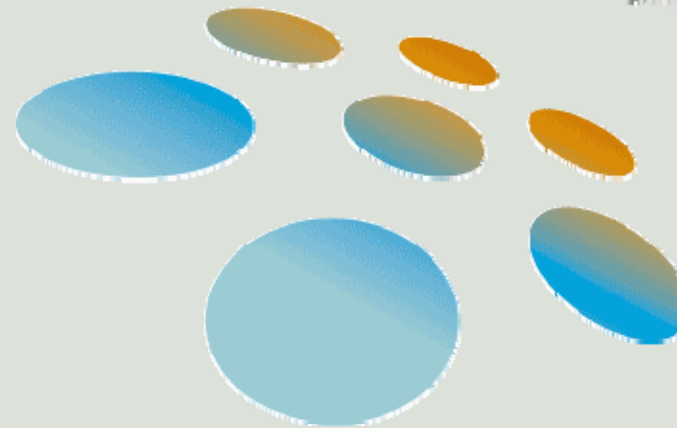


Full Year 2006

Results

Presentation

PowerTel
Simply Business



PowerTel Means Business.

Date: 26 February 2007

Prepared by: PowerTel

Agenda

- Financial Overview and Results Paul Broad
- Strategic Initiatives
- Telecom New Zealand (Telecom) Acquisition
- PowerTel Outlook

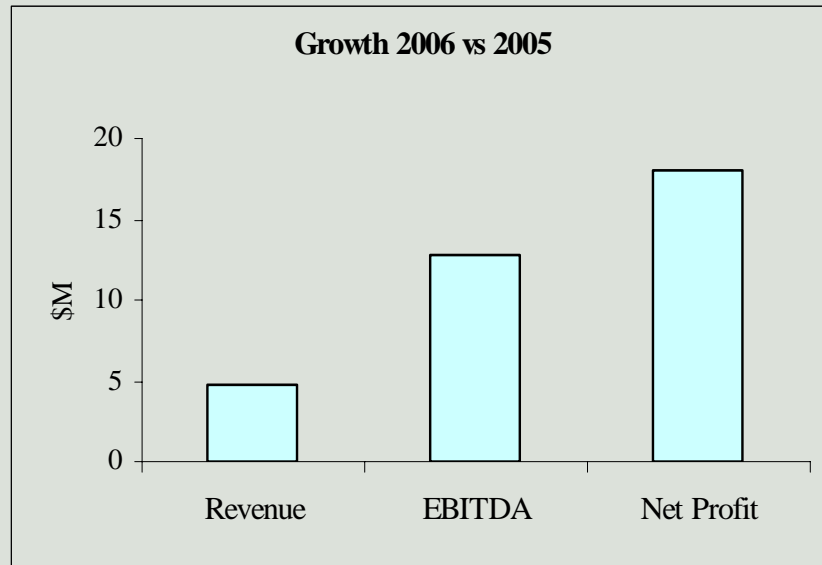
- Financial Results Presentation James Orlando

