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ELECTRONIC LODGEMENT

Dear Sir or Madam

Full Year 2016 Financial Results – CEO/CFO Analyst Briefing Presentation

In accordance with the Listing Rules, I enclose:

- a) a presentation;
- b) CEO and CFO speeches;
- c) Telstra's Full Year Operating and Financial Review (including financial and statistical tables) for release to the market.

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

Yours faithfully

Damien Coleman
Company Secretary

Full Year 2016 Results

Andrew Penn,
Chief Executive Officer



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Agenda

1	Highlights	Andrew Penn
2	Financial results	Warwick Bray
3	Strategic future investment	Andrew Penn
4	Capital management framework and guidance	Warwick Bray
5	Q&A	Andrew Penn, Warwick Bray

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Full Year 2016 Highlights

Reported, continuing and discontinued basis Net profit after tax \$5.8 billion, +35.9%	↑ Added 560,000 retail mobile customer services	↑ Retail fixed broadband customer growth of 235,000
↑ Retail fixed bundle growth of 322,000	↑ nbn connections grew by 289,000 to 500,000	↑ GES income grew by 11.5% including 55.5% growth from GES International
\$1.8 billion profit on the sale of Autohome shares	EPS of 47.4 cents, +37.4% (31.6 cents, -5.7% on a continuing basis)	\$1.5 billion to be returned to shareholders via capital management
Final dividend of 15.5 cents per share		↓ Strategic NPS 4 points lower

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We are committed to strengthening our network leadership

Network interruptions	Speed	Recovery
• Network interruptions impacted customers in 2H16 • Undertaken extensive end to end review of core networks involving international experts to help pinpoint sources of potential risk and reduce the likelihood of future outages	Average speed of a 4G customers device has improved by 25% 	Mobile network recovery time 8x faster compared to February 2016 
Network resilience program	Coverage	
\$250 million investment announced in FY16 including: • Mobiles: \$50 million to improve recovery time and improve monitoring • Core: \$100 million to improve resilience and reliability • Broadband: \$100 million to increase ADSL capacity to meet customer demand 	Largest mobile coverage reaching 99.3% of the population and extending over 2.4 million sq. km 	



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Telstra Full Year 2016 Results Announcement

Warwick Bray, Chief Financial Officer



Agenda

1	Group results
2	Business unit and product performance
3	Expenses and productivity
4	Capital management

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Group results – Income Statement

	FY15 ¹	FY16	GROWTH (reported basis)	GROWTH (guidance basis ²)	GROWTH (guidance & ex-Pacnet ³)
Sales revenue	\$25.4b	\$25.8b	1.9%	4.7%	3.2%
Total income⁴	\$26.1b	\$27.1b	3.6%	6.3%	4.8%
Operating expenses	\$15.6b	\$16.6b	6.4%	8.9%	6.7%
EBITDA	\$10.5b	\$10.5b	-0.6%	2.6%	2.1%
Depreciation and amortisation	\$4.0b	\$4.2b	4.6%		
EBIT	\$6.6b	\$6.3b	-3.8%		
Net finance costs	\$0.7b	\$0.7b	1.6%		
Income tax expense	\$1.7b	\$1.8b	1.3%		
NPAT from continuing operations	\$4.1b	\$3.8b	-6.9%		
Basic earnings per share from continuing operations (cents)	33.5	31.6	-5.7%		
Profit from discontinued operations ¹	\$0.2b	\$2.0b	n/m		
NPAT from continuing and discontinued operations	\$4.3b	\$5.8b	35.9%		
Basic earnings per share (cents)	34.5	47.4	37.4%		

1. FY15 reclassified to reflect Autohome being a discontinued operation. FY16 profit from discontinued operations includes \$1.8b profit from the sale of Autohome shares.

2. This guidance assumed wholesale product price stability from the beginning of the financial year and no impairments to investments, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. Capex to sales guidance excluded externally funded capex.

3. Guidance and ex-Pacnet is on a guidance basis and excluded FY16 Pacnet \$503m sales revenue (FY15 \$399m), \$433m operating expenses (FY15 \$84m) and \$70m EBITDA (FY15 \$15m).

4. Total income excludes finance income.

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Group results – financial measures

	FY15	FY16	GROWTH (reported basis)	FY16 (guidance basis ¹)
Capex ²	\$3.6b	\$4.0b	12.7%	
Free cashflow	\$2.6b	\$5.9b	126.3%	\$4.8b
Ordinary DPS from continuing operations (cents)	30.5	31.0	1.6%	
Ratios				
Capex to sales ²	13.9%	15.2%	+1.3pp	15.2%
Payout ratio ³	91%	98%	+7pp	
ROE ⁴	29.5%	25.7%	-3.8pp	
ROIC ⁵	15.7%	13.6%	-2.1pp	
Gearing	48.3%	43.9%	-4.4pp	

1. This guidance assumed wholesale product price stability from the beginning of the financial year and no impairments to investments, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. Capex to sales guidance excluded externally funded capex.
2. Capex is defined as additions to property, equipment and intangible assets including capital lease additions, excluding expenditure on spectrum, measured on an accrued basis. Capex excludes externally funded spend.
3. Payout ratio from continuing operations. FY16 payout ratio excluding impairment 93%. Payout ratio from continuing and discontinued operations FY16 85% (FY15 88%).
4. ROE is calculated at PATMI from continuing operations as a percentage of equity. ROE from continuing and discontinued operations FY16 38.6% (FY15 30.3%).
5. ROIC is calculated as NPAT from continuing operations as a percentage of total capital. ROIC from continuing and discontinued operations FY16 20.7% (FY15 16.4%).

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Business Unit results

Income	FY15	FY16	GROWTH (reported basis)
Telstra Retail¹	\$16.9b	\$16.7b	-1.5%
Consumer	\$12.0b	\$11.9b	-1.2%
Business	\$4.9b	\$4.8b	-2.4%
Global Enterprise and Services²	\$5.6b	\$6.3b	11.5%
GES domestic	\$4.6b	\$4.6b	1.1%
GES international	\$1.1b	\$1.7b	55.5%
Telstra Wholesale	\$2.6b	\$2.6b	1.4%

Consumer growth 1.0% ex-MTAS. Consumer fixed data growth of 6.2% due to subscriber adds including nbn services. Fixed voice decline broadly maintained at 7.7%

Business NAS grew strongly across managed network services and cloud. Fixed voice decline broadly maintained at 9.5%. Decline in mobile services due to lower excess data and international roaming

GES domestic growth through NAS and enterprise mobility. Ongoing data & IP and fixed voice declines

GES international includes increased global connectivity and acquisition of Pacnet

Wholesale growth due to increased Infrastructure Services Agreement ownership receipts in line with nbn rollout, offset by price reduction from ACCC fixed line services FAD

1. Telstra Retail segment includes Telstra Consumer and Telstra Business. Telstra Retail comparative reclassified to exclude Telstra Media Group and Telstra Health. Telstra Media Group income includes Foxtel distribution, cable access revenue and advertising revenue. Other media entertainment, services and content income is allocated to Telstra Retail.
2. Global Enterprise and Services (GES) includes \$214m (FY15 \$187m) of GES global inter-segment revenue treated as external expense in Telstra Retail and Telstra Wholesale. GES comparative restated to exclude Telstra Software Group.

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Product framework

Recurring core

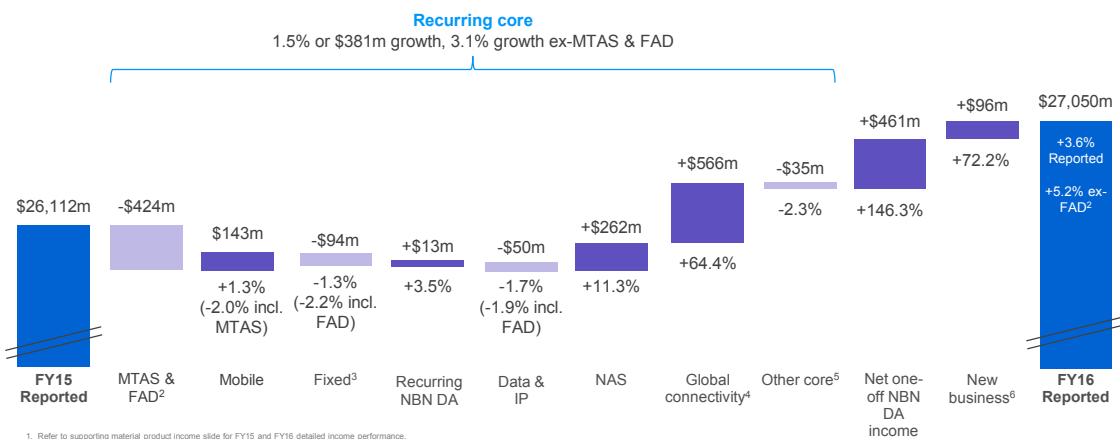
Mobile
Fixed excluding nbn cost to connect (C2C)
Recurring NBN Definitive Agreements • ISA: Duct, Rack and Backhaul • Telstra Universal Service Obligation Performance Agreement (TUSOPA)
Data & IP, NAS and global connectivity
Other including media, cable access revenue and Foxtel distribution

NBN one-off and new business

NBN one-off • PSAA income • ISA: Ownership receipts • Retraining • nbn cost to connect
New business • Telstra Health • Telstra Software Group • Telstra Ventures • Muru-D



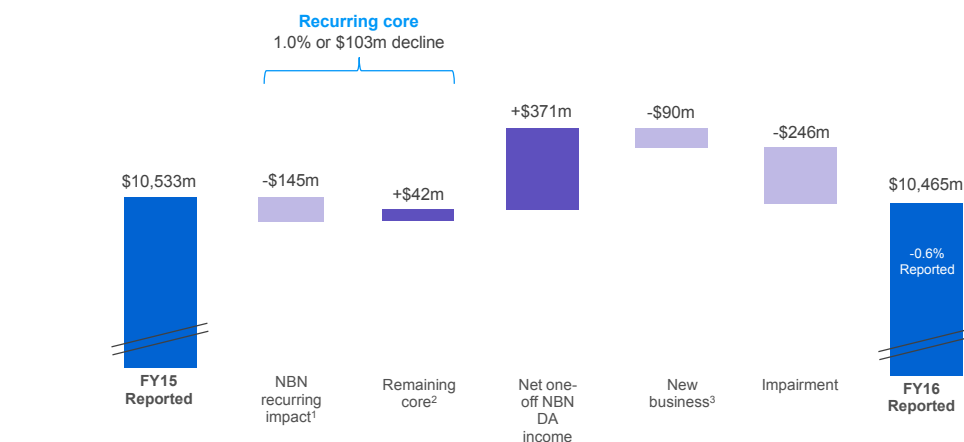
Product income performance¹



1. Refer to supporting material product income slide for FY15 and FY16 detailed income performance.
2. MTAS and FAD income impacts across Mobile \$356m, Fixed \$64m and Data & IP \$4m as per guidance schedule.
3. Fixed domestic includes TUSOPA income FY16 \$187m (FY15 \$120m).
4. Global connectivity includes GES International results across fixed, data & IP, NAS and mobile.
5. Other core includes distribution from Foxtel, media and other miscellaneous income.
6. New business includes Telstra Health, Telstra Software Group and Telstra Ventures.



Product EBITDA performance



1. NBN recurring impact identified across fixed products and recurring NBN DA income. Other recurring NBN impacts not identified across remaining core (including Data & IP).
2. Remaining core includes mobile, data & IP, NAS, global connectivity and other core (including distribution from Foxtel, media and other miscellaneous income).
3. New business includes Telstra Health, Telstra Software Group and Telstra Ventures.

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Product EBITDA performance

EBITDA	FY15	FY16	GROWTH	GROWTH
Mobile	\$4,250m	\$4,384m	\$134m	3.2%
Fixed excl. nbn C2C ^{1,2}	\$3,499m	\$3,341m	-\$158m	-4.5%
Recurring NBN DA income	\$374m	\$387m	\$13m	3.5%
Data & IP	\$1,853m	\$1,752m	-\$101m	-5.5%
NAS	\$67m	\$142m	\$75m	111.9%
Global connectivity ³	\$141m	\$265m	\$124m	87.9%
Other core ⁴	\$308m	\$118m	-\$190m	-61.7%
Recurring core	\$10,492m	\$10,389m	-\$103m	-1.0%
Net one-off NBN DA income ²	\$187m	\$558m	\$371m	198.4%
New business ⁵	-\$146m	-\$236m	-\$90m	-61.6%
Impairment	-	-\$246m	-\$246m	n/m
Total Reported	\$10,533m	\$10,465m	-\$68m	-0.6%

1. Fixed excludes global connectivity and includes TUSOPA income FY16 \$187m (FY15 \$122m).
2. Fixed excludes nbn cost to connect (C2C) FY16 \$218m (FY15 \$128m). nbn C2C represented against "Net one-off nbn DA income".
3. Global connectivity includes GES International results across fixed, data & IP, NAS and mobile.
4. Other core includes distribution from Foxtel, media and other miscellaneous income.
5. New business includes Telstra Health, Telstra Software Group and Telstra Ventures.

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Product performance: Mobile

Mobile	FY15	FY16	GROWTH
Revenue ¹	\$10,654m	\$10,441m	-2.0%
Postpaid handheld	\$5,389m	\$5,385m	-0.1%
Prepaid handheld	\$994m	\$959m	-3.5%
Mobile broadband	\$1,290m	\$1,230m	-4.7%
Machine to Machine	\$113m	\$132m	16.8%
Hardware	\$1,886m	\$2,076m	10.1%
Other ²	\$982m	\$659m	-32.9%
EBITDA Margin	\$4,250m 40%	\$4,384m 42%	+\$134m +2pp
Customers – retail	16.7m	17.2m	3.4%
Postpaid handheld ARPU ex. MRO	\$69.51	\$68.40	-1.6%
Postpaid handheld ARPU inc. MRO	\$61.94	\$60.71	-2.0%
Postpaid handheld churn ³	10.3%	10.9%	+0.6pp

1. FY15 revenue restated to include \$3m in other mobile revenue from global connectivity. FY16 global other mobile revenue \$3m.
2. Other includes wholesale resale, satellite and interconnection.
3. FY15 churn restated from 11.5% to correct for internal customer transfers that were previously stated as churn.

Mobile revenue growth of 1.3% on a like-for-like basis, excluding MTAS decision

Retail mobile customer growth of 560,000, including 169,000 postpaid handheld

Postpaid handheld revenue flat due to increased subscribers and a reduction in ARPU

Prepaid handheld revenue decline due to lower ARPU offset by 3.3% unique user growth

Mobile broadband revenue decline due to prepaid with lower ARPU and unique users

Mobile EBITDA margin growth including margin benefit from MTAS

Postpaid handheld churn increased marginally in 2H16 but remains low

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Product performance: Fixed

Fixed	FY15	FY16	GROWTH
Revenue ^{1,2}	\$7,188m	\$7,029m	-2.2%
Fixed voice	\$3,746m	\$3,437m	-8.2%
Fixed data	\$2,379m	\$2,513m	5.6%
Other fixed ^{2,3}	\$1,063m	\$1,079m	1.5%
EBITDA – fixed voice Margin	\$2,059m 55%	\$1,766m 51%	-\$293m -4pp
EBITDA – fixed data Margin	\$966m 41%	\$1,021m 41%	+\$55m -
Fixed voice customers – retail	6.0m	5.7m	-4.5%
Fixed data customers – retail	3.1m	3.4m	7.5%
Fixed bundle customers – retail ⁴	2.4m	2.7m	13.4%

1. Revenue excludes non sales revenue income from TUSOPA \$187m (FY15 \$122m). TUSOPA income included in NBN Definitive Agreements slide within Commonwealth agreements.
2. FY15 revenue restated to include \$244m other fixed revenue from global connectivity. FY16 global other fixed revenue \$308m. FY16 fixed revenue excluding global and including TUSOPA \$6,907m (FY15 \$7,065m).
3. Other fixed revenue includes intercarrier services, platinum services, payphones, customer premises equipment and narrowband.
4. Fixed bundle customers including consumer and business bundles.

Fixed revenue like-for-like decline of -1.3% excluding Fixed Services FAD impact. Rate of decline lowest in over three years

Fixed data revenue growth of 5.6% due to retail 235,000 net subscriber adds. Highest number of net adds in more than five years.

Rate of **fixed voice** revenue decline broadly maintained due to success in retention activities and momentum from bundling

Retail bundle growth of 322,000 with 83% of fixed data customers on a bundled plan

nbn connections grew by 289,000 to 500,000. nbn connections include 407,000 bundled and 34,000 data only

More than 1.1m customers activated to use **Telstra Air**

Fixed margins include upfront costs in connecting our nbn customers and growing network payments to nbn co

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Product performance: Data & IP

Data & IP	FY15	FY16	GROWTH
Revenue ¹	\$3,417m	\$3,789m	10.9%
IP access	\$1,205m	\$1,169m	-3.0%
ISDN	\$662m	\$603m	-8.9%
International data & calling products ²	\$509m	\$930m	82.7%
Other data & calling products	\$1,041m	\$1,087m	4.4%
EBITDA – domestic Margin	\$1,853m 64%	\$1,752m 62%	-\$101m -2pp
IP MAN SIOs	35k	40k	14.3%
IP WAN SIOs	111k	112k	0.9%
Data & IP revenue by segment			
Domestic ³	\$2,883m	\$2,829m	-1.9%
GES international	\$534m	\$960m	79.8%

1. FY15 revenue restated to include \$534m data & IP revenue from global connectivity (\$509m international data & calling products and \$25m IP access). FY16 global data & IP revenue \$960m (\$930m international data & calling products and \$30m IP access).

2. FY16 international revenue including Pacnet data & IP revenue \$423m (FY15 \$83m). The acquisition of Pacnet was completed Apr-15.

3. Domestic including Telstra Business, Telstra Consumer, Telstra Wholesale and GES domestic.

Strong **international** growth with customers responding strongly to the combination of the Pacnet network with the Telstra brand, product and network expertise

Domestic data & IP down 1.9% in a declining market

IP access decline reflects decreasing yield from increased competitive pressure, offsetting growth in IP customer connections

IP MAN revenue up 2.4% with services in operation up 14.3% reflecting customer wins and demand for IP value added services

ISDN reflects accelerated decline due to migration to IP access, NAS and nbn

Domestic EBITDA margin impacted by yield trends in the IP market and revenue decline

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Product performance: NAS

NAS	FY15	FY16	GROWTH
Revenue	\$2,418m	\$2,763m	14.3%
Managed network services	\$592m	\$630m	6.4%
Unified communications	\$762m	\$822m	7.9%
Cloud services	\$286m	\$386m	35.0%
Industry solutions	\$636m	\$757m	19.0%
Integrated services	\$142m	\$168m	18.3%
EBITDA – domestic Margin	\$67m 3%	\$142m 6%	+\$75m +3pp
NAS revenue by segment¹			
Business	\$553m	\$652m	17.9%
GES domestic	\$1,766m	\$1,928m	9.2%
GES international ²	\$99m	\$183m	84.8%

1. Business including Telstra Business and Telstra Consumer. GES domestic including nbn commercial works in "Ops" segment.

2. FY16 GES international revenue includes Pacnet NAS revenue \$73m (FY15 \$15m).

Continued growth in **NAS** in both domestic and international segments. Lower sequential 2H16 revenue growth due to timing of milestones

Managed services growth through expansion of security services and global capability

Unified communications growth due to increased IP Telephony connections and contact centre solutions

Cloud growth across public cloud solutions and from Pacnet

Industry solutions growth due to increased commercial works for nbn co

Awarded two NAS Frost and Sullivan Asia Pacific ICT Awards in June

EBITDA margin improvement due to ongoing operational leverage, scalable standardised offerings and lower cost delivery model

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Product performance: Media - Foxtel

Foxtel (\$ amounts in AUD under Australian IFRS)	FY15	FY16	GROWTH
Revenue	\$3,165m	\$3,310m	4.6%
EBITDA ¹	\$900m	\$880m	-2.2%
EBIT ^{1,2}	\$513m	\$558m	8.8%
Total subscribers ³	2,807k	2,938k	4.7%
Churn	10.9%	12.2%	+1.3pp
Receipts in Telstra's books⁵			
Distribution received	\$125m	\$37m	-70.4%
Cable access revenue	\$118m	\$110m	-6.8%

1. Excludes unusual cost items (FY16 \$17m, FY15 \$3m).
2. Excludes share of profits/loss from associates (FY16 (\$8m), FY15 \$1m).
3. FY15 subscribers restated to include Presto paying subscribers only.
4. Broadcast subscribers represent active residential subscribers receiving the Foxtel service via cable/satellite and a connected set-top-box (excluding Foxtel on T-Box).
5. Excludes interest received and Telstra Wholesale revenue received from Foxtel.

