

Telstra Investor Day

17 November 2016

Andrew Penn, Chief Executive Officer

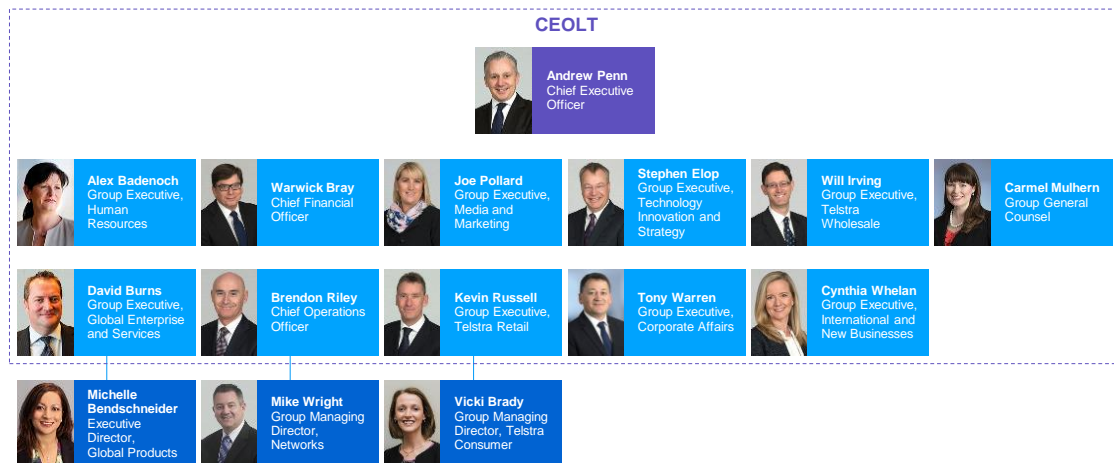


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Our leadership team



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Agenda

1	Agenda and strategy update	Andrew Penn
2	Earnings and productivity	Warwick Bray
Q&A		
3	Networks	Brendon Riley, Mike Wright
4	Digitisation	Stephen Elop
5	Customer experience	Vicki Brady
Q&A		
6	Retail strategy update	Kevin Russell
7	GES strategy update	David Burns, Michelle Bendschneider
Q&A		

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Key developments since FY16 results

<p>Solid performance in the market</p>	 <p>Competitive intensity has continued</p> <p>Stable ARPU on a sequential basis</p> <p>Customers continue to migrate to higher plans</p>	
<p>SIO momentum continues in both mobile and fixed</p>	<p>Strong network performance</p>	
<p>65% of iPhone 7 customers have signed up to high value plans</p>	<p>\$250 million resiliency investment well progressed</p>	<p>Continued roll out of 4G</p>
<p>Post-paid churn has been stable</p>	<p>First live 5G trial in Australia</p>	<p>Enhanced ADSL and port availability</p>
<p>Share of new nbn (ex satellite) connections in September 2016 quarter of 54%</p>	<p>530,000 Telstra TVs now in market</p>	

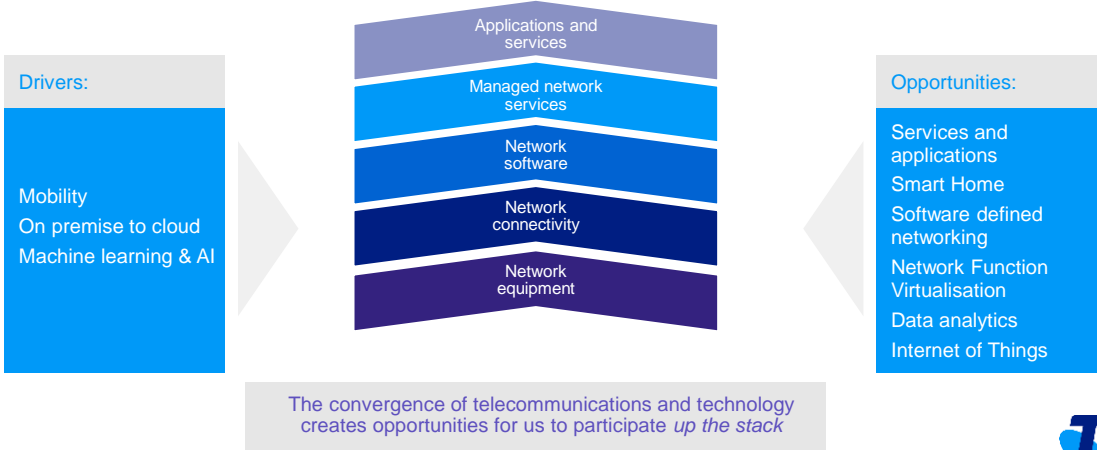


Key developments since FY16 results

<p>Improvements in NPS, brand consideration and perception measures</p>			<p>Productivity is delivering results to the bottom line</p>
<p>Mobile roaming review announced</p>	<p>Readify, Kloud, MSC Mobility and CBO are in the early phases of integration</p>	<p>We have made some important refinements to our strategy and will invest up to \$3 billion to further strengthen our market leading position</p>	<p>We will consider our capital allocation strategy</p>
<p>\$1.5 billion being returned to shareholders via share buy-backs</p>			



The traditional worlds of technology and telecommunications continue to converge






Current market dynamics

Increasing competitive intensity	Greater demand in connectivity	Accelerating rollout of the nbn ¹	Increasing regulatory risks
<ul style="list-style-type: none"> Competitive intensity continues to increase - particularly in mobiles and Data & IP New entrants to nbn expected to be in market in FY17 Content is playing an important role in differentiating products and services Our focus has been on network differentiation, bundling and value 	<ul style="list-style-type: none"> Network traffic over our fixed and mobile networks will grow 5 times over the next 5 years Increasingly complex applications More digital content (SVOD, music, sports) We need to develop around 80% of the network capacity to support this increase in traffic 	<ul style="list-style-type: none"> nbn has now passed 3.2 million premises, with 27% of the nation able to connect to the nbn There are now 1.4 million premises activated on the nbn (17% of nation) The number of customers connecting to the nbn is now over 3,100 per day The \$2-3 billion EBITDA impact will accelerate in line with activations 	<ul style="list-style-type: none"> ACCC review of mobile roaming Ongoing debate on USO reform Fixed line FAD and other regulatory decisions

1. Source: nbn co Weekly Progress Report, 4 November 2016, nbn co 2017 Corporate Plan

Our purpose, vision and strategy

Purpose:	To create a brilliant connected future for everyone		
Vision:	To be a world class technology company that empowers people to connect		
Brand:	To create better ways to empower everyone to thrive in a connected world		
Previous strategic pillars:	Improve customer advocacy	Drive value and growth from the core	Build new growth businesses
Strategic pillars:	Deliver brilliant customer experiences 	Drive value and growth from the core 	Build growth in businesses close to the core 
Strategic enablers:	Networks for the future	Deliver a seamless end to end usage experience across our networks and build the network 2020 architecture	
	Digitisation	Digitise our systems and processes to enable brilliant customer experiences and simplify our ways of working	
	Culture and capabilities	Build and enhance priority capabilities and drive critical cultural shifts	
			Strategic investment of up to \$3 billion from FY17 – FY19

