13 August 2009

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Full Year 2009 Financial Results – CEO/CFO Analyst briefing presentation

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

Yours sincerely

Carmel Mulhern
Company Secretary

Telstra

Full Year 2009 Financial Results

David Thodey, CEO

13 August 2009

Disclaimer

- These presentations include certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Telstra, which may cause actual results to differ materially from those expressed in the statements contained in these presentations. For example, the factors that are likely to affect the results of Telstra include general economic conditions in Australia; exchange rates; competition in the markets in which Telstra will operate; the inherent regulatory risks in the businesses of Telstra; the substantial technological changes taking place in the telecommunications industry; and the continuing growth in the data, internet, mobile and other telecommunications markets where Telstra will operate. A number of these factors are described in Telstra's Financial Report dated 13 August 2009 and 2008 Annual Debt Issuance Prospectus lodged with the ASX.
- The Chinese online business results are from unaudited management accounts converted from local currency into Australian Dollars.
- All forward-looking figures in this presentation are unaudited and based on A-IFRS. Certain figures may be subject to rounding differences. All market share information in this presentation is based on management estimates based on internally available information unless otherwise indicated.
- All amounts are in Australian Dollars unless otherwise stated.

Strong Financial Results for 2009

$ billions (except margins & DPS)	FY08	FY09	%	FY09 Guidance
Sales Revenue	24.7	**25.4**	▲ +2.9	
Total Revenue	24.8	**25.5**	▲ +2.7	3-4%
Operating Expenses	14.6	**14.7**	▲ +0.6	
EBITDA - reported	10.4	**10.9**	▲ +5.1	5-6%
EBITDA Margin (%)	42.2	**43.2**	▲ +1pp	
EBIT - reported	6.2	**6.6**	▲ +5.3	3-5%
PAT (post minorities)	3.7	**4.1**	▲ +10.3	
Accrued Capex	4.9	**4.6**	▼ -6.1	$4.3 - $4.6b
Free Cash Flow	3.9	**4.4**	▲ +13.2	
Ordinary DPS (cents)	28	**28**	-	

EBIT
+5.3%

EBITDA Margin
+1.0pp

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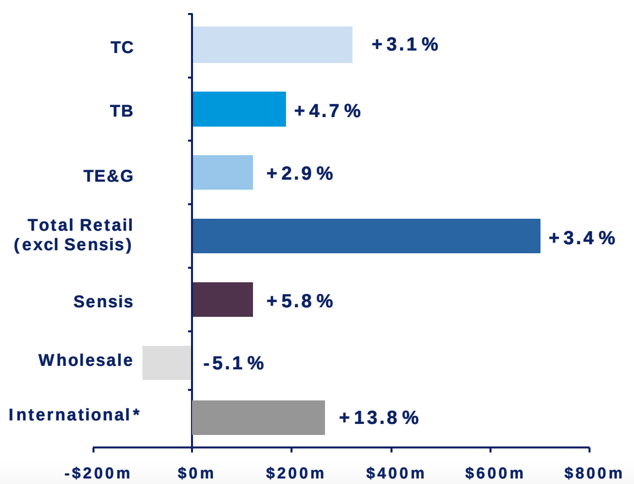
Sustained growth from retail segments

FY09 Sales Revenue Growth by Segment



* Includes international revenue reported in TE&G and Sensis

Improved Consumer growth rate in H2

22 Telstra Business Centres now open

Enterprise focus on customer needs: CBA and Catholic Church contract wins

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Key products driving Telstra's growth

FY09 Product Sales Revenue Growth

Mobile Services	+10.0%
Fixed Retail Broadband	+15.9%
IP & Data Access	+8.1%
Managed Network Services	+5.3%
PSTN	-4.9%
Media and Content	+9.8%

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The market demand remains strong

24.5 million services across Fixed and Mobile platforms, +2%
Wireless customers 10.2m, +9%

