

M2 GROUP LTD (ASX: MTU)

M2 TO ACQUIRE CALL PLUS GROUP & 2TALK

FORECAST TO GROW UNDERLYING FY16 EPS BY 15%

- M2 to acquire Call Plus, New Zealand's third largest Internet Service provider, for NZ\$250 million (AUD\$245 million)
- Management expects Call Plus to contribute in excess of NZ\$250 million revenue and NZ\$45 million EBITDA in FY16
- The acquisition is expected to result in underlying FY16 EPS accretion of approximately 15%
- Upon completion of the acquisition, M2 expects its pro forma leverage to be approximately 2.0x net debt / FY16 EBITDA

MONDAY, 13 APRIL 2015: M2 Group Ltd (ASX: MTU, "M2") announces today that it has entered into binding agreements to acquire 100% of both Call Plus Group and a related entity, 2Talk Limited (collectively referred to as "Call Plus").

Established in 2000, Call Plus is New Zealand's third largest provider of broadband and fixed voice services, servicing a growing base of more than 400,000 services across consumer, business and wholesale market segments. The 'Slingshot' and 'Orcon' brands spearhead Call Plus's consumer offerings, with 'Call Plus Business' and '2Talk' aimed at the small and medium business market.

M2 will pay total consideration of NZ\$250 million (AUD\$245 million) for Call Plus, on a debt-free and cash-free basis.¹ Management expects the acquisition to contribute in excess of NZ\$250 million revenue and NZ\$45 million EBITDA in FY16, implying an indicative EBITDA valuation multiple for the acquisition of approximately 5.6x. Based on current consensus estimates for M2² and assuming that Call Plus contributes NZ\$45 million of EBITDA, the acquisition is expected to result in underlying FY16 EPS^{3,4} accretion of approximately 15%.⁵

M2 will fund the Call Plus acquisition and refinance existing debt through new fully underwritten multi-year loan facilities. Upon completion of the acquisition, M2 expects its pro forma leverage to be approximately 2.0x net debt / FY16 EBITDA.⁶

¹ Based on exchange rate of 0.98 Australian dollars for 1.00 New Zealand dollar as of 13 April 2015. ² Based on IBES consensus estimate for underlying FY16 EPS of AUD\$0.59 per share as of 13 April 2015. ³ Underlying EPS includes an add-back of a non-cash cost for amortisation associated with customer contracts acquired in the relevant period (in accordance with Australian Accounting Standards). ⁴ Australian Accounting Standards allow for 12 months from completion to finalise accounting and purchase price allocation. Fair value adjustments will be subject to purchase price allocation after completion. No amortisation charge has been included for any customer contracts deemed under Australian Accounting Standards to have been acquired through the acquisition of Call Plus. ⁵ Based on M2's current expectations for the earnings contribution from Call Plus in FY16 that were developed as part of M2's due diligence, and there being no material change to the run rate performance or growth of the business during the period. ⁶ Based on IBES consensus estimate for FY16 EBITDA of AUD\$192.6m as of 13 April 2015 and M2 Management expectations for FY16 EBITDA contribution from Call Plus.

COMMANDER

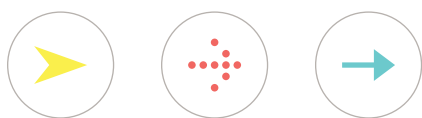
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iPRIMUS

M2 Group Ltd (ASX: MTU)
ABN 74 091 575 021

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The Call Plus acquisition is expected to deliver a number of benefits for M2 including:

- Expansion of M2's existing NZ business to become the third largest ISP and leading challenger in the NZ telecom market
- A large, profitable and organically growing business that serves the same markets in NZ that M2 currently targets in Australia
- A proven management team that is experienced in operating the leading challenger business in the NZ telecom market
- A nationally recognised portfolio of consumer and business brands which are well positioned to grow share in the transition to Ultra-Fast Broadband in the NZ telecom market
- Further significant enhancement of scale to M2's business
- Strong cultural alignment between the M2 and Call Plus businesses

M2 CEO, Geoff Horth, said of the Call Plus acquisition, "We are thrilled to bring Call Plus into the M2 fold, at a time when it is delivering strong growth and profitability. We have had a long association with Call Plus, as a wholesale supplier to our existing New Zealand operation and recognise many similarities between our businesses in terms of target customers, team culture and a shared philosophy of disrupting and challenging the status quo in our respective markets. This is a substantial, highly earnings accretive transaction, which again illustrates M2's commitment to continue to increase returns to our shareholders, via both organic and acquisitive expansion."

"M2 will be maintaining Call Plus as a self-contained operating business, thus presenting minimal integration risk or distraction to M2's aggressive growth ambitions in Australia. The existing Call Plus management team will continue to lead the business, under the local leadership of Mark Callander, Call Plus's long term CEO. We look forward to welcoming the Call Plus team to the M2 Group and Mark to our Executive Team," continued Mr Horth.

The acquisition is expected to complete on or before 30 June 2015 and is subject to approval by the NZ Overseas Investment Office and other customary conditions.

Goldman Sachs is acting as exclusive financial adviser to M2, and Allens is acting as legal adviser, in relation to the acquisition.

Webcast / Conference Call

A webcast and conference call will be held for investors:



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Monday 13 April, 11am

The webcast will be available via the following link:

<http://bit.ly/1GAP5E4>

For those unable to access the webcast, conference call details are:

Toll-free: 1800 123 296

International: +61 2 8038 5221

Conference ID: 2605 1012

ENDS

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 a full suite of traditional fixed line, mobile and data telecommunications services as well as next-generation cloud communications services, to system integrators, 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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