

Market Briefing and Outlook 2007

John Stanton, CEO
September 2006

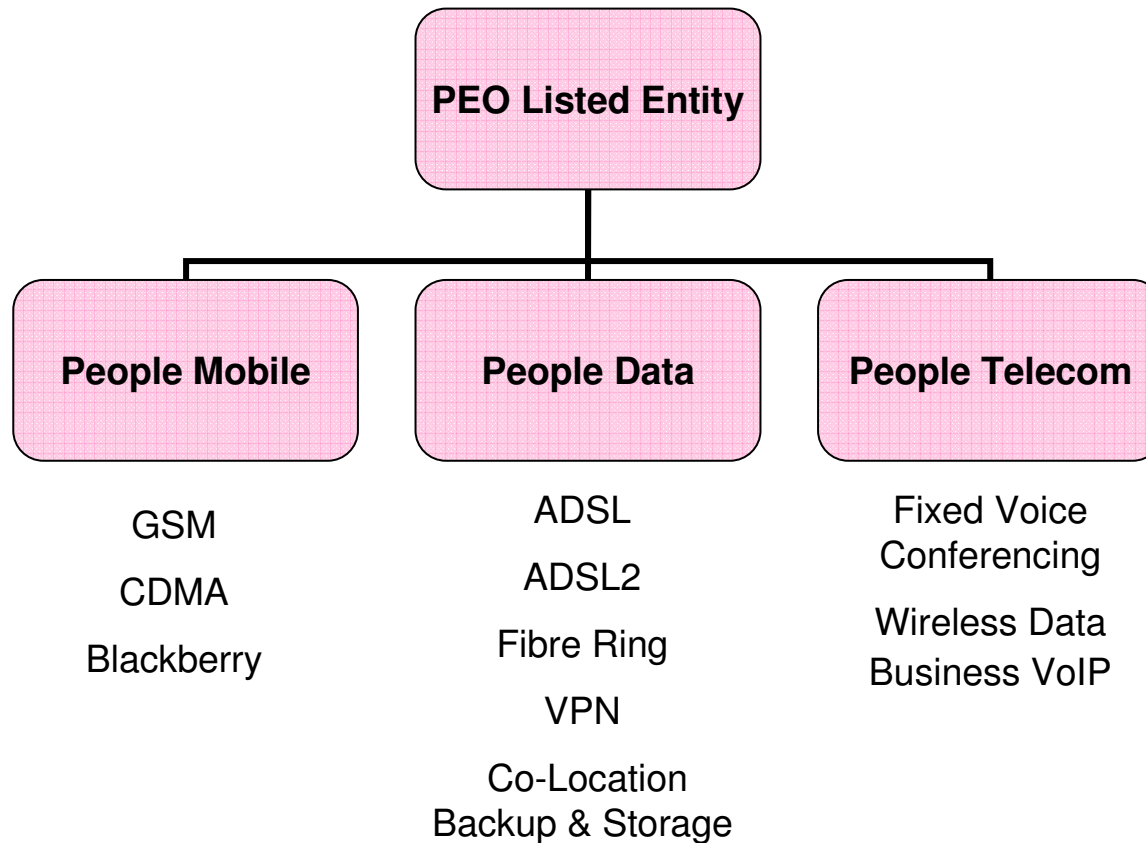
people
TELECOM

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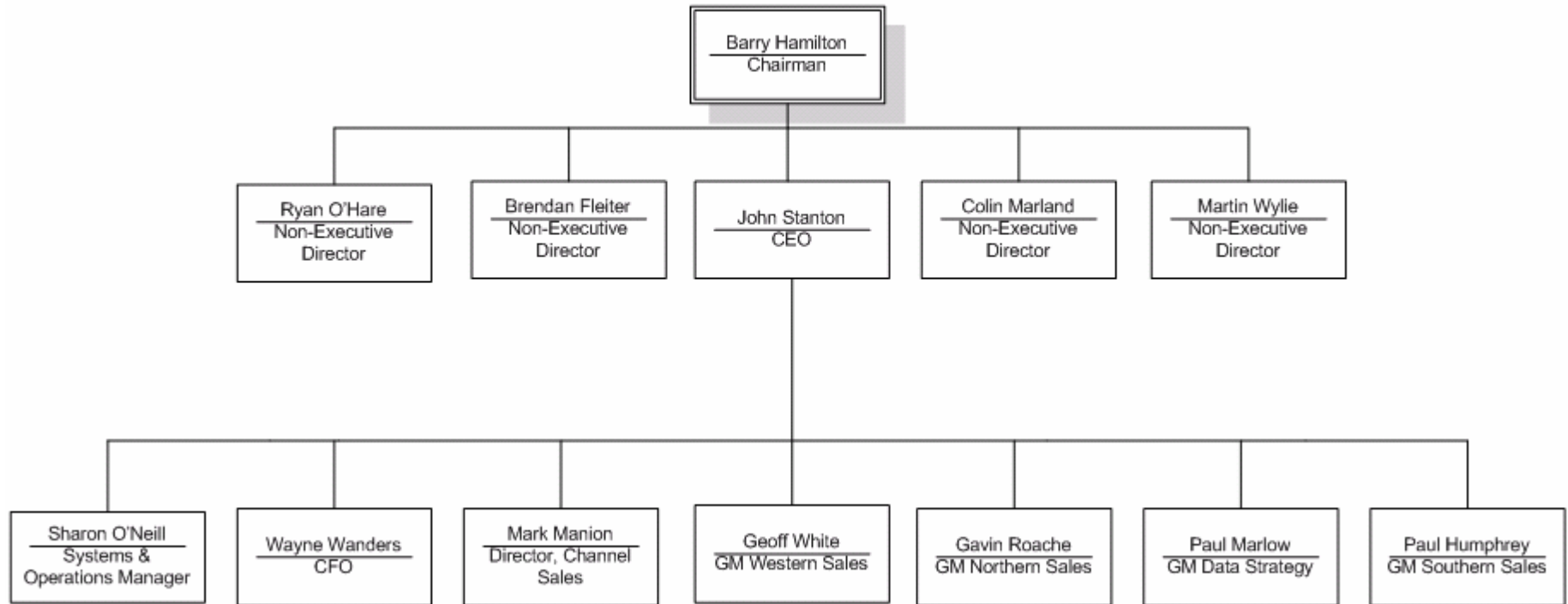
Group overview

- Launched Telecommunications Services: February 2000
- Full service telecommunications product and service provider
 - Voice (mobile and fixed)
 - Data (broadband and VPN)
- Business grade VoIP
- SME & Home Office focus
- Billed Services in Operation: 105,000
- Customers (as of August 2006): 40,370
- ARPU: \$2,744 p.a.
- Employees: 135

Structure



Management structure – as at 1st Sept 2006



Company information

Capital Structure

- 308 million shares on issue
- Current market cap \$18.5 million at 6c per share
- Cash at end June 30, 2006 \$4.8 million

Top Four Shareholders

- Mr Brendan Fleiter
- Mr Ryan O'Hare
- Mr Colin Marland
- Mr Barry Hamilton

Key business drivers

- Strong sales from all channels balanced by cost of acquisition
- Quality relationships with carrier partners
- Managed churn
- Quality, award winning customer service
- Investing further in customer retention

Full year in review

- Continued strong growth in revenues – up 11% to \$110.78 million.
- Year-on-year growth most rapid in:
 - Mobile revenues – up 16% to \$20.2 million
 - Fixed Voice – up 15 % to \$65.8 million
 - Business Grade Data – up 10% to \$7.1m
- EBITDA profit of \$0.5 million (before goodwill write-down)
- Net operating cash flow of \$2.5 million, compared to \$0.1m in 2005
- Gross margin grew 2% to \$25.4 million

