



# Telstra Annual General Meeting 2021



## **Nicole McKechnie**

Corporate Affairs & Regulatory Executive



**John Mullen**  
Chairman



## Items of business

### Item 1

Chairman and CEO Presentations

### Item 2

Discussion of Financial Statements and Reports

### Item 3

Re-election of Directors

### Item 4

Allocation of Equity to the CEO

### Item 5

Remuneration Report

# Board of Directors



**John P Mullen**



**Andrew R Penn**



**Eelco Blok**



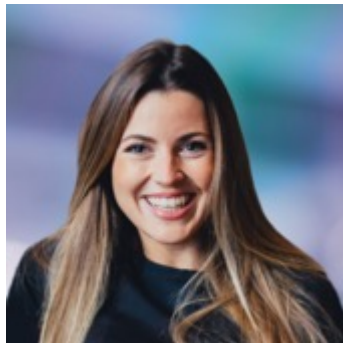
**Roy H Chestnutt**



**Craig W Dunn**



**Peter R Hearl**



**Bridget Loudon**



**Elana Rubin**



**Nora L Scheinkestel**



**Margaret L Seale**



**Niek Jan van Damme**



**2021**





# Our strategy: T25

Our purpose and values

To build a connected future so everyone can thrive

We are changemakers

We are better together

We care

We make it simple

Our strategic pillars

An exceptional customer experience you can count on

Leading network & technology solutions that deliver your future

Sustained growth and value for our shareholders

The place you want to work

Excelling at new ways of working

Accelerating digital leadership

Doing business responsibly

Our businesses

Consumer & Small Business

Enterprise

New Markets

International

Infrastructure



## Our responsibility







## Executive and Board renewal





**An exciting future**



**Andrew Penn**  
Chief Executive Officer



## Agenda

T22 progress and what comes next – T25

FY21 financial results and FY22 guidance

Our financial ambitions for T25

Emerging from COVID #hope



## Our progress on T22



# Financial results



<p>Total income</p> <p><b>\$23.1 billion, -11.6%</b></p>	<p>Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)</p> <p><b>\$7.6 billion, -14.2%</b></p>	<p>Underlying EBITDA on a guidance basis<sup>1,2</sup></p> <p><b>\$6.7 billion, -9.7%</b>  <b>1H21 \$3.3 billion, 2H21 to \$3.4 billion</b></p>	<p>In-year nbn headwind<sup>2</sup>  <b>~\$650 million</b></p> <p>Estimated COVID impact<sup>3</sup>  <b>~\$380 million</b></p>
<p>NPAT</p> <p><b>\$1.9 billion, +3.4%</b></p> <p>EPS</p> <p><b>15.6 cents, +2.0%</b></p>	<p>FCF<sup>2</sup></p> <p><b>\$3.8 billion, +11.6%</b></p>	<p>Total dividend <b>16</b>  <b>cents per share fully franked<sup>4</sup></b></p>	<p>Announced <b>\$1.35 billion</b>  on-market share buy-back</p>

1. This guidance assumed no impairments in and to investments or non-current tangible and intangible assets, and excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum, and excluded the impacts of Pitt St exchange sale and leaseback. The guidance was based on management best estimates of nbn impacts including input from the nbn Corporate Plan currently published at time of issue of this guidance. Refer to Full year results and operations review – guidance vs reported results reconciliation (set out in our ASX announcement titled “Financial results for the full year ended 30 June 2021” lodged with the ASX on 12 August 2021).

2. Refer to definition in the Glossary.

3. COVID impact in FY21 includes estimates across international roaming declines, delayed cost out, customer support and deferred NAS professional services.

4. Total dividend of 16 cents per share fully franked comprising total ordinary dividend of 10 cents per share and total special dividend of 6 cents per share.

# Operating highlights



## Mobile strategy continuing to deliver growth

### Mobile service net adds

- +101k retail postpaid handheld services including +67k branded +34k Belong

### Fixed service net adds

- -69k retail fixed bundle and data services including +10k Belong

## Building value

- **Mobile:** +\$3 TMMC mass market branded growth on pcp and \$170m EBITDA growth on pcp
- **Fixed – C&SB:** Focus on higher speed tiers and add-ons
- **Telstra Health:** FY21 revenue growth 6% and confident for high teens organic revenue growth in FY22

## Improved customer experience

- Episode NPS improved +9 last 12 months and +6 last six months
- Strategic NPS improved +7 last 12 months and +2 last six months

## Continued cost reduction

- \$1.8b or 10.2% decline in FY21 total operating expenses<sup>1</sup>
- \$490m or 8.1% underlying fixed cost reduction in FY21
- \$2.3b underlying fixed cost reduction since FY16. On track for \$2.7b cost reduction with \$430m target in FY22

1. 'Reported lease adjusted' includes all mobile handset leases as operating expenses, and all rent/other leases below EBITDA.

# FY22 guidance



	FY21	FY22 guidance <sup>1</sup>
<b>Total Income</b>	\$22.9b	<b>\$21.6b to \$23.6b</b>
<b>Underlying EBITDA<sup>2</sup></b>	\$6.7b	<b>\$7.0b to \$7.3b</b>
<b>Capex<sup>3</sup></b>	\$3.0b	<b>\$2.8b to \$3.0b</b>
<b>Free cashflow after lease payments (FCFaL)<sup>4</sup></b>	\$3.7b	<b>\$3.5b to \$3.9b</b>

1. This guidance excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management.
2. Underlying EBITDA excludes net one-off nbn DA receipts less nbn net C2C and guidance adjustments. FY20/21 underlying EBITDA also includes depreciation of mobile lease right-of-use assets.
3. Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases.
4. Free cashflow after lease payments defined as 'operating cash flows' less 'investing cash flows' less 'payments for lease liabilities', and excludes spectrum and guidance adjustments.



