



13 August 2020

Office of the Company Secretary

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AUSTRALIA

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

**Telstra Corporation Limited - Financial results for the full year ended 30 June 2020 –
CEO/CFO Analyst Briefing Presentation and Materials**

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

- a) a presentation;
- b) CEO and CFO speeches;
- c) Telstra's Full Year Results and Operations Review; and
- d) financial and statistical tables.

Telstra will conduct an analyst briefing on its 2020 full year results from 9.15am AEST and a media briefing from 11.00am AEST. The briefings 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.

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

Authorised for lodgement

Sue Laver
Company Secretary



Full year 2020 results

Andrew Penn – Chief Executive Officer

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How we have led through 2020

-  **FY20 financial results in line with guidance**
-  **We are well positioned as we pass the midway point of our T22 strategy**
-  **During COVID, we have supported our customers, our people, the economy and shareholders**
-  **Maintained total dividend of 16cps¹ – returning \$1.9bn to shareholders from our FY20 results**
-  **Key principles behind our T22 strategy are more important than ever before**
-  **T22 is fundamental to the transformation of Telstra and the success of our customers**

1. Total dividend of 16 cents per share fully franked comprising total ordinary dividend of 10 cents per share and total special dividend of 6 cents per share.



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Financial headlines

Reported Total income \$26.2 billion, -5.9%	Reported lease adjusted ¹ Total income \$26.2 billion, -5.9%	Guidance basis ² Underlying EBITDA ³ \$7.4 billion, -9.7%
Reported EBITDA \$8.9 billion, +11.5%	Reported lease adjusted ¹ EBITDA \$8.4 billion, -0.3%	Underlying EBITDA growth ex-in-year nbn headwind ³ : ~+\$40m In-year nbn headwind ³ ~\$830 million (LTD ~\$2.6b)
Reported NPAT: \$1.8 billion, -14.4% EPS: 15.3 cents, -15.5% FY20 total dividend: 16 cps ⁵	Reported lease adjusted ¹ NPAT: \$1.8 billion, -12.6%	Guidance basis ² Capex: \$3.2 billion, -22% FCF ⁴ : \$3.4 billion, +7.2%

1. Reported lease adjusted¹ includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.
2. This guidance assumed wholesale product price stability and no impairments in and to investments or property, plant and equipment and intangible assets, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumed the nbn rollout and migration in FY20 was broadly in accordance with the nbn Corporate Plan 2020. Guidance was provided on the basis of AASB16 Leases and assumed impacts consistent with management estimates. Capex was measured on an accrued basis and excluded expenditure on spectrum and externally funded capex and capitalised leases under AASB16 Leases. Refer to Full-year results and operations review – guidance vs reported results reconciliation schedule (set out in our ASX announcement titled "Financial results for the full year ended 30 June 2020" lodged with the ASX on 13 August 2020).
3. Refer to definition in the Glossary.
4. FY20 free cashflow defined as operating cash flows less investing cash flows less operating leases (reported in financing cash flows under AASB16 Leases).
5. Total dividend of 16 cents per share fully franked comprising total ordinary dividend of 10 cents per share and total special dividend of 6 cents per share.

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Operating highlights

Continued growth in customers through multi-brand strategy		Continued cost reduction
Mobile service net adds +240k retail postpaid handheld services including +86k branded, +154k Belong +171k retail prepaid handheld unique users +347k wholesale MVNO including prepaid, postpaid and IoT services +652k retail IoT services	Fixed service net adds +80k retail fixed bundle and data services including +79k Belong +620k nbn connections with 46% estimated market share (ex-satellite) as at end of FY20	\$615m or 9.2% underlying fixed cost reduction in FY20 \$1.8bn underlying fixed cost reduction achieved since FY16 10% decline in FY20 total operating expenses (reported lease adjusted¹)
Belong has >730k services making it one of the largest operators in Australia		
Customer experience		
- T22 enabled digital engagement with our customers grew substantially - Our aspiration is to bring all in-bound calls from Consumer & Small Business customers onshore by the end of T22	- Episode NPS declined -2 (1H20 improved +2, 2H20 declined -4) - Strategic NPS improvement +5	

1. Reported lease adjusted¹ includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.

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Operating highlights (cont.)



Building value

Mobile

- \$2 TMMC growth in mass market branded
- New mobile postpaid handheld pricing from July 2020 with increased data allowances and 5G included on most plans

Fixed

- nbn wholesale pricing remains the largest negative impact on our fixed business
- 71% or 2m homes with Smart Modem
- Recently announced boosts to download speeds and WiFi guarantee

NAS

- NAS FY20 EBITDA growth \$233m
- EBITDA margin +7pp to 18%

Global connectivity

- Global connectivity FY20 EBITDA growth \$90m
- EBITDA margin +5pp to 27%

Telstra Health

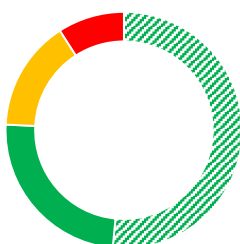
- Telstra Health FY20 revenue growth 12%
- Positive EBITDA for the first time in May 2020
- Telstra Health is strategically well positioned in growing market

T22 strategy | Passed the midway point



Achievements

T22 Scorecard metrics – as at FY20



- Completed
- On track for delivery
- Progress but below target metric
- Below target metric

T22 | Pillar One

- Reduced C&SB in market plans from ~1800 to 20. >4.8m services on in market plans
- Reduced Enterprise active products by 35% since FY18 to 422
- Delivered front end digital platforms. Increased digital service interactions to 71% and digital sales to 30%. Reduced contact centre calls by 42% since FY18 and by nearly 23m since FY16
- Active Telstra Connect Enterprise customers increased to ~6.6k
- New propositions – Telstra Plus, Telstra Purple and Gaming. >2m Telstra Plus members

T22 strategy | Passed the midway point (cont.)



Achievements (cont.)

T22 | Pillar Two

- Established Telstra InfraCo with revised asset base from July 2020

T22 | Pillar Three

- Removed on average >four layers of management. Announced 7.3k direct FTE reduction and 12k indirect FTE reduction. >10k working in Agile and 25k working from home
- Employee engagement at all time high +16pt to 83

T22 | Pillar Four

- Solid delivery on productivity- \$1.8bn
- Monetised assets announced of >\$1.5bn

T22 | Network leadership

- #1 in major mobile network leadership surveys since T22 launch
- Clear leadership on 5G
 - Expanded 5G rollout to selected areas within 53 cities and towns across Australia
 - Our 5G network covers around one third of the Australian population and we intend to extend that to 75% of the population by June next year
 - 210k 5G devices are already connected to the Telstra network

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T22 strategy | 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 \$2.5bn by FY22	Post-nbn ROIC > 7% ¹
Metrics & Measures	● Increase NPS 3 to 6 points pa ● Double active app users from 4m to 8m by FY22 – 6m active users by FY20 ✓ 24% of Consumer & Small Business sales transactions through the digital channel by FY20 ✓ 4,000 active Enterprise customers on Telstra Connect by FY20 ● Increase average services per customer ● Eliminate two thirds of mass market servicing calls by FY22 – one third by FY20 ✓ 2m Telstra Plus members by FY20	✓ Build and launch new digital technology stack in FY19 ● Complete Digitisation program with key products built on the new stack ✓ Simplify from ~1800 to ~20 active Consumer & Small Business plans by FY20 ✓ >3m services on in-market Consumer & Small Business plans by FY20 ● Migrate all Consumer & Small Business customers to the new product range on the new digital technology stack by FY21 ● Rationalise 50% of Enterprise products by FY21 ✓ Reduce 2 to 4 management layers in the organisation ✓ 700 apps decommissioned or contained by FY20	● Lead in all key industry network performance surveys from FY19 ✓ Network ready for 5G in H1 FY19 ✓ Full commercial deployment of 5G in capital cities, major regional centres and other high demand areas by FY20 ● Deliver 5x data growth at flat costs by FY21	✓ 80% of Agile teams at level 3 of Agile Maturity by FY20 ✓ 1 quartile increase in ease of doing business management practices of Organisational Health Index (OHI) by FY20 ● Increase employee engagement score 10 points ● Reduce total FTE by 8,000 net by FY22	✓ Net cost productivity – more than \$1.5bn cumulatively delivered by FY20 ● Total costs will be flat or decline in each year from FY18 ● Absorb nbn CVC/AVC costs ● Labour cost to sales ratio to decline ~one third by FY22 ● Top quartile cost metrics for full-service telco by FY22	● Underlying ROIC to improve from FY19 to FY22 ● Monetise assets of up to \$2bn by FY20 ✓ Establish standalone infrastructure business unit with effect from 1 July 2018 ✓ High level SLA's for infrastructure business to be defined by 1 October 2018 and segment reporting by 31/12/18 ✓ Telstra InfraCo fully operational by June 19 ✓ EBITDA benefits of >\$500m p.a. from \$3bn strategic investment realised by FY21

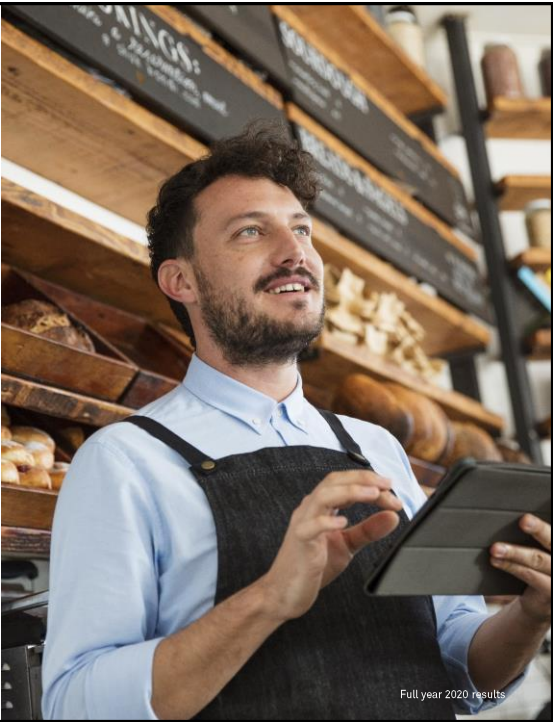
1. Post-nbn defined as FY23 on AASB16 basis. Targeted outcome reduced from >10% in August 2020.

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FY21 priorities

- ✓ **Staying committed to simplification**
- 🔧 **Completing our Digitisation program to make a real difference to customer experience**
- 📈 **Realising value from our strategic shift in Telstra Enterprise with our Adaptive Networks and Mobility products**
- ▶ **Maturing our ways of working and embedding our new operating model**
- 5G **Extending our leadership in 5G and realising value from our strategic investment in networks. This includes launching targeted fixed wireless**
- 📄 **Ensuring InfraCo is fully operational and driving increased value from passive assets**
- 👤 **Continuing to deliver our \$2.5bn productivity target including \$400m in FY21**

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Full year 2020 results

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Summary

- ✓ **2020 has highlighted the importance of connectivity and the role we play in the digital economy**
- 👤 **T22 is transforming us to a simpler, more digital and more agile business built around our purpose and values and a commitment to responsible business**
- 👤 **FY20 financial results in line with guidance**
- ✓ **Maintained FY20 total dividend of 16cps¹**

1. Total dividend of 16 cents per share fully franked comprising total ordinary dividend of 10 cents per share and total special dividend of 6 cents per share.

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Full year 2020 results

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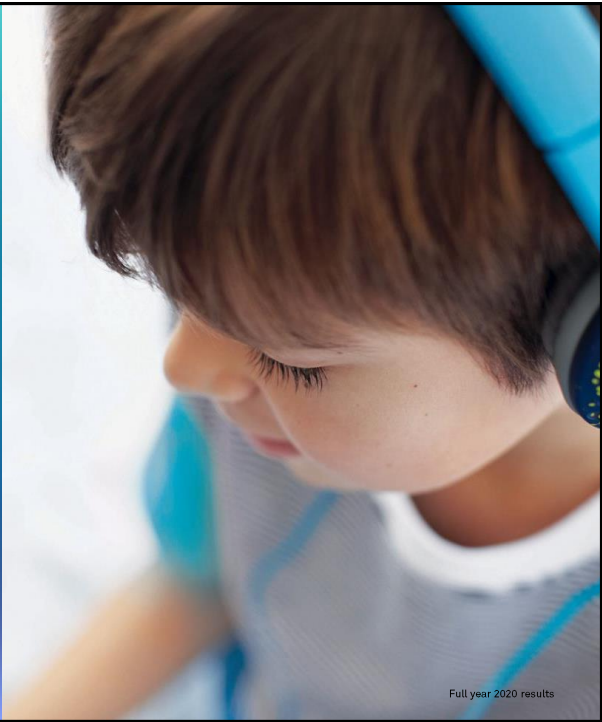


Full year 2020 results – CFO

Vicki Brady – Chief Financial Officer

Agenda

-  Group results
-  Product performance
-  Free cashflow
-  Dividends and capital position
-  Guidance



Group results: income statement



	Reported basis		Reported lease adjusted ¹		
	FY19	FY20	FY19	FY20	CHANGE
Total income²	\$27.8b	\$26.2b	\$27.8b	\$26.2b	-5.9%
Operating expenses	\$19.8b	\$17.0b	\$19.4b	\$17.4b	-10.0%
Equity accounted entities	\$0.0b	-\$0.3b	\$0.0b	-\$0.3b	NM
Underlying EBITDA²			\$8.2b	\$7.4b	-9.7%
Net one-off nbn DA less net C2C			\$1.6b	\$1.5b	-4.6%
Restructuring & other guidance adj. ³			-\$1.4b	-\$0.5b	NM
EBITDA	\$8.0b	\$8.9b	\$8.4b	\$8.4b	-0.3%
Depreciation and amortisation	\$4.3b	\$5.3b	\$4.7b	\$4.8b	2.4%
EBIT	\$3.7b	\$3.6b	\$3.7b	\$3.6b	-3.6%
Net finance costs	\$0.6b	\$0.8b	\$0.7b	\$0.8b	11.1%
Income tax expense	\$0.9b	\$1.0b	\$0.9b	\$1.0b	6.0%
NPAT	\$2.1b	\$1.8b	\$2.1b	\$1.8b	-12.6%

Results in line with FY20 guidance³

Underlying EBITDA:

- reduced ~\$790m including in-year nbn headwind² of ~\$830m
- increased ~\$40m excluding in-year nbn headwind². Tale of two halves as 1H growth offset by 2H decline due to COVID-19 impacts

Underlying fixed cost reduction of \$615m or 9.2%

FY20 COVID-19 estimated negative net impact of ~\$200 million to Underlying EBITDA across international roaming, financial support for customers, NAS professional services, and additional bad debt provisions

Reported NPAT declined 14.4%

Reported lease adjusted NPAT declined 12.6%

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.

2. Refer to definition in the Glossary.

3. Refer to Full-year results and operations review – guidance vs reported results reconciliation schedule (set out in our ASX announcement titled "Financial results for the full year ended 30 June 2020" lodged with the ASX on 13 August 2020). The reconciliation schedule details the adjustments made to the reported results for the current and comparative period to reflect the performance of the business on the basis on which we provided guidance to the market for FY20.

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Full year 2020 results

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Group results: income by product¹



	FY19	CHANGE \$m	FY20	CHANGE	
Mobile	\$10,545m	-461	\$10,084m	-4.4%	Handheld decline on expected weak ARPU and intl. roaming; hardware decline
Fixed excl. one-off nbn C2C ²	\$5,276m	-600	\$4,676m	-11.4%	Legacy decline including -\$274m standalone voice & -\$223m wholesale
Recurring nbn DA	\$784m	90	\$874m	11.5%	Growth reflects nbn™ network rollout
Data & IP	\$2,358m	-306	\$2,052m	-13.0%	-\$187m legacy calling incl. ISDN decline and connectivity competition
NAS	\$3,477m	-98	\$3,379m	-2.8%	Flat excl. nbn commercial works; higher annuity product mix
Global connectivity ³	\$1,705m	20	\$1,725m	1.2%	Mix shift to more profitable products
Other ⁴	\$1,543m	-209	\$1,334m	-13.5%	nbn commercial works and media declines
Underlying	\$25,688m	-1,564	\$24,124m	-6.1%	Underlying decline ~-6% or ~-3% excl. nbn headwind & hardware
One-off nbn DA and connection ²	\$2,116m	-112	\$2,004m	-5.3%	Reflects nbn rollout and migration timing
Adjustments ⁵	\$3m	30	\$33m	NM	
Reported lease adjusted	\$27,807m	-1,646	\$26,161m	-5.9%	Reported lease adjusted income decline ~\$1.65b or -6%

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.

2. Fixed excludes one-off nbn connection income FY20 \$65m (FY19 \$106m) and includes TUSOPA income FY20 \$150m (FY19 \$159m). One-off nbn connection income included in one-off nbn DA and connection.

3. Global connectivity includes other income FY20 \$19m (FY19 \$5m).

4. Other includes media, nbn commercial works (sale of assets component), Telstra Health, and miscellaneous.

5. Adjustments in FY20 include \$13m of restructuring income and \$20m M&A guidance adjustments.

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Full year 2020 results

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Group results: operating expenses¹



	FY19	CHANGE \$m	FY20	CHANGE
Sales costs - nbn payments	\$1,351m	380	\$1,731m	28.1%
Sales costs - other	\$7,480m	-409	\$7,071m	-5.5%
Fixed costs - underlying ²	\$6,698m	-615	\$6,083m	-9.2%
Fixed costs - other ³	\$1,968m	-135	\$1,833m	-6.9%
Underlying	\$17,497m	-779	\$16,718m	-4.5%
One-off nbn DA and nbn C2C ⁴	\$503m	-35	\$468m	-7.0%
Restructuring	\$801m	-542	\$259m	-67.7%
Other guidance adjustments	\$584m	-584	-	NM
Reported lease adjusted	\$19,385m	-1,940	\$17,445m	-10.0%

nbn™ network payments increased on higher connections
Other sales costs declined with lower hardware costs

Underlying fixed costs decreased \$615m or 9.2% in FY20 despite COVID-19 impacts including additional bad debt provisions

Productivity achieved in FY20 included:

- **Direct labour** (-12%) due to continued execution of T22 workforce optimisation strategy
- **Indirect labour and Service Contracts** (-11%) from digitisation and lower legacy network costs
- **Non-labour** (-2%) including energy and travel

~\$1.8b productivity achieved since FY16 and on track for \$2.5b cumulative by FY22, with \$400m FY21 target

Total underlying operating expenses declined as underlying fixed cost reduction exceeded increased nbn™ network payments

In FY21, we expect total operating expenses to **continue to decline**

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail. Sales and fixed costs exclude costs associated with one-off nbn DA and nbn cost to connect (C2C).

2. Fixed costs - underlying was ~\$7.9b in FY19 on a restated basis and targeted to decline by our net cost productivity target of \$2.5b by FY22.

3. Includes items supporting revenue growth including relevant NAS costs, mobile handset lease, and product impairment.

4. Includes one-off nbn cost to connect (C2C) FY20 \$449m (FY19 \$468m), and other one-off nbn DA costs of \$19m (FY19 \$35m).

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Group results: FY20 EBITDA by product¹



	FY19	CHANGE \$m	FY20	CHANGE	
Mobile	\$3,752m	-252	\$3,500m	-6.7%	Reported handheld ARPU declines but positive lead indicators (FY20 TMMC +\$2)
Fixed excl. net one-off nbn C2C ²	\$1,536m	-873	\$663m	-56.8%	High margin legacy product decline, growing nbn AVC/CVC payments, partially offset by productivity
Recurring nbn DA	\$731m	89	\$820m	12.2%	
Data & IP	\$1,546m	-270	\$1,276m	-17.5%	Decline in higher margin legacy calling incl. ISDN & pressure in connectivity
NAS	\$360m	233	\$593m	64.7%	FY20 margins of 18% on productivity and improved product mix
Global connectivity	\$364m	90	\$454m	24.7%	~10% underlying growth in constant currency from focus on profitable products
Other ³	-\$86m	189	\$103m	NM	Improved media and health; sale of software business in prior year
Underlying	\$8,203m	-794	\$7,409m	-9.7%	Underlying decline ~\$790m or ~+\$40m growth excl. ~\$830m nbn headwind
Net one-off nbn DA less net C2C ²	\$1,613m	-77	\$1,536m	-4.8%	Reflects nbn rollout and migration timing
Restructuring ⁴	-\$801m	555	-\$246m	-69.3%	Restructuring costs for T22 initiatives reduced vs pcp
Other guidance adjustments ⁵	-\$581m	293	-\$288m	NM	FY19 included impairments for IT assets, FY20 Foxtel impairment
Reported lease adjusted	\$8,434m	-23	\$8,411m	-0.3%	Reported lease adjusted EBITDA flat

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.

2. Refer to definition in the Glossary. Fixed excludes one-off nbn C2C net of connection income FY20 \$384m (FY19 \$362m) represented against net one-off nbn DA less net C2C. This includes one-off nbn connection income FY20 \$65m (FY19 \$106m) and one-off nbn cost to connect (C2C) FY20 \$449m (FY19 \$468m).

3. Other includes media, nbn commercial works (sale of assets component), Telstra Health, and miscellaneous.

4. Restructuring in FY20 includes \$13m of income and \$259m of expenses.

5. Refer to Full-year results and operations review - guidance vs reported results reconciliation schedule (set out in our ASX announcement titled "Financial results for the full year ended 30 June 2020" lodged with the ASX on 13 August 2020). The reconciliation schedule details the adjustments made to the reported results for the current and comparative period to reflect the performance of the business on the basis on which we provided guidance to the market for FY20.

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Group results: free cashflow



	FY19	CHANGE \$m	FY20	CHANGE
Reported EBITDA lease adjusted ¹	\$8,434m	-23	\$8,411m	-0.3%
Working capital movement ²	-\$289m	-657	-\$946m	NM
Tax paid	-\$956m	202	-\$754m	-21.1%
Capex (excl. Spectrum & Investment)	-\$4,341m	1,334	-\$3,007m	-30.7%
Rent/Other operating lease payments	-\$450m	-71	-\$521m	15.8%
Other incl. non-cash EBITDA items ³	\$788m	-556	\$232m	-70.6%
Free cashflow after operating lease⁴	\$3,186m	229	\$3,415m	7.2%
Spectrum	-\$29m	-406	-\$435m	NM
M&A / Investment	-\$89m	128	\$39m	NM
Operating lease payments ⁵		1,015	\$1,015m	NM
Free cashflow – reported	\$3,068m	966	\$4,034m	31.5%

Free cashflow after operating lease⁴ increased to \$3.4b in FY20 due to lower capex more than offsetting lower underlying EBITDA

Accrued capex⁴ of \$3,233m or 14.2% capex to sales in FY20 on guidance basis

Working capital movement of -\$0.9b in FY20, as expected, largely due to increases in handset receivables from exit of mobile lease plans and 3 year repayment options, and restructuring. \$0.5b working capital improvement in 2H20 through inventory management

FY20 includes payment for 3.6GHz spectrum for 5G

Free cashflow – reported not like-for-like given lease payments are reported in financing cashflow rather than operating cashflow from FY20 under AASB16

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.

2. Working capital movement from operating activities.

3. Includes net investments, interest received, proceeds from lease assets, proceeds on disposal and non-cash EBITDA items (including impairments and gain on disposal of PP&E).

4. Refer to definition in the Glossary.

5. 'Operating lease payments' for guidance includes both principal and interest payments for leases previously classified as operating leases but excludes finance lease payments that were already historically excluded from free cashflow. 'Operating lease payments' for guidance (-\$1,015m in FY20) calculated as payments for 'the principal portion of lease liabilities' (-\$993m) less 'principal portion of finance lease liabilities' (+\$68m) plus 'interest expense of lease liabilities excluding finance leases' (-\$90m). For illustrative purposes and to provide a like-for-like view, 'operating lease payments' included in 'Free cashflow after operating lease' as -\$521m for 'rent/other operating lease payments' and -\$494m for mobile handset leases which is depreciation of right-of-use assets included in 'Reported EBITDA lease adjusted'.

