16 August 2018

The Manager

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Office of the Company Secretary

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Corporation Limited - Financial results for the full year ended 30 June 2018 – 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 Full Year Results and Operations Review; and

d) financial and statistical tables.

Telstra will conduct an analyst briefing on the full year results from 9.15am AEST and a media briefing from 11.00am AEST. 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

Full 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 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 2018 which was lodged with the ASX on 16 August 2018 and available on Telstra's Investor Centre website www.telstra.com/investor.

In addition to the risks and uncertainties outlined above, there are particular risks and uncertainties in connection with the implementation of Telstra2022 including the response of customers to changes in products, the risks of disruption from changes to the organisation structure; that detailed business plans have not been developed for the entirety of the strategy and the full scope and cost of Telstra2022 may vary as plans are developed and third parties engaged; Telstra's ability to execute and manage Telstra2022 in a sequenced, controlled and effective manner and in accordance with the relevant project and business plan (once developed) and Telstra's ability to execute productivity initiatives and realise operational synergies, cost savings and revenue benefits in accordance with the plan.

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 equity, 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 equity, 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.

Full year 2018 results | Headlines

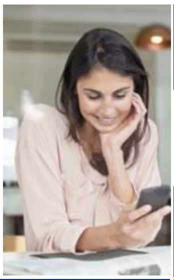
Reported Total income[2] $29.0 billion, +3.0%	Guidance basis[1] Total income[2] $28.6 billion, +1.6%
Reported EBITDA $10.1 billion, -5.2%	Guidance basis[1] EBITDA $10.1 billion, -5.9%
Reported NPAT $3.5 billion, -8.9%	EPS: 30.0 cents FY 2018 total dividends: 22 cps[3]

1. This guidance assumed wholesale product price stability and no impairments to investments, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumed the nbn™ rollout was 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 excluded externally funded capex.
2. Total income excludes finance income.
3. Total dividends of 22 cents per share, comprising total ordinary dividend of 15 cents per share and total special dividend of 7 cents per share.

Positives, despite challenging market dynamics and nbn impacts

Adding mobile customers: +342k retail mobile subscribers - 304k postpaid handheld inc 67k Belong; +229k wholesale mobile

Adding fixed customers: 88k retail fixed broadband customers, +135k retail bundles



Strong M2M (IoT): revenue growth +13% (+18% in H2) with solid performance from MTData

vmtech MTData

Acquisitions have enabled improved customer outcomes and growth

Top and bottom line NAS growth: revenue +8.6%; margins +1pp to 10% (2H EBITDA margin 13%)

Telstra Health: National Cancer Screening Register for cervical cancer turned on 2 July 2018

Group NPS: Strategic NPS flat, Episode NPS +5 points compared to June-17

Total core fixed cost reduction achieved to date: ~$700m vs our FY22 $2.5b target

Global connectivity returned to growth: FY18 revenue up 5.1% in local currency; 2H EBITDA +3%

7.0% core fixed cost out in FY18 (>10% gross after absorbing an extra $100m of electricity costs)

Full year 2018 results | Highlights

Customer

Progress of multi-brand strategy

- **Adding mobile customers**: +304k postpaid HH inc. 67k Belong; +229k wholesale mobile
- **Adding fixed customers**: 88k retail data net adds inc. 48k Belong. +135k retail bundle net adds with 3.1m bundled customers
- Industry leading **churn** in fixed and mobile

Wholesale
Belong
boost mobile

Improved digital experience

Mass market:

- Calls into contact centres reduced by 13% in FY18
- Active 24/7 App users +22% to 4m; 62% increase in LiveChat volumes since FY15

Enterprise:

- Digital customer hub: better servicing the mid-market and resulting in better advocacy in FY18

Leadership position on nbn

- High level of CVC provisioning is giving nbn customers an average of >90% maximum line speeds during busy hours
- **nbn Satisfaction Guarantee** – no penalty cancellation in first 30 days
- 770k new nbn connections, 51% nbn market share ex-satellite
- **Smart Modem**: faster activation, improved NPS and reduced churn – now active with 340k consumer customers

Innovation – Mass market

- **Peace of Mind** – first to market making excess data charges a thing of the past
- **Sports Live Pass users** - 2.3m across AFL, NRL and Netball (+1m in FY18)
- **Telstra TV** - 1.3m devices in market with TTV2 users watching ~67 hours of streamed content & an additional 53 hours of FTA TV
- >50% of Telstra homes are active entertainment users
- **Speed and data bestowals**, giving ~2.9m fixed customers additional data, ~1.5m fixed customers unlimited data

Innovation – Business & Enterprise

- **Telstra Programmable Network** - 350 customers
- **Telstra Calling for O365** – 2,000 customers added since launch
- **Security** – SOC opened in Melbourne and Sydney
- Working with our customers to co-create and jointly develop >4,500 innovative technology solutions in FY18
- **16k Enterprise Wideband** services activated in FY18 on our own fibre, a 28% increase on FY17

Full year 2018 results | Highlights

Strategic Investment - $1.8b invested to date, ~$100m EBITDA of strategic benefits delivered

Mobile leadership

5G readiness:

- **World 1st** end-to-end 5G non-standalone data call on a commercial mobile network in collaboration with Ericsson and Intel
- **World 1st** mm wave data call
- 5G enabled WiFi precinct on Gold Coast
- 5G Innovation Centre

Technology launches:

- **LTE-B** launched and Integrated into the AFL Live Official app on compatible devices
- **Cat M1** enabled nationally 3 million km^2 of IoT coverage; **Narrowband IoT** available in major Australian cities and many regional towns

Maintained network superiority & reliability

- Added 500 new mobile sites (inc. black spots) + ~400 small cells, upgraded a further 1,100 mobile sites
- >80% reduction in mobile customer outage hours since June 2016
- 4GX coverage now reaches 99.2% of the Australian population
- >50% of our mobile voice traffic has been moved to Voice over LTE, improving call quality

Leading in key industry speed benchmarks

- **Netflix speed index** – Ranked #1 in July 2018
- **Ookla®** - Fastest Mobile Network nationally in 2015-2018; Fastest Fixed Network nationally in 2018*
- **P3 Connect Mobile** Benchmark - Best in Data (2014-2017)

P3 Connect Mobile Benchmark
OOKLA SPEEDTEST
NETFLIX

Digitisation

Quick wins

- Telstra Connect App: one-third reduction in calls from the 100 early adopter customers
- 1st end-to-end fully digital nbn order: online customer order handled right through to nbn co without a single manual intervention
- Self service tools on telstra.com: helping our customers resolve common issues without making a call

Core digital platforms

- New Enterprise IT stack – now able to create new compelling digital products
- Delivery teams ramped up for C&SB technology stack delivery, supporting all new plans by June 2019

Providing foundation for Telstra2022 Strategy

* Rankings based on analysis by Ookla® of Speedtest Intelligence® data for Q1–Q2 2018.

Telstra2022

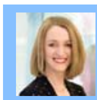
Strategic pillars	Radically simplify our product offerings, eliminate customer pain points and create all digital experiences	Establish a standalone infrastructure business unit to drive performance and set up optionality post the nbn rollout	Greatly simplify our structure and ways of working to empower our people and serve our customers	Industry leading cost reduction program and portfolio management
Enabled by our $3b investment program	New digital platforms			
	Australia's largest, fastest, safest, smartest and most reliable next generation network			
Delivering	Market leading customer experience; Simplified products, business and operating model; Extended network superiority and 5G leadership; Achieve Global High Performance Norm in employee engagement; Net cost productivity of $2.5bn by FY22; Post-nbn ROIC > 10%			

Telstra2022 | FY19 progress to date and milestones

Strategic pillars	Radically simplify our product offerings, eliminate customer pain points and create all digital experiences	Establish a standalone infrastructure business unit to drive performance and set up optionality post the nbn rollout	Greatly simplify our structure and ways of working to empower our people and serve our customers	Industry leading cost reduction program and portfolio management
Milestones delivered	• Peace of Mind Data • Ultimate plan • Redesigned Telstra 24/7 app	• Telstra InfraCo pro-forma financials provided • Telstra InfraCo established as standalone BU • Telstra InfraCo CEO appointed	• New organisational structure and leadership team	• Telstra Ventures forms new fund with HarbourVest, realises ~$75m from transaction • Total core fixed cost reduction achieved to date: ~$700m vs FY22 target of $2.5b

Our new leadership team from 1 October

Andy Penn, Chief Executive Officer
Telstra Corporation Limited



Vicki Brady, Group Executive
Consumer & Small Business

Meet the needs of all consumers and small businesses and grow value by delivering digitally-led propositions and outstanding customer journeys, leveraging our insight into customer needs and our superior sales and service capabilities.

Alex Badenoch, Group Executive
Transformation & People

Lead the development of our transformation roadmap and orchestrate the delivery of our key priorities with focus on transforming the way we work and strengthening employee engagement.

Carmel Mulhern, Group General Counsel & Group Executive
Legal & Corporate Affairs

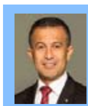
Engage with our external stakeholders to support the business and sustain our reputation including relationships with government, regulators and media, and provide and manage internal legal advice and communications.

Nikos Katinakis, Group Executive
Networks & IT

Focused on extending the company's network superiority and enabling digital experiences with world-leading technology execution.

TBC, Group Executive
Products & Technology

Drive an integrated product and technology roadmap for all of Telstra to deliver innovative and simple product experiences that lead the market and drive profitable growth.



Michael Ebeid, Group Executive
Enterprise

Meet the needs of our business and government customers by delivering disruptive products, platforms and services with unique Telstra IP, leveraging our targeted value propositions and world-class customer relationship capabilities.

Robyn Denholm
Chief Financial Officer & Head of Strategy

Set our shared strategic vision and facilitate long-term strategic planning and resource allocation; provide commercial advice and strategic insight; deliver external reporting and enable the business to effectively manage key strategic, operational and financial risks.

Brendon Riley, Chief Executive Officer
Telstra InfraCo

Provides a range of network and network infrastructure services to Telstra, nbn co and wholesale customers in Australia and around the world.

David Burns, Group Executive
Global Business Services

Create value by driving a consistent and relentless approach to improving customer experience, efficiency and service levels through a radically simplified model.

Telstra2022 Scorecard

	Customers	Simplification	Network	Employees	Cost reduction	Balance sheet
Outcomes	**Market leading customer experience**	**Simplified products, business and operating model**	**Extended network superiority and 5G leadership**	**Achieve Global High Performance Norm in employee engagement**	**Net cost productivity of $2.5bn by FY22**	**Post-nbn ROIC > 10%**
Metrics & Measures	Increase NPS 3 to 6 points pa Double active 24/7 app users from 4m to 8m by FY22 – 6m active users by FY20 Increase average services per customer Eliminate two thirds of mass market servicing calls by FY22 – one third by FY20	Build and launch new digital technology stack in FY19 Simplify from ~1800 to ~20 active Consumer & Small Business plans Migrate all Consumer & Small Business customers to the new product range on the new digital technology stack by FY21 Rationalise 50% of Enterprise products by FY21 Reduce 2 to 4 management layers in the organisation 700 apps decommissioned or contained by FY20	Lead in all key industry network performance surveys from FY19 Network ready for 5G in H1 FY19 Full commercial deployment of 5G in capital cities, major regional centres and other high demand areas by FY20 Deliver 5x data growth at flat costs by FY21	80% of Agile teams at level 3 of Agile Maturity by FY20 1 quartile increase in ease of doing business management practices of Organisational Health Index (OHI) by FY20 Increase employee engagement score 10 points Reduce total FTE by 8,000 net by FY22	Net cost productivity – more than $1.5bn cumulatively delivered by FY20 Total costs will be flat or decline in each year from FY18 Absorb nbn CVC/AVC costs Labour cost to sales ratio to decline ~one third by FY22 Top quartile cost metrics for full-service telco by FY22	Underlying ROIC to improve from FY19 to FY22 Monetise assets of up to $2bn by FY20 ✓ Establish standalone infrastructure business unit with effect from 1 July 2018 High level SLA's for infrastructure business to be defined by 1 October 2018 and segment reporting by 31/12/18 Telstra InfraCo fully operational by June 19 EBITDA benefits of >$500m p.a. from $3bn strategic investment realised by FY21

Early progress/development · On track for delivery · Progress but below target metric · ✓ Completed · Below target metric

Appendix

Telstra2022 | measuring progress

Outcomes		Metrics & Measures	FY18 progress
Customers	Market leading customer experience	• Increase NPS 3 to 6 points pa • Double active 24/7 app users from 4m to 8m by FY22 – 6m active users by FY20 • Increase average services per customer • Eliminate two thirds of mass market servicing calls by FY22 – one third by FY20	• Episode NPS +5 points Strategic NPS flat • Active 24/7 App users up 22% in FY18 to 4m 24/7 App refresh completed in July • Average of 2.3 services per customer at end of FY18 • 13% reduction to 35m service calls in to contact centres in FY18
Simplification	Simplified products, business and operating model	• Build and launch new digital technology stack in FY19 • Simplify from ~1800 to ~20 active Consumer & Small Business plans • Migrate all Consumer & Small Business customers to the new product range on the new digital technology stack by FY21 • Rationalise 50% of Enterprise products by FY21 • Reduce 2 to 4 management layers in the organisation • 700 apps decommissioned or contained by FY20	• Core digital platforms stood-up through FY18 incl. CRM, eCommerce, provisioning and service assurance • Peace of mind and companion plans launched in market • Delivery teams ramped up for C&SB technology stack delivery, supporting all new plans by June 2019 • 12% rationalised (79 products exited in FY18) • New top-level organisational structure announced • 210 applications decommissioned or contained in FY18
Network	Extended network superiority and 5G leadership	• Lead in all key industry network performance surveys from FY19 • Network ready for 5G in H1 FY19 • Full commercial deployment of 5G in capital cities, major regional centres and other high demand areas by FY20 • Deliver 5x data growth at flat costs by FY21	• Fastest broadband provider nationally in Australia on both mobile and fixed networks in the Q1-Q2 2018 Speedtest Intelligence® Awards by Ookla®, Best in Data in 2017 P3 Connect Mobile Benchmark, Ranked #1 in July 2018 in Netflix speed index • 5G Innovation Centre on Gold Coast • World first end-to-end 5G non-standalone data call on a commercial mobile network

Telstra2022 | measuring progress

Outcomes		Metrics & Measures	FY18 progress
Employees	**Achieve Global High Performance Norm in employee engagement**	• 80% of Agile teams at level 3 of Agile Maturity by FY20 • 1 quartile increase in ease of doing business management practices of Organisational Health Index (OHI) by FY20 • Increase employee engagement score 10 points • Reduce total FTE by 8,000 net by FY22	• 103 IT agile teams operating at Maturity level 3 • *Update expected in FY19* • FY18 Employee Engagement Score of 74 • 32,293 FTEs as at 30 June 2018, announced over 700 net FTE reductions since 20 June
Cost reduction	**Net cost productivity of $2.5bn by FY22**	• Net cost productivity – more than $1.5bn cumulatively delivered by FY20 • Total costs will be flat or decline in each year from FY18 • Absorb nbn CVC/AVC costs • Labour cost to sales ratio to decline ~one third by FY22 • Top quartile cost metrics for full-service telco by FY22	• Total core fixed cost out achieved to date: ~$700m ($480 core fixed cost out in FY18) • Total operating expenses in FY18 of $18,316m (ex restructuring and impairment) • nbn CVC/AVC costs increased by $494m in FY18 to $941m • Labour cost to sales ratio of 19.0% in FY18 • *Update expected in FY19*
Balance sheet	**Post-nbn ROIC > 10%**	• Underlying ROIC to improve from FY19 to FY22 • Monetise assets of up to $2bn by FY20 • Establish standalone infrastructure business unit with effect from 1 July 2018 • High level SLA's for infrastructure business to be defined by 1 October 2018 and segment reporting by 31/12/18 • Telstra InfraCo fully operational by June 2019 • EBITDA benefits of >$500m p.a. from $3bn strategic investment realised by FY21	• *Update expected in FY19* • Successfully completed HarbourVest transaction realising ~$75m • Completed • *Update expected in FY19* • ~$100m of EBITDA benefits realised in FY18 from $3bn strategic investment

Full year 2018 results

Warwick Bray
Chief Financial Officer

Agenda

- Group results
- Product performance
- Capital position
- FY19 guidance

Group results: Income Statement

Income Statement	FY17	FY18	GROWTH (reported basis)	GROWTH (guidance basis[1])
Sales revenue[2]	$25.9b	$25.7b	-0.9%	
Total income[2]	$28.2b	$29.0b	3.0%	1.6%
Operating expenses	$17.6b	$18.9b	7.6%	6.1%
EBITDA	$10.7b	$10.1b	-5.2%	-5.9%
Depreciation and amortisation	$4.4b	$4.5b	0.7%	
EBIT	$6.2b	$5.7b	-9.4%	
Net finance costs	$0.6b	$0.5b	-7.1%	
Income tax expense	$1.8b	$1.6b	-11.3%	
NPAT	$3.9b	$3.5b	-8.9%	
Basic earnings per share (cents)	32.5	30.0	-7.7%	

1. This guidance assumed wholesale product price stability and no impairments to investments, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumed the nbn™ rollout was 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 excluded externally funded capex.
2. Sales revenue excludes other revenue. Total income excludes finance income.

Group results: dividend

In accordance with our dividend policy announced August 2017:

FY18 final dividend of 11 cents per share, fully franked, including ordinary dividend of 7.5 cents per share and special dividend of 3.5 cents per share

FY18 total interim and final dividend of 22 cents per share, fully franked, including:

- total ordinary dividend of 15 cents per share represents a 78% payout ratio on underlying earnings[1]
- total special dividend of 7 cents per share represents a 65% payout ratio on net one-off nbn receipts[2]

1. Underlying earnings is defined as NPAT from continuing operations excluding net one-off nbn receipts (as defined in footnote 2). 77% payout ratio on underlying earnings excluding impairment and Foxtel gain on sale
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.

Group results: free cashflow

	FY17	FY18	GROWTH
EBITDA – reported basis	$10.7b	$10.1b	-$0.6b
Working capital movement[1]	-$0.6b	$0.6b	$1.2b
Tax paid	-$1.8b	-$1.5b	$0.2b
Capex (excluding spectrum)	-$4.7b	-$4.8b	-$0.1b
Spectrum	-$0.6b	-$0.1b	$0.5b
Net investments[2]	-$0.1b	-$0.1b	$0.1b
Free cashflow from Autohome	$0.3b	-	-$0.3b
Other including non-cash EBITDA items[3]	$0.4b	$0.5b	$0.1b
Free cashflow – reported basis	$3.5b	$4.7b	$1.2b
Guidance adjustments[4]	$0.5b	$0.2b	-$0.3b
Free cashflow – guidance basis	$4.0b	$4.9b	$0.9b

Free cashflow on a guidance basis increased including working capital improvements across nbn related receivables, payables and inventories

Increased free cashflow used to reduce debt in FY18

Capex includes strategic investment. FY18 capex $4,717m on accrued guidance basis or ~18% capex to sales (FY18 guidance range $4.4-4.8b)

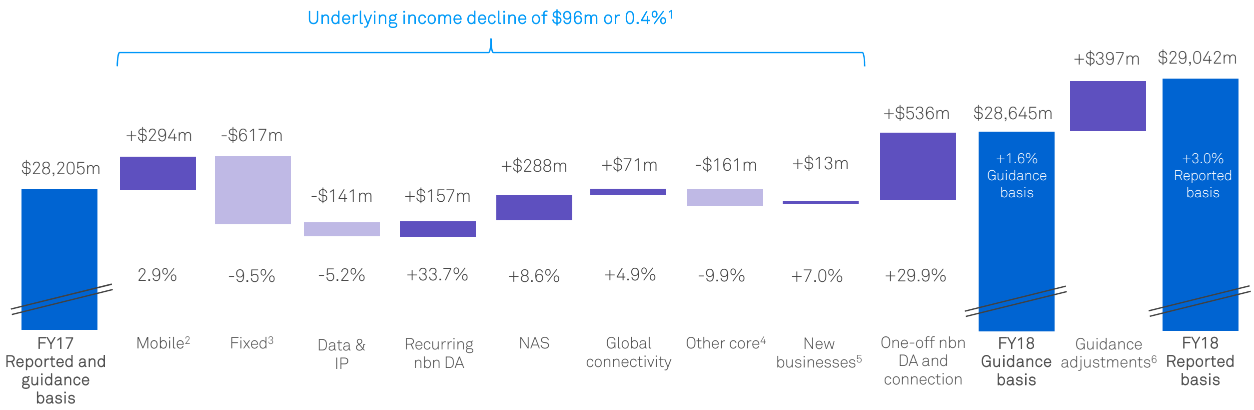
Spectrum in FY18 included $50m for new 3400Mhz licences. FY17 included 2100Mhz renewal and new 1800Mhz regional licences.

