

Witness Statement

Re: Application for merger authorisation by Telstra Corporation Limited and TPG Telecom Limited for sharing of active infrastructure and spectrum in regional Australia

Singtel Optus Pty Ltd

Statement of: **Kelly Bayer Rosmarin**

Address: 1 Lyonpark Road, Macquarie Park, NSW 2113

Occupation: Chief Executive Officer

Date: 19 October 2022

Document number	Details	Paragraph	Page
1	Witness statement of Kelly Bayer Rosmarin dated 19 October 2022		
2	"Exhibit KBR-1", being a bundle of non-confidential documents		
3	"Confidential Exhibit KBR-C1", being a bundle of confidential documents		

I, Kelly Bayer Rosmarin, of 1 Lyonpark Road, Macquarie Park NSW 2113, say:

1. I am the Chief Executive Officer (**CEO**) of Singtel Optus Pty Limited (**Optus**).
2. Exhibited to me at the time of making this statement are two paginated and tabbed bundles of documents marked:
 - (a) **Exhibit KBR-1**, which contains documents in respect of which no claim of confidentiality is made by Optus.
 - (b) **Confidential Exhibit KBR-C1**, which contains documents in respect of which a claim of confidentiality is made by Optus.
3. I joined Optus in March 2019 as Deputy CEO and was appointed CEO in April 2020.

5G investment

4. Investment in a 5G network involves material capital expenditure and is subject to the approval processes.
5. While I was Deputy CEO of Optus, a 5G Business Case was developed and presented to the Management Committee (**MC**) of Singtel Telecommunications Ltd (**Singtel**) and the Singtel Board.
6. I considered the financial analysis of the 5G business case, and the success of previous mobile network investments made by Optus. I am aware that Optus had invested significantly in the preceding years in upgrading its 4G network in regional Australia using Huawei equipment, without the forecast market share growth or returns being achieved.
7. In 2017, Optus announced that it had committed \$1 billion of investment to improve regional mobile services by upgrading 1,800 sites from 3G to 4G and building 500 new 4G sites by the end of June 2018. That followed an ongoing program of investment by Optus which had directed more than \$3.6 billion into its mobile networks since 2015. In addition, Optus opened several stores in regional Australia to support its expanded footprint. A copy of the Optus media release dated 27 July 2017 is at **Tab 1 of Exhibit KBR-1**.
8. Despite this investment, Optus' market share had not improved, and has remained largely static for the 10 years to December 2020. For the full year ended 31 March 2021, Optus' EBITDA declined by 25% and EBIT declined by 77%. A copy of the Optus media release dated 27 May 2021 is at **Tab 2 of Exhibit KBR-1**.

9. **[Begin Confidential]** [REDACTED]
 [REDACTED]
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[End Confidential] The business case made sense because:
- (a) Coverage is one of the most important factors for winning and retaining customers, and the current technological battleground was set to be 5G:
 - i. Investment in 5G is important to attract and retain customers in both regional and metropolitan areas. 5G is important to increasing network capacity and congestion, and therefore the quality of the network that can be provided to customers. This is important as data usage by mobile customers is continually increasing. Consumers have also rated the availability of 5G as an important driver to their decisions about networks driven, in part, by the focused marketing on 5G, particularly by Telstra, in the Australian market.
 - ii. At the time, both Telstra and TPG were focused on their 5G network rollout and it was important that Optus do the same.
 - iii. Regional coverage specifically is important for customers in regional areas, comprising 1.5 million square kilometres and reaching population up to 98.8% of Australia. It is also important for those who visit and those who think they might need to visit the regions, which is at least 30% of metro customers.
 - (b) Relatedly, in a three player market, maintaining scale is important to offsetting high capital costs of mobile network infrastructure. Mobile infrastructure is capital intensive and is currently generating a low ROIC. This capital intensity is compounded by the fact that there are frequent technological changes. Providers are in an almost continuous cycle of infrastructure investment and upgrades.
[Begin Confidential] [REDACTED]
 [REDACTED]
[End Confidential]
 - (c) The modelling showed that Optus would lose value if it did not invest in 5G technology, given its main competitor, Telstra, had committed and was rolling out 5G.
10. The investment case was always challenging:

