

Media Release

iiNet delivers another strong set of results

21 February 2011 – iiNet Limited's (ASX: IIN) organic growth initiatives, combined with recent acquisitions, continued to drive strong growth according to its 2011 half-year results released today.

Michael Malone, Chief Executive Officer, said iiNet's revenue grew by 45 per cent to \$330 million, and subscriber services grew to over 1.3 million.

"iiNet's strategy, focused on retaining profitable customers, expanding its product offering and achieving scale, differentiated us from other Internet Service Providers (ISPs) and underpinned our growth. Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) were up 25 per cent to \$46.8 million," Mr Malone said.

Key highlights included:

- Revenue up 45% to \$329.7 million (1H 10: \$228.1 million)
- Underlying EBITDA up 25% to \$46.8 million (1H 10: \$37.4 million)
- Underlying NPAT up 16% to \$17.2 million (1H 10: \$14.8 million)
- Underlying EPS up 15% to 11.3 cents per share (1H 10: 9.8 cents per share)
- Total broadband customers up 20% to 650,000 from 30 June 2010 due to continued organic growth and the acquisition of AAPT's Consumer Division in September 2010
- Continued focus on network migrations with 61% now on-net (excluding AAPT)
- New products launched including fetchtv, mobile voice, the Terabyte plan, BoB Lite™, and new small business solutions
- Integrations of Netspace and AAPT Consumer Division on track
- Strong balance sheet, with comfortable gearing at 34% net debt / equity
- Increased interim dividend of 5 cents per share fully franked (1H 10: 3 cents per share fully franked).

Mr Malone said that the results reflected the strong underlying fundamentals of iiNet's business.

"Over the past six months, iiNet has experienced continued growth in its subscribers, even during a period of increased competition, with more than 7,000 additional broadband subscribers added in the half.

"This has been a direct result of the continued delivery of our strategy and remaining focused on doing what we do best in terms of service, brand, innovation and achieving scale, and the hard work and dedication of iiNet's unique people.

"In a more highly competitive environment, it's very important that we're able to retain customers and maintain our low churn levels. I am very pleased with the fact that our customer service levels continued to remain above our global best practice benchmark.





“Our brand campaigns to support fetchtv, our new Terabyte plans, BoB Lite™ and our sponsorship of the National Basketball League and Women’s National Basketball League have been successful in building iiNet’s brand awareness. Having become the second largest DSL provider in Australia, we recently launched a new “No. 2 DSL” campaign which we believe will further aid brand and customer engagement.

“Scale has become increasingly critical given the changing market dynamics. Following the acquisition of AAPT’s Consumer Division last September, we achieved our strategic goal of becoming the leading challenger brand.

“The integration of Netspace and AAPT’s Consumer Division is progressing as planned. Although it’s early days, we are starting to see the benefits from the acquisitions flow through into earnings. Importantly, iiNet has the scale required to deliver market leading products and services to grow further,” Mr Malone said.

Mr Malone said that iiNet had not slowed down, and the Company’s customers had continued to benefit from iiNet staying at the forefront of industry innovation.

“The past six months have been extremely busy on the product front for iiNet. We launched fetchtv and mobile voice, and our new BoB Lite™ product was developed and launched by iiNet Labs. In addition, we continued to lead the market with our customer plans by introducing the Terabyte plan and upgrading all on-net and off-net plans. We also added new products to the Business product suite.

In commenting on the growing maturity of Australia’s broadband market and the developing National Broadband Network, Mr Malone said that iiNet was very well placed to adapt, innovate and grow.

“We now have greater clarity around the National Broadband Network, and the rollout is now commencing. The NBN will increase the market opportunities for iiNet providing us with nationwide customer access, the potential for lower churn due to relocations, and a larger serviceable market.

“iiNet is NBN ready and ideally positioned for the change given its track record for innovation, customer migration capabilities, and comprehensive content and product offering.”

“iiNet’s financial and operating results over the past six months indicate that we are on track to achieve full year EBITDA guidance of \$106 million.

“iiNet is well placed to respond to the challenges that lie ahead as the industry evolves given our position as the leading challenger brand, with a growing product suite, and market leading customer service levels,” Mr Malone said.

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About iiNet

iiNet is Australia's second largest DSL Internet Service Provider and the leading challenger in the telecommunications market. We employ more than 2,000 inquisitive staff across four countries and support over 1.3 million broadband, telephony and Internet Protocol TV (IPTV) 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.