



17 August 2023

Market Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Office of the Company Secretary
Level 41, 242 Exhibition Street
MELBOURNE VIC 3000
AUSTRALIA

ELECTRONIC LODGEMENT

- Telstra Group Limited (ACN 650 620 303) – ASX: TLS
- Telstra Corporation Limited (ACN 051 775 556) - ASX: TL1

Telstra Group Limited – Financial Results for the full year ended 30 June 2023 – CEO/CFO Analyst Briefing Presentation and Materials

In accordance with the Listing Rules, attached are the following materials for release to the market by Telstra Group Limited:

1. Full year 2023 results presentation;
2. CEO and CFO speeches;
3. Telstra's Full Year Results and Operations Review; and
4. financial and statistical tables.

The materials are also provided for the information of Telstra Corporation Limited noteholders.

Telstra will conduct an analyst and media briefing on its 2023 full year results from 9:15am AEST. 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.

Release of announcement authorised by:

Sue Laver
Company Secretary



Full year 2023 results

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, 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; competition in the markets in which Telstra operates; the continuing growth in the markets in which Telstra operates; the inherent regulatory risks in the businesses of Telstra; technological changes taking place in the telecommunications industry; future changes to Telstra's products and services; the risk of cyber and data security issues; the geopolitical environment (including impacts of sanctions and trade controls and broader supply chain impacts); exchange rates; the extent, nature and location of physical impacts of climate change and their impacts on our assets, service continuity and supply chain; electricity grid decarbonisation; and changes to forecast supply chain emissions including but not limited to failure of third parties to achieve contractual environmental targets or milestones that have direct or indirect impact on our environmental modelling.

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 2023 which were lodged with the ASX on 17 August 2023, and are available on Telstra's Investor Centre website telstra.com/investor.

In addition, there are particular risks and uncertainties in connection with the implementation of Telstra's T25 strategy (T25). Those risks include the response of customers to changes in products and the way Telstra interacts with customers as Telstra moves to a digital operating model, the risks of disruption from changes Telstra's ways of working, and Telstra'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.

Due to the inherent uncertainty and limitations in measuring or quantifying greenhouse gas (GHG) emissions under the calculation methodologies used in the preparation of such data, all GHG emissions data or references to GHG emissions volumes (including ratios or percentages) in this presentation are estimates. The accuracy of Telstra's GHG emissions data and other metrics may be impacted by factors, including inconsistent data availability, a lack of common definitions and standards for reporting climate related information, quality of historical emissions data, reliance on assumptions and changes in market practice. These factors may impact Telstra's ability to meet commitments and targets or cause Telstra's results to differ materially from those expressed or implied in this presentation. There may also be differences in the manner that third parties calculate or report GHG emissions data compared to Telstra, which means that third party data may not be comparable to our data.

In FY23 Telstra finalised the acquisition of Digital Pacific. Telstra is working to determine the necessary actions to incorporate Digital Pacific in its existing climate scenario analysis, climate risk financial quantification, adaptation planning, emissions reduction plans and to gather the relevant activity data to calculate Digital Pacific's scope 1, 2 and 3 emissions profile in line with the GHG Protocol so that Digital Pacific can be integrated into emissions disclosures and targets. The disclosures in this presentation in relation to the matters noted above do not include Digital Pacific unless otherwise stated.

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".

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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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Full year 2023 results

Vicki Brady – Chief Executive Officer

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Full year 2023 results



FY23 Total income¹
\$23.2b +5.4%

FY23 Underlying EBITDA¹
\$8.0b +9.6%
FY23 EBITDA
\$7.9b +8.4%

FY23 Underlying ROIC¹
8.1% +1.1pp
FY23 ROIC
7.9% +0.8pp

Episode NPS
Improved +6
on PCP

T25 strategy
On track

FY23 Dividend²
17cps +3.0%

1. Refer to definition in the Glossary.
2. Dividend includes interim dividend of 8.5 cents per share and final dividend of 8.5 cents per share.

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Full year 2023 results



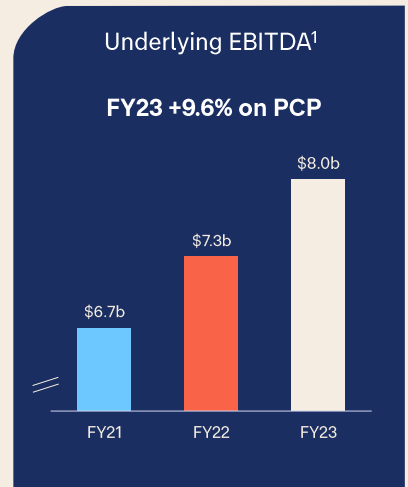
FY23 product growth

- Earnings growth across mobile, international, infrastructure and Fixed – C&SB
- Fixed – Enterprise headwinds. Focus on maintaining momentum in fibre, simplifying products, reducing costs and growth across NAS
- Disciplined on costs



Growth beyond T25

- Sustained growth across products
- Additional growth from infrastructure
- New capabilities and partnerships to grow offerings across AI, data analytics, IoT and cyber security



1. Refer to definition in the Glossary.

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Full year 2023 results

Michael Ackland – Chief Financial Officer

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Income statement

Continued profitable growth in line with guidance



	FY22	FY23	Change
Total income ¹	\$22.0b	\$23.2b	5.4%
EBITDA	\$7.3b	\$7.9b	8.4%
Underlying EBITDA^{1,2}	\$7.3b	\$8.0b	9.6%
D&A	\$4.4b	\$4.5b	2.6%
EBIT	\$2.9b	\$3.4b	17.0%
Net finance costs	\$0.4b	\$0.5b	26.9%
Income tax expense	\$0.7b	\$0.8b	21.7%
NPAT	\$1.8b	\$2.1b	13.1%
Profit for TLS shareholders¹	\$1.7b	\$1.9b	14.2%
EPS (cents)	14.4	16.7	16.0%
DPS (cents)	16.5	17.0	3.0%

- **Underlying EBITDA grew 9.6% to \$8.0b**, in line with guidance
 - Organic growth across several products
 - Growth with Digicel Pacific acquisition on 13 July 2022
- **Underlying EBITDA excluding Digicel Pacific** grew 5.0%
- **D&A** increase largely due to Digicel Pacific acquisition
- **Finance costs** grew with higher net debt and borrowing costs
- **Tax** increase with stronger earnings. Effective tax rate 28%
- **NPAT** growth of 13.1%. **Earnings per share (EPS)** growth of 16% includes the impact of buy back completed in May 2022
- **Dividends per share (DPS)** of 17.0c up 3.0%. Reported EPS payout ratio of 102%

1. Refer to definition in the Glossary.

2. Refer to Full 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 Full year ended 30 June 2023" lodged with the ASX on 17 August 2023).

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Full year 2023 results

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EBITDA by product

Strong mobile-led organic growth, as well as from M&A



	FY22	FY23	Change	Change \$m
Mobile	\$3,997m	\$4,602m	15.1%	605
Fixed - C&SB	\$55m	\$135m	n/m	80
Fixed - Enterprise	\$660m	\$411m	-37.7%	-249
Fixed - Active Wholesale	\$159m	\$117m	-26.4%	-42
International	\$387m	\$713m	84.2%	326
InfraCo Fixed	\$1,655m	\$1,663m	0.5%	8
Amplitel	\$294m	\$318m	8.2%	24
Other ¹	\$44m	-\$9m	n/m	-53
Underlying	\$7,251m	\$7,950m	9.6%	699
Net one-off nbn DA	\$233m	\$37m	-84.1%	-196
Restructuring/M&A adj ²	-\$228m	-\$125m	-45.2%	103
Reported	\$7,256m	\$7,862m	8.4%	606

- **Underlying EBITDA** grew \$699m or 9.6%. Growth of \$362m or 5.0% excl. Digicel Pacific acquisition
- **Mobile** service revenue and postpaid ARPU growth
- **Fixed - C&SB** growth with improved margin
- **Fixed - Enterprise** growth in NAS strategic areas offset by Data & Connectivity and calling decline
- **International** growth including Digicel Pacific. 5.7% organic growth in constant currency excl. restructuring
- **InfraCo Fixed** growth of 3.9% excl. commercial works and legacy disposals
- **Amplitel** growth from new builds, 5G & customer wins
- **Other** decline due to corporate one-offs in prior year offsetting growth in Telstra Health

1. Other includes miscellaneous, Telstra Energy, Telstra Health and internal.

2. Refer to Full 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 Full year ended 30 June 2023" lodged with the ASX on 17 August 2023).

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Mobile

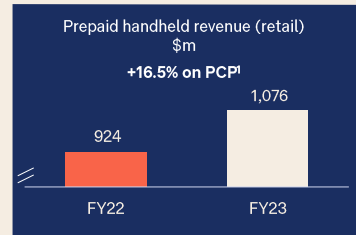
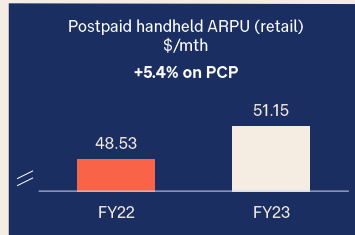
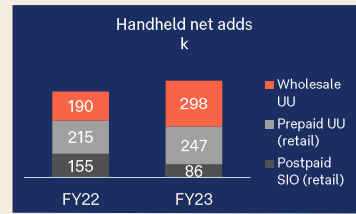
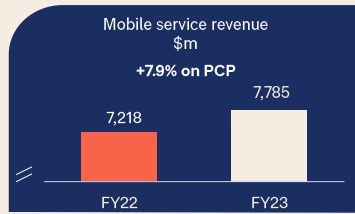
Growth in service revenue across all products and segments



\$10.3b
FY23 Income ▲8.3%

\$4.6b
FY23 EBITDA ▲15%

- **Mobile service revenue** growth across all products and segments, 4.8% growth excl. roaming and \$42m prepaid one-off in 1H23
- **Mobile net adds** with SIO growth across all segments
- **Postpaid handheld** revenue growth driven by C&SB price increases and roaming recovery
- **Prepaid and wholesale** higher unique users and ARPU growth
- **Hardware** revenue grew 12.1% with improved margin



1. 11.9% growth on PCP excluding \$42m one-off in 1H23.
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Fixed - C&SB

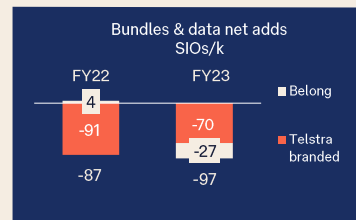
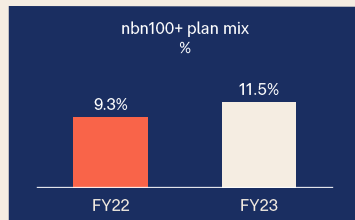
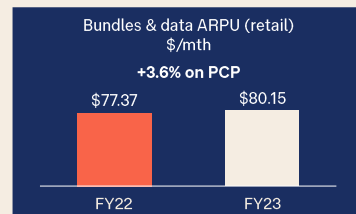
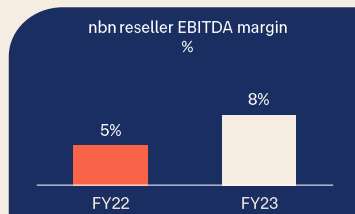
Continued contribution to growth with improved margin



\$4.5b
FY23 Income ▼0.6%

\$135m
FY23 EBITDA ▲145%

- **EBITDA growth** from improved nbn reseller margin and on-net fixed wireless growth, partly offset by declining legacy on-net
- **nbn reseller margin increased to >8%** with price rises, improved product mix and cost management
- **Bundles & data ARPU growth** reflects full year benefit of FY22 price rises
- **Bundles & data SIO decline** with on-net fixed wireless growth offset by continued decline in legacy on-net and nbn SIOs



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Fixed - Enterprise

Services revenue growth offset by legacy calling and DAC decline



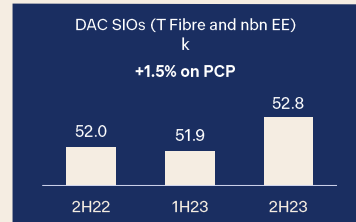
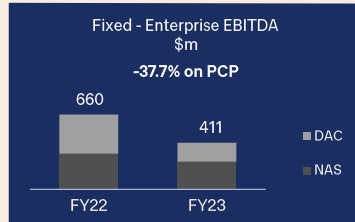
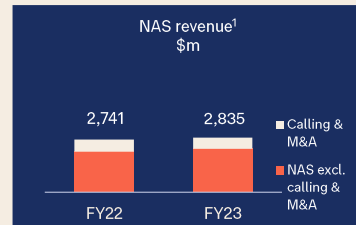
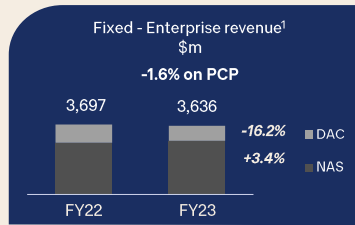
\$3.6b

FY23 Income¹ ▼1.6%

\$411m

FY23 EBITDA ▼38%

- Fixed - Enterprise NAS revenue growth offset by DAC decline
- Network Applications & Services (NAS) revenue growth 7.1% ex-calling & M&A¹ across cloud, professional & managed services
- Data and Connectivity (DAC) revenue decline with continued ARPU compression from competition, renewals at lower rates and technology change
- Positive momentum for T-Fibre and nbn EE SIOs
- EBITDA fell with decline in DAC and high margin calling revenue, higher power and infrastructure costs



1. FY23 includes \$101m of NAS income from acquisitions completed in 2H22. Income from these acquisitions not included in FY22.

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International

Growth in International operations and contribution from Digicel Pacific



\$2.4b

FY23 Income ▲62%

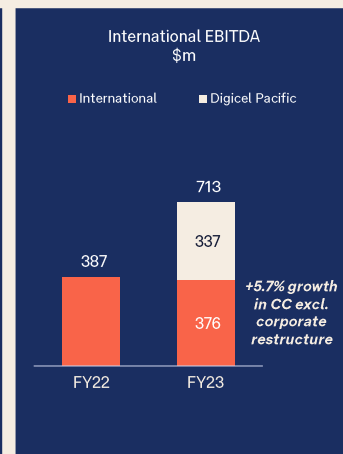
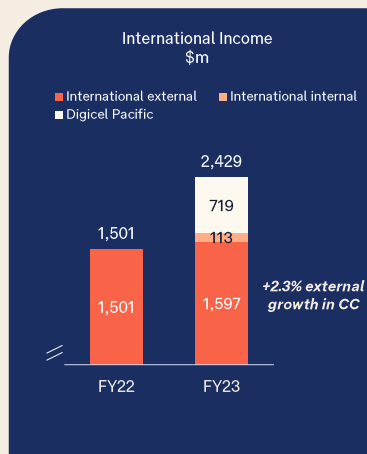
\$713m

FY23 EBITDA ▲84%

- International income (excl. Digicel Pacific) 2.3% external growth in constant currency from continued demand for product and services
- International EBITDA (excl. Digicel Pacific) down 2.8% as reported, 5.7% growth in constant currency excl. corporate restructure impacts
- Digicel Pacific EBITDA growth of 5% on FY22 proforma in constant currency

Digicel Pacific performance metrics:

- 2.9m total subscribers
- ~\$100m capex incl. upgrade and expand network



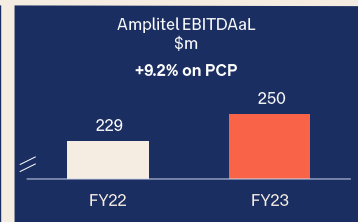
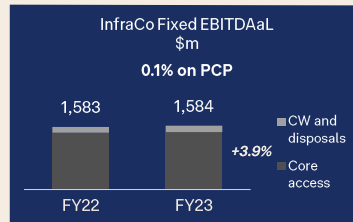
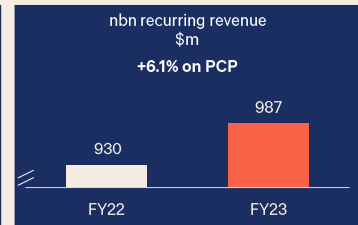
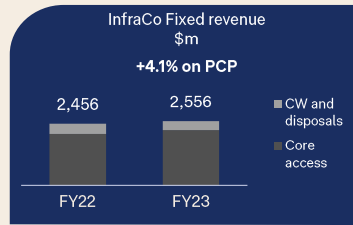
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Infrastructure

Benefiting from higher demand, utilisation and CPI indexation



- **InfraCo Fixed 3.9% EBITDAaL¹ growth excluding commercial & recoverable works and legacy network disposals** driven by higher revenue from core access for ducts, fibre & network sites
- **InfraCo Fixed 0.1% EBITDAaL growth** reflects lower nbn commercial works with contract expiry
- **nbn recurring revenue** - average contracted period of 24 years, 7.3% CPI applied from 1 Jan 2023
- **Investment in strategic infrastructure** continues including intercity fibre and Viasat projects
- **Strong infrastructure growth** with demand for Amplitel new and existing towers (5G expansion). >\$2 billion recent contract signings²



1. Refer to definition in the Glossary.
 2. Total contract value for existing and new access and assumes licence extension options will be exercised (typically a total term of 20 to 30 years).
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Full year 2023 results

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Strong cost discipline



Operating expenses	FY22	FY23	Change	Change \$m
nbn payments	\$2,081m	\$2,048m	-1.6%	-33
Non-nbn sales costs	\$5,448m	\$5,914m	8.6%	466
Fixed costs - core ¹	\$6,663m	\$6,622m	-0.6%	-41
Fixed costs - other ²	\$106m	\$612m	n/m	506
Underlying	\$14,298m	\$15,196m	6.3%	898
One-off nbn DA	\$145m	\$35m	-75.9%	-110
Restructuring & M&A adj ³	\$315m	\$125m	-60.3%	-190
Reported	\$14,758m	\$15,356m	4.1%	598

- **Total operating expenses** – higher due to acquired businesses, hardware volumes, onshoring contact centres, partly offset by lower one-off nbn DA, restructuring & M&A costs
- **nbn payments** broadly in line with lower connections
- **Non-nbn sales costs** increased on higher hardware volumes (mobile hardware revenue +\$255m) and +\$126m from Digicel Pacific
- **Fixed costs - core** declined as productivity more than offset inflation, higher contact centre, energy (\$45m higher offset at EBITDA from PPAs) and FX headwinds
- **Fixed costs - other** includes Telstra Health and costs from acquired businesses including Digicel Pacific and in NAS. \$256m of increase due to Digicel Pacific

1. Fixed costs - core includes \$559m of commissions in FY23 previously reported in sales costs (FY22 \$591m) as well as some other fixed costs previously reported in Fixed costs - other.
 2. Fixed costs - other includes Telstra Health, and current and prior year acquisitions including Digicel Pacific, Alliance Automation and Aquira Technologies.
 3. Refer to Full 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 Full year ended 30 June 2023" lodged with the ASX on 17 August 2023).

