



PowerTel

Q1 2005 Financial Results Presentation

May 2005

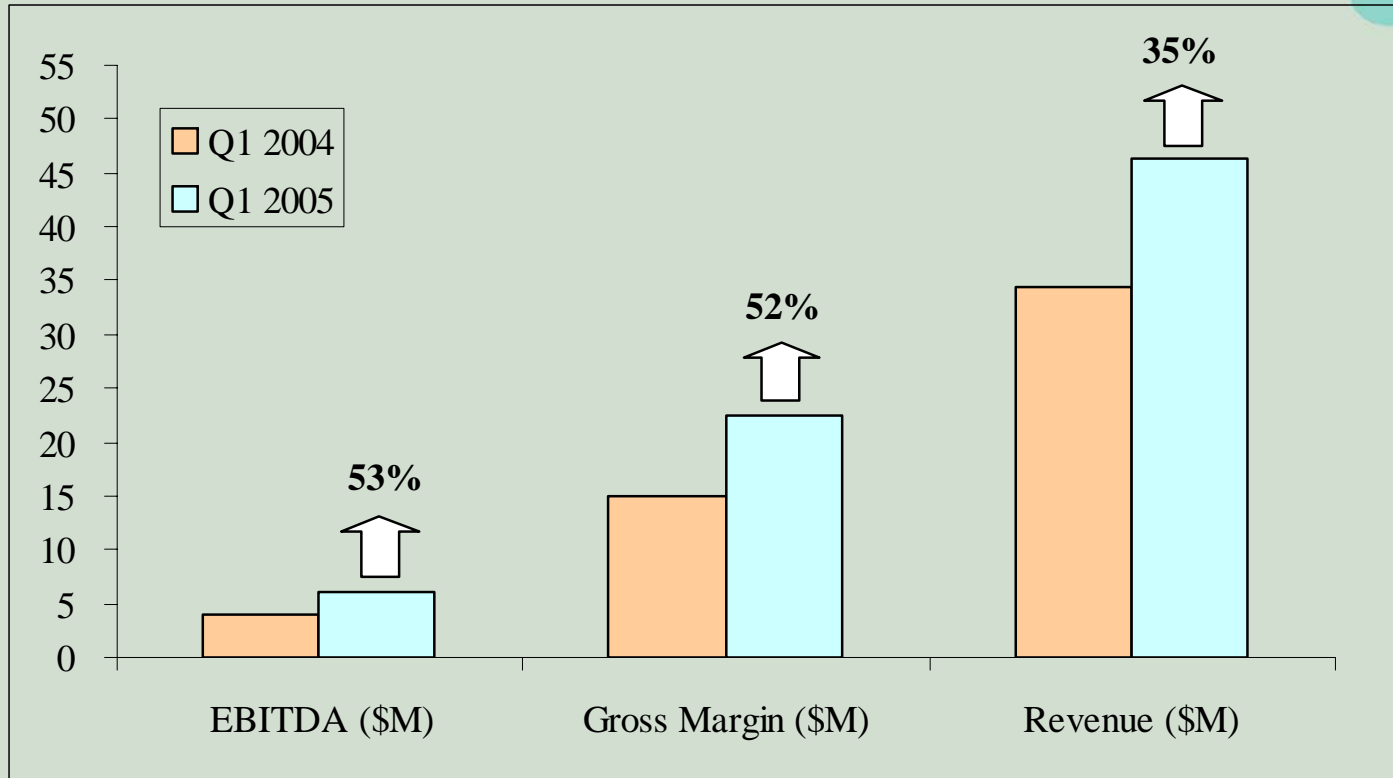
PowerTel Profile - 2005



- PowerTel was formed in August 1998.
- We have a highly reliable, fibre/ATM network and strong customer service offering.
- We are focused on corporate/business, wholesale and SME customers requiring robust carrier grade voice, data and internet services.
- Through the acquisitions of Request Broadband and NTT Australia IP in 2004 we expanded our addressable market in the growing data and internet markets.
- In controlling and operating our own fibre and DSL network we provide a seamless, low risk service offering to our customers.
- We continue to evaluate and pursue consolidation opportunities that will create value through generating more traffic on our network asset.



Q1 2005 Results Summary



	Q1 2004	Q1 2005	% Increase
Revenue (\$M)	34.3	46.3	35%
Gross Margin (\$M)	14.9	22.5	52%
% of Revenue	43%	49%	
EBITDA (\$M)	4.0	6.1	53%
% of Revenue	12%	13%	



PowerTel Q1 2005 Performance Drivers

- **Revenue Mix:** Data/internet increase to 60% from 53% of revenue in 2004.
- **Voice Cross Sell** model showing traction with \$6.1M of channel voice orders booked.
- **Growth in customers:** 290 customers (35% growth) added to PowerTel's national network in the Qtr.
- **MT channel** dropped to 18% of total revenue from 23% in 2004.
- Operating cost increase due to **NTT Integration** driven by product development and delivery requirements.



