

# M2 DELIVERS RECORD REVENUE AND EARNINGS

## Organic growth of 50,000 services in first half

- EBITDA up 38% on previous corresponding period (pcp) to \$75.8 million
- NPAT increased 26% to \$30.9 million
- Reported EPS up 10% to 17.3 cents per share
- Underlying EPS up 21% to 24.5 cents per share
- 11.5 cents interim dividend declared, up 15%
- 50,000 net new services added in first half, including 39,000 net new broadband services

**Monday, 24<sup>th</sup> February 2014:** M2 Group Ltd ("M2", ASX: MTU) has today reported its financial results for the half year ended 31 December 2013 ("1H14"), delivering outstanding organic growth of services in operation in addition to increases in all key financial metrics, as detailed following:

\$M	31 December 2013	31 December 2012	Change
Revenue	506.0	305.2	Up 66%
EBITDA	75.8	55.1	Up 38%
NPAT	30.9	24.7	Up 26%
NPAT (underlying <sup>1,2</sup> )	43.8	31.7	Up 38%
EPS (cents per share <sup>1,2</sup> )	17.3	15.7	Up 10%
EPS (cents per share, underlying <sup>1,2</sup> )	24.5	20.2	Up 21%
Interim Dividend (cents, fully franked)	11.5	10.0	Up 15%
Total Dividend Payable <sup>3</sup>	20.6	15.8	Up 30%

1) Underlying NPAT and EPS include an add-back of a non-cash cost of \$12.9 million for amortisation (\$7.0 million in previous corresponding period) associated with customer contracts acquired in the relevant period (in accordance with Australian Accounting Standards)

2) Calculated using the volume weighted average number of shares

3) Dividends payable refer to the total cash amount for all dividends payable for the half year, including for shares participating in the DRP.



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## Interim Dividend

The M2 Board of Directors is pleased to declare a fully franked interim dividend of 11.5 cents per share, an increase of 15% on the previous corresponding period. The Directors have further declared that the Dividend Reinvestment Plan ("DRP") will be made available to shareholders for the dividend payable on or around 16 April 2014, at a 5% discount. Election notices for participation in the DRP must be received by 20 March 2014.

M2 CEO, Geoff Horth, stated of the Company's results, *"I am pleased to deliver on our promise of excellent organic growth, with a net addition of 50,000 services, while maintaining our strong financial performance and increasing returns to shareholders. This achievement was possible due to the tireless efforts of our team and I would like to thank them all for their contributions."*

## 1H14 Achievements

In addition to the outstanding growth in services in operation, highlights for the period also included:

- Significant progress on the integration of Dodo and Eftel:
  - Creating an integrated business with clear segment and functional structure
  - rationalising systems and processes to simplify the business
- Restructure of Consumer segment operations, strengthening sales and service capability whilst improving cost to acquire and cost to serve
- Implementation of FY14 Business segment account management strategy, improving trends in churn, product penetration and margin
- M2 NBN footprint expanded to 33 Points of Interconnect (POIs) nationally
- Launch of Dodo lowest-cost and unlimited NBN product offerings, to a very positive response
- 13 new Dodo Connect Kiosks opened, increasing retail presence to 20 stores
- Successful completion of negotiation of Telstra Wholesale agreement, executed 23 Feb 2014

## Guidance

The M2 Board of Directors confirms the guidance issued on 26 August 2013 for the financial year ending 30 June 2014, detailed as following:

\$M	FY13(a)	FY14 Guidance	% Change (from midpoint)
Revenue	681.0	970 - 1030	↑ Up 47%
EBITDA	108.1	150 - 170	↑ Up 48%
NPAT	43.8	60 - 70	↑ Up 48%
NPAT (underlying <sup>1</sup> )	58.4	85 - 95	↑ Up 54%
EPS (cents per share <sup>2</sup> )	27.4	34 - 39	↑ Up 33%
EPS (cents per share, underlying <sup>1,2</sup> )	36.3	48 - 53	↑ Up 39%
Capex (as % of revenue)	2.9%	2%	↓ Down 31%

1) Underlying NPAT and EPS figures each include an add-back of a non-cash cost of \$14.6 million for FY13 and \$26 million for FY14 for amortisation associated with customer contracts acquired in the relevant period (in accordance with Australian Accounting Standards)

2) Calculated using the volume average weighted number of shares

### Conference Call for Investors

Monday 24 February, 10.30am

Local access number: 1800 304 945  
 International access number: +61 2 8038 5491  
 New Zealand access number: 0800 452 782

Conference ID: 23286466

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### Media and Investor Contact Details

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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 wholesale fixed line, mobile and data telecommunications services to small and medium-sized telecommunications service providers and Internet Service Providers.

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

Related Company sites (part of the M2 Group):

- [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)

