7 February 2013

The Manager

Company Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Office of the Company Secretary

Level 41
242 Exhibition Street
MELBOURNE VIC 3000
AUSTRALIA

General Enquiries 08 8308 1721
Facsimile 03 9632 3215

ELECTRONIC LODGEMENT

Dear Sir or Madam

Financial Results for the Half Year ended 31 December 2012 – Analyst Briefing Presentation

In accordance with the Listing Rules, I attach a copy of a presentation to be made today, for release to the market.

This announcement has been released simultaneously to the New Zealand Stock Exchange.

Yours faithfully

Damien Coleman
Company Secretary

TELSTRA HALF-YEAR RESULTS ANNOUNCEMENT 2013

IT'S HOW WE CONNECT

DISCLAIMER

IT'S HOW WE CONNECT

- 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 Financial Report dated 9 August 2012 and 2012 Debt Issuance Prospectus lodged with the ASX and available on Telstra's Investor Centre website 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.
- ® ™ Registered trademark and trademark of Telstra Corporation Limited (ACN 051 775 556) and its subsidiaries. Other trademarks are the property of their respective owners.

TELSTRA HALF-YEAR RESULTS ANNOUNCEMENT 2013

DAVID THODEY, CHIEF EXECUTIVE OFFICER

IT'S HOW WE CONNECT

HIGHLIGHTS IN H1

IT'S HOW WE CONNECT

1. DELIVERING ON OUR COMMITMENTS
2. STRONG CUSTOMER GROWTH
3. SIMPLIFICATION OF BUSINESS DRIVING PRODUCTIVITY IMPROVEMENTS
4. CONTINUED FOCUS ON IMPROVING CUSTOMER SATISFACTION
5. INVESTING TO DELIVER TECHNOLOGY AND PRODUCT LEADERSHIP

CUSTOMER, PRODUCT & NETWORK HIGHLIGHTS

IT'S HOW WE CONNECT

CUSTOMER

- 8 easy ways to get in touch with Telstra
- Telstra on YouTube – "How To" tutorials and videos available
- Refreshed mobile plans – Everyday Connect
- 4G International Roaming now available
- Easy to purchase android app service
- Wholesale 3G prepaid product launched

PRODUCTS AND INNOVATION

- Consumer NBN bundles and wholesale NBN offerings now available
- Acquisition of NRL Digital Media rights
- T-Hub 2 launched
- Expanded 4G device range
- Enhanced Digital Business product

NETWORK

- 4G expansion to 66% of population underway
- Underground mobile coverage in Sydney CBD
- Increased ADSL 2+ coverage to 480,000 premises
- Next IP expansion into Pilbara
- Investment in data centres supporting customer growth in cloud services
- Deployment of small cell technology, cell on wheels at major events

OUR PEOPLE, OUR COMMUNITIES

IT'S HOW WE CONNECT

TELSTRA HALF-YEAR RESULTS ANNOUNCEMENT 2013

ANDREW PENN, CHIEF FINANCIAL OFFICER

IT'S HOW WE CONNECT

AGENDA

IT'S HOW WE CONNECT

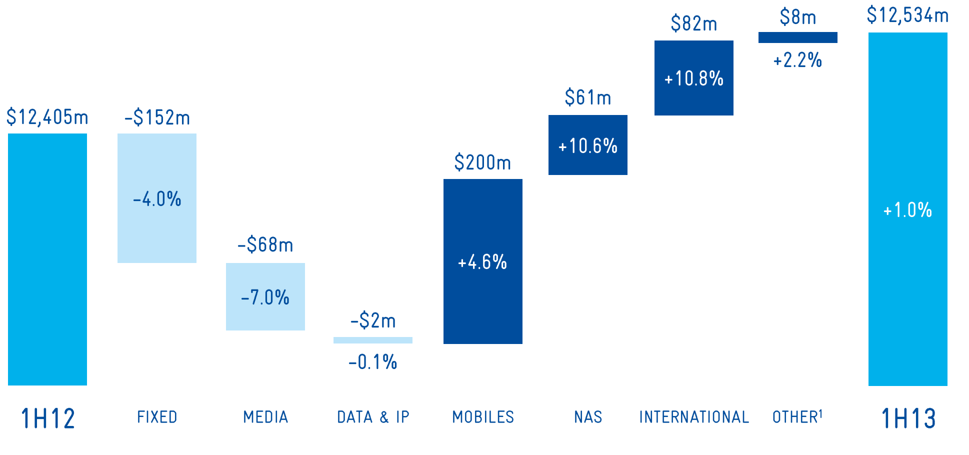
1. GROUP RESULTS
2. PRODUCT PERFORMANCE
3. PRODUCTIVITY
4. CAPITAL MANAGEMENT
5. GUIDANCE

GROUP RESULTS

	1H12	1H13	GROWTH (reported basis)	GROWTH (guidance basis)[1]
Sales Revenue	$12.4b	**$12.5b**	1.0%	
Total Income	$12.5b	**$12.7b**	1.7%	2.5%
EBITDA	$4.8b	**$5.0b**	5.0%	8.7%
EBIT	$2.6b	**$2.8b**	10.8%	
Attributable NPAT	$1.5b	**$1.6b**	8.8%	
Earnings per share (cents)	11.8	**12.9**	9.3%	
Accrued Capex	$1.7b	**$1.9b**	10.2%	
Free Cashflow	$1.8b	**$2.2b**	20.1%	
Ordinary DPS (cents)	14.0	**14.0**	-	

1. Excludes the impact from the sale of TelstraClear in accordance with the guidance assumptions outlined on slide 30

PRODUCT PERFORMANCE
SALES REVENUE GROWTH MAINTAINED



1. Other includes TelstraClear, revenue for the build of NBN infrastructure, including the Information Campaign and Migration Deed, and miscellaneous fee revenue

Telstra Corporation: investor.relations@team.telstra.com

PRODUCT PERFORMANCE: FIXED
BROADBAND DRIVES REDUCED RATE OF DECLINE IN FIXED

IT'S HOW WE CONNECT

FIXED	1H12	1H13	GROWTH
Revenue	$3,815m	**$3,663m**	-4.0%
- PSTN	$2,489m	**$2,220m**	-10.8%
- Fixed Broadband	$985m	**$1,028m**	4.4%
- Other Fixed	$341m	**$415m**	21.7%
EBITDA Margin – PSTN	60%	**62%**	2pp
EBITDA Margin – Fixed Broadband	35%	**39%**	4pp
PSTN Customers – retail	7.0m	**6.7m**	-0.3m
Fixed Broadband Customers – retail	2.5m	**2.7m**	0.2m

