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15 August 2011

The Manager
Company Announcements Office
Australian Stock Exchange
Exchange Plaza, 2 The Esplanade,
Perth WA 6000

ELECTRONIC LODGEMENT

Dear Sir or Madam

Full Year 2011 Financial Results – Analyst briefing presentation

In accordance with the listing rules, I enclose a presentation to be made today, for release to the market.

Regards

David Buckingham
Company Secretary

About iiNet

iiNet is Australia's second largest DSL Internet Service Provider and the leading challenger in the telecommunications market. We employ more than 2000 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 then differentiate with award-winning customer service



WINNER
Partnerships for Growth
(iiNet & fetchtv) and
Communications
Ambassador,
*ACOMMS Communications
Alliance & CommsDay
Awards 2011*



National Large Business - iiNet
WA Large Business - iiNet
WA Service Excellence in a
Contact Centre – Westnet
*Customer Service Institute of
Australia (CSIA)*



WINNER
Carrier of the Year Award,
Highly commended - iiNet's
'work from home' program,
*Australian Telecommunications
Users Group (ATUG)*

A full list of current awards
can be seen at [iiNet Awards](http://iiNetAwards.com)



Results for the year ended 30 June 2011

15 August 2011

Today's agenda

1 – Doing what we do best

2 – Continuing earnings growth

3 – Maintaining the focus

4 – A new vision

5 – Ideally positioned for the future

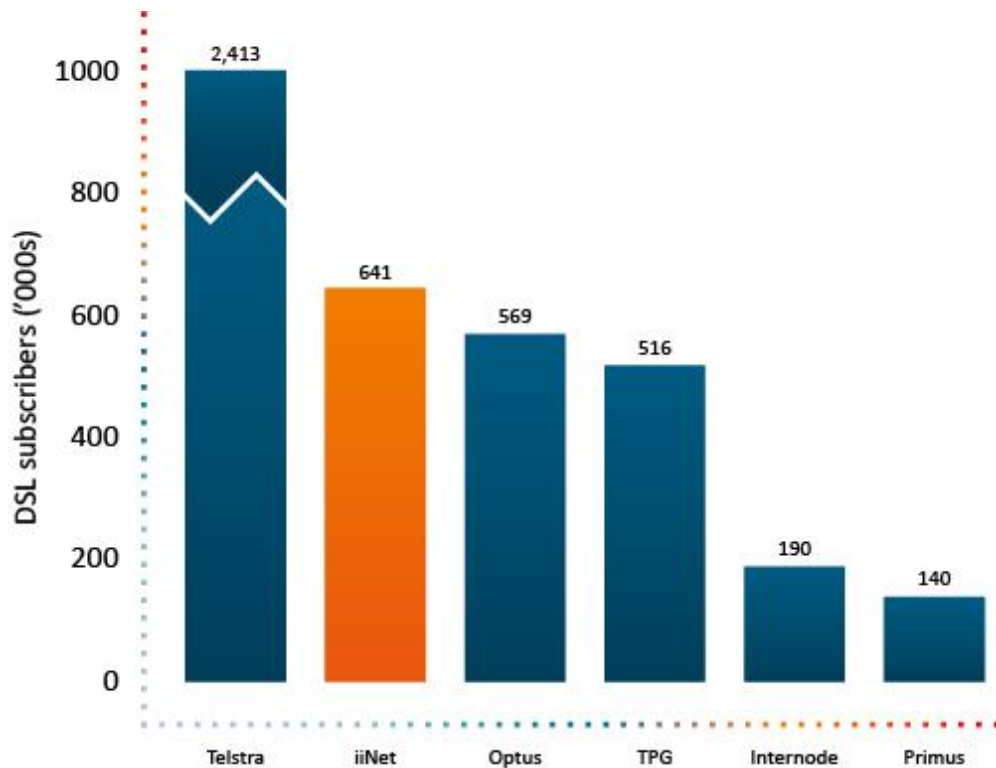
FY11 was a landmark year for iiNet

- Strong growth in revenue, earnings and operating cash flows
- Continued dividend growth and announcement today of an on-market share buy-back of up to 5% of issued capital, reflects strength of underlying business and confidence in outlook
- Focus on service continues to deliver results – NPS tracking up, churn tracking down
- Successful acquisition of AAPT Consumer Division – significantly increased scale, making iiNet the leading challenger brand – “the new No. 2” in DSL broadband
- Integrations unlocking value – delivering earnings growth, with more AAPT synergies to come
- Core broadband ARPUs maintained despite increasingly competitive environment
- Greater clarity around NBN – significant growth opportunities, with doubling of addressable market and attractive equivalent wholesale pricing for iiNet
- New strategic vision – “Your trusted partner in the digital world”
- Recent global economic pressures expected to have no impact on growth potential due to critical nature of the internet for customers
- Share register changes – increased liquidity following AAPT exit and Amcom’s in-specie distribution; inclusion in S&P/ASX300 index

The leading challenger

iiNet
connect better

The new number 2.