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Strategic investment of up to \$3 billion into the core business

Strategic investment of up to \$3 billion: (FY17-FY19)	<ul style="list-style-type: none"> Investing in the network for the future (more than \$1.5 billion) Digitisation (approximately \$1 billion) Other improvements to customer experience (up to \$500 million) 		
Financial benefits:	<ul style="list-style-type: none"> Return on up to \$3 billion extra capex will target run-rate benefits >\$500 million per annum (2/3 revenue, 1/3 cost) fully realised by FY21 Targeting aggregate returns in excess of our FY16 ROIC (~14%) which is consistent with guidelines for organic investments 		
Investment objectives:	Networks for the future <ul style="list-style-type: none"> Build platform for the network of the future Reinforce network differentiation 	Digitisation <ul style="list-style-type: none"> Enable digital experiences – all forms of interactions between Telstra and our customers Transform the IT environment 	Customer Experience <ul style="list-style-type: none"> Deliver seamless, simple and integrated customer experiences Achieve a step change in our sales and service experience
Key metrics:	<ul style="list-style-type: none"> New network build based on SDN/NFV architecture: 100% by FY20 Mobility speed and coverage: deliver double the speeds of standard 4G to 87% of population by end FY19 Deliver peak network mobile speeds of up to 1Gbps in core CBD locations and selected high traffic areas for our capital cities by end FY19¹ Ensure 85% of ADSL customers during nbn transition can experience a quality video streaming experience and the other 15% are provided tailored solutions for the best possible experience Deliver 5 times data growth holding overall network costs flat by FY20 	<ul style="list-style-type: none"> Applications retired, contained or moved to cloud: FY20: 50% (FY16: 17%) IT delivery capability applying Agile/DevOps capabilities: FY20: 70% (Current: 20%) Straight through processing of consumer nbn orders: FY20: 95% (FY16: <5%) Customer service transactions from digital channels: FY20: 70% (FY16: 58%) 	<ul style="list-style-type: none"> Strategic NPS: Annual increase of 3-6 points each year from FY17-FY20 Episode NPS: Annual increase of 3-6 points each year from FY17-FY20

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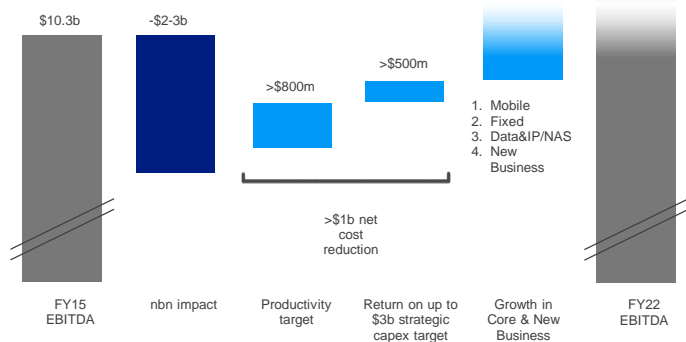


1. Typical customer speeds will be less.

Creating value through core and growth

Influences of FY22 Recurring EBITDA¹

- **nbn impact:** migration to nbn will result in a \$2-3 billion reduction in recurring core EBITDA
- **Productivity:** >\$800 million reduction in net underlying core fixed costs over next 5 years goes directly to offsetting the \$2-3 billion
- **Return on up to \$3 billion of strategic capex:** will target run-rate benefits >\$500 million (2/3 revenue, 1/3 cost) fully realised by FY21
- **Change in Product EBITDA:** Challenge is to achieve additional growth to offset remaining gap and deliver EBITDA growth. Performance in four main products areas is key.



1. Recurring EBITDA including new business. Chart is for illustrative purposes only

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Capital allocation strategy

Over the next 6-12 months we will review our capital allocation strategy taking into consideration the long term business and financial profile of Telstra

- nbn payments:
 - One off payments - taking into account the payments already received, the balance due (net of cost to connect) will generate post tax free cash flow of approximately \$5 billion over the next 4-5 years with the roll out
 - Long term payments - relate to access to Telstra's infrastructure and over the next 4 years during the roll out, these payments will increase to almost \$1 billion pre tax per annum, increasing with inflation thereafter
 - We will look at how to best drive value from these payments for shareholders
- Committed to maintaining balance sheet settings consistent with a single A credit rating band
- Long term capex requirements post roll out of nbn
- Investment decisions including M&A criteria
- Returns to shareholders including dividends, buy-backs and other forms of returns

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Summary

Strong performance in both operations and networks since year end

We have made some subtle but important refinements to our strategy

We see continued acceleration in technology innovation

We will be investing up to \$3 billion of incremental investment in radically improving customer experience, building the network of the future and digitising our core business

We remain in a strong capital position

We will consider our capital allocation strategy over the next 6-12 months in consultation with our stakeholders

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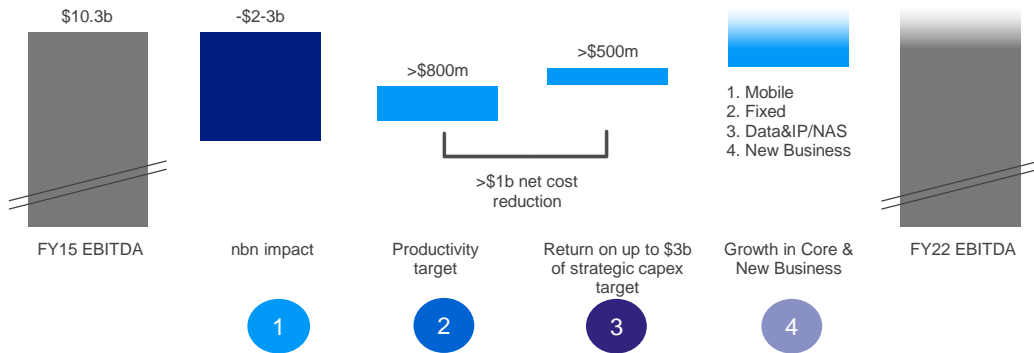
Earnings and Productivity

Investor Day – November 2016

Warwick Bray, Chief Financial Officer



Influences on FY22 recurring EBITDA¹



Plus non-recurring EBITDA: nbn income (PSAA) net of cost to connect

1. Recurring EBITDA including new business. Chart is for illustrative purposes only



\$2-3b recurring nbn impact



Recurring impacts of nbn to EBITDA	
NBN Definitive Agreements (DA)	<ul style="list-style-type: none"> + ISA (~\$5b NPV at June-2010) + Government receipts incl. TUSOPA
As a retail service provider and nbn transition impacts	<ul style="list-style-type: none"> - New nbn access costs (CVC/AVC) + Reduction in existing access costs - Loss of wholesale revenues
Long term net recurring EBITDA impact of negative \$2-3b	
Negative effects of nbn rollout largely stabilise at end of migration	