- Conclusions and Questions Paul Broad

Results Highlights

Paul Broad
Managing Director

2006: Financial Achievements



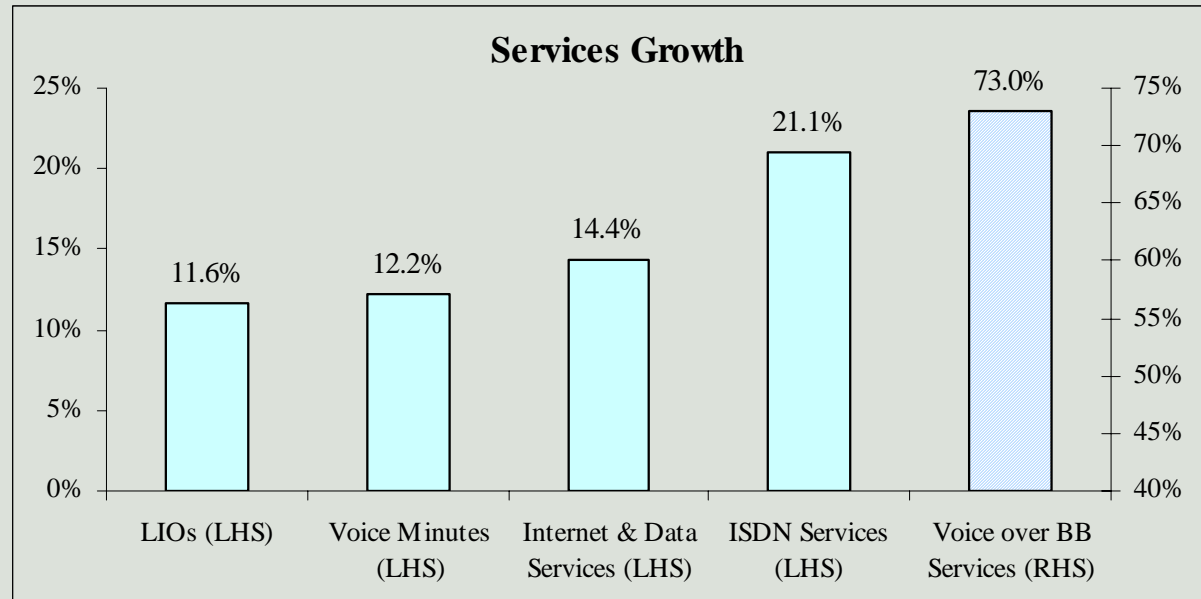
2006 Summary Results vs. Guidance:

- \$199.4M Revenue: **Achieved** (*up 2.9%*)
- \$39.8M EBITDA: **Exceeded** (*up 47.4%*)
- \$10.0M Net Profit: **Exceeded**

Financial and Operational Management:

- **Achieved Net Profit:** up \$18M from a loss of \$8.0M in 2005.
- **\$35.3M Operating Cash Flow:** a 103% increase over 2005.
- \$10.7M improvement in **Net Cash Flow** vs. 2005.

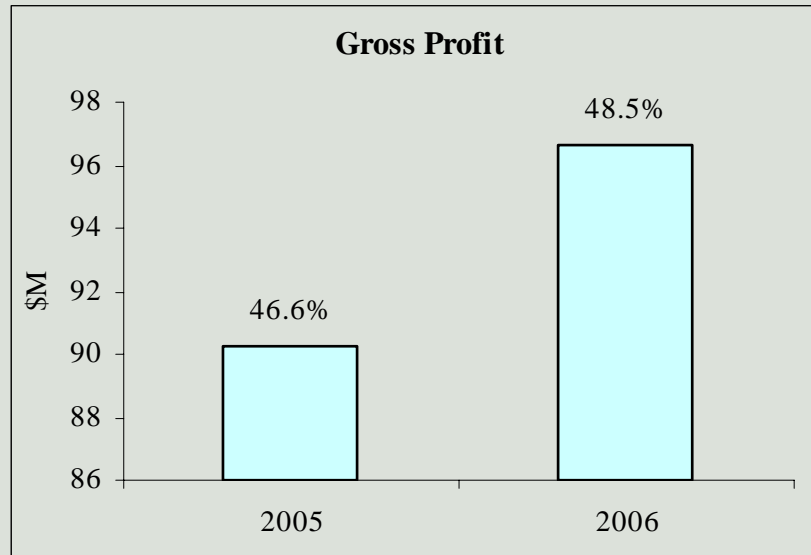
2006: Strong Underlying Services Growth



Financial results improvement vs. 2005 were underpinned by:

- 16.9% growth in Indirect Segment Revenue over 2005
- Leveraging our network operations
- Cost management and control
- Service delivery automation
- Overall price erosion continues to be a factor.

2006: Network Optimisation Achieved Results



Achieved Gross Margin improvement (against market trend). Network optimisation savings were achieved through:

- Maximising on-net traffic: increased from 48% to 55%
- Network rationalisation through terminating non-essential third party services
- Exchange backhaul migration: increased from 58% to 61% on PowerTel or dark fibre
- Investment in technology to improve efficiency and scalability
- Capacity efficiency: 36% improvement in utilisation

2006: Strategic Initiative Achievements

- iiNet Strategic Alliance, signed 25 May:
 - 18.3% shareholding, Board representation.
 - Access network coverage of over 300 exchanges: *second largest DSL access network in Australia.*
 - iiNet has the largest high speed ADSL2+ network in the country.
 - Expands our platform to sell PowerTel business and wholesale broadband products.
- Telecom Wholesale Strategic Alliance, signed 3 November:
 - Agreement to provide access services to AAPT business and residential customers for a number of products including ADSL2+.
 - The alliance strengthened PowerTel's position as a key player in the marketplace for the provision of wholesale services.
 - Based on strategic opportunities available through a significant Telecom/PowerTel relationship: evolved into a proposal for Telecom to acquire PowerTel.