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Full year 2023 results

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Investing for growth, free cashflow in line with guidance



Free cashflow	FY22	FY23	Change	Change \$m
EBITDA	\$7,256m	\$7,862m	8.4%	606
Working capital movement ¹	\$923m	-\$33m	n/m	-956
Tax paid	-\$819m	-\$933m	-13.9%	-114
Capex (excl. Spectrum) ²	-\$3,053m	-\$3,742m	-22.6%	-689
Lease payments	-\$775m	-\$774m	0.1%	1
Other incl. non-cash EBITDA ³	\$429m	\$404m	-5.8%	-25
Free cashflow after lease payments	\$3,961m	\$2,784m	-29.7%	-1,177
Spectrum	-\$41m	-\$112m	n/m	-71
M&A / asset sale	-\$841m	-\$2,595m	n/m	-1,754
Lease payments	\$775m	\$774m	0.1%	-1
Operating less investing cashflow	\$3,854m	\$851m	-77.9%	-3,003

- Free cashflow after lease payments⁵ declined with higher EBITDA offset by working capital benefit in pcp and higher capex
- Working capital largely flat in FY23, after FY22 benefit from reduced receivables including lower hardware sales
- Capex² includes strategic investment & Digicel Pacific
- Spectrum. Future cash outlay of \$616m for 850MHz payable Q4 FY24, and \$56m p.a. for next 3 years for mmWave. Upcoming mid-band spectrum auction Q2 FY24
- M&A includes -\$2.4b for Digicel Pacific acquisition and earn-out⁴
- non-controlling interests dividends paid in financing activities (not in table) of \$163m in FY23 (\$100m in FY22) include to Amplitel and exchange trust minorities

1. Working capital movement from operating activities.
2. Represents cash outlay for capital expenditure during the year.
3. Includes investing cash flow, proceeds on disposal, finance lease receivables, interest received, and other non-cash EBITDA items not reported in operating activities.
4. 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. US\$50m additional earn-out paid in FY23, and potential for up to a further US\$200m earn-out in FY24/FY25 contingent on performance, in each case 80/20 EFA/Telstra funded (US\$60m of which further earn-out was paid in July 2023).
5. Refer to definition in the Glossary.

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Strong capital position and liquidity



Capital position	FY22	FY23
Gross debt	\$13.8b	\$15.3b
Cash and cash equivalents	\$1.0b	\$0.9b
Net debt	\$12.7b	\$14.4b
Average gross borrowing cost ¹	3.7%	4.6%
Average debt maturity (years) ¹	3.1	3.9
Financial parameters²	Comfort Zones	
Debt servicing	1.5 - 2.0x	1.8x
Gearing	50% to 70%	43%
Interest cover	>7x	14.5
Ratios		
Capex ³ to sales	14.5%	16.1%
ROE ³	11.3%	12.5%
ROIC ³	7.1%	7.9%
Underlying ROIC ³	7.0%	8.1%

- Net debt increased -\$1.7b in FY23 largely due to Digicel Pacific acquisition funding. 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\$
- Fixed rate debt as a percentage of total debt is ~70%
- Strong liquidity with \$0.9b cash and \$2.7b of unused committed facilities
- Balance sheet strength and flexibility. Financial parameters within comfort zones
- Accrued capex³ of \$3,597m in FY23 (guidance basis) including \$300m of strategic investment and ~\$100m for Digicel Pacific. Capex to sales excluding strategic investment ~15%
- Underlying ROIC growth with higher EBIT. Invested capital opening balance excludes Digicel Pacific

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.

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FY24 guidance



	FY23	FY24 guidance ¹
Total income	\$23.2b	\$22.8b to \$24.8b
Underlying EBITDA ²	\$8.0b	\$8.2b to \$8.4b
Capex ³ (includes strategic investment)	\$3.6b	\$3.6b to \$3.7b
Free cashflow after lease payments (FCFaL) ⁴ (includes strategic investment)	\$2.8b	\$2.8b to \$3.2b

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 guidance adjustments, and in FY23 and prior years also excludes net one-off nbn DA receipts less nbn net C2C.
 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.

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Full year 2023 results

Vicki Brady – Chief Executive Officer

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T25 strategy

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


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Customer experience

Driven by product simplification, onshore call centres, in-house stores and digitisation



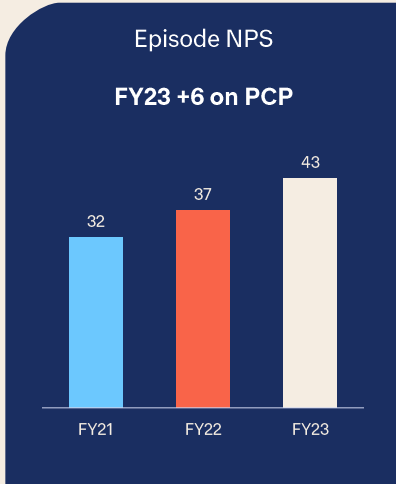
Increased digitisation

- C&SB: 43% services and 88% sales on new digital stack – on track for all by FY25
- 68% key service interactions available digitally
- Leadership in cyber security
- 7.4m active digital users
- 5.1m Telstra Plus members – 69% engagement



Complaints reduced

- C&SB TIO complaints reduced to a record low – down by more than a third on prior year
- 98% Enterprise billing complaints resolved in one billing cycle in Q4 FY23



Episode NPS

FY23 +6 on PCP

Fiscal Year	Episode NPS
FY21	32
FY22	37
FY23	43

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Network and technology solutions

Driven by network expansion including 5G



Increased coverage and 5G leadership

- Australia's largest 5G network with 85% population coverage
- 41% mobile traffic on 5G in June
- A leader in private mobile networks and 5G standalone
- Mobile coverage expanded to 2.72 million sq km – added 80,000 km² in last two years
- On-track to exit 3G by the end of FY24

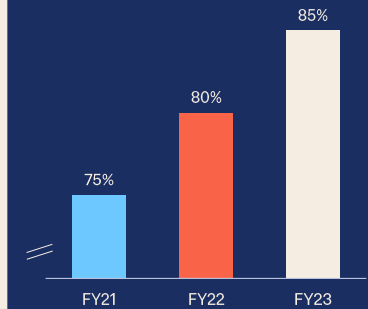


Technology leadership

- Announced world first deal as reseller of Starlink consumer broadband and voice service
- Build progressed on intercity fibre project with multiple routes under construction
- umlaut – “Best in Test” (Dec 2022)
- We continue to meet or exceed our advertised typical busy-period speeds on all nbn plans

5G population coverage

FY23 +5pp on PCP



Full year 2023 results

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Growth and value

Driven by earnings growth across mobile, international, infrastructure and Fixed – C&SB



Growth

- Underlying EBITDA¹ FY23 9.6% growth – on track for mid-single digit CAGR ambition to FY25
- Underlying EPS¹ FY23 21.5% growth. 34% CAGR from FY21 to FY23 – on track for high-teens CAGR ambition to FY25
- Underlying ROIC¹ FY23 8.1% – up +1.1pp on PCP

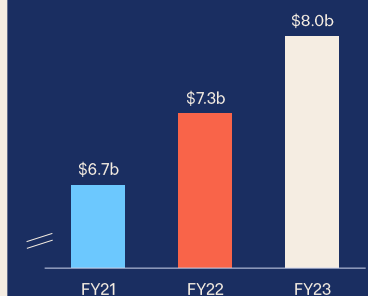


Cost discipline

- Core fixed costs reduced \$41m with productivity partly offset by inflation
- Ambition for \$500m net fixed cost out by FY25

Underlying EBITDA¹

FY23 +9.6% on PCP



Full year 2023 results

1. Refer to definition in the Glossary.

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The place you want to work

Driven by digital leadership and doing business responsibly



New ways of working

- Employee engagement score 80 – in top quarter globally. Ambition for 90th percentile
- 67% Agile teams at Level 4 Maturity



Digital leadership

- Data and AI venture with Quantum
- Leading the industry in blocking scams – including Scam Indicator pilot
- Growing our Enterprise digital capabilities
- 33% key processes improved using AI – on track for 100% by FY25



Doing business responsibly

- 30% reduction in scope 1+2 emissions, and 28% reduction in scope 3 emissions, both from FY19 baseline
- Helped >1m customers in vulnerable circumstances stay connected in FY23
- Improved digital skills for >250k Australians over last two years
- RepTrak reputation uplift +2.2pt since FY21

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T25 scorecard



Customer experience	Network & Technology	Growth and value	New ways of working	Digital leadership	Responsible business
<p>Market leading CX with</p> <ul style="list-style-type: none"> eNPS >40 by FY25 sNPS uplift of +25 by FY25 <p>Getting it right for customers</p> <ul style="list-style-type: none"> >90% 'Once and Done' by FY25 (C&SB) 90% rating in support and engagement by FY25 (TE) <p>Reduce our complaints</p> <ul style="list-style-type: none"> One-third by FY23, 50% by FY25 (C&SB) >95% of billing disputes will be resolved in 1 cycle by FY25 (TE) <p>Grow Telstra Plus members (#) and engagement (%)</p> <ul style="list-style-type: none"> 5.4m and 70% by FY23 6m and 80% by FY25 <p>Grow digitally active users by 2m to 8.5m FY25 (C&SB)</p> <p>Improve availability of infra. assets for customers, by FY25</p> <ul style="list-style-type: none"> 250 new towers 20,000km of fibre deployed¹ 	<p>Network leadership, by FY25:</p> <ul style="list-style-type: none"> -95% pop. coverage for 5G >80% of traffic on 5G 3G closed in FY24 <p>Win majority of key surveys for best fixed/ mobile network including</p> <ul style="list-style-type: none"> Coverage, and Overall customers speeds for mobile FY23-FY25 <p>Double metro cell sites by FY25 to densify the network¹</p> <p>Expand regional coverage</p> <ul style="list-style-type: none"> 100,000km² new coverage by FY25 	<p>Underlying EBITDA</p> <ul style="list-style-type: none"> \$7.5-8.0b by FY23 Mid-single digit CAGR FY21 to FY25 <p>Underlying ROIC</p> <ul style="list-style-type: none"> -8% by FY23 Grow beyond to FY25 <p>Underlying EPS: High-teens CAGR FY21 to FY25</p> <ul style="list-style-type: none"> Maximise fully-franked dividend and seek to grow over time <p>Maintain cost discipline</p> <ul style="list-style-type: none"> \$500m net fixed cost out from FY23 to FY25 while investing for growth Maintain leading operating cost metrics for full-service telco <p>Maximise value from infra.</p> <ul style="list-style-type: none"> Amplitel EBITDAaL CAGR – low-to-mid single digit InfraCo Fixed EBITDAaL CAGR – low-single digit 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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
<p>Our commitments and metrics</p>					
<p>Legend</p> <ul style="list-style-type: none"> On track for delivery Completed Progress made but below target Not achieved Not on track Target removed 					

Note: Commitments are baselined to FY21, except where stated otherwise and see disclaimer slide in relation to financial ambitions
 1. Fibre deployed target removed in August 2023 due to our focus on the highest priority routes. Double metro cell site target removed in August 2023 due to technology review

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Infrastructure value creation

Focus on long-term sustainable growth



Group Restructure objectives achieved

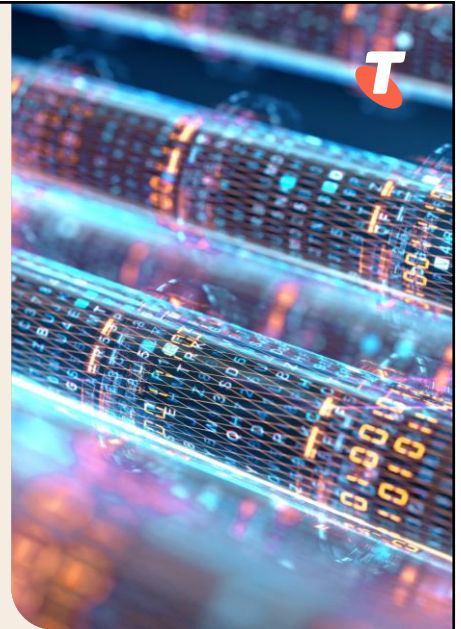
- Create transparency of our infrastructure business
- Run InfraCo Fixed as a standalone business
- Provide optionality

We have created a strong digital infrastructure operator



Greatest value created by maintaining the current ownership structure

- Providing flexibility to meet evolving customer needs
- Improving efficiency in InfraCo Fixed
- Delivering growth projects including our intercity fibre build
- Exploring infrastructure partnerships



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FY24 focus areas



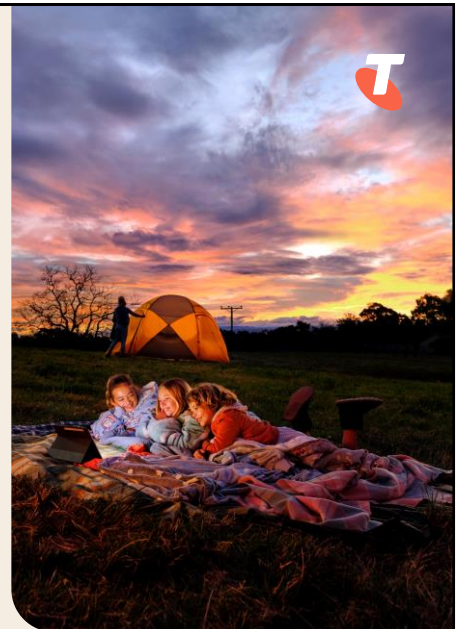
Lift customer experience

- Accelerating digitisation
- Focus on migrating C&SB customers off legacy systems



Sustainable growth

- Mobile led growth including from network leadership
- Additional growth from infrastructure
- Fixed – C&SB growth including from improved customer experience and reduced costs
- Improving Fixed – Enterprise profitability



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Thank you

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Appendix

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Telstra at a glance



Size and scale¹



1.2m shareholders	A\$49b market capitalisation	Public ASX20 company
A\$23b total income	A-/A2 investment grade rating from S&P and Moody's	

Network¹



Australia's largest mobile network – around 1m square kilometres more coverage than nearest competitor	
250,000km optical fibre network in Australia	Own or operate 400,000km of subsea cable and 2,000 POPs

Customers and people¹



22.5m retail mobile services	3.4m C&SB bundle and data services	160k Enterprise data and connectivity services
2.0m wholesale mobile unique users		
Employee engagement score of 80	Around 290 retail stores in Australia	Presence in >30 countries and territories outside Australia

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Sustainability



Creating a better digital world¹



Our 5G footprint covers 85% of the Australian population – on track to reach 95% by FY25	Launched new reporting service to help customers fight SMS and MMS scams
Helped >1m customers in vulnerable circumstances stay connected	Supported >250k Australians to grow their digital skills in last two years

Sustaining our planet¹



AFR Sustainability Leader for 2023 and category winner in TMT sector	30% reduction in absolute scope 1+2 emissions and 28% reduction in absolute scope 3 emissions, each from FY19 baseline – 50% target reduction by 2030
All Telstra branded products transitioned to new sustainable packaging	Reused or recycled >600k mobile phones, modems and other devices

Doing business responsibly¹



Launched our 2022-2025 Stretch Reconciliation Action Plan (RAP)	FTSE4Good Index Series membership status
Achieved 35% representation of women, exceeding our target of 34%	More than a third reduction in TIO referral complaints

FY23 sustainability disclosures available from 1 September 2023 at telstra.com.au/sustainability/report

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Capital management framework



	Fiscal discipline		
Objectives	Maximise returns for shareholders	Maintain financial strength	Retain financial flexibility
Principles	<ol style="list-style-type: none"> 1. Committed to balance sheet settings consistent with an A band credit rating 2. Maximise fully-franked dividend and seek to grow over time¹ 3. Ongoing business-as-usual capex of ~\$3b p.a. excluding spectrum² 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.

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T25 outcomes – progress



Strategic pillars	Commitments & metrics	Progress
An exceptional customer experience you can count on	Market leading CX with <ul style="list-style-type: none"> • eNPS >40 by FY25 • sNPS uplift of +25 by FY25 	<ul style="list-style-type: none"> • Episode NPS improved +2 on 1H23 and +6 on PCP. +3 ahead of FY23 target of >40 • Strategic NPS improved +4 on 1H23 and on PCP
	Getting it right for customers <ul style="list-style-type: none"> • >90% 'Once and Done' by FY25 (C&SB) • 90% rating in support and engagement by FY25 (TE) 	<ul style="list-style-type: none"> • C&SB 'Once and Done' improved 6pp on PCP to 69% (FY22 63%) • Enterprise support and engagement up 1pp on PCP to 61% (FY22 60%)
	Reduce our complaints <ul style="list-style-type: none"> • One-third by FY23, 50% by FY25 (C&SB) • >95% of billing disputes will be resolved in 1 cycle by FY25 (TE) 	<ul style="list-style-type: none"> • C&SB TIO referral complaints reduced by more than one third on PCP to lowest on record. Average 3.6 TIO referral complaints per 10k SIOs (FY22 5.5, FY21 9.4) • 98% Enterprise billing disputes resolved in 1 cycle in Q4 FY23
	Grow Telstra Plus members (#) and engagement (%) <ul style="list-style-type: none"> • 5.4m and 70% by FY23 • 6m and 80% by FY25 	<ul style="list-style-type: none"> • 5.1m Telstra Plus members (FY22 4.5m) • 69% engagement Telstra Plus customers (FY22 65%)
	Grow digitally active users by 2m to 8.5m FY25 (C&SB)	<ul style="list-style-type: none"> • 7.4m C&SB digitally active users (FY22 7.1m)
	Improve availability of infra. assets for customers, by FY25 <ul style="list-style-type: none"> • 250 new towers • 20,000km of fibre deployed¹ 	<ul style="list-style-type: none"> • 175 new towers built since FY21 (FY22 84 new towers) • Build progressed on intercity fibre project with multiple routes under construction

Note: Commitments are baselined to FY21, except where stated otherwise and see disclaimer slide in relation to financial ambitions
 1. Fibre deployed target removed in August 2023 due to our focus on the highest priority routes

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T25 outcomes – progress (cont.)



