



M2 TELECOMMUNICATIONS GROUP LIMITED (ASX: MTU)

ASX / MEDIA RELEASE

M2 DELIVERS RECORD EARNINGS, UP 156%

Thursday 25th February, 2010: Diversified telecommunications services provider M2 Telecommunications Group Limited (ASX: MTU, "M2") has today reported its financial results for the half year ended 31 December 2009, delivering significant increases in all key financial metrics compared with the previous corresponding period, including an increase of 115% in Revenues to \$188 million, an increase of 156% in Net Profit After Tax (NPAT) to \$8.2 million and an increase in Earnings Per Share (EPS) of 86% to 7.5c per share. M2 has declared a 5 cent dividend per share, which is its 11th consecutive fully franked dividend, representing an increase of 100% period-on-period.

The successful integration of acquisitions made by the Company late in financial year 2009 has contributed strongly to the outstanding financial performance delivered in the period. The results for the six months to 31 December 2009 are the first to include full-period contributions of the acquisitions of People Telecom and the business telecoms assets of Commander, completed in April 2009 and June 2009 respectively.

M2's Managing Director / CEO, Vaughan Bowen, said of today's results announcement; *"We are thrilled with the financial performance of the Company for the period and particularly so given the intensive integration programs underway during this time. The results are testament to the successful efforts of our team in integrating the Commander and People Telecom businesses and illustrates that these businesses together with the underlying M2 business have collectively contributed to the strong results released today"*.

The chart below illustrates M2's operating performance in each key financial metric for the year ended 31 December 2009 and the percentage increase in each as compared with the previous corresponding period:

| \$m | 1H10 | 1H09 | % change |
|--------------------------|--------|-------|----------|
| Revenue | 187.69 | 87.28 | Up 115% |
| EBITDA | 15.35 | 6.14 | Up 150% |
| EBIT | 12.68 | 5.15 | Up 146% |
| EBIT (underlying*) | 14.04 | 5.15 | Up 173% |
| NPAT | 8.19 | 3.19 | Up 156% |
| NPAT (underlying*) | 9.55 | 3.19 | Up 199% |
| EPS (cents) | 7.5 | 4.0 | Up 86% |
| EPS (cents, underlying*) | 8.7 | 4.0 | Up 118% |
| Dividend (cents) | 5 | 2.5 | Up 100% |

* "Underlying" EBIT, NPAT and EPS results each include an add-back of a non-cash cost of \$1.36 million, comprised of amortisation costs associated with customer contracts acquired in the previous period (in accordance with revised Australian Accounting Standards).



Mr Bowen said of the way forward for M2; *"Through the expanded M2 'brand family', incorporating Commander, People Telecom and Southern Cross Telco, M2 seeks to become the pre-eminent provider of telecoms services to small and medium sized businesses. We are busy equipping our sales channels with compelling new products and services in order to enable us to achieve this goal. Furthermore, we intend to continue to expand our successful M2 Wholesale business and to position M2 to take advantage of continuing developments in the Australian telecoms industry".*

The Company will today also release a comprehensive Investor Presentation, detailing the results for the period together with divisional performance summaries, key objectives for the M2 Group over coming months and earnings guidance for the year to 30 June 2010.

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About M2 Telecommunications Group Limited

Established in 1999, M2 Telecommunications Group Limited (ASX: MTU) is Australia's largest network independent provider of fixed-line, mobile and data telecommunications services. M2 is head-quartered in Melbourne and employs approximately 400 people nationwide. M2 also provides fixed-line and 3G mobile services in New Zealand.

Within its Retail business division, M2 offers a suite of unique bundled telecommunications services and value added offerings targeted principally at the small enterprise market, distributed through an exclusive trans-Tasman network of sales dealerships, agencies and through targeted on-line marketing ventures (www.simplymobiles.com.au and www.greenmobiles.com.au). M2 Telecom also incorporates Commander, acquired in June 2009; People Telecom, acquired in April 2009; and Southern Cross Telco, acquired by M2 in October 2007.

"M2 Wholesale" is the other core business division of M2, in which wholesale telecommunications services are supplied to small and medium sized telecommunications service providers and Internet Service Providers (ISP's). M2 Wholesale was launched in mid 2006 following M2's appointment by Optus as its exclusively endorsed aggregator/enabler of Optus mobile services. As a further boost to its wholesale operations, in May 2007 M2 completed the purchase of Australia's largest independent data wholesaling business, Wholesale Communications Group Pty Ltd (WCG), followed by the acquisition of Commander Communication's established wholesale network services company, Unitel Australia Pty Ltd in February 2008.

M2 has a proven track-record of delivering consistent growth in both revenues and most importantly "bottom line" profit, year-on-year for each of the last 6 years. In recognition of this significant and consistent growth, M2 was named by Business Review Weekly as one of Australia's fastest growing companies in 2003, 2004, 2005, 2006 and 2008 and on the Deloitte Technology Fast 50 in 2004, 2005, 2008 and 2009.

M2 has an established dividend policy, with fully franked dividends exceeding 70% of M2's Net Profit After Tax (NPAT) having been paid to shareholders each fiscal half for six consecutive years, with the most recent being a fully franked interim dividend of 5 cents per share for the half year to 31 December 2009.

For more about M2 visit www.m2.com.au

Related Company sites:

- www.commander.com.au
- www.peopletelecom.com.au
- www.sctelco.com.au
- www.simplymobiles.com.au
- www.greenmobiles.com.au

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