



M2 Telecommunications Group Limited (MTU) Results Presentation

First Half 2010

25 February 2010



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Presentation content



M2 Overview

The Numbers – 1H10

The M2 Business

Guidance 2010 & 2H Priorities

Key Investment Metrics



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Goal



*To become the pre-eminent provider of
telecoms services to Australian small
and medium business.*



The M2 Business



A provider of a full suite of telecommunications services to Small and Medium Businesses (SMB's) and wholesale customers in Australia and New Zealand.



Fixed Line

Mobile

Broadband

Wireless
Broadband



Fast facts about M2



Founded December 1999. Listed on ASX 2004.

\$380m revenue (annualised as @ Feb '10). 1% telecoms industry market share.

Eight consecutive years growth in earnings, EPS and DPS.

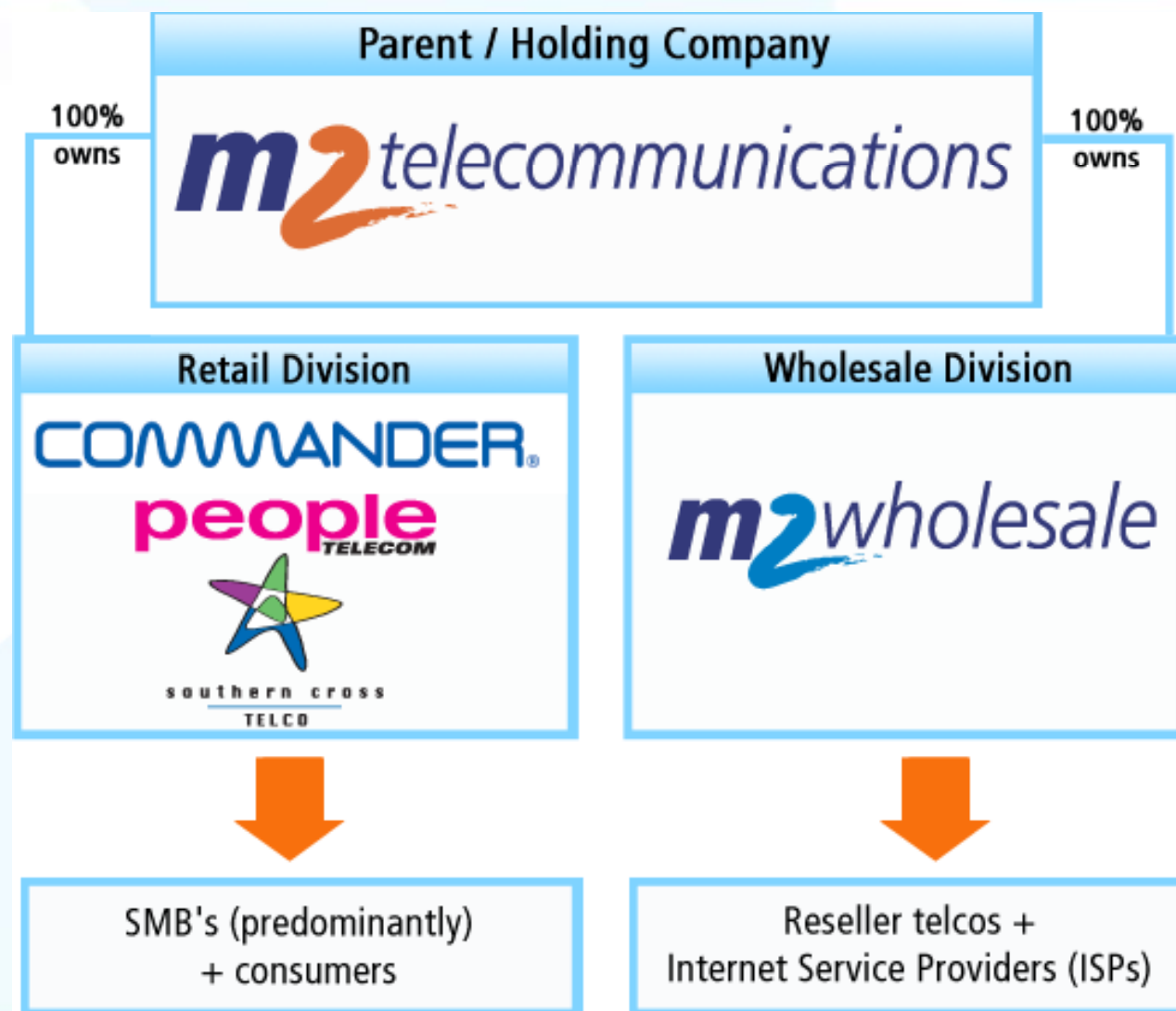
400+ team members. Retains founding Board and management team.

