17 August 2017

Office of the Company Secretary

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The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Corporation Limited - Financial results for the full year ended 30 June 2017 – CEO/CFO Analyst Briefing Presentation and Materials

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

a) a presentation;

b) CEO and CFO speeches;

c) Telstra's 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.

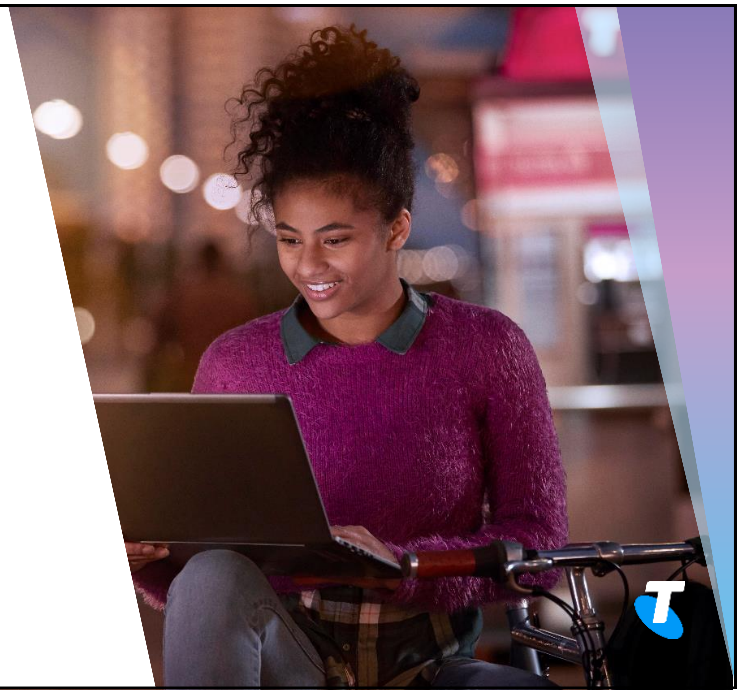
This announcement has been released simultaneously to the New Zealand Stock Exchange.

Yours faithfully

Damien Coleman
Company Secretary

Full year 2017 results

17 August 2017



Disclaimer

These presentations include certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Telstra, which may cause actual results to differ materially from those expressed in the statements contained in these presentations. For example, the factors that are likely to affect the results of Telstra include general economic conditions in Australia; exchange rates; competition in the markets in which Telstra will operate; the inherent regulatory risks in the businesses of Telstra; the substantial technological changes taking place in the telecommunications industry; and the continuing growth in the data, internet, mobile and other telecommunications markets where Telstra will operate. A number of these factors are described in “Our material risks” section of our Operating and Financial Review (OFR) which is set out in Telstra’s financial results for the year ended 30 June 2017 which was lodged with the ASX on 17 August 2017 and available on Telstra’s Investor Centre website www.telstra.com/investor.

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

All forward-looking figures in this presentation are unaudited and based on A-IFRS. Certain figures may be subject to rounding differences.

All market share information in this presentation is based on management estimates based on internally available information unless otherwise indicated.

All amounts are in Australian Dollars unless otherwise stated.

Full year 2017 results

Andrew Penn, Chief Executive Officer

Agenda

1.	Introduction and FY17 results summary	Andrew Penn
2.	Progress on delivery of strategy	Andrew Penn
3.	Capital allocation review outcomes	Andrew Penn
4.	Results and capital allocation review details	Warwick Bray
5.	Q&A	Andrew Penn, Warwick Bray

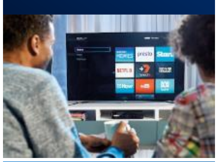
Full year 2017 results | Headlines

Reported Total income[3] $28.2 billion, +4.3%	Guidance basis[1] Total income[3] $28.2 billion, +4.3%	Guidance and ex-MTAS & FAD[2] Total income[3] $28.2 billion, +5.9%
Reported EBITDA $10.7 billion, +2.0%	Guidance basis[1] EBITDA $11.2 billion, +4.5%	Guidance and ex-MTAS & FAD[2] EBITDA $11.2 billion, +5.0%
Continuing operations NPAT $3.9 billion, +1.1%	Continuing operations EPS[4] 32.5 cents, +2.8%	Final dividend: 15.5cps taking total dividend for FY17 to 31cps

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 in accordance with the nbn Corporate Plan 2016. Capex to sales guidance excluded externally funded capex. Guidance excluded the Ooyala impairment in FY16 and restructuring costs in FY17.
2. Guidance and ex-MTAS & FAD is on a guidance basis and adjusting FY16 for MTAS and FAD impacts of $408m sales revenue, $362m operating expenses and $46m EBITDA. Fixed Line Services FAD became effective on 1 November 2015, MTAS FAD became effective from 1 January 2016 and DTCS FAD became effective on 21 April 2016.
3. Total income excludes finance income.
4. Basic earnings per share from continuing and discontinued operations FY17 32.5 cents (FY16 47.4 cents).

Full year 2017 results | Highlights

$5.2bn returned to shareholders via dividends and share buy-backs



Strategic NPS +6 points over last 6 months
(flat compared to June 2016);
Episode NPS +2 points over last 6 months
(+3 points compared to June 2016)

Mobile service revenue growth +0.7% in second half, EBITDA margin 43%, churn reduced

nbn™ market share[1] of 52% with 676,000 new nbn connections

Strong customer growth across key segments:

- Domestic retail mobile +218,000 including 169,000 postpaid handheld
- Domestic retail fixed broadband +132,000
- Retail bundles +224,000 (88% of fixed data customer base)

NAS income growth of 30.6% with 3pp improvement in EBITDA margin

Underlying core fixed costs declined 3.5%, or $244 million

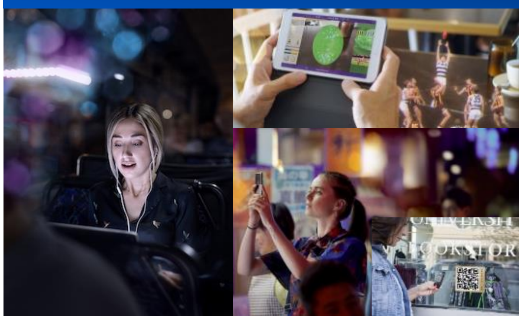
4G network now reaching 99% of population

We have delivered against our guidance and strategy in the context of a highly competitive and dynamic market

1. Excluding satellite.

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

1. Traditional worlds of technology and computing are converging



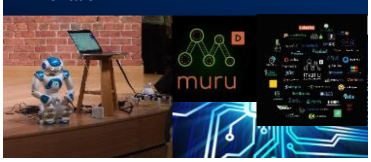
2. Demand is growing, but value is captured at the layer of applications and services

NETFLIX

Skype

We are making good progress

Innovation
Initiatives aimed at lifting the level of innovation



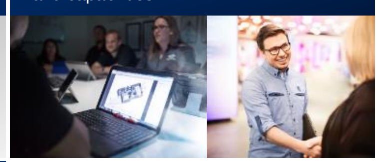
Simplified business
Refocused our strategy on new growth and adjacencies closer to the core

PACNET

readify

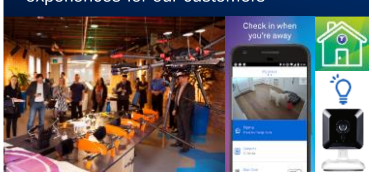
kloud

Building capability for the future
Creating new customer-inspired culture and capabilities



Networks
Completed key items in major network resiliency and redundancy program

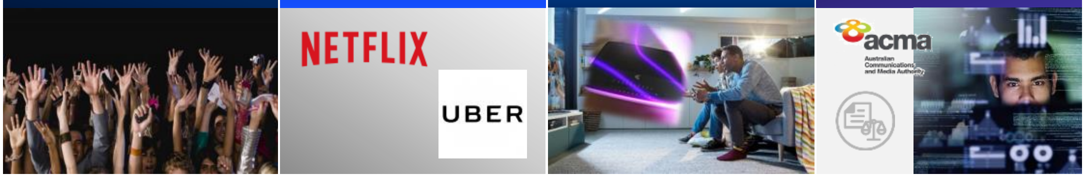
Applications and services
Delivering world-leading digital experiences for our customers



Repositioning the Telstra brand
To create better ways to empower everyone to thrive in a connected world

Our markets are evolving rapidly

Competitive dynamics	Digital disruption	Migration to nbn™	Regulatory and macro economics



Further commitment to increased productivity

On productivity, we will do more, and we will do it faster:

- We will bring forward the more than $1 billion net productivity target announced in November 2016 by one year, now delivering it by FY20
- We will increase our target by $500 million and deliver more than $1.5 billion net productivity by FY22
- We expect benefits will be achieved at a broadly consistent pace

Strategic Investment Program

- Investing up to $3 billion incremental capex to achieve a step change in customer experience
- Total capex (including spectrum) over the 3 years to 30 June 2019 to exceed $15 billion
- Financial benefit of >$500 million per annum realised by FY21

Customer Experience

Networks for the future		Digitisation	
The New Generation Network	Mobile Leadership	Digital Experiences (Customer)	Digital Experiences (Employee)
Greater Network Resilience	New Services	Digital Platforms	Digital Ways of Working

Network has been the focus of our early investment - $750m

Mobile Leadership

- 4GX rollout has been extended so that 89% of the Australian population now have access to double the speed of standard 4G
- 2G network closed allowing the re-purposing of valuable spectrum and tower space for future technology

Enhancing resiliency and redundancy

- NextGen OSS launched enabling priority response to high-impact incidents
- Reduced the time taken to recover and reconnect services on our consumer wireless network by up to 90%

Networks for the future

- Core network foundations laid to support 5G with first trials in the Gold Coast in FY18
- Launched Cat M1 IoT network to build on and grow our existing M2M business, soon to cover around 3m square kilometres
- Delivered 1Tbps redundant optical links between Victoria and Tasmania using our next-gen optical infrastructure

Delivering a quality video experience

- More than 83% of ADSL customers now have access to ADSL speeds that support a quality video experience
- 63k more ADSL ports to support customers during nbn transition
- ~100k Voice over Wi-Fi calling customers making >600k Wi-Fi calls per week

Capital allocation strategy review

In November 2016 we announced our intention to review our capital allocation strategy over a 6-12 month period

We said we would take into account:
- nbn™ receipts
- balance sheet structure and settings
- longer term capex requirements post rollout of the nbn
- investment decisions including M&A criteria
- returns to shareholders including dividends, buy-backs and other forms of returns

Since November we have been consulting with shareholders

Overwhelming and consistent feedback to date from our shareholders highlights the importance of retaining a strong balance sheet through the nbn transition period and against the backdrop of a competitive operating environment

Today, we are announcing where we are up to in the review

Capital allocation strategy review – potential monetisation

Receipts from nbn™ include:
- Recurring receipts for access to Telstra's extensive infrastructure expected to grow to just under $1b p.a. by end of migration period
- One-off receipts of approximately $9b, after costs to connect

If the potential transaction were to proceed, approximately 40% of our estimated total long term recurring nbn receipts will be monetised representing locked in receipts for fibre and exchanges to date

The scale of the potential transaction is approximately $5 - 5.5b[1]

Net proceeds would be used for ~$1b debt reduction with the balance used for a significant capital management program

The potential transaction is subject to a number of steps, approvals and consents from debt and equity investors and from the Commonwealth Government and nbn Co

We are currently in discussions regarding these matters. We cannot yet confirm if they will be successfully concluded and we will update the market in due course

1. It is anticipated Telstra would retain approximately 25% of the equity component of the transaction.

Capital allocation strategy review – outcomes

Revised capital management framework supports

- Maximising returns for shareholders
- Maintaining financial strength
- Retaining financial flexibility

New dividend policy

- Fully-franked ordinary dividend set at 70-90% of ‘underlying earnings’[1,2,3]
- Return in the order of 75% of future net one-off nbn™ receipts to shareholders via fully-franked special dividends over time[2,3]
- FY18 total dividend expected at 22 cents per share including both ordinary and special[3] excluding any returns to shareholders from potential nbn monetisation transaction

1. Underlying earnings is defined as NPAT from continuing operations excluding net one-off nbn receipts (as defined in footnote 2).
2. “net one-off nbn receipts” is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect less tax.
3. Return subject to no unexpected material events, assumes nbn™ rollout is broadly in accordance with the nbn Corporate Plan 2017 and receipt of associated one-offs, and is subject to Board discretion having regard to financial and market conditions, business needs and maintenance of financial strength and flexibility consistent with Telstra’s capital management framework.

Summary

- We delivered strong financial results consistent with guidance
- We have made good progress on our strategy and are strongly positioned for the future
- We are on track in the early stages of our transformation
- We have completed our capital allocation review
- We are increasing our level of aspiration in relation to productivity and will deliver sooner

Full year 2017 results

Warwick Bray, Chief Financial Officer

Agenda

1. Group results
2. Product performance
3. Expenses and productivity
4. Capital management
5. Guidance

Group results – Income Statement

Income Statement	FY16	FY17	GROWTH (reported basis)	GROWTH (guidance basis[1])	GROWTH (guidance and ex-MTAS & FAD[2])
Sales revenue[3]	$25.8b	$25.9b	0.3%	0.3%	1.9%
Total income[3]	**$27.1b**	**$28.2b**	**4.3%**	**4.3%**	**5.9%**
Operating expenses	$16.6b	$17.6b	5.8%	4.2%	6.5%
EBITDA	**$10.5b**	**$10.7b**	**2.0%**	**4.5%**	**5.0%**
Depreciation and amortisation	$4.2b	$4.4b	6.9%		
EBIT	**$6.3b**	**$6.2b**	**-1.1%**		
Net finance costs	$0.7b	$0.6b	-16.8%		
Income tax expense	$1.8b	$1.8b	0.3%		
NPAT from continuing operations	**$3.8b**	**$3.9b**	**1.1%**		
Basic earnings per share (cents)[4]	**31.6**	**32.5**	**2.8%**		
Profit from discontinued operations	$2.0b	-	n/m		
NPAT from continuing and discontinued operations	**$5.8b**	**$3.9b**	**-33.8%**		
DPS (cents)	31.0	31.0	-		
Payout ratio[4]	98%	95%	-3pp		

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 in accordance with the nbn Corporate Plan 2016. Capex to sales guidance excluded externally funded capex. Guidance excluded the Ooyala impairment in FY16 and restructuring costs in FY17.
2. Guidance and ex-MTAS & FAD is on a guidance basis and adjusting FY16 for MTAS and FAD impacts of $408m sales revenue, $362m operating expenses and $46m EBITDA. Fixed Line Services FAD became effective on 1 November 2015, MTAS FAD became effective from 1 January 2016 and DTCS FAD became effective on 21 April 2016.
3. Sales revenue excludes other revenue. Total income excludes finance income.
4. Basic earnings per share and payout ratio from continuing operations. Basic earnings per share from continuing and discontinued operations FY17 32.5 cents (FY16 47.4 cents).

Group results – Free cashflow

	FY16	FY17	GROWTH
EBITDA – reported basis	**$10.5b**	**$10.7b**	**$0.2b**
Working capital movement[1]	-$0.6b	-$0.6b	-
Tax paid	-$1.8b	-$1.8b	$0.1b
Capex (excluding spectrum)	-$4.2b	-$4.7b	-$0.5b
Spectrum	-	-$0.6b	-$0.6b
Net investments[2]	-$0.1b	-$0.1b	-
Free cashflow from Autohome	$1.4b	$0.3b	-$1.1b
Other including non-cash EBITDA items[3]	$0.7b	$0.4b	-$0.4b
Free cashflow – reported basis	**$5.9b**	**$3.5b**	**-$2.4b**
Less guidance adjustments[4]	**-$1.1b**	**$0.8b**	**-$1.9b**
Free cashflow – guidance basis	**$4.8b**	**$4.3b**	**-$0.5b**

Free cashflow on a guidance basis reduced due to increased capex

Working capital movement improved in FY17 due to introduction of mobile leasing, offset by increased nbn DA receipts and commercial works

Spectrum in FY17 included 2100Mhz renewal, new 1800Mhz regional licences and 900Mhz renewal

Free cashflow from Autohome included proceeds from the sale of Autohome and FY16 trading results before disposal

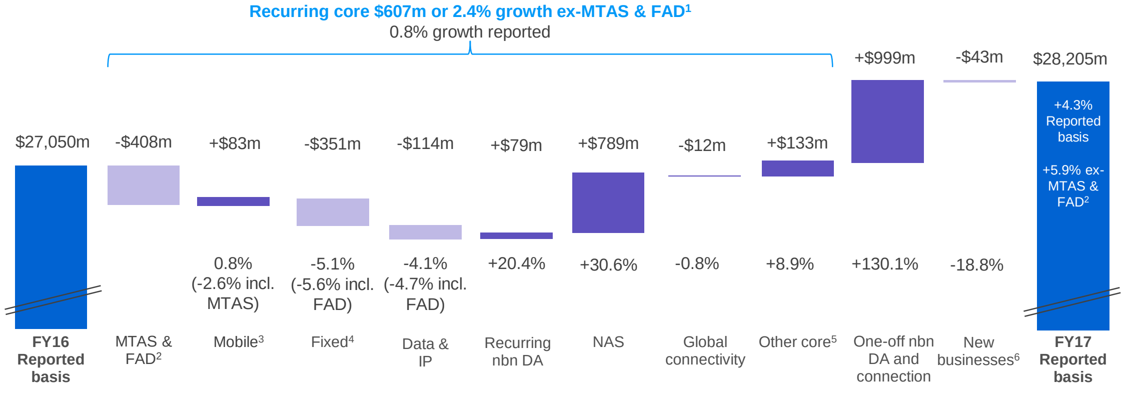
Other reduced due to lower non-cash adjustments for impairments

Major guidance adjustments:

- FY17 spectrum, remaining Autohome and restructuring costs
- FY16 Autohome and MTAS/FAD

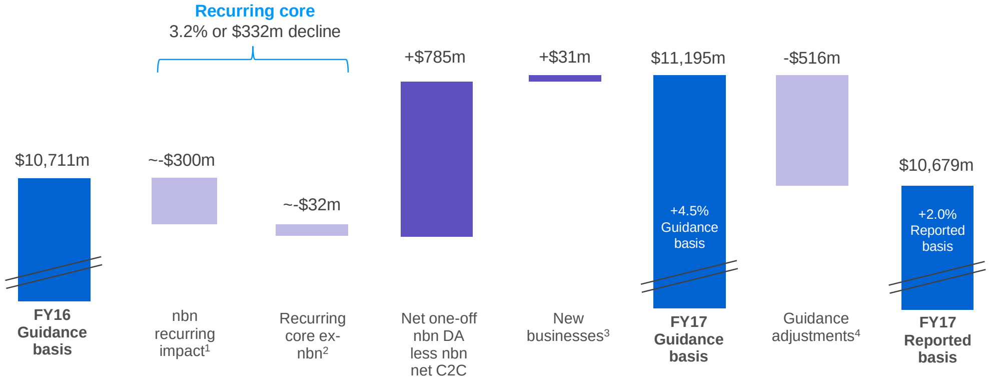
1. Working capital movement from operating activities.
2. Net investments including payments and proceeds from sale. Excluding Autohome and proceeds from sale of Property, Plant and Equipment.
3. Other including interest received, non-cash EBITDA items (including impairments) and other items related to investing cash flows.
4. Refer to FY17 Full year results and operations review - guidance versus reported results reconciliation.

Income growth by product



1. Refer to supporting material slide "Product framework income" for FY16 and FY17 detailed income performance.
2. MTAS and FAD income impacts across mobile $356m, fixed $32m and data & IP $20m.
3. Mobile includes non sales revenue Go Mobile lease income FY17 $63m (FY16 nil).
4. Fixed excludes one-off nbn connection revenue FY17 $59m (FY16 $34m) and includes TUSOPA income FY17 $143m (FY16 $187m). nbn connection revenue included in one-off nbn DA and connection.
5. Other core includes distribution from Foxtel, media, nbn commercial works (sale of assets) and other miscellaneous income.
6. New businesses includes Telstra Health, Ooyala and Telstra Ventures.

EBITDA growth by product



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. Remaining core includes mobile, data & IP, NAS, global connectivity and other core (including distribution from Foxtel, media, nbn commercial works (sale of assets) and other miscellaneous income).
3. New businesses includes Telstra Health, Ooyala and Telstra Ventures.
4. Refer to FY17 Full year results and operations review - guidance versus reported results reconciliation. Guidance adjustments include restructuring costs and impairment.

Product EBITDA performance

EBITDA	FY16	FY17	GROWTH	GROWTH
Mobile	$4,384m	$4,319m	-$65m	-1.5%
Fixed excl. nbn C2C[1,2]	$3,307m	$2,960m	-$347m	-10.5%
Recurring nbn DA	$349m	$420m	$71m	20.3%
Data & IP	$1,752m	$1,586m	-$166m	-9.5%
NAS	$142m	$301m	$159m	112.0%
Global connectivity	$265m	$275m	$10m	3.8%
Other core[3]	$201m	$207m	$6m	3.0%
Recurring core	**$10,400m**	**$10,068m**	**-$332m**	**-3.2%**
Net one-off nbn DA less nbn net C2C[2]	$500m	$1,285m	$785m	157.0%
New businesses[4]	-$189m	-$158m	$31m	16.4%
Guidance basis	**$10,711m**	**$11,195m**	**$484m**	**4.5%**
Less guidance adjustments[5]	-$246m	-$516m	-$270m	n/m
Reported basis	**$10,465m**	**$10,679m**	**$214m**	**2.0%**

Negative nbn recurring impact FY17 ~-$300m (since FY15 ~-$500m)

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

ex-nbn impact FY17 ~-$32m

1. Fixed excludes one-off nbn connection revenue FY17 $59m (FY16 $34m) and includes TUSOPA income FY17 $143m (FY16 $187m).
2. Fixed excludes nbn cost to connect (C2C) FY17 $418m (FY16 $218m). nbn C2C net of one-off connection revenue represented against "Net one-off nbn DA less nbn net C2C".
3. Other core includes distribution from Foxtel, media, nbn commercial works (sale of assets) and other miscellaneous income.
4. New businesses includes Telstra Health, Ooyala and Telstra Ventures.
5. Refer to FY17 Full year results and operations review - guidance versus reported results reconciliation. Guidance adjustments include restructuring costs and impairment.

