



13 August 2008

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Full Year 2008 Financial Results – CEO/CFO Analyst briefing presentation

In accordance with the listing rules, I enclose a presentation for release to the market.

Yours sincerely

A handwritten signature in black ink, appearing to read "Carmel Mulhern".

Carmel Mulhern
Company Secretary



FY 2008 Financial Results

Sol Trujillo, CEO
13 August 2008

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 and other countries in which we operate; exchange rates; the scale and complexity of our transformation; 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 2007 Debt Issuance Program Prospectus lodged with the ASX.
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- All amounts are in Australian Dollars unless otherwise stated.
- Foxtel HD+ is a registered trademark of Twentieth Century Fox Corporation.
- SouFun revenues and expenses are unaudited management accounts converted from local currency to \$US based on US GAAP and then translated to A-IFRS. Reported SouFun expenses include certain expenses incurred by Sensis to manage the investment in SouFun together with other expenses recognised on consolidation.



PAT +13.5%

EBIT growth 9.1%*

Retail growth +5.9%

FCF +33% to \$3.9bn

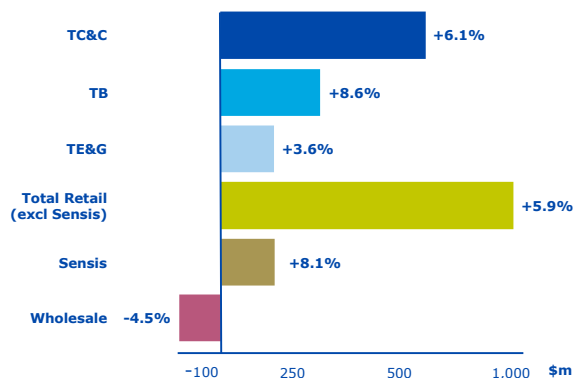
* On guidance basis, adjusted for CSLNW accelerated depreciation of \$77 million



3

Financial Results – strong retail performance

Segments - FY08 Absolute Sales Revenue Growth



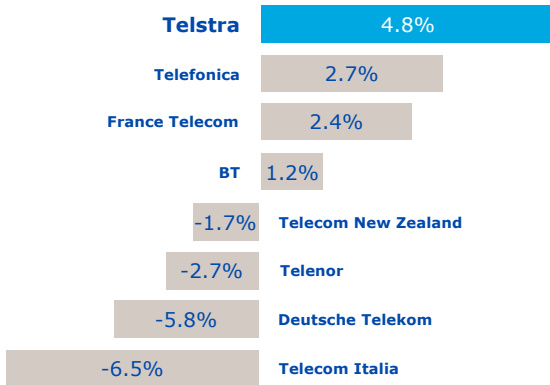
\$ billions (reported)	FY08	Growth %
Sales Revenue	24.7	4.2%
Total Revenue	24.8	4.7%
EBITDA	10.4	5.6%
EBITDA Margin (%)	42.2%	+0.5pp
EBIT	6.2	7.7%
PAT (post minorities)	3.7	13.5%
Accrued Capex	4.9	-16.7%
Free Cash Flow	3.9	33%
Ordinary DPS (cents)	28	-



4

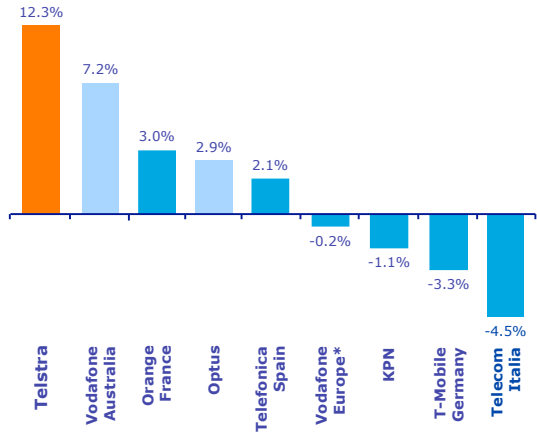
Outperforming our global peer group

World Class Domestic Revenue Growth



Source: Company reports

FY08 Mobile Services Revenue Growth



Source: Company reports
* Vodafone Europe: June Quarter



5

Guidance summary*

Measure	2009 guidance
Total revenue growth	3-4%
EBITDA growth	6-7%
EBIT growth	6-8%
Accrued capex	\$4.3-\$4.6b

Measure	UPDATED FY10 Long-term Management Objectives
Revenue growth	3-4% CAGR from FY05
EBITDA margin	46-48%
Capex/sales	Around 14%
Free cash flow	\$6-\$7b

* Off reported numbers, excludes any potential NBN investments



6

IT Transformation: going well



Migration Update	11 August
Customers migrated	3.3 million
Services migrated	4.3 million

- Reduced 74 billing, product and ordering systems to three
- More than 15 million lines of code
 - Including 5 million in mediation software
- To date: 1016 OSS and BSS systems decommissioned
 - 365 IT systems
 - 187 platforms capped or exited
 - 464 product and pricing plan exits
- No increase in complaint volume



IT transformation – Reducing complexity



	LEGACY	NEW
Number of products	2,200	830
Product codes	236,000 PCMS codes	97,000 components
Pricing/charge codes	421,000	171,000
Discount plans	10,000	2,000

Possible permutations:
More than one quadrillion!



Transformation: 5 year end-to-end strategy

Transformation decisions...

