

## Media Release

### iiNet's focused strategy delivers another strong set of results

**16 August 2010** – iiNet Limited's (ASX:IIN) focused strategy based on its four pillars of service, brand, content and consolidation, continued to drive strong growth, according to its 2010 full-year results released today.

iiNet's revenue grew by 13% to \$473.8 million, and subscriber services grew by 27% to 960,000, Chief Executive Officer, Michael Malone said.

He said these were another excellent set of results, continuing iiNet's track record of growth over the past four years. Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) were up 20% to \$80.7 million, ahead of market guidance.

#### Key highlights included:

- Revenue up 13% to \$473.8 million (FY 09: \$418.3 million)
- Underlying EBITDA up 20% to \$80.7 million (FY 09: \$67.2 million)
- Underlying NPAT up 36% to \$34.8 million (FY 09: \$25.6 million)
- Underlying EPS up 36% to 23.0 cents per share (FY 09: 16.9 cents per share)
- Total broadband customers up 28% to 539,000 following the acquisition of Netspace
- Continued strong growth of Naked DSL with subscriber numbers up 59% to 106,400
- Successful launch of BoB™ in August 2009 with more than 50,000 units sold
- Westnet consolidation complete, including all off-net migrations
- Small business unit revenues up 18% to \$36.5 million (FY 09: \$30.9 million, restated to include hosting and domain revenues)
- Strong balance sheet capacity with gearing at 20%, after the acquisition of Netspace
- Fully franked final dividend of 6.0 cents per share, with total FY 10 dividend up 13% to 9.0 cents per share fully franked.

Mr Malone said the strong results reflected the continued strong performance of iiNet's business.

"Over the past twelve months, iiNet has experienced strong sustained growth in its products and services. This has been a direct result of the continued delivery of our strategy, and the dedication and hard work of all the people within our organisation.

"We continued doing what we do best in terms of service, brand, content, and consolidation.

"It's been a busy twelve months for iiNet. Our customer service levels remained above our global best practice benchmark throughout the year, retaining customers and reducing churn.



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**WINNER**  
Commitment to Customer  
Service – Consumer  
ACOMMS Communications  
Alliance & CommsDay  
Awards 2009



**WINNER**  
Australian Service  
Excellence Award,  
WA Call Centre Manager  
of the Year,  
National Customer Service  
CEO of the Year  
Customer Service Institute  
of Australia (CSIA)



**WINNER**  
Carrier of the Year 2010  
Best Broadband Service  
(Fixed or Wireless),  
Chief Executive of the Year  
Australian Telecom  
Awards 2009

A full list of current awards  
can be seen at [iiNet Awards](#)



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“Our brand awareness continued to increase in key markets and lots of cool new products like BoB™ and our IPTV offer with fetchtv were released.

We acquired Netspace in April 2010, and recently announced the acquisition of AAPT’s consumer division to be completed in September 2010.

“One of our key targets has been to reach fifteen percent DSL market share prior to the full launch of the National Broadband Network. The acquisition of Netspace, and the proposed acquisition of AAPT’s consumer division will bring iiNet very close to achieving this goal.

“It is important to highlight that we have not just focused on top line growth. The rate of growth in iiNet’s earnings has continued to surpass the rate of growth in revenues. We continued to deliver improved cost management and efficiency in our core activities and the full synergy target from the acquisition of Westnet.

“We anticipate achieving similar synergies from our recent acquisition of Netspace and the acquisition of AAPT’s consumer division in 2011 and beyond,” Mr Malone said.

Mr Malone said that iiNet’s customers had continued to benefit from the Company’s focus on staying at the forefront of industry innovation.

He said BoB™, an all-in-one wireless home hub combining the phone and Internet and connecting to entertainment platforms like Xbox, continues to be an outstanding success. More than 50,000 BoB™ units have been sold since its launch in August 2009.

iiNet recently launched Australia’s first national IPTV solution in partnership with fetchtv, with fantastic content, attractive pricing and a state-of-the-art set top box. The channel line-up already includes a compelling package of fifteen basic channels, thirty rotating movies on demand, pay-per-view movies and other interactive content, all on top of the existing free-to-air channels and with more to come over the coming months.

Mr Malone said iiNet’s Freezone continued to be an outstanding success, providing customers with unmetered legal content and demonstrating a strong desire by Australians to access affordable legal content online. With more content deals coming, Freezone will continue to grow in terms of users and is now the clear number one traffic generator on our network.

He said iiNet had demonstrated its ability to be flexible, innovative and lead in the new and changing telecommunications industry.

“We are confident we will continue to do so. We have demonstrated we are “NBN Ready” with our first customers already online in Tasmania,” Mr Malone said. He said the company was monitoring policy commitments made during the Federal election and was confident, regardless of the outcome that it would continue to lead, innovate and be successful.



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Mr Malone said the company's financial and operating results have created an exciting platform to drive further growth in the business.

"We are not slowing down. Having successfully completed the combination with Westnet, we are now focused on the integration of Netspace and look forward to the completion of the acquisition of AAPT's consumer division in September 2010.

"These acquisitions position iiNet on a rapid path towards becoming the clear leading challenger brand in our sector. In addition, our product and content pipeline is bursting with cool new initiatives that will underpin iiNet's organic growth for the 2011 financial year and beyond," Mr Malone said.

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**About iiNet**

iiNet is Australia's third largest DSL Internet Service Provider and fast becoming the leading challenger in the telecommunications market. We employ more than 1700 inquisitive staff across three countries and support close to 1 million [broadband](#), [telephony](#) and [internet protocol TV](#) services nationwide.

We're a publicly listed company and we maintain our own super-fast broadband [network](#). Our vision is to lead the market with products that harness the potential of the internet and differentiate with [award-winning](#) customer service.

To achieve this, we [employ](#) creative thinkers and true advocates of technology. Our people are a huge part of the iiNet success story, so we've developed a unique and stimulating work culture to ensure they remain engaged and inspired.

A lot has changed since our CEO founded iiNet in a suburban garage back in 1993 and the broadband landscape continues to evolve. What hasn't changed is our passion for the transformative benefits of the internet and our commitment to helping Australians connect better.