Revenue growth due to customer growth, with a 3.4% growth in subscriber revenue

Lower **EBITDA** primarily due to increased investment in programming to support subscriber growth, higher offer costs and continued investment in Presto

Vast majority of **subscriber growth** due to 4.7% growth in broadcast subscribers⁴

Higher broadcast **churn** due to increased use of no fixed-term contract offers in FY16

Lower distributions due to Foxtel's investment in Ten Network and focus on debt management

Lower Cable Access Revenue due to a reduction in the contracted cable access rate starting from Jan-16

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Product performance: Media

Media entertainment services and content	FY15	FY16	GROWTH
Revenue ¹	\$813m	\$864m	6.3%
Media In the Home	\$734m	\$794m	8.2%
- Foxtel from Telstra	\$662m	\$719m	8.6%
- IPTV ²	\$72m	\$75m	4.2%
Media On the Go	\$79m	\$70m	-11.4%
Foxtel from Telstra subscribers	623k	751k	20.5%
IPTV subscribers ³	221k	196k	-11.3%
Telstra TV devices in market ⁴	-	300k	n/m

1. Total media revenue excludes cable access revenue and distribution received from Foxtel.
2. IPTV revenue comprises Foxtel on T-Box, BigPond Movies, T-Box and Telstra TV device sales, and SVOD.
3. IPTV subscribers includes Foxtel on T-Box and SVOD subscribers.
4. Telstra TV devices in market is defined as cumulative sales, i.e. sale appears on customers bill.

Telstra Media delivers content experiences, to differentiate and add value to our core access products

In the Home, Foxtel from Telstra revenue growth of 8.6% due to 128,000 subscriber adds. Highest level of net subscriber adds

300,000 **Telstra TV devices** in market by the end of June

The decline in **IPTV subscribers** included growth in SVOD offset by the continued migration of our higher value Foxtel on T-Box customers to Foxtel from Telstra

In FY16, **On the Go** added Apple Music and Netball Live to our portfolio of AFL and NRL products

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NBN Definitive Agreements

NBN	FY15	FY16	GROWTH
Income	\$811m	\$1,350m	66.5%
Commonwealth agreements and other Govt. policy commitments ¹	\$132m	\$204m	54.5%
Recurring ISA: Duct, Rack and Backhaul ²	\$374m	\$387m	3.5%
One-off NBN DA	\$305m	\$759m	148.9%
- ISA: Ownership receipts ²	\$142m	\$256m	80.3%
- PSAA ³	\$163m	\$503m	208.6%
nbn commercial works revenue ⁴	\$167m	\$233m	39.5%

Strong growth in **one-off PSAA** and Infrastructure Services agreement receipts in line with the progress of the nbn rollout

Increase in receipts from the **Commonwealth agreements** due to timing

Additional **commercial works** contracts outside of NBN DA including:

- HFC Delivery Agreement
- Copper Sub-Loop Agreement and Operate and Maintain Master Agreement
- Network planning and design

1. This includes retraining and income from government grants under the Retraining Deed and Telstra Universal Service Obligation Performance Agreement (TUSOPA). TUSOPA included as other income in "All other" segment FY16 \$187m (FY15 \$122m). TUSOPA is run by Department of Communications and the Arts and the income is net of the levy paid.
2. Infrastructure Services Agreement (ISA) included in Telstra Wholesale segment. Recurring ISA included as other sales revenue. One-off ISA included as other income, including ownership receipts for assets transferred and commercial works recognised under the NBN Definitive Agreement.
3. This includes income from nbn disconnection fees (Per Subscriber Address Amount (PSAA)) included as other income and recognised in "All other" segment.
4. nbn commercial works included as NAS sales revenue in the "Ops" segment.

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Operating expenses

Operating expenses	FY15 ¹	FY16	GROWTH	
Core sales costs ²	\$6,782m	\$7,125m	\$343m	5.1%
Core fixed costs (incl. corporate)	\$8,409m	\$8,546m	\$137m	1.6% Underlying -0.6% ⁴
New business costs ³	\$279m	\$465m	\$186m	66.7%
nbn Cost to Connect (C2C)	\$128m	\$218m	\$90m	70.3%
Impairment	-	\$246m	\$246m	n/m
Total Reported	\$15,598m	\$16,600m	\$1,002m	6.4%
Plus Guidance adjustments	\$283m	\$689m		
Total Guidance	\$15,881m	\$17,289m	\$1,408m	8.9%
Less Pacnet	\$84m	\$433m		
Total Guidance and ex-Pacnet	\$15,797m	\$16,856m	\$1,059m	6.7%

Core sales costs growth net of MTAS FAD impact. Net sales and variable cost growth supported revenue growth

Excluding significant transactions and events, **core fixed decline** of 0.6%

Growth in **new business costs** including Telstra Health and Telstra Software Group

Increased nbn C2C due to nbn rollout. Cost per connection reduced by ~40%

1. FY15 reclassified to reflect Authtome being a discontinued operation.
2. Core sales costs excludes goods and services purchased associated with new business and nbn Cost to Connect.
3. New business includes Telstra Health, Telstra Software Group and Telstra Ventures.
4. Underlying excludes significant transactions and events, including costs associated with NAS commercial works and labour, global connectivity costs including Pacnet, and corporate items.

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Productivity (1 of 2)

Productivity Theme	Focus	Example initiatives	Outcomes
Improving Customer Interactions Through Digitisation & Simplification	Reduce nbn cost to connect	- Increased the number of nbn orders fully captured in upfront sales conversations - Reduced pre-connection calls to nbn customers by combining two calls into one - Increased the number of customer interactions via digital channels	~40% reduction in the cost to connect compared to FY15 70% of customer orders fully captured by channel sales staff 70% of customers chose to contact us via SMS and email post-sale
	Fixed line activation	- Customers can now connect to a fixed line service "ASAP" where infrastructure is in place (removing previous 3 day minimum lead time) - Improved cable activation system validations and online tool to improve the customer experience	185k truck rolls avoided - Faster connection times for ADSL and ADSL bundle orders
	Improve customer self service capability	Expanded the range of self service tools from ADSL to PSTN and cable so that customers can be guided through online resolution to common problems	1.2 million assurance interactions completed via self service capability up from 600k in FY15 513k customer calls and truck rolls avoided

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Productivity (2 of 2)

Productivity Theme	Focus	Example initiatives	Outcomes
Enabling the Future IT Network	Proactive assurance	Proactively identified and remediated unstable ADSL lines prior to customers contacting us about issues	- Increased the stability of ADSL services for 2.2 million customers 281k customer calls and truck rolls avoided
	Proactive maintenance	Repaired parts of our copper network before a fault occurs to reduce costs	48% reduction in faults in target areas 88k field technician tasks avoided
	Benefits from new technology	Expanded the use of new technologies like software defined networking to reduce costs	Lower energy and floor space requirements within our exchange sites
	Improve first call resolution (FCR)	Made it easier for contact centre consultants to solve customer enquiries through simplified tools and processes	- Improved FCR for Digital Office Technology products by 2pp to 74% and FCR for Telstra Broadband by 2pp to 76% 26k customer calls and truck rolls avoided
Acquisition Synergies	Pacnet integration	Simplified service offerings, customer impacting processes and IT systems	Achieved FY16 synergy targets

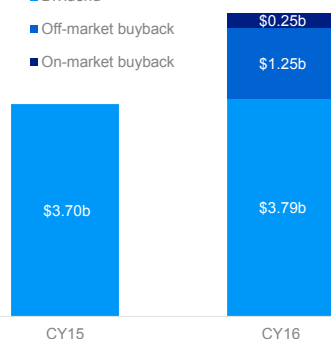
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Capital and portfolio management

Shareholder returns

- Dividend
- Off-market buyback
- On-market buyback



Dividend

FY16 ordinary dividend of 31.0c (+1.6%)

\$1.5b Capital Management Program

\$1.25b off-market buy-back

Tender discount range of 6% to 14% to the market price¹

Important dates:

- 30 September 2016: Closing date for tenders²
- 3 October 2016: Buy-back date

For Australian tax purposes, the off-market buy-back price will have two components:

- Capital component of \$1.78 per share
- Fully franked dividend component equal to the difference between the buy-back price and the capital component

\$0.25b on-market buy-back

Expected to commence following completion of off-market buy-back

1. Market price means the weighted average price of Telstra's ordinary shares on the ASX as Telstra may determine in its discretion over the five trading days up to and including the date the Tender Period closes, calculated to four decimal places, as determined by Telstra.

2. Neither the off-market buy-back nor the subsequent on-market buy-back will be made directly or indirectly in or into the United States.

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Capital management

		FY15	1H16	FY16
Gross debt ¹		\$15.0b	\$16.2b	\$16.0b
Liquidity		\$1.4b	\$2.2b	\$3.6b
Net debt		\$13.6b	\$14.1b	\$12.5b
Average gross borrowing costs ²		5.8%	5.6%	5.6%
Average debt maturity (years)		5.0	4.6	4.8
Financial parameters Comfort Zones				
Debt servicing ³	1.3 – 1.8x	1.3x	1.3x	1.2x
Gearing ³	50% to 70%	48.3%	48.7%	43.9%
Interest cover ³	>7x	14.4x	13.8x	13.0x

The 1H16 increase in gross debt reflects build up of additional liquidity to provide prudent coverage for funding requirements

The FY16 increase in liquidity predominantly reflects the proceeds from sale of Autohome

Reduction in average gross borrowing costs reflects the benefit of lower cost term debt issuance

Financial parameters remain at the conservative end of our comfort zones. These parameters include the impact of the Autohome disposal

1. Represents position after hedging based on accounting carrying values. Gross debt comprises borrowings and derivatives.

2. Represents gross interest cost on gross debt.

3. Debt servicing calculated as net debt over EBITDA. Gearing calculated as net debt over total net debt and equity. Interest cover calculated as EBITDA over net interest expense (excluding capitalised interest). Financial parameters reclassified to reflect Autohome as a discontinued operation.

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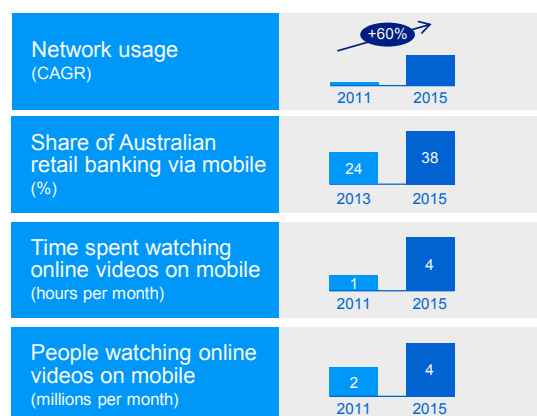


Telstra Full Year 2016 Results Announcement

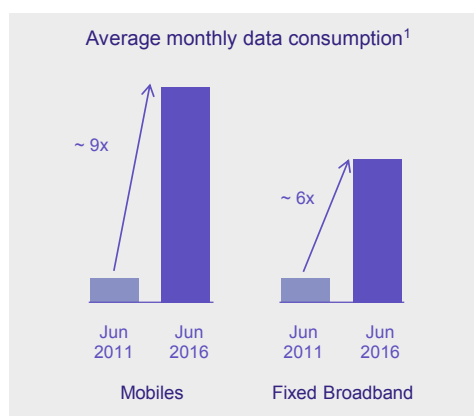
Andrew Penn, Chief Executive Officer



The demand for connectivity services continues to grow



Source: Bain & Company, Nielsen, Telstra network data

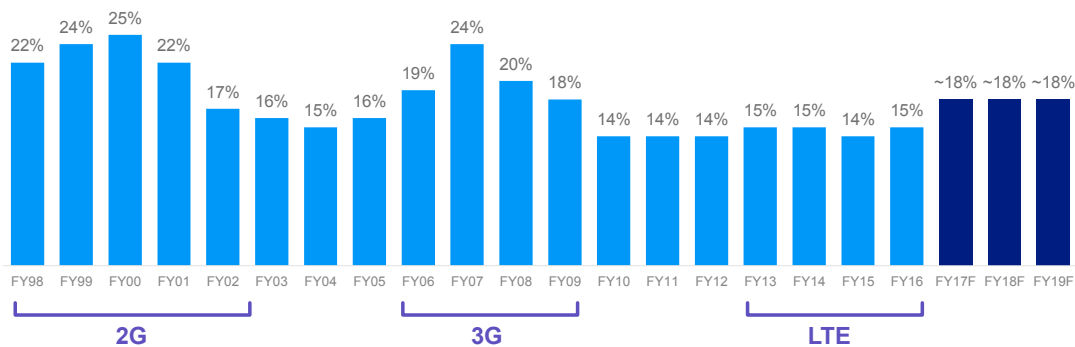


¹ Average Monthly Data Consumption is defined as the total amount of data across Telstra's 3G/4G and fixed networks divided by the total number of mobile and broadband users including Retail, GES and Telstra Wholesale customers.

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Historic capex to sales ratio (excluding spectrum and M&A)



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Lifting our investment to match our aspiration

Up to \$3 billion additional capital expenditure over the next three years, resulting in increased capex to sales¹ of ~18%

- **Networks** – to deliver next generation networks
- **Digitisation** – to radically simplify our core and improve the ways we work
- **Customer experience** – to offer a seamless and simple customer experience across all interactions

Investments will deliver significant customer and financial benefits and drive market differentiation

Targeting returns in excess of our Return on Invested Capital and consistent with investment guidelines for organic investments

Our capital management framework will continue to underpin all future capital allocation decisions

1. This assumes wholesale product price stability and excludes mergers and acquisitions and purchase of spectrum. The capex to sales ratio also assumes the rbn™ rollout is in accordance with the rbn Corporate Plan 2016 and excludes externally funded capex.



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Our investments will deliver a distinctive experience and significant benefits to all our customers

	Consumers	Business and enterprise customers
Enabling next generation experiences	• Next gen communications and media services (e.g., VoLTE, LTE-B, OTT video) • Connected home • Virtual and augmented reality • Autonomous vehicles	• Internet of Things • Software defined networking / network function virtualisation
Seamless and customised network experiences	• Consistent experience and seamless integration across all networks • Better network speeds, lower network latency, better coverage	• Deeper integration into individual customer network/ compute environments • Configurable network experiences • Ability to elastically scale up / down • Platform for new managed network services
Increased reliability, security and reduced complexity	• Reliable connectivity • Removed complexity leading to better products that are easier to understand • Unmatched scale, reach, security and performance	• Reliable connectivity • Do more, faster through modular product architecture • Unmatched scale, reach, security and performance



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To deliver these customer experiences we will drive major initiatives across the business

Network architecture
• Building the network 2020 architecture to enable future customer experiences • Improving services levels and capacity on Mobile and Fixed • Improving network resilience
Digitally enabled sales, service, and product experiences
• Seamless, interactive front-end across all channels • Digital assurance and order-to-activate processes • Product rationalisation
Adaptable digital core
• Move to a single digital core IT architecture with a single and common access point to our underlying systems through common APIs • Replace aged and bespoke systems with modern cloud-based systems • Scalable and agile delivery model



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Telstra Full Year 2016 Results Announcement

Warwick Bray, Chief Financial Officer



Capital Management Framework

FISCAL DISCIPLINE			
OBJECTIVES	1	2	3
	MAXIMISING RETURNS FOR SHAREHOLDERS	MAINTAINING FINANCIAL STRENGTH	RETAIN FINANCIAL FLEXIBILITY
PRINCIPLES	1. Maintain balance sheet settings consistent with a single-A credit rating 2. Ensure dividend remains fully-franked and seek to increase it over time¹ 3. Target medium-term capex/sales ratio ~14% excluding spectrum payments 4. Over a full year we will not borrow to pay the dividend or fund capital returns 5. Maintain flexibility for portfolio management and to make strategic investments		
Capex/sales ratio ² will increase to ~18% in FY17, FY18 and FY19			
Cumulative excess free cash: \$4.4b as at 30 June 2016			

¹ Any dividend is subject to the Board's normal semi annual approval process for dividend declaration and there being no unexpected material events.

² This assumes wholesale product price stability and excludes mergers and acquisitions and purchase of spectrum. The capex to sales ratio also assumes the nbn™ rollout is in accordance with the nbn Corporate Plan 2016 and excludes externally funded capex.



2017 guidance¹

Measure	FY16 BASELINE	FY17 GUIDANCE
Total income	\$27.1b	mid to high-single digit
EBITDA	\$10.7b	low to mid-single digit
Capex to sales	15.2%	~18%
Free cashflow	\$4.8b	\$3.5b - \$4.0b

1. This guidance assumes wholesale product price stability and no impairments to investments, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumes the rbn™ rollout is in accordance with the rbn Corporate Plan 2016. Capex to sales guidance excludes externally funded capex. Guidance excludes the Ooyala impairment in FY16 and restructuring costs in FY17 of \$300m to \$500m.



Q&A



Supporting material

1	Product income
2	Product operating expenses

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Product income

Income	FY15	FY16	GROWTH (reported basis)	GROWTH (reported basis)	GROWTH (ex-FAD ¹)
Mobile	\$10,651m	\$10,438m	-\$213m	-2.0%	1.3%
Fixed ²	\$7,065m	\$6,907m	-\$158m	-2.2%	-1.3%
Recurring NBN DA income	\$374m	\$387m	\$13m	3.5%	
Data & IP	\$2,883m	\$2,829m	-\$54m	-1.9%	-1.7%
NAS	\$2,319m	\$2,581m	\$262m	11.3%	
Global connectivity ³	\$879m	\$1,445m	\$566m	64.4%	
Other core ⁴	\$1,493m	\$1,458m	-\$35m	-2.3%	
Recurring core	\$25,664m	\$26,045m	\$381m	1.5%	3.1%
Net one-off NBN DA income	\$315m	\$776m	\$461m	146.3%	
New business ⁵	\$133m	\$229m	\$96m	72.2%	
Total Reported	\$26,112m	\$27,050m	\$938m	3.6%	5.2%

1. Growth ex-FAD includes FAD impact across mobile \$356m, fixed \$64m and data & IP \$4m in line with guidance schedule.
2. Fixed excludes global connectivity and includes TUSOPA income FY15 \$115m (FY16 \$122m).
3. Global connectivity includes GES international results across fixed, data & IP, NAS and mobile.
4. Other core includes distribution from Foxtel, media and other miscellaneous income.
5. New business includes Telstra Health, Telstra Software Group and Telstra Ventures.

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Product operating expenses

Operating expenses	FY15	FY16	GROWTH (reported basis)	GROWTH (reported basis)	GROWTH (ex-FAD ¹)
Mobile	\$6,401m	\$6,054m	-\$347m	-5.4%	0.2%
Fixed excl. nbn C2C	\$3,566m	\$3,566m	-	-	
Data & IP	\$1,030m	\$1,077m	\$47m	4.6%	
NAS	\$2,252m	\$2,439m	\$187m	8.3%	
Global connectivity ²	\$738m	\$1,180m	\$442m	59.9%	
Other core ³	\$1,204m	\$1,355m	\$151m	12.5%	
Recurring core	\$15,191m	\$15,671m	\$480m	3.2%	5.5%
nbn C2C	\$128m	\$218m	\$90m	70.3%	
New business ⁴	\$279m	\$465m	\$186m	66.7%	
Impairment	-	\$246m	\$246m	n/m	
Total Reported	\$15,598m	\$16,600m	\$1,002m	6.4%	8.7%

1. Growth ex-FAD includes FAD impact in mobile \$362m in line with guidance schedule.
2. Global connectivity includes GCS international results across fixed, data & IP, NAS and mobile.
3. Other core includes distribution from Foxtel, media and other miscellaneous income.
4. New business includes Telstra Health, Telstra Software Group and Telstra Ventures.



ANDREW PENN - CEO

SLIDE 1: FULL YEAR 2016 RESULTS

Thank you Peter

Welcome to Telstra's results for the year ended 30 June 2016.

SLIDE 3: AGENDA SLIDE

This morning we have made an important announcement regarding a significant investment for the future in our core business. I will come to that soon but firstly Warwick and I will take you through the results for the year.

I will make some comments on the highlights before Warwick takes you through the results in detail.

SLIDE 4: HIGHLIGHTS

2016 was a year of strong performance against the background of increased competitive dynamics.

Net profit after tax from continuing and discontinued operations was up 35.9 per cent to \$5.8bn and we delivered against guidance in our three key measures of income, EBITDA and free cash flow.

Importantly we continued to attract new customers with 560,000 net new mobile services and 235,000 fixed broadband services. We also saw 322,000 customers taking bundles.

2016 was an important year for the NBN.

During the year we added 289,000 net new NBN customers. The year also marked our 500,000th new customer since the beginning of NBN. This event coincided with NBN's announcement of its 1 millionth connected home.

