



29 September 2021

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Retail Shareholder Meeting – 29 September

In accordance with the Listing Rules, I attach the presentations to be made by the CEO and CFO at Telstra's virtual retail shareholder meeting today from 10:15 – 11:30am AEST, for release to the market.

Further information is available on our website at <https://www.telstra.com.au/aboutus/investors/key-dates/shareholdermeetings>.

Authorised for lodgement by:

Sue Laver
Company Secretary



2021 Retail Shareholder meeting

29 September 2021



Introduction & Strategy

Andrew Penn
CEO





Our strategy: T25

Our purpose and values

To build a connected future so everyone can thrive

We are changemakers

We are better together

We care

We make it simple

Our strategic pillars

An exceptional customer experience you can count on

Leading network & technology solutions that deliver your future

Sustained growth and value for our shareholders

The place you want to work

Excelling at new ways of working

Accelerating digital leadership

Doing business responsibly

Our businesses

Consumer & Small Business

Enterprise

New Markets

International

Infrastructure

T25 scorecard



Customer experience

- Market leading CX with
 - eNPS >40 by FY25
 - sNPS uplift of +25 by FY25
- Getting it right for customers
 - >90% 'Once and Done' by FY25 (C&SB)
 - 90% rating in support and engagement by FY25 (TE)
- Reduce our complaints
 - One-third by FY23, 50% by FY25 (C&SB)
 - >95% of billing disputes will be resolved in 1 cycle by FY25 (TE)
- Grow Telstra Plus members (#) and engagement (%)
 - 5.4m and 70% by FY23
 - 6m and 80% by FY25
- Grow digitally active users by 2m to 8.5m FY25 (C&SB)
- Improve availability of infra. assets for customers, by FY25
 - 250 new towers
 - 6,000km of fibre deployed



Network & Technology

- Network leadership; by FY25:
 - ~95% pop. coverage for 5G
 - >80% of traffic on 5G
 - 3G closed in FY24
- Win majority of key surveys for best fixed/ mobile network including
 - Coverage, and
 - Overall customers speeds for mobile FY23-FY25
- Double metro cell sites by FY25 to densify the network
- Expand regional coverage
 - 100,000km² new coverage by FY25



Growth and value

- Underlying EBITDA
 - \$7.5-8.0b by FY23
 - Mid-single digit CAGR FY21 to FY25
- Underlying ROIC
 - ~8% by FY23
 - Grow beyond to FY25
- Underlying EPS: High-teens CAGR FY21 to FY25
- Maximise fully-franked dividend and seek to grow over time
- Maintain cost discipline
 - \$500m net fixed cost out from FY23 to FY25 while investing for growth
 - Maintain leading operating cost metrics for full-service telco
- Maximise value from infra.
 - AmpliteL EBITDAaL CAGR – low-to-mid single digit
 - InfraCo Fixed EBITDAaL CAGR – low-single digit



New ways of working

- Remain at 90th percentile employee engagement (equivalent to high-performance norm)
- Improve agile maturity of teams, with 70% scoring above 4 by FY25
- Halve our time to market for products and services from FY22 to FY25
- 50% increase in representation of Data & Analytics workforce by FY25
- Direct software engineering workforce delivering ~2x the percentage of strategic development work by FY25



Digital leadership

- All key service transactions with customers are capable of being conducted digitally by FY25
- 100% of key business processes enhanced/ improved using AI by FY25
- Reach top 20% in Digital Capability Index by FY25
- 100% API-first architecture for customer management, product development, and external monetisation
- Move ~90% of applications to the public cloud by FY25



Responsible business

- Enable renewable energy generation equivalent to 100% of our consumption by 2025
- Reduce absolute emissions from FY19 by at least 50% by 2030
- Increase digitally active customers by 2m, including building digital skills for 500k Australians, by FY25
- Help keep 1m customers in vulnerable circumstances connected each year from FY22-25
- 4-7pt uplift in RepTrak reputation score by FY25