(a) **[Begin Confidential** [REDACTED]
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(b) The advantages that Telstra has over Optus have been further exacerbated by the Australian Government's announcement of the ban on Huawei equipment in August 2018. This means that upgrading a site to 5G is more expensive and time consuming for Optus than Telstra because existing 4G Huawei equipment in Optus sites needs to be replaced whereas Telstra did not use Huawei equipment. The Huawei decision gave Telstra a material first mover advantage, and permanent cost advantage, on 5G that it has fully exploited. **[Begin Confidential** [REDACTED]
[REDACTED] **End Confidential].**

(c) **[Begin Confidential** [REDACTED]
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16. Telstra has the most extensive rollout of 5G to date with 81% population coverage, as compared to 52% population coverage by Optus at March 2022. Optus has prioritised 5G rollout in metropolitan locations which provide more population coverage and better prospects of market share retention and returns. The rollout process will only get harder and more expensive in regional and remote areas. In the RCZ, Optus has [Begin Confidential] [Redacted] [End Confidential] have Huawei equipment that needs to be replaced.

Project Aurora

17. [Begin Confidential] [Redacted]

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26. [REDACTED]

27. [REDACTED] **End Confidential**

28. The Proposed Transaction was announced on 21 February 2022 and came as a surprise.

29. Up to that time we had been focused on seeking to find a way of expanding the arrangements that accommodated what TPG wanted and its preferences. **Begin**

Confidential [REDACTED]

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What Optus would do if the Proposed Transaction proceeds

30. [Begin Confidential [Redacted text block containing multiple lines of blacked-out content]

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End Confidential]

What Optus would do if the Proposed Transaction does not proceed

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End Confidential]

Signature of witness

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Kelly Bayer Rosmarin

2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	>
January	February	March	April	May	June	July	August	September	October	November	>				
(5)	(13)	(9)	(3)	(4)	(6)	(5)	(0)	(0)	(0)	(0)					

OPTUS TO INVEST \$1 BILLION TO IMPROVE REGIONAL MOBILE COVERAGE

21 July 2017, 10:28 AM

Largest regional capital expenditure program in Optus' 25 year history

Optus today announced its intention to spend \$1 billion to improve and expand its mobile network in regional Australia by the end of June 2018. Today's announcement builds on Optus' ongoing investment program which has directed more than \$3.6 billion into its mobile networks since 2015.

Using the funding, Optus will:

- build 500 new mobile sites across regional and remote parts of Australia, including 114 sites under the Federal Government's Mobile Blackspots Program;
- complete the 4G upgrade program which will upgrade more than 1,800 sites from 3G to 4G technology;
- add additional 4G capacity to more than 200 sites, delivering improved customer experience during periods of high usage;
- continue to roll out its innovative satellite small cell technology, which provides mobile voice and data services to remote areas of Australia, building on Optus' existing rollout of 30 small cell sites across regional Western Australia, South Australia and the Northern Territory; and
- meet the cost of spectrum licences in regional areas.

Allen Lew, Optus' Chief Executive Officer said, "This represents one of the single largest investments in regional mobile infrastructure in Australia's history. Optus' funding is earmarked to expand coverage and improve overall network performance for residents, businesses, and our wholesale partners. It will also help build the network resilience that is critical to supporting public safety and emergency services during natural disasters."

"Optus is building out its mobile network in the places where people live, work and travel to ensure they can lead a vibrant online life. Importantly, we are densifying the mobile network to provide better download speeds for data-hungry applications such as video streaming."

"Regional communities rely on a strong mobile network to support their key industries, and to deliver critical services like health care and education. Through this investment, Optus will help propel regional businesses into national and international markets by providing network reliability; high speed connectivity; and advanced technologies such as cloud and cyber security services that industries need to thrive and grow," Mr Lew said.

