



12 October 2021

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Annual General Meeting presentations

In accordance with the Listing Rules, I enclose the presentations of the Chairman and Chief Executive Officer, which will be delivered today at the virtual Telstra Corporation Limited 2021 Annual General Meeting.

Authorised for lodgement by:

Sue Laver
Company Secretary

CHAIRMAN & CEO SPEECH NOTES
TELSTRA ANNUAL GENERAL MEETING
12 OCTOBER 2021

JOHN MULLEN – CHAIRMAN

SLIDE: JOHN MULLEN – CHAIRMAN

Good morning ladies and gentlemen.

My name is John Mullen and it is my pleasure to welcome you this morning to Telstra's 2021 Annual General Meeting.

I would like to start by thanking you all for your continued support and investment in Telstra at a time when COVID continues to have a profound effect on our lives, our society and the economy.

All of us have been impacted in one way or another and I hope you and your families are in good health, good spirits, and are remaining safe through the challenges of this unprecedented pandemic.

We would have preferred today's meeting to have been in-person but, with travel for all of us virtually impossible, we think connecting online is the best solution at a time when few things are far from normal.

With a quorum present it is my pleasure to formally declare today's meeting open.

A Notice of Meeting was distributed earlier which set out the business and resolutions to be considered today and I propose to take that Notice as read.

There are a number of items of business on today's agenda and all of them are shown on the screen now.

SLIDE: ITEMS OF BUSINESS

Voting on items 3 to 5 will be conducted by poll and that poll is now open.

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

SLIDE: BOARD OF DIRECTORS

Joining us from various locations across Australia and around the world are all of my fellow Board members, your CEO Andy Penn, CFO Vicki Brady and the senior management team.

Current directors Roy Chestnutt and Niek Jan van Damme are also both standing for re-election today and you will hear from them a little later this morning.

Also joining us online is Andrew Price from our auditors Ernst and Young. I'm sure Andrew would be happy to answer any questions you may have on the conduct of the audit, or on the auditor's report itself.

SLIDE: 2021

I don't think there can be any debate that this has been another tumultuous year, a year of lockdowns, restrictions and great uncertainty

We are proud that through all of this Telstra has remained focussed on our employees' and customers' needs, and on supporting our country as we have navigated through challenging and largely uncharted waters.

Despite the extraordinary circumstances, we continued to deliver on our ambitious transformation strategy and the company finished the year in a strong position.

Let me look back briefly on the 2021 financial year.

Despite the challenges, we delivered results in line with guidance and we saw the focus and discipline on T22 pay off in a sustainable way across the business.

The year represented a turning point in our financial trajectory. Telstra is building financial momentum and we are very pleased to be able to say that we are confident our underlying business will return to full-year growth in FY22.

We have confidence because we see strong performance in our mobile business, continued discipline on our cost reduction target, green shoots in some of our growth businesses and a diminishing impact from the nbn.

Andy will take you through the financials shortly, but we have many achievements to be proud of this year, including the significant progress made on our transformational T22 strategy.

Launched just over three years ago, T22 is a strategy to radically simplify and digitise the business; to reduce frustrating customer pain points and the legacy systems and processes that were slowing us down; to introduce new Agile ways of working; and to further extend our network leadership, including leading in 5G.

We promised a lot, and I'm sure many investors and market observers were waiting to see how we would go.

Well, I really believe that management has done an excellent job and the transformation of Telstra has truly been an overwhelming success.

We have delivered the great majority of what we said we would and, three years into what has been one of the largest and most ambitious transformations by a telco globally, Telstra is now a vastly different company.

Let me take you through just how different.

We have radically simplified our business including reducing the number of Consumer & Small Business in market plans from 1800 to just 20;

Our workforce is one-third smaller and we have removed on average more than four layers of management;

We have delivered cost reductions of \$2.3 billion and are on track to deliver our T22 productivity target of \$2.7 billion;

We have repositioned our investments in Foxtel and Telstra Ventures and improved the performance of our health business which is now strategically very well positioned for the future;

We have successfully established InfraCo and we are progressing our corporate restructure. The restructure of Telstra with a new holding company and four key subsidiaries – InfraCo Fixed, Amplitel or InfraCo Towers, Telstra Ltd or ServeCo and Telstra International – is the key final step in our T22 commitment to establish a standalone Infrastructure business to drive performance and set up optionality post the roll out of the NBN.

We are seeking to implement this restructure through a shareholder and Court approved scheme of arrangement. All steps in the restructure process are progressing well and we are optimistic of finalising the restructure before the end of T22 with the scheme meeting now likely to be early next year.

We have monetised over \$2 billion of assets, further strengthened our balance sheet and we have completed the \$2.8bn towers deal from which we have announced an on-market share buy-back of up to \$1.35bn.

The Amplitel sale price and multiple together with the speed at which the sale closed shows the quality of the InfraCo assets. InfraCo Fixed is over six times larger than Amplitel on an income and EBITDA basis, and while it is more complex in nature, InfraCo Fixed is a very strategic portfolio.

One of the most critical measures of progress for any business is how customer service is improving.

It continues to be the number one focus for Telstra.

