

Full Year Results.

2016.

25 August 2016

CEO Presentation.

3 Our Brands.



For business, we are the full service provider of data, voice, mobile and colocation services. We are the telecom that does everything refreshingly different. We are where the Macquarie story started.














For business customers we are the specialists in hybrid IT. We integrate data centre, cloud, and dedicated servers. Different applications need different types of hosting. We manage it.



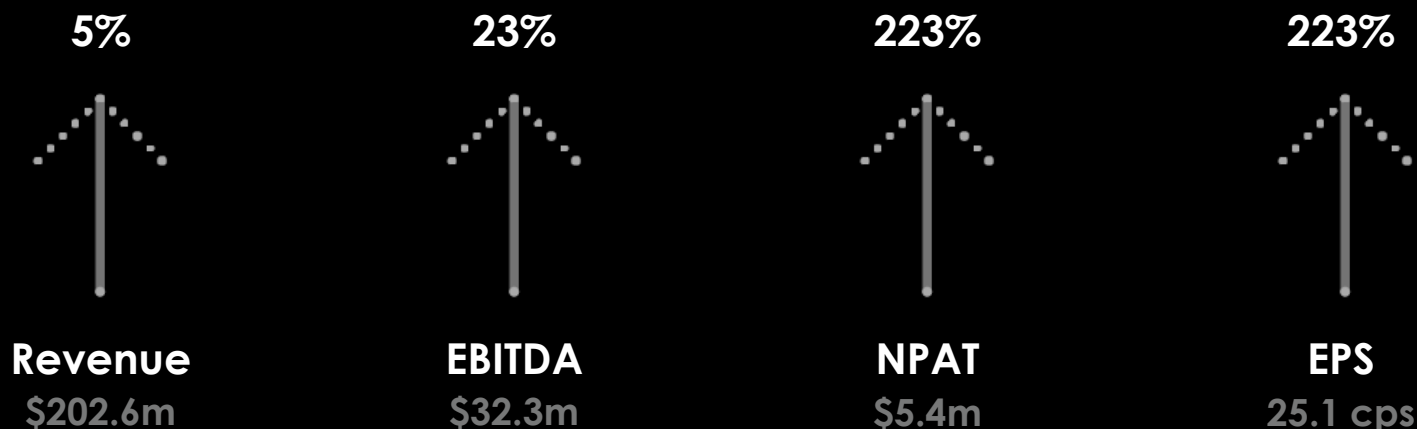
We are the Australian specialists in cyber security, secure cloud and data centres for Federal Government. We deliver services to 42% of Federal Government agencies.

Macquarie Telecom Group comprises of Macquarie Telecom, Macquarie Cloud Services and Macquarie Government. The Hosting segment comprises Macquarie Cloud Services and Macquarie Government.

4 Our Differentiation.

	Macquarie Telecom	Macquarie Cloud Services	Macquarie Government
Value proposition	Customer Service Price, Choice Flexibility, Control	Customer Service Specialised and Compliant Hosting For apps not suitable for Public Cloud	Customer Service SIG Accreditation Cyber Security Private Secure Cloud
Competitors	   	   	  
People / Skill	Generalist for Voice & Mobiles TC for Data & CoLo Know Business Drivers	Hosting Specialists - Complex - Compliant	Secure Hosting Specialist Know Government Drivers

