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Connected Future 30 Strategy - Investor Day Transcript

In accordance with the Listing Rules, attached for release to the market is the transcript from Telstra's Investor Day 2025.

Release of announcement authorised by:

Craig Emery
Company Secretary

Connected Future 30

Vicki Brady: Well, good morning and welcome to everyone that we've got in the room with us today, and those of you joining us on the live stream. We're joining you today from the lands of the Gadigal people here in Sydney. And on behalf of Telstra, I acknowledge and pay my respects to the traditional custodians of country throughout Australia, and recognise the continued connection Australia's First Nations people have to land, waters and culture. We pay our respects to Elders past and present.

Today is also the beginning of National Reconciliation Week, and at Telstra we remain committed to reconciliation and supporting a fair and inclusive Australia that recognises, respects and celebrates First Nations people and culture.

We're also approaching a significant milestone; the end of one strategy and the beginning of a new one. Through T22 and T25 we've built a strong muscle, a muscle to take our strategy and deliver it throughout our business. It's absolutely laid the foundations for what comes next. So today I'll take you through our Connected Future 30 Strategy, a strategy that leverages on our leadership in mobiles and digital infrastructure, that steps up our focus on cost discipline and efficiency, and delivers consistent growth and value for shareholders.

You're also going to hear from more of the team today. Brad, Amanda and Oliver will talk more about Consumer, Business and Enterprise segments. Shailin and Kim will talk about how we're thinking about our network as a product. Brendon on Digital Infrastructure, and of course Michael on our financial strategy.

I'm going to begin with some context to give an overarching perspective of where we're at, and then move to our strategy and how we're thinking about creating value.

One of the real strengths throughout our history has been the ability to adapt and lead. In fact we've transformed connectivity for Australia many times over. What has underpinned that is our enduring purpose, which is building a connected future so everyone can thrive.

We are again at one of those inflection points where technology, things like AI, is transforming, and so too is connectivity. We know as we step back in this moment in time and look at some of the key trends, firstly we can see customer needs are changing. They're looking for connectivity to be more sophisticated and more flexible. We know we have different attributes that our network can provide, from uplink to reliability, latency, security and we know these things are important for different segments of customers. We already have customers wanting to engage with us in different ways, for example through APIs. How we anticipate and meet those changing needs of our customers will be crucial to our success.

We also know that there is unrelenting demand for more data and more connectivity. We're seeing that fuel a super cycle of investment in digital infrastructure. There is no version of the future that does not rely on technology, and it all needs to be connected.

As we look ahead over the next five years, we believe the pace and scale of that

change will only accelerate, and that is going to drive more and more demand for connectivity. In moments like this we think it's really important to be clear on who we are and what we do. We have significant competitive advantage and we see a massive opportunity ahead, and so do others. The environment that we're competing in is fast changing, so we must move fast too.

Back in March at Mobile World Congress there was a lot of optimism in the telco industry about the role we can play in this future. But there was also recognition that we need to think differently. Think differently so that we can capture some of the value that is created. That's essential to sustain our ability to keep investing to support it.

Our connectivity business has a long history of innovation and so we see this as a massive opportunity for us. Our core connectivity business is strong, particularly our mobiles business. We have a successful digital infrastructure business with exceptional assets, and our network innovation and customer reach is unmatched here in Australia.

Now some of you have seen these moments before, and might be thinking why is it different this time around. Telcos have said this before. So why will it be different? What is fundamentally different this time is the core of our business is transforming, and that's our network. It's becoming more virtualised, more software defined, and more autonomous.

That gives us the ability to do things differently, gives us the chance to challenge the commercial models, to create differentiated offerings that meet different customer needs. We're also seeing globally those telcos come together and align around standardised APIs. We have the conditions to disrupt the status quo and create new value. Again, being clear on who we are, our strengths and what our customers need will help us compete and be successful.

Our Connected Future 30 Strategy will see us double down on connectivity, and radically innovate in the core of our business. We will do what we do best, and that is adapt and lead to shape the future of connectivity. We will push the boundaries on our network leadership, and make it simple for customers to get the connectivity they need in a fast changing environment. We will step up our focus on being efficient and competitive, and we will reinvent commercial models so we can continue to invest for customers and communities. Our overarching ambition is to be the number one choice for connectivity in Australia.

To achieve that ambition we know we need to understand our customers even more deeply, and we need to treat our network as a product with its own value. So we are thinking about our business differently across three layers, and pushing ourselves on the opportunities in each layer to generate more value for our customers, be more efficient and more competitive, and in turn deliver more value into our business.

So let me talk through the three layers, which have a goal each. So if I start with our customer layer, called Customer Engagement. Our goal is to lead in how we anticipate and deliver on the connectivity needs of our customers. Our second layer, our network layer, Network as a Product, to build and operate Australia's leading network, and reinvent how we capture value from it. Our infrastructure

layer, Digital Infrastructure, to be Australia's leading digital infrastructure provider.

I'm going to speak to each of the layers before I then touch on the key enablers. So firstly Customer Engagement. As our customer needs evolve and they navigate this fast changing tech environment, we have to make it simple for them. For consumers, that means providing them differentiated connectivity experiences that are tailored to their needs, but doing it in a simple and efficient way, as well as being a reliable and safe place for them to connect.

For business, it is becoming a trusted partner, providing a truly premium experience by focusing on our core connectivity and leveraging our stores, technology centres and partner network to support them in the way they need. For enterprises, making it simple to get increasingly sophisticated connectivity, transforming our customer experience, and delivering secure and sovereign connectivity tailored to specific industry needs.

Overall we're focused on enhancing our customer relationships, our reach and our brand across all of those segments, and delivering market leading digital experiences. Our targets for our Customer Engagement layer are to grow our strategic NPS by more than 50% by FY30, and consistently be among the top 10 strongest brands in Australia.

Turning to our Network as a Product, which we're thinking about in two parts. Firstly, to radically innovate in core connectivity, and really push the boundaries on our network leadership. A good example of that was earlier this year when we announced the additional \$800 million of BAU CapEx that we will spend over the next four years, rolling out 5G advanced capability to deliver the most reliable, the most resilient and the best 5G network here in the country. We'll also continue to lead in new technology, things like satellite to mobile, or making our network more programmable and autonomous.

The measure here for us is targeting to lift our Network Experience Index, which is based on availability and speed experience, by one point each year to FY30. What this means for customers is raising the bar again on reliability and consistency, providing them the connectivity they need when and where they need it.

The second part of Network as a Product is how we reinvent the way we capture and create value from our network. It's how we push ourselves in the productisation, in the pricing, how we get value as we build the capacity and deliver more sophistication to our customers. It's thinking about how we monetise the network attributes like uplink, like latency, like enhanced security by really enabling our customer engagement teams to create differentiated offerings.

Also we have the opportunity through new models, via APIs. Our partnership with Aduna that Kim will speak more about today is a good example. Or the products we're putting together with someone like the Commonwealth Bank here in Australia, with Scam Indicator.

I think it's helpful to think about applying this. What are some of the ways this could show up for customers? For consumers, it could be customers who really

value streaming movies on the go, and they need downlink speeds super fast. It might be someone who does lots of video calls, I suspect people in this room can relate to that, and they want a really consistent experience. That's going to require a really good uplink experience.

It could be some of the more sophisticated use cases; augmented reality, using AI for live image processing. Again, needing good uplink and very low latency. For a business, it could be as simple as being a food vendor at a big event, and wanting to make sure your connectivity to support your payments goes uninterrupted, no matter how crowded the venue or stadium is.

For enterprise, it could be a retailer that needs to be able to scale their bandwidth fast during peak sales periods. For the government, it could be needing to increase security on a link for a particular point in time. For a mining company, it could be greater observability and control over remote operations. By FY30, we aim to transform our connectivity platform with the majority of our connectivity revenue enabled by Network as a Product. This means for our customers and our business, we can take advantage of the new capabilities that we're building into our core connectivity offering.

If I turn now to Digital Infrastructure, we have an incredibly well-positioned digital infrastructure business. Brendon's going to talk a lot more about it this morning. When we look into the future, we see predictions that global network traffic is set to grow by five to nine times by 2033. There are very few digital infrastructure providers who can support that growth in Australia and Asia Pacific.

We have real and significant competitive advantages built over many decades of consistent investment. From our more than 250,000 kilometres of fibre in Australia, which we are extending at the moment with our new intercity fibre routes getting laid in the ground. In fact, I'm sure Brendon will touch on, on 25 June, we're set to switch on the first of those routes from Sydney to Canberra.

To our ducts, to our pits, to our manholes, our network exchanges and, of course, our mobile towers. And on top of that, our subsea cable network that is the largest intra-Asia. Our focus is on maintaining and extending our advantage through continued growth and investment, focus on efficiency and digitisation, and ensuring we have the right channels and partnerships to scale further. Our targets for Digital Infrastructure are to achieve sustained cash EBIT growth to FY30, and mid-teens IRR on strategic investments and partnerships.

Underpinning our strategy, we have four key enablers. We know that work is going to look very different by 2030, and so will we. People and culture is fundamental for us to achieve our strategy, and our focus is on investing in our people and in our culture to ensure we are a high-performing team right across Telstra.

There is no doubt AI will be a significant unlock, and the pace of that change, having just spent some time in the US, only reinforces how extraordinary that is going to be. No one can predict exactly what our workforce will look like in 2030, but in our case, we believe our workforce will likely be smaller in 2030 than it is today.

Our focus is on investing in our people, to help them upskill and stay ahead. This is through things like our Copilot rollout, our Data and AI Academy, and our joint venture with Accenture, where we are accelerating our roadmap for data and AI. Our target here is to maintain our position in the top 25% of companies globally for employee engagement.

If I then turn to technology leadership, which is all about making sure we are providing the best experiences for customers and our people, while, yes, driving value for our business. At the very foundation of this is our decoupled API-first architecture, which enables us to fundamentally change how we build products and services and get them to market. For example, if I look today, when it comes to doing something as simple as changing an NBN plan, it means updating about 30 interconnected systems. It's complicated, it's time-consuming, and there's a lot of opportunity for things to go wrong.

Our decoupled approach simplifies this, allowing us to only update where we need to, and reducing our time to market by around two-thirds. This also reduces complexity and cost, and most importantly, delivers a better customer experience and outcomes.

From this foundation, the architecture I've just spoken about, we have the opportunity to reinvent our business with AI, and as I said, that is only accelerated through our joint venture with Accenture. We're only at the early stages of seeing just what AI can do to transform our businesses. We see the potential inside Telstra across the entire business. Things like the way we engage with our customers, the way we empower our teams, the way we manage and optimise our network. Our target here is to be in the top 25% of global enterprises in AI maturity by FY30.

When it comes to operating sustainably, it is absolutely fundamental to our overall ambition. That ability to deliver value for shareholders and also support the prosperity of Australia. We will continue to engage with our customers and communities to deliver reliable, resilient and secure connectivity in ways that work best for them. We will work with government on policy that creates the conditions for the economic sustainability of our industry, which underpins Australia's digital future. We remain committed to our 2030 targets to reduce our absolute Scope 1 and 2 emissions by 70%, and absolute Scope 3 emissions by 50% from our FY19 baseline.

Financial discipline, of course, is critical, and our focus will be on delivering positive operating leverage as a driver of growth. Our target is positive operating leverage, that is, underlying income growing faster than costs, and BAU CapEx each year to FY30. This expands our focus on costs, from fixed costs to all of our costs across the organisation, stepping up efficiency and consistently pulling levers like AI to get the best possible outcomes.

When we think about creating value, of course, number one is growth in our core business cash flow, which underpins value creation. We are, however, also focused on active portfolio and investment management, along with disciplined capital management. We appreciate that all three of these are important in delivering value for our shareholders. Michael will cover these in a whole lot more detail later in the session.

So when you sum up our key targets, you can see them on this slide. I've spoken to many of these, and shortly you're going to hear more of the team talk about how we plan to deliver on them. Our overall aspiration is to grow shareholder value, focused on growing cash earnings by mid-single digit on a compound annual growth rate basis to FY30, growing underlying ROIC to 10% by FY30, and disciplined portfolio and capital management.

Connected Future 30 is a strategy for the whole of Telstra, and each part of our business will be driving towards our ambition to be the number one choice for connectivity in Australia. There are three things that really give me confidence in our new strategy. Firstly, the trends. Demand for connectivity is only going one direction, and that is up. Our core connectivity business is really strong, and we're well placed to compete and lead through this next five-year period. And then finally, we have a strong track record of disciplined delivery of our strategy and have returned our business to sustainable growth.

We also have the most incredible team across Telstra, who are passionate about what they do best, which is innovating and delivering for our customers. Through this strategy, we will deliver on our purpose to build a connected future so everyone can thrive, and we will help enable Australia's digital future.

We're now going to dive a little bit deeper into the layers, and I want to start with our Customer Engagement layer and how we're going to deliver differently in Consumer, in Business, in Enterprise. So I'm going to invite Brad, Amanda and Olly up to the stage, and we'll play a short video while they're making their way up. Thank you.

[Video playing]

Customer Engagement

Vicki Brady: Well, welcome. It's nice to have some of the team on the stage; Brad, Amanda and Olly, welcome. So we thought the best way to do this was through a bit more of a conversation. And so I'm going to kick off with Brad, I think, given, Brad, you look after millions of consumer customers across the country. I'd be interested if you could touch on how the three layers has really shaped your strategic focus for consumer.

