

23 December 2014

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ELECTRONIC LODGEMENT

Dear Sir Madam

Telstra acquires Asian telecommunications and service provider Pacnet

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

Yours faithfully



Damien Coleman
Company Secretary

ACQUISITION OF PACNET

ACCELERATING TELSTRA'S ASIAN GROWTH STRATEGY



23 DECEMBER, 2014

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ASIA IS AN INTEGRAL PART OF TELSTRA'S STRATEGY

OUR PURPOSE

TO CREATE A BRILLIANT CONNECTED FUTURE FOR EVERYONE

OUR STRATEGY



IMPROVE CUSTOMER
ADVOCACY



DRIVE VALUE
FROM THE CORE



BUILD NEW GROWTH
BUSINESSES

GLOBAL SERVICES

ASIA

LONGER TERM
INVESTMENTS

Health, Telstra Software Group
(TSG), Telstra Ventures,
Digital Media

2

OUR STRATEGY FOR ASIA HAS THREE PILLARS



GLOBAL ENTERPRISE SERVICES

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



CONNECTIVITY / MOBILITY

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



LONGER TERM

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

3

CURRENT ASIAN ASSETS AND CAPABILITIES

LEADING PROVIDER OF INTERNATIONAL CONNECTIVITY IN ASIA

ACCESS TO
230
COUNTRIES & TERRITORIES

GLOBAL DELIVERY CENTRE

MORE THAN
1400
INTERNATIONAL STAFF

MORE THAN
2000
POPS WORLDWIDE

19
LICENCES WORLDWIDE

INTEREST IN MORE THAN
20 CABLE SYSTEMS

2.5 TBPS CAPACITY
TO BE ADDED IN THE NEXT 12 MONTHS

MORE THAN **150000**

SQFT OF COLO READY DATA CENTRE SPACE

18 OFFSHORE DATA CENTRES

汽车之家
AUTOHOME INC.

A LEADING REGIONAL PLATFORM FOR GROWTH

4

PACNET'S CORE ASSETS

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

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PACNET TRANSACTION DETAILS

ACQUISITION OF - USD

\$697M

INCLUDING GROSS DEBT OF APPROXIMATELY US\$400M

PACNET FY13 REVENUES OF USD

\$472M

AND EBITDA OF US\$111M

TARGETING RUN RATE SYNERGIES OF AUD

\$65M

MEETS ALL OF TELSTRA'S INVESTMENT GUIDELINES

EPS

BY YEAR 2

ROIC > WACC

BY YEAR 3

MORE ACCRETIVE THAN A SHARE BUYBACK (OF SAME SIZE)

6

NEXT STEPS

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