

9 February 2012

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Financial Results for the Half Year ended 31 December 2011 – analyst briefing presentation

In accordance with the Listing Rules, I attach a copy of a presentation to be made today, for release to the market.

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

Yours faithfully



Damien Coleman
Company Secretary



TELSTRA HALF-YEAR RESULTS ANNOUNCEMENT 2012

DAVID THODEY, CHIEF EXECUTIVE OFFICER



DISCLAIMER



- These presentations include certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Telstra, which may cause actual results to differ materially from those expressed in the statements contained in these presentations. For example, the factors that are likely to affect the results of Telstra include general economic conditions in Australia; exchange rates; competition in the markets in which Telstra will operate; the inherent regulatory risks in the businesses of Telstra; the substantial technological changes taking place in the telecommunications industry; and the continuing growth in the data, internet, mobile and other telecommunications markets where Telstra will operate. A number of these factors are described in Telstra's Financial Report dated 11 August 2011 and 2011 Annual Debt Issuance Prospectus lodged with the ASX.
 - All forward-looking figures in this presentation are unaudited and based on A-IFRS. Certain figures may be subject to rounding differences. All market share information in this presentation is based on management estimates based on internally available information unless otherwise indicated.
 - All amounts are in Australian Dollars unless otherwise stated.
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WE ARE DELIVERING



MOMENTUM CONTINUES

FISCAL 2012 GUIDANCE CONFIRMED

OUR STRATEGY IS WORKING



1. IMPROVE CUSTOMER SATISFACTION

2. RETAIN AND GROW CUSTOMER NUMBERS

3. SIMPLIFY THE BUSINESS

4. BUILD NEW GROWTH BUSINESSES



TELSTRA HALF-YEAR RESULTS ANNOUNCEMENT 2012

MARK HALL, ACTING CHIEF FINANCIAL OFFICER



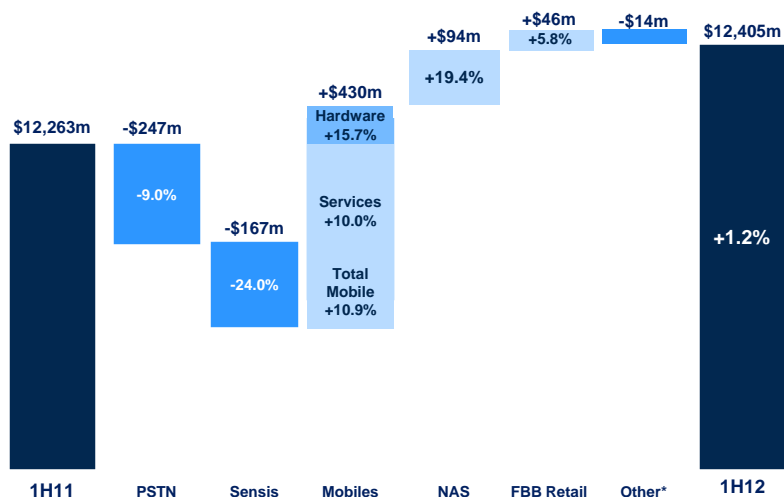
FINANCIAL RESULTS



\$ Billions	1H11	1H12	% Growth (reported basis)	% Growth (guidance basis*)
Total Revenue	12.3	12.4	1.1	1.2
EBITDA	4.6	4.8	3.7	4.5
EBIT	2.4	2.6	7.9	
Attributable NPAT	1.2	1.5	22.9	
Accrued Capex	1.5	1.7	18.2	
Free Cash Flow	2.0	1.8	-11.1	
Ordinary DPS (cents)	14	14	-	

* Guidance basis excludes LMobile impairment and writeback of deferred consideration, and an adjustment for ACCC Final Access Determination (FAD) pricing for fixed services

SALES REVENUE BY PRODUCT – MIX CHANGE CONTINUES



ACCELERATED GROWTH FOR MOBILES, FBB RETAIL AND NAS

\$430M MOBILE GROWTH OFFSET DECLINES FROM PSTN AND SENSIS

* Other includes IP & Data (+\$10m), ISDN (-\$27m), Other FBB incl. wholesale (-\$35m), Other fixed (-\$30m), Offshore content & online content (-\$10m), CSLNW (+\$12m), TelstraClear (-\$10m), Other offshore services incl. Reach (+\$64m), Pay TV (+\$16m), Other advertising revenue (-\$35m) and Other (+\$31m).