Brad Whitcomb: Yeah, thanks Vicki, and good morning everybody. Obviously, I've had a bit of time to reflect on this, and I believe that looking at the business through this layer model is going to turbocharge our ability to add and create more value for our customers.

And just to bring that a little bit to life, I mean there's no doubt that we, across all of the Customer Engagement layer, we benefit from exclusive access to the best mobile network across Australia. But I would argue, and maybe it's partly my job to argue, that it's more than just the network. There's other attributes like our amazing retail channel, the way our front line staff engage with customers, the way we price, propositions, merchandising, our brand, all that stuff comes to create that ultimate value prop.

But in the current model, sometimes it's difficult to understand where the value is

coming from. Is it the network or is it these other attributes? And I think as we hear more from Kim and Shailin and they elaborate on that Network as a Product, they're going to be taking the essential elements of that network and making them available to the Customer Engagement layer.

And when I reflect on that, and maybe it's just my simple mind, I almost feel like they're building a grocery store, and they're taking all of these key network ingredients and they're placing them on the shelf. But from my perspective, my job is more akin to running a restaurant. So if we follow that, I'll be taking those essential ingredients, but I'm combining them with other things that nobody else can do. Things like, if you follow the metaphor, do we have a host to greet you at the door? What kind of music is playing? Is there tableware? Is it a white tablecloth? Do you serve yourself? And putting all of that together to be able to create a differentiated and amazing experience for our customers.

So I'm delighted by it. I think it's really going to help focus on the things that we already do quite well.

Vicki Brady: Well, thank you. I love that metaphor. I know it's been quite powerful internally with our leaders as we've been working on the strategy. And I guess if we say, Brad, how is that then going to help us show up differently for consumers?

Brad Whitcomb: Well, I think first off, Vicki, you touched on it, that the customer demand is, it's growing massively. And it's not just for data, it's for coverage, and it's for speed and sort of that whole element of it. And beneath that demand, there are customer needs. And some of those are perennial, right? People have always wanted this industry to be simpler. Despite all the progress we've made in that area, it's never enough. And so we've got to continue to simplify the business.

And in kind of that, it always works, works the way I want it, whether you call that reliability, it's just that expectation that a service like ours is going to work when, where, and however the customer wants. So those are foundational.

But I think it's true that customer needs are starting to become more sophisticated and more nuanced. And I think that presents a huge opportunity for us. And I mean, I've been in the industry for a while. I don't think there's ever been a more exciting time to be in the industry than it is today.

Vicki Brady: I've been in the industry a while too – we won't say how long, Brad – but I'm pretty excited. So maybe could you touch on the top priorities for consumer?

Brad Whitcomb: Yep. So we've got five of them, and you can see them up on the board. First off, brand strength. Then creating a very safe place for our customers, being AI fuelled, premium retailer, and differentiated connectivity. And we came up with these, we did a lot of work toward the end of last year, engaging with thought leaders around the world to understand those customer needs.

And it's not just what are they today, but it's what do we expect them to be over the next several years. So it's a little bit like that Wayne Gretzky saying; you don't skate to where the puck is, you skate to where you think the puck is going to be if you want to be a good player. And that's exactly what we've done.

But we've also combined that with, what do we believe we're really good at? What's in our own wheelhouse? And that's how we've come up with these five. And I think a great example of that is brand strength. So probably, maybe because there's so much focus on the technical world, digitisation, bits, bytes, mega this, mega that, we're seeing an emerging desire for customers to have more of a human connection. And I believe our brand speaks to that. Hopefully you feel that when you see our marketing and even the imagery we use, the colours we pick. It's much more humble and an engaging brand.

And that beautiful, heartfelt, engaging brand helps insulate a company like Telstra from the inevitable ups and downs that go on in a company that's this big, this complex. Through consistent execution, we also build more trust and more confidence, not only in our customers, but also in our non-customers as well. And that brand also underpins our premium position in the market.

Now, we've been focused on this for quite some time, and we're starting to see some really strong results come through. So, for instance, in the last 12 months, benchmarking externally, our brand strength has improved by three full points. And believe it or not, that now places Telstra as the fourth strongest telecommunications brand on the planet. And we intend to leverage and grow our strength in that area and build an even more emotional resonance with our customers.

Vicki Brady: Excellent. I love hearing you talk about the brand and the difference that makes. Now, I know we were in the US not too long ago, and at the centre of most of those conversations was AI. So could you touch on how you're thinking about AI in consumer, Brad?

Brad Whitcomb: Yeah, happy to. And if there was one thing I learned on those travels, is that you can't possibly get through a strategy discussion in 2025 without a liberal use of the term AI, and so we'll see that all over the place. But actually, if I think into the Consumer Business, it is truly the number one unlock that we've got to hit a trifecta of improving customer experience, improving employee engagement, and at the same time driving unneeded costs out of the business.

Like our brand position, this is an area that we've been focused on for some time, and we're starting to get into that sort of the scale or the power curve of AI adoption. And I'd cite a couple of examples.

One, we've deployed something called AutoNote Summary across all of our contact centre channel. And so if you were to call in, you'd engage with one of our representatives. At the end of the call, they would then manually type up and summarise that conversation. So if you call back in, the next agent isn't starting from scratch when you call in. We've now deployed AI over the top of that. It does the summarisation, much like Copilot or any of the other tools that you might use for your own productivity. The agent reviews that. They give it a thumbs up if it's right. If they need to edit it, they edit it, and on they go.

That alone has taken about 30 to 60 seconds out of our average handle time. And as you know, if you scale that across millions of contacts, it adds up to a material number. And it's work that our agents typically didn't enjoy doing, and because it's being summarised in a more consistent way, we can then lay new AI tools

over the top of that to identify new patterns and get more proactive about serving our customer.

And the other one I've got to mention, because we've talked about it in the past is AskTelstra. We're very proud of that. It's been a two-year journey. This is a GenAI knowledge management tool that we built in-house. It takes all the product knowledge, all the customer service knowledge. So when a rep has a question about, hey, do I plug the cord into the left or the right hand side of the box, this thing will feedback the answer. Now it's all generated in real-time AI, and we've had over one million questions answered back to our agents. So you can see we're starting to hit the scale.

And in the future, you know, Agentic AI, we're very excited about that. And one thing that's on my mind is I believe this could be a point of sustainable differentiation for us. So it's not just we get our AI capability and others will do the same. I think this is similar to network leadership, that based on the culture that we build, the know-how that we've got internally, the partners we select, that we can enjoy the benefits of getting to lead in AI for many years to come.

Vicki Brady: Excellent. And now, Brad, we could talk consumer all day, but I know we've got Amanda and Olly here as well. Perhaps just one more to touch on out of your priorities.

Brad Whitcomb: Yeah, I would pick Safe Place, because I think this is an extraordinary opportunity. It's also a big responsibility. So you could see the need for this all over the place. By some accounts, cybercrime is the third largest economy in the world, which is hard to believe. It's staggering. I think many of us can relate to the risk of psychological harm from overuse or misuse of social media, particularly among our young people. Now we've got deep fakes on the horizon. They've come out. They're sort of not believable yet. But can you imagine the impact on our trust and social fabric if suddenly we couldn't even be sure when we saw somebody on a video call, they were the right person?

So this is a huge opportunity. Then you combine that with our strong capability in this space, and the leadership position that Telstra has held for many, many years around cybersecurity in particular, and again, doing it at scale. So 2024, on an average month, we would have blocked around 11 million spam calls coming into our customers. They never would have got that call for somebody to try to trick our customer. And about 15 million spam SMS's, your package is about to deliver, just click here on the link, and the next thing you know, your bank account's been wiped out.

So we've got the know-how and we've got the capability. And much like Apple has staked out this position of customer privacy almost at all costs, Telstra is going to be famous for creating the safest digital environment for customers to interact. I'm super proud of that.

Vicki Brady: Yeah, fabulous. Thanks, Brad. So, Amanda, why don't we turn to you, and welcome. I think the first time for you in front of this audience. We stood up Telstra Business about 18 months ago, and you and the team have been busy. I thought it might just, if we start with why that was important to stand it up, and what are some of the things you and the team have been doing for customers?

Amanda Hutton: Awesome. Thank you, Vicki, and hello, everybody. Yeah, it's been an absolutely massive 18 months since we've stood up Telstra Business, where essentially we brought together all of our small business teams and those serving our mid-market segment of customers, to stand up Telstra Business with a specific focus on those businesses with one to about 500 or so employees. And for us, that represents a bit over 800,000 customers, businesses of all shapes and sizes.

And we haven't always focused effectively on that segment of customers. So really standing up Telstra Business was saying, actually, we need to do stuff fundamentally different for that group of customers. Because it's a really important part of our economy. Those businesses make up basically a third of the nation's GDP. They employ 40% of the private sector workforce, so they're a really significant part of the economy.

And we know that those customers have different needs. We can't just apply a Consumer up mindset or an Enterprise minus approach to these customers. They want to have their needs served differently. And we know those customers, many of you probably know small businesses, they are typically time poor. They don't have big IT departments to help them navigate it. Most often they don't have any IT support whatsoever. They need help to bring together some of those technology solutions, help face into some of the cyber issues and security that they're facing, along with their customers. So how do we help them bring that together?

So we've spent the last 18 months really focusing on those customer needs, simplifying some of our product portfolio, looking at how our channels support our customers, and looking at how we can up weight and improve our customer service. So it's been busy.

Vicki Brady: It has. It's been wonderful, Amanda, seeing the work you and the team have been doing. And you've done a lot, but there's a lot more to do. So what does Connected Future 30 mean in Business?

Amanda Hutton: There is so much to do in the next five years for us. But we're super excited about our five pillars. It's a bit of a theme, the five pillar theme. But I might just start with the connectivity solution. So we talk a lot today about connectivity, and it is absolutely fundamental. And for us, it's about creating that portfolio of products and services that are really fit for purpose for our business segment of customers.

And for those customers, they absolutely value a quality network experience, a secure network experience and one that is absolutely reliable. And so when we start to think about that innovation and step change of what we're going to do with those connectivity solutions, there is so much to offer for our business customers. You know, there are those times of the month or so where those customers need to run their payroll solutions, and so they need to have performance guaranteed for those applications, or the vendors at the food truck. My own personal experience, the food truck vendors do need absolute certainty of connectivity. Because you can have the queue of customers, but if you cannot take a payment, absolutely fundamental.

So we know that those are important for businesses, but that's actually how you bring together those technology solutions in a way that businesses can see, ah, I

can see that helping my organisation. I can see that helping me grow, delivering my own business growth, but actually also productivity solutions. So lots for small business and mid-sized businesses.

Vicki Brady: And yes, I did steal your example, Amanda, your recent experience trying to get hot chips for the kids at a big event, and the EFTPOS not being too reliable.

Amanda Hutton: Yep, not working.

Vicki Brady: So I thought a good one to touch on as well would be what lasting relationships means for our business customers.

Amanda Hutton: Yeah, I think it's no surprise that we've called this layer Customer Engagement. Because it is about understanding really critically the needs of our customers and being able to respond effectively and in an agile way to those needs. And we will do that through our broad range of channels. Today we interact with customers across the country through our retail store network. We've got hundreds of stores and dedicated business centres, our digital self-service environments, dedicated account management with our bigger customers, and a network of over 100 partners who support our customers every day of the week.

And it's through those channels that we will deepen that understanding, but actually create a much better experience. And today we haven't always fully delivered on those experience desires from our customers, but actually in the next five years we will be doing a substantial step change of how we're approaching it. Particularly thinking about having those graduated levels of service as customers grow and their connectivity needs become more sophisticated.

So you can imagine a small business with, say, three or four staff members, they will interact with us in maybe one of our retail stores. As their businesses grow bigger, we may support them with one of our business centres. Or as their connectivity needs grow even larger, actually through one of our dedicated account managers.

So I think that model is going to be helpful for customers, but it's also an opportunity for us to think about new distribution models to market, particularly as we talk a bit more about those connectivity solutions, and how some of those network features in particular, and I can see we've got a highly engaged group of channel partners who, many of them, they're small businesses in their own right. And I can see the opportunity for those businesses to take hold of some of those network attributes, combine them with some of the brilliant technology solutions they offer for customers, and I think tremendous opportunity here.

Vicki Brady: Yeah, it is exciting. And maybe if we touch on just one more; growth mindset.

Amanda Hutton: Yeah, I think the whole ethos with Telstra Business is absolutely thinking about this segment in a fundamentally different way. It's seizing the opportunity ahead of us. And that comes back down to some pretty fundamental things. We have to absolutely put the customer needs at the forefront, and keep coming back to what's important to our customers. Energising our people, and really a customer-centric workforce empowered by AI, and I think that is also going to unlock tremendous growth for us.

It's also about, I think when we speak about the layer model, it's about exposing the layers of our business in a different way for us to then think about the economics of our layer in particular, and then what are the ways that we can approach that. So having that reseller mindset I think is going to be important for us to make sure that our business is sustainable moving forward. So lots to be optimistic about.

Vicki Brady: Yeah, excellent. Well, thanks, Amanda. So, Olly, why don't we turn to you? I know it's just over a year since we announced the TE reset, so it's been a very busy period for you and the team. But before we get to that, I thought it might be helpful, we stood up Telstra Business 18 months ago, so which customers sit with you in Enterprise now?

