Annual General Meeting 2017

24 November 2017

Our people.

Charlie
Cloud Network Architect

Brent
Chief Financial Officer
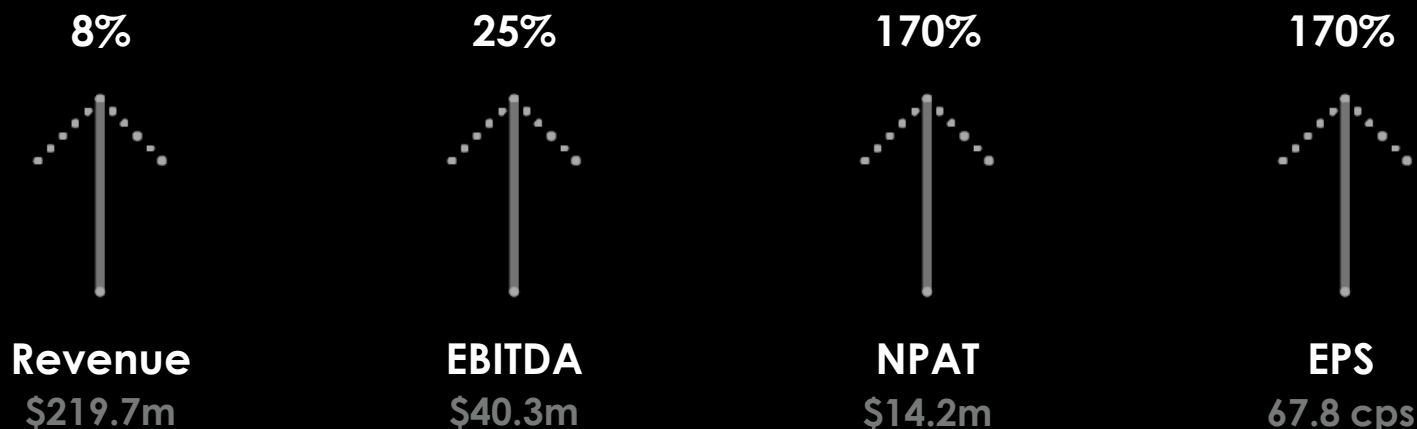
Kate
Service Manager

Chairman's Address.

Peter James.

Key Business Highlights.

8%	25%	170%	170%
Revenue	**EBITDA**	**NPAT**	**EPS**
$219.7m	$40.3m	$14.2m	67.8 cps

- Improved revenue result driven by continued growth for Cloud Services and Government

- The EBITDA result has been driven by our continued focus on Net Sales Performance and industry leading customer service. Margins have increased for Cloud Services and Government due to improved operational leverage. This increase along with reduced depreciation has seen a significant improvement in both NPAT and EPS for FY17

- The Company declared a fully franked final dividend of 25cps for FY17

Bulletproof Offer

- Macquarie Telecom Group Limited this week announced its intention to make an off-market bid through its wholly-owned subsidiary Macquarie Cloud Services Pty Ltd to acquire all of the ordinary shares in Bulletproof Group Limited for A$0.11 cash per share

- Macquarie has a relevant interest in 16.11% of Bulletproof, via a Call Option Deed with an entity associated with Mr Anthony Woodward, CEO and Co-founder of Bulletproof

- The offer price of A$0.11 per share values Bulletproof's share capital at approximately A$17.9 million. It represents:
  - a 64.2% premium to the closing price of Bulletproof shares on 17 November 2017 of A$0.067;
  - a 57.1% premium to the 1-month VWAP of Bulletproof shares of A$0.07.

- Bulletproof is a long-standing business with a talented and experienced team. There is a strong strategic fit with Macquarie. The combination will enable Macquarie and Bulletproof customers to access a full set of cloud options of colocation, private cloud and public cloud

- The Macquarie Offer is conditional upon receiving acceptance from 90% of Bulletproof. David Tudehope will discuss further in his Address
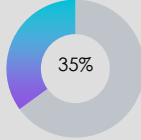
Looking to the Future.

