17 September 2018

The Manager

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SYDNEY NSW 2000

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Retail Shareholder Information Meetings 2018

In accordance with the Listing Rules, I attach the presentation to be made at the Telstra Retail Shareholder Information meetings, for release to the market. The meetings are scheduled to be held at the following times:

Date	Time (local)	Location
17 September	10am – 12pm	**MELBOURNE:** Grand Hyatt – 123 Collins Street
18 September	10am – 12pm	**BRISBANE:** Hilton Hotel – 190 Elizabeth Street
20 September	10am – 12pm	**ADELAIDE:** Hilton Hotel – 233 Victoria Square
21 September	10am – 12pm	**PERTH:** Hyatt Hotel – 99 Adelaide Terrace

The Retail Shareholder Information Meeting to be held in Melbourne on 17 September 2018 will be webcast live from 10:00am AEST at **telstra.com.au/shareholdermeetings**.

Yours faithfully

Sue Laver
Company Secretary

Telstra Retail Shareholder Information Meeting **2018**

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 2018 and in our 2018 Annual Report which was lodged with the ASX on 16 August 2018 and 31 August 2018 (respectively) 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.

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

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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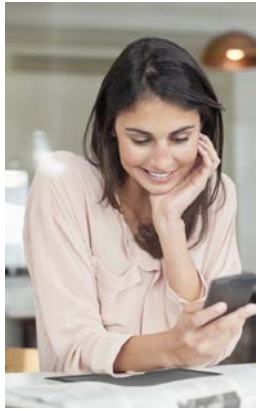
Andrew Penn, Chief Executive Officer

Full year 2018 results | Headlines

On a **reported basis**, Total Income[2] +3.0%; EBITDA -5.2%

On a **guidance basis**[1], Total Income +1.6%, EBITDA -5.9%

Adding mobile customers: +342k retail mobile subscribers - 304k postpaid handheld inc 67k Belong; +229k wholesale mobile



Adding fixed customers: 88k retail fixed broadband customers, +135k retail bundles

vmtech MTData

Strong M2M (IoT): revenue growth +13% (+18% in H2) with solid performance from MTData

Earnings per share of 30.0 cents; FY 2018 total dividends of 22 cents per share[3]

Telstra Health: National Cancer Screening Register for cervical cancer turned on 2 July 2018

Top and bottom line Network Applications and Services (NAS) growth: revenue +8.6%; margins +1pp to 10% (2H EBITDA margin 13%)

Total core fixed cost reduction achieved to date: ~$700m vs our FY22 $2.5b target

Group Net Promoter Score (NPS): Strategic NPS flat, Episode NPS +5 points compared to June-17

7.0% core fixed cost out in FY18 (>10% gross after absorbing an extra $100m of electricity costs)

1. This guidance assumed wholesale product price stability and no impairments to investments, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumed the nbn™ rollout was broadly in accordance with the nbn Corporate Plan 2018 adjusted for a cease sale on hybrid fibre co-axial (HFC) technology for six to nine months from 11 December 2017. Capex excluded externally funded capex.
2. Total income excludes finance income.
3. Total dividends of 22 cents per share, comprising total ordinary dividend of 15 cents per share and total special dividend of 7 cents per share.

Full year 2018 results | Highlights

Customer

Progress of multi-brand strategy

- **Adding mobile customers**: +304k postpaid handheld inc. 67k Belong; +229k wholesale mobile
- **Adding fixed customers**: 88k retail data net adds inc. 48k Belong. +135k retail bundle net adds with 3.1m bundled customers
- Industry leading **churn** in fixed and mobile

Improved digital experience

Mass market:

- Calls into contact centres reduced by 13% in FY18
- Active 24/7 App users +22% to 4m; 62% increase in LiveChat volumes since FY15

Enterprise:

- Digital customer hub: better servicing the mid-market and resulting in better advocacy in FY18

Leadership position on nbn

- High level of CVC provisioning is giving nbn customers an average of >90% maximum line speeds during busy hours
- **nbn Satisfaction Guarantee** – no penalty cancellation in first 30 days
- 770k new nbn connections, 51% nbn market share ex-satellite
- **Smart Modem**: faster activation, improved NPS and reduced churn – now active with 340k consumer customers