Internet advertising revenue >**$500 million**

5 million Broadband SIOs +12%
Wireless broadband SIOs +99%

Wireless network traffic doubling every 19 months

IP MAN SIOs **+31%**
IP WAN SIOs **+21%**

11 billion Mobile MOU +9%

Mobile data revenue **+31%**

45 billion Fixed line MOU
8 billion Fixed line calls

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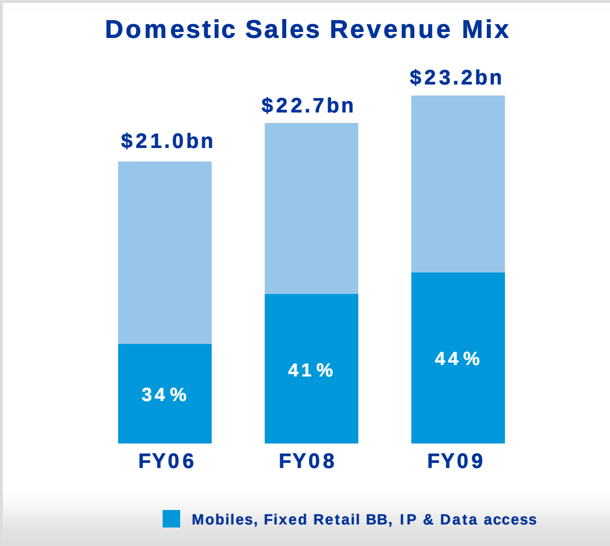
Next Generation Networks making a difference (Next G and Next IP)

3 Year Revenue CAGRs

- Domestic Sales +3.4%
- Mobiles, Fixed Retail BB, IP & Data access +12%



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Our priorities for 2010

- Customer service improvement
- Operational improvement: IT & Productivity
- Differentiation and Integration
- Regulatory & NBN outcomes that protect shareholders

→

Achieving Financial Targets

Shareholder value

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IT programme now largely business as usual...

Customer Care & Billing (CC&B)

Software in Production
Consumer Fixed, Post Paid Mobile, BigPond, Pay TV products onto CC&B Platform

Software Enhancements
Consumer Pre-Paid Mobile products onto CC&B Platform

Software Enhancements
Extend product range and integration of CC&B Platform

Nov 05: Start

2007 2008 2009 2010 2011

75%

Aug 09

Migrations

7 Million Customers Migrated

Complete Consumer Migration

Operational Support Systems (OSS)

Software in Production
Integrate strategic Fulfilment and Customer Service Assurance for Mobiles with strategic CC&B

Software Enhancements
Extend delivery of strategic Fulfilment and Customer Service Assurance to support BigPond and PayTV

...we must now deliver the benefits

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Customer Satisfaction...

Telstra Enterprise & Government research shows Customer Satisfaction is a lead indicator of future revenue growth

...is intricately linked to business performance

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Differentiating and integrating the experience...

NEXT G NETWORK

NEXT IP NETWORK

Yellow®	Trading Post®	Telstra®
White Pages®	CitySearch®	GoStay®
LinkMe® jobs	CarShowroom	Whereis®

Consistent User Experience

...across different devices and networks

NBN and regulation...

...protecting shareholder value

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Guidance

Measure	FY 2009 Actual	FY 2010 Guidance
Revenue growth	2.7%	Low single digit
EBITDA growth	5.1%	Low single digit
EBITDA margin	43.2%	Maintained
EBIT growth	5.3%	Low single digit
FCF	$4.4b	$6b

NOTE: Excludes the impacts of any Government regulatory review or NBN outcomes or any unexpected outcome from ACCC wholesale pricing determinations

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Summary...

Delivering strong financial results through differentiation

Focus on customer service

Best possible NBN outcome for shareholders

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Full Year 2009 Financial Results

John Stanhope, CFO

13 August 2009

Financial Results

$ billions (except margins & DPS)	FY08	FY09	%	FY09 Guidance
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Total Revenue	24.8	**25.5**	▲ +2.7	3-4%
Operating Expenses	14.6	**14.7**	▲ +0.6	
EBITDA - reported	10.4	**10.9**	▲ +5.1	5-6%
EBITDA Margin (%)	42.2	**43.2**	▲ +1pp	
EBIT - reported	6.2	**6.6**	▲ +5.3	3-5%
PAT (post minorities)	3.7	**4.1**	▲ +10.3	
Accrued Capex	4.9	**4.6**	▼ -6.1	$4.3 - $4.6b
Free Cash Flow	3.9	**4.4**	▲ +13.2	
Ordinary DPS (cents)	28	**28**	-	