During T22 we have reduced the number of calls to our contact centres dramatically.

When we started in 2018 we were receiving 35.8 million calls and this year that is down to 11.5 million – a reduction of more than two-thirds.

And when Consumer and Small Business customers do need to contact us they will be able to call us and have their call answered by an Australian contact centre service representative or visit a local expert in our Telstra owned store network.

We are on track to have all in-bound calls from our Consumer and Small Business customers answered in Australia by June next year.

We have transformed how we serve our customers.

More than 70% of Consumer and Small Business service interactions are now delivered digitally up from 40% in FY18.

In our Enterprise business it is a similar story with 28% of customer service interactions delivered digitally, up from 12% last year.

We have done a lot, but we still have more to do.

While our objective is to provide an exceptional customer experience the reality is Telstra is simply too big and too complex to ever be 100% perfect in this regard.

Telstra handles hundreds of millions of data and mobile connections every day through a complex array of technologies that work exceptionally well and are exceptionally reliable.

And yet, at this scale, if even a tiny fraction of these go wrong, it still impacts a very large number of people.

As Chairman, I receive a lot of complaints and I respond to every complaint personally, so I am very aware of how upsetting a service failure can be.

It is these types of frustrations and pain points that have driven our determination under T22 to radically simplify and streamline the business and digitise our interactions with customers to the greatest extent possible.

While all customer related metrics are showing strong improvement, we absolutely recognise and accept that there are still too many failures and continuing and enhancing these improvements remain a core component of the T25 strategy that you will hear more about shortly.

Another source of organisational pride for us this year has been the way the company has responded to the challenge of COVID. Throughout this very difficult period we have continued to provide a range of support measures for our people, including paid pandemic leave, wellbeing support, and COVIDSafe workplaces.

In India and the Philippines, where the pandemic has been particularly devastating, we have provided accommodation for workers, and assistance with medical expenses and vaccinations.

We've also provided \$28 million in COVID relief packages for our customers and brought forward \$500 million of capex from the second half of financial year 21 into the first half to help the nation's economic response.

As the pandemic and its impacts have evolved, so has our response.

When COVID first hit we were one of the first to move our 25,000 plus team members to work from home, the first to offer paid pandemic leave and we kept the more vulnerable members of our frontline teams out of harm's way by moving them into suitable alternative roles.

We have also continued to lead in flexible working and have taken the concept to the next level by giving individuals choice with where, when and how they work. And more recently we've been doing our bit to encourage our people and our customers to get vaccinated – to keep ourselves and others safe and to get us on a pathway out of the severe lockdowns so many of us are facing.

The unifying thread in all of our T22 achievements is that they are things we committed to do, and they are things we have done.

As I said earlier, the 2021 financial year was also significant because it marked a turning point in Telstra's financial performance.

Every year for the last four years we have had to face the very real challenge of the financial headwinds associated with the transfer of a material part of our business to the nbn.

Each year we have had to start the year with our EBITDA going backwards by up to \$800 million at the same time as we were operating in an increasingly competitive markets, markets disrupted by new technologies and facing significant structural change.

The reality is that Telstra has lost over \$6 billion of profit in the last decade or so, predominantly from the impact of the nbn but also the loss of voice revenues, sms revenues, global roaming and other pressures, and this has had an inevitable impact on earnings, dividends and our share price.

There are few precedents in corporate Australia for an impact or a challenge of this magnitude.

But with the nbn roll out now complete you can finally see the company coming out of the shadow of the nbn.

Investors will be able to see the strength of our underlying performance, and the turning point we have reached.

But with T22 now virtually complete our focus is now shifting to what comes next.

Last month we announced our ambitious new T25 strategy.

It is a strategy designed to accelerate growth from our core business, and to scale our new businesses; to further enhance the customer experience; to capitalise on the establishment of InfraCo and create a more contemporary structure for the future.

If T22 was a strategy of necessity, T25 is a strategy for growth and I would now like to give shareholders a sense for its direction.

SLIDE: OUR STRATEGY: T25

Like T22, T25 is built around four key pillars.

The first pillar is to continue to strive for an exceptional customer experience you can count on.

To do this we will make it possible for our customers to interact with us in whatever way suits them – whether it's online, in our stores or through our contact centres. And when they do that, be offered a consistent product range and service experience.

We aim to get to a point where for over 90% of interactions with us, customers only need to engage with us once and it's done.

In the background we will also be using technology including artificial intelligence and analytics to better personalise experiences and to predict issues and resolve them, often before customers even know they are happening.

We also plan to expand our Telstra Plus rewards program into a full sales and marketing channel to rival the best rewards programs in Australia.

The aim is to grow it from 3.5 million members to 6 million by FY25.

And for our Enterprise customers, we will create Australia's largest one-stop-service shop for technology and telecommunications which will offer a range of managed and consulting services, telco products including connectivity, cloud, Internet of Things and cyber security, as well as in-house expertise of the Telstra Purple team.

The second pillar of T25 is to provide the leading network and technology solutions that deliver the future of communications.

Telstra has Australia's biggest and best mobile network and we will continue to invest in it to further improve coverage, speed, latency, resiliency and domestic core connectivity.

