OF FOCUS

There are four areas that I am focused on, that are key to deliver improved business performance, and ultimately ROIC growth. Against each of these areas, we are beginning to see positives that give us confidence.

- First, executing against our T22 strategy and the $2.5 billion cost-out target, where we have made significant progress,
- Second, managing our cash flow, and capex discipline. As I mentioned, FY19 was the final year of our strategic investment program.
- Third, building value from our key product lines. In mobile, we are seeing transacting MMC uplift, and are excited by 5G. And in NAS, our second half margins showed strong improvement, albeit there is some seasonality.
- And finally, focusing on other business growth opportunities including 5G & IOT, Global Connectivity, Health, and Infrastructure.

SLIDE – AASB16 "Leases" FY19 Proforma & FY20 indicative impacts

Before I finish with FY20 guidance, it is important that I take you through the impacts, of the implementation of accounting standard AASB16, as it will impact the basis on which we provide guidance, and report in FY20 and beyond.

AASB16 will result in operational lease costs, moving onto the balance sheet and below EBITDA in the P&L.

Although not an economic change, with no impact on cashflow or our credit quality, we expect AASB16, to increase our reported net debt by around $3.7 billion, and increase Statutory FY19 Proforma EBITDA by $1b.

Reported net profit before tax will decline, approximately $60 million, mainly due to implied interest in the capitalised lease liability.

Under AASB16, mobile lease costs, like rent, move out of EBITDA into D&A. We stopped selling mobile lease plans in June 2019. However, given the run-off of lease amortisation, associated with these plans, it will result in a significant non-economic lift, in reported EBITDA in FY20 and FY21.

On a management and guidance basis then, rent will be moved below EBITDA consistent with the accounting standard. However, mobile lease amortisation, will be included in Underlying EBITDA, which on a proforma basis, is $8.2 billion in FY19.

This will only be necessary for FY20 and FY21 due to the run-off of lease amortisation.

SLIDE – GUIDANCE

Turning now to guidance.

Our FY20 guidance ranges, along with the assumptions and conditions upon which we have provided them, are shown on the slide.

I would like to highlight two significant aspects of this guidance.

First, on Underlying EBITDA, I believe the clearest view of the future financial performance of our business, is one that excludes the nbn headwind. We expect FY20 to be a pivotal year for us financially, as momentum in our underlying business, is expected to deliver up to $500m of growth, excluding the nbn headwinds. This is a significant improvement on the decline of around $400 million in FY19.

Second, FY20 free cashflow guidance, includes a significant working capital increase of approximately $1 billion, driven predominantly from the exit of our mobile lease plans, payment of restructuring costs announced in May, and an increase in nbn receivables.

We also have an outflow of $386 million in FY20, for 5G spectrum purchased in FY19, which is excluded from guidance.

Clearly, we have headwinds, but we are well progressed on our transformation, with a focus on building value.

Finally, on a personal note, I would like to take this opportunity to recognise and thank our dedicated teams right across Telstra.

Despite going through a period of huge change, they have delivered improved customer outcomes, better network performance, innovative new products and services and led Australia in 5G whilst also improving productivity.
I also look forward to meeting many of our investors over the coming weeks.

I will now hand back to Ross to moderate the Q&A.

[END]

Full year results and operations review

Summary financial results	FY19	FY18 restated	Change
	$m	$m	%
Revenue (excluding finance income)	**25,259**	25,848	(2.3)
Total income (excluding finance income)	**27,807**	28,841	(3.6)
Operating expenses	**19,835**	18,622	6.5
Share of net profit/(loss) from joint ventures and associated entities	**12**	(22)	n/m
EBITDA	**7,984**	10,197	(21.7)
Depreciation and amortisation	**4,282**	4,470	(4.2)
EBIT	**3,702**	5,727	(35.4)
Net finance costs	**630**	588	7.1
Income tax expense	**923**	1,582	(41.7)
Profit for the period	**2,149**	3,557	(39.6)
Profit attributable to equity holders of Telstra	**2,154**	3,591	(40.0)
Capex[1]	**4,140**	4,717	(12.2)
Free cashflow	**3,068**	4,695	(34.7)
Earnings per share (cents)	**18.1**	30.2	(40.1)

1. Capex is defined as additions to property, equipment and intangible assets including capital lease additions, excluding expenditure on spectrum, measured on an accrued basis. Capex excludes externally funded capex.

Reported results

Our FY19 results show our focus on building value and growth, improved customer experience, and ongoing momentum in our cost reduction efforts, while also reflecting the impact of the nbn rollout and competitive headwinds.

For commentary on our key results and market context, please refer to the *Chairman and CEO message* section. Detail on our FY19 highlights and progress against our T22 strategy can be found in the *Strategy and performance* section. FY18 results have been restated to account for the adoption of AASB15 – refer to Note 1.5 in the Financial Report for further detail. The definition of "underlying earnings" now excludes guidance adjustments – refer to the dividend discussion on the following page for further detail.

Results on a guidance basis[1]	FY19	FY19 Guidance[2]
Total income[3]	**$27.8b**	$26.2b to $28.1b
EBITDA excluding restructuring costs	**$9.4b**	$8.7b to $9.4b
Net one-off nbn DA receipts less nbn net cost to connect	**$1.6b**	$1.5b to $1.7b
Restructuring costs	**$0.8b**	~$0.8b[4]
Capex	**$4.1b**	$3.9b to $4.4b
Free cashflow	**$3.2b**	Lower end of $3.1b to $3.6b[5]

1. This guidance assumed wholesale product price stability and no impairments to investments or core 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 FY19 was broadly in accordance with the nbn Corporate Plan 2019. The guidance was provided on the basis of AASB15. Capex was measured on an accrued basis and excluded expenditure on spectrum and externally funded capex. Refer to the *Guidance versus reported results* schedule. This reconciliation has been reviewed by our auditors.
2. FY19 guidance revised on 6 September 2018 after nbn co released the nbn Corporate Plan 2019.
3. Total income excludes finance income.
4. Revised to be around $0.8b on 29 May 2019.
5. Revised to be at the lower end of $3.1b to $3.6b on 14 February 2019.

Guidance versus reported results[1]	FY19	FY19	FY19	FY18 restated
	Reported results $m	Adjustments $m	Guidance basis $m	Guidance basis $m
Total income[2]	**27,807**	(3)	27,804	28,542
EBITDA	**7,984**	1,382[3]	9,366	10,568
Free cashflow	**3,068**	118	3,186	4,873

1. This guidance assumed wholesale product price stability and no impairments to investments or core 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 FY19 was broadly in accordance with the nbn Corporate Plan 2019. The guidance was provided on the basis of AASB15. Capex was measured on an accrued basis and excluded expenditure on spectrum and externally funded capex. Refer to the *Guidance versus reported results* schedule. This reconciliation has been reviewed by our auditors.
2. Total income excludes finance income.
3. FY19 EBITDA guidance adjustments include $801 million restructuring costs and $493 million asset impairment. Refer to the *Guidance versus reported results* schedule.

On 15 August 2019, the Directors of Telstra Corporation Limited resolved to pay a fully franked final dividend of 8 cents per share, comprising a final ordinary dividend of 5 cents and a final special dividend of 3 cents. Shares will trade excluding entitlement to the dividends from 28 August 2019 with payment on 26 September 2019.

The total dividend for FY19 is 16 cents per share, fully franked, including 10 cents ordinary and 6 cents special. The ordinary dividend represents a 59 per cent payout ratio on FY19 underlying earnings[1] while the special dividend represents a 63 per cent payout ratio of FY19 net one-off nbn receipts[2]. The FY19 ordinary dividend is below the payout ratio of 70 to 90 per cent of underlying earnings which is one of the principles in our capital management framework. In our updated capital management framework, underlying earnings now explicitly exclude guidance adjustments as well as net one-off nbn receipts. In determining the FY19 final ordinary dividend, the Board has taken into account a number of factors including the overall capital management framework objectives including maintenance of financial strength and retaining financial flexibility. Our FY19 underlying earnings were $2,019 million while net one-off nbn receipts were $1,129 million.

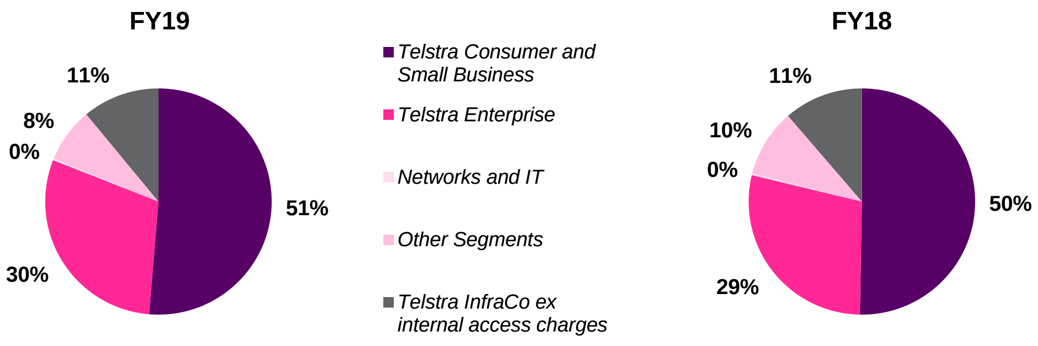
1. "underlying earnings" is defined as net profit after tax from continuing operations excluding net one-off nbn receipts (as defined in footnote 2) and guidance adjustments (as defined in footnote 3).
2. "net one-off nbn receipts" is defined as net one-off nbn Definitive Agreement (nbn DA) receipts (consisting of Per Subscriber Address Amount (PSAA), Infrastructure Ownership and Retraining) less nbn net cost to connect less tax.
3. Guidance adjustments include one-off restructuring costs, impairments in and to investments or property, plant and equipment and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum.

