CEO REVIEW

Dear Valued Shareholder,
I am pleased to bring you the results of another excellent year at M2, with both organic and acquired growth in services and record results across all key metrics.

DELIVERING ON OUR STRATEGY

In last year's Annual Report, I noted our goal to deliver on continued organic growth, record profits and increased returns to shareholders and I am pleased to advise that we have delivered in all of these areas.

In FY15, we achieved net growth of 98,000 services in operation in fixed voice, mobile, broadband and energy. This growth was largely driven through the distribution platform we have developed and refined over the last two years, the strength of our brands and our continued investments in our marketing programs, the increased focus on our internal sales teams and the diversification of our channels to market, including the significant expansion of our Dodo Connect Kiosks. The growth in our sales and marketing engines has been underpinned by the great work of our teams in developing innovative new products and offers and exploring new verticals.

This growth, in combination with our internal focus on efficiency and improvement, has resulted in revenue of $1.12 billion, up 9%; EBITDA of $170.5 million, up 6%; and reported NPAT of $73.7 million, up 10%. NPAT underlying (excluding transaction costs and adding back the non-cash impact of customer contract amortisation) exceeded $100 million in the period, a significant milestone and evidence of the successful implementation of our strategy by our excellent team.

These outstanding results have enabled our Board to declare a final dividend of 17 cents, fully franked, an increase of 17% on the FY14 final dividend. This brings our total FY15 dividend to 32 cents, an increase of 23% on the previous corresponding period.

THE ACQUISITION OF CALLPLUS

These results have been achieved with some distractions to business as usual activity, such as the acquisition of the CallPlus group of companies. We are pleased to have cemented our position in the New Zealand market with the acquisition of this outstanding challenger telco. The CallPlus business is highly complementary to our existing business and delivers us the scale, brands and capability to be a real force in the New Zealand market.

The acquisition was completed on 30 June and the integration is now well progressed under the leadership of Mark Callander, our Chief Executive New Zealand. Mark and his high quality leadership team have worked well with the Australian integration team and we achieved some significant milestones since completion including:

- A comprehensive review and restructure of the NZ business to develop dedicated segment go- to- market teams and supporting functions, mirroring our organisation in Australia
- Establishment of a cross-Tasman network to enable our team to share files and work together quickly and securely
- Existing and new debt refinanced into new flexible multi year facilities
- Launch of a number of new initiatives in NZ including adoption of our Parental Leave Policy, providing both primary and secondary carers a period of paid leave

As disclosed in our announcement to the ASX, CallPlus is expected to add NZ$45 million to M2 EBITDA in FY16. We have hedged these earnings with a rolling horizon of 12 months to ensure risk associated with foreign income is minimised.

M&A

M&A has been an important element of our strategy, delivering significant shareholder value and providing us with both scale and capability to compete in our large and fast paced categories. The telecommunications sector has been in the process of consolidation for many years, and we have been an active participant with more than 20 acquisitions since 2005, led by our founding CEO and Executive Director Vaughan Bowen. We have considered a great many more possible opportunities over that time and have been disciplined in ensuring that there is strong strategic logic associated with the deals we do and that valuations are at an appropriate level to deliver real shareholder value.

Our commitment to shareholders is to maintain this focus in our M&A activity to ensure that we continue to add shareholder value through this strategy. We see opportunities for further M&A activity in our business but will continue to be disciplined in our approach and to ensure that we have a strong underlying organically growing business to deliver sustained shareholder returns.

EXPANDING OUR RETAIL FOOTPRINT

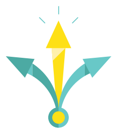
From December 2014 to February 2015, we expanded our Dodo Connect Kiosks into Queensland, New South Wales and South Australia, successfully establishing more than 40 new locations from our base of 20; closing the year with 68 total locations. This involved an enormous amount of work including recruitment of approximately 200 new team members. Since their establishment, we have progressively built upon the skills of these team members to steadily increase the results delivered by each Kiosk. Over the course of the next year, our focus in Kiosks will be to continue to refine the operating model. Kiosks are an important part of our consumer plans and add another unique dimension to our distribution strategy. In order to best take advantage of the opportunity they present, we have begun a franchise program through which we aim to appoint sales-focussed entrepreneurs to operate the kiosks as their own small business. As at 24 August 2015, we have 11 franchised locations. We will continue to promote this opportunity in the coming year to further improve the performance of this important new path to market.