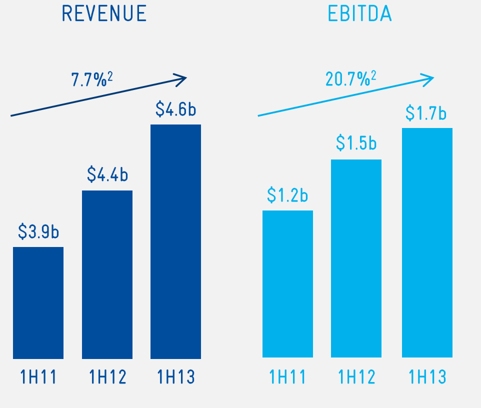
- Retail PSTN lines declined 178,000 to 6.7m
- Fixed retail broadband revenue up 10%, ARPU up 2% to $53.45
- Fixed retail broadband customers up 85,000 to 2.7m
- Bundled customers up 117,000 to 1.5m, 56% of our fixed broadband customer base

PRODUCT PERFORMANCE: MOBILES
PROFITABLE CUSTOMER GROWTH IN A SLOWING MARKET

IT'S HOW WE CONNECT

MOBILES	1H12	1H13	GROWTH
Revenue	$4,360m	**$4,560m**	4.6%
- Postpaid Handheld	$2,370m	**$2,377m**	0.3%
- Prepaid Handheld	$326m	**$351m**	7.7%
- Mobile Broadband	$493m	**$576m**	16.8%
- Machine to Machine	$40m	**$44m**	10.0%
- Other[1]	$1,131m	**$1,212m**	7.2%
EBITDA Margin	34%	**37%**	3pp
Customers	13.2m	**14.4m**	9.2%
Postpaid Handheld ARPU ex. MRO	$66	**$65**	-2.6%
Postpaid Handheld ARPU inc. MRO	$63	**$59**	-7.1%
Postpaid Handheld Churn	13.2%	**10.3%**	-2.9pp

CONTINUED REVENUE & EBITDA GROWTH



1. Other includes hardware, wholesale and interconnect
2. Compound Annual Growth Rate (CAGR)

Telstra Corporation: investor.relations@team.telstra.com

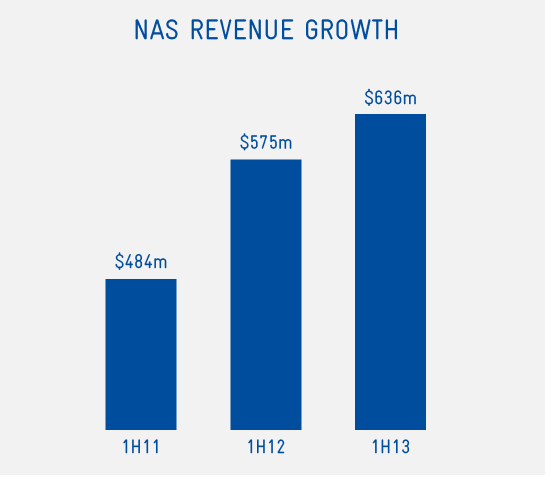
PRODUCT PERFORMANCE: DATA & IP
CONTINUED TRANSITION FROM LEGACY DATA PRODUCTS TO IP

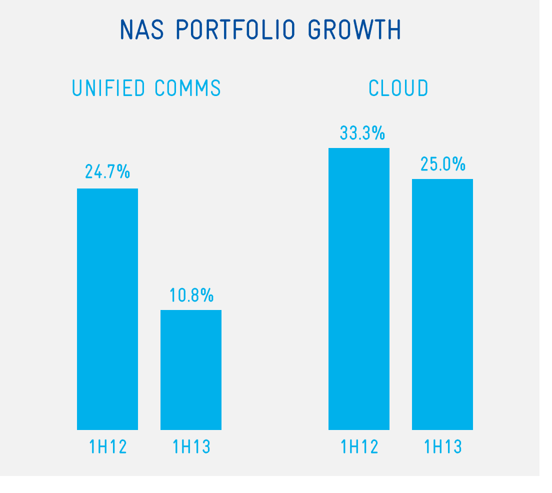
DATA & IP	1H12	1H13	GROWTH
Revenue	$1,554m	**$1,552m**	-0.1%
- IP Access	$514m	**$555m**	8.0%
- Other Data & Calling Products[1]	$620m	**$599m**	-3.4%
- ISDN	$420m	**$398m**	-5.2%
EBITDA Margin	63%	**65%**	2pp
IP MAN SIOs	26k	**28k**	8.2%
IP WAN SIOs	106k	**106k**	0.7%

- Customers migrating from legacy products to both IP network and IP applications based solutions
- IP Access revenue growth underpinned by migration to higher grade services
- Success in Telstra Business, +17% growth in IP Access
- NAS growth contributing to IP Access growth in SIOs
- IP MAN revenue growth up 14%

1. Includes specialised data and wholesale data

PRODUCT PERFORMANCE: NAS
STRONG FIRST HALF GROWTH IN NAS – UP 10.6%





SEGMENT RESULTS
EXTERNAL INCOME

IT'S HOW WE CONNECT

SEGMENT	1H12	1H13	GROWTH
Telstra Retail	$9.7b	**$9.8b**	1.0%
- Consumer	$5.2b	**$5.3b**	2.1%
- Business	$2.4b	**$2.4b**	-0.4%
- Enterprise and Government	$2.1b	**$2.1b**	1.3%
Telstra Wholesale	$1.1b	**$1.1b**	-1.1%

- Consumer growth underpinned by strong performance in mobiles +7% and fixed broadband +11%
- Rate of decline in Business slowed from -1% in FY12
- Enterprise & Government growth underpinned by growth in NAS +7%
- Wholesale NBN revenue offset lower fixed usage and mobile roaming volumes