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Full year 2020 results

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Group results: dividends



	FY19	FY20	CHANGE
Earnings per share			
Basic earnings per share (cents)	18.1	15.3	-15.5%
Underlying earnings ¹ per share (cents)	16.6	10.1	-39.2%
Dividends (fully-franked)			
Ordinary dividend	10.0	10.0	-
Special dividend	6.0	6.0	-
Total dividend	16.0	16.0	-
Payout Ratios			
Ordinary dividend of underlying earnings ¹	60%	99%	+39pp
Special dividend as % of net one-off nbn receipts	63%	66%	+3pp
Total dividends as % of earnings per share	88%	105%	+17pp
Total dividends as % of Free cashflow ²	82%	73%	-9pp

FY20 total dividends of 16 cents per share (cps) fully franked, including ordinary dividends of 10cps and special dividends of 6cps

Final dividend of 8cps fully franked, including ordinary dividend of 5cps and special dividend of 3cps

FY20 dividends consistent with FY19 and capital management framework

FY20 ordinary dividend payout of underlying earnings¹ of ~99% but well supported by cashflow which is higher than accounting earnings due to lower in-year capex

73% payout of Free cashflow after operating lease payments¹ less net finance costs paid

65% of cumulative net one-off nbn receipts received life to date³ returned via fully-franked special dividends

1. Refer to definition in the Glossary.

2. Free cashflow after operating lease payments¹ less net finance costs paid.

3. Life to date defined as since beginning FY18.

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Full year 2020 results

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Capital position



	FY19	1H20	FY20
Gross debt	\$15.3b	\$18.6b	\$17.3b
Cash and cash equivalents	\$0.6b	\$0.7b	\$0.5b
Net debt	\$14.7b	\$17.9b	\$16.8b
Average gross borrowing costs ¹	4.9%	4.8%	4.6%
Average debt maturity (years) ¹	4.1	3.6	3.9
Cash and unused bank facilities	\$3.8b	\$3.7b	\$4.3b
Financial parameters² Comfort Zones			
Debt servicing	1.5 - 2.0x	1.8x	1.9x
Gearing	50% to 70%	50.3%	53.7%
Interest cover	>7x	10.5x	11.7
Ratios			
Capex ³ to sales	17.0%	11.7%	14.2%
ROE ³	14.8%	15.6%	12.5%
ROIC ³	8.8%	8.5%	7.6%
Underlying ROIC ³	8.4%	6.0%	5.4%

Gross debt declined ~\$1.0b in FY20 excluding lease liabilities. FY20 Net debt includes net increase of \$3.0b in lease liabilities from recognition of leases under AASB16

Average gross borrowing costs expected to continue to decline

Access to diverse and efficient sources of funding. Successfully issued 10 year €500m (A\$856m) bond swapped back at <2% interest rate

Debt maturities well spread (see maturity profile in Appendix)

Strong liquidity. \$0.5b of cash and \$3.8b of unused committed bank facilities

Balance sheet strength and flexibility. Financial parameters remain within comfort zones

>\$1.5b asset sales to support balance sheet including in FY20 ~\$700m from sale of a 49% stake in a property trust holding 36 Telstra exchanges, and announced \$417m Clayton property sale in August 2020

Target FY23 underlying ROIC of >7%. AASB16 implementation negatively impacted reported ROIC by ~1ppt

1. Excludes leases.

2. Financial settings for FY20 reflect the adoption of AASB16 (FY19 settings have not been restated). Debt servicing calculated as net debt over reported EBITDA. Debt servicing comfort zone recalibrated under AASB16 reporting framework from 1.3-1.8x to 1.5-2.0x at 1H20 results. 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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FY21 guidance



	FY20	FY21 guidance ¹
Total income	\$26.1b	\$23.2b to \$25.1b
Underlying EBITDA^{2,3}		
- Included in-year nbn headwind ⁴	\$7.4b	\$6.5b to \$7.0b ~\$0.7b
Net one-off nbn DA receipts less nbn net C2C	\$1.5b	\$0.7b to \$1.0b
Capex⁵	\$3.2b	\$2.8b to \$3.2b
Free cashflow after operating lease payments⁶	\$3.4b	\$2.8b to \$3.3b

1. This guidance assumes no impairments in and to investments or non-current tangible and intangible assets, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance is based on management best estimates of nbn impacts including input from the nbn Corporate Plan currently published at time of issue of this guidance.

2. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C, one-off restructuring costs and guidance adjustments but includes depreciation of mobile lease right-of-use assets.

3. Guidance for FY21 underlying EBITDA assumes an estimated negative impact from the COVID-19 pandemic in FY21 of approximately \$400 million. This estimate is approximately \$200 million greater than the estimated negative impact from the COVID-19 pandemic for FY20 underlying EBITDA.

4. In-year nbn headwind defined as the net negative recurring EBITDA impact on our business.

5. Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases.

6. Free cashflow defined as 'operating cash flows' less 'investing cash flows' less 'payments for operating lease liabilities', and excludes spectrum and guidance adjustments.

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Appendix



Telstra at a glance

Telstra is Australia’s leading telecommunications and technology company
Our purpose is to build a connected future so everyone can thrive

Size and scale	Customers and people	Leading in sustainability
1.2m shareholders A\$40b market capitalisation Public ASX20 company #398 on Forbes’ Global 2000 A-/A2 investment grade rating from S&P and Moody’s	18.8m retail mobile services 3.8m retail bundle and data services ~350 retail stores around Australia We operate in 20+ countries and territories outside of Australia Employee engagement score of 83, up 16 points from FY19	Certified as carbon neutral in our operations July 2020 Helped ~2.6m customers to stay connected through COVID-19 support packages Provided ~\$150m of value through our social and community investment

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. Pay fully-franked ordinary dividend of 70-90% of underlying earnings^{1,3} 3. Target capex/sales ratio of ~14% excluding spectrum from FY20⁴ 4. Maintain flexibility for portfolio management and strategic investments		
Return in the order of 75% of net one-off nbn receipts to shareholders over time via fully-franked special dividends ^{2,3}			

1. Underlying earnings is defined as NPAT from continuing operations excluding net one-off nbn receipts (as defined in footnote 2), one-off restructuring costs and guidance adjustments. Guidance adjustments include impairments in and to investments or non-current tangible and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum.
 2. "net one-off nbn receipts" is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect less tax.
 3. 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.
 4. 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 \$2.5bn by FY22	Post-nbn ROIC > 7% ¹

1. Post-nbn defined as FY23 on AASB16 basis. Targeted outcome reduced from >10% in August 2020.

T22 strategic pillars | measuring progress



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
Mass market: 4.86 million services on in market plans 2 million Smart Modems currently in use in homes, up ~300k in the last 6 months. - Reduced contact centre calls by 42% (FY20 20.7m vs FY18 35.8m) and by nearly 23 million since FY16 - Increased digital service interactions to 71% and sales to 30% >2 million members of Telstra Plus loyalty program - Wi-Fi Guarantee launched Small business: Account management for all customers. Launched Mobile Worksuite and Telstra Business Services Enterprise: - Telstra Connect available to 18k customers. Active customers increased from ~1.3k to ~6.6k - Reduced active products by 35% since FY18 to 422 - IoT leadership recognised through multiple industry awards. Launched Track and Monitor solutions, Smart Metering solutions and Connected Building products	- Revised Telstra InfraCo asset base effective from July 2020 - New InfraCo brand, organisation structure and operating model implemented - Asset-based approach to maximise long term shareholder value - Heads of agreement for initial commercial, service level and operating arrangements between InfraCo and Telstra - Created asset-based financials and reporting for InfraCo	- Announced 7.3k direct and 12k indirect FTE reduction since end of FY18. Reported ~5.7k net direct FTE reduction including some additional direct hires in response to COVID-19 - Removed on average >4 management layers and ~30% management roles - Introduced Agile at scale with training completed by >16.5k FTE - Launched Innovation and Capability Centre - Improved FY20 employee engagement score +16 to 83 - Achieved 1 quartile increase in ease of doing business Organisational Health Index (OHI) - New Enterprise Agreement approved	- Total underlying fixed cost reduction achieved since FY16: \$1.8 billion vs FY22 target \$2.5 billion >10% reduction in leased office space and >18% reduction in fleet vehicles since end of FY19 - Monetised assets announced of >\$1.5 billion against target of up to \$2 billion including Clayton data centre for \$417m. We continue to monitor opportunities that will provide further financial strength

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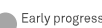
T22 strategy | Scorecard including new FY21-22 metrics



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 \$2.5bn by FY22	Post-nbn ROIC > 7% ¹
Metrics & Measures	- Increase NPS 3 to 6 points p.a. - Double active app users from 4m to 8m by FY22 – 6m active users by FY20 - Consumer & Small Business sales transactions through the digital channel: 24% by FY20 45% by FY22 - Active Enterprise customers on Telstra Connect: 4,000 by FY20 7,100 by FY21 - Increase average services per customer - Eliminate two thirds of mass market servicing calls by FY22 – one third by FY20 - Telstra Plus members: 2m by FY20 5m by FY22	- Build and launch new digital technology stack in FY19 - Complete Digitisation program with key products built on the new stack - Simplify from ~1800 to ~20 active Services on in-market Consumer & Small Business plans: >3m by FY20 >10m by FY22 - Migrate all Consumer & Small Business customers to the new product range on the new digital technology stack by FY21 - Rationalise 50% of Enterprise products by FY21 - Reduce 2 to 4 management layers in the organisation 700 apps decommissioned or contained by FY20	- Lead in all key industry network performance surveys from FY19 - Network ready for 5G in H1 FY19 - Full commercial deployment of 5G in capital cities, major regional centres and other high demand areas by FY20 - Australia's largest 5G network - Deliver 5x data growth at flat costs by FY21	- Agile teams at level 3 of Agile Maturity: 80% by FY20 >90% by FY22 1 quartile increase in ease of doing business management practices of Organisational Health Index (OHI) by FY20 - Increase employee engagement score 10 points - Reduce total FTE by 8,000 net by FY22	- Net cost productivity – more than \$1.5bn cumulatively delivered by FY20 - Total costs will be flat or decline in each year from FY18 - Absorb nbn CVC/AVC costs - Labour cost to sales ratio to decline – one third by FY22 - Top quartile cost metrics for full-service telco by FY22	- Underlying ROIC to improve from FY19 to FY22 - Monetise assets of up to \$2bn by FY20 - Establish standalone infrastructure business unit with effect from 1 July 2018 - High level SLAs for infrastructure business to be defined by 1 October 2018 and segment reporting by 31 December 2018 - Telstra InfraCo fully operational by June 19 - EBITDA benefits of >\$500m p.a. from \$3bn strategic investment realised by FY21

1. Post-nbn defined as FY23 on AASB16 basis. Targeted outcome reduced from >10% in August 2020.

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T22 outcomes | measuring progress



Outcomes		Metrics & Measures	FY20 progress to date
Customers	Market leading customer experience	- Increase NPS 3 to 6 points pa - Double active app users from 4m to 8m by FY22 – 6m active users by FY20 24% of Consumer & Small Business sales transactions through the digital channel by FY20 4,000 active Enterprise customers on Telstra Connect by FY20 - Increase average services per customer - Eliminate two thirds of mass market servicing calls by FY22 – one third by FY20 2m Telstra Plus members by FY20	- Episode NPS (3MMA) decreased 4 points against 1H20 and 2 points against FY19 - Strategic NPS (3MMA) improved 6 points against 1H20 and 5 points against FY19 4.36m active My Telstra and Telstra 24x7 app users, (FY19 3.98m) - C&SB digital sales increased to 30.3% (FY19 16.8%, FY18 6.2%) - C&SB digital service interactions increased to 71.3% (FY19 53.5%, FY18 39.5%) - Telstra Connect is available to 18k customers – all eligible customers. 6.6k active customers in three months to June 2020 (FY19 1.2k active customers) - Average services per customer 2.58 (consistent with FY19 re-baselined) - Total mass market servicing calls to contact centres 20.7m (down from FY19 28.1m, FY18 35.8m) >2m members of Telstra Plus loyalty program
	Simplified products, business and operating model	- Build and launch new digital technology stack in FY19 - Complete Digitisation program with key products built on the new stack >3m services on in-market Consumer & Small Business plans by FY20 - Simplify from ~1800 to ~20 active Consumer & Small Business plans - Migrate all Consumer & Small Business customers to the new product range on the new digital technology stack by FY21 - Rationalise 50% of Enterprise products by FY21 - Reduce 2 to 4 management layers in the organisation 700 apps decommissioned or contained by FY20	4.86 million services on in market C&SB fixed and postpaid mobile plans - Reduced active Enterprise products by 35% since FY18 to 422 (FY19 517, FY18 651) - Simplified and flattened structure removing on average >4 management layers - Removed more than one in four management and executive roles (~30% reduction) - Cumulative 724 IT apps decommissioned or contained to June 2020 (620 to June 2019)

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T22 outcomes | measuring progress



Outcomes		Metrics & Measures	FY20 progress to date
Network	Extended network superiority and 5G leadership	- Lead in all key industry network performance surveys from FY19 - Network ready for 5G in H1 FY19 - Full commercial deployment of 5G in capital cities, major regional centres and other high demand areas by FY20 - Deliver 5x data growth at flat costs by FY21	>1 million sq. km more mobile coverage than any other competitor - Proved technology to expand NB-IoT coverage to almost 4 million sq. km with full implementation as at Feb 2020 - Resiliency investments reduced customer impact hours by two-thirds since 2016 - Regional: delivered 116 new blackspots sites in FY20 to bring our total to date deployed under the federal government's blackspot program to 710 - Best in Test in umlaut (formerly P3) 2019 Australian Mobile Network Benchmark - Ranked #1 for Ookla half-yearly (Q3 and Q4 2019 and Q1 and Q2 2020) mobile speed-score results - Ranked #1 for Netflix ISP Speed Index for twenty-five months straight from February 2018 to February 2020 (last published Netflix index) - ACCC Measuring Broadband Australia Report headline metrics under discussion - In FY20 we built 359 new mobile sites, 1,250 5G sites (taking the total to 1,550) and completed 998 4G capacity augmentations - We exceeded our goal to commence rollout of 5G to 35 Australian cities before June 2020 - We now have expanded 5G rollout to selected areas within 53 cities and towns across Australia, with over 1000 suburbs more than 50% covered with 5G, resulting in more than 10 million people, living, working, or passing through, our 5G footprint every day ~210k 5G devices are active on the Telstra network
	Achieve Global High Performance Norm in employee engagement	80% of Agile teams at level 3 of Agile Maturity by FY20 1 quartile increase in ease of doing business management practices of Organisational Health Index (OHI) by FY20 - Increase employee engagement score 10 points - Reduce total FTE by 8,000 net by FY22	81% of Agile teams at level 3 Agile Maturity - As at the end of June 2020 we had >10k people in Agile at scale chapter areas - FY20 employee engagement score improved 16 points to 83 – measured through the Experience Pulse (3 month rolling aggregate) - Announced 7.3k direct and 12k indirect FTE reduction since end of FY18. Reported ~5.7k net direct FTE reduction since end of FY18 including some additional direct hires in response to COVID-19 to mitigate workforce offshore capacity issues

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T22 outcomes | measuring progress



Outcomes		Metrics & Measures	FY20 progress to date
Cost reduction	Net cost productivity of \$2.5bn by FY22	- Net cost productivity – more than \$1.5bn cumulatively delivered by FY20 - Total costs will be flat or decline in each year from FY18 - Absorb nbn CVC/AVC costs - Labour cost to sales ratio to decline ~one third by FY22 - Top quartile cost metrics for full-service telco by FY22	- Total underlying fixed cost reduction achieved since FY16: \$1.8bn vs FY22 target \$2.5bn. \$615m net reduction in FY20 - FY20 total operating expenses (reported lease adjusted) decreased 10% to \$17.4bn (FY19 \$19.4bn) - FY20 nbn AVC/CVC costs increased \$380m vs FY19 to \$1.73bn - FY20 Labour cost to sales ratio 16.1% reduced 1.9pp vs FY19
Balance sheet	Post-nbn ROIC > 7%¹	- Underlying ROIC to improve from FY19 to FY22 - Monetise assets of up to \$2bn by FY20 - Establish standalone infrastructure business unit with effect from 1 July 2018 - High level SLA's for infrastructure business to be defined by 1 October 2018 and segment reporting by 31/12/18 - Telstra InfraCo fully operational by June 2019 - EBITDA benefits of >\$500m p.a. from \$3bn strategic investment realised by FY21	- Underlying ROIC behind original target at launch of T22 with FY20 5.4% (FY19 8.4%). Revised Post-nbn ROIC target >7% - Monetised assets announced of >\$1.5bn against target of up to \$2bn including Clayton data centre for \$417m. We continue to monitor opportunities that will provide further financial strength - Telstra InfraCo established as a standalone business unit and separate reporting segment - Telstra InfraCo asset perimeter is effective as of 1 July 2020 - New InfraCo brand, organisation structure and operating model implemented and support InfraCo's asset-based strategy - EBITDA benefits of >\$500m delivered from up to \$3bn strategic investment by June 19

1. Post-nbn defined as FY23 on AASB16 basis. Targeted outcome reduced from >10% in August 2020.

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Supporting material



nbn impact



Telstra InfraCo



Product detail & operating expenses



nbn DAs and commercial works

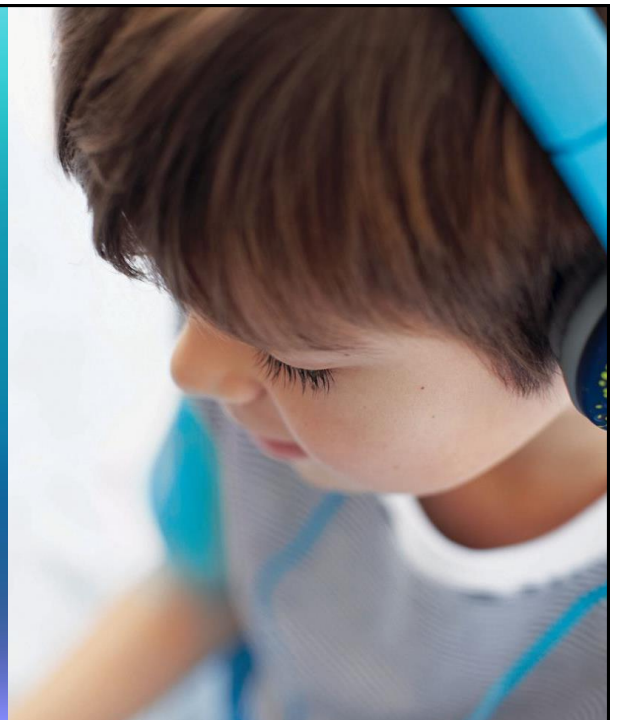


Segment results



Reported lease adjusted and Underlying reconciliation schedules

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nbn impact on EBITDA

As previously advised, nbn migration creates a **net negative recurring headwind** on our business

Recurring nbn headwind	FY16 – FY20	FY20	FY21 est. ¹
Recurring nbn DA	+\$0.5b	~+\$0.1b	~+\$0.05b
Reduction in legacy access network costs	+\$0.4b	~+\$0.1b	~+\$0.1b
Network payments to nbn	-\$1.7b	~-\$0.4b	~-\$0.3b
Wholesale legacy earnings decline	-\$0.8b	~-\$0.2b	~-\$0.2b
Retail decline attributable to nbn across Fixed and Data & IP	-\$0.9b	~-\$0.4b	~-\$0.3b
Total recurring nbn headwind	-\$2.6b	~-\$830m	~-\$0.7b

As at end of FY20, we estimate we have now absorbed around 75%¹ of the total headwind expected when migration to the nbn is complete

In addition, there are **one-off impacts** of the nbn:

One-off nbn impact	FY13 – FY20	FY20	FY21 est. ¹
PSAA and ownership receipts for transitioning to nbn	+\$8.9b	\$2.0b	
net one-off costs of migrating to the nbn	-\$1.8b	-\$0.5b	
Total Net one-off nbn DA receipts less nbn net C2C	+\$7.1b	\$1.5b	\$0.7b – \$1.0b

From 1 July 2020 until end of nbn migration, net one-off nbn DA receipts less nbn net C2C forecast at ~\$1.2b pre-tax¹

¹ Based on management best estimates including key input of the nbn Corporate Plan.

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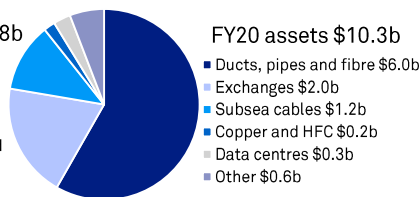
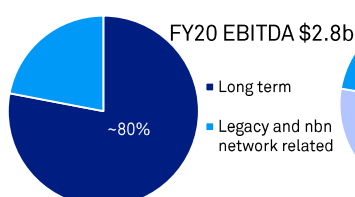
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Telstra InfraCo segment¹



	FY19 (restated)	FY20	CHANGE
Income	\$4,948m	\$4,423m	-10.6%
EBITDA by product:			
Recurring nbn DA	\$723m	\$811m	12.2%
Mobile	\$343m	\$387m	12.8%
Fixed excl. nbn C2C	\$988m	\$604m	-38.9%
Data & IP and NAS	\$782m	\$748m	-4.3%
Global connectivity	\$152m	\$156m	2.6%
Other ²	\$222m	\$127m	-42.8%
EBITDA Contribution	\$3,210m	\$2,833m	-11.7%



FY20 Telstra InfraCo segment revenue and EBITDA reflects mix of growing revenues and declines from legacy revenue

EBITDA growth from:

- Recurring nbn DAs due to nbn™ network rollout progress and receipts for access to passive infrastructure including exchanges, dark fibre and ducts
- Mobile with growth in partner MVNO SIOs of +347k in FY20

Expected legacy declines from:

- Wholesale external fixed EBITDA which declined ~\$200m due to ongoing migration to the nbn
 - nbn commercial works which declined ~\$100m as part of nbn™ network rollout maturity
 - internal access charges declines of ~\$100m for legacy fixed access as SIOs migrate to the nbn
- Telstra InfraCo EBITDA grew excluding these 3 legacy areas. These areas will remain under pressure in FY21

Proportion of recurring or long term FY20 Telstra InfraCo EBITDA ~80% (vs ~73% FY19)

FY20 Telstra InfraCo \$10.3b assets down \$0.5b from 30 June 2019 due to ongoing depreciation

FY20 includes \$1,690m income (FY19 \$1,891m) and \$737m EBITDA (FY19 \$871m) from internal access charges

New reporting basis on adjusted asset accountabilities announced 27 November 2019 effective 1 July 2020

¹ Reported basis.
² Other includes nbn commercial works (sale of assets component) and asset charges to other products including media.

