

15 April 2016

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra to sell 47.7 per cent stake in Autohome

In accordance with the Listing Rules, I attach a market release, for release to the market.

Yours faithfully



Damien Coleman
Company Secretary

Telstra to sell 47.7 per cent stake in Autohome

15 April 2016 – Telstra today announced it had entered into an agreement with Ping An Insurance Group for the sale of 47.7 per cent of total issued shares in Chinese online business Autohome for US\$1.6 billion (A\$2.1 billion¹). Telstra will retain a 6.5 per cent interest in Autohome after completing the transaction.

The sale price of US\$29.55 per share reflects a premium of 12.7 per cent to Autohome's volume weighted average price over the past 60 days.

Telstra CEO, Andrew Penn, said Telstra was proud of its role in Autohome's rapid growth since 2008 and it was the right time to realise significant value for Telstra shareholders.

"As one of the largest financial services companies in Asia with a nationwide presence and customer base in China, Ping An will be a strong partner for Autohome," Mr Penn said.

"For the next phase of the company's development, as Autohome moves away from being purely online to operating an offline sales platform in China, it will benefit from a strategic investor in Ping An which has expertise in car insurance and financing.

"Autohome has played an important role in building our presence in the Chinese technology sector and we look forward to working with Ping An and Autohome management as a minority investor in the next stage of the company's evolution."

Telstra expects to book an accounting gain on completion of the sale of approximately A\$1.8 billion in the second half of FY16, the final amount being subject to a number of adjustments, including foreign exchange rates and the value of its retained interest. Completion is subject to any required Chinese regulatory approvals and Autohome Board approval.

"Autohome has been an excellent investment for Telstra and demonstrates the opportunities that exist in the Asia-Pacific region. Asia remains one of the key elements of our growth strategy. We continue to grow our enterprise services businesses in the region with strong consolidation opportunities in our Pacnet business, joint venture in Indonesia and the exploration of future growth opportunities," Mr Penn said.

"In terms of proceeds from the sale, we remain committed to our capital management strategy. We will take a balanced approach in considering the use of these funds, which includes potential capital management options."

Note – The percentage figures of Autohome shares used in this announcement take into account shares that Autohome has reserved but not granted, pursuant to Autohome employee equity compensation plans.

¹ Based on current foreign exchange rates

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About Telstra

Telstra is a leading telecommunications and technology company offering a wide range of services globally, with a focus on the Asia-Pacific region. We offer a full range of services and compete in all telecommunications markets in Australia, including operating the country's largest mobile and Wi-Fi networks. Telstra has operated globally for more than 70 years and today we own and operate one of the largest subsea cable networks in the Asia-Pacific. We provide end-to-end solutions including managed network services, global connectivity, cloud, voice, co-location and satellite solutions.

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