ANOTHER STRONG HALF FOR CUSTOMER GROWTH



Retail customer net adds ('000s)	1H11	2H11	1H12	Closing Customer Numbers
Postpaid handheld	301	334	338	6,400
Prepaid handheld (Unique users)	116 (54)	-14 (-22)	98 (67)	3,291 (1,988)
MBB	472	340	436	2,746
M2M	38	81	86	744
Total Mobile SIOs	927	741	958	13,181
Fixed Bundles	420	239	206	1,249
PSTN Retail	-109	-140	-124	7,034
FBB Retail	139	84*	106	2,519

* Excludes the removal of 65k non-revenue generating services from the base

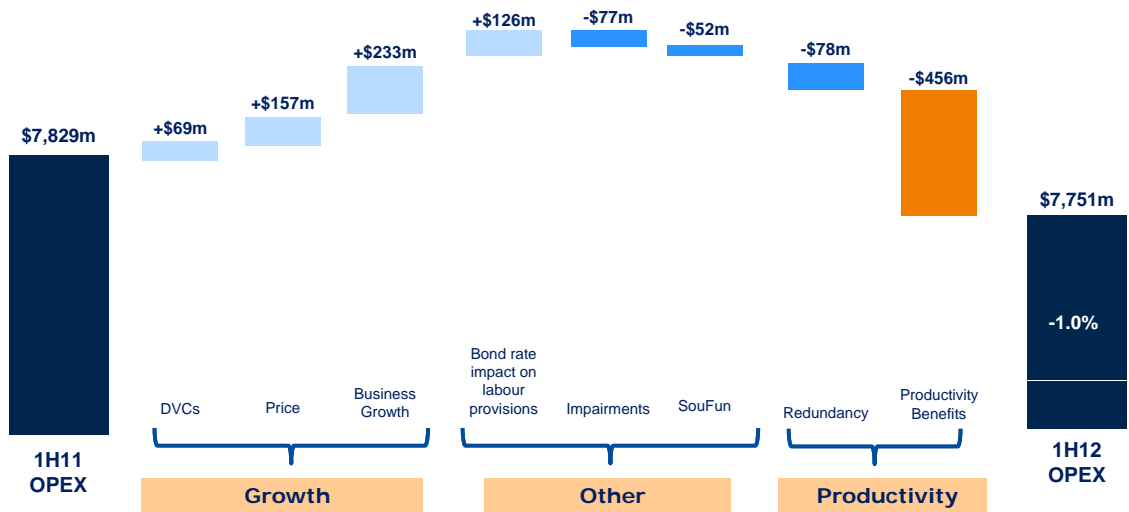
DOMESTIC PERFORMANCE IMPROVING



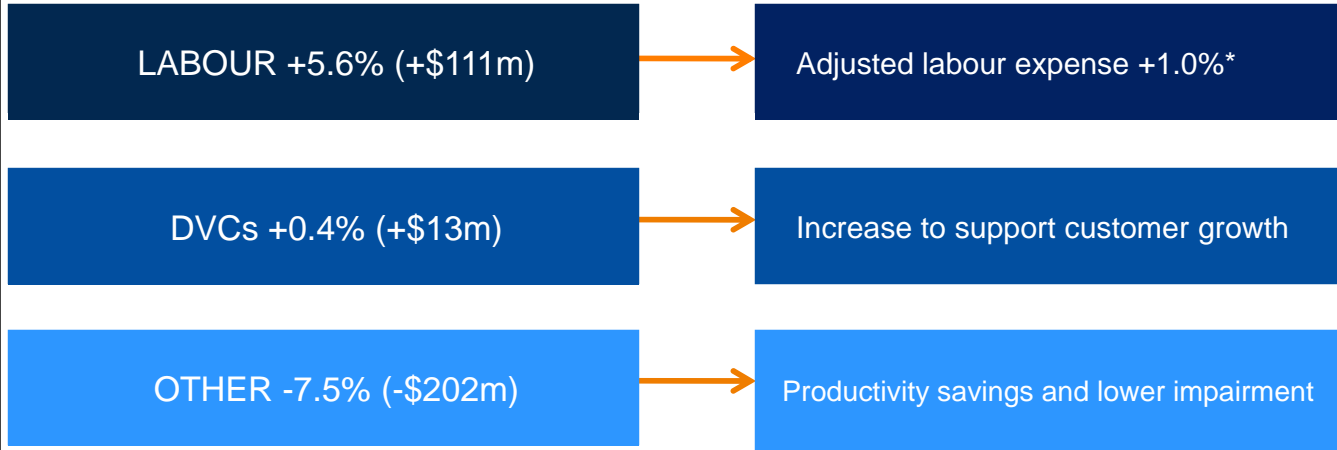
CUSTOMER SALES AND SERVICE: SALES REVENUE +3.6%

CONSUMER & COUNTRYWIDE	BUSINESS	ENTERPRISE & GOVERNMENT
Mobile services rev. +14.4%	Mobile services rev. +4.3%	Mobile services rev. +13.5%
Customer satisfaction +6.7%	NAS revenue +38.8%	NAS revenue +12.6%

PRODUCTIVITY BENEFITS REINVESTED IN STRATEGIC INITIATIVES

