16 February 2023

Office of the Company Secretary

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ELECTRONIC LODGEMENT
– Telstra Group Limited (ACN 650 620 303)
– Telstra Corporation Limited (ACN 051 775 556)

Dear Sir or Madam

Telstra Group Limited - Financial results for the half-year ended 31 December 2022 – CEO/CFO Analyst Briefing Presentation and Materials

In accordance with the Listing Rules, I enclose the following, approved by the CEO and CFO, for immediate release to the market by Telstra Group Limited (ASX: TLS).

a) a presentation;

b) CEO and CFO speeches;

c) Telstra's Half-Year Results and Operations Review; and

d) financial and statistical tables.

The material is also provided for the information of Telstra Corporation Limited (ASX: TL1) noteholders.

Telstra will conduct an analyst and media briefing on the half-year results from 9.15am AEDT. The briefings will be webcast live at https://www.telstra.com.au/aboutus/investors/financial-information/financial-results.

A transcript of the analyst briefing will be lodged with the ASX when available.

Authorised for lodgement by:

Sue Laver
Company Secretary

Half year 2023 results

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Disclaimer

Forward-looking statements

This presentation includes forward-looking statements. The forward-looking statements are based on assumptions and information known by Telstra as at the date of this presentation.

The forward-looking statements are provided as a general guide only and are not guarantees or predictions of future performance. Telstra believes the expectations reflected in these statements are reasonable as at the date of this presentation, but acknowledges they 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 operates; the inherent regulatory risks in the businesses of Telstra; the substantial technological changes taking place in the telecommunications industry; the risk of cyber and data security issues; the ongoing impacts of the COVID-19 pandemic; the geopolitical environment (including the impacts of sanctions and trade controls and broader supply chain impacts); and the continuing growth in the data, internet, mobile and other telecommunications markets where Telstra operates.

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 2022 and in the 2022 Annual Report which were lodged with the ASX on 11 August 2022 and 26 August 2022, and are available on Telstra's Investor Centre website www.telstra.com.au/aboutus/investor. Further risks, uncertainties and other factors for the half-year ended 31 December 2022 are described in Telstra's half-year financial results which were lodged with the ASX on 16 February 2023, and are also 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 Telstra's T25 strategy (T25). Further there are risks associated with the Telstra Group's ability to execute and manage the elements of T25 in a sequenced, controlled and effective manner and realise the planned benefits, cost savings and growth opportunities.

Telstra does not provide financial guidance beyond the current financial year. Telstra's financial ambitions to FY25 and growth ambitions across our portfolio are not guidance and there are greater risks and uncertainties in connection with these ambitions.

Investors should not place undue reliance on the forward-looking statements. To the maximum extent permitted by law, Telstra gives no representation, warranty or other assurance in connection with, and disclaims all responsibility for, the currency, accuracy, reliability and completeness of any forward-looking statements, whether as a result of new information, future events or otherwise. Telstra assumes no obligation to update any forward-looking statements, and to the maximum extent permitted by law, disclaims any obligation or undertaking to release any updates or revisions to the information contained in this document to reflect any change in expectations and assumptions.

Defined terms are set out on the slide "Glossary".

No offer, invitation or advice

This presentation is not intended to (nor does it) 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 is it 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.

Information in this presentation, including forward-looking statements and guidance, should not be considered as investment, tax, legal or other advice. You should make your own assessment and seek independent professional advice in connection with any investment decision.

Unaudited information

All forward-looking figures and proforma statements in this presentation are unaudited and based on A-IFRS unless otherwise indicated. Certain figures may be subject to rounding differences.

All market share information in this presentation is based on management estimates having regard to internally available information unless otherwise indicated.

Other information

All amounts are in Australian Dollars unless otherwise stated.

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Half year 2023 results

Vicki Brady – Chief Executive Officer

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Half year 2023 results

1H23 Total income[1] $11.6bn +6.4%	1H23 EBITDA $3.9bn +11.4% Underlying EBITDA[1] excl. Digicel Pacific +6.8%	1H23 NPAT $0.9bn +25.7%
Episode NPS Improved +4 last six months	T25 strategy On track to achieve ambitions	Interim dividend[2] 8.5cps +6.3%

1.Refer to definition in the Glossary.
2.Interim dividend of 8.5 cents per share is fully franked.

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Half year 2023 results

Michael Ackland – Chief Financial Officer

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Income statement

	1H22	1H23	CHANGE
Total income[1]	$10.9b	$11.6b	6.4%
Underlying EBITDA[1,2]	$3.5b	$3.9b	11.4%
EBITDA	$3.5b	$3.9b	11.4%
D&A	$2.2b	$2.3b	3.2%
EBIT	$1.3b	$1.6b	25.4%
Net finance costs	$0.2b	$0.3b	5.9%
Income tax expense	$0.3b	$0.4b	40.2%
NPAT	$0.7b	$0.9b	25.7%
PATMI[1]	$0.7b	$0.9b	23.9%
EPS (cents)	5.9	7.5	27.1%
DPS (cents)	8.0	8.5	6.3%

FY23 guidance for underlying EBITDA of $7.8b to $8.0b re-affirmed

Ongoing Mobile-led organic growth
M&A supported growth with Digicel Pacific acquisition completed on 13 July 2022

Underlying EBITDA grew $400m or 11.4%
Underlying EBITDA excluding Digicel Pacific grew $237m or 6.8%

EPS growth of 27.1%

1H23 dividend of 8.5c up 6.3% vs pcp
EPS payout of 113%

1. Refer to definition in the Glossary.
2. Refer to Half year results and operations review – guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY23 (set out in our ASX announcement titled "Financial results for the Half year ended 31 Dec 2022" lodged with the ASX on 16 Feb 2023).

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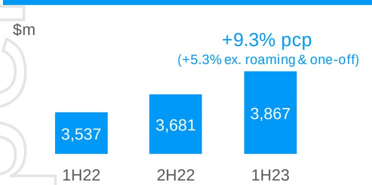
EBITDA by product[1]

	1H22	CHANGE $m	1H23	CHANGE	
Mobile	$1,957m	260	$2,217m	13.3%	Service revenue growth including roaming
Fixed - C&SB	$23m	27	$50m	n/m	Off-net margin improvement
Fixed - Enterprise	$300m	-87	$213m	-29.0%	Continued Data & Connectivity decline
Fixed - Active Wholesale	$90m	-19	$71m	-21.1%	Ongoing nbn impacted and legacy product decline
International	$194m	181	$375m	93.3%	+$163m from Digicel Pacific; 7% organic growth in constant currency
InfraCo Fixed	$785m	22	$807m	2.8%	Core access growth from nbn recurring CPI-linked and internal revenue
Amplitel	$152m	8	$160m	5.3%	New builds and 5G expansion partly offset by cost increase
Other[2]	-$6m	8	$2m	n/m	Growth from energy generation and Telstra Health
Underlying	$3,495m	400	$3,895m	11.4%	$237m growth ex-Digicel Pacific acquisition
Net one-off nbn DA	$125m	-99	$26m	-79.2%	Near completion of nbn migration
Restructuring & M&A adj.[3]	-$154m	94	-$60m	61%	Restructure + M&A transaction costs
Reported	$3,466m	395	$3,861m	11.4%	

1. Mobile and Fixed products include internal infrastructure costs.
2. Other includes miscellaneous, Telstra Energy, Telstra Health and internal.
3. Refer to Half year results and operations review – guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY23 (set out in our ASX announcement titled "Financial results for the Half year ended 31 Dec 2022" lodged with the ASX on 16 Feb 2023).

Product highlights: Mobile

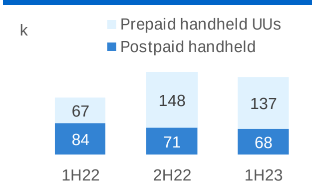
Mobile service revenue growth



Service revenue growth across all products and segments – key driver of EBITDA growth

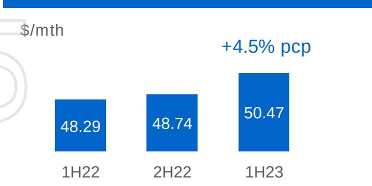
Roaming revenue growth of ~$100m

Mobile handheld net adds (retail)



SIO growth across all segments and brands

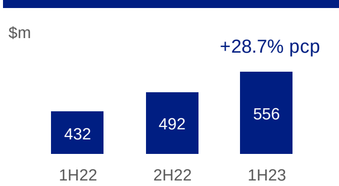
Mobile postpaid handheld ARPU growth (retail)



Growth driven by CPI price increases in C&SB and roaming

Partly offset by an Enterprise COVID related messaging benefit in the prior period

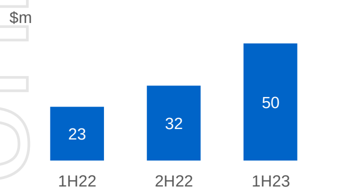
Mobile prepaid handheld revenue growth (retail)



Growth driven by higher unique users and ARPU and a $42m one-off from product migration

Product highlights: Fixed - C&SB

Fixed - C&SB EBITDA growth

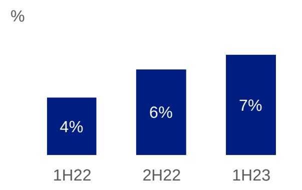


ARPU driven growth in off-net nbn reseller margin

Growing on-net fixed wireless contribution

Legacy on-net decline

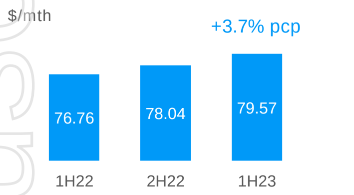
nbn reseller EBITDA margin



Targeting >8% in FY23 and mid-teens in FY25

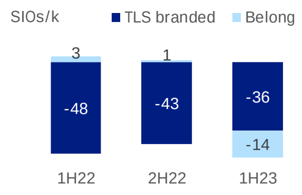
Customer experience improvements and productivity from digitisation

Bundles & data ARPU growth



Growth reflecting full benefit of FY22 price changes

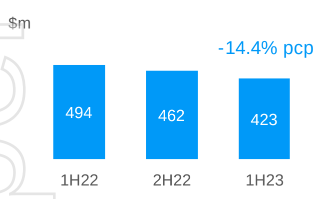
Bundles & data net adds



On-net fixed wireless growth more than offset by legacy and off-net nbn decline

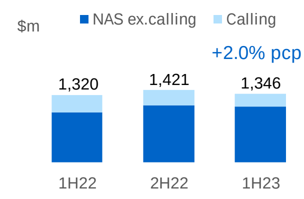
Product highlights: Fixed - Enterprise

Data & Connectivity (DAC) revenue



Decline continued on ARPU compression from competition, renewals at lower rates and technology change

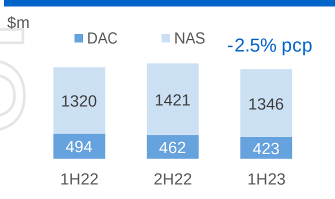
Network Applications & Services (NAS) revenue[1]



Growth on pcp across cloud, professional and managed services (incl. security) partly offset by calling decline

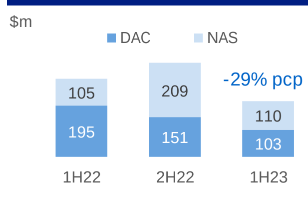
NAS remains seasonal with timing linked to contract milestones

Fixed – Enterprise Revenue[1]



NAS growth on pcp more than offset by DAC decline

Fixed – Enterprise EBITDA

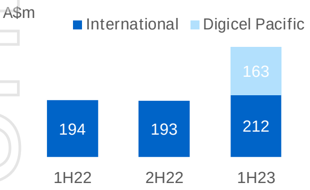


Growing contribution from NAS strategic areas more than offset by decline in high margin calling and DAC and higher operating costs

1. 1H23 includes $52m of NAS income from acquisitions completed in 2H22. Income from these acquisitions are not included in FY22.

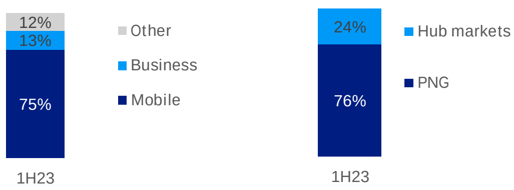
Product highlights: International incl. Digicel Pacific

International EBITDA (incl. Digicel Pacific)

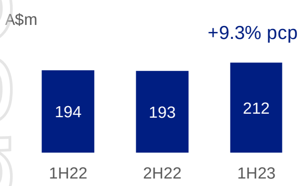


Growth largely from Digicel Pacific inclusion

Digicel Pacific revenue by product and market



International EBITDA (excl. Digicel Pacific)



+7% growth on pcp in constant currency

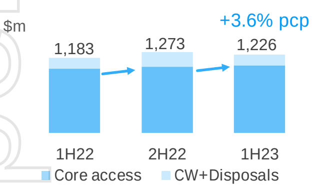
Higher DIP/NAS contribution and productivity offset by higher power costs

Digicel Pacific performance metrics

- 2.9m total subscribers (+7% on 1HFY22)
- A$356m Income (+7% on 1HFY22 proforma constant currency basis)
- A$163m EBITDA (+9% on 1HFY22 proforma constant currency basis)
- A$69m capex

Product highlights: Infrastructure

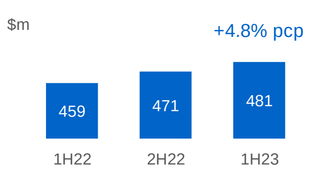
InfraCo Fixed revenue



+4.8% growth on pcp in core access revenue for ducts, fibre & network sites

Legacy network disposals increased while nbn commercial works declined in line with contract expiry

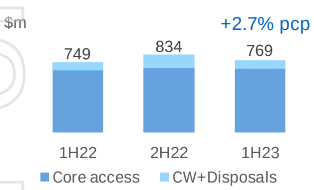
nbn recurring revenue growth



Average contracted period of 25 years

7.3% CPI applied from 1 Jan 2023

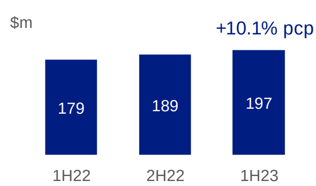
InfraCo Fixed EBITDAaL[1]



+3.5% growth on pcp in core access EBITDAaL driven by nbn recurring receipts and internal revenue

Cost increase from investment in strategic infrastructure projects, power costs and maintenance

Amplitel (Towers) revenue growth



Demand including new builds and 5G expansion requiring additional area on existing towers, and services

1. Refer to definition in the Glossary.

Operating expenses

	1H22	CHANGE $m	1H23	CHANGE
nbn payments	$1,034m	-4	$1,030m	-0.4%
Other sales costs	$2,758m	147	$2,905m	5.3%
Fixed costs - core[1]	$3,297m	110	$3,407m	3.3%
Fixed costs - other[2]	$70m	231	$301m	n/m
Underlying	$7,159m	484	$7,643m	6.8%
One-off nbn DA	$78m	-58	$20m	-74.4%
Restructuring & M&A adj.[3]	$175m	-115	$60m	-65.7%
Reported	$7,412m	311	$7,723m	4.2%

Total operating expenses grew 4.2% due to operating costs associated with recently acquired businesses, onshoring contact centres, insourcing our retail stores and higher hardware volumes

Total operating expenses grew 1.6% excluding Digicel Pacific

nbn payments broadly flat in line with nbn connections

Other sales costs increased on higher hardware volumes (mobile hardware revenue +$130m) and +$61m from Digicel Pacific inclusion

Fixed costs - core increased as productivity more than offset by inflation, higher contact centres costs, insourced retail stores, energy (+$22m offset at EBITDA from PPAs) and FX headwinds

Modestly reduction in Fixed costs – core expected in FY23. At full-insourced run-rate 2Q23 costs were below 1Q23

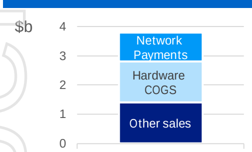
Ambition for $500m net reduction in Fixed costs – core from FY22 to FY25

Fixed costs - other includes Telstra Health and recent M&A activity including Digicel Pacific and in NAS. $132m of increase is due to Digicel Pacific

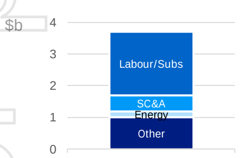
1. Fixed costs - core includes $286m of commissions in 1H23 previously reported in sales costs (1H22 $308m) as well as some other fixed costs previously reported in Fixed costs - other. See bridge to prior disclosure in Appendix slide.
2. Fixed costs – other includes Telstra Health, and recent acquisitions including Digicel Pacific, Alliance Automation and Aqura Technologies.
3. Refer to Half year results and operations review – guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY23 (set out in our ASX announcement titled "Financial results for the Half yea ended 31 Dec 2022" lodged with the ASX on 16 Feb 2023).

Inflation and mitigants

Underlying costs – 1H23 $7.6b



nbn payments and sales costs – 1H23 $3.9b
- Network payments generally not inflationary and largely pass through
- Hardware COGS largely pass through
- Other sales including NAS cost of sales with some inflationary pressure but largely pass through



Fixed costs – 1H23 $3.7b
- Labour/Labour substitution. Enterprise Agreement for wages until October 2024. 1H23 79 employee engagement score
- Service contracts & agreements (SC&A). Inflationary but partially contracted
- Energy costs - 1H23 $155m. Significant protection through Power Purchase Agreements and contracts

Revenue

- ~65% of total postpaid mobile handheld customers are on C&SB plans with an option to review prices annually against CPI
- ~$1b nbn receipts indexed to CPI

Macro

- DSO, aged debt and bad debt expense improved in 1H23 vs pcp
- Relative neutral to changes with translation of intl. earnings broadly offset by cost impacts

Other costs

- Leases - 1H23 $0.36b. Average contracted term ~8.8 years with majority fixed contracted increases rather than CPI; Optimising portfolio
- Net finance costs - 1H23 $0.25b. ~55% of debt fixed. Higher rates impact floating debt

Capex

- ~75% subject to inflationary pressure, rest protected by contracts and EA
- Committed to envelope. In year we may make trade-offs and adjust timing

Free cashflow

	1H22	CHANGE $m	1H23	CHANGE
EBITDA	$3,466m	395	$3,861m	11.4%
Working capital movement [1]	$245m	-696	-$451m	n/m
Tax paid	-$431m	-36	-$467m	-8.4%
Capex (excl. Spectrum & Investment)	-$1,593m	-154	-$1,747m	-9.7%
Lease payments	-$336m	-28	-$364m	-8.3%
Other incl. non-cash EBITDA [2]	$324m	-135	$189m	-41.7%
Free cashflow after lease payments [3]	$1,675m	-654	$1,021m	-39.0%
Spectrum	-$33m	-58	-$91m	-175.8%
M&A / asset sale	-$654m	-1,940	-$2,594m	n/m
Lease payments	$336m	28	$364m	8.3%
Reported operating cashflow less investing cashflow	$1,324m	-2,624	-$1,300m	n/m

Free cashflow after lease payments[3] declined 39% to $1,021m with higher EBITDA more than offset by working capital and higher capex. On track for $2.6b to $3.1b FY23 guidance

Working capital movement of -$451m in 1H23 largely due to higher inventory (seasonality, store insourcing, normalisation) and negative movement in payables (timing, lower accruals). Receivables, days sales outstanding, aged debt and bad debt expense all improved vs pcp

Capex increase includes strategic investment and Digicel Pacific

Lease payments increased due to property leases from insourcing of retail stores

Spectrum. Upcoming mid-band spectrum auction in last quarter of CY23. Future commitment of ~$56m p.a. for next 3 years for mmWave. $616m for 850MHz spectrum expected to be paid shortly before licence commencement in mid-2024

M&A includes -A$2.4b for the Digicel Pacific acquisition and earn-out funded by $1.1b non-recourse debt from, and $0.9b equity-like securities issued to, Export Finance Australia (EFA) and $0.4b Telstra equity. Potential for US$200m more earn-out over the next 1.5yrs contingent on performance, 80/20 EFA/Telstra equity funded

non-controlling interests in financing activities (not in table) of -$68m in 1H23 (-$16m 1H22) including to Amplitel and exchange trust minorities

1. Working capital movement from operating activities.
2. Includes investing cash flow, proceeds on disposal, finance lease receivables, interest received, and other non-cash EBITDA items not reported in operating activities.
3. Refer to definition in the Glossary.

Capital position

		1H22	FY22	1H23
Gross debt		$14.9b	$13.8b	$15.9b
Cash and cash equivalents		$1.7b	$1.0b	$1.0b
Net debt		$13.2b	$12.7b	$14.9b
Average gross borrowing cost[1]		3.7%	3.7%	4.4%
Average debt maturity (years)[1]		3.3	3.1	3.7
Financial parameters[2]	Comfort Zones			
Debt servicing	1.5 - 2.0x	1.9x	1.8x	1.9x
Gearing	50% to 70%	43.1%	43.0%	45.8%
Interest cover	>7x	13.0	14.5	13.1
Ratios				
Capex[3] to sales		13.4%	14.5%	14.9%
ROE[3]		9.1%	11.3%	11.3%
ROIC[3]		6.0%	7.1%	7.1%
Underlying ROIC[3]		6.2%	7.0%	7.5%

Net debt increased ~$2.2b in 1H23 largely due to Digicel Pacific acquisition funding & normal seasonality of free cash flow. Digicel Pacific debt is structured on a non-recourse basis to Telstra Group

Average gross borrowing rate increased due to higher floating interest rates and higher cost of (non-recourse) Digicel Pacific debt funded in US$. Net finance costs increased marginally vs pcp due to higher interest income and other financing items

Fixed rate debt as a percentage of total debt is ~55%

Strong liquidity. $1b cash and $2.2b of unused committed facilities

Balance sheet strength and flexibility. Remain within comfort zones

Accrued capex[3] of $1,658m in 1H23 (guidance basis) including $81m of strategic investment and $69m for Digicel Pacific. Capex to sales excluding strategic investment ~14%

Underlying ROIC growth towards FY23 target of ~8%

1. Excludes leases and calculated on average debt on issue over the reporting period.
2. Debt servicing calculated as net debt over reported EBITDA. Gearing calculated as net debt over total net debt and equity. Interest cover calculated as reported EBITDA over net interest expense (excluding capitalised interest, revaluation impacts on our borrowings and derivatives and other non-cash accounting impacts).
3. Refer to definition in the Glossary.