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Telstra InfraCo asset base and value drivers - effective 1 July 2020



Telstra InfraCo Assets



250,000km
optical fibre

- Copper to fibre migration
- New use cases e.g. IoT and remote ops



8,000
towers, masts,
mobile poles

- Increased tenancy ratios
- New towers to serve 5G rollout



360,000 km
ducts

- Increased asset utilisation
- New customer groups



5,000 exchanges
& 2 data centres

- Property lease arrangements
- New services e.g. edge compute



Access to
400,000km
subsea cables

- Continuing demand for international connectivity



160,000
small poles

- Network densification and small cell rollout

Operating and capital efficiency

Product performance: Mobile



	FY19	FY20	CHANGE vs PCP	
Revenue	\$10,545m	\$10,084m	-4.4%	Mobile revenue decline largely due to postpaid and prepaid ARPUs and lower hardware volumes
Mobile services	\$7,439m	\$7,140m	-4.0%	Postpaid handheld FY20 net adds of +240k incl. +154k Belong and strong contribution from Enterprise as many customers transitioned their teams to work from home. Mass market churn -0.5ppt on pcpc excl. Belong
- Postpaid handheld	\$5,294m	\$5,048m	-4.6%	Postpaid handheld ARPU declined 8.2% in FY20, or 6.8% excluding COVID-19 impact on international roaming. 6.8% decline was due to:
- Prepaid handheld	\$829m	\$773m	-6.8%	• FY19 competition washing through base offset by improvement from plans sold in FY20 (TMMC +\$2 in FY20 vs FY19)
- Mobile broadband	\$673m	\$640m	-4.9%	• ~\$120m out of bundle decline
- Internet of things (IoT)	\$203m	\$209m	3.0%	• dilution due to increasing Belong mix
- Other ¹	\$440m	\$470m	6.8%	• accounting of new plans
Hardware & Loyalty ²	\$3,106m	\$2,944m	-5.2%	Reported ARPU to return to growth in 2HFY21 vs pcpc
EBITDA ³	\$3,752m	\$3,500m	-6.7%	>2m members of Telstra Plus Loyalty program
Margin	35.6%	34.7%	-0.9pp	Prepaid handheld unique users grew 7.6% and average voucher size increased. Revenue stabilised in H2 but declined in FY20 on lower ARPU
Customers – retail ⁴	18.3m	18.8m	2.4%	Mobile broadband is stabilising in 2H but revenue declined in FY20 on pcpc largely due to reduction in prepaid SIOs
Postpaid handheld mobile SIOs	8,244k	8,484k	2.9%	Wholesale FY20 net adds of +347k and services revenue increased 10% to \$221m
Internet of things (IoT) SIOs	3,132k	3,784	20.8%	EBITDA decline largely due to lower services revenue, partly offset by lower costs, including improved hardware margin. International roaming decline due to COVID-19 to impact FY21 but EBITDA to grow in 2H21 vs pcpc
Postpaid handheld ARPU/mth	54.77	50.29	-8.2%	
Postpaid handheld churn	11.8%	11.5%	-0.3pp	

1. Other includes wholesale, satellite and interconnection.

2. Telstra Loyalty Plus revenue impact in FY20-\$58m (FY19 nil).

3. Reported lease adjusted⁴ includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.

4. Includes deactivation of 365k \$0 revenue mobile broadband SIOs in 1H20.

Product performance: Mobile (half-yearly)



	2H19	1H20	2H20	CHANGE vs PCP
Revenue	\$5,254m	\$5,308m	\$4,776m	-9.1%
Mobile services	\$3,659m	\$3,616m	\$3,524m	-3.7%
- Postpaid handheld	\$2,629m	\$2,569m	\$2,479m	-5.7%
- Prepaid handheld	\$381m	\$388m	\$385m	1.0%
- Mobile broadband	\$323m	\$325m	\$315m	-2.5%
- Internet of things (IoT)	\$104m	\$102m	\$107m	2.9%
- Other ¹	\$222m	\$232m	\$238m	7.2%
Hardware & Loyalty ²	\$1,595m	\$1,692m	\$1,252m	-21.5%
EBITDA ³	\$1,815m	\$1,890m	\$1,610m	-11.3%
Margin	34.5%	35.6%	33.7%	-0.8pp
Customers – retail ⁴	18.3m	18.5m	18.8m	2.4%
Postpaid handheld mobile SIOs	8,244k	8,381k	8,484k	2.9%
Internet of things (IoT) SIOs	3,132k	3,482k	3,784	20.8%
Postpaid handheld ARPU/mth	\$53.60	\$51.52	48.99	-8.6%
Postpaid handheld churn	11.9%	12.3%	11.2%	-0.7pp

1. Other includes wholesale, satellite and interconnection.

2. Telstra Loyalty Plus revenue impact in 2H20-\$37m (1H20-\$21m, 2H19 nil).

3. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.

4. Includes deactivation of 365k \$0 revenue mobile broadband SIOs in 1H20.

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Mobile revenue decline largely due to hardware on lower volumes and postpaid handheld ARPU

Postpaid handheld 2H20 net adds of +103k incl. +63k Belong and strong contribution from Enterprise as many customers transitioned their teams to work from home. Mass market churn -0.6ppt on pcp excl. Belong

Postpaid handheld ARPU declined 8.6% in 2HFY20, or 5.8% excluding COVID-19 impact on international roaming. 5.8% decline was due to:

- FY19 competition washing through base offset by improvement from plans sold in FY20 (TMMC +\$2 in FY20 vs FY19)
- ~\$60m out of bundle decline
- dilution due to increasing Belong mix
- accounting of new plans

Reported ARPU to return to growth in 2HFY21 vs pcp

>2m members of Telstra Plus Loyalty program

Prepaid handheld revenue stabilised in H2 as **unique users** grew 7.6% on pcp and average voucher size increased

Mobile broadband is stabilising in 2H but 2.5% revenue decline was largely due to reduction in prepaid SIOs

Wholesale net adds of +131k and services revenue increased 14.7% to \$117m

EBITDA decline due to lower services revenue. International roaming decline to impact FY21 but EBITDA to grow in 2H21 vs pcp

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Product performance: Fixed



	FY19	FY20	CHANGE vs PCP
Revenue ¹	\$5,223m	\$4,591m	-12.1%
Retail bundles & standalone data	\$3,290m	\$3,226m	-1.9%
Retail standalone voice	\$881m	\$607m	-31.1%
Other retail fixed ²	\$247m	\$176m	-28.7%
Total retail fixed	\$4,418m	\$4,009m	-9.3%
Wholesale	\$805m	\$582m	-27.7%
Retail Fixed EBITDA (incl. net C2C) ³	\$798m	\$71m	-\$727m
Margin	18.1%	1.8%	-16.3pp
Net one-off nbn cost to connect (C2C)	\$362m	\$384m	6.1%
nbn TM network payments	\$1,351m	\$1,731m	28.1%
Bundle & standalone data SIOs	3,706k	3,786k	2.2%
Standalone voice SIOs	1,412k	960k	-32.0%
Bundle & standalone data ARPU/mth	\$75.07	\$71.75	-4.4%

1. Fixed revenue excludes other income from TUSOPA FY20 \$150m (FY19 \$159m).

2. Other retail fixed revenue includes hardware, once off revenue (activation fees), Platinum, and fixed interconnect net of Telstra plus loyalty (FY20 -\$25m, FY19 nil).

3. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.

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Fixed impacted by nbn migration, COVID-19 and disruption alongside voice and legacy decline. Focus on customer experience, streamlining processes, building differentiation and foundations for improving economics

FY20 retail bundles & data net adds of +80k incl. +79k Belong. Churn stable yoy

nbn retail connections grew +620k to 3,225k with 46% total market share (ex-satellite) despite nbn migration being disrupted in 2H. Now >80% through migration

Momentum in differentiation strategy including:

- **Connectivity with Smart Modems** - 71% of fixed data consumer base (62% H1FY20) to a total of 2m, enhanced back-up speeds
- **Telstra Plus Loyalty** program with >2m members
- **Media** with Telstra TV devices increasing 115k to 1,660k, #1 Netflix Speed index and launch of Binge
- **New experiences with exclusive Gaming and Wi-Fi Booster** products

Bundle & standalone data revenue declined on lower ARPU due to migration to in market plans and higher Belong mix. 50% of customers are now on in-market plans

Standalone voice revenue declined with lower SIOs driven by standalone voice line abandonment and migration to nbn and bundles

Retail Fixed EBITDA decline includes high margin revenue reduction, growing network payments to nbn co, and nbn migration costs, partially offset by fixed cost reduction

Full year 2020 results

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Product performance: Data & IP



	FY19	FY20	CHANGE vs PCP
Revenue	\$2,358m	\$2,052m	-13.0%
Data access & connectivity ¹	\$1,218m	\$1,151m	-5.5%
Legacy calling (incl. ISDN) ²	\$618m	\$431m	-30.3%
Connectivity services ³	\$114m	\$103m	-9.6%
Wholesale products	\$408m	\$367m	-10.0%
EBITDA ⁴ Margin	\$1,546m 65.6%	\$1,276m 62.2%	-17.5% -3.4pp
Connectivity SIOs	128k	125k	-2.3%
ISDN SIOs	122k	62k	-49.2%

Data & IP revenue declined 13% with legacy volumes declining and competitive pricing in Data access & connectivity

Data access and connectivity revenue declined 5.5%

- Growing fibre and nbn SIO growth offset by legacy copper terminations
- Strategy to maximise long-term economics, in a challenging market, resulted in lower capex, offsetting some EBITDA weakness
- ARPU declined due to price competition and ongoing technology shifts

Legacy calling declined 30% attributable to termination of ISDN SIOs in line with 2022 exit, and migration of associated voice services to NAS

Connectivity services revenue declined 10% largely due to Monitored security solutions decline

Wholesale products declined 10% due to Ethernet pricing pressures and decline in Transmission product revenue

EBITDA declined 17.5% with reduced revenue on high margin products with a moderate decline in cost

1. Includes private networks and internet connections on Telstra fibre, nbn, legacy copper and other fixed technologies, optical and legacy data.

2. ISDN FY19 revenue: \$387M, FY20 revenue: \$239M.

3. Includes professional media solutions, security solutions and Telstra Programmable Network.

4. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.

5. Includes IPVPN and Internet SIOs on Telstra fibre, NBN and legacy copper.

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Full year 2020 results

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Product performance: NAS



	FY19	FY20	CHANGE vs PCP
Revenue	\$3,477m	\$3,379m	-2.8%
Managed network services	\$648m	\$622m	-4.0%
Unified communications	\$1,009m	\$1,067m	5.7%
Cloud services	\$430m	\$434m	0.9%
Industry solutions (incl. nbn commercial works)	\$1,184m	\$1,047m	-11.6%
Integrated services	\$206m	\$209m	1.5%
EBITDA ¹ Margin	\$360m 10.4%	\$593m 17.5%	64.7% +7.1pp
NAS revenue by segment			
Telstra Small Business	\$311m	\$354m	13.8%
Telstra Enterprise Australia	\$2,565m	\$2,526m	-1.5%
Other (incl. nbn commercial works)	\$601m	\$499m	-17.0%

NAS revenue declined by 2.8% reflecting lower nbn commercial works, continued focus on profitable revenue growth, and decline in discretionary spending in professional services observed during COVID-19

Revenue growth of 3.8% excluding low margin hardware sales with focus on profitable revenue growth, and nbn commercial works

Managed Network Services decline reflects lower professional services revenue and shift to lower priced cloud based managed data network technologies, partially offset by managed security growth

Unified Communications growth reflecting new collaboration and calling service growth and migration from legacy calling services

Cloud revenue flat year on year, with significant growth in public cloud annuity products offset by lower spend by customers on professional services

Industry Solutions declined as expected as part of nbn™ network rollout maturity. Excluding nbn decline 8.7%

EBITDA growth of 7.1pp due to focus on profitable revenue growth, Unified Communications growth and significant cost reduction

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.

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Product performance: Global connectivity



(\$ amounts in AUD)	FY19	FY20	CHANGE vs PCP	CHANGE in constant currency
Revenue ¹	\$1,700m	\$1,706m	0.4%	-4.6%
Fixed (legacy voice)	\$346m	\$279m	-19.4%	-24.1%
Data & IP	\$1,003m	\$1,075m	7.2%	1.7%
NAS and other	\$351m	\$352m	0.3%	-4.6%
EBITDA ² Margin	\$364m 21.4%	\$454m 26.6%	24.7% +5.2pp	20.0% +5.5pp

Revenue declined in constant currency, due primarily to strategic shift away from declining legacy fixed voice and towards higher margin Data & IP

Fixed legacy voice products declined due to continued market reduction and a strategic focus on maximising profit

Data & IP growth of 1.7% in constant currency from both existing and new capacity, as well as one-off benefits from targeted early customer contract terminations

NAS and other revenue declined 4.6% in constant currency due to lower equipment sales and the sale of a data centre in March

Strong EBITDA growth of 20% in constant currency as a result of the continued pivot towards higher profit revenue, productivity and one-off benefits. In constant currency and excluding targeted one-offs, EBITDA grew 10%

1. Global connectivity revenue excludes other income FY20 \$19m (FY19 \$5m).

2. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.

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Product framework: operating expenses¹



	FY19	FY20	CHANGE \$	CHANGE %
Mobile	\$6,793m	\$6,584m	-\$209m	-3.1%
Fixed excl. net one-off nbn C2C ²	\$3,740m	\$4,013m	\$273m	7.3%
Recurring nbn DA	\$53m	\$54m	\$1m	1.9%
Data & IP	\$812m	\$776m	-\$36m	-4.4%
NAS	\$3,117m	\$2,786m	-\$331m	-10.6%
Global connectivity	\$1,343m	\$1,274m	-\$69m	-5.1%
Other ³	\$1,639m	\$1,231m	-\$408m	-24.9%
Underlying	\$17,497m	\$16,718m	-\$779m	-4.5%
One-off nbn DA and nbn C2C ²	\$503m	\$468m	-\$35m	-7.0%
Restructuring	\$801m	\$259m	-\$542m	-67.7%
Other guidance adjustments	\$584m	-	-\$584m	NM
Reported lease adjusted	\$19,385m	\$17,445m	-\$1,940m	-10.0%

Mobile costs declined largely due to lower hardware costs

Fixed costs increased largely due to nbn payments partly offset by productivity

NAS costs declined largely due to productivity and nbn commercial works

Data & IP costs declined modestly due to productivity

Other costs declined due to media and sale of software business in FY19

Underlying operating costs reduced 4.5%, largely due to productivity

In FY21, we expect total operating expenses to continue to decline

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.

2. Fixed excludes one-off nbn cost to connect (C2C) FY20 \$449m (FY19 \$468m). One-off nbn C2C included in one-off nbn DA and nbn C2C.

3. Other includes media, nbn commercial works (sale of assets component), Telstra Health, and miscellaneous.

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Full year 2020 results

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nbn DAs and commercial works

	FY19	FY20	CHANGE vs PCP	
Income	\$3,221m	\$3,147m	-2.3%	Reduction in one-off DAs due to nbn rollout and migration timing
TUSOPA ¹	\$159m	\$150m	-5.7%	
Recurring ISA: duct, rack and backhaul ²	\$784m	\$874m	11.5%	Recurring ISA revenue growth due to nbn™ network rollout progress
nbn commercial works – sale of assets component ³	\$268m	\$184m	-31.3%	
One-off nbn DAs	\$2,010m	\$1,939m	-3.5%	nbn commercial works – sale of assets component income has declined in line with nbn™ network rollout progress
- ISA: Ownership receipts ⁴	\$387m	\$210m	-45.7%	
- PSAA ⁵	\$1,611m	\$1,721m	6.8%	
-Retraining	\$12m	\$8m	-33.3%	
nbn commercial works – products and services ⁶	\$549m	\$467m	-14.9%	nbn commercial works – products and services revenue provided through contracts outside of nbn DAs. Decline is expected as part of nbn™ network rollout maturity

1.TUSOPA is run by Department of Infrastructure, Transport, Regional Development and Communications and the income is net of the levy paid.
2.Included as sales revenue. Restated to include ISA power.
3.Included as other income.
4.Included as other income. Includes receipts for assets transferred under the nbn Definitive Agreements (DAs). Restated to exclude ISA power.
5.Included as other income. Includes income from nbn disconnection fees (Per Subscriber Address Amount (PSAA)).
6.nbn commercial works – products and services revenue is recognised as NAS revenue.



Segment results

Segment Income	FY19	FY20	CHANGE	
Telstra Consumer & Small Business	\$14,281m	\$13,326m	-6.7%	Telstra Consumer and Small Business decline across fixed products including standalone fixed voice, and mobile revenue. Declines were partly offset by double digit NAS growth
Telstra Enterprise ¹	\$8,243m	\$7,970m	-3.3%	
- Domestic	\$6,274m	\$5,930m	-5.5%	Telstra Enterprise Domestic decline is largely due to Data & IP legacy calling and legacy Fixed products. NAS and mobile revenues were broadly stable year on year
- International	\$1,969m	\$2,040m	3.6%	
Telstra InfraCo ²	\$4,948m	\$4,423m	-10.6%	Telstra Enterprise International increase includes growth in higher margin Data & IP, increased traffic from Australia and targeted one-off transactions
- Internal access charges	\$1,891m	\$1,690m	-10.6%	Telstra InfraCo excluding internal access charges declined largely due to Telstra Wholesale decline across legacy fixed products and commercial works for nbn co. This was offset by increased recurring nbn DA and mobile revenue

1.Telstra Enterprise split between Domestic and International income is based on location of management operations. Telstra Enterprise includes \$292m (FY19: \$254m) of inter-segment revenue treated as external expenses in the TC&SB and Telstra InfraCo segments.
2.Telstra InfraCo includes internal access charges.

Underlying earnings for dividend



	Reported basis		Lease adj. ²		Restructuring/ other guidance adjustments ³		Net one-off nbn receipts ⁴		Underlying earnings ¹ basis		
	FY19	FY20	Rent/ Other	Mobile handset	FY19	FY20	FY19	FY20	FY19	FY20	CHANGE
Total income	\$27,807m	\$26,161m	-	-	-\$3m	-\$33m	-\$2,116m	-\$2,004m	\$25,688m	\$24,124m	-6.1%
Operating expenses	\$19,835m	\$16,951m	-\$450m	\$494m	-\$1,385m	-\$259m	-\$503m	-\$468m	\$17,497m	\$16,718m	-4.5%
Equity accounted entities	\$12m	-\$305m	-	-	-	\$308m	-	-	\$12m	\$3m	NM
EBITDA	\$7,984m	\$8,905m	\$450m	-\$494m	\$1,382m	\$534m	-\$1,613m	-\$1,536m	\$8,203m	\$7,409m	-9.7%
Depreciation and amortisation	\$4,282m	\$5,338m	\$450m	-\$494m	-	-	-	-	\$4,732m	\$4,844m	2.4%
EBIT	\$3,702m	\$3,567m	-	-	\$1,382m	\$534m	-\$1,613m	-\$1,536m	\$3,471m	\$2,565m	-26.1%
Net finance costs	\$630m	\$771m	\$64m	-	-	-	-	-	\$694m	\$771m	11.1%
Income tax expense	\$923m	\$957m	-\$20m	-	\$388m	\$74m	-\$484m	-\$461m	\$807m	\$570m	-29.4%
NPAT	\$2,149m	\$1,839m	-\$44m	-	\$994m	\$460m	-\$1,129m	-\$1,075m	\$1,970m	\$1,224m	-37.9%
Non-controlling interests	-\$5m	\$20m	-	-	-	-	-	-	-\$5m	\$20m	NM

1. Refer to definition in the Glossary.

2. 'Reported lease adjusted' which includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail.

3. Refer to Full-year results and operations review – guidance vs reported results reconciliation schedule (set out in our ASX announcement titled "Financial results for the full year ended 30 June 2020" lodged with the ASX on 13 August 2020) which details the adjustments made to the reported results for the current and comparative period to reflect the performance of the business on the basis on which we provided guidance to the market for FY20.

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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AASB16 & Reported lease adjusted results



Given different accounting treatment of leases in FY20 and FY19, Reported lease adjusted provides a like-for-like view.
'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA

	Reported		Lease adjustments		Reported lease adjusted	
	FY19	FY20	Rent/ Other	Mobile handset	FY19	FY20
Total income	\$27,807m	\$26,161m	1	2	\$27,807m	\$26,161m
Operating expenses	\$19,835m	\$16,951m	-\$450m	\$494m	\$19,385m	\$17,445m
Equity accounted entities	\$12m	-\$305m			\$12m	-\$305m
EBITDA	\$7,984m	\$8,905m	\$450m	-\$494m	\$8,434m	\$8,411m
Depreciation and amortisation	\$4,282m	\$5,338m	\$450m	-\$494m	\$4,732m	\$4,844m
EBIT	\$3,702m	\$3,567m			\$3,702m	\$3,567m
Net finance costs	\$630m	\$771m	\$64m		\$694m	\$771m
Income tax expense	\$923m	\$957m	-\$20m		\$903m	\$957m
NPAT	\$2,149m	\$1,839m	-\$44m		\$2,105m	\$1,839m

AASB16 'Leases' adopted from 1 July 2019¹

- No restatement of pcp in Reported results
- On balance sheet, right-of-use assets and lease liability recognised (PV of lease payments). Net increase of \$3.0b in lease liabilities in FY20 from recognition of leases under AASB16
- Reduction in reported opex in FY20 as all lease costs move below reported EBITDA. Operating lease expense recognised in FY19 as opex has been 'replaced' below EBITDA in FY20 by depreciation of right-of-use assets, and interest expense on lease liability
- From FY20 under AASB16, lease payments are reported in financing cashflow

1 FY19 adjusted to move proforma rent/other lease opex (or all but mobile handset leases) to D&A and include tax effected implied interest

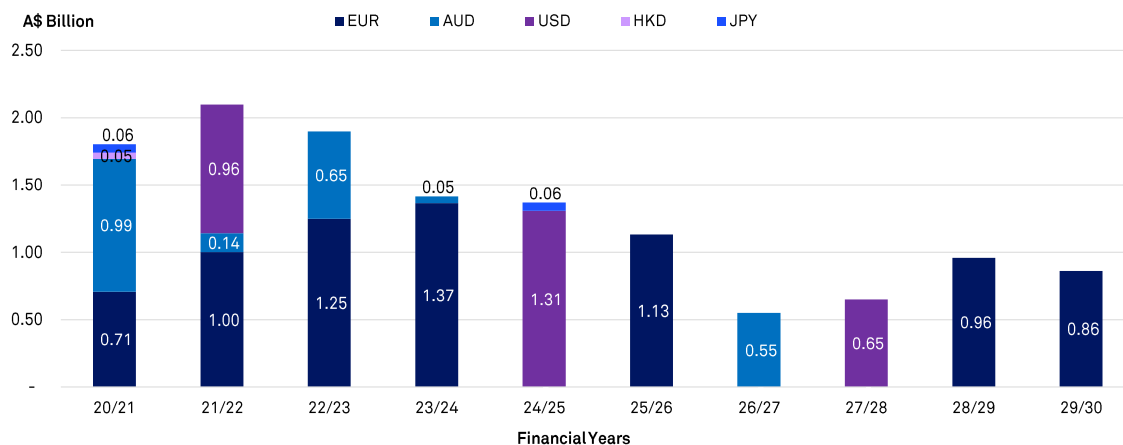
2 FY20 adjusted to move depreciation of mobile handset right-of-use assets to operating expenses

Mobile handset lease depreciation expected at ~\$200m in FY21, and a small amount in FY22 with roll-off following exit of new sales in June 2019

1. Refer to note 1.5.1 to the financial statements for the full year ended 30 June 2020 (set out in our ASX announcement titled "Financial results for the full year ended 30 June 2020" lodged with the ASX on 13 August 2020) for further details regarding AASB16 adoption impacts.

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Telstra long-term debt maturity profile - 30 June 2020¹



1. Based on contractual principal values; excludes leases, revolving bank debt and short-term debt such as commercial paper.

