15 February 2018

Office of the Company Secretary

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Corporation Limited - Financial results for the half-year ended 31 December 2017 – CEO/CFO Analyst Briefing Presentation and Materials

In accordance with the Listing Rules, I enclose for immediate release to the market:

a) a presentation;

b) CEO and CFO speeches;

c) Telstra's Half-Year Results and Operations Review; and

d) financial and statistical tables.

Telstra will conduct an analyst briefing on the half-year results from 9.15am AEDT and a media briefing from 11.00am AEDT. The briefings will be broadcast live by webcast at https://www.telstra.com.au/aboutus/investors/financial-information/financial-results.

A transcript of the analyst briefing will be lodged with the ASX when available.

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

Yours faithfully

Sue Laver
Company Secretary

Half year 2018 results

Andrew Penn
Chief Executive Officer

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 “Our material risks” section of our Operating and Financial Review (OFR) which is set out in Telstra’s financial results for the year ended 30 June 2017 which was lodged with the ASX on 17 August 2017 and available on Telstra’s Investor Centre website www.telstra.com/investor.

These presentations are not intended to (nor do they) constitute an offer or invitation by or on behalf of Telstra, its subsidiaries, or any other person to subscribe for, purchase or otherwise deal in any debt instrument or other securities, nor are they intended to be used for the purpose of or in connection with offers or invitations to subscribe for, purchase or otherwise deal in any debt instruments or other securities.

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.

Half year 2018 results | Headlines

Reported Total income[2] $14.5 billion, +5.9%	Guidance basis[1] Total income[2] $14.4 billion, +5.4%	
Reported EBITDA $5.1 billion, -2.5%	Guidance basis[1] EBITDA $5.3 billion, +2.4%	
Reported NPAT $1.7 billion, -5.8%	ex-impairment NPAT $2.0 billion, +9.5%	EPS: 14.3 cents, ex-impairment 16.6 cents Total interim dividend: 11 cps[3]

FY18 guidance reaffirmed

1. This guidance assumes wholesale product price stability and no impairments to investments, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumes the nbn™ rollout is broadly in accordance with the nbn Corporate Plan 2018 adjusted for a cease sale on hybrid fibre co-axial (HFC) technology for six to nine months from 11 December 2017. Capex excludes externally funded capex.
2. Total income excludes finance income.
3. Total interim dividend of 11 cents per share, comprising an interim ordinary dividend of 7.5 cents per share and an interim special dividend of 3.5 cents per share

Our purpose, vision and strategy

Purpose	To create a brilliant connected future for everyone
Vision	To be a world class technology company that empowers people to connect
Brand	To create better ways to empower everyone to thrive in a connected world

Strategic pillars

Deliver brilliant customer experiences	Drive value and growth from the core	Build new growth businesses close to the core

Strategic enablers

Networks for the future	Deliver a seamless end to end usage experience across our networks and build the network 2020 architecture	Strategic investment of up to $3 billion from FY17 – FY19
Digitisation	Digitise our systems and processes to enable brilliant customer experiences and simplify our ways of working	
Culture & capabilities	Build and enhance priority capabilities and drive critical cultural shifts (simplicity and accountability)	

Half year 2018 results | Deliver a brilliant customer experience

Better value bundles - unlimited data + Telstra TV + Foxtel Now

Eliminating bill shock - Order Estimator providing an estimate of the first bill, ~110,000 order estimates issued per month

Always connected – Smart modem providing continuous connection despite faults and interruptions. ~85k smart modem customers to date

Get Help! call centre solution - reduced call times for nbn customers by >6 minutes and we escalate 60% fewer issues to field technicians

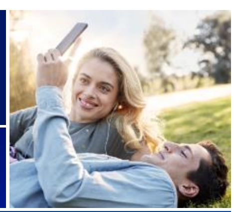
Better nbn speeds - leading the industry with minimum 80% nbn speeds during peak hours

NPS: nbn migration impacting customers over last 6 months

- Strategic NPS flat vs Dec -16 (-6 pts over last 6 months)
- Episode NPS +4 points vs Dec -16 (+1 pt over last 6 months)

Half year 2018 results | Drive value and growth from the core

Strong mobile net adds - 235,000 retail mobile customers including 130,000 post-paid handheld; churn 10.9%



Successful execution of multi-brand strategy 21,000 Belong mobile; +118,000 wholesale mobile customers added

Mobile service revenue -1.2% with post-paid handheld ARPU -2.9%

New nbn connections +454,000 (market share 51%, ex- satellite); retail bundle adds +57,000

Fixed EBITDA (ex nbn C2C[1]) -29% negatively impacted by growing nbn network payments and loss of wholesale margins. nbn impact in period $370m; $870m life to date

Strong momentum in productivity program – underlying core fixed costs declined 7.2%

Media strategy delivering differentiation to core products including >1m Telstra TVs, >1.5m AFL, NRL, Netball Telstra Live Sports Pass users

>90% of the Australian population have access to double the mobile speeds of our original 4G through 4GX

Mobile network recognition: Ookla Speed Report, P3 survey (lead in mobile data category), Systemics Group (best mobile operator)

1. Cost to connect

Half year 2018 results | Build new growth businesses close to the core

NAS revenue growth +14.1%. NAS EBITDA margins down 2pp. Mid-teens NAS margins expected at maturity

Enhanced cyber security offerings including opening new security operations centres

Investment in two subsea cables from Hong Kong to the US and Perth to Singapore and Jakarta

Global connectivity revenue +6.7% (LC) - NAS and fixed product growth. EBITDA -17% due to one-off costs, revenue mix and yield pressure

Acquisitions of MTData and VMtech

Strong growth in **Internet of Things** (IoT) business – almost $200m in revenue

Smart Cities solutions – contracts with City of Launceston and City of Casey

Ooyala – plan to drive business synergies between Telstra Broadcast Services (TBS) and Ooyala

Progress on strategic investment program

Our vision is to become a world class technology company that empowers people to connect

This is about recognising what a telco will look like in the future as technology innovation changes our industry

It is about building critical capability for the future

~$1.4b of additional capex invested across 18 months to 1H18 (~50% through program) to deliver strategic benefits of >$500m EBITDA, but more to do on 3-6 point NPS improvement target

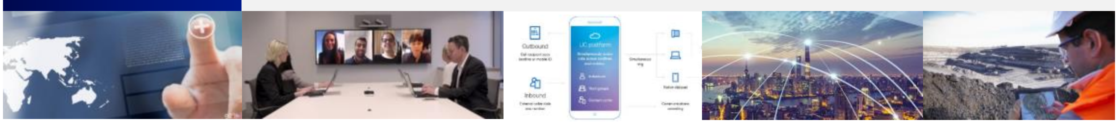
Productivity to reset the cost base while driving improved customer outcomes: Delivered cumulative productivity of $493m out of total $1.5b commitment

We continue to focus on 5 key themes:

Networks for the future	Digitisation	Customer Experience	Productivity	Culture & Capability

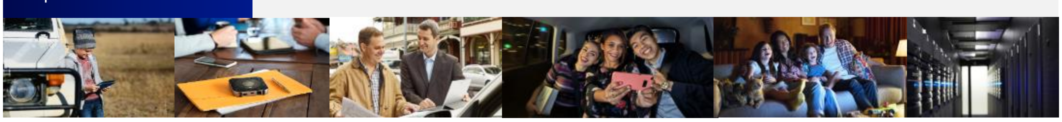
Key foundational investments – digitisation: ~$0.1b invested to date

Building people capability for the future	• 100 data scientists and 30- 40% of IT projects now being delivered through agile methodology
Improvements in digital self service channels	• Launched artificial intelligence based virtual assistant ‘Codi’ • “Online Order Status Tracker” for nbn customers • 13% reduction in call volumes; 24% increase in number of active 24x7 app users • “Telstra Connect” app and Expert Finder for our Enterprise customers
Shifting to a new IP enabled digital enterprise product set	• Launched Liberate, our new digitally enabled unified communications suite merging fixed and mobile • Telstra Programmable Network expanded (+150 customers signed up in 1H18)
Shifting to cloud based core systems	• Transferring all CRM to 1 Salesforce platform system delivering better outcomes for customers and enabling us to shut down 5 legacy systems



Key foundational investments – networks: ~$1.3b invested to date

Supporting mobile differentiation, coverage, speed and resiliency	• Activated >400 small cells with a further 850 planned • 300th mobile base station launched under Federal Government’s Mobile Black Spot Program • Launched 5G innovation centre on the Gold Coast • World first 5G data call on 26Ghz spectrum • Breaking through 1Gbps on 4G, gearing up for new speed milestones in the lead up to 5G • Enhanced future spectrum holdings with purchase in 1H18 multiband auction
Building platforms we need for the future including IoT, SDN and NFV	• Delivered Internet of Things (IoT) capability on our mobile network with Cat M1 and Narrowband IoT
Upgraded core backbone infrastructure to enable support of 5x capacity and improved resilience	• Next generation optical transport network deployed on routes between five capital cities



Summary

- Our 1H18 results are in line with guidance with strong performance in mobile net adds, churn and nbn
- We have made good progress on our productivity program
- nbn impact and increased competition highlights importance of strategic investment program
- We have implemented significant foundational investments in networks and digitisation
- We are increasing our focus on reducing costs, accelerating our strategic investment program and relentlessly pursuing future growth

Agenda

1. Group results
2. Product performance
3. Capital position
4. Guidance

Group results – Income Statement

Income Statement	1H17	1H18	GROWTH (reported basis)	GROWTH (guidance basis[1])
Sales revenue[2]	$12.8b	$12.8b	-0.2%	
Total income[2]	**$13.7b**	**$14.5b**	**5.9%**	**5.4%**
Operating expenses	$8.5b	$9.4b	10.6%	7.4%
EBITDA	**$5.2b**	**$5.1b**	**-2.5%**	**2.4%**
Depreciation and amortisation	$2.2b	$2.2b	-1.3%	
EBIT	**$2.9b**	**$2.8b**	**-3.4%**	
Net finance costs	$0.3b	$0.3b	-3.2%	
Income tax expense	$0.9b	$0.9b	1.5%	
NPAT	**$1.8b**	**$1.7b**	**-5.8%**	
Basic earnings per share (cents)	**14.8**	**14.3**	**-3.4%**	
NPAT excluding impairment	**$1.8b**	**$2.0b**	**9.5%**	
Basic earnings per share (cents) ex impairment	**14.8**	**16.6**	**12.2%**	

1. This guidance assumes wholesale product price stability and no impairments to investments, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumes the nbn™ rollout is broadly in accordance with the nbn Corporate Plan 2018 adjusted for a cease sale on hybrid fibre co-axial (HFC) technology for six to nine months from 11 December 2017. Capex excludes externally funded capex.
2. Sales revenue excludes other revenue. Total income excludes finance income.

Group results – total interim dividend

1H18 total interim dividend of 11 cents per share, fully franked

Interim ordinary dividend of 7.5 cents per share, fully franked
71% payout ratio on underlying earnings excluding impairment[1]
90% payout ratio on underlying earnings including impairment[1]

Interim special dividend 3.5 cents per share, fully franked
58% payout ratio on net one-off nbn receipts[2]

FY18 total dividend expected to be 22 cents per share, fully franked, including ordinary and special, in accordance with our dividend policy announced August 2017[3]

1. Underlying earnings is defined as NPAT from continuing operations excluding net one-off nbn receipts (as defined in footnote 2).
2. "Net one-off nbn receipts" is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect less tax.
3. Return subject to no unexpected material events, assumes nbn™ rollout is broadly in accordance with the nbn Corporate Plan 2018 adjusted for a cease sale on hybrid fibre co-axial (HFC) technology for six to nine months from 11 December 2017 and receipt of associated one-offs, and is subject to Board discretion having regard to financial and market conditions, business needs and maintenance of financial strength and flexibility consistent with Telstra's capital management framework.

Group results – Free cashflow

Free cashflow	1H17	1H18	GROWTH
EBITDA – reported basis	**$5.2b**	**$5.1b**	**-$0.1b**
Working capital movement[1]	-$1.0b	-$0.4b	$0.6b
Tax paid	-$0.9b	-$0.8b	$0.1b
Capex (excluding spectrum)	-$2.2b	-$2.5b	-$0.4b
Net investments[2]	-$0.1b	-	-
Other including non-cash EBITDA items[3]	$0.3b	$0.5b	$0.2b
Free cashflow – reported basis	**$1.4b**	**$1.7b**	**$0.3b**
Guidance adjustments[4]	$0.2b	-	-$0.2b
Free cashflow – guidance basis	**$1.6b**	**$1.8b**	**$0.1b**

1H18 EBITDA on a reported basis impacted by $273m non-cash Ooyala impairment. Impact eliminated in non-cash EBITDA items

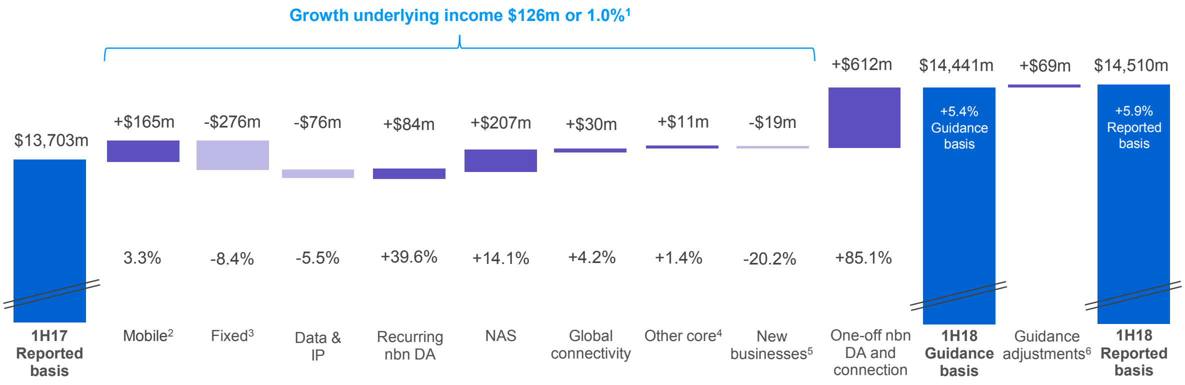
Working capital movement improved across payables and inventories. Benefit from mobile leasing through Go Mobile Swap plans

Capex includes strategic investment. 1H18 capex $2,299m on accrued guidance basis or 18% capex to sales

Restructuring costs excluded from FY17 free cashflow on a guidance basis

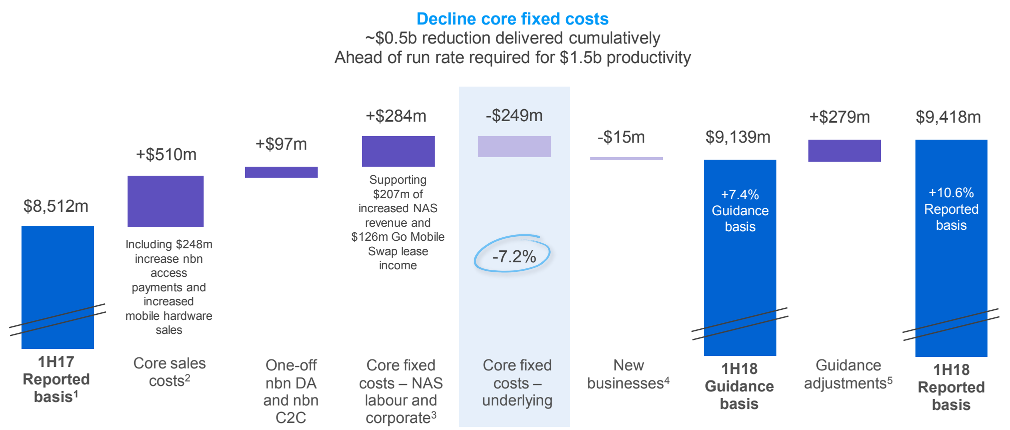
1. Working capital movement from operating activities.
2. Net investments including payments and proceeds from sale. Excluding proceeds from sale of Property, Plant and Equipment (PP&E).
3. Other including interest received, non-cash EBITDA items (including impairments and gain on disposal of PP&E) and proceeds from sale of PP&E.
4. Refer to 1H18 Half year results and operations review - guidance versus reported results reconciliation.

Income growth by product



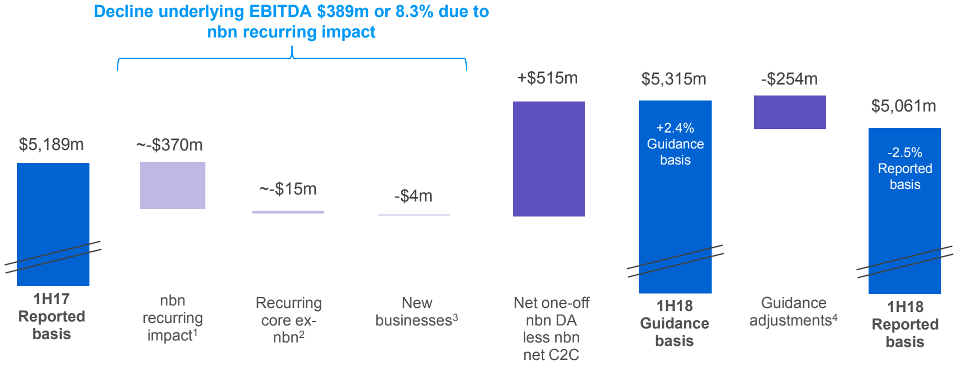
1. Refer to supporting material slide "Product framework income" for 1H17 and 1H18 detailed income performance.
2. Mobile includes non sales revenue Go Mobile Swap lease income 1H18 $126m (1H17 nil).
3. Fixed excludes one-off nbn connection revenue 1H18 $37m (1H17 $33m) and includes TUSOPA income FY17 1H18 $77m (1H17 $80m). nbn connection revenue included in one-off nbn DA and connection.
4. Other core includes media, nbn commercial works (sale of assets) and other miscellaneous income.
5. New businesses includes Telstra Health, Ooyala and Telstra Ventures.
6. Refer to 1H18 Half year results and operations review - guidance versus reported results reconciliation. Guidance adjustments include M&A and Foxtel.

Operating expenses



1. Refer to supporting material slide "Product framework operating expenses" for 1H17 and 1H18 detailed operating expense performance.
2. Core sales costs excludes goods and services purchased associated with new businesses and nbn cost to connect (C2C).
3. NAS labour and corporate costs include significant transactions and events associated with NAS commercial works and labour, global connectivity costs including FX, Go Mobile Swap lease costs and bond rate impacts. 1H17 restated to include $165m (1H18 $134m) additional restructuring costs represented as a guidance adjustment in prior year.
4. New businesses includes Telstra Health, Ooyala and Telstra Ventures.
5. Refer to 1H18 Half year results and operations review - guidance versus reported results reconciliation. Guidance adjustments include Ooyala impairment.

EBITDA



1. nbn recurring impact identified across fixed products and recurring nbn DA income. Other recurring nbn impacts not identified across remaining core (including data & IP).
2. Recurring core includes mobile, data & IP, NAS, global connectivity and other core (including media, nbn commercial works (sale of assets) and other miscellaneous income).
3. New businesses includes Telstra Health, Ooyala and Telstra Ventures.
4. Refer to 1H18 Half year results and operations review - guidance versus reported results reconciliation. Guidance adjustments include Ooyala impairment.

Product EBITDA performance

EBITDA	1H17	1H18	GROWTH $	GROWTH %
Mobile	$2,065m	$2,052m	-$13m	-0.6%
Fixed excl. nbn C2C[1,2]	$1,561m	$1,114m	-$447m	-28.6%
Recurring nbn DA	$192m	$273m	$81m	42.2%
Data & IP	$817m	$770m	-$47m	-5.8%
NAS[3]	$112m	$101m	-$11m	-9.8%
Global connectivity[3]	$130m	$108m	-$22m	-16.9%
Other core[4]	-$120m	-$46m	$74m	61.7%
Recurring core	**$4,757m**	**$4,372m**	**-$385m**	**-8.1%**
New businesses[3,5]	-$75m	-$79m	-$4m	-5.3%
Underlying	**$4,682m**	**$4,293m**	**-$389m**	**-8.3%**
Net one-off nbn DA less nbn net C2C[2]	$507m	$1,022m	$515m	101.6%
Guidance basis	**$5,189m**	**$5,315m**	**$126m**	**2.4%**
Guidance adjustments[6]	-	-$254m	-$254m	n/m
Reported basis	**$5,189m**	**$5,061m**	**-$128m**	**-2.5%**

Recurring core EBITDA decline $15m excluding ~-$370m recurring nbn impact

Negative recurring nbn impact since FY15 ~$870m

Recurring impact from the rollout of the nbn network is likely to be at the top end of $2-3b or around $3b by FY22

Net one-off nbn DA increased $515m in line with nbn network rollout

1. Fixed excludes one-off nbn connection revenue 1H18 $37m (1H17 $33m) and includes TUSOPA income 1H18 $77m (1H17 $80m).
2. Fixed excludes nbn cost to connect (C2C) 1H18 $271m (1H17 $180m). nbn C2C net of one-off connection revenue represented against "Net one-off nbn DA less nbn net C2C".
3. 1H17 restated for telkomtelstra revenue previously NAS now included in global connectivity. Global connectivity EBITDA restated to include telkomtelstra and international product costs previously new businesses.
4. Other core includes media, nbn commercial works (sale of assets) and other miscellaneous income. 1H17 restated to include $165m (1H18 $134m) additional restructuring costs represented as a guidance adjustment in prior year.
5. New businesses includes Telstra Health, Ooyala and Telstra Ventures.
6. Refer to 1H18 Half year results and operations review - guidance versus reported results reconciliation. Guidance adjustments include Ooyala impairment.

