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

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<tr>
<th><strong>Value Proposition</strong></th>
<th><strong>Telecom</strong></th>
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<th><strong>Hosting Federal Govt</strong></th>
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<tr>
<td>Price, Choice, Flexibility, Control</td>
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<td>Specialized &amp; Compliant Hosting for Apps not suitable for Public Cloud</td>
<td>SIG Accreditation 50 Cleared Engineers Secure Hosting - Private Secure Cloud</td>
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<td>Generalist for Voice &amp; Mobiles</td>
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<td>Hosting Specialists</td>
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<td>TC for Data &amp; CoLo</td>
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<td>- Complex</td>
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<td>Know Business Drivers</td>
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<th><strong>People/Skill</strong></th>
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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.
Industry Trends

Cloud Computing

NBN