EBITDA impacts from impairments and Foxtel fair value gain eliminated in non-cash EBITDA items. Other also includes interest received, proceeds from finance leases and sale of PP&E

Guidance adjustments for spectrum payments, net investments and FY17 FCF from Autohome

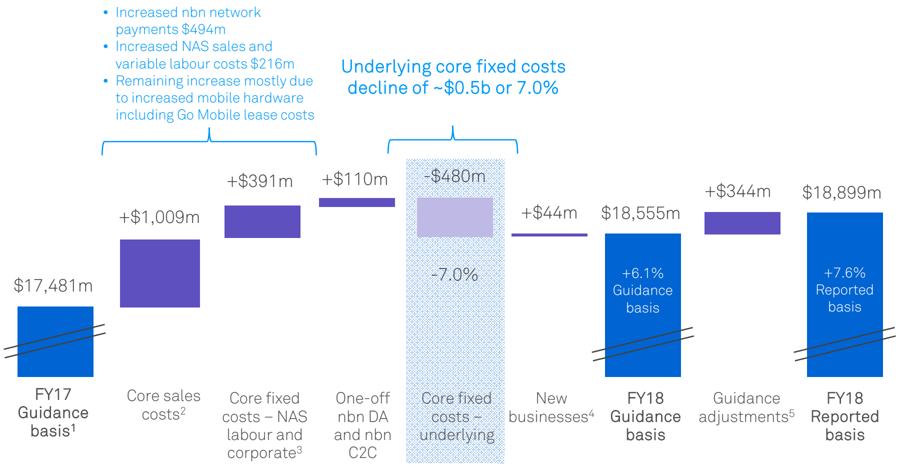
1. Working capital movement from operating activities.
2. Net investments including payments and proceeds from sale. Excluding proceeds from sale of Property, Plant and Equipment (PP&E).
3. Other including interest received, proceeds from finance lease principal amounts, non-cash EBITDA items (including impairments and gain on disposal of PP&E) and proceeds from sale of PP&E.
4. Refer to FY18 Full year results and operations review - guidance versus reported results reconciliation. Guidance adjustments remove spectrum, sale of Foxtel and M&A.

Group results: income growth by product



1. Refer to supporting material slide "Product framework income" for FY17 and FY18 detailed income performance.
2. Mobile includes non sales revenue Go Mobile Swap lease income FY18 $314m (FY17 $63m).
3. Fixed excludes one-off nbn connection revenue FY18 $133m (FY17 $82m, 1H18 $39m, 1H17 $45m) and includes TUSOPA income FY18 $167m (FY17 $143m). One-off nbn connection revenue included in one-off nbn DA and connection. FY17 one-off nbn connection revenue restated to exclude business as usual connections.
4. Other core includes media, nbn commercial works (sale of assets), M&A guidance adjustments and other miscellaneous income.
5. New businesses includes Telstra Health, Ooyala and Telstra Ventures.
6. Refer to FY18 Full year results and operations review - guidance versus reported results reconciliation. Guidance adjustments remove Foxtel gain and M&A.

Group results: operating expenses



Underlying core fixed cost reduction $480m in FY18

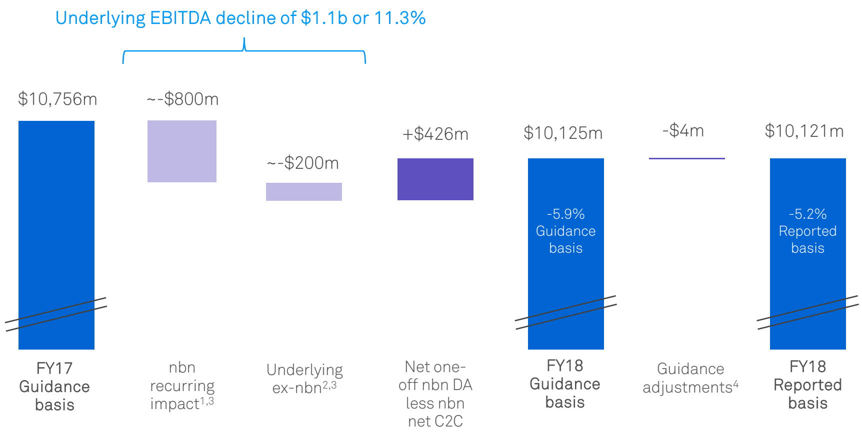
~$700m underlying cost out from FY16. On track for FY22 $2.5b cost out target

We expect total costs will be flat or decline in each year from FY18 excluding restructuring costs

In FY19, we expect total operating expenses to be flat with reductions in underlying core fixed and NAS variable labour costs, to offset increased nbn network payments and mobile hardware costs

1. Refer to supporting material slide "Operating expenses" for FY17 and FY18 detailed operating expense performance.
2. Core sales costs excludes goods and services purchased associated with new businesses and one-off 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. FY17 restated to include $439m (FY18 $286m) additional restructuring costs represented as a guidance adjustment in prior year.
4. New businesses includes Telstra Health, Ooyala and Telstra Ventures.
5. Refer to FY18 Full year results and operations review - guidance versus reported results reconciliation. Guidance adjustments remove Ooyala impairment and M&A.

Group results: EBITDA



Underlying EBITDA decline ~$1.1b including ~$800m recurring nbn impact and ~$200m ex-nbn

Absorbed $1.4b negative recurring nbn impact since FY15. Recurring impact by FY22 likely to be around $3b

Net one-off nbn DA increased ~$400m in line with nbn network rollout

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. Underlying ex-nbn includes mobile, data & IP, NAS, global connectivity, other core and new businesses.
3. nbn recurring impact and underlying ex-nbn decline add to $1.1b on an unrounded basis.
4. Refer to FY18 Full year results and operations review - guidance versus reported results reconciliation. Guidance adjustments remove Ooyala impairment, Foxtel gain and equity accounted losses, and M&A.

Product EBITDA performance

EBITDA	FY17	FY18	GROWTH $	GROWTH %
Mobile	$4,319m	$4,045m	-$274m	-6.3%
Fixed excl. one-off nbn C2C[1,2,3]	$2,863m	$1,872m	-$991m	-34.6%
Recurring nbn DA	$420m	$581m	$161m	38.3%
Data & IP	$1,586m	$1,517m	-$69m	-4.4%
NAS[4]	$290m	$362m	$72m	24.8%
Global connectivity[4]	$252m	$238m	-$14m	-5.6%
Other core[5]	-$215m	-$123m	$92m	42.8%
New businesses[4,6]	-$141m	-$175m	-$34m	24.1%
Underlying	**$9,374m**	**$8,317m**	**-$1,057m**	**-11.3%**
Net one-off nbn DA less nbn net C2C[2,3]	$1,382m	$1,808m	$426m	30.8%
Guidance basis	**$10,756m**	**$10,125m**	**-$631m**	**-5.9%**
Guidance adjustments[7]	-$77m	-$4m	n/m	n/m
Reported basis	**$10,679m**	**$10,121m**	**-$558m**	**-5.2%**

~$800m nbn recurring impact identified across fixed excl. nbn C2C and recurring nbn DA

Mobile EBITDA decline including services revenue reduction

NAS EBITDA growth offset decline in Data & IP. 2H18 NAS EBITDA margin 13%

Global connectivity EBITDA decline, albeit with a 3% improvement in 2H18 on PCP

FY18 new businesses included one-off National Cancer Screen Register (NCSR) milestone costs

1. Fixed excludes one-off nbn connection revenue FY18 $133m (FY17 $82m, 1H17 $45m) and includes TUSOPA income FY18 $167m (FY17 $143m).
2. Fixed excludes one-off nbn cost to connect (C2C) FY18 $445m (FY17 $344m, 1H18 $215m, 1H17 $156m). One-off nbn C2C net of connection revenue represented against "Net one-off nbn DA less nbn net C2C".
3. One-off nbn connection revenue and C2C restated to exclude business as usual connections. FY17 net one-off nbn C2C restated to $262m (1H18 $176m, 1H17 $111m).
4. FY17 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.
5. Other core includes media, nbn commercial works (sale of assets), M&A guidance adjustments and other miscellaneous income. FY17 restated to include $439m (FY18 $286m) additional restructuring costs represented as a guidance adjustment in prior year.
6. New businesses includes Telstra Health, Ooyala and Telstra Ventures.
7. Refer to FY18 Full year results and operations review - guidance versus reported results reconciliation. Guidance adjustments remove Ooyala impairment, Foxtel gain and equity accounted losses, and M&A.

Product performance: Mobile

Mobile	FY17	FY18	GROWTH
Revenue[1]	$10,102m	$10,145m	0.4%
Mobile services	$7,958m	$7,807m	-1.9%
- Postpaid handheld	$5,448m	$5,374m	-1.4%
- Prepaid handheld	$1,013m	$958m	-5.4%
- Mobile broadband	$992m	$890m	-10.3%
- Machine to Machine	$146m	$165m	13.0%
- Other[2]	$359m	$420m	17.0%
Hardware	$2,144m	$2,338m	9.0%
EBITDA Margin	$4,319m 43%	$4,045m 40%	-$274m -3pp
Customers – retail	17.4m	17.7m	2.0%
Postpaid handheld ARPU ex. MRO	$67.70	$65.41	-3.4%
Postpaid handheld ARPU inc. MRO	$60.71	$58.05	-4.4%
Postpaid handheld churn	11.0%	10.9%	-0.1pp

FY18 mobile revenue up 0.4% with strong net adds supporting growth across hardware, wholesale and Machine to Machine

FY18 retail mobile net adds of 342,000. Postpaid handheld net adds 304,000 including 67,000 Belong

Wholesale mobile net adds of 229,000. FY18 wholesale services revenue increased 31.9% to $190m

Postpaid handheld ARPU decline with continued Minimum Monthly Commitment (MMC) growth in mass market offset by lower out of bundle revenue and increased competition

Prepaid handheld revenue decline due to reduced unique users, increased competition and migration to wholesale and Belong

Sports Live Pass users up nearly 1 million to 2.3 million across AFL, NRL and Netball

FY18 EBITDA declined including services revenue reduction, hardware mix and smaller benefit from mobile leasing relative to FY17

1. Mobile revenue excludes non sales revenue Go Mobile Swap lease income FY18 $314m (FY17 $63m). Mobile EBITDA includes Go Mobile Swap lease income and associated cost.
2. Other includes wholesale, satellite and interconnection.

Product performance: Mobile

Mobile	2H17	1H18	2H18	GROWTH on PCP and 1H18	
Revenue[1]	$5,059m	$5,082m	$5,063m	0.1%	-0.4%
Mobile services	$3,987m	$3,922m	$3,885m	-2.6%	-0.9%
- Postpaid handheld	$2,736m	$2,682m	$2,692m	-1.6%	0.4%
- Prepaid handheld	$511m	$493m	$465m	-9.0%	-5.7%
- Mobile broadband	$478m	$470m	$420m	-12.1%	-10.6%
- Machine to Machine	$78m	$73m	$92m	17.9%	26.0%
- Other[2]	$184m	$204m	$216m	17.4%	5.9%
Hardware	$1,072m	$1,160m	$1,178m	9.9%	1.6%
EBITDA Margin	$2,254m 45%	$2,052m 40%	$1,993m 39%	-$261m -6pp	-$59m -1%
Customers – retail	17.4m	17.6m	17.7m	2.0%	0.6%
Postpaid handheld ARPU ex. MRO	$67.54	$65.92	$65.09	-3.6%	-1.3%
Postpaid handheld ARPU inc. MRO	$60.62	$58.60	$57.67	-4.9%	-1.6%
Postpaid handheld churn	10.6%	10.9%	11.2%	+0.6pp	+0.3pp

2H18 mobile revenue up 0.1% on PCP and down 0.4% sequentially on 1H18

Postpaid handheld net add momentum with 2H18 174,000 including 46,000 Belong. Postpaid handheld net adds 2H17 82,000 and 1H18 130,000

Postpaid handheld ARPU declines expected to continue into FY19, including from ongoing competition and impact of T22 mobile initiatives

2H18 prepaid handheld revenue declined sequentially in line with reduced unique users

2H18 mobile broadband revenue decline accelerated sequentially due to shared data impacts and decline in prepaid unique users

2H18 Machine to Machine revenue grew sequentially including from MTData acquisition

1. Mobile revenue excludes non sales revenue Go Mobile Swap lease income 2H18 $188m (2H17 $63m, 1H18 $126m). Mobile EBITDA includes Go Mobile Swap lease income and associated cost.
2. Other includes wholesale, satellite and interconnection.

Product performance: Fixed

Fixed	FY17	FY18	GROWTH
Revenue[1]	$6,402m	**$5,812m**	-9.2%
Fixed voice	$3,124m	**$2,642m**	-15.4%
Fixed data	$2,549m	**$2,544m**	-0.2%
Other fixed[2]	$729m	**$626m**	-14.1%
EBITDA – fixed voice Margin	$1,490m 48%	**$915m 35%**	-$575m -13pp
EBITDA – fixed data Margin	$799m 31%	**$406m 16%**	-$393m -15pp
Net one-off nbn cost to connect (C2C)[3]	$262m	**$312m**	$50m
nbn network payments	$447m	**$941m**	$494m
Fixed voice customers – retail	5.4m	**4.9m**	-8.8%
Fixed data customers – retail	3.5m	**3.6m**	2.5%
Fixed bundle customers – retail	2.9m	**3.1m**	4.6%

Fixed performance impacted by nbn migration, competition

FY18 retail bundle net adds of 135,000. Improved bundle momentum 2H18 78,000 vs 1H18 57,000 with unlimited and TTV2

Growth in media differentiation with Telstra TV devices increasing from 827,000 to 1,290,000. Approximately 50% of consumer customers are active entertainment users

nbn connections grew 770,000 to 1,946,000 and 51% market share (ex-satellite). Smart modems across 12% of fixed data consumer base for better experience on nbn

FY18 retail fixed data revenue growth with 88,000 retail net adds including 48,000 Belong. Retail growth offset by increased nbn migration of wholesale data services

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

Fixed EBITDA declines including revenue reduction, upfront nbn connection costs and growing network payments to nbn co

1. Fixed excludes one-off nbn connection revenue FY18 $133m (FY17 $82m, 1H18 $39m, 1H17 $45m) and excludes non sales revenue income from TUSOPA FY18 $167m (FY17 $143m). TUSOPA income included across fixed voice and other fixed EBITDA.
2. Other fixed revenue includes intercarrier services, platinum services, payphones and customer premises equipment.
3. FY17 net one-off nbn C2C restated to $262m (1H18 $176m, 1H17 $111m) excluding business as usual connections.

Product performance: Data & IP

Data & IP	FY17	FY18	GROWTH
Revenue	$2,698m	**$2,557m**	-5.2%
IPVPN[1]	$1,070m	**$1,066m**	-0.4%
ISDN	$540m	**$467m**	-13.5%
Other data & calling products[2]	$1,088m	**$1,024m**	-5.9%
EBITDA Margin	$1,586m 59%	**$1,517m 59%**	-$69m -
IPVPN SIOs	113k	**118k**	4.0%
ISDN SIOs	185k	**164k**	-11.4%

Data & IP revenue down 5.2% reflecting IP customer growth in IPVPN offset by legacy product declines including ISDN

IPVPN revenue down 0.4% with SIO growth in higher ARPU fibre products, offset by competitive yield pressures and legacy IPWAN declines

IPMAN/Ethernet MAN revenue up 5% due to continuing demand for IP value added services and bandwidth upgrades

ISDN decline accelerated in FY18 due to legacy migration to IPVPN growth products and NAS collaboration and calling solutions

Other data and calling revenue includes Internet growth of 7% due to SIO growth from unlimited offers. Internet growth offset by declines including legacy inbound calling and data products, and media solutions

EBITDA margin maintained. EBITDA dollars reduced including legacy migration to NAS collaboration and calling solutions

1. IP based Virtual Private Network (IPVPN) includes IPMAN/Ethernet MAN, IPWAN, and nbn.
2. Other data & calling products includes wholesale, Inbound Calling (1300/1800), internet, media solutions, and legacy data (e.g. Frame Relay).

Product performance: NAS

NAS	FY17	FY18	GROWTH
Revenue[1]	$3,358m	$3,646m	8.6%
Managed network services	$664m	$676m	1.8%
Unified communications	$883m	$893m	1.1%
Cloud services	$374m	$428m	14.4%
Industry solutions (incl. nbn commercial works)	$1,247m	$1,384m	11.0%
Integrated services[1]	$190m	$265m	39.5%
EBITDA[1] Margin	$290m 9%	$362m 10%	$72m 1pp
NAS revenue by segment[2]			
Telstra Enterprise Australia	$2,410m	$2,602m	8.0%
Telstra Small Business	$227m	$260m	14.5%
Other including Telstra Operations	$721m	$784m	8.7%

Continued market leading revenue growth including double digit Small Business growth and high single digit Enterprise growth. Strong growth in professional services across NAS offerings

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 offset by lower professional services and CPE

Cloud including annuity growth in public cloud, consulting services and CPE

Industry solutions growth from nbn network and other commercial works

Integrated service growth from professional services and key customer milestone timing

EBITDA margin 1pp increase due to ongoing operational leverage, scalable standardised offerings and cost productivity. 2H18 NAS EBITDA margin 13%

1. FY17 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.

Product performance: Global connectivity

Global connectivity ($ amounts in AUD)	FY17	FY18	GROWTH	GROWTH (in local currency)
Revenue[1,2]	$1,449m	$1,513m	4.4%	5.1%
Fixed	$303m	$318m	5.0%	5.0%
Data & IP	$942m	$923m	-2.0%	0.6%
NAS and other	$204m	$272m	33.3%	31.9%
EBITDA[1] Margin	$252m 17%	$238m 16%	-$14m -1pp	-$21m -2pp

Revenue growth 5.1% in local currency from ongoing NAS and fixed product growth. Revenue growth in A$ impacted by currency appreciation

Entered into agreements to invest in two new international subsea cable systems connecting Hong Kong and the west coast of the United States: Hong Kong Americas (HKA) cable and Pacific Light Cable Network (PLCN)

Fixed growth due to wholesale voice customer growth

Data & IP down 0.6% in local currency including yield pressure

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

2H18 EBITDA improved 3% on PCP including revenue growth and cost productivity. Full year EBITDA decline reflecting revenue mix shift towards lower margin products and yield pressure particularly in 1H18

1. FY17 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 FY18 $14m (FY17 $7m).

Capital position

	Comfort Zones	FY17	1H18	FY18
Gross debt[1]		$16.2b	$16.4b	$15.4b
Cash and cash equivalents		$0.9b	$0.6b	$0.6b
Net debt		$15.3b	$15.8b	$14.7b
Average gross borrowing costs[2]		5.1%	4.8%	4.9%
Average debt maturity (years)		4.5	4.4	4.3
Financial parameters[3]	**Comfort Zones**			
Debt servicing	1.3 - 1.8x	1.4x	1.6x	1.5x
Gearing	50% to 70%	51.2%	52.5%	49.5%
Interest cover	>7x	15.4x	14.6x	14.3x
Ratios				
Capex to sales[4]		17.8%	18.0%	18.4%
ROE[5]		25.6%	23.6%	24.1%
ROIC[6]		14.7%	12.4%	13.1%

Gross and net debt reduced using free cash flow generated in FY18 and available cash balances

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

Financial parameters remain within our comfort zones

We are on track to achieve more than $500 million EBITDA benefits from strategic investment by end of FY21

More than $100 million EBITDA benefits delivered in FY18

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 and revaluation impacts on our borrowings and derivatives).
4. 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.
5. ROE is calculated at PATMI as a percentage of equity.
6. ROIC calculated as NOPAT as a percentage of total capital.

Telstra InfraCo pro forma

FY18 financials		Telstra InfraCo	
Assets		$11.1b	
Income		$5,485m	
EBITDA		$3,407m	

FY18 EBITDA by product	Excluding Telstra InfraCo	Telstra InfraCo	Total
Recurring nbn DA	-	$581m	$581m
Mobile	$3,743m	$302m	$4,045m
Fixed excl. nbn C2C[1]	$676m	$1,196m	$1,872m
Data & IP and NAS	$951m	$928m	$1,879m
Global connectivity	$97m	$141m	$238m
Other core[2]	-$382m	$259m	-$123m
New businesses	-$175m	-	-$175m
Underlying EBITDA	$4,910m	$3,407m	$8,317m

Telstra InfraCo is a standalone business unit established on 1 July. Includes Telstra Wholesale, internal access, commercial works for nbn co and recurring proceeds from nbn co

FY18 Telstra InfraCo pro forma assets
- $6.0b Ducts, pipes and fibre
- $2.1b Exchanges
- $1.2b Subsea cables
- $0.7b Copper and HFC
- $0.4b Data centres
- $0.7b Other

FY18 Telstra InfraCo pro forma external income $5.5b including ~$2.2b internal access charges

FY18 Telstra InfraCo pro forma EBITDA $3.4b including ~$1.4b for internal access

FY18 EBITDA margins excluding Telstra InfraCo pro forma:
- Mobile lower by low single digits
- NAS lower by mid single digits
- Fixed and Data & IP are lower by mid to high teen digits

Brendon Riley appointed CEO of Telstra InfraCo, effective from 1 October

1. Excluding Telstra InfraCo fixed includes TUSOPA income FY18 $167m (FY17 $143m) and associated costs.
2. Excluding Telstra InfraCo core includes restructuring costs, media, M&A guidance adjustments and other miscellaneous income. Telstra InfraCo other core includes nbn commercial works (sale of assets) and asset charges to other core products including media.

