



15 August 2024

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ELECTRONIC LODGEMENT

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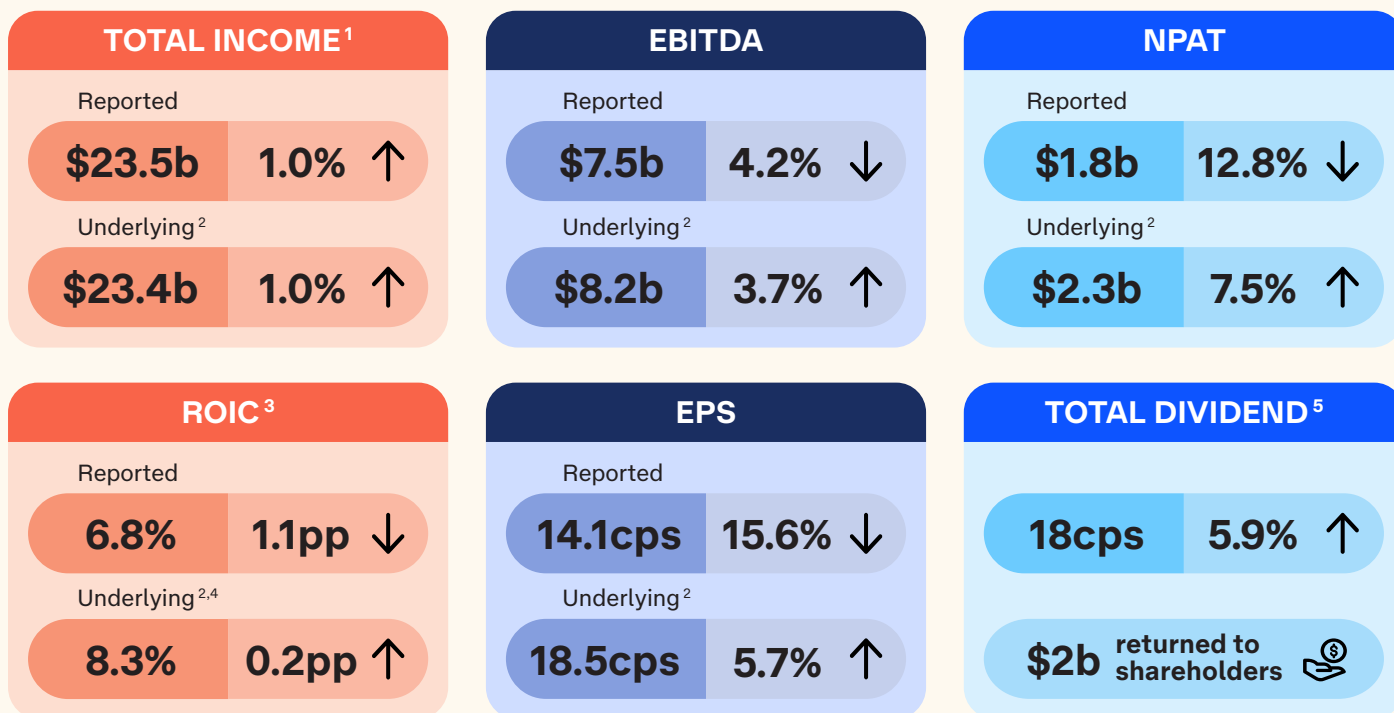
Telstra continues to deliver underlying growth

In accordance with the Listing Rules, attached is a market release by Telstra Group Limited for release to the market. The market release is also provided for the information of Telstra Corporation Limited noteholders.

Release of announcement authorised by:

The Telstra Group Limited Board

Telstra continues to deliver underlying growth



15 August 2024

All quotes attributable to Telstra CEO Vicki Brady

A consistent and disciplined execution of our strategy has delivered our third consecutive year of underlying growth, and positive momentum across many of our key indicators.

Our mobiles business has continued to perform very strongly, with EBITDA growth of over \$400 million. This growth was driven by more people choosing our network, with more than 560,000 net new handheld customers, along with ARPU growth. Mobile services revenue grew by 5.6 per cent and our mobile business underpinned our overall underlying earnings growth.

Our infrastructure business also grew, reflecting ongoing demand for our assets. InfraCo Fixed and Amplitel EBITDA grew by around \$150 million in aggregate, further strengthening our confidence in our infrastructure growth ambitions. Our intercity fibre network is an investment in Australia's future growth, connectivity, and digital prosperity.

Our Fixed C&SB business continued to grow, with EBITDA growth of almost \$120 million reflecting ongoing cost discipline and ARPU growth. We also established Telstra Business in the year to focus on delivering for small and medium businesses, and we now have a dedicated team to support their specific needs, innovation and growth.

While most parts of our business performed strongly, Fixed Enterprise is clearly a long way from where we need it to be. We commenced action during the year to address challenges in our Enterprise business, and took additional action on cost overall.

These necessary choices and decisions in Enterprise, together with our additional action on cost, mean we are confident in achieving our \$350 million cost reduction ambition by the end of FY25.

Our reported earnings reflect these decisions and, combined with other adjustments, result in significant one-off net costs totalling \$715 million. As a result, Reported EBITDA decreased by 4.2 per cent to \$7.5 billion, and our reported Net Profit After Tax reduced by 12.8 per cent to \$1.8 billion.