Oliver Camplin-Warner: Yeah, thanks, Vicki, and good morning, everyone. So in Enterprise we look after around 2,600 customers, and they're across government and industry. Let me try and bring that to life a little, maybe with some examples of some of our precious customers.

They're the likes of McDonald's, Linfox, Bega. When I think about the government customers, New South Wales Department of Education I was with last week, Department of Health I was with yesterday. These are incredible organisations who do incredible things across the country.

The way I think about it, Vicki, is they are the government agencies that educate our children, that keep us healthy in our hours of need, that keep Australia safe as well. And then on the corporate side, they are the organisations that clothe us, that feed us, that bring us from all corners of Australia into this wonderful theatre today. So a beautiful range of 2,600 customers.

Vicki Brady: Yeah, it's fantastic. Olly, I know it has been a big 12 months of change, and I'm pretty sure people, before we get to the strategy, might want to hear some of the progress update on the reset.

Oliver Camplin-Warner: Yeah, of course. So we've been on a journey, and to be honest, we continue to be on a journey to reset our Enterprise Business. And that really started with a deep review of the full value chain. Really inspecting every single aspect and really challenging ourselves. And where we landed was that, first off, we weren't clear enough on our priorities in the business. We got feedback from our customers that we were too hard to do business with, and there was also this strong opportunity to strengthen the commercials.

So where that led us was we need to ensure that we are customer-centric moving forward, that we are much simpler and easier to do business with, and that we are more profitable as well. So we took a number of actions. As you know, it's quite a long list of actions as well. So as opposed to going through all of those, what I thought I'd share is actually some of the outcomes that we've delivered.

So first off, and this one was an absolute non-negotiable for me from the get-go, the changes that we have made, our customers, they've resonated well with our

customers, and we've actually seen NPS increase over the last year, so that was really, really great to see.

Secondly, and we made a commitment to the market, we had too many products in NAS, and we made a commitment to significantly reduce that by two-thirds. We are on track to do that. I'm really pleased to share that we've actually exited about 50% now of our NAS products.

And then thirdly, there was a significant focus on streamlining the cost base of Enterprise. There were some workforce changes that we had to sort of work through here, and there we've contributed about half of the total cost out across the business. So where I close is we've made significant progress in the last 12 months. There is more work to do. What I love about reset is it's really putting customer right at the heart of our thinking.

Vicki Brady: It has been. It's been you and the team, I think the progress has been great to see. Olly, still lots and lots to do, so where to from here?

Oliver Camplin-Warner:

Yeah, hey, we've spent a lot of time as part of our strategy thinking about what does this business look like in five years? How can we continue just to really exceed our customers' expectations? And where better place to start, there in terms of where you want to go, than listening to our customers?

So we've conducted extensive interviews across our customer base. It was amazing to have you in so many of those conversations. And really what our customers told us were two things. First off, they really want us to focus on what we are great at, and that is core connectivity. Secondly, they challenged us; we need to be easier to do business with moving forward. So we've really got that message loud and clear from our customers.

We've taken that and all of our thinking, and that's really led us to our strategy. And our strategy, simply put, is to no longer be everything to everyone. We will refocus on core connectivity. And this isn't about going back to the core. This is about radically innovating the core moving forward. That's really, really important.

What does that mean for Tech Services? So here we've challenged ourselves on how do we best unlock the value of our Tech Services Business. Is it best that that sits as part of Telstra? Is it best that we explore a partnership option? Is it best that we actually divest? So that is some thinking that we're still working through at the moment, but we are exploring all options.

Vicki Brady: No, that's excellent. And it was a lot of fun, Olly, actually, being in some of those customer conversations and getting that direct feedback.

Oliver Camplin-Warner:

Yeah, so good.

Vicki Brady: And I know we've got your priorities up. Do you want to speak to some of those in more detail?

Oliver Camplin-

Warner:

Yeah, I'd love to. And before I go, just on the customers, I can't wait to give them a call later today as well, just with the strategy and where we've landed.

But what I'd pick here, I'd pick network leadership to begin with, like network, our brilliant, beautiful network. And Shailin ends up on stage a little bit later talking all about it. But again, what our customers are wanting from us is just to focus on where we are really good. But just having a secure and reliable network is no longer enough. They want more. They don't want generic connectivity. They want a more sophisticated connectivity.

To the conversation earlier, there are so many attributes in our network that they want to be able to access. You spoke about the ability to flex up and down as customers required, to have that government-grade security, to get faster speeds. That's really what our customers are looking for from us. So our beautiful network is really going to make sure that it sets us apart in the future.

Vicki Brady:

Excellent. Music to Shailin's ears. I know he'll be up next. Maybe customer experience. What's planned there?

Oliver Camplin-

Warner:

Yeah, here, so customers value the interactions with us. They see us as that strategic partner. But as per the feedback earlier, they did share that at times we are too complex to do business with. So we really have to face into that. And by 2030, I'm excited to see how we can radically transform the experience that we give them.

We need to make interactions seamless and digital. They're crying out for self-serve tools as well. They don't always want to speak to someone. Sometimes they just want to be able to do it themselves. They want us to be able to deliver faster, more transparent, have access to where orders are at.

So there's a significant body of work here. And this is one where we're going to have to lean on all things AI, on our incredible joint venture with Accenture. We're really going to have to leverage that and look at how we can automate and just lift the bar.

Vicki Brady:

OK, that sounds good. Can I pick one more? And I suspect there'll be people in the audience saying, oh, industry value propositions. I've seen that before. So why is it different this time?

Oliver Camplin-

Warner:

Yeah, so as you know, we aligned to industry a while ago. But for me, this isn't new, but we have the opportunity to lift our level of ambition and thinking here. Now that we're really clear that it's all about core connectivity, how can we revisit our industry value propositions? How can we leverage some of the advancements that we've made around AI, 5G slicing, private networks? How can we repackage those value propositions so we can really help customers achieve their business outcomes?

Why do I think we're in such a strong position? A couple of thoughts. First off, we have unrivalled expertise, skills, capabilities, sovereign capabilities to be able

to work with customers on nation-building infrastructure projects. So I look at Tasmanian Emergency Services Radio Network, or TasGRN, as it's often referred to. We are so uniquely positioned. None of our competitors can work on projects of that scale.

Secondly, we have such a deep understanding of our customers' connectivity needs. And then you combine that with the investments we're making in our industry thought leadership. That makes a very powerful combination.

And then thirdly, we have such a strong ecosystem of partners that we just work with day in, day out. And putting all that together makes for a powerful force. So I know you've taken me a few different places.

Vicki Brady: I have.

Oliver Camplin-Warner:

You've made me work hard today. But maybe just a quick summary on the Enterprise side. First up, we are incredibly clear now on our priorities. We have a job to do to finish the reset. We're happy with the progress that we've made, but there is more work to be done.

We need to maintain a focus on cost and capital management, looking at Michael. But also we have to focus on or refocus on core connectivity, making it simple, sophisticated and easy to work with. And then finally, we just have this incredible opportunity to deliver a level of experience that our customers are expecting.

Vicki Brady: That's an excellent summary. Hope you're working hard every day, Olly, not just today.

Oliver Camplin-Warner:

Every day.

Vicki Brady: I know you are and the team, which is excellent. We've touched, I know Brad touched on AI, but it is such a big topic. So I thought I might, Amanda and Olly, come to both of you. So, Amanda, AI adoption, what does it mean in Business?

Amanda Hutton: Yeah, I think Brad outlined a number of examples. Really equipping our frontline teams with just fundamentally better tools to make it easier to sell and serve our customers day in and day out. And I think that is going to yield tremendous benefits for our workforce.

I think the other area which is super exciting in the Business segment, our systems and tools, they're some of the oldest in the company, and we are on a path to transform those. And AI, including Agentic AI, is, I think, a fundamental way for us to accelerate that progress. That is going to deliver us a fundamentally different customer experience, and experience for our people. So we are absolutely excited about that.

And I think the last one, today one of our AI use cases is really understanding, using AI to understand network experience down to a customer level, and then marrying that with a range of customer interaction data. So really being able to understand experience and then really predict sentiment, customer sentiment.

And that's a very, very powerful combination. We use it today to help shape where we want to invest in our network to improve experience. But those same capabilities can then be applied to how we have better quality conversations with our customers, to use that to predict the next set of needs to be able to talk to our customers about. So when we're thinking about that growth mindset, these are some of the capabilities that we're super excited to be working on.

Vicki Brady: Yeah, excellent. And Olly, applying AI in Enterprise?

Oliver Camplin-Warner:

Yeah, it's tough following Brad and Amanda when they've done such a good job of talking about some of the use cases. Like you said earlier, I mean, our trip to the US was just so mind-blowing in terms of the opportunity that exists. I'd say Enterprise is still relatively early on, but we're incredibly excited by the future. A couple of examples though that I just would share.

Like Amanda in the sales space, we see tremendous opportunity, and we're already applying AI there to help our sellers understand the holdings that a customer has, to understand all of the interactions that they've had, to then sort of suggest the best next conversation, and what sort of sales opportunity stands the maximum chance of success. And there we've seen significant uplift in terms of revenue outcomes.

The other one on the service and delivery side is sometimes working with our customers on some challenges that they may have, supporting our technicians with the latest information on that outage, on what's happened previously as well, providing them real prompts, live prompts as they're going through the conversation. And what we've seen there is actually much faster resolution when it comes to resolving issues and a much higher level of customer experience. So early stages, but super excited about the opportunity ahead.

Vicki Brady: Yeah, early, but some tangible things already.

Oliver Camplin-Warner:

Very much.

Vicki Brady: Which is great to see, and huge opportunity. So thank you, Brad, Amanda and Olly. Good to have you up on stage. We're now going to move to Network as a product, and Shailin and Kim will do a double act. So why don't we hand over to Shailin now? Thanks, team.

Network as a Product

Shailin Sehgal:

All right, thank you, Vicki. It's great to hear from you and my peers about the customer needs that are driving our strategy. Now let me expand on the power of our beautiful network and how we're going to deliver on those customer needs you just heard about, and ensuring that Brad's restaurant is filled with great network attributes.

So I'll share some detail on why our network will continue to remain unmatched, and explore how AI and cloud technologies are driving the next phase of our

evolution towards what we call an autonomous network, a network that is self-healing, self-optimising and dynamic when it comes to configuring itself to deliver the experience intended by the customer.

Now our competitive strength comes from the unparalleled connectivity we provide across Australia. Now Olly said our customers want us to be focused on what we are good at; sophisticated core technology. So that is what we are doing.

Our extensive fibre network is the foundation enabling our industry-leading fixed and mobile networks. We continue to grow 5G coverage, ensuring that we have provided unmatched connectivity across Australia. Our satellite partnerships are already improving customer experience, resiliency of our network, and further extending its reach to even more locations.

Now as we look into the future, AI and cloud are driving the next evolution of our strategy with advances in machine learning, Generative and Agentic AI, improving the ability to solve complex problems and perform intricate tasks at scale.

Now AI is reliant on a distributed cloud, and depending on the use case, it needs to be connected closer to where it is being used. AI also needs high-speed access to data on a high-capacity network. Now to bring this to life, consider autonomous vehicles connecting directly with each other to share speed, position, the car's intention to speed up or slow down, and hazard warnings in real time. This will result in an increased demand on our network. Now sensors, cameras and other features that these cars are using to understand their surroundings and to navigate and make decisions, will particularly put pressure on our uplink traffic.

Now imagine if you want to go to the airport, and you want to make sure that you get there on time. This is the intent. It is the plain English instruction you give to your car. Your car then relays what it expects from our network to satisfy your intent to arrive at the airport on time. This intent-based instruction allows the cars to coordinate lane changes, prevent collision, and optimise traffic flow. Not just based on what the cars are now seeing, but also what other vehicles around are experiencing and sharing. And this is where the world is heading, and we are setting our network up to lead this change.

Now the evolution of our beautiful network will not only enhance our capabilities and transform the way we operate. Our customer network experiences will improve, and we will redefine how each service and experience interacts. The network will continue to be more software-defined, programmable, and open source for AI to execute in real time, allowing both machines and the network to continuously learn from each other with each interaction.

So what is a programmable network? It's a network that is infused with AI that can quickly adapt to the changing conditions without human intervention to deliver a superior customer experience. It is the cornerstone of our Telstra's autonomous network.

Now sustaining and extending the network leadership is at the forefront of our strategy. We are truly at an inflection point where network has to respond to increased sophistication of desired connectivity. We have recently announced an

incremental \$800 million to transform our mobile network over the next four years, to deliver most advanced and most reliable mobile network in the country.

Now this spend is within Telstra's BAU CapEx by directing a larger portion of overall CapEx to our mobile network. By completing this transformation, we will leverage our spectrum assets to the fullest, and we can deliver high capacity, lower congestion, and lower latency, ultimately providing even better experience for our customers.

Now as we do this, we are building on our lead, giving us greater autonomy and access to 5G advanced features, which include significantly more wireless capacity, including a step change in our 5G uplink capacity. Six times more energy efficient performance, and then access to 5G advanced software, which enables self-optimisation, self-healing, and dynamically allocation of bandwidth to the user.

And the use of open source software, and what we call open RAN ready hardware, provides greater openness in giving Telstra the ability to actually embed best-of-breed AI agents. Importantly, we will be able to expose certain attributes of our network to create additional value.

