Full Year Results 2008

Macquarie Telecom

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2008

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Delivering on Strategy
Building Momentum

Agenda

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2. EBITDA Growth
3. 2009 Guidance
4. Revenue Summary
5. Australian Data & Hosting Business
6. Australian Voice Business
7. Mobiles Business
8. Asian Business
9. Financials
10. Regulatory Priorities in 2009

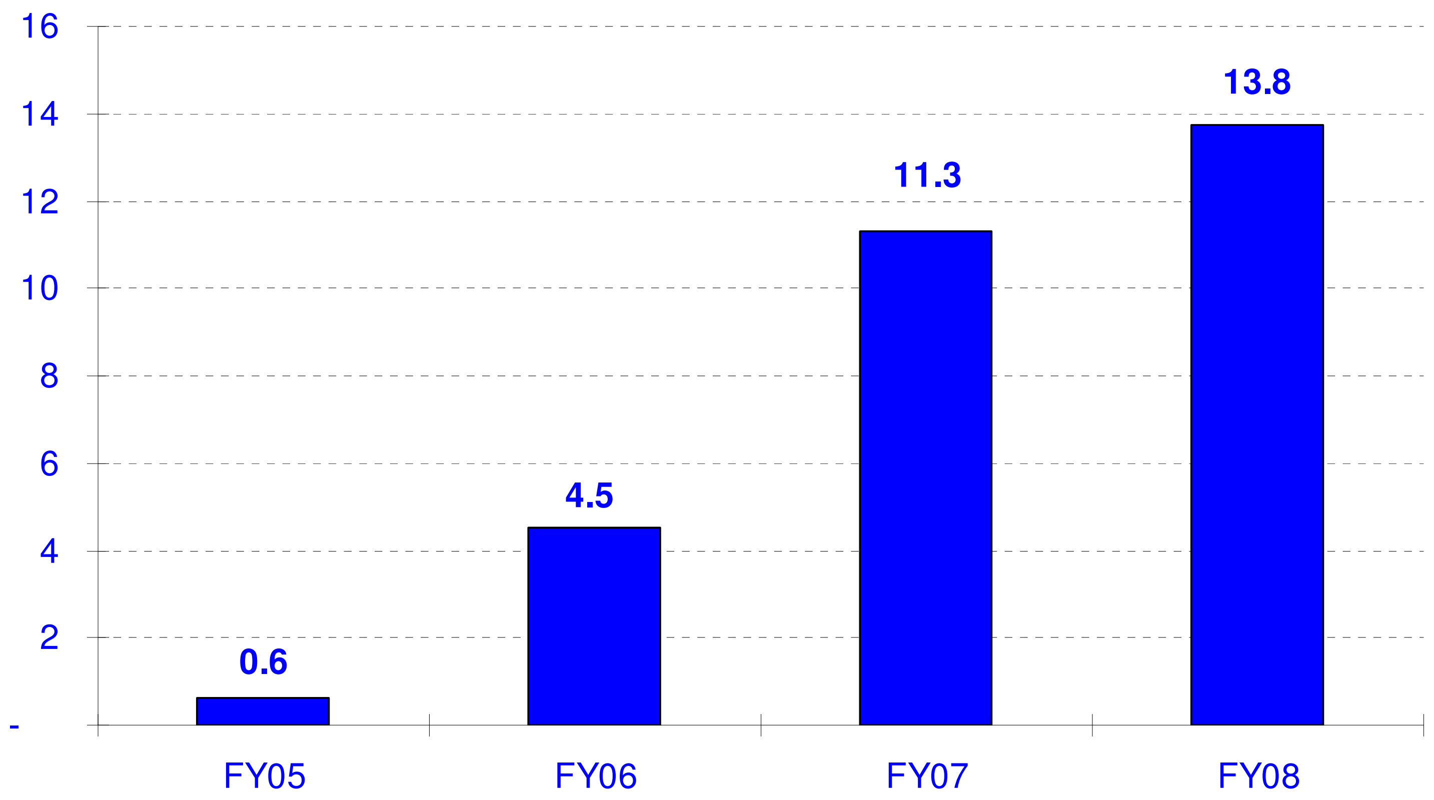
1. Full Year in Review

- EBITDA profit of $13.8 million up 22% on pcp and within guidance
- EBITDA as a % of revenue increased from 4.4% in FY07 to 5.6% in FY08
- Strong operating cash flows of $18.8 million
- Cash & cash equivalents of $22.6 million

