

M2 GROUP LTD (ASX: MTU)

# M2 ACHIEVES \$100M UNDERLYING NET PROFIT AFTER TAX 23% INCREASE IN DIVIDENDS PER SHARE 17 CENT FINAL DIVIDEND DECLARED

- Revenue increased by 9% to \$1.12 billion
- Earnings before interest, tax, depreciation and amortisation (EBITDA) up 6% to \$170.5 million
- Net profit after tax (NPAT) increased by 10% to \$73.7 million
- NPAT underlying, excluding transaction costs increased by 17% to \$100.2 million
- Services in operation growth of 98,000 services
- 17 cent, fully franked, final dividend declared
- 32 cent full year dividend, an increase of 23%

**Monday, 24 August 2015:** M2 Group Ltd ('M2', ASX: MTU) has today reported its financial results for the full year ended 30 June 2015 ('FY15'), delivering on its commitment to continue to grow while delivering excellent returns to shareholders.

## FY15 RESULTS

The table below illustrates the substantial revenue and earnings growth:

\$M	FY15	FY14	% increase
Revenue <sup>1</sup>	1,115.7	1,024.4	9%
EBITDA <sup>2</sup>	170.5	160.1	6%
NPAT <sup>2</sup>	73.7	67.1	10%
NPAT underlying, ex trans costs <sup>2,3</sup>	100.2	85.4	17%
EPS (cents)	40.5	37.4	9%
EPS (underlying, cents) <sup>2,3</sup>	55.2	47.6	16%
Final dividend (cents per share)	17.0	14.5	17%
DPS (cents)	32.0	26.0	23%

1) Includes one month contribution from Call Plus Group, from 1 June 2015

2) Reported EBITDA and NPAT are affected by transaction costs for CPG (\$10.2m and \$8.8m respectively)

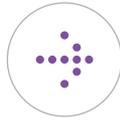
3) Underlying NPAT and EPS include an add-back of a non-cash cost of \$17.8 million for amortisation (\$18.3 million in the previous corresponding period, tax affected) associated with customer contracts acquired in the relevant period (in accordance with Australian Accounting Standards) as well as an add-back of transaction costs for CallPlus Group of \$8.8 million

M2 CEO, Geoff Horth, stated of the Company's results, "I am pleased to deliver another year of strong growth of services in operation while completing an EPS-accretive acquisition of scale. This year we achieved another significant milestone growing underlying NPAT to \$100 million, a testament to the success of the strategy and the extraordinary efforts of the hard working M2 team."

## FINAL DIVIDEND

The M2 Board of Directors is pleased to declare a final FY15 dividend of 17 cents per share, fully franked, taking the full year dividend to 32 cents, an increase of 23% on the previous year. As detailed in the notification of dividend scheduled to be released to the market today, the Directors have further declared that the Dividend Reinvestment Plan ("DRP") will be made available to shareholders for the dividend payable on 29 October 2015, at a 2.5% discount. Election notices for participation in the DRP must be received by no later than 8 October 2015, following the record date of 7 October 2015.





## FY15 OPERATIONAL HIGHLIGHTS

The many operational achievements of FY15 include:

- 6% growth in services in operation with 98,000 post paid services added in the period across fixed voice, broadband and energy
- The acquisition of New Zealand's third largest ISP and leading challenger, CallPlus Group, delivering:
  - a large, profitable and organically growing business that serves the same markets in NZ that M2 currently targets in Australia
  - a proven and like-minded 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
  - Estimated NZ\$45 million in EBITDA in FY16
- Expansion of our Dodo Connect Kiosks into three new states (NSW, Qld and SA) with the accelerated rollout to 48 new locations to build upon the tested and proven retail model
  - Launch of the Dodo Connect Kiosk franchise model with 11 locations currently franchised
- Entered the NSW Gas market, taking the Dodo Electricity and Gas bundle to that state for the first time
- Launched Dodo TV with Fetch with a \$0 per month 'Fetch Lite' plan as well as an Entertainment Plus package with more than 35 premium channels
- Launched the Dodo Phone Anywhere App, enabling Dodo customers of any product to make low-cost, IP voice calls from anywhere around the world, billable to their Dodo account
- Launched Commander Electricity to all sales channels in February 2015 following its soft launch in March 2014, surpassing 3,000 services in operation by 30 June 2015
- Launched Phase 2 of the Commander Phone product, Commander Key, a hosted phone product for businesses with 4-10 employees, an Australian first
- Launched the M2 Wholesale Cloud Communications Platform, encompassing NBN plus IP and hosted voice, transforming M2 Wholesale from a Value Added Reseller to a Next Generation IP Carrier
- Connected to 21 new NBN Points of Interconnect, now connected to 52 POI's with the potential to target more than 1 million premises

## FY16 GUIDANCE

'Our over-arching objective for FY16 and beyond is to own the challenger space in our markets in Australia and New Zealand. The foundation laid in FY15, the acquisition of CallPlus and our continued focus on executing on our strategy provide an excellent platform for M2 to continue to drive organic growth and create shareholder value' said Geoff Horth.



## INVESTOR PRESENTATION WEBCAST

A webcast will be held at 10.30am on Monday 24 August. Investors are welcome to join via <http://m2.com.au/events/fy15-result-webcast/>.



COMMANDER

engin®

dodo®

iPRIMUS

CallPlus

slingshot

orcon®

flip

talk



## MEDIA & INVESTOR CONTACT DETAIL

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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 and New Zealand households and small businesses. Headquartered in Melbourne, M2 has more than 3300 team members across Australia, New Zealand and the Philippines.

In Australia, 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 lowcost 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.

In New Zealand, M2 operates under the leading brands of CallPlus, Slingshot, Orcon, 2Talk and Flip. The CallPlus group of companies is New Zealand's third largest provider of broadband, mobile and fixed line services. The 'Slingshot' and 'Orcon' brands spearhead Call Plus's consumer offerings, with 'Call Plus Business' and '2Talk' aimed at the small and medium business market.

For more about M2 visit [www.m2.com.au](http://www.m2.com.au).

Related Company sites (part of the M2 Group):

### AUSTRALIA

- [www.commander.com](http://www.commander.com)
- [www.engin.com.au](http://www.engin.com.au)
- [www.iprimus.com.au](http://www.iprimus.com.au)
- [www.dodo.com.au](http://www.dodo.com.au)
- [www.m2wholesale.com.au](http://www.m2wholesale.com.au)

### NEW ZEALAND

- [www.callplus.co.nz](http://www.callplus.co.nz)
- [www.slingshot.co.nz](http://www.slingshot.co.nz)
- [www.flip.co.nz](http://www.flip.co.nz)
- [www.orcon.net.nz](http://www.orcon.net.nz)
- [www.2talk.co.nz](http://www.2talk.co.nz)



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