2014 Annual General Meeting

30 October 2014

Agenda

- Consideration of the FY14 Financial Statements and Reports
- Adoption of the FY14 Remuneration Report
- Re-election of two Directors
- Approval of Potential Termination Benefits to KMP

10 Years as a listed company

2004 – Market Capitalisation of $14 million

2014 – Market Capitalisation of $1.4 billion

10 year TSR of **$8.67 or 3470%**

at 24 October 2014

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Financial Results

REVENUE
50%
to $1.02 billion

EBITDA
48%
to $160 million

NPAT
53%
to $67 million

Free Cash Flow
52%
to $63.7 million

EPS
36%
to 37.3cps

Dividend
30%
to 26cps

Business Activity

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dodo®

engin communicate better

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Amended Facility Agreement

- M2 has entered into an agreement to amend the terms of its syndicated facility agreement
  - In excess of 3 years committed funding
  - Greater flexibility
  - Potential to expand facility
  - No increase to amount currently borrowed
  - Limit of committed facilities remains the same
- Demand for participation well exceeded requirements
- Two new lenders welcomed to syndicate

Energy

- Energy portfolio accounted for approximately $100M of group revenues in FY14
- Electricity is purchased via the Australian Energy Market Operator
- M2's hedging strategy is set by the M2 Board on a rolling 12 month basis, it is monitored by a dedicated sub committee of the Audit & Risk committee
- Forward margin risk is mitigated as retail prices can be varied with 30 days' notice
- Hedges are set to a theoretical near worst case earnings at risk tolerance – internal modelling has shown an impact of less than 1% of group EBITDA for the 2009 Victorian bushfires, based on forecast customer numbers and load for Q3 FY15

Remuneration

Maximum potential termination benefit for KMP

Notice period
(up to 12 months)

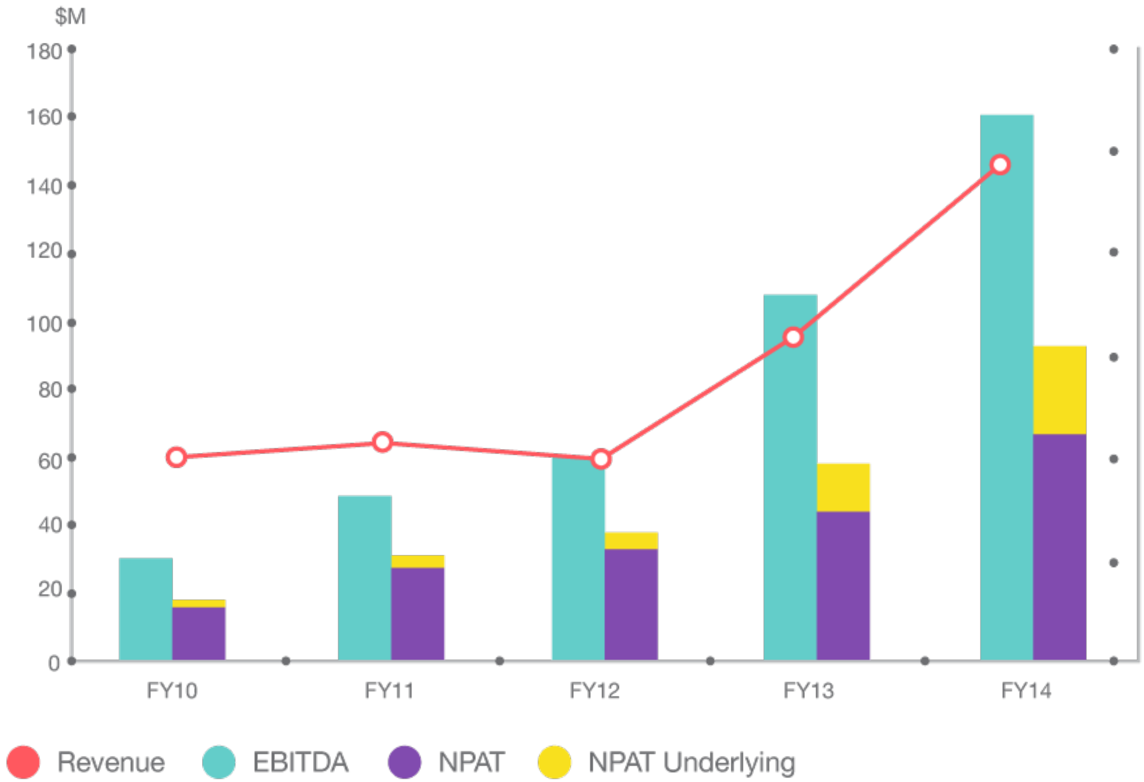
+

Pro-rated STI
and LTI payment

Must be a ‘good leaver’. STI and LTI pro-rata payments measured against set deliverables.

