



M2 TELECOMMUNICATIONS GROUP LTD (ASX: MTU)

ASX RELEASE

M2 COMPLETES ACQUISITION OF SELECTED BUSINESS ASSETS OF CLEVER COMMUNICATIONS

Monday, 3rd May 2010: Diversified telecommunications services provider M2 Telecommunications Group Ltd ("M2", ASX: MTU) has announced that it has today completed the acquisition of selected Clever Communications Australia Ltd ("Clever", ASX: CVA) business assets, following satisfaction of conditions precedent.

As previously announced, the consideration for the assets acquired is \$5 million (less certain adjustments) for the selected Clever business assets, comprised of an up-front and a deferred payment. An up-front consideration of \$3.75 million was settled today, with a further \$1.25 million (less adjustments) due to be settled within six months.

The business assets acquired by M2 include Clever's off-net fixed, mobile, data and virtual private network small and medium business ("SMB") customer contracts and the property, plant and equipment associated with servicing the acquired customers. M2 will also maintain a licence to use the "Clever" brand for a transitional period.

Vaughan Bowen, Managing Director and CEO of M2, stated of the acquisition, "*We are very pleased to have completed the acquisition of the selected Clever Communications assets, which are very well matched to the M2 business. We look forward to welcoming the Clever customers and dealer network to the M2 Group, together with expanding the suite of products and services available to Clever customers and dealers.*"

M2 expects that the Clever acquisition will deliver M2 a minimum additional annualised Earnings Before Interest and Tax, Depreciation and Amortization ("EBITDA") of \$2.3 million, representing a purchase multiple of 2.2 times EBITDA.

This release is unrelated to this morning's trading halt.

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About M2 Telecommunications Group Ltd

Established in 1999, M2 Telecommunications Group Ltd (ASX: MTU) is Australia's largest network independent provider of fixed-line, mobile and data telecommunications services. M2 is head-quartered in Melbourne and employs approximately 400 people nationwide. M2 also provides fixed-line and 3G mobile services in New Zealand.

Within its retail business division, M2 offers a suite of unique bundled telecommunications services and value added offerings targeted principally at the small enterprise market, distributed through an exclusive trans-Tasman network of sales dealerships, agencies and through targeted on-line marketing ventures (www.simplymobiles.com.au and www.greenmobiles.com.au). The retail business division incorporates Commander, People Telecom, M2 Telecom and Southern Cross Telco.

"M2 Wholesale" is the other core business division of M2, in which wholesale telecommunications services are supplied to small and medium sized telecommunications service providers and Internet Service Providers (ISP's). M2 Wholesale was launched in mid 2006 following M2's appointment by Optus as its exclusively endorsed aggregator/enabler of Optus mobile services. As a further boost to its wholesale operations, in May 2007 M2 completed the purchase of Australia's largest independent data wholesaling business, Wholesale Communications Group Pty Ltd (WCG), followed by the acquisition of Unitel Australia Pty Ltd in February 2008.

On 24th April 2009, M2 completed the acquisition of People Telecom Ltd, followed by the acquisition of the telecoms business assets of Commander Communications Limited, finalised on 16th June 2009. Maintaining the core focus of M2, both Commander and People Telecom target the small enterprise market.

M2 has a proven track-record of delivering consistent growth in both revenues and most importantly "bottom line" profit, year-on-year since 2003. In recognition of this significant and consistent growth, M2 was named by Business Review Weekly as one of Australia's fastest growing companies in 2003, 2004, 2005, 2006 and 2008 and on the Deloitte Technology Fast 50 in 2004, 2005, 2008 and 2009.

M2 has an established dividend policy, with fully franked dividends exceeding 70% of M2's Net Profit After Tax (NPAT) having been paid to shareholders each fiscal half since the first half 2005 dividend, with the most recent being a fully franked dividend of 5 cents per share for the half year to 31 December 2009.

For more about M2 visit www.m2.com.au

Related Company sites:

- www.commander.com
- www.peopletelecom.com.au
- www.sctelco.com.au
- www.simplymobiles.com.au
- www.greenmobiles.com.au