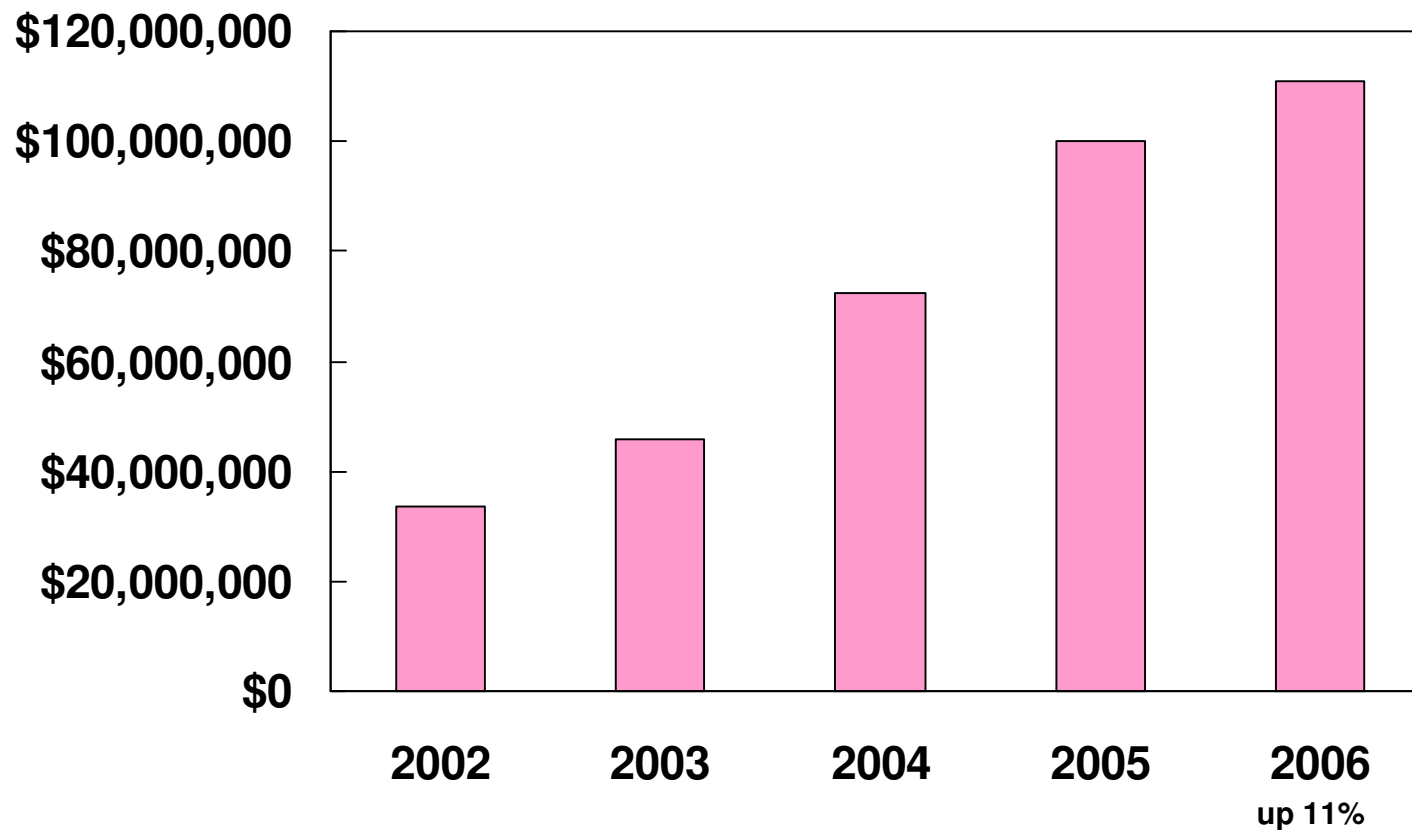
Recent milestones

- New \$100 million agreement with Telstra for fixed line and broadband services
- New partnership with Call Plus, New Zealand
- Phases 1 and 2 of National Data Centre fully utilised
- Connected first commercial customers on ADSL2 and People Direct (converged voice and data network)
- Appointment of new CEO