FY22 priorities – finish the job on T22



Complete digitisation

Complete migration of C&SB customers to the new tech stack



Group restructure

Complete our Group restructure and deliver value from infrastructure



5G leadership

Extend our 5G leadership improving 5G coverage and performance



Enterprise

Return Enterprise to growth and restore financial momentum



Grow services

Launch our new energy business and expand Telstra Plus



Cost reduction

Deliver on our \$2.7b annualised net cost productivity

Our T25 strategy to deliver growth

Convenient, personalised, digitally enabled experiences

Growth in **revenue, EBITDA, EPS and seek to grow dividend**

Profitable growth and scale in **Health and Energy**

World-class **returns from Infrastructure**

Network leadership with ~95% 5G coverage

Leading network and technology solutions for our customers

Further **\$500m cost out** from operational excellence

Responsible business leadership, including emissions reductions

The **place you want to work**





FY21 results & T25 financial strategy

Vicki Brady
CFO

Financial headlines



FY21 Reported

Total income: \$23.1 billion, -11.6%

EBITDA: \$7.6 billion, -14.2%

EBITDA lease adjusted²: \$7.4 billion, -11.5%

NPAT: \$1.9 billion, +3.4%

EPS: 15.6 cents, +2.0%

Total dividend: 16 cps⁵ (consistent pcg)

FY21 Guidance basis¹

Underlying EBITDA³: \$6.7 billion, -9.7%

1H21 \$3.3 billion, 2H21 to \$3.4 billion

In-year nbn headwind³: ~\$650 million (LTD ~\$3.2 billion)

Estimated COVID impact⁴: ~\$380 million (FY20 ~\$200 million)

Underlying EBITDA decline ex in-year nbn headwind⁵: ~\$70 million

Capex³: \$3.0 billion, -6.6%

FCF³: \$3.8 billion, +11.6%

1. This guidance assumed no impairments in and to investments or non-current tangible and intangible assets, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum, and excluded the impacts of Pitt St exchange sale and leaseback. The guidance was based on management best estimates of nbn impacts including input from the nbn Corporate Plan currently published at time of issue of this guidance. Refer to Full year results and operations review – guidance vs reported results reconciliation (set out in our ASX announcement titled “Financial results for the full year ended 30 June 2021” lodged with the ASX on 12 August 2021).

2. ‘Reported lease adjusted’ includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA.

3. Refer to definition in the Glossary.

4. COVID impact in FY21 includes estimates across international roaming declines, delayed cost out, customer support and deferred NAS professional services.

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.

Operating highlights



Mobile strategy continuing to deliver growth

Mobile service net adds

- +101k retail postpaid handheld services including +67k branded +34k Belong
- +95k retail prepaid handheld unique users
- +240k wholesale MVNO including prepaid and postpaid services
- +892k retail IoT services

Fixed service net adds

- -69k retail fixed bundle and data services including +10k Belong
- +246k nbn connections with 45% estimated market share as at end of FY21 (ex-satellite)

Building value

- **Mobile:** +\$3 TMMC mass market branded growth on pcp and \$170m EBITDA growth on pcp
- **Fixed – C&SB:** Focus on higher speed tiers and add-ons
- **Fixed – Enterprise:** Positioning for return to growth with Adaptive Networks
- **Telstra Health:** FY21 revenue growth 6% and confident for high teens organic revenue growth in FY22
- **Telstra Ventures:** ~\$300m increase investment value

Improved customer experience

- Episode NPS improved +9 last 12 months and +6 last six months
- Strategic NPS improved +7 last 12 months and +2 last six months

Continued cost reduction

- \$490m or 8.1% underlying fixed cost reduction in FY21
- \$1.8b or 10.2% decline in FY21 total operating expenses¹
- \$2.3b underlying fixed cost reduction since FY16. On track for \$2.7b cost reduction with \$430m target in FY22

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

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FY22 guidance



	FY21	FY22 guidance ¹
Total Income	\$22.9b	\$21.6b to \$23.6b
Underlying EBITDA²	\$6.7b	\$7.0b to \$7.3b
Capex³	\$3.0b	\$2.8b to \$3.0b
Free cashflow after lease payments (FCFaL)⁴	\$3.7b	\$3.5b to \$3.9b

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

2. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C and guidance adjustments. FY20/21 underlying EBITDA also includes depreciation of mobile lease right-of-use assets.