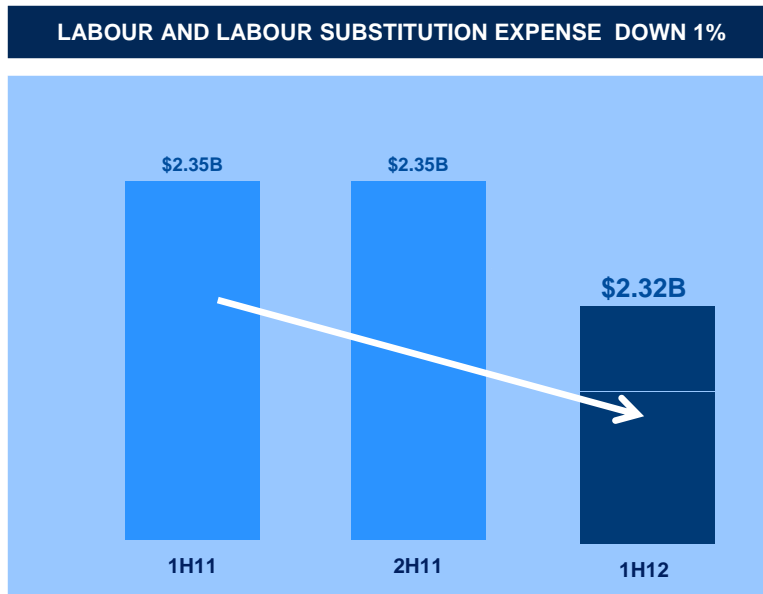


1% DECLINE IN REPORTED OPEX



* adjusted for bond rate impacts on employee provisions, contractor conversions & redundancy

LABOUR PRODUCTIVITY SAVINGS PARTLY OFFSET BY RATE INCREASES AND INVESTMENT IN GROWTH



Analysis excludes Redundancy and Recruitment expenses and 1H12 bond rate impact on employee provisions

PRODUCT PROFITABILITY*



EBITDA Margin	FY09	FY10	FY11	1H11	2H11	1H12
Mobiles	34%	35%	32%	29%	35%	34%
Fixed BB	35%	40%	33%	33%	33%**	37%
PSTN	59%	60%	59%	59%	59%	60%
IP & Data	57%	62%	61%	61%	61%	59%
Sensis	52%	58%	56%	41%	65%	25%***
Telstra Group	43.2%	43.7%	40.6%	37.3%	43.8%	38.3%

* Product EBITDA margins are for selected portfolios which are reflective of Telstra's domestic business. These EBITDA margins are based on management estimates and are calculated in accordance with AASB 8 and reconcile with segment information.