Product performance: Mobile

Mobile	FY16	FY17	GROWTH (on PCP & ex MTAS)	
Revenue[1]	$10,438m	**$10,102m**	-3.2%	0.2%
Mobile services	$8,362m	**$7,958m**	-4.8%	-0.6%
- Postpaid handheld[2]	$5,447m	**$5,448m**	-	
- Prepaid handheld	$959m	**$1,013m**	5.6%	
- Mobile broadband[2]	$1,150m	**$992m**	-13.7%	
- Machine to Machine	$132m	**$146m**	10.6%	
- Other[2,3]	$674m	**$359m**	-46.7%	12.9%
Hardware	$2,076m	**$2,144m**	3.3%	
EBITDA Margin	$4,384m 42%	**$4,319m** **43%**	-$65m +1pp	-$71m -1pp
Customers – retail	17.2m	**17.5m**	1.3%	
Postpaid handheld ARPU ex. MRO[2]	$69.45	**$67.70**	-2.5%	
Postpaid handheld ARPU inc. MRO[2]	$62.15	**$60.71**	-2.3%	
Postpaid handheld churn[2]	10.5%	**11.0%**	+0.5pp	

Mobile revenue growth of 0.2% ex-MTAS. 2H17 mobile services revenue growth on PCP and sequentially (refer to next slide)

Retail mobile net adds of 218,000, including 169,000 postpaid handheld net adds

Postpaid handheld revenue flat with 2H17 ARPU stabilising (refer to next slide)

Prepaid handheld revenue growth due to increased ARPU. Reduced unique users including 2G network closure impact

Mobile broadband revenue rate of decline improving (refer to next slide)

Hardware revenue growth due to higher handset Recommended Retail Prices (RRP)

EBITDA margin improvement against PCP excluding margin benefit from MTAS (+1.5pp) and one-off benefits in FY16

1. Mobile excludes non sales revenue Go Mobile lease income FY17 $63m (FY16 nil). FY16 revenue restated to exclude $3m in other mobile revenue now included in global connectivity.
2. Mobile revenue reclassifications across postpaid handheld, mobile broadband and other. Associated reclassifications across SIO, ARPU and churn. Refer to "FY16 Product Revenue and Physicals restatement" for detail.
3. Other includes wholesale resale, satellite and interconnection.

Product performance: Mobile

Mobile	2H16	1H17	2H17	GROWTH (2H17 on PCP)	GROWTH (2H17 on 1H17)
Mobile services revenue	$3,959m	$3,971m	$3,987m	0.7%	0.4%
- Postpaid handheld[1]	$2,713m	$2,712m	$2,736m	0.8%	0.9%
- Prepaid handheld	$464m	$502m	$511m	10.1%	1.8%
- Mobile broadband[1]	$548m	$514m	$478m	-12.8%	-7.0%
- Machine to Machine	$72m	$68m	$78m	8.3%	14.7%
- Other[1,2]	$162m	$175m	$184m	13.6%	5.1%
EBITDA	$2,256m	$2,065m	$2,254m	-$2m	+$189m
Postpaid handheld ARPU ex. MRO[1]	$68.79	$67.88	$67.54	-1.8%	-0.5%
Postpaid handheld ARPU inc. MRO[1]	$61.57	$60.80	$60.62	-1.5%	-0.3%
Postpaid handheld churn[1]	10.7%	11.9%	10.6%	-0.1pp	-1.3pp

2H17 mobile services revenue growth across all categories excluding mobile broadband. Mobile broadband rate of decline improving

2H17 postpaid handheld ARPU stabilising. Consumer ARPU growth in FY17. Continued growth in MMC offset by lower out of bundle revenue

2H17 postpaid handheld churn reduction against PCP and sequentially

1. Mobile revenue reclassifications across postpaid handheld, mobile broadband and other. Associated reclassifications across SIO, ARPU and churn. Refer to "FY16 Product Revenue and Physicals restatement" for detail.
2. Other includes wholesale resale, satellite and interconnection.

Product performance: Fixed

Fixed	FY16	FY17	GROWTH (on PCP & ex FAD)	
Revenue[1,2]	$6,721m	**$6,407m**	-4.7%	-4.2%
Fixed voice	$3,437m	**$3,125m**	-9.1%	-8.8%
Fixed data	$2,513m	**$2,553m**	1.6%	1.9%
Other fixed[2,3]	$771m	**$729m**	-5.4%	-4.0%
EBITDA – fixed voice Margin	$1,766m 51%	**$1,490m 48%**	-$276m -3pp	
EBITDA – fixed data Margin	$1,021m 41%	**$799m 31%**	-$222m -10pp	
Net nbn cost to connect (C2C)	$184m	**$359m**	$175m	
nbn network payments	$179m	**$447m**	$268m	
Fixed voice customers – retail	5.7m	**5.4m**	-6.1%	
Fixed data customers – retail	3.4m	**3.5m**	3.9%	
Fixed bundle customers – retail	2.7m	**2.9m**	8.2%	

Fixed data revenue growth of 1.9% ex-FAD with 132,000 retail net adds including Belong, partly offset by lower ARPU and wholesale revenue

Single-digit retail **fixed voice revenue** decline with continued focus on retention and momentum from bundling

Retail bundles continue to perform well, with 224,000 growth including from 'Best Bundle Ever' and 'Hottest Entertainment Bundle'

88% of fixed data customers now on a bundled plan

nbn connections grew by 676,000 to 1,176,000 and a 52% market share (ex-satellite)

Registered customers on **Telstra Air** increased by 0.9 million to over 2.0 million

Fixed margin decline including upfront costs in connecting our nbn customers and growing network payments to nbn co. Fixed data margin improved excluding impacts from nbn

1. Fixed revenue includes one-off nbn connection revenue FY17 $59m (FY16 $34m) and excludes non sales revenue income from TUSOPA FY17 $143m (FY16 $187m). TUSOPA income included in fixed EBITDA.
2. FY16 revenue restated to exclude $308m other fixed revenue now included in global connectivity.
3. Other fixed revenue includes intercarrier services, platinum services, payphones and customer premises equipment.

Product performance: Data & IP

Data & IP	FY16	FY17	GROWTH (on PCP & ex FAD)	
Revenue[1]	$2,829m	**$2,695m**	-4.7%	-4.1%
IP access	$1,140m	**$1,132m**	-0.7%	
ISDN	$603m	**$540m**	-10.4%	
Other data & calling products	$1,086m	**$1,023m**	-5.8%	-4.0%
EBITDA Margin	$1,752m 62%	**$1,586m** **59%**	-$166m -3pp	
IP MAN SIOs	40k	**47k**	17.5%	
IP WAN SIOs	112k	**109k**	-2.7%	

Data & IP revenue down 4.1% ex-FAD reflecting customer wins in a declining market and competitive pricing pressure

IP access decline includes growth in IP MAN customer connections offset by decreasing yield from competitive pressures

IP MAN revenue up 1.6% due to continuing demand for IP value added services and bandwidth upgrades, partly offset by decreasing yield

ISDN decline represents the customer migration to IP access, NAS and nbn products

EBITDA margin impacted by yield trends in the IP market and revenue decline

1. FY16 revenue restated to exclude $960m data & IP revenue now included in global connectivity.

Product performance: NAS

NAS	FY16	FY17	GROWTH
Revenue[1]	$2,581m	**$3,370m**	30.6%
Managed network services	$602m	**$664m**	10.3%
Unified communications	$811m	**$882m**	8.8%
Cloud services	$249m	**$374m**	50.2%
Industry solutions	$752m	**$1,248m**	66.0%
Integrated services	$167m	**$202m**	21.0%
EBITDA Margin	$142m 6%	**$301m** **9%**	$159m +3pp
NAS revenue by segment[2]			
Business	$652m	**$728m**	11.7%
GES	$1,929m	**$2,642m**	37.0%

NAS continued double digit revenue growth across product categories and Business and GES customer segments

Managed network services growth reflects higher annuity and professional services in security services. Cognevo acquisition has expanded our security platform and offering

Unified communications annuity growth in TIPT and contact solutions with significant delivery milestones in 2H17

Cloud growth facilitated by consulting professional services, key acquisitions and growth in hardware sales

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

EBITDA margin improvement due to ongoing operational leverage, scalable standardised offerings and a lower cost delivery model

1. FY16 revenue restated to exclude $182m NAS revenue now included in global connectivity
2. Business including Telstra Business and Telstra Consumer. GES including nbn commercial works (products and services) in Telstra Operations segment.

Product performance: Global connectivity

Global connectivity ($ amounts in AUD)	FY16	FY17	GROWTH	GROWTH (in local currency)
Revenue[1,2]	$1,452m	**$1,435m**	-1.2%	4.4%
Fixed	$308m	**$303m**	-1.6%	4.9%
Data & IP	$960m	**$939m**	-2.2%	2.4%
NAS and other	$184m	**$193m**	4.9%	13.4%
EBITDA Margin	$265m 18%	**$275m** **19%**	+$10m +1pp	8.8%

Revenue growth in local currency due to customers continuing to positively respond to the increased scale and reach of the Telstra product portfolio. Revenue growth impacted by currency appreciation

Fixed growth due to acquisition of Wholesale voice customers

Data & IP growth achieved in Internet and Ethernet services for OTT customers

NAS revenue growth in managed services and unified communications due to the launch of additional offerings

Acquisition of Company85 in June 2017 to further expand global services footprint. Ongoing investment in network infrastructure

EBITDA improvement due to the continued delivery of synergies and productivity

1. FY16 revenue restated to include global connectivity from across fixed, data & IP, NAS and other.
2. Global connectivity revenue excludes income including from the sale of assets FY17 $10m (FY16 $5m).

Product performance: Media - Foxtel

Foxtel ($ amounts in AUD under Australian IFRS)	FY16	FY17	GROWTH
Revenue	$3,310m	**$3,206m**	-3.1%
EBITDA[1]	$880m	**$754m**	-14.3%
EBIT[1]	$558m	**$468m**	-16.1%
Total subscribers[2]	2,827k	**2,776k**	-1.8%
Broadcast churn	12.2%	**15.1%**	+2.9pp
Receipts in Telstra's books[4]			
Distribution received	$37m	-	n/m
Cable access revenue	$110m	**$104m**	-5.5%

EBITDA lower due to lower revenue and continued investment in programming, particularly sports rights. Costs excluding programming down 3%

Foxtel Play was relaunched as **Foxtel Now** in June 2017

Broadcast[3] and Now subscribers were flat year-on-year and grew 3% in 2H17 on 1H17

Broadcast churn higher in FY17 due to increased use of no fixed-term contract offers in FY16. Churn improved to a more normalised level of 13.3% in the last quarter

Lower **distributions** due to focus on debt management

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

1. Excludes unusual cost items (FY16 $17m; FY17 $13m), share of profits/(losses) from associates excluding Ten (FY16 ($8m); FY17 $5m), impairment associated with the acquisition and dissolution of Presto, and impact of Ten network.
2. Total subscribers in FY16 restated to exclude Presto paying subscribers. Presto was closed on 31 January 2017.
3. Broadcast subscribers represent active residential subscribers receiving the Foxtel service via cable/satellite and a connected set-top-box (excluding Foxtel on T-Box).
4. Excludes interest received and Telstra Wholesale revenue received from Foxtel.

Product performance: Media

Media	FY16	FY17	GROWTH
Revenue[1]	$864m	**$935m**	8.2%
Foxtel from Telstra	$719m	**$777m**	8.1%
Other	$145m	**$158m**	9.0%
Foxtel from Telstra subscribers	751k	**808k**	7.6%
Telstra TV devices in market[2]	277k	**827k**	198.6%
Sports Live Pass users[3]	371k	**1,331k**	258.8%

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

Strong revenue growth due to performance of both Foxtel from Telstra and Telstra TV. Foxtel from Telstra revenue growth due to 57,000 subscriber additions

827,000 Telstra TV devices now in market. Telstra TV continues its strong growth

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

1. Total media revenue excludes cable access revenue and distribution received from Foxtel.
2. Telstra TV devices in market is defined as cumulative completed sales. FY16 previously disclosed as cumulative landed sales based on orders.
3. Sport Live Pass users that have activated an AFL, NRL or Netball Live Pass.

nbn DA income and commercial works

nbn DA Income	FY16	FY17	GROWTH
Income	$1,350m	**$2,533m**	87.6%
Commonwealth agreements and other Govt. policy commitments[1]	$204m	**$161m**	-21.1%
Recurring ISA: duct, rack and backhaul[2]	$387m	**$466m**	20.4%
nbn commercial works – sale of assets[3]	$42m	**$216m**	n/m
One-off nbn DA	$717m	**$1,690m**	135.7%
- ISA: Ownership receipts[2]	$214m	**$442m**	106.5%
- PSAA[5]	$503m	**$1,248m**	148.1%
nbn commercial works – products and services[3,4]	$233m	**$682m**	192.7%

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

Decrease in receipts from the **Commonwealth agreements** due to timing

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

Sale of assets revenue related to HFC and cost recovery

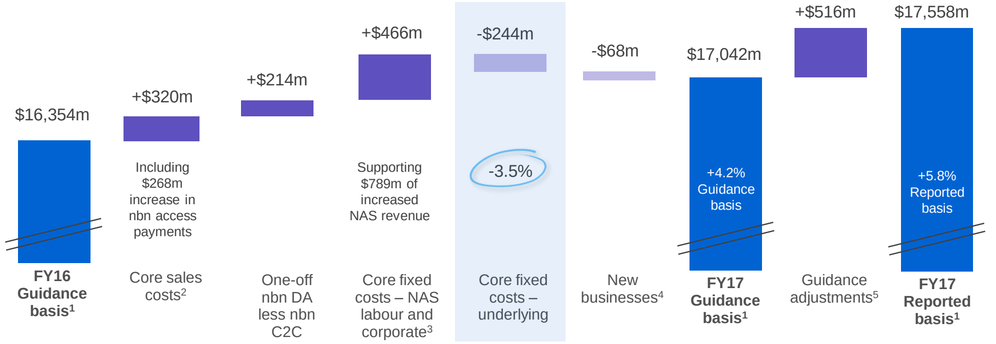
nbn commercial works – products and services revenue provided through contracts outside of nbn DA including:

- HFC Delivery Agreement
- Copper Sub-Loop (CSL) Maintenance Services Agreement and Operations and Maintenance Master Agreement
- Network planning and design

1. This includes retraining and income from government grants under the Retraining Deed and Telstra Universal Service Obligation Performance Agreement (TUSOPA). TUSOPA included as other income in “All other” segment FY17 $143m (FY16 $187m). 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 Agreement (DA).
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.

Operating expenses

Core fixed costs – underlying
Ahead of run rate required for $1b productivity cost target with underlying core fixed decline of $244m or 3.5%



1. Refer to supporting material slide "Product framework operating expenses" for FY16 and FY17 detailed operating expense performance.
2. Core sales costs excludes goods and services purchased associated with new businesses and nbn cost to connect (C2C).
3. NAS labour and corporate costs include significant transactions and events associated with NAS commercial works and labour, global connectivity costs including FX, Go Mobile lease costs and bond rate impacts.
4. New businesses includes Telstra Health, Ooyala and Telstra Ventures.
5. Refer to FY17 Full year results and operations review - guidance versus reported results reconciliation. Guidance adjustments include restructuring costs and impairment.

Further commitment to increased productivity

On productivity, we will do more, and we will do it faster:

- We will bring forward the more than $1 billion net productivity target announced in November 2016 by one year, now delivering it by FY20
- We will increase our target by $500 million and deliver more than $1.5 billion net productivity by FY22
- We expect benefits will be achieved at a broadly consistent pace

Capital position

Measure		FY16	1H17	FY17
Gross debt[1]		$16.0b	$16.0b	**$16.2b**
Cash and cash equivalents		$3.6b	$1.2b	**$0.9b**
Net debt		$12.5b	$14.8b	**$15.3b**
Average gross borrowing costs[2]		5.6%	5.4%	**5.1%**
Average debt maturity (years)		4.8	4.3	**4.5**
Financial parameters[3]	**Comfort Zones**			
Debt servicing	1.3 - 1.8x	1.2x	1.4x	**1.4x**
Gearing	50% to 70%	43.9%	50.4%	**51.2%**
Interest cover	>7x	13.0x	14.7x	**15.7x**
Ratios				
Capex to sales[4]		15.2%	16.0%	**17.8%**
ROE[5]		25.7%	23.6%	**25.6%**
ROIC[6]		15.3%	13.7%	**14.7%**

Gross debt remains largely flat due to FY17 maturities of term debt being offset by debt issuance

Net debt increased as cash and cash equivalents in FY16 included proceeds from the sale of Autohome. FY17 decrease reflects share buy backs and increased capital expenditure

Reduction in **average gross borrowing costs** reflects the ongoing benefit of successful recent debt issuance at low historical interest rates and the favourable impact from lower floating interest rates on our variable rate debt

Financial parameters remain within our comfort zones

1. Represents position after hedging based on accounting carrying values. Gross debt comprises borrowings and derivatives.
2. Represents gross interest cost on gross debt.
3. Debt servicing calculated as net debt over EBITDA. Gearing calculated as net debt over total net debt and equity. Interest cover calculated as EBITDA over net interest expense (excluding capitalised interest).
4. 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 from continuing operations as a percentage of equity. ROE from continuing and discontinued operations FY17 25.6% (FY16 38.6%; 1H17 23.6%).
6. ROIC restated to be calculated as NOPAT from continuing operations as a percentage of total capital (previously NPAT) consistent with more commonly used definition.

Updated Capital Management Framework

FISCAL DISCIPLINE

OBJECTIVES

1 MAXIMISING RETURNS FOR SHAREHOLDERS

2 MAINTAINING FINANCIAL STRENGTH

3 RETAIN FINANCIAL FLEXIBILITY

PRINCIPLES

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

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

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

1. Underlying earnings is defined as NPAT from continuing operations excluding net one-off nbn receipts (as defined in footnote 2).
2. "net one-off nbn receipts" is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect less tax.
3. Return subject to no unexpected material events, assumes nbn™ rollout is broadly in accordance with the nbn Corporate Plan 2017 and receipt of associated one-offs, and is subject to Board discretion having regard to financial and market conditions, business needs and maintenance of financial strength and flexibility consistent with Telstra's capital management framework.
4. Capex excludes expenditure on spectrum, measured on an accrued basis. Capex excludes externally funded capex.
5. This guidance assumes wholesale product price stability and no impairments to investments, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumes the nbn™ rollout is broadly in accordance with the nbn Corporate Plan 2017.

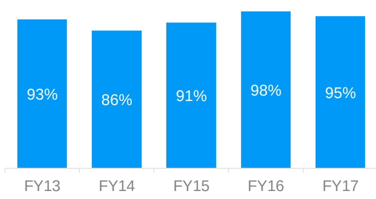
Dividend policy: Historical practice

Historically high payout ratio

Returned $13.5b in FY15 - FY17 through ordinary dividends and buybacks

Our future policy needs to balance:
- Maximising returns to shareholders
- Maintaining financial strength
- Retaining financial flexibility

Historical Telstra reported payout ratio



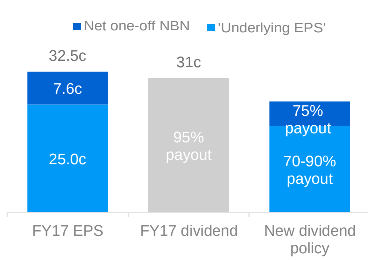
FY17 dividend maintained at 31c for shareholders

New dividend policy

Ordinary dividend
- Fully franked
- 70-90% of underlying earnings[1,2,3] from FY18

Special dividend
- Return in the order of 75% of future net one-off nbn receipts over time[2,3]
- Practically all net one-offs received to date (~$1.5b) have already been returned to shareholders given historical high payout ratio
- Pool of net one-off receipts net of cost to connect and tax from 1 July 2017 until end of nbn™ migration forecast at ~$4b (including $1.40b to $1.75b in FY18[4])

FY17 EPS, FY17 DPS, New policy



FY18 dividend
- Expected at 22 cents per share fully-franked including both ordinary and special[3]

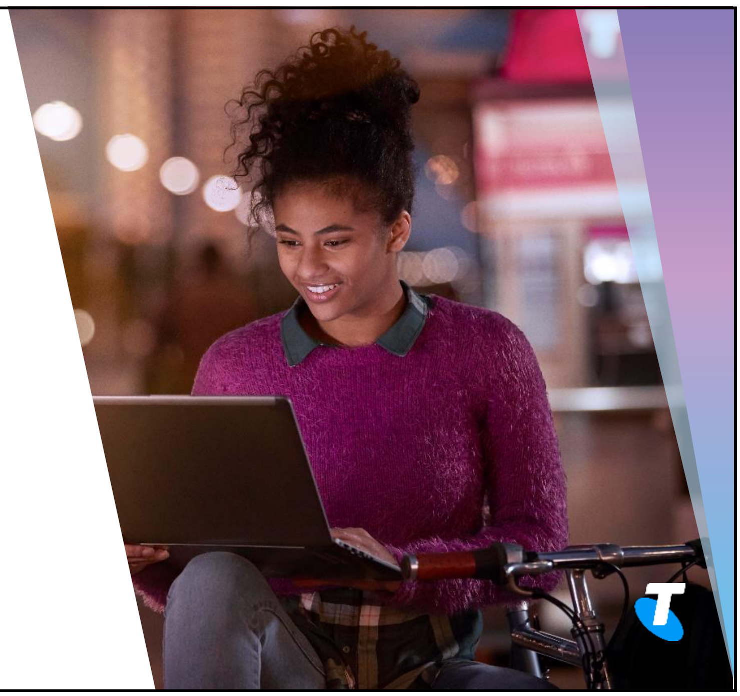
1. Underlying earnings is defined as NPAT from continuing operations excluding net one-off nbn receipts (as defined in footnote 2).
2. "net one-off nbn receipts" is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect less tax.
3. Return subject to no unexpected material events, assumes nbn™ rollout is broadly in accordance with the nbn Corporate Plan 2017 and receipt of associated one-offs, and is subject to Board discretion having regard to financial and market conditions, business needs and maintenance of financial strength and flexibility consistent with Telstra's capital management framework.
4. Refer to FY18 Guidance.