Geoff Horth,
CEO

Growth in all key measures



1) Underlying NPAT includes an add-back of a non-cash cost of $26.2 million for amortisation ($14.6 million in previous corresponding period) associated with customer contracts acquired in the relevant period (in accordance with Australian Accounting Standards)

M2 GROUP

Revenue up 50% to
$1.02 billion

EBITDA up 40% to
$160.1 million

NPAT up 53% to
$67.1 million

NPAT (underlying) up 60% to
$93.3 million

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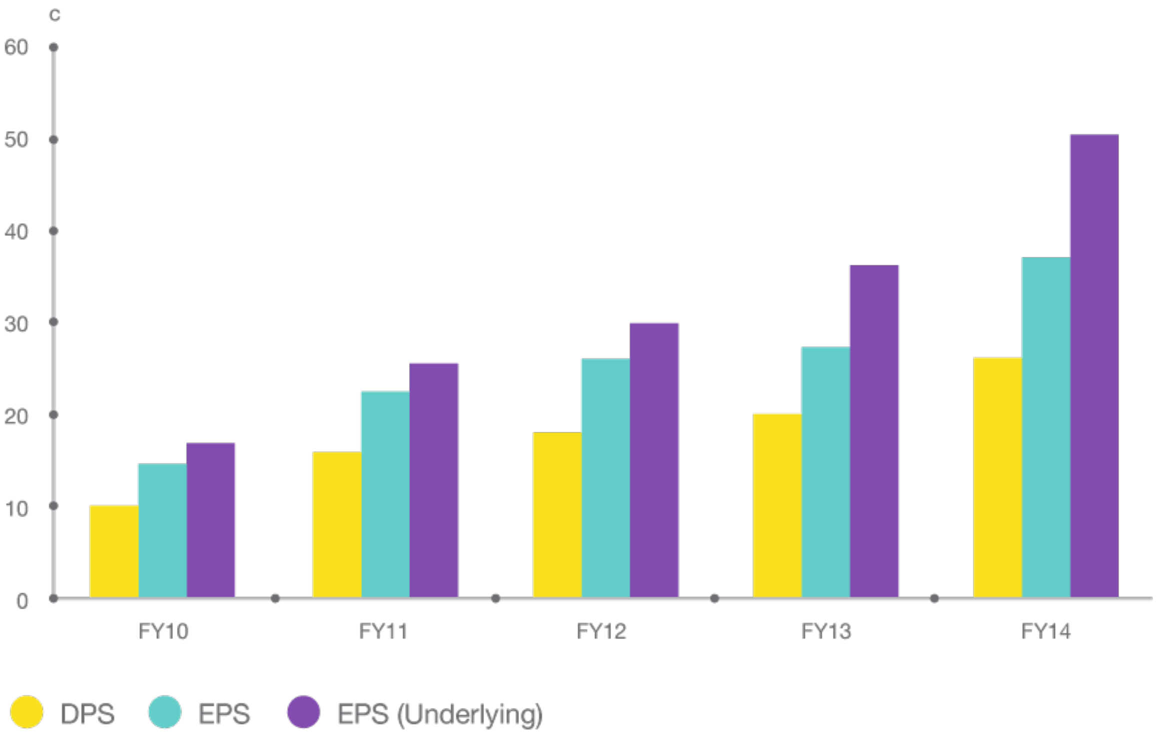
Increasing returns to shareholders

5 year TSR of 251%



1) Underlying EPS includes an add-back of a non-cash cost of $26.2 million for amorisation ($14.6 million in previous corresponding period) associated with customer contracts acquired in the relevant period (in accordance with Australian Accounting Standards)

TSR calculated at closing price of $7.84 on 24 October 2014

Fully franked final dividend
14.5 cents per share

Cash dividend yield of
4.5%

Earnings per share up
36% to 37.3 cents

Total FY14 dividend,
fully franked,
26 cents per share,
An increase of 30% on FY 13

Growing services & improving efficiency

Organic growth

- Our strongest year of organic growth to date, adding 121,000 services in operation
- Strong growth in Broadband and Energy services
- ARPUs imply strong and growing margin trajectory
- High contracting and bundling rates across business and consumer segments

Improving efficiency

- Internal focus on process and system improvement
- Reduction in cost to serve and other key administrative costs
- Improvements in customer experience

Margin expansion + cost reduction = increasing shareholder returns

FY15 Guidance

REVENUE	NPAT	CAPEX
8-9%	15-20%	2.5%
growth	growth	of revenue

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The Year Ahead

The Growth Platform

- Continued focus on improving our business
- Leverage technology to reduce Cost To Serve and enhance customer experience
- Invest in talent and leadership development
- Expand NBN footprint

The Growth Agenda

- Accelerate Dodo Kiosk rollout
- Progress Pay TV product delivery
- Consider further additions to Dodo product portfolio
- Expand Commander sales channels
- “Commander Saves Business” campaign extension

Dodo Kiosk rollout strategy

- Low cost set up and installation (c$40,000 per kiosk)
- Expanding into NSW, QLD and SA with $2 million of capex allocated in FY15
- Commenced marketing to prospective franchisees

Dodo TV with Fetch

- Market leading offer with flexible add-on and package options
- Best in class PVR – improving the free-to-air home viewing experience
- Increasing customer retention through bundling opportunities

Commander Channel Expansion

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- Mobile showroom to be used for targeted geographic campaigns
- Fully equipped Commander Army targeting local businesses
- Commander Field Sales Team released in metro areas from 20 October 2014

New 4G mobile plans launched

- New competitive post paid plans launched
- Leveraging Pendo to create great value 4G device bundles

A new growth business - Energy

Profitable, high-growth business delivering product + distribution advantage

- The unique Commander Telco + Energy bundle for businesses

- Discounted Power & Gas for consumers

Disclaimer

Certain statements made in this presentation are forward-looking statements. These forward-looking statements are not historical facts but rather are based on M2's current expectations, estimates and projections about the industry in which M2 operates, and its beliefs and assumptions.

Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "guidance" and similar expressions are intended to identify forward-looking statements.

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