

## Media Release

### iiNet reports strong growth over H1 2009

**25 February 2009** - iiNet Limited (iiNet), Australia's third largest Internet Service Provider (ISP), continued its strong growth announcing revenue growth of 75% to \$205 million in its 2009 half year results released today.

iiNet Managing Director, Michael Malone said the results were at the top end of earlier market guidance in terms of revenue and earnings before interest, tax, depreciation and amortisation (EBITDA), with EBITDA up 35% to \$31.1 million.

Mr Malone said despite the economic slowdown, iiNet continued to see growth in product numbers, now totaling more than 723,000.

"Our half year results reflect strong subscriber growth due to the continued success of Naked, the successful consolidation of Westnet and the increasing popularity of our innovative products, particularly our award-winning Naked service," Mr Malone said.

Financial highlights include:

- Revenue up 75% to \$205.0 million (H1 08: \$117.1 million)
- EBITDA up 35% to \$31.1 million (H1 08: \$23.0 million)
- NPAT up 50% to \$11.4 million (H1 08: \$7.6 million)
- On-net subscriber numbers up 13% to more than 196,000 due to the continued success of Naked
- Telephony-over-IP subscribers up 25% to more than 100,000
- Westnet successfully consolidated with synergies ahead of forecast
- Strong balance sheet with gearing at 12%
- Fully franked interim dividend of 3.0 cents per share.

Mr Malone said the results were a reflection of the company's continued focus and commitment on product innovation, collaborative content offerings, outstanding customer service and strong brand value and loyalty.

"Our Naked product, providing customers with broadband speeds of up to 24Mbps without the added costs of a fixed phone line, continues to drive our growth and is a terrific success. We continue to develop our product and content capabilities, and over the past six months we have added at least one new product each month.

"Further demonstrating this growth and appeal, iiNet subscriber connections in Queensland more than doubled from 115 per week to 250 per week following iiNet's brand launch in that State.

"Similarly our Freezone, providing subscribers unmetered legal content offerings, continues to be an outstanding success and is a market and industry leader. Traffic to the Freezone more than doubled in the last half," he said.

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iiNet's Freezone makes content freely available from iTunes, ABC iView, Super 14 Rugby, Xbox 360, ninemsn, the West Australian Symphony Orchestra, Cruizin', Macquarie Digital TV, NASA Television, Barclays Premier League football, Drift Racing 2007, classic highlights of golf's four Majors and almost 70 radio stations.

Mr Malone said the results would enable iiNet to continue to focus on organic growth and to explore further acquisitions opportunities.

"iiNet is the leading challenger in the Australian telecommunications market providing outstanding service, cool products and content, and a loved brand.

"We have had a history of leading industry consolidation too, having acquired more than 30 ISPs. The successful consolidation of Westnet demonstrates our ability to create value for shareholders and deliver above the benefits we said we would deliver.

"Our Net Promoter Score, a global standard in customer service analysis, continues to grow and now stands at 42% in iiNet, with even higher levels in Westnet. Customer satisfaction directly translates to our ability to grow and keep our customer base, and we have seen a reduction in churn as the Net Promoter Score has increased.

"These results, achieved during difficult market conditions, are a testament not only to our consistent strategy and effective execution, but also to the people within iiNet and Westnet. We operate in markets with attractive fundamentals, and are recognised as one of the leading ISPs in Australia. We are on track to exceed \$400 million of revenue in FY09 and are well positioned to grow shareholder value."

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## About iiNet

iiNet was established in 1993 and listed on the ASX in 1999 (ASX: IIN), growing from a small Perth business into the third largest Internet Service Provider in Australia. The Company now supports more than 723,000 dial up, broadband and telephony services nationwide, is on track to exceed \$400m of revenue in FY09, and proudly employs more than 1,400 people in Perth, Sydney, Auckland and Cape Town.

iiNet's goal is to lead the market with the best Internet access products and then differentiate with genuine, plain speaking customer service. The company has its own high speed ADSL2+ network reaching around 4 million households across Australia, the largest Voice over IP network in the country, and is delighted to have led yet again with Naked DSL, recognized by PC User Magazine as the 2007 Product of the Year.

## For further information or interviews, please contact:

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