



16 February 2023

The Manager

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ELECTRONIC LODGEMENT

- Telstra Group Limited (ACN 650 620 303)
- Telstra Corporation Limited (ACN 051 775 556)

Dear Sir or Madam

Telstra Half Year Results show continued growth momentum

In accordance with the Listing Rules, I attach a market release by Telstra Group Limited (ASX: TLS), approved by the Board, for immediate release to the market.

The market release is also provided for the information of Telstra Corporation Limited (ASX: TL1) noteholders.

Authorised for lodgement by:

Sue Laver
Company Secretary



Telstra Half Year Results show continued growth momentum

Highlights

- **Total income:** \$11.6bn (+6.4%)
- **Reported and Underlying EBITDA¹:** \$3.9bn (+11.4%)
- **NPAT:** \$0.9bn (+25.7%)
- **Earnings per share (EPS):** 7.5c (+27.1%)
- **Interim dividend:** 8.5c (+6.3%)
- **FY23 guidance reaffirmed**

Thursday, 16 February 2023 – Telstra today released its Half Year Results for financial year 2023, showing strong and continued growth, with positive momentum across key indicators.

Total income was up 6.4 percent and EBITDA increased 11.4 percent, driven by momentum from the mobiles business and support from the acquisition of Digicel Pacific.

This flowed through to a 25.7 percent increase in NPAT. EPS increased 27.1 percent and underlying EPS² increased by 27.4 percent.

Telstra CEO Vicki Brady said in the half Telstra achieved strong growth, successfully transitioned to, and made good early progress on its T25 strategy, and finalised its legal restructure.

“We are a growing business with a lot to be excited about in our future, and our T25 strategy provides a clear roadmap to get us there,” Ms Brady said.

“On the back of our continued growth, the Board resolved to pay a fully franked interim dividend of 8.5 cents per share representing a 6.3 percent increase on the prior corresponding period, and in line with the second half of last financial year.

“The interim dividend is consistent with our policy to maximise the fully franked dividend and seek to grow it over time.”

Guidance³ for the full year was reaffirmed across all measures, with income now expected to be at the bottom end of guidance due to mobile hardware and fixed product revenues being lower than expected.

T25 progress

Ms Brady said T25 leveraged the foundation and capabilities Telstra had built over the last few years.

“It has four pillars: an exceptional customer experience, leading network and technology solutions, sustained growth and value, and the place you want to work.

“T25 is about growing sustainably by doing the right thing by our customers, our people, our shareholders, and by Australia. It’s an ambitious strategy built around our customers and recognises that providing them great connectivity is only half the customer experience equation – we have to make doing business with us an exceptional experience too.

“We took great steps forward on this through T22, including bringing calls back to Australia and our stores in house, and continuing this work is my number one priority. I know that if we get the customer experience right then we will be well on the way to delivering on our growth and reputation measures.”

Ms Brady said Telstra had made good early progress on T25.

“On customer experience, Episode NPS improved 4 points, customer complaints reduced by more than one third and Telstra Plus members grew to 4.8 million. Our customer complaint numbers have dropped to record lows and our Episode NPS results have seen historic highs.

“We have also led the industry on blocking scams and malicious contact reaching our customers, as well as taken steps to improve the way we collect and retain customer ID data.

“On network leadership, we are on track to meet all our commitments by FY25. We have the largest 5G network, our 5G population coverage reaches over 81 percent and is on track for our FY23 target of 85 percent. We are currently leading the majority of key mobile and fixed network surveys for coverage and speed.

“Against the growth and value pillar, we delivered growth in Underlying EBITDA and EPS. With underlying ROIC⁴ at 7.5 percent we are on track to achieve around 8 percent in FY23.

MARKET RELEASE



“On cost, while inflation is having an impact, we continue to have cost mitigants and revenue levers, and remain committed to our FY25 \$500 million cost out ambition.

“I also understand the current economic climate creates challenges for our customers. The changes we have made in recent years to remove lock-in contracts and move to a multi-brand strategy mean we can continue to provide customers with flexibility and options to ensure they can choose plans they can afford. This is very much front of mind for me.

“Against the place you want to work pillar, our employee engagement score was 79. This result ranks us near the top companies globally, however below our target. We are focussed on continuing to improve employee engagement,” Ms Brady said.

Product summary

Mobile: There was continued growth in revenue, ARPU, SIOs and EBITDA. Mobile services revenue was up 9.3 percent, assisted by the return of international roaming. Postpaid handheld ARPU was up 4.5 percent and SIOs up a net 68,000. Prepaid handheld revenue was up 28.7 percent with unique users up 137,000. EBITDA was up 13.3 percent or by \$260 million.

Fixed C&SB: EBITDA grew in line with our commitment. The focus remains on improving the customer proposition and using the multi-brand strategy to support stabilising SIOs and longer-term sustainable growth. Bundles and data ARPU was up 3.7 percent. nbn reseller EBITDA margin was up to 7 percent from 4 percent in H1 FY22. The migration of customers to the new digital stack continues and is delivering better customer experience outcomes.

Fixed Enterprise: Data & Connectivity revenue declined 14.4 percent as it remained impacted by ongoing disruption from technology change and competition. In Network Applications & Services, revenue grew 2 percent, reflecting strong performance in cloud and security, offset by headwinds in calling products due to fixed and legacy product exits and lower usage. EBITDA declined by 29 percent with improvements in NAS more than offset by declines in calling and DAC.

International: Following the acquisition of Digicel Pacific, International now represents around 10 percent of EBITDA. International EBITDA excluding Digicel Pacific grew 9.3 percent in Australian dollars, or 7 percent in constant currency. Digicel Pacific is performing well with core mobile and SIO growth in all markets. Revenue is up 7 percent and EBITDA is up 9 percent versus proforma at constant currency.

InfraCo Fixed: Reported revenue grew 3.6 percent and EBITDAaL grew 2.7 percent driven by nbn recurring receipts and internal revenue. nbn commercial works declined in line with contract expiry, partly offset by an increase in legacy network disposals.

<ENDS>

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¹ Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C and guidance adjustments (defined below).

² Underlying EPS calculated as PATMI attributable to each share, excluding net one-off nbn receipts and guidance adjustments (defined below).

³ This guidance excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management.

⁴ Underlying ROIC calculated as NOPAT as a percentage of total capital, excluding net one-off nbn receipts and guidance adjustments (defined below) less tax.

Guidance adjustments include material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management.