



Telstra Investor Day, November 1, 2007
Speech by Bruce Akhurst, CEO, Sensis

Thanks Justin.

It is great to be with you today and have an opportunity to provide an update on what is happening at Sensis.

Let me begin with the headlines:

First, I am really delighted to tell you that we will successfully turn the Yellow™ print result around from a decline last year into positive growth this year.

While today is not the occasion to report trading results, I can say that the Yellow™ print result for metro, which is now in and final, has seen very substantial improvements right across the board. In addition, the non-metro Yellow™ print campaigns have now started and are also showing very substantial improvements.

I will tell you more in a moment how we have achieved this turn around, but in short – I am very confident we have a sustainable growth plan for Yellow™ print to go with the continued strong growth in Yellow™ online

And I remind you that in terms of materiality, this result is important as Yellow™ as a whole represents over \$1.2b of revenue.

I am also very pleased to tell you that our other core product, White Pages®, will probably break world records as it is likely to come in at double digit growth rates with improvements in both print and online.

In other headlines, we are seeing some improvement in the Trading Post® following last year's disappointing result. The decline in print has slowed and we are on track to deliver earnings improvement by continuing top line growth in online and tight cost management.

Our systems and processes transformation project is progressing well for full delivery next year on time and budget. We will see margin improvement in subsequent years as the real benefits of this program are translated into further top line growth and efficiencies.

So let me start with our strategy. Our strategy remains the same.

We are driving growth from our core local search business in four ways:

- Organically;
- Through our multi-platform network;
- By extending into related offerings, and;
- Through potential M&A opportunities which will be required to drive our revenues to the \$3 billion goal.

We have also sharpened our focus on local search by exiting non-core businesses, such as Invizage.



I'm confident this strategy will continue our record of sustainable growth by constantly improving our ability to bring Australian buyers and sellers together.

By almost every measure, Sensis is at the forefront of the directories industry.

Why is it that investors all over the world have fallen in love with directories businesses?

A recent report highlighted five factors. Sensis is a global leader in all of them.

The first is favourable industry and market dynamics.

Sensis is top three in the world for directory revenue share of the advertising market.

We have a 13% share of the Australian main media market¹.

And we are a leader in the online advertising market, which is growing at roughly twice the pace of the US².

The second factor is an attractive competitive position.

Sensis is the sixth largest directories company in the world³. Our FY07 directories revenue grew by 4% compared to a 3% global benchmark³. Of the top 10 directories businesses, we are number one not just for revenue share of GDP³, but for:

Revenue per capita³;

Revenue per directories title³;

Revenue per distributed copy³, and;

Revenue per sales representative³.

That's a remarkable achievement.

The third factor is a well penetrated, diversified customer base.

Sensis has almost 600,000 paying corporate and SME customers. We serve millions of paying consumers as well.

And our top 10 directory customers represent less than one percent of directory revenue.

So we're well diversified.

The fourth factor is an attractive operating model, with modest capital expenditure and strong cash flow generation.

I think everyone knows that this is a business generating huge cashflows for our shareholder with better than 50% margins and relatively low capital intensity.

The fifth factor is opportunities for future growth.

We have a more diversified portfolio than just about any other directories business, with a network spanning print, online, voice, mobile and satellite navigation.

¹ CEASA Main Media Report, December 2006

² PWC Online Advertising Expenditure Report, December 2006 and IAB Internet Advertising Revenue Report 2006

³ The Kelsey Group, Global Yellow Pages™ report, 2007



While we are a world leader in print directories growth, print is now less than 70% of our total revenue.

At the same time, 37% of our revenue came from products that grew last year by more than 9%.

And 20% came from products that grew by more than 25%.

Clearly, this is a world class business with attractive opportunities for long term growth.

I'd now like to describe the business model we are using to unlock that growth.

Usage creates advertiser return on investment which creates shareholder value.

As this model suggests, usage – our ability to bring buyers to the table for our advertisers – is key to long term growth.

So, to achieve growth, we are investing in usage and subsequent advertiser ROI.

And I am pleased to say these investments are paying off.

As I've said, both Yellow™ and White Pages® print will improve on their FY07 growth results, with White Pages® again breaking world records and likely to hit double digit growth.

We are also delivering strong online growth and have maintained our position as Australia's largest online business.