We are committed to increased productivity

1 2 3 4

Commitment

Measurement

Target

Approach

Progress



1. We are holding ourselves to account based on cost outcomes that are seen in our financial accounts – i.e. net productivity

- >\$1b target reduction in net underlying core fixed costs over next 5 years
- Core fixed cost reduction to offset up to one third to one half of the \$2-3b negative impact of the nbn



2. We are seeking productivity that is achieved through improving customer outcomes



3. Our productivity program is implemented by the line divisions not through a central function

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Our measurement of productivity

1 2 3 4

Commitment

Measurement

Target

Approach

Progress

Full Year 2016 Results disclosure

Operating expenses ¹	FY15	FY16	GROWTH	
Core sales costs	\$6,782m	\$7,125m	\$343m	5.1%
Core fixed costs (incl. corporate)	\$8,409m	\$8,546m	\$137m	1.6% Underlying -0.6%
New business costs	\$279m	\$465m	\$186m	66.7%
nbn Cost to Connect (C2C)	\$128m	\$218m	\$90m	70.3%
Impairment	-	\$246m	\$246m	n/m
Total Reported	\$15,598m	\$16,600m	\$1,002m	6.4%

Productivity by cost category

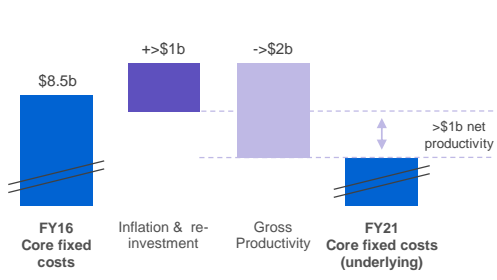
- 1. Core sales** - We manage the ratio of these costs with the revenue they directly support
- 2. Core fixed** - We manage these costs against the year-on-year change in underlying fixed costs
- 3. New business** - We manage these costs against their individual investment cases
- 4. nbn C2C** - We measure against a target unit cost

1. Extract from "Full Year 2016 Results - CEO/CFO Analyst Briefing Presentation"

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Our productivity target



- >\$1b net cost reduction target equates to:
 - more than a 2% year-on-year reduction, excluding significant transactions
 - over \$2b of gross productivity achievement, depending on estimate of inflation
- Cost reduction target directly offsets \$2-3b recurring nbn impact on EBITDA – i.e. \$1-2b remaining impact
- Cost reduction target to be achieved while supporting improved customer experience and 5x growth in fixed and mobile network traffic over the next five years

\$300-500m restructuring costs in FY17



Our approach to the productivity program



Examples of progress and commitment



Commitment	Measurement	Target	Approach	Progress
Approach	Example initiatives	Example KPI outcomes	Cost out	
Improving end-to-end customer experience	Simplified broadband activations to automatically connect self install modems right first time and expand the capability of our Wi-Fi Maximiser app	<ul style="list-style-type: none"> 95% auto activation rate – achieved ~90% 280k reduction activation calls 1% reduction truck rolls 	~\$6m	
Product and process simplification	Reduced the time we take to provide quotes to our business and enterprise customers by implementing straight through sales processing	<ul style="list-style-type: none"> 60% reduction in time for simple orders (achieved) 30% reduction in time for complex deals by FY17 and over 60% reduction by FY18 	~\$9m	
Fitter & Faster organisation	Changed our Retail organisational structure to remove duplication in our channel support, product and central support functions	<ul style="list-style-type: none"> 20% reduction in organisational layers 	>\$100m	
Supplier partnerships	Changed how we tender work to reduce contractor costs for our mobile network build	<ul style="list-style-type: none"> 70% reduction in time from construction brief to operating site 	>\$40m	
>\$1b target reduction in net underlying core fixed costs over next 5 years				

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Business case for up to \$3b strategic capex



Capex-to-sales of ~18% in FY17-FY19 will promote sustainable network differentiation, support digitisation, productivity and boost customer experience

- Investment on networks (more than half), digitisation and customer experience
- Network includes new capacity, speed, capability and resilience on our consumer and business, mobile, fixed and core networks
- Digitisation includes: digital customer experiences, digital platforms and digital ways of working

Targeting returns in excess of our FY16 ROIC (~14%) and consistent with organic investment guidelines

- Target EBITDA benefits of more than \$500m p.a. (2/3 revenue, 1/3 cost-out)
- Annual benefits to materially increase from FY19 and fully realised by FY21
- Short term EBITDA benefits will be impacted by additional \$100m p.a. opex to support investment

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Product economics

Product	Factors
1 Mobile	<ul style="list-style-type: none"> • Minimum Monthly Commitment (MMC) • Business services • Broadband growth • Machine to Machine (M2M)
2 Fixed	<ul style="list-style-type: none"> • nbn reseller ARPU and share • Reduce nbn unit cost to serve • Reduce nbn unit cost to connect
3 Data & IP and NAS	<ul style="list-style-type: none"> • Domestic Data & IP and NAS EBITDA at least flat • International Connectivity and NAS EBITDA growth • Grow NAS EBITDA margin to mid-teens medium-term
4 New Business	<ul style="list-style-type: none"> • Reduced EBITDA loss in FY17 and on path to profitability



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Influences on Free Cashflow and EPS

EBITDA		EBITDA	
	Comment		Comment
1. Capex	Productivity examples: <ul style="list-style-type: none"> • Supplier partnerships • IT development 	1. Depreciation	Increased due to: <ul style="list-style-type: none"> • More capex • Lower asset lives
2. Working Capital	Productivity examples: <ul style="list-style-type: none"> • Go Mobile lease plans • Reduced inventory 	2. Interest	Will increasingly follow cash interest
3. Interest	Refinance at lower average rates	3. Tax	Statutory tax rate
4. Tax	Statutory tax rate	4. Number of shares	Capital allocation
FCF		EPS	



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2017 guidance¹

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

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

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Summary

There are multi-billion recurring and non-recurring impacts over the next 5 years from the nbn. We are committed to reporting these impacts

Four factors will determine our recurring EBITDA at the end of the nbn network build

1. nbn impact
2. Performance against our productivity target
3. Returns on our up to \$3b of strategic capex
4. Growth in our main products

Further efficiency opportunities in converting EBITDA to cash and earnings

We will consider our capital allocation strategy over the next 6-12 months in consultation with our stakeholders