Telecom Acquisition Proposal Summary

- On 31 January 2007 the PowerTel Board of Directors recommended shareholders accept a 100% takeover proposal from Telecom in the absence of a higher offer:
 - \$2.30 per share cash offer.
 - Scheme of Arrangement to be voted on by PowerTel shareholders in late April.
 - Telecom has been granted an option over 10% of PowerTel's shares from TVG subject to certain conditions.
- The Telecom offer represents fair value for PowerTel shareholders based on standard benchmarks and provides shareholders with the opportunity to exit for cash at a price reflecting a control premium.
- The contemplated transaction represents a positive outcome for our shareholders and also our customers, partners and employees as the larger combined company will be better placed to compete in the Australian market.

Telecom Acquisition Proposal: Key Dates

The transaction is proposed to be completed in May 2007:

- | | |
|---|-----------|
| ■ Lodge Scheme Booklet with ASIC | Late Feb. |
| ■ First Court Hearing Date | Mid March |
| ■ Scheme Booklet registered by ASIC and lodged with ASX | Mid March |
| ■ Scheme Meeting | Late Apr. |
| ■ Effective Date: (target)
(Lodge office copy of Court order approving the Scheme with ASIC) | Early May |

Synergies Opportunities - Telecom and PowerTel

- PowerTel's network advantage applied to Telecom's large Australian customer base:
 - More products (ie ADSL2+, VOBB, mid-range ethernet, other data)
 - More flexible service offerings
 - More attractive commercial terms through benefits of scale
- Integration benefits:
 - Rationalised and optimised Network and Service Delivery infrastructure
 - Capital expenditure avoidance
 - Operating cost synergies
- Coverage/alliance with iiNet: addressing 45% of AAPT's residential customer base and 65% of the business customer base.
- Leverage PowerTel as a wholesale brand to other competitors in the market