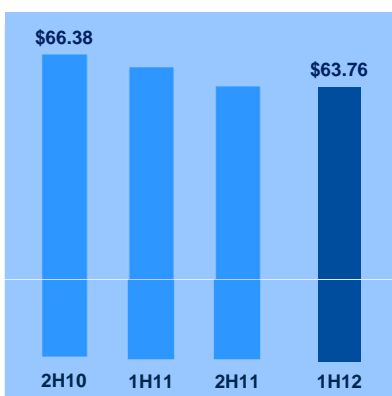
** The movement in Fixed BB margins has resulted from a retrospective change to the treatment of customer rebates from non product specific revenue to product revenue.

*** Adjusted for the timing of the Perth Yellow Pages book the margin would be 30%.

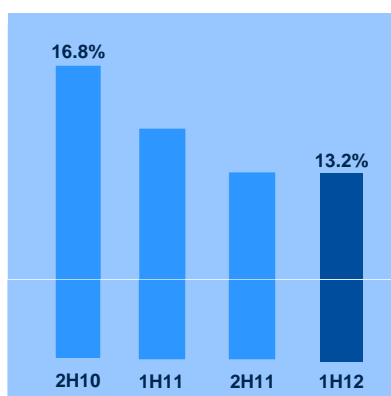
DRIVERS OF IMPROVING MOBILE PROFITABILITY



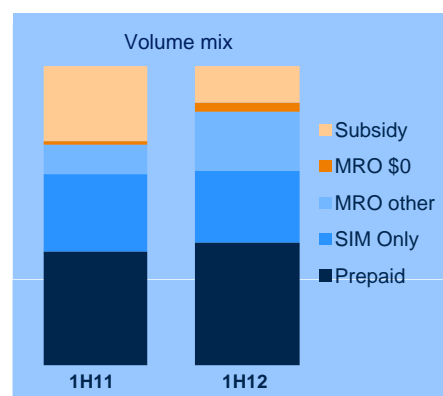
STEADY POSTPAID HANDHELD ARPUS



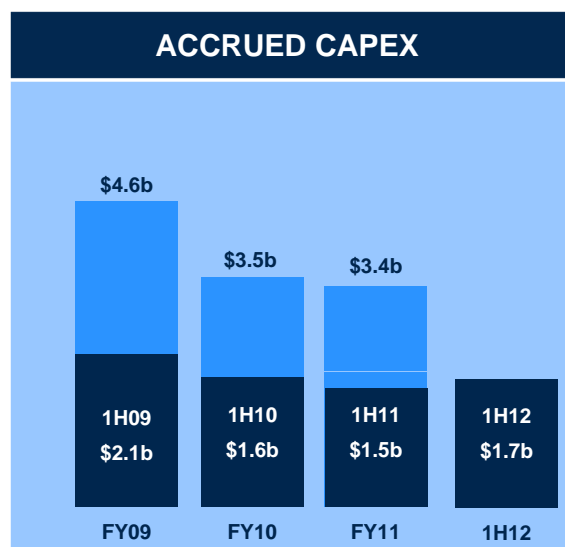
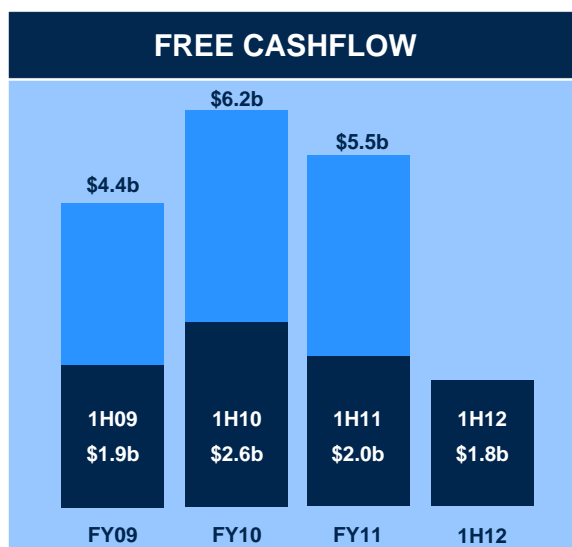
LOWER CHURN



