



M2 Group Ltd (ASX: MTU)

M2 COMPLETES ACQUISITION OF CALL PLUS GROUP & 2TALK

Forecast to grow underlying FY16 EPS by 15%

TUESDAY, 30 JUNE 2015: M2 Group Ltd ("M2", ASX: MTU) has today successfully completed the acquisition of the CallPlus group of companies and related entity, 2Talk Limited (collectively referred to as "CallPlus").

The acquisition of CallPlus will deliver a number of benefits for M2, including:

- Expansion of M2's existing NZ business to become the third largest ISP and leading challenger in the NZ telecom market
- A large, profitable and organically growing business that serves the same markets in NZ that M2 currently targets in Australia
- A proven management team that is experienced in operating the leading challenger business in the NZ telecom market
- A nationally recognised portfolio of consumer and business brands which are well positioned to grow share in the transition to Ultra-Fast Broadband in the NZ telecom market
- Further significant enhancement of scale to M2's business

M2 has paid total consideration of NZ\$250 million (AUD\$246.7 million) for Call Plus, on a debt-free and cash-free basis¹. Management expects the acquisition to contribute in excess of NZ\$250 million revenue and NZ\$45 million EBITDA in FY16, implying an indicative EBITDA valuation multiple for the acquisition of approximately 5.6x. Based on median broker estimates² for M2 and assuming that Call Plus contributes NZ\$45 million of EBITDA, the acquisition is expected to result in underlying FY16 EPS^{3,4} accretion of approximately 15%⁵.

The acquisition was funded and existing debt was refinanced through a new, fully underwritten, multi-year loan facility.

M2 CEO, Geoff Horth, said of the acquisition, "We are delighted to have completed the acquisition of CallPlus, bringing this highly complementary organically growing, and profitable business into the M2 group. Through the integration planning process, we have seen excellent engagement from our respective teams, further reinforcing our view of the strong cultural alignment that exists between our businesses. I would like to thank the Call Plus team for their efforts during this busy time, to welcome them to M2 and Mark Callander to the M2 Executive Management team. We look forward to working with the CallPlus team to continue with their success in challenging the status quo in New Zealand".

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¹Based on exchange rate of 0.987 Australian dollars for 1.00 New Zealand dollar. Certain employee shareholders of CallPlus have elected to take some M2 shares in lieu of cash at an issue price of \$10.31, as set out in the Appendix 3B issued today. ²Based on IBES consensus estimate for underlying FY16 EPS of AUD\$0.59 per share as of 13 April 2015. ³Underlying EPS includes an add-back of a non-cash cost for amortisation associated with customer contracts acquired in the relevant period (in accordance with Australian Accounting Standards). ⁴Australian Accounting Standards allow for 12 months from completion to finalise accounting and purchase price allocation. Fair value adjustments will be subject to purchase price allocation after completion. No amortisation charge has been included for any customer contracts deemed under Australian Accounting Standards to have been acquired through the acquisition of Call Plus. ⁵Based on M2's current expectations for the earnings contribution from CallPlus in FY16 that were developed as part of M2's due diligence, and there being no material change to the run rate performance or growth of the business during the period.

COMMANDER

engin

dodo

iPRIMUS

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About M2 Group Ltd

Established in 1999, M2 Group Ltd ("M2", ASX: MTU) is a fast-growing provider of a range of communication, utility and insurance services to Australian households and small businesses. Headquartered in Melbourne, M2 has more than 3000 team members across Australia, New Zealand and the Philippines.

M2's business segment encompasses the Commander and Engin brands, offering a suite of traditional and next generation managed voice and data services, equipment, personalised service and value-added offerings.

The consumer segment, under the leading brands of Dodo and iPrimus, provides Australian households with a low-cost alternative for the full range of telecommunications services in addition to energy and insurance.

Through the M2 Wholesale division, M2 provides a full suite of traditional fixed line, mobile and data telecommunications services as well as next-generation cloud communications services, to system integrators, telecommunications service providers and Internet Service Providers.

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

Related Company sites (part of the M2 Group):

www.commander.com

www.engin.com.au

www.iprimus.com.au

www.dodo.com.au

www.m2wholesale.com.au

www.callplus.co.nz

www.slingshot.co.nz

www.flip.co.nz

www.orcon.net.nz

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