2006: Financials Review

James Orlando

Chief Financial Officer



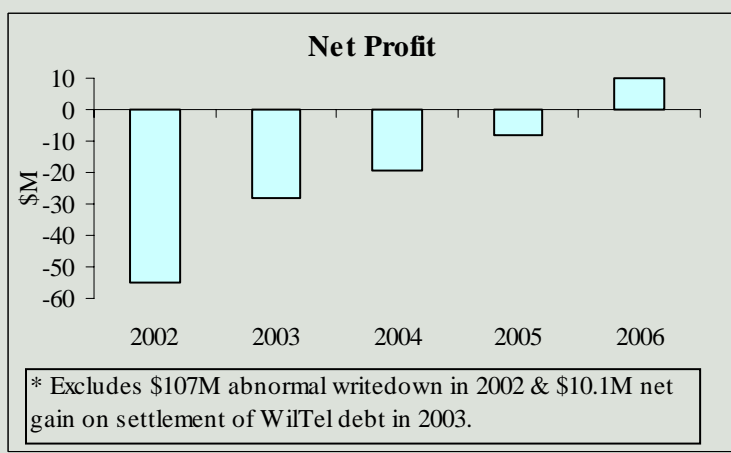
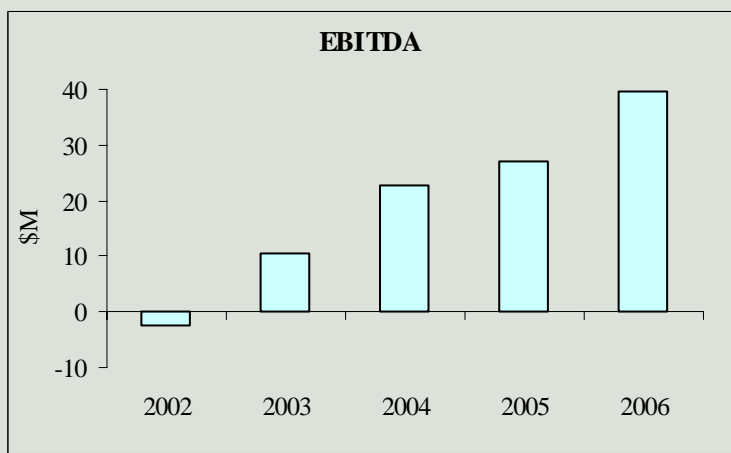
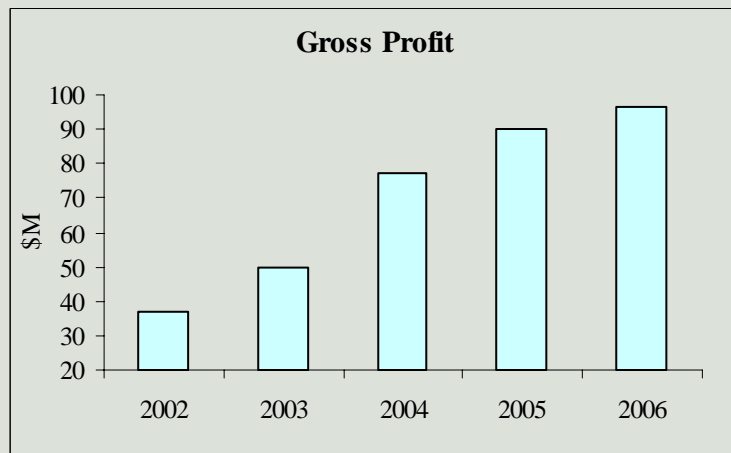
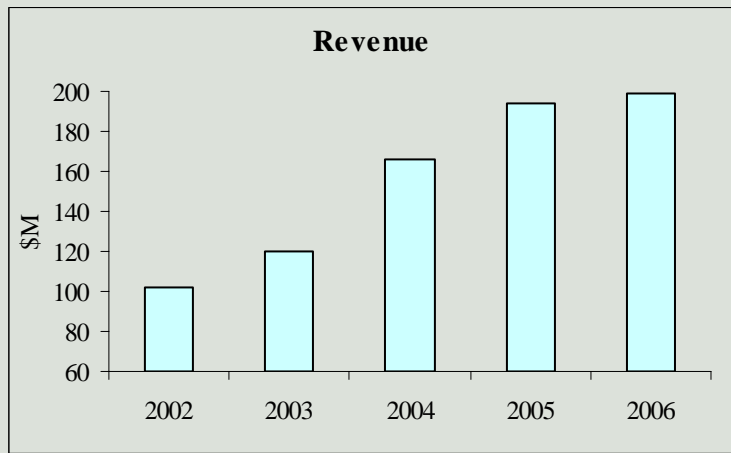
2006: Financial Overview

Key Financials (IFRS)			
\$M	YE 2006	YE 2005	Change
Total Revenue	199.4	193.8	Up 2.9%
Gross Margin	96.6	90.3	Up 7.0%
Gross Margin %	48.5%	46.6%	Up 1.9%
Operating Expenses	(56.3)	(63.0)	Down 10.6%
Significant Items	(2.1)	1.1	
Depreciation	(29.9)	(31.7)	
Finance Costs	(5.0)	(4.6)	
Net Profit before Tax	3.3	(8.0)	Up \$11.3M
Income Tax Benefit	6.7	0.0	
Net Profit after Tax	10.0	(8.0)	Up \$18.0M
EBITDA	39.8	27.0	Up 47.4%
Operating Cash Flow	35.3	17.4	Up 102.8%
Capital Expenditure	13.9	15.2	Down 8.5%
Net Debt	(36.1)	(38.0)	Down 4.9%

Key Drivers:

- Strong indirect segment revenue growth. Rationalisation of unprofitable customers.
- Gross margin % growth due to network optimisation offsetting price erosion.
- Operating expense improvement through strategic focus on indirect segment, cost control and automation.
- Significant items includes Macquarie Telecom investment impairment (\$1.9M).
- **Net Profit \$10.0M.**
- Debt facility renegotiation significantly improved our working capital position.