LOWER SUBSIDY, MORE MRO



CASH FLOW AND CAPEX ARE CLOSELY MANAGED



STRONG FINANCIAL SETTINGS



Interest	1H11	1H12	Change (%)
Net Borrowing Costs ¹	\$531m	\$511m	-3.8%
Other	\$40m	-\$115m	-
Net Finance Costs	\$571m	\$396m	-30.6%
Avg. Borrowing Costs	6.94%	6.95%	+0.01pp
Net Debt	\$13,595m (30 June 11)	\$14,098m	+3.7%
Financial Parameters	Comfort Zones ⁴	Actual (incl. IFRS)	Actual (adj. for IFRS & other) ³
Debt Servicing	1.5 – 1.9x	1.48	1.53
Gearing	50% to 70%	54.9%	56.5%
Interest Cover ²	>7x	9.3	9.3

Debt Servicing = Net Debt/EBITDA; Gearing = Net Debt/(Net Debt+Equity); Interest Cover = EBITDA/Net Int. Exp.

¹ Net Borrowing Costs is Borrowing Costs less Interest Income

² Interest Cover - based on net interest costs and excludes impact of IFRS fair value adjustments, unwinding of discount on liabilities recognised at present value, interest capitalised and standby fees.

³ Actual (adjusted for IFRS) - adjusted figures representative of economic situation after removing fair value revaluations and other IFRS adjustments

⁴ Debt Servicing and Gearing comfort zones have been moderately tightened (Previously - Debt servicing 1.7 to 2.1; Gearing 55% to 75%).

GUIDANCE REAFFIRMED*



Measure	FY11 Reported	FY12 Guidance
Total Revenue	\$25.09bn	Low single-digit growth
EBITDA	\$10.15bn	Low single-digit growth
Capex		14% of sales
Free Cash Flow		\$4.5 - \$5.0 billion
Dividend**		28 cps fully franked

* Guidance assumes wholesale product price stability and excludes any further impairments to investments and proceeds on the sale of businesses

** Dividend subject to the Board's normal approval process for dividend declaration and there being no unexpected material events



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DAVID THODEY, CHIEF EXECUTIVE OFFICER

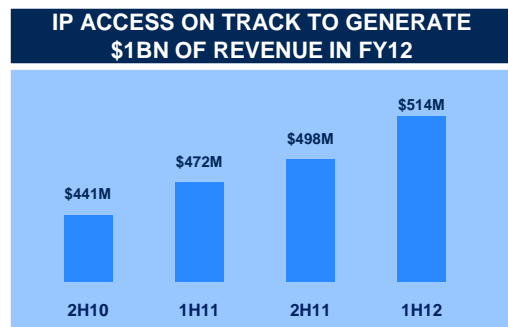
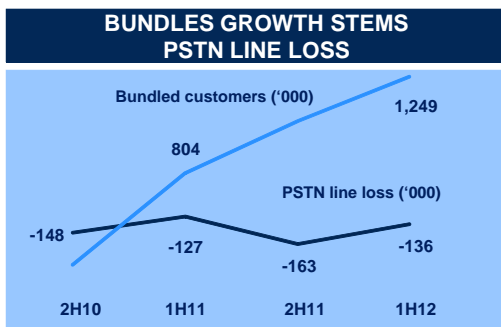
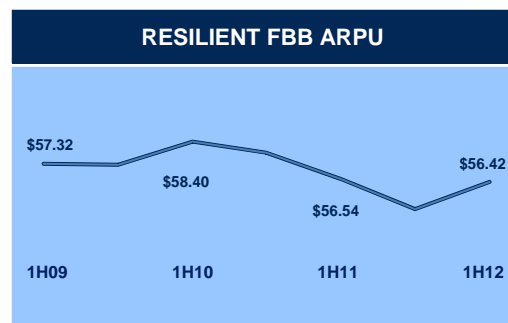
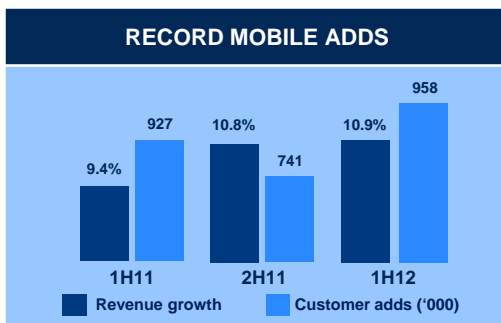


