



M2 TELECOMMUNICATIONS GROUP LTD (ASX: MTU)

ASX RELEASE

M2 COMPLETES SHARE PLACEMENT, RAISING \$20M

Tuesday 4th May, 2010: Diversified telecommunications services provider M2 Telecommunications Group Ltd ("M2", "the Company") has today announced the successful completion of a capital raising via a share placement ("Placement") to institutional shareholders and sophisticated investors. The oversubscribed placement raised \$20 million.

The shares issued under the Placement were issued at \$1.80 per share, a 2c premium to the closing price of M2 shares immediately prior to the trading halt announced yesterday. A total of 11,111,112 new M2 shares are to be issued via the Placement. The shares issued under the Placement will have equal rank with existing M2 shares.

The proceeds received from the Placement will be applied to the reduction of M2's existing bank debt and will provide the Company with additional financial capacity to pursue additional acquisitions, consistent with its existing strategy of acquiring complementary businesses and customer bases, particularly those focused upon the small and medium business ("SMB") market.

The Placement has significantly expanded the institutional shareholder base of the Company. M2's existing key institutional shareholders have all participated in the Placement, together with several new institutions which have taken up the majority of the Placement.

Vaughan Bowen, M2's Managing Director and CEO, said of the Placement, *"This is the first time that M2 has raised additional capital since our listing in 2004. The Placement is a conservative measure, aimed at further reducing our relatively modest debt position and providing the Company with additional cash reserves, to enable us to take advantage of further strategic acquisitions opportunities. Also, I am most pleased that we have substantially expanded our institutional shareholder base and that the subscriptions for shares in the Placement well exceeded the amount of the raising"*.

The Placement was jointly managed by StoneBridge Group and Lodge Partners.

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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 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.

On 24th 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 16th June 2009. Maintaining the core focus of M2, both Commander and People Telecom 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 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

Related Company sites:

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