Confirm guidance

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Q&A



Investing in the network of the future Investor Day – November 2016

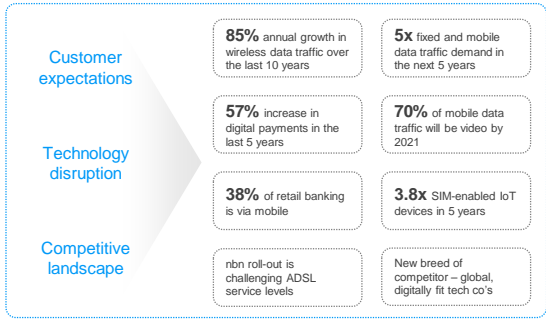
Brendon Riley, Chief Operations Officer
Mike Wright, Group Managing Director Networks



Network investment drivers and focus

We are faced with unprecedented demand on our network and a world of opportunity to deliver new experiences

We will leverage new technology to deliver higher availability and performance, and unlock new sources of differentiation



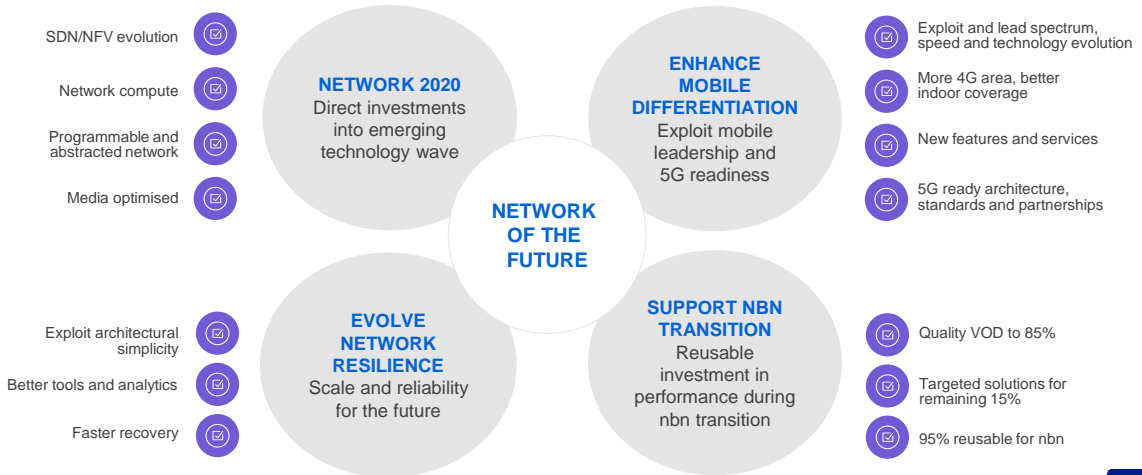
- ### Key investment areas
1. Network 2020
 2. Enhance mobile differentiation
 3. Support nbn transition
 4. Evolve network resilience

Source: Ericsson mobility report June 2016 and various global industry reports

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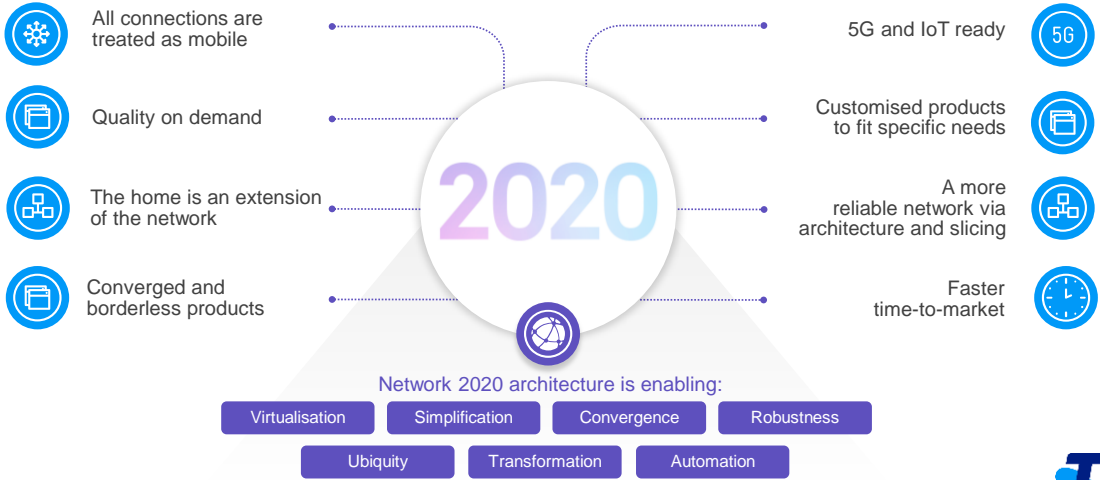
Four key areas of investment



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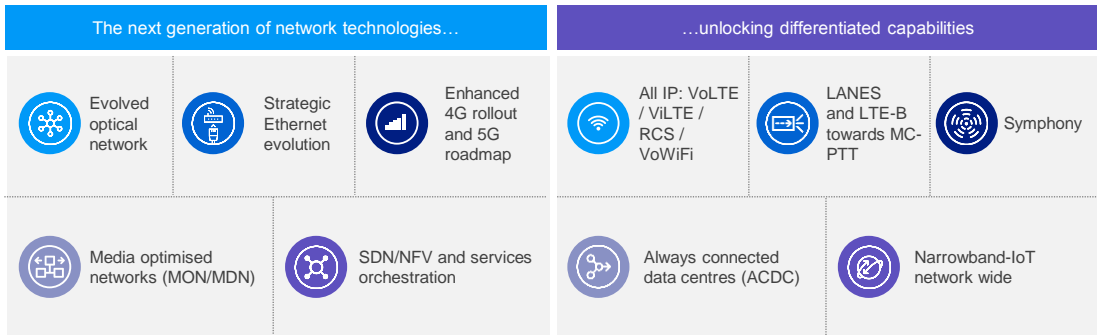
Network 2020 design principles



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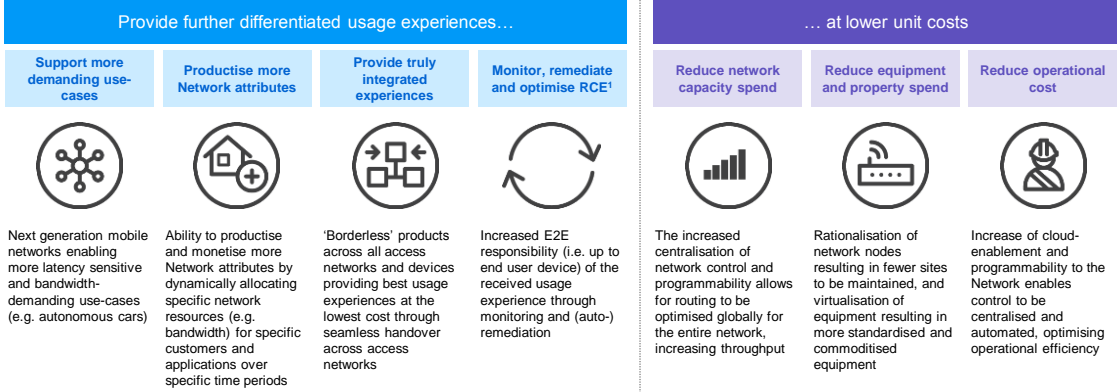
Network 2020 technology elements and evolution



