



M2 Telecommunications Group Limited (MTU) Investor Presentation

27 April 2010



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Presentation content



M2 Overview

The Numbers – to 1H10

Acquisitions and achievements

Guidance 2010 & 2H Priorities

Key Investment Metrics



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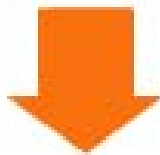
To become the pre-eminent provider of telecoms services to Australian small and medium business.



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.

\$400m revenue (annualised as @ April '10). 1% telecoms industry market share.

Eight consecutive years growth in earnings, EPS and DPS.

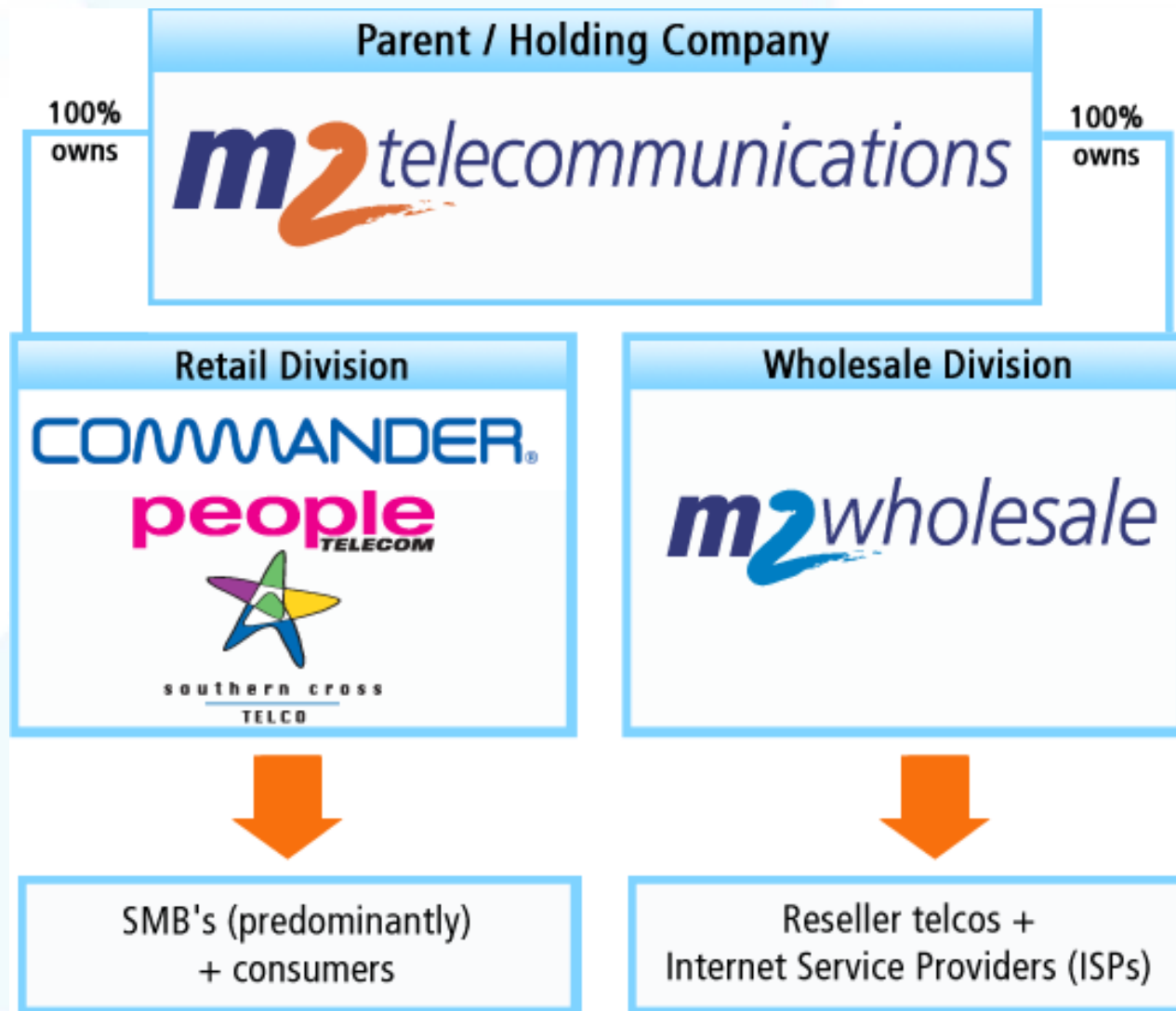
430 team members (approx). Retains founding Board and management team.