AASB15 impacts[1]

	FY18 expected	FY19 expected
Total income	-$191m	-~$100m
Operating expenses	-$300m	-~$200m
EBITDA	+$109m	+~$100m
Net finance costs	+$39m	+~$50m
Income tax expense	+$19m	
NPAT	+$51m	+~$50m

1. AASB15 "Revenue from Contracts with Customers".

FY19 guidance[1]

	FY18[4] Guidance basis on current accounting standards	FY19 guidance Based on current accounting standards	FY19 guidance[2] Based on new accounting standards
Total income	$28.6b	$26.6b to $28.5b	$26.5b to $28.4b
EBITDA excluding restructuring costs	$10.4b	$8.7b to $9.4b	$8.8b to $9.5b
Net one-off nbn DA receipts less nbn net C2C	$1.8b	$1.8b to $1.9b	$1.8b to $1.9b
Restructuring costs	$0.3b	~$0.6b	~$0.6b
Capex[3]	$4.7b	$3.9b to $4.4b	$3.9b to $4.4b
Free cashflow	$4.9b	$3.1b to $3.6b	$3.1b to $3.6b

1. Telstra's FY19 guidance (see footnote 2) has not changed from that provided on 20 June 2018 at Telstra's T22 announcement, except to adjust for the impact of the new accounting standard AASB15.
2. This guidance assumes wholesale product price stability and no impairments to investments or core assets, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumes the nbn™ rollout and migration in FY19 is broadly in accordance with management's current best estimates and may be updated for any material changes, including after taking account of the nbn Corporate Plan 2019 when it is published. The guidance is provided on the basis of AASB15. Capex is measured on an accrued basis and excludes expenditure on spectrum and externally funded capex.
3. Capex/sales ratio of 16% to 18% in FY19.
4. See footnote 1 on "Group results: Income Statement" slide for basis on which FY18 guidance provided.

Q&A

Supporting material

- Capital management framework
- Product framework: income and operating expenses
- nbn DAs and commercial works
- Media
- Business unit results and InfraCo

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Capital management framework

Fiscal discipline			
Objectives	Maximising returns for shareholders	Maintaining financial strength	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 16% to 18% in 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 the nbn™ rollout and migration is broadly in accordance with management's current best estimates, 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 is measured on an accrued basis and excludes expenditure on spectrum and externally funded capex.
5. The guidance also assumes the nbn™ rollout and migration in FY19 is broadly in accordance with management's current best estimates and may be updated for any material changes, including after taking account of the nbn Corporate Plan 2019 when it is published.

Product framework: income

Income	FY17	FY18	GROWTH $	GROWTH %
Mobile[1]	$10,165m	$10,459m	$294m	2.9%
Fixed excl. one-off nbn connection[2]	$6,463m	$5,846m	-$617m	-9.5%
Recurring nbn DA	$466m	$623m	$157m	33.7%
Data & IP	$2,698m	$2,557m	-$141m	-5.2%
NAS[3]	$3,358m	$3,646m	$288m	8.6%
Global connectivity[3]	$1,456m	$1,527m	$71m	4.9%
Other core[4]	$1,623m	$1,462m	-$161m	-9.9%
New businesses[5]	$186m	$199m	$13m	7.0%
Underlying	$26,415m	$26,319m	-$96m	-0.4%
One-off nbn DA receipts and nbn connection[2]	$1,790m	$2,326m	$536m	29.9%
Guidance basis	$28,205m	$28,645m	$440m	1.6%
Guidance adjustments[6]	-	$397m	$397m	n/m
Reported basis	$28,205m	$29,042m	$837m	3.0%

1. Mobile includes non sales revenue Go Mobile Swap lease income FY18 $314m (FY17 $63m).
2. Fixed excludes one-off nbn connection revenue FY18 $133m (FY17 $82m, 1H18 $39m, 1H17 $45m) and includes TUSOPA income FY18 $167m (FY17 $143m). One-off nbn connection revenue included in one-off nbn DA and connection. FY17 one-off nbn connection revenue restated to exclude business as usual connections.
3. FY17 restated for telkomtelstra revenue previously NAS now included in global connectivity.
4. Other core includes media, nbn commercial works (sale of assets), M&A guidance adjustments and other miscellaneous income.
5. New businesses includes Telstra Health, Ooyala and Telstra Ventures.
6. Refer to FY18 Full year results and operations review - guidance versus reported results reconciliation. Guidance adjustments remove Foxtel gain and M&A.

Product framework: operating expenses

Operating expenses	FY17	FY18	GROWTH $	GROWTH %
Mobile	$5,846m	$6,414m	$568m	9.7%
Fixed excl. one-off nbn C2C[1]	$3,600m	$3,974m	$374m	10.4%
Recurring nbn DA	$46m	$42m	-$4m	-8.7%
Data & IP	$1,112m	$1,040m	-$72m	-6.5%
NAS	$3,068m	$3,284m	$216m	7.0%
Global connectivity[2]	$1,208m	$1,291m	$83m	6.9%
Other core[3]	$1,867m	$1,622m	-$245m	-13.1%
New businesses[2,4]	$326m	$370m	$44m	13.5%
Underlying	$17,073m	$18,037m	$964m	5.6%
One-off nbn DA and nbn C2C[1,5]	$408m	$518m	$110m	27.0%
Guidance basis	$17,481m	$18,555m	$1,074m	6.1%
Guidance adjustments[6]	$77m	$344m	$267m	n/m
Reported basis	$17,558m	$18,899m	$1,341m	7.6%

1. Fixed excludes one-off nbn cost to connect (C2C) FY18 $445m (FY17 $344m, 1H18 $215m, 1H17 $156m). One-off nbn C2C represented against "One-off nbn DA and nbn C2C". One-off nbn C2C restated to exclude business as usual connections.
2. FY17 global connectivity costs restated to include telkomtelstra and international product costs previously new businesses.
3. Other core includes media, nbn commercial works (sale of assets) and M&A guidance adjustments. FY17 restated to include $439m (FY18 $286m) additional restructuring costs represented as a guidance adjustment in prior year.
4. New businesses includes Telstra Health, Ooyala and Telstra Ventures. New businesses costs restated to exclude international product costs now global connectivity.
5. FY17 one-off nbn C2C restated to exclude business as usual (BAU) connections. Costs associated with BAU nbn connections included in fixed product costs.
6. Refer to FY18 Full year results and operations review - guidance versus reported results reconciliation. Guidance adjustments remove Ooyala impairment and M&A.

Operating expenses

Operating expenses	FY17	FY18	GROWTH $	GROWTH %
Core sales costs[1]	$7,418m	$8,427m	$1,009m	13.6%
Core fixed costs	$9,329m	$9,240m	-$89m	-1.0%
- Underlying	$6,845m	$6,365m	-$480m	-7.0%
- NAS labour and corporate[2]	$2,484m	$2,875m	$391m	15.7%
New businesses costs[3]	$326m	$370m	$44m	13.5%
One-off nbn DA and nbn C2C[4]	$408m	$518m	$110m	27.0%
Guidance basis	$17,481m	$18,555m	$1,074m	6.1%
Guidance adjustments[5]	$77m	$344m	$267m	n/m
Reported basis	$17,558m	$18,899m	$1,341m	7.6%

1. Core sales costs excludes goods and services purchased associated with new businesses and one-off 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. FY17 restated to include $439m (FY18 $286m) additional restructuring costs represented as a guidance adjustment in prior year.
3. New businesses includes Telstra Health, Ooyala and Telstra Ventures. FY17 new businesses costs restated to exclude international product costs now global connectivity.
4. One-off nbn C2C restated to exclude business as usual (BAU) connections. Costs associated with BAU nbn connections included in core sales and underlying fixed costs.
5. Refer to FY18 Full year results and operations review - guidance versus reported results reconciliation. Guidance adjustments remove Ooyala impairment and M&A.

nbn DAs and commercial works

	FY17	FY18	GROWTH
Income	$2,533m	$3,194m	26.1%
Commonwealth agreements and other Govt. policy commitments[1]	$161m	$186m	15.5%
Recurring ISA: duct, rack and backhaul[2]	$466m	$623m	33.7%
nbn commercial works – sale of assets[3]	$216m	$211m	-2.3%
One-off nbn DAs	$1,690m	$2,174m	28.6%
- ISA: Ownership receipts[2]	$442m	$395m	-10.6%
- PSAA[5]	$1,248m	$1,779m	42.5%
nbn commercial works – products and services[3,4]	$682m	$753m	10.4%

Strong growth in one-off PSAA and recurring ISA in line with the progress of the nbn rollout

Increase in receipts from the Commonwealth agreements due to timing

Reduction in sale of assets revenue and one-off ISA ownership receipts includes impact from nbn co decision to cease sales on hybrid fibre co-axial (HFC) technology from 11 December 2017

Sale of assets revenue related to HFC and cost recovery

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 FY18 $167m (FY17 $143m). 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 and Foxtel

Media	FY17	FY18	GROWTH
Revenue[1]	$935m	$924m	-1.2%
Foxtel from Telstra	$777m	$768m	-1.2%
Other	$158m	$156m	-1.3%
Foxtel from Telstra subscribers	808k	790k	-2.2%
Telstra TV devices in market[2]	827k	1,290k	56.0%
Sports Live Pass users[3]	1,331k	2,301k	72.9%
Other Foxtel related items[4]			
Share of Foxtel and NXE net profit[5]	-	$17m	n/m
Cable access revenue	$104m	$69m	-33.7%

Relatively flat Foxtel from Telstra revenue and subscribers due to industry transition from Broadcast to IPTV

1,290,000 Telstra TV devices now in market. High customer engagement and content usage across all active devices. Strong growth will continue across FY19 with constant iteration and innovation planned

Sports Live Pass users increased by nearly 1 million to 2.3 million across AFL, NRL and Netball with brilliant customer experience and massive customer demand. Our partnerships now extend to Football Federation Australia (FFA) with live streaming now available

Share of Foxtel and NXE net profit since September 2017 excludes $44m of cumulative unrecognised share of equity accounted losses up until 28 September 2017 and an one-off impact of $13m loss to our equity accounting of NXE investment

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

1. Media revenue excludes cable access revenue.
2. Telstra TV devices in market is defined as cumulative completed sales.
3. Sport Live Pass users that have activated an AFL, NRL or Netball Live Pass. All Telstra users receive the live pass as part of their mobile subscription
4. Excludes interest received and Telstra Wholesale revenue received from Foxtel.
5. NXE Australia Pty Limited (NXE) is newly formed head entity of the merged group of Foxtel and Fox Sports Australia.

Business unit results

Income	FY17	FY18	GROWTH
Telstra Consumer & Small Business[1]	$14.7b	$14.7b	-0.3%
Consumer	$11.8b	$11.9b	0.6%
Small Business	$2.9b	$2.8b	-4.0%
Telstra Enterprise[1,2]	$8.1b	$8.2b	1.7%
Domestic	$6.4b	$6.5b	0.8%
International	$1.7b	$1.7b	5.4%
Telstra Wholesale	$2.8b	$2.7b	-3.5%
Telstra Operations	$1.2b	$1.2b	5.7%

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

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

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

Telstra Enterprise international includes growth across NAS with acquisition of Company85 in June 2017, and growth in fixed voice products from FY17 initiatives

Telstra Wholesale decline across fixed products, partly offset by increased mobile and asset transfer payments in line with nbn network rollout

Telstra Operations growth including increased nbn commercial works

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 FY18 $214m (FY17 $192m) of international inter-segment revenue treated as external expense in Telstra Consumer & Small Business and Telstra Wholesale.

CEO & CFO SPEECH NOTES

TELSTRA FULL YEAR RESULTS

16 AUGUST 2018

ANDREW PENN – CEO

Slide 1 – Full Year 2018 Results

Good morning and welcome to Telstra's results announcement for the year ended 30 June 2018 - a year in which our results were in line with guidance, we achieved strong subscriber growth in both fixed and mobile and made good progress on our productivity program.

I am particularly pleased with the continued increase in our customer numbers.

During the year, we added 342,000 retail mobile customers, bringing total mobile services to 17.7 million. Postpaid handheld retail customer services were up 304,000 including 67,000 from Belong mobile which we only launched late last year.

In fixed we added 88,000 retail broadband customers including 48,000 from Belong. This brings total retail broadband customers to 3.6 million.

As I highlighted at our Strategy Update in June, we continued to face challenging trading conditions in mobiles and fixed from increased competition leading to lower prices and increased data allowances. This of course was also in conjunction with the further rollout of the nbn.

To meet these challenges head on we announced our Telstra2022, or T22, strategy in June. This will see us take a bolder stance to lead the market by simplifying our operations and products, improving the customer experience and reducing our cost base.

We have already made strong early progress, launching new mobile plans with no excess data charges and announcing a new organisational structure, leadership team and operating model.

Telstra InfraCo has also been established as a standalone business unit with its own CEO appointed and pro-forma financials provided with these financial results.

I will talk more about T22 later in my presentation. Firstly, I will take you through the key financial results and highlight our achievements.

Warwick will then take you through the detailed financials before we open for Q&A.

Slide 3 - Full Year 2018 Results – Headlines

Total Income increased by 3 per cent to $29 billion on a reported basis. On a guidance basis Total Income, adjusted for the gain on sale of our interest in Foxtel, increased by 1.6 per cent to $28.6 billion.

EBITDA decreased by 5.2 per cent on a reported basis and 5.9 per cent on a guidance basis to $10.1 billion.

Net Profit After Tax decreased by 8.9 per cent to $3.5 billion.

Basic earnings per share decreased by 7.7 per cent to 30 cents per share and we declared a final dividend of 11 cents per share. This took the total dividend for FY18 to 22 cents per share comprising 15 cents ordinary and 7 cents special.

Slide 4 - Positives despite challenging market dynamics and nbn impact

Let me now comment on some of the operational highlights for the year. However in so doing I do recognise the very challenging market dynamics and what this has meant for returns for shareholders. I am acutely aware of the impact the pressure on our financials is having for you.

It is therefore even more important in the context of this environment, we continue to focus on the business levers we can control. In this regard, we have again delivered strong subscriber growth particularly in the second half of the year. In Q4 for example we estimate our market share of net adds in mobile post paid hand held was almost 70 per cent. These results demonstrate the success of our multi-brand strategy with contributions from Telstra's main brand, Belong and Wholesale.

We also continue to deliver industry leading churn rates in both fixed and mobile.

We saw good top and bottom line NAS performance with revenue increasing 8.6 per cent to $3.6 billion and margins improving by 1pp to 10 per cent. Second half NAS margins were even stronger than first half at 13 per cent.

Whilst Strategic NPS was flat, we saw improvements in Episode NPS up 5 points during the year.

Episode NPS measures our customers' assessment of their individual interactions with Telstra and these benefited from a number of the quick wins we have been delivering through our digitisation program.

M2M, our emerging IoT business, had a strong year with revenue up 13 per cent, 18 per cent in the second half. We are very excited by the prospects for IoT and as just one example, we saw solid performance and new customer wins from MTData.

MTData, which we acquired during the year is a leading provider of GPS and telematics fleet management solutions and has state-of-the-art technical capabilities and software expertise to fast track our connected vehicle offering.

Another acquisition this year, VMtech, is offering similar promise. VMtech is a leading Sydney based professional and managed service provider with expertise in enterprise-grade hybrid cloud, connectivity and security solutions.

Our Health business reached a significant milestone when we went live with the National Cancer Screening Register for cervical cancer. We have now embarked on a similar project for a National Register for Bowel Cancer.

In terms of cost out, we have accelerated our productivity program. Total core fixed cost reduction achieved to date is around $700 million versus our FY22 target of $2.5 billion.

In FY18, we delivered 7 per cent or $480 million of core fixed cost out, which Warwick will discuss in detail shortly.

Let me now move to some of the customer highlights.

Slide 5 - Full Year 2018 Highlights (Customer)

I will talk about our Digitisation program in more detail shortly but the initial investments we have made to fix pain points for our customers and improve the way they interact with us, has resulted in some significant improvements.

For example, calls into our call centres fell 13 per cent during the year while the number of active Telstra 24/7 App users increased by 22 per cent to four million.

On nbn, we continued to focus on ensuring our customers receive the best possible experience.

Our high level of CVC provisioning is giving our customers an average of more than 90 per cent of their maximum line speed during busy hours.

Overall, we continue to lead the market in nbn, adding 770,000 new nbn connections and our nbn market share (ex-satellite) increased to 51 per cent.

More broadly in fixed, we launched the Telstra Smart Modem. This connects customers to the mobile network if a fixed service is yet to be connected or if there is a service interruption.

The modem is now being used by 12 per cent of Telstra's fixed customers, with an accompanying 8-10 point improvement in Episode NPS.

We are currently working on the next version of the Smart Modem which will have more features and advanced capabilities.

In mobiles, we launched Peace of Mind data in May and followed this up with our new consumer plans in July, making excess data charges a thing of the past on select plans.

Our media portfolio continues to offer unique experiences and differentiated services to our mobile and fixed customers.

In FY18, another 1 million customers started using our Sports Live Pass across AFL, NRL and Netball. We now have 2.3 million sports fans accessing this service.

As an aside, two weeks ago we saw the highest ever level of sports streaming with more than 1.2 million devices being used over a weekend by our customers to access our sport apps.

We have recently added soccer with live streaming now available through the FFA app including the Matilda games.

At home over 50 per cent of Telstra's fixed broadband customers are active entertainment users, with either an active Telstra TV or Foxtel from Telstra service.

We have 1.3 million Telstra TV devices in market and those customers active on Telstra TV2 watch, on average, 67 hours of streamed content and 53 hours of free-to-air-TV a month.

We are also very excited by the recently announced improvements to Foxtel with the introduction of IQ4, 4K and the cricket rights.

There is no doubt media inclusions are increasing in importance to customers. There is similarly no doubt that the media offerings from Telstra are head and shoulders above those available from our competitors and our leadership in this area is increasing.

Turning to Enterprise, more of our Enterprise customers are now using the Telstra Programmable Network. This allows them to virtualise their network loads, particularly into data centre and major public cloud providers.

Since launch in May, around 2,000 new Enterprise customers are also accessing Telstra Calling for Office 365 - an Australian first in partnership with Microsoft, bringing enterprise grade network calling together with Office 365 features.

Our cyber security capability continues to grow in importance and this year we launched new Security Operations Centres in Sydney and Melbourne. These offer a managed cyber security service to our customers to help protect their business and demand for this service is increasing.

Let me now turn to our strategic investment program of up to $3 billion announced in 2016. The program is centred on creating the Networks for the Future and digitising the business.
The investments we have been making under this program over the last two years have been critical and without them we would not have been able to launch our T22 strategy.

Slide 6 - Strategic Investment Program

So far we have invested around $1.8 billion, including $1.5 billion on networks and $300 million on digitisation.

We have met our commitment in terms of EBITDA benefits, realising around $100 million to date.

In mobile, as announced yesterday we are already rolling out 5G on our network with more than 200 5G compatible sites planned to be live around the country by the end of 2018.

Commercial devices for 5G are not yet available from the handset manufacturers but having our network 5G ready enables us to trial and test them as they become available.

In July, in collaboration with our technology partners Ericsson and Intel, we successfully completed the world's first end-to-end 5G non-standalone data call on a commercial mobile network.

Other milestones during the year included the world's first millimetre wave data call, the world's first 5G-enabled WiFi precinct, Australia's first 5G connected car and the opening of our 5G Innovation Centre.

In September we will be hosting 3GPP at their conference on the Gold Coast. 3GPP is the global body responsible for setting 5G standards. This is the first time this group has met in Australia and we anticipate this will be an important meeting.

Of course there are many other ongoing investments in our mobile network that are not 5G. During the year, we launched LTE-Broadcast which enables more efficient video streaming and use of network assets.

We have integrated LTE-B into the AFL Live app and this cutting edge capability was a major factor in enabling the sports app streaming record I mentioned earlier.

We will soon roll out LTE-B across our other media assets.
We also continue to prepare for significant new opportunities in relation to the Internet of Things or IoT and have launched services in mining, logistics, agritech and smart metering.

Our Cat M1 network for IoT has been enabled nationally with around 3 million square kilometres of coverage. Telstra's narrowband IoT also covers major Australian cities and many regional towns.