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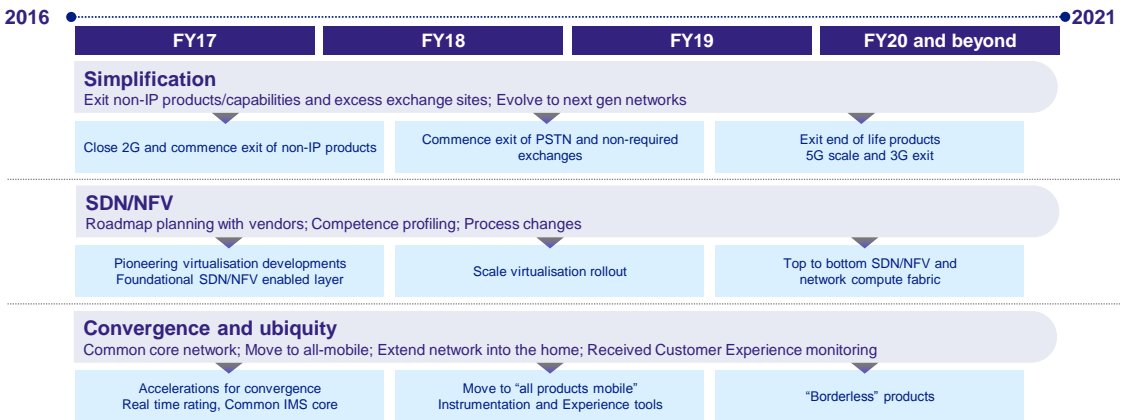
Network 2020 benefits



1. Received Customer Experience



Network 2020 delivery roadmap



Mobile differentiation

Areas for differentiation

- Video over LTE (ViLTE)
- Voice over WiFi (VoWiFi)
- LTE Broadcast (LTE-B)
- Rich Communication Services (RCS)
- Internet of Things (IoT)

Additional mobile infrastructure enables

- Better in-building coverage
- Faster speeds, more capacity (Peak network speeds increasing 300Mbps to 1Gbps*)
- New Network features in more places (NB-IoT)
- Enhanced 4G footprint advantage

*In core CBD locations and selected high traffic areas for our capital cities, typical customer speeds will be less

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nbn transition and network resilience

Support nbn transition

- Reusable Network core capacity to deliver 85% of our ADSL customers' increased data speeds
- Alternative solutions for remaining 15% of customers
- Service more unmet market demand through port investment in high-demand areas
- Equip frontline staff to deliver clearer expectations to our customers through use of tools





Evolve network resilience

- Enhancing reliability by targeted review program and exploiting future networks and architectural simplicity
- Next generation customer received experience tools and analytics
- Faster recovery and restoration enabled by virtualisation and network 'flex'

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Measure of progress

	Metric
 <p>Network 2020</p>	<ul style="list-style-type: none"> FY20: 100% of all new network build will be based on SDN/NFV architecture
 <p>Enhance mobile differentiation</p>	<ul style="list-style-type: none"> Extend 4G coverage and leverage spectrum to deliver double the speeds of standard 4G to 87% of population by end FY19 Leverage new architectures to deliver peak network speeds of up to 1Gbps in core CBD locations and selected high traffic areas for our capital cities by end FY19*
 <p>Support nbn transition</p>	<ul style="list-style-type: none"> Ensure 85% of customers during transition can experience a quality video streaming experience and the other 15% are provided tailored solutions for the best possible experience
 <p>Manage costs</p>	<ul style="list-style-type: none"> Deliver 5x data growth holding overall network costs flat by FY20

*Typical customer speeds will be less

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Digitisation

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Stephen Elop, Group Executive Technology Innovation and Strategy

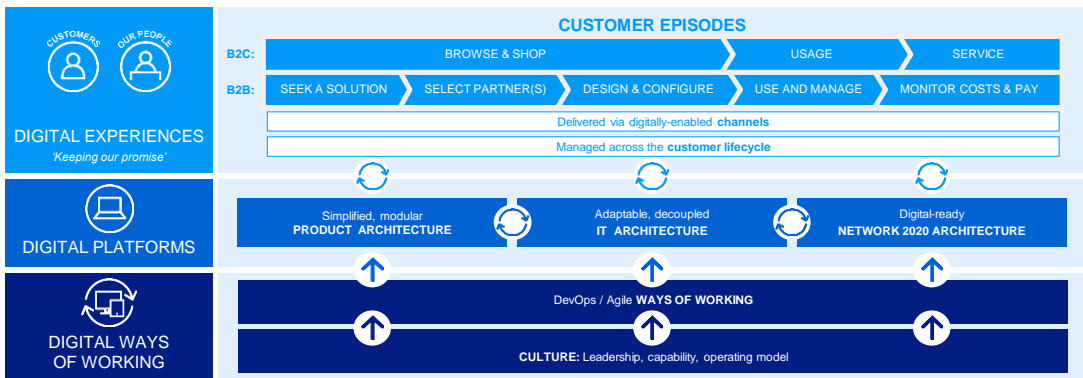


Our purpose, vision and strategy


Purpose:	To create a brilliant connected future for everyone								
Vision:	To be a world class technology company that empowers people to connect								
Brand:	To create better ways to empower everyone to thrive in a connected world								
Strategic pillars:	Deliver brilliant customer experiences 	Drive value and growth from the core 	Build growth in businesses close to the core 						
	Strategic enablers:	<table border="1"> <tr> <td>Networks for the future</td> <td>Deliver a seamless end to end usage experience across our networks and build the network 2020 architecture</td> <td rowspan="3">Strategic investment of up to \$3 billion from FY17 – FY19</td> </tr> <tr> <td>Digitisation</td> <td>Digitise our systems and processes to enable brilliant customer experiences and simplify our ways of working</td> </tr> <tr> <td>Culture and capabilities</td> <td>Build and enhance priority capabilities and drive critical cultural shifts</td> </tr> </table>		Networks for the future	Deliver a seamless end to end usage experience across our networks and build the network 2020 architecture	Strategic investment of up to \$3 billion from FY17 – FY19	Digitisation	Digitise our systems and processes to enable brilliant customer experiences and simplify our ways of working	Culture and capabilities
Networks for the future	Deliver a seamless end to end usage experience across our networks and build the network 2020 architecture	Strategic investment of up to \$3 billion from FY17 – FY19							
Digitisation	Digitise our systems and processes to enable brilliant customer experiences and simplify our ways of working								
Culture and capabilities	Build and enhance priority capabilities and drive critical cultural shifts								