5 Key Business Highlights.

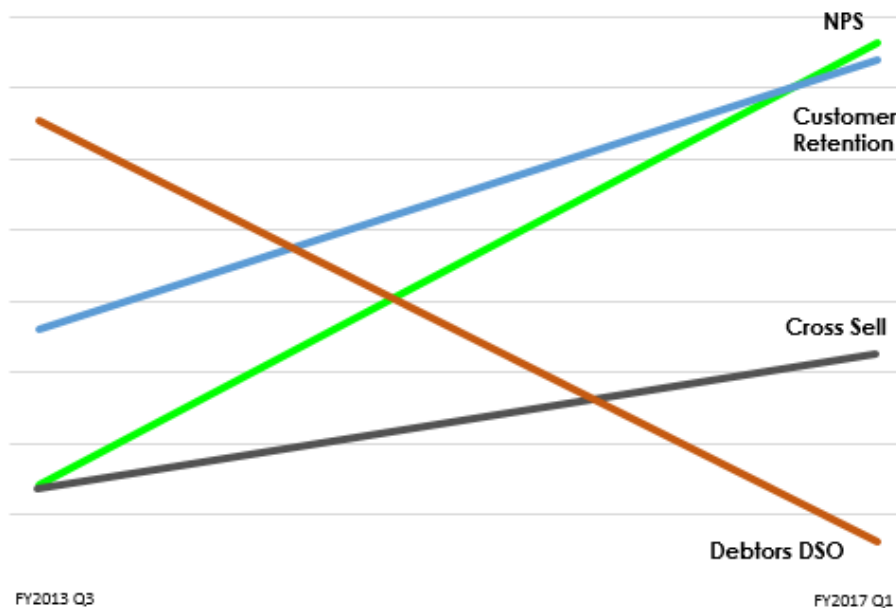


- Improved revenue result driven by continued growth for Cloud Services and Government and YoY growth for Telecom.
- This result has been driven by our continued focus on Net Sales Performance, and industry leading customer service. Improved pursuit of operational efficiencies have converted the strong revenue result into growth in EBITDA, NPAT and EPS.
- The company has declared a fully franked final dividend of 25cps.

6 Our Focus on NPS

We have chosen to be great at one thing across all our businesses. The best customer experience in Australia as rated by our customer's Net Promoter Score (NPS) feedback.

... is delivering improved performance.



Macquarie Telecom

- Revenue and profit growth has been driven by new customer acquisition and strong customer retention resulting from a clear focus on NPS.
- Increased core network bandwidth and capacity by 10x due to better than planned data and SIP sales orders during the year.

Macquarie Cloud Services

- Our broad range of hosting services are meeting customer needs for different hosting solutions for different software applications, driving revenue growth.
- Our operational efficiency focus has improved profitability.

Business Highlights.

Macquarie Government

- Secure Internet Gateway services have continued to grow.
- 42% of Federal Government agencies have contracted with Macquarie.
- Continued customer growth has driven the expansion of the Intellicentre 4 Bunker capacity.