Minimal network infrastructure. Technology flexibility. Low capital expenditure.

Operates Retail (SMB focus) and Wholesale business units.



M2 Group structure



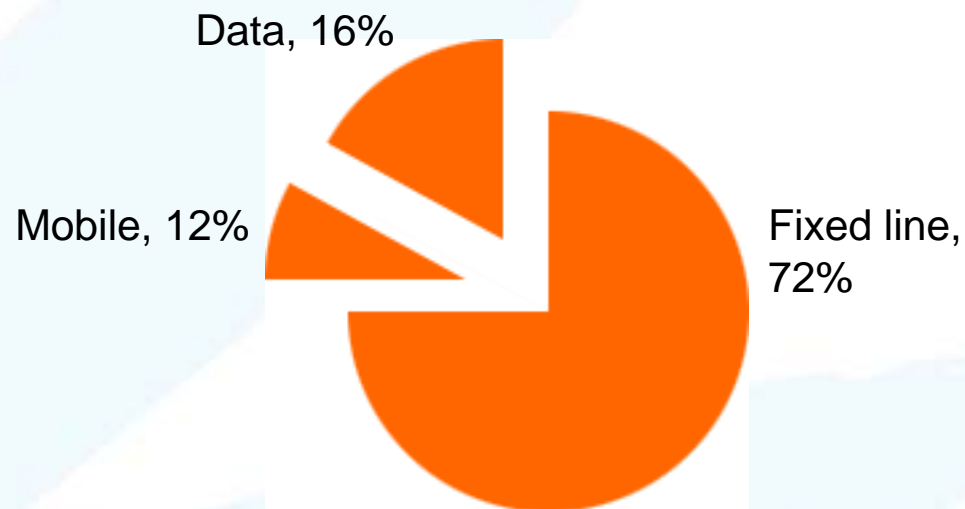
M2 Retail – fast facts



Multi-brand strategy predominantly targeting SMB's

Indirect sales channels – national dealership network

Retail revenues approx \$265 million (annualised @ April '10)



