





INVESTOR PRESENTATION

24 August 2015

Geoff Horth, CEO

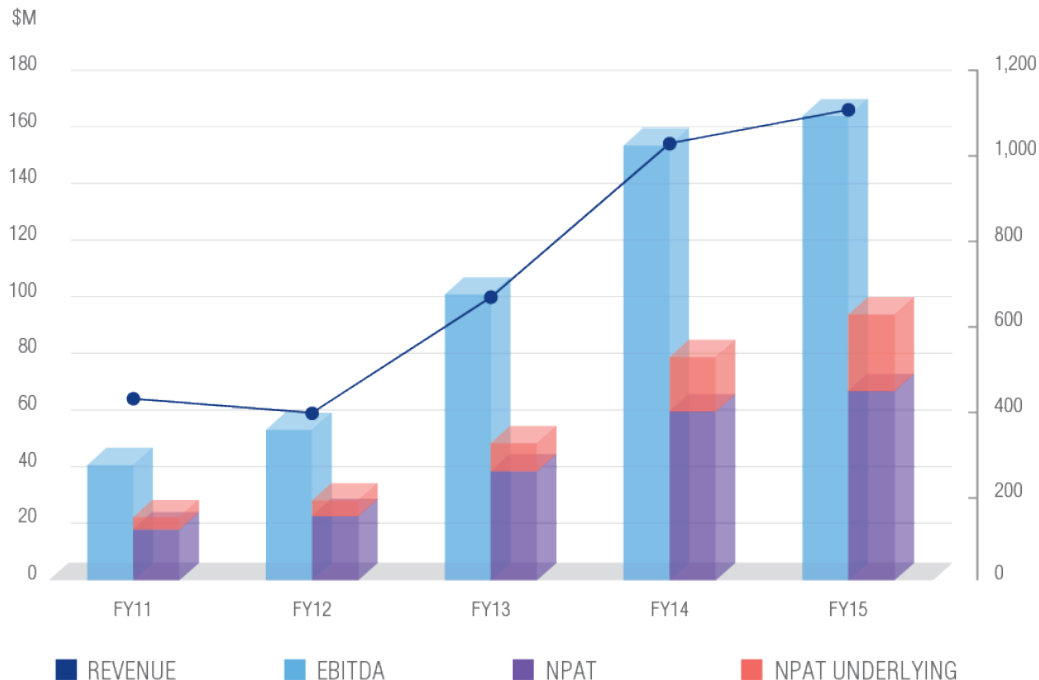
PRESENTATION CONTENT

-  THE NUMBERS
-  CONTINUED SERVICES GROWTH
-  BUSINESS INSIGHTS
-  OUTLOOK

THE NUMBERS



CONTINUED GROWTH IN KEY METRICS



REVENUE¹ UP 9% TO
\$1.12 billion

EBITDA² UP 6% TO
\$170.5 million

NPAT^{2,3} UP 10% TO
\$73.7 million

NPAT (UNDERLYING, EX TRANS COSTS)^{2,3}
UP 17% TO
\$100.2 million

Compared to previous corresponding period

- 1) Includes one month contribution from CallPlus Group, from 1 June 2015
- 2) Reported EBITDA and NPAT are affected by transaction costs for CallPlus Group (\$10.2m and \$8.8m respectively)
- 3) Underlying NPAT includes an add-back of a non-cash cost of \$17.7 million for amortisation (\$18.3 million in the previous corresponding period, tax affected) associated with customer contracts acquired in the relevant period (in accordance with Australian Accounting Standards) as well as an add-back of transaction costs for CallPlus Group of \$8.8 million