Segment performance

We report segment information on the same basis as our internal management reporting structure as at reporting date. Segment comparatives reflect organisational changes that have occurred since the prior reporting period to present a like-for-like view.

Income related to recurring nbn Infrastructure Service Agreement (ISA) amounts and nbn commercial works are included in Telstra InfraCo. One-off nbn DA and ISA amounts are included in Other Segments, and non-nbn commercial works are included in Telstra Enterprise.

Segment total income



Total external income	FY19	FY18 restated	Change
	$m	$m	%
Telstra Consumer and Small Business	**14,271**	14,498	(1.6)
Telstra Enterprise	**8,243**	8,217	0.3
Networks and IT	**70**	75	(6.7)
Other Segments	**2,166**	2,788	(22.3)
Telstra InfraCo including internal access charges	**4,948**	3,263	51.6
Internal access charges	**(1,891)**	-	n/m
Total	**27,807**	28,841	(3.6)

Telstra Consumer and Small Business
Telstra Consumer and Small Business income decreased by 1.6 per cent to $14,271 million, largely impacted by a 6.3 per cent decline in fixed as a result of ongoing standalone fixed voice decline. Mobile services revenue decreased by 2.3 per cent as declining Average Revenue Per User (ARPU) offset customer net additions. Network Applications and Services (NAS) revenue continued to grow, increasing by 13.9 per cent, primarily driven by growth in unified communications.

Telstra Enterprise
Telstra Enterprise income increased by 0.3 per cent to $8,243 million as growth in international offset a decline in domestic. Telstra Enterprise domestic income decreased by 2.1 per cent as growth in NAS and mobility was offset by industry ARPU decline in Data & IP and ongoing decline in ISDN. Telstra Enterprise international income grew by 9.0 per cent mainly due to growth in higher margin Data & IP and a positive impact from the depreciation of the Australian dollar (AUD).

Networks and IT
Networks and IT is responsible for the overall planning, design, engineering architecture and construction of Telstra networks, technology and information technology solutions. It primarily supports the revenue generating activities of other segments. Networks and IT income decreased by 6.7 per cent to $70 million.

Telstra InfraCo
Telstra InfraCo income excluding internal access charges decreased by 6.3 per cent to $3,057 million due to expected declines from Telstra Wholesale fixed legacy and nbn commercial works, partly offset by increased recurring nbn DA receipts. Including internal access charges, income increased by 51.6 per cent to $4,948 million. Internal access charges were recognised from 1 July 2018 following the establishment of Telstra InfraCo as a standalone business unit, therefore there were no access charges in FY18.

Telstra InfraCo is now fully operational as a standalone infrastructure business unit within Telstra. We report it separately to provide greater visibility to the market of the performance and the value of our infrastructure assets. Telstra InfraCo controls assets with a book value of around $11 billion and is responsible for key network assets including data centres and exchanges, most of our fibre network, the copper and hybrid fibre coaxial networks, international subsea cables, poles, ducts and pipes.

Other Segments
Certain items of income and expense relating to multiple reportable segments are recorded by our corporate areas and included in the Other Segments category. This category also includes Product and Technology, Global Business Services (GBS) and New Business (including Telstra Health). Income declined by 22.3 per cent mainly due to lower PSAA receipts in line with the nbn™ network rollout, and a $299 million benefit in FY18 relating to the fair value gain on the Foxtel and Fox Sports Australia merger and conversion of the loan to our Foxtel joint venture into investment.

Product performance

Product revenue breakdown

Key product revenue	FY19	FY18 restated	Change
	$m	$m	%
Mobile	**10,545**	10,380	1.6
Fixed	**5,223**	5,765	(9.4)
Data & IP	**2,358**	2,556	(7.7)
NAS	**3,477**	3,627	(4.1)
Global connectivity	**1,700**	1,569	8.3

EBITDA margins[1]	FY19 %	2H19 %	1H19 %	FY18 restated %
Mobile	**34**	33	35	38
Fixed (including nbn cost to connect)	**19**	16	22	30
Data & IP	**63**	62	64	64
NAS	**10**	16	2	10
Global connectivity	**19**	19	19	19

1. The data in this table includes minor adjustments to historic numbers to reflect changes in product hierarchy. Product EBITDA restated due to accounting changes and review of fixed cost allocation methodologies to products. Mobile and fixed restated to include International network costs previously included in Other.

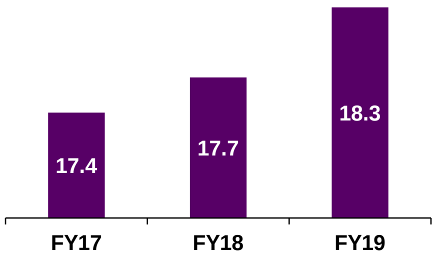
On a reported basis, total income (excluding finance income) declined by 3.6 per cent to $27,807 million. On a guidance basis, total income (excluding finance income) declined by 2.6 per cent to $27,804 million in line with FY19 guidance and market expectations. Income continues to be impacted by competitive pressure across all products and markets, accelerated decline in legacy products and services, and negative impacts from the nbn™ network rollout. The decline has been partly offset by continued growth in mobile and fixed customer services.

More detail on each of the products are outlined below.

Mobile

Mobile revenue increased by 1.6 per cent to $10,545 million with growth across hardware, postpaid handheld, Internet of Things (IoT) and wholesale, partly offset by prepaid handheld and mobile broadband declines.

Domestic mobile retail customer services (millions)



Retail customer services increased by 622,000, bringing the total to 18.3 million. We now have 8.2 million postpaid handheld retail customer services, an increase of 378,000 including 181,000 from Belong.

Postpaid handheld revenue increased by 1.2 per cent to $5,294 million due to continued net add momentum, partly offset by 3.1 per cent ARPU decline from $56.53 to $54.77 resulting from lower out of bundle revenue, Minimum Monthly Commitment (MMC) decline, and an increasing mix of lower Belong customer ARPU causing dilution. ARPU declines are expected to continue into FY20 largely due to a further decline of approximately $200 million in out of bundle revenue.

Prepaid handheld revenue declined by 13.5 per cent to $829 million impacted by lower ARPU, increased competition, and migration to postpaid, Belong and wholesale. ARPU decline of 8.7 per cent from $22.75 to $20.76 was compounded by a 49,000 reduction in unique users.

Mobile broadband revenue decreased by 14.0 per cent to $673 million after a decline in ARPU and reduction of 266,000 customer services in postpaid and prepaid.

IoT revenue grew by 19.4 per cent to $203 million, increasing customer services by 561,000 due to the introduction of new IoT products including Telstra Locator, and the launch of a commercial vehicle product and digital water metering solution.

Wholesale services revenue increased 6.3 per cent to $201 million. Wholesale customer services increased by 230,000, bringing the total to 1.2 million.

Mobile hardware revenue increased by 10.0 per cent to $3,106 million largely due to devices sold at a higher price per unit.

Mobile EBITDA margin declined by 3.9 percentage points to 34 per cent due to lower services revenue and hardware margin, partly offset by fixed cost reduction.

Fixed

Fixed revenue declined by 9.4 per cent to $5,223 million, impacted by nbn migration, competition and ongoing legacy decline.

Bundles and standalone data revenue declined by 0.3 per cent to $3,290 million due to a 3.0 per cent ARPU decline from $77.37 to $75.07 caused by lower value added services and voice billed usage. MMC revenue grew with bundle and standalone data revenue now more than 98 per cent MMC. There were 107,000 retail bundles and standalone data net subscriber additions including 51,000 from Belong, bringing the total bundles and standalone data customers to 3.7 million.

Standalone voice revenue decreased by 25.7 per cent to $881 million with lower services in operation (SIO) and usage due to standalone voice line abandonment and migration to bundles. ARPU declined by 1.2 per cent from $44.16 to $43.62. There were 542,000 retail standalone voice net subscriber losses taking total standalone voice customers to 1.4 million.

We continue to lead the nbn market with a total of 2,605,000 nbn connections, an increase of 659,000. Our nbn market share is now 49 per cent (excluding satellite). The Telstra Smart Modem is now being utilised by 44 per cent of our fixed data consumer base, providing a better experience on the nbn and improved churn outcomes.

Other retail fixed revenue, which includes platinum, once off revenue (hardware and professional installation fees), payphones directory assistance and fixed interconnect, decreased by 8.2 per cent to $247 million.

Fixed (including nbn cost to connect) EBITDA margin declined by 10.2 percentage points to 19 per cent due to high margin revenue reduction, growing network payments to nbn co and nbn migration costs, partly offset by fixed cost reduction.

Data & IP

Data & IP revenue decreased by 7.7 per cent to $2,358 million reflecting competitive pricing pressures, technology shifts, and legacy product declines especially in ISDN, despite continued growth in IP based Virtual Private Network (IPVPN) service volumes.

IPVPN revenue, which includes IPMAN/Ethernet MAN, IPWAN and nbn, declined by 6.4 per cent to $996 million as SIO growth in fibre and nbn access was outweighed by declines in legacy copper services and continued competitive pressure on yield.

ISDN revenue decline accelerated, down 17.8 per cent to $387 million due to service rationalisation of legacy products and customer migrations to equivalent voice products within the NAS portfolio.

Other data and calling products revenue decreased by 4.5 per cent to $975 million including a 2.6 per cent decline in wholesale. Enterprise internet growth of 10.2 per cent was offset by declines in legacy inbound calling and data products, and media solutions.

Data & IP EBITDA margin declined by 0.9 percentage points to 63 per cent reflecting declining revenue on high margin products including ISDN and pricing pressure in IPVPN. Margins will increasingly be impacted by the resale of nbn at lower margins.

Network Applications and Services (NAS)

NAS revenue declined by 4.1 per cent to $3,477 million impacted by lower nbn commercial works and integrated services. Excluding nbn commercial works, revenue grew by 2.0 per cent with 13.9 per cent growth in Small Business and 0.8 per cent growth in domestic Enterprise due to a higher mix of annuity revenue.