Minimal network infrastructure. Technology flexibility. Low Capex.

Operates Retail (SMB focus) and Wholesale business units.



M2 Group structure



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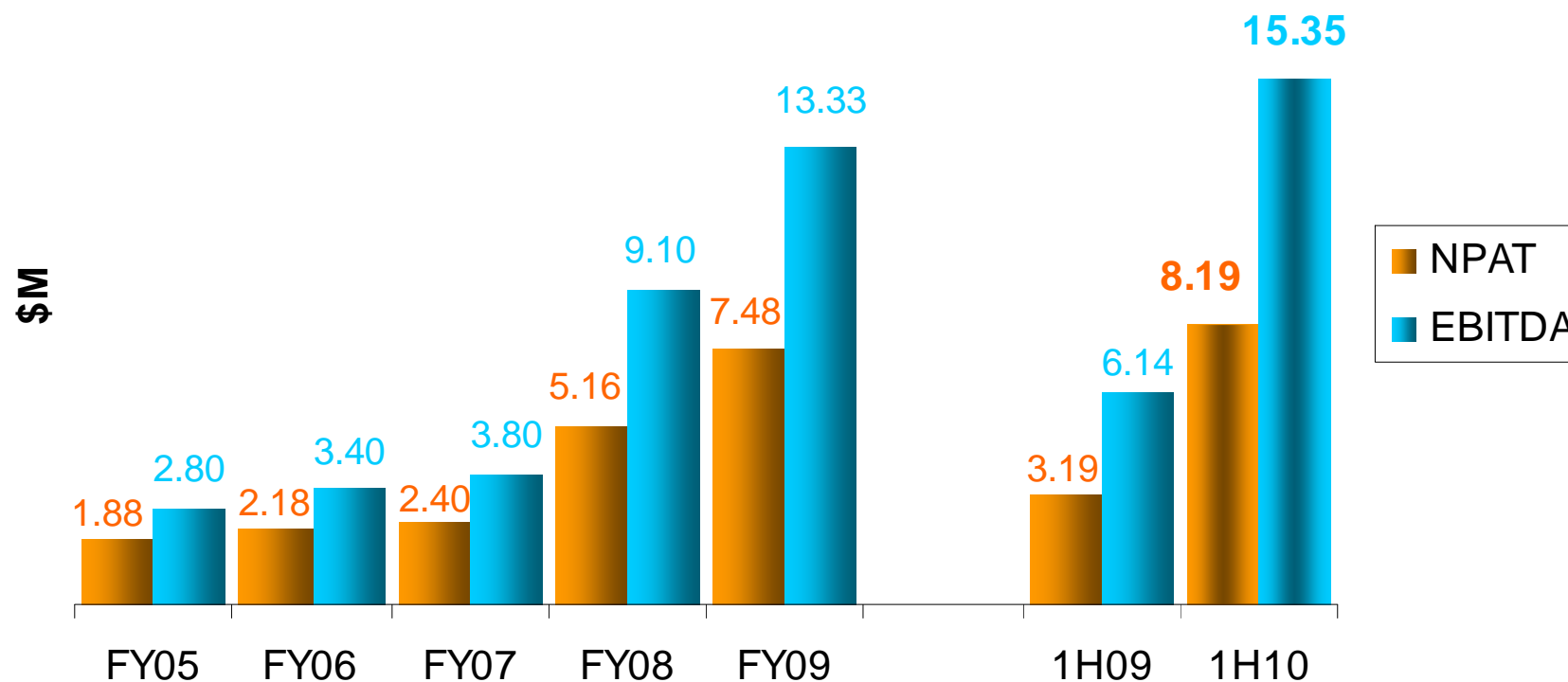
Unprecedented growth – the highlights