Strategic pillars	Commitments & metrics	Progress
Leading network & technology solutions that deliver your future	Network leadership; by FY25: <ul style="list-style-type: none"> ~95% pop. coverage for 5G >80% of traffic on 5G 3G closed in FY24 	<ul style="list-style-type: none"> Australia's largest 5G network with 85.3% population coverage 41.1% traffic on 5G (FY22 22%) 3G exit on track with 1.5m 3G unique SIOs remaining and 254 3G only sites
	Win majority of key surveys for best fixed/ mobile network including <ul style="list-style-type: none"> Coverage, and Overall customers speeds for mobile FY23-FY25 	<ul style="list-style-type: none"> Mobile: umlaut Best in Test (Dec 2022) Mobile: umlaut "Reliability Score" - Won (Dec 2022) Mobile: umlaut 5G Availability - Highest 5G availability in all tested cities per latest results Fixed: Ranked #1 tier for Netflix ISP Speed Index (Jun 23) Fixed: We continue to meet or exceed our advertised typical busy-period speeds on all nbn plans on a 12-week rolling average basis
	Double metro cell sites by FY25 to densify the network¹	<ul style="list-style-type: none"> Metro mobile cell sites up 397 on PCP to 5,716 (FY21 5,133 and FY22 5,319). We made decision to scale back metro densification in FY24/25 due to delays in device manufacturers implementing mmWave in 5G handsets
	Expand regional coverage <ul style="list-style-type: none"> 100,000km² new coverage by FY25 	<ul style="list-style-type: none"> 80,000km² coverage added since FY21 – total mobile coverage 2.72m km² (FY21 2.64m km², FY22 2.66m km²)

Note: Commitments are baselined to FY21, except where stated otherwise and see disclaimer slide in relation to financial ambitions
 1. Double metro cell site target removed in August 2023 due to technology review

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T25 outcomes – progress (cont.)



Strategic pillars	Commitments & metrics	Progress
Sustained growth and value for our shareholders	Underlying EBITDA <ul style="list-style-type: none"> \$7.5-8.0b by FY23 Mid-single digit CAGR FY21 to FY25 	<ul style="list-style-type: none"> FY23 Underlying EBITDA growth of 9.6% on PCP to \$7.95b
	Underlying ROIC <ul style="list-style-type: none"> -8% by FY23 Grow beyond to FY25 	<ul style="list-style-type: none"> FY23 Underlying ROIC growth of 1.1pp to 8.1% (FY22 7.0%)
	Underlying EPS: High-teens CAGR FY21 to FY25	<ul style="list-style-type: none"> FY23 Underlying EPS 34% CAGR FY21 to FY23 (Underlying EPS: FY23 17.5, FY22 14.4 cents, FY21 9.7 cents)
	Maximise fully-franked dividend and seek to grow over time	<ul style="list-style-type: none"> FY23 fully franked final dividend 17 cps (FY22 16.5 cps, 1H23 8.5 cps, 2H23 8.5 cps)
	Maintain cost discipline <ul style="list-style-type: none"> \$500m net fixed cost out from FY23 to FY25 while investing for growth Maintain leading operating cost metrics for full-service telco 	<ul style="list-style-type: none"> Core fixed costs decreased \$41m on PCP to \$6,622m (FY22 core fixed costs \$6,663m) Third quartile in FY22 cost benchmarking
	Maximise value from infra. <ul style="list-style-type: none"> Amplitel EBITDAaL CAGR – low-to-mid single digit InfraCo Fixed EBITDAaL CAGR – low-single digit 	<ul style="list-style-type: none"> FY23 Amplitel EBITDAaL 9.2% growth on PCP FY23 InfraCo Fixed EBITDAaL 0.1% growth on PCP – 3.9% growth excluding commercial & recoverable works and legacy network disposals

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

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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 80. Performance equivalent to top quartile of global companies but outside 90th percentile (equivalent to high-performing norm)
	Improve agile maturity of teams, with 70% scoring above 4 by FY25	• 67% 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 6% from FY22
	50% increase in representation of Data & Analytics workforce by FY25	• 11% reduction in Data and Analytics workforce in FY23. Future progress to include workforce that have completed defined data science training programs
The place you want to work – Accelerating digital leadership	Direct software engineering workforce delivering ~2x the percentage of strategic development work by FY25	• Delivered around 1.5x the percentage of strategic development work
	All key service transactions with customers are capable of being conducted digitally by FY25	• Key service transactions available digitally 68% (C&SB 91%, TE 59%) (FY22 57%)
	100% of key business processes enhanced/ improved using AI by FY25	• 33% key business processes enhanced / improved using AI
	Reach top 20% in Digital Capability Index by FY25	• Paused in FY23, no measurement
	100% API-first architecture for customer management, product development, and external monetisation	• 89% target build of APIs for Adaptive Networks
Move ~90% of applications to the public cloud by FY25	• Moved 49% 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

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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 around 80% of our consumption
	Reduce absolute emissions from FY19 by at least 50% by 2030	• Reduced our combined absolute scope 1+2 GHG emissions by 30% from FY19 baseline (FY22 14% reduction)
	Increase digitally active customers by 2m, including building digital skills for 500k Australians, by FY25	• 254k Australians reached through digital ability programs through SEAL and C&SB
	Help keep 1m customers in vulnerable circumstances connected each year from FY22-25	• >1m customers in vulnerable circumstances helped to stay connected
	4-7pt uplift in RepTrak reputation score by FY25	• RepTrak reputation score uplift +2.2pt on FY21

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

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Detailed financials

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Underlying earnings¹



	Reported		Restructuring/ other guidance adjustments ²		Net one-off nbn receipts ³		Underlying		
	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	Change
Total income	\$22,045m	\$23,245m	-\$87m	-	-\$378m	-\$72m	\$21,580m	\$23,173m	7.4%
Operating expenses	\$14,758m	\$15,356m	-\$315m	-\$125m	-\$145m	-\$35m	\$14,298m	\$15,196m	6.3%
Equity accounted entities	-\$31m	-\$27m	-	-	-	-	-\$31m	-\$27m	-12.9%
EBITDA	\$7,256m	\$7,862m	\$228m	\$125m	-\$233m	-\$37m	\$7,251m	\$7,950m	9.6%
D&A	\$4,358m	\$4,470m	-	-	-	-	\$4,358m	\$4,470m	2.6%
EBIT	\$2,898m	\$3,392m	\$228m	\$125m	-\$233m	-\$37m	\$2,893m	\$3,480m	20.3%
Net finance costs	\$417m	\$529m	-	-	-	-	\$417m	\$529m	26.9%
Income tax expense	\$667m	\$812m	\$65m	\$4m	-\$70m	-\$11m	\$662m	\$805m	21.6%
NPAT	\$1,814m	\$2,051m	\$163m	\$121m	-\$163m	-\$26m	\$1,814m	\$2,146m	18.3%
Non-controlling interests	\$126m	\$123m	-	-	-	-	\$126m	\$123m	-2.4%
Profit for TLS shareholders ¹	\$1,688m	\$1,928m	\$163m	\$121m	-\$163m	-\$26m	\$1,688m	\$2,023m	19.8%
EPS (cents)	14.4	16.7	1.4	1.0	-1.4	-0.2	14.4	17.5	21.5%

1. Refer to definition in the Glossary.

2. Refer to Full 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 Full year ended 30 June 2023" lodged with the ASX on 17 August 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



	FY22	FY23	CHANGE Vs PCP
Earnings per share			
Basic earnings per share (cents)	14.4	16.7	16.0%
Underlying earnings ¹ per share (cents)	14.4	17.5	21.5%
Dividends (fully franked)			
Ordinary dividend (cents)	13.5	17.0	25.9%
Special dividend (cents)	3.0	-	n/m
Total dividend (cents)	16.5	17.0	3.0%
Payout Ratios			
Ordinary dividend as % of underlying earnings ¹	94%	97%	+3pp
Total dividends as % of earnings per share	115%	102%	-13pp
Total dividends as % of Free cashflow ²	57%	95%	+38pp

1. Refer to definition in the Glossary.
 2. Free cash flow after lease payments¹ less other finance costs paid, employee share purchases and dividends to non-controlling interests.

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Inflation and mitigants



Fixed costs - core - FY23 \$6.6b¹

Labour/Labour substitution - Enterprise Agreement for wages until **October 2024**

FY23 80 employee engagement score

Service contracts & agreements (SC&A) - Inflationary but partially contracted

Energy costs - FY23 \$320m. Significant protection through Power Purchase Agreements and contracts



Other costs

Leases - FY23 \$0.8b. Average contracted term ~8.2 years with majority fixed contracted increases rather than CPI; Optimising portfolio

Net finance costs - FY23 \$0.5b. ~70% of debt fixed. Higher rates impact floating debt



Revenue

~65% of total postpaid mobile handheld customers are on C&SB plans with an option to review prices annually against CPI

~\$1bnbn receipts indexed to CPI



Macro

DSO, aged debt and bad debt expense broadly flat on pcp with Telstra Consumer & Small Business at historical low

Relative neutral to changes with translation of international earnings broadly offset by cost impacts



Capex

~75% subject to inflationary pressure, rest protected by contracts and EA

1. Excludes Fixed costs - other (including Telstra Health, and current and prior year acquisitions including Digicel Pacific, Alliznce Automation and Aqura Technologies).

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Product framework | Income¹



	2H22	FY22	1H23	2H23	FY23	\$ CHG	% CHG
Mobile	\$4,787m	\$9,470m	\$5,130m	\$5,128m	\$10,258m	\$788m	8.3%
Fixed - C&SB	\$2,226m	\$4,486m	\$2,264m	\$2,193m	\$4,457m	-\$29m	-0.6%
Fixed - Enterprise ²	\$1,883m	\$3,697m	\$1,769m	\$1,867m	\$3,636m	-\$61m	-1.6%
Fixed - Active Wholesale	\$225m	\$477m	\$209m	\$194m	\$403m	-\$74m	-15.5%
International	\$743m	\$1,501m	\$1,148m	\$1,281m	\$2,429m	\$928m	61.8%
InfraCo Fixed	\$1,273m	\$2,456m	\$1,226m	\$1,330m	\$2,556m	\$100m	4.1%
Amplitel	\$189m	\$368m	\$197m	\$204m	\$401m	\$33m	9.0%
Other ³	\$394m	\$700m	\$436m	\$640m	\$1,076m	\$376m	53.7%
Elimination	-\$803m	-\$1,575m	-\$842m	-\$1,201m	-\$2,043m	-\$468m	29.7%
Underlying	\$10,917m	\$21,580m	\$11,537m	\$11,636m	\$23,173m	\$1,593m	7.4%
One-off nbn DA & connection ⁴	\$175m	\$378m	\$46m	\$26m	\$72m	-\$306m	-81.0%
Guidance adjustments ⁵	\$66m	\$87m	-	-	-	-\$87m	n/m
Reported	\$11,158m	\$22,045m	\$11,583m	\$11,662m	\$23,245m	\$1,200m	5.4%

- **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. Excl. Digicel Pacific, +2.3% external income growth in constant currency
- **InfraCo Fixed** growth in core access revenue
- **Amplitel** growth from contracted growth, new tower builds, 5G upgrades and services
- **Other** includes Health of \$305m (+25%; +21% organic), energy generation and internal growth
- **Underlying Income** grew \$874m or 4.1% excluding contribution of Digicel Pacific

1. Refer to Full year results 2.1.2 Segment results Table A for schedule of product Income.

2. FY23 includes \$101m of Fixed - Enterprise NAS income from acquisitions completed in 2H22. \$32m of income from these acquisitions in FY22 are included in Guidance adjustments.

3. Other includes miscellaneous, Telstra Energy, Telstra Health and internal.

4. FY23 includes \$69m (FY22 \$329m) of nbn disconnection fees (Per Subscriber Address Amount (PSAA)) and \$3m (FY22 \$6m) of ISA ownership receipts for assets transferred under the nbn Definitive Agreements.

5. Refer to Full 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 Full year ended 30 June 2023" lodged with the ASX on 17 August 2023).

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Full year 2023 results

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Product framework | Operating expenses



	2H22	FY22	1H23	2H23	FY23	\$ CHG	% CHG
Mobile	\$2,747m	\$5,473m	\$2,913m	\$2,743m	\$5,656m	\$183m	3.3%
Fixed - C&SB	\$2,194m	\$4,431m	\$2,214m	\$2,108m	\$4,322m	-\$109m	-2.5%
Fixed - Enterprise	\$1,523m	\$3,037m	\$1,556m	\$1,669m	\$3,225m	\$188m	6.2%
Fixed - Active Wholesale	\$156m	\$318m	\$138m	\$148m	\$286m	-\$32m	-10.1%
International	\$550m	\$1,113m	\$773m	\$939m	\$1,712m	\$599m	53.8%
InfraCo Fixed	\$403m	\$801m	\$419m	\$474m	\$893m	\$92m	11.5%
Amplitel	\$47m	\$74m	\$37m	\$46m	\$83m	\$9m	12.2%
Other ¹	\$322m	\$626m	\$435m	\$627m	\$1,062m	\$436m	69.6%
Elimination	-\$803m	-\$1,575m	-\$842m	-\$1,201m	-\$2,043m	-\$468m	29.7%
Underlying	\$7,139m	\$14,298m	\$7,643m	\$7,553m	\$15,196m	\$898m	6.3%
One-off nbn DA and nbn C2C	\$67m	\$145m	\$20m	\$15m	\$35m	-\$110m	-75.9%
Restructuring	\$49m	\$71m	\$44m	\$47m	\$91m	\$20m	28.2%
Other guidance adjustments	\$91m	\$244m	\$16m	\$18m	\$34m	-\$210m	-86.1%
Reported	\$7,346m	\$14,758m	\$7,723m	\$7,633m	\$15,356m	\$598m	4.1%

- **Mobile** costs increased due to higher hardware, internal infrastructure charges, and international roaming
- **Fixed - C&SB** costs declined due to productivity
- **Fixed - Enterprise** costs higher due to acquisitions completed in FY22, sales costs, power, and infrastructure asset charges
- **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** higher from power, internal, strategic infrastructure projects and maintenance
- **Amplitel** costs increased due to increased services and employment costs
- **Other** costs increased due to internal, Health acquisitions completed in FY22, and miscellaneous

1. Other includes miscellaneous, Telstra Energy, Telstra Health and internal.

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Full year 2023 results

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Product framework | EBITDA



	2H22	FY22	1H23	2H23	FY23	\$ CHG	% CHG
Mobile	\$2,040m	\$3,997m	\$2,217m	\$2,385m	\$4,602m	\$605m	15.1%
Fixed - C&SB	\$32m	\$55m	\$50m	\$85m	\$135m	\$80m	n/m
Fixed - Enterprise	\$360m	\$660m	\$213m	\$198m	\$411m	-\$249m	-37.7%
Fixed - Active Wholesale	\$69m	\$159m	\$71m	\$46m	\$117m	-\$42m	-26.4%
International	\$193m	\$387m	\$375m	\$338m	\$713m	\$326m	84.2%
InfraCo Fixed	\$870m	\$1,655m	\$807m	\$856m	\$1,663m	\$8m	0.5%
Amplitel	\$142m	\$294m	\$160m	\$158m	\$318m	\$24m	8.2%
Other ¹	\$50m	\$44m	\$2m	-\$11m	-\$9m	-\$53m	n/m
Underlying	\$3,756m	\$7,251m	\$3,895m	\$4,055m	\$7,950m	\$699m	9.6%
Net one-off nbn DA	\$108m	\$233m	\$26m	\$11m	\$37m	-\$196m	-84.1%
Restructuring	-\$49m	-\$71m	-\$44m	-\$47m	-\$91m	-\$20m	28.2%
Other guidance adjustments ²	-\$25m	-\$157m	-\$16m	-\$18m	-\$34m	\$123m	-78.3%
Reported	\$3,790m	\$7,256m	\$3,861m	\$4,001m	\$7,862m	\$606m	8.4%

1. Other includes miscellaneous, Telstra Energy, Telstra Health and internal.

2. Refer to Full 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 Full year ended 30 June 2023" lodged with the ASX on 17 August 2023).

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Full year 2023 results

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Product performance | Mobile



	2H22	FY22	1H23	2H23	FY23	CHANGE Vs PCP
Mobile income	\$4,787m	\$9,470m	\$5,130m	\$5,128m	\$10,258m	8.3%
Mobile services¹	\$3,681m	\$7,218m	\$3,867m	\$3,918m	\$7,785m	7.9%
- Postpaid handheld	\$2,545m	\$5,045m	\$2,657m	\$2,734m	\$5,391m	6.9%
- Prepaid handheld	\$492m	\$924m	\$556m	\$520m	\$1,076m	16.5%
- Mobile broadband	\$336m	\$655m	\$337m	\$327m	\$664m	1.4%
- Internet of Things (IoT)	\$139m	\$268m	\$139m	\$144m	\$283m	5.6%
- Wholesale	\$160m	\$308m	\$169m	\$184m	\$353m	14.6%
Hardware, intercon. & Other²	\$1,106m	\$2,252m	\$1,263m	\$1,210m	\$2,473m	9.8%
EBITDA	\$2,040m	\$3,997m	\$2,217m	\$2,385m	\$4,602m	15.1%
Margin	42.6%	42.2%	43.2%	46.5%	44.9%	+2.7pp
Total retail mobile SIOs	20.8m	20.8m	21.7m	22.5m	22.5m	8.1%
Postpaid handheld mobile SIOs	8,740k	8,740k	8,808k	8,826k	8,826k	1.0%
Internet of things (IoT) SIOs	5,700k	5,700k	6,360k	7,124k	7,124k	25.0%
Postpaid handheld ARPU/mth	\$48.74	\$48.53	\$50.47	\$51.69	\$51.15	5.4%
Postpaid handheld churn	11.2%	10.8%	11.4%	12.3%	11.6%	+0.8pp

- **Mobile services income** growth of 4.8% excluding roaming (\$257m in FY23 from \$72m in FY22) and 1H23 prepaid one off. Hardware revenue growth on higher volumes including accessories and wearables
- **Postpaid handheld** FY23 net adds +86k with growth in all segments. ARPU growth due to C&SB branded price increases and international roaming, partly offset by negatives including Enterprise COVID related messaging benefit in pcp
- **Prepaid handheld** revenue growth from increased data usage driving higher ARPU, growth in unique users, and a 1H23 \$42m one-off increase in revenue from customer migration to simplified prepaid plans
- **Mobile broadband** revenue growth driven by C&SB price rises, offset by SIO decline
- **IoT** revenue growth includes from connected cars and smart metering
- **Wholesale** revenue growth includes +298k unique users and ARPU growth
- **EBITDA** growth driven by high margin service revenue, hardware margin and cost discipline

1. Mobile services income also includes other income of \$18m in FY23 (1H23 \$9m, 2H23 \$9m, FY22 \$18m).

2. Other includes media and Telstra Plus loyalty.

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Full year 2023 results

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Product performance | Fixed - C&SB



	2H22	FY22	1H23	2H23	FY23	CHANGE Vs PCP
Fixed - C&SB Income¹	\$2,226m	\$4,486m	\$2,264m	\$2,193m	\$4,457m	-0.6%
On-net fixed	\$210m	\$469m	\$179m	\$152m	\$331m	-29.4%
Off-net fixed	\$1,596m	\$3,150m	\$1,651m	\$1,644m	\$3,295m	4.6%
Consumer content & services	\$294m	\$600m	\$309m	\$282m	\$591m	-1.5%
Business apps & services	\$82m	\$168m	\$83m	\$75m	\$158m	-6.0%
Interconnection, E000 & other	\$44m	\$99m	\$42m	\$40m	\$82m	-17.2%
EBITDA Margin	\$32m	\$55m	\$50m	\$85m	\$135m	\$80m
	1.4%	1.2%	2.2%	3.9%	3.0%	+1.8pp
C&SB Bundles & data SIOs	3,504k	3,504k	3,454k	3,407k	3,407k	-2.8%
C&SB Bundles & data ARPU	\$78.04	\$77.37	\$79.57	\$80.77	\$80.15	3.6%
C&SB Standalone voice SIOs	376k	376k	345k	316k	316k	-16.0%
C&SB Standalone voice ARPU	\$36.33	\$34.75	\$38.46	\$35.97	\$37.17	7.0%

- Focus on customer experience, evolving and optimising our propositions across technologies and brands, restricting on-net legacy losses, and ongoing cost efficiency
- Bundles & data net adds of -97k including -27k Belong in FY23 and +25k in 5G fixed wireless
- On-net revenue decline and off-net revenue growth reflecting growth in fixed wireless, legacy decline, end of NBN migration, and full benefit of FY22 price rises
- 5G fixed wireless continues to scale with 43k SIOs and 138% SIO growth in FY23
- Bundles & data ARPU grew on price rises. 11.5% nbn SIOs on 100Mbps+
- Standalone voice SIO decline from abandonment and migration to bundles
- Consumer content & services decline due to Foxtel from Telstra partly offset by Fetch inclusion following acquisition
- EBITDA growth due to off-net resale margin lift to 8% (4% 1H22, 6% 2H22, 1H23 7%) and growing on-net fixed wireless contribution partly offset by legacy on-net decline

1. Includes FY23 \$194m (2H22 \$85m, FY22 \$189m, 1H23 \$106m, 2H23 \$88m) 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.