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Glossary



Term	Definition (unless separately defined in the slide footnotes)
Capex	Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases
Free cashflow after operating lease payments	'operating cash flows' less 'investing cash flows' less 'payments for operating lease liabilities', and excludes spectrum and guidance adjustments
Guidance adjustments	Guidance adjustments include impairments in and to investments or non-current tangible and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. Refer to Full-year results and operations review – guidance vs reported results reconciliation schedule (set out in our ASX announcement titled "Financial results for the full year ended 30 June 2020" lodged with the ASX on 13 August 2020) which details the adjustments made to the reported results for the current and comparative period to reflect the performance of the business on the basis on which we provided guidance to the market for FY20
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
Reported lease adjusted	'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA. See 'AASB16 & Reported lease adjusted results' slide for detail
ROE	Calculated as profit after tax attributable to equity holders of Telstra as a percentage of equity
ROIC	Calculated as NOPAT as a percentage of total capital
Total Income	Total income excluding finance income
Underlying earnings	NPAT from continuing operations excluding net one-off nbn receipts, one-off restructuring costs and guidance adjustments. Guidance adjustments include impairments in and to investments or non-current tangible and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. See 'Underlying earnings for dividend' slide for details of underlying earnings
Underlying EBITDA	EBITDA excluding net one-off nbn DA receipts less nbn net C2C, one-off restructuring costs and guidance adjustments but includes depreciation of mobile lease right-of-use assets
Underlying ROIC	Calculated as NOPAT excluding net one-off nbn receipts, one-off restructuring costs and guidance adjustments less tax as a percentage of total capital. Guidance adjustments include impairments in and to investments or non-current tangible and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum

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The 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 Telstra's actual results, performance and achievements to differ materially from those expressed in, or implied by, the forward-looking statements including 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; the ongoing impacts of the COVID-19 pandemic; and the continuing growth in the data, internet, mobile and other telecommunications markets where Telstra will operate. 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 2020 which were lodged with the ASX on 13 August 2020 and are available on Telstra's Investor Centre website www.telstra.com/investor.

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

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, and disclaims all responsibility for, the accuracy and completeness of the forward-looking statements, whether as a result of new information, future events or otherwise.

The assumptions underlying and the basis upon which we have provided our FY21 earnings guidance is set out on slide "FY21 guidance". Defined terms are set out on the slide "Glossary".

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We have adopted AASB16 on a prospective basis and prior year comparatives on a reported basis have not been restated.

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ANDREW PENN – CEO

Slide 1 – Full year 2020 results

Good morning and welcome to Telstra's results announcement for the year ended 30 June 2020.

Our financial results this year were in line with guidance. This is notwithstanding the challenging times we are in and the financial implications of the continued migration to the NBN.

We are also well positioned as we pass the midway point of our T22 Strategy.

This morning I will make some introductory remarks before Vicki takes you through the numbers in more detail. We will then take Q&A.

Slide 2 – How we have led through 2020

A lot has happened since we were together at our Half Year results in February. It is hard to conceive that was only six months ago.

2020 is proving to be an enormously challenging year for everyone – for governments, businesses, communities, and for all of us as individuals. The emotional, mental and economic stresses as a result of the COVID pandemic and necessary restrictions are profound. I sincerely hope that you and your families are doing okay at this time.

I gave a speech at the beginning of the year on what doing business responsibly would mean in the 2020s, little did I know what was around the corner. However, this philosophy has guided us through these last few months.

Through this period of extraordinary disruption – both COVID and the bushfires, we have been challenged to adapt, to find new ways of supporting our customers, our people and the country in a time of need. I am proud of the way our teams have responded, particularly given they are dealing with the impact of these crises on them personally at the same time.

In saying that please do not think we have lost sight of our shareholders – quite the contrary - our decisions are as much about doing the right thing for our communities as they are about commercially what is in the best interests of our shareholders and long term shareholder value.

Ultimately, we will never be successful for our shareholders if our customers, people and communities in which we operate do not enjoy success too.

During COVID, supporting our customers has included temporary unlimited data allowances for home broadband customers and additional data for mobile customers as well as relief programs for small business and consumer customers.

Supporting our people has included moving 25,000 office-based staff to working from home, new processes to protect our field and store teams, paid pandemic leave for our casual employees and pausing our T22 productivity job reductions to give certainty and security.

On the latter, we intend to extend this further until February next year for our permanent team because right now, giving our people further certainty will ensure they are better positioned to serve our customers and drive value for shareholders and support their mental well-being.

Vicki will take you through the implications of this for our productivity program. However, please be assured we remain committed to our \$2.5bn T22 target and we will come back to these tough productivity decisions in reducing headcount in February.

We have also brought forward \$500 million of capex from the second half of FY21 into this calendar year. This is providing the economy with much needed investment at this time and supporting the acceleration of our 5G rollout which has already been extended to cover approximately one third of the population.

This is on top of the support we provided to Australians in the face of some of the most devastating bushfires this country has ever experienced. In total, our support for bushfire affected customers, free mobile services for the firefighters and repairing damaged infrastructure amounted to around \$44 million.

For our shareholders the board has declared a fully franked final dividend of 8 cents per share – 5 cents ordinary and 3 cents special. This brings the total dividend for the year to 16 cents per share and means we will be returning \$1.9bn to shareholders from our FY20 results.

Despite this focus on responsible business, I know we do not always get it right. As I have previously advised, some years ago we let down some customers in Indigenous communities.

Since 2018, we have been undertaking a comprehensive remediation program to address this, including waiving debts, providing refunds, improving our processes and providing additional staff training in cultural awareness.

We are also cooperating with an ACCC investigation into our sales, complaint handling and debt collection practices to resolve their concerns about potential misleading or deceptive conduct, unconscionable conduct, or false or misleading representations at a small number of our partner stores – stores that are operated by licensees.

We have made a provision of \$50 million in our FY20 accounts for potential penalties related to this. The board has also reduced the variable remuneration outcome for certain executives by 10%, not because they did anything wrong but because they were accountable for the areas of the business where these failures happened. This includes me because ultimately as the CEO there is not a part of the business for which I am not accountable.

Responsible business is about understanding that the obligations we have to our customers are not limited by the small print of our contracts but are defined by our organisational purpose and values. And when we get it wrong we must acknowledge it, fix it and take accountability for the consequences.

Just before I turn to results, a quick word on T22. I mentioned a moment ago that we are now past the mid-point of our T22 strategy.

What has been cemented in my mind during the last few months during COVID is that the key principles behind our T22 strategy are more important than ever before - to radically simplify and digitise the business, remove customer pain points, remove legacy systems and processes – these have all been crucial in allowing us to successfully respond during the COVID restrictions.

It has also highlighted that connectivity has never been more important. We have witnessed a huge acceleration in the adoption of digital ways of working and this is crucial to a fast economic recovery. Continuing to deliver on T22 is therefore fundamental to the transformation of Telstra and the success of our customers.

With that let me now turn to our financial results.

Our results were in line with guidance. This is notwithstanding the impact of the bushfires, an estimated negative financial impact from COVID on Underlying EBITDA of around \$200 million plus the \$50 million provision for the ACCC investigation.

The COVID impacts arise mostly from reduced international roaming and professional services revenue, increased financial support for our customers and additional bad debt provisions.

Slide 3 – Financial headlines

In terms of financial headlines, Total Income for the year decreased 5.9 per cent to \$26.2 billion on a reported and guidance basis.

EBITDA increased 11.5 per cent to \$8.9 billion on a reported basis. After adjusting for lease accounting on a like-for-like basis, EBITDA decreased 0.3 per cent to \$8.4 billion.

Underlying EBITDA on a guidance basis, which excludes one-off nbn income and restructuring costs, decreased 9.7 per cent to \$7.4 billion.

Excluding the in-year nbn headwind, underlying EBITDA grew by approximately \$40 million. This growth was at the bottom end of the range we guided and is after the COVID, bushfire and ACCC impacts I have already mentioned.

NPAT decreased 14.4 per cent to \$1.8 billion on a reported basis.

Capital expenditure reduced 22 per cent to \$3.2 billion. Capex was towards the top end of guidance due to the decision to bring forward \$500 million of investment into 2020 that had been planned for the second-half of FY21.

As I mentioned earlier, the Board has resolved to pay a fully franked final dividend of 8 cents per share bringing the total dividend for the year to 16 cents per share in line with FY19.

Slide 4 – Operating highlights

Turning to our operating highlights

In mobile we added 240,000 net retail postpaid mobile services including 86,000 branded and 154,000 from Belong. The branded adds included a contribution from Enterprise customers in the second half of the year as they supported their employees in working from home.

One of the features of the year was increased activity in the price sensitive end of the market as demonstrated through the continued strong performance in Belong and Wholesale.

Wholesale, added 347,000 services while we added a further 652,000 IOT services.

In fixed, we added 80,000 net new retail bundle and data services, including 79,000 from Belong.

Belong now has more than 730,000 services making it one of the largest operators in Australia in addition to Telstra with more than 400,000 mobile services and more than 330,000 fixed.

On costs, underlying fixed costs were down \$615 million or 9.2 per cent bringing our annualised cost reductions achieved under our productivity program to \$1.8 billion.

Vicki will provide more detail on our productivity program in a moment. Although we were slightly short of our \$630 million target due to the decisions we made in relation to COVID, I am very pleased with the progress we have been making.

One of the impacts of COVID has been on our workforce capacity, particularly in overseas locations such as India and the Philippines which went offline due to extensive lockdowns. This has had an impact on customer experience.

While we moved a large amount of this work online and to Australia, we are very conscious of the delays some customers have experienced in trying to contact us and I wanted to apologise for those delays.

We are not completely out of the woods yet but fortunately our T22 digitisation program enabled digital engagement with our customers to grow substantially. By the end of FY20, more than 71 per cent of Telstra's service transactions were via digital channels. This is up from 53 per cent at the end of FY19.

The new My Telstra app, which replaced the Telstra 24x7 app, was downloaded 3.7 million times within the space of just a few weeks.

This acceleration to digital channels and the workforce capacity challenges we have faced offshore have provoked our thinking on our customer service model for the future. As a result, we will be investing even more in digital including messaging.

Under our T22 strategy our aspiration had been to reduce the number of calls to our call centres by two thirds by FY22. That's a reduction of approximately 24 million calls on an annualised basis. With the acceleration to digital, we are already very close to that run rate now, 2 years before the end of the program.

This means that over time we will need smaller call centres for our Consumer and Small Business customers and our aspiration is that by the end of our T22 program, all in-bound calls from these customers will be answered in Australia. Today we are already answering more than 60% in Australia.

This in turn will enable our teams in the Philippines and India to focus on supporting our digital experiences.

Not surprisingly, the challenges during COVID were reflected in our Episode NPS results. Episode NPS had improved by two points in the first six months of the financial year and we were on track to achieve our full year target. However, the impact of COVID saw Episode NPS decline in the second half and end up down two points over the last 12 months.

We expect to turn this around in the coming period and we have targeted a five point improvement in Episode NPS for FY21.

Despite the challenges with Episode NPS, Strategic NPS improved five points during the year exceeding our target across both mass market and Enterprise. This is consistent with increased results we have seen in our brand consideration and corporate reputation measures.

Slide 5 – Operating highlights (cont.)

In terms of other operational value drivers for the year, in mobile we saw our lead indicator – transacting minimum monthly commitment or TMMC increasing by \$2. In July we updated our mobile plans with more data and other inclusions, we made the decision to not charge separately for 5G but include it on our top 3 plans and we adjusted other pricing. This should add further momentum to TMMC in FY21.

Across fixed broadband and data & IP we continue to face the economic headwinds from the migration of customers to the nbn as well as price competition. The in-year nbn headwind includes a \$380 million increase in our network payments.

nbn wholesale pricing remains the largest negative impact on our fixed business. As you know, I have for a long time advocated for lower wholesale prices and a change to the nbn pricing structure. Without some sort of long-term change leading to improvement in RSP's economics, the risk of retail price increases, reduced customer experience or customers moving onto other networks, such as 5G will increase.

In Telstra's case the profitability of reselling the nbn is negligible at best – that is not sustainable.

Notwithstanding these comments I do want to acknowledge and applaud nbn's response to COVID. nbn acted swiftly to increase capacity to RSPs during this time at no charge enabling RSPs to support their customers as they moved quickly to work and study from home.

Despite these challenges we remain focussed on providing a differentiated customer experience on fixed. This includes through the Telstra Smart Modem which we now have in more than two million Australian homes – over half our customer base.

We also recently announced boosts to download speeds and our WiFi guarantee. Strong WiFi is a critical aspect of creating a positive internet experience. In pilot customer trials of the WiFi guarantee, we did not find a WiFi coverage problem we could not solve with our Smart Modem and Smart WiFi Booster combination.

Turning to enterprise customers. We were particularly pleased with our NAS and global connectivity results for the year.

NAS EBITDA grew \$233 million with an EBITDA margin of 18 per cent driven by improved product mix and productivity.

Global Connectivity EBITDA grew by \$90 million from improved product mix, productivity and one-off benefits including foreign exchange.

Encouragingly our Health business also achieved strong growth, with revenues up 12% and delivering positive EBITDA for the first time in May.

COVID has reinforced the drive for digitisation in healthcare and has dramatically accelerated newer technologies such as telehealth, in-home monitoring and access to information directly by patients.

It has also demonstrated the importance of high quality, real-time health information for both clinical and health policy purposes. Telstra Health is strategically very well positioned in this growing market.

Slide 6 –T22 strategy – Passed the midway point

Turning to our T22 strategy.

As we passed the midway point of T22, we have delivered, or are on track to deliver, three quarters of our T22 scorecard metrics.

Against the first pillar of T22, we now have more than 4.8 million services on our 20 Consumer and Small Business in market plans.

We have cut 35% of our Enterprise products as we unravel complexity in this part of our business, and we are on track to remove half by FY21.

For Consumer and Small Business customers, as I mentioned earlier, digital channels now account for 71 per cent of service transactions including account management, pre-paid product and billing related enquiries. Digital sales interactions are up to 30 per cent.

Our loyalty program, Telstra Plus, has more than 2 million members and we are seeing strong engagement with reward redemption rates increasing more than fourfold from the first the second half of the year.

Our consulting and professional service business Telstra Purple, and extensive gaming offers have been developed and are in-market.

Slide 7 –T22 strategy – Passed the midway point (cont.)

Telstra also continues to lead the market in the major mobile industry network performance benchmarks. And on 5G, we are not just leading in Australia, we are also a global leader.

Telstra's 5G is now live in selected areas of 53 cities and regional towns across Australia and more than 10 million Australians live, work or pass through our 5G coverage every day.

Our 5G network already covers around one third of the population and we intend to extend that to 75% of the population by June next year.

While 5G-capable handsets have not long been on the market, more than 210,000 5G devices are already connected to the Telstra network. This is before the launch of a 5G iPhone which we hope will arrive soon.

On InfraCo, the new organisational structure and operating model, which we outlined at our November Investor Day, has been implemented and a Heads of Agreement between InfraCo and Telstra is in place for commercial, service level and operating arrangements.

We are also well advanced on asset-based financials and reporting for InfraCo as we seek to drive more value from these assets.

More broadly we continue to simplify our structure and ways of working, remove hierarchies and siloes on top of redesigning our organisation from the ground up and removing, on average, more than four layers of management.

Since the launch of T22 in June 2018 we have cumulatively announced almost 20,000 role reductions across our direct and indirect workforce. We have recruited 1,600 new roles with skills in new areas such as software engineering and cyber security and some temporary roles in response to some of the workforce capacity challenges presented by COVID-19.

As at the end of June 2020, our direct workforce was around 5,700 lower than two years ago and our indirect workforce was 12,000 lower.

Employee Engagement is at an all-time high improving 16 points in the year to 83 reflecting a concerted leadership effort across the business.

In productivity, we have so far delivered \$1.8 billion of savings and we are on track to reach our target of reducing annual underlying fixed costs by \$2.5 billion by FY22. We expect to achieve around \$400 million of productivity this financial year which is about \$100m less than we had previously planned due to the decision we have made in responding to COVID to defer further permanent job reductions until February.

Finally, we continue to monitor asset monetisation opportunities that strengthen our balance sheet. Our announcement last week to sell our Clayton data centre for \$417 million means we have announced over \$1.5 billion of our T22 ambition to monetise up to \$2 billion of assets.

We will continue to pursue opportunities in FY21 with a view to getting closer to \$2 billion.

Slide 8 – T22 Strategy scorecard

Before I close, I would like to quickly take you through our T22 scorecard.

We have now delivered, or are on track to deliver, three quarters of our T22 scorecard metrics.

Some measures are rated either amber or red and I want to take a moment to explain why.

Firstly, underlying ROIC. We do not now expect to achieve our T22 ROIC target of greater than 10 per cent in FY23.

Since the launch of T22 we have seen the introduction of AASB16 which has impacted our ROIC calculations by around 1 percentage point. We have also seen our weighted average cost of capital reduce by approximately 1.5 percentage points.

We have revised our T22 ROIC target in FY23 to greater than seven per cent. I know this is a crucially important measure for investors so Vicki will take you through this in some detail.

Secondly, NPS. We are on track with Strategic NPS but as I explained earlier our Episode NPS results were impacted in the second half of the year.

Thirdly, the building out of our new technology stacks is very well progressed. Like many large systems projects, and this one is large having involved an investment in excess of \$1bn, there are a few things that have right shifted, mainly some of the product builds. However, the Enterprise stack is live and in Consumer and Small Business agent facing components and mobile products are live with significant improvements to order and processing times. Product launches onto the new stack will accelerate in FY21 enabling us to also accelerate migration.

Fourth, while active app users have grown by more than 300,000 in the last year to 4.3 million, it is below where we had planned it to be. Having said that one of the reasons for this is customers are no longer needing to use the app to check their data allowances because our new plans have no excess data charges.

Fifth, we need to achieve momentum in average services per customer by targeting increased multi-product holdings including through entertainment, mobile assurance and gaming add-ons. We have had a strong take up of both of Foxtel's new streaming services Kayo and Binge over the last few weeks in this regard.

Six, we continue to lead in the key industry network surveys except the ACCC Measuring Broadband Australia Report. This report ranks RSPs on performance including lines that are not capable of achieving the NBN tier speeds due to NBN constraints, which we do not believe is the best reflection of RSP performance. In contrast we have ranked no 1 in the Netflix ISP Speed Index every month for the last 2 years.

Given we have now passed the midway point of T22 we have also added targets for FY21 and FY22 to the scorecard.

These additional targets support our FY21 priorities including for digital sales transactions, Telstra Connect active users, Telstra Plus members, migration to in market plans, Australia's largest 5G network and Agile at Scale. The additional targets can be found in my supporting slides.

Slide 9 – FY21 priorities

T22 continues to position us well in this current period of uncertainty and creates the platform to emerge strongly into whatever the 'new normal' is.

Our key priorities in the year ahead include:

- Staying committed to simplification;
- Completing our Digitisation program, because this is making a real difference to customer experience;
- Realising the value from our strategic shift in Telstra Enterprise with our Adaptive Networks and Mobility products;
- Maturing our ways of working and embedding our new operating model;
- Extending our leadership in 5G and realising the value from our strategic investment in networks. This includes launching targeted fixed wireless in the first half of this financial year;
- Ensuring InfraCo is fully operational and driving increased value from passive assets; and
- Continuing to deliver our \$2.5 billion productivity target including \$400m in FY21.

Slide 10 – Summary

To summarise then before I hand to Vicki.

The 2020 financial year was uniquely challenging but also one that once again highlighted the importance of connectivity in society.

It was a year that saw a huge acceleration in the digital economy, now critical to a fast recovery and where Telstra has a key role to play.

It was a year where we saw the value of our T22 investments to transform Telstra for the future as a simpler, more digital and more agile business built around its purpose and values and a commitment to responsible business.

And it was a year where Telstra met guidance and maintained the dividend despite the challenging environment.

We still have a lot of unfinished business to truly transform Telstra, but we look at the year ahead with growing confidence in our ability to deliver our strategic ambitions.

Our progress this year was the result of the combined efforts of many people including our many dedicated employees. Despite the disruptions and impact on them personally from COVID, every day they have focussed on servicing our customers and keeping them connected and for that I want to sincerely thank them.

Thank you and with that I will hand over to Vicki to take you through the detailed financials before we open for Q&A.

VICKI BRADY – CFO

Slide 11 – Full year 2020 results

Thanks Andy.

SLIDE 12 – AGENDA

I'm pleased to say that for FY20, Telstra has delivered financial results in line with the guidance we provided to the market. We have maintained our dividend and also retained our balance sheet strength.

This has been achieved despite ongoing financial headwinds from the nbn, and the operational and financial disruptions caused by both the COVID-19 pandemic and Australia's summer of bushfires. We continued our strong momentum on T22, which is delivering benefits for customers while enabling us to simplify the business and reduce our costs.

With the impacts from COVID continuing to be felt by many communities and its ongoing effects on the global and local economy, we anticipate that we will continue to face disruption in FY21. However, with T22 we have the right strategy to deal with this.

Our conviction in the strategy, and our proven ability to deliver on it, enable us to look at the future with confidence, and I'm particularly pleased that today we are able to provide guidance on a range of financial measures for FY21.

SLIDE 13 – GROUP RESULTS: INCOME STATEMENT

Turning to details of our financial performance for FY20, which you can see on slide 13.

The numbers on the left of the slide are our reported statutory results.

FY20 Reported income was \$26.2 billion, down 5.9 per cent, and reported NPAT was \$1.8 billion, down 14.4 per cent.

As discussed previously, the implementation of accounting standard AASB16 meant that from 1 July 2019 operational lease costs moved onto the balance sheet, and below EBITDA in the Income statement.

Given different accounting treatment of leases in FY20 and FY19, and our exit of mobile lease plans, the 'Reported Lease adjusted' columns provide a like-for-like view of our results and reflects the view we use when managing the business.

A reconciliation is included in the Appendix.

The remainder of this presentation will focus on the reported lease adjusted results.

On a reported lease adjusted basis, EBITDA was broadly flat at \$8.4 billion.

EBITDA includes \$1.5 billion of net one-off nbn receipts, \$246 million of restructuring costs and a \$308 million impairment of our investment in Foxtel.

Underlying EBITDA was \$7.4 billion, down 9.7 per cent.

The largest reason for this decline was the nbn, where we absorbed around \$830 million of in-year recurring headwind. We expect FY20 to have been the peak year.

The clearest view of the future financial performance of our business is Underlying EBITDA excluding the in-year nbn headwind. In FY20, this grew around \$40 million.

The underlying EBITDA decline also included a provision of \$50 million related to an ACCC investigation into our sales, complaint handling and debt collection practices (which Andy referred to earlier), and an estimated net negative impact from COVID-19 of approximately \$200 million. This COVID impact was across international roaming, financial support for customers, delays in NAS professional services contracts, and additional bad debt provisions.

Included in underlying EBITDA was a reduction in underlying fixed costs of \$615 million or 9 per cent.

Turning to Depreciation and Amortisation, which - on a reported lease adjusted basis -, increased 2.4 per cent due to a mix shift to shorter asset lives.

We expect D&A to decline by approximately \$300 million in FY21, and by a similar amount again in FY22, predominantly due to assets associated with nbn completion and legacy IT assets fully depreciating.

Net finance costs increased due to the adoption of AASB16, capitalised interest and other non-cash items. Our interest on borrowing costs declined \$93 million due to a reduction in our average borrowing cost, and lower net debt on a like for like basis.

We expect to see the decline in borrowing costs accelerate in FY21, thanks to recent refinancing at lower rates, and lower net debt.

SLIDE 14 – INCOME BY PRODUCT

Looking now at income by product, which you can see on slide 14:

Excluding one-offs, underlying income declined \$1.6 billion or 6 per cent. Half of this decline was due to net in-year nbn headwinds and lower hardware sales.

There is detail in the appendix on each of our products, but I will touch on the most significant points. Mobile income declined \$461 million in FY20. This was largely due to handheld services decline reflecting expected ARPU pressure, with international roaming and hardware revenue especially weak during the second half.

In postpaid handheld, SIO performance was strong although weighted across our multi-brand offering with a strong contribution from Enterprise, as many customers transitioned their teams to work from home.

