One big happy family – acquisition to integration

6 December 2012
iiNet’s 19 year history

- 1993: iiNet commences business
- 1994: Introduces Dial-up services
- 1995: Introduces Broadband services
- 1996: Lists on ASX in July 1999
- 1997: Begins DSLAM network rollout
- 1998: First ISP to offer Naked Broadband services
- 1999: Acquires ihug
- 2000: Acquires OzEmail
- 2001: First ISP to offer ADSL2+ Broadband services
- 2002: Launches iNet Labs
- 2003: Acquires Westnet
- 2004: Launches FetchTV; mobile; and NBN services; launches iiNet Labs
- 2005: Copyright trial begins
- 2006: Acquires Internode
- 2007: iNet wins Copyright trial
- 2008: Acquires AAPT
- 2009:
- 2010:
- 2011:
- 2012:
Significant scale position – The acquirer of choice
Significant scale

<table>
<thead>
<tr>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
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<tr>
<td>251</td>
<td>418</td>
<td>474</td>
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Revenue ($m)

+19%

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<tr>
<th>FY08</th>
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<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
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<td>50</td>
<td>67</td>
<td>77</td>
<td>98</td>
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EBITDA ($m)

47%

4,000,000,000 DNS Queries per day

100,000,000 Emails per day

50,000,000 Voice Minutes last month

2,700,000 MHz of CPU Capacity Virtualised

100,000 Mbps of International Traffic

2,599 DSL subscribers ('000's)

824 iiNet

579 Optus

567 TPG

ANZAM Conference 2012
Who we are today

Delivering cool products and awesome service to your digital world.

iiNet Corporate Values
• Initiate and embrace positive change
• Share ideas and work together for a better result
• Imagine a better way
• Awesome customer service
• Passion for everything we do
Where we come from

Cape Town
20 Corporate
385 Customer Service

Perth
285 Corporate
380 Customer Service

Adelaide
175 Corporate
265 Customer Service

Melbourne
40 Corporate
155 Customer Service

Canberra
120 Corporate
95 Customer Service

Sydney
60 Corporate
100 Customer Service

Auckland
20 Corporate
330 Customer Service

Internode

Netspace

ihug
Big happy family

Michael Malone
Chief Executive Officer

Maryna Fewster
Chief Customer Officer

Stephen Harley
Chief Products Officer

Greg Bader
Chief Business Officer

Steve Dalby
Chief Regulatory Officer

David Buckingham
Chief Financial Officer

Wendy Walker
Chief Marketing Officer

John Lindsay
Chief Technology Officer

Ivan Slavich
Chief Federal Government & ACT
Strategy-lead M & A process

M&A Strategy

Shareholder value generation
Growth opportunities
Competitive position

Target Screening
- Quantitative criteria development
- Target priority matrix

Transaction Process
- High-level valuation assessment (DCF, multiples)
- Management meeting -> cultural assessment

Integration
- Management meeting with staff
- Management of Business Continuity
- Integration of Operations and IP

Integration of Operations and IP
Share / Asset Purchase Agreement

INFORMATION MEMORANDUM
Public Information
Detailed valuation assessment (DCF, IRR, EPS)
Legal / regulatory / billing due diligence

DATA ROOM PROCESS

MANAGEMENT / BOARD VALUATION PAPER

Management of Business Continuity
Growth opportunities
Growth opportunities
Key principles when integrating a business

- Deciding and doing are not the same thing
- Culture
- Communication
- Knowledge management
- Customer experience is crucial
Culture
Communication
Knowledge management
Customer experience is crucial

Impact on NPS

Impact on customers

Focus on call centre

NPS Data Source: European B2C NPS Benchmarking 2012 survey
Survival

NPS (%)

AAPT  iiNet  Netspace  Westnet  TOTAL

24.1  52.1  55.6  66.4  52.5
Measuring success

Factor
- Leadership engagement
- Staff retention
- Operational continuity
- Business efficiencies

Criteria

Objective
- Positive impact on customers and strategic vision

Goal
- Increased shareholder value
Share Price

IIN, IINET ORD, chart of monthly prices over 10yrs

Closing share prices ($)

Regional benefits from sale

Network potential

Response – TransACT and Internode

TransACT sale to be ‘a win for all parties’

By Graham Snow

The sale of TransACT to iiNet, expected to be confirmed later today or early next week, would be a win for all parties, telecommunications analyst Paul Budde said yesterday.

It would give Canberra customers new access to Telstra and Optus networks in major metropolitan and regional markets. Support of TransACT yesterday said that despite a negative reaction to iiNet’s move, the company would still be able to compete after the iiNet takeover.

iiNet buys Internode for $105 million as telco consolidation continues ahead of NBN

Friday, 23 December 2011 00:00

Patrick Stafford

iiNet’s $50 million acquisition of TransACT is well timed, according to iiNet managing director Michael Malone.

Providing insight into the acquisition at iiNet’s AGM today, Malone said iiNet, with revenues of $560m and $176m of EBITDA for FY11, would complement iiNet’s focus on the consumer market.

iiNet integrates Internode global network

By James Hutchinson on Jul 24, 2012 3:46 PM

Filed under Telco/ISP

Smart TransACTon puts Optus in iiNet’s sights

Rashida Yousefzai

August 16, 2012 11:32 AM

Internode takeover boosts iiNet’s profit

A$20,000
Growth in profitable on-net customer base

- Total group services up 26% to 1.6m, despite increasingly competitive market due to
  - acquisitions of Internode and TransACT
  - increased bundling
  - increased focus on products per customer
- Continued focus on customer migrations, with 65% on-net
- AAPT customer billing migration to iiNet substantially complete ensuring full iiNet service experience
Business continues to grow

**SOHO**
- iiNet group market share: 9%
- 43% of Revenue

**SMB**
- iiNet group market share: 5%
- 23% of Revenue

**Corporate**
- iiNet group market share: 2.8%
- 14% of Revenue

**Ent / Gov**
- iiNet group market share: 3%
- 21% of Revenue
Integration benefits from recent acquisitions

### Systems integration synergies of $2-3m in FY13/14

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>3Q12</th>
<th>4Q12</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
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<td>iNet residential knowledge &gt; TransACT</td>
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<td>In Progress</td>
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<td>Back office / IT systems integration</td>
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### Network synergies of $7m in FY13

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Morale improves
Thank you

Why wouldn't you choose what's better?

Life.

Upgraded.
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Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from iiNet Limited current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained herein with caution.