We also signed significant contracts with the NBN in relation to both build and maintenance to the value of over \$1.6bn over the next few years.

Our GES business continued to grow strongly with income up 11.5 per cent with particularly good performance from services, including cloud, in the first half of the year.

We are particularly pleased with our performance internationally with revenue up 55.5 per cent following the successful integration of Pacnet.

We have seen some significant customer wins domestically and internationally in GES which will further underpin future growth.

We have also achieved our targeted margin improvement in services.

The fixed broadband business has performed strongly with the customer wins I have mentioned, leading to solid revenue growth. We saw a particularly strong performance from Belong now in its third year since launch.

Our fixed broadband margin has also been strong notwithstanding the acceleration of the migration to the NBN.

There is no doubt the mobiles market has been very competitive and this has been reflected in ARPUs. We have performed well in that environment and while underlying revenue growth was flat, EBITDA and margins both grew.

Our mobiles performance in the business segment was strong and reflects the increasing use of our mobile assets to drive new solutions for industries, mobile workers and connected devices.

Our productivity program has been dialled up with an underlying decrease of 0.6 per cent in core fixed costs. Warwick will comment more on this later.

It has also been an important year for our media business and we have signed long term agreements for exclusive digital media rights for the AFL, NRL and Netball, Australia's biggest broadcast and grass roots sports.

These leverage the growing trend of watching live sport on your mobile - which has never been more evident than the (record-breaking) mobile consumption of the Rio Olympics this week, enjoyed for free only for Telstra customers.

We are using these media assets to enhance the value of our fixed and mobile services to customers.

For our fixed customers, we now have more than 300,000 Telstra TVs in customer homes following launch in October of last year.

2016 was also our biggest year ever for Foxtel from Telstra, with 20 per cent growth in customers.

Already more than 750,000 mobile customers are enjoying premium sport and music content experiences through their Telstra mobile plans.

During the year we took the next step in the evolution of our brand in line with our vision. We launched to market in July and we are extremely pleased with the overwhelming positive response from our customers.

The financial results for the year include the \$1.8bn profit on the sale of the majority of our shareholding in Autohome.

Autohome has been an incredibly successful investment for Telstra. Our decision to sell the majority of our shares reflects the opportunity to underpin the next phase of Autohome's growth through a significant strategic partnership between Autohome and Ping An.

Ping An is well positioned to leverage their very large customer base and significant interests in motor vehicle insurance and financing.

We retain a 6.5 per cent shareholding and board seat in Autohome.

The results for the year also included in a \$246m impairment of Ooyala.

The Ooyala impairment reflects the changing dynamics in the intelligent video market and the business performance.

Ooyala remains a young and exciting company with leading offerings in intelligent video which continue to evolve and scale.

Earnings per share for the year was up 37.4 per cent to 47.4 cents per share or 31.6 cents per share on a continuing basis.

The Board has declared a final dividend of 15.5 cents per share. This takes the total dividend for the year to 31 cents, up 1.6 per cent compared to last year.

Further to our announcement of 2 May, we will be undertaking a \$1.5bn capital management initiative which will be implemented through an on and off market buy back over the next few months.

The one thing I am disappointed about for the year, despite the strong performance, was that our customer advocacy result fell 4 points.

SLIDE 5 – NETWORK LEADERSHIP

We did not deliver to the extent we should for our customers.

It is clear that we have more to do to improve our systems and processes to ensure that we consistently deliver a great customer service experience.

We also know our customers, whether they be individuals or business, enterprise or government, retail or wholesale, domestic or international have come to rely significantly on their smart devices and connectivity.

This is why the network experience is so important.

Over the second half of the year we experienced a number of issues within the mobile, fixed broadband and IP networks. These caused disruptions for a significant number of our customers.

We have undertaken extensive and end to end reviews of the networks involving international and independent experts.

As a consequence of these reviews, in June we announced a \$250m program of investment and initiatives from within our current capital budgets. These include.

- A \$50m investment in mobiles to improve recovery times and network monitoring.
- A \$100m investment in the core network to improve resilience and reliability, and
- A further \$100m investment to increase ADSL capacity to meet customer demand from very significant growth in video streaming.

We are well progressed in relation to this program of investment and we have already substantially improved our mobile network recovery times.

In parallel with this resilience program we have also continued to build out our network capabilities.

During the year we upgraded more than 2000 network sites to 4GX and achieved 98 per cent population coverage for 4G.

- On average our customers experienced a 25 per cent increase in the average download speed of their 4G devices on Telstra's network.
- We launched Australia's first voice over LTE service in September and more than 1 million customers now have access to high definition calling over 4G through VOLTE.
- In 5G we are actively engaged in setting new international standards and we are well progressed in relation to our 5G readiness.

We should not lose sight of the fact that we continue to have the best networks in Australia with our mobile network providing the best coverage and the fastest speeds.

We have always been ahead of the technology curve and we are committed to continue to be so.

I am confident the up to \$3bn strategic investment in digitisation and networks of the future that we announced this morning will further enhance our leadership position.

We are also committed to continue to put the customer at the heart of everything we do and it is improving customer experience that has driven our decision to make this further very significant investment.

Let me now hand over to Warwick to take you through the results in detail and I will then come back and talk more about the future.

WARWICK BRAY - CFO

SLIDE 6 – TELSTRA FULL YEAR RESULTS ANNOUNCEMENT 2016

Thank you Andy and good morning everybody.

SLIDE 7 - AGENDA

The presentation this morning breaks down as:

- First, the overall results and comments on performance against guidance and the prior period.
- Second, the business unit and product performance.
- Third, our expenses and productivity;
- Finally, our capital management program and an update on our main balance sheet movements

Firstly, let me take you through the overall performance of the business in FY16.

SLIDE 8 – GROUP RESULTS – INCOME STATEMENT

Our FY16 results were consistent with our guidance across income, EBITDA, capex and free cash flow.

On a reported and continuing operations basis:

- Sales revenue for the year was up 1.9% to \$25.8bn
- Total income was up 3.6% to \$27.1bn; and
- EBITDA was down 0.6% to \$10.5bn

The reported EBITDA number is including the effects of the:

- Impairment of Ooyala intelligent video subsidiary which decreased EBITDA by \$246m; and
- Regulatory pricing decisions which decreased EBITDA by \$62m

On a reported and continuing operations basis:

- Net profit after tax was down 6.9% to \$3.8bn; and
- Basic EPS was down 5.7% to 31.6 cents

The guidance basis removes the effects of impairment, regulatory pricing decisions and in year M&A.

On a guidance basis:

- Total income was up 6.3%; and
- EBITDA was up 2.6%

This is our first full year operating with Pacnet, which was acquired in April 2015.

On a guidance basis and excluding Pacnet:

- Income growth was 4.8%; and
- EBITDA growth was 2.1%

From continuing **and** discontinued operations, Net profit after tax was up 35.9% to \$5.8bn.

Basic EPS was up 37.4% to 47.4 cents.

This included a \$1.8b profit on the sale of 47.4% of Autohome, the Chinese online car business, in June 2016. As a result of the sale, Autohome was classified as a discontinued operation and excluded from reported results. We retain a 6.5% stake in Autohome.

We have reported an increase in depreciation and amortisation of 4.6%. This was mostly due to the acquisition of spectrum in the prior period.

Net finance costs were broadly flat.

Income tax was up 1.3% to \$1.8bn. The effective tax rate on continuing operations was 31.6%.

We now move to our other main financial measures.

SLIDE 9 – GROUP RESULTS – FINANCIAL MEASURES

This year capex was up 12.7% to \$4.0bn, including increased investment in our mobile network.

Our capex to sales ratio of 15.2% was consistent with our full year guidance of approximately 15%.

On a reported basis, free cash flow increased from \$2.6bn in FY15 to \$5.9bn.

The FY16 free cash was influenced by

- \$1.3bn associated with the sale of Autohome
- Proceeds from the sale of PP&E increased by \$376m mainly due to the transfer of assets to nbn co under the NBN Definitive Agreements (DA).
- Capex in FY16 was \$456m higher than FY15;

The increase in free cash flow compared to FY15 was also due to FY15 outflows including:

- \$1.3bn invested in spectrum; and
- \$508m related to M&A and associated transactions.

As Andy mentioned, the Board has declared a fully franked final dividend for FY16 of 15.5 cents per share, the same level as the FY15 final dividend. FY16 aggregate declared dividends of 31.0 cents per share are up 1.6% on FY15.

Our payout ratio increased to 98%. Excluding the impairment, our payout ratio was 93% and close to our FY15 payout ratio.

Our dividend policy remains unchanged and future dividends will be subject to the Board's normal semi-annual approval process, and in line with our capital management framework that sets out our goal to seek to increase the dividend over time based on growth in EPS on a sustainable basis.

In addition to the final dividend, today we are announcing details of our \$1.5bn capital management program. This will be covered later in my presentation.

Return on Equity and Return on Invested Capital remain sound. On a continuing operations basis, ROE decreased by 3.8 points due to the impairment and increased equity from the profit on sale of Autohome. ROIC decreased by 2.1 points mostly due to the investment in spectrum in FY15. Our future ratios will continue to be influenced by the changing mix in our major products, including the recurring and one-off nbn impacts.

Gearing fell 4.4 points to 43.9% including cash received from the sale of Autohome. Our credit metrics and balance sheet settings remain at the conservative end of our comfort zones and we retain our sound liquidity position.

Now, turning from our overall results to income performance across our business units.

SLIDE 10 – BUSINESS UNIT RESULTS

Our retail income growth was influenced by the mobile terminating access service (MTAS) regulatory decision. This reduced our retail revenue by \$329m with only a small impact on EBITDA.

Total retail income was down 1.5% to \$16.7bn.

- Consumer was up 1.0% excluding the impact of the MTAS decision. This growth was achieved through fixed data and mobile subscriber additions somewhat offset by declines in ARPU and voice revenues.
- Business was down 1.0% excluding the impact of the MTAS decision. Growth in NAS was strong across managed network services and cloud. This growth was offset by lower revenue in fixed voice, mobile excess data and international roaming. In business, we have now reached the milestone of having more revenue across NAS and data & IP, than from fixed services.

Global enterprise and services income grew 11.5% including the acquisition of Pacnet.

- GES domestic grew 1.1% due to strong NAS and enterprise mobility, including postpaid and M2M. NAS growth included the achievement of significant delivery milestones on some major accounts in 1H16.
- GES international grew 55.5% to \$1.7b. Including Pacnet, we have expanded our geographical presence and base of enterprise and wholesale customers.

Finally, Telstra Wholesale income was up 1.4% largely due to an increase in ISA ownership receipts. Telstra Wholesale income was reduced by the implementation of the ACCC Final Access Determination (FAD) for fixed line services from 1 November 2015.

Turning now to our product framework.

SLIDE 11 – PRODUCT FRAMEWORK

At our Investor Day in May, we outlined the four factors that will influence our long term sustainable earnings:

- First, the growth and change in mix of our existing products;
- Second, the migration of fixed services to nbn™, where we identified a \$2-3bn per annum long term negative EBITDA impact;
- Third, productivity; and
- Fourth, our investment in long term new growth businesses.

Consequently, we are changing our financial disclosure to identify each of those factors. This new disclosure separately identifies performance from:

- our recurring core, including separating the recurring influence of the NBN; and
- new business and NBN DA one-off impacts.

Now let me take you through income performance within this product framework.

SLIDE 12 – PRODUCT PERFORMANCE INCOME

Overall, we saw continued growth in reported income, up 3.6% to \$27.1bn.

Our recurring core income growth was 1.5%.

Within our core income, the implementation of the MTAS and FAD decisions resulted in a \$424m reduction. Excluding this impact, our core income grew by 3.1%:

- Mobile was up \$143m or 1.3%, a slower rate of growth than previous years.
- Fixed was down \$94m or 1.3%, a slower rate of decline than previous years. We continue to be encouraged by our fixed line performance.
- Recurring NBN DA was up \$13m or 3.5%.
- Data and IP was down \$50m or 1.7%, broadly in line with previous years
- NAS continued its double-digit rate of growth, up \$262m or 11.3%.
- Global connectivity was up \$566m or 64.4% including Pacnet.

Outside our recurring core income:

- One-off NBN DA receipts was up \$461m
- New business was up \$96m or 72.2%.

Turning now to product EBITDA performance.

SLIDE 13 – PRODUCT PERFORMANCE EBITDA SUMMARY

Overall, we saw a decline in reported EBITDA, down 0.6% to \$10.5bn.

Our recurring core was down \$103m.

This was the first year that we saw a major impact from the long term recurring influence of the NBN. This negative influence was \$145m in the year and this is the number that we expect to grow to \$2-3bn per annum over the course of the rollout of the nbn network. The biggest component of the recurring impact of the NBN was increases in CVCs and AVCs.

Outside recurring NBN impacts, the remaining core was up \$42m – we will go through this on the next slide.

One-off NBN DA receipts, net of nbn costs to connect, were up \$371m in line with the nbn rollout. This included \$90m of increased nbn costs to connect.

New business EBITDA was down \$90m due to continued investment in Telstra Health and the Telstra Software Group. And we also recognised the \$246m impairment in the value of Ooyala intelligent video subsidiary.

Turning now to recurring core product EBITDA performance in detail.

SLIDE 14 – PRODUCT PERFORMANCE EBITDA DETAIL

This table now further expands the EBITDA performance of our core business. Working from the bottom, the difference between the reported EBITDA figure of \$10,465m and the recurring core of \$10,389m, is the nbn one-off, new growth businesses and the impairment.

Turning to our recurring core, the EBITDA was down \$103m, or as identified on the last slide, up \$42m excluding the recurring impact from NBN:

- Mobile was up \$134m or 3.2%
- Data and IP was down \$101m or 5.5%.
- NAS was up \$75m or over 100%.
- Global connectivity was up \$124m, including an additional \$55m EBITDA from Pacnet; and
- Other core was down \$190m including the reduced distributions from Foxtel

Turning to the product performance in detail starting with the mobile portfolio.

SLIDE 15 - MOBILE

Mobile revenue was down 2.0%, or up 1.3% excluding MTAS.

During the year, we added a further 560,000 domestic retail mobile services, including 169,000 postpaid handheld customers, to bring our total subscriber base to 17.2 million.

In postpaid handheld, revenue was flat due to subscriber growth being offset by a reduction in ARPU. Postpaid handheld ARPU excluding MRO was down \$1.11 to \$68.40. Encouragingly, we continue to see customer migration to higher minimum monthly commitment plans and the quality of revenue improving. This ARPU growth was offset by lower excess data and voice charges, and tactical offers.

More than 73% of our consumer postpaid handheld base are now on Extra Data plans. Extra Data gives customers the option to receive additional data in 1GB blocks when they reach their monthly data limit for a flat rate of \$10 per block.

Prepaid handheld revenues fell 3.5% due to lower ARPU from increased allowances, leading to fewer recharges. We continue to see growth in prepaid unique users, up 3.3% for the year.

Mobile broadband revenue fell 4.7% due to lower prepaid ARPU and a decline in unique users. We however continue to see opportunity in consumer shared plans, and growth in connected tablets to help our business customers further improve their productivity, in particular, with field force and sales force solutions.

Machine to machine revenue grew 16.8%. We added 307,000 M2M SIOs in the year, exceeding recent trends. Over the year, we have implemented multiple M2M solutions. These solutions have addressed productivity, driver safety, asset utilisation, long-haul vehicle tracking and fleet management for our customers.

Mobile hardware revenue increased 10.1% as a result of higher average retail prices on high end smartphones.

The mobile EBITDA margin increased 2 points to 42%. Excluding the margin accretive impact from MTAS, mobile margins were closer to 40%. Mobile margins also benefited from the timing of lumpy costs and one-offs in 2H16.

Our postpaid handheld churn remains low but increased to 10.9%. Postpaid handheld churn was higher in 2H16, due to increased competition and some effect from network outages.

Turning to our fixed performance.

SLIDE 16 - FIXED

Overall, we had a strong year in fixed products in comparison to prior periods and relative to market.

Fixed product revenue was down 2.2%, or down 1.3% excluding the Fixed Services FAD.

Fixed data revenue grew 5.6%. Retail fixed broadband subscribers grew by 235,000 – our best net subscriber additions in more than five years. This result was due to the continued focus on providing customers with simple, flexible, and great value bundle plans together with unique inclusions like Telstra Air, Telstra TV, and more capable home internet devices. Our challenger brand Belong also contributed to the subscriber and revenue growth again this year.

The fixed voice revenue decline was contained to 8.2%. Retail fixed voice customer line loss was maintained at 271,000, or 4.5%, due to continued focus on retention in our save cells and proactive migration of 'home phone only' customers to new bundled plans with broadband and WiFi. The ARPU decline of 5.1% was broadly in line with the prior corresponding period.

Our bundled products are performing well, including the “best bundle ever” launched in March 2016 with free Telstra Air and Telstra TV, and the Telstra BizEssentials bundles with double the data for our small business customers. These innovations have continued to deliver strong growth in retail bundles with bundled customers up 322,000 to 2.7 million. 83% of our retail broadband customer base is now on a bundled plan, including our entertainment offers.

Demand for our nbn services continues. During the year we added 289,000 nbn connections. As at 30 June 2016, we had 500,000 nbn connections, made up of:

- 407,000 voice and data bundles;
- 34,000 data only services; and
- 59,000 voice only services.

Our nbn market share remains above our core broadband market share and increased in 2H16. Like all of our broadband and bundled products, we differentiate our nbn services based on unique content experiences that are only with Telstra, like Telstra TV and Telstra Air.

In June 2015, we launched Telstra Air – our residential and public WiFi offering – with over 1.1m activated customers by the end FY16, and growing to be the largest WiFi network in Australia..

The fixed voice margin fell by 4 points due to lower revenues, while the fixed data margin was flat. Both fixed voice and data margins were negatively affected by the cost of connecting customers to the nbn, and the ongoing nbn network costs. Excluding nbn, underlying fixed data margins increased on the prior period.

Turning now to data and IP.

SLIDE 17 – DATA & IP

In data and IP we saw revenue growth due to higher global connectivity revenue including from our Pacnet acquisition.

GES international data & IP revenue growth was 79.8% with international customers responding strongly to the combination of the Pacnet network with the Telstra brand, product and network expertise.

Domestic data & IP revenue declined at 1.9% in line with recent trends, however we performed well against market with customers embracing our complementary NAS products; and Next IP network flexibility, scalability and security.

While we are achieving volume growth in IP access, we are seeing some price competition. IP access declined 3.0% reflecting these yield trends, offset by growth in customer connections.

IP MAN revenue, which represents 69% of IP access, was up 2.4%, with connections up 14.3%, reflecting customer wins and demand for IP value added services.

ISDN declined 8.9% due to continued steady migration to IP access, unified communications, fixed data and nbn products.

Our domestic EBITDA margin of 62% was impacted by yield pressures in the IP market and the domestic revenue decline.

Now, turning to Network Applications and Services, or NAS.

SLIDE 18 - NAS

We are pleased with our NAS performance. In FY16, we achieved strong revenue growth of 14.3% to \$2.8b, and expanded margins. Growth was achieved across domestic and international segments, including an increased contribution from Pacnet.

As indicated at our half year results, growth in NAS revenue in 2H16 was slower than 1H16 due to the timing of contract milestones. We expect FY17 NAS revenue to grow above market rates.

Managed network services revenue for the year grew by 6.4% due to increased professional service and security activity, including from our Bridgepoint acquisition. We are pleased with the progress of this acquisition as it has brought greater capability in our managed network and security portfolio.

Unified communications revenue was up 7.9% as a result of increased IP telephony customer connections.

Cloud revenue grew by 35% across public cloud solutions – or infrastructure as a service – and from Pacnet.

Industry Solutions revenue growth of 19% was principally due to increased nbn commercial works.

Integrated Services revenue was up 18.3% due to the achievement of transition and transformation milestones on major accounts, and growth from annuity managed services.

The NAS EBITDA margin improved 3 points through operational leverage and scalable standardised offerings

Turning now to media and firstly Foxtel.

SLIDE 19 – MEDIA - FOXTEL

As announced on the 8th August, Foxtel's revenue was up 4.6% due to subscriber growth.

Total subscribers were up to more than 2.9m with the vast majority of growth due to 4.7% growth in broadcast subscribers. Broadcast residential ARPU for the full year was \$89, a mid-single digit decline compared to the prior year.

Churn for Foxtel increased due to increased use of no fixed-term contract offers in 2H16.

EBITDA decreased by 2.2% to \$880m due to:

- Firstly, increasing programming costs – particularly across sport and drama; and
- Secondly, planned higher offer costs associated with sales, and continued investment in Presto.