- Australia 1st, 2nd and 3rd priority
- Market-based management
- New customer experience
- Next generation networks & IT
- One factory model
- Integrated company
- Integrated services
- Broadband focused
- Low cost model
- Serving interests of all
- New economic model
- Differentiation is the key
- Value based v price based
- ROIC will drive resource allocation
- Simplicity of use (1-click, 1-touch, 1-button, any screen)
- Fewer partners
- Expand in core competency areas
- Comms, Info, transactions, entertainment = media-comms



...delivering results

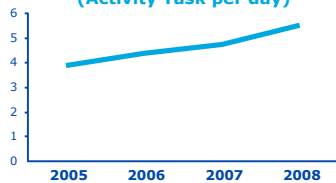
- Next G™ network: 99% population coverage and > 2m sq km
- Next IP™ network: 600% bigger than nearest competitor
- 47% 3G mobile penetration
- IP data access revenue exceeds legacy data
- Retail sales revenue grew +5.9%
- 3G postpaid ARPU grew +5.3%
- Consumer PSTN churn halved, revenue growing
- Mobile services revenue growth almost tripled from Dec 05
- 588k WBB subscribers generating around \$90 ARPU
- Non-SMS data more than 50% of mobile data
- Adding PSTN retail lines
- Handset data revenues up 57% in 2H
- Retail PSTN ARPU maintained
- Field workforce productivity up 41%
- SARCs down 19%
- Retail broadband market share & ARPU up
- More than 3m customers migrated to new billing system
- T[life]™ - revitalising retail experience for customers



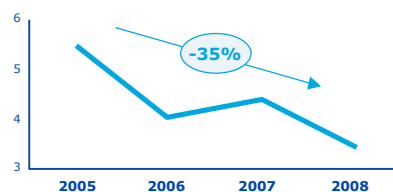
9

Redefining the business...service experience

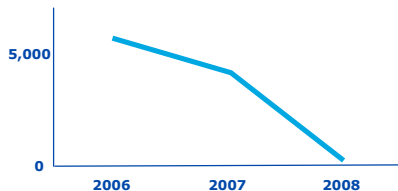
Field Workforce Productivity
(Activity Task per day)



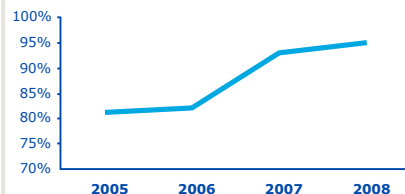
Network Trouble reports per 100 SIOs



ADSL Held Orders

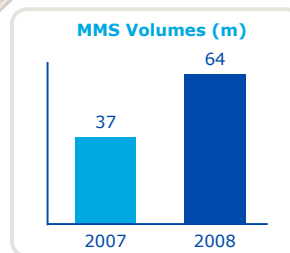
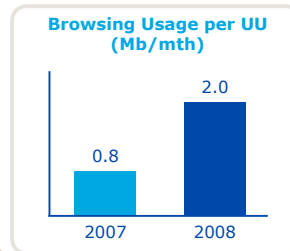
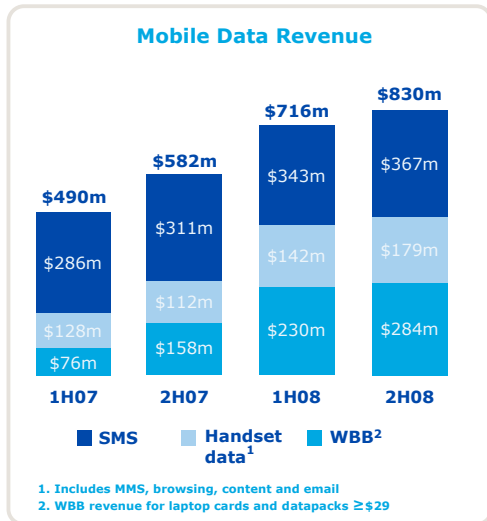


Wideband Customer Delivery Date (CDD)

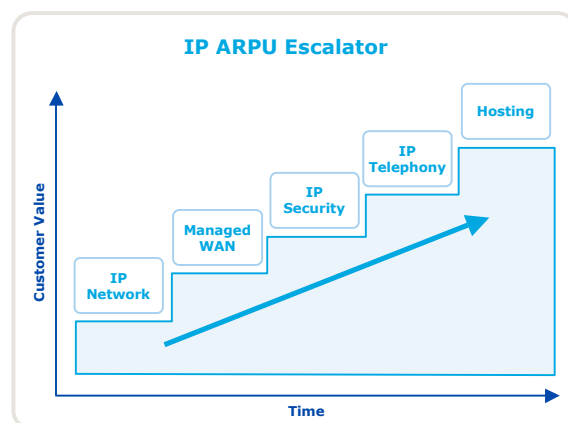
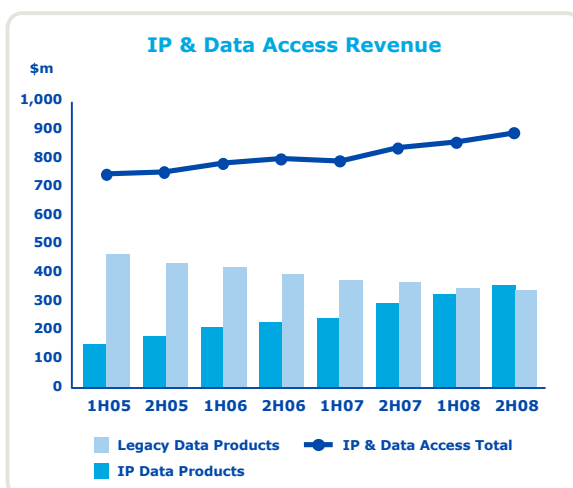


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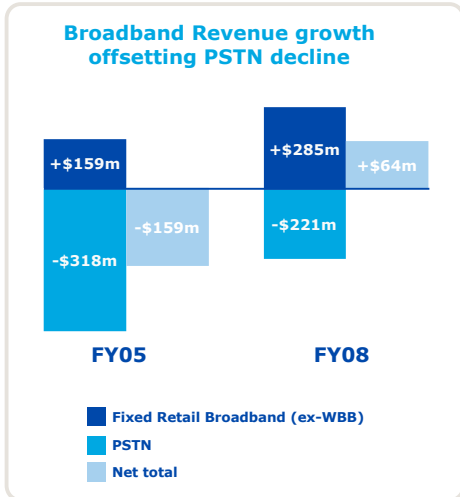
Redefining the business...mobile