Source: Company reports, other public media and management statements, DSL only and excludes HFC customers



Today's agenda

1 – Doing what we do best

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Another set of excellent results

Financial performance in line with guidance

- Revenue up 48% to \$699m
- Underlying EBITDA up 30% to \$105m
- Underlying EBIT up 35% to \$61m
- Underlying EPS up 12% to 25.7cps

Gearing

- Comfortable gearing (net debt / equity) at 40% post-acquisitions
- 9x interest cover on EBIT

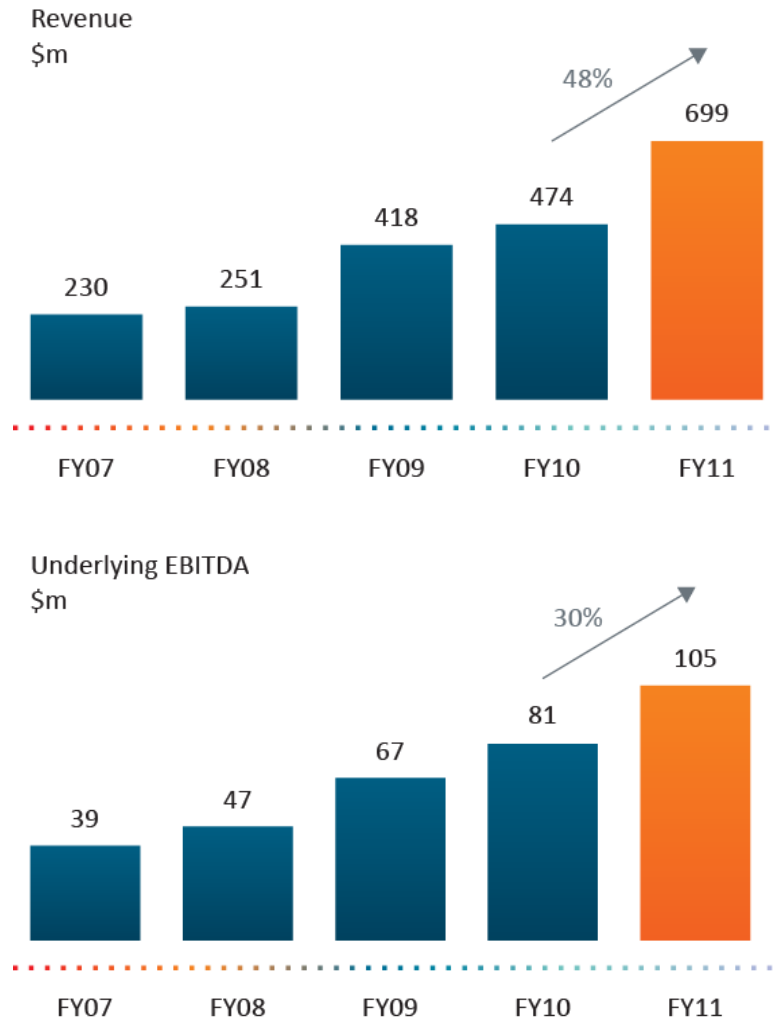
Cashflow

- Operating cash flow up 54% to \$96m

Capital management

- Final dividend of 7.0 cps fully franked
- Total FY11 dividends up 33% to 12.0 cps fully franked
- Announcement today of an on-market share buy-back of up to 5% of issued capital

Strong growth in revenue & earnings

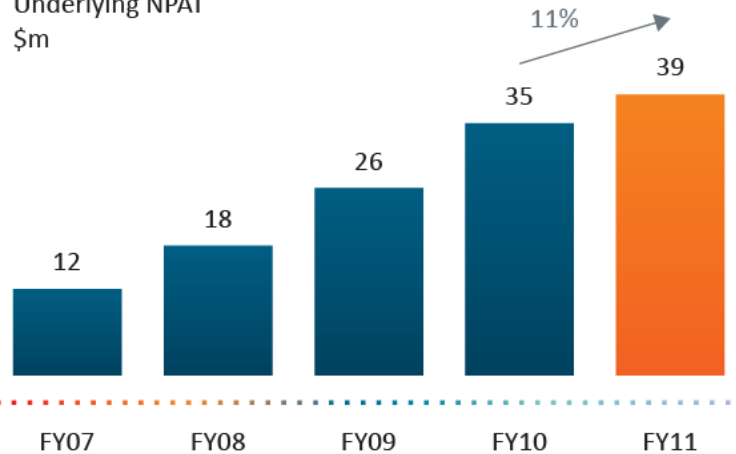


- Revenue up 48% to \$699m due to:
 - 9 months of AAPT consumer division revenues
 - full year of Netspace
 - organic growth in core products
 - growth contribution from new products, services and sectors (Business)
- Underlying EBITDA up 30% to \$105m due to:
 - organic and inorganic contribution
 - margin improvement in iiNet core business through improved on-net mix (64%) and focus on core operating efficiency
 - synergies delivered from the acquisition of Netspace
 - inclusion of AAPT has lowered overall group margin but synergies to come in FY12 and beyond

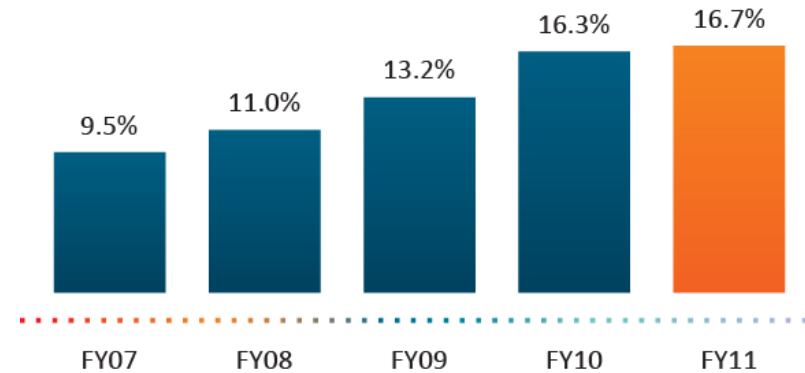
Note: Underlying EBITDA excludes AAPT deal costs of \$3.9m, redundancy costs of \$1.2m and copyright legal costs of \$1.4m. (Total \$6.5m)