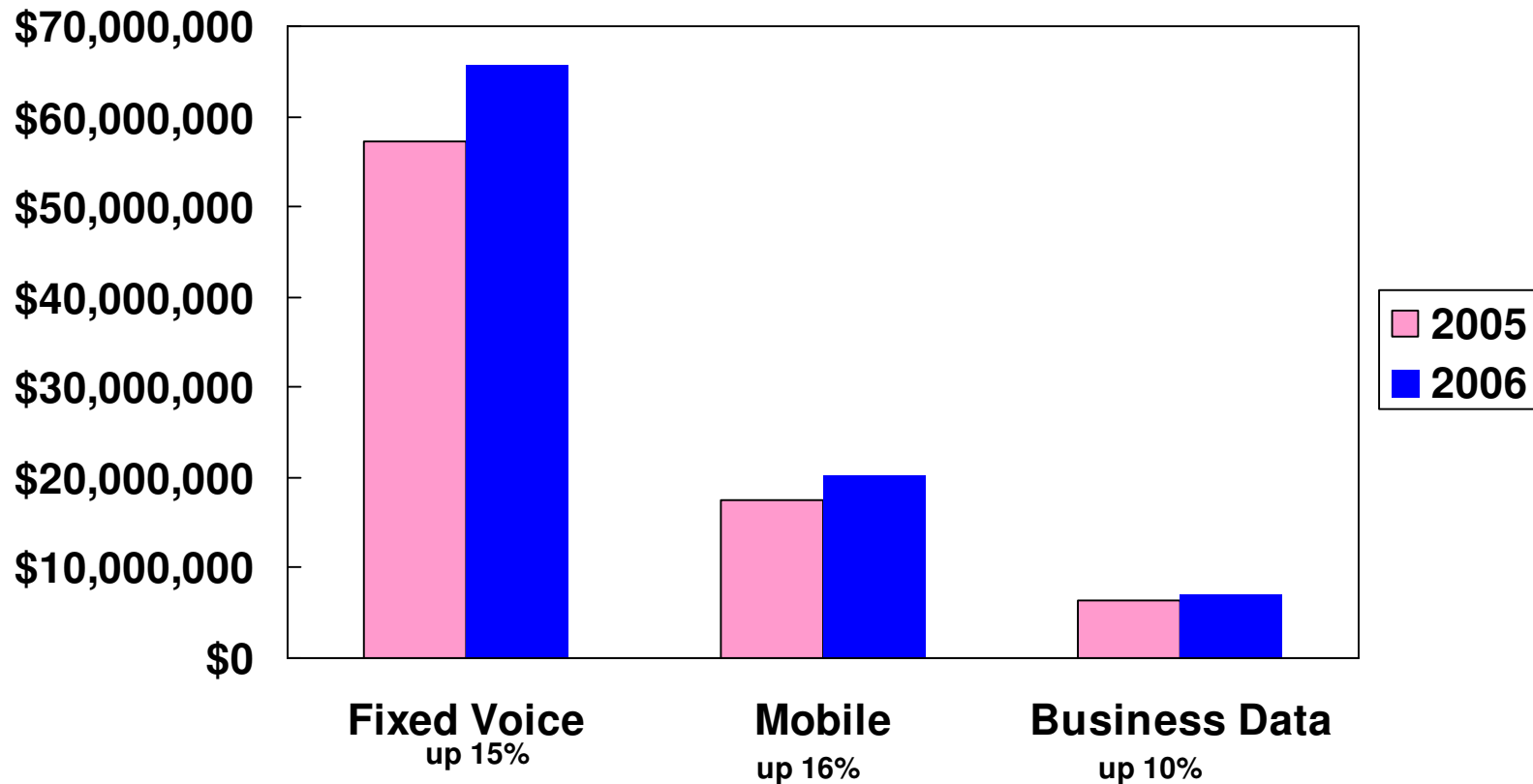
Key financials

	2006	2005	Growth year on year	% Growth year on year
Revenue	110,781,591	100,041,117	10,740,474	11%
Gross Margin	25,389,137 22.9%	24,955,197 24.9%	433,940 -2.0%	2%
Operating Costs	24,865,645 22.4%	22,871,140 22.9%	1,994,505 0.4%	9%
EBITDA	<u>523,492</u> 0.5%	<u>2,084,057</u> 2.1%	<u>-1,560,565</u> -1.6%	-75%
Non Recuring Opex item:	775,165			
Normalised EBITDA	<u>1,298,657</u> 1.2%	<u>2,084,057</u> 2.1%	<u>-785,400</u> -0.9%	-38%
Operating Cash Flow	<u>2,541,393</u>	<u>107,782</u>	<u>2,433,611</u>	2258%