Redefining the business...IP and fixed



Redefining the business...broadband and media-comms



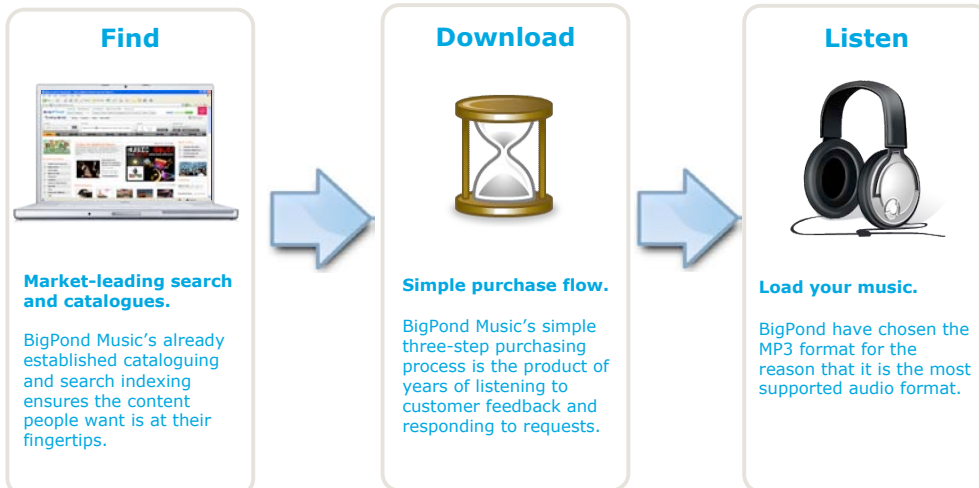
- Domestic content growth** ✓ \$500m business in five years
- FOXTEL revenue +17% to \$1.7b** ✓

 - EBITDA +48% to \$351m
 - ARPU up to \$85 / month
- FOXTEL HD+ launched in June 2008** ✓

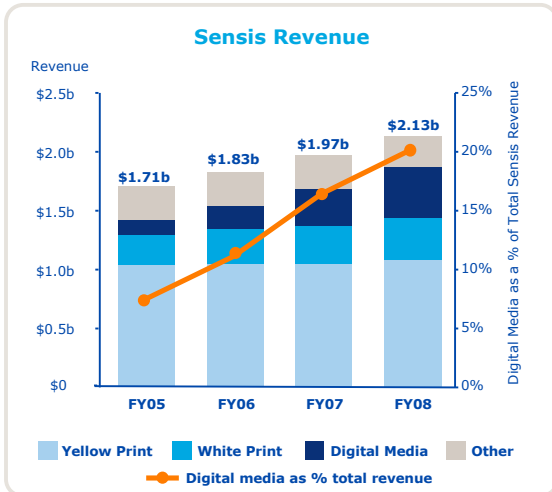
Almost 40,000 subscribers since launch



BigPond Music



Sensis: sales revenue +8.1%



World class directories growth



- Total directories +7.2%
- Print directories +5.4%
- Online directories +20%

Digital media momentum continues



- MediaSmart +41%
- Whereis +52%
- Total Digital media +32%*

Transformation investments delivering benefits



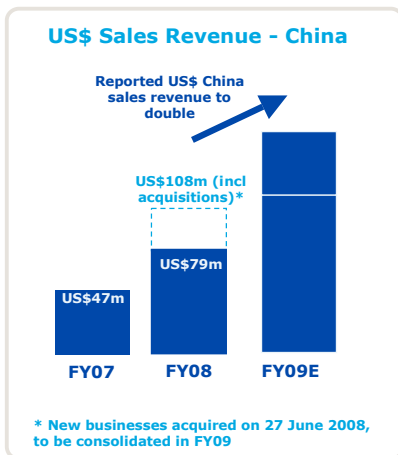
- Yellow network usage +4.3%
- +30% improvement in Yellow print turnaround time



* Total digital media = all online, mobile and satellite navigation revenues including online directories and China.

15

China: investing in online growth



Double digit revenue and EBITDA growth



- Revenue growth +67%
- EBITDA growth +99%

Growth potential



- City expansion: On target for 100 cities by Dec 2008
- Double digit market growth
- >2 billion page views/month

Leverage potential



- Display advertising
- Mobile ad capability
- Traffic generation technology



16

Redefining business

14 cps final dividend

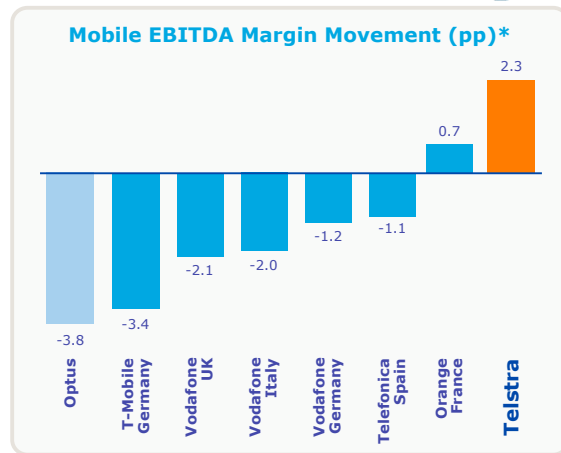
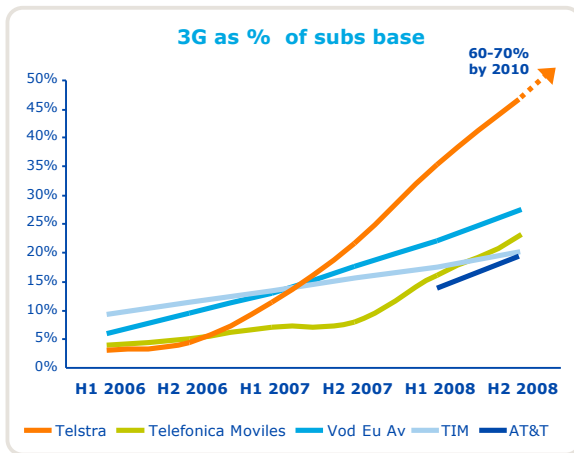
FCF \$6 - \$7bn in FY10

