

23 October 2014

**Office of the Company Secretary**

The Manager

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**ELECTRONIC LODGEMENT**

Dear Sir or Madam

**Investor Day – Presentations and Q1 Trading Update**

In accordance with the Listing Rules, I attach the presentations and the CEO's speech to be delivered at Telstra's Investor Day, for release to the market. The CEO's presentation includes a trading update for the first quarter of FY15.

Yours faithfully



**Damien Coleman**  
Company Secretary

**SLIDE 2: INTRODUCTION**

Good morning and welcome to Telstra's Investor Day. Welcome also to those who are viewing the webcast on line. The theme for today is growth through innovation. I would like to start today by talking about the digital world and share with you some observations about how digital is at the forefront of change in all of our businesses, in all of our lives, across the globe.

**SLIDE 3: TELSTRA DISCOVERY STORE - SYDNEY**

It has been a busy week for Telstra. We opened our new Discovery store here at 400 George St. I would encourage all of you to go and have a look today.

We know our customers like to touch and experience things in a store and they also like the choice, speed and convenience of digital channels. This store delivers all of that, in an environment where the physical and digital worlds come together and customers can move seamlessly between them.

For example, you can see:

- Interactive device labs where customers can compare handsets by placing them on a digital display to access information including price, camera, battery, speed and reviews.
- We have a Connected Life space where customers can explore how technology can enhance their day-to-day life, and consider what a Connected Life will look like in the future; and

- We also have a dedicated space for business customers to learn more about Telstra's business offerings, either by speaking directly with a business expert, or by exploring an interactive screen in their own time.

The Discovery Store is a major step in our retail evolution with some of the technologies and concepts on show being rolled out across the country over the next 12 months. I encourage you to go and visit on your way out.

We also launched Telstra Health this week. Gordon will talk about this later. We hosted the annual Australian Digital Summit. A real theme at the Summit was the need to keep on innovating. Successful businesses are ones that will anticipate change and adapt to this before change is thrust upon them. Consumers are more and more seeking to transact with businesses through digital channels, so organisations must move to a Digital First culture.

#### **SLIDE 4: THE DIGITAL WORLD**

So we are seeing that increasingly everything and everyone is connected, whenever and wherever they want to be. Digitisation is causing fundamental shifts in business models and workforces.

I have no doubt there will be winners and losers. Winners will be the companies that can adapt to these changes and provide an excellent customer experience.

Customers now have more choice than ever – most of you who travelled here today booked your flights online, booked your accommodation online and will probably eat at a restaurant tonight that you have booked online, after checking the reviews out on the web. Try Dimmi!

This digital story is playing out across the world in every industry - and effective digital channels are now a characteristic of successful organisations:

- In the US more than 85 per cent of retail banking transactions are now digital;
- In its second quarter results, Starbucks reported that its app accounted for 15 per cent of its transactions, that's an average of 6 million transactions per week; and
- Facebook has over 1 billion monthly active users, out of 1.28 billion in all.

New digital technologies means the cost of entry has plummeted. You no longer need scale to compete globally. Geographic and economic barriers are coming down.

The smartphone is revolutionising how we live our lives. Powerful computers in smartphones and cloud solutions means providers can deliver new capabilities to just about anyone at prices the average user can afford.

## **SLIDE 5: INDUSTRY LANDSCAPE**

So how does this play out in our industry – telecommunications?

We see four significant trends shaping our industry landscape and which have also shaped our strategy.

Firstly, **networks are critical** and are the foundation of the digital world. Growing value from the core is highly dependent on maintaining our mobile network advantage and creating a superior fixed network experience.

We are also seeing **device and platform convergence**. Seamless transition from our mobile network to home and business Wi-Fi networks, and accessibility of content across multiple screens and devices will become important to boosting customer advocacy.

**Our customer's expectations are also increasing**. With this change in the industry landscape, the power has shifted from companies to individuals. As customers become more reliant on our networks, their expectations of an integrated and high quality experience is increasing. Customers also want easy to use solutions.

And we are seeing a **rapid growth in data volumes**. There is no shortage of demand for mobility and connectivity. Ten years ago, SMS was the only wireless data driven traffic. Throughout the years, this has evolved to emails, MMS and now we are seeing that most of the data is driven by video.

Last year data on our mobile network grew by around 50 per cent off a base that was many, many times larger than the base a decade ago. And we expect this trend to continue.

We are responding to these trends with a clear strategy which captures the enormous opportunities presented by a digital world. If we can continually innovate we will maximise these opportunities.

## **SLIDE 6: OUR PURPOSE, VALUES AND STRATEGY**

Our purpose is to achieve a brilliant connected future for everyone – which includes our customers, staff, suppliers, partners and the community. We aspire to be a great Australian company. Five key values underpin this. They centre on:

- Caring – show you care;
- Collaboration – better together;
- Trust – trust each other to deliver;
- Simplicity – make the complex simple; and,
- Courage – find your courage.

The culture we create will be key to whether we succeed. These values come from an understanding of our history, our people, our capabilities and our ambitions for the future. These values also define our commitment to good corporate governance, responsible business practice, our customers, our workforce, the environment, and, the communities in which we operate.

We are investing for growth across the business, investing for now and investing for the future.

We aim to drive value from the core through a focus on customer growth, simplification, innovation, network leadership and customer advocacy.

We aim to build strong adjacent businesses that will drive usage on our core networks in areas such as digital media and network applications and services.

We also aim to create new businesses such as e-health, software and expanding our presence in Asia.

Our strategy is unchanged:

- Improve customer advocacy;
- Drive value from our core business; and
- Build new growth businesses.

### **SLIDE 7: INNOVATION ENABLES DIFFERENTIATION AND GROWTH**

The theme of today is “Growth through Innovation”. To drive long term growth we need to be truly innovative across the entire business.

