

Annual General Meeting.

2018

Peter James Chairman

20th November 2018

#SoUntelco

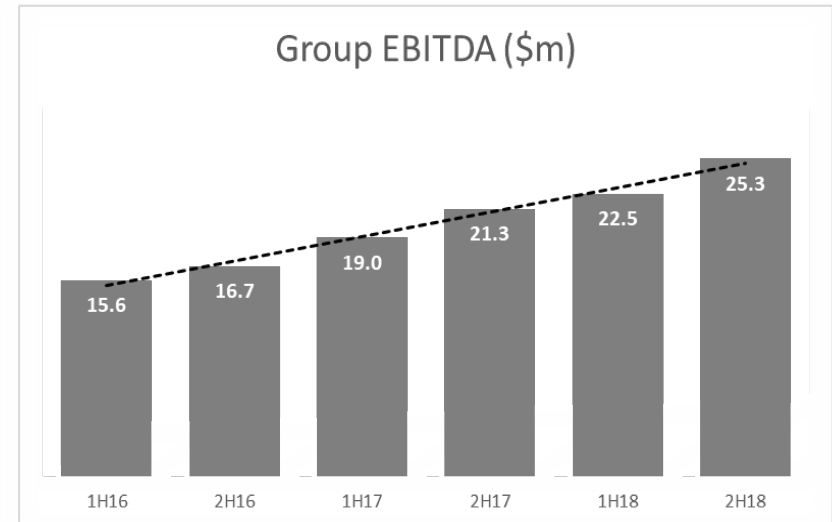
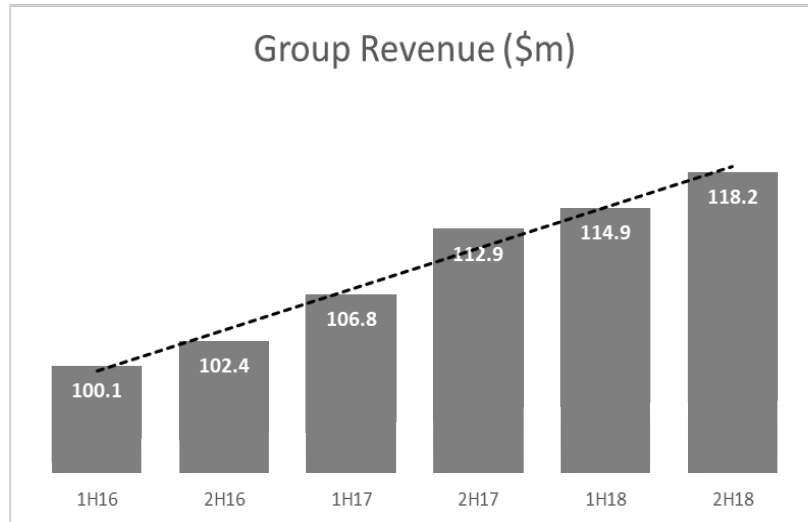


3 Key Business Highlights.



- Eight consecutive halves of revenue and profit growth
- EBITDA CAGR of 20.4% over the last three years
- Hosting revenue continued to grow on the back of strong sales and order implementation
- Improved operational leverage in Hosting and several one-off's in Telecom lead to an improved EBITDA result compared to FY17
- Telecom entered into a strategic relationship with NBN Co to expand reach and competitiveness
- Primary focus on customer service with an ASX leading net promoter score of +70
- The Company has declared a fully franked final dividend of 25 cps

Group Financial Performance.



- Over the last 3 years:
 - Revenue CAGR of 6.8%
 - EBITDA CAGR of 20.4%
 - EBITDA margin for the full year improved from 16.0% to 20.5%
- Reflects strategic shift in 1H FY15 and the change in revenue mix to higher margin hosting business

Balance Sheet & Cash Flow.

- Cash of \$30.3m and no debt
- Strong conversion of EBITDA to operating cash flows
- Full Year capital spend of \$33.8m
 - Growth Capex \$11.5m
 - Customer Growth Capex \$11.0m
 - Maintenance Capex \$11.3m
- Interim FY18 dividend of 25 cps (\$5.27m) was paid during 2H18 in addition to the final FY17 dividend of 25 cps (\$5.24m) paid in 1H18

Balance Sheet

\$m	FY18	FY17
Cash and cash equivalents	30.3	31.8
Other current assets	21.4	20.0
Non-current assets	92.0	81.4
Total Assets	143.7	133.2
Creditors	33.5	28.7
Other Liabilities	16.9	18.1
Total Liabilities	50.3	46.8
Total Equity	93.4	86.4

Cash Flow

\$m	FY18	FY17
Cash flows from Operating Activities	42.9	41.4
Cash flows from Investing Activities	(33.8)	(35.5)
Cash flows from Financing Activities	(10.6)	(10.5)
Net increase/(decrease) in Cash Held	(1.5)	(4.7)
Opening Cash and cash equivalents	31.8	36.5
Closing Cash and cash equivalents	30.3	31.8

6 Outlook.

- The Company announced that it has entered into a wholesale supply agreement with NBN Co. The deal will enable the provision of telecommunications and data services to Australia's business community
 - The services offered under this six-year agreement will include dedicated, Australian based NBN Co service delivery, assurance and support staff for Macquarie customers
 - The first customers to be connected to the new services have commenced billing in Q2 of the 2019 financial year

7 Outlook.

- The Fortune 100 Customer has contracted for an additional 1.4MW of capacity to be provided over the remainder of the initial contract term. The Company will invest an additional \$8.4 million in data centre mechanical, electrical and plant over the next eight months to expand its capacity to meet this demand. The additional capacity is expected to be ready for service for the Customer in Q4 FY19.
- During this next significant phase of capital intensive growth investment, the Company will cease paying dividends commencing 1H FY19
- The Company's EBITDA for 1H FY19 will be in the range of \$25-26m





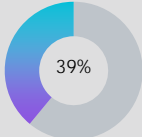
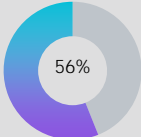



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David Tudehope CEO

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Business Summary.