Under T25 we will continue to invest in our network leadership in 5G with approximately 95 per cent population coverage by the end of FY25. We also plan to deliver a 100,000 sq km increase in our 4G and 5G network footprint, substantially increasing regional coverage.

4G coverage will be across 100 per cent of our network by FY24 enabling us to continue to lead in composite coverage, speed, and performance for 4G and 5G as we close 3G.

This will set us up well for early planning on 6G which will clearly be on the agenda by the end of T25.

The third pillar is to create sustained growth and value for our shareholders.

As I said earlier, we have reached a turning point in our financial trajectory.

Under T25 we will continue to build on that financial momentum to deliver growth, particularly through growing mobile services revenue, improving fixed profitability, turning around Enterprise and building profitability in, new markets, including Health and Energy.

We will also deliver a further \$500m of cost reductions from FY23 to FY25 on top of the \$2.7bn already committed for T22.

At the same time we will invest for growth, focus on cash conversion and generation ahead of net profit, continue to actively unlock value from the balance sheet, including exploring future monetisation opportunities for InfraCo Fixed and by creating value for shareholders through our capital management framework which we have updated and simplified.

In this regard, we are aware of the importance of the company's dividend to many shareholders. With the migration of services to the nbn and the flow on impact to our business, we were inevitably obliged to cut our dividend back in 2018.

However, and as Andy will explain further in his presentation, with the nbn impact now largely behind us and the underlying business expected to return to full-year growth in FY22, we are confident that, barring unforeseen events, we will be able to maintain the current level of dividend and seek to grow it over time subject to the requirements of our updated capital management framework.

The fourth and final pillar of the strategy is to be the place you want to work.

The companies that will be successful in the future are the companies that can attract, retain, motivate and inspire the most talented people.

We want to be a company the best people aspire to work at and will do that by excelling in new ways of working, including embracing new flexible and hybrid ways of working.

We will also continue to create new capabilities in software development, data analytics and artificial intelligence and seek to attract the best talent to fill those leading digital roles.

It is a strategy focussed firmly on taking customer experience to a whole new level.

It is a strategy that is focussed on growth.

And ultimately, it is a strategy that leverages the capabilities we have built under T22.

In the same way T22 would not have been possible without the foundational investments we announced in 2016, T25 would not be possible without all that we have accomplished in T22.

It is a testament to the ambition of the Telstra team that we have delivered a revolutionary T22 strategy and T25 stands to be just as ground-breaking, if not more so.

SLIDE: OUR RESPONSIBILITY

Let me turn now to the broader role and responsibility businesses have in our society.

Our view is that businesses will only be successful for their shareholders if their customers, employees and communities are also successful.

Telstra has tried to play a leading role in this regard, striking a careful balance between delivering profits to shareholders and our responsibility to help those less fortunate in society.

We are focused on a number of key fronts.

On digital inclusion, too many Australians are still on the wrong side of the so-called digital divide. We continue to help overcome this through specialist programs, products and services that this year helped one million customers in vulnerable circumstances to stay connected. As part of T25 we will help build digital skills for 500,000 Australians by FY25.

In regional Australia, we also continue to provide more coverage to more people in regional and remote places. We have invested \$3 billion improving our regional mobile network in the five years to 30 June 2020 and this year announced significant forward investments to continue this work.

This includes \$150 million in additional regional investment for FY22, and an additional \$200 million co-investment fund to improve regional connectivity over the next four years.

With the \$75 million from the Towers sale being spent in regional Australia we are investing close to a further half a billion in regional networks.

On climate change, we have very clear and ambitious goals to reduce our absolute emissions by 50% by 2030, to enable renewable energy generation equivalent to 100% of our consumption by 2025 and for our operations to be fully carbon neutral. We have already made good progress in reducing our absolute emissions by 11% and are on track to deliver our further ambitious targets.

SLIDE: EXECUTIVE AND BOARD RENEWAL

I would like to turn now to the changes this year in Telstra's Board.

Two long-serving Directors – Margie Seale and Peter Hearl – have announced their intention to retire from the Board.

Margie will be retiring today and Peter on December 31 this year.

Margie has reached the end of her third, three-year term and has served on the Audit and Risk Committee for nine years and the Nomination Committee for three years.

Peter joined the Board in 2014 and was appointed Chair of the People and Remuneration Committee in 2016. He has also served on the Nomination Committee for three years.

Peter is retiring to focus on his new role as Chairman of Endeavour Group.

Over many years and in many ways both Margie and Peter have played an enormously important role in helping oversee the transformation of Telstra.

On behalf of the Board I thank Margie and Peter for their commitment and substantial contributions to Telstra and we wish you both well in the future.

A number of investors have recently asked me what our plans are for succession.

My response has always been the same: we have a strong, talented Board and we continue to bring on outstanding individuals to replace those that retire. When the time is right and I step down, there will be no shortage of high calibre and talented candidates to succeed me as Chairman.

Some investors have also asked about Andy's plans now that T22 is largely complete.

Andy can speak for himself, but I would say that he continues to do a fantastic job and enjoys not just the 100% support of the Board, but also the Board's appreciation and thanks for the way that he has managed Telstra through some of the most difficult times of its existence.

