Full Year Results 2005

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Macquarie Telecom

Agenda

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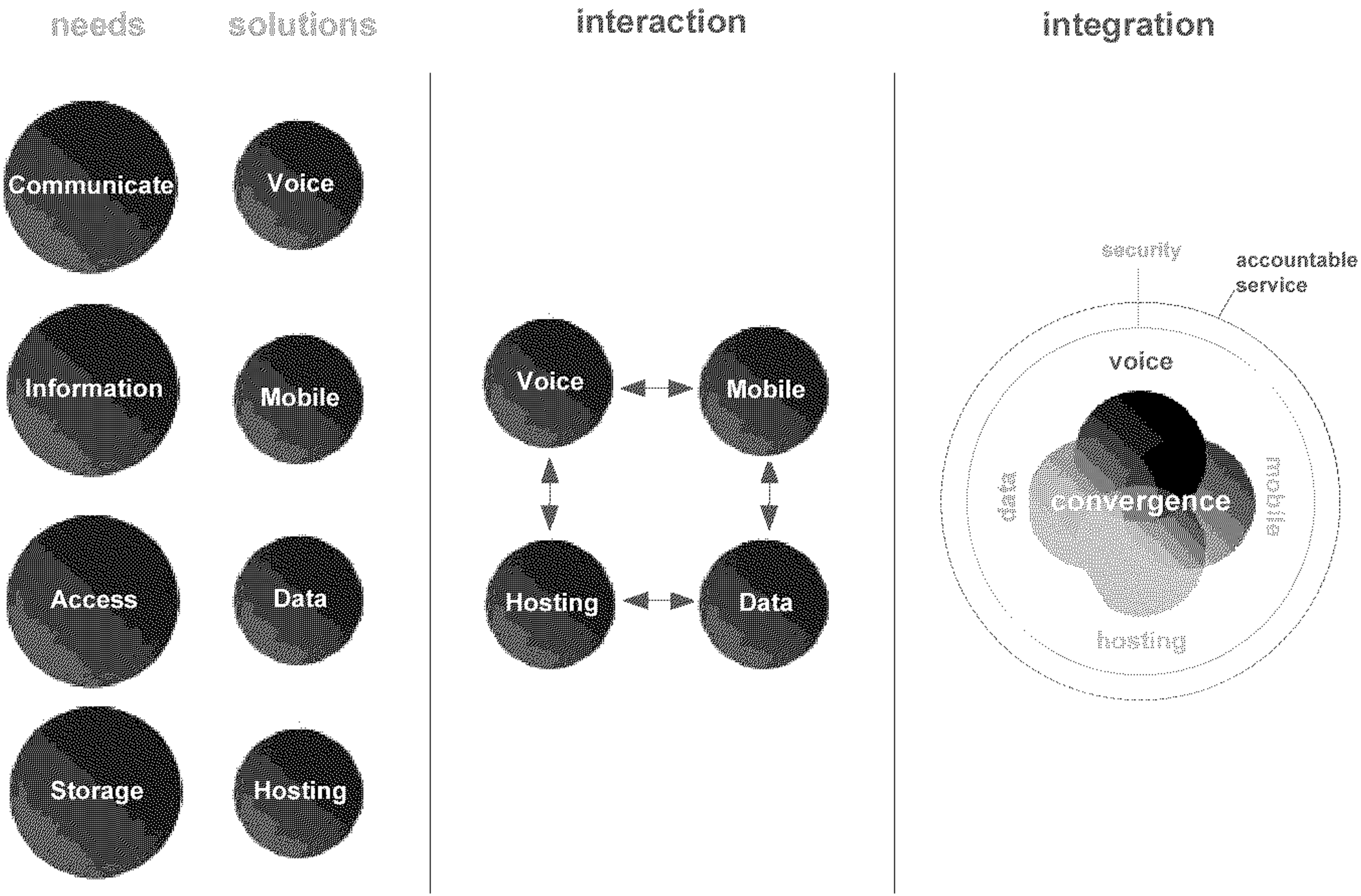
Year in Review

- Macquarie is executing on its strategy
- Investments in Metro Access Network, Security, Branding, Data IP expertise & expansion of regional capabilities
- EBITDA profit of $0.7 million within guidance, reflects investments
- Total service revenues up 1.6% on pcp
- Trend of improving revenue mix continues
- Cash position of $23.1 million
- Net cash outflow of $8.7 million, due to capex