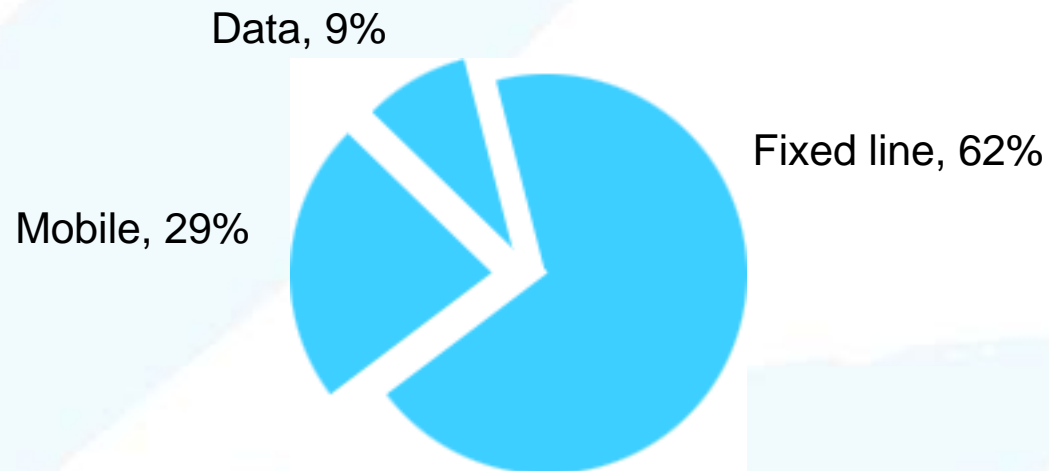
M2 Wholesale – fast facts



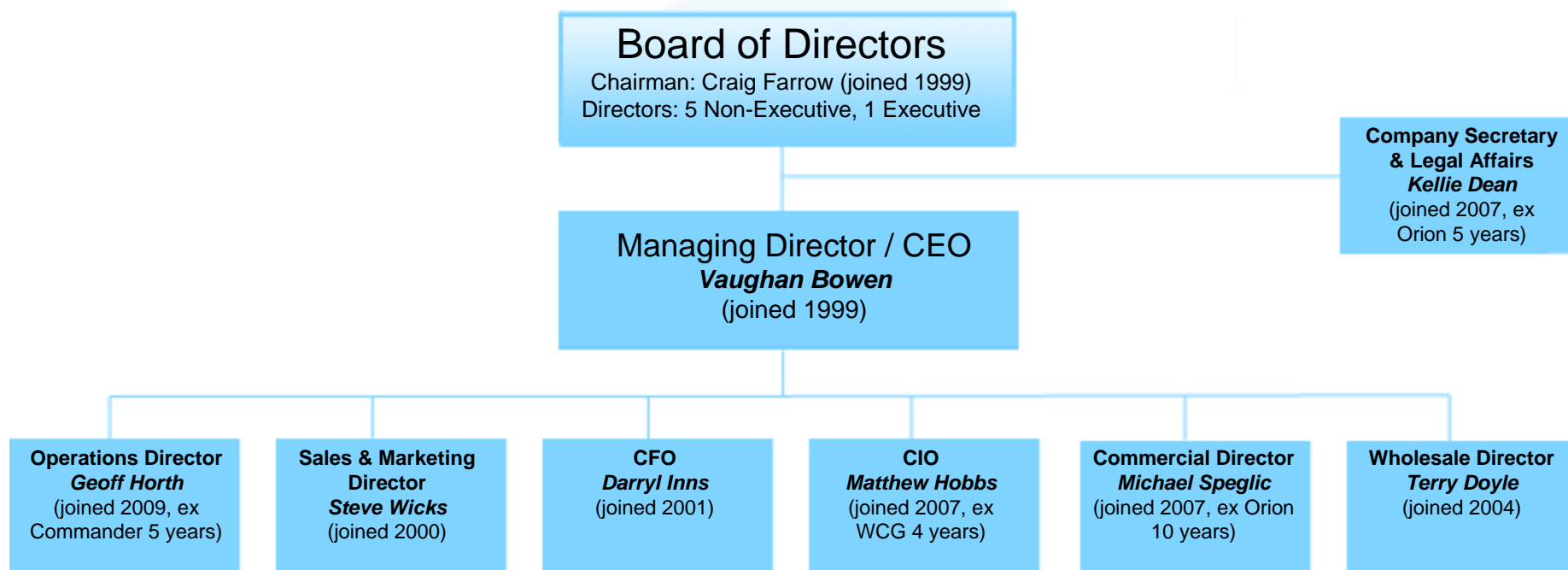
Full service wholesale supplier to reseller telcos and ISPs

Direct sales model

Wholesale revenues approx \$135 million (annualised @ April '10)



