SP TELEMEDIA LIMITED (ASX: SOT)

FINANCIAL RESULTS COMMENTARY

YEAR ENDED 31 JULY 2009

"Profit up by 194%; Continued Strong Profit Growth Forecast"

The directors of SP Telemedia Limited are pleased to announce that the results for the group for the year ended 31 July 2009 have exceeded previous market guidance.

Group earnings before interest, tax, depreciation and amortisation (EBITDA) for the year were $98.5m whilst net profit after tax (NPAT) was $17.7m (compared to guidance of $93m and $16m respectively).

These results represent a 296% increase on the EBITDA of $24.9m achieved last year and a 194% increase on last year's $18.9m net loss after tax.

Earnings per share for the year of 2.6 cents represent a 168% increase on the 3.8 cents loss per share last year.

The continued growth of the business has been underpinned by broadband subscribers, with net additions for the FY09 year of 88,000 including 56,000 added in the 2nd half-year. Total broadband subscribers have reached 400,000 in September 2009.

The TPG consumer mobile offering, since its inception in late 2008 has already been taken up by more than 90,000 subscribers, comprising new customers and customers transferring from their Soul post paid plans.

The corporate and government business has continued to focus on improving systems and processes resulting in improved customer service levels, with increasing on-net services providing improved margins.

Cash Flow

The group has generated a net cash inflow from operations before interest, tax, capex and debt repayments during the year of $153m. This excellent cash generation included a significant improvement of $29m in working capital and has enabled the group to make repayments in the year of $81m against its bank debt facilities, including $60m in the 2nd half-year.

In the 15 months since the April 2008 merger with TPG, the group has repaid $95m of bank debt, putting it $72m ahead of its debt repayment schedule. It now has only $58m of bank debt remaining and its next compulsory debt repayment does not arise until February 2011.

Final Dividend

The directors have also today declared a fully franked final dividend of 1 cent per share, payable on 18 November 2009 to shareholders on the register at 21 October 2009. For this dividend, the DRP (Dividend Reinvestment Plan) discount will be 2.5%.

65 Waterloo Road
North Ryde, NSW 2113
T: (02) 9850 0800
F: (02) 9888 9148
www.soulaustralia.com.au
ABN: 46 093 058 069
SP Telemedia Limited

<u>Guidance for FY10</u>

The group's strong profit growth is forecast to continue and the directors provide the following guidance for the FY10 result:

- Revenue $460m
- EBITDA $130m (excludes amortisation of deferred subscriber acquisition costs)
- EBIT $ 71m

David Teoh
Executive Chairman
22 September 2009

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