



11 August 2022

**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 2022 –  
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 and media briefing on its 2022 full year results from 9.15am AEST. The briefing will be webcast live 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.

Authorised for lodgement

**Sue Laver**  
Company Secretary



# Full year 2022 results

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## Disclaimer



### Forward-looking statements

This presentation includes forward-looking statements. The forward-looking statements are based on assumptions and information known by Telstra as at the date of this presentation.

The forward-looking statements are provided as a general guide only and are not guarantees or predictions of future performance. Telstra believes the expectations reflected in these statements are reasonable as at the date of this presentation, but acknowledges they involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Telstra, which may cause Telstra's actual results, performance and achievements to differ materially from those expressed in, or implied by, the forward-looking statements. These factors include: general economic conditions in Australia; exchange rates; competition in the markets in which Telstra operates; the inherent regulatory risks in the businesses of Telstra; the substantial technological changes taking place in the telecommunications industry; the ongoing impacts of the COVID-19 pandemic; the geopolitical environment (including the impacts of sanctions and trade controls and broader supply chain impacts); and the continuing growth in the data, internet, mobile and other telecommunications markets where Telstra operates.

A number of these risks, uncertainties and other factors are described in the "Chairman & CEO Message", "Our material risks" and "Outlook" sections of our Operating and Financial Review (OFR). The OFR is set out in Telstra's financial results for the year ended 30 June 2022 which were lodged with the ASX on 11 August 2022, and are available on Telstra's Investor Centre website [www.telstra.com.au/aboutus/investor](http://www.telstra.com.au/aboutus/investor).

In addition, there are particular risks and uncertainties in connection with the implementation of the Telstra's T25 strategy (T25). Detailed business plans have not been developed for the entirety of the strategy and the full scope and cost of T25 may vary as those plans are developed. Further there are risks associated with the Telstra Group's ability to execute and manage the elements of T25 in a sequenced, controlled and effective manner and realise the planned benefits, cost savings and growth opportunities. There are also risks and uncertainties in connection with the proposed legal restructure announced on 22 March 2021. Any restructure is a complex process and we are navigating a range of existing commercial, regulatory, operational and other requirements. There may therefore be delays in implementing some parts of the restructure, or they may not be implemented.

Telstra does not provide financial guidance beyond the current financial year. Telstra's financial ambitions to FY25 and growth ambitions across our portfolio are not guidance and there are greater risks and uncertainties in connection with these ambitions.

Investors should not place undue reliance on the forward-looking statements. To the maximum extent permitted by law, Telstra gives no representation, warranty or other assurance in connection with the currency, accuracy, reliability and completeness of any forward-looking statements, whether as a result of new information, future events or otherwise. Telstra assumes no obligation to update any forward-looking statements, and to the maximum extent permitted by law, disclaims any obligation or undertaking to release any updates or revisions to the information contained in this document to reflect any change in expectations and assumptions.

Defined terms are set out on the slide "Glossary".

### No offer, invitation or advice

This presentation is not intended to (nor does it) constitute an offer or invitation by or on behalf of Telstra, its subsidiaries, or any other person to subscribe for, purchase or otherwise deal in any equity, debt instrument or other securities, nor is it intended to be used for the purpose of or in connection with offers or invitations to subscribe for, purchase or otherwise deal in any equity, debt instruments or other securities. Information in this presentation, including forward-looking statements and guidance, should not be considered as investment, tax, legal or other advice. You should make your own assessment and seek independent professional advice in connection with any investment decision.

### Unaudited information

All forward-looking figures and proforma statements in these presentations are unaudited and based on A-IFRS unless otherwise indicated. Certain figures may be subject to rounding differences.

All market share information in these presentations is based on management estimates having regard to internally available information unless otherwise indicated.

### Other information

All amounts are in Australian Dollars unless otherwise stated.

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# Full year 2022 results

Andrew Penn – Chief Executive Officer

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## Financial headlines



FY22 Reported	FY22 Guidance basis <sup>1</sup>
<b>Total income:</b> \$22.0 billion, -4.7%	<b>Underlying EBITDA<sup>3</sup>:</b> \$7.3 billion, +8.4%
<b>EBITDA:</b> \$7.3 billion, -5.0%	<b>In-year nbn headwind<sup>3</sup>:</b> ~\$340 million (LTD ~\$3.6 billion)
<b>EBITDA lease adjusted<sup>2</sup>:</b> \$7.3 billion, -2.5%	<b>Underlying EPS<sup>3</sup>:</b> 14.4 cents, +48.5%
<b>NPAT:</b> \$1.8 billion, -4.6%	<b>Capex<sup>3</sup>:</b> \$3.0 billion, +0.7%
<b>EPS:</b> 14.4 cents, -7.7%	<b>Free cashflow after lease payments<sup>3</sup>:</b> \$4.0 billion, +5.9%
<b>Total dividend:</b> 16.5 cents per share <sup>4</sup> , +3.1%	

1. This guidance excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management. Refer to Full year results and operations review – guidance vs reported results reconciliation (set out in our ASX announcement titled "Financial results for the full year ended 30 June 2022" lodged with the ASX on 11 August 2022).

2. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in FY21.

3. Refer to definition in the Glossary.

4. Total dividend of 16.5 cents per share fully franked comprising total ordinary dividend of 13.5 cents per share and total special dividend of 3 cents per share.

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# Operating highlights



## Continuing to deliver growth

### Mobile service net adds

- +155k retail postpaid handheld services including +121k branded +34k Belong
- +215k retail prepaid handheld unique users
- +218k wholesale MVNO including prepaid and postpaid services
- +1,024k IoT services

### Fixed service net adds

- 87k retail fixed bundle and data services

- Mobile:** +2.9% postpaid handheld ARPU growth, +14.2% prepaid handheld services revenue growth, +6.4% total services revenue growth, +\$700m EBITDA growth
- Fixed – C&SB:** +2.4% bundles and data ARPU growth
- Enterprise income and EBITDA growth. Fixed – Enterprise** +2.3% EBITDA growth, +\$152m NAS EBITDA growth
- InfraCo Fixed:** \$2.4b income, +3.1% core access growth
- Telstra Health:** +13% organic revenue growth, +51% overall revenue growth to \$243m

## Improved customer experience

- Episode NPS improved +5 last 12 months and maintained last six months
- Strategic NPS declined -5 last 12 months and -1 last six months

## Continued cost reduction

- >\$2.7b underlying fixed cost reduction since FY16
- FY22: \$454m or 8.1% underlying fixed cost reduction and \$906m or 5.8% decline in total operating expenses<sup>1</sup>

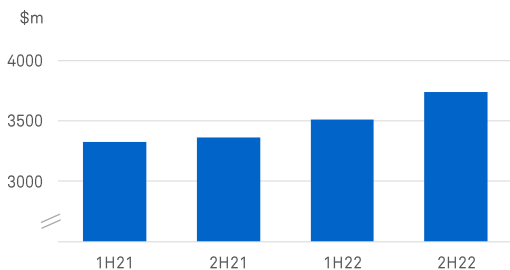
1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in FY21.

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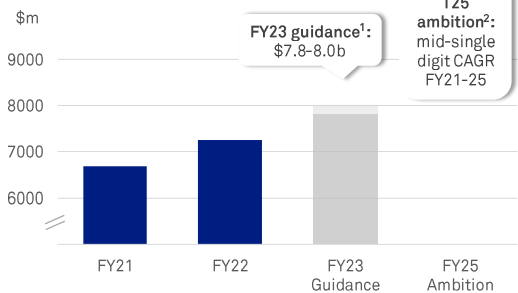
# Underlying EBITDA growth



## Underlying EBITDA – halves



## Underlying EBITDA – full year



1. This guidance excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management. Refer to slide "FY23 guidance".

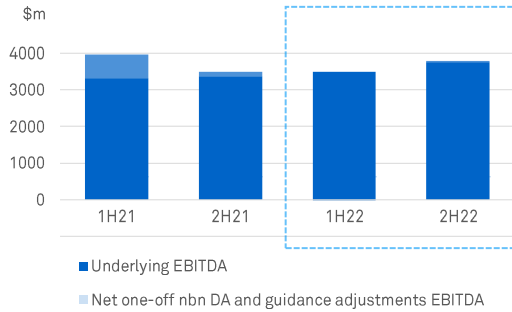
2. Telstra's financial ambitions for its Underlying EBITDA and FY25 outcomes are not guidance and there are greater risks and uncertainties in connection with these ambitions.

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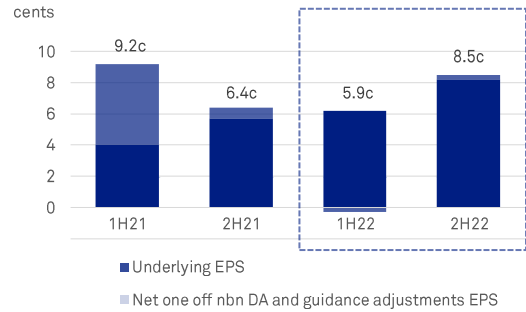
## 2H22 reported growth



### Reported EBITDA lease adjusted



### Reported EPS



## T22 achievements



### Simplification & Digitisation

- 10.2m services on 20 simplified C&SB in market plans
- 4.5m Telstra Plus members
- C&SB digital sales increased to 48% and digital service interactions increased to 77%
- 71% reduction in annual contact centre calls since FY18
- 100% of calls from C&SB customers now answered in Australia
- Enterprise digital service interactions increased to 41%

### Ways of working

- Leaner, more efficient organisation including >17k working in Agile
- FTE reduction by >one-third or 26k across direct and indirect
- Hybrid working for all office based and contact centre employees

### Productivity

- >\$2.7b cost reduction since FY16
- >\$2b asset monetisation – almost \$5b including Amplitel

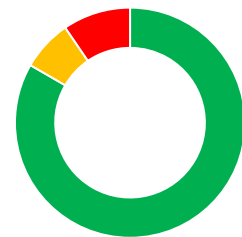
### Network leadership

- Australia's largest 5G network with 80% of population covered
- 3.5m 5G capable devices connected to the Telstra mobile network
- National lead in combined 4G/5G speeds

### Infrastructure

- Completed 49% disposal of interest in Amplitel for \$2.8b
- Proposed legal restructure: pending Court approval, we will shortly publish a Scheme Booklet giving shareholders information they need to vote at Scheme Meeting to be held on the same day as our AGM

### T22 scorecard metrics ~80% metrics completed



- Completed
- Significant progress but below target metric
- Below target metric

# T22 scorecard



Outcomes	Customers	Simplification	Network	Employees	Cost reduction	Balance sheet
	Market leading customer experience	Simplified products, business and operating model	Extended network superiority and 5G leadership	Achieve Global High Performance Norm in employee engagement	Net cost productivity of \$2.7bn by FY22 <sup>1</sup>	ROIC ~8% by FY23 <sup>1</sup>
Metrics & Measures	<ul style="list-style-type: none"> <li>● Increase NPS 3 to 6 points p.a.</li> <li>● Double active app users from 4m to 8m by FY22 – 6m active users by FY20</li> <li>● Consumer &amp; Small Business sales transactions through the digital channel: 24% by FY20, 45% by FY22</li> <li>● Active Enterprise customers on Telstra Connect: 4,000 by FY20, 7,100 by FY21</li> <li>● 40% of Enterprise service interactions through the digital channel by FY22</li> <li>● Increase average services per customer</li> <li>● Eliminate two thirds of mass market servicing calls by FY22 – one third by FY20</li> <li>● All mass market incoming calls answered in Australia</li> <li>● Telstra Plus members: 2m by FY20, 5m by FY22</li> </ul>	<ul style="list-style-type: none"> <li>● Build and launch new digital technology stack in FY19</li> <li>● Complete Digitisation program with key products built on the new stack</li> <li>● Simplify from ~1800 to ~20 active Consumer &amp; Small Business plans</li> <li>● Services on in-market Consumer &amp; Small Business plans: &gt;3m by FY20, &gt;10m by FY22</li> <li>● Migrate all Consumer &amp; Small Business customers to the new product range on the new digital technology stack by FY21</li> <li>● Rationalise 50% of Enterprise products by FY21</li> <li>● Reduce 2 to 4 management layers in the organisation</li> <li>● 700 apps decommissioned or contained by FY20</li> </ul>	<ul style="list-style-type: none"> <li>● Lead in all key industry network performance surveys from FY19</li> <li>● Network ready for 5G in H1 FY19</li> <li>● Full commercial deployment of 5G in capital cities, major regional centres and other high demand areas by FY20</li> <li>● Australia's largest 5G network</li> <li>● Deliver 5x data growth at flat costs by FY21</li> </ul>	<ul style="list-style-type: none"> <li>● Agile teams at level 3 of Agile Maturity: 80% by FY20, &gt;90% by FY22</li> <li>● 1 quartile increase in ease of doing business management practices of Organisational Health Index (OHI) by FY20</li> <li>● Increase employee engagement score 10 points</li> <li>● Reduce total FTE by 8,000 net by FY22</li> </ul>	<ul style="list-style-type: none"> <li>● Net cost productivity – more than \$1.5bn cumulatively delivered by FY20</li> <li>● Total costs will be flat or decline in each year from FY18</li> <li>● Absorb nbn CVC/AVC costs</li> <li>● Labour cost to sales ratio to decline – one third by FY22</li> <li>● Top quartile cost metrics for full-service telco by FY22</li> </ul>	<ul style="list-style-type: none"> <li>● Underlying ROIC to improve from FY19 to FY22</li> <li>● Monetise assets of up to \$2bn by FY20</li> <li>● Establish standalone infrastructure business unit with effect from 1 July 2018</li> <li>● High level SLAs for infrastructure business to be defined by 1 October 2018 and segment reporting by 31 December 2018</li> <li>● Telstra InfraCo fully operational by June 19</li> <li>● EBITDA benefits of &gt;\$500m p.a. from \$3bn strategic investment realised by FY21</li> </ul>

1. Net cost productivity targeted outcome increased from \$2.5bn in February 2021. ROIC targeted outcome reduced from >10% in August 2020.



# Summary



Our T22 program has been a clear success

We are delivering a better customer experience

Our mobile network remains Australia's biggest and best

Transitioning to T25 – our strategy for growth



# Full year 2022 results

Vicki Brady – Chief Financial Officer and from 1 September 2022 Chief Executive Officer

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## Income statement



Reported	FY21	FY22	CHANGE
Total income <sup>1</sup>	\$23.1b	\$22.0b	-4.7%
EBITDA	\$7.6b	\$7.3b	-5.0%
EBIT	\$3.0b	\$2.9b	-3.1%
Net finance costs	\$0.6b	\$0.4b	-24.3%
Income tax expense	\$0.5b	\$0.7b	23.7%
<b>NPAT</b>	<b>\$1.9b</b>	<b>\$1.8b</b>	<b>-4.6%</b>
PATMI	\$1.9b	\$1.7b	-9.1%
EPS (cents)	15.6	14.4	-7.7%
DPS (cents)	16.0	16.5	+3.1%

NPAT decline largely due to decline in nbn one-offs  
Underlying EPS growth of 48.5%

FY22 total dividends of 16.5c (13.5c ordinary, 3c special)  
EPS payout of 115%; FCF payout<sup>4</sup> of 57%  
Completed \$1.35b buyback in FY22

Underlying	FY21	FY22	CHANGE
Underlying Income	\$21.9b	\$21.6b	-1.3%
EBITDA – lease adjusted <sup>2</sup>	\$7.4b	\$7.3b	-2.5%
Less net one-off nbn DA <sup>1</sup>	\$0.8b	\$0.2b	-70.9%
Less guidance adjustments <sup>3</sup>	-\$0.0b	-\$0.2b	NM
<b>Underlying EBITDA<sup>1</sup></b>	<b>\$6.7b</b>	<b>\$7.3b</b>	<b>8.4%</b>
D&A – lease adjusted <sup>2</sup>	\$4.5b	\$4.4b	-2.1%
<b>Underlying EPS<sup>1</sup> (cents)</b>	<b>9.7</b>	<b>14.4</b>	<b>48.5%</b>

Underlying EBITDA grew \$562m or 8.4% on pcp  
Growth despite in-year nbn headwind<sup>1</sup> of ~\$340m

FY22 results consistent with guidance  
FY23 guidance for underlying EBITDA of \$7.8b to \$8.0b incl. Digicel Pacific

1. Refer to definition in the Glossary.

2. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in FY21. FY21 adjusted to include \$194m of reported depreciation of mobile handsets right-of-use assets in EBITDA. No adjustment in FY22.

3. Refer to Full year results and operations review – guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY22 (set out in our ASX announcement titled "Financial results for the Full year ended 30 June 2022" lodged with the ASX on 11 August 2022).

4. Free cash flow after lease payments<sup>1</sup> less other finance costs paid, employee share purchases and dividends to non-controlling interests.

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# EBITDA by product<sup>1</sup>



	FY21	CHANGE \$m	FY22	CHANGE	
Mobile	\$3,297m	700	\$3,997m	21.2%	Service revenue growth, plan structure, hardware and productivity
Fixed - C&SB	\$139m	-84	\$55m	-60.4%	Revenue reduction, growing nbn costs, partly offset by cost out
Fixed - Enterprise	\$645m	15	\$660m	2.3%	NAS growth offset by data & connectivity decline
Fixed - Active Wholesale	\$231m	-72	\$159m	-31.2%	Ongoing legacy decline partially offset by cost-out
International	\$336m	51	\$387m	15.2%	0.5% constant currency growth
InfraCo Fixed	\$1,673m	-18	\$1,655m	-1.1%	nbn commercial works decline offset by disposals
Amplitel	\$300m	-6	\$294m	-2.0%	Revenue growth offset by build up of costs as standalone business
Other <sup>2</sup>	\$68m	-24	\$44m	NM	Includes corporate adjustments; Health flat yoy
<b>Underlying</b>	<b>\$6,689m</b>	<b>562</b>	<b>\$7,251m</b>	<b>8.4%</b>	
Net one-off nbn DA	\$802m	-569	\$233m	-70.9%	Reflects nbn migration timing
Restructuring	-\$211m	140	-\$71m	66.4%	
Other guidance adj. <sup>3</sup>	\$164m	-321	-\$157m	NM	Gain on sales in pcp; Towers transaction costs in FY22
<b>Reported lease adjusted<sup>1</sup></b>	<b>\$7,444m</b>	<b>-188</b>	<b>\$7,256m</b>	<b>-2.5%</b>	

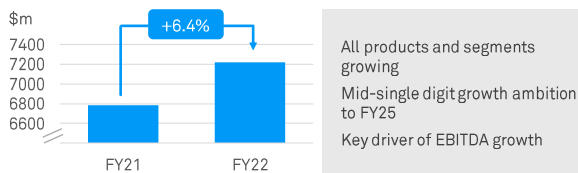
1. Mobile and Fixed products include internal infrastructure costs. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in FY21. No adjustment in FY22.  
 2. Other includes miscellaneous and Telstra Health.  
 3. Refer to Full year results and operations review – guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY22 (set out in our ASX announcement titled "Financial results for the Full year ended 30 June 2022" lodged with the ASX on 11 August 2022).

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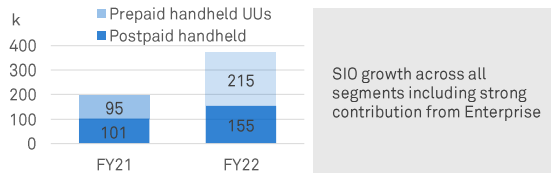
# Product highlights: mobile momentum and growth



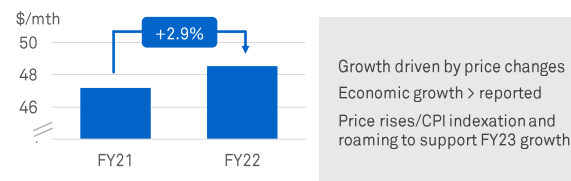
## Mobile service revenue growth



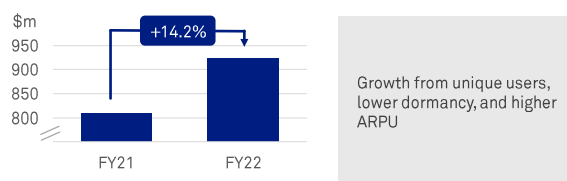
## Mobile handheld net adds



## Mobile postpaid handheld ARPU growth



## Mobile prepaid handheld revenue growth



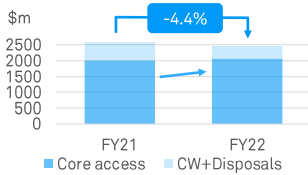
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# Product highlights: Infrastructure

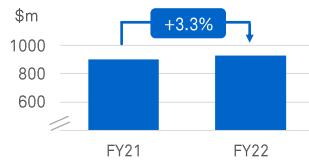


## InfraCo Fixed revenue



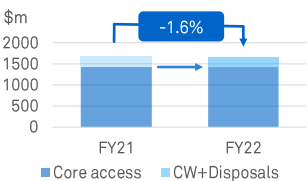
**+3.1% growth** in core access revenue for fibre, network sites & ducts  
 Legacy network disposals  
 Offset by nbn commercial works (CW) rolling off as nbn rollout nears completion & contracts end

## nbn recurring revenue growth



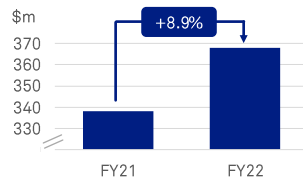
Average contracted period of 25 years  
 CPI indexed

## InfraCo Fixed EBITDAaL<sup>1</sup>



**Flat** core access EBITDAaL on additional investment in maintenance and growth opportunities  
 Additional long-term growth potential including from major infrastructure investments

## Amplitel (Towers) revenue growth



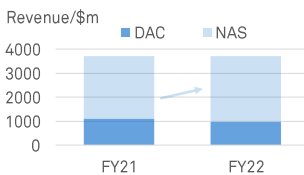
Demand including new builds and 5G coverage expansion from Telstra

1. Refer to definition in the Glossary.

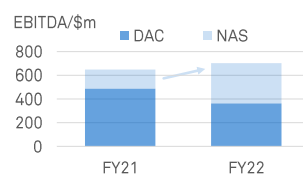
# Product highlights: Fixed - Enterprise



## NAS growth offsetting DAC declines<sup>1</sup>

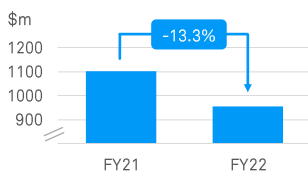


**Fixed - Enterprise revenue decline -0.7%<sup>1</sup>**  
 Including NAS revenue growth +4.6%<sup>1</sup>



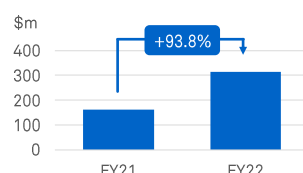
**Fixed - Enterprise EBITDA growth +2.3% or \$15m**  
 Including NAS EBITDA growth +\$152m

## Data & connectivity (DAC) revenue decline



ARPU reduction from competition (incl. nbn) and tech change  
 Strong contract renewals of our government and enterprise customers. T-Fibre churn largely confined to mid-market/business  
 Return to growth challenged

## NAS EBITDA growth



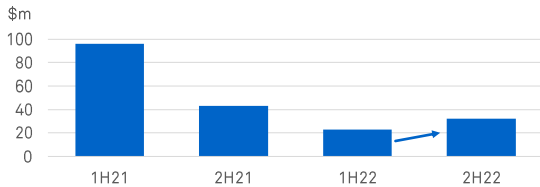
Security, Cloud, IoT, professional & managed services growth offset legacy and calling declines  
 Timing of revenue recognition linked to key contract milestones  
 Strong cost management  
 Mid-teens margin ambition by FY25

1. Excludes \$32m in FY22 of NAS Professional services income contribution from acquisitions. Including acquisitions NAS revenue +5.8% and Fixed - Enterprise revenue +0.1%.