Innovation – Mass market

- **Peace of Mind** – first to market making excess data charges a thing of the past
- **Sports Live Pass users** - 2.3m across AFL, NRL and Netball (+1m in FY18)
- **Telstra TV** - 1.3m devices in market with TTV2 users watching ~67 hours of streamed content & an additional 53 hours of FTA TV
- >50% of Telstra homes are active entertainment users
- **Speed and data bestowals**, giving ~2.9m fixed customers additional data, ~1.5m fixed customers unlimited data

Innovation – Business & Enterprise

- **Telstra Programmable Network** - 350 customers
- **Telstra Calling for O365** – 2,000 customers added since launch
- **Security** – Security Operations Centre opened in Melbourne and Sydney
- Working with our customers to co-create and jointly develop >4,500 innovative technology solutions in FY18
- **16k Enterprise Wideband** services activated in FY18 on our own fibre, a 28% increase on FY17

Full year 2018 results | Highlights

Strategic Investment - $1.8b invested to date, ~$100m EBITDA of strategic benefits delivered

Mobile leadership

5G readiness:

- **World 1st** end-to-end 5G non-standalone data call on a commercial mobile network in collaboration with Ericsson and Intel
- **World 1st** mm wave data call
- 5G enabled WiFi precinct on Gold Coast
- 5G Innovation Centre

Technology launches:

- **LTE-B** launched and Integrated into the AFL Live Official app on compatible devices
- **Cat M1** enabled nationally 3 million km^2 of IoT coverage; **Narrowband IoT** available in major Australian cities and many regional towns

Maintained network superiority & reliability

- Added 500 new mobile sites (inc. black spots) + ~400 small cells, upgraded a further 1,100 mobile sites
- >80% reduction in mobile customer outage hours since June 2016
- 4GX coverage now reaches 99.2% of the Australian population
- >50% of our mobile voice traffic has been moved to Voice over LTE, improving call quality

Leading in key industry speed benchmarks

- **Netflix speed index** – Ranked #1 in July 2018
- **Ookla®** - Fastest Mobile Network nationally in 2015-2018; Fastest Fixed Network nationally in 2018*
- **P3 Connect Mobile** Benchmark - Best in Data (2014-2017)

P3 Connect Mobile Benchmark

OOKLA SPEEDTEST NETFLIX

Digitisation

Quick wins

- Telstra Connect App: one-third reduction in calls from the 100 early adopter customers
- 1st end-to-end fully digital nbn order: online customer order handled right through to nbn co without a single manual intervention
- Self service tools on telstra.com: helping our customers resolve common issues without making a call

Core digital platforms

- New Enterprise IT stack – now able to create new compelling digital products
- Delivery teams ramped up for C&SB technology stack delivery, supporting all new plans by June 2019

Providing foundation for Telstra2022 Strategy

* Rankings based on analysis by Ookla® of Speedtest Intelligence® data for Q1–Q2 2018.

Telstra2022

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 $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%

Telstra2022 | FY19 progress to date and milestones

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
Milestones delivered	• Peace of Mind Data • Ultimate plan • Redesigned Telstra 24/7 app	• Telstra InfraCo pro-forma financials provided • Telstra InfraCo established as standalone business unit • Telstra InfraCo CEO appointed	• New organisational structure and leadership team	• Telstra Ventures forms new fund with HarbourVest, realises ~$75m from transaction • Total core fixed cost reduction achieved to date: ~$700m vs FY22 target of $2.5b

Telstra2022 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%**
Metrics & Measures	Increase NPS 3 to 6 points pa Double active 24/7 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	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	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

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

Summary

- FY18 financial results in line with guidance
- Strong subscriber growth in fixed and mobile
- Early progress made on Telstra2022 strategy
- We are meeting our challenges head on