Executing strategy within guidance

2. EBITDA Growth

$millions



EBITDA on solid growth path

3. 2009 Guidance

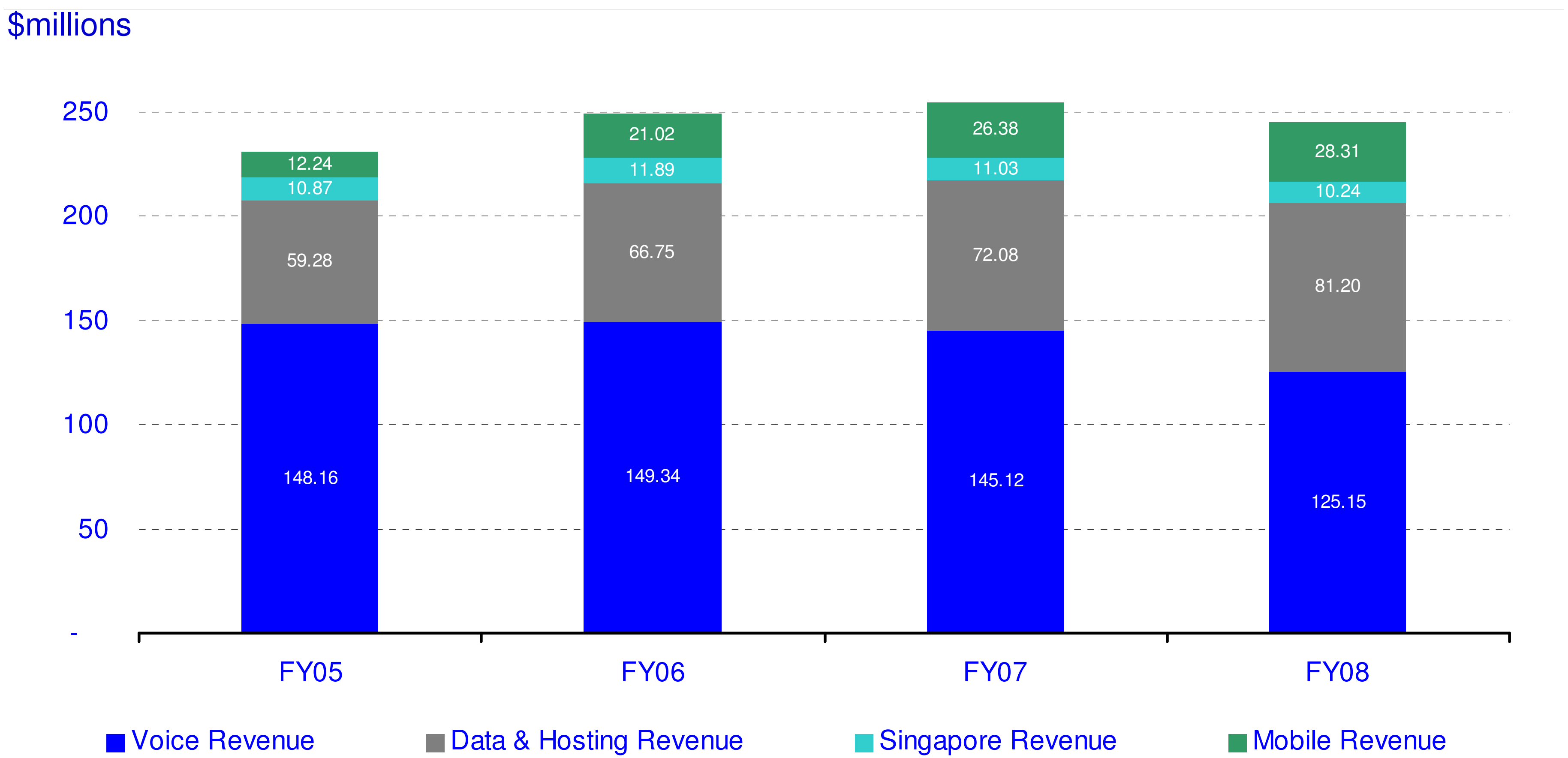
- FY09 profitability expected to continue on a solid growth path as our investments increasingly deliver profit benefits
- An update on progress on first half FY09 is expected to be given at the AGM

