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**ELECTRONIC LODGEMENT**

- Telstra Group Limited (ACN 650 620 303) – ASX: TLS

**Telstra announces Connected Future 30 Strategy**

In accordance with the Listing Rules, attached for release to the market is a market release.

Release of announcement authorised by:

The Telstra Group Limited Board

## Telstra's Connected Future 30 strategy to double down on connectivity, drive growth and help enable Australia's digital future

***Below statements attributable to Telstra CEO Vicki Brady***

**Tuesday, 27 May 2025:** Telstra today announced its Connected Future 30 strategy – a strategy that leverages its leadership in mobiles and digital infrastructure, steps up its focus on cost discipline and efficiency across the business, and delivers consistent growth and value for shareholders.

We're at an inflection point, as technology and connectivity are transforming again. Customer needs are changing, and the connectivity we provide has got to get more sophisticated and flexible. How we anticipate and meet changing needs will be crucial.

There's no version of the future that doesn't rely on technology, and it all needs to be connected.

As a connectivity and digital infrastructure business with a long history of innovation, this is a massive opportunity for us.

Our Connected Future 30 strategy will see us double down on connectivity and radically innovate in the core of our business. We will do what we do best, and we will adapt and lead to shape the future of connectivity.

We will push the boundaries of our network leadership and make it simple for customers to get the connectivity they need in a changing environment.

And we will reinvent commercial models so we can continue to invest for our customers, our people and our communities.

Connected Future 30 is a strategy for the whole of Telstra, with each part of the business driving towards our overall ambition to be the number one choice for connectivity in Australia.

Through this strategy we will deliver on our purpose to build a connected future so that everyone can thrive, and we will help enable Australia's digital future.

### Connected Future 30 strategy<sup>1</sup>

Our overarching ambition is to be the number one choice for connectivity in Australia. To achieve our ambition, we need to understand our customers more deeply, and we need to treat our network as a product with its own commercial value.

We are thinking about our business differently, in three layers. This helps us see opportunities in each layer to generate more value for our customers, be more efficient, and be more competitive, which will create value for us.

Our customer layer – **Customer Engagement:** To lead in how we anticipate and deliver on the connectivity needs of our customers. Our target is to grow strategic NPS by more than 50% by FY30, and consistently be among the Top 10 strongest brands in Australia<sup>2</sup>.

Our network layer – **Network as a Product:** To build and operate Australia's leading network and reinvent how we capture value from it. To measure our success, we have developed a Network Experience Index<sup>3</sup> based on the network availability and speed experienced by our mobile and fixed customers, and we aim to

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<sup>1</sup> Key targets are annual for FY26 to FY30 unless otherwise stated. See the Disclaimer and Glossary slides of the accompanying presentation in relation to key targets and financial goals.

<sup>2</sup> Refers to external Brand Strength Index (BSI).

<sup>3</sup> Refers to an internal composite metric based on the availability and speed of mobile and fixed service.

lift by 1 point each year to FY30. By FY30 we aim to transform our connectivity platform, with the majority of our connectivity revenue enabled by Network as a Product.

Our infrastructure layer – **Digital Infrastructure**: To be Australia's leading digital infrastructure provider. Our target for digital infrastructure is to achieve sustained cash EBIT growth to FY30, and mid-teens IRR on strategic investments and partnerships.

We then have our four enablers that underpin the delivery of our strategy.

**People & Culture** will be fundamental to our success, and we will continue to invest in them and build a high-performance culture. Our target is to maintain our position in the top 25% of companies globally for employee engagement.

In **Technology leadership**, we will deliver the best experiences for our customers and our people while also focussing on driving value for our business. Our target is to be in the top 25% of global enterprises in AI maturity<sup>4</sup> by FY30.

Operating **Sustainably** is fundamental to supporting our overall ambitions, delivering value to shareholders over the longer term, and to supporting the prosperity of Australia. We remain committed to reducing energy use, and will retain our existing 2030 target to reduce our absolute Scope 1+2 emissions by 70%, and absolute Scope 3 emissions by 50% by 2030 (from a FY19 baseline).