# Product highlights: Fixed - C&SB has bottomed

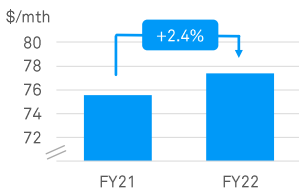


## Fixed - C&SB EBITDA – 2H22 grew sequentially on 1H22



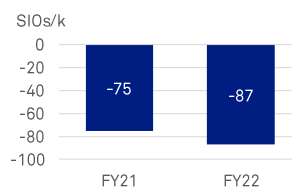
nbn migration of data SIOs ~99% complete in nbn fixed footprint  
 nbn reseller EBITDA margin 5% in FY22 with target for >8% by FY23  
 Improvements in experience and productivity from new stack/digitisation  
 Growing 5G Home wireless contribution  
 Bundles & data revenue flat

## Bundles & Data ARPU growth

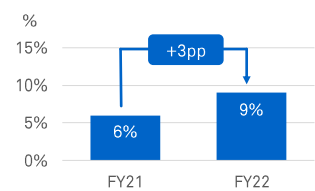


Growth from price changes and improved plan mix  
 Full year benefits to flow through into FY23

## Bundles & Data net adds



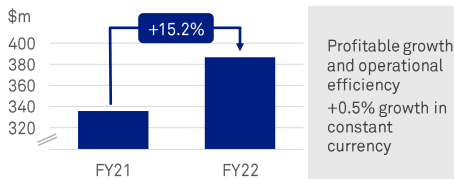
## nbn plan mix 100mpbs+



# Product highlights: International and Digicel Pacific



## International EBITDA (existing business)



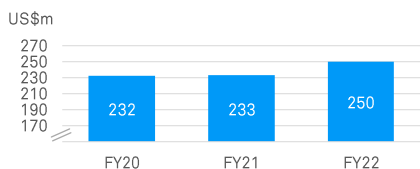
Profitable growth and operational efficiency  
 +0.5% growth in constant currency

## Digicel Pacific acquisition completed 13 July 2022

Capital structure <sup>1</sup>		US\$b	A\$b
EFA <sup>2</sup>	Non-recourse project finance debt	0.73	1.08
	Equity-like securities <sup>3</sup>	0.61	0.90
Telstra	Ordinary equity	0.27	0.40
<b>Total</b>		<b>1.61</b>	<b>2.38</b>

EFA support for cash repatriation, FX protections  
 Insurance for certain political and regulatory interventions  
 Telstra entitlement to receive a preferred return for first 6 years

## Digicel Pacific – EBITDA US\$m<sup>4</sup>



Business tracking well, supported by core mobile growth  
 FY22 proforma EBITDA US\$238m

## Digicel Pacific – FY22 performance metrics<sup>4</sup>

- 2.8m prepaid subscribers (+12% on 2.5m FY21)
- US\$466m service revenue (+8% on US\$431m FY21)
- Customer NPS +23 in PNG
- 1,700 employees with strong engagement
- Digicel Pacific foundation includes child literacy, health and community grants programs

1. At completion, includes drawdown for fees. Up to \$370 million (US\$250 million) deferred payment contingent on Digicel Pacific Group performance until 31 March 2024. For further information refer to ASX announcement titled "Telstra to acquire Digicel Pacific in partnership with the Australian Government" lodged with the ASX on 25 October 2021.

2. Export Finance Australia.

3. US\$360m with discretionary distributions; and US\$250m that ranks behind Telstra's ordinary equity with limited rights to distributions.

4. Financial year ended 31 March. Digicel Pacific EBITDA shown before group charge expected at ~US\$12m under Telstra management.



# Operating expenses<sup>1</sup>

	FY21	CHANGE \$m	FY22	CHANGE	
Sales costs - nbn payments	\$1,975m	106	\$2,081m	5.4%	<b>Total operating expenses<sup>1</sup> declined 5.8%</b>
Sales costs - other	\$6,209m	-170	\$6,039m	-2.7%	
Fixed costs - underlying	\$5,593m	-454	\$5,139m	-8.1%	<b>Sales costs – other declined</b> including lower volumes of modems and mobile handsets, and reduced Foxtel service fees
Fixed costs - other <sup>2</sup>	\$1,384m	-345	\$1,039m	-24.9%	<b>Underlying fixed costs decreased \$454m or 8.1% in FY22</b>
<b>Underlying</b>	<b>\$15,161m</b>	<b>-863</b>	<b>\$14,298m</b>	<b>-5.7%</b>	<b>Achieved cumulative \$2.7b per annum cost out target</b> – a 35% net reduction in annual underlying fixed costs since FY16
One-off nbn DA and nbn C2C	\$248m	-103	\$145m	-41.5%	Cost reduction achieved by simplifying product offerings, increasing digital experiences, reducing layers of management and moving to an agile workforce, optimising 3 <sup>rd</sup> party spend and due to the migration of customers to nbn
Restructuring	\$211m	-140	\$71m	-66.4%	
Other guidance adjustments	\$44m	200	\$244m	NM	
<b>Reported lease adjusted</b>	<b>\$15,664m</b>	<b>-906</b>	<b>\$14,758m</b>	<b>-5.8%</b>	<b>Fixed costs – other reduction</b> due to mobile handset leases ceasing in FY21 and reduced commercial works, partially offset by costs to operate our newly insourced retail stores

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in FY21. No adjustment in FY22.  
 2. Includes items supporting revenue growth including relevant NAS costs, mobile handset lease, product impairment, and additional costs from insourcing retail channel in FY22.

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# Inflation and mitigants

Operating expenses	FY22	Components	Actively addressing cost challenges with mitigants
Sales costs – nbn payments	\$2,081m		<ul style="list-style-type: none"> <li>• <b>Network payments</b> generally not inflationary and largely pass through</li> <li>• <b>Hardware COGS</b> largely pass through</li> <li>• <b>Other sales</b> including NAS cost of sales with some inflationary pressure but largely pass through. Also includes largely historic commissions</li> </ul>
Sales costs – other	\$6,039m		<ul style="list-style-type: none"> <li>• <b>Labour/Labour substitution.</b> Enterprise Agreement for wages. FY22 +82 employee engagement score</li> <li>• <b>Service contracts &amp; agreements (SC&amp;A).</b> Inflationary but partially contracted</li> <li>• <b>Energy costs FY22 ~\$250m.</b> Substantive protection through Power Purchase Agreements.</li> <li>• <b>Other</b> including property, IT, promotion, advertising, travel, entertainment, bad debt – inflationary but partially discretionary</li> </ul>
Fixed costs – underlying	\$5,139m		
Fixed costs – other	\$1,039m		
<b>Underlying</b>	<b>\$14,298m</b>		
<b>Revenue</b>		<b>Other costs include fixed components</b>	<b>Capex</b>
<ul style="list-style-type: none"> <li>• <b>\$5b</b> of mass market mobile services - price increase inline with CPI + annual price review</li> <li>• <b>\$0.9b</b> nbn receipts indexed to CPI</li> <li>• Ongoing assessment of pricing</li> </ul>	<ul style="list-style-type: none"> <li>• <b>\$0.8b</b> leases. Average contracted term 8 years with majority fixed contracted increases rather than CPI. Also optimising portfolio</li> <li>• <b>\$0.4b net finance costs.</b> ~65% of debt fixed. +100bps = ~\$20m NPAT impact in FY22</li> </ul>	<ul style="list-style-type: none"> <li>• ~75% subject to inflationary pressure, remainder protected by contracts and EA</li> <li>• Committed to envelope. In year we may make trade-offs and adjust timing</li> </ul>	

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## Free cashflow

	FY21	CHANGE \$m	FY22	CHANGE
EBITDA <sup>1</sup>	\$7,444m	-188	\$7,256m	-2.5%
Working capital movement <sup>2</sup>	\$448m	475	\$923m	NM
Tax paid	-\$762m	-57	-\$819m	7.5%
Capex (excl. Spectrum & Investment)	-\$3,052m	-1	-\$3,053m	-
Lease payments	-\$789m	14	-\$775m	-1.8%
Other incl. non-cash EBITDA <sup>3</sup>	\$451m	-22	\$429m	-4.9%
<b>Free cashflow after lease payments<sup>4</sup></b>	<b>\$3,740m</b>		<b>\$3,961m</b>	<b>5.9%</b>
Spectrum	-\$88m	47	-\$41m	-53.4%
M&A / asset sale	\$446m	-1,287	-\$841m	NM
Lease payments	\$789m	-14	\$775m	-1.8%
<b>Reported operating cashflow less investing cashflow</b>	<b>\$4,887m</b>	<b>-1,033</b>	<b>\$3,854m</b>	<b>-21.1%</b>

**FCF<sup>4</sup> grew 5.9% to \$3,961m** with lower EBITDA and higher lease payments more than offset by working capital improvement

**Working capital movement of +\$923m** largely due to reduced receivables including from lower hardware sales, strong collections and lower bad debt

**Lease payments** largely flat with decline in mobile handset more than offset by payments for international capacity and insourcing of retail stores

**Other incl. non-cash EBITDA** in FY22 includes sale of PP&E, investing cashflow not reported in operating activities, and finance lease receivables

**M&A** in FY22 includes \$428m for health acquisitions of MedicalDirector and PowerHealth, \$282m on insourcing retail stores, and Amplitel transaction costs. FY21 included sale of Pitt St exchange, and Velocity fibre asset disposals

**Financing activities cashflow** in FY22 (not in table) includes:  
 • +\$2.9b of gross proceeds for disposal of 49% interest in Towers  
 • -\$1.35b buyback completed in FY22

Potential upcoming mid-band spectrum auction in early FY24 and future commitment of \$616m for 850MHz spectrum expected to be paid shortly before licence commencement in mid-2024

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in FY21. No adjustment in FY22.
2. Working capital movement from operating activities.
3. Includes investing cash flow, proceeds from lease assets, proceeds on disposal, interest received, and other non-cash EBITDA items not reported in operating activities.
4. Refer to definition in the Glossary.

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## Capital position

	FY21	1H22	FY22	
Gross debt	\$16.4b	\$14.9b	\$13.8b	
Cash and cash equivalents	\$1.1b	\$1.7b	\$1.0b	
Net debt	\$15.3b	\$13.2b	\$12.7b	
Average gross borrowing cost <sup>1</sup>	3.8%	3.7%	3.7%	
Average debt maturity (years) <sup>1</sup>	3.4	3.3	3.1	
<b>Financial parameters<sup>2</sup> Comfort Zones</b>				
Debt servicing	1.5 - 2.0x	2.0x	1.9x	1.8x
Gearing	50% to 70%	50.0%	43.1%	43.0%
Interest cover	>7x	13.2x	13.0	14.5
<b>Ratios</b>				
Capex <sup>3</sup> to sales	14.4%	13.4%	14.5%	
ROE <sup>3</sup>	12.8%	9.1%	11.3%	
ROIC <sup>3</sup>	7.5%	6.0%	7.1%	
Underlying ROIC <sup>3</sup>	5.0%	6.2%	7.0%	

**Net debt declined ~\$2.6b** in FY22 supported by our free cashflow and proceeds from disposal of interest in our Towers business

**Average gross borrowing cost declined marginally over FY22. Debt portfolio is hedged at ~ 65% fixed interest**

**Strong liquidity.** \$1.0b cash and \$3.8b of unused committed bank facilities

**Balance sheet strength and flexibility. Improved debt servicing ratio driven by reducing net debt.** Digicel Pacific acquisition increases proforma debt servicing ~0.1x.

**Accrued capex<sup>3</sup>** of \$3,042m in FY22 (guidance basis)

**Momentum** to FY23 Underlying ROIC target of ~8%

1. Excludes leases.
2. Debt servicing calculated as net debt over reported EBITDA. Gearing calculated as net debt over total net debt and equity. Interest cover calculated as reported EBITDA over net interest expense (excluding capitalised interest, revaluation impacts on our borrowings and derivatives and other non-cash accounting impacts).
3. Refer to definition in the Glossary.

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# FY23 guidance



	FY22	FY23 guidance <sup>1</sup> (includes Digicel Pacific)
Total Income	\$22.0b	\$23.0b to \$25.0b
Underlying EBITDA <sup>2</sup>	\$7.3b	\$7.8b to \$8.0b
Capex <sup>3</sup>	\$3.0b	\$3.5b to \$3.7b (incl. strategic investment)
Free cashflow after lease payments (FCFaL) <sup>4</sup>	\$4.0b	\$2.6b to \$3.1b (incl. strategic investment)

1. This guidance excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management.
2. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C and guidance adjustments.
3. Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases.
4. Free cashflow after lease payments defined as 'operating cash flows' less 'investing cash flows' less 'payments for lease liabilities', and excludes spectrum and guidance adjustments.

## Our strategy: T25

**Our purpose and values**

To build a connected future so everyone can thrive

We are changemakers

We are better together

We care

We make it simple

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**Our strategic pillars**

An exceptional customer experience you can count on

Leading network & technology solutions that deliver your future

Sustained growth and value for our shareholders

Excelling at new ways of working

The place you want to work  
Accelerating digital leadership

Doing business responsibly

**Our businesses**

Consumer & Small Business

Enterprise

New Markets

International

Infrastructure

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# Summary



Strong foundation to deliver sustainable growth through T25

Remain diligent, disciplined and focused on executing and creating value in the current environment

Focused on even better experiences for customers, the best network and tech, and responsible business

Key success measures include growing customers & value, lifting NPS and achieving financial ambitions

# Detailed financials



## Underlying earnings



	Reported basis		Mobile handset Lease adjustments <sup>2</sup>		Restructuring/ other guidance adjustments <sup>3</sup>		Net one-off nbn receipts <sup>4</sup>		Underlying earnings <sup>1</sup> basis		
	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	CHG
<b>Total income</b>	\$23,132m	\$22,045m	-	-	-\$208m	-\$87m	-\$1,050m	-\$378m	\$21,874m	\$21,580m	-1.3%
Operating expenses	\$15,470m	\$14,758m	\$194m	-	-\$255m	-\$315m	-\$248m	-\$145m	\$15,161m	\$14,298m	-5.7%
Equity accounted entities	-\$24m	-\$31m	-	-	-	-	-	-	-\$24m	-\$31m	-29.2%
<b>EBITDA</b>	<b>\$7,638m</b>	<b>\$7,256m</b>	<b>-\$194m</b>	<b>-</b>	<b>\$47m</b>	<b>\$228m</b>	<b>-\$802m</b>	<b>-\$233m</b>	<b>\$6,689m</b>	<b>\$7,251m</b>	<b>8.4%</b>
Depreciation and amortisation	\$4,646m	\$4,358m	-\$194m	-	-	-	-	-	\$4,452m	\$4,358m	-2.1%
<b>EBIT</b>	<b>\$2,992m</b>	<b>\$2,898m</b>	<b>-</b>	<b>-</b>	<b>\$47m</b>	<b>\$228m</b>	<b>-\$802m</b>	<b>-\$233m</b>	<b>\$2,237m</b>	<b>\$2,893m</b>	<b>29.3%</b>
Net finance costs	\$551m	\$417m	-	-	-	-	-	-	\$551m	\$417m	-24.3%
Income tax expense	\$539m	\$667m	-	-	\$197m	\$65m	-\$241m	-\$70m	\$495m	\$662m	33.7%
<b>NPAT</b>	<b>\$1,902m</b>	<b>\$1,814m</b>	<b>-</b>	<b>-</b>	<b>-\$150m</b>	<b>\$163m</b>	<b>-\$561m</b>	<b>-\$163m</b>	<b>\$1,191m</b>	<b>\$1,814m</b>	<b>52.3%</b>
Non-controlling interests	\$45m	\$126m	-	-	-\$8m	-	-	-	\$37m	\$126m	NM
<b>EPS (cents)</b>	<b>15.6</b>	<b>14.4</b>			<b>-1.2</b>	<b>1.4</b>	<b>-4.7</b>	<b>-1.4</b>	<b>9.7</b>	<b>14.4</b>	<b>48.5%</b>

1. Refer to definition in the Glossary.

2. 'Reported lease adjusted' which includes all mobile handset leases as operating expenses in FY21.

3. Refer to Full year results and operations review – guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY22 (set out in our ASX announcement titled "Financial results for the Full year ended 30 June 2022" lodged with the ASX on 11 August 2022).

4. "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.

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## Dividends



	FY21	FY22	CHANGE
<b>Earnings per share</b>			
Basic earnings per share (cents)	15.6	14.4	-7.7%
Underlying earnings <sup>1</sup> per share (cents)	9.7	14.4	48.5%
<b>Dividends (fully franked)</b>			
Ordinary dividend (cents)	10.0	13.5	35%
Special dividend (cents)	6.0	3.0	-50%
<b>Total dividend (cents)</b>	<b>16.0</b>	<b>16.5</b>	<b>3.1%</b>
<b>Payout Ratios</b>			
Ordinary dividend as % of underlying earnings <sup>1</sup>	103%	94%	-9pp
<b>Total dividends as % of earnings per share</b>	<b>103%</b>	<b>115%</b>	<b>+12pp</b>
<b>Total dividends as % of Free cashflow<sup>2</sup></b>	<b>61%</b>	<b>57%</b>	<b>-4pp</b>

**FY22 total dividend of 16.5 cents per share (cps)** fully franked, including ordinary of 13.5 cps and special of 3 cps  
Final dividend of 8.5 cps fully franked, including ordinary dividend of 7.5 cps and special dividend of 1 cps

**FY22 total dividend** supported by cash flow which is higher than accounting earnings  
**FY22 total dividend** represents 57% payout of FCF<sup>2</sup>

**Return of nbn one-offs complete**  
**79% of cumulative net one-off nbn receipts received life to date<sup>3</sup>** returned via fully franked special dividends – consistent with commitment

1. Refer to definition in the Glossary.

2. Free cash flow after lease payments<sup>1</sup> less other finance costs paid, employee share purchases and dividends to non-controlling interests.

3. Life to date defined as since beginning FY18.

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## Product framework: Income<sup>1</sup>



	2H21	FY21	1H22 <sup>3</sup>	2H22	FY22	FY22 \$ CHANGE	FY22 % CHANGE	
Mobile	\$4,600m	\$9,310m	\$4,683m	\$4,787m	\$9,470m	\$160m	1.7%	Mobile service revenue growth of \$437m partially offset by hardware decline
Fixed - C&SB	\$2,310m	\$4,736m	\$2,260m	\$2,226m	\$4,486m	-\$250m	-5.3%	Fixed - C&SB SIO and ongoing legacy decline partially offset by off-net growth
Fixed - Enterprise <sup>2</sup>	\$1,872m	\$3,724m	\$1,814m	\$1,883m	\$3,697m	-\$27m	-0.7%	Fixed - Enterprise NAS growth offset by Data & connectivity decline
Fixed - Active Wholesale	\$272m	\$591m	\$252m	\$225m	\$477m	-\$114m	-19.3%	Fixed - Active Wholesale ongoing legacy decline largely due to nbn
International	\$741m	\$1,496m	\$758m	\$743m	\$1,501m	\$5m	0.3%	International decline constant currency growth -1.3%
InfraCo Fixed	\$1,217m	\$2,569m	\$1,183m	\$1,273m	\$2,456m	-\$113m	-4.4%	InfraCo Fixed +3.1% growth in core access revenue
Amplitel	\$167m	\$338m	\$179m	\$189m	\$368m	\$30m	8.9%	Amplitel growth including tower builds and 5G upgrades
Other <sup>4</sup>	\$295m	\$622m	\$306m	\$394m	\$700m	\$78m	12.5%	Other includes Health +13% organic excluding M&A (>+50% incl. M&A)
Elimination	-\$750m	-\$1,512m	-\$772m	-\$803m	-\$1,575m	-\$63m	4.2%	
<b>Underlying</b>	<b>\$10,724m</b>	<b>\$21,874m</b>	<b>\$10,663m</b>	<b>\$10,917m</b>	<b>\$21,580m</b>	<b>-\$294m</b>	<b>-1.3%</b>	
One-off nbn DA & connection <sup>5</sup>	\$392m	\$1,050m	\$203m	\$175m	\$378m	-\$672m	-64.0%	
Guidance adjustments <sup>6</sup>	\$1m	\$208m	\$21m	\$66m	\$87m	-\$121m	-58.2%	
<b>Reported</b>	<b>\$11,117m</b>	<b>\$23,132m</b>	<b>\$10,887m</b>	<b>\$11,158m</b>	<b>\$22,045m</b>	<b>-\$1,087m</b>	<b>-4.7%</b>	

1. Refer to Full year results 2.1.2 Segment results Table A for schedule of product income.  
 2. Excludes \$32m in 2H22 and FY22 of NAS Professional services income contribution from M&A.  
 3. 1H22 InfraCo Fixed restated to include some legacy network disposals previously reported in Other.  
 4. Other includes internal income, miscellaneous and Telstra Health.  
 5. Includes \$329m (FY21 \$1,022m) of nbn disconnection fees (Per Subscriber Address Amount (PSAA)) and \$6m (FY21-\$7m) of ISA ownership receipts for assets transferred under the nbn Definitive Agreements.  
 6. Refer to Full year results and operations review - guidance vs reported results reconciliation, which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY22 (set out in our ASX announcement titled "Financial results for the Full year ended 30 June 2022" lodged with the ASX on 11 August 2022).

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## Product framework: operating expenses<sup>1</sup>



	2H21	FY21	1H22 <sup>3</sup>	2H22	FY22	FY22 \$ CHANGE	FY22 % CHANGE	
Mobile	\$2,868m	\$6,013m	\$2,726m	\$2,747m	\$5,473m	-\$540m	-9.0%	Mobile costs declined largely due to lower hardware costs and productivity
Fixed - C&SB	\$2,267m	\$4,597m	\$2,237m	\$2,194m	\$4,431m	-\$166m	-3.6%	Fixed - C&SB costs declined with increase in nbn payments more than offset by productivity
Fixed - Enterprise	\$1,538m	\$3,079m	\$1,514m	\$1,523m	\$3,037m	-\$42m	-1.4%	Fixed - Enterprise costs declined due to lower NAS sales costs and productivity
Fixed - Active Wholesale	\$174m	\$360m	\$162m	\$156m	\$318m	-\$42m	-11.7%	Fixed - Active Wholesale costs declined largely due to productivity
International	\$565m	\$1,159m	\$563m	\$550m	\$1,113m	-\$46m	-4.0%	International costs declined on currency and productivity
InfraCo Fixed	\$412m	\$896m	\$398m	\$403m	\$801m	-\$95m	-10.6%	InfraCo Fixed costs declined due to lower commercial works costs
Amplitel	\$19m	\$38m	\$27m	\$47m	\$74m	\$36m	94.7%	Amplitel costs increased due to build up of costs as standalone business
Other <sup>2</sup>	\$244m	\$531m	\$304m	\$322m	\$626m	\$95m	17.9%	
Elimination	-\$750m	-\$1,512m	-\$772m	-\$803m	-\$1,575m	-\$63m	4.2%	
<b>Underlying</b>	<b>\$7,337m</b>	<b>\$15,161m</b>	<b>\$7,159m</b>	<b>\$7,139m</b>	<b>\$14,298m</b>	<b>-\$863m</b>	<b>-5.7%</b>	
One-off nbn DA and nbn C2C	\$110m	\$248m	\$78m	\$67m	\$145m	-\$103m	-41.5%	
Restructuring	\$151m	\$211m	\$22m	\$49m	\$71m	-\$140m	-66.4%	
Other guidance adjustments	\$10m	\$44m	\$153m	\$91m	\$244m	\$200m	NM	
<b>Reported lease adjusted<sup>1</sup></b>	<b>\$7,608m</b>	<b>\$15,664m</b>	<b>\$7,412m</b>	<b>\$7,346m</b>	<b>\$14,758m</b>	<b>-\$906m</b>	<b>-5.8%</b>	

1. Mobile and Fixed products include internal infrastructure costs. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in FY21. No adjustment in FY22.  
 2. Other includes miscellaneous and Telstra Health.  
 3. 1H22 InfraCo Fixed restated to include some legacy network disposals previously reported in Other.

