

| Annual General Meeting
28 November 2008



Macquarie Telecom



Robert Kaye

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- Macquarie Telecom has a diverse customer base.
 - Macquarie Telecom delivers essential services to our customers.
 - Macquarie Telecom has experienced strong profit growth during the current economic crisis.
 - Macquarie Telecom expects this growth to continue despite recent financial turmoil.
 - Macquarie Telecom has strong operating cash flows with \$22.6 million in cash and cash equivalents and low levels of debt.
 - Macquarie Telecom is well positioned to take advantage of the current financial conditions.

| 2008 - Delivering on strategy



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- Third consecutive increase in year-on-year EBITDA profit.
 - High level of service through personal accountability.
 - Strength in management tools
 - Data & Hosting businesses continue to grow in both revenue and profitability.
 - Hosting business firmly established as market leader in