13 August 2015

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Full Year 2015 Financial Results – CEO/CFO Analyst Briefing Presentation

In accordance with the Listing Rules, I enclose:

a) a presentation;

b) CEO and CFO speeches;

c) Telstra's Full Year Operating and Financial Review (including financial and statistical tables) for release to the market.

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

Yours faithfully

Damien Coleman
Company Secretary

IT'S HOW WE CONNECT

TELSTRA FULL YEAR 2015 RESULTS ANNOUNCEMENT

DISCLAIMER

- These presentations include certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Telstra, which may cause actual results to differ materially from those expressed in the statements contained in these presentations. For example, the factors that are likely to affect the results of Telstra include general economic conditions in Australia; exchange rates; competition in the markets in which Telstra will operate; the inherent regulatory risks in the businesses of Telstra; the substantial technological changes taking place in the telecommunications industry; and the continuing growth in the data, internet, mobile and other telecommunications markets where Telstra will operate. A number of these factors are described in Telstra's Annual Report dated 13 August 2015 lodged with the ASX and available on Telstra's Investor Centre website www.telstra.com/investor.
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IT'S HOW WE CONNECT

TELSTRA FULL YEAR 2015 RESULTS ANNOUNCEMENT

ANDREW PENN
CHIEF EXECUTIVE OFFICER

IT'S HOW WE CONNECT

AGENDA

1. Overview	Andrew Penn
2. Results in detail including FY16 guidance	Warwick Bray
3. Delivering on our strategy	Andrew Penn
4. Q&A	Andrew Penn, Warwick Bray

IT'S HOW WE CONNECT

FY15 HIGHLIGHTS

Reported basis[1]
Total income
↑ $26.6b, +1.2%

Reported basis[1]
EBITDA
↓ $10.7b, -3.5%

Reported basis[1]
Net profit after tax
↓ $4.3b, -5.8%

Guidance basis[2]
Total income
↑ $26.3b, +2.3%

Guidance basis[2]
EBITDA
↑ $10.8b, +2.0%

Guidance adjustments[3]
Net profit after tax
↑ $4.4b, +9.8%

Guidance basis and excluding CSL[4]
Total income
↑ $26.3b, +6.6%

Guidance basis and excluding CSL[4]
EBITDA
↑ $10.8b, +4.5%

IT'S HOW WE CONNECT

1. Reported income and profit numbers are impacted on a comparative basis by the sale of CSL Hong Kong in May 2014
2. Guidance basis assumed wholesale product price stability, no impairments to investments, excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The FY15 guidance excluded the FY14 CSL profit on sale of $561m from FY14 Income and EBITDA.
3. Guidance adjustments have been used to calculate NPAT
4. On a guidance basis and excluding CSL operating income and EBITDA from FY14

FY15 HIGHLIGHTS

↑ Earnings per share 34.5c, +0.3%

↑ Final dividend of 15.5 cents per share, +3.3%

↑ $4.7b in dividends and buy-back proceeds returned to our shareholders

↑ Overall NPS score improved by 5 points

↑ Net addition of 664,000 retail mobile customer services

↑ Net addition of 189,000 retail fixed broadband customers

IT'S HOW WE CONNECT

OUR PURPOSE, OUR VISION, OUR STRATEGY

Purpose:	To create a brilliant connected future for everyone			
Vision:	To be a world class technology company that empowers people to connect			
	Customer service	Technology	Networks	Delivery
Strategy:	Improve customer advocacy	Drive value from the core	Build new growth businesses	

IT'S HOW WE CONNECT

NETWORK LEADERSHIP

15% capex to sales ratio in FY16 & FY17 – over $4b p.a.

This includes at least an additional $500m mobile investment

Expand 4G footprint to 99% population, increase mobile footprint to more than 2.5m kms[2]

2.5 MILLION KM²

Build over 750 new mobile base stations, bringing total network to over 9,000

Continue to roll out Telstra Air

Deploy over 750 small cells providing in-fill where low signal strength

Deploy next gen LTE technology including voice over LTE, LTE broadcast and next stage LTE advanced delivering peak network speeds of up to 600 mbps

VOICE OVER LTE

Create new levels of coverage and performance leadership for 4GX using our superior spectrum holdings

Extensive investment in our other networks continues

IT'S HOW WE CONNECT

IT'S HOW
WE CONNECT

TELSTRA FULL YEAR 2015 RESULTS ANNOUNCEMENT

WARWICK BRAY
CHIEF FINANCIAL OFFICER

AGENDA

1. Group results
2. Business unit and product performance
3. Expenses and productivity
4. Capital and portfolio management
5. Guidance

IT'S HOW
WE CONNECT

GROUP RESULTS – INCOME STATEMENT

	FY14	FY15	GROWTH (reported basis)	GROWTH (guidance basis[1])	GROWTH (guidance & ex-CSL basis[2])
Sales revenue	$25.1b	$25.8b	2.9%	1.9%	6.3%
Total income[3]	**$26.3b**	**$26.6b**	**1.2%**	**2.3%**	**6.6%**
Operating expenses	$15.2b	$15.9b	4.6%	2.5%	8.0%
EBITDA	**$11.1b**	**$10.7b**	**-3.5%**	**2.0%**	**4.5%**
Depreciation and amortisation	$4.0b	$4.0b	0.8%		
EBIT	**$7.2b**	**$6.8b**	**-5.9%**		
Net finance costs	$1.0b	$0.7b	-28.0%		
Income tax expense	$1.7b	$1.8b	6.4%		
NPAT from continuing operations	**$4.5b**	**$4.3b**	**-5.8%**		
(Loss)/Profit from discontinued operations	**-$0.2b**	**-**	**n/m**		
NPAT[4]	**$4.3b**	**$4.3b**	**-0.9%**		
Basic earnings per share[4] (cents)	**34.4**	**34.5**	**0.3%**		

IT'S HOW WE CONNECT

1. Guidance basis assumed wholesale product price stability, no impairments to investments, excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The FY15 guidance baseline excluded the FY14 CSL profit on sale of $561m from FY14 income and EBITDA.
2. Guidance and ex-CSL is on a guidance basis and excluding FY14 sales revenue from CSL operating of $1,045m, profit on sale of $561m and net EBITDA of $822m (including profit on sale of $561m and operating EBITDA of $261m). CSL was divested in May 2014.
3. Total income excludes finance income.
4. NPAT and basic earnings per share from continuing and discontinued operations.

GROUP RESULTS – FINANCIAL MEASURES

	FY14	FY15	GROWTH (reported basis)	FY15 (guidance basis[4])
Capex[1]	$3.7b	**$3.6b**	-2.0%	
Free cashflow[2]	$7.5b	**$2.6b**	-65.0%	$5.0b
Ordinary DPS (cents)	29.5	**30.5**	3.4%	
Ratios				
Capex to sales	14.6%	**13.9%**	-0.7pp	
Payout ratio	86%	**88%**	+2pp	
ROE[2]	32.3%	**30.3%**	-2.0pp	
ROIC[3]	17.2%	**16.4%**	-0.8pp	
Gearing	43.0%	**48.3%**	+5.3pp	

IT'S HOW WE CONNECT

1. Capex is defined as additions to property, equipment and intangible assets including capital lease additions, excluding expenditure on spectrum, measured on an accrued basis. Capex excludes externally funded spend.
2. Continuing and discontinued operations.
3. ROIC is calculated as NPAT (from continuing and discontinued operations) as a percentage of total capital. On a continuing operations basis, ROIC FY15 16.3% and FY14 18.0%.
4. Guidance basis assumed wholesale product price stability, no impairments to investments, excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The FY15 guidance baseline excluded the FY14 CSL profit on sale of $561m from FY14 income and EBITDA.

BUSINESS UNIT RESULTS
INCOME GROWTH ACROSS ALL SEGMENTS

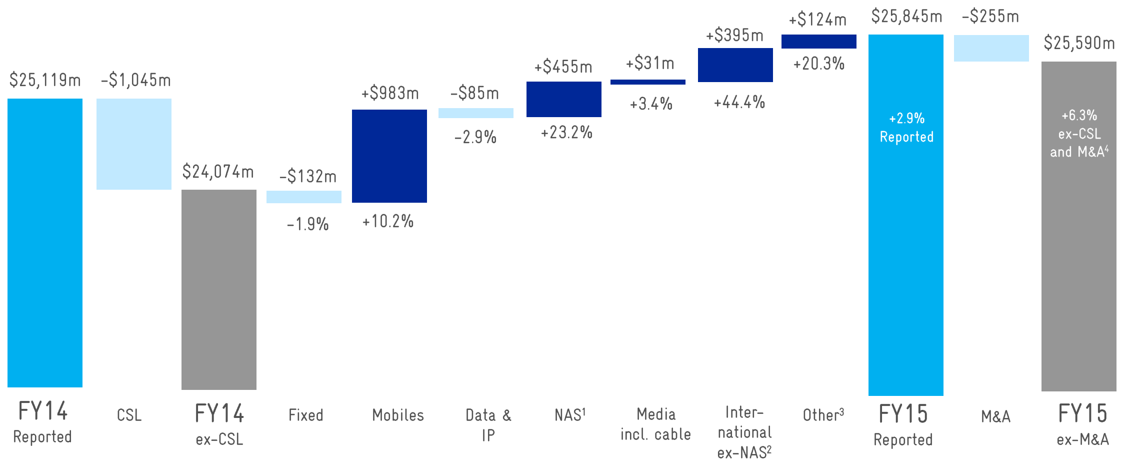
BUSINESS UNIT	FY14	FY15	GROWTH
Telstra Retail[1]	**$16.4b**	**$17.3b**	**5.3%**
- Consumer	$11.3b	$12.0b	6.5%
- Business	$4.8b	$4.9b	2.9%
Global Enterprise and Services[2]	**$5.3b**	**$5.7b**	**7.9%**
- GES domestic	$4.4b	$4.6b	3.3%
- GES global	$0.9b	$1.1b	24.2%
Telstra Wholesale	**$2.3b**	**$2.6b**	**11.1%**

- Strong growth in Consumer with growth in mobile and fixed data.
- Business growth driven by increased mobile postpaid handheld ARPU, unified communications, cloud hosted solutions and strategic acquisitions of Telstra SNP Monitoring (formerly SNP Security) and AFN Solutions.
- GES growth driven by NAS and Enterprise mobility in Australia, global connectivity and Telstra Software Group.
- Wholesale revenue growth largely due to an increase in NBN infrastructure receipts from completion of the transit network and from the access stream in line with the NBN rollout.

IT'S HOW WE CONNECT

1. Telstra Retail segment includes Telstra Consumer, Telstra Business, Telstra Media Group and Telstra Health. Telstra Media Group and Telstra Health contributed income of $341m (FY14 $346m). Telstra Media Group income includes the Foxtel dividend, cable access revenue and classified and advertising revenue. Other media entertainment, services and content income is allocated to Telstra Consumer and Business segments.
2. Global Enterprise and Services (GES) includes $187m (FY14 $168m) of inter-segment revenue treated as external expense in Telstra Retail and Telstra Wholesale. GES includes GES domestic, GES global and other GES, including the recently formed Telstra Software Group and its acquisitions.

PRODUCT PERFORMANCE
SALES REVENUE GROWTH MAINTAINED



IT'S HOW WE CONNECT

1. Network Applications and Services (NAS) includes domestic and international NAS.
2. International includes China Digital Media (Autohome) and global connectivity. Excludes CSL and international NAS. CSL was divested in May 2014.
3. Other includes NBN Infrastructure Services Agreement, Health, Software and miscellaneous product revenue. Prior period includes NBN Information Campaign and Migration Deed.
4. Underlying sales revenue growth is calculated from a FY14 baseline which excludes operating revenue from CSL.

PRODUCT PERFORMANCE: FIXED
SOLID RESULTS WITH CONTINUED FIXED DATA GROWTH

FIXED	FY14	FY15	GROWTH
Revenue	$7,076m	**$6,944m**	-1.9%
- Fixed voice[1]	$4,032m	**$3,746m**	-7.1%
- Fixed data[2]	$2,218m	**$2,379m**	7.3%
- Other fixed[3]	$826m	**$819m**	-0.8%
EBITDA margin – fixed voice	59%	**55%**	-4pp
EBITDA margin – fixed data	41%	**41%**	-
Fixed voice customers – retail	6.2m	**6.0m**	-4.2%
Fixed data customers – retail	3.0m	**3.1m**	6.4%
Fixed bundle customers – consumer	1.8m	**2.1m**	13.6%

- Fixed voice revenue decline lowest in five years driven by improved product offers and customer retention, and ARPU decline maintained at 4.3%.
- Retail fixed data revenue growth driven by highest subscriber growth in three years (+189,000) and 1.1% ARPU growth.
- Fixed data EBITDA margin includes underlying improvement offset by upfront costs in connecting NBN customers.
- In FY15, we grew NBN connections by 126,000 to 211,000.
- 280,000 retail bundles added driven by the success of Entertainer bundles and strong offers in market.
- 71% of the retail fixed data customer base now on a bundled plan.

IT'S HOW WE CONNECT

1. Fixed voice includes PSTN and voice revenue. FY14 restated to exclude $2m local number portability now recognised as other fixed revenue.
2. Fixed data includes fixed broadband and data revenue.
3. Other fixed includes customer premises equipment; intercarrier access services (including ULL) and payphone. FY14 restated to exclude $251m NBN Infrastructure Services Agreement (now in other sales revenue), $4m of advertising media content revenue (now in media); and includes $86m voice services (previously Sensis and Advertising) and $2m local number portability (previously fixed voice).

PRODUCT PERFORMANCE: MOBILES
CONTINUED REVENUE GROWTH

MOBILES	FY14	FY15	GROWTH
Revenue	$9,668m	**$10,651m**	10.2%
- Postpaid handheld	$5,006m	**$5,389m**	7.7%
- Prepaid handheld	$879m	**$994m**	13.1%
- Mobile broadband	$1,287m	**$1,290m**	0.2%
- Machine to Machine	$101m	**$113m**	11.9%
- Hardware	$1,493m	**$1,886m**	26.3%
- Other[1]	$902m	**$979m**	8.5%
EBITDA margin	40%	**40%**	-
Customers	16.0m	**16.7m**	4.1%
Postpaid handheld ARPU ex. MRO[2]	$66.57	**$69.51**	4.4%
Postpaid handheld ARPU inc. MRO	$58.70	**$61.94**	5.5%
Postpaid handheld churn	10.3%	**11.5%**	+1.2pp

- Mobile services revenue growth of 7.2% was strongest rate of growth in three years.
- Postpaid handheld revenue growth driven by 1.6% SIO growth and 4.4% ARPU ex. MRO growth through improved plan mix across segments, including business and enterprise.
- Prepaid handheld revenue growth driven by 3.5% unique user growth and 6.7% ARPU growth due to higher data usage.
- M2M continues to grow due to successful expansion into transport and banking sectors.
- Handheld, mobile broadband and M2M businesses showed slower 2H growth than 1H. Postpaid handheld slowed due to lower excess data rates and higher data allowances.
- Retail mobile customer growth of 664,000 including 298,000 in 2H15 (1H15 366,000).

IT'S HOW WE CONNECT

1. Other includes satellite, wholesale and interconnect.
2. Prior year adjustment due to an incorrect omission of a number of Telstra Business MRO accounts from the calculated ARPU.

PRODUCT PERFORMANCE: DATA & IP
CONTINUED TRANSITION FROM LEGACY PRODUCTS TO IP

DATA & IP	FY14	FY15	GROWTH
Revenue	$2,968m	**$2,883m**	-2.9%
- IP access	$1,166m	**$1,180m**	1.2%
- Other data & calling products[1]	$1,090m	**$1,041m**	-4.5%
- ISDN	$712m	**$662m**	-7.0%
EBITDA margin	65%	**64%**	-1pp
IP MAN SIOs	33k	**35k**	6.1%
IP WAN SIOs	110k	**111k**	0.9%

- Data and IP decline due to customer migration from legacy calling products to IP solutions.
- IP access growth driven by increased customer connections, with some price pressure impacting yields.
- IP MAN revenue was up 6.8% with services in operation up 6.1%. IP MAN represents 67% of IP access revenue.
- Other data and calling products decline driven by migration of traditional data products to IP access and fixed data solutions.
- ISDN decline driven by migration to unified communications and fixed data. ISDN access line reduction of 7.2% and ARPU decline of 1.2%.
- EBITDA margin impacted by yield pressures in the IP market and revenue decline.

IT'S HOW WE CONNECT

1. Includes specialised data, wholesale data and inbound products (13, 1300 and 1800).

PRODUCT AND BUSINESS LINE PERFORMANCE: NAS
CONTINUED GROWTH FROM MNS, CLOUD AND INDUSTRY SOLUTIONS

NAS by product category	FY14	FY15	GROWTH
Revenue[1]	$1,963m	**$2,418m**	23.2%
- Managed network services	$486m	**$592m**	21.8%
- Unified communications	$705m	**$762m**	8.1%
- Cloud services	$215m	**$286m**	33.0%
- Industry solutions	$449m	**$636m**	41.6%
- Integrated services	$108m	**$142m**	31.5%
NAS by segment			
Business	$401m	**$553m**	37.9%
GES domestic[2]	$1,492m	**$1,766m**	18.4%
GES global[1]	$70m	**$99m**	41.4%

- Continued NAS growth driven by both existing and new contracts as well as acquisitions.
- Managed network growth driven by increased professional service and security activity, including O2 and BridgePoint.
- Across managed network services and unified communications, our enterprise customers are adopting standardised offerings to a much higher degree, driving improved speed, quality and reliability for our customers.
- Industry solutions growth led by commercial works for NBN and Telstra SNP Monitoring (formerly SNP Security).
- NAS profitability continued its trend of improvement driven by scalable standardised offerings, a lower cost delivery model and operational leverage.

IT'S HOW WE CONNECT

1. FY14 NAS product revenues have been re-stated to include international NAS revenue.
2. GES domestic includes Telstra Operations business unit NAS revenue.

PRODUCT PERFORMANCE: MEDIA – FOXTEL
CUSTOMER GROWTH FROM NEW PACKAGES DELIVERING BENEFITS IN FOXTEL

FOXTEL ($ amounts in AUD under Australian IFRS)	FY14[1]	FY15	GROWTH
Revenue	$3,107m	**$3,165m**	1.9%
EBITDA[2]	$981m	**$900m**	-8.2%
EBIT[2]	$587m	**$513m**	-12.7%
Total subscribers	2,620k	**2,847k**	8.6%
Churn	12.5%	**10.9%**	-1.6pp
Receipts in Telstra's books[3]			
Distribution received	$165m	**$125m**	-24.2%
Cable access revenue	$120m	**$118m**	-1.7%

- Revenue growth driven by customer growth with subscriber revenue up 2.4%, partially offset by a decline in advertising revenues.
- EBITDA has decreased primarily due to short-term impacts related to key initiatives, including new pricing and packages, investment in Presto and the launch of triple play.
- Customer growth underpinned by the new pricing and packages, lower churn and strong support from Telstra Entertainer bundles.

IT'S HOW WE CONNECT

1. FY14 has been restated due to accounting treatment changes related to TV subscriber acquisition costs and offers (Revenue -$31m, EBITDA and EBIT +$11m).
2. Excludes unusual cost items (FY15 $3m) and share of profits from associates (FY14 $6m, FY15 $1m).
3. Excludes interest received from Foxtel and Telstra Wholesale revenue received from Foxtel.

PRODUCT PERFORMANCE: MEDIA
STEADY GROWTH IN PAY TV REVENUE

MEDIA ENTERTAINMENT SERVICES AND CONTENT	FY14	FY15	GROWTH
Revenue[1]	$780m	**$813m**	4.2%
- Foxtel from Telstra[2]	$605m	**$662m**	9.4%
- IPTV[3]	$94m	**$72m**	-23.4%
- Mobility and other content[1,4]	$81m	**$79m**	-2.5%
Foxtel from Telstra subscribers	526k	**623k**	18.4%
IPTV subscribers	185k	**221k**	19.5%
Movie downloads[5]	4.8m	**5.1m**	7.0%

- Media revenue growth driven by 18.4% increase in Foxtel from Telstra subscribers following the refresh of Telstra bundles in May 2014 and price reductions in November 2014.
- The focus on Foxtel from Telstra has led to a reduction in T-Box sales (down by $33m). Excluding T-Box sales, IPTV revenue grew by 19.6% through Foxtel on T-Box and SVOD subscriber growth.
- Mobility and other content was impacted by declining legacy mobile download services, partially offset by increased take up of NRL and AFL subscribers.