Shareholder value creation



Appendix

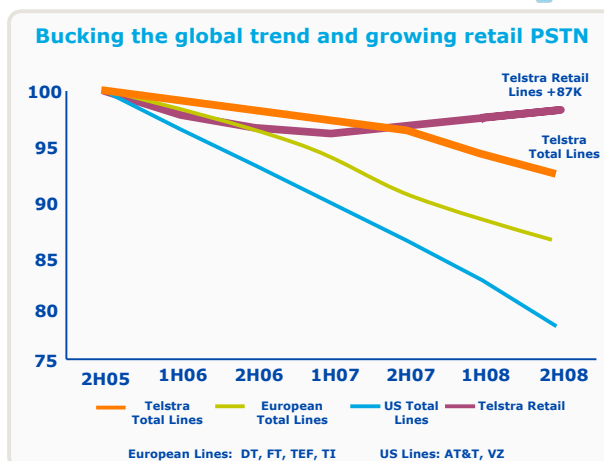
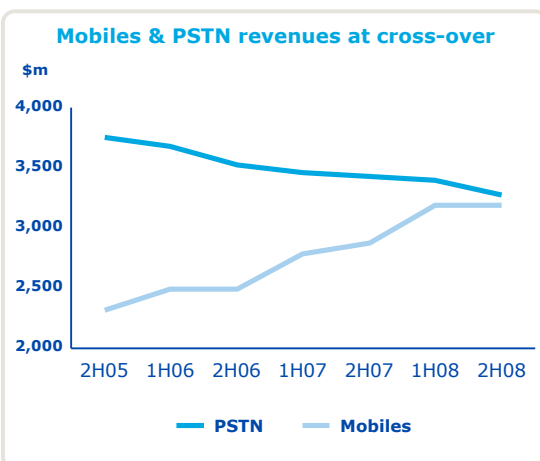
Redefining the business...mobiles



Source: Company reports
* EBITDA margin change for last reported fiscal year



Redefining the business...PSTN





FY 2008 Financial Results

John Stanhope, CFO
13 August 2008

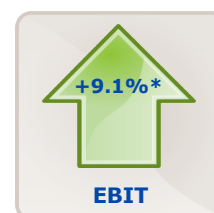
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Financial Results

Reported	1H08 pcp	2H08 pcp	FY08 (\$'b)	FY08 pcp
Sales Revenue	5.3%	3.0%	24.7	4.2%
Total Revenue	6.2%	3.2%	24.8	4.7%
EBITDA	5.2%	6.0%	10.4	5.6%
EBITDA Margin (%)	-0.1pp	+1.2pp	42.2%	+0.5pp
EBIT	6.2%	9.3%	6.2	7.7%
PAT (post minorities)	13.0%	14.0%	3.7	13.5%
Accrued Capex	18%	-34%	4.9	-17%
Free Cash Flow	54%	24%	3.9	33%
Ordinary DPS (cents)	-	-	28c	-



* On guidance basis, adjusted for CSLNW accelerated depreciation of \$77m



3

Guidance*

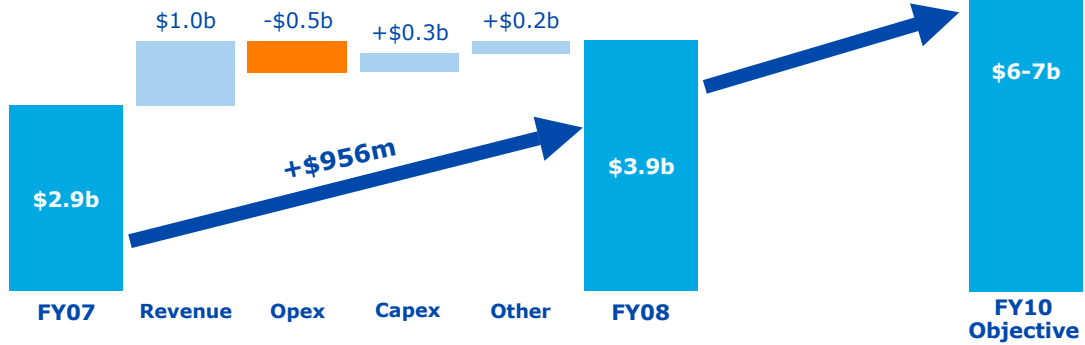
Measure	2009 guidance	UPDATED FY10 Long-term Management Objectives	PREVIOUS FY10 Long-term Management Objectives
Total revenue growth	3-4%	3-4% CAGR from FY05	2.5-3% CAGR from FY05
Operating expense growth	-	4-5% CAGR from FY05	2-3% CAGR from FY05
EBITDA growth	6-7%	3-3.5% CAGR from FY05	2.5-3% CAGR from FY05
EBITDA margin	-	46-48% in FY10	46-48% in FY10
EBIT growth	6-8%	-	-
Depreciation & Amortisation	Around \$4.5b	-	-
Capex/sales	-	Around 14% in FY10	10-12% in FY10
Workforce		Down 10,000-12,000 by FY10	Down 12,000 by FY10
Accrued capex	\$4.3-4.6b	-	-
FCF	-	\$6-7b in FY10	\$6-7b in FY10