Increasing returns to shareholders

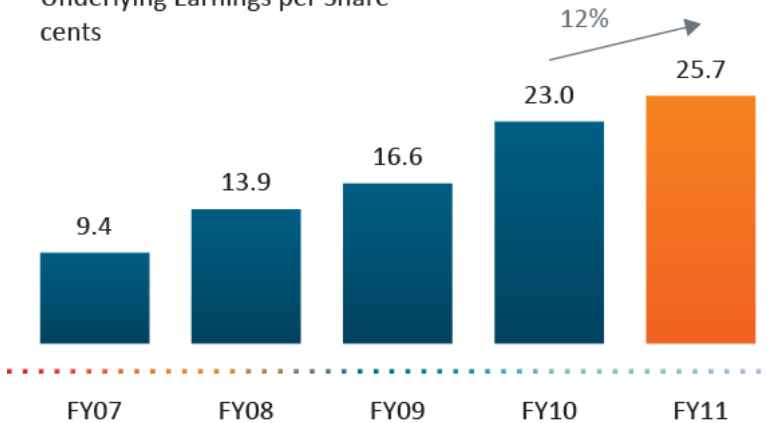
Underlying NPAT
\$m



Underlying ROE
%



Underlying Earnings per Share
cents



- Underlying NPAT (+11%) and EPS (+12%) up on the back of strong EBITDA growth, with no material change to the number of shares on issue
- Synergies from AAPT to help drive NPAT and EPS growth in FY12
- Underlying ROE increased to 16.7%

Note: Underlying NPAT excludes post-tax effect of AAPT deal costs of \$3.9m, redundancy costs of \$0.8m and copyright legal costs of \$1.0m. (Total \$5.7m)