Managed network services revenue decreased by 4.0 per cent to $648 million, reflecting a decline in non-recurring revenue within managed data networks, partly offset by a 31.9 per cent growth in security services.

Unified communications revenue increased by 14.0 per cent to $1,009 million due to increased calling and collaboration annuity revenue reflecting new service growth and fixed migration, in addition to growth in Enterprise professional services revenue.

Cloud services revenue growth of 0.5 per cent to $430 million includes increased annuity revenue from public cloud services offset by lower professional services and customer premises equipment.

Industry solutions revenue declined by 13.8 per cent to $1,184 million largely due to a reduction in nbn commercial works.

Integrated services revenue declined by 22.3 per cent to $206 million mainly from a decline in consulting and project management, and timing of project revenues.

NAS EBITDA margin declined by 0.6 percentage points to 10 per cent reflecting a change in revenue mix including a decline in nbn commercial works revenues and contract timing impacts. NAS has historically seen seasonality in periods which was evident in FY19 with a 2.5 per cent margin in 1H19 and a 15.5 per cent margin in 2H19. The strong performance in 2H19 reflected better revenue mix.

Global connectivity

Global connectivity represents the international business of Telstra Enterprise. Revenue grew by 2.1 per cent in constant currency (CC) terms with growth in more profitable Data & IP products offset by declining legacy voice revenues.

Fixed revenue increased by 0.1 per cent (CC), performing solidly in a declining market. Data & IP revenue grew by 3.2 per cent (CC) from existing and new capacity, while NAS revenue increased by 0.3 per cent with growth in professional services, cloud services and unified communications, offset by pricing pressure in co-location.

Global connectivity EBITDA margin increased by 0.9 percentage points to 19 per cent reflecting continued profitable revenue growth and cost productivity.

Media

Media revenue excluding cable decreased by 7.2 per cent to $797 million due to the performance of Foxtel from Telstra, which declined by 5.4 per cent to $664 million and had 60,000 subscriber exits, reflecting a broader industry transition from Broadcast to IPTV. There are now 1,546,000 Telstra TV devices in the market, an increase of 256,000. Sports Live Pass users increased by 757,000 to 3,058,000 across AFL, NRL, Netball and FFA, with most users receiving the service as part of their mobile subscription.

Other

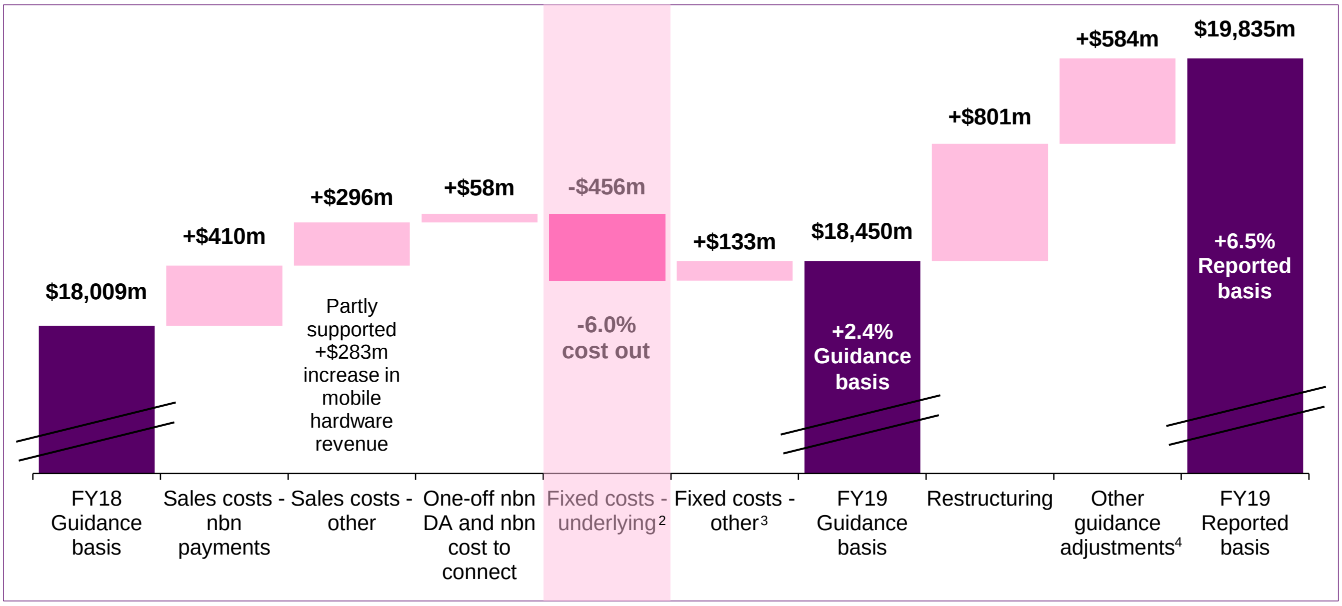
Other revenue includes recurring revenue related to nbn co access to our infrastructure (nbn DA), and revenue from other products such as late payment fees and revenue from Telstra Health and Telstra Software.

Other income includes gains and losses on asset and investment sales (including assets transferred under the nbn DAs), income from government grants under the Telstra Universal Service Obligation Performance Agreement (TUSOPA), income from nbn™ network disconnection fees (PSAA), subsidies and other miscellaneous items. The decrease in other income of 14.9 per cent is largely due to a decline in one-off PSAA which decreased by 9.5 per cent to $1,611 million and a $299 million benefit in FY18 relating to Foxtel (refer to *Other Segments* in *Segment performance*), partly offset by a 4.3 per cent increase in ISA income to $387 million in line with the progress of the nbn network rollout. The decline in PSAA receipts from the nbn reflects nbn migrations in the period.

Expense performance

In June 2018, we announced we would target a $2.5 billion annual reduction in underlying fixed costs by FY22 compared with underlying fixed costs of ~$8.3 billion in base year FY16. We have delivered against our cost ambitions for the year and are in line with the run rate required for our net productivity target with underlying fixed costs declining by 6.0 per cent or $456 million. We have now achieved around $1.2 billion of annual cost out since FY16.

Operating expenses[1]	FY19 $m	FY18 restated $m	Change $m	Change %
Sales costs	**8,831**	8,125	706	8.7
- nbn payments	**1,351**	941	410	43.6
- other	**7,480**	7,184	296	4.1
One-off nbn DA and nbn cost to connect	**503**	445	58	13.0
Fixed costs	**9,116**	9,439	(323)	(3.4)
- underlying[2]	**7,105**	7,561	(456)	(6.0)
- other[3]	**2,011**	1,878	133	7.1
Guidance basis	**18,450**	**18,009**	**441**	**2.4**
Restructuring	**801**	286	515	n/m
Other guidance adjustments[4]	**584**	327	257	n/m
Reported basis	**19,835**	**18,622**	**1,213**	**6.5**



1. Restated due to accounting changes and review of fixed costs - underlying and other inclusions. Sales and fixed costs exclude costs associated with one-off nbn DA and nbn cost to connect.
2. Fixed costs - underlying was ~$8.3b in FY16 and targeted to decline by our net cost productivity target of $2.5b by FY22.
3. Fixed costs - other includes items supporting revenue growth including relevant NAS costs, mobile lease, and product impairment.
4. Other guidance adjustments include $493 million asset impairment and $91 million M&A expenses. Refer to the *Guidance versus reported results* schedule.

Total operating expenses increased by 6.5 per cent to $19,835 million largely due to increased restructuring costs associated with reshaping our workforce and recognised asset impairments, partly offset by fixed cost reduction. Sales costs, which are direct costs associated with revenue and customer growth, increased by 8.7 per cent. This was due to a $410 million increase in nbn access payments and a $296 million increase in variable costs which partly supported mobile hardware revenue growth of $283 million. Other fixed costs increased by 7.1 per cent while one-off nbn DA and nbn cost to connect grew 13.0 per cent in line with the progress of the nbn™ network rollout. These increases were partially offset by the $456 million reduction in underlying fixed costs from our productivity program.

On a guidance basis, the rate of total operating expense growth has continued to slow with 1.9 per cent growth in 2H19 compared with 3.0 per cent in 1H19. In FY20, we expect total operating expenses excluding restructuring costs and impairments to decline, with reductions in underlying fixed to offset nbn network payments and other variable costs.

Our progress on achieving our productivity target is reported through the above operating expenses table. The detail below provides commentary on the operating expenses as disclosed in our statutory accounts.

Operating expenses	FY19	FY18 restated	Change
	$m	$m	%
Labour	**5,279**	5,207	1.4
Goods and services purchased	**9,138**	8,338	9.6
Other expenses	**5,418**	5,077	6.7
Total	**19,835**	18,622	6.5

Labour

Total labour expenses increased by 1.4 per cent or $72 million to $5,279 million. Redundancy costs increased by $479 million largely as a result of the T22 strategy restructure, partially offset by a $407 million decrease in salary costs due to lower headcount and reduced labour substitution.

Total full time staff and equivalents (FTE) decreased by 14.0 per cent or 4,855 to 29,769. We expect to realise the full financial benefits of these FTE reductions in FY20.

Goods and services purchased

Total goods and services purchased increased by 9.6 per cent or $800 million to $9,138 million.

Cost of goods sold, which includes mobile handsets, tablets, cellular Wi-Fi, broadband modems and NAS hardware, increased by 6.2 per cent or $220 million to $3,771 million as mobile hardware costs increased due to more expensive handsets being sold.

Network payments increased by 23.1 per cent or $524 million to $2,791 million, including a $410 million increase in nbn access payments as customers migrate across to nbn services. Offshore network payments were $117 million higher mainly due to higher offshore network traffic.