We are managing a world class voice portfolio, with 1234® delivering strong revenue growth against a global trend of decline.

And, finally, our mobility products are delivering outstanding performances. Satellite navigation revenue continues to grow strongly, while usage and advertiser interest in our Next G™ mobile products is rapidly gaining traction.

To increase usage, we are investing in six areas of focus.

The first is heavy promotion of Yellow™.

We are targeting two key segments:

- People experiencing life events. Did you know that usage of Yellow™ print increases by 400% in the three months either side of moving home?
- And we are targeting the Family and Self Development and Principled Professionals segments. These segments capture 75% of all Australian small business owners, who are both users and advertisers.

The second usage focal point is print circulation.

We're working hard to expand directory circulation. After all, you can't use the directory if you don't have it!



We've employed local circulation managers who are working at street level in locations such as apartments, offices and hotels to ensure our directories end up in the hands of users. Our circulation initiatives will lead to an extra 250,000 directories being distributed this year.

That's more information in the hands of more buyers leading to more potential customers for our advertisers.

The biggest step we are taking is to build usage by substantially improving directory ad quality.

The quality of information is vital because more complete, up to date and comprehensive information is going to do a better job of helping buyers make decisions. More information makes the book more useful to buyers and improves the number of customers we can offer our advertisers.

To do this, we are helping advertisers create what we call information-rich ads. Extensive research has shown that information-rich ads are the number one driver of Yellow™ usage.

We have undertaken the largest training program in our history. We have skilled every member of our thousand-strong sales team in information-rich ad principles.

And we have established an expert in-house graphic design team to help customers create the best possible ads.

In this way, our people can sit face to face with all our customers and explain the benefits of information-rich advertising and how to realise them.

As a result, our customers can get the best out of their Yellow™ advertising, our users have more information to support their decisions and Sensis maintains an important competitive advantage.

Our content quality remains better than anyone else can offer.

The ads on screen demonstrate the impact of information-rich advertising.

Last year's Capital Glass ad contained limited information. It used a 13 number, which doesn't imply local service.

This year's ad is starkly different. The heading is more compelling. There is more information to help the buyer. Payment options and a web address are both highlighted. And a local area number is now included.

Our information rich ad program is transforming both the quality of information provided to users and the ability of our advertisers to attract more customers.

The fourth way we are driving usage is by dramatically improving the search experience.

We have launched a substantial upgrade to yellow.com.au.

We now offer one-click results to 80% of our 2 million listings and we're working to bring this up to 100%.

As a result, yellow.com.au users can now find the information they're seeking faster than ever.

And there's a lot more to come in this multi-phase development program for yellow.com.au.

So, watch this space.



We have also improved the search experience for Whereis® users, to make our mapping and directories content even easier to access and use.

Whereis® is a phenomenal story. We have tripled usage of Whereis® online maps in just three years. We now have 2.8 million unique browsers⁴ downloading about 60 million maps every month⁵.

And unit sales of Whereis®-powered satellite navigation devices grew by 119% last year to almost one million.

Enhancements to Whereis® will drive even more usage growth.

We have developed a new site, supported by high resolution photo maps, easier navigation and we're integrating Yellow™ content to produce an exciting new local search offering.

And we have extended satellite navigation into GPS mobiles by launching Whereis® Navigator on Telstra's Blackberry 8800 phone.

Finally, we are improving usage through integration and content syndication. By making our content more widely available across different products and media, we make our services easier to find and use, leading to a greater audience for our advertisers.

Today's Yellow™ ads are automatically syndicated across voice, online, satellite navigation and mobile.

And I'm proud to say that we recently concluded our first third party syndication deal with Australia's most popular portal - ninemsn. Phase one of this deal has already been delivered, with Yellow content now powering the MyLocal search engine.

With regards to advertisers, I'd like to highlight three areas of focus:

- Delivering great return on investment;
- Strong sales force and customer engagement;
- The ability to measure and monitor the value of your Yellow advertising.

As we have seen our extensive usage program is growing advertiser ROI because these users are now finding their businesses.

- The potential monthly reach of a Yellow™ print ad is over 40% of Australians⁶.
- That audience turns to Yellow™ print over 1 million times a day⁶.
- And over 90% of them will go on to contact a supplier⁷.
- By syndicating Yellow™ ads, we vastly increase that reach – to almost two million references a day⁶.