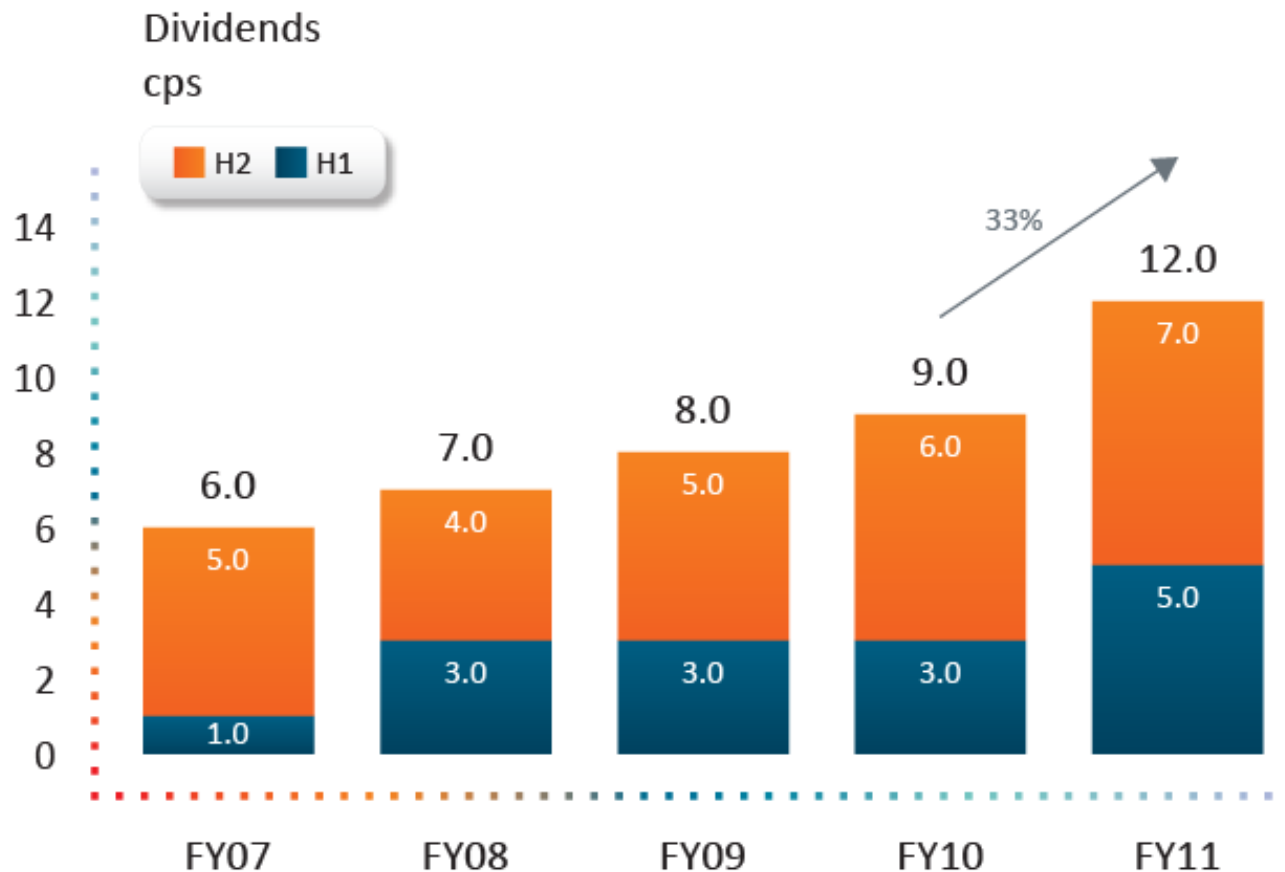
Strong operating cash flows

\$m	FY11	FY10
Reported operating cash flow	96.0	62.5
Capital expenditure	(45.7)	(33.4)
Acquisition of AAPT business	(75.1)	(39.2)
Costs incurred on AAPT acquisition	(3.9)	(0.8)
Subscriber acquisition costs	(6.2)	(1.4)
Net cash outflow before financing	(34.9)	(12.3)
Net debt	96.3	44.7
Shareholder's equity	242.5	225.3
Gearing	40%	20%
Interest cover on EBIT	9x	20x

- Reported operating cash flow up 54% due to:
 - growth in revenue and earnings
 - benefits of acquisitions, including \$15.1m working capital acquired with AAPT
 - tax reduced due to prior year credits received in FY11
- Capex at top end of guidance range; used to fund additional DSLAM growth opportunities and on-net migrations
 - FY12 capex to reduce as DSLAM investment for acquisitions spent in FY11
- Comfortable gearing at 40% (net debt/equity) and 9x interest cover
 - significant headroom for growth

33% growth in FY11 dividends

Reflecting continued earnings growth, excellent cash-flow generation, strong balance sheet and confidence in acquisition synergies and strategic outlook



Today's agenda

1 – Doing what we do best

2 – Continuing earnings growth

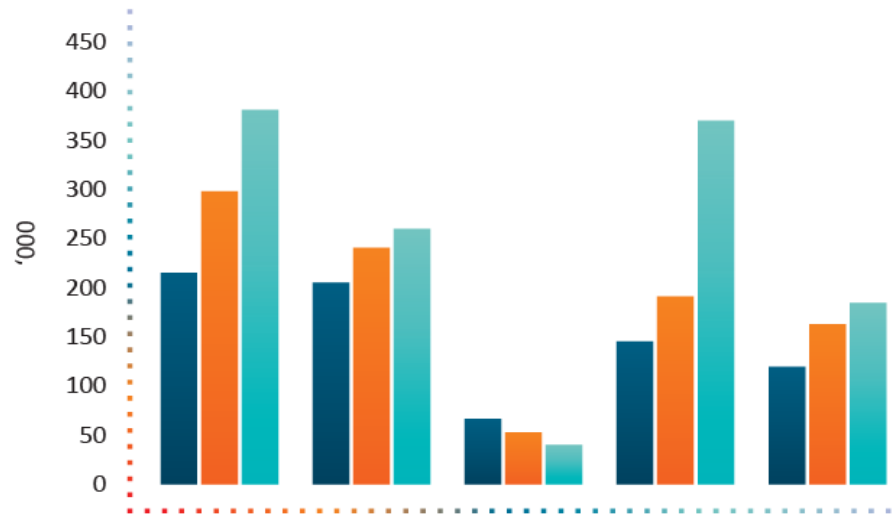
3 – Maintaining the focus

4 – A new vision

5 – Ideally positioned for the future

Profitable on-net customer growth in core business & AAPT on track

Closing Subscriber Numbers



	On-Net	Off-Net	Dial	Fixed Phone	VoIP
Jun-09	215.6	205.4	66.8	145.8	120.0
Jun-10	298.3	241.1	53.2	191.4	163.1
Jun-11	381.3	260.2	40.4	370.3	184.9

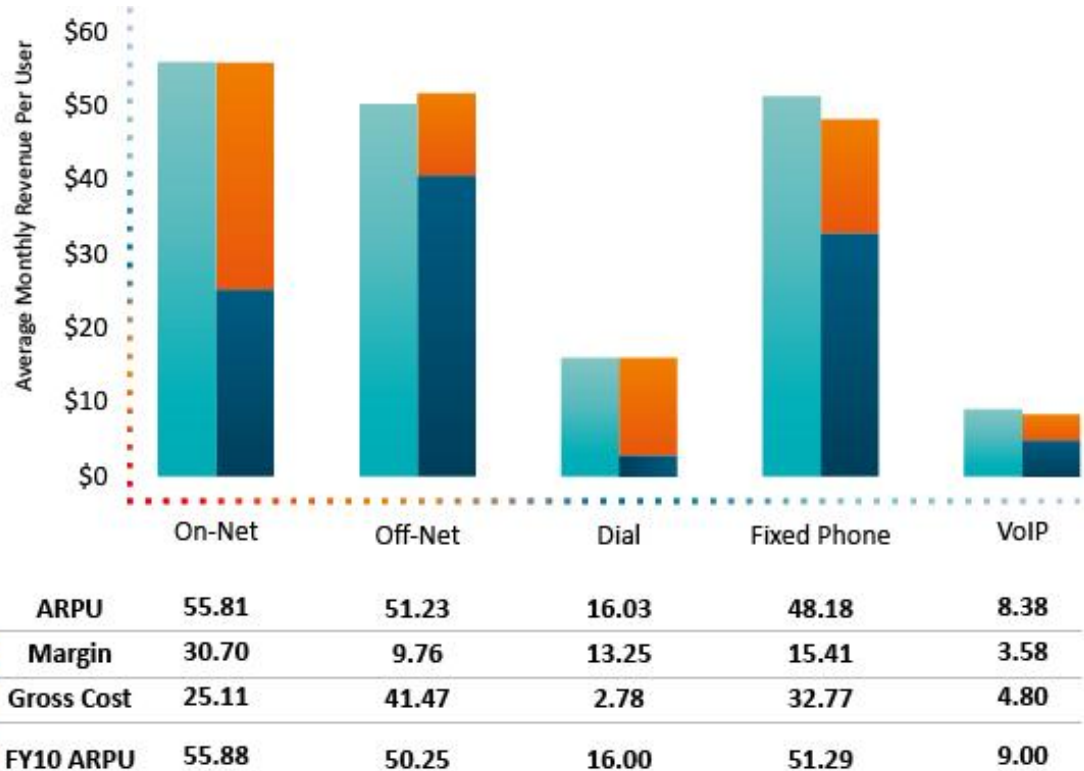
AAPT Subs Jun -11	32.1	62.2	5.6	162.1	-
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Net FY11 Movement