PRODUCT PERFORMANCE: MEDIA – SENSIS
TRANSITION OF SENSIS TO DIGITAL MODEL CONTINUES

IT'S HOW WE CONNECT

MEDIA MARKETING SERVICES

SENSIS & ADVERTISING	1H12	1H13	GROWTH
Revenue	$548m	**$479m**	-12.6%
- Print	$280m	**$202m**	-27.9%
- Digital	$181m	**$201m**	11.0%
- Other	$87m	**$76m**	-12.6%
Sensis EBITDA Margin	28%	**23%**	-5.0pp

- Print revenues declined: White Pages -8%; Yellow Pages -22%[1]
- Digital revenue up: White Pages +42%; Yellow Pages +9%
- Decline in Other driven by lower call volumes across all voice products
- Deferral of Brisbane Yellow Pages book to 2H13 impacted EBITDA margin by 5pp

1. When normalised for the deferral of the Brisbane Yellow Pages book to 2H13

Telstra Corporation: investor.relations@team.telstra.com

PRODUCT PERFORMANCE: MEDIA – FOXTEL
AUSTAR INTEGRATION DELIVERING BENEFITS IN FOXTEL

IT'S HOW WE CONNECT

FOXTEL	1H12[1]	1H13	GROWTH
Revenue	$1,450m	**$1,554m**	7.2%
EBITDA	$413m	**$463m**	12.1%
Residential subscribers	2,232k	**2,270k**	1.7%
Telstra distribution	0	**$55m**	-

- FOXTEL/AUSTAR integration progressing well
- Revenue and customer growth underpinned by improved ARPU and churn
- EBITDA growth underpinned by revenue growth across residential and commercial subscribers and cost synergies following AUSTAR acquisition
- Current focus on new product packages to broaden appeal and drive further growth

1. Proforma Foxtel + Austar after eliminations

PRODUCT PERFORMANCE: MEDIA – OTHER MEDIA ASSETS
FLAT REVENUE IN OTHER MEDIA ASSETS

IT'S HOW WE CONNECT

MEDIA ENTERTAINMENT SERVICES AND CONTENT	1H12	1H13	GROWTH
Revenue	$429m	**$430m**	0.2%
- Cable Access Revenue	$58m	**$61m**	5.2%
- PayTV / IPTV	$330m	**$333m**	0.9%
- Digital Content	$41m	**$36m**	-12.2%

- Cable revenue growth driven by mix shift in FOXTEL revenue towards cable customers
- PayTV / IPTV revenue growth driven by IPTV Content – BigPond Movies, Foxtel on T-Box
- Traditional digital content sold for feature phones is declining with increased take-up of smartphones

PRODUCT PERFORMANCE: INTERNATIONAL
10.8% REVENUE GROWTH

IT'S HOW WE CONNECT

INTERNATIONAL ($AUD)	1H12	1H13	GROWTH	GROWTH IN LOCAL CURRENCY
Revenue	$762m	**$844m**	10.8%	-
- Hong Kong (CSL)	$436m	**$494m**	13.3%	13.8%
- China digital media[1]	$74m	**$73m**	-1.4%	-1.8%
- Global connectivity & NAS[2]	$252m	**$277m**	9.9%	11.6%

- 321,000 new CSL customers; EBITDA margin up 1pp to 25%
- Autohome revenue up 63%, offset by discontinued businesses of ChinaM and LMobile
- Global connectivity and NAS growth driven by higher revenue from voice +9%

1. 1H13 revenue excludes ChinaM and LMobile which were sold during FY12
2. Includes various local currencies therefore calculated on weighted average growth for the significant contributing entities

NBN
EARLY NBN REVENUES ADDED $176M

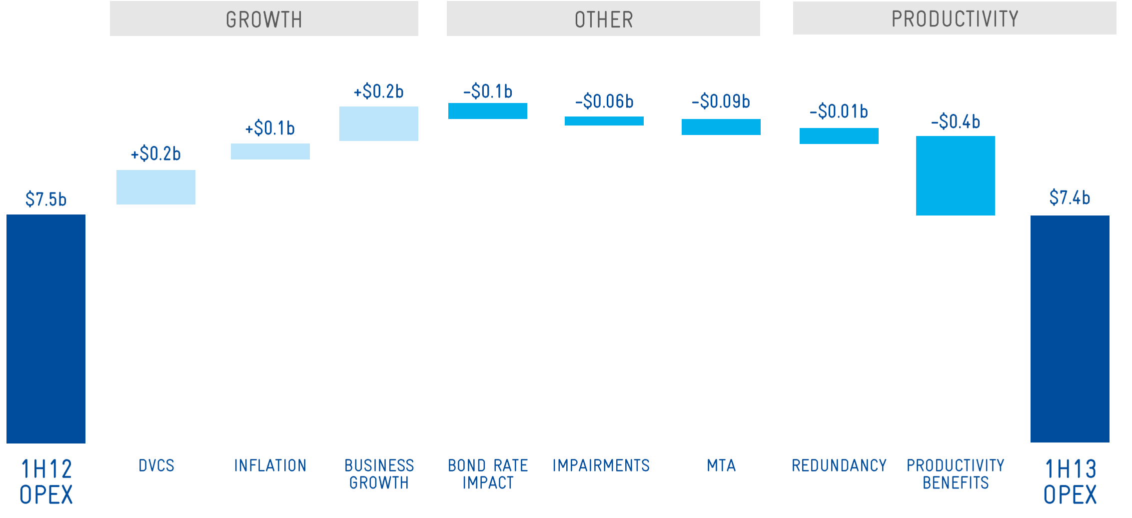
IT'S HOW WE CONNECT

NBN	1H13
Revenue	**$176m**
- Commonwealth agreements and other Govt. policy commitments	**$150m**
- Retraining[1]	$4m
- Information Campaign & Migration Deed[2]	$90m
- TUSMA[3]	$56m
- Infrastructure Services Agreement[4]	**$26m**

- $90m recognised from the $321m Information Campaign and Migration Deed received in FY12
- $4m recognised from the $100m Retraining Deed received in FY12
- TUSMA operative with revenue of $56m in first half
- Early infrastructure related payments of $26m

1. Booked as other income
2. Booked as other sales revenue
3. Booked as other income, recognised in P&L a year before receipts and payments flow through CF statement
4. Booked as other fixed revenue and other income