Total Revenue*

+3.0%

Profit After Tax

+10.3%

* Adjusted for the sale of KAZ

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Guidance

Fiscal Year 2010

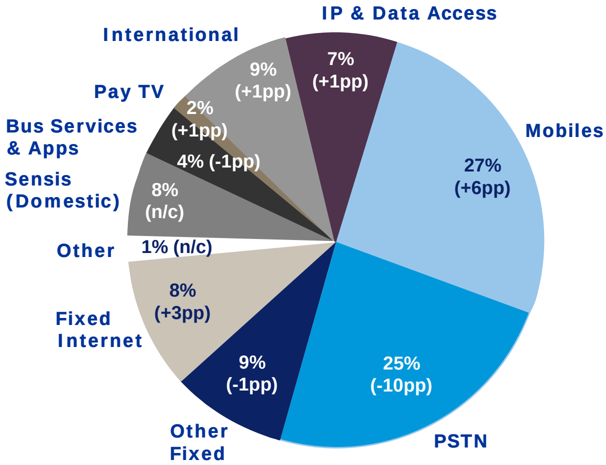
Measure	Guidance
Sales Revenue growth	Low single digit growth
EBITDA growth	Low single digit growth
EBITDA Margin (on sales revenue)	Maintained
D&A	~$4.5b
EBIT growth	Low single digit growth
Accrued Capex	<$3.8b
FCF*	$6b

***FCF includes pension funding of ~$500m**

NOTE: Excludes the impacts of any Government regulatory review or NBN outcomes or any unexpected outcome from ACCC wholesale pricing determinations

FY09 Product mix drivers

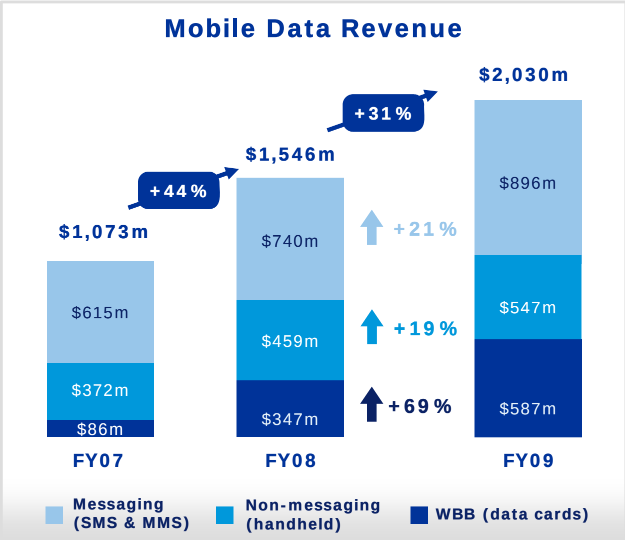
Group Sales Revenue by Product: FY09 vs FY05

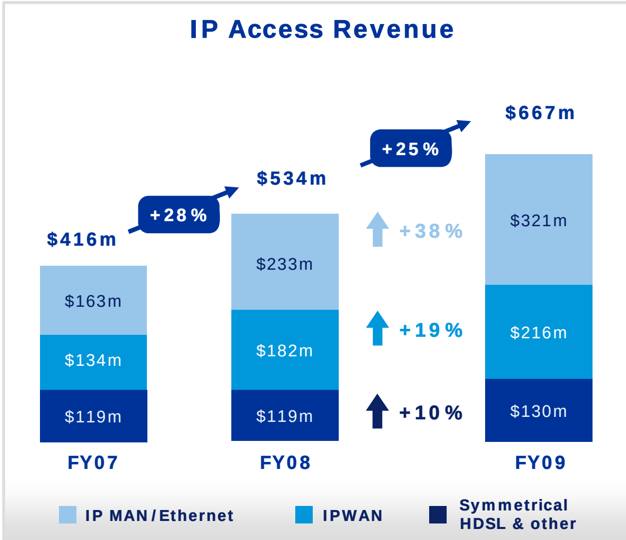


Product Sales Revenue Growth

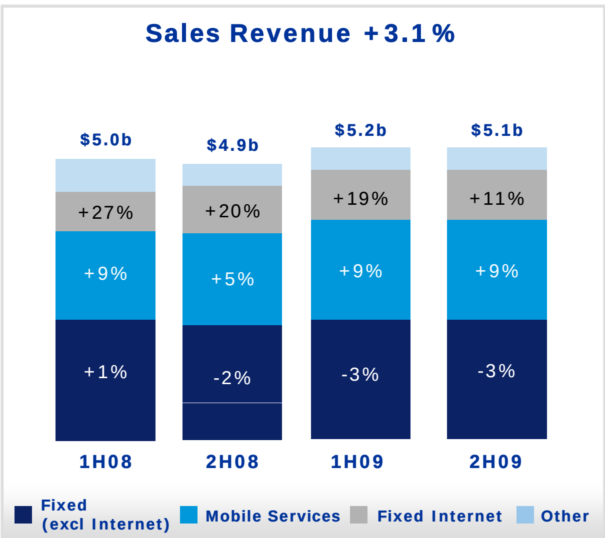
Mobile Services	+10.0%
IP & Data Access	+8.1%
PSTN	-4.9%
Fixed Retail Broadband	+15.9%
Sensis	+5.8%