Telstra is one of the first carriers in the world to offer both IoT technologies, enabling customers to deploy devices like sensors, trackers and alarms to better monitor and manage machines, vehicles and livestock.

More broadly we continue to focus on network superiority and reliability. During the year we added over 500 new mobile sites, including through the black spot program, plus around 400 small cells. Upgrades were also completed at a further 1,100 mobile sites.

Service reliability and resilience remains a factor for our Mobile customers – and a key network differentiator for Telstra. Despite some incidents, since June 2016 we have reduced mobile outage hours by more than 80 per cent as a result of our ongoing network improvements.

Telstra also continues to lead the market in key speed benchmarks. In the Netflix speed index, we have been ranked number 1 since February.

In the 2018 Speedtest Awards by Ookla, we were named the fastest broadband provider nationally in Australia on both our mobile and fixed networks.

And in the P3 Connect Mobile test we were awarded Best in Data, for the fifth year in a row, with P3 Connect confirming Telstra as the fastest mobile network in the country and among the fastest in the world.

Let me now turn to our investments to further digitise the business.

Digitisation is a critical part of our strategic program. To date, we have delivered a number of quick wins targeted at key customer pain points while simultaneously building the platforms for the future.

Quick wins during the year included the Telstra Connect app for Enterprise customers which enables businesses to self-manage their services directly and digitally. It consolidates more than 50 existing applications into a single digital interface.
We have already seen a one third reduction in calls to Telstra from customers using the service.

On the Consumer side we also completed our first end-to-end fully digital nbn order with an online customer being handled right through to nbn co without a single manual intervention.

As this scales, we expect to see a significant improvement in customer experience, both in the order process itself and the time taken to activate an order.

We introduced self-service tools on telstra.com that have helped our customers resolve common issues without making a call. This includes resolving internet billing questions, order status questions and troubleshooting faults.

Beyond these quick wins we have also made significant progress in the development of the new core digital platforms which are critical for our products and services being launched as part of T22.

Enterprise has a new IT stack in place and is in the process of moving customers onto the new platform, allowing us to offer compelling digital products.

We plan to have all Consumer and Small Business customers and plans on the new technology stack by 30 June 2021.

Let me now turn to our T22 strategy.

Slide 7 – T22 Strategy

There is no doubt this is a critical time, not just for Telstra but for the whole telecommunications industry globally.

As you know, our T22 strategy launched on June 20 has four key pillars and two critical enablers, the Networks for the Future and digitisation.

At its core it is about leaving our legacy behind. It is about delivering simpler, more flexible products and services with a great digital service experience for our customers. It is about maximising the value of our infrastructure assets and it is about simplifying the business and reducing our cost base for the future.

Slide 8 – T22 FY19 Progress to date and milestones

As I mentioned earlier, we have made strong early progress on the strategy. Last month we launched new mobile plans with no excess data charges and re-launched an improved version of our 24/7 app.

Our customers have told us that they don’t want to pay for things that they don’t use. So in addition to eliminating excess data charges we will be launching more choice for customers allowing them to add the services they value to their base plan more flexibly.

This next product milestone in our T22 product strategy to be launched in October will give customers the freedom to create home and mobile packages with the features, devices and content that matters to them.

Entertainment will headline the new choices available with some exciting new options that build on Telstra’s superior offerings in sports and entertainment.

Telstra's InfraCo now operates as a standalone business unit and we have provided pro-forma financials in these results for transparency.

Establishing InfraCo as a separate business unit allows us to drive greater efficiency in the operation of our key fixed infrastructure assets and provide investors with greater visibility of the value of those assets and the returns they generate.

We have also focussed on portfolio management with Telstra Ventures forming a new fund with capital investment from HarbourVest. This initiative has enabled us to continue to derive the benefits from Telstra Ventures, while enhancing our capabilities with the addition of HarbourVest's, reduce capital commitments in the future and realise approximately $75 million from the transaction in the meantime.

Slide 9 – Our new leadership team from 1 October

Consistent with our T22 strategy, last month I announced a new top line organisational structure and leadership team with three new highly experienced executives joining us from outside.

Earlier this week we also announced the next layer of executive appointments. The new structure and operating model becomes fully operational on 1 October.

In addition to Consumer and Small Business and Enterprise, the key new functions include Networks and IT, Global Business Services, Telstra InfraCo and a new Product and Technology Team.

Through these structural changes we will increase the average span of responsibility for these leaders by nearly 20 per cent. This is critical to flattening the organisation and eliminating two-to-four layers of management as we cascade these changes through the organisation.

This is a difficult time for our people and one during which we must demonstrate courageous and supportive leadership. That's exactly what we are doing, supporting our teams as we move through this period of uncertainty.

I am confident though that with these changes we are bringing together a team whose combined capabilities and experience will help us effectively execute on our T22 strategy.

Slide 10 – Execution - T22 scorecard to track progress

Before I close I would like to take you through the scorecard I presented on 20 June which will track our execution.

We will deliver six key outcomes from T22 covering customer experience, simplification, network superiority, employees, cost reduction and strengthening the balance sheet.

Each outcome has clear and tangible milestones to which we will hold ourselves to account.

We have established a dedicated Transformation Office to plan, track and report on execution against these specific outcomes.

To ensure transparency we will provide you with an update on each milestone through the lens of this scorecard every six months with our half year and full year results.

While we have only recently launched our strategy, you will see we have made some early progress.

In customer experience, while we were below the metric in Strategic NPS, we are on track in Episode NPS which increased by 5 points in FY18.

In simplification, we have started to rationalise our Enterprise products and we have announced our new management structure.

Whilst FTE's were flat year on year, we have announced 700 net reductions since 20 June.

We have also retired many of the smaller applications in our technology environment and now have on our roadmap the Enterprise applications such as billing systems, provisioning, and CRM systems, which cost $10’s of millions to operate annually.

In networks, as I mentioned earlier we are already leading in key industry network performance surveys and as yesterday’s announcement shows, our network is 5G ready.

We are also on track in relation to our productivity program, portfolio management and Telstra InfraCo.

Slide 11 - Summary

Let me summarise before handing over to Warwick.

FY18 was a year in which our results were in line with guidance, we achieved strong subscriber growth in both fixed and mobile, and made good early progress on our T22 strategy.

It was a year in which we faced challenging trading conditions in mobiles and fixed with increased competition, lower prices and increased data allowances all affecting ARPUs, as well as the accelerating impact of the nbn network rollout.

We anticipate these challenges will continue into 2019 and that is why we have launched our T22 strategy. To take a bolder stance to lead the market by simplifying our operations and products, improving the customer experience and reducing our cost base. We are meeting our challenges head on.

Thank you and I will now hand over to Warwick to take you through the financial results in more detail.

This will be Warwick’s last results for Telstra and I wanted to take a moment to thank him for his leadership and support over the last 10 years.

During that time Warwick has made a significant contribution to Telstra as head of Strategy, head of Products including mobile and I have very much valued his partnership as CFO.

Warwick…

WARWICK BRAY – CFO

SLIDE 14 – TELSTRA FULL YEAR RESULTS

Thank you Andy.

SLIDE 15 - AGENDA

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

SLIDE 16 – GROUP RESULTS – INCOME STATEMENT

… beginning with FY18 group results.

On a reported basis:

- Income was up 3%
- EBITDA, EBIT and NPAT were down 5.2%, 9.4% and 8.9% respectively; and
- Basic EPS was down 7.7% to 30 cents.

Our FY18 results were in line with guidance. On a guidance basis:

- Income was up 1.6%; and
- EBITDA was down 5.9%.

FY18 reported and guidance EBITDA were approximately the same with the gain on sale of Foxtel and adjustments for M&A offsetting impairments.

Depreciation and amortisation increased by 0.7%. D&A was influenced by continued spend on shorter lived assets, offset by a $242 million reduction from the annual useful life review.

In FY19, the FY18 service life adjustments already made will reduce D&A by about $125 million.

We will continue to review the useful lives and residual values of our assets particularly in light of product rationalisation. This may result in accelerated D&A or asset write offs which we will adjust for on a guidance basis.

Net finance costs decreased by 7.1% including benefits from refinancing debt at lower rates.

The income tax expense was down 11.3% reflecting lower earnings. Our effective tax rate was approximately 30%.

On dividend…

SLIDE 17 – GROUP RESULTS – TOTAL DIVIDEND

… the Board has resolved to pay a final dividend for 2H18 of 11 cents per share, fully franked.

Consistent with our Capital Management Framework announced in August 2017, our final dividend comprises a:

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

The total FY18 interim and final ordinary dividend of 15 cents per share represents a 78% payout ratio on underlying earnings.

The total FY18 interim and final special dividend of 7 cents per share represents a 65% payout ratio on net one-off nbn receipts.

Moving to free cashflow….

SLIDE 18 – GROUP RESULTS – FREE CASHFLOW

… which was $4.9 billion in FY18 on a guidance basis. The guidance basis excludes spectrum, M&A and the Foxtel transaction.

Free cashflow on a reported basis of $4.7 billion in FY18 was up $1.2 billion on FY17 due to improved working capital, and lower tax and spectrum payments, partly offset by free cashflow from Autohome in the prior year.

In FY18 the change in working capital was positive and benefitted from:

- improved movement in receivables including from nbn DA one-off receipts due to the nbn co decision to cease sales on HFC;
- 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;
- change in payment terms to large suppliers; and
- mobile leasing, albeit with a lower working capital benefit than prior year.

Free cashflow of $4.7 billion in FY18 was used to pay dividends and finance costs, and to reduce debt.

Turning now to income performance by product.

SLIDE 19 – INCOME GROWTH BY PRODUCT

Reported income increased 3% to $29 billion.

One-off nbn DA receipts and connection revenue increased by $536 million, including growth from PSAA in line with the progress of the nbn network rollout.

Underlying income decreased $96 million or 0.4%. This was due to the following factors:

- Mobile was up $294 million including Go Mobile Swap lease income.
- Fixed was down $617 million.
- Data and IP was down $141 million.
- Recurring nbn DA was up $157 million in line with the nbn network rollout.
- NAS was up $288 million or 8.6%.
- Global connectivity was up $71 million.
- Other core was down $161 million including nbn related asset sales and reduced media revenue; and
- New business was up $13 million including from Telstra Ventures

Turning to expenses…

SLIDE 20 – OPERATING EXPENSES

… where we are delivering against our $2.5 billion net productivity target with a $480 million, or 7.0% reduction in underlying core fixed costs in FY18.

This means that the results of our cost productivity programmes more than offset inflation, increased energy costs and reinvestment.

We continue to focus on productivity that improves customer outcomes, improves internal processes and takes cost out of our business. Andy has today provided examples of how we are delivering productivity, including through our digitisation strategic investment.

Our company-wide productivity efforts have now delivered approximately $700 million cumulatively since FY16.

Our FY18 costs in total rose due to:

- **Increased nbn costs** including growth in CVC/AVC costs of $494 million and one-off DA and cost to connect of $110 million
- **Increased NAS sales and variable labour costs** of $216 million which supported growth in NAS revenue of $288 million; and
- **Increased mobile costs** including hardware costs and Go Mobile Swap lease costs as a result of increased sales and device prices. The mobile hardware margin in dollar terms declined in the current period including the one-off lease benefit in the prior period.

Consistent with our T22 strategy, we expect total costs will be flat or decline in each year from FY18 excluding restructuring.

In FY19, we expect costs to be flat with reductions in underlying core fixed and NAS variable labour costs to offset increased nbn CVC/AVC and mobile hardware costs.

The labour costs to underlying income ratio was 19% in FY18, reducing by 0.2 percentage points on FY17 excluding redundancy. We are committed to an approximate 30% reduction in labour costs to income by FY22.

The average net nbn cost to connect per customer in FY18 was broadly flat on PCP. In the current period, we had a higher proportion of smart modems and business connections which are more expensive. We continue to focus on reducing the unit cost, including through the introduction of selfinstall solutions and simplified nbn products for our business customers, and further automation of provisioning.

At our half year results, we stated that we would revise our nbn cost to connect to capture only nbn migrations from legacy networks and exclude business-as-usual migrations. This will ensure that the one-off nbn cost to connect is zero at the end of migration to nbn.

We have now done this and business-as-usual nbn migrations are included in underlying core fixed and sales costs, and excluded from one-off nbn cost to connect. This has resulted in restatements to one-off nbn cost to connect and associated EBITDA. Details of this restatement are included in slide footnotes.

Turning to product EBITDA performance.

SLIDE 21 – EBITDA

Overall, we saw a decrease in EBITDA on a guidance basis, down 5.9% to $10.125 billion.

Underlying EBITDA was down $1.1 billion. The negative recurring influence of the nbn in FY18 was approximately $800 million. When added to prior year recurring nbn impacts, we have absorbed $1.4 billion of the estimated $3 billion recurring nbn impact to date.

The impact of the nbn on underlying EBITDA includes:

- Increased CVC/AVC payments
- 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 FY18, the identified proxy nbn impact of approximately $800 million included:

- around $500 million in increased network payments to nbn co, and
- around $500 million in other reduction in fixed EBITDA including wholesale; offset by
- $161 milllion in increased recurring nbn receipts.

Outside recurring nbn impacts, underlying EBITDA was down approximately $200 million. We will go through this on the next slide.

One-off nbn DA EBITDA and nbn costs to connect were up $426 million in line with the nbn network rollout.

Turning to underlying product EBITDA performance.

SLIDE 22 – PRODUCT EBITDA PERFORMANCE

Starting from the bottom, the difference between the reported EBITDA of $10.121 billion and the underlying $8.317 billion, is the guidance adjustments and nbn one-off.

Our underlying EBITDA was down approximately $200 million excluding around $800 million of recurring impact from nbn.

- Mobile was down $274 million;
- Data & IP was down $69 million mostly due to legacy migration;
- NAS was up $72 million and offset the data & IP decline. 2H18 NAS EBITDA margin was 13%;
- Global connectivity was down $14 million, albeit with a 3% improvement in 2H18 EBITDA on PCP;
- Other core was up $92 million including: lower restructuring costs in FY18, partly offset by lower nbn commercial works sale of assets and direct contribution from media; and
- New businesses were down $34 million. This included one-off milestone costs associated with the National Cancer Screening Registry. EBITDA from new businesses is expected to improve in FY19.

Turning now to our performance by product.

SLIDE 23 – PRODUCT PERFORMANCE MOBILE

This slide shows the year on year mobile performance, the following slide shows halves.

Mobile revenue grew 0.4% on the prior corresponding period including strong net postpaid SIO adds supporting revenue growth across hardware, wholesale and Machine to Machine. Machine to Machine is the foundation of our Internet of Things business.

In FY18 we added 342,000 retail mobile services, including 304,000 postpaid handheld services, of which 67,000 were Belong mobile. Plus we added 229,000 wholesale mobile services, as we continue to successfully execute on our multi-brand strategy.

Postpaid handheld revenue declined 3.4% with Minimum Monthly Commitment, or MMC growth in mass market being offset by MMC declines in business and lower out of bundle revenue.

Prepaid handheld revenue declined due to reduced unique users from increased competition and migration of customers to retail postpaid, wholesale and Belong mobile.

Mobile broadband revenue declined by 10.3%. After achieving quarterly sequential stability, postpaid mobile broadband revenue declined in the second half due to lower ARPU from growth in lower tier plans and reduced out of bundle revenue.

Mobile broadband prepaid revenue and unique users continued to decline as the product category faces a structural shift with customers substituting prepaid mobile broadband for fixed line and mobile handset tethering.

Machine to machine or M2M revenue grew 13% on PCP, with 383,000 SIOs added in year. We continue to see growth in M2M with the acquisition of MTData and new solutions being implemented in verticals such as logistics, utilities, health and financial services. MTData is a leading provider of GPS and telematics fleet management solutions.

Hardware revenue grew due to both higher device volumes and unit rates.

And in media, 2.3 million customers have now activated our Sports Live Pass – up by almost one million customers from last year.

The mobile EBITDA margin decreased 3 points to 40% including services revenue reduction, hardware mix and one-off lease benefit in the prior period that was not repeated.

Postpaid mobile handheld churn improved and at 10.9% continues to be low by international standards.

Turning to half on half performance for mobile.

SLIDE 24 – PRODUCT PERFORMANCE MOBILE

Mobile revenue in 2H18 grew 0.1% on PCP and was down 0.4% sequentially on 1H18.

In 2H18, we had good net add momentum with 174,000 postpaid handheld services vs 82,000 in PCP and 130,000 in 1H18. In the last quarter of FY18 we almost doubled net adds sequentially, adding 114,000 postpaid handheld services vs 60,000 in the third quarter.

Postpaid handheld ARPU declined 3.6% in 2H18 on PCP, with a consistent decline in both third and fourth quarter on PCP.

By segment, sequential postpaid handheld ARPU growth was achieved in small business in 2H18, after a decline in 1H18. Consumer and Enterprise ARPU declined sequentially in 1H18 and 2H18 due to reduced out of bundle revenue and MMC declines in Enterprise. Our smallest segment, Premier Business had the largest sequential ARPU decline including from international roaming.

We expect ARPU declines to continue into FY19, including from ongoing competition and the impact of T22 mobile initiatives.

Turning to fixed line...

SLIDE 25 – PRODUCT PERFORMANCE FIXED

… where we added 135,000 retail bundled customers during the year, including improved 2H18 momentum. 91% of our retail broadband customer base is now on a bundled plan.

We have almost 1.3 million Telstra TV devices in market and approximately 50% of our consumer customers are enjoying entertainment offers including Foxtel from Telstra.

With growth in media differentiation and smart modem penetration, churn on fixed products is industry-leading and improved in FY18.

Demand for our nbn services continues as we focus on delivering a great customer experience. During the year we added 770,000 nbn connections bringing total nbn connections to almost 2 million, and a 51% share ex-satellite.

Smart modems are now across 12% of our fixed data consumer base, delivering a better experience on nbn. The smart modem allows customers to connect sooner, switches to our mobile network if needed, and includes the fastest ratified WiFi standard.

Retail fixed data revenue increased with 88,000 net subscribers added including through Belong. We added 67,000 retail fixed data subscribers in 2H18, with 31,000 in the last quarter.

Total fixed data revenue however declined 0.2% with increased nbn migration of wholesale services.

Fixed voice revenue decline increased to 15.4% including wholesale and lower out of bundle retail usage and SIOs. Across retail customers, we are continuing to focus on retention and benefits from bundling.

Retail bundle minimum monthly commitment was challenged with FY18 down 3.1% on PCP. We expect ongoing bundle ARPU pressure into FY19.

The fixed voice margin fell by 13 points, and fixed data margin fell by 15 points. Fixed margins were negatively affected by one-off costs of connecting customers to the nbn network, and growing network payments to nbn co.

Excluding nbn related items and wholesale, the fixed data margin was flat on PCP.

Turning to data and IP...

SLIDE 26 – PRODUCT PERFORMANCE DATA & IP

…where revenue declined 5.2%, reflecting IP customer wins including volume and connection growth in IP VPN, offset by legacy declines across ISDN, IP WAN and calling products.

We have updated our disclosures to more accurately capture data and IP product trends.

ISDN declined 13.5%. We expect further acceleration in decline as migration to contemporary products continues.

Our EBITDA margin of 59% was maintained.

Turning to Network Applications and Services, or NAS…

SLIDE 27 - PRODUCT PERFORMANCE NAS

…which grew 8.6% to over $3.6 billion in revenue for the year. This included double digit Small Business growth and high single digit Enterprise growth.

We expect revenue from the nbn commercial works component of Industry Solutions to reduce in FY19.

NAS EBITDA improved $72 million to a 10% margin. The NAS EBITDA margin in 2H18 was 13%.

We aim for NAS EBITDA dollar growth to offset the data & IP decline. This occurred this year.

We are pleased by this margin achievement and it is an important milestone on our commitment to a sustainable mid-teens EBITDA margin. Having said that, NAS revenue and costs are subject to timing variations associated with major contracts and this half benefitted from these timings.

Turning to global connectivity…

SLIDE 28 – PRODUCT PERFORMANCE GLOBAL CONNECTIVITY

…which consists of our enterprise business outside Australia.

Revenue grew by 5.1% in local currency with customers continuing to respond well to the scale, reach and low latency of our products.

Global EBITDA declined for the year but improved in 2H18 by 3% on PCP from revenue growth and cost productivity.

Turning to our capital position…

SLIDE 29 – CAPITAL POSITION

Closing gross debt and net debt of $15.4 billion and $14.7 billion respectively reduced using free cashflow generated in FY18.

As a result, our gearing decreased to 49.5%.

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

Our average gross borrowing costs reduced to 4.9% and average debt maturity was 4.3 years.

FY18 capex of $4.7 billion was consistent with our guidance. FY18 capex to sales ratio was 18.4%, or 18.1% excluding around $60 million of capex relating to data centres that we won’t fund until 2023.