4. Revenue Summary – FY08

- Total service revenue down 3.8% to $244.9 million on pcp
- Data & Hosting revenue up 12.7% to $81.2 million on pcp
- Voice revenue down 13.8% to $125.1 million on pcp
- Mobile revenue up 7.3% to $28.3 million on pcp

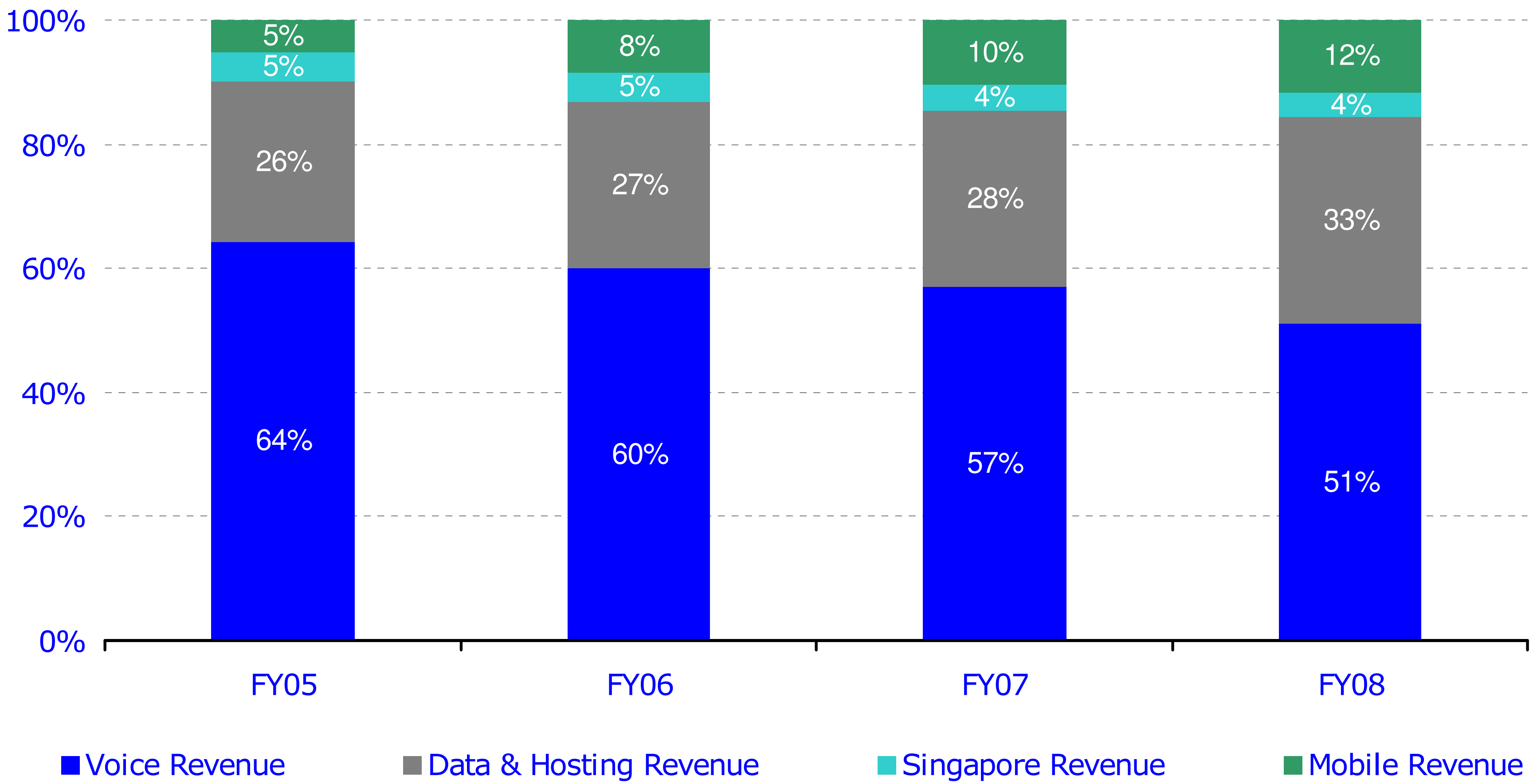
Revenue mix continues to improve

4. Revenue by Line of Business



Ongoing mix change towards higher margin business

4. Revenue % mix by Line of Business



Ongoing mix change towards higher margin business

5. Australian Data & Hosting Business

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- Hosting business is performing strongly
- FY08 Data & Hosting revenue up 12.7% on pcp to $81.2 million
- Data & Hosting 33.2% of total revenue in full year
- Investments in infrastructure leading to improving gross margins
- EBITDA profit grows from $6.0 million in FY07 to $9.4 million in FY08

Benefits of investment program flow through to the bottom line

5. Australian Data & Hosting Business

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- Hosting business leverages our primary data centre, the Intellicentre, to provide managed hosting services for mission critical applications