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

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

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Financial strategy

Our purpose and values

To build a connected future so everyone can thrive

We are changemakers

We are better together

We care

We make it simple

Our ambition

To deliver growth and value for shareholders

Our building blocks



Build financial momentum across our portfolio to deliver growth



Deliver net cost reductions – \$500m net fixed cost out from FY23 to FY25 while investing for growth



Focus on cash conversion and generation



Active portfolio management to unlock value and manage our Balance Sheet



Create shareholder value through our capital management framework

Our financial ambitions to FY25



Underlying EBITDA¹

- \$7.5–8.0b by FY23
- Mid-single digit CAGR FY21 to FY25



Underlying ROIC¹

- ~8% by FY23
- Grow beyond to FY25



Underlying EPS¹

- High-teens CAGR FY21 to FY25



Dividend

- Maximise fully-franked dividend and seek to grow over time



Excess cashflow

- Invest for growth and return excess cash to shareholders

1. Refer to definition in Glossary and see disclaimer slide in relation to these financial ambitions



We will deliver growth through our T25 strategy

Financial strategy

- | | | | | |
|---|--|---|--|---|
| Build financial momentum across our portfolio to deliver growth | Deliver net cost reductions – \$500m net fixed cost out from FY23 to FY25 while investing for growth | Focus on cash conversion and generation | Active portfolio management to unlock value and manage our Balance Sheet | Create shareholder value through our capital management framework |
|---|--|---|--|---|

Financial ambitions

- | | | | | |
|---|---|---|---|--|
| 
Underlying EBITDA¹ <ul style="list-style-type: none">• \$7.5–8.0b by FY23• Mid-single digit CAGR FY21 to FY25 | 
Underlying ROIC¹ <ul style="list-style-type: none">• ~8% by FY23• Grow beyond to FY25 | 
Underlying EPS¹ <ul style="list-style-type: none">• High-teens CAGR FY21 to FY25 | 
Dividend <ul style="list-style-type: none">• Maximise fully-franked dividend and seek to grow over time | 
Excess cashflow <ul style="list-style-type: none">• Invest for growth and return excess cash to shareholders |
|---|---|---|---|--|

1. Refer to definition in Glossary and see disclaimer slide in relation to these financial ambitions



Q&A

Glossary



Term	Definition (unless separately defined in the slide footnotes)
CAGR	Compound Annual Growth Rate
Capex	Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases
EBITDAaL	Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and after leases
Free cash flow after operating lease payments (FCF)	'operating cash flows' less 'investing cash flows' less 'payments for operating lease liabilities', and excludes spectrum and guidance adjustments
Guidance adjustments	Guidance adjustments include material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management
In-year nbn headwind or nbn headwind	The net negative recurring EBITDA impact of the nbn on our business for the reporting period. See 'nbn impact on EBITDA' slide for details of the in-year nbn headwind
net one-off nbn receipts	Net one-off nbn Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect (C2C)
Reported lease adjusted	FY21 'reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA
ROIC	Calculated as Net Operating Profit after Tax (NOPAT) as a percentage of total capital
Underlying earnings	Profit after Tax and Minority Interests (PATMI) from continuing operations excluding net one-off nbn receipts and guidance adjustments
Underlying EPS	Underlying Earnings Per Share (EPS)
Underlying EBITDA	EBITDA excluding net one-off nbn receipts and guidance adjustments. FY21 underlying EBITDA also includes depreciation of mobile lease right-of-use assets
Underlying ROIC	Calculated as NOPAT excluding net one-off nbn receipts and guidance adjustments, less tax, as a percentage of total capital

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These presentations include certain forward-looking statements. The forward-looking statements are based on certain assumptions and information known by Telstra as at the date of these presentations.

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In addition, there are particular risks and uncertainties in connection with the implementation of the Telstra 2025 strategy (T25), including the response of customers to changes in products and the way we interact with them as we move to a digital operating model; the risks of disruption from changes to the ways we work; that detailed business plans have not been developed for the entirety of the strategy and the full scope and cost of T25 may vary as plans are developed; Telstra's ability to execute and manage the elements of T25 in a sequenced, controlled and effective manner and realise the planned operational synergies, cost savings and revenue benefits. There are also risks and uncertainties in connection with the proposed legal restructure announced on 22 March 2021.

Telstra does not provide financial guidance beyond the current financial year. Telstra's financial ambitions to FY25 (in particular for its Underlying EBITDA and Underlying ROIC by FY23) and FY25 outcomes are not guidance and there are greater risks and uncertainties in connection with these ambitions. The indicators provided in this presentation of FY25 outcomes and FY25 financial ambitions, are provided to illustrate some of the outcomes which management is currently focused on delivering across the short to medium term. Each item and action is subject to a range of assumptions and contingencies, including the actions of third parties.

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The assumptions underlying and the basis upon which we have provided our FY22 earnings guidance is set out on the slide "FY22 guidance". Defined terms are set out in on the slide "Glossary".

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