FY18 guidance[1]

Measure	FY17	FY18 GUIDANCE
Total income	$28.2b	$28.3b to $30.2b
EBITDA	$10.7b	$10.7b to $11.2b
Net one-off nbn DA receipts less nbn net C2C	$1.3b	$2.0b to $2.5b
Capex	$4.6b	$4.4b to $4.8b
Free cashflow	$4.3b	$4.4b to $4.9b

1. This guidance assumes wholesale product price stability and no impairments to investments, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumes the nbn™ rollout is broadly in accordance with the nbn Corporate Plan 2017. Capex excludes externally funded capex.

Q&A



Supporting material

Product framework - income

Income	FY16	FY17	GROWTH	GROWTH	GROWTH (ex-MTAS & FAD[1])
Mobile[2]	$10,438m	$10,165m	-$273m	-2.6%	0.8%
Fixed excl. nbn connection[3]	$6,874m	$6,491m	-$383m	-5.6%	-5.1%
Recurring nbn DA	$387m	$466m	$79m	20.4%	
Data & IP	$2,829m	$2,695m	-$134m	-4.7%	-4.1%
NAS	$2,581m	$3,370m	$789m	30.6%	
Global connectivity	$1,457m	$1,445m	-$12m	-0.8%	
Other core[4]	$1,487m	$1,620m	$133m	8.9%	
Recurring core	**$26,053m**	**$26,252m**	**$199m**	**0.8%**	**2.4%**
One-off nbn DA receipts and nbn connection	$768m	$1,767m	$999m	130.1%	
New businesses[5]	$229m	$186m	-$43m	-18.8%	
Guidance and Reported basis	**$27,050m**	**$28,205m**	**$1,155m**	**4.3%**	**5.9%**

1. Growth ex-MTAS & FAD is adjusting 1H16 for MTAS and FAD impacts across mobile $356m, fixed $32m and data & IP $20m.
2. Mobile includes non sales revenue Go Mobile lease income FY17 $63m (FY16 nil).
3. Fixed excludes one-off nbn connection revenue FY17 $59m (FY16 $34m) and includes TUSOPA income FY17 $143m (FY16 $187m).
4. Other core includes distribution from Foxtel, media, nbn commercial works (sale of assets) and other miscellaneous income.
5. New businesses includes Telstra Health, Ooyala and Telstra Ventures.

Product framework - operating expenses

Operating expenses	FY16	FY17	GROWTH	GROWTH	GROWTH (ex-MTAS & FAD[1])
Mobile	$6,054m	$5,846m	-$208m	-3.4%	2.7%
Fixed excl. nbn C2C[2]	$3,567m	$3,531m	-$36m	-1.0%	
Recurring nbn DA	$38m	$46m	$8m	21.1%	
Data & IP	$1,077m	$1,109m	$32m	3.0%	
NAS	$2,439m	$3,069m	$630m	25.8%	
Global connectivity	$1,192m	$1,174m	-$18m	-1.5%	
Other core[3]	$1,308m	$1,442m	$134m	10.2%	
Recurring core	**$15,675m**	**$16,217m**	**$542m**	**3.5%**	**5.9%**
One-off nbn DA and nbn C2C	$268m	$482m	$214m	79.9%	
New businesses[4]	$411m	$343m	-$68m	-16.5%	
Guidance basis	**$16,354m**	**$17,042m**	**$688m**	**4.2%**	**6.6%**
Guidance adjustments[5]	$246m	$516m	$270m	n/m	
Reported basis	**$16,600m**	**$17,558m**	**$958m**	**5.8%**	

1. Growth ex-MTAS & FAD is adjusting FY16 for MTAS impacts in mobile $362m.
2. Fixed excludes nbn cost to connect (C2C) FY17 $418m (FY16 $218m). nbn C2C represented against "One-off nbn DA and nbn C2C".
3. Other core includes media and nbn commercial works (sale of assets).
4. New businesses includes Telstra Health, Ooyala and Telstra Ventures.
5. Refer to FY17 Full year results and operations review - guidance versus reported results reconciliation. Guidance adjustments include restructuring costs and impairment.

Operating expenses

Operating expenses	FY16	FY17	GROWTH	
Core sales costs[1]	$7,127m	$7,447m	$320m	4.5%
Core fixed costs	$8,548m	$8,770m	$222m	2.6%
- Underlying	$6,997m	$6,753m	-$244m	-3.5%
- NAS labour and corporate[2]	$1,551m	$2,017m	$466m	30.0%
New businesses costs[3]	$411m	$343m	-$68m	-16.5%
One-off nbn DA and nbn C2C	$268m	$482m	$214m	79.9%
Guidance basis	**$16,354m**	**$17,042m**	**$688m**	**4.2%**
Guidance adjustments[4]	$246m	$516m	$270m	n/m
Reported basis	**$16,600m**	**$17,558m**	**$958m**	**5.8%**

Core sales costs growth 10.1% net of reduction from MTAS. Growth including increased nbn access payments and variable cost growth supporting revenue growth

Ahead of run rate required for $1b productivity cost target with underlying core fixed decline of $244m or 3.5%

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

Increased **nbn cost to connect** (C2C) due to nbn rollout. Cost per connection reduced by ~18%

1. Core sales costs excludes goods and services purchased associated with new businesses and nbn cost to connect (C2C).
2. NAS labour and corporate costs include significant transactions and events associated with NAS commercial works and labour, global connectivity costs including FX, Go Mobile lease costs and bond rate impacts.
3. New businesses includes Telstra Health, Ooyala and Telstra Ventures.
4. Refer to FY17 Full year results and operations review - guidance versus reported results reconciliation. Guidance adjustments include restructuring costs and impairment.

Business unit results

Income	FY16	FY17	GROWTH (reported basis)	GROWTH (ex-MTAS & FAD[2])
Telstra Retail	**$16.8b**	**$16.5b**	**-2.1%**	**-0.2%**
Consumer	$12.0b	$11.8b	-1.4%	0.8%
Business	$4.8b	$4.7b	-3.9%	-2.6%
Global Enterprise and Services[1]	**$6.2b**	**$6.3b**	**1.6%**	**1.9%**
GES domestic	$4.6b	$4.7b	2.5%	2.9%
GES international	$1.7b	$1.7b	-0.1%	-0.1%
Telstra Wholesale	**$2.6b**	**$2.8b**	**7.2%**	**9.7%**

Consumer growth 0.8% ex-MTAS including growth in postpaid handheld, prepaid handheld and fixed broadband bundle revenue including media. Partly offset by ongoing fixed voice decline and lower MBB due to market shift to shared data plans

Business decline 2.6% ex-MTAS including lower mobile out of bundle revenue, an increase in the proportion of BYO mobile plans and ongoing fixed voice decline. NAS growth of 11.5% including increased cloud professional services

GES domestic growth 2.9% ex-MTAS including double digit NAS growth. Industry ARPU declines across mobility and Data & IP. Ongoing fixed voice decline

GES international 4.4% growth on a constant currency basis as customers continue to respond positively to the increased scale and reach of the Telstra product portfolio

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

1. Global Enterprise and Services (GES) includes $192m (FY16 $204m) of GES international inter-segment revenue treated as external expense in Telstra Retail and Telstra Wholesale. GES comparative restated to exclude Ooyala.
2. MTAS and FAD FY16 income impacts across Telstra Retail $328m (Consumer $262m; Business $66m), GES domestic $19m and Telstra Wholesale $61m.

ANDREW PENN – CEO

SLIDE 3 - Full Year 2017 Results

Thank you Peter.

Good morning and welcome to Telstra's results announcement for the year ended 30 June 2017.

In addition to results this morning, we have a number of important matters to communicate. I therefore wanted to start by giving you a run through of how we will manage the morning's proceedings.

SLIDE 4 - Agenda

In my presentation I will provide you with an overview of the financial results and other highlights for 2017.

I will then make some comments on the positive progress we are making in relation to the implementation of our strategy.

I will also comment on the progress we are making with the investment of up to $3b through our strategic program that we announced this time last year.

I will take you through the results of our review of capital allocation that we announced at last November's investor day. This includes our plans in relation to the dividend, the NBN receipts and our Capital Management Framework.

Finally, I will provide a summary of my comments before handing over to Warwick. Warwick will take us through the financial results for 2017 and our Capital Management plans in more detail.

We will then open for questions.

SLIDE 5 – FY 2017 Results: Headlines

Turning then to our financial results for the year ended 30 June 2017.

2017 has been a strong year and we are pleased to have delivered against our guidance and strategy in the context of a highly competitive and dynamic market.

Total income on a reported and guidance basis was up 4.3% to $28.2b. Excluding the regulatory changes to MTAS and FAD, total income was up 5.9%.

EBITDA was up 2.0% to $10.7b on a reported basis and up 4.5% to $11.2b on a guidance basis. On a guidance basis, excluding regulatory changes to MTAS and FAD, EBITDA was up 5%.

Net profit after tax from continuing operations was up 1.1% to $3.9b.

Earnings per share was up 2.8% to 32.5 cents per share and the Board has declared a final dividend of 15.5 cents per share.

This brings the total dividend for the year to 31 cents per share.

SLIDE 6 - FY 2017 Results: Highlights

Turning to the other highlights:

During the year we returned $5.2b to shareholders through dividends and via on and off market share buy backs.

As I said at the half year our number one objective is to improve the experience we provide our customers and I am pleased to confirm that is what we are doing. Both strategic and episode NPS recovered strongly in the second half, improving 6 points and 2 points respectively.

Mobiles also performed strongly.

Importantly, we saw a modest increase in mobile services revenues in the second half and a reduction in post-paid handheld churn. The mobiles EBITDA margin for the year remained strong at 43%.

We have seen continued customer growth across all key segments. New mobile services were up 218,000, including 169,000 post-paid handheld. Retail fixed broadband services were up 132,000 and retail bundles were up 224,000.

Almost 90% of our retail fixed broadband customers are now on a bundle. The proportion of those who are on an entertainment bundle grew more than 50% during the year and now represent one-third of all bundles.

We continue to make good progress in the NBN market and added 676,000 new NBN connections during the year taking our NBN market share, excluding satellite, to 52%.

Contrary to recent commentary, this has not been through significant price reductions. The pricing on our core plans remain unchanged over the last 12 months although there is no doubt competition has increased and we have enhanced the value in these plans.

Our Network Applications and Services business grew very strongly with income up over 30% to $3.3b. This was driven by major contract wins and renewals as well as growth in NBN commercial works.

Importantly we also delivered against our improvement target in the EBITDA margin for NAS of 3% points.

It has been a very strong year for our productivity efforts. We have reduced underlying core fixed costs by 3.5% or $244m. This is ahead of our target.

On top of this we delivered productivity in our new businesses where we have reduced costs by an additional $68m.

As you will hear later, we are today announcing an acceleration and an increase in our productivity program.

We further extended our mobile network during the year with over 2,200 mobile sites either built or upgraded to 4GX, while our standard 4G coverage was extended to 99% of the population.

Warwick will take us through more of the details in a moment. However, I now want to take the opportunity to comment on our broader strategic transformation and the results of our capital allocation review.

SLIDE 7 - Vision

2 years ago we announced our vision. Our Vision, to become a world class technology company that empowers people to connect.

I would like to remind us of the two really important reasons why this is our vision.

Firstly, the traditional worlds of telecommunications and computing are converging, as are many other technologies. We are seeing technology innovation transform industries, transform businesses and transform the way in which we live our daily lives.

Driving this is the fact that there is virtually no technology innovation today that is not enabled by connectivity. In the future everything will be connected to everything.

Much of this innovation is being delivered through software based applications and services. These applications and services are providing transformational experiences for our customers.

Telstra is an organisation that has deep technology experience and capability in the field of network and electrical engineering. Indeed we are a world leader.

The applications and services on our network today require us to lift our capabilities in software engineering, data architecture and data science to the same level.

These capabilities are critical for us to ensure we can create, curate, build and deliver the best applications and services to our customers and to ensure the applications they want to use, work better on Telstra's network than any other.

They are also critical because software is driving more deeply into the operations of the network through network function virtualisation and software defined networking.

The second reason for our vision is simple.

Technology innovation is driving very significant growth in data across the network and therefore growth in demand for all telecommunication operators globally. However, the bottom line is, the value that is being generated is overwhelmingly going to the layer of the applications and services.

In media for example, the improvements in the quality of telecommunications and increased capacity has enabled high definition video streaming to become a daily reality in our lives. New streaming services such as Netflix have benefited significantly from this while the Telco's have not captured value to the same extent.

Our vision therefore is to play a more significant role in this part of the value chain as we are already doing successfully in our NAS business.

SLIDE 8 - Making Good Progress

The good news is, since the announcement of our vision two years ago, we have made very significant progress in transforming Telstra.

Since inception Telstra Ventures has invested more than $300m in 45 technology start-ups.

Muru-D, our accelerator has helped launch 77 new businesses.

We have become a more innovative company.

We have launched Telstra Labs, including software and hardware labs, Australia's first open IoT lab, a 3D printing lab and collaboration areas for our partners and customers.

All of these initiatives have been material in increasing the level of innovation in the company. We were recently ranked No 1 for innovation in the ASX 100 by a considerable margin by the Australian Private and Venture Capital Association.

At the same time, we have taken steps to simplify the business. We have repositioned our strategy to focus on new growth and adjacencies close to the core. We have made significant investments in core infrastructure assets including Pacnet and other subsea cable investments.

We have also made significant acquisitions in applications and services such as Company85 and Cognevo this year, and Kloud and Readify last financial year.

At the same time we have exited Autohome, capitalising on the significant value achieved in that business and returned this to shareholders through on and off market share buy-backs.

In addition to our M&A activity we are also organically building the new capabilities that we will need in the future.

We are shifting our software development teams to agile methodologies and we now have more than 100 teams actively using agile. We also have a strategic partnership with Pivotal, the leader in this methodology globally. We have a number of partnerships in big data and a team of more than 100 data experts.

In cyber, we have more than 500 cyber security experts and we will shortly be opening our new security operation centres in Melbourne and Sydney with others to follow internationally.

We continue to leverage key global partnerships with world leading technology companies including Google, Facebook, Apple, Microsoft, IBM, Cisco, Ericsson and Tesla.

In networks we have implemented a major program of work to improve resiliency and redundancy.

With over 8,600 mobile towers, more than 5,000 telephone exchanges, 200,000 switches and routers, around 240,000 kilometres of optical fibre cable and more than 400,000 kilometres of submarine cable, our network clearly represents a very significant set of assets.

The network will never be immune to the impact of natural disasters, physical damage and other events. However, we have substantially improved our ability to predict, pinpoint and fix issues thus improving redundancy and recovery times within the network.

In relation to digitally based products, applications and services, we are delivering some world leading digital experiences for our customers.

In conjunction with the new security operating centres I mentioned previously, we have a new dynamic security offering for enterprise customers addressing growing cyber security concerns.

We have also launched the Telstra programmable network for our enterprise customers which brings to life all of the major investments we are making in our core network technologies.

For our retail customers, we are seeing significant traction with the Netgear Nighthawk M1 mobile device which I showcased at our half year results in February. This is still one of the fastest mobile devices in the world capable of download speeds of up to 1 gigabit per second.

We have also launched our market leading Frontier modem, providing an integrated fixed and mobile capability for home broadband customers.

In media, Telstra TV has now reached almost 1m customers with very high NPS and strong activation and usage rates. This is transforming the media experience in the home and we are about to dial it up again.

I am excited to announce this morning the launch of the Telstra TV2.

From this one device our customers will have the unique experience of being able to ubiquitously search free to air TV, catch up TV, and streaming services including Foxtel Now, Netflix, Stan, Big Pond and others. An Australian first.

The Telstra TV mobile app that accompanies the device will also give users a linked experience at home or on the go. Telstra TV2 will personalise the experience for users based on each customer's usage patterns.

Similarly our NRL and AFL apps are the top sports Apps in the market with more than 1.4m users. A significant value component for our customers in our mobile plans.

Finally, through our brand 3.0 work we have successfully repositioned the Telstra brand. When asked about Telstra as a provider of world leading technology solutions, Telstra's brand perception has increased 8%, 10% and 27% respectively in consumer, small / medium business and enterprise over the last 12 months.

We are already seen by many as Australia's technology company.

SLIDE 9 - Our Markets Are Evolving Rapidly

Notwithstanding this significant progress, our markets are evolving rapidly.

The competitive dynamics have intensified. We are seeing new entrants in both mobile and fixed and pricing pressure in all sectors through price reductions, value enhancements and increased data allowances.

As a result and building on the success of Belong fixed in attracting new fixed broadband customers with simple no frills offers, we will be launching Belong Mobile in the price sensitive segment of the mobile market.

By 2020, it is estimated that the price sensitive segment could account for 25 - 30% of the total mobile market.

We will be providing more details shortly but we are excited about the opportunities available for Belong Mobile and believe it will be as successful as Belong in fixed.

Secondly, digital disruption is continuing to accelerate not just for us but also for our customers. This is impacting traditional business models and world leading digital experiences are changing customer expectations. It is critical we respond to this.

Thirdly, we are entering a very material period for the NBN. The rollout is accelerating. Since the build commenced more than 4 years ago, roughly 30% of homes in Australia have been connected. This number is expected to increase to 85% within 24 months.

This will clearly have a significant impact on the whole industry. It particularly effects Telstra as it essentially represents the re nationalisation of a material part of our business. We reported in May 2016, the expected negative effect of this on Telstra's EBITDA will be in the range of $2 - 3b.

Given the latest outlook of NBN CVC charges, which we estimate will more than double over the coming years, we now expect the impact is likely to be at the top end of this range. In other words around $3bn.

These market dynamics confirm why our vision is the right vision. Why our strategy is the right strategy.

However, they also confirm why we must accelerate our transformation.

SLIDE 10 – Productivity

We are taking the opportunity today to announce an increase and acceleration in our productivity plans. We intend to do more and we intend to do it faster.

Firstly, we intend to bring forward our previously communicated $1b net productivity target by one year to FY20.

Secondly, we have increased our target by a further $500m in cost savings and we plan to deliver more than $1.5b in net productivity by FY22.

As previously advised, we expect the benefits to accrue roughly equally over the life of the program. Warwick will take you through this in a bit more detail shortly.

SLIDE 11 - $3b Strategic Investment

It is against the background of these market dynamics that we also announced our intention to invest up to $3b over the next 3 years to achieve a further step change in our strategic positioning to deliver economic benefits of more than $500m of EBITDA by 2021 investment.

This is in addition to our usual capital spend and takes our expected total capital investment, including spectrum over the 3 years to 2019 to more than $15bn.

Let me repeat that, we expect our total capital investment including spectrum over the three years to 30 June 2019 to exceed $15bn.

The incremental $3bn is fundamentally focused on transforming the experience that we deliver our customers through investment in networks and the digitisation of our business.

SLIDE 12 - Network Has Been The Focus Of Early Investment

To date our investments have been predominantly directed to the network and we have invested $750m since November.

In mobiles we have rolled out 4GX to 89% of the population. This brings double the speed of standard 4G and firmly confirms Telstra's mobile network as the fastest in Australia.

We have shut down the 2G network enabling us to re-farm valuable spectrum.

As you heard me say earlier, we have further enhanced resiliency and redundancy within the network and we are building the necessary resiliency to accommodate the 5x increase in data volumes we are anticipating over the coming years.

Critically, we are building the foundations for the next generation of network. This includes important foundational work in software defined networking and 5G.

We have rolled out our Next Gen OSS which is the layer of technology through which we operate the network. This new system provides the capabilities for a self-diagnostic, self-healing and self-optimising network.

We are also rolling out CATM1 across our entire 4G network creating an IoT network covering 3m square kilometres of Australia. The internet of things is going to be a key area of technology innovation.

We already have more than 1.4m connected IoT devices in our machine-to-machine business and CATM1 will give us the platform for the significant growth we expect in IoT in the future.

Finally, we have commenced the rollout of our next gen optical fibre and transmission network. Tasmania was the first state to benefit from this upgrade.

This will increase Telstra's network capacity to 1 Terabit per second and has already done so on each of Telstra's two subsea cables running across the Bass Strait. We are already rolling this out to the rest of the country and there is future potential to increase this to 100 Terabits per second.

So not only do we have the largest, fastest and most reliable network we now also have the smartest.

SLIDE 13 - Capital Allocation Strategy Review

Notwithstanding these significant changes, our transformation cannot just be about our capabilities and our business model.