Digitisation covers three major, interrelated domains



Enables a seamless and simple customer experience

Deliver brilliant customer experiences	Drive value and growth from the core	Build growth in businesses close to the core
Initiatives:		
Enable a seamless digital experience for all our customers		Eliminate multiple handovers through a single view of the customer
A single customer authentication process across all our platforms		
Enables:		
Clearly differentiated usage experience	Customers engaging us in a digital way	Simplicity

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Simplifying our core will drive sustainable value and growth

Deliver brilliant customer experiences	Drive value and growth from the core	Build growth in businesses close to the core
Initiatives:		
Develop our platform to deliver customer analytics and allow personalised offers to our customers based on their needs		Build digital ways of working internally to support our people and customers
Migration of the IT platform to one that is scalable and cloud-based		
Enables:		
Customer satisfaction	Increased business relationship with our customers	Productivity and cost benefits

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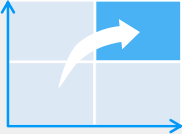






Innovation and disruptive technologies will improve our core capabilities

Deliver brilliant customer experiences	Drive value and growth from the core	Build growth in businesses close to the core	
Initiatives:			
Invest in local innovation and ventures and foster capabilities to facilitate new capability and skills development to deliver real business benefit		Fostering and delivering creative and curated technologies and services for customers that build on our core	
Enables:			
Participation in the digital ecosystem	Innovation	Disruption	Developed capabilities



There are 5 critical success factors to deliver this plan

<p>Bold simplification</p>  <p>We will make the hard choices with a strategic lens</p>	<p>Great attention on 'how to get there'</p>  <p>We are building a detailed roadmap, using established execution methodologies</p>	<p>Focus on 'people' challenge</p>  <p>We will prioritise the evolution of cultures and improvement of capability</p>	<p>'Hands-on' leadership style</p>  <p>We, as the senior leadership team, are committed to a high-intensity, 'hands-on' leadership style to make the necessary 'hard choices'</p>	<p>Technology evolution</p>  <p>We are now able to move from monolithic applications to fewer standardised foundational applications</p>
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Digitisation is a major contributor to important strategic goals

	Hallmarks of success	Measures
Foundational capabilities	<ul style="list-style-type: none"> Developed capability to deliver continuous innovation Digital capabilities that leverage our superior scale Full participant in the digital ecosystem 	<ul style="list-style-type: none"> Applications retired, contained or moved to cloud (FY16 17%; FY20 50%) IT delivery capability applying Agile/DevOps capabilities (current 20%; FY20 70%)
Market place outcomes	<ul style="list-style-type: none"> Improved overall customer experience Competitive pricing for premium connected experiences Clearly differentiated usage experiences Increased share of wallet in our target customer base Customers engaging us in a digital way 	<ul style="list-style-type: none"> Straight through processing of consumer nbn orders (FY16 <5%; FY20 95%) Customer service transactions from digital channels (FY16 58%; FY20 70%)



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Customer experience

Investor Day – November 2016

Vicki Brady, Group Managing Director Telstra Consumer



The next wave of customer experience improvement

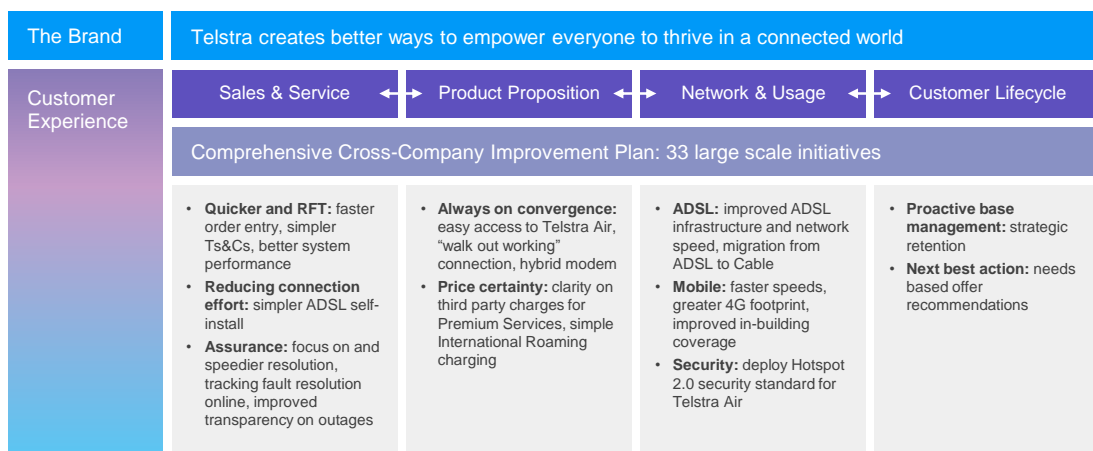
Customer Experience-led			
Network 2020		Digitisation	
Speed, scale and resilience	<ul style="list-style-type: none"> Next generation mobile network 4GX peak network speeds up to 1Gbps* Resilience and rapid recovery 	Sales and service	<ul style="list-style-type: none"> Comprehensive digital self service Seamless integrated front-line tools Single digital service hub for Enterprise customers
Differentiation	<ul style="list-style-type: none"> 5G roadmap for broad use cases Video and media optimised: VoLTE, ViLTE, VoWiFi Narrowband IoT enablement 	Product proposition	<ul style="list-style-type: none"> Product and platform simplification More real time rating and charging Borderless products: Telstra Air + Connected Home + Mobile + Work
Intelligence	<ul style="list-style-type: none"> Real-time monitoring and assurance Personalised usage insights 	Customer lifecycle	<ul style="list-style-type: none"> Customer insights and analytics CRM to straight-through processing Personalised offers

* In core CBD locations and selected high traffic areas for our capital cities, typical customer speeds will be less

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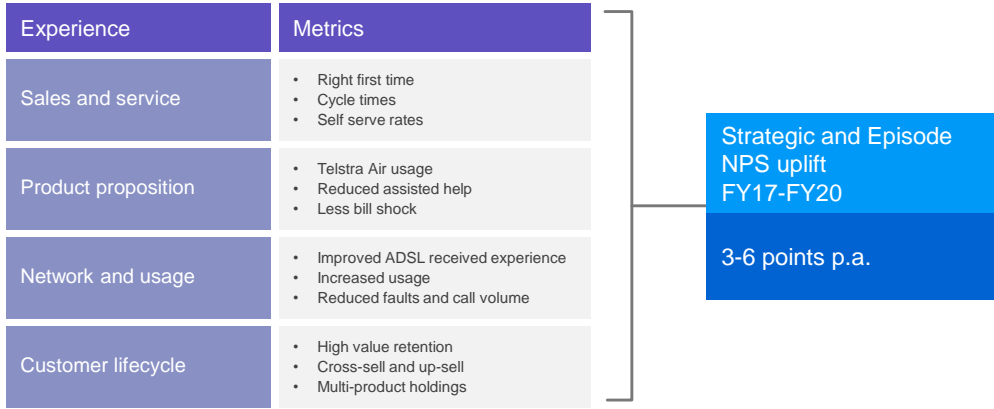
A company-wide customer experience improvement plan



