



15 February 2007

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Analyst Briefing – Half year results presentation pack

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.

A handwritten signature in black ink, appearing to read "Douglas Gratton".

Douglas Gratton
Company Secretary

Telstra Corporation Limited

1H 2007 Results

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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 and Form 20-F.
- 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.

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Telstra Corporation Limited

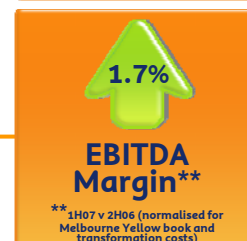
1H 2007 Results

Sol Trujillo
Chief Executive Officer

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1H07 Financial results (reported)

\$ billions (except margins & DPS)			
	1H06	1H07	%
Sales Revenue	11.4	11.6	▲ 2.0
Operating Expenses	6.3	6.9	▲ 9.9
EBITDA	5.3	4.9	▼ 7.0
EBITDA Margin (%)	46.3	42.3	▼ 4.0
EBIT	3.5	2.9	▼ 15.7
NPAT ¹	2.1	1.7	▼ 20.1
Cash Operating Capex	2.0	2.5	▲ 22.8
Free Cash Flow	2.0	0.9	▼ 55.9
Ordinary DPS (cents) ²	14.0	14.0	-



(1) Before minority interests
(2) 1H06 excludes 6 cent per share special dividend

Beat Earnings Guidance ...Earnings pivot point reached whilst continuing to invest

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Winning where it matters



Mobiles	<ul style="list-style-type: none"> 1.2m 3G SIOs - added more than 700,000 1H07 3G ARPU uplift of \$20 maintained Next G™ driving content and applications – non SMS data ARPU +74%
Broadband	<ul style="list-style-type: none"> Outgrowing competitors to increase market share by 1% to 45% Beating nearest competitor 3:1 Over 200,000 retail wireless broadband subscribers
PSTN	<ul style="list-style-type: none"> Total line loss of 0.8% since June – best in class Residential lines held at June levels – best in 5 years Positive residential churn and market share gain – 1st time since comp
Sensis	<ul style="list-style-type: none"> Online usage up 21% Share of new media revenue increasing from 10% to 15% SouFun triple digit percentage growth
Foxtel	<ul style="list-style-type: none"> FOXTEL subscribers up 10% FOXTEL subscriber revenue growth of 15% 100% digital TV provider – cable analogue service switched off 1 Feb

Sustained growth in key platforms

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Winning where it matters - Mobiles



Strong growth in 3G SIO's

&

Holding \$20 ARPU Premium

&

Improving Subscriber Mix

Estimated to have captured around 60% of 3G SIO net adds

Approaching 40% market share in 3G – On track for market leadership by May 07

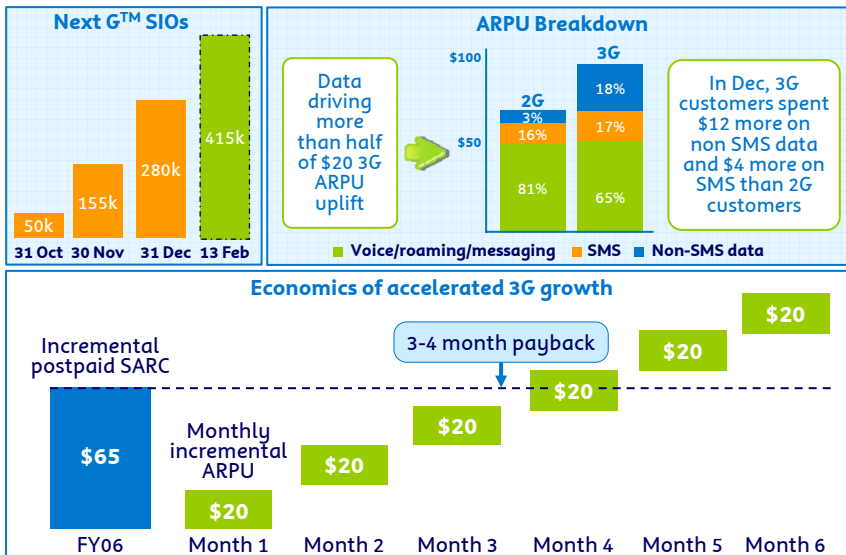
Next G™ driving content and applications – Non SMS data ARPU +74%.

MBM benefits: CRM strike rates increasing across the board. eg. Postpaid recontracting doubled

Entrenching mobiles leadership

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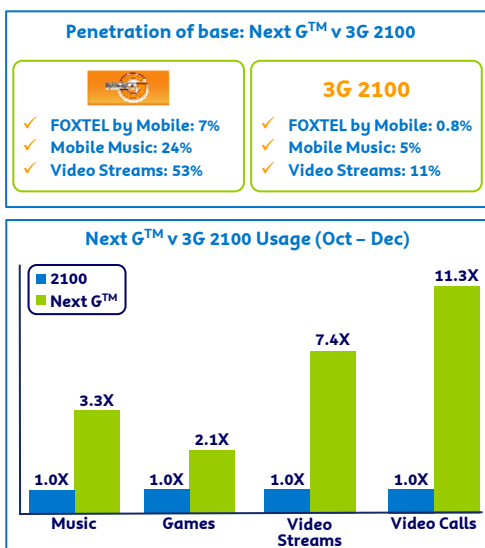
Telstra's Competitive Advantage –



Changing the game in customer behaviour...leading the market

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Telstra's Competitive Advantage –



- 4 new channels recently launched driving an increase in streaming minutes and customer take up
- Most popular channels are Fox 8, Comedy Channel and Disney Channel
- Increase in channel content: Simple Life & Jerry Springer (FOX8); MAD TV (Comedy Channel)



Changing the game in customer behaviour...leading the market

The best the competition can do...