IT'S HOW WE CONNECT

1. FY14 revenue restated to include $21m advertising revenue within mobility and other content. This revenue was previously recognised in Sensis and Advertising ($17m) and Other Fixed ($4m).
2. Foxtel from Telstra comprises previously disclosed Premium Pay TV.
3. IPTV comprises previously disclosed Paylite; including Foxtel on T-Box, BigPond Movies services and T-Box device sales. IPTV Subscribers includes Foxtel on T-Box subscribers and SVOD subscribers.
4. Mobility and other content comprises previously disclosed as digital content services.
5. Movie downloads represents BigPond Movies services.

PRODUCT PERFORMANCE: INTERNATIONAL
44.2% REVENUE GROWTH EX-CSL

INTERNATIONAL ($AUD)	FY14	FY15	GROWTH	GROWTH IN LOCAL CURRENCY
Revenue	$2,004m	**$1,383m**	-31.0%	-37.7%
- CSL[1]	$1,045m	-	n/m	n/m
Revenue excluding CSL[2]	$959m	**$1,383m**	44.2%	29.9%
- China digital media[3]	$278m	**$504m**	81.3%	61.1%
- Global connectivity[4]	$611m	**$780m**	27.7%	14.8%
- International NAS[4]	$70m	**$99m**	41.4%	38.9%

- Revenue growth excluding CSL driven by Autohome and global connectivity.
- China digital media includes Autohome. Autohome revenue was up 98.0% driven by increased advertising services and dealer subscriber growth.
- Global connectivity and international NAS growth was driven by continued increase in wholesale carrier data and growth of retail IP solutions.
- Acquisition of Pacnet completed 15 April 2015, expanding our network and services in Asia.

IT'S HOW WE CONNECT

1. CSL was divested May 2014.
2. Revenue excluding CSL and including international NAS. FY15 Revenue growth excluding CSL and international NAS was $395m or 44.4%.
3. China digital media for FY14 comprises $250m Autohome and $28m Sequal Media Inc.. FY15 comprises $495m Autohome and $9m Sequel/Other.
4. FY14 global connectively restated to include $3m of international income. FY15 revenue including $104m for Pacnet ($90m global connectivity and $14m international NAS). Global connectivity and international NAS include various local currencies therefore calculated on weighted average growth for the significant contributing entities.

PRODUCT PERFORMANCE: AUTOHOME
RAPID RATE OF GROWTH

汽车之家
autohome.com.cn
第一汽车互动媒体

AUTOHOME ($AUD)	FY14	FY15	GROWTH	GROWTH IN LOCAL CURRENCY
Revenue	$250m	**$495m**	98.0%	79.3%
EBITDA	$129m	**$212m**	64.3%	48.4%
Dealer subscription services[1]	13,693	**18,768**	37.1%	
Average daily unique visitors via mobile website[1]	2.9m	**5.0m**	72.4%	
Average daily unique visitors via Autohome app[1]	2.3m	**4.8m**	108.7%	

- Autohome conducted a primary and secondary offering, with the issuance and sale of shares raising $116m and $333m respectively for Autohome and Telstra.
- Our interest in Autohome has reduced to 54.3%.
- Strong revenue growth was driven by increased advertising services and dealer subscribers, resulting from deeper penetration into existing markets and expansion into more Chinese cities.
- EBITDA growth includes additional costs from exclusive 12 month partnership with leading Chinese search engine Baidu that commenced in July 2014.

IT'S HOW WE CONNECT

1. Quarter ended 30 June 2015 vs. quarter ended 30 June 2014.

NBN DEFINITIVE AGREEMENTS
NBN INCOME OF $811m

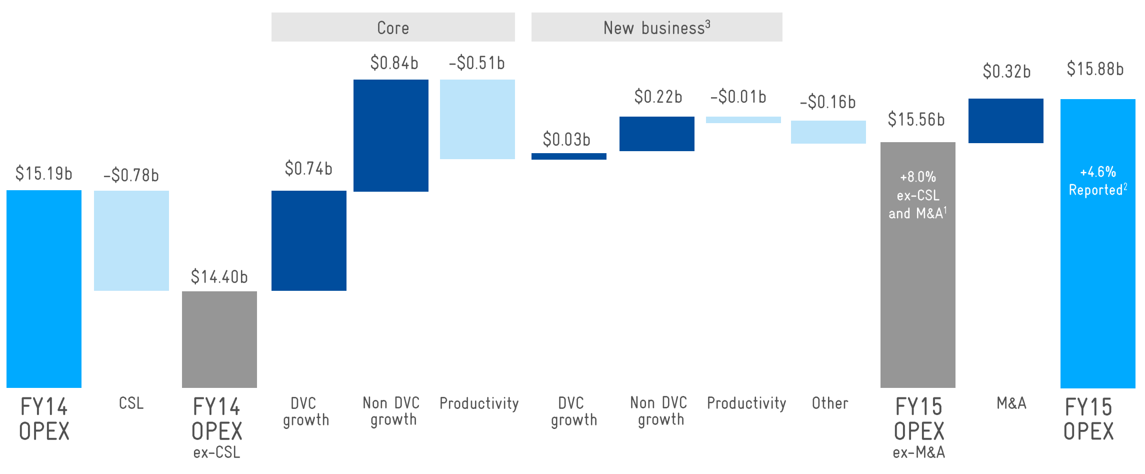
NBN	FY14	FY15	GROWTH
Income	$640m	**$811m**	26.7%
- Commonwealth agreements and other Govt. policy commitments[1]	$259m	**$132m**	-49.0%
- Infrastructure Services Agreement (ISA)[2]	$316m	**$516m**	63.3%
- PSAA[3]	$66m	**$163m**	147.0%

- Reduction in receipts from Commonwealth Agreements following full recognition of Information Campaign and Migration Deed in FY14.
- Strong growth in infrastructure access (ISA income) and disconnections (PSAA income) driven by increased progress of NBN rollout.
- The transit build within the ISA is complete, while the access stream of work is ongoing.
- Telstra signed a contract with NBN in December 2014 to provide planning and design services and new Definitive Agreements became effective in June 2015 to support the NBN multi technology build.

IT'S HOW WE CONNECT

1. This includes retraining and TUSMA booked as other income, and Information Campaign and Migration Deed booked as other sales revenue, TUSMA income is net of the levy paid. All items in "other" segment.
2. Infrastructure Services Agreement booked as other sales revenue and other income in Telstra Wholesale segment.
3. Per Subscriber Address Amount (PSAA) booked as other income and recognised in "other" segment.

PRODUCTIVITY
EXPENSE BENEFITS OF $525M FUNDING GROWTH



IT'S HOW WE CONNECT

1. Underlying operating expense growth is calculated from a FY14 baseline which excludes operating costs from CSL.
2. Reported cost growth is calculated from FY14 reported baseline.
3. New business includes International (including Autohome), GES global, Health and Software.

EXPENSE GROWTH AFTER PRODUCTIVITY
8.0% GROWTH EX-CSL AND M&A

100% = 8% cost growth

New business[1]	>1.5pp	• Autohome • GES global • Health and Software
Core non DVC[2]	<1.5pp	• Inflation, wages, volumes • Less productivity • Favourable bond rate (AASB 119)
Core DVC[2]	~5pp	• Mobile costs of goods sold and network payments • NAS costs of goods sold • Service fees to Foxtel for our Foxtel from Telstra

IT'S HOW WE CONNECT

1. New business includes International (including Autohome), GES global, Health and Software.
2. Other cost reduction of $0.16b included in Core non DVC. Core productivity of $0.51b includes non DVC productivity of $0.47b and DVC productivity of $0.04b.

CAPITAL AND PORTFOLIO MANAGEMENT
STRATEGIC FRAMEWORK

FISCAL DISCIPLINE

Objectives

1. MAXIMISING RETURNS FOR SHAREHOLDERS
2. MAINTAINING FINANCIAL STRENGTH
3. RETAIN FINANCIAL FLEXIBILITY

Principles

1. Maintain balance sheet settings consistent with a single-A credit rating
2. Ensure dividend remains fully-franked and seek to increase it over time[1]
3. Target medium-term capex/sales ratio ~14% subject to NBN roll-out, excluding spectrum payments
4. Over a full year we will not borrow to pay the dividend or fund capital returns
5. Maintain flexibility for portfolio management and to make strategic investments

Cumulative Excess Free Cashflow: $2.8b as at 30 June 2015

IT'S HOW WE CONNECT

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

CAPITAL AND PORTFOLIO MANAGEMENT
CREATION OF SHAREHOLDER VALUE

- USD $1b 10 year bond issue
- Autohome primary and secondary offering raising $116m and $333m respectively
- $3.7b in dividends paid to shareholders in FY15
- Completion of $1b off-market share buy-back
- Reactivation of the Dividend Reinvestment Plan

EPS +0.3% and DPS +3.4%

IT'S HOW WE CONNECT

CAPITAL AND PORTFOLIO MANAGEMENT
STRATEGIC ACQUISITIONS AND INVESTMENTS[1]

SOFTWARE

HEALTH

CORE	NEW BUSINESS	VENTURES
$514m[2]	$497m	$93m

- Core acquisitions address specific capability gaps in our services, expand into strategic adjacencies and extend capacity and presence in specific geographies.
- Nativ added to our Ooyala and Videoplaza acquisitions to build a leading global intelligent video platform.
- Telstra Health was formally launched during FY15 and is set up to develop innovative technology solutions across the health industry.
- Telstra Ventures is focused on high growth opportunities across key emerging trends.

IT'S HOW WE CONNECT

1. Announced or completed in FY15. Not all investments individually identified. Aggregated net cash payment of $1,087m for investments in controlled entities, joint ventures and other investments during the period. Excludes deferred consideration paid of $9m related to current year acquisitions, and contingent consideration paid in the current period of $8m related to prior year acquisitions.
2. Core aggregated net cash payment net of $580m debt acquired from the acquisition of Pacnet (repaid during the year).

CAPITAL AND PORTFOLIO MANAGEMENT
CLOSE MANAGEMENT OF CAPITAL POSITION

	FY14	FY15	GROWTH
Capex[1]	$3.7b	**$3.6b**	-2.0%
Free cashflow	$7.5b	**$2.6b**	-65.0%
Gross debt[2]	$16.0b	**$15.0b**	-6.8%
Liquidity	$5.5b	**$1.4b**	-74.7%
Net debt	$10.5b	**$13.6b**	28.9%
Avg gross borrowing costs[3]	5.9%	**5.8%**	-0.1pp
Avg debt maturity (years)	4.7	**5.0**	+0.3yrs

FINANCIAL PARAMETERS	TARGET ZONES	FY15
Debt servicing	1.3 – 1.8x	**1.3x**
Gearing	50% to 70%	**48.3%**
Interest cover	>7x	**15.0x**

- Capex to sales ratio 13.9%, in line with FY15 guidance of approximately 14%.
- FY14 free cashflow included $2.6b proceeds from the sale of CSL and Sensis.
- FY15 free cashflow on a guidance basis $5.0b. Reported free cashflow of $2.6b impacted by:
  - Payment of $1.3b for 4G 700MHz and 2.5 GHz spectrum licences.
  - Strategic acquisitions and investments of $1,151m[4].
- Liquidity also includes outflow for $1b buy-back and Autohome primary and secondary offering.
- All financial parameters are within or below target zones.

IT'S HOW WE CONNECT

1. Excluding externally funded capex.
2. Represents position after hedging based on the accounting carrying values. Gross debt comprises borrowings and derivatives.
3. Represents gross interest cost on gross debt.
4. Cashflows associated with M&A activity includes $1,104m in shares in controlled entities, joint ventures and other investments and a further $47m NPAT as a proxy for cash.

2016 GUIDANCE[1]

MEASURE	FY15 BASELINE	FY16 GUIDANCE
Total income	$26.6b	Mid-single digit growth
EBITDA	$10.7b	Low-single digit growth
Capex to sales	13.9%	~15%
Free cashflow	$5.0b	$4.6b - $5.1b

IT'S HOW WE CONNECT

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. Capex to sales guidance excludes externally funded capex. The Australian Competition and Consumer Commission is consulting on new Access Determinations including a draft determination on Fixed Line Services. While Telstra disagrees with the draft decision on fixed line services, the EBITDA reduction in FY16 would be up to $90m if implemented from October.

IT'S HOW WE CONNECT

TELSTRA FULL YEAR 2015 RESULTS ANNOUNCEMENT

ANDREW PENN
CHIEF EXECUTIVE OFFICER

DELIVERING ON OUR STRATEGY – FY15 OBJECTIVES

- Getting service right the first time
- Be more responsive to our customers
- Continuing to innovate pricing and billing

- Be the market maker in wireless
- Winning in broadband
- Drive further productivity improvements
- Accelerate growth from domestic business segment

- Continuing to grow our NAS business
- Investing in Asia
- Growing IPTV and bundles
- Executing against growth initiatives

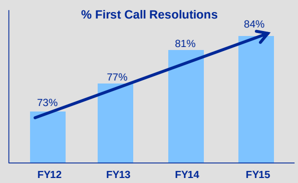
IT'S HOW WE CONNECT

Page 32

FY15 KEY MEASURES
GETTING SERVICE RIGHT THE FIRST TIME

Focus on first call resolution

Consumer and small business contact centres first call resolution rates now around 84%



"You Have My Name"

Customers receive the contact details of the customer service agent they spoke with - over 1m customers have reconnected with their customer service agent

Getting service right the first time is an important determinant of customer advocacy

IT'S HOW WE CONNECT

FY15 KEY MEASURES
BE MORE RESPONSIVE TO OUR CUSTOMERS

We re-engineered the speed and quality of our response to consumer and small business customers

- 32% improvement in contact centre response times from FY14 Q4 to FY15 Q4
- 54% improvement in complaint resolution times FY14 Q4 to FY15 Q4

Co-created solutions with our enterprise and government customers

Workshops held at our Customer Insights Centres to identify solutions that best meet customer needs

Responsiveness builds customer advocates

IT'S HOW WE CONNECT

FY15 KEY MEASURES
CONTINUING TO INNOVATE PRICING AND BILLING

Real time data alerts for our postpaid mobile customers
Customers able to monitor usage, with real time alerts sent at 50%, 85% and 100% of usage

Extra Data Top Ups made available to our consumer mobile customers
Gives customers the option to acquire additional data in 1GB blocks when they reach their monthly data limit – around 1.2m using the service

Customers value peace of mind – significantly reduces the chance customers receive unexpectedly high bills

IT'S HOW WE CONNECT

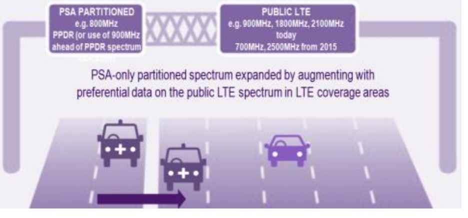
FY15 KEY MEASURES
BE THE MARKET MAKER IN WIRELESS

Small cell technology
Available in 40 sites e.g. Yangan, QLD; Blackwood, VIC

Continued roll out of 4G and launch of 4GX
4G coverage now at 94% of the population, 4GX available in over 1,200 suburbs and towns

Launch of Telstra Mobile Protect
Provides parental control of a child's mobile browsing, calling and messaging on the Telstra network

LANES technology
We carried critical services for the first time on LTE (G20/emergency services)

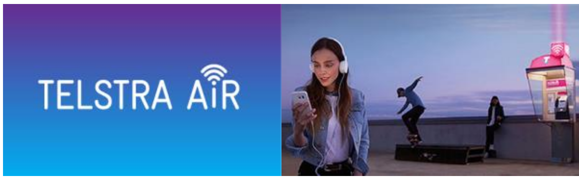


We are focused on delivering what matters most to customers

IT'S HOW WE CONNECT

FY15 KEY MEASURES
WINNING IN BROADBAND

DRIVE VALUE FROM THE CORE



We have created Australia's largest Wi-Fi network

- Launched June 2015
- Over 3,500 public Wi-Fi hot spots
- Over 65,000 Telstra Air members

Free Data Top Ups to our consumer fixed broadband customers

More generous data allowances are being bestowed across the entire base – 2.6m bestowals made between March and July

Network enhancements

Upgrades to backhaul capacity and improvements to ADSL line stability

We are offering important points of differentiation to our fixed broadband customers – this is increasingly important in an NBN world

IT'S HOW WE CONNECT

FY15 KEY MEASURES
DRIVE FURTHER PRODUCTIVITY IMPROVEMENTS

DRIVE VALUE FROM THE CORE

$525m of productivity expense benefits delivered in FY15

Initiatives included increased efficiency of our customer service delivery operations, efficiencies in NAS, reduced call volumes and new NBN self-install kits

Continued focus on productivity in FY16

Drive more benefits to the bottom line

Simplification of our business improves customer advocacy and delivers financial benefits

IT'S HOW WE CONNECT

FY15 KEY MEASURES
ACCELERATE GROWTH FROM DOMESTIC BUSINESS SEGMENT

DRIVE VALUE FROM THE CORE

Small and medium sized business are embracing connected tablets

Telstra apps marketplace includes cloud and security apps plus new apps to help mobilise sales and field forces

Providing real time, innovative solutions for business customers that help improve their productivity

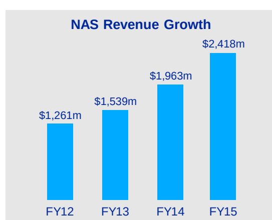
IT'S HOW WE CONNECT

FY15 KEY MEASURES
CONTINUING TO GROW OUR NAS BUSINESS

BUILD NEW GROWTH BUSINESSES

New cloud partnerships
Partnering with world's largest cloud suppliers, Cisco, VMware and Softlayer (IBM)

Global delivery model introduced
We are able to offer repeatable customer solutions at scale



We have expanded our range of services, delivering innovative solutions and providing greater proximity to our international customers

2015 Winner
Cisco Partner Insight Award
Australia and New Zealand

2015 Winner
Cisco Partner Marketing Excellence Award
Australia and New Zealand

IT'S HOW WE CONNECT

FY15 KEY MEASURES
INVESTING IN ASIA

Expanding our network and services in Asia	Expanding our geographic foot print in Asia	International recognition
Acquisition of Pacnet, Asia's largest privately-owned submarine cable network, 113 points of presence across 70 cities globally, 29 interconnected data centres in 16 cities	Pacnet Business Solutions (China) and telkomtelstra (Indonesia) provide managed solutions for domestic customers and MNCs in Asia	Ranked No.1 by Gartner for "best submarine cable infrastructure in the region" and "a leader in Ethernet WAN services"

These initiatives increase the scale and scope of our international connectivity assets and establish an on the ground presence to serve a growing customer base in Asia

IT'S HOW WE CONNECT

FY15 KEY MEASURES
GROWING IPTV AND BUNDLES

Partnerships with major video streaming providers
Allows Telstra to be the content aggregator of choice – Telstra TV available from September 2015

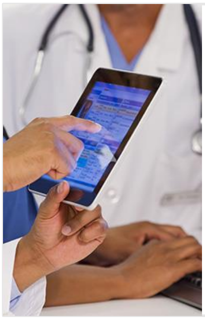
NRL and AFL apps
Growth in weekly and annual subscribers – 51% increase in NRL subscribers, 14% increase in AFL subscribers

Content is an important driver of growth as demonstrated by the continued take-up of IPTV, Pay TV and bundles

IT'S HOW WE CONNECT

FY15 KEY MEASURES
EXECUTING AGAINST GROWTH INITIATIVES

BUILD NEW GROWTH BUSINESSES



Telstra Health

MEDGATE
medinexus connecting healthcare
anywhere healthcare
CLOUDMED
emerging systems
dr foster.
iCareHealth Technology supporting care
ORION HEALTH

Software and data analytics

OOYALA
videoplaza an OOYALA company
NATIV Total Video Logistics

Innovation

Developers able to use the Telstra API platform to create their own products – 4,300 registered developers

We are building on our network expertise to find new areas of growth and provide innovative technology solutions

IT'S HOW WE CONNECT

OUR STRATEGY HAS DELIVERED RESULTS

IMPROVE CUSTOMER ADVOCACY

DRIVE VALUE FROM THE CORE

BUILD NEW GROWTH BUSINESSES

IT'S HOW WE CONNECT

SUMMARY

Our vision is to be a world class technology company that empowers people to connect

Our strategy has continued to deliver

On a guidance basis[1], total income, excluding finance income, +2.3% to $26.3b; EBITDA +2.0% to $10.8b, NPAT +9.8% to $4.4b

We have added shareholder value through effective capital and portfolio management

We expect to deliver mid-single digit income growth and low-single digit EBITDA growth in FY16[2]

IT'S HOW WE CONNECT

1. Guidance basis assumed wholesale product price stability, no impairments to investments, excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The FY15 guidance excluded the FY14 CSL profit on sale of $561m from FY14 Income and EBITDA.
2. 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. Capex to sales guidance excludes externally funded capex. The Australian Competition and Consumer Commission is consulting on new Access Determinations including a draft determination on Fixed Line Services. While Telstra disagrees with the draft decision on fixed line services, the EBITDA reduction in FY16 would be up to $90m if implemented from October.