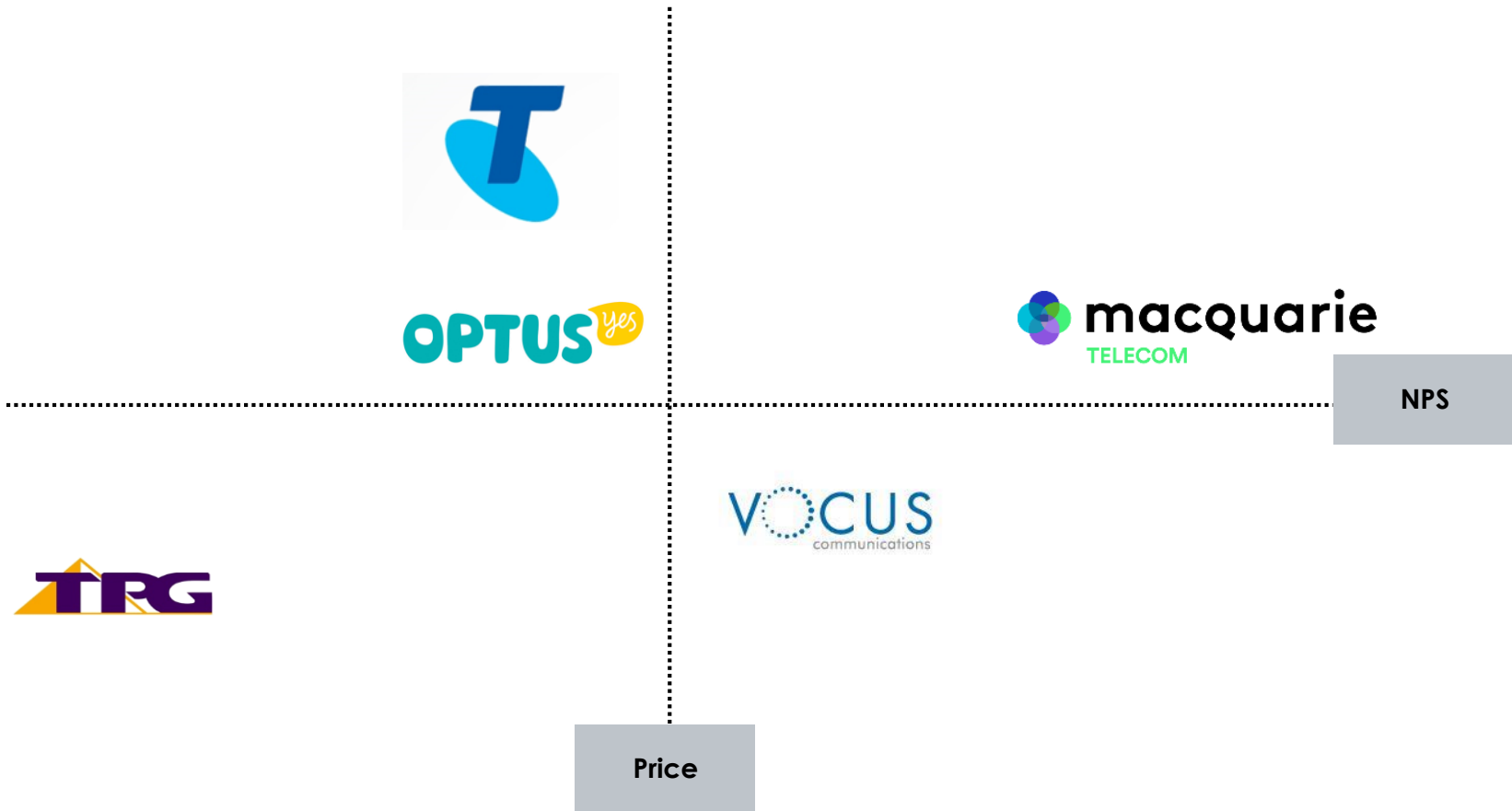
Intellicentres

- Following the signing of a Fortune 100 customer for up to 2.5MW of Data Centre capacity, build out of additional mechanical, plant