OUR PRIORITIES REMAIN UNCHANGED AND WE ARE MAKING PROGRESS



1. IMPROVE CUSTOMER SATISFACTION
2. RETAIN AND GROW CUSTOMER NUMBERS
3. SIMPLIFY THE BUSINESS
4. BUILD NEW GROWTH BUSINESSES

CUSTOMER GROWTH CONTINUES



CUSTOMER SATISFACTION IS IMPROVING



ACTIONS	DELIVERABLES
<ul style="list-style-type: none"> • New consumer bill format • IT billing enhancements to provide customers with more billing information • Mobile Usage Alerts so customers can better manage their usage and avoid bill shock • 24/7 customer support via social media • Proactive outbound calls to home movers • New IVR functionality reducing time spent on the phone • SMS sent to customers whose home phone impacted by an outage to advise when service restored 	<ul style="list-style-type: none"> • 28% reduction in consumer call volumes • 24% reduction in TIO complaints • 6% improvement in internal customer satisfaction survey result • Lower churn

WE CONTINUE TO SIMPLIFY THE BUSINESS

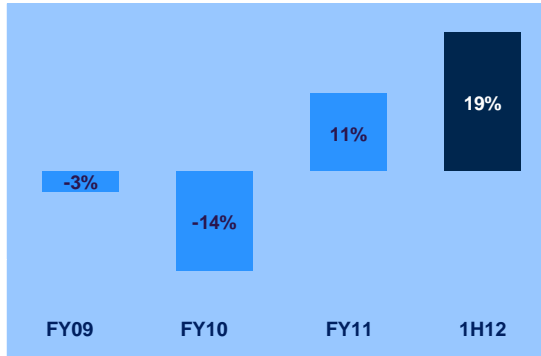


KEY AREAS OF FOCUS	KEY OUTCOMES
CUSTOMER EXPERIENCE	Reduction in contact centre volumes ✓
PROCESS	More transactions on-line ✓
PRODUCTIVITY	Improved bad debts % sales revenue ✓
	Labour productivity improvement ✓
	Improved marketing efficiency ✓