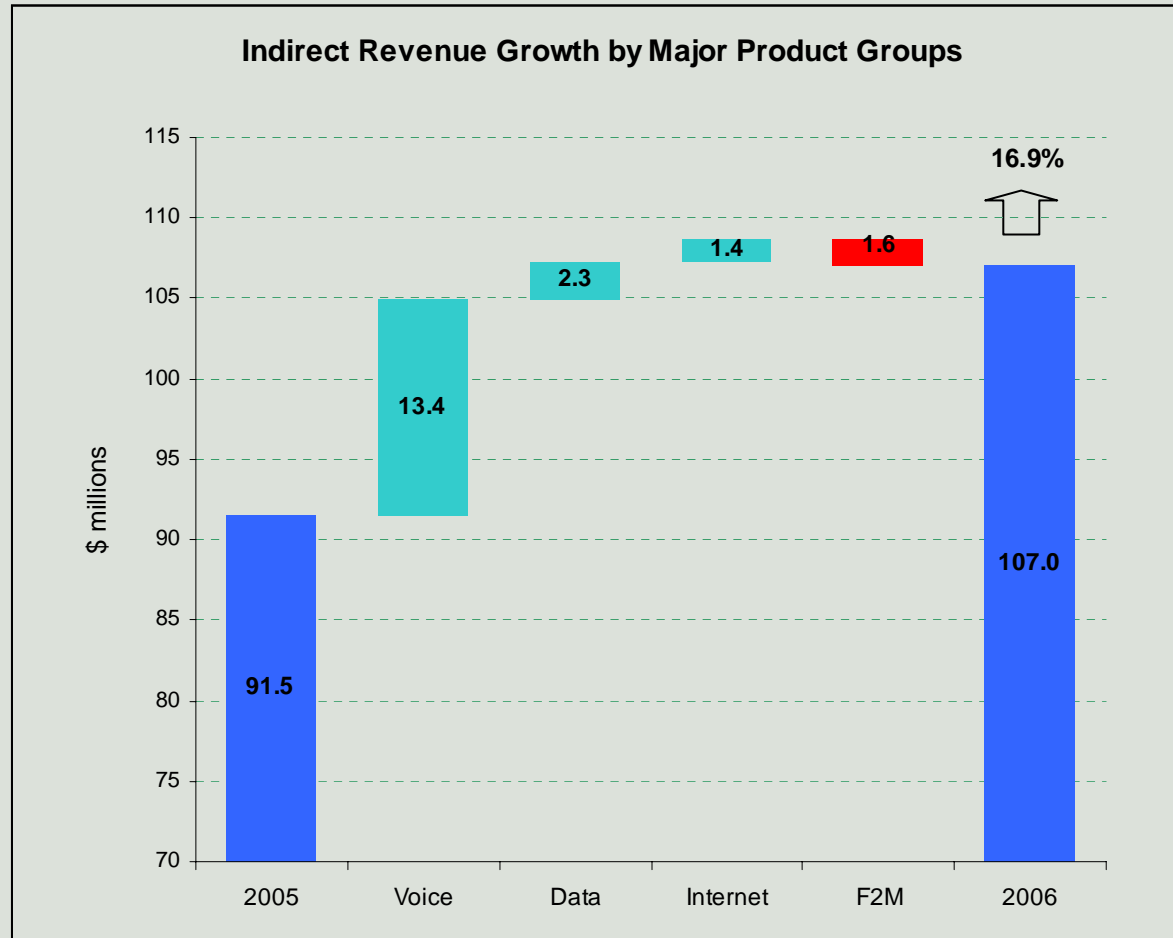
2006: 5 Years of Performance Improvement



Overall performance improvement driven by increased services, network optimisation and operating cost management.