FY23 guidance

	FY22	1H23	FY23 guidance[1] (includes Digicel Pacific)
Total Income	$22.0b	$11.6b	$23.0b to $25.0b
Underlying EBITDA[2]	$7.3b	$3.9b	$7.8b to $8.0b
Capex[3]	$3.0b	$1.7b	$3.5b to $3.7b (incl. strategic investment)
Free cashflow after lease payments (FCFaL)[4]	$4.0b	$1.0b	$2.6b to $3.1b (incl. strategic investment)

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 nbn DA receipts less nbn net C2C and guidance adjustments.
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.

Half year 2023 results

Vicki Brady – Chief Executive Officer

Our strategy: T25

Our purpose and values	To build a connected future so everyone can thrive				
	We are changemakers	We are better together	We care	We make it simple	
Our strategic pillars	An exceptional customer experience you can count on	Leading network & technology solutions that deliver your future	Sustained growth and value for our shareholders		
	The place you want to work				
	Excelling at new ways of working	Accelerating digital leadership	Doing business responsibly		
Our businesses	Consumer & Small Business	Enterprise	New Markets	International	Infrastructure

T25 achievements

Customer experience

- Episode NPS improved +4 last six months and +4 last 12 months
- Strategic NPS maintained last six months and declined -1 last 12 months
- C&SB 'Once and Done' maintained last six months at 63%
- Enterprise support and engagement at 57%
- C&SB complaints reduced by more than a third on prior corresponding period
- 4.8m Telstra Plus members
- 7.3m C&SB digitally active users
- Build commenced on inter-city fibre project

Network & Technology

- Australia's largest 5G network with 81.2% population coverage – FY23 target 85%
- Leadership in network surveys
  - Umlaut Best in Test (2022, 2021)
  - Lead on Ookla Speedtest Speedscore (Q3-Q4 & Q1-Q2 2022)
  - Ranked #1 tier Netflix speed index (Dec 2022)

Growth and value

- 11.4% Underlying EBITDA growth
- 27.4% Underlying EPS growth
- 7.5% Underlying ROIC – on track for FY23 target ~8%
- Fixed costs – core increased with productivity offset by inflation and costs associated with insourcing retail channel and onshoring call centres

New ways of working

- Employee engagement score 79 – FY23 target 82

Digital leadership

- 14% FY23 target build of APIs

Responsible business

- RepTrak reputation score 62.5 (FY21 baseline 61.3)

T25 scorecard

Our commitments and metrics

Customer experience

Market leading CX with
- eNPS >40 by FY25
- sNPS uplift of +25 by FY25

Getting it right for customers
- >90% 'Once and Done' by FY25 (C&SB)
- 90% rating in support and engagement by FY25 (TE)

Reduce our complaints
- One-third by FY23, 50% by FY25 (C&SB)
- >95% of billing disputes will be resolved in 1 cycle by FY25 (TE)

Grow Telstra Plus members (#) and engagement (%)
- 5.4m and 70% by FY23
- 6m and 80% by FY25

Grow digitally active users by 2m to 8.5m FY25 (C&SB)

Improve availability of infra. assets for customers, by FY25
- 250 new towers
- 20,000km of fibre deployed[1]

Network & Technology

Network leadership; by FY25:
- ~95% pop. coverage for 5G
- >80% of traffic on 5G
- 3G closed in FY24

Win majority of key surveys for best fixed/ mobile network including
- Coverage, and
- Overall customers speeds for mobile FY23-FY25

Double metro cell sites by FY25 to densify the network

Expand regional coverage
- 100,000km^2 new coverage by FY25

Growth and value

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

Underlying ROIC
- ~8% by FY23
- Grow beyond to FY25

Underlying EPS: High-teens CAGR FY21 to FY25

Maximise fully-franked dividend and seek to grow over time

Maintain cost discipline
- \$500m net fixed cost out from FY23 to FY25 while investing for growth
- Maintain leading operating cost metrics for full-service telco

Maximise value from infra.
- Amplitel EBITDAaL CAGR – low-to-mid single digit
- InfraCo Fixed EBITDAaL CAGR – low-single digit

New ways of working

- Remain at 90th percentile employee engagement (equivalent to high-performance norm)
- Improve agile maturity of teams, with 70% scoring above 4 by FY25
- Halve our time to market for products and services from FY22 to FY25
- 50% increase in representation of Data & Analytics workforce by FY25
- Direct software engineering workforce delivering ~2x the percentage of strategic development work by FY25

Digital leadership

- All key service transactions with customers are capable of being conducted digitally by FY25
- 100% of key business processes enhanced/ improved using AI by FY25
- Reach top 20% in Digital Capability Index by FY25
- 100% API-first architecture for customer management, product development, and external monetisation
- Move ~90% of applications to the public cloud by FY25

Responsible business

- Enable renewable energy generation equivalent to 100% of our consumption by 2025
- Reduce absolute emissions from FY19 by at least 50% by 2030
- Increase digitally active customers by 2m, including building digital skills for 500k Australians, by FY25
- Help keep 1m customers in vulnerable circumstances connected each year from FY22-25
- 4-7pt uplift in RepTrak reputation score by FY25

Note: Commitments are baselined to FY21, except where stated otherwise and see disclaimer slide in relation to financial ambitions
1. Fibre deployed updated from 6,000km in February 2022.

On track for delivery | Progress behind schedule | Below target

Half year 2023 results

Appendix

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Telstra at a glance

Size and scale	Customers and people	Leading in sustainability
1.2m shareholders	21.7m retail mobile services	Named as one of the AFR's Sustainability Leaders for 2022 and category winner in TMT sector
A$47b market capitalisation	2.1m wholesale mobile services	Launched a new Reconciliation Action Plan and Accessibility & Inclusion Action Plan
Public ASX20 company	3.5m Consumer & Small Business bundle and data services	#1 ranked company in Asia-Pacific and #3 ranked globally for digital inclusion[1]
A$22b total income FY22 ($11.6b 1H23)	170k Enterprise data and connectivity services	Received an A rating in CDP Global Climate Change Index for 2022
#447 on Forbes Global 2000	>300 retail stores in Australia	Targeting 50% reduction in absolute GHG emissions by 2030 from a FY19 baseline (scope 1, 2 and 3)
A-/A2 investment grade rating from S&P and Moody's	Presence in >30 countries and territories outside of Australia	
	Employee engagement score of 79	

1. World Benchmarking Alliance Digital Inclusion Benchmark, December 2021.

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Capital management framework

Fiscal discipline

Objectives	Maximise returns for shareholders	Maintain financial strength	Retain financial flexibility
Principles	1. Committed to balance sheet settings consistent with an A band credit rating 2. Maximise fully-franked dividend and seek to grow over time[1] 3. Ongoing business-as-usual capex of ~$3b p.a. excluding spectrum[2] 4. Invest for growth and return excess cash to shareholders		

1. The dividend is subject to no unexpected material events and is subject to Board discretion having regard to financial and market conditions, business needs and maintenance of financial strength and flexibility consistent with Telstra's capital management framework.
2. Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases.

T25 outcomes – Progress

Strategic pillars	Commitments & metrics	Progress
An exceptional customer experience you can count on	Market leading CX with • eNPS >40 by FY25 • sNPS uplift of +25 by FY25	▪ Episode NPS improved +4 last six months and last 12 months – ahead of FY23 target ▪ Strategic NPS maintained last six months and declined -1 last 12 months
	Getting it right for customers • >90% 'Once and Done' by FY25 (C&SB) • 90% rating in support and engagement by FY25 (TE)	▪ C&SB 'Once and Done' maintained last six months at 63% (FY22 63%) ▪ Enterprise support and engagement at 57% (FY22 60%)
	Reduce our complaints • One-third by FY23, 50% by FY25 (C&SB) • >95% of billing disputes will be resolved in 1 cycle by FY25 (TE)	▪ C&SB TIO referral complaints reduced by 37% on prior corresponding period. Average 3.6 TIO referral complaints per 10k SIOs (FY22 5.5, 1H22 5.7, FY21 9.4) ▪ 93% Enterprise billing disputes resolved in 1 cycle
	Grow Telstra Plus members (#) and engagement (%) • 5.4m and 70% by FY23 • 6m and 80% by FY25	▪ 4.8m Telstra Plus members (FY22 4.5m) ▪ 65% engagement Telstra Plus customers (FY22 65%)
	Grow digitally active users by 2m to 8.5m FY25 (C&SB)	▪ 7.3m C&SB digitally active users (FY22 7.1m)
	Improve availability of infra. assets for customers, by FY25 • 250 new towers • 20,000km of fibre deployed[1]	▪ 117 new towers built (FY22 84) ▪ Build commenced on inter-city fibre project

Note: Commitments are baselined to FY21, except where stated otherwise and see disclaimer slide in relation to financial ambitions
1. Fibre deployed updated from 6,000km in February 2022.

T25 outcomes – Progress (cont.)

Strategic pillars	Commitments & metrics	Progress
Leading network & technology solutions that deliver your future	Network leadership; by FY25: • ~95% pop. coverage for 5G • >80% of traffic on 5G • 3G closed in FY24	▪ Australia's largest 5G network with 81.2% population coverage (FY22 80%) - FY23 target 85% ▪ 33.6% traffic on 5G (FY22 22%) ▪ 3G exit on track with 323 3G only sites remaining to be upgraded and <1.9m 3G unique SIOs
	Win majority of key surveys for best fixed/ mobile network including • Coverage, and • Overall customers speeds for mobile FY23-FY25	▪ Mobile: Umlaut Best in Test (2022, 2021) ▪ Mobile: Lead on Ookla Speedtest Speedscore (Q3-Q4 & Q1-Q2, 2022) ▪ Mobile: Umlaut 5G Availability – Highest 5G availability in all tested cities as part of 2021 5G Audit ▪ Fixed: Ranked #1 tier for Netflix ISP Speed Index for 20 months to the end of December 2022 ▪ Fixed: We continue to meet or exceed our advertised typical busy-period speeds on all nbn plans on a 12-week rolling average basis ▪ Fixed: Ranked #4 in Q4 2022 ACCC report released in December 2022 for average download speeds during busy hours when underperforming/impaired lines removed
	Double metro cell sites by FY25 to densify the network	▪ Metro mobile cell sites up 1.08x to 5,536 (FY21 5,133)
	Expand regional coverage • 100,000km^2 new coverage by FY25	▪ 70,000km^2 regional coverage added – total regional mobile coverage 2.71m km^2 (FY21 2.64m km^2, FY21 2.66m km^2)

Note: Commitments are baselined to FY21, except where stated otherwise and see disclaimer slide in relation to financial ambitions

T25 outcomes – Progress (cont.)

Strategic pillars	Commitments & metrics	Progress
Sustained growth and value for our shareholders	Underlying EBITDA • $7.5-8.0b by FY23 • Mid-single digit CAGR FY21 to FY25	▪ 1H23 11.4% Underlying EBITDA growth to $3.9b
	Underlying ROIC • ~8% by FY23 • Grow beyond to FY25	▪ 1H23 7.5% Underlying ROIC – on track for FY23 target ~8%
	Underlying EPS: High-teens CAGR FY21 to FY25	▪ 1H23 27.4% Underlying EPS growth to 7.9 cents
	Maximise fully-franked dividend and seek to grow over time	▪ Fully franked interim dividend 1H23 8.5 cps (1H22 8.0 cps, 2H22 8.5 cps)
	Maintain cost discipline • $500m net fixed cost out from FY23 to FY25 while investing for growth • Maintain leading operating cost metrics for full-service telco	▪ Core fixed costs increased 1H23 $110m to $3,407m with productivity offset by inflation, and costs associated with insourcing our retail channel and onshoring call centres ▪ Third quartile in FY22 cost benchmarking
	Maximise value from infra. • Amplitel EBITDAaL CAGR – low-to-mid single digit • InfraCo Fixed EBITDAaL CAGR – low-single digit	▪ 1H23 Amplitel EBITDAaL 4.8% growth to $130m ▪ 1H23 InfraCo Fixed EBITDAaL 2.7% growth to $769m

Note: Commitments are baselined to FY21, except where stated otherwise and see disclaimer slide in relation to financial ambitions

T25 outcomes – Progress (cont.)

Strategic pillars	Commitments & metrics	Progress
The place you want to work – Excelling at new ways of working	Remain at 90th percentile employee engagement (equivalent to high-performance norm)	▪ Employee engagement score 79. 1H23 performance equivalent to top quartile of global companies but outside 90th percentile (equivalent to high-performing norm). FY23 target 82
	Improve agile maturity of teams, with 70% scoring above 4 by FY25	▪ 56% teams at or above Level 4 Agile Maturity (FY22 57%)
	Halve our time to market for products and services from FY22 to FY25	▪ Time to market for products and services reduced by 19% from FY22
	50% increase in representation of Data & Analytics workforce by FY25	▪ 1H23 4% reduction in Data & Analytics workforce across Technology, Development and Solutions (TD&S) and identified chapter areas. Future progress to include workforce that have completed defined learning programs or have joined Telstra's data community
	Direct software engineering workforce delivering ~2x the percentage of strategic development work by FY25	▪ Direct software engineering workforce delivered 52% strategic development work (FY21 32.6%)
The place you want to work – Accelerating digital leadership	All key service transactions with customers are capable of being conducted digitally by FY25	▪ 62% key service transactions available digitally
	100% of key business processes enhanced/ improved using AI by FY25	▪ 25% key business processes enhanced / improved using AI
	Reach top 20% in Digital Capability Index by FY25	▪ Digital Capability Index measured annually
	100% API-first architecture for customer management, product development, and external monetisation	▪ 14% FY23 target build of APIs
	Move ~90% of applications to the public cloud by FY25	▪ Moved 46.9% of relevant applications to the public cloud

Note: Commitments are baselined to FY21, except where stated otherwise and see disclaimer slide in relation to financial ambitions

T25 outcomes – Progress (cont.)

Strategic pillars	Commitments & metrics	Progress
The place you want to work – Doing business responsibly	Enable renewable energy generation equivalent to 100% of our consumption by 2025	▪ Contracted renewable energy generation which, when fully operational, will be equivalent to over two-thirds of our consumption
	Reduce absolute emissions from FY19 by at least 50% by 2030	▪ As at end FY22, reduced our combined scope 1 & 2 emissions by 14% from FY19 baseline. Performance updated annually
	Increase digitally active customers by 2m, including building digital skills for 500k Australians, by FY25	▪ 178k Australians reached through digital ability programs
	Help keep 1m customers in vulnerable circumstances connected each year from FY22-25	▪ At least 1m customers in vulnerable circumstances helped to stay connected – in line with FY23 ambition
	4-7pt uplift in RepTrak reputation score by FY25	▪ 1.2pt uplift in RepTrak reputation score to 62.5 (FY21 61.3)

Note: Commitments are baselined to FY21, except where stated otherwise and see disclaimer slide in relation to financial ambitions

Detailed financials

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Underlying earnings[1]

	Reported			Restructuring/other guidance adjustments[2]			Net one-off nbn receipts[3]			Underlying earnings[1]			
	1H22	2H22	1H23	1H22	2H22	1H23	1H22	2H22	1H23	1H22	2H22	1H23	CHG
Total income	$10,887m	$11,158m	$11,583m	-$21m	-$66m	-	-$203m	-$175m	-$46m	$10,663m	$10,917m	$11,537m	8.2%
Operating expenses	$7,412m	$7,346m	$7,723m	-$175m	-$140m	-$60m	-$78m	-$67m	-$20m	$7,159m	$7,139m	$7,643m	6.8%
Equity accounted entities	-$9m	-$22m	$1m	-	-	-	-		-	-$9m	-$22m	$1m	n/m
EBITDA	$3,466m	$3,790m	$3,861m	$154m	$74m	$60m	-$125m	-$108m	-$26m	$3,495m	$3,756m	$3,895m	11.4%
D&A	$2,189m	$2,169m	$2,260m	-	-	-	-		-	$2,189m	$2,169m	$2,260m	3.2%
EBIT	$1,277m	$1,621m	$1,601m	$154m	$74m	$60m	-$125m	-$108m	-$26m	$1,306m	$1,587m	$1,635m	25.2%
Net finance costs	$238m	$179m	$252m	-	-	-	-		-	$238m	$179m	$252m	5.9%
Income tax expense	$296m	$371m	$415m	$27m	$38m	-$10m	-$38m	-$32m	-$8m	$285m	$377m	$397m	39.3%
NPAT	$743m	$1,071m	$934m	$127m	$36m	$70m	-$87m	-$76m	-$18m	$783m	$1,031m	$986m	25.9%
Non-controlling interests	$45m	$81m	$69m	-	-	-	-		-	$45m	$81m	$69m	53.3%
PATMI[1]	$698m	$990m	$865m	$127m	$36m	$70m	-$87m	-$76m	-$18m	$738m	$950m	$917m	24.3%
EPS (cents)	5.9	8.5	7.5	1.1	0.3	0.6	-0.7	-0.7	-0.2	6.2	8.2	7.9	27.4%

1. Refer to definition in the Glossary.
2. Refer to Half year results and operations review – guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY23 (set out in our ASX announcement titled "Financial results for the Half year ended 31 Dec 2022" lodged with the ASX on 16 Feb 2023).
3. "Net one-off nbn receipts" is defined as net nbn one-off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect less tax.

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Dividends

	1H22	2H22	FY22	1H23	CHANGE Vs PCP
Earnings per share					
Basic earnings per share (cents)	5.9	8.5	14.4	7.5	27.1%
Underlying earnings[1] per share (cents)	6.2	8.2	14.4	7.9	27.4%
Dividends (fully franked)					
Ordinary dividend (cents)	6.0	7.5	13.5	8.5	41.7%
Special dividend (cents)	2.0	1.0	3.0	-	n/m
Total dividend (cents)	8.0	8.5	16.5	8.5	6.3%
Payout Ratios					
Ordinary dividend as % of underlying earnings[1]	97%	91%	94%	108%	+11pp
Total dividends as % of earnings per share	136%	100%	115%	113%	-23pp
Total dividends as % of Free cashflow[2]	67%	47%	57%	139%	+72pp

1. Refer to definition in the Glossary.
2. Free cash flow after lease payments[1] less other finance costs paid, employee share purchases and dividends to non-controlling interests.

Product framework: Income[1]

	1H22	2H22	FY22	1H23	1H23 $ CHANGE	1H23 % CHANGE
Mobile	$4,683m	$4,787m	$9,470m	$5,130m	$447m	9.5%
Fixed - C&SB	$2,260m	$2,226m	$4,486m	$2,264m	$4m	0.2%
Fixed - Enterprise[2]	$1,814m	$1,883m	$3,697m	$1,769m	-$45m	-2.5%
Fixed - Active Wholesale	$252m	$225m	$477m	$209m	-$43m	-17.1%
International	$758m	$743m	$1,501m	$1,148m	$390m	51.5%
InfraCo Fixed	$1,183m	$1,273m	$2,456m	$1,226m	$43m	3.6%
Amplitel	$179m	$189m	$368m	$197m	$18m	10.1%
Other[3]	$306m	$394m	$700m	$436m	$130m	42.5%
Elimination	-$772m	-$803m	-$1,575m	-$842m	-$70m	-9.1%
Underlying	$10,663m	$10,917m	$21,580m	$11,537m	$874m	8.2%
One-off nbn DA & connection[4]	$203m	$175m	$378m	$46m	-$157m	-77.3%
Guidance adjustments[5]	$21m	$66m	$87m	-	-$21m	n/m
Reported	$10,887m	$11,158m	$22,045m	$11,583m	$696m	6.4%

- Mobile service and hardware revenue growth
- Fixed – C&SB bundles & data ARPU growth partly offset by SIO decline
- Fixed – Enterprise NAS growth more than offset by ongoing DAC decline
- Fixed – Active Wholesale decline largely attributed to nbn impacted and legacy products
- International growth from Digicel Pacific acquisition and FX. Ex. Digicel income flat in constant currency
- InfraCo Fixed +4.8% growth in core access revenue
- Amplitel growth from contracted growth, new tower builds, 5G upgrades and services
- Other includes Health revenue of $147m (+24% organic), energy generation and internal growth
- Underlying Income grew $518m or 4.9% excluding contribution of Digicel Pacific

1. Refer to Half year results 2.1.2 Segment results Table A for schedule of product Income.
2. 1H23 includes $52m of Fixed - Enterprise NAS income from acquisitions completed in 2H22. $32m of income from these acquisitions are not included in Fixed - Enterprise in FY22, and are included in Guidance adjustments.
3. Other includes miscellaneous, Telstra Energy, Telstra Health and internal.
4. 1H23 Includes $42m (1H22 $176m, FY22 $329m) of nbn disconnection fees (Per Subscriber Address Amount (PSAA)) and $4m (1H22, $6m, FY22 $6m) of ISA ownership receipts for assets transferred under the nbn Definitive Agreements.
5. Refer to Half year results and operations review – guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY23 (set out in our ASX announcement titled "Financial results for the Half year ended 31 Dec 2022" lodged with the ASX on 16 Feb 2023).

Product framework: Operating expenses[1]

	1H22	2H22	FY22	1H23	1H23 $ CHANGE	1H23 % CHANGE
Mobile	$2,726m	$2,747m	$5,473m	$2,913m	$187m	6.9%
Fixed - C&SB	$2,237m	$2,194m	$4,431m	$2,214m	-$23m	-1.0%
Fixed - Enterprise	$1,514m	$1,523m	$3,037m	$1,556m	$42m	2.8%
Fixed - Active Wholesale	$162m	$156m	$318m	$138m	-$24m	-14.8%
International	$563m	$550m	$1,113m	$773m	$210m	37.3%
InfraCo Fixed	$398m	$403m	$801m	$419m	$21m	5.3%
Amplitel	$27m	$47m	$74m	$37m	$10m	37.0%
Other[2]	$304m	$322m	$626m	$435m	$131m	43.1%
Elimination	-$772m	-$803m	-$1,575m	-$842m	-$70m	-9.1%
Underlying	$7,159m	$7,139m	$14,298m	$7,643m	$484m	6.8%
One-off nbn DA and nbn C2C	$78m	$67m	$145m	$20m	-$58m	-74.4%
Restructuring	$22m	$49m	$71m	$44m	$22m	100.0%
Other guidance adjustments	$153m	$91m	$244m	$16m	-$137m	-89.5%
Reported[1]	$7,412m	$7,346m	$14,758m	$7,723m	$311m	4.2%

Mobile costs increased from higher hardware, internal infrastructure charges, insourcing and international roaming

Fixed - C&SB costs largely flat

Fixed - Enterprise costs higher due to power, infrastructure asset charges and investment

Fixed – Active Wholesale costs declined largely due to lower internal infrastructure charges and productivity

International costs increased largely due to Digicel Pacific acquisition

InfraCo Fixed costs increased from investments in strategic infrastructure projects, power costs and maintenance

Amplitel costs increased due to maintenance being lower in pcp with weather and supply chain impacts

Other cost increase including due to Health acquisitions completed in FY22, and miscellaneous

1. Mobile and Fixed products include internal infrastructure costs.
2. Other includes miscellaneous, Telstra Energy, Telstra Health and internal.