On **Financial discipline**, our focus will be on delivering positive operating leverage<sup>5</sup> as a driver of our growth. We will target positive operating leverage, with underlying income growing faster than costs and BAU capex each year to FY30.

## Financial goals and shareholder value creation<sup>6</sup>

How we create value will be fundamentally underpinned by growth in our core business cashflows. We are also focused active portfolio and investment management, along with disciplined capital management. We appreciate all three of these are important in delivering value for our shareholders.

### ***Below statements attributable to Telstra CFO Michael Ackland***

Our goal is to deliver resilient, predictable and consistent growth in shareholder value and returns.

We aim to achieve this through a combination of **mid-single digit compound annual growth in cash earnings<sup>7</sup> to FY30**, and a sustainable and growing dividend.

We will also focus on cost, BAU capex and investment discipline, and portfolio management. We are **targeting an underlying Return on Invested Capital of 10% by FY30** – above our cost of capital, and up from around 8% currently.

We continue to evaluate and deploy capital depending on alignment to strategy and risk-adjusted returns, and our disciplined approach is likely to see us focus on divestments in the shorter-term. We are currently exploring potential options in our NAS portfolio as we look to simplify and streamline that business.

We will also look at strategic investments for growth – such as we are doing with our Intercity Fibre project.

Finally, our disciplined approach to **capital management** will be underpinned by our strong balance sheet and settings consistent with an A band credit rating.

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<sup>4</sup> Refers to external AI maturity measure against global enterprises.

<sup>5</sup> Operating leverage means underlying income percentage growth greater than cash EBIT cost percentage growth (including operating costs, BAU capex, and lease and spectrum amortisation).

<sup>6</sup> Key targets are annual for FY26 to FY30 unless otherwise stated. See the Disclaimer and Glossary slides of the accompanying presentation in relation to key targets and financial goals.

<sup>7</sup> Cash earnings means Underlying EBITDAaL less BAU capex, spectrum amortisation, finance costs, tax and minorities.

To grow shareholder value, it is important to have the right capital structure, and a mix of debt and equity that reflects the quality of our earnings and maximises returns. Given the quality and resilience of our cashflows has improved consistently over the last four years, we have updated our debt servicing comfort zone, from 1.5 to 2.0, to between 1.75 and 2.25 times net debt to EBITDA.

These elements help deliver our goal of consistent growth in shareholder value with growing dividends and potential for additional returns to shareholders.

While our strong preference is to continue to fully frank dividends, our franking balance is tight. We may consider partially-franked dividends if growing fully-franked dividends is not possible. Where we have additional capital to return to shareholders, our preference is buy-backs, rather than unfranked dividends. However, we retain flexibility depending on value and market circumstances.

We will regularly review the feasibility of share buy-backs within the context of our strategy and capital management framework.

## FY25 guidance

We've also reaffirmed guidance for FY25 and indicated that we expect to be at the top end of both free cashflow and BAU capex guidance. As previously outlined, we expect to be at the low end of our strategic investment guidance for FY25, and we expect D&A to continue to increase in the coming years.

	FY25 guidance <sup>8</sup>
Underlying EBITDA <sup>9</sup>	<b>\$8.5b to \$8.7b</b>
Business-as-usual capex <sup>11</sup>	<b>\$3.2b to \$3.4b</b>
Strategic investment <sup>12</sup>	<b>\$0.3b to \$0.5</b>
Free cashflow after lease payments (FCFaL) <sup>13</sup> before strategic investment <sup>12</sup>	<b>\$3.0b to \$3.4b</b>

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<sup>8</sup> 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.

<sup>9</sup> Underlying EBITDA excludes guidance adjustments<sup>10</sup>.

<sup>10</sup> 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 Half-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 FY25 (set out in our ASX announcement titled "Financial results for the half-year ended 31 December 2024" lodged with the ASX on 20 February 2025).

<sup>11</sup> BAU capex is measured on an accrued basis and excludes spectrum, guidance adjustments<sup>9</sup>, strategic investment, externally funded capex and capitalised leases.