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## Product framework: EBITDA<sup>1</sup>



	2H21	FY21	1H22 <sup>4</sup>	2H22	FY22	FY22 \$ CHANGE	FY22 % CHANGE
Mobile	\$1,732m	\$3,297m	\$1,957m	\$2,040m	\$3,997m	\$700m	21.2%
Fixed - C&SB	\$43m	\$139m	\$23m	\$32m	\$55m	-\$84m	-60.4%
Fixed - Enterprise	\$334m	\$645m	\$300m	\$360m	\$660m	\$15m	2.3%
Fixed - Active Wholesale	\$98m	\$231m	\$90m	\$69m	\$159m	-\$72m	-31.2%
International	\$172m	\$336m	\$194m	\$193m	\$387m	\$51m	15.2%
InfraCo Fixed	\$805m	\$1,673m	\$785m	\$870m	\$1,655m	-\$18m	-1.1%
Amplitel	\$148m	\$300m	\$152m	\$142m	\$294m	-\$6m	-2.0%
Other <sup>2</sup>	\$33m	\$68m	-\$6m	\$50m	\$44m	-\$24m	NM
<b>Underlying</b>	<b>\$3,365m</b>	<b>\$6,689m</b>	<b>\$3,495m</b>	<b>\$3,756m</b>	<b>\$7,251m</b>	<b>\$562m</b>	<b>8.4%</b>
One-off nbn DA and nbn C2C	\$282m	\$802m	\$125m	\$108m	\$233m	-\$569m	-70.9%
Restructuring	-\$151m	-\$211m	-\$22m	-\$49m	-\$71m	\$140m	-66.4%
Other guidance adjustments <sup>3</sup>	-\$9m	\$164m	-\$132m	-\$25m	-\$157m	-\$321m	NM
<b>Reported lease adjusted<sup>1</sup></b>	<b>\$3,487m</b>	<b>\$7,444m</b>	<b>\$3,466m</b>	<b>\$3,790m</b>	<b>\$7,256m</b>	<b>-\$188m</b>	<b>-2.5%</b>

1. Mobile and Fixed products include internal infrastructure costs. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in FY21. No adjustment in FY22.

2. Other includes miscellaneous and Telstra Health.

3. Refer to Full year results and operations review – guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY22 (set out in our ASX announcement titled "Financial results for the Full year ended 30 June 2022" lodged with the ASX on 11 August 2022).

4. 1H22 InfraCo Fixed restated to include some legacy network disposals previously reported in Other.

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## Product performance: Mobile



	2H21	FY21	1H22	2H22	FY22	FY22 CHANGE	
<b>Mobile Income</b>	<b>\$4,600m</b>	<b>\$9,310m</b>	<b>\$4,683m</b>	<b>\$4,787m</b>	<b>\$9,470m</b>	<b>1.7%</b>	Service revenue growth across all lines partly offset by hardware revenue decline on lower volumes & supply constraints
<b>Mobile services<sup>1</sup></b>	<b>\$3,455m</b>	<b>\$6,781m</b>	<b>\$3,537m</b>	<b>\$3,681m</b>	<b>\$7,218m</b>	<b>6.4%</b>	<b>Postpaid HH FY22 net adds</b> of +155k. All segments & brands positive with strong Enterprise contribution
- Postpaid handheld	\$2,478m	\$4,830m	\$2,500m	\$2,545m	\$5,045m	4.5%	<b>Postpaid HH ARPU +2.9% in FY22</b> due to C&SB price changes and roaming. Economic ARPU growth was stronger than reported, with an ~\$1.22 non-economic negative including from the shift of gross revenue to net margin recognition for some add-ons
- Prepaid handheld	\$405m	\$809m	\$432m	\$492m	\$924m	14.2%	Price rises & roaming expected to support FY23 growth
- Mobile broadband	\$296m	\$612m	\$319m	\$336m	\$655m	7.0%	<b>Prepaid handheld</b> growth as new C&SB propositions improved recharge rates and reduced dormancy, thereby increasing ARPU and unique users
- Internet of Things (IoT)	\$128m	\$246m	\$129m	\$139m	\$268m	8.9%	<b>Mobile broadband</b> growth driven by C&SB price rises, offsetting a decline in prepaid SIOs
- Wholesale	\$140m	\$267m	\$148m	\$160m	\$308m	15.4%	<b>IoT</b> growth driven by SIO additions through adoption of value-add applications for Enterprise customers
<b>Hardware, inter. &amp; Other<sup>2</sup></b>	<b>\$1,145m</b>	<b>\$2,529m</b>	<b>\$1,146m</b>	<b>\$1,106m</b>	<b>\$2,252m</b>	<b>-11.0%</b>	<b>Wholesale</b> growth includes +218k net adds
<b>EBITDA<sup>3</sup> Margin</b>	<b>\$1,732m</b> <b>37.7%</b>	<b>\$3,297m</b> <b>35.4%</b>	<b>\$1,957m</b> <b>41.8%</b>	<b>\$2,040m</b> <b>42.6%</b>	<b>\$3,997m</b> <b>42.2%</b>	<b>21.2%</b> <b>+6.8pp</b>	<b>EBITDA and margin growth</b> due to high margin service revenue growth, transitioning our customers off subsidy and lease plans, hardware and productivity
Total retail mobile SIOs	19.5m	19.5m	20.0m	20.8m	20.8m	6.9%	
Postpaid handheld mobile SIOs	8,585k	8,585k	8,669k	8,740k	8,740k	1.8%	
Internet of things (IoT) SIOs	4,676k	4,676k	5,128k	5,700k	5,700k	21.9%	
Postpaid handheld ARPU/mth	\$48.16	\$47.16	\$48.29	\$48.74	\$48.53	2.9%	
Postpaid handheld churn	11.9%	11.0%	10.8%	11.2%	10.8%	-0.2pp	

1. Mobile services revenue also includes other revenue of \$18m in FY22 (1H21 \$9m, 2H21 \$8m, 1H22 \$9m).

2. Other includes media and Telstra Plus loyalty.

3. Includes internal infrastructure costs. 'Reported lease adjusted' includes all mobile handset leases as operating expenses in FY21.

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## Product performance: Fixed - C&SB



	2H21	FY21	1H22	2H22	FY22	FY22 CHANGE
<b>Fixed - C&amp;SB Income<sup>1</sup></b>	<b>\$2,310m</b>	<b>\$4,736m</b>	<b>\$2,260m</b>	<b>\$2,226m</b>	<b>\$4,486m</b>	<b>-5.3%</b>
On-net fixed	\$322m	\$784m	\$259m	\$210m	\$469m	-40.2%
Off-net fixed	\$1,531m	\$3,001m	\$1,554m	\$1,596m	\$3,150m	5.0%
Consumer content & services	\$319m	\$661m	\$306m	\$294m	\$600m	-9.2%
Business apps & services	\$89m	\$183m	\$86m	\$82m	\$168m	-8.2%
Interconnection, E000 & other	\$49m	\$107m	\$55m	\$44m	\$99m	-7.5%
<b>EBITDA<sup>2</sup> Margin</b>	<b>\$43m</b> <b>1.9%</b>	<b>\$139m</b> <b>2.9%</b>	<b>\$23m</b> <b>1.0%</b>	<b>\$32m</b> <b>1.4%</b>	<b>\$55m</b> <b>1.2%</b>	<b>-60.4%</b> <b>-1.7pp</b>
C&SB Bundles & data SIOs	3,591k	3,591k	3,546k	3,504k	3,504k	-2.4%
C&SB Bundles & data ARPU	\$75.18	\$75.53	\$76.76	\$78.04	\$77.37	2.4%
C&SB Standalone voice SIOs	478k	478k	430k	376k	376k	-21.3%
C&SB Standalone voice ARPU	\$38.34	\$40.20	\$33.16	\$36.33	\$34.75	-13.6%

1. Includes FY22 \$189m (2H21 \$99m, FY21 \$180m, 1H22 \$104m) Telstra Universal Service Obligation Performance Agreement (TUSOPA) income. TUSOPA is run by Department of Infrastructure, Transport, Regional Development and Communications and the income is net of the levy paid.  
2. Includes internal infrastructure costs.

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Income reduction on SIOs and legacy decline. Focus on long-term economics, customer experience, differentiation, fixed wireless and return to growth

**FY22 bundles & data net adds of -87k incl. +4k Belong Smart Modem** utilised by 92% of bundles & data consumer base (81% FY21)

On-net revenue decline and off-net revenue growth reflecting nbn migration

**5G home wireless growth** impacted by supply constraints but delivered growing contribution

**Consumer content & services** revenue decline due to lower Foxtel from Telstra services. Other services supporting differentiation grew including gaming (SIOs +22k in FY22 to 84k) and SVOD (+23k in FY22 to 669k)

**Business apps & services** impacted by legacy decline

**Bundles & data ARPU** grown plan mix and price rises. 9% nbn SIOs on 100Mbps+

**Standalone voice ARPU & SIO** decline from abandonment and migration to bundles

**EBITDA decline** includes revenue reduction and higher nbn network payments partly offset by cost out. FY22 off-net resale margin 5% (5% FY21) includes highernbn CVC coverage costs, and investment in customer experience

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## Product performance: Fixed - Enterprise



	2H21	FY21	1H22	2H22 <sup>4</sup>	FY22 <sup>4</sup>	FY22 CHANGE
<b>Data &amp; connectivity Income<sup>1</sup></b>	<b>\$540m</b>	<b>\$1,103m</b>	<b>\$494m</b>	<b>\$462m</b>	<b>\$956m</b>	<b>-13.3%</b>
<b>Data &amp; connectivity EBITDA<sup>3</sup> Margin</b>	<b>\$235m</b> <b>43.5%</b>	<b>\$483m</b> <b>43.8%</b>	<b>\$195m</b> <b>39.5%</b>	<b>\$151m</b> <b>32.7%</b>	<b>\$346m</b> <b>36.2%</b>	<b>-28.4%</b> <b>-7.6pp</b>
Data & connectivity SIOs <sup>1</sup>	187k	187k	183k	179k	179k	-4.3%
<b>NAS Income</b>	<b>\$1,332m</b>	<b>\$2,621m</b>	<b>\$1,320m</b>	<b>\$1,421m</b>	<b>\$2,741m</b>	<b>4.6%</b>
Calling applications <sup>2</sup>	\$342m	\$708m	\$342m	\$295m	\$637m	-10.0%
Managed services	\$343m	\$671m	\$357m	\$381m	\$738m	10.0%
Professional services	\$195m	\$376m	\$185m	\$222m	\$407m	8.2%
Cloud applications	\$130m	\$257m	\$135m	\$144m	\$279m	8.6%
Equipment sales	\$186m	\$343m	\$177m	\$220m	\$397m	15.2%
Other	\$136m	\$266m	\$124m	\$159m	\$283m	6.4%
<b>NAS EBITDA<sup>3</sup> Margin</b>	<b>\$99m</b> <b>7.4%</b>	<b>\$162m</b> <b>6.2%</b>	<b>\$105m</b> <b>8.0%</b>	<b>\$211m</b> <b>14.5%</b>	<b>\$314m</b> <b>11.5%</b>	<b>93.8%</b> <b>+5.3pp</b>
<b>Fixed - Enterprise Income</b>	<b>\$1,872m</b>	<b>\$3,724m</b>	<b>\$1,814m</b>	<b>\$1,883m</b>	<b>\$3,697m</b>	<b>-0.7%</b>
<b>Fixed - Enterprise EBITDA<sup>3</sup> Margin</b>	<b>\$334m</b> <b>17.8%</b>	<b>\$645m</b> <b>17.3%</b>	<b>\$300m</b> <b>16.5%</b>	<b>\$360m</b> <b>19.1%</b>	<b>\$660m</b> <b>17.9%</b>	<b>2.3%</b> <b>+0.6pp</b>

1. Includes products across T-Fibre, NBN and copper access types.  
2. Includes Fixed & Legacy Calling (including ISDN) revenue of FY22 \$235m (2H21 \$148m, FY21, \$323m, 1H22 \$130m, 2H22 \$105m).  
3. Includes internal infrastructure costs.  
4. Excludes \$32m in 2H22 and FY22 of NAS Professional services income contribution from M&A.

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**Data & connectivity (DAC)** decline continued on ARPU compression from competition and technology change. T-Fibre SIOs declined marginally, with strong renewals of large government and Enterprises offset by churn largely confined to mid-market and business segments. Total SIO decline primarily driven by copper exits

**DAC EBITDA** declined due to reduced revenue

**NAS** growth in strategic areas, as we execute our strategy, partly offset by calling applications legacy decline

**Calling applications** decline from legacy ISDN and fixed line calling product in line with planned exit, partially offset by SIO growth and strong H1 usage in Collaboration

**Managed services** growth due to increase in **security** (+22%), managed data network & service management

**Professional services** growth driven by one-off infrastructure build in large strategic accounts and focus on digital transformation engagements by Telstra Purple

**Cloud applications** growth from demand for public cloud supported by our deep strategic partnerships and enabling professional and managed service attachment

**Other** growth in works and Telstra Broadcast Services driven by media cloud offsetting legacy product retirement

**NAS EBITDA** expansion driven by strategic portfolios and productivity. NAS growth offset DAC EBITDA decline

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## Product performance: Fixed – Active Wholesale



	2H21	FY21	1H22	2H22	FY22	FY22 CHANGE
<b>Fixed – Active Wholesale Income</b>	<b>\$272m</b>	<b>\$591m</b>	<b>\$252m</b>	<b>\$225m</b>	<b>\$477m</b>	<b>-19.3%</b>
Data & connectivity	\$166m	\$341m	\$158m	\$145m	\$303m	-11.1%
Legacy calling & fixed	\$106m	\$250m	\$94m	\$80m	\$174m	-30.4%
<b>EBITDA<sup>1</sup> Margin</b>	<b>\$98m</b>	<b>\$231m</b>	<b>\$90m</b>	<b>\$69m</b>	<b>\$159m</b>	<b>-31.2%</b>
Fixed legacy SIOs	248k	248k	158k	93k	93k	-62.5%
Data & connectivity SIOs	31k	31k	29k	28k	28k	-9.7%

**Fixed – Active Wholesale decline** largely attributed to nbn impacted copper and legacy

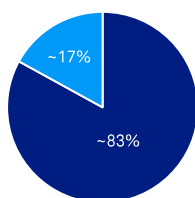
**Data & connectivity** includes Telstra active fibre for backhaul and transmission products. Decline due to SIO reduction in largely low-end enterprise grade legacy products, price competition in wideband fibre products, and migration of legacy services

**Legacy calling & fixed** includes legacy copper access, nbn reseller wholesale, interconnect and other fixed products. Decline from continued legacy fixed product SIO decline as nbn migration nears completion with growth in nbn reseller

**EBITDA decline due to revenue decline partially offset by productivity.** Further decline expected until legacy and nbn impacts roll off and data & connectivity stabilises

FY22 Income \$477m

- Ongoing
- Legacy & nbn impacted



<sup>1</sup>. Includes internal infrastructure costs.

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## Product performance: InfraCo Fixed



	2H21	FY21	1H22 <sup>3</sup>	2H22	FY22	FY22 CHANGE
<b>InfraCo Fixed – Income<sup>1</sup></b>	<b>\$1,217m</b>	<b>\$2,569m</b>	<b>\$1,183m</b>	<b>\$1,273m</b>	<b>\$2,456m</b>	<b>-4.4%</b>
Commercial & recoverable works	\$224m	\$584m	\$152m	\$142m	\$294m	-49.7%
NBN recurring	\$451m	\$900m	\$459m	\$471m	\$930m	3.3%
Other external <sup>4</sup>	\$68m	\$136m	\$95m	\$161m	\$256m	88.2%
Internal (i.e. Telstra)	\$474m	\$949m	\$477m	\$499m	\$976m	2.8%
EBITDA	\$805m	\$1,673	\$785m	\$870m	\$1,655m	-1.1%
Leases	\$36m	\$64m	\$36m	\$37m	\$72m	12.5%
<b>EBITDAaL<sup>2</sup> Margin</b>	<b>\$769m</b>	<b>\$1,609m</b>	<b>\$749m</b>	<b>\$833m</b>	<b>\$1,583m</b>	<b>-1.6%</b>
	<b>63.2%</b>	<b>62.6%</b>	<b>63.3%</b>	<b>65.4%</b>	<b>64.5%</b>	<b>+1.9pp</b>

**Income growth +3.1% and flat EBITDAaL** excluding commercial & recoverable works and legacy network disposals

**Reported EBITDAaL declined** due to commercial & recoverable works, additional investment in asset maintenance and growth opportunities, and higher leases costs due to the sale and leaseback of Pitt Street exchange. These negatives were offset by positive contribution from legacy asset sales

**Commercial & recoverable works** decline due to nbn CW rolling off as nbn rollout nears completion and contracts end. Other CW also declined due to COVID impacts from labour and material shortages and a slow-down in relevant construction

**NBN recurring income** from NBN Co for use of fibre, ducts and exchanges contributes \$873m to EBITDA. This is government backed, recurring and indexed to CPI for the remaining average contracted period of 25 years

**Other external** growth largely due to legacy network disposals of ongoing copper assets through FY22 and 2H exchange air rights

By asset type:

- **Fibre** revenue growth from incremental dark fibre offset by commercial works
- **Ducts** revenue declined due to commercial works partially offset by nbn CPI indexation and increase in utilisation
- **Fixed Network Sites** decline from reduced Telstra Exchange Building Access (TEBA) offset by other sales

**Capex** in FY22 was \$363m (14.8% of revenue) mostly on lifecycle management. Investment in two major telecommunications infrastructure projects begun late FY22

<sup>1</sup>. Proforma Internal income and EBITDA presented on like-for like view with FY22 pricing methodology. To provide a management view any transactions arising from the intercompany agreements are presented as revenue or expenses, i.e. they do not consider the impacts (if any) of the application of the Australian Accounting Standards to those intercompany agreements.

<sup>2</sup>. Refer to definition in the Glossary.

<sup>3</sup>. 1H22 restated to include some legacy network disposals previously reported in 'Other' within the product framework.

<sup>4</sup>. Includes legacy network disposals of \$116m in FY22 (\$24m 1H22).

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## Product performance: Amplitel (Towers)



	2H21	FY21	1H22	2H22	FY22	FY22 CHANGE
<b>Amplitel - Income<sup>1</sup></b>	<b>\$167m</b>	<b>\$338m</b>	<b>\$179m</b>	<b>\$189m</b>	<b>\$368m</b>	<b>8.9%</b>
External	\$30m	\$60m	\$29m	\$31m	\$60m	-
Internal (i.e. Telstra)	\$137m	\$278m	\$150m	\$158m	\$308m	10.8%
<b>EBITDA</b>	<b>\$148m</b>	<b>\$300m</b>	<b>\$152m</b>	<b>\$142m</b>	<b>\$294m</b>	<b>-2.0%</b>
Leases	\$29m	\$57m	\$28m	\$37m	\$65m	14.0%
<b>EBITDAaL<sup>2</sup> Margin</b>	<b>\$119m</b>	<b>\$243m</b>	<b>\$124m</b>	<b>\$105m</b>	<b>\$229m</b>	<b>-5.8%</b>
	<b>71.3%</b>	<b>71.9%</b>	<b>69.3%</b>	<b>55.6%</b>	<b>62.2%</b>	<b>-9.7pp</b>
Towers (mobile - excl. Govt')	5,067	5,067	5,093	5,129	5,129	1.2%
Tenancies (mobile - excl. Govt')	6,766	6,766	6,877	6,930	6,930	2.4%
Tenancy ratio	1.34	1.34	1.35	1.35	1.35	0.7%

**Income growth** is primarily driven by internal charges to Telstra associated with new tower builds and 5G upgrades

External revenue increased due to demand from new non-MNO customers and recontracted rates partially offset by one-off commercial works decline

**EBITDAaL declined** as increased costs to establish standalone business more than offset revenue growth

Expenses growth is driven by on-boarding of employees, IT and lifecycle maintenance and other costs. 2H22 includes costs which were delayed due to the impact of COVID-19

**Leases** increased due to new tower builds

49% Towers disposal valuing business at \$5.9b and 28x EV/EBITDAaL based on FY21 Proforma at full cost run-rate completed Sep-21

**Capex** of \$34m in FY22 (9.5% of sales) on new sites, maintenance capex and life cycle replacements

1. To provide a management view, any transactions arising from the intercompany agreements are presented as revenue or expenses, i.e. they do not consider the impacts (if any) of the application of the Australian Accounting Standards to those intercompany agreements.

2. Refer to definition in the Glossary.

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## Product performance: International



(\$ amounts in AUD)	2H21	FY21	1H22	2H22	FY22	FY22 CHANGE	CHANGE in constant currency
<b>International Income<sup>1</sup></b>	<b>\$741m</b>	<b>\$1,496m</b>	<b>\$758m</b>	<b>\$743m</b>	<b>\$1,501m</b>	<b>0.3%</b>	<b>-1.3%</b>
Fixed (legacy voice)	\$124m	\$229m	\$109m	\$101m	\$210m	-8.3%	-12.2%
Data & connectivity	\$451m	\$939m	\$483m	\$498m	\$981m	4.5%	1.2%
NAS and other	\$166m	\$328m	\$166m	\$144m	\$310m	-5.5%	-2.3%
<b>EBITDA Margin</b>	<b>\$172m</b>	<b>\$336m</b>	<b>\$194m</b>	<b>\$193m</b>	<b>\$387m</b>	<b>+15.2%</b>	<b>+0.5%</b>
	<b>23.2%</b>	<b>22.5%</b>	<b>25.6%</b>	<b>26.0%</b>	<b>25.8%</b>	<b>+3.3pp</b>	<b>+1.1pp</b>

**Revenue -1.3%** at constant currency mainly due to decline in low margin Fixed (legacy voice). Data & connectivity and NAS grew 1.6% excluding Telkom Telstra which we exited during 1H22

**Fixed (legacy voice) -12.2%** at constant currency aligned with declining market trend and the focus on maximising profit

**Data & connectivity +1.2%** at constant currency with growth in Ethernet Private Line as a result of investment in infrastructure, offset by decline in Enterprise IPVPN / MPLS

**NAS and other -2.3%** at constant currency but grew 3% excluding the exit of Telkom Telstra. Growth from new professional services deals, as well as growth in managed networks

**EBITDA +0.5%** in constant currency due to margin expansion, i.e. low margin fixed voice dropping out, higher data & connectivity and NAS contribution, and operational efficiency

1. Excludes inter-segment revenue of \$204m in FY22 (1H21 \$114m, 2H21 \$116m, 1H22 \$106m).

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## nbn impact on EBITDA



nbn migration created a **net negative recurring headwind** on our business

Recurring nbn headwind	FY16 – FY22	FY22
Recurring nbn DA	+\$0.5b	+\$20m
Reduction in legacy access network costs	+\$0.5b	+\$50m
Network payments to nbn	-\$2.1b	-\$110m
Wholesale legacy earnings decline	-\$1.1b	-\$120m
Retail decline attributable to nbn across Fixed - C&SB and Fixed – Enterprise	-\$1.4b	-\$180m
<b>Total recurring nbn headwind</b>	<b>-\$3.6b</b>	<b>-\$340m</b>

Although some incremental immaterial negative impacts from the nbn are expected in FY23, at end of FY22 we had substantially absorbed the headwind from migration to the nbn

### One-off impacts of the nbn

One-off nbn impact	FY13 – FY22	FY22
PSAA and ownership receipts for transitioning to nbn	+\$10.3b	+\$0.3b
Net one-off costs of migrating to the nbn	-\$2.1b	-\$0.1b
<b>Total Net one-off nbn DA receipts less nbn net C2C</b>	<b>+\$8.1b</b>	<b>+\$0.2b</b>

## C&SB, Enterprise & InfraCo fully allocated segment<sup>1</sup>



		Underlying Income			Underlying EBITDA		
		FY21	FY22	CHANGE	FY21	FY22	CHANGE
C&SB	Mobile	\$7,497m	\$7,449m	-0.6%	\$2,538m	\$3,061m	20.6%
	Fixed - C&SB	\$4,736m	\$4,486m	-5.3%	\$139m	\$55m	-60.4%
	Other	\$2m	-	n/m	\$2m	-\$1m	n/m
	<b>Total</b>	<b>\$12,235m</b>	<b>\$11,935m</b>	<b>-2.5%</b>	<b>\$2,679m</b>	<b>\$3,115m</b>	<b>16.3%</b>
Enterprise	Mobile	\$1,513m	\$1,675m	10.7%	\$554m	\$697m	25.8%
	Fixed - Enterprise	\$3,724m	\$3,697m	-0.7%	\$645m	\$660m	2.3%
	Other	\$33m	\$23m	-30.3%	\$12m	\$7m	-41.7%
	<b>Total Domestic</b>	<b>\$5,270m</b>	<b>\$5,395m</b>	<b>2.4%</b>	<b>\$1,211m</b>	<b>\$1,364m</b>	<b>12.6%</b>
	<b>International</b>	<b>\$1,496m</b>	<b>\$1,501m</b>	<b>0.3%</b>	<b>\$336m</b>	<b>\$387m</b>	<b>15.2%</b>
<b>Total</b>	<b>\$6,766m</b>	<b>\$6,896m</b>	<b>1.9%</b>	<b>\$1,547m</b>	<b>\$1,751m</b>	<b>13.2%</b>	
InfraCo segment (Active and Passive)	Mobile	\$287m	\$332m	15.7%	\$191m	\$223m	16.8%
	Fixed - Active wholesale	\$591m	\$477m	-19.3%	\$231m	\$159m	-31.2%
	InfraCo Fixed	\$2,569m	\$2,456m	-4.4%	\$1,673m	\$1,655m	-1.1%
	Amplitel	\$338m	\$368m	8.9%	\$300m	\$294m	-2.0%
	Other	\$5m	\$5m	-	-\$25m	\$1m	n/m
	<b>Total</b>	<b>\$3,790m</b>	<b>\$3,638m</b>	<b>-4.0%</b>	<b>\$2,370m</b>	<b>\$2,332m</b>	<b>-1.6%</b>
Other	\$595m	\$686m	15.3%	\$93m	\$53m	-43.0%	
Eliminations	-\$1,512m	-\$1,575m	-4.2%	-	-	-	
<b>Underlying</b>	<b>\$21,874m</b>	<b>\$21,580m</b>	<b>-1.3%</b>	<b>\$6,689m</b>	<b>\$7,251m</b>	<b>8.4%</b>	

**Consumer & Small Business** income decline largely in Fixed-C&SB and mobile hardware. EBITDA growth due to mobile

**Enterprise** income and EBITDA growth largely due to mobile. Within Fixed-Enterprise, NAS growth offset Data & Connectivity decline

**InfraCo** decline due to nbn commercial works decline and Fixed legacy roll off. This was partly offset by growth in income of our core passive infrastructure with increased recurring nbn DA receipts in line with the progress of the nbn network rollout, disposal of network assets not in use, and an increase in wholesale mobility

1. C&SB, Enterprise and InfraCo exclude one-off nbn DA and connection, and guidance adjustments attributable. Enterprise International excludes inter-segment revenue. Mobile and Fixed products include internal infrastructure costs. "Reported lease adjusted" includes all mobile handset leases as operating expenses in FY21.



