

MACQUARIE TELECOM ANNOUNCES FULL YEAR RESULTS IN LINE WITH UPGRADED GUIDANCE 25 CENTS PER SHARE FINAL DIVIDEND DECLARED

Tuesday 25 August 2015: Macquarie Telecom (ASX: MAQ) (the Company) is pleased to announce its results for FY2015 within upgraded guidance and declares a final dividend of 25cps, fully franked.

David Tudehope, Chief Executive commented “As announced on August 10 2015, we experienced a strong finish to the year as our new strategy began to take effect and have therefore declared a 25 cents per share dividend for these six months. We believe that all our businesses are well positioned for revenue growth in the coming year which will also lead to an increased profit performance and ongoing dividends in line with the company’s performance.”

KEY POINTS

- Earnings before interest, tax, depreciation, and amortisation (EBITDA) of \$26.3 million for FY2015, an increase of \$0.8 million on FY2014 in line with upgraded guidance.
- H2 FY15 EBITDA profit of \$14.5 million, a \$2.7 million increase on H1 FY15.
- Cash flow from Operating Activities of \$23.8 million, an increase of 25.3% or \$4.8 million on FY2014.
- Lowering of recurring maintenance capex for FY2015 to \$14.7 million (FY2014 \$20.6 million).
- First tranche of Intellicentre 2 funds received 10 August 2015 of \$40.3 million resulting in a cash position of approximately \$25 million and no debt.
- Final dividend declared of 25 cps, fully franked.

FY15 RESULTS

While full year revenue was down 2.2% to \$192.4 million for FY 2015 compared to \$196.8 million for the previous corresponding period there was an improvement in the second half with revenue increasing from \$95.3 million (H1 FY15) to \$97.1 million (H2 FY15).

Net loss after tax was \$4.3 million compared to a net loss of \$0.8m for the prior corresponding period. The result included depreciation of \$31.3 million (FY 2014: \$26.4 million) with the increase on prior year primarily attributable to a higher depreciation charge for Ninefold and IC2 3rd MW assets.

Capital expenditure for FY 2015 was \$19.9 million (FY 2014: \$33.5 million) which includes maintenance capex of \$14.7 million (FY 2014: \$20.6 million).

Chief Executive David Tudehope said “During fiscal 2015 our focus has shifted from an investment phase to leveraging our assets through the delivery of superior services for our customers. Our goal has been to earn our customers’ loyalty and attain their willingness to recommend Macquarie Telecom to others through continual vigilance and dedication to the measure that matters to our customers, Net Promoter Score (“NPS”). Our NPS is now +56 for H2 FY2015 which is up 41 points on where we started two years ago.”

PRIORITIES IN FISCAL 2016

The company’s focus in fiscal 2016 will include:

- Continuing the growth in revenue experienced in H2 FY15.
- Driving continued increased performance in the core managed hosting business leveraging the industry move from dedicated managed server infrastructure offering to lower cost Virtual Private Cloud.
- Increasing Secure Internet Gateway revenue and introducing other products to existing Government customer agencies such as secure cloud.
- Maintaining Net Promoter Score greater than +50 across all business segments.

OUTLOOK

For fiscal 2016, EBITDA is expected to be in the range of \$28 million to \$32 million after taking into account approximately \$3 million lease charge for Intellicentre 2. Depreciation is expected to be between \$24 million and \$26 million. Maintenance capex for the year is expected to be in the region of \$14 million to \$17 million.

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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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