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Full year 2023 results

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Product performance | Fixed - Enterprise



	2H22	FY22	1H23	2H23	FY23	CHANGE Vs PCP
DAC Income	\$462m	\$956m	\$423m	\$378m	\$801m	-16.2%
DAC EBITDA Margin	\$151m	\$346m	\$103m	\$64m	\$167m	-51.7%
	32.7%	36.2%	24.3%	16.9%	20.8%	-15.4pp
Data & connectivity SIOs	179k	179k	170k	160k	160k	-10.6%
NAS Income¹	\$1,421m	\$2,741m	\$1,346m	\$1,489m	\$2,835m	3.4%
Calling applications ²	\$295m	\$637m	\$255m	\$225m	\$480m	-24.6%
Managed services	\$381m	\$738m	\$378m	\$394m	\$772m	4.6%
Professional services	\$222m	\$407m	\$266m	\$276m	\$542m	33.2%
Cloud applications	\$144m	\$279m	\$156m	\$155m	\$311m	11.5%
Equipment sales	\$220m	\$397m	\$147m	\$265m	\$412m	3.8%
Other	\$159m	\$283m	\$144m	\$174m	\$318m	12.4%
NAS EBITDA Margin	\$209m	\$314m	\$110m	\$134m	\$244m	-22.3%
	14.7%	11.5%	8.2%	9.0%	8.6%	-2.9pp
Fixed - Enterprise Income¹	\$1,883m	\$3,697m	\$1,769m	\$1,867m	\$3,636m	-1.6%
Fixed - Enterprise EBITDA² Margin	\$360m	\$660m	\$213m	\$198m	\$411m	-37.7%
	19.1%	17.9%	12.0%	10.6%	11.3%	-6.6pp

- Data & connectivity (DAC) decline continued on ARPU compression from competition, renewals at lower rates, and technology change. SIO loss largely in legacy/copper. Growth in Fibre SIOs including nbn Enterprise Ethernet
- 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
- Calling applications decline accelerated driven by fixed network product exits and market shifts from traditional voice to integrated video or self-service digital solutions
- Managed services growth due to increase in security (+10%) and IT service management
- Professional services growth driven by M&A and organic growth via large infrastructure deals: Viasat and Defence
- Cloud applications growth in public cloud supported by our deep strategic partnerships with AWS and Microsoft
- Other growth from Enterprise Commercial Works, Telstra Broadcast Services and Managed Radio
- NAS EBITDA declined with growth in strategic areas unable to offset decline in higher margin calling

1. FY23 includes \$101m (\$52m 1H FY23) of NAS income from acquisitions completed in FY22. \$32m of income from these acquisitions are not included in FY22.

2. Includes Fixed & Legacy Calling (including ISDN) revenue of \$149m in FY23 (1H22 \$143m, 2H22 \$110m, FY22 \$253m, 1H23 \$82m).

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Full year 2023 results

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Product performance | Fixed - Active Wholesale



	2H22	FY22	1H23	2H23	FY23	CHANGE Vs PCP
Fixed - Active Wholesale Income	\$225m	\$477m	\$209m	\$194m	\$403m	-15.5%
Data & connectivity	\$145m	\$303m	\$142m	\$134m	\$276m	-8.9%
Legacy calling & fixed	\$80m	\$174m	\$67m	\$60m	\$127m	-27.0%
EBITDA Margin	\$69m	\$159m	\$71m	\$46m	\$117m	-26.4%
	30.7%	33.3%	34.0%	23.7%	29.0%	-4.3pp
Fixed legacy SIOs	93k	93k	59k	44k	44k	-52.7%
Data & connectivity SIOs	28k	28k	27k	26k	26k	-7.1%

- Income decline largely due to nbn impacted and legacy products
- Data & connectivity 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

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Product performance | International



(AUD unless stated)	2H22	FY22	1H23	2H23	FY23	Change vs PCP at constant currency excl. restructuring
International (excl. Digicel Pacific) Income¹	\$743m	\$1,501m	\$792m	\$918m	\$1,710m	
Internal income ¹				\$113m	\$113m	
External International (excl. Digicel Pacific) Income¹	\$743m	\$1,501m	\$792m	\$805m	\$1,597m	2.3%
DIP/NAS and other	\$642m	\$1,291m	\$684m	\$693m	\$1,377m	3.0%
Fixed (legacy voice)	\$101m	\$210m	\$108m	\$112m	\$220m	-1.9%
EBITDA Margin²	\$193m	\$387m	\$212m	\$164m	\$376m	5.7%
	26.0%	25.8%	26.8%	17.9%	22.0%	+1pp
						vs proforma
Digicel Pacific Income			\$356m	\$363m	\$719m	2%
Digicel Pacific EBITDA Margin			\$163m	\$174m	\$337m	5%
			45.8%	47.9%	46.9%	
International Income - Total	\$743m	\$1,501m	\$1,148m	\$1,281m	\$2,429m	
International EBITDA - Total	\$193m	\$387m	\$375m	\$338m	\$713m	
Margin	26.0%	25.8%	32.7%	26.4%	29.4%	

International reported results impacted by:

- Digicel Pacific acquisition completed on 13 July 2022
 - Telstra's Corporate restructure. Establishment of International as a legal entity, and new inter-company agreements impact accounting (internal income and costs are fully recognised from 2H23)
 - Foreign exchange rates fluctuations
- International Income (excl. Digicel Pacific) +2.3% external growth in constant currency. Growth in DIP/NAS driven by Infrastructure investment delivering growth in Ethernet Private Line, Internet Revenue and Professional Services. Growth offset by managed decline in legacy voice
- International EBITDA (excl. Digicel Pacific) +5.7% in constant currency excl. corporate restructure impacts on DIP/NAS growth, partly offset by higher costs
- Digicel Pacific Income +2% vs FY22 proforma at constant currency with stronger average mobile SIOs
- Digicel Pacific EBITDA +5% vs FY22 proforma at constant currency with stronger revenue and cost management

1. Excludes inter-segment income: 1H22 \$106m, FY22 \$204m and 1H23 \$105m.
2. EBITDA margin includes internal income (2H23 onwards).

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Product performance | InfraCo Fixed



	2H22	FY22	1H23	2H23	FY23	CHANGE Vs PCP
InfraCo Fixed Income¹	\$1,273m	\$2,456m	\$1,226m	\$1,330m	\$2,556m	4.1%
Commercial & recoverable works	\$142m	\$294m	\$120m	\$116m	\$236m	-19.7%
NBN recurring	\$471m	\$930m	\$481m	\$506m	\$987m	6.1%
Other external ²	\$161m	\$256m	\$125m	\$141m	\$266m	3.9%
Internal (i.e. Telstra)	\$499m	\$976m	\$500m	\$567m	\$1,067m	9.3%
EBITDA	\$870m	\$1,655m	\$807m	\$856m	\$1,663m	0.5%
Leases	\$36m	\$72m	\$38m	\$41m	\$79m	9.7%
EBITDAaL³ Margin	\$834m	\$1,583m	\$769m	\$815m	\$1,584m	0.1%
	65.5%	64.5%	62.7%	61.3%	62.0%	-2.5pp

- **Income and EBITDAaL excl. CW and disposals** +7.6% income and +3.9% EBITDAaL respectively. Growth in nbn recurring and internal offset by higher power, internal, strategic infrastructure projects and maintenance costs
- **Commercial & recoverable works (CW)** up modestly excluding the decline in nbn CW (-56.7%) as contracts end
- **nbn recurring** income from nbn Co for use of ducts, fibre and fixed network sites contributes \$943m to EBITDA. This is government backed, recurring and indexed to CPI for the remaining average contracted period of 24 years
- **Other external** growth largely due to higher legacy network disposals of copper assets offset by lower property divestments
- By asset:
 - **Ducts** revenue increased due to nbn CPI indexation and increase in utilisation
 - **Fibre** (long-haul and access) revenue grew from nbn CPI indexation, dark fibre and Telstra
 - **Fixed Network Sites** increased from CPI indexation partly offset by reduced Telstra Exchange Building Access (TEBA)
- **Capex** of \$732m in FY23 including \$269m strategic investment in intercity fibre and Viasat infrastructure projects (capex to revenue 18% ex-strategic investment)

1. Transactions arising from the intercompany agreements are measured based on a 'management view', i.e. all charges earned/incurred are recognised as either income or expenses. Such recognition may differ from the requirements of the Australian Accounting Standards.
 2. Includes legacy network disposals income of \$122m (\$27m 1H22, \$119m in FY22, \$51m in 1H23).
 3. Refer to definition in the Glossary.

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Product performance | Amplitel (Towers)



	2H22	FY22	1H23	2H23	FY23	CHANGE Vs PCP
Amplitel Income¹	\$189m	\$368m	\$197m	\$204m	\$401m	9.0%
External	\$31m	\$60m	\$31m	\$35m	\$66m	10.0%
Internal (i.e. Telstra)	\$158m	\$308m	\$166m	\$169m	\$335m	8.8%
EBITDA	\$142m	\$294m	\$160m	\$158m	\$318m	8.2%
Leases	\$37m	\$65m	\$30m	\$38m	\$68m	4.6%
EBITDAaL² Margin	\$105m	\$229m	\$130m	\$120m	\$250m	9.2%
	55.6%	62.2%	66.0%	58.8%	62.3%	+0.1pp
Towers (Mobile)	5,762	5,762	5,787	5,848	5,848	1.5%
Tenancies (Mobile)	8,021	8,021	8,056	8,149	8,149	1.6%
Tenancy ratio	1.39	1.39	1.39	1.39	1.39	0.0%

- **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 increased services and employment costs
- **Leases** increase driven by contractual escalations on existing leases and new site growth requiring new leases
- **Towers** increase is driven by new builds with total new builds and purchases at 175 cumulative since inception.
- **Capex** of \$57m in FY23 (14% of sales) on new sites, maintenance and life cycle replacements

1. Transactions arising from the intercompany agreements are measured based on a 'management view', i.e. all charges earned/incurred are recognised as either income or expenses. Such recognition may differ from the requirements of the Australian Accounting Standards.
 2. Refer to definition in the Glossary.

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C&SB, Enterprise & InfraCo fully allocated segment



		Underlying Income			Underlying EBITDA		
		FY22	FY23	CHANGE	FY22	FY23	CHANGE
C&SB	Mobile	\$7,449m	\$8,156m	9.5%	\$3,061m	\$3,537m	15.6%
	Fixed - C&SB	\$4,486m	\$4,457m	-0.6%	\$55m	\$135m	n/m
	Other	-	\$6m	n/m	-\$1m	\$5m	n/m
	Total¹	\$11,935m	\$12,619m	5.7%	\$3,115m	\$3,677m	18.0%
Enterprise	Mobile	\$1,675m	\$1,721m	2.7%	\$697m	\$782m	12.2%
	Fixed - Enterprise ²	\$3,697m	\$3,636m	-1.6%	\$660m	\$411m	-37.7%
	Other	\$23m	\$38m	65.2%	\$7m	\$23m	n/m
	Total Domestic	\$5,395m	\$5,395m	-	\$1,364m	\$1,216m	-10.9%
	International³	\$1,501m	\$2,429m	61.8%	\$387m	\$713m	84.2%
	Total	\$6,896m	\$7,824m	13.5%	\$1,751m	\$1,929m	10.2%
InfraCo (Active and Passive)	Mobile	\$332m	\$381m	14.8%	\$223m	\$282m	26.5%
	Fixed - Active wholesale	\$477m	\$403m	-15.5%	\$159m	\$117m	-26.4%
	InfraCo Fixed	\$2,456m	\$2,556m	4.1%	\$1,655m	\$1,663m	0.5%
	Amplitel	\$368m	\$401m	9.0%	\$294m	\$318m	8.2%
	Other	\$5m	\$34m	n/m	\$1m	-\$3m	n/m
	Total	\$3,638m	\$3,775m	3.8%	\$2,332m	\$2,377m	1.9%
Other	\$686m	\$998m	45.5%	\$53m	-\$33m	n/m	
Eliminations	-\$1,575m	-\$2,043m	29.7%	-	-	-	
	Underlying	\$21,580m	\$23,173m	7.4%	\$7,251m	\$7,950m	9.6%

1. C&SB excludes one-off nbn DA and connection income of \$43m in FY22 (nbn DA and connection income excluded from underlying income).

2. Fixed - Enterprise excludes revenue associated with M&A of \$32m in FY22 (M&A income excluding from underlying income).

3. International income excludes inter-segment revenue of \$105m in FY23 (\$204m in FY22). Inter-segment revenue included in International post corporate restructure.

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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 Full 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 Full year ended 30 June 2023" lodged with the ASX on 17 August 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
n/m	Not meaningful
ROE	Calculated as Profit for TLS shareholders 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
Profit for TLS shareholders	Profit for the year attributable to equity holders of Telstra Entity
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 guidance adjustments, and in FY23 and prior years also excludes net one-off nbn DA receipts less nbn net C2C
Underlying EPS	Profit for TLS shareholders attributable to each share, excluding net one-off nbn receipts and guidance adjustments (as defined above)
Underlying ROIC	NOPAT as a percentage of total capital, excluding net one-off nbn receipts and guidance adjustments (as defined above) less tax

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VICKI BRADY – CEO

Slide – Full year results 2023 – Vicki Brady CEO

Good morning and welcome to Telstra's results announcement for the full year ended 30 June 2023.

I am joining today from the lands of the Gadigal people. On behalf of Telstra, I acknowledge and pay my respects to the Traditional Custodians of Country throughout Australia, and recognise the continued connection Australia's First Nation peoples have to land, waters and culture. We pay our respects to Elders past and present.

Today 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 our T25 strategy and FY24 key focus areas. We'll then take questions from analysts, investors and media.

Our results for the year show continued growth in reported and underlying earnings, with positive momentum across our key indicators.

This momentum is also reflected in the progress we have made in the first year of delivery against our T25 strategy.

Slide – Full year 2023 results

Focusing on the key highlights for the year.

Total income was up 5.4 per cent and EBITDA increased by 8.4 per cent, driven by momentum from our mobiles business and support from the acquisition of Digicel Pacific.

Underlying EBITDA increased by \$699 million, or 9.6 per cent, to \$8 billion.

Excluding Digicel Pacific, underlying EBITDA increased 5 per cent.

EBITDA growth flowed through to a 13.1 per cent increase in Net Profit After Tax to \$2.1 billion.

Reported Earnings Per Share increased 16 per cent to 16.7 cents.

Underlying ROIC increased to 8.1 per cent and is back above our cost of capital.

Our Episode NPS increased by 6 points to 43, which was three points above target.

Overall, our T25 strategy is on track, including our growth ambitions in underlying EBITDA and Earnings Per Share.

On the back of continued growth in the year, the Board resolved to pay a fully franked final dividend of 8.5 cents per share, bringing total dividends for the year to 17 cents and representing a 3 per cent increase compared to last year.

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

Slide – Full year 2023 results

While our overall momentum is good, we have some parts of the business performing well, and others where we continue to see challenges.

Our mobiles business remains central to that growth and continues to perform very strongly. Our Consumer & Small Business Fixed, International, Infrastructure and Telstra Health businesses also grew earnings.

At the same time, there are aspects of our Enterprise Fixed business that are experiencing headwinds - in particular, Data and Connectivity and Calling declined at a greater rate than we anticipated.

We are focussed on maintaining momentum in fibre, scaling and simplifying our products to meet customer needs, reducing costs, and driving growth across NAS. Michael will speak about this in more detail.

We remain disciplined on costs, particularly considering the external economic environment.

Looking beyond T25, as connectivity increasingly underpins the way Australians live and work, we are in a strong position to play an important role in Australia's digital future.

The infrastructure investments we are making – including our intercity fibre network and submarine cable network – will underpin a more digitised future for the nation and see us strategically positioned for growth.

We are working with customers across industries to help them to digitise and unlock productivity gains that flow through to the national economy and to global markets through our international business.

We also continue to invest in capabilities and partnerships to grow our offerings in areas including Artificial Intelligence, data analytics, Internet of Things, and cyber security, and I am optimistic about the potential for growth in these areas beyond T25.

At the same time, we are bringing new and better connectivity options to regional and remote areas that help to close the digital divide and lift digital inclusion.

I believe Telstra has a critical role to play in Australia's future, and the significance of that role will only grow.

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

MICHAEL ACKLAND – CFO

SLIDE 6 – FULL YEAR 2023 RESULTS

Thanks Vicki.

I'm pleased to present Telstra's full year 2023 results, which show continued momentum from the first half, in line with our T25 growth ambitions.

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

SLIDE 7 – INCOME STATEMENT

Starting with our Income Statement on Slide 7, which clearly demonstrates our growth.

Total income for the year was \$23.2 billion, up 5.4%.

EBITDA was \$7.9 billion, up 8.4%.

Underlying EBITDA was \$8.0 billion, up 9.6% from ongoing organic growth across several products including Mobile, and from M&A, including our acquisition of Digicel Pacific.

Excluding Digicel Pacific, Underlying EBITDA grew 5.0%.

Depreciation and amortisation increased with the contribution of Digicel Pacific this year. It is expected to increase again next year given shorter-life capex spend in recent years.