* Off reported numbers, excludes any potential NBN investments

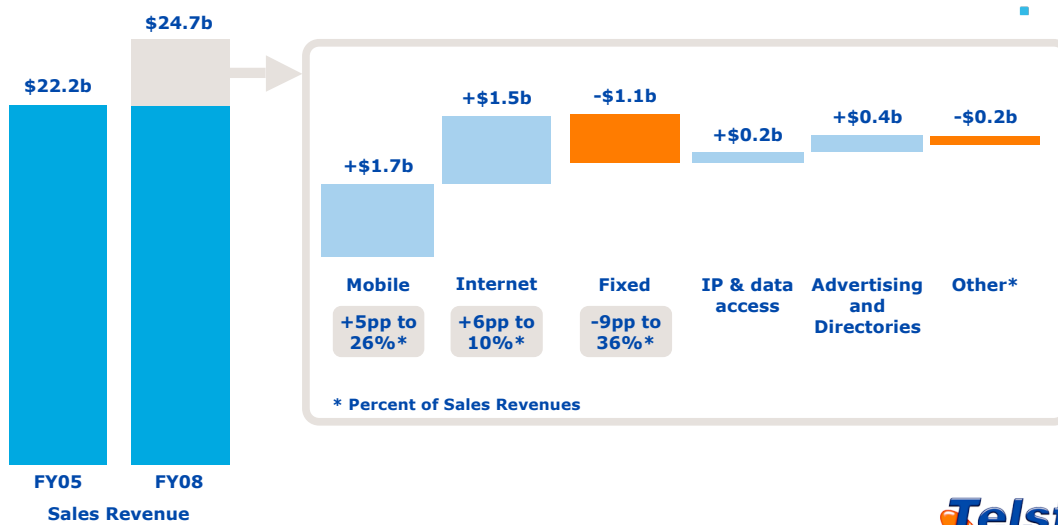


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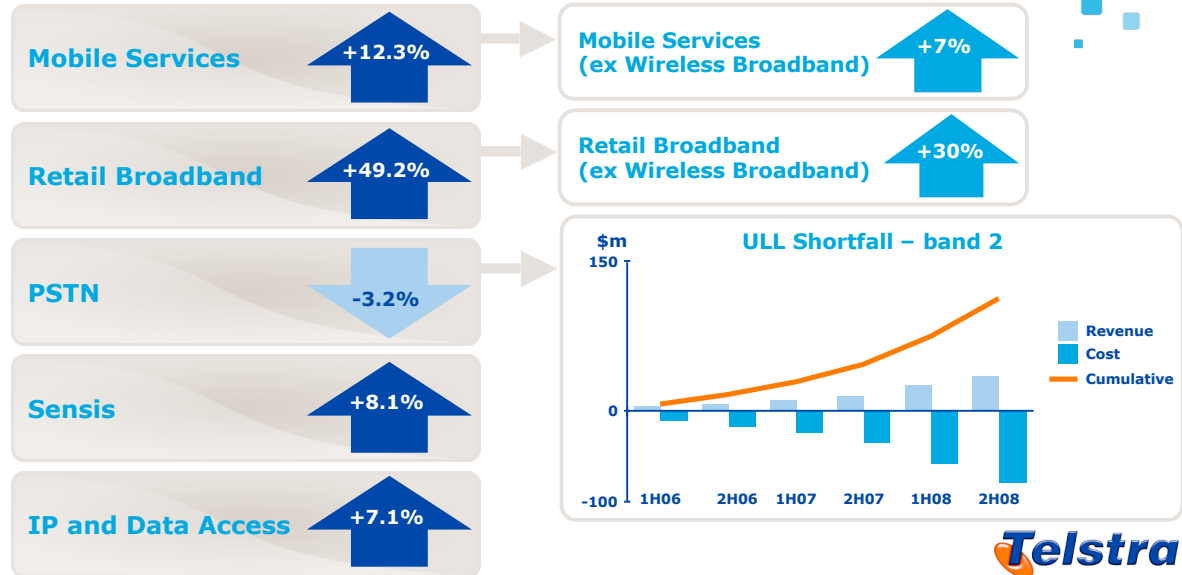
Towards \$6bn-\$7bn of FCF



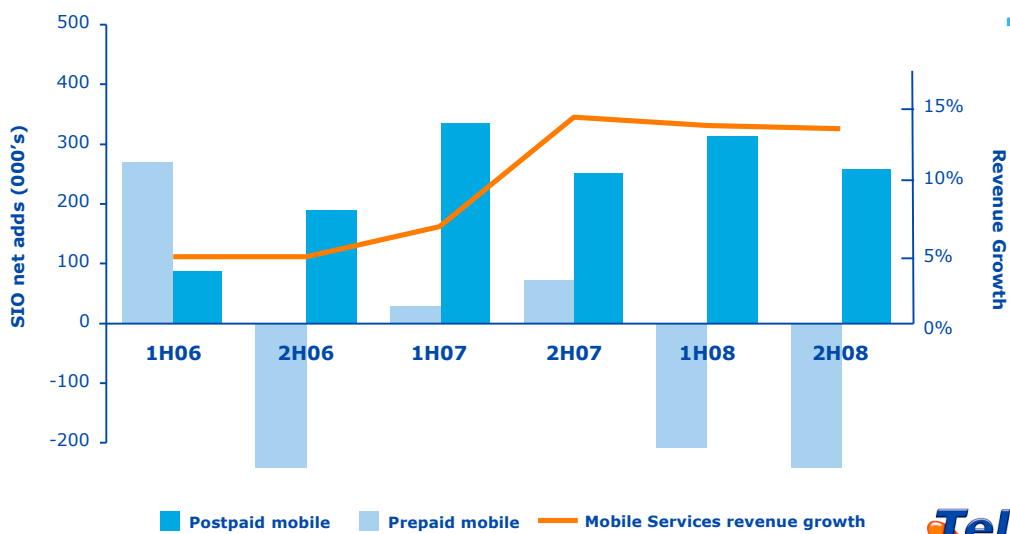
Changing product mix since Transformation



FY08 Product Growth led by Mobiles & Broadband



Strong Mobile Growth



Retail Performance

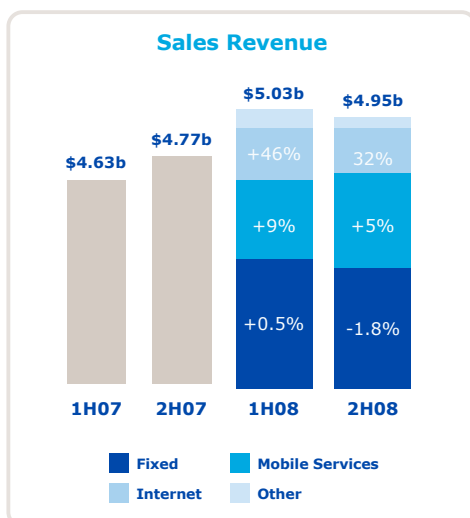
	1H08	2H08	FY08
Sales Revenue growth	7.6%	4.3%	5.9%
- Mobile Services	13.0%	10.0%	11.5%
- Fixed	-0.3%	-1.5%	-0.9%
- Internet	47.2%	35.3%	40.7%
- Data and IP	8.2%	8.8%	8.5%
Operating contribution growth	8.5%	7.5%	8.0%
Operating contribution margin	64.0%	65.2%	64.6%
- change (yoy)	0.5pp	1.9pp	1.2pp