We have invested approximately $1.8 billion of our up to $3 billion additional strategic investment. We are on track to achieve more than $500 million in EBITDA benefits from this investment by the end of FY21.

In FY18, our strategic investment has achieved more than $100 million in EBITDA benefits, made up of around three quarters revenue and one quarter cost.

Turning to ratios. FY18 Return on Equity was 24.1% and Return on Invested Capital was 13.1%, 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.

We manage our ROIC through capital allocation and through improving capital effectiveness and product returns. We are committed to a post-nbn ROIC of greater than 10%.

Turning to Telstra InfraCo.

SLIDE 30 – TELSTRA INFRACO PRO FORMA

As outlined at our June T22 strategy announcement, as of 1 July we established a standalone infrastructure business unit to improve efficiency.

Telstra InfraCo comprises our high quality fixed network infrastructure and internal access, Telstra Wholesale, commercial works for nbn co and recurring proceeds from nbn co.

In June, we estimated Telstra InfraCo total assets of $11 billion, and revenues and EBITDA of about $5.5 billion and $3 billion respectively.

We have now updated the FY18 Telstra InfraCo pro forma financials.

FY18 assets and external income of $11.1 billion and $5.5 billion respectively were in line with our estimate.

EBITDA was $3.4 billion including $1.4 billion for internal access charges. EBITDA increased from our estimate with an update for FY18 actual performance and refinements to internal asset access charges and cost allocations.

FY18 EBITDA margins excluding Telstra InfraCo pro forma, were:
- lower by low single digits in Mobile
- lower by mid-single digits in NAS; and
- lower by mid to high teen digits across Fixed and Data & IP.

Additional detail on Telstra InfraCo is included in our full year results and operations review disclosures.

Future segment disclosures will likely change over time as Telstra InfraCo is fully integrated into our business.

Before turning to guidance, the adoption of new accounting standards will have some impacts.

SLIDE 31 – AASB15 IMPACTS

AASB15 “Revenue from contracts with customers” is a new accounting standard that changes the way we recognise revenue and some types of associated contract costs.

The new standard requires us to apply a prescriptive five-step model to each of our customer contracts to determine when and how much revenue we recognise.

The adoption will result in an expected reduction of our opening FY18 retained earnings of $412 million after tax. This results from applying the standard retrospectively to those contracts that existed on 1 July 2017 which is our transition date and also to our Balance Sheet true up on that date.

For FY18, adoption is expected to result in:
- $191 million decrease in total income
- $300 million decrease in operating expenses
- $109 million increase in EBITDA; and
- $51 million increase in our net profit after tax

For FY19, we similarly expect EBITDA to increase by around $100 million, income to decrease by around $100 million and operating costs to decrease by around $200 million due to adoption.

Income changes include how we account for our mobile plans with MRO contracts and customer contributions. Operating cost changes include how we account for sales commissions.

We will also provide an update on the impacts of AASB16 leases standard in the next 6 months.

Our FY19 guidance has not changed from that provided on 20 June 2018 at our T22 announcement, except to adjust for the expected impact of the new accounting standard AASB15.

SLIDE 32 – GUIDANCE

The result of the adjustment is that FY19 income guidance has decreased by $100 million and FY19 EBITDA guidance has increased by $100 million. We now also provide free cashflow guidance.

In FY19 we expect total income of $26.5 to $28.4 billion.

We expect FY19 EBITDA, excluding restructuring, of $8.8 to $9.5 billion.

FY19 additional restructuring costs are expected to be around $600 million.

We expect FY19 net one off nbn DA receipts less nbn cost to connect of $1.8 to $1.9 billion.

FY19 is a very material year in the migration to the nbn and its impact on Telstra. There is not a current nbn Corporate Plan and therefore the basis for our guidance is Telstra management's best estimates.

Guidance may be updated after taking account of the nbn Corporate Plan 2019 when it is published. We expect nbn co to publish on 31 August.

In FY19 we expect capex of $3.9 to $4.4 billion.

Our capex guidance in FY19 equates to 16 to 18% capex to sales. As you know, we've elevated our capex by up to $3 billion to support our strategic investment. We are on track to complete this investment in FY19 and possibly into FY20.

We expect free cashflow to be in the range of $3.1 to $3.6 billion.

In FY19, the movement in working capital is expected to reduce free cashflow due increased receivables related to nbn DA one-off income. Cash received for nbn DA one-off income is received quarterly in arrears.

Additionally, the working capital initiatives from FY17 and FY18 are expected to endure but not have the in year benefits we saw in those years.

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

As mentioned at our recent strategy day, the T22 strategy potentially brings forward write offs of some software assets, we will adjust for this on a guidance basis.

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

[END]

Full year results and operations review

Summary financial results	FY18 $m	FY17 $m	Change %
Total revenue	**26,011**	26,013	(0.0)
Total income (excluding finance income)	**29,042**	28,205	3.0
Operating expenses	**18,899**	17,558	7.6
Share of net profit/(loss) from joint ventures and associated entities	**(22)**	32	n/m
EBITDA	**10,121**	10,679	(5.2)
Depreciation and amortisation	**4,470**	4,441	0.7
EBIT	**5,651**	6,238	(9.4)
Net finance costs	**549**	591	(7.1)
Income tax expense	**1,573**	1,773	(11.3)
Profit for the period	**3,529**	3,874	(8.9)
Profit attributable to equity holders of Telstra	**3,563**	3,891	(8.4)
Capex[1]	**4,717**	4,606	2.4
Free cashflow	**4,695**	3,496	34.3
Earnings per share (cents)	**30.0**	32.5	(7.7)

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. Excludes externally funded capex.

Reported results

For commentary on our key results and market context, please refer to the *Chairman and CEO message* section. Detail on our FY18 highlights and early progress against our T22 strategy can be found in the *Strategy and performance* section.

Results on a guidance basis[1]	FY18	FY18 Guidance[3]
Total income[2]	**$28.6b**	Middle of $27.6b to $29.5b
EBITDA	**$10.1b**	Bottom end of $10.1b to $10.6b
Net one-off nbn DA receipts less nbn net Cost to Connect (C2C)	**$1.8b**	Middle to upper end of $1.4b to $1.9b
Capex	**$4.7b**	Middle to upper end of $4.4b to $4.8b
Free cashflow	**$4.9b**	Top end or moderately above $4.2b to $4.7b

1. This guidance assumed wholesale product price stability and no impairments to investments, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumed the nbn™ rollout was 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 excluded externally funded capex. Refer to the guidance versus reported results reconciliation section.
2. Total income excludes finance income.
3. FY18 guidance as provided on 14 May 2018 trading update. FY18 guidance initially revised on 1 December 2017 as a result of nbn co's HFC cease sale.

Guidance versus reported results[1]	FY18 Reported results $m	FY18 Adjustments $m	FY18 Guidance basis $m	FY17 Guidance basis $m
Total income[2]	**29,042**	(397)	**28,645**	**28,205**
EBITDA	**10,121**	4	**10,125**	**10,756**
Free cashflow	**4,695**	178	**4,873**	**3,981**

1. This guidance assumed wholesale product price stability and no impairments to investments, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumed the nbn™ rollout was 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 excluded externally funded capex. Refer to the guidance versus reported results reconciliation section.
2. Total income excludes finance income.

On 16 August 2018, the Directors of Telstra Corporation Limited resolved to pay a fully franked final dividend of 11 cents per ordinary share, comprising a final ordinary dividend of 7.5 cents and a final special dividend of 3.5 cents. Shares will trade excluding entitlement to the dividends from 29 August 2018 with payment on 27 September 2018.

The total dividend for FY18 is 22 cents per share, fully franked, including 15 cents ordinary and 7 cents special, in accordance with our dividend policy announced in August 2017. This represents a 78 per cent payout ratio on FY18 underlying earnings (net profit after tax excluding net one-off nbn receipts) and a 65 per cent payout ratio of FY18 net one-off nbn receipts (net nbn one off Definitive Agreement receipts – consisting of Per Subscriber Address Amount (PSAA), Infrastructure Ownership and Retraining – less nbn net cost to connect less tax).

Segment performance

We report segment information on the same basis as our internal management reporting structure as at the 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	FY18 $m	FY17 $m	Change %
Telstra Consumer and Small Business	**14,683**	14,722	(0.3)
Telstra Enterprise	**8,249**	8,108	1.7
Telstra Wholesale	**2,737**	2,837	(3.5)
Telstra Operations	**1,217**	1,151	5.7
All Other	**2,156**	1,387	55.4
Total Telstra segments	**29,042**	28,205	3.0

Telstra Consumer and Small Business
Telstra Consumer and Small Business income was largely flat, down 0.3 per cent to $14,683 million.

Telstra Consumer income increased by 0.6 per cent with growth in postpaid handheld, mobile hardware and fixed bundle revenue partly offset by declines in prepaid handheld, mobile broadband and ongoing fixed voice decline. Fixed data grew by 4.7 per cent while mobile services revenue declined by 1.6 per cent and fixed voice was down 14.4 per cent.

Telstra Small Business income decreased by 4.0 per cent, impacted by lower mobile services revenue and ongoing declines in fixed voice. Mobile services revenue declined by 2.5 per cent with net subscriber additions offset by ARPU reductions. Network Applications and Services (NAS) revenue continued to grow, increasing by 14.5 per cent, primarily driven by growth in unified communications.

Telstra Enterprise
Telstra Enterprise income increased by 1.7 per cent to $8,249 million. Telstra Enterprise domestic income increased by 0.8 per cent, including an 8.0 per cent growth in NAS. This was partly offset by industry ARPU declines across mobility and Data & IP, and ongoing fixed voice decline. Telstra Enterprise international income grew by 5.4 per cent mainly due to growth across NAS with the acquisition of Company85 in June 2017, and growth in fixed voice products.

Telstra Wholesale
Telstra Wholesale income decreased by 3.5 per cent to $2,737 million largely due to a decline across fixed products, but was partly offset by increased mobile and ISA ownership receipts in line with the nbn™ network rollout.

Telstra Operations
Telstra Operations income grew by 5.7 per cent to $1,217 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 PSAA in line with the nbn™ network rollout.

Telstra InfraCo
Effective from 1 July 2018, we established a standalone infrastructure business unit, Telstra InfraCo, as part of our new T22 strategy announced on 20 June 2018.

Our 1H19 financial statements will contain detailed segment reporting for Telstra InfraCo, the results of which will be regularly reviewed by management. The new segment will comprise:

- Infrastructure assets reported in FY18 in our corporate areas.
- Telstra Wholesale results disclosed in FY18 in note 2.1 to the financial statements as a separate reportable segment but excluding one-off nbn Infrastructure Ownership Payments.
- nbn commercial works activities included in FY18 in note 2.1 to the financial statements as part of the Telstra Operations reportable segment.

Telstra InfraCo engages in the following activities:

- Holds our fixed network infrastructure including data centres, non-mobiles related domestic fibre, copper, HFC, international subsea cables, exchanges, poles, ducts and pipes.
- Provides access to our fixed network infrastructure assets to other Telstra business units, wholesale customers and nbn co.
- Provides a wide range of telecommunication products and services delivered over Telstra networks and associated support systems to other carriers, carriage service providers and internet service providers.
- Provides nbn co with long term access to certain components of our infrastructure and certain network services under the ISA and commercial contracts.

The table below includes pro forma segment results as if the Telstra InfraCo segment existed at the end of FY18. The table is for information purposes only and provides an example of what the FY19 segment reporting will look like in principle. However, it does not reflect any other organisational changes resulting from the T22 announcement as those changes are yet to be finalised. Our 1H19 financial statements will provide a restatement of FY18 comparatives reflecting segments as at 31 December 2018.

Consistent with information presented for internal management reporting purposes, the result of each segment is measured based on its EBITDA contribution except for Telstra InfraCo which includes the inter-segment charges. EBITDA contribution excludes the effects of all inter-segment balances and transactions with the exception of the transactions referred to in the table. As such, only transactions external to the Telstra Group are reported for all segments except for Telstra InfraCo.

Our approach to Telstra InfraCo segment reporting is to present its profitability as if it was a standalone business unit with no offsetting impact to the other segments to reflect how performance is managed internally.

Telstra Group	Telstra Consumer and Small Business	Telstra Enterprise	Telstra Operations	All Other	Subtotal	Telstra InfraCo	Eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m
	Year ended 30 June 2018							
Revenue from external customers	14,629	8,217	89	(20)	22,915	3,096	-	26,011
Revenue from transactions between Telstra InfraCo and other segments	-	-	-	-	-	2,178	(2,178)	-
Total revenue from external customers and Telstra InfraCo	**14,629**	**8,217**	**89**	**(20)**	**22,915**	**5,274**	**(2,178)**	**26,011**
Other income	54	32	162	2,572	2,820	211	-	3,031
Total income	**14,683**	**8,249**	**251**	**2,552**	**25,735**	**5,485**	**(2,178)**	**29,042**
Share of net profit/(loss) from joint ventures and associated entities	-	2	-	(24)	(22)	-	-	(22)
EBITDA contribution	**6,970**	**3,216**	**(3,066)**	**501**	**7,621**	**3,407**	**(907)**	**10,121**
Depreciation and amortisation	-	-	-	-	-	-	-	(4,470)
Telstra Group EBIT	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,651**
Net finance costs	-	-	-	-	-	-	-	(549)
Telstra Group profit before income tax expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,102**

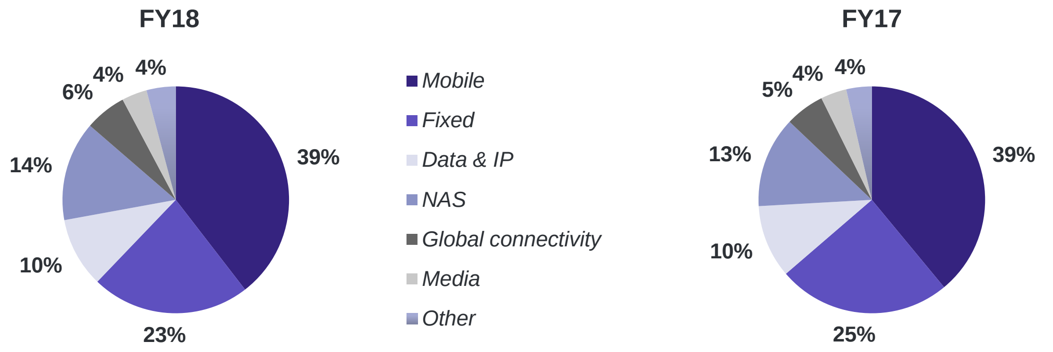
Total restated FY18 segment results reconcile to note 2.1 to the financial statements. However, the following items have been adjusted:

- Telstra InfraCo generates revenue from transactions with other business units. These inter-segment transactions relate to access charges for the use of the infrastructure assets. The access charges are charged on the assets which are allocated to Telstra InfraCo, being our fixed network infrastructure. Where such assets are shared with other business units, an allocation of the assets to Telstra InfraCo has been determined based on historical usage. These access charges are developed based on an approach that incorporates a variety of internally and externally observed inputs to reflect an arm's length basis for charging. They are regularly reviewed by management and are eliminated at Telstra Group level for statutory reporting purposes.
- The Telstra InfraCo segment result also includes inter-segment costs recharged by the Telstra Operations segment for operations and maintenance services related to Telstra InfraCo assets. These shared operations and maintenance costs allocated to Telstra InfraCo assets are based on a usage methodology.
- The Telstra Operations segment result includes network service delivery costs for Telstra Consumer and Small Business and Telstra Enterprise customers as well as Telstra InfraCo. The operations and maintenance costs are included in Telstra InfraCo costs, but have not been excluded from Telstra Operations.
- The Telstra Operations segment recognises expenses in relation to the installation, maintenance and running of the HFC cable network held in Telstra InfraCo (except for operations and maintenance costs recharged by Telstra Operations to Telstra InfraCo), while a portion of the running costs of the HFC cable network is managed by the Media & Marketing operating segment (included in the All Other category).
- The Telstra InfraCo segment result includes rental revenue from providing nbn co with long term access to ducts and pits and other components of our infrastructure under the ISA, while the associated costs are reported in the Telstra Operations segment and in the All Other category, respectively.
- Telstra InfraCo also includes costs associated with support functions which have not been removed from other segments. We allocate these costs by utilising driver-based cost allocation methodology for our internal performance reporting.

Full details about our FY18 reported segment results are included in note 2.1 to the financial statements.

Product performance

Product sales revenue breakdown

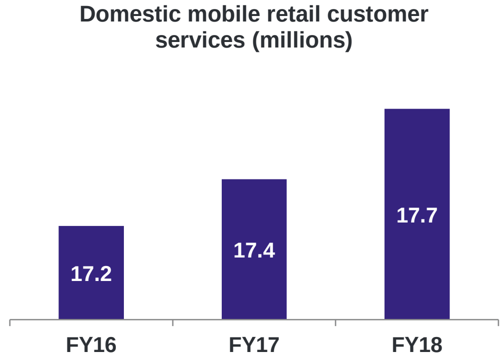


Key product revenue	FY18 $m	FY17 $m	Change %
Mobile	**10,145**	10,102	0.4
Fixed	**5,812**	6,402	(9.2)
Data & IP	**2,557**	2,698	(5.2)
NAS	**3,646**	3,358	8.6
Global connectivity	**1,513**	1,449	4.4

EBITDA margins[1]	FY18 %	2H18 %	1H18 %	FY17 %
Mobile	**40**	39	40	**43**
Fixed data[2]	**16**	15	17	**31**
Fixed voice[2]	**35**	31	38	**48**
Data & IP	**59**	59	59	**59**
NAS	**10**	13	6	**9**
Global connectivity	**16**	17	15	**17**

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 revenue increased by 0.4 per cent to $10,145 million. Retail customer services increased by 342,000 bringing the total to 17.7 million. We now have 7.9 million postpaid handheld retail customer services, an increase of 304,000 (including 67,000 from Belong). Postpaid handheld churn of 10.9 per cent is industry leading.

Postpaid handheld revenue declined by 1.4 per cent to $5,374 million, however it was 0.4 per cent higher in 2H18 compared with 1H18. Postpaid handheld ARPU declined by 3.4 per cent from $67.70 in FY17 to $65.41 in FY18 (excluding the impact of mobile repayment option) due to lower out of bundle revenue and increased competition. Postpaid handheld ARPU declines are expected to continue into 1H19.

Prepaid handheld revenue declined by 5.4 per cent to $958 million, with ARPU growth of 2.1 per cent from $22.29 to $22.75 offset by a reduction in unique users, increased competition, and migration to wholesale and Belong.

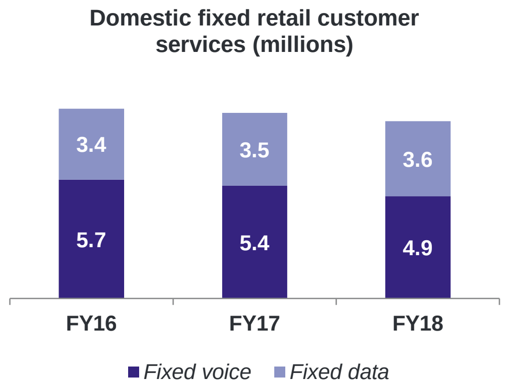
Mobile broadband revenue fell 10.3 per cent to $890 million after a decline in ARPU and reduction of 37,000 customer services. The decline accelerated in 2H18 compared to 1H18 due to shared data impacts and a decline in prepaid unique users.

Machine to Machine revenue grew by 13.0 per cent to $165 million, increasing customer services by 383,000. We continue to see growth with the acquisitions of MTData and VMtech, and new solutions being implemented in verticals such as logistics, utilities, health and financial services.

Mobile hardware revenue increased by 9.0 per cent to $2,338 million largely due to a higher volume of devices sold at a higher price per unit.

Mobile EBITDA margin declined by 3 percentage points to 40 per cent due to a reduction in mobile services revenue and a smaller EBITDA benefit from Go Mobile Swap relative to FY17.

Fixed



Fixed revenue declined by 9.2 per cent to $5,812 million, impacted by an increased rate of nbn migration and competition, partly offset by improved 2H18 retail bundle momentum.

Fixed voice revenue decreased by 15.4 per cent to $2,642 million due to lower out of bundle usage and a decline in customer services. Retail fixed voice subscriber numbers fell in line with the nbn rollout, declining 472,000, taking total retail fixed voice customers to 4.9 million. We continue to focus on retention activity promoting the customer benefits from bundling.

Fixed data revenue decreased by 0.2 per cent to $2,544 million, as retail fixed data revenue growth of 4.1 per cent was offset by lower wholesale revenue due to nbn migration. There were 88,000 retail fixed data net subscriber additions including 48,000 from Belong, bringing total retail fixed data customers to 3.6 million.