Now our investment and roadmap will enable us to lift our Network Experience Index by one point each year. This metric is based on availability and experience of the network for our mobile and fixed customers, and it is designed to ensure that we at Telstra, including my network engineers, are focused on what matters most to our customers.

Along with building our existing, foundational network, we will continue to seek new opportunities and lead in developing new technology. One such exciting advancement on the horizon is the launch of satellite-to-mobile messaging service. To date, we have sent 55,000 messages during testing, and we will be launching very soon.

Now this groundbreaking service will leverage our partnership with leading satellite providers to deliver messaging directly to the mobile devices, even in Australia's hardest to reach places. By complementing satellite technology with our existing mobile network, we will help enable our customer to stay connected in more places.

Now it is important to note that this service will improve connectivity for some customers. Messages sent over a satellite network will often take longer to send and receive, compared with the messages over the terrestrial mobile network.

Now on top of satellite-to-mobile advancement, we are driving Australia's requirement within global industry and standard bodies to enable a strong ecosystem to support our future roadmap. This helps to build momentum towards 6G, which will further enable opportunities for us to lead and differentiate for our customers. 6G is expected to launch early next decade, in time for the Brisbane Olympics.

Now we are also rolling out world leading optical capability to support fixed and mobile network. This is an incredible technology. It has already enabled us to

double the speed and capacity of our existing fibre network, so we can meet the ever-growing demand for high-speed connectivity and data transmission.

Now security and resiliency are paramount as we advance towards the new technologies. With AI evolving, quantum computing developing, we need to continue to be ever vigilant and have our guards firmly up. Brad mentioned that our customers named their risk related to fraud and scam minimised, and we are adept at managing these changes, because of what we call security by design. It's an approach to make the network a safe place. This security by design approach will continue to focus on security and resiliency of our network. We are striving to ensure that network remains secure as technology evolves from AI to Agentic AI to post-quantum in the near future.

Now, so from everything I have said, we are making significant shift as we strive towards autonomous network. This will improve how we design, build, and operate the network. Telstra's autonomous network is a self-managing network architecture that leverages AI driven automation and adaptive security, to absolutely minimise manual intervention.

Now if I were to reflect on the earlier autonomous vehicle example, all these cars should be able to interact with the network by communicating their intent in plain English, and the network should be able to interpret those intents, self-configure, self-optimize, and create slices of connectivity per those intents.

Now this enables curation of customer experiences, drives resiliency and security, while capturing new value. So we are moving away from a manual network planning, build, optimisation, and operations to an adaptive, autonomous, and responsive network that meets real time customer needs.

Now we continue to innovate and push the boundaries of technology as we remain committed to delivering unparalleled network and exceptional service for our customers. We are not just building on Australia's leading network. We are actually shaping the future of sophisticated technology connectivity.

Now to take us through how we're going to derive commercial value from all the sophistication and programmability we are building into the network, I'm going hand over to Kim. Thank you.

Kim Krogh
Andersen:

Thank you, Shailin. The network is our core, and leadership here will continue to be fundamental for our success as a company. Our core product, the network, has never been more important. Not many industries have similar fundamentals to the telco industry. We see network demand grow significantly every year. We are all depending more and more on the network. Customers, applications, use cases keep demanding more and more sophisticated network.

With these industry fundamentals, you would argue that the telco industry should be one of the most successful. But as we all know, that is not the case. In fact, many telcos' return of investment is less than cost of capital. Throughout T22, T25, we made the bold decision to radically simplify and digitise our core business. We removed our back book, excess fee, lock-in contracts and we stopped subsidising handsets.

At the same time, we invested in our core network leadership and underlying technology to maximise the value for our customers. The disciplined execution allowed us to improve our returns, and we are performing well against global peers. At the same time, we believe there is more growth potential with these underlying industry trends.

Compute and storage is another industry with similar fundamentals. But as we all know, the hyperscalers have outperformed our industry significantly over the recent years. And why is that? First of all, hyperscalers have a scalable business model. If they stimulate more demand to their core business, they increase their commercial returns. If we stimulate more demand, we invest more, and don't necessarily earn more. Our business model is not scalable in the same way. We need to change that.

Secondly, hyperscalers are automated and programmable by design. We need to replicate that. Software, security, AI simplification will all be critical elements of that change. And third, they have a global playbook. Some telcos have tried to be true global operators, but let's face it, it has never worked out, and it probably never will work out.

Other industries like banking have used aggregator platforms to solve a similar issue. We want to replicate that with aggregator models like GSMA, CAMARA and the Aduna joint venture. With our overall Connected Future 30 and Network as a Product, we will address these fundamental changes.

Today's telco business model is static. We built the best possible network and then we put a price tag on top of that. Our business model is mostly best effort across the board. The customer experience depends on many network attributes like security, resiliency, downlink, uplink, jitter, latency, etc. And still, we mostly define network success based on speed and coverage. With AI agents, 8K streaming, cloud gaming and all sophisticated use cases, as Vicki mentioned before, it will be more and more difficult to keep building a network that caters for these demands, and at the same time increase commercial returns.

In our NPS and RepTrack, we see data. We see that customers value network more and more, and it's higher and higher on the buying hierarchy. At the same time, the data shows us that we can do more to deliver additional value for our customers. This, combined with customers moving to more affordable options is a clear indication and a signal from our customers that we can do better.

With our network evolution to become software centric and more sophisticated, we can ensure the link between what you pay and what you get becomes more clear for our customers. Industry machinery, retail distribution centres, gamers, or customers that only uses the network for text and calls, all have very different demands. We want to ensure it's clear which network product or which network attributes best support your specific and personalised needs.

When we are delivering on a specific need and we know the cost of producing that network experience and the network attributes, then we can create the best and most suitable business model that creates better alignment between value for money and return of investment. We want to make what customers pay for, more

tangible. And if you're on the Telstra-branded top tier plan, then it's clear for you why that is premium.

To operate our Network as a Product, we must have reusable capabilities and attributes that can be configured and distribute to different channels, our existing direct businesses, MVNOs, and OEMs, OTTs, and SIs via aggregator platforms like Aduna. We think about the network as a platform. We want to scale and maximise the commercial return of our investment.

As you all know, Consumer, Business and Enterprise segments are the fundamental channels to market today, and we want to ensure they get the products and attributes needed to serve their end customers in the best possible way.

Network as a Product will enable us to change how we structure our plans and our propositions. We will move beyond just download speed and data buckets to more tangible network attributes. We believe these things will improve our differentiation and grow connectivity revenue to improve plan mix in all our segments.

Enterprise customers value and expect programmable interfaces. They are moving away from digital portals to API driven engagement, similar to the way they interact with hyperscalers for compute and storage. Reliable network and the network telemetry are critical for enterprises to optimise their business operation and standard operating procedures. They expect the flexibility and programmability to scale demand up and down based on variation in their own business. Reliable connectivity with the most advanced programmable interfaces will be a real differentiator.

In parallel to our Consumer, Business and Enterprise segments, we can see new opportunity. In today's more direct model, we have struggled to monetise some of the network attributes like gaming quality of service, machinery quality of service, location, fraud, etc. We believe aggregator platforms such as Aduna and local platforms like Telstra.Dev will be a more suitable channel to market for some of these network attributes.

But let's face it, we will not be the only operator that produce network and network attributes. So network leadership, efficiency, quality, seamless programmable interfaces will be critical to lead and grow. At the same time, we are convinced our relentless drive and push in T25 to be efficient, API and programmable first, and an AI leader will be a crucial competitive advantage to support sophisticated network demands and a multi-channel go to market.

The change in business model and how we bring network attributes to market is in our control. What is not in our control is whenever we can make the global playbook work. The industry track record here is not great, but at the same time, we believe it's an inflection point. The network is becoming programmable. Many customers are global, and there is a commercial vehicle in place like Aduna. CAMARA is GSMA standards, where the industry agrees on standardised attributes from the network that are meaningful for applications and developers.

Aduna already include most of the biggest telcos in the world like Verizon,

AT&T, T Mobile, Orange, Telefonica, and of course, Telstra. It aims to aggregate these network attributes for the operators and to monetise them by selling them to global players like OTTs, OEMs and hyperscalers. For the first time, customers and developers have one standardised interface to get attributes that are working all over the world. It is a significant step for this industry, and something that has held us back in the past.

So to recap; the opportunity is ours. The network has never been more important. With our network leadership, scalable business model, programmability and a global playbook, we believe we can bring value to our customers and grow our business. This is part evolution and part reinvention. We believe this is a moment in time for our industry. The foundation we have from T25, combined with the clarity and focus on core in this strategy, gives us the opportunity to innovate and reinvent what matters for our people, customers, and for Telstra.

I'll now hand over to Brendon Riley to talk about the digital infrastructure.

Digital Infrastructure

Brendon Riley: Thanks very much, Kim, and good morning, everyone. Our 2030 goal is clear; to be Australia's leading digital infrastructure provider. It's about leveraging our extensive asset base and international reach to serve evolving customer needs, backed by a strong track record of delivering large scale infrastructure projects and reliable consistent returns.

You've heard from Vicki that network connectivity is even more critical to our customers as consumption becomes more sophisticated and demand grows. Brad, Amanda, and Olly have outlined how we bring this to life across our different customer segments, and Shailin and Kim have excited us all on how we'll innovate and lead on network.

What underpins all of this is our extensive ecosystem of digital infrastructure. From wet to dry to sky, or from subsea cables and landing stations to intercity fibre connected to data centres and NBN POIs, to thousands of power connected sites, mobile towers, and satellite ground stations across Australia. We can connect customers in unique ways with this amazing ecosystem of assets. And as you'll shortly hear from Michael, the business aims to deliver strong, growing and predictable returns for investors.

Our digital infrastructure customer base is diverse and growing. From an industry perspective, NBN and the broader Telstra Group are our largest partners. We provide infrastructure that supports their networks under very long term contracts. We also provide infrastructure supporting major national carriers, global carriers and other wholesalers, also under long term contracts across multiple asset classes.

Our teams work closely with customers to understand their needs. One example has been the shift to offering dark fibre. Since our entry into dark fibre we've experienced strong growth, with over 2,500 new dark fibre services in operation, and we see an opportunity to further scale this to 2030. We also see enormous opportunities with hyperscalers, content providers and satellite companies, with Australia being regarded as a safe, stable, and reliable data hub within APAC.

Microsoft is our anchor customer on the intercity fibre network, and we're supporting hyperscalers with several large fibre and duct deployments. We expect continued growth in this segment, with further cloud and AI adoption.

We're also supporting multinational satellite customers with ground station deployments. We're Australia's leading provider today, with over 300 ground stations in operation or under construction. Many of our customers are now doing business within data centres, and we work actively with data centre providers to ensure the connectivity needs of their customers are met.

We have a long history with government enterprise and industry customers and provide a range of design, construction, relocation, and fibre deployment services. We're increasingly seeing demand for our property, data centre, and edge sites. Examples include solutions for our government customers at our Deakin Data Centre in Canberra, and our Wellington facility in Perth.

In our Commercial Works and Asset Relocation Business, we manage over 1,000 bespoke projects at any given point in time, and they support critical transport, housing and energy projects for local councils, government departments and construction customers.

Our growth plan is about a clear strategy with disciplined execution. Delivering disciplined growth is about being very transparent on what we want to be and what we don't want to be. We aren't in the business of hyperscaler DCs, but we are in the business of connecting them, and we offer connections to over 150 DCs and major sites nationally. We aren't expanding our network for growth's sake, but we are making strategic and disciplined investment in areas like intercity fibre.

I've already mentioned ground stations for satellite operators, and we're also a substantial landlord across DC, edge and property, and we'll continue to pursue attractive opportunities that leverage these assets.

A key focus for our Network as a Product strategy is to make accessing and deploying our digital infrastructure easier, more efficient, more autonomous, and better integrated with all offerings. To support this goal, we're in the final stages of a major upgrade of our fixed asset inventory management system. The upgraded asset management system will also provide the consolidated data architecture required for advanced AI. While serving existing customers more effectively, we also believe this will open our infrastructure assets to new channels, including national and global digital infrastructure aggregators, to expose our assets to an even larger customer base.

Land, power and cooling are currencies in high demand. We have real estate all over Australia, including all major population areas and regional centres, with a current power bank of over 160 megawatts. Many of these sites are well placed to support the edge opportunity when the time comes. For sites with no long term use, we'll progress a footprint modernisation and divestment agenda.

An area which is commanding our attention right now is energy resilience, and that's key to our modernisation agenda. Across our fixed sites annually, we lose mains power due to loss of supply from energy providers around 400,000 times per year. While only a small percentage of these outages impact customers due to

our current energy systems and diverse routes, major weather events are more challenging to manage, as we're seeing currently in New South Wales.

While we have an extensive life cycle replacement program underway to uplift batteries, generators, site network design, we're also deploying more standalone power systems, trialling new battery and generator technologies, and collaborating with energy partners on new joint power deployments and modernisation initiatives.

All initiatives need to be supported by a strong focus on our operating efficiency, and we continue to have a good program which is making great strides. We've been successfully recycling capital, and we'll continue to do this. Since 2019, we've divested around 28 sites with an aggregate market value in excess of \$100 million. On copper extraction, it's a similar story. Since 2019, we've extracted 60,000 tons of copper cable, yielding over \$200 million in EBITDA. Both the copper extraction and site divestment programs are expected to run for the next eight to 10 years.

Overall, our strategy for digital infrastructure aims to deliver sustained cash EBIT growth, and mid-teens IRR on strategic investments and new partnerships.

