

# The Advertiser

SE Business  
HD **Asian century will be key to Telstra's growth**  
BY CHRISTOPHER RUSSELL BUSINESS EDITOR  
WC 829 words  
PD 12 July 2014  
SN The Advertiser  
SC ADVTSR  
ED Advertiser  
PG 71  
LA English  
CY © 2014 News Limited. All rights reserved.

LP

AFTER a stellar run increasing market share and lifting its customer numbers, Telstra is casting a **firm** eye on Asia for the next phase of growth.

But there's no rush about the strategy because only disciplined and considered moves will pay off, says David Thodey, the telco's chief executive.

TD

"More Australian companies have got to look to grow and Asia is a great area," he told The Advertiser on a visit to Adelaide this week.

"We're a wonderful country but we're only 23 **million** people. I wish we were bigger but we're not. So we've got to go where markets are growing.

"All the projections are that Asia will be 50 per cent of the world's GDP by 2030 – so it makes sense for us to participate in that growth if we can find areas where we can offer a really great product and differentiate.

"But just because there's an opportunity, (that) doesn't make you successful. You've got to be focused on what you do." Telstra is due to report its 2013-14 results on August 14, building on its first half-year success – which included a 9.7 per cent increase in net profit after-tax to \$1.7 **billion** on revenue of \$12.8 **billion**.

The full-year bottom line will be boosted by the **sale** completed in May of its **Hong Kong** mobile business CSL, for a profit of about \$561 **million**.

With a pile of cash at its disposal, analysts have speculated Telstra might instigate a **buy**-back to lift the share price.

Mr Thodey said the **board** had clear guidelines to manage capital between acquisitions and returns to shareholders.

"We're being very disciplined," he said. "Just because we have the money doesn't mean we feel we have to spend it. If we were to invest the money in acquisitions it would have to generate good cash, good returns, very quickly.

"If we can't find anything, then we have a whole capital management strategy about how we disperse the cash." But whatever the high-flying telco's short-term decision, Telstra is determined to develop a stronger international presence. Mr Thodey said: "I've not been specific on dates – but over the long term, 30 per cent of our revenues could come from offshore.

"But we've got to find the right opportunities.

"We've got to make sure we've got the right executive team in place, we've got to have the right infrastructure.

“But we are looking at how we can become a great Aus-tralian **company** doing business in Asia.” It knew the lie of the land, having been in Asia for 75 years as OTC, he added.

Telstra was the number one mobile phone operator in **Hong Kong** before selling the subsidiary and had floated two companies in the **Chinese** on-line space – one in real **estate** and one in car sales.

CONTINUED PAGE 72 Telstra’s Asian century FROM PAGE 71 “We have points of presence for our international network in about 25 countries in Asia, we have cloud facilities in Singapore and **Hong Kong** and we’re looking to expand those further,” he said. “So we’re already a big player; we’d be up there with some of the biggest in international connectivity.” Another cash injection or revenue source is likely to come from negotiations on the national broadband network.

The first deal between Telstra and NBN Co provided for access to the ducts, pits and exchanges in the roll-out of the fibre-to-the-premises model.

“But the actual **copper** was retained by Telstra,” Mr Thodey said. In the fibre-to-the-node model favoured by the Coalition government, the **copper** would carry the signal to the home or business instead of becoming redundant.

“So part of our renegotiation has been letting that **copper** asset go to NBN Co and then, secondly, who will maintain that **copper**,” he said.

“It’s a **commercial** decision because if they take the asset they’ve got to maintain it. They could ask us or somebody else to do that. We’re making good progress and we hope to conclude negotiations over the next few months.” Telstra last month signed a deal with the NBN to connect 206,000 houses to fibre-to-the-node boxes. Mr Thodey said NBN would decide where the trial sites would be located.

“They haven’t released the exact areas, we’re working through that now,” he said. “But they’re looking at putting them in a pretty wide area and getting the experience of different states and locations.” When the NBN was operating under Labor’s policy of fibre-to-the-premises, it also picked a variety of locations for trial connections. In SA, Willunga was chosen as a near-city, thinly populated location.

**CO** tcoma : Telstra Corporation Ltd  
**IN** i7902 : Telecommunications  
**NS** ccat : Corporate/Industrial News  
**RE** austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania  
**PUB** News Ltd.  
**AN** Document ADVTSR0020140711ea7c0009e