OUR PRIORITIES

In our 15th year as a company, we delivered on our key strategic objectives, resulting in growth and increased shareholder returns. Our focus is largely unchanged for the year ahead, and is structured around four strategic pillars:

DISTRIBUTION

- Capitalise on the opportunity presented by the rollout of the NBN in Australia and the UFB in New Zealand
- Leverage our product offerings to build new paths to market and optimise existing channels



DIVERSIFICATION

- Build on the product and channel advantage we achieve by having a diversified portfolio of services available to our channels
- Explore new product categories that complement existing capability

SIMPLIFICATION

- Focus on easy to buy & easy to use products
- Invest in core technology platforms and our digital engagement strategy

SATISFACTION

- Make it easy for our customers, on their terms
- Be a great place to work

Our over-arching objective is to own the challenger space in our markets in Australia and across the Tasman in New Zealand. This will be achieved through continued disruptive go-to-market thinking, and our ongoing focus on delivering great service to our customers.

The culmination of all our efforts and our relentless focus on our strategy is an expected increase in revenues of between 24% to 26% and increase in net profit after tax of 30% to 35% in FY16.

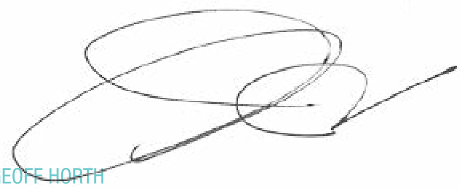
TEAM

At the centre of all of this activity is our team. In FY15, we continued to expand upon the prior year's initiatives to make M2 a great place to work. Our first full-scale Sustainability Report, associated with this Annual Report, reflects upon the activities conducted and the pleasing outcome of increased team engagement in the past year.

The year also saw Scott Carter promoted to the newly created position of Chief Operating Officer. Scott was previously the head of our Business and Wholesale segments. Scott's appointment to this important new role is testament to his outstanding contribution to M2 since joining us in 2011. We have already started to see the benefits of bringing our Consumer and Business teams together, sharing knowledge and leveraging skills across sales, marketing and operations, and I am excited about the opportunities that will arise under Scott's excellent leadership.

I'd like to thank our Team for another outstanding year. It is a delight to work with such a passionate and hard working group of people. I look forward to doing it all again in the year ahead.

Finally, my thanks go to you, our shareholders for your continued support. I look forward to another year of growth and delivering another record set of results to you next year.



GEOFF HORTH
CHIEF EXECUTIVE OFFICER

STACEY WARREN

SAMI SAMI

WING WONG

SANGRAM SINGH

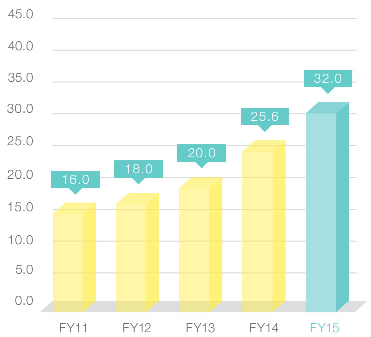
GRACE HALICKI

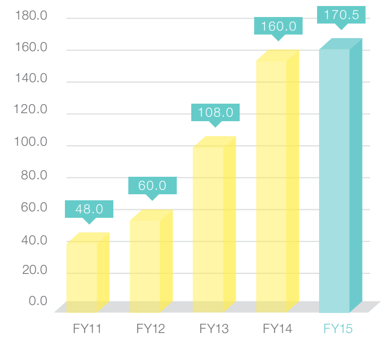
THE NUMBERS THAT MATTER

REVENUE

$1.12 BILLION

FY15 REVENUE INCREASED 9% ON THE PREVIOUS CORRESPONDING PERIOD (PCP) TO $1.12 BILLION, AS A RESULT OF ORGANIC GROWTH AND WITH ONE MONTH'S CONTRIBUTION FROM THE ACQUISITION OF THE CALLPLUS GROUP.





