



M2 TELECOMMUNICATIONS GROUP LIMITED (ASX: MTU)

ASX / MEDIA RELEASE

M2 DELIVERS 63% INCREASE IN HALF YEAR EARNINGS

Thursday 26th February, 2009: Diversified telecommunications services provider M2 Telecommunications Group Limited (ASX: MTU) today released its financial results for the half year ended 31 December 2008, delivering strong growth in earnings, earnings per share (EPS), dividends per share (DPS) and consolidated revenues.

The table below illustrates the M2's performance in the 6 month period to 31 December 2008 as compared with the previous corresponding period (PCP). Most pleasingly, the M2 group has delivered record half year earnings and earnings per share, on a considerably enlarged revenue base. Based upon this strong performance for the period, the Directors have declared the Company's 9th consecutive dividend, totaling 2.5c per share (fully franked).

	1H 2009	1H 2008	Variance
Revenue (\$m)	87.28	40.75	Up 114%
EBITDA (\$m)	6.14	3.42	Up 78%
EBIT (\$m)	5.15	2.86	Up 80%
NPAT (\$m)	3.19	1.95	Up 63%
EPS (cents)	4.0	3.0	Up 33%
Dividend (cents)	2.5	2.0	Up 25%
Franking status	Fully franked	Fully franked	

Additional financial, operational and strategic events of note for the period included;

- Operating cash flow increased to \$4.7m, cash assets grew and debt was reduced
- M2's wholesale division continued to deliver strong organic growth and successfully integrated personnel and customers of Unitel Australia, acquired in February 2008
- M2's retail division expanded customer support capabilities within Hobart contact centre and delivered growth in Australian and New Zealand small enterprise target market as well as its Simply Mobiles online retail business
- On December 5 2008: announced agreement to acquire People Telecom Ltd (ASX:PEO) via a scheme of arrangement, scheduled to be completed in mid April 2009. The People Telecom acquisition is highly complementary to the business of M2 and is anticipated to be EPS accretive in FY 2009/10

M2's Managing Director and CEO, Vaughan Bowen, said of the interim performance; *"We are very pleased to have delivered a strong result for the first half. Growth has been particularly solid in our M2 Wholesale division, with our M2 Telecom retail arm also growing organically during the period. The second half of the year will see Board and management focus on improving processes and systems across the business together with taking the necessary measures to mitigate exposure to risks associated with the slowing economy. M2 still has only fractional telco industry market share (less than 1%) and as such we remain optimistic about delivering continued growth at both the top and bottom lines in the market segments which we have proven to be able to add value and grow profitably".*

About M2 Telecommunications Group Limited

Established in 1999, M2 Telecommunications Group Limited (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 160 people nationwide. M2 also provides fixed-line and 3G mobile services in New Zealand.

Within its "M2 Telecom" 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). M2 Telecom also incorporates Southern Cross Telco, an established retail and small enterprise targeted telco, acquired by M2 in October 2007.

"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 Commander Communication's established wholesale network services company, Unitel Australia Pty Ltd in February 2008.

M2's consolidated revenues now exceed \$160 million (annualised), approximately evenly shared between M2 Telecom and M2 Wholesale. On the basis of the successful completion of M2's acquisition of People Telecom Limited (ASX : PEO) in mid April 2009, annualised group revenues are expected to surpass \$250 million.

M2 has a proven track-record of delivering consistent growth in both revenues and most importantly "bottom line" profit, year-on-year for each of the last 6 years. 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 and 2008.

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 for five consecutive years, with the most recent being a fully franked interim dividend of 2.5 cents per share for the half year to 31 December 2008.

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

Related Company sites:

- www.sctelco.com.au
- www.wcg.net.au
- www.simplymobiles.com.au
- www.greenmobiles.com.au

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