IT'S HOW WE CONNECT

TELSTRA FULL YEAR 2015 RESULTS ANNOUNCEMENT

CEO AND CFO SPEECH NOTES

TELSTRA FULL YEAR RESULTS

13 AUGUST 2015

ANDREW PENN- CEO

SLIDE 3: TELSTRA FULL YEAR RESULTS

Welcome to Telstra's financial results for the year ended 30 June 2015.

SLIDE 4: AGENDA

In my presentation this morning, I will cover three topics:

Firstly, I will provide a brief overview of the highlights from this year's results.

I will then hand over to Warwick Bray, our new Chief Financial Officer, who will take you through the numbers in detail.

And finally, I will outline the progress we have made over the last 12 months in delivering on our strategy.

Warwick and I will then conclude today's session by answering any questions you may have about our results.

Turning then to the highlights.

SLIDES 5: HIGHLIGHTS

On a reported basis:

- Total income, excluding finance income, for the year increased 1.2 per cent to $26.6bn;
- EBITDA was down 3.5 per cent to $10.7bn;
- NPAT was down 5.8 per cent to $4.3bn.

On a comparative basis, our results were affected by the sale of CSL in May 2014. 2014 included the one off profit on the sale and eleven months of operating revenues and profits.

On a guidance basis, which excludes the one-off profit of $561m:

- Total income, excluding finance income, increased 2.3 per cent to $26.3bn;
- EBITDA increased 2.0 per cent to $10.8bn; and
- NPAT increased 9.8 per cent to $4.4bn.

If we also exclude the 2014 operating impacts of CSL:

- Total income grew by 6.6 per cent to $26.3bn; and
- EBITDA grew by 4.5 per cent to $10.8bn.

Slide 6: FY15 HIGHLIGHTS

Turning to the other highlights.

Earnings per share increased marginally 0.3 per cent to 34.5 cents per share.

The Board has declared a final dividend of 15.5 cents per share, taking the total dividend for the year to 30.5 cents, up 3.3% on 2014.

Including the $1bn off market buy back in October 2014, this year we returned $4.7bn to our shareholders.

Encouragingly, as we continue to focus on lifting customer advocacy, our NPS score improved by 5 points during the year, building on the improvements we achieved in 2014. Notwithstanding this and while we have made progress, we know we have still have more to do.

During the year we continued to add new customers with 664,000 retail mobile net new services and 189,000 retail fixed broadband net new services.

SLIDE 7: OUR PURPOSE, OUR VISION, OUR STRATEGY

Our strategy remains unchanged and is to:

- Improve customer advocacy;
- Drive value from our core businesses; and
- Build new growth businesses.

I am going to come back to this after Warwick has presented our financial results, and share with you how we have progressed against this strategy during 2015.

However, I wanted to take a moment to comment on how we are raising the bar at Telstra.

Recently, I took the opportunity, when I was speaking at CEDA, as the new CEO, to describe our vision, our vision to be a world class technology company that empowers people to connect.

If we are to achieve this vision, we need to lift our level of aspiration further to achieve:

- World class customer service
- Deliver world class technology
- Supported by world class networks and delivery

SLIDE 8: NETWORK LEADERSHIP

This is not a change of strategy, it is an increase in our aspiration.

In this regard, we have already announced an increase in our level of investments in our network to maintain our leadership. We will be increasing our capex to sales ratio in FY16 and FY17 to 15 per cent of sales, taking our total capex to over $4bn a year.

Our network is one of the biggest influences on customer preference and advocacy. That's why we have been investing billions of dollars in our networks for many years and will continue to do so.

This increased capex investment will provide more than another half a billion dollars for mobiles.

In conjunction with the $2.3bn we have invested in 2015, including spectrum, over the three years to June 2017, we expect to have invested more than $5bn into Telstra's leading mobile network.

We will continue to expand 4G to 99 per cent of the population.

We will increase our overall mobile footprint to more than 2.5 million square kilometres (more than double that of our nearest competitor).

We will build in excess of 750 new mobile base stations, increasing the total network to over 9,000 sites and bringing coverage to new communities in regional Australia.

We will deploy in excess of 750 small cells providing in-fill in areas of low signal strength.

We will start rapidly deploying the next generation of LTE technology, including voice over LTE, LTE broadcast and the next stage of LTE advanced, delivering peak network speeds of up to 600 mbps.

By fully leveraging our superior spectrum holdings, we will create new levels of coverage and performance leadership for 4GX.

And we are not just investing in our mobile network. Our extensive investment in our fixed and other networks will continue.

Over the next two years we will invest in our ADSL network, significantly increasing our exchange backhaul capacity and expanding our line quality across the country.

We also continue to build Australia's largest Wi-Fi network, Telstra Air which I will talk about later in more detail.

To deliver world class technology we must have a platform of world class networks. We are committed to having the best networks and ensuring that is what our customers experience.

Let me now hand over to Warwick who will take you through the results in more detail.

WARWICK BRAY – CFO

SLIDE 9

Thank you Andy and good morning to everybody who has joined us today - either in person or via webcast

SLIDE 10 - AGENDA

The presentation this morning breaks down as:

Firstly, the overall results and comments on how we tracked against guidance and the prior period.

Secondly, the business unit and product performance.

Thirdly, our expenses and productivity.

Fourthly, an update on our main balance sheet movements, our capital position and portfolio management activity, including acquisitions; and

Finally, some comments on guidance for FY16.

We now move to the overall performance of the business.

SLIDE 11 – GROUP RESULTS – INCOME STATEMENT

Our FY15 results were consistent with our guidance across income, EBITDA, capex and free cashflow

On a reported basis:

- Sales revenue for the year was up 2.9% to $25.8b
- Total income was up 1.2% to $26.6b; and
- EBITDA was down 3.5% to $10.7b

We have reported a small increase in depreciation and amortisation of 0.8%

Net finance costs fell 28.0% or $268m;

- $87m of this was due to a combination of lower interest rates on reduced average gross debt and higher average cash balances
- and the rest was due to a combination of lower debt market volatility and the implementation of accounting standard AASB9.

Net profit after tax from continuing operations was down 5.8% to $4.3b, while basic EPS was up 0.3% to 34.5c.

The reduction in EBITDA and Net Profit after Tax on a reported basis was due to a rising underlying performance offset by the effect of the CSL operating results and the one off gain on the sale, both in FY14.

On a guidance basis, excluding the $561m gain on sale of CSL in FY14 and excluding the impacts of M&A activity.

- Sales revenue for the year was up 1.9%
- Total income was up 2.3%; and
- EBITDA was up 2.0%

Our income and EBITDA on a guidance basis and excluding CSL operating results in FY14, most closely represents our underlying performance. This is shown in the right hand column.

On a guidance basis and excluding CSL operating results:

- Income growth was 6.6% in FY15; and
- EBITDA growth was 4.5%

We now move to our other main financial measures.

SLIDE 12 – GROUP RESULTS – FINANCIAL MEASURES

Capex was down 2.0% to $3.6b.

Capex was slightly lower in FY15 due to:

- The transit network build which was largely completed in FY14 as part of the infrastructure agreement with NBN; and
- Divestment of the Sensis and the CSL businesses in the prior year.

Our capex to sales ratio was consistent with our guidance at 13.9%.

On a reported basis, free cashflow was down from $7.5b in FY14 to $2.6b.

- FY14 included one off gross proceeds associated with the sale of CSL and Sensis of $2.107b and $454m respectively.
- Free cashflow in FY15 included outflows of:
    - $1.3b invested in spectrum; and
    - $1.1b related to M&A and associated transactions.

On a guidance basis, our free cashflow was $5.0b. The difference between free cashflow on a reported and guidance basis in the current period was:

- The $1.3b invested in spectrum; and

- The $1.1b related to M&A and associated transactions.

As Andy mentioned, the Board has declared a fully franked final dividend for FY15 of 15.5 cents per share, up 3.3% on the FY14 final dividend. This brings the total dividend for the 2015 financial year to 30.5c per share, which is 3.4% higher than FY14 and the third dividend increase in two years. Our dividend policy remains unchanged and future dividends will be subject to the Board's normal semi-annual approval process and in line with our capital management framework that sets out our goal to seek to increase the dividend over time based on growth in EPS on a sustainable basis.

Return on Equity and Return on Invested Capital both fell in line with our lower reported Net Profit After Tax, down 2.0 percentage points and 0.8 percentage points respectively.

Gearing increased 5.3 percentage points to 48.3%, principally as a result of our investments in spectrum, M&A and the off market buy back. Our credit metrics and balance sheet settings remain well within our target zones and we retain our sound liquidity position.

Turning now to income performance across our business units.

SLIDE 13 – BUSINESS UNIT RESULTS

In summary, we have seen strong growth across all business units.

Total retail income was up 5.3% to $17.3b.

- Consumer was up 6.5% to $12.0b with growth in mobile and fixed data.
- Business was up 2.9% to $4.9b, due to strong mobile Postpaid handheld ARPU and NAS sales, the latter benefiting from strategic acquisitions and strong performances across unified communications and cloud.

Global enterprise services income grew 7.9%, 3.3% domestically and 24.2% internationally. Overall we saw strong performance across key major business lines.

- Domestically, our enterprise mobility business returned to growth and our NAS business grew strongly.
- Internationally, we expanded our geographical presence and base of enterprise and wholesale customers.

Finally, Telstra Wholesale income was up 11.1% to $2.6b largely due to an increase in NBN infrastructure receipts from completion of the transit network, and from the access stream in line with the NBN rollout.

Turning to our sales revenue performance by product.

<u>SLIDE 14 – PRODUCT PERFORMANCE</u>

We saw continued growth in FY15, with sales revenue up 2.9% to $25.8b on a reported basis.

On an ex-CSL and ex M&A basis, sales revenue grew at 6.3%. The difference to reported sales revenue was:

- The $1.045b operating revenue from CSL in FY14; and
- The $255m of sales revenue from controlled entities acquired in the current period

This slide shows the significant contribution made by our mobile, NAS and international businesses, all of which achieved double digit revenue growth in FY15.

Turning to the product performance in detail starting with our fixed portfolio.

SLIDE 15 – PRODUCT PERFORMANCE: FIXED

Overall, fixed product revenue was down 1.9% for the year.

Fixed voice revenue was down 7.1%, which is the lowest rate of decline in the last five years.

- Retail fixed voice customer line loss slowed marginally to 264,000 or 4.2% compared to 279,000 or 4.3% in FY14; this slowed line loss was assisted by marketing activity and loyalty offers aimed at customer retention.
- and ARPU declined by 4.3%, the same rate of decline as the previous year.

Fixed data revenue grew 7.3% with retail fixed data revenue up 6.8%. Retail fixed broadband subscriptions grew by 189,000 to 3.1 million and we also saw a 1.1% improvement in ARPU.

Both fixed voice and fixed data had better first than second half revenue growth performance. The slowdown in the second half reflects increased competition.

The fixed voice margin fell by 4 points due to lower revenues, while the fixed data margin was flat. Both fixed voice and data margins were negatively affected by the cost of connecting customers to the NBN and the ongoing NBN fees.

As at 30 June 2015 we had 211,000 NBN connections, made up of:

- 161,000 voice and data bundles;
- 9,000 data only services; and
- 41,000 voice only services.

Finally, we continued to see strong growth in retail bundles with customers up 280,000 to 2.2 million, this represents 71% of our retail fixed data customer base. Growth was partly due to the popularity of the new entertainer bundles released in May 2014, and further entertainment offers in the second half of this year.

Turning to our mobiles performance.

<u>SLIDE 16 – PRODUCT PERFORMANCE: MOBILES</u>

Overall mobile revenue grew 10.2% with services revenue 7.2% higher due to growth in handheld ARPU and subscriber growth.

In Postpaid handheld, revenue was up 7.7% due to customer and ARPU growth. Postpaid handheld ARPU excluding MRO was up $2.94 on FY14 to $69.51 in FY15.

However, the second half Postpaid ARPU was not as strong, falling 63c on the first half as a result of higher data allowances, lower excess data rates, real-time data alerts and reduced prices on international roaming.

Prepaid handheld revenues grew 13.1% due to increased data usage and recharge values, and a 3.5% increase in the number of unique users.

Mobile Broadband revenue was flat, whilst machine to machine revenue grew 11.9%.

The EBITDA margin in 2015 was 40%, the same as 2014. The positive influences on margin were ARPU and operational leverage, these were offset by increased recontracting costs.

Looking at the half years, the first and second half EBITDA margins were both 40%, where one would normally expect some second half rise. The second half was influenced by the lower ARPU just mentioned.

During the year, we added a further 664,000 domestic retail mobile services, including 113,000 Postpaid handheld customers to bring our total subscriber base to 16.7 million.

We saw an increase in churn, year on year to 11.5%. However, the second half churn was lower than the first.

Turning now to data and IP.

SLIDE 17 – PRODUCT PERFORMANCE: DATA & IP

In data and IP we saw revenue decline of 2.9% as customer migration from legacy products onto IP solutions continued.

While we are achieving volume growth in IP access, we are still seeing some price competition. IP access revenue, nonetheless, grew 1.2%, because of an increase in customer connections.

IP MAN revenue, which represents 67% of IP access, was up 6.8%, with connections up 6.1%, reflecting customer wins and demand for scalable high bandwidth.

Slower ISDN declines were the result of an access line reduction of 7.2% and a 1.2% decline in ARPU. The line reduction was a result of customer migration to unified communications and fixed data products.

Finally, across the portfolio our EBITDA margins of 64% were modestly impacted by yield pressures in the IP market.

Turning to Network Applications and Services, or NAS.

SLIDE 18 - PRODUCT PERFORMANCE: NAS

In NAS, we saw a third consecutive year of revenue growth in excess of 20%. NAS revenue was up 23.2% to $2.4b.

We saw strong growth across all major NAS product categories due to existing and new contracts, with pleasing contributions from recent acquisitions.

Managed network services revenue grew by 21.8% due to increased professional service and security activity, including growth from our recent acquisitions O2 and BridgePoint.

Across managed network services and unified communications, our enterprise customers are adopting standardised offerings to a much higher degree, influencing improved speed, quality and reliability for our customers, and lower costs.

Unified communications revenue was up 8.1% as a result of increased IP telephony customer connections, and Cloud revenue grew 33.0% due to infrastructure and data services, software as a service and professional services.

Industry Solutions revenue growth of 41.6% was principally due to increased NBN commercial works and contributions from Telstra SNP Monitoring.

From a segment perspective we saw particularly strong growth in the business sector up 37.9% to $553m, and GES domestic up 18.4% to $1.8b.

As we start to build out our capabilities in Asia we are seeing strong growth, albeit off a low base, with International NAS revenues up 41.4%, benefiting from a weaker Australian dollar during the year.

As we continue to grow the NAS portfolio, we are also focussing on improving profitability.

- The NAS profitability margin continued its trend of improvement in FY15 influenced by the scalable standardised offerings, a lower cost delivery model and operational leverage;
- We remain confident that the NAS portfolio will generate a ROIC above our cost of capital.
- On top of this, NAS plays a valuable role in complementing our carriage business.

As indicated at our 1H15 results, we will take you through our NAS business and its profitability and returns at our October Investor Day.

Turning now to media and firstly Foxtel.

SLIDE 19 – PRODUCT PERFORMANCE: MEDIA - FOXTEL

Foxtel's revenue growth was 1.9%. Customer and subscriptions revenue growth was 2.4%. This was partly offset by lower advertising revenue.

EBITDA decreased 8.2% due to higher programming, marketing and other support costs associated with new pricing and packages launched in November 2014, investment in Presto and Foxtel's launch of Triple Play bundles.

The 12.7% decline in EBIT reflects the EBITDA decline and a steady level of depreciation and amortisation.

Total subscribers were up 8.6% or 227,000 to 2.8m. This strong growth was underpinned by the new pricing and packages, lower churn and Telstra entertainer bundles. It is worth noting Foxtel's second half subscriber growth of 180,000 was particularly strong, which was also supported by Presto and the launch of the new set top box IQ3.

Churn improved by a further 1.6 percentage points to 10.9%. Churn has continued to reduce - from 14.2% in 2013 to 12.5% in 2014 to 10.9% in 2015.

In Telstra's books, the distribution received from Foxtel was down 24.2% to $125m reflecting our contribution to Foxtel's recently announced investment in Channel 10. Cable access revenue was relatively flat at $118m.

Moving to our other media assets.

SLIDE 20 – PRODUCT PERFORMANCE: MEDIA

This slide shows some improved performance those media assets.

Foxtel from Telstra revenue grew by 9.4% to $662m and subscribers grew by 18.4% year on year to 623,000. This growth was due to the increased take up of the Telstra entertainer bundles.

The change in Foxtel pricing has had the following effects:

- The lower entry price has enabled us to deliver a more mass market Foxtel from Telstra proposition which has helped broadband and voice sales
- Some customers elected lower cost packages; and
- More customers have appreciated the increase in content at every price point.

These changes, combined with marketing and channel efforts has helped to deliver both revenue and subscriber growth.

The shift in focus towards Foxtel Premium in our bundle offers has impacted IPTV revenues which were down 23.4% reflecting the lower T-Box sales in the period.

Excluding revenue from T-Box sales, IPTV revenue grew 19.6% reflecting the 19.5% growth in Foxtel on T-Box and SVOD subscribers.

Mobility and other content revenues were down 2.5% because of a decline in legacy feature phone services, offset by increased take up of NRL and AFL.

Turning now to our International portfolio.

SLIDE 21 - PRODUCT PERFORMANCE: INTERNATIONAL

We divested our interest in CSL in May 2014. When we exclude CSL, International revenue grew at 29.9% in local currency terms

The China Digital Media growth is mainly due to Autohome, which I will comment on in the next slide.

Global connectivity was up 14.8% on a local currency basis as result of the continued increase in wholesale carrier data and growth of retail IP solutions. Global connectivity includes most of the revenue from our recently acquired Pacnet business.

International NAS revenue was up 38.9% in local currency to $99m.

In relation to Pacnet, we completed the acquisition in April 2015. Pacnet provides connectivity, managed services and data centre services to carriers, multinational corporations and governments in Asia, and will substantially extend our reach and asset base in the region.

We are currently engaged in the integration process and we are on track to deliver previously announced cost synergies and use this asset to accelerate our growth in global connectivity and NAS.

Turning to Autohome.

SLIDE 22 - PRODUCT PERFORMANCE: AUTOHOME

This slide highlights the performance of our controlled entity Autohome.

Our current shareholding in Autohome is 54.3%. During the year we completed the sale of 6.4% of our interest in Autohome for A$333m at an average share price of US$42 bringing our net residual cost in this investment down to below zero.

Autohome has continued to perform very strongly with revenue growth in local currency up 79.3%, while EBITDA grew at 48.4%. In A$ terms, revenue was $495m and EBITDA was $212m.

Revenue growth was because of deeper penetration into existing markets and expansion into more Chinese cities. This growth was supported by an exclusive 12 month partnership with leading Chinese search engine Baidu that commenced in July 2014.

Two key leading indicators of business activity include dealer subscription services and average daily unique visitors who accessed Autohome's mobile websites and mobile applications. These leading indicators were both up strongly with dealer subs up 37.1% to approximately 19,000, and average daily unique visitors up in total 88.5% to 9.8 million.

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

SLIDE 23 – PRODUCT PERFORMANCE: NBN DA

During the year we recognised NBN DA related income of $811m, up 26.7%. This included strong growth in income under the ISA and PSAA, which were up 63.3% and 147% respectively, due to the completion of the transit network build and increased progress of the NBN roll out.

Revenue from the Commonwealth Agreements reduced 49% following full recognition of the Information Campaign and Migration Deed in the prior period. Within the Commonwealth Agreements, retraining deed revenues of approximately $10m per annum will continue to be recognised over the next 3 – 4 years.