# Appendix



## Telstra at a glance

Size and scale	Customers and people	Leading in sustainability
<p>1.2m shareholders</p> <p>A\$46b market capitalisation</p> <p>Public ASX20 company</p> <p>A\$22b total income FY22</p> <p>#447 on Forbes Global 2000</p> <p>A-/A2 investment grade rating from S&amp;P and Moody's</p>	<p>20.8m retail mobile services</p> <p>2.0m wholesale mobile services</p> <p>3.5m Consumer &amp; Small Business bundle and data services</p> <p>152k Enterprise data and connectivity services</p> <p>&gt;300 retail stores in Australia</p> <p>We operate in 20 countries and territories outside of Australia</p> <p>Employee engagement score of 82</p>	<p>Named as one of the AFR's Sustainability Leaders for 2022 and category winner in TMT sector</p> <p>Appointed Telstra's first Chief First Nations Advocate</p> <p>#1 ranked company in Asia-Pacific and #3 ranked globally for digital inclusion<sup>1</sup></p> <p>Targeting 50% reduction in absolute GHG emissions by 2030 from a FY19 baseline (scope 1, 2 and 3)</p>

1. World Benchmarking Alliance Digital Inclusion Benchmark, December 2021.

# Capital management framework



## Fiscal discipline

### Objectives



Maximise returns for shareholders



Maintain financial strength



Retain financial flexibility

### Principles

1. Committed to balance sheet settings consistent with an A band credit rating
2. Maximise fully-franked dividend and seek to grow over time<sup>1</sup>
3. Ongoing business-as-usual capex of ~\$3b p.a. excluding spectrum<sup>2</sup>
4. Invest for growth and return excess cash to shareholders

1. The dividend is subject to no unexpected material events 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.  
 2. Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases.

# T22



Our purpose is to build a connected future so everyone can thrive

Strategic pillars	Radically simplify our product offerings, eliminate customer pain points and create all digital experiences	Establish a standalone infrastructure business unit to drive performance and set up optionality post the nbn rollout	Greatly simplify our structure and ways of working to empower our people and serve our customers	Industry leading cost reduction program and portfolio management		
Enabled by our up to \$3b investment program	New digital platforms					
	Australia's largest, fastest, safest, smartest and most reliable next generation network					
Delivering	Market leading customer experience	Simplified products, business and operating model	Extended network superiority and 5G leadership	Achieve Global High Performance Norm in employee engagement	Net cost productivity of \$2.7bn by FY22 <sup>1</sup>	ROIC ~8% by FY23 <sup>1</sup>

1. Net cost productivity targeted outcome increased from \$2.5bn in February 2021. ROIC targeted outcome reduced from >10% in August 2020.

## T22 outcomes – Progress



Outcomes		Metrics & Measures	Progress
Customers	Market leading customer experience	<ul style="list-style-type: none"> <li>• Increase NPS 3 to 6 points p.a.</li> <li>• Double active app users from 4m to 8m by FY22 – 6m active users by FY20</li> <li>• Consumer &amp; Small Business sales transactions through the digital channel: 24% by FY20, 45% by FY22</li> <li>• Active Enterprise customers on Telstra Connect: 4,000 by FY20, 7,100 by FY21</li> <li>• 40% of Enterprise service interactions through the digital channel by FY22</li> <li>• Increase average services per customer</li> <li>• Eliminate two thirds of mass market servicing calls by FY22 – one third by FY20</li> <li>• All mass market incoming calls answered in Australia</li> <li>• Telstra Plus members: 2m by FY20, 5m by FY22</li> </ul>	<ul style="list-style-type: none"> <li>• Episode NPS (3MMA) increased 5 points against FY21 and maintained against 1H22</li> <li>• Strategic NPS (3MMA) decreased 5 points against FY21 and -1 point against 1H22</li> <li>• 5.1m active My Telstra app users (1H22 4.7m, FY21 4.5m, FY20 4.36m, FY19 3.98m). Digital active users 7.08m (1H22 6.33m FY21 6.53m, FY20 6.33m)</li> <li>• C&amp;SB digital sales increased to 48.1% (1H22 50.8%, FY21 39.3%, FY20 30.3%, FY19 16.8%, FY18 6.2%)</li> <li>• C&amp;SB digital service interactions increased to 76.4% (1H22 74.4%, FY21 73.2%, FY20 71.3%, FY19 53.5%, FY18 39.5%)</li> <li>• Telstra Connect available to all 23.7k eligible customers. ~13.3k active customers in three months to June 2022 (1H22 12.5k, FY21 9.8k, FY20 6.6k)</li> <li>• Enterprise digital services interactions 40.7% (1H22 35.3%, FY21 28.1%, FY20 12.3%)</li> <li>• Average services per household 2.26 (1H22 2.2, FY21 2.6, FY20 2.6)</li> <li>• Total mass market servicing calls to contact centres 10.29m (1H22 5.47m, FY21 9.72m, FY18 35.8m) – reduction of 71.3% since FY18</li> </ul>
		Simplified products, business and operating model	<ul style="list-style-type: none"> <li>• Build and launch new digital technology stack in FY19</li> <li>• Complete Digitisation program with key products built on the new stack</li> <li>• Simplify from ~1800 to ~20 active Consumer &amp; Small Business plans</li> <li>• Services on in-market Consumer &amp; Small Business plans: &gt;3m by FY20, &gt;10m by FY22</li> <li>• Migrate all Consumer &amp; Small Business customers to the new product range on the new digital technology stack by FY21</li> <li>• Rationalise 50% of Enterprise products by FY21</li> <li>• Reduce 2 to 4 management layers in the organisation</li> <li>• 700 apps decommissioned or contained by FY20</li> </ul>

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## T22 outcomes – Progress (cont.)



Outcomes		Metrics & Measures	Progress
Network	Extended network superiority and 5G leadership	<ul style="list-style-type: none"> <li>• Lead in all key industry network performance surveys from FY19</li> <li>• Network ready for 5G in H1 FY19</li> <li>• Full commercial deployment of 5G in capital cities, major regional centres and other high demand areas by FY20</li> <li>• Australia's largest 5G network</li> <li>• Deliver 5x data growth at flat costs by FY21</li> </ul>	<ul style="list-style-type: none"> <li>• 1 million sq. km more mobile coverage than any other competitor</li> <li>• Resilience investments have led to an overall reduction of 82% in national severity 1 incidents as compared to 2018</li> <li>• Regional: Under the Federal Mobile Blackspot program (MBSP) we continued the delivery of new blackspots sites and are heading toward around 930 sites once all five current MBSP rounds are completed</li> <li>• umlaut 2021 benchmarks, Telstra ranked #1 in every major category including 'Best in Test'</li> <li>• Ranked #1 for Ookla on overall mobility speeds (1H22)</li> <li>• Finished #3 in the Q4 ACCO report released in June for average download speeds during busy hours when underperforming/impaired lines are removed. The result continues to be impacted by an over-indexing in services that could not achieve the maximum line speed in the survey pool</li> <li>• Ranked #1 tier for Netflix ISP Speed Index for 12 of 12 months in FY22</li> <li>• Consistently met our speed claims on all plans throughout FY22, with our NBN download speeds at 51.3 Mbps for 50/20 plans and 101.4 Mbps for 100/40 &amp; 100/20 plans (12 week-rolling average as at end FY22)</li> <li>• In FY22 381 5G macro sites were put on air for a total of 4,210 5G macro sites in the network. In addition, we densified the network with deployment of 115 small cell sites to boost speed and capacity</li> <li>• Expanded 5G rollout to selected areas within 400+ cities and towns across Australia, with over 4,200 suburbs more than 50% covered with 5G</li> </ul>
		Achieve Global High Performance Norm in employee engagement	<ul style="list-style-type: none"> <li>• Agile teams at level 3 of Agile Maturity: 80% by FY20, &gt;90% by FY22</li> <li>• 1 quartile increase in ease of doing business management practices of Organisational Health Index (OHI) by FY20</li> <li>• Increase employee engagement score 10 points</li> <li>• Reduce total FTE by 8,000 net by FY22</li> </ul>

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## T22 outcomes – Progress (cont.)



Outcomes	Metrics & Measures	Progress
<b>Cost reduction</b> Net cost productivity of \$2.7bn by FY22 <sup>1</sup>	<ul style="list-style-type: none"> <li>Net cost productivity – more than \$1.5bn cumulatively delivered by FY20</li> <li>Total costs will be flat or decline in each year from FY18</li> <li>Absorb nbn CVC/AVC costs</li> <li>Labour cost to sales ratio to decline –one third by FY22</li> <li>Top quartile cost metrics for full-service telco by FY22</li> </ul>	<ul style="list-style-type: none"> <li>Total underlying fixed cost reduction achieved since FY16: \$2.7bn, \$454m net reduction FY22</li> <li>FY22 total operating expenses (reported lease adjusted) decreased 5.8% to \$14.8bn (FY21 \$15.7bn)</li> <li>FY22 nbn AVC/CVC costs \$2,081m (FY21 \$1,975m)</li> <li>FY22 Labour cost to sales ratio 16.4% (1H22 16.6%, FY21 17.2%)</li> <li>Improved cost benchmarking position, moving from the bottom quartile in FY18 to the third quartile as at end of FY21. Benchmarking to be updated in December 2022</li> </ul>
<b>Balance sheet</b> ROIC –8% by FY23 <sup>1</sup>	<ul style="list-style-type: none"> <li>Underlying ROIC to improve from FY19 to FY22</li> <li>Monetise assets of up to \$2bn by FY20</li> <li>Establish standalone infrastructure business unit with effect from 1 July 2018</li> <li>High level SLA's for infrastructure business to be defined by 1 October 2018 and segment reporting by 31/12/18</li> <li>Telstra InfraCo fully operational by June 2019</li> <li>EBITDA benefits of &gt;\$500m p.a. from \$3bn strategic investment realised by FY21</li> </ul>	<ul style="list-style-type: none"> <li>Underlying ROIC improved to 7.0% (1H22 6.2%, FY21 5.0%)</li> <li>Exceeded target of monetising assets of up to ~\$2bn as at end FY21</li> <li>Proposed legal restructure: on track to finalise our legal restructure – pending Court approval, we will shortly publish a Scheme Booklet giving shareholders information they need to vote at Scheme Meeting to be held on the same day as our AGM</li> <li>EBITDA benefits of &gt;\$500m delivered from up to \$3bn strategic investment by June 2019</li> </ul>

1. Net cost productivity targeted outcome increased from \$2.5bn in February 2021. ROIC targeted outcome reduced from >10% in August 2020.

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## Glossary



Term	Definition (unless separately defined in the slide footnotes)
Capex, Accrued Capex	Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases
Free cash flow after lease payments (FCFaL)	'operating cash flows' less 'investing cash flows' less 'payments for lease liabilities', and excludes spectrum and guidance adjustments
Guidance adjustments	Guidance adjustments include material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management. Refer to Full year results and operations review – guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY22 (set out in our ASX announcement titled "Financial results for the Full year ended 30 June 2022" lodged with the ASX on 11 August 2022).
In-year nbn headwind or nbn headwind	The net negative recurring EBITDA impact of the nbn on our business for the reporting period. See 'nbn impact on EBITDA' slide for details of the in-year nbn headwind
Net one-off nbn DA less net C2C or one-off nbn DA	Adjustments for net one-off nbn receipts which is defined as net nbn one-off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect
Reported lease adjusted	'Reported lease adjusted' includes all mobile handset leases as operating expenses in FY21. FY21 adjusted to include \$194m of reported depreciation of mobile handsets right-of-use assets in EBITDA. No adjustment in FY22.
ROE	Calculated as Profit After Tax after Minority Interests (PATMI) as a percentage of equity
ROIC	Calculated as Net Operating Profit After Tax (NOPAT) as a percentage of total capital
Total income	Total income excluding finance income
Underlying earnings	NPAT excluding net one-off nbn receipts and guidance adjustments (as defined above). See 'Underlying earnings' slide for details
Underlying EBITDA	Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C and guidance adjustments (as defined above). FY20/21 underlying EBITDA also included depreciation of mobile lease right-of-use assets.
Underlying EPS	Calculated as PATMI attributable to each share, excluding net one-off nbn receipts and guidance adjustments (as defined above).
Underlying ROIC	Calculated as NOPAT as a percentage of total capital, excluding net one-off nbn receipts and guidance adjustments (as defined above) less tax.

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**ANDREW PENN – CEO**

**Slide 3 – Full year results 2022 - Andrew Penn Telstra CEO**

Good morning and welcome to Telstra's results announcement for the financial year ended 30 June 2022.

It was a year in which we saw our underlying business continue to grow. And a year in which we closed out our T22 strategy and saw the benefits from this flow through to our customers, our employees and to our shareholders.

It was also a year in which we announced the transition to T25, a strategy for growth. A strategy that leverages the foundation and capabilities we have built over the last few years.

Of course, it is also my last results announcement as the CEO of Telstra, and I am incredibly proud of what we have achieved as a team.

When we launched our T22 strategy four years ago we were in part responding to the operational and financial headwinds created by the rollout of the nbn. We were also responding to the technology innovation we could see around us and the growing rate of digital adoption.

We knew we needed to fundamentally transform the company, to simplify and digitise, to set bold aspirations and radical interventions and that is what we have done.

Telstra is a very different company today and while of course there is always more to do, we are much better equipped to face the very exciting digital future ahead.

And this is important because the world is also a very different place.

What we could not have foreseen when we launched T22 was COVID and the other seismic economic, political, and social changes that have unfolded.

I am conscious therefore that while there is obviously a keen interest in the details of our results today, which we will share, and they are strong results - the context in which we are presenting them is also very important.

I wanted to start therefore by referencing these key dynamics, how we are positioned to respond to them and how we will address the obvious questions they give rise to in our presentations this morning.

Firstly, the rate of digital adoption has clearly gone to a whole new level, and we are sitting on the cusp of another wave of exciting technology innovation with AI, Edge Cloud, LEOSats, ORAN and by the end of this decade 6G.

COVID has taught us the convenience of doing things on-line and that we can study and work from home very effectively. This is great news for us because through T22 we are so well positioned to grasp the opportunities it presents and because, like many, we have fully embraced hybrid working and have more than 17,000 people working in agile.

Our investments in the digitisation of the business, our clear leadership in 5G, the partnerships we have announced with Microsoft, One Web, Quantum, ViaSat and our equity in cutting edge technologies through Telstra Ventures and directly in Silicon Quantum Computing, will all be important assets for the future. So too is the decision to set up our infrastructure assets into separate

standalone businesses and the investments we are making through InfraCo into the national inter-city fibre upgrade to boost connectivity across Australia.

We also announced a landmark network sharing agreement with TPG Telecom. This deal, subject to approval by the ACCC, will be a win for customers across Australia, enabling more competition and choice and enabling regional customers to be better connected than ever before at a time when more people are choosing to live regionally.

Secondly however, despite the exciting technology opportunities and growth this will support for us, there is no doubt there is considerable economic uncertainty in the world today. For Telstra the good news is the demand for our underlying core business has never been greater, our balance sheet is strong and while there is growing inflation, there are some natural hedges in our business too.

Vicki will take you through the detail of all of this in her presentation and while of course, we are not immune to the changing economic environment, we are better placed than many.

Thirdly, we continue to see the world raising the bar on ESG in the face of growing climate catastrophes including the role business must play. You have heard me say before that we can only be successful for our shareholders when we are also successful for our customers, our people, and the communities we serve.

We have significantly increased our focus on ESG over recent years and it's a key platform in our T25 strategy. We have taken a leading and bold position on reducing the impact of our business on the environment, supporting vulnerable customers, diversity and inclusion and responsible business operations. I know we do not always get it right but when we get it wrong, we own it and we fix it and we learn from the experience to do better next time.

Finally, the geo-political environment is more fractious than most of us have seen in our lifetime. Like all businesses, we are seeing disruptions from this with the largest impact being to the supply chains of key network and technology components. It is why our partnerships with key technology providers are so important.

Of course, we are also seeing increasing cyber threats and we are working around the clock to protect our own networks, blocking unprecedented levels of malicious activity while at the same time helping our customers to protect themselves and their businesses. As Chairman of the federal Government's Industry Advisory Committee on Cyber Security, I will be giving a speech at the National Press Club on the changing threat environment, its implications and what we need to do in response in a couple of weeks' time.

We have also significantly strengthened our relationships and partnerships with government who understand that telecommunications is the platform for the digital economy and Telstra's is by far the biggest, the best and the most strategic. It is crucial for the economic success of the nation, our national security, and our social cohesion.

Last month we announced the completion of our acquisition of Digicel Pacific in partnership with the Australian Government which sees us take 100 percent equity in this strategically important asset.

When we kicked off T22 we could not have foreseen these external factors – but we are certainly in a better position to face them because of T22.

With that let me turn to the results.

#### **Slide 4 – Financial headlines**

FY22 was a pivotal year for us. As well as marking the end of our T22 program, we have now absorbed the overwhelming majority of the financial effects of the rollout of nbn and the growing momentum in our underlying performance is clearly starting to show through.

Those final financial impacts saw reported total income declines of around \$700m in one off nbn receipts and \$300m in nbn commercial works.

Total Income for the year therefore decreased 4.7 per cent to \$22b on a reported basis.

While NPAT decreased 4.6 per cent to \$1.8b and Earnings Per Share was down 7.7 per cent to 14.4 cents per share on a reported basis, the declines reflect both the impact of the nbn and one-off gains from asset sales last year.

In contrast, Underlying EBITDA on a guidance basis increased 8.4 per cent to \$7.3b, driven significantly by an outstanding performance in the year from our mobiles business.

Underlying EBITDA included an in-year nbn headwind of \$340m. This is the last year of in-year nbn headwinds and brings the total cumulative impact of nbn on Telstra's EBITDA to \$3.6bn per annum.

That was a large and difficult pill to swallow!

Encouragingly, underlying EPS was up 48.5 per cent to 14.4 cents per share, a strong start against our T25 ambition of high teens CAGR from FY21 to FY25.

The Board has resolved to pay a fully franked final dividend of 8.5 cents per share bringing the total dividend for the year to 16.5 cents per share. This includes an increase in the ordinary dividend from 10 to 13.5 cents per share and a 3 cents per share special dividend. This will be the last special dividend in relation to the one off nbn payments.

This represents the first increase in the total Telstra dividend since 2015. While this will increase the payout ratio in the near term, it recognises the confidence of the Board following the success of our T22 strategy, the ambition in our T25 strategy of high teens EPS growth from FY21 – FY25, the strength of our balance sheet and the recognition by the Board of the importance of the dividend to shareholders.

I will now turn to the operating highlights for the year.

### **Slide 5 – Operating highlights**

Mobiles performed strongly.

We added 155,000 net retail postpaid mobile services including 121,000 branded with a strong contribution from Enterprise demonstrating the benefits of our clear 5G leadership.

Retail prepaid unique users were up 215,000 and prepaid services revenue grew 14.2%

In Wholesale we added 218,000 services, and we added over 1m IoT services.

Our performance in fixed for consumer and small business customers has been more challenged, particularly as we are now at the tail end of the nbn migration.

Net new retail bundles were negative 87,000, although bundle and standalone data ARPU increased by 2.4 per cent.

Notwithstanding the disappointing fixed SIO performance, we are confident of restoring financial momentum by leveraging the many value adding home broadband features Telstra offers.

I also applaud the Government's recent advice to nbn Co, and nbn Co's subsequent decision, to withdraw its SAU and work towards a better industry pricing model. We look forward to an expedited outcome that improves the quality of service for all customers and a more economically sustainable industry.

In Enterprise and in line with our previously communicated aspiration, we returned to growth at both the income and EBITDA level.

Fixed Enterprise EBITDA grew by 2.3 per cent with NAS EBITDA growing by \$152m to offset weakness in data and connectivity.

InfraCo Fixed income was \$2.4b, with core access revenues, including nbn recurring receipts, up 3.1 per cent.

InfraCo Fixed growth will be further supported by our inter-city fibre project announced in February. This will provide ultra-fast connectivity between capital cities and improved regional connectivity.

We are close to finalising contract negotiations for the first stages of the build and we have held detailed discussions with customers including signing up Microsoft as a major anchor tenant.

We have learned a lot through this process and while some of the economics have changed from what we announced, which Vicki will take you through, the returns are still attractive and our level of conviction on this strategically important project has increased.

Telstra Health had a strong year both operationally and strategically as it continues to scale. Telstra Health revenue for the year was up 13 per cent, or 51 per cent to \$243m after including the MedicalDirector and Power Health acquisitions.

We have also made significant progress on our initiative to launch Telstra Energy, including gaining the necessary license approvals, building the offering into our new digital environment and conducting a limited number of customer trials.