Product performance: Mobile

Mobile	1H17	2H17	1H18	GROWTH on PCP and 2H17	
Revenue[1]	$5,043m	$5,059m	**$5,082m**	0.8%	0.5%
Mobile services	$3,971m	$3,987m	**$3,922m**	-1.2%	-1.6%
- Postpaid handheld	$2,712m	$2,736m	**$2,682m**	-1.1%	-2.0%
- Prepaid handheld	$502m	$511m	**$493m**	-1.8%	-3.5%
- Mobile broadband	$514m	$478m	**$470m**	-8.6%	-1.7%
- Machine to Machine	$68m	$78m	**$73m**	7.4%	-6.4%
- Other[2]	$175m	$184m	**$204m**	16.6%	10.9%
Hardware	$1,072m	$1,072m	**$1,160m**	8.2%	8.2%
EBITDA Margin	$2,065m 41%	$2,254m 45%	**$2,052m 40%**	-$13m -1pp	-$202m -5pp
Customers – retail	17.4m	17.4m	**17.6m**	1.1%	1.4%
Postpaid handheld ARPU ex. MRO	$67.88	$67.54	**$65.92**	-2.9%	-2.4%
Postpaid handheld ARPU inc. MRO	$60.80	$60.62	**$58.60**	-3.6%	-3.3%
Postpaid handheld churn	11.9%	10.6%	**10.9%**	-1.0pp	+0.3pp

1. Mobile revenue excludes non sales revenue Go Mobile Swap lease income 1H18 $126m (1H17 nil). Mobile EBITDA includes Go Mobile Swap lease income and associated cost.
2. Other includes wholesale resale, satellite and interconnection.

1H18 mobile revenue increased 0.8% on PCP mostly including SIO net add momentum and hardware growth

Retail mobile net adds of 235,000, including 130,000 postpaid handheld. Improved 2Q18 momentum including from iPhone X. Belong mobile net adds of 21,000
Wholesale mobile net adds of 118,000

Postpaid handheld ARPU decline 2.9% due to increased competition and one-off impacts. Continued growth in MMC offset by lower out of bundle revenue

Prepaid handheld revenue decline with reduced unique users

Mobile broadband rate of decline improving

Sports Live Pass users increased over threefold to 1,586,000 across AFL, NRL and Netball. Almost all users receive the service as part of their mobile subscription

EBITDA margin declined due to postpaid handheld ARPU reduction and some one-offs

Product performance: Fixed

Fixed	1H17	1H18	GROWTH
Revenue[1]	$3,255m	**$2,986m**	-8.3%
Fixed voice	$1,604m	**$1,401m**	-12.7%
Fixed data	$1,276m	**$1,257m**	-1.5%
Other fixed[2]	$375m	**$328m**	-12.5%
EBITDA – fixed voice Margin	$809m 50%	**$529m 38%**	-$280m -12pp
EBITDA – fixed data Margin	$439m 34%	**$216m 17%**	-$223m -17pp
Net nbn cost to connect (C2C)	$147m	**$234m**	$87m
nbn network payments	$179m	**$427m**	$248m
Fixed voice customers – retail	5.5m	**5.1m**	-7.7%
Fixed data customers – retail	3.5m	**3.5m**	1.8%
Fixed bundle customers – retail	2.8m	**3.0m**	5.5%

1. Fixed revenue includes one-off nbn connection revenue 1H18 $37m (1H17 $33m) and excludes non sales revenue income from TUSOPA 1H18 $77m (1H17 $80m). TUSOPA income included across fixed voice and other fixed EBITDA.
2. Other fixed revenue includes intercarrier services, platinum services, payphones and customer premises equipment.

Fixed performance impacted by increased rate of nbn migration and competition

Retail bundle adds of 57,000 including from recent 'Unlimited Data Bundles'. 90% of retail fixed data customers on bundled plans

Telstra TV devices in market 1,092,000. TTV2 launch on 31 October 2017

Retail fixed data revenue growth with 21,000 retail net adds including Belong. Retail data revenue growth offset by lower wholesale fixed data revenue due to nbn migration

Fixed voice revenue decline with lower SIOs. Continued focus on retention and benefits from bundling

nbn connections grew by 454,000 to 1,630,000 and 51% market share (ex-satellite)

Fixed margin decline including upfront costs in connecting our nbn customers and growing network payments to nbn co

Product performance: Data & IP

Data & IP	1H17	1H18	GROWTH
Revenue	$1,376m	**$1,300m**	-5.5%
IP access	$577m	**$568m**	-1.6%
ISDN	$279m	**$243m**	-12.9%
Other data & calling products	$520m	**$489m**	-6.0%
EBITDA Margin	$817m 59%	**$770m** **59%**	-$47m -
IP MAN SIOs	44k	**49k**	11.4%
IP WAN SIOs	111k	**103k**	-7.2%

Data & IP revenue down 5.5% reflecting IP customer growth in IP VPN/MAN, offset by legacy product declines across ISDN, IP WAN and calling products

IP access revenue decline includes customer growth in IP VPN/MAN, offset by competitive yield pressures and legacy product declines

IP MAN revenue up 5.2% due to continuing demand for IP value added services and bandwidth upgrades

ISDN decline due to legacy migration to growth IP products and NAS collaboration and calling solutions

EBITDA margin maintained. EBITDA dollars reduced due to legacy migration to growth IP products

Product performance: NAS

NAS	1H17	1H18	GROWTH
Revenue[1]	$1,470m	**$1,677m**	14.1%
Managed network services	$285m	**$307m**	7.7%
Unified communications	$392m	**$409m**	4.3%
Cloud services	$157m	**$180m**	14.6%
Industry solutions (incl. nbn commercial works)	$562m	**$687m**	22.2%
Integrated services[1]	$74m	**$94m**	27.0%
EBITDA[1] Margin	$112m 8%	**$101m** **6%**	-$11m -2pp
NAS revenue by segment[2]			
Telstra Consumer & Small Business	$112m	**$127m**	13.4%
Telstra Enterprise[3]	$1,358m	**$1,550m**	14.1%

NAS continued double digit revenue growth across Business and Enterprise customer segments

Managed network services growth reflects annuity growth in security services and other one-off revenue in managed data networks

Unified communications annuity growth in collaboration and calling solutions as well as growth in professional services from timing of milestones

Cloud including annuity growth in public cloud. Further growth in consulting services and cloud applications

Industry solutions growth due to increase in nbn network and other commercial works

EBITDA margin decline due to the timing of major contract milestones and costs. Underlying NAS EBITDA performance continues to improve exclusive of contract milestones

1. 1H17 restated for telkomtelstra revenue previously NAS now included in global connectivity.
2. Segment comparatives reflect organisational changes that have occurred since the prior reporting period to present a like-for-like view.
3. Telstra Enterprise including nbn commercial works (products and services) in Telstra Operations segment.

Product performance: Global connectivity

Global connectivity ($ amounts in AUD)	1H17	1H18	GROWTH	GROWTH (in local currency)
Revenue[1,2]	$704m	**$735m**	4.4%	6.7%
Fixed	$141m	**$151m**	7.1%	9.8%
Data & IP	$466m	**$452m**	-3.0%	-0.6%
NAS and other	$97m	**$132m**	36.1%	36.3%
EBITDA[1] Margin	$130m 18%	**$108m** **15%**	-$22m -3pp	-$26m -5pp

Revenue growth in local currency due to continued NAS and fixed product growth. Revenue growth in A$ impacted by currency appreciation

Fixed growth due to wholesale voice customer growth in 2H17 and 1H18

Data & IP declined due mostly to yield pressure

NAS revenue growth due to uptake in managed network services and customer premise equipment. Expanded global services footprint with acquisition of Company85 in June 2017

EBITDA decline due to a revenue mix shift towards lower margin products and yield pressure

1. 1H17 restated for telkomtelstra revenue previously NAS now included in global connectivity. Global connectivity EBITDA restated to include telkomtelstra and costs previously new businesses.
2. Global connectivity revenue excludes income including from the sale of assets 1H18 $4m (1H17 $5m).

Foxtel

Foxtel ($ amounts in AUD under Australian IFRS)	1H17	1H18	GROWTH
Revenue	$1,623m	**$1,591m**	-2.0%
EBITDA[1]	$372m	**$310m**	-16.7%
EBIT[1]	$234m	**$158m**	-32.5%
NPAT	$47m	**$78m**	66.0%
Total subscribers[2]	2,727k	**2,774k**	1.7%
Broadcast churn	15.6%	**13.6%**	-2.0pp
Receipts in Telstra's books[4]			
Share of net profit	-	**$22m**	n/m
Cable access revenue	$51m	**$35m**	-31.4%

EBITDA lower due to lower revenue and continued investment in programming, particularly sports rights. Costs excluding programming were down 5% on the prior corresponding period

NPAT improvement including impairment associated with Presto in prior year and lower interest expense

Broadcast[3] and Now subscribers grew 3% year-on-year. The Foxtel Now box was launched late in the half

Broadcast churn improved year-on-year with lower use of no-contract offers

Share of Foxtel net profit since September 2017 excludes $44m of cumulative unrecognised share of equity accounted losses up until 28 September 2017

Lower **cable access revenue** due to lower access rate

1. Excludes unusual cost items (1H17 $6m; 1H18 $5m), share of profits from associates (1H17 $1m; 1H18 $5m) and impairment associated with the acquisition and dissolution of Presto.
2. Total subscribers in 1H17 restated to exclude Presto paying subscribers. Presto was closed on 31 January 2017.
3. Broadcast subscribers represent active residential subscribers receiving the Foxtel service via cable/satellite and a connected set-top-box (excluding Foxtel on T-Box).
4. Excludes interest received and Telstra Wholesale revenue received from Foxtel.

Capital position

Measure		1H17	FY17	1H18
Gross debt[1]		$16.0b	**$16.2b**	**$16.4b**
Cash and cash equivalents		$1.2b	**$0.9b**	**$0.6b**
Net debt		$14.8b	**$15.3b**	**$15.8b**
Average gross borrowing costs[2]		5.4%	**5.1%**	**4.8%**
Average debt maturity (years)		4.3	**4.5**	**4.4**
Financial parameters[3]	**Comfort Zones**			
Debt servicing	1.3 - 1.8x	1.4x	**1.4x**	**1.6x**
Gearing	50% to 70%	50.4%	**51.2%**	**52.5%**
Interest cover[4]	>7x	14.7x	**15.4x**	**14.6x**
Ratios				
Capex to sales[5]		16.0%	**17.8%**	**18.0%**
ROE[6]		23.6%	**25.6%**	**23.6%**
ROIC[7]		13.7%	**14.7%**	**12.4%**

Gross debt has remained relatively flat with maturities of term debt being offset by term debt issuance and short term funding

Net debt increased as a result of funding strategic capex and working capital

Financial parameters remain within our comfort zones

Reduction in **average gross borrowing costs** reflects continued benefit of refinancing longer term debt at relatively low historical interest rates

1. Represents position after hedging based on accounting carrying values. Gross debt comprises borrowings and derivatives.
2. Represents gross interest cost on gross debt.
3. Debt servicing calculated as net debt over EBITDA. Gearing calculated as net debt over total net debt and equity. Interest cover calculated as EBITDA over net interest expense (excluding capitalised interest).
4. FY17 interest cover restated to include rating agency and bank facility expenditure. This expenditure will continue to be included going forward.
5. Capex is defined as additions to property, equipment and intangible assets including capital lease additions, excluding expenditure on spectrum, measured on an accrued basis. Capex excludes externally funded capex.
6. ROE is calculated at PATMI as a percentage of equity. ROE ex impairment 27.0%.
7. ROIC calculated as NOPAT as a percentage of total capital. ROIC ex impairment 14.2%.

FY18 guidance[1]

Measure	FY17 ACTUAL	FY18 GUIDANCE as updated 1 Dec 2017
Total income	$28.2b	$27.6b to $29.5b
EBITDA	$10.7b	$10.1b to $10.6b
Net one-off nbn DA receipts less nbn net C2C	$1.3b	$1.4b to $1.9b
Capex	$4.6b	$4.4b to $4.8b
Free cashflow	$4.3b	$4.2b to $4.7b

1. This guidance assumes wholesale product price stability and no impairments to investments, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumes the nbn™ rollout is broadly in accordance with the nbn Corporate Plan 2018 adjusted for a cease sale on hybrid fibre co-axial (HFC) technology for six to nine months from 11 December 2017. Capex excludes externally funded capex.

Supporting material

1. Capital Management Framework
2. Product framework – income and operating expenses
3. Operating expenses
4. nbn DA and commercial works
5. Foxtel and media
6. Business unit results

Page 30

Capital Management Framework

FISCAL DISCIPLINE

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

PRINCIPLES

1. We remain committed to retain balance sheet settings consistent with an A band credit rating
2. Pay fully-franked ordinary dividend of 70-90% of underlying earnings[1,2]
3. Target capex/sales ratio of ~14% excluding spectrum from FY20[4,5]
4. Maintain flexibility for portfolio management and to make strategic investments

Return in the order of 75% of net one-off nbn™ receipts to shareholders over time via fully-franked special dividends[2,3]

Capex/sales ratio[4,5] of ~18% in FY18 and FY19

1. Underlying earnings is defined as NPAT from continuing operations excluding net one-off nbn receipts (as defined in footnote 2).
2. "net one-off nbn receipts" is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect less tax.
3. Return subject to no unexpected material events, assumes nbn™ rollout is broadly in accordance with the nbn Corporate Plan 2018 adjusted for a cease sale on hybrid fibre co-axial (HFC) technology for six to nine months from 11 December 2017 and receipt of associated one-offs, and is subject to Board discretion having regard to financial and market conditions, business needs and maintenance of financial strength and flexibility consistent with Telstra's capital management framework.
4. Capex excludes expenditure on spectrum, measured on an accrued basis. Capex excludes externally funded capex.
5. The guidance also assumes the nbn™ rollout is broadly in accordance with the nbn Corporate Plan 2018 adjusted for a cease sale on hybrid fibre co-axial (HFC) technology for six to nine months from 11 December 2017.

Product framework - income

Income	1H17	1H18	GROWTH $	GROWTH %
Mobile[1]	$5,043m	$5,208m	$165m	3.3%
Fixed excl. nbn connection[2]	$3,302m	$3,026m	-$276m	-8.4%
Recurring nbn DA	$212m	$296m	$84m	39.6%
Data & IP	$1,376m	$1,300m	-$76m	-5.5%
NAS[3]	$1,470m	$1,677m	$207m	14.1%
Global connectivity[3]	$709m	$739m	$30m	4.2%
Other core[4]	$778m	$789m	$11m	1.4%
Recurring core	**$12,890m**	**$13,035m**	**$145m**	**1.1%**
New businesses[5]	$94m	$75m	-$19m	-20.2%
Underlying	**$12,984m**	**$13,110m**	**$126m**	**1.0%**
One-off nbn DA receipts and nbn connection	$719m	$1,331m	$612m	85.1%
Guidance basis	**$13,703m**	**$14,441m**	**$738m**	**5.4%**
Guidance adjustments[6]	-	$69m	$69m	n/m
Reported basis	**$13,703m**	**$14,510m**	**$807m**	**5.9%**

1. Mobile includes non sales revenue Go Mobile Swap lease income 1H18 $126m (1H17 nil).
2. Fixed excludes one-off nbn connection revenue 1H18 $37m (1H17 $33m) and includes TUSOPA income 1H18 $77m (1H17 $80m).
3. 1H17 restated for telkomtelstra revenue previously NAS now included in global connectivity.
4. Other core includes media, nbn commercial works (sale of assets) and other miscellaneous income.
5. New businesses includes Telstra Health, Ooyala and Telstra Ventures.
6. Refer to 1H18 Half year results and operations review - guidance versus reported results reconciliation. Guidance adjustments include M&A and Foxtel.

Product framework - operating expenses

Operating expenses	1H17	1H18	GROWTH $	GROWTH %
Mobile	$2,978m	$3,156m	$178m	6.0%
Fixed excl. nbn C2C[1]	$1,741m	$1,912m	$171m	9.8%
Recurring nbn DA	$20m	$23m	$3m	15.0%
Data & IP	$559m	$530m	-$29m	-5.2%
NAS	$1,358m	$1,576m	$218m	16.1%
Global connectivity[2]	$579m	$631m	$52m	9.0%
Other core[3]	$899m	$851m	-$48m	-5.3%
Recurring core	**$8,134m**	**$8,679m**	**$545m**	**6.7%**
New businesses[2,4]	$166m	$151m	-$15m	-9.0%
Underlying	**$8,300m**	**$8,830m**	**$530m**	**6.4%**
One-off nbn DA and nbn C2C	$212m	$309m	$97m	45.8%
Guidance basis	**$8,512m**	**$9,139m**	**$627m**	**7.4%**
Guidance adjustments[5]	-	$279m	$279m	n/m
Reported basis	**$8,512m**	**$9,418m**	**$906m**	**10.6%**

1. Fixed excludes nbn cost to connect (C2C) 1H18 $271m (1H17 $180m). nbn C2C represented against "One-off nbn DA and nbn C2C".
2. Global connectivity costs restated to include telkomtelstra and international product costs previously new businesses.
3. Other core includes media and nbn commercial works (sale of assets). 1H17 restated to include $165m (1H18 $134m) additional restructuring costs represented as a guidance adjustment in prior year.
4. New businesses includes Telstra Health, Ooyala and Telstra Ventures.
5. Refer to 1H18 Half year results and operations review - guidance versus reported results reconciliation. Guidance adjustments include Ooyala impairment.

Operating expenses

Operating expenses	1H17	1H18	GROWTH $	GROWTH %
Core sales costs[1]	$3,598m	$4,108m	$510m	14.2%
Core fixed costs	$4,536m	$4,571m	$35m	0.8%
- Underlying	$3,460m	$3,211m	-$249m	-7.2%
- NAS labour and corporate[2]	$1,076m	$1,360m	$284m	26.4%
New businesses costs[3]	$166m	$151m	-$15m	-9.0%
One-off nbn DA and nbn C2C	$212m	$309m	$97m	45.8%
Guidance basis	**$8,512m**	**$9,139m**	**$627m**	**7.4%**
Guidance adjustments[4]	-	$279m	$279m	n/m
Reported basis	**$8,512m**	**$9,418m**	**$906m**	**10.6%**

Core sales costs growth 14.2%. Growth including increased nbn access payments and variable cost growth supporting revenue growth across mobile hardware, NAS and global connectivity

Ahead of run rate required for $1.5b productivity cost target with underlying core fixed decline of $249m or 7.2%

New businesses costs declined due to cost management and appreciation in AUD

Increased **nbn cost to connect** (C2C) due to nbn rollout. Cost per connection was broadly flat with mix shift to business customers offset by unit cost reductions

1. Core sales costs excludes goods and services purchased associated with new businesses and nbn cost to connect (C2C).
2. NAS labour and corporate costs include significant transactions and events associated with NAS commercial works and labour, global connectivity costs including FX, Go Mobile Swap lease costs and bond rate impacts. 1H17 restated to include $165m (1H18 $134m) additional restructuring costs represented as a guidance adjustment in prior year.
3. New businesses includes Telstra Health, Ooyala and Telstra Ventures. New businesses costs restated to exclude international product costs previously NAS labour and corporate.
4. Refer to 1H18 Half year results and operations review - guidance versus reported results reconciliation. Guidance adjustments include Ooyala impairment.

nbn DAs and commercial works

	1H17	1H18	GROWTH
Income	$1,057m	**$1,791m**	69.4%
Commonwealth agreements and other Govt. policy commitments[1]	$90m	**$87m**	-3.3%
Recurring ISA: duct, rack and backhaul[2]	$212m	**$296m**	39.6%
nbn commercial works – sale of assets[3]	$79m	**$124m**	57.0%
One-off nbn DAs	$676m	**$1,284m**	89.9%
- ISA: Ownership receipts[2]	$141m	**$237m**	68.1%
- PSAA[5]	$535m	**$1,047m**	95.7%
nbn commercial works – products and services[3,4]	$311m	**$390m**	25.4%

Strong growth in one-off PSAA and Infrastructure Services Agreement (ISA) receipts in line with the progress of the nbn rollout

Increase in **recurring ISA** due to the nbn rollout

Sale of assets revenue related to HFC and cost recovery

nbn co decision to cease sales on hybrid fibre co-axial (HFC) technology from 11 December 2017 will delay future receipts

nbn commercial works – products and services revenue provided through contracts outside of nbn DAs

1. Includes retraining and income from government grants under the Retraining Deed and TUSOPA. TUSOPA included as other income in "All other" segment 1H18 $77m (1H17 $80m). TUSOPA is run by Department of Communications and the Arts and the income is net of the levy paid.
2. Infrastructure Services Agreement (ISA) included in Telstra Wholesale segment. Recurring ISA included as other sales revenue. One-off ISA included as other income, including ownership receipts for assets transferred under the nbn Definitive Agreements (DAs).
3. nbn commercial works revenue included in the Telstra Operations segment.
4. nbn commercial works – products and services revenue is recognised as NAS sales revenue.
5. This includes income from nbn disconnection fees (Per Subscriber Address Amount (PSAA)) included as other income and recognised in "All other" segment.