It is also critical that we consider the right capital allocation approach. That is why in November 2016 we announced our intention to review this.

Over the last 9 months we have reviewed our balance sheet structure and settings. We have also reviewed our longer term capex requirements, investment decisions including M&A, returns to shareholders including dividends, buy-backs and other forms of returns and the best way to manage the receipts from the NBN.

We have consulted extensively with shareholders and other stakeholders during this review.

The overwhelming and consistent feedback from the consultation process has been to ensure that we are planning for the longer term and retaining financial flexibility.

This includes the importance of retaining a strong balance sheet through the NBN transition period and in light of the increased competitive dynamics and digital disruption that I mentioned earlier.

It is against this background I am pleased to announce where we are at in this review.

SLIDE 14 – NBN Monetisation

Firstly, let me remind you of the NBN arrangements. There are essentially two streams of payments to Telstra from the NBN.

Firstly, ongoing receipts for access to Telstra’s extensive infrastructure including our fibre, exchanges and ducts which will increase in line with the roll out of the NBN. These will eventually reach just short of $1b per annum on full migration.

Secondly, one off receipts of approximately $9b, net of the costs to connect. These receipts and the costs to connect are phased over the period of migration. They partly, but not fully compensate Telstra for giving up this aspect of our business to NBN.

As I mentioned earlier, the negative impact of the migration to nbn on Telstra is expected to be $3bn per annum after the infrastructure access receipts.

It is these infrastructure access receipts that we are seeking to potentially monetise and this is what we are updating the market on today. By monetise we essentially mean we would be bringing them forward from a cash perspective.

If we were to proceed with these plans, it would involve approximately 40% of the total receipts that are ultimately expected. This represents the already locked in receipts for fibre and exchanges.

The scale of the transaction is estimated to be in the range of $5 - $5.5bn with Telstra to retain some equity interest.

If the proposed transaction proceeds, our intention would be to use the proceeds to reduce debt by around $1bn, with the balance to support a capital management program to enhance shareholder returns, most likely through a series of on and off market buy-backs.

The proposed transaction is subject to a number of steps including approvals and consents from investors, the Government and NBN Co. We are currently in discussions regarding these approvals and consents. We cannot confirm whether they will be achieved but we will update the market in due course.

And I do need to be clear here, this is a complex transaction and whilst a considerable amount of work has been completed the approvals and consents are not routine and cannot be guaranteed.

SLIDE 15 – Capital Allocation Strategy Review

In addition to today’s update on the NBN receipts, we have also reviewed our capital management framework.

The objective of this framework remains to optimise between maximising returns to shareholders, maintaining our financial strength and retaining financial flexibility. This is consistent with the feedback we received through the consultation process.

Warwick will take you through the key elements of the revised capital management framework shortly but one important element is a new dividend policy.

Recognising the strategic transition of the business and in meeting these objectives we are today announcing a new dividend policy that will move us away from a historical practice of paying out almost 100% of profits.

The new policy, which will commence after the payment of the final dividend for the 2017 financial year will be to pay a franked ordinary dividend of between 70 – 90% of underlying earnings. This is much more in line with our global peers and local large companies.

In addition to the ordinary dividend, we intend to return in the order of 75% of net one-off NBN receipts to shareholders via fully franked special dividends over time.

With the implementation of this new dividend policy, we anticipate the dividend in FY18 will be 22 cents per share including both ordinary and special.

We realise this is a material reduction from the historic level of our dividend reflecting the lower pay out ratio. We do not underestimate the impact of this on shareholders. It is for this reason we are providing advanced notice of this change and why the Board has maintained a 31 cents dividend this year.

These are important changes to Telstra's approach to capital management and appropriate in the context of our strategic transformation.

This is about setting the business up for success in the future, giving ourselves the flexibility to invest and compete effectively in the future.

They also highlight the significant value in our core underlying telecommunications infrastructure as represented by the potential NBN monetisation opportunity.

SLIDE 16 – Summary

Let me summarise before handing over to Warwick.

Our FY17 results announced this morning demonstrate strong financial performance, delivery of guidance and our previous commitments to the market.

There are also a number of other key highlights from the year.

We continue to grow customer numbers and we are delivering strong performance in mobiles, NAS and productivity.

Our vision is the right vision and our strategy is the right strategy. We have progressed significantly over the last 2 years and we are strongly positioned for the future.

Notwithstanding this, markets are continuing to evolve rapidly and this is why we announced our strategic investment program of up to $3b to achieve a further step forward in our transformation.

We are on track in the early stages of this program and we have delivered important capabilities in the Networks for the Future.

We have completed our capital allocation review and we are updating the market this morning of our plans to potentially monetise certain NBN receipts, changes to capital management framework and a new dividend policy.

Finally, we are increasing our level of aspiration in relation to productivity and we are delivering more productivity and we are delivering it sooner.

Before handing over to Warwick I would like to thank the whole of the team at Telstra for their hard work in delivering for our customers and shareholders.

I would now like to hand over to Warwick who will take you through the financial results and the results of the capital allocation review in more detail before returning to the stage for questions.

Thank you

WARWICK BRAY – CFO

SLIDE 17 – TELSTRA FULL YEAR RESULTS ANNOUNCEMENT 2017

Thank you Andy.

SLIDE 18 - AGENDA

The agenda is on the screen and …

SLIDE 19 – GROUP RESULTS – INCOME STATEMENT

… beginning with our FY17 group results which met guidance for income, EBITDA and capex. Free cash flow was just above.

On a reported and continuing operations basis:
- Income was up 4.3%
- EBITDA was up 2%
- EBIT was down 1.1%
- NPAT was up 1.1%; and
- Basic EPS was up 2.8% to 32.5 cents.

From continuing and discontinued operations, NPAT decreased 33.8% due to the sale of Autohome in the prior year.

The Board has declared a fully franked final dividend for FY17 of 15.5 cents per share to bring the full year to 31.0 cents, the same as FY16.

Our payout ratio was 95%.

The reported numbers for FY17 include the effects of:
- Restructuring costs, which reduced EBITDA by $439m
- Impairment related to the Health group, which reduced EBITDA by $77m; and
- The MTAS and FAD regulatory pricing decisions, which reduced income by $408m and reduced EBITDA by $46m.

On a guidance basis, income growth was the same as reported and EBITDA was up 4.5%.

And excluding the regulatory decisions:
- Income was up 5.9%; and
- EBITDA was up 5%.

Depreciation and amortisation has increased 6.9%. This was mostly due to increased capex and investment in business software assets with shorter useful lives.

Net finance costs decreased $119m or 16.8% mostly due to refinancing debt at lower rates and higher average cash balances. Interest income was also lower due to an accounting adjustment in the prior year. Net finance costs on an accounting basis were $154m lower than on a cash basis mostly due to capitalised interest and non-cash gains associated with our derivative hedge instruments.

Income tax was broadly flat. The effective tax rate on continuing operations was 31.4%. Income tax expense was about the same as cash tax paid.

We now move to free cash flow….

SLIDE 20 – GROUP RESULTS – FREE CASHFLOW

… which in FY17, on a guidance basis, was $4.3bn.

This was just above guidance due to better than expected working capital including from mobile leasing.

Free cashflow was down $511m on FY16 mostly due to increased capex associated with our strategic investment.

Our cash capex was $4.7bn, similar to accrued capex, and the capex to sales ratio was 17.8%.

Change in working capital reduced cash in FY16 and FY17.

FY17 working capital benefitted from the successful introduction of mobile leasing through our Go Mobile swap plans and initiatives such as faster retail electronic bill production.

These improvements were offset by increased nbn DA one-off receipts received quarterly in arrears, and increased inventory related to nbn commercial works.

The reported free cash flow includes the effect of:
- Net M&A proceeds of $1.2b in FY16 and $140m in FY17, including from the sale of Autohome. This was the largest difference between reported cash in FY16 and FY17
- Spectrum payments in FY17 of $625m; and
- Outflows associated with restructuring costs in FY17 of $304m.

Turning now to income performance by product.

SLIDE 21 – INCOME GROWTH BY PRODUCT

We saw an increase in reported income of 4.3% to $28.2bn.

Our recurring core income increased 2.4% or $607m. Excluding the MTAS and FAD regulatory decisions:
- Mobile was up $83m.
- Fixed was down $351m.
- Data and IP was down $114m.
- Recurring nbn DA was up $79m.
- NAS continued its double-digit rate of growth, up $789m or 30.6%.
- Global connectivity was down $12m, but up 4.4% in constant currency.
- Other core was up $133m, including nbn commercial works sale of assets.

Outside our recurring core income:
- One-off nbn DA receipts and connection revenue were up $999m; and
- New businesses was down $43m due to Ooyala where the focus is on consolidating operations.

Turning to product EBITDA performance.

SLIDE 22 – EBITDA GROWTH BY PRODUCT

Overall, we saw an increase in EBITDA on a guidance basis, up 4.5% to $11.195bn.

Our recurring core was down $332m. The negative recurring influence of the nbn for this year was approximately $300m. The impact cumulatively since FY15 is now around $500m.

Given the latest outlook of nbn CVC charges, which we estimate will more than double over the coming years, we now expect the nbn impact is likely to be at the top end of the $2-3bn range. In other words around $3bn.

Outside recurring nbn impacts, the remaining core was down approximately $32m. We have seen some encouraging trends for stabilisation and we will go through this on the next slide.

One-off nbn DA EBITDA and nbn costs to connect were up $785m in line with the nbn rollout. This included $974m of increased one-off nbn DA income including retraining; partly offset by $175m of increased net nbn costs to connect and $14m of increased one-off DA costs.

New businesses EBITDA was up $31m excluding impairments.

Turning to recurring core product EBITDA performance.

SLIDE 23 – PRODUCT EBITDA PERFORMANCE

Starting from the bottom, the difference between the reported EBITDA of $10.679bn and the recurring core of $10.068bn, is the nbn one-off, new businesses and guidance adjustments.

Our recurring core EBITDA was down approximately $32m excluding the recurring impact from nbn. This included some encouraging trends.

- Mobile was down $65m; however sequentially and on PCP, 2H17 mobile services revenue increased
- NAS was up $159m, mostly offsetting the $166m decline in Data and IP; and
- Global connectivity was up $10m, or 8.8% on a constant currency basis.

Turning now to the performance by product.

SLIDE 24 – PRODUCT PERFORMANCE MOBILE

Mobile revenue was up 0.2% excluding MTAS. We have seen some positive signs of mobile revenue and ARPU stabilisation across the last three halves. This can be seen on the next slide.

Postpaid handheld revenue growth was flat in FY17 due to stabilising ARPU and continued SIO momentum.

During the year we added 218,000 retail mobile services, including 169,000 postpaid handheld, to bring our total subscriber base to 17.5 million.

The mobile EBITDA margin increased 1 point to 43%. Mobile margins improved slightly on the prior year excluding the impact from MTAS, and a one-off roaming credit benefit of around $130m in FY16. The margin improvement included a favourable benefit in FY17 from reduced handset subsidies and introduction of mobile leasing.

Relative to the previous MTAS regime, our mobile EBITDA margin is up 3 percentage points which is a non-economic change.

Looking at some of the mobile trends on a halves basis.

SLIDE 25 - PRODUCT PERFORMANCE MOBILE

Mobile services revenue in 2H17 was up 0.7% on PCP and 0.4% sequentially. Growth was achieved across all mobile categories except for mobile broadband where the rate of decline has improved.

Mobile EBITDA increased almost $200m sequentially in 2H17, due to revenue growth, mobile handset leasing and some seasonality.

Postpaid handheld ARPU excluding MRO has been stabilising, with 2H17 down 34 cents or 0.5% sequentially. The quality of revenue is improving due to customer migration to higher minimum monthly commitment plans.

By segment, postpaid handheld ARPU growth was achieved in consumer. Business and enterprise ARPU declined, however 2H17 Enterprise ARPU has grown sequentially.

Postpaid mobile churn continues to be low by international standards. Churn decreased to 10.6% in 2H17. Previously reported churn has been restated to exclude some EFTPOS SIOs that are now reported in Machine to Machine.

Prepaid handheld revenues increased 1.8% sequentially in 2H17 and 10.1% on PCP. Prepaid ARPU increased by $1.13 sequentially with increased recharge revenue.

Mobile broadband revenue fell 7.0% sequentially in 2H17 due to a decline in ARPU and prepaid unique users. This largely reflects the mix shift from old legacy plans to newer plans at a lower ARPU; and increased sharing of data through mobile handsets as mobile data inclusions have grown.

We expect that future mobile broadband SIOs will be impacted by churn of business companion plans as they reach end of contract. We currently have around 500k of these companion plans in mobile broadband which were offered as add-ons up to August 2016.

Machine to machine (M2M) revenue grew 14.7% sequentially in 2H17, with 250,000 M2M SIOs added in the year. We continue to see growth in M2M with new solutions being implemented in verticals such as logistics.

Our M2M business will benefit from our recently launched CAT M1 network on our 4GX network which meets the demands of Low Power Wide Area Internet of Things applications. Advantages include low cost, low power consumption, deep coverage, large numbers of connections, and high reliability of transmission. Cat-M1 will enhance LTE coverage for underground and in-building areas that challenge existing coverage capability.

Turning to fixed line.

SLIDE 26 – PRODUCT PERFORMANCE FIXED

Our fixed business offers simple, flexible, and high value bundles with unique inclusions like Telstra Air, Telstra TV, and more capable home internet devices.

Fixed data revenue grew 1.9% ex FAD. We added 132,000 retail subscribers, including through Belong.

The fixed voice revenue decline was contained to single-digits.

Our bundled products are performing well. We added 224,000 retail bundled customers during the year. 88% of our retail broadband customer base are now on a bundled plan, many of which are on our entertainment offers.

Demand for our nbn services continues. During the year we added 676,000 nbn connections bringing total nbn connections to 1.176m, and a 52% share ex-satellite.

The fixed voice margin fell by 3 points, and fixed data margin fell by 10 points. Fixed margins were negatively affected by one-off costs of connecting customers to the nbn, and the ongoing nbn network costs. Excluding nbn related items, the fixed data margin improved on PCP.

We continue to focus on reducing costs in our fixed portfolio by, for instance, developing digital platforms in sales and self-service functionality.

Turning to data and IP.

SLIDE 27 – PRODUCT PERFORMANCE DATA & IP

Data & IP revenue declined 4.1% ex-FAD, reflecting customer wins in a highly competitive market.

We continued to perform well in the market with customers embracing our complementary NAS products; and Next IP network flexibility, scalability and security.

We are achieving volume and connection growth in IP access but IP access revenue declined 0.7%.

ISDN declined 10.4% due to accelerated migration to IP access, unified communications, fixed data and nbn products.

Our EBITDA margin of 59% was impacted by yield pressures in the IP market.

Turning to Network Applications and Services, or NAS.

SLIDE 28 - PRODUCT PERFORMANCE NAS

…which grew over 30% to approximately $3.4bn in revenue.

Managed network services grew 10.3%. Our cyber security offerings were a big part of this success. We have enhanced offerings as a result of the Bridgepoint, O2 and Cognevo acquisitions. Our recent acquisition of Company85 will help to bring those services to our international customers.

Unified communications increased 8.8% including annuity growth through increased IP telephony SIOs and across UC products.

Cloud revenue grew by 50.2% due to increased consulting professional services and acquisitions, including Readify and Kloud.

Industry Solutions growth of 66% was mostly due to increased commercial works including the NBN.

The NAS EBITDA margin improved 3 percentage points through scale, scalable standardised offerings, lower unit costs and a beneficial change in product mix.

Turning to global connectivity…

SLIDE 29 – PRODUCT PERFORMANCE GLOBAL CONNECTIVITY

…which consists of our enterprise business outside Australia and grew by 4.4% in local currency. Our customers have responded well to the scale, reach and low latency of the Telstra products.

The margin improved 1 point, with EBITDA up 8.8% in local currency. We have delivered one year ahead of schedule on the recurring annual synergy benefits of A$65m from our Pacnet acquisition.

Turning to media and firstly Foxtel …

SLIDE 30 – PRODUCT PERFORMANCE MEDIA – FOXTEL

… where revenue in the year decreased by 3.1% with a decline in total subscribers.

Foxtel closing broadcast and Foxtel Now subscribers were flat year-on-year and grew 3% in 2H17 on 1H17.

Whilst FY17 broadcast churn was higher, the higher churn was mostly due to the use of no fixed-term contract offers in FY16. Churn improved to a more normalised level of 13.3% in the fourth quarter of FY17.

EBITDA decreased by 14.3% to $754m mostly due to lower revenue and continued investment in programming, including the new AFL contract.

There was no distribution received from Foxtel in the year and cable access revenue was down 5.5% to $104m.

Now, moving to media.

SLIDE 31 – PRODUCT PERFORMANCE MEDIA

Our media revenues increased 8.2% including growth in Foxtel from Telstra revenue of 8.1%.

Other media revenue grew 9% mostly due to the almost 200% increase in the number of Telstra TV devices in market to 827,000.

We saw an increase of over 250% to 1.3m customers who have activated our Sports Live Pass which includes AFL, NRL and Netball content. This service is included within our mobile subscription and can also be purchased by other customers. Almost all of the Live Pass users are Telstra mobile subscribers.

Turning to income from the nbn Definitive Agreements or "DA".

SLIDE 32 – nbn DA and commercial works

This income grew to over $2.5bn, up 87.6%. This included strong growth from the PSAA and ISA ownership receipts which increased by 135.7% in line with the progress of the nbn.

Recurring ISA revenue from ducts, racks and backhaul was up 20.4% to $466m. These receipts reflect nbn co's ongoing use of our infrastructure.

nbn commercial works income related to the sale of assets was $216m. We have separated this from ISA ownership receipts to provide additional clarity.

In addition to nbn DA income, we also received nbn commercial works revenue in NAS of $682m.

I will now turn to our expenses.

SLIDE 33 – OPERATING EXPENSES

We have delivered against our cost ambitions for the year, with a 3.5% reduction in underlying fixed costs.

On a reported basis, operating expenses increased 5.8% or $958m.

Excluding guidance adjustments and going through each of our cost categories in turn:

Our core sales costs increased $320m or 4.5%. Excluding the benefit from reduced interconnect costs due to MTAS, core sales costs grew by 10.1%. Growth included increased nbn access payments, sales costs associated with NAS and nbn commercial works. Our largest sales cost, mobile hardware, was about flat year on year and the hardware margin improved.

One-off nbn DA and costs to connect increased by $214m due to the increased pace of the nbn rollout. The average net nbn cost to connect per customer fell by around 18%.

NAS labour and corporate expenses increased by $466m. This included increased nbn commercial works, and increased NAS labour on large contracts. This cost growth supported $789m of increased NAS revenue.

Our underlying core fixed costs declined $244m or 3.5%, exceeding the run rate required for our more than $1b productivity target. This means that the results of our cost productivity programmes more than offset inflation and reinvestment.

New businesses costs also declined by $68m due to cost management and FX impacts.

SLIDE 34 - PRODUCTIVITY

Turning to our increased productivity commitment.

Our FY17 performance demonstrates that we are delivering ahead of our more than $1b net productivity target.

As mentioned by Andy earlier, today we are announcing we will do more on productivity and we will do this faster.

We will bring forward by one year our more than $1bn net productivity target announced November 2016 to deliver it by 2020. We are also announcing an increase in our target by $500m to deliver more than $1.5bn net productivity by FY22.

Our increased cost out targets offset one half of the top end of the $2-3b negative impact of the nbn.

We will deliver increased productivity targets through a continued focus on productivity that is achieved through better customer outcomes.

For example, through working with our assurance partners we have increased first call resolution and achieved a 4% reduction in relevant truck rolls.

Turning to our capital position.

SLIDE 35 – CAPITAL POSITION

Our balance sheet remains strong.

Gross debt remained largely flat due to FY17 maturities of term debt being offset by debt issuance.

In FY17, cash and cash equivalents decreased, and net debt increased, mostly reflecting the buy-backs and increased capital expenditure. Our closing FY16 cash included the proceeds from the sale of Autohome.

Our average gross borrowing costs reduced to 5.1% and debt maturity was 4.5 years.

Gearing increased to 51.2% as cash received in FY16 from the sale of Autohome was used to fund the capital management program and strategic capex.

Our financial parameters remain within our comfort zones.

Return on Equity and Return on Invested Capital decreased slightly over the year and remain 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 have changed our definition of ROIC from NPAT divided by invested capital to the more commonly used net operating profit after tax (NOPAT) divided by invested capital. This change increased our reported FY16 ROIC by approximately 1.7 percentage points.

Turning to the outcomes of the capital allocation review.

SLIDE 36 – UPDATED CAPITAL MANAGEMENT FRAMEWORK

We began this review in November in the context of changes to our company and industry, including the long and short term impacts of the nbn.

We have updated our capital management framework to be appropriate for that context and to provide clarity around how we will allocate capital.

The objectives are aimed at maintaining our fiscal discipline and are unchanged. They are maximising returns for our shareholders, maintaining financial strength and retaining financial flexibility for investment.

These objectives are supported by four principles that provide the structure and definition for what this means at a practical level. I will talk through 1, 3 & 4 and then 2 on the next page.

Firstly, we re-affirm our commitment to maintain balance sheet settings consistent with an A band credit rating.

Our balance sheet comfort zones remain unchanged.

Principle 3 is Target capex/sales ratio of ~14% excluding spectrum from FY20.

At our FY16 results, we outlined an increase in our capex to sales ratio (ex spectrum) to approximately 18% across FY17-19.

After FY19 we expect to be back at approximately 14%.

Two factors suggest an opportunity for even lower capex. First, our business will change to a higher mix of lower margin, lower capex-intensive businesses such as nbn Retail Service Provider and NAS. Second, access network spending will drop-out.