MD's First 100 Days – Achievements

Reorganised to Enhance Focus on Business Customers through:

- **Sales team consolidation:** synergies and efficiencies across all sales groups.
- **Network engineering** and product development alignment around business focus.
- **Service delivery**, customer support and IT alignment to bring systems and processes in line with customer requirements.

To Deliver:

- Increased speed of provisioning to customers.
- Improved service quality.
- Improved network performance.
- Reductions in operating costs.
- Increased leverage of channel opportunities.

MD's First 100 Days – Achievements



- **NTT Integration:**
 - Maximised revenue retention, whilst minimising customer impact during service migration.
 - Over 800 services representing over 80% of the revenue migrated to date.
 - Migration completion expected in June.
- **\$54M debt facility with Westpac - greater scope and flexibility**
 - Streamlined from 6 banks to 1.
 - Westpac as a banking “partner” with PowerTel.
 - Enhanced ability to pursue future acquisitions through flexibility and ability to act quickly.
- **Completed Technology Selection for Access Network Expansion**

Business Grade Access Technology Strategy



- **Technology Selection Complete after RFP Process:**
 - Huawei chosen as PowerTel's next generation Access Technology Partner
 - Decision Drivers:
 - Technological Superiority and Commitment
 - Demonstrated Reliability
 - Commercial Attractiveness
 - Provides platform for delivery of Low Cost Legacy and next generation services: ADSL 2+, Leased Lines, Voice.
- **Decision in line with previously announced plan.**
- **Rollout to commence in H2 2005.**



H1 2005 Focus Initiatives

- **Realise benefits of structural reorganisation:**
 - Enhanced channel sales performance
 - Improved network performance
 - Faster and more accurate customer service and operations
- **Leverage our competitive advantage through continuing to exploit up sell opportunities to our growing customer base.**
- **Control costs as we pursue growth.**
- **Intelligently expand access network to increase addressable market.**
- **Complete NTT Integration.**

Financial Results and Guidance



Q1 2005 Financial Overview



Key Financials			
	Qtr Ended 31 Mar 05 \$M	Qtr Ended 31 Mar 04 \$M	Variance %
Total Revenue	46.3	34.3	Up 35%
Gross Margin	22.5	14.9	Up 52%
Gross Margin %	49%	43%	Up 6%
Operating Expenses	16.4	10.9	Up 51%
EBITDA	6.1	4.0	Up 53%
Significant Items	(0.7)	(0.4)	
Depreciation & Amortisation	(9.2)	(7.5)	
EBIT	(3.8)	(3.9)	
Net Borrowing Costs	(0.9)	(1.0)	
Net Loss after Tax	(4.7)	(4.9)	
Capital Expenditure	3,428	2,138	

Operational revenue: increased by \$12.0 million primarily through acquisitions of Request and NTT.

Gross margins: improved from 43% to 49% reflecting the higher margin product mix achieved via the acquisitions, strong performance in the data market as well as the benefits of network expansion.

EBITDA: increased primarily as a result of increased gross margins and the acquisition of Request and NTT.

Cash Capital expenditure: was \$3.4 million, in line with expectations.

2005 Q1 Results - Other Information



PowerTel Limited As at 31 March 2005								
	Three months ended				Year to Date			
	Mar-05	Dec-04	Sep-04	Jun-04	Mar-05	Mar-04	Change	% Change
Total Revenue (\$M) (1)	46.3	45.5	44.1	41.8	46.3	34.3	12.0	35%
Retail/Direct and NTT	17.0	16.2	14.0	13.4	17.0	12.8	4.2	33%
Wholesale Carriers (2)	10.0	9.0	8.8	8.1	10.0	8.6	1.4	16%
MT Alliance	8.5	9.2	9.7	9.6	8.5	9.6	(1.1)	(11%)
Partners	10.8	10.9	11.6	11.0	10.8	3.6	7.1	198%
Total Gross Margin (\$M)	22.5	22.0	21.0	19.5	22.5	14.9	7.7	52%
Total Gross Margin %	49%	48%	48%	47%	49%	43%	6%	
EBITDA (\$M)	6.1	6.7	6.2	5.8	6.1	4.0	2.1	53%
Capital Expenditure (\$M)	3.4	5.6	5.1	2.6	3.4	2.1	1.3	60%
Customers (3)	1,110	820	746	658	1,110	610	500	82%

(1) The difference between Total Revenue and the sum of the channel breakdown is primarily installation amortisation.

