



## M2 TELECOMMUNICATIONS GROUP LTD (ASX: MTU)

ASX / MEDIA RELEASE

# M2 ISSUES STRONG EARNINGS GROWTH GUIDANCE FOR FULL YEAR 2011

**Tuesday, 20<sup>th</sup> July 2010** : Diversified telecommunications services provider M2 Telecommunications Group Ltd (“M2”, ASX:MTU) today releases earnings guidance for the 2010/11 financial year (“FY2011”).

The schedule below illustrates the headline numbers in M2’s FY2011 guidance, including forecast Revenue, Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”), Net Profit After Tax (“NPAT”) and Earnings Per Share (“EPS”). Comparative guidance numbers for FY2010 are included, highlighting the substantial year-on-year growth expected at both the top and bottom lines.

\$m	FY2010(f)	FY2011(f)	% change*
Revenue	380 - 400	425 - 445	Up 12%
EBITDA	29.0 - 31.0	41.0 - 42.5	Up 39%
NPAT	14.5 - 15.5	22.0 - 23.5	Up 52%
NPAT (underlying)	17.7 - 18.7	25.2 - 26.7	Up 43%
EPS (cents)	13.3 - 14.3	18.1 - 19.4	Up 36%
EPS (cents, underlying)	14.5 - 15.5	20.7 - 22.0	Up 42%

\* from mid-point of ranges

The above FY2011 NPAT guidance includes costs of approximately \$3.2 million for amortisation of customer contracts acquired by M2, in accordance with accounting standards. Due to the non-cash nature of this amortisation, NPAT (underlying) and EPS (underlying) are disclosed excluding this cost.

Furthermore, FY2011 NPAT and NPAT (underlying) include increased depreciation costs associated with scheduled IT and system improvements, aimed at delivering further operational quality and efficiency benefits over the medium term.

The above guidance affirms Board and management confidence in the benefits arising from the successful integration of its People Telecom and Commander acquisitions, the anticipated successful implementation of recently announced bolt-on acquisitions (the business assets of Clever Communications and Bell Networks) and the outcomes of a concerted internal consolidation and business-wide efficiency drive. The Company reaffirms its FY2010 guidance, with the 2010 financial statements currently being finalised and subject to audit.



M2's audited FY2010 results are scheduled for release on 30th August 2010, accompanied by an updated investor presentation and preliminary 2010 Annual Report.

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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](http://www.simplymobiles.com.au) and [www.greenmobiles.com.au](http://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 24<sup>th</sup> 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 15<sup>th</sup> 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](http://www.m2.com.au)

Related Company sites:

- [www.commander.com](http://www.commander.com)
- [www.peopletelecom.com.au](http://www.peopletelecom.com.au)
- [www.sctelco.com.au](http://www.sctelco.com.au)
- [www.simplymobiles.com.au](http://www.simplymobiles.com.au)
- [www.greenmobiles.com.au](http://www.greenmobiles.com.au)