The Minister for Regional Development and Regional Communications, Fiona Nash said, "I congratulate Optus on backing regional Australia. An investment of this size is a huge vote of confidence in our regions. Some 500 new towers is a great result for our regions."

As evidence of this commitment, Optus is investing \$4.5 million in Tamworth and the surrounding areas to build 16 new sites at Calala, Tamworth CBD, East Piper Street, Emerald Hill, Carroll, Curlewis, Gunnedah, Tamworth / Oxley Vale, Attunga, Duri, Hallsville, Piallamore, Moonbi, Barraba Central, Bendemeer and Kingswood. Nine of these sites are being co-built with another carrier.

This network expansion comes off the back of the \$1.5 million investment Optus has made in the Tamworth region over the past 12 months to build new sites and upgrade existing towers with 4G capacity.

The Hon Deputy Prime Minister and Member for New England, Barnaby Joyce, welcomed Optus' investment in the New England Electorate.

"These new sites announced by Optus today add to the already significant investment in the New England Electorate by the Federal Coalition Government under the Mobile Blackspot Program which will see 37 new or upgraded mobile phone towers built to improve coverage for local residents. It is great to see this investment by Optus and I look forward to working with them and other telcos to improve local mobile coverage," Mr Joyce said.

Mr Lew said Optus is confident that over the next year, more Australians will see their Optus services improve even further, with better call quality and more reliable data services.

"I challenge regional Australians to put Optus' network to the test for themselves. Try our network and if you're not satisfied, simply contact us within 30 days to cancel the service, return the handset in good working order, and there won't be any plan cancellation fees," Mr Lew said.

Media contact:

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Optus Corporate Affairs

media@optus.com.au(mailto:media@optus.com.au)

The following list provides a small snapshot of some areas that will benefit from Optus' mobile network investment program:

New South Wales	-	-	-
Yelgun	Milton	Sutton	Captains Flat
Calala	Smiggin Holes	Willamsdale	Brooms Head
Shoalhaven Heads	Casino	Bywong	Iluka
Lakewood	Corindi Beach	Colombatti	Adaminaby
Mudgee	Coffs Harbour	Darling Point	North Nowra
Clouds Creek	Moonee Beach	Balranald	Hanwood
Wandandian	Pimlico	Temora	Sanctuary Point
Bowral	Toormina	Trungley Hall	Basin View
Yamba	South Nowra	Cargo	Vincentia

Inverell	Sussex Inlet	Napoleon Reef	Kingswood
Gunnedah	Nowra Hill	Wyangala	Lake Cargelligo
Arrawarra Headland	Woodburn	Tarkeeth	Bogan Gate
Greenhill	Lake Conjola	Summer Hill Creek	Dunoon
Gundagai	Warnervale	Firefly	Nimbin
East Kempsey	Junee	Magenta	Blighty
Termeil	Downside	Kosciuszko National Park	Old Junee
Cunjurong Point	Uranquinty	Kew	Broken Hill
Tumut	Jindabyne	Scotts Head	Cooma
Ulladulla	Jindera	Oxeley Vale	Wamboin
Valla	Port Macquarie	Glenthorne	Karabar
Toukley	-	-	-

Queensland	-	-	-
Wumalgi	Tungamull	Mount Sheridan	Julago

West Hill	Whyanbeel	Heatley	Rangewood
Kingfisher Bay	Redridge	Annandale	Alice River
Kimberly	Avondale	North Ward	Fraser Island
Toowoomba	Springbrook	Townsville	Highfields
Maroochydore	Tamborine	Tinaroo	Hamilton Island
Airlie	Kilkivan	Craignish	Cape Tribulation
Devonport	Maidenwell	Maroondan	Bouldercombe
Rural View	Haden	Mirani	Homebush
Gooburrum	Woodbury	Bakers Creek	Taranganba
Gracemere	Pawngilly	Dundathu	Yangan
Torquay	Hampton	Norman Gardens	Ooralea
Port Douglas	Winfield	Tamborine Mountain	Parkhurst
Kingaroy	-	-	-