However, we maintain the 14% target to allow for strategic investments; there may also be periods when spend is higher or lower than 14%.

Spectrum is another important use of capital. We have a strong spectrum position and will continue to invest. We note there are a number of important auctions coming up over next few years.

Our fourth principle is, Maintain flexibility for portfolio management and to make strategic investments.

Our investment criteria for acquisitions are unchanged.

Investments must:

- create value for shareholders consistent with target financial hurdles
- align with our corporate strategy and strategic direction - i.e. be close to the core and support growing and protecting Telstra's core business; and
- be consistent with our capital framework objectives and principles.

Our criteria demonstrate our ongoing commitment to prudent capital discipline, whilst preserving the ability to create value for shareholders.

Our M&A strategy remains focused around infrastructure assets (similar to Pacnet) and applications and service providers in the Enterprise area (like Kloud and Readify).

We will continue to pursue acquisitions where they makes sense, however large scale acquisitions are unlikely short-term as we focus on delivering the benefits from our up to $3b strategic investment program.

Turning now to our dividend policy.

SLIDE 37 – DIVIDEND POLICY: HISTORICAL PRACTICE

Our historic practice has been to pay close to 100% of profits as dividends.
We have been able to do this whilst investing in the business and maintaining a strong balance sheet, due to increasing EBITDA and proceeds from net asset sales.

This high payout ratio and capital management following net asset sales has seen us return approximately $13.5b to shareholders in FY15 - FY17 via ordinary dividends and buybacks.

However, as you heard from Andy, our world is changing, technology innovation is accelerating, we are seeing new competitors, our business needs to transform, and our dividend policy needs to evolve to match.

This means we need to strike the appropriate balance between shareholder returns and preserving financial strength and flexibility.

In recognition of the importance of the dividend to our shareholders, the Board has applied our new policy from FY18 and maintained 31 cents in FY17.

SLIDE 38 – NEW DIVIDEND POLICY

Our new dividend policy is to pay ordinary dividends of 70-90% of underlying earnings from FY18 fully-franked. In addition, it is our intention to return in the order of 75% of future net one-off nbn income over time as fully-franked special dividends.

We have now received net one-offs of ~$1.5b to the end FY17, which has been mostly paid out to shareholders via our ordinary dividends.

From the end of FY17 to the end of the NBN migration, we expect further new one-offs, post tax of ~$4b including $1.4 to $1.75b in FY18.

As an example, underlying earnings were 25.0 cents per share in FY17, and net one-offs were 7.0c.
I reiterate Andy's statement that based on the changes announced today, we expect FY18 total fully-franked dividend of 22 cents per share including both ordinary and special dividends.

In summary, now is the right time for us to make sure we have the right capital management framework for the future.

Turning to guidance.

SLIDE 39 – GUIDANCE

In FY18, we expect Income in the range of $28.3 to $30.2bn and EBITDA of $10.7 to $11.2bn.

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

We are using dollar ranges across guidance given we are now providing dollar range guidance for net one-off nbn DA receipts less nbn cost to connect.

We expect net one-off nbn DA receipts less nbn net cost to connect of $2 to $2.5bn.

We expect to spend capex of $4.4 to $4.8bn or approximately 18% capex to sales. We expect free cash flow to be in the range of $4.4 to $4.9bn.

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

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

[END]

FY17 Full year results and operations review

Summary Financial Results	FY17 $m	FY16 $m	Change %
Total revenue	**26,013**	25,911	0.4
Total income (excluding finance income)	**28,205**	27,050	4.3
Operating expenses	**17,558**	16,600	5.8
Share of net profit from joint ventures and associated entities	**32**	15	113.3
EBITDA	**10,679**	10,465	2.0
Depreciation and amortisation	**4,441**	4,155	6.9
EBIT	**6,238**	6,310	(1.1)
Net finance costs	**591**	710	(16.8)
Income tax expense	**1,773**	1,768	0.3
Profit for the period from continuing operations	**3,874**	3,832	1.1
Profit for the period from discontinued operations	**-**	2,017	n/m
Profit for the period from continuing and discontinued operations	**3,874**	5,849	(33.8)
Profit attributable to equity holders of Telstra	**3,891**	5,780	(32.7)
Capex[1]	**4,606**	4,045	13.9
Free cashflow from continuing and discontinued operations	**3,496**	5,926	(41.0)
Earnings per share (cents)[2]	**32.5**	31.6	2.8

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.
2. Basic earnings per share from continuing operations.

Reported Results

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

For commentary on our key results, market context and outcomes of our capital allocation strategy review, please refer to the *Chairman and CEO message* section. Further detail on progress against our strategy can be found in the *Strategy and performance* section.

Results on a Guidance Basis[1]	FY17	FY17 guidance
Total income growth[2]	**4.3%**	Mid to high-single digit
EBITDA growth	**4.5%**	Low to mid-single digit
Capex/sales ratio	**17.8%**	~18%
Free cashflow	**$4.3b**	$3.5b to $4.0b

Guidance versus reported results[1]	FY17 Reported results $m	FY17 Adjustments $m	FY17 Guidance basis $m	FY16 Guidance basis $m
Total income[2]	**28,205**	-	**28,205**	27,050
EBITDA	**10,679**	516	**11,195**	10,711
Free cashflow	**3,496**	789	**4,285**	4,796

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 in accordance with the nbn Corporate Plan 2016. Capex to sales guidance excluded externally funded capex. Guidance excluded the Ooyala impairment in FY16 and restructuring costs in FY17. Please refer to the guidance versus reported results reconciliation. This reconciliation has been reviewed by our auditors.
2. Excludes finance income.

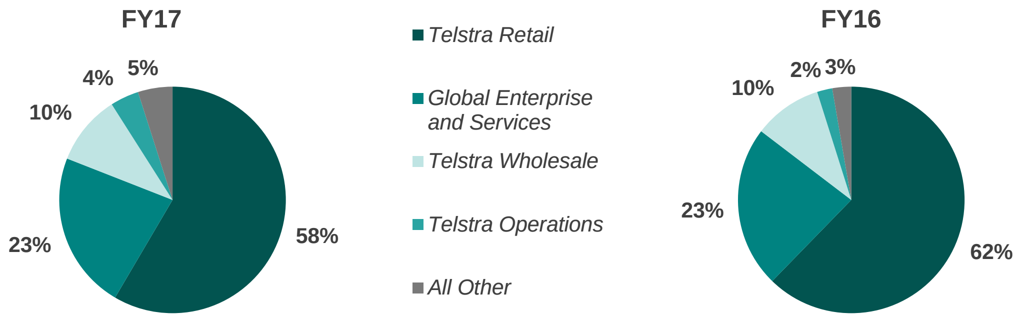
On 17 August 2017, the Directors of Telstra resolved to pay a fully franked interim dividend of 15.5 cents per share. Shares will trade excluding entitlement to the dividend on 30 August 2017 with payment on 28 September 2017.

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 (DA) and commercial works is reported in 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	FY17 $m	FY16 $m	Change %
Telstra Retail	**16,489**	16,848	(2.1)
Global Enterprise and Services	**6,343**	6,244	1.6
Telstra Wholesale	**2,830**	2,640	7.2
Telstra Operations	**1,151**	589	95.4
All Other	**1,392**	729	90.9
Total Telstra segments	**28,205**	27,050	4.3

Telstra Retail
Telstra Retail income, comprised of Telstra Consumer and Telstra Business, was largely flat excluding the impact from the Mobile Terminating Access Service (MTAS) regulatory decision, down 0.2 per cent. On a reported basis, including the impact of MTAS, income declined by 2.1 per cent to $16,489 million.

Telstra Consumer income excluding MTAS increased by 0.8 per cent with growth in postpaid and prepaid handheld revenue, and in fixed broadband bundle revenue including media. Including MTAS, income declined by 1.4 per cent. Mobile services revenue decreased by 4.1 per cent largely due to MTAS, partly offset by fixed data growth of 3.6 per cent.

Telstra Business income was negatively impacted by lower mobile services revenue, decreasing by 2.6 per cent excluding MTAS and by 3.9 per cent including MTAS. Mobile services revenue declined by 8.1 per cent largely due to MTAS, while factors such as larger data allowances, lower cost of excess data, and ongoing fixed voice decline also contributed to the fall. Network Applications and Services (NAS) business revenue continued to grow, increasing by 11.5 per cent, driven primarily by growth in cloud professional services.

Global Enterprise and Services (GES)
Customers continue to respond positively to the increased scale and reach of the Telstra product portfolio as GES income increased by 1.6 per cent to $6,343 million. GES domestic income increased by 2.5 per cent due to double digit NAS growth. GES international income grew by 4.4 per cent on a constant currency basis but declined by 0.1 per cent on an Australian dollar (AUD) basis, impacted by an appreciation in the AUD compared to the prior corresponding period.

Telstra Wholesale
Telstra Wholesale income grew by 7.2 per cent to $2,830 million, largely due to an increase in nbn ISA ownership receipts which have increased in line with the nbn™ rollout. Excluding the impact of the MTAS and fixed line services Final Access Determination (FAD), income grew by 9.7 per cent.

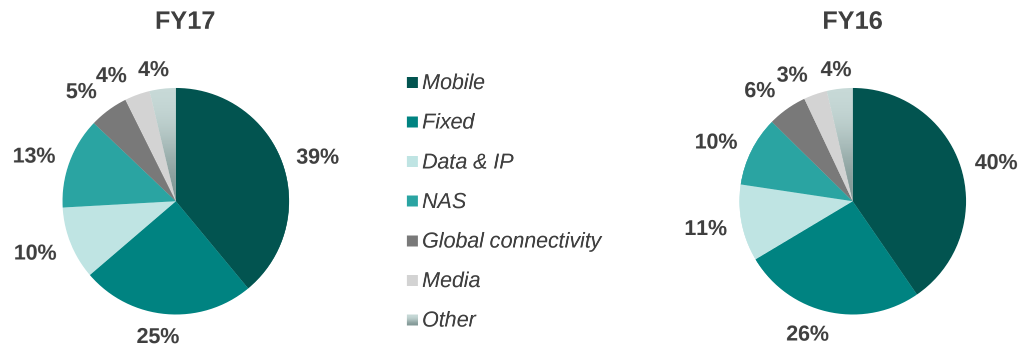
Telstra Operations
Telstra Operations income grew to $1,151 million, primarily due to an increase in nbn commercial works.

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 Ooyala), New Businesses (including Telstra Ventures and Telstra Health®), and Media & Marketing. Income grew largely due to increased nbn disconnection fees (Per Subscriber Address Amount (PSAA)) in line with the nbn rollout.

Subsequent to announcements made in FY17, the following structural (and reporting) changes will take effect from the next financial year:
- Telstra Retail will be renamed Telstra Consumer & Small Business and will encompass three core divisions – Customer Experience & Transformation, Telstra Products, and Consumer & Small Business Sales & Service.
- Global Enterprise and Services will be renamed Telstra Enterprise.
- Telstra Business will be integrated into Telstra Consumer & Small Business, and Telstra Enterprise.
- Telstra Ventures will move to Technology, Innovation and Strategy.

Product Performance

Product Sales Revenue Breakdown

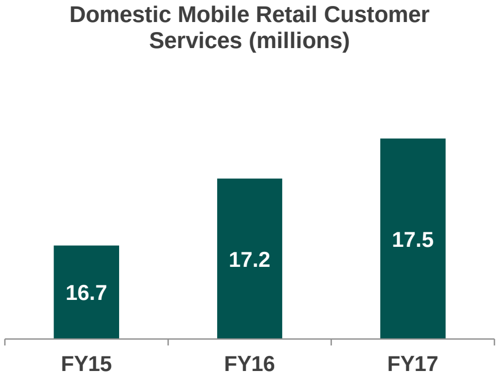


Key Product Revenue	FY17 $m	FY16 $m	Change %
Mobile	**10,102**	10,438	(3.2)
Fixed	**6,407**	6,721	(4.7)
Data & IP	**2,695**	2,829	(4.7)
NAS	**3,370**	2,581	30.6
Global connectivity	**1,435**	1,452	(1.2)

Product Profitability EBITDA Margins[1]	FY17 (%)	2H17 (%)	1H17 (%)	FY16 (%)
Mobile	**43**	45	41	**42**
Fixed data[2]	**31**	28	34	**41**
Fixed voice[2]	**48**	45	50	**51**
Data & IP	**59**	58	59	**62**
NAS	**9**	10	8	**6**
Global connectivity	**19**	18	20	**18**

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

Mobile



For the 2017 financial year, mobile revenue decreased by 3.2 per cent to $10,102 million. Excluding the impact of MTAS, mobile revenue increased by 0.2 per cent. Retail customer services increased by 218,000 during the year, bringing the total to 17.5 million. We now have 7.6 million postpaid handheld retail customer services, an increase of 169,000.

Postpaid handheld revenue ended the period flat at $5,448 million, but importantly, it was 0.8 per cent higher in 2H17 compared with the previous corresponding period and 0.9 per cent higher compared with 1H17. While postpaid handheld ARPU declined by 2.5 per cent from $69.45 to $67.70 (excluding the impact of mobile repayment options), there was continued growth in minimum monthly commitments offset by the impact of factors such as unlimited calls, larger data allowances, lower cost of excess data, and a higher mix of bring your own (BYO) device plans. The rate of decline in postpaid handheld ARPU stabilised in 2H17.

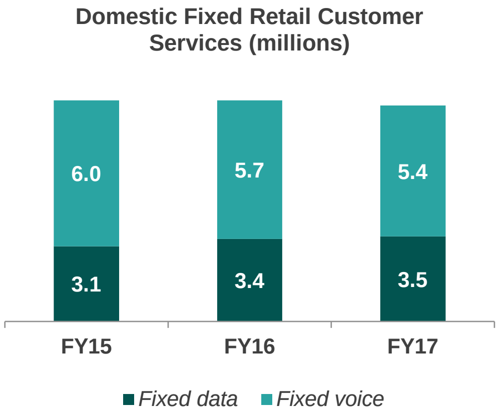
Mobile hardware revenue increased by 3.3 per cent to $2,144 million largely due to higher handset Recommended Retail Prices (RRP).

Prepaid handheld revenue grew by 5.6 per cent to $1,013 million during the year due to an increase in ARPU, but was partly offset by a loss of 116,000 unique users. ARPU grew by 9.3 per cent to $22.29 as a result of stronger activations and longer customer tenures.

Mobile broadband fell 13.7 per cent to $992 million during the year despite growing by 48,000 customer services. Significantly, the rate of revenue decline is levelling off as the mix shift slows from old dongle plans to newer tablet plans at a lower ARPU.

Mobile EBITDA margin increased by 1 percentage point to 43 per cent. Mobile margins improved marginally on the prior year excluding the margin accretive impact from MTAS, and a one-off roaming credit benefit of around $130 million in FY16. The margin improvement included a favourable margin benefit in FY17 from reduced handset subsidies and the introduction of Go Mobile Swap.

Fixed



Fixed revenue declined by 4.7 per cent to $6,407 million. Fixed voice revenue decreased by 9.1 per cent to $3,125 million while fixed data revenue grew by 1.6 per cent to $2,553 million. Continued focus on retention activity and momentum from bundling resulted in fixed voice revenue decline being maintained in single digits. Retail fixed voice line loss was 347,000 over the year, taking total retail fixed voice customers to 5.4 million. Fixed voice ARPU decline was lower than that of the prior corresponding period, decreasing by 3.4 per cent to $38.53.

The increase in fixed data revenue was primarily due to 132,000 retail net subscriber additions including Belong®, bringing the total retail fixed data subscriber number to 3.5 million. ARPU decreased by 4.3 per cent to $52.11. The total number of customers taking up a bundle increased by 224,000 during the year, with 2.9 million customers now on a bundled plan, or 88 per cent of the retail fixed data customer base. We continue to lead the nbn™ market with a total of 1,176,000 connections, an increase of 676,000 during the year.

Other fixed revenue, which includes intercarrier services, platinum services, payphones, and customer premises equipment, decreased by 5.4 per cent to $729 million. Intercarrier access services revenue declined by 4.5 per cent which includes the impact of the ACCC FAD for Fixed Line Services.

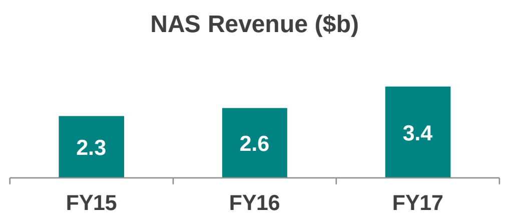
Fixed voice and fixed data EBITDA margins declined by 3 and 10 points respectively, negatively affected by one-off costs of connecting customers to the nbn, and ongoing nbn network costs. Excluding nbn related items, the fixed data margin improved on the prior corresponding period. Fixed margins were negatively affected by one-off costs of connecting customers to the nbn, and the ongoing nbn network costs. Excluding nbn related items, the fixed data margin improved on the prior corresponding period.

Data & IP

Despite continuing to retain and win new customers, Data & IP revenue decreased by 4.7 per cent to $2,695 million as a result of a declining domestic market and increased competitive pricing pressure. The accelerated decline in ISDN revenue, down 10.4 per cent, represents continued customer migration to IP access, NAS and nbn products. Other data and calling products, which includes wholesale internet and data, inbound calling products, and other global products and solutions, decreased by 5.8 per cent to $1,023 million. IP access declined by 0.7 per cent due to decreasing yield from competitive pressures, offset by growth in IP Metropolitan Area Network (IP MAN) customer connections.

Data & IP EBITDA margin decreased by 3 percentage points to 59 per cent, impacted by yield trends in the IP market and revenue decline.

Network Applications and Services (NAS)



NAS revenue grew by 30.6 per cent to $3,370 million with continued double digit growth largely due to increased commercial works for nbn co, and expansion in professional services and hardware sales. Industry solutions revenue growth of 66.0 per cent was driven by nbn and other commercial works, while cloud services growth of 50.2 per cent was facilitated by consulting professional services, key acquisitions and growth in hardware sales. Unified communications increased by 8.8 per cent, largely due to significant delivery milestones in 2H17 in network communications and contact solutions. An expansion of our security platform and services offering, including the acquisition of Cognevo, contributed to the growth in managed network services of 10.3 per cent.

NAS continued to deliver EBITDA margin improvement, up by 3 percentage points to 9 per cent due to ongoing operational leverage, scalable standardised offerings, a lower cost delivery model, and a mix effect benefit from increased nbn commercial works.

Global connectivity

Global connectivity represents the international GES business. Revenue grew by 4.4 per cent in local currency terms (LC) as customers continued to respond positively to the increased scale and reach of the Telstra product portfolio. Fixed revenue increased by 4.9 per cent (LC) due to an increase in Wholesale voice customers, while Data & IP revenue growth of 2.4 per cent (LC) was achieved in internet and Ethernet services for Over the Top (OTT) customers. On a reported AUD basis, global connectivity revenue declined by 1.2 per cent to $1,435 million, impacted by an appreciation in the AUD from FY16 to FY17.

Global connectivity EBITDA margin improved by 1 percentage point to 19 per cent due to continued delivery of synergies and productivity as a result of scale.

Media

Media revenue increased by 8.2 per cent to $935 million due to the strong performance of Foxtel from Telstra and Telstra TV®. Foxtel from Telstra grew 8.1 per cent to $777 million with 57,000 subscriber additions over the past year, while there are now 827,000 Telstra TV devices in the market, continuing its strong growth.

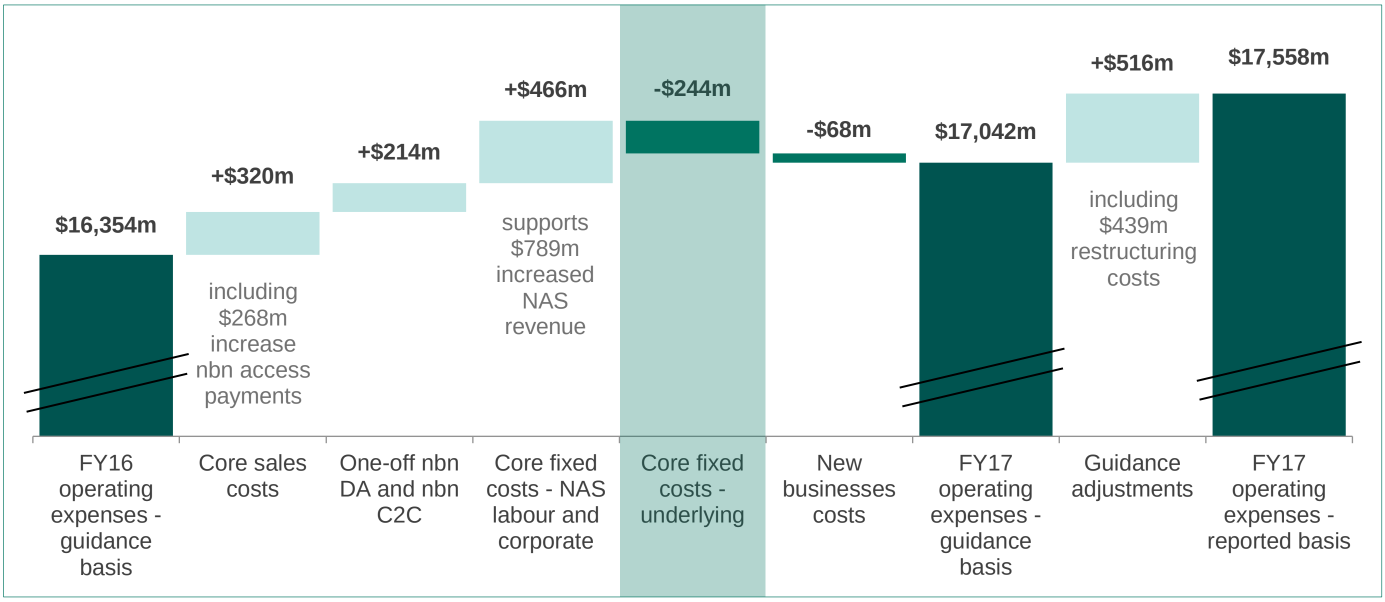
Sports Live Pass users increased significantly to 1.3 million (including 1.2 million users who receive the service as part of their mobile subscription) across AFL, NRL and Netball, delivering unique and exclusive content for our mobility customers.