Product framework: EBITDA[1]

	1H22	2H22	FY22	1H23	1H23 $ CHANGE	1H23 % CHANGE
Mobile	$1,957m	$2,040m	$3,997m	$2,217m	$260m	13.3%
Fixed - C&SB	$23m	$32m	$55m	$50m	$27m	n/m
Fixed - Enterprise	$300m	$360m	$660m	$213m	-$87m	-29.0%
Fixed - Active Wholesale	$90m	$69m	$159m	$71m	-$19m	-21.1%
International	$194m	$193m	$387m	$375m	$181m	93.3%
InfraCo Fixed	$785m	$870m	$1,655m	$807m	$22m	2.8%
Amplitel	$152m	$142m	$294m	$160m	$8m	5.3%
Other[2]	-$6m	$50m	$44m	$2m	$8m	n/m
Underlying	$3,495m	$3,756m	$7,251m	$3,895m	$400m	11.4%
Net one-off nbn DA	$125m	$108m	$233m	$26m	-$99m	-79.2%
Restructuring	-$22m	-$49m	-$71m	-$44m	-$22m	n/m
Other guidance adjustments[3]	-$132m	-$25m	-$157m	-$16m	$116m	87.9%
Reported[1]	$3,466m	$3,790m	$7,256m	$3,861m	$395m	11.4%

1. Mobile and Fixed products include internal infrastructure costs.
2. Other includes miscellaneous, Telstra Energy, Telstra Health and internal.
3. Refer to Half year results and operations review – guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY23 (set out in our ASX announcement titled "Financial results for the Half year ended 31 Dec 2022" lodged with the ASX on 16 Feb 2023).

Product performance: Mobile

	1H22	2H22	FY22	1H23	CHANGE Vs PCP
Mobile Income	$4,683m	$4,787m	$9,470m	$5,130m	9.5%
Mobile services[1]	$3,537m	$3,681m	$7,218m	$3,867m	9.3%
- Postpaid handheld	$2,500m	$2,545m	$5,045m	$2,657m	6.3%
- Prepaid handheld	$432m	$492m	$924m	$556m	28.7%
- Mobile broadband	$319m	$336m	$655m	$337m	5.6%
- Internet of Things (IoT)	$129m	$139m	$268m	$139m	7.8%
- Wholesale	$148m	$160m	$308m	$169m	14.2%
Hardware, intercon. & Other[2]	$1,146m	$1,106m	$2,252m	$1,263m	10.2%
EBITDA[3] Margin	$1,957m 41.8%	$2.040m 42.6%	$3,997m 42.2%	$2,217m 43.2%	13.3% +1.4pp
Total retail mobile SIOs	20.0m	20.8m	20.8m	21.7m	8.0%
Postpaid handheld mobile SIOs	8,669k	8,740k	8,740k	8,808k	1.6%
Internet of things (IoT) SIOs	5,128k	5,700k	5,700k	6,360k	24.0%
Postpaid handheld ARPU/mth	$48.29	$48.74	$48.53	$50.47	4.5%
Postpaid handheld churn	10.8%	11.2%	10.8%	11.4%	+0.6pp

- Mobile services income growth includes ~$100m of roaming and +$42m prepaid one-off. Hardware revenue growth on higher volumes including accessories and wearables
- Postpaid handheld net adds +68k with growth in all segments
- Postpaid handheld ARPU growth largely due to ~3.5mth benefit of C&SB branded CPI price increases and higher international roaming, partly offset by Enterprise COVID related messaging benefit in pcp
- Prepaid handheld revenue growth with improved recharge rates, higher ARPU and unique users, and a $42m one-off increase in revenue from customer migration to simplified prepaid plans
- Mobile broadband revenue growth driven by C&SB price rises
- IoT revenue growth includes from connected cars and smart metering
- Wholesale revenue growth includes +162k net adds and ARPU growth
- EBITDA growth driven by high margin service revenue growth partly offset by increased costs from onshoring and insourcing stores, internal infrastructure charges including power, and international roaming. Hardware margin broadly flat on pcp

1. Mobile services income also includes other income of $9m in 1H23 (1H22 $9m, 2H22 $9m).
2. Other includes media and Telstra Plus loyalty.
3. Includes internal infrastructure costs.

Product performance: Fixed - C&SB

	1H22	2H22	FY22	1H23	CHANGE Vs PCP
Fixed - C&SB Income[1]	$2,260m	$2,226m	$4,486m	$2,264m	0.2%
On-net fixed	$259m	$210m	$469m	$179m	-30.9%
Off-net fixed	$1,554m	$1,596m	$3,150m	$1,651m	6.2%
Consumer content & services	$306m	$294m	$600m	$309m	1.0%
Business apps & services	$86m	$82m	$168m	$83m	-3.5%
Interconnection, E000 & other	$55m	$44m	$99m	$42m	-23.6%
EBITDA[2] Margin	$23m 1.0%	$32m 1.4%	$55m 1.2%	$50m 2.2%	+$27m +1.2pp
C&SB Bundles & data SIOs	3,546k	3,504k	3,504k	3,454k	-2.6%
C&SB Bundles & data ARPU	$76.76	$78.04	$77.37	$79.57	3.7%
C&SB Standalone voice SIOs	430k	376k	376k	345k	-19.8%
C&SB Standalone voice ARPU	$33.16	$36.33	$34.75	38.46	16.0%

- Flat Fixed – C&SB income with focus on long-term economics, customer experience, differentiation, and fixed wireless
- Bundles & data net adds of -50k including -14k Belong in 1H23
- On-net revenue decline and off-net revenue growth reflecting growth in on-net home wireless revenues, end of NBN migration, and full benefit of FY22 price rises
- 5G Home Internet continues to scale
- Bundles & data ARPU grew on price rises. 10% nbn SIOs on 100Mbps+
- Standalone voice SIO decline from abandonment and migration to bundles
- Consumer content & services revenue growth due to inclusion of Fetch (+$31m) following acquisition offset by decline in resale
- EBITDA growth due to ARPU driven lift in off-net resale margin to 7% (4% 1H22, 6% 2H22) and growing on-net fixed wireless contribution partly offset by legacy on-net decline

1. Includes 1H23 $106m (1H22 $104m, FY22 $189m) Telstra Universal Service Obligation Performance Agreement (TUSOPA) Income. TUSOPA is run by Department of Infrastructure, Transport, Regional Development and Communications and the income is net of the levy paid.
2. Includes internal infrastructure costs.

Product performance: Fixed - Enterprise

	1H22	2H22	FY22	1H23	CHANGE Vs PCP
Data & connectivity Income	$494m	$462m	$956m	$423m	-14.4%
Data & connectivity EBITDA[2]	$195m	$151m	$346m	$103m	-47.2%
Margin	39.5%	32.7%	36.2%	24.3%	-15.2pp
Data & connectivity SIOs	183k	179k	179k	170k	-7.1%
NAS Income[3]	$1,320m	$1,421m	$2,741m	$1,346m	2.0%
Calling applications[1]	$342m	$295m	$637m	$255m	-25.4%
Managed services	$357m	$381m	$738m	$378m	5.9%
Professional services	$185m	$222m	$407m	$266m	43.8%
Cloud applications	$135m	$144m	$279m	$156m	15.6%
Equipment sales	$177m	$220m	$397m	$147m	-16.9%
Other	$124m	$159m	$283m	$144m	16.1%
NAS EBITDA[2]	$105m	$211m	$314m	$110m	4.8%
Margin	8.0%	14.5%	11.5%	8.2%	0.2pp
Fixed - Enterprise Income[3]	$1,814m	$1,883m	$3,697m	$1,769m	-2.5%
Fixed – Enterprise EBITDA[2]	$300m	$360m	$660m	$213m	-29.0%
Margin	16.5%	19.1%	17.9%	12.0%	-4.5pp

- Data & connectivity (DAC) decline continued on ARPU compression from competition, renewals at lower rates, and technology change. SIO loss largely in legacy/copper, and mid-market/business segments
- DAC EBITDA declined due to reduced revenue and higher operating costs including infrastructure asset charges, power and investment
- NAS grew across strategic areas: professional services, cloud and security offset by decline in calling due to planned product exits
- Calling applications decline accelerated driven by fixed and legacy product exits, Covid usage spikes in the pcp, and market shifts from traditional voice solutions to integrated video e.g. MS Teams & Zoom
- Managed services growth due to increase in security (+16%) and service management across large accounts
- Professional services growth driven by M&A and organic growth including from Viasat contract
- Cloud applications growth from demand for public cloud supported by our deep strategic partnerships
- Other growth from Enterprise Commercial Works, Telstra Broadcast Services and Managed Radio
- NAS EBITDA grew 4.8% due to growing contribution from strategic areas more than offsetting decline in higher margin Calling. NAS remains seasonal with timing based on milestones

1. Includes Fixed & Legacy Calling (including ISDN) revenue of 1H23 $82m (1H22 $143m, 2H22 $110m, FY22 $253m).
2. Includes internal infrastructure costs.
3. 1H23 includes $52m of NAS income from acquisitions completed in 2H22. Income from these acquisitions are not included in FY22.

Product performance: International

($ amounts in AUD unless stated)	1H22	2H22	FY22	1H23	CHANGE Vs PCP	CHANGE in constant currency
International (excl. Digicel Pacific)[1] Income	$758m	$743m	$1,501m	$792m	4.5%	0.4%
DIP/NAS and other	$649m	$642m	$1,291m	$684m	5.4%	2.4%
Fixed (legacy Voice)	$109m	$101m	$210m	$108m	-0.9%	-10.9%
EBITDA	$194m	$193m	$387m	$212m	+9.3%	+6.8%
Margin	25.6%	26.0%	25.8%	26.8%	+1.2pp	+1.8pp
Digicel Pacific Income				$356m	n/m	n/m
Digicel Pacific EBITDA				$163m	n/m	n/m
Margin				45.8%		
International Income - Total[1]	$758m	$743m	$1,501m	$1,148m	52.5%	n/m
International EBITDA - Total	$194m	$193m	$387m	$375m	93.3%	n/m

- International (excluding Digicel Pacific) income flat in constant currency with growth in DIP/NAS driven by Ethernet Private Line, recurring Internet revenue, and professional services. Growth offset by managed decline in legacy voice given strategic focus on higher margin business
- International (excluding Digicel Pacific) EBITDA +7% in constant currency due to DIP/NAS revenue growth and productivity, partly offset by higher power costs
- Digicel Pacific acquisition closed on 13 July 2022. The business is tracking well with strong mobile growth
- Digicel Pacific revenue +7% vs 1H22 proforma at constant currency mainly due mobile SIOs growth across all markets to 2.9m
- Digicel Pacific EBITDA is +9% vs 1H22 proforma in constant currency mainly driven by the higher revenue, partly offset by higher power and bandwidth costs

1. Excludes inter-segment income of $105m in 1H23 (1H22 $106m, 2H22 $98m, FY22 $204m).

Product performance: Fixed – Active Wholesale

	1H22	2H22	FY22	1H23	CHANGE Vs PCP
Fixed – Active Wholesale Income	$252m	$225m	$477m	$209m	-17.1%
Data & connectivity	$158m	$145m	$303m	$142m	-10.1%
Legacy calling & fixed	$94m	$80m	$174m	$67m	-28.7%
EBITDA[1] Margin	$90m 35.7%	$69m 30.7%	$159m 33.3%	$71m 34.0%	-21.1% -1.7pp
Fixed legacy SIOs	158k	93k	93k	59k	-62.7%
Data & connectivity SIOs	29k	28k	28k	27k	-6.9%

Income decline largely due to nbn impacted and legacy products

Data & connectivity includes Telstra active fibre for backhaul and transmission products. Revenue decline due to SIO and ARPU decline in wideband products partly offset by Internet growth

Legacy calling & fixed includes legacy copper access, nbn reseller wholesale, interconnect and other fixed products. Revenue decline from continued legacy fixed product SIO decline

EBITDA decline due to revenue decline partly offset by lower costs

1. Includes internal infrastructure costs.

Product performance: InfraCo Fixed

	1H22	2H22	FY22	1H23	CHANGE Vs PCP
InfraCo Fixed Income[1]	$1,183m	$1,273m	$2,456m	$1,226m	3.6%
Commercial & recoverable works	$152m	$142m	$294m	$120m	-21.1%
NBN recurring	$459m	$471m	$930m	$481m	4.8%
Other external[3]	$95m	$161m	$256m	$125m	31.6%
Internal (i.e. Telstra)	$477m	$499m	$976m	$500m	4.8%
EBITDA	$785m	$870m	$1,655m	$807m	2.8%
Leases	$36m	$36m	$72m	$38m	5.6%
EBITDAaL[2] Margin	$749m 63.3%	$834m 65.5%	$1,583m 64.5%	$769m 62.7%	+2.7% -0.6pp

Income +4.8% and +3.5% EBITDAaL[2] excluding commercial & recoverable works and legacy network disposals with growth in nbn recurring and internal offset by increase in investments in inter-city and Viasat strategic infrastructure projects, power costs and maintenance

Commercial & recoverable works up modestly excluding the decline in nbn CW (-71%) as nbn rollout nears completion and contracts end

nbn recurring income from nbn Co for use of ducts, fibre and fixed network sites contributes $466m to EBITDA. This is government backed, recurring and indexed to CPI for the remaining average contracted period of 25 years

Other external revenue growth largely due to increased legacy network disposals of copper assets and increased property divestments

By asset type:
- Ducts revenue increased due to nbn CPI indexation and increase in utilisation
- Fibre (long-haul and access) revenue growth from nbn CPI indexation, incremental dark fibre and Telstra driven demand
- Fixed Network Sites increased from CPI indexation partly offset by reduced Telstra Exchange Building Access (TEBA)

Capex in 1H23 was $272m including $64m strategic investment in intercity and Viasat infrastructure projects (capex to revenue 17% ex-strategic investment)

1. To provide a management view any transactions arising from the intercompany agreements are presented as income or expenses, i.e. they do not consider the impacts (if any) of the application of the Australian Accounting Standards to those intercompany agreements.
2. Refer to definition in the Glossary.
3. Includes legacy network disposals income of $51m ($24m 1H22, $116m in FY22).

Product performance: Amplitel (Towers)

	1H22	2H22	FY22	1H23	CHANGE Vs PCP
Amplitel Income[1]	$179m	$189m	$368m	$197m	10.1%
External	$29m	$31m	$60m	$31m	6.9%
Internal (i.e. Telstra)	$150m	$158m	$308m	$166m	10.7%
EBITDA	$152m	$142m	$294m	$160m	5.3%
Leases	$28m	$37m	$65m	$30m	7.1%
EBITDAaL[2]	$124m	$105m	$229m	$130m	4.8%
Margin	69.3%	55.6%	62.2%	66.0%	-3.3ppts
Towers[3]	5,726	5,762	5,762	5,787	1.1%
Tenancies[3]	7,968	8,021	8,021	8,056	1.1%
Tenancy ratio[3]	1.39	1.39	1.39	1.39	-

Income growth driven by contracted growth, new tower builds, 5G upgrades requiring additional area on existing towers and services

EBITDA growth driven by increased revenue, partly offset with higher maintenance costs as the pcp was impacted by weather and supply chain

Leases increase driven by contractual escalations on existing leases and new site growth requiring new leases

Towers increase is driven by new builds

Capex of $24m in 1H23 (12.2% of sales) on new sites, maintenance capex and life cycle replacements

1. To provide a management view, any transactions arising from the intercompany agreements are presented as income or expenses, i.e. they do not consider the impacts (if any) of the application of the Australian Accounting Standards to those intercompany agreements.
2. Refer to definition in the Glossary.
3. Towers, Tenancies and ratio restated to include government funded and some sublicenses.

C&SB, Enterprise & InfraCo fully allocated segment[1]

		Underlying Income				Underlying EBITDA			
		1H22	2H22	1H23	CHANGE	1H22	2H22	1H23	CHANGE
C&SB	Mobile	$3,714m	$3,735m	$4,128m	11.1%	$1,510m	$1,551m	$1,722m	14.0%
	Fixed - C&SB	$2,260m	$2,226m	$2,264m	0.2%	$23m	$32m	$50m	n/m
	Other	$0m	-	$2m	n/m	-$2m	$1m	$2m	n/m
	Total	$5,974m	$5,961m	$6,394m	7.0%	$1,531m	$1,584m	$1,774m	15.9%
Enterprise	Mobile	$809m	$866m	$820m	1.4%	$345m	$352m	$365m	5.8%
	Fixed - Enterprise	$1,814m	$1,883m	$1,769m	-2.5%	$300m	$360m	$213m	-29.0%
	Other	$9m	$14m	$9m	n/m	-$3m	$10m	-	n/m
	Total Domestic	$2,632m	$2,763m	$2,598m	-1.3%	$642m	$722m	$578m	-10.0%
	International	$758m	$743m	$1,148m	51.5%	$194m	$193m	$375m	93.3%
	Total	$3,390m	$3,506m	$3,746m	10.5%	$836m	$915m	$953m	14.0%
InfraCo segment (Active and Passive)	Mobile	$160m	$172m	$183m	14.4%	$104m	$119m	$132m	26.9%
	Fixed - Active wholesale	$252m	$225m	$209m	-17.1%	$90m	$69m	$71m	-21.1%
	InfraCo Fixed	$1,183m	$1,273m	$1,226m	3.6%	$785m	$870m	$807m	2.8%
	Amplitel	$179m	$189m	$197m	10.1%	$152m	$142m	$160m	5.3%
	Other	$2m	$3m	$3m	50.0%	-$11m	$12m	-	n/m
	Total	$1,776m	$1,862m	$1,818m	2.4%	$1,120m	$1,212m	$1,170m	4.5%
Other		$295m	$391m	$421m	42.7%	$8m	$45m	-$2m	n/m
Eliminations		-$772m	-$803m	-$842m	-9.1%	-	-	-	-
Underlying		$10,663m	$10,917m	$11,537m	8.2%	$3,495m	$3,756m	$3,895m	11.4%

1. C&SB, Enterprise and InfraCo exclude one-off nbn DA and connection, and guidance adjustments attributable. Enterprise International excludes inter-segment revenue. Mobile and Fixed products include internal infrastructure costs.

Operating expenses: History

	1H21	2H21	FY21	1H22	2H22	FY22	1H23
nbn payments	$960m	$1,015m	$1,975m	$1,034m	$1,047m	$2,081m	$1,030m
Sales cost – other (incl. commissions)	$3,174m	$3,035m	$6,209m	$3,066m	$2,973m	$6,039m	$3,191m
Less commissions	-$313m	-$301m	-$614m	-$308m	-$283m	-$591m	-$286m
Other sales costs[1]	$2,861m	$2,734m	$5,595m	$2,758m	$2,690m	$5,448m	$2,905m
Fixed cost – core (ex-commissions)	$3,609m	$3,224m	$6,833m	$2,989m	$3,083m	$6,072m	$3,121m
Plus commissions	$313m	$301m	$614m	$308m	$283m	$591m	$286m
Fixed costs – core	$3,922m	$3,525m	$7,447m	$3,297m	$3,366m	$6,663m	$3,407m
Fixed costs – other[2]	$81m	$63m	$144m	$70m	$36m	$106m	$301m
Underlying	$7,824m	$7,337m	$15,161m	$7,159m	$7,139m	$14,298m	$7,643m
One-off nbn DA	$138m	$110m	$248m	$78m	$67m	$145m	$20m
Restructuring & other adj.	$94m	$161m	$255m	$175m	$140m	$315m	$60m
Reported	$8,056m	$7,608m	$15,664m	$7,412m	$7,346m	$14,758m	$7,723m

1. Fixed costs - core includes $286m of commissions in 1H23 previously reported in sales costs (1H22 $308m) as well as some other fixed costs previously reported in Fixed costs - others.
2. Fixed costs – other includes Telstra Health, and recent acquisitions including Digicel Pacific, Alliance Automation and Aqura Technologies.

Glossary

Term	Definition (unless separately defined in the slide footnotes)
Capex, Accrued Capex	Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases
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. Refer to Half year results and operations review – guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY23 (set out in our ASX announcement titled "Financial results for the Half year ended 31 Dec 2022" lodged with the ASX on 16 Feb 2023)
Net one-off nbn DA less net C2C or one-off nbn DA	Adjustments for net one-off nbn receipts which is defined as net nbn one-off Definitive Agreement receipts (consisting of PSAA, Infrastructure Ownership and Retraining) less nbn net cost to connect
ROE	Calculated as Profit After Tax after Minority Interests (PATMI) as a percentage of equity
ROIC	Calculated as Net Operating Profit After Tax (NOPAT) as a percentage of total capital
Total income	Total income excluding finance income
PATMI	Profit after tax and minority interests
EBITDAaL	Earnings Before Interest, Taxes, Depreciation, Amortisation and after Leases
Underlying earnings	NPAT excluding net one-off nbn receipts and guidance adjustments (as defined above). See 'Underlying earnings' slide for details
Underlying EBITDA	Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C and guidance adjustments (as defined above).
Underlying EPS	Calculated as PATMI attributable to each share, excluding net one-off nbn receipts and guidance adjustments (as defined above)
Underlying ROIC	Calculated as NOPAT as a percentage of total capital, excluding net one-off nbn receipts and guidance adjustments (as defined above) less tax

CEO & CFO SPEECH NOTES

TELSTRA HALF YEAR RESULTS

16 FEBRUARY 2023

VICKI BRADY – CEO

Slide 3 – Half year results 2023 – Vicki Brady Telstra CEO

Good morning and welcome to Telstra's results announcement for the half year ended 31 December 2022, and my first results as CEO.