We're delighted to provide an update on our first two intercity fibre routes. Sydney to Canberra coastal will go live on the 25th of June, and Canberra to Melbourne coastal will be ready for service in Q1, FY26. These routes open up the path from Sydney to Melbourne in which there are around 80 operational data centres. These brand new routes will support Australia's future prosperity and digital growth by providing enormous new capacity to support the AI era.

We'll provide an extra 144 fibre pairs on each route, which will operate at blistering speeds. Our simulation testing for the Sydney to Melbourne ultra-low loss cable, the pink one, we set a new benchmark for fibre capacity over long distant networks at over 83 terabits per second per fibre pair. That's massive. We've now moved to live testing on subsections of the route, and we're very excited by the early testing results which we're undertaking with our partners.

On the map you can see the Canberra to Sydney coastal route, the Melbourne to Canberra coastal route, and the Sydney to Melbourne route with a Canberra bypass. Along the routes we've also deployed mini edge sites, or ILAs, which stands for inline amplifiers. These are power connected sites that house the active equipment required to pump the data capacities at speed through the network.

Building new national infrastructure like this is not for the faint-hearted, but we've backed ourselves to deliver with industry leading expertise. Just to give you a sense of the complexity across the Sydney, Canberra, and Melbourne route alone, we've issued 3,000 land access activity notices, completed 1,723 land access surveys, issued 1,128 construction certificates and notices, completed 171 cultural heritage and environmental service surveys, and we've also had pauses for lambing season, biosecurity cleaning, snow, wildlife relocation and mud, a lot of mud.

We're building two further routes between Sydney, Canberra and Melbourne which are further inland, and these provide essential diversity which is a

mandatory requirement for hyperscalers who are now seeking quadversity. They'll provide a further 144 fibre pairs on each route. We're also progressing our east-to-west routes, and expect these to be online during calendar year 2026 providing even more options for our customers.

Overall, we have completed the design or construction of 5,500 kilometres of the project, including 70 exchange and ILA upgrades. This is a huge achievement, given Australia's terrain.

With the fibre in the ground and ready for use, what do our customers actually buy? Imagine this is the new Sydney to Melbourne route, and the easiest way to get started would be to buy a Wavelength Service. This is a fully managed service by Telstra, so we supply not only the dark fibre but also the active electronics and services to provide operational connectivity.

Wavelength today is current gigabit speeds and gigabyte capacities. If a customer started on wavelength, then it's easy for them to move to the next level of speeds and capacities as their data demands grow. This is in the tera space, terabits and terabytes, and they can buy a Spectrum Service. This is essentially a dedicated section of a fibre pair for the customer's exclusive use. This is usually a managed service, but a customer can also elect to manage it themselves.

Then if required, a customer can move to a dark fibre service, which is whole fibre pairs to push massive speeds and capacities. Typically the customer supplies their own active tech, which is deployed and managed by us. If you recall the map, the customer's equipment would reside along the route in the edge ILA sites.

If we think of the data centre world, governments, enterprises and hyperscalers are planning and developing solutions via long term arrangements. Any data centre site must provide growth, headroom, stable power and security. Think the same for our intercity fibre solution. Everyone is looking for the latest tech with massive speeds, new security and path diversity. They're also looking for the ability to grow their workloads and needs seamlessly over the long term to integrate into their data centres and global connectivity needs.

One other major benefit of our new network is the ability to leverage the latest active tech, and current live trials with Ciena show we can achieve a 50% power reduction and 29% space reduction over past tech solutions. If you wanted a great example which brings to life our Network as a Product strategy, then this is it. We are committed to managing our costs through a combination of long term planning, the shift to preventative maintenance and leveraging AI.

Since the inception of InfraCo, we've been focused on shifting our maintenance regimes from reactive and emergency, to preventative. We've shifted the mix from nearly 20% reactive, to something which is now just below 10% reactive. With a reactive task costing thousands of dollars and a preventative task costing a couple of hundred dollars, this is an important cost management tool. Additionally, more preventative maintenance results and fewer emergency callouts and a more reliable infrastructure business.

Moving on to AI, our first major project aims to reduce truck rolls for reactive power dispatchers. Previously crews were often dispatched to sites where power

restored itself shortly before or just after they got there. By leveraging power and site telemetrics, AI has cut these truck rolls by 10% so far. And we're now going to do exactly the same for our cooling systems. We execute around 25,000 truck rolls annually, so every one we eliminate will save thousands of dollars. Moving forward, leveraging our new fixed asset management system, we will look to exploit AI to crush the manual complexity in the fibre design process. This will significantly shrink cycle times.

Our strategy for towers has proved very successful and since 2021, we've created in Amplitel Australia's leading mobile infrastructure business together with our partners. Amplitel supports all major mobile network operators and has a sustained NPS score of 50. Over 78% of Amplitel's revenue is under long term contracts, all with agreed escalation rates, demonstrating the long-term sustainable growth this type of infrastructure can generate. One of the important early investments we made in Amplitel was a new asset management system which would allow the rapid move to digital twins. And this was important to empower our customers to design their networks leveraging digital twins, to significantly uplift real-time tower data in inventory records, to improve tower maintenance, lifecycle management and safety and transform the speed of customer deployments.

With the largest deployment of digital twins in the region and one of the most advanced digital twin deployments in the world, Amplitel has established itself as Australia's market leader. The team are now working on developing drag and drop functionality that will allow customers to place proposed installations onto the digital twins and receive an instant quote. This is a globally leading initiative and we're very, very excited about the potential it holds.

Since InfraCo's inception in 2019 and Amplitel's inception in 2021, the businesses have delivered both compound EBITDA growth and overall EBITDA margin expansion. Today we are committing to continue our momentum for customers and shareholders to 2030 and beyond. Just before I hand over to Michael, I'd like to share this video about the Intercity Fibre project. Thank you.

Financial Discipline

Michael Ackland: Thanks Brendon, and good morning, everyone. And also thanks to Vicki and Kim and Shailin and who else was there? Oh, Olly, Amanda and Brad as well. I mean it was fantastic hearing from everyone. So good morning. I'm pleased to take you through our financial strategy, after which we'll have our question-and-answer session.

Behind me, you can see our financial goals driven by our Connected Future 30 Strategy. These goals build on the success that we've achieved through T25 and T22 in returning the business to profitable growth and cost discipline. Our goal is to deliver resilient, predictable and consistent growth in shareholder value and returns. We aim to achieve this through a combination of mid-single digit compound annual growth in cash earnings to FY30 and a sustainable and growing dividend. We're also focused on cost, BAU CapEx and investment discipline, and portfolio management. And we're targeting an underlying return on invested capital of 10% by FY30, above our cost of capital and up from around 8%

currently.

Finally, our disciplined approach to capital management will be underpinned by our strong balance sheet and settings consistent with an A-band credit rating. These elements help deliver our goal of consistent growth in shareholder value with growing dividends and a potential for additional shareholder returns. As Vicki mentioned, value creation for shareholders will be achieved in three ways.

One, and this is by far the most important, is the growth of our core business cashflow led by mobiles and digital infrastructure, coupled with cost and BAU CapEx efficiency, delivering positive operating leverage. Two, portfolio and investment management to optimise our returns, unlock value, and invest or partner strategically for growth. And three, discipline capital management as we maintain balance sheet strength and flexibility, helping to deliver sustainable and growing dividends and creating the potential for additional shareholder returns. So let me talk about each of these in more detail.

Continuing our positive momentum is key to achieving the financial goals of Connected Future 30. Our mobile and digital infrastructure businesses are central to this. The strength of our mobile proposition and growing demand for connectivity underpinned continued and sustainable long term growth. We also expect growing demand for our extensive digital infrastructure. These businesses, together with our international business, contributed over 90% of our EBITDA in the first half of FY25. But we'll also continue to focus on improving returns across the rest of our products.

We'll aim for positive operating leverage each year through commercial excellence, cost, and capital discipline. These elements drive our financial goal for mid-single digit cash earnings compound annual growth to FY30. Now we define cash earnings as a view of operating earnings after BAU CapEx, lease and spectrum amortisation. This measure provides a holistic view of cash earnings and is detailed in the appendix.

So let's go through the key drivers of core business performance, starting with our mobile business. As you've heard earlier this morning, we have an incredible mobile business and network assets. Our strategy of ongoing differentiation, fundamentals and demand drivers give us strong confidence in our ability to continue to grow mobile sustainably. For example, telco services continue to provide incredible utility. Mobile data usage has tripled over the last five years. The population continues to grow at 1 to 2% per annum, and we continue to attract customers with our multi-channel and multi-brand strategy, which provides a range of market leading and differentiated service offerings. And as you've heard this morning, we believe there is significantly more opportunity to differentiate and meet customer needs in this space. As you've just heard from Brendon, we are also incredibly well placed with one of the most extensive sets of infrastructure assets in Australia and the region.

What I'd like to highlight is the stable and predictable long-term nature of this business, and this includes over \$1 billion per annum from the government-owned National Broadband Network, which is CPI-linked and contracted for the next 22 years. We'll also continue to evolve our capabilities to support ongoing customer demand and deliver growth. We'll do this by being disciplined and deliberate in

when and how we invest.

For example, the investments we're making in intercity fibre. Positive operating leverage is another key driver of growth. Now this is our ability to grow income faster than all costs. There are three ways we'll drive operating leverage. One, our focus on commercial excellence will help drive growth and returns. This includes looking deeply at the economics and competitive dynamics within each of the layers of our business you heard about this morning, and where appropriate, at our commercial models to ensure we are creating and capturing maximum value.

Two, we'll be disciplined in our investments. Like all capital-intensive businesses, efficiency in BAU CapEx is essential, and we'll focus our investment in the highest returning products. And three, we'll broaden and expand our focus on cost reduction and efficiency, and we'll pursue AI adoption at scale where there is significant potential to create further efficiencies.

Now we have a strong track record in managing costs, having delivered our targeted reduction in annual fixed costs by \$3 billion through T22 and T25. We've done this with product simplification, digitisation of our core IT platforms, ongoing productivity improvements, as well as through active portfolio management. This work continues and will drive ongoing benefits. We've been at the forefront of adopting new technology to drive efficiency, and adopting AI at scale is a continuation of this. So let me speak to that opportunity in a little bit more detail.

On AI we are leaning in hard, and we have ambitious plans. We've been investing to get our technology and data foundation's right to enable AI. We've also partnered with world leading AI capability providers through our joint venture with Accenture to accelerate our AI roadmap, and we're focused on the reinvention of the core processes at scale.

We believe the opportunity is potentially greatest within the core parts of our business. For example, in customer engagement we spend over \$2 billion per annum in operating costs across activities from sales to contact centres, activation, billing, and customer management. And we think AI will revolutionise these activities. Network operations is clearly core to what we do. Running these networks, even excluding CapEx and power costs, cost us almost \$1.5 billion per annum. As you heard from Shailin, autonomous and self-healing networks powered by AI again has the potential to be game changing.

We also spend over \$1 billion per annum across CapEx and OpEx on software development and IT spend. AI has the potential to fundamentally change how this is done. And lastly, we believe there are big opportunities simplifying our back-of-house processes right across the business.

The second element of our value creation is portfolio and investment management. We have a track record of active portfolio management. This includes over \$2 billion of assets monetised during T22, in addition to the \$2.8 billion sale for a 49% stake in Amplitel, and more recently the divestment of our interests in Titanium Ventures Fund II and Foxtel. We continue to evaluate and deploy capital depending on alignment to strategy and risk adjusted returns, and our disciplined approach is likely to see us focus on divestments in the short term. We are

currently exploring potential options in our NAS portfolio as we look to simplify and streamline that business, as you heard from Olly earlier.

We will also look at strategic investments for growth such as we are doing with our Intercity Fibre Project. Our immediate focus areas are in digital infrastructure, however, we will be very disciplined only investing where we are confident in the return profile, and our target is mid-teens IRRs. We have a long history of partnering, and we'll continue to assess opportunities to maximise growth and value for partnering with the following priorities.

One, alignment with our capital management framework. Two, sharing risk or to access capability not otherwise available to us. And three, to access unique funding options or to optimise the cost of capital. And these could include off balance sheet or non-recourse solutions.

Disciplined capital management is the third element in our value creation. Balance sheet strength has been essential to our financial strategy, and we remain strongly committed to settings consistent with an A-band credit rating. This remains important to debt and equity holders and ensures continued access to capital markets, at attractive rates. To grow shareholder value, it is important we have the right capital structure, and a mix of debt and equity that reflects the quality of our earnings and maximises returns.

Now given the quality and resilience of our cash flows has improved consistently over the last four years, we've updated our debt servicing comfort zones from 1.5 to 2x, to between 1.75 and 2.25x net debt to EBITDA. We reported 1.9x net debt to EBITDA at the first half of 2025. The ongoing growth in our earnings also supports in our balance sheet capacity.

Delivering on our strategy, as I've outlined, creates the opportunity to grow shareholder returns. Slide 53 sets this out in further detail. Our aim is to deliver sustainable and growing dividends. We achieved this throughout T25. Our EPS payout ratio has been around 100%, a level we remain comfortable with given we've achieved cash EPS payout of between 80 and 90%.