South Australia	-	-	-
Carrickalinga	Port Elliot	Kadina	Encounter Bay
Cockatoo Valley	Port Hughes	Langhorne Creek	Farm Beach

Currency Creek	Puntabie	Mindarie	Georgetown
Yahl	Winninowie	Moonta Bay	Jamestown
Nuriootpa	Wolseley	Parawa	Wynarka

Tasmania	-	-	-
Devonport	Lower Barrington	Forth	Sassafras
Railton	Coles Bay	Cradoc	Latrobe
Cradle Mountain	Eaglehawk Neck	Orford	Buckland

Victoria	-	-	-
Wye River	Riddells Creek	Deep Lead	Ardmona
Kennett River	Lower Norton	Miners Rest	Bushfield
Lakes Entrance	Laharum	Yaapeet	Point Danger
Warrnambool	Toolamba	Waubra	Bowser
Traralgon East	Benalla	Amphitheatre	Hotham Heights
Allansford	Lake Tyers Beach	Lake Meran	Paynesville
Ararat	Buchan	Wandiligong	Forge Creek

Bairnsdale	Wy Yung	Myamyn	Boorool
Lexton	Barnsdale South	Mia Mia	Dhurringile
Colac	Gisborne South	Bena	Chocolyn South
New Gisborne	Cardross	Leneva	Wodonga
Dennington	Heyfield	Nullawil	Beechworth
Mooroopna	Horsham	Cobungra	Narbethong
Morwell	Johnsonville	Mildura	Mount Buffalo
Nichols Point	Waldara	East Sale	-

Western Australia	-	-	-
Quindalup	Gledhow	Learmonth	Dunsborough
Burnside	Kendenup	North Carnovan	Gracetown
Broadwater	Monkey Mia	Millars Well	Yalyalup

27 May 2021

Optus sees signs of growth in the face of continued industry headwinds and COVID impacts

For the full year ended 31 March 2021, Optus' results reflect the continued impacts of the COVID-19 pandemic and its associated travel restrictions on revenues from visitors, students and outbound travellers, as well the structural impacts of the NBN.

Operating revenue declined 7% to A\$8,320 million, EBITDA declined by 25% and EBIT declined 77% due to the COVID-19 pandemic impacts, lower NBN migration revenues, and market headwinds which led to lower equipment sales and leasing revenues as well as lower fixed broadband margins from higher NBN costs as customer bandwidth consumption continued to rise.

Free cashflow for the year was solid at A\$758 million.

Acknowledging the difficult year, Kelly Bayer Rosmarin, Optus CEO, said:

"This has been a challenging year with COVID-19 and structural NBN impacts affecting the whole industry. However, Optus continued to prioritise keeping Australians connected, ensuring our teams were safe and employed, and investing in our network, customer service and digital experiences. During the second half of the year we've seen improvements across the board as a result of disciplined execution of those priorities."

In the second half ended 31 March 2021, Optus saw good momentum with growth of 5% in operating revenue, 5% in EBITDA and 73% in EBIT when compared to the first half, driven by stronger equipment sales, improved mobile net connections and ARPU growth.

Optus has continued to differentiate with product innovation, expanding its unique family offers, adding Family Internet plans with a WiFi Booster to the successful Family Mobile plans. Optus also introduced OptusPay, an interest-free device payment option which allows customers the flexibility to pay off their device over time, and Game Path, a feature which delivers a 30% reduction in lag for gamers.

Operating revenue in the second half of the year declined 5% year-on-year to A\$4,255 million, mainly driven by NBN migration revenue tapering off from the previous year's high as migrations near completion. Excluding NBN migration revenues, operating revenue was stable.