A focus on innovation enables us to deliver product and service differentiation which will drive customer growth. For example:

- Within the consumer segment, we will significantly improve our product value proposition through the roll-out of Australia’s largest Wi-Fi network where customers will be able to use their fixed broadband allocation at any of the Telstra hotspots in Australia and at more than 12 million hotspots overseas. We will also provide simple and practical self-service tools and productivity solutions such as the Telstra 24/7® App, StayConnected and Telstra Platinum.
- Telstra Business is becoming increasingly more integrated into small to medium enterprises as it seeks to transform business productivity. We are becoming a diversified provider of services, differentiated by the breadth of our solutions.

- In GES, we will focus on delivering tailored, end-to-end industry-specific solutions. Our focus is also on defining new markets for mobile within Connected Tablets and machine-to-machine technology.

Innovation enables us to maintain our network leadership and simplify the business with leading edge developments in wireless, IP and Wi-Fi, and to capture emerging opportunities and enter new markets. In mobiles, our recent investment in the new 700MHz spectrum will be critical to maintaining and enhancing our network advantage and point of differentiation.

Whilst being innovative will help enable us to maximise the longer term opportunities presented by a digital world, to be successful today and tomorrow also requires a relentless focus on winning in the market and executing on our strategy.

Improving customer advocacy remains at the heart of our strategy.



## **SLIDE 8: WE ARE FOCUSED ON EXECUTION**

We are very focused on the execution of our strategy and have a clear set of objectives under each strategic pillar that we need to achieve.

These highlight our commitment to improving customer advocacy, a focus on continuing to drive value and growth from our core business and preparedness to invest in growth.

On improving customer advocacy we are shifting our focus from a culture of customer service to a culture of advocacy and customer care. Our intention is to make Telstra easier to deal with and exceed customer expectations. We need to:

- Get service right the first time;
- Be more responsive to our customers; and
- Continue to innovate our pricing and billing.

From a core perspective we need to continue to be the market maker in wireless.

The mobiles business is a significant driver of our financial performance and we need to ensure continued growth in this area, and new markets such as machine to machine.

We must also win in broadband by ensuring we create a seamless NBN migration for our customers. At the same time, we must continue to drive further productivity improvements and accelerate growth from our domestic business segment.

As we invest more in growth we focus on four key areas:

- Continuing to grow NAS top and bottom lines;
- Investing in Asia which Andy will talk more about shortly;

- Building a successful media and IPTV business and using bundles to differentiate our fixed broadband offering; and
- Building new growth revenue and profit streams such as software opportunities like Ooyala / Videoplaza and our e-Health business.

Our preparedness to invest more in growth does not change our number one strategic imperative which is to improve customer advocacy.

### **SLIDE 9: IMPROVING CUSTOMER ADVOCACY DELIVERS ECONOMIC BENEFITS**

Being a company that puts our customers at the centre of everything we do makes good business sense.

Before we embarked on this journey five years ago, we were:

- Losing market share and losing customers;
- Revenue growth was slowing;
- We had high churn; and
- Complaints and service levels were poor.

We invested – in people, in culture change, in processes and systems, products, network leadership and simplification.

Our results five years later are much improved – lower churn, more customers and sustained revenue and earnings growth. And...customer advocacy is improving.

I am pleased to report that the positive business momentum we reported for last year has continued into the first quarter of this financial year.

The iPhone 6 launch was pleasing for us and our postpaid handheld ARPUs are continuing to improve.

Overall, in mobiles, market customer growth continues to moderate. We are also seeing some de-activations in our prepaid subscriber base. However, our strong mobile revenue trends have continued.

Our fixed portfolio performance is consistent with last year, with continued growth in fixed data customers and the rate of decline in voice revenue.

Our NAS pipeline continues to be healthy and NAS revenue growth remains strong.

As I said at the AGM last week, there is no change to the FY15 guidance that we provided at our results announcement in August.

### **SLIDE 10: GROWTH THROUGH INNOVATION: AGENDA**

Before I conclude, let me provide you with a quick outline of what you will hear today.

Andy Penn will talk to our growth opportunities in Asia as growing our International business is core to our strategy.

Our networks underpin the growth in our core business and Kate McKenzie will present on our network leadership.

In October last year, we created the new Global Enterprise and Services (GES) business. This has enabled us to place greater focus on executing on our growth objective and Brendon Riley will discuss Enterprise growth through innovation. This includes Telstra Software.

Finally, Gordon Ballantyne will look at growth through innovation through the Retail lens. He will also talk about Telstra Health.

## **SLIDE 11: CONCLUSION**

In summary:

- Our strategy is unchanged and positions us well to capture the opportunities presented by a digital world.
- We will continue to invest in innovation as this delivers differentiation and long term growth for the business.
- Finally improving customer advocacy delivers economic benefits for our shareholders.

Thank you for your time this morning. I hope the morning is useful and we will provide opportunities for Q&A. I would like to hand over to Andy who will talk to you about growth in Asia.



