23 December 2014

**Office of the Company Secretary**

Level 41
242 Exhibition Street
MELBOURNE VIC 3000
AUSTRALIA

General Enquiries 08 8308 1721
Facsimile 03 9632 3215

The Manager

Company Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

**ELECTRONIC LODGEMENT**

Dear Sir or Madam

**Telstra acquires Asian telecommunications and service provider Pacnet**

In accordance with the Listing Rules, please find attached a correction to slide 6 of the Pacnet investor presentation, with respect to a currency conversion on the run rate synergy target. The original was quoted in USD, the correct synergy target is AUD $65 million.

Yours faithfully

**Damien Coleman**
Company Secretary

# ACQUISITION OF PACNET

ACCELERATING TELSTRA'S ASIAN GROWTH STRATEGY

IT'S HOW WE CONNECT

23 DECEMBER, 2014

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# ASIA IS AN INTEGRAL PART OF TELSTRA'S STATEGY

OUR PURPOSE: TO CREATE A BRILLIANT CONNECTED FUTURE FOR EVERYONE

OUR STRATEGY:

- IMPROVE CUSTOMER ADVOCACY
- DRIVE VALUE FROM THE CORE
- BUILD NEW GROWTH BUSINESSES
  - GLOBAL SERVICES
  - ASIA
  - LONGER TERM INVESTMENTS
    Health, Telstra Software Group (TSG), Telstra Ventures, Digital Media

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# OUR STRATEGY FOR ASIA HAS THREE PILLARS

## GLOBAL ENTERPRISE SERVICES

BECOME A LEADING PROVIDER OF ENTERPRISE SERVICES TO MNCS AND LARGE ENTERPRISES IN ASIA

## CONNECTIVITY / MOBILITY

LEVERAGE TELSTRA'S CORE CAPABILITIES IN NETWORK EXCELLENCE TO DRIVE VALUE FROM CONNECTIVITY OPPORTUNITIES IN THE REGION

## LONGER TERM

LEVERAGE OUR LONGER TERM INVESTMENTS SUCH AS SOFTWARE INTO ASIA AND INVEST IN SIMILAR OPPORTUNITIES IN THE REGION

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# CURRENT ASIAN ASSETS AND CAPABILITIES

LEADING PROVIDER OF INTERNATIONAL CONNECTIVITY IN ASIA

ACCESS TO 230 COUNTRIES & TERRITORIES

GLOBAL DELIVERY CENTRE

MORE THAN 1400 INTERNATIONAL STAFF

MORE THAN 2000 POPS WORLDWIDE

19 LICENCES WORLDWIDE

INTEREST IN MORE THAN 20 CABLE SYSTEMS

2.5 TBPS CAPACITY TO BE ADDED IN THE NEXT 12 MONTHS

MORE THAN 150000 SQFT OF COLO READY DATA CENTRE SPACE

18 OFFSHORE DATA CENTRES

汽车之家 AUTOHOME INC.

A LEADING REGIONAL PLATFORM FOR GROWTH

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# PACNET'S CORE ASSETS

- ASIA'S LARGEST PRIVATELY-OWNED SUBMARINE CABLE NETWORK, WHICH LANDS AT 21 CABLE LANDING STATIONS ACROSS ASIA
- 109 POINTS OF PRESENCE ACROSS 61 CITIES IN THE ASIA – PACIFIC REGION AND 8 CITIES OUTSIDE OFTHE ASIA-PACIFIC REGION (US & EUROPE)
- NA&S CAPABILITIES IN MANAGED NETWORK AND SECURITY SERVICES AND THE LARGEST INTEGRATED DATA CENTRE FOOTPRINT IN THE ASIA PACIFIC
- 29 INTERCONNECTED DATA CENTRES IN 17 CITIES ACROSS THE ASIA-PACIFIC REGION INCLUDING 7 TIER III DATA CENTRES
- STRONG IN-REGION PRESENCE ACROSS ASIA
- 2400+ ENTERPRISE CUSTOMERS 800+ STAFF IN 11 COUNTRIES

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# PACNET TRANSACTION DETAILS

ACQUISITION OF - USD
$697M
INCLUDING GROSS DEBT OF APPROXIMATELY US$400M

PACNET FY13 REVENUES OF USD
$472M
AND EBITDA OF US$111M

TARGETING RUN RATE SYNERGIES OF AUD
$65M

MEETS ALL OF TELSTRA'S INVESTMENT GUIDELINES

EPS BY YEAR 2 | ROIC > WACC BY YEAR 3 | MORE ACCRETIVE THAN A SHARE BUYBACK (OF SAME SIZE)

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# NEXT STEPS

- Customary closing conditions apply
- Completion anticipated in Q4FY15
- Expect to fully integrate all aspects of Pacnet (except China JV holding) to capture operating and capital synergies
- Run rate synergies are expected to be realised within the first two years after completion

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