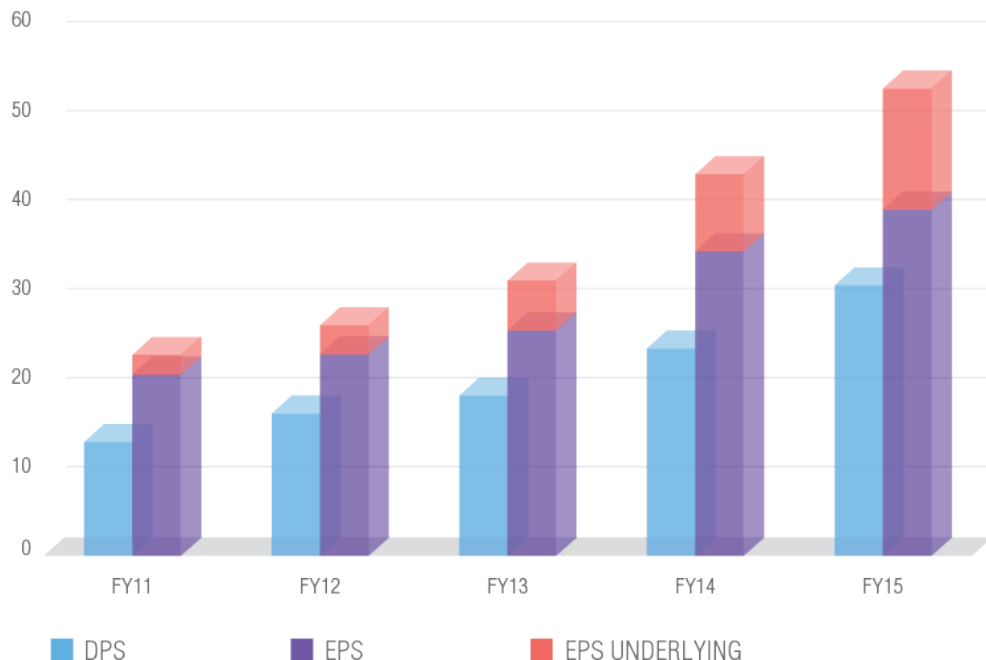
FY15 EARNINGS EXCEEDS GUIDANCE

	EBITDA (\$M)	% growth on pcp	NPAT (\$M)	% growth on pcp
Reported	170.5	6%	73.7	10%
Add back one-off transaction costs	10.2		8.8	
Reported, ex transaction costs	180.7	13%	82.5	23%
Customer Contract Amortisation			17.7	
Underlying NPAT, ex trans costs¹			100.2	17%

- One off transaction costs include elimination of \$4.8 million item on balance sheet relating to establishment fee from previous refinance
- **Reported NPAT, excluding transaction costs, growth of 23% exceeds guidance of 15-20% growth**

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23% GROWTH IN DIVIDEND



FULLY FRANKED FINAL DIVIDEND
17.0 CENTS PER SHARE

EARNINGS PER SHARE
UP 9% TO 40.5 CENTS

UNDERLYING EARNINGS PER SHARE¹
UP 16% TO 55.2 CENTS

TOTAL FY15 DIVIDEND, FULLY FRANKED,
32.0 CENTS PER SHARE

Compared to previous corresponding period

1) Underlying NPAT and EPS include an add-back of a non-cash cost of \$17.7 million for amortisation (\$18.3 million in the previous corresponding period, tax affected) associated with customer contracts acquired in the relevant period (in accordance with Australian Accounting Standards) as well as an add-back of transaction costs for CallPlus Group of \$8.8 million

BALANCE SHEET STRENGTH



(\$M)	30 June 2015	30 June 2014
Cash at Bank	84.7	41.0
Other Current Assets	172.2	129.2
Goodwill / Intangibles	912.4	599.8
Other Non-Current Assets	106.5	87.4
TOTAL ASSETS	1,275.9	857.4
Borrowings (Current)	16.5	30.8
Other Current Liabilities	303.2	201.0
Borrowings (Non-Current)	555.2	264.6
Other Non-Current Liabilities	42.8	32.7
TOTAL LIABILITIES	917.6	529.1
NET ASSETS	358.3	328.3
NET DEBT¹	487.0	254.4

- Net debt of \$487.0 million approximately 2.28x pro forma FY15 EBITDA²
- Borrowings include \$40.8 million of IRU indebtedness

