

M2 DELIVERS 99% GROWTH IN EBITDA

Underlying NPAT up 67% to \$31.7 million

Financial Results Highlights for half year ended 31 December 2012

- EBITDA up 99% to \$55.1 million
- NPAT increased 47% to \$24.7 million
- Underlying EPS up 32% to 20.2 cents
- Declaration of interim dividend of 10 cents per share, fully franked

Monday, 25 February 2013: M2 Telecommunications Group Ltd ("M2", ASX:MTU) has today reported its financial results for the half year ended 31 December 2012 ("1H13").

Compared to the previous half year period ("1H12"), M2 has almost doubled its EBITDA to \$55.1 million and revenue has increased by 65% to \$305.2 million. The Company has reported a net profit of \$24.7 million for 1H13, up 47% on the previous half year result. The acquisition of Primus Telecom Holdings, completed in June 2012, has been a significant contributor to earnings growth.

M2 is on track to deliver within its previously stated forecast earnings guidance range for the financial year ending 30 June 2013 ("FY13").

Key Financial Metrics

The table below details key financial metrics with the comparative increase on the previous corresponding period:

\$m	1H13	1H12	% change
Revenue	305.2	185.4	Up 65%
EBITDA	55.1	27.6	Up 99%
EBITDA Margin	18.0%	14.9%	Up 21%
NPAT	24.7	16.7	Up 47%
NPAT (underlying) ¹	31.7	19.0	Up 67%
EPS (cents) ²	15.7	13.5	Up 16%
EPS (underlying) ^{1,2}	20.2	15.3	Up 32%
Interim Dividend	10c	9c	Up 11%
Dividend Paid / Payable ³	15.8	11.2	Up 41%

^{1.} Underlying NPAT and EPS figures each include an add-back of a non-cash cost of \$7.0 million in 1H13 (\$2.3 million in 1H12) for amortisation associated with customer contracts acquired in the relevant period (in accordance with Australian Accounting Standards)

^{3.} Dividends paid/payable refer to the interim dividends either paid or payable for the half year periods. It is calculated as the gross figure (excluding shares reinvested under the Dividend Reinvestment Plan)







^{2.} Calculated using the volume average weighted number of shares

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Interim Dividend

The M2 Board of Directors has also declared an interim dividend of 10 cents per share, fully franked, the Company's 17th consecutive dividend. The Dividend Reinvestment Plan ("DRP") will also be made available to shareholders, with shares offered at a 5% discount to the volume weighted average price ("VWAP"). Election notices must be received by the record date of 22 March 2013. The dividend will be paid and DRP shares issued on 16 April 2013.

M2 is well positioned

M2 CEO Geoff Horth said: "The first half results demonstrate that M2's business is well positioned to deliver its 8th consecutive year of growth in earnings per share. Following the acquisition of Primus in June 2012 our team has worked tirelessly on integration and to deliver synergies which will positively impact our earnings in the second half of this financial year.

We enter 2013 with an integrated business in excellent financial health and armed with a comprehensive suite of next generation service offerings for our customers which have been enhanced, as a result of our expanded portfolio of assets, to include "Commander Hosted Phone" and "Commander Cloud" for business customers. I would like to thank the entire M2 team for its outstanding efforts in delivering this result".

Cash and Net Debt

The Company's cash position is \$29.6 million compared to \$16.7 million at the same time last year. Net debt is \$116.2 million, down from \$125.3 million at the start of the financial year.

FY13 Guidance

M2 also reaffirmed its FY13 guidance as issued on 27 August 2012 and detailed in the following table:

\$m	FY13 Guidance	FY12 Actual	% change
			(from midpoint)
Revenue	610-650	393.5	Up 60%
EBITDA	108-118	60.1	Up 88%
EBITDA margin	17.9%	15.3%	Up 17%
NPAT	43-48	33.0	Up 38%
NPAT (underlying)	55-60	38.1	Up 52%
EPS (cents per share)	27-30	25.8	Up 13%
EPS (underlying)	35-38	29.8	Up 24%
Capex (as % of revenue)	3.0%	1.3%	Up 131%
Free cash flow	51-56	36	Up 53%







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Investor Call

Shareholders are invited to participate in an investor call hosted by CEO Geoff Horth at 10.30am AEDT on Monday 25 February via the following dial in details:

Conference ID: 9278 5538

Toll free access numbers:

Australia 1800 123 296 New Zealand 0800 452 782 China 4001203085 Hong Kong 800 908 865 India 180030106141 Japan 0120 985 190 Singapore 800 616 2288
United Kingdom 0808 234 0757
United States 1855 293 1544 0808 234 0757 United States 1855 293 1544

All other international locations dial: + 61 2 8314 8370 (standard call charges will apply)

-ENDS-

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Investor / media enquiries

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About M2 Telecommunications Group Ltd

Established in 1999, M2 Telecommunications Group Ltd ("M2", ASX: MTU) is one of Australia's largest and most profitable telecommunication service providers, supplying a broad range of telecommunications products and services to both the retail and wholesale markets. Headquartered in Melbourne, M2 employs approximately 950 people across Australia and New Zealand.

M2's retail division targets the small to medium business ("SMB") market under the Commander brand whilst maintaining its residential customer base under the iPrimus brand. M2 offers a full suite of traditional and next generation telecommunications services including fixed line voice services, 3G mobile, mobile broadband, ADSL2 broadband, hosted/managed data services and IP/hosted voice solutions.

M2's Wholesale division provides wholesale fixed line, mobile and data telecommunications services to small and medium- sized telecommunications service providers and Internet Service Providers ("ISPs").

M2 has consistently delivered growth in profit year-on-year since listing on the ASX in 2004 and in June 2012 was added to the S&P/ASX200.

For more about M2 visit www.m2.com.au/Investor-Centre

Related Company sites (part of the M2 Group):

- www.commander.com
- www.iprimus.com.au
- www.bw.co.nz
- www.m2wholesale.com.au