Andy has also built a very strong team around him with no shortage of talented and capable executives ready to succeed him at the appropriate time.

SLIDE: AN EXCITING FUTURE

Let me conclude by again saying we have many achievements to be proud of this year.

The many tangible benefits of T22 are now clear and they underpin our commitment to return the business to underlying growth and position it for success in the future through T25 - it's an exciting strategy to meet an exciting future.

There is, therefore, every reason to be very positive about the company's future. The nbn migration process is nearly complete, our underlying EBITDA has started to grow again, and new opportunities are opening up every day.

Finally, before I invite Andy to address you, let me sincerely thank you, our shareholders, for your patience and support during the year.

Let me also thank our customers because without them there would be no Telstra.

And finally, again thanks to every Telstra staff member.

The Board greatly appreciates all that you do and I believe so too do our shareholders.

Thank you for listening and now let me introduce our Chief Executive Officer Andy Penn and invite him to address the meeting.

ANDREW PENN – CEO

Slide - Andrew Penn Chief Executive Officer

Thank you Chairman and good morning everybody.

I would like to echo the Chairman's comments and trust that you and your families are in good health and remaining safe during the COVID crises.

While COVID means our AGM is online again this year, we still appreciate you joining us and we very much value the opportunity to connect with you.

We also look forward to hearing your comments and answering any questions you may have.

Slide - Agenda

In my presentation this morning I would like to cover four things:

Firstly, I will comment briefly on the progress of our T22 strategy and talk about what comes after T22.

Secondly, I will comment on the financial and operating results from FY21 and an overview of our priorities and guidance for FY22.

Thirdly, I will comment on our financial ambitions for our new T25 strategy that the Chairman has taken you through.

And finally, I will comment on the approach we are taking to ensure we deliver T25 with the same discipline and tenacity that we demonstrated for T22.

Slide - Our progress on T22

So let me start with T22.

We launched T22 in June of 2018. We knew we had to act boldly to fundamentally transform and radically simplify and digitise Telstra.

It is clear in my mind that before T22 we did not respond quickly or significantly enough to the reality of the impact of the nbn rollout on Telstra.

We were not focussed enough on transforming and improving the core business to mitigate this, we were too dependent on investments outside of the core.

We have now comprehensively addressed this, our T22 program has been a clear success and Telstra today is a much simpler, more agile, more customer focussed and more digitally enabled business than ever before.

The Chairman has already touched on some of this, but I wanted to recap on some of our achievements over the past three years to highlight just how much Telstra has changed:

We have radically simplified our business reducing Consumer & Small Business in market plans from 1,800 to 20. We have also removed lock in contracts, excess data charges and many other fees.

The number of calls coming into our contact centres from our consumer and small business customers has fallen by more than two-thirds and by the end of this financial year we expect to answer all of those calls in Australia;

We are well progressed on the arrangements to bring our licensee stores back in-house;

We have also exceeded our target to recruit new capabilities in new areas such as software engineering, data analytics, cyber security and artificial intelligence, with more than 1,500 new hires;

We have removed on average more than four layers of management;

We have continued to change our ways of working and we now have 17,000 people working in Agile;

We have delivered annualised cost reductions of \$2.3b and we are on track to deliver our T22 productivity target of \$2.7b;

We have repositioned our investment in Foxtel and similarly repositioned our investment in Telstra Ventures;

We have also improved the performance of our health business and it is now very well positioned strategically for the future;

We have successfully established InfraCo, we are well progressed with our corporate restructure and we continue to focus on opportunities to realise additional value for shareholders on top of the \$2.8b towers deal;

We have taken a leadership position on climate change and the environment; and,

Importantly, through all of this change, we have seen positive improvements in the way our customers and our employees view us, with Strategic NPS increasing 15 points and employee engagement increasing 4 points.

We have remained absolutely disciplined and focused on delivering what we said we would and, three years into what has been one of the largest and most ambitious transformation programs for a telecommunications company globally, we are now a vastly different company.

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Excitingly, and as the Chairman has said, this has enabled us to announce what comes after T22 and we did so last month.

T25 is a new Strategy, a new strategy to accelerate growth from our core and to scale our new businesses; a new strategy to further enhance customer experience and to respond to the permanent shifts we are seeing in how people work and live; a new strategy to capitalise on the establishment of InfraCo and the changes to our company to create a more contemporary structure for the future.

If T22 was a strategy of necessity, T25 is a strategy for growth.

And when we have delivered it, we will be a vastly different company again.

Slide - Financial results

Before I comment more on the financial aspirations for T25, let me provide a summary of our results for FY21.

Total Income for the year decreased 11.6 per cent to \$23.1b on a reported basis. EBITDA on a reported basis decreased 14.2% to \$7.6b.

Underlying EBITDA on a guidance basis, which excludes one-off NBN income and guidance adjustments, decreased 9.7 per cent to \$6.7b.

FY21 was an inflection point in the financial performance of the business. At our half year results in February we committed to growing underlying EBITDA half-on-half, and I'm pleased to say we achieved this.

Underlying EBITDA increased from \$3.3b in the first half to \$3.4b in the second half.