Our lead indicator of postpaid handheld ARPU, Transacting Minimum Monthly Commitment, or TMMC, continued to show positive momentum.

During FY20, TMMC increased \$2 vs FY19. We had anticipated an increase of \$2-3, however trading conditions in the second half were more challenging. Given recently announced plan changes, we expect a further increase in FY21.

Reported postpaid handheld ARPU declined 8.2 per cent in FY20, largely due to five things. These were:

- A decline in international roaming of approximately \$75m, driven by restrictions imposed in response to COVID-19
- the impact from a period of intense price competition in FY19 washing through our customer base, offset by improvement from plans sold in FY20
- lower out of bundle excess voice and data fees of approximately \$120 million,
- dilution from a higher mix of Belong customers, despite Belong being value accretive overall,
- and finally, accounting for new plans which allocate more revenue to hardware.

Excluding the decline in international roaming, which we estimate will not recover in FY21, ARPU declined by 6.8 per cent, which is in line with the expectations we gave the market at our first half result.

We expect reported postpaid ARPU to return to growth in the second half of FY21.

Turning to other mobile categories:

- In prepaid handheld, despite a tougher Q4, unique users were up 7.6 per cent and average voucher value increased, with revenue stabilising in 2H20.
- Likewise, mobile broadband, which saw increased demand in Q4, is seeing stabilisation in revenue sequentially after several years of decline.
- Our Wholesale MVNO business - a crucial part of our multi-brand strategy - achieved revenue growth of 10 per cent.

In our fixed business, revenue continued to be impacted by nbn migration, alongside legacy decline, customer initiatives in response to COVID-19 and operational disruptions.

In FY20, we added 80,000 broadband subscribers, with Belong accounting for all the growth.

We are still experiencing ARPU dilution as customers move to in-market plans, although the amount is narrowing. Around half of our customers are now on in-market plans and we remain focussed on maintaining our premium through differentiated experiences.

Turning to Data & IP, revenue was down 13 per cent. This was due to sharp declines in legacy calling, including ISDN. In line with the 2022 shutdown of ISDN, we saw termination of legacy services and migration to Unified Communications within NAS.

Core data and connectivity revenues declined 5 per cent, due to price competition and ongoing technology shift. ARPU declines moderated vs FY19, and we have seen growth in fibre and nbn services, offset by legacy copper terminations.

We have revised our Data & IP split of revenue in the detailed product slide, to provide improved clarity of trends.

Reported NAS revenue declined 2.8 per cent, reflecting a continued focus on profitable revenue growth, lower nbn commercial works and reduced discretionary spending in professional services in the second half.

Revenue grew 3.8 per cent, excluding low margin hardware sales and nbn commercial works.

SLIDE 15 – OPERATING EXPENSES

Turning to our operating expenses, which you can see on slide 15.

We have achieved a significant reduction in costs in FY20. Total costs declined 10 per cent, and underlying costs declined 4.5 per cent.

An increase in nbn payments of \$380 million was more than offset by productivity.

Underlying fixed costs reduced by \$615 million. This was modestly below our target of \$630 million due to impacts from our response to COVID-19, including additional bad debt provisions of \$36 million.

We have now achieved a \$1.8 billion net reduction in underlying fixed costs since 2016, and remain on track to achieve our \$2.5 billion net productivity target.

Cost-out included a 12 per cent reduction in direct labour costs, which included the full year impact of FY19 reductions.

We also reduced indirect labour and service contracts by 11 per cent, which was due to digitisation reducing customer support costs and lower legacy network costs.

Non-labour costs declined 2 per cent, including reductions in energy and travel.

We are targeting a further \$400 million of cost reduction in FY21.

This target includes the impact of our decision to delay productivity job reduction announcements under T22 to February 2021 as part of our COVID response. We do, however, still anticipate some roles reductions prior to this, for example where projects end or work is no longer required. In FY21 there will therefore be an increasing focus on reducing indirect labour and other costs.

SLIDE 16 – EBITDA

Moving to EBITDA, on slide 16.

Underlying EBITDA declined \$794 million, whereas it grew around \$40 million excluding the in-year nbn headwind. We are pleased to have delivered growth in this figure while also responding to the challenges of the COVID-19 pandemic in the second half.

Mobile EBITDA declined \$252 million, largely due to lower services revenue including lower international roaming, partly offset by improved hardware margin and lower costs.

FY20 was a big year of delivery. We extended our 5G leadership and network differentiation, moved around half of our mass market postpaid customers to in-market plans; scaled our loyalty program; continued our multi-brand execution; grown digital engagement substantially, and reshaped our pricing across brands and channels.

FY20 mobile EBITDA does not reflect the positive impact of these achievements. However, in FY21, despite the continued impact we expect from international roaming, we anticipate gross margins will turn around at the end of this calendar year, as previously flagged, and mobile EBITDA will return to growth in the second half of FY21.

Fixed EBITDA, excluding one-off cost to connect, declined \$873 million. This includes a \$630 million revenue decline, and \$380 million increase in network payments to NBN co. These were partially offset by cost reduction.

Our nbn resell EBITDA margin, excluding one-offs, is negligible. Legacy margins have also declined with diseconomies of scale.

These headwinds to Fixed EBITDA are likely to continue in FY21.

Greater than 80 per cent of mass-market migrations to nbn are now complete, and going into FY21 our focus is on:

- improving underlying economics through digitisation,
- advocating for lower nbn wholesale prices,
- improving plan mix and increasing add-ons, and
- enhancing customer experience and differentiation.

Turning to Data & IP, where EBITDA declined 17.5 per cent due to reduced revenue on high margin products and a moderate reduction in costs.

In a challenging market that includes nbn impacts, we executed a strategy focused on maximising long-term economics.

This resulted in lower capex, offsetting some of the EBITDA weakness.

We will continue to evolve our offerings over the coming months, however the broad financial trends are expected to continue in FY21.

NAS had strong EBITDA growth due to our focus on profitable revenue, Unified Communications and significant cost reduction. We do not expect the same level of cost reductions in FY21.

EBITDA margins of 18 per cent in FY20 are consistent with our mid-teens margin outlook.

In Global Connectivity, excluding one-offs and in constant currency, EBITDA grew 10 per cent. This was as a result of the continued pivot towards higher margin products, and delivery of cost reductions.

We expect continued growth in Global Connectivity in FY21, though not at the same rate as FY20 as this period has included one off benefits.

Other growth in FY20 includes improvements from Media and Health, and some one-offs including software losses dropping out after the sale of Ooyala.

Given the one-offs included, we do not expect this level of Other EBITDA growth in FY21, although we expect to see continued improvement in Health.

SLIDE 17 – GROUP RESULTS – FREE CASHFLOW

Turning to free cashflow, which you can see on slide 17.

Free cash-flow after operating lease payments increased 7.2 per cent largely due to lower capex more than offsetting lower underlying EBITDA.

Capex has reduced from FY19, despite us bringing forward some 5G spend, as announced in March.

As expected, we saw a working capital movement of negative \$1.0 billion in FY20, largely due to increased handset receivables from the exit of mobile lease plans. This included a \$500 million working capital improvement in the second half of FY20 through inventory management.

SLIDE 18 – GROUP RESULTS – DIVIDENDS

Moving to dividends, the Board has resolved to pay a final dividend for FY20 of 8 cents per share fully franked, including an ordinary dividend of 5 cents per share, and a special dividend of 3 cents per share.

This brings total dividends for FY20 to 16 cents per share fully franked, including ordinary dividends of 10 cents per share and special dividends of 6 cents per share.

FY20 ordinary dividends represent a 99 per cent payout ratio of underlying earnings.

In determining the final dividend, Board considerations included:

- the importance of dividends to our shareholders,
- the objectives and principles of the capital management framework,

- the estimated impacts resulting from the COVID-19 pandemic, and
- our free cash flow – which is higher than accounting earnings

A full reconciliation of reported to underlying earnings is available in the appendix.

The special dividend represents an in-year payout of net nbn one-off receipts of 66 per cent, and we have returned 65 per cent of cumulative net-one off receipts received to date.

I know dividends are important to our shareholders. Deciding the appropriate dividend is a matter for the Board, and we do not provide dividend guidance.

Our focus is on driving the underlying earnings of the business, and our ability to do this is critical to the dividend outcome.

We remain clear that, adjusted for recent accounting changes, our EBITDA, post the nbn, needs to be in the order of \$7.5 – 8.5 billion to pay a dividend around 16 cents under the 70 to 90 percent payout ratio in our capital management framework.

SLIDE 19 – CAPITAL POSITION

Turning to our capital position, as you can see on slide 19.

Our balance sheet remains strong, as does our liquidity position.

We remain within our comfort ranges for all our credit metrics.

Net debt declined around \$900 million in FY20, excluding an additional \$3 billion of lease liabilities recognised under AASB16.

Under our T22 strategy we have now announced over \$1.5 billion in asset monetisations, following the recent \$417 million Clayton property sale.

Our reported and underlying return on invested capital were 7.6 per cent and 5.4 per cent respectively.

We do not expect our FY21 ROIC to grow and the anticipated COVID-related impacts contribute to this outcome.

Based on our current outlook we have revised our T22 ROIC target to greater than 7 per cent by FY23.

Several things have changed since we set our ROIC ambition as part of T22 in June 2018. We have experienced deeper competition across products and a slower return to growth, especially in mobile.

In addition, AASB16 was implemented resulting in a 1 percentage point reduction in ROIC, which previously caused us to push out our target by a year.

In the same period our weighted average cost of capital has also reduced by approximately 1.5 percentage points, bringing it to around 6 per cent.

Importantly our revised FY23 ROIC target brings our ROIC back above this cost of capital.

Over the long-term our ambition is to grow ROIC, with the following considerations:

- an appropriate level of return above our cost of capital,
- our capital management framework,
- external benchmarks and competitiveness relative to peers, and
- delivering earnings that support our dividend aspirations.

We will talk more about our longer term ROIC ambition as we approach the end of T22.

SLIDE 20 – GUIDANCE

Turning now to FY21 guidance, which you can see, along with the assumptions and conditions upon which we have provided them, on slide 20.

We expect FY21 Underlying EBITDA to be in the range of \$6.5 billion to \$7.0 billion.

Within FY21, we expect underlying EBITDA to be stronger in the second half. We anticipate the first half to remain challenged, including by the ongoing COVID-19 pandemic and nbn headwinds. Our second half performance will be supported by stronger cost-out, and expected improvement in product margin trajectory, especially in mobile.

Underlying EBITDA guidance assumes an in-year nbn headwind of approximately \$700 million. Details of the headwind can be found in the Appendix.

At the end of FY20, we estimated we had absorbed around 75 per cent of the total recurring financial headwind created by the nbn. Based on our guidance, at the end of FY21, we estimate this will be over 90 per cent.

To achieve growth excluding the in-year nbn headwind in FY21, our Underlying EBITDA will need to be around the mid-point of the guidance range.

We estimate that in FY21 the negative impact from the COVID-19 pandemic will be approximately \$400 million on Underlying EBITDA, or ~ \$200 million greater than our estimate for FY20. This impact is across the following factors:

- A decline in International roaming, where we have assumed no recovery in FY21, with an estimated \$200 million impact
- Our decision to delay productivity job reduction announcements under T22 to February 2021, which contributes \$100 million
- And a further \$100 million of impact made up of delays and de-scoping of some customer contracts for NAS Professional Services in the first half, and customer support packages.

We have not factored in additional COVID related bad debt provisions in FY21. We will continue to assess and monitor impacts.

Capex guidance is consistent with our capital management framework, at a capex/sales ratio of approximately 14 per cent excluding spectrum. This capex guidance includes investment in 5G planned to reach 75 per cent population coverage by June 2021.

Free cashflow guidance excludes \$417 million of financing cashflow from the recently announced Clayton property sale.

To conclude, we have delivered on our FY20 guidance and maintained our dividend. We retain balance sheet strength and have issued FY21 guidance.

Finally, I would like to take this opportunity to recognise and thank our dedicated teams right across Telstra.

I will hand back to Ross for Q&A.

[END]

Full year results and operations review

Summary financial results	FY20	FY19	Change
	\$m	\$m	%
Revenue (excluding finance income)	23,710	25,259	(6.1)
Total income (excluding finance income)	26,161	27,807	(5.9)
Operating expenses	16,951	19,835	(14.5)
Share of net profit/(loss) from equity accounted entities	(305)	12	n/m
EBITDA	8,905	7,984	11.5
Depreciation and amortisation	5,338	4,282	24.7
EBIT	3,567	3,702	(3.6)
Net finance costs	771	630	22.4
Income tax expense	957	923	3.7
Profit for the period	1,839	2,149	(14.4)
Profit attributable to equity holders of Telstra Entity	1,819	2,154	(15.6)
Capex ¹	3,233	4,140	(21.9)
Free cashflow	4,034	3,068	31.5
Earnings per share (cents)	15.3	18.1	(15.5)

1. Capex is defined as additions to property, plant and equipment and intangible assets including capital lease additions, excluding expenditure on spectrum, measured on an accrued basis. Capex excludes externally funded capex.

Reported results

Telstra delivered FY20 results in line with guidance as we continued to deliver for customers, supported our people and the community, while generating long-term shareholder value through a challenging period.

On a reported basis, total income declined 5.9 per cent and NPAT declined 14.4 per cent. Underlying EBITDA declined 9.7 per cent on a guidance basis while underlying EBITDA excluding the in-year nbn headwind increased by approximately \$40 million. The underlying EBITDA decline included an estimated net negative impact from COVID-19 of approximately \$200 million across international roaming, financial support for customers, delays in NAS professional services contracts, and additional bad debt provisions.

We have made good progress on our T22 strategy with nearly three quarters of the measures used to monitor progress against now either completed or on track for delivery. Digital engagement grew with over 71 per cent of our service transactions occurring via digital channels by the end of FY20, a new Telstra InfraCo organisational structure and operating model was implemented, and we continued to make progress on our \$2 billion asset monetisation target to strengthen our balance sheet. We are now past the halfway point in delivering T22 and while we expect to see challenging conditions continue in FY21, our strategy means we are well positioned to respond to whatever lies ahead.

Progress on T22, including our focus to rapidly simplify and digitise, remove customer pain points, and remove legacy systems and processes, helped reduce underlying fixed costs by \$615 million or 9.2 per cent. This brought the total underlying fixed cost reductions to \$1.8 billion since FY16 and we remain on track to achieve our FY22 target of \$2.5 billion.

Our multi-brand strategy continued to deliver growth, particularly in mobile where we added 240,000 retail postpaid handheld mobile services including 154,000 from Belong, 171,000 retail prepaid handheld unique users, and 347,000 Wholesale services. We continued our clear leadership in 5G with more than 10 million people now living, working or passing through the 53 cities and towns in our 5G footprint every day, and approximately one third of the population is covered with 5G. Telstra has always been a leader in telecommunications technology and we are the clear leader in Australia in 5G, as well as being at the forefront globally.

The Telstra Board resolved to pay a fully franked final dividend of 8 cents per share, comprising a final ordinary dividend of 5 cents and a final special dividend of 3 cents. The total dividend for FY20 is 16 cents per share, fully franked. Telstra also provided financial guidance including assumptions on a range of metrics for FY21, giving the market clarity on its expectations for the year ahead.

Other information

The new accounting standard AASB16 Leases ("AASB16") was adopted from 1 July 2019.

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

Commentary reflects statutory and management accounts reporting.

Results on a guidance basis ¹	FY20	FY20 Guidance ²
Total income ³	\$26.1b	\$25.3b to \$27.3b
Underlying EBITDA ⁴	\$7.4b	\$7.4b to \$7.9b
Net one-off nbn DA receipts less nbn net cost to connect	\$1.5b	\$1.3b to \$1.7b
Restructuring costs	\$0.2b	~\$0.3b
Capex	\$3.2b	\$2.9b to \$3.3b
Free cashflow after operating lease payments	\$3.4b	\$3.3b to \$3.8b

Guidance versus reported results ¹	FY20	FY20	FY20	FY19
	Reported results \$m	Adjustments \$m	Guidance basis \$m	Guidance basis \$m
Total income	26,161	(20)	26,141	27,804
Underlying EBITDA ⁴	8,905	(1,496)	7,409	8,203
Free cashflow ⁵	4,034	(619)	3,415	3,186

- This guidance assumed wholesale product price stability and no impairments in and to investments or property, plant and equipment and intangible assets, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumed the nbn rollout and migration in FY20 was broadly in accordance with the nbn Corporate Plan 2020. Guidance was provided on the basis of AASB16 Leases and assumed impacts consistent with management estimates. Capex was measured on an accrued basis and excluded expenditure on spectrum and externally funded capex and capitalised leases under AASB16 Leases. Refer to the *Guidance versus reported results* schedule. The adjustments within the tables in this schedule have been reviewed by our auditors.
- FY20 guidance revised on 2 September 2019 after nbn co released the nbn Corporate Plan 2020.
- Total income excludes finance income.
- Underlying EBITDA excluded net one-off nbn DA receipts less nbn net cost to connect, guidance adjustments including one-off restructuring costs, but included depreciation of mobile lease right-of-use assets.
- FY20 free cashflow defined as operating cash flows less investing cash flows less operating leases (reported in financing cash flow under AASB16 Leases).

On 13 August 2020, the Directors of Telstra Corporation Limited resolved to pay a final fully franked dividend of 8 cents per ordinary share, comprising a final ordinary dividend of 5 cents per share and a final special dividend of 3 cents per share. Shares will trade excluding entitlement to the final dividend from 26 August 2020 with payment to be made on 24 September 2020.

The total dividend for FY20 is 16 cents per share, fully franked, including 10 cents ordinary and 6 cents special. The ordinary dividend represents a 99 per cent payout ratio on FY20 underlying earnings¹ while the special dividend represents a 66 per cent payout ratio of FY20 net one-off nbn receipts². The FY20 ordinary dividend is higher than the range indicated in our capital management framework to pay a fully franked ordinary dividend of 70 to 90 per cent of underlying earnings. In determining the FY20 final ordinary dividend, the Board has taken into account a number of factors including the objectives and principles of the capital management framework, the impacts we have estimated resulting from COVID-19, and our free cashflow which is higher than accounting earnings due to lower in-year capex. Our FY20 underlying earnings were \$1,224 million while net one-off nbn receipts were \$1,075 million compared with underlying earnings of \$1,970 million and net one-off nbn receipts of \$1,129 million in FY19.

- "underlying earnings" is defined as net profit after tax from continuing operations excluding net one-off nbn receipts (as defined in footnote 2) and guidance adjustments (as defined in footnote 3).
- "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.
- Guidance adjustments include one-off restructuring costs, impairments in and to investments or property, plant and equipment and intangible assets, proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum.

Segment performance

We report segment information on the same basis as our internal management reporting structure as at reporting date. Segment comparatives reflect organisational changes that have occurred since the prior reporting period to present a like-for-like view.

Income related to recurring nbn Infrastructure Services Agreement (ISA) amounts and nbn commercial works are included in Telstra InfraCo. One-off nbn Definitive Agreement (nbn DA) and ISA amounts are included in All Other, and non-nbn commercial works are included in Telstra Enterprise.

Segment total income



Total external income	FY20	FY19	Change
	\$m	\$m	%
Telstra Consumer and Small Business	13,326	14,281	(6.7)
Telstra Enterprise	7,970	8,243	(3.3)
Networks and IT	87	70	24.3
All Other	2,045	2,156	(5.1)
Telstra InfraCo including internal access charges	4,423	4,948	(10.6)
Internal access charges	(1,690)	(1,891)	10.6
Total	26,161	27,807	(5.9)

Telstra Consumer and Small Business

Telstra Consumer and Small Business provides telecommunication products, services and solutions across mobiles, fixed and mobile broadband, telephony and Pay TV/IPTV and digital content to consumer and small business customers in Australia.

Income in this segment decreased by 6.7 per cent to \$13,326 million, impacted by an 8.4 per cent decline across fixed products including ongoing standalone fixed voice and a 5.2 per cent decline in mobile services revenue as declining Average Revenue Per User (ARPU) more than offset customer net additions. Network Applications and Services (NAS) revenue in Small Business continued to grow, increasing by 13.8 per cent primarily due to growth in unified communications.

Telstra Enterprise

Telstra Enterprise is responsible for sales and contract management for medium and large business and government customers in Australia and globally. It also provides product management for advanced technology solutions and services, including Data & IP networks and NAS products such as managed network, unified communications, cloud, industry solutions and integrated services.

Income for Telstra Enterprise decreased by 3.3 per cent to \$7,970 million as growth in international was more than offset by a decline in domestic. Telstra Enterprise domestic income decreased by 5.5 per cent largely due to declines in Data & IP legacy calling and legacy fixed products. However, NAS and mobility revenues were broadly stable. Telstra Enterprise international income grew by 3.6 per cent mainly due to growth in higher margin Data & IP, increased traffic from Australia and targeted one-off transactions.

Networks and IT

Networks and IT is responsible for the overall planning, design, engineering architecture and construction of Telstra networks, technology and information technology solutions. It primarily supports the revenue generating activities of other segments. Networks and IT income increased by 24.3 per cent to \$87 million.

Telstra InfraCo

Telstra InfraCo is a standalone infrastructure business unit within Telstra. It is responsible for key network assets including data centres and exchanges, most of our fibre network, the copper and hybrid fibre coaxial networks, international subsea cables, poles, ducts and pipes. From 1 July 2020, Telstra InfraCo's asset accountabilities will also include our whole fibre network (including mobile backhaul) and mobile towers, but exclude PSTN and legacy fixed, and satellite related assets.

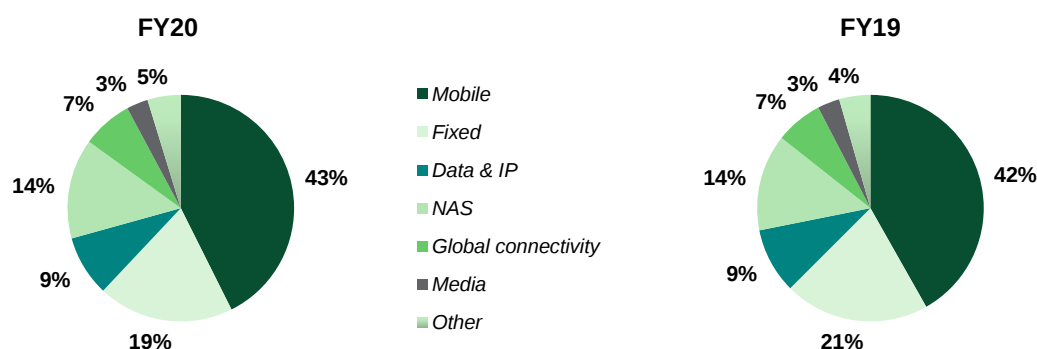
Telstra InfraCo income excluding internal access charges decreased by 10.6 per cent to \$2,733 million due to expected declines from Telstra Wholesale legacy fixed products and commercial works for nbn co. This was partly offset by increased recurring nbn DA receipts in line with the progress of the nbn™ network rollout and receipts for access to passive infrastructure, and an increase in wholesale mobility. Including internal access charges, income decreased by 10.6 per cent to \$4,423 million.

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 New Business (including Telstra Health). Income decreased by 5.1 per cent mainly due to declines in ISA ownership receipts and nbn commercial works (sales of assets component), partly offset by an increase in Per Subscriber Address Amount (PSAA) receipts in line with the progress of the nbn™ network rollout.