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 DA), 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 92.4 per cent during the period is largely due to an increase in one-off PSAA and ISA receipts in line with the progress of the nbn rollout.

Expense Performance

We have delivered against our cost ambitions for the year, with a 3.5 per cent or $244 million reduction in underlying core fixed costs. Our total reported costs grew due to increased nbn™ access payments, nbn cost to connect (C2C), nbn commercial works and other large NAS projects, and restructuring costs.



Operating expenses	FY17 $m	FY16 $m	Change $m	Change %
Core sales costs[1]	**7,447**	7,127	320	4.5
Core fixed costs	**8,770**	8,548	222	2.6
- Underlying	**6,753**	6,997	(244)	(3.5)
- NAS labour and corporate[2]	**2,017**	1,551	466	30.0
New businesses costs[3]	**343**	411	(68)	(16.5)
One-off nbn DA and nbn C2C	**482**	268	214	79.9
Total Guidance	**17,042**	**16,354**	**688**	**4.2**
Guidance adjustments[4]	**516**	246	270	n/m
Total Reported	**17,558**	**16,600**	**958**	**5.8**

1. Core sales costs excludes goods and services purchased associated with new businesses and nbn C2C.
2. NAS labour and corporate costs include significant transactions and events associated with NAS commercial works and labour, global connectivity costs and corporate items.
3. New businesses includes Telstra Health®, Ooyala and Telstra Ventures.
4. Guidance adjustments reflect restructuring costs in FY17 of $439m and impairment.

Total operating expenses increased 5.8 per cent to $17,558 million. Core sales costs, which are direct costs associated with revenue and customer growth, increased by $320 million or 4.5 per cent. NAS labour and corporate costs, and one-off nbn DA and nbn C2C increased by 30.0 per cent and 79.9 per cent respectively as the nbn rollout continues to accelerate.

In November 2016, we announced a productivity target of more than a $1 billion reduction in underlying core fixed costs by FY21. We have made considerable progress thus far, to the extent we will bring forward our more than $1 billion cost out target by one year and deliver the savings by FY20. We will also target an additional $500 million annual reduction by FY22, meaning costs will be $1.5 billion per annum lower in FY22 compared with FY16. We expect the benefits will be achieved at a broadly consistent pace through this period.

Our progress on achieving our productivity target is reported through the above operating expenses table. The detail below provides commentary on our statutory disclosed costs. Goods and services purchased includes core sales costs and sales costs relating to new businesses, and one-off nbn DA and nbn C2C. Labour and other expenses consists of core fixed costs, and the non-core sales components of new businesses costs, and one-off nbn DA and nbn C2C.

Operating expenses	FY17 $m	FY16 $m	Change %
Labour	**5,381**	5,041	6.7
Goods and services purchased	**7,671**	7,247	5.9
Other expenses	**4,506**	4,312	4.5
Total operating expenses	**17,558**	16,600	5.8

Labour

Total labour expenses increased by 6.7 per cent or $340 million to $5,381 million. Labour expenses increased while underlying core fixed costs decreased due to investment in nbn™ commercial works and other large NAS projects. Total full time staff and equivalents (FTE) decreased by 4.1 per cent or 1,366 to 32,293.

Salary and associated costs increased by 1.7 per cent or $64 million to $3,754 million, while an increase in labour outsourcing of 9.0 per cent or $80 million resulted in an increase of labour substitution costs.

Redundancy costs increased by 88.6 per cent or $147 million as a result of an increased focus on accelerating restructuring activity relating to our productivity programs.

Goods and services purchased

Goods and services purchased increased by 5.9 per cent or $424 million to $7,671 million.

Cost of goods sold (COGS) (which includes directly variable costs, including mobile handsets, tablets, dongles and broadband modems) increased by 2.6 per cent or $83 million to $3,287 million, including growth in our NAS business.

Network payments increased by 2.5 per cent or $42 million to $1,692 million, including a $268 million increase in nbn access payments as customers migrate across to nbn services. Network payments were also higher in FY17 due to a one-off mobile roaming credit benefit in the prior year. These increases were partially offset by a $347 million decrease in carrier network payments, largely a result of the MTAS FAD impact of reduced voice and SMS terminating charges.

Commission payments increased by 6.4 per cent or $57 million to $949 million. Service fees (which are primarily for Foxtel, Stay Connected and mobile content) increased by 13.3 per cent or $131 million.

Other expenses

Total other expenses increased by 4.5 per cent or $194 million to $4,506 million as a result of increased costs for service contracts and other agreements.

Service contract and other agreement costs increased by $253 million to $1,802 million, which includes $107 million of nbn commercial work charges due to an acceleration in the nbn rollout, combined with the associated costs for the trainee program and upskilling of communications technicians.

Depreciation and Amortisation

Depreciation and Amortisation increased by 6.9 per cent to $4,441 million due to ongoing investment in business software assets with shorter useful lives. Depreciation and Amortisation will increase as a result of our strategic capex announced in August 2016 of up to $3 billion over the three years to the end of FY19.

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 $87 million on the prior period 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 $5 million.

Net finance costs

Net finance costs from continuing operations decreased by 16.8 per cent or $119 million period on period to $591 million. This was largely due to the refinancing of debt at lower rates and higher interest income from higher average cash balances.

On an accounting basis, net finance costs were $154 million lower than on a cash basis mostly due to capitalised interest and $22 million non-cash gains associated with our derivative financial hedge instruments.

The favourable movement in gross borrowing costs was driven by a reduction in our average gross interest cost, which was 5.1 per cent compared to 5.6 per cent in the prior period. This reflects a combination of issuing debt at lower interest rates, a reduction in floating interest rates reducing the cost of our variable rate debt, as well as greater use of short term debt, including commercial paper, to manage liquidity. Average gross debt outstanding remained consistent with the prior year. Detailed discussion on net debt can be found in the debt position section below.

Finance income increased by $52 million. Finance income reported in 2016 included a $42 million negative accounting adjustment to recognise a reduction in interest rate applied to our joint venture loan asset. Interest earned on cash and cash equivalents increased by $18 million driven by higher average cash balances year on year; this was offset by net interest expense recognised on our defined benefit plan in the current year.

Capitalised interest increased by $8 million to $81 million due to higher capital expenditure. This resulted in a reduction in net finance costs of $8 million against the prior year.

Other finance costs increased by $5 million resulting primarily from higher commitment and other fees related to our undrawn bank facilities which are used to support our liquidity requirements.

Summary Statement of Cash Flows	FY17 $m	FY16 $m	Change %
Net cash provided by operating activities	**7,775**	8,133	(4.4)
Total capital expenditure	**(5,321)**	(4,194)	(26.9)
Sale of shares in controlled entities (net of cash disposed)	**-**	1,340	n/m
Other investing cash flows	**104**	105	(1.0)
Net cash used in investing activities	**(4,279)**	(2,207)	(93.9)
Free cashflow	**3,496**	5,926	(41.0)
Net cash used in financing activities	**(6,104)**	(3,777)	(61.6)
Net increase/(decrease) in cash and cash equivalents	**(2,608)**	2,149	n/m
Cash and cash equivalents at the beginning of the period	**3,550**	1,396	154.3
Effects of exchange rate changes on cash and cash equivalents	**(6)**	5	n/m
Cash and cash equivalents at the end of the period	**936**	3,550	(73.6)

Financial Position

Capital expenditure and cash flow

Net cash provided by operating activities declined by 4.4 per cent to $7,775 million which included Autohome net earnings of $120 million in the prior year and restructuring costs of $304 million in the current period. The increase in net cash used in investing activities primarily reflects the increase in capital expenditure for the period. Our operating capital expenditure for the year was 17.8 per cent of sales revenue or $4,606 million, and will remain approximately 18.0 per cent of sales revenue during the FY18-19 period as the up to $3 billion of strategic investment announced in August 2016 continues to be invested across the business.

During FY17, around $750 million in strategic investment was delivered into the networks for the future and digitisation programs laying the foundations to drive improvements in customer experience in FY18 and beyond. Our mobile network has been extended so that 88.9 per cent of the Australian population now have access to double the speed of standard 4G, more than 83 per cent of ADSL customers now have access to ADSL speeds that support a quality video experience, and we laid core network foundations to support 5G at our trials on the Gold Coast in FY18. We also launched our next generation optical network technology in Tasmania, initially delivering more than double the capacity across Bass Strait with future potential for a hundred-fold scalability, and with a significant improvement to capital efficiency to accommodate the significant predicted traffic growth. These investments will position us to deliver significant customer benefits and reinforce our market differentiation over the longer term, as well as deliver financial benefits such as capital efficiency, reduced operating costs, and increased revenue.

We are also investing a significant proportion of our capital expenditure on our mobile network to further extend our 4G networks to deliver more square kilometres of coverage, more reliable voice and data, fewer dropouts and faster download speeds.

Free cashflow generated from operating and investing activities was $3,496 million, representing a decrease of $2,430 million on the prior corresponding period. This was due to the receipt of proceeds from the sale of Autohome in the prior period ($1.34 billion), an increase in capital expenditure, and a decline in net cash provided by operating activities. The increase in net cash used in financing activities principally reflects the $1.5 billion share buyback program that was completed in the first half of the fiscal year.

On a guidance basis free cashflow was $4,285 million. Performance against guidance has been adjusted in the current period for free cashflow associated with restructuring costs ($304 million), M&A activity (-$140 million) and spectrum ($625 million). The EBITDA impact of restructuring costs was $439 million.

Financial Settings	FY17 Actual	FY17 Comfort zone
Debt servicing[1]	1.4x	1.3 to 1.8x
Gearing[2]	51.2%	50% to 70%
Interest cover[3]	15.7x	>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 at 30 June 2017 was $16,218 million, comprising borrowings of $17,284 million and net derivative assets of $1,066 million. Gross debt is similar to 30 June 2016 ($16,009 million) as a result of a $2,215 million increase in debt during the year being largely offset by $2,207 million debt maturities, as detailed in the tables below. Debt issuance includes a $996 million ($1,000 million face value) AUD bond, which was issued in three tranches including two Fixed Rate Notes ($846 million) and one Floating Rate Note ($150 million).

The majority of the movement in gross debt comprises non-cash finance lease additions of $85 million, revaluation impacts including unrealised movements on our derivatives, $114 million, and bank overdraft ($2 million) which is recorded against borrowings.

Debt issuance	$m
Drawn bank loans and facilities[1]	400
Capital markets	996
Short term commercial paper (net)	816
Other loans	3
Total	**2,215**

1. During the period we also drew down, and subsequently repaid, a further $1,400 million under our bank facilities. This is shown on a gross basis in the Statement of Cash Flows.

Debt repayments	$m
Capital markets	(2,067)
Other loans	(9)
Finance leases	(131)
Total	**(2,207)**

Net debt at 30 June 2017 is $15,280 million, an increase of $2,821 million from the prior year. This movement comprises the increase in gross debt of $209 million and a reduction in cash and cash equivalents of $2,612 million. Reported free cash flow of $3.5 billion, and available cash and cash equivalents, was utilised during the year to fund outflows from interest, dividends, and other financing flows of approximately $4.6 billion, as well as our share buyback program of $1.5 billion. At 30 June 2017, cash and cash equivalents were $938 million.

We remain within our comfort ranges for all our credit metrics. Our gearing ratio is 51.2 per cent, up from 43.9 per cent at 30 June 2016. Debt servicing (net debt/EBITDA) is 1.4 times. Interest cover, which is a measure of the cash flows we generate compared with the net interest cost of servicing our borrowings is 15.7 times (2016: 13.0 times). Our comfort zone for interest cover is in excess of 7.0 times.

Summary Statement of Financial Position	FY17 $m	FY16 $m	Change %
Current assets	**7,862**	9,340	(15.8)
Non-current assets	**34,271**	33,946	1.0
Total assets	**42,133**	43,286	(2.7)
Current liabilities	**9,159**	9,188	(0.3)
Non-current liabilities	**18,414**	18,191	1.2
Total liabilities	**27,573**	27,379	0.7
Net assets	**14,560**	15,907	(8.5)
Total equity	**14,560**	15,907	(8.5)
Return on average assets (%)	**15.6**	16.2	(0.6)pp
Return on average equity (%)	**25.6**	25.7	(0.1)pp

Statement of Financial Position
Our balance sheet remains in a strong position with net assets of $14,560 million. Current assets decreased by 15.8 per cent to $7,862 million largely as a result of the reduction in cash and cash equivalents of $2,612 million, which was built up through proceeds from the sale of our Autohome shares in June 2016, and subsequently used to fund increased capital expenditure and the share buybacks. This was partly offset by trade and other receivables, which increased by $731 million primarily due to an increase in trade receivables (including increased nbn PSAA and ISA receivables) and accrued revenue. Inventories increased by $336 million, driven by nbn™ construction work in progress and higher retail demand.

Non-current assets increased by 1.0 per cent to $34,271 million. Property, plant and equipment increased by $769 million, largely driven by mobile network investments. Our defined benefit asset increased by $127 million due to an actuarial gain on our defined benefit plan assets resulting from an increase in the discount rate applied (from 3.3 per cent to 3.9 per cent at 30 June 2017). This was partially offset by a decrease of $557 million in derivative financial assets 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 0.3 per cent to $9,159 million. Trade and other payables increased by $241 million predominantly due to higher accrued capital expenditure. This was offset by a decrease in current borrowings of $179 million driven by an increase in commercial paper (held principally to support working capital and liquidity requirements) of $809 million being more than offset by a reduction in term debt due to mature within 12 months compared to the prior year. Derivative financial liabilities decreased by $244 million as a result of derivative maturities during the period.

Non-current liabilities increased by 1.2 per cent to $18,414 million driven by non-current borrowings, which increased by $161 million. This was due to reclassification of debt due to mature within 12 months to current borrowings, and favourable foreign exchange movements impacting offshore borrowings being more than offset by debt issuance of $1,399 million, including a $1,000 million AUD bond.

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 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 in accordance with the nbn Corporate Plan 2016. Capex to sales guidance excluded externally funded capex. Guidance excluded the Ooyala impairment in FY16 and restructuring costs in FY17.

	Reported			Adjustments Jun-17							Jun-16				Guidance Basis		
	Full year ended 30 June			M&A Controlled Entities[1]	M&A JVs/ Associates[1]	M&A Other Investments[1]	M&A Disposals[1]	Restructuring costs[2]	Impairment[3]	Spectrum[4]	Impairment[5]	Spectrum[6]	M&A[7]	FAD/MTAS[8]	Full-year ended 30 June		
	2017	2016	Growth												2017	2016	Growth
	$m	$m	%	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Sales revenue	25,912	25,834	0.3%	1	0	0	0	0	0	0	0	0	0	0	25,913	25,834	0.3%
Total revenue	26,013	25,911	0.4%	1	0	0	0	0	0	0	0	0	0	0	26,014	25,911	0.4%
Total income (excl. finance income)	**28,205**	**27,050**	**4.3%**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**28,206**	**27,050**	**4.3%**
Labour	5,381	5,041	6.7%	0	0	0	0	(225)	0	0	0	0	0	0	5,156	5,041	2.3%
Goods and services purchased	7,671	7,247	5.9%	0	0	0	0	0	0	0	0	0	0	0	7,671	7,247	5.9%
Other expenses	4,506	4,312	4.5%	(4)	0	0	0	(214)	(77)	0	(246)	0	0	0	4,211	4,066	3.6%
Operating expenses	**17,558**	**16,600**	**5.8%**	**(4)**	**0**	**0**	**0**	**(439)**	**(77)**	**0**	**(246)**	**0**	**0**	**0**	**17,038**	**16,354**	**4.2%**
Share of net profit/(loss) from joint ventures and associated entities	32	15	113.3%	0	0	0	0	0	0	0	0	0	0	0	32	15	113.3%
EBITDA	**10,679**	**10,465**	**2.0%**	**3**	**0**	**0**	**0**	**439**	**77**	**0**	**246**	**0**	**0**	**0**	**11,198**	**10,711**	**4.5%**
Depreciation and amortisation	4,441	4,155	6.9%	0	0	0	0	0	0	0	0	0	0	0	4,441	4,155	6.9%
EBIT	**6,238**	**6,310**	**(1.1%)**	**3**	**0**	**0**	**0**	**439**	**77**	**0**	**246**	**0**	**0**	**0**	**6,757**	**6,556**	**3.1%**
Net finance costs	591	710	(16.8%)	0	0	0	0	0	0	0	0	0	0	0	591	710	(16.8%)
Profit before income tax expense	**5,647**	**5,600**	**0.8%**	**3**	**0**	**0**	**0**	**439**	**77**	**0**	**0**	**0**	**0**	**0**	**6,166**	**5,600**	**10.1%**
Income tax expense	1,773	1,768	0.3%	1	0	0	0	132	4	0	0	0	0	0	1,909	1,768	8.0%
Profit for the year	**3,874**	**3,832**	**1.1%**	**2**	**0**	**0**	**0**	**307**	**73**	**0**	**246**	**0**	**0**	**0**	**4,256**	**4,078**	**4.4%**
Profit/(loss) for the year from discontinued operations	0	2,017	nm	0	0	0	0	0	0	0	0	0	0	0	0	2,017	(100.0%)
Profit for the year from continuing and discontinued operations	**3,874**	**5,849**	**(33.8%)**	**2**	**0**	**0**	**0**	**307**	**73**	**0**	**246**	**0**	**0**	**0**	**4,256**	**6,095**	**(30.2%)**
Attributable to:																	
Equity holders of Telstra Entity	3,891	5,780	(32.7%)	2	0	0	0	307	73	0	240	0	0	0	4,273	6,020	(29.0%)
Non controlling interests	(17)	69	(124.6%)	0	0	0	0	0	0	0	6	0	0	0	(17)	75	(122.7%)
Free cashflow	**3,496**	**5,926**	**(41.0%)**	**63**	**6**	**76**	**(285)**	**304**	**0**	**625**	**0**	**5**	**(1,197)**	**62**	**4,285**	**4,796**	

This table has been subject to review by our auditors.

Notes:
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**:
Adjustments relating to acquisition of controlled entities, businesses and contingent consideration. This includes the acquisition of Mercury Holdings Corporation Pty Ltd and its controlled entities, Mobile Gateway Payment Pty Ltd previously known as Fusion Payments Pty Ltd, the acquisition of the Cognevo business from the Wynyard Group, the acquisition of Company 85 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 1, L.P, Velocloud Networks Inc, Matrixx Software Inc, Crowdstrike Inc, Phantouch International Ltd, A.C.N. 619 102 608 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.
2. **Restructuring costs adjustments**:
Adjustments for the strategic focus on accelerating restructure activity including Fitter and Faster programs ($373m), in addition to our normal business as usual redundancies for the period Adjustments for the strategic focus on the incremental capex spend announced at last financial full year results to promote sustainable network differentiation, support digitisation, productivity and boost customer experience ($66m).
3. **Impairment adjustments**:
Adjustments relating to an impairment of goodwill and related assets of $77m in Health Group.
4. **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 900 MHz band (2x8.4 MHz national PMTS Class B licence).
   - $190m for new Spectrum licenses in the 1800 MHz band in regional areas (2x25 MHz in nine regions, 2x20 MHz in two regions, and 2x10 MHz in one region).
   - $408m for renewal of Spectrum licenses in the 2100 MHz band (2x15 MHz in eight capital cities and 2x10MHz in regional areas).
5. **Impairment adjustments**:
Adjustments relating to an impairment of goodwill of $246m in FY16 of Ooyala.
6. **Spectrum adjustments**:
Adjustments relating to the impact on Free Cashflow associated with our Spectrum purchases and renewals for the year ($5m for Spectrum licences in the 3.4GHz band).
7. **M&A adjustments**:
Adjustments related to the sale of Autohome.
Adjustments relating to acquisition of controlled entities and businesses. This includes the acquisition of the controlled entities Readify Limited, The Silver Lining Consulting Group Pty Ltd (Kloud Solutions (National) Pty Ltd and its controlled entities), Health IQ Pty Ltd and the acquisition of the EOS Technologies business.
Joint Ventures/Associates includes the acquisition by Autohome of associates Shanghai You Che You Jia Financial Leasing Co Ltd and Hunan Mango Autohome Automobile Sales Co Ltd. During the year we disposed of our controlled entity Pacnet Internet (Thailand) Ltd, and also disposed of our shareholdings in other investments including Elemental Technologies Inc, Elastica Inc, Box Inc and Nexmo Inc. We also disposed of our ISP businesses held by the controlled entities Pacnet Internet (Singapore) Ltd and Pacnet internet (HK) Ltd.
8. **FAD/MTAS adjustments**:
Adjustments relating to an MTAS FAD of $62m including:
   - Adjustments for ACCC FAD pricing for fixed services which became effective on 1 November 2015.
   - Adjustments for the re-pricing of mobile terminating rates, with Voice termination from 3.6 cents to 1.7 cents per minute and SMS termination from 7.4 cents to 0.03 cents per SMS which became effective from 1 January 2016.
   - Adjustments for ACCC FAD pricing for Transmission Capacity Service which became effective on 21 April 2016.

