

## **Bendigo Community Telco Chairman's AGM Address 27 October 2009**

Bendigo Community Telco has continued to perform well in our ninth year of operation. While the last twelve months have been challenging for the entire business community, Bendigo Community Telco has held its own with changes in line with market trends. Our focus has been to continue to develop opportunities for our customers while providing an infrastructure to match a market-driven expectation for the provision of leading telecommunication services.

Since launching the local Telco, we have seen renewed commitment in terms of local competition and pricing, new local employment being created, enhanced local competencies and increased collaboration, together with new infrastructure investments so important to ensure our region is connected to the latest technologies. Our local company focuses on what is the most appropriate solution for our customer base, and ensures that we (from our local market) set the priorities – rather than these being set for us by the major carriers based in distant capital cities.

With our strong customer commitment we have been able to retain local capital and we are well aware that, as a local business, our success is inextricably linked with the success of our customers and our local market. This is what differentiates our business, along with our continued commitment to engage and contribute to activities across our regional community.

The past twelve months have seen an emphasis on retention of existing customers by ensuring our personal service is of the highest possible standard. One key measure of success of this strategy has been the high level of customer retention – which exceeds industry averages. This is a key indicator of customer satisfaction. Research with a wide sample of existing customers also confirms that satisfaction levels have risen steadily.

The ongoing development of our business, in our products and services and especially in our team of people, is bearing steady results for our shareholders. The past twelve months has seen the company maintain its market position in an environment of extreme competition activity and economic uncertainty. We are pleased with the fundamentals of the business which has seen our ability to increase our gross margin to 33%, and improve our EBITDA result by 4%. Although overall revenues and net profit reduced marginally, I am pleased we were still able to declare a final dividend of 5 cents, making the total annual dividend for the 2008/09 financial year 10 cents. The “final” dividend was declared on 25 August and distributed to shareholders in September.

During this financial year our share price has remained around \$1.60. This largely reflects the continued profitability of the business and dividends paid, which provide a healthy yield at today's share price.

These results in a challenging financial environment are confirmation of the success of our strategy and the power of capturing capital flows that only a locally-owned and operated company can offer.

One very positive development during the year has been the establishment of the Network Operations Centre here in Bendigo. This centre currently handles the Bendigo and Adelaide Bank's national Wide Area Network and has the capacity to service other customers and national networks. The company's investment in this centre affords it the opportunity of offering a deeper level of value added telecommunications services and solutions into our market.

Bendigo Community Telco has continued to produce good value for shareholders since it was launched nine years ago and, with the momentum built by our team and our dynamic CEO Phil Lazenby, shareholders can expect continued value in the years ahead.

We appreciate the dedication our management team and staff have displayed and the unity of our customers in providing an ongoing commitment for this important local business. We look forward to the future with a good deal of optimism and genuine enthusiasm. Certainly over the coming year we would welcome new customers who might join with us to enhance this important community-owned enterprise, as well as improve our ability to provide ongoing community support into the future.

I thank my fellow directors for their support over a very busy year and on behalf of the Board, I thank you, our shareholders, for your ongoing support.

The year ahead is an important one for Bendigo Community Telco and we are confident that there will be continued opportunity to deliver significant value to you, our shareholders, and to the wider Bendigo community.