Product performance

Product revenue breakdown



Key product revenue	FY20	FY19	Change
	\$m	\$m	%
Mobile	10,084	10,545	(4.4)
Fixed	4,591	5,223	(12.1)
Data & IP	2,052	2,358	(13.0)
NAS	3,379	3,477	(2.8)
Global connectivity	1,706	1,700	0.4

EBITDA contribution margins ¹	FY20 %	2H20 %	1H20 %	FY19 %
Mobile	34.7	33.7	35.6	35.6
Retail Fixed (including nbn cost to connect)	1.8	(1.9)	5.2	18.1
Data & IP	62.2	63.7	60.8	65.6
NAS	17.5	19.2	15.7	10.4
Global connectivity	26.6	25.8	27.3	21.4

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

On a reported basis, total income (excluding finance income) declined by 5.9 per cent to \$26,161 million. On a guidance basis, total income (excluding finance income) was \$26,141 million, in line with guidance. Competitive pressure, legacy product and service declines, and the nbn™ network rollout continued to negatively impact income. Remediation and customer initiatives in response to bushfires, floods and COVID-19 were also reflected by a decline in performance. The decline has been partly offset by improving profitability in NAS and global connectivity, and positive signs in mobile with continued growth in customer services and an increase in postpaid Transacting Minimum Monthly Commitment (TMMC). More detail on each of the products are outlined below on a reported basis unless otherwise stated.

Mobile

Mobile revenue declined by 4.4 per cent to \$10,084 million largely due to declines in postpaid and prepaid ARPU and lower hardware volumes. Retail customer services increased by 437,000 bringing the total to 18.8 million. We now have 8.5 million postpaid handheld retail customer services, an increase of 240,000 including 154,000 from Belong and a strong contribution from Enterprise as customers adapt their operations.

Postpaid handheld revenue decreased by 4.6 per cent to \$5,048 million as net adds were offset by an 8.2 per cent ARPU decline from \$54.77 to \$50.29. Excluding the international roaming decline, ARPU decreased by 6.8 per cent due to impacts of FY19 price competition washing through the base, lower out of bundle revenue, modest dilution from an increase in Belong customer mix, and accounting for new plans which allocate more revenue to hardware. However, there was a positive contribution from plans sold in FY20 with TMMC around \$2 higher in FY20 compared with FY19.

Prepaid handheld revenue declined by 6.8 per cent to \$773 million as a 171,000 increase in unique users was more than offset by lower ARPU. Revenue stabilised in 2H20 as the average voucher size increased.

Mobile broadband revenue decreased by 4.9 per cent to \$640 million as an increase in ARPU was offset by a 469,000 reduction in customer services, which included the deactivation of 365,000 \$0 services in 1H20. Revenue showed signs of stabilising in 2H20, with demand increasing as more people began working and studying from home, however ultimately declined as lower prepaid customer services offset gains in postpaid.

Internet of Things (IoT) revenue grew by 3.0 per cent to \$209 million while increasing customer services by 652,000. We launched our consumer Telstra Locator Cat-M1 Tag which uses our LTE network, launched further solutions in areas of Track and Monitor, Smart Metering and Connected Building, and won recognition for our Telstra Locator and water management solutions.

Wholesale services revenue increased 10.0 per cent to \$221 million. Wholesale customer services including IoT increased by 347,000 bringing the total to 1.6 million as plans offered by Mobile Virtual Network Operators (MVNO) on the Telstra mobile network continued to rise in popularity.

Mobile hardware revenue decreased by 3.3 per cent to \$3,002 million largely due to lower handset sales.

Mobile EBITDA contribution margin declined by 0.9 percentage point to 34.7 per cent largely due to lower services revenue, partly offset by lower costs and improved hardware margin.

Fixed

Fixed revenue declined by 12.1 per cent to \$4,591 million impacted by nbn migration alongside ongoing voice and legacy decline.

Retail bundles and standalone data revenue declined by 1.9 per cent to \$3,226 million due to a 4.4 per cent ARPU decline from \$75.07 to \$71.75 caused by migration to in-market plans and a higher Belong mix. There were 80,000 retail bundles and standalone data net subscriber additions including 79,000 additions from Belong bringing total bundles and standalone data customers to 3.8 million.

Retail standalone voice revenue decreased by 31.1 per cent to \$607 million with lower customer services driven by standalone voice line abandonment and migration to nbn and bundles. ARPU decreased by 2.2 per cent from \$43.62 to \$42.64. There were 452,000 retail standalone voice net subscriber losses taking total standalone voice customers to 960,000.

We continue to lead the nbn market with a total of 3.2 million nbn connections, an increase of 620,000. Our nbn market share is now 46 per cent (excluding satellite). The Telstra Smart Modem is now being utilised by 71 per cent of our fixed data consumer base, providing a better experience on the nbn with strong Wi-Fi connectivity and enhanced back up speeds.

Other retail fixed revenue, which includes hardware, once off revenue (activation fees), Platinum, and fixed interconnect, decreased by 18.6 per cent to \$201 million.

Retail Fixed (including net one-off nbn cost to connect) EBITDA contribution margin declined by 16.3 percentage points to 1.8 per cent due to high margin revenue reduction, growing network payments to nbn co, legacy decline and nbn migration costs, partly offset by fixed cost reduction.

Data & IP

Data & IP revenue decreased by 13.0 per cent to \$2,052 million reflecting declines in legacy volumes associated with the nbn™ network rollout, and competitive pricing pressures in data access and connectivity.

To provide greater visibility of our ongoing and legacy products, we have split Data & IP into four areas – data access and connectivity, legacy calling, connectivity services, and wholesale products.

Data access and connectivity revenue, which includes private networks and internet connections on Telstra fibre, nbn, legacy copper and other fixed technologies, optical and legacy data, declined 5.5 per cent to \$1,151 million due to legacy copper terminations partly offset by growth in fibre and nbn customer services. ARPU declined due to price competition and an ongoing technology shift enabling alternate and lower cost solutions.

Legacy calling revenue, which includes ISDN, declined 30.3 per cent to \$431 million due to the termination of ISDN customer services in line with the planned exit of this product by 2022, and migration of associated voice services to NAS.

Connectivity services revenue, which includes professional media solutions, security solutions and the Telstra Programmable Network (TPN), decreased by 9.6 per cent to \$103 million due to a decline in monitored security solutions. This was partly offset by growth in TPN which enables real time on-demand connectivity to clouds, data centres and a partner ecosystem through one portal.

Wholesale products revenue declined 10.0 per cent to \$367 million due to ethernet pricing pressures and a decline in transmission.

Data & IP EBITDA contribution margin declined by 3.4 percentage points to 62.2 per cent reflecting declining revenue on high margin legacy products with a moderate decline in cost.

Network Applications and Services (NAS)

NAS revenue declined by 2.8 per cent to \$3,379 million reflecting a continued focus on profitable revenue growth, lower nbn commercial works and a decline in discretionary spending on professional services observed during COVID-19. Excluding low margin hardware sales and nbn commercial works, revenue increased by 3.8 per cent.

Managed network services revenue decreased by 4.0 per cent to \$622 million due to lower professional services revenue as many businesses went into hibernation or scaled back discretionary projects in 2H20, and a shift to lower priced cloud based managed data network technologies, partly offset by managed security growth.

Unified communications revenue increased by 5.7 per cent to \$1,067 million reflecting new collaboration and calling service growth, and migration from legacy calling services.

Cloud services revenue increased by 0.9 per cent to \$434 million as growth in public cloud annuity products was broadly offset by lower spend by customers on professional services.

Industry solutions revenue decreased by 11.6 per cent to \$1,047 million largely due to an expected decline in revenue from contracts outside of the nbn DAs in line with the maturity of the nbn™ network rollout. Excluding nbn commercial works, revenue declined by 8.7 per cent.

Integrated services revenue increased by 1.5 per cent to \$209 million mainly from a rise in consulting and project management and other service management, partly offset by a decline in managed IT services.

NAS EBITDA contribution margin increased by 7.1 percentage points to 17.5 per cent due to a focus on profitable revenue growth, growth in unified communications and significant cost reduction.

Global connectivity

Global connectivity represents the international business of Telstra Enterprise. Revenue increased by 0.4 per cent on a reported basis and decreased by 4.6 per cent in constant currency (CC) terms with growth in more profitable Data & IP products offset by declining fixed legacy voice revenues.

Fixed legacy voice revenue decreased by 24.1 per cent (CC) due to continued market decline and strategic focus on profitable revenue. Data & IP revenue grew by 1.7 per cent (CC) from existing and new capacity due to investment in cable, and one-off benefits from targeted early customer contract terminations. NAS and other revenue decreased by 4.6 per cent (CC) but with improved profitability due to reduction in lower margin equipment sales.

Global connectivity EBITDA contribution margin (CC) increased by 5.2 percentage points to 26.6 per cent reflecting continued focus on higher profit revenue, productivity and one-off benefits.

Media

Media revenue excluding cable decreased by 8.9 per cent to \$726 million mainly due to the performance of Foxtel from Telstra and decline in mobility from lower digital subscriptions. Foxtel from Telstra revenue declined by 5.9 per cent to \$625 million and had 98,000 subscriber exits reflecting a broader industry transition from Broadcast to IPTV. There are now 1.7 million Telstra TV devices in the market, an increase of 114,000. Sports Live Pass users increased by 370,000 to 3.4 million across AFL, NRL, Netball and FFA with most users receiving the service as part of their mobile subscription.

Other

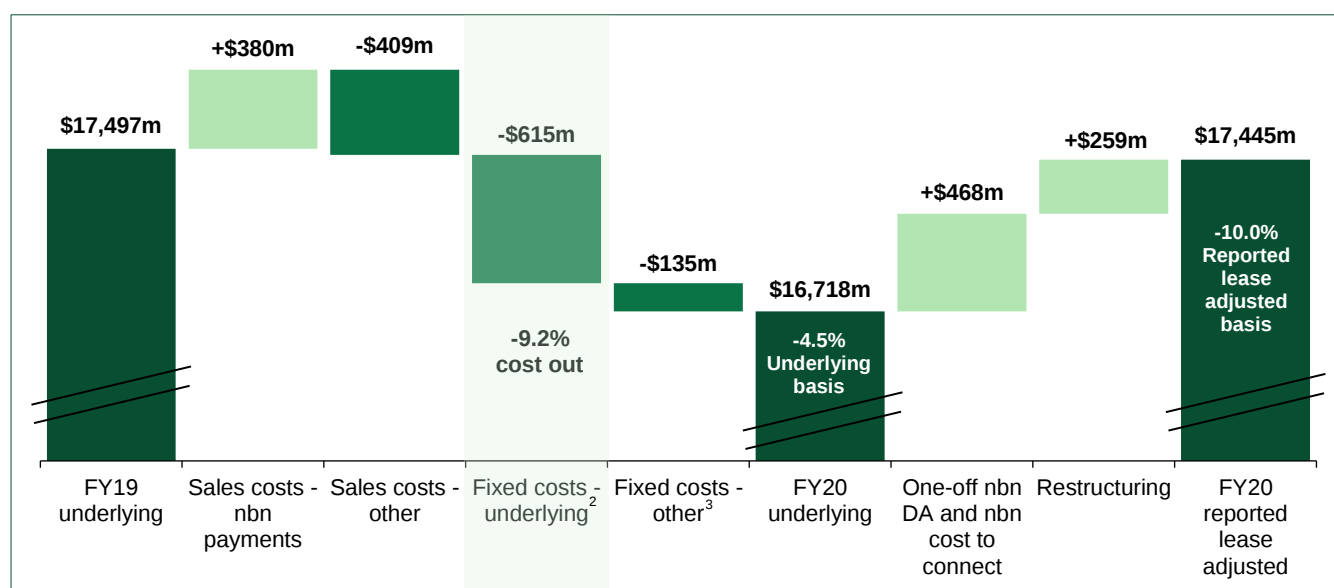
Other revenue includes recurring revenue related to nbn co access to our infrastructure (nbn DA), late payment fees and revenue from Telstra Health.

Other income includes gains and losses on asset and investment sales (including assets transferred under the nbn DAs), income from government grants under the Telstra Universal Service Obligation Performance Agreement (TUSOPA), income from nbn™ network disconnection fees (PSAA), subsidies and other miscellaneous items. The decrease in other income of 3.8 per cent is largely due to a 45.8 per cent decline in ISA income to \$210 million in line with the progress of the nbn™ network rollout, partly offset by PSAA receipts which grew by 6.9 per cent to \$1,721 million reflecting nbn migrations in the period.

Expense performance

Underlying fixed costs declined by 9.2 per cent or \$615 million. 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 have now achieved \$1.8 billion of annual cost out since FY16 and remain on track to achieve our FY22 target.

Operating expenses ¹	FY20 \$m	FY19 \$m	Change	
			\$m	%
Sales costs	8,802	8,831	(29)	(0.3)
- nbn payments	1,731	1,351	380	28.1
- other	7,071	7,480	(409)	(5.5)
Fixed costs	7,916	8,666	(750)	(8.7)
- underlying ²	6,083	6,698	(615)	(9.2)
- other ³	1,833	1,968	(135)	(6.9)
Underlying	16,718	17,497	(779)	(4.5)
One-off nbn DA and nbn cost to connect	468	503	(35)	(7.0)
Restructuring	259	801	(542)	(67.7)
Other guidance adjustments ⁴	-	584	(584)	n/m
Reported lease adjusted⁵	17,445	19,385	(1,940)	(10.0)
Lease adjustments ⁶	(494)	450	(944)	n/m
Reported	16,951	19,835	(2,884)	(14.5)



1. Sales and fixed costs exclude costs associated with one-off nbn DA and nbn cost to connect.

2. Fixed costs - underlying was ~\$7.9b in FY16 on a restated basis and targeted to decline by our net cost productivity target of \$2.5b by FY22. Underlying fixed costs are costs excluding other fixed costs (as defined in footnote 3).

3. Fixed costs - other includes items supporting revenue growth including relevant NAS costs, mobile handset lease, and product impairment.

4. Other guidance adjustments in FY19 include \$493 million asset impairment and \$91 million M&A expenses.

5. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA.

6. Refer to note 4 of the *Guidance versus reported results* schedule.

Total operating expenses declined by 14.5 per cent to \$16,951 million on a reported basis and declined by 10.0 per cent to \$17,445 million on a reported lease adjusted basis largely due to the \$615 million reduction in underlying fixed costs from our productivity program, a \$542 million decrease in restructuring costs associated with T22 initiatives, and guidance adjustments of \$584 million in FY19 including a \$493 million impairment of our legacy IT assets. Sales costs, which are direct costs associated with revenue and customer growth, decreased by 0.3 per cent to \$8,802 million due to a \$409 million decline in other sales costs as a result of lower hardware costs, partly offset by a \$380 million increase in nbn access payments. Other fixed costs decreased by 6.9 per cent while one-off nbn DA and nbn cost to connect declined 7.0 per cent in line with the progress of the nbn™ network rollout. On an underlying basis, total operating expenses declined by 4.5 per cent as underlying fixed cost reduction exceeded increased nbn access payments.

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	FY20	FY19	Change
	\$m	\$m	%
Labour	4,058	5,279	(23.1)
Goods and services purchased	9,107	9,138	(0.3)
Net impairment losses on financial assets	202	184	9.8
Other expenses	3,584	5,234	(31.5)
Total	16,951	19,835	(14.5)

Labour

Total labour expenses decreased by 23.1 per cent or \$1,221 million to \$4,058 million. Salary and associated costs declined by \$457 million due to lower headcount, redundancy costs decreased by \$485 million due to the level of redundancies in FY19, and labour substitution costs declined by \$232 million from a reduction in labour outsourcing.

Total full time staff equivalents (FTE) decreased by 2.7 per cent or 810 to 28,959 including the additional FTE recruited to assist with customer service in response to COVID-19.

Goods and services purchased

Total goods and services purchased decreased by 0.3 per cent or \$31 million to \$9,107 million.

Cost of goods sold, which includes mobile handsets and accessories, tablets, cellular Wi-Fi, broadband modems and other fixed hardware decreased by 7.5 per cent or \$281 million to \$3,490 million mainly due to lower handset and NAS equipment sales in 2H20 from slower trading activity.

Network payments increased by 13.0 per cent or \$364 million to \$3,155 million, including a \$380 million increase in nbn access payments as customers migrate across to nbn services. Offshore network payments were \$33 million lower mainly due to improved network optimisation which resulted in network cost savings.

Other goods and services purchased declined by 4.4 per cent or \$114 million to \$2,462 million mainly due to a reduction in Foxtel service fees as a result of a decline in Foxtel from Telstra subscribers.

Net impairment losses on financial assets

Total net impairment losses on financial assets increased by 9.8 per cent or \$18 million to \$202 million including an additional \$36 million allowance for doubtful debts to reflect risks and uncertainties brought about by COVID-19.

Other expenses

Total other expenses decreased by 31.5 per cent or \$1,650 million to \$3,584 million.

Service contracts and other agreements expenses declined by 7.4 per cent or \$117 million due to productivity and cost reduction programs. Other impairment expenses declined by 78.8 per cent or \$479 million to \$129 million largely due to a \$493 million impairment of our legacy IT assets in FY19. Other expenses decreased by 34.7 per cent or \$1,054 million primarily due to a \$1,093 million decline in leasing costs following the adoption of AASB16.

Share of net profit/(loss) from equity accounted entities

Our investment in NXE Australia Pty Limited was impaired and a loss of \$308 million was recognised in our share of net loss from joint ventures and associated entities. The impairment reflected the challenges of disruption in the industry and the impact of COVID-19 as global sports were put on hold, pubs temporarily closed, and advertisers forced to carefully reconsider their investments.

Depreciation and amortisation

Depreciation and amortisation increased by 24.7 per cent or \$1,056 million to \$5,338 million largely due to a \$1,017 million increase in depreciation of right-of-use assets following the adoption of AASB16. Excluding depreciation of right-of-use assets, depreciation and amortisation increased by 0.9 per cent or \$39 million. Review of asset service lives during FY20 resulted in a \$37 million decrease in depreciation expense and an \$87 million decrease in amortisation expense.

Foreign currency impacts

For the purposes of reporting our consolidated results, the translation of foreign operations denominated in foreign currency to Australian dollar (AUD) increased our expenses by \$93 million across labour, goods and services purchased, and other expenses. This foreign exchange impact was offset by a \$102 million sales revenue increase resulting in a favourable EBITDA contribution of \$9 million.

Net finance costs

Net finance costs increased by 22.4 per cent or \$141 million to \$771 million. Interest on borrowings decreased by \$93 million due to

a reduction in our average gross borrowing cost from 4.9 per cent to 4.6 per cent and lower debt on issue. The increase in net finance costs came from a combination of the adoption of AASB16 which required interest costs to be recognised for leases previously classified as operating leases, a reduction in interest capitalised due to a decrease in capital expenditure, and other non-cash financing items largely relating to contracts with customers as set out in note 4.3.2(b).

Financial position

Summary statement of cash flows	FY20	FY19	Change
	\$m	\$m	%
Net cash provided by operating activities	7,010	6,683	4.9
Net cash used in investing activities	(2,976)	(3,615)	17.7
- Capital expenditure (before investments)	(3,442)	(4,370)	21.2
- Other investing cash flows	466	755	(38.3)
Free cashflow	4,034	3,068	31.5
Net cash used in financing activities	(4,138)	(3,088)	(34.0)
Net increase/(decrease) in cash and cash equivalents	(104)	(20)	n/m
Cash and cash equivalents at the beginning of the period	604	620	(2.6)
Effects of exchange rate changes on cash and cash equivalents	(1)	4	n/m
Cash and cash equivalents at the end of the period	499	604	(17.4)

Capital expenditure and cash flow

Free cashflow generated from operating and investing activities was \$4,034 million representing an increase of \$966 million or 31.5 per cent, positively impacted by a \$928 million decline in capital expenditure (including spectrum payments) and a \$1,015 million benefit from operating leases being reclassified as financing cashflow following the adoption of AASB16. This was partly offset by a \$657 million increase in working capital investment largely due to increases in handset receivables from the exit of mobile lease plans and introduction of longer repayment options, and restructuring.

Net cash provided by operating activities increased by 4.9 per cent or \$327 million to \$7,010 million mainly due to an \$853 million decrease in payments to suppliers and employees, a \$202 million reduction in income taxes paid, and from operating leases being reclassified as a financing cashflow. This was partly offset by a decline in group revenue, an increase in working capital investment largely due to increases in handset receivables and restructuring, and a decrease in one-off nbn receipts in line with the progress of the nbn™ network rollout.

Net cash used in investing activities decreased by 17.7 per cent or \$639 million to \$2,976 million primarily reflecting lower capital expenditure for the period.

Net cash used in financing activities increased by 34.0 per cent or \$1,050 million to \$4,138 million. This was largely due to a \$1,925 million increase in repayment of borrowings and a \$993 million increase in payments for the principal portion of lease liabilities following the adoption of AASB16, partly offset by an \$807 million increase in proceeds from borrowings, a \$698 million increase in proceeds from the sale of exchanges in a controlled trust, and a \$356 million decline in dividends paid.

Our accrued capital expenditure for the year on a guidance basis was \$3,233 million or 14.2 per cent of sales revenue.

On a guidance basis free cashflow after operating lease payments was \$3,415 million, in line with guidance. Performance against guidance has been adjusted for free cashflow associated with M&A (-\$39 million), operating lease payments (-\$1,015 million) and spectrum (\$435 million).

Debt issuance	\$m
10 year Euro bond	856
3 year bilateral loan facility	150
Short term commercial paper and revolving bank facilities (net)	515
Other loans	174
Total	1,695

Debt repayments	\$m
10 year Euro bond	(1,499)
Bilateral loan facility	(800)
1 year AUD floating rate note	(300)
AUD private placements	(60)
Other loans	(122)
Total	(2,781)

Debt position

Our gross debt position was \$17,343 million comprising borrowings of \$15,829 million, lease liabilities of \$3,298 million less net derivative assets of \$1,784 million. Gross debt increased by 13.1 per cent or \$2,012 million due to the adoption of AASB16 which

resulted in our leases previously classified as operating leases (Telstra as a lessee) being included in gross debt. Gross debt excluding lease liabilities decreased by \$995 million reflecting a cash reduction of \$1,086 million partly offset by a non-cash increase of \$91 million. The cash reduction comprised debt issuance of \$1,695 million less debt repayments of \$2,781 million.

The net increase in debt from lease liabilities was \$3,007 million comprising \$3,644 million on transition to AASB16 and non-cash additions of \$356 million offset by \$993 million in lease payments shown as a financing cash outflow. The lease liability includes the reclassification of \$291 million previously included within borrowings under previous lease accounting requirements.

Net debt increased by 14.4 per cent or \$2,117 million to \$16,844 million, comprising the increase in gross debt and a \$105 million decrease in cash balances.

Financial settings	FY20 Actual	FY20 Comfort zone
Debt servicing ¹	1.9x	1.5x to 2.0x
Gearing ²	52.7%	50% to 70%
Interest cover ³	11.7x	>7x

1. Debt servicing ratio is calculated as net debt/EBITDA (comfort zone recalibrated in FY20 to reflect adoption of AASB16).

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

3. Interest cover is calculated as EBITDA/net interest on borrowings.

Financial settings for FY20 reflect the adoption of AASB16 (FY19 settings have not been restated). The comfort zone for debt servicing has been recalibrated to reflect the capitalisation of operating leases onto the statement of financial position and the increase in EBITDA under this new reporting framework. We remain within our comfort zones for our credit metrics on a post AASB16 basis. Our debt servicing is 1.9 times (30 June 2019: 1.8 times), gearing ratio is at 52.7 per cent (30 June 2019: 50.3 per cent) and interest cover is 11.7 times (30 June 2019: 10.5 times).