Executing strategy within guidance

Macquarie Telecom – Convergence Strategy



Convergence

- An IP based Metro Access Network
- Meeting customers growing bandwidth needs
- Platform to leverage the increasing convergence of data and voice
- Enhance capacity for product development
- Improve service delivery, security and end to end customer management

Competitive advantage

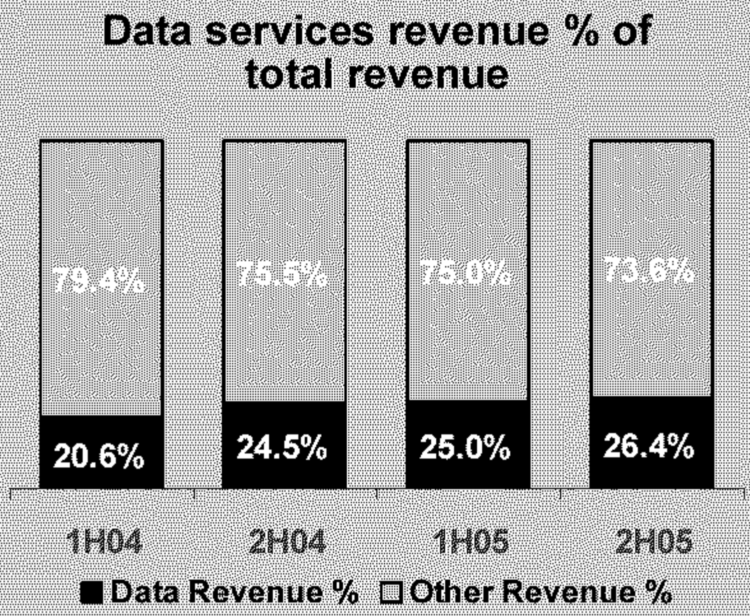
Revenue base

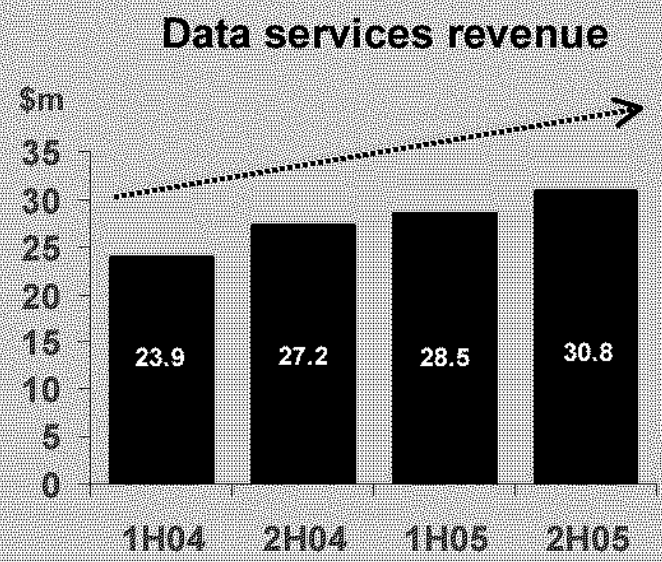
- Total service revenue up 1.6% to $230.5 million
- Total service revenue increases for third consecutive half year
- Voice revenue reduction slows on previous period
- Data business revenue grows 16.0% to $59.3 million on pcp
- Mobile revenue grows 198% to $12.2 million on pcp
- Singapore holds ground in local currency despite aggressive price reductions

An evolving revenue base – from voice to data

Australian Data Business

- Strong revenue growth up 16.0% on pcp to $59.3 million
- All growth is organic, momentum in IP products
- Data 26.4% of total revenue in second half of year