The NBN DA income represented on this slide was recognised across "sales revenue" and "other income" categories in our financial statements. Sales revenue included NBN DA revenue related to the infrastructure access payments from the ISA, and in the prior period sales revenue also included the Information Campaign and Migration Deed. Other income included the remainder of NBN DA income, including all income from the PSAA.

I will also highlight that NBN DA income does not represent all of the income we receive from NBN Co.. Outside the NBN Definitive Agreements, we also receive Industry Solutions revenue through the two commercial agreements – the Planning Design Services Agreement and the Joint Deployment Works Contract - and we receive additional sales revenue for wholesale ethernet transmission and facilities access.

Let me now turn to our expenses.

SLIDE 24 - PRODUCTIVITY

Total expenses increased 4.6% to $15.9b on a reported basis. This can be seen in the right hand bar.

On an ex-CSL and ex M&A basis, expenses grew at 8%. This 8% increase in expenses compares to 6.6% income growth on the same basis. This can be seen in the grey bar on the right hand side.

Our productivity and simplification program for FY15 delivered another $525m of expense benefits, broadly in line with the prior year of $550m. Productivity is shown in the light blue bars under core and new business.

The expense benefits were achieved across our business units and in many cases were a result of digitisation and simplification of our products and processes which led to better outcomes for our customers as well as cost benefits.

Our productivity program has enabled us to re-invest in the business.

We will now break down the 8% expense growth in the following slide.

SLIDE 25 – EXPENSE GROWTH AFTER PRODUCTIVITY

We think of operating expenses in the following way:

Firstly, in the core directly variable costs (DVCs).

These are the direct costs of funding growth in the core business. With these costs, we are less concerned with their growth, but we are very concerned with their efficiency. This means that they should be directly matched with revenue or there should be strong link to business growth e.g. hardware or services revenue and costs.

Growth in our DVC expense was the largest contributor to the overall increase in expenses, representing about 5pp of the 8% increase.

Our DVCs grew at low teen's percent.

The three biggest contributors to the increase in DVCs were:

- Mobile, where we saw revenue growth of 10.2% and hardware revenue growth of 26.3%;
- NAS, where we saw revenue growth of 23.2%, including margin expansion; and

- Foxtel service fees where we saw revenue growth of 9.4%.

So, where we saw the largest increase in expenses, this increase directly supported our fastest growth categories in the core.

Secondly, expenditure on our new growth businesses.

Increase in these expenses accounted for over 1.5pp of the 8% growth and this category had the highest percentage increase of the three categories.

These expenses supported:

- The 61.1% growth in Chinese digital media revenue including Autohome
- And growth in Health and the Telstra Software Group

Thirdly. Our core business, excluding DVCs.

Our aim in these expenses is to use productivity approaches to offset underlying growth in inflation, wages and volumes.

This category consisted less than 1.5pp of the 8% increase in expenses and its percentage growth was in the low-single digits. This also includes the benefit of a reduction in other costs related to favourable changes in applying AASB119.

To summarise on expenses:

- The largest contributor to the 8% increase in our expenses, was growth in DVCs which directly supported our fastest growing businesses in the core.
- We chose to invest in our growth businesses.
- Growth in our core, non DVC expenses was within our expectations with productivity dampening underlying growth.

Turning now to capital and portfolio management.

SLIDE 26 – CAPITAL AND PORTFOLIO MANAGEMENT

The strategic framework that we use for capital management, which we presented to the market more than three years ago, remains that against which we make all capital decisions.

The framework has the joint objectives of maximising returns for shareholders, maintaining our financial strength and retaining financial flexibility, particularly for investment in future growth.

In this regard, we continue to manage the balance sheet consistent with a single A credit rating.

With our solid operating performance we ended the year with cumulative excess free cashflow of $2.8b. This was after financing acquisitions which were in excess of $1.1b in FY15.

Before moving to some of our major acquisitions and investments, let me take the opportunity to highlight some of our key achievements that have contributed towards Shareholder Value Creation in FY15.

SLIDE 27 – CREATION OF SHAREHOLDER VALUE

We raised US$1b in March providing us with additional debt funding diversification and an all-in fixed A$ coupon of 4.27%.

Autohome also conducted a primary and secondary offering, with the issuance and sale of shares raising $116m and $333m respectively for Autohome and Telstra.

As we have just announced, the Board has declared a further increase to our dividend to bring the total dividend for the year to 30.5 cents fully franked, up 3.4% on the prior year. This represents $3.7b in dividends paid to shareholders in FY15.

We also completed the $1b buyback during the year which was executed at a share price of $4.60.

In addition, we have reactivated our dividend reinvestment program which will operate for the FY15 final dividend payment to be paid on 25 September. The election date for participation in the DRP is 28 August 2015.

This reactivation follows continued engagement with our shareholders, primarily our retail shareholders, whose feedback is important to us.

The DRP means that our shareholders can choose to reinvest their dividends directly into our shares, rather than receive a cash payment.

We intend to purchase shares on market to satisfy the DRP in relation to the 2015 final dividend, although we have the discretion to issue new shares in the future.

For regulatory reasons participation in the DRP will be limited to shareholders with registered addresses in Australia and New Zealand.

Turning to some of our major acquisitions and investments in FY15.

SLIDE 28 – STRATEGIC ACQUISITIONS AND INVESTMENTS

In our core, we continue to invest to improve our capabilities and extending our capacity and presence in specific geographies. Pacnet is a good example of this.

Other recent acquisitions in our core include:

- Globecast – a media specific services and engineering provider;
- Neto – a digital commerce enabler; and
- BridgePoint – an information security and network integration provider.

Our JV with Telkom Indonesia, Telkomtelstra launched on 13 May 2015, with a suite of managed solutions aimed at domestic enterprises and multinationals operating in Indonesia.

In our Software division, Nativ was added in June to our Ooyala and Videoplaza acquisitions to build a leading global intelligent video platform.

In Telstra Health, over the last 18 months we have completed 15 acquisitions, investments and distribution agreements, and built capabilities across the health system including electronic prescription and dispensing, residential, aged and community care software, hospital information systems, telemedicine, health analytics and other solutions to help patients, providers and health professionals connect more efficiently.

We are currently integrating these acquisitions and implementing new solutions to play our part in bringing the benefits of digital to healthcare.

Just as we have identified and invested in the technology trends in video and health, we continue to look for emerging trends in other areas. Through Telstra Ventures, we are continually searching for leading high growth emerging companies because that is where many innovations originate. As Telstra becomes a world class technology company, these investments in world class innovation are important to our future.

Our Ventures team, based in Silicon Valley, Australia and China, has made nine new investments this year, in companies with technologies in mobile apps, cloud based solutions, security, 5G mobile and a range of other innovations. Ventures includes companies whose products many of your businesses are using today, such as Docusign, Box and Zimperium for example.

Turning now to some of the more detailed capital and balance sheet movements in 2015.

SLIDE 29 – CAPITAL AND PORTFOLIO MANAGEMENT

Overall, our balance sheet remains strong.

Our accrued capex for the year reduced 2% to $3.6b.

Free cashflow in 2015 was down from $7.5b in FY14 to $2.6b. Free cashflow in 2014 included one off proceeds from the sale of CSL and Sensis.

Liquidity in FY15 was reduced to fund planned cash outflows, such as the Spectrum licence payments of $1.3b, the buy-back of $1b, the reduction in gross debt of $1b, and the increased dividend of $3.7b, as well as to fund acquisitions.

Net debt increased to $13.6b and we have reduced our average borrowing cost on our gross debt to 5.8% with a closing yield of 5.7%. We extended our average debt maturity from 4.7 to 5 years. The reduction in our yield will continue to be slow up until 2017 when our higher coupon rate debt borrowed post GFC starts to mature. We have been refinancing at much lower rates, as evidenced by our recent ten year US$1b issue in March, which provided us with additional diversification of funding and an all-in fixed A$ coupon of 4.27%.

Our gearing ratio at the start of FY15 was 43.0%, following the sale of CSL and the 70% stake of our Sensis directories business in FY14. This was below the low end of our target range in anticipation of the significant planned outflows in the current year. Our gearing ratio has increased to 48.3% at 30 June 2015 reflecting the increase in net debt.

Importantly, all of our financial parameters remain at the conservative end of our target range to meet our criteria of a single A credit rating.

Finally, in relation to guidance.

SLIDE 30 – 2016 GUIDANCE

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. Capex to sales guidance excludes externally funded capex.

There are however a number of upcoming ACCC decisions that will potentially impact the wholesale prices and hence our FY16 reported results.

The ACCC is consulting on new Access Determinations, including a draft determination on Fixed Line Services.

The draft Fixed Line Services determination is of concern and we do not agree with the draft decision. We continue to make our position on this clear within the regulatory process. If the draft decision were implemented from October, the EBITDA reduction in FY16 would be up to $90m.

Coming back to guidance:

In FY16, we expect to deliver mid-single digit income growth and low-single digit EBITDA growth.

We expect to spend capex at approximately 15% of sales.

Lastly, we expect FY16 free cashflow to be in the range of $4.6 billion – $5.1 billion. Relative to FY15, FY16 free cashflow will be influenced by:

- An increased level of capex to 15% of sales and total capex in excess of $4b to fund increased mobile network investment; and
- Higher working capital partly due to increased receivables related to the timing of NBN amounts received under the Definitive Agreements – including the ISA and PSAA.

This is the end of the finance section, thank you and I will now hand back to Andy.

ANDREW PENN- CEO

SLIDE 32: DELIVERING ON OUR STRATEGY – FY15 OBJECTIVES

Thanks Warwick.

Today's results demonstrate that our strategy is working:

- Customer advocacy has improved.
- We continued to invest in, and drive value from our core business.
- And we have laid the foundations for growth in the future.

At our October 2014 Investor Day, we shared with you our objectives for 2015 in line with our strategy.

Whilst we have more to do, I want to spend some time today looking at what we have achieved over the past 12 months.

I will address each of these objectives in turn.

SLIDE 33: GETTING SERVICE RIGHT THE FIRST TIME

One of our key areas of focus in improving customer advocacy has been getting service right the first time.

Where we can get it right first time for our customers, they have a much better experience and we get productivity improvements. It is a win win. I am pleased to say we are getting it right first time more often than before.

Our first call resolution rate is a key indicator as it measures the proportion of calls that are resolved in the first instance, without there being the need for a subsequent call from the same customer within a seven day period.

First call resolution in our consumer and small business contact centres is now around 84 per cent. This is a steady improvement from 73 per cent 3 years ago.

Another initiative introduced is designed to address a source of frustration for many customers, and not just customers of Telstra.

That is being reconnected with the person they first spoke with if they have to follow up. Under an initiative we call "You Have My Name", every day thousands of customers receive the contact details of the customer service agent they spoke with.

This is a significant capability as every day we received more than 100,000 calls to our call centres.

Since the launch of this initiative, over one million customers have used this service.

SLIDE 34: BE MORE RESPONSIVE TO OUR CUSTOMERS

We know being more responsive to our customers also helps build advocacy.

In 2015, we re-engineered the speed and quality of our response to consumer and small business customers.

As a result, we have seen a 32 per cent improvement in contact centre response times; and the average time it takes to resolve a complaint has improved 54 per cent.

However, responsiveness is also about anticipating future needs and innovating solutions.

We have begun working with our enterprise and government customers, to co-create technology solutions in a new model that best meet their needs.

Our new Customer Insights Centre in Sydney, and the existing one in Melbourne, provides an ideal setting for these sessions. They include workshop spaces, partner pop up installations, hands on technology demonstrations and customer collaboration areas, all with state of the art connectivity and business technology solutions.

Innovation is an important aspect of responsiveness.

We also run our start up incubator Muru D here in Sydney. We recently launched our Gurrowa Innovation Lab in Melbourne, which will facilitate collaboration and house the technology to solve real customer challenges.

SLIDE 35: CONTINUING TO INNOVATIVE OUR PRICING & BILLING:

Turning now to initiatives to innovate pricing and billing.

In November, we were the first to introduce data alerts for our mobile customers on a real time basis. Typically, across the industry, data alerts are delayed by up to two days. This is not very helpful for customers who are actively using their service.

We remain the only company to provide real time alerts in the important post-paid sector. Real time alerts allow customers to better monitor their data usage.

And in April, we also made it possible for our mobile customers to reduce excess data charges with the simplicity of data top-ups when we introduced our Extra Data feature. Customers now have the option to acquire additional data in 1GB blocks when they reach their monthly data limit. Over 1.2 million customers are now using this service.

Customers value peace of mind and these measures significantly reduce the chance customers receive unexpectedly high bills.

SLIDE 36: BE THE MARKET MAKER IN WIRELESS

I will now turn to the second limb of our strategy - driving value from our core.

Innovation in network engineering remains a key priority. This has continued in 2015.

During the year we rolled out small cell technology to around 40 mobile sites, providing coverage in areas where it was previously not commercial to do so. Communities such as those in Yangan in Queensland and Blackwood in Victoria are now enjoying improved mobile coverage.

Our 4G coverage now reaches 94 per cent of the Australian population and, as I mentioned before, this is set to reach 99 per cent this year.

Our 4GX service is available in over 1,200 suburbs and towns.

In March, we launched Telstra Mobile Protect, providing customers with parental control of their child's mobile browsing, calling and messaging.

And at our Investor Day in April this year, Mike Wright spoke about our LANES - LTE Advanced Network for Emergency and Enterprise Services - technology that we have developed on our LTE Network.

This year, we carried critical services on LTE for the first time at the G20, providing dedicated performance and bandwidth with wireless connectivity.

We think this technology has huge potential.

SLIDE 37: WINNING IN BROADBAND

In broadband we have created Australia's largest Wi-Fi network.

We launched Telstra Air on 30 June following trials earlier in the year. It provides access to thousands of Wi-Fi hotspots in Australia and more than 16 million hotspots overseas as part of an Australian exclusive arrangement with global Wi-Fi provider, Fon.

Telstra Air gives our fixed broadband customers the ability to access their home fixed broadband allowance at any of our hot spots.

The Telstra Air network already has over 3,500 public hot spots and over 65,000 broadband customers have signed up to the service, to enable their in-home wifi as a Telstra Air hot spot.

We have also signed nine councils across the country to our Public Wi-Fi partner programme, including regional and metro councils.

In addition to the wifi network, during the year we introduced Free Data Top Ups to our consumer fixed broadband customers. All customers have now received at least double their previous data allowance.

We continued to upgrade backhaul capacity on our cable and ADSL networks to mitigate against network congestion. Over the last two years, we improved service for 1.5 million retail and wholesale ADSL customers and 250,000 cable services.

In addition, by the end of August 2015, we will have improved line stability for 2.2 million retail and wholesale ADSL customers.

SLIDE 38: DRIVE FURTHER PRODUCTIVITY IMPROVEMENTS

Let me now turn to our productivity agenda.

As Warwick has already outlined, we delivered $525 million of expense benefits during the year. These included:

- An increase in the efficiency of our customer service delivery operations, across field and non-field activities, particularly for ADSL installations.
-
- Efficiencies in NAS to scale, standardise delivery and quickly meet demand.
- A reduction in call volumes through improvements and simplification of our products, processes and systems.

- And the introduction of NBN self-install kits which have reduced the number of truck rolls.

We remain committed to our productivity program and our focus in FY16 will be to drive more benefits to the bottom line.

SLIDE 39: ACCELERATE GROWTH FROM OUR DOMESTIC BUSINESS SEGMENT

In addition to driving value from the core of our business, it remains an important source of growth.

In particular, I am pleased to announce we are accelerating the growth of our domestic business.

For example, small and medium sized businesses are now embracing connected tablets.

The Telstra apps marketplace leverages this and includes cloud and security apps. We have introduced new apps to help customers mobilise sales or field forces - including Deputy, Docusign, Box and Shoeboxed.

SLIDE 40: CONTINUING TO GROW OUR NAS BUSINESS

In terms of building new growth businesses, we have focused on four key areas over the past 12 months. The first of these is continuing to grow our NAS business.

We will have more to say about the economic model for NAS at Investor Day in October.

During the year, we grew NAS business in Australia and offshore and established new cloud partnerships with the world's largest suppliers: Cisco, VMware and Softlayer (IBM). Our cloud revenue increased in 2015 by 33 per cent to $286m

We also introduced a global delivery model into our NAS business. This allows us to offer repeatable customer solutions at scale and more efficiently.

These initiatives mean we have been able to expand our range of NAS services, delivering innovative solutions for customers and providing greater proximity to our international customers.

The many awards we have won in our NAS business are testament to the breadth and quality of our services.

Over the past year, we received the Cisco Global award for collaboration partner of the year. We received the Polycom Award for Global Cloud Provider of the Year and Frost & Sullivan awarded us its Asia Pacific Managed Service Provider of the Year award in recognition of our expanded managed services capabilities in the region.

SLIDE 41: INVESTING IN ASIA

Turning to our investments in Asia.

During the year, we substantially expanded our network and services.

In April 2015, we completed the acquisition of Pacnet.

Pacnet owns Asia’s largest privately-owned submarine cable network, operating 113 points of presence across 70 cities globally as well as 29 interconnected data centres in 16 cities across the Asia-Pacific region.

Pacnet has increased the scale and scope of our international connectivity assets and has doubled our customers in Asia.

The Pacnet Business Services JV in China offers IP VPN connectivity together with state-of-the-art data centres in Tianjin and Chongqing.

It enables us to provide a seamless service offering to our customers in and out of China. I am pleased to announce we have signed our first two major global customers with PBS.

In May we formally launched operations of our joint venture with Telkom Indonesia, Telkomtelstra. It provides a suite of managed services aimed at domestic enterprises and multinationals.

These include managed networks, software as a service, and products such as Whisper, Ipscape and Mandoe.

Our Asian business is growing in size, revenue and reputation.

We were recently ranked No.1 by Gartner for “best submarine cable infrastructure in the region” and “a leader in Ethernet WAN services”.

We will continue to look at investment opportunities that enable us to expand our service to customers in the Asia – Pacific region and we will maintain our disciplined approach to portfolio management of our assets.

SLIDE 42: GROWING IPTV AND BUNDLES

Turning now to media.

We are committed to providing the best entertainment products, including subscription TV, streaming video, leading sport and news content.

We see content as an important driver of growth – as seen in the continued take up of IPTV and PayTV, particularly through our entertainment bundles.

In July, we announced the launch of Telstra TV, the next generation of the T-Box with a combination of free-to-air, catch up TV and SVOD.

It will offer customers the three leading SVOD services – Presto, Stan and Netflix, alongside a selection of TV catch up services and the latest release movies from BigPond Movies.

Telstra TV will add to Telstra's existing entertainment services, which include TBox and Foxtel from Telstra.

This year, we also saw good growth in the number of weekly and annual subscribers to our NRL and AFL apps. The total number of NRL subscribers increased by 51 per cent, while the total number of AFL subscribers increased by 14 per cent.

Finally, we also recently announced we would give Australian music fans a great music experience as the only telco in Australia to offer Apple Music.

SLIDE 43: EXECUTING AGAINST GROWTH INITIATIVES

The last 12 months has seen considerable activity to support our future growth.

Let me turn to some of our longer term initiatives.

The first is Telstra Health.

During the year we formally launched Telstra Health aimed at supporting the technological transformation of the health industry.

Health technologies now on offer include electronic prescriptions, remote diagnostics, hospital information systems, and health informatics.

We now support up to 750,000 electronic scripts per day through Fred IT's script exchange service.

Health Engine, Australia's largest online health directory, has seen an increase of 738,000 bookings in the past 12 months.

Our recent joint venture, ReadyCare, is a GP telemedicine service that allows you to connect with a doctor through phone or video and receive advice, treatment, diagnosis and prescriptions for many conditions you would normally see a GP for.

The second longer term initiative is the intelligent video platform we have built using software and data analytics.

Our investment in Ooyala and its acquisitions of Videoplaza and Nativ enable us to build out our video capabilities. This means Ooyala’s technology stack now extends to video production, post-production, digital content services, broadcast planning and media management for both OTT and on-air content.

Ooyala now has more than 550 customers worldwide including top broadcasters and media companies on every continent. And those customers stream video and adds to over 220 million unique viewers.

Innovation is an important part of our growth agenda. Our Application Programming Interface, or API platform, was launched in June. It enables developers to innovate off our systems and networks, by using our APIs to create their own products. We already have more than 4,000 developers registered.