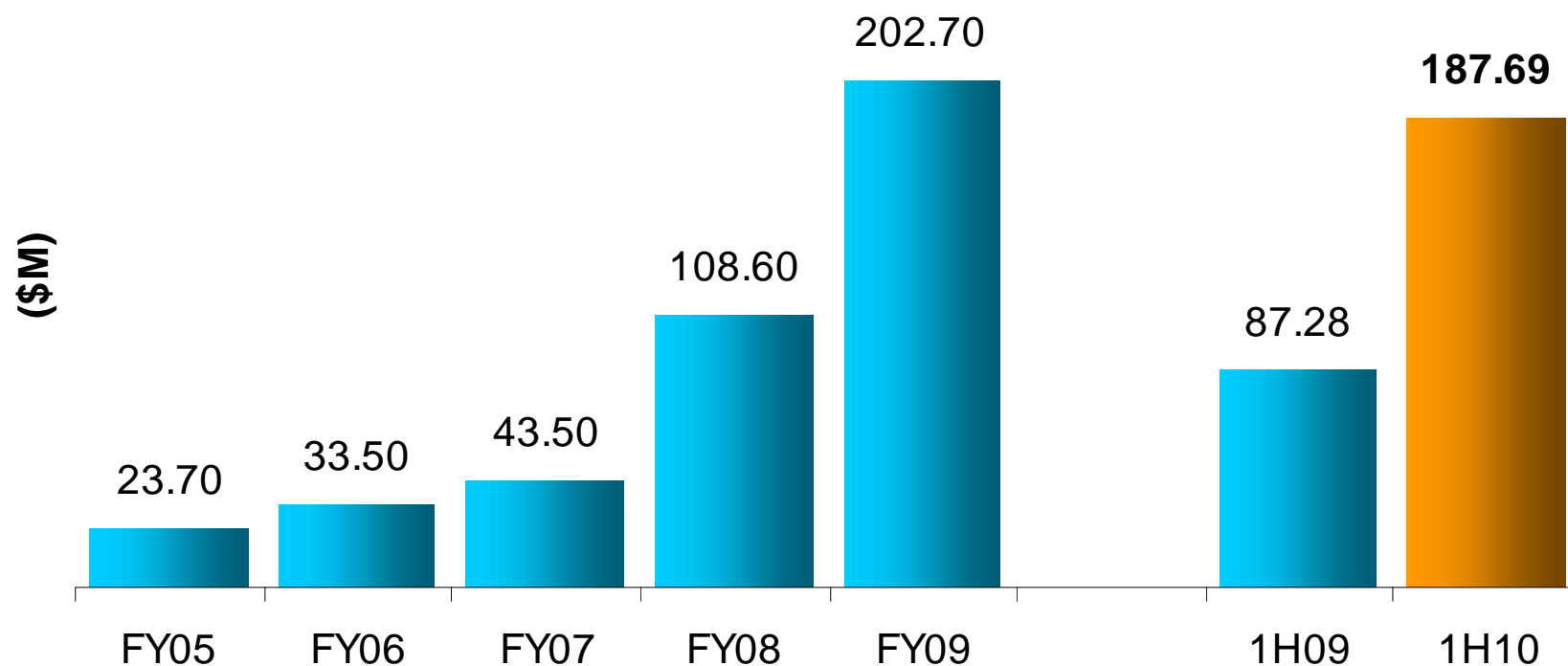
\$m	1H10	1H09	% change
Revenue	187.69	87.28	Up 115%
EBITDA	15.35	6.14	Up 150%
EBIT	12.68	5.15	Up 146%
EBIT (underlying*)	14.04	5.15	Up 173%
NPAT	8.19	3.19	Up 156%
NPAT (underlying*)	9.55	3.19	Up 199%
EPS (cents)	7.5	4.0	Up 86%
EPS (cents, underlying*)	8.7	4.0	Up 118%
Dividend (cents)	5	2.5	Up 100%

* 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 Australian Accounting Standards)