SIO net adds ('000)			
- PSTN	48	39	87
- Postpaid mobile	315	257	572



9

Telstra Consumer and Channels +6.1%



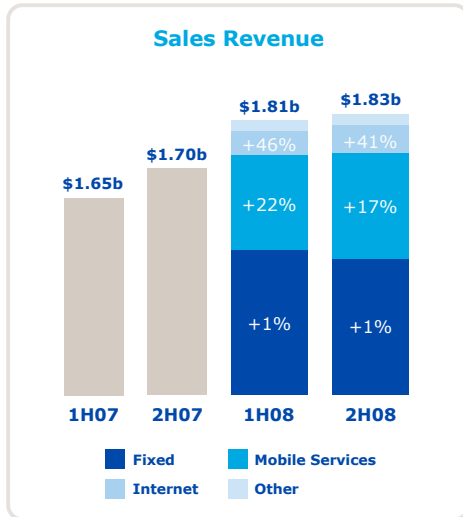
Market Based Management delivering:

- Broadband ARPU growth** ✓ ADSL ARPU up 6.9%
- PSTN Churn down** ✓ Net subscriber growth of 56k
- Mobile SARC down** ✓ FY08 average SARC down 24%



10

Telstra Business +8.6%



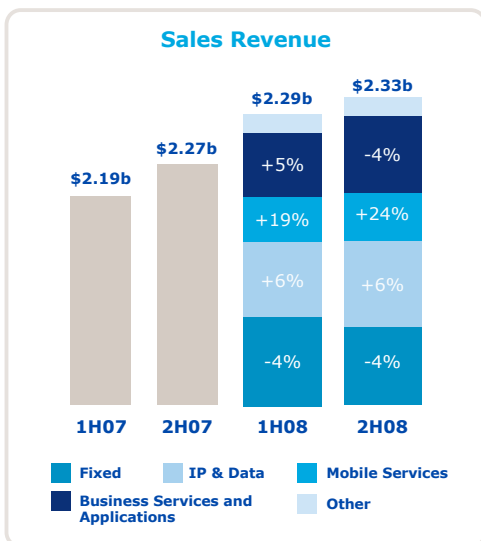
Slowing PSTN Revenue decline ✓ Added 30k SIOs for the year

Strong growth in mobile voice and data revenues ✓ 3G now 65% of mobile postpaid base

Strong broadband revenue and SIOs ✓ Broadband revenue +51%



Telstra Enterprise & Government +3.6%



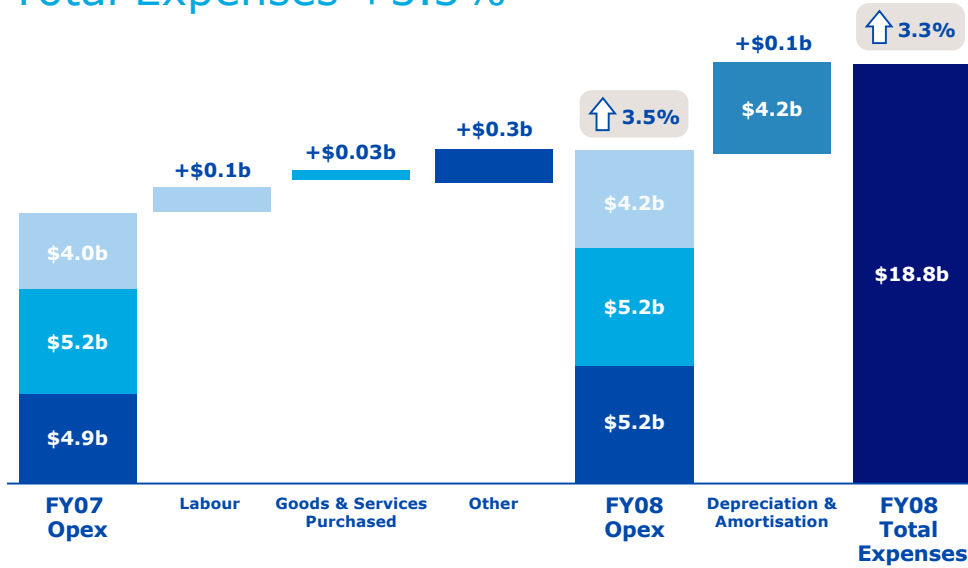
Strong Revenue Growth ✓ Revenues +3.6%

Costs remain under control ✓ Expenses -2.8%

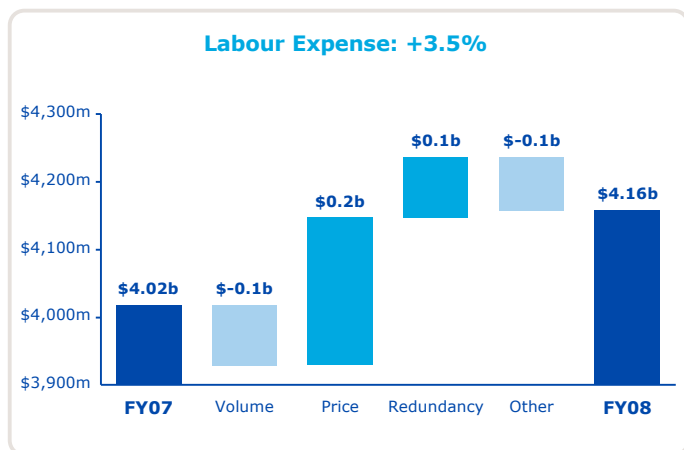
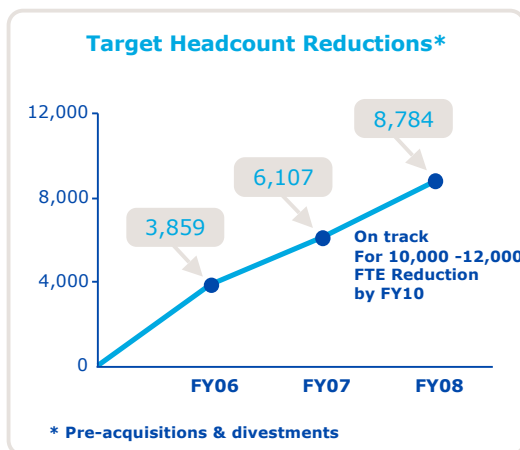
Mobile momentum ✓ Mobile Revenues +26%