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Results of operations

	Year ended 30 June			
	2017 $M	2016 $M	Change $M	Change %
Continuing operations				
Sales revenue	**25,912**	25,834	78	0.3
Other revenue (i)	**101**	77	24	31.2
Total revenue	**26,013**	25,911	102	0.4
Other income (ii)	**2,192**	1,139	1,053	92.4
Total income (excluding finance income)	**28,205**	27,050	1,155	4.3
Labour	**5,381**	5,041	340	6.7
Goods and services purchased	**7,671**	7,247	424	5.9
Other expenses	**4,506**	4,312	194	4.5
Operating expenses	**17,558**	16,600	958	5.8
Share of net profit from joint ventures and associated entities	**32**	15	17	113.3
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)	**10,679**	10,465	214	2.0
Depreciation and amortisation	**4,441**	4,155	286	6.9
Earnings before interest and income tax expense (EBIT)	**6,238**	6,310	(72)	(1.1)
Net finance costs	**591**	710	(119)	(16.8)
Profit before income tax expense	**5,647**	5,600	47	0.8
Income tax expense	**1,773**	1,768	5	0.3
Profit for the year from continuing operations	**3,874**	3,832	42	1.1
Profit for the year from discontinued operations	**0**	2,017	(2,017)	n/m
Profit for the year from continuing and discontinued operations	**3,874**	5,849	(1,975)	(33.8)
Attributable to				
Equity holders of Telstra Entity	**3,891**	5,780	(1,889)	(32.7)
Non-controlling interests	**(17)**	69	(86)	(124.6)
	3,874	5,849	(1,975)	(33.8)
Effective tax rate on continuing operations	**31.4%**	31.6%		(0.2) pp
EBITDA margin on sales revenue	**41.2%**	40.5%		0.7 pp
EBIT margin on sales revenue	**24.1%**	24.4%		(0.3) pp
	cents	cents	Change cents	Change %
Earnings per share from continuing operations (cents per share)				
Basic (iii)	32.5	31.6	0.9	2.8
Diluted (iii)	32.5	31.5	1.0	3.2
Earnings per share (cents per share)				
Basic (iii)	32.5	47.4	(14.9)	(31.4)
Diluted (iii)	32.5	47.3	(14.8)	(31.3)

(i) Other revenue primarily consists of Go Mobile Swap lease income (30 Jun 2017: $63m; 30 Jun 2016: nil), rental income and distributions received from Foxtel (30 Jun 2017: nil; 30 Jun 2016: $37m).
(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 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).

Revenue

Continuing operations	2017 $M	2016 $M	Change $M	Change %
	Year ended 30 June			
Fixed products				
Fixed voice	**3,125**	3,437	(312)	(9.1)
Fixed data	**2,553**	2,513	40	1.6
Other fixed revenue (i)	**729**	771	(42)	(5.4)
Total fixed revenue	**6,407**	6,721	(314)	(4.7)
Mobiles				
Post-paid handheld	**5,448**	5,447	1	0.0
Pre-paid handheld	**1,013**	959	54	5.6
Mobile broadband	**992**	1,150	(158)	(13.7)
Machine to Machine (M2M)	**146**	132	14	10.6
Satellite	**14**	15	(1)	(6.7)
Mobile interconnection	**201**	539	(338)	(62.7)
Mobile services revenue - wholesale resale	**144**	120	24	20.0
Total mobile services revenue	**7,958**	8,362	(404)	(4.8)
Mobiles hardware	**2,144**	2,076	68	3.3
Total mobile revenue	**10,102**	10,438	(336)	(3.2)
Data & IP				
ISDN products	**540**	603	(63)	(10.4)
IP access	**1,132**	1,140	(8)	(0.7)
Other data and calling products	**1,023**	1,086	(63)	(5.8)
Total Data & IP revenue	**2,695**	2,829	(134)	(4.7)
Total Network applications and services revenue	**3,370**	2,581	789	30.6
Media				
Foxtel from Telstra	**777**	719	58	8.1
IPTV	**75**	75	0	0.0
Mobility and other content	**83**	70	13	18.6
Cable	**104**	110	(6)	(5.5)
Total media revenue	**1,039**	974	65	6.7
Total Global connectivity revenue	**1,435**	1,452	(17)	(1.2)
Other sales revenue (ii)	**864**	839	25	3.0
Sales revenue	**25,912**	25,834	78	0.3
Other revenue (iii)	**101**	77	24	31.2
Total revenue	**26,013**	25,911	102	0.4
Other income (iv)	**2,192**	1,139	1,053	92.4
Total income	**28,205**	27,050	1,155	4.3

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

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

(iii) Other revenue primarily consists of Go Mobile Swap lease income (30 Jun 2017: $63m; 30 Jun 2016: nil), rental income and distributions received from Foxtel (30 Jun 2017: nil; 30 Jun 2016: $37m).

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

Expenses

Continuing operations	Year ended 30 June 2017 $M	2016 $M	Change $M	Change %
Salary and associated costs	**3,754**	3,690	64	1.7
Other labour expenses	**352**	303	49	16.2
Labour substitution	**962**	882	80	9.1
Redundancy	**313**	166	147	88.6
Total labour	**5,381**	5,041	340	6.7
Cost of goods sold	**3,287**	3,204	83	2.6
Network payments	**1,692**	1,650	42	2.5
Other	**2,692**	2,393	299	12.5
Total goods and services purchased	**7,671**	7,247	424	5.9
Service contracts and other agreements	**1,802**	1,549	253	16.3
Impairment expenses (including bad and doubtful debts)	**306**	482	(176)	(36.5)
Other	**2,398**	2,281	117	5.1
Total other expenses	**4,506**	4,312	194	4.5
Total operating expenses	**17,558**	16,600	958	5.8
Depreciation	**3,058**	2,957	101	3.4
Amortisation	**1,383**	1,198	185	15.4
Total depreciation and amortisation	**4,441**	4,155	286	6.9

Net finance costs

	Year ended 30 June 2017 $M	2016 $M	Change $M	Change %
Finance income	**138**	86	52	60.5
Finance costs	**729**	796	(67)	(8.4)
Net finance costs	**591**	710	(119)	(16.8)

Statement of Cash Flows

	Year ended 30 June			
	2017 $M	2016 $M	Change $M	Change %
Cash flows from operating activities				
Receipts from customers (inclusive of goods and services tax (GST))	**31,288**	31,163	125	0.4
Payments to suppliers and employees (inclusive of GST)	**(21,997)**	(21,179)	(818)	(3.9)
Government grants received	**235**	182	53	29.1
Net placement of deposit by Autohome Inc. that are not part of cash equivalents	**-**	(173)	173	n/m
Net cash generated by operations	**9,526**	9,993	(467)	(4.7)
Income taxes paid	**(1,751)**	(1,860)	109	5.9
Net cash provided by operating activities	**7,775**	8,133	(358)	(4.4)
Cash flows from investing activities				
Payments for property, plant and equipment	**(3,725)**	(3,051)	(674)	(22.1)
Payments for intangible assets	**(1,596)**	(1,143)	(453)	(39.6)
Capital expenditure (before investments)	**(5,321)**	(4,194)	(1,127)	(26.9)
Payments for businesses and shares in controlled entities (net of cash acquired)	**(63)**	(92)	29	31.5
Payments for joint ventures and associated entities	**(6)**	(38)	32	84.2
Payments for other investments	**(76)**	(67)	(9)	(13.4)
Total capital expenditure (including investments)	**(5,466)**	(4,391)	(1,075)	(24.5)
Proceeds from sale of property, plant and equipment	**679**	470	209	44.5
Proceeds from sale of business and shares in controlled entities (net of cash disposed)	**-**	1,340	(1,340)	n/m
Proceeds from sale of other investments	**285**	56	229	n/m
Distributions received from joint ventures and associated entities	**10**	82	(72)	(87.8)
Interest received	**109**	131	(22)	(16.8)
Other	**104**	105	(1)	(1.0)
Net cash used in investing activities	**(4,279)**	(2,207)	(2,072)	(93.9)
Operating cash flows less investing cash flows	**3,496**	5,926	(2,430)	(41.0)
Cash flows from financing activities				
Proceeds from borrowings	**4,710**	4,987	(277)	(5.6)
Repayment of borrowings	**(4,571)**	(3,954)	(617)	(15.6)
Repayment of finance lease principal amounts	**(131)**	(101)	(30)	(29.7)
Share buy-back	**(1,502)**	-	(1,502)	n/m
Purchase of shares for employee share plans	**(22)**	(68)	46	67.6
Finance costs paid	**(854)**	(860)	6	0.7
Dividends paid to equity holders of Telstra Entity	**(3,736)**	(3,787)	51	1.3
Other	**2**	6	(4)	(66.7)
Net cash used in financing activities	**(6,104)**	(3,777)	(2,327)	(61.6)
Net (decrease)/increase in cash and cash equivalents	**(2,608)**	2,149	(4,757)	n/m
Cash and cash equivalents at the beginning of the year	**3,550**	1,396	2,154	154.3
Effects of exchange rate changes on cash and cash equivalents	**(6)**	5	(11)	n/m
Cash and cash equivalents at the end of the year	**936**	3,550	(2,614)	(73.6)

n/m = not meaningful

Statement of Financial Position

	As at 30 June 2017 $M	2016 $M	Change $M	Change %
Current assets				
Cash and cash equivalents	**938**	3,550	(2,612)	(73.6)
Trade and other receivables	**5,468**	4,737	731	15.4
Inventories	**893**	557	336	60.3
Derivative financial assets	**21**	62	(41)	(66.1)
Current tax receivables	**11**	8	3	37.5
Prepayments	**531**	426	105	24.6
Total current assets	**7,862**	9,340	(1,478)	(15.8)
Non-current assets				
Trade and other receivables	**1,039**	1,293	(254)	(19.6)
Inventories	**29**	29	0	0.0
Investments - accounted for using the equity method	**194**	171	23	13.5
Investments - other	**292**	394	(102)	(25.9)
Property, plant and equipment	**21,350**	20,581	769	3.7
Intangible assets	**9,558**	9,229	329	3.6
Derivative financial assets	**1,623**	2,180	(557)	(25.6)
Deferred tax assets	**44**	54	(10)	(18.5)
Defined benefit assets	**142**	15	127	n/m
Total non-current assets	**34,271**	33,946	325	1.0
Total assets	**42,133**	43,286	(1,153)	(2.7)
Current liabilities				
Trade and other payables	**4,189**	3,948	241	6.1
Employee benefits	**865**	913	(48)	(5.3)
Other provisions	**190**	92	98	106.5
Borrowings	**2,476**	2,655	(179)	(6.7)
Derivative financial liabilities	**42**	286	(244)	(85.3)
Current tax payables	**161**	176	(15)	(8.5)
Revenue received in advance	**1,236**	1,118	118	10.6
Total current liabilities	**9,159**	9,188	(29)	(0.3)
Non-current liabilities				
Other payables	**70**	66	4	6.1
Employee benefits	**160**	169	(9)	(5.3)
Other provisions	**134**	127	7	5.5
Borrowings	**14,808**	14,647	161	1.1
Derivative financial liabilities	**536**	663	(127)	(19.2)
Deferred tax liabilities	**1,539**	1,493	46	3.1
Defined benefit liability	**6**	4	2	50.0
Revenue received in advance	**1,161**	1,022	139	13.6
Total non-current liabilities	**18,414**	18,191	223	1.2
Total liabilities	**27,573**	27,379	194	0.7
Net assets	**14,560**	15,907	(1,347)	(8.5)
Equity				
Share capital	**4,421**	5,167	(746)	(14.4)
Reserves	**(105)**	62	(167)	n/m
Retained Profits	**10,225**	10,642	(417)	(3.9)
Equity available to Telstra Entity shareholders	**14,541**	15,871	(1,330)	(8.4)
Non-controlling interests	**19**	36	(17)	(47.2)
Total equity	**14,560**	15,907	(1,347)	(8.5)

	2017	2016	Change	Change %
Gross debt	**16,218**	**16,009**	209	1.3
Net debt	**15,280**	**12,459**	2,821	22.6
EBITDA interest cover (times) (i)	**15.7**	**13.0**	2.7	20.8
Net debt to EBITDA	**1.4**	**1.2**	0.2	16.7
ROA - Return on average assets (ii)	15.6%	16.2%		(0.6) pp
ROE - Return on average equity (ii)	25.6%	25.7%		(0.1) pp
ROI - Return on average investment (ii)	21.4%	22.4%		(1.0) pp
ROIC - Return on invested capital (ii)	14.7%	15.3%		(0.6) pp
Gearing ratio (net debt to capitalisation) (ii)	51.2%	43.9%		7.3 pp

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

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

n/m = not meaningful

ARPU ($)

Continuing operations	Half year ended Jun 2017 $	Dec 2016 $	Jun 2016 $	Jun 17 vs Jun 16 Change $	Change %	Jun 17 vs Dec 16 Change $	Change %
Fixed voice	**38.10**	38.71	38.96	(0.86)	(2.2)	(0.61)	(1.6)
Fixed data	**50.41**	50.20	50.35	0.06	0.1	0.21	0.4
Post-paid handheld (incl. MRO)	**60.62**	60.80	61.57	(0.95)	(1.5)	(0.18)	(0.3)
Post-paid handheld (excl. MRO)	**67.54**	67.88	68.79	(1.25)	(1.8)	(0.34)	(0.5)
Pre-paid handheld	**22.63**	21.50	19.89	2.74	13.8	1.13	5.3
Mobile broadband	**19.89**	21.51	23.22	(3.33)	(14.3)	(1.62)	(7.5)
M2M	**6.16**	5.65	6.37	(0.21)	(3.3)	0.51	9.0
Satellite	**37.02**	39.03	39.86	(2.84)	(7.1)	(2.01)	(5.1)

Services in operation

Continuing operations	Half year ended Jun 2017 K	Dec 2016 K	Jun 2016 K	Jun 17 vs Jun 16 Change K	Change %	Jun 17 vs Dec 16 Change K	Change %
Fixed products							
Basic access lines in service							
Retail (i)	**5,363**	5,549	5,710	(347)	(6.1)	(186)	(3.4)
Wholesale	**1,124**	1,251	1,328	(204)	(15.4)	(127)	(10.2)
Total fixed voice lines in service	**6,487**	6,800	7,038	(551)	(7.8)	(313)	(4.6)
Fixed data SIOs - retail (ii)	**3,511**	3,469	3,379	132	3.9	42	1.2
Fixed data SIOs - wholesale	**683**	784	840	(157)	(18.7)	(101)	(12.9)
Fixed data	**4,194**	4,253	4,219	(25)	(0.6)	(59)	(1.4)
ISDN access (basic line equivalents)	**973**	1,004	1,049	(76)	(7.2)	(31)	(3.1)
Unconditioned local loop (ULL) SIOs	**1,390**	1,496	1,547	(157)	(10.1)	(106)	(7.1)
Line spectrum sharing services (LSS) (iii)	**384**	437	478	(94)	(19.7)	(53)	(12.1)
Mobiles SIOs							
Post-paid handheld retail mobile	**7,562**	7,480	7,393	169	2.3	82	1.1
Pre-paid handheld retail mobile	**3,662**	3,870	3,914	(252)	(6.4)	(208)	(5.4)
Total mobile broadband (data card)	**4,007**	3,999	3,959	48	1.2	8	0.2
M2M	**2,188**	2,053	1,938	250	12.9	135	6.6
Satellite	**32**	31	29	3	10.3	1	3.2
Total retail mobile	**17,451**	17,433	17,233	218	1.3	18	0.1
Total wholesale mobile	**744**	637	530	214	40.4	107	16.8
Pre-paid handheld unique users (iv)	**2,498**	2,616	2,614	(116)	(4.4)	(118)	(4.5)
Foxtel from Telstra	**808**	748	751	57	7.6	60	8.0

(i) Includes nbn.
(ii) Includes nbn and Belong SIOs.
(iii) Excluded from wholesale broadband SIOs.
(iv) Pre-paid unique users defined as the three month rolling average of monthly active prepaid users.
Note: Statistical data represents management's best estimates.
n/m = not meaningful

Workforce

Continuing operations	Half year ended Jun 2017	Dec 2016	Jun 2016	Jun 17 vs Jun 16 Change	Change %	Jun 17 vs Dec 16 Change	Change %
Employee data							
Full time staff equivalents	32,293	32,551	33,659	(1,366)	(4.1)	(258)	(0.8)

Note: Statistical data represents management's best estimates.

Segment information from continuing operations

	Total external income Year ended 30 June 2017 $M	2016 $M	Change %	EBITDA contribution Year ended 30 June 2017 $M	2016 $M	Change %
Telstra Retail	**16,489**	16,848	(2.1)	**9,183**	9,611	(4.5)
Global Enterprise and Services	**6,343**	6,244	1.6	**2,272**	2,447	(7.2)
Telstra Wholesale	**2,830**	2,640	7.2	**2,640**	2,453	7.6
Telstra Operations	**1,151**	589	95.4	**(2,814)**	(2,895)	2.8
All Other	**1,392**	729	90.9	**(602)**	(1,151)	47.7
Total Telstra segments	**28,205**	27,050	4.3	**10,679**	10,465	2.0

Revenue by Business Segment

	Year ended 30 June 2017 $M	2016 $M	Change %
Telstra Consumer			
Fixed voice	**1,750**	1,902	(8.0)
Fixed data	**1,839**	1,775	3.6
Mobile services revenue	**4,952**	5,164	(4.1)
Telstra Business			
Fixed voice	**729**	832	(12.4)
Fixed data	**363**	366	(0.8)
Mobile services revenue	**1,981**	2,156	(8.1)
Network applications and services	**727**	652	11.5
GES Australia			
Mobile services revenue	**880**	915	(3.8)
Data & IP	**1,555**	1,637	(5.0)
Network applications and services	**1,912**	1,673	14.3

Product profitability - EBITDA margins %

	Year ended Jun 2017	Jun 2016
Mobile	43%	42%
Fixed data [(i)]	31%	41%
Fixed voice [(i)]	48%	51%
Data & IP	59%	62%
NAS	9%	6%

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

Product profitability - EBITDA ($M)

	Year ended Jun 2017	Jun 2016
Mobile	**4,319**	4,384
Fixed data [(i)]	**799**	1,021
Fixed voice [(i)]	**1,490**	1,766
Data & IP	**1,586**	1,752
NAS	**301**	142