- Hosting success driven by Thought Leadership around
  - Green IT
  - Enterprise Server Virtualisation
  - Accredited Security

the green grid member

vmware authorized HOSTING PROVIDER

Microsoft GOLD CERTIFIED Partner | Advanced Infrastructure Solutions Networking Infrastructure Solutions

ISO 27001 ISMS

Australian Government Department of Defence

Hosting Business is performing strongly

6. Australian Voice Business

- Voice service revenue of $125.1 million down 13.8% on pcp
- Voice revenue reduction primarily attributable to continued industry wide price pressure and cessation of provision of wholesale voice services to other carriers
- Voice EBITDA falls 24.0% on pcp to $8.2 million

Defending voice profitability in the face of industry wide price pressure

7. Mobile Business

- Revenues grow to $28.3 million up 7.3% on pcp
- EBITDA grows from $0.7 million in FY07 to $1.6 million in FY08
- Continues to be an important element in bundled service solutions
- Growth in sophisticated and secure mobile data products

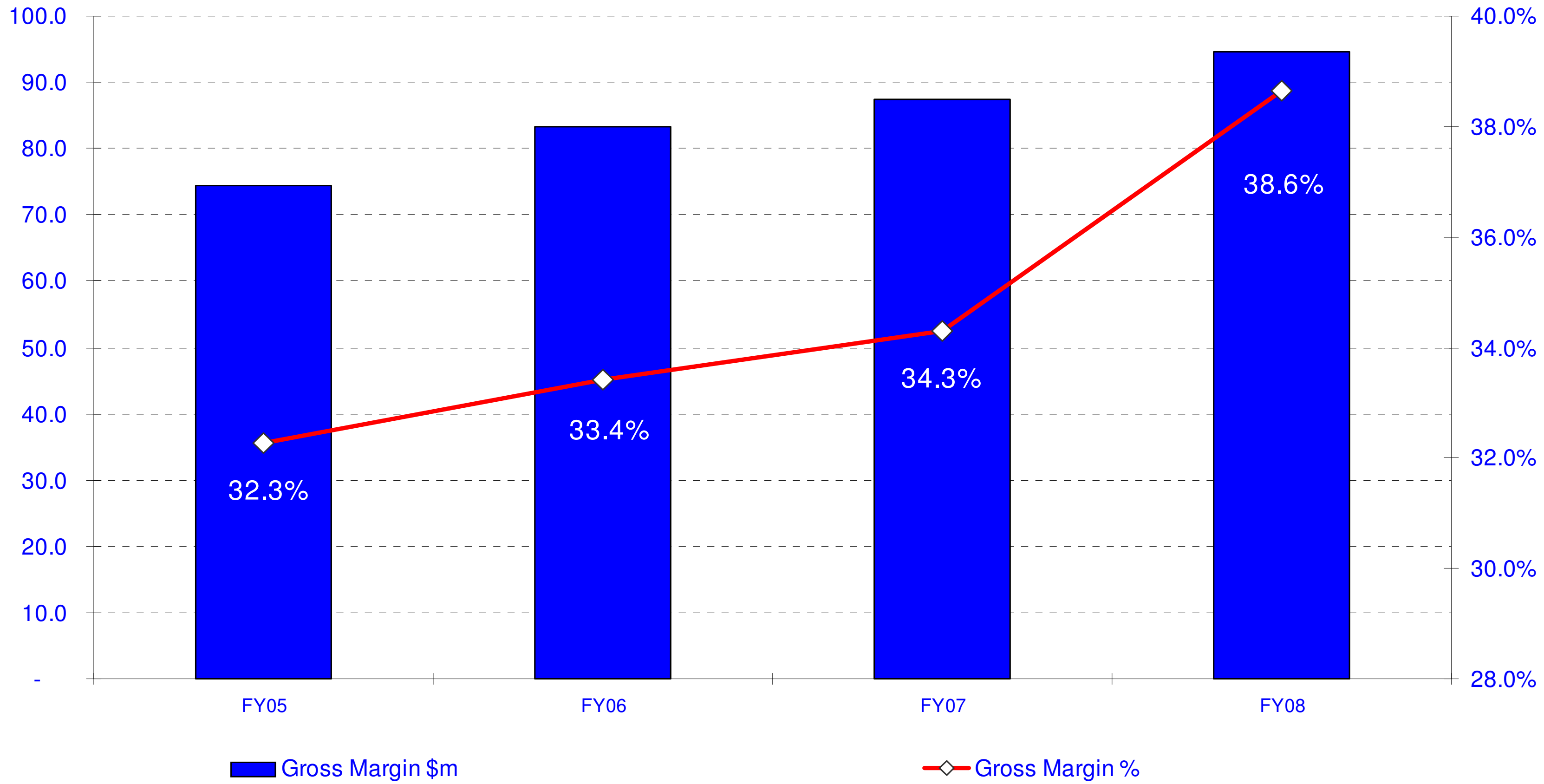
Mobile penetration into customer base continues