No 2 competitor

Time for Rollout	RECORD TIME Next G™ built and operating in record time of 10 months	➔	YEARS 3 year rollout...risks of delay
Coverage	WIDEST Breadth: 1.9M sq km & 98.8% population Better depth: in buildings etc NEW: Range extension from 80km to 200km in certain locations	➔	LIMITED 650,000 sq km & 96% population 900MHz explored only, limited depth with 2,500 sites at 2100 MHz
Speed	SUPERIOR NEW: 14.4Mbps – first nationwide upgrade at highest speed in the world PLUS: HSUPA1.9Mbps upload ...staying global leader	➔	INFERIOR Once installed, speeds of up to 3.6Mbps initially
Status	AVAILABLE NOW Already 1.2m+ 3G customers, including 415k Next G™	➔	NOT YET AVAILABLE Yet to make final technology (frequency) choice and mix – risks of delay

Next G™ competition still years away... Competitors faced with substantial execution risks in rollout

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Winning where it matters – Retail Broadband

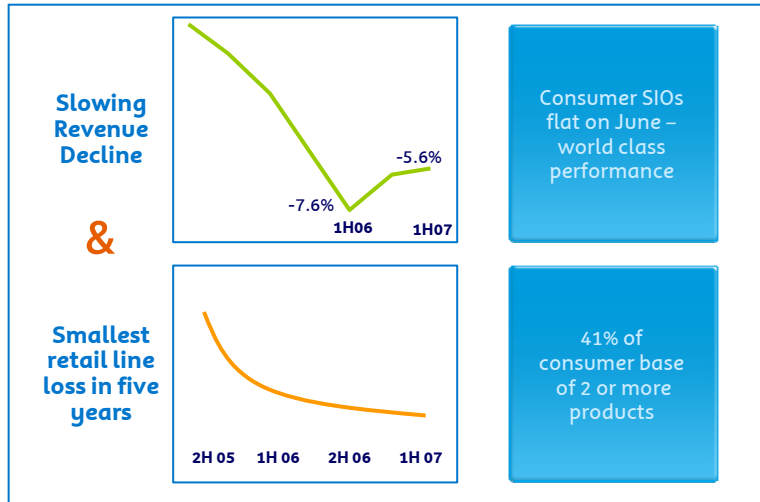


Strong growth in market share & Beating nearest competitor & Holding ARPUs sequentially for the first time		Delivering enhanced services with upgraded networks – Fixed, Wireless, Satellite and Cable Wireless broadband subscribers over 200,000
		Rated #1 in survey for email and telephone customer experience across all industries
		Approximately one third of entry level customers migrate within 12 months 25% of new broadband sales in December and January were for plans faster than 1.5Mbps

Growing market share while holding ARPUs

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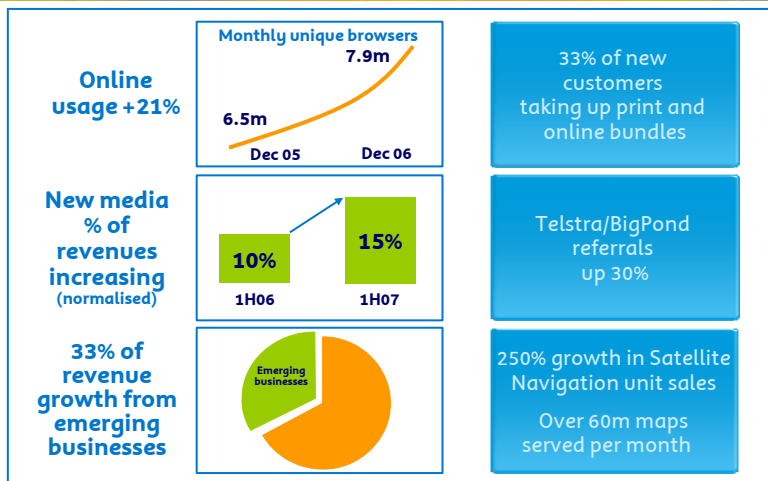
Winning where it matters - PSTN



Important pivot points passed

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Winning where it matters - Sensis



Where **iS** (scis) MediaSmart **citysearch** **goStay** **TradingPost**.com.au **Yellow** **White Pages** **搜房** **SouFun**

Now much more than Yellow

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SouFun: Expanding the footprint



Strong growth in SouFun performance

- Revenue up 107% YOY
- EBIT up 131% YOY

Strong organic growth in SouFun footprint:

- Offices in 40 cities opened prior to Telstra acquisition of 51%* Aug 2006
- Offices in another 16 cities opened post Telstra acquisition of 51% Feb 2007
- Offices in a further 44 cities planned by end CY08 Dec 2008

