

SE **Business**

HD **Telstra FY14 Profit Up 14%; Hikes Dividend, Unveils A\$1 Bln Share Buyback**

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(RTTNews) - Australian telecom giant Telstra Corp. Ltd. (TLS.AX, TLSYY) on Thursday reported a 14 percent increase in profit for fiscal 2014, reflecting higher revenues and a gain on **sale** of the **company's** **Hong Kong** mobile unit. In addition, the **company** increased its final dividend by 7 percent and announced a share buyback of A\$1 **billion**.

For fiscal 2014, profit attributable to **equity** holders of Telstra increased to A\$4.28 **billion** from restated A\$3.74 **billion** in the prior year. On a per share basis, earnings grew to 34.4 Australian cents from 30.1 Australian cents last year.

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The latest year's results include a gain of A\$561 **million** on the **sale** of the **company's** 76.4 percent **stake** in its **Hong Kong** mobile unit CSL to HKL Ltd. During the year, the **company** also completed the **sale** of a 70 percent **stake** in its Sensis directories **business**.

Sales revenue for the year grew 3 percent to A\$25.12 **billion** from restated \$24.30 **billion** in the previous year.

Revenue from Telstra's fixed **business** decreased by 0.8 per cent overall to A\$7.25 **billion**. However, fixed data revenue grew by 6.3 per cent to A\$2.22 **billion**. But more customers moving onto bundled plans led to a 7.5 percent decrease in revenues for the **company's** fixed voice **business** to A\$4.03 **billion**.

Mobile revenue for the year grew 5 percent from last year to A\$9.67 **billion**. The **company** added 937,000 domestic mobile customers in the year, bringing its total number of mobile customers to 16 **million**.

Looking ahead to financial year 2015, Telstra expects continued low single-digit income and EBITDA growth to offset the absence of CSL 2014 operating revenue and EBITDA. As a result, and after excluding the \$561 **million** profit on the **sale** of CSL in 2014, Telstra expects its income and EBITDA guidance for 2015 to be "broadly flat".

Telstra also said it has increased the final dividend by 7.1 percent to 15 Australian cents. Including the first-half interim dividend of 14.5 Australian cents, the fully-franked dividend payment for fiscal 2014 is 29.5 Australian cents. This represents an increase from the total dividend payment of 28 Australian cents in 2013.

The record date for the final dividend will be August 29, 2014, with payment being made on September 26.

The **company** also announced an off-market share **buy**-back of up to about A\$1 **billion**, or \$930 **million**, of its own shares. The **buy**-back will be managed through a tender process with final tenders closing on October 3. The **company** expects to release detailed process information to shareholders on August 27.

The **company** said that the buyback will be funded by its accumulated cash surplus and will be made up of a capital as well as a dividend component.

Telstra said that to help improve speed and capacity for customers on the 4G network, in September we will invest A\$1.3 **billion** in September to secure the largest available holding of the 700MHz and 2500 MHz spectrum. The **company** also expect to again invest around A\$1 **billion** in the mobile network in fiscal year 2015.

Further, Telstra said it has appointed Peter Hearl as a non-executive director of the **company**, with effect from August 15, 2014. He will stand for election by shareholders at Telstra's next annual general meeting in Brisbane on October 14.

Hearl, aged 63, is a former chief operating officer of global consumer **group** Yum! Brands Inc. (YUM) and global president of Pizza Hut. He is also a non-executive director of Goodman Fielder and Treasury **Wine** Estates in Australia.

Hearl is based in Sydney and brings more than 40 years of corporate experience across industry sectors in North America, Europe and Asia.

In Thursday's regular trading session on the Australian Securities Exchange, TLS.AX is trading at A\$5.57, up A0.12 or 2.30 percent on a volume of 40.65 **million** shares.

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