Australian Data Business
EBITDA

- Data EBITDA loss of $0.3 million down from profit of $4.2 million for pcp

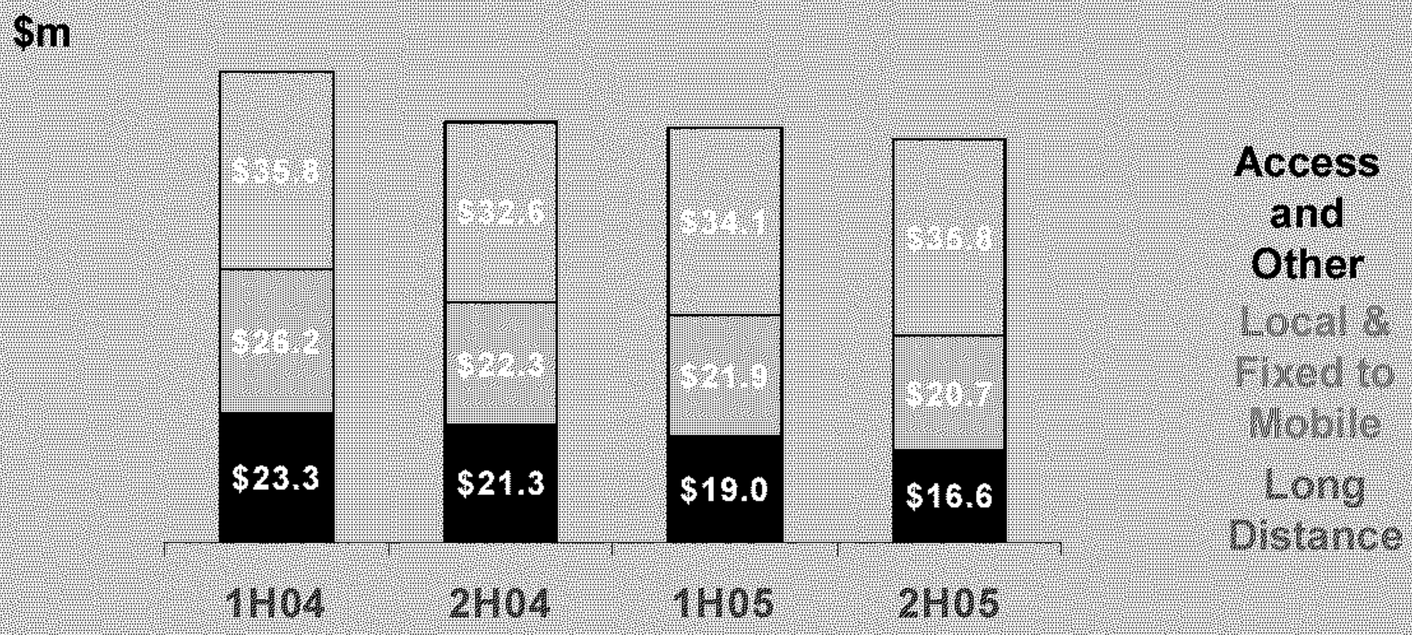
- Data EBITDA returns to profitability increasing from a loss $0.9 million in first half to a profit of $0.6 million in the second half

- Data profitability impacted by:
  - Investments in IP based products and service
  - Investment in enhancing depth and level of IP expertise

Investments crucial to meet customers increasingly sophisticated IP based needs

Australian Voice Business Revenue

- Voice service revenue of $148.1 million down 8.3% on pcp slowing to 2.6% reduction in comparison to prior half