However, clearly the retail energy market is currently going through severe dislocation and given this we will not be scaling in FY23. We have received around 10,000 expressions of interest from customers and our intention is to expand our trial to these customers this financial year and keep the market dynamics under review. This has obvious implications for our aspiration to be a top 5 retail energy provider by FY25 and we will update the market on our plans as the market dynamics become more certain.

Finally, on our operating highlights underlying fixed costs were down \$454m and total operating expenses were down \$906m or 5.8 per cent.

In summary, FY22 has seen our core business perform strongly. Our mobiles result was outstanding, Consumer & Small Business fixed grew in the second half, Enterprise returned to growth at both the top line and bottom line, and we have started to realise the benefits of setting up our infrastructure assets as standalone InfraCo businesses.

## **Slide 6 – Underlying EBITDA growth**

So, it is clear we have good financial momentum.

The left-hand side of this slide shows the growth we have achieved in Underlying EBITDA in the last three halves.

The chart on the right shows the evolution of our full year Underlying EBITDA including \$7.3b in FY22, our guidance of \$7.8 – 8.0b in FY23, and our T25 ambition for mid-single digit CAGR to FY25.

This statement for FY25 is not guidance. It is an aspiration which means there are greater risks and uncertainties associated with it compared to our guidance statements.

However, the charts clearly demonstrate the financial momentum we have achieved and our ambition for further growth.

## **Slide 7 – 2H22 reported growth**

We can also start to see this show through in our reported results as the transitional effects of the nbn rollout come to an end.

The left-hand side of this slide shows the growth achieved in reported EBITDA from \$3.5b in the first half of this year to \$3.8b in the second half.

The chart on the right similarly shows the growth in reported EPS from 5.9 cents per share in first half of this year to 8.5 cents per share the second half.

This strong improvement in returns to shareholders is a function of the success of our T22 program.

### **Slide 8 – T22 achievements**

T22 was successful because we were bold. We set ourselves big, ambitious goals and executed with discipline and transparency.

As we close the book on that chapter of our history it is worth reflecting on just how much we have achieved and how much we have changed as a company.

- We radically simplified our business reducing the number of Consumer & Small Business in-market plans from 1800 to 20. We now have 10.2m services on these plans.
- We led the market and removed lock in contracts and excess data charges and unbundled services.
- We have 4.5m customers signed up to our rewards program, Telstra Plus and our engagement with members is high, with product redemptions growing 80 per cent in FY22.
- Almost half of all sales interactions with our Consumer & Small Business customers are now digital as well as more than three quarters of all service interactions.
- The number of calls coming into our Consumer and Small Business contact centres has fallen more than 70%. And these calls are now all answered by someone in Australia.
- We brought our licensee stores back in house and all Telstra stores are now owned and operated by us.
- We rationalised the number of active products in Enterprise by more than 50%.
- And similar to our digitisation progress in Consumer and Small Business, more than 40% of all Enterprise service interactions are now through the digital channel.
- The combined impact of all these positive improvements to customer experience is reflected in our stronger than ever episode NPS results which are up 18 points since the beginning of the program.
- We have reduced our direct and indirect workforces by more than one third.
- And at the same time, we exceeded our target to recruit new capabilities in new areas such as software engineering, data analytics, cyber security, and artificial intelligence with more than 1,500 new hires.
- We achieved our T22 productivity target of \$2.7b.
- Our 5G network is around twice the size of our next nearest competitor. We cover 80 per cent of the Australian population with 3.5m 5G capable devices already connected to the Telstra Mobile Network.
- Our Infrastructure business is operating as a stand-alone business unit with increased transparency and the successful sale of the 49% non-controlling interest in Towers business demonstrates the value opportunities this has created.
- Factoring in the Towers sale, have we monetised almost \$5b of assets against our original target of \$2b for the program.
- Lastly, we are on track to finalise our legal restructure. Pending Court approval, we expect to shortly publish a Scheme Booklet which will give shareholders the information they need to vote at the Scheme Meeting to be held on the same day as our AGM in October.

### **Slide 9 – T22 scorecard**

So, with that let me officially close out T22 with the final T22 scorecard.

Overall, we delivered around 80% of our T22 scorecard metrics.

We made significant progress on another five measures and we missed on four.

As there have been no significant changes to these ratings since the half year I will only make a few comments.

Firstly, on underlying ROIC, our target is to achieve around 8 per cent in FY23 and the 7 per cent ROIC achieved this year, shows we are on track.

Secondly, while our employee engagement score of 82 fell just short of the ambitious target we set ourselves, we made significant progress and we are among the top performing companies globally.

Finally, although the number of Telstra Plus members did not achieve our ambitious target of 5m, Telstra Plus has been an overwhelming success with members growing to 4.5m since its launch in FY19.

## **Slide 10 – Summary**

With that let me close out my final Full Year Results presentation as the CEO of Telstra.

Our T22 program has been a clear success.

We are delivering a better customer experience.

Our mobile network remains Australia's biggest and best.

Agile is transforming how we work and, combined with our hybrid working model, it is helping our people to feel supported and perform at their best.

Our employee engagement has never been higher.

And we are a fundamentally different company with an incredibly bright future as we transition to a new look leadership team and T25 – our strategy for growth.

Thank you to all of you for your support and challenge over the years and the keen interest which you have shown in following our progress. It has kept us accountable and helped increase our conviction in our journey forward.

I have loved my time as CEO of Telstra but now is absolutely the right time to hand over to Vicki to lead Telstra's next chapter as we transition to T25. She is an outstanding leader and will do an amazing job.

As I said in an interview recently, you do not generally get the chance to choose the timing of when you become a CEO, but it is a privilege to choose the time at which you step down.

As I look back on my time and particularly the last few years, undoubtedly the thing about which I feel most proud is the people and culture at Telstra.

I have had the privilege of working with some incredible people during my time and the team I leave behind is the best I have ever experienced. I am delighted the strength of that team has enabled us to appoint both my successor and a new CFO from within and offer my congratulations to both Vicki and Michael for their well-deserved appointments.

I would like to acknowledge that the progress we have made is due to the combined efforts of that team, the support of the board and the many dedicated Telstra executives and employees and I want to thank the whole team who have been right behind this incredible transformation.

We are a values led company with a strong culture and commitment to serving our customers and supporting the communities in which they live, doing business responsibly and playing our role in ensuring the future success and security of Australia.

When I started as the CEO of Telstra in 2015 I did so with a vision – a vision to help make Telstra a world class technology company that empowers people to connect. When I shared that vision externally, many stakeholders, not unreasonably, believed it was implausible given what would be required to achieve it.

Nonetheless, as I reflect at the end of my time, I am incredibly proud to step down after more than seven years knowing that is what Telstra has become.

Thank you and with that, I will hand over to Vicki before we open for Q&A.

## **VICKI BRADY – CFO**

### **SLIDE 11 – FULL YEAR 2022 RESULTS**

Thanks Andy.

This morning I am delighted to provide details of our FY22 results, which demonstrate our ongoing financial momentum and underlying growth.

I will also outline Telstra's focus for FY23 as I take up the position of CEO on 1 September.

### **SLIDE 12 – INCOME STATEMENT**

Starting with our Income Statement on Slide 12.

The left-hand side shows our reported results, with declines largely due to reduced one-off compensation for migration to nbn.

For FY22, income was \$22 billion, down 4.7%.

EBIT was \$2.9 billion, declining 3.1%.

Net finance costs improved by 24%, due to a reduction in both net debt and lower average borrowing costs.

Tax increased 24%, resulting in a FY22 effective tax rate of 27%, compared to 22% in FY21.

Reported NPAT declined 4.6% to \$1.8 billion, largely due to decline in nbn one-offs.

The right-hand side shows our underlying results, which exclude nbn one-offs, restructuring, M&A and other guidance adjustments.

Underlying income declined 1.3% to \$21.6 billion.

Underlying EBITDA was \$7.3 billion, up \$562 million or 8.4%.

D&A declined 2.1% or almost \$100 million.

Underlying EPS grew almost 50% to 14.4 cents per share.

The Board has resolved to pay a final dividend of 8.5 cents per share fully franked, including a 7.5 cent ordinary and 1 cent special. The FY22 special dividend will be the final linked to one-off nbn receipts.

This brings total FY22 dividends to 16.5 cents per share, representing a 115% earnings payout ratio.



In FY22 we also completed a \$1.35 billion share buyback, utilising around half of the \$2.8b net proceeds from the 49% sale of our towers business.

### **SLIDE 13 – EBITDA by Product**

Now looking at FY22 product performance on Slide 13.

Mobile EBITDA was our key growth driver, illustrating the successful execution of our strategy and monetisation of 5G leadership. \$700 million of mobile growth was achieved due to increased service revenue, the final benefits of transitioning off subsidy and lease plans, and productivity.

The remaining portfolio in aggregate declined which I will go through in turn shortly.

Other EBITDA positives included around \$80 million from the impact of bond rate changes on employee liabilities, and around \$50 million from revenue catchup from prior periods.

### **SLIDE 14 – Product highlights – mobile momentum and growth**

Now looking at our key products, starting with mobile on Slide 14.

On the top left you can see mobile service revenue, which I am pleased to say grew 6.4% in FY22. We are focused on growing mobile service revenue at a mid-single digit CAGR, given it is the key long-term driver of mobile profitability. Service revenue across all segments and sub-products grew, which more than offset mobile hardware revenue decline of 9% largely due to lower volumes.

SIO growth was strong. In postpaid handheld, we added 155,000 customers in FY22, with SIO growth in all segments and brands, including a strong contribution from Enterprise.

In addition, Postpaid ARPU, shown on the bottom left chart, grew 2.9%, including the flow through of prior price changes. As described at the half, economic ARPU growth was stronger than reported ARPU growth. For the full year there was a \$1.22 non-economic negative impact, which included the shift from gross revenue to net margin recognition for some add-ons.

2H postpaid ARPU grew sequentially on 1H with:

- C&SB MMC growth and momentum from roaming,
- partly offset by lower out of bundle, COVID related messaging revenue in Enterprise, and from the incremental non-economic impact outlined.

In July, we increased prices inline with CPI for our in-market branded postpaid mass market plans, and introduced an option to review prices annually against CPI. This results in increased prices for around 65% of postpaid mobile customers, and will flow through from September.

There are different dynamics in the other 35% of postpaid customers, and we continue to review pricing across our portfolio.

With international travel back on the agenda, roaming is also expected to support FY23 growth, although it is unclear if it will completely return to pre-COVID levels. In FY22, roaming EBITDA was approximately 20% of the around \$250 million pre-COVID level, and for the month of June was at around 45%.

### **SLIDE 15 – Product highlights – Infrastructure**

Turning to infrastructure on Slide 15.

The charts on the left-hand side show that InfraCo Fixed revenue and EBITDAaL declined 4.4% and 1.6% respectively.

Our world class fibre, ducts, and network sites delivered 3% growth in core access revenues and flat EBITDAaL.

Legacy network disposals contributed positively but were more than offset by a decline in nbn commercial works, which is winding down as the nbn rollout nears completion.

Recurring infrastructure revenue from nbn grew by 3.3% as shown on the top right chart. These revenues are indexed to CPI for the remaining average contracted period of 25 years.

As Andy mentioned, we are close to finalising contract negotiations for the first stages of the build and signed up Microsoft as a major anchor tenant.

Our strategic conviction remains strong.

Not surprisingly in the current economic environment, we have seen cost inflation for construction and fibre supply.

Our extensive discussions with customers have provided a clear view of their requirements including the highest priority routes, and we are adjusting the staging of our rollout to meet this demand. The total number of kms built will depend on the final routes.

We expect to remain within our strategic capex for FY23 of \$350 million (including Viasat) and the targeted total spend over the 5 year project of \$1.4 to \$1.6 billion.

Given the cost inflation and the customer demand profile, the estimated FY26 EBITDA will be significantly lower than previously indicated. However, customer preference for IRU contracts will support cash flow with higher upfront cash contributions. The IRR on the roll out of the first stage is expected to be equal or better than mid-teens.

On the broader InfraCo Fixed strategy, we have made significant progress. We will continue to focus on improving the access, utilisation and scale of our infrastructure to deliver growth and value. Also on completing the restructure, providing us further optionality.

As we've already demonstrated, where we see the opportunity to realise value through monetisation we will, although we have made no decisions yet in this regard. These are unique and valuable assets, and we will be measured and deliberate as we consider options over the course of 2023.

## **SLIDE 16 – Product highlights – Fixed - Enterprise**

Turning to Fixed - Enterprise on slide 16, which in FY22 returned to growth.

NAS growth offset the decline in Data & Connectivity or DAC, driving 2.3% EBITDA growth, as shown in the top right chart.

DAC revenue declined 13.3% as shown in the bottom left chart. This was largely due to ARPU compression and technology change. We achieved strong contract renewals of our government and Enterprise customers, with T-Fibre churn largely confined to mid-market and business segments.

The DAC outlook remains challenged with competitive pressures, especially nbn's release of more fibre business zones. In addition, customers are using SDWAN and internet as an alternative to private dedicated connectivity, especially for smaller locations.

Returning DAC to growth remains our ambition, and we are confident in our ability to win in market, leveraging our extensive fibre footprint, complemented by reselling nbn.

However, we have seen more disruption than we anticipated and achieving growth will rely on a broad stabilisation of ARPU. We no longer expect this to occur in FY24, although we do expect the overall domestic enterprise business, which grew in FY22, to continue growing.

In NAS, FY22 EBITDA grew 93.8% as shown in the bottom right chart.

NAS revenue grew in all categories except for legacy calling. This included growth across Security, Cloud, IoT, professional and managed services.

2H EBITDA was also supported by revenue recognition linked to milestones on key contracts, and strong cost management. The NAS EBITDA margin of 11.5% in FY22 is on the right trajectory to meet our mid-teens ambition by FY25.

### **SLIDE 17 – Product highlights – Fixed - C&SB has bottomed**

Turning to Fixed - C&SB, where EBITDA has bottomed, and returned to growth sequentially in 2H.

Growth was achieved through cost reduction and ARPU uplift from price rises and improved plan mix, shown in charts on the bottom right of the slide.

The nbn reseller margin for FY22 was 5%, including a 2 percentage point improvement from 1H to 2H. We continue to target greater than 8% in FY23 and mid-teens in FY25, with further benefits expected from price rises, mix and cost out.

The new digital stack is also driving a step change in customer experience and we are pleased to see yoy improvements in episode NPS of +24pts for sales & activation and +12pts for assurance including from proactive fixes, and agent tools to better support our customers.

The nbn market remains challenging including competition from emerging business models. We lost 87,000 net bundle and data SIOs in FY22. Although focused on profit, a key challenge remains stabilising SIOs to achieve longer-term sustainable growth.

Our Fixed-C&SB outlook is also supported by growing 5G Home wireless. Its contribution was small in FY22, due to modem supply constraints, but we expect more scale in FY23.

### **SLIDE 18 – Product highlights – International and Digicel Pacific**

Finally, International on Slide 18.

Our existing international business grew 15.2% in FY22 in Australian dollars, supported by FX.

We are excited to have the Digicel Pacific team on board following the completion of the acquisition on 13 July. We see considerable opportunities for growth and the business is tracking well.

Proforma March FY22 EBITDA was \$238 million US dollars, and the transaction will add in the order of \$160 million US dollars per annum of D&A.

The transaction modestly increases our proforma leverage by ~0.1x.

As we own all the ordinary equity, we will account for Digicel Pacific as a wholly owned entity and there will be no minorities in the P&L. The Government equity-like securities will be reflected as minority interests on the balance sheet.

### **SLIDE 19 – OPERATING EXPENSES**

Turning to our operating expenses, which you can see on Slide 19, which again tell a good story.

In FY22, total operating costs declined 5.8%.

Excluding one-offs, and other guidance adjustments, underlying costs declined 5.7%, or by \$863 million.

Breaking down underlying costs. In sales costs, an increase in nbn payments was more than offset by a decline in other sales costs, including lower hardware.

Underlying fixed costs reduced by \$454 million.

We achieved our T22 cost out target, for a cumulative \$2.7 billion per annum or 35% absolute reduction in annual underlying fixed costs since FY16. Key contributors to this productivity, are shown on the slide.

## **SLIDE 20 – INFLATION AND MITIGANTS**

Given the current environment, I will cover the implications of inflation on our costs, including mitigants we have put in place.

Firstly, looking at opex and our \$14.3 billion of underlying costs.

Our sales costs include some inflationary pressure, especially in the other category, however these costs are largely passed through.

Within fixed costs, the biggest bucket is labour. Here we have some protection from our newly reached Enterprise Agreements with agreed wage increases for the next 2 years.

On Energy, we expect our absolute costs to increase by around \$50m in FY23, however we expect our Energy PPAs to mostly offset this at EBITDA.

Service contracts and agreements, and other are areas where we expect costs to be under inflationary pressure. Contracts offer some protection, while there may be opportunities to manage spend in these categories also.

For FY23, in addition to inflation, our costs will include absorbing a full-year impact of insourcing our retail channel and on-shoring call centres.

Outside of opex, importantly we have revenue levers. As I mentioned earlier, we have increased prices reflecting CPI in mass market branded mobile and our nbn recurring revenues of around \$1b are indexed to CPI. We're also looking at what increasing costs means for other pricing.

On property leases, we continue to optimise and have some protection.

On interest costs, hedges are in place with around 65% of our debt at fixed rates, inclusive of Digicel Pacific.

On capex, around 75% of our spend is subject to inflationary pressure, with the remainder having some protections including contracts and capitalised internal labour. We are committed to managing capex to guidance.

As you can see, overall we have some mitigants against inflation given the steps we have taken. We will continue to remain disciplined and focussed in our management of costs and pricing.

We expect modest cost-out in FY23, despite inflation and the full year impacts I mentioned. Our ambition remains \$500m cost-out under T25.

## **SLIDE 21 – FREE CASHFLOW**

Turning to free cashflow on slide 21.

Free cashflow, after lease payments, increased 5.9% to almost \$4 billion, largely due to working capital improvement of \$923m being ahead of what was achieved last year.

The working capital benefit was largely due to reduced receivables including from lower handset sales, strong collections, and lower bad debts.

## **SLIDE 22 – CAPITAL POSITION**

Turning to our capital position on slide 22.

We reduced net debt by around \$2.6 billion in FY22, supported by our free cash flow and proceeds from the partial sale of our towers business.

We remain within our comfort ranges for all credit metrics, with debt servicing at 1.8x.

Underlying ROIC improved by 2 percentage points to 7.0%, supported by earnings growth, and our tax rate below the statutory rate.

### **SLIDE 23 – FY23 GUIDANCE**

Turning now to FY23 guidance.

The ranges and basis on which guidance is provided can be seen on slide 23. Guidance includes Digicel Pacific across all measures.

Our Underlying EBITDA guidance is consistent with our previous FY23 ambition, plus a contribution from Digicel Pacific.

We expect FY23 restructuring costs to be less than \$100m and mostly in 1H23. Restructuring costs are excluded from underlying EBITDA and include one-off costs associated with the legal corporate restructure, and Digicel Pacific transaction costs.

Our Capex guidance includes an uplift in mobile investment, around \$150m for Digicel Pacific, and around \$350m of strategic investment outside of BAU for the inter-city fibre and Viasat infrastructure projects.

Capex guidance is modestly below adjusted D&A.

Finally on guidance, we expect to continue to achieve strong cash flow, enabling us to invest for growth and deliver returns to shareholders.

FY23 free cashflow is expected to be around \$1.1 billion lower at the mid-point of guidance than FY22. Increased EBITDA in FY23 contributes positively but this is more than offset by increased capex, as well as working capital and other benefits in FY22 not repeating.

### **SLIDE 24 – T25 STRATEGY**

Finally, I would like to the opportunity to recognise that this is Andy's last results presentation at Telstra and my final as CFO. I am looking forward to stepping into the CEO role on 1 September and I am grateful to be taking over with Telstra in a strong position thanks to Andy's leadership and the foundations he has laid as a result of our successful T22 strategy.

I am excited to be leading a highly capable team to deliver our new strategy - T25 which is set out on slide 24. In due course I look forward to engaging with you on T25 and reporting on our progress, just as transparently as we did on T22.

### **SLIDE 25 –SUMMARY**

To summarise.

Our results clearly demonstrate financial momentum, and we expect growth in our underlying business will continue.

We remain disciplined and focused on creating value. We are well placed in the current environment, with earnings growth, strong cash generation and a strong balance sheet.

We have the right strategy and the clearest signals of success will be growing our business, improving our customer experience and NPS, enhancing our reputation, and retaining and attracting the best talent. If we get these things right, we are absolutely confident our financial ambitions will follow.

Finally, like Andy, I would like to thank and recognise our dedicated teams right across Telstra. An incredibly talented team that I look forward to leading.

I am also looking forward to having Michael Ackland move into his new role as CFO – I know Michael looks forward to engaging with you all more closely.

I will now hand over to Nathan to take us through Q&A.

[END]

# Full Year Results and Operations Review

# Full year results and operations review

Summary financial results	FY22	FY21	Change
	\$m	\$m	%
Revenue (excluding finance income)	21,277	21,558	(1.3)
Total income (excluding finance income)	22,045	23,132	(4.7)
Operating expenses	14,758	15,470	(4.6)
Share of net loss from equity accounted entities	(31)	(24)	(29.2)
EBITDA	7,256	7,638	(5.0)
Depreciation and amortisation	4,358	4,646	(6.2)
EBIT	2,898	2,992	(3.1)
Net finance costs	417	551	(24.3)
Income tax expense	667	539	23.7
Profit for the period	1,814	1,902	(4.6)
Profit attributable to equity holders of Telstra Entity	1,688	1,857	(9.1)
Capex <sup>1</sup>	3,042	3,020	0.8
Free cashflow	3,854	4,887	(21.1)
Earnings per share (cents)	14.4	15.6	(7.7)

1. Capex is defined as additions to property, plant and equipment and intangible assets, excluding expenditure on spectrum and guidance adjustments, externally funded capex, and capitalised leases. Capex is measured on an accrued basis

## Reported results

Telstra delivered FY22 results with an increase to our total dividend for the first time in seven years following the successful completion of T22 and strong momentum in our underlying business.

On a reported basis, total income decreased 4.7 per cent to \$22.0 billion. Reported EBITDA was \$7.3 billion, down 5.0 per cent. NPAT decreased by 4.6 per cent to \$1.8 billion, while earnings per share was down 7.7 per cent to 14.4 cents. Underlying EBITDA grew by 8.4 per cent to \$7.3 billion demonstrating strength in the core business. Underlying EPS<sup>1</sup> was up 48.5 per cent to 14.4 cents.

We also continued to take cost out of the business. Underlying fixed costs decreased 8.1 per cent or \$454 million and total operating expenses on a reported lease adjusted basis were down 5.8 per cent or \$906 million.

Our continued mobile network leadership led to a strong performance in our mobiles business with \$700 million EBITDA growth (+21.2 per cent), 2.9 per cent postpaid handheld ARPU growth and 6.4 per cent mobile services revenue growth. 155,000 net retail postpaid handheld services were added, including 121,000 branded with a strong contribution from Enterprise.

Consumer & Small Business Fixed grew sequentially in the second half and our Enterprise business returned to growth. We realised benefits from our infrastructure assets with InfraCo Fixed core access revenues up 3.1 per cent, including nbn recurring receipts up 3.3 per cent, and Amplitel revenue increased by 8.9 per cent. Amplitel was established as a standalone business with the sale of a non-controlling 49 per cent interest delivering net cash proceeds after transaction costs of \$2.8 billion.

Our FY22 results also mark the completion of our T22 strategy which has been a clear success with Telstra delivering a better experience for its customers and employees. We also reached our T22 productivity target of \$2.7 billion. FY22 also included several strategic announcements and early progress against some aspects of our T25 strategy. These included the landmark network sharing agreement with TPG Telecom, which is subject to ACCC clearance, and major infrastructure announcements through our partnership with Viasat and the upgrade of our inter-city fibre network. We also extended our 50 per cent emissions reduction target to cover scope 3 emissions and reached a number of new Enterprise Agreements with a large proportion of employees.

