



M2 TELECOMMUNICATIONS GROUP LIMITED (ASX: MTU)

ASX / MEDIA RELEASE

M2 COMPLETES ACQUISITION OF PEOPLE TELECOM

Tuesday 14th April 2009; M2 Telecommunications Group Limited ("M2", ASX: MTU) has today successfully completed the acquisition of 100% of People Telecom Limited ("People", ASX: PEO) by way of Scheme of Arrangement ("Scheme").

People shareholders voted overwhelmingly in support of the Scheme at a shareholder meeting on Monday 6th April 2009, following which the Federal Court approved the Scheme on Thursday 9th April 2009. The Scheme becomes effective today, with the date of implementation being next Friday, 24th April 2009.

As previously announced, the Scheme, as adopted, will see People shareholders receiving a combination of cash and M2 shares, as summarised below:

- 0.0916 M2 shares for every 1 People share;
- 0.6886 cents in cash for every 1 People share; and
- an additional consideration of 0.0068 M2 shares for every 1 People share.

For M2 shareholders, the acquisition of People is expected to deliver the following financial and strategic benefits:

- Increase earnings per share (EPS) by greater than 15% in the 2009/10 financial year
- Increase M2 group revenue to in excess of \$250 million (annualised)
- Enhanced M2 presence in the Sydney / NSW markets
- Greater capability and presence in the medium enterprise customer segment
- Addition of a business grade national data network
- Expanded wholesale supplier network

M2's Managing Director / CEO, Vaughan Bowen, said of the acquisition, "*We are very pleased to have completed the acquisition of People Telecom and to have received such strong support for the transaction from People shareholders. Having spent considerable time over the last few months working closely with the People Telecom management team, we are very confident of the underlying strength of the People business and the value it will bring to the consolidated M2 Group in terms of additional capabilities, product offerings, earnings and increased presence in M2's target markets.*"

Upon M2 assuming day-to-day management control of the People business on 24th April 2009, the implementation of a comprehensive business improvement and integration plan will commence. A progress update on People's integration into the consolidated M2 Group will be provided to M2 shareholders in July 2009.



About M2 Telecommunications Group Limited

Established in 1999, M2 Telecommunications Group Limited (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 160 people nationwide. M2 also provides fixed-line and 3G mobile services in New Zealand.

Within its "M2 Telecom" 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 and www.greenmobiles.com.au). M2 Telecom also incorporates Southern Cross Telco, an established retail and small enterprise targeted telco, acquired by M2 in October 2007.

"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 Commander Communication's established wholesale network services company, Unitel Australia Pty Ltd in February 2008.

M2's consolidated revenues now exceed \$160 million (annualised), approximately evenly shared between M2 Telecom and M2 Wholesale. With M2's acquisition of People Telecom Limited in April 2009, annualised group revenues are expected to surpass \$250 million.

M2 has a proven track-record of delivering consistent growth in both revenues and most importantly "bottom line" profit, year-on-year for each of the last 6 years. 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 and 2008.

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 for five consecutive years, with the most recent being a fully franked interim dividend of 2.5 cents per share for the half year to 31 December 2008.

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

Related Company sites:

- www.sctelco.com.au
- www.simplymobiles.com.au
- www.greenmobiles.com.au

Contact Details

Vaughan Bowen, Managing Director and CEO
Ph: 03 9674 6569

Kellie Dean, Company Secretary
Ph: 03 9674 6577

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