



M2 TELECOMMUNICATIONS GROUP LTD (ASX: MTU)

ASX RELEASE

M2 COMPLETES ACQUISITION OF BUSINESS ASSETS OF BELL NETWORKS

Wednesday 4th August, 2010 : Diversified telecommunications services provider M2 Telecommunications Group Ltd ("M2", ASX: MTU) has announced that it late yesterday completed the acquisition of the business assets of Bell Networks Voice & Data Pty Ltd ("Bell Networks") following satisfaction of conditions precedent.

As announced on 15th June, the consideration for the assets is \$4.015 million (less certain adjustments) payable in cash, comprised of an upfront and deferred payment, which is subject to certain conditions relating to the performance of the assets over an agreed period. Bell Networks also has an opportunity to receive additional bonus consideration based on the performance of the business assets in the 12 months post-completion.

The principal assets acquired are the small and medium business ("SMB") customer contracts of Bell Networks. The assets acquired directly correspond with M2's core SMB market focus.

Craig Farrow, Chairman of M2, stated of the acquisition, "*We are pleased to have completed the acquisition of the Bell Networks business. The customers, which are in line with M2's core strategy of servicing small to medium businesses, will be welcomed with People Telecom's expanded suite of products and personalised customer service.*"

The assets acquired are expected to deliver M2 additional annualised Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") of \$2 million, representing a purchase multiple of approximately 2 times EBITDA.

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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 15th 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