



M2 TELECOMMUNICATIONS GROUP LTD (ASX: MTU)

ASX / MEDIA RELEASE

M2 DELIVERS 119% EARNINGS INCREASE IN FY2010, EXCEEDING GUIDANCE

Confirms strong earnings growth guidance for FY2011

Monday 30th August 2010: Diversified telecommunications services provider M2 Telecommunications Group Ltd ("M2", ASX: MTU) has today reported its financial results for the full year ended 30 June 2010 (FY2010), delivering a record Net Profit After Tax (NPAT) of \$16.16 million, up 119% on the previous year, together with record Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$31.41 million (up 136%). Earnings Per Share (EPS) increased 66%. Furthermore, underlying NPAT and EPS were up 123% and 69% respectively.

Group revenues were also at a record high, up 101% on the previous year, to \$406.11 million. This marked growth follows the successful integration of People Telecom and the business assets of Commander Communications, acquired in late FY2009.

The Directors are pleased to advise that FY2010 earnings and revenues exceeded guidance previously issued by the Company and have declared a fully franked final dividend of 5c per share, which combined with the interim dividend, represents an 82% increase on FY09.

The table below illustrates M2's performance in key financial metrics for the year ended 30 June 2010, the percentage increase in each as compared with the previous corresponding period and guidance for the FY11 financial year (including percentage change from FY2010):

\$m	FY10(a)	FY09(a)	% change	FY11(f)
Revenue	406.11	202.5	Up 101%	425-445, up 7%
EBITDA	31.41	13.3	Up 136%	41.0-42.5, up 33%
NPAT	16.16	7.4	Up 119%	22.0-23.5, up 41%
NPAT (underlying*)	18.54	8.3	Up 123%	25.2-26.7, up 40%
EPS	14.57c	8.8c	Up 66%	18.1-19.4c, up 29%
EPS (underlying*)	16.71c	9.9c	Up 69%	20.7-22.0c, up 28%
DPS (ff)	10c	5.5c	Up 82%	

* "Underlying" NPAT and EPS for FY2010 each include an add-back of a non-cash cost of \$2.4 million, comprised of amortisation costs associated with customer contracts acquired (in accordance with Australian Accounting Standards).

M2's Managing Director / CEO, Vaughan Bowen said of the Company's results, "The M2 business has more than doubled both its revenue and earnings in the past year. This transformation has necessarily required our team and nationwide dealership network to adapt to and support the demands of a much larger business. This outstanding performance and commitment from those who manage and promote M2's various operating divisions and brands has enabled us to exceed our high performance expectations for FY2010 and to set in place guidance which forecasts earnings growth of 40% in FY2011".



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 and 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.

In April 2009, M2 completed the acquisition of People Telecom Ltd, followed by the acquisition of the telecoms business assets of Commander Communications Limited, finalised in June 2009. Maintaining the core focus of M2, both Commander and People Telecom principally target the small enterprise market.

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 2005, with the most recent being a fully franked dividend of 5 cents per share declared by the Board of Directors for the full year to 30 June 2010.

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

Related Company sites:

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

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