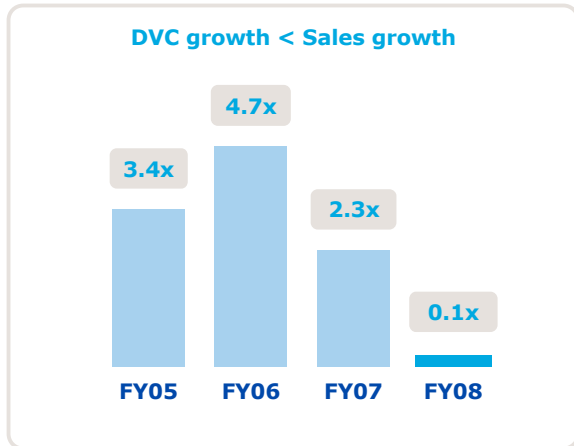
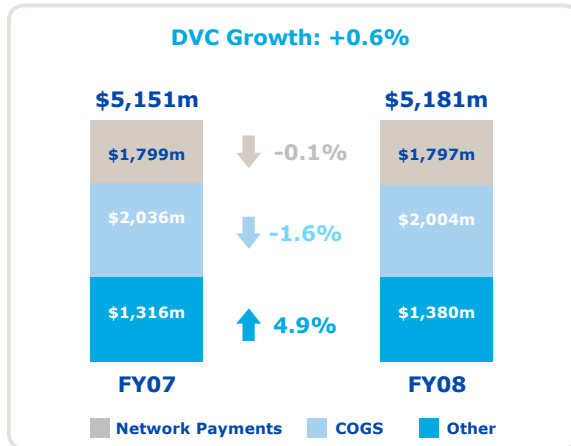
Total Expenses +3.3%



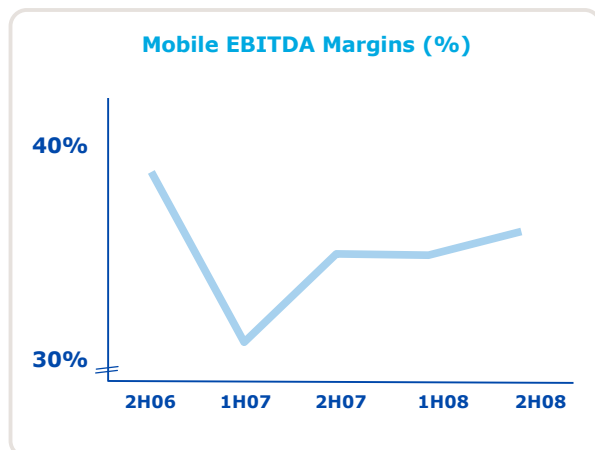
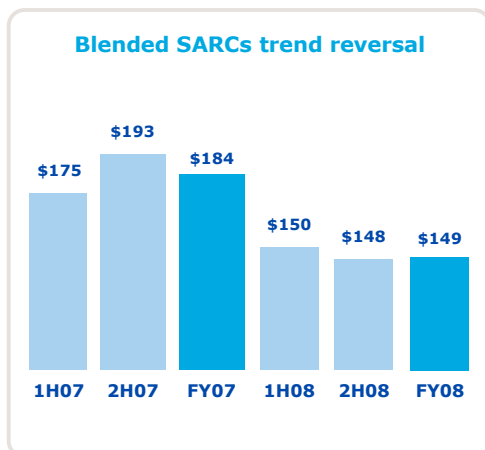
FTE reductions on track



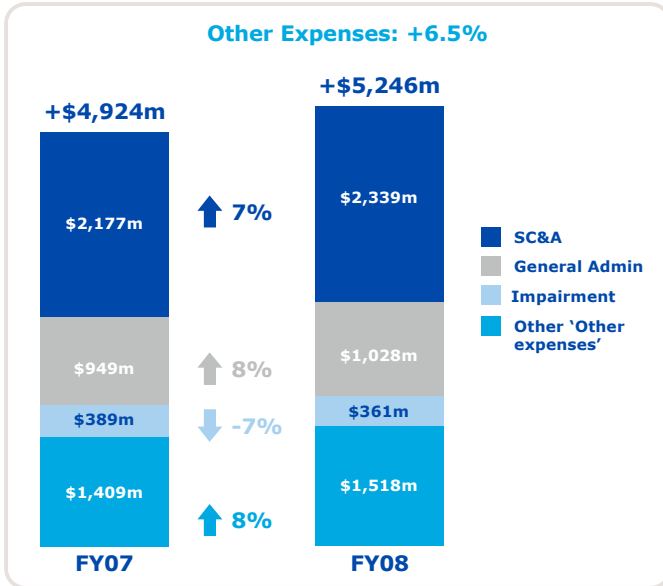
Directly Variable Cost growth slowed...