Total : 100 Cities by end CY08

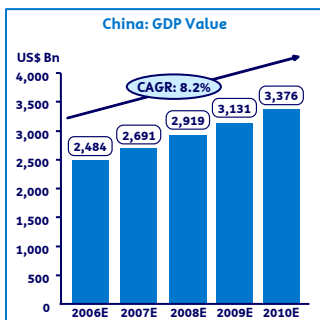
* On a fully diluted basis



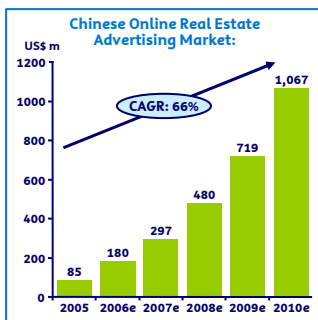
SouFun is continuing its aggressive organic expansion

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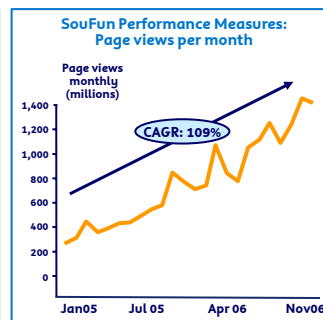
SouFun operating in a booming market



- Construction fuelling China's economic boom
- Real estate investment - 24% growth in 2006
- Residential building area Jan to Nov 06 + 19.2% YoY



- Online advertising forecast to quadruple from 2006-2010 to US\$3.2bn
- Forecast online real estate advertising CAGR of 66% to US\$1bn in 2010



- China's #1 online real estate advertising web site
- 44m unique users per month
- 1.3bn page views per month

SouFun is continuing to grow strongly with the market

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Transformation... driving Capex improvements



Wireless	Wireline	IT
<ul style="list-style-type: none"> Next G™ peak network download speeds increased to 14.4Mbps Additional 400 base stations being rolled out in FY07 <ul style="list-style-type: none"> – Deeper coverage, – More capacity >1800 more Next G™ base stations compared to CDMA Moving to one consolidated network 200km range extension completed at selected sites Trial of home based wireless broadband service 	<ul style="list-style-type: none"> IP/MPLS Core and Multi Service Edge - turn up nearing completion Migrations of Internet backbone IP traffic (Telstra Internet Direct) to Core completed early Feb 07 Migrations of Routed Data Network (RDN) underway Ethernet Aggregation and Transport deployments on track to carry traffic by end of June 07 IP DSLAM ports on track to meet full year deployment target of 887k ports 	<ul style="list-style-type: none"> On track <ul style="list-style-type: none"> – 1st release at the end of calendar 2007 – 2nd release in late calendar 2008 Delivered important capabilities <ul style="list-style-type: none"> – Integrated desktop – Telstra Service Delivery Platform – Telstra Retail Integrated Campaign Systems (TRICS) – Enterprise Program Management – Network Planning

On track to meet key milestones over calendar 2007

Transformation driving service improvements



Getting there on time...



Over 90% of the time

Getting it right first time...



Over 96% of the time

Enterprise & Government



Best results on record

ADSL Held orders



Over 80% reduction since Sep 2005

BigPond cycle times



Down 19%

Driving improvements in both service and quality

Transformation driving productivity improvements



One factory increasing efficiency and delivering benefits...headcount down 4,596 since June 2005

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Summary

- 13 months into a 5 year transformation plan
 - On or ahead of plan on all fronts
- Winning where it matters
 - Broadband, 3G, Online, Integration
- Creating new opportunities
 - Evolution to MediaComms
- Improving operational performance
 - Churn, 3G/Broadband Market share, Productivity

Momentum continues across all business units

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Telstra Corporation Limited
1H 2007 Results

John Stanhope
 Chief Financial Officer

1H07 Financial Highlights (Reported)

Sales revenue		<ul style="list-style-type: none"> • Mobile revenue growth of 12% • Retail broadband revenue growth of 50% • PSTN revenue decline slowed to -5.6% • Normalised sales revenue +3.6%
Operating expense		<ul style="list-style-type: none"> • Labour down 3% • Goods and Services +17% • Other expenses +15%
Earnings (EBIT)		<ul style="list-style-type: none"> • Better than guidance
Transformation		<ul style="list-style-type: none"> • Transformation costs of \$285 million in first half • Cash operating capex at \$2.5 billion

1H07 Financial Results (Reported)



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Beat earnings guidance ... Earnings pivot point reached whilst continuing to invest