Other goods and services purchased costs increased by 2.2 per cent or $56 million to $2,576 million mainly due to an $87 million increase in service contracts and agreements in support of NAS services.

Other expenses

Total other expenses increased by 6.7 per cent or $341 million to $5,418 million. Impairment expenses increased by 23.6 per cent or $151 million largely due to a $493 million non-cash impairment of our legacy IT assets as a result of making good progress in standing up our new IT platforms as part of our T22 strategy. Service contracts and other agreements expenses declined by 5.2 per cent or $87 million driven lower by productivity and cost reduction programs, while other expenses increased by 10.0 per cent or $277 million including mobile lease plans.

Depreciation and amortisation

Depreciation and amortisation decreased by 4.2 per cent or $188 million to $4,282 million. Review of asset service lives during the year resulted in a $253 million decrease in depreciation expense and a $130 million decrease in amortisation expense.

Foreign currency impacts

For the purposes of reporting our consolidated results, the translation of foreign operations denominated in foreign currency to AUD increased our expenses by $125 million across labour, goods and services purchased, and other expenses. This foreign exchange impact was offset by a $135 million sales revenue increase resulting in a favourable EBITDA contribution of $10 million.

Net finance costs

Net finance costs increased by 7.1 per cent or $42 million to $630 million due to an increase in net borrowing costs of $30 million and other net finance cost impacts of $12 million. The increase in net borrowing costs was primarily from a reduction in interest revenue from our joint venture loan asset to Foxtel Management Pty Ltd which was converted to an equity instrument in FY18, an increase in finance lease interest costs, and refinancing short term debt with long term debt. Our gross borrowing yield remains flat at 4.9 per cent. The increase in other net finance costs was largely from non-cash market valuation adjustments on our financial instruments.

Summary statement of cash flows	FY19	FY18 restated	Change
	$m	$m	%
Net cash provided by operating activities	**6,683**	8,606	(22.3)
Net cash used in investing activities	**(3,615)**	(3,911)	7.6
- Capital expenditure (before investments)	**(4,370)**	(4,932)	11.4
- Other investing cash flows	**755**	1,021	(26.1)
Free cashflow	**3,068**	4,695	(34.7)
Net cash used in financing activities	**(3,088)**	(5,015)	38.4
Net (decrease) in cash and cash equivalents	**(20)**	(320)	93.8
Cash and cash equivalents at the beginning of the period	**620**	936	(33.8)
Effects of exchange rate changes on cash and cash equivalents	**4**	4	n/m
Cash and cash equivalents at the end of the period	**604**	620	(2.6)

Financial position

Capital expenditure and cash flow
Free cashflow generated from operating and investing activities was $3,068 million representing a decline of $1,627 million or 34.7 per cent. This was largely due to lower EBITDA including increased restructuring costs and working capital, partly offset by lower cash capital expenditure and tax paid.

Net cash provided by operating activities decreased by 22.3 per cent to $6,683 million mainly due to a decrease in one-off nbn receipts in line with the progress of the nbn™ network rollout and an increase in payments to suppliers and employees. This was partly offset by a reduction in income taxes paid. The decrease in net cash used in investing activities primarily reflects lower capital expenditure for the period. The $1,927 million decrease in net cash used in financing activities reflects higher funding from borrowings and lower dividend paid.

Our accrued capital expenditure for the year on a guidance basis was $4,140 million or 17.0 per cent of sales revenue. We have now completed our strategic investment program which we announced in August 2016, having invested $2.6 billion building the networks of the future and digitising the business. We are now moving the ongoing initiatives and investments into business as usual of our mid-term capex to sales ratio of 14 per cent.

On a guidance basis free cashflow was $3,186 million. Performance against guidance has been adjusted for free cashflow associated with M&A activity ($89 million) and spectrum ($29 million).

Financial settings	FY19 Actual	FY19 Comfort zone
Debt servicing[1]	1.8x	1.3 to 1.8x
Gearing[2]	50.3%	50% to 70%
Interest cover[3]	10.5x	>7x

1. Debt servicing ratio is calculated as net debt/EBITDA.
2. Gearing ratio is calculated as net debt/total net debt plus equity.
3. Interest cover is calculated as EBITDA/net interest on borrowings.

Debt position
Our gross debt position was $15,331 million comprising borrowings of $17,253 million and net derivative assets of $1,922 million. Gross debt declined by 0.2 per cent or $37 million due to a $47 million debt reduction from financing cash outflow and a $9 million bank overdraft reduction, offset by a $19 million increase in finance leases and other non-cash revaluation impacts on our borrowings and derivatives. Financing cash outflow comprises debt issuance of $1,570 million less debt repayments of $1,617 million.

Debt issuance	$m
10 year EUR bond	959
1 year AUD floating rate note	300
7 year bilateral loan facility	300
Other current loans	11
Total	**1,570**

Debt repayments	$m
Bonds	(752)
Short term commercial paper (net)	(537)
Revolving bank facilities (net)	(200)
Loans	(39)
AUD private placements	(10)
Finance leases	(79)
Total	**(1,617)**

Net debt decreased by 0.1 per cent or $12 million to $14,727 million, comprising the reduction in gross debt and a $25 million reduction in cash and cash equivalents. Net of bank overdraft our cash decreased by $16 million.

We remain within our comfort ranges for all our credit metrics. Our gearing ratio is at 50.3 per cent (30 June 2018: 50.2 per cent), debt servicing is 1.8 times (30 June 2018: 1.5 times), and interest cover is 10.5 times (30 June 2018: 14.0 times). On an adjusted basis excluding restructuring costs from EBITDA our debt servicing would be 1.7 times at 30 June 2019.

Summary statement of financial position	30 Jun 19	1 Jul 18 restated[1]	Change
	$m	$m	%
Current assets	**7,303**	7,202	1.4
Non-current assets	**35,286**	35,432	(0.4)
Total assets	**42,589**	42,634	(0.1)
Current liabilities	**9,553**	8,785	8.7
Non-current liabilities	**18,506**	19,293	(4.1)
Total liabilities	**28,059**	28,078	(0.1)
Net assets	**14,530**	14,556	(0.2)
Total equity	**14,530**	14,556	(0.2)
Return on average assets (%)	**8.8**	13.8	(5.0)pp
Return on average equity (%)	**14.8**	25.0	(10.2)pp

1. Opening balance of 1 July 2018 used versus 30 June 2018 due to AASB9 restatements going through opening balances only.

Statement of financial position

Our balance sheet remains in a strong position with net assets of $14,530 million.

Current assets increased by 1.4 per cent to $7,303 million. Assets classified as held for sale increased by $121 million and derivative financial assets increased by $104 million reflecting an increase in derivatives maturing within 12 months associated with hedges of our offshore bonds, partly offset by a $108 million reduction in trade and other receivables.

Non-current assets decreased by 0.4 per cent to $35,286 million. Intangible assets declined by $712 million mainly due to a $493 million non-cash impairment and write down of the value of our legacy IT assets as a result of good progress on our T22 strategy. This was partly offset by a $224 million increase in property, plant and equipment driven by mobile and Network 2020 investment, and a $186 million increase in derivative financial assets due to foreign currency movements and other valuation impacts arising from measuring to fair value, offset by reclassification of some derivatives to current assets.

Current liabilities increased by 8.7 per cent to $9,553 million. Borrowings increased by $587 million resulting from an increase in term debt maturing within 12 months, offset by a reduction in short-term borrowings. Debt maturing within 12 months largely comprises a €1 billion Euro bond and an AUD 300 million floating rate note. Contract liabilities and other revenue received in advance increased by $125 million.

Non-current liabilities decreased by 4.1 per cent to $18,506 million. Contract liabilities and other revenue received in advance declined by $410 million. Borrowings decreased by $285 million reflecting a reclassification to current liabilities of debt maturing within the next 12 months and repayment of revolving bank facilities, offset by term debt issuance, foreign currency and other valuation impacts.

Guidance versus reported results

This schedule 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. The results are based on the guidance statement for the current year. This guidance assumed wholesale product price stability and no impairments to investments or core 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 FY19 was broadly in accordance with the nbn Corporate Plan 2019. The guidance was provided on the basis of AASB15. Capex was measured on an accrued basis and excluded expenditure on spectrum and externally funded capex.