EBIT was \$3.4 billion, up 17.0%.

Net finance costs increased around 27% over the year, reflecting higher debt levels following the acquisition of Digicel Pacific, and higher borrowing costs.

Tax also increased nearly 22% on higher profit. The effective tax rate was 28%.

Earnings Per Share was up 16%, reflecting higher earnings and lower average shares on issue following our buyback in FY22.

SLIDE 8 – EBITDA by Product

Looking at product performance on Slide 8.

We saw strong earnings growth in Mobile and International, as well as InfraCo Fixed, Fixed-C&SB, and Amplitel demonstrating the resilience and diversification of our portfolio. This was partly offset by the decline in Fixed - Enterprise.

Mobile benefited from growth in service revenue, while International growth mostly came from the acquisition of Digicel Pacific.

Pleasingly, Telstra Health revenue was up 25% to \$305 million in the period, with organic growth as well as from M&A. This is included in "Other" on the slide.

While we remain positive about the future of Telstra Health, we now expect to reach our ambition of \$500 million in revenue beyond the T25 period.

I will step through our key products, starting with Mobile on Slide 9.

SLIDE 9 – Mobile

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

In the top left chart, you can see mobile service revenue, up 7.9%.

All segments and sub-products including mobile broadband, IoT, and wholesale grew. IoT SIOs in particular continued to scale.

International roaming lifted by \$185 million with customer activity around pre-COVID levels in the second half.

Service revenue, excluding international roaming, and a \$42 million one-off in prepaid in the first half, grew 4.8%. Our ambition is to continue mid-single digit growth in service revenue to FY25.

In postpaid handheld, we added net 86,000 SIOs during the year, while prepaid handheld unique users increased 247,000. Wholesale unique users also grew 298,000. These results were driven by:

- market growth particularly at lower price points, including return of incoming travellers and migration, and
- price dynamics, including the impact of price rises announced during the year.

Our focus remains on ensuring our multi-brand strategy delivers optimal value outcomes.

Postpaid handheld ARPU, shown on the bottom left chart, grew 5.4%. This was driven by C&SB plan price increases in line with CPI and higher roaming. This was offset by negatives including an Enterprise messaging benefit last year.

Prepaid handheld delivered a strong performance. This was driven by SIO growth and increased data usage as well as the one-off benefit from product migration we announced in the first half.

Finally, hardware revenue also grew over 12%, with higher margins from greater pricing discipline and following the insourcing of the stores.

SLIDE 10 – Fixed – C&SB

In Fixed – C&SB, we've continued to execute on our growth strategy, in what continues to be a competitive market.

We're continuing to invest in customer experience. The majority of new sales are now being made on the new digital stack, which also supports greater efficiency.

Our nbn reseller margin has increased to over 8% from 5% last year, driven by 3.6% ARPU growth following price rises, and careful cost management.

Fixed wireless continued to scale, with broadband and voice services contributing to improved margin outcomes.

We've made progress, however market dynamics remain challenging. We are yet to see a stabilisation in SIOs, and have more to do. In addition, the protracted nbn SAU process has led to delays in some of our commercial execution.

We will continue to take action to ensure a sustainable reseller business, however our ambition of mid-teens margins is unlikely to be met by FY25.

Our primary focus is to deliver EBITDA growth across the Fixed-C&SB portfolio by limiting on-net legacy losses, ongoing cost efficiency, and optimising our customer propositions across technologies and brands.

SLIDE 11 – Fixed – Enterprise

Turning to Fixed - Enterprise on Slide 11, which is made up of Data & Connectivity and Network Applications & Services.

Clearly, Fixed-Enterprise has its challenges. Overall revenue fell, with growth from NAS offset by declines in DAC.

DAC revenue declined 16.2%, as it remained impacted by ongoing disruption from technology change and competition.

We continue to see ARPU compression as we reprice and pro-actively renew customers. We expect further ARPU declines to FY25.

Positively, we have seen an improvement in fibre SIOs including nbn Enterprise Ethernet.

We remain focused on customer retention, simplifying products and IT platforms, improving customer experience, and reducing cost to connect and serve through automation.

NAS revenue grew 3.4%, with growth from professional and managed services, cloud, security and acquisitions, offset by calling – where decline accelerated beyond our expectations.

Excluding calling and acquisitions, NAS revenue increased 7.1%.

Our focus remains on building deep strategic relationships with hyperscalers, extending our industry expertise with industry-specific partners, applications, and software, and in growth areas such as cybersecurity.

Notwithstanding ongoing headwinds from calling, our revised ambition is for NAS revenue and EBITDA annual growth to FY25. While we believe a mid-teen margin is required to deliver appropriate returns from this business, and it remains our longer-term ambition, we do not expect to achieve this within the T25 period.

SLIDE 12 – International

Turning to International on Slide 12, which includes the results of Digicel Pacific acquired during the year.

Digicel Pacific contributed income of \$719 million, up 2% on proforma FY22 at constant currency. EBITDA was up 5% on the same basis.

As noted at our half year results, the implementation of the corporate restructure has introduced internal revenue and costs to International reporting from the second half of the year.

Excluding Digicel Pacific, external International income grew 2.3% on a constant currency basis.

While reported EBITDA was down, International EBITDA excluding Digicel Pacific and corporate restructure impacts grew 5.7% on a constant currency basis.

Demand for pan-Asia connectivity remains strong, and we are well positioned with our unique assets. We're also continuing to invest to build capacity for long-term growth.

SLIDE 13–Infrastructure

Turning to Infrastructure on Slide 13.

InfraCo Fixed EBITDAaL grew 3.9% excluding commercial & recoverable works and legacy network disposals, representing growth from core access for ducts, fibre and network sites.

Core access grew from both internal and nbn recurring revenue growth. The latter grew 6.1%, supported by CPI indexing with a 7.3% price increase from 1 January 2023.

This was offset by declines in nbn commercial works in line with contract expiry. Overall, reported EBITDAaL grew 0.1%.

We are focused on InfraCo growth and efficiency. These are long term assets and we are investing for the long-term.

Investments in strategic infrastructure projects began during the year. We expect our new intercity fibre network to deliver growth from FY26 as capacity comes online.

Operating and maintenance costs also increased, and will again to FY25 as we improve asset quality and efficiency in the medium term.

Finally, we continue to demonstrate the growth potential of our infrastructure through Amplitel. It grew EBITDAaL by 9.2% from increasing tenancy on new towers and strong demand from new tenants for existing towers.

With over \$2 billion in long-term contracts signed, we are excited about the future of this business. Given this performance, we see Amplitel EBITDAaL CAGR increasing from low-to-mid single digit to mid-to-high single digit to FY25.

SLIDE 14 – Strong cost discipline

Turning to our operating expenses, which you can see on Slide 14.

Total operating costs increased 4.1%.

The focus of our productivity program has been fixed costs core, which we reduced by \$41 million over the year. We delivered this absolute cost reduction and net productivity in spite of the onshoring of call centres, higher than anticipated inflation, \$45 million higher energy costs, and FX headwinds.

Labour costs are the biggest component of our fixed costs core. While we have Enterprise Agreements in place for the FY24 period, which provide a degree of certainty, we do not have an agreement beyond October 2024.

Energy costs are expected to rise in FY24, however further increases are largely hedged for FY25.

Our ambition for fixed cost core reduction of \$500 million remains unchanged. However, it has only become more challenging throughout the year given the persistence of inflation and the potential for this to continue.

While we still expect to achieve the large majority of this ambition by FY25, the level we achieve will ultimately depend on factors including inflation, wage negotiations and decisions we make around investments.

Areas of productivity we remain focused on include:

- Migrating customers off legacy platforms, exiting products and further automation and digitisation,
- Efficiency in our IT software costs,
- Decommissioning legacy infrastructure, and
- Further benefits from AI.

Above all, we remain resolutely committed to achieving our T25 underlying EBITDA and EPS growth ambitions.

SLIDE 15 – Investing for growth, free cashflow in line with guidance

Turning to free cashflow on Slide 15.

Our free cashflow was around \$2.8 billion on a guidance basis.

As previously indicated, the second half saw an increase in cash flow.

The decrease in cash flow compared to the prior year was primarily driven by an increase in capex and movement in working capital.

In FY22, reduced receivables, including from lower hardware sales, resulted in a release of working capital, while in FY23, it was largely flat.

Pleasingly, our receivable metrics including days sales outstanding, aged debt, and bad debt remain broadly flat year-on-year with consumer metrics at historical lows. We continue to monitor the macroeconomic environment and the outlook for continued cost of living pressures for the community and small business.

Capex increased on inclusion of Digicel Pacific and strategic investments.

As noted at the half year, payments related to M&A included the acquisition of Digicel Pacific and associated earn-out.

SLIDE 16 – Strong capital position and liquidity

Turning to our capital position on Slide 16.

Net debt increased over the year, largely due to non-recourse funding for the acquisition of Digicel Pacific.

Borrowing costs increased to 4.6% due to higher floating interest rates and the higher cost of the Digicel Pacific debt. Average debt maturity is 3.9 years and approximately 70% of debt is subject to fixed rates.

We remain within our comfort ranges for all credit metrics, with debt servicing at 1.8x.

Underlying ROIC improved to 8.1%, consistent with our T25 ambition. Note that average invested capital will increase next year due to spectrum and Digicel Pacific.

SLIDE 17 – FY24 GUIDANCE

Turning now to guidance for FY24, which can be seen on Slide 17.

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

On income, the range shown here reflects continued momentum in service revenue, but lack of certainty on the level of hardware sales.

Underlying EBITDA guidance is consistent with our T25 ambition for mid-single digit CAGR FY21 to FY25.

Capex guidance of \$3.6 to 3.7 billion includes:

- around \$300 million of strategic investment outside of BAU for the intercity fibre and Viasat infrastructure projects,
- around \$150 million for Digicel Pacific, and
- increased commitment to infrastructure investment in International.

This guidance excludes material one-offs such as spectrum payments and potential cash amounts relating to nbn network rollout progress and remediation costs as detailed in our accounts.

Importantly, we expect to continue to achieve strong cash flow, enabling us to invest for growth and deliver returns to shareholders.

So, to summarise:

- Our business continues to grow,
- We are focused on delivering our growth strategy, maintaining cost discipline, as well as navigating challenges within our legacy products, and
- We remain well positioned in the current economic environment.

Finally, I would like to thank the Telstra team for their ongoing efforts in delivering value for customers, the community, and our shareholders.

I will now hand back to Vicki.

VICKI BRADY – CEO

Slide - Full year results 2023 - Vicki Brady Telstra CEO

Thank you Michael.

So, as you can see, overall we have positive momentum, driven by continued growth across several products including mobile, with some challenges in Enterprise Fixed.

Slide - T25 strategy

Turning now to our T25 strategy.

In a few months' time we will hit the halfway point in delivering our strategy, and the response from customers tells me we are absolutely on the right path.

We have customer satisfaction at a record high and our strongest reputation result as measured by RepTrak in 15 years. Australians are beginning to see a change in us, driven by improvements in customer experience, continued network leadership, and our strength in cyber security.

We continue to focus on where we can make the biggest difference for customers, and as a result we have made decisions to reprioritise and accelerate in some areas.

For example, we will not scale our retail energy business in FY24. We will focus on accelerating digitisation and finishing the job of migrating consumer and small business customers off legacy systems.

Slide - Customer experience

You can see on the slide the progress we have made against our customer experience pillar.

We continue to see the positive impact of product simplification, digitisation, answering consumer and small business calls in Australia, and bringing our retail stores in house.

Episode NPS improved 6 points over the last 12 months and is at historic highs, with improvements across Consumer & Small Business and Enterprise.

We made great progress on digitisation. In Consumer & Small Business, 88 per cent of sales and 43 per cent of services are on the new digital stack, including all pre-paid mobile services.

Overall, we have digitised 68 per cent of our key service transactions, like billing enquiries, and we are well on the way to digitising all key service transactions by FY25.

It's clear that customers are feeling the benefits of digitisation - comparing the new digital stack to the old stack, Episode NPS has doubled and the average time for fixed activations has halved.

Cyber security is extremely important to us and our customers. We continue to lead the industry on stopping scams, and our Cleaner Pipes program is detecting and blocking more email, SMS and phone scams than ever before.

We launched our Scam Indicator pilot with the Commonwealth Bank to help detect live phone scams before it's too late, and a national phone number for customers to report SMS scams to our cyber team.

We also took steps to improve the way we collect and retain customer ID data to help reduce the risk of cybercrime for our customers.

In Telstra Enterprise, Telstra Connect adoption continued to grow, with 51 per cent of service interactions now flowing through the digital channel.

As a result of customer experience improvements, customer complaints reduced to a record low in the year.

TIO complaints from consumer and small business customers reduced by more than one third on the prior year, and 98 per cent of Telstra Enterprise billing disputes are now resolved within one billing cycle.

I am proud of this progress, but I also know we have more work to do, and we are accelerating to get there faster.

Slide – Network and technology solutions

Against network leadership: we are on track to meet most of our commitments by FY25. We achieved our FY23 5G population coverage target of 85 per cent, and 41 per cent of our mobile traffic was on 5G.

We've brought more capability into our 5G network, including 5G standalone. This means we can carve up our network into separate, secure slices that can support lower latency and be finely tuned to suit the needs of our customers.

We have the largest mobile network in Australia with around one million square kilometres more coverage than any other mobile network. We are on track to deliver an additional 100,000 by the end of FY25, with 80,000 square kilometres already delivered.

The decision by the Australian Competition Tribunal and the ACCC not to grant authorisation for our Multi-Operator Core Network agreement with TPG was a disappointing outcome, particularly for customers in regional Australia. Despite this, we remain committed to improving customer experience outside metro areas, and we continue to invest in new ways to keep people in regional and remote locations connected.

Our deal with Starlink will see us deliver new and improved services in regional and remote Australia, and our consumer customers will be the first in the world to be able to access broadband with a voice service over Starlink's Low Earth Orbit satellites.

We also announced a deal with OneWeb to shift to satellite-based backhaul for our remote mobile base stations, which will mean more reliable voice and data services in regional and remote Australia.

And we are working with Viasat on their global ViaSat-3 satellite constellation that will help connect people in hard-to-reach places across the Asia Pacific region.

On our intercity fibre project, construction is well underway, and we are seeing strong interest from hyper-scalers, other operators, satellite providers and national enterprises.

This project is a big step toward delivering Australia's next generation fibre network that will enable ultrafast connectivity between capital cities as well as into regional and remote communities.

Slide - Growth and value

Against the growth and value pillar, we delivered growth in underlying EBITDA and EPS.

In the year, we continued to show discipline on costs and improved ROIC.

We have grown underlying ROIC to 8.1 per cent, and we are focussed on further growth to FY25.

Michael talked you through the economic environment, however I want to reinforce that while our cost out ambition is being challenged by high inflation, we still expect to achieve the large majority of this by FY25. We remain absolutely committed to delivering our underlying EBITDA and EPS growth ambitions.

Slide - The place you want to work

Against the place to work pillar, our employee engagement score was 80.

This result ranks us near the top companies globally, however below our 90th percentile target.

We are focussed on continuing to improve engagement with our people and creating the right culture to help us achieve our goals.

On digital leadership there are a number of highlights.

We continue to partner with technology leaders to help unlock the benefits of a more digitised future for Australia.

For example, our venture with Quantum to harness the power of data and AI is already enabling new services for our customers, including the Scam Indicator pilot I mentioned.

We're also working with a range of industry and technology leaders across our Enterprise business as we grow our digital capabilities in sectors critical to Australia and the world, including Agriculture, Resources and Financial Services.

We're determined to be a leader in how we apply AI in our business, and in how we help our customers transform their businesses. Within Telstra, we are already using AI to improve a third of our key processes, including to reduce network energy consumption and solve customer issues faster. Our goal is to improve all our key processes with AI by FY25, while maintaining strict principles around how it is used.

We've also continued to invest in our API first architecture, as a big area of opportunity to improve offerings for customers, halve our time to market, and reduce costs.

On doing business responsibly, from an FY19 baseline, we reduced our absolute scope 1+2 emissions by 30 per cent, and we reduced our absolute scope 3 emissions by 28 per cent. This is great progress towards our ambition to reduce absolute emissions by at least 50 per cent by 2030.

We helped more than 1 million customers in vulnerable circumstances stay connected in FY23. We also expanded our Pre-Paid Top Up program with Infoxchange to reach more customers in need of financial assistance who may be experiencing mental health challenges, disability, homelessness, family or domestic violence, or who need emergency relief due to natural disaster.

Over the last two years, we have also supported more than 250,000 Australians to grow their digital skills through a range of customer and community programs, including for seniors and First Nation Australians.

Slide - T25 scorecard

Our positive progress in the year is reflected in our T25 scorecard, which demonstrates we are on track to deliver the majority of our T25 metrics.

We completed two metrics in the year - achieving \$8 billion in underlying EBITDA and around 8 per cent in underlying ROIC.

We missed on Telstra Plus, but we grew members to 5.1 million and we will deliver more engagement through personalised offers.

There are a number of metrics we have rated as amber where work has commenced, but early progress is below where we want it to be, for example in Strategic NPS, 'Once and Done' for Consumer & Small Business customers, and time to market for products.

Renewable energy generation shifted to amber due to the risk to timing of projects coming online. We have supported investment of more than \$1 billion in renewable energy projects to date, and we will support more to contribute towards our target of enabling renewable energy generation equivalent to 100 per cent of our consumption by 2025.

Reaching the top 20 per cent in the Digital Capability Index is rated as red. We are behind where we would like to be on this, and we are focussed on how to best close the gap.

There are two metrics where our targets have been removed since the T25 scorecard was first published. These metrics are marked as grey.

Slide – Infrastructure value realisation

I'll now provide an update on InfraCo.

When we established InfraCo and embarked on our Group Restructure, our aim was to:

create transparency of our infrastructure business,

to run it as a standalone business, and

to provide optionality.

We have achieved these three goals and created a strong digital infrastructure operator. Overall, there is now a clearer understanding of the value of InfraCo within the Telstra Group.

As we've demonstrated before, where we see the opportunity to realise value through monetisation, we will. For example, through the 49 per cent sale of Amplitel.

After thoroughly examining alternatives, we have concluded that the greatest value to be created for shareholders is by maintaining the current ownership structure of InfraCo Fixed, for at least the medium term.

We are seeing strong customer demand for our infrastructure, while customer needs and long-term demand continue to evolve. This is being shaped by the shift to the cloud and rapid AI adoption driving data centre and edge requirements, along with needs for domestic fibre and undersea cable.

Maintaining the current ownership structure provides alignment across the whole of Telstra to best capture and maximise long-term value.

First, by providing the flexibility to meet evolving customer needs through how we go to market and deliver products and solutions.

Second, by continuing our work on improving the efficiency of InfraCo Fixed, including across our portfolio of fixed network sites.