The Telstra Board resolved to pay a fully-franked dividend of 8.5 cents per share, bringing the total dividend for the year to 16.5 cents per share. This included an increase in the ordinary dividend from 10 to 13.5 cents per share, and will see around \$1.9 billion returned to shareholders, on top of the successful \$1.35 billion share buyback completed in May 2022. Telstra also provided financial guidance<sup>2</sup> including assumptions on a range of metrics for FY23, showing the continuation of growth in the underlying business.

1. Calculated as Profit After Tax after Minority Interests (PATMI) attributable to each share, excluding net one-off nbn receipts and guidance adjustments (guidance adjustments defined in footnote 2).
2. This guidance excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management. Refer to guidance vs reported results schedule which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY22.



## Other information

Consistent with information presented for internal management reporting purposes, the result of each segment is measured based on its EBITDA contribution. Refer to Note 2.1.1 in the Financial Report for further detail.

Commentary provided for statutory and management financial results.

Results on a guidance basis <sup>1</sup>	FY22	FY22 Guidance
Total income	<b>\$22.0b</b>	\$21.6b to \$23.6b
Underlying EBITDA	<b>\$7.3b</b>	\$7.0b to \$7.3b
Capex	<b>\$3.0b</b>	\$2.8b to \$3.0b
Free cash flow after payments for lease liabilities	<b>\$4.0b</b>	\$3.5b to \$3.9b

Guidance versus reported results <sup>1</sup>	FY22	FY22	FY22	FY21
	Reported results \$m	Adjustments \$m	Guidance basis \$m	Guidance basis \$m
Total income	<b>22,045</b>	(87)	21,958	22,924
Underlying EBITDA	<b>7,256</b>	(5)	7,251	6,689
Free cashflow	<b>3,854</b>	107	3,961	3,740

1. These tables detail adjustments made to the reported results for the current and comparative periods to reflect the performance of the business on the basis on which we provided guidance to the market, which excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management. A detailed reconciliation of our reported results to guidance can be found in the guidance versus reported results schedule. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C and guidance adjustments. FY21 underlying EBITDA also includes depreciation of mobile lease right-of-use assets. Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases. Free cash flow after lease payments (FCFaL) is defined as 'operating cash flows' less 'investing cash flows' less 'payments for lease liabilities, and excludes spectrum and guidance adjustments. Refer to the Guidance versus reported results schedule. The adjustments within the tables in this schedule have been reviewed by our auditors.

On 11 August 2022, the Directors of Telstra Corporation Limited resolved to pay a final fully franked dividend of 8.5 cents per ordinary share, comprising a final ordinary dividend of 7.5 cents per share and a final special dividend of 1 cent per share. Shares will trade excluding entitlement to the final dividend from 24 August 2022 with payment to be made on 22 September 2022. The total dividend for FY22 is 16.5 cents per share, fully franked, including 13.5 cents ordinary and 3 cents special, representing a total dividend payout of \$1,919 million. This is in line with our Capital Management Framework, which was updated at the September 2021 Investor Day.

The FY22 special dividend will be the final special dividend linked to one-off nbn receipts. We returned 79% of cumulative net one-off nbn receipts to shareholders via fully franked special dividends to the end of FY22. This was consistent with our commitment to return in the order of 75 per cent of net one-off nbn receipts to shareholders over time via fully franked special dividends.

Principle 2 of our updated Capital Management Framework is to 'maximise fully franked dividend and seek to grow over time'.

The final dividend represents a 115 per cent payout ratio on FY22 reported earnings per share and is well supported by free cash flow.

## 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.

### Segment total income (including internal charges)



Total external income	FY22	FY21	Change
	\$m	\$m	%
Telstra Consumer and Small Business <sup>1</sup>	11,978	12,330	(2.9)
Telstra Enterprise	7,132	6,985	2.1
Networks and IT <sup>2</sup>	248	244	1.6
Telstra InfraCo <sup>2</sup>	3,638	3,790	(4.0)
All Other <sup>2</sup>	624	1,295	(51.8)
<b>Total management reported income</b>	<b>23,620</b>	<b>24,644</b>	<b>(4.2)</b>
Transactions between segments	(1,575)	(1,512)	(4.2)
<b>Total external income</b>	<b>22,045</b>	<b>23,132</b>	<b>(4.7)</b>

1. Includes one-off nbn DA and Connection

2. Includes internal charges

On a reported basis, total income (excluding finance income) declined by 4.7 per cent to \$22,045 million. On a guidance basis, total income (excluding finance income) was \$21,958 million. The decline was primarily due to a reduction in low margin hardware revenues, one-off nbn income, on-net fixed income and nbn commercial works income. This was partly offset by growth in mobile service revenue. Segment performance is on a reported basis unless otherwise stated.

### Telstra Consumer and Small Business

Telstra Consumer and Small Business provides telecommunications, media and technology products and services to Consumer and Small Business customers in Australia using mobile and fixed network technologies. It also operates call centres, retail stores, a dealership network, digital channels, distribution systems and a loyalty program in Australia.

Income decreased by 2.9 per cent to \$11,978 million impacted by a 5.3 per cent decline across fixed products including a 40.2 per cent decline in on-net revenue due to nbn migration and a 0.6 per cent decline in mobile income with higher mobile service revenues offset by lower hardware revenue.

### Telstra Enterprise

Telstra Enterprise is responsible for providing telecommunications and technology services and solutions for government and large enterprise customers in Australia and globally. It also provides product management for advanced technology solutions through Data and Connectivity and Network Applications and Services (NAS) products such as unified communications, cloud, industry solutions and integrated services.

Income increased by 2.1 per cent to \$7,132 million driven by a 10.8 per cent increase in mobile income. Fixed revenue rose 0.1 per cent, with NAS revenue gains offset by declines in Data & Connectivity. NAS income growth of 5.8 per cent was due to growth in strategic areas as we execute our strategy, partly offset by calling applications legacy decline.

### Networks and IT

Networks and IT is responsible for the overall planning, engineering architecture, construction and maintenance of Telstra networks, technology and information technology solutions. It primarily supports the revenue generating activities of other segments.

### Telstra InfraCo

Telstra InfraCo is a standalone infrastructure business unit within Telstra. It owns and operates key passive network assets including data centres, exchanges, our fibre network, our physical mobile tower assets owned or operated by the Amplitel business, ducts and pipes. It also provides active mobile and fixed wholesale telecommunication products and services to other carriers and internet service providers.

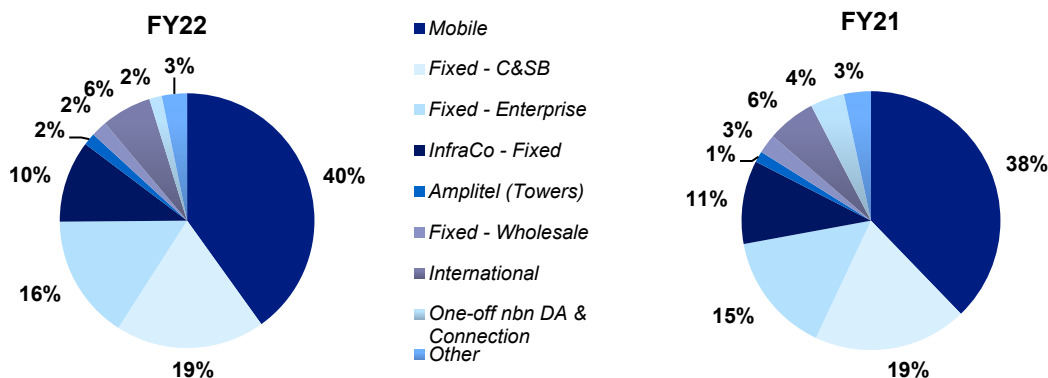
Telstra InfraCo income, including internal charges, decreased by 4.0 per cent to \$3,638 million due to expected declines from Fixed – Active Wholesale legacy products and commercial works supporting the nbn. This was partly offset by disposal of legacy network assets not in use, growth in income from our core passive infrastructure with increased recurring nbn DA receipts in line with CPI and other external access charges and an increase in wholesale mobility. Excluding internal access charges, income decreased by 8.1 per cent to \$2,354 million, which includes the decline in 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 Product and Technology Group, Global Business Services (GBS) and Telstra Health. Income decreased by 51.8 per cent to \$624 million, \$549 million excluding internal charges, mainly due to declines in Per Subscriber Address Amount (PSAA) receipts in line with the progress of the nbn network rollout.

## Product performance

### Product revenue breakdown (including internal charges)



Product income	FY22	FY21	Change
	\$m	\$m	%
Mobile	9,470	9,310	1.7
Fixed – C&SB	4,486	4,736	(5.3)
Fixed – Enterprise	3,729	3,724	0.1
Fixed – Active Wholesale	477	591	(19.3)
International	1,501	1,496	0.3
InfraCo Fixed	2,456	2,569	(4.4)
Amplitel	368	338	8.9
One-off nbn DA & connection	378	1,050	(64.0)
Other	755	830	(9.0)
<b>Total management reported income</b>	<b>23,620</b>	<b>24,644</b>	<b>(4.2)</b>
Eliminations	(1,575)	(1,512)	(4.2)
<b>Total external income</b>	<b>22,045</b>	<b>23,132</b>	<b>(4.7)</b>

EBITDA contribution margins <sup>1</sup>	FY22 %	2H22 %	1H22 %	FY21 %
Mobile	42.2	42.6	41.8	35.4
Fixed – C&SB	1.2	1.4	1.0	2.9
Fixed – Enterprise	17.9	19.1	16.5	17.3
Fixed – Active Wholesale	33.3	30.7	35.7	39.1
International	25.8	26.0	25.6	22.5
InfraCo – Fixed	67.4	68.3	66.4	65.1
Amplitel	79.9	75.1	84.9	88.8
Other	6.3	12.7	-2.0	10.9
Net one-off nbn DA less nbn net cost to connect	61.6	61.7	61.6	76.4

1. The data in this table includes adjustments to historical numbers to reflect changes in product hierarchy.

Detail on each of the products are outlined below on a reported basis unless otherwise stated, presented in accordance with our product reporting framework which was announced to the market on 13 January 2022. The restated product reporting framework aligns with our T25 strategy and includes:

- More transparency across our infrastructure business with InfraCo Fixed and Amplitel (Towers) on a standalone basis
- Mobile and Fixed product EBITDA margins inclusive of internal charges

**Mobile**

Mobile services revenue growth of 6.4 per cent strongly supported growth in overall Mobile product income, despite declines in hardware income. Overall Mobile income increased by 1.7 per cent to \$9,470 million. Growth in mobile services revenue was realised across all sub-products.

Retail services in operation (SIOs) increased by 1.3 million bringing the total to 20.8 million. We now have 8.7 million postpaid handheld retail SIOs, an increase of 155,000.

Postpaid handheld services revenue increased by 4.5 per cent to \$5,045 million as a 1.8 per cent uplift in SIOs was complemented by a 1.2 per cent ARPU increase from \$48.16 to \$48.74.

Prepaid handheld revenue increased by 14.2 per cent to \$924 million due to a 215,000 increase in unique users, higher ARPU and lower dormancy.

Mobile broadband revenue increased by 7.0 per cent to \$655 million, driven by a 14.0 per cent uplift in ARPU from \$16.20 to \$18.46 and a 0.4 per cent increase in SIOs.

Internet of Things (IoT) revenue increased by 8.9 per cent to \$268 million with SIOs increasing by over 1 million in the year. Growth was predominantly driven by SIO additions and value-add applications for Enterprise customers.

Wholesale revenue increased 15.4 per cent to \$308 million. Wholesale revenue growth was also supported by 218,000 net adds, bringing the total to 2.0 million, and ARPU growth, indicating continued growth in popularity of our Mobile Virtual Network Operator's (MVNO) plans on the Telstra mobile network.

Hardware, interconnect and other revenue decreased by 11.0 per cent to \$2,252 million largely due to lower hardware volumes impacted by supply constraints.

Mobile EBITDA contribution margin increased by 6.8 percentage points to 42.2 per cent due to increased high-margin service revenue, transitioning our customers off subsidy and lease plans, reduction in low margin hardware sales and cost-out.

**Fixed - Consumer and Small Business (C&SB)**

Fixed – C&SB income declined by 5.3 per cent to \$4,486 million impacted by nbn migration along with declines in legacy voice and SIOs. C&SB bundles and standalone data SIOs declined by 87,000 bringing the total to 3.5 million.

On-net fixed revenue, which is revenue from services on the Telstra network, decreased by 40.2 per cent to \$469 million while off-net fixed revenue, which is revenue from services for which we are a reseller, increased by 5.0 per cent to \$3,150 million as customers continue to migrate onto the nbn network. Off-net nbn resale margin was unchanged at 5.0 per cent.

Consumer content and services revenue declined by 9.1 per cent to \$601 million due to lower Foxtel from Telstra SIOs despite increases of 4 per cent year on year growth in SVOD (subscription video on demand) with closing SIOs of 669,000 and a 35% increase in gaming SIOs to 84,000.

Business apps and services revenue declined by 8.2 per cent to \$168 million due to legacy product decline.

Fixed – C&SB EBITDA contribution margin declined by 1.7 percentage points to 1.2 per cent due to a reduction in high margin revenue and growing nbn network payments, partly offset by cost-out.

**Fixed – Enterprise**

Fixed – Enterprise income grew by 0.1 per cent to \$3,729 million supported by gains in NAS income which offset declines in data and connectivity.

Data and connectivity income declined by 13.3 per cent to \$956 million. Declines were from ARPU compression caused by competition and technology change. Our T-Fibre customer base declined marginally, with churn confined largely to mid market and business segments.

NAS income increased by 5.8 per cent to \$2,773 million largely due to growth in strategic areas such as managed services, professional services, cloud applications and equipment sales, however this was partially offset by decreases in calling applications.

Calling applications revenue declined by 10.0 per cent to \$637 million due to ISDN and legacy fixed line calling products, in line with planned exit. This was partly offset by SIO growth and increased customer usage of collaboration communication software particularly in the first half.

Managed services and maintenance revenue increased by 10.0 per cent to \$738 million as more network customers attached cyber security services, managed data network and service management in strategic accounts.

Professional services revenue increased by 16.8 per cent to \$439 million driven by one-off infrastructure builds in large strategic contracts and digital transformation engagements by Telstra Purple.

Cloud applications revenue increased by 8.6 per cent to \$279 million from demand for public cloud.

Equipment sales revenue grew by 15.7 per cent to \$397 million as hardware spend rebounded following the COVID-19 market downturn.

Fixed - Enterprise EBITDA contribution margin grew by 0.6 percentage points to 17.9 per cent. Data and connectivity EBITDA contribution margin declined by 7.6 percentage points to 36.2 per cent due to revenue reduction. NAS EBITDA contribution margin grew by 5.3 percentage points to 11.5 per cent due to revenue growth in strategic areas and cost-out.

**Fixed – Active Wholesale**

Fixed – Active Wholesale income declined by 19.3 per cent to \$477 million impacted by ongoing migration to the nbn and legacy product decline.

Data and connectivity revenue decreased by 11.1 per cent to \$303 million reflecting an ongoing SIO reduction in largely low-end enterprise grade legacy products, price competition in wideband fibre products and migration of legacy services.

Legacy calling and fixed revenue declined by 30.4 per cent to \$174 million as nbn migration nears completion, with growth in nbn reseller.

Fixed - Wholesale EBITDA contribution margin decreased by 5.8 percentage points to 33.3 per cent due to continued legacy and nbn revenue decline offset partly by cost-out.

### International

Income from our International business increased by 0.3 per cent to \$1,501 million (-1.3 per cent in constant currency (CC)). A strong performance in wholesale with continued investment in infrastructure was offset by declines in low margin legacy voice.

Fixed legacy voice revenue declined by 12.2 per cent (CC) in line with market trends.

Data and connectivity revenue increased by 1.2 per cent (CC) with wholesale growth offsetting enterprise decline.

NAS and other revenue decreased by 2.3 per cent (CC) but grew 1.6 per cent (CC) excluding the exit of TelkomTelstra, with growth from new managed services deals as well as managed networks and equipment.

International EBITDA contribution margin increased by 3.3 percentage points to 25.8 per cent with margin expansion from low margin fixed voice reduction and higher data and connectivity and NAS contribution as well as cost-out.

### InfraCo Fixed

InfraCo Fixed income declined by 4.4 per cent to \$2,456 million. Our world class fixed passive infrastructure assets, across fibre, ducts and fixed network sites delivered stable growth in infrastructure access revenues. Recurring nbn income, disposal of legacy network copper assets which we expect to be ongoing, and sale of exchange air rights in the second half supported income. These positives were offset by a decline in nbn commercial works revenue, which is rolling off as the nbn rollout nears completion and contracts end.

Commercial and recoverable works revenue declined by 49.7 per cent to \$294 million. Excluding commercial and recoverable works and legacy network disposals, InfraCo Fixed income grew 3.1 per cent.

Recurring nbn DA income includes infrastructure services across ducts, racks and fibre provided to nbn Co. Income increased by 3.3 per cent to \$930 million reflecting CPI price increases.

InfraCo Fixed EBITDA contribution margin increased by 2.3 percentage points to 67.4 per cent. EBITDA contribution however declined by \$18 million due to lower commercial and recoverable works and additional investment in asset maintenance and growth opportunities, partly offset by positive contribution from legacy network asset disposals.

### Amplitel (Towers)

Amplitel achieved income growth of 8.9 per cent to \$368 million, including internal charges, from continued demand for new tower builds and 5G upgrades. External revenue also increased due to demand from new non-mobile network operator (MNO) customers offset by one-off commercial works decline. We completed the disposal of a 49 per cent interest in our Towers business, valuing the business at \$5.9 billion, in September 2021.

### One-off nbn DA & connection

One-off nbn DA & connection income includes receipts from nbn Co for disconnecting customers from our legacy network, and one-off income we receive from customers to connect to the nbn network. Income decreased by 64.0 per cent to \$378 million as migration to the nbn nears completion.

### Other

Other product income includes Telstra Health and corporate adjustments. Telstra Health income increased 13 per cent organically, or 51 per cent to \$243m after including acquisitions of MedicalDirector and PowerHealth. Income in this category decreased by \$75 million to \$755 million, including internal charges, mainly due to bond rate movements and gains on sale and lease back of the Pitt Street exchange property and other M&A transactions in FY21 not repeated in FY22.

Other EBITDA contribution included positives of around \$80 million from the impact of bond rate changes on employee liabilities, and around \$50 million from cumulative catch-up adjustments to revenue recognised in the prior reporting periods.

### Elimination

Elimination represents internal revenue with \$976 million in InfraCo Fixed, \$308 million in Amplitel and \$291 million in Other.

## Expense performance

Total operating expenses declined by 4.6 per cent to \$14,758 million on a reported basis. On a reported lease adjusted basis total operating expenses declined by 5.8 per cent to \$14,758 million largely due to a \$863 million reduction in total underlying operating expenses, which are reported costs adjusted for one-off nbn and restructuring costs and other guidance adjustments. Underlying operating expenses on an underlying basis declined by 5.7 per cent.

Sales costs, which are direct costs associated with revenue and customer growth, decreased by 0.8 per cent to \$8,120 million. This was due to a \$170 million decline in other sales costs as a result of lower hardware costs and Foxtel service fees, partly offset by a \$106 million increase in nbn access payments.

Underlying fixed costs declined 8.1 per cent or \$454 million enabled by our ongoing drive to digitise and simplify our processes, as well as our move to an agile workforce. The continued migration of our fixed customers to the nbn network as well as our focus on rationalising 3rd party vendors and services have also contributed to cost reduction. Other fixed costs decreased by 24.9 per cent from cessation of mobile leases in FY21 and reduced commercial works costs.

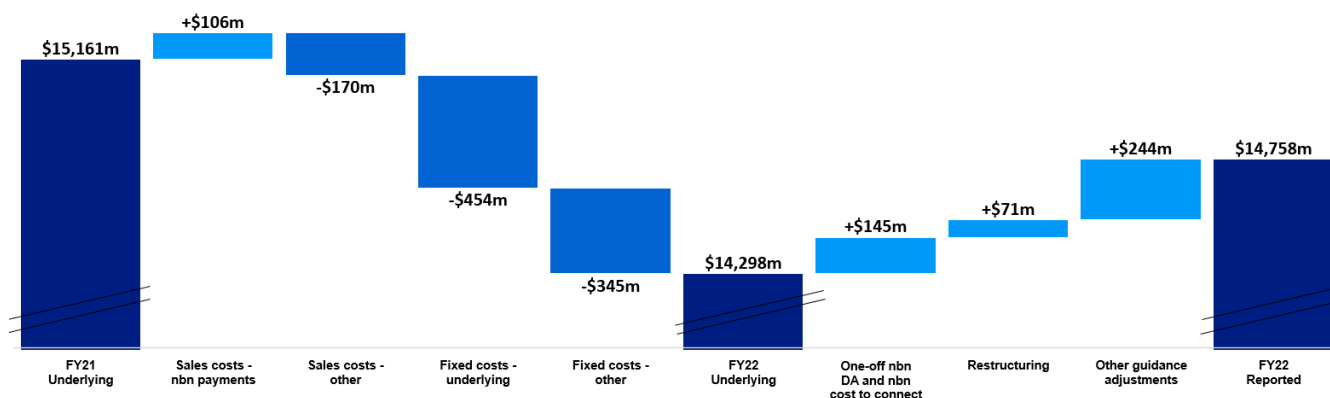
One-off nbn DA and nbn cost to connect declined by 41.5 per cent as the nbn network rollout nears completion. Operating expenses for other guidance adjustments rose by \$200 million largely due to \$125 million in transaction costs related to InfraCo Towers (now Amplitel) and \$58 million of transaction and integration costs related to our MedicalDirector and PowerHealth acquisitions.

In June 2018, we announced we would target a \$2.5 billion annual reduction in underlying fixed costs by FY22 compared with restated underlying fixed costs of ~\$7.9 billion in base year FY16. We subsequently increased our FY22 target by \$200 million to \$2.7 billion. We achieved our goal with approximately \$2.73 billion of annual cost-out since FY16. The \$2.7b of cost reduction has been achieved by simplifying product offerings, increasing digital experiences, reducing layers of management and moving to an agile workforce, optimising 3rd party spend and also due to the migration of customers to the nbn.

Operating expenses <sup>1</sup>	FY22	FY21	Change	
	\$m	\$m	\$m	%
<b>Sales costs</b>	<b>8,120</b>	<b>8,184</b>	<b>(64)</b>	<b>(0.8)</b>
- nbn payments	2,081	1,975	106	5.4
- other	6,039	6,209	(170)	(2.7)
<b>Fixed costs</b>	<b>6,178</b>	<b>6,977</b>	<b>(799)</b>	<b>(11.5)</b>
- underlying	5,139	5,593	(454)	(8.1)
- other <sup>1</sup>	1,039	1,384	(345)	(24.9)
<b>Underlying</b>	<b>14,298</b>	<b>15,161</b>	<b>(863)</b>	<b>(5.7)</b>
One-off nbn DA and nbn cost to connect	145	248	(103)	(41.5)
Restructuring	71	211	(140)	(66.4)
Other guidance adjustments <sup>2</sup>	244	44	200	n/m
<b>Reported lease adjusted<sup>3</sup></b>	<b>14,758</b>	<b>15,664</b>	<b>(906)</b>	<b>(5.8)</b>
Lease adjustments <sup>4</sup>	0	(194)	194	n/m
<b>Reported</b>	<b>14,758</b>	<b>15,470</b>	<b>(712)</b>	<b>(4.6)</b>

- Fixed costs – other includes items supporting revenue growth including relevant NAS costs, mobile handset leases, and product impairment, and additional costs from insourcing retail channel from FY22.
- Guidance adjustments include material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum and such other items as determined by the Board and management
- 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. There were no lease adjustments in FY22 due to immateriality.
- Refer to note 7 of the *Guidance versus reported results* schedule.

