

Macquarie Telecom Group Limited.

Presented by David Tudehope
to the ASX CEO Sessions
19 October 2016

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.

Our Differentiation.

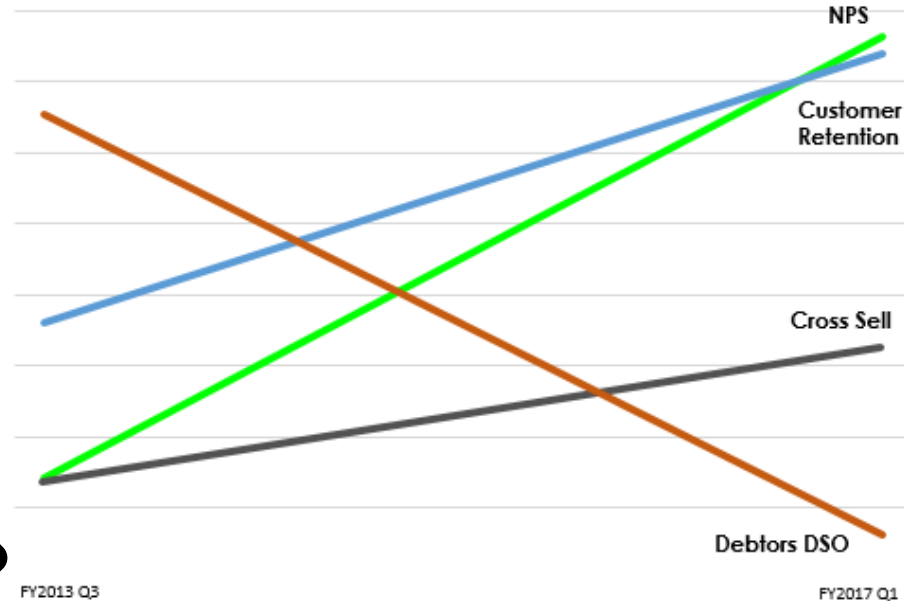
	Macquarie Telecom	Macquarie Cloud Services	Macquarie Government
Value proposition	Customer Service Price, Choice Flexibility, Control	Customer Service Specialised and Compliant Hosting For apps not suitable for Public Cloud	Customer Service SIG Accreditation Cyber Security Private Secure Cloud
Competitors	   	   	  
People / Skill	Generalist for Voice & Mobiles TC for Data & CoLo Know Business Drivers	Hosting Specialists <ul style="list-style-type: none"> - Complex - Compliant 	Secure Hosting Specialist Know Government Drivers

4 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.

What is NPS? We ask our customers to measure us every day using the simple and powerful NPS question: "How likely is that you would recommend our company to a friend or colleague?" This translates to a score between -100 and +100 with most companies achieving scores in a bell curve in the middle around 0. Customer's NPS scoring of our service has transformed us. In an industry known for its seriously bad customer service, we have done the opposite.

... is delivering improved performance.



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- The only full service telecom provider in Australia.
- Choice and flexibility through a range of carriers and our independent core.
- Outstanding customer service model and brilliant online tools deliver more control and cost reduction regardless of the carrier mix chosen.

- Backed by our passion to provide innovative solutions to our customer's needs, we are the telecom that does everything refreshingly different.
- We're everything that traditional telco aren't. And that's something we couldn't be happier about.

Telecom.

