



## M2 TELECOMMUNICATIONS GROUP LTD (ASX: MTU)

ASX/MEDIA RELEASE

### M2 TO ACQUIRE SELECTED BUSINESS ASSETS OF CLEVER COMMUNICATIONS

**Thursday 15<sup>th</sup> April, 2010:** Diversified telecommunications services provider M2 Telecommunications Group Ltd and its wholly owned subsidiary, People Telecommunications Pty Ltd ("M2", ASX: MTU) have today executed a binding Asset Sale Agreement to acquire selected business assets of Clever Communications Australia Limited ("Clever", ASX: CVA).

M2 will acquire Clever's off-net fixed, mobile, data and virtual private network customer contracts, comprised of small and medium businesses ("SMB"), which are highly complementary with M2's core focus on the SMB market.

In addition to the abovementioned customer contracts, M2 will acquire all property, plant and equipment of Clever required to service the acquired customers. M2 will also take on the Clever dealer and agent relationships responsible for marketing the acquired services to SMB's.

M2 will maintain a licence to use the "Clever" brand for a transitional period, and will enter into a wholesale agreement with Clever to enable it to access to Clever's business-grade wireless data service, which is being retained by Clever.

M2 will pay an all-cash consideration of \$5 million (less certain adjustments) for the Clever business assets, comprised of an up-front and a deferred payment, which are subject to certain performance conditions relating to the transition of the assets from Clever to M2 over an agreed transitional period.

The Asset Sale Agreement is subject to certain conditions precedent and the transaction is expected to complete on 1 May 2010.

It is expected that the acquisition will deliver M2 a minimum additional annualised Earnings Before Interest and Tax, Depreciation and Amortization ("EBITDA") of \$2.3 million, representing a purchase multiple of 2.2 times EBITDA.

M2's Managing Director and CEO, Vaughan Bowen, said of the acquisition, "*The purchase of this component of the Clever business is a logical addition to M2's core SMB operation and one which we expect to be a valuable contributor to Group earnings. The majority of the customers acquired are being supplied business data services, which we will transition to our national business grade data network, creating economies of scale through greater utilisation of our network. Furthermore, we expect the Clever dealer and agency network to provide us with a considerably expanded channel of specialist data sales experts and systems integrators which will enable us to further expand the customer base on our data network.*"

M2 will be offering employment to selected Clever team members, responsible for management of customer relationships and key technical functions.

The Clever acquisition comes following the acquisition and subsequent successful integration of the People Telecom and Commander businesses, acquired by M2 in April and June 2009 respectively.

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## About M2 Telecommunications Group Ltd

Established in 1999, M2 Telecommunications Group Ltd (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](http://www.simplymobiles.com.au) and [www.greenmobiles.com.au](http://www.greenmobiles.com.au)). The retail business division incorporates Commander, People Telecom, M2 Telecom and Southern Cross Telco.

"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 Unitel Australia Pty Ltd in February 2008.

On 24<sup>th</sup> April 2009, M2 completed the acquisition of People Telecom Ltd, followed by the acquisition of the telecoms business assets of Commander Communications Limited, finalised on 16<sup>th</sup> June 2009. Maintaining the core focus of M2, both Commander and People Telecom target the small enterprise market.

M2's consolidated revenues now exceed \$380 million (annualised).

M2 has a proven track-record of delivering consistent growth in both revenues and most importantly "bottom line" profit, year-on-year since 2003. 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 since the first half 2005 dividend, with the most recent being a fully franked dividend of 5 cents per share for the half year to 31 December 2009.

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

Related Company sites:

- [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.simplymobiles.com.au](http://www.simplymobiles.com.au)
- [www.greenmobiles.com.au](http://www.greenmobiles.com.au)

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