## 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 Annual Report dated 14 August 2014 and 2013 Debt Offering Circular lodged with the ASX and available on Telstra's Investor Centre website [www.telstra.com/investor](http://www.telstra.com/investor).
- 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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# DAVID THODEY

## CHIEF EXECUTIVE OFFICER



### TELSTRA DISCOVERY STORE - SYDNEY





## INDUSTRY LANDSCAPE

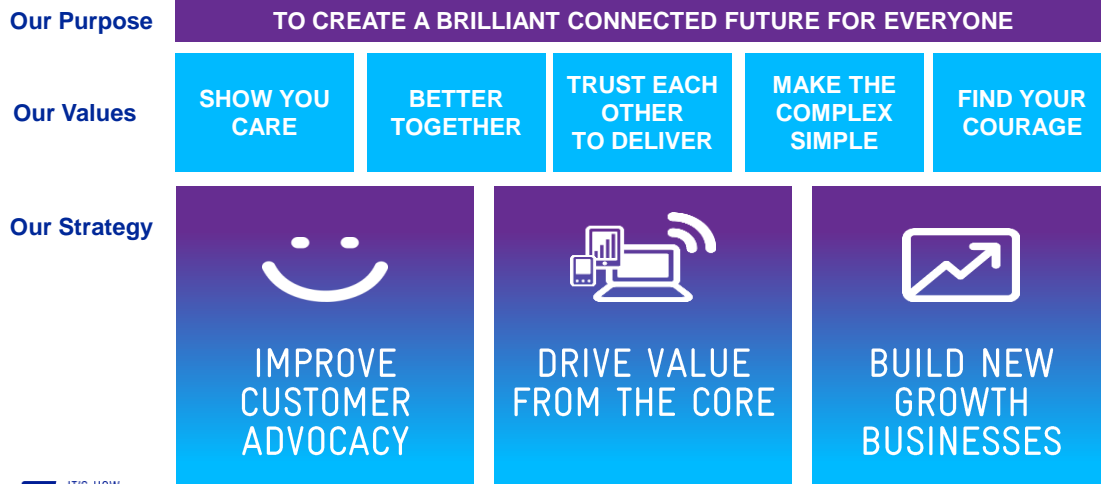
<p>NETWORKS ARE CRITICAL</p>	<p>DEVICE AND PLATFORM CONVERGENCE</p>	<p>CUSTOMER EXPECTATIONS ARE INCREASING</p>	<p>RAPID GROWTH IN DATA VOLUMES</p>
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INDUSTRY PARTICIPANTS NEED TO CONTINUALLY INNOVATE

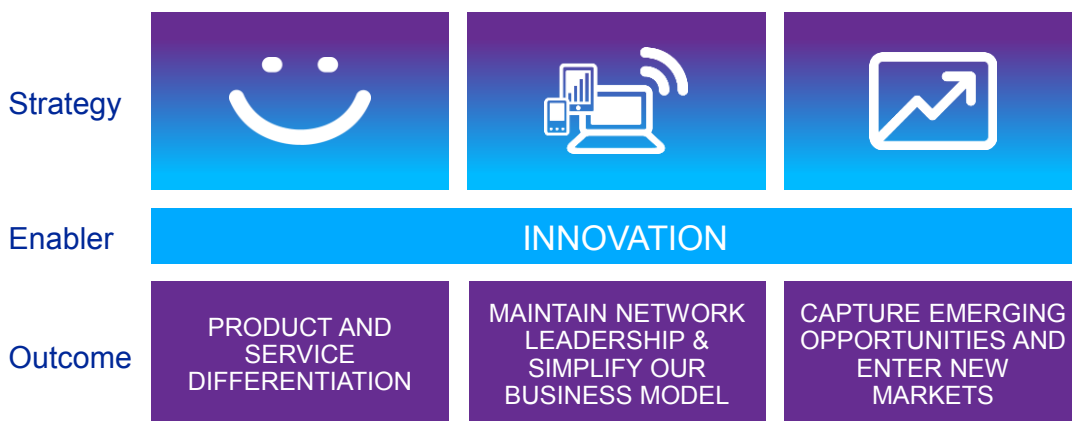
WE HAVE A CLEAR STRATEGY TO CAPTURE THESE OPPORTUNITIES

**T** IT'S HOW WE CONNECT

## OUR PURPOSE, VALUES AND STRATEGY



## INNOVATION ENABLES DIFFERENTIATION AND GROWTH





## WE ARE FOCUSED ON EXECUTION

### Strategy



### FY15 Objectives

- RIGHT FIRST TIME
- RESPONSIVENESS
- INNOVATIVE PRICING AND BILLING

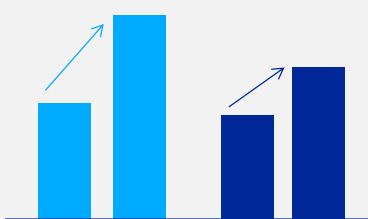
- BE THE MARKET MAKER IN WIRELESS
- WINNING IN BROADBAND
- DRIVE PRODUCTIVITY
- ACCELERATE GROWTH IN BUSINESS SEGMENT

- CONTINUING TO GROW NAS
- INVESTING IN ASIA
- GROWING IPTV AND BUNDLES
- EXECUTING AGAINST GROWTH INITIATIVES



## IMPROVING CUSTOMER ADVOCACY DELIVERS ECONOMIC BENEFITS

### REVENUE MARKET SHARE



FY10

FY14

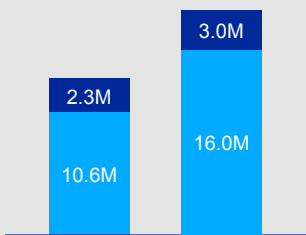
FY10

FY14

Mobile

Fixed BB

### RETAIL CUSTOMER GROWTH



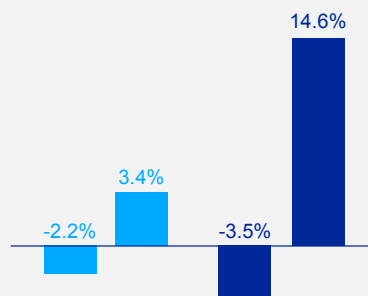
FY10

FY14

Mobile

Fixed Data

### REVENUE & PROFIT GROWTH



FY10

FY14

FY10





FY14

Revenue

NPAT



## GROWTH THROUGH INNOVATION: AGENDA

Presenter	Session
Andrew Penn 	Growth opportunities in Asia
Q&A with David Thodey and Andrew Penn followed by a short break	
Kate McKenzie 	Network leadership
Brendon Riley 	Enterprise growth through innovation
Gordon Ballantyne 	Retail growth through innovation
Q&A with Kate McKenzie, Brendon Riley and Gordon Ballantyne	