# T25 financial strategy and ambitions



## Financial strategy

**Build financial momentum across our portfolio** to deliver growth

**Deliver net cost reductions** – \$500m net fixed cost out from FY23 to FY25 while investing for growth

**Focus on cash conversion and generation**

**Active portfolio management to unlock value** and manage our Balance Sheet

**Create shareholder value** through our capital management framework

## Financial ambitions



### Underlying EBITDA<sup>1</sup>

- \$7.5–8.0b by FY23
- Mid-single digit CAGR FY21 to FY25



### Underlying ROIC<sup>1</sup>

- ~8% by FY23
- Grow beyond to FY25



### Underlying EPS<sup>1</sup>

- High-teens CAGR FY21 to FY25



### Dividend

- Maximise fully-franked dividend and seek to grow over time



### Excess cashflow

- Invest for growth and return excess cash to shareholders

1. Refer to definition in Glossary and see disclaimer slide in relation to these financial ambitions



# Emerging from COVID #hope





# Summary





# Telstra Annual General Meeting 2021



## Items of business

### Item 2

Discussion of Financial Statements and Reports

### Item 3

Re-election of Directors

### Item 4

Allocation of Equity to the CEO

### Item 5

Remuneration Report



## Item 2

Discussion of Financial Statements and Reports.

To discuss the company's financial statements and reports for the year ended 30 June 2021.



## Item 3

Re-election of Directors.

To consider and, if thought fit, pass the following resolutions as separate ordinary resolutions:

- a) 'That Roy H Chestnutt, being eligible, be re-elected as a director';
- b) 'That Niek Jan van Damme, being eligible, be re-elected as a director'.

# Items 3a and 3b

Re-election of Directors.



## 3a) Roy H Chestnutt,

Proxy and Direct Votes (combined)

<b>For*</b>	<b>Against</b>
5.30b	136.79m
97.08%	2.50%

\*Includes approximately 32.61 million undirected proxies able to be cast by the Chairman of the meeting.

## 3b) Niek Jan van Damme,

Proxy and Direct Votes (combined)

<b>For*</b>	<b>Against</b>
5.40b	43.92m
98.78%	0.08%

\*Includes approximately 33.43 million undirected proxies able to be cast by the Chairman of the meeting.





## Item 3

Re-election of Directors.

To consider and, if thought fit, pass the following resolutions as separate ordinary resolutions:

- a) 'That Roy H Chestnutt, being eligible, be re-elected as a director';
- b) 'That Niek Jan van Damme, being eligible, be re-elected as a director'.

## Items 4a and 4b

Allocation of Equity to the CEO.

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To consider and, if thought fit, pass the following resolutions as separate ordinary resolutions:

### **a) Grant of Restricted Shares to the CEO**

‘That approval be given for all purposes, for the grant to the Chief Executive Officer and Managing Director, Mr Andrew Penn, of 404,414 Restricted Shares under the Telstra FY21 Executive Variable Remuneration Plan (EVP)’.

### **b) Grant of Performance Rights to the CEO**

‘That approval be given for all purposes, for the grant to the Chief Executive Officer and Managing Director, Mr Andrew Penn, of 462,188 Performance Rights under the Telstra FY21 EVP’.

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## Items 5

Remuneration Report.



To consider and, if thought fit, pass the following resolution as an ordinary resolution:

‘That the Remuneration Report for the year ended 30 June 2021 be adopted.’

Under the Corporations Act, the vote on this resolution is advisory only and will not bind Telstra or the Directors.

# Items 4a, 4b and 5

## Allocation of Equity to the CEO.



### 4a) Grant of Restricted Shares to the CEO

Proxy and Direct Votes (combined)

<b>For*</b>	<b>Against</b>
5.27b	167.25m
96.53%	3.06%

\*Includes approximately 32.03 million undirected proxies able to be cast by the Chairman of the meeting.

### 4b) Grant of Performance Rights to the CEO

Proxy and Direct Votes (combined)

<b>For*</b>	<b>Against</b>
5.35b	94.30m
97.86%	1.73%

\*Includes approximately 32.30 million undirected proxies able to be cast by the Chairman of the meeting.

### 5) Remuneration Report

Proxy and Direct Votes (combined)

<b>For*</b>	<b>Against</b>
5.32b	101.52m
97.72%	1.86%

\*Includes approximately 32.97 million undirected proxies able to be cast by the Chairman of the meeting.

## Items 4a and 4b

Allocation of Equity to the CEO.

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To consider and, if thought fit, pass the following resolutions as separate ordinary resolutions:

### **a) Grant of Restricted Shares to the CEO**

‘That approval be given for all purposes, for the grant to the Chief Executive Officer and Managing Director, Mr Andrew Penn, of 404,414 Restricted Shares under the Telstra FY21 Executive Variable Remuneration Plan (EVP)’.

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‘That approval be given for all purposes, for the grant to the Chief Executive Officer and Managing Director, Mr Andrew Penn, of 462,188 Performance Rights under the Telstra FY21 EVP’.

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## Items 5

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‘That the Remuneration Report for the year ended 30 June 2021 be adopted.’

Under the Corporations Act, the vote on this resolution is advisory only and will not bind Telstra or the Directors.



# Telstra Annual General Meeting 2021