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



Operating expenses on a reported basis	FY22	FY21	Change
	\$m	\$m	%
Labour	3,620	4,012	(9.8)
Goods and services purchased	8,228	8,318	(1.1)
Net impairment losses on financial assets	98	160	(38.8)
Other expenses	2,812	2,980	(5.6)
<b>Total</b>	<b>14,758</b>	<b>15,470</b>	<b>(4.6)</b>

### Labour

Total labour expenses decreased by 9.8 per cent or \$392 million to \$3,620 million. Salary and associated costs decreased by \$76 million due to workforce optimisation and process simplification as Telstra moves to agile, as well as lower field services support through field optimisation programs and the continued decline in legacy services post NBN migration. Labour substitution costs declined by \$83 million. Employee redundancy costs also decreased by \$173 million as our T22 commitment to deliver approximately 8,000 in workforce optimisation was achieved largely in FY21. Total full time staff equivalents (FTE) increased by 6.9 per cent or 1,874 to 28,889 largely due to the insourcing of our retail channel and onshoring of call centres.



### Goods and services purchased

Total goods and services purchased decreased by 1.1 per cent or \$90 million to \$8,228 million.

Cost of goods sold, which includes mobile handsets and accessories, tablets, mobile broadband hardware, modems and other fixed hardware, decreased by 5.3 per cent or \$149 million to \$2,648 million mainly due to lower C&SB postpaid mobile hardware volumes and lower modem costs in our Fixed business.

Network payments increased by 2.2 per cent or \$70 million to \$3,223 million largely due to higher nbn payments which were driven by speed tier mix changes, higher volumes and higher Connectivity Virtual Circuit charges.

Other goods and services purchased declined by 0.5 per cent or \$11 million to \$2,357 million as a result of decreased service fees through lower Foxtel from Telstra volumes. This was offset by increased managed cost of sales due to an increase in NAS revenue in cloud applications and managed services.

### Other expenses

Total Other expenses decreased by 5.6 per cent or \$168 million to \$2,812 million.

The decline in Other expenses is primarily due to the termination of handset leases and associated termination fees, and a reduction in IT costs through cost rationalisation and vendor negotiations. These were offset by Amplitel stamp duty expenses. Service contracts and other agreements expenses increased by 2.0 per cent or \$23 million to \$1,167 million. Impairment losses (excluding net losses on financial assets) decreased by 11.1 per cent or \$18 million to \$144 million due to impairment losses for our Sensis investment classified as held for sale in FY21 not repeated in FY22.

### Depreciation and amortisation

Depreciation and amortisation decreased by 6.2 per cent or \$288 million to \$4,358 million mainly driven by reduction in right-of-use assets and network and IT applications assets fully depreciating in FY21. The reduction included a \$139 million decrease in depreciation of right-of-use assets largely resulting from our exit of swap handset leases, a \$34 million decrease in depreciation of property, plant and equipment, and a \$115 million decline in amortisation of intangible assets.

### Foreign currency impacts

For the purposes of reporting our consolidated results, the translation of foreign operations denominated in foreign currency to Australian dollars (AUD) increased our sales revenue by \$34 million. This foreign exchange impact was partly offset by an increase in expenses by \$21 million across labour, goods and services purchased, and other expenses resulting in a favourable EBITDA contribution of \$13 million.

### Net finance costs

Net finance costs decreased by 24.3 per cent or \$134 million to \$417 million. This decrease reflects a reduction in interest on borrowings of \$74 million and other financing items as set out in note 4.4.3 in the financial report. The reduction in interest on borrowings is primarily due to lower debt on issue and also reflects a marginal decline in our average gross borrowing cost from 3.8 per cent to 3.7 per cent.

### Financial position

Summary statement of cash flows	FY22	FY21	Change
	\$m	\$m	%
Net cash provided by operating activities	7,249	7,231	0.2
Net cash used in investing activities	(3,395)	(2,344)	(44.8)
- Capital expenditure (before investments)	(3,094)	(3,140)	1.5
- Other investing cash flows	(301)	796	n/m
Free cashflow	3,854	4,887	(21.1)
Net cash used in financing activities	(3,971)	(4,236)	6.3
Net increase/(decrease) in cash and cash equivalents	(117)	651	n/m
Cash and cash equivalents at the beginning of the period	1,125	499	n/m
Effects of exchange rate changes on cash and cash equivalents	32	(25)	n/m
Cash and cash equivalents at the end of the period	1,040	1,125	(7.6)

### Capital expenditure and cash flow

Free cashflow generated from operating and investing activities was \$3,854 million representing a decrease of \$1,033 million or 21.1 per cent due to increase in net cash used in investing activities.

Net cash provided by operating activities increased by 0.2 per cent or \$18 million to \$7,249 million mainly due to a \$2,914 million decrease in payments to suppliers and employees, partly offset by a \$2,851 million decline in receipts from customers. Net cash provided by operating activities was positively impacted by a \$923 million improvement in working capital driven by reduced receivables including from lower hardware sales, strong collections and lower bad debt. These working capital benefits were largely offset by a decline in reported EBITDA.

Net cash used in investing activities increased by 44.8 per cent or \$1,051 million to \$3,395 million primarily due to a \$745 million increase in payments for shares in controlled entities including our health acquisitions and insourcing of retail stores, a \$279 million decrease in proceeds from sale and leaseback, where FY21 included the sale and lease back of Pitt St exchange, and a \$214 million decrease in proceeds from sale of businesses, where FY21 included the sale of Velocity fibre assets.

Net cash used in financing activities decreased by 6.3 per cent or \$265 million to \$3,971 million. This was largely due to \$2,883 million in proceeds received from the 49 per cent disposal of our interest in InfraCo Towers' (now Amplitel). This was partly offset by \$1,350 million spent on our share buy-back, a \$838 million decrease in proceeds from borrowings and a \$490 million increase in repayment of borrowings.

Our accrued capital expenditure for the year on a guidance basis was \$3,042 million or 14.5 per cent of sales revenue.

On a guidance basis free cashflow after operating lease payments was \$3,961 million. Performance against guidance has been adjusted for free cashflow associated with lease payments (-\$775 million), M&A (+\$841 million) including the Telstra Health and retail store acquisitions described above and spectrum (\$41 million).

Debt issuance	\$m
Drawings (bilateral loan facilities)	901
Revolving bank facilities	14
Other loans	15
<b>Total</b>	<b>930</b>

Debt repayments	\$m
Euro bond	(1,002)
USD bond	(956)
Private placements	(140)
Bilateral loan facilities	(602)
Commercial paper (net)	(415)
Other loans	(95)
<b>Total</b>	<b>(3,210)</b>

### Debt position

Our gross debt position was \$13,760 million comprising borrowings of \$10,982 million less \$509 million in net derivative assets plus lease liabilities of \$3,287 million. Gross debt decreased by 16.0 per cent or \$2,628 million due to debt repayments exceeding new debt issuance. Also, non-cash impacts and movement in lease liabilities also resulted in a net reduction to debt of \$348 million. Net debt decreased by 16.7 per cent or \$2,543 million to \$12,720 million reflecting the decrease in gross debt partially offset by a reduction in cash holdings of \$85 million.

Financial settings	FY22 Actual	FY22 Comfort zone
Debt servicing <sup>1</sup>	1.8x	1.5x to 2.0x
Gearing <sup>2</sup>	43.0%	50% to 70%
Interest cover <sup>3</sup>	14.5x	>7x

1. Debt servicing ratio is calculated as net debt/EBITDA.

2. Gearing ratio is calculated as net debt/total net debt plus equity.

3. Interest cover is calculated as EBITDA/net interest on debt (excluding capitalised interest and non-cash accounting impacts within net finance costs).

We remain within our comfort zones for our credit metrics. Our debt servicing is 1.8 times (2021: 2.0 times), gearing ratio is 43.0 per cent (2021: 50.0 per cent) and interest cover is 14.5 times (2021: 13.2 times).

Summary statement of financial position	30 Jun 2022	30 Jun 2021	Change
	\$m	\$m	%
Current assets	6,260	7,114	(12.0)
Non-current assets	35,368	35,411	(0.1)
Total assets	41,628	42,525	(2.1)
Current liabilities	9,860	10,424	(5.4)
Non-current liabilities	14,931	16,826	(11.3)
Total liabilities	24,791	27,250	(9.0)
Net assets	16,837	15,275	10.2
Total equity	16,837	15,275	10.2
Return on invested capital (%)	7.1	7.5	(0.4)pp
Return on average equity (%)	11.3	12.8	(1.5)pp



## Statement of financial position

Our balance sheet remains in a strong position with net assets of \$16,837 million. Current assets decreased by 12.0 per cent to \$6,260 million. Cash and cash equivalents decreased by \$85 million. Derivative financial assets decreased by \$322 million largely from instruments maturing within the period and foreign currency and other valuation impacts, while a \$503 million decline in trade and other receivables and contract assets reflects deferred debt unwind, lower revenue and better collections. This was partly offset by a \$91 million rise in inventories largely due to the insourcing of Telstra-branded retail stores.

Non-current assets decreased by 0.1 per cent to \$35,368 million. Intangible assets increased by \$1,024 million due to acquisitions of controlled entities. This was offset by derivative financial assets decreasing by \$274 million due to instruments maturing in the next 12 months. Property, plant and equipment declined by \$378 million mainly due to depreciation expenses exceeding additions, while trade and other receivables and contract assets decreased by \$307 million consistent with current trade and other receivables.

Current liabilities decreased by 5.4 per cent to \$9,860 million. Borrowings decreased by \$941 million as maturities became due. Trade and other payables increased by \$423 million due to a \$101m increase in carrier network payables and \$76m in stamp duty payable on establishment of the Amplitel business, while current tax payables decreased by \$82 million mainly due to higher pay as you go income tax instalments.

Non-current liabilities decreased by 11.3 per cent to \$14,931 million. The reduction was primarily due to borrowings decreasing by \$2,213 million largely from reclassification to current liabilities of debt maturing within the next 12 months. This was partly offset by a \$224 million increase in other payables mainly due to spectrum, a \$75 million increase in deferred tax liabilities and \$47 million of cumulative catch-up adjustments to revenue recognised in the prior reporting periods.

## Guidance versus reported results Schedule

This schedule details adjustments made to the reported results for the current and comparative periods to reflect the performance of the business on the basis on which we provided guidance to the market, which excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C and guidance adjustments. FY21 underlying EBITDA also includes depreciation of mobile lease right-of-use assets. Free cashflow after lease payments (FCFaL) defined as 'operating cash flows' less 'investing cash flows' less 'payments for lease liabilities', and excludes spectrum and guidance adjustments.

The following adjustments provide a detailed reconciliation from reported to guidance results for each guidance measure:

	Total Income			Underlying EBITDA			Free Cashflow	
	FY21	FY22		FY21	FY22		FY21	FY22
	\$m	\$m		\$m	\$m		\$m	\$m
<b>Reported Total Income</b>	<b>23,132</b>	<b>22,045</b>	<b>Reported EBITDA</b>	<b>7,638</b>	<b>7,256</b>	<b>Reported Free Cashflow</b>	<b>4,887</b>	<b>3,854</b>
<i>Adjustments</i>								
M&A adjustment <sup>1</sup>	(106)	(87)	M&A adjustment <sup>1</sup>	(96)	157	M&A adjustment <sup>1</sup>	(164)	841
Sensis impairment <sup>2</sup>	n/a	n/a	Sensis impairment <sup>2</sup>	34	n/a	Sensis impairment <sup>2</sup>	0	n/a
Pitt St sale and leaseback <sup>3</sup>	(102)	n/a	Pitt St sale and leaseback <sup>3</sup>	(102)	n/a	Pitt St sale and leaseback <sup>3</sup>	(282)	n/a
Restructuring costs <sup>4</sup>	n/a	n/a	Restructuring costs <sup>4</sup>	211	71	Restructuring costs <sup>4</sup>	n/a	n/a
Net one-off NBN receipts <sup>5</sup>	n/a	n/a	Net one-off NBN receipts <sup>5</sup>	(802)	(233)	Net one-off NBN receipts <sup>5</sup>	n/a	n/a
Spectrum payments <sup>6</sup>	n/a	n/a	Spectrum payments <sup>6</sup>	n/a	n/a	Spectrum payments <sup>6</sup>	88	41
Lease <sup>7</sup>	n/a	n/a	Lease <sup>7</sup>	(194)	0	Lease <sup>7</sup>	(789)	(775)
<b>Guidance Total Income</b>	<b>22,924</b>	<b>21,958</b>	<b>Guidance Underlying EBITDA</b>	<b>6,689</b>	<b>7,251</b>	<b>Guidance Free Cashflow after Leases</b>	<b>3,740</b>	<b>3,961</b>

The adjustments set out in the above tables have been reviewed by our auditor for consistency with the guidance basis as set out on this page.

### Note:

1 Adjustments relating to acquisitions and disposals of controlled entities, joint ventures, associates and other investments and any associated net gains or losses and contingent consideration.

During FY22 we disposed of a 49 per cent interest in our towers business to non-controlling interests.

During FY22 we acquired:

- Power Solutions Holdings Pty Ltd and its subsidiaries (PowerHealth);
- Clinical Technology Holdings Pty Ltd and its subsidiaries (MedicalDirector);
- Alliance Automation Pty Ltd and its subsidiary;
- Aqura Technologies Pty Ltd; and

- Fone Zone Pty Ltd (Fone Zone) and its controlled entities and multiple individually immaterial retail stores from various licensees. Consistent with the guidance we provided to the market we are not adjusting Income, EBITDA or Free Cashflow for the trading results of these stores.

FY21 includes the disposal of our e-commerce platform business, our FTTP Velocity business and the acquisition of Epicon IT Solutions Pty Ltd (including its wholly owned subsidiary, Service Potential Pty Ltd) and Epicon Software Pty Ltd and assets of Mediacloud Ltd.

2 Adjustment relating to impairment loss for our investment in Project Sunshine 1 Pty Limited (Sensis) in FY21.

3 Adjustment relating to the sale and leaseback transaction of the Pitt Street exchange property in FY21.

4 Adjustments for the strategic focus (T22 program) to establish a standalone infrastructure business, simplify structure, improve customer experience and cut costs, in addition to our normal business as usual redundancies for the period. FY22 adjustments include costs for Telstra's legal restructure including legal and IT costs.

5 Adjustments for net one-off nbn receipts which is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA and Infrastructure Ownership) less nbn net cost to connect.

6 Adjustment relating to the impact on free cashflow associated with our spectrum purchases and renewals for the period including:

- \$28m for renewal of our national spectrum licence in the 900 MHz band
- \$13m payments for spectrum and apparatus licences in various spectrum bands.

7 Adjustment to EBITDA for depreciation of mobile lease right-of-use assets in FY21.

Adjustment to Free Cashflow for payment of lease liabilities and interest.

n/a Adjustment is not relevant to the respective guidance measure.

**Results of operations**

	Year ended 30 June				Lease adjustments (i) Year ended 30 June		Reported lease adjusted (i) Year ended 30 June			
	2022	2021	Change	Change	2022	2021	2022	2021	Change	Change
	\$M	\$M	\$M	%	\$M	\$M	\$M	\$M	\$M	%
Revenue (excluding finance income)	21,277	21,558	(281)	(1.3)	-	-	21,277	21,558	(281)	(1.3)
Other income (ii)	768	1,574	(806)	(51.2)	-	-	768	1,574	(806)	(51.2)
<b>Total income (excluding finance income)</b>	<b>22,045</b>	<b>23,132</b>	<b>(1,087)</b>	<b>(4.7)</b>	<b>-</b>	<b>-</b>	<b>22,045</b>	<b>23,132</b>	<b>(1,087)</b>	<b>(4.7)</b>
Labour	3,620	4,012	(392)	(9.8)	-	-	3,620	4,012	(392)	(9.8)
Goods and services purchased	8,228	8,318	(90)	(1.1)	-	-	8,228	8,318	(90)	(1.1)
Net impairment losses on financial assets	98	160	(62)	(38.8)	-	-	98	160	(62)	(38.8)
Other expenses	2,812	2,980	(168)	(5.6)	-	194	2,812	3,174	(362)	(11.4)
Operating expenses	14,758	15,470	(712)	(4.6)	-	194	14,758	15,664	(906)	(5.8)
Share of net (loss)/profit from joint ventures and associated entities	(31)	(24)	(7)	(29.2)	-	-	(31)	(24)	(7)	(29.2)
	14,789	15,494	(705)	(4.6)	-	194	14,789	15,688	(899)	(5.7)
<b>Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)</b>	<b>7,256</b>	<b>7,638</b>	<b>(382)</b>	<b>(5.0)</b>	<b>-</b>	<b>(194)</b>	<b>7,256</b>	<b>7,444</b>	<b>(188)</b>	<b>(2.5)</b>
Depreciation and amortisation	4,358	4,646	(288)	(6.2)	-	(194)	4,358	4,452	(94)	(2.1)
<b>Earnings before interest and income tax expense (EBIT)</b>	<b>2,898</b>	<b>2,992</b>	<b>(94)</b>	<b>(3.1)</b>	<b>-</b>	<b>-</b>	<b>2,898</b>	<b>2,992</b>	<b>(94)</b>	<b>(3.1)</b>
Finance income	110	103	7	6.8	-	-	110	103	7	6.8
Finance costs	527	654	(127)	(19.4)	-	-	527	654	(127)	(19.4)
Net finance costs	417	551	(134)	(24.3)	-	-	417	551	(134)	(24.3)
<b>Profit before income tax expense</b>	<b>2,481</b>	<b>2,441</b>	<b>40</b>	<b>1.6</b>	<b>-</b>	<b>-</b>	<b>2,481</b>	<b>2,441</b>	<b>40</b>	<b>1.6</b>
Income tax expense	667	539	128	23.7	-	-	667	539	128	23.7
<b>Profit for the period</b>	<b>1,814</b>	<b>1,902</b>	<b>(88)</b>	<b>(4.6)</b>	<b>-</b>	<b>-</b>	<b>1,814</b>	<b>1,902</b>	<b>(88)</b>	<b>(4.6)</b>
<b>Attributable to:</b>										
Equity holders of Telstra Entity	1,688	1,857	(169)	(9.1)						
Non-controlling interests	126	45	81	n/m						
	1,814	1,902	(88)	(4.6)						
Effective tax rate on operations	26.9%	22.1%		4.8 pp						
EBITDA margin on revenue	34.1%	35.4%		(1.3) pp						
EBIT margin on revenue	13.6%	13.9%		(0.3) pp						
	cents	cents	Change cents	Change %						
<b>Earnings per share (cents per share)</b>										
Basic (iii)	14.4	15.6	(1.2)	(7.7)						
Diluted (iii)	14.3	15.6	(1.3)	(8.3)						

(i) From 1 July 2019 we have adopted AASB 16: 'Leases'. 'Reported Lease adjusted' provides a view of our mobile handset leases (Telstra as a lessee) which for management reporting purposes are treated as part of operating performance results. FY21 has been adjusted to include the reported depreciation of mobile handsets right-of-use assets in EBITDA. No adjustment to FY22.

(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, Mobile Blackspot Government program and other miscellaneous items.

n/m = not meaningful

Total income	Year ended 30 June			
	2022	2021	Change	Change
	\$M	\$M	\$M	%
<b>Mobile</b>				
Postpaid handheld	5,045	4,830	215	4.5
Prepaid handheld	924	809	115	14.2
Mobile broadband	655	612	43	7.0
Internet of Things (IoT)	268	246	22	8.9
Mobile wholesale	308	267	41	15.4
Other	18	17	1	5.9
<b>Total mobile services</b>	<b>7,218</b>	<b>6,781</b>	<b>437</b>	<b>6.4</b>
Hardware	2,100	2,306	(206)	(8.9)
Mobile interconnect	250	264	(14)	(5.3)
Media, Telstra Plus & other	(98)	(41)	(57)	n/m
<b>Total Mobile</b>	<b>9,470</b>	<b>9,310</b>	<b>160</b>	<b>1.7</b>
<b>Fixed - C&amp;SB</b>				
On-net fixed (ii)	469	784	(315)	(40.2)
Off-net fixed (ii)	3,150	3,001	149	5.0
Consumer content & services	600	661	(61)	(9.2)
Business applications & services	168	183	(15)	(8.2)
Interconnect, payphones & E000	99	107	(8)	(7.5)
<b>Total Fixed - C&amp;SB</b>	<b>4,486</b>	<b>4,736</b>	<b>(250)</b>	<b>(5.3)</b>
<b>Fixed - Enterprise</b>				
<b>Data &amp; connectivity</b>	<b>956</b>	<b>1,103</b>	<b>(147)</b>	<b>(13.3)</b>
Calling applications	637	708	(71)	(10.0)
Managed services & maintenance	738	671	67	10.0
Professional services	439	376	63	16.8
Cloud applications	279	257	22	8.6
Equipment sales	397	343	54	15.7
Other	283	266	17	6.4
<b>Total NAS</b>	<b>2,773</b>	<b>2,621</b>	<b>152</b>	<b>5.8</b>
<b>Total Fixed - Enterprise</b>	<b>3,729</b>	<b>3,724</b>	<b>5</b>	<b>0.1</b>
<b>Fixed - Active Wholesale</b>				
Data & connectivity	303	341	(38)	(11.1)
Legacy calling & fixed	174	250	(76)	(30.4)
<b>Total Fixed - Active Wholesale</b>	<b>477</b>	<b>591</b>	<b>(114)</b>	<b>(19.3)</b>
<b>International</b>				
Fixed (legacy voice)	210	229	(19)	(8.3)
Data & connectivity	981	939	42	4.5
NAS & Other	310	328	(18)	(5.5)
<b>Total International</b>	<b>1,501</b>	<b>1,496</b>	<b>5</b>	<b>0.3</b>
<b>InfraCo - Fixed</b>				
Commercial & recoverable works	294	584	(290)	(49.7)
NBN recurring	930	900	30	3.3
Other external & passive	256	136	120	88.2
Internal	976	949	27	2.8
<b>Total InfraCo - Fixed</b>	<b>2,456</b>	<b>2,569</b>	<b>(113)</b>	<b>(4.4)</b>
<b>InfraCo - Tower / Amplitel</b>				
External	60	60	-	-
Internal	308	278	30	10.8
<b>Total InfraCo - Tower / Amplitel</b>	<b>368</b>	<b>338</b>	<b>30</b>	<b>8.9</b>
<b>One-off nbn DA &amp; Connection</b>	<b>378</b>	<b>1,050</b>	<b>(672)</b>	<b>(64.0)</b>
<b>Other Product Income</b>				
External (iii)	464	545	(81)	(14.9)
Internal	291	285	6	2.1
<b>Total Other Product Income</b>	<b>755</b>	<b>830</b>	<b>(75)</b>	<b>(9.0)</b>
<b>Elimination</b>	<b>(1,575)</b>	<b>(1,512)</b>	<b>(63)</b>	<b>(4.2)</b>
<b>Total income</b>	<b>22,045</b>	<b>23,132</b>	<b>(1,087)</b>	<b>(4.7)</b>

Total expenses	Year ended 30 June			
	2022	2021	Change	Change
	2022			
	\$M	\$M	\$M	%
<b>Mobile</b>				
Postpaid handheld	5,045	4,830	215	4.5
Prepaid handheld	924	809	115	14.2
Mobile broadband	655	612	43	7.0
Internet of Things (IoT)	268	246	22	8.9
Mobile wholesale	308	267	41	15.4
Other	18	17	1	5.9
<b>Total mobile services</b>	<b>7,218</b>	<b>6,781</b>	<b>437</b>	<b>6.4</b>
Hardware	2,100	2,306	(206)	(8.9)
Mobile interconnect	250	264	(14)	(5.3)
Media, Telstra Plus & other	(98)	(41)	(57)	n/m
<b>Total Mobile</b>	<b>9,470</b>	<b>9,310</b>	<b>160</b>	<b>1.7</b>
<b>Fixed - C&amp;SB</b>				
On-net fixed (ii)	469	784	(315)	(40.2)
Off-net fixed (ii)	3,150	3,001	149	5.0
Consumer content & services	600	661	(61)	(9.2)
Business applications & services	168	183	(15)	(8.2)
Interconnect, payphones & E000	99	107	(8)	(7.5)
<b>Total Fixed - C&amp;SB</b>	<b>4,486</b>	<b>4,736</b>	<b>(250)</b>	<b>(5.3)</b>