and equipment has commenced. The customer is expected to be active (billing) in Q3 FY17.

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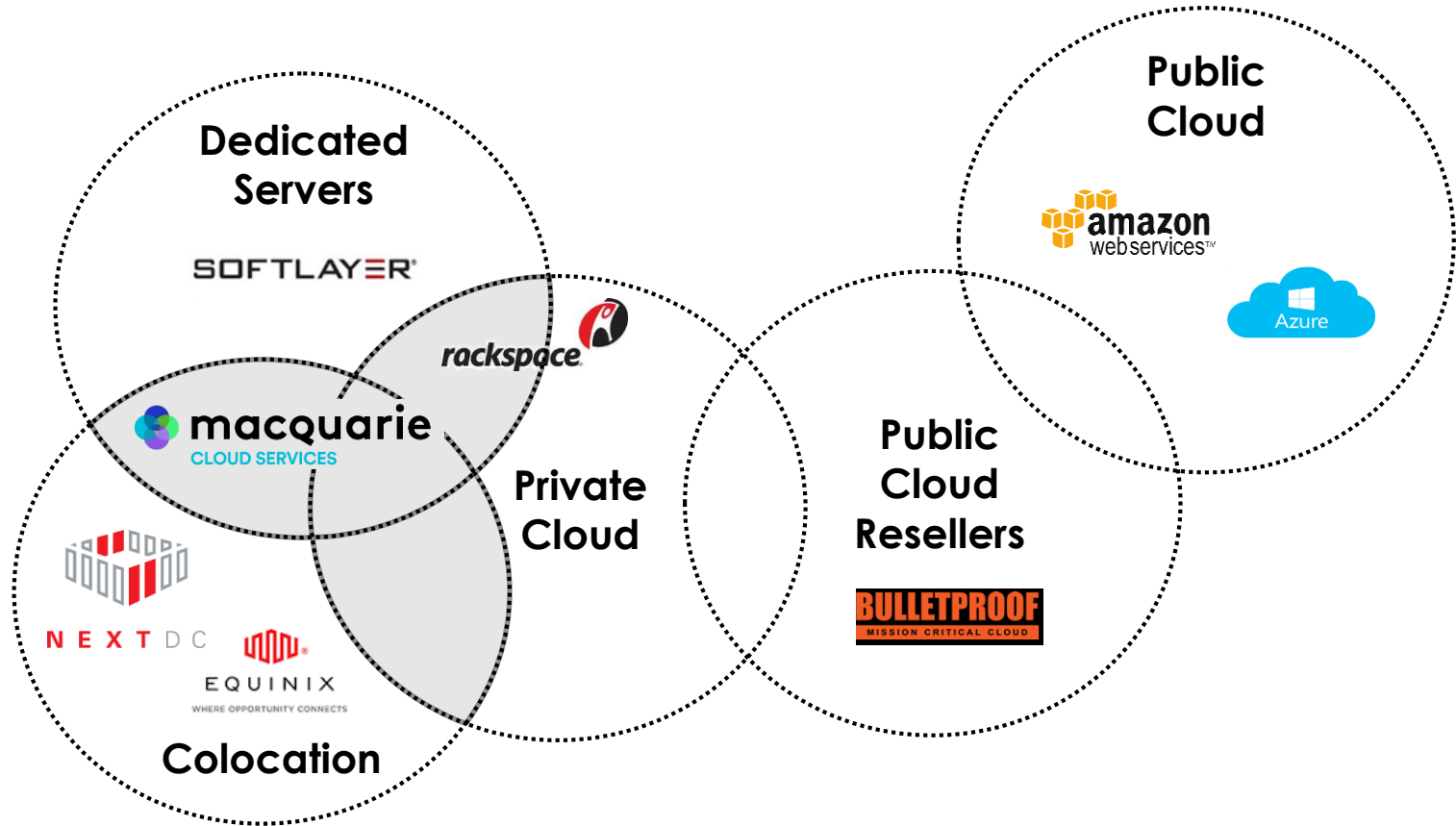
Telecom