## SUMMARY

STRATEGY IS UNCHANGED – POSITIONED WELL FOR THE OPPORTUNITIES OF A DIGITAL WORLD

INNOVATION DELIVERS DIFFERENTIATION AND GROWTH

IMPROVING CUSTOMER ADVOCACY DELIVERS ECONOMIC BENEFITS

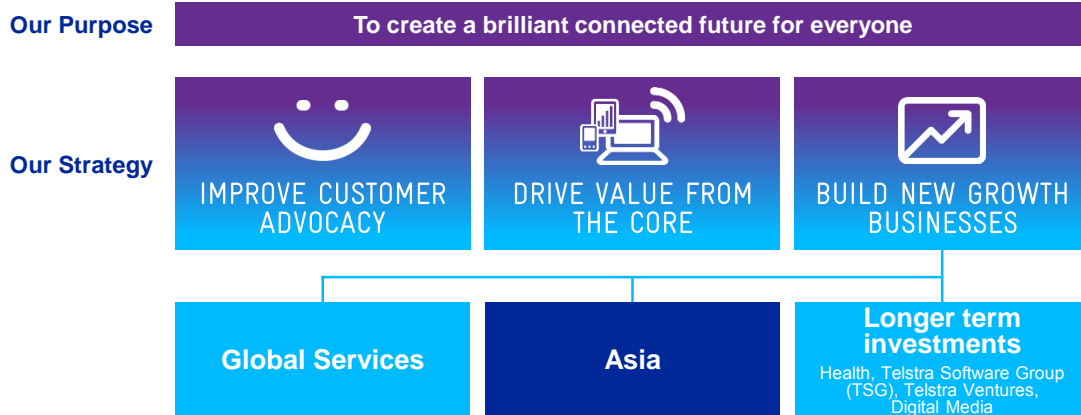


# ANDREW PENN

CHIEF FINANCIAL OFFICER AND  
GROUP EXECUTIVE INTERNATIONAL



## ASIA IS AN INTEGRAL PART OF TELSTRA'S STRATEGY



## OUR STRATEGY FOR ASIA HAS THREE PILLARS



### GES

Become a leading provider of enterprise services to MNCs and large enterprises in Asia



### Connectivity / Mobility

Leverage Telstra's core capabilities in network excellence to drive value from connectivity opportunities in the region



### Longer term

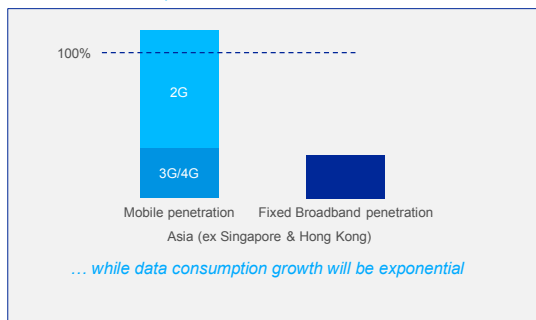
Leverage our longer term investments such as software into Asia and invest in similar opportunities in the region



## WHY ASIA? ASIA WILL SEE SIGNIFICANT GROWTH AND GIVE US OPPORTUNITIES TO UNLOCK DATA ACCESS CHALLENGES AND TAP INTO THE NASCENT NAS MARKET

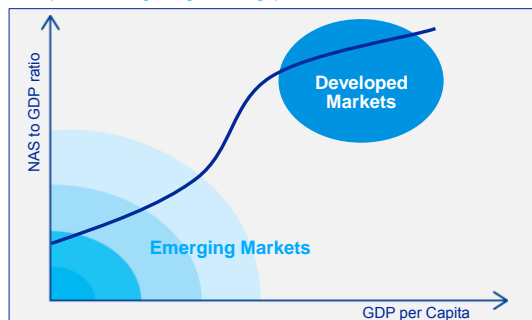
### 1 Opportunity to free up data access

Many emerging Asian countries still rely predominantly on 2G mobile networks and inadequate fixed broadband networks ...



### 2 Opportunity to tap into the nascent NAS market

Most Asian countries are at the early stage of NAS adoption, with the exception of Hong Kong and Singapore

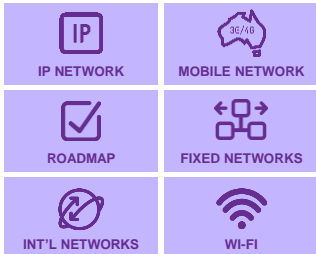


## WHY TELSTRA? WE HAVE CORE CAPABILITIES TO LEVERAGE INTO ASIA

We have proven capabilities in developing (network design and planning), managing and operating data efficient networks

We have market-leading NAS know-how and more sophisticated service capabilities than many incumbents in the Asia Pacific region

We own and operate one of the most extensive international connectivity networks in Asia Pacific



We offer a fully integrated range of solutions globally enabled by our Data and IP networks:

- Networks (4G, fixed, IP)
- Managed Network Services
- Security
- Cloud Services
- Unified Comms
- Industry Solutions
- Integrated Service management

Asia Pacific coverage



## OUR ASIAN ASSETS AND INFRASTRUCTURE

19

LICENCES WORLDWIDE

ACCESS TO  
230  
COUNTRIES AND TERRITORIES

MORE THAN  
2,000  
POPS WORLDWIDE

GLOBAL DELIVERY CENTRE

MORE THAN  
1,400  
INTERNATIONAL STAFF

INTEREST IN MORE THAN  
20  
CABLE SYSTEMS



2.5  
TBPS CAPACITY  
TO BE ADDED  
IN THE NEXT 12 MONTHS



More than 150,000 sqft of colo ready data centre space

18  
OFFSHORE DATA CENTRES

# GES' INTERNATIONAL EXPANSION AIMS TO ESTABLISH TELSTRA AS LEADING SERVICE PROVIDER FOR MNCS OPERATING IN THE ASIA-PACIFIC REGION