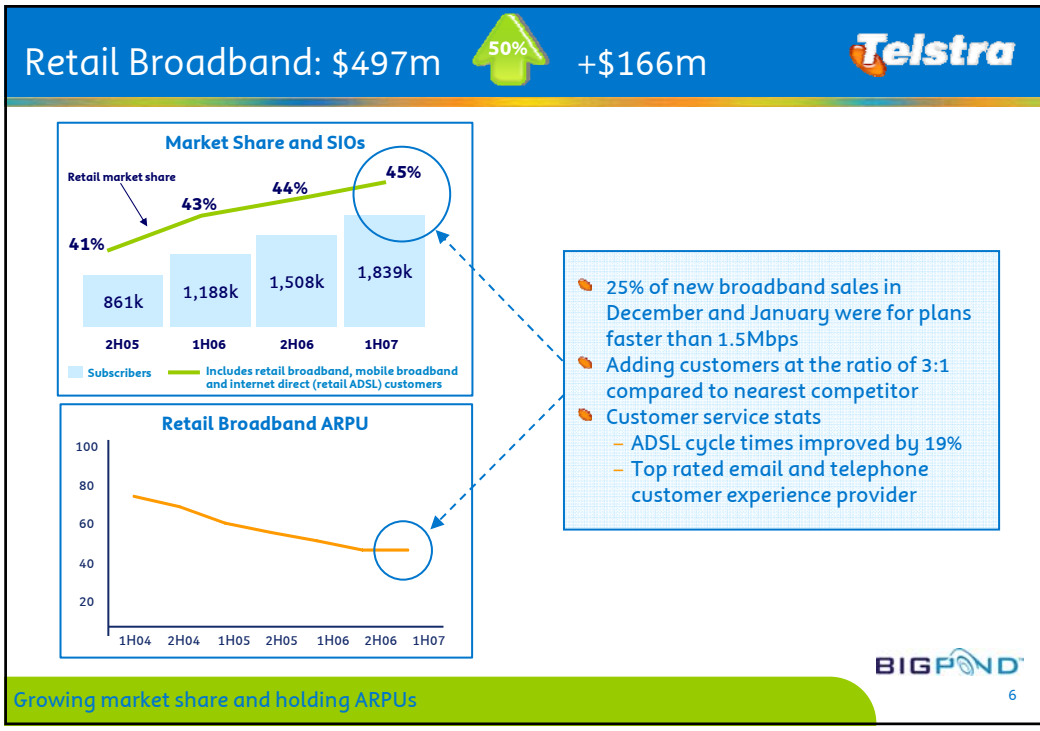
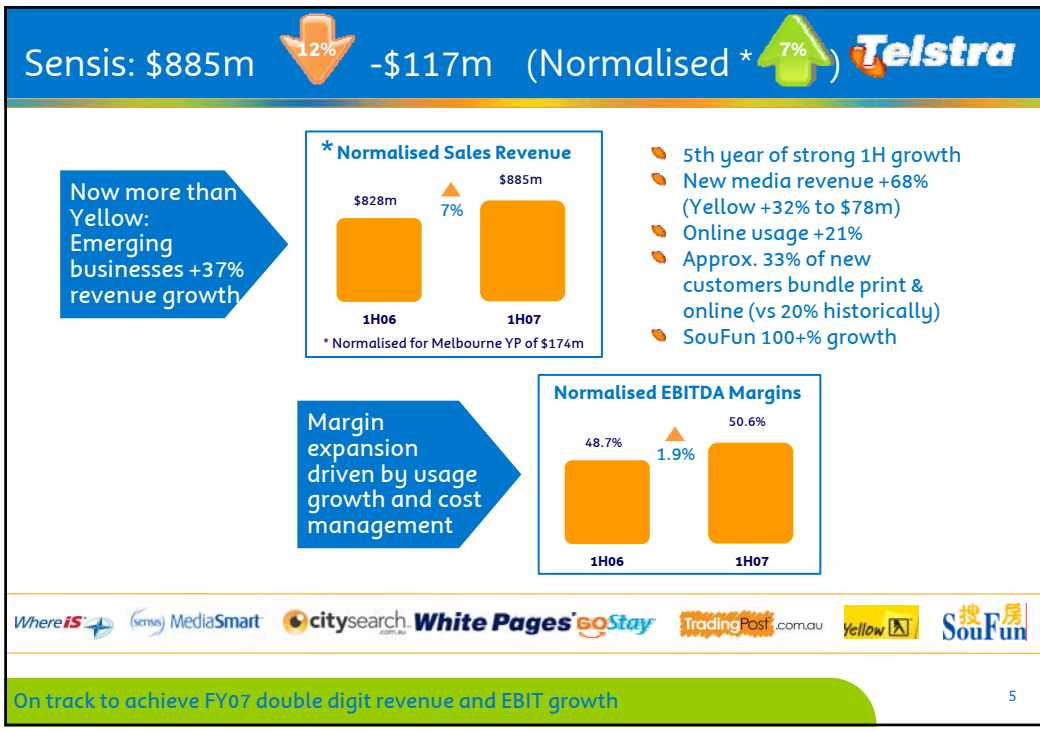
Sales Revenue Drivers: \$11.6b +\$225m



1H07 Movement (\$m)	Drivers of Revenue Growth	Actual 1H07 (\$m)	1H07 Growth %
296	Total mobiles	2,798	11.8
150	• Mobile services	2,441	6.5
146	• Mobile handsets	357	69.2
166	Retail broadband	497	50.2
70	Wholesale broadband	279	33.5
41	IP access	193	27.0
(47)	Specialised data	404	(10.4)
(117) +57*	Sensis	885	(11.7)
(216)	PSTN products	3,615	(5.6)

* Normalised for deferral of Melbourne Yellow book +7%

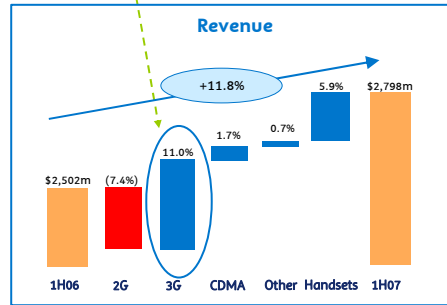
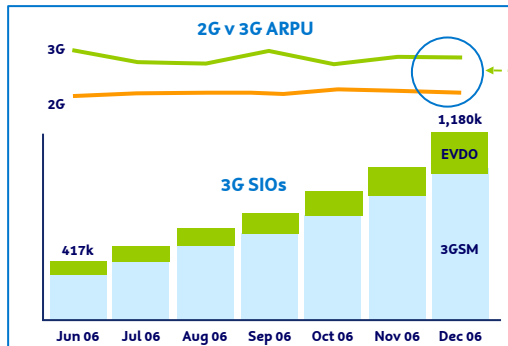
Mix change continues... growing in key markets