Competitive Advantage in Mobile Data & IP Access





Telstra Consumer



Sales Revenue

- FY09 Revenue: +3.1% to $10.3 billion

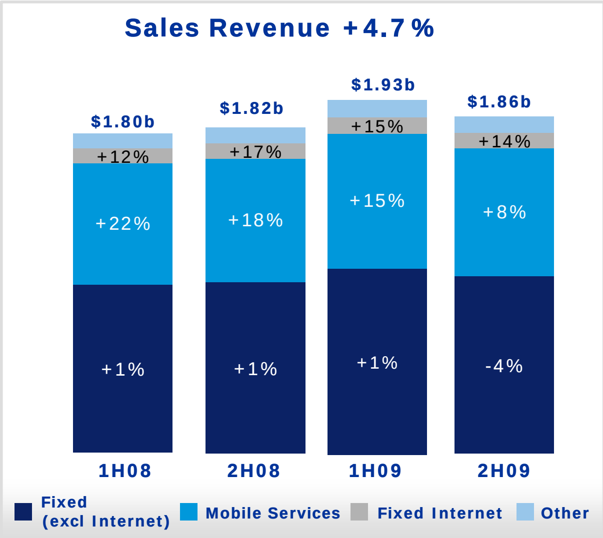
Mobile Growth

- Mobile Services Revenue Growth: +8.7%

T[life] Stores

- 97 T[life] stores now open across Australia, 100th store opening soon

Telstra Business



Operating Leverage Emerging

- Expense Growth 1% < Sales Rev Growth 4.7%

Strong Data & Mobile Growth

- Double digit fixed internet, data and IP growth
- Mobile data = 28% of mobile services revenue

Telstra Business Centres

- 22 Telstra Business Centres providing specialist advice

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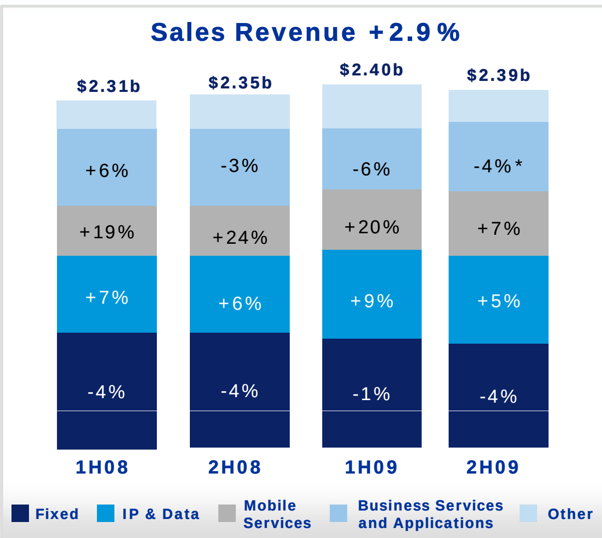
Telstra Enterprise and Government



* Impacted by the sale of Kaz

Continued Revenue growth

- Sales Revenue +2.9% (+5% adjusted for Kaz)

IP Access Revenue: +23%

- ~50% of IP customers taking value added products

Contract wins

- Commonwealth Bank – up to $1bn over 10 years
- Catholic Schools - $146m Broadband project
- Visy – $50m over 5 years for carriage & cloud computing services

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International businesses performance

	Revenue (A$)	Change YoY	Local Currency Change YoY	EBITDA (A$)	Change YoY	Local Currency Change YoY
CSL New World	$989m	+8%	-11%	$239m	-8%	-24%
TelstraClear	$547m	-3%	+2%	$108m	+1%	+6%
China	$251m	+56%*	+29%*	$109m	+55%*	+44%*
Other International (excl Reach)	$390m	+13%	n/a	$43m	+42%	n/a

* Growth rates are for SouFun only as other China business were acquired at end of FY08 or during FY09