Product performance: Media

Media	1H17	1H18	GROWTH
Revenue[1]	$471m	**$475m**	0.8%
Foxtel from Telstra	$390m	**$393m**	0.8%
Other	$81m	**$82m**	1.2%
Foxtel from Telstra subscribers	748k	**799k**	6.8%
Telstra TV devices in market[2]	601k	**1,092k**	82%
Sports Live Pass users[3]	356k	**1,586k**	346%

Telstra Media delivers world class content experiences to differentiate and add value to our core products

Foxtel from Telstra revenue and subscriber growth in spite of overall industry transition from Broadcast to IPTV

Telstra TV devices are expected to continue their growth trajectory following the launch of TTV2 on 31 October 2017

Sports Live Pass users increased significantly across AFL, NRL and Netball on the back of improved customer experience. Almost all users receive the service as part of their mobile subscription

1. Media revenue excludes cable access revenue.
2. Telstra TV devices in market is defined as cumulative completed sales. 1H17 previously disclosed as cumulative landed sales based on orders.
3. Sport Live Pass users that have activated an AFL, NRL or Netball Live Pass.

Business unit results

Income	1H17	1H18	GROWTH
Telstra Consumer & Small Business[1]	**$7.4b**	**$7.4b**	**0.3%**
Consumer	$5.9b	$6.0b	1.0%
Small Business	$1.5b	$1.4b	-4.3%
Telstra Enterprise[1,2]	**$3.8b**	**$3.9b**	**2.4%**
Domestic	$3.0b	$3.1b	1.8%
International	$0.8b	$0.8b	5.2%
Telstra Wholesale	**$1.3b**	**$1.4b**	**5.7%**

Consumer growth including from postpaid handheld and fixed bundles. Growth partly offset by declines in prepaid handheld due to competition, mobile broadband due to shared data plans and ongoing fixed voice decline

Small Business decline but a slowed rate compared to FY17. Double digit NAS growth in 1H18. Mobile services declined with net SIO adds offset by ARPU reductions including shared data impact. Ongoing fixed voice decline

Telstra Enterprise domestic growth including double digit NAS growth. Industry ARPU declines across mobility and data & IP. Ongoing fixed voice decline

Telstra Enterprise international growth mainly due to NAS from additional CPE sales and newly acquired Company85, and growth in fixed products from FY17 initiatives

Wholesale growth due to increased Infrastructure Services Agreement ownership receipts in line with nbn network rollout

1. Segment comparatives reflect organisational changes that have occurred since the prior reporting period to present a like-for-like view.
2. Telstra Enterprise includes $104m (1H17 $98m) of international inter-segment revenue treated as external expense in Telstra Consumer & Small Business and Telstra Wholesale.

CEO & CFO SPEECH NOTES

TELSTRA HALF YEAR RESULTS

15 FEBRUARY 2018

ANDREW PENN – CEO

SLIDE 1 - Half Year 2018 Results

SLIDE 2 - Disclaimer

Thank you Nathan.

Good morning and welcome to Telstra's results announcement for the half year ended 31 December 2017.

Today I will be taking you through our key financial results, how we have delivered against our strategy and the progress we are making on our strategic investment program.

Our results are in line with guidance and we are pleased with the strong performance we saw in the half in terms of mobile net customers adds, churn and nbn.

These have been delivered in a period of significant change. Whether it's the migration to the nbn, the competitive challenges, the ever-accelerating pace of technological change and as we prepare for the transition to 5G. We are today in one of the most dynamic periods the company has faced.

Against this background we need to increase our level of intensity even further. We need to do more, and we need to do it faster.

We are therefore driving a greater sense of urgency in everything we do. We are stepping up how we aggressively compete in the market particularly leveraging our multi-brand strategy including Telstra, Belong, Boost and Wholesale.

We are absolutely increasing our focus on reducing costs and while we announced increased targets in August, we will look to do even more.

We continue to accelerate the Strategic Program of investment which is critical to simplify and streamline 100 years of heritage, increase our strategic differentiation and therefore lay the foundation for the future.

However, at the same time we are scrutinising every aspect of our capital spending to ensure our investments drive the greatest results.

And we are driving future growth with new opportunities emerging from the core of the business.

SLIDE 3 – Half Year 2018 Results – Headlines

Let me take you through the key financial results.

Total income was up 5.4% to $14.4b on a guidance basis and up 5.9% to $14.5b on a reported basis.

As we previously disclosed to the market, we recorded a non cash impairment to Ooyala of $273m as we wrote this business to zero.

EBITDA on a guidance basis, which excludes the Ooyala impairment was up 2.4% to $5.3b.

On a reported basis, EBITDA was down 2.5% to $5.1b.

Excluding the impairment, net profit after tax was up 9.5% to $2b and earnings per share was up 12.2% to 16.6 cents per share.

Including the impairment, net profit after tax was down 5.8% to $1.7b and earnings per share was down 3.4% to 14.3 cents per share.

The Board has declared a fully franked interim dividend of 11 cents per share.

Consistent with our new dividend policy, the interim dividend comprises of a 7.5 cents per share interim ordinary dividend and a 3.5 cents per share interim special dividend. We also announced that the DRP will recommence from the interim dividend.

We are also taking the opportunity today to reconfirm our previously communicated guidance for 2018 including the Board's guidance that it expects FY18 total dividend to be 22 cents per share fully franked, including ordinary and special.

SLIDE 4 – Half Year Results – Delivered progress against strategy

Warwick is going to take us through the financial and operational results in more detail shortly. In the meantime I will comment on some of the highlights from the last 6 months against the framework of the 3 pillars of our strategy:

- delivering brilliant customer experiences;
- driving value and growth from the core;
- and building new growth businesses close to the core.

I will also comment on the progress we are making in relation to our strategic investment program.

SLIDE 5 – Half Year Results – Deliver brilliant customer experiences

I know we have more to do to improve the experience we provide our customers.

Delivering a brilliant customer experience is our number one strategic priority and while we do have more to do, we have achieved some important and significant milestones over the last 6 months.

We are providing more value to our customers in our fixed portfolio with new unlimited plans at a $99 price point and double the data on all other plans.

We are Australia's leading aggregator of digital entertainment products and have injected more value into plans through the inclusion of enhanced media offerings, including Telstra TV and Foxtel Now.

Similarly in mobiles we have enhanced all of our plans with more data, more media and more services.

We are further eliminating bill shock for customers with the introduction of Order Estimator which provides customers with a clear picture of what they can expect in their first bill. We now issue 110,000 order estimates per month and customers who receive this service provide NPS feedback that is 18 points higher than customers that do not.

On fixed, we are moving to provide customers with an always connected experience. We have launched the smart modem to more than 85,000 customers through our new high value plans and I am pleased to announce that later this month we are extending this to all home internet bundles for new, migrating or recontracting customers.

The smart modem brings together our fixed and 4G mobile networks in a single device to get new customers activated sooner, and existing customers back online quickly if their fixed service is interrupted.

Once plugged in, the smart modem will connect a home or small business to the internet within minutes, over 4G, without having to wait for the fixed service to be installed and switched on, which can take a long time for customers migrating to nbn.

Our new call centre solution Get Help! means reduced call times for nbn complaints by more than 6 minutes and we are escalating 60% fewer issues to Telstra field technicians.

We are confident that all of these initiatives are leading to a better customer experience.

There is no doubt however, that the rollout of nbn is having an impact on customer satisfaction overall. As I have previously commented, the key issues from a customer's perspective are firstly the connection experience that I have just mentioned.

In this regard, we are working closely with nbn and the industry to improve activation and assurance for customers and the ACCC's recent decision to regulate service standards from nbn to retail service providers such as Telstra will help this. In the meantime, our smart modem will also make a material difference.

The second nbn issue for customers is speeds. We have recently increased ours to further deliver a market leading 80 per cent minimum nbn speed during peak times, above the ACCC guidelines. In fact we are currently delivering an average of more than 85% during peak times.

Finally affordability. It is critical that in the long term nbn wholesale prices are set at a level which ensures affordability of broadband for all Australians.

We are therefore pleased nbn has recently introduced discounts on its 50/20 plans, which is a step in the right direction as it enables this to flow through to retail offers for customers. We have responded by upgrading to this plan on our most popular bundles and I am pleased to announce that we are in the process of bestowing 50/20 speeds to the majority of our nbn customers.

Against the background of customer experience issues relating to nbn, strategic NPS was flat compared to the prior period, while we achieved our 3 – 6 point target increase in episode NPS which was up 4 points.

Excluding nbn, episode NPS was up 6 points. On a sequential basis strategic NPS which includes the seasonality of how we measure Enterprise customers was down 6 points.

I also wanted to take a moment to comment on the Universal Service Obligation given the recent announcement by Government to review these arrangements and this importance of this to customers.

The USO requires Telstra to provide a basic telephony service to every home in Australia. It is a contract previously sent out to tender by the Government where Telstra has been the only operator prepared to take on the obligation.

It is critically important to ensure every Australian is always connected. We are open to revising the agreements we have with Government and considering alternative technologies to deliver the USO.

Indeed Mobile coverage continues to reach more people particularly through Telstra's network which is by far the largest in the country. However, there are still people in remote areas who are not connected, where mobile coverage does not exist. They need access to connectivity too.

Others in the industry would like to remove the USO in order to avoid making their contribution. But we will not cut this essential lifeline for regional Australians prematurely without a genuine alternative to the current USO in place for everyone.

SLIDE 6 – Half Year 2018 results – Drive value and growth from the core

Turning to the second pillar of our strategy – driving value and growth from the core.

Telstra has now increased its customer base in mobiles for 20 consecutive halves despite intense competition.

During the 6 months we again saw strong customer acquisitions with 235,000 net new retail mobile services including 130,000 retail post-paid handheld.

We also had success in wholesale mobility with 118,000 net adds.

In September we further invested in our multi brand strategy with the launch of Belong Mobile which has added 21,000 customers since launch.

We continue to see very strong performance in mobile post-paid churn at a world class level of less than 11%.

Despite the strong customer performance however, overall mobile services revenue declined 1.2% principally driven by post-paid handheld ARPUs which were down 2.9%. Warwick will take you through the detail of the competitive dynamics that have impacted this in a moment.

On the fixed side, we continue to perform well in nbn with 454,000 new connections in the half year taking our total nbn customers to more than 1.6m and our market share, excluding satellite to 51%.

In the half we added 21,000 net new fixed data services and 57,000 new retail bundles.

The acceleration of the rollout of nbn has had a significant economic impact on our EBITDA. As we have previously reported we expect this to ultimately total around $3bn per annum.

Fixed EBITDA for the half was down 29% with a $450m incremental negative impact in the period. This was the consequence of higher CVC/ AVC charges of $248m and around $200m from the loss of fixed voice revenue and wholesale margins.

This was partly offset by increases in recurring nbn DAs of approximately $80m leading to a net nbn headwind of $370m.

Of the approximately $3b total impact of the nbn on our EBITDA, we have cumulatively absorbed $870m to date including the $370m in the period.

Against this background we are pushing hard and seeing strong momentum in our productivity program where we delivered a 7.2% or $249m decline in core fixed costs in the half year period.

Our media strategy is continuing to deliver core differentiation to our products.

We now have more than 1 million Telstra TVs in market with the launch of Telstra TV2 and more than 1.5 million customers watching AFL, NRL and netball through the Telstra Live sports app.

We have expanded our digital content range. Most recently we secured the rights to live stream all AFL women's matches on mobile and on Telstra TV.

We have also recently incorporated Foxtel Now into our fixed bundles offering by far the best range of media content and services in the country.

We continue to expand and deepen our network leadership in conjunction with the long term strategic investments that we are making. During the period we passed more than 90% of the Australian population with 4GX, delivering double the mobile speed of standard 4G.

As the demand for data continues to grow we are committed to maintaining the largest and fastest mobile network and our continued lead over the competition has been called out in a number of survey results reported in the half.

The Ookla speed report of mobile networks in Australia released in November confirmed Telstra's superior performance well ahead of our competitors as the fastest mobile network in the country. Telstra's Speed Score was more than 15% higher than the next nearest provider.

The P3 survey also awarded Telstra the lead in mobile data speeds nationally, even more impressive given the exponential growth in data traffic on our networks. We scored particularly well on the connecting roads between the cities and towns, a testament to our regional mobile network investment.

In addition to the Ookla and P3 results, we commissioned global network performance analyst, Systemics to conduct a comprehensive benchmarking survey of Australian mobile networks.

Telstra scored No. 1 nationally across the four key performance categories of voice, browsing, data and video.

Over 99% of all traffic on mobile networks in Australia today is data. In 12 independent measures and awards across every year since 2012 Telstra has been rated the best and/or the fastest mobile network in this country.

This is our leadership position that we intend to maintain because we know its what's most important for our customers.

Telstra also continues to lead in terms of brand, recognised for the third year in a row as Australia's Most Valuable Brand by Brand Finance.

SLIDE 7 – Half Year 2018 Results – Building growth businesses close to the core

Turning now to the third pillar of our strategy building new growth businesses close to the core.

NAS continued to grow strongly with revenue up 14.1% to almost $1.7b with continued strong performance in Cloud, integrated services and commercial works.

Whilst we experienced a 2 percentage point decline in EBITDA margins, this reflected the lumpiness of profitability reporting of NAS as a consequence of large contract milestones and wins. The underlying trend in NAS EBITDA remains on track and we still expect to achieve our target of mid teens NAS margins over the longer term.

During the half we enhanced our cyber security services with the opening of two new Security Operations Centres in Melbourne and Sydney. We have plans to open a further Security Operations Centre this year in London.

We have seen strong demand for our Cyber Security offerings in the context of a market where this is becoming an increasingly important issue for Companies and Boards.

During the period we confirmed we are investing in two new subsea cables with connections from Hong Kong to the west coast of the US, as well as the Indigo consortium connecting Perth, Singapore and Jakarta.

This will continue to support our growth in global connectivity where revenues were up 6.7% on a constant currency basis.

EBITDA was down 17% due to one off costs, some intense pricing competition and the revenue mix. However, we are on track to turn this around.

Our IoT business continues to be a source of new growth as it is nearing $200m in revenue, making us one of the most successful IoT businesses globally.

A good example of what we are doing in IoT is our recent acquisition of MTData which provides IoT capabilities and services to the logistics sector.

Recently Linfox has selected MTData and Telstra as strategic partner to implement advanced telematics solutions that will provide leading edge, actionable data in their transport logistics.

Our Smart Cities solutions have also gathered momentum with Telstra being awarded contracts from the City of Launceston and the City of Casey in Melbourne to solve modern city problems in parking management and environmental management.

Apart from the acquisition of MT Data during the half, we also acquired VMTech which is driving delivery and management of enterprise-grade hybrid cloud, connectivity and security solutions.

I also want to take a moment to comment on Ooyala following the impairment announced earlier this month. The digital media and Ad Tech market has continued to change rapidly and be challenging and this became the primary trigger for the write down.

We are exiting Ad Tech although Ooyala continues to have assets in digital media workflow through its Flex offering where the opportunity pipeline is strong. When combined with Ooyala's OVP products, we believe we have a set of offerings that can scale in the media services market although not sufficient to support the previous valuation.

We also have complimentary assets and capabilities through Telstra Broadcast Services which provides network services and operations to many of the world's leading broadcasters, primarily focused at live events.

TBS is growing strongly and currently supplying and managing the video services for broadcasters around the world direct from the Winter Olympics in Korea. Going forward we plan to drive business synergies between Ooyala and TBS.

SLIDE 8 – Progress on Strategic Investment Program

Let me turn now briefly to the progress we are making in relation to our strategic investment program.

We announced in August 2016 that we would invest up to $3b to achieve a material step change in our strategic position recognising the significant growth and demand in network capacity and innovation.

We formally launched the program in November 2016.

Approximately half way into the program from an investment perspective, we have so far invested an incremental $1.4b of capex across two major streams, Digitisation and Networks of the Future.

While these two streams are the destination of most of the investment, the program also incorporates our productivity efforts and Customer Experience and Culture and Capability improvements.

We expect to achieve the full run rate of $500m EBITDA benefits from the investment by FY21 with $100m being delivered this financial year.

We are on track in relation to delivering the benefits in our productivity program having delivered almost $500m out of the total $1.5b committed to date.

We are also on track in relation to the 3 – 6 point improvement in Episode NPS but not Strategic NPS which is being impacted by the migration of customers to nbn. However, the underlying trends are heading in the right direction and we are confident of our ability to deliver against this.

I will briefly make some comments on some of the key foundational investments and deliverables we have made so far before handing over to Warwick.

SLIDE 9 – Key foundational investment - digitisation

As I mentioned earlier, the digitisation program is at an early stage but with some significant quick win capabilities already implemented across the business.

A significant part of our initial focus has been building the people capability to support our digitisation program with more than 100 data scientists and 30- 40% of IT projects now being delivered through the agile methodology. We are on track to have 100 agile teams by the end of the financial year.

The results of what these teams are delivering can be felt in three important areas – in customer experience, in productivity for our employees and in enabling new revenue streams.

In terms of customer experience and employee productivity, we have seen improvements through our digital self-service channels with the introduction of Codi, our artificial intelligence based virtual assistant.

This allows us to respond more quickly to customers' queries and supports a big shift of interactions with customers to digital and self-service tools.

Codi now handles Prepaid, Postpaid, Entertainment/Apps and general Telstra enquiries, and will be extended as it continues to develop. It has engaged with almost 300,000 customers since its launch in October.

In addition, around 35,000 nbn customers per month are now using a new "Online Order Status Tracker" tool that enables them to review the progress of their nbn order and modem delivery digitally. We have also launched a new service which enables customers to directly schedule our field service workforce through digital channels.

These are just some of the examples of the early quick win digital capabilities we have delivered and overall in consumer, we have seen a 13% reduction in call volumes and a 24% increase in the number of active 24/7 app users in the last 6 months. This means we took almost 2 million fewer inbound calls this half compared to last half, and this is even taking into account higher nbn related calls.

In Enterprise, we launched Telstra Connect, to enable self service capabilities for our customers as well as Expert Finder, a new online capability that connects our customers with our experts to solve customers' "pain points" and generate revenue.

In relation to creating new revenue streams in our enterprise business, we are shifting to a new IP enabled digital enterprise product set. So far we have launched Liberate, our new digitally enabled unified communications suite merging fixed and mobile, and the Telstra programmable network with more than 150 customers signed up in the half.

As the digitisation program gains momentum, we have a number of important platform and foundational changes due to be implemented that will deliver significant benefits.

These include transferring all of our Customer Relationship Management systems to a single cloud enabled Salesforce platform, delivering better outcomes for customers and enabling us to shut down 5 legacy systems; revamping our ecommerce experience, significantly improving the online shopping experience and the delivery of a new unified identity platform.

SLIDE 10 – Key foundational investment – Networks

As we have passed the half way point on our Network of the Future Program, I wanted to reflect on some of the achievements to date from the strategic incremental investments that we have made there.

We continue to enhance our mobile leadership and we are rolling out an extensive small cell program both to support the mobile black spot program as well as metro densification for coverage and capacity.

We have already activated more than 400 small cells with a further 850 planned. In addition in FY18 we plan to complete more than 1600 macro mobile builds inclusive of new sites, upgrades to existing sites and under the Mobile Black Spots Program.

We have a long history of investing in regional Australia, and over the last three years, we have invested more than $2.2 billion in our regional network.

Last month, I was in Wellington Mill, Western Australia switching on the 300th base station under the Mobile Black Spot Program. We are building 577 of the 765 or 75% of the towers under this program.

I have previously mentioned our Next Generation OSS platform which is a key element of our network transformation build and we are continuing to invest in this important capability to deliver real time customer experience monitoring and impact assessment and recovery capability.

We have substantially progressed the rollout of our NextGen optical transport network which is now deployed in routes across five capital cities as we are upgrading our backbone infrastructure to support a five times increase in capacity.

We are building the platforms that we will need for the future including SDN and NFV and importantly for the internet of things.

During the half we switched on our Cat M1 IoT platform, which is the biggest IoT platform in the country with coverage of around three million square kilometres. We followed this in January with the launch of our Narrowband IoT platform which is now available over our mobile network in major Australian cities and regional towns.

These investments continue to support industry leading mobile differentiation, coverage, speed and resiliency.

We are also well advanced in relation to our plans for 5G and last week announced a suite of activities over the next 6 months on the Gold Coast on what we are calling the Festival of 5G. A key initiative last week was the launch of the 5G innovation centre in Southport.

We made the first call in the world using 5G on a 26GHz spectrum and having broken through the 1GB per second speed barrier on 4G, overnight in the US we participated in a world first lab demonstration of 2 Gbps speeds on 4G together with Qualcomm, Ericsson and Netgear.

We are gearing up for new speed milestones in the lead up to 5G and we will continue to work with our partners on this technology as part of delivering the best network for our customers.

The additional spectrum we secured in December means we can continue to deliver the best experience for our customers and meet the ever growing demand for data.

Some of this spectrum will also support the early evolution of 5G technology beyond the trials we already have planned for 2018.

Finally, we are committed to not only deepen and extend our network leadership but also move the whole platform to be IP enabled and SDN NFV operated.

In the coming months we will be focussed on dramatically simplifying our post NBN fixed network infrastructure to reduce the number of our exchange sites and simplify our network topology.