¹ Includes other financial loans and IRUs

² Including CallPlus Group

CASH FLOW

\$M	30 June 2015	30 June 2014
EBITDA	170.5	160.1
Less: Interest & Tax	(47.8)	(46.6)
Working Capital movement	(0.8)	(27.9)
Cash from operating activities	121.9	85.6
CAPEX	(28.8)	(21.9)
Free Cash	93.1	63.7
Repayment of borrowings	(34.2)	(33.3)
Proceeds of borrowings	258.4	-
Purchase of customer contracts	(237.9)	-
Dividends (net of DRP)	(39.3)	(28.9)
Other	3.6	(8.5)
Net Cash Movement	43.7	(7.0)
Cash at beginning	41.0	48.0
Cash at end	84.7	41.0

- Strong operating cash performance reflected in working capital movement
- CAPEX at 2.6% of revenue

FINANCIAL HIGHLIGHTS



- Continued strong organic revenue growth
- NPAT underlying (excluding transaction costs) growth of 17% to \$100.2 million
- Operating cash conversion at 99%
- Full year dividend of 32 cents, up 23% on the prior year
- Closing net debt of \$487 million, approximately 2.28x pro forma FY15 EBITDA¹

¹ Including CallPlus Group

Operating cash conversion defined as: operating cash flow / (EBITDA minus capex and tax)

CONTINUED GROWTH



GROWTH IN SERVICES IN OPERATION

SIO ('000s)	30 Jun 15	30 Jun 14	Net Change
Fixed Voice	805	773	32
Mobile	220	225	(5)
Broadband	530	482	48
Energy	116	93	23
Total	1,671	1,573	98

SIO ('000s)	Consumer	Business	Wholesale
Increase	95	12	(9)

DIVERSIFIED SERVICES PORTFOLIO



At 30 June 2015	Consumer		Business		Wholesale		Total	
	SIO	ARPU	SIO	ARPU	SIO	ARPU	SIO	ARPU
	'000s	\$	'000s	\$	'000s	\$	'000s	\$
Fixed Voice	397	39	274	67	134	43	805	49
Mobile	174	37	39	36	6	27	220	37
Broadband	459	43	47	55	24	52	530	45
Energy	113	109	3	301	-	-	116	114
Total SIO/Av. ARPU	1,143	47	363	64	165	43	1,671	51
ARPU FY14		46		67		44		50

- Strong momentum in consumer segment continues with 95,000 services added
- The business segment continues organic growth with 12,000 new services
- Wholesale performance forecast to improve following implementation of new wholesale strategy
- Bundling rates remained strong in both consumer and business segments, with 93% of new broadband sales bundled with voice
- Dodo Connect Kiosk performance improving as newer sites become more established
- Connected to 21 NBN Points of Interconnect (POI) in FY15, now connected to 52 POIs with the potential to target more than one million premises