EBIT improved 8.8% to \$558m, including lower depreciation resulting from the increase in the useful lives of cable and satellite installations.

In Telstra's books, the distribution received from Foxtel was down 70.4% to \$37m due to Foxtel's investment in Ten Network and focus on debt management. We received no distribution from Foxtel in 2H16.

Cable access revenue was down 6.8% to \$110m.

Now, moving to our other media assets.

SLIDE 20 – MEDIA

The role of Telstra Media is to add differentiated content experiences that complement our network advantage.

In the Home, we continued our strategy to bundle media with core fixed products. Foxtel from Telstra revenue grew by 8.6% to \$719m, with net subscribers up 128,000 – our highest level of net subscriber adds in a year.

We also launched Telstra TV in October. By the end of FY16, we had 300,000 Telstra TV devices in market.

IPTV revenue was up 4.2% including increased revenue from Telstra TV device sales and SVOD. This revenue growth was partly offset by the continued migration of our higher value Foxtel on TBox customers to Foxtel from Telstra.

The IPTV subscriber decline of 11.3% included 44,000 new SVOD subscribers across T-Box and Telstra TV. SVOD growth was offset by a decline in Foxtel on T-Box subscribers – down from 165,000 in FY15 to 96,000 in FY16.

Media 'On the Go' revenue decreased 11.4% due to declining legacy mobile download services. This reflects a shift in strategy from direct media revenue towards differentiation and data usage across Telstra's core products.

In FY16, we added Apple Music and Netball to our portfolio of AFL and NRL products.

Turning now to income from the NBN Definitive Agreements or "DA".

SLIDE 21 – NBN DA

During the year we recognised NBN DA related income of \$1,350m, up 66.5%. This included strong growth from the ISA ownership receipts and PSAA, which were up 80.3% and 208.6% respectively, in line with the progress of the nbn roll out and migration.

Whilst the ownership receipts and PSAA will be influenced by the timing of the nbn rollout, the timing of related cashflows will vary between periods.

Revenue from the Commonwealth Agreements increased 54.5% due to the timing of income recognition from the Telstra Universal Service Obligation Performance Agreement. Within the Commonwealth Agreements, retraining deed revenues of around \$10-15m per annum will continue to be recognised over the next two to three years.

Recurring ISA revenue from ducts, racks and backhaul was up 3.5% to \$387m. These receipts reflect nbn co ongoing use of our infrastructure.

The NBN DA income represented on this slide was recognised across “sales revenue” and “other income” categories in our financial statements. Sales revenue included NBN ISA revenue related to access to our infrastructure. Other income included the remainder of NBN DA income, including all income from the PSAA.

NBN DA income does not represent all of the income we receive from nbn co. Outside the NBN DA, we also received Industry Solutions revenue within NAS through the two commercial agreements – the Planning Design Services Agreement and the Joint Deployment Works Contract.

nbn commercial works revenue was up 39.5% to \$233m. Future nbn commercial works revenue will also include the HFC Delivery Agreement, Copper Sub-Loop Agreement and Operate and Maintain Master Agreement.

In addition to commercial works revenue, we received additional data and IP sales revenue for wholesale ethernet transmission and facilities access.

Turning from our business and product performance, now let me take you through our expenses and productivity.

SLIDE 22 – OPERATING EXPENSES

Our total operating expenses increased 6.7% to \$16.9bn on a guidance and ex-Pacnet basis.

On a reported basis, total operating expenses increased 6.4% to \$16.6bn.

We have updated our disclosed cost categories to match our product framework presented earlier. Compared to our first half disclosure, costs related to global connectivity and corporate costs are now recognised in our core.

Excluding impairment, going through each of the four cost categories in turn:

First, growth in core sales costs - or Directly Variable Costs.

Our core sales costs grew \$343m or 5.1%. The five biggest contributors to the increase in sales costs were:

- Global connectivity, including Pacnet where we saw income growth of 64.4% and margin expansion
- NAS domestic, where we saw income growth of 11.3% and margin expansion.
- Mobile costs of goods sold associated with hardware revenue growth of 10.1%. Our hardware margin increased as a result of lower unit subsidy.
- nbn access payments increased to support nbn connection growth of 289,000 customers; and
- Foxtel service fees where we saw revenue growth of 8.6%.

Core sales costs growth was offset by a benefit from reduced interconnect costs due to MTAS. Excluding this impact, core sales costs grew at 10.4%.

So, where we saw the largest dollar increase in reported costs, this increase directly supported our growth categories across the core. Overall, we saw an increase in efficiency of our core sales costs.

Second, growth in costs in our new businesses.

New business costs grew \$186m and supported Telstra Health, Telstra Software Group, as well as Telstra Ventures.

Third, growth in our nbn costs to connect

Our nbn costs to connect increased \$90m. Over the period however, we reduced the average cost per nbn connection by around 40%;

The nbn costs to connect include consumer connections and more complex business connections, and exclude revenue we receive from customers for connecting nbn services.

Fourth, growth in our core fixed costs.

Core fixed costs increased \$137m or 1.6%.

On an underlying basis, our **core fixed costs declined 0.6%**.

This means that the results of our cost productivity programmes more than offset inflation and reinvestment. This “net” measure is our primary measure of cost productivity. We remain committed to reducing core fixed costs on an underlying basis in FY17 and beyond.

The difference between reported and underlying costs included increased nbn commercial works and DA costs; increased NAS labour on large contracts; increased global connectivity costs including our Pacnet acquisition, offset by reduced corporate costs.

Let me now turn to our productivity program in more detail.

SLIDE 23 - PRODUCTIVITY

We achieved the underlying fixed cost reduction through six productivity initiatives in FY16:

- improving customer interactions through digitisation and simplification
- product and sales optimisation
- enabling the future IT network
- organisation and process
- building supplier partnerships for business outcomes; and
- realising synergies from acquisitions.

In many cases, digitisation and simplification of our products and processes have led to better outcomes for our customers as well as cost benefits.

I will go through some examples.

We have reduced the cost to connect to the nbn by:

- increasing the number of orders fully captured in upfront sales conversations
- reducing the number of calls to customers during the connection process; and
- increasing the number of customer interactions via digital channels.

These changes have improved the experience for our customers and staff, and resulted in an around 40% reduction in the cost per nbn connection.

For fixed line activation, we have changed how we activate ADSL and bundle services eliminating a three day minimum activation lead time for customers where infrastructure is available. This has also

resulted in a 65% improvement in our ability to connect the service at the time nominated by our customers. When combined with improvements to our tools and processes for connecting customers to our cable network and how we dispatch technicians, we have reduced the number of truck rolls by 5% or 185,000.

We have improved our customer self service capability by expanding the coverage and capability of our customer self-service assurance tools. This has improved the ability of our ADSL, PSTN and cable customers to resolve common problems related to modem connectivity, outages, hardware faults, email and Wi-Fi quality. This has resulted in 600,000 additional completed self-care interactions and the avoidance of over 500,000 customer calls and truck rolls.

SLIDE 24 - PRODUCTIVITY

To enable our the Future IT Networks, investment in proactively identifying and remedying unstable ADSL services before a customer needs to contact us has resulted in more stable ADSL services for 2.2 million customers; and the avoidance of over 280,000 customer calls and truck rolls.

Additionally targeted **proactive maintenance** of our copper access network has resulted in a 48% reduction in the fault rate within target areas and a 2.5% or 88,000 reduction in field technician tasks.

Our adoption of **new technologies** has allowed us to take advantage of associated cost reductions, for example using software defined networks has resulted in cost reductions from lower power consumption and reduced floor space requirements within our exchanges.

To improve **first call resolution**, we have simplified tools and processes to make it easier for our staff to serve our customers and resolve their enquiries. For example we have implemented improvements to our guided step-by-step workflows for contact centre consultants to help our Digital Office Technology and Telstra Business Broadband customers resolve fault enquiries. This has resulted improved first call resolution rates by 2 points across these customers, and avoided 26,000 customer repeat calls and truck rolls.

Finally, we continue to deliver synergies from our **acquisitions**. We have realised synergies from our Pacnet acquisition and optimised the performance of the combined business. In the last year, for the combined business, we have:

- rationalised over 27 Pacnet products into around 16 single Telstra product offerings.
- migrated to a single set of delivery and support IT platforms for CRM, ordering, activation and ticketing.
- consolidated 17 network points of presence and 102 transmission circuits.
- renegotiated over 40 contracts; and
- merged 13 offices.

Turning now to capital management.

SLIDE 25 – CAPITAL AND PORTFOLIO MANAGEMENT

At our Investor Day in May, we announced our intention to use the proceeds from the sale of Autohome shares to fund a Capital Management Program.

Today, we are announcing a \$1.5bn capital management program, comprising of a \$1.25bn off-market buy-back and a \$250m on-market buy-back. The buy-back program is expected to benefit all Telstra shareholders, whether or not they participate, through an increase in EPS.

The off-market buy-back will be conducted through a tender process. Eligible shareholders can choose to tender shares at specified discounts to the Market Price in a range of 6% to 14%.

Eligible shareholders will receive further information on how they can participate in the off-market buy-back tender.

For those eligible shareholders who successfully participate in the off-market tender, the ATO has indicated that for Australian tax purposes the Capital Component of the price paid for each share bought back will be \$1.78 and the remainder of the price will be a fully franked dividend.

While participation in the off-market Buy-Back Tender will result in a shareholder selling shares at a price which is lower than the Market Price, depending on tax circumstances, they may still be better off by selling shares through the off-market Buy-Back Tender.

The \$250m on-market buyback is expected to commence shortly after the completion of the off-market buy-back tender.

Neither the off-market buy-back nor the subsequent on-market buy-back will be made directly or indirectly in or into the United States.

This \$1.5bn capital management program is another example of our balanced approach towards capital management, including active management of our investment portfolio and the creation of shareholder value in accordance with our capital management framework.

Turning now to some of the more detailed capital and balance sheet movements in 2016.

SLIDE 26 – CAPITAL POSITION

Overall, our balance sheet remains strong.

The increase in our gross debt in part reflects the issuance of \$1.6bn long term debt during the year ahead of maturities in FY17.

Our closing net debt was reduced by additional liquidity reflecting the proceeds from the sale of Autohome. This additional liquidity will be used to fund our capital management program in FY17.

Our average debt maturity has increased to 4.8 years from 4.6 years at the half. We continue to refinance at much lower average rates, as evidenced by our 10 year 750 million Euro bond in April 2016 with interest payable at 4.165% per annum. We believe at time of issuance, this was the lowest ever 10 year rate for an Australian company.

Our finance costs on an accounting basis were broadly flat year on year.

Positive influences on finance costs were

- a reduction on our average borrowing costs from 5.8% to 5.6%; and
- a small non cash benefit from adoption of AASB 9.

Offset by

- higher average net debt on issue; and
- lower finance income due to lower average cash balances and a reduction in interest income received from Foxtel.

Net cash finance costs on a cash basis were down 2.7% to \$729m

Our gearing ratio has decreased to 43.9% at 30 June 2016 reflecting the proceeds from the sale of Autohome.

Importantly, all of our financial parameters remain at the conservative end of our comfort zones to meet our criteria of a long term single A credit rating. We maintain strong investment grade long and short term credit ratings with S&P of A and A1, and Moody's of A2 and P1.

Thank you and I will now hand back to Andy before I return to talk to our capital management framework and guidance

ANDREW PENN – CEO

SLIDE 28: THE DEMAND FOR CONNECTIVITY SERVICES

Thank you Warwick.

Let me now turn to the significant strategic investment that we announced this morning.

Demand for services in our industry continues to grow very strongly.

Over the last five years the data traffic on our network has increased on average 60 per cent per annum. That is a seven fold increase.

If we look at the breakdown between fixed and mobile, mobile traffic in a similar period grew almost nine fold.

In 2013, mobile banking represented 24 per cent all banking transactions in Australia. In less than 2 years that number nearly doubled to 38 per cent.

Since the end of 2011 mobile video consumption has increased eight fold with twice as many people watching four times as much video on a mobile device.

Last week we launched the Seven Telstra Olympic app simultaneously streaming 36 channels of coverage.

Since launch there has been more than 10 million live streams and 1 million people have downloaded the app.

To put this in perspective, there were no mobile digital rights for the London Olympics.

If we have seen this much change in the last five years just imagine what 2020 will look like as the rate and pace of technology innovation accelerates.

This is the world of the future. This is the world we are building for. This is the world we are investing in so our customers can enjoy brilliant connected experiences.

SLIDE 29: CAPEX

We have a history of making investments ahead of the curve to create strategic differentiation.

This has led to significant programs of investments every decade. As we did with 2G in the late 90s. As we did with 3G ten years ago and as we did with our NextG IP network and as we did with LTE.

We believe there is the opportunity to do so again now.

Our customers and our networks are our biggest assets. It is important that we invest in them.

SLIDE 30: LIFTING OUR INVESTMENT

So we will be lifting our level of investment to match our level of aspiration.

Over the next three years we will be investing up to an additional \$3bn of capital expenditure and lifting our capex to sales ratio to 18 per cent.

We will be investing in three key areas of critical importance to our customers:

- We will be investing in the network of the future which is the foundation of the program
- We will be investing in accelerating the digitisation of our business; and
- Ultimately we will be investing in improving our customers experience.

These investments will deliver significant benefits for our customers while driving market differentiation and delivering significant financial benefits for shareholders.

The investments will be made in line with our criteria in our capital management framework with a target in excess of our return on invested capital.

SLIDE 31: BENEFITS FOR CUSTOMERS

Let me turn to the benefits for customers.

Once again we will define and deliver the next generation of customer experience, enabled by new network infrastructure and a supporting digital architecture.

Consumers will experience new rich communication services using capabilities such as Voice over LTE, integrated messaging and video and document sharing.

Sporting events and other media will be greatly enhanced using broadcast services and video streaming based on LTE-Broadcast technology.

The world of augmented reality, autonomous driving and robotics will be enabled across our networks.

For our business customers, new opportunities in productivity and business insight will be offered. Everything from agriculture to banking, health care to transportation services will be enhanced by the millions of sensors and devices that are arriving with the internet of things.

Similarly, applications in areas such drone technology and remote healthcare diagnostics will explode over the next 4 years.

The second key benefit to our customers is providing a seamless and customised experience across all of our networks – mobile, fixed, IP, NBN and WiFi. Truly interconnected networks is a key deliverable of the program.

With these investments we will offer the network of networks - an unparalleled range of contiguous assets giving customers the ability to move seamlessly across them.

And as we have done repeatedly in the past, we intend to lead the market with the introduction of 5G.

For all customers, this will mean faster speeds, lower latency and supporting the explosion in the number of connected devices.

For business and enterprise customers both domestically and internationally, we will invest in our enterprise network stack of technologies and capabilities. In cloud, in collaboration and in security.

We will offer our customers a deeper integration between their compute environment and our networks through the use of API's. This will give them the ability to configure their network experience and scale capacity up or down dynamically based on individual demands.

Finally, our investments will deliver greater reliability, greater resilience, and greater security for all our customers, consistent with our commitment to deliver the best network experience.

SLIDE 32: MAJOR INITIATIVES

So how will we do this?

We are going to drive a number of major initiatives across the business.

To deliver the future network experiences, we will utilise software defined networking architecture to build a more programmable and flexible network that we can scale easier at lower unit cost.

We will deliver the next generation of wireless services, 5G.

In the very near term we will further improve service levels on our ADSL Fixed Broadband network to deliver faster speeds to more of our customers.

From a mobile perspective we will further enhance depth and breadth of the network.

In metro areas this will mean greater in-building coverage - in your home and in your office.

We will also extend 4G coverage in regional areas provided the regulatory setting which characterises the Australian mobile market remains conducive to supporting investment.

We will invest in the digital enablement of our sales, service, and product experiences.

Our customers will increasingly be able to interact with Telstra on their terms, and will be able to do so more easily, more digitally.

We will also accelerate the move of apps and services to the cloud and overhaul systems that disrupt our customers today such as billing.

We will digitise the assurance and order-to-activate processes.

We expect that these changes will deliver customers a fundamentally better experience when they interact with Telstra as well as create financial benefits for shareholders.

Underpinning all of these initiatives is the establishment of an adaptable digital core IT architecture that will deliver a single access point to our underlying systems and move away from the myriad of systems we have today.

This morning I wanted to give you a sense of the scale and significance of our investments and the changes we will be making.

We are building for a world where technology innovation is accelerating and offering wonderful experiences for customers and great opportunities for businesses.

We will have the technology and networks to match that.

Let me be clear about one thing though – this is about investing in our core. A core where for our customers, the services and applications above the layer of the network are as important as the network itself.

We will continue to invest in and build these capabilities, domestically and internationally.

We also remain committed to continuing to invest and grow Telstra Health for which there are tremendous opportunities ahead and which has had a very successful year with key contract wins.

We will provide an opportunity to discuss our plans later in the year at our investor market briefing and progressively thereafter. In this regard it will be critical that we maintain strategic advantage in an intensely competitive environment.

Let me now hand back to Warwick to talk through what this means for our capital management framework and guidance and we can then open up for questions on both results and our future plans.

But let me also say before closing that I am immensely proud that once again we will deliver the next generation of customer experience enabled by new network infrastructure and a supporting digital architecture.

Thank you

WARWICK BRAY - CFO

Thank you Andy.

SLIDE 34 – CAPITAL MANAGEMENT

Let me put our strategic finance investment announced today in the context of our capital management framework and investment criteria.

This framework is underpinned by a clear focus on optimising for:

- Maximising returns to shareholders
- Maintaining financial strength; and
- Retaining financial flexibility

These core objectives are supported by five principles that provide the structure and definition for what this means at a practical level. We remain committed to each of these principles which I will now go through.

We will maintain our Balance Sheet settings consistent with a single A credit rating.

We will ensure our dividend remains fully franked and seek to increase it over time based on growth in EPS on a sustainable basis. This is exactly what today's announcement is about. Investing in our core business to support future growth in earnings.

Over the next three years, capex to sales will increase to approximately 18% of sales, however we remain of the view over the medium term that we will target 14%.

The fourth principle forces important disciplines around making sure that over the longer term we're not borrowing from the future to pay our dividends or undertake capital management initiatives. Rather, we use the free cash flow that's either generated from the business today or our cumulative excess free cash that we have generated in recent years.

On the last principle, we will continue to maintain flexibility for portfolio management.

Our strategic investment meets our organic investment criteria and is expected to deliver a return on investment above our existing ROIC.

Finally, turning to guidance, which takes into account our strategic finance investment.

SLIDE 35 – GUIDANCE

In FY17, we expect to deliver mid to high-single digit income growth and low to mid-single digit EBITDA growth.

We expect to spend capex at approximately 18% of sales.

We expect FY17 free cash flow to be in the range of \$3.5bn – \$4.0bn.

As is usually the case, our guidance assumes wholesale product price stability from the beginning of the financial year and no impairments to investments, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The guidance also assumes the nbn rollout is in accordance with the nbn Corporate Plan 2016. Capex to sales guidance excludes externally funded capex.

FY17 guidance also excludes the \$246m Ooyala intelligent video subsidiary impairment in FY16; and excludes restructuring costs in FY17 of \$300-\$500m.

Our FY17 income and EBITDA growth on a reported and guidance basis will be impacted by the wholesale pricing decisions implemented in FY16. This will include a full 12 month impact from MTAS and FAD.

Thank you. I will now ask Peter back on stage to moderate the Q&A.

Full year results and operations review

	FY16	FY15	Change
	\$m	\$m	%
Summary financial results			
Continuing operations			
Total revenue	25,911	25,528	1.5
Total income (excluding finance income)	27,050	26,112	3.6
Operating expenses	16,600	15,598	6.4
Share of net profit from joint ventures and associated entities	15	19	(21.1)
EBITDA	10,465	10,533	(0.6)
Depreciation and amortisation	4,155	3,974	4.6
EBIT	6,310	6,559	(3.8)
Net finance costs	710	699	1.6
Income tax	1,768	1,746	1.3
Profit for the year from continuing operations	3,832	4,114	(6.9)
Profit for the year from discontinued operations	2,017	191	n/m
Profit for the year from continuing and discontinued operations	5,849	4,305	35.9
Profit attributable to equity holders of Telstra	5,780	4,231	36.6
Capex ¹	4,045	3,589	12.7
Free cashflow from continuing and discontinued operations ²	5,926	2,619	126.3
Earnings per share from continuing operations (cents)	31.6	33.5	(5.7)

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

2. Includes proceeds from the sale of Autohome of \$1,323 million.

n/m = not meaningful



Telstra Customer Insight Centre, Level 2, 400 George Street Sydney.