I am joining today from the lands of the Kulin nation. On behalf of Telstra, I would like to acknowledge and pay my respects to the traditional custodians of country throughout Australia, and recognise their continued connection to land, waters and culture. We pay our respects to their Elders past, present and emerging.

For those of you that are regulars at our results presentations, we are taking a slightly different approach to previous years. I will make some brief comments on our key highlights, Michael will then take you through the financials in detail, after which I will summarise our progress against T25 and reinforce our FY23 key focus areas. We'll then take questions from analysts, investors and media.

Slide 4 – Half year results 2023

Before I hand to Michael, you will see that our financials for the half show strong and continued growth, with positive momentum across our key indicators. Importantly, we saw growth in the first half in both our reported and underlying results. This momentum is also reflected in the progress we have made in the first six months of delivery against our T25 Strategy. I will speak to this in more detail when I take you through our T25 achievements.

Focusing on the key highlights. Total income was up 6.4 per cent and EBITDA increased 11.4 per cent driven by momentum from our mobiles business and support from the acquisition of Digicel Pacific. Excluding Digicel, underlying EBITDA increased 6.8 per cent.

This flowed through to a 25.7 per cent increase in Net Profit After Tax.

Reported Earnings Per Share increased 27.1 per cent.

It was also pleasing that our Episode NPS increased by 4 points.

We are a growing business with a lot to be excited about in our future, and our T25 strategy provides a clear roadmap to get us there. Our core mobiles business continues to be central to this growth and perform very strongly, endorsing our strategy to lead the industry on network experience and bold decisions on plan simplification.

I do want to be clear up front that while our momentum is good, we are just at the start of our return to growth.

We are also a multi-faceted business and there are specific elements of the business where we cannot be complacent and others that need to see improvement.

Cost out is an area where we remain disciplined, particularly considering the external economic environment.

We are also very focussed on addressing the disruption in our Enterprise business, which continues to prove challenging.

We will talk to these challenges in a bit more detail through the presentation.

Overall we remain committed to achieving our T25 ambitions, including growth in underlying EBITDA and Earnings Per Share.

On the back of our continued growth the Board resolved to pay a fully franked interim dividend of [8.5] cents per share representing a [6.3] per cent increase on the prior corresponding period, and in line with the second half of last financial year.

The interim dividend is consistent with our policy to maximise the fully franked dividend and seek to grow it over time.

I will now hand over to Michael to go through the numbers in detail.

MICHAEL ACKLAND – CFO

SLIDE 5 – HALF YEAR 2023 RESULTS

Thanks Vicki.

It is great to be presenting Telstra's results for the first time.

While our momentum is good, we are just at the start of our return to growth.

I will step you through the high-level results before getting into some detail.

SLIDE 6 – INCOME STATEMENT

Starting with our Income Statement on Slide 6, which clearly demonstrates our growth.

For 1H23, income was $11.6 billion, up 6.4%.

EBITDA was $3.9 billion, up 11.4% from ongoing mobile-led organic growth, and M&A including our acquisition of Digicel Pacific.

EBIT was $1.6 billion, up 25.4%.

Net finance costs increased 5.9%, reflecting higher debt levels following the acquisition of Digicel Pacific, and higher borrowing costs given exposure to floating rates.

Tax increased 40%, on higher profit before tax and one-offs associated with M&A in 1H22. We expect the effective tax rate to be around 30% in FY23.

EPS was up 27% to 7.5c reflecting higher earnings, lower average shares on issue following our FY22 buyback, as well as higher minority interests following the 49% sale of Amplitel last financial year.

SLIDE 7 – EBITDA by Product

Looking at product performance on Slide 7.

We saw strong growth in Mobile and International, partly offset by Fixed - Enterprise decline.

Mobile benefited from growth in service revenue, partly due to higher international roaming, while International growth mostly came from the Digicel Pacific acquisition.

I will now step through our key products, starting with Mobile on Slide 8.

SLIDE 8 – Product highlights – Mobile

In Mobile, we achieved continued growth in revenue, EBITDA and SIOs from the successful execution of our strategy.

On the top left you can see mobile service revenue, up 9.3%.

All segments and sub-products including MBB, IoT, and wholesale grew.

Growth was supported by international roaming lifting by around $100m to approximately 70% of pre-COVID levels, and a $42m one-off in prepaid from product migration.

Excluding these, service revenue grew 5.3% driven by volume and value, in line with our mid-single digit CAGR ambition.

In postpaid handheld, we added net 68,000 SIOs. While prepaid handheld unique users increased 137,000.

We estimate that the cyber incident at Optus also impacted our 1H23 net adds in the order of positive low-to-mid 10's of thousands, split across C&SB and Enterprise postpaid, prepaid, and wholesale. Port-ins from Optus have now largely normalised.

Postpaid ARPU, shown on the bottom left chart, grew 4.5%. This was from higher roaming and around three and a half months of benefit from consumer & small business price increases in line with CPI, implemented in the half. Partly offsetting this was an Enterprise COVID related messaging benefit in the prior corresponding period.

Prepaid also achieved exceptional performance supported by incoming travellers and ARPU growth through increased data usage and migration to new simplified plans.

SLIDE 9 – Product highlights – Fixed – C&SB

In Fixed – C&SB, we delivered growing EBITDA in line with our commitment.

Nbn reseller margin was up to 7% from 4% in the pcp, with 3.7% ARPU growth achieved from price rises. We also saw continued evolution of plan mix as customers choose the plan that suits them.

We continue to migrate our customers to the new digital stack, which is delivering better customer outcomes. 1H23 episode NPS improved 19 points for sales & activation, with the new stack 24 points above legacy. Proactive fault identification and resolution, and better agent tools to resolve queries, have also delivered a pcp improvement of over 6 points to episode NPS.

On-net Fixed wireless also continues to scale. While in SMB and the mid-market, we have gained traction in nbn reseller.

However, there remain challenges. We are focused on evolving our customer propositions and our multi-brand strategy, to support stabilising SIOs and longer-term sustainable growth.

Going forward we are targeting greater than 8% nbn reseller margins in FY23 and mid-teens in FY25. While we will continue to drive efficiencies, achieving these ambitious targets sustainably will require us to stabilise volume performance.

We are also focused on reducing costs and improving on-net losses through rationalisation of our legacy voice, ADSL, and transmission network, as well as continuing to optimise field service costs, as remaining customer numbers decline.

SLIDE 10 – Product highlights – Fixed – Enterprise

Turning to Fixed - Enterprise on slide 10, which is made up of Data & Connectivity and Network Applications & Services.

DAC revenue declined 14.4%, in line with the previous half, as it remained impacted by ongoing disruption from technology change and competition.

We have been repricing our plans, and pro-actively targeting customers at risk of churn, resulting in renewals at lower rates and ARPU compression.

Going forward we will continue simplifying products and IT platforms, targeting improved customer experience, and lower cost to connect and serve, through automation.

Our focus is on retention, and we expect further ARPU declines as we proactively target the base, as well as customers who previously churned.

We have also implemented a new customer care approach for high-risk mid-market and business customers. This has resulted in an improvement in Telstra Fibre SIO trajectory, including lower churn and positive net adds late in the second quarter.

In NAS, revenue grew 2%, reflecting growth from cloud, security, the Viasat contract, and acquisitions, offset by headwinds in calling products due to fixed and legacy product exits and lower usage.

Faster decline in legacy calling is the reason we are below our mid-single digit revenue growth ambition.

With revenue recognition linked to milestone timing, the business remains seasonal.

Our focus is on continuing to build deep strategic relationships with hyperscalers, and extending our industry expertise with specific partners, applications, and software in our go to market strategy.

Overall, while our ambition is to grow total domestic enterprise across T25 including mobile, this will be a significant challenge in FY23 given the level of 1H decline. We are focused on 5 areas:

- ongoing momentum in mobility,
- strong 2H NAS performance consistent with normal seasonality,
- limiting the level of calling decline,
- retaining fibre SIOs, and
- managing cost

SLIDE 11 – Product highlights – International and Digicel Pacific

Turning to International on Slide 11.

Following the acquisition of Digicel Pacific, International now represents around 10% of our EBITDA.

International excluding Digicel Pacific grew 9.3% in Australian dollars, or 7% in constant currency.

Pleasingly, Digicel Pacific is performing well with core mobile and SIO growth in all markets. Revenue and EBITDA are up 7% and 9% respectively vs proforma at constant currency.

Note that following the implementation of our corporate restructure from 2H23, International reporting will include internal revenue with group eliminations increasing an equivalent amount. The restructure will also create other additional internal revenue and costs.

SLIDE 12 – Product highlights – Infrastructure

Turning to infrastructure on Slide 12.

While reported revenue and EBITDAaL grew 3.6% and 2.7% respectively, core access growth for ducts, fibre & network sites was above this level.

Nbn commercial works declined in line with contract expiry, partly offset by an increase in legacy network disposals.

Core access grew from both internal and nbn recurring revenue growth. The latter grew 4.8%, supported by CPI indexing. A further 7.3% price increase was applied from 1 Jan 2023.

The EBITDAaL result also reflected incremental investments in strategic infrastructure projects, power, and maintenance costs.

As we think about InfraCo Fixed, it is important to understand there are a range of asset classes, each with different investment models:

- Ducts represents most of the earnings and value. It is very high quality, low capex, with difficult to replace assets, and long-term predictable earnings,
- Long-haul fibre, we are investing in, and view it as a growth business,
- Access fibre is about leveraging the existing footprint, and finally
- Fixed network sites provide opportunities, especially in large regional and metro sites. Outside these areas, we are giving significant focus to how we reduce costs.

Vicki will talk further about InfraCo Fixed.

SLIDE 13 – OPERATING EXPENSES

Turning to our operating expenses, which you can see on Slide 13.

Total operating costs increased 4.2%.

Excluding one-offs, restructuring and M&A transaction costs, underlying costs increased 6.8%.

We have updated the split of our underlying costs, including more in Fixed costs - core. Telstra Health and recent M&A activity including Digicel Pacific are included in Fixed costs - other.

A bridge from our prior disclosure is shown in the detailed financials included in this presentation.

Our productivity program is measured as the absolute reduction in Fixed costs - core.

Fixed costs - core increased $110m, as productivity was offset by;

- Wage and non-labour cost inflation on the 1H22 cost base of $3.2b,
- Around $70m increase from insourcing of our retail stores, and onshoring of contact centres,
- $22m in higher Energy costs, which were neutralised at EBITDA from PPAs,
- around $20m of higher travel costs,
- and $15m in FX headwinds and International.

The net increase in Fixed costs core was broadly as expected, and we continue to expect modest reduction in FY23. A reduction in Q2 costs compared to Q1, gives us confidence in achieving this. However, we expect inflationary pressure in the second half to continue.

We are committed to cost reduction, and to our previously stated net reduction ambition of $500 million by FY25. This ambition is significantly bolder than when we set it.

Achieving this ambition is in part dependent on the external environment, which has changed significantly since it was first announced.

I reiterate that we are absolutely committed to achieving our T25 EBITDA and EPS growth ambitions.

I also want to be very clear that we will not take our foot off the pedal on ensuring delivery of cost-out and operational efficiencies. This includes on the back of:

- B2B and B2C digitisation,
- getting off legacy systems and reducing legacy IT costs,
- delivering cost-out across all customer episodes and value chains,
- and through decommissioning legacy infrastructure.

Beyond fixed costs, we are very focused on efficiency in all other areas of our spend, including sales costs, capex, leases including property, and finance costs.

SLIDE 14 – INFLATION AND MITIGANTS

Slide 14 is an update on the implications of inflation, including mitigants we have put in place.

Our sales costs, especially in the other category, are seeing some inflationary pressure, however these costs are largely passed through.

Within fixed costs, the biggest bucket is labour. We have seen absolute cost growth through insourcing stores and onshoring, with wage inflation in line with expectations.

On energy, costs are expected to be broadly flat after adjusting for Power Purchase Agreements in FY23 and FY24. We continue to expect gross energy costs to increase by around $50m in FY23, which is offset at EBITDA by PPAs, and then be broadly flat in FY24, with the large majority of usage contracted.

Service contracts and agreements are areas where we are seeing inflationary pressure, including professional and corporate services, IT, field, fuel, and transport.

We have mitigated cost growth through existing contracts, putting services out to tender, working with suppliers to adjust the way we do business, and reviewing our licensing requirements.

Importantly, we also have revenue levers, and continue to make changes to prices across our portfolio. For example, in mobile:

- Around 65% of postpaid mobile handheld customers are on C&SB plans with an option to review prices annually against CPI in July.
- For some Enterprise postpaid mobile handheld customers, prices increased around $3 per month taking effect from December,
- This calendar year we have communicated further base management in Belong and mobile broadband.

In addition, our nbn recurring revenues of around $1b per annum are indexed to CPI.

SLIDE 15 – FREE CASHFLOW

Turning to free cashflow on Slide 15.

Our 1H23 free cashflow was $1 billion on a guidance basis. This is consistent with common 1H/2H seasonality in our cash flow.

The decline vs the prior corresponding period was principally due to working capital movement. Working capital increased $451m in the first half from:

- increased inventory on normal seasonality, the impact of insourcing of stores, and some normalisation given prior period supply constraints, and
- payables movement which was impacted by timing, and lower accruals.

Pleasingly, we continue to see year on year improvement in our receivable metrics including days sales outstanding, aged debt, and bad debt.

The working capital movement in 1H23 was largely timing related, and as implied by our guidance, we expect to reverse the working capital build-up in the second half.

The capex increase in 1H23 was associated with Digicel Pacific and strategic capex.

M&A in the period included outflow of A$2.4b for the Digicel Pacific acquisition and earn-out, funded by $1.1b of non-recourse debt from, and $0.9b of equity-like securities issued to, Export Finance Australia, and $0.4b of Telstra equity.

SLIDE 16 – CAPITAL POSITION

Turning to our capital position on slide 16.

In 1H23 net debt increased by $2.2 billion from 30 June 2022, largely due to funding the Digicel Pacific acquisition and normal seasonality of free cash flow.

We remain within our comfort ranges for all credit metrics, with debt servicing at 1.9x.

Underlying ROIC improved to 7.5% to just above our cost of capital, illustrating we remain in recovery mode.

SLIDE 17 – FY23 GUIDANCE

Turning now to FY23 guidance, which can be seen on Slide 17.

You can see the ranges, along with the assumptions and conditions upon which we have provided them.

There are no changes except that, we now expect to be at the bottom of income guidance, for 2 main reasons:

- Firstly, mobile hardware, which despite growing 12% on higher volumes and increased accessories and wearables sales, was below expectations, with customers continuing to hold handsets for longer, and more purchasing from external parties, and
- Secondly, fixed revenue across C&SB and Enterprise being below expectations.

Finally, to summarise:

- Our business continues to deliver high quality mobile-led organic growth.
- We are well placed in the current environment, and
- We remain disciplined and focused on creating value.

Finally, I would like to express my thanks to the Telstra team for their ongoing passion to deliver value for customers, the community, and our shareholders.

I will now hand back to Vicki.

VICKI BRADY – CEO

Slide 18 – Half year results 2023 – Vicki Brady Telstra CEO

Thank you Michael.

So, as you can see from that detailed breakdown, overall we have positive momentum, driven by continued growth in mobiles, with some challenges in fixed.

These challenges are especially important given the current economic uncertainty, with inflation particularly proving challenging for most businesses.

Michael talked you through the impacts and our responses in detail however I wanted to reinforce the point that while inflation is impacting cost, we continue to have cost mitigants and revenue levers, and remain committed to our FY25 $500 million cost out, underlying EBITDA and EPS ambitions.

I also understand the current economic climate creates challenges for our customers. The changes we have made in recent years to remove lock-in contracts and move to a multi-brand strategy mean we can continue to provide customers with flexibility and options to ensure they can choose plans they can afford. This is very much front of mind for me.

Turning now to our T25 strategy.

Slide 19 – Our T25 strategy

T25 is a strategy that leverages the foundation and capabilities we have built over the last few years. I am absolutely confident it is the right strategy, but naturally it may be necessary to make adjustments to it at times to deliver customer experience improvements, new growth opportunities and fundamentally shift the way Australians feel about us.

It has the four pillars shown on the slide: an exceptional customer experience, leading network and technology solutions, sustained growth and value, and the place you want to work.

T25 is about growing sustainably by doing the right thing by our customers, our people, our shareholders, and by Australia. It's an ambitious strategy built around our customers and recognises that providing them great connectivity is only half the customer experience equation – we have to make doing business with us an exceptional experience too.

We took great steps forward on this through T22, including bringing calls back to Australia and our stores in house, and continuing this work is my number one priority. I know that if we get the customer experience right then we will be well on the way to delivering our growth and reputation measures.

A large part of this is delivering on what we say we will deliver for customers – getting it done right, first time. I am pleased with our progress – our customer complaint numbers have dropped to record lows and our Episode NPS results have seen historic highs.

In a digital world it also means doing what we can to help protect our customers against scams and cyber-crime. We have led the industry on blocking scams and malicious contact reaching our customers. We have also taken steps to improve the way we collect and retain customer data. The job here is never done and my goal is to ensure we remain a leader in cyber-security, data collection and retention improvements.

Despite our good progress on customer experience, there is still more we need to do. Our work to digitise, simplify and upgrade our legacy systems is transforming our customer service, but has been disruptive for our people and customers, so it is critical we finish the job as quickly as possible. We must accelerate the move away from our legacy systems as it will help deliver on our customer experience ambitions, along with making us a more efficient business.

When it comes to future areas of growth, connectivity is the starting point. It's why leading on networks and technology solutions is one of our strategic pillars. Our opportunity is to leverage these capabilities alongside our customer relationships and our strategic partnerships with global and local players to deliver technology solutions in key industry verticals.

Our joint venture with Quantium, announced during the half, will not only help us provide advanced data and AI services to key verticals, it will also help contribute to our own digital ambitions under T25 to deliver improved products and experiences to our customers.

We are also already beginning to see a new wave of industry digitisation enabled by connected technologies, particularly in sectors like healthcare and agriculture.

Telstra Health is a good example – it continues to grow, and is on track to achieve its ambition of being a $500 million revenue business by FY25.

Turning now to our early progress on T25 by strategic pillar.

Slide 20 – T25 achievements

You can see on the slide the progress we have made in the first six months of T25 and I will call out some of the key achievements.

As I said, we continue to make good progress on the customer experience pillar. Episode NPS improved 4 points, customer complaints reduced by more than one third and Telstra Plus members grew to 4.8 million.

Against network leadership: we are on track to meet all our commitments by FY25. We have the largest 5G network, our 5G population coverage has reached over 81 per cent and is on track for our FY23 target of 85 per cent.

We are currently leading the majority of key mobile and fixed network surveys for coverage and speed. In the half, our Australian mobile network was again awarded Best in Test by Umlaut, and we again led on Ookla's Speedtest from July to December 2022.

Against the growth and value pillar: in the half we have delivered growth in Underlying EBITDA and EPS. With underlying ROIC at 7.5 per cent we are on track to achieve around 8 per cent in FY23.

Against the place you want to work pillar: our employee engagement score was 79. This result ranks us near the top companies globally, however below our 90th percentile target. We are focussed on continuing to improve employee engagement.

Slide 21 – T25 scorecard

This positive progress is reflected in our T25 scorecard, which demonstrates we are on track to deliver the majority of our T25 metrics. Through T22 we held ourselves to account on our original targets and we will continue to do that through T25.

A number of metrics we have rated as amber where work has commenced but early progress is below where we want it to be to achieve the FY25 target. We remain committed to accelerating and delivering on these targets.

On our inter-city fibre project, construction has commenced, and we are seeing strong interest from hyper-scalers, other operators, satellite providers and national enterprises.

You may recall we announced a change to the original scope of the project last year to stage our rollout to focus on the highest priority routes, which explains its rating on the scorecard.

This nation-building project will provide a critical injection of capacity into key inter-city routes and is the only national project of its type that is funded, and where construction has commenced.

Slide 22 – Half year results 2023

Turning now to our key focus areas for FY23.

My number one strategic priority is improving the customer experience. This is paramount and a key enabler of our growth ambitions. The accelerated move away from our legacy systems I mentioned earlier will support us achieving this goal.

I also wanted to reinforce the specific areas we see as key to maintaining our financial momentum and delivering sustainable growth for shareholders. As I do, I'll also comment briefly on relevant industry matters.

Our first focus area is mobile and delivering continued profitable growth. First half mobiles performance was strong, and we are focussed on continued sustainable revenue growth underpinned by our multi-brand strategy, network leadership and delivering new network experiences to our customers.

Part of this is also looking at innovative ways to improve the experience we provide to our customers, responding to the ever-increasing demand for data and managing our spectrum assets efficiently. To that end, the decision by the ACCC not to grant authorisation for our landmark MOCN agreement with TPG Telecom was disappointing. The agreement would provide an innovative solution delivering better connectivity for our customers as well as greater coverage for TPG – things I know regional customers really value. The appeal process is underway with a result expected to be handed down in June this year.

The second focus area is improving overall fixed C&SB performance. This includes further increases in off-net margins, and improving the experience for our C&SB copper customers. We have spoken about our focus on cost, and obviously nbn wholesale prices is a large part of this in C&SB. The recently submitted nbn SAU makes some steps in the right direction, however, if it was to be accepted in its current form, it would leave us with little choice but to take immediate steps in response. In line with our previous commentary, this could mean price increases on our most popular plans. We will continue to advocate for better service standards and sustainable wholesale pricing on behalf of our customers through the ACCC process.

The third focus area is improving fixed Enterprise performance and profitability. This includes delivering scaled propositions to meet Enterprise customer needs and winning in fibre, whilst driving further growth in NAS. Michael outlined where the challenges and opportunities lie for us in fixed Enterprise, so I won't repeat that.

Lastly, before I conclude, let me update you on where we are at with InfraCo.