8. Asian Business

- Revenue down 7.2% on pcp to AUD$10.2 million
- Asian EBITDA of $0.1 million
- Investment in regional data network meets the needs of our regional customers
- The data offering, including the design and management of IP data network solutions, is gaining traction
- Regulatory framework changing

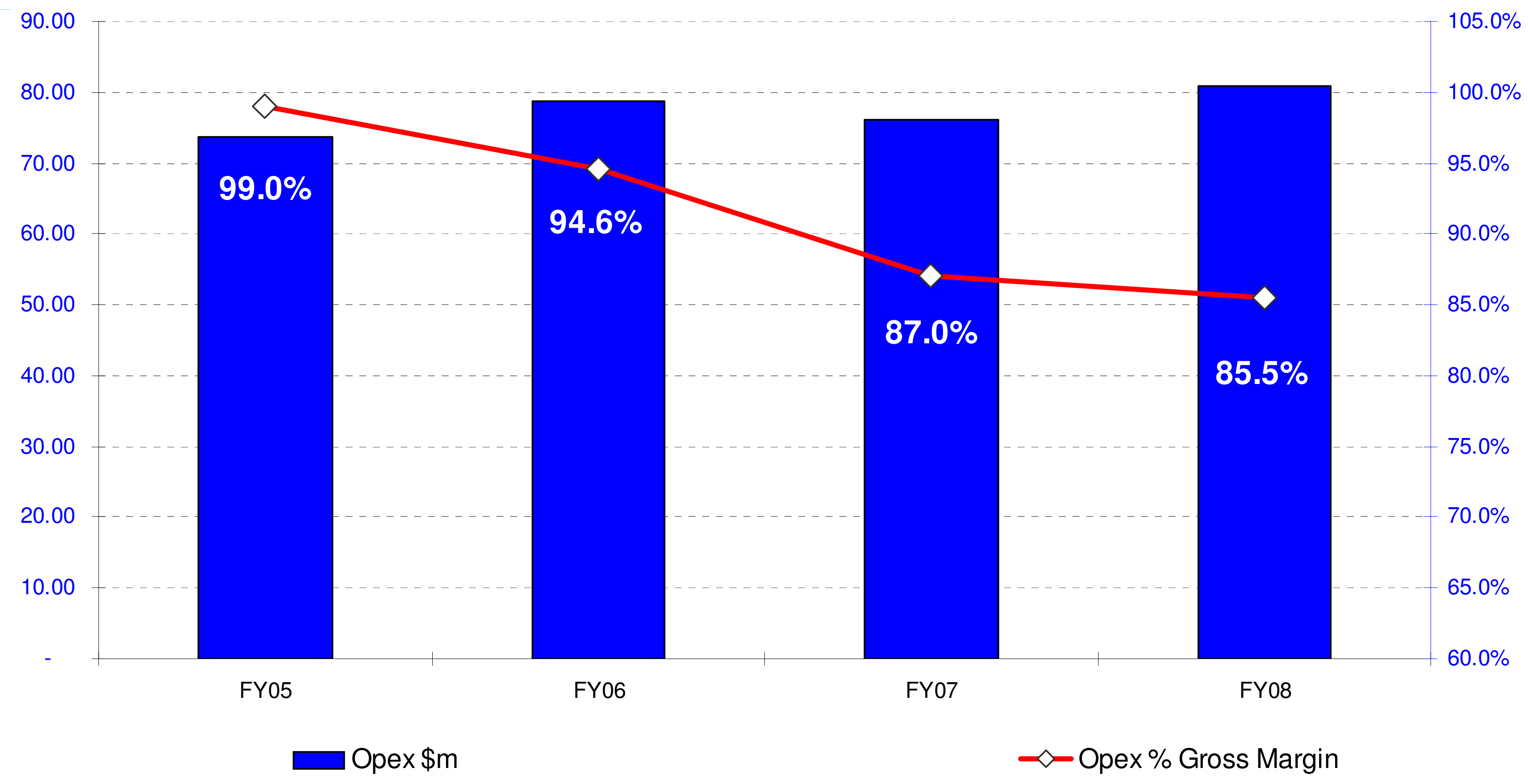
Adds a regional dimension to Macquarie's business model