Mid market competitive landscape.



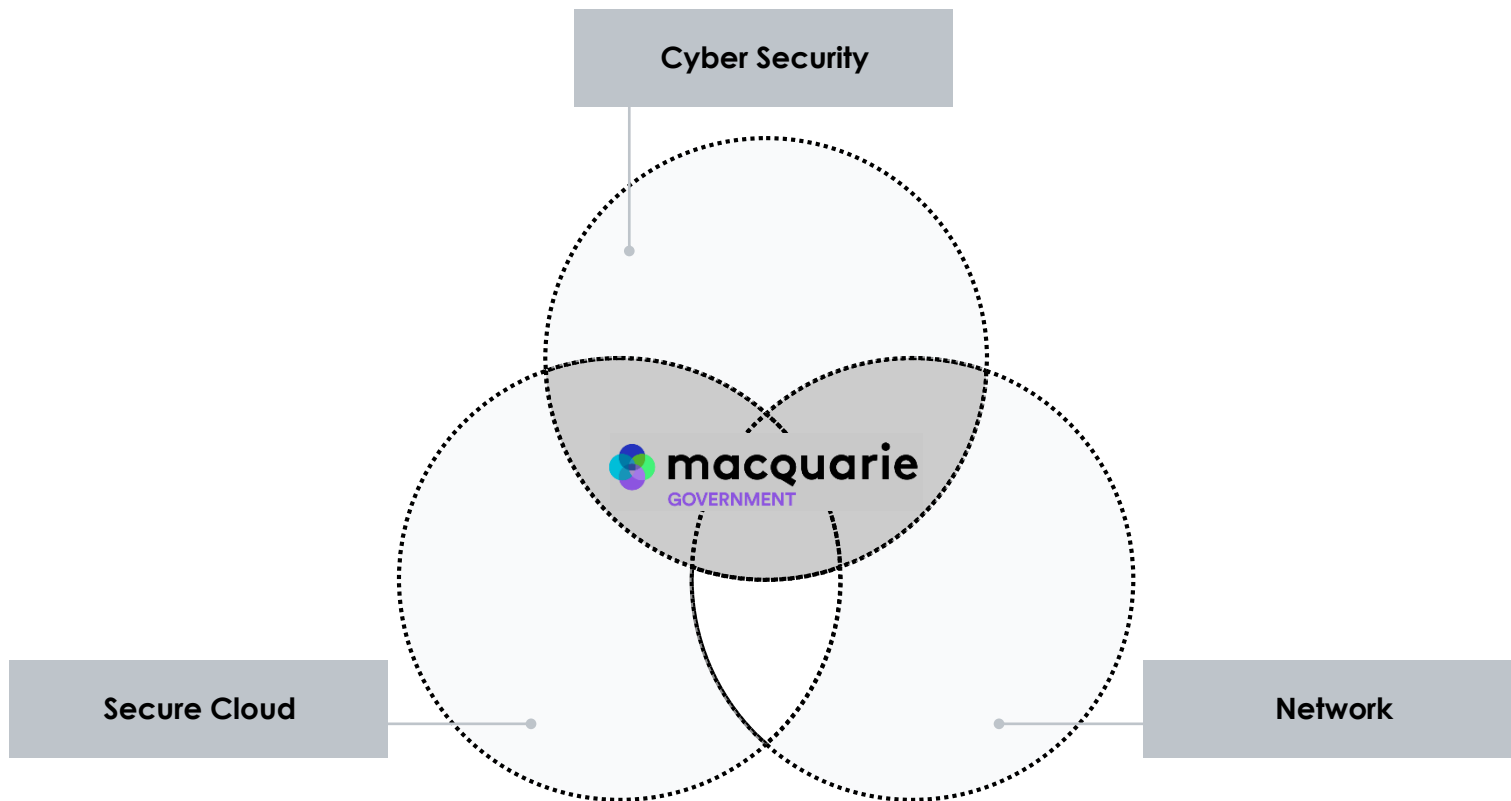
9 Cloud Services

Hybrid IT vs Public Cloud.



Government

Cloud and Cyber Security focus.



Finance Presentation.

Financial Results.

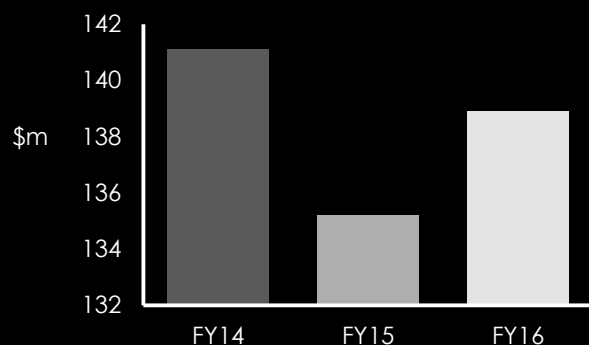
\$m	FY14	FY15	FY16	FY16 v FY15	% change
Service Revenue					
Telecom	141.1	135.2	138.9	3.7	3%
Hosting	60.4	61.7	68.4	6.7	11%
Inter-segment	(4.8)	(4.8)	(4.7)	0.1	
Total Service Revenue	196.7	192.1	202.6	10.5	5%
EBITDA					
Telecom	17.9	16.5	18.3	1.8	11%
Hosting	7.6	9.8	14.0	4.2	43%
Total EBITDA	25.5	26.3	32.3	6.0	23%
Depreciation	26.4	31.3	25.4	(5.9)	
EBIT	(0.9)	(5.0)	6.9	11.9	
Interest	(1.1)	(1.4)	0.5	1.9	
NPBT	(2.0)	(6.4)	7.4	13.8	
Tax	1.2	2.1	(2.0)	(4.1)	
NPAT/(NLAT)	(0.8)	(4.3)	5.4	9.7	

Note: Subsequent to the review of the business strategy and structure in the previous financial year, the composition of the reportable segments were revised to appropriately reflect this change including the allocation of Corporate Office costs. Prior period comparatives have been restated.