PRODUCTIVITY[1]
$0.4B IN PRODUCTIVITY BENEFITS DELIVERED



1. Ex TelstraClear

CAPITAL MANAGEMENT
STRATEGIC FRAMEWORK

FISCAL DISCIPLINE

OBJECTIVES

1. MAXIMISING RETURNS FOR SHAREHOLDERS
2. MAINTAINING FINANCIAL STRENGTH
3. RETAIN FINANCIAL FLEXIBILITY

PRINCIPLES

1. Maintain balance sheet settings consistent with a single-A credit rating
2. Ensure dividend remains fully-franked and seek to increase it over time. FY13 dividend will be 28c, fully-franked[1]
3. Target medium-term capex/sales ratio ~14% subject to NBN roll-out, excluding spectrum payments
4. Over a full year we will not borrow to pay the dividend or fund capital returns
5. Maintain flexibility for portfolio management and to make strategic investments

Cumulative Excess Free Cashflow: $900m as at 31 December 2012

1. Any dividend is subject to the Board's normal approval process for dividend declaration and there being no unexpected material events

IT'S HOW WE CONNECT

CAPITAL MANAGEMENT
CLOSE MANAGEMENT OF CAPITAL POSITION

	1H12	1H13	GROWTH
Accrued Capex	$1.7b	**$1.9b**	10.2%
Free Cashflow	$1.8b	**$2.2b**	20.1%
Gross Debt[1]	$17.1b	**$16.2b**	-5.3%
Liquidity	$3.0b	**$2.6b**	-13.3%
Net Debt	$14.1b	**$13.6b**	-3.5%
Avg Borrowing Costs[2]	7.0%	**6.4%**	-8.5%
Avg Debt Maturity (years)	4.4	**4.9**	-

- Capex to sales ratio 15% in line with FY13 guidance
- Targeting 66% LTE mobile network coverage by 30 June 2013
- Free cashflow includes cash proceeds of $671m following sale of TelstraClear
- Excluding cash proceeds from TelstraClear sale, free cashflow declined by 17% due to investments in working capital to support business growth
- In 1H13 debt repayments totalled $2.1b including commercial paper and finance lease repayments, with new debt issuances of $0.8b

1. Represents position after hedging based on the accounting carrying values. Gross debt comprises borrowings and derivatives.
2. Represents net interest cost on our net interest bearing liabilities

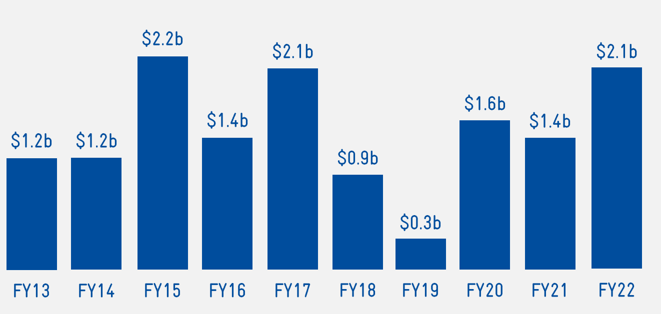
IT'S HOW WE CONNECT

CAPITAL MANAGEMENT
BALANCE SHEET SETTINGS AS AT 31 DECEMBER 2012

FINANCIAL PARAMETERS	COMFORT ZONES	ACTUAL
Debt Servicing	1.5 – 1.9x	1.4x
Gearing	50% to 70%	53.4%
Interest Cover	>7x	11.3x

CREDIT RATINGS	LONG TERM	SHORT TERM
S&P (Outlook)	A (stable)	A1
Moody's (Outlook)	A2 (stable)	P1
Fitch (Outlook)	A (stable)	F1

LONG TERM DEBT MATURITIES DUE OVER 10 YEARS[1]



1. Debt maturities over the next 10 years exclude commercial paper and finance lease liabilities and reflects the economic contractual face values which may differ from the accounting position

Telstra Corporation: investor.relations@team.telstra.com

2013 GUIDANCE[1]
GUIDANCE UNCHANGED

IT'S HOW WE CONNECT

MEASURE	FY12 REPORTED	FY12 EX TELSTRACLEAR	FY13 GUIDANCE
Total Income	$25.5b	$25.0b	Low single digit growth
EBITDA	$10.2b	$10.3b	Low single digit growth
Capex			~15% of sales
Free Cashflow	$5.2b	$5.1b	$4.75 – $5.25b
Dividend[2]			28 cps fully franked

1. Guidance assumes wholesale product price stability, no impairments to investments, excludes any proceeds on the sale of businesses, adjustments on the sale of TelstraClear and the cost of spectrum purchases
2. Dividend subject to the Board's normal approval process for dividend declaration and there being no unexpected material events

TELSTRA HALF-YEAR RESULTS ANNOUNCEMENT 2013

DAVID THODEY, CHIEF EXECUTIVE OFFICER

IT'S HOW WE CONNECT

Telstra Corporation: investor.relations@team.telstra.com

OUR STRATEGIC PRIORITES ARE DELIVERING

- IMPROVE CUSTOMER SATISFACTION
- RETAIN AND GROW CUSTOMER NUMBERS
- SIMPLIFY THE BUSINESS
- BUILD NEW GROWTH BUSINESSES

IMPROVE CUSTOMER SATISFACTION

COMPANY-WIDE NPS DEPLOYMENT	TRAINING >7,500 STAFF IN CUSTOMER ADVOCACY	> FIVE MILLION CUSTOMERS SURVEYS
IMPROVED PROVISIONING OF BUNDLES	GROWTH IN ON-LINE TRANSACTIONS	THREE MINUTE TRANSACTIONS IN RETAIL STORES