As we focus on sustainable and growing dividends, we'll have regard to a few things. Cash earnings growth, where our ambition is to grow at mid-single digit CAGR. Cash EPS and EPS. And of course our outlook and commitment to balance sheet settings consistent with an A-band rated balance sheet. While our strong preference is to continue to fully frank our dividends, our franking balance is tight, and we may consider partially franked dividends if growing fully franked dividends is not possible.

Where we have additional capital to return to shareholders, our preference is buybacks rather than unfranked dividends, however, we retain flexibility depending on value and market circumstances. Our goal is to drive enduring shareholder value creation, and our accretive buybacks are consistent with this and also support higher fully franked dividends over time.

Now we announced a share buyback of up to \$750 million in February of which we've completed \$583 million, or 78%. We will regularly review the feasibility of share buybacks within the context of our strategy and capital management

framework. The elements of our disciplined approach to capital that we've just run through are reflected in our capital management framework included in the appendix.

And finally, this slide illustrates our value creation and the potential financial capacity it creates. Our target of mid-single digit cash earnings CAGR from FY26 to FY30 equates to more than \$20 billion of financial capacity by FY30. Through an anticipated \$15 to \$16 million of cash earnings over the next five years, as well as enhanced borrowing capacity. This supports our sustainable dividend, and potential additional shareholder returns, depending on the level of portfolio management and strategic investments.

Now we'll complete the strategic investment on our intercity fibre network in FY26 and FY27, and we will be disciplined in assessing further value enhancing opportunities. There are also other potential cash flows including spectrum relicensing costs and other purchases as well as an NBN true-up payment that we've previously mentioned.

We've also reaffirmed guidance for FY25, and indicated that we expect to be at the top end of both free cashflow after lease payments and BAU CapEx guidance. As previously outlined, we expect to be at the low end of our strategic investment guidance for FY25, and we expect D&A to continue to increase in the coming years.

So to conclude, we have financial momentum from the success we've achieved through our T22 and T25 strategies. Our new five-year Connected Future 30 Strategy builds on these successes and aims to deliver enduring value through core business growth where we're focused on core connectivity, portfolio and investment management, and balanced and disciplined capital management. I'll now invite Vicki back to stage and Nathan to moderate our Q&A session. Thank you.

Q&A Session

Nathan Burley: Good morning. Good morning, everyone and thank you for your interest in Telstra. Hopefully after hearing about our Connected Future 30 Strategy, you're as excited about the future as we are. We'll now start a question-and-answer session, and I'll invite any investors or analysts in the room to start queues at the microphones in the aisles. We ask those that are asking questions to please limit themselves to two questions to give everyone a chance to ask questions. And just a reminder, our primary focus today is on strategy. We will be providing more details on our financial performance in August.

Why don't we start here on the right with Kane. And I'll just ask you to also introduce yourself and the firm that you represent.

Kane Hannan: Thanks very much, Nathan. It's Kane here from Goldman Sachs. Thanks guys. Just two questions from me. So firstly, if I think back to the T22 update, the ROIC aspiration at the time was to be greater than 10%. Obviously, a lot's changed in the subsequent decade, but when I think about a 10% target by 2030, let's talk about what you think is, I suppose, limiting that to be only 10%. I mean, it's still a good outcome. And I suppose whether there's much of an impact from this

digital infrastructure investment we're talking to.

Vicki Brady: Thanks Kane. Do you want to ask both questions while you're there and then we'll do both of them?

Kane Hannan: Yes. Some comments in the pack around the strong mobile fundamentals and obviously contributing to that growth. Obviously back in T25 you put the mid-single digit service revenue CAGR target into the market. I mean, how do you frame the outlook for your mobile business today looking forward, relative to how you were thinking back when you set that target for T25?

Vicki Brady: Fantastic, thanks, Kane. Why don't I take the second one and then Michael, you take the first one. So why don't I lead off. So hopefully it's come through loud and clear today. I mean our mobile business is strong, and we remain very confident in the value proposition we deliver for our customers. We do have the leading and best network in the country and hopefully as well through the strategy. As we talked about Network as a Product, we really see a path here where you do move beyond data inclusions and speeds and things, to really starting to expose a value proposition that suits different needs of customers and that differentiation in connectivity. So we haven't put a target out there on mobile service revenue as you talk about. We've obviously focused on cash earnings, the mid-single digit CAGR to FY30.

Then as we come each year, this is a five-year strategy, so lots will play out over that where we are very confident in our ambitions that we've put as part of this strategy. And then each year as we do our guidance, obviously we'll get more specific about the things we're focused on. But certainly if I sit here today, having been here right at the start of T22 and being part of the team that really transformed and simplified our business, I'm as confident in our mobile business as I've ever been. It is absolutely the core of our business and the biggest creator of value. Michael, do you want to touch on ROIC?

Michael Ackland: Yes, so on ROIC. Absolutely. I mean I think there's a couple of things in there that are sort of worth playing through. I think one is we do expect to see D&A to continue to lift throughout this period, and we've seen some of that come through already. And that is based on the increasing proportion of our investment that's in shorter life assets. So we'll continue to see that D&A position grow.

And then the other impact through this period that will have an impact on ROIC, because it will impact investor capital as well as amortisation, is that we're expecting, I think as we've talked about, a series of spectrum renewals that will come up over this period that will add to invested capital and then eventually also to spectrum amortisation. That probably has a reasonable impact on where we think ROIC will land.

Vicki Brady: Yes, fantastic. Thank you.

Nathan Burley: We'll go over this side.

Eric Choi: Thanks Nathan. It's Eric Choi from Barrenjoey. Hey Vicki. Hey Michael. I just had two questions on some of the new metrics you gave us. So first one's on your new net debt to EBITDA targets. Second one on uses of capital buybacks versus

unfranked EPS and everything else.

So on that 2.25x net debt to EBITDA, it would suggest your gross debt to EBITDA would sit slightly above that. The reason why that's important is obviously Moody's has a 2.2x gross debt to EBITDA threshold. So if you were to gear at that top end, you would breach Moody's threshold. So my question is how important is it to you to maintain that Moody's credit ratio? Or are you happy for that to step down given they're one notch above S&P anyway? Or maybe you just think your business is better than it was historically and therefore you can still maintain it? Did you want the second question, sorry?

Vicki Brady: Yes, why not? That'd be great, Eric. Thanks.

Eric Choi: Second question just on – obviously you said your strong preference to do fully franked DPS and buybacks over unfranked DPS. Obviously, the share price has been very strong, and accretion has sort of been dipping as that share price goes up. So I'm just wondering is there any level where that buyback stops becoming unattractive such that you would consider unfranked DPS, or do the alternatives become strategic CapEx and debt paydown instead?

Vicki Brady: Yes, thanks Eric. So why don't I go to the second one and then come back to Michael on the first one. So yes, on the second, I think as Michael spoke, hopefully it became very clear that that sustainable and growing dividend is very much at the forefront as we think about the financials and value creation for our shareholders. As you said, we do have a preference to continue paying a fully franked dividend, but in the event we weren't able to grow the dividend fully franked, then yes, we would consider partially franked.

And we're also obviously in the midst of a buyback at the moment and we want to make sure – we have a preference to buyback, but you've always got to retain flexibility depending on market conditions and value. So all of those things would be taken into account as we work through it, but absolutely preference to continuing to pay a fully frank dividend. However, in the event we're looking to grow it, and we can't fully frank yet, partially frank would be in consideration for sure. Preference to buyback, but again, flexibility depending on value and market conditions. So hopefully that gives you a little bit more on that. And Michael, do you want to come to credit comfort ranges?

Michael Ackland: Yes, sure. And just on your first one, Vicki, I mean sustainable and growing dividends. And if that means unfranked, then that means unfranked would get considered, I imagine. But we'll regularly review buybacks as part of our overall capital management discussions that we would have on that sort of regular basis with the Board.

In terms of the comfort ranges, our commitment is to A-band and A-band rated. And we will make those decisions based on in terms of some of the sub-ratings, what we think will give us the best access to capital markets and attractive rates at the time. We are making the changes in the comfort ranges because we are more confident, and we do believe we have a stronger case in terms of the sustainability and quality of our cash flows.

And that is exactly the discussion that we would have with Moody's and S&P as

well in terms of putting forward our position around the quality and strength of those cash flows, and why we think that these comfort zones should give them comfort as well in terms of where our rating is. But absolute commitment to settings consistent with an A-band, an A-band rating.

Eric Choi: The follow-on from that, Michael, is obviously your slide 54 is super helpful. Just to help everyone, I guess if you've got \$20 billion of excess capital, you take away all the things you've told us about, you sort of suggest buybacks in the \$3, \$4, \$5 billion range if we take all the information. I don't know if you can comment on that.

Michael Ackland: Well, I think that's the way – we wanted to give you the maths. Because I know everyone likes to do the maths and it's really helpful. So the bit that we have left out of that maths to the point is the portfolio management and investment management as well as spectrum and some of those other cash flows as well. But we've thought it was helpful to sort of see what those opportunities are. But yes, thanks.

Eric Choi: Thanks, Michael.

Nathan Burley: Entcho.

Entcho Raykovski: Thanks Nathan. Entcho Raykovski, E&P. So my first question is around cost out, and I mean I know there's no specific cost out target and that's obviously been part of previous strategy presentations. And there's also a whole lot of sprinkling of AI benefits and other potential cost savings throughout the presentation, including the Accenture JV. So I suppose can you talk us through your rationale for not including a specific cost out target? Are there perhaps other cost pressures within the business that you can't necessarily estimate and that's factoring into it? Again, appreciate the comments around operating leverage. And is there any sort of figure you can provide? I suspect you're not going to give it to us right now, but that sort of thinking would be useful.

And the second question around the NAS business, you've obviously spoken about selling off components of NAS. Are you considering selling off NAS as a whole? And if you did so, does that have any sort of implications on the rest of the operations? Does it become a clean – can it become a clean break or are there pretty significant bundling opportunities which mean that it's quite difficult to do?

Vicki Brady: Excellent. Thanks, Entcho. So why don't we – both of us I'm sure will have comments to be made on cost out, and then come to the NAS business. So you're right, we haven't done it the same way as we have for the prior two strategies. We wanted to drive that focus on operating leverage. Now obviously in that we've expanded the costs that we are focused on, and that's a really important piece. This is not straightforward. Driving positive operating leverage in a business like ours, which is, it's a mature business. We have highly penetrated mobile market and broadband markets, etc. So it is a tough bar for us.

And importantly for us internally, there's a big piece to this around how right across the business our teams really think about how you drive a business, yes, to drive top line, but you've got to make sure your revenue is growing at a faster rate than your overall cost.

And it is that bigger cost bucket that we're looking at, not just fixed cost core. It's our entire cost base in terms of the P&L but also BAU CapEx. So it's not straightforward and it does require us – so you mentioned AI, and as Michael spoke, I think he mentioned some of the size of some of the areas that we can target. If you think about customer engagement, all of those elements around the \$2 billion per annum that we spend on operating costs there today, there is a big opportunity. You think about managing and operating our network, that's around, I think \$1.5 billion, excluding power and CapEx and things there. And then software engineering, IT at about a billion, that's CapEx and OpEx. And then you think about our back-of-house.

So there is no doubt. I don't want you to walk away thinking it's not a focus, it's 100% a focus. We've got to be doing both. We've got to drive the top line, and we've got to drive real efficiency in our business and that's absolutely at the heart of the strategy. Michael, did you want to add to that?

Michael Ackland: Yes, I mean I think if you step back and you look at what our underlying income growth has been, operating leverage is going to be a tough cost out metric, and it covers what we would have called direct variable costs or selling costs, as well as fixed costs, as well as leases, and as well as BAU CapEx.

So we've looked at some of that modelling and going forward, it's definitely as tough a cost out metric as we had in T25. T22 was a little bit different because we had revenue going down, so well operating leverage would've probably led to a similar outcomes there. So I think it's a doubling down on cost is the way that we're looking at it, but we want to give that space for innovation from the teams. When we look across the different product sets, we look across different businesses and we look across different cost types to be more innovative around how we look across that bigger bucket.

Entcho Raykovski: I mean, just maybe as a follow-on, is there any particular area of the business where you're seeing greater inflationary pressure? I mean, I'm conscious that for example, if you look at NBN access costs, those are at least set now. So you've probably got much better visibility now on those than you did back when you were setting the T25 strategies. Is there one area where you think there's a lot of pressure, upward pressure, that you need to manage.

Michael Ackland: I mean, power and fuel has been the challenge. So if you think about trucks, we talked about trucks and our fuel costs, power costs are significant. Which is why we're so focused on driving the autonomous network outcomes and the transformation of those technologies. Lower power costs, you'll hear that coming out all the time. That's probably the one that's most challenging I think as we go forward from a pure inflation point of view.

Vicki Brady: Yes, spot on. And then your second question, Entcho, where you're asking about the NAS Business and those options about what we might do. You heard Olly speaking about where we're at. We're still in the midst of working through many of those options. What we have done is we've brought all of our tech services teams together, so we're operating that business much more integrated as a tech services business. And so that's been an important step.

As we said, we work through very diligently the various options from, do we partner to set our ourselves up to deliver differently? Do we look at a full divestment of some of those capabilities? And I would reinforce, I mean those services we're providing to our customers, they're really important and critical services to them. So as we work through this, we've been absolutely clear anything we decide to do, we have to have it set up so that we can manage that transition in an incredibly smooth way if that's the decision we end up making.