	Reported Basis			Adjustments June-19							June-18						Guidance Basis		
	Year ended 30 June			M&A Controlled Entities[1]	M&A JVs / Associates[1]	M&A Other Investments[1]	M&A Disposals[1]	Restructuring[2]	Asset Impairment[3]	Spectrum[4]	Asset Impairment[5]	Impairment[6]	Foxtel[7]	Spectrum[8]	M&A[9]	Restructuring[10]	Year ended 30 June		
	2019	2018 restated	Growth														2019	2018 restated	Growth
	$m	$m	%	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Total revenue	**25,259**	25,848	**(2.3%)**	(2)	0	0	(1)	0	0	0	0	0	(299)	0	0	0	**25,256**	25,549	**(1.1%)**
Total income (excl. finance income)	**27,807**	28,841	**(3.6%)**	**(2)**	**0**	**0**	**(1)**	**0**	**0**	**0**	**0**	**0**	**(299)**	**0**	**0**	**0**	**27,804**	28,542	**(2.6%)**
Labour	**5,279**	5,207	**1.4%**	0	0	0	0	(529)	0	0	0	0	0	0	0	(53)	**4,750**	5,154	**(7.8%)**
Goods and services purchased	**9,138**	8,338	**9.6%**	0	0	0	0	0	0	0	0	0	0	0	0	0	**9,138**	8,338	**9.6%**
Other expenses	**5,418**	5,077	**6.7%**	0	(2)	0	(89)	(272)	(493)	0	(30)	(297)	0	0	0	(233)	**4,562**	4,517	**1.0%**
Operating expenses	**19,835**	18,622	**6.5%**	**0**	**(2)**	**0**	**(89)**	**(801)**	**(493)**	**0**	**(30)**	**(297)**	**0**	**0**	**0**	**(286)**	**18,450**	18,009	**2.4%**
Share of net gain/(loss) from joint ventures and associated entities	**12**	(22)	**n/m**	0	0	0	0	0	0	0	0	0	57	0	0	0	**12**	35	**(65.7%)**
EBITDA	**7,984**	10,197	**(21.7%)**	**(2)**	**2**	**0**	**88**	**801**	**493**	**0**	**30**	**297**	**(242)**	**0**	**0**	**286**	**9,366**	10,568	**(11.4%)**
Depreciation and amortisation	**4,282**	4,470	**(4.2%)**	0	0	0	0	0	0	0	0	0	0	0	0	0	**4,282**	4,470	**(4.2%)**
EBIT	**3,702**	5,727	**(35.4%)**	**(2)**	**2**	**0**	**88**	**801**	**493**	**0**	**30**	**297**	**(242)**	**0**	**0**	**286**	**5,084**	6,098	**(16.6%)**
Net finance costs	**630**	588	**7.1%**	0	0	0	0	0	0	0	0	0	0	0	0	0	**630**	588	**7.1%**
Profit before income tax expense	**3,072**	5,139	**(40.2%)**	**(2)**	**2**	**0**	**88**	**801**	**493**	**0**	**30**	**297**	**(242)**	**0**	**0**	**286**	**4,454**	5,510	**(19.2%)**
Income tax expense	**923**	1,582	**(41.7%)**	0	0	0	0	240	148	0	9	0	(11)	0	0	86	**1,311**	1,666	**(21.3%)**
Profit for the period	**2,149**	3,557	**(39.6%)**	**(2)**	**2**	**0**	**88**	**561**	**345**	**0**	**21**	**297**	**(231)**	**0**	**0**	**200**	**3,143**	3,844	**(18.2%)**
Attributable to:																			
Equity holders of Telstra Entity	**2,154**	3,591	**(40.0%)**	(2)	2	0	88	561	345	0	21	286	(231)	0	0	200	**3,148**	3,867	**(18.6%)**
Non-controlling interests	**(5)**	(34)	**85.3%**	0	0	0	0	0	0	0	0	11	0	0	0	0	**(5)**	(23)	**78.3%**
Free cashflow	**3,068**	4,695	**(34.7%)**	**5**	**21**	**1**	**62**	**0**	**0**	**29**	**0**	**0**	**51**	**113**	**14**	**0**	**3,186**	4,873	**(34.6%)**

2018 has been restated for the impacts of AASB15.
This table has been reviewed by our auditors.
Reported EBITDA includes restructuring costs. FY19 guidance EBITDA excludes restructuring costs and impairments to core assets.

Note:
There are a number of factors that have impacted our results this financial year. In the table above, we have adjusted the results for:

(1) Mergers & Acquisitions (M&A adjustments):
Adjustments relating to acquisition and disposals of controlled entities, joint ventures, associates and other investments and any associated net gains or losses and contingent consideration.
Joint Ventures/Associates mainly include additional investments in our interest in the Telstra Ventures Fund II, L.P.
During this period we disposed of our investment in Ooyala Inc., Ooyala AB and their controlled entities, Orion Health Group Ltd and VeloCloud. We also received deferred consideration from our disposal of 1300 Australia Pty Ltd and from the sell down of our interest in the Telstra Ventures Fund II, L.P.

(2) Restructuring adjustments:
Adjustments for the strategic focus (T22 program) announced at last financial full year results to improve customer experience, simplify structure and cut costs, in addition to our normal business as usual redundancies for the period.

(3) Asset impairment adjustments:
Adjustments relating to an impairment and write downs for IT legacy assets and WIP.

(4) Spectrum adjustments:
Adjustment relating to the impact on free cashflow associated with our spectrum purchases and renewals for the period including:
$27m for renewal of spectrum licences in the 900 MHz band.
Payments for spectrum and apparatus licences in various spectrum bands.

(5) Asset impairment adjustments:
Adjustments relating to an impairment and write downs for assets.

(6) Impairment adjustments:
Adjustments relating to an impairment for the remaining goodwill, intangibles and property, plant and equipment in Ooyala.

(7) Foxtel adjustments:
Adjustments relating to fair value gains resulting from the conversion of the shareholder loan into additional investment in the Foxtel joint venture and recognition of our cumulative unrecognised share of equity accounted losses.

(8) Spectrum adjustments:
Adjustments relating to the impact on free cashflow associated with our spectrum purchases and renewals for the period including:
$27m for renewal of Spectrum licences in the 900MHz band (2x8.4MHz national PMTS Class B licence).

(9) M&A adjustments:
Adjustments relating to acquisition and disposals of controlled entities, joint ventures, associates and other investments and any associated net gains or losses and contingent consideration.

(10) Restructuring adjustments
Adjustments for the strategic focus on accelerating restructure activity in addition to our normal business as usual redundancies for the period.
Adjustments for the strategic focus on the incremental capex spend announced at last financial full year results to promote sustainable network differentiation, support digitisation, productivity and boost customer experience ($91m).

Results of operations

	Year ended 30 June			
	2019	2018 Restated (i)	Change	Change
	$M	$M	$M	%
Revenue (excluding finance income)	**25,259**	25,848	(589)	(2.3)
Other income (ii)	**2,548**	2,993	(445)	(14.9)
Total income (excluding finance income)	**27,807**	28,841	(1,034)	(3.6)
Labour	**5,279**	5,207	72	1.4
Goods and services purchased	**9,138**	8,338	800	9.6
Net impairment losses on financial assets	**184**	190	(6)	(3.2)
Other expenses	**5,234**	4,887	347	7.1
Operating expenses	**19,835**	18,622	1,213	6.5
Share of net profit/(loss) from joint ventures and associated entities	**12**	(22)	34	n/m
	19,823	18,644	1,179	6.3
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)	**7,984**	10,197	(2,213)	(21.7)
Depreciation and amortisation	**4,282**	4,470	(188)	(4.2)
Earnings before interest and income tax expense (EBIT)	**3,702**	5,727	(2,025)	(35.4)
Finance income	**238**	218	20	9.2
Finance costs	**868**	806	62	7.7
Net finance costs	**630**	588	42	7.1
Profit before income tax expense	**3,072**	5,139	(2,067)	(40.2)
Income tax expense	**923**	1,582	(659)	(41.7)
Profit for the year	**2,149**	3,557	(1,408)	(39.6)
Attributable to:				
Equity holders of Telstra Entity	**2,154**	3,591	(1,437)	(40.0)
Non-controlling interests	**(5)**	(34)	29	85.3
	2,149	3,557	(1,408)	(39.6)
Effective tax rate on operations	**30.0%**	30.8%		(0.8) pp
EBITDA margin on revenue	**31.6%**	39.4%		(7.8) pp
EBIT margin on revenue	**14.7%**	22.2%		(7.5) pp
	cents	cents	Change cents	Change %
Earnings per share (cents per share)				
Basic (iii)	18.1	30.2	(12.1)	(40.1)
Diluted (iii)	18.1	30.2	(12.1)	(40.1)

(i) Restated due to adoption of AASB15: Revenue from Contracts with Customers.

(ii) Other income includes gains and losses on asset and investment sales (including assets transferred under the nbn Definitive Agreements), income from government grants under the Telstra Universal Service Obligation Performance Agreement, Mobile Blackspot Government program and other individually immaterial contracts, income from nbn™ network disconnection fees, subsidies and other miscellaneous items.

(iii) Basic and diluted earnings per share are impacted by the effect of shares held in trust by Telstra Growthshare Trust (Growthshare) and by the Telstra Employee Share Ownership Plan Trust II (TESOP99).

n/m = not meaningful

Total income

	Year ended 30 June			
	2019	2018 Restated [i]	Change	Change
	$M	$M	$M	%
Fixed products				
Retail bundles and standalone data	**3,290**	3,300	(10)	(0.3)
Retail standalone voice	**881**	1,186	(305)	(25.7)
Other retail fixed [ii]	**247**	269	(22)	(8.2)
Total retail fixed revenue	**4,418**	4,755	(337)	(7.1)
Wholesale fixed	**805**	1,010	(205)	(20.3)
Total fixed revenue	**5,223**	5,765	(542)	(9.4)
Mobiles				
Postpaid handheld	**5,294**	5,233	61	1.2
Prepaid handheld	**829**	958	(129)	(13.5)
Mobile broadband	**673**	783	(110)	(14.0)
Internet of Things (IoT)	**203**	170	33	19.4
Satellite	**15**	12	3	25.0
Mobile interconnection	**224**	212	12	5.7
Mobile services revenue - wholesale resale	**201**	189	12	6.3
Total mobile services revenue	**7,439**	7,557	(118)	(1.6)
Mobiles hardware	**3,106**	2,823	283	10.0
Total mobile revenue	**10,545**	10,380	165	1.6
Data & IP				
IPVPN products [iii]	**996**	1,064	(68)	(6.4)
ISDN products	**387**	471	(84)	(17.8)
Other data and calling products [iv]	**975**	1,021	(46)	(4.5)
Total data & IP revenue	**2,358**	2,556	(198)	(7.7)
Network applications & services				
Managed network services	**648**	675	(27)	(4.0)
Unified communciations	**1,009**	885	124	14.0
Cloud services	**430**	428	2	0.5
Industry solutions	**1,184**	1,374	(190)	(13.8)
Integrated services	**206**	265	(59)	(22.3)
Total network applications & services revenue	**3,477**	3,627	(150)	(4.1)
Media				
Foxtel from Telstra	**664**	702	(38)	(5.4)
IPTV	**49**	62	(13)	(21.0)
Mobility and other	**84**	95	(11)	(11.6)
Cable	**35**	60	(25)	(41.7)
Total media revenue	**832**	919	(87)	(9.5)
Global connectivity revenue	**1,700**	1,569	131	8.3
Recurring nbn DA	**784**	642	142	22.1
Other products [v]	**340**	390	(50)	(12.8)
Total external revenue	**25,259**	25,848	(589)	(2.3)
Other income [vi]	**2,548**	2,993	(445)	(14.9)
Total income (excluding finance income)	**27,807**	28,841	(1,034)	(3.6)

(i) Restated due to adoption of AASB15: Revenue from Contracts with Customers.