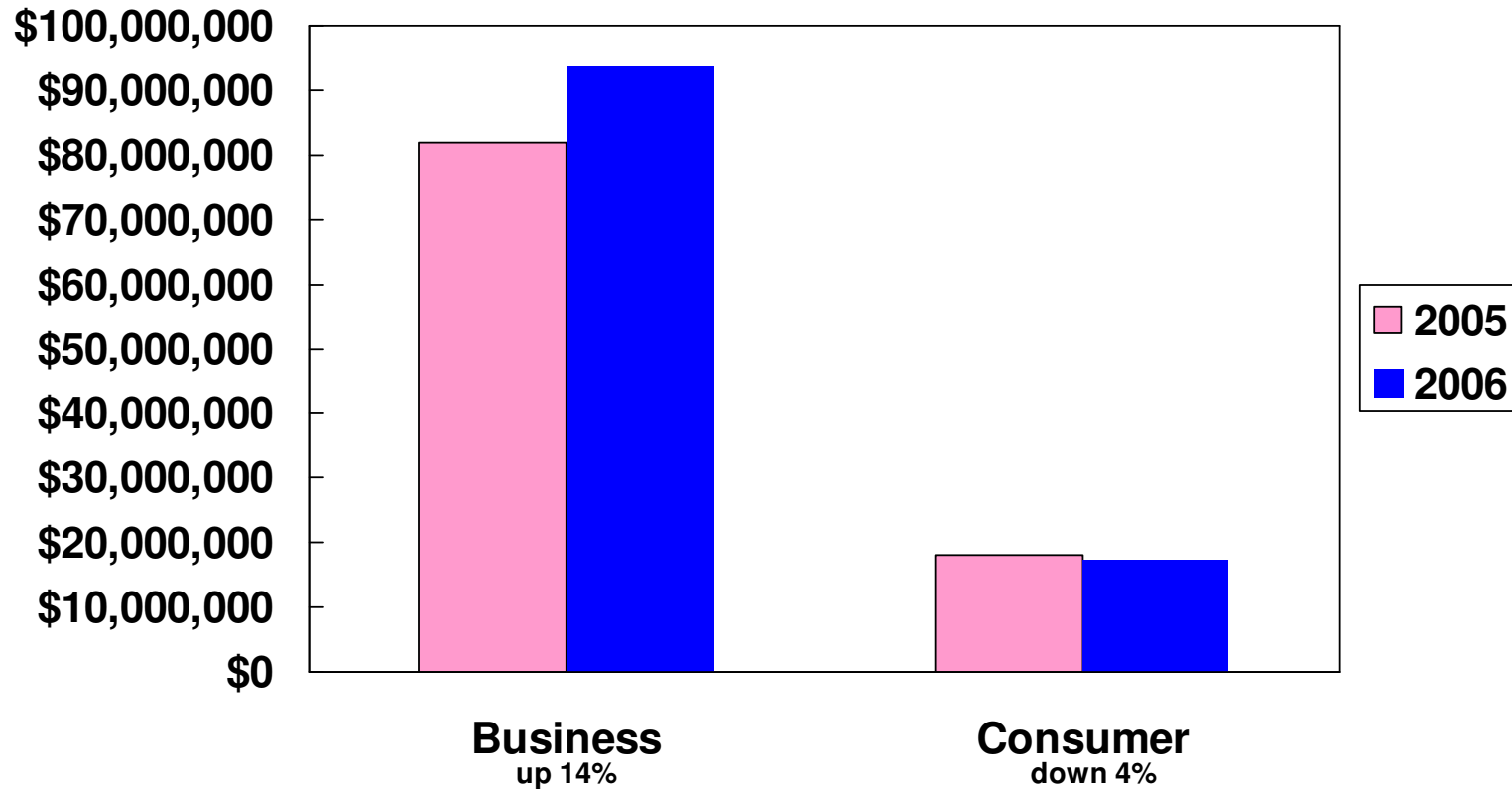
Revenue growth year-on-year



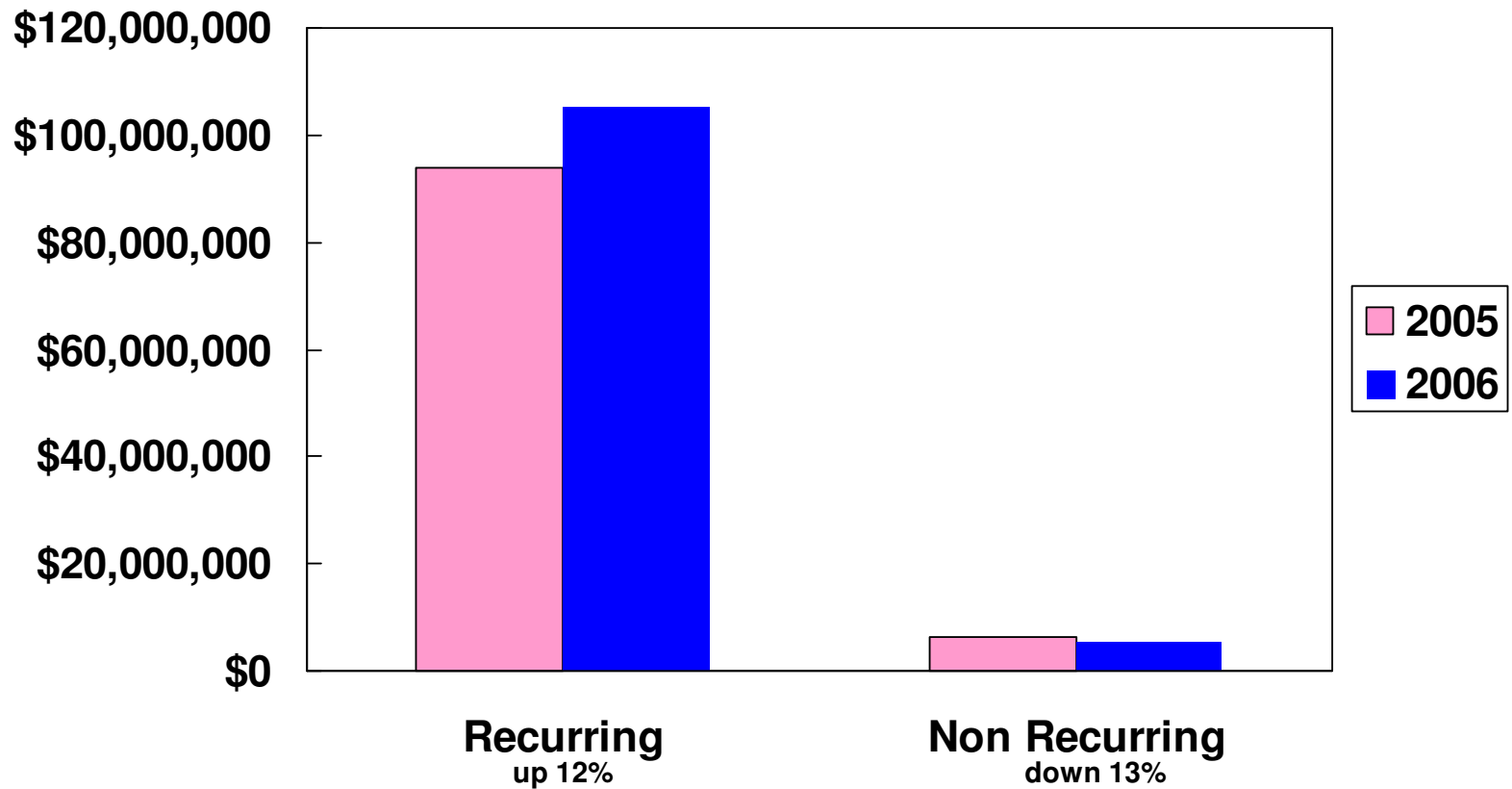
Revenue by product



Revenue by segment



Revenue by type



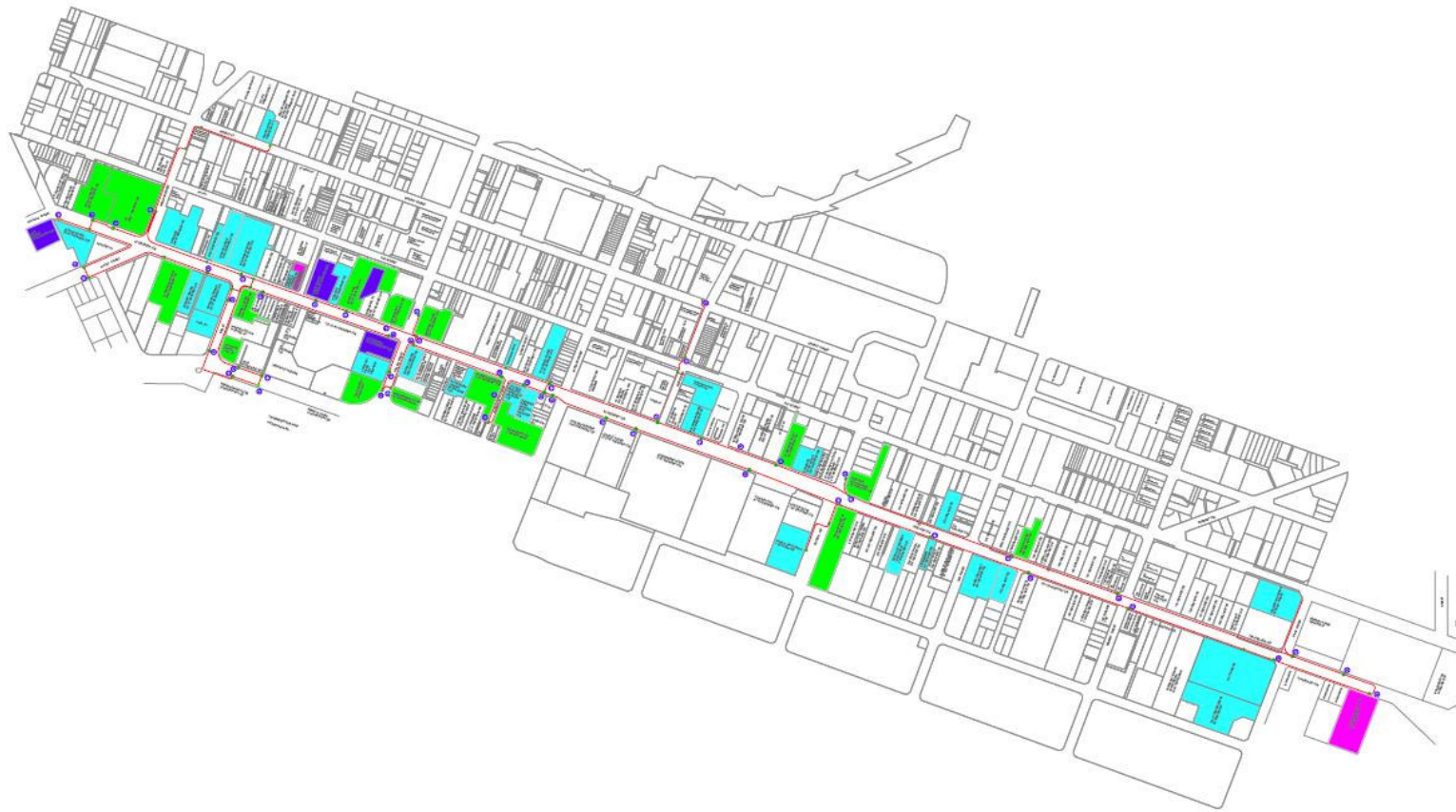
Sector differentiation

- People Telecom has a unique strategy that sets it apart from other Tier 2 and 3 providers:
 - Focus on SME = clear market differentiation
 - Excellence in customer service resulting in lower churn than industry standard
 - Fast to move to next generation network and provide new technologies
 - Strategic growth through acquisition & organic growth
 - No “build and they will come mentality” - focus on building customer base rather than overcapitalising on infrastructure investment

High speed network infrastructure - Perth

- 20km fibre-optic self-healing ring in Perth CBD
- 42 key buildings fibre enabled
- Co-location (data centre) in Perth CBD
- Co-location business (floor-space under contract) grew by 110% in past 12 months