As I said, we are exploring all of the options. It is very thorough, and hopefully you got the sense from Olly today just how focused and disciplined he and the team have been as we work through really resetting our Enterprise business. And we're focused on where we have competitive advantage, it's clear we've got that in connectivity. And we only need to get better and better at that sophisticated connectivity services for our Enterprise customers. And as I said, we work through and make our final decisions in the coming little while over what's the right path forward for the Tech Services business in NAS.

Nathan Burley: Great. Let's switch over to this side of the floor.

Andrew Gillies: Andrew Gillies at Macquarie. The first one's just in the Aduna partnership. Can you maybe provide any insight into revenue operating model, maybe how we should think about that, who owns the customer, those sorts of things.

And then on the second side, AI is obviously quite a broad topic. I presume some of it might take a little bit longer, some will be sooner. And agents were mentioned throughout the presentation. Are there any near-term kind of benefits, and how should we think maybe about the cadence of the different strategic imperatives in AI over the next five years?

Vicki Brady: Wow. OK. There's a lot in that last one. Excellent. Thanks, Andrew. If we start with the Aduna joint venture, just a little bit of background because it may not be familiar for everyone. Aduna was set up as a joint venture, so Ericsson are key in that. They bought a business called Vonage and then they've set up Aduna as a separate piece. We have a number of the big telcos from around the world that are joint venture partners. Kim had that up on his slide. The likes of AT&T, Verizon, T-Mobile, Deutsche Telecom, Telefonica, ourselves are in there. And this is, I think a great example of as an industry. As we look back, as inflection points happened and technology and connectivity changed, why weren't we set up as an industry to perhaps share in that in the way we would've liked to?

Definitely this piece around, again, Kim spoke to I think well today that there aren't really telcos that operate fully globally, and so we need a way to be able to align around standards, API standards, in terms of those network attributes that we want to be able share and expose. We need a platform globally that developers and companies can engage with, particularly those big global companies that want to be able to roll out consistent experiences around the world.

So the Aduna is set up as a joint venture, and then it is a commercial model. Each operator can choose whether it brings its particular APIs into that and makes them available for developers to access. And those commercials get negotiated in each country that that's being exposed in. It doesn't restrict us. Again, I would just call out, we are part of that. We can still do things ourselves. For example, I mentioned

here in Australia, we've done work with Commonwealth Bank on our Scam Indicator. We are free to do that, we're free to participate in other marketplaces as well. But I do think it's an important step.

It's a step we haven't had as an industry before, and certainly at Mobile World Congress, GSMA plays a role here in the CAMARA standards. We've now got operators from around the world that represent more than 80% of the mobile services globally as part of that initiative, which GSMA call Open Gateway. We are part of that as well.

So look, we think it's an important piece to be part of. It's an opportunity as a telco industry to create a global platform for developers and other companies to be able to engage with. So hopefully that gives you a little bit more colour on that.

The AI question. Yes, and you're right. Agents were mentioned a number of times through the presentation today. We mentioned that a number of us were recently in the US. I definitely went to the US thinking, I know AI is critically important. I know we need to accelerate. It's why we entered the joint venture with Accenture. I've come away from my trip to the US only thinking, wow, the pace and scale of change is just phenomenal.

And just as an example, 12 months ago, people weren't really talking about agents a whole lot. I think a year ago people were probably in a conversation about models hallucinating and talking about that. Actually 12 months on, that's not really a conversation anymore because the models have become so much more sophisticated. Now the conversation is around agents.

We see lots of potential across those areas. We spoke to customer engagement, how we operate and manage our network, how we develop software and manage our IT environment, how it supports back of office for us where you do tend to have manual processes. We have Generative AI working at real scale across the business. We haven't launched externally yet Agentic AI, as in an agent operating, interacting with customers. We are working on a number of things at the moment, and having seen what I saw in the US and where organisations are at, this is real now. So I would expect over the coming months you will see us talking about that, scaling some of that inside our business.

Obviously critically important to how we think about our workforce where you do, you have people working side by side with AI and AI agents. So that's an important piece. Michael, do you want to touch on any of the key areas you think are important there?

Michael Ackland: No, I think you've covered it. I think the thinking around – the thing I like, and I think got people excited around agentic AI is it's just – and Shailin talked about this in terms of how you think about using natural language. And actually when you think about the way work is done, thinking about different people having different roles, different AI agents having different roles, I think it just breaks down that sort of barrier of understanding so that people can really think differently about how they're going to apply it. And I think that will lead to far more rapid uptake, just because it's easier for more of us to get our heads around when we think about an agent that does something versus a model. So I think that's going to be really interesting and get things going faster.

Just on the Aduna partnership. I think the way to think about it in my view, in simple terms, is that when we have a global app maker who creates a function and they'll use that standard API, when someone who's on the Telstra network as a Telstra customer uses that app, they'll be able to get access to that API, and it'll work. And then we get paid. I mean it's as simple as that. They have to be on our network if they're going to be using that API. And that API will get built in a way, it will be able to compete with a sort of standard thing. What's happened in the past is people because they couldn't do that, people have abstracted some of the network stuff further up into the stack. And now we'll be able to make it easier for them either through Telstra.Dev or through standard global systems so that they're better able to do it.

So this is future looking. It's getting ready for that future. How it plays out, we'll have to see. But having this partnership and having this global standardisation puts us in a much better position to be able to benefit from that.

Nathan Burley: OK, let's go back to this side.

Liam Robertson: Thanks Nathan. Liam Robertson, Jarden. Just first question on the mobile business. If I think about the building blocks of growth moving forward beyond T25, obviously price has played a huge contributing factor for the last few years. I mean, you're calling out 1 to 2% population growth. If I then conservatively assume CPI-ish price rises, that comfortably gets you to 3 to 4% range. How can we think about the contributing factors today in terms of what that can add above and beyond, whether that be selling incremental products or use cases, or being able to drive positive mix shifts through your base?

And then the second question, sorry, which is I guess closely tied to that. Obviously spoken a lot about today trying to monetise the network. If I cast my mind back a few years, you've obviously been through the group restructure with both Amplitel and InfraCo. I think you've successfully been able to show the value in those businesses and grow earnings. I guess is that something you'd consider with a mobile network? Could we be looking at the idea of a NetCo to better delineate the network and actually bring out the value there?

Vicki Brady: Excellent, thanks for those two questions. So just on mobile, you're right. You think about what we deliver with mobile, and I think sometimes goes maybe not recognised, as all of that data growth is happening on the network over the last five years, tripling the amount of data that our network carries, there's a huge investment that goes into just being able to meet the capacity and keep delivering a great experience for our customers, on top of then upgrading the technology to keep delivering better outcomes. The move from 4G to 5G and now 5G-Advanced. And as Shailin said, late this decade, early next decade, moving into 6G. So all of those things, we keep delivering more for customers. The experience gets better. And as we said, we expect that that demand and that utility keeps growing in your mobile service.

To be able to do that, obviously that takes investment, and we've got to be able to sustain that investment. So that has meant we do have to make difficult choices around needing to move pricing, which we recently announced further changes that come into effect 1 July. We do those considering all of the things that we need

to be able to invest in to deliver what customers are looking for.

I think for us, as we look forward, and we spoke about Network as a Product, again, how we start differentiating the proposition to really leverage those network attributes that can make a real difference in the experience for our customers. That's part of our thinking as we look forward. But undoubtedly, we have a mobile business that delivers really great outcomes for customers. We see that in the choice they make in joining us, in staying with us, and we've got to be able to be in a position to keep investing and delivering on that. And that absolutely remains fundamental, Michael, to the strategy.

Michael Ackland: Yes, the only thing I would add, and I think this point, and I think Brad made it and I think Kim made it as well, is what we're trying to do with the advances in the network and Network as a Product, is give ourselves a new way to differentiate between what's a basic service and what's a premium service. And if you go back that used to be data buckets. It used to be subsidy to be honest, that you could get a better phone.

We think there is a range of new network currencies that can drive exactly what you said, which is changing that plan mix and providing greater differentiation between what's a basic service and what's a premium service. Because we have seen as the network gets better and better, we are finding it harder to differentiate between what's a premium service and what's a basic service when you're already on the Telstra network.

So that is a big opportunity, because population and CPI, we don't capture all of that when we change prices. We see people, they make different choices, and so we've got to work harder to find new ways to differentiate between premium and basic, which I think Kim and Brad both touched on.

Vicki Brady: Yes, absolutely. And then to your second question, we spoke about today that thinking about our business through those three layers, the Customer Engagement layer, the Network as a Product, and our Digital Infrastructure layer, we've found that as we've been developing the strategy, a really good way to push and challenge ourselves. So you've got to get much deeper and clearer again on what value you're creating, the customer needs, at each of those layers.

Hopefully that came through in some of the discussion and presentations today. We are not moving – so just to be clear, those three layers are a way of thinking about our business. There are some around the world that have moved to much more NetCo type models. That's not part of what we're planning at the moment, but we do see this as a really good way internally – and in fact at that Network as a Product layer, certainly internally, if you are any of the team that lead our segments at the Customer Engagement layer, you need to know, have some sense of what's the cost and value of those different attributes that Brad, Amanda and Olly may look to bundle up together to create a differentiated connectivity proposition for customers.

So internally, I think that will be an important piece for us that goes to making sure again, we're really, really clear on where we're enabling and helping to create value for customers. And as part of that, as we invest, as we spend money to do that, making sure we are thinking about that proposition and how we bring it to

market in a way where we can do that sustainably and share in some of that value creation. Michael, I don't know if you want to add to that.

Michael Ackland: Yes, I mean I think we're going to need new economic models internally to price our products, to think about where we invest. So if you think about a much more sophisticated network, a much more sophisticated set of network attributes, that will drive investment as people demand them. And they will have a cost, and we need to understand those in a different level of detail than we have in the past. What does it cost to deliver super low latency to all of those 27 locations? What does it cost to guarantee upload links so that a corporate customer can have any of their staff get a guaranteed uplink when they're using Teams? We have to be able to price those. We haven't had to really in the past because we've said best efforts and so it's been a bit more macro. So we're going to have to get much more sophisticated over time on the economic model internally.

Nathan Burley: OK. We'll go here, but before we do, if there's any media in the room that would also like to ask questions, please feel free to join the queues. Roger.

Roger Samuel: Thanks. It's Roger Samuel from Jefferies. First question is on your BAU CapEx, which has been averaging about \$3 billion to \$3.4 billion per year in the last five years. My question is do you expect that to change from now until FY30? Is there any need to upgrade your legacy network, especially in metro areas?

Second question is on your connectivity. How much more improvement do you expect when it comes to your network assets? Apart from your intercity fibre, obviously. I mean your mobile network is already very, very strong, and we're just wondering how much more improvement can we expect in terms of the connectivity piece? Just conscious that you put a target out there that you are aiming to increase the Network Experience score by one point a year, which doesn't sound like a lot to me. So yes, just wondering. Thanks.

Vicki Brady: Thanks Roger. Very good questions. So why don't I take the second one and then Michael can add, and we will get to BAU CapEx as well. So look, in terms of running our network and the sorts of infrastructure that we have, it does take ongoing investment. As you said, intercity fibre is a good example of a significant change, and I always enjoy hearing Brendon speak about just what that's going to unleash in terms of the power of that for decades to come.

And as you said, yes, mobile is strong. We recently announced the 5G-Advanced investment, which we prioritised out of BAU CapEx. Because I think the thing is, as that demand is unrelenting, technology keeps evolving and getting better. And not just better in terms of being able to unlock more capacity for us, use our spectrum even more efficiently than we can today. As Shailin touched on, it's also significantly more energy efficient.

So there is always those things we are looking at. And part of what's underpinned our network leadership is making sure we are really pushing those boundaries, that we're at the leading edge of leveraging that technology to deliver the best outcomes we can for our customers. And yes, deliver it in the most efficient and effective way. Because we know when you run networks like ours, there are scarce resources and spectrum is one of those. And so how we can implement technology that will help us use that even more efficiently, in a world where that demand

keeps growing.

We can also see lots of discussion obviously already today around AI, as we look at those demands on the network as well and how that will change and evolve. I know edge sites have been talked about for a long time and edge compute. But again, making sure we're working through and got our infrastructure, and our network set up to be able to support the best possible experiences.

I was in some conversations when we were in the US where companies are already talking to us about, "Well, if we're deploying this particular agent that some of Brad's consumer customers might be using, how do we partner with you in a way that puts the processing and the models close enough so the inference is happening fast enough, with low enough latency to be able to support the outcomes for customers?"

So look, I think in a fast-changing environment, we've got incredible foundations, we've got incredible assets and competitive advantage. We don't take that for granted. We must constantly be looking at how do we make sure we are at that leading edge of really adapting and leading and transforming the connectivity that we provide to customers. So why don't I – maybe then Michael, maybe the BAU CapEx question.

Michael Ackland: Yes, sure. So we don't envisage any step change in BAU CapEx over this period. And one of the, I guess, disciplines we've put on ourselves by including that in our operating leverage, there may be some trade-offs between the different cost buckets as we go forward, but we're not seeing any particular step change as we think about BAU CapEx over this period.

Vicki Brady: Thanks Roger.

Nathan Burley: Thanks Roger. Fraser.

Fraser McLeish: Yes, thanks. Fraser McLeish from MST Marquee. Just on the strategic investments. I mean there's a limited amount that you can do in Australia that can move the dial. What's your thinking on if opportunities come up overseas, will you consider them? That's the first thing.