SLIDE 44: OUR STRATEGY HAS DELIVERED RESULTS

2015 has been a significant year for delivering against our three strategic pillars.

The examples I have provided demonstrate how our strategy of improving customer advocacy; driving value from the core; and building new growth businesses have helped deliver today's results.

SLIDE 45: SUMMARY

Let me summarise before opening for questions.

We have a clear vision, to be a world class technology company that empowers people to connect.

We have a clear strategy that has continued to deliver:

- Customer advocacy has improved;
- We continue to drive value from our core businesses; and
- We have laid the foundations for growth in our new businesses.

On a guidance basis, which excludes the one-off profit on the sale of CSL, total income, excluding finance income, increased 2.3 per cent to $26.3bn; EBITDA increased 2.0 per cent to $10.8bn and NPAT increased 9.8 per cent to $4.4bn.

We also added shareholder value through effective capital and portfolio management.

Looking ahead, in 2016, we expect to deliver mid single digit growth in income and low single digit growth in EBITDA.

We expect free cash flow to be in the range of $4.6 billion to $5.1 billion.

That concludes the formal presentations. Warwick and I would be pleased to take your questions.

[ENDS]

FULL YEAR RESULTS AND OPERATIONS REVIEW

Reported results

Our financial year 2015 results demonstrate that our strategy is working. Customer advocacy has improved, we continued to invest and drive value from our core business and we have laid the foundations for sustainable growth in our new businesses.

The numbers and commentary in the product, expense and segment performance sections have been prepared on a continuing operations basis and align with the statutory financial statements. This means that the results from CSL New World Mobility Limited ("CSL"), sold in the prior year, are included in the financial year 2014 comparatives. Results from the 70 per cent stake in our Sensis directories business, also sold in the prior year, are classified as a discontinued operation and as such are not included in the comparatives. The financial position section has been prepared on a continuing and discontinued operations basis (that is, they include the results of the Sensis directories business), unless otherwise noted.

Summary financial results

	FY15	FY14	Change
	$m	$m	%
Sales revenue	25,845	25,119	2.9
Total income (excluding finance income)	26,607	26,296	1.2
Operating expenses	15,881	15,185	4.6
Share of net profit from joint ventures and associated entities	19	24	(20.8)
EBITDA	10,745	11,135	(3.5)
Depreciation and amortisation	3,983	3,950	0.8
EBIT	6,762	7,185	(5.9)
Net finance costs	689	957	(28.0)
Income tax	1,787	1,679	6.4
Profit for the period from continuing operations	4,286	4,549	(5.8)
Profit/(loss) for the period from discontinued operation	19	(204)	n/m
Profit for the period from continuing and discontinued operations	4,305	4,345	(0.9)
Profit attributable to equity holders of Telstra	4,231	4,275	(1.0)
Capex[i]	3,589	3,661	(2.0)
Free cashflow from continuing and discontinued operations[ii]	2,619	7,483	(65.0)
Earnings per share (cents)	34.5	34.4	0.3

(i) Capex is defined as additions to property, equipment and intangible assets including capital lease additions, excluding expenditure on spectrum, measured on an accrued basis. Excludes externally funded capex.
(ii) Free cashflow in the prior period includes the sale of CSL ($2,107 million) and 70 per cent of our Sensis directories business ($454 million).
n/m = not meaningful.

Results on a guidance basis[i]

	FY15	FY15 guidance
Total income growth[ii]	2.3%	Broadly flat
EBITDA growth	2.0%	Broadly flat
Capex/sales ratio	13.9%	~ 14% of sales
Free cashflow	$5.0 billion	$4.6 – $5.1 billion

(i) This guidance assumed wholesale product price stability, no impairments to investments, excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The FY15 guidance excluded the FY14 CSL profit on sale of $561m from FY14 Income and EBITDA. Please refer to the guidance versus reported results reconciliation on page 180. This reconciliation has been reviewed by our auditors.
(ii) Excludes finance income.

Guidance versus reported results[i]

	FY15 Reported results \$m	FY15 Adjustments \$m	FY15 Guidance basis \$m	FY14 Guidance basis \$m
Total income[ii]	**26,607**	**(288)**	**26,319**	25,735
EBITDA	**10,745**	**37**	**10,782**	10,574
Free cashflow	**2,619**[iii]	**2,400**	**5,019**	4,922

(i) This guidance assumed wholesale product price stability, no impairments to investments, excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The FY15 guidance excluded the FY14 CSL profit on sale of $561m from FY14 Income and EBITDA. Please refer to the guidance versus reported results reconciliation on page 180. This reconciliation has been reviewed by our auditors.
(ii) Excludes finance income.
(iii) The difference between our reported free cashflow and free cashflow on a guidance basis is mainly due to spectrum payments of $1,302 million and M&A activity of $1,151 million.

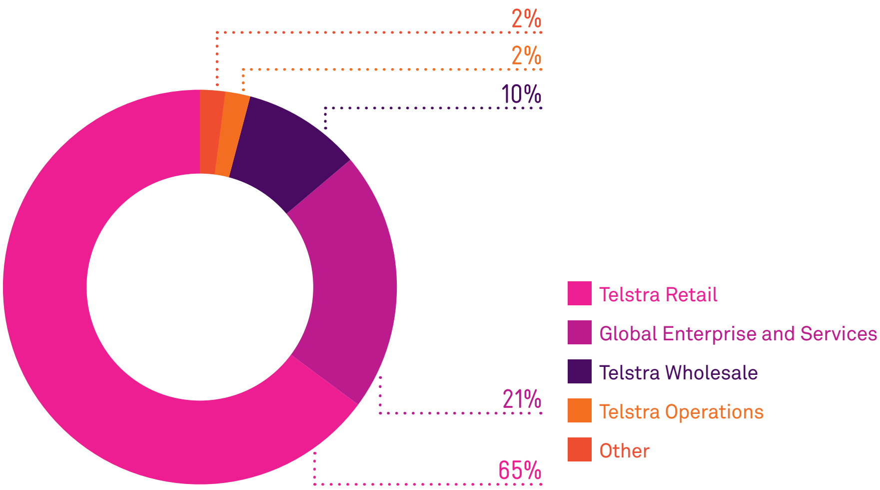
On 13 August 2015, the Directors of Telstra resolved to pay a fully franked final dividend of 15.5 cents per share. Shares will trade excluding entitlement to the dividend on 25 August 2015 with payment on 25 September 2015.


Alisha
Contact Centre Capability Lead

Segment performance

We report segment information on the same basis as our internal management reporting structure as at 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



	FY15 \$m	FY14 \$m	Change %
Telstra Retail	**17,252**	16,383	5.3
Global Enterprise and Services	**5,674**	5,257	7.9
Telstra Wholesale	**2,586**	2,328	11.1
Telstra Operations	**424**	289	46.7
Other (excluding Sensis)	**671**	2,039	(67.1)
Total Telstra segments (excluding Sensis)	**26,607**	26,296	1.2
Other – Sensis	**–**	552	n/m
Total Telstra segments	**26,607**	26,848	(0.9)

Telstra Retail
Telstra Retail brings together our key retail businesses including Telstra Consumer, Telstra Business, Telstra Media Group and Telstra Health™. Telstra Retail provides a full range of telecommunications products, services and solutions to consumer customers and to Australia's small to medium sized enterprises, as well as the provision of Foxtel and digital content services. Income in this segment grew by 5.3 per cent to $17,252 million and EBITDA increased by 0.9 per cent to $9,449 million.

We saw strong growth in our Consumer business unit with income growing by 6.5 per cent. As a result of the continued focus on customer advocacy and innovative new products and plans introduced during the year, we saw good growth in mobiles and fixed data with post-paid handheld average revenue per user (ARPU) increasing by 6.3 per cent to $61.72 and an increase of 158,000 fixed data subscribers. In Telstra Business, income grew by 2.9 per cent driven by a 3.3 per cent growth in mobile services revenue, revenue from unified communications, cloud hosted solutions and contributions from TSM (formerly SNP Security) and AFN Solutions which were acquired during the first half of the year. Telstra Health also contributed income of $78 million.

Global Enterprise and Services

Global Enterprise and Services (GES) is responsible for sales and contract management support for business and government customers in Australia and globally. It provides product management for advanced technology solutions including data and IP networks, and NAS products such as managed networks, unified communications, cloud, industry solutions and integrated services. GES provides technical delivery support for all NAS customers globally and the recently formed Telstra Software Group and its acquisitions also form part of GES.

Income for GES increased by 7.9 per cent to $5,674 million due to strong growth in NAS and enterprise mobility in Australia, our international GES customers (GES Global) and Telstra Software. GES EBITDA declined by 1.7 per cent to $2,439 million largely due to the ongoing change in product mix from higher profit carriage to lower profit NAS products and GES Global businesses, along with the negative EBITDA impact from the Telstra Software Group acquisitions which are businesses in their early stages. The NAS profitability margin continued its trend of improvement in FY15 driven by scalable standardised offerings, a lower cost delivery model and operational leverage.

Telstra Wholesale

Telstra Wholesale is responsible for the provision of a wide range of telecommunication products and services delivered over Telstra networks and associated support systems to non-Telstra branded carriers, carriage service providers and internet service providers. Wholesale income grew by 11.1 per cent to $2,586 million. This was largely driven by an increase in NBN infrastructure receipts which have increased in line with the NBN rollout. EBITDA contribution increased by 12.7 per cent to $2,398 million.

Telstra Operations

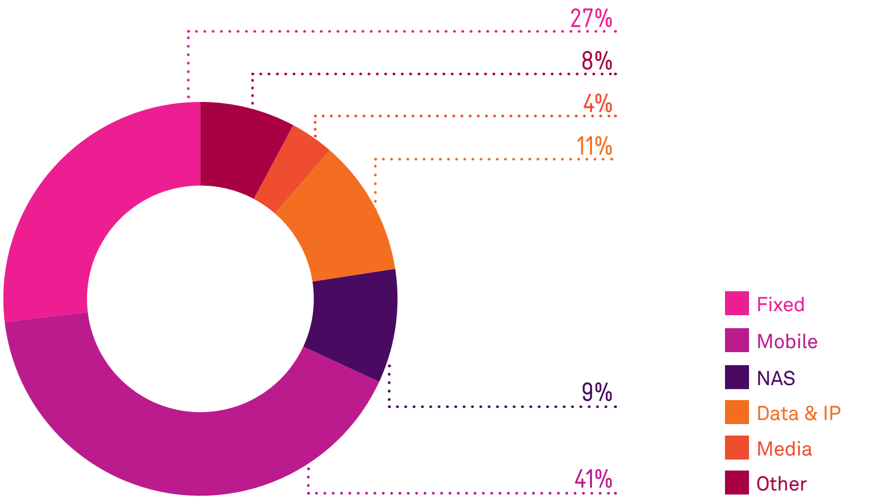
Telstra Operations is primarily a service delivery centre supporting the revenue generating activities of other segments. It also has NBN and property revenue. The EBITDA contribution improved by 4.4 per cent with increases in NBN and property revenue and reductions in labour expenses, partially offset by higher service contracts to support new business growth and NBN related works.

Other

Our Other segment includes the costs of corporate centre functions, receipts received under certain NBN agreements, adjustments to employee provisions for bond rate movements and short term incentives, and redundancy expenses for the parent entity. It also includes China digital media results.

Product performance

Product sales revenue breakdown



Key product revenue

	FY15	FY14	Change
	$m	$m	%
Fixed	**6,944**	7,076	(1.9)
Mobile	**10,651**	9,668	10.2
Data and IP	**2,883**	2,968	(2.9)
NAS	**2,418**	1,963	23.2

Product profitability EBITDA margins(i)

	FY15	FY14	2H15	1H15
	%	%	%	%
Mobile	**40**	40	**40**	40
Fixed voice(ii)	**55**	59	**54**	56
Fixed data(ii)	**41**	41	**39**	42
Data and IP	**64**	65	**65**	64

(i) The data in this table includes minor adjustments to historic numbers to reflect changes in product hierarchy.
(ii) Margins include NBN voice and data products.

Fixed

Our fixed portfolio offers fast and reliable broadband, clear and reliable calling, premium entertainment and expert technology advice through our Telstra Platinum® service. We are also creating Australia's largest Wi-Fi network, Telstra Air®, to provide Australians' connectivity in and out of the home.

Total fixed revenue declined by 1.9 per cent to $6,944 million. While fixed voice revenue decreased by 7.1 per cent to $3,746 million, fixed data revenue increased by 7.3 per cent to $2,379 million. Fixed voice revenue decline continues to moderate as a result of a strong focus on customer retention. The pace of disconnections was stable compared to the prior year with retail fixed voice line loss of 264,000, taking total retail fixed voice customers to 6.0 million. This was partly offset by additional wholesale lines of 53,000. Fixed voice ARPU decline was consistent with the prior year, decreasing by 4.3 per cent to $42.05.

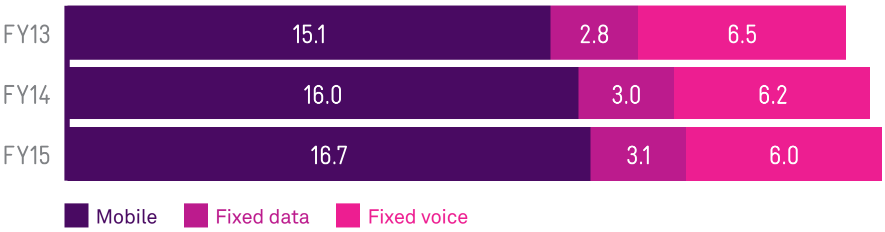
The increase in fixed data revenue was a result of subscriber growth. ARPU was flat in a competitive environment. We now have 3.1 million retail fixed data subscribers, an increase of 189,000 during the year. The total number of customers taking up a bundle has also increased by 280,000 and there are now 2.2 million customers on a bundled plan, or 71 per cent of the retail fixed data customer base. This increase was driven by the success of our bundled offerings which were refreshed during the year to deliver more value for our customers.

As the NBN roll-out continues, we are seeing good momentum. As at 30 June 2015 we had 211,000 NBN connections made up of 161,000 voice and data bundles, 9,000 data only and 41,000 voice only services.

Other fixed revenue decreased by 0.8 per cent to $819 million with an increase in inter-carrier access services revenue offset by lower customer premise equipment and other fixed telephony revenue. Included in other fixed revenue is revenue from our Platinum customers. 254,000 customers used a Telstra Platinum service this year which provides customers with expert technical advice for either a monthly or on-demand fee.

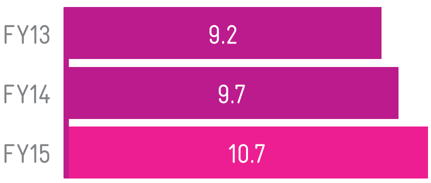
Fixed voice EBITDA margins declined to 55 per cent as a result of lower revenue while fixed data EBITDA margins remained steady at 41 per cent despite the costs incurred to connect our NBN customers.

Domestic retail customer services (millions)



Mobile

Mobile revenue ($b)



For the 2015 financial year, revenue in our mobile portfolio increased by 10.2 per cent to $10,651 million. This was a result of growth in ARPU and subscribers in our key mobile categories of post-paid handheld and pre-paid. EBITDA margin remained flat at 40 per cent driven by improved ARPU offset by higher hardware costs due to increased recontracting activity during the year.

We invested $1 billion in our mobile network during the year to provide our customers with the best connectivity and coverage. Telstra's 4G coverage now reaches 94 per cent of the Australian population and we will continue to expand our 4G footprint to 99 per cent of the population. We now have 7.7 million 4G devices on our network.

The success of our 4G network in supporting increased data usage across all our mobile products has seen mobile services revenue growth of 7.2 per cent to $8,765 million. Retail customer services increased by 664,000, bringing the total number to 16.7 million.

We now have 7.3 million post-paid handheld retail customer services, an increase of 113,000. Post-paid handheld revenue grew by 7.7 per cent to $5,389 million. While there was a slow-down in ARPU growth in the second half due to lower excess data rates and higher data allowances, for the full year ARPU increased by 5.5 per cent, from $58.70 to $61.94 (including the impact of mobile repayment options) with customers using more data and moving to higher plans resulting in higher minimum monthly commitments and increased data pack penetration.

Pre-paid handheld revenue growth of 13.1 per cent to $994 million was driven by an increase in unique users and ARPU due to higher recharge values with the average data usage per user per month increasing. Our Boost pre-paid offerings have also contributed to the increase. Mobile broadband (MBB) revenue grew by 0.2 per cent to $1,290 million with customer growth, largely due to growth in data share SIMs, offset by a 3.7 per cent reduction in ARPU. In total, we added 187,000 customer services in this category. Machine to machine (M2M) experienced another year of double-digit revenue growth, with revenue growing by 11.9 per cent to $113 million.

We continue to provide productivity solutions to our M2M customers in the key areas of transport logistics, banking, public safety and security and energy and utilities.

Mobile hardware revenue grew by 26.3 per cent to $1,886 million due to an increase in average revenue per post-paid handset (higher average recommended retail price), together with an increase in handset recontracts as a result of the iPhone^ 6 launch during the year.

Data and IP

Data and IP revenue declined by 2.9 per cent to $2,883 million with growth in IP Access revenue not enough to offset the declines in ISDN and other legacy calling products. IP Access revenue grew by 1.2 per cent to $1,180 million as a result of increased customer connections however price pressures have impacted yields. There was strong growth in IP MAN, Telstra's next generation data access service providing high-speed IP access solutions for large to medium corporate enterprises and government departments. IP MAN revenue grew by 6.8 per cent with services in operation increasing by 6.1 per cent.

Other data and calling products revenue decreased by 4.5 per cent to $1,041 million. Migration to IP solutions, including unified communications products in our Network Applications and Services portfolio, is the primary driver for the decline in legacy calling products. EBITDA margins remained strong at 64 per cent despite some price pressures in the IP market.

Network Applications and Services (NAS)

NAS revenue ($b)

NAS revenue continued to grow at double-digit rates, increasing by 23.2 per cent to $2,418 million, exceeding market growth in all key NAS portfolios. This increase was driven by existing and new contracts, and acquisitions. Included in NAS revenue is International NAS which increased by 41.4 per cent to $99 million. The Pacnet acquisition, completed in April 2015, contributed $14 million to International NAS. Managed network services revenue increased by 21.8 per cent driven by increased professional service and security activity and includes revenue from the acquisitions of O2 last financial year and Bridge Point in October 2014. Revenue growth of 8.1 per cent in unified communications was driven by increased IP telephony customer connections. Industry Solutions revenue growth of 41.6 per cent was led by NBN commercial works and contributions from TSM (formerly SNP Security). Overall, NAS profitability continued to improve driven by portfolio growth, scalable standardised offerings and a global, lower cost delivery model.

Media

Media product portfolio revenue increased by 3.4 per cent to $931 million. This portfolio includes Foxtel from Telstra (previously Premium Pay TV), IPTV, (which includes T-Box® sales, Foxtel on T-Box, BigPond® Movies and Presto), Mobility and other content (which includes exclusive AFL and NRL rights and music subscriptions) and cable revenue.

Foxtel from Telstra revenue increased by 9.4 per cent to $662 million. This was driven by growth in subscribers as a result of the reintroduction of "Foxtel from Telstra" bundles in May 2014 and Foxtel price reductions in November 2014. A shift in focus to Foxtel from Telstra has reduced T-Box sales revenue by $33 million. Excluding T-Box sales, IPTV revenue increased by 19.6 per cent due to Foxtel on T-Box and Presto sales growth. Mobility and other content revenue declined by 2.5 per cent to $79 million. The continued decline in legacy mobile download services has been partly offset by the increased take up of NRL and AFL subscribers.

Cable revenue declined by 1.7 per cent to $118 million. This represents income from the supply of HFC cable services to Foxtel.

While there was an increase in cable subscribers, there was an offsetting reduction in ARPU in line with new Foxtel pricing introduced in November 2014.

Other

Global connectivity revenue grew by 27.7 per cent to $780 million driven by the continued increase in wholesale carrier data. The Pacnet acquisition also contributed $90 million to global connectivity. Other sales revenue increased by 39.4 per cent to $1,238 million. Other sales revenue includes revenue from our China digital media portfolio which increased by 81.3 per cent to $504 million. This was largely driven by Autohome with revenue increasing by 98.0 per cent as a result of increased advertising services and dealer subscriber growth.