**STRATEGIC INTENT**  
**BUILD A LEADING INTERNATIONAL SERVICES BUSINESS IN ASIA**

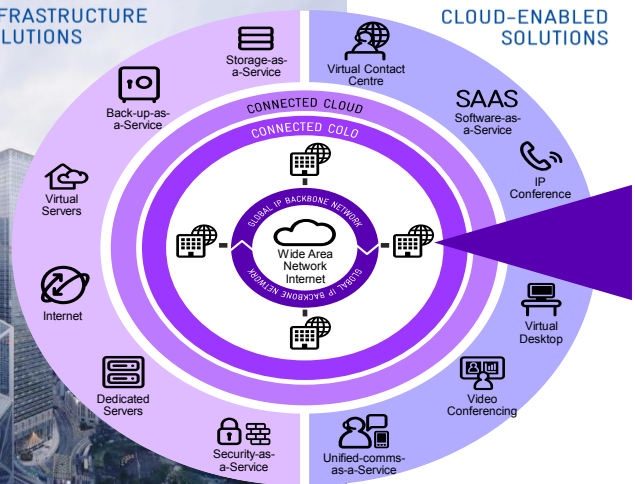
Recent Customer wins include

- Ramsay Health Care
  - Thomson Reuters
  - TIAA Henderson
  - Advanced 365
- and JV announced with Telkom Indonesia



**INFRASTRUCTURE SOLUTIONS**

**CLOUD-ENABLED SOLUTIONS**

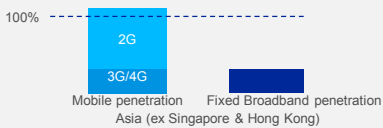


# OUR MOBILITY STRATEGY WILL FOCUS ON HARNESSING LONG-TERM GROWTH BUSINESS BY LEVERAGING OUR CORE CAPABILITIES

**STRATEGIC INTENT**

**TO BUILD LONG TERM GROWTH BUSINESSES IN MOBILE BY LEVERAGING OUR CORE CAPABILITIES**

**Opportunity to free up data access**



**We have made significant investment in network construction and mobiles throughout Asia since 1980s**



**We have proven capabilities in networks**

IP NETWORK	MOBILE NETWORK	ROADMAP
FIXED NETWORKS	INT'L NETWORKS	WI-FI



IN THE LONGER TERM, LEVERAGE OUR INVESTMENTS SUCH AS SOFTWARE INTO ASIA AND INVEST IN SIMILAR OPPORTUNITIES IN THE REGION

## STRATEGIC INTENT

CREATE A PIPELINE OF VIABLE OPTIONS AT OUR ADJACENCIES TO MAINTAIN GROWTH, HEDGE AGAINST POTENTIAL DISRUPTIONS, AND DEVELOP NEW CAPABILITIES



### Autohome

IPO generated US\$133 million through the sale of 7.8 million ADSs at US\$17 per ADS

Telstra did not sell any of its shares in the IPO, however, Telstra's shareholding in Autohome decreased from 71.5% to 62.9% due to dilution from the IPO.

### Exploring Smart City opportunities in China

- Core connectivity
- NAS/Cloud/Security
- Apps and interactive video



## SUMMARY

ASIA IS AN IMPORTANT PART OF OUR STRATEGY

ASIA OFFERS STRONG GROWTH OPPORTUNITIES THROUGH DATA CONNECTIVITY AND NAS

WE HAVE CORE CAPABILITIES TO LEVERAGE INTO ASIA



# KATE MCKENZIE

CHIEF OPERATIONS OFFICER



WE DRIVE NETWORK LEADERSHIP AT ALL LEVELS AND IT MATTERS TO OUR CUSTOMERS

## WHY NETWORK LEADERSHIP MATTERS

NETWORK LEADERSHIP MEANS WE STAY AHEAD OF OUR COMPETITORS, MEET OUR CUSTOMERS NEEDS AND DRIVE CUSTOMER AND REVENUE GROWTH

We do this through:

SOLUTIONS OVER NETWORKS

SPECTRUM

INNOVATING TO STAY AHEAD OF THE COMPETITION





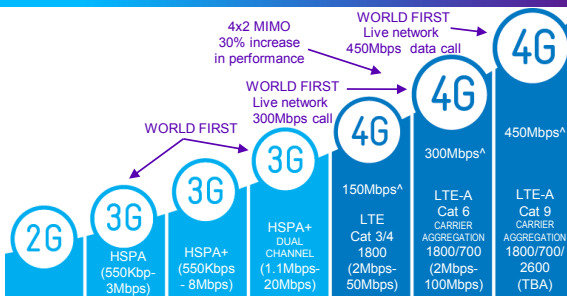
# OUR MOBILE NETWORK IS UNMATCHED BY ANY OTHER MOBILE NETWORK ACROSS AUSTRALIA

## LARGEST COVERAGE



- Over 1M km<sup>2</sup> more coverage than other networks\*.
- Largest 4G coverage area covering 87% pop.
- Plus another 1M km<sup>2</sup> of additional coverage out-to-sea

## MORE RELIABLE SPEEDS



## FEWER DEAD SPOTS



- Over \$5.5b invested since FY06
- >8,000 coverage sites



\* Source reference: 21 November 2013 on optus.com.au

<sup>^</sup> Peak technology speeds. Actual speeds will be lower and are dependent on device capability.

4G CUSTOMERS AUTOMATICALLY CONNECT TO OUR FASTEST AVAILABLE 3G SPEEDS OUTSIDE 4G COVERAGE AREAS.