Experienced Exec Management Team



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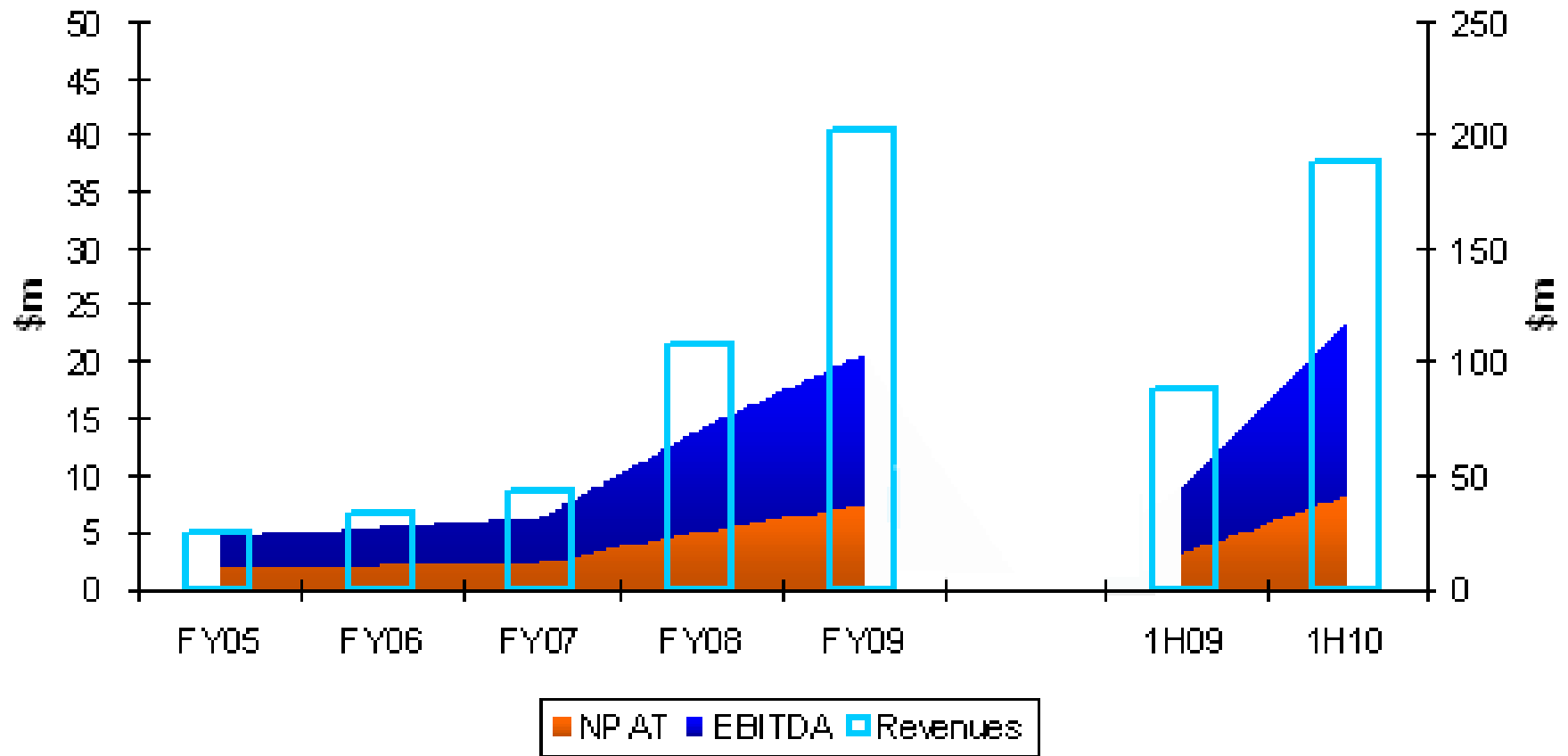
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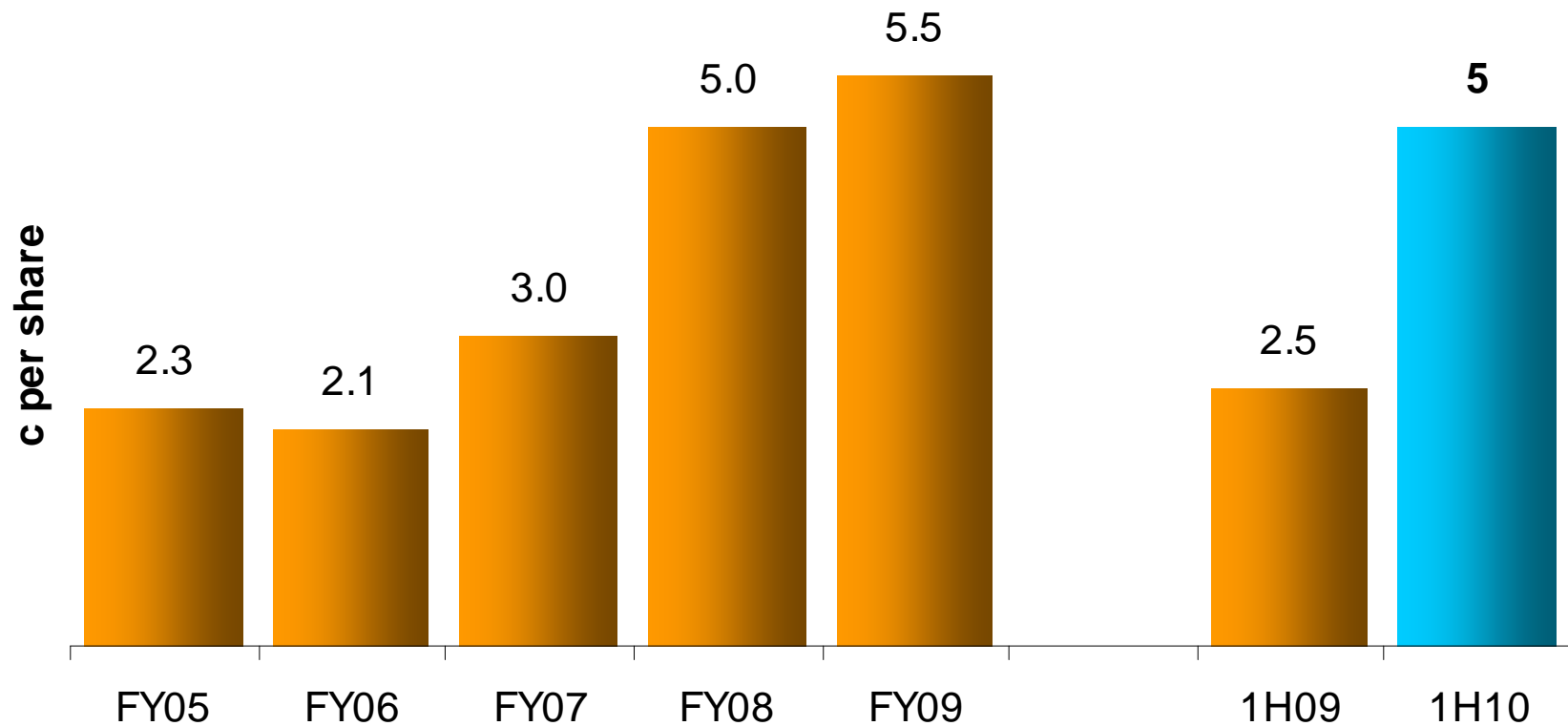
Key Investment Metrics