Reported results

Following the completion of the sale of a 47.4 per cent stake in online business Autohome on 23 June 2016, the numbers and commentary in the segment, product and expense sections have been prepared on a continuing operations basis and align with the statutory financial statements. That is, they exclude the trading results and sale of Autohome shares. We continue to hold a 6.5 per cent stake in Autohome. The financial position section has been prepared on a continuing and discontinued operations basis (that is, they include the trading results and sale of Autohome shares), unless otherwise noted.

Results on a guidance basis¹

	FY16	FY16 guidance
Total income growth ²	6.3 per cent	Mid-single digit growth
EBITDA growth	2.6 per cent	Low-single digit growth
Capex/sales ratio	15.2 per cent	~15 per cent
Free cashflow	\$4.8 billion	\$4.6 – \$5.1 billion

This guidance assumed wholesale product price stability from the beginning of the financial year and no impairments to investments, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. Capex to sales guidance excluded externally funded capex.

	FY16	FY16	FY16	FY15
Guidance versus reported results ¹	Reported results \$m	Adjustments \$m	Guidance basis \$m	Guidance basis \$m
Total income ²	27,050	1,243	28,293	26,607
EBITDA	10,465	554	11,019	10,745
Free cashflow	5,926	(1,130)	4,796	2,619

1. Please refer above for details of the guidance adjustments and guidance versus reported results reconciliation for further information. This reconciliation has been reviewed by our auditors.

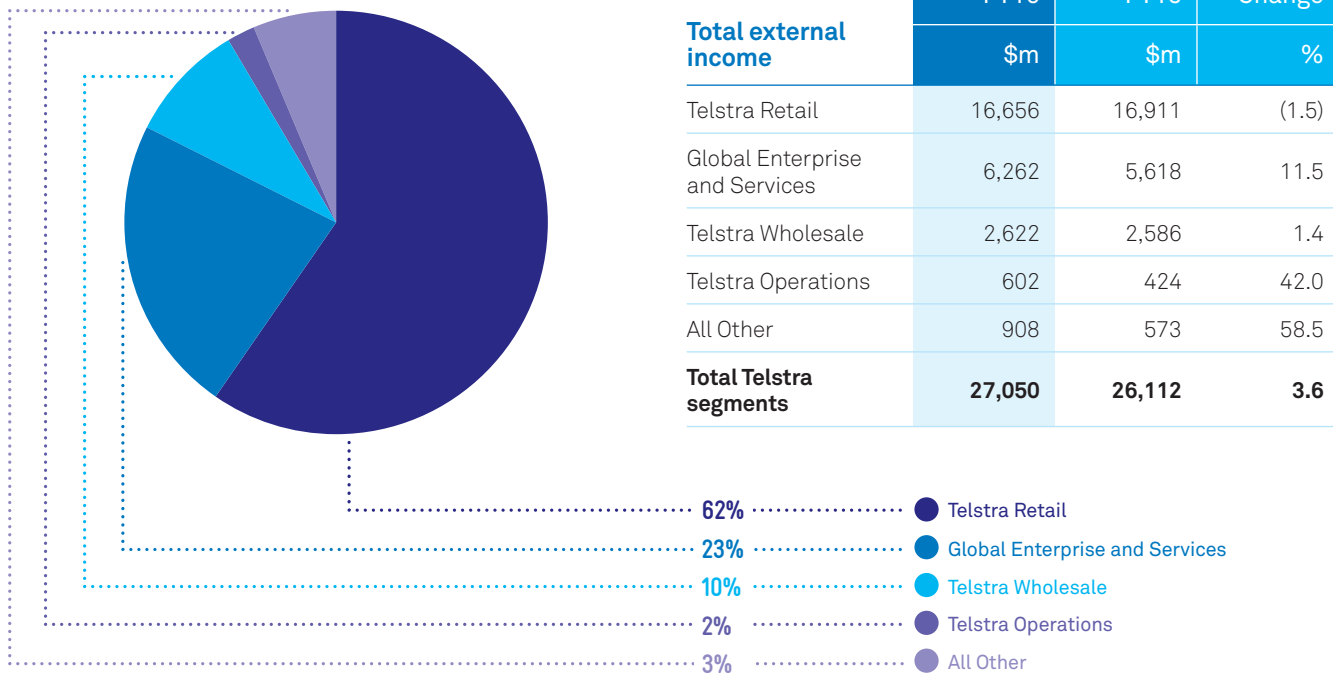
2. Excludes finance income.

On 11 August 2016, the Directors of Telstra resolved to pay a fully franked final dividend of 15.5 cents per share. Shares will trade excluding entitlement to the dividend on 24 August 2016 with payment on 23 September 2016.

Segment performance

We present our reportable segments and measure our segment results on the same basis as our internal management reporting structure. Our reportable segments represent the respective business units which offer our main products and services in the market. Further information on each reportable segment can be found in Note 2.1 of the Annual Report.

Segment information from continuing operations



Telstra Retail

Telstra Retail income declined by 1.5 per cent to \$16,656 million while EBITDA declined by 3.9 per cent to \$9,220 million. The decline in EBITDA is largely a result of the decline in fixed voice margins and the impact of the migration to the **nbn**[™] network. Telstra Retail comprises our Consumer and Business business units.

Income in our Consumer business unit declined by 1.2 per cent. Excluding the impact of the Mobile Termination Access Service (MTAS) decision, on a like-for-like basis, income grew by 1.0 per cent. The MTAS decision relates to regulatory changes to voice and SMS terminating rates which became effective from 1 January 2016. While there was subscriber growth in mobiles and fixed data, lower average revenue per user (ARPU) impacted overall revenue growth. An increase in the take up of bundles and **nbn**[™] plans saw fixed data revenue grow by 6.2 per cent. The rate of consumer fixed voice revenue decline was broadly stable at 7.7 per cent. During the year we adjusted mobile data and international roaming rates which impacted revenues in the mobile business. ARPU (excluding the impact of mobile repayment options) decreased as a result, however minimum monthly commitment grew over the period for post-paid handheld.

Pre-paid also experienced lower ARPU's however there was growth in unique users of 2.3 per cent.

In Telstra Business, income declined by 2.4 per cent with mobile services revenue falling by 5.8 per cent as a result of lower excess data and international roaming. On a like-for-like basis, income declined by 1.0 per cent, excluding the MTAS impact. The Network Applications and Services (NAS) portfolio in Telstra Business, in particular managed network services, cloud and unified communications, continued to see good momentum, increasing by 18.3 per cent.

Global Enterprise and Services (GES)

Income for GES increased by 11.5 per cent to \$6,262 million. GES International income grew by 55.5 per cent with contributions resulting from our Pacnet acquisition last financial year. Excluding Pacnet, GES International income increased by 18.2 per cent. GES Domestic income increased by 1.1 per cent due to strong growth in NAS and enterprise mobility, in particular in post-paid and machine to machine (M2M). This growth was partially offset by a revenue decline in Data and IP products. Other acquisitions including Bridge Point and O2 also continue to contribute to growth. GES EBITDA was stable at \$2,456 million.

Telstra Wholesale

Telstra Wholesale income grew by 1.4 per cent to \$2,622 million. This was largely a result of an increase in Infrastructure Services Agreement ownership receipts which have increased in line with the **nbn**[™] rollout, offset by price reductions from the ACCC's fixed line service Final Access Determination (FAD) which became effective on 1 November 2015. EBITDA contribution increased by 1.4 per cent to \$2,426 million.

Telstra Operations

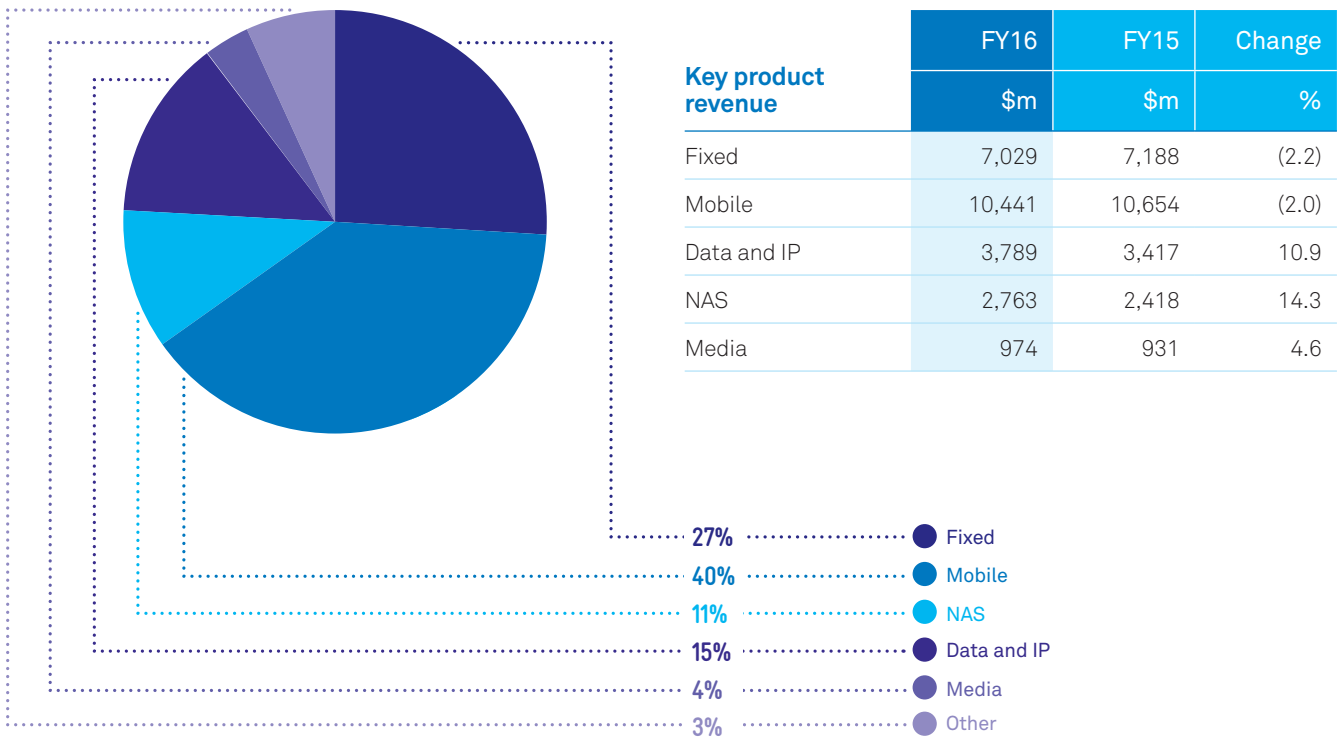
Telstra Operations is primarily a service delivery centre supporting the revenue generating activities of other segments. It also has **nbn**[™] and property sale revenue. The EBITDA contribution improved by 3.0 per cent with increases in **nbn**[™] and property sale revenue, partially offset by higher maintenance costs to support **nbn**[™] related works.

All Other

Certain items of income and expense relating to multiple reportable segments are recorded by our corporate areas and included in the All Other category. This category also includes Telstra Innovation and Strategy (including the Telstra Software Group), International and New Business (including the Telstra Ventures Group and Telstra Health[®]) and Media & Marketing.

Product performance

Product sales revenue breakdown



	FY16	FY15	1H16	2H16
EBITDA margins ¹	%	%	%	%
Mobile	42	40	39	46
Fixed voice ²	51	55	54	49
Fixed data ²	41	41	41	40
Data and IP	62	64	62	62

1. The data in this table includes minor adjustments to historic numbers to reflect changes in product hierarchy.
2. Margins include **nbn**TM voice and data products.

Fixed

Fixed revenue declined by 2.2 per cent to \$7,029 million with fixed voice revenue decreasing by 8.2 per cent to \$3,437 million. Excluding the adverse impact of the ACCC Final Access Determination (FAD) decision of \$64 million, on a like-for-like basis, fixed revenue declined by 1.3 per cent. The FAD relates to pricing for fixed services, set by the ACCC, which became effective 1 November 2015.

Retail fixed voice line loss in the year was 271,000, a rate consistent with the prior year, taking total retail fixed voice customers to 5.7 million. The decline in fixed voice revenue was partially offset by the growth in fixed data revenue of 5.6 per cent to \$2,513 million as a result of growth in subscribers.

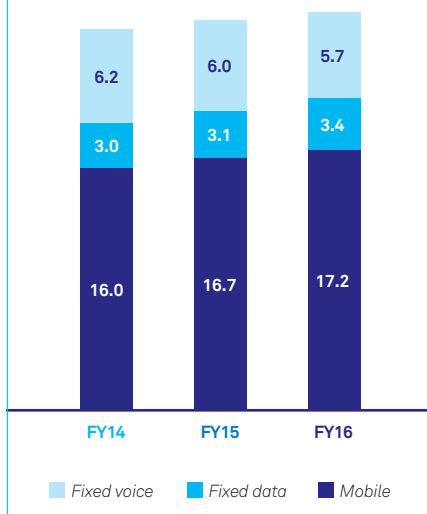
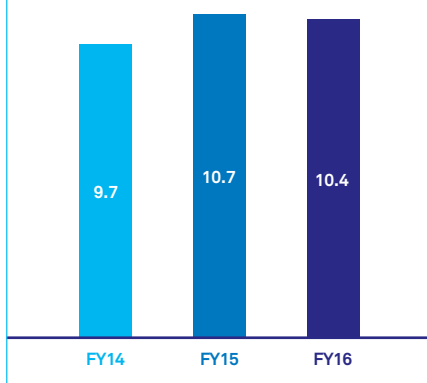
We now have 3.4 million fixed retail data customers, an increase of 235,000 for the year, the highest rate of net adds in over five years. This solid result has been driven by the continued focus on customer retention and momentum from bundling. Our challenger brand **Belong**[®] also contributed to the subscriber and revenue growth.

Our bundled products, including our “best value bundle ever”, launched in March 2016, and the Telstra BizEssentials Bundles[®] for our small business customers are both performing well. The total number of retail customers on a bundle increased by 322,000 and there are now 2.7 million retail customers on a bundled plan, or 83 per cent of the retail fixed data customer base.

Demand for our **nbn**TM services continues. As at 30 June 2016, we have a total of 500,000 **nbn**TM connections, made up of 407,000 voice and data bundles, 34,000 data only and 59,000 voice only services. This is an increase of 289,000 over the last year.

Other fixed revenue increased by 1.5 per cent to \$1,079 million with an increase in global connectivity and inter-carrier access services revenue offset by lower customer premise equipment and other fixed telephony revenue.

The upfront costs of connecting our **nbn**TM customers, and increased operational access costs, principally Access Virtual Circuit (AVC) and Connectivity Virtual Circuit (CVC) payments to **nbn** co, had an impact on our fixed data and fixed voice EBITDA margins. The fixed data EBITDA margin was steady at 41 per cent as these costs were largely offset by the increase in fixed data revenue. Fixed voice EBITDA margins declined by 4 percentage points to 51 per cent as a result of these costs, in addition to a decline in fixed voice revenue.

Domestic retail customer services (millions)**Mobile****Mobile revenue (\$b)**

Revenue in our mobile portfolio decreased by 2.0 per cent to \$10,441 million for the 2016 financial year. Excluding the impact of the MTAS decision (re-pricing of mobile terminating rates) which became effective from 1 January 2016 of \$356 million, on a like-for-like basis, mobile revenue grew by 1.3 per cent.

Retail customer services increased by 560,000, bringing the total number to 17.2 million. We now have 7.5 million post-paid handheld retail customer services, an increase of 169,000. Post-paid handheld revenue was broadly flat at \$5,385 million. The subscriber growth was offset by a reduction in ARPU of 1.6 per cent, from \$69.51 to \$68.40 (excluding the impact of mobile repayment options). ARPU continues to be impacted by lower excess data charges but we have seen growth in minimum monthly commitments.

Pre-paid unique user growth was strong with 83,000 unique users added during the year. With higher voice and data inclusions, recharge frequency declined and pre-paid handheld ARPU declined by 4.3 per cent to \$20.40. As a result, pre-paid handheld revenue declined by 3.5 per cent to \$959 million.

While M2M revenue grew by 16.8 per cent to \$132 million with strong subscriber growth, mobile broadband revenue declined by 4.7 per cent to \$1,230 million. This was a result of pre-paid mobile broadband which experienced lower ARPU and a decline in unique users.

Mobile hardware revenue continues to grow, increasing by 10.1 per cent to \$2,076 million as a result of higher average recommended retail prices on high end smartphones.

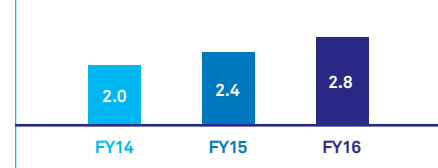
While mobile churn increased slightly in the second half it still remains at world-leading lows. Mobile EBITDA margin increased by 2 percentage points to 42 per cent.

Data and IP

Data and IP revenue increased by 10.9 per cent to \$3,789 million largely as a result of revenue received from our GES International customers following the acquisition of Pacnet. The acquisition has opened up significant opportunities for Telstra, positioning us as a leader in international connectivity and elevating our brand globally as a significant Asia centric operator.

Within Data and IP, other data and calling products, which include wholesale internet and data, inbound calling products and other global products and solutions, increased by 30.1 per cent to \$2,017 million. This growth is largely a result of the Pacnet acquisition. IP Access revenue declined by 3.0 per cent to \$1,169 million due to increased competitive pressures offsetting the growth in IP customer connections. ISDN revenue declined by 8.9 per cent to \$603 million as customers continue to migrate from legacy to next generation products, including unified communications within our NAS portfolio.

EBITDA margins were impacted by yield trends in the IP market and domestic revenue decline, decreasing 2 percentage points to 62 per cent.

Network Applications and Services (NAS)**NAS revenue (\$b)**

NAS revenue grew by 14.3 per cent to \$2,763 million with strong growth in both our domestic and international segments across all NAS portfolios. As highlighted at the first half 2016 results, the growth in NAS revenue in the second half was slower than the first due to the timing of contract milestones.

Within the NAS portfolio, managed network services revenue grew by 6.4 per cent through the expansion of security services. Revenue growth of 7.9 per cent in unified communications was a result of innovative cloud collaboration and contact centre solutions. Industry solutions revenue growth of 19.0 per cent was led by **nbn** commercial works and monitoring services acquisitions. Progress at our telkomtelstra joint venture in Indonesia also contributed to revenue growth.

EBITDA margins improved by 3 percentage points through ongoing operational leverage, scalable standardised offerings, and a lower cost global delivery model.

Media

Media product portfolio revenue increased by 4.6 per cent to \$974 million. Telstra Media delivers content experiences, to differentiate and add value to our core access products.

Media 'In the Home' includes Foxtel** from Telstra, Telstra TV® device sales, Foxtel on T-Box®, BigPond Movies®, Presto^^, and relationships with all free to air providers. Foxtel from Telstra revenue increased by 8.6 per cent to \$719 million. We continued our strategy to bundle these products with our core fixed products with a 20.5 per cent growth in Foxtel from Telstra subscribers. There are now 300,000 Telstra TV devices in market since the launch in October 2015.

Media 'On the Go' revenue declined by 11.4 per cent to \$70 million. The On the Go business is transitioning from a bespoke standalone suite of content to one that differentiates the mobility portfolio and adds value to customers.

During the year, we renewed our partnerships with both the AFL and NRL for 2016 and beyond. In May 2016, we also announced a new five-year partnership with Netball Australia, giving all fans the ability to watch every game live on their mobile from 2017.

Cable revenue declined by 6.8 per cent to \$110 million due to a reduction in the contracted cable access rate starting from January 2016.

Other

Other sales revenue includes revenue related to **nbn**[™] access to our infrastructure. It also includes revenue from Telstra Health and Telstra Software. Other income includes gains and losses on asset and investment sales (including assets transferred under the **nbn**[™] Definitive Agreements), income from government grants under the Telstra Universal Service Obligation Performance Agreement (TUSOPA), income from **nbn**[™] disconnection fees (Per Subscriber Address Amount (PSAA)), subsidies and other miscellaneous items. The increase in other income of 95.0 per cent during the period is largely a result of an increase in one-off PSAA and Infrastructure Services Agreement receipts in line with the progress of the **nbn**[™] rollout.

Expense performance

Operating expenses

Total operating expenses increased by 6.4 per cent to \$16,600 million. This is a result of an increase in our core sales costs of 5.1 per cent and new business costs of 66.7 per cent. Core sales costs are direct costs associated with revenue and customer growth. The increase in new business costs supported growth in the Telstra Health and Telstra Software Group as well as Telstra Ventures. Growth in these costs is an investment decision and we are continuing to invest in our new businesses to allow them to grow. Core fixed costs (excluding significant transactions and events) declined by 0.6 per cent. Significant transactions and events that had an impact on fixed costs included increased **nbn**[™] commercial works and Definitive Agreement costs, and increased NAS labour costs on large, new contracts.