SLIDE 11 – Summary

Let me summarise before handing back to Warwick.

As I set out earlier, our results are in line with guidance and we are pleased with the strong performance we achieved in the half in terms of mobile net customers adds, churn and nbn all delivered in a highly competitive market in both mobiles and fixed.

We have made good progress on our productivity programme with a cost reduction of 7.2% in underlying fixed core costs in the half and we are confident we can continue to deliver on our commitments.

Our productivity program is critical against the background of the acceleration in the rollout of the nbn which has a material economic impact on Telstra including the $870m impact on EBITDA we have absorbed to date.

The impact of the nbn, along with increased competition also highlights the importance of our up to $3 billion strategic investment program and we are on track to deliver economic benefits of more than $500 million of EBITDA by FY21.

Through the networks program we have implemented significant foundational platform investments which are critical to not only supporting data growth but delivering a step change in our strategic differentiation and supporting long term growth in mobile ARPU.

The digitisation program is at an early stage but we have already delivered some quick wins with new capabilities implemented across the business.

In our Enterprise business, revenue in Network Applications and Services once again saw strong growth, and we believe value will grow as we leverage new areas of opportunity including cyber security and IoT.

As I said in my introduction we are operating in one of the most dynamic periods the company has faced and we need to increase our intensity even further.

We are absolutely committed to increasing our focus on continuing to reduce costs, accelerating the Strategic Program of investment and focusing on future growth.

In summary, I am pleased that we have been able to deliver a solid result in line with guidance.

WARWICK BRAY – CFO

SLIDE 12 – HALF YEAR 2018 RESULTS

Thank you Andy.

SLIDE 13 - AGENDA

I will now go through each of the sections on screen …

SLIDE 14 – GROUP RESULTS – INCOME STATEMENT

… beginning with 1H18 group results.

On a reported basis:

- Income was up 5.9%
- EBITDA, EBIT and NPAT were down 2.5%, 3.4% and 5.8% respectively; and
- Basic EPS was down 3.4% to 14.3 cents.

On a guidance basis:

- Income was up 5.4%; and
- EBITDA was up 2.4%.

NPAT was up 9.5% to $2.0b and basic EPS was up 12.2% to 16.6 cents excluding the Ooyala impairment of $273m.

Depreciation and amortisation decreased by 1.3%.

Net finance costs decreased by 3.2% mostly due to refinancing debt at lower rates, partly offset by lower average cash balances.

Income tax was up 1.5% reflecting higher earnings

On dividend…

SLIDE 15 – GROUP RESULTS – TOTAL INTERIM DIVIDEND

… the Board has resolved to pay a total interim dividend for 1H18 of 11 cents per share, fully franked.

Consistent with our Capital Management Framework announced in August 2017, our 1H18 interim dividend comprises:

- Interim ordinary dividend of 7.5 cents per share; and
- Interim special dividend of 3.5 cents per share.

The interim ordinary dividend represents a 71% payout ratio on underlying earnings excluding impairment. The interim special dividend represents a 58% payout ratio on the net one-off nbn receipts in the half.

We expect the FY18 total dividend to be 22 cents per share, fully franked, including ordinary and special dividend in accordance with our dividend policy announced in August 2017. The basis upon which we provide this guidance is detailed in the slide footnotes.

We now move to free cashflow….

SLIDE 16 – GROUP RESULTS – FREE CASHFLOW

… which was $1.8bn in 1H18 on a guidance basis. Guidance basis excludes M&A and restructuring costs from the prior year.

Free cashflow on a reported basis was up $338m including improved movement in working capital, partly offset by increased cash capex associated with our strategic investment.

Change in working capital reduced cash in both 1H17 and 1H18.

1H18 working capital benefitted from:

- improved movement in payables which can vary significantly depending on financial period end dates vs payment cycles;
- improved movement in inventories related to nbn network commercial works in the prior period;
- improved movement from mobile leasing partly offset by higher 1H18 mobile hardware sales; and
- improved movement in nbn DA one-off receipts.

Turning now to income performance by product.

SLIDE 17 – INCOME GROWTH BY PRODUCT

Reported income increased 5.9% to $14.5bn.

One-off nbn DA receipts and connection revenue increased $612m including growth from PSAA and ISA ownership receipts in line with the progress of the nbn network rollout.

Underlying income increased $126m or 1%:

- Mobile was up $165m including Go Mobile Swap lease income.
- Fixed was down $276m.
- Data and IP was down $76m.
- Recurring nbn DA was up $84m reflecting nbn co's ongoing use of our infrastructure.
- NAS continued its double-digit rate of growth, up $207m or 14.1%; and
- Global connectivity was up $30m.

Turning to expenses…

SLIDE 18 – OPERATING EXPENSES

… where we are delivering against our $1.5bn net productivity target with a $249m or 7.2% reduction in underlying core fixed costs in 1H18. This means that the results of our cost productivity programmes more than offset inflation, increased power costs and reinvestment.

We continue to focus on productivity that improves customer advocacy, improves internal processes and takes cost out of our business.

Our company-wide productivity efforts have now delivered almost $500 million cumulatively from the project to date.

Looking across our first half costs, there were three main factors that masked the underlying core fixed cost decline.

- **Increased nbn costs** including CVC/AVC costs of $248m and one-off DA and cost to connect of $97m
- **Increased NAS costs** of $218m which support growth in NAS revenue; and
- **Increased mobile hardware costs** as a result of increased sales and device prices. The mobile hardware margin in dollar terms was broadly flat on PCP.

The average net nbn cost to connect per customer in 1H18 was broadly flat on PCP. In this half, we had a higher proportion of business connections which are more expensive. We continue to focus on reducing the unit cost.

Currently, our reported nbn cost to connect includes some costs that are business-as-usual nbn connections. The amount that is BAU is small and will contribute to tens of millions of dollars of additional cost to connect in FY18.

In FY19, we plan on revising our nbn cost to connect to capture only nbn migrations from legacy networks and ensure that the one-off nbn cost to connect is zero at the end of migration to nbn.

Turning to product EBITDA performance.

SLIDE 19 – EBITDA

Overall, we saw an increase in EBITDA on a guidance basis, up 2.4% to $5.315bn.

Underlying EBITDA was down $389m. The negative recurring influence of the nbn for this half was approximately $370m. This means we have absorbed $870m of the nbn impact to date.

The impact of the nbn on our recurring EBITDA includes:

- Increased CVC/AVC payments to nbn co
- Increased recurring nbn receipts, e.g. ISA
- Some of the reductions in fixed voice and data and IP revenues, including wholesale; and
- Cost savings on our legacy networks.

In 1H18, the nbn impact of approximately $370m included:

- $248m increased network payments to nbn co, and
- around $200m other reduction in fixed EBITDA including wholesale; offset by
- $81m increase in recurring nbn receipts.

Outside recurring nbn impacts, the remaining core was down approximately $15m. We will go through this on the next slide.

New businesses EBITDA was down $4m excluding impairment.

One-off nbn DA EBITDA and nbn costs to connect were up $515m in line with the nbn network rollout. This included $612m of increased income including retraining, partly offset by $97m of increased costs.

Turning to recurring core product EBITDA performance.

SLIDE 20 – PRODUCT EBITDA PERFORMANCE

Starting from the bottom, the difference between the reported EBITDA of $5.061bn and the recurring core of $4.372bn, is the guidance adjustments, nbn one-off and new businesses.

Our recurring core EBITDA was down approximately $15m excluding the $370m recurring impact from nbn.

- Mobile was down $13m;
- Data & IP was down $47m mostly due to legacy migration;
- NAS was down $11m impacted by timing of major contract milestones;
- Global connectivity was down $22m; and
- Other core was up $74m including: increased nbn commercial works sale of assets and lower restructuring costs in 1H18, partly offset by a lower direct contribution from media.

Turning now to our performance by product.

SLIDE 21 – PRODUCT PERFORMANCE MOBILE

Mobile revenue was up 0.8% on the prior corresponding period including net SIO add momentum and hardware growth.

During the half we added 235,000 retail mobile services, including 130,000 postpaid handheld services. We added 21,000 Belong mobile and 118,000 wholesale mobile services in the half, as we successful execute on our multi-brand strategy.

Postpaid handheld revenue declined 1.1% with Q2 SIO momentum offset by ARPU ex MRO decline of 2.9%. Postpaid handheld ARPU was influenced by competition and some one-off impacts. We are continuing to see customer migration to higher minimum monthly commitment plans in consumer, however this has been offset by lower out of bundle revenue.

By segment, sequential postpaid handheld ARPU growth was achieved in consumer in 2H17, this reversed in 1H18. Business and enterprise ARPU also declined sequentially in 1H18 due to reduced out of bundle revenue including from roaming.

Postpaid mobile handheld churn of 10.9% continues to be low by international standards.

The rate of mobile broadband revenue decline in 1H18 improved from 8.6% on PCP to 1.7% sequentially. This included revenue growth from postpaid services sequentially, offset by continued decline in prepaid.

We added 34,000 mobile broadband services in the half with postpaid SIO growth from tablet and entertainment offers in consumer, and continued demand for the productivity benefits of tablets and the nighthawk device in business and enterprise. Postpaid mobile broadband ARPU declined only slightly in 1H18 on 2H17 with introduction of new offers and Foxtel Now content inclusions. The decline in prepaid unique users and ARPU continued as customers substitute prepaid mobile broadband with mobile handset tethering.

And in media, over the last year, we have seen more than a threefold increase to over 1.5m customers who have activated our Sports Live Pass.

Machine to machine (M2M) revenue grew 7.4% on PCP, with 158,000 SIOs added in the half. We continue to see growth in M2M with new solutions being implemented in verticals such as logistics, utilities, health and financial services.

The mobile EBITDA margin decreased 1 point to 40% including impact from postpaid handheld ARPU reduction and some one-offs.

Turning to fixed line...

SLIDE 22 – PRODUCT PERFORMANCE FIXED

… where we added 57,000 retail bundled customers during the half. 90% of our retail broadband customer base are now on a bundled plan, many of which are on our entertainment offers including Foxtel from Telstra.

We launched Telstra TV2 on 31 October and now have almost 1.1m devices in market.

Total fixed data revenue declined 1.5% with retail growth offset by increased nbn migration of wholesale services. Retail fixed data revenue increased with 21,000 net subscribers added in the half, including through Belong.

Fixed voice revenue decline increased to 12.7% including wholesale. Across retail customers, we are continuing to focus on retention and benefits from bundling.

Demand for our nbn services continues as we focus on delivering a great customer experience. During the half we added 454,000 nbn connections bringing total nbn connections to 1.63m, and a 51% share ex-satellite.

The fixed voice margin fell by 12 points, and fixed data margin fell by 17 points. Fixed margins were negatively affected by one-off costs of connecting customers to the nbn network, and growing network payments to nbn co. In the half, we have reduced the unit cost to serve for our nbn customers by 17% on PCP.

Excluding nbn related items, the fixed data margin was down approximately 1 point on PCP including the impact from mix shift to retail.

Across fixed, as you heard from Andy, we have taken bold steps to win customers, including the launch of unlimited data on higher-end plans and doubling data on all other plans.

Turning to data and IP...

SLIDE 23 – PRODUCT PERFORMANCE DATA & IP

…where revenue declined 5.5%, reflecting IP customer wins including volume and connection growth in IP VPN/MAN, offset by legacy declines across ISDN, IP WAN and calling products.

ISDN declined 12.9%. We expect further acceleration in decline as migration to contemporary products including nbn continues.

Our EBITDA margin of 59% was maintained.

Turning to Network Applications and Services, or NAS…

SLIDE 24 - PRODUCT PERFORMANCE NAS

…which grew double digit or 14.1% to almost $1.7bn in revenue for the half.

NAS EBITDA declined due to the timing of major contract milestones and timing of some costs. Our NAS business is subject to short-term variations due to major contracts and their associated milestones.

Exclusive of these contract milestones and one-offs, our underlying NAS EBITDA performance continues to improve and supports our commitment to mid-teen NAS margins at maturity through increased scale, scalable standardised offerings and lower unit costs.

Turning to global connectivity…

SLIDE 25 – PRODUCT PERFORMANCE GLOBAL CONNECTIVITY

…which consists of our enterprise business outside Australia.

Revenue grew by 6.7% in local currency with customers continuing to respond well to the scale, reach and low latency of our products.

Global EBITDA declined in the half due to a revenue mix shift towards lower margin products and yield pressure. In 1H18, these impacts were more experienced in the first quarter. Our second quarter performance was more encouraging, and we are focussed on returning to growth.

Turning to Foxtel….

SLIDE 26 – FOXTEL

Foxtel revenue decreased 2% with Broadcast and Now subscribers growing 3% on the prior corresponding period.

Foxtel EBITDA decreased 16.7% due to lower revenue and continued investment in programming.

In Telstra's books, we commenced equity accounting for Foxtel from the end of September 2017 following the capitalisation of our Foxtel loan.

Turning to our capital position…

SLIDE 27 – CAPITAL POSITION

Gross debt remained largely flat due to 1H18 maturities of term debt being offset by debt issuance and short term funding.

Net debt increased by $0.5bn as a result of funding the strategic capex and working capital.

As a result, our gearing increased to 52.5% including impairment.

Our financial parameters remain within our comfort zones and consistent with an A band credit rating.

Our average gross borrowing costs reduced to 4.8% and debt maturity was 4.4 years.

Capex to sales was 18% and we remain on track for FY18 capex guidance. Our capex numbers include around $60m of non cash capex related to data centres that we won't fund until 2023.

Excluding impairment, 1H18 Return on Equity was 27% and Return on Invested Capital was 14.2%, well above our costs of capital. Our future ratios will continue to be influenced by the changing mix in our major products as well as reduced profitability in our fixed business.

Turning to guidance.

SLIDE 28 – GUIDANCE

Consistent with our announcement on 1 December 2017, in FY18 we expect income in the range of $27.6bn to $29.5bn and EBITDA of $10.1bn to $10.6bn.

Guidance for EBITDA is after absorbing incremental restructuring costs of $200m to $300m to support productivity.

We expect net one-off nbn DA receipts less nbn net cost to connect of $1.4bn to $1.9bn.

We expect to spend capex of $4.4bn to $4.8bn or approximately 18% capex to sales. We expect free cashflow to be in the range of $4.2bn to $4.7bn.

As is usually the case, the basis on which we provided guidance is detailed in the slide footnote.

Thank you. I will hand back to Nathan to moderate the Q&A.

[END]

Half year results and operations review

Summary financial results	1H18 $m	1H17 $m	Change %
Total revenue	**12,907**	12,806	0.8
Total income (excluding finance income)	**14,510**	13,703	5.9
Operating expenses	**9,418**	8,512	10.6
Share of net (loss) from joint ventures and associated entities	**(31)**	(2)	n/m
EBITDA	**5,061**	5,189	(2.5)
Depreciation and amortisation	**2,219**	2,248	(1.3)
EBIT	**2,842**	2,941	(3.4)
Net finance costs	**274**	283	(3.2)
Income tax expense	**886**	873	1.5
Profit for the period	**1,682**	1,785	(5.8)
Profit attributable to equity holders of Telstra	**1,703**	1,791	(4.9)
Capex[1]	**2,299**	2,050	12.1
Free cashflow	**1,716**	1,378	24.5
Earnings per share (cents)	**14.3**	14.8	(3.4)

1. Capex is defined as additions to property, equipment and intangible assets including capital lease additions, excluding expenditure on spectrum, measured on an accrued basis. Capex excludes externally funded capex.

Reported results

Telstra increased subscriber numbers on mobile and fixed, reduced underlying core fixed costs and made progress under the strategic investment program.

On a reported basis, including the Ooyala impairment, total income was up 5.9 per cent, EBITDA was down 2.5 per cent, NPAT was down 5.8 per cent and basic EPS was down 3.4 per cent. On a guidance basis total income was up 5.4 per cent and EBITDA was up 2.4 per cent. As announced on 2 February 2018, we made a non-cash impairment of $273 million and wrote down the carrying value of Ooyala to zero. Excluding this impairment, NPAT was up 9.5 per cent and basic EPS was up 12.2 per cent.

We have been operating within a significant period of change, including migration to the nbn, competitive challenges, accelerating pace of technological change and preparation for the transition to 5G. Within this environment, we have delivered a solid result in line with guidance for this half. We are in one of the most dynamic periods the company has faced and need to increase our level of intensity, and we are stepping up how we aggressively compete in the market, particularly leveraging our multi-brand strategy including Telstra, Belong, Boost and Telstra Wholesale.

Our productivity program has delivered a 7.2 per cent or $249 million reduction in underlying core fixed costs, more than offsetting inflation, higher power costs and reinvestment. While we announced increased targets in August 2017, we will look to do even more, again increasing our focus on reducing costs.

This is critical against the background of the acceleration in the rollout of the nbn, which is having a material economic impact on Telstra. Of the estimated $3 billion annual impact, to date we have cumulatively absorbed approximately $870 million of the negative EBITDA impact from the nbn, including $370 million in the period.

The impact of the nbn, along with increased competition, highlights the importance of the up to $3 billion strategic investment program, and we are on track to deliver economic benefits from this of more than $500 million of EBITDA by FY21. We will accelerate these investments to lay the foundation of future success, scrutinising every aspect of our capital spending to ensure our investments are driving the greatest results.

The numbers and commentary in the product, expense and segment performance sections have been prepared on a continuing operations basis and align with the statutory financial statements.

Results on a guidance basis[1]	1H18	FY18 Guidance
Total income[2]	**$14.4b**	$27.6b to $29.5b
EBITDA	**$5.3b**	$10.1b to $10.6b
Net one-off nbn DA receipts less nbn net Cost to Connect (C2C)	**$1.0b**	$1.4b to $1.9b
Capex	**$2.3b**	$4.4b to $4.8b
Free cashflow	**$1.8b**	$4.2b to $4.7b

Guidance versus reported results[1]	1H18 Reported results $m	1H18 Adjustments $m	1H18 Guidance basis $m
Total income[2]	**14,510**	(69)	**14,441**
EBITDA[3]	**5,061**	254	**5,315**
Free cashflow	**1,716**	47	**1,763**

1. This guidance assumes wholesale product price stability and no impairments to investments, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumes the nbn™ rollout is broadly in accordance with the nbn Corporate Plan 2018 adjusted for a cease sale on hybrid fibre co-axial (HFC) technology for six to nine months from 11 December 2017. Capex excludes externally funded capex. Please refer to the guidance versus reported results reconciliation on page 10. This reconciliation has been reviewed by our auditors.
2. Total income excludes finance income.
3. EBITDA guidance adjustments include a $273m impairment loss for the Ooyala Holdings Group.

On 15 February 2018, the Directors of Telstra Corporation Limited resolved to pay a fully franked interim dividend of 11.0 cents per ordinary share, comprising an interim ordinary dividend of 7.5 cents and an interim special dividend of 3.5 cents. The interim ordinary dividend represents a 71 per cent payout ratio on underlying earnings excluding the impairment of the Ooyala Holdings Group, while the interim special dividend represents a 58 per cent payout ratio of 1H18 net one-off nbn receipts. Our underlying earnings were $1,240 million excluding impairment or $967 million including impairment, while net one-off nbn receipts were $715 million.

Shares will trade excluding entitlement to the dividends from 28 February 2018 with payment on 29 March 2018.

Segment performance

We report segment information on the same basis as our internal management reporting structure as at reporting date. Segment comparatives reflect organisational changes that have occurred since the prior reporting period to present a like-for-like view.

Income related to nbn Definitive Agreements (nbn DAs) and commercial works is reported in the All Other segment with the exception of Infrastructure Service Agreement (ISA) amounts included in Telstra Wholesale and nbn commercial works included in Telstra Operations.

Segment total income

Total external income	1H18 $m	1H17 $m	Change %
Telstra Consumer and Small Business	**7,418**	7,395	0.3
Telstra Enterprise	**3,938**	3,845	2.4
Telstra Wholesale	**1,412**	1,336	5.7
Telstra Operations	**637**	525	21.3
All Other	**1,105**	602	83.6
Total Telstra segments	**14,510**	13,703	5.9

Telstra Consumer and Small Business

Telstra Consumer and Small Business provides telecommunication products, services and solutions across mobiles, fixed and mobile broadband, telephony and Pay TV/IPTV and digital content to consumer and small business customers in Australia. Income in this segment increased by 0.3 per cent to $7,418 million.

Telstra Consumer income increased by 1.0 per cent with mobile services revenue increasing by 0.3 per cent and fixed data increasing by 2.3 per cent. Fixed voice continued its ongoing decline, falling by 11.4 per cent.

Telstra Small Business income declined by 4.3 per cent, negatively impacted by lower mobile services revenue which declined by 4.8 per cent due to ARPU reductions which offset customer net adds. Ongoing fixed voice decline also contributed to the fall. Network Applications and Services (NAS) business revenue continued to grow, increasing by 13.4 per cent, driven primarily by growth in cloud services.

Telstra Enterprise

Telstra Enterprise is responsible for sales and contract management for medium and large business and government customers in Australia and globally. It also provides product management for advanced technology solutions and services, including Data & IP networks and NAS products such as managed networks, unified communications, cloud, industry solutions and integrated services.

Income for Telstra Enterprise increased by 2.4 per cent to $3,938 million. Telstra Enterprise domestic income increased by 1.8 per cent due to continued double digit growth in NAS, which grew by 11.7 per cent. This was largely offset by ongoing fixed voice decline and ARPU declines across mobility and Data & IP.