Third, by delivering growth projects including our intercity fibre build, and exploring further growth opportunities, and

Finally, because we are best able to explore other operating and financial infrastructure partnerships.

Our focus remains on delivering long-term, sustainable growth, and the objectives and principles of our capital management framework, including seeking to grow our dividend. InfraCo Fixed plays an important role in enabling this, particularly in an inflationary environment.

Slide - FY24 focus areas

FY24 will be a critical year for us with a lot to deliver.

We will continue to prioritise activities with the greatest impact on customer experience, and invest in the capabilities and assets we need to deliver sustainable growth.

There are four areas we see as key to maintaining our financial momentum and delivering sustainable growth for shareholders.

The first is mobile, underpinned by network leadership and delivering new network experiences for our customers.

The second is growth from infrastructure and maximising InfraCo Fixed value.

The third is continuing overall Consumer & Small Business Fixed growth. We are focused on evolving our customer propositions, as well as ongoing cost efficiency.

The largest contributor to costs in Consumer & Small Business Fixed is the nbn wholesale charges.

We have been advocating for reductions in these charges, as well as for service standard improvements, as part of the nbn's Special Access Undertaking. This has been an extensive process, and although we would have liked more to be done, now is the time to move forward.

The fourth area, as I spoke to earlier, is improving Enterprise Fixed performance. This includes driving growth in NAS.

Slide - Thank you

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

I am proud to lead this highly capable team and proud of everything we have achieved in the year, including continued growth, progress on our T25 strategy, and a solid foundation for growth beyond T25.

Thank you to the Telstra team for all you have done this year to serve our customers and each other.

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

[END]

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Full year results and operations overview

Full year results and operations review

Financial results

Summary reported results	FY23	FY22	Change
	\$m	\$m	%
Revenue (excluding finance income)	22,702	21,277	6.7
Total income (excluding finance income)	23,245	22,045	5.4
Operating expenses	15,356	14,758	4.1
Share of net loss from equity accounted entities	(27)	(31)	12.9
EBITDA	7,862	7,256	8.4
Depreciation and amortisation	4,470	4,358	2.6
EBIT	3,392	2,898	17.0
Net finance costs	529	417	26.9
Income tax expense	812	667	21.7
Profit for the period	2,051	1,814	13.1
Profit attributable to equity holders of Telstra Entity	1,928	1,688	14.2
Capex ¹	3,597	3,042	18.2
Free cashflow	851	3,854	(77.9)
Earnings per share (cents)	16.7	14.4	16.0

¹ Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases.

Telstra delivered FY23 results showing continued financial growth and positive momentum through the first year of its T25 strategy.

Financial performance in FY23 included:

- Total income (excluding finance income) up 5.4 per cent to \$23.2 billion
- EBITDA up 8.4 per cent to \$7.9 billion and Underlying EBITDA¹ up 9.6 per cent to \$8.0 billion
- Net Profit After Tax up 13.1 per cent to \$2.1 billion
- ROIC up 0.8 percentage points to 7.9 per cent and Underlying ROIC² up 1.1 percentage points to 8.1 per cent
- Earnings Per Share was up 16.0 per cent to 16.7 cents

Telstra's T25 strategy was on track overall, including its growth ambitions in underlying EBITDA and EPS. Our mobiles business remains central to our growth and continues to perform very strongly. Our infrastructure, international, Consumer and Small Business (C&SB) fixed line and health businesses also grew earnings. At the same time, there are aspects of our Enterprise fixed business that are experiencing headwinds. We remain disciplined on reducing our costs, particularly considering the external economic environment.

On the back of continued growth in the year, the Board resolved to pay a fully franked final dividend of 8.5 cents per share, bringing total dividends for the year to 17.0 cents and representing a 3.0 per cent increase on the prior corresponding period. The final dividend is consistent with Telstra's policy to maximise the fully franked dividend and seek to grow it over time.

The positive progress in the year was reflected in Telstra's T25 scorecard, which showed the company was on track to deliver the majority of T25 objectives. In a few months' time we will hit the halfway point in delivering our strategy and the response from

¹ Underlying EBITDA excludes guidance adjustments, and in FY23 and prior years also excludes net one-off nbn DA receipts less nbn net C2C. 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.

² Underlying ROIC defined as NOPAT as a percentage of total capital, excluding net one-off nbn receipts and guidance adjustments (as defined above) less tax

customers tells us we are absolutely on the right path.

We continue to see the positive impact of product simplification, digitisation, answering consumer and small business calls in Australia, and bringing our retail stores in house. Our Strategic Net Promoter Score increased four points during the year, Episode Net Promoter Score is at historic highs and we achieved our strongest reputation result in 15 years. Australians are beginning to see a change in us, driven by improvements in customer experience, continued network leadership, and our strength in cyber security.

Telstra continues to lead the industry on stopping scams, and our Cleaner Pipes program is detecting and blocking more email, SMS and phone scams than ever before. We are now blocking more than 9 million scam calls and around 20 million scam SMS each month. We have also taken steps to improve the way we collect and retain customer ID data to help reduce the risk of cybercrime for our customers.

As a result of customer experience improvements, customer complaints reduced to a record low in the year. Complaints from Telstra's Consumer & Small Business customers to the Telecommunications Industry Ombudsman reduced by more than a third on the prior year, and 98 per cent of Telstra Enterprise billing disputes are now resolved within one billing cycle.

During the year significant progress on T25 also included:

- 5G population coverage reached the FY23 target of 85 per cent, and 41 per cent of mobile traffic was on 5G. Total mobile coverage at the end of FY23 was 2.72 million square kilometres, after adding 80,000 square kilometres in the last two years.
- Deals signed with Low Earth Orbit satellite providers OneWeb and Starlink mean Telstra will soon deliver new and improved services in regional and remote Australia.
- Construction was well underway on Telstra's new intercity fibre project, with strong interest from hyper-scalers, other operators, satellite providers and national enterprises.
- Absolute scope 1+2 emissions have now been reduced by 30 per cent from an FY19 baseline – a great result towards the ambition to reduce absolute emissions by at least 50 per cent by 2030.

Results on a guidance basis ¹	FY23	FY23 Guidance
	\$b	\$b
Total income	23.2	23.0 to 25.0
Underlying EBITDA	8.0	7.8 to 8.0
Capex	3.6	3.5 to 3.7
Free cashflow after lease payments (FCFaL)	2.8	2.6 to 3.1

Guidance basis versus reported results ¹	FY23 Reported results	FY23 Adjustments	FY23 Guidance basis	FY22 Guidance basis
	\$m	\$m	\$m	\$m
Total income	23,245	-	23,245	21,958
EBITDA	7,862	88	7,950	7,251
Free cashflow	851	1,933	2,784	3,961

¹ These tables detail adjustments made to the reported results for the current period 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 cashflow 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 17 August 2023, the Directors of Telstra Group Limited resolved to pay a fully franked final dividend of 8.5 cents per share in line with the interim dividend for the first half of this financial year. The total dividend for FY23 is 17.0 cents per share representing a 3.0 per cent increase on the prior corresponding period. Shares will trade excluding entitlement to the final dividend from 30 August 2023 with payment to be made on 28 September 2023.

The total dividend represents a 102 per cent payout ratio on FY23 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 Financial Report for further detail.

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 breakdown (including internal income)



Total income	FY23	FY22	Change
	\$m	\$m	%
Telstra Consumer and Small Business (C&SB) ^{1,2}	12,619	11,978	5.4
Telstra Enterprise ²	7,929	7,132	11.2
Networks, IT and Product ²	413	300	37.7
Telstra InfraCo ²	3,775	3,638	3.8
All Other ²	552	572	(3.5)
Total management reported income	25,288	23,620	7.1
Transactions between segments	(2,043)	(1,575)	(29.7)
Total income (excluding finance income)	23,245	22,045	5.4

¹ Includes one-off nbn DA and Connection in FY22.

² Includes internal income.

Total income (excluding finance income) increased by 5.4 per cent to \$23,245 million due to higher mobile services and hardware income, higher International income (including Digicel Pacific income following acquisition), and income growth across C&SB off-net fixed, Enterprise Network Applications and Services, Telstra InfraCo Fixed and Amplitel. Income growth was partly offset by declines across C&SB on-net fixed, Enterprise Data and Connectivity and Active Wholesale.

Total management reported income includes internal income between segments eliminated from Total income. Internal income increased by 29.7% to \$2,043 million including new intercompany agreements post our corporate restructure related to internal charges for infrastructure, power and international capacity. Internal income comprised \$1 million in Telstra C&SB, \$125 million in Telstra Enterprise, \$321 million in Networks, IT and Product, \$1,426 million in Telstra InfraCo and \$528 million in 'All Other'.

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 contact centres, retail stores, a dealership network, digital channels, distribution systems and the Telstra Plus customer loyalty program in Australia.

Income increased by 5.4 per cent to \$12,619 million including 9.5 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, decreasing 0.6 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 advanced technology solutions through Data and Connectivity (DAC) 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 voice and data, and provides telecommunication, media and technology products and services to consumer, business and government customers in the South Pacific through Digicel Pacific, the acquisition of which was completed on 13 July 2022.

Income increased by 11.2 per cent to \$7,929 million including \$719 million for Digicel Pacific. Domestic mobile income increased by 2.7 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 DAC. NAS revenue increased by 2.2 per cent due to growth in professional services, managed services and cloud including from Telstra Purple acquisitions in the prior period (Alliance Automation and Aqura Technologies), partly offset by calling applications legacy decline.

Networks, IT and Product

Networks, IT and Product consists of two operating segments: Global Networks and Technology and Product and Technology. Global Networks and Technology supports the other segments and their respective revenue generating activities by maintaining high level of reliability and security of our global network platforms and cloud infrastructure, maintains our networks, and is accountable for our network intelligence and automation. Product and Technology works with other functions to create and deliver products and solutions for our customers, builds and manages our digital platforms underpinning our customer digital experience, builds and manages software, and provides information technology services to all internal functions.

Income increased by 37.7 per cent to \$413 million including \$105 million increase in internal income.

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 designs and constructs fibre, exchanges and other infrastructure. 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 increased by 3.8 per cent to \$3,775 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 rollout.

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 Global Business Services (GBS), Telstra Health and Telstra Energy generation and markets.

Income decreased by \$20 million including a \$263 million decline in one-off nbn DA and connection income as the nbn migration nears completion. Telstra Health income increased by \$62 million to \$305 million including organic growth and prior year MedicalDirector and PowerHealth acquisitions. Telstra Energy income increased by \$47 million from energy generation revenue and fair value gains on energy firming derivatives. Internal income increased by \$95 million post our corporate restructure.

Product performance

Product income breakdown (including internal income)



Product income	FY23	FY22	Change
	\$m	\$m	%
Mobile	10,258	9,470	8.3
Fixed – C&SB	4,457	4,486	(0.6)
Fixed – Enterprise	3,636	3,729	(2.5)
Fixed – Active Wholesale	403	477	(15.5)
International	2,429	1,501	61.8
InfraCo Fixed	2,556	2,456	4.1
Amplitel (Towers)	401	368	9.0
One-off nbn DA & Connection	72	378	(81.0)
Other	1,076	755	42.5
Total management reported income	25,288	23,620	7.1
Eliminations	(2,043)	(1,575)	(29.7)
Total income (excluding finance income)	23,245	22,045	5.4

Product EBITDA margins	FY23	2H23	1H23	FY22
	%	%	%	%
Mobile	44.9	46.5	43.2	42.2
Fixed – C&SB	3.0	3.9	2.2	1.2
Fixed – Enterprise	11.3	10.6	12.0	17.9
Fixed – Active Wholesale	29.0	23.7	34.0	33.3
International	29.4	26.4	32.7	25.8
InfraCo Fixed	65.1	64.4	65.8	67.4
Amplitel (Towers)	79.3	77.5	81.2	79.9
One-off nbn DA & Connection	51.4	42.3	56.5	61.6
Other	(0.8)	(1.7)	0.5	6.3

Mobile

Mobile income increased by 8.3 per cent to \$10,258 million including 7.9 per cent services revenue growth and 12.1 per cent hardware growth. Growth in services revenue was achieved across all mobile sub-products. Retail mobile SIOs increased by 1.7 million to 22.5 million. We have 8.8 million postpaid handheld retail SIOs, an increase of 86,000 in the year.

Postpaid handheld services revenue increased by 6.9 per cent to \$5,391 million with a 1.0 per cent uplift in SIOs and a 5.4 per cent ARPU increase from \$48.53 to \$51.15 driven by price rises and higher international roaming.

Prepaid handheld revenue increased by 16.5 per cent to \$1,076 million with a 247,000 increase in unique users and 9.4 per cent increase in ARPU from increased usage and one-off revenue in the first half this year of \$42 million from product migration. Mobile broadband revenue increased by 1.4 per cent to \$664 million driven by 2.8 per cent uplift in ARPU to \$18.53. Internet of Things (IoT) revenue increased by 5.6 per cent to \$283 million with SIOs increasing by 1.4 million to 7.1 million, and growth in value-add applications for Enterprise customers.

Wholesale revenue increased by 14.6 per cent to \$353 million driven by ARPU growth and 298,000 increase in mobile unique users (including postpaid services in operation and prepaid unique users). Wholesale mobile unique users increased to 2.0 million from the continued popularity of Mobile Virtual Network Operator's (MVNO) plans on the Telstra Wholesale mobile network.

Hardware, interconnect and other revenue increased by 9.8 cent to \$2,473 million largely due to higher hardware volumes.

Mobile EBITDA margin increased by 2.7 percentage points to 44.9 per cent due to increased high-margin service revenue, hardware margin growth and cost-out; partly offset by increased costs associated with internal infrastructure and international roaming.

Fixed – Consumer and Small Business (C&SB)

Fixed – C&SB income decreased by 0.6 per cent to \$4,457 million impacted by nbn migration. Off-net fixed revenue, which is revenue from services for which we are a reseller, increased by 4.6 per cent to \$3,295 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 network, decreased by 29.4 per cent to \$331 million. C&SB bundles and standalone data ARPU increased by 3.6% to \$80.15 and SIOs declined by 97,000 in the year to 3.4 million.

Consumer content and services revenue decreased by 1.5 per cent to \$591 million including a decline in Foxtel from Telstra SIOs and revenue, partly offset by growth from our acquisition of a majority stake in Fetch TV this period. Business apps and services revenue decreased by 6.0 per cent to \$158 million due to legacy product decline.

Fixed – C&SB EBITDA margin increased by 1.8 percentage points to 3.0 per cent with off-net fixed revenue growth and cost-out; partly offset by reduction in on-net fixed, and consumer content and services revenue. Off-net nbn resale contribution margin increased by 3 percentage points to over 8 per cent.

Fixed – Enterprise

Fixed – Enterprise income declined by 2.5 per cent to \$3,636 million with declines in DAC partly offset by gains in NAS. DAC income declined by 16.2 per cent to \$801 million driven by ARPU compression from competition, renewals and technology change. DAC SIOs reduced by 10.6 per cent or 19,000 mostly in legacy. Our T-Fibre and nbn Enterprise Ethernet customer base increased with positive momentum in second half net adds.

NAS income increased by 2.2 per cent to \$2,835 million with growth in professional services, managed services, cloud applications and equipment sales, partly offset by decrease in calling applications due to ISDN planned exit and market shift from traditional voice calling applications to integrated video solutions.

Professional services revenue increased by 23.5 per cent to \$542 million due to one-off infrastructure builds on large strategic contracts and Telstra Purple acquisitions in the prior period (Alliance Automation and Aqura Technologies). Managed services and maintenance revenue increased by 4.6 per cent to \$772 million due to an increase in large customers attaching cyber security services and service management. Cloud applications revenue increased by 11.5 per cent to \$311 million from growth in demand for partner cloud products including Amazon Web Services and Microsoft Azure. Equipment sales revenue increased by 3.8 per cent to \$412 million.

Fixed – Enterprise EBITDA margin declined by 6.6 percentage points to 11.3 per cent due to DAC and NAS EBITDA margin declines, and an increased mix of lower margin NAS income. DAC EBITDA margin declined by 15.4 percentage points to 20.8 per cent due to revenue reduction and increased costs. NAS EBITDA margin declined by 2.9 percentage points to 8.6 per cent due to calling applications legacy product decline, partly offset by growth in professional services, managed services and cloud.

Fixed – Active Wholesale

Fixed – Active Wholesale income declined by 15.5 per cent to \$403 million impacted by ongoing migration to the nbn network and legacy product decline. Data and Connectivity revenue decreased by 8.9 per cent to \$276 million reflecting decline in wideband products partly offset by growth in Telstra Wholesale Internet. Legacy calling and fixed revenue declined by 27.0 per cent to \$127 million from continued legacy fixed product decline.

Fixed – Active Wholesale EBITDA margin decreased by 4.3 percentage points to 29.0 per cent due to continued legacy and nbn revenue decline offset partly by cost-out.

International

International income increased by 61.8 per cent to \$2,429 million including \$719 million for Digicel Pacific. We completed our Digicel Pacific on 13 July 2022. Digicel Pacific income was 2 per cent higher than proforma income in constant currency (CC) with growth in average mobile SIOs across all South Pacific markets.

Excluding Digicel Pacific, International income increased by 13.9 per cent to \$1,710 million with growth in Data and Connectivity due to investment in infrastructure, inclusion of internal revenue of \$113 million post corporate restructure, partly offset by expected declines in low margin legacy voice. International income increased by 2.3 per cent in CC excluding Digicel Pacific and internal revenue.

International EBITDA margin increased by 3.6 percentage points to 29.4 per cent due to the inclusion of Digicel Pacific EBITDA margin of 46.8 per cent. Excluding Digicel Pacific, and internal revenue and costs post corporate restructure, International EBITDA margin increased by 0.8 percentage points in CC due to Data and Connectivity revenue growth.

InfraCo Fixed

InfraCo Fixed income increased by 4.1 per cent to \$2,556 million. Recurring nbn DA income increased by 6.1 per cent to \$987 million reflecting CPI linked price increases. Recurring nbn DA income includes infrastructure services across ducts, racks and fibre provided to nbn co. External infrastructure revenue increased by 3.9 per cent to \$266 million including \$122m from disposal of legacy network assets. Internal infrastructure access revenue increased by 9.3 per cent to \$1,067 million. Commercial and recoverable works revenue declined by 19.7 per cent due to the initial nbn rollout nearing completion.

InfraCo Fixed income grew 7.6 per cent excluding commercial and recoverable works and legacy network disposals.

InfraCo Fixed EBITDA margin reduced by 2.3 percentage points to 65.1 per cent reflecting a decline in commercial and recoverable works income, increased power and internal costs, and investment in asset maintenance and growth opportunities; partly offset by growth in recurring nbn DA and internal income.