Operating expenses

	FY15	FY14	Change
	$m	$m	%
Labour	**4,921**	4,732	4.0
Goods and services purchased	**6,847**	6,465	5.9
Other expenses	**4,113**	3,988	3.1
Total operating expenses	**15,881**	15,185	4.6

Expense performance

Labour

Total labour expenses increased by 4.0 per cent or $189 million to $4,921 million. Our total full time staff and equivalents (FTE) increased to 36,165. This increase in FTE was mainly driven by organic growth and M&A activity across our NAS portfolio (in particular the Pacnet acquisition), Telstra Business, and our nascent Software and Health businesses. Additionally, business growth and the conversion of contractors to permanent staff in our China business also contributed to the increase. Offsetting these increases were reductions in FTE driven by our restructuring programs across various parts of the business.

Salary and associated costs increased by 8.4 per cent or $287 million to $3,686 million. This increase was mainly driven by the increase in FTE, as well as salary and wage increases which also incorporated the change in the statutory superannuation contribution. These increases were partially offset by a favourable year on year bond rate impact of $58 million, driven by a favourable outcome of $71 million from the transition to a high quality corporate bond rate for the calculation of employee long service leave provisions, in accordance with AASB 119. This change resulted from the G100 concluding in May 2015 that a deep corporate bond market exists in Australia.

Labour substitution costs increased by 3.7 per cent or $29 million to $816 million. This increase was mainly driven by the establishment of global operations to support the expansion of our NAS business, higher field fault volumes due to adverse weather events, and increased costs in support of NBN activations.

Redundancy expenses decreased by 55.0 per cent or $138 million to $113 million, driven mainly by restructuring work returning to normal levels within our core business, the impact of the Sensis divestment on the prior year, and redundancy expense savings from the redeployment of staff to growing areas of the business.

Goods and services purchased

Goods and services purchased increased by 5.9 per cent or $382 million to $6,847 million. Cost of goods sold (COGS) (which includes mobile handsets, tablets, dongles, broadband modems) increased by 6.0 per cent or $173 million to $3,079 million. This was driven mainly by the strong demand for our iPhone^ 6 offerings. This increase was significantly offset by a $397 million decrease in COGS driven by our divestment of CSL in the prior year.

Network payments decreased by 0.3 per cent or $6 million to $1,725 million. This decrease was mainly attributable to our divestment of CSL and reduced payments to overseas carriers due to lower negotiated roaming rates. Offsetting these decreases were higher onshore carrier network outpayments in support of increased mobile subscribers and increased NBN network payments as we migrate customers to the NBN.

Other goods and services purchased increased by 11.8 per cent or $215 million to $2,043 million. This was mainly driven by increased service fees for Foxtel, cloud services, IPTV and digital content, and mobile insurance in support of increased subscribers. This increase was partially offset by our divestment of CSL.

Other expenses

Total other expenses increased by 3.1 per cent or $125 million to $4,113 million. This increase was the result of higher service contracts and agreements, promotion and advertising costs and the accounting impact of the Sensis divestment. This was partially offset by the divestment of CSL, and the recognition of unrealised losses driven by the liquidation of our subsidiary Octave, both in the prior year.

Service contracts and agreements increased by 6.0 per cent or $88 million to $1,556 million, largely driven by increased investment in the simplification of our core business, and costs associated with increased NBN commercial works. Promotion and advertising expenses increased by 21.7 per cent or $75 million to $421 million, mainly in support of growth in our China Autohome business, and domestically in support of the iPhone 6 launch, customer advocacy programs and Belong™, our low cost ISP brand.

For the purposes of reporting our consolidated results, the translation of foreign operations denominated in foreign currency to Australian dollars increased our expenses by $97 million on the prior period, across labour, goods and services purchased, and other expenses.

Net finance costs

Net finance costs decreased by 28.0 per cent to $689 million largely due to an $87 million reduction in net borrowing costs and a $175 million reduction in other finance costs.

The reduction in borrowing costs was predominantly due to lower average debt levels resulting from debt maturities which were funded out of existing liquidity. The average interest yield on gross debt for the year was 5.8 per cent compared to 5.9 per cent in the prior year. The closing gross debt interest yield at 30 June 2015 was 5.7 per cent compared to 5.9 per cent at 30 June 2014. The reduction in yield arose through a combination of a reduction in short term market base rates year on year, resulting in lower costs on the floating rate debt component of our portfolio and from refinancing at lower rates.

The reduction in other finance costs primarily relates to non-cash revaluation impacts of our offshore debt portfolio and associated hedges that result in a floating position (fair value hedges). Volatility from these revaluation impacts has been significantly reduced due to changes implemented in the way we designate fair value hedges for accounting purposes and the adoption of the new accounting framework (under AASB 9 (2013)) which allows a component of Telstra's borrowing margin to be treated as a cost of hedging and deferred to equity.

Summary Statement of Cash Flows

	FY15	FY14	Change
	$m	$m	%
Net cash provided by operating activities	**8,311**	8,613	(3.5)
Total capital expenditure	**(6,206)**	(4,018)	54.5
Sale of shares in controlled entities (net of cash disposed)	**4**	2,397	(99.8)
Other investing cash flows	**510**	491	3.9
Net cash used in investing activities	**(5,692)**	(1,130)	n/m
Free cashflow	**2,619**	7,483	(65.0)
Net cash used in financing activities	**(6,882)**	(4,430)	55.3
Net (decrease)/increase in cash and cash equivalents	**(4,263)**	3,053	n/m
Cash and cash equivalents at the beginning of the year	**5,527**	2,479	123.0
Effects of exchange rate changes on cash and cash equivalents	**132**	(5)	n/m
Cash and cash equivalents at the end of the period	**1,396**	5,527	(74.7)

Residual volatility from market movements has not been significant. Notwithstanding changes to accounting treatment all cash flows continue to remain economically and effectively hedged.

Financial position

Capital expenditure and cash flow

Our operating capital expenditure for the year was 13.9 per cent of sales revenue or $3,589 million (excluding spectrum). This investment has enabled us to meet ongoing strong customer demand from the growth in our customer base. This includes building the nation's largest Wi-Fi network, continuing investment in growth areas (such as network access services and cloud services) and supporting the accelerated rollout of mobile 4G and 4GX™ networks.

Free cashflow generated from operating and investing activities was $2,619 million, representing a decline of 65.0 per cent. The difference between our reported free cashflow and free cashflow on a guidance basis of $5,019 million is mainly due to spectrum payments of $1,302 million and M&A activity of $1,151 million including the acquisitions of Pacnet Limited, Ooyala Inc., Videoplaza AB and Nativ Holdings Limited. These increased payments were partly offset by lower cash capital expenditure. Increased cash from operating activities, predominantly as a result of revenue growth and working capital timing, were offset by decreases due to cash from divested entities included in the prior period.

Financial settings

	FY15	FY15
	Actual	Target zone
Debt servicing(i)	**1.3x**	1.3 – 1.9x
Gearing(ii)	**48.3%**	50% to 70%
Interest cover(iii)	**15.0x**	>7x

(i) Debt servicing ratio equals net debt to EBITDA.
(ii) Gearing ratio equals net debt to net debt plus total equity.
(iii) Interest cover equals EBITDA to net interest.

Debt position

Our gross debt position at 30 June 2015 decreased by $1,086 million to $14,962 million. Gross debt comprises borrowings of $15,634 million and net derivative asset of $672 million (which includes assets and liabilities both current and non current).

The net decrease in gross debt reflects a combination of the following impacts. An increase of $2,060 million due to a $1,308 million United States dollar bond debt issuance, $580 million debt acquired from the acquisition of Pacnet (repaid during the year), $82 million finance lease additions and $90 million relating to loans from associated entities and within our subsidiaries. This was offset by a decrease of $3,146 million due to $2,798 million term debt maturities, $220 million repayment of commercial paper, $47 million finance lease repayments and $81 million revaluation impacts.

Net debt at 30 June 2015 was $13,566 million, an increase of $3,045 million from the prior year. This movement comprises the reduction in gross debt of $1,086 million offset by a reduction in cash and cash equivalents of $4,131 million.

Our gearing ratio at the start of FY15 was 43.0 per cent, following the sale of CSL and the 70 per cent stake of our Sensis directories business in FY14. This was below the low end of our target range in anticipation of significant outflows in the current year, including $1.3 billion to acquire spectrum licences and the $1 billion off market buy-back. Our gearing ratio has increased to 48.3 per cent at 30 June 2015 reflecting the increase in net debt, and remains just below the conservative end of our target range. Debt servicing (net debt/EBITDA) remains comfortable at 1.3x and we have extended the average debt maturity profile from 4.7 years to 5.0 years.

Summary Statement of Financial Position

	FY15	FY14	Change
	$m	$m	%
Current assets	**6,970**	10,438	(33.2)
Non current assets	**33,475**	28,922	15.7
Total assets	**40,445**	39,360	2.8
Current liabilities	**8,129**	8,684	(6.4)
Non current liabilities	**17,806**	16,716	6.5
Total liabilities	**25,935**	25,400	2.1
Net assets	**14,510**	13,960	3.9
Total equity	**14,510**	13,960	3.9
Return on average assets (%)	**18.9**	20.4	(1.5)pp
Return on average equity (%)	**30.3**	32.3	(2.0)pp

Statement of Financial Position
Our balance sheet remains in a strong position with net assets of $14,510 million. Current assets decreased by 33.2 per cent to $6,970 million. This decrease is largely a result of a reduction in cash and cash equivalents of $4,131 million used to fund the acquisition of Pacnet, debt maturities, spectrum license payments and the share buy-back. The prior period balance also included proceeds of approximately $2.5 billion from divestments. Offsetting the decrease in cash and cash equivalents was an increase in trade and other receivables of $549 million due to a higher customer deferred debt as a result of higher average recommended retail prices of our smartphone range, increased debtors resulting from an increase in sales revenue and debtors in newly acquired entities. Inventories also increased by $129 million due to the Planning Design Services Agreement and the Joint Deployment Works Contract with NBN Co. Inventories also increased to support higher mobile hardware sales.

Non current assets increased by 15.7 per cent to $33,475 million. Intangible assets increased by $2,950 million due to the acquisition of spectrum licenses and an increase in goodwill resulting from acquisitions of controlled entities and businesses. An increase of $468 million in derivative financial assets is primarily attributable to net foreign currency and other valuation impacts arising from measuring to fair value. Defined benefit assets increased by $252 million due to a change in the bond rate, in accordance with AASB 119, and higher investment returns.

Current liabilities decreased by 6.4 per cent to $8,129 million. Borrowings decreased by $781 million due to a reduction in short term commercial paper and the maturity of domestic and offshore debt, partially offset by the reclassification of debt due to mature within 12 months to current borrowings. Derivative financial liabilities decreased by $186 million due to foreign currency and other valuation impacts from measuring to fair value. Revenue received in advance increased by $187 million mainly due to newly acquired entities.

Non current liabilities increased by 6.5 per cent to $17,806 million. Borrowings increased by $591 million primarily as a result of long term debt issuance, offset by reclassifications to current borrowings. The decrease in derivative financial liabilities of $258 million reflects foreign currency and other valuation impacts from measuring to fair value and also includes the reclassification to current for transactions maturing within the next 12 months. Revenue received in advance increased by $450 million mainly due to newly acquired entities. Deferred tax liabilities increased by $272 million due to deferred tax liabilities acquired in new investments, an excess of tax deductions over accounting expenses for fixed assets, and the tax effect of actuarial gains recognised for the Telstra Super™ defined benefit fund.

REFERENCE TABLES

Guidance versus reported results

This schedule details the adjustments made to the reported results for the current year to reflect the performance of the business on the basis which we provided guidance to the market. This guidance assumed wholesale product price stability, no impairments to investments, excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum.

	Reported			Adjustments FY15									FY14	Guidance Basis		
	FY15	FY14	Growth	Sensis(i)	M&A(ii) Controlled Entities	M&A(ii) JVs/ Associates	M&A(ii) Other Investments	Dimmi(iii)	CSL(iv)	Octave(v)	Sequel Media(vi)	Spectrum(vii)	CSL & Sensis(viii)	FY15	FY14	Growth
	$m	$m	%	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Sales revenue	25,845	25,119	2.9	0	(255)	0	0	0	0	0	0	0	0	25,590	25,119	1.9
Total revenue	26,023	25,320	2.8	0	(255)	0	0	0	0	0	0	0	0	25,768	25,320	1.8
Total income (excl. finance income)	26,607	26,296	1.2	0	(261)	0	0	0	0	(27)	0	0	(561)	26,319	25,735	2.3
Labour	4,921	4,732	4.0	0	(117)	0	0	0	0	0	0	0	0	4,804	4,732	1.5
Goods and services purchased	6,847	6,465	5.9	0	(129)	0	0	0	0	0	0	0	0	6,718	6,465	3.9
Other expenses	4,113	3,988	3.1	0	(62)	0	0	0	(15)	0	0	0	0	4,036	3,988	1.2
Operating expenses	15,881	15,185	4.6	0	(308)	0	0	0	(15)	0	0	0	0	15,558	15,185	2.5
Share of net profit from joint ventures and associated entities	19	24	(20.8)	0	0	2	0	0	0	0	0	0	0	21	24	(13.5)
EBITDA	10,745	11,135	(3.5)	0	47	2	0	0	15	(27)	0	0	(561)	10,782	10,574	2.0
Depreciation and amortisation	3,983	3,950	0.8	0	(54)	0	0	0	0	0	0	0	0	3,929	3,950	(0.5)
EBIT	6,762	7,185	(5.9)	0	101	2	0	0	15	(27)	0	0	(561)	6,853	6,624	3.5
Net finance costs	689	957	(28.0)	0	(4)	0	0	0	0	0	0	0	0	685	957	(28.4)
Profit before income tax expense	6,073	6,228	(2.5)	0	105	2	0	0	15	(27)	0	0	(561)	6,168	5,667	8.8
Income tax expense	1,787	1,679	6.4	0	3	0	0	0	0	0	0	0	0	1,790	1,679	6.6
Profit for the year from continuing operations	4,286	4,549	(5.8)	0	102	2	0	0	15	(27)	0	0	(561)	4,378	3,988	9.8
Profit/(loss) for the year from discontinued operation	19	(204)	n/m	0	0	0	0	0	0	0	0	0	0	19	(204)	n/m
Profit for the year from continuing and discontinued operations	4,305	4,345	(0.9)	0	102	2	0	0	15	(27)	0	0	(561)	4,397	3,784	16.2
Attributable to:																
Equity holders of the Telstra Entity	4,231	4,275	(1.0)	0	101	2	0	0	15	(27)	0	0	0	4,322	4,275	1.1
Non-controlling interests	74	70	5.7	0	1	0	0	0	0	0	0	0	0	75	70	7.1
Free cashflow	2,619	7,483	(65.0)	(68)	1,031	48	72	(3)	10	0	8	1,302	(2,561)	5,019	4,922	2.0

This table has been subject to review by our auditors.

Note:
On a guidance basis, income growth on the prior period was 2.3% and EBITDA growth on the prior period was 2.0%. On a guidance basis and excluding CSL operating results from the prior period, income growth was 6.6% and EBITDA growth was 4.5%. Free cashflow in the prior period included $205m M&A outlay related to DCA eHealth Solutions, Fred IT Group, NSC Group, O2 Networks and Ooyala. On a guidance basis and excluding the prior period M&A, FY15 free cashflow of $5,019m represents a decline on the prior period of 2.1%.

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

(i) Sensis adjustments:
Adjustments related to Sensis discontinued operation. Free cashflow adjustment of $9m related to the receipt from completion adjustment on Sensis sale, and $59m for capital return and dividends received for the year to 30 June 2015.

(ii) Mergers & Acquisitions:
Adjustments relating to mergers and acquisition activities (including operating results). This includes Ooyala, VideoPlaza, Pacnet, Nativ Holdings, Medinexus, Telstra SNP Monitoring, Bridge Point Communications, iCareHealth, AFN Solutions, Emerging Holdings, Cloud 9 Software, Dr Foster Intelligence, Neto E-commerce Solutions, Cygnus Satellite, Globecast Australia, and Other investments to 30 June 2015.

(iii) Dimmi disposal adjustments:
Dimmi Pty Ltd was disposed on 31 May 2015.

(iv) CSL adjustments:
CSL tax indemnity paid ($10m) and provided for ($5m) as a result of regulatory events subsequent to the sale.

(v) Octave adjustments:
On 10 December 2013, Telstra Octave Holdings Limited acquired the remaining 33 per cent interest in Octave Investments Holdings Limited in exchange for selling the net assets of the five variable interest entities controlled by Sharp Point Group Limited. As our control did not change in Octave Investments Holdings Limited, the associated gain of $27m was held in our General Reserve in equity at June 2014. On 12 December 2014, we liquidated Octave Investments Holdings Limited and Telstra Octave Holdings Limited and as a result of us ceasing to own both the entities, the $27m gain held in equity was transferred to the Income Statement in accordance with accounting standards.

(vi) Sequel Media adjustments:
On 26 November 2014 our controlled entity Telstra Holdings Pty Ltd disposed of our entire 55 per cent shareholding in Sequel Media Inc. and its controlled entities (Sequel Media Group) for a total consideration of $18 million, resulting in a $2 million net loss on sale, largely representing the $2 million foreign currency translation loss reclassified on the disposal from reserves to the income statement. On completion of the sale we deconsolidated 100 per cent of the Sequel Media Inc. balance sheet, including $26 million of cash balances disposed.

(vii) Spectrum adjustments:
Adjustments relating to the impact of free cashflow associated with our spectrum purchases and renewals for the year ($1,302m, 2 x 20MHz in the 700 MHz band (40 MHz in total) and 2 x 40 MHz in the 2.5 GHz band (80 MHz in total)).

(viii) CSL and Sensis FY14 adjustments:
Adjustments relating to the impact of $561m CSL profit on sale and free cashflow associated with the sale of CSL ($2,107m) and Sensis ($454m) in FY14 excluded for guidance purpose.

Results of operations

	Year ended 30 June			
	2015 $m	2014 $m	Change $m	**Change %**
Sales revenue	**25,845**	25,119	726	**2.9**
Other revenue[(i)]	**178**	201	(23)	**(11.4)**
Total revenue	**26,023**	25,320	703	**2.8**
Other income[(ii)]	**584**	976	(392)	**(40.2)**
Total income (excl. finance income)	**26,607**	26,296	311	**1.2**
Labour	**4,921**	4,732	189	**4.0**
Goods and services purchased	**6,847**	6,465	382	**5.9**
Other expenses	**4,113**	3,988	125	**3.1**
Operating expenses	**15,881**	15,185	696	**4.6**
Share of net profit/(loss) from joint ventures and associated entities	**19**	24	(5)	**(20.8)**
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)	**10,745**	11,135	(390)	**(3.5)**
Depreciation and amortisation	**3,983**	3,950	33	**0.8**
Earnings before interest and income tax expense (EBIT)	**6,762**	7,185	(423)	**(5.9)**
Net finance costs	**689**	957	(268)	**(28.0)**
Profit before income tax expense	**6,073**	6,228	(155)	**(2.5)**
Income tax expense	**1,787**	1,679	108	**6.4**
Profit for the period from continuing operations	**4,286**	4,549	(263)	**(5.8)**
Profit/(loss) for the period from discontinued operation	**19**	(204)	223	**n/m**
Profit for the period	**4,305**	4,345	(40)	**(0.9)**
Attributable to:				
Equity holders of the Telstra Entity	**4,231**	4,275	(44)	**(1.0)**
Non-controlling interests	**74**	70	4	**5.7**
	4,305	4,345	(40)	**(0.9)**
Effective tax rate	**29.4%**	27.0%		**2.4 pp**
EBITDA margin on sales revenue	**41.6%**	44.3%		**(2.7) pp**
EBIT margin on sales revenue	**26.2%**	28.6%		**(2.4) pp**
	cents	cents	Change cents	**Change %**
Basic earnings per share from continuing operations[(iii)]	**34.3**	36.1	(1.8)	**(5.0)**
Diluted earnings per share from continuing operations[(iii)]	**34.3**	36.0	(1.7)	**(4.7)**
Basic earnings per share[(iii)]	**34.5**	34.4	0.1	**0.3**
Diluted earnings per share[(iii)]	**34.5**	34.3	0.2	**0.6**

(i) Other revenue primarily consists of distributions received from Foxtel (30 Jun 2015: $125m; 30 Jun 2014: $165m) and rental income.

(ii) Other income includes gains and losses on asset and investment sales, TUSMA payment receipts, PSAA payments, subsidies and other miscellaneous items.