- 10% REDUCTION IN TIO COMPLAINTS
- CALL VOLUMES REDUCING
- LOW CHURN LEVELS

RETAIN AND GROW THE NUMBER OF CUSTOMERS

IT'S HOW WE CONNECT

MOBILES GROWTH

- 607K DOMESTIC MOBILE CUSTOMERS ADDED
- 321K HONG KONG MOBILE CUSTOMERS ADDED
- 1.5M 4G DEVICES SOLD SINCE LAUNCH

HANDHELD GROWTH

- 265K POSTPAID; 46K PREPAID HANDHELD CUSTOMERS ADDED
- TWELVE 4G HANDHELD DEVICES AVAILABLE

MOBILE BROADBAND GROWTH

- 218K MBB DEVICES ADDED
- TOTAL MBB CUSTOMERS OF 3.3M OF WHICH 790K ARE TABLETS
- EIGHT 4G MBB DEVICES AVAILABLE

FIXED GROWTH

- 85K RETAIL FIXED BROADBAND CUSTOMERS ADDED
- 1.5M CUSTOMERS ON A BUNDLED PLAN

IP AND NAS GROWTH

- 8% INCREASE IN IP MAN CUSTOMERS TO 28,000
- MORE THAN 5,000 CLOUD CUSTOMERS ACROSS TB & TEG, GROWTH OF OVER 1,000 CUSTOMERS

MEDIA GROWTH

- 456K T-BOX SALES, 456K T-HUB SALES
- MORE THAN 130,000 YELLOW PAGE ADVERTISERS TAKE A DIGITAL PRODUCT

T-BOX

SIMPLIFY THE BUSINESS

IT'S HOW WE CONNECT

- SIMPLIFICATION PROGRAMME CONTINUES TO DELIVER FINANCIAL BENEFITS
- $381 MILLION OF PRODUCTIVITY BENEFITS RE-INVESTED INTO THE BUSINESS
- TOTAL EXPENSES FLAT AS BUSINESS GROWS

Telstra Corporation: investor.relations@team.telstra.com

BUILD NEW GROWTH BUSINESSES

IT'S HOW WE CONNECT

NAS	› GROWTH IN CLOUD SUPPORTED BY INVESTMENT IN DATA CENTRES › CLOUD REVENUE +25% › NEW GLOBAL APPLICATION AND PLATFORM BUSINESS
MEDIA	› SENSIS PERFORMED AS EXPECTED WITH CONTINUED FOCUS ON RESTRUCTURING THE BUSINESS THROUGH THE TRANSITION TO DIGITAL › FOXTEL REVENUE +7%; INTEGRATION WITH AUSTAR PROGRESSING WELL
ASIA	› INTERNATIONAL REVENUE +11% › CSL, GLOBAL CONNECTIVITY AND AUTOHOME PERFORMING WELL › NEW MANAGEMENT TEAM LED BY TIM CHEN

SUMMARY

IT'S HOW WE CONNECT

CONTINUED REVENUE, PROFIT AND CUSTOMER GROWTH

OUR STRATEGIC FOCUS REMAINS UNCHANGED

ON TRACK FOR FULL-YEAR GUIDANCE

Telstra Corporation: investor.relations@team.telstra.com

TELSTRA HALF-YEAR RESULTS ANNOUNCEMENT 2013

IT'S HOW WE CONNECT

Telstra Half Year Results Announcement 2013 Speech

David Thodey - CEO

Thank you Andrew and good morning.

Consistent with previous years, I will firstly give a brief introduction, looking at some of the highlights for the half. I will then ask Andy Penn to take you through the numbers in more detail and I will then return to give you an update on our strategic priorities. Let's begin with the highlights for the half.

I am pleased to report that our business momentum has continued over the last six months and we are achieving our objectives.

We have grown revenue and profits, and we have also delivered strong customer growth in the half. Andy will take you through the numbers in more detail but on a reported basis, total income increased by 1.7%, EBITDA grew by 5% and net profit after tax increased by 8.8%.

We also continue to gain share in key products adding 607,000 new domestic mobile customers and our fixed broadband business also performed well with 85,000 retail fixed broadband customers added. Our simplification programme continues to drive productivity improvements with benefits of $381 million recognised in the half.

These results have been achieved through a sustained focus on all of our strategic priorities, in particular improving customer satisfaction which is our core priority.

Finally, we continue to deliver technology and product leadership, investing $1.9 billion in capital expenditure in the half. This investment is contributing to the improvements we are seeing with the customer experience. It is also helping us deliver innovative products that enable us to build on our network superiority...but we still have a lot more to do.

We are focused on improving the way we interact with our customers. We want to make it simpler and put the customer in control. We are also focused on providing new innovative products and services. Before Andy takes you through the numbers, I'd like to highlight some of the key achievements across the business over the past six months. As you will see, we continue to introduce new product and services, while investing in our networks. Let me mention a few.

On the customer side there are now eight ways to get in touch with Telstra. For example you can contact us through our 350 retail store network, live chat, by phone, through social media and online.

We have also made enhancements to the Telstra YouTube channel where you can browse through "How To" videos and tutorials. Almost 6 million visitors have been to this site.
In the products and innovation space we have made enhancements to our Digital Business product, new bundles, new NBN offerings and also new wholesale NBN offers. To meet the needs of our customers using their mobile devices at popular events such as the Spring Racing Carnival and Moto GP, we deployed small cell technology and Cell on Wheels to increase mobile network capacity. We also launched the T-Hub 2, saw the expansion of the 4G device range and acquired the digital rights to the NRL competition.

We also continue to invest in our networks. We are on track with our 4G network expansion to 66% population coverage by June 2013. On the fixed side, we completed an upgrade to almost 2000 sites enabling around 480,000 customers to access ADSL2+ broadband and we are making good progress on the build of the NBN transit network. Our Next IP network was extended into the Pilbara region and we announced the establishment of four new data centres to support the needs of our cloud customers.

Of course none of these achievements could have been possible without the commitment of our people who continue to play an important role in the community. The passion and commitment of our people to keep our customers connected is outstanding.

I am particularly proud of the staff who worked on the restoration efforts in Warrnambool, and to those who worked over the summer to restore power and services to those affected by natural disasters.

In Warrnambool the exchange was effectively rebuilt in 2 weeks with around 100 of our technicians working around the clock in very difficult circumstances to rebuild core parts of the exchange and other infrastructure to get our customers back on line. It was an extraordinary cross-company effort, achieving in two weeks what would normally take 6 months.

In Tasmania the major impact of the fires was the loss of power to all regions. Our team was there to support the local community by distributing additional portable power generators to priority community facilities. You can see on the slide the back of a Telstra technician's van, on his way to repair a cable damage at Dunalley, loaded to the roof with hay to feed distressed animals caught in the fire.