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

Summary Reported Half-yearly Data ($ Millions)	Half 1 Dec-12	PCP Growth	Half 2 Jun-13	PCP Growth	Full year Jun-13	PCP Growth	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
Revenue																														
Fixed products																														
Fixed voice	2,219	(10.8%)	2,137	(8.2%)	4,356	(9.5%)	2,058	(7.3%)	1,974	(7.6%)	4,032	(7.4%)	1,917	(6.9%)	1,829	(7.3%)	3,746	(7.1%)	1,772	(7.6%)	1,665	(9.0%)	3,437	(8.2%)	1,606	(9.4%)	1,519	(8.8%)	3,125	(9.1%)
Fixed data	1,028	4.4%	1,059	5.7%	2,087	5.0%	1,090	6.0%	1,128	6.5%	2,218	6.3%	1,175	7.8%	1,204	6.7%	2,379	7.3%	1,254	6.7%	1,259	4.6%	2,513	5.6%	1,276	1.8%	1,277	1.4%	2,553	1.6%
Fixed other (i)	234	47.2%	230	58.6%	464	52.1%	231	(1.3%)	231	0.4%	462	(0.4%)	104	(55.0%)	95	(58.9%)	199	(56.9%)	97	(6.7%)	96	1.1%	193	(3.0%)	94	(3.1%)	83	(13.5%)	177	(8.3%)
Intercarrier services	311	21.0%	290	8.2%	601	14.5%	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%)
Total fixed revenue	**3,792**	**(2.5%)**	**3,716**	**(0.7%)**	**7,508**	**(1.6%)**	**3,667**	**(3.3%)**	**3,631**	**(2.3%)**	**7,298**	**(2.8%)**	**3,505**	**(4.4%)**	**3,439**	**(5.3%)**	**6,944**	**(4.9%)**	**3,416**	**(2.5%)**	**3,305**	**(3.9%)**	**6,721**	**(3.2%)**	**3,257**	**(4.7%)**	**3,150**	**(4.7%)**	**6,407**	**(4.7%)**
Mobiles																														
Post-paid handheld	2,377	0.3%	2,427	5.4%	4,804	2.8%	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%
Pre-paid handheld	351	7.7%	376	14.6%	727	11.2%	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%
Mobile broadband	576	16.8%	620	18.1%	1,196	17.5%	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%)
Machine to Machine (M2M)	44	10.0%	46	15.0%	90	12.5%	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%
Satellite	7	0.0%	6	20.0%	13	8.3%	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%)
Mobile interconnection	395	(2.9%)	369	1.9%	764	(0.7%)	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%)
Mobile services revenue - wholesale resale	51	(26.1%)	60	(11.8%)	111	(19.0%)	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%
Total mobile services revenue	**3,801**	**2.4%**	**3,904**	**7.5%**	**7,705**	**4.9%**	**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%)**
Mobiles hardware	766	16.9%	731	7.0%	1,497	11.9%	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%
Total mobile revenue	**4,567**	**4.6%**	**4,635**	**7.5%**	**9,202**	**6.0%**	**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%)**
Data & IP																														
ISDN products	398	(5.2%)	379	(6.7%)	777	(5.9%)	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%)
IP access	559	8.1%	570	4.6%	1,129	6.3%	592	5.9%	598	4.9%	1,190	5.4%	590	(0.3%)	590	(1.3%)	1,180	(0.8%)	583	(1.2%)	557	(5.6%)	1,140	(3.4%)	577	(1.0%)	555	(0.4%)	1,132	(0.7%)
Other data and calling products	752	24.1%	718	16.9%	1,470	20.5%	728	(3.2%)	723	0.7%	1,451	(1.3%)	528	(27.5%)	514	(28.9%)	1,042	(28.2%)	539	2.1%	547	6.4%	1,086	4.2%	518	(3.9%)	505	(7.7%)	1,023	(5.8%)
Total Data & IP revenue	**1,709**	**10.8%**	**1,667**	**6.5%**	**3,376**	**8.6%**	**1,683**	**(1.5%)**	**1,670**	**0.2%**	**3,353**	**(0.7%)**	**1,458**	**(13.4%)**	**1,426**	**(14.6%)**	**2,884**	**(14.0%)**	**1,434**	**(1.6%)**	**1,395**	**(2.2%)**	**2,829**	**(1.9%)**	**1,374**	**(4.2%)**	**1,321**	**(5.3%)**	**2,695**	**(4.7%)**
Total Network applications and services revenue	**662**	**15.3%**	**877**	**27.7%**	**1,539**	**22.0%**	**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%**	**1,331**	**(1.6%)**	**2,581**	**11.3%**	**1,475**	**18.0%**	**1,895**	**42.4%**	**3,370**	**30.6%**
Media																														
Foxtel from Telstra	302	0.0%	293	(2.7%)	595	(1.3%)	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%
IPTV	31	10.7%	41	17.1%	72	14.3%	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%	42	23.5%	33	(19.5%)	75	0.0%
Mobility and other content	54	(89.7%)	48	(94.9%)	102	(93.1%)	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%)	39	14.7%	44	22.2%	83	18.6%
Cable	61	5.2%	58	(3.3%)	119	0.8%	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%)
Total media revenue	**448**	**(50.9%)**	**440**	**(67.2%)**	**888**	**(60.6%)**	**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%**
Global connectivity																														
Global connectivity - fixed	0	n/m	0	n/m	0	n/m	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%)
Global connectivity - data & IP	0	n/m	0	n/m	0	n/m	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%)	473	(1.5%)	939	(2.2%)
Global connectivity - other	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	52	n/m	59	n/m	111	n/m	86	65.4%	98	66.1%	184	65.8%	92	7.0%	101	3.1%	193	4.9%
Total global connectivity revenue	**0**	**n/m**	**0**	**n/m**	**0**	**n/m**	**0**	**n/m**	**0**	**n/m**	**0**	**n/m**	**373**	**n/m**	**515**	**n/m**	**888**	**n/m**	**714**	**91.4%**	**738**	**43.3%**	**1,452**	**63.5%**	**699**	**(2.1%)**	**736**	**(0.3%)**	**1,435**	**(1.2%)**
Other																														
CSL New World	494	13.3%	517	21.9%	1,011	17.6%	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
TelstraClear	164	(35.7%)	0	(100.0%)	164	(67.3%)	0	(100.0%)	0	n/m	0	(100.0%)	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	288	65.5%	322	23.8%	610	40.6%	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%)	447	6.9%	864	3.0%
Total sales revenue	**12,124**	**(2.3%)**	**12,174**	**(5.1%)**	**24,298**	**(3.7%)**	**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%)**	**13,125**	**4.2%**	**25,912**	**0.3%**
Other revenue (iii)	67	378.6%	109	(10.7%)	176	29.4%	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%)	82	256.5%	101	31.2%
Total revenue	**12,191**	**(1.8%)**	**12,283**	**(5.1%)**	**24,474**	**(3.5%)**	**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%**
Other income (iv)	110	34.1%	192	262.3%	302	123.7%	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%
Total income (excluding financial income)	**12,301**	**(1.6%)**	**12,475**	**(4.1%)**	**24,776**	**(2.9%)**	**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%**
Expenses																														
Labour	2,246	(11.9%)	2,281	(5.7%)	4,527	(8.9%)	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%
Goods and services purchased	3,135	(0.8%)	3,112	3.1%	6,247	1.1%	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%	3,350	(6.5%)	7,247	5.9%	3,689	(5.3%)	3,982	18.9%	7,671	5.9%
Other expenses	1,978	(3.1%)	1,855	(10.9%)	3,833	(7.0%)	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%	2,319	13.5%	4,312	8.6%	2,139	7.3%	2,367	2.1%	4,506	4.5%
Operating expense (before interest)	7,359	(5.1%)	7,248	(3.6%)	14,607	(4.3%)	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%
Share of net profit/(loss) from jointly controlled and associated entities	0	n/m	(1)	n/m	(1)	n/m	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%
EBITDA	**4,942**	**4.0%**	**5,226**	**(4.7%)**	**10,168**	**(0.6%)**	**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%**
Depreciation and amortisation	2,068	(5.4%)	2,010	(9.7%)	4,078	(7.6%)	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%
EBIT	**2,874**	**12.1%**	**3,216**	**(1.3%)**	**6,090**	**4.6%**	**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%)**
Net finance costs	477	20.5%	456	(7.3%)	933	5.1%	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%)
Profit before income tax expense	2,397	10.6%	2,760	(0.2%)	5,157	4.5%	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%
Income tax expense	758	10.0%	759	(7.6%)	1,517	0.5%	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%
Profit for the year from continuing operations	**1,639**	**10.8%**	**2,001**	**2.9%**	**3,640**	**6.3%**	**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%**
Profit/(loss) for the year from discontinued operations	**(53)**	**n/m**	**204**	**n/m**	**151**	**n/m**	**(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%)**
Profit for the year	**1,586**	**7.2%**	**2,205**	**13.4%**	**3,791**	**10.7%**	**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%)**

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

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

(iii) Other revenue primarily consists of Go Mobile Swap lease income (30 Jun 2017: $63m; 30 Jun 2016: nil), rental income and distributions received from Foxtel (30 Jun 2017 nil; 30 Jun 2016 $37m).

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

n/m = not meaningful

Telstra Corporation Limited
Half-yearly comparison
Year ended 30 June 2017

Summary Reported Half-yearly Data	Half 1 Dec-12	PCP Growth	Half 2 Jun-13	PCP Growth	Full year Jun-13	PCP Growth	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
<u>**Selected statistical data**</u>																														
Fixed voice																														
Retail basic access lines in service (thousands)	6,695	(4.8%)	6,524	(5.1%)	6,524	(5.1%)	6,356	(5.1%)	6,245	(4.3%)	6,245	(4.3%)	6,104	(4.0%)	5,981	(4.2%)	5,981	(4.2%)	5,852	(4.1%)	5,710	(4.5%)	5,710	(4.5%)	5,549	(5.2%)	5,363	(6.1%)	5,363	(6.1%)
Wholesale basic access lines in service (thousands)	1,207	0.6%	1,239	5.0%	1,239	5.0%	1,277	5.8%	1,285	3.7%	1,285	3.7%	1,318	3.2%	1,338	4.1%	1,338	4.1%	1,353	2.7%	1,328	(0.7%)	1,328	(0.7%)	1,251	(7.5%)	1,124	(15.4%)	1,124	(15.4%)
Fixed voice lines in service (thousands) (i)	**7,902**	**(4.0%)**	**7,763**	**(3.6%)**	**7,763**	**(3.6%)**	**7,633**	**(3.4%)**	**7,530**	**(3.0%)**	**7,530**	**(3.0%)**	**7,422**	**(2.8%)**	**7,319**	**(2.8%)**	**7,319**	**(2.8%)**	**7,205**	**(2.9%)**	**7,038**	**(3.8%)**	**7,038**	**(3.8%)**	**6,800**	**(5.6%)**	**6,487**	**(7.8%)**	**6,487**	**(7.8%)**
Unconditioned local loop (ULL) services in operation (thousands)	1,245	17.3%	1,322	14.0%	1,322	14.0%	1,400	12.4%	1,482	12.1%	1,482	12.1%	1,528	9.1%	1,563	5.5%	1,563	5.5%	1,570	2.7%	1,547	(1.0%)	1,547	(1.0%)	1,496	(4.7%)	1,390	(10.1%)	1,390	(10.1%)
Number of local calls (millions)	1,292	(18.0%)	1,143	(19.4%)	2,435	(18.7%)	1,053	(18.5%)	938	(17.9%)	1,991	(18.2%)	876	(16.8%)	750	(20.0%)	1,626	(18.3%)	727	(17.0%)	624	(16.8%)	1,351	(16.9%)	553	(23.9%)	453	(27.4%)	1,006	(25.5%)
National long distance minutes (millions)	2,066	(14.6%)	1,868	(17.7%)	3,934	(16.1%)	1,706	(17.4%)	1,539	(17.6%)	3,245	(17.5%)	1,378	(19.2%)	1,175	(23.7%)	2,553	(21.3%)	1,171	(15.0%)	1,012	(13.9%)	2,183	(14.5%)	909	(22.4%)	717	(29.2%)	1,626	(25.5%)
Fixed to mobile minutes (millions)	1,371	(8.8%)	1,287	(11.2%)	2,658	(10.0%)	1,241	(9.5%)	1,170	(9.1%)	2,411	(9.3%)	1,112	(10.4%)	996	(14.9%)	2,108	(12.6%)	1,016	(8.6%)	905	(9.1%)	1,921	(8.9%)	858	(15.6%)	729	(19.4%)	1,587	(17.4%)
International direct minutes (millions)	222	(7.9%)	241	5.7%	463	(1.3%)	273	23.0%	273	13.3%	546	17.9%	256	(6.2%)	209	(23.4%)	465	(14.8%)	255	(0.4%)	225	7.7%	480	3.2%	194	(23.9%)	143	(36.4%)	337	(29.8%)
Average fixed voice revenue per user per month ($)	46.34	(7.3%)	45.49	(4.5%)	45.90	(6.1%)	44.54	(3.9%)	43.42	(4.6%)	43.94	(4.3%)	42.73	(4.1%)	41.37	(4.7%)	42.05	(4.3%)	40.66	(4.8%)	38.96	(5.8%)	39.89	(5.1%)	38.71	(4.8%)	38.10	(2.2%)	38.53	(3.4%)
Fixed data																														
Fixed data SIOs - Retail (thousands)	2,684	7.2%	2,772	6.7%	2,772	6.7%	2,847	6.1%	2,955	6.6%	2,955	6.6%	3,043	6.9%	3,144	6.4%	3,144	6.4%	3,265	7.3%	3,379	7.5%	3,379	7.5%	3,469	6.2%	3,511	3.9%	3,511	3.9%
Belong SIOs - (thousands)	0	n/m	0	n/m	0	n/m	0	n/m	5	n/m	5	n/m	19	n/m	37	640.0%	37	640.0%	62	226.3%	92	148.6%	92	148.6%	123	98.4%	155	68.5%	155	68.5%
NBN SIOs - (thousands)	0	n/m	9	n/m	9	n/m	31	n/m	65	622.2%	65	622.2%	112	261.3%	161	147.7%	161	147.7%	259	131.3%	405	151.6%	405	151.6%	636	145.6%	952	135.1%	952	135.1%
Broadband wholesale SIOs (thousands)	761	(6.6%)	769	0.3%	769	0.3%	777	2.1%	789	2.6%	789	2.6%	816	5.0%	841	6.6%	841	6.6%	850	4.2%	840	(0.1%)	840	(0.1%)	784	(7.8%)	683	(18.7%)	683	(18.7%)
Fixed data SIOs (thousands) (ii)	**3,445**	**3.8%**	**3,541**	**5.2%**	**3,541**	**5.2%**	**3,624**	**5.2%**	**3,744**	**5.7%**	**3,744**	**5.7%**	**3,859**	**6.5%**	**3,985**	**6.4%**	**3,985**	**6.4%**	**4,115**	**6.6%**	**4,219**	**5.9%**	**4,219**	**5.9%**	**4,253**	**3.4%**	**4,194**	**(0.6%)**	**4,194**	**(0.6%)**
Wholesale line spectrum site sharing (LSS) SIOs (thousands)	658	(8.2%)	631	(9.3%)	631	(9.3%)	614	(6.7%)	589	(6.7%)	589	(6.7%)	569	(7.3%)	544	(7.6%)	544	(7.6%)	516	(9.3%)	478	(12.1%)	478	(12.1%)	437	(15.3%)	384	(19.7%)	384	(19.7%)
Average fixed retail BB revenue per SIO per month (incl h/ware) ($)	106.86	100.1%	54.79	2.0%	105.66	97.0%	55.10	(48.4%)	55.21	0.8%	54.99	(48.0%)	55.83	1.3%	55.25	0.1%	55.48	0.9%	55.40	(0.8%)	53.48	(3.2%)	54.45	(1.9%)	52.40	(5.4%)	51.45	(3.8%)	52.11	(4.3%)
Average fixed retail BB revenue per SIO per month (excl h/ware) ($) (i)	105.19	101.0%	53.51	1.0%	103.59	96.4%	53.73	(48.9%)	53.49	(0.0%)	53.45	(48.4%)	53.56	(0.3%)	52.78	(1.3%)	53.11	(0.6%)	52.42	(2.1%)	50.28	(4.8%)	51.35	(3.3%)	49.67	(5.2%)	49.01	(2.5%)	49.52	(3.6%)
Average NBN data revenue per user per month ($)	-3.19	n/m	46.29	n/m	23.80	n/m	59.45	(1962.6%)	62.07	34.1%	56.31	136.6%	59.66	0.4%	55.32	(10.9%)	56.88	1.0%	52.99	(11.2%)	52.63	(4.9%)	50.56	(11.1%)	50.85	(4.0%)	48.48	(7.9%)	47.86	(5.3%)
Average fixed data revenue per user per month ($)	50.29	0.9%	50.52	1.1%	50.34	0.8%	50.75	0.9%	50.99	0.9%	50.74	0.8%	51.53	1.5%	51.15	0.3%	51.31	1.1%	51.60	0.1%	50.35	(1.6%)	51.04	(0.5%)	50.20	(2.7%)	50.41	0.1%	50.59	(0.9%)
Data & IP																														
ISDN access (basic access line equivalents) (thousands)	1,282	(1.7%)	1,285	(0.9%)	1,285	(0.9%)	1,265	(1.3%)	1,225	(4.7%)	1,225	(4.7%)	1,181	(6.6%)	1,137	(7.2%)	1,137	(7.2%)	1,102	(6.7%)	1,049	(7.7%)	1,049	(7.7%)	1,004	(8.9%)	973	(7.2%)	973	(7.2%)
ISDN average revenue per user per month ($)	51.47	(3.9%)	49.25	(5.5%)	50.19	(5.1%)	47.41	(7.9%)	46.79	(5.0%)	47.29	(5.8%)	47.07	(0.7%)	46.31	(1.0%)	46.70	(1.2%)	46.39	(1.4%)	45.14	(2.5%)	45.97	(1.6%)	45.26	(2.4%)	43.96	(2.6%)	44.47	(3.3%)
IP MAN SIOs (thousands)	28	7.7%	31	14.8%	31	14.8%	32	14.3%	33	6.5%	33	6.5%	34	6.3%	35	6.1%	35	6.1%	37	8.8%	40	14.3%	40	14.3%	44	18.9%	47	17.5%	47	17.5%
IP WAN SIOs (thousands)	106	0.0%	109	2.8%	109	2.8%	110	3.8%	110	0.9%	110	0.9%	109	(0.9%)	111	0.9%	111	0.9%	113	3.7%	112	0.9%	112	0.9%	111	(1.8%)	109	(2.7%)	109	(2.7%)
Mobiles																														
Total retail mobile SIOs (thousands)	14,423	9.2%	15,072	9.1%	15,072	9.1%	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%	17,233	3.4%	17,233	3.4%	17,433	3.1%	17,451	1.3%	17,451	1.3%
Post-paid handheld mobile SIOs (thousands)	6,861	7.2%	7,019	6.4%	7,019	6.4%	7,122	3.8%	7,194	2.5%	7,194	2.5%	7,190	1.0%	7,213	0.3%	7,213	0.3%	7,295	1.5%	7,393	2.5%	7,393	2.5%	7,480	2.5%	7,562	2.3%	7,562	2.3%
Mobile broadband (data cards) SIOs (thousands)	3,336	21.5%	3,570	14.5%	3,570	14.5%	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%	3,959	2.4%	3,959	2.4%	3,999	2.2%	4,007	1.2%	4,007	1.2%
Pre-paid mobile handheld unique users (thousands)	2,102	5.7%	2,197	8.3%	2,197	8.3%	2,347	11.7%	2,446	11.3%	2,446	11.3%	2,490	6.1%	2,531	3.5%	2,531	3.5%	2,603	4.5%	2,614	3.3%	2,614	3.3%	2,616	0.5%	2,498	(4.4%)	2,498	(4.4%)
Machine to Machine (M2M) SIOs (thousands)	888	19.4%	970	19.9%	970	19.9%	1,086	22.3%	1,261	30.0%	1,261	30.0%	1,466	35.0%	1,639	30.0%	1,639	30.0%	1,806	23.2%	1,938	18.2%	1,938	18.2%	2,053	13.7%	2,188	12.9%	2,188	12.9%
Satellite SIOs (thousands)	26	8.3%	27	8.0%	27	8.0%	28	7.7%	30	11.1%	30	11.1%	30	7.1%	30	0.0%	30	0.0%	29	(3.3%)	29	(3.3%)	29	(3.3%)	31	6.9%	32	10.3%	32	10.3%
Total wholesale SIOs (thousands)	67	3.1%	241	322.8%	241	322.8%	348	419.4%	379	57.3%	379	57.3%	408	17.2%	465	22.7%	465	22.7%	478	17.2%	530	14.0%	530	14.0%	637	33.3%	744	40.4%	744	40.4%
Mobile voice telephone minutes (millions)	9,906	22.9%	10,504	18.5%	20,410	20.6%	11,633	17.4%	12,194	16.1%	23,827	16.7%	13,240	13.8%	13,395	9.8%	26,635	11.8%	14,363	8.5%	14,936	11.5%	29,299	10.0%	15,257	6.2%	15,594	4.4%	30,851	5.3%
Number of SMS sent (millions)	6,771	15.1%	6,992	13.4%	13,763	14.2%	7,475	10.4%	7,846	12.2%	15,321	11.3%	8,642	15.6%	9,011	14.8%	17,653	15.2%	9,146	5.8%	8,797	(2.4%)	17,943	1.6%	8,677	(5.1%)	8,193	(6.9%)	16,870	(6.0%)
Average post-paid handheld revenue per user (excl. MRO) ($)	65.34	(3.1%)	65.92	2.4%	65.90	(0.5%)	66.80	2.2%	66.20	0.4%	66.57	1.0%	70.84	6.0%	70.38	6.3%	70.54	6.0%	70.17	(0.9%)	68.79	(2.3%)	69.45	(1.5%)	67.88	(3.3%)	67.54	(1.8%)	67.70	(2.5%)
Average post-paid handheld revenue per user (incl. MRO) ($)	58.88	(7.1%)	58.29	(1.3%)	58.80	(4.4%)	58.81	(0.1%)	58.47	0.3%	58.70	(0.2%)	63.33	7.7%	62.92	7.6%	63.06	7.4%	62.81	(0.8%)	61.57	(2.1%)	62.15	(1.4%)	60.80	(3.2%)	60.62	(1.5%)	60.71	(2.3%)
Average pre-paid handheld revenue per user ($)	17.79	6.1%	18.44	10.6%	17.94	6.3%	18.90	6.2%	19.79	7.3%	19.98	11.4%	21.50	13.8%	21.19	7.1%	21.32	6.7%	21.20	(1.4%)	19.89	(6.1%)	20.40	(4.3%)	21.50	1.4%	22.63	13.8%	22.29	9.3%
Average mobile broadband revenue per user per month ($)	29.75	(8.5%)	29.93	0.3%	29.80	(4.7%)	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%)	23.22	(11.4%)	24.50	(8.5%)	21.51	(16.6%)	19.89	(14.3%)	20.74	(15.3%)
Average M2M revenue per user per month ($)	8.66	(9.8%)	8.30	(2.4%)	8.46	(6.9%)	7.69	(11.2%)	7.60	(8.4%)	7.54	(10.9%)	6.72	(12.6%)	6.21	(18.3%)	6.49	(13.9%)	5.82	(13.4%)	6.37	2.6%	6.14	(5.4%)	5.65	(2.9%)	6.16	(3.3%)	5.90	(3.9%)
Average satellite revenue per user per month ($)	43.47	(7.6%)	39.46	13.8%	41.32	1.5%	40.43	(7.0%)	40.44	2.5%	39.98	(3.2%)	46.61	15.3%	43.88	8.5%	45.07	12.7%	43.60	(6.5%)	39.86	(9.2%)	41.12	(8.8%)	39.03	(10.5%)	37.02	(7.1%)	38.68	(5.9%)
Premium pay TV																														
Foxtel from Telstra (thousands)	507	0.6%	500	(0.2%)	500	(0.2%)	500	(1.4%)	526	5.2%	526	5.2%	560	12.0%	623	18.4%	623	18.4%	660	17.9%	751	20.5%	751	20.5%	748	13.3%	808	7.6%	808	7.6%
Labour																														
Full time staff equivalents	35,157	15.6%	34,679	14.8%	34,679	14.8%	35,807	1.8%	32,354	(6.7%)	32,354	(6.7%)	31,809	(11.2%)	33,679	4.1%	33,679	4.1%	33,639	5.8%	33,659	(0.1%)	33,659	(0.1%)	32,551	(3.2%)	32,293	(4.1%)	32,293	(4.1%)

(i) Fixed voice includes nbn.

(ii) Fixed data includes nbn and Belong SIOs.