

## **Macquarie Telecom delivers eleven consecutive halves of revenue and EBITDA growth**

Macquarie Telecom Group Ltd (ASX: MAQ) (the Company) today announced its results for the half-year ended 31 December 2019, which is in line with guidance.

Chairman Peter James said, "Consistent execution of our strategy has delivered eleven halves of profitable growth. We will continue to invest in the megatrends of Data Centres, Cloud and Cyber Security to drive further shareholder value and ongoing returns."

### **KEY POINTS**

- Revenue of \$131.9 million, an increase of 9% on 1H FY19 (\$121.0 million).
- Earnings before interest, tax, depreciation, and amortisation (EBITDA) of \$31.6 million post AASB16, an increase of 24% on 1H FY19 (\$25.5 million).
- Conversion of EBITDA to operating cash flows generated total operating cash flows of \$13.9 million during the half-year, including the payment of Income Tax (\$3.6 million).
- The Company has commenced work on the Intellicentre 3 East data centre development, drawing down \$7.0 million of the debt facility, a closing cash balance of \$6.9 million and undrawn debt facilities of \$93.0 million as at 31 December 2019.
- Net profit after tax (NPAT) of \$6.7 million post AASB16, a decrease of 24% on 1H FY19 (\$8.3 million).
- Capital expenditure for 1H FY20 was \$23.1 million (1H FY19: \$25.0 million) excluding Intellicentre 3 East.
- Customer Growth Capex was \$11.6 million, an increase of 33% on 1H FY19 \$8.7 million, reflective of our continued Hosting sales success and product mix.
- The impact of AASB16 was to:
  - Increase EBITDA by \$4.0 million from \$27.6 million to \$31.6 million (excluding AASB16 EBITDA grew 9%)
  - Decrease net profit after tax by \$0.9 million from \$7.6 million to \$6.7 million (excluding AASB16 NPAT declined 7%).

Chief Executive David Tudehope said, "In January we commenced construction of IC3 East at the Macquarie Park Data Centre Campus to meet the strong demand from corporate and government customers, as well as wholesale customers seeking access to the much sought after Sydney North availability zone."

“Our continued investment in data centres, cloud and cyber security has increased Hosting’s share of Group revenue contribution over the last three years from 33% to 46% and EBITDA profit from 51% to 69%.” said David Tudehope.

## **OUTLOOK**

- Underpinned by strong sales growth, full year FY20 EBITDA is expected to be approximately \$63 to \$66 million. (\$55 to \$58 million pre AASB 16).
- Telecom continues to win customers from legacy data and IP carriers with our nbn and SD WAN solution.
- Cloud Services continue to grow successfully leveraging the Hybrid IT megatrend.
- Continued demand from our Federal Government Agencies for cybersecurity and secure cloud, including from Tier 1 Agencies like ATO, gives great confidence for future growth in the Government Business.
- FY20 Total Capex excluding IC3 is expected to be between \$61 to \$64 million consisting of:
  - Growth Capex - \$14 to \$15 million.
  - Customer Growth - \$31 to \$32 million.
  - Maintenance Capex - \$16 to \$17 million.
- FY20 Depreciation is expected to be between \$31 to \$33 million pre AASB16.
- IC3 development expenditure expected to be in the range of \$29 to \$32 million for FY20.

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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.

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