Mobiles: \$2.8b



+\$296m



- 3GSM SIOs exceed 1 million - added over 700k in 1H, of which 280k were Next G™
- Mobile data revenue 22% of mobile services revenue (up from 19% in 2H06)
- Non SMS Data ARPU up 74%
- Q2 Post paid adds - 12x Voda, 13x Optus

On track to become 3G market leader by May 2007

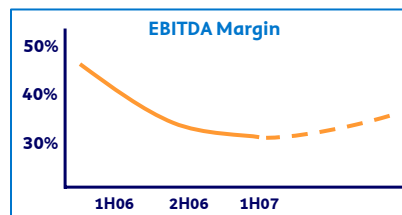


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Mobiles SARCs/Margins

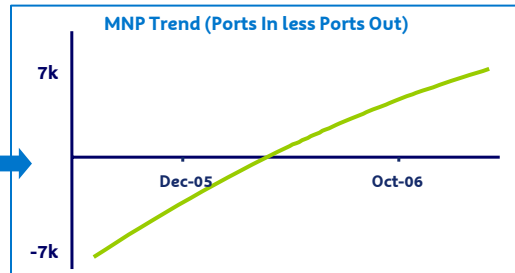


- Strong focus on Next G™ to drive 3G leadership
- Higher subsidies to migrate and acquire customers on Next G™



However...

- 3G subscribers generate \$20 ARPU uplift over 2G subscribers
- Reducing postpaid churn to best in class (less than 1% per month)
 - 54% of postpaid base contracted for at least the next 12 months
 - Introduced 36 month contracts
- Net Ports – positive for Postpaid
 - (36k for 1H07)



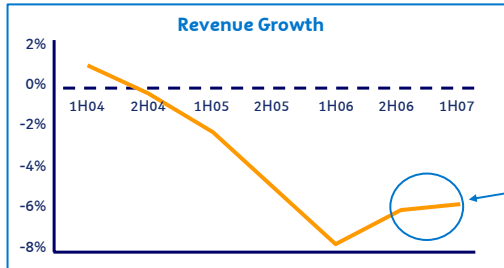
Higher ARPUs reducing average payback to around 3 – 4 months

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PSTN: \$3.6b



-\$216m



- MBM led initiatives reducing churn and slowing revenue decline
 - 3+ Multi-product customers up 13%
 - Subscription pricing plans ~300k
 - Improving churn trend



- Smallest line loss since June 2002
 - Momentum change in residential SIOs - net gains since December

Positive churn from competitors driving revenue improvement

Segment Highlights



Consumer Marketing & Channels

- Revenue Growth: 4.4% to \$4.7bn
 - Reduced PSTN decline: organic positive net churn from competitors - first time since competition
 - Continued success in migrating customers to 3G and Broadband
- Increasing competitive advantage and reducing churn:
 - Continued growth in bundling of products: 41% of customers
 - Strong growth in postpaid SIO share; growth in ARPU; and non messaging data up 94% - world class performance
 - World class churn performance in Fixed, Mobiles and Internet