And secondly, just I know it's a strategy day, we're looking out to FY30, but anything you can say on current trading, particularly in the mobile space, given that we have seen a big shift with Vodafone and MOCN deal and some pretty aggressive price plan, price promotions from them. Thanks.

Vicki Brady: Thanks Fraser, for that. Look, just as I think about strategic investments and one thing we haven't talked about today, we very much focused on our business here in Australia. I might just comment on our International Business, so there's some parallels in that business and how we're thinking about it.

So firstly, like we've done in Enterprise where we're working through a real reset and refocus of that business, Roary who leads our International business is doing the same thing in our International business. We recently internally have announced to our teams, and we're working through actually the NAS services we provide in that business. We're looking to exit the large majority of those. So that

is underway right now.

It also has some parallels when you look at our InfraCo business. So where that business has real competitive advantage is in connectivity and digital infrastructure within Asia. So we've got the largest undersea cable network intra-Asia. We carry, I think it's around a third of the traffic intra-Asia. And so we are making sure where we've got advantages with cable landing stations, where there's good demand, we are assessing those things. So that's work we've got underway as we run that business and run it as efficiently and effectively to deliver to our customer needs. So that's a piece we haven't talked about today.

But I don't see right at the moment, other than completing our intercity fibre build, that's where our real focus is from a strategic investment point of view. That doesn't mean over five years other opportunities won't come about, but right now we want to get that finished. As Brendon spoke to, we're switching on the first route on 25 June. So focused on getting the build complete, getting those segments up and running. But there's no other international expansion plans. As I said, really working through our International business to make sure it's as focused and delivering and extending and leading in terms of those competitive advantages intra-Asia.

And then the second question around what's happening in the trading environment, as Nathan said, very much a strategy day. We're not giving a big trading update. I think just maybe a few comments that might be helpful, and Michael will want to chip in as well. As you said, it's a dynamic and competitive period. That's what our industry is about. Out there, as you said, there's lots of promotions out in market. I'd say probably the prepaid space is one of those places we see competition is probably pretty fierce at the moment in terms of promotions. We made some very deliberate decisions, as you know, later part of October last year we did make changes in our prepaid pricing.

We believe they're the right things. Again, as I said, as customers demand more, they use more. We've got to make sure we get those balances right and we are always very thoughtful as we work through those. I think in the postpaid environment, look, we've got a few things going on. We're in the final parts of the migration of our consumer customers into the new stack. So as you do that, you are talking to more customers. I think our net ports from a postpaid point of view continue to track in a fairly consistent way. Michael, are there other things you'd add to it?

Michael Ackland: Yes, I mean I think the other one is we have of course announced price changes in postpaid 20th of May. So we'll see how that plays out over the next six weeks. So we don't really know yet. It's a bit early, but we would expect to see change there, Brad, I think we usually do as we go towards the end of the year. And I think I would just reiterate our enterprise mobile business probably remains challenged as we talked about in the first half. So that will play out in what we're seeing at the moment as well.

Nathan Burley: Great. Probably our last investor and analyst question. Eric.

Eric Choi: Thanks. It's Eric Choi from Barrenjoey. Just two quick follow-ons. First one, just for the two people with the coolest caricatures, that would be Brendon and KKA,

but maybe more Brendon since this is probably his last Investor Day as well. There's sort of a debate over hyperscalers and whether they're going to be a long term friend or foe. And just thinking about it, obviously they're going to give you ICF revenues, maybe you've got 200 exchanges you can monetise, but then again, they're sort of cannibalising some of your cloud revenues and people are kind of debating do they eventually come into connectivity. So my question is, especially with the hire of an ex-Microsoft MD Australia to take over as well, do you see them as a net positive or negative? Maybe the former, given you have appointed Steve?

And then just a second one, a bit more mundane for Michael, if that's all right. Just on guidance, again. I think you can sort of back-solve based on your \$6 billion excess debt guidance, you are expecting in the order of \$1.5 billion of EBITDA growth out to 2030, there or thereabouts. The reason why I ask this question is EBITDA looks in line, if not ahead, with market expectations, but cash and may be a little bit below. And I just wanted to confirm is that because your cash impact incorporates capital management in there, so therefore net interest is going to be a lot higher than what everyone's got and maybe is there an increase in BAU CapEx that you're expecting as well? Thanks.

Vicki Brady:

OK, well I'm definitely going to leave Michael to answer that second one, Eric. So sounds like a good one. Just on the first one – and I will get Brendon to comment shortly, because you're right, it is Brendon's last Investor Day with us. We announced he is planning to retire come end of September. I can assure you lots of emotion internally. Brendon's been such a core member of the team at Telstra for more than 13 years now. And so it's a hard act to follow, but I'm equally, I'm excited to have Steven Worrall joining the team to lead our Infrastructure Business.

This question are hyperscalers friend or foe, I actually am not sure it's the best way to think about it. No matter which way we think about it, we have very important relationships both ways with the hyperscalers. They're customers of ours, we're customers of them.

We do go to market together at times as well. So understanding them deeply and being able to anticipate and work with them I think is incredibly important, yes, to our Digital Infrastructure business. But more importantly, I just think Steven will be a fabulous addition to this leadership team. I think he's an exceptional leader, well-known for being incredibly collaborative, incredibly humble, but also incredible substance. And so I think he'll be a great addition leading our infrastructure business, but also a great addition to our team and brings deep insight and perspective. But Brendon, your last Investor Day with us, do you want to add your two cents and then we'll go to Michael?

Brendon Riley:

Yes, thanks very much, Vicki. Yes, I love the caricatures because I'm taller than Kim Krogh Andersen, which doesn't happen most days of the week. But look, thanks very much for your question. I would say everything we're doing is with the hyperscalers in mind. So if you look at the project on intercity fibre as an example, we've done a huge amount of collaboration with them on the fibre, the fibre spec, the new security tech that we can deploy on this. The ILAs. The ILAs are all built to exacting hyperscaler specifications. So we are building everything for them in mind because if we can solve it for them, then we can pretty well solve

it for everyone in terms of what's required.

The other thing I'd probably also say about these projects is they're very long term and you have to take a long term view. You have to take a 10-year view. And that's certainly one of the things that I've been talking to Steven about, which may be a slight change of pace from the quarterly drive of those Microsoft sales targets to something that, yes, it does have a half year and full year target focus, but it's much, much more longer term.

Hyperscalers are super important customers, and again, with NaaP the plan is we've got to do more to open it up and completely automate it and API it. So that's how their world works. That's how our world has to work.

And yes, I just also want to acknowledge just what a fantastic hire Steven is, and I just go to the reaction when I told my team the day before, every single person went, "Wow." So we are super excited to have Steven join the team. Thanks.

Vicki Brady: And Michael?

Michael Ackland: Yes, so on that one, I think the answer is yes, and there's a couple of reasons in the way that we've modelled cash earnings. Of course, it's a little bit similar to the comment on ROIC. And so this is where our cash earnings definition differs from cash, it includes spectrum amortisation, rather than spectrum costs. So we've done it that way so that there's a bit of elevated spectrum amortisation. And of course it also adds to the interest costs with spectrum, because the money goes out the door. And we've made assumptions in our outlook around portfolio management and any capital management actions. But we're not – that's just from a modelling point of view. So yes, absolutely. It's interest cost I suspect is the difference.

Nathan Burley: We'll stay at this microphone.

Adelaide Miller: Hello, Adelaide from the ABC here. Thank you very much. My first question is what is the size of Telstra's mobile coverage for customers who don't have an external antenna or special equipment?

Vicki Brady: Excellent. Do you want to ask your other one too, Adelaide?

Adelaide Miller: It would depend on the answer. Thank you.

Vicki Brady: OK, so there has been a lot of coverage on this over the last couple of weeks. So just to be really clear, we have three million square kilometres of coverage that does not require you to have an external antenna. We know that for a lot of our customers in regional Australia, and we've got obviously the largest footprint by quite a considerable margin. So we do focus on making sure we can help our customers understand how they best maximise their experience.

So through the 3G closure and the extension of our 4G network, so over the last 18 months, there's been a huge amount of work underway which has extended our coverage. As we've done that, we've done a lot of drive testing of that, so we have lots of data. When we got challenged on it recently, we did take the time to go back over that. You don't brush aside a serious allegation like that, you take the

time to understand it, to recheck. We ran additional testing just to be 100% sure in our labs. And so yes, we stand by the three million square kilometre of coverage without an external antenna.

I would add, I think for consumers, one of the important things for a consumer is how do they best understand what coverage is available? And today, the best way to do that, you go on to each of the operators' networks and you can engage with coverage maps. But as we've said, and there was discussions last year through AMTA, our mobile industry body, around trying to align on some standards here because I think that would be a good path forward.

When you talk to global operators, there is no standard on how you predict and assess mobile coverage. And it is mobile coverage, there are lots of factors that affect it, so you can't go and test every square metre of coverage. Our customers, I think, understand that and that's why we do engage and provide ways where customers can work with us to maximise their coverage.

Adelaide Miller: Thanks, Vicki. And I guess the ABC, we have been speaking to different customers from regional Australia, but also from the inner city as well, who say they have struggled with Telstra coverage, which is particularly surprising I think for inner city Sydney. What do you have to say to that?

Vicki Brady: Look, I think that goes to mobile coverage. It is affected by so many things. If you think about the topology of an area, particularly Sydney, with a lot of waterways, it is hilly. There's a lot of foliage. Things like trees growing can actually impact the penetration of a mobile signal. So again, absolutely there will be spots inside of any mobile network that anyone operates where you're going to get different experiences. It could be the device they're using, could be to do with a topology as I said. It could be to do with the capacity on the network. So absolutely the coverage maps do provide an indication of our coverage.

And then again, customers are on month-to-month contracts with us. If the experience isn't what they're expecting, they do have a choice, they can move. Again, we provide customers with ways to think about maximising coverage, but there's no doubt we've got the largest, we've got the best mobile network in the country. We can see that in terms of the number of customers that choose to be with us. And that's what we're continuing to invest in, and making sure we're absolutely delivering in the best way we can.

Adelaide Miller: Thank you. And just finally, you mentioned just very briefly that there are some changes in prices happening at the moment. Is Telstra price gouging customers?

Vicki Brady: Look, as I've talked about today, our customers continue to value our mobile service and our broadband services. Their demand keeps growing. Any decision we make on price, we consider very carefully. Ultimately, we have to be able to keep investing in the capacity, in the different capabilities that we need to be able to deliver for customers. And as I said, we don't take those decisions lightly. We're also very conscious of choice, so we don't have lock-in contracts. Customers can choose what plan they're on to meet their needs.

We also have made sure for our plans in mobile and broadband that support customers that are in the most need of help and support, we have not made

changes. Those pricing plans will not be increasing. So it's absolutely at the forefront. Equally, we know customers keep telling us they want more and more, they want better capacity, they want more 5G rolled out across the country. So those things do come with investment and they're not straightforward decisions. They're things we think through before making any of those choices.

Nathan Burley: OK. Our very last question before we move to the foyer and have some refreshments.

Jenny Wiggins: Thank you. Jenny Wiggins from the Financial Review. Vicki, in your opening remarks, you talked about the transformation of your core network becoming more virtualised, using more software and so on. And you said it gives you the chance to challenge commercial models and we have the conditions to disrupt the status quo. Can you be more specific about what you mean exactly? Are you just talking about using AI to cut costs or are you talking about a more fundamental structural change?

And secondly, the theme of today has been digital infrastructure. You've already got a big AI joint venture, you've stressed the importance of continuing the rollout of the intercity network, but you've also referred to M&A and strategic investments. Are you specifically considering any investments or acquisitions in the realm of digital infrastructure? What can we expect over the next few years?

Vicki Brady: Excellent. Thanks Jenny and good to have you with us in the room. When I spoke about the conditions to disrupt the status quo, obviously how we reinvent our business, AI is going to play a big part of that. But actually when I was talking about commercial models, it's a lot to what we've talked about today.

So as we develop our network with all of those attributes, things around latency, as an example, uplinks, downlinks, being able to deliver different experiences that meet the needs of different customers. That's the bit I'm talking about. It's that ability to really think about our connectivity proposition for a customer, moving beyond just data inclusions or perhaps speed to be able to meet the needs of customers. And yes, it is about reinventing our business as well. And undoubtedly AI will play an incredibly important part in that.

In terms of digital infrastructure, yes, we've talked about it a lot today. It's an incredibly important foundational part of our business. As I said, we're focused on completing our intercity fibre build at the moment and getting that switched on, and generating revenue for us and capability for our customers.

As we talked about right at the moment, as we go through our active portfolio management, we're much more looking at divestments rather than acquisitions at the moment. We've talked about the TE reset and looking at our NAS business in that context. So right now focused on completing the intercity fibre build and no other big strategic investments that we're announcing today. However, it's a five-year strategy, and over that period we will look at those things again with the discipline and focus of where it can really contribute and deliver the right sort of returns to our business. So that will be how we'll focus, Jenny. Thank you.

Nathan Burley: Thank you. Shortly, we'll move to the foyer to have some refreshments, but before we finish, I invite Vicki to add any last comments.

Vicki Brady: Yes, can I just say firstly, a big thank you for those that have joined us in the room or joining us online. I know it's a big commitment of your time. We really appreciate you prioritising that time, spending it with us, and your interest in Telstra. We look forward – it will come around quickly. August, we'll be back with our full year results, and we look forward to engaging with you further then. Thanks for joining us.

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