EBITDA

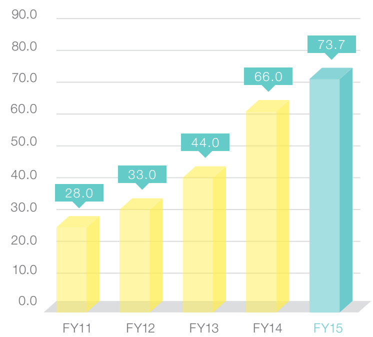
$170.5 MILLION

EBITDA INCREASED 6% ON THE PCP TO $170.5 MILLION, THIS GROWTH WAS ACHIEVED IN SPITE OF $10.2 MILLION OF ONE OFF TRANSACTION COSTS RELATED TO THE CALLPLUS GROUP ACQUISITION.

NPAT

$73.7 MILLION

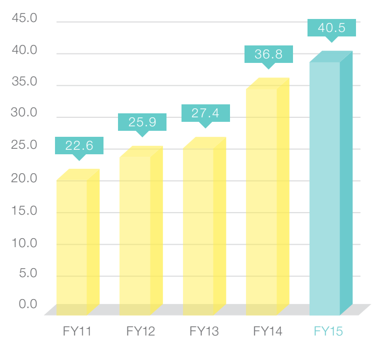
NPAT ROSE 10% TO $73.7 MILLION IN FY15, WITH UNDERLYING NPAT (EXCLUDING TRANSACTION COSTS) UP 8% TO $100.2 MILLION.   A SIGNIFICANT MILESTONE, AND A CREDIT TO THE DEDICATED AND HARD WORKING TEAM AT M2.

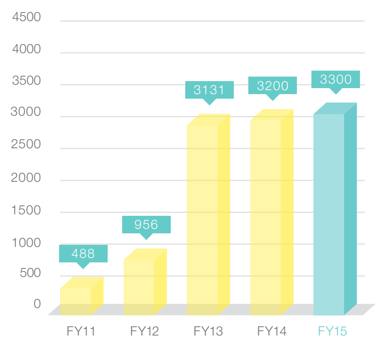


EPS

40.5¢

EPS IS VIEWED AS AN IMPORTANT MEASURE WITHIN OUR BUSINESS AND AT 40.5 CENTS FOR FY15 IT WAS UP 9% ON THE PCP. M2 LISTED ON THE AUSTRALIAN SECURITIES EXCHANGE A LITTLE OVER 10 YEARS AGO AND HAS ACHIEVED TOTAL EPS GROWTH OF 4666% TO 30 JUNE 2015.

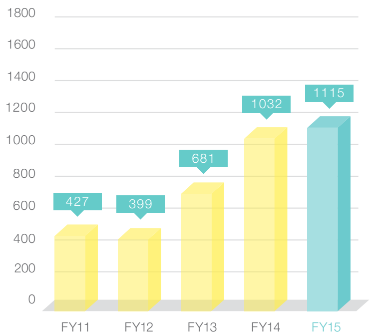




TEAM MEMBERS

3300

AT 30 JUNE 2015, WE HAD 3300 TEAM MEMBERS IN AUSTRALIA, NEW ZEALAND AND THE PHILIPPINES. THIS YEAR, WE WERE PLEASED TO WELCOME THE PASSIONATE AND DEDICATED CALLPLUS TEAM MEMBERS. TEAM NUMBERS HAVE OTHERWISE BEEN SLIGHTLY REDUCED BY RESTRUCTURING ACTIVITIES AS A RESULT OF ACQUISITION.



DIVIDEND

32 ¢

THE 32 CENT COMBINED INTERIM AND FINAL DIVIDEND IS AN INCREASE OF 23% ON FY14.   ANOTHER STRONG DIVIDEND REPRESENTING APPROXIMATELY 70% OF FY15 NPAT (EXCLUDING ONE OFF TRANSACTION COSTS) AND CONSISTENT WITH M2 BOARD DIVIDEND POLICY.