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The Manager

Singapore Exchange
Securities Trading Limited
2 Shenton Way
#02-00 SGX Centre 1
Singapore 068804

Office of the Company Secretary

Level 41
242 Exhibition Street
MELBOURNE VIC 3000
AUSTRALIA

General Enquiries 03 8647 4838
Facsimile 03 9650 0989
companysecretary@team.telstra.com

Investor Relations
Tel: 1800 880 679
investor.relations@team.telstra.com

ELECTRONIC LODGEMENT

Dear Sir or Madam

Scheme Meeting presentation

In accordance with the Listing Rules, I enclose the presentation of the Chairman which will be delivered today at the Telstra Corporation Limited Scheme Meeting.

Authorised for lodgement by:

Sue Laver
Company Secretary

Good afternoon shareholders.

Thank you for coming back together after the AGM – both in the room and online – and I hope you have had a chance to get something to eat in the break.

It is a pleasure to welcome you to this Scheme Meeting, where we are seeking approval from Shareholders on the scheme of arrangement, which is the next step in our proposed corporate restructure.

A quorum is present and I formally declare the meeting open.

The Notice of Scheme Meeting was distributed with the Scheme Booklet and sets out the Resolution to be considered today. I propose to take that Notice as read.

The vote on the Scheme Resolution is the only item of business on today's agenda.

Voting on the Scheme Resolution will be conducted by poll and that poll is now open.

Instructions on how to participate in the poll were distributed earlier but assistance is available at any time, should you need it.

I am pleased to be again joined on stage by all of my fellow Board members, Company Secretary, Sue Laver, and our Chief Financial Officer, Michael Ackland.

Sarah Lowe from our auditors Ernst and Young is also here again, along with the senior management team.

The corporate restructure was a key component of our T22 strategy and is also a key component of our T25 strategy, announced last year. It is an important next step in our drive to increase the transparency of our infrastructure assets and to improve management focus on our infrastructure and customer businesses, and consequently provides us more flexibility to create additional value for you, our shareholders.

It also recognises the world has changed significantly on the back of the pandemic. This is expected to accelerate digitisation in the home, the workplace and economies more broadly, and reinforces the importance and value of the telecommunications infrastructure and connectivity that enables that digitisation.

Delivering on our strategy, including the investments we have made in digitisation and networks, together with the benefits that will flow from the restructure, positions us well to capitalise on these changes.

The restructure involves the establishment of Telstra Group Limited as the head entity of the Telstra Group and the movement of entities, assets and liabilities within the Telstra Group.

It is an internal legal re-organisation only, and will not itself result in any immediate change to the underlying assets or business activities of the Telstra Group. It will provide us with more options and potential to realise additional value for Telstra Shareholders from our infrastructure assets.

Importantly, if the Scheme is approved, there will be no change to the level of your shareholding and you will receive one Telstra Group Limited Share for each of your existing Telstra Shares, unless you are an Ineligible Foreign Shareholder. Telstra Group Limited Shares will have the same dividend and voting rights as Telstra Shares.

As you would have seen in the Scheme Booklet, the Independent Expert that assessed the Scheme, Grant Samuel, concluded that the Scheme is in the best interests of Telstra Shareholders.

The Telstra Directors will all be voting their Telstra Shares in favour of the Scheme, and unanimously recommend you do the same. This recommendation is based on our detailed assessment of the potential advantages and disadvantages of the Scheme, set out in the Scheme Booklet you would have received.

I will briefly summarise those advantages and disadvantages now.

Advantages of the Scheme

- increased transparency of the assets of our customer and infrastructure businesses, allowing management to drive performance and efficiencies while also providing a clearer picture for shareholders and potential investors to value the business;
- increased focus on our customer and infrastructure businesses through separate management teams with business-specific strategies, supported by dedicated risk teams under a group-wide risk management and compliance framework. It will do this while limiting disruption to the Telstra Group's businesses, including its arrangements with nbn. This heightened standalone focus is expected to deliver value to Telstra Shareholders over time; and
- greater flexibility and optionality to realise value from the Telstra Group's fixed infrastructure assets over time, and potential to take advantage of opportunities that may arise to create value for Telstra Shareholders.

Disadvantages of the scheme:

Overall, we do not think there are any material disadvantages from what is being proposed, but as explained in the Scheme Booklet, there are a few minor costs and risks associated with the proposal. Those costs are:

- the one-off costs to the Telstra Group that are expected to arise if the Scheme is implemented. Those costs (excluding stamp duty) are not considered to be material to the Telstra Group. The overall one-off costs associated with the Scheme, most of which have already been incurred or will be incurred regardless of whether the Scheme is implemented, are expected to be \$126 million (excluding stamp duty) and comprise incremental IT systems and process costs, adviser fees, the cost of the Independent Expert, and costs associated with the Scheme Meeting; and
- additional ongoing costs for the Telstra Group that might not otherwise arise. They will mainly be incremental costs in connection with the administration of the new corporate structure and, in aggregate, are not considered to be material to the Telstra Group; and

The risks associated with the implementation of the restructure are summarised in FAQ A.15 in the Scheme Booklet and are outlined in more detail in section 2.9 of the Scheme Booklet.

Next steps

Should shareholder approval be obtained today, there are a number of next steps and key dates.

Firstly, the Scheme needs to be approved by the Court to become effective. This approval will be sought at the Second Court Hearing which we expect to be held on 19 October 2022.

If that approval is received, the last day of trading in Telstra Shares on the ASX will be on 20 October, with the new Telstra Group Shares commencing trading on a deferred settlement basis the next day on 21 October. Eligible shareholders will receive their new Telstra Group Limited Shares on the Top Hat Implementation date, which is expected to be 31 October 2022 and the shares will commence trading on a normal basis the next day on 1 November.

The final component of the Scheme is expected to be implemented on 1 January 2023. That is the component that will help separate our infrastructure and customer businesses into separate subsidiaries. However, that component will not result in any change to the number of shares you hold. From a sequencing perspective, implementation of that component is occurring later so that the various transfers occurring in connection with the restructure occur in the correct order.

With that, I now turn to the formal business of the meeting.