

MACQUARIE TELECOM GROUP LIMITED**ANNUAL GENERAL MEETING****FRIDAY, 18 NOVEMBER 2016****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 2016.

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 Group.

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

I would also like to introduce Richard Lutterbeck, our Company Secretary.

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 the company's recent performance and overall business strategy. Then we will proceed to the ordinary business of the meeting.

ORDINARY BUSINESS

We will consider three 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 2016; and
3. The election of Bart Vogel 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 20 November 2015, 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 third AGM as Chairman and it is with pleasure that I report on the continued success of Macquarie Telecom Group.

The Company has continued to improve performance across all our businesses. Our focus on leveraging our assets and improving operational efficiency through the delivery of a superior customer experience has seen an increase in revenue of 5% and EBITDA of 23% compared to fiscal 2015.

Our Hosting business has maintained its high performance during the year, growing revenue and EBITDA by \$6.7 million (11%) and \$4.2 million (43%), respectively, compared to fiscal 2015. This success has been driven by our ability to adapt our hybrid solution to customer's requirements for different software application solutions and as cyber security risks become pervasive.

Pleasingly, our Telecom business has also grown its revenue and EBITDA during the year by \$3.7 million (3%) and \$1.8 million (11%), respectively. In a highly competitive market, new customer acquisition and strong customer retention resulting from a clear focus on delivering a superior customer experience has been key to this performance.

The Company exited the year with a cash position of \$36.5 million. Strong conversion of the EBITDA performance and strict working capital management resulted in operating cash flows of \$39.4 million, an increase of 65% compared to fiscal 2015. The proceeds from the sale and leaseback of land, shell and core building of Intellicentre 2, which was completed in August 2015, were used to repay debt.

The declaration of a 25cps fully franked final dividend, in addition to the 25cps fully franked interim dividend, reinforces our commitment to drive further shareholder value and ongoing returns.

The build out of mechanical plant and equipment for the Fortune 100 customer is tracking on budget and the provision of data centre services is expected to be active (billing) in Q3 FY17.

Outlook

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

Pleasingly, EBITDA profit for the first half of fiscal 2017 is expected to be between \$17.0 million to \$19.0 million, up from \$15.6 million in the previous corresponding period.

Driven by strong demand, business as usual capex is now expected to be \$21 to \$23 million.

In anticipation of continuing demand, investment in growth capex, such as data centre capacity and core network infrastructure, is now expected to be \$13 to \$15 million for Hosting and \$6 to \$7 million for Telecom.

Depreciation is expected to be consistent with previous guidance; between \$21 and \$23 million.

In line with the continued performance improvement the Company intends to declare a fully franked interim dividend of 25cps for H1 FY17.

An update on full year performance in fiscal 2017 will be given with the half year results announcement.

To conclude, ladies and gentlemen, we are confident that our businesses are well placed with a solid platform for continued growth.

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