The following commentary relates to movements in our reported expenses of labour, goods and services purchased, and other expenses.

	FY16	FY15	Change
	\$m	\$m	%
Operating expenses			
Labour	5,041	4,782	5.4
Goods and services purchased	7,247	6,845	5.9
Other expenses	4,312	3,971	8.6
Total operating expenses	16,600	15,598	6.4

Labour

Total labour expenses increased by 5.4 per cent or \$259 million to \$5,041 million. Total full time staff equivalents (FTE) decreased by 197 to 33,482. The movement in FTE includes the acquisition of Readify completed on 30 June 2016 (193 FTE). There were also FTE increases in Telstra Health (204 FTE) and Telstra Business (37 FTE). Offsetting these increases were reductions in FTE in the core business, in line with restructuring activity conducted throughout the year.

Salary and associated costs increased by 4.0 per cent or \$141 million to \$3,690 million, largely a result of increased costs in relation to our new business growth of \$98 million. This reflects a full 12 months of ownership of acquisitions, in particular Pacnet, which was acquired in April 2015. Salary and associated costs also incorporated a 0.5 per cent increase in fixed remuneration for all employees (except the Telstra Executive Team) to enable superannuation contributions to be increased from 9.5 per cent to 10 per cent without a reduction in take-home pay.

Labour substitution costs increased by 8.1 per cent or \$66 million to \$882 million. This increase was largely a result of increased outsourcing of field technicians and the establishment of global operations to support the expansion of our NAS business.

Redundancy costs increased by 46.9 per cent or \$53 million to \$166 million as a result of an increased focus on accelerating restructuring activity throughout the year.

Goods and services purchased

Goods and services purchased increased by 5.9 per cent or \$402 million to \$7,247 million. Cost of goods sold (COGS) (which includes directly variable costs, including mobile handsets, tablets, dongles and broadband modems) increased by 5.0 per cent or \$154 million to \$3,204 million impacted by increased mobile handset unit costs (largely a result of a weaker Australian dollar) and increased NAS COGS.

Network payments decreased by 4.3 per cent or \$75 million to \$1,650 million largely a result of regulatory changes to mobile terminating rates as part of the ACCC's final decision in the Mobile Terminating Access Service FAD process, and lower mobile roaming charges. These were partially offset by increased **nbn**[™] access payments as we move customers to the **nbn**[™] network and higher offshore network payments within our GES business.

Other goods and services increased by 15.6 per cent or \$323 million to \$2,393 million. Within other goods and services purchased, managed services cost of sales increased by \$140 million. These are costs to connect, migrate, activate and maintain services of Telstra supplied NAS equipment and increased during the period to support domestic NAS revenue growth within our GES and Telstra Business segments. There were also increases in usage commissions (\$52 million), service fees (\$93 million), in line with the increase in Foxtel from Telstra subscribers, and dealer performance commissions (\$17 million).

Other expenses

Total other expenses increased by 8.6 per cent or \$341 million to \$4,312 million as a result of increased accommodation costs and impairment expenses, partially offset by decreases in promotion and advertising.

Accommodation costs increased by \$85 million, largely a result of new business and M&A activity in our GES and Health businesses. Promotion and advertising costs decreased by \$13 million as more retail campaigns were undertaken in the previous period. Impairment expenses increased by \$253 million as a result of the impairment of goodwill in the Ooyala Holdings Group cash generating unit of \$246 million.

Foreign currency impacts

For the purposes of reporting our consolidated results, the translation of foreign operations denominated in foreign currency to Australian dollars increased our expenses by \$184 million on the prior period, across labour, goods and services purchased, and other expenses. This foreign exchange impact has been offset by a benefit to sales revenue, resulting in a favourable EBITDA contribution of \$20 million.

Net finance costs

Net finance costs increased by 1.6 per cent or \$11 million to \$710 million primarily due to lower finance income of \$61 million offset by a reduction in finance costs of \$50 million.

The reduction in finance income of \$61 million was due in part to a reduction in interest earned on cash and liquid investments from holding lower average cash balances compared to the prior period. We also recorded a \$42 million accounting adjustment to recognise a reduction in interest rate applied to our Foxtel loan.

Gross borrowing costs increased by \$9 million as a result of higher average gross debt largely offset by the refinancing of debt at lower prevailing interest rates. Average physical debt was \$15.9 billion (2015: \$14.9 billion). This increase reflects in part the issuance of term debt during the period of \$2.0 billion ahead of maturities occurring in FY17.

Our average borrowing costs on gross debt for the period was 5.6 per cent compared to 5.8 per cent in financial year 2015. This reflects refinancing at rates below our current cost of funds and a reduction in short term market rates impacting our variable rate debt. We will continue to see the favourable impact of refinancing as debt with higher cost of funds mature.

We continue to see the benefit of the early adoption of AASB 9 (2013) in relation to our hedged borrowings portfolio with favourable re-measurements period on period of \$49 million. This is driven both by accounting adjustments resulting from a transition to the new methodology as well as residual volatility associated with market movements remaining low as a result of deferral of hedging costs in equity.

Capitalised interest increased by \$9 million compared to the prior period due to lower average interest rates, which are derived from our cost of borrowing, being more than offset by higher capital expenditure.

Summary Statement of Cash Flows

	FY16	FY15	Change
	\$m	\$m	%
Net cash provided by operating activities	8,133	8,311	(2.1)
Total capital expenditure (including investments)	(4,391)	(6,206)	(29.2)
Sale of business and shares in controlled entities (net of cash disposed)	1,340	1	n/m
Other investing cash flows	844	513	64.5
Net cash used in investing activities	(2,207)	(5,692)	(61.2)
Free cashflow	5,926	2,619	126.3
Net cash used in financing activities	(3,777)	(6,882)	(45.1)
Net increase/(decrease) in cash and cash equivalents	2,149	(4,263)	150.4
Cash and cash equivalents at the beginning of the year	1,396	5,527	(74.7)
Effects of exchange rate changes on cash and cash equivalents	5	132	(96.2)
Cash and cash equivalents at the end of the year	3,550	1,396	154.3

Financial position

Capital expenditure and free cashflow

Our operating capital expenditure for the year was 15.2 per cent of sales revenue or \$4,045 million, in line with our financial year 2016 guidance of around 15 per cent of sales. Compared to the previous year spend of \$3,589 million, we are spending much of the increased capital expenditure on mobile, in particular to extend our 4G and 4GX™ services to deliver more square kilometres of coverage, more reliable voice and data, fewer dropouts and faster download speeds.

Reported free cashflow was \$5,926 million, representing an increase of \$3,307 million on the prior period. On a guidance basis, free cashflow was \$4,796 million. Guidance has been adjusted in the current period for free cashflow associated with the sale of Autohome (\$1,323 million) and mergers and acquisitions (M&A) activity of \$126 million.

Funding and net debt

Our gross debt position as at 30 June 2016 was \$16,009 million, comprising borrowings of \$17,302 million and net derivative assets of \$1,293 million. The increase of \$1,047 million compared to 30 June 2015 reflects \$1,581 million debt maturities offset by a \$2,628 million increase in debt. The increase in debt can be seen in the following table.

Increase in debt

	\$m
Drawn bank loans and facilities ¹	300
Capital markets debt issuance	1,631
Net short term commercial paper issuances	514
Other loans ²	39
Finance lease additions	144
Total	2,628

1. During the period we also drew down, and subsequently repaid, a further \$1,850 million under our bank facilities. This is shown on a gross basis in our Statement of Cash Flows.

2. Includes loans from associated entities of \$35 million.

During the year we raised \$1,631 million of new capital markets financing through two new debt issuances, including a \$498 million (\$500 million face value) domestic bond in September 2015, and a ten year €750 million Euro bond (Australian dollar equivalent \$1,133 million) in April 2016.

Debt maturities included \$1,415 million of term debt, \$36 million loans from associated entities and \$101 million finance lease repayments. The remainder of \$29 million is due to non-cash revaluation impacts such as unrealised movements on our derivatives.

Net debt decreased by \$1,107 million to \$12,459 million as a result of an increase in cash and cash equivalents of \$2,154 million offsetting the increase in gross debt. This is driven by reported free cashflow of \$5.9 billion, more than offsetting outflows from interest, dividends, and other financing flows of approximately \$4.7 billion, as well as non-cash movements such as foreign exchange of \$0.1 billion.

At 30 June 2016, liquidity was \$3,550 million which includes receipt of proceeds from our sale of 47.4 per cent of total issued shares in Autohome. This liquidity will be used to fund our capital management program in FY17.

Summary Statement of Financial Position

	30 June 2016	30 June 2015	Change
	\$m	\$m	%
Current assets	9,340	6,970	34.0
Non current assets	33,946	33,475	1.4
Total assets	43,286	40,445	7.0
Current liabilities	9,188	8,129	13.0
Non current liabilities	18,191	17,806	2.2
Total liabilities	27,379	25,935	5.6
Net assets	15,907	14,510	9.6
Total equity	15,907	14,510	9.6
Return on average assets (%)	16.2	18.2	(2.0)pp
Return on average equity (%)	25.7	29.5	(3.8)pp

Financial settings	FY16 Actual	Comfort zones
Debt servicing ¹	1.2x	1.3 – 1.8x
Gearing ²	43.9%	50% to 70%
Interest cover ³	13.0x	>7.0x

1. Debt servicing ratio equals net debt to EBITDA.
2. Gearing ratio equals net debt to net debt plus total equity.
3. Interest cover equals EBITDA to net interest.

We remain at the conservative end of our comfort zones for our credit metrics. Our gearing ratio is 43.9 per cent following the sale of our Autohome stake, down from 48.3 per cent at 30 June 2015. Debt servicing (net debt/EBITDA) was 1.2 times. We also monitor interest cover, which is a measure of the cash flows we generate compared with the net interest cost of servicing our borrowings. Interest cover was 13.0 times. Our comfort zone for interest cover is in excess of 7.0 times.

Statement of Financial Position

Our balance sheet remains in a strong position with net assets of \$15,907 million.

Current assets increased by 34.0 per cent or \$2,370 million to \$9,340 million largely a result of an increase in cash and cash equivalents of \$2,154 million. This increase is predominantly due to the gross cash proceeds of approximately \$2.1 billion from the sale of 47.4 per cent of the total issued shares in Autohome.

Non current assets increased by 1.4 per cent or \$471 million to \$33,946 million. An increase of \$390 million in derivative financial assets was driven by foreign currency movements and other valuation impacts arising from measuring to fair value. As our derivatives are used to hedge foreign currency and interest rate exposures, the movement in derivative position is largely offset by corresponding movements in borrowings and reserves (equity). Investments – other also increased by \$257 million largely a result of the recognition of our residual 6.5 per cent interest in Autohome. Autohome was previously recorded as a controlled entity. These movements were offset by a decrease in intangible assets, mainly due to the Ooyala impairment of \$246 million, and a reduction in defined benefit asset of \$281 million due to an actuarial loss on our defined benefit plan assets with the discount rate falling from 4.3 per cent at 30 June 2015 to 3.3 per cent at 30 June 2016.

Current liabilities increased by 13.0 per cent or \$1,059 million to \$9,188 million. Current borrowings increased by \$1,159 million primarily due to a reclassification of debt due to mature within the next 12 months, including a Euro bond of face value €1 billion more than offsetting maturities during the year. Short term commercial paper, which is held principally to support working capital and liquidity requirements, also increased. The movement in current borrowings was partially offset by a reduction in current tax payables of \$115 million due to an increase in PAYG instalments paid during the year.

Non current liabilities increased by 2.2 per cent or \$385 million to \$18,191 million. Borrowings increased by \$509 million primarily as a result of long term debt issuance, offset by the reclassification of debt due to mature within 12 months to current borrowings. Also driving the increase were unfavourable exchange rate movements impacting our offshore borrowings. As we hedge all foreign currency risk arising from offshore borrowings, this movement is fully offset by the increase in our net derivative asset position.

The decrease in non current derivative financial liabilities of \$248 million was driven by foreign currency movements and other valuation impacts arising from measuring to fair value.

Guidance versus reported results

This schedule details the adjustments made to the reported results for the current year to reflect the performance of the business on the basis which we provided guidance to the market.

Our guidance assumed wholesale product price stability from the beginning of the financial year and no impairments to investments, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. Capex to sales guidance excluded externally funded capex.

	Reported			Adjustments June 2016											June 2015	Guidance Basis		
	Full year ended 30 June			M&A: Controlled Entities & Business ⁱ	M&A: JVs/ Associates ¹	M&A: Other Investments ¹	M&A: Disposals excluding Autohome ¹	Fixed Services FAD ²	MTAS FAD ³	DTCS FAD ⁴	Ooyala Impairment ⁵	Spectrum ⁶	Autohome ⁷	Autohome ⁷	Autohome ⁷	Full year ended 30 June		
	2016	2015	Growth													2016	2015	Growth
	\$m	\$m	%													\$m	\$m	%
Sales revenue	25,834	25,350	1.9%	(14)	0	0	0	64	356	4	0	0	0	827	495	27,071	25,845	4.7%
Total revenue	25,911	25,528	1.5%	(14)	0	0	0	64	356	4	0	0	0	827	495	27,148	26,023	4.3%
Total income (excl. finance income)	27,050	26,112	3.6%	(14)	0	0	0	64	356	4	0	0	(1,788)	2,621	495	28,293	26,607	6.3%
Labour	5,041	4,782	5.4%	(14)	0	0	0	0	0	0	0	0	0	259	139	5,286	4,921	7.4%
Goods and services purchased	7,247	6,845	5.9%	(1)	0	0	0	0	362	0	0	0	0	116	2	7,724	6,847	12.8%
Other expenses	4,312	3,971	8.6%	(1)	0	0	0	0	0	0	(246)	0	0	214	142	4,279	4,113	4.0%
Operating expenses	16,600	15,598	6.4%	(16)	0	0	0	0	362	0	(246)	0	0	589	283	17,289	15,881	8.9%
Share of net profit/(loss) from joint ventures and associated entities	15	19	(21.1%)	0	0	0	0	0	0	0	0	0	0	0	0	15	19	(21.1%)
EBITDA	10,465	10,533	(0.6%)	2	0	0	0	64	(6)	4	246	0	(1,788)	2,032	212	11,019	10,745	2.6%
Depreciation and amortisation	4,155	3,974	4.6%	(1)	0	0	0	0	0	0	0	0	0	10	9	4,164	3,983	4.5%
EBIT	6,310	6,559	(3.8%)	3	0	0	0	64	(6)	4	246	0	(1,788)	2,022	203	6,855	6,762	1.4%
Net finance costs	710	699	1.6%	0	0	0	0	0	0	0	0	0	0	(15)	(10)	695	689	0.9%
Profit before income tax expense	5,600	5,860	(4.4%)	3	0	0	0	64	(6)	4	246	0	(1,788)	2,037	213	6,160	6,073	1.4%
Income tax expense	1,768	1,746	1.3%	1	0	0	0	19	(2)	1	0	0	12	31	41	1,830	1,787	2.4%
Profit for the year	3,832	4,114	(6.9%)	2	0	0	0	45	(4)	3	246	0	(1,800)	2,006	172	4,330	4,286	1.0%
Profit/(loss) for the year from discontinued operations	2,017	191	956.0%	0	0	0	0	0	0	0	0	0	0	(2,006)	(172)	11	19	(42.1%)
Profit for the year from continuing and discontinued operations	5,849	4,305	35.9%	2	0	0	0	45	(4)	3	246	0	(1,800)	0	0	4,341	4,305	0.8%
Attributable to:																		
Equity holders of Telstra Entity	5,780	4,231	36.6%	2	0	0	0	45	(4)	3	240	0	(1,800)	0	0	4,266	4,231	0.8%
Non controlling interests	69	74	(6.8%)	0	0	0	0	0	0	0	6	0	0	0	0	75	74	1.4%
Free cashflow	5,926	2,619	126.3%	94	38	67	(73)	64	(6)	4	0	5	(1,323)	0	0	4,796	2,619	83.1%

This table has been subject to review by our auditors.

Note:

There are a number of factors that have impacted our results this year. In the table above, we have adjusted the results for:

1. **Mergers & Acquisitions:**
Adjustments relating to acquisition of controlled entities and businesses. This includes the acquisition of the controlled entities, Readify Limited, The Silver Lining Consulting Group Pty Ltd (Kloud Solutions (National) Pty Ltd and its controlled entities), Health IQ Pty Ltd and the acquisition of the EOS Technologies business. Joint Ventures/Associates includes the acquisition by Autohome of associates Shanghai You Che You Jia Financial Leasing Co Ltd and Hunan Mango Autohome Automobile Sales Co Ltd. During the year we disposed of our controlled entity Pacnet Internet (Thailand) Ltd, and also disposed of our shareholdings in other investments including Elemental Technologies Inc, Elastica Inc, Box Inc and Nexmo Inc. We also disposed of our ISP businesses held by the controlled entities Pacnet Internet (Singapore) Ltd and Pacnet internet (HK) Ltd.
2. **Fixed Services Final Access Determination (FAD) adjustments:**
Adjustments for ACCC FAD pricing for fixed services which became effective on 1 November 2015.

3. **Mobile Terminating Access Service Final Access Determination (MTAS FAD) adjustments:**
Adjustments for the re-pricing of mobile terminating rates, with Voice termination from 3.60 cents to 1.7 cents per minute and SMS termination from 7.4 cents to 0.03 cents per SMS which became effective from 1 January 2016.
4. **Domestic Transmission Capacity Service adjustments:**
Adjustments for ACCC FAD pricing for Transmission Capacity Service which became effective on 21 April 2016.
5. **Ooyala impairment adjustments:**
Adjustments relating to an impairment of goodwill of \$246m.
6. **Spectrum adjustments:**
Adjustments relating to the impact on Free Cashflow associated with our Spectrum purchases and renewals for the year (\$5m for Spectrum licences in the 3.4GHz band).
7. **Autohome is classified as discontinued operation adjustments:**
The Autohome Group is disclosed as a discontinued operation for the years ended 30 June 2016 and 30 June 2015. The sale was completed on 23 June 2016. Autohome trading results before its disposal have been included for guidance. Adjustments relating to the impact of \$1,788m Autohome profit on sale and Free Cashflow associated with the sale (\$1,323m) have been made to exclude these from guidance.



Results of operations

	Year ended 30 June			
	2016 \$m	2015 \$m	Change \$m	Change %
Continuing Operations				
Sales revenue	25,834	25,350	484	1.9
Other revenue ⁽ⁱ⁾	77	178	(101)	(56.7)
Total revenue	25,911	25,528	383	1.5
Other income ⁽ⁱⁱ⁾	1,139	584	555	95.0
Total income (excl. finance income)	27,050	26,112	938	3.6
Labour	5,041	4,782	259	5.4
Goods and services purchased	7,247	6,845	402	5.9
Other expenses	4,312	3,971	341	8.6
Operating expenses	16,600	15,598	1,002	6.4
Share of net profit from joint ventures and associated entities	15	19	(4)	(21.1)
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)	10,465	10,533	(68)	(0.6)
Depreciation and amortisation	4,155	3,974	181	4.6
Earnings before interest and income tax expense (EBIT)	6,310	6,559	(249)	(3.8)
Net finance costs	710	699	11	1.6
Profit before income tax expense	5,600	5,860	(260)	(4.4)
Income tax expense	1,768	1,746	22	1.3
Profit for the year from continuing operations	3,832	4,114	(282)	(6.9)
Profit for the year from discontinued operations	2,017	191	1,826	n/m
Profit for the year from continuing and discontinued operations	5,849	4,305	1,544	35.9
Attributable to:				
Equity holders of Telstra Entity	5,780	4,231	1,549	36.6
Non-controlling interests	69	74	(5)	(6.8)
	5,849	4,305	1,544	35.9
Effective tax rate on continuing operations	31.6%	29.8%		1.8 pp
EBITDA margin on sales revenue	40.5%	41.6%		(1.0) pp
EBIT margin on sales revenue	24.4%	25.9%		(1.4) pp
	cents	cents	Change cents	Change %
Basic earnings per share from continuing operations ⁽ⁱⁱⁱ⁾	31.6	33.5	(1.9)	(5.7)
Diluted earnings per share from continuing operations ⁽ⁱⁱⁱ⁾	31.5	33.5	(2.0)	(6.0)
Basic earnings per share ⁽ⁱⁱⁱ⁾	47.4	34.5	12.9	37.4
Diluted earnings per share ⁽ⁱⁱⁱ⁾	47.3	34.5	12.8	37.1

(i) Other revenue primarily consists of distributions received from Foxtel (30 June 2016: \$37m; 30 June 2015: \$125m) and rental income.

(ii) Other income includes gains and losses on asset and investment sales (including assets transferred under the nbn Definitive Agreements), income from government grants under the Telstra Universal Service Obligation Performance Agreement, income from nbn disconnection fees, subsidies and other miscellaneous items.