(NOTE: Speeds are typical download speeds. Speeds may vary due to factors such as location, distance from the base station, local conditions, concurrent users, hardware and software configuration and download source/upload configuration. Go to telstra.com/coverage to check current coverage and speed available in your area.)

## FEWER DROP OUTS



- Works better in more buildings
- Australia's lowest mobile drop out rate even better with Call Reconnect feature

# WE CONTINUE TO MAINTAIN OUR MOBILE NETWORK ADVANTAGE THROUGH INNOVATION AND WORLD CLASS WIRELESS ENGINEERING

### 700MHz: The network of the future

More Capacity, Broader Coverage

- We have been focused on this ecosystem for over 3 years
- Live networks of 4G on 700MHz already operating in 4 major CBDs and 11 towns
- Full spectrum access on 1 January 2015

### LTE-Advanced Carrier Aggregation

Will underpin network capacity and performance

- Cat 6 (up to 300Mbps<sup>^</sup>) is already available where we have deployed LTE700
- Cat 9 (up to 450Mbps<sup>^</sup>) enabled via new 2600MHz spectrum

### LTE Advanced Network for Emergency & Enterprise Services (LANES)

Our vision for Public Safety Mobile Broadband

- Over 3 years in the making
- Successfully trialed and demonstrated in late 2013
- Deployed into live network for use by Emergency Services at the G20

### LTE Broadcast (eMBMS)

A media efficient platform for video & media over LTE

- World first trial in January 2014 at the MCG
- Live demonstration in October 2014 at Etihad Stadium
- Will be showcased at the Spring Carnival in November 2014



<sup>^</sup> Peak technology speeds. Actual speeds will be lower and are dependent on device capability.

## WE ARE STRENGTHENING THE NEXT IP NETWORK DIFFERENTIATORS THAT UNDERPIN OUR ENTIRE NETWORK



### Core Data Network:

Delivers our IP and data solutions to our customers

### Nation-wide Backbone:

Largest IP based Network in Australia for over 10 years  
Is the foundational strength of the Telstra Network

### Worldwide Coverage:

A total of 2,215 PoPs worldwide

### Convergence:

Seamless integration of IP Network into Mobile and Cloud



### EXTENDING NETWORK INTELLIGENCE AND REACH

- AAN provides inbuilt network intelligence and dynamic bandwidth to support application performance
- Business to Business Video bridging across different vendor technologies in the network
- Extension of complex network management capability to partner networks globally

### CONSOLIDATING THE NETWORK INTO ONE DYNAMIC PLATFORM

- Consolidation of Telstra's network infrastructure into a single Ethernet aggregation platform
- Massive scale to support converged networking via Cisco NCS 6000 routers
- SDN-enabled high bandwidth (100Gb) services through next generation flexible optical network capabilities

## WE ARE LEADING THE WAY IN CONNECTING AUSTRALIANS WHERE THEY NEED IT MOST

### CONNECTED STADIUM



### TELSTRA WI-FI™ NETWORK



### ACCESS YOUR HOME DATA ALLOWANCE WHEN YOU ARE ON THE GO



## WE CONTINUALLY LEVERAGE NEW TECHNOLOGIES TO MEET FUTURE CUSTOMER DEMAND

WE ARE INVESTING AND INNOVATING TO PROVIDE OUR CUSTOMERS WITH THE BEST EXPERIENCE AND TO STAY AHEAD OF THE COMPETITION



### SMALL CELL TECHNOLOGY ('HETNETS'):

We are trialling new "small cell" technology for targeted coverage improvements and capacity solutions



### VOICE OVER LTE (VOLTE):

Delivers voice and video calls over an LTE data connection enabling further integration of the multimedia experience



### SKINET™ TRIALS:

A novel and world leading concept to provide high speed broadband connectivity to a range of aircraft-based applications



### SOFTWARE DEFINED NETWORKING (SDN) & NETWORK FUNCTIONS VIRTUALISATION (NFV):

We are pushing the exploration of new virtualisation technology that will lead to rapid deployment and cost savings



## SUMMARY

NETWORK LEADERSHIP MATTERS TO OUR CUSTOMERS

WE ARE MAINTAINING OUR MOBILE NETWORK ADVANTAGE THROUGH SPECTRUM HOLDINGS AND INNOVATION

WE ARE INVESTING TO DIFFERENTIATE FURTHER OUR NEXT IP NETWORK

WE ARE CREATING ONE OF THE WORLD'S LARGEST WI-FI NETWORKS






# BRENDON RILEY

GROUP EXECUTIVE GLOBAL ENTERPRISE AND SERVICES



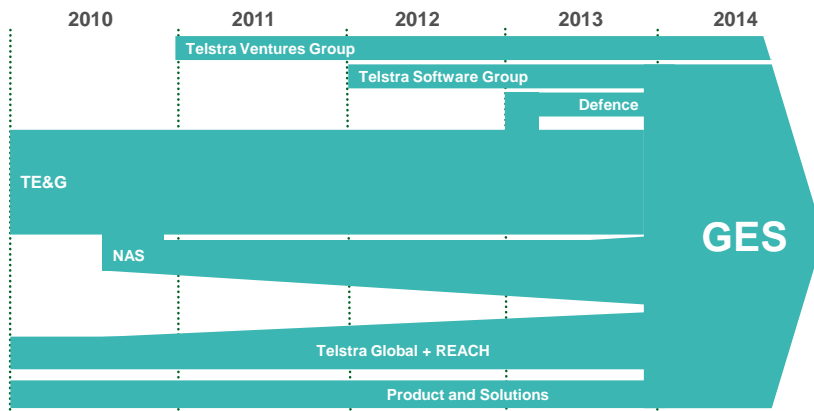
## OUR CUSTOMERS

 <b>MNCs</b>		
Australian MNCs out	Global MNCs in	Asian MNCs out
 <b>Australian domestic customers</b>		
Tier 1	Tiers 2 + 3	SMB
 <b>International wholesale customers</b>		
OTTs	Carriers	