Amplitel (Towers)

Amplitel income grew by 9.0 per cent to \$401 million due to contracted growth, continued demand for new tower builds and 5G upgrades. Amplitel external revenue grew by 10.0 per cent to \$66 million.

Amplitel EBITDA margin reduced by 0.6 percentage points to 79.3 per cent due to higher asset maintenance costs.

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 81.0 per cent to \$72 million as the nbn migration nears completion.

Other

Other income increased by 42.5 per cent to \$1,076 million including external and internal product income. Other product external income increased by \$84 million to \$548 million including Telstra Health and Telstra Energy. Telstra Health income increased by \$62 million to \$305 million including organic growth and prior year MedicalDirector and PowerHealth acquisitions. Telstra Energy income increased by \$47 million from energy generation revenue and fair value gains on energy firming derivatives.

Other product internal income increased by \$237 million to \$528 million post our corporate restructure.

Eliminations

Eliminations for internal income increased to \$2,043m comprising \$1,067 million in InfraCo Fixed, \$335 million in Amplitel, \$113 million in International and \$528 million in Other.

Expense performance

Operating expenses ¹	FY23	FY22	Change	
	\$m	\$m	\$m	%
nbn payments	2,048	2,081	(33)	(1.6)
Non-nbn	5,914	5,448	466	8.6
Sales costs	7,962	7,529	433	5.8
Core	6,622	6,663	(41)	(0.6)
Other ²	612	106	506	n/m
Fixed costs	7,234	6,769	465	6.9
Underlying	15,196	14,298	898	6.3
One-off nbn DA and nbn cost to connect	35	145	(110)	(75.9)
Guidance adjustments ³	125	315	(190)	(60.3)
Total	15,356	14,758	598	4.1

Underlying operating expenses \$m



¹ The data in this table includes adjustments to historical numbers to reflect changes in sales and fixed costs. Core fixed costs include commissions.

² Other fixed costs include Telstra Health; and current and prior year 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 4.1 per cent to \$15,356 million. Excluding Digicel Pacific, total operating expenses increased by 3.6 per cent. Adjusted for one-off nbn costs and guidance adjustments, underlying operating expenses increased by \$898 million or 6.3 per cent due to higher sales and fixed costs, including \$382 million for Digicel Pacific.

Sales costs, which are direct costs associated with revenue and customer growth, increased by 5.8 per cent to \$7,962 million. This included a \$466 million increase in non-nbn sales costs, associated with higher mobile hardware sales volumes, and including \$126 million of Digicel Pacific sales costs.

Core fixed costs decreased by 0.6 per cent or \$41 million with productivity gains partly offset by cost inflation (labour and non-labour including energy), and costs associated with onshoring of contact centres. Productivity gains included process simplification and improvement across back of house and support functions.

Other fixed costs increased by \$506 million including \$256 million for Digicel Pacific, and fixed costs associated with prior year acquisitions such as Alliance Automation, Aqura Technologies, MedicalDirector and PowerHealth.

One-off nbn DA and nbn cost to connect declined by 75.9 per cent as the nbn migration nears completion.

Guidance adjustments for operating expenses decreased by \$190 million mostly due to prior period transaction costs relating to InfraCo Towers (now Amplitel); and prior period transaction and integration costs related to our MedicalDirector and PowerHealth acquisitions.

Operating expenses on a statutory 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 statutory reported basis	FY23	FY22	Change
	\$m	\$m	%
Labour	3,967	3,620	9.6
Goods and services purchased	8,511	8,228	3.4
Net impairment losses on financial assets	90	98	(8.2)
Other expenses	2,788	2,812	(0.9)
Total	15,356	14,758	4.1

Labour

Total labour expenses increased by 9.6 per cent or \$347 million to \$3,967 million. Salary and associated costs increased by \$351 million due to increased total direct full time staff equivalents (FTE), wage inflation as agreed in our Enterprise Agreement and insourcing of our retail stores. Total direct FTE increased by 9.9 per cent or 2,872 to 31,761 largely due to acquisitions (including Digicel Pacific) and conversion of contact centre workforce from indirect to direct FTE.

Goods and services purchased

Total goods and services purchased increased by 3.4 per cent or \$283 million to \$8,511 million. Cost of goods sold, which includes mobile handsets and accessories, tablets, mobile broadband hardware, modems and other fixed hardware, increased by 7.7 per cent or \$205 million to \$2,853 million mainly due to higher postpaid mobile hardware volumes and inclusion of Digicel Pacific hardware sales costs following acquisition. Network payments increased by 1.6 per cent or \$51 million mostly due to inclusion of Digicel Pacific network payments following acquisition.

Other expenses

Total other expenses decreased by 0.9 per cent or \$24 million to \$2,788 million. Impairment losses (excluding net losses on financial assets) decreased by 10.4 per cent or \$15 million including lower deferred commissions due to insourcing of our retail channel. Excluding impairment, other expenses decreased by \$9 million due to cost reduction initiatives partly offset by higher energy costs and inclusion of Digicel Pacific other expenses following acquisition.

Foreign currency impacts

For the purposes of reporting our consolidated results, the translation of foreign operations denominated in foreign currency to Australian dollars (AUD) increased our sales revenue by \$71 million. This foreign exchange impact was partly offset by an increase in expenses by \$50 million across labour, goods and services purchased, and other expenses resulting in a favourable EBITDA contribution of \$21 million.

Depreciation and amortisation

Depreciation and amortisation increased by 2.6 per cent or \$112 million to \$4,470 million. Amortisation of intangible assets increased by 22.8 per cent or \$273 million due to the inclusion of Digicel Pacific and higher software amortisation associated with the exit of legacy systems. Depreciation of property, plant and equipment decreased by \$148 million including net reduction from an assessment of useful lives and 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 26.9 per cent or \$112 million to \$529 million due to a \$126 million increase in interest on borrowings and \$9 million reduction in finance income; partly offset by a \$23 million net reduction in other financing items (as set out in note 4.4.3 in the Financial Report).

Interest on borrowings increased due to higher interest rates and higher average gross debt. Our average gross borrowing rate increased from 3.7 per cent to 4.6 per cent reflecting higher market interest rates and higher average borrowing rates on the non-recourse borrowing facilities used to fund the majority of the consideration for the Digicel Pacific acquisition. Our borrowing portfolio is around 70 per cent fixed.

Cash flows

Operating expenses on a reported basis	FY23	FY22	Change
	\$m	\$m	%
Net cash provided by operating activities	6,802	7,249	(6.2)
Net cash used in investing activities	(5,951)	(3,395)	(75.3)
- Capital expenditure (before investments)	(3,870)	(3,094)	(25.1)
- Other investing cash flows	(2,081)	(301)	n/m
Free cashflow	851	3,854	(77.9)
Net cash used in financing activities	(969)	(3,971)	75.6
Net decrease in cash and cash equivalents	(118)	(117)	(0.9)
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	10	32	(68.8)
Cash and cash equivalents at the end of the period	932	1,040	(10.4)

Free cashflow used in operating and investing activities was \$851 million representing a decrease of \$3,003 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 and Fetch TV in this period; and Alliance Automation, Aqura Technologies, MedicalDirector, PowerHealth and Fone Zone in the prior period.

Net cash provided by operating activities decreased by \$447 million to \$6,802 million mainly due to a \$1,653 million increase in payments to suppliers and employees, partly offset by a \$1,320 million increase in receipts from customers. The reduction in net cash provided by operating activities included higher reported EBITDA; offset by a \$33 million investment in working capital this period compared to a \$923 million working capital benefit in the prior period from reduced receivables including lower handset sales.

Net cash used in investing activities increased by \$2,556 million to \$5,951 million. This included a \$1,717 million increase in payments for shares in controlled entities mostly due to the acquisition of Digicel Pacific. Payments for intangible assets increased by \$478 million including increased spend on software and spectrum renewals.

Accrued capital expenditure on a guidance basis was \$3,597 million or 16.1 per cent of sales revenue. This included approximately \$100 million for Digicel Pacific and \$300 million of strategic investment for the inter-city fibre and Viasat infrastructure projects.

Net cash used in financing activities decreased by \$3,002 million to \$969 million. This decrease included an increase in net proceeds from borrowings of \$3,840 million, \$923 million of proceeds from the issue of equity-like securities to Export Finance Australia as part funding for the Digicel Pacific acquisition, and prior period payment of \$1,350 million for share buy back; partly offset by prior period proceeds of \$2,883 million from disposal of a 49 per cent interest in our towers business (now Amplitel).

On a guidance basis, free cashflow after operating lease payments was \$2,784 million. Free cashflow after operating lease payments on a guidance basis excludes mergers and acquisitions (\$2,595 million including Digicel Pacific) and spectrum payments (\$112 million); and includes lease payments (\$774 million).

Debt position

Debt issuance	FY23
	\$m
Euro bond	837
AUD bond	650
Revolving bank facilities (net)	904
Debt facilities with Australian Government	1,127
Bilateral bank and other loans	16
Total	3,534

Debt repayments	FY23
	\$m
Euro bond	1,248
AUD bond	500
Bank loan AUD	150
Other loans	61
Commercial paper (net)	15
Total	1,974

Our gross debt position was \$15,350 million comprising borrowings of \$12,675 million, lease liabilities of \$3,191 million, partly offset by \$516 million in net derivative assets.

Gross debt increased by 11.6 per cent or \$1,590 million reflecting debt issuance of \$3,534 million, \$30 million of non-cash increase and net movement in lease liabilities, partly offset by debt repayments of \$1,974 million including commercial paper (net). Debt issuance included 8-year €500 million Euro bond (\$837 million Australian dollar equivalent), 5-year \$650 million Australian dollar bond, \$904 million in revolving bank facilities (net); and \$1,127 million in non-recourse debt facilities entered into with the Australian Government through Export Finance Australia for the funding of the Digicel Pacific acquisition.

Net debt increased by 13.3 per cent or \$1,698 million to \$14,418 million reflecting the increase in gross debt and \$108 million decrease in cash holdings.

Financial settings	FY23	Comfort zone
Debt servicing ¹	1.8x	1.5x to 2.0x
Gearing ²	44.7%	50% to 70%
Interest cover ³	12.8x	>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 1.8 times including impact from our acquisition of Digicel Pacific, gearing ratio is 44.7 per cent and interest cover is 12.8 times.

Financial position

Summary statement of financial position	FY23	FY22	Change
	\$m	Restated ¹ \$m	
Current assets	6,733	6,260	7.6
Non-current assets	38,296	35,368	8.3
Total assets	45,029	41,628	8.2
Current liabilities	10,092	9,698	4.1
Non-current liabilities	17,121	14,954	14.5
Total liabilities	27,213	24,652	10.4
Net assets	17,816	16,976	4.9
Total equity	17,816	16,976	4.9
Return on invested capital (%)	7.9	7.1	0.8pp
Return on average equity (%)	12.5	11.3	1.2pp

¹ The data in this table includes adjustments to historical liabilities, net assets and total equity. Refer to Note 1.7 in the Financial report for further detail.

Our balance sheet is in a strong position with net assets of \$17,816 million. The acquisition of Digicel Pacific increased net assets by \$1,058 million at acquisition date. Refer to Note 6.1.2(a) in the Financial Report for further detail on Digicel Pacific.

Current assets increased by 7.6 per cent to \$6,733 million. Derivative financial assets increased by \$143 million due to instruments maturing in the next 12 months and valuation impacts offset by maturities. Trade and other receivables and contract assets increased by \$142 million due to increased trade receivables from contracts with customers including for Digicel Pacific. The allowance for doubtful debts in respect of all our trade and other receivables and contracts assets reduced by \$17 million in the period. Prepayments increased by \$93 million including for Digicel Pacific and software licences. Current tax receivables increased by \$135 million due to lower taxable profit and higher PAYG instalments compared to prior year. Inventories increased by \$70 million including due to insourcing of Telstra branded retail stores and to mitigate supply chain issues. Cash and cash equivalent decreased by \$108 million.

Non-current assets increased by 8.3 per cent to \$38,296 million. The increase was mostly due to intangible assets increasing by \$2,834 million due to acquisitions including Digicel Pacific. Property, plant and equipment increased by \$484 million due to additions, including Digicel Pacific, exceeding depreciation expenses. Trade and other receivables and contract assets increased by \$156 million consistent with current trade and other receivables. Derivative financial assets decreased by \$179 million mostly due to instruments maturing in the next 12 months and valuation impacts. Deferred contract costs decreased by \$150 million due to a reduction in commissions paid and deferred following the insourcing of retail stores. Investments accounted for using the equity method decreased by \$128 million including reduction in fair value of investments held by Telstra Ventures recognised in other comprehensive income.

Current liabilities increased by 4.1 per cent to \$10,092 million. Trade and other payables increased by \$156 million including for Digicel Pacific, partly offset by payment of stamp duty in the period relating to Amplitel. Other provisions increased by \$167 million including Digicel Pacific.

Non-current liabilities increased by 14.5 per cent to \$17,121 million. The increase was primarily due to borrowings increasing by \$1,721 million including non-recourse debt used for funding the acquisition of Digicel Pacific. Deferred tax liabilities increased by \$434 million due to the inclusion of deferred tax liabilities recognised by Digicel Pacific and resulting business combination adjustments. Contract liabilities and other revenue received in advance increased by \$146 million 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			Underlying EBITDA			Free Cashflow	
	FY22	FY23		FY22	FY23		FY22	FY23
	\$m	\$m		\$m	\$m		\$m	\$m
Reported Total Income	22,045	23,245	Reported EBITDA	7,256	7,862	Reported Free Cashflow	3,854	851
<i>Adjustments</i>								
M&A adjustment ¹	(87)	0	M&A adjustment ¹	157	34	M&A adjustment ¹	841	2,595
Restructuring costs ²	n/a	n/a	Restructuring costs ²	71	91	Restructuring costs ²	n/a	n/a
Net one-off NBN receipts ³	n/a	n/a	Net one-off NBN receipts ³	(233)	(37)	Net one-off NBN receipts ³	n/a	n/a
Spectrum payments ⁴	n/a	n/a	Spectrum payments ⁴	n/a	0	Spectrum payments ⁴	41	112
Lease ⁵	n/a	n/a	Lease ⁵	0	0	Lease ⁵	(775)	(774)
Guidance Total Income	21,958	23,245	Guidance Underlying EBITDA	7,251	7,950	Guidance Free Cashflow	3,961	2,784

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 (removing) FY23 Income, EBITDA or Free Cashflow for the trading results of these acquisitions.

During FY22 we disposed of a 49 per cent interest in our towers business to non-controlling interests and acquired:

- Power Solutions Holdings Pty Ltd and its subsidiaries (PowerHealth);
- Clinical Technology Holdings Pty Ltd and its subsidiaries (MedicalDirector);
- Alliance Automation Pty Ltd and its subsidiary;
- Aqura Technologies Pty Ltd; and
- Fone Zone Pty Ltd (Fone Zone) and its controlled entities and multiple individually immaterial retail stores from various licensees.

During FY23 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 Adjustments for the strategic focus (T22 program) to establish a standalone infrastructure business, simplify structure, improve customer experience and cut costs. FY23 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 FY23 including:

- \$29M 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
- \$23M for renewal of our national spectrum licence in the 3.6 GHz band
- \$3M spectrum licence in the 850 MHz band
- \$16M 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.

Results of operations

	Year ended 30 June			
	2023	2022	Change	Change
	\$M	\$M	\$M	%
Revenue (excluding finance income)	22,702	21,277	1,425	6.7
Other income (i)	543	768	(225)	(29.3)
Total income (excluding finance income)	23,245	22,045	1,200	5.4
Labour	3,967	3,620	347	9.6
Goods and services purchased	8,511	8,228	283	3.4
Net impairment losses on financial assets	90	98	(8)	(8.2)
Other expenses	2,788	2,812	(24)	(0.9)
Operating expenses	15,356	14,758	598	4.1
Share of net profit/(loss) from joint ventures and associated entities	(27)	(31)	4	12.9
	15,383	14,789	594	4.0
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)	7,862	7,256	606	8.4
Depreciation and amortisation	4,470	4,358	112	2.6
Earnings before interest and income tax expense (EBIT)	3,392	2,898	494	17.0
Finance income	101	110	(9)	(8.2)
Finance costs	630	527	103	19.5
Net finance costs	529	417	112	26.9
Profit before income tax expense	2,863	2,481	382	15.4
Income tax expense	812	667	145	21.7
Profit for the period	2,051	1,814	237	13.1
Attributable to:				
Equity holders of Telstra Entity	1,928	1,688	240	14.2
Non-controlling interests	123	126	(3)	(2.4)
	2,051	1,814	237	13.1
Effective tax rate on operations	28.4%	26.9%		1.5 pp
EBITDA margin on revenue	34.6%	34.1%		0.5 pp
EBIT margin on revenue	14.9%	13.6%		1.3 pp
	cents	cents	Change cents	Change %
Earnings per share (cents per share)				
Basic	16.7	14.4	2.3	16.0
Diluted	16.7	14.3	2.4	16.8

(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

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Total income

	Year ended 30 June			
	2023	2022	Change	Change
	\$M	\$M	\$M	%
Mobile				
Postpaid handheld	5,391	5,045	346	6.9
Prepaid handheld	1,076	924	152	16.5
Mobile broadband	664	655	9	1.4
Internet of Things (IoT)	283	268	15	5.6
Mobile wholesale	353	308	45	14.6
Other	18	18	-	-
Total mobile services	7,785	7,218	567	7.9
Hardware	2,355	2,100	255	12.1
Mobile interconnect	223	250	(27)	(10.8)
Media, Telstra Plus & other	(105)	(98)	(7)	(7.1)
Total Mobile	10,258	9,470	788	8.3
Fixed - C&SB				
On-net fixed (ii)	331	469	(138)	(29.4)
Off-net fixed (ii)	3,295	3,150	145	4.6
Consumer content & services	591	600	(9)	(1.5)
Business applications & services	158	168	(10)	(6.0)
Interconnect, payphones & E000	82	99	(17)	(17.2)
Total Fixed - C&SB	4,457	4,486	(29)	(0.6)
Fixed - Enterprise				
Data & connectivity	801	956	(155)	(16.2)
Calling applications	480	637	(157)	(24.6)
Managed services & maintenance	772	738	34	4.6
Professional services	542	439	103	23.5
Cloud applications	311	279	32	11.5
Equipment sales	412	397	15	3.8
Other	318	283	35	12.4
Total NAS	2,835	2,773	62	2.2
Total Fixed - Enterprise	3,636	3,729	(93)	(2.5)
Fixed - Active Wholesale				
Data & connectivity	276	303	(27)	(8.9)
Legacy calling & fixed	127	174	(47)	(27.0)
Total Fixed - Active Wholesale	403	477	(74)	(15.5)
International				
Wholesale & Enterprise	1,597	1,501	96	6.4
Internal	113	0	113	n/m
Digicel Pacific	719	0	719	n/m
Total International	2,429	1,501	928	61.8
InfraCo - Fixed				
Commercial & recoverable works	236	294	(58)	(19.7)
NBN recurring	987	930	57	6.1
Other external & passive	266	256	10	3.9
Internal	1,067	976	91	9.3
Total InfraCo - Fixed	2,556	2,456	100	4.1
InfraCo - Tower / Amplitel				
External	66	60	6	10.0
Internal	335	308	27	8.8
Total InfraCo - Tower / Amplitel	401	368	33	9.0
One-off nbn DA & Connection	72	378	(306)	(81.0)
Other Product Income				
External (iii)	548	464	84	18.1
Internal	528	291	237	81.4
Total Other Product Income	1,076	755	321	42.5
Elimination	(2,043)	(1,575)	(468)	(29.7)
Total income	23,245	22,045	1,200	5.4