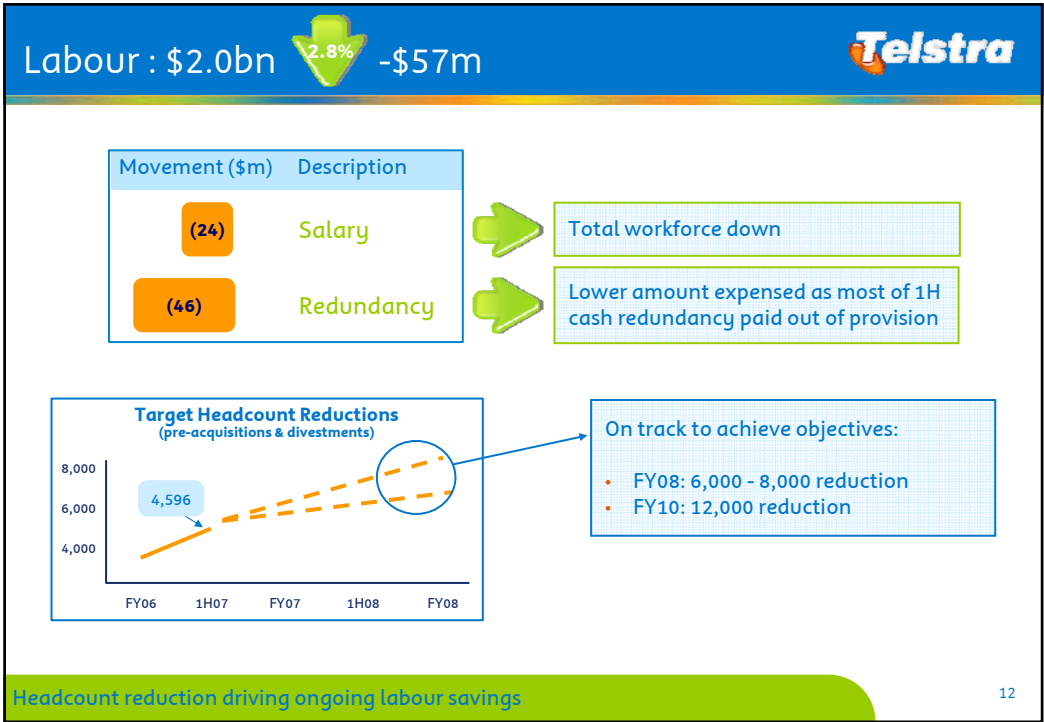
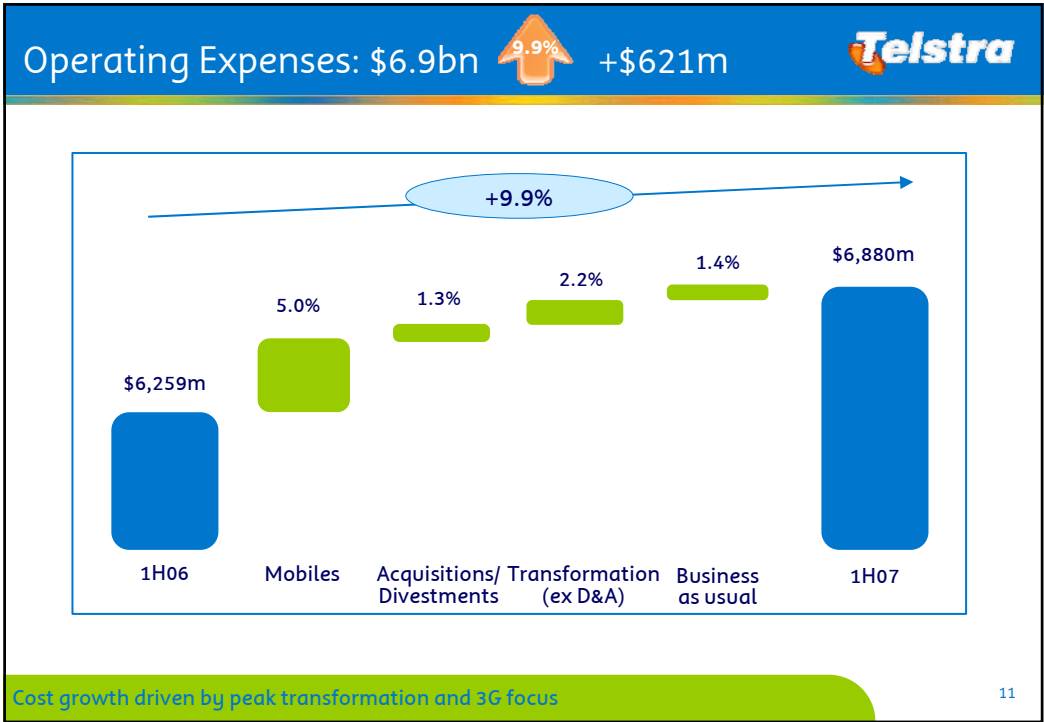
Business


- Revenue Growth: 0.7% to \$1.6bn
 - Successful performance turnaround following prior period revenue decline
 - Strong mobiles performance with 8.6% total revenue growth (8.4% mobile services growth)
 - PSTN decline reduced with 40% improvement on previous year: churn improvement, stabilisation of yield and segment targeting
- Future opportunities for growth from Mobile data and Broadband & IP services

Enterprise & Government

- Normalised revenue growth of 0.3% to \$2.2bn- second consecutive positive half
- Highest customer satisfaction performance ever
- Growth in IP Access Products: 27%
- Solutions and Services Revenue increased by more than 7% (higher than IT services market growth of 4.7% - IDC estimate).

Segments benefiting from Next G™'s competitive advantage and MBM segmenting



Goods and Services: \$2.6bn  +\$371m




Movement (\$m)	Description
206	Handset subsidies
204	COGS
53	Usage & Dealer Commissions
(118)	Network Payments

- ➔ 3G:
 - volume growth
 - higher average SARC
- ➔ 3G:
 - volume growth
 - higher average SARC
- ➔ BigPond volumes
- ➔ Transformation driven:
 - handset costs paid to Brightstar
- ➔ Lower mobile terminating rates offsetting higher volumes
- ➔ Lower Reach payments

Investment in key 3G market...in sight of market leadership

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Other Expenses: \$2.3bn  +\$307m



Movement (\$m)	Description
155	Service contracts & other agreements
69	Rental expense, General & Administration
58	Promotion & Advertising
25	Other

- ➔ Transformation driven:
 - IT build \$30m
 - Wireline \$25m
 - Supply chain \$11m
 - Consultancy \$11m
- ➔ FoH volumes \$48m
- ➔ New World PCS accomm \$23m
- ➔ Renewed focus on training \$12m
- ➔ Temporary duplicated networks - Next G™ + CDMA
- ➔ Growth focus - Next G™, BigPond
- ➔ Doubtful Debt \$16m - increase in BigPond customer base