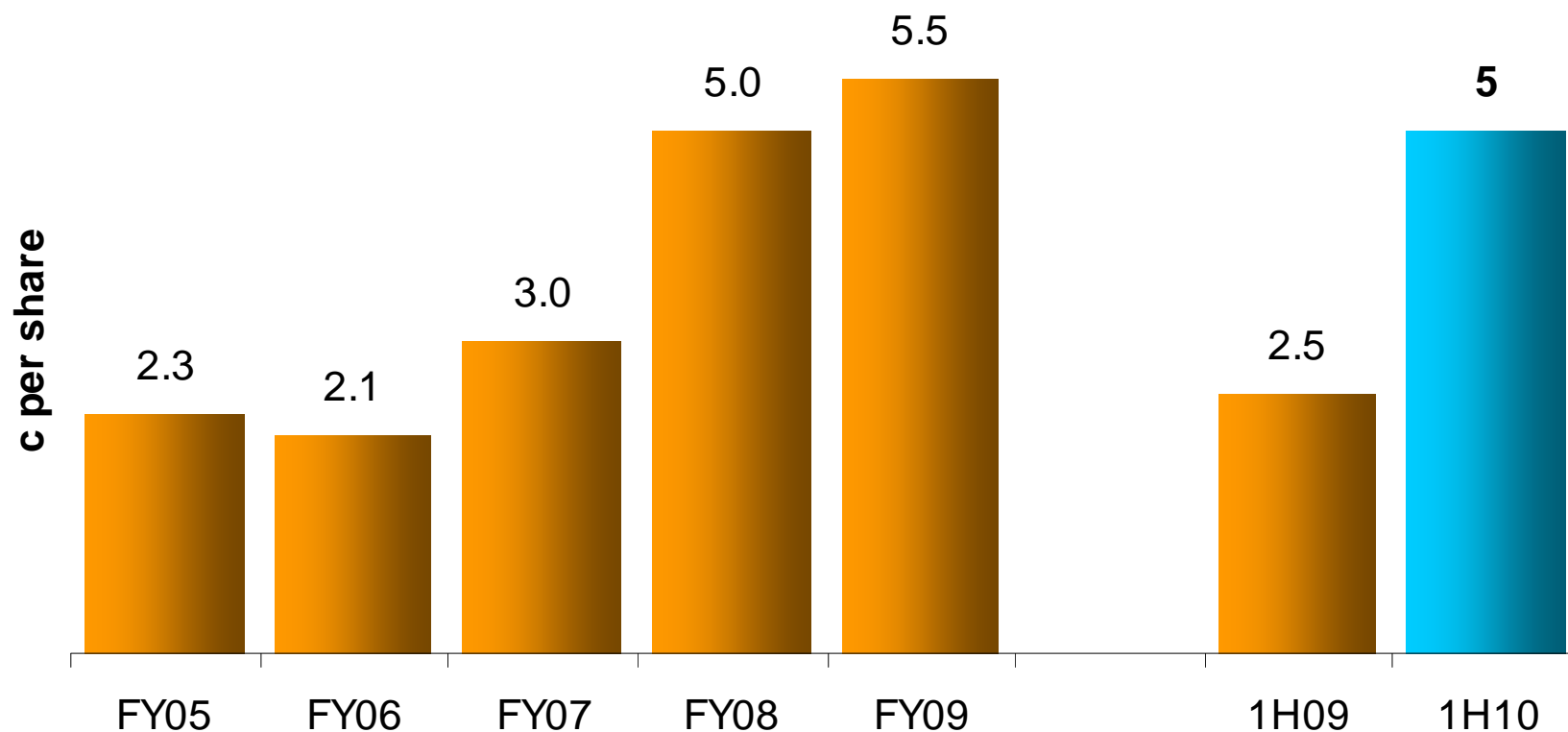
Record NPAT & EBITDA



Revenues more than double



Dividend Per Share (DPS) up 100%



Strong Balance Sheet. Modest gearing.



\$M	31 Dec '09	30 Jun '09
Total current assets	64.15	61.87
Total non-current assets	78.80	79.52
Total assets	142.95	141.39
Total current liabilities	64.44	73.54
Total non-current liabilities	24.22	19.34
Total liabilities	88.65	92.88
Net assets	54.30	48.51
Total equity	54.30	48.51



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M2 Brand Family



Brand	Core proposition
The logo for COMMANDER, featuring the word 'COMMANDER' in a blue, sans-serif font with a registered trademark symbol.	Trusted brand. Bundles telecoms services with equipment for SMBs and small corporates.
The logo for people TELECOM, featuring the word 'people' in a pink, lowercase font and 'TELECOM' in a smaller, black, uppercase font.	“Challenger” brand, offering personalised service and tailored telecoms for SMBs.
The logo for southern cross TELECOM & MOBILE, featuring a stylized star graphic with four points in purple, green, yellow, and blue, and the text 'southern cross' and 'TELECOM & MOBILE' below it.	Regional focus, offering full suite of telecoms services to consumers and SOHO's.
The logo for m2wholesale, featuring the 'm2' in blue and 'wholesale' in a blue, sans-serif font.	Offers wholesale telecommunications services to small and mid-sized telcos and ISPs.