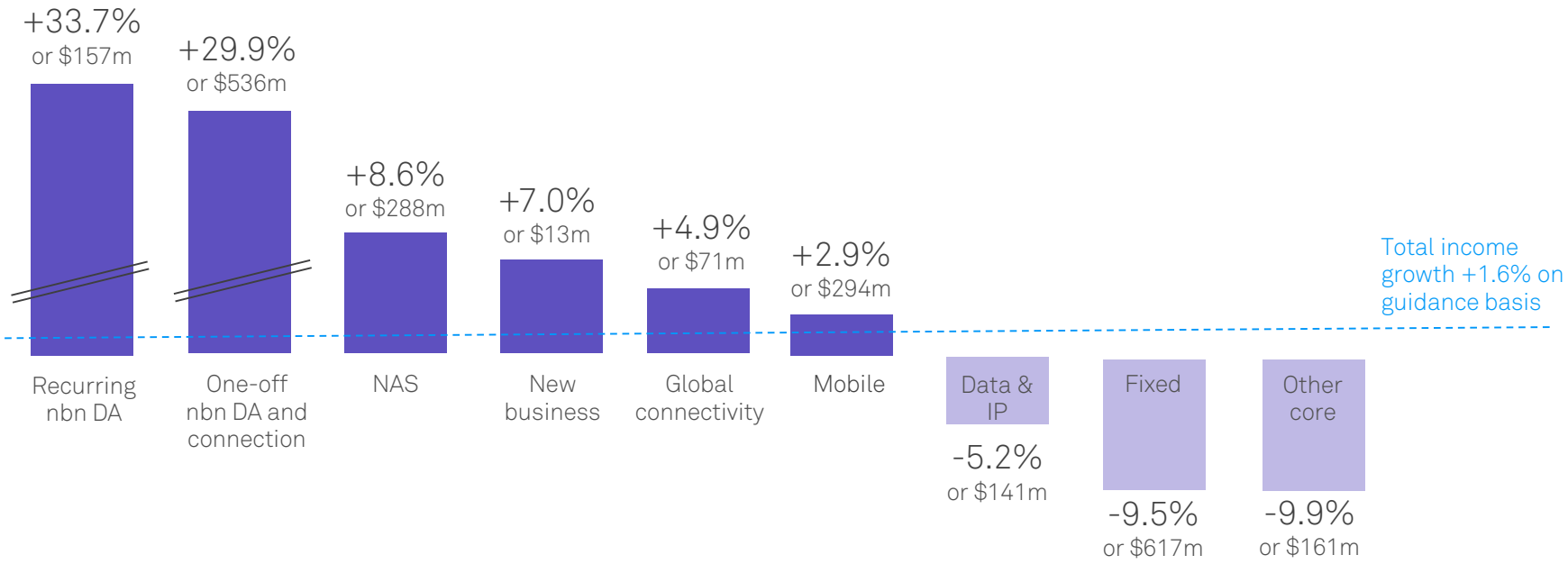
Warwick Bray, Chief Financial Officer

Group results: Income Statement

Income Statement	FY18	GROWTH (reported basis)	GROWTH (guidance basis[1])
Sales revenue[2]	$25.7b	-0.9%	
Total income[2]	$29.0b	3.0%	1.6%
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	$10.1b	-5.2%	-5.9%
Earnings before Interest and Tax (EBIT)	$5.7b	-9.4%	
Net profit after tax (NPAT)	$3.5b	-8.9%	
Basic earnings per share (cents)	30.0	-7.7%	

1. This guidance assumed wholesale product price stability and no impairments to investments, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumed the nbn™ rollout was broadly in accordance with the nbn Corporate Plan 2018 adjusted for a cease sale on hybrid fibre co-axial (HFC) technology for six to nine months from 11 December 2017. Capex excluded externally funded capex.
2. Sales revenue excludes other revenue. Total income excludes finance income.

Group results: income growth by product



Capital position

	FY17	FY18
Net debt	$15.3b	$14.7b
Average gross borrowing costs[1]	5.1%	4.9%
Average debt maturity (years)	4.5	4.3

Financial parameters[2]	Comfort Zones		
Debt servicing	1.3 - 1.8x	1.4x	1.5x
Gearing	50% to 70%	51.2%	49.5%
Interest cover	>7x	15.4x	14.3x