Peak transformation spend year...material benefits to flow from FY08

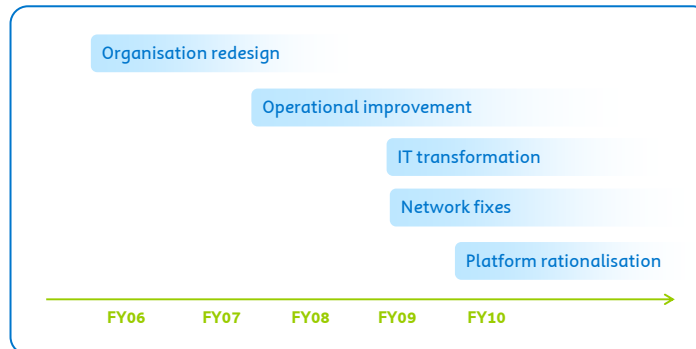
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Cost take-out



- Cost take outs already being achieved:
 - Labour (Org redesign, Operations productivity, Corp centre)
 - Reach

Significant expense reduction on reaching Transformation Milestones



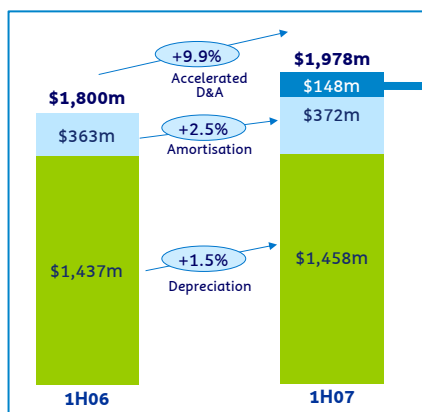
Increase in momentum as key milestones achieved

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Depreciation & Amortisation: \$2.0b



+\$178m



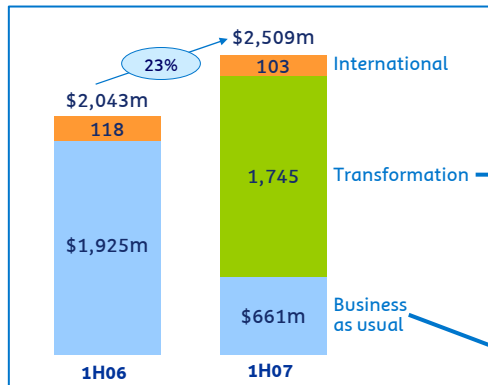
Accelerated depreciation and amortisation (D & A)		1H07 (\$m)
Strategic review service life changes		
- Network related		134
- Software		14
Total accelerated D & A		148

- Underlying growth +1.7%
 - Mix change toward higher software amortisation charge

Tracking to FY07 guidance

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Cash Capital Expenditure



Peak Transformation spend in FY07

Key initiatives in 1H07 (\$m) :

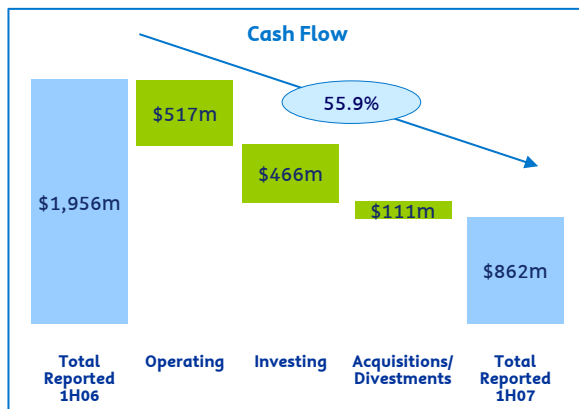
Wireline (IP Core, IP DSLAMS, MSE nodes)	810
Wireless (Next G™ roll-out)	597
OSS / BSS (IT transformation)	230
Other (including network improvements)	108
Total Transformation Capex	1,745

- Business as usual steadily declining, driving a lower Capex/sales ratio post transformation.
- Over \$1bn Capex spend over last 5 years on CDMA/SDN alone

Peak transformation spend year...on track for FY07 guidance of \$5.4 – \$5.7 billion

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Cash Flow and Financial Parameters



Financial Parameters

	Target	Current 1H07
Debt Servicing	1.7 – 2.1	1.5
Gearing – net debt	55% – 75%	52.5%
Interest cover	>7 times	9.4 times

Investing in transformation and growth

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International



HK\$	1H07	1H06	% Δ
Income	3,085	2,189	40.9
EBITDA	835	628	33.0
EBIT	333	342	(2.6)

- Meeting integration plan milestones
- Churn improving
- Returned to SIO growth in December

NZ\$	1H07	1H06	% Δ
Income	335	349	(4.0)
EBITDA	50	56	(10.7)
EBIT	(19)	(16)	(18.8)

- Growing on-net business
- Have not participated in broadband price war
- Regulatory change may deliver a more open market and present opportunities

AU\$	1H07
Income	22m
EBITDA	9m
EBIT	6m

- Triple digit top line growth of 107% and bottom line growth of 131%

New dimension to international portfolio

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FY2007 Guidance



Guidance on Reported Numbers

Revenue		Growth of +2.5% to +3.0%
Depreciation & Amortisation		D & A similar to FY06 incl accelerated D & A of \$300m to \$350m
EBIT		Growth in range of +3% to +5%
EBIT (2H07)		Growth in range of +37% to +40%
Cash operating capex		Range \$5.4bn to \$5.7bn due to transformation
Dividend		Intention to pay 14c final dividend

Top line momentum continues...revenue and earnings guidance increased

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Addressing Key Misperceptions - PSTN



Perception

- FY06 is only the beginning of a long period where fixed line will decline at high single digit rates