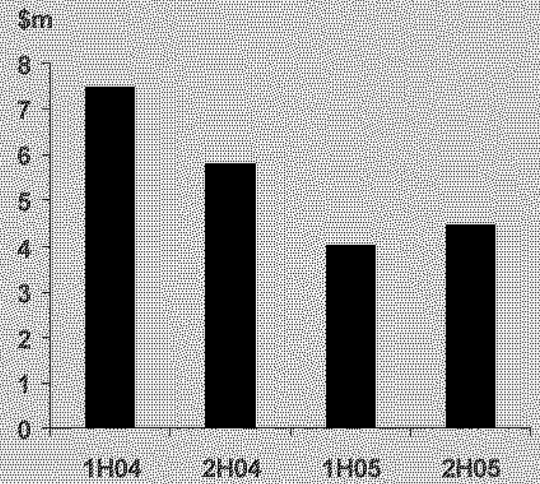


Voice revenue reduction slows, underpinned by good volume

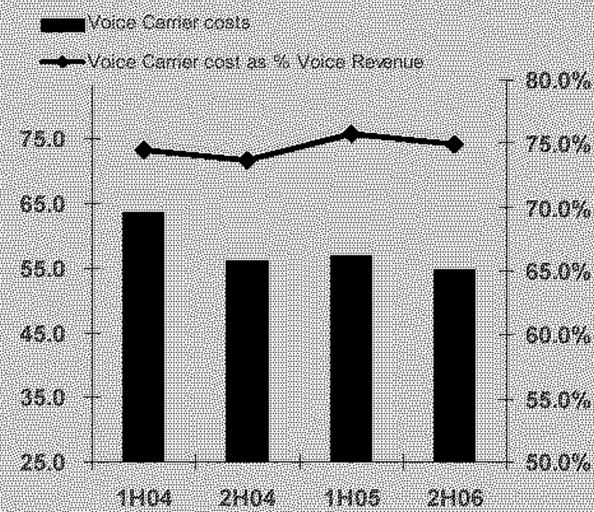
Australian Voice Business
EBITDA

- Voice EBITDA of $8.4 million down 36% on pcp
- Industry wide price pressure impacts voice profitability
- ACCC decision on FTM access needs to be fully implemented to level competitive playing field

Voice EBITDA



Voice Carrier Cost



Voice EBITDA erodes due to intense price competition

Macquarie Corporate Mobile

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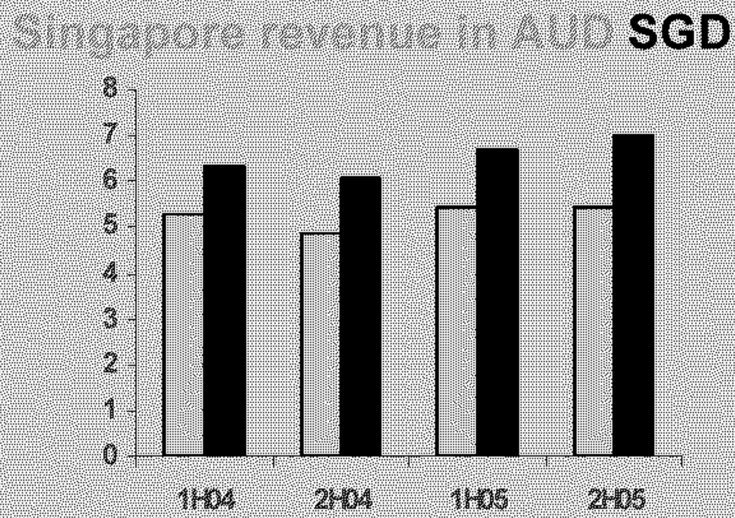
- Revenues grow to $12.2 million up 198% on pcp
- Competitive necessity for bundled solutions
- Integrated mobile billing and reporting
- EBITDA loss improves to $1.1 million with evolving revenue base

Mobile revenue is growing

Singapore Business

- Revenue up 7.4% on pcp to AUD$10.9 million
- Revenue growth despite aggressive price reductions and SGD depreciation against AUD
- Revenue up 10.4% on pcp in local currency



