

Macquarie Telecom delivers strong profit growth and declares 25c per share final dividend.

Macquarie Telecom (ASX: MAQ) (the Company) today announced its results for the full year ended 30 June 2016 within updated guidance and declared a final dividend of 25cps, fully franked.

Chairman Peter James said “We believe the company is well positioned to drive further shareholder value and ongoing returns.”

KEY POINTS

- Full year revenue was up 5.5% to \$202.6 million for FY 2016 compared to \$192.1 million for the previous corresponding period.
- Earnings before interest, tax, depreciation, and amortisation (EBITDA) of \$32.3 million for FY2016, an increase of \$6.0 million or 23% on FY2015 and in line with upgraded guidance.
- Cash flow from Operating Activities of \$39.4 million, an increase of 65% resulting in a closing cash balance of \$36.5 million as at 30 June.
- Net profit after tax was \$5.4 million compared to a net loss of \$4.3m for the prior corresponding period.
- Capital expenditure for FY16 was \$18.0 million (FY15: \$19.9 million) which includes maintenance capex of \$17.3 million (FY15: \$14.7 million).
- Second tranche of Intellicentre 2 funds received 11 August 2016 of \$3.0 million.
- Final dividend declared of 25 cps, fully franked.

Chief Executive David Tudehope said “The continued focus on providing an outstanding customer service experience has been a major driving force behind Macquarie’s continued profit growth.

In July, we launched our Brand evolution to reinforce our differentiation and our passion to make a difference in customer experience as measured by our market leading Net Promoter Score. As part of this evolution we have created three new brands around our customers.

They will be known as: Macquarie Telecom, focused on mid-large sized business customers; Macquarie Cloud Services, focussed on tech businesses and Digi SaaS customers; and Macquarie Government, focussed on cyber security and cloud for Government customers.”

PRIORITIES IN FISCAL 2017

The company's focus in fiscal 2017 will include:

- Maintaining industry leading Net Promoter Score greater than +60 across all business segments.
- Telecom will invest in new data networking technology and insourcing network operations to materially reduce costs and further improve service delivery in FY18.
- Hosting will focus on operational service readiness for the Fortune 100 customer at Intellicentre 2 with initial billing to commence in Q3 ramping up during FY18 with full revenue earning capacity in FY19. In addition, Intellicentre 4's capacity will be expanded.
- Leveraging the 42% of the Australian Government who trust Macquarie Government, we will further grow our Government customer revenue in cyber security and Secure Cloud computing.

OUTLOOK

- The Company's EBITDA will continue to grow in FY17.
- We are confident that Hosting revenue will continue to grow in FY17 and as a result we are investing in growth capex.
- Growth capex is expected to be \$10 to \$11 million for Hosting and \$6 to \$7 million for Telecom.
- Business as usual capex is expected to be \$17 to \$19 million.
- Depreciation is expected to be between \$21 and \$23 million.

An update on Macquarie Telecom's first half performance in fiscal 2017 will be given at the company's Annual General Meeting in late November.

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About Macquarie Telecom Group

We're Australia's data centre, cloud, cyber security and telecom company for mid to large business and government customers. The way we do this is completely different from our competitors... we provide the best customer service in Australia.

macquarietelecomgroup.com