<sup>12</sup> Strategic investment capex is measured on an accrued basis and relates to the intercity fibre network and Viasat projects.

<sup>13</sup> 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<sup>9</sup>. FY25 FCFaL guidance includes around \$300m cash outflow related to FY24 restructuring costs.



This slide is extracted from Telstra's 2025 Investor Day presentation. Please view the full presentation for context and supporting detail at [telstra.com.au/aboutus/investors](https://telstra.com.au/aboutus/investors).

## Disclaimer

This document includes forward-looking statements. The forward-looking statements are based on assumptions and information known by Telstra as at the date of this document, are provided as a general guide only and are not guarantees or predictions of future performance. Telstra believes the expectations reflected in the forward-looking statements are reasonable as at the date of this document, but acknowledges they involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Telstra, which may cause Telstra's actual results, performance and achievements to differ materially from those expressed in, or implied by, the forward-looking statements. These factors include: general economic conditions in Australia; competition in the markets in which Telstra operates; the continuing growth in the markets in which Telstra operates; the implications of regulatory risks in the businesses of Telstra; technological changes taking place in the telecommunications industry; future changes to Telstra's products and services; the risk of cyber and data security issues; the geopolitical environment (including impacts of sanctions and trade controls and broader supply chain impacts); exchange rates; the extent, nature and location of physical impacts of climate change and their impacts on our assets, service continuity and supply chain; electricity grid decarbonisation; and changes to forecast supply chain emissions including but not limited to failure of third parties to achieve contractual environmental targets or milestones that have direct or indirect impact on our environmental modelling.

A number of these risks, uncertainties and other factors are described in the "Chair's message", "CEO's message", "Our material risks", "Outlook" and "Acting on climate and nature" sections of Telstra's 2024 Annual Report which was lodged with the ASX on 28 August 2024. Further disclosures were made in Telstra's financial results for the half-year ended 31 December 2024 which were lodged with the ASX on 20 February 2025. These documents are available on Telstra's Investor Centre website [www.telstra.com.au/aboutus/investors](https://www.telstra.com.au/aboutus/investors).

In addition, there are particular risks and uncertainties in connection with the implementation of Telstra's Connected Future 30 strategy. Those risks include the response of customers to changes in products and the way Telstra interacts with customers, the risks of disruption from changes in Telstra's ways of working, and Telstra's ability to execute and manage the elements of the strategy in a sequenced, controlled and effective manner and realise the planned benefits, cost savings and growth opportunities.

The accuracy of Telstra's greenhouse gas (GHG) emissions data and other metrics may be impacted by various factors, including inconsistent data availability, a lack of common definitions and standards for reporting climate-related information, quality of historical emissions data, reliance on assumptions and changes in market practice. These factors may impact Telstra's ability to meet commitments and targets or cause Telstra's results to differ materially from those expressed or implied in this document. For further information on Telstra's GHG emissions targets, refer to the forward-looking statement summary disclaimer in the "Acting on climate and nature" section of Telstra's 2024 Annual Report.

Telstra does not provide financial guidance beyond the current financial year. Telstra's financial targets and growth ambitions across our portfolio (including the targets to FY30 in connection with the Connected Future 30 strategy) are not guidance and there are greater risks and uncertainties in connection with these targets. The targets to FY30 provided in this document are provided to illustrate some of the outcomes management is currently focused on delivering in connection with the Connected Future 30 strategy. Each target is subject to a range of assumptions and contingencies including the factors referred to above.

Readers should not place undue reliance on the forward-looking statements. To the maximum extent permitted by law, Telstra gives no representation, warranty, or other assurance in connection with, and disclaims all responsibility for, the currency, accuracy, reliability, and completeness of any forward-looking statements, whether as a result of new information, future events or otherwise. Telstra assumes no obligation to update any forward-looking statements, and to the maximum extent permitted by law, disclaims any obligation or undertaking to release any updates or revisions to the information contained in this document to reflect any change in expectations and assumptions.