

5th August 2013

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

Dear Sir/Madam,

iiNet to acquire Adam Internet

5 August 2013: iiNet Limited (ASX: IIN) is pleased to announce that it has entered into a binding agreement to acquire Adam Internet Holdings Pty Ltd (Adam Internet) and associated companies for \$60 million cash consideration.

Based in Adelaide, Adam Internet has approximately 70,000 broadband subscribers located primarily in South Australia and the Northern Territory.

Acquisition highlights:

- Grows iiNet's total customer base to over 900,000 broadband subscribers, adding 70,000 new broadband subscribers plus a range of key South Australian business and government clients consuming data-centre, hosting and cloud services
- Addition of a growing, reputable brand to the iiNet stable, complementing existing brands in the Australian market
- New data centre and additional DSLAM and fibre network infrastructure
- Experienced management team with strong local relationships
- Expected FY14 revenue of \$55.0 million and EBITDA of \$11.5 million, with synergies mainly expected from FY15 onwards
 - cost synergies available from bandwidth and backhaul as well as the integration of systems and suppliers
- Opportunity to increase the bundled product offering to Adam Internet customers from iiNet's existing product suite
- Comfortable net debt profile and headroom within existing bank facility post-acquisition
- Expected to be immediately EPS accretive from FY14 (pre-synergies)

Completion of the acquisition is subject to a number of standard procedural conditions which are expected to be met by 31 August 2013, and the ACCC has already cleared the transaction.

ASX Release



Greg Hicks, Executive Chairman and Founder of Adam Internet said that the transaction represents a great outcome for Adam Internet customers and staff.

“We believe that this transaction provides real benefit to Adam Internet’s customers and staff as it aligns them with iiNet, Australia’s leading ISP in customer service. Adam Internet has long provided customers with innovative products, high quality service and value for money, and this will be further strengthened under iiNet’s ownership,” added Mr Hicks.

iiNet’s Chief Executive Officer, Michael Malone, said the acquisition reinforces the company’s position as Australia’s second largest DSL Internet Service Provider (ISP) and the leading challenger in the telecommunications market.

“Like iiNet, Adam Internet has a loyal customer base and strong reputation in its core markets. This acquisition further builds on our strategy to grow scale in the national residential and business broadband segments.

“Following completion of the acquisition, iiNet will have over 900,000 broadband customers accessing industry leading service levels and a growing suite of telecommunications products at the forefront of industry development,” added Mr Malone.

iiNet is advised by Azure Capital Limited with legal advice being provided by K&L Gates and Herbert Geer.

iiNet will be releasing its FY13 financial results on 21 August 2013.

– ENDS –

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About iiNet

iiNet is Australia's second largest DSL Internet Service Provider (ISP) and the leading challenger in the telecommunications market. We employ more than 2,000 inquisitive staff across four countries and support over 1.7 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. 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.



A full list of current awards can be viewed at iiNet Awards <http://www.iinet.net.au/about/awards.html>