



## M2 TELECOMMUNICATIONS GROUP LTD (ASX: MTU)

ASX RELEASE

### M2 UPGRADES EARNINGS GUIDANCE FOR FULL YEAR 2011

FY2011 Net Profit After Tax guidance upgraded by 20%

**Monday 7 March, 2011:** Diversified telecommunications services provider M2 Telecommunications Group Ltd ("M2", ASX: MTU) today released upgraded earnings guidance for the full year ending 30 June 2011 ("FY2011").

The revised guidance includes marked increases in all key forecast financial performance metrics, as compared with FY2011 guidance issued by the Company in July 2010. FY2011 guidance (mid-point of guidance range) for Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) has increased 18% (on the previous guidance issued July 2010) to \$49.25 million, while guidance for Net Profit After Tax (NPAT) has been increased to \$27.25 million, a rise of 20%.

The schedule below details the upgraded guidance, highlighting significant increases forecast in revenue, earnings (EBITDA & NPAT) and Earnings Per Share (EPS), as compared with guidance issued by the Company in July 2010;

\$m	FY2011 Guidance (issued 20 July 2010)	FY2011 Guidance (issued 7 March 2011)	% Change (midpoint)
Revenue	425 - 445	<b>450 - 470</b>	5.7%
EBITDA	41.0 - 42.5	<b>48.5 - 50.0</b>	18.0%
NPAT	22.0 - 23.5	<b>26.5 - 28.0</b>	19.8%
NPAT (underlying)	25.2 - 26.7	<b>30.4 - 31.9</b>	20.0%
EPS	18.1 - 19.4	<b>21.6 - 22.8</b>	18.4%
EPS (underlying)	20.7 - 22.0	<b>24.7 - 26.1</b>	19.0%

\* "Underlying" NPAT and earnings per share (EPS) figures each include a non-cash cost of \$3.9 million for amortisation associated with customer contracts acquired in the period (in accordance with Australian Accounting Standards).

The Company's decision to upgrade its FY2011 guidance is due to forecast material improvements in the Company's wholesale purchasing arrangements for certain services for the six months to 30 June 2011 together with revenue and earnings contributions from the recently completed acquisitions of the business assets of Clear Telecoms and the mobile assets of AUSTAR.

M2's audited results for the year ending 30 June 2011 are scheduled for release on 29 August 2011.

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### **About M2 Telecommunications Group Ltd**

Established in 1999, M2 Telecommunications Group Ltd ("M2", ASX: MTU) is Australia's largest network independent provider of telecommunications services. M2 employs more than 400 people nationwide, across the Melbourne headquarters and offices in Sydney, Hobart, Adelaide, Brisbane, Perth and Wollongong. M2 also provides fixed line, 3G mobile and broadband services in New Zealand.

M2's retail business division incorporates Commander, People Telecom, M2 Telecom, Southern Cross Telco and the recently acquired Clear Telecoms. Within the retail division, M2 offers a suite of telecommunications services, equipment, personalised service and value-added offerings targeted principally at the small- and medium-sized business market. The retail products are offered across Australia through M2's national dealer and agent network, comprised of the exclusive Commander dealer channel and the extensive People Telecom dealer channel.

Through the M2 Wholesale division, M2 provides wholesale fixed line, mobile and data telecommunications services to small and medium-sized telecommunications service providers and Internet Service Providers (ISPs). M2 Wholesale was launched in mid-2006 following M2's appointment by Optus as its exclusively endorsed (post-paid) mobile services aggregator, an appointment which has since been extended to 2013.

M2 has consistently delivered growth in both revenues and profit year-on-year since 2003, with consolidated revenues now exceeding \$500 million (annualised, including Clear customer revenues).

In recognition of the Company's significant and consistent growth, M2 was named by BRW Magazine amongst Australia's 100 fastest-growing companies in 2003, 2004, 2005, 2006 and 2008, and in the Deloitte Technology Fast 50 in 2004, 2005, 2008, 2009 and 2010.

M2 has an established dividend pay-out ratio policy of 70% of net profit after tax (NPAT) and has consistently delivered upon this dividend policy for every fiscal half year since 2005.

For more about M2 visit [www.m2.com.au](http://www.m2.com.au).

Related Company sites (part of the M2 Group):

- [www.commander.com](http://www.commander.com)
- [www.peopletelecom.com.au](http://www.peopletelecom.com.au)
- [www.sctelco.com.au](http://www.sctelco.com.au)
- [www.cleartelecoms.com](http://www.cleartelecoms.com)
- [www.m2nz.co.nz](http://www.m2nz.co.nz)
- [www.bw.co.nz](http://www.bw.co.nz)
- [www.simplymobiles.com.au](http://www.simplymobiles.com.au)
- [www.greenmobiles.com.au](http://www.greenmobiles.com.au)

### **M2 Contact Details**

Vaughan Bowen, Managing Director / CEO, Ph: 03 9674 6569

Debra Mansfield, Corporate Communications Manager, Ph: 03 9674 6569

Kellie Dean, Company Secretary, Ph: 03 9674 6577