iiNet core	50.9	(43.1)	(18.4)	16.8	21.8
AAPT	(3.2)	(11.8)	(2.9)	(28.2)	-

- Total group services up 36% to 1.3m, despite increasingly competitive market
 - organic growth benefitting from lower churn with on-net broadband growth of +51k subscribers in FY11 (excluding AAPT)
 - increased bundling
- Continued focus on customer migrations, with 64% now on-net (excluding AAPT)
- Off-net growth hampered by lack of competitive DSL2+ wholesale offer
- AAPT customer base likely to continue to decline in line with expectations for FY12
- Blended closing DSL churn at 1.4%

Continued strong ARPU and margins



- Broadband ARPUs maintained despite competitive market pressures
 - Naked plan prices increased by \$10 per month from February 2011
- Benefits of new bandwidth supply agreements and metro wholesale pricing to come in FY12
- Fixed telephone ARPU impacted by call usage declines, consistent with prior trends

Note: margin is calculated on direct network and carrier costs only. All figures above exclude AAPT.



freezone

Strong service and innovative brand allowing for diversification of our relationship with our customers

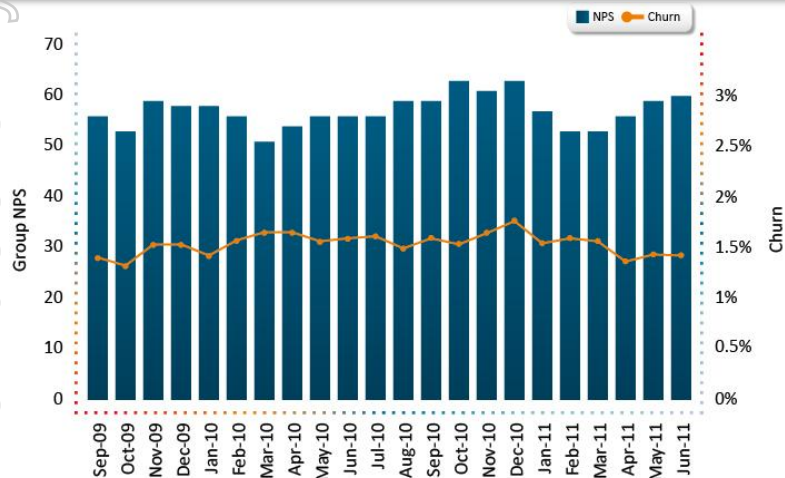


the
BoB squad



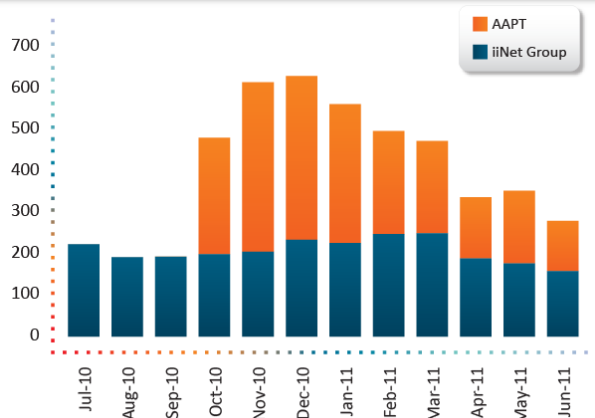
Continued best-in-class service

NPS at industry best practice levels



Churn excludes AAPT. NPS excludes Netspace & AAPT

Reduction in TIO customer complaints



- NPS >55% for most of FY11
- Service orientated culture maintained across brand and product expansion
- Churn continues to decline despite increasingly competitive market: blended closing churn 1.4%
- TIO customer complaints continue to decline (>50% decline in AAPT since acquisition) and costs declining even faster



Capturing market potential in SoHo and SME businesses

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Growing awareness

Everything we've used to build our business is now available for yours.

iinet Business has arrived.
Internet, networking, phone, web hosting, support, hardware.
iinet.net.au/biz
1300 300 835