9. Financials - Gross Profit



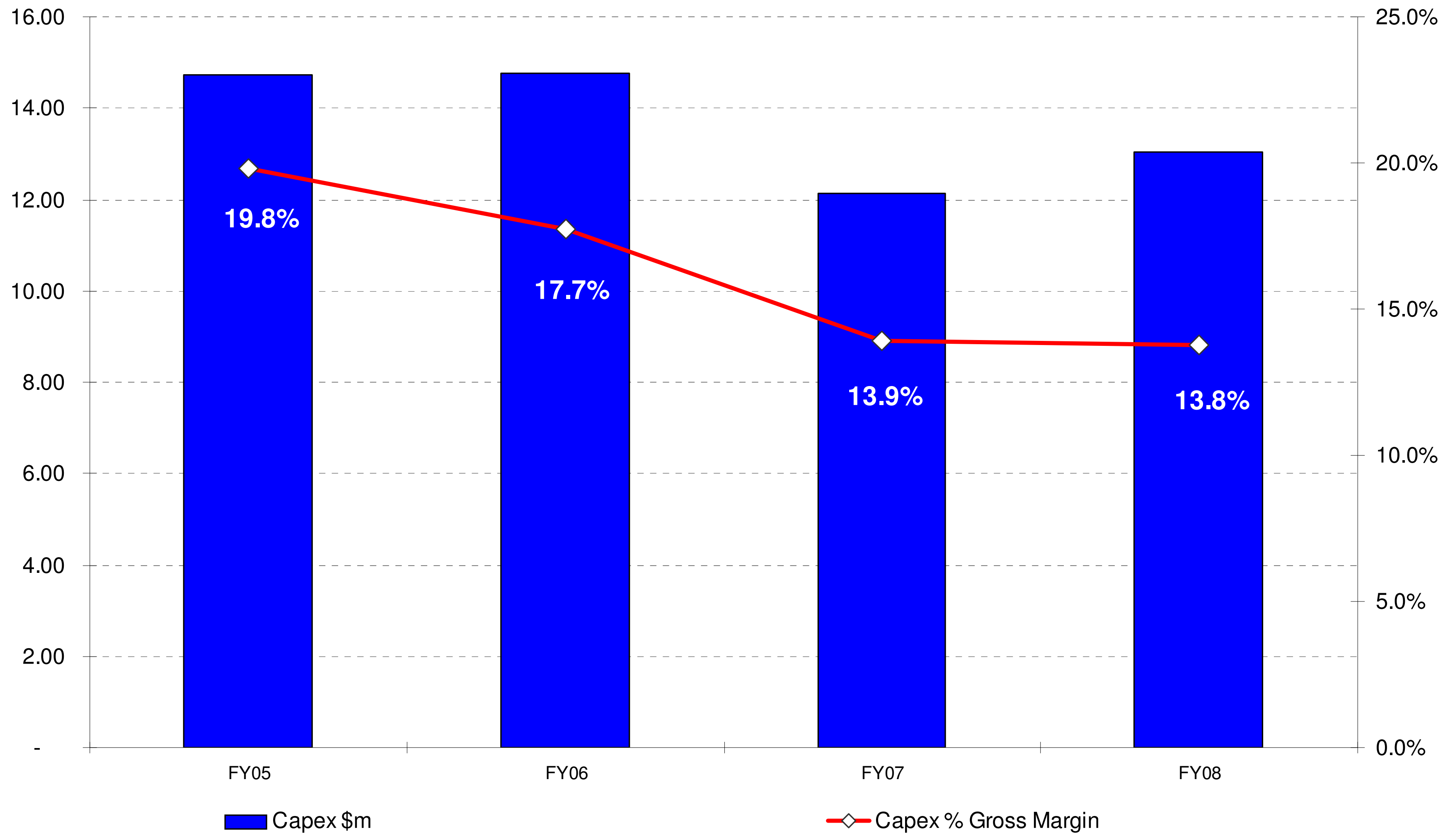
Gross margin grows in both dollar and % terms