Underlying EBITDA grew by almost \$300 million, or 3.7 per cent, to \$8.2 billion. This underlying EBITDA growth flowed through to underlying Net Profit After Tax which grew by 7.5 per cent to \$2.3 billion.

On the back of underlying earnings growth, the Board resolved to pay a fully franked final dividend of 9 cents per share, bringing total dividends for the year to 18 cents and representing a 5.9 per cent increase compared to last year. This outcome is consistent with our policy to maximise the fully franked dividend and seek to grow it over time.

Building a connected future so everyone can thrive

There is no version of Australia's future that does not rely on technology in some form - to increase the productivity, inclusiveness and resilience of our economy; to create competitive industries; and to realise positive outcomes for Australians in education, skills and health.

Telecommunications has a critical role to play in Australia's future, and that will only grow as technology continues to evolve. This critical role requires the telecommunications sector to continue to make significant investments, and the return on those investments is important for them to be sustainable.

This year we have invested \$5 billion in capex and mobile spectrum payments, which brings us to \$42 billion invested in capex and spectrum over the last ten years. That investment has radically transformed the connectivity Australia relies on. This has delivered Australia's largest and most reliable mobile network, adding 240,000 sq kms of additional mobile coverage since FY21 and now reaching 99.7 per cent of the population.

We are continuing to roll out our intercity fibre network, which will be an important part of future-proofing Australia's speed and capacity needs for the next 20 years.

The connectivity we provide is vital in enabling our country to operate every day, underpinning everything from businesses big and small, to governments, households, entertainment and public services. Every sector benefits from the investments we have made.

We understand how fundamental connectivity is to lives and livelihoods. This is one of the reasons we are committed to providing a range of options at different price points, with no lock in month-to-month plans. Over FY24 we also helped more than 1.4 million customers in vulnerable circumstances to stay connected.

Investing in connectivity



\$42b in capex and spectrum over the last ten years

\$5b in FY24 alone



99.7% population coverage on Australia's **largest mobile network**

Added **240,000 km sq of coverage** since FY21



Committed \$1.6b investment in Intercity fibre and ViaSat projects

Supporting customers



More than **26m mobile services** including IoT

More than **3m households with fixed services**

87% of ASX100 are Telstra customers



Cleaner Pipes blocking >10m scam calls, >14m SMS and >230m scam and unwanted emails per month



Helped >1.4m customers in vulnerable circumstances

Supporting Australians



Returned \$2b to shareholders benefitting > 16m Australians



More than **26,000 Australian-based employees (FTE)**



Supported renewable energy projects worth more than \$1.4b since FY17



More than \$1b in taxes paid in FY24



Mobilised >3k people to respond to natural disasters



Reduced absolute scope 1+2 and scope 3 emissions by 37% (from FY19)

Strategy and FY25 Guidance

Overall, our T25 strategy is on track, including our growth ambitions in underlying EBITDA, EPS and ROIC.

In FY25 we must remain focussed on lifting customer experience; continue delivering financial growth and value from our world-leading mobile network and high-quality infrastructure; continue the reset of our Enterprise business; and, keep delivering on our commitment to simplify our operations and improve our productivity.

These actions are essential to support our sustainable growth and to put us in a position to deliver for customers now and in the long run.

We are optimistic about the opportunities ahead. Telstra's digital infrastructure and network will be increasingly central to how Australians live and work, and we are focussed on investing sustainably to deliver for our customers and our shareholders.

All Australians benefit from a financially sustainable and competitive telecommunications sector that can deliver reliable, resilient and secure connectivity. We have a critical role to play in Australia's future resilience and prosperity.

FY25 Guidance

	FY24	FY25 Guidance ⁶
Underlying EBITDA ⁷	\$8.2b	\$8.5b to \$8.7b
Business-as-usual capex ⁸	\$3.4b	\$3.2b to \$3.4b
Strategic investment ¹⁰	\$0.3b	\$0.3b to \$0.5b
Free cashflow after lease payments (FCFaL) ⁹ before strategic investment ¹⁰	\$3.2b	\$3.0b to \$3.4b

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Further material available via www.telstra.com.au/aboutus/investors

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¹ Total income excluding finance income

² Underlying Income, EBITDA, NPAT, EPS excludes guidance adjustments, and in FY23 and prior years also excludes net one-off nbn DA receipts less nbn net C2C. 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. Refer to Full year results and operations review - guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY24 (set out in our ASX announcement titled "Financial results for the full-year ended 30 June 2024" lodged with the ASX on 15 August 2024)

³ ROIC calculated as Net Operating Profit After Tax (NOPAT) as a percentage of total capital

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

⁵ Total dividend includes fully franked interim dividend of 9 cents and final dividend of 9 cents.

⁶ 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.

⁷ Underlying EBITDA excludes guidance adjustments.

⁸ BAU capex is measured on an accrued basis and excludes spectrum, guidance adjustments, strategic investment, externally funded capex and capitalised leases.

⁹ Free cashflow after lease payments defined as 'operating cash flows' less 'investing cash flows' less 'payments for lease liabilities' and excludes spectrum and guidance adjustments. FY25 FCFaL guidance includes around \$300m cash outflow related to FY24 restructuring costs.

¹⁰ Strategic investment capex is measured on an accrued basis and relates to the intercity fibre network and Viasat projects.