(iii) Basic and diluted earnings per share are impacted by the effect of shares held in trust for employee share plans and instruments held under executive remuneration plans.

Statement of financial position

	As at			
	30 Jun 15 $m	30 Jun 14 $m	Change $m	**Change %**
Current assets				
Cash and cash equivalents	**1,396**	5,527	(4,131)	**(74.7)**
Trade and other receivables	**4,721**	4,172	549	**13.2**
Inventories	**491**	362	129	**35.6**
Derivative financial assets	**7**	23	(16)	**(69.6)**
Current tax receivables	**9**	2	7	**n/m**
Prepayments	**346**	329	17	**5.2**
Assets classified as held for sale	**-**	23	(23)	**n/m**
Total current assets	**6,970**	10,438	(3,468)	**(33.2)**
Non current assets				
Trade and other receivables	**1,171**	973	198	**20.3**
Inventories	**32**	29	3	**10.3**
Investments - accounted for using the equity method	**201**	196	5	**2.6**
Investments - other	**137**	127	10	**7.9**
Property, plant and equipment	**20,450**	19,842	608	**3.1**
Intangible assets	**9,332**	6,382	2,950	**46.2**
Derivative financial assets	**1,790**	1,322	468	**35.4**
Deferred tax assets	**66**	7	59	**n/m**
Defined benefit assets	**296**	44	252	**n/m**
Total non current assets	**33,475**	28,922	4,553	**15.7**
Total assets	**40,445**	39,360	1,085	**2.8**
Current liabilities				
Trade and other payables	**4,045**	3,834	211	**5.5**
Provisions	**970**	932	38	**4.1**
Borrowings	**1,496**	2,277	(781)	**(34.3)**
Derivative financial liabilities	**214**	400	(186)	**(46.5)**
Current tax payables	**291**	296	(5)	**(1.7)**
Revenue received in advance	**1,113**	926	187	**20.2**
Liabilities classified as held for sale	**-**	19	(19)	**n/m**
Total current liabilities	**8,129**	8,684	(555)	**(6.4)**
Non current liabilities				
Other payables	**74**	66	8	**12.1**
Provisions	**284**	261	23	**8.8**
Borrowings	**14,138**	13,547	591	**4.4**
Derivative financial liabilities	**911**	1,169	(258)	**(22.1)**
Deferred tax liabilities	**1,558**	1,286	272	**21.2**
Defined benefit liability	**4**	-	4	**n/m**
Revenue received in advance	**837**	387	450	**116.3**
Total non current liabilities	**17,806**	16,716	1,090	**6.5**
Total liabilities	**25,935**	25,400	535	**2.1**
Net assets	**14,510**	13,960	550	**3.9**
Equity				
Equity available to Telstra Entity shareholders	**14,103**	13,822	281	**2.0**
Non-controlling interests	**407**	138	269	**194.9**
Total equity	**14,510**	13,960	550	**3.9**
Gross debt	**14,962**	16,048	(1,086)	**(6.8)**
Net debt	**13,566**	10,521	3,045	**28.9**
EBITDA interest cover (times)	**12.3**	11.6	0.7	**6.0**
Net debt to EBITDA	**1.3**	0.9	0.4	**44.4**
ROA - Return on average assets[(i)]	**18.9%**	20.4%		**(1.5) pp**
ROE - Return on average equity[(i)]	**30.3%**	32.3%		**(2.0) pp**
ROI - Return on average investment[(i)]	**25.8%**	27.8%		**(2.0) pp**
ROIC - Return on invested capital[(i)]	**16.4%**	17.2%		**(0.8) pp**
Gearing ratio (net debt to capitalisation)[(i)]	**48.3%**	43.0%		**5.3 pp**

(i) Ratio has been measured on a continuing and discontinuing basis.

n/m = not meaningful

Statement of cash flows

	Year ended 30 June			
	2015 $m	2014 $m	Change $m	**Change %**
Cash flows from operating activities				
Receipts from customers (inclusive of goods and services tax (GST))	**29,521**	28,950	571	**2.0**
Payments to suppliers and to employees (inclusive of GST)	**(19,621)**	(18,710)	(911)	**4.9**
Government grants received	**166**	147	19	**12.9**
Net cash generated by operations	**10,066**	10,387	(321)	**(3.1)**
Income taxes paid	**(1,755)**	(1,774)	19	**(1.1)**
Net cash provided by operating activities	**8,311**	8,613	(302)	**(3.5)**
Cash flows from investing activities				
Payments for:				
- property, plant and equipment	**(2,845)**	(2,868)	23	**(0.8)**
- intangible assets	**(2,257)**	(894)	(1,363)	**152.5**
Capital expenditure (before investments)	**(5,102)**	(3,762)	(1,340)	**35.6**
- shares in controlled entities (net of cash acquired)	**(984)**	(165)	(819)	**n/m**
- payments for joint ventures and associated entities	**(48)**	(3)	(45)	**n/m**
- payments for other investments	**(72)**	(88)	16	**(18.2)**
Total capital expenditure (including investments)	**(6,206)**	(4,018)	(2,188)	**54.5**
Proceeds from:				
- sale of property, plant and equipment	**94**	94	-	**-**
- sale of shares in controlled entities (net of cash disposed) and other investments	**4**	2,397	(2,393)	**(99.8)**
Proceeds from finance lease principal amounts	**92**	98	(6)	**(6.1)**
Interest received	**167**	150	17	**11.3**
Settlement of hedges in net investments	**(31)**	(21)	(10)	**47.6**
Term deposits	**4**	4	-	**-**
Dividends received from joint ventures and associated entities	**184**	166	18	**10.8**
Net cash used in investing activities	**(5,692)**	(1,130)	(4,562)	**n/m**
Operating cash flows less investing cash flows	**2,619**	7,483	(4,864)	**(65.0)**
Cash flows from financing activities				
Proceeds from borrowings	**1,714**	1,572	142	**9.0**
Proceeds from borrowings from joint ventures and associated entities	**79**	-	79	**n/m**
Repayment of borrowings	**(3,368)**	(1,387)	(1,981)	**142.8**
Repayment of borrowings to joint ventures and associated entities	**(45)**	-	(45)	**n/m**
Repayment of finance lease principal amounts	**(47)**	(91)	44	**(48.4)**
Share buy-back	**(1,004)**	-	(1,004)	**n/m**
Staff repayments of share loans	**2**	3	(1)	**(33.3)**
Purchase of shares for employee share plans	**(54)**	(61)	7	**(11.5)**
Proceeds received from exercise of equity instruments	**-**	29	(29)	**n/m**
Proceeds from sale of controlled entity shares	**333**	-	333	**n/m**
Finance costs paid	**(916)**	(947)	31	**(3.3)**
Issue of equity by controlled entities	**121**	160	(39)	**(24.4)**
Payment for share buy-back of non-controlling interests	**-**	(149)	149	**n/m**
Proceeds from sale of controlled entity shares on behalf of non-controlling interests	**57**	8	49	**n/m**
Payments to non-controlling interests for sale of their shares in controlled entity (including tax paid on their behalf)	**(54)**	-	(54)	**n/m**
Dividends paid to equity holders of Telstra Entity	**(3,699)**	(3,545)	(154)	**4.3**
Dividends paid to non-controlling interests	**(1)**	(22)	21	**(95.5)**
Net cash used in financing activities	**(6,882)**	(4,430)	(2,452)	**55.3**
Net (decrease) / increase in cash and cash equivalents	**(4,263)**	3,053	(7,316)	**n/m**
Cash and cash equivalents at the beginning of the year	**5,527**	2,479	3,048	**123.0**
Effects of exchange rate changes on cash and cash equivalents	**132**	(5)	137	**n/m**
Cash and cash equivalents at the end of the period	**1,396**	5,527	(4,131)	**(74.7)**

n/m = not meaningful

Revenue

	Year ended 30 June			
	2015 **$m**	2014 $m	Change $m	**Change %**
Fixed products				
Fixed voice	**3,746**	4,032	(286)	**(7.1)**
Fixed data	**2,379**	2,218	161	**7.3**
Other fixed revenue(i)	**819**	826	(7)	**(0.8)**
Total fixed revenue	**6,944**	7,076	(132)	**(1.9)**
Mobiles				
Postpaid handheld	**5,389**	5,006	383	**7.7**
Prepaid handheld	**994**	879	115	**13.1**
Mobile broadband	**1,290**	1,287	3	**0.2**
Machine to Machine (M2M)	**113**	101	12	**11.9**
Satellite	**16**	14	2	**14.3**
Mobiles interconnection	**847**	784	63	**8.0**
Mobile services revenue - wholesale resale	**116**	104	12	**11.5**
Total mobile services revenue	**8,765**	8,175	590	**7.2**
Mobile hardware	**1,886**	1,493	393	**26.3**
Total mobile revenue	**10,651**	9,668	983	**10.2**
Data & IP				
ISDN products	**662**	712	(50)	**(7.0)**
IP Access	**1,180**	1,166	14	**1.2**
Other data and calling products	**1,041**	1,090	(49)	**(4.5)**
Total Data & IP	**2,883**	2,968	(85)	**(2.9)**
Network applications and services(ii)	**2,418**	1,963	455	**23.2**
Media				
Foxtel from Telstra (previously Premium Pay TV)	**662**	605	57	**9.4**
IPTV	**72**	94	(22)	**(23.4)**
Mobility and other content(iii)	**79**	81	(2)	**(2.5)**
Cable	**118**	120	(2)	**(1.7)**
Total media	**931**	900	31	**3.4**
CSL New World	**-**	1,045	(1,045)	**n/m**
Global connectivity(ii)	**780**	611	169	**27.7**
Other sales revenue(iv)	**1,238**	888	350	**39.4**
Sales revenue	**25,845**	25,119	726	**2.9**
Other revenue(v)	**178**	201	(23)	**(11.4)**
Total revenue	**26,023**	25,320	703	**2.8**
Other income(vi)	**584**	976	(392)	**(40.2)**
Total income	**26,607**	26,296	311	**1.2**

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

(ii) Global connectivity has been restated due to International NAS revenue being reclassified into NAS.

(iii) Mobility and other content includes Classifieds & Advertising

(iv) Other sales revenue includes China Digital Media, late payment fees and miscellaneous revenue. Also includes revenue for the build of the NBN related infrastructure.

(v) Other revenue primarily consists of distributions received from Foxtel (30 Jun 2015: $125m; 30 Jun 2014: $165m) and rental income.

(vi) Other income includes gains and losses on asset and investment sales, TUSMA payment receipts, PSAA payments, subsidies and other miscellaneous items.

Expenses

	Year ended 30 June 2015 $m	2014 $m	Change $m	Change %
Salary and associated costs	**3,686**	3,399	287	**8.4**
Other labour expenses	**306**	295	11	**3.7**
Labour substitution	**816**	787	29	**3.7**
Redundancy	**113**	251	(138)	**(55.0)**
Total labour	**4,921**	4,732	189	**4.0**
Cost of goods sold	**3,079**	2,906	173	**6.0**
Network payments	**1,725**	1,731	(6)	**(0.3)**
Other	**2,043**	1,828	215	**11.8**
Total goods and services purchased	**6,847**	6,465	382	**5.9**
Service contracts and other agreements	**1,556**	1,468	88	**6.0**
Impairment expenses	**217**	260	(43)	**(16.5)**
Other	**2,340**	2,260	80	**3.5**
Total other expenses	**4,113**	3,988	125	**3.1**
Total operating expenses	**15,881**	15,185	696	**4.6**
Depreciation	**2,922**	2,896	26	**0.9**
Amortisation	**1,061**	1,054	7	**0.7**
Total depreciation and amortisation	**3,983**	3,950	33	**0.8**

Net Finance Costs

	Year ended 30 June 2015 $m	2014 $m	Change $m	Change %
Borrowing costs	**854**	941	(87)	**(9.2)**
Finance leases	**21**	20	1	**5.0**
Interest on cash, loans and finance lease receivables	**(157)**	(156)	(1)	**0.6**
Net borrowing costs	**718**	805	(87)	**(10.8)**
Capitalised interest	**(64)**	(58)	(6)	**10.3**
Other	**35**	210	(175)	**(83.3)**
Net Finance Costs	**689**	957	(268)	**(28.0)**

ARPU ($)

	Half year ended			Jun 15 (H2) vs Jun 14 (H2)		Jun 15 vs Dec 14	
	Jun 2015 ($)	Dec 2014 ($)	Jun 2014 ($)	Change ($)	Change %	Change ($)	Change %
Fixed voice	**41.37**	42.73	43.42	(2.05)	(4.7)	(1.36)	(3.2)
Fixed data	**51.15**	51.53	50.98	0.17	0.3	(0.38)	(0.7)
Mobile services retail (incl. Interconnect and MRO)	**43.58**	44.55	42.48	1.10	2.6	(0.97)	(2.2)
Postpaid handheld (incl. MRO)	**61.45**	62.22	58.47	2.98	5.1	(0.77)	(1.2)
Postpaid handheld (excl. MRO)	**69.08**	69.71	66.20	2.88	4.4	(0.63)	(0.9)
Prepaid handheld	**21.19**	21.50	19.79	1.40	7.1	(0.31)	(1.4)
Mobile broadband	**27.84**	28.89	29.20	(1.36)	(4.7)	(1.05)	(3.6)
M2M	**6.58**	6.93	7.60	(1.02)	(13.4)	(0.35)	(5.1)
Satellite	**43.88**	46.61	40.44	3.44	8.5	(2.73)	(5.9)

Services in operation

	Half year ended			Jun 15 vs Jun 14		Jun 15 vs Dec 14	
	Jun 2015 ('000)	Dec 2014 ('000)	Jun 2014 ('000)	Change ('000)	Change **%**	Change ('000)	Change **%**
Fixed products ('000)							
Basic access lines in service							
Retail[(i)]	**5,981**	6,104	6,245	(264)	(4.2)	(123)	(2.0)
Wholesale	**1,338**	1,318	1,285	53	4.1	20	1.5
Total fixed voice lines in service	**7,319**	7,422	7,530	(211)	(2.8)	(103)	(1.4)
Fixed data SIOs - retail[(ii)]	**3,145**	3,043	2,956	189	6.4	102	3.4
Fixed data SIOs - wholesale	**840**	816	789	51	6.5	24	2.9
Fixed data	**3,985**	3,859	3,745	240	6.4	126	3.3
ISDN access (basic line equivalents)	**1,137**	1,181	1,225	(88)	(7.2)	(44)	(3.7)
Unconditioned local loop (ULL) SIOs	**1,563**	1,528	1,482	81	5.5	35	2.3
Line Spectrum sharing services (LSS)[(iii)]	**544**	569	589	(45)	(7.6)	(25)	(4.4)
Mobiles SIOs ('000)							
Postpaid handheld retail mobile	**7,307**	7,275	7,194	113	1.6	32	0.4
Prepaid handheld retail mobile	**3,923**	3,876	3,845	78	2.0	47	1.2
Total mobile broadband (data card)	**3,866**	3,809	3,679	187	5.1	57	1.5
M2M	**1,547**	1,385	1,261	286	22.7	162	11.7
Satellite	**30**	30	30	-	0.0	-	0.0
Total retail mobile	**16,673**	16,375	16,009	664	4.1	298	1.8
Total wholesale mobile	**465**	408	379	86	22.7	57	14.0
Prepaid handheld unique users[(iv)]	**2,531**	2,490	2,446	85	3.5	41	1.6
Foxtel from Telstra (previously Premium Pay TV)	**623**	560	526	97	18.4	63	11.3

(i) Includes NBN

(ii) Includes NBN and Belong SIOs.

(iii) Excluded from wholesale broadband SIOs.

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

Note: Statistical data represents management's best estimates.

Workforce

	Half year ended			Jun 15 vs Jun 14		Jun 15 vs Dec 14	
	Jun 2015	Dec 2014	Jun 2014	Change	Change **%**	Change	Change **%**
Employee data							
Full time staff and equivalents	36,165	33,578	32,354	3,811	11.8	2,587	7.7

Note: Statistical data represents management's best estimates.

Product profitability - EBITDA margins

	Year ended 30 June		
	2015	2014	Change
Mobile	**40%**	40%	(0) pp
Fixed Data[(i)]	**41%**	41%	(0) pp
Fixed Voice[(i)]	**55%**	59%	(4) pp
Data and IP	**64%**	65%	(1) pp
Telstra Group	**41.6%**	44.3%	(2.7) pp

Note: Product EBITDA margins are for selected portfolios which are reflective of Telstra's domestic business. These EBITDA margins are based on management estimates and are calculated in accordance with AASB 8 and reconcile with segment information.

(i) Includes NBN

Segment Information from continuing operations

	Total external income Year ended 30 June 2015 $m	2014 $m	Change %	EBITDA contribution Year ended 30 June 2015 $m	2014 $m	Change %
Telstra Retail	**17,252**	16,383	**5.3**	**9,449**	9,369	**0.9**
Global Enterprise and Services	**5,674**	5,257	**7.9**	**2,439**	2,481	**(1.7)**
Telstra Wholesale	**2,586**	2,328	**11.1**	**2,398**	2,127	**12.7**
Telstra Operations	**424**	289	**46.7**	**(2,772)**	(2,900)	**4.4**
Other (excluding Sensis)	**671**	2,039	**(67.1)**	**(769)**	58	**n/m**
Total Telstra segments (excluding Sensis)	**26,607**	26,296	**1.2**	**10,745**	11,135	**(3.5)**
Other - Sensis	**-**	552	**n/m**	**19**	(76)	**125.0**
Total Telstra segments	**26,607**	26,848	**(0.9)**	**10,764**	11,059	**(2.7)**

Revenue by Business Segment

	Year ended 30 June 2015 $m	2014 $m	Change %
Telstra Consumer			
Fixed voice	**2,095**	2,266	**(7.5)**
Fixed data	**1,671**	1,546	**8.1**
Mobile services revenue	**5,438**	4,998	**8.8**
Telstra Business			
Fixed voice	**929**	1,018	**(8.7)**
Fixed data	**356**	348	**2.3**
Mobile services revenue	**2,287**	2,214	**3.3**
Network applications and services	**551**	400	**37.8**
GES Australia			
Mobile services revenue	**908**	875	**3.8**
Data & IP	**1,706**	1,744	**(2.2)**
Network applications and services	**1,589**	1,441	**10.3**

Product profitability - EBITDA margins

	Half-year ended Jun 2015	Dec 2014	Jun 2014
Mobile	**40%**	40%	41%
Fixed Data[(i)]	**39%**	42%	42%
Fixed Voice[(i)]	**54%**	56%	57%
Data & IP	**65%**	64%	66%
Telstra Group	**41.1%**	42.1%	46.6%

Note: product margins represent management's best estimates.
(i) Includes NBN Voice and Data

Product profitability - EBITDA

	Half-year ended Jun 2015	Dec 2014	Jun 2014
Mobile	**2,140**	2,110	1,966
Fixed Data[(i)]	**471**	495	475
Fixed Voice[(i)]	**982**	1,076	1,128
Data & IP	**920**	933	963
Telstra Group	**5,428**	5,317	5,844

Note: product margins represent management's best estimates.
(i) Includes NBN Voice and Data