Clearly, if you're looking for real leads from real customers, then Yellow™ is the place to be.

⁴ Nielsen//NetRatings Site Census; based on average monthly unique browsers over comparative 12 month periods

⁵ Sensis logs

⁶ Roy Morgan Single Source Australia, base Australians aged 14+

⁷ Independent research of people aged 18 – 64 by TNS in Sydney, Melbourne, Brisbane, Adelaide and Perth



We're now increasing our efforts to engage our sales people with customers to build on the understanding of Yellow™'s value.

We've employed proven international experts who have trained our sales people to explain the Yellow™ value story to their customers.

And we're also setting up field marketing operations all over Australia. We're taking our resources out to our customers. Every region of Australia is different. We're recognising this and localising services such as sales, products and pricing development so they are optimised to meet each area's unique needs.

And we're also making Yellow™ return on investment more transparent by providing tools that help advertisers readily assess the value and performance of their advertising.

We have set up several thousand metered ads across Australia, with more to come. These metered ads allow us to provide customers with hard data about calls generated in their industry.

We have also established an online monitor – the Yellow™ Value Calculator to help demonstrate the value of Yellow advertising.

Consider the example on screen from the Furniture Removals and Storage category. We metered eleven ads in different Yellow™ directories and found that each ad generated an average of 928 calls per year.

As this program evolves over the current year, we will be able to demonstrate to our customers not just the sales enquiries generated, but the conversion, average sale price and resulting return on investment.

That will make Yellow™ print just about the most accountable print advertising medium in Australia.

In the last few minutes, I'd like to update you on our directories systems and process transformation.

Working with AMDOCS, Sensis is transforming the way we do business by introducing a world class integrated IT system and a single seamless end to end process.

As part of this, we are decommissioning 106 systems, eliminating 120 processes and combining 80 data bases.

We will have a single system feeding into a single process and utilising a single data source.

And we are employing a methodology that is common to Telstra, meaning we can work in harmony with Telstra systems where necessary.

This system will consolidate our shift from product to customer focus.

For example, our sales people today have to interface with several systems when processing an order.

This new project will mean they will interface with only one system, no matter what sales channel they work in, and the process will be simple and streamlined.

This means an elimination of multiple processes, greater efficiency, less time training and less room for error.



And that means more time with our customers and a better outcome for everyone. This project is well underway with Phase 1 – the product designer – completed on time and under budget.

And we are well on track with phase 2 and are well placed to meet the deadlines outlined on screen.

Once this program is complete, as I said earlier we expect to see further margin improvement over time from the top line growth and real expense savings.

We are also investing in a substantial program of Trading Post[®] development.

As you know, Trading Post[®] revenues have been declining in line with the rest of the print classifieds industry.

At the same time, we have seen exceptional growth in Trading Post[®] Online: usage has doubled in just three years.

We have taken decisive steps in classifieds to return to growth in the medium term:

- We have reduced the rate of print circulation decline.
- We have delivered substantial print cost savings.
- And we are undertaking a major systems upgrade to realise the growth potential of online.

This upgrade will provide a more reliable and stable platform than we have today.

It will enable a more refined user experience and the development of new products for both buyers and sellers.

And it will build on our existing transactional capabilities with new services that we will launch in 2008.

And finally, let me touch on our growing Soufun business.

Soufun is an amazing business. It operates in the Chinese online real estate market, which is growing at 30% per year. It offers 3.5m sale and rental properties to an audience of 46 million users who are clocking up 1.4 billion page views a month⁸.

Soufun has increased the number of cities it services from 45 to 75 and is well on track for its 100 city target by 2008.

And, as a result, the company is delivering attractive revenue growth with expanding margins for our shareholders.

⁸ Alexa



I'm sure you will agree that this is an exciting time for Sensis. As I stated earlier:

- Yellow print will improve on last year's performance – moving into positive growth;
- White Pages will come in at double digit growth rates;
- Trading Post is on track to deliver an improved performance this year
- And our systems and processes transformation is on track and will underpin Sensis' competitive position and ongoing growth.

I will now hand over to the CEO of Foxtel, Kim Williams. Thank you.