**Statement of Financial Position**

	As at			
	30 Jun 22	30 Jun 21	Change	Change
	\$M	\$M	\$M	%
<b>Current assets</b>				
Cash and cash equivalents	1,040	1,125	(85)	(7.6)
Trade and other receivables and contract assets	4,074	4,577	(503)	(11.0)
Deferred contract costs	116	113	3	2.7
Inventories	476	385	91	23.6
Derivative financial assets	302	624	(322)	(51.6)
Current tax receivables	17	5	12	n/m
Prepayments	235	285	(50)	(17.5)
<b>Total current assets</b>	<b>6,260</b>	<b>7,114</b>	<b>(854)</b>	<b>(12.0)</b>
<b>Non-current assets</b>				
Trade and other receivables and contract assets	861	1,168	(307)	(26.3)
Deferred contract costs	1,238	1,342	(104)	(7.7)
Inventories	28	21	7	33.3
Investments - accounted for using the equity method	814	1,018	(204)	(20.0)
Investments - other	15	15	-	-
Property, plant and equipment	20,485	20,863	(378)	(1.8)
Right-of-use assets	2,926	2,852	74	2.6
Intangible assets	8,155	7,131	1,024	14.4
Derivative financial assets	512	786	(274)	(34.9)
Deferred tax assets	60	60	-	-
Defined benefit asset	274	155	119	76.8
<b>Total non-current assets</b>	<b>35,368</b>	<b>35,411</b>	<b>(43)</b>	<b>(0.1)</b>
<b>Total assets</b>	<b>41,628</b>	<b>42,525</b>	<b>(897)</b>	<b>(2.1)</b>
<b>Current liabilities</b>				
Trade and other payables	4,189	3,766	423	11.2
Employee benefits	667	682	(15)	(2.2)
Other provisions	160	87	73	83.9
Lease liabilities	490	503	(13)	(2.6)
Borrowings	2,690	3,631	(941)	(25.9)
Derivative financial liabilities	-	26	(26)	n/m
Current tax payables	42	124	(82)	(66.1)
Contract liabilities and other revenue received in advance	1,622	1,605	17	1.1
<b>Total current liabilities</b>	<b>9,860</b>	<b>10,424</b>	<b>(564)</b>	<b>(5.4)</b>
<b>Non-current liabilities</b>				
Other payables	233	9	224	n/m
Employee benefits	132	150	(18)	(12.0)
Other provisions	119	126	(7)	(5.6)
Lease liabilities	2,797	2,802	(5)	(0.2)
Borrowings	8,292	10,505	(2,213)	(21.1)
Derivative financial liabilities	305	331	(26)	(7.9)
Deferred tax liabilities	1,655	1,580	75	4.7
Defined benefit liability	10	10	-	-
Contract liabilities and other revenue received in advance	1,388	1,313	75	5.7
<b>Total non-current liabilities</b>	<b>14,931</b>	<b>16,826</b>	<b>(1,895)</b>	<b>(11.3)</b>
<b>Total liabilities</b>	<b>24,791</b>	<b>27,250</b>	<b>(2,459)</b>	<b>(9.0)</b>
<b>Net assets</b>	<b>16,837</b>	<b>15,275</b>	<b>1,562</b>	<b>10.2</b>
<b>Equity</b>				
Share capital	3,098	4,436	(1,338)	(30.2)
Reserves	2,333	138	2,195	n/m
Retained profits	9,918	10,014	(96)	(1.0)
<b>Equity available to Telstra Entity shareholders</b>	<b>15,349</b>	<b>14,588</b>	<b>761</b>	<b>5.2</b>
Non-controlling interests	1,488	687	801	n/m
<b>Total equity</b>	<b>16,837</b>	<b>15,275</b>	<b>1,562</b>	<b>10.2</b>
Gross debt	13,760	16,388	(2,628)	(16.0)
Net debt	12,720	15,263	(2,543)	(16.7)
EBITDA interest cover (times) (i)	14.5	13.2	1.3	9.8
Net debt to EBITDA	1.8	2.0	(0.2)	(10.0)
ROA - Return on average assets	7.1%	7.0%		0.1 pp
ROE - Return on average equity	11.3%	12.8%		(1.5) pp
ROI - Return on average investment	9.6%	9.6%		-
ROIC - Return on invested capital	7.1%	7.5%		(0.4) pp
Gearing ratio (net debt to capitalisation)	43.0%	50.0%		(7.0) pp

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

n/m = not meaningful

## Statement of Cash Flows

	Year ended 30 June			
	2022	2021	Change	Change
	\$M	\$M	\$M	%
<b>Cash flows from operating activities</b>				
Receipts from customers (inclusive of goods and services tax (GST))	23,876	26,727	(2,851)	(10.7)
Payments to suppliers and employees (inclusive of GST)	(15,987)	(18,901)	2,914	15.4
Government grants received for operating activities	179	167	12	7.2
<b>Net cash generated by operations</b>	<b>8,068</b>	<b>7,993</b>	<b>75</b>	<b>0.9</b>
Income taxes paid	(819)	(762)	(57)	(7.5)
<b>Net cash provided by operating activities</b>	<b>7,249</b>	<b>7,231</b>	<b>18</b>	<b>0.2</b>
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment	(2,176)	(2,079)	(97)	(4.7)
Payments for intangible assets	(918)	(1,061)	143	13.5
<b>Capital expenditure (before investments)</b>	<b>(3,094)</b>	<b>(3,140)</b>	<b>46</b>	<b>1.5</b>
Payments for shares in controlled entities (net of cash acquired)	(771)	(26)	(745)	n/m
Payments for equity accounted investments	(30)	(30)	-	-
Payments for other investments	(50)	(152)	102	67.1
<b>Total capital expenditure (including investments)</b>	<b>(3,945)</b>	<b>(3,348)</b>	<b>(597)</b>	<b>(17.8)</b>
Proceeds from sale of property, plant and equipment	155	154	1	0.6
Proceeds from sale and leaseback	12	291	(279)	(95.9)
Proceeds from sale of businesses and shares in controlled entities (net of cash disposed)	4	218	(214)	(98.2)
Proceeds from sale of equity accounted and other investments	156	147	9	6.1
Distributions received from equity accounted investments	93	20	73	n/m
Receipts of the principal portion of finance lease receivables	92	120	(28)	(23.3)
Government grants received for investing activities	24	36	(12)	(33.3)
Interest received	14	18	(4)	(22.2)
<b>Net cash used in investing activities</b>	<b>(3,395)</b>	<b>(2,344)</b>	<b>(1,051)</b>	<b>(44.8)</b>
<b>Operating cash flows less investing cash flows</b>	<b>3,854</b>	<b>4,887</b>	<b>(1,033)</b>	<b>(21.1)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	1,470	2,308	(838)	(36.3)
Repayment of borrowings	(3,750)	(3,260)	(490)	(15.0)
Payments of principal portion of lease liabilities	(697)	(706)	9	1.3
Share buy-back	(1,350)	-	(1,350)	n/m
Purchase of shares for employee share plans	(5)	(39)	34	87.2
Finance costs paid	(534)	(613)	79	12.9
Dividends/distributions paid to non-controlling interests	(100)	(35)	(65)	n/m
Dividends paid to equity holders of Telstra Entity	(1,888)	(1,902)	14	0.7
Proceeds from the sale of units in a controlled trust	2,883	-	2,883	n/m
Other	-	11	(11)	n/m
<b>Net cash used in financing activities</b>	<b>(3,971)</b>	<b>(4,236)</b>	<b>265</b>	<b>6.3</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(117)</b>	<b>651</b>	<b>(768)</b>	<b>n/m</b>
Cash and cash equivalents at the beginning of the period	1,125	499	626	n/m
Effects of exchange rate changes on cash and cash equivalents	32	(25)	57	n/m
<b>Cash and cash equivalents at the end of the year</b>	<b>1,040</b>	<b>1,125</b>	<b>(85)</b>	<b>(7.6)</b>

n/m = not meaningful

### Average Revenue per Unit (ARPU) (\$)

	Half-year ended			Jun 22 vs Jun 21		Jun 22 vs Dec 21	
	Jun 2022	Dec 2021	Jun 2021	Change	Change	Change	Change
	\$	\$	\$	\$	%	\$	%
<b>Mobile</b>							
Postpaid handheld	48.74	48.29	48.16	0.58	1.2	0.45	0.9
Prepaid handheld	25.22	22.70	21.46	3.76	17.5	2.52	11.1
Mobile broadband	18.46	17.58	16.20	2.26	14.0	0.88	5.0
<b>Fixed - C&amp;SB</b>							
C&SB bundle and standalone data	78.04	76.76	75.18	2.86	3.8	1.28	1.7
C&SB standalone fixed voice	36.33	33.16	38.34	(2.01)	(5.2)	3.17	9.6
<b>Fixed - Enterprise</b>							
Data & connectivity	425.41	445.05	472.44	(47.03)	(10.0)	(19.64)	(4.4)

Note: Statistical data represents management's best estimates.

### Services in operation (000s)

	Half-year ended			Jun 22 vs Jun 21		Jun 22 vs Dec 21	
	Jun 2022	Dec 2021	Jun 2021	Change	Change	Change	Change
	000s	000s	000s	000s	%	000s	%
<b>Mobile</b>							
Postpaid handheld retail	8,740	8,669	8,585	155	1.8	71	0.8
Prepaid handheld retail	3,307	3,188	3,157	150	4.8	119	3.7
Mobile broadband (data cards)	3,035	3,033	3,023	12	0.4	2	0.1
Internet of Things (IoT)	5,700	5,128	4,676	1,024	21.9	572	11.2
Satellite	32	31	30	2	6.7	1	3.2
Total retail mobile	20,814	20,049	19,471	1,343	6.9	765	3.8
Total wholesale mobile	1,965	1,838	1,747	218	12.5	127	6.9
Prepaid handheld retail unique users	2,726	2,578	2,511	215	8.6	148	5.7
<b>Fixed - C&amp;SB</b>							
C&SB bundles and standalone data	3,504	3,546	3,591	(87)	(2.4)	(42)	(1.2)
C&SB standalone voice	376	430	478	(102)	(21.3)	(54)	(12.6)
Foxtel from Telstra	457	492	528	(71)	(13.4)	(35)	(7.1)
<b>Fixed - Enterprise</b>							
Data & connectivity	179	183	187	(8)	(4.3)	(4)	(2.2)
<b>Fixed - Wholesale</b>							
Fixed legacy	93	158	248	(155)	(62.5)	(65)	(41.1)
Data & connectivity	28	29	31	(3)	(9.7)	(1)	(3.4)

Note: Statistical data represents management's best estimates. Total wholesale mobile excludes IoT.

### Workforce

	Half-year ended			Jun 22 vs Jun 21		Jun 22 vs Dec 21	
	Jun 2022	Dec 2021	Jun 2021	Change	Change	Change	Change
	000s	000s	000s	000s	%	000s	%
<b>Employee data</b>							
Full time staff equivalents incl. contractor/agency labour	28,889	26,728	27,015	1,874	6.9	2,161	8.1

Note: Statistical data represents management's best estimates.

**Segment information from operations**

	Total income			EBITDA contribution		
	Year ended 30 June			Year ended 30 June		
	2022	2021	Change	2022	2021	Change
	\$M	\$M	%	\$M	\$M	%
Telstra Consumer and Small Business	11,978	12,330	(2.9)	5,134	4,830	6.3
Telstra Enterprise	7,132	6,985	2.1	3,051	2,921	4.5
Networks and IT	248	244	1.6	(2,255)	(2,336)	3.5
All Other	624	1,295	(51.8)	(1,154)	(672)	(71.7)
Telstra excluding Telstra InfraCo	19,982	20,854	(4.2)	4,776	4,743	0.7
Telstra InfraCo	3,638	3,790	(4.0)	2,480	2,701	(8.2)
Internal access charges	(1,575)	(1,512)	(4.2)	-	-	n/m
Total Telstra segments	22,045	23,132	(4.7)	7,256	7,444	(2.5)
Depreciation of mobile handsets right-of-use assets				-	194	n/m
Telstra Group EBITDA				7,256	7,638	(5.0)

**C&SB, Enterprise and Wholesale underlying income and fully allocated EBITDA**

	Total income			EBITDA contribution		
	Year ended 30 June			Year ended 30 June		
	2022	2021	Change	2022	2021	Change
	\$M	\$M	%	\$M	\$M	%
Mobile	7,449	7,497	(0.6)	3,061	2,538	20.6
Fixed - C&SB	4,486	4,736	(5.3)	55	139	(60.4)
Other	-	2	n/m	(1)	2	n/m
Telstra Consumer and Small Business	11,935	12,235	(2.5)	3,115	2,679	16.3
Mobile	1,675	1,513	10.7	697	554	25.8
Fixed - Enterprise	3,697	3,724	(0.7)	660	645	2.3
Other	23	33	(30.3)	7	12	(41.7)
Telstra Enterprise	5,395	5,270	2.4	1,364	1,211	12.6
International	1,501	1,496	0.3	387	336	15.2
Mobile	332	287	15.7	223	191	16.8
Fixed - Active Wholesale	477	591	(19.3)	159	231	(31.2)
InfraCo - Fixed	2,456	2,569	(4.4)	1,655	1,673	(1.1)
InfraCo - Tower / Amplitel	368	338	8.9	294	300	(2.0)
Other	5	5	-	1	(25)	n/m
InfraCo (Active and Passive)	3,638	3,790	(4.0)	2,332	2,370	(1.6)
Other	686	595	15.3	53	93	(43.0)
Elimination	(1,575)	(1,512)	(4.2)	-	-	n/m
Underlying	21,580	21,874	(1.3)	7,251	6,689	8.4
One-off nbn DA & Connection	378	1,050	(64.0)	233	802	(70.9)
Guidance adjustments	87	208	(58.2)	(228)	(47)	n/m
Reported lease adjusted	22,045	23,132	(4.7)	7,256	7,444	(2.5)

Note: C&SB, Enterprise, InfraCo external exclude any off-one nbn DA and connection, and guidance adjustments attributable. Enterprise International excludes inter-segment revenue.

Note: Product margins represent management's best estimates and are based on lease adjusted figures in FY21. Mobile and Fixed products include intercompany infrastructure costs.

**Product profitability - EBITDA (\$M)**

	Year ended 30 June		
	2022	2021	Change %
Mobile	3,997	3,297	21.2
Fixed - C&SB	55	139	(60.4)
- Data & connectivity	346	483	(28.4)
- NAS	314	162	93.8
Fixed - Enterprise	660	645	2.3
Fixed - Active Wholesale	159	231	(31.2)
International	387	336	15.2
InfraCo - Fixed	1,655	1,673	(1.1)
InfraCo - Tower / Amplitel	294	300	(2.0)
Other	44	68	(35.3)
Underlying	7,251	6,689	8.4
Net one-off nbn DA less nbn net C2C	233	802	(70.9)
Restructuring	(71)	(211)	66.4
Other guidance adjustments	(157)	164	n/m
Reported lease adjusted	7,256	7,444	(2.5)

Note: Product margins represent management's best estimates and are based on lease adjusted figures in FY21.

**Product profitability - EBITDA margins %**

	Year ended 30 June	
	2022	2021
Mobile	42.2%	35.4%
Fixed - C&SB	1.2%	2.9%
- Data & connectivity	36.2%	43.8%
- NAS	11.5%	6.2%
Fixed - Enterprise	17.9%	17.3%
Fixed - Active Wholesale	33.3%	39.1%
International	25.8%	22.5%
InfraCo - Fixed	67.4%	65.1%
InfraCo - Tower / Amplitel	79.9%	88.8%
Other	6.3%	10.9%
Underlying	33.6%	30.6%
Net one-off nbn DA less nbn net C2C	61.6%	76.4%
Restructuring	-	-
Other guidance adjustments	-	-
Reported lease adjusted	32.9%	32.2%

Note: Product margins represent management's best estimates and are based on lease adjusted figures in FY21.





**Telstra Corporation Limited**  
Half-year comparison  
Year ended 30 June 2022

**Summary management reported half-yearly data**

	Half 1 Dec-18	Half 2 Jun-19	Full year Jun-19	Half 1 Dec-19	PCP Growth	Half 2 Jun-20	PCP Growth	Full year Jun-20	PCP Growth	Half 1 Dec-20	PCP Growth	Half 2 Jun-21	PCP Growth	Full year Jun-21	PCP Growth	Half 1 Dec-21	PCP Growth	Half 2 Jun-22	PCP Growth	Full year Jun-22	PCP Growth
<b>Selected statistical data</b>																					
<b>Mobile</b>																					
Total retail mobile SIOs (thousands)	17,956	18,338	18,338	18,497	3.0%	18,775	2.4%	18,775	2.4%	19,029	2.9%	19,471	3.7%	19,471	3.7%	20,049	5.4%	20,814	6.9%	20,814	6.9%
Postpaid handheld mobile SIOs (thousands)	8,105	8,244	8,244	8,381	3.4%	8,484	2.9%	8,484	2.9%	8,564	2.2%	8,585	1.2%	8,585	1.2%	8,669	1.2%	8,740	1.8%	8,740	1.8%
Belong postpaid handheld mobile SIOs (thousands) (i)	182	248	248	339	86.3%	402	62.1%	402	62.1%	424	25.1%	436	8.5%	436	8.5%	458	8.0%	470	7.8%	470	7.8%
Mobile broadband (data cards) SIOs (thousands)	3,723	3,627	3,627	3,180	(14.6%)	3,158	(12.9%)	3,158	(12.9%)	3,061	(3.7%)	3,023	(4.3%)	3,023	(4.3%)	3,033	(0.9%)	3,035	0.4%	3,035	0.4%
Prepaid mobile handheld unique users (thousands) (ii)	2,234	2,245	2,245	2,380	6.5%	2,416	7.6%	2,416	7.6%	2,462	3.4%	2,511	3.9%	2,511	3.9%	2,578	4.7%	2,726	8.6%	2,726	8.6%
Internet of Things (IoT) SIOs (thousands)	2,832	3,132	3,132	3,482	23.0%	3,784	20.8%	3,784	20.8%	4,240	21.8%	4,676	23.6%	4,676	23.6%	5,128	20.9%	5,700	21.9%	5,700	21.9%
Total wholesale mobile SIOs (thousands) (iii)	1,098	1,196	1,196	1,354	23.3%	1,507	26.0%	1,507	26.0%	1,652	22.0%	1,747	15.9%	1,747	15.9%	1,838	11.3%	1,965	12.5%	1,965	12.5%
Average postpaid handheld revenue per user per month (\$)	54.58	52.34	53.61	50.31	(7.8%)	47.53	(9.2%)	48.96	(8.7%)	45.99	(8.6%)	48.16	1.3%	47.16	(3.7%)	48.29	5.0%	48.74	1.2%	48.53	2.9%
Average prepaid handheld revenue per user per month (\$)	22.54	19.38	20.76	19.20	(14.8%)	19.05	(1.7%)	19.46	(6.3%)	20.89	8.8%	21.46	12.7%	20.83	7.0%	22.70	8.7%	25.22	17.5%	23.81	14.3%
Average mobile broadband revenue per user per month (\$)	15.32	14.65	14.92	16.81	9.7%	16.58	13.2%	16.62	11.4%	16.93	0.7%	16.20	(2.3%)	16.49	(0.8%)	17.58	3.8%	18.46	14.0%	18.03	9.3%
<b>Fixed - C&amp;SB</b>																					
C&SB bundles and standalone data SIOs (thousands)	3,523	3,554	3,554	3,592	2.0%	3,666	3.2%	3,666	3.2%	3,604	0.3%	3,591	(2.0%)	3,591	(2.0%)	3,546	(1.6%)	3,504	(2.4%)	3,504	(2.4%)
Belong fixed data SIOs (thousands) (iv)	225	254	254	298	32.4%	333	31.1%	333	31.1%	344	15.4%	343	3.0%	343	3.0%	346	0.6%	347	1.2%	347	1.2%
C&SB standalone voice SIOs (thousands)	1,280	1,093	1,093	921	(28.0%)	755	(30.9%)	755	(30.9%)	619	(32.8%)	478	(36.7%)	478	(36.7%)	430	(30.5%)	376	(21.3%)	376	(21.3%)
C&SB NBN SIOs (thousands)	2,214	2,568	2,568	2,935	32.6%	3,208	24.9%	3,208	24.9%	3,421	16.6%	3,487	8.7%	3,487	8.7%	3,514	2.7%	3,506	0.5%	3,506	0.5%
NBN bundles and standalone data SIOs (thousands)	1,948	2,291	2,291	2,643	35.7%	2,959	29.2%	2,959	29.2%	3,167	19.8%	3,287	11.1%	3,287	11.1%	3,312	4.6%	3,313	0.8%	3,313	0.8%
NBN standalone voice SIOs (thousands)	266	277	277	292	9.8%	249	(10.1%)	249	(10.1%)	254	(13.0%)	200	(19.7%)	200	(19.7%)	202	(20.5%)	193	(3.5%)	193	(3.5%)
Foxtel from Telstra (thousands)	772	730	730	678	(12.2%)	632	(13.4%)	632	(13.4%)	579	(14.6%)	528	(16.5%)	528	(16.5%)	492	(15.0%)	457	(13.4%)	457	(13.4%)
Average C&SB bundle and standalone data revenue per user per month (\$)	80.92	78.16	79.71	78.18	(3.4%)	76.47	(2.2%)	77.12	(3.2%)	76.39	(2.3%)	75.18	(1.7%)	75.53	(2.1%)	76.76	0.5%	78.04	3.8%	77.37	2.4%
Average C&SB standalone fixed voice revenue per user per month (\$)	51.59	51.21	51.29	49.47	(4.1%)	45.64	(10.9%)	47.65	(7.1%)	41.53	(16.1%)	38.34	(16.0%)	40.20	(15.6%)	33.16	(20.2%)	36.33	(5.2%)	34.75	(13.6%)
<b>Fixed - Enterprise</b>																					
Data & connectivity SIOs (thousands)				208	n/m	202	n/m	202	n/m	194	(6.7%)	187	(7.4%)	187	(7.4%)	183	(5.7%)	179	(4.3%)	179	(4.3%)
Average data & connectivity revenue per user per month (\$)				484.05	n/m	476.42	n/m	482.61	n/m	473.91	(2.1%)	472.44	(0.8%)	472.58	(2.1%)	445.05	(6.1%)	425.41	(10.0%)	435.34	(7.9%)
<b>Fixed - Wholesale</b>																					
Fixed legacy SIOs (thousands)	2,221	1,671	1,671	1,168	(47.4%)	719	(57.0%)	719	(57.0%)	393	(66.4%)	248	(65.5%)	248	(65.5%)	158	(59.8%)	93	(62.5%)	93	(62.5%)
Data & connectivity SIOs (thousands)	39	38	38	37	(5.1%)	35	(7.9%)	35	(7.9%)	33	(10.8%)	31	(11.4%)	31	(11.4%)	29	(12.1%)	28	(9.7%)	28	(9.7%)
<b>Labour</b>																					
Telstra FTEs incl contractor/agency	31,419	29,769	29,769	28,270	(10.0%)	28,959	(2.7%)	28,959	(2.7%)	28,637	1.3%	27,015	(6.7%)	27,015	(6.7%)	26,728	(6.7%)	28,889	6.9%	28,889	6.9%

(i) Included in postpaid handheld mobile SIOs.

(ii) Defined as the three month rolling average of monthly active prepaid users.

(iii) Excludes IoT.

(iv) Included in C&SB bundles and standalone data SIOs.

n/m = not meaningful