CUTTING THROUGH TECH JARGON

Net BONDED DSL FOR BUSINESS. DOUBLE YOUR INTERNET SPEED WITHOUT THE COST

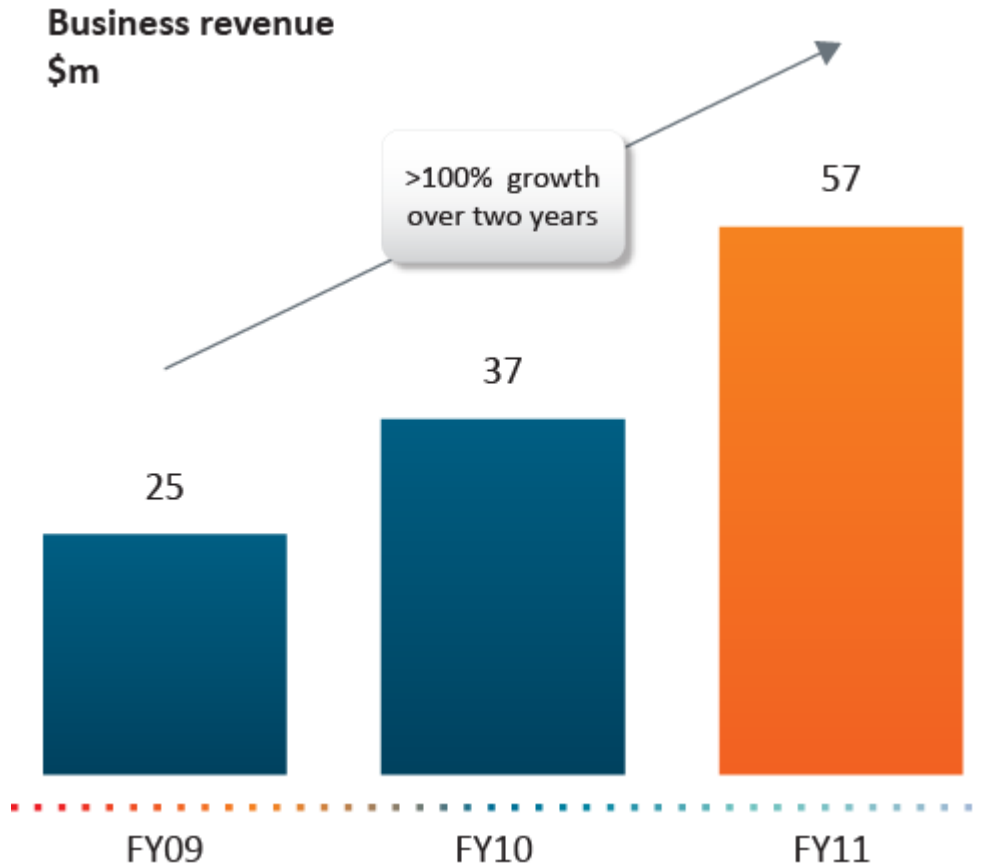
iinet Business has arrived.
Internet, networking, phone, web hosting, support, hardware.
iinet.net.au/biz
1300 300 835

Developing products

EOC	PaaS/SaaS	Hosted PBX	National MPLS
Business Online Vault	Home Frontier	Cloud Computing	Email Marketing
Virtual Fax	Managed Service	Video Conferencing	Mobile Handsets

- Growth in Business brand awareness, building credibility and enhancing service framework
- Business product progression to align iinet as integrated communications services provider
- iiLabs growth to service both Residential and SoHo/SME segments
- Increased separate resourcing in key support areas going forward

Capturing market potential in SoHo and SME businesses



Note: Market share is an estimate based on company reports and market research

- Building scale and improving returns
- Customers under-served and dissatisfied with incumbents
- Organisational restructure and strategic partnerships to expand presence and leverage service offerings
- **> \$1bn market in target segment, iiNet current share <5% providing significant opportunity to grow**

Unlocking value from acquisitions



FY11				FY12			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Products aligned	Back office integrated						
		On-net migrations complete					
			Billing migrations ~ 40% complete	Billing migrations to complete			

AAPT Consumer Division

FY11				FY12			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
		Products aligned	Back office integrated				
		Ports built for customer migrations			Start on-net migrations	Start billing migrations	
		Service improvement plan driving ongoing improvements in NPS					

AAPT acquisition exceeding expectations

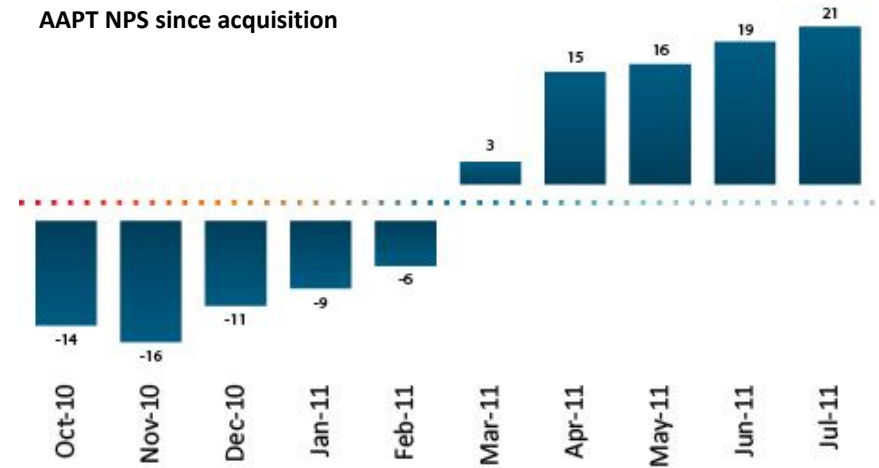


Solid 9 months contribution in FY11

Metrics	Result	vs Expectations
Revenue	>\$150M	✓
Potential on net migration 25k customers	All ports built	✓
Service improvement plan Churn improvement	+35pts in NPS 0.3% reduction	✓
Net base decline (9 months)		✓
DSL	(15.0k)	
PSTN	(28.2k)	
EBITDA	>\$15M	✓