(ii) Other retail fixed revenue includes platinum, once off revenue (hardware and professional installation fees), payphones, directory assistance, fixed interconnect.

(iii) IP based Virtual Private Network (IPVPN) includes IPMAN/Ethernet MAN, IPWAN, and nbn.

(iv) Other data and calling products includes wholesale, inbound calling (1300/1800), internet, media solutions, and legacy data (e.g. frame relay).

(v) Other products revenue primarily includes late payment fees, revenue from Telstra Health and Telstra Software.

(vi) Other income includes gains and losses on asset and investment sales (including assets transferred under the nbn Definitive Agreements), income from government grants under the Telstra Universal Service Obligation Performance Agreement, Mobile Blackspot Government program and other individually immaterial contracts, income from nbn™ network disconnection fees, subsidies and other miscellaneous items.

Total expenses

	Year ended 30 June			
	2019	2018 Restated (i)	Change	Change
	$M	$M	$M	%
Salary and associated costs	**3,544**	3,784	(240)	(6.3)
Other labour expenses	**263**	355	(92)	(25.9)
Labour substitution	**830**	905	(75)	(8.3)
Redundancy	**642**	163	479	n/m
Total labour	**5,279**	5,207	72	1.4
Cost of goods sold	**3,771**	3,551	220	6.2
Network payments	**2,791**	2,267	524	23.1
Other	**2,576**	2,520	56	2.2
Total goods and services purchased	**9,138**	8,338	800	9.6
Net impairment losses on financial assets	**184**	190	(6)	(3.2)
Service contracts and other agreements	**1,590**	1,677	(87)	(5.2)
Other impairment expenses	**608**	451	157	34.8
Other	**3,036**	2,759	277	10.0
Total other expenses	**5,234**	4,887	347	7.1
Total operating expenses	**19,835**	18,622	1,213	6.5
Depreciation	**2,810**	3,005	(195)	(6.5)
Amortisation	**1,472**	1,465	7	0.5
Total depreciation and amortisation	**4,282**	4,470	(188)	(4.2)

(i) Restated due to adoption of AASB15: Revenue from Contracts with Customers.
n/m = not meaningful

Statement of Cash Flows

	Year ended 30 June			
	2019	2018	Change	Change
	$M	$M	$M	%
Cash flows from operating activities				
Receipts from customers (inclusive of goods and services tax (GST))	**30,231**	31,901	(1,670)	(5.2)
Payments to suppliers and employees (inclusive of GST)	**(22,748)**	(21,948)	(800)	(3.6)
Government grants received	**156**	174	(18)	(10.3)
Net cash generated by operations	**7,639**	10,127	(2,488)	(24.6)
Income taxes paid	**(956)**	(1,521)	565	37.1
Net cash provided by operating activities	**6,683**	8,606	(1,923)	(22.3)
Cash flows from investing activities				
Payments for property, plant and equipment	**(3,235)**	(3,571)	336	9.4
Payments for intangible assets	**(1,135)**	(1,361)	226	16.6
Capital expenditure (before investments)	**(4,370)**	(4,932)	562	11.4
Payments for business and shares in controlled entities (net of cash acquired)	**(115)**	(56)	(59)	n/m
Payments for equity accounted investments	**(21)**	(15)	(6)	(40.0)
Payments for other investments	**(26)**	(67)	41	61.2
Total capital expenditure (including investments)	**(4,532)**	(5,070)	538	10.6
Government grants received	**53**	91	(38)	(41.8)
Proceeds from sale of property, plant and equipment	**646**	796	(150)	(18.8)
Proceeds from sale of business and shares in controlled entities (net of cash disposed)	**42**	49	(7)	(14.3)
Proceeds from sale of other investments	**6**	24	(18)	(75.0)
Distributions received from equity accounted investments	**33**	9	24	n/m
Interest received	**33**	65	(32)	(49.2)
Proceeds from finance lease principal amounts	**104**	125	(21)	(16.8)
Net cash used in investing activities	**(3,615)**	(3,911)	296	7.6
Operating cash flows less investing cash flows	**3,068**	4,695	(1,627)	(34.7)
Cash flows from financing activities				
Proceeds from borrowings	**4,669**	4,195	474	11.3
Repayment of borrowings	**(4,637)**	(5,148)	511	9.9
Repayment of finance lease principal amounts	**(79)**	(120)	41	34.2
Purchase of shares for employee share plans	**-**	(18)	18	n/m
Finance costs paid	**(781)**	(776)	(5)	(0.6)
Dividend paid to equity holders of Telstra Entity	**(2,259)**	(3,150)	891	28.3
Other	**(1)**	2	(3)	n/m
Net cash used in financing activities	**(3,088)**	(5,015)	1,927	38.4
Net decrease in cash and cash equivalents	**(20)**	(320)	300	93.8
Cash and cash equivalents at the beginning of the period	**620**	936	(316)	(33.8)
Effects of exchange rate changes on cash and cash equivalents	**4**	4	0	0.0
Cash and cash equivalents at the end of the year	**604**	620	(16)	(2.6)

n/m = not meaningful

Statement of Financial Position

	As at 30 Jun 19 $M	1 Jul 18 (i) Restated (ii) $M	Change $M	Change %
Current assets				
Cash and cash equivalents	**604**	629	(25)	(4.0)
Trade and other receivables and contract assets	**5,392**	5,500	(108)	(2.0)
Deferred contract costs	**95**	69	26	37.7
Inventories	**448**	492	(44)	(8.9)
Derivative financial assets	**179**	75	104	n/m
Current tax receivables	**7**	6	1	16.7
Prepayments	**457**	431	26	6.0
Assets classified as held for sale	**121**	-	121	n/m
Total current assets	**7,303**	7,202	101	1.4
Non-current assets				
Trade and other receivables and contract assets	**780**	729	51	7.0
Deferred contract costs	**1,232**	1,180	52	4.4
Inventories	**35**	19	16	84.2
Investments - accounted for using the equity method	**1,298**	1,237	61	4.9
Investments - other	**25**	36	(11)	(30.6)
Property, plant and equipment	**22,332**	22,108	224	1.0
Intangible assets	**7,210**	7,922	(712)	(9.0)
Derivative financial assets	**2,083**	1,897	186	9.8
Deferred tax assets	**59**	54	5	9.3
Defined benefit asset	**232**	250	(18)	(7.2)
Total non-current assets	**35,286**	35,432	(146)	(0.4)
Total assets	**42,589**	42,634	(45)	(0.1)
Current liabilities				
Trade and other payables	**4,528**	4,528	-	-
Employee benefits	**804**	868	(64)	(7.4)
Other provisions	**103**	89	14	15.7
Borrowings	**2,222**	1,635	587	35.9
Derivative financial liabilities	**57**	1	56	n/m
Current tax payables	**103**	132	(29)	(22.0)
Contract liabilities and other revenue received in advance	**1,657**	1,532	125	8.2
Liabilities classified as held for sale	**79**	-	79	n/m
Total current liabilities	**9,553**	8,785	768	8.7
Non-current liabilities				
Other payables	**68**	65	3	4.6
Employee benefits	**158**	157	1	0.6
Other provisions	**158**	168	(10)	(6.0)
Borrowings	**15,031**	15,316	(285)	(1.9)
Derivative financial liabilities	**283**	388	(105)	(27.1)
Deferred tax liabilities	**1,529**	1,511	18	1.2
Defined benefit liabilities	**8**	7	1	14.3
Contract liabilities and other revenue received in advance	**1,271**	1,681	(410)	(24.4)
Total non-current liabilities	**18,506**	19,293	(787)	(4.1)
Total liabilities	**28,059**	28,078	(19)	(0.1)
Net assets	**14,530**	14,556	(26)	(0.2)
Equity				
Share capital	**4,447**	4,428	19	0.4
Reserves	**(58)**	(131)	73	55.7
Retained profits	**10,160**	10,272	(112)	(1.1)
Equity available to Telstra Entity shareholders	**14,549**	14,569	(20)	(0.1)
Non-controlling interests	**(19)**	(13)	(6)	(46.2)
Total equity	**14,530**	14,556	(26)	(0.2)
Gross debt	**15,331**	15,368	(37)	(0.2)
Net debt	**14,727**	14,739	(12)	(0.1)
EBITDA interest cover (times) (iii)	**10.5**	14.0	(3.5)	(24.8)
Net debt to EBITDA	**1.8**	1.5	0.3	20.0
ROA - Return on average assets	**8.8%**	13.8%		(5.0) pp
ROE - Return on average equity	**14.8%**	25.0%		(10.2) pp
ROI - Return on average investment	**12.6%**	19.5%		(6.9) pp
ROIC - Return on invested capital	**8.8%**	13.5%		(4.7) pp
Gearing ratio (net debt to capitalisation)	**50.3%**	50.2%		0.1 pp

(i) Opening balance of 1 July 2018 used versus 30 June 2018 due to AASB 9 restatements going through opening balances only.

(ii) Restated due to adoption of AASB15: Revenue from Contracts with Customers.