Retail bundles continued to perform well with 3.1 million customers now on a bundled plan. Net subscriber additions of 135,000 were boosted by data and speed bestowals, and the launch of ‘Unlimited Data Bundles’ and the new Telstra TV® in October 2017. There was improved momentum in 2H18 with 78,000 net subscriber additions compared with 57,000 in 1H18.

We continue to lead the nbn market with a total of 1,946,000 nbn connections, an increase of 770,000. Our nbn market share is now 51 per cent (excluding satellite). The Telstra Smart Modem™ is now being utilised by 12 per cent of our fixed data consumer base, providing a better experience on the nbn and improved churn outcomes.

Other fixed revenue, which includes intercarrier services, platinum services, payphones and customer premises equipment, decreased by 14.1 per cent to $626 million. Intercarrier access services revenue declined by 13.8 per cent.

Fixed voice and fixed data EBITDA margins declined to 35 and 16 per cent respectively, negatively affected by a reduction in revenue, upfront costs of connecting customers to the nbn™ network, and rising network payments to nbn co.

Data & IP

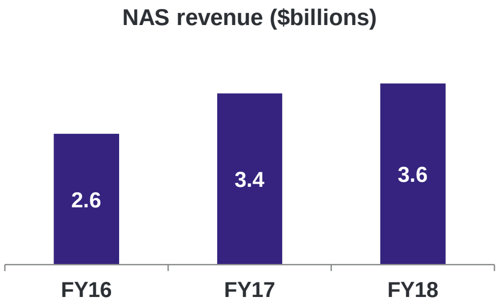
Data & IP revenue decreased by 5.2 per cent to $2,557 million reflecting customer growth in IP Virtual Private Network (IPVPN), offset by legacy product declines including ISDN and calling products.

IPVPN revenue declined by 0.4 per cent to $1,066 million as subscriber growth in higher ARPU fibre products, including IP Metropolitan Area Network (IPMAN), was offset by competitive yield pressures and legacy IP Wide Area Network (IPWAN) declines. The accelerated decline in ISDN revenue, down 13.5 per cent to $467 million, represents legacy migration to IPVPN growth products, and NAS collaboration and calling solutions.

Other data and calling products revenue, which includes wholesale, inbound calling products, internet, media solutions and legacy data, decreased by 5.9 per cent to $1,024 million. Internet growth of 7.2 per cent was more than offset by declines in legacy inbound calling and data products, and media solutions.

Data & IP EBITDA margin remained stable at 59 per cent. EBITDA dollars declined, largely due to legacy migration from products including ISDN to NAS collaboration and calling solutions.

Network Applications and Services (NAS)



NAS revenue increased by 8.6 per cent to $3,646 million with double digit growth in Small Business and high single digit growth in Enterprise. There was strong growth in professional services across NAS offerings.

Managed network services revenue increased by 1.8 per cent, reflecting a 3.8 per cent growth in security services and other one-off revenue in managed data networks. Managed data networks revenue grew by 1.4 per cent.

Unified communications revenue increased by 1.1 per cent due to collaboration and calling solutions, offset by lower revenue from professional services and customer premises equipment.

Cloud services revenue growth of 14.4 per cent was facilitated by annuity growth in public cloud, consulting services and customer premises equipment.

Industry solutions revenue growth of 11.0 per cent largely came from nbn network and other commercial works.

Integrated service revenue grew by 39.5 per cent resulting from growth in professional services and timing of key customer milestones.

NAS EBITDA margin increased by 1 percentage point to 10 per cent due to ongoing operational leverage, scalable standardised offerings and cost productivity.

Global connectivity
Global connectivity represents the international business of Telstra Enterprise. Revenue grew by 5.1 per cent in local currency (LC) terms due to ongoing NAS and fixed product growth.

Fixed revenue increased by 5.0 per cent (LC) as a result of wholesale voice customer growth, while NAS revenue grew by 31.9 per cent (LC) due to an uptake in managed network services and customer premise equipment. Data & IP revenue increased 0.6 per cent (LC).

On a reported Australian dollar basis, global connectivity revenue increased by 4.4 per cent to $1,513 million.

Global connectivity EBITDA margin declined by 1 percentage point to 16 per cent due to revenue mix shift towards lower margin products and yield pressure particularly in 1H18. EBITDA in 2H18 improved by 3 per cent compared with the prior corresponding period from revenue growth and cost productivity.

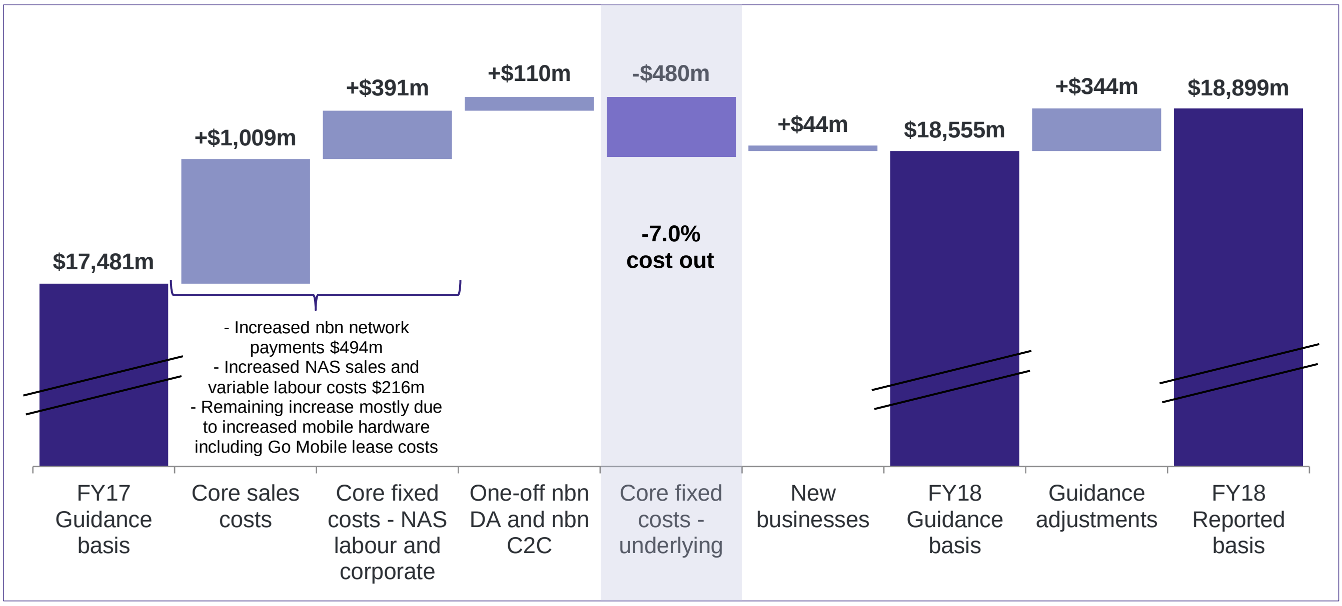
Media
Media revenue excluding cable decreased by 1.2 per cent to $924 million mainly due to the performance of Foxtel from Telstra, which declined by 1.2 per cent to $768 million and had 18,000 subscriber exits due to a broader industry transition from Broadcast to IPTV. There are now 1,290,000 Telstra TV® devices in the market, an increase of 463,000. Sports Live Pass users increased by nearly 1 million to 2,301,000 across AFL, NRL and Netball, with most users receiving 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 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 38.3 per cent is largely due to an increase in one-off PSAA, which increased by 42.5 per cent to $1,779 million, and ISA receipts in line with the progress of the nbn™ network rollout.

Expense performance

In June 2018, we announced we would target a further $1 billion annual reduction in underlying core fixed costs by FY22 in addition to the previous stated target of $1.5 billion, meaning underlying core fixed costs will be $2.5 billion per annum lower in FY22 compared with FY16. We expect total costs will be flat or decline in each year from FY18 excluding restructuring costs.

We have delivered against our cost ambitions for the year and are ahead of the run rate required for our net productivity target with underlying core fixed costs declining by 7.0 per cent or $480 million. We have now achieved around $700 million of annual cost out since FY16.



Operating expenses	FY18 $m	FY17 $m	Change $m	Change %
Core sales costs[1]	**8,427**	7,418	1,009	13.6
Core fixed costs	**9,240**	9,329	(89)	(1.0)
- Underlying	**6,365**	6,845	(480)	(7.0)
- NAS labour and corporate[2]	**2,875**	2,484	391	15.7
New businesses costs[3]	**370**	326	44	13.5
One-off nbn DA and nbn C2C[4]	**518**	408	110	27.0
Guidance basis	**18,555**	**17,481**	**1,074**	**6.1**
Guidance adjustments[5]	**344**	77	267	n/m
Reported basis	**18,899**	**17,558**	**1,341**	**7.6**

1. Core sales costs excludes goods and services purchased associated with new businesses and one-off 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. FY17 restated to include $439m (FY18 $286m) 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, now global connectivity.
4. FY17 one-off nbn C2C restated to exclude business as usual (BAU) connections. Costs associated with BAU connections included in core sales and underlying fixed costs.
5. Refer to the guidance versus reported results reconciliation section.

Total operating expenses increased by 7.6 per cent to $18,899 million due to increased nbn access payments, nbn cost to connect (C2C), NAS growth and mobile hardware. Core sales costs, which are direct costs associated with revenue and customer growth, increased by $1,009 million or 13.6 per cent. NAS labour and corporate costs, and one-off nbn DA and nbn C2C increased by 15.7 per cent and 27.0 per cent respectively as the nbn rollout continues.

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	FY18	FY17	Change
	$m	$m	%
Labour	**5,157**	5,381	(4.2)
Goods and services purchased	**8,758**	7,671	14.2
Other expenses	**4,984**	4,506	10.6
Total operating expenses	**18,899**	17,558	7.6

Labour
Total labour expenses decreased by 4.2 per cent or $224 million to $5,157 million. Redundancy costs decreased by 47.9 per cent or $150 million resulting from higher restructuring related costs in FY17, while labour substitution costs decreased by 6.1 per cent or $59 million due to a reduction in labour outsourcing. Salary and associated costs decreased by $9 million or 0.2 per cent.

Total full time staff and equivalents (FTE) remained steady at 32,293, with an increase in domestic FTE offset by an offshore reduction.

Goods and services purchased
Total goods and services purchased increased by 14.2 per cent or $1,087 million to $8,758 million.

Cost of goods sold, which includes mobile handsets, tablets, cellular Wi-Fi, broadband modems and NAS hardware, increased by 8.0 per cent or $264 million to $3,551 million. Mobile hardware costs increased driven by more expensive handsets being sold while fixed hardware costs increased due to the launch of more expensive smart modems.

Network payments increased by 34.0 per cent or $575 million to $2,267 million, including a $494 million increase in nbn access payments as customers migrate across to nbn services. Offshore network payments were $79 million higher mainly due to higher voice outpayments.

Other goods and services purchased costs increased by 9.2 per cent or $248 million mainly due to a $192 million increase in service fees, which are primarily for mobile content and NAS related costs.

Other expenses
Total other expenses increased by 10.6 per cent or $478 million to $4,984 million. Impairment expenses increased by $262 million largely due to a $273 million impairment charge recognised for the Ooyala Holdings Group, while other expenses increased by 14.9 per cent or $357 million mainly due to the higher uptake of Go Mobile Swap lease plans. This was partially offset by a 7.8 per cent or $141 million decrease in service contract and other agreement costs, driven by the productivity and cost reduction programs.

Depreciation and Amortisation
Depreciation and Amortisation increased by 0.7 per cent to $4,470 million due to ongoing investment in business software assets with shorter useful lives. Review of useful lives during the year resulted in a $216 million decrease in depreciation and a $26 million decrease in amortisation.

Foreign currency impacts
For the purposes of reporting our consolidated results, the translation of foreign operations denominated in foreign currency to AUD decreased our expenses by approximately $41 million across labour, goods and services purchased, and other expenses. This foreign exchange impact has been offset by a reduction in sales revenue resulting in a favourable EBITDA contribution of approximately $7 million.

Net finance costs
Net finance costs decreased by 7.1 per cent or $42 million to $549 million. On an accounting basis, net finance costs were $157 million lower than our net borrowing costs of $706 million, due to capitalised interest of $101 million, non-cash gains of $52 million comprising valuation impacts on our borrowings and derivatives and $4 million interest revenue recognised on our defined benefit plan.

Capitalised interest increased by $20 million to $101 million due to higher capital expenditure. Non-cash gains increased by $30 million mainly due to market valuation adjustments on our financial instruments.

Gross borrowing costs declined by $48 million which reflects a reduction in our average gross interest cost from 5.1 per cent to 4.9 per cent. Gross debt decreased by $850 million, however average debt levels were marginally higher. We reduced our borrowing costs by taking advantage of lower interest rates when refinancing and by effectively using short term debt, including commercial paper and bank facilities, to manage liquidity.

Finance income decreased by $56 million primarily from targeted lower average cash balances and a reduction in interest revenue from our joint venture loan asset to Foxtel Management Pty Ltd, which was converted to an equity investment during the year.

Summary statement of cash flows	FY18 $m	FY17 $m	Change %
Net cash provided by operating activities	**8,606**	7,775	10.7
Capital expenditure (before investments)	**(4,932)**	(5,321)	7.3
Other investing cash flows	**1,021**	1,042	(2.0)
Net cash used in investing activities	**(3,911)**	(4,279)	8.6
Free cashflow	**4,695**	3,496	34.3
Net cash used in financing activities	**(5,015)**	(6,104)	17.8
Net (decrease) in cash and cash equivalents	**(320)**	(2,608)	87.7
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	**4**	(6)	n/m
Cash and cash equivalents at the end of the period	**620**	936	(33.8)

Financial position

Capital expenditure and cash flow

Net cash provided by operating activities increased by 10.7 per cent to $8,606 million mainly due to an increase in one-off nbn receipts as the nbn™ network rollout continues and improvements in working capital initiatives including Go Mobile Swap leasing. The decrease in net cash used in investing activities primarily reflects lower capital expenditure for the period due to higher spectrum costs in FY17.

Our operating capital expenditure for the year was 18.4 per cent of sales revenue or $4,717 million (18.1 per cent excluding around $60 million of non-cash capital expenditure relating to our data centres in China that we won't fund until 2023). For FY19, our plan is to expend approximately 16 to 18 per cent of sales revenue, inclusive of the continuation of our up to $3 billion of strategic investment announced in August 2016. We have invested approximately $1.8 billion of the additional capital expenditure to date.

This strategic investment program to date has enabled us to maintain our network leadership, strengthen our network resiliency, and build the foundations of the new generation network and digital capabilities. We accelerated our readiness for the 5G era as demonstrated by our showcase of the world's first non-standalone data call on 5G New Radio (NR) and we have made significant progress in the development of the new core digital platforms in our digital transformation which will enable strategic market propositions and growth. In FY18, our mobile network was upgraded so that 93.6 per cent of the Australian population now has access to double the speed of our original 4G, 93 per cent of ADSL customers now have access to ADSL speeds that support a quality video experience, and our high level of Connectivity Virtual Circuit (CVC) provisioning is giving our nbn customers more than 90 per cent of maximum line speed during busy hours.

We added more than 500 new mobile sites, including over 300 black spots, added around 400 small cells, and upgraded more than 1,100 mobile sites, providing greater in building coverage and increased speed and capacity for mobile customers, while more than half of our mobile voice traffic has been moved to Voice over LTE (VoLTE), improving call quality. We have also launched world leading technology to more efficiently use our network capacity including LTE Broadcast and next generation video codecs (HVEC). These investments position us to deliver significant customer benefits and reinforce our market leadership over the longer term, while delivering financial benefits such as capital efficiency, reduced operating costs, and increased revenue.

Free cashflow generated from operating and investing activities was $4,695 million, representing an increase of $1,199 million or 34.3 per cent. This was largely due to an increase in net cash provided by operating activities resulting from a $613 million increase in receipts from customers and a $230 million reduction in income taxes paid. The $1,089 million 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 $4,873 million. Performance against guidance has been adjusted for free cashflow associated with M&A activity ($14 million), Foxtel ($51 million) and spectrum ($113 million).

Financial settings	FY18 Actual	FY18 Comfort zone
Debt servicing[1]	1.5x	1.3 to 1.8x
Gearing[2]	49.5%	50% to 70%
Interest cover[3]	14.3x	>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.

Debt position

Our gross debt position was $15,368 million, comprising borrowings of $16,951 million and $1,583 million in net derivative assets.

Gross debt declined by 5.2 per cent or $850 million primarily from the repayment of $1,791 million in debt, partly offset by debt issuances of $718 million. This resulted in a $1,073 million decrease in gross debt which was offset by finance lease additions of $143 million, unrealised revaluation impacts on our borrowings and derivatives of $73 million, and bank overdraft of $7 million.

During the year we issued a United States dollar denominated bond with a 10 year maturity in the amount of US$500 million ($648 million Australian dollar equivalent).

Debt issuance	$m
Bonds	648
Loans	70
Total	**718**

Debt repayments	$m
Bonds	(853)
Loans	(9)
Short term commercial paper (net)	(809)
Finance leases	(120)
Total	**(1,791)**

Net debt decreased by 3.5 per cent or $541 million to $14,739 million. This movement comprises the decrease in gross debt and a $309 million reduction in cash and cash equivalents. Excluding the effect of exchange rate changes on our cash balances and net of bank overdraft, our cash decreased by $320 million. Reported free cashflow of $4,695 million and available cash was utilised during the year to reduce debt and to fund outflows from interest, dividends, and other financing flows totalling $5,015 million. Closing cash and cash equivalents was $629 million ($620 million net of bank overdraft).

We remain within our comfort ranges for all our credit metrics. Our gearing ratio is 49.5 per cent (30 June 2017: 51.2 per cent), debt servicing is 1.5 times (30 June 2017: 1.4 times) and interest cover is 14.3 times (30 June 2017: 15.4 times).

Summary statement of financial position	FY18	FY17	Change
	$m	$m	%
Current assets	**7,077**	7,862	(10.0)
Non-current assets	**35,793**	34,271	4.4
Total assets	**42,870**	42,133	1.7
Current liabilities	**8,816**	9,159	(3.7)
Non-current liabilities	**19,040**	18,414	3.4
Total liabilities	**27,856**	27,573	1.0
Net assets	**15,014**	14,560	3.1
Total equity	**15,014**	14,560	3.1
Return on average assets (%)	**13.6**	15.6	(2.0)pp
Return on average equity (%)	**24.1**	25.6	(1.5)pp

Statement of financial position

Our balance sheet remains in a strong position with net assets of $15,014 million.

Current assets decreased by 10.0 per cent to $7,077 million largely due to a $450 million reduction in trade and other receivables. Cash and cash equivalents declined by $309 million, which continues to fund our strategic investment program. Inventories decreased by $92 million primarily due to an increase in progress billings for nbn and Telstra Enterprise domestic commercial works.

Non-current assets increased by 4.4 per cent to $35,793 million. Investments accounted for using the equity method increased by $1,043 million primarily due to the capitalisation of the Foxtel shareholder loan on 28 September 2017, and Telstra's investment in the new combined company resulting from the merger of Foxtel and Fox Sports Australia. Property, plant and equipment increased by $758 million, largely driven by mobile and Networks 2020 investments. This was partially offset by a decrease of $378 million in intangible assets which was mainly due to the $273 million impairment of the Ooyala Holdings Group. Derivative financial assets increased by $274 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).

Current liabilities decreased by 3.7 per cent to $8,816 million. Trade and other payables increased by $646 million but was offset by a decrease in current borrowings of $841 million driven mainly by a $780 million decrease in commercial paper and a reduction in term debt due to mature within 12 months. Derivative financial liabilities decreased by $41 million primarily as a result of foreign currency valuation impacts.

Non-current liabilities increased by 3.4 per cent to $19,040 million mainly due to non-current borrowings, which increased by $508 million. The increase results from debt issuance of $718 million and foreign currency exchange movements, offset by reclassification of debt to mature within 12 months to current borrowings. Deferred tax liabilities increased by $85 million due to the tax effect of timing differences between accounting and tax.

Telstra Corporation Limited

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 assumed wholesale product price stability and no impairments to investments, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumed the nbn™ rollout was 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 excluded externally funded capex.