Telstra Enterprise international income increased by 5.2 per cent, mainly due to NAS from additional customer premise equipment sales and the newly acquired Company85, and growth in fixed products from FY17 initiatives.

Telstra Wholesale

Telstra Wholesale is responsible for the provision of a wide range of telecommunication products and services delivered over Telstra networks and associated support systems to non-Telstra branded carriers, carriage service providers and internet service providers.

Wholesale income grew by 5.7 per cent to $1,412 million, largely due to an increase in ISA ownership receipts which have increased in line with the nbn™ network rollout.

Telstra Operations

Telstra Operations is primarily a service delivery centre supporting the revenue generating activities of other segments.

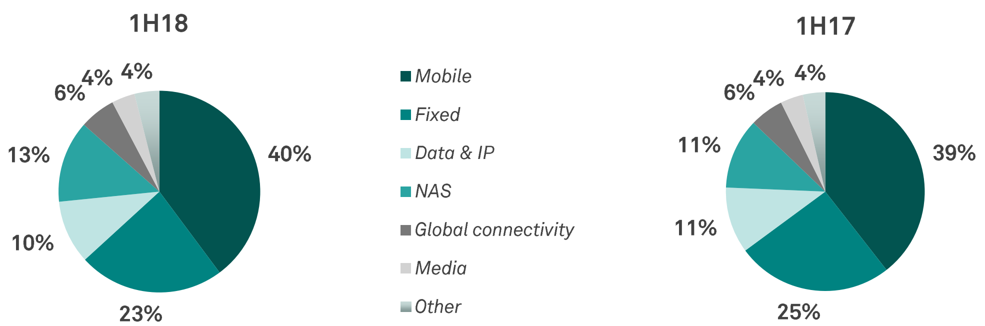
It is also a provider of network services to nbn co under the nbn DAs and commercial contracts. Income grew to $637 million, primarily due to an increase in nbn commercial works.

All Other

Certain items of income and expense relating to multiple reportable segments are recorded by our corporate areas and included in the All Other category. This category also includes Technology, Innovation and Strategy (including Telstra Ventures and Ooyala), New Businesses (including Telstra Health), and Media & Marketing. Income growth in this category was largely due to increased nbn disconnection fees (Per Subscriber Address Amount (PSAA)) in line with the nbn™ network rollout.

Product performance

Product sales revenue breakdown



Key product revenue	1H18 $m	1H17 $m	Change %
Mobile	**5,082**	5,043	0.8
Fixed	**2,986**	3,255	(8.3)
Data & IP	**1,300**	1,376	(5.5)
NAS	**1,677**	1,470	14.1
Global connectivity	**735**	704	4.4

EBITDA margins[1]	1H18 (%)	2H17 (%)	1H17 (%)	FY17 (%)
Mobile	**40**	45	41	43
Fixed voice[2]	**38**	45	50	48
Fixed data[2]	**17**	28	34	31
Data & IP	**59**	58	59	59
NAS	**6**	9	8	9
Global connectivity	**15**	17	18	18

1. The data in this table includes minor adjustments to historic numbers to reflect changes in product hierarchy.
2. Margins include nbn voice and data products.

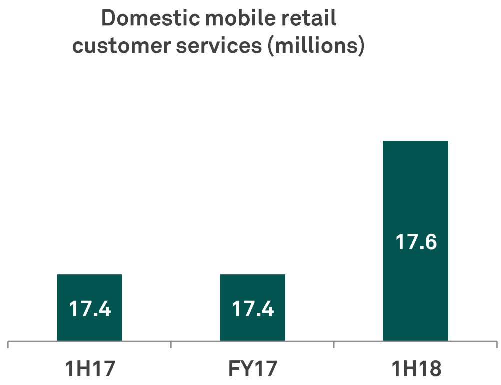
Mobile

Mobile sales revenue increased by 0.8 per cent to $5,082 million, mostly due to net add momentum and associated growth in hardware revenue and wholesale resale.

Retail customer services increased by 235,000 in the half, bringing the total to 17.6 million. We now have 7.7 million postpaid handheld retail customer services, an increase of 130,000. There was improved momentum in 2Q18 from iPhone X, while Belong® mobile was launched successfully with 21,000 net adds in 1H18.

Postpaid handheld revenue declined by 1.1 per cent to $2,682 million as ARPU declined by 2.9 per cent from $67.88 to $65.92 (excluding the impact of mobile repayment options) due to higher data inclusions. Continued growth in monthly minimum commitments was offset by lower out of bundle revenue.

Prepaid handheld revenue declined by 1.8 per cent to $493 million, with ARPU growth of 5.6 per cent from $21.50 to $22.70 offset by a 184,000 decline in unique users over the year (66,000 decline in the half).



Mobile broadband revenue declined by 8.6 per cent to $470 million despite customer services increasing by 34,000 in the half, however there was ongoing improvement in the rate of revenue decline. Mobile broadband revenue decreased by 1.7 per cent in the sequential period between 2H17 and 1H18 as the mix shift slows from old dongle plans to newer tablet plans at a lower ARPU.

Mobile hardware revenue grew by 8.2 per cent to $1,160 million including stronger demand for iPhone 8 and iPhone X devices compared with iPhone 7S which was launched in the prior corresponding period.

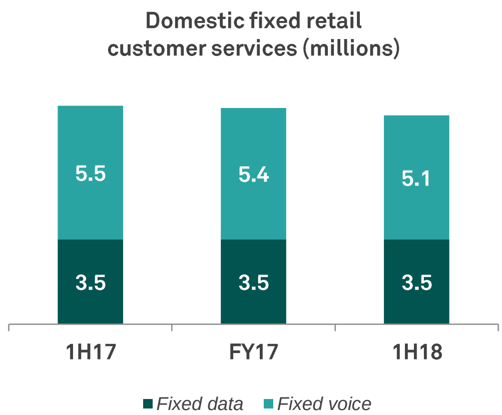
Mobile EBITDA margin declined by 1 percentage point to 40 per cent due to postpaid handheld ARPU reduction and some one-offs. 2H17 EBITDA margins benefited from services revenue growth, mobile handset leasing and some seasonality.

Fixed

Fixed revenue declined by 8.3 per cent to $2,986 million, impacted by an increased rate of nbn migration and competition.

Fixed voice revenue decreased by 12.7 per cent to $1,401 million due to lower retail and wholesale customer services. Retail fixed voice line loss was 243,000 in the half, taking total retail fixed voice customers to 5.1 million. Fixed voice ARPU decline was lower than that of the prior corresponding period, decreasing by 3.8 per cent to $37.17. There continues to be a focus on retention activity and momentum from bundling.

Fixed data revenue declined by 1.5 per cent to $1,257 million, as retail fixed data revenue growth of 1.9 per cent was offset by lower wholesale revenue due to nbn migration. There were 21,000 retail fixed data net subscriber additions including Belong®, bringing the total retail fixed data customers to 3.5 million. Fixed data ARPU increased by 0.8 per cent to $50.62 compared with a 2.7 per cent decline in the prior corresponding period.



Retail bundles, including the recently launched 'Unlimited Data Bundles', continued to perform well. The total number of customers taking up a bundle increased by 57,000 in the half, with 90 per cent of our retail fixed data customer base now on a bundled plan. We continue to lead the nbn market with a total of 1,630,000 nbn connections, an increase of 454,000 in the half. Our nbn market share is now 51 per cent (excluding satellite).

Other fixed revenue, which includes intercarrier services, platinum services, payphones, and customer premises equipment, decreased by 12.5 per cent to $328 million. Intercarrier access services revenue declined by 12.5 per cent.

Fixed voice and fixed data EBITDA margins declined to 38 and 17 per cent respectively, negatively affected by upfront costs of connecting customers to the nbn™ network, and rising network payments to nbn co.

Data & IP
Data & IP revenue decreased by 5.5 per cent to $1,300 million reflecting legacy product declines across ISDN, IP WAN and calling products, which offset IP customer growth.

IP access revenue declined by 1.6 per cent as competitive yield pressures and legacy product declines offset customer growth in IP VPN and IP MAN. The accelerated decline in ISDN revenue, down 12.9 per cent, represents legacy migration to growth IP products, and NAS collaboration and calling solutions.

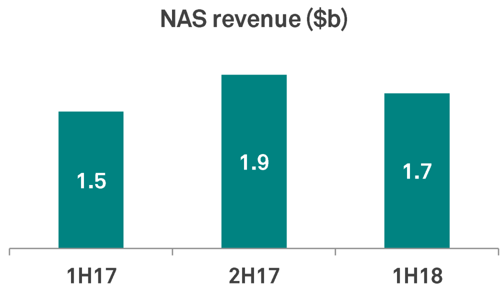
Other data and calling products revenue, which includes wholesale internet and data, inbound calling products, and other global products and solutions, decreased by 6.0 per cent to $489 million.

Data & IP EBITDA margin remained stable at 59 per cent.

Network Applications and Services (NAS)
NAS revenue grew by 14.1 per cent to $1,677 million with continued double digit growth across Business and Enterprise customer segments.

Managed network services revenue increased by 7.7 per cent, reflecting a 15.9 per cent growth in security services revenue and other one-off revenue in managed data networks. Managed data networks revenue grew by 6.2 per cent. Unified communications increased by 4.3 per cent due to collaboration and calling solutions as well as growth in professional services from timing of milestones.

Cloud services revenue growth of 14.6 per cent was facilitated by annuity growth in public cloud, with further growth coming from consulting services and cloud applications.



Industry solutions revenue growth of 22.2 per cent was driven by nbn and other commercial works.

NAS EBITDA margin declined by 2 percentage points to 6 per cent due to the timing of major contract milestones.

Global connectivity
Global connectivity represents the international business of Telstra Enterprise. Revenue grew by 6.7 per cent in local currency (LC) terms due to continued NAS and fixed product growth as customers continued to respond positively to the increased scale and reach of the Telstra product portfolio.

Fixed revenue increased by 9.8 per cent (LC) as a result of wholesale voice customer growth, while NAS revenue grew by 36.3 per cent (LC) due to uptake in managed network services and customer premise equipment. Our global services footprint was expanded with the acquisition of Company85 in June 2017. The decline of 0.6 per cent (LC) in Data & IP revenue was mostly due to yield pressure.

On a reported AUD basis, global connectivity revenue increased by 4.4 per cent to $735 million.

Global connectivity EBITDA margin declined by 3 percentage points to 15 per cent due to revenue mix changes, yield pressure and some one-off costs.

Media
Media revenue excluding cable increased by 0.8 per cent to $475 million due to the performance of Foxtel from Telstra, which grew by 0.8 per cent to $393 million and had 51,000 subscriber additions over the past year. Foxtel from Telstra revenue and subscribers grew despite a broader industry transition from Broadcast to IPTV.

There are now 1,112,000 Telstra TV devices in the market, with growth expected to continue following the launch of the new Telstra TV in October 2017.

Sports Live Pass users increased significantly to 1,586,000 across AFL, NRL and Netball on the back of improved customer experience. Almost all users receive the service as part of their mobile subscription.

Other
Other sales revenue includes revenue related to nbn co access to our infrastructure, and revenue from Telstra Health (currently focused on consolidating operations) and Ooyala.

Other revenue primarily consists of Go Mobile Swap lease income and rental income.

Other income includes gains and losses on asset and investment sales (including assets transferred under the nbn DAs), income from government grants under the Telstra Universal Service Obligation Performance Agreement (TUSOPA), income from nbn disconnection fees (PSAA), subsidies and other miscellaneous items. The increase in other income of 78.7 per cent during the period is largely due to an increase in one-off PSAA and ISA receipts in line with the progress of the nbn™ network rollout.

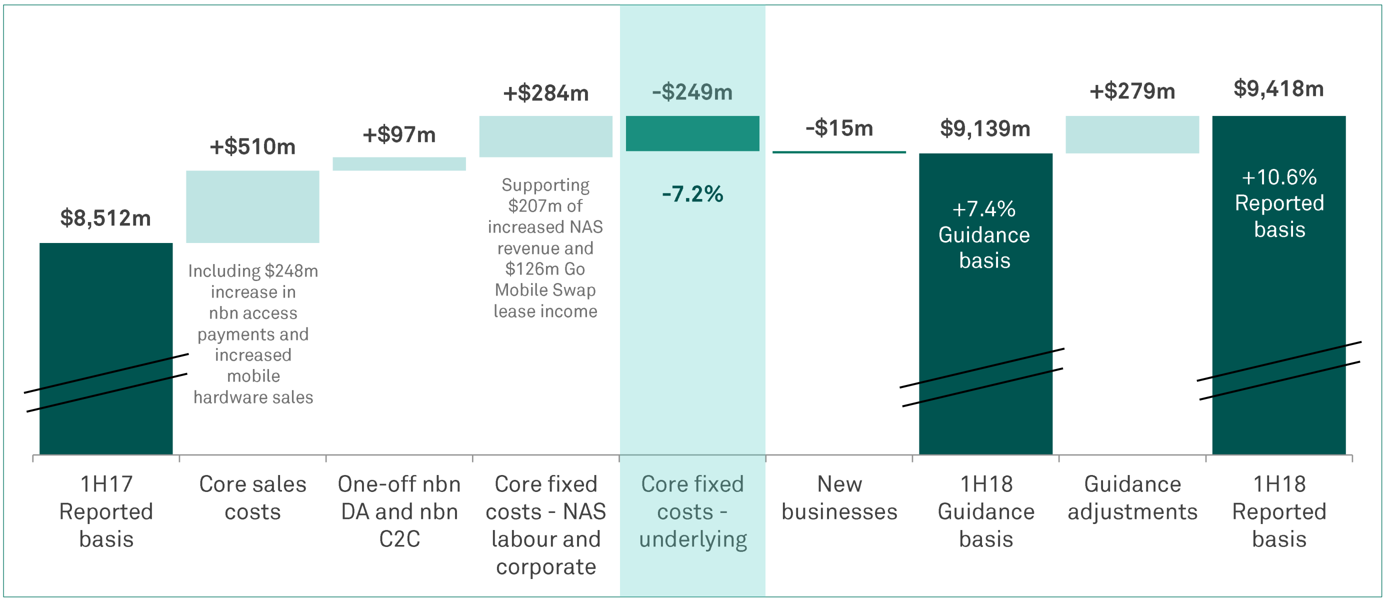
Expense performance

In August 2017, we announced we would deliver more than a $1 billion reduction in underlying core fixed costs by FY20 and an additional $500 million annual reduction by FY22. This means we will deliver more than $1.5 billion net productivity by FY22.

We have delivered against our cost ambitions for the half and are ahead of the run rate required for our more than $1.5 billion net productivity target with underlying core fixed costs declining by 7.2 per cent or $249 million. Our total reported costs grew due to increased nbn access payments, nbn C2C, nbn commercial works and other large NAS projects, and restructuring costs.

Operating expenses	1H18 $m	1H17 $m	Change $m	Change %
Core sales costs[1]	**4,108**	3,598	510	14.2
Core fixed costs	**4,571**	4,536	35	0.8
- Underlying	**3,211**	3,460	(249)	(7.2)
- NAS labour and corporate[2]	**1,360**	1,076	284	26.4
New businesses costs[3]	**151**	166	(15)	(9.0)
One-off nbn DA and nbn C2C	**309**	212	97	45.8
Total Guidance	**9,139**	**8,512**	**627**	**7.4**
Guidance adjustments[4]	**279**	-	279	n/m
Total Reported	**9,418**	**8,512**	**906**	**10.6**

1. Core sales costs excludes goods and services purchased associated with new businesses and nbn C2C.
2. NAS labour and corporate costs include significant transactions and events associated with NAS commercial works and labour, global connectivity costs including FX, Go Mobile Swap lease costs and bond rate impacts. 1H17 restated to include $165m (1H18 $134m) additional restructuring costs represented as a guidance adjustment in prior year.
3. New businesses includes Telstra Health, Ooyala and Telstra Ventures.
4. Guidance adjustments include a $273m impairment loss for the Ooyala Holdings Group.



Total operating expenses increased by 10.6 per cent to $9,418 million. Core sales costs, which are direct costs associated with revenue and customer growth, increased by $510 million or 14.2 per cent due to increased nbn access payments and increased variable costs supporting revenue growth across mobile hardware, NAS and global connectivity. NAS labour and corporate costs increased by $284 million or 26.4 per cent, which supported the $207 million of increased NAS revenue and the $126 million Go Mobile Swap lease income. One-off nbn DA and nbn C2C grew by $97 million or 45.8 per cent as the nbn™ network rollout continues to accelerate.

Our progress on achieving our productivity target is reported through the above operating expenses table. The detail below provides commentary on the operating expenses as disclosed in our statutory accounts.

Operating expenses	1H18	1H17	Change
	$m	$m	%
Labour[1]	**2,663**	2,684	(0.8)
Goods and services purchased[2]	**4,238**	3,693	14.8
Other expenses[1]	**2,517**	2,135	17.9
Total operating expenses	**9,418**	8,512	10.6

1. Labour and other expenses consists of core fixed costs, and the non-core sales components of new businesses costs, and one-off nbn DA and nbn C2C.
2. Goods and services purchased includes core sales costs and sales costs relating to new businesses, and one-off nbn DA and nbn C2C.

Labour
Total labour expenses decreased by 0.8 per cent or $21 million to $2,663 million. Redundancy costs decreased by 30.1 per cent or $44 million resulting from higher restructuring related costs in 1H17. This was partially offset by a 1.5 per cent or $29 million increase in salary and associated costs due to annual pay increases.

Total full time staff and equivalents decreased by 1.7 per cent or 569 to 31,982.

Goods and services purchased
Goods and services purchased increased by 14.8 per cent or $545 million to $4,238 million.

Cost of goods sold, which includes mobile handsets, tablets, dongles, broadband modems and NAS hardware, increased by 7.1 per cent or $114 million to $1,711 million on the back of higher iPhone volumes throughout November and December 2017 and growth in our NAS business.

Service fees, which are primarily for Foxtel, Stay Connected, mobile content and NAS related costs, increased by 14.5 per cent or $120 million.

Network payments increased by 37.6 per cent or $297 million to $1,086 million, including a $247 million increase in nbn access payments as customers migrate across to nbn services. Offshore network payments were $55 million higher mainly due to higher voice outpayments.

Other expenses
Total other expenses increased by 17.9 per cent or $382 million to $2,517 million. This was largely due to the recognition of a $273 million impairment loss for the Ooyala Holdings Group.

Service contract and other agreement costs decreased by $77 million to $797 million due to a reduction in consultancy fees.

Depreciation and amortisation
Depreciation and amortisation decreased by 1.3 per cent to $2,219 million primarily due to the net effect of our annual assessment of useful lives performed so far resulting in a $93 million decrease in depreciation expense and a $13 million decrease in amortisation expense.

Foreign currency impacts
For the purposes of reporting our consolidated results, the translation of foreign operations denominated in foreign currency to Australian dollars decreased our expenses by $24 million across labour, goods and services purchased, and other expenses. This foreign exchange impact has been offset by a loss to sales revenue, resulting in a favourable EBITDA contribution of $1 million.

Net finance costs
Net borrowing costs reduced by $6 million from $348 million to $342 million. The movement comprised a reduction in borrowing costs of $36 million offset by a decrease in interest income of $30 million.

The movement in borrowing costs reflects a $2 million reduction in interest on finance leases and a $34 million decrease in interest expense on borrowings. The reduction in interest expense on borrowings was driven by a significant reduction in our average gross interest cost from 5.4 per cent to 4.8 per cent, offset by an increase in average gross debt from $15.9 billion to $16.4 billion. This reflects a combination of issuing term debt at lower interest rates as well as greater use of short term debt, including revolving bank facilities, to manage liquidity.

The reduction in borrowing costs was offset by a $30 million decrease in interest income on financial instruments. This included an $18 million decrease in interest on cash and cash equivalents, driven by lower average cash balances period on period, and a $12 million reduction in interest income from joint venture entities, which was a result of the capitalisation of the Foxtel shareholder loan on 28 September 2017.

Total net finance costs decreased by 3.2 per cent or $9 million to $274 million. This includes the $6 million reduction in net borrowings costs, with defined benefit plan and capitalised interest reducing total net finance costs by a further $2 million and $7 million respectively. The favourable movement in capitalised interest was driven by higher capital expenditure offset by a lower capitalisation rate due to lower cost of borrowing.

The reduction in total net finance costs was offset by a $6 million unfavourable movement in remeasurements. Remeasurements represent (non-cash) unrealised gains and losses associated with our derivative financial instruments.

Summary Statement of Cash Flows	1H18	1H17	Change
	$m	$m	%
Net cash provided by operating activities	**3,773**	3,162	19.3
Total capital expenditure	**(2,648)**	(2,258)	(17.3)
Other investing cash flows	**591**	474	24.7
Net cash used in investing activities	**(2,057)**	(1,784)	(15.3)
Free cashflow	**1,716**	1,378	24.5
Net cash used in financing activities	**(2,068)**	(3,741)	44.7
Net (decrease) in cash and cash equivalents	**(352)**	(2,363)	85.1
Cash and cash equivalents at the beginning of the period	**936**	3,550	(73.6)
Effects of exchange rate changes on cash and cash equivalents	**-**	1	n/m
Cash and cash equivalents at the end of the period	**584**	1,188	(50.8)

Financial Position

Capital expenditure and cash flow

Net cash provided by operating activities increased by 19.3 per cent to $3,773 million mainly due to an increase in one-off nbn receipts as the nbn™ network rollout continues to accelerate, and improvements in working capital initiatives including Go Mobile Swap leasing. The increase in net cash used in investing activities primarily reflects the increase in capital expenditure for the period.