Following shareholder approval for our restructure in October, we completed the separation and transfer of assets into subsidiary groups on 1 January.

This is an important milestone and allows us to focus our attention on the commercial and operating aspects of ensuring we are maximising long term value in the InfraCo business for Telstra shareholders.

I have spoken before about the benefits and opportunities that are being identified across InfraCo through operating it as a standalone business. In the short term our focus is on:

- increasing utilisation and efficiency of the InfraCo asset suite,
- ensuring that the ongoing commercial arrangements between InfraCo and Telstra support growth across both businesses; and
- seeking areas to grow through investment or partnership. Our Viasat and Intercity Fibre projects are recent examples of this.

While we believe there are potential value realisation options, we will be measured and deliberate as we consider them through 2023 and ensure that in any future decisions we may make we capture and retain long-term value for shareholders from these unique and valuable assets.

With that let me close out my first results presentation as the CEO of Telstra.

I am excited to be leading this highly capable team and proud that in the half, we achieved strong growth, successfully transitioned to our T25 strategy, made good early progress on that strategy, and finalised our legal restructure.

Our outlook for 2023 is strong. This year we will gain growth momentum and continue to lift our customer experience through T25.

I would like to close by acknowledging that the progress we have made is due to the combined efforts of the many dedicated Telstra employees. Thank you for all that you do and all you will do this year to serve our customers and each other. Together we will create an even better Telstra – for our people, for our customers, for our shareholders, and for our communities.

I will now hand over to Nathan Burley – Head of Investor Relations – to take us through Q&A.

[END]

Half year results and operations review

Reported results

Summary financial results	1H23	1H22	Change
	$m	$m	%
Revenue (excluding finance income)	**11,306**	10,503	7.6
Total income (excluding finance income)	**11,583**	10,887	6.4
Operating expenses	**7,723**	7,412	4.2
Share of net profit/(loss) from equity accounted entities	**1**	(9)	n/m
EBITDA	**3,861**	3,466	11.4
Depreciation and amortisation	**2,260**	2,189	3.2
EBIT	**1,601**	1,277	25.4
Net finance costs	**252**	238	5.9
Income tax expense	**415**	296	40.2
Profit for the period	**934**	743	25.7
Profit attributable to equity holders of Telstra Entity	**865**	698	23.9
Capex[1]	**1,658**	1,386	19.6
Free cashflow	**(1,300)**	1,324	n/m
Earnings per share (cents)	**7.5**	5.9	27.1

1. Capex is defined as additions to property, plant and equipment and intangible assets, excluding expenditure on spectrum and guidance adjustments, externally funded capex, and capitalised leases. Capex is measured on an accrued basis

Financial results

Telstra delivered 1H23 results showing strong and continued growth, with positive momentum across key indicators. Total income was up 6.4 per cent and EBITDA increased 11.4 per cent, driven by momentum from the mobiles business and support from the acquisition of Digicel Pacific. This flowed through to a 25.7 per cent increase in NPAT. EPS increased 27.1 per cent and underlying EPS[1] increased by 27.4 per cent.

Telstra achieved strong growth, successfully transitioned to, and made good early progress on its T25 strategy, and finalised its legal restructure.

On the back of our continued growth, the Board resolved to pay a fully franked interim dividend of 8.5 cents per share representing a 6.3 per cent increase on the prior corresponding period, and in line with the second half of last financial year. The interim dividend is consistent with our policy to maximise the fully franked dividend and seek to grow it over time.

Guidance[2] for the full year was reaffirmed across all measures, with income now expected to be at the bottom end of guidance due to mobile hardware and fixed product revenues being lower than expected.

Telstra's T25 strategy leverages the foundation and capabilities Telstra has built over the last few years. It has the four pillars: an exceptional customer experience, leading network and technology solutions, sustained growth and value, and the place you want to work. T25 is about growing sustainably by doing the right thing by our customers, our people, our shareholders, and by Australia.

T25 is about growing sustainably by doing the right thing by our customers, our people, our shareholders, and by Australia. It's an ambitious strategy built around our customers and recognises that providing them great connectivity is only half the customer experience equation – we have to make doing business with us an exceptional experience too.

Telstra made good early progress on T25 in the half.

On customer experience, Episode NPS improved 4 points, customer complaints reduced by more than one third and Telstra Plus members grew to 4.8 million. Our customer complaint numbers have dropped to record lows and our Episode NPS results have seen historic highs. We have also led the industry on blocking scams and malicious contact reaching our customers, as well as taken steps to improve the way we collect and retain customer ID data.

On network leadership, we are on track to meet all our commitments by FY25. We have the largest 5G network, our 5G population coverage reaches over 81 percent and is on track for our FY23 target of 85 per cent. We are currently leading the majority of key mobile and fixed network surveys for coverage and speed.

Against the growth and value pillar, we delivered growth in Underlying EBITDA and EPS. With underlying ROIC[3] at 7.5 per cent we are on track to achieve around 8 per cent in FY23. On cost, while inflation is having an impact, we continue to have cost mitigants and revenue levers, and remain committed to our FY25 $500 million cost out ambition.

The current economic climate creates challenges for our customers. The changes we have made in recent years to remove lock-in

1 Underlying EPS calculated as PATMI attributable to each share, excluding net one-off nbn receipts and guidance adjustments.

2 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.

3 Underlying ROIC calculated as NOPAT as a percentage of total capital, excluding net one-off nbn receipts and guidance adjustments less tax.

contracts and move to a multi-brand strategy mean we can continue to provide customers with flexibility and options to ensure they can choose plans they can afford.

Against the place you want to work pillar, our employee engagement score was 79. This result ranks us near the top companies globally, however below our target. We are focussed on continuing to improve employee engagement.

Results on a guidance basis[1]	1H23	FY23 Guidance basis
Total income	**$11.6b**	$23.0b to $25.0b
Underlying EBITDA	**$3.9b**	$7.8b to $8.0b
Capex	**$1.7b**	$3.5b to $3.7b
Free cash flow after lease payments (FCFaL)	**$1.0b**	$2.6b to $3.1b

Guidance basis versus reported results[1]	1H23	1H23	1H23	1H22
	Reported results $m	Adjustments $m	Guidance basis $m	Guidance basis $m
Total income	**11,583**	**-**	**11,583**	10,866
EBITDA	**3,861**	**34**	**3,895**	3,495
Free cashflow	**(1,300)**	**2,321**	**1,021**	1,675

1. These tables detail adjustments made to the reported results for the current and comparative periods to reflect the performance of the business on the basis on which we provided guidance to the market, which 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. A detailed reconciliation of our reported results to guidance can be found in the guidance versus reported results schedule. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C and guidance adjustments. Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases. Free cash flow after lease payments defined as 'operating cash flows' less 'investing cash flows' less 'payments for lease liabilities, and excludes spectrum and guidance adjustments. Refer to the guidance versus reported results schedule. The adjustments within the tables in this schedule have been reviewed by our auditors.

Dividend

On 16 February 2023, the Directors of Telstra Group Limited resolved to pay a fully franked interim dividend of 8.5 cents per share representing a 6.3 per cent increase on the prior corresponding period, and in line with the final dividend for the second half of last financial year. Shares will trade excluding entitlement to the interim dividend from 1 March 2023 with payment to be made on 31 March 2023.

The interim dividend represents a 113 per cent payout ratio on 1H23 reported earnings per share and is in line with Principle 2 of our Capital Management Framework to 'maximise fully franked dividend and seek to grow over time'.

Other information

The following commentary is provided for statutory and management financial results. Consistent with information presented for internal management reporting purposes, the result of each segment is measured based on its EBITDA contribution. Refer to Note 2.1.1 in the Half-Year Financial Report for further detail.

First half performance against our FY23 Executive Variable Remuneration Plan (EVP) metrics is included on page 11. For additional details on EVP metrics and targets, refer to pages 69-71 of our 2022 Annual Report available at https://www.telstra.com.au/aboutus/investors/financial-information/reports.

Segment performance

We report segment information on the same basis as our internal management reporting structure as at the reporting date. Segment comparatives reflect organisational changes that have occurred since the prior reporting period to present a like-for-like view.

Segment total income (including internal charges)

Total income	1H23	1H22	Change
	$m	$m	%
Telstra Consumer and Small Business (C&SB)[1]	**6,394**	5,995	6.7
Telstra Enterprise	**3,851**	3,496	10.2
Networks and IT[2]	**138**	123	12.2
Telstra InfraCo[2]	**1,818**	1,776	2.4
All Other[2]	**224**	269	(16.7)
Total management reported income	**12,425**	**11,659**	**6.6**
Transactions between segments	**(842)**	(772)	(9.1)
Total income	**11,583**	**10,887**	**6.4**

1. Includes one-off nbn DA and Connection in 1H22
2. Includes internal charges

Total income (excluding finance income) increased by 6.4 per cent to $11,583 million due to higher mobile services and hardware income, the inclusion of Digicel Pacific income following acquisition, and income growth from C&SB off-net fixed, Enterprise Network Applications and Services, Telstra InfraCo Fixed and Amplitel. Income growth was partly offset by declines across fixed products including C&SB on-net fixed, Enterprise Data and Connectivity and Active Wholesale.

Telstra Consumer and Small Business

Telstra Consumer and Small Business provides telecommunications, media and technology products and services to Consumer and Small Business customers in Australia using mobile and fixed network technologies. It also operates call centres, retail stores, a dealership network, digital channels, distribution systems and Telstra Plus customer loyalty program in Australia.

Income increased by 6.7 per cent to $6,394 million including 11.1 per cent growth in mobile income. Mobile services revenue increased with growth in Average Revenue Per User (ARPU) and Services In Operation (SIOs) across mobile products, and higher mobile hardware revenue from increased sales volumes. Fixed product income was relatively stable, increasing 0.2 per cent, with growth in off-net revenue offset by decline in on-net revenue due to nbn migration.

Telstra Enterprise

Telstra Enterprise provides telecommunication services and advanced technology solutions for government and large enterprise and business customers in Australia and globally. It provides product management for advanced technology solutions through Data and Connectivity and Network Applications and Services (NAS) products such as unified communications, cloud, security, industry solutions and integrated services. It provides wholesale services outside of Australia, including both voice and data, and provides telecommunication, media and technology products and services to consumer, business and government customers in the South Pacific through our Digicel Pacific acquisition which was completed on 13 July 2022.

Income increased by 10.2 per cent to $3,851 million including $356 million for Digicel Pacific. Domestic mobile income increased by 1.4 per cent including growth from Internet of Things (IoT) value-add applications. Domestic fixed revenue declined 2.5 per cent, with NAS revenue gains offset by declines in Data and Connectivity. NAS revenue increased 2.0 per cent including growth in professional services and cloud, partly offset by calling applications legacy decline.

Networks and IT

Networks and IT supports the other segments and their respective revenue generating activities by maintaining high level of reliability and security of our network platforms and data. It also builds and manages software and provides information technology services to all internal functions.

Telstra InfraCo

Telstra InfraCo provides telecommunication products and services delivered over Telstra networks to other carriers, carriage service providers and internet service providers, and provides other Telstra functions and wholesale customers with access to network infrastructure within Telstra InfraCo's asset accountabilities. It operates the fixed passive network infrastructure including data centres, exchanges, poles, ducts, pits and pipes and fibre network. It provides nbn co with long-term access to certain components of our infrastructure under the Infrastructure Services Agreement and operates the passive and physical mobile tower assets owned or operated by the Amplitel business.

Income, including internal charges, increased by 2.4 per cent to $1,818 million due to growth in recurring nbn Definitive Agreement (DA) receipts in line with CPI, increased internal and external access charges, and growth in wholesale mobility. This was partly offset by expected declines from Fixed – Active Wholesale legacy products and commercial works supporting the nbn. Excluding internal access charges, income increased by 0.3 per cent to $1,152 million.

All Other

Certain items of income and expense relating to multiple functions are recorded by our corporate areas and included in the All Other category. This category also includes the Product and Technology Group, Global Business Services (GBS), Telstra Health and Telstra Energy generation and markets.

Income decreased by 16.7 per cent to $224 million mainly due to a $134 million decline in Per Subscriber Address Amount (PSAA) disconnection fees as the nbn migration nears completion. Telstra Health income increased by $40 million to $147 million from organic growth and prior year MedicalDirector and PowerHealth acquisitions. Telstra Energy income increased by $44 million from energy generation revenue and fair value gains on energy firming derivatives.

Product performance

Product revenue breakdown (including internal charges)

Product income	1H23 $m	1H22 $m	Change %
Mobile	**5,130**	4,683	9.5
Fixed – C&SB	**2,264**	2,260	0.2
Fixed – Enterprise	**1,769**	1,814	(2.5)
Fixed – Active Wholesale	**209**	252	(17.1)
International	**1,148**	758	51.5
InfraCo Fixed	**1,226**	1,183	3.6
Amplitel (Towers)	**197**	179	10.1
One-off nbn DA & Connection	**46**	203	(77.3)
Other	**436**	327	33.3
Total management reported income	**12,425**	**11,659**	**6.6**
Eliminations	**(842)**	(772)	(9.1)
Total external income	**11,583**	**10,887**	**6.4**

Product EBITDA contribution margins	1H23 %	2H22 %	1H22 %	FY22 %
Mobile	**43.2**	42.6	41.8	42.2
Fixed – C&SB	**2.2**	1.4	1.0	1.2
Fixed – Enterprise	**12.0**	19.1	16.5	17.9
Fixed – Active Wholesale	**34.0**	30.7	35.7	33.3
International	**32.7**	26.0	25.6	25.8
InfraCo – Fixed	**65.8**	68.3	66.4	67.4
Amplitel (Towers)	**81.2**	75.1	84.9	79.9
Other	**0.5**	12.7	(2.0)	6.3
Net one-off nbn DA less nbn net cost to connect	**56.5**	61.7	61.6	61.6

Mobile

Mobile income increased by 9.5 per cent to $5,130 million including 9.3 per cent services revenue growth and 12.2 per cent hardware growth. Growth in services revenue was achieved across all mobile sub-products. Retail mobile SIOs increased by 848,000 in the half bringing the total to 21.7 million. We now have 8.8 million postpaid handheld retail SIOs, an increase of 68,000.

Postpaid handheld services revenue increased by 6.3 per cent to $2,657 million with a 1.6 per cent uplift in SIOs and a 4.5 per cent ARPU increase from $48.29 to $50.47 driven by price rises and higher international roaming.

Prepaid handheld revenue increased by 28.7 per cent to $556 million with a 285,000 increase in unique users (including 137,000 in the half) and 20.7 per cent increase in ARPU from increased usage and one-off revenue of $42 million from product migration.

Mobile broadband revenue increased by 5.6 per cent to $337 million driven by a 5.8 per cent uplift in ARPU from $17.58 to $18.60.

Internet of Things (IoT) revenue increased by 7.8 per cent to $139 million with SIOs increasing by 1,232,000 (including 660,000 in the half) and growth in value-add applications for Enterprise customers.

Wholesale revenue increased 14.2 per cent to $169 million driven by 289,000 net SIO adds (including 162,000 in the half) and ARPU growth. Wholesale mobile SIOs total 2.1 million from the continued popularity of our Mobile Virtual Network Operator's (MVNO) plans on the Telstra mobile network.

Hardware, interconnect and other revenue increased by 10.2 cent to $1,263 million largely due to higher hardware volumes.

Mobile EBITDA contribution margin increased by 1.4 percentage points to 43.2 per cent due to increased high-margin service revenue partly offset by increased costs associated with insourcing our retail channel, internal infrastructure and international roaming, and increased low margin hardware revenue.

Fixed – Consumer and Small Business (C&SB)
Fixed – C&SB income increased by 0.2 per cent to $2,264 million impacted by nbn migration. Off-net fixed revenue, which is revenue from services for which we are a reseller, increased by 6.2 per cent to $1,651 million from ARPU growth and as customers continue to migrate onto the nbn network. On-net fixed revenue, which is revenue from services on the Telstra fixed network, decreased by 30.9 per cent to $179 million. C&SB bundles and standalone data ARPU increased by 3.7% to $79.57 and SIOs declined by 50,000 in the half to 3.5 million.

Consumer content and services revenue increased by 1.0 per cent to $309 million including growth from the Fetch TV acquisition. Gaming contributed to growth with a 6 per cent increase in gaming SIOs in the half to 89,000. Growth was partly offset by a 14.4 per cent reduction in Foxtel from Telstra SIOs.

Business apps and services revenue declined by 3.5 per cent to $83 million due to legacy product decline.

Fixed – C&SB EBITDA contribution margin increased by 1.2 percentage points to 2.2 per cent with growth in off-net fixed revenue and cost-out, partly offset by reduction in on-net fixed revenue. Off-net nbn resale contribution margin increased by 3 percentage points to 7 per cent. On-net fixed and consumer content and services reduce the Fixed – C&SB EBITDA contribution margin.

Fixed – Enterprise
Fixed – Enterprise income declined by 2.5 per cent to $1,769 million with declines in Data and Connectivity partly offset by gains in NAS. Data and Connectivity income declined by 14.4 per cent to $423 million driven by ARPU compression from competition and technology change. Our T-Fibre customer base declined marginally with government contract renewals offset by churn in mostly mid-market and business segments.

NAS income increased by 2.0 per cent to $1,346 million with growth in managed services, professional services and cloud applications, partly offset by decreases in calling applications and equipment sales.

Managed services and maintenance revenue increased by 5.9 per cent to $378 million due to an increase in large customers attaching cyber security services and service management. Professional services revenue increased by 43.8 per cent to $266 million including from one-off infrastructure builds on large strategic contracts and Telstra Purple acquisitions (including Alliance Automation and Aqura Technologies). Cloud applications revenue increased by 15.6 per cent to $156 million from growth in demand for partner cloud products including AWS and Microsoft.

Calling applications revenue declined by 25.4 per cent to $255 million due to ISDN and legacy fixed line calling products (in line with planned exit and market shift to integrated video solutions), and COVID driven demand for unified communications in the prior corresponding period which did not repeat this half. Equipment sales revenue declined by 16.9 per cent to $147 million.

Fixed – Enterprise EBITDA contribution margin declined by 4.5 percentage points to 12.0 per cent with an increased mix of lower margin NAS income and Data and Connectivity margin decline. Data and Connectivity EBITDA contribution margin declined by 15.2 percentage points to 24.3 per cent due to revenue reduction and increased costs. NAS EBITDA contribution margin grew by 0.2 percentage points to 8.2 per cent due to revenue growth in managed services, professional services and cloud applications.

Fixed – Active Wholesale
Fixed – Active Wholesale income declined by 17.1 per cent to $209 million impacted by ongoing migration to the nbn and legacy product decline. Data and Connectivity revenue decreased by 10.1 per cent to $142 million reflecting SIO and ARPU decline in wideband products partly offset by growth in Telstra Wholesale Internet with increased SIOs and usage. Legacy calling and fixed revenue declined by 28.7 per cent to $67 million from continued legacy fixed product SIO decline.

Fixed – Wholesale EBITDA contribution margin decreased by 1.7 percentage points to 34.0 per cent due to continued legacy and nbn revenue decline offset partly by cost-out. The margin improved sequentially in the half due to lower costs.

International
International income increased by 51.5 per cent to $1,148 million including $356 million for Digicel Pacific. Digicel Pacific income was 6 per cent higher than constant currency (CC) proforma income with growth in mobile SIOs across all its South Pacific markets. Excluding Digicel Pacific, income increased by 4.5 per cent to $792 million (0.4 per cent growth in CC) with growth in Data and Connectivity due to investment in subsea capacity and Enterprise products, offset by expected declines in low margin legacy voice.

International EBITDA contribution margin increased by 7.1 percentage points to 32.7 per cent due to the inclusion of Digicel Pacific EBITDA margin of 45.8 per cent. Excluding Digicel Pacific, margin improved by 1.2 percentage points due to Data and Connectivity revenue growth.

InfraCo Fixed
InfraCo Fixed income increased by 3.6 per cent to $1,226 million. Recurring nbn DA income increased by 4.8 per cent to $481 million reflecting inflation linked price increases. Recurring nbn DA income includes infrastructure services across ducts, racks and fibre provided to nbn Co.

External infrastructure revenue increased by 31.6 per cent to $125 million including $51m from disposal of legacy network copper assets which we expect to be ongoing. Internal infrastructure access revenue increased by 4.8 per cent to $500 million.

Commercial and recoverable works revenue declined by 21.1 per cent to $120 million mostly due to the initial nbn rollout nearing completion. InfraCo Fixed income grew 4.8 per cent excluding commercial and recoverable works and legacy network disposals.

InfraCo Fixed EBITDA contribution margin reduced 0.6 percentage points to 65.8 per cent due to increased power costs and investment in asset maintenance and growth opportunities.

Amplitel (Towers)
Amplitel income grew by 10.1 per cent to $197 million, including internal charges, from contracted growth, continued demand for new tower builds and 5G upgrades. Amplitel external revenue grew 6.9 per cent.

Amplitel EBITDA contribution margin reduced 3.7 percentage points to 81.2 per cent due to asset maintenance.

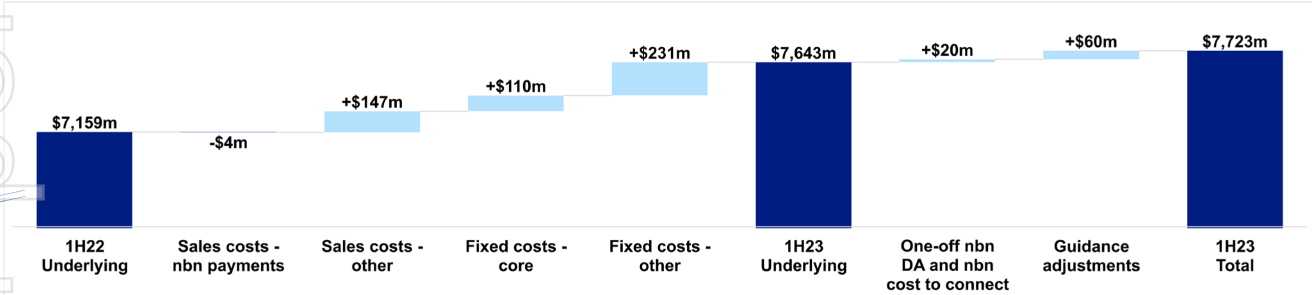
One-off nbn DA & connection
One-off nbn DA & connection income includes receipts from nbn Co for disconnecting customers from our legacy network, and one-off income from customers to connect to the nbn network. Income decreased by 77.3 per cent to $46 million as the nbn migration nears completion.

