

CommsDay Melbourne.

Brent Henley

2017.

2 Macquarie Telecom Group – What We Do.

Business Areas			
Percentage of Revenue & EBITDA in FY17	 <p>65% Revenue 47% EBITDA</p>	 <p>35% Revenue 53% EBITDA</p>	
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			
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

3 Data Centre Portfolio.



Intellicentre 1
Sydney

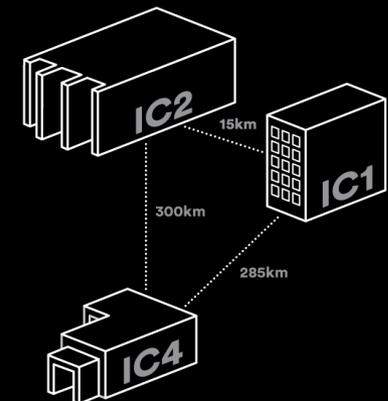


Intellicentre 2
Macquarie Park



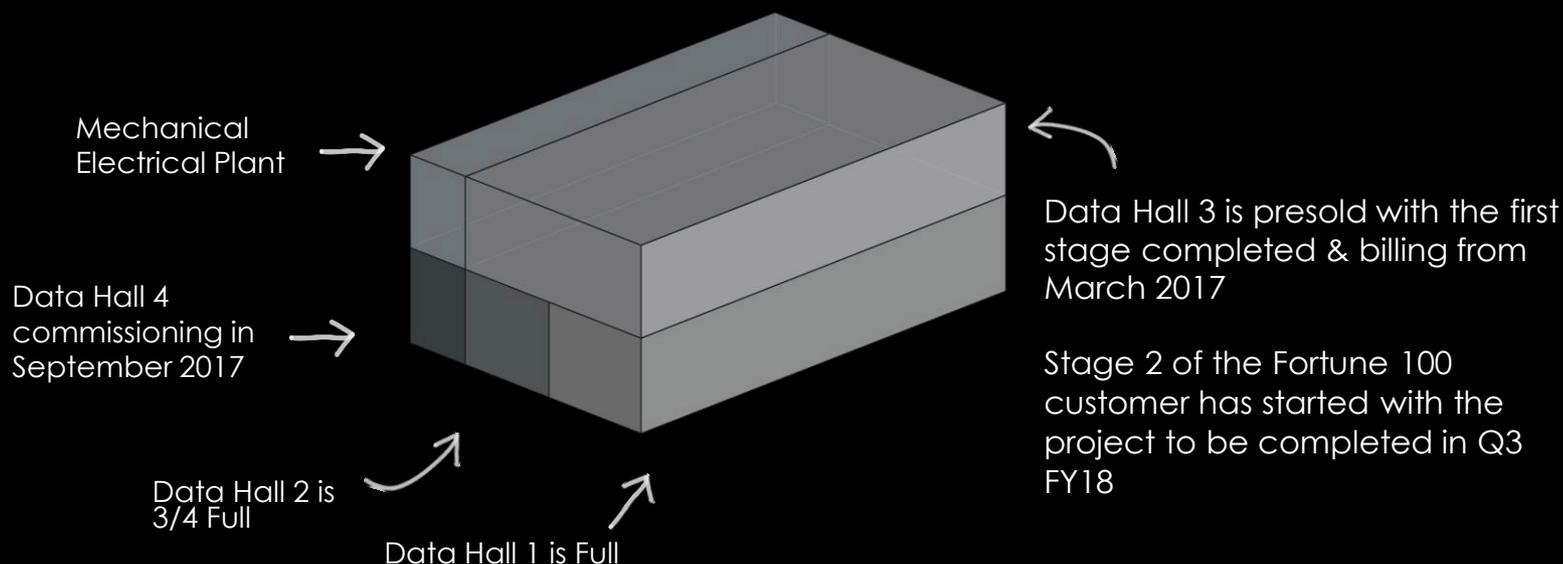
Intellicentre 4
Bunker, Canberra

- Geographically located with interconnections to reduce redundancy and ensure failover of critical workloads
- Carrier neutral
- Data Centre capacity sold by all 3 businesses as part of hybrid IT solution
- Total load for all Intellicentres is 12.4MW with upgrades in progress to 14.5MW



4 Utilisation.

Based on demand, we are currently looking to build or buy new Sydney data centre capacity for later in FY19. We expect to make a decision on this in the next 6 months



Our flagship Intellicentre 2 data centre has achieved strong utilisation

How We Spend Our Money.

Growth Capex.

- **Growth Capex** is for the building of new data centre capacity, increased power supply, new technology creation & transformational investment
- In the Hosting business, a current example is the fitout of Data Hall 4
- In the Telecom business, a current example is our transformational investment for insourcing our NOC & building a new data network platform SD WAN
- Growth Capex was \$16m in FY17

Customer Growth Capex.

- **Customer Growth Capex** is for additional cabling, racks, servers & storage that enable us to provision new customer orders
- Customer Growth Capex was \$10m reflective of our data centre sales success & product mix

Maintenance Capex.

- Most of the remaining Capex is infrastructure refresh and internal software development
- This is known as **Maintenance Capex** and was \$12.5m for FY17

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

Looking to the Future.

- We are confident that Hosting revenue will continue to grow in FY18 and as a result we are investing in Hosting Growth Capex
- Telecom has continued to invest in new data networking technology (SD WAN) and insourcing network operations centre to materially reduce costs and further improve service delivery in FY18
- 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

Looking to the Future.

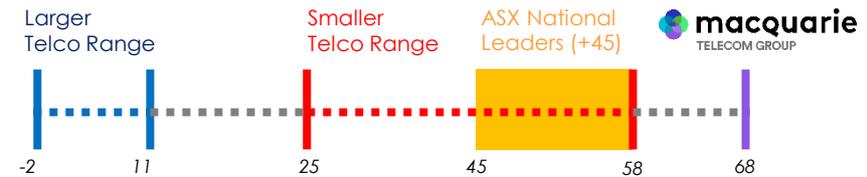
- Hosting has delivered Stage 1 and is focused on delivering operational readiness for Stage 2 of the Fortune 100 customer at Intellicentre 2. Stage 2 scheduled for completion in Q3 FY18 with full revenue earning capacity in FY19
- Based on demand, over the next 6 months the business will decide on whether to build or buy data centre capacity. The potential for investment in Intellicentre 3 will increase the requirement for Capex that will primarily impact FY19
- An update on the first half performance for FY18 will be given at the Annual General Meeting in late November 2017. An investor day is also planned for October 2017

9 Our Special Sauce...

- 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

is delivering improved performance.

NPS Q4FY17ⁱ



Key metrics since Q4FY14 to Q4FY17



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