NAS BUSINESS CONTINUES TO GROW



NAS REVENUE GROWTH



19.4% REVENUE GROWTH

SALES ORDER PIPELINE >\$1B

SIGNIFICANT CONTRACT WINS

ASIAN ASSETS – CSL PERFORMING WELL



REACH: EXTEND OUR ASIA IP NETWORK AND NAS/CLOUD CAPABILITIES



STRATEGIC PRIORITIES

CSLNW REVENUE +12%

MS&C – REACH INTEGRATION & EXPANDED FOOTPRINT

ACTIVELY MANAGING CHINESE ASSETS



DIGITAL MEDIA BUSINESS ESTABLISHED



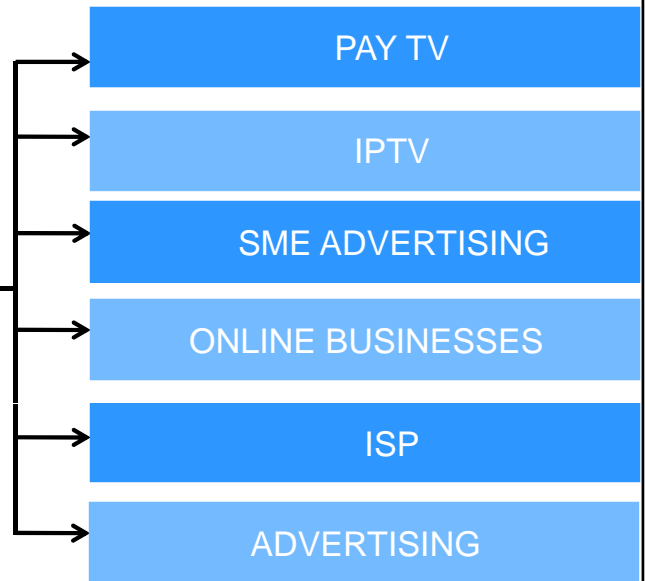
FOXTEL

TELSTRA DIGITAL MEDIA

TradingPost

MediaSmart

BIGPOND



SENSIS UPDATE



KEY MARKET DEVELOPMENTS

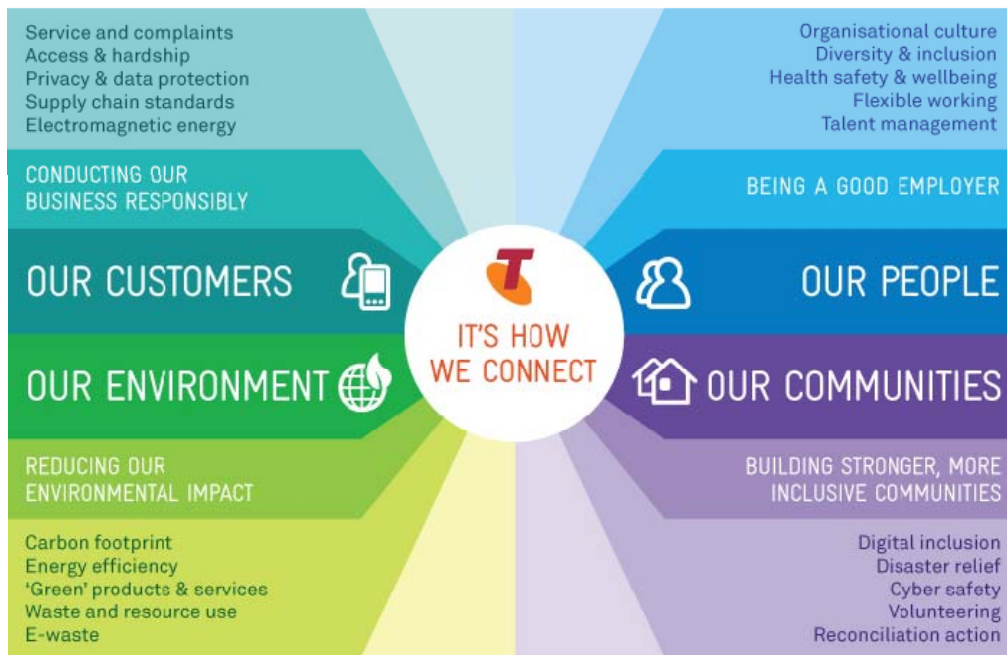
- Progress in restructuring operations to adapt to challenges of the directories market
- Acceleration in decline of Yellow print revenues
- Digital demand taking longer to monetise

THREE YEAR TRANSITION

KEY PART OF DIGITAL MEDIA BU

HIGH TEENS REVENUE DECLINE AND ~30% EBITDA DECLINE EXPECTED FOR FY12

SUSTAINABILITY AT TELSTRA



SUMMARY



- OUR STRATEGY IS DELIVERING VALUE
- CUSTOMER SATISFACTION IS IMPROVING
- GUIDANCE IS UNCHANGED