



CONVERGED COMMUNICATIONS
COMPETITIVE INTELLIGENCE

Market reports

TELSYTE EQUITY RESEARCH REPORT, TELSTRA

April 2008

Telsyte's Equity Research program on Telstra (TLS: ASX) is a sophisticated bespoke product offering that can be used as a primary reference resource and support tool for investment management professionals and individual investors.

This Equity report offers a detailed and comprehensive operational analysis of Telstra's strategies and executions and focuses on providing a qualitative review of the company's operating environment and business outlook. Our report can form the basis for, but does not provide in itself, a financial or valuation report on Telstra.

This Equity Research report on Telstra provides an authoritative assessment of the key business drivers, major trends, and most critical developments in the telecommunication sector. The content of the report also includes detailed discussion, analysis and likely impact of various scenarios on Telstra's key financial measures. Focused Scenario assessments are provided as updates to the first report and will include:

- *Changes to the implementation of Telstra's Transformation Plan;*
- *Sum-of-the-Parts break-up of Telstra;*
- *Effect of Access Regime changes to Telstra FTTn network;*
- *The implementation of a partly Government funded FTTN network;*
- *Structural Separation implications of a partly Government funded FTTN; and*
- *Implications for an enforced maintenance of an ongoing Copper Access Network.*

The purpose of this report is to assist your organisation to make a better informed judgement of Telstra's prospects seen from the operational analysis viewpoint. Whether you undertake your own analysis, or rely on others, this report series becomes an invaluable resource you can use with convenience, foresight and confidence.

The information contained in this report has been obtained from analysis derived from published data, dedicated carrier and industry experience, together with ongoing research competency in both the Australian telecommunication sector and with cross reference to international comparables.

Telstra is Australia's incumbent telecommunication carrier. It was partly privatised in 1997 and fully privatised in 2006. Telstra is one of the country's largest listed companies. The company has strong brand recognition and provides a broad range of telecommunications and information services. Telstra has generally outperformed international peers despite strong regulatory pressures.

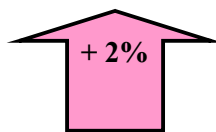
DIFFERENTIATING FACTOR

Telstra is in a dominant position operating in an increasingly competitive market. It benefits from having a broad base of high-value customers and leveraging its huge economies of scale; it delivers its products cost effectively. Further, it has a focused management team, strong cash flows and has effectively pursued a number of growth opportunities, including its 3G 850 MHz wireless mobile and broadband network investments. Telstra has capitalised on being the first mover in these high growth segments.

COMPETITIVE STRENGTHS

- Only fully Integrated Telco player
- Strong market share in all sectors
- Strong stable cash flow and balance sheet strength
- Economies of scale and scope
- Strong focus on Innovation
- Proven track record
- Executing transformation plan

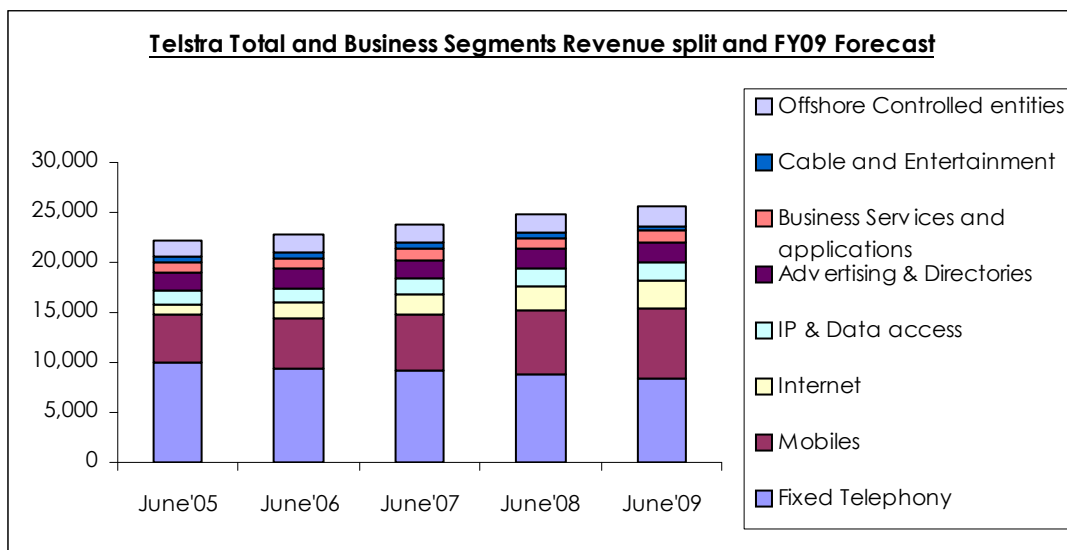
TELSTRA'S MARKET SHARE IN TELECOMMUNICATION SECTOR (In terms of Revenue)



(Total Telstra Market Share: 51% in 2006 to 53% in 2007)

Telstra continues to win in the key markets – 3G mobiles, broadband, and directories and has managed to stem the PSTN decline, albeit temporarily- despite strong competition.