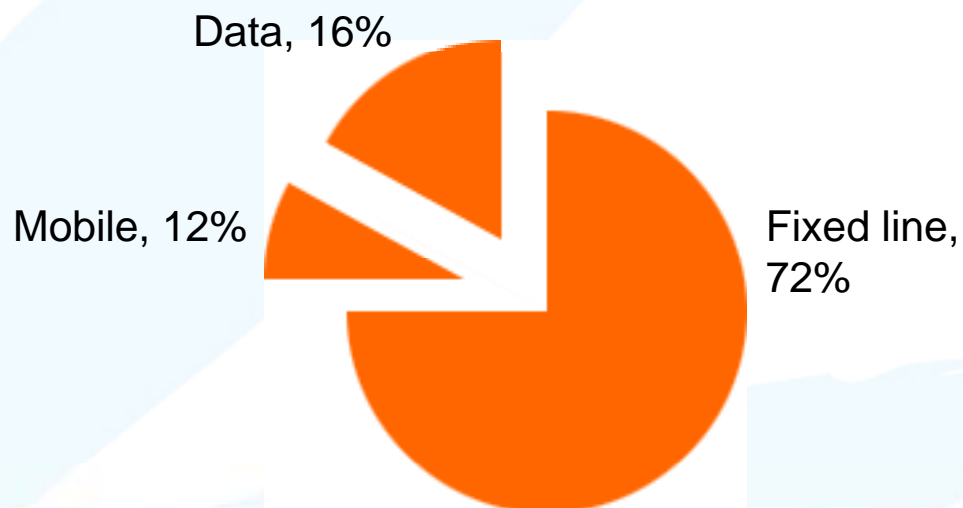
M2 Retail – fast facts



Multi-brand strategy predominantly targeting SMB's

Indirect sales channels – national dealership network

Retail revenues approx \$250 million (annualised @ Feb '10)