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Targeting a 3-6 points p.a. lift in Strategic and Episode NPS



Q&A



Retail strategy update

Investor Day – November 2016

Kevin Russell, Group Executive Telstra Retail



We have outstanding core strengths and differentiators to leverage

Trusted Brand	Network Leadership	Regional Reach	Customer Base and Product Breadth
<ul style="list-style-type: none"> • Most valuable brand in Australia (2016) • From Telco to TechCo • “Most trusted” on entry to new services 	<ul style="list-style-type: none"> • Australia’s largest, fastest, most reliable mobile network • 650k Telstra Air hotspots 	<ul style="list-style-type: none"> • 181 regional stores • ~5,000 regional employees • First to bring 4G to regional Australia 	<ul style="list-style-type: none"> • 7.7m Consumer and 1.1m SMB customers • 72% of Australian businesses • 2.7m bundle customers
Obsess about branded experience	Sustain and grow network advantage	Segment, localise and personalise execution	Customer base value creation



Our business continues to perform in an increasingly price competitive market

	Dynamics in underlying business	Performance
Mobility	<ul style="list-style-type: none"> Postpaid SIO growth consistent with same period last year <ul style="list-style-type: none"> - improving mix of high value plans and churn in line with FY16 Service revenue is stable Handset costs are increasing, however subsidies have remained constant and we've launched a new leasing product 	Resilient service revenue performance in a highly competitive market
Fixed	<ul style="list-style-type: none"> Increase in broadband competition with <\$80 access prices Securing >50% market share in nbn PSTN rate of decline remains steady (~8% p.a.), via bundling 	Strong broadband performance, with nbn share producing challenging economics
Networks, Applications & Services	<ul style="list-style-type: none"> 64% of our managed customers also buy our NAS products Telstra's cloud business is growing at twice the market growth Managed network services ~50% CAGR for last 3 years 	NAS revenue expected to exceed Data & IP this year

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The market environment is changing

Customer demand and expectations are growing	Industry economics are shifting
<ul style="list-style-type: none"> Data is exploding across fixed and mobile Customers seeking simple, seamless, personalised, digitally enabled solutions Small business requiring integrated solutions 	<ul style="list-style-type: none"> Mobile subscription inclusions reducing out of bundles revenues Migration to nbn reseller margins Traditional fixed voice continues to decline
Competition is intensifying in core connectivity	Technology acceleration opening up opportunities
<ul style="list-style-type: none"> Increasing price based competition nbn lowers barrier to entry 	<ul style="list-style-type: none"> Customer insights and analytics to enable customer service and customer acquisition benefits Network convergence improves customer experience IoT proliferation increases network requirements and presents growth opportunity

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We have clear priorities to drive growth and value from the core

Customer Experience-led			
Drive Value from Customer Base	Address Under-Indexed Markets	Grow Business NAS	Improve Productivity Optimise Variable Cost
Optimise flow of value within our customer base, and lift ARPU through up/cross-sell	Extend leadership in under-indexed segments and geographies	Grow at faster than market in Small to Medium Business NAS	Align variable cost with revenue growth and reduce fixed costs
Our customers spend \$4.2b with other providers	LOTE segment represents ~23% of market	Market to grow at 10% CAGR to \$6.7b by FY19	\$5.4b DVCs and \$2.0b non-DVCs in Retail
Obsess about Customer Experience Remove silos Simplify for our people			
Network 2020 Digitisation			



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GES strategy update

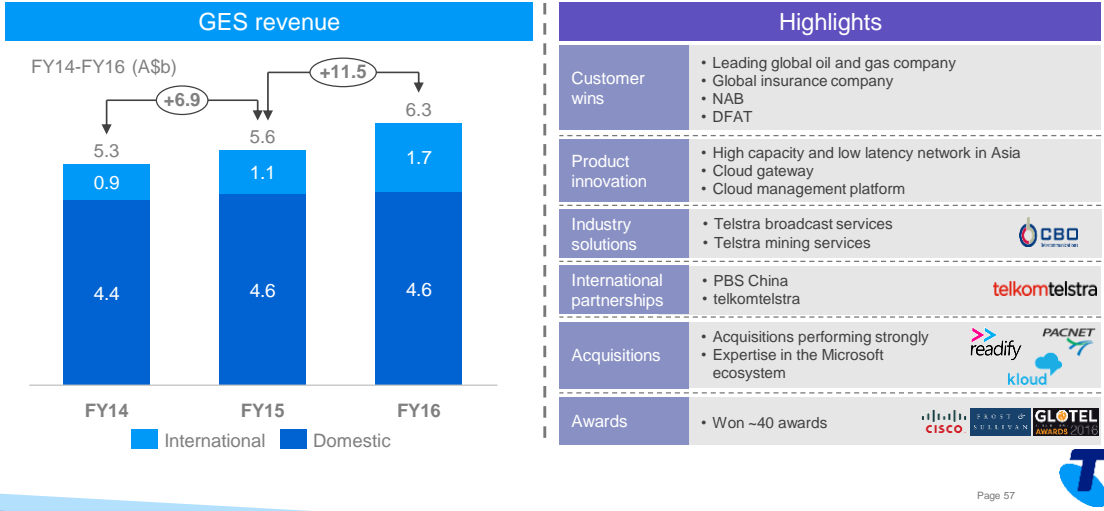
Investor Day – November 2016

David Burns, Group Executive GES
Michelle Bendschneider, Executive Director Global Products GES



Strong results

We have delivered strong performance driven by growing NAS, enterprise mobility and international businesses



Strategic pillars

We will focus on a series of strategic imperatives to accelerate our growth

<p>Unlock New Growth</p>	<p>Evolve our portfolio</p>	<p>Transform to a scalable business</p>
<ul style="list-style-type: none"> Enterprise mobility Security Global expansion NAS and industry solutions 	<ul style="list-style-type: none"> IP and nbn migration Product innovation Software-defined global network Mid-market 	<ul style="list-style-type: none"> Digitisation Direct and indirect channels Global brand Global consistency
<p>Deliver a world class customer experience</p>		



International growth

We are expanding both our connectivity footprint and our share of the enterprise services market internationally

Telstra's global network

Diverse high capacity and low latency network connecting Asia Pacific to the world

LEGENDS

- Telstra Core Network
- Telstra Extended Network
- Under Construction / Coming Soon
- Network Priority of Revenue

Expanding our international business

Taiwan overland fibre

Perth to Singapore cable

PoPs

Cloud management platform and gateway

Cloud-based professional services

Digital transformation

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Key international geographies

Telstra has 2,000 people in 20 countries serving thousands of enterprise, carrier and OTT customers, with a particular focus on the Asia Pacific region

UK: Regional hub in Europe for >20 years. Provider of cloud, collaboration, managed hosting and industry solutions.