Our operating capital expenditure for the half was 18.0 per cent of sales revenue or $2,299 million. Capital expenditure will remain approximately 18.0 per cent of sales revenue during the FY18-19 period as the up to $3 billion of strategic investment announced in August 2016 continues to be invested across the business. We have invested approximately $1.4 billion or approximately half of the additional capital expenditure, including $1.3 billion on networks and $100 million on digitisation.

During the half we upgraded our core backbone infrastructure to meet future customer demand and improve resilience, switched on our Cat M1 Internet of Things (IoT) capability (the largest IoT coverage in Australia), deployed our next generation optical transport network, and are well advanced in our planning for 5G. Our investments continue to support industry leading mobile differentiation, coverage, speed and resiliency.

Free cashflow generated from operating and investing activities was $1,716 million, representing an increase of $338 million or 24.5 per cent. This was due to an increase in net cash provided by operating activities. The decrease in net cash used in financing activities principally reflects the $1.5 billion share buyback program that was completed in the prior corresponding period.

On a guidance basis free cashflow was $1,763 million, which is consistent with historical first half cashflow trends. Performance against guidance has been adjusted for free cashflow associated with M&A activity ($20 million) and spectrum ($27 million).

Debt position

Our gross debt position was $16,415 million, comprising borrowings of $17,619 million and net derivative assets of $1,204 million. Gross debt increased by $197 million from $16,218 million at 30 June 2017 as a result of a $1,101 million increase in debt during the year being offset by $922 million debt maturities, as detailed in the tables below. Debt issuance includes a 10 year $500 million United States dollar bond ($648 million Australian dollar equivalent) transacted in November 2017 and maturing November 2027.

Debt issuance	$m
Drawn bank loans and facilities	350
Debt capital markets	648
Short term commercial paper (net)	43
Other loans	60
Total	**1,101**

Debt repayments	$m
Debt capital markets	(853)
Finance leases	(60)
Other loans	(9)
Total	**(922)**

The remainder of the movement in gross debt comprises non-cash finance lease additions of $32 million and bank overdraft of $1 million, offset by revaluation impacts of $15 million including unrealised movements on our derivatives.

Net debt has increased by $548 million to $15,828 million. This increase comprised a net free cash inflow of $1,716 million offset by dividend and finance costs paid of approximately $2.2 billion. Cash and cash equivalents at the end of the period were $587 million, excluding $3 million bank overdraft.

Financial settings	1H18 Actual	FY18 Comfort zone
Debt servicing[1]	1.6x	1.3 to 1.8x
Gearing[2]	52.5%	50% to 70%
Interest cover[3]	14.6x	>7x

1. Debt servicing ratio equals net debt to EBITDA.
2. Gearing ratio equals net debt to net debt plus total equity.
3. Interest cover equals EBITDA to net interest.

We remain within our comfort ranges for all our credit metrics. Our gearing ratio is 52.5 per cent (51.2 per cent at 30 June 2017), debt servicing is 1.6 times (1.4 times) and interest cover is 14.6 times (15.4 times).

Summary Statement of Financial Position	1H18 $m	1H17 $m	Change %
Current assets	**7,704**	7,862	(2.0)
Non-current assets	**34,478**	34,271	0.6
Total assets	**42,182**	42,133	0.1
Current liabilities	**9,369**	9,159	2.3
Non-current liabilities	**18,466**	18,414	0.3
Total liabilities	**27,835**	27,573	1.0
Net assets	**14,347**	14,560	(1.5)
Total equity	**14,347**	14,560	(1.5)
Return on average assets (%)	**13.8%**	15.6%	(1.8)pp
Return on average equity (%)	**23.6%**	25.6%	(2.0)pp

Statement of Financial Position
Our balance sheet remains in a strong position with net assets of $14,347 million.

Current assets decreased by 2.0 per cent to $7,704 million largely as a result of the reduction in cash and cash equivalents of $351 million. Cash and cash equivalents continue to be used to fund our strategic investment program. Trade and other receivables decreased by $53 million. Inventories increased by $209 million primarily due to mobility inventories and demand for Apple products.

Non-current assets increased by 0.6 per cent to $34,478 million. Investments accounted for using the equity method increased by $454 million primarily as a result of the capitalisation of the Foxtel shareholder loan on 28 September 2017. Property, plant and equipment increased by $318 million, largely driven by mobile and Networks 2020 project investments. This was offset by a reduction in intangible assets of $384 million, which includes a $242 million impairment loss against goodwill for the Ooyala Holdings Group. Trade and other receivables reduced by $164 million following the reclassification of the Foxtel shareholder loan to Investments, partially offset by an increase in trade debtors (relating to customer deferred debt) and other receivables.

Current liabilities increased by 2.3 per cent to $9,369 million. Current borrowings increased by $324 million resulting from an increase in term debt due to mature within 12 months. This was offset by a reduction in other provisions of $73 million.

Non-current liabilities remained largely flat, increasing by 0.3 per cent to $18,466 million. Derivative financial liabilities reduced by $84 million due to foreign currency movements and other valuation impacts arising from measuring to fair value. As our derivatives are used to hedge foreign currency and interest rate exposures, the movement in total derivative position is largely offset by corresponding movements in borrowings and reserves (equity). This was offset by an increase in deferred tax liabilities of $97 million, while other provisions increased by $30 million.

Guidance versus reported results

This schedule details the adjustments made to the reported results for the current period to reflect the performance of the business on the basis on which we provided guidance to the market. This guidance assumes wholesale product price stability and no impairments to investments, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumes the nbn™ rollout is broadly in accordance with the nbn Corporate Plan 2018 adjusted for a cease sale on hybrid fibre co-axial (HFC) technology for six to nine months from 11 December 2017. Capex excludes externally funded capex.

	Reported – Half-year ended 31 Dec			Adjustments Dec-17							Dec-16			Guidance Basis – Half-year ended 31 Dec		
	2017	2016	Growth	M&A Controlled Entities[1]	M&A JVs / Associates[1]	M&A Other Investments[1]	M&A Disposals[1]	Foxtel[2]	Spectrum[3]	Impairment[4]	Restructuring[5]	Spectrum[6]	M&A[7]	2017	2016	Growth
	$m	$m	%	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Sales revenue	**12,764**	12,787	**(0.2%)**	(6)	0	0	0	0	0	0	0	0	0	**12,758**	12,787	**(0.2%)**
Total revenue	**12,907**	12,806	**0.8%**	(6)	0	0	(25)	(38)	0	0	0	0	0	**12,838**	12,806	**0.3%**
Total income (excl. finance income)	**14,510**	13,703	**5.9%**	**(6)**	**0**	**0**	**(25)**	**(38)**	**0**	**0**	**0**	**0**	**0**	**14,441**	13,703	**5.4%**
Labour	**2,663**	2,684	**(0.8%)**	(3)	0	0	0	0	0	0	0	0	0	**2,660**	2,684	**(0.9%)**
Goods and services purchased	**4,238**	3,693	**14.8%**	(2)	0	0	0	0	0	0	0	0	0	**4,236**	3,693	**14.7%**
Other expenses	**2,517**	2,135	**17.9%**	(1)	0	0	0	0	0	(273)	0	0	0	**2,243**	2,135	**5.0%**
Operating expenses	**9,418**	8,512	**10.6%**	**(6)**	**0**	**0**	**0**	**0**	**0**	**(273)**	**0**	**0**	**0**	**9,139**	8,512	**7.4%**
Share of net profit/(loss) from joint ventures and associated entities	**(31)**	(2)	**nm**	0	0	0	0	44	0	0	0	0	0	**13**	(2)	**nm**
EBITDA	**5,061**	5,189	**(2.5%)**	**0**	**0**	**0**	**(25)**	**6**	**0**	**273**	**0**	**0**	**0**	**5,315**	5,189	**2.4%**
Depreciation and amortisation	**2,219**	2,248	**(1.3%)**	0	0	0	0	0	0	0	0	0	0	**2,219**	2,248	**(1.3%)**
EBIT	**2,842**	2,941	**(3.4%)**	**0**	**0**	**0**	**(25)**	**6**	**0**	**273**	**0**	**0**	**0**	**3,096**	2,941	**5.3%**
Net finance costs	**274**	283	**(3.2%)**	0	0	0	0	0	0		0	0	0	**274**	283	**(3.2%)**
Profit before income tax expense	**2,568**	2,658	**(3.4%)**	**0**	**0**	**0**	**(25)**	**6**	**0**	**273**	**0**	**0**	**0**	**2,822**	2,658	**6.2%**
Income tax expense	**886**	873	**1.5%**	0	0	0	0	(11)	0	0	0	0	0	**875**	873	**0.2%**
Profit for the period	**1,682**	1,785	**(5.8%)**	**0**	**0**	**0**	**(25)**	**17**	**0**	**273**	**0**	**0**	**0**	**1,947**	1,785	**9.1%**
Attributable to:																
Equity holders of Telstra Entity	**1,703**	1,791	**(4.9%)**	0	0	0	(25)	17	0	264	0	0	0	**1,959**	1,791	**9.4%**
Non-controlling interests	**(21)**	(6)	**nm**	0	0	0	0	0	0	9	0	0	0	**(12)**	(6)	**100.0%**
Free cashflow	**1,716**	1,378	**24.5%**	**53**	**2**	**31**	**(66)**	**0**	**27**	**0**	**129**	**27**	**87**	**1,763**	1,621	

This table has been reviewed by our auditors.

Note:

There are a number of factors that have impacted our results this financial year. In the table above, we have adjusted the results for:

(1) Mergers & Acquisitions (M&A adjustments):

Adjustments relating to acquisition of controlled entities and contingent consideration. This includes the acquisition of MTData Holdings Pty Ltd and its controlled entities, the acquisition of Virtual Machine Technology Pty Ltd and its controlled entity, and acquisition adjustment for Company85 Limited.

Joint Ventures/Associates includes additional investments in Whispir Limited, Near Pte Ltd and IPScape Pty Ltd.

Other investments includes acquisitions or additional investments in ASAPP Inc, Cape Productions Inc, RipCord Digital Inc, Cumulus Networks Inc, vArmour Networks Inc, Monk's Hill Ventures Fund I, L.P., NSOne Inc, Boomtown Inc and Muru-D Pty Ltd.

During this period we disposed of our investment in 1300 Australia Pty Ltd, Tele Sign Holdings Inc, IP Health Pty Ltd and Velocloud Networks Inc.

(2) Foxtel adjustments:

Adjustments relating to fair value gains resulting from the conversion of the shareholder loan into additional investment in the Foxtel joint venture and recognition of our cumulative unrecognised share of equity accounted losses.

(3) Spectrum adjustments:

Adjustment relating to the impact on Free cashflow associated with our Spectrum purchases and renewals for the period including:

$27m for renewal of spectrum licences in the 900 MHz band.

(4) Impairment adjustments:

Adjustments relating to an impairment of $273m for the remaining goodwill, intangibles and property, plant and equipment in Ooyala.

(5) Restructuring adjustments:

Adjustments for the strategic focus on accelerating restructure activity including Fitter and Faster programs in addition to our normal business as usual redundancies for the period.

Adjustments for the strategic focus on the incremental capex spend announced at the 2016 full year results to promote sustainable network differentiation, support digitisation, productivity and boost customer experience.

(6) Spectrum adjustments:

Adjustments relating to the impact on Free cashflow associated with our Spectrum purchases and renewals for the period ($27m for Spectrum licences in the PTS 900 MHz/PMTS Class B (935-960 MHz)).

(7) M&A adjustments:

Adjustments relating to acquisition of controlled entities and businesses. This includes the acquisition of Mercury Holdings Corporation Pty Ltd and its controlled entities, Fusion Payments Pty Ltd and the acquisition of the Cognevo business from the Wynyard Group. Joint Ventures/Associates includes additional investments in Near Pte Ltd, ProQuo Pty Ltd and enepath (Group Holdings) Pte Ltd. Other Investments include purchase of shares/additional shares in NSOne Inc, Attack IQ Inc, Headspin Inc and Monk's Hill Ventures Fund. During this period we disposed of our investment in Vonage Holdings Corporation.

Results of operations

	Half-year ended 31 December 2017 $M	2016 $M	Change $M	Change %
Sales revenue	**12,764**	12,787	(23)	(0.2)
Other revenue (i)	**143**	19	124	n/m
Total revenue	**12,907**	12,806	101	0.8
Other income (ii)	**1,603**	897	706	78.7
Total income (excluding finance income)	**14,510**	13,703	807	5.9
Labour	**2,663**	2,684	(21)	(0.8)
Goods and services purchased	**4,238**	3,693	545	14.8
Other expenses	**2,517**	2,135	382	17.9
Operating expenses	**9,418**	8,512	906	10.6
Share of net (loss) from joint ventures and associated entities	**(31)**	(2)	(29)	n/m
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)	**5,061**	5,189	(128)	(2.5)
Depreciation and amortisation	**2,219**	2,248	(29)	(1.3)
Earnings before interest and income tax expense (EBIT)	**2,842**	2,941	(99)	(3.4)
Net finance costs	**274**	283	(9)	(3.2)
Profit before income tax expense	**2,568**	2,658	(90)	(3.4)
Income tax expense	**886**	873	13	1.5
Profit for the period	**1,682**	1,785	(103)	(5.8)
Attributable to:				
Equity holders of Telstra Entity	**1,703**	1,791	(88)	(4.9)
Non-controlling interests	**(21)**	(6)	(15)	n/m
	1,682	1,785	(103)	(5.8)
Effective tax rate on operations	**34.5%**	32.8%		1.7 pp
EBITDA margin on sales revenue	**39.7%**	40.6%		(0.9) pp
EBIT margin on sales revenue	**22.3%**	23.0%		(0.7) pp
	cents	cents	Change cents	Change %
Earnings per share (cents per share)				
Basic (iii)	14.3	14.8	(0.5)	(3.4)
Diluted (iii)	14.3	14.8	(0.5)	(3.4)

(i) Other revenue primarily consists of Go Mobile Swap lease income (31 Dec 2017: $126m; 31 Dec 2016: $nil) and rental income.

(ii) Other income includes gains and losses on asset and investment sales (including assets transferred under the nbn Definitive Agreements), income from government grants under the Telstra Universal Service Obligation Performance Agreement, income from nbn™ network disconnection fees, subsidies and other miscellaneous items.

(iii) Basic and diluted earnings per share are impacted by the effect of shares held in trust by Telstra Growthshare Trust (Growthshare) and by the Telstra Employee Share Ownership Plan Trust II (TESOP99).

n/m = not meaningful

Revenue

	Half-year ended 31 December			
	2017 $M	2016 $M	Change $M	Change %
Fixed products				
Fixed voice	**1,401**	1,604	(203)	(12.7)
Fixed data	**1,257**	1,276	(19)	(1.5)
Other fixed revenue (i)	**328**	375	(47)	(12.5)
Total fixed revenue	**2,986**	3,255	(269)	(8.3)
Mobiles				
Postpaid handheld	**2,682**	2,712	(30)	(1.1)
Prepaid handheld	**493**	502	(9)	(1.8)
Mobile broadband	**470**	514	(44)	(8.6)
Machine to Machine (M2M)	**73**	68	5	7.4
Satellite	**7**	7	0	0.0
Mobile interconnection	**106**	101	5	5.0
Mobile services revenue - wholesale resale	**91**	67	24	35.8
Total mobile services revenue	**3,922**	3,971	(49)	(1.2)
Mobiles hardware	**1,160**	1,072	88	8.2
Total mobile revenue	**5,082**	5,043	39	0.8
Data & IP				
ISDN products	**243**	279	(36)	(12.9)
IP access	**568**	577	(9)	(1.6)
Other data and calling products	**489**	520	(31)	(6.0)
Total Data & IP revenue	**1,300**	1,376	(76)	(5.5)
Total Network applications and services revenue	**1,677**	1,470	207	14.1
Media				
Foxtel from Telstra	**393**	390	3	0.8
IPTV	**32**	43	(11)	(25.6)
Mobility and other content	**50**	38	12	31.6
Cable	**35**	51	(16)	(31.4)
Total media revenue	**510**	522	(12)	(2.3)
Total Global connectivity revenue	**735**	704	31	4.4
Other sales revenue (ii)	**474**	417	57	13.7
Sales revenue	**12,764**	12,787	(23)	(0.2)
Other revenue (iii)	**143**	19	124	n/m
Total revenue	**12,907**	12,806	101	0.8
Other income (iv)	**1,603**	897	706	78.7
Total income	**14,510**	13,703	807	5.9

(i) Other fixed revenue includes intercarrier services, payphones, customer premises equipment and narrowband.
(ii) Other sales revenue primarily includes revenue related to nbn co access to our infrastructure and miscellaneous revenue. It also includes revenue from Telstra Health and Telstra Software.
(iii) Other revenue primarily consists of Go Mobile Swap lease income (31 Dec 2017: $126m; 31 Dec 2016: nil) and rental income.
(iv) Other income includes gains and losses on asset and investment sales (including assets transferred under the nbn Definitive Agreements), income from government grants under the Telstra Universal Service Obligation Performance Agreement, income from nbn™ network disconnection fees, subsidies and other miscellaneous items.
n/m = not meaningful

Expenses

	Half-year ended 31 December			
	2017 $M	2016 $M	Change $M	Change %
Salary and associated costs	**1,920**	1,891	29	1.5
Other labour expenses	**171**	173	(2)	(1.2)
Labour substitution	**470**	474	(4)	(0.8)
Redundancy	**102**	146	(44)	(30.1)
Total labour	**2,663**	2,684	(21)	(0.8)
Cost of goods sold	**1,711**	1,597	114	7.1
Network payments	**1,086**	789	297	37.6
Other	**1,441**	1,307	134	10.3
Total goods and services purchased	**4,238**	3,693	545	14.8
Service contracts and other agreements	**797**	874	(77)	(8.8)
Impairment expenses (including bad and doubtful debts)	**391**	102	289	n/m
Other	**1,329**	1,159	170	14.7
Total other expenses	**2,517**	2,135	382	17.9
Total operating expenses	**9,418**	8,512	906	10.6
Depreciation	**1,496**	1,508	(12)	(0.8)
Amortisation	**723**	740	(17)	(2.3)
Total depreciation and amortisation	**2,219**	2,248	(29)	(1.3)

Net finance costs

	Half-year ended 31 December			
	2017 $M	2016 $M	Change $M	Change %
Finance income	**48**	77	(29)	(37.7)
Finance costs	**322**	360	(38)	(10.6)
Net finance costs	**274**	283	(9)	(3.2)