	Reported			Adjustments Jun-18							Jun-17			Guidance Basis		
	Year ended 30 Jun			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]	Impairment[5]	Spectrum[6]	M&A[7]	Year ended 30 Jun		
	2018	2017	Growth											2018	2017	Growth
	$m	$m	%	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Sales revenue	**25,667**	25,910	**(0.9%)**	(35)	0	0	0	0	0	0	0	0	0	**25,632**	25,910	**(1.1%)**
Total revenue	**26,011**	26,013	**(0.0%)**	(45)	0	0	(53)	(299)	0	0	0	0	0	**25,614**	26,013	**(1.5%)**
Total income (excl. finance income)	**29,042**	28,205	**3.0%**	**(45)**	**0**	**0**	**(53)**	**(299)**	**0**	**0**	**0**	**0**	**0**	**28,645**	28,205	**1.6%**
Labour	**5,157**	5,381	**(4.2%)**	(16)	0	0	0	0	0	0	0	0	0	**5,141**	5,381	**(4.5%)**
Goods and services purchased	**8,758**	7,671	**14.2%**	(28)	0	0	0	0	0	0	0	0	0	**8,730**	7,671	**13.8%**
Other expenses	**4,984**	4,506	**10.6%**	(3)	0	0	0	0	0	(297)	(77)	0	0	**4,684**	4,429	**5.8%**
Operating expenses	**18,899**	17,558	**7.6%**	**(47)**	**0**	**0**	**0**	**0**	**0**	**(297)**	**(77)**	**0**	**0**	**18,555**	17,481	**6.1%**
Share of net profit/(loss) from joint ventures and associated entities	**(22)**	32	**n/m**	0	0	0	0	57	0	0	0	0	0	**35**	32	**9.4%**
EBITDA	**10,121**	10,679	**(5.2%)**	**2**	**0**	**0**	**(53)**	**(242)**	**0**	**297**	**77**	**0**	**0**	**10,125**	10,756	**(5.9%)**
Depreciation and amortisation	**4,470**	4,441	**0.7%**	0	0	0	0	0	0	0	0	0	0	**4,470**	4,441	**0.7%**
EBIT	**5,651**	6,238	**(9.4%)**	**2**	**0**	**0**	**(53)**	**(242)**	**0**	**297**	**77**	**0**	**0**	**5,655**	6,315	**(10.5%)**
Net finance costs	**549**	591	**(7.1%)**	0	0	0	0	0	0	0	0	0	0	**549**	591	**(7.1%)**
Profit before income tax expense	**5,102**	5,647	**(9.7%)**	**2**	**0**	**0**	**(53)**	**(242)**	**0**	**297**	**77**	**0**	**0**	**5,106**	5,724	**(10.8%)**
Income tax expense	**1,573**	1,773	**(11.3%)**	3	0	0	0	(11)	0	0	4	0	0	**1,565**	1,777	**(11.9%)**
Profit for the period	**3,529**	3,874	**(8.9%)**	**(1)**	**0**	**0**	**(53)**	**(231)**	**0**	**297**	**73**	**0**	**0**	**3,541**	3,947	**(10.3%)**
Attributable to:																
Equity holders of Telstra Entity	**3,563**	3,891	**(8.4%)**	(1)	0	0	(53)	(231)	0	286	73	0	0	**3,564**	3,964	**(10.1%)**
Non-controlling interests	**(34)**	(17)	**100.0%**	0	0	0	0	0	0	11	0	0	0	**(23)**	(17)	**35.3%**
Free cashflow	**4,695**	3,496	**34.3%**	**56**	**3**	**67**	**(112)**	**51**	**113**	**0**	**0**	**625**	**(140)**	**4,873**	3,981	

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 and disposals of controlled entities, joint ventures, associates and other investments and any associated net gains or losses.

Adjustments relating to acquisition of controlled entities and contingent consideration paid. This includes the acquisition of MTData Holdings Pty Ltd and its controlled entities and Virtual Machine Technology Pty Ltd and its controlled entity, acquisition adjustment for Company85 Limited and contingent consideration paid for Kloud Solutions (National) Pty Ltd and its controlled entities, Health IQ Pty Ltd and MSC Mobility Pty Ltd.

Joint Ventures/Associates includes additional investments purchased through our interest in the Telstra Ventures Fund II L.P.

During this period we disposed of our investment in 1300 Australia Pty Ltd and its controlled entity, TeleSign Holdings Inc, IP Health Pty Ltd and VeloCloud Networks, Inc. We also received deferred consideration from our disposal of Nexmo Inc. and received proceeds from the sell down of our interest in the Telstra Ventures Fund II L.P.

(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 (Foxtel) and recognition of our cumulative unrecognised share of equity accounted losses.

Adjustments relating to our merger of the previously shared joint venture Foxtel, with Fox Sports Australia, which is owned 100% by News Corp. As a result of the transaction, Telstra contributed its 50 per cent interest in Foxtel in exchange for a 35 per cent interest in NXE Australia Pty Limited, which is a newly formed head entity of the merged group of Foxtel and Fox Sports Australia.

(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.

$50m for spectrum licenses in the 3400 MHz band.

$19m for spectrum licenses in the 2100 MHz band.

$4m for spectrum licenses in the 1800Mhz band.

$13m for apparatus licences in various spectrum bands.

(4) Impairment adjustments:

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

Adjustments relating to the impairment of $24m for goodwill, intangibles and related assets in other CGUs.

(5) Impairment adjustments:

Adjustments relating to the FY17 impairment of $77m for goodwill, intangibles and related assets in Telstra Health.

(6) Spectrum adjustments:

Adjustments 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 900MHz band (2x8.4MHz national PMTS Class B licence).

$190m for new Spectrum licenses in the 1800MHz band in regional areas (2x25MHz in nine regions, 2x20MHz in two regions, and 2x10MHz in one region).

$408m for renewal of Spectrum licenses in the 2100MHz band (2x15MHz in eight capital cities and 2x10MHz in regional areas).

(7) M&A adjustments:

Adjustments relating to acquisition of controlled entities, businesses and contingent consideration.

This includes the acquisition of Mercury Holdings Corporation Pty Limited and its controlled entities, Mobile Payment Gateway Pty Limited, the acquisition of the Cognevo business from the Wynyard Group, the acquisition of Company 85 Limited and its wholly owned subsidiary DVC Channel Services Limited and the acquisition of the business of Inabox Group Limited.

Joint Ventures/Associates includes additional equity injections in Near Pte Ltd, ProQuo Pty Ltd, enepath (Group Holdings) Pte Ltd and Panviva Ptd Ltd.

Other Investments include purchase of shares/additional shares in NSOne Inc, Attack IQ, Inc., Headspin Inc., Monk’s Hill Ventures Fund I, L.P, VeloCloud Networks, Inc., Matrixx Software, Inc., Crowdstrike Inc, Phantouch International Ltd, SILICON QUANTUM COMPUTING PTY LTD, Auth0, Inc., OpenGov Inc., Skillz Inc., PhishMe, Inc. and Nginx, Inc.

During this period we disposed of our remaining interest in Autohome and our investments in Vonage Holdings Corporation.

Results of operations

	Year ended 30 June			
	2018 $M	2017 $M	Change $M	Change %
Sales revenue	**25,667**	25,910	(243)	(0.9)
Other revenue (i)	**344**	103	241	n/m
Total revenue	**26,011**	26,013	(2)	(0.0)
Other income (ii)	**3,031**	2,192	839	38.3
Total income (excluding finance income)	**29,042**	28,205	837	3.0
Labour	**5,157**	5,381	(224)	(4.2)
Goods and services purchased	**8,758**	7,671	1,087	14.2
Other expenses	**4,984**	4,506	478	10.6
Operating expenses	**18,899**	17,558	1,341	7.6
Share of net (loss)/profit from joint ventures and associated entities	**(22)**	32	(54)	n/m
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)	**10,121**	10,679	(558)	(5.2)
Depreciation and amortisation	**4,470**	4,441	29	0.7
Earnings before interest and income tax expense (EBIT)	**5,651**	6,238	(587)	(9.4)
Net finance costs	**549**	591	(42)	(7.1)
Profit before income tax expense	**5,102**	5,647	(545)	(9.7)
Income tax expense	**1,573**	1,773	(200)	(11.3)
Profit for the year	**3,529**	3,874	(345)	(8.9)
Attributable to:				
Equity holders of Telstra Entity	**3,563**	3,891	(328)	(8.4)
Non-controlling interests	**(34)**	(17)	(17)	n/m
	3,529	3,874	(345)	(8.9)
Effective tax rate on operations	**30.8%**	31.4%		(0.6) pp
EBITDA margin on sales revenue	**39.4%**	41.2%		(1.8) pp
EBIT margin on sales revenue	**22.0%**	24.1%		(2.1) pp
	cents	cents	Change cents	Change %
Earnings per share (cents per share)				
Basic (iii)	30.0	32.5	(2.5)	(7.7)
Diluted (iii)	30.0	32.5	(2.5)	(7.7)

(i) Other revenue primarily consists of Go Mobile Swap lease income (30 Jun 2018: $314m; 30 Jun 2017: $63m).

(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

	Year ended 30 June			
	2018	2017	Change	Change
	$M	$M	$M	%
Fixed products				
Fixed voice	**2,642**	3,124	(482)	(15.4)
Fixed data	**2,544**	2,549	(5)	(0.2)
Other fixed revenue (i)	**626**	729	(103)	(14.1)
Total fixed revenue	**5,812**	6,402	(590)	(9.2)
Mobiles				
Postpaid handheld	**5,374**	5,448	(74)	(1.4)
Prepaid handheld	**958**	1,013	(55)	(5.4)
Mobile broadband	**890**	992	(102)	(10.3)
Machine to Machine (M2M)	**165**	146	19	13.0
Satellite	**14**	14	0	0.0
Mobile interconnection	**216**	201	15	7.5
Mobile services revenue - wholesale resale	**190**	144	46	31.9
Total mobile services revenue	**7,807**	7,958	(151)	(1.9)
Mobiles hardware	**2,338**	2,144	194	9.0
Total mobile revenue	**10,145**	10,102	43	0.4
Data & IP				
IPVPN products (ii)	**1,066**	1,070	(4)	(0.4)
ISDN products	**467**	540	(73)	(13.5)
Other data and calling products (iii)	**1,024**	1,088	(64)	(5.9)
Total Data & IP revenue	**2,557**	2,698	(141)	(5.2)
Total Network applications and services revenue	**3,646**	3,358	288	8.6
Media				
Foxtel from Telstra	**768**	777	(9)	(1.2)
IPTV	**61**	77	(16)	(20.8)
Mobility and other content	**95**	81	14	17.3
Cable	**69**	104	(35)	(33.7)
Total media revenue	**993**	1,039	(46)	(4.4)
Total Global connectivity revenue	**1,513**	1,449	64	4.4
Other sales revenue (iv)	**1,001**	862	139	16.1
Total sales revenue	**25,667**	25,910	(243)	(0.9)
Other revenue (v)	**344**	103	241	n/m
Total revenue	**26,011**	26,013	(2)	(0.0)
Other income (vi)	**3,031**	2,192	839	38.3
Total income (excluding finance income)	**29,042**	28,205	837	3.0

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

(ii) IP based Virtual Private Network (IPVPN) includes IPMAN/Ethernet MAN, IPWAN, and nbn.

(iii) Other data & calling products includes wholesale, Inbound Calling (1300/1800), internet, media solutions, and legacy data (e.g. Frame Relay).

(iv) 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.

(v) Other revenue primarily consists of Go Mobile Swap lease income (30 Jun 2018: $314m; 30 Jun 2017: $63m).

(vi) 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

	Year ended 30 June			
	2018	2017	Change	Change
	$M	$M	$M	%
Salary and associated costs	**3,745**	3,754	(9)	(0.2)
Other labour expenses	**346**	352	(6)	(1.7)
Labour substitution	**903**	962	(59)	(6.1)
Redundancy	**163**	313	(150)	(47.9)
Total labour	**5,157**	5,381	(224)	(4.2)
Cost of goods sold	**3,551**	3,287	264	8.0
Network payments	**2,267**	1,692	575	34.0
Other	**2,940**	2,692	248	9.2
Total goods and services purchased	**8,758**	7,671	1,087	14.2
Service contracts and other agreements	**1,661**	1,802	(141)	(7.8)
Impairment expenses (including bad and doubtful debts)	**568**	306	262	85.6
Other	**2,755**	2,398	357	14.9
Total other expenses	**4,984**	4,506	478	10.6
Total operating expenses	**18,899**	17,558	1,341	7.6
Depreciation	**3,005**	3,058	(53)	(1.7)
Amortisation	**1,465**	1,383	82	5.9
Total depreciation and amortisation	**4,470**	4,441	29	0.7

Net finance costs

	Year ended 30 June			
	2018	2017	Change	Change
	$M	$M	$M	%
Finance income	**82**	138	(56)	(40.6)
Finance costs	**631**	729	(98)	(13.4)
Net finance costs	**549**	591	(42)	(7.1)

Statement of Cash Flows

	Year ended 30 June			
	2018	2017	Change	Change
	$M	$M	$M	%
Cash flows from operating activities				
Receipts from customers (inclusive of goods and services tax (GST))	**31,901**	31,288	613	2.0
Payments to suppliers and employees (inclusive of GST)	**(21,948)**	(21,997)	49	0.2
Government grants received	**174**	235	(61)	(26.0)
Net cash generated by operations	**10,127**	9,526	601	6.3
Income taxes paid	**(1,521)**	(1,751)	230	13.1
Net cash provided by operating activities	**8,606**	7,775	831	10.7
Cash flows from investing activities				
Payments for property, plant and equipment	**(3,571)**	(3,725)	154	4.1
Payments for intangible assets	**(1,361)**	(1,596)	235	14.7
Capital expenditure (before investments)	**(4,932)**	(5,321)	389	7.3
Payments for businesses and shares in controlled entities (net of cash acquired)	**(56)**	(63)	7	11.1
Payments for joint ventures and associated entities	**(15)**	(6)	(9)	(150.0)
Payments for other investments	**(67)**	(76)	9	11.8
Total capital expenditure (including investments)	**(5,070)**	(5,466)	396	7.2
Government grants received	**91**	-	91	n/m
Proceeds from sale of property, plant and equipment	**796**	679	117	17.2
Proceeds from sale of business and shares in controlled entities (net of cash disposed)	**49**	-	49	n/m
Proceeds from sale of other investments	**24**	285	(261)	(91.6)
Distributions received from associated entities	**9**	10	(1)	(10.0)
Interest received	**65**	109	(44)	(40.4)
Proceeds from finance lease principal amounts	**125**	104	21	20.2
Net cash used in investing activities	**(3,911)**	(4,279)	368	8.6
Operating cash flows less investing cash flows	**4,695**	3,496	1,199	34.3
Cash flows from financing activities				
Proceeds from borrowings	**4,195**	4,710	(515)	(10.9)
Repayment of borrowings	**(5,148)**	(4,571)	(577)	(12.6)
Repayment of finance lease principal amounts	**(120)**	(131)	11	8.4
Share buy-back	**-**	(1,502)	1,502	n/m
Purchase of shares for employee share plans	**(18)**	(22)	4	18.2
Finance costs paid	**(776)**	(854)	78	9.1
Dividends paid to equity holders of Telstra Entity	**(3,150)**	(3,736)	586	15.7
Other	**2**	2	0	0.0
Net cash used in financing activities	**(5,015)**	(6,104)	1,089	17.8
Net decrease in cash and cash equivalents	**(320)**	(2,608)	2,288	87.7
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	**4**	(6)	10	n/m
Cash and cash equivalents at the end of the period	**620**	936	(316)	(33.8)

n/m = not meaningful

Statement of Financial Position

	As at			
	30 Jun 18 $M	30 Jun 17 $M	Change $M	Change %
Current assets				
Cash and cash equivalents	**629**	938	(309)	(32.9)
Trade and other receivables	**5,018**	5,468	(450)	(8.2)
Inventories	**801**	893	(92)	(10.3)
Derivative financial assets	**75**	21	54	n/m
Current tax receivables	**6**	11	(5)	(45.5)
Prepayments	**548**	531	17	3.2
Total current assets	**7,077**	7,862	(785)	(10.0)
Non-current assets				
Trade and other receivables	**1,012**	1,039	(27)	(2.6)
Inventories	**19**	29	(10)	(34.5)
Investments - accounted for using the equity method	**1,237**	194	1,043	n/m
Investments - other	**36**	292	(256)	(87.7)
Property, plant and equipment	**22,108**	21,350	758	3.6
Intangible assets	**9,180**	9,558	(378)	(4.0)
Derivative financial assets	**1,897**	1,623	274	16.9
Deferred tax assets	**54**	44	10	22.7
Defined benefit assets	**250**	142	108	76.1
Total non-current assets	**35,793**	34,271	1,522	4.4
Total assets	**42,870**	42,133	737	1.7
Current liabilities				
Trade and other payables	**4,835**	4,189	646	15.4
Employee benefits	**868**	865	3	0.3
Other provisions	**118**	190	(72)	(37.9)
Borrowings	**1,635**	2,476	(841)	(34.0)
Derivative financial liabilities	**1**	42	(41)	(97.6)
Current tax payables	**132**	161	(29)	(18.0)
Revenue received in advance	**1,227**	1,236	(9)	(0.7)
Total current liabilities	**8,816**	9,159	(343)	(3.7)
Non-current liabilities				
Other payables	**65**	70	(5)	(7.1)
Employee benefits	**157**	160	(3)	(1.9)
Other provisions	**171**	134	37	27.6
Borrowings	**15,316**	14,808	508	3.4
Derivative financial liabilities	**388**	536	(148)	(27.6)
Deferred tax liabilities	**1,624**	1,539	85	5.5
Defined benefit liability	**7**	6	1	16.7
Revenue received in advance	**1,312**	1,161	151	13.0
Total non-current liabilities	**19,040**	18,414	626	3.4
Total liabilities	**27,856**	27,573	283	1.0
Net assets	**15,014**	14,560	454	3.1
Equity				
Share capital	**4,428**	4,421	7	0.2
Reserves	**(117)**	(105)	(12)	(11.4)
Retained Profits	**10,716**	10,225	491	4.8
Equity available to Telstra Entity shareholders	**15,027**	14,541	486	3.3
Non-controlling interests	**(13)**	19	(32)	(168.4)
Total equity	**15,014**	14,560	454	3.1
Gross debt	**15,368**	**16,218**	(850)	(5.2)
Net debt	**14,739**	**15,280**	(541)	(3.5)
EBITDA interest cover (times) (i)	**14.3**	**15.4**	(1.1)	(6.8)
Net debt to EBITDA	**1.5**	**1.4**	0.1	7.1
ROA - Return on average assets	**13.6%**	15.6%		(2.0) pp
ROE - Return on average equity	**24.1%**	25.6%		(1.5) pp
ROI - Return on average investment	**19.0%**	21.4%		(2.4) pp
ROIC - Return on invested capital	**13.1%**	14.7%		(1.6) pp
Gearing ratio (net debt to capitalisation)	**49.5%**	51.2%		(1.7) pp

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

n/m = not meaningful

ARPU ($)

	Half-year ended			Jun 18 vs Jun 17		Jun 18 vs Dec 17	
	Jun 2018	Dec 2017	Jun 2017	**Change**	Change	**Change**	Change
	$	$	$	**$**	%	**$**	%
Fixed voice	**34.93**	37.23	38.07	(3.14)	(8.2)	(2.30)	(6.2)
Fixed data	**52.95**	50.56	50.36	2.59	5.1	2.39	4.7
Postpaid handheld (incl. MRO)	**57.67**	58.60	60.62	(2.95)	(4.9)	(0.93)	(1.6)
Postpaid handheld (excl. MRO)	**65.09**	65.92	67.54	(2.45)	(3.6)	(0.83)	(1.3)
Prepaid handheld	**22.36**	22.70	22.63	(0.27)	(1.2)	(0.34)	(1.5)
Mobile broadband	**17.82**	19.86	20.15	(2.33)	(11.5)	(2.04)	(10.3)
M2M	**6.29**	5.34	6.16	0.13	2.0	0.95	17.8
Satellite	**36.30**	37.10	37.02	(0.72)	(1.9)	(0.80)	(2.2)

Services in operation

	Half-year ended			Jun 18 vs Jun 17		Jun 18 vs Dec 17	
	Jun 2018	Dec 2017	Jun 2017	**Change**	Change	**Change**	Change
	000s	000s	000s	**000s**	%	**000s**	%
Fixed products							
Basic access lines in service							
Retail (i)	**4,882**	5,095	5,354	(472)	(8.8)	(213)	(4.2)
Wholesale (ii)(iii)	**851**	987	1,138	(287)	(25.2)	(136)	(13.8)
Total fixed voice lines in service (iii)	**5,733**	6,082	6,492	(759)	(11.7)	(349)	(5.7)
Fixed data SIOs - retail (iv)	**3,599**	3,532	3,511	88	2.5	67	1.9
Fixed data SIOs - wholesale (iii)	**440**	547	678	(238)	(35.1)	(107)	(19.6)
Fixed data	**4,039**	4,079	4,189	(150)	(3.6)	(40)	(1.0)
ISDN access (basic line equivalents)	**859**	918	973	(114)	(11.7)	(59)	(6.4)
Unconditioned local loop (ULL) SIOs	**1,118**	1,234	1,390	(272)	(19.6)	(116)	(9.4)
Line spectrum sharing services (LSS)	**277**	326	384	(107)	(27.9)	(49)	(15.0)
Mobiles SIOs							
Postpaid handheld retail mobile (v)	**7,866**	7,692	7,562	304	4.0	174	2.3
Prepaid handheld retail mobile	**3,354**	3,575	3,662	(308)	(8.4)	(221)	(6.2)
Total mobile broadband (data card)	**3,893**	3,964	3,930	(37)	(0.9)	(71)	(1.8)
M2M	**2,571**	2,346	2,188	383	17.5	225	9.6
Satellite	**32**	32	32	0	0.0	0	0.0
Total retail mobile	**17,716**	17,609	17,374	342	2.0	107	0.6
Total wholesale mobile	**973**	862	744	229	30.8	111	12.9
Prepaid handheld retail unique users (vi)	**2,294**	2,432	2,498	(204)	(8.2)	(138)	(5.7)
Foxtel from Telstra	**790**	799	808	(18)	(2.2)	(9)	(1.1)

(i) Includes Retail nbn™ SIOs. Prior periods included all nbn™ SIOs.
(ii) Includes Wholesale nbn™ SIOs, previously disclosed in Retail.
(iii) SIO restatement from fixed data to fixed voice.
(iv) Includes nbn™ SIOs and Belong Fixed SIOs.
(v) Belong Mobile SIOs are included in Postpaid handheld mobile SIOs.
(vi) 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			Jun 18 vs Jun 17		Jun 18 vs Dec 17	
	Jun 2018	Dec 2017	Jun 2017	**Change**	Change	**Change**	Change
					%		%
Employee data							
Full time staff equivalents	**32,293**	31,973	32,293	0	0.0	320	1.0

Note: Statistical data represents management's best estimates.

