



27 February 2019

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Correction: Half Year Results Briefing Materials

We provide the following correction to:

- the announcements "Telstra Corporation Limited - Financial results for the half-year ended 31 December 2018 – CEO/CFO Analyst Briefing Presentation and Materials" ("Analyst Briefing") dated 14 February 2019; and
- "Telstra Corporation Limited - Transcript from Analyst and Media Briefings – Financial results for the half-year ended 31 December 2018" ("Transcript") dated 18 February 2019.

The Analyst Briefing and Transcript include incorrect figures for underlying return on invested capital (ROIC). Underlying ROIC should have stated 1H18 of 7.6%, FY18 of 9.1% and 1H19 of 6.2%.

- In relation to the Analyst Briefing, the underlying ROIC included in the Capital position slide on Page 23 should have stated 1H18 of 7.6%, FY18 of 9.1% and 1H19 of 6.2%. Attached is revised Capital position slide.
- In relation to the Analyst Briefing, the CFO Speech on Page 13 should have read "Our Return on Invested Capital was 9.7%. Underlying ROIC, which removes nbn one-offs from earnings, was 7.9%[6.2%]."
- In relation to the Transcript, underlying ROIC on Page 11 should have read "Our Return on Invested Capital was 9.7%. Underlying ROIC which removes nbn one-offs from our earnings was 7.9%[6.2%]."

Yours faithfully

Sue Laver
Company Secretary

Capital position



	1H18	FY18	1H19
Gross debt ¹	\$16.4b	\$15.4b	\$16.4b
Cash and cash equivalents	\$0.6b	\$0.6b	\$0.5b
Net debt	\$15.8b	\$14.7b	\$15.8b
Average gross borrowing costs ²	4.8%	4.9%	4.9%
Average debt maturity (years)	4.4	4.3	3.7
Financial parameters³	Comfort Zones		
Debt servicing	1.3 - 1.8x	1.6x	1.5x
Gearing	50% to 70%	53.1%	50.3%
Interest cover	>7x	14.2x	14.0x
Ratios			
Capex to sales ⁴	18.6%	18.6%	19.6%
ROE ⁵	24.4%	25.0%	17.0%
ROIC ⁶	12.7%	13.5%	9.7%
Underlying ROIC ⁷	7.6%	9.1%	6.2%

Gross and net debt were flat year on year. Debt increased since 30 June due to typical seasonality and lower free cashflow

Average gross borrowing costs remain flat

Financial parameters remain within our comfort zones

T22 return targets:

- Underlying ROIC to improve from FY19 to FY22
- Post-nbn ROIC >10%

AASB16, the leasing standard, will be implemented in FY20 and see operating lease costs move onto the balance sheet. Although not an economic change, we estimate the implementation to increase our net debt in the range of \$3.0b - \$3.6b. This estimate is illustrative only and actual impacts will depend on final accounting interpretations and assumptions

1. Represents position after hedging based on accounting carrying values. Gross debt comprises borrowings and derivatives.

2. Represents gross interest cost on gross debt.

3. Debt servicing calculated as net debt over EBITDA (rolling 12mth in 1H19). Gearing calculated as net debt over total net debt and equity. Interest cover calculated as EBITDA over net interest expense (excluding capitalised interest and revaluation impacts on our borrowings and derivatives).

4. 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 capex.

5. ROE is calculated as PATMI as a percentage of equity.

6. ROIC calculated as NOPAT as a percentage of total capital.

7. Underlying ROIC calculated as NOPAT excluding net one-off nbn DA less C2C less tax as a percentage of total capital.