Mobile service revenue returned to growth driven by higher postpaid revenue from increased penetration of Optus Choice plans. This resulted in total Optus ARPU postpaid growth of 4% compared to the corresponding half year.

COVID-19 shutdowns and travel restrictions which curtailed inbound and outbound travellers and foreign students negatively impacted customer growth, roaming and prepaid revenues. Excluding these impacts, mobile service revenue would have increased by mid-single digit. Equipment sales revenue increased 2% year on year driven by higher activations due to increased premium handsets sales.

Ms Bayer Rosmarin stated that the second half revenue growth and disciplined price management indicates new momentum for Optus.

"Through these challenging times we've kept customers at the very heart of our decision making, demonstrating our commitment through clear product leadership and innovative solutions such as our Unlimited Data Days, introduction of our Optus Fitness streaming service, and continued digital developments with My Optus App, the leading telco app."

Optus Enterprise saw EBITDA growth, reflecting a combination of improved sales volumes, strong cost stewardship and support for enterprises seeking to lockdown-proof their workforces.

Ms Bayer Rosmarin said: “We will continue to deliver customer-led differentiation through digitalisation, the Optus Living Network and 5G speed leadership, and it’s deeply rewarding to see the satisfaction this brings to our customers.”

Independent benchmark tests confirmed Optus’ 5G speed leadership in Sydney and Melbourne, Australia’s two largest cities, and Optus switched on 5G connectivity at the Optus Stadium in Perth as a showcase of its customer-focused 5G rollout.

Optus completed the strategic acquisition of the amaysim mobile business to disrupt the MVNO market and offer greater choice for value-seeking customers.

Optus Sport secured the rights to Copa América 2021 and 2024 and the UEFA Women’s Euros 2022 to cement its position as the home of premium quality football. Optus Sport also added new home fitness content to the OS Fitness offering, broadening its appeal beyond football fans. Continuing the focus on promoting health and fitness, Optus announced a partnership with AIA to provide Optus and AIA customers access to exclusive offers and incentives which encourage active healthy lifestyles.

Media contact

Sally Oelerich

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Financial Highlights

	31 Mar		YoY Chge %	31 Mar		YoY Chge %	2021		HoH Chge %
	Half Year			Full Year			Half Year		
	2021 A\$m	2020 A\$m		2021 A\$m	2020 A\$m		H2 A\$m	H1 A\$m	
Operating revenue	4,255	4,497	(5)	8,320	8,954	(7)	4,255	4,064	4.7
EBITDA - margin	1,021 24.0%	1,262 28.1%	(19)	1,998 24.0%	2,652 29.6%	(25)	1,021 24.0%	977 24.0%	4.5
EBIT	120	358	(67)	189	837	(77)	120	69	72.7
Profit / (loss) before exceptional items and tax	45	259	(83)	12	617	(98)	45	(33)	nm
Underlying net profit / (loss)	31	179	(83)	8	431	(98)	31	(23)	nm
Net (loss) / profit	(181)	167	nm	(208)	402	nm	(181)	(27)	@

nm denotes not meaningful

@ denotes more than 500%



16 September 2021

The Manager

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Australian Securities Exchange
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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra's T25 strategy to deliver growth, exceptional customer experiences, and continued network and tech leadership

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

Authorised for lodgement by:



Sue Laver
Company Secretary



Telstra's T25 strategy to deliver growth, exceptional customer experiences, and continued network and tech leadership

- **5G network coverage to be extended to 95 per cent of population**
- **Regional coverage to be expanded with 100,000 sq km of new 4G and 5G coverage**
- **Customer experience strategic NPS uplift of 25 points across all segments**
- **Telstra Plus members targeted to grow to 6 million by FY25**
- **Mid-single digit underlying EBITDA and high-teens underlying EPS CAGR to FY25¹**
- **Maximise fully-franked dividend and seek to grow over timeⁱⁱ**
- **Further \$500 million net fixed cost out from FY23 to FY25**
- **Greater access to towers assets with 250 new towers and 700 additional tenancies**
- **Employee engagement in 90th percentile**

Thursday 16 September 2021 –Telstra today announced its T25 strategy to accelerate growth, enhance customer experiences through predictive analytics and localised support, and capitalise on permanent shifts in how people work and live.