Underlying EBITDA included an in-year NBN headwind of \$650m and an estimated \$380m financial impact from COVID.

Encouragingly NPAT increased 3.4 per cent to \$1.9b on a reported basis and Earnings Per Share was up 2% to 15.6 cents per share.

Free cashflow was up 11.6 per cent to \$3.8b.

The Board resolved to pay a fully franked final dividend of 8 cents per share bringing the total dividend for the year to 16 cents per share.

We also announced returning up to \$1.35b to shareholders over the coming period through an on-market buyback from the proceeds of the towers deal.

This will bring total returns to shareholders from activities in FY21 to \$3.25b.

Slide - Operating highlights

In terms of the operating highlights for the year, we continued to see strong customer growth in mobiles despite a sharp slow down in the market due to COVID.

We added 101,000 net retail postpaid mobile services including 67,000 branded and 34,000 from Belong.

Our 5G network is now more than twice the size of our next nearest competitor, it covers more than 75% of the population and has more than 1.6m 5G devices already connected.

The 1000MHz of 26GHz spectrum we acquired at auction earlier this year also gives us a tenfold increase in capacity for hot spots.

This is significant as we ramp up the rollout of mmWave technology beyond the five major capital cities and as more compatible devices become available.

Importantly, in mobiles, we saw our lead indicator - transacting minimum monthly commitment, or TMMC - increase by more than \$3.

Our continued focus on building value in mobiles resulted in EBITDA growth of \$170m.

In fixed we lost 69,000 net new retail bundles including 10,000 adds from Belong. However, while we did have negative net adds, bundle and standalone data ARPU, excluding one-offs, in Consumer & Small Business stabilised.

We continue to focus on building value in fixed through our focus on price, higher speed tiers, add-ons, improvements to Wi-Fi and our Smart Modem.

Indeed, the Telstra Smart Modem is now in over 2.3m homes and has been key to keeping customers connected when working and studying from home.

Telstra TV also kept our customers entertained and through it, more customers are watching Foxtel's Kayo and Binge streaming products. In fact, Foxtel reported paid streaming subscribers up 155% in FY21 to over 2m.

Telstra Health also had a strong year operationally and strategically. Revenue was up 6% in FY21 and we are confident Health will see high teens organic revenue growth in FY22.

In customer experience, Episode NPS improved nine points in the year and six points in the last six months.

Strategic NPS improved seven points in the year and two points in the last six months.

Customer complaint levels are also now at their lowest level since the migration to the nbn began.

As the Chairman said earlier, we know not all aspects of customer experience are where they need to be, and that we have more work to do.

Nonetheless we are confident the T22 initiatives we have put in place, combined with our decisions to have all inbound Consumer and Small Business customer calls answered in Australia and bring our branded retail stores in house, will deliver further improvements.

Finally, we have also made very strong progress in our productivity program.

For the year, total operating expenses were down \$1.8b, more than 10% and underlying fixed costs were down \$490m.

This means that since FY16 we have delivered \$2.3b of cumulative annualised cost reductions, and we are confident we can deliver our \$2.7b target by the end of this financial year.

Slide - FY22 guidance

Turning now to guidance for FY22, which you can see on this slide along with the assumptions and conditions upon which we have provided it.

Our Underlying EBITDA FY22 guidance implies mid-single digit growth or around \$450m at the mid-point.

This is despite remaining in-year nbn headwinds of approximately \$350m in FY22. It also includes around \$50m of non-cash accounting headwind from insourcing our Telstra-branded retail stores, and no return of international mobile roaming.

Pleasingly in FY22 we maintain a strong outlook on free cashflow supported by a further improvement in working capital. This is despite our expectation that one-off nbn DA EBITDA will reduce by over \$550m.

Proceeds from the towers sale, M&A, and payments to acquire licensees under our strategy to transition to full ownership of our branded stores, are excluded from free cashflow guidance.

Slide - T25 Financial strategy and ambitions

With that let me turn back to T25 and the future.

The Chairman has already taken you through the key elements of our T25 strategy but I wanted to drill down a little deeper into the financial aspects of the strategy and our ambitions for growth that underpin it.

Our T25 financial strategy is built on the strong foundations of T22.

It is designed to continue to build financial momentum across our portfolio, deliver \$500m of net fixed cost reductions from FY23 to FY25 while still investing for growth.

It includes a strong focus on converting EBITDA into cash, including through capex discipline, working capital improvements, and reducing lease depreciation and finance costs.

We will also look to unlock value through active portfolio management and create shareholder value through our capital management framework.

Our underlying EBITDA and ROIC ambitions for T25 build on the turnaround we have achieved through T22.

Our guidance for FY22 underlying EBITDA is \$7-\$7.3b compared to FY21 underlying EBITDA of \$6.7m.

Our ambition is to achieve \$7.5-\$8b of underlying EBITDA by FY23 and a mid-single digit CAGR from FY21 to FY25.

For Underlying ROIC, our ambition is to achieve around 8% by FY23, and to grow beyond this to FY25.

For Underlying EPS, our ambition is high-teens CAGR from FY21 to FY25. This level of underlying EPS growth provides the platform from which we will maximise our fully franked dividend and seek to grow it over time.