Segment information from operations

	Total external income Year ended 30 June				EBITDA contribution Year ended 30 June		
	2018 $M	2017 $M	Change %		**2018 $M**	2017 $M	Change %
Telstra Consumer and Small Business	**14,683**	14,722	(0.3)		**6,970**	7,972	(12.6)
Telstra Enterprise	**8,249**	8,108	1.7		**3,216**	3,442	(6.6)
Telstra Wholesale	**2,737**	2,837	(3.5)		**2,544**	2,627	(3.2)
Telstra Operations	**1,217**	1,151	5.7		**(2,715)**	(2,763)	1.7
All Other	**2,156**	1,387	55.4		**106**	(599)	117.7
Total Telstra segments	**29,042**	28,205	3.0		**10,121**	10,679	(5.2)

Revenue by Business Segment

	Year ended 30 June		
	2018 $M	2017 $M	Change %
Telstra Consumer			
Fixed voice (i)	**1,494**	1,745	(14.4)
Fixed data	**1,925**	1,839	4.7
Mobile services revenue	**4,871**	4,952	(1.6)
Telstra Small Business			
Fixed voice (i)	**516**	622	(17.0)
Fixed data	**327**	322	1.6
Mobile services revenue	**1,349**	1,384	(2.5)
Network applications and services (NAS)	**260**	227	14.5
Telstra Enterprise Australia			
Mobile services revenue	**1,426**	1,478	(3.5)
Data & IP	**1,914**	2,018	(5.2)
Network applications and services (NAS)	**2,602**	2,410	8.0

(i) excludes Interconnect revenue.

Product profitability - EBITDA margins %

	Year ended	
	Jun 2018	**Jun 2017**
Mobile	**40%**	43%
Fixed data (i)	**16%**	31%
Fixed voice (i)	**35%**	48%
Data & IP	**59%**	59%
NAS	**10%**	9%

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

Product profitability - EBITDA ($M)

	Year ended	
	Jun 2018	**Jun 2017**
Mobile	**4,045**	4,319
Fixed data (i)	**406**	799
Fixed voice (i)	**915**	1,490
Data & IP	**1,517**	1,586
NAS	**362**	290

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

Telstra Corporation Limited
Half-year comparison
Year ended 30 June 2018

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	Half 2 Jun-18	PCP Growth	Full year Jun-18	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%)	1,771	(7.6%)	1,666	(8.9%)	3,437	(8.2%)	1,606	(9.3%)	1,518	(8.9%)	3,124	(9.1%)	1,404	(12.6%)	1,238	(18.4%)	2,642	(15.4%)
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%	1,253	6.6%	1,257	4.4%	2,510	5.5%	1,274	1.7%	1,275	1.4%	2,549	1.6%	1,254	(1.6%)	1,290	1.2%	2,544	(0.2%)
Other fixed revenue (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%)	68	(18.1%)	150	(15.3%)
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%)	230	(15.1%)	476	(13.8%)
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%)	2,826	(10.2%)	5,812	(9.2%)
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%)	2,692	(1.6%)	5,374	(1.4%)
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%)	465	(9.0%)	958	(5.4%)
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%)	420	(12.1%)	890	(10.3%)
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%	92	17.9%	165	13.0%
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%	7	0.0%	14	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%	110	10.0%	216	7.5%
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%	99	28.6%	190	31.9%
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%)	3,885	(2.6%)	7,807	(1.9%)
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%	1,178	9.9%	2,338	9.0%
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%	5,063	0.1%	10,145	0.4%
Data & IP																														
IPVPN (ii)	551	3.1%	555	3.2%	1,106	3.1%	562	2.0%	554	(0.2%)	1,116	0.9%	553	(1.6%)	526	(5.1%)	1,079	(3.3%)	546	(1.3%)	524	(0.4%)	1,070	(0.8%)	541	(0.9%)	525	0.2%	1,066	(0.4%)
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%)	224	(14.2%)	467	(13.5%)
Other data and calling products (iii)	769	(0.8%)	766	2.1%	1,535	(0.5%)	556	(27.7%)	550	(28.2%)	1,106	(27.9%)	570	2.5%	579	5.3%	1,149	3.9%	551	(3.3%)	537	(7.3%)	1,088	(5.3%)	516	(6.4%)	508	(5.4%)	1,024	(5.9%)
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%)	1,257	(4.9%)	2,557	(5.2%)
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%	1,969	4.3%	3,646	8.6%
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%	375	(3.1%)	768	(1.2%)
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%)	29	(14.7%)	61	(20.8%)
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%	45	4.7%	95	17.3%
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%)	34	(35.8%)	69	(33.7%)
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%)	483	(6.6%)	993	(4.4%)
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%	167	3.1%	318	5.0%
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%)	471	(1.1%)	923	(2.0%)
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%	140	30.8%	272	33.3%
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%	778	4.4%	1,513	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	0	n/m	0	n/m
Other sales revenue (iv)	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%	527	18.4%	1,001	16.1%
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%)	12,903	(1.7%)	25,667	(0.9%)
Other revenue (v)	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	201	139.3%	344	234.0%
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%	13,104	(0.8%)	26,011	(0.0%)
Other income (vi)	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%	1,428	10.3%	3,031	38.3%
Total income (excluding finance 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%	14,532	0.2%	29,042	3.0%
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%)	2,494	(7.5%)	5,157	(4.2%)
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%	4,520	13.6%	8,758	14.2%
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%	2,467	4.0%	4,984	10.6%
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%	9,481	4.8%	18,899	7.6%
Share of net profit/(loss) from joint ventures 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	9	(73.5%)	(22)	(168.8%)
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%)	5,060	(7.8%)	10,121	(5.2%)
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%)	2,251	2.6%	4,470	0.7%
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%)	2,809	(14.8%)	5,651	(9.4%)
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%)	275	(10.7%)	549	(7.1%)
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%)	2,534	(15.2%)	5,102	(9.7%)
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%	687	(23.7%)	1,573	(11.3%)
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%)	1,847	(11.6%)	3,529	(8.9%)
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	0	n/m	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%)	1,847	(11.6%)	3,529	(8.9%)

(i) Other fixed revenue includes intercarrier services, payphones, customer premises equipment and narrowband.
(ii) IP based Virtual Private Network (IPVPN) includes IPMAN/Ethernet MAN, IPWAN, and nbn.
(iii) Other data & calling products includes wholesale, Inbound Calling (1300/1800), internet, media solutions, and legacy data (e.g. Frame Relay).
(iv) 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.
(v) Other revenue primarily consists of Go Mobile Swap lease income (30 Jun 2018: $314m; 30 Jun 2017: $63m).
(vi) 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
Year ended 30 June 2018

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
Selected statistical data																		
Fixed voice																		
Retail basic access lines in service (thousands) (i)	6,356	(5.1%)	6,245	(4.3%)	6,245	(4.3%)	6,103	(4.0%)	5,980	(4.2%)	5,980	(4.2%)	5,850	(4.1%)	5,710	(4.5%)	5,710	(4.5%)
Wholesale basic access lines in service (thousands) (i) (ii)	1,277	5.8%	1,285	3.7%	1,285	3.7%	1,319	3.3%	1,339	4.2%	1,339	4.2%	1,355	2.7%	1,330	(0.7%)	1,330	(0.7%)
Fixed voice lines in service (thousands) (iii)	**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%)**	**7,040**	**(3.8%)**	**7,040**	**(3.8%)**
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%)
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%)
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%)
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%)
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%
Average fixed voice revenue per user per month ($)	44.54	(3.9%)	43.42	(4.6%)	43.94	(4.3%)	42.74	(4.1%)	41.37	(4.7%)	42.04	(4.3%)	40.66	(4.9%)	38.97	(5.8%)	39.91	(5.1%)
Fixed data																		
Fixed data SIOs - Retail (thousands)	2,847	6.1%	2,955	6.6%	2,955	6.6%	3,043	6.9%	3,145	6.4%	3,145	6.4%	3,266	7.3%	3,378	7.4%	3,378	7.4%
Broadband wholesale SIOs (thousands) (iii)	777	2.1%	789	2.6%	789	2.6%	816	5.0%	840	6.5%	840	6.5%	849	4.0%	839	(0.1%)	839	(0.1%)
Fixed data SIOs (thousands) (iii)	**3,624**	**5.2%**	**3,744**	**5.7%**	**3,744**	**5.7%**	**3,859**	**6.5%**	**3,985**	**6.4%**	**3,985**	**6.4%**	**4,115**	**6.6%**	**4,217**	**5.8%**	**4,217**	**5.8%**
Belong fixed data SIOs (thousands) (iv)	n/a	n/m	5	n/m	5	n/m	19	m/n	37	640.0%	37	640.0%	62	226.3%	92	148.6%	92	148.6%
Wholesale line spectrum site sharing (LSS) SIOs (thousands)	614	(6.7%)	589	(6.7%)	589	(6.7%)	569	(7.3%)	544	(7.6%)	544	(7.6%)	516	(9.3%)	478	(12.1%)	478	(12.1%)
Average fixed data revenue per user per month ($)	50.75	0.9%	50.99	0.9%	50.74	0.8%	51.53	1.5%	51.15	0.3%	51.30	1.1%	51.55	0.0%	50.30	(1.7%)	51.00	(0.6%)
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
Belong (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
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
Total nbn™ premise connections (thousands) (v)	**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**
Data & IP																		
ISDN Access SIOs (thousands) (vi)	249	(4.0%)	243	(5.6%)	243	(5.6%)	234	(6.0%)	224	(7.8%)	224	(7.8%)	218	(6.8%)	209	(6.7%)	209	(6.7%)
IPVPN Access SIOs (thousands)	80	4.6%	80	1.6%	80	1.6%	81	1.3%	83	2.6%	83	2.6%	85	5.3%	99	19.9%	99	19.9%
Mobiles																		
Total retail mobile SIOs (thousands)	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%
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%
Belong Postpaid handheld mobile SIOs (thousands) (vii)	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
Mobile broadband (data cards) SIOs (thousands)	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%
Prepaid mobile handheld unique users (thousands) (viii)	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%
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%
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%)
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%
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%
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%
Average postpaid handheld revenue per user (excl. MRO) ($)	66.80	2.2%	66.20	0.4%	66.57	1.0%	70.84	6.0%	70.38	6.3%	70.54	6.0%	70.17	(0.9%)	68.79	(2.3%)	69.45	(1.5%)
Average postpaid handheld revenue per user (incl. MRO) ($)	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%)
Average prepaid handheld revenue per user ($)	18.90	6.2%	19.79	7.3%	19.98	11.4%	21.50	13.8%	21.19	7.1%	21.32	6.7%	21.20	(1.4%)	19.89	(6.1%)	20.40	(4.3%)
Average mobile broadband revenue per user per month ($)	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%)
Average M2M revenue per user per month ($)	7.69	(11.2%)	7.60	(8.4%)	7.54	(10.9%)	6.72	(12.6%)	6.21	(18.3%)	6.49	(13.9%)	5.82	(13.4%)	6.37	2.6%	6.14	(5.4%)
Average satellite revenue per user per month ($)	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%)
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%
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%)

Summary Reported Half-yearly Data	Half 1 Dec-16	PCP Growth	Half 2 Jun-17	PCP Growth	Full Year Jun-17	PCP Growth	Half 1 Dec-17	PCP Growth	Half 2 Jun-18	PCP Growth	Full Year Jun-18	PCP Growth
Selected statistical data												
Fixed voice												
Retail basic access lines in service (thousands) (i)	5,546	(5.2%)	5,354	(6.2%)	5,354	(6.2%)	5,095	(8.1%)	4,882	(8.8%)	4,882	(8.8%)
Wholesale basic access lines in service (thousands) (i) (ii)	1,257	(7.2%)	1,138	(14.4%)	1,138	(14.4%)	987	(21.5%)	851	(25.2%)	851	(25.2%)
Fixed voice lines in service (thousands) (iii)	**6,803**	**(5.6%)**	**6,492**	**(7.8%)**	**6,492**	**(7.8%)**	**6,082**	**(10.6%)**	**5,733**	**(11.7%)**	**5,733**	**(11.7%)**
Unconditioned local loop (ULL) services in operation (thousands)	1,496	(4.7%)	1,390	(10.1%)	1,390	(10.1%)	1,234	(17.5%)	1,118	(19.6%)	1,118	(19.6%)
Number of local calls (millions)	553	(23.9%)	453	(27.4%)	1,006	(25.5%)	371	(32.9%)	296	(34.7%)	667	(33.7%)
National long distance minutes (millions)	909	(22.4%)	717	(29.2%)	1,626	(25.5%)	602	(33.8%)	487	(32.1%)	1,089	(33.0%)
Fixed to mobile minutes (millions)	858	(15.6%)	729	(19.4%)	1,587	(17.4%)	609	(29.0%)	504	(30.9%)	1,113	(29.9%)
International direct minutes (millions)	194	(23.9%)	143	(36.4%)	337	(29.8%)	106	(45.4%)	76	(46.9%)	183	(45.7%)
Average fixed voice revenue per user per month ($)	38.68	(4.9%)	38.07	(2.3%)	38.50	(3.5%)	37.23	(3.8%)	34.93	(8.2%)	36.02	(6.4%)
Fixed data												
Fixed data SIOs - Retail (thousands)	3,470	6.2%	3,511	3.9%	3,511	3.9%	3,532	1.8%	3,599	2.5%	3,599	2.5%
Broadband wholesale SIOs (thousands) (iii)	780	(8.1%)	678	(19.2%)	678	(19.2%)	547	(29.9%)	440	(35.1%)	440	(35.1%)
Fixed data SIOs (thousands) (iii)	**4,250**	**3.3%**	**4,189**	**(0.7%)**	**4,189**	**(0.7%)**	**4,079**	**(4.0%)**	**4,039**	**(3.6%)**	**4,039**	**(3.6%)**
Belong fixed data SIOs (thousands) (iv)	123	98.4%	155	68.5%	155	68.5%	180	46.3%	203	31.0%	203	31.0%
Wholesale line spectrum site sharing (LSS) SIOs (thousands)	437	(15.3%)	384	(19.7%)	384	(19.7%)	326	(25.4%)	277	(27.9%)	277	(27.9%)
Average fixed data revenue per user per month ($)	50.16	(2.7%)	50.36	0.1%	50.54	(0.9%)	50.56	0.8%	52.95	5.1%	51.52	1.9%
nbn™ premise connections												
Bundle Connections (thousands)	636	145.6%	952	135.1%	952	135.1%	1,304	105.0%	1,573	65.2%	1,573	65.2%
Belong (thousands)	52	188.9%	74	117.6%	74	117.6%	92	76.9%	110	48.6%	110	48.6%
Voice Only Connections (thousands)	106	103.8%	150	145.9%	150	145.9%	234	120.8%	263	75.3%	263	75.3%
Total nbn™ premise connections (thousands) (v)	**794**	**141.3%**	**1,176**	**135.2%**	**1,176**	**135.2%**	**1,630**	**105.3%**	**1,946**	**65.5%**	**1,946**	**65.5%**
Data & IP												
ISDN Access SIOs (thousands) (vi)	193	(11.5%)	185	(11.5%)	185	(11.5%)	173	(10.4%)	164	(11.4%)	164	(11.4%)
IPVPN Access SIOs (thousands)	105	23.7%	113	14.4%	113	14.4%	114	8.9%	118	4.0%	118	4.0%
Mobiles												
Total retail mobile SIOs (thousands)	17,411	3.0%	17,374	0.9%	17,374	0.9%	17,609	1.1%	17,716	2.0%	17,716	2.0%
Postpaid handheld mobile SIOs (thousands)	7,480	2.5%	7,562	2.3%	7,562	2.3%	7,692	2.8%	7,866	4.0%	7,866	4.0%
Belong Postpaid handheld mobile SIOs (thousands) (vii)	0	n/m	0	n/m	0	n/m	21	n/m	67	n/m	67	n/m
Mobile broadband (data cards) SIOs (thousands)	3,977	1.6%	3,930	(0.6%)	3,930	(0.6%)	3,964	(0.3%)	3,893	(0.9%)	3,893	(0.9%)
Prepaid mobile handheld unique users (thousands) (viii)	2,616	0.5%	2,498	(4.4%)	2,498	(4.4%)	2,432	(7.0%)	2,294	(8.2%)	2,294	(8.2%)
Machine to Machine (M2M) SIOs (thousands)	2,053	13.7%	2,188	12.9%	2,188	12.9%	2,346	14.3%	2,571	17.5%	2,571	17.5%
Satellite SIOs (thousands)	31	6.9%	32	10.3%	32	10.3%	32	3.2%	32	0.0%	32	0.0%
Total wholesale SIOs (thousands)	637	33.3%	744	40.4%	744	40.4%	862	35.3%	973	30.8%	973	30.8%
Mobile voice telephone minutes (millions)	15,257	6.2%	15,594	4.4%	30,851	5.3%	16,058	5.3%	15,879	1.8%	31,937	3.5%
Number of SMS sent (millions)	8,677	(5.1%)	8,193	(6.9%)	16,870	(6.0%)	8,221	(5.3%)	8,023	(2.1%)	16,243	(3.7%)
Average postpaid handheld revenue per user (excl. MRO) ($)	67.88	(3.3%)	67.54	(1.8%)	67.70	(2.5%)	65.92	(2.9%)	65.09	(3.6%)	65.41	(3.4%)
Average postpaid handheld revenue per user (incl. MRO) ($)	60.80	(3.2%)	60.62	(1.5%)	60.71	(2.3%)	58.60	(3.6%)	57.67	(4.9%)	58.05	(4.4%)
Average prepaid handheld revenue per user ($)	21.50	1.4%	22.63	13.8%	22.29	9.3%	22.70	5.6%	22.36	(1.2%)	22.75	2.1%
Average mobile broadband revenue per user per month ($)	21.58	(16.3%)	20.15	(13.3%)	20.96	(14.5%)	19.86	(8.0%)	17.82	(11.5%)	18.97	(9.5%)
Average M2M revenue per user per month ($)	5.65	(2.9%)	6.16	(3.3%)	5.90	(3.9%)	5.34	(5.5%)	6.29	2.0%	5.79	(1.8%)
Average satellite revenue per user per month ($)	39.03	(10.5%)	37.02	(7.1%)	38.68	(5.9%)	37.10	(4.9%)	36.30	(1.9%)	36.64	(5.3%)
Premium pay TV												
Foxtel from Telstra (thousands)	748	13.3%	808	7.6%	808	7.6%	799	6.8%	790	(2.2%)	790	(2.2%)
Labour												
Full time staff equivalents	32,551	(3.2%)	32,293	(4.1%)	32,293	(4.1%)	31,973	(1.8%)	32,293	(0.0%)	32,293	(0.0%)

(i) Includes Retail nbn™ SIOs. Prior periods included all nbn™ SIOs.
(ii) Includes Wholesale nbn™ SIOs, previously disclosed in Retail.
(iii) SIO restatement from fixed data to fixed voice.
(iv) Belong Fixed SIOs are included in Retail fixed data.
(v) nbn™ premise connections disclosed from 1H16 onwards.
(vi) previously disclosed as ISDN Access (basic access line equivalents). There a multiple line equivalents per SIO.
(vii) Belong Mobile SIOs are included in Postpaid handheld mobile SIOs.
(viii) Prepaid unique users defined as the three month rolling average of monthly active prepaid users.
n/m = not meaningful