Other
Other product income increased by $109 million to $436 million including Telstra Health, Telstra Energy and corporate adjustments. Telstra Health income increased by $40 million to $147 million from organic growth and prior year MedicalDirector and PowerHealth acquisitions. Telstra Energy income increased by $44 million from energy generation revenue and fair value gains on energy firming derivatives.

Elimination
Elimination represents internal revenue comprising $500 million in InfraCo Fixed, $166 million in Amplitel and $176 million in Other.

Expense performance

Operating expenses[1]	1H23	1H22	Change	
	$m	$m	$m	%
Sales costs	***3,935***	***3,792***	***143***	***3.8***
- nbn payments	1,030	1,034	(4)	(0.4)
- other	2,905	2,758	147	5.3
Fixed costs	***3,708***	***3,367***	***341***	***10.1***
- core	3,407	3,297	110	3.3
- other[2]	301	70	231	330.0
Underlying	**7,643**	**7,159**	**484**	**6.8**
One-off nbn DA and nbn cost to connect	20	78	(58)	(74.4)
Guidance adjustments[3]	60	175	(115)	(65.7)
Total	**7,723**	**7,412**	**311**	**4.2**



1. The data in this table includes adjustments to historical numbers to reflect changes in sales and fixed costs.
2. Fixed costs – other includes Telstra Health, and recent acquisitions including Digicel Pacific, Alliance Automation and Aqura Technologies.
3. 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

Total operating expenses increased by 4.2 per cent to $7,723 million. Excluding Digicel Pacific, total operating expenses increased by 1.6 per cent. Adjusted for one-off nbn costs and guidance adjustments, underlying operating expenses increased by $484 million or 6.8 per cent due to higher sales and fixed costs, including $193 million for Digicel Pacific.

Sales costs, which are direct costs associated with revenue and customer growth, increased by 3.8 per cent to $3,935 million. This was due to a $147 million increase in other non-nbn sales costs, associated with higher mobile hardware sales volumes, and $61 million of Digicel Pacific sales costs.

Core fixed costs increased by 3.3 per cent or $110 million with productivity offset by cost inflation (labour and non-labour including energy), and costs associated with insourcing of our retail channel and onshoring of call centres. Productivity gains were achieved across back of house and support functions through process simplification and improvement.

Other fixed costs increased by $231 million including $132 million for Digicel Pacific, and fixed costs associated with other recently acquired businesses such as Alliance Automation, Aqura Technologies, MedicalDirector and PowerHealth.

One-off nbn DA and nbn cost to connect declined by 74.4 per cent as the nbn migration process nears completion. Guidance adjustments for operating expenses decreased by $115 million mostly due to transaction costs in the prior period relating to InfraCo Towers (now Amplitel) not repeating in this half.

Operating expenses on a reported basis
Our progress on achieving our productivity target is reported through the above operating expenses table. The detail below provides commentary on operating expenses as disclosed in our statutory accounts.

Operating expenses on a reported basis	1H23	1H22	Change
	$m	$m	%
Labour	**2,046**	1,834	11.6
Goods and services purchased	**4,221**	4,148	1.8
Net impairment losses on financial assets	**38**	41	(7.3)
Other expenses	**1,418**	1,389	2.1
Total	**7,723**	**7,412**	**4.2**

Labour
Total labour expenses increased by 11.6 per cent or $212 million to $2,046 million. Salary and associated costs increased by $192 million due to increased total full time staff equivalents (FTE) and wage inflation as agreed in our Enterprise Agreement. Total FTE increased by 18.4 per cent or 4,906 to 31,634 largely due to acquisitions (including Digicel Pacific), the insourcing of our retail channel, additional retail channel and technical hires, and onshoring of call centres. Excluding Digicel Pacific, total FTE increased by 10.8 per cent or 2,875 and was offset by a reduction in indirect workforce including from the insourcing of our retail channel and onshoring of call centres.

Goods and services purchased
Total goods and services purchased increased by 1.8 per cent or $73 million to $4,221 million. Cost of goods sold, which includes mobile handsets and accessories, tablets, mobile broadband hardware, modems and other fixed hardware, increased by 6.5 per cent or $86 million to $1,408 million mainly due to higher C&SB postpaid mobile hardware volumes and inclusion of Digicel Pacific hardware sales costs following acquisition.

Other expenses
Total other expenses increased by 2.1 per cent or $29 million to $1,418 million. The increase in other expenses was primarily due to inclusion of Digicel Pacific following acquisition. Service contracts and other agreements expenses decreased by 3.6 per cent or $20 million. Impairment losses (excluding net losses on financial assets) decreased by 16.2 per cent or $11 million.

Depreciation and amortisation
Depreciation and amortisation increased by 3.2 per cent or $71 million to $2,260 million. Amortisation of intangible assets increased by 24.4 per cent or $149 million due to higher software amortisation and the inclusion of Digicel Pacific. Depreciation of property, plant and equipment decreased by $65 million due to a subset of legacy copper assets being fully depreciated in the prior period. Depreciation of right-of-use assets decreased by $13 million.

Net finance costs
Net finance costs increased by 5.9 per cent or $14 million to $252 million. Interest on borrowings increased by $36 million, and average gross borrowing rate increased from 3.7 per cent to 4.4 per cent, reflecting higher market interest rates and non-recourse borrowing facilities with the Australian Government through Export Finance Australia used to fund the majority of the consideration for the Digicel Pacific acquisition. Our borrowing portfolio is more than 50 per cent fixed. The increase in interest on borrowings was partly offset by $10 million growth in interest income and $12 million net reduction in other financing items (as set out in note 4.4.3 in the Half-Year Financial Report).

Cash flows

Summary statement of cash flows	1H23	1H22	Change
	$m	$m	%
Net cash provided by operating activities	**2,866**	3,246	(11.7)
Net cash used in investing activities	**(4,166)**	(1,922)	n/m
- Capital expenditure (before investments)	**(1,862)**	(1,626)	(14.5)
- Other investing cash flows	**(2,304)**	(296)	n/m
Free cashflow	**(1,300)**	1,324	n/m
Net cash provided by/(used in) financing activities	**1,298**	(815)	n/m
Net increase/(decrease) in cash and cash equivalents	**(2)**	509	n/m
Cash and cash equivalents at the beginning of the period	**1,040**	1,125	(7.6)
Effects of exchange rate changes on cash and cash equivalents	**4**	14	(71.4)
Cash and cash equivalents at the end of the period	**1,042**	1,648	(36.8)

Free cashflow used in operating and investing activities was $1,300 million representing a decrease of $2,624 million due to reduction in net cash provided by operating activities and increase in net cash used in investing activities. Significant acquisitions included Digicel Pacific this period and MedicalDirector, PowerHealth and Fone zone in the prior period.

Net cash provided by operating activities decreased by 11.7 per cent or $380 million to $2,866 million mainly due to a $490 million increase in payments to suppliers and employees, partly offset by a $158 million increase in receipts from customers. Net cash provided by operating activities was positively impacted by an increase in reported EBITDA, offset by working capital increase of $451 million including higher inventories and lower payables.

Net cash used in investing activities increased by $2,244 million to $4,166 million. This included a $1,872 million increase in payments for shares in controlled entities mostly due to the acquisition of Digicel Pacific. Payments for intangible assets increased by $312 million including increased spend on network virtualised software and spectrum renewals.

Accrued capital expenditure on a guidance basis was $1,658 million or 14.9 per cent of sales revenue. This included $69 million for Digicel Pacific and $81m of strategic investment for the inter-city fibre and Viasat infrastructure projects.

Net cash provided by financing activities increased by $2,113 million to $1,298 million. This included increase in net proceeds from borrowings of $3,618 million and $923 million of proceeds from the issue of equity-like securities to Export Finance Australia as funding for the Digicel Pacific acquisition. The prior period included proceeds of $2,883 million from disposal of a 49 per cent interest in our towers business (now Amplitel), and payment of $571 million for share buy back.

On a guidance basis, free cashflow after operating lease payments was $1,021 million. Free cashflow after operating lease payments on a guidance basis excludes mergers and acquisitions ($2,594 million including Digicel Pacific) and spectrum payments ($91 million), and includes lease payments ($364 million).

Debt position

Debt issuance	$m
Revolving bank facilities (net)	1,950
Debt facilities with Australian Government	1,127
Commercial paper (net)	739
Bilateral bank and other loans	9
Total	**3,825**

Debt repayments	$m
Euro bond	(1,248)
AUD bond	(500)
Other loans	(34)
Total	**(1,782)**

Our gross debt position was $15,927 million comprising borrowings of $12,882 million less $255 million in net derivative assets plus lease liabilities of $3,300 million. Gross debt increased by 15.7 per cent or $2,167 million reflecting debt issuance of $3,825 million, including $1,127 million in debt facilities entered into with the Australian Government through Export Finance Australia, $124 million of non-cash increase and net movement in lease liabilities, partially offset by debt repayments of $1,782 million.

Net debt increased by 17.0 per cent or $2,165 million to $14,885 million reflecting the increase in gross debt and a $2 million increase in cash holdings.

Financial settings	1H23 Actual	Comfort zone
Debt servicing[1]	1.9x	1.5x to 2.0x
Gearing[2]	45.8%	50% to 70%
Interest cover[3]	13.1x	>7x

1. Debt servicing ratio is calculated as net debt/EBITDA.
2. Gearing ratio is calculated as net debt/total net debt plus equity.
3. Interest cover is calculated as EBITDA/net interest on debt (excluding capitalised interest and non-cash accounting impacts within net finance costs).

We remain within our comfort zones for our credit metrics. Our debt servicing is 1.9 times including impact from our acquisition of Digicel Pacific (30 Jun 2022: 1.8 times), gearing ratio is 45.8 per cent (30 Jun 2022: 43.0 per cent) and interest cover is 13.1 times (30 Jun 2022: 14.5 times).

Financial position

Summary statement of financial position	31 Dec 2022	30 Jun 2022	Change
	$m	$m	%
Current assets	**6,660**	6,260	6.4
Non-current assets	**37,993**	35,368	7.4
Total assets	**44,653**	41,628	7.3
Current liabilities	**11,195**	9,860	13.5
Non-current liabilities	**15,861**	14,931	6.2
Total liabilities	**27,056**	24,791	9.1
Net assets	**17,597**	16,837	4.5
Total equity	**17,597**	16,837	4.5
Return on invested capital (%)	**7.1**	7.1	-
Return on average equity (%)	**11.3**	11.3	-

Our balance sheet is in a strong position with net assets of $17,597 million. The acquisition of Digicel Pacific increased net assets by $1,083 million at acquisition date. Refer to Note 5.1.2(a) in the Half-Year Financial Report for further detail on Digicel Pacific.

Current assets increased by 6.4 per cent to $6,660 million. Inventories increased by $252 million to support project activity, seasonality, insourcing of Telstra branded retail stores and mitigate supply chain issues. Current tax receivables increased by $77 million due to lower taxable profit and higher PAYG compared to second half FY22. Prepayments increased by $56 million including for Digicel Pacific and software licences. Derivative financial assets increased by $36 million due to instruments maturing in the next 12 months and valuation impacts offset by maturities. Trade and other receivables and contract assets reduced by $61 million reflecting lower deferred debt and improved credit metrics.

Non-current assets increased by 7.4 per cent to $37,993 million. Intangible assets increased by $2,630 million due to acquisitions including Digicel Pacific. Property, plant and equipment increased by $293 million due to additions, including Digicel Pacific, exceeding depreciation expenses. This was partly offset by derivative financial assets decreasing by $263 million mostly due to instruments maturing in the next 12 months and valuation impacts.

Current liabilities increased by 13.5 per cent to $11,195 million. The increase was mostly due to borrowings increasing by $1,298 million as maturities became due and the issue of short-term debt. Other provisions increased by $161 million including Digicel Pacific. Contract liabilities and other revenue received in advance increased by $87 million including Digicel Pacific. Trade and other payables decreased by $227 million including payment of stamp duty relating to Amplitel in the period, reduced accruals for capex, spectrum, employee incentives and interest, partly offset by Digicel Pacific.

Non-current liabilities increased by 6.2 per cent to $15,861 million. The increase was primarily due to borrowings increasing by $602 million including non-recourse debt used for funding the acquisition of Digicel Pacific, partly offset by a reclassification to current liabilities of debt maturing within the next 12 months. Deferred tax liabilities increased by $78 million due to the inclusion of deferred tax liabilities recognised by Digicel Pacific partly offset by derecognition of deferred tax liabilities previously recognised on equity accounted investments in other comprehensive income. Other provisions increased by $63 million due to including Digicel Pacific.

Guidance versus reported results

This schedule details adjustments made to the reported results for the current and comparative periods to reflect the performance of the business on the basis on which we provided guidance to the market, which 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. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C and guidance adjustments. Free cashflow after lease payments (FCFaL) defined as 'operating cash flows' less 'investing cash flows' less 'payments for lease liabilities', and excludes spectrum and guidance adjustments.
The following adjustments provide a detailed reconciliation from reported to guidance results for each guidance measure:

	Total Income	
	1H22	1H23
	$m	$m
Reported Total Income	**10,887**	**11,583**
Adjustments		
M&A adjustment[1]	(21)	n/a
Restructuring costs[2]	n/a	n/a
Net one-off NBN receipts[3]	n/a	n/a
Spectrum payments[4]	n/a	n/a
Lease[5]	n/a	n/a
Guidance Total Income	**10,866**	**11,583**

	Underlying EBITDA	
	1H22	1H23
	$m	$m
Reported EBITDA	**3,466**	**3,861**
M&A adjustment[1]	132	16
Restructuring costs[2]	22	44
Net one-off NBN receipts[3]	(125)	(26)
Spectrum payments[4]	n/a	n/a
Lease[5]	n/a	n/a
Guidance Underlying EBITDA	**3,495**	**3,895**

	Free Cashflow	
	1H22	1H23
	$m	$m
Reported Free Cashflow	**1,324**	**(1,300)**
M&A adjustment[1]	654	2,594
Restructuring costs[2]	n/a	n/a
Net one-off NBN receipts[3]	n/a	n/a
Spectrum payments[4]	33	91
Lease[5]	(336)	(364)
Guidance Free Cashflow	**1,675**	**1,021**

The adjustments set out in the above tables have been reviewed by our auditor for consistency with the guidance basis as set out on this page.

Note:

1 Adjustments relating to acquisitions and disposals of controlled entities, joint ventures, associates and other investments and any associated net gains or losses and contingent consideration. Consistent with the guidance we provided to the market we are not adjusting Income, EBITDA or Free Cashflow for the trading results of acquisitions.
During 1H22 we disposed of a 49 per cent interest in our towers business to non-controlling interests and we acquired:
- Power Solutions Holdings Pty Ltd and its subsidiaries (PowerHealth)
- Clinical Technology Holdings Pty Ltd and its subsidiaries (MedicalDirector) and
- Fone Zone Pty Ltd (Fone Zone) and its controlled entities and multiple individually immaterial retail stores from various licensees.

During 1H23 we paid stamp duty relating to Amplitel Pty Ltd (Amplitel) and acquired:
- Digicel Pacific Limited and its subsidiaries (Digicel Pacific);
- Media Innovations Holdings Pty Ltd and its subsidiaries (Fetch TV).

2 1H22 adjustments include costs for the strategic focus (T22 program) to establish a standalone infrastructure business, simplify structure, improve customer experience and cut costs, in addition to our normal business as usual redundancies for 1H22. 1H23 adjustments include costs for Telstra's legal restructure including legal and IT costs.

3 Adjustments for net one-off nbn receipts which is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA and Infrastructure Ownership) less nbn net cost to connect.

4 Adjustment relating to the impact on free cashflow associated with our spectrum purchases and renewals for 1H23 including:
- $28m for renewal of our national spectrum licence in the 900 MHz band. We surrendered this licence in December 2022 and received a refund from ACMA of $16m
- $57m for renewal of our national spectrum licence in the 26 GHz band
- $19m for renewal of our national spectrum licence in the 3.6 GHz band
- $3m payments for spectrum and apparatus licences in various spectrum bands.

5 Adjustment to Free Cashflow for payment of lease liabilities and interest.

n/a Adjustment is not relevant to the respective guidance measure.

Executive Variable Remuneration Plan (EVP) Metric Additional Detail

First half performance against FY23 EVP Performance Measures and Targets:

All of the following measures have been selected on the basis that they are directly linked to our T25 strategy.

<table>
<tr><th colspan="10">FY23 EVP Performance Measures and Targets</th></tr>
<tr><th colspan="2" rowspan="2">Performance Measure</th><th rowspan="2">Metric</th><th rowspan="2">Weighting</th><th rowspan="2">FY22 EVP Baseline^</th><th colspan="3">FY23</th><th rowspan="2">1H23 Actual**</th></tr>
<tr><th>Threshold</th><th>Target</th><th>Max</th></tr>
<tr><td rowspan="4">Financial
60% of total weighting</td><td>Total Income</td><td>Telstra External Income (excluding finance income)</td><td>15%</td><td>$21,920m</td><td rowspan="4">At or above bottom end of Market Guidance*</td><td rowspan="4">Approx. Midpoint of Market Guidance*</td><td rowspan="4">At or above top end of Market Guidance*</td><td>$11,583m</td></tr>
<tr><td>Underlying EBITDA</td><td>Underlying EBITDA is Earnings Before Interest, Tax, Depreciation & Amortisation, excludes net one-off nbn DA receipts less nbn net C2C, one-off restructuring costs and guidance adjustments</td><td>15%</td><td>$7,214m</td><td>$3,895m</td></tr>
<tr><td>Free Cash Flow (FCF)</td><td>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</td><td>15%</td><td>$3,938m</td><td>$1,021m</td></tr>
<tr><td>Underlying Return On Invested Capital (ROIC)</td><td>Underlying ROIC is Total NOPAT less guidance adjustments after tax, less net nbn one-off earnings after tax, divided by Average Invested Capital</td><td>15%</td><td>7.0%</td><td>7.5%</td></tr>
<tr><td rowspan="2">Customer
25% of total</td><td>Episode NPS</td><td>Measures our customer experience from their feedback on each transaction using a Net Promoter Score (NPS)</td><td>15%</td><td>+37</td><td>+38</td><td>+40</td><td>+42</td><td>+41</td></tr>
<tr><td>RepTrak</td><td>Measures our reputation score on the RepTrak index</td><td>10%</td><td>62.2</td><td>63.6</td><td>63.8</td><td>64.5</td><td>62.5</td></tr>
<tr><td rowspan="3">Strategic
15% of total weighting</td><td>Responsible Business</td><td>Our % reduction in absolute scope 1 + 2 greenhouse gas emissions from our FY19 baseline</td><td>5%</td><td>14%</td><td>17%</td><td>20%</td><td>23%</td><td>n/a</td></tr>
<tr><td>Digital Leadership</td><td>% achievement of our target build of Application Programming Interfaces (APIs)</td><td>5%</td><td>n/a</td><td>88% of FY23 target build achieved</td><td>100% of FY23 target build achieved</td><td>100% of FY23 target build achieved, and first product using those APIs being in market</td><td>14% of FY23 target build achieved</td></tr>
<tr><td>People Engagement</td><td>Maintain employee engagement in the high performing norm (90th percentile)</td><td>5%</td><td>n/a</td><td>80</td><td>82</td><td>84</td><td>79</td></tr>
</table>

^ For FY23 targets, for metrics continuing from FY22 the baseline refers to the FY22 EVP performance outcomes as outlined in Section 2.2 of the 2022 Remuneration Report. For metrics that are new in FY23, the baseline (where available) is our current internal measurement to the end of June 2022 where this provides relevant context to the determination of Threshold, Target and Maximum for FY23.

* Market Guidance means guidance for FY23 as set out in Telstra's ASX announcement dated 11 August 2022.

