



M2 GROUP LTD (ASX: MTU)

M2 DELIVERS 60% GROWTH IN UNDERLYING NET PROFIT TO \$93.3M

- Revenue increased 50% to \$1.02 billion
- Earnings before interest, tax, depreciation and amortisation ("EBITDA") up 48% to \$160.1 million
- Reported net profit after tax ("NPAT") increased 53% to \$67.1 million
- Earnings per share up 36% to 37.4c
- 14.5c dividend declared, fully franked. Full year dividend of 26c an increase of 30%
- Organic growth of 121,000 services

Monday, 25th August 2014: M2 Group Ltd ("M2", ASX: MTU) has today reported its financial results for the full year ended 30 June 2014 ("FY14"), delivering substantial revenue and earnings growth.

FY14 Results

The table below details the outstanding increases in all key financial metrics:

\$M	FY14	FY13	% Increase
Revenue	1024.4	681.0	↑ Up 50%
EBITDA	160.1	108.1	↑ Up 48%
NPAT	67.1	43.8	↑ Up 53%
NPAT (underlying ¹)	93.3	58.4	↑ Up 60%
EPS (cents per share ²)	37.4	27.4	↑ Up 36%
EPS (cents per share, underlying ^{1,2})	52.0	36.3	↑ Up 43%
Final Dividend (cents, fully franked)	14.5	10.0	↑ Up 45%
Total Dividends Paid and Payable	46.8	33.6	↑ Up 39%

(1) Underlying NPAT and EPS figures each include an add-back of a non-cash cost of \$26.2 million for FY14 and \$14.6 million for FY13 for amortisation 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

M2 CEO, Geoff Horth, stated of the Company's results, "I am thrilled to present to you a year that proves our ability to grow organically whilst simultaneously delivering on our track record of successful business integration. The growth platform we built in FY14 positions us well to continue our strong performance in FY15 and beyond. The talented and hard working team at M2 has shown the best of their abilities this year to achieve this outstanding result; my thanks go out to them for all of their hard work."

COMMANDER

engin

iPRIMUS

dodo

M2 Group Ltd (ASX: MTU)
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Final Dividend

The M2 Board of Directors is pleased to declare a final FY14 dividend of 14.5 cents per share, fully franked, taking the full year dividend to 26 cents, an increase of 30% on the prior year. The Directors have further declared that the Dividend Reinvestment Plan (“DRP”) will be made available to shareholders for the dividend payable on 30 October 2014, at a 5% discount. Election notices for participation in the DRP must be received by M2 no later than 10 October 2014, following the record date of 9 October 2014.

FY14 Achievements

As a year of strong organic growth as well as business integration, FY14 contained many achievements, the highlights of which were:

- 8% organic growth in services in operation with 121,000 post paid services added in the period including 70,000 new broadband subscribers and 37,000 new energy customers
- The restructure of our sales and service operations for the Business and Consumer segments, improving sales conversion and customer experience
- Launch of the market-leading Dodo NBN offer, effectively harnessing M2’s existing NBN infrastructure to launch a low-cost NBN offer to the Dodo target market
- The rollout of 14 new Dodo Connect Kiosks in shopping centres around Victoria, taking advantage of Dodo brand strength and generating sales in broadband and energy
- Launch of the Dodo 4G mobile offer to a receptive market, with mobile exhibiting growth in Q4
- Completion of an Engin brand refresh, taking this well-known brand as our lead to the SOHO and micro business markets
- The refresh of our Commander Channel program incorporating two new exciting product launches:
 - The NBN-Ready Commander Phone, providing small business with a fully featured competitively priced hosted phone solution from one of Australia’s most trusted small business brands
 - Our unique Commander Telco + Energy bundle, helping small business save even more money by bundling their telco and energy spend
- Connection of 15 new NBN Points of Interconnect (POIs), significantly expanding our NBN footprint
- Launch of our leadership development program under recently appointed HR Director Melissa Fitzpatrick, reinvesting in our team to make M2 “a great place to work”

FY15 Guidance

“Our organic growth agenda continues into FY15, as we look to further increase our profitability and returns to shareholders. FY15 will again see us increasing our investment in targeted above and below the line marketing to drive leads into our expanding sales channels, as we extend our range of products and services and increase our focus on cross selling to existing customers. As always, this will be conducted with our relentless focus on reducing costs and improving our business,” said Geoff Horth.

The culmination of this work will be further organic growth in revenues and profit as set out in the Company’s guidance for FY15:

	FY15e
Revenue	↑ 8-9%
NPAT	↑ 15-20%
Capex (as a percentage of revenue)	2.5%

ENDS/

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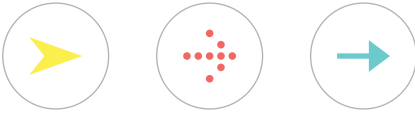
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Investor Presentation Webcast

M2 will hold a webcast for investors on Monday 25 August at 10.30am. The address to access the webcast is:
<http://event.on24.com/r.htm?e=831450&s=1&k=D69E754DD832BB4729F3396131E714FA>

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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.

Related Company sites (part of the M2 Group):

- www.commander.com
- www.engin.com.au
- www.iprimus.com.au
- www.dodo.com.au
- www.m2wholesale.com.au

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