BUSINESS INSIGHTS



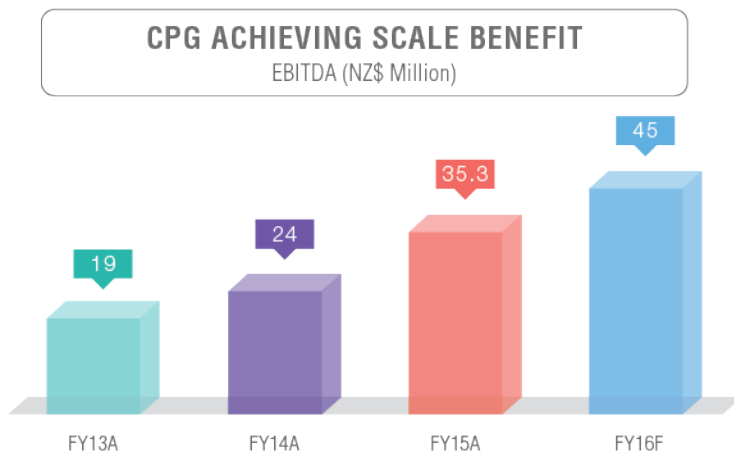
CALLPLUS ACQUISITION COMPLETED 30 JUNE 2015



- Acquisition completed 30 June 2015, effective 1 June 2015
- Expands M2's existing NZ business to become the third largest ISP and leading challenger in the NZ telecom market
- Delivers a proven management team that is experienced in operating the leading challenger business in the NZ telecom market
- Strong cultural alignment between the M2 and CallPlus businesses
- Within a month of completion, our hard working team had achieved a number of key integration items:
 - A complete restructure of the NZ business to develop dedicated segment go-to-market teams and supporting functions, mirroring our organisation in Australia
 - Establishment of a cross-Tasman network to enable our team to share files and work together quickly and securely
 - Existing and new debt refinanced into new flexible multi year facilities
 - Launch of a number of new initiatives in NZ including adoption of our Parental Leave Policy, providing both primary and secondary carers a period of paid leave

CALLPLUS – FINANCIAL HIGHLIGHTS

- Forecast to contribute NZ\$45 million to M2 FY16 EBITDA
- Provides services to 220,000 customers across Consumer, Business and Wholesale segments
- Total of 431,000 services in operation across the following products:
 - Fixed voice: 224,000
 - Broadband: 196,000
 - Mobile: 11,000



M2 BRAND FAMILY



TOTAL M2 GROUP SERVICES
IN OPERATION OF 2 MILLION



iPRIMUS

< CONSUMER >



COMMANDER



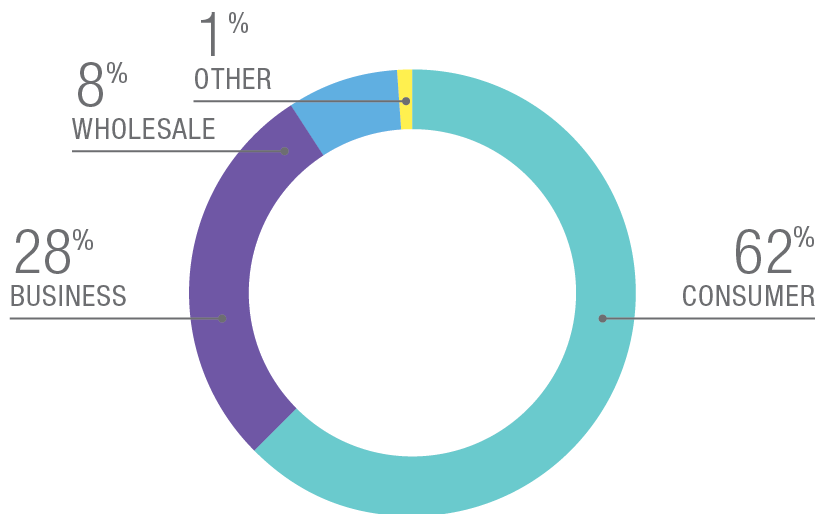
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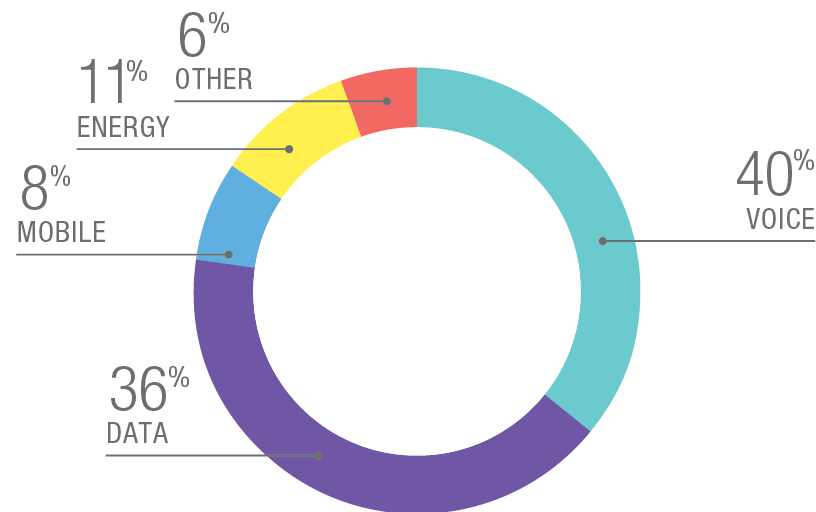
GROUP REVENUE COMPOSITION INC CALLPLUS