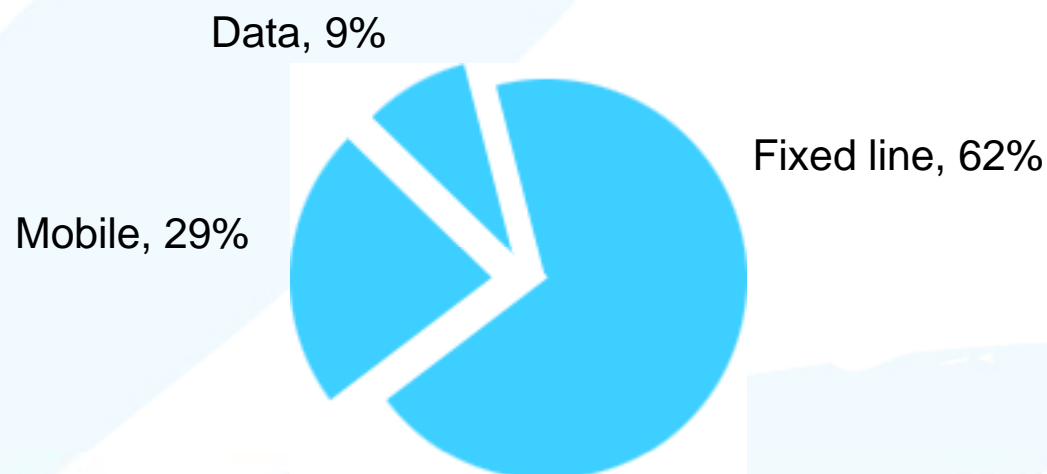
M2 Wholesale – fast facts



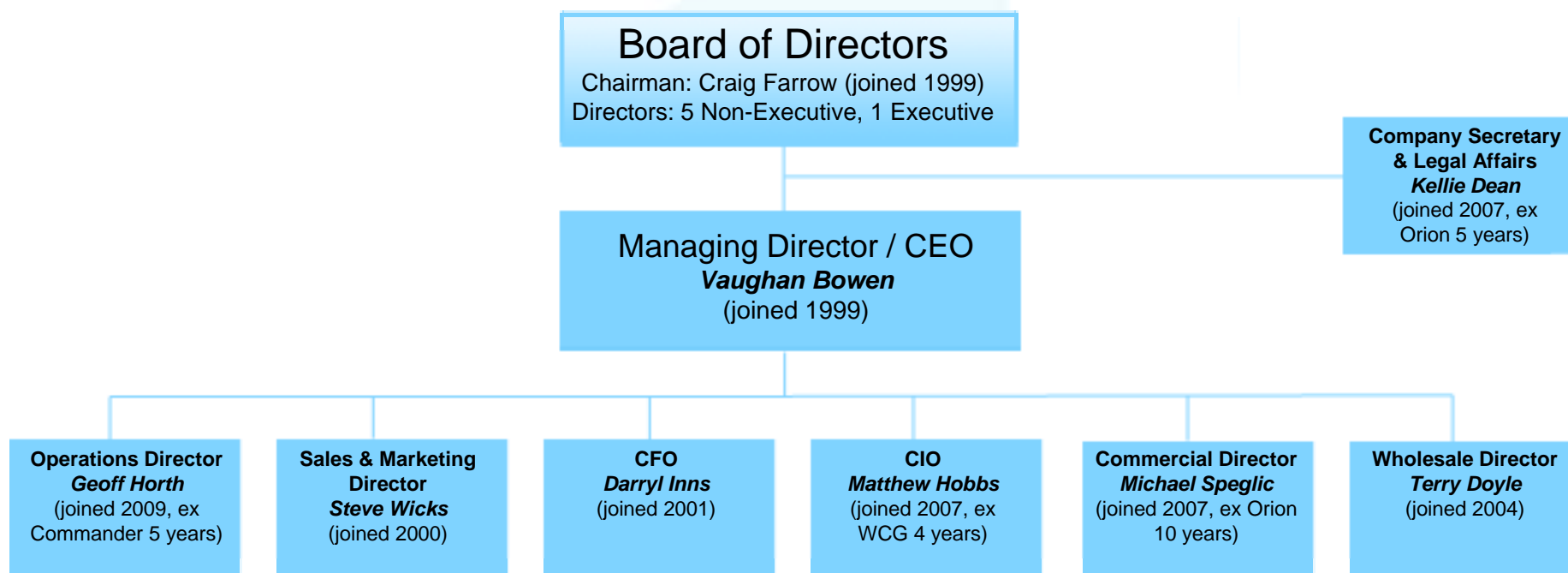
Full service wholesale supplier to reseller telcos and ISPs

Direct sales model

Wholesale revenues approx \$130 million (annualised @ Feb '10)



Experienced Exec Management Team



Key achievements in the period



Expansion of People Telecom and Commander sales channels and product suites

Consolidation of operations across the business, post the recent acquisitions

Completed key operating systems migrations within M2 Wholesale division

Implementation of company-wide accounting, payroll & incident ticketing systems

Reduction of underlying cost base via functional efficiencies & improved buying

Doubling of new sales volumes & marked increase in customer retention



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Guidance FY2010



\$M	2009(a)	2010(f)	% Change*
Revenue	202.7	380 - 400	90%
EBITDA	13.3	29 - 31	126%
NPAT	7.5	14.5 - 15.5	100%
NPAT (underlying**)	8.3	17.1 - 18.1	112%
EPS	8.9c	13.3 - 14.3c	55%
EPS (underlying**)	9.9c	14.5 – 15.5c	50%

* From mid point of range

** Underlying EBIT, NPAT and EPS guidance each include an add-back of a non-cash cost of \$2.6 million, comprised of amortisation costs associated with customer contracts acquired in the previous period (in accordance with Australian Accounting Standards)



Priorities for the second half



Finalise selection of group-wide Business Support System (“BSS”)

Complete business-grade data networks consolidation

Increase new sales output from enlarged distribution channels

Increase output from cross-sell / up-selling to existing customers

Complete implementation of operational “centres of excellence”

Position M2 to take advantage of potential industry structural changes



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Key Investment Metrics (@ 24 Feb '10)



No. of Shares	110,063,987
No. of Options	3,073,000
Share Price	\$1.60 (@ 24 Feb '10)
Market Capitalisation	\$176,102,379
Dividend Policy	70% x NPAT
1H09 Dividend	2.5c
1H10 Dividend	5.0c
Forward Div Yield (based on FY10 Guidance)	5.96% (ff)
Forward PE Ratio (based on FY10 Guidance)	11.76 x
Substantial Institutional Shareholders	Hunter Hall
	Pengana Capital

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Thank you