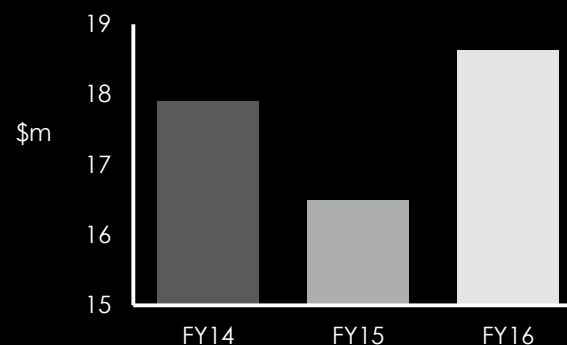
Inter-segment revenue relates to services provided by the Hosting segment to the Telecom segment, eliminated on consolidation.

Telecom.

Revenue



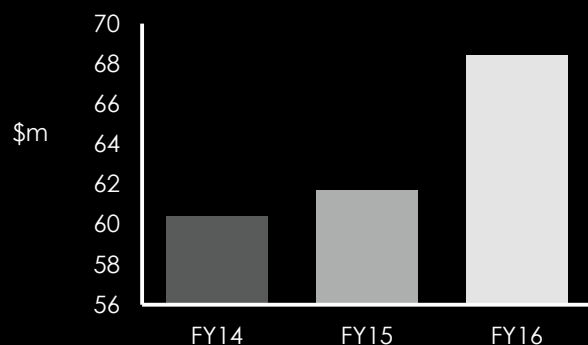
EBITDA



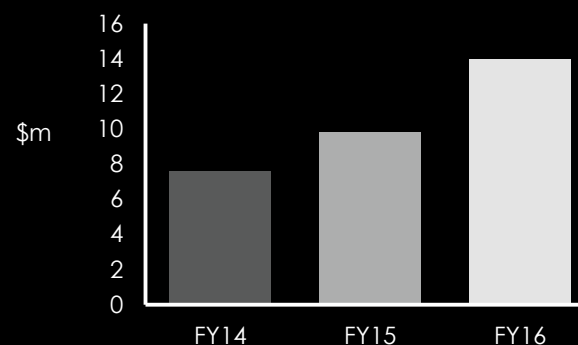
- Continued improvement in sales order performance and higher customer retention rates has seen revenue return to growth in FY16.
- Our continued focus on service delivery improvement, operational efficiency and exceptional customer service experience has seen EBITDA increase by 13% year on year.

Hosting.

Revenue



EBITDA



- Cloud Services and Government have continued the growth trend in revenue and EBITDA over the past three years.
- Sales order performance, proactive operational management and a continued focus on customer service experience have seen Revenue and EBITDA increase by 11% and 43% respectively year on year.
- Current year EBITDA includes approx. \$2.8m pa lease charge for Intellicentre 2 from August 10 2015.

Balance Sheet.

- Strong Cash position of \$36.5m with no debt.
- Strict working capital management.
- Proceeds from Intellicentre 2 used to repay debt.
- Second tranche of Intellicentre 2 proceeds of \$3.0m received on 10th August 2016.

\$m	FY15	FY16
Cash and cash equivalents	6.4	36.5
Other current assets	59.1	20.7
Other non-current assets	70.2	62.6
Total Assets	135.7	119.8
Creditors	22.4	27.1
Borrowings	21.0	0.0
Other Liabilities	4.8	10.3
Total Liabilities	48.2	37.4
Total Equity	87.5	82.4

Cash Flows.

- Strong conversion of EBITDA and a lower investment in working capital has driven operating cash inflow.
- Improved customer service has resulted in customers paying bills faster.
- Operating cash inflow increased 65% over prior year.
- First tranche of proceeds for Intellicentre 2 were received in August 2015 for \$40.3 million.
- Borrowings were repaid during the year from Intellicentre 2 proceeds.

\$m	FY15	FY16
Cash flows from Operating Activities	23.8	39.4
Cash flows from Investing Activities	(19.9)	22.1
Cash flows from Financing Activities	(2.5)	(31.5)
Net Increase/(Decrease) in Cash Held	1.4	30.0
Opening Cash & Cash Equivalents	4.7	6.4
Exchange Rate Changes	0.3	0.0
Closing Cash & Cash Equivalents	6.4	36.5

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 Hosting growth capex.
- Telecom will invest in new data networking technology and insourcing network operations centre 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.
- 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 for the year is expected to be \$21 to \$23 million.
- An update on the first half performance for FY17 will be given at the Annual General Meeting in late November.

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