- The Company's EBITDA will continue to grow in FY18, however the 1H FY18 will be flat compared to 2HFY17 due to the full impact of ongoing power price increases and investment in sales growth

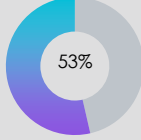- Strong and growing demand from our Federal Government Agencies for secure cloud, including from Tier 1 Agencies like the ATO, gives great confidence for future growth in the Government Business. Accordingly, there will be further investment in expansion of Canberra and our Cloud platform, with an increase in OPEX of around $3m and CAPEX by $1.6m across FY18

- We are confident that Hosting revenue will continue to grow in FY18 and as a result we are investing in Hosting Growth Capex

- Total Capex is expected to be between $32-35m consisting of: Growth Capex - $10 to $11 million; Customer Growth - $12 to $13 million; Maintenance Capex - $10 to $11 million

- Depreciation for the year is expected to be $26 to $28 million

- In line with the continued performance improvement the Company intends to declare a fully franked interim dividend of 25cps for H1 FY18

Chief Executive's Address.
David Tudehope.
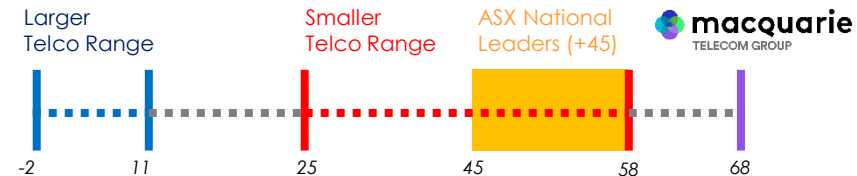
Macquarie Telecom Group – What We Do.

Business Areas	**macquarie** TELECOM	**macquarie** CLOUD SERVICES	**macquarie** GOVERNMENT
Percentage of Revenue & EBITDA in FY17	65% Revenue / 47% EBITDA	35% Revenue	53% EBITDA
What we do	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.	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.	We are the Australian specialists in cyber security, secure cloud & colocation for Federal Government. We deliver services to 42% of Federal Government agencies.
Value proposition	Customer Service, Price, Choice, Flexibility, Control	Customer Service, Specialised and Compliant Hosting. For apps not suitable for Public Cloud	Customer Service, Security Operations Centre (SOC), Cyber Security, ASD – Certified Cloud, Data Centre in Canberra
Competitors	Telstra, OPTUS, TPG, VOCUS communications	NEXTDC, INHOUSE, amazon webservices, rackspace HOSTING	verizon, INHOUSE, hp
People / Skill	Generalist for Voice & Mobiles TC for Data & CoLo know Business Drivers	Cloud Specialists: Custom and Compliant	Cyber Security and Hosting Specialist know Government Drivers

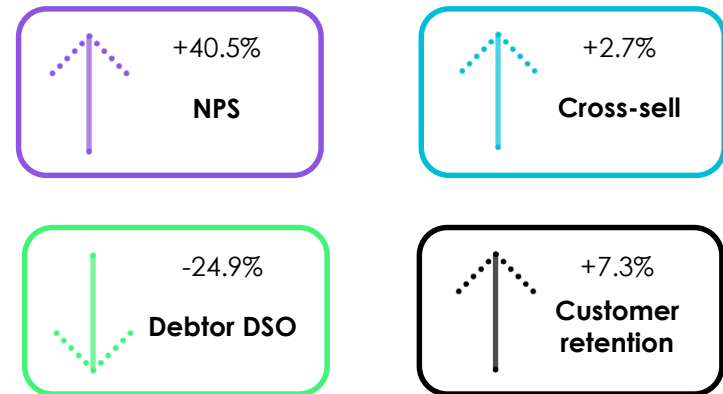# Our special sauce…   is delivering improved performance.

- Our continued focus on providing a great customer experience is core to our service offering & differentiation

- Macquarie's net promoter score (NPS) is +68 for Q4 FY17 – 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

NPS Q4FY17[i]

Larger Telco Range — Smaller Telco Range — ASX National Leaders (+45) — macquarie TELECOM GROUP

-2   11   25   45   58   68

Key metrics since Q4FY14 to Q4FY17

| +40.5% NPS | +2.7% Cross-sell |
| -24.9% Debtor DSO | +7.3% Customer retention |

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

Bulletproof Offer

- Bulletproof has an experienced and talented team which will be a good fit with the Macquarie culture

- Bulletproof's private cloud business is similar to ours and we can leverage our data centre investment by deploying new technology to grow the combined customer base

- The acquisition will expand our hybrid cloud options to include public cloud and will provide Bulletproof customers with access to our colocation and data centre offering and expertise

FY18 Priorities.

- Maintaining Net Promoter Score above +60 across our businesses

- Hosting Business – finalise decision on build or purchase of data centre capacity. The potential for investment in Intellicentre 3 will increase the requirement for Capex that will primarily impact FY19

- Macquarie Government – leverage the 42% of the Australian Government who trust us to further grow revenue in cyber security and secure cloud computing

- Macquarie Telecom – continue to invest in SD WAN data networking technology and the insourcing of network operations to materially reduce costs and further improve service delivery

- Continue to provide industry and policy leadership, including for the National Broadband Network which will provide benefits and play to the core strengths across each of our businesses

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