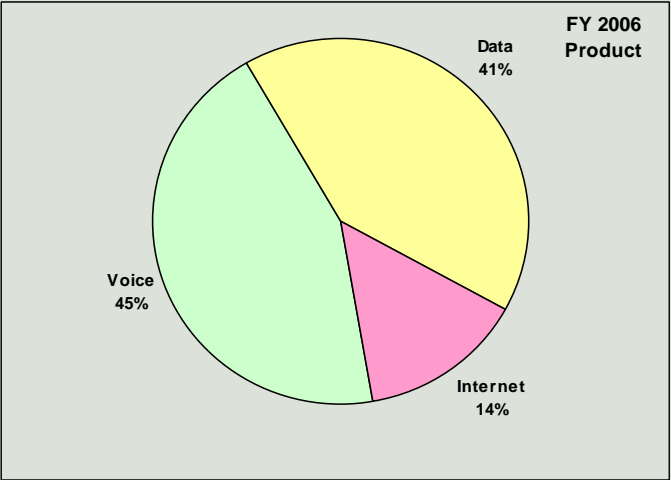
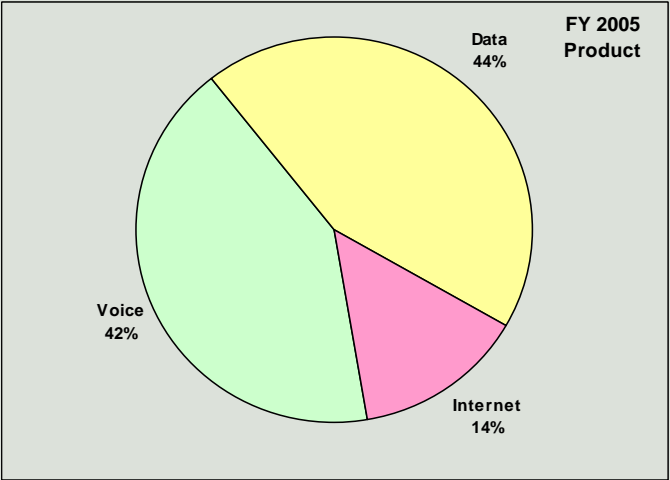
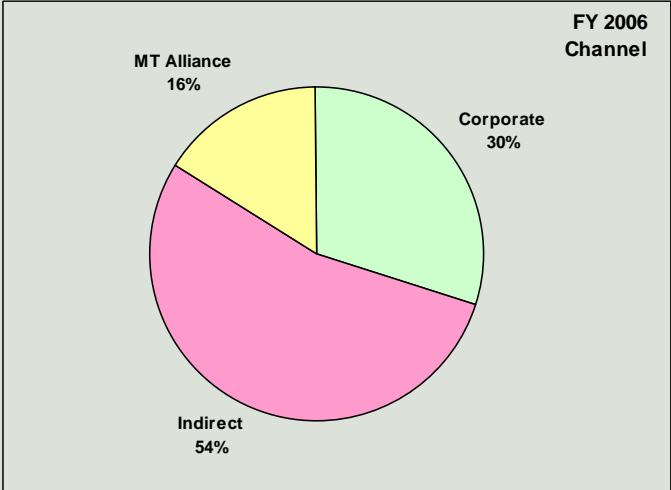
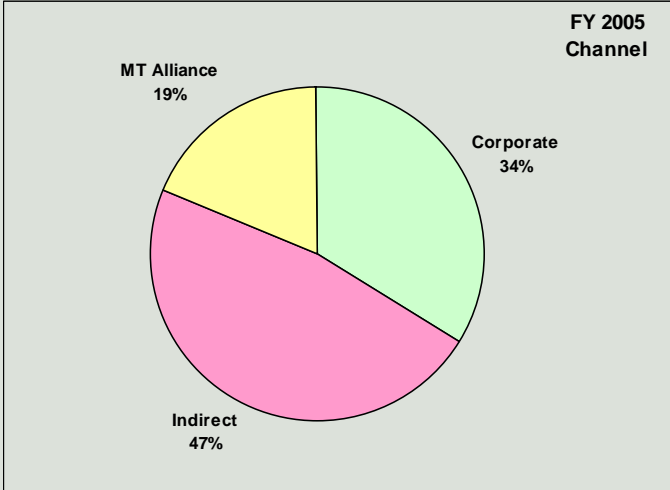