1. Represents gross interest cost on gross debt.
2. 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).

Capital management framework

Fiscal discipline			
Objectives	Maximising returns for shareholders	Maintaining financial strength	Retain financial flexibility
Principles	1. We remain committed to retain balance sheet settings consistent with an A band credit rating 2. Pay fully-franked ordinary dividend of 70-90% of underlying earnings[1,2] 3. Target capex/sales ratio of ~14% excluding spectrum from FY20[4,5] 4. Maintain flexibility for portfolio management and to make 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]			
Capex/sales ratio[4,5] of 16% to 18% in FY19			

1. Underlying earnings is defined as NPAT from continuing operations excluding net one-off nbn receipts (as defined in footnote 2).
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. Return subject to no unexpected material events, assumes the nbn™ rollout and migration is broadly in accordance with the nbn Corporate Plan 2019, 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.
5. The guidance also assumes the nbn™ rollout and migration in FY19 is broadly in accordance with the nbn Corporate Plan 2019.

Group results: dividend

In accordance with our dividend policy announced August 2017:

FY18 total dividend of 22 cents per share, fully franked, including:

- total ordinary dividend of 15 cents per share represents a 78% payout ratio on underlying earnings[1]
- total special dividend of 7 cents per share represents a 65% payout ratio on net one-off nbn receipts[2]

1. Underlying earnings is defined as NPAT from continuing operations excluding net one-off nbn receipts (as defined in footnote 2). 77% payout ratio on underlying earnings excluding impairment and Foxtel gain on sale
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.

FY19 guidance - updated

	FY18 guidance[3]	Updated FY19 guidance[1] (6 September 2018)
Total income[2]	$28.6b	$26.2b to $28.1b
EBITDA excluding restructuring costs	$10.4b	$8.7b to $9.4b
Net one-off nbn DA receipts less nbn net C2C	$1.8b	$1.5b to $1.7b
Capex	$4.7b	$3.9b to $4.4b
Free cashflow	$4.9b	$3.1b to $3.6b

1. This guidance assumes wholesale product price stability and no impairments to investments or core assets, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumes the nbn™ rollout and migration in FY19 is broadly in accordance with the nbn Corporate Plan 2019. The guidance is provided on the basis of AASB15. Capex is measured on an accrued basis and excludes expenditure on spectrum and externally funded capex.
2. Excluding finance income.
3. FY18 guidance assumed wholesale product price stability and no impairments to investments, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumed the nbn™ rollout was broadly in accordance with the nbn Corporate Plan 2018 adjusted for a cease sale on hybrid fibre co-axial (HFC) technology for six to nine months from 11 December 2017. Capex excluded externally funded capex. This guidance was also provided on the basis of account standards applicable in FY18.

Telstra's Sustainability Strategy

Thriving in a digital world

75% of stakeholders
agree that companies can take specific actions to ensure they profit responsibly

More than
2.5 million Australians
are not online

A 20% reduction on global carbon emissions
can be achieved by 2030 through the use of ICT solutions

26% of Australian teens
have experienced online threats and abuse

Only 45% of Australian consumers
report they have trust in business

62% of Australians
have one or more old, broken or unused mobile phones at home

Automation and digitisation
are transforming the mix of skills organisations require

Substantial gaps
exist between those who are digitally included and excluded, linked closely to **geography, education, income** and **employment**

Over the past 10 years data volumes have increased
by 500%

Responsible business

We will be a sustainable, globally trusted company that people want to work for and with.

In FY18 we:

- Invested **$23.5 million** in employee learning and development
- Achieved a sustainable engagement score of **74,** up three points from FY17
- Rolled-out new ethics and compliance training globally

Digital futures

We will foster strong, inclusive communities that are empowered to thrive in a digital world.

In FY18 we:

- Helped around **1 million** vulnerable customers to stay connected
- Extended the coverage of our mobile networks to **99.5%** of the Australian population
- **Invested $6 million** in Telstra Foundation funded initiatives designed to support young people to thrive in a digital world

Environmental solutions

We will use technology to address environmental challenges and help our suppliers, customers and communities do the same.

In FY18 we:

- Collected **23.7 tonnes** of mobile phones and accessories for recycling
- Launched a **new Environment strategy** that embraces innovation and technology to help address environmental challenges
- Reduced our carbon emissions intensity (tCO_2e/petabyte) by **24%**

Q&A