Service improvement plan showing results

AAPT NPS since acquisition



Value still to be extracted

- Financial performance of AAPT Consumer Division over first 9 months has exceeded expectations
- Service plan delivering significant improvements in NPS, now at +21% (up from -14% at time of acquisition)
- Customer network migrations to commence in H1 FY12
- Billing system review complete – synergies to flow from FY13
- Customer performance ahead of expectations – slower subscriber decline and higher ARPU than expected

Today's agenda

1 – Doing what we do best

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Customers' expectations are evolving

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"I live in a digital world. I want a brand that knows me, helps me and that I can trust..."

Consideration: Products,
Services, Content, Brand

Advice

Sales

Setup

Service / Support

- I want a company that I can trust
- I want leading products and services that work, at a fair price
- I want a brand that understands me

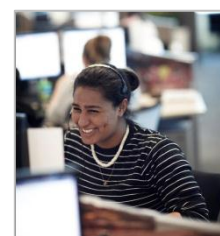
- I need advice for my situation
- I need help choosing the right product, service and plan
- How can I do more? (online and mobile)

- I want a good deal
- I want it to be simple
- I want someone who can meet all my needs (one-stop)

- I might need help getting set up
- I'm not that good with technology
- I want to get online fast

- I hate downtime – I'm nervous when I'm not connected
- How can you help me?

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Consistent strategic vision

For personal use only

Leveraging existing platform and customer insights to progress towards a new vision

To enable our new vision

Your trusted partner in the digital world

brilliant end to end sales and service execution

Strengthen service capabilities

- Field service capabilities
- Cross sell & up sell

deliver innovative new products & services

Develop new offerings

- Differentiated bundles
- New products and services

deeper more meaningful customer relationships

Own the customer

- Segmentation
- Specific value propositions

Solid foundation for success

Service

Brand

Innovation

Scale

- Growth in SoHo & SME
- Acquisitions
- Continue sector consolidation
- Exploit NBN opportunities

Differentiated bundles

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Free your TV!
Trial fetchtv for 3 months
at **no monthly cost**
when you sign on for 24 months.

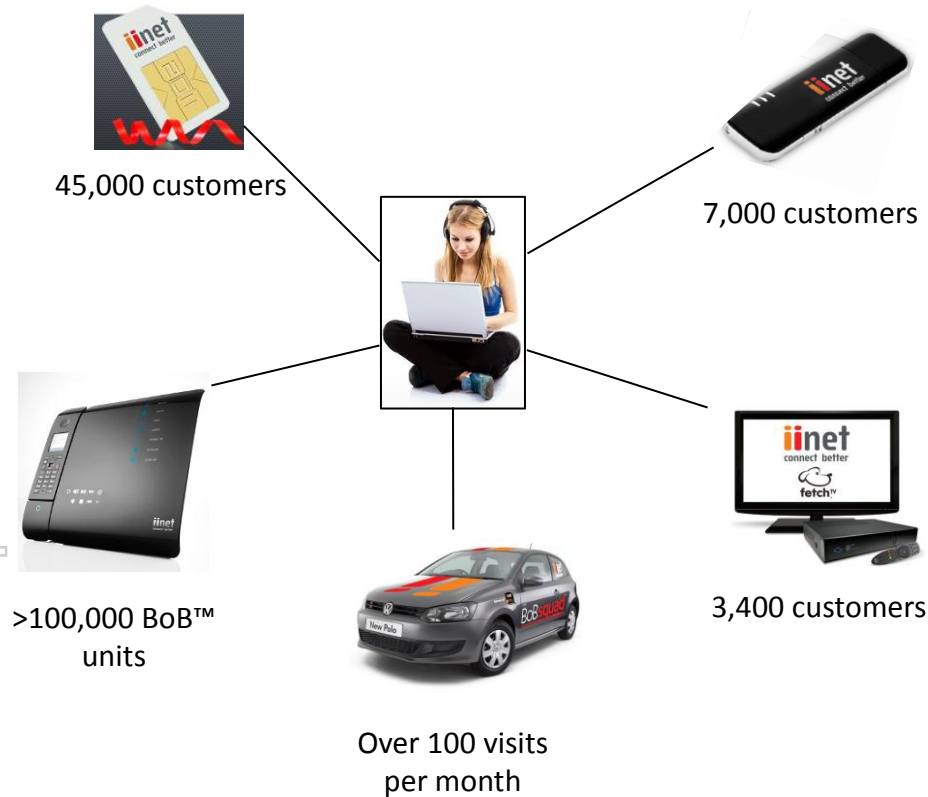


Now showing
on fetchtv. Images all
subject to copyright.