** For the financial metrics only, the 1H23 actuals are calculated on a guidance basis.

Results of operations

	Half-year ended 31 December			
	2022 $M	2021 $M	Change $M	Change %
Revenue (excluding finance income)	**11,306**	10,503	803	7.6
Other income (i)	**277**	384	(107)	(27.9)
Total income (excluding finance income)	**11,583**	10,887	696	6.4
Labour	**2,046**	1,834	212	11.6
Goods and services purchased	**4,221**	4,148	73	1.8
Net impairment losses on financial assets	**38**	41	(3)	(7.3)
Other expenses	**1,418**	1,389	29	2.1
Operating expenses	**7,723**	7,412	311	4.2
Share of net profit/(loss) from joint ventures and associated entities	**1**	(9)	10	n/m
	7,722	7,421	301	4.1
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)	**3,861**	3,466	395	11.4
Depreciation and amortisation	**2,260**	2,189	71	3.2
Earnings before interest and income tax expense (EBIT)	**1,601**	1,277	324	25.4
Finance income	**48**	61	(13)	(21.3)
Finance costs	**300**	299	1	0.3
Net finance costs	**252**	238	14	5.9
Profit before income tax expense	**1,349**	1,039	310	29.8
Income tax expense	**415**	296	119	40.2
Profit for the period	**934**	743	191	25.7
Attributable to:				
Equity holders of Telstra Entity	**865**	698	167	23.9
Non-controlling interests	**69**	45	24	53.3
	934	743	191	25.7
Effective tax rate on operations	**30.8%**	28.5%		2.3 pp
EBITDA margin on revenue	**34.2%**	33.0%		1.2 pp
EBIT margin on revenue	**14.2%**	12.2%		2.0 pp
	cents	cents	Change cents	Change %
Earnings per share (cents per share)				
Basic	**7.5**	5.9	1.6	27.1
Diluted	**7.5**	5.9	1.6	27.1

(i) 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, Mobile Blackspot Government program and other miscellaneous items.

n/m = not meaningful

Total income

	Half-year ended 31 December			
	2022	2021	Change	Change
	$M	$M	$M	%
Mobile				
Postpaid handheld	**2,657**	2,500	157	6.3
Prepaid handheld	**556**	432	124	28.7
Mobile broadband	**337**	319	18	5.6
Internet of Things (IoT)	**139**	129	10	7.8
Mobile wholesale	**169**	148	21	14.2
Other	**9**	9	-	-
Total mobile services	**3,867**	3,537	330	9.3
Hardware	**1,202**	1,071	131	12.2
Mobile interconnect	**112**	129	(17)	(13.2)
Media, Telstra Plus & other	**(51)**	(54)	3	5.6
Total Mobile	**5,130**	4,683	447	9.5
Fixed - C&SB				
On-net fixed (ii)	**179**	259	(80)	(30.9)
Off-net fixed (ii)	**1,651**	1,554	97	6.2
Consumer content & services	**309**	306	3	1.0
Business applications & services	**83**	86	(3)	(3.5)
Interconnect, payphones & E000	**42**	55	(13)	(23.6)
Total Fixed - C&SB	**2,264**	2,260	4	0.2
Fixed - Enterprise				
Data & connectivity	**423**	494	(71)	(14.4)
Calling applications	**255**	342	(87)	(25.4)
Managed services & maintenance	**378**	357	21	5.9
Professional services	**266**	185	81	43.8
Cloud applications	**156**	135	21	15.6
Equipment sales	**147**	177	(30)	(16.9)
Other	**144**	124	20	16.1
Total NAS	**1,346**	1,320	26	2.0
Total Fixed - Enterprise	**1,769**	1,814	(45)	(2.5)
Fixed - Active Wholesale				
Data & connectivity	**142**	158	(16)	(10.1)
Legacy calling & fixed	**67**	94	(27)	(28.7)
Total Fixed - Active Wholesale	**209**	252	(43)	(17.1)
International				
Wholesale & Enterprise	**792**	758	34	4.5
Digicel Pacific	**356**	0	356	n/m
Total International	**1,148**	758	390	51.5
InfraCo - Fixed				
Commercial & recoverable works	**120**	152	(32)	(21.1)
NBN recurring	**481**	459	22	4.8
Other external & passive	**125**	95	30	31.6
Internal	**500**	477	23	4.8
Total InfraCo - Fixed	**1,226**	1,183	43	3.6
InfraCo - Tower / Amplitel				
External	**31**	29	2	6.9
Internal	**166**	150	16	10.7
Total InfraCo - Tower / Amplitel	**197**	179	18	10.1
One-off nbn DA & Connection	**46**	203	(157)	(77.3)
Other Product Income				
External (iii)	**260**	182	78	42.9
Internal	**176**	145	31	21.4
Total Other Product Income	**436**	327	109	33.3
Elimination	**(842)**	(772)	(70)	(9.1)
Total income	**11,583**	10,887	696	6.4

Total expenses

	Half-year ended 31 December			
	2022	2021	Change	Change
	$M	$M	$M	%
Salary and associated costs	**1,752**	1,560	192	12.3
Other labour expenses	**76**	67	9	13.4
Labour substitution	**147**	150	(3)	(2.0)
Employee redundancy	**71**	57	14	24.6
Total labour	**2,046**	1,834	212	11.6
Commissions	**286**	308	(22)	(7.1)
Cost of goods sold	**1,408**	1,322	86	6.5
Network payments	**1,636**	1,617	19	1.2
Other	**891**	901	(10)	(1.1)
Total goods and services purchased	**4,221**	4,148	73	1.8
Net impairment losses on financial assets	**38**	41	(3)	(7.3)
Service contracts and other agreements	**533**	553	(20)	(3.6)
Impairment losses (excluding net losses on financial assets)	**57**	68	(11)	(16.2)
Other	**828**	768	60	7.8
Total other expenses	**1,418**	1,389	29	2.1
Total operating expenses	**7,723**	7,412	311	4.2
Property Plant & Equipment	**1,222**	1,287	(65)	(5.1)
Right of Use assets	**279**	292	(13)	(4.5)
Depreciation	**1,501**	1,579	(78)	(4.9)
Amortisation of intangible assets	**759**	610	149	24.4
Total depreciation and amortisation	**2,260**	2,189	71	3.2

Statement of Financial Position

	As at			
	31 Dec 22 $M	30 Jun 22 $M	Change $M	Change %
Current assets				
Cash and cash equivalents	**1,042**	1,040	2	0.2
Trade and other receivables and contract assets	**4,013**	4,074	(61)	(1.5)
Deferred contract costs	**154**	116	38	32.8
Inventories	**728**	476	252	52.9
Derivative financial assets	**338**	302	36	11.9
Current tax receivables	**94**	17	77	n/m
Prepayments	**291**	235	56	23.8
Total current assets	**6,660**	6,260	400	6.4
Non-current assets				
Trade and other receivables and contract assets	**950**	861	89	10.3
Deferred contract costs	**1,147**	1,238	(91)	(7.4)
Inventories	**26**	28	(2)	(7.1)
Investments - accounted for using the equity method	**754**	814	(60)	(7.4)
Investments - other	**19**	15	4	26.7
Property, plant and equipment	**20,778**	20,485	293	1.4
Right-of-use assets	**2,948**	2,926	22	0.8
Intangible assets	**10,785**	8,155	2,630	32.3
Derivative financial assets	**249**	512	(263)	(51.4)
Deferred tax assets	**46**	60	(14)	(23.3)
Defined benefit asset	**291**	274	17	6.2
Total non-current assets	**37,993**	35,368	2,625	7.4
Total assets	**44,653**	41,628	3,025	7.3
Current liabilities				
Trade and other payables	**3,962**	4,189	(227)	(5.4)
Employee benefits	**666**	667	(1)	(0.1)
Other provisions	**321**	160	161	n/m
Lease liabilities	**510**	490	20	4.1
Borrowings	**3,988**	2,690	1,298	48.3
Derivative financial liabilities	**15**	-	15	n/m
Current tax payables	**24**	42	(18)	(42.9)
Contract liabilities and other revenue received in advance	**1,709**	1,622	87	5.4
Total current liabilities	**11,195**	9,860	1,335	13.5
Non-current liabilities				
Other payables	**229**	233	(4)	(1.7)
Employee benefits	**135**	132	3	2.3
Other provisions	**182**	119	63	52.9
Lease liabilities	**2,790**	2,797	(7)	(0.3)
Borrowings	**8,894**	8,292	602	7.3
Derivative financial liabilities	**317**	305	12	3.9
Deferred tax liabilities	**1,917**	1,655	262	15.8
Defined benefit liability	**10**	10	-	-
Contract liabilities and other revenue received in advance	**1,387**	1,388	(1)	(0.1)
Total non-current liabilities	**15,861**	14,931	930	6.2
Total liabilities	**27,056**	24,791	2,265	9.1
Net assets	**17,597**	16,837	760	4.5
Equity				
Share capital	**3,087**	3,098	(11)	(0.4)
Reserves	**2,182**	2,333	(151)	(6.5)
Retained profits	**9,897**	9,918	(21)	(0.2)
Equity available to Telstra Entity shareholders	**15,166**	15,349	(183)	(1.2)
Non-controlling interests	**2,431**	1,488	943	63.4
Total equity	**17,597**	16,837	760	4.5
Gross debt	**15,927**	13,760	2,167	15.7
Net debt	**14,885**	12,720	2,165	17.0
EBITDA interest cover (times) (i)	**13.1**	14.5	(1.4)	(9.7)
Net debt to EBITDA	**1.9**	1.8	0.1	5.6
ROA - Return on average assets	**7.6%**	7.1%		0.5 pp
ROE - Return on average equity	**11.3%**	11.3%		-
ROI - Return on average investment	**10.3%**	9.6%		0.7 pp
ROIC - Return on invested capital	**7.1%**	7.1%		-
Gearing ratio (net debt to capitalisation)	**45.8%**	43.0%		2.8 pp

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

n/m = not meaningful

Statement of Cash Flows

	Half-year ended 31 December			
	2022	2021	Change	Change
	$M	$M	$M	%
Cash flows from operating activities				
Receipts from customers (inclusive of goods and services tax (GST))	**12,599**	12,441	158	1.3
Payments to suppliers and employees (inclusive of GST)	**(9,427)**	(8,937)	(490)	(5.5)
Government grants received for operating activities	**161**	173	(12)	(6.9)
Net cash generated from operations	**3,333**	3,677	(344)	(9.4)
Income taxes paid	**(467)**	(431)	(36)	(8.4)
Net cash provided by operating activities	**2,866**	3,246	(380)	(11.7)
Cash flows from investing activities				
Payments for property, plant and equipment	**(1,134)**	(1,210)	76	6.3
Payments for intangible assets	**(728)**	(416)	(312)	(75.0)
Capital expenditure (before investments)	**(1,862)**	(1,626)	(236)	(14.5)
Payments for shares in controlled entities (net of cash acquired)	**(2,486)**	(614)	(1,872)	n/m
Payments for equity accounted investments	**(46)**	(4)	(42)	n/m
Payments for other investments	**(4)**	-	(4)	n/m
Total capital expenditure (including investments)	**(4,398)**	(2,244)	(2,154)	(96.0)
Proceeds from sale of property, plant and equipment	**78**	61	17	27.9
Proceeds from sale of equity accounted and other investments	**52**	158	(106)	(67.1)
Distributions received from equity accounted investments	**28**	38	(10)	(26.3)
Receipts of the principal portion of finance lease receivables	**54**	44	10	22.7
Government grants received for investing activities	**21**	8	13	n/m
Interest received	**13**	8	5	62.5
Settlement of hedges in net investments	**(17)**	-	(17)	n/m
Other	**3**	5	(2)	(40.0)
Net cash used in investing activities	**(4,166)**	(1,922)	(2,244)	n/m
Operating cash flows less investing cash flows	**(1,300)**	1,324	(2,624)	n/m
Cash flows from financing activities				
Proceeds from borrowings	**5,010**	309	4,701	n/m
Repayment of borrowings	**(2,967)**	(1,884)	(1,083)	(57.5)
Payments of principal portion of lease liabilities	**(322)**	(295)	(27)	(9.2)
Share buy-back	**-**	(571)	571	n/m
Purchase of shares for employee share plans	**(21)**	(5)	(16)	n/m
Finance costs paid	**(275)**	(285)	10	3.5
Dividends/distributions paid to non-controlling interests	**(68)**	(16)	(52)	n/m
Dividends paid to equity holders of Telstra Entity	**(982)**	(951)	(31)	(3.3)
Proceeds from issuance of equity-like instrument	**923**	-	923	n/m
Proceeds from the sale of units in a controlled trust	**-**	2,883	(2,883)	n/m
Net cash provided by/(used in) financing activities	**1,298**	(815)	2,113	n/m
Net (decrease)/increase in cash and cash equivalents	**(2)**	509	(511)	n/m
Cash and cash equivalents at the beginning of the period	**1,040**	1,125	(85)	(7.6)
Effects of exchange rate changes on cash and cash equivalents	**4**	14	(10)	(71.4)
Cash and cash equivalents at the end of the period	**1,042**	1,648	(606)	(36.8)

n/m = not meaningful

Average Revenue per Unit (ARPU) ($)

	Half-year ended			Dec 22 vs Dec 21		Dec 22 vs Jun 22	
	Dec 2022	Jun 2022	Dec 2021	Change	Change	Change	Change
	$	$	$	$	%	$	%
Mobile							
Postpaid handheld	**50.47**	48.74	48.29	**2.18**	4.5	**1.73**	3.5
Prepaid handheld	**27.40**	25.22	22.70	**4.70**	20.7	**2.18**	8.6
Mobile broadband	**18.60**	18.46	17.58	**1.02**	5.8	**0.14**	0.8
Fixed - C&SB							
C&SB bundle and standalone data	**79.57**	78.04	76.76	**2.81**	3.7	**1.53**	2.0
C&SB standalone fixed voice	**38.46**	36.33	33.16	**5.30**	16.0	**2.13**	5.9
Fixed - Enterprise							
Data & connectivity	**404.01**	425.41	445.05	**(41.04)**	(9.2)	**(21.40)**	(5.0)

Note: Statistical data represents management's best estimates.

Services in operation (000s)

	Half-year ended			Dec 22 vs Dec 21		Dec 22 vs Jun 22	
	Dec 2022	Jun 2022	Dec 2021	Change	Change	Change	Change
	000s	000s	000s	000s	%	000s	%
Mobile							
Postpaid handheld retail	**8,808**	8,740	8,669	**139**	1.6	**68**	0.8
Prepaid handheld retail	**3,451**	3,307	3,188	**263**	8.2	**144**	4.4
Mobile broadband (data cards)	**3,011**	3,035	3,033	**(22)**	(0.7)	**(24)**	(0.8)
Internet of Things (IoT)	**6,360**	5,700	5,128	**1,232**	24.0	**660**	11.6
Satellite	**32**	32	31	**1**	3.2	**-**	-
Total retail mobile	**21,662**	20,814	20,049	**1,613**	8.0	**848**	4.1
Total wholesale mobile	**2,127**	1,965	1,838	**289**	15.7	**162**	8.2
Prepaid handheld retail unique users	**2,863**	2,726	2,578	**285**	11.1	**137**	5.0
Fixed - C&SB							
C&SB bundles and standalone data	**3,454**	3,504	3,546	**(92)**	(2.6)	**(50)**	(1.4)
C&SB standalone voice	**345**	376	430	**(85)**	(19.8)	**(31)**	(8.2)
Foxtel from Telstra	**421**	457	492	**(71)**	(14.4)	**(36)**	(7.9)
Fixed - Enterprise							
Data & connectivity	**170**	179	183	**(13)**	(7.1)	**(9)**	(5.0)
Fixed - Wholesale							
Fixed legacy	**59**	93	158	**(99)**	(62.7)	**(34)**	(36.6)
Data & connectivity	**27**	28	29	**(2)**	(6.9)	**(1)**	(3.6)

Note: Statistical data represents management's best estimates. Total wholesale mobile excludes IoT.

Workforce

	Half-year ended			Dec 22 vs Dec 21		Dec 22 vs Jun 22	
	Dec 2022	Jun 2022	Dec 2021	Change	Change	Change	Change
	000s	000s	000s	000s	%	000s	%
Employee data							
Full time staff equivalents incl. contractor/agency labour	**31,634**	28,889	26,728	**4,906**	18.4	**2,745**	9.5

Note: Statistical data represents management's best estimates.

Segment information from operations

	Total income Half-year ended 31 December 2022 $M	2021 $M	Change %	EBITDA contribution Half-year ended 31 December 2022 $M	2021 $M	Change %
Telstra Consumer and Small Business	**6,394**	5,995	6.7	**2,838**	2,565	10.6
Telstra Enterprise	**3,851**	3,496	10.2	**1,615**	1,487	8.6
Networks and IT	**138**	123	12.2	**(1,179)**	(1,154)	(2.2)
All Other	**224**	269	(16.7)	**(698)**	(582)	(19.9)
Telstra excluding Telstra InfraCo	**10,607**	9,883	7.3	**2,576**	2,316	11.2
Telstra InfraCo	**1,818**	1,776	2.4	**1,285**	1,150	11.7
Internal access charges	**(842)**	(772)	(9.1)	**-**	-	n/m
Total Telstra segments	**11,583**	10,887	6.4	**3,861**	3,466	11.4

C&SB, Enterprise and Wholesale underlying income and fully allocated EBITDA

	Total income Half-year ended 31 December 2022 $M	2021 $M	Change %	EBITDA contribution Half-year ended 31 December 2022 $M	2021 $M	Change %
Mobile	**4,128**	3,714	11.1	**1,722**	1,510	14.0
Fixed - C&SB	**2,264**	2,260	0.2	**50**	23	n/m
Other	**2**	-	n/m	**2**	(2)	n/m
Telstra Consumer and Small Business	**6,394**	5,974	7.0	**1,774**	1,531	15.9
Mobile	**820**	809	1.4	**365**	345	5.8
Fixed - Enterprise	**1,769**	1,814	(2.5)	**213**	300	(29.0)
Other	**9**	9	-	**-**	(3)	n/m
Telstra Enterprise	**2,598**	2,632	(1.3)	**578**	642	(10.0)
International	**1,148**	758	51.5	**375**	194	93.3
Mobile	**183**	160	14.4	**132**	104	26.9
Fixed - Active Wholesale	**209**	252	(17.1)	**71**	90	(21.1)
InfraCo - Fixed	**1,226**	1,183	3.6	**807**	785	2.8
InfraCo - Tower / Amplitel	**197**	179	10.1	**160**	152	5.3
Other	**3**	2	50.0	**-**	(11)	n/m
InfraCo (Active and Passive)	**1,818**	1,776	2.4	**1,170**	1,120	4.5
Other	**421**	295	42.7	**(2)**	8	n/m
Elimination	**(842)**	(772)	(9.1)	**-**	-	n/m
Underlying	**11,537**	10,663	8.2	**3,895**	3,495	11.4
One-off nbn DA & Connection	**46**	203	(77.3)	**26**	125	(79.2)
Guidance adjustments	**-**	21	n/m	**(60)**	(154)	61.0
Reported	**11,583**	10,887	6.4	**3,861**	3,466	11.4

Note: C&SB, Enterprise, InfraCo external exclude any off-one nbn DA and connection, and guidance adjustments attributable. Enterprise International excludes inter-segment revenue.

Note: Product margins represent management's best estimates and are based on lease adjusted figures in FY21. Mobile and Fixed products include intercompany infrastructure costs.

Product profitability - EBITDA ($M)

	Half-year ended 31 December		
	2022	2021	Change %
Mobile	**2,217**	1,957	13.3
Fixed - C&SB	**50**	23	n/m
- Data & connectivity	**103**	195	(47.2)
- NAS	**110**	105	4.8
Fixed - Enterprise	**213**	300	(29.0)
Fixed - Active Wholesale	**71**	90	(21.1)
International	**375**	194	93.3
InfraCo - Fixed	**807**	785	2.8
InfraCo - Tower / Amplitel	**160**	152	5.3
Other	**2**	(6)	n/m
Underlying	**3,895**	3,495	11.4
Net one-off nbn DA less nbn net C2C	**26**	125	(79.2)
Restructuring	**(44)**	(22)	(100.0)
Other guidance adjustments	**(16)**	(132)	87.9
Reported	**3,861**	3,466	11.4

Note: Product margins represent management's best estimates and are based on lease adjusted figures in FY21.

Product profitability - EBITDA margins %

	Half-year ended 31 December	
	2022	2021
Mobile	**43.2%**	41.8%
Fixed - C&SB	**2.2%**	1.0%
- Data & connectivity	**24.3%**	39.5%
- NAS	**8.2%**	8.0%
Fixed - Enterprise	**12.0%**	16.5%
Fixed - Active Wholesale	**34.0%**	35.7%
International	**32.7%**	25.6%
InfraCo - Fixed	**65.8%**	66.4%
InfraCo - Tower / Amplitel	**81.2%**	84.9%
Other	**0.5%**	(2.0%)
Underlying	**33.8%**	32.8%
Net one-off nbn DA less nbn net C2C	**56.5%**	61.6%
Restructuring	**-**	-
Other guidance adjustments	**-**	-
Reported	**33.3%**	31.8%

Note: Product margins represent management's best estimates and are based on lease adjusted figures in FY21.