To commence from 1 July 2022, T25 will be built on four strategic pillars to deliver:

- An exceptional customer experience you can count on
- Leading network and technology solutions that deliver your future
- Sustained growth and value for shareholders
- The place you want to work.

Telstra CEO, Andrew Penn, said the company's T22 strategy had fundamentally transformed Telstra and paved the way for T25 to deliver growth.

"T22 has been one of the largest, fastest and most ambitious transformations of a telco globally and today we are a vastly different company," said Mr Penn.

"This means we are poised for growth as our society and economy increasingly digitises and we all work, study, transact and get our entertainment online. These fundamental shifts, together with T25, will underpin our future growth and shareholder value.

"If T22 was a strategy of necessity, T25 is a strategy for growth," said Mr Penn.

T25 aims to provide a range of benefits including:

- **Consumer and small business customers:** will get exceptional customer experiences as telco, energy and tech products and services are personalised and localised for individual customers using predictive analysis. This will be supported by one of the country's largest retail footprints, Australian-based contact centres and a 24/7 digital shop, delivered on Australia's biggest and best mobile network – including the leading 5G network.
- **Enterprise customers:** will have access to Australia's largest one-stop-service shop providing a range of managed and consulting services, telco products (connectivity, cloud, IoT and cyber security) and in-house expertise of Telstra Purple to help customers digitally transform and grow.
- **Regional customers:** will see regional coverage expanded by 100,000 sq km of new 4G and 5G coverage, extending Telstra's network reach even further.
- **Shareholders:** Telstra will aim for sustained growth and value by targeting mid-single digit underlying EBITDA and high-teens underlying earnings per share CAGR from FY21 to FY25¹. T25 also aims to deliver \$500 million of net cost reductions, cash conversion and generation, active portfolio management and shareholder value through an updated capital management framework.
- **Employees:** will work for a leading employer with an employee engagement in the 90th percentile as Telstra continues to invest in one of the world's largest Agile workforces, accelerates digital leadership and continues to set the standard in hybrid working.
- **The community and nation:** will experience Telstra's responsible business commitments across environmental, social and corporate governance as a core part of T25, including support for at least one million vulnerable customers to stay connected, reducing carbon emissions by 50 per cent by 2030 and continuing to build fairness, inclusion and accessibility into products and services.

Mr Penn said Telstra's purpose, to build a connected future so everyone can thrive, and its values would underpin its responsible business approach which was core to T25's four strategic pillars.

Pillar 1: An exceptional customer experience you can count on

"As connectivity increasingly powers our lives, Telstra will respond by providing an easy-to-access, expanded range of telco and energy services with Australia's biggest and best mobile network for consumers and small businesses," Mr Penn said.

"We will also establish a fully integrated channel experience so customers wanting a telco product or service, energy, tech equipment or an integrated home solution, can use the channel of their choice at a time of their choice.

"On top of this, our customer experience will become even more localised and, as a result, customers will be able to call us and speak to an Australian contact centre service rep or visit a local expert in our Telstra owned store network.

"We will use technology, AI and analytics to provide customers a more personalised experience with products and services, and to predict and resolve issues before customers know they are happening.

"We will also continue to lead and differentiate with our fixed network, because while the nbn might be fully rolled out, not all retail service providers on the nbn are the same. How we connect our customers will be differentiated. We will enhance the in-home customer experience through upgrades to the Telstra Smart Modem, Telstra TV, WiFi Doctor and other capabilities in our pipeline. Our energy customers will also be provided with smart meters for a holistic in-home solution.

"These capabilities will make it even easier for our customers to engage with us. We will get to a point where for more than 90 per cent of customer services they will only need to engage with us once and it is done – no more interactions – just once and done."