Leveraging our DSL subscriber base

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... to capture opportunities in complementary products & services



- Expanding residential product and service offering
- Strengthening sales teams and leveraging distribution channels
- Whilst still early, significant opportunity exists to cross sell new products and services
- Currently averaging ~2 services per customer - strategic target to increase to ~3 services per customer by end of FY14

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NBN will deliver

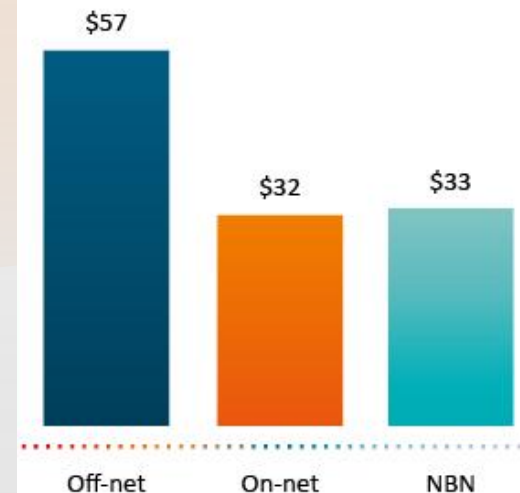
Ubiquitous, low cost, high speed broadband for all Australians, with a transparent separation of wholesale and retail suppliers

benefits for iiNet

- Telstra structural separation delivers equivalent cost base
- Market opportunity doubles:
Access to new markets –
Regional, HFC, RIMS
 - Out-to-in build favours our network coverage
 - Current on-net costs are similar to proposed NBN *but* significant reduction expected in off-net costs
- Differentiation on service, brand and innovative products
- Wholesale potential to non-service content partners

at a lower port cost

Weighted monthly cost of broadband + voice bundle



FY11 was a landmark year for iiNet

- Became the leading challenger brand – “the new No. 2” in broadband DSL
- Successfully integrated Netspace and acquired AAPT Consumer Division
- Very strong growth in revenue, earnings and cash flow
- Comfortable gearing, even after acquisitions
- Continued growth in dividends

iiNet is well placed to continue growing in FY12

- Announcement today of an on-market share buy-back of up to 5% of issued capital
- Maintaining the focus – our customers are our most important asset
- Complete integration of AAPT Consumer Division – full year of earnings and further synergies
- Strategic vision: “Your trusted partner in the digital world” – move towards goal of 3 services per customer by end of FY14
- Continue to grow presence in Business SoHo / SME market – leveraging brand awareness, product suite and scale to capture market potential
- Ideally positioned for changing industry dynamics – NBN ready, focused on new opportunities, continuing to differentiate on awesome customer service, strong brand and innovative products



Q&A

Glossary of terms

Term	Description
ARPU	Average monthly revenue per user
DSL, DSL2+	Digital Subscriber Line or xDSL, is a family of technologies that provides digital data transmission over the wires of a local telephone network. DSL2+ extends the capability of the basic DSL in providing faster speeds
DSLAM	Digital Subscriber Line Access Multiplexer is a device that connects a customer DSL line to iiNet's infrastructure
DRM	Digital Rights Management of acquired content on television
EOC	Ethernet Over Copper uses multiple copper lines with DSL and combines them into one high bandwidth connection
EPG	Electronic program guide on IPTV set top box
FTA	Free-to-air television channels
FTP	Means File Transfer Protocol – a network protocol used to transfer data from one computer to another through a network such as the internet
FTTH	Means fibre to the home – this was the predecessor title for the now called National Broadband Network (NBN)
HFC	Hybrid fibre coaxial – industry term for a broadband network which combines optical fibre and coaxial cable. It has been commonly employed globally by cable TV operators since the early 1990s
IPTV	Internet Protocol Television is the provision of digital television over the Internet
LSS	Line Sharing Service. A wholesale product provided by Telstra which allows iiNet to transmit data across the copper telephone line between the customer's residence and the exchange
Mobile broadband	Broadband supplied by a wireless digital modem sold to customers as a separate plug-in device for computers
MPLS	Multi Protocol Label Switching provides networks with a more efficient way to manage applications and move information between locations

Glossary of terms

Term	Description
Naked DSL	Prior to its release, a customer would have to purchase a phone line and pay line rental in order to have an ADSL service active. Naked eliminates the need to pay line rental yet still have a VoIP telephone service as backup for making calls if required
Net Promoter Score	A measure of customer recommendation levels that has a direct correlation with future customer growth. NPS is calculated by asking a sample of customers how likely they are to recommend the brand to others.
Off-Net	A customer that is provided a DSL service through another network (usually Telstra Wholesale)
On-Net	A customer that is provided a DSL service through the iiNetwork
Paas/SaaS	Platform as a Service & Software as a Service are commonly used as Cloud computing acronyms and describe services for application development platforms and software solutions
PSTN	Public switched telephone network. The traditional copper network built to provide fixed line telephony in most developed countries
RIM	A Remote Index Multiplexer provide links back to the main telephone exchange and are set up in suburbs which do not contain an exchange for planning reasons. RIMs can provide ADSL but on very limited ports and do not support ADSL2+ connections
SoHo/ SME	These are terms used to describe Small Office Home Office and Small and Medium Enterprises
TIO	This is the Telecommunications Industry Ombudsman and is a free and independent dispute resolution scheme for consumers who have a complaint about their telephone or Internet service.
VCC	Virtual Call Centre – a call centre where the representatives are geographically dispersed.
VDSL2	Very high speed Digital Subscriber Line providing higher speeds over copper than ADSL2+ but over shorter distances
VoIP	Voice over Internet Protocol – routing voice conversations over the Internet or any other IP based network
VPN	Virtual Private Network
WLR	Wholesale Line Rental – Telstra's fixed telephone wholesale service

Some of the information contained in this presentation contains “forward-looking statements” which may not directly or exclusively relate to historical facts. These forward-looking statements reflect iiNet Limited current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside the control of iiNet Limited.

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.