China: Presence since 1989. 27 PoPs. PBS JV offering network and data centre services.

Japan: ~60 staff in Tokyo and Osaka.

USA: Major offices in New York and San Francisco. Headquarters for Coyala and multiple Telstra Ventures investments.

India: Presence since early 1990s. Capability Hub.

S. Korea: Submarine cables, landing stations and data centre.

Hong Kong: Base for ~600 employees. Hub for Telstra's international network, and full suite of network services.

Germany, France, Benelux, Scandinavia: Key hub for MNC HQs, growth focus.

Singapore: >300 staff. Central point for submarine cable network and key hub for NAS offerings.

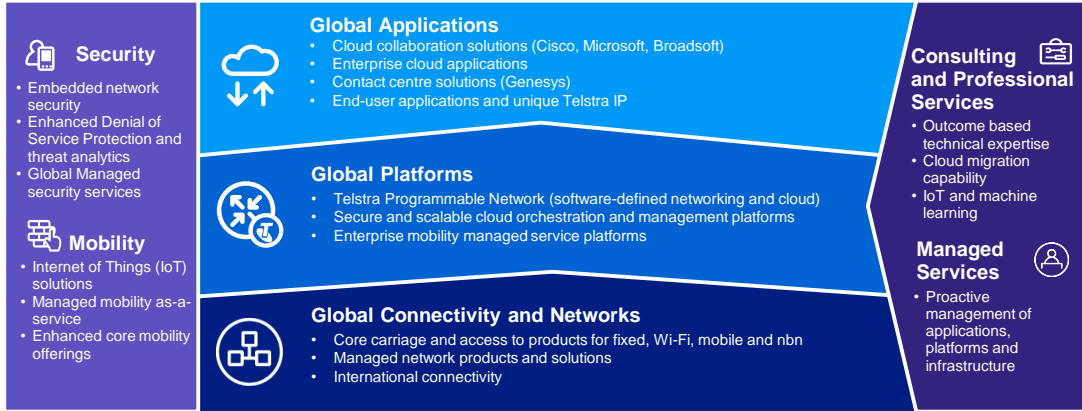
Malaysia: Home to Telstra's service centre for enterprise customers across the world.

Indonesia: telkomtelstra JV. Indonesia's first Customer Experience Centre for large enterprises.

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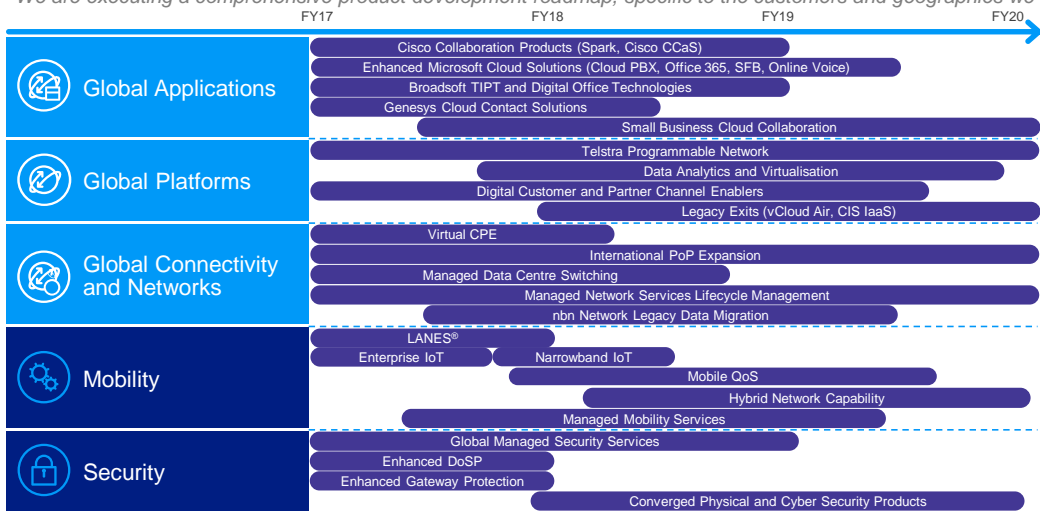
Global product portfolio

Our B2B product portfolio delivers converged solutions built on world class networks, platforms and applications and enabling our customers to embrace digitisation and reach global markets



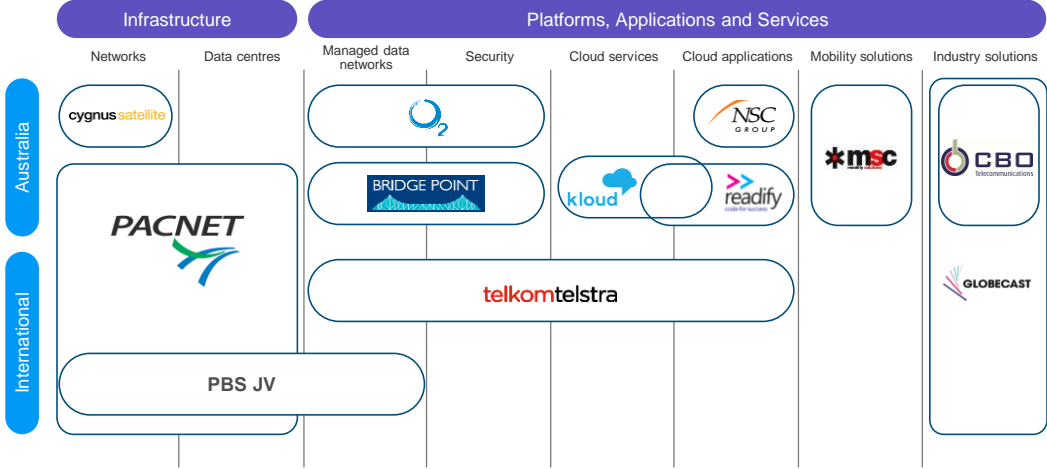
Global Product roadmap

We are executing a comprehensive product development roadmap, specific to the customers and geographies we serve



Inorganic growth in capability and reach

A number of strategic acquisitions and joint ventures further strengthen our evolving product portfolio



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Summary

- We have delivered strong performance driven by growing NAS, enterprise mobility and international businesses
- Telstra has 2,000 people in 20 countries serving thousands of enterprise, carrier and OTT customers
- We are expanding both our connectivity footprint and our share of the enterprise services market internationally
- Our B2B product portfolio delivers converged solutions built on world class networks, platforms and applications
- We are executing a comprehensive product development roadmap
- A number of strategic acquisitions and joint ventures contribute to our evolving product portfolio

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Q&A