Our intention is to return as much cashflow to shareholders via fully franked dividends as can be sustainably supported by earnings and franking, while also balancing the objectives and principles of the capital management framework.

We are confident of maintaining a minimum 16 cents per share fully franked dividend, subject to no unexpected material events and the requirements of our capital management framework although it's important to note our franking balance is relatively low.

Finally, for excess cashflow our ambition is to invest for growth, and to return excess cash to shareholders in line with our capital management framework.

Slide - Emerging from COVID - #hope

So, in summary, if T22 was a strategy of necessity, T25 is a strategy for growth and I think you can see this in our financial aspirations.

Through T25 we have been bold and clear about these and about our future direction even though the world we live in has changed dramatically over the last 18 months.

I believe that when the future seems the most unclear as it does today, that is exactly the time when people need a strong sense of direction. Our job as leaders is to provide it to them, even when we are uncertain ourselves.

However, too often companies hedge their bets and become more conservative - we have seen this over the last 18 months as companies have become more cautious on providing strategic direction and guidance.

As I have previously written, we have also seen it in relation to the roadmap out of the lockdowns. I am seeing a loss of hope and optimism in people because they are concerned about potential ongoing restrictions. Unless we start to talk more courageously about the reality of living with COVID permanently in our society and building our resilience for that, this mistrust will continue.

I know in this environment the temptation is to be cautious. To not say anything until you are absolutely certain. To not take any risks.

But people are not naive, they know there are no guarantees, but they do expect to see from their leaders a sense of confidence, a sense of direction, something to reassure them that there is a path forward and it's our job to deliver it.

This is the sentiment that underpinned our T22 strategy that we announced in 2018 and it has seen us simplify, digitise and transform the company over the last three years.

It is also sentiment that now sits at the heart of our new T25 strategy and in its implementation, we will be using exactly the same disciplines and governance that we used for T22 - the metrics and the milestones, the roadmaps and the scorecard. And this is why I am confident it will be a success - why change a winning formula when you don't need to?

We are committed to holding ourselves to account and delivering T25 and we are going to be transparent with you about our progress and we will update the scorecard at every results presentation.

But we've also been very candid about the fact that we may not hit every target. There are too many moving parts over this length of time to expect that, but we are going to give it our best shot. And if we achieve what we did in T22, which was to hit more than 80% of them, we will be in very good shape.

We are also committed to do our bit in supporting the roadmap to recovery from COVID and looking after the health and wellbeing of our people and customers.

We have implemented a number of initiatives to support our people with their mental well being. We have also recently shone a spotlight on how COVID has exacerbated one very serious mental health challenge and that's loneliness with more than 25% of Australians experiencing loneliness for the first time during COVID.

We have also provided incentives for our people and our customers to be vaccinated and last week we opened a vaccination centre in Victoria for our people and one member of their family.

We have made it a requirement for all of our people in Victoria and New South Wales to be fully vaccinated before returning to the office and for those in approximately 8,000 roles nationally which are likely to come in regular contact with customers and colleagues.

Telstra is a very large and complex company and our operations and services touch every Australian so we take our responsibilities very seriously.

Slide - Summary

Before I close, I would like to sincerely thank the many dedicated employees who make Telstra the great company it is.

Despite many challenges this year, every day they remain focussed on serving our customers and keeping them connected, and for that I want to sincerely thank them.

I am very proud to work with such a committed group of people.

Because of them, Telstra is now in a position where we can build on the strong foundation we have created over the past three years and transition from transformation to growth, from T22 to T25.

From a strategy we had to do, to a strategy we want to do.

Thank you and with that I will now hand back to the Chairman.

[END]



John Mullen

Chairman

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Items of business

- Item 1**
Chairman and CEO Presentations
- Item 2**
Discussion of Financial Statements and Reports
- Item 3**
Re-election of Directors
- Item 4**
Allocation of Equity to the CEO
- Item 5**
Remuneration Report