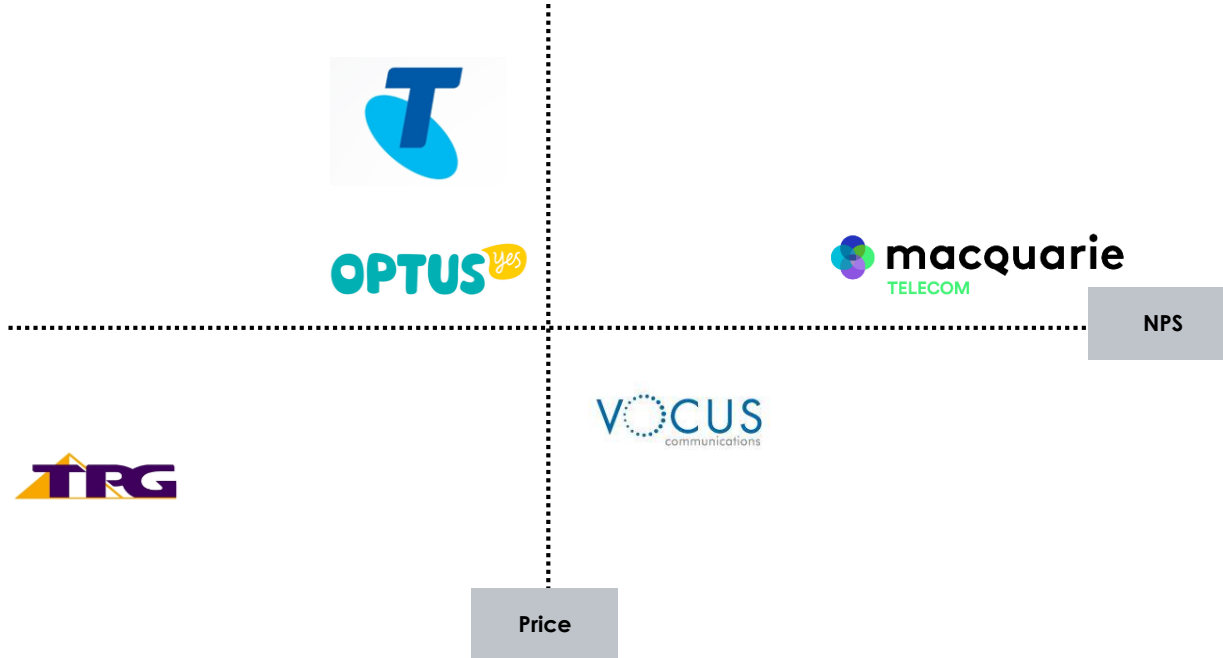
Our target market

- We operate in a \$4b mid sized business market with competitive consolidation.

Our target customers

- 5,500 mid-sized Corporate businesses.
- 100 – 2000 employees.

6 Telecom. Mid market competitive landscape.



- For business customers, we enable hybrid IT and secure the cloud through Colocation, Dedicated Servers and Private Cloud.
- Through our outstanding customer service model we have refined how cloud and hosting companies should work with their customers: hand in hand.

- Through our people, and powered, by the world's best technology, we create flexible, fully certified hybrid IT solutions to our customer's requirements for specialized and compliant hosting.
- Proudly Australian with powerful data centres based in Sydney and Canberra.

Cloud Services.

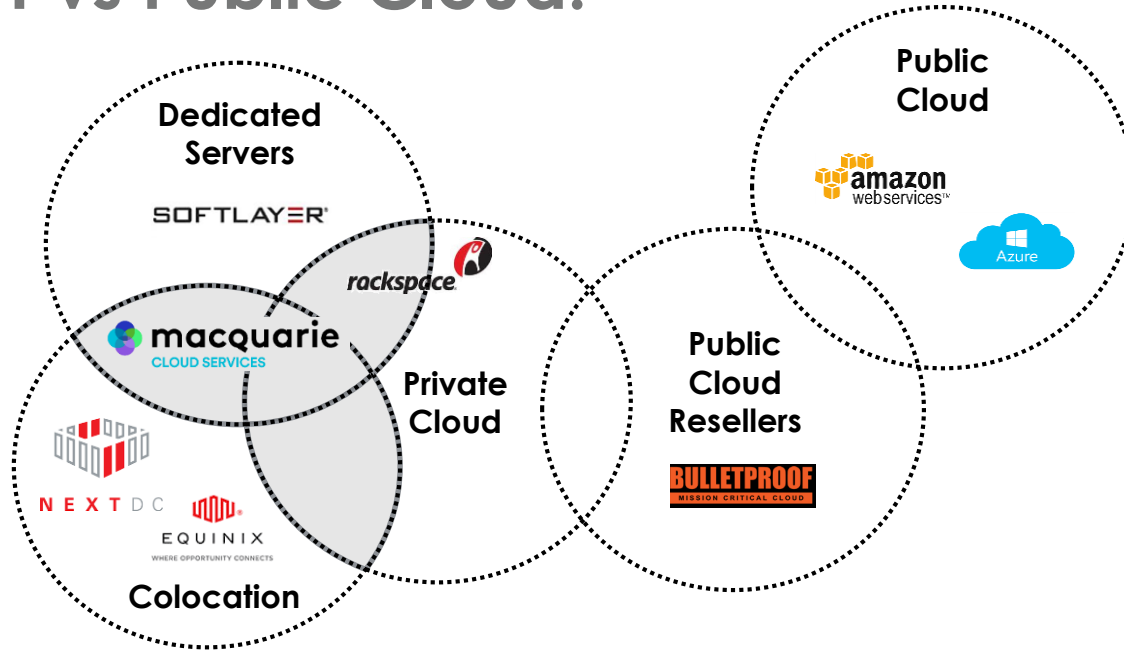
Our target market

- SAAS (software-as-a-service) – \$+500m today – over the next 3 years the SAAS market will double.
- IAAS (infrastructure-as-a-service) – 1.5m virtual machines in Australia that are on the journey to the cloud.