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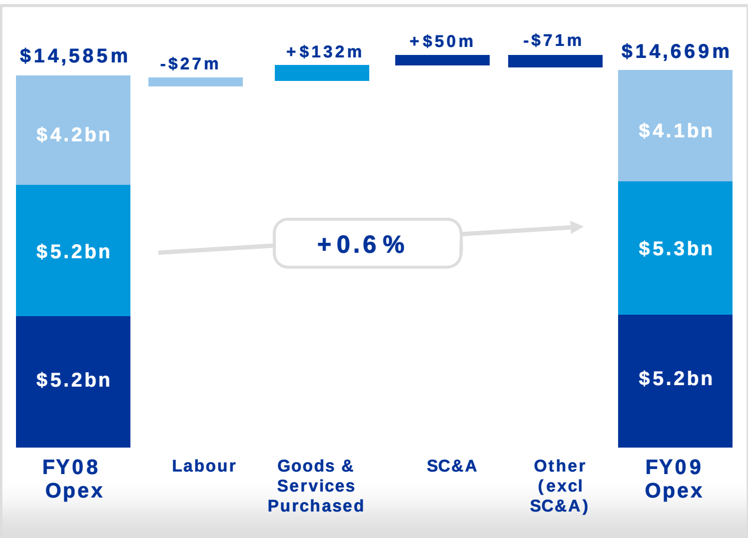
Opex Growth < Sales Revenue Growth



Opex +0.6% < Sales Revenue 2.9%

2H09 Opex: -0.5% pcp

Labour & Other Expenses Declined

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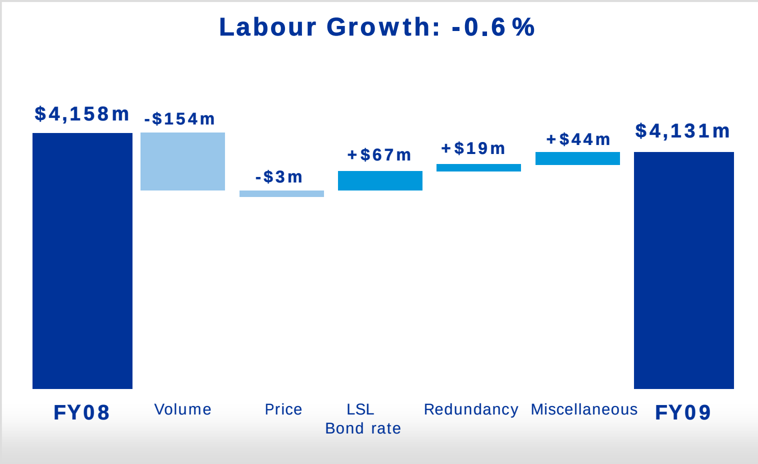
Labour cost declining



FY09 Labour Expense: -2.3%
(ex FY09 LSL Bond Rate change)

2H09 Labour Expense: -4.2% vs pcp

Headcount reduced by 11,665 since 2005*

* Note: Headcount reduction excludes impact from acquisitions and divestments

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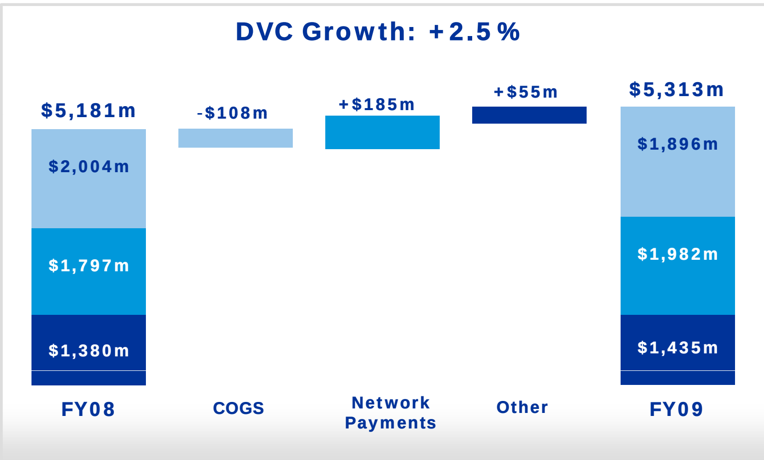
DVC Growth < Sales Growth