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Total expenses

	Year ended 30 June			
	2023	2022	Change	Change
	\$M	\$M	\$M	%
Salary and associated costs	3,470	3,119	351	11.3
Other labour expenses	134	148	(14)	(9.5)
Labour substitution	283	273	10	3.7
Employee redundancy	80	80	-	-
Total labour	3,967	3,620	347	9.6
Commissions	559	591	(32)	(5.4)
Cost of goods sold	2,853	2,648	205	7.7
Network payments	3,274	3,223	51	1.6
Other	1,825	1,766	59	3.3
Total goods and services purchased	8,511	8,228	283	3.4
Net impairment losses on financial assets	90	98	(8)	(8.2)
Service contracts and other agreements	1,056	1,167	(111)	(9.5)
Impairment losses (excluding net losses on financial assets)	129	144	(15)	(10.4)
Other	1,603	1,501	102	6.8
Total other expenses	2,788	2,812	(24)	(0.9)
Total operating expenses	15,356	14,758	598	4.1
Property Plant & Equipment	2,424	2,572	(148)	(5.8)
Right of Use assets	574	587	(13)	(2.2)
Depreciation	2,998	3,159	(161)	(5.1)
Amortisation of intangible assets	1,472	1,199	273	22.8
Total depreciation and amortisation	4,470	4,358	112	2.6

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Statement of Cash Flows

	Year ended 30 June			
	2023	2022	Change	Change
	\$M	\$M	\$M	%
Cash flows from operating activities				
Receipts from customers (inclusive of goods and services tax (GST))	25,196	23,876	1,320	5.5
Payments to suppliers and employees (inclusive of GST)	(17,640)	(15,987)	(1,653)	(10.3)
Government grants received for operating activities	179	179	-	-
Net cash generated from operations	7,735	8,068	(333)	(4.1)
Income taxes paid	(933)	(819)	(114)	(13.9)
Net cash provided by operating activities	6,802	7,249	(447)	(6.2)
Cash flows from investing activities				
Payments for property, plant and equipment	(2,474)	(2,176)	(298)	(13.7)
Payments for intangible assets	(1,396)	(918)	(478)	(52.1)
Capital expenditure (before investments)	(3,870)	(3,094)	(776)	(25.1)
Payments for shares in controlled entities (net of cash acquired)	(2,488)	(771)	(1,717)	n/m
Payments for equity accounted investments	(103)	(30)	(73)	n/m
Payments for other investments	(4)	(50)	46	92.0
Total capital expenditure (including investments)	(6,465)	(3,945)	(2,520)	(63.9)
Proceeds from sale of property, plant and equipment	201	155	46	29.7
Proceeds from sale of intangibles	16	-	16	n/m
Proceeds from sale of equity accounted and other investments	51	156	(105)	(67.3)
Distributions received from equity accounted investments	40	93	(53)	(57.0)
Receipts of the principal portion of finance lease receivables	82	92	(10)	(10.9)
Government grants received for investing activities	58	24	34	n/m
Interest received	37	14	23	n/m
Repayment of loans by associated entity	25	-	25	n/m
Other	4	16	(12)	(75.0)
Net cash used in investing activities	(5,951)	(3,395)	(2,556)	(75.3)
Operating cash flows less investing cash flows	851	3,854	(3,003)	(77.9)
Cash flows from financing activities				
Proceeds from borrowings	8,627	1,470	7,157	n/m
Repayment of borrowings	(7,067)	(3,750)	(3,317)	(88.5)
Payments of principal portion of lease liabilities	(675)	(697)	22	3.2
Share buy-back	-	(1,350)	1,350	n/m
Purchase of shares for employee share plans	(21)	(5)	(16)	n/m
Finance costs paid	(636)	(534)	(102)	(19.1)
Dividends/distributions paid to non-controlling interests	(163)	(100)	(63)	(63.0)
Dividends paid to equity holders of Telstra Entity	(1,964)	(1,888)	(76)	(4.0)
Proceeds from issuance of equity-like instrument	923	-	923	n/m
Proceeds from sale of non-controlling interests	7	2,883	(2,876)	(99.8)
Net cash provided by/(used in) financing activities	(969)	(3,971)	3,002	75.6
Net (decrease)/increase in cash and cash equivalents	(118)	(117)	(1)	(0.9)
Cash and cash equivalents at the beginning of the year	1,040	1,125	(85)	(7.6)
Effects of exchange rate changes on cash and cash equivalents	10	32	(22)	(68.8)
Cash and cash equivalents at the end of the year	932	1,040	(108)	(10.4)

n/m = not meaningful

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Statement of Financial Position

	As at			
	30 Jun 23	30 Jun 22	Change	Change
	\$M	Restated (i) \$M	\$M	%
Current assets				
Cash and cash equivalents	932	1,040	(108)	(10.4)
Trade and other receivables and contract assets	4,216	4,074	142	3.5
Deferred contract costs	114	116	(2)	(1.7)
Inventories	546	476	70	14.7
Derivative financial assets	445	302	143	47.4
Current tax receivables	152	17	135	n/m
Prepayments	328	235	93	39.6
Total current assets	6,733	6,260	473	7.6
Non-current assets				
Trade and other receivables and contract assets	1,017	861	156	18.1
Deferred contract costs	1,088	1,238	(150)	(12.1)
Inventories	36	28	8	28.6
Investments - accounted for using the equity method	686	814	(128)	(15.7)
Investments - other	22	15	7	46.7
Property, plant and equipment	20,969	20,485	484	2.4
Right-of-use assets	2,825	2,926	(101)	(3.5)
Intangible assets	10,989	8,155	2,834	34.8
Derivative financial assets	333	512	(179)	(35.0)
Deferred tax assets	46	60	(14)	(23.3)
Defined benefit asset	285	274	11	4.0
Total non-current assets	38,296	35,368	2,928	8.3
Total assets	45,029	41,628	3,401	8.2
Current liabilities				
Trade and other payables	4,365	4,209	156	3.7
Employee benefits	684	667	17	2.5
Other provisions	327	160	167	n/m
Lease liabilities	448	490	(42)	(8.6)
Borrowings	2,662	2,690	(28)	(1.0)
Derivative financial liabilities	73	-	73	n/m
Current tax payables	38	79	(41)	(51.9)
Contract liabilities and other revenue received in advance	1,495	1,403	92	6.6
Total current liabilities	10,092	9,698	394	4.1
Non-current liabilities				
Other payables	208	233	(25)	(10.7)
Employee benefits	125	132	(7)	(5.3)
Other provisions	186	119	67	56.3
Lease liabilities	2,743	2,797	(54)	(1.9)
Borrowings	10,013	8,292	1,721	20.8
Derivative financial liabilities	189	305	(116)	(38.0)
Deferred tax liabilities	2,112	1,678	434	25.9
Defined benefit liability	11	10	1	10.0
Contract liabilities and other revenue received in advance	1,534	1,388	146	10.5
Total non-current liabilities	17,121	14,954	2,167	14.5
Total liabilities	27,213	24,652	2,561	10.4
Net assets	17,816	16,976	840	4.9
Equity				
Share capital	3,095	3,098	(3)	(0.1)
Reserves	2,196	2,333	(137)	(5.9)
Retained profits	10,116	10,057	59	0.6
Equity available to Telstra Entity shareholders	15,407	15,488	(81)	(0.5)
Non-controlling interests	2,409	1,488	921	61.9
Total equity	17,816	16,976	840	4.9
Gross debt	15,350	13,760	1,590	11.6
Net debt	14,418	12,720	1,698	13.3
EBITDA interest cover (times) (ii)	12.8	14.5	(2)	(11.7)
Net debt to EBITDA	1.8	1.8	-	-
ROA - Return on average assets	8.0%	7.1%		0.9 pp
ROE - Return on average equity	12.5%	11.3%		1.2 pp
ROI - Return on average investment	11.0%	9.6%		1.4 pp
ROIC - Return on invested capital	7.9%	7.1%		0.8 pp
Gearing ratio (net debt to capitalisation)	44.7%	42.8%		1.9 pp

(i) Prior year Balance Sheet restated. Refer to note 1.7 of the financial statements.

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

n/m = not meaningful

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Average Revenue per Unit (ARPU) (\$)

	Half-year ended			Jun 23 vs Jun 22		Jun 23 vs Dec 22	
	Jun 2023	Dec 2022	Jun 2022	Change	Change	Change	Change
	\$	\$	\$	\$	%	\$	%
Mobile							
Postpaid handheld	51.69	50.47	48.74	2.95	6.1	1.22	2.4
Prepaid handheld	24.68	27.40	25.22	(0.54)	(2.1)	(2.72)	(9.9)
Mobile broadband	18.30	18.60	18.46	(0.16)	(0.9)	(0.30)	(1.6)
Fixed - C&SB							
C&SB bundle and standalone data	80.77	79.57	78.04	2.73	3.5	1.20	1.5
C&SB standalone fixed voice	35.97	38.46	36.33	(0.36)	(1.0)	(2.49)	(6.5)
Fixed - Enterprise							
Data & connectivity	381.82	404.01	425.41	(43.59)	(10.2)	(22.19)	(5.5)

Note: Statistical data represents management's best estimates.

Services in operation (000s)

	Half-year ended			Jun 23 vs Jun 22		Jun 23 vs Dec 22	
	Jun 2023	Dec 2022	Jun 2022	Change	Change	Change	Change
	000s	000s	000s	000s	%	000s	%
Mobile							
Postpaid handheld retail	8,826	8,808	8,740	86	1.0	18	0.2
Prepaid handheld retail	3,582	3,451	3,307	275	8.3	131	3.8
Mobile broadband (data cards)	2,935	3,011	3,035	(100)	(3.3)	(76)	(2.5)
Internet of Things (IoT)	7,124	6,360	5,700	1,424	25.0	764	12.0
Satellite	32	32	32	-	-	-	-
Total retail mobile	22,499	21,662	20,814	1,685	8.1	837	3.9
Wholesale unique users	2,040	1,887	1,742	298	17.1	153	8.1
Prepaid handheld retail unique users	2,973	2,863	2,726	247	9.1	110	3.8
Fixed - C&SB							
C&SB bundles and standalone data	3,407	3,454	3,504	(97)	(2.8)	(47)	(1.4)
C&SB standalone voice	316	345	376	(60)	(16.0)	(29)	(8.4)
Foxtel from Telstra	395	421	457	(62)	(13.6)	(26)	(6.2)
Fixed - Enterprise							
Data & connectivity	160	170	179	(19)	(10.6)	(10)	(5.9)
Fixed - Wholesale							
Fixed legacy	44	59	93	(49)	(52.7)	(15)	(25.4)
Data & connectivity	26	27	28	(2)	(7.1)	(1)	(3.7)

Note: Statistical data represents management's best estimates. Wholesale unique users excludes IoT and Market Extender.

Workforce

	Half-year ended			Jun 23 vs Jun 22		Jun 23 vs Dec 22	
	Jun 2023	Dec 2022	Jun 2022	Change	Change	Change	Change
	000s	000s	000s	000s	%	000s	%
Employee data							
Full time staff equivalents incl. contractor/agency labour	31,761	31,634	28,889	2,872	9.9	127	0.4

Note: Statistical data represents management's best estimates.

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Segment information from operations

	Total income			EBITDA contribution		
	Year ended 30 June			Year ended 30 June		
	2023	2022	Change	2023	2022	Change
	\$M	\$M	%	\$M	\$M	%
Telstra Consumer and Small Business	12,619	11,978	5.4	5,729	5,140	11.5
Telstra Enterprise	7,929	7,132	11.2	3,152	3,066	2.8
Network, IT and Product	413	300	37.7	(2,466)	(2,456)	(0.4)
All Other	552	572	(3.5)	(1,181)	(974)	(21.3)
Telstra excluding Telstra InfraCo	21,513	19,982	7.7	5,234	4,776	9.6
Telstra InfraCo	3,775	3,638	3.8	2,628	2,480	6.0
Internal access charges	(2,043)	(1,575)	(29.7)	-	-	n/m
Total Telstra segments	23,245	22,045	5.4	7,862	7,256	8.4

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

	Total income			EBITDA contribution		
	Year ended 30 June			Year ended 30 June		
	2023	2022	Change	2023	2022	Change
	\$M	\$M	%	\$M	\$M	%
Mobile	8,156	7,449	9.5	3,537	3,061	15.6
Fixed - C&SB	4,457	4,486	(0.6)	135	55	n/m
Other	6	-	n/m	5	(1)	n/m
Telstra Consumer and Small Business	12,619	11,935	5.7	3,677	3,115	18.0
Mobile	1,721	1,675	2.7	782	697	12.2
Fixed - Enterprise	3,636	3,697	(1.6)	411	660	(37.7)
Other	38	23	65.2	23	7	n/m
Telstra Enterprise	5,395	5,395	-	1,216	1,364	(10.9)
International	2,429	1,501	61.8	713	387	84.2
Mobile	381	332	14.8	282	223	26.5
Fixed - Active Wholesale	403	477	(15.5)	117	159	(26.4)
InfraCo - Fixed	2,556	2,456	4.1	1,663	1,655	0.5
InfraCo - Tower / Amplitel	401	368	9.0	318	294	8.2
Other	34	5	n/m	(3)	1	n/m
InfraCo (Active and Passive)	3,775	3,638	3.8	2,377	2,332	1.9
Other	998	686	45.5	(33)	53	n/m
Elimination	(2,043)	(1,575)	(29.7)	-	-	n/m
Underlying	23,173	21,580	7.4	7,950	7,251	9.6
One-off nbn DA & Connection	72	378	(81.0)	37	233	(84.1)
Guidance adjustments	-	87	n/m	(125)	(228)	45.2
Reported	23,245	22,045	5.4	7,862	7,256	8.4

C&SB excludes one-off nbn DA and connection income of \$43m in FY22 (nbn DA and connection income excluded from underlying income).

Fixed - Enterprise excludes revenue associated with M&A of \$32m in FY22 (M&A income excluding from underlying income).

International income excludes inter-segment revenue of \$105m in FY23 (\$204m in FY22). Internal revenue included in International post corporate restructure.

Product profitability - EBITDA (\$M)

	Year ended 30 June		
	2023	2022	Change %
Mobile	4,602	3,997	15.1
Fixed - C&SB	135	55	n/m
- Data & connectivity	167	346	(51.7)
- NAS	244	314	(22.3)
Fixed - Enterprise	411	660	(37.7)
Fixed - Active Wholesale	117	159	(26.4)
International	713	387	84.2
InfraCo - Fixed	1,663	1,655	0.5
InfraCo - Tower / Amplitel	318	294	8.2
Other	(9)	44	n/m
Underlying	7,950	7,251	9.6
Net one-off nbn DA less nbn net C2C	37	233	(84.1)
Restructuring	(91)	(71)	(28.2)
Other guidance adjustments	(34)	(157)	78.3
Reported	7,862	7,256	8.4

Product profitability - EBITDA margins %

	Year ended 30 June		
	2023	2022	Change
Mobile	44.9%	42.2%	2.7 pp
Fixed - C&SB	3.0%	1.2%	1.8 pp
- Data & connectivity	20.8%	36.2%	(15.4) pp
- NAS	8.6%	11.5%	(2.9) pp
Fixed - Enterprise	11.3%	17.9%	(6.6) pp
Fixed - Active Wholesale	29.0%	33.3%	(4.3) pp
International	29.4%	25.8%	3.6 pp
InfraCo - Fixed	65.1%	67.4%	(2.3) pp
InfraCo - Tower / Amplitel	79.3%	79.9%	(0.6) pp
Other	(0.8%)	6.3%	(7.1) pp
Underlying	34.3%	33.6%	0.7 pp
Net one-off nbn DA less nbn net C2C	51.4%	61.6%	(10.2) pp
Restructuring	-	-	-
Other guidance adjustments	-	-	-
Reported	33.8%	32.9%	0.9 pp

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Telstra Corporation Limited
Half-year comparison
Year ended 30 June 2023

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	Half 2 Jun-23	PCP Growth	Full year Jun-23	PCP Growth
Selected statistical data																											
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%	22,499	8.1%	22,499	8.1%
Postpaid hand-held 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%	8,826	1.0%	8,826	1.0%
Belonging postpaid hand-held 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%	514	9.4%	514	9.4%
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%)	2,935	(3.3%)	2,935	(3.3%)
Prepaid mobile hand-held 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%	2,973	9.1%	2,973	9.1%
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%	7,124	25.0%	7,124	25.0%
Wholesale unique users (thousands) (iii)	939	1,045	1,045	1,148	22.3%	1,289	23.3%	1,289	23.3%	1,449	26.2%	1,552	20.4%	1,552	20.4%	1,648	13.8%	1,742	12.2%	1,742	12.2%	1,887	14.5%	2,040	17.1%	2,040	17.1%
Average postpaid hand-held 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%	51.69	6.1%	51.15	5.4%
Average prepaid hand-held 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%	24.68	(2.1%)	26.04	9.4%
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%	18.30	(0.9%)	18.53	2.8%
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%)	3,407	(2.8%)	3,407	(2.8%)
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%)	320	(7.8%)	320	(7.8%)
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%)	316	(16.0%)	316	(16.0%)
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	16.8%	3,487	8.7%	3,487	8.7%	3,514	2.7%	3,506	0.5%	3,506	0.5%	3,437	(2.2%)	3,370	(3.9%)	3,370	(3.9%)
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%)	3,231	(2.5%)	3,231	(2.5%)
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%)	139	(28.0%)	139	(28.0%)
Fixed 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%)	395	(13.6%)	395	(13.6%)
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%	80.77	3.5%	80.15	3.8%
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%	35.97	(1.0%)	37.17	7.0%
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%)	160	(10.6%)	160	(10.6%)
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%)	381.82	(10.2%)	393.81	(9.5%)
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%)	44	(52.7%)	44	(52.7%)
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%)	26	(7.1%)	26	(7.1%)
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%	31,761	9.9%	31,761	9.9%

(i) Included in postpaid hand-held mobile SIOs.

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

(iii) Excludes IoT and Market Extender and includes postpaid services in operation and prepaid unique users.

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

n/m = not meaningful

personal un