Our target customers

- Corporate IT – journey to the cloud.
- Software-as-a-service providers.
- Web business, web sites and digital retail.

8 Cloud Services. Hybrid IT vs Public Cloud.



- We are the Australian specialists in cyber security, secure cloud and data centres for Government.
- Working closely with Australia's Defense and Intelligence agencies, we deliver services to 42% of Federal Government agencies.

- With our purpose built, ultra-secure Intellicentre data centres in Canberra and Sydney all data stays in Australia. Where it belongs.
- Fully accredited and certified, we are one of three providers entrusted to secure the Federal Government against threats here and abroad.

Government.

Our target market

- Australian Government policy
 - Digital transformation
 - Cyber-security investments

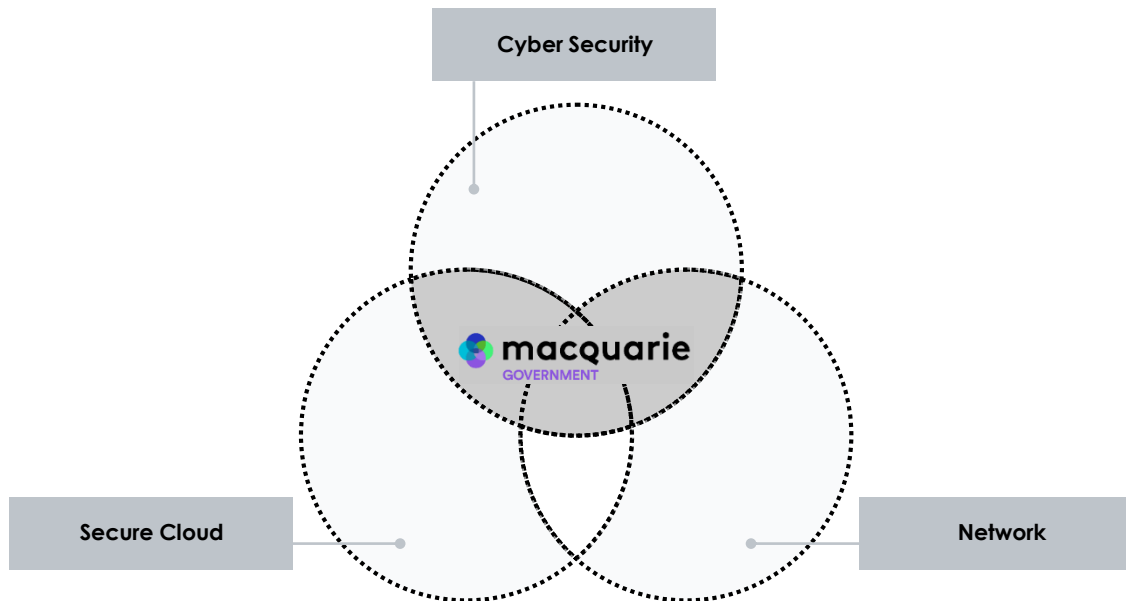
Government's needs

- Secure Internet Gateway
- Compliance
- Procurement Frameworks
- Trusted online security provider

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Government.

Cloud and Cyber Security focus.



Data Centres.



Intellicentre 1,
Sydney



Intellicentre 2,
Macquarie Park



Intellicentre 4
Bunker, Canberra

- Carrier neutral.
- Part of our Hybrid IT value proposition.
- Data Centres Services Deal signed with Fortune 100 customer, May 2016.

Like to learn more about our Data Centres and see our videos? Visit our [Intellicentre 2](#) or [Intellicentre 4](#) videos.

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	(2.1)	(4.1)	
NPAT/(NLAT)	(0.8)	(4.3)	5.3	9.7	

Balance Sheet.

- Strong Cash position of \$36.5m with no debt.
- Strong 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.
- Operating cash inflow increased 65% over prior year.
- Improved customer service has resulted in customers paying bills faster.
- 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

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