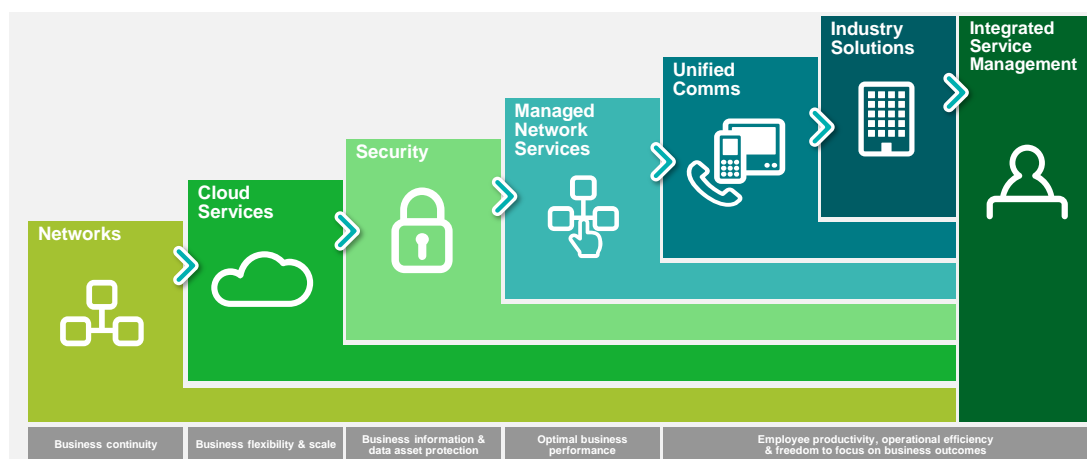
 <b>Disruptive Technology</b>	<i>"We need to <b>adapt quickly</b> to changing technologies and customer needs"</i>
 <b>The Asian Century</b>	<i>"We will need to <b>drive growth</b> in new Asian markets to be successful"</i>
 <b>Rise of the Global Enterprise</b>	<i>"We need to <b>operate globally</b> optimising key functions in the most suitable geography"</i>



## GLOBAL ENTERPRISE AND SERVICES

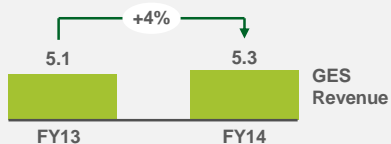


## OUR OFFERS

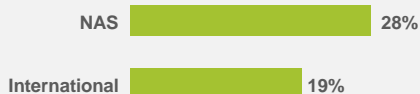


## DELIVERING RESULTS

### GES FY13-FY14 performance (A\$B)



### Growth in NAS and Int'l (FY14 YoY %)



### Highlights

Queensland  
**GWN**

**LEIGHTON**

**WOOLWORTHS LIMITED**

**T** IT'S HOW WE CONNECT

**Contract wins**  
**Innovation with customers**  
**Acquisitions and Telkom JV**  
**NPS↑**

**Stockland** *it's your place*

**Westpac**

**TH** TIAA Henderson Real Estate

**BRIDGE POINT**

**OOYALA**

**Telkom Indonesia** *the world in your hand*

**Q2 NETWORKS**

**oz**

**murū**

## OUR STRATEGIC PRIORITIES

- MARKET LEADING CAPABILITY
- STRATEGIC PARTNERSHIPS
- GLOBAL EXPANSION
- INTEGRATED SOLUTIONS
- ENTERPRISE MOBILITY
- CO-CREATED INDUSTRY SOLUTIONS



## GROWTH THROUGH INNOVATION



CO-CREATING WITH CUSTOMERS



DELIVERING INNOVATION IN OUR PRODUCTS, SERVICES AND SOLUTIONS



EXPANDING INTO ASIA FOR SUSTAINED GROWTH



# GORDON BALLANTYNE

GROUP EXECUTIVE RETAIL



# TELSTRA RETAIL – INNOVATING TO GROW

## CUSTOMER ADVOCACY

### CORE GROWTH

CONTINUED SOLID GROWTH

### ACCELERATION

EXTEND THE CORE AND ADDRESS NEW AND EMERGING PROFIT POOLS

### ADJACENCIES

REIMAGINE HOW AND WHO WE SERVE, COMPLEMENTING THE CORE



## RETAIL ADVOCACY



120,000

CALLS A DAY

500,000

customer cards handed out from technicians since inception

WE'RE MAKING IT PERSONAL



700,000

Online interactions with our customers every day. That equates to more than 260 million every year.



21,000

CUSTOMER SURVEYS EVERY DAY (INC. 7,000 VERBATIM)