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

n/m = not meaningful



Revenue

	Year ended 30 June			
	2016 \$m	2015 \$m	Change \$m	Change %
Continuing Operations				
Fixed products				
Fixed voice	3,437	3,746	(309)	(8.2)
Fixed data	2,513	2,379	134	5.6
Other fixed revenue ⁽ⁱ⁾	1,079	1,063	16	1.5
Total fixed revenue	7,029	7,188	(159)	(2.2)
Mobiles				
Postpaid handheld	5,385	5,389	(4)	(0.1)
Prepaid handheld	959	994	(35)	(3.5)
Mobile broadband	1,230	1,290	(60)	(4.7)
Machine to Machine (M2M)	132	113	19	16.8
Satellite	15	16	(1)	(6.3)
Mobile interconnection	551	849	(298)	(35.1)
Mobile services revenue - wholesale resale	93	117	(24)	(20.5)
Total mobile services revenue	8,365	8,768	(403)	(4.6)
Mobiles hardware	2,076	1,886	190	10.1
Total mobile revenue	10,441	10,654	(213)	(2.0)
Data & IP				
ISDN products	603	662	(59)	(8.9)
IP Access	1,169	1,205	(36)	(3.0)
Other data and calling products	2,017	1,550	467	30.1
Total Data & IP	3,789	3,417	372	10.9
Network applications and services	2,763	2,418	345	14.3
Media				
Foxtel from Telstra	719	662	57	8.6
IPTV	75	72	3	4.2
Mobility and other content	70	79	(9)	(11.4)
Cable	110	118	(8)	(6.8)
Total media	974	931	43	4.6
Other sales revenue ⁽ⁱⁱ⁾	838	742	96	12.9
Sales revenue	25,834	25,350	484	1.9
Other revenue ⁽ⁱⁱⁱ⁾	77	178	(101)	(56.7)
Total revenue	25,911	25,528	383	1.5
Other income ^(iv)	1,139	584	555	95.0
Total income	27,050	26,112	938	3.6

(i) Other fixed revenue includes intercarrier services, payphones, customer premises equipment and narrowband.

(ii) Other sales revenue primarily includes revenue related to nbn access to our infrastructure and miscellaneous revenue. It also includes revenue from Telstra Health and Telstra Software.

(iii) Other revenue primarily consists of distributions received from Foxtel (30 June 2016: \$37m; 30 June 2015: \$125m) and rental income.

(iv) Other income includes gains and losses on asset and investment sales (including assets transferred under the nbn Definitive Agreements), income from government grants under the Telstra Universal Service Obligation Performance Agreement, income from nbn disconnection fees, subsidies and other miscellaneous items.

**Expenses**

	Year ended 30 June			
	2016 \$m	2015 \$m	Change \$m	Change %
Continuing Operations				
Salary and associated costs	3,690	3,549	141	4.0
Other labour expenses	303	304	(1)	(0.3)
Labour substitution	882	816	66	8.1
Redundancy	166	113	53	46.9
Total labour	5,041	4,782	259	5.4
Cost of goods sold	3,204	3,050	154	5.0
Network payments	1,650	1,725	(75)	(4.3)
Other	2,393	2,070	323	15.6
Total goods and services purchased	7,247	6,845	402	5.9
Service contracts and other agreements	1,549	1,553	(4)	(0.3)
Impairment expenses (incl bad and doubtful debts)	482	229	253	110.5
Other	2,281	2,189	92	4.2
Total other expenses	4,312	3,971	341	8.6
Total operating expenses	16,600	15,598	1,002	6.4
Depreciation	2,957	2,915	42	1.4
Amortisation	1,198	1,059	139	13.1
Total depreciation and amortisation	4,155	3,974	181	4.6

**Net Finance Costs**

	Year ended 30 June			
	2016 \$m	2015 \$m	Change \$m	Change %
Finance Income	86	147	(61)	(41.5)
Finance Costs	796	846	(50)	(5.9)
Net Finance Costs	710	699	11	1.6



Statement of cash flows

	Year ended 30 June			
	2016 \$m	2015 \$m	Change \$m	Change %
Cash flows from operating activities				
Receipts from customers (inclusive of goods and services tax (GST))	31,163	29,521	1,642	5.6
Payments to suppliers and employees (inclusive of GST)	(21,179)	(19,621)	(1,558)	7.9
Government grants received	182	166	16	9.6
Net placement of deposits that are not part of cash equivalents	(173)	-	(173)	n/m
Net cash generated by operations	9,993	10,066	(73)	(0.7)
Income taxes paid	(1,860)	(1,755)	(105)	6.0
Net cash provided by operating activities	8,133	8,311	(178)	(2.1)
Cash flows from investing activities				
Payments for property, plant and equipment	(3,051)	(2,845)	(206)	7.2
Payments for intangible assets	(1,143)	(2,257)	1,114	(49.4)
Capital expenditure (before investments)	(4,194)	(5,102)	908	(17.8)
Payments for business and shares in controlled entities (net of cash acquired)	(92)	(986)	894	(90.7)
Payments for joint ventures and associated entities	(38)	(48)	10	(20.8)
Payments for other investments	(67)	(70)	3	(4.3)
Total capital expenditure (including investments)	(4,393)	(6,206)	1,815	(29.2)
Proceeds from sale of property, plant and equipment	470	94	376	n/m
Proceeds from sale of business and shares in controlled entities (net of cash disposed)	1,340	1	1,339	n/m
Proceeds from sale of other investments	56	3	53	n/m
Distributions received from joint ventures and associated entities	82	184	(102)	(55.4)
Interest received	131	167	(36)	(21.6)
Other	105	65	40	61.5
Net cash used in investing activities	(2,207)	(5,692)	3,485	(61.2)
Operating cash flows less investing cash flows	5,926	2,619	3,307	126.3
Cash flows from financing activities				
Proceeds from borrowings	4,987	1,793	3,194	178.1
Repayment of borrowings	(3,954)	(3,413)	(541)	15.9
Repayment of finance lease principal amounts	(101)	(47)	(54)	114.9
Share buy-back	-	(1,004)	1,004	n/m
Purchase of shares for employee share plans	(68)	(54)	(14)	25.9
Proceeds from sale of controlled entity shares	-	333	(333)	n/m
Finance costs paid	(860)	(916)	56	(6.1)
Dividends paid to equity holders of Telstra Entity	(3,787)	(3,699)	(88)	2.4
Other	6	125	(119)	(95.2)
Net cash used in financing activities	(3,777)	(6,882)	3,105	(45.1)
Net increase/(decrease) in cash and cash equivalents	2,149	(4,263)	6,412	150.4
Cash and cash equivalents at the beginning of the year	1,396	5,527	(4,131)	(74.7)
Effects of exchange rate changes on cash and cash equivalents	5	132	(127)	(96.2)
Cash and cash equivalents at the end of the year	3,550	1,396	2,154	154.3

Statement of financial position



	As at			
	30 Jun 16	30 Jun 15	Change	Change
	\$m	\$m	\$m	%
Current assets				
Cash and cash equivalents	3,550	1,396	2,154	154.3
Trade and other receivables	4,737	4,721	16	0.3
Inventories	557	491	66	13.4
Derivative financial assets	62	7	55	n/m
Current tax receivables	8	9	(1)	(11.1)
Prepayments	426	346	80	23.1
Total current assets	9,340	6,970	2,370	34.0
Non current assets				
Trade and other receivables	1,293	1,171	122	10.4
Inventories	29	32	(3)	(9.4)
Investments - accounted for using the equity method	171	201	(30)	(14.9)
Investments - other	394	137	257	187.6
Property, plant and equipment	20,581	20,450	131	0.6
Intangible assets	9,229	9,332	(103)	(1.1)
Derivative financial assets	2,180	1,790	390	21.8
Deferred tax assets	54	66	(12)	(18.2)
Defined benefit assets	15	296	(281)	(94.9)
Total non current assets	33,946	33,475	471	1.4
Total assets	43,286	40,445	2,841	7.0
Current liabilities				
Trade and other payables	3,948	4,080	(132)	(3.2)
Employee benefits	913	844	69	8.2
Other provisions	92	126	(34)	(27.0)
Borrowings	2,655	1,496	1,159	77.5
Derivative financial liabilities	286	214	72	33.6
Current tax payables	176	291	(115)	(39.5)
Revenue received in advance	1,118	1,078	40	3.7
Total current liabilities	9,188	8,129	1,059	13.0
Non current liabilities				
Other payables	66	74	(8)	(10.8)
Employee benefits	169	147	22	15.0
Other provisions	127	137	(10)	(7.3)
Borrowings	14,647	14,138	509	3.6
Derivative financial liabilities	663	911	(248)	(27.2)
Deferred tax liabilities	1,493	1,558	(65)	(4.2)
Defined benefit liability	4	4	-	0.0
Revenue received in advance	1,022	837	185	22.1
Total non current liabilities	18,191	17,806	385	2.2
Total liabilities	27,379	25,935	1,444	5.6
Net assets	15,907	14,510	1,397	9.6
Equity				
Share capital	5,167	5,198	(31)	(0.6)
Reserves	62	372	(310)	(83.3)
Retained Profits	10,642	8,533	2,109	24.7
Equity available to Telstra Entity shareholders	15,871	14,103	1,768	12.5
Non-controlling interests	36	407	(371)	(91.2)
Total equity	15,907	14,510	1,397	9.6
Gross debt	16,009	14,962	1,047	7.0
Net debt	12,459	13,566	(1,107)	(8.2)
EBITDA interest cover (times) ⁽ⁱ⁾	13.0	14.4	(1.4)	(9.7)
Net debt to EBITDA	1.2	1.3	(0.1)	(7.7)
ROA - Return on average assets ⁽ⁱⁱ⁾	16.2%	18.2%		(2.0) pp
ROE - Return on average equity ⁽ⁱⁱ⁾	25.7%	29.5%		(3.8) pp
ROI - Return on average investment ⁽ⁱⁱ⁾	22.4%	25.0%		(2.6) pp
ROIC - Return on invested capital ⁽ⁱⁱ⁾	13.6%	15.7%		(2.1) pp
Gearing ratio (net debt to capitalisation) ⁽ⁱⁱ⁾	43.9%	48.3%		(4.4) pp

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

(ii) Ratio has been measured on a continuing basis.

n/m = not meaningful

**ARPU (\$)**

	Half year ended			Jun 16 vs Jun 15		Jun 16 vs Dec 15	
	Jun 2016	Dec 2015	Jun 2015	Change	Change %	Change	Change %
	(\$)	(\$)	(\$)	(\$)	%	(\$)	%
Continuing Operations							
Fixed voice	38.96	40.66	41.37	(2.41)	(5.8)	(1.70)	(4.2)
Fixed data	50.35	51.60	51.15	(0.80)	(1.6)	(1.25)	(2.4)
Mobile services retail (incl. Interconnect and MRO)	38.23	43.24	43.60	(5.37)	(12.3)	(5.01)	(11.6)
Postpaid handheld (incl. MRO)	60.08	61.38	61.45	(1.37)	(2.2)	(1.30)	(2.1)
Postpaid handheld (excl. MRO)	67.82	69.03	69.08	(1.26)	(1.8)	(1.21)	(1.8)
Prepaid handheld	19.89	21.20	21.19	(1.30)	(6.1)	(1.31)	(6.2)
Mobile broadband	25.02	27.38	27.84	(2.82)	(10.1)	(2.36)	(8.6)
M2M	6.69	6.15	6.58	0.11	1.7	0.54	8.8
Satellite	39.86	43.60	43.88	(4.02)	(9.2)	(3.74)	(8.6)

Services in operation

	Half year ended			Jun 16 vs Jun 15		Jun 16 vs Dec 15	
	Jun 2016	Dec 2015	Jun 2015	Change	Change %	Change	Change %
	('000)	('000)	('000)	('000)	%	('000)	%
Continuing Operations							
Fixed products							
Basic access lines in service							
Retail ⁽ⁱ⁾	5,710	5,852	5,981	(271)	(4.5)	(142)	(2.4)
Wholesale	1,328	1,353	1,338	(10)	(0.7)	(25)	(1.8)
Total fixed voice lines in service	7,038	7,205	7,319	(281)	(3.8)	(167)	(2.3)
Fixed data SIOs - retail ⁽ⁱⁱ⁾	3,379	3,265	3,144	235	7.5	114	3.5
Fixed data SIOs - wholesale	840	850	841	(1)	(0.1)	(10)	(1.2)
Fixed data	4,219	4,115	3,985	234	5.9	104	2.5
ISDN access (basic line equivalents)	1,049	1,102	1,137	(88)	(7.7)	(53)	(4.8)
Unconditioned local loop (ULL) SIOs	1,547	1,570	1,563	(16)	(1.0)	(23)	(1.5)
Line spectrum sharing services (LSS) ⁽ⁱⁱⁱ⁾	478	516	544	(66)	(12.1)	(38)	(7.4)
Mobiles SIOs							
Postpaid handheld retail mobile	7,476	7,387	7,307	169	2.3	89	1.2
Prepaid handheld retail mobile	3,914	3,864	3,923	(9)	(0.2)	50	1.3
Total mobile broadband (data card)	3,960	3,914	3,866	94	2.4	46	1.2
M2M	1,854	1,714	1,547	307	19.8	140	8.2
Satellite	29	29	30	(1)	(3.3)	-	n/m
Total retail mobile	17,233	16,908	16,673	560	3.4	325	1.9
Total wholesale mobile	530	478	465	65	14.0	52	10.9
Prepaid handheld unique users ^(iv)	2,614	2,603	2,531	83	3.3	11	0.4
Foxtel from Telstra	751	660	623	128	20.5	91	13.8

(i) Includes nbn.

(ii) Includes nbn and Belong SIOs.

(iii) Excluded from wholesale broadband SIOs.

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

Note: Statistical data represents management's best estimates.

n/m = not meaningful

**Workforce**

	Half year ended			Jun 16 vs Jun 15		Jun 16 vs Dec 15	
	Jun 2016	Dec 2015	Jun 2015	Change	Change %	Change	Change %
Continuing Operations							
Employee data							
Full time staff equivalents	33,482	33,639	33,679	(197)	(0.6)	(157)	(0.5)

Note: Statistical data represents management's best estimates.



Segment information from continuing operations

	Total external income			EBITDA contribution		
	Year ended 30 June			Year ended 30 June		
	2016	2015	Change	2016	2015	Change
	\$m	\$m	%	\$m	\$m	%
Telstra Retail	16,656	16,911	(1.5)	9,220	9,591	(3.9)
Global Enterprise and Services	6,262	5,618	11.5	2,456	2,457	(0.0)
Telstra Wholesale	2,622	2,586	1.4	2,426	2,393	1.4
Telstra Operations	602	424	42.0	(2,652)	(2,733)	3.0
All Other	908	573	58.5	(985)	(1,175)	16.2
Total Telstra segments	27,050	26,112	3.6	10,465	10,533	(0.6)

Revenue by Business Segment

	Year ended 30 June		
	2016	2015	Change
	\$m	\$m	%
Telstra Consumer			
Fixed voice	1,934	2,095	(7.7)
Fixed data	1,775	1,671	6.2
Mobile services revenue	5,164	5,438	(5.0)
Telstra Business			
Fixed voice	841	929	(9.5)
Fixed data	366	356	2.8
Mobile services revenue	2,155	2,287	(5.8)
Network applications and services	652	551	18.3
GES Australia			
Mobile services revenue	933	908	2.8
Data & IP	1,637	1,706	(4.0)
Network applications and services	1,673	1,589	5.3

Product profitability - EBITDA margins %

	Year ended	
	Jun 2016	Jun 2015
Mobile	42%	40%
Fixed data ⁽ⁱ⁾	41%	41%
Fixed voice ⁽ⁱ⁾	51%	55%
Data & IP	62%	64%

Note: product margins represent management's best estimates.

(i) Includes nbn voice and data.

Product profitability - EBITDA (\$m)

	Year ended	
	Jun 2016	Jun 2015
Mobile	4,384	4,250
Fixed data ⁽ⁱ⁾	1,021	966
Fixed voice ⁽ⁱ⁾	1,766	2,058
Data & IP	1,752	1,853

Note: product margins represent management's best estimates.

(i) Includes nbn voice and data.



Telstra Corporation Limited
Half-yearly comparison
Year ended 30 June 2016

Summary Reported Half-yearly Data
(\$ millions)

Revenue

Fixed products

Fixed voice ⁽ⁱ⁾	2,219	(10.8%)	2,137	(8.2%)	4,356	(9.5%)	2,058	(7.3%)	1,974	(7.6%)	4,032	(7.4%)	1,917	(6.9%)	1,829	(7.3%)	3,746	(7.1%)	1,772	(7.6%)	1,665	(9.0%)	3,437	(8.2%)
Fixed data ⁽ⁱ⁾	1,028	4.4%	1,059	5.7%	2,087	5.0%	1,090	6.0%	1,128	6.5%	2,218	6.3%	1,175	7.8%	1,204	6.7%	2,379	7.3%	1,254	6.7%	1,259	4.6%	2,513	5.8%
Fixed Other	234	47.2%	230	58.6%	464	52.1%	231	(1.3%)	231	0.4%	462	(0.4%)	219	(5.2%)	224	(3.0%)	443	(4.1%)	245	11.9%	256	14.3%	501	13.1%
Intercarrier Services	311	21.0%	290	8.2%	601	14.5%	288	(7.4%)	298	2.8%	586	(2.5%)	309	7.3%	311	4.4%	620	5.8%	293	(5.2%)	285	(8.4%)	578	(6.8%)
Total Fixed products⁽ⁱ⁾	3,792	(2.5%)	3,716	(0.7%)	7,508	(1.6%)	3,667	(3.3%)	3,631	(2.3%)	7,298	(2.8%)	3,620	(1.3%)	3,568	(1.7%)	7,188	(1.5%)	3,564	(1.5%)	3,465	(2.9%)	7,029	(2.2%)

Mobiles

Postpaid handheld	2,377	0.3%	2,427	5.4%	4,804	2.8%	2,495	5.0%	2,511	3.5%	5,006	4.2%	2,701	8.3%	2,688	7.0%	5,389	7.7%	2,706	0.2%	2,679	(0.3%)	5,385	(0.1%)
Prepaid handheld	351	7.7%	376	14.6%	727	11.2%	419	19.4%	460	22.3%	879	20.9%	498	18.9%	496	7.8%	994	13.1%	495	(0.6%)	464	(6.5%)	959	(3.5%)
Mobile broadband	576	16.8%	620	18.1%	1,196	17.5%	643	11.6%	644	3.9%	1,287	7.6%	649	0.9%	641	(0.5%)	1,290	0.2%	639	(1.5%)	591	(7.8%)	1,230	(4.7%)
Machine to Machine (M2M)	44	10.0%	46	15.0%	90	12.5%	47	6.8%	54	17.4%	101	12.2%	55	17.0%	58	7.4%	113	11.9%	60	9.1%	72	24.1%	132	16.8%
Satellite	7	0.0%	6	20.0%	13	8.3%	7	0.0%	7	16.7%	14	7.7%	8	14.3%	8	14.3%	16	14.3%	8	0.0%	7	(12.5%)	15	(6.3%)
Mobile interconnection	398	(2.2%)	372	2.8%	770	0.1%	407	2.3%	380	2.2%	787	2.2%	418	2.7%	431	13.4%	849	7.9%	448	7.2%	103	(76.1%)	551	(35.1%)
Mobile services - wholesale resale	48	(30.4%)	57	(16.2%)	105	(23.4%)	61	27.1%	43	(24.6%)	104	(1.0%)	53	(13.1%)	64	48.8%	117	12.5%	49	(7.5%)	44	(31.3%)	93	(20.5%)

Total mobile services

Mobile hardware	766	16.9%	731	7.0%	1,497	11.9%	784	2.3%	708	(3.1%)	1,492	(0.3%)	946	20.7%	940	32.8%	1,886	26.4%	1,121	18.5%	955	1.6%	2,076	10.1%
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Total mobiles

	4,567	4.6%	4,635	7.5%	9,202	6.0%	4,863	6.5%	4,807	3.7%	9,670	5.1%	5,328	9.6%	5,326	10.8%	10,654	10.2%	5,526	3.7%	4,915	(7.7%)	10,441	(2.0%)
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Data & IP