Telstra's rewards program, Telstra Plus, already has 3.5 million customers, and under T25 it will be expanded into a full sales and marketing channel.

"We will scale Telstra Plus to bring personalised offers that are not available anywhere else so we reward and thank our customers, and build it to rival the best rewards programs in Australia," said Mr Penn.

"To do this we will leverage our many relationships with Australia's largest enterprises and partner with small businesses to create greater reach into local markets. It is a huge opportunity, and we are targeting 6 million Telstra Plus members by FY25, to make it one of the largest rewards programs in the country."

Under T25, Telstra Enterprise customers will increasingly rely on Telstra to help deliver their business outcomes with telco products, edge compute, cyber security, cloud, AI and IoT delivered and managed by Telstra Purple.

"The pervasiveness of technology in businesses today and its ability to transform their operations no longer means one size, or one solution, fits all. Enterprise customers want tailored technology solutions to solve their most pressing business problems and opportunities," Mr Penn said.

"To meet this need we have structured our enterprise business to have greater industry alignment with technology services experts in specific industries, providing scalable industry-specific solutions.

"Through T25, our enterprise customers will continue to benefit from our work to reduce product complexity, improve our sales capability, and improve customer support. We expect these changes to contribute to mid-teens EBITDA margins for our NAS business."

Pillar 2: Leading network and technology solutions that deliver your future

Mr Penn said T25 would maintain Telstra's investment in leading networks including its mobile network, with the country's best coverage, speed, latency, resiliency and domestic core connectivity.

"Our customers will keep enjoying our investment in 5G, which will deliver approximately 95 per cent population coverage, including a 100,000 sq km increase in our 4G and 5G network footprint, substantially increasing regional coverage.

“Over the next 3-5 years this will be supported by our continued 5G network roll-out and the doubling of metro cells to increase density for greater capacity and speed. As a result, we expect 80 per cent of all mobile traffic to be on 5G by FY25.

“We will have extended our 4G coverage to 100 per cent of our network by FY24 enabling us to continue to lead in composite coverage, speed, and performance for 4G and 5G as we close 3G. This will set us up well for early planning on 6G which will clearly be on the agenda by the end of T25.

“Increasingly, it is not just the physical network where we can differentiate. Historically key aspects of functionality in networks have been relatively static. But now with software, we can dynamically manage all aspects of our network experience and boost security with our 5G network and edge compute capabilities so customers, from those at home to big businesses, can rely on safe and secure services.

“Across our network and tech platforms we are also building ever-increasing resilience with the creation of small blast zones and automated orchestration. So, if one part of the network goes down, the network automatically reconfigures to ensure the smallest possible number of customers and services are affected.”

Pillar 3: Sustained growth and value for shareholders

Under T25, Telstra will deliver on its ambition of increasing underlying ROIC to around 8 per cent by FY23, mid-single digit underlying EBITDA and high-teens earnings per share CAGR from FY21 to FY25¹.

Telstra's updated capital management frameworkⁱⁱ, effective from today, includes principles to maximise fully-franked dividends and seek to grow them over time, to invest for growth and to return excess cash to shareholders.

Through delivery on its T25 commitments, Telstra is confident in maintaining a minimum 16 cent per share fully franked dividend, subject to no unexpected material events and the requirements of its capital management framework.

“Our financial ambition is to maintain leading operating cost metrics for a full service telco through capex discipline and efficiency and cost reduction from completing the decommissioning or exiting of legacy IT systems,” Mr Penn said.

“We will deliver a further \$500 million of cost reductions on top of the \$2.7 billion already committed for T22, while at the same time investing for growth. The profitable growth of our Health and Energy businesses at scale will also contribute to our future success.

“We will continue active portfolio management to unlock value and to manage balance sheet settings consistent with an A band credit rating, and create value through our capital management framework.