2006: Indirect Revenue Growth Contribution



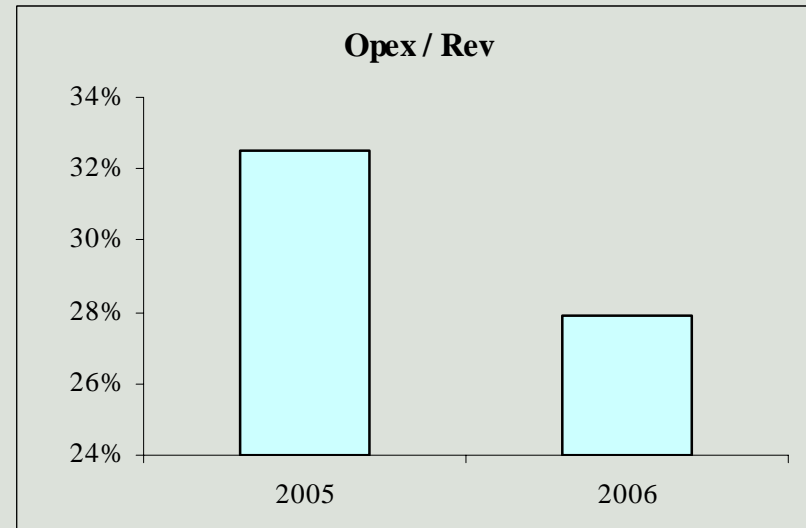
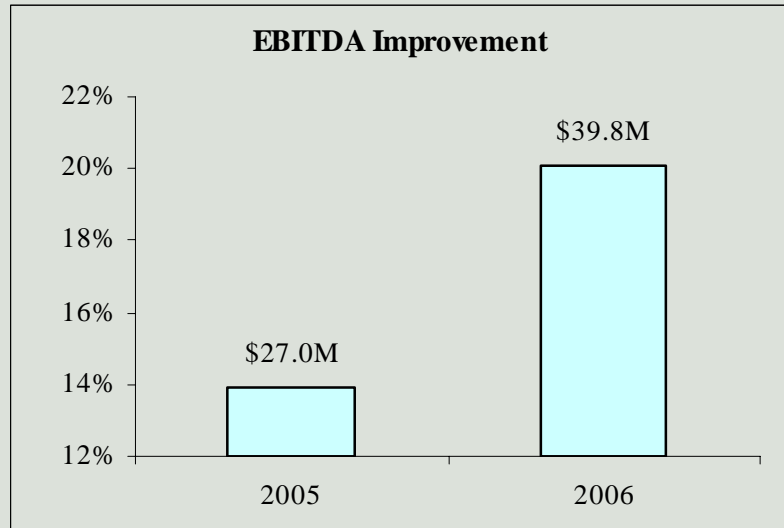
Focus on up selling voice through our partner channels resulted in a significant increase in voice revenue.

2006: Revenue Mix - Trend



Indirect segment focus delivering returns across the business, increasing profitability, creating a platform for growth and reducing risk.