Singapore adds a regional dimension to Macquarie's business model

Financials

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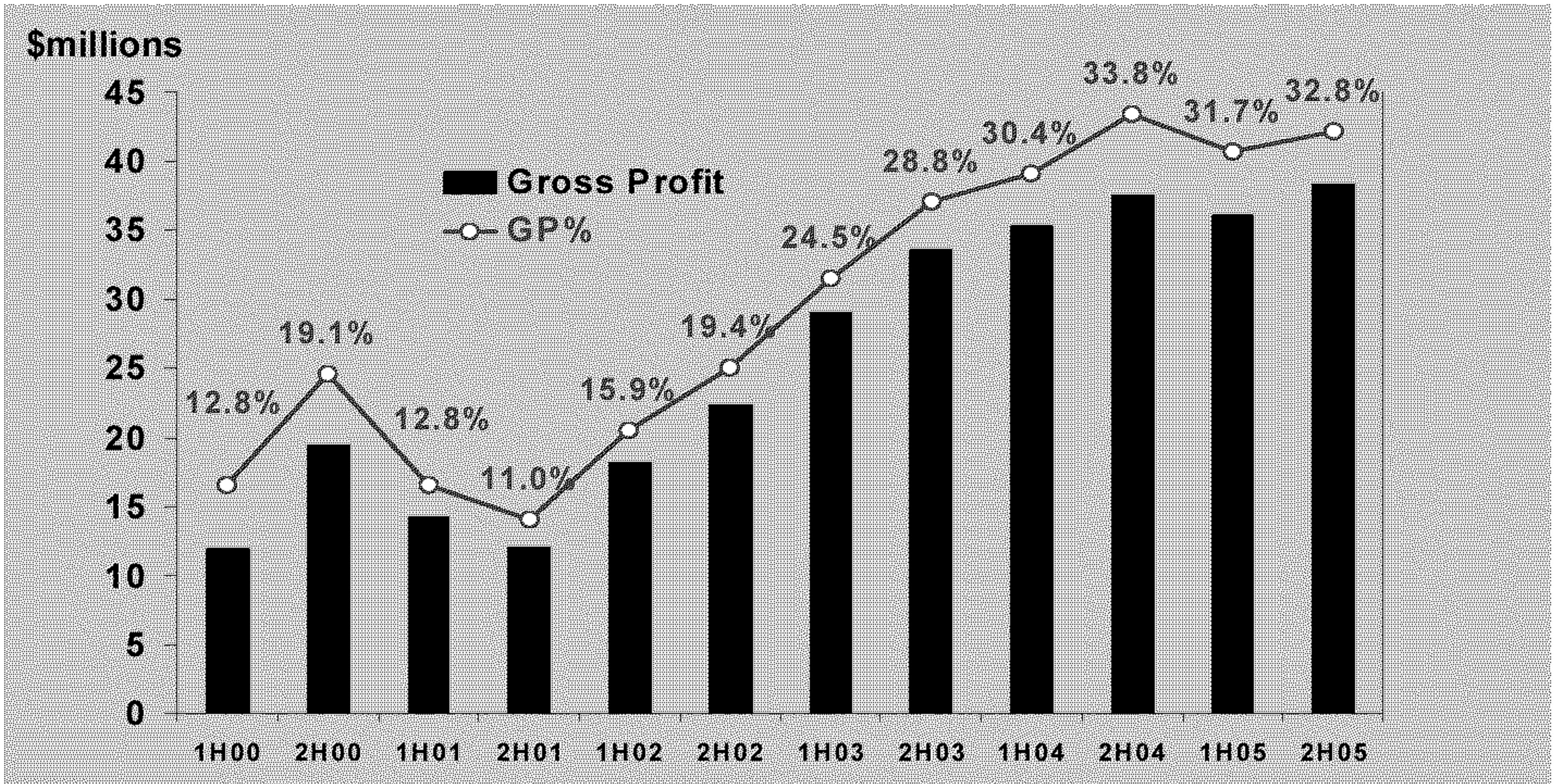
Year on Year

($ millions except customer numbers)	FY04	FY05
Revenue from services	**226.9**	**230.5**
Carrier Costs	**156.4**	**158.2**
Personnel Costs	**43.3**	**49.6**
Other Operating Costs	**19.2**	**22.0**
Total Costs	**218.9**	**229.9**
EBITDA	**7.9**	**0.7**
Depreciation & Amortisation	**8.7**	**11.4**
EBIT	**(0.8)**	**(10.8)**
Net Interest Income	**1.4**	**1.1**
Net Loss Before Tax	**0.7**	**(9.6)**
Tax	**(1.4)**	**2.2**
Net Loss After Tax	**(0.8)**	**(7.4)**
Capex	**11.3**	**14.7**
Total Number of Customers	2562	2970
Total Number of Employees	359	406