With the floods in Queensland and NSW, Local Team Manager, Warwick Foster organised the sandbagging of the exchange in Bundaberg and stayed the night to ensure that customers remained connected. Some of our RIM cabinets and base stations also bore the brunt of the flood waters. You can see in these photos how one of our installers washed and then dried the line cards from the cabinet to re-establish connection for our customers.

It is a real privilege to see and feel the strong connection our people have with their communities.

With that I will hand over to Andy to take you through the financial results in more detail.

Andrew Penn, CFO

Thank you David and good morning. These are the results for Telstra for the half year ended 31 December 2012.

In my presentation I will cover five topics.

Firstly, I will take you through the overall results and comment on how we tracked relative to guidance.

Secondly, I will take you through the performance of our key product groups – Fixed, Mobile, Data and IP, as well as Media, NAS, and International. I will also comment on the early revenues relating to NBN.

Thirdly, I will comment on the continued progress we are making in our productivity programme and the efficiencies we are delivering in operating expenses.

Fourthly, I will provide an update in relation to our capital position.

Finally, I will conclude with some comments on the outlook for the balance of the 2013 fiscal year, including comments on guidance.

Sales revenue for the half year was up 1% to $12.5Bn. I will take you through the key drivers in a moment. Total income was up 1.7% to $12.7Bn.

EBITDA was up 5% to $5Bn. This included the $130m impairment for TelstraClear which was related to the loss on foreign exchange over the period we held the asset.

EBIT was up 10.8% to $2.8Bn and earnings per share up 9.3% to 12.9 cents per share.

On a guidance basis total income was up 2.5% and EBITDA up 8.7%. The guidance basis excludes the impacts of TelstraClear.
Accrued capex for the period was up 10.2% as we increased our capex to sales ratio to 15%.

Free cash flow was up 20.1% to $2.2Bn including the sale proceeds from the sale of TelstraClear. Excluding TelstraClear, free cash flow was down 17% as we invested to grow the business including in working capital.

Finally, the Board has declared an interim dividend of 14 cents per share in line with guidance.

Across the business we have maintained our growth in sales revenue which was up 1% to $12.5Bn.

Although Fixed revenues declined 4% and Media declined 7% (including a 12.6% reduction in Sensis), our strong performance in Mobiles continued with revenues up 4.6% or $200m. Our other growth businesses also performed well with revenue up 10.6% or $61m in NAS and 10.8% or $82m in International.

The ‘Other’ bar on the chart includes revenues from NBN, including infrastructure, the amortisation of the Information Campaign and Migration Deed and other miscellaneous fee revenue. These revenues have been offset by the sale of TelstraClear.

In Fixed, growth in Fixed Broadband slowed the rate of decline in the overall portfolio. Revenue was down 4% to $3.7Bn.

PSTN revenue declined 10.8% with the number of retail lines declining 178,000 to 6.7m.

Fixed Broadband was up 4.4% to just over $1Bn. Retail Fixed Broadband revenue was up 10% driven by customer growth which was up 85,000 to 2.7m and a 2% improvement in ARPU.

The strong margin performance continued in our Fixed portfolio in the first half of 2013. This was driven by our increasing scale and the benefit of sharing our networks over our growing customer base. It also reflects the benefits from our productivity programme and the positive impact of higher bond rates.

Finally, our strategy to migrate customers to bundled plans continues to deliver and we added a further 117,000 bundled customers in the period. We now have 1.5m or 56% of our Fixed Broadband customer base on a bundle.

We have continued to see profitable customer growth in our Mobiles business. This is notwithstanding an overall slowdown in the market.

Revenues were up 4.6% to $4.6Bn equating to a 7.7% compound growth over the last three first halves.

Revenue was up 7.7% in Prepaid Handheld and 16.8% in Mobile Broadband.

Revenues were also up marginally in Postpaid Handheld. This was notwithstanding a small reduction in ARPU, (excluding MRO), caused by a lower contribution from International Roaming and early termination charges.

Whilst the latter impacted ARPU in the period, it obviously leads to higher lifetime customer value as illustrated by the significantly improved customer churn in the period of 10.3%.

The profitability of our Mobile portfolio continues to grow with EBITDA up 12.3% to $1.7Bn. This is a compound growth of more than 20% over the last three first halves.

The EBITDA margin for the half year was up 3 percentage points to 37%.

During the half we added a further 607,000 domestic Mobile customers to take our total customer numbers to 14.4m.

In Data and IP we continue to see a transition from legacy data products to IP Access. Overall revenue was broadly flat with revenue of $1.5Bn.

IP Access was up 8% underpinned by migration to higher grade services including IP MAN where revenue was up 14%.

Growth was also supported by success in Telstra Business which was up 17% and growth in NAS.

We saw strong profit performance from the portfolio in the first half with the EBITDA margin up 2 percentage points to 65%.

Finally, growth in the IP Managed Networks customer numbers, up 8.2%, reflects our focus on selling higher value network services.

Turning now to NAS.

NAS revenue for the half year was up 10.6% to $636m.

Over the last three first halves we have seen strong growth as we continue to invest in this important area for our business.

We continue to see strong performance in both Unified Communications and Cloud Computing.

Cloud Computing is a particular push at the moment and we saw revenues up 25% in this half period in addition to revenues up 33% in the previous corresponding period.

Looking at our core Australian telecommunications business through the customer segment lens, total retail revenue grew by 1% to $9.8Bn.

In Consumer, revenue was up 2.1% to $5.3Bn. Consumer growth was underpinned by strong performance in Mobiles, up 7% and Fixed Broadband, up 11%.

In Telstra Business revenue was down slightly by 0.4% to $2.4Bn. Encouragingly the rate of decline in the Business segment has slowed from a decline of 1% in full year fiscal 2012 and 1.3% in the second half.

In Enterprise and Government revenue was up 1.3% to $2.1Bn supported by strong growth in NAS, up 7%.

Finally, in Wholesale, revenues were down slightly, 1.1% to $1.1Bn. Wholesale NBN revenue partly offset the impact of lower usage in Fixed and lower roaming volumes.

Turning to Media and firstly, Sensis.

Sensis performance for the half year was in line with our expectations with revenues down 12.6% to $479m.

Print revenue was down 27.9% to $202m.