“The restructure of Telstra with a new holding company and four key subsidiaries – Infra Co Fixed, Amplitel (or Infra Co Towers), Telstra Ltd (or ServeCo) and Telstra International – is the key final step in our T22 commitment to establish a standalone Infrastructure business to drive performance and set up optionality.

“We are seeking to implement the restructure through a shareholder and Court approved scheme of arrangement.

“All steps in the restructure process are progressing well. We are optimistic of finalising the restructure before the end of T22 and we expect to be well positioned to progress to the next stage in preparing for monetisation opportunities as part of our T25 strategy announced today.

“Given the number of external factors that need to occur ahead of a shareholder vote, some of which are beyond our control, and the sequencing of this around the holiday season, the scheme meeting is now likely to be early next year.

“We also know the Government is considering amendments to legislation, so that it appropriately reflects our new structure once it is implemented.

“In making these changes the Government is applying a principle of regulatory equivalence – that is the regulatory obligations that currently apply to Telstra would also apply to the entities in the new corporate group in effectively the same way.”

Pillar 4: The place you want to work (Telstra as a top employer)

Mr Penn said there was no doubt the experience over the last 18 months with COVID-19 had completely

turned work on its head so companies that will be successful in the future will be those that embrace change and use it as a catalyst to create the place people want to work.

“We will bring this to life at Telstra by excelling in new ways of working, accelerating digital leadership and by doing business responsibly.

“Through T22 we have moved almost 17,000 people to work in Agile, at scale, and under T25 we will expand our BizDevOps approach to bring our developers, operational teams and business teams closer together so we are more responsive to customer needs and quicker to market.

“We’ll also continue investing in our digital leadership including improving our products, processes and experiences with proactive and predictive artificial intelligence and machine learning capabilities.

“We expect to have 100 per cent of key business applications using API first architecture and 90 per cent of applications on public cloud infrastructure by 2025.

“Our digital-first mindset and agile ways of working will make us one of the most responsive and customer-focused telcos in the world.

“Promoting flexibility and sustainable hybrid work is going to be critical to attract and retain the best talent. We will also continue investing in new skills and a workplace fit for the future, where technology, tools and work practices support our people to be engaged and productive regardless of where they choose to work.

“As part of our focus on being a responsible business we have also set ourselves ambitious goals to reduce our absolute emissions and to be the largest certified carbon neutral company in Australia.

“We will also continue our programs to address barriers stopping people going online particularly for regional and remote Australians, and to connect one million vulnerable customers and build digital skills for 500,000 Australians.”

Finishing the job on T22

Mr Penn said he was incredibly proud of what had been achieved with T22 so far and the foundation it had created for T25.

“Successfully implementing T22 has been a huge feat when you consider it’s one of the largest transformations ever undertaken by a telecommunications company and with the added complexity of managing through COVID-19.

“Through T22 we have set the foundation for our future success. We have simplified our operations and products, improved customer experience and reduced our cost base and our InfraCo plans are well progressed, helping us deliver value to shareholders. While T22 has been a success, we have more to do. We are determined to finish the job.

“Today’s announcement of T25 marks our transition from transformation to growth, from a strategy we had to do, to a strategy we want to do to focus on growth. It is a strategy that builds on the strong foundations we have built over the last three years and remains focussed on what matters most – our customers, our people, our shareholders and on supporting the creation of a vibrant digital economy for Australia.”

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ⁱ Underlying EBITDA defined as “EBITDA excluding net one-off nbn receipts and guidance adjustments. FY21 underlying EBITDA also includes depreciation of mobile lease right-of-use assets.” Underlying EPS defined as “Profit after Tax and Minority Interests (PATMI) from continuing operations excluding net one-off nbn receipts and guidance adjustments per share”. These financial ambitions are not guidance – see disclaimer in slides contained in the management presentation materials lodged with the ASX today.

ⁱⁱ Further details on the updated Capital Management Framework are set out in the CFO’s slides contained in the management presentation materials lodged with the ASX today.