110,000

STORE VISITS DAILY

70%

REDUCED DOMESTIC EXCESS MOBILE DATA RATES

80%

REDUCTION IN GLOBAL ROAMING DATA RATE



90,000

PERSONALISED EMAILS AND SMS CONFIRMATIONS SENT TO OUR CUSTOMERS EVERY DAY

10.3%

POSTPAID MOBILE CHURN DOWN 0.5ppt FROM FY13

1.7M

REGULAR USERS OF THE TELSTRA 24X7® APP EVERY MONTH



TELSTRA TH★NKS

2.2M

TICKETS PURCHASED



1. Based on Optus website Nov 13



## RETAIL CORE GROWTH

**\$16.3B**  
Revenue up 3.6%

**CONSUMER REVENUE UP**  
4.6% TO \$11.3B

**↑ 5.1%**  
MOBILE REVENUE GROWTH TO \$9.7B IN FY14

**REVENUE (\$B)**

FY12: 15.3, FY13: 15.8, FY14: 16.4

FULL YEAR RESULTS

GROWTH: 3.5%, 3.6%

**\$1.3B**  
FOR 4G MOBILE SPECTRUM

**46%**  
ONLINE CUSTOMER TRANSACTIONS  
up from 40 per cent in FY13

**6.3%** ↑  
FIXED DATA REVENUE TO \$2.2B

**↑ 16M**  
DOMESTIC RETAIL MOBILE SERVICES

**2M**  
PROJECTED WI-FI HOTSPOTS

**70%**  
REDUCED DOMESTIC EXCESS MOBILE DATA RATES

**\$4.0B**  
FIXED VOICE

**9%**  
GROWTH IN SUBSCRIPTION TV MARKET SHARE

**↑ 1.9M**  
BUNDLES<sup>1</sup>

**2.3M**  
square kilometres  
1m more than nearest competitor<sup>2</sup>

**IT'S HOW WE CONNECT**

1 – Customers on a bundled plan include fixed voice and fixed data bundles, and also fixed voice, data and IPTV bundles.  
2 – Based on Optus website Nov 13.

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## RETAIL ACCELERATION – TELSTRA BUSINESS

**FY14 REVENUE**

**\$4.8B**  
up 0.8%

**↑**  
FY14 GROWTH IN SUBSCRIBER BASE

- MBB +7%
- FBB +8%
- M2M +27%
- T SUITE +67%

**FY14 NEW GROWTH ↑**

- NAS +44%
- IP ACCESS +13%
- T-SUITE/MOBILE APPS – 400K SIOs
- ACQUIRED 51% OF SNP MONITORED SECURITY BUSINESS

**ACCELERATORS – REDEFINING OUR CORE & EXTENDING OUR BUSINESS**

**IP NAS**

↓

**Professional Services**

**Mobile Apps**

↓

**Connected Cloud**

**Monitoring Security**

↓

**Intelligent Monitoring**

**SMES ARE GOING DIGITAL<sup>1</sup>**

- 66% have websites
- 78% buy online
- 54% sell online
- 39% use social media

**IT'S HOW WE CONNECT**

1 – Sensis e-Business report – September 2014.

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## TELSTRA HEALTH

**\$120B TO \$200B**

INCREASE IN HEALTH SPEND BETWEEN 2010 AND 2020

**3.5 vs 4.1**

RURAL GP SERVICES VS NATIONAL AVERAGE

**20%**

OF PATIENTS OVER 65 RE-HOSPITALISED WITHIN A MONTH OF LEAVING

### BRILLIANT CONNECTED HEALTHCARE SERVICES FOR EVERYONE

- ADMISSIONS
- INTEGRATION
- PHARMACY
- EFFICIENCY
- CONNECTIVITY
- CONSUMER CONTROL

**1 IN 5**

MEDICAL ERRORS DUE TO INCOMPLETE PATIENT INFORMATION

**1.4M**

AUSTRALIANS HOSPITALISED FOR ACUTE CARE EVERY YEAR

**200M**

PHARMACEUTICAL SCRIPTS WRITTEN PA - 40% ARE REPEAT PRESCRIPTIONS

**\$100M OF INVESTMENT**

**10 INNOVATIVE eHEALTH COMPANIES**

**1.5M**

ADVERSE MEDICATION EVENTS OCCUR EACH YEAR

**1 IN 6**

HOSPITAL ADMISSIONS RUN DUPLICATE TESTS FOR PATHOLOGY & RADIOLOGY

**READYCARE – TELSTRA HEALTH JV**



## RETAIL GROWTH THROUGH INNOVATION

CUSTOMER ADVOCACY IS AT THE HEART OF OUR STRATEGY TO INNOVATE FOR GROWTH

WE CONTINUE TO DELIVER STRONG GROWTH FROM THE CORE

WE ARE ACCELERATING INTO NEW PROFIT POOLS IN TELSTRA BUSINESS

WE ARE STRUCTURING TO ENTER NEW ADJACENCY MARKETS SUCH AS TELSTRA HEALTH



# DAVID THODEY

## CHIEF EXECUTIVE OFFICER



### GROWTH THROUGH INNOVATION: SUMMARY

Presenter	Session	Themes
David Thodey 	Industry overview and investing in customer advocacy	<ul style="list-style-type: none"> <li>• Our strategy is unchanged and positions us well for the opportunities presented by a digital world</li> <li>• Innovation enables differentiation and growth</li> <li>• Improving customer advocacy delivers economic benefits</li> </ul>
Andy Penn 	Growth opportunities in Asia	<ul style="list-style-type: none"> <li>• Asia is an important part of our strategy</li> <li>• Asia offers strong growth opportunities through data connectivity and NAS</li> <li>• We have core capabilities to leverage into Asia</li> </ul>
Kate McKenzie 	Network leadership	<ul style="list-style-type: none"> <li>• Network leadership matters to our customers</li> <li>• We are maintaining our mobile network advantage through spectrum holdings and innovation</li> <li>• We are investing to differentiate further our Next IP network</li> <li>• We are creating one of the world's largest national Wi-Fi networks</li> </ul>
Brendon Riley 	Enterprise growth through innovation	<ul style="list-style-type: none"> <li>• Our strategy is to differentiate through co-creation with customers, delivering valuable services and innovative solutions, expanding our capabilities in Asia</li> <li>• We are making strong progress with acquisitions and investments, customer contracts, product launches and delivery underpinning customer advocacy</li> </ul>
Gordon Ballantyne 	Retail growth through innovation	<ul style="list-style-type: none"> <li>• Customer advocacy is at the heart of our strategy to innovate for growth</li> <li>• We continue to deliver strong growth from the core</li> <li>• We are accelerating into new profit pools in Telstra Business</li> <li>• We are structuring to enter new adjacency markets such as Telstra Health</li> </ul>