Telstra Corporation Limited
Half-year comparison - Reported lease adjusted (i)
Half-year ended 31 December 2022

Summary management reported half-yearly data ($ Millions)	Half 1 Dec-18	Half 2 Jun-19	Full year Jun-19	Half 1 Dec-19	PCP Growth	Half 2 Jun-20	PCP Growth	Full year Jun-20	PCP Growth	Half 1 Dec-20	PCP Growth	Half 2 Jun-21	PCP Growth	Full year Jun-21	PCP Growth	Half 1 Dec-21	PCP Growth	Half 2 Jun-22	PCP Growth	Full year Jun-22	PCP Growth	Half 1 Dec-22	PCP Growth
Total income																							
Mobile																							
Postpaid handheld	2,615	2,567	5,182	2,508	(4.1%)	2,405	(6.3%)	4,913	(5.2%)	2,352	(6.2%)	2,478	3.0%	4,830	(1.7%)	2,500	6.3%	2,545	2.7%	5,045	4.5%	2,657	6.3%
Prepaid handheld	448	381	829	388	(13.4%)	385	1.0%	773	(6.8%)	404	4.1%	405	5.2%	809	4.7%	432	6.9%	492	21.5%	924	14.2%	556	28.7%
Mobile broadband	350	323	673	325	(7.1%)	315	(2.5%)	640	(4.9%)	316	(2.8%)	296	(6.0%)	612	(4.4%)	319	0.9%	336	13.5%	655	7.0%	337	5.6%
Internet of Things (IoT)	106	118	224	116	9.4%	127	7.6%	243	8.5%	118	1.7%	128	0.8%	246	1.2%	129	9.3%	139	8.6%	268	8.9%	139	7.8%
Mobile wholesale	99	102	201	104	5.1%	117	14.7%	221	10.0%	127	22.1%	140	19.7%	267	20.8%	148	16.5%	160	14.3%	308	15.4%	169	14.2%
Other	7	8	15	8	14.3%	(16)	n/m	(8)	n/m	9	12.5%	8	n/m	17	n/m	9	-	9	12.5%	18	5.9%	9	-
Total mobile services	3,625	3,499	7,124	3,449	(4.9%)	3,333	(4.7%)	6,782	(4.8%)	3,326	(3.6%)	3,455	3.7%	6,781	(0.0%)	3,537	6.3%	3,681	6.5%	7,218	6.4%	3,867	9.3%
Hardware	1,531	1,621	3,152	1,741	13.7%	1,313	(19.0%)	3,054	(3.1%)	1,242	(28.7%)	1,064	(19.0%)	2,306	(24.5%)	1,071	(13.8%)	1,029	(3.3%)	2,100	(8.9%)	1,202	12.2%
Mobile interconnect	112	112	224	120	7.1%	137	22.3%	257	14.7%	150	25.0%	114	(16.8%)	264	2.7%	129	(14.0%)	121	6.1%	250	(5.3%)	112	(13.2%)
Media, Telstra Plus & other	80	69	149	45	(43.8%)	(8)	n/m	37	(75.2%)	(8)	n/m	(33)	n/m	(41)	n/m	(54)	n/m	(44)	(33.3%)	(98)	n/m	(51)	5.6%
Total Mobile	5,348	5,301	10,649	5,355	0.1%	4,775	(9.9%)	10,130	(4.9%)	4,710	(12.0%)	4,600	(3.7%)	9,310	(8.1%)	4,683	(0.6%)	4,787	4.1%	9,470	1.7%	5,130	9.5%
Fixed - C&SB																							
On-net fixed (ii)	1,264	1,062	2,326	837	(33.8%)	616	(42.0%)	1,453	(37.5%)	462	(44.8%)	322	(47.7%)	784	(46.0%)	259	(43.9%)	210	(34.8%)	469	(40.2%)	179	(30.9%)
Off-net fixed (ii)	972	1,092	2,064	1,244	28.0%	1,351	23.7%	2,595	25.7%	1,470	18.2%	1,531	13.3%	3,001	15.6%	1,554	5.7%	1,596	4.2%	3,150	5.0%	1,651	6.2%
Consumer content & services	390	375	765	381	(2.3%)	346	(7.7%)	727	(5.0%)	342	(10.2%)	319	(7.8%)	661	(9.1%)	306	(10.5%)	294	(7.8%)	600	(9.2%)	309	1.0%
Business applications & services	90	93	183	99	10.0%	94	1.1%	193	5.5%	94	(5.1%)	89	(5.3%)	183	(5.2%)	86	(8.5%)	82	(7.9%)	168	(8.2%)	83	(3.5%)
Interconnect, payphones & E000	78	69	147	62	(20.5%)	53	(23.2%)	115	(21.8%)	58	(6.5%)	49	(7.5%)	107	(7.0%)	55	(5.2%)	44	(10.2%)	99	(7.5%)	42	(23.6%)
Total Fixed - C&SB	2,794	2,691	5,485	2,623	(6.1%)	2,460	(8.6%)	5,083	(7.3%)	2,426	(7.5%)	2,310	(6.1%)	4,736	(6.8%)	2,260	(6.8%)	2,226	(3.6%)	4,486	(5.3%)	2,264	0.2%
Fixed - Enterprise																							
Data & connectivity	656	625	1,281	607	(7.5%)	586	(6.2%)	1,193	(6.9%)	563	(7.2%)	540	(7.8%)	1,103	(7.5%)	494	(12.3%)	462	(14.4%)	956	(13.3%)	423	(14.4%)
Calling applications	485	461	946	426	(12.2%)	402	(12.8%)	828	(12.5%)	366	(14.1%)	342	(14.9%)	708	(14.5%)	342	(6.6%)	295	(13.7%)	637	(10.0%)	255	(25.4%)
Managed services & maintenance	305	331	636	308	1.0%	326	(1.5%)	634	(0.3%)	328	6.5%	343	5.2%	671	5.8%	357	8.8%	381	11.1%	738	10.0%	378	5.9%
Professional services	218	275	493	191	(12.4%)	236	(14.2%)	427	(13.4%)	181	(5.2%)	195	(17.4%)	376	(11.9%)	185	2.2%	254	30.3%	439	16.8%	266	43.8%
Cloud applications	94	111	205	119	26.6%	127	14.4%	246	20.0%	127	6.7%	130	2.4%	257	4.5%	135	6.3%	144	10.8%	279	8.6%	156	15.6%
Equipment sales	226	356	582	194	(14.2%)	306	(14.0%)	500	(14.1%)	157	(19.1%)	186	(39.2%)	343	(31.4%)	177	12.7%	220	18.3%	397	15.7%	147	(16.9%)
Other	124	138	262	133	7.3%	145	5.1%	278	6.1%	130	(2.3%)	136	(6.2%)	266	(4.3%)	124	(4.6%)	159	16.9%	283	6.4%	144	16.1%
Total NAS	1,452	1,672	3,124	1,371	(5.6%)	1,542	(7.8%)	2,913	(6.8%)	1,289	(6.0%)	1,332	(13.6%)	2,621	(10.0%)	1,320	2.4%	1,453	9.1%	2,773	5.8%	1,346	2.0%
Total Fixed - Enterprise	2,108	2,297	4,405	1,978	(6.2%)	2,128	(7.4%)	4,106	(6.8%)	1,852	(6.4%)	1,872	(12.0%)	3,724	(9.3%)	1,814	(2.1%)	1,915	2.3%	3,729	0.1%	1,769	(2.5%)
Fixed - Active Wholesale																							
Data & connectivity	198	200	398	187	(5.6%)	178	(11.0%)	365	(8.3%)	175	(6.4%)	166	(6.7%)	341	(6.6%)	158	(9.7%)	145	(12.7%)	303	(11.1%)	142	(10.1%)
Legacy calling & fixed	371	316	687	252	(32.1%)	196	(38.0%)	448	(34.8%)	144	(42.9%)	106	(45.9%)	250	(44.2%)	94	(34.7%)	80	(24.5%)	174	(30.4%)	67	(28.7%)
Total Fixed - Active Wholesale	569	516	1,085	439	(22.8%)	374	(27.5%)	813	(25.1%)	319	(27.3%)	272	(27.3%)	591	(27.3%)	252	(21.0%)	225	(17.3%)	477	(19.3%)	209	(17.1%)
International																							
Wholesale & Enterprise	803	902	1,705	846	5.4%	879	(2.5%)	1,725	1.2%	755	(10.8%)	741	(15.7%)	1,496	(13.3%)	758	0.4%	743	0.3%	1,501	0.3%	792	4.5%
Digicel Pacific	0	0	0	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	0	n/m	356	n/m
Total International	803	902	1,705	846	5.4%	879	(2.5%)	1,725	1.2%	755	(10.8%)	741	(15.7%)	1,496	(13.3%)	758	0.4%	743	0.3%	1,501	0.3%	1,148	51.5%
InfraCo - Fixed																							
Commercial & recoverable works	535	499	1,034	413	(22.8%)	450	(9.8%)	863	(16.5%)	360	(12.8%)	224	(50.2%)	584	(32.3%)	152	(57.8%)	142	(36.6%)	294	(49.7%)	120	(21.1%)
NBN recurring	367	400	767	428	16.6%	439	9.8%	867	13.0%	449	4.9%	451	2.7%	900	3.8%	459	2.2%	471	4.4%	930	3.3%	481	4.8%
Other external & passive	74	78	152	74	-	71	(9.0%)	145	(4.6%)	68	(8.1%)	68	(4.2%)	136	(6.2%)	95	39.7%	161	n/m	256	88.2%	125	31.6%
Internal	0	0	0	473	n/m	473	n/m	946	n/m	475	0.4%	474	0.2%	949	0.3%	477	0.4%	499	5.3%	976	2.8%	500	4.8%
Total InfraCo - Fixed	976	977	1,953	1,388	42.2%	1,433	46.7%	2,821	44.4%	1,352	(2.6%)	1,217	(15.1%)	2,569	(8.9%)	1,183	(12.5%)	1,273	4.6%	2,456	(4.4%)	1,226	3.6%
InfraCo - Tower / Amplitel																							
External	26	31	57	29	11.5%	29	(6.5%)	58	1.8%	30	3.4%	30	3.4%	60	3.4%	29	(3.3%)	31	3.3%	60	-	31	6.9%
Internal	0	0	0	133	n/m	133	n/m	266	n/m	141	6.0%	137	3.0%	278	4.5%	150	6.4%	158	15.3%	308	10.8%	166	10.7%
Total InfraCo - Tower / Amplitel	26	31	57	162	n/m	162	n/m	324	n/m	171	5.6%	167	3.1%	338	4.3%	179	4.7%	189	13.2%	368	8.9%	197	10.1%
One-off nbn DA & Connection	992	1,124	2,116	1,039	4.7%	965	(14.1%)	2,004	(5.3%)	658	(36.7%)	392	(59.4%)	1,050	(47.6%)	203	(69.1%)	175	(55.4%)	378	(64.0%)	46	(77.3%)
Other Product Income																							
External (iii)	182	170	352	189	3.8%	178	4.7%	367	4.3%	388	n/m	157	(11.8%)	545	48.5%	182	(53.1%)	282	79.6%	464	(14.9%)	260	42.9%
Internal	0	0	0	156	n/m	155	n/m	311	n/m	146	(6.4%)	139	(10.3%)	285	(8.4%)	145	(0.7%)	146	5.0%	291	2.1%	176	21.4%
Total Other Product Income	182	170	352	345	89.6%	333	95.9%	678	92.6%	534	54.8%	296	(11.1%)	830	22.4%	327	(38.8%)	428	44.6%	755	(9.0%)	436	33.3%
Elimination	0	0	0	(762)	n/m	(761)	n/m	(1,523)	n/m	(762)	-	(750)	1.4%	(1,512)	0.7%	(772)	(1.3%)	(803)	(7.1%)	(1,575)	(4.2%)	(842)	(9.1%)
Total income	13,798	14,009	27,807	13,413	(2.8%)	12,748	(9.0%)	26,161	(5.9%)	12,015	(10.4%)	11,117	(12.8%)	23,132	(11.6%)	10,887	(9.4%)	11,158	0.4%	22,045	(4.7%)	11,583	6.4%
Total expenses																							
Labour	2,722	2,557	5,279	2,170	(20.3%)	1,888	(26.2%)	4,058	(23.1%)	2,033	(6.3%)	1,979	4.8%	4,012	(1.1%)	1,834	(9.8%)	1,786	(9.8%)	3,620	(9.8%)	2,046	11.6%
Goods and services purchased	4,382	4,756	9,138	4,622	5.5%	4,485	(5.7%)	9,107	(0.3%)	4,208	(9.0%)	4,110	(8.4%)	8,318	(8.7%)	4,148	(1.4%)	4,080	(0.7%)	8,228	(1.1%)	4,221	1.8%
Net impairment losses on financial assets	88	96	184	80	(9.1%)	122	27.1%	202	9.8%	78	(2.5%)	82	(32.8%)	160	(20.8%)	41	(47.4%)	57	(30.5%)	98	(38.8%)	38	(7.3%)
Other expenses	2,124	2,660	4,784	2,060	(3.0%)	2,018	(24.1%)	4,078	(14.8%)	1,737	(15.7%)	1,437	(28.8%)	3,174	(22.2%)	1,389	(20.0%)	1,423	(1.0%)	2,812	(11.4%)	1,418	2.1%
Operating expenses	9,316	10,069	19,385	8,932	(4.1%)	8,513	(15.5%)	17,445	(10.0%)	8,056	(9.8%)	7,608	(10.6%)	15,664	(10.2%)	7,412	(8.0%)	7,346	(3.4%)	14,758	(5.8%)	7,723	4.2%
Share of net profit/(loss) from equity accounted entities	1	11	12	(2)	n/m	(303)	n/m	(305)	n/m	(2)	-	(22)	92.7%	(24)	92.1%	(9)	n/m	(22)	-	(31)	(29.2%)	1	n/m
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)	4,483	3,951	8,434	4,479	(0.1%)	3,932	(0.5%)	8,411	(0.3%)	3,957	(11.7%)	3,487	(11.3%)	7,444	(11.5%)	3,466	(12.4%)	3,790	8.7%	7,256	(2.5%)	3,861	11.4%
Depreciation and amortisation	2,366	2,366	4,732	2,428	2.6%	2,416	2.1%	4,844	2.4%	2,316	(4.6%)	2,136	(11.6%)	4,452	(8.1%)	2,189	(5.5%)	2,169	1.5%	4,358	(2.1%)	2,260	3.2%
Earnings before interest and income tax expense (EBIT)	2,117	1,585	3,702	2,051	(3.1%)	1,516	(4.4%)	3,567	(3.6%)	1,641	(20.0%)	1,351	(10.9%)	2,992	(16.1%)	1,277	(22.2%)	1,621	20.0%	2,898	(3.1%)	1,601	25.4%
Net finance costs	352	342	694	375	6.5%	396	15.8%	771	11.1%	307	(18.1%)	244	(38.4%)	551	(28.5%)	238	(22.5%)	179	(26.6%)	417	(24.3%)	252	5.9%
Profit before income tax expense	1,765	1,243	3,008	1,676	(5.0%)	1,120	(9.9%)	2,796	(7.0%)	1,334	(20.4%)	1,107	(1.2%)	2,441	(12.7%)	1,039	(22.1%)	1,442	30.3%	2,481	1.6%	1,349	29.8%
Income tax expense	559	344	903	526	(5.9%)	431	25.3%	957	6.0%	209	(60.3%)	330	(23.4%)	539	(43.7%)	296	41.6%	371	12.4%	667	23.7%	415	40.2%
Profit for the period	1,206	899	2,105	1,150	(4.6%)	689	(23.4%)	1,839	(12.6%)	1,125	(2.2%)	777	12.8%	1,902	3.4%	743	(34.0%)	1,071	37.8%	1,814	(4.6%)	934	25.7%
Attributable to:																							
Equity holders of Telstra Entity	1,211	899	2,110	1,139	(5.9%)	680	(24.4%)	1,819	(13.8%)	1,098	(3.6%)	759	11.6%	1,857	2.1%	698	(36.4%)	990	30.4%	1,688	(9.1%)	865	23.9%
Non-controlling interests	(5)	-	(5)	11	n/m	9	n/m	20	n/m	27	n/m	18	100.0%	45	n/m	45	66.7%	81	n/m	126	n/m	69	53.3%

(i) From 1 July 2019 we have adopted AASB 16: 'Leases' on a prospective basis, i.e. no restatement of the comparative period. FY20 and FY21 have been adjusted to include the reported depreciation of mobile handsets right-of-use assets in EBITDA because for management reporting purposes these expenses are treated as part of operating performance results. No adjustment to FY22 and FY23. Given different accounting treatment of leases in FY20, FY21, FY22 and FY23 compared to FY19, to provide a like-for-like view of our mobile handset leases (Telstra as a lessee), for illustrative purposes FY19 has been adjusted to exclude proforma operating lease expense and implied interest in the capitalised lease liability of all but mobile handset leases from operating expenses, D&A, finance costs and income tax expense.

(ii) Includes bundles and data, standalone voice, hardware, Telstra Plus, TUSOPA, business data & connectivity and other one-off revenue.

(iii) Includes 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.

n/m = not meaningful

Telstra Corporation Limited
Half-year comparison
Half-year ended 31 December 2022

Summary management reported half-yearly data	Half 1 Dec-18	Half 2 Jun-19	Full year Jun-19	Half 1 Dec-19	PCP Growth	Half 2 Jun-20	PCP Growth	Full year Jun-20	PCP Growth	Half 1 Dec-20	PCP Growth	Half 2 Jun-21	PCP Growth	Full year Jun-21	PCP Growth	Half 1 Dec-21	PCP Growth	Half 2 Jun-22	PCP Growth	Full year Jun-22	PCP Growth	Half 1 Dec-22	PCP Growth
<u>Selected statistical data</u>																							
Mobile																							
Total retail mobile SIOs (thousands)	17,956	18,338	18,338	18,497	3.0%	18,775	2.4%	18,775	2.4%	19,029	2.9%	19,471	3.7%	19,471	3.7%	20,049	5.4%	20,814	6.9%	20,814	6.9%	21,662	8.0%
Postpaid handheld mobile SIOs (thousands)	8,105	8,244	8,244	8,381	3.4%	8,484	2.9%	8,484	2.9%	8,564	2.2%	8,585	1.2%	8,585	1.2%	8,669	1.2%	8,740	1.8%	8,740	1.8%	8,808	1.6%
Belong postpaid handheld mobile SIOs (thousands) (i)	182	248	248	339	86.3%	402	62.1%	402	62.1%	424	25.1%	436	8.5%	436	8.5%	458	8.0%	470	7.8%	470	7.8%	494	7.9%
Mobile broadband (data cards) SIOs (thousands)	3,723	3,627	3,627	3,180	(14.6%)	3,158	(12.9%)	3,158	(12.9%)	3,061	(3.7%)	3,023	(4.3%)	3,023	(4.3%)	3,033	(0.9%)	3,035	0.4%	3,035	0.4%	3,011	(0.7%)
Prepaid mobile handheld unique users (thousands) (ii)	2,234	2,245	2,245	2,380	6.5%	2,416	7.6%	2,416	7.6%	2,462	3.4%	2,511	3.9%	2,511	3.9%	2,578	4.7%	2,726	8.6%	2,726	8.6%	2,863	11.1%
Internet of Things (IoT) SIOs (thousands)	2,832	3,132	3,132	3,482	23.0%	3,784	20.8%	3,784	20.8%	4,240	21.8%	4,676	23.6%	4,676	23.6%	5,128	20.9%	5,700	21.9%	5,700	21.9%	6,360	24.0%
Total wholesale mobile SIOs (thousands) (iii)	1,098	1,196	1,196	1,354	23.3%	1,507	26.0%	1,507	26.0%	1,652	22.0%	1,747	15.9%	1,747	15.9%	1,838	11.3%	1,965	12.5%	1,965	12.5%	2,127	15.7%
Average postpaid handheld revenue per user per month ($)	54.58	52.34	53.61	50.31	(7.8%)	47.53	(9.2%)	48.96	(8.7%)	45.99	(8.6%)	48.16	1.3%	47.16	(3.7%)	48.29	5.0%	48.74	1.2%	48.53	2.9%	50.47	4.5%
Average prepaid handheld revenue per user per month ($)	22.54	19.38	20.76	19.20	(14.8%)	19.05	(1.7%)	19.46	(6.3%)	20.89	8.8%	21.46	12.7%	20.83	7.0%	22.70	8.7%	25.22	17.5%	23.81	14.3%	27.40	20.7%
Average mobile broadband revenue per user per month ($)	15.32	14.65	14.92	16.81	9.7%	16.58	13.2%	16.62	11.4%	16.93	0.7%	16.20	(2.3%)	16.49	(0.8%)	17.58	3.8%	18.46	14.0%	18.03	9.3%	18.60	5.8%
Fixed - C&SB																							
C&SB bundles and standalone data SIOs (thousands)	3,523	3,554	3,554	3,592	2.0%	3,666	3.2%	3,666	3.2%	3,604	0.3%	3,591	(2.0%)	3,591	(2.0%)	3,546	(1.6%)	3,504	(2.4%)	3,504	(2.4%)	3,454	(2.6%)
Belong fixed data SIOs (thousands) (iv)	225	254	254	298	32.4%	333	31.1%	333	31.1%	344	15.4%	343	3.0%	343	3.0%	346	0.6%	347	1.2%	347	1.2%	333	(3.8%)
C&SB standalone voice SIOs (thousands)	1,280	1,093	1,093	921	(28.0%)	755	(30.9%)	755	(30.9%)	619	(32.8%)	478	(36.7%)	478	(36.7%)	430	(30.5%)	376	(21.3%)	376	(21.3%)	345	(19.8%)
C&SB NBN SIOs (thousands)	2,214	2,568	2,568	2,935	32.6%	3,208	24.9%	3,208	24.9%	3,421	16.6%	3,487	8.7%	3,487	8.7%	3,514	2.7%	3,506	0.5%	3,506	0.5%	3,437	(2.2%)
NBN bundles and standalone data SIOs (thousands)	1,948	2,291	2,291	2,643	35.7%	2,959	29.2%	2,959	29.2%	3,167	19.8%	3,287	11.1%	3,287	11.1%	3,312	4.6%	3,313	0.8%	3,313	0.8%	3,271	(1.2%)
NBN standalone voice SIOs (thousands)	266	277	277	292	9.8%	249	(10.1%)	249	(10.1%)	254	(13.0%)	200	(19.7%)	200	(19.7%)	202	(20.5%)	193	(3.5%)	193	(3.5%)	166	(17.8%)
Foxtel from Telstra (thousands)	772	730	730	678	(12.2%)	632	(13.4%)	632	(13.4%)	579	(14.6%)	528	(16.5%)	528	(16.5%)	492	(15.0%)	457	(13.4%)	457	(13.4%)	421	(14.4%)
Average C&SB bundle and standalone data revenue per user per month ($)	80.92	78.16	79.71	78.18	(3.4%)	76.47	(2.2%)	77.12	(3.2%)	76.39	(2.3%)	75.18	(1.7%)	75.53	(2.1%)	76.76	0.5%	78.04	3.8%	77.37	2.4%	79.57	3.7%
Average C&SB standalone fixed voice revenue per user per month ($)	51.59	51.21	51.29	49.47	(4.1%)	45.64	(10.9%)	47.65	(7.1%)	41.53	(16.1%)	38.34	(16.0%)	40.20	(15.6%)	33.16	(20.2%)	36.33	(5.2%)	34.75	(13.6%)	38.46	16.0%
Fixed - Enterprise																							
Data & connectivity SIOs (thousands)				208	n/m	202	n/m	202	n/m	194	(6.7%)	187	(7.4%)	187	(7.4%)	183	(5.7%)	179	(4.3%)	179	(4.3%)	170	(7.1%)
Average data & connectivity revenue per user per month ($)				484.05	n/m	476.42	n/m	482.61	n/m	473.91	(2.1%)	472.44	(0.8%)	472.58	(2.1%)	445.05	(6.1%)	425.41	(10.0%)	435.34	(7.9%)	404.01	(9.2%)
Fixed - Wholesale																							
Fixed legacy SIOs (thousands)	2,221	1,671	1,671	1,168	(47.4%)	719	(57.0%)	719	(57.0%)	393	(66.4%)	248	(65.5%)	248	(65.5%)	158	(59.8%)	93	(62.5%)	93	(62.5%)	59	(62.7%)
Data & connectivity SIOs (thousands)	39	38	38	37	(5.1%)	35	(7.9%)	35	(7.9%)	33	(10.8%)	31	(11.4%)	31	(11.4%)	29	(12.1%)	28	(9.7%)	28	(9.7%)	27	(6.9%)
Labour																							
Telstra FTEs incl contractor/agency	31,419	29,769	29,769	28,270	(10.0%)	28,959	(2.7%)	28,959	(2.7%)	28,637	1.3%	27,015	(6.7%)	27,015	(6.7%)	26,728	(6.7%)	28,889	6.9%	28,889	6.9%	31,634	18.4%

(i) Included in postpaid handheld mobile SIOs.

(ii) Defined as the three month rolling average of monthly active prepaid users.

(iii) Excludes IoT.

(iv) Included in C&SB bundles and standalone data SIOs.

n/m = not meaningful