Summary statement of financial position	30 Jun 2020	30 Jun 2019	Change
	\$m	\$m	%
Current assets	6,534	7,303	(10.5)
Non-current assets	37,869	35,286	7.3
Total assets	44,403	42,589	4.3
Current liabilities	10,094	9,553	5.7
Non-current liabilities	19,162	18,506	3.5
Total liabilities	29,256	28,059	4.3
Net assets	15,147	14,530	4.2
Total equity	15,147	14,530	4.2
Return on average assets (%)	8.0	8.8	(0.8)pp
Return on average equity (%)	12.5	14.8	(2.3)pp

Statement of financial position

Our balance sheet remains in a strong position with net assets of \$15,147 million.

Current assets decreased by 10.5 per cent to \$6,534 million. Trade and other receivables and contract assets declined by \$271 million while prepayments declined by \$192 million, of which \$161 million was due to the adoption of AASB16. Assets classified held for sale decreased by \$121 million which reflects assets held for sale in FY19, including three data centres within the Telstra Enterprise segment. We subsequently sold one of the data centres but did not receive the consents required for sale of the remaining two (see note 3.10).

Non-current assets increased by 7.3 per cent to \$37,869 million. Right-of-use assets increased by \$3,030 million due to the adoption of AASB16 while trade and other receivables and contract assets increased by \$648 million largely due to the exit of mobile lease plans and introduction of longer repayment options. This was partly offset by a \$401 million decline in investments accounted for using the equity method including a \$308 million impairment of our investment in NXE Australia Pty Limited, a \$337 million decrease in property, plant and equipment due to lower capital expenditure, and a \$294 million decline in intangible assets mainly due to lower software additions.

Current liabilities increased by 5.7 per cent to \$10,094 million. Lease liabilities increased by \$611 million due to the adoption of AASB16 which resulted in the recognition of operating leases onto the statement of financial position while borrowings increased by \$541 million primarily from an increase in commercial paper and drawn bank facilities. This was partly offset by a \$548 million decline in trade and other payables mainly due to volume and timing of handset orders with large suppliers.

Non-current liabilities increased by 3.5 per cent to \$19,162 million. Lease liabilities increased by \$2,687 million due to the adoption of AASB16 partly offset by a \$1,965 million decline in borrowings. The decline in borrowings was largely from reclassification to current liabilities of debt maturing within the next 12 months, reclassification of lease liabilities under previous lease accounting and early repayment of bilateral loan facilities partly offset by debt issuance during the year, foreign currency and other valuation impacts.

Guidance versus reported results

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 is EBITDA on an underlying basis and assuming wholesale product price stability and no impairments in and to investments or property, plant and equipment and intangible assets, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumed the nbn rollout and migration in FY20 was broadly in accordance with the nbn Corporate Plan 2020. Underlying EBITDA excluded net one-off nbn DA receipts less nbn net C2C, guidance adjustments including one-off restructuring costs, but included depreciation of mobile lease right-of-use assets. The following adjustments provide a detailed reconciliation from reported to guidance results for each guidance measure:

	Total Income			Underlying EBITDA			Free Cashflow	
	FY19	FY20		FY19	FY20		FY19	FY20
	\$m	\$m		\$m	\$m		\$m	\$m
Reported¹ Total Income	27,807	26,161	Reported¹ EBITDA	7,984	8,905	Reported¹ Free Cashflow	3,068	4,034
<i>Adjustments</i>								
M&A ²	(3)	(20)	M&A ²	88	(20)	M&A ²	89	(39)
Impairment ³	n/a	n/a	Impairment ³	493	308	Impairment ³	n/a	n/a
Lease ⁴	n/a	n/a	Lease ⁴	450	(494)	Lease ⁴	n/a	(1,015)
Restructuring costs ⁵	n/a	n/a	Restructuring costs ⁵	801	246	Restructuring costs ⁵	n/a	n/a
Net one-off NBN receipts ⁶	n/a	n/a	Net one-off NBN receipts ⁶	(1,613)	(1,536)	Net one-off NBN receipts ⁶	n/a	n/a
Spectrum payments ⁷	n/a	n/a	Spectrum payments ⁷	n/a	n/a	Spectrum payments ⁷	29	435
Guidance Total Income	27,804	26,141	Guidance Underlying EBITDA	8,203	7,409	Guidance Free Cashflow	3,186	3,415

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:

- From 1 July 2019 we have adopted AASB16: 'Leases' on a prospective basis, i.e. no restatement of the comparative period. As a result, Reported EBITDA and Reported Free Cashflow for FY20 exclude impact of leases classified as operating leases in FY19 where Telstra was a lessee. The operating lease expense recognised in 'other expenses' (part of EBITDA) and the operating lease payments included in cash outflows from operating activities for FY19 have been 'replaced' by depreciation of right-of-use assets (below EBITDA) and payments of lease liabilities in cash outflows from financing activities for FY20 respectively.
- Adjustments relating to acquisition and disposals of controlled entities, joint ventures, associates and other investments and any associated net gains or losses and contingent consideration. During FY20 we disposed of our investment in Chief Entertainment Pty Ltd, Snap Inc and PharmX Pty Ltd, a data centre held by Telstra Singapore Pte Ltd, and executed a warrant we held in Ooyala Inc. We also made additional investments in our interest in the Telstra Ventures Fund II, L.P and Southern Cross Cable Holdings Limited. FY19 included additional investments in our interest in Telstra Ventures Fund II, L.P., the disposal of our investment in Ooyala Inc, Ooyala AB and their controlled entities and Orion Health Group Ltd, deferred consideration we received from our disposal of 1300 Australia Pty Ltd and from the sell down of our interest in the Telstra Ventures Fund II L.P.
- Adjustments relating to the impairment and write downs of IT legacy assets and WIP in FY19 and the impairment of our investment in NXE Australia Pty Ltd (Foxtel) in FY20.
- Given different accounting treatment of leases in FY20 compared to FY19 (refer footnote 1) 'Lease' provides a like-for-like view of our mobile handset leases (Telstra as a lessee) which for management reporting purposes continue to be treated as part of operating performance results. In particular FY20 has been adjusted to include the reported depreciation of mobile handsets right-of-use assets in EBITDA and for illustrative purposes FY19 has been adjusted to exclude proforma operating lease expense of all but mobile handset leases from EBITDA. FY20 Free Cashflow has been adjusted to include total payments (principal and interest) for leases previously accounted for as operating leases, which are reported as financing cashflows in FY20 under AASB16.
- Adjustments for the strategic focus (T22 program) to improve customer experience, simplify structure and cut costs, in addition to our normal business as usual redundancies for the period.
- 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.
- Adjustment relating to the impact on free cashflow associated with our spectrum purchases and renewals for the period including:
 - \$28m for renewal of spectrum licences in the 900 MHz band
 - \$386m for acquisition of spectrum licences in the 3.6GHz band
 - payments for spectrum and apparatus licences in various spectrum bands

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

Results of operations

	Year ended 30 June				Lease adjustments (i)		Reported lease adjusted (i)			
	2020	2019	Change	Change	2020	2019	2020	2019	Change	Change
	\$M	\$M	\$M	%	\$M	\$M	\$M	\$M	\$M	%
Revenue (excluding finance income)	23,710	25,259	(1,549)	(6.1)	-	-	23,710	25,259	(1,549)	(6.1)
Other income (ii)	2,451	2,548	(97)	(3.8)	-	-	2,451	2,548	(97)	(3.8)
Total income (excluding finance income)	26,161	27,807	(1,646)	(5.9)	-	-	26,161	27,807	(1,646)	(5.9)
Labour	4,058	5,279	(1,221)	(23.1)	-	-	4,058	5,279	(1,221)	(23.1)
Goods and services purchased	9,107	9,138	(31)	(0.3)	-	-	9,107	9,138	(31)	(0.3)
Net impairment losses on financial assets	202	184	18	9.8	-	-	202	184	18	9.8
Other expenses	3,584	5,234	(1,650)	(31.5)	494	(450)	4,078	4,784	(706)	(14.8)
Operating expenses	16,951	19,835	(2,884)	(14.5)	494	(450)	17,445	19,385	(1,940)	(10.0)
Share of net (loss)/profit from joint ventures and associated entities	(305)	12	(317)	n/m	-	-	(305)	12	(317)	n/m
	17,256	19,823	(2,567)	(12.9)	494	(450)	17,750	19,373	(1,623)	(8.4)
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)	8,905	7,984	921	11.5	(494)	450	8,411	8,434	(23)	(0.3)
Depreciation and amortisation	5,338	4,282	1,056	24.7	(494)	450	4,844	4,732	112	2.4
Earnings before interest and income tax expense (EBIT)	3,567	3,702	(135)	(3.6)	-	-	3,567	3,702	(135)	(3.6)
Finance income	274	238	36	15.1	-	-	274	238	36	15.1
Finance costs	1,045	868	177	20.4	-	64	1,045	932	113	12.1
Net finance costs	771	630	141	22.4	-	64	771	694	77	11.1
Profit before income tax expense	2,796	3,072	(276)	(9.0)	-	(64)	2,796	3,008	(212)	(7.0)
Income tax expense	957	923	34	3.7	-	(20)	957	903	54	6.0
Profit for the period	1,839	2,149	(310)	(14.4)	-	(44)	1,839	2,105	(266)	(12.6)
Attributable to:										
Equity holders of Telstra Entity	1,819	2,154	(335)	(15.6)						
Non-controlling interests	20	(5)	25	n/m						
	1,839	2,149	(310)	(14.4)						
Effective tax rate on operations	34.2%	30.0%		4.2 pp						
EBITDA margin on revenue	37.6%	31.6%		6.0 pp						
EBIT margin on revenue	15.0%	14.7%		0.3 pp						
	cents	cents	Change	Change						
			cents	%						
Earnings per share (cents per share)										
Basic (iii)	15.3	18.1	(2.8)	(15.5)						
Diluted (iii)	15.3	18.1	(2.8)	(15.5)						

(i) From 1 July 2019 we have adopted AASB 16: 'Leases' on a prospective basis, i.e. no restatement of the comparative period. As a result, Reported FY20 excludes impact of leases classified as operating leases in FY19 where Telstra was a lessee. The operating lease expense recognised in 'other expenses' (part of EBITDA) for FY19 have been 'replaced' by depreciation of right-of-use assets (below EBITDA). Refer to note 1.5.1 to the full-year financial statements for further details regarding AASB 16 adoption impacts.

Given different accounting treatment of leases in FY20 compared to FY19, 'Reported Lease adjusted' provides a like-for-like view of our mobile handset leases (Telstra as a lessee) which for management reporting purposes continue to be treated as part of operating performance results. In particular FY20 has been adjusted to include the reported depreciation of mobile handsets right-of-use assets in EBITDA, and for illustrative purposes FY19 has been adjusted to exclude proforma operating lease expense and implied interest in the capitalised lease liability of all but mobile handset leases from operating expenses, D&A, finance costs and income tax expense.

(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 individually immaterial contracts, income from nbnTM network disconnection fees, subsidies and other miscellaneous items.

(iii) Basic and diluted earnings per share are impacted by the effect of shares held in trust by Telstra Growthshare Trust (Growthshare) and by the Telstra Employee Share Ownership Plan Trust II (TESOP99).

n/m = not meaningful

Total income

	Year ended 30 June			
	2020 \$M	2019 \$M	Change \$M	Change %
Fixed products				
Retail bundles and standalone data	3,226	3,290	(64)	(1.9)
Retail standalone voice	607	881	(274)	(31.1)
Telstra Plus loyalty	(25)	-	n/m	n/m
Other retail fixed (i)	201	247	(46)	(18.6)
Total retail fixed revenue	4,009	4,418	(409)	(9.3)
Wholesale fixed	582	805	(223)	(27.7)
Total fixed revenue	4,591	5,223	(632)	(12.1)
Mobiles				
Postpaid handheld	5,048	5,294	(246)	(4.6)
Prepaid handheld	773	829	(56)	(6.8)
Mobile broadband	640	673	(33)	(4.9)
Internet of Things (IoT)	209	203	6	3.0
Satellite and other	(8)	15	(23)	(153.3)
Mobile interconnection	257	224	33	14.7
Mobile services revenue - wholesale resale	221	201	20	10.0
Total mobile services revenue	7,140	7,439	(299)	(4.0)
Mobiles hardware	3,002	3,106	(104)	(3.3)
Telstra Plus loyalty	(58)	-	n/m	n/m
Total mobile revenue	10,084	10,545	(461)	(4.4)
Data & IP				
Data access & connectivity	1,151	1,218	(67)	(5.5)
Legacy calling (inc ISDN)	431	618	(187)	(30.3)
Connectivity services	103	114	(11)	(9.6)
Wholesale	367	408	(41)	(10.0)
Total data & IP revenue	2,052	2,358	(306)	(13.0)
Network applications and services				
Managed network services	622	648	(26)	(4.0)
Unified communications	1,067	1,009	58	5.7
Cloud services	434	430	4	0.9
Industry solutions	1,047	1,184	(137)	(11.6)
Integrated services	209	206	3	1.5
Total network applications & services revenue	3,379	3,477	(98)	(2.8)
Media				
Foxtel from Telstra	625	664	(39)	(5.9)
IPTV	52	49	3	6.1
Mobility and other	49	84	(35)	(41.7)
Cable	48	35	13	37.1
Total media revenue	774	832	(58)	(7.0)
Global connectivity revenue	1,706	1,700	6	0.4
Other products and services				
Recurring nbn DA	874	784	90	11.5
Other products (iv)	250	340	(90)	(26.5)
Total other products and services	1,124	1,124	0	0.0
Total external revenue	23,710	25,259	(1,549)	(6.1)
Other income (v)	2,451	2,548	(97)	(3.8)
Total income (excluding finance income)	26,161	27,807	(1,646)	(5.9)

(i) Other retail fixed revenue includes platinum, once off revenue (hardware and professional installation fees), payphones, directory assistance, fixed interconnect.

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

(iii) Other data and calling products includes wholesale, inbound calling (1300/1800), internet, media solutions, and legacy data (e.g. frame relay).

(iv) Other products and services revenue relates to nbn co accessing our infrastructure and miscellaneous revenue. It also includes revenue from Telstra Health business unit.

(v) 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 individually immaterial contracts, income from nbnTM network disconnection fees, subsidies and other miscellaneous items.

n/m = not meaningful

Total expenses

	Year ended 30 June			
	2020	2019	Change	Change
	\$M	\$M	\$M	%
Salary and associated costs	3,087	3,544	(457)	(12.9)
Other labour expenses	216	263	(47)	(17.9)
Labour substitution	598	830	(232)	(28.0)
Employee redundancy	157	642	(485)	(75.5)
Total labour	4,058	5,279	(1,221)	(23.1)
Cost of goods sold	3,490	3,771	(281)	(7.5)
Network payments	3,155	2,791	364	13.0
Other	2,462	2,576	(114)	(4.4)
Total goods and services purchased	9,107	9,138	(31)	(0.3)
Net impairment losses on financial assets	202	184	18	9.8
Service contracts and other agreements	1,473	1,590	(117)	(7.4)
Impairment losses (excluding net losses on financial assets)	129	608	(479)	(78.8)
Other	1,982	3,036	(1,054)	(34.7)
Total other expenses	3,584	5,234	(1,650)	(31.5)
Total operating expenses	16,951	19,835	(2,884)	(14.5)
Property Plant & Equipment	2,757	2,742	15	0.5
Right of Use assets	1,017	-	n/m	n/m
Depreciation	3,774	2,742	1,032	37.6
Amortisation of intangible assets	1,564	1,540	24	1.6
Total depreciation and amortisation	5,338	4,282	1,056	24.7

Statement of Cash Flows

	Year ended 30 June			
	2020	2019	Change	Change
	\$M	\$M	\$M	%
Cash flows from operating activities				
Receipts from customers (inclusive of goods and services tax (GST))	29,506	30,231	(725)	(2.4)
Payments to suppliers and employees (inclusive of GST)	(21,895)	(22,748)	853	3.7
Government grants received	153	156	(3)	(1.9)
Net cash generated by operations	7,764	7,639	125	1.6
Income taxes paid	(754)	(956)	202	21.1
Net cash provided by operating activities	7,010	6,683	327	4.9
Cash flows from investing activities				
Payments for property, plant and equipment	(2,341)	(3,207)	866	27.0
Payments for intangible assets	(1,101)	(1,163)	62	5.3
Capital expenditure (before investments)	(3,442)	(4,370)	928	21.2
Payments for shares in controlled entities (net of cash acquired)	-	(115)	n/m	n/m
Payments for equity accounted investments	(33)	(21)	(12)	(57.1)
Payments for other investments	(122)	(26)	(96)	n/m
Total capital expenditure (including investments)	(3,597)	(4,532)	935	20.6
Proceeds from sale of property, plant and equipment	276	646	(370)	(57.3)
Proceeds from sale of businesses and shares in controlled entities (net of cash disposed)	58	42	16	38.1
Proceeds from sale of equity accounted and other investments	15	6	9	n/m
Distributions received from equity accounted investments	83	33	50	n/m
Receipts for the principal portion of finance lease receivables	135	104	31	29.8
Government grants received	28	53	(25)	(47.2)
Interest received	26	33	(7)	(21.2)
Net cash used in investing activities	(2,976)	(3,615)	639	17.7
Operating cash flows less investing cash flows	4,034	3,068	966	31.5
Cash flows from financing activities				
Proceeds from borrowings	5,476	4,669	807	17.3
Repayment of borrowings	(6,562)	(4,637)	(1,925)	(41.5)
Payments for the principal portion of lease liabilities	(993)	-	n/m	n/m
Payments for the principal portion of finance lease liabilities	-	(79)	n/m	n/m
Purchase of shares for employee share plans	(22)	-	n/m	n/m
Finance costs paid	(812)	(781)	(31)	(4.0)
Dividends paid to non-controlling interests	(23)	(2)	(21)	n/m
Dividends paid to equity holders of Telstra Entity	(1,903)	(2,259)	356	15.8
Proceeds from the sale of units in a controlled trust	698	-	n/m	n/m
Other	3	1	2	n/m
Net cash used in financing activities	(4,138)	(3,088)	(1,050)	(34.0)
Net increase/(decrease) in cash and cash equivalents	(104)	(20)	(84)	n/m
Cash and cash equivalents at the beginning of the year	604	620	(16)	(2.6)
Effects of exchange rate changes on cash and cash equivalents	(1)	4	(5)	n/m
Cash and cash equivalents at the end of the year	499	604	(105)	(17.4)

n/m = not meaningful

Statement of Financial Position

	30 Jun 20	As at		
	\$M	30 Jun 19	Change	Change
		\$M	\$M	%
Current assets				
Cash and cash equivalents	499	604	(105)	(17.4)
Trade and other receivables and contract assets	5,121	5,392	(271)	(5.0)
Deferred contract costs	82	95	(13)	(13.7)
Inventories	418	448	(30)	(6.7)
Derivative financial assets	147	179	(32)	(17.9)
Current tax receivables	2	7	(5)	(71.4)
Prepayments	265	457	(192)	(42.0)
Assets classified as held for sale	-	121	n/m	n/m
Total current assets	6,534	7,303	(769)	(10.5)
Non-current assets				
Trade and other receivables and contract assets	1,428	780	648	83.1
Deferred contract costs	1,354	1,232	122	9.9
Inventories	28	35	(7)	(20.0)
Investments - accounted for using the equity method	897	1,298	(401)	(30.9)
Investments - other	21	25	(4)	(16.0)
Property, plant and equipment	21,499	21,836	(337)	(1.5)
Right-of-use assets	3,030	-	n/m	n/m
Intangible assets	7,412	7,706	(294)	(3.8)
Derivative financial assets	2,011	2,083	(72)	(3.5)
Deferred tax assets	66	59	7	11.9
Defined benefit asset	123	232	(109)	(47.0)
Total non-current assets	37,869	35,286	2,583	7.3
Total assets	44,403	42,589	1,814	4.3
Current liabilities				
Trade and other payables	3,980	4,528	(548)	(12.1)
Employee benefits	727	804	(77)	(9.6)
Other provisions	124	103	21	20.4
Lease liabilities	611	-	n/m	n/m
Borrowings	2,763	2,222	541	24.3
Derivative financial liabilities	54	57	(3)	(5.3)
Current tax payables	224	103	121	n/m
Contract liabilities and other revenue received in advance	1,611	1,657	(46)	(2.8)
Liabilities classified as held for sale	-	79	n/m	n/m
Total current liabilities	10,094	9,553	541	5.7
Non-current liabilities				
Other payables	4	68	(64)	(94.1)
Employee benefits	127	158	(31)	(19.6)
Other provisions	143	158	(15)	(9.5)
Lease liabilities	2,687	-	n/m	n/m
Borrowings	13,066	15,031	(1,965)	(13.1)
Derivative financial liabilities	320	283	37	13.1
Deferred tax liabilities	1,605	1,529	76	5.0
Defined benefit liabilities	8	8	0	0.0
Contract liabilities and other revenue received in advance	1,202	1,271	(69)	(5.4)
Total non-current liabilities	19,162	18,506	656	3.5
Total liabilities	29,256	28,059	1,197	4.3
Net assets	15,147	14,530	617	4.2
Equity				
Share capital	4,451	4,447	4	0.1
Reserves	5	(58)	63	108.6
Retained profits	10,017	10,160	(143)	(1.4)
Equity available to Telstra Entity shareholders	14,473	14,549	(76)	(0.5)
Non-controlling interests	674	(19)	693	n/m
Total equity	15,147	14,530	617	4.2
Gross debt	17,343	15,331	2,012	13.1
Net debt	16,844	14,727	2,117	14.4
EBITDA interest cover (times) (i)	11.7	10.5	1.2	11.4
Net debt to EBITDA	1.9	1.8	0.1	5.6
ROA - Return on average assets	8.0%	8.8%		(0.8) pp
ROE - Return on average equity	12.5%	14.8%		(2.3) pp
ROI - Return on average investment	11.0%	12.6%		(1.6) pp
ROIC - Return on invested capital	7.6%	8.8%		(1.2) pp
Gearing ratio (net debt to capitalisation)	52.7%	50.3%		2.4 pp

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

n/m = not meaningful

Segment information from operations

	Total income			EBITDA contribution		
	Year ended 30 June			Year ended 30 June		
	2020	2019	Change	2020	2019	Change
	\$M	\$M	%	\$M	\$M	%
Telstra Consumer and Small Business	13,326	14,281	(6.7)	4,738	5,645	(16.1)
Telstra Enterprise	7,970	8,243	(3.3)	3,418	3,502	(2.4)
Networks and IT	87	70	24.3	(1,761)	(1,722)	(2.3)
All Other	2,045	2,156	(5.1)	(80)	(1,330)	94.0
Telstra excluding Telstra InfraCo	23,428	24,750	(5.3)	6,315	6,095	3.6
Telstra InfraCo	4,423	4,948	(10.6)	2,833	3,210	(11.7)
Internal access charges	(1,690)	(1,891)	10.6	(737)	(871)	15.4
Total Telstra segments	26,161	27,807	(5.9)	8,411	8,434	(0.3)
Operating lease expenses for all but mobile handset leases				-	(450)	n/m
Depreciation of mobile handsets right-of-use assets				494	-	n/m
Telstra Group EBITDA				8,905	7,984	11.5

n/m = not meaningful

Revenue by business segment

	Year ended 30 June		
	2020	2019	Change
	\$M	\$M	%
Telstra Consumer and Small Business			
Fixed	3,794	4,144	(8.4)
Mobile services revenue	5,529	5,834	(5.2)
Network applications and services (NAS)	354	311	13.8
Telstra Enterprise Australia			
Mobile services revenue	1,403	1,415	(0.8)
Data & IP	1,555	1,757	(11.5)
Network applications and services (NAS)	2,526	2,565	(1.5)

Product profitability - EBITDA margins %

	Year ended 30 June	
	June 2020	June 2019
Mobile	35%	36%
Retail Fixed	2%	18%
Data & IP	62%	66%
Network applications and services (NAS)	18%	10%
Global Connectivity	27%	21%

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

Product profitability - EBITDA (\$M)

	Year ended 30 June	
	June 2020	June 2019
Mobile	3,500	3,752
Retail Fixed	71	798
Data & IP	1,276	1,546
Network applications and services (NAS)	593	360
Global Connectivity	454	364

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

Average Revenue per Unit (ARPU) (\$)							
	Half-year ended			Jun 20 vs Jun 19		Jun 20 vs Dec 19	
	Jun 2020	Dec 2019	Jun 2019	Change	Change	Change	Change
	\$	\$	\$	\$	%	\$	%
Fixed retail bundles and standalone data	71.05	72.72	74.05	(3.00)	(4.1)	(1.67)	(2.3)
Fixed retail standalone voice	41.66	44.26	43.48	(1.82)	(4.2)	(2.60)	(5.9)
Postpaid handheld	48.99	51.52	53.60	(4.61)	(8.6)	(2.53)	(4.9)
Prepaid handheld	19.05	19.20	19.38	(0.33)	(1.7)	(0.15)	(0.8)
Mobile broadband	16.58	16.81	14.65	1.93	13.2	(0.23)	(1.4)

Services in operation (000s)							
	Half-year ended			Jun 20 vs Jun 19		Jun 20 vs Dec 19	
	Jun 2020	Dec 2019	Jun 2019	Change	Change	Change	Change
	000s	000s	000s	000s	%	000s	%
Fixed services in operation (SIOs)							
Retail bundles and standalone data (i)	3,786	3,733	3,706	80	2.2	53	1.4
Retail standalone voice	960	1,161	1,412	(452)	(32.0)	(201)	(17.3)
Wholesale basic access (ii)	253	369	502	(249)	(49.6)	(116)	(31.4)
Wholesale data (iii)	186	240	310	(124)	(40.0)	(54)	(22.5)
ISDN access (basic line equivalents)	462	614	736	(274)	(37.2)	(152)	(24.8)
Unconditioned local loop (ULL)	302	521	756	(454)	(60.1)	(219)	(42.0)
Wholesale Line spectrum sharing services (LSS)	63	110	167	(104)	(62.3)	(47)	(42.7)
Mobiles services in operation (SIOs)							
Postpaid handheld retail (iv)	8,484	8,381	8,244	240	2.9	103	1.2
Prepaid handheld retail	3,319	3,426	3,303	16	0.5	(107)	(3.1)
Mobile broadband (data cards)	3,158	3,180	3,627	(469)	(12.9)	(22)	(0.7)
Internet of Things (IoT)	3,784	3,482	3,132	652	20.8	302	8.7
Satellite	30	28	32	(2)	(6.3)	2	7.1
Total retail mobile	18,775	18,497	18,338	437	2.4	278	1.5
Total wholesale mobile	1,550	1,376	1,203	347	28.8	174	12.6
Prepaid handheld retail unique users (v)	2,416	2,380	2,245	171	7.6	36	1.5
Foxtel from Telstra (SIOs)	632	678	730	(98)	(13.4)	(46)	(6.8)

(i) Includes Belong fixed data SIOs.

