

# ASX Release

**16 November 2007**

## **Earnings Upgrade and Completion of Empowered Communications Acquisition**

### **Highlights**

- **CMO upgrades its forecast for the 2008 financial year from \$6 million to \$8 million EBITDA.**
- **Completion of acquisition of Empowered Communications Pty Ltd, Australia's leading permission based online direct marketing provider.**

Further to the Company's announcement dated 29 October 2007, ComTel Corporation Limited (ASX: CMO) today announced the completion of its acquisition of Empowered Communications Pty Ltd, Australia's leading permission based online direct marketing provider.

CMO is pleased to advise that it expects the acquisition of Empowered to be revenue and earnings accretive from day one, and on that basis, CMO has upgraded its forecast for the 2008 financial year from \$6 million to \$8 million EBITDA to include Empowered's contribution post this transaction.

The \$20 million purchase positions CMO as a leading mobile telecommunications provider with proven infrastructure to meet growing demand for online and mobile advertising.

CMO Managing Director David Sweet said that future growth for the largely saturated mobile sector lies in redefining the mobile phone as an extension of the internet.

"CMO has structured its value proposition to capitalise on the convergence of smarter mobiles, faster internet and a more consumer segmented approach to media," he said.

Having attracted over 400,000 Australian members via its various 'double opt-in' value-providing websites, Empowered enables CMO to collect and mine member data that can support targeted advertising campaigns. In the last year, Empowered has implemented over 850 targeted online and mobile campaigns for major media buyers and their clients.

“Using Empowered’s proven infrastructure, we can immediately package mobile phone plans and services that cater to the specific needs of consumers, spanning individuals, family groups, social networks and broader communities,” Sweet said.

Sweet also pointed to the potential for commercial and not-for-profit groups to build their own branded mobile network in partnership with MVNE providers such as CMO, and use these networks as an effective member communications interface.

CMO’s combined telecommunications and marketing expertise gives rise to three new revenue drivers according to Sweet:

1. Consumers can access value, be it cheaper plans, call rates, free SMS, vouchers or charitable donations in return for sharing information and completing surveys,
2. Organisations can leverage the growth in mobile use and sophistication to more effectively advertise and communicate to existing and prospective targets, and
3. Community groups and commercial entities can create their very own mobile phone network where demand exists.

“Merging Empowered’s members with CMO’s 135,000 mobile subscribers also presents the opportunity to cross-sell its opt-in value offers and pre and post paid mobile plans accordingly,” he said.

Empowered’s Chief Executive Paul Norton joins CMO’s management team and will remain head of the acquired business.

### **A Strategic Fit**

A vision of CMO is to establish itself as a leader in the convergence of mobile phones, the internet and media communications. As this convergence grows, it is expected that advertising revenues will rise, particularly as mobiles become more sophisticated. CMO believes the mobile phone will evolve into an extension of the internet and that the two mediums will continue to co-exist. Accordingly, CMO actively sought out an opportunity to acquire a proven and successful internet partner who was profitable and generated revenues from online advertising and marketing.

As the market looks for ways to bring these services together, the consumers themselves will drive the success depending upon the services they value. A key strength to the CMO / Empowered relationship is their shared belief that success in marketing will be driven through a segmented sales approach to chosen markets. Both companies already have a segmented approach to their products and offerings, which



includes different brands for those chosen markets. Differentiated brands will form a strong part of all future growth as this is the only way to truly deliver to the needs of the customers and their specific segments. This also gives CMO a strategic difference to its larger competitors whose generic brands do not cater to specific consumer needs.

### **Acquisition Details**

Under the terms of the purchase agreement, consideration to be paid to Empowered shareholders is \$20 million and will be funded through debt facilities and the issue of 250 million shares in CMO at an issue price of \$0.02. In addition, to drive the business within CMO, there are earn out consideration provisions based on achieving EBITDA growth targets for the Empowered subsidiary, and organic growth it generates in the CMO mobile business in the financial years 07/08 and 08/09.

- - -

### **About ComTel Corporation Limited**

*ComTel Corporation Limited (ASX:CMO), established in December 2004 and formerly known as ComodiTel, is an Australian owned mobile phone company that offers pre and post paid phone services via its network of MVNOs (Mobile Virtual Network Operator), including Just Mobile and Reward Mobile. As an MVNE (Mobile Virtual Network Enabler) CMO packages minutes with services for wholesale clients who operate their own phone and internet brands. CMO's MNVO and MNVE expertise combined delivers value-focused mobile solutions to satisfy niche consumer communities looking to maximise efficiencies created by the convergence of mobile, the internet and media.*

### **About Empowered Communications**

*Established in 2001, Empowered runs a network of websites and loyalty programs for its pre-registered subscribers who simply respond to, or take part in, promotional and marketing research campaigns in return for free rewards such as SMS's, ring tones. Based in Melbourne, Empowered has 11 employees and provides advertising services to some of the largest companies in Australia. With outstanding member-management processes and expertise in web and mobile technologies, Empowered has designed B2C and C2B communication solutions that deliver timely, targeted, cost-effective and successful promotional and marketing research outcomes. In addition to managing successful permission-marketing media channels, Empowered Communications also provides a range of marketing technologies for businesses including eTicketing solutions, data capture systems, data validation & cleansing systems and bulk two-way communication technologies.*

**For further information:** contact David Sweet, Managing Director, ComTel Corporation Limited, 0414 888 999 or Emma Cullen-Ward on 02 8915 9900 or 0414 989 137