

macquarie
TELECOM



Annual General Meeting

20 November 2015

Chairman's Address

PETER JAMES

2015 Financial Summary

- Full year EBITDA profit of \$26.3 million, an improvement of \$0.8 million on fiscal year 2014.
- Revenue and EBITDA grew by \$1.8 million and \$2.7 million, respectively, in the second half of the financial year compared to the prior half.
- Hosting division revenue increased by \$1.6 million on the prior year and EBITDA increased by \$3.7 million.
- Telco division revenue and EBITDA in the second half of the financial year increased by \$1.1 million and \$0.4 million, respectively.
- The improvement in the Company's performance has resulted in operating cash flows of \$23.8 million, an increase of 25.3% compared to 2014.

2016 Outlook

- Continuing to see positive traction following the implementation of our new strategy resulting in improved performance across the business.
- EBITDA profit for the first half of fiscal 2016 is expected to be between \$14.5 million to \$15.5 million, up from \$11.9 million in the previous corresponding period.
- EBITDA profit for the full year is now expected to be between \$30 to \$32 million, which is at the upper end of the previously issued guidance. Depreciation is expected to be \$24 to \$26 million and maintenance capex to remain steady.

2016 Outlook

- This guidance includes a new lease charge of approx. \$3 million per annum as a result of the sale and leaseback of IC2 which is partially offset by reduced interest expense of approx. \$1.4 million per annum following the repayment of debt facilities.
- Taking this into account further strengthens our performance against the prior corresponding period.
- Both the interim and full year guidance excludes the non-cash accounting profit resulting from the IC2 sale and leaseback.
- In line with the continued performance improvement the Company intends to declare a fully franked interim dividend of 25 cps for H1 FY16.

Chief Executive's Address

DAVID TUDEHOPE

Macquarie Telecom at a glance

	 TELECOM	  HOSTING CORPORATE IT DIGI SaaS	 HOSTING FEDERAL GOVT
VALUE PROPOSITION	Price, Choice, Flexibility, Control	Specialized & Compliant Hosting for Apps not suitable for Public Cloud	SIG Accreditation 50 Cleared Engineers Secure Hosting – Private Secure Cloud
COMPETITORS	   	  	 
PEOPLE / SKILL	Generalist for Voice & Mobiles TC for Data & CoLo Know Business Drivers	Hosting Specialists - Complex - Compliant	Secure Hosting Specialist Know government drivers

FY16 Priorities

1. Telco – continue the growth in revenue experienced in H2 FY15.
 2. Hosting Business – continue to drive increased performance in the core managed hosting business leveraging the industry move from dedicated managed server infrastructure offering to lower cost Virtual Private Cloud.
 3. Hosting Government – continue to increase Secure Internet Gateway revenue and introduce other products to existing Government customer agencies such as secure cloud.
 4. Maintaining Net Promoter Score greater than +50 across all business segments.
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Industry Trends



**Cloud
Computing**



NBN

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