(ii) Excludes nbn SIOs.

(iii) Includes nbn SIOs.

(iv) Includes Belong mobile SIOs.

(v) Prepaid unique users defined as the three month rolling average of monthly active prepaid users.

Note: Statistical data represents management's best estimates.

Workforce							
	Half-year ended			Jun 20 vs Jun 19		Jun 20 vs Dec 19	
	Jun 2020	Dec 2019	Jun 2019	Change	Change	Change	Change
					%		%
Employee data							
Full time staff equivalents incl. contractor/agency labour	28,959	28,270	29,769	(810)	(2.7)	689	2.4

Note: Statistical data represents management's best estimates.

Telstra Corporation Limited

Half-year comparison - Reported lease adjusted (i)

Year ended 30 June 2020

Summary management reported half-yearly data

(\$ Millions)

Total income

Fixed products

Retail bundles and standalone data

Retail standalone voice

Telstra Plus loyalty

Other retail fixed (ii)

Total retail fixed revenue

Wholesale fixed

Total fixed revenue

Mobiles

Postpaid handheld

Prepaid handheld

Mobile broadband

Internet of Things (IoT)

Satellite and other

Mobile interconnection

Mobile services revenue - wholesale resale

Total mobile services revenue

Mobiles hardware

Telstra Plus loyalty

Total mobile revenue

Data & IP

Data access & connectivity (iii)

Legacy calling (inc ISDN)

Connectivity services (iv)

Wholesale

Total data & IP revenue

Network applications and services revenue

Managed network services

Unified communications

Cloud services

Industry solutions

Integrated services

Total network applications and services revenue

Media

Foxtel from Telstra

IPTV

Mobility and other

Cable

Total media revenue

Global connectivity

Global connectivity - fixed

Global connectivity - data & IP

Global connectivity - other

Total global connectivity revenue

Other products and services

Recurring nbn DA (v)

Other products (v)

Total other products and services revenue

Total external revenue

Other income (vi)

Total income (excluding finance income)

Total expenses

Labour

Goods and services purchased

Net impairment losses on financial assets

Other expenses

Operating expenses

Share of net profit/(loss) from equity accounted entities

Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)

Depreciation and amortisation

Earnings before interest and income tax expense (EBIT)

Net finance costs

Profit before income tax expense

Income tax expense

Profit for the period

	Half 1 Dec-17	Half 2 Jun-18	Full year Jun-18	Half 1 Dec-18	PCP Growth	Half 2 Jun-19	PCP Growth	Full year Jun-19	PCP Growth	Half 1 Dec-19	PCP Growth	Half 2 Jun-20	PCP Growth	Full year Jun-20	PCP Growth
	1,660	1,640	3,300	1,653	(0.4%)	1,637	(0.2%)	3,290	(0.3%)	1,623	(1.8%)	1,603	(2.1%)	3,226	(1.9%)
	633	553	1,186	477	(24.6%)	404	(26.9%)	881	(25.7%)	342	(28.3%)	265	(34.4%)	607	(31.1%)
	-	-	-	-	n/m	-	n/m	-	n/m	(9)	n/m	(16)	n/m	(25)	n/m
	136	133	269	124	(8.8%)	123	(7.5%)	247	(8.2%)	115	(7.3%)	86	(30.1%)	201	(18.6%)
	2,429	2,326	4,755	2,254	(7.2%)	2,164	(7.0%)	4,418	(7.1%)	2,071	(8.1%)	1,938	(10.4%)	4,009	(9.3%)
	528	482	1,010	427	(19.1%)	378	(21.6%)	805	(20.3%)	317	(25.8%)	265	(29.9%)	582	(27.7%)
	2,957	2,808	5,765	2,681	(9.3%)	2,542	(9.5%)	5,223	(9.4%)	2,388	(10.9%)	2,203	(13.3%)	4,591	(12.1%)
	2,609	2,624	5,233	2,665	2.1%	2,629	0.2%	5,294	1.2%	2,569	(3.6%)	2,479	(5.7%)	5,048	(4.6%)
	493	465	958	448	(9.1%)	381	(18.1%)	829	(13.5%)	388	(13.4%)	385	1.0%	773	(6.8%)
	416	367	783	350	(15.9%)	323	(12.0%)	673	(14.0%)	325	(7.1%)	315	(2.5%)	640	(4.9%)
	73	97	170	99	35.6%	104	7.2%	203	19.4%	102	3.0%	107	2.9%	209	3.0%
	6	6	12	7	16.7%	8	33.3%	15	25.0%	8	14.3%	(16)	n/m	(8)	(153.3%)
	106	106	212	112	5.7%	112	5.7%	224	5.7%	120	7.1%	137	22.3%	257	14.7%
	90	99	189	99	10.0%	102	3.0%	201	6.3%	104	5.1%	117	14.7%	221	10.0%
	3,793	3,764	7,557	3,780	(0.3%)	3,659	(2.8%)	7,439	(1.6%)	3,616	(4.3%)	3,524	(3.7%)	7,140	(4.0%)
	1,376	1,447	2,823	1,511	9.8%	1,595	10.2%	3,106	10.0%	1,713	13.4%	1,289	(19.2%)	3,002	(3.3%)
	-	-	-	-	n/m	-	n/m	-	n/m	(21)	n/m	(37)	n/m	(58)	n/m
	5,169	5,211	10,380	5,291	2.4%	5,254	0.8%	10,545	1.6%	5,308	0.3%	4,776	(9.1%)	10,084	(4.4%)
	650	634	1,284	627	(3.5%)	591	(6.8%)	1,218	(5.1%)	585	(6.7%)	566	(4.2%)	1,151	(5.5%)
	381	352	733	326	(14.4%)	292	(17.0%)	618	(15.7%)	237	(27.3%)	194	(33.6%)	431	(30.3%)
	61	59	120	60	(1.6%)	54	(8.5%)	114	(5.0%)	54	(10.0%)	49	(9.3%)	103	(9.6%)
	206	213	419	204	(1.0%)	204	(4.2%)	408	(2.6%)	188	(7.8%)	179	(12.3%)	367	(10.0%)
	1,298	1,258	2,556	1,217	(6.2%)	1,141	(9.3%)	2,358	(7.7%)	1,064	(12.6%)	988	(13.4%)	2,052	(13.0%)
	306	369	675	291	(4.9%)	357	(3.3%)	648	(4.0%)	271	(6.9%)	351	(1.7%)	622	(4.0%)
	403	482	885	442	9.7%	567	17.6%	1,009	14.0%	501	13.3%	566	(0.2%)	1,067	5.7%
	180	248	428	202	12.2%	228	(8.1%)	430	0.5%	217	7.4%	217	(4.8%)	434	0.9%
	681	693	1,374	573	(15.9%)	611	(11.8%)	1,184	(13.8%)	508	(11.3%)	539	(11.8%)	1,047	(11.6%)
	94	171	265	88	(6.4%)	118	(31.0%)	206	(22.3%)	83	(5.7%)	126	6.8%	209	1.5%
	1,664	1,963	3,627	1,596	(4.1%)	1,881	(4.2%)	3,477	(4.1%)	1,580	(1.0%)	1,799	(4.4%)	3,379	(2.8%)
	357	345	702	340	(4.8%)	324	(6.1%)	664	(5.4%)	323	(5.0%)	302	(6.8%)	625	(5.9%)
	31	31	62	26	(16.1%)	23	(25.8%)	49	(21.0%)	26	0.0%	26	13.0%	52	6.1%
	50	45	95	45	(10.0%)	39	(13.3%)	84	(11.6%)	33	(26.7%)	16	(59.0%)	49	(41.7%)
	30	30	60	30	0.0%	5	(83.3%)	35	(41.7%)	24	(20.0%)	24	n/m	48	37.1%
	468	451	919	441	(5.8%)	391	(13.3%)	832	(9.5%)	406	(7.9%)	368	(5.9%)	774	(7.0%)
	151	167	318	144	(4.6%)	202	21.0%	346	8.8%	140	(2.8%)	139	(31.2%)	279	(19.4%)
	452	471	923	491	8.6%	512	8.7%	1,003	8.7%	532	8.4%	543	6.1%	1,075	7.2%
	161	167	328	166	3.1%	185	10.8%	351	7.0%	170	2.4%	182	(1.6%)	352	0.3%
	764	805	1,569	801	4.8%	899	11.7%	1,700	8.3%	842	5.1%	864	(3.9%)	1,706	0.4%
	304	338	642	374	23.0%	410	21.3%	784	22.1%	432	15.5%	442	7.8%	874	11.5%
	185	205	390	185	0.0%	155	(24.4%)	340	(12.8%)	144	(22.2%)	106	(31.6%)	250	(26.5%)
	489	543	1,032	559	14.3%	565	4.1%	1,124	8.9%	576	3.0%	548	(3.0%)	1,124	0.0%
	12,809	13,039	25,848	12,586	(1.7%)	12,673	(2.8%)	25,259	(2.3%)	12,164	(3.4%)	11,546	(8.9%)	23,710	(6.1%)
	1,582	1,411	2,993	1,212	(23.4%)	1,336	(5.3%)	2,548	(14.9%)	1,249	3.1%	1,202	(10.0%)	2,451	(3.8%)
	14,391	14,450	28,841	13,798	(4.1%)	14,009	(3.1%)	27,807	(3.6%)	13,413	(2.8%)	12,748	(9.0%)	26,161	(5.9%)
	2,699	2,508	5,207	2,722	0.9%	2,557	2.0%	5,279	1.4%	2,170	(20.3%)	1,888	(26.2%)	4,058	(23.1%)
	3,989	4,349	8,338	4,382	9.9%	4,756	9.4%	9,138	9.6%	4,622	5.5%	4,485	(5.7%)	9,107	(0.3%)
	103	87	190	88	(14.6%)	96	10.3%	184	(3.2%)	80	(9.1%)	122	27.1%	202	9.8%
	2,473	2,414	4,887	2,124	(14.1%)	2,660	10.2%	4,784	(2.1%)	2,060	(3.0%)	2,018	(24.1%)	4,078	(14.8%)
	9,264	9,358	18,622	9,316	0.6%	10,069	7.6%	19,385	4.1%	8,932	(4.1%)	8,513	(15.5%)	17,445	(10.0%)
	(31)	9	(22)	1	103.2%	11	22.2%	12	154.5%	(2)	n/m	(303)	n/m	(305)	n/m
	5,096	5,101	10,197	4,483	(12.0%)	3,951	(22.5%)	8,434	(17.3%)	4,479	(0.1%)	3,932	(0.5%)	8,411	(0.3%)
	2,219	2,251	4,470	2,366	6.6%	2,366	5.1%	4,732	5.9%	2,428	2.6%	2,416	2.1%	4,844	2.4%
	2,877	2,850	5,727	2,117	(26.4%)	1,585	(44.4%)	3,702	(35.4%)	2,051	(3.1%)	1,516	(4.4%)	3,567	(3.6%)
	296	292	588	352	18.9%	342	17.1%	694	18.0%	375	6.5%	396	15.8%	771	11.1%
	2,581	2,558	5,139	1,765	(31.6%)	1,243	(51.4%)	3,008	(41.5%)	1,676	(5.0%)	1,120	(9.9%)	2,796	(7.0%)
	889	693	1,582	559	(37.1%)	344	(50.4%)	903	(42.9%)	526	(5.9%)	431	25.3%	957	6.0%
	1,692	1,865	3,557	1,206	(28.7%)	899	(51.8%)	2,105	(40.8%)	1,150	(4.6%)	689	(23.4%)	1,839	(12.6%)

(i) From 1 July 2019 we have adopted AASB 16: 'Leases' on a prospective basis, i.e. no restatement of the comparative period. As a result, Reported FY20 excludes impact of leases

classified as operating leases in FY19 where Telstra was a lessee. The operating lease expense recognised in 'other expenses' (part of EBITDA) for FY19 have been 'replaced' by depreciation of right-of-use assets (below EBITDA). Refer to note 1.5.1 to the full-year financial statements for further details regarding AASB 16 adoption impacts.

Given different accounting treatment of leases in FY20 compared to FY19, 'Reported Lease adjusted' provides a like-for-like view of our mobile handset leases (Telstra as a lessee) which for management reporting purposes continue to be treated as part of operating performance results. In particular FY20 has been adjusted to include the reported depreciation of mobile handsets right-of-use assets in EBITDA, and for illustrative purposes FY19 has been adjusted to exclude proforma operating lease expense and implied interest in the capitalised lease liability of all but mobile handset leases from operating expenses, D&A, finance costs and income tax expense. FY18 has not been adjusted.

(ii) Other retail fixed revenue includes platinum, once off revenue (hardware and professional installation fees), payphones, directory assistance, fixed interconnect.

(iii) Data access & connectivity revenue includes private networks and internet connections on Telstra Fibre, nbn, legacy copper and other fixed technologies, optical and legacy data.

(iv) Connectivity revenue includes professional media solutions, security solutions and Telstra Programable Network.

(v) Other products and services revenue relates to nbn co accessing our infrastructure and miscellaneous revenue. It also includes revenue from Telstra Health business unit.

(vi) Other income includes gains and losses on asset and investment sales (including assets transferred under the nbn Definitive Agreements), income from government.

grants under the Telstra Universal Service Obligation Performance Agreement, Mobile Blackspot Government program and other individually immaterial contracts, income from nbnTM.

network disconnection fees, subsidies and other miscellaneous items.

n/m = not meaningful

Telstra Corporation Limited

Half-year comparison

Year ended 30 June 2020

Summary reported half-yearly data

Selected statistical data

Fixed

Retail bundles and standalone data SIOs (thousands) (i)	3,532	1.8%	3,599	2.5%	3,599	2.5%	3,663	3.7%	3,706	3.0%	3,706	3.0%	3,733	1.9%	3,786	2.2%	3,786	2.2%
Retail standalone voice SIOs (thousands)	2,230	(20.4%)	1,954	(22.6%)	1,954	(22.6%)	1,685	(24.4%)	1,412	(27.7%)	1,412	(27.7%)	1,161	(31.1%)	960	(32.0%)	960	(32.0%)
Wholesale basic access lines in service (thousands) (ii)	955	(23.7%)	805	(28.4%)	805	(28.4%)	662	(30.7%)	502	(37.6%)	502	(37.6%)	369	(44.3%)	253	(49.6%)	253	(49.6%)
Wholesale data SIOs (thousands) (iii)	579	(26.3%)	486	(29.8%)	486	(29.8%)	400	(30.9%)	310	(36.2%)	310	(36.2%)	240	(40.0%)	186	(40.0%)	186	(40.0%)
Unconditioned local loop (ULL) SIOs (thousands)	1,234	(17.5%)	1,118	(19.6%)	1,118	(19.6%)	987	(20.0%)	756	(32.4%)	756	(32.4%)	521	(47.2%)	302	(60.1%)	302	(60.1%)
Wholesale line spectrum site sharing (LSS) SIOs (thousands)	326	(25.4%)	277	(27.9%)	277	(27.9%)	229	(29.8%)	167	(39.7%)	167	(39.7%)	110	(52.0%)	63	(62.3%)	63	(62.3%)
Average retail bundle and standalone data revenue per user per month (\$)	78.56	n/m	76.69	n/m	77.37	n/m	75.90	(3.4%)	74.05	(3.4%)	75.07	(3.0%)	72.72	(4.2%)	71.05	(4.1%)	71.75	(4.4%)
Average retail standalone fixed voice revenue per user per month (\$)	44.40	n/m	44.07	n/m	44.16	n/m	43.70	(1.6%)	43.48	(1.3%)	43.62	(1.2%)	44.26	1.3%	41.66	(4.2%)	42.64	(2.2%)
Belong fixed data SIOs (thousands)	180	46.3%	203	31.0%	203	31.0%	225	25.0%	254	25.1%	254	25.1%	298	32.4%	333	31.1%	333	31.1%

nbnTM premise connections

Bundle connections (thousands)	1,304	105.0%	1,573	65.2%	1,573	65.2%	1,844	41.4%	2,149	36.6%	2,149	36.6%	2,452	33.0%	2,710	26.1%	2,710	26.1%
Belong (thousands)	92	76.9%	110	48.6%	110	48.6%	132	43.5%	176	60.0%	176	60.0%	240	81.8%	298	69.3%	298	69.3%
Voice only connections (thousands)	234	120.8%	263	73.5%	263	73.5%	278	18.8%	280	6.5%	280	6.5%	272	(2.2%)	216	(22.9%)	216	(22.9%)
Total nbnTM premise connections	1,630	105.3%	1,946	65.5%	1,946	65.5%	2,254	38.3%	2,605	33.9%	2,605	33.9%	2,964	31.5%	3,225	23.8%	3,225	23.8%

Data & IP

ISDN access SIOs (thousands)	173	(10.4%)	164	(11.4%)	164	(11.4%)	148	(14.5%)	122	(25.6%)	122	(25.6%)	105	(29.1%)	62	(49.2%)	62	(49.2%)
Connectivity SIOs (thousands) (iv)	-	n/m	-	n/m	-	n/m	130	n/m	128	n/m	128	n/m	127	(2.3%)	125	(2.3%)	125	(2.3%)

Mobiles

Total retail mobile SIOs (thousands)	17,609	1.1%	17,716	2.0%	17,716	2.0%	17,956	2.0%	18,338	3.5%	18,338	3.5%	18,497	3.0%	18,775	2.4%	18,775	2.4%
Postpaid handheld mobile SIOs (thousands)	7,692	2.8%	7,866	4.0%	7,866	4.0%	8,105	5.4%	8,244	4.8%	8,244	4.8%	8,381	3.4%	8,484	2.9%	8,484	2.9%
Belong postpaid handheld mobile SIOs (thousands) (v)	21	n/m	67	n/m	67	n/m	182	n/m	248	n/m	248	n/m	339	86.3%	402	62.1%	402	62.1%
Mobile broadband (data cards) SIOs (thousands)	3,964	(0.3%)	3,893	(0.9%)	3,893	(0.9%)	3,723	(6.1%)	3,627	(6.8%)	3,627	(6.8%)	3,180	(14.6%)	3,158	(12.9%)	3,158	(12.9%)
Prepaid mobile handheld unique users (thousands) (vi)	2,432	(7.0%)	2,294	(8.2%)	2,294	(8.2%)	2,234	(8.1%)	2,245	(2.1%)	2,245	(2.1%)	2,380	6.5%	2,416	7.6%	2,416	7.6%
Internet of Things (IoT) SIOs (thousands)	2,346	14.3%	2,571	17.5%	2,571	17.5%	2,832	20.7%	3,132	21.8%	3,132	21.8%	3,482	23.0%	3,784	20.8%	3,784	20.8%
Satellite SIOs (thousands)	32	3.2%	32	0.0%	32	0.0%	32	0.0%	32	0.0%	32	0.0%	28	(12.5%)	30	(6.3%)	30	(6.3%)
Total wholesale mobile SIOs (thousands)	862	35.3%	973	30.8%	973	30.8%	1,098	27.4%	1,203	23.6%	1,203	23.6%	1,376	25.3%	1,550	28.8%	1,550	28.8%
Average postpaid handheld revenue per user per month (\$)	57.00	n/m	56.22	n/m	56.53	n/m	55.62	(2.4%)	53.60	(4.7%)	54.77	(3.1%)	51.52	(7.4%)	48.99	(8.6%)	50.29	(8.2%)
Average prepaid handheld revenue per user per month (\$)	22.70	n/m	22.36	n/m	22.75	n/m	22.54	(0.7%)	19.38	(13.3%)	20.76	(8.7%)	19.20	(14.8%)	19.05	(1.7%)	19.46	(6.3%)
Average mobile broadband revenue per user per month (\$)	17.58	n/m	15.58	n/m	16.69	n/m	15.32	(12.9%)	14.65	(6.0%)	14.92	(10.6%)	16.81	9.7%	16.58	13.2%	16.62	11.4%

Premium pay TV

Foxtel from Telstra (thousands)	799	6.8%	790	(2.2%)	790	(2.2%)	772	(3.4%)	730	(7.6%)	730	(7.6%)	678	(12.2%)	632	(13.4%)	632	(13.4%)
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Labour

Telstra FTEs incl contractor/agency	34,115	(6.4%)	34,624	(1.7%)	34,624	(1.7%)	31,419	(7.9%)	29,769	(14.0%)	29,769	(14.0%)	28,270	(10.0%)	28,959	(2.7%)	28,959	(2.7%)
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(i) Includes Belong fixed data SIOs.

(ii) Excludes nbn SIOs.

(iii) Includes nbn SIOs.

(iv) Data & IP Connectivity SIOs includes IPVPN and Internet SIOs on Telstra Fibre, NBN and legacy copper.

(v) Belong mobile SIOs are included in postpaid handheld mobile SIOs.

(vi) Prepaid unique users defined as the three month rolling average of monthly active prepaid users.

n/m = not meaningful