9. Financials - Opex



Opex as a % of gross margin continues to reduce

9. Financials - Capex



9. Financials - Profit & Loss

Year on Year

($ millions)	FY07	FY08
Revenue from services	254.6	244.9
Carrier Costs	172.3	156.0
Personnel Costs	50.8	53.1
Other Operating Costs	20.2	22.0
Total Costs	243.3	231.1
EBITDA	11.3	13.8
Depreciation & Amortisation	15.4	15.4
EBIT	(4.1)	(1.7)
Net Interest	(0.1)	0.3
Net Loss Before Tax	(4.2)	(1.4)
Tax	0.6	0.2
Net Loss After Tax	(3.6)	(1.2)
Capex	12.1	13.0

9. Financials - Cash flow

Year on Year

($ millions)	FY07	FY08
Cash flows from Operating Activities	14.25	18.75
Cash flows from Investing Activities	(11.13)	(13.18)
Cash flows from Financing Activities	0.92	(3.01)
Net Increase/(Decrease) in Cash Held	4.04	2.56
Opening Cash & Cash Equivalents	15.96	20.00
Closing Cash & Cash Equivalents	20.00	22.56

9. Financials - Cash flow

- Cash & cash equivalents of $22.6 million at 30 June 2008
- Strong operating cash flow of $18.8 million
- Net cash inflow of $2.6 million
- Capex $13.0 million
- Additional funding capacity in place

Strong Balance Sheet

10. Regulatory priorities in 2009

- The key regulatory issues for the sector revolve around design and implementation of the Federal Government's National Broadband Network (NBN). Process and milestones relating to implementation of the new network are emerging.
- We are a founding member and shareholder in the Terria consortium (formerly G9) for NBN. An "open access' pro-competition model is being favoured by the Government and the Terria model conforms with this approach.
- Whilst deadlines have shifted, it is still the expectation of the Government that the winner of the right to rollout the NBN will be announced late calendar 2008/early 2009.
- Behind the backdrop of the NBN, existing and future regulation of services such as wholesale line rental, local calls and copper access are being progressed by the ACCC. Whilst "windback" of regulation has been mooted, the ACCC has not yet seen a need to minimise regulation of Telstra

Summary

- Our focus is driving profitable growth through leveraging communications technology change for medium to large sized business customers
- Strong platform and a proven track record of delivery to exclusively business customers
- Revenue mix continues to improve, with growing contributions from Data and Hosting

Macquarie Telecom is a business with momentum

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