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

n/m = not meaningful

Segment information from operations

	Total external income Year ended 30 June			EBITDA contribution Year ended 30 June		
	2019	2018 Restated (i)	Change	**2019**	2018 Restated (i)	Change
	$M	$M	%	**$M**	$M	%
Telstra Consumer and Small Business	**14,271**	14,498	(1.6)	**5,581**	6,626	(15.8)
Telstra Enterprise	**8,243**	8,217	0.3	**3,411**	3,527	(3.3)
Networks and IT	**70**	75	(6.7)	**(1,459)**	(1,477)	1.2
Other Segments	**2,166**	2,788	(22.3)	**(1,870)**	(897)	n/m
Telstra excluding Telstra InfraCo	**24,750**	25,578	(3.2)	**5,663**	7,779	(27.2)
Telstra InfraCo	**4,948**	3,263	51.6	**3,192**	2,418	32.0
Internal access charges	**(1,891)**	-	n/m	**(871)**	-	n/m
Total Telstra segments	**27,807**	28,841	(3.6)	**7,984**	10,197	(21.7)

n/m = not meaningful

Revenue by Business Segment

	Year ended 30 June		
	2019	2018 Restated (i)	Change
	$M	$M	%
Telstra Consumer and Small Business			
Fixed	**4,144**	4,421	(6.3)
Mobile services revenue	**5,830**	5,970	(2.3)
Network applications and services (NAS)	**311**	273	13.9
Telstra Enterprise Australia			
Mobile services revenue	**1,413**	1,397	1.1
Data & IP	**1,757**	1,915	(8.3)
Network applications and services (NAS)	**2,565**	2,546	0.7

Product profitability - EBITDA margins %

	Year ended 30 June	
	Jun 2019	Jun 2018 Restated (i)
Mobile	**34%**	38%
Fixed	**19%**	30%
Data & IP	**63%**	64%
NAS	**10%**	10%
Global Connectivity	**19%**	19%

Note: Product margins represent management's best estimates.

Product profitability - EBITDA ($M)

	Year ended 30 June	
	Jun 2019	Jun 2018 Restated (i)
Mobile	**3,579**	3,921
Fixed	**1,044**	1,758
Data & IP	**1,493**	1,642
NAS	**331**	365
Global Connectivity	**330**	293

Note: Product margins represent management's best estimates.

(i) Restated due to adoption of AASB15: Revenue from Contracts with Customers.

ARPU ($)

	Half-year ended			Jun 19 vs Jun 18		Jun 19 vs Dec 18	
	Jun 2019	Dec 2018	Jun 2018 Restated (i)	**Change**	Change	**Change**	Change
	$	**$**	$	**$**	%	**$**	%
Fixed retail bundle and standalone data	**74.05**	75.90	76.69	(2.64)	(3.4)	(1.85)	(2.4)
Fixed retail standalone voice	**43.48**	43.70	44.07	(0.59)	(1.3)	(0.22)	(0.5)
Postpaid handheld	**53.60**	55.62	56.22	(2.62)	(4.7)	(2.02)	(3.6)
Prepaid handheld	**19.38**	22.54	22.36	(2.98)	(13.3)	(3.16)	(14.0)
Mobile broadband	**14.65**	15.32	15.58	(0.93)	(6.0)	(0.67)	(4.4)

(i) Restated due to adoption of AASB15: Revenue from Contracts with Customers.

Services in operation (000s)

	Half-year ended			Jun 19 vs Jun 18		Jun 19 vs Dec 18	
	Jun 2019	Dec 2018	Jun 2018	**Change**	Change	**Change**	Change
	000s	000s	**000s**	**000s**	%	**000s**	%
Fixed services in operation (SIOs)							
Retail bundles and standalone data (i)	**3,706**	3,663	3,599	107	3.0	43	1.2
Retail standalone voice	**1,412**	1,685	1,954	(542)	(27.7)	(273)	(16.2)
Wholesale basic access (ii)	**502**	662	805	(303)	(37.6)	(160)	(24.2)
Wholesale data (iii)	**310**	400	486	(176)	(36.2)	(90)	(22.5)
ISDN access (basic line equivalents)	**736**	804	859	(123)	(14.3)	(68)	(8.5)
Unconditioned local loop (ULL)	**756**	987	1,118	(362)	(32.4)	(231)	(23.4)
Line spectrum sharing services (LSS)	**167**	229	277	(110)	(39.7)	(62)	(27.1)
Mobiles services in operation (SIOs)							
Postpaid handheld retail (iv)	**8,244**	8,105	7,866	378	4.8	139	1.7
Prepaid handheld retail	**3,303**	3,264	3,354	(51)	(1.5)	39	1.2
Mobile broadband (data cards)	**3,627**	3,723	3,893	(266)	(6.8)	(96)	(2.6)
Internet of Things (IoT)	**3,132**	2,832	2,571	561	21.8	300	10.6
Satellite	**32**	32	32	-	-	-	-
Total retail mobile	**18,338**	17,956	17,716	622	3.5	382	2.1
Total wholesale mobile	**1,203**	1,098	973	230	23.6	105	9.6
Prepaid handheld retail unique users (v)	**2,245**	2,234	2,294	(49)	(2.1)	11	0.5
Foxtel from Telstra	**730**	772	790	(60)	(7.6)	(42)	(5.4)

(i) Includes Belong fixed data SIOs.
(ii) Excludes nbn SIOs.
(iii) Includes nbn SIOs.
(iv) Includes Belong mobile SIOs.
(v) Prepaid unique users defined as the three month rolling average of monthly active prepaid users.
Note: Statistical data represents management's best estimates.

Workforce

	Half-year ended			Jun 19 vs Jun 18		Jun 19 vs Dec 18	
	Jun 2019	Dec 2018	Jun 2018	**Change**	Change %	**Change**	Change %
Employee data							
Full time staff equivalents incl. contractor/agency labour	**29,769**	31,419	34,624	(4,855)	(14.0)	(1,650)	(5.3)

Note: Statistical data represents management's best estimates.

Telstra Corporation Limited
Half-year comparison
Year ended 30 June 2019

Summary reported half-yearly data ($ Millions)	Half 1 Dec-17 Restated (vi)	Half 2 Jun-18 Restated (vi)	Full year Jun-18 Restated (vi)	Half 1 Dec-18	PCP Growth	Half 2 Jun-19	PCP Growth	Full year Jun-19	PCP Growth
Total income									
Fixed products									
Retail bundles and standalone data	1,660	1,640	3,300	1,653	(0.4%)	1,637	(0.2%)	3,290	(0.3%)
Retail standalone voice	633	553	1,186	477	(24.6%)	404	(26.9%)	881	(25.7%)
Other retail fixed (i)	136	133	269	125	(8.1%)	122	(8.3%)	247	(8.2%)
Total retail fixed revenue	**2,429**	**2,326**	**4,755**	**2,255**	**(7.2%)**	**2,163**	**(7.0%)**	**4,418**	**(7.1%)**
Wholesale fixed	528	482	1,010	426	(19.3%)	379	(21.4%)	805	(20.3%)
Total fixed revenue	**2,957**	**2,808**	**5,765**	**2,681**	**(9.3%)**	**2,542**	**(9.5%)**	**5,223**	**(9.4%)**
Mobiles									
Postpaid handheld	2,609	2,624	5,233	2,665	2.1%	2,629	0.2%	5,294	1.2%
Prepaid handheld	493	465	958	448	(9.1%)	381	(18.1%)	829	(13.5%)
Mobile broadband	416	367	783	350	(15.9%)	323	(12.0%)	673	(14.0%)
Internet of Things (IoT)	73	97	170	99	35.6%	104	7.2%	203	19.4%
Satellite	6	6	12	7	16.7%	8	33.3%	15	25.0%
Mobiles interconnection	106	106	212	112	5.7%	112	5.7%	224	5.7%
Mobile services revenue - wholesale resale	90	99	189	99	10.0%	102	3.0%	201	6.3%
Total mobile services revenue	**3,793**	**3,764**	**7,557**	**3,780**	**(0.3%)**	**3,659**	**(2.8%)**	**7,439**	**(1.6%)**
Mobiles hardware	1,376	1,447	2,823	1,511	9.8%	1,595	10.2%	3,106	10.0%
Total mobile revenue	**5,169**	**5,211**	**10,380**	**5,291**	**2.4%**	**5,254**	**0.8%**	**10,545**	**1.6%**
Data & IP									
IPVPN products (ii)	539	525	1,064	511	(5.2%)	485	(7.6%)	996	(6.4%)
ISDN products	245	226	471	206	(15.9%)	181	(19.9%)	387	(17.8%)
Other data and calling products (iii)	514	507	1,021	500	(2.7%)	475	(6.3%)	975	(4.5%)
Total data & IP revenue	**1,298**	**1,258**	**2,556**	**1,217**	**(6.2%)**	**1,141**	**(9.3%)**	**2,358**	**(7.7%)**
Network applications and services revenue									
Managed network services	306	369	675	291	(4.9%)	357	(3.3%)	648	(4.0%)
Unified communications	403	482	885	442	9.7%	567	17.6%	1,009	14.0%
Cloud services	180	248	428	202	12.2%	228	(8.1%)	430	0.5%
Industry solutions	681	693	1,374	573	(15.9%)	611	(11.8%)	1,184	(13.8%)
Integrated services	94	171	265	88	(6.4%)	118	(31.0%)	206	(22.3%)
Total network applications and services revenue	**1,664**	**1,963**	**3,627**	**1,596**	**(4.1%)**	**1,881**	**(4.2%)**	**3,477**	**(4.1%)**
Media									
Foxtel from Telstra	357	345	702	340	(4.8%)	324	(6.1%)	664	(5.4%)
IPTV	31	31	62	26	(16.1%)	23	(25.8%)	49	(21.0%)
Mobility and other	50	45	95	45	(10.0%)	39	(13.3%)	84	(11.6%)
Cable	30	30	60	30	n/m	5	(83.3%)	35	(41.7%)
Total media revenue	**468**	**451**	**919**	**441**	**(5.8%)**	**391**	**(13.3%)**	**832**	**(9.5%)**
Global connectivity									
Global connectivity - fixed	151	167	318	144	(4.6%)	202	21.0%	346	8.8%
Global connectivity - data & IP	452	471	923	491	8.6%	512	8.7%	1,003	8.7%
Global connectivity - other	161	167	328	166	3.1%	185	10.8%	351	7.0%
Total global connectivity revenue	**764**	**805**	**1,569**	**801**	**4.8%**	**899**	**11.7%**	**1,700**	**8.3%**
Recurring nbn DA	304	338	642	374	23.0%	410	21.3%	784	22.1%
Other products (iv)	185	205	390	185	n/m	155	(24.4%)	340	(12.8%)
Total external revenue	**12,809**	**13,039**	**25,848**	**12,586**	**(1.7%)**	**12,673**	**(2.8%)**	**25,259**	**(2.3%)**
Other income (v)	1,582	1,411	2,993	1,212	(23.4%)	1,336	(5.3%)	2,548	(14.9%)
Total income (excluding finance income)	**14,391**	**14,450**	**28,841**	**13,798**	**(4.1%)**	**14,009**	**(3.1%)**	**27,807**	**(3.6%)**
Total expenses									
Labour	2,699	2,508	5,207	2,722	0.9%	2,557	2.0%	5,279	1.4%
Goods and services purchased	3,989	4,349	8,338	4,382	9.9%	4,756	9.4%	9,138	9.6%
Net impairment on losses on financial assets	103	87	190	88	(14.6%)	96	10.3%	184	(3.2%)
Other expenses	2,473	2,414	4,887	2,349	(5.0%)	2,885	19.5%	5,234	7.1%
Operating expenses	**9,264**	**9,358**	**18,622**	**9,541**	**3.0%**	**10,294**	**10.0%**	**19,835**	**6.5%**
Share of net profit/(loss) from joint ventures and associated entities	(31)	9	(22)	1	n/m	11	22.2%	12	n/m
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)	**5,096**	**5,101**	**10,197**	**4,258**	**(16.4%)**	**3,726**	**(27.0%)**	**7,984**	**(21.7%)**
Depreciation and amortisation	2,219	2,251	4,470	2,141	(3.5%)	2,141	(4.9%)	4,282	(4.2%)
Earnings before interest and income tax expense (EBIT)	**2,877**	**2,850**	**5,727**	**2,117**	**(26.4%)**	**1,585**	**(44.4%)**	**3,702**	**(35.4%)**
Net finance costs	296	292	588	320	8.1%	310	6.2%	630	7.1%
Profit before income tax expense	**2,581**	**2,558**	**5,139**	**1,797**	**(30.4%)**	**1,275**	**(50.2%)**	**3,072**	**(40.2%)**
Income tax expense	889	693	1,582	569	(36.0%)	354	(48.9%)	923	(41.7%)
Profit for the period	**1,692**	**1,865**	**3,557**	**1,228**	**(27.4%)**	**921**	**(50.6%)**	**2,149**	**(39.6%)**