... driven by SARCs



Key drivers in 'Other Expenses' increase

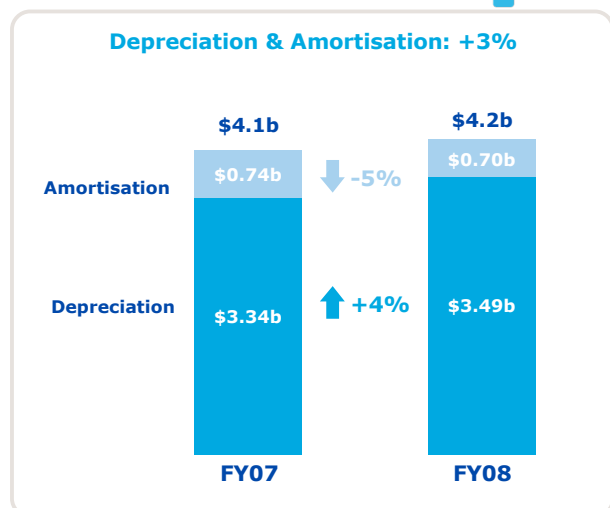
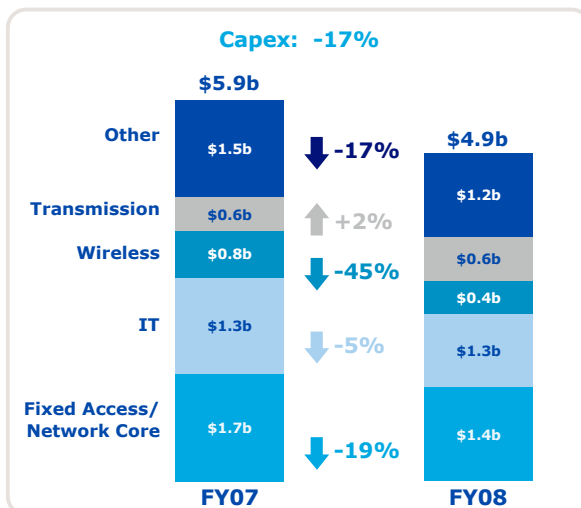


Key Drivers	Change: FY08 vs FY07
IT Prof services	+\$147m
Debtor impairment	+\$58m
IT Costs	+\$38m
P&A	+\$35m



17

Capex passes peak



18



\$6b-\$7b

Free Cash Flow FY10



Appendix

Telstra Consumer & Channels - Performance

	1H08	2H08	FY08
Sales Revenue growth	8.5%	3.8%	6.1%
- Mobile Services	9.0%	5.1%	7.0%
- Fixed	0.5%	-1.8%	-0.7%
- Internet	45.6%	31.8%	38.0%
- Data and IP	43.5%	22.3%	32.3%
Operating contribution growth	8.9%	6.4%	7.6%
Operating contribution margin	63.6%	65.3%	64.4%
- change (yoy)	0.3pp	1.7pp	0.9pp
SIO net adds ('000)			
- PSTN	32	24	56
- Postpaid mobile	132	76	208



21

Telstra Business - Performance

	1H08	2H08	FY08
Sales Revenue growth	9.3%	7.9%	8.6%
- Mobile Services	21.7%	17.4%	19.5%
- Fixed	0.8%	0.9%	0.9%
- Internet	46.0%	41.3%	43.5%
- Data and IP	21.5%	29.7%	25.8%
Operating contribution growth	7.2%	9.5%	8.4%
Operating contribution margin	71.7%	72.4%	72.1%
- change (yoy)	-1.4pp	1.0pp	-0.2pp
SIO net adds ('000)			
- PSTN	19	11	30
- Postpaid mobile	89	78	167



22

Telstra Enterprise & Government - Performance

	1H08	2H08	FY08
Sales Revenue growth	4.5%	2.7%	3.6%
- Mobile Services	19.3%	23.7%	21.6%
- Fixed	-4.3%	-4.1%	-4.2%
- Internet	73.7%	68.2%	70.7%
- Data and IP	6.3%	6.0%	6.2%
Operating contribution growth	8.5%	8.3%	8.4%
Operating contribution margin	59.1%	59.6%	59.3%
- change (yoy)	2.2pp	3.1pp	2.6pp
SIO net adds ('000)			
- PSTN	(2)	4	2
- Postpaid mobile	95	102	197



23

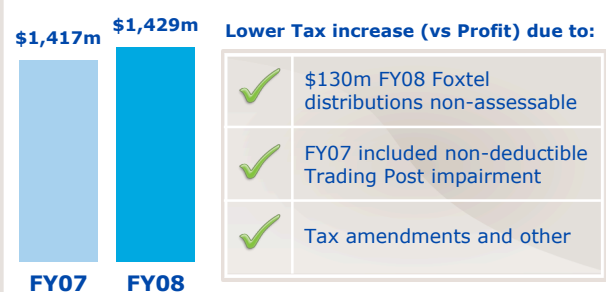
Tax and Interest

Net Finance Costs: -0.1%

	FY07	FY08	Change
Borrowing Costs	\$1,053m	\$1,238m	18%
Other (incl IFRS adj)*	\$34m	-\$152m	-547%
Net Finance Costs	\$1,087m	\$1,086m	-0.1%

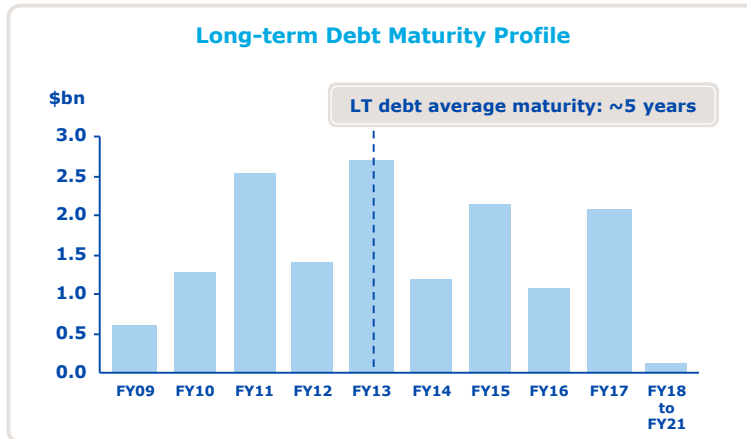
* These unrealised gains will progressively unwind

Income Tax: +0.8%



24

Debt markets remain open to Telstra



FY08 Debt Completed

✓	€500m Eurobond benchmark
✓	A\$1bn Domestic Syndicated Loan Facility
✓	US\$600m Asian Syndicated Loan Facility