(2) From March 04 Partners revenue is eliminated and from November 04 NTT A IP revenue is eliminated from Wholesale Carriers.

(3) Corporate/Business, Gov't and Wholesale. There are approximately 8,000+ SME end customers from Channel Partners.



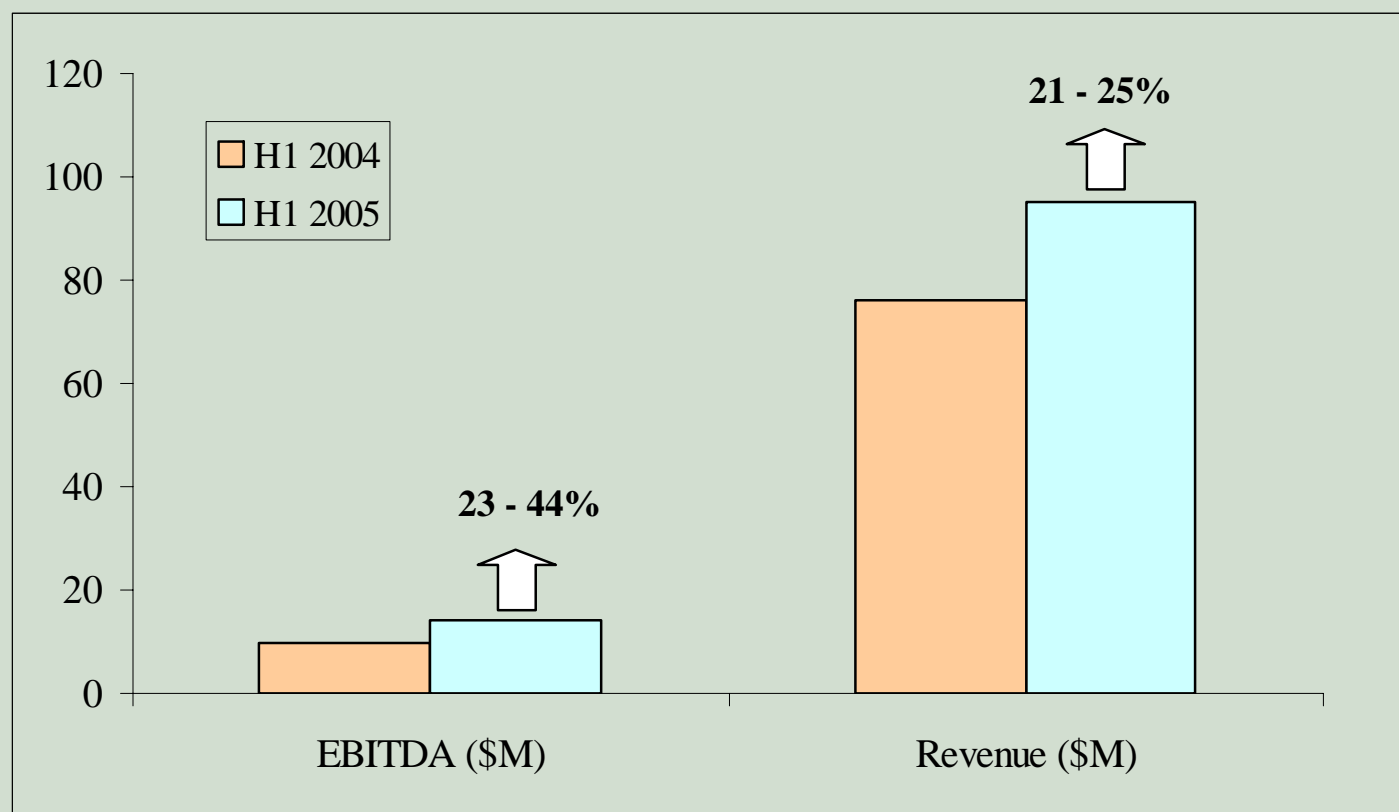
H1 2005 - Financial Guidance

- H1 2005 Financial Guidance:
 - Revenue: \$92.3M - \$95.3M
 - EBITDA: \$12.1M - \$14.1M
- Revenue growth rates between 21 - 25% and EBITDA growth between 23 - 44% over the previous corresponding period.
- Continue to maintain fully funded business plan.



PowerTel Financial Growth

H1 2005 (est) vs. H1 2004



	H1 2004 (actual)	H1 2005 (estimate)
Revenue (\$M)	76.2	92.3 - 95.3
EBITDA (\$M)	9.8	12.1 - 14.1

Summary & Questions