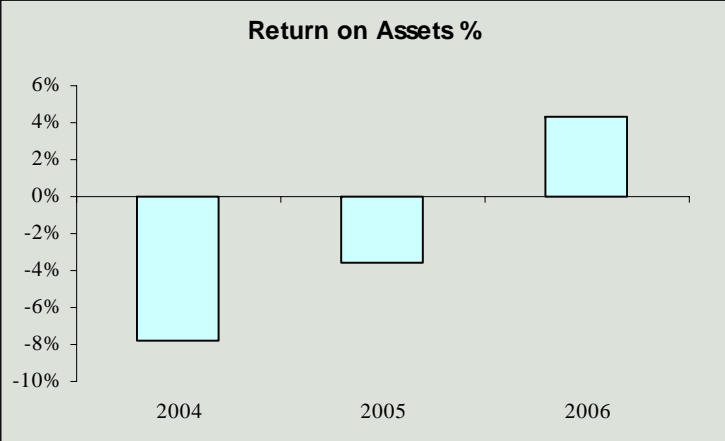
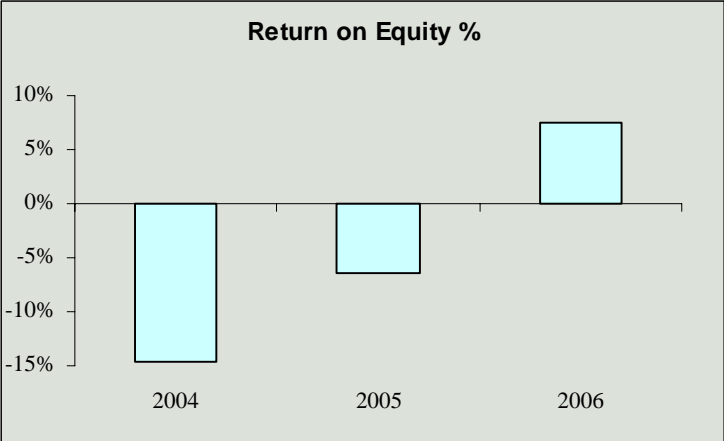
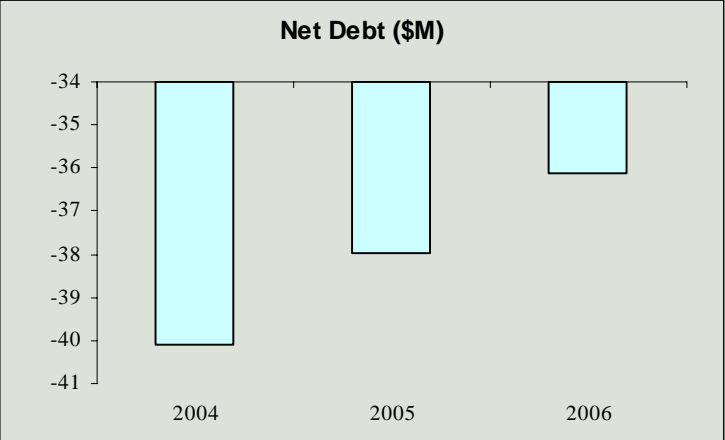
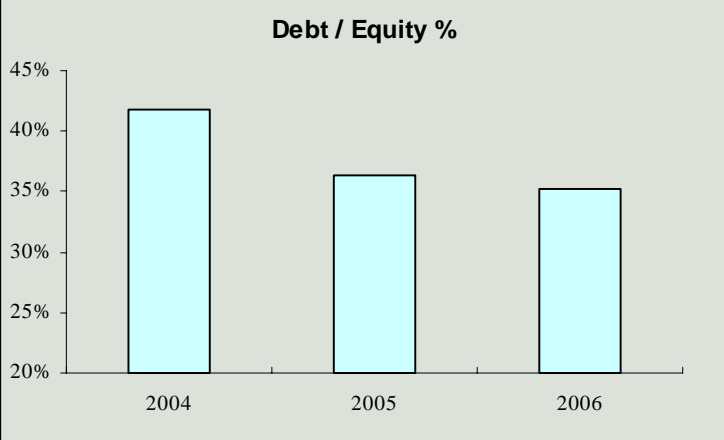
2006: Operating Leverage Achievements



Our discipline and focus has paid off 2006:

- Increased our on-net services from 48% to 55%
- Increased our IP transit network utilisation reducing third party costs
- Eliminated third party services not required by our customers.
- Continued to closely manage operating costs
- Focused on service delivery automation targeted at indirect customers.

2006: Key Balance Sheet Metrics



Balance sheet continued to strengthen through focus on key operating metrics.

2006: Capital Management Initiatives

- Westpac debt facility:
 - In June increased by \$13.3M to fund our investment in iiNet.
 - In December increased to a total of \$97.3M to:
 - Reschedule debt repayment to year-end 2009 from March 2008
 - Fund potential on-market share buy back of up to 10% of PowerTel's share base
 - Fund potential capital return(s)
 - Fund ongoing merger and consolidation initiatives.
- On-market share buy back:
 - 680,993 shares bought back for \$1.0M funded through cash
 - Final notice of suspension was lodged on 2 February 2007 pending completion of the Telecom transaction.

2006: Conclusions - Outlook

- Market remains very challenging with further consolidation in order
- PowerTel's financial and operating position has never been stronger
- Confident that we are delivering a:
 - Great team of committed telecom professionals
 - Strong infrastructure platform to Telecom at a critical time in the market
 - Operating a go to market model that will deliver sustainable results
- We have never been more optimistic on the opportunities for success in the market

Questions