This comprised a revenue decline of 8% in White Pages and on an adjusted basis, a revenue decline of 22% in Yellow Pages. The point of the adjustment is that revenue recognition aligns with the timing of the distribution of books in Sensis. In 2013 we have deferred the distribution of the Brisbane book to the second half whereas it was included in the first half in 2012.

I would also like to remind the market that the timing of book distribution is such that approximately two thirds of Sensis revenue and 80% of EBITDA is generated in the second half.

In Digital we have seen an acceleration in growth as clients transition their spend to Yellow Pages and White Pages Digital assets, search engine marketing, customer websites and social media advertising.

Overall Digital revenue was up 11% to $201m, 42% in White Pages and 9% in Yellow Pages.

The trend in the margin followed the same point I mentioned in relation to book distribution and was therefore down 5 percentage points to 23%. Adjusting for the timing of book distribution, EBITDA margin was approximately 28%, although we do expect the margin to decline year on year with the revenue reduction.

In Foxtel the first half of 2013 included a full six months contribution from the acquisition of AUSTAR. We have therefore provided the prior comparative period on a pro form a basis.

Revenue was up 7.2% to just under $1.6Bn whilst EBITDA was up 12.1% to $463m.

The AUSTAR integration is progressing well and this is driving significant cost synergies which is assisting EBITDA growth.

The growth in revenue is driven by a combination of higher average subscriber numbers and higher ARPU.

The key focus of FOXTEL continues to be on the growth of its subscriber base which was up 1.7% in the period to just under 2.3m.

During the period we received a $55m distribution from our investment in FOXTEL. There was no distribution in the prior comparative period. FOXTEL has moved to a pattern of paying distributions bi-annually from annually.

The distribution is the only aspect of these numbers that is consolidated into Telstra's results.

In Telstra's other Media assets, revenue was broadly flat at $430m.

Cable revenue. representing income from FOXTEL, was up 5.2% due to a customer mix shift away from Satellite to Cable.

In Pay TV and IPTV, which includes IPTV Content, BigPond Movies, FOXTEL resell and FOXTEL on TBox, growth was just under 1% to $333m.

The other Digital content, which includes a number of feature phone services, that predate the introduction of Smartphones, declined 12.2% to $36m.

Turning finally to our International portfolio.

Revenue was up 10.8% to $844m with strong performance across all our businesses.

CSL revenue was up 13.3% to $494m, or 13.8% on a local currency basis. CSL added 321,000 new customers in the first half, with EBITDA up 1 percentage point to 25%.

In our China portfolio, revenue for Autohome was up 63%, albeit this was offset by the inclusion in the prior period of revenue from ChinaM and LMobile which were businesses we exited in the second half of 2012.

Autohome has established a very strong position in digital marketing in the Chinese auto market which is growing rapidly.

Finally, the Global Connectivity business was up 9.9% to $277m, or 11.6% on a constant currency basis.

Before making a couple of comments on Productivity, I will take you through the key revenue items relating to NBN which were received in the period.

Total NBN related revenue was $176m. Of this $4m and $90m represented the proportional recognition from the cash receipts received last year for the Retraining and Information Campaign and Migration Deeds.

The TUSMA Agreement became operative from 1 July 2012 and income accrued under this agreement for the half was $56m. This was partly offset by the revenue received last year under the Universal Service Obligation.

Finally, $26m was received in relation to the early infrastructure build.

Let me now turn to our Productivity and Simplification Programme.

During the half year, direct variable costs increased approximately $200m whilst underlying inflation added a further $100m.

Expenses also increased as a consequence of our growing portfolio and transaction volumes and investment in new businesses.

Expenses were favourably impacted by the increase in Bond rates which had a $100m positive impact.

Against these movements our Productivity and Simplification Programme delivered $400m of expense benefits, enabling us to modestly reduce our operating expenses to $7.4Bn for the half year.

Turning to Capital Management.

Our approach to capital management and the strategic framework that I presented to you last year remains unchanged.

Applying this, our cumulative excess free cash flow declined slightly from $1Bn at 30 June 2012 to $900m as at 31 December 2012.

Free cash flow from business operations of $2.2Bn, including the proceeds from the sale of TelstraClear, were offset by the full year 2012 dividend of $1.7Bn and interest costs of $534m.

Our free cash flow profile is such that we expect to generate excess free cash flow in the second half.

I advised the market in April last year that we expect to generate $2Bn to $3Bn of cumulative excess free cash flow over the next three years. That takes us into the second half of 2015.

Our position on that remains unchanged subject to the roll out of NBN.

We will continue to communicate our cumulative excess free cash flow in conjunction with results. We will also obviously advise you how we are tracking to the $2Bn to $3Bn. Having said that, we do not propose to continue to update that outlook on a rolling basis.

Turning to some of the more detailed capital movements.

As previously mentioned, Capex was up 10.2% to $1.9Bn. The Capex to Sales Ratio of 15% is in line with our guidance and we are on track to accelerate our LTE Mobile Network expansion to 66% of the population by 30 June 2013.

During the half year we repaid approximately $2.1Bn of debt. We issued new debt of $750m via a very successful Australian 5 year Bond and a further $50m via private placement. We have run down our liquidity to $2.6Bn bringing our net debt position at 31 December 2012 to $13.6Bn.

Average borrowing costs reduced in line with lower interest rates to 6.4% and through refinancing we extended our average debt maturity to 4.9 years.

A key aspect of our capital management framework is to operate with Balance Sheet settings consistent with a Single A credit rating. We continue to operate at the conservative end of these parameters and enjoy a Single A rating from the key agencies.

You will see from the bar chart on the right hand side of this slide that we have a further $1.2Bn of debt to repay in the second half of 2013. We also have a Spectrum renewal to finance, and subject to the outcome of the upcoming Digital Dividend Auction, further potential Spectrum financing commitments.

As we have previously indicated as part of our overall capital management framework, we would predominantly finance Spectrum through debt in the first instance and hence we will have an active debt programme in the second half of the year.

Before handing back to David let me make a couple of comments on guidance.

Our guidance for 2013 remains unchanged. This includes low to single digit growth for both total income and EBITDA and a Capex to Sales ratio of 15%.

Whilst we have delivered EBITDA growth on a guidance basis of 8.7% for the first half, for a number of reasons this growth will not all flow to the second half.