Blended SARCs: -12% to $139

Network Payments up on FX & volumes

Increase in Service Fees in ‘other’ offset by increase in PayTV revenues

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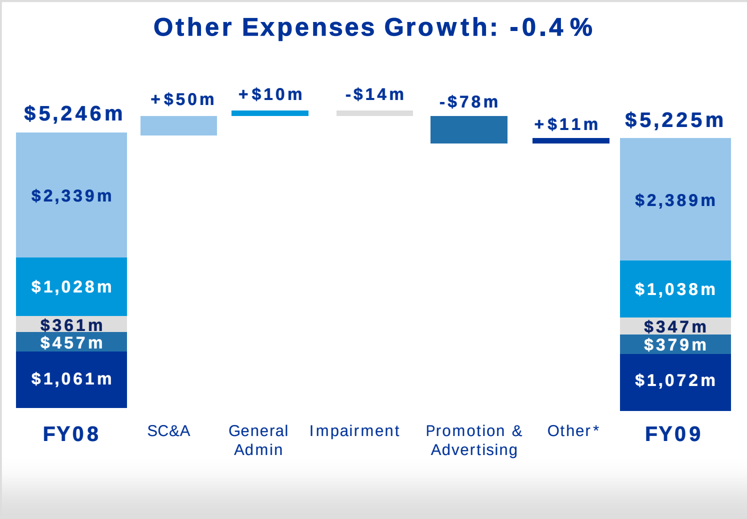
SC&A and Other Expenses declined



SC&A: -2% in second half of FY09

Discretionary costs: -12% to $373m

Bad & Doubtful Debts: +15%

* Other includes Property, Motor Vehicle and IT rental expense, Net FX conversion and Other Opex

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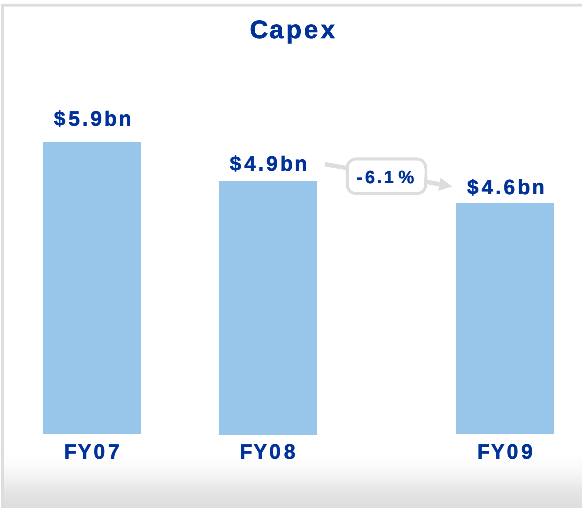
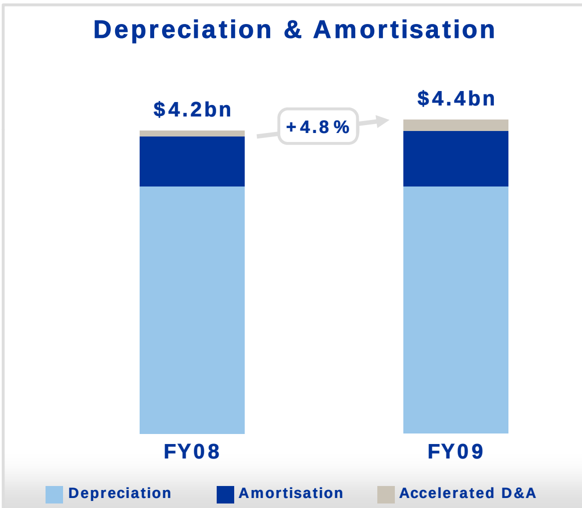
Capex & Depreciation & Amortisation