FY15 PRO FORMA

REVENUE BY SEGMENT



REVENUE BY PRODUCT



NBN BACKHAUL SECURED

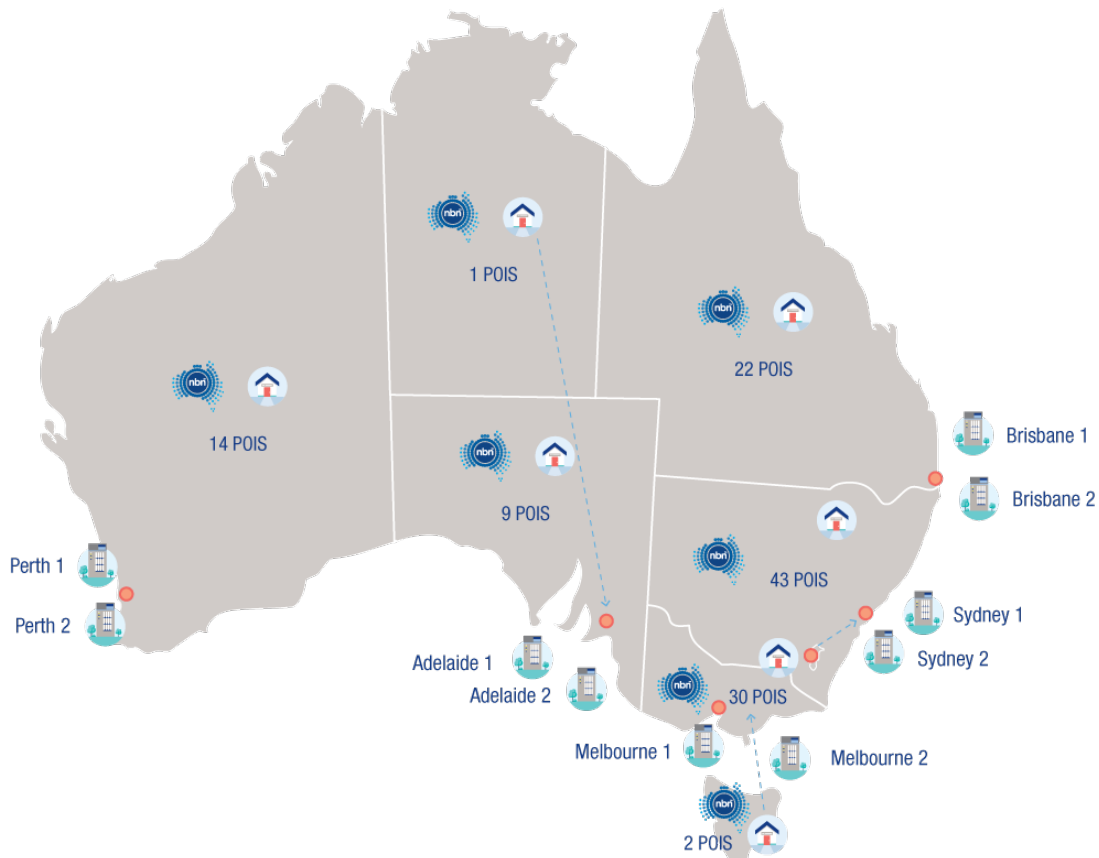
- Comprehensive Request For Proposal process commenced in Q2 FY15 to secure a long term NBN backhaul solution
- Successfully negotiated and executed a 15 year Indefeasible Right of Use (IRU) agreement with Telstra Wholesale
- The agreement commenced 1 July 2015 and provides protected and scalable capacity of NBN backhaul comprising multiple wavelength services to be rolled out over time and covering all 121 NBN POIs, if required
- The capacity accommodates expected customer demand and speed requirements over the next decade
- Our Balance Sheet will reflect an intangible item of \$37.2 million for the initial capacity to be amortised over 15 years
- Capital contributions totaling \$41.8 million are required over 6 years, with forecast payments for the next 3 years as follows:

\$M	FY16	FY17	FY18
	6.6	7.2	7.5

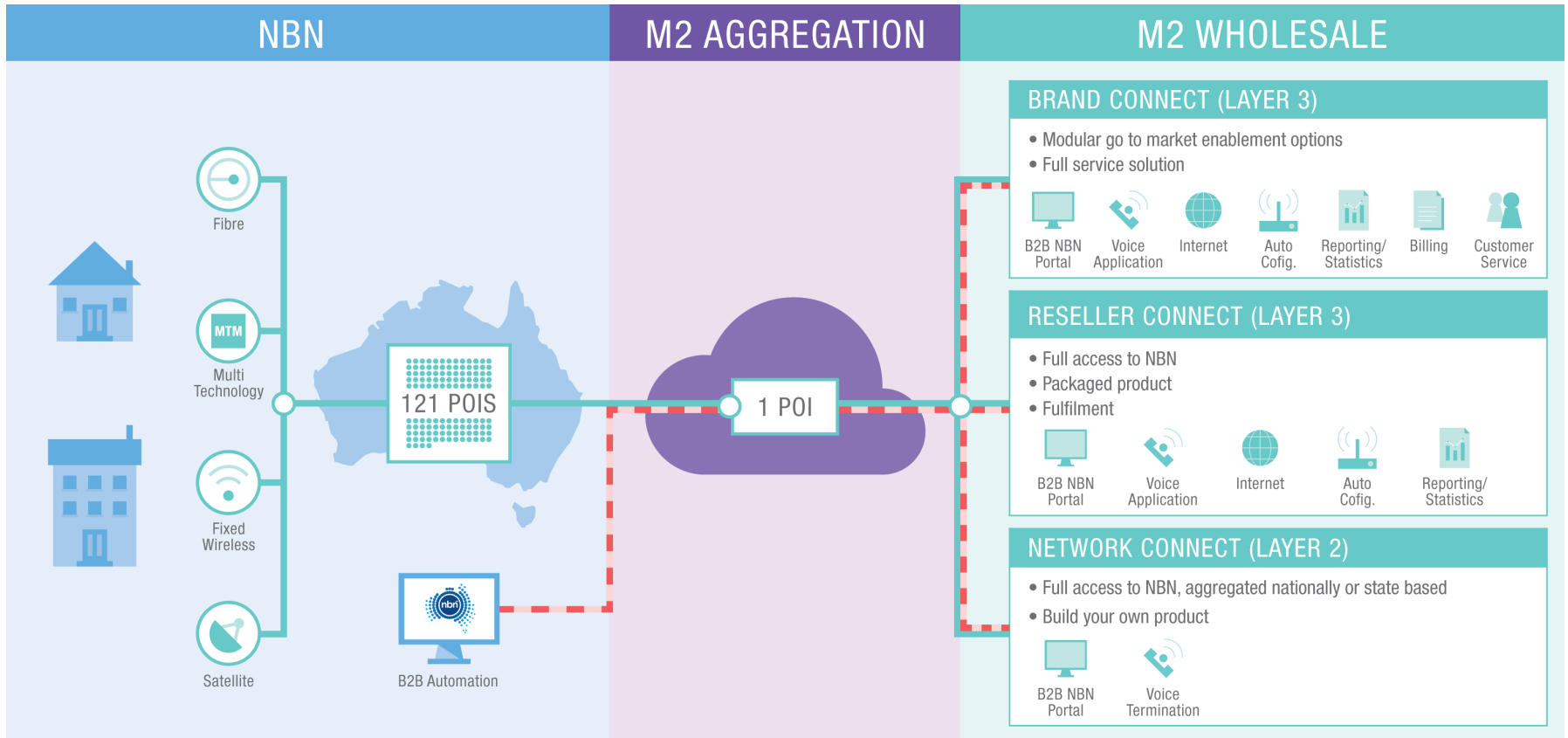
NATIONAL NBN BACKHAUL SOLUTION



M2 ABLE TO ACCESS
100% OF THE AVAILABLE
NBN MARKET



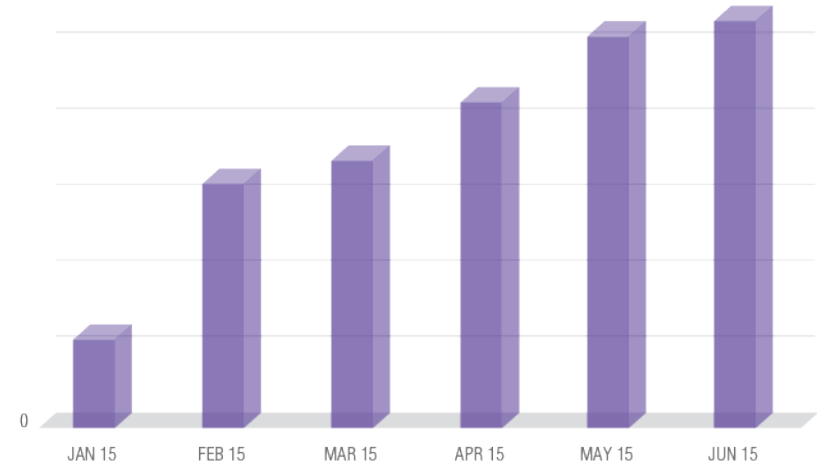
M2 – THE NBN ENABLER



DODO CONNECT KIOSK UPDATE



SALES PER DAY PER KIOSK – NEW LOCATIONS



- Expanded from 20 to 68 locations since December 2014
- 11 locations franchised at 24 August 2015
- Significant focus on product and sales training in new locations in 2H FY15 delivering increased sales
- FY16 focus is to further refine operating model and improve franchise penetration

OUTLOOK



FOUR STRATEGIC PILLARS

TO OWN THE CHALLENGER SPACE IN OUR MARKETS IN AUSTRALIA AND NEW ZEALAND



DISTRIBUTION

- Capitalise on the NBN and UFB opportunities
- Leverage our products to build new paths to market