Sustained, proven growth



Dividend Per Share (DPS) up 100% at 1H10



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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Guidance 2010 & 2H Priorities

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Key achievements in the period to 1H10



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



People Telecom and Commander acquisitions – a year on



people
TELECOM

Core proposition:
“Challenger” brand, offering
personalised service and
tailored telecoms for SMBs.

New sales and customer retention
markedly increased

Customer bases growing

Brands strengthened through
targeted marketing campaigns &
brand “refreshes”

Expanded national dealer networks, armed with
additional and more competitive offerings

Introduced M2 culture, team benefits programs and
consolidated operational functions in M2’s Adelaide
SMB “Centre of Excellence”

COMMANDER

Core Proposition:
Trusted brand. Bundles
telecoms services with
equipment for SMBs and
small corporates.

Acquisition of Clever Communications assets



- \$3.75 million up-front payment (on Completion)
- \$1.25 million deferred payment (less adjustments), payable 6 months post Completion
- Acquired Clever's small and medium business (SMB) customer base, comprised of voice, mobile and business-grade data services
- Customer revenues (approx) \$8 million
- Expected contribution of \$2.3 million EBITDA in FY 2011
- Purchase multiple of 2.2 times EBITDA (based of full \$5 million consideration)
- Completion date 1st May 2010
- Majority of customer support and network functions absorbed within M2's existing resources

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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	15.4 – 16.4c	61%

* 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 (@ 23 Apr '10)



No. of Shares	110,384,083
No. of Options	3,073,000
Share Price	\$1.92 (@ 23 April '10)
Market Capitalisation	\$211,937,439
Dividend Policy	70% x NPAT
1H09 Dividend	2.5c
1H10 Dividend	5.0c
Forward Div Yield <small>(based on FY10 Guidance)</small>	4.95% (ff)
Forward PE Ratio <small>(based on FY10 Guidance)</small>	14.12 x
Substantial Institutional Shareholders	Hunter Hall
	Pengana Capital



Contacts



Name	Position	Phone / Email
Vaughan Bowen	Managing Director / CEO	03 9674 6555 / vaughanbowen@m2.com.au
Darryl Inns	Chief Financial Officer	03 9674 6520 / darrylinns@m2.com.au
Debra Mansfield	Corporate Communications Manager	03 9674 6569 / debram@m2.com.au
Kellie Dean	Company Secretary	03 9674 6577 / kellied@m2.com.au

www.m2.com.au





Thank you