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What Telstra's 2026 annual report assumes, believes and expects

Source: Telstra Group Limited - annual report, 2026 (223 pages). Public document.

Five assumptions worth your attention

These claims are never argued for directly, but the strategy depends on them.

DEMAND AND MARKET SIZE

Australian demand for high-capacity connectivity will grow enough to support Telstra's network expansion and returns.

Why it matters: The outlook says demand for data and connectivity is accelerating and links it to a digital infrastructure investment opportunity, but FY26 total income fell 0.9 per cent to $23,405 million. The strategy therefore depends on demand translating into paid usage and returns, not only more traffic.

What would prove or disprove it: Track connectivity revenue, utilisation and returns on network investment against the FY27 and FY30 targets.

PRICING AND MARGINS

Customers and developers will pay for differentiated network capabilities rather than treat connectivity as a commodity.

Why it matters: Network as a Product aims for the majority of connectivity revenue to be NaaP-enabled by FY30, yet the report says customer adoption is underway and propositions still need to be tested at scale. FY26 strategic investment was $457 million, including Aura Network and Viasat projects.

What would prove or disprove it: Compare NaaP-enabled connectivity revenue and paid customer adoption with the FY30 majority target.

TECHNOLOGY AND PRODUCT EXECUTION

Telstra can turn AI and network investment into measurable productivity and customer gains while maintaining reliability.

Why it matters: The outlook presents AI as a way to operate more efficiently and respond faster, while the report targets top-quartile AI maturity only by FY30. It also identifies complex technology interdependencies and a July 2026 outage linked to an undocumented network design change and software update.

What would prove or disprove it: Observe independently reported productivity and service measures alongside outage frequency and restoration performance as AI use scales.

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FINANCING, LIQUIDITY AND CAPITAL ALLOCATION

Cash earnings can compound at a mid-single-digit rate through FY30 while Telstra funds investment and shareholder returns.

Why it matters: The report sets a mid-single-digit cash earnings CAGR ambition and a 10 per cent underlying ROIC target by FY30, after FY26 cash earnings rose 11.6 per cent to $2,876 million. At the same time, it plans up to $1 billion in buy-backs and continued strategic investment.

What would prove or disprove it: Compare annual cash earnings growth and underlying ROIC with the stated FY30 goals while tracking capex, strategic investment and net borrowings.

COMPETITION AND MARKET STRUCTURE

Telstra can preserve its network advantage as competitors, regulation, and customer expectations change.

Why it matters: The ambition is to be Australia's number one choice for connectivity, but the risk section identifies increased competition, regulatory scrutiny, and rising expectations for reliable and affordable service. Those conditions could constrain pricing power or increase the cost of maintaining leadership.

What would prove or disprove it: Track customer advocacy, share or ranking measures, pricing outcomes, and network reliability against competitors and regulatory service requirements.

The fuller list

Sorted by how the document itself frames each claim.

Category	Claim	Dimension	Source
Stated outright	Telstra targets mid-single-digit compound annual growth in cash earnings through FY30.	Financing, liquidity and capital allocation	*Outlook*
Stated outright	Telstra targets underlying ROIC of 10 per cent by FY30.	Financing, liquidity and capital allocation	*Outlook*
Stated outright	Telstra aims for the majority of connectivity revenue to be enabled by Network as a Product by FY30.	Pricing and margins	*Strategy targets*
Stated outright (risk framing)	Delivery depends on executing complex, interdependent programs while maintaining operational performance and customer outcomes.	Technology and product execution	*Material risks*
Stated outright (risk framing)	Network outages can cause customer harm, regulatory consequences and reputational damage, including through cascading failures.	Capacity, supply chain and operations	*Network resilience risk*
Partly third-party	Telstra says independent umlaut benchmarking named its mobile network Best in Test for the eighth consecutive year.	Competition and market structure	*via company*
Partly third-party	Telstra reports Brand Finance ranked it among Australia's ten strongest brands, placing it ninth in January 2026.	Evidence and disclosure quality	*via company*

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Category	Claim	Dimension	Source
Asserted, no evidence shown	Telstra expects AI tools to improve efficiency, anticipate network issues earlier and resolve customer needs faster.	Technology and product execution	*Outlook*
Asserted, no evidence shown	Telstra expects Aura and expanded subsea links to create monetisable capacity and strengthen Australia's digital gateway role.	Growth beyond the core	*Outlook*
Aspiration, no numbers	Telstra aspires to be Australia's number one choice for connectivity.	Competition and market structure	*Strategy*
Implicit, derived from the figures	Mobile growth and cost control must offset declines in enterprise and international income for group growth to continue.	Customer and geographic concentration	*Full-year results*
Implicit, derived from the figures	A growing dividend and further buy-backs can coexist with network investment without weakening financial flexibility.	Financing, liquidity and capital allocation	*Chair and CEO's message*
Implicit, derived from the figures	Emissions reductions can continue as network capacity and digital infrastructure expand.	Climate, ESG and transition	*Strategy targets*
Implicit, derived from the figures	The reported FY26 customer advocacy gains can persist as plan changes, migrations and digital service adoption continue.	Demand and market size	*Strategy and performance*

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