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Board of Directors



John P Mullen



Andrew R Penn



Eelco Blok



Roy H Chestnutt



Craig W Dunn



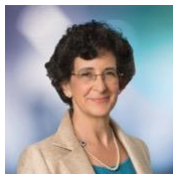
Peter R Hearl



Bridget Loudon



Elana Rubin



Nora LScheinkestel



Margaret L Seale



Niek Jan van Damme

3



2021



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Executive and Board renewal

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An exciting future

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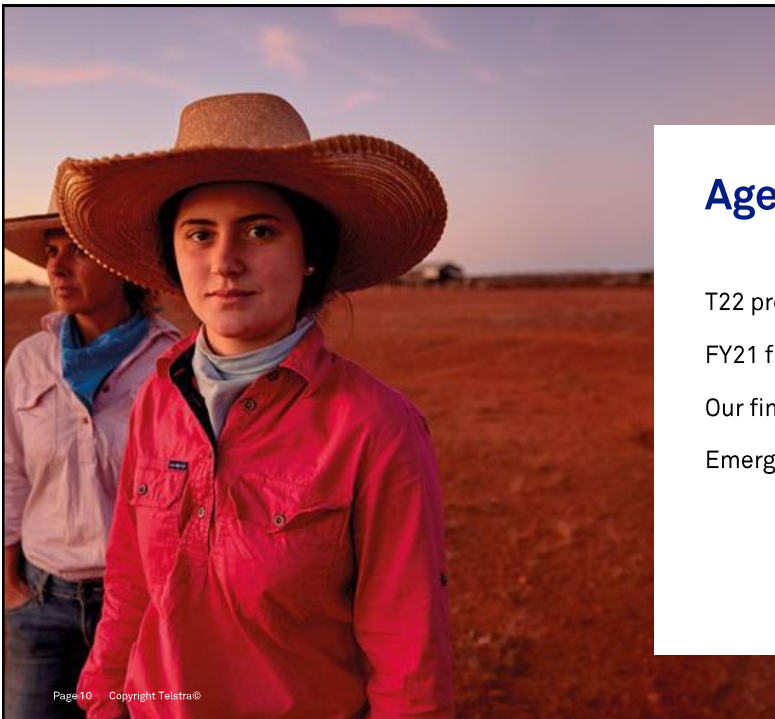


Andrew Penn

Chief Executive Officer

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Agenda

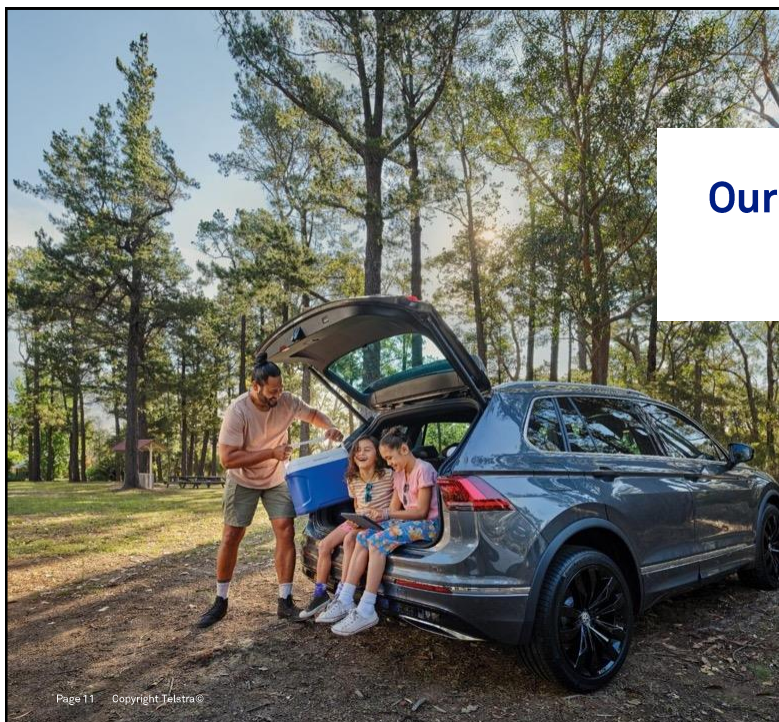
- T22 progress and what comes next – T25
- FY21 financial results and FY22 guidance
- Our financial ambitions for T25
- Emerging from COVID #hope

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Our progress on T22



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Financial results



Total income \$23.1 billion, -11.6%	Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) \$7.6 billion, -14.2%	Underlying EBITDA on a guidance basis^{1,2} \$6.7 billion, -9.7% 1H21 \$3.3 billion, 2H21 to \$3.4 billion	In-year nbn headwind² ~\$650 million Estimated COVID impact³ ~\$380 million
NPAT \$1.9 billion, +3.4% EPS 15.6 cents, +2.0%	FCF² \$3.8 billion, +11.6%	Total dividend 16 cents per share fully franked⁴	Announced \$1.35 billion on-market share buy-back

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

2. Refer to definition in the Glossary.

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

4. Total dividend of 16 cents per share fully franked comprising total ordinary dividend of 10 cents per share and total special dividend of 6 cents per share.

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Operating highlights



Mobile strategy continuing to deliver growth

Mobile service net adds

- +101k retail postpaid handheld services including +67k branded +34k Belong

Fixed service net adds

- 69k retail fixed bundle and data services including +10k Belong

Building value

- Mobile:** +\$3 TMMC mass market branded growth on pcp and \$170m EBITDA growth on pcp
- Fixed – C&SB:** Focus on higher speed tiers and add-ons
- Telstra Health:** FY21 revenue growth 6% and confident for high teens organic revenue growth in FY22

Improved customer experience

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

Continued cost reduction

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

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

FY22 guidance



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

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

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

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

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

T25 financial strategy and ambitions



Financial strategy

Build financial momentum across our portfolio to deliver growth

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

Focus on cash conversion and generation

Active portfolio management to unlock value and manage our Balance Sheet

Create shareholder value through our capital management framework

Financial ambitions



Underlying EBITDA¹

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



Underlying ROIC¹

- ~8% by FY23
- Grow beyond to FY25



Underlying EPS¹

- High-teens CAGR FY21 to FY25



Dividend

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



Excess cashflow

- Invest for growth and return excess cash to shareholders

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

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**Emerging from COVID
#hope**

