

MACQUARIE TELECOM GROUP LIMITED

ANNUAL GENERAL MEETING

FRIDAY, 20 NOVEMBER 2015

CHAIRMAN'S ADDRESS

Ladies and Gentlemen, good morning. My name is Peter James, the Chairman of Macquarie Telecom Group Limited, and I would like to extend a warm welcome to shareholders at the Annual General Meeting for 2015.

INTRODUCTION OF BOARD

I would like to introduce you to the Board Members here with me this morning:

Anouk Darling – Anouk joined the Board in March 2012 and is a member of the Audit and Risk Management Committee and the Corporate Governance, Nomination and Remuneration Committee.

Bart Vogel – Bart joined the Board in July 2014 and is the Chairman of the Audit and Risk Management Committee and a member of the Corporate Governance, Nomination and Remuneration Committee.

David Tudehope – David is co-founder and Chief Executive of Macquarie Telecom.

Aidan Tudehope – Aidan is co-founder of Macquarie Telecom and is the Managing Director of the Macquarie Hosting Group.

I would also like to introduce Richard Lutterbeck, the Company Secretary, and Rosalia Di Prima our Acting Chief Financial Officer.

BUSINESS OF MEETING

I will now take a moment to outline this morning's agenda. First you will hear an address from me and then from David. We will give you a brief overview of Macquarie Telecom's recent performance and overall business strategy. Then we will proceed to the ordinary business of the meeting.

ORDINARY BUSINESS

We will consider five items of ordinary business:

1. The receipt of the financial statements and accompanying reports;
2. The adoption of the remuneration report for the year ended 30 June 2015;
3. The election of Anouk Darling as a Director;
4. The election of Peter James as a Director; and
5. The election of Aidan Tudehope as a Director.

OTHER BUSINESS

There has been no notice of other business validly given by any member under the Corporations Act 2001.

NOTICE OF MEETING

The notice of meeting was sent to all members. Can I take it that the notice of meeting convening this meeting is to be taken as read? Thank you.

MINUTES OF THE PREVIOUS GENERAL MEETING

The minutes of the previous general meeting of members of the company, which was the Annual General Meeting held on 21 November 2014, have been approved by the Board and signed by the Chair. The original minutes are tabled and are available for inspection by any member wishing to see them.

And now to the Chairman's Address:-

Once again, thank you for coming today. This is my second AGM as Chairman and it is with pleasure that I present a return to growth in EBITDA for the full year and, of particular note, an increase in revenue and EBITDA in the second half of the financial year compared to the prior half.

Full year EBITDA profit was \$26.3 million, which represents an improvement of \$0.8 million on fiscal 2014. Importantly, revenue and EBITDA in the second half of the fiscal year grew by \$1.8 million and \$2.7 million, respectively, compared to the previous corresponding period. This result reflects the completion of the capital investment program that has positioned the company for sustainable growth.

Our Hosting divisions continued to leverage our infrastructure investments, growing revenue by \$1.6 million (3.7%) on 2014 and contributing \$62.7 million, or 32.6%, of total revenue. It is also pleasing to note that EBITDA for the divisions was \$9.6 million, an increase of \$3.7 million (63.9%) on 2014, highlighting the Board and management focus on continuing to improve operational efficiency.

Revenue for our Telco division decreased by \$6.0 million (4.4%) on 2014, however, the division performed well in the second half of the fiscal year showing signs of growth by the end of the half. In the second half of the financial year Telco revenue and EBITDA increased by \$1.1 million and \$0.4 million, respectively. The highly competitive environment that this business operates in emphasises that the strategy we have in place is working and is taking effect.

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.

The announcement of the resumption of dividends and the declaration of a 25cps fully franked final dividend for fiscal 2015 supports our confidence that our strategy has begun to take effect and that we believe our business is well positioned for revenue growth and increased profit performance in the current year.

During the financial year the company announced the conditional sale of land, shell and core building of Intellicentre 2. We will continue to manage the facility which remains key to our ongoing and future operations. This sale became unconditional on August 10, 2015 and after the first tranche of funds (\$40.3 million) was received net cash was approximately \$25 million. This has allowed the company to fully repay borrowings and provides the opportunity to consider further investment opportunities as they arise.

Outlook

We are continuing to see positive traction following the implementation of our new strategy resulting in improved performance across the business.

Pleasingly, 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 for the full year is now expected to be between \$30 million to \$32 million, which is at the upper end of the previously issued guidance. Depreciation is expected to be between \$24 to \$26 million and maintenance capex to remain steady.

The above 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 \$1.4 million per annum following the repayment of the debt facilities.

Taking this into account further strengthens our performance against the prior corresponding period.

Both the interim and full year guidance above 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.

To conclude, ladies and gentlemen, we are confident that our strategies are working and that our significant capital investment in data centres and cloud computing technology will provide the platform for continued growth.

I will now hand over to David Tudehope, Chief Executive of Macquarie Telecom.