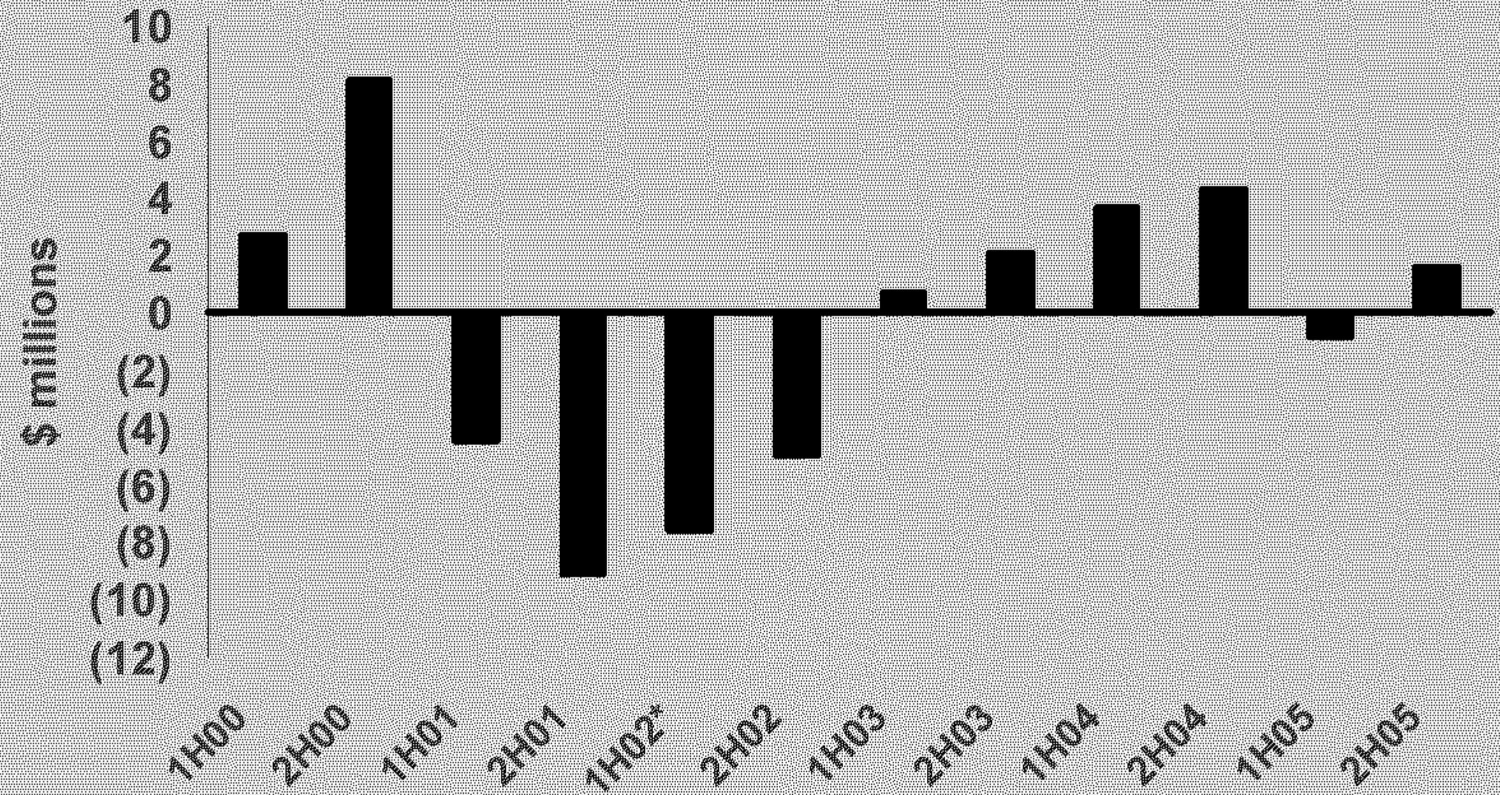
Total costs increase due to investments in marketing, branding, security and depth & level of IP expertise

Gross Profit



Gross profit improves despite voice price pressure

EBITDA



EBITDA within guidance

Laying the foundations for the future

- Operating cash flow was $5.3 million (FY04 $14.0 million) due to increased investment in operating activities

- Net cash outflow of $8.7 million due to capital investments of $14.7 million – Metro Access Network, Hosting, IP network and customer growth

- Further investment in security, hosting & IP

Capital investment impacts cash flow as expected

Regulatory priorities in 2006

- **Mobile Terminating Access Disputes**
  - Disputes with both Optus and Vodafone are with the ACCC for determination.
  - Interim pricing set by the ACCC in line with previously published ACCC pricing principals.
- **Unbundled Local Loop (ULL) Access Pricing**
  - Rates for access to Telstra's copper network offered by Telstra have been determined to be "unreasonable" by the ACCC in the ACCC's recent Draft Assessment. Final assessment is pending.
- **Regulatory Reform & T3 (cont)**
  - The package aims to deal with impediments to development of competitive markets, especially Telstra's vertical and horizontal integration and therefore aims to "operationally separate" parts of Telstra's retail and wholesale businesses.
  - Implementation issues will be worked through for rest of calendar 2005.

2006 Guidance

- EBITDA for first half FY06 expected to be similar to second half FY05
- Second half FY06 profitability to return to a solid growth curve as our investments begin to deliver profit benefits

Earnings back on growth path

Full Year Results 2005

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