Statement of Cash Flows

	Half-year ended 31 December			
	2017	2016	Change	Change
	$M	$M	$M	%
Cash flows from operating activities				
Receipts from customers (inclusive of goods and services tax (GST))	**15,679**	15,039	640	4.3
Payments to suppliers and employees (inclusive of GST)	**(11,256)**	(11,173)	(83)	(0.7)
Government grants received	**156**	178	(22)	(12.4)
Net cash generated by operations	**4,579**	4,044	535	13.2
Income taxes paid	**(806)**	(882)	76	8.6
Net cash provided by operating activities	**3,773**	3,162	611	19.3
Cash flows from investing activities				
Payments for property, plant and equipment	**(1,928)**	(1,672)	(256)	(15.3)
Payments for intangible assets	**(634)**	(528)	(106)	(20.1)
Capital expenditure (before investments)	**(2,562)**	(2,200)	(362)	(16.5)
Payments for businesses and shares in controlled entities (net of cash acquired)	**(53)**	(44)	(9)	(20.5)
Payments for joint ventures and associated entities	**(2)**	(5)	3	60.0
Payments for other investments	**(31)**	(9)	(22)	n/m
Total capital expenditure (including investments)	**(2,648)**	(2,258)	(390)	(17.3)
Proceeds from sale of property, plant and equipment	**413**	365	48	13.2
Proceeds from sale of business and shares in controlled entities (net of cash disposed)	**42**	-	42	n/m
Proceeds from sale of other investments	**24**	1	23	n/m
Distributions received from associated entities	**9**	10	(1)	(10.0)
Interest received	**34**	55	(21)	(38.2)
Other	**69**	43	26	60.5
Net cash used in investing activities	**(2,057)**	(1,784)	(273)	(15.3)
Operating cash flows less investing cash flows	**1,716**	1,378	338	24.5
Cash flows from financing activities				
Proceeds from borrowings	**4,366**	1,392	2,974	n/m
Repayment of borrowings	**(4,127)**	(1,226)	(2,901)	n/m
Repayment of finance lease principal amounts	**(60)**	(62)	2	3.2
Share buy-back	**-**	(1,502)	1,502	n/m
Purchase of shares for employee share plans	**(18)**	(22)	4	18.2
Finance costs paid	**(387)**	(429)	42	9.8
Dividends paid to equity holders of Telstra Entity	**(1,842)**	(1,894)	52	2.7
Other	**-**	2	(2)	n/m
Net cash used in financing activities	**(2,068)**	(3,741)	1,673	44.7
Net (decrease) in cash and cash equivalents	**(352)**	(2,363)	2,011	85.1
Cash and cash equivalents at the beginning of the period	**936**	3,550	(2,614)	(73.6)
Effects of exchange rate changes on cash and cash equivalents	**-**	1	(1)	n/m
Cash and cash equivalents at the end of the period	**584**	1,188	(604)	(50.8)

n/m = not meaningful

Statement of Financial Position

	As at 31 Dec 17 $M	30 Jun 17 $M	Change $M	Change %
Current assets				
Cash and cash equivalents	**587**	938	(351)	(37.4)
Trade and other receivables	**5,415**	5,468	(53)	(1.0)
Inventories	**1,102**	893	209	23.4
Derivative financial assets	**53**	21	32	152.4
Current tax receivables	**11**	11	0	0.0
Prepayments	**536**	531	5	0.9
Total current assets	**7,704**	7,862	(158)	(2.0)
Non-current assets				
Trade and other receivables	**875**	1,039	(164)	(15.8)
Inventories	**29**	29	0	0.0
Investments - accounted for using the equity method	**648**	194	454	n/m
Investments - other	**275**	292	(17)	(5.8)
Property, plant and equipment	**21,668**	21,350	318	1.5
Intangible assets	**9,174**	9,558	(384)	(4.0)
Derivative financial assets	**1,644**	1,623	21	1.3
Deferred tax assets	**53**	44	9	20.5
Defined benefit assets	**112**	142	(30)	(21.1)
Total non-current assets	**34,478**	34,271	207	0.6
Total assets	**42,182**	42,133	49	0.1
Current liabilities				
Trade and other payables	**4,208**	4,189	19	0.5
Employee benefits	**860**	865	(5)	(0.6)
Other provisions	**117**	190	(73)	(38.4)
Borrowings	**2,800**	2,476	324	13.1
Derivative financial liabilities	**41**	42	(1)	(2.4)
Current tax payables	**146**	161	(15)	(9.3)
Revenue received in advance	**1,197**	1,236	(39)	(3.2)
Total current liabilities	**9,369**	9,159	210	2.3
Non-current liabilities				
Other payables	**66**	70	(4)	(5.7)
Employee benefits	**159**	160	(1)	(0.6)
Other provisions	**164**	134	30	22.4
Borrowings	**14,819**	14,808	11	0.1
Derivative financial liabilities	**452**	536	(84)	(15.7)
Deferred tax liabilities	**1,636**	1,539	97	6.3
Defined benefit liability	**6**	6	0	0.0
Revenue received in advance	**1,164**	1,161	3	0.3
Total non-current liabilities	**18,466**	18,414	52	0.3
Total liabilities	**27,835**	27,573	262	1.0
Net assets	**14,347**	14,560	(213)	(1.5)
Equity				
Share capital	**4,422**	4,421	1	0.0
Reserves	**(142)**	(105)	(37)	(35.2)
Retained Profits	**10,066**	10,225	(159)	(1.6)
Equity available to Telstra Entity shareholders	**14,346**	14,541	(195)	(1.3)
Non-controlling interests	**1**	19	(18)	(94.7)
Total equity	**14,347**	14,560	(213)	(1.5)
Gross debt	**16,415**	**16,218**	197	1.2
Net debt	**15,828**	**15,280**	548	3.6
EBITDA interest cover (times) (i)	**14.6**	**15.4**	(0.8)	(4.9)
Net debt to EBITDA	**1.6**	**1.4**	0.2	14.3
ROA - Return on average assets (ii)	**13.8%**	15.6%		(1.8) pp
ROE - Return on average equity (ii)	**23.6%**	25.6%		(2.0) pp
ROI - Return on average investment (ii)	**18.9%**	21.4%		(2.5) pp
ROIC - Return on invested capital (ii)	**12.4%**	14.7%		(2.3) pp
Gearing ratio (net debt to capitalisation) (ii)	**52.5%**	51.2%		1.3 pp

(i) EBITDA interest cover equals EBITDA to net interest.

(ii) Ratio has been measured on a continuing basis.

n/m = not meaningful

ARPU ($)

	Half-year ended			Dec 17 vs Dec 16		Dec 17 vs Jun 17	
	Dec 2017	Jun 2017	Dec 2016	**Change**	Change	**Change**	Change
	$	$	$	**$**	%	**$**	%
Fixed voice	**37.17**	38.03	38.65	(1.48)	(3.8)	(0.86)	(2.3)
Fixed data	**50.62**	50.41	50.20	0.42	0.8	0.21	0.4
Postpaid handheld (incl. MRO)	**58.60**	60.62	60.80	(2.20)	(3.6)	(2.02)	(3.3)
Postpaid handheld (excl. MRO)	**65.92**	67.54	67.88	(1.96)	(2.9)	(1.61)	(2.4)
Prepaid handheld	**22.70**	22.63	21.50	1.20	5.6	0.07	0.3
Mobile broadband	**19.86**	20.15	21.58	(1.72)	(8.0)	(0.29)	(1.4)
M2M	**5.34**	6.16	5.65	(0.31)	(5.5)	(0.82)	(13.3)
Satellite	**37.10**	37.02	39.03	(1.93)	(4.9)	0.08	0.2

Services in operation

	Half-year ended			Dec 17 vs Dec 16		Dec 17 vs Jun 17	
	Dec 2017	Jun 2017	Dec 2016	**Change**	Change	**Change**	Change
	K	K	K	**K**	%	**K**	%
Fixed products							
Basic access lines in service							
Retail (i)	**5,120**	5,363	5,549	(429)	(7.7)	(243)	(4.5)
Wholesale	**955**	1,124	1,251	(296)	(23.7)	(169)	(15.0)
Total fixed voice lines in service	**6,075**	6,487	6,800	(725)	(10.7)	(412)	(6.4)
Fixed data SIOs - retail (ii)	**3,532**	3,511	3,469	63	1.8	21	0.6
Fixed data SIOs - wholesale	**554**	683	784	(230)	(29.3)	(129)	(18.9)
Fixed data	**4,086**	4,194	4,253	(167)	(3.9)	(108)	(2.6)
ISDN access (basic line equivalents)	**918**	973	1,004	(86)	(8.6)	(55)	(5.7)
Unconditioned local loop (ULL) SIOs	**1,234**	1,390	1,496	(262)	(17.5)	(156)	(11.2)
Line spectrum sharing services (LSS) (iii)	**326**	384	437	(111)	(25.4)	(58)	(15.1)
Mobiles SIOs							
Postpaid handheld retail mobile	**7,692**	7,562	7,480	212	2.8	130	1.7
Prepaid handheld retail mobile	**3,575**	3,662	3,870	(295)	(7.6)	(87)	(2.4)
Total mobile broadband (data card)	**3,964**	3,930	3,977	(13)	(0.3)	34	0.9
M2M	**2,346**	2,188	2,053	293	14.3	158	7.2
Satellite	**32**	32	31	1	3.2	0	0.0
Total retail mobile	**17,609**	17,374	17,411	198	1.1	235	1.4
Total wholesale mobile	**862**	744	637	225	35.3	118	15.9
Prepaid handheld unique users (iv)	**2,432**	2,498	2,616	(184)	(7.0)	(66)	(2.6)
Foxtel from Telstra	**799**	808	748	51	6.8	(9)	(1.1)

(i) Includes nbn™ SIOs.
(ii) Includes nbn™ SIOs and Belong SIOs.
(iii) Excluded from wholesale broadband SIOs.
(iv) Prepaid unique users defined as the three month rolling average of monthly active prepaid users.
Note: Statistical data represents management's best estimates.

Workforce

	Half-year ended			Dec 17 vs Dec 16		Dec 17 vs Jun 17	
	Dec 2017	Jun 2017	Dec 2016	**Change**	Change	**Change**	Change
					%		%
Employee data							
Full time staff equivalents	**31,982**	32,293	32,551	(569)	(1.7)	(311)	(1.0)

Note: Statistical data represents management's best estimates.

Segment information from operations

	Total external income Half-year ended 31 December			EBITDA contribution Half-year ended 31 December		
	2017 $M	2016 $M	Change %	2017 $M	2016 $M	Change %
Telstra Consumer and Small Business	**7,418**	7,395	0.3	**3,592**	3,923	(8.4)
Telstra Enterprise	**3,938**	3,845	2.4	**1,556**	1,753	(11.2)
Telstra Wholesale	**1,412**	1,336	5.7	**1,317**	1,226	7.4
Telstra Operations	**637**	525	21.3	**(1,390)**	(1,414)	1.7
All Other	**1,105**	602	83.6	**(14)**	(299)	95.3
Total Telstra segments	**14,510**	13,703	5.9	**5,061**	5,189	(2.5)

Revenue by Business Segment

	Half-year ended 31 December		
	2017 $M	2016 $M	Change %
Telstra Consumer			
Fixed voice	**797**	900	(11.4)
Fixed data	**933**	912	2.3
Mobile services revenue	**2,475**	2,468	0.3
Telstra Small Business			
Fixed voice	**274**	321	(14.6)
Fixed data	**161**	160	0.6
Mobile services revenue	**671**	705	(4.8)
Network applications and services (NAS)	**127**	112	13.4
Telstra Enterprise Australia			
Mobile services revenue	**716**	729	(1.8)
Data & IP	**975**	1,024	(4.8)
Network applications and services (NAS)	**1,142**	1,022	11.7

Product profitability - EBITDA margins %

	Half-year ended		
	Dec 2017	Jun 2017	Dec 2016
Mobile	40%	45%	41%
Fixed data (i)	17%	28%	34%
Fixed voice (i)	38%	45%	50%
Data & IP	59%	58%	59%
NAS	6%	9%	8%

Note: Product margins represent management's best estimates.
(i) Includes nbn™ voice and data.

Product profitability - EBITDA ($M)

	Half Year ended		
	Dec 2017	Jun 2017	Dec 2016
Mobile	**2,052**	2,254	2,065
Fixed data (i)	**216**	360	439
Fixed voice (i)	**529**	681	809
Data & IP	**770**	769	817
NAS	**101**	178	112

Note: Product margins represent management's best estimates.
(i) Includes nbn™ voice and data.

Telstra Corporation Limited
Half-year comparison
Half-year ended 31 December 2017

Summary Reported Half-yearly Data ($ Millions)	Half 1 Dec-13	PCP Growth	Half 2 Jun-14	PCP Growth	Full year Jun-14	PCP Growth	Half 1 Dec-14	PCP Growth	Half 2 Jun-15	PCP Growth	Full year Jun-15	PCP Growth	Half 1 Dec-15	PCP Growth	Half 2 Jun-16	PCP Growth	Full year Jun-16	PCP Growth	Half 1 Dec-16	PCP Growth	Half 2 Jun-17	PCP Growth	Full year Jun-17	PCP Growth	Half 1 Dec-17	PCP Growth
Revenue																										
Fixed products																										
Fixed voice	2,058	(7.3%)	1,974	(7.6%)	4,032	(7.4%)	1,917	(6.9%)	1,829	(7.3%)	3,746	(7.1%)	1,770	(7.7%)	1,664	(9.0%)	3,434	(8.3%)	1,604	(9.4%)	1,516	(8.9%)	3,120	(9.1%)	1,401	(12.7%)
Fixed data	1,090	6.0%	1,128	6.5%	2,218	6.3%	1,175	7.8%	1,204	6.7%	2,379	7.3%	1,254	6.7%	1,259	4.6%	2,513	5.6%	1,276	1.8%	1,277	1.4%	2,553	1.6%	1,257	(1.5%)
Fixed other [i]	231	(1.3%)	231	0.4%	462	(0.4%)	104	(55.0%)	95	(58.9%)	199	(56.9%)	98	(5.8%)	96	1.1%	194	(2.5%)	94	(4.1%)	83	(13.5%)	177	(8.8%)	82	(12.8%)
Intercarrier services	288	(7.4%)	298	2.8%	586	(2.5%)	309	7.3%	311	4.4%	620	5.8%	293	(5.2%)	285	(8.4%)	578	(6.8%)	281	(4.1%)	271	(4.9%)	552	(4.5%)	246	(12.5%)
Total fixed revenue	**3,667**	**(3.3%)**	**3,631**	**(2.3%)**	**7,298**	**(2.8%)**	**3,505**	**(4.4%)**	**3,439**	**(5.3%)**	**6,944**	**(4.9%)**	**3,415**	**(2.6%)**	**3,304**	**(3.9%)**	**6,719**	**(3.2%)**	**3,255**	**(4.7%)**	**3,147**	**(4.8%)**	**6,402**	**(4.7%)**	**2,986**	**(8.3%)**
Mobiles																										
Postpaid handheld	2,495	5.0%	2,511	3.5%	5,006	4.2%	2,733	9.5%	2,718	8.2%	5,451	8.9%	2,734	0.0%	2,713	(0.2%)	5,447	(0.1%)	2,712	(0.8%)	2,736	0.8%	5,448	0.0%	2,682	(1.1%)
Prepaid handheld	419	19.4%	460	22.3%	879	20.9%	498	18.9%	496	7.8%	994	13.1%	495	(0.6%)	464	(6.5%)	959	(3.5%)	502	1.4%	511	10.1%	1,013	5.6%	493	(1.8%)
Mobile broadband	643	11.6%	644	3.9%	1,287	7.6%	609	(5.3%)	604	(6.2%)	1,213	(5.7%)	602	(1.1%)	548	(9.3%)	1,150	(5.2%)	514	(14.6%)	478	(12.8%)	992	(13.7%)	470	(8.6%)
Machine to Machine (M2M)	47	6.8%	54	17.4%	101	12.2%	55	17.0%	58	7.4%	113	11.9%	60	9.1%	72	24.1%	132	16.8%	68	13.3%	78	8.3%	146	10.6%	73	7.4%
Satellite	7	0.0%	7	16.7%	14	7.7%	8	14.3%	8	14.3%	16	14.3%	8	0.0%	7	(12.5%)	15	(6.3%)	7	(12.5%)	7	0.0%	14	(6.7%)	7	0.0%
Mobile interconnection	403	2.0%	377	2.2%	780	2.1%	412	2.2%	424	12.5%	836	7.2%	441	7.0%	98	(76.9%)	539	(35.5%)	101	(77.1%)	100	2.0%	201	(62.7%)	106	5.0%
Mobile services revenue - wholesale resale	65	27.5%	46	(23.3%)	111	0.0%	66	1.5%	76	65.2%	142	27.9%	63	(4.5%)	57	(25.0%)	120	(15.5%)	67	6.3%	77	35.1%	144	20.0%	91	35.8%
Total mobile services revenue	**4,079**	**7.3%**	**4,099**	**5.0%**	**8,178**	**6.1%**	**4,381**	**7.4%**	**4,384**	**7.0%**	**8,765**	**7.2%**	**4,403**	**0.5%**	**3,959**	**(9.7%)**	**8,362**	**(4.6%)**	**3,971**	**(9.8%)**	**3,987**	**0.7%**	**7,958**	**(4.8%)**	**3,922**	**(1.2%)**
Mobiles hardware	784	2.3%	708	(3.1%)	1,492	(0.3%)	946	20.7%	940	32.8%	1,886	26.4%	1,121	18.5%	955	1.6%	2,076	10.1%	1,072	(4.4%)	1,072	12.3%	2,144	3.3%	1,160	8.2%
Total mobile revenue	**4,863**	**6.5%**	**4,807**	**3.7%**	**9,670**	**5.1%**	**5,327**	**9.5%**	**5,324**	**10.8%**	**10,651**	**10.1%**	**5,524**	**3.7%**	**4,914**	**(7.7%)**	**10,438**	**(2.0%)**	**5,043**	**(8.7%)**	**5,059**	**3.0%**	**10,102**	**(3.2%)**	**5,082**	**0.8%**
Data & IP																										
ISDN products	363	(8.8%)	349	(7.9%)	712	(8.4%)	340	(6.3%)	322	(7.7%)	662	(7.0%)	312	(8.2%)	291	(9.6%)	603	(8.9%)	279	(10.6%)	261	(10.3%)	540	(10.4%)	243	(12.9%)
IP access	592	5.9%	598	4.9%	1,190	5.4%	590	(0.3%)	590	(1.3%)	1,180	(0.8%)	583	(1.2%)	557	(5.6%)	1,140	(3.4%)	577	(1.0%)	555	(0.4%)	1,132	(0.7%)	568	(1.6%)
Other data and calling products	728	(3.2%)	723	0.7%	1,451	(1.3%)	528	(27.5%)	514	(28.9%)	1,042	(28.2%)	540	2.3%	548	6.6%	1,088	4.4%	520	(3.7%)	506	(7.7%)	1,026	(5.7%)	489	(6.0%)
Total Data & IP revenue	**1,683**	**(1.5%)**	**1,670**	**0.2%**	**3,353**	**(0.7%)**	**1,458**	**(13.4%)**	**1,426**	**(14.6%)**	**2,884**	**(14.0%)**	**1,435**	**(1.6%)**	**1,396**	**(2.1%)**	**2,831**	**(1.8%)**	**1,376**	**(4.1%)**	**1,322**	**(5.3%)**	**2,698**	**(4.7%)**	**1,300**	**(5.5%)**
Total Network applications and services revenue	**853**	**28.9%**	**1,110**	**26.6%**	**1,963**	**27.6%**	**966**	**13.2%**	**1,353**	**21.9%**	**2,319**	**18.1%**	**1,250**	**29.4%**	**1,329**	**(1.8%)**	**2,579**	**11.2%**	**1,470**	**17.6%**	**1,888**	**42.1%**	**3,358**	**30.2%**	**1,677**	**14.1%**
Media																										
Foxtel from Telstra	297	(1.7%)	308	5.1%	605	1.7%	322	8.4%	340	10.4%	662	9.4%	350	8.7%	369	8.5%	719	8.6%	390	11.4%	387	4.9%	777	8.1%	393	0.8%
IPTV	50	61.3%	44	7.3%	94	30.6%	42	(16.0%)	30	(31.8%)	72	(23.4%)	34	(19.0%)	41	36.7%	75	4.2%	43	26.5%	34	(17.1%)	77	2.7%	32	(25.6%)
Mobility and other content	41	(24.1%)	40	(16.7%)	81	(20.6%)	41	0.0%	38	(5.0%)	79	(2.5%)	34	(17.1%)	36	(5.3%)	70	(11.4%)	38	11.8%	43	19.4%	81	15.7%	50	31.6%
Cable	60	(1.6%)	60	3.4%	120	0.8%	60	0.0%	58	(3.3%)	118	(1.7%)	58	(3.3%)	52	(10.3%)	110	(6.8%)	51	(12.1%)	53	1.9%	104	(5.5%)	35	(31.4%)
Total media revenue	**448**	**0.0%**	**452**	**2.7%**	**900**	**1.4%**	**465**	**3.8%**	**466**	**3.1%**	**931**	**3.4%**	**476**	**2.4%**	**498**	**6.9%**	**974**	**4.6%**	**522**	**9.7%**	**517**	**3.8%**	**1,039**	**6.7%**	**510**	**(2.3%)**
Global connectivity																										
Global connectivity - fixed	0	n/m	0	n/m	0	n/m	115	n/m	129	n/m	244	n/m	148	28.7%	160	24.0%	308	26.2%	141	(4.7%)	162	1.3%	303	(1.6%)	151	7.1%
Global connectivity - data & IP	0	n/m	0	n/m	0	n/m	206	n/m	327	n/m	533	n/m	480	133.0%	480	46.8%	960	80.1%	466	(2.9%)	476	(0.8%)	942	(1.9%)	452	(3.0%)
Global connectivity - other	0	n/m	0	n/m	0	n/m	52	n/m	59	n/m	111	n/m	86	65.4%	100	69.5%	186	67.6%	97	12.8%	107	7.0%	204	9.7%	132	36.1%
Total global connectivity revenue	**0**	**n/m**	**0**	**n/m**	**0**	**n/m**	**373**	**n/m**	**515**	**n/m**	**888**	**n/m**	**714**	**91.4%**	**740**	**43.7%**	**1,454**	**63.7%**	**704**	**(1.4%)**	**745**	**0.7%**	**1,449**	**(0.3%)**	**735**	**4.4%**
Other																										
CSL New World	630	27.5%	415	(19.7%)	1,045	3.4%	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m
Other sales revenue [ii]	420	45.8%	470	46.0%	890	45.9%	333	(20.7%)	400	(14.9%)	733	(17.6%)	421	26.4%	418	4.5%	839	14.5%	417	(1.0%)	445	6.5%	862	2.7%	474	13.7%
Total sales revenue	**12,564**	**3.6%**	**12,555**	**3.1%**	**25,119**	**3.4%**	**12,427**	**(1.1%)**	**12,923**	**2.9%**	**25,350**	**0.9%**	**13,235**	**6.5%**	**12,599**	**(2.5%)**	**25,834**	**1.9%**	**12,787**	**(3.4%)**	**13,123**	**4.2%**	**25,910**	**0.3%**	**12,764**	**(0.2%)**
Other revenue [iii]	62	(7.5%)	139	27.5%	201	14.2%	78	25.8%	100	(28.1%)	178	(11.4%)	54	(30.8%)	23	(77.0%)	77	(56.7%)	19	(64.8%)	84	265.2%	103	33.8%	143	n/m
Total revenue	**12,626**	**3.6%**	**12,694**	**3.3%**	**25,320**	**3.5%**	**12,505**	**(1.0%)**	**13,023**	**2.6%**	**25,528**	**0.8%**	**13,289**	**6.3%**	**12,622**	**(3.1%)**	**25,911**	**1.5%**	**12,806**	**(3.6%)**	**13,207**	**4.6%**	**26,013**	**0.4%**	**12,907**	**0.8%**
Other income [iv]	177	60.9%	799	316.1%	976	223.2%	294	66.1%	290	(63.7%)	584	(40.2%)	513	74.5%	626	115.9%	1,139	95.0%	897	74.9%	1,295	106.9%	2,192	92.4%	1,603	78.7%
Total income (excluding financial income)	**12,803**	**4.1%**	**13,493**	**8.2%**	**26,296**	**6.1%**	**12,799**	**(0.0%)**	**13,313**	**(1.3%)**	**26,112**	**(0.7%)**	**13,802**	**7.8%**	**13,248**	**(0.5%)**	**27,050**	**3.6%**	**13,703**	**(0.7%)**	**14,502**	**9.5%**	**28,205**	**4.3%**	**14,510**	**5.9%**
Expenses																										
Labour	2,367	5.4%	2,365	3.7%	4,732	4.5%	2,375	0.3%	2,407	1.8%	4,782	1.1%	2,634	10.9%	2,407	0.0%	5,041	5.4%	2,684	1.9%	2,697	12.0%	5,381	6.7%	2,663	(0.8%)
Goods and services purchased	3,295	5.1%	3,170	1.9%	6,465	3.5%	3,262	(1.0%)	3,583	13.0%	6,845	5.9%	3,897	19.5%	3,348	(6.6%)	7,245	5.8%	3,693	(5.2%)	3,978	18.8%	7,671	5.9%	4,238	14.8%
Other expenses	1,852	(6.4%)	2,136	15.1%	3,988	4.0%	1,928	4.1%	2,043	(4.4%)	3,971	(0.4%)	1,993	3.4%	2,321	13.6%	4,314	8.6%	2,135	7.1%	2,371	2.2%	4,506	4.5%	2,517	17.9%
Operating expense (before interest)	7,514	2.1%	7,671	5.8%	15,185	4.0%	7,565	0.7%	8,033	4.7%	15,598	2.7%	8,524	12.7%	8,076	0.5%	16,600	6.4%	8,512	(0.1%)	9,046	12.0%	17,558	5.8%	9,418	10.6%
Share of net profit/(loss) from jointly controlled and associated entities	0	n/m	24	n/m	24	n/m	(10)	n/m	29	20.8%	19	(20.8%)	(5)	50.0%	20	(31.0%)	15	(21.1%)	(2)	60.0%	34	70.0%	32	113.3%	(31)	n/m
EBITDA	**5,289**	**7.0%**	**5,846**	**11.9%**	**11,135**	**9.5%**	**5,224**	**(1.2%)**	**5,309**	**(9.2%)**	**10,533**	**(5.4%)**	**5,273**	**0.9%**	**5,192**	**(2.2%)**	**10,465**	**(0.6%)**	**5,189**	**(1.6%)**	**5,490**	**5.7%**	**10,679**	**2.0%**	**5,061**	**(2.5%)**
Depreciation and amortisation	2,013	(2.7%)	1,937	(3.6%)	3,950	(3.1%)	1,985	(1.4%)	1,989	2.7%	3,974	0.6%	2,031	2.3%	2,124	6.8%	4,155	4.6%	2,248	10.7%	2,193	3.2%	4,441	6.9%	2,219	(1.3%)
EBIT	**3,276**	**14.0%**	**3,909**	**21.5%**	**7,185**	**18.0%**	**3,239**	**(1.1%)**	**3,320**	**(15.1%)**	**6,559**	**(8.7%)**	**3,242**	**0.1%**	**3,068**	**(7.6%)**	**6,310**	**(3.8%)**	**2,941**	**(9.3%)**	**3,297**	**7.5%**	**6,238**	**(1.1%)**	**2,842**	**(3.4%)**
Net finance costs	490	2.7%	467	2.4%	957	2.6%	357	(27.1%)	342	(26.8%)	699	(27.0%)	347	(2.8%)	363	6.1%	710	1.6%	283	(18.4%)	308	(15.2%)	591	(16.8%)	274	(3.2%)
Profit before income tax expense	2,786	16.2%	3,442	24.7%	6,228	20.8%	2,882	3.4%	2,978	(13.5%)	5,860	(5.9%)	2,895	0.5%	2,705	(9.2%)	5,600	(4.4%)	2,658	(8.2%)	2,989	10.5%	5,647	0.8%	2,568	(3.4%)
Income tax expense	825	8.8%	854	12.5%	1,679	10.7%	862	4.5%	884	3.5%	1,746	4.0%	872	1.2%	896	1.4%	1,768	1.3%	873	0.1%	900	0.4%	1,773	0.3%	886	1.5%
Profit for the year from continuing operations	**1,961**	**19.6%**	**2,588**	**29.3%**	**4,549**	**25.0%**	**2,020**	**3.0%**	**2,094**	**(19.1%)**	**4,114**	**(9.6%)**	**2,023**	**0.1%**	**1,809**	**(13.6%)**	**3,832**	**(6.9%)**	**1,785**	**(11.8%)**	**2,089**	**15.5%**	**3,874**	**1.1%**	**1,682**	**(5.8%)**
Profit/(loss) for the year from discontinued operations	**(221)**	**(317.0%)**	**17**	**(91.7%)**	**(204)**	**(235.1%)**	**98**	**144.3%**	**93**	**447.1%**	**191**	**193.6%**	**112**	**14.3%**	**1,905**	**1948.4%**	**2,017**	**956.0%**	**0**	**(100.0%)**	**0**	**(100.0%)**	**0**	**(100.0%)**	**0**	**n/m**
Profit for the year	**1,740**	**9.7%**	**2,605**	**18.1%**	**4,345**	**14.6%**	**2,118**	**21.7%**	**2,187**	**(16.0%)**	**4,305**	**(0.9%)**	**2,135**	**0.8%**	**3,714**	**69.8%**	**5,849**	**35.9%**	**1,785**	**(16.4%)**	**2,089**	**(43.8%)**	**3,874**	**(33.8%)**	**1,682**	**(5.8%)**