Summary Reported Half-yearly Data ($ millions)	Half 1 Dec-12	PCP Growth	Half 2 Jun-13	PCP Growth	Full year Jun-13	PCP Growth	Half 1 Dec-13	PCP Growth	Half 2 Jun-14	PCP Growth	Full year Jun-14	PCP Growth	Half 1 Dec-14	PCP Growth	Half 2 Jun-15	PCP Growth	Full year Jun-15	PCP Growth
Revenue																		
Fixed products																		
Fixed voice(i)	2,219	(10.8%)	2,137	(8.2%)	4,356	(9.5%)	2,058	(7.3%)	1,974	(7.6%)	4,032	(7.4%)	1,917	(6.9%)	1,829	(7.3%)	3,746	(7.1%)
Fixed data(i)	1,028	4.4%	1,059	5.7%	2,087	5.0%	1,090	6.0%	1,128	6.5%	2,218	6.3%	1,175	7.8%	1,204	6.7%	2,379	7.3%
Fixed Other	151	(6.2%)	139	(4.8%)	290	(5.8%)	126	(16.6%)	114	(18.0%)	240	(17.2%)	104	(17.5%)	95	(16.7%)	199	(17.1%)
Intercarrier Services	312	22.4%	290	8.6%	602	15.3%	288	(7.7%)	298	2.8%	586	(2.7%)	309	7.3%	311	4.4%	620	5.8%
Total Fixed products(i)	**3,710**	**(4.6%)**	**3,625**	**(3.2%)**	**7,335**	**(3.9%)**	**3,562**	**(4.0%)**	**3,514**	**(3.1%)**	**7,076**	**(3.5%)**	**3,505**	**(1.6%)**	**3,439**	**(2.1%)**	**6,944**	**(1.9%)**
Mobiles																		
Postpaid handheld	2,377	0.3%	2,427	5.4%	4,804	2.8%	2,495	5.0%	2,511	3.5%	5,006	4.2%	2,701	8.3%	2,688	7.0%	5,389	7.7%
Prepaid handheld	351	7.7%	376	14.6%	727	11.2%	419	19.4%	460	22.3%	879	20.9%	498	18.9%	496	7.8%	994	13.1%
Mobile broadband	576	16.8%	620	18.1%	1,196	17.5%	643	11.6%	644	3.9%	1,287	7.6%	649	0.9%	641	(0.5%)	1,290	0.2%
Machine to Machine (M2M)	44	10.0%	46	15.0%	90	12.5%	47	6.8%	54	17.4%	101	12.2%	55	17.0%	58	7.4%	113	11.9%
Satellite	7	0.0%	6	20.0%	13	8.3%	7	0.0%	7	16.7%	14	7.7%	8	14.3%	8	14.3%	16	14.3%
Mobile interconnection	398	(2.2%)	370	2.2%	768	(0.1%)	405	1.8%	379	2.4%	784	2.1%	416	2.7%	431	13.7%	847	8.0%
Mobile services - wholesale resale	47	(31.9%)	58	(14.7%)	105	(23.4%)	61	29.8%	43	(25.9%)	104	(1.0%)	53	(13.1%)	63	46.5%	116	11.5%
Total mobile services	**3,800**	**2.4%**	**3,903**	**7.5%**	**7,703**	**4.9%**	**4,077**	**7.3%**	**4,098**	**5.0%**	**8,175**	**6.1%**	**4,380**	**7.4%**	**4,385**	**7.0%**	**8,765**	**7.2%**
Mobile hardware	767	17.1%	730	6.9%	1,497	11.9%	784	2.2%	709	(2.9%)	1,493	(0.3%)	947	20.8%	939	32.4%	1,886	26.3%
Total mobiles	**4,567**	**4.6%**	**4,633**	**7.4%**	**9,200**	**6.0%**	**4,861**	**6.4%**	**4,807**	**3.8%**	**9,668**	**5.1%**	**5,327**	**9.6%**	**5,324**	**10.8%**	**10,651**	**10.2%**
Data & IP																		
ISDN products	398	(5.2%)	379	(6.7%)	777	(5.9%)	363	(8.8%)	349	(7.9%)	712	(8.4%)	340	(6.3%)	322	(7.7%)	662	(7.0%)
IP access	559	8.1%	570	4.6%	1,129	6.3%	581	3.9%	585	2.6%	1,166	3.3%	590	1.5%	590	0.9%	1,180	1.2%
Other data and calling products	586	(3.3%)	549	(10.6%)	1,135	(7.0%)	554	(5.5%)	536	(2.4%)	1,090	(4.0%)	528	(4.7%)	513	(4.3%)	1,041	(4.5%)
Data & IP Total	**1,543**	**0.0%**	**1,498**	**(4.3%)**	**3,041**	**(2.2%)**	**1,498**	**(2.9%)**	**1,470**	**(1.9%)**	**2,968**	**(2.4%)**	**1,458**	**(2.7%)**	**1,425**	**(3.1%)**	**2,883**	**(2.9%)**
Network applications and services	**662**	**15.3%**	**877**	**27.7%**	**1,539**	**22.0%**	**853**	**28.9%**	**1,110**	**26.6%**	**1,963**	**27.6%**	**1,007**	**18.1%**	**1,411**	**27.1%**	**2,418**	**23.2%**
Media																		
Foxtel from Telstra (previously Premium Pay TV)	302	0.0%	293	(2.7%)	595	(1.3%)	297	(1.7%)	308	5.1%	605	1.7%	322	8.4%	340	10.4%	662	9.4%
IPTV	31	(11.4%)	40	14.3%	71	12.7%	50	61.3%	44	10.0%	94	32.4%	42	(16.0%)	30	(31.8%)	72	(23.4%)
Mobility and other content(ii)	54	(89.7%)	48	(94.9%)	102	(93.1%)	41	(24.1%)	40	(16.7%)	81	(20.6%)	41	0.0%	38	(5.0%)	79	(2.5%)
Cable	61	5.2%	59	(1.7%)	120	1.7%	60	(1.6%)	60	1.7%	120	0.0%	60	0.0%	58	(3.3%)	118	(1.7%)
Media - Total	**448**	**(50.9%)**	**440**	**(67.2%)**	**888**	**(60.6%)**	**448**	**0.0%**	**452**	**2.7%**	**900**	**1.4%**	**465**	**3.8%**	**466**	**3.1%**	**931**	**3.4%**
Other																		
CSL New World	494	13.3%	517	21.9%	1,011	17.6%	630	27.5%	415	(19.7%)	1,045	3.4%	0	n/m	0	n/m	0	n/m
Global connectivity	249	(1.2%)	262	2.3%	511	0.6%	291	16.9%	320	22.1%	611	19.6%	322	10.7%	458	43.1%	780	27.7%
TelstraClear	164	(35.7%)	0	(100.0%)	164	(67.3%)	0	(100.0%)	0	n/m	0	(100.0%)	0	n/m	0	n/m	0	n/m
Other sales revenue	288	62.7%	322	28.8%	610	42.9%	419	45.5%	469	45.7%	888	45.6%	558	33.2%	680	45.0%	1,238	39.4%
Total sales revenue	**12,124**	**(2.3%)**	**12,174**	**(5.1%)**	**24,298**	**(3.7%)**	**12,564**	**3.6%**	**12,555**	**3.1%**	**25,119**	**3.4%**	**12,642**	**0.6%**	**13,203**	**5.2%**	**25,845**	**2.9%**
Other revenue	67	378.6%	109	(10.7%)	176	29.4%	62	(7.5%)	139	27.5%	201	14.2%	78	25.8%	100	(28.1%)	178	(11.4%)
Total revenue	**12,191**	**(1.8%)**	**12,283**	**(5.1%)**	**24,474**	**(3.5%)**	**12,626**	**3.6%**	**12,694**	**3.3%**	**25,320**	**3.5%**	**12,720**	**0.7%**	**13,303**	**4.8%**	**26,023**	**2.8%**
Other income	110	34.1%	192	262.3%	302	123.7%	177	60.9%	799	316.1%	976	223.2%	294	66.1%	290	(63.7%)	584	(40.2%)
Total income	**12,301**	**(1.6%)**	**12,475**	**(4.1%)**	**24,776**	**(2.9%)**	**12,803**	**4.1%**	**13,493**	**8.2%**	**26,296**	**6.1%**	**13,014**	**1.6%**	**13,593**	**0.7%**	**26,607**	**1.2%**
Expenses																		
Labour	2,246	(11.9%)	2,281	(5.7%)	4,527	(8.9%)	2,367	5.4%	2,365	3.7%	4,732	4.5%	2,432	2.7%	2,489	5.2%	4,921	4.0%
Goods and services purchased	3,135	(0.8%)	3,112	3.1%	6,247	1.1%	3,295	5.1%	3,170	1.9%	6,465	3.5%	3,262	(1.0%)	3,585	13.1%	6,847	5.9%
Other expenses	1,978	(3.1%)	1,855	(10.9%)	3,833	(7.0%)	1,852	(6.4%)	2,136	15.1%	3,988	4.0%	1,993	7.6%	2,120	(0.7%)	4,113	3.1%
Operating expense (before interest)	7,359	(5.1%)	7,248	(3.6%)	14,607	(4.3%)	7,514	2.1%	7,671	5.8%	15,185	4.0%	7,687	2.3%	8,194	6.8%	15,881	4.6%
Share of net (profit)/loss from jointly controlled and associated entities	0	n/m	1	n/m	1	n/m	0	n/m	-24	n/m	-24	n/m	-10	n/m	-9	(62.5%)	-19	(20.8%)
EBITDA	**4,942**	**4.0%**	**5,226**	**(4.7%)**	**10,168**	**(0.6%)**	**5,289**	**7.0%**	**5,846**	**11.9%**	**11,135**	**9.5%**	**5,317**	**0.5%**	**5,428**	**(7.2%)**	**10,745**	**(3.5%)**
Depreciation and amortisation	2,068	(5.4%)	2,010	(9.7%)	4,078	(7.6%)	2,013	(2.7%)	1,937	(3.6%)	3,950	(3.1%)	1,989	(1.2%)	1,994	2.9%	3,983	0.8%
EBIT	**2,874**	**12.1%**	**3,216**	**(1.3%)**	**6,090**	**4.6%**	**3,276**	**14.0%**	**3,909**	**21.5%**	**7,185**	**18.0%**	**3,328**	**1.6%**	**3,434**	**(12.2%)**	**6,762**	**(5.9%)**
Net finance costs	477	20.5%	456	(7.3%)	933	5.1%	490	2.7%	467	2.4%	957	2.6%	353	(28.0%)	336	(28.1%)	689	(28.0%)
Profit before income tax expense	2,397	10.6%	2,760	(0.2%)	5,157	4.5%	2,786	16.2%	3,442	24.7%	6,228	20.8%	2,975	6.8%	3,098	(10.0%)	6,073	(2.5%)
Income tax expense	758	10.0%	759	(7.6%)	1,517	0.5%	825	8.8%	854	12.5%	1,679	10.7%	876	6.2%	911	6.7%	1,787	6.4%
Profit for the period from continuing operations	**1,639**	**10.8%**	**2,001**	**2.9%**	**3,640**	**6.3%**	**1,961**	**19.6%**	**2,588**	**29.3%**	**4,549**	**25.0%**	**2,099**	**7.0%**	**2,187**	**(15.5%)**	**4,286**	**(5.8%)**
Profit/(loss) from discontinued operation	**(53)**	**n/m**	**204**	**n/m**	**151**	**n/m**	**(221)**	**317.0%**	**17**	**(91.7%)**	**(204)**	**(235.1%)**	**19**	**(108.6%)**	**0**	**(100.0%)**	**19**	**n/m**
Profit for the period	**1,586**	**7.2%**	**2,205**	**13.4%**	**3,791**	**10.7%**	**1,740**	**9.7%**	**2,605**	**18.1%**	**4,345**	**14.6%**	**2,118**	**21.7%**	**2,187**	**(16.0%)**	**4,305**	**(0.9%)**

(i) Includes NBN

(ii) Mobility and other content includes Classifieds & Advertising

Telstra Corporation Limited

Half-yearly comparison

Year ended 30 June 2015

Summary Reported Half-yearly Data	Half 1 Dec-12	PCP Growth	Half 2 Jun-13	PCP Growth	Full year Jun-13	PCP Growth	Half 1 Dec-13	PCP Growth	Half 2 Jun-14	PCP Growth	Full year Jun-14	PCP Growth	Half 1 Dec-14	PCP Growth	Half 2 Jun-15	PCP Growth	Full year Jun-15	PCP Growth
Selected statistical data																		
Fixed Voice																		
Retail basic access lines in service (thousands)	6,695	(4.8%)	6,524	(5.1%)	6,524	(5.1%)	6,356	(5.1%)	6,245	(4.3%)	6,245	(4.3%)	6,104	(4.0%)	5,981	(4.2%)	5,981	(4.2%)
Wholesale basic access lines in service (thousands)	1,207	0.6%	1,239	5.0%	1,239	5.0%	1,277	5.8%	1,285	3.7%	1,285	3.7%	1,318	3.2%	1,338	4.1%	1,338	4.1%
Fixed voice lines in service (thousands)(i)	**7,902**	**(4.0%)**	**7,763**	**(3.6%)**	**7,763**	**(3.6%)**	**7,633**	**(3.4%)**	**7,530**	**(3.0%)**	**7,530**	**(3.0%)**	**7,422**	**(2.8%)**	**7,319**	**(2.8%)**	**7,319**	**(2.8%)**
Unconditioned local loop (ULL) services in operation (thousands)	1,245	17.3%	1,322	14.0%	1,322	14.0%	1,400	12.4%	1,482	12.1%	1,482	12.1%	1,528	9.1%	1,563	5.5%	1,563	5.5%
Number of local calls (millions)	1,292	(18.0%)	1,143	(19.4%)	2,435	(18.7%)	1,053	(18.5%)	938	(17.9%)	1,991	(18.2%)	876	(16.8%)	750	(20.0%)	1,626	(18.3%)
National long distance minutes (millions)	2,066	(14.6%)	1,868	(17.7%)	3,934	(16.1%)	1,706	(17.4%)	1,539	(17.6%)	3,245	(17.5%)	1,378	(19.2%)	1,175	(23.7%)	2,553	(21.3%)
Fixed to mobile minutes (millions)	1,371	(8.8%)	1,287	(11.2%)	2,658	(10.0%)	1,241	(9.5%)	1,170	(9.1%)	2,411	(9.3%)	1,112	(10.4%)	996	(14.9%)	2,108	(12.6%)
International direct minutes (millions)	222	(7.9%)	240	5.3%	463	(1.3%)	273	23.0%	274	14.2%	546	17.9%	256	(6.2%)	209	(23.7%)	465	(14.8%)
Average fixed voice revenue per user per month ($)	46.34	(7.3%)	45.49	(4.5%)	45.90	(6.1%)	44.53	(3.9%)	43.42	(4.6%)	43.94	(4.3%)	42.73	(4.0%)	41.37	(4.7%)	42.05	(4.3%)
Fixed data																		
Fixed data SIOs - Retail (thousands)	2,684	7.2%	2,772	6.7%	2,772	6.7%	2,847	6.1%	2,956	6.6%	2,956	6.6%	3,043	6.9%	3,145	6.4%	3,145	6.4%
Broadband wholesale SIOs (thousands)	761	(6.6%)	769	0.3%	769	0.3%	777	2.1%	789	2.6%	789	2.6%	816	5.0%	840	6.5%	840	6.5%
Fixed data SIOs (thousands)(i)	**3,445**	**3.8%**	**3,541**	**5.2%**	**3,541**	**5.2%**	**3,624**	**5.2%**	**3,745**	**5.8%**	**3,745**	**5.8%**	**3,859**	**6.5%**	**3,985**	**6.4%**	**3,985**	**6.4%**
Wholesale line spectrum site sharing (LSS) SIOs (thousands)	658	(8.2%)	631	(9.3%)	631	(9.3%)	614	(6.7%)	589	(6.7%)	589	(6.7%)	569	(7.3%)	544	(7.6%)	544	(7.6%)
Average fixed data revenue per user per month ($)	50.29	0.9%	50.52	1.1%	50.34	0.8%	50.75	0.9%	50.98	0.9%	50.74	0.8%	51.53	1.5%	51.15	0.3%	51.30	1.1%
ISDN																		
ISDN access (basic access line equivalents) (thousands)	1,282	(1.7%)	1,285	(0.9%)	1,285	(0.9%)	1,265	(1.3%)	1,225	(4.7%)	1,225	(4.7%)	1,181	(6.6%)	1,137	(7.2%)	1,137	(7.2%)
ISDN average revenue per user per month ($)	51.47	(3.9%)	49.25	(5.5%)	50.19	(5.1%)	47.41	(7.9%)	46.79	(5.0%)	47.29	(5.8%)	47.07	(0.7%)	46.31	(1.0%)	46.70	(1.2%)
IP MAN SIOs (thousands)	28	7.7%	31	14.8%	31	14.8%	32	14.3%	33	6.5%	33	6.5%	34	6.3%	35	6.1%	35	6.1%
IP WAN SIOs (thousands)	106	0.0%	109	2.8%	109	2.8%	110	3.8%	110	0.9%	110	0.9%	109	(0.9%)	111	0.9%	111	0.9%
Mobiles																		
Total retail mobile SIOs (thousands)	14,423	9.2%	15,072	9.1%	15,072	9.1%	15,811	9.6%	16,009	6.2%	16,009	6.2%	16,375	3.6%	16,673	4.1%	16,673	4.1%
Postpaid handheld mobile SIOs (thousands)	6,861	7.2%	7,019	6.4%	7,019	6.4%	7,122	3.8%	7,194	2.5%	7,194	2.5%	7,275	2.1%	7,307	1.6%	7,307	1.6%
Mobile broadband (data cards) SIOs (thousands)	3,336	21.5%	3,570	14.5%	3,570	14.5%	3,672	10.1%	3,679	3.1%	3,679	3.1%	3,809	3.7%	3,866	5.1%	3,866	5.1%
Prepaid mobile handheld unique users (thousands)	2,102	5.7%	2,197	8.3%	2,197	8.3%	2,347	11.7%	2,446	11.3%	2,446	11.3%	2,490	6.1%	2,531	3.5%	2,531	3.5%
Machine to Machine (M2M) (thousands)	888	19.4%	970	19.9%	970	19.9%	1,086	22.3%	1,261	30.0%	1,261	30.0%	1,385	27.5%	1,547	22.7%	1,547	22.7%
Satellite (thousands)	26	8.3%	27	8.0%	27	8.0%	28	7.7%	30	11.1%	30	11.1%	30	7.1%	30	0.0%	30	0.0%
Total wholesale SIOs (thousands)	67	3.1%	241	322.8%	241	322.8%	348	419.4%	379	57.3%	379	57.3%	408	17.2%	465	22.7%	465	22.7%
Mobile voice telephone minutes (millions)	9,906	22.9%	10,504	18.5%	20,410	20.6%	11,633	17.4%	12,194	16.1%	23,827	16.7%	13,240	13.8%	13,395	9.8%	26,635	11.8%
Number of SMS sent (millions)	6,771	15.1%	6,992	13.4%	13,763	14.2%	7,475	10.4%	7,846	12.2%	15,321	11.3%	8,642	15.6%	9,011	14.8%	17,653	15.2%
Blended average revenue per user (incl. interconnection and MRO) ($)	44.29	(7.2%)	43.47	(1.1%)	43.84	(4.9%)	43.35	(2.1%)	42.48	(2.3%)	43.28	(1.3%)	44.55	2.8%	43.58	2.6%	44.11	1.9%
Average postpaid handheld revenue per user (excl. MRO) ($)	65.34	(3.1%)	65.92	2.4%	65.90	(0.5%)	66.80	2.2%	66.20	0.4%	66.57	1.0%	69.71	4.4%	69.08	4.4%	69.51	4.4%
Average postpaid handheld revenue per user (incl. MRO) ($)	58.88	(7.1%)	58.29	(1.3%)	58.80	(4.4%)	58.81	(0.1%)	58.47	0.3%	58.70	(0.2%)	62.22	5.8%	61.45	5.1%	61.94	5.5%
Average prepaid handheld revenue per user ($)	17.79	6.1%	18.44	10.6%	17.94	6.3%	18.90	6.2%	19.79	7.3%	19.98	11.4%	21.50	13.8%	21.19	7.1%	21.32	6.7%
Average mobile broadband revenue per user per month ($)	29.75	(8.5%)	29.93	0.3%	29.80	(4.7%)	29.60	(0.5%)	29.20	(2.4%)	29.59	(0.7%)	28.89	(2.4%)	27.84	(4.7%)	28.49	(3.7%)
Average M2M revenue per user per month ($)	8.66	(9.8%)	8.30	(2.4%)	8.46	(6.9%)	7.69	(11.2%)	7.60	(8.4%)	7.54	(10.9%)	6.93	(9.9%)	6.58	(13.4%)	6.70	(11.1%)
Average satellite revenue per user per month ($)	43.47	(7.6%)	39.46	13.8%	41.32	1.5%	40.43	(7.0%)	40.44	2.5%	39.98	(3.2%)	46.61	15.3%	43.88	8.5%	45.07	12.7%
Premium pay TV																		
Foxtel from Telstra (previously Premium Pay TV)	507	0.6%	500	(0.2%)	500	(0.2%)	500	(1.4%)	526	5.2%	526	5.2%	560	12.0%	623	18.4%	623	18.4%
Labour																		
Full time staff and equivalents	35,157	15.6%	34,679	14.8%	34,679	14.8%	35,807	1.8%	32,354	(6.7%)	32,354	(6.7%)	33,578	(6.2%)	36,165	11.8%	36,165	11.8%

(i) Includes NBN

Note: statistical data represents management's best estimates.