Business Areas			
<p>Percentage of Revenue & EBITDA in FY18</p>	 <p>Revenue EBITDA</p>	 <p>Revenue</p>	 <p>EBITDA</p>
<p>What we do</p>	<p>For business, we are the full service provider of data, voice, mobile & colocation services. We are the telecom that does everything refreshingly different. We are where the Macquarie story started.</p>	<p>For business customers we are the specialists in hybrid IT. We integrate colocation, cloud, & dedicated servers. Different applications need different types of hosting. We manage it.</p>	<p>We are the Australian specialists in cyber security, secure cloud & colocation for Federal Government. We deliver services to 42% of Federal Government agencies.</p>
<p>Value proposition</p>	<p>Customer Service, Price, Choice, Flexibility, Control</p>	<p>Customer Service, Specialised and Compliant Hosting. For apps not suitable for Public Cloud</p>	<p>Customer Service, Security Operations Centre (SOC), Cyber Security, ASD – Certified Cloud, Data Centre in Canberra</p>
<p>Competitors</p>			
<p>People / Skill</p>	<p>Generalist for Voice & Mobiles TC for Data & Colocation know Business Drivers</p>	<p>Cloud Specialists: Custom and Compliant</p>	<p>Cyber Security and Hosting Specialist know Government Drivers</p>

Macquarie Telecom

- #1 in SDWAN in Australia
- Strategic partnership and investment with NBN Co to expand reach and competitiveness
- Successfully insourced our NOC, to reduce Opex and increase our NPS
- Double digit revenue growth in mobile business in a flat market

Macquarie Cloud Services

- Leading provider of Hybrid IT for Corporate IT and SaaS, supporting customers on their journey to the Cloud
- External audit and validation by Maritz CX as a Global leader for NPS (+84)
- Strong cross sell of Cloud solutions into Telecom's customer base
- Expansion of a Hybrid IT Cloud node in Perth

Business Highlights

Macquarie Government

- 42% of Federal Government agencies have contracted with Macquarie
- Our Government Cloud is certified by ASD (Australian Government) for classified data
- We continue to invest for growth in this business
- Secure Internet Gateway (SIG) and Secure Cloud services have continued to grow

Intellicentres

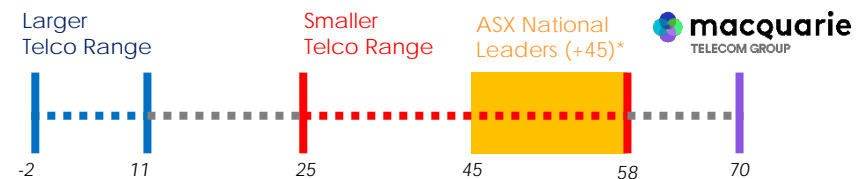
- Announced investment in IC3 East with initial capital expenditure of \$75-80m, majority incurred across CY2019
- IC3 East data centre is designed for global hyperscalers, enterprises and Government and is expected to achieve practical completion in late CY2019
- Stage 2 for Fortune 100 customer billing from March 2018

12 Customer focus...

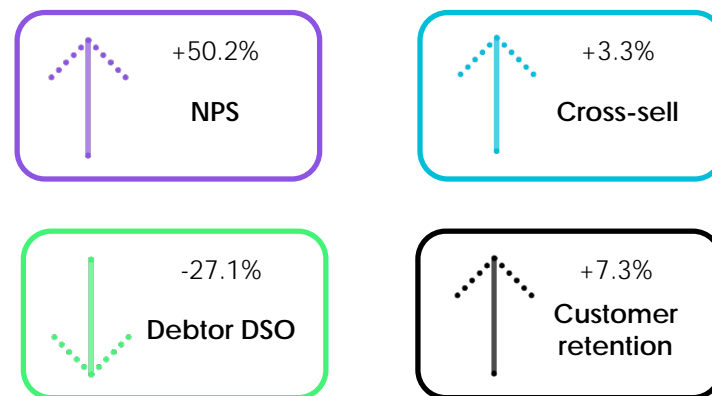
- Our continued focus on providing a great customer experience is core to our service offering & differentiation
- Macquarie's net promoter score (NPS) is +70 for Q4 FY18 – Australian leading NPS
- NPS is the measure of customer loyalty that is assessed on a scale of -100 to +100, where a score of greater than +50 is excellent
- NPS is calculated on the single question "how likely is it that you would recommend our company to a friend or colleague?"
- Growth in our NPS is good for our investors

is delivering improved performance.

NPS Q4FY18



Key metrics since Q4FY14 to Q4FY18



* Source: The Customer Experience Company – Industry ranges from 'NPS Pulse Check' based on Q42016 – see <http://customerexperience.com.au/nps-benchmark/>

13 Macquarie Telecom Intellicentre 3 East – Phase 1



Intellicentre 3 East

- Initial build capex \$75-80M
- Keppel contribution to core and shell build cost \$26-36M
- MEP and fit out \$45M
- Initial Capacity 2.4MW
- Modular fit out based on customer demand in years ahead
- IC3 East building area 13,400 sqm
- Practical completion in late CY2019