

## ASX Release

### Update on FY09 Outlook

**30 September 2008**

The Directors of ComTel Corporation Limited (ASX: CMO) wish to provide further information on the Company's two core businesses (Media and MVNO operations) and outlook for the year ending 30 June 2009.

#### ***Empowered Communications (Media) Business Unit***

The Empowered business unit, Australia's largest permission based online and mobile advertising group (acquired in October 2007) contributed FY08 EBITDA of \$1.9m on revenues of \$3.4m during the nine month period of ownership by ComTel.

The Company's recent launch of an advertising subsidised mobile plan, SMS Pup Mobile, reflects ComTel's view that media, mobile phone and internet technologies are now converging rapidly, reinforcing the key strategic role that Empowered plays within the group.

ComTel is confident that Empowered will deliver double-digit revenue growth, in line with other online advertising businesses, resulting in an FY09 EBITDA uplift of more than 20 per cent over the annualized contribution for FY08.

#### ***Mobile Telecoms (MVNO) Business Unit***

The Company's MVNO business unit produced FY08 EBITDA of \$6.2m on total revenues of \$34.7m. Having acquired Sonnet Corporation and the AAPT mobile customer base in July 2007, ComTel is currently focused on consolidating the performance of its mobile offerings.

#### **Prepaid**

ComTel will continue to focus on organic growth through its core prepaid product "Just", which is available online and through traditional mobile outlets on the Eastern Seaboard. The release of the Just cap plans in May 2008 has seen positive revenue growth over the last three months with its two unique price points of \$19/month capped and \$39/month capped.

The focus on one prepaid brand will result in lower marketing costs and a consolidated approach to organic growth in prepaid. CMO anticipates that prepaid revenues will grow 20 – 30 per cent in FY09.

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### **Postpaid**

The Postpaid market has become extremely competitive in the last 12 months. Given the high cost of customer acquisition via subsidised (free) handsets, ComTel has decided not to compete with the mobile networks in the postpaid space. The focus in FY09 will be to invest money into retaining postpaid customers acquired over the last two years.

While the Company is targeting reducing customer churn, ComTel anticipates a decline in postpaid revenues of approximately 20 per cent for FY09.

### **Summary**

ComTel anticipates that FY09 group EBITDA will be up to 20 per cent lower than the FY08 result, before any off costs associated with the realignment of the mobile unit and the financial restructuring currently being undertaken. Cash flows remain strong, and the business will continue to seek selective growth opportunities in its core prepaid and marketing activities while progressively paying down its debt facilities during FY09 and FY10.

### ***Management Appointment***

ComTel is pleased to announce that Mr. Chris Meehan has agreed to join the management team of CMO from 1 September 2008. Mr. Meehan was previously the CEO of ASX-listed online travel company travel.com.au Limited, and General Manager of domain.com.au.

Mr. Meehan is highly experienced, with a track record for delivering value to online businesses in Australia. CMO is pleased to secure someone of Mr. Meehan's calibre to help execute the strategy of becoming one of Australia's leading online and mobile advertising specialists.

### ***Debt Restructuring & Capital Raising***

ComTel notes that Co-Investor Capital Partners, who propose a \$15 million recapitalisation of the Company, have completed commercial, legal and financial due diligence on the Company.

A number of conditions precedent remain in place prior to the proposed debt facilities being made available, and ComTel and Co-Investor have also commenced the due diligence and documentation processes for the proposed rights issue.

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**About ComTel Corporation Limited**

*ComTel Corporation Limited ([www.Comtelcorporation.com.au](http://www.Comtelcorporation.com.au)) is an Australian ASX listed (CMO) mobile and e-marketing company, formerly known as CommoTel. Its competitive mobile offerings incorporate permission-based advertising and internet functionalities to generate value of personal relevance to users and real-time customer reach for advertisers. ComTel has a long-term Network Capacity Agreement with Vodafone Australia, which also enables it to service wholesale customers operating their own mobile and ISP brands.*

*For further information*

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