(i) Other retail fixed revenue includes platinum, once off revenue (hardware and professional installation fees), payphones, directory assistance, fixed interconnect.
(ii) IP based Virtual Private Network (IPVPN) includes IPMAN/Ethernet MAN, IPWAN, and nbn.
(iii) Other data and calling products includes wholesale, inbound calling (1300/1800), internet, media solutions, and legacy data (e.g. frame relay).
(iv) Other products revenue primarily includes late payment fees, revenue from Telstra Health and Telstra Software.
(v) Other income includes gains and losses on asset and investment sales (including assets transferred under the nbn Definitive Agreements), income from government grants under the Telstra Universal Service Obligation Performance Agreement, Mobile Blackspot Government program and other individually immaterial contracts, income from nbn™ network disconnection fees, subsidies and other miscellaneous items.
(vi) Restated due to adoption of AASB15: Revenue from Contracts with Customers.
n/m = not meaningful

Telstra Corporation Limited
Half-year comparison
Year ended 30 June 2019

Summary reported half-yearly data	Half 1 Dec-17	PCP Growth	Half 2 Jun-18	PCP Growth	Full Year Jun-18	PCP Growth	Half 1 Dec-18	PCP Growth	Half 2 Jun-19	PCP Growth	Full Year Jun-19	PCP Growth
Selected statistical data												
Fixed												
Retail bundles and standalone data SIOs (thousands) [i]	3,532	1.8%	3,599	2.5%	3,599	2.5%	3,663	3.7%	3,706	3.0%	3,706	3.0%
Retail standalone voice SIOs (thousands)	2,230	(20.4%)	1,954	(22.6%)	1,954	(22.6%)	1,685	(24.4%)	1,412	(27.7%)	1,412	(27.7%)
Wholesale basic access lines in service (thousands) [ii]	955	(23.7%)	805	(28.4%)	805	(28.4%)	662	(30.7%)	502	(37.6%)	502	(37.6%)
Wholesale data SIOs (thousands) [iii]	579	(26.3%)	486	(29.8%)	486	(29.8%)	400	(30.9%)	310	(36.2%)	310	(36.2%)
Unconditioned local loop (ULL) SIOs (thousands)	1,234	(17.5%)	1,118	(19.6%)	1,118	(19.6%)	987	(20.0%)	756	(32.4%)	756	(32.4%)
Wholesale line spectrum site sharing (LSS) SIOs (thousands)	326	(25.4%)	277	(27.9%)	277	(27.9%)	229	(29.8%)	167	(39.7%)	167	(39.7%)
Average bundle and standalone data revenue per user per month ($) [iv]	78.56	n/m	76.69	n/m	77.37	n/m	75.90	(3.4%)	74.05	(3.4%)	75.07	(3.0%)
Average standalone fixed voice revenue per user per month ($) [iv]	44.40	n/m	44.07	n/m	44.16	n/m	43.70	(1.6%)	43.48	(1.3%)	43.62	(1.2%)
Belong fixed data SIOs (thousands)	180	46.3%	203	31.0%	203	31.0%	225	25.0%	254	25.1%	254	25.1%
nbn™ premise connections												
Bundle Connections (thousands)	1,304	105.0%	1,573	65.2%	1,573	65.2%	1,844	41.4%	2,149	36.6%	2,149	36.6%
Belong (thousands)	92	76.9%	110	48.6%	110	48.6%	132	43.5%	176	60.0%	176	60.0%
Voice Only Connections (thousands)	234	120.8%	263	73.5%	263	73.5%	278	18.8%	280	6.5%	280	6.5%
Total nbn™ premise connections	1,630	105.3%	1,946	65.5%	1,946	65.5%	2,254	38.3%	2,605	33.9%	2,605	33.9%
Data & IP												
ISDN Access SIOs (thousands)	173	(10.4%)	164	(11.4%)	164	(11.4%)	148	(14.5%)	122	(25.6%)	122	(25.6%)
IPVPN Access SIOs (thousands)	114	8.5%	119	5.1%	119	5.1%	126	10.5%	127	6.7%	127	6.7%
Mobiles												
Total retail mobile SIOs (thousands)	17,609	1.1%	17,716	2.0%	17,716	2.0%	17,956	2.0%	18,338	3.5%	18,338	3.5%
Postpaid handheld mobile SIOs (thousands)	7,692	2.8%	7,866	4.0%	7,866	4.0%	8,105	5.4%	8,244	4.8%	8,244	4.8%
Belong postpaid handheld mobile SIOs (thousands) [v]	21	n/m	67	n/m	67	n/m	182	n/m	248	n/m	248	n/m
Mobile broadband (data cards) SIOs (thousands)	3,964	(0.3%)	3,893	(0.9%)	3,893	(0.9%)	3,723	(6.1%)	3,627	(6.8%)	3,627	(6.8%)
Prepaid mobile handheld unique users (thousands) [vi]	2,432	(7.0%)	2,294	(8.2%)	2,294	(8.2%)	2,234	(8.1%)	2,245	(2.1%)	2,245	(2.1%)
Internet of Things (IoT) SIOs (thousands)	2,346	14.3%	2,571	17.5%	2,571	17.5%	2,832	20.7%	3,132	21.8%	3,132	21.8%
Satellite SIOs (thousands)	32	3.2%	32	-	32	-	32	-	32	-	32	-
Total wholesale mobile SIOs (thousands)	862	35.3%	973	30.8%	973	30.8%	1,098	27.4%	1,203	23.6%	1,203	23.6%
Average postpaid handheld revenue per user per month ($) [iv]	57.00	n/m	56.22	n/m	56.53	n/m	55.62	(2.4%)	53.60	(4.7%)	54.77	(3.1%)
Average prepaid handheld revenue per user per month ($) [iv]	22.70	n/m	22.36	n/m	22.75	n/m	22.54	(0.7%)	19.38	(13.3%)	20.76	(8.7%)
Average mobile broadband revenue per user per month ($) [iv]	17.58	n/m	15.58	n/m	16.69	n/m	15.32	(12.8%)	14.65	(6.0%)	14.92	(10.6%)
Premium pay TV												
Foxtel from Telstra (thousands)	799	6.8%	790	(2.2%)	790	(2.2%)	772	(3.4%)	730	(7.6%)	730	(7.6%)
Labour												
Full time staff equivalents incl. contractor/agency labour	34,115	(6.4%)	34,624	(1.7%)	34,624	(1.7%)	31,419	(7.9%)	29,769	(14.0%)	29,769	(14.0%)

(i) Includes Belong fixed data SIOs.

(ii) Excludes nbn SIOs.

(iii) Includes nbn SIOs.

(iv) Restated due to adoption of AASB15: Revenue from Contracts with Customers.

(v) Belong mobile SIOs are included in postpaid handheld mobile SIOs.

(vi) Prepaid unique users defined as the three month rolling average of monthly active prepaid users.

n/m = not meaningful