(i) Other fixed revenue includes payphones, customer premises equipment and narrowband.

(ii) Other sales revenue primarily includes revenue related to nbn co access to our infrastructure and miscellaneous revenue. It also includes revenue from Telstra Health and Telstra Software.

(iii) Other revenue primarily consists of Go Mobile Swap lease income (31 Dec 2017: $126m; 31 Dec 2016: nil) and rental income.

(iv) Other income includes gains and losses on asset and investment sales (including assets transferred under the nbn Definitive Agreements), income from government grants under the Telstra Universal Service Obligation Performance Agreement, income from nbn™ network disconnection fees, subsidies and other miscellaneous items.

n/m = not meaningful

Telstra Corporation Limited
Half-yearly comparison
Half-year ended 31 December 2017

Summary Reported Half-yearly Data	**Half 1 Dec-13**	**PCP Growth**	**Half 2 Jun-14**	**PCP Growth**	**Full year Jun-14**	**PCP Growth**	**Half 1 Dec-14**	**PCP Growth**	**Half 2 Jun-15**	**PCP Growth**	**Full year Jun-15**	**PCP Growth**	**Half 1 Dec-15**	**PCP Growth**	**Half 2 Jun-16**	**PCP Growth**	**Full year Jun-16**	**PCP Growth**	**Half 1 Dec-16**	**PCP Growth**	**Half 2 Jun-17**	**PCP Growth**	**Full Year Jun-17**	**PCP Growth**	**Half 1 Dec-17**	**PCP Growth**
Selected statistical data																										
Fixed voice																										
Retail basic access lines in service (thousands)	6,356	(5.1%)	6,245	(4.3%)	6,245	(4.3%)	6,104	(4.0%)	5,981	(4.2%)	5,981	(4.2%)	5,852	(4.1%)	5,710	(4.5%)	5,710	(4.5%)	5,549	(5.2%)	5,363	(6.1%)	5,363	(6.1%)	5,120	(7.7%)
Wholesale basic access lines in service (thousands)	1,277	5.8%	1,285	3.7%	1,285	3.7%	1,318	3.2%	1,338	4.1%	1,338	4.1%	1,353	2.7%	1,328	(0.7%)	1,328	(0.7%)	1,251	(7.5%)	1,124	(15.4%)	1,124	(15.4%)	955	(23.7%)
Fixed voice lines in service (thousands) (i)	**7,633**	**(3.4%)**	**7,530**	**(3.0%)**	**7,530**	**(3.0%)**	**7,422**	**(2.8%)**	**7,319**	**(2.8%)**	**7,319**	**(2.8%)**	**7,205**	**(2.9%)**	**7,038**	**(3.8%)**	**7,038**	**(3.8%)**	**6,800**	**(5.6%)**	**6,487**	**(7.8%)**	**6,487**	**(7.8%)**	**6,075**	**(10.7%)**
Unconditioned local loop (ULL) services in operation (thousands)	1,400	12.4%	1,482	12.1%	1,482	12.1%	1,528	9.1%	1,563	5.5%	1,563	5.5%	1,570	2.7%	1,547	(1.0%)	1,547	(1.0%)	1,496	(4.7%)	1,390	(10.1%)	1,390	(10.1%)	1,234	(17.5%)
Number of local calls (millions)	1,053	(18.5%)	938	(17.9%)	1,991	(18.2%)	876	(16.8%)	750	(20.0%)	1,626	(18.3%)	727	(17.0%)	624	(16.8%)	1,351	(16.9%)	553	(23.9%)	453	(27.4%)	1,006	(25.5%)	371	(32.9%)
National long distance minutes (millions)	1,706	(17.4%)	1,539	(17.6%)	3,245	(17.5%)	1,378	(19.2%)	1,175	(23.7%)	2,553	(21.3%)	1,171	(15.0%)	1,012	(13.9%)	2,183	(14.5%)	909	(22.4%)	717	(29.2%)	1,626	(25.5%)	602	(33.8%)
Fixed to mobile minutes (millions)	1,241	(9.5%)	1,170	(9.1%)	2,411	(9.3%)	1,112	(10.4%)	996	(14.9%)	2,108	(12.6%)	1,016	(8.6%)	905	(9.1%)	1,921	(8.9%)	858	(15.6%)	729	(19.4%)	1,587	(17.4%)	609	(29.0%)
International direct minutes (millions)	273	23.0%	273	13.3%	546	17.9%	256	(6.2%)	209	(23.4%)	465	(14.8%)	255	(0.4%)	225	7.7%	480	3.2%	194	(23.9%)	143	(36.4%)	337	(29.8%)	106	(45.4%)
Average fixed voice revenue per user per month ($)	44.54	(3.9%)	43.42	(4.6%)	43.94	(4.3%)	42.73	(4.1%)	41.37	(4.7%)	42.05	(4.3%)	40.64	(4.9%)	38.94	(5.9%)	39.88	(5.2%)	38.65	(4.9%)	38.03	(2.3%)	38.46	(3.6%)	37.17	(3.8%)
Fixed data																										
Fixed data SIOs - Retail (thousands)	2,847	6.1%	2,955	6.6%	2,955	6.6%	3,043	6.9%	3,144	6.4%	3,144	6.4%	3,265	7.3%	3,379	7.5%	3,379	7.5%	3,469	6.2%	3,511	3.9%	3,511	3.9%	3,532	1.8%
Broadband wholesale SIOs (thousands)	777	2.1%	789	2.6%	789	2.6%	816	5.0%	841	6.6%	841	6.6%	850	4.2%	840	(0.1%)	840	(0.1%)	784	(7.8%)	683	(18.7%)	683	(18.7%)	554	(29.3%)
Fixed data SIOs (thousands) (ii)	**3,624**	**5.2%**	**3,744**	**5.7%**	**3,744**	**5.7%**	**3,859**	**6.5%**	**3,985**	**6.4%**	**3,985**	**6.4%**	**4,115**	**6.6%**	**4,219**	**5.9%**	**4,219**	**5.9%**	**4,253**	**3.4%**	**4,194**	**(0.6%)**	**4,194**	**(0.6%)**	**4,086**	**(3.9%)**
Belong fixed data SIOs (thousands) (ii)	n/a	n/m	5	n/m	5	n/m	19	m/n	37	640.0%	37	640.0%	62	226.3%	92	148.6%	92	148.6%	123	98.4%	155	68.5%	155	68.5%	180	46.3%
Wholesale line spectrum site sharing (LSS) SIOs (thousands)	614	(6.7%)	589	(6.7%)	589	(6.7%)	569	(7.3%)	544	(7.6%)	544	(7.6%)	516	(9.3%)	478	(12.1%)	478	(12.1%)	437	(15.3%)	384	(19.7%)	384	(19.7%)	326	(25.4%)
Average fixed data revenue per user per month ($)	50.75	0.9%	50.99	0.9%	50.74	0.8%	51.53	1.5%	51.15	0.3%	51.31	1.1%	51.60	0.1%	50.35	(1.6%)	51.04	(0.5%)	50.20	(2.7%)	50.41	0.1%	50.59	(0.9%)	50.62	0.8%
nbn™ premise connections																										
Bundle Connections (thousands)	n/a	n/m	n/a	n/m	n/a	n/m	n/a	n/m	n/a	n/m	n/a	n/m	259	n/m	405	n/m	405	n/m	636	145.6%	952	135.1%	952	135.1%	1,304	105.0%
Data Only Connections (thousands)	n/a	n/m	n/a	n/m	n/a	n/m	n/a	n/m	n/a	n/m	n/a	n/m	18	n/m	34	n/m	34	n/m	52	188.9%	74	117.6%	74	117.6%	92	76.9%
Voice Only Connections (thousands)	n/a	n/m	n/a	n/m	n/a	n/m	n/a	n/m	n/a	n/m	n/a	n/m	52	n/m	61	n/m	61	n/m	106	103.8%	150	145.9%	150	145.9%	234	120.8%
Total nbn™ premise connections (thousands) (iii)	**n/a**	**n/m**	**n/a**	**n/m**	**n/a**	**n/m**	**n/a**	**n/m**	**n/a**	**n/m**	**n/a**	**n/m**	**329**	**n/m**	**500**	**n/m**	**500**	**n/m**	**794**	**141.3%**	**1,176**	**135.2%**	**1,176**	**135.2%**	**1,630**	**105.3%**
Data & IP																										
ISDN access (basic access line equivalents) (thousands)	1,265	(1.3%)	1,225	(4.7%)	1,225	(4.7%)	1,181	(6.6%)	1,137	(7.2%)	1,137	(7.2%)	1,102	(6.7%)	1,049	(7.7%)	1,049	(7.7%)	1,004	(8.9%)	973	(7.2%)	973	(7.2%)	918	(8.6%)
ISDN average revenue per user per month ($)	47.41	(7.9%)	46.79	(5.0%)	47.29	(5.8%)	47.07	(0.7%)	46.31	(1.0%)	46.70	(1.2%)	46.39	(1.4%)	45.14	(2.5%)	45.97	(1.6%)	45.26	(2.4%)	43.96	(2.6%)	44.47	(3.3%)	42.91	(5.2%)
IP MAN SIOs (thousands)	32	14.3%	33	6.5%	33	6.5%	34	6.3%	35	6.1%	35	6.1%	37	8.8%	40	14.3%	40	14.3%	44	18.9%	47	17.5%	47	17.5%	49	11.4%
IP WAN SIOs (thousands)	110	3.8%	110	0.9%	110	0.9%	109	(0.9%)	111	0.9%	111	0.9%	113	3.7%	112	0.9%	112	0.9%	111	(1.8%)	109	(2.7%)	109	(2.7%)	103	(7.2%)
Mobiles																										
Total retail mobile SIOs (thousands) (iv)	15,811	9.6%	16,009	6.2%	16,009	6.2%	16,375	3.6%	16,673	4.1%	16,673	4.1%	16,908	3.3%	17,227	3.3%	17,227	3.3%	17,411	3.0%	17,374	0.9%	17,374	0.9%	17,609	1.1%
Postpaid handheld mobile SIOs (thousands)	7,122	3.8%	7,194	2.5%	7,194	2.5%	7,190	1.0%	7,213	0.3%	7,213	0.3%	7,295	1.5%	7,393	2.5%	7,393	2.5%	7,480	2.5%	7,562	2.3%	7,562	2.3%	7,692	2.8%
Mobile broadband (data cards) SIOs (thousands) (iv)	3,672	10.1%	3,679	3.1%	3,679	3.1%	3,813	3.8%	3,868	5.1%	3,868	5.1%	3,914	2.6%	3,952	2.2%	3,952	2.2%	3,977	1.6%	3,930	(0.6%)	3,930	(0.6%)	3,964	(0.3%)
Prepaid mobile handheld unique users (thousands)	2,347	11.7%	2,446	11.3%	2,446	11.3%	2,490	6.1%	2,531	3.5%	2,531	3.5%	2,603	4.5%	2,614	3.3%	2,614	3.3%	2,616	0.5%	2,498	(4.4%)	2,498	(4.4%)	2,432	(7.0%)
Machine to Machine (M2M) SIOs (thousands)	1,086	22.3%	1,261	30.0%	1,261	30.0%	1,466	35.0%	1,639	30.0%	1,639	30.0%	1,806	23.2%	1,938	18.2%	1,938	18.2%	2,053	13.7%	2,188	12.9%	2,188	12.9%	2,346	14.3%
Satellite SIOs (thousands)	28	7.7%	30	11.1%	30	11.1%	30	7.1%	30	0.0%	30	0.0%	29	(3.3%)	29	(3.3%)	29	(3.3%)	31	6.9%	32	10.3%	32	10.3%	32	3.2%
Total wholesale SIOs (thousands)	348	419.4%	379	57.3%	379	57.3%	408	17.2%	465	22.7%	465	22.7%	478	17.2%	530	14.0%	530	14.0%	637	33.3%	744	40.4%	744	40.4%	862	35.3%
Mobile voice telephone minutes (millions)	11,633	17.4%	12,194	16.1%	23,827	16.7%	13,240	13.8%	13,395	9.8%	26,635	11.8%	14,363	8.5%	14,936	11.5%	29,299	10.0%	15,257	6.2%	15,594	4.4%	30,851	5.3%	16,058	5.3%
Number of SMS sent (millions)	7,475	10.4%	7,846	12.2%	15,321	11.3%	8,642	15.6%	9,011	14.8%	17,653	15.2%	9,146	5.8%	8,797	(2.4%)	17,943	1.6%	8,677	(5.1%)	8,193	(6.9%)	16,870	(6.0%)	8,221	(5.3%)
Average postpaid handheld revenue per user (excl. MRO) ($)	66.80	2.2%	66.20	0.4%	66.57	1.0%	70.84	6.0%	70.38	6.3%	70.54	6.0%	70.17	(0.9%)	68.79	(2.3%)	69.45	(1.5%)	67.88	(3.3%)	67.54	(1.8%)	67.70	(2.5%)	65.92	(2.9%)
Average postpaid handheld revenue per user (incl. MRO) ($)	58.81	(0.1%)	58.47	0.3%	58.70	(0.2%)	63.33	7.7%	62.92	7.6%	63.06	7.4%	62.81	(0.8%)	61.57	(2.1%)	62.15	(1.4%)	60.80	(3.2%)	60.62	(1.5%)	60.71	(2.3%)	58.60	(3.6%)
Average prepaid handheld revenue per user ($)	18.90	6.2%	19.79	7.3%	19.98	11.4%	21.50	13.8%	21.19	7.1%	21.32	6.7%	21.20	(1.4%)	19.89	(6.1%)	20.40	(4.3%)	21.50	1.4%	22.63	13.8%	22.29	9.3%	22.70	5.6%
Average mobile broadband revenue per user per month ($) (iv)	29.60	(0.5%)	29.20	(2.4%)	29.59	(0.7%)	27.11	(8.4%)	26.20	(10.3%)	26.79	(9.5%)	25.78	(4.9%)	23.24	(11.3%)	24.52	(8.4%)	21.58	(16.3%)	20.15	(13.3%)	20.96	(14.5%)	19.86	(8.0%)
Average M2M revenue per user per month ($)	7.69	(11.2%)	7.60	(8.4%)	7.54	(10.9%)	6.72	(12.6%)	6.21	(18.3%)	6.49	(13.9%)	5.82	(13.4%)	6.37	2.6%	6.14	(5.4%)	5.65	(2.9%)	6.16	(3.3%)	5.90	(3.9%)	5.34	(5.5%)
Average satellite revenue per user per month ($)	40.43	(7.0%)	40.44	2.5%	39.98	(3.2%)	46.61	15.3%	43.88	8.5%	45.07	12.7%	43.60	(6.5%)	39.86	(9.2%)	41.12	(8.8%)	39.03	(10.5%)	37.02	(7.1%)	38.68	(5.9%)	37.10	(4.9%)
Premium pay TV																										
Foxtel from Telstra (thousands)	500	(1.4%)	526	5.2%	526	5.2%	560	12.0%	623	18.4%	623	18.4%	660	17.9%	751	20.5%	751	20.5%	748	13.3%	808	7.6%	808	7.6%	799	6.8%
Labour																										
Full time staff equivalents	35,807	1.8%	32,354	(6.7%)	32,354	(6.7%)	31,809	(11.2%)	33,679	4.1%	33,679	4.1%	33,639	5.8%	33,659	(0.1%)	33,659	(0.1%)	32,551	(3.2%)	32,293	(4.1%)	32,293	(4.1%)	31,982	(1.7%)

(i) Fixed voice includes nbn™ SIOs.
(ii) Fixed data includes nbn™ SIOs and Belong SIOs.
(iii) nbn™ premise connections disclosed from 1H16 onwards