

ASX Announcement

24 February 2016

**Macquarie Telecom delivers continued profit growth.
Announces full year earnings upgrade and declares 25c per share
interim dividend.**

Macquarie Telecom (ASX: MAQ) (the Company) today announced that its results for the first half of the 2016 fiscal year were at the upper end of first half guidance.

Commenting on the result, Chairman Peter James said: “Macquarie Telecom’s half year result reflects the continued successful execution of the company’s strategic plan. We enter the second half of fiscal 2016 confident that we will continue this momentum.”

Chief Executive David Tudehope said: “Our commitment to world class customer service has translated into strong customer retention and revenue growth. We are also leveraging our investments in our data centre facilities in Sydney and Canberra to drive profit growth.”

Key Points

- Revenue for the half of \$100.1 million, an increase of 5% on 1H 2015 (\$95.1 million).
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$15.6 million, an increase of 32% on 1H 2015 (\$11.8 million).
- Net profit after tax of \$2.0 million, up from net loss after tax \$2.5 million in 1H 2015.
- Sale of land, shell and core building of Intellicentre 2 for consideration of \$43.3 million was completed on 10 August 2015 and at the same time the signing of a triple net lease for 20 years with two five year options. Total EBITDA includes profit on sale of \$0.3 million.
- Telecom revenue increased by 4% (1H 2016: \$70.0 million vs. 1H 2015: \$67.0 million) and EBITDA increased by 21% (1H 2016: \$9.3 million vs. 1H 2015: \$7.7 million).
- Hosting revenue increased by 7% (1H 2016: \$32.5 million vs. 1H 2015: \$30.5 million) and underlying EBITDA (excluding the profit on sale of Intellicentre 2) increased by 46% (1H 2016: \$6.0 million vs. 1H 2015: \$4.1 million).
- Healthy balance sheet with cash and cash equivalents of \$25.3 million, no debt and strong operating cash flows of \$12.3 million during the half.
- Fully franked interim dividend of 25 cents per share declared.

Outlook

Reflecting the Company's continued strong performance, full year EBITDA is now upgraded to be between \$31 to \$33 million.

Depreciation for the full year is expected to be \$24 to \$26 million and business as usual capex \$14 to \$17 million in line with previous issued guidance.

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ABOUT MACQUARIE TELECOM

Macquarie Telecom is Australia's leading integrated Managed Hosting, Cloud and Telecommunications Company. Working with and supporting some of Australia's best-known organisations, Macquarie Telecom's data centre based services include managed dedicated servers, managed co-location, and managed private, hybrid and public clouds. Our Australian based data centres are amongst the most secure and accredited data centres in Australia with ISO27001, PCI Compliance, ASD Gateway and ASIO Intruder Resistant accreditation. Macquarie Telecom's offerings are underpinned by world-class customer care which is delivered from Sydney's CBD by our fully owned and managed customer service centre, MacquarieHUB. Macquarie Telecom is best placed to help transition organisations to the new online NBN era.

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