- Slowed decline in PSTN to 5.6%
- Churn trend improving with positive PSTN churn from competitors since October 06
- Subscription pricing positive impact (4.2% of base)

- Telstra's change in strategy to focus more on its 850MHz mobile network over its fixed line network is a concern ... The rate of PSTN decline could accelerate



- Maintain strong focus on PSTN while also aggressively pushing Next G™
- Integration continues to benefit PSTN

New focus on integration and retention leading to slower revenue declines

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Addressing Key Misperceptions – Next G™



Perception

- The launch of Telstra's Next G™ network will offer a long-term competitive advantage but may take some years to help lift mobile revenue growth above GDP growth



- Mobile service revenue growth 6.5%, best result since 2H05

- Next G™ could deliver significant benefits over time. However, this is dependent on resolution of launch-related technical issues such as handset availability



- Network operating very well, all material technical issues resolved
- Now added 415,000 Next G™ subscribers since launch with current handset range

- Other carriers are expected to launch HSDPA shortly, offering similar speeds to Telstra potentially eliminating any competitive advantage



- Next G™ peak network speed increased to 14.4Mbps (next best is still only 3.6Mbps on less than 1% of the coverage area)

- Telstra will have a lower range of more expensive handsets than its competitors in the foreseeable future given the limited deployment of 3G at 850MHz globally



- 13 Next G™ handsets and 13 data devices to be available by March 07. On average Next G™ handsets cheaper than 2100 handsets

3G network performing better than predicted by analysts

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Addressing Key Misperceptions – Other



Perception

- At the strategy day Telstra hardly discussed its FTTN or ADSL2+ plans...this is a risk...



- ADSL2+ launched & in guidance
- ADSL 1 speeds to 8Mbps opened up

- Telstra has already postponed a number of capex programs into 2007 and abandoned other capex projects



- Capex program on track. Projects 'abandoned' were not aligned to strategy

- The inflexion point in Telstra's earnings is still some way off



- FY07 EBIT guidance +3% to +5% an improvement from FY06 EBIT -7%

- Domestic institutional demand for T3 is between \$2.80 to \$3.00



- Final price \$3.70, offer size doubled, strong performance in after market

Disconnect between perceptions and strategy

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Addressing Key Misperceptions – Property Rationalisation



Perception

- Potential to close and sell between 3,000-5,000 exchanges as they won't be needed under the new network architecture



- Within the 5 City Footprint, 200 of the 450 exchange buildings may fit criteria for potential sale – these are considered on a case by case basis
- Any potential benefits will materialise towards the end of the transformation period and beyond (2010+)

- Potential to sell and lease back over 5,000 mobile towers



- No plans for rationalisation
- Savings to flow post CDMA closure from removal of duplicate network equipment
- Next G™ network has a lower total cost of ownership

No immediate plans for major exchange rationalisations

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Addressing Key Misperceptions - Margins



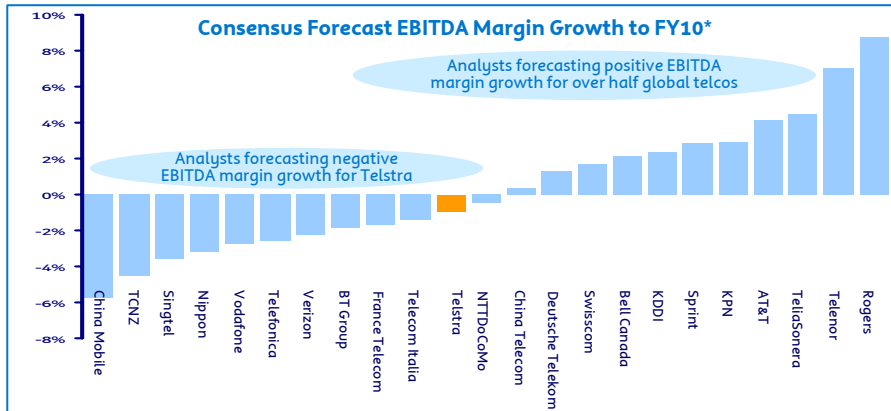
Perception

Telco margin expansion inherently challenging and not supported by any precedents internationally



Fact

International analysts predict it is possible...



Telstra objective to maintain margins to FY10 is around mid point of peer group

Regulation – Key Issues



Status



- Telstra appealed ACCC's rejection of Telstra's \$30 average undertaking to the ACT – decision expected early 2007
- ACCC issued revised interim determinations in Dec 06 containing Band 2 price of \$17.70 p/m











- Interim determination issued in two LSS arbitrations at the rate of \$3.20/month.
- Final ACCC pricing determination expected in first half of 2007

Recent developments

- Telstra has lodged a constitutional challenge in High Court to protect shareholder interest

High Court challenge lodged

Long Term Management Objectives unchanged*

	Guidance on Reported Numbers
Revenue Growth 	2.0% to 2.5% pa to FY10
New product revenue 	In excess of 30% sales revenue FY10
Cost growth 	2.0% to 3.0%pa to FY10
EBITDA (\$) 	2.0% to 2.5%pa growth to FY10
EBITDA margin 	46% to 48%pa by FY10
Workforce 	Down 12,000 by FY10
Capex 	10% to 12% of revenue by FY10
Free cash flow 	\$6b to \$7b by FY10

* Based on no FTTN and ULL Band 2 price of \$17.70 p/m with 100% flow on to retail prices and no further adverse regulatoru outcomes

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