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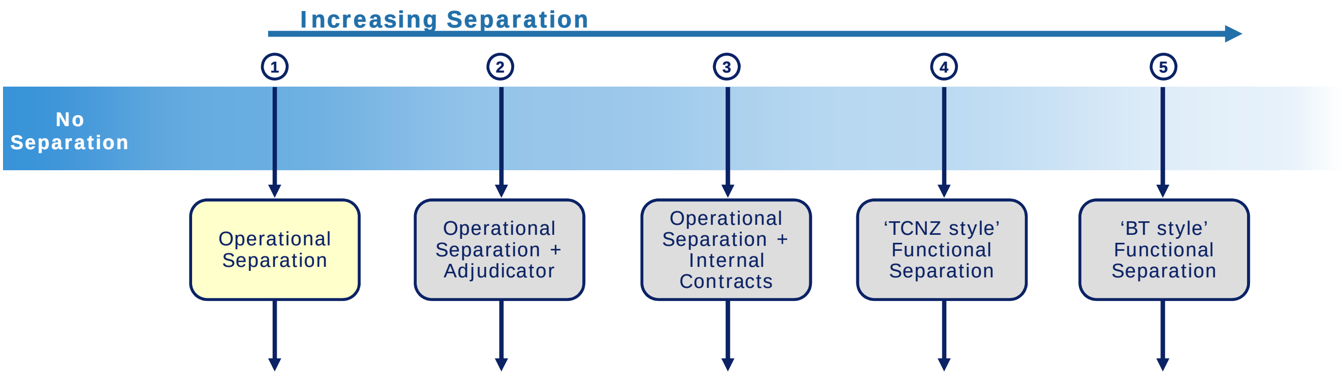
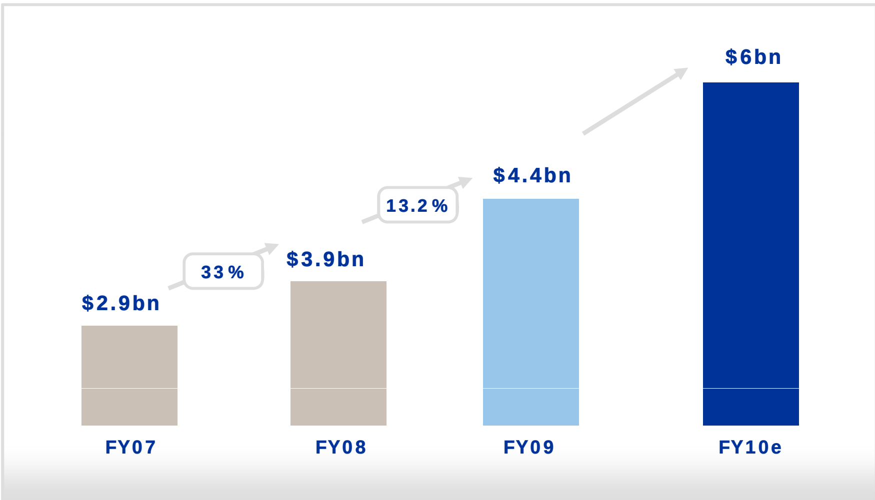
NBN: Impact of Functional Separation



Cost:	0 cps	<1 cps	~1cps	~4cps	>10 cps
Time to Implement:	0 months	6 months	9 months	>1 year	5 years

Current Position

Free Cash Flow growing strongly



Financial Parameters & Interest

Financial Parameters

	Target	Actual (includes IFRS)	Actual (adjusted for IFRS)
Debt Servicing	1.7 – 2.1 times	1.43 times	1.48 times
Gearing	55% to 75%	55.2%	57.2%
Interest Cover**	>7 times	9.6 times	9.6 times

• Actual (adjusted for IFRS) is adjusted to exclude financial instruments under *AASB 139 (Financial Instruments: Recognition & Measurement)*

** Interest Cover is based on net interest costs and therefore exclude the impact of IFRS adjustments.

Interest

	FY08	FY09	Change ($)	Change (%)
Borrowing Costs	$1,238m	$1,199m	-$39m	-3.2%
Other (incl IFRS adj)	-$152m	-$299m	-$147m	-96.7%
Net Finance Costs	$1,086m	$900m	-$186m	-17.1%
Avg. Borrowing Costs	7.3%	7.1%	-	-17bps
Net Debt (30 June)	$15,386m	$15,655m	$269m	1.7%

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$6b FCF in FY10

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Appendix

Domestic Retail performance

	1H08 pcp	2H08 pcp	FY08 pcp	1H09 pcp	2H09 pcp	FY09 pcp
Sales Revenue growth	7.6%	4.3%	5.9%	4.1%	2.6%	3.4%
- Mobile Services	13.0%	10.0%	11.5%	11.3%	8.3%	9.8%
- Fixed (excluding Internet)	-0.5%	-1.6%	-1.1%	-1.5%	-3.3%	-2.4%
- Fixed Internet	22.6%	18.6%	20.5%	16.8%	10.1%	13.3%
- Data & IP	7.6%	7.9%	7.8%	10.9%	6.9%	8.9%
Operating contribution growth	8.6%	7.5%	8.1%	5.6%	3.1%	4.3%
Operating contribution margin*	64.4%	65.1%	64.7%	65.4%	65.3%	65.4%
- change (yoy)	0.6pp	2.0pp	1.2pp	1.0pp	0.2pp	0.7pp

Domestic Retail comprises TC, TB and TEG, but excludes Telstra Media
* Operating contribution margin based on sales revenue