 - Blue-chip customers signed include
 - AT&T
 - Worley Parsons
 - GRD Minproc
 - Computer Sciences Group
 - Worldwide Online Print
 - Co-location generating revenues of \$1.6 million plus per annum
- Inter-capital bandwidth upgraded to accommodate corporate data (VPN/WAN)

High speed network infrastructure - Perth



2007 outlook – operational strategy

- Focus on improved execution of core business
- Continued revenue growth but strong focus on profitability:
 - Implementing a wide-ranging program to improve operational efficiencies and internal processes; and
 - further reductions in wholesale costs
- Targeted to improve customer service, maximise customer retention, generate profitable growth and put People on a stronger competitive footing

Operational issues and challenges

- Provisioning and customer activation
- Customer service
- Internal processes and procedures
- Sold-to-tolled variance
- Customer churn
- Product portfolio

“New people” program

Commenced August 2006: An ongoing and central part of the way we manage our business.

Phase 1 Action Plans

1. Re-engineer customer provisioning and activation
2. Restructure customer care to optimise service levels and reduce costs
3. Customer issue resolution
4. People Telecom processes
5. People Telecom products

Generating a strong platform for profitable growth

Summary

People Telecom offers an attractive proposition for investors:

- Unique market position as a full service provider to small business and home office sector
- Commitment to service, strong partner relationships and excellent sales record have been key value drivers
- Company continues to provide year on year revenue growth and maintain a strong cash flow
- Implementing new program to achieve profitable growth through:
 - Improved operational efficiency
 - Strategic acquisition and organic growth