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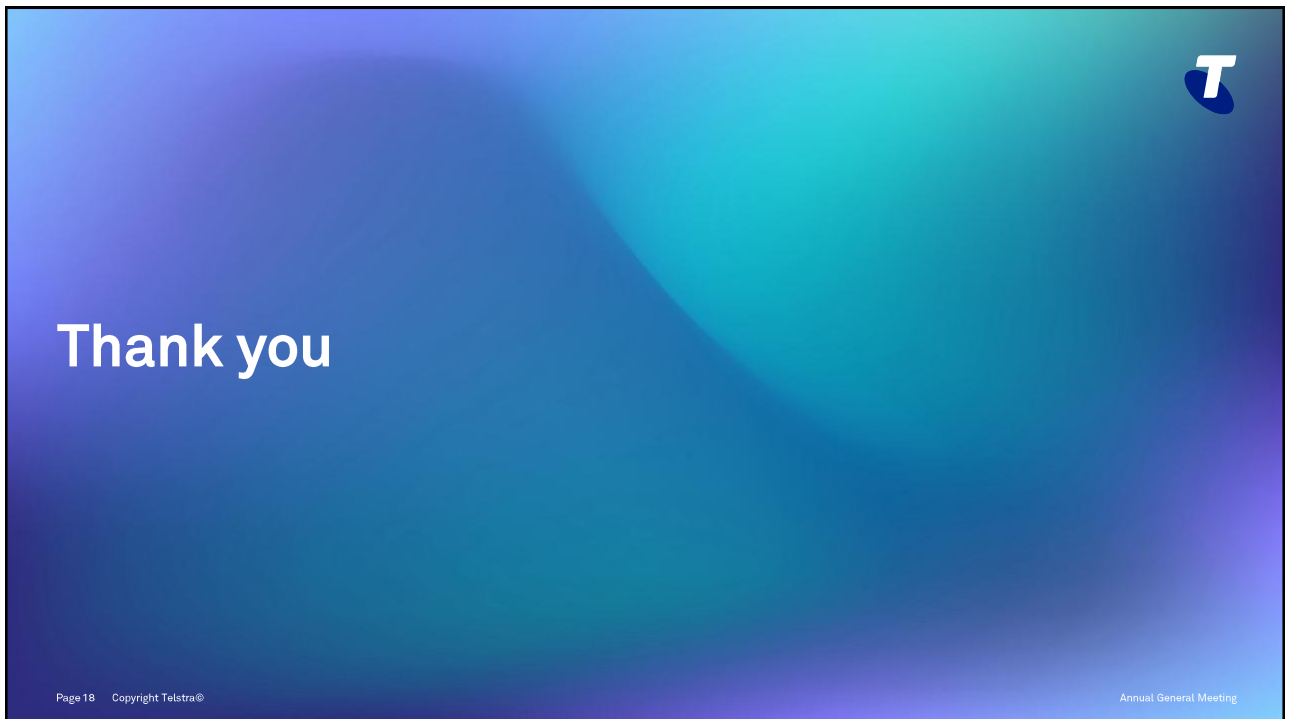
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Summary

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Thank you

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Glossary



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

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Disclaimer



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

The forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Telstra, which may cause Telstra's actual results, performance and achievements to differ materially from those expressed in, or implied by, the forward-looking statements. These factors include: general economic conditions in Australia; exchange rates; competition in the markets in which Telstra will operate; the inherent regulatory risks in the businesses of Telstra; the substantial technological changes taking place in the telecommunications industry; the ongoing impacts of the COVID-19 pandemic; and the continuing growth in the data, internet, mobile and other telecommunications markets where Telstra will operate. A number of these risks, uncertainties and other factors are described in the "Chairman & CEO Message", "Our material risks" and "Outlook" sections of our Operating and Financial Review (OFR). The OFR is set out in Telstra's financial results for the year ended 30 June 2021 and in Telstra's 2021 Annual Report which were lodged with the ASX on 12 August 2021 and 27 August 2021 respectively, and are available on Telstra's Investor Centre website www.telstra.com.au/aboutus/investor.

In addition, there are particular risks and uncertainties in connection with the implementation of the Telstra2025 strategy (T25), including the response of customers to changes in products and the way we interact with them as we move to a digital operating model; the risks of disruption from changes to the ways we work; that detailed business plans have not been developed for the entirety of the strategy and the full scope and cost of T25 may vary as plans are developed; Telstra's ability to execute and manage the elements of T25 in a sequenced, controlled and effective manner and realise the planned operational synergies, cost savings and revenue benefits. There are also risks and uncertainties in connection with the proposed legal restructure announced on 22 March 2021.

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

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The assumptions underlying and the basis upon which we have provided our FY22 earnings guidance is set out on the slide "FY22 guidance". Defined terms are set out in on the slide "Glossary". These presentations are not intended to (nor do they) constitute an offer or invitation by or on behalf of Telstra, its subsidiaries, or any other person to subscribe for, purchase or otherwise deal in any equity, debt instrument or other securities, nor are they intended to be used for the purpose of or in connection with offers or invitations to subscribe for, purchase or otherwise deal in any equity, debt instruments or other securities.

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