DIVERSIFICATION

- Build on the product / channel advantage that diversification delivers
- Explore new products that complement capability

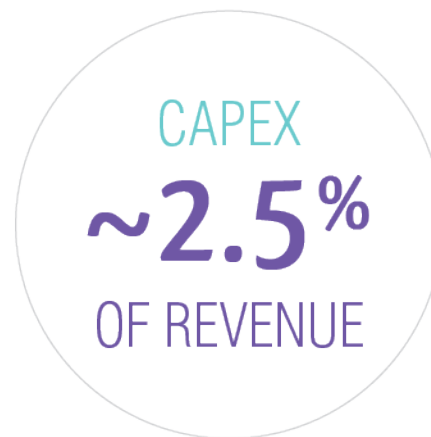
SIMPLIFICATION

- Easy to buy, easy to use products
- Invest in core systems and digital engagement strategy

SATISFACTION

- Make it easy for our customers, on their terms
- Great place to work

FY16 GUIDANCE





QUESTIONS

APPENDIX: D&A SCHEDULE

Depreciation & Amortisation (\$M)	FY15a	FY16f
Depreciation	15.1	23.4
Customer contract amortisation	25.3	36.2
IRU's	3.8	6.2
Software & other	4.8	5.6
Total Depreciation & Amortisation	49.0	71.4

- Increased Customer Contract Amortisation and depreciation related to CallPlus acquisition

Disclaimer



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