Summary of Segmented and Total Revenue projections (Value in Millions)



Telsyte's "Equity Research Report – Telstra" is an 18-page report representing a \$4,970 (plus GST) investment and includes 7 Figures and 3 Tables.

It is complimented by Telsyte's "Equity Research Quarterly Update – Telstra", that updates relevant financial metrics and forecasts for 5 years, focuses on implications of key strategic issues, and analyses likely changes in operational outlook. It is published quarterly and represents a \$2,475 investment (plus GST).

Table of Contents

Section	Description	Page
1	OVERVIEW	1
2	COMPANY BACKGROUND	2
	Differentiating Factor	2
	Competitive Strengths	2
	Customers And Competitors	2
	Latest Developments	3
	Transformation	3
3	BUSINESS COMPOSITION AND MARKET SHARE (BY SEGMENTS)	4
	Fixed Telephony	4
	Mobiles	5
	Internet	5
	IP & Data Access	6
	Advertising & Directories	6
	Cable TV/FOXTEL	6
	Offshore Services	6
4	INDUSTRY OVERVIEW	7
5	COMPETITIVE STRENGTHS	10
6	RISKS AND CONCERNS	11
7	FINANCIAL KPIS	13
	Total Expenditure	14
	Historical and Projected Revenue (by segments), 2005-2009	15
	Growth trends (by Major Segments)	16
8	GLOSSARY	17

Figures

Figure	Page
Figure 1 – Telstra's business composition by segments, 2006-2007	4
Figure 2 – Telstra's yearly growth trend by key parameters, 2006-2007	13

Figure 3 – Telstra's half yearly growth trend by key parameters, Dec'2006- Dec'2007	13
Figure 4 – Telstra's yearly composition of total expenditure (value in millions), 2005- 2007	14
Figure 5 – Telstra's half yearly composition of total expenditure (Value in millions), 2005- 2007	14
Figure 6 – Telstra's total and business segments revenue split and FY09 forecast (Value in millions)	15
Figure7– Telstra's growth trend by major segments, 2006-2009	16

Tables

Table	Page
Table 1 – Telstra's Financial KPIs (2006-2009)	1
Table 2 – Summary of segmented and total revenue projections (Value in millions), 2005-2009	15
Table 3 – Factors contributing to the growth trend in major segments	16

Report Pricing

All reports are delivered in password protected Adobe PDF format. Reports are Print and Search enabled.

Reports will be licensed to the subscribing company.

The subscriber will not be permitted to disclose the report or its contents to any additional third parties, and must ensure that any person within the subscriber company's organisation who has access to the content of this report abides by the requirements of this Confidentiality undertaking.

Report Description	Report Value	GST	Total (inc GST)
Telsyte Equity Research Report, Telstra	\$4,970.00	\$497.00	\$5,467.00

How to order

Purchase PDF-based report online

On [Market Reports](#) page, browse to **Telsyte Equity Research Report - 1st Report - Telstra** report and click on "Purchase Now"

Fax the form to Telsyte at (02) 8297-4633 (International: +61-2-8297-4633) or

Call (02) 8297-4650 (Please have you credit card details ready) or

Email your order to: info@telsyte.com.au (include all information on the order form below):

Mr Mrs Ms: _____
First Name _____
Surname: _____
Position: _____
Company: _____
Postal Address: _____

Postcode: _____
Phone: _____
Email Address: _____

Payment Options:

- Cheque - Enclosed is a cheque for \$_____ Cheques payable to: "Gibson Quai - AAS Pty Ltd" [Telsyte is a business unit of GQ - AAS]
- Please invoice my company (I understand that the report will be sent after the invoice is paid in full)
 - Please charge the following credit card:
 Visa Bankcard Mastercard American Express

Card Number: _____
Expiry Date: _____
Signature: _____