Telstra Consumer

	1H08 pcp	2H08 pcp	FY08 pcp	1H09 pcp	2H09 pcp	FY09 pcp
Sales Revenue growth	8.4%	3.7%	6.0%	3.0%	3.2%	3.1%
- Mobile Services	9.0%	5.1%	7.0%	8.5%	8.9%	8.7%
- Fixed (excluding Internet)	0.5%	-1.8%	-0.7%	-2.6%	-3.0%	-2.8%
- Fixed Internet	27.2%	20.3%	23.6%	18.8%	10.8%	14.7%
- Data & IP	34.0%	13.1%	22.9%	22.3%	43.3%	32.5%
Operating contribution growth	7.7%	5.7%	6.7%	4.7%	1.7%	3.2%
Operating contribution margin (%)	60.8%	62.1%	61.4%	61.9%	61.2%	61.5%
- change (yoy)				1.1pp	-0.9pp	0.1pp
SIO net adds ('000)						
- PSTN	32	24	56	-24	-73	-97
- Postpaid mobile	132	77	208	97	54	151

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Telstra Business

	1H08 pcp	2H08 pcp	FY08 pcp	1H09 pcp	2H09 pcp	FY09 pcp
Sales Revenue growth	9.4%	8.1%	8.8%	7.2%	2.2%	4.7%
- Mobile Services	21.9%	17.6%	19.6%	14.6%	7.7%	11.1%
- Fixed (excluding Internet)	0.8%	1.0%	0.9%	0.7%	-3.6%	-1.5%
- Fixed Internet	12.3%	16.7%	14.5%	15.0%	13.5%	14.1%
- Data & IP	18.7%	23.7%	21.4%	27.1%	20.4%	23.5%
Operating contribution growth	8.3%	9.7%	9.0%	7.8%	4.2%	6.0%
Operating contribution margin (%)	71.4%	71.6%	71.5%	71.8%	73.0%	72.4%
- change (yoy)				0.4pp	1.4pp	0.9pp
SIO net adds ('000)						
- PSTN	19	12	31	-3	-15	-19
- Postpaid mobile	89	78	167	83	56	139

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Telstra Enterprise & Government

	1H08 pcp	2H08 pcp	FY08 pcp	1H09 pcp	2H09 pcp	FY09 pcp
Sales Revenue growth	4.5%	2.7%	3.6%	3.9%	1.9%	2.9%
- Mobile Services	19.3%	23.6%	21.5%	19.9%	6.9%	13.2%
- Fixed (excluding Internet)	-5.2%	-4.5%	-4.9%	-1.4%	-3.6%	-2.5%
- Fixed Internet	6.7%	6.2%	6.4%	1.5%	-5.9%	-2.1%
- Data & IP	6.5%	6.4%	6.5%	9.3%	5.3%	7.3%
Operating contribution growth	10.8%	9.4%	10.1%	5.4%	5.0%	5.2%
Operating contribution margin (%)	66.9%	66.3%	66.6%	67.8%	68.3%	68.0%
- change (yoy)				0.9pp	2.0pp	1.4pp
SIO net adds ('000)						
- PSTN	-2	3	1	-9	-10	-19
- Postpaid mobile	95	102	197	103	89	192

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Market Share*

REVENUE	**1H08**	**2H08**	**1H09**	**2H09**
Mobile	43%	43%	43%	42%
Fixed (excluding Internet)	73%	74%	75%	75%
SIO	**1H08**	**2H08**	**1H09**	**2H09**
Mobile	43%	41%	41%	41%
Retail Broadband - Total	47%	48%**	47%	45%
Fixed	46%	48%	47%	46%
Wireless***	51%	47%	45%	42%
Fixed	74%	75%	75%	75%

*** Telstra Management estimates, subject to competor reporting**

** Restated from 49% to 48% following additional competitor disclosures on Wireless Broadband

*** Wireless Broadband definition has been changed and now is based on a simplified definition which includes only data cards, USB dongles and embedded modems.

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Long-term management objectives reconciliation

Measure	2010 Guidance	Prior FY10 LTMO measures	Implied reconciliation	Old LTMOs
Sales revenue growth	**Low single digit**	n/a	n/a	n/a
Total revenue growth	**n/a**	Revenue 05-10	~3-3.5%	3-4%
EBITDA growth	**Low single digit**	EBITDA growth 05-10	~1.0-1.5%	3-3.5%
		Opex growth 05-10	~4.5%	4-5%
EBITDA margin	**Maintained**	EBITDA margin 2010	~43.2%	46-48%
EBIT growth	**Low single digit**	n/a	n/a	n/a
CAPEX	**<$3.8b**	Capex/sales 2010	unchanged	Around 14%
FCF	**$6b**	FCF	Low end of prior	$6-7b

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