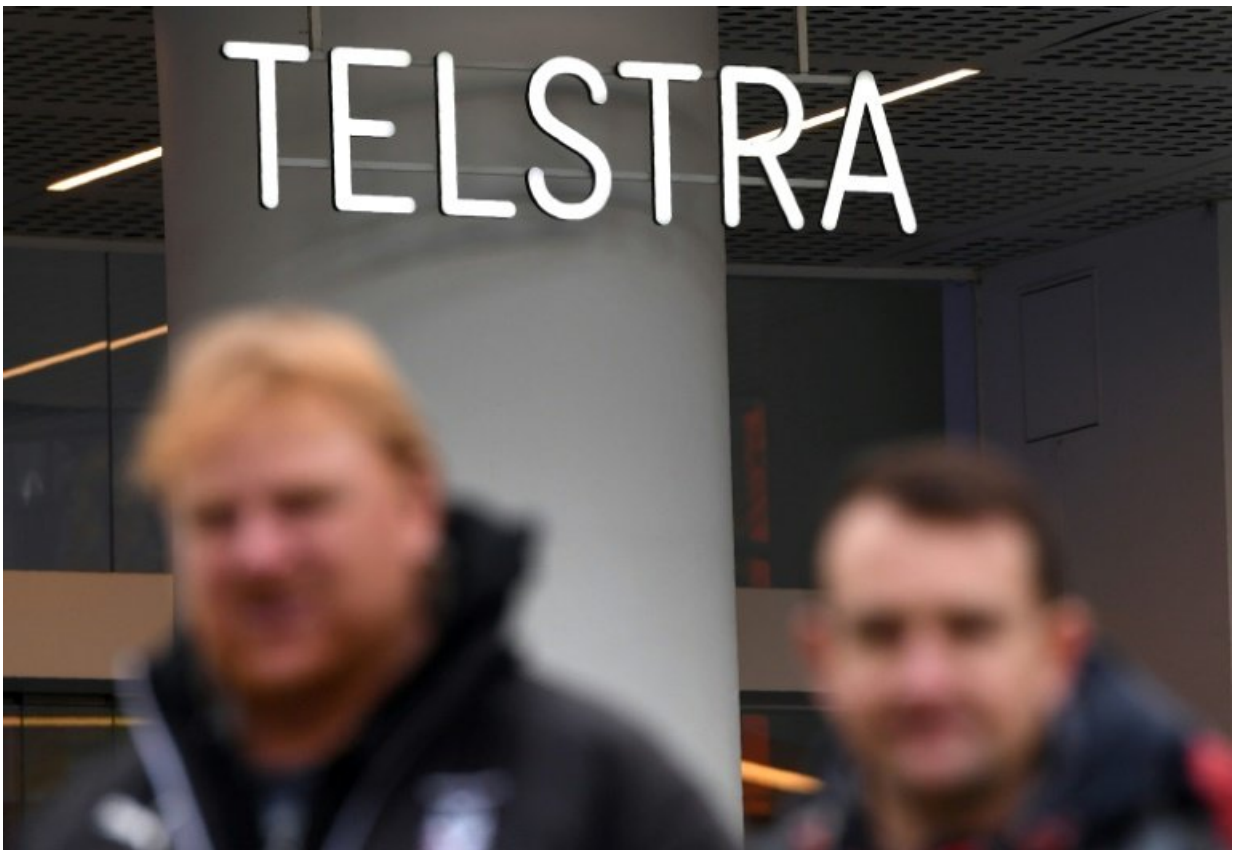


Australia telecom giant Telstra flags tough times as profit slides

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Its net result in the year to June 30 fell to Aus\$3.52 billion (US\$2.54 billion), while revenue was flat at Aus\$26 billion.

Chief executive Andy Penn said intense competition for mobile customers and increased customer expectations were having an impact on [business](#).

"Companies are defined by how they respond in challenging times and there is no doubt Telstra, and the telecommunications industry globally, is operating in times of enormous challenge and change," he said.

"On one hand demand for our core products and services continues to grow. Telecommunications networks have become some of the most important pieces of infrastructure in the world today.

"On the other hand, competition has never been more intense, our market dynamics are shifting rapidly, and customer expectations are changing."

He pointed to the accelerated rollout of a [national broadband network](#), in particular, as weighing on the company.

"This is having an enormous impact on our business—wholesale prices have risen, meaning we and other industry participants are facing a fixed-line market where reseller margins are rapidly reducing," he said.

"At the same time, competition in the mobile market is increasing with the expected entrance of a fourth [mobile network operator](#). These factors have influenced our performance this year."

In a bid to transform the business to deal with the new realities, Telstra,

one of Australia's largest employers, has put in place a new strategy to be achieved by 2022.

This includes a plan announced in June to axe 8,000 jobs—a quarter of its workforce—in a bid to achieve an extra Aus\$1 billion in cost-cutting, on top of Aus\$1.5 billion previously announced.

It will also split its mobile and infrastructure divisions into separate businesses.

"We are determined to meet the challenges we face, and to continue to lead in the [market](#), just as we have always done," said Penn.

Telstra said it will pay a six-monthly dividend of 11 cents for a full-year payout of 22 cents.

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