In particular, the bond rate impact and some of the NBN impacts are both likely to be more significant in the first half than the second. In addition, we also expect to see most of the year-on- year EBITDA decline in Sensis in the second half.

Having said that, our outlook for the business shows EBITDA growth at the top end of our guidance.

In addition to the other guidance measures, we expect free cash flow to fall in the range of $4.75Bn to $5.25Bn.

Finally, subject to the Board's normal approval process for dividend declaration and there being no unexpected material events, we expect to pay a fully franked dividend of 28 cents per share in fiscal 2013.

Thank you and I would now like to hand back to David.

David Thodey - CEO

Thank you Andy.

Our operational results are underpinned by our four strategic priorities of:

- improving customer satisfaction;
- retaining and growing the number of customers;
- simplifying the business; and
- building new growth businesses.

These remain the key focus. I will take you through each of these in turn, starting with customer satisfaction. Improving customer satisfaction is core of our strategy. We want to change the way our customers talk about Telstra.

In doing so, over the past six months we have:

- Continued with the company wide roll out of the Net Promoter System, the largest change programme and cultural investment Telstra has ever undertaken.
- The first stage of this has involved training over 7,500 staff with the tools, skills and mindset needed to create a culture of customer advocacy.
- We now ask our customers for their feedback after every interaction. To date, we have conducted over 5 million customer surveys.

We continue to make process improvements to the customer experience:

- The time it takes us to provision our bundles has reduced by 38% meaning our bundled customers are connected sooner. An improved web interface between our front and back of house functions also means that the needs of more customers are met at their first contact with Telstra which has led to a reduction in what we call “bad volumes”.
- Enhancements to our on-line capabilities have enabled more of our customers to transact with us on-line: 2 million customers receive a digital bill, our 24x7 mobile app has been downloaded over 1 million times, we are seeing150,000 Live Chats per month and close to 2 million visits to CrowdSupport.
- In our retail stores, process improvements have led to a reduction in transaction times from 20 to 3 minutes to activate a mobile service.

We still have a lot of work to do to improve the customer experience but we are on the right track and over the past six months we have seen;

- A 10% reduction in complaints to the TIO from a year ago;
- Call volumes continue to fall; and
- Churn levels across our product portfolio remain low.

We can not deviate from our commitment to improve customer satisfaction as I know that changing the way customers talk about Telstra will create value. Customer advocates buy more products, recommend Telstra to their friends and family and stay with us for longer. And it unites the Company around a single purpose of serving our customers.

Andy has already gone through the numbers in detail but I am pleased to say that across our product portfolio, we continued to retain and grow the number of customers. Our mobile base has grown by over 3.8 million customers since July 2010. We invested $800 million in our mobile network last year and we are spending $1.2 billion this fiscal year. We are seeing a good return on this investment with 607,000 domestic mobile customers added, a further 321,000 mobile customers added in Hong Kong and we now have 1.5 million 4G devices on the network.Mobile broadband continues to grow strongly. We sold 218,000 mobile broadband devices in the half, taking the customer base to over 3.3 million. This includes 790,000 tablet devices.

On the fixed side, we added 85,000 fixed retail broadband customers taking our retail fixed broadband base to almost 2.7 million customers. IP customer growth is strong and across our Telstra Business and Enterprise and Government segments, we have over 5,000 cloud customers, growth of over 1,000 customers in the past year.

In the media space, we have sold over 450,000 T-Box and 456,000 T-Hub's. Our customers have downloaded over 2.4 million movies in the last 6 months. The take up of our digital products at Sensis is on track with over 130,000 Yellow Page advertisers taking up a digital product.

Our simplification programme continues to deliver financial and customer service benefits. Total expenses are still declining at a time when the business continues to grow. Productivity benefits in the half were $381 million. These benefits were delivered by a range of simplification initiatives including:

- Continued focus on process improvement;
- Improved operations in credit management, contact centres, field service and a range of corporate and back of house processing functions; and
- Improved supplier terms on a range of key contracts in the network, IT, International and Sensis areas.

This remains a critical part of our strategy and we can not lose focus on our drive to improve productivity right across the business. Doing so enables us to reinvest the savings into customer growth, innovation and improving the customer experience. The outcome of all of this is increased leverage at the bottom line.

Moving on to the final pillar of our strategy, building new growth businesses. NAS continues to be a driver of growth with cloud revenue growing by 25% and unified comms revenue up 11% in the half. As I said earlier, we are investing in four new data centres to cater for the growing needs of our customers. Last month we announced a new Global Applications and Platforms line of business to take advantage of the considerable growth in software-driven business opportunities. The group will play an important role in this part of our growth strategy and will be led by Charlotte Yarkoni who has an extensive background in cloud based applications.

In Media, as you've heard, Sensis performed as expected as we move through the print to digital transition. We still have significant work to do here as we restructure the business for a digital world. We must continue to invest in improving the user experience and the performance of our digital assets. The True Local acquisition announced last month is a strong proposition for our Yellow Pages customers as it will extend our presence even further with the True Local site attracting millions of visits each month. This is subject to ACCC approval but the acquisition will increase traffic volumes, improving our competitiveness and profitability. Andy has already taken you through the Foxtel numbers – we are pleased with the progress of the integration of Austar.

We will discuss our media strategy in more detail at our Investor Update in April.

Finally our investments in Asia are performing well with revenue from our International product portfolio growing by 11% to $844 million. CSL grew revenue by 13.8% in local currency, Global Connectivity and NAS revenue was up 10% and the Autohome business in China is also growing with revenue up 63%. I am also pleased with our new management team in Telstra International led by Tim Chen. Tim has deep insights into the Asian environment and his appointment increases the focus in growing our presence in Asia and realising the significant revenue opportunities in the region.

So let me summarise, we delivered on our commitments, with continued revenue, profit and customer growth it has been a strong first half.

Our strategic priorities continue to deliver good results for our customers and shareholders. We are focused on our key priorities for the next year and we are on track for our full year guidance of:

- Low single digit growth in Total Income and EBITDA;
- Free cashflow of between $4.75 and $5.25 billion; and
- A full year dividend of 28 cents per share.

Thank you for your time this morning. Andy and I would be happy to take your questions.
[END]