ISDN products	398	(5.2%)	379	(6.7%)	777	(5.9%)	363	(8.8%)	349	(7.9%)	712	(8.4%)	340	(6.3%)	322	(7.7%)	662	(7.0%)	312	(8.2%)	291	(9.6%)	603	(8.9%)
IP access	559	8.1%	570	4.6%	1,129	6.3%	592	5.9%	598	4.9%	1,190	5.4%	601	1.5%	604	1.0%	1,205	1.3%	597	(0.7%)	572	(5.3%)	1,169	(3.0%)
Other data and calling products	752	24.1%	718	16.9%	1,470	20.5%	728	(3.2%)	723	0.7%	1,451	(1.3%)	723	(0.7%)	827	14.4%	1,550	6.8%	1,005	39.0%	1,012	22.4%	2,017	30.1%

Data & IP Total

	1,709	10.8%	1,667	6.5%	3,376	8.6%	1,683	(1.5%)	1,670	0.2%	3,353	(0.7%)	1,664	(1.1%)	1,753	5.0%	3,417	1.9%	1,914	15.0%	1,875	7.0%	3,789	10.9%
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Network applications and services

	662	15.3%	877	27.7%	1,539	22.0%	853	28.9%	1,110	26.6%	1,963	27.6%	1,007	18.1%	1,411	27.1%	2,418	23.2%	1,336	32.7%	1,427	1.1%	2,763	14.3%
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Media

Foxtel from Telstra	302	0.0%	293	(2.7%)	595	(1.3%)	297	(1.7%)	308	5.1%	605	1.7%	322	8.4%	340	10.4%	662	9.4%	350	8.7%	369	8.5%	719	8.6%
IPTV	31	10.7%	41	17.1%	72	14.3%	50	61.3%	44	7.3%	94	30.6%	42	(16.0%)	30	(31.8%)	72	(23.4%)	34	(19.0%)	41	36.7%	75	4.2%
Mobility and other content	54	(89.7%)	48	(94.9%)	102	(93.1%)	41	(24.1%)	40	(16.7%)	81	(20.6%)	41	0.0%	38	(5.0%)	79	(2.5%)	34	(17.1%)	36	(5.3%)	70	(11.4%)
Cable	61	5.2%	58	(3.3%)	119	0.8%	60	(1.6%)	60	3.4%	120	0.8%	60	0.0%	58	(3.3%)	118	(1.7%)	58	(3.3%)	52	(10.3%)	110	(6.8%)

Media - Total

	448	(50.9%)	440	(67.2%)	888	(60.6%)	448	0.0%	452	2.7%	900	1.4%	465	3.8%	466	3.1%	931	3.4%	476	2.4%	498	6.9%	974	4.6%
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Other

CSL New World	494	13.3%	517	21.9%	1,011	17.6%	630	27.5%	415	(19.7%)	1,045	3.4%	0	(100.0%)	0	(100.0%)	0	(100.0%)	0	n/m	0	n/m	0	n/m
TelstraClear	164	(35.7%)	0	(100.0%)	164	(67.3%)	0	(100.0%)	0	n/m	0	(100.0%)	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m
Other sales revenue	288	65.5%	322	23.8%	610	40.6%	420	45.8%	470	46.0%	890	45.9%	343	(18.3%)	399	(15.1%)	742	(16.6%)	419	22.2%	419	5.0%	838	12.9%
Total sales revenue	12,124	(2.3%)	12,174	(5.1%)	24,298	(3.7%)	12,564	3.6%	12,555	3.1%	25,119	3.4%	12,427	(1.1%)	12,923	2.9%	25,350	0.9%	13,235	6.5%	12,599	(2.5%)	25,834	1.9%
Other revenue	67	378.6%	109	(10.7%)	176	29.4%	62	(7.5%)	139	27.5%	201	14.2%	78	25.8%	100	(28.1%)	178	(11.4%)	54	(30.8%)	23	(77.0%)	77	(56.7%)
Total revenue	12,191	(1.8%)	12,283	(5.1%)	24,474	(3.5%)	12,626	3.6%	12,694	3.3%	25,320	3.5%	12,505	(1.0%)	13,023	2.6%	25,528	0.8%	13,289	6.3%	12,622	(3.1%)	25,911	1.5%
Other income	110	34.1%	192	262.3%	302	123.7%	177	60.9%	799	316.1%	976	223.2%	294	66.1%	290	(63.7%)	584	(40.2%)	512	74.1%	627	116.2%	1,139	95.0%
Total income	12,301	(1.6%)	12,475	(4.1%)	24,776	(2.9%)	12,803	4.1%	13,493	8.2%	26,296	6.1%	12,799	(0.0%)	13,313	(1.3%)	26,112	(0.7%)	13,801	7.8%	13,249	(0.5%)	27,050	3.6%

Expenses

Labour	2,246	(11.9%)	2,281	(5.7%)	4,527	(8.9%)	2,367	5.4%	2,365	3.7%	4,732	4.5%	2,375	0.3%	2,407	1.8%	4,782	1.1%	2,634	10.9%	2,407	0.0%	5,041	5.4%
Goods and services purchased	3,135	(0.8%)	3,112	3.1%	6,247	1.1%	3,295	5.1%	3,170	1.9%	6,465	3.5%	3,262	(1.0%)	3,583	13.0%	6,845	5.9%	3,897	19.5%	3,350	(6.5%)	7,247	5.9%
Other expenses	1,978	(3.1%)	1,855	(10.9%)	3,833	(7.0%)	1,852	(6.4%)	2,136	15.1%	3,988	4.0%	1,928	4.1%	2,043	(4.4%)	3,971	(0.4%)	1,993	3.4%	2,319	13.5%	4,312	8.6%
Operating expense (before interest)	7,359	(5.1%)	7,248	(3.6%)	14,607	(4.3%)	7,514	2.1%	7,671	5.8%	15,185	4.0%	7,565	0.7%	8,033	4.7%	15,598	2.7%	8,524	12.7%	8,076	0.5%	16,600	6.4%
Share of net profit/(loss) from jointly controlled and associated entities:	0	n/m	(1)	n/m	(1)	n/m	0	n/m	24	n/m	24	n/m	(10)	n/m	29	20.8%	19	(20.8%)	(5)	50.0%	20	(31.0%)	15	(21.1%)
EBITDA	4,942	4.0%	5,226	(4.7%)	10,168	(0.6%)	5,289	7.0%	5,846	11.9%	11,135	9.5%	5,224	(1.2%)	5,309	(9.2%)	10,533	(5.4%)	5,272	0.9%	5,193	(2.2%)	10,465	(0.6%)
Depreciation and amortisation	2,068	(5.4%)	2,010	(9.7%)	4,078	(7.6%)	2,013	(2.7%)	1,937	(3.6%)	3,950	(3.1%)	1,985	(1.4%)	1,989	2.7%	3,974	0.6%	2,031	2.3%	2,124	6.8%	4,155	4.6%
EBIT	2,874	12.1%	3,216	(1.3%)	6,090	4.6%	3,276	14.0%	3,909	21.5%	7,185	18.0%	3,239	(1.1%)	3,320	(15.1%)	6,559	(8.7%)	3,241	0.1%	3,069	(7.6%)	6,310	(3.8%)
Net finance costs	477	20.5%	456	(7.3%)	933	5.1%	490	2.7%	467	2.4%	957	2.6%	357	(27.1%)	342	(26.8%)	699	(27.0%)	347	(2.8%)	363	6.1%	710	1.6%
Profit before income tax expense	2,397	10.6%	2,760	(0.2%)	5,157	4.5%	2,786	16.2%	3,442	24.7%	6,228	20.8%	2,882	3.4%	2,978	(13.5%)	5,860	(5.9%)	2,894	0.4%	2,706	(9.1%)	5,600	(4.4%)
Income tax expense	758	10.0%	759	(7.6%)	1,517	0.5%	825	8.8%	854	12.5%	1,679	10.7%	862	4.5%	884	3.5%	1,746	4.0%	872	1.2%	896	1.4%	1,768	1.3%
Profit for the year from continuing operations	1,639	10.8%	2,001	2.9%	3,640	6.3%	1,961	19.6%	2,588	29.3%	4,549	25.0%	2,020	3.0%	2,094	(19.1%)	4,114	(9.6%)	2,022	0.1%	1,810	(13.6%)	3,832	(6.9%)
Profit/(loss) for the year from discontinued operations	(53)	n/m	204	n/m	151	n/m	(221)	(317.0%)	17	(91.7%)	(204)	(235.1%)	98	144.3%	93	447.1%	191	193.6%	113	15.3%	1,904	1947.3%	2,017	956.0%
Profit for the year	1,586	7.2%	2,205	13.4%	3,791	10.7%	1,740	9.7%	2,605	18.1%	4,345	14.6%	2,118	21.7%	2,187	(16.0%)	4,305	(0.9%)	2,135	0.8%	3,714	69.8%	5,849	35.9%



Telstra Corporation Limited
Half-yearly comparison
Year ended 30 June 2016

Summary Reported Half-yearly Data

Selected statistical data

Fixed Voice

	Half 1 Dec-12	PCP Growth	Half 2 Jun-13	PCP Growth	Full year Jun-13	PCP Growth	Half 1 Dec-13	PCP Growth	Half 2 Jun-14	PCP Growth	Full year Jun-14	PCP Growth	Half 1 Dec-14	PCP Growth	Half 2 Jun-15	PCP Growth	Full year Jun-15	PCP Growth	Half 1 Dec-15	PCP Growth	Half 2 Jun-16	PCP Growth	Full year Jun-16	PCP Growth
Retail basic access lines in service (thousands)	6,695	(4.8%)	6,524	(5.1%)	6,524	(5.1%)	6,356	(5.1%)	6,245	(4.3%)	6,245	(4.3%)	6,104	(4.0%)	5,981	(4.2%)	5,981	(4.2%)	5,852	(4.1%)	5,710	(4.5%)	5,710	(4.5%)
Wholesale basic access lines in service (thousands)	1,207	0.6%	1,239	5.0%	1,239	5.0%	1,277	5.8%	1,285	3.7%	1,285	3.7%	1,318	3.2%	1,338	4.1%	1,338	4.1%	1,353	2.7%	1,328	(0.7%)	1,328	(0.7%)
Fixed voice lines in service (thousands)⁽ⁱ⁾	7,902	(4.0%)	7,763	(3.6%)	7,763	(3.6%)	7,633	(3.4%)	7,530	(3.0%)	7,530	(3.0%)	7,422	(2.8%)	7,319	(2.8%)	7,319	(2.8%)	7,205	(2.9%)	7,038	(3.8%)	7,038	(3.8%)
Unconditioned local loop (ULL) services in operation (thousands)	1,245	17.3%	1,322	14.0%	1,322	14.0%	1,400	12.4%	1,482	12.1%	1,482	12.1%	1,528	9.1%	1,563	5.5%	1,563	5.5%	1,570	2.7%	1,547	(1.0%)	1,547	(1.0%)
Number of local calls (millions)	1,292	(18.0%)	1,143	(19.4%)	2,435	(18.7%)	1,053	(18.5%)	938	(17.9%)	1,991	(18.2%)	876	(16.8%)	750	(20.0%)	1,626	(18.3%)	727	(17.0%)	624	(16.8%)	1,351	(16.9%)
National long distance minutes (millions)	2,066	(14.6%)	1,868	(17.7%)	3,934	(16.1%)	1,706	(17.4%)	1,539	(17.6%)	3,245	(17.5%)	1,378	(19.2%)	1,175	(23.7%)	2,553	(21.3%)	1,170	(15.1%)	1,012	(13.9%)	2,183	(14.5%)
Fixed to mobile minutes (millions)	1,371	(8.8%)	1,287	(11.2%)	2,658	(10.0%)	1,241	(9.5%)	1,170	(9.1%)	2,411	(9.3%)	1,112	(10.4%)	996	(14.9%)	2,108	(12.6%)	1,016	(8.6%)	905	(9.1%)	1,921	(8.9%)
International direct minutes (millions)	222	(7.9%)	240	5.3%	463	(1.3%)	273	23.0%	274	14.2%	546	17.9%	256	(6.2%)	209	(23.7%)	465	(14.8%)	256	0.0%	225	7.7%	480	3.2%
Average fixed voice revenue per user per month (\$)	46.34	(7.3%)	45.49	(4.5%)	45.90	(6.1%)	44.54	(3.9%)	43.42	(4.6%)	43.94	(4.3%)	42.73	(4.1%)	41.37	(4.7%)	42.05	(4.3%)	40.66	(4.8%)	38.96	(5.8%)	39.89	(5.1%)

Fixed data

Fixed data SIOs - Retail (thousands)	2,684	7.2%	2,772	6.7%	2,772	6.7%	2,847	6.1%	2,955	6.6%	2,955	6.6%	3,043	6.9%	3,144	6.4%	3,144	6.4%	3,265	7.3%	3,379	7.5%	3,379	7.5%
Broadband wholesale SIOs (thousands)	761	(6.6%)	769	0.3%	769	0.3%	777	2.1%	789	2.6%	789	2.6%	816	5.0%	841	6.6%	841	6.6%	850	4.2%	840	(0.1%)	840	(0.1%)
Fixed data SIOs (thousands)⁽ⁱ⁾	3,445	3.8%	3,541	5.2%	3,541	5.2%	3,624	5.2%	3,744	5.7%	3,744	5.7%	3,859	6.5%	3,985	6.4%	3,985	6.4%	4,115	6.6%	4,219	5.9%	4,219	5.9%
Wholesale line spectrum site sharing (LSS) SIOs (thousands)	658	(8.2%)	631	(9.3%)	631	(9.3%)	614	(6.7%)	589	(6.7%)	589	(6.7%)	569	(7.3%)	544	(7.6%)	544	(7.6%)	516	(9.3%)	478	(12.1%)	478	(12.1%)
Average fixed data revenue per user per month (\$)	50.29	0.9%	50.52	1.1%	50.34	0.8%	50.75	0.9%	50.99	0.9%	50.74	0.8%	51.53	1.5%	51.15	0.3%	51.31	1.1%	51.60	0.1%	50.35	(1.6%)	51.04	(0.5%)

ISDN

ISDN access (basic access line equivalents) (thousands)	1,282	(1.7%)	1,285	(0.9%)	1,285	(0.9%)	1,265	(1.3%)	1,225	(4.7%)	1,225	(4.7%)	1,181	(6.6%)	1,137	(7.2%)	1,137	(7.2%)	1,102	(6.7%)	1,049	(7.7%)	1,049	(7.7%)
ISDN average revenue per user per month (\$)	51.47	(3.9%)	49.25	(5.5%)	50.19	(5.1%)	47.41	(7.9%)	46.79	(5.0%)	47.29	(5.8%)	47.07	(0.7%)	46.31	(1.0%)	46.70	(1.2%)	46.39	(1.4%)	45.14	(2.5%)	45.97	(1.6%)
IP MAN SIOs (thousands)	28	7.7%	31	14.8%	31	14.8%	32	14.3%	33	6.5%	33	6.5%	34	6.3%	35	6.1%	35	6.1%	37	8.8%	40	14.3%	40	14.3%
IP WAN SIOs (thousands)	106	0.0%	109	2.8%	109	2.8%	110	3.8%	110	0.9%	110	0.9%	109	(0.9%)	111	0.9%	111	0.9%	113	3.7%	112	0.9%	112	0.9%

Mobiles

Total retail mobile SIOs (thousands)	14,423	9.2%	15,072	9.1%	15,072	9.1%	15,811	9.6%	16,009	6.2%	16,009	6.2%	16,375	3.6%	16,673	4.1%	16,673	4.1%	16,908	3.3%	17,233	3.4%	17,233	3.4%
Postpaid handheld mobile SIOs (thousands)	6,861	7.2%	7,019	6.4%	7,019	6.4%	7,122	3.8%	7,194	2.5%	7,194	2.5%	7,275	2.1%	7,307	1.6%	7,307	1.6%	7,387	1.5%	7,476	2.3%	7,476	2.3%
Mobile broadband (data cards) SIOs (thousands)	3,336	21.5%	3,570	14.5%	3,570	14.5%	3,672	10.1%	3,679	3.1%	3,679	3.1%	3,809	3.7%	3,866	5.1%	3,866	5.1%	3,914	2.8%	3,960	2.4%	3,960	2.4%
Prepaid mobile handheld unique users (thousands)	2,102	5.7%	2,197	8.3%	2,197	8.3%	2,347	11.7%	2,446	11.3%	2,446	11.3%	2,490	6.1%	2,531	3.5%	2,531	3.5%	2,603	4.5%	2,614	3.3%	2,614	3.3%
Machine to Machine (M2M) (thousands)	888	19.4%	970	19.9%	970	19.9%	1,086	22.3%	1,261	30.0%	1,261	30.0%	1,385	27.5%	1,547	22.7%	1,547	22.7%	1,714	23.8%	1,854	19.8%	1,854	19.8%
Satellite (thousands)	26	8.3%	27	8.0%	27	8.0%	28	7.7%	30	11.1%	30	11.1%	30	7.1%	30	0.0%	30	0.0%	29	(3.3%)	29	(3.3%)	29	(3.3%)
Total wholesale SIOs (thousands)	67	3.1%	241	322.8%	241	322.8%	348	419.4%	379	57.3%	379	57.3%	408	17.2%	465	22.7%	465	22.7%	478	17.2%	530	14.0%	530	14.0%
Mobile voice telephone minutes (millions)	9,906	22.9%	10,504	18.5%	20,410	20.6%	11,633	17.4%	12,194	16.1%	23,827	16.7%	13,240	13.8%	13,395	9.8%	26,635	11.8%	14,363	8.5%	14,936	11.5%	29,299	10.0%
Number of SMS sent (millions)	6,771	15.1%	6,992	13.4%	13,763	14.2%	7,475	10.4%	7,846	12.2%	15,321	11.3%	8,642	15.6%	9,011	14.8%	17,653	15.2%	9,146	5.8%	8,797	(2.4%)	17,943	1.6%
Blended average revenue per user (incl. interconnection and MRO) (\$)	44.30	(7.1%)	43.48	(1.0%)	43.85	(4.8%)	43.36	(2.1%)	42.49	(2.3%)	43.29	(1.3%)	44.56	2.8%	43.60	2.6%	44.12	1.9%	43.24	(3.0%)	38.23	(12.3%)	40.66	(7.8%)
Average postpaid handheld revenue per user (excl. MRO) (\$)	65.34	(3.1%)	65.92	2.4%	65.90	(0.5%)	66.80	2.2%	66.20	0.4%	66.57	1.0%	69.71	4.4%	69.08	4.4%	69.51	4.4%	69.03	(1.0%)	67.82	(1.8%)	68.40	(1.6%)
Average postpaid handheld revenue per user (incl. MRO) (\$)	58.88	(7.1%)	58.29	(1.3%)	58.80	(4.4%)	58.81	(0.1%)	58.47	0.3%	58.70	(0.2%)	62.22	5.8%	61.45	5.1%	61.94	5.5%	61.38	(1.4%)	60.08	(2.2%)	60.71	(2.0%)
Average prepaid handheld revenue per user (\$)	17.79	6.1%	18.44	10.6%	17.94	6.3%	18.90	6.2%	19.79	7.3%	19.98	11.4%	21.50	13.8%	21.19	7.1%	21.32	6.7%	21.20	(1.4%)	19.89	(6.1%)	20.40	(4.3%)
Average mobile broadband revenue per user per month (\$)	29.75	(8.5%)	29.93	0.3%	29.80	(4.7%)	29.60	(0.5%)	29.20	(2.4%)	29.59	(0.7%)	28.89	(2.4%)	27.84	(4.7%)	28.49	(3.7%)	27.38	(5.2%)	25.02	(10.1%)	26.20	(8.0%)
Average machine to machine revenue per user per month (\$)	8.66	(9.8%)	8.30	(2.4%)	8.46	(6.9%)	7.69	(11.2%)	7.60	(8.4%)	7.54	(10.9%)	6.93	(9.9%)	6.58	(13.4%)	6.70	(11.1%)	6.15	(11.3%)	6.69	1.7%	6.46	(3.6%)
Average satellite revenue per user per month (\$)	43.47	(7.6%)	39.46	13.8%	41.32	1.5%	40.43	(7.0%)	40.44	2.5%	39.98	(3.2%)	46.61	15.3%	43.88	8.5%	46.07	12.7%	43.60	(6.5%)	39.86	(9.2%)	41.12	(8.8%)

Premium pay TV

Foxtel from Telstra (thousands)	507	0.6%	500	(0.2%)	500	(0.2%)	500	(1.4%)	526	5.2%	526	5.2%	560	12.0%	623	18.4%	623	18.4%	660	17.9%	751	20.5%	751	20.5%
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Labour

Full time staff equivalents	35,157	15.6%	34,679	14.8%	34,679	14.8%	35,807	1.8%	32,354	(6.7%)	32,354	(6.7%)	31,809	(11.2%)	33,679	4.1%	33,679	4.1%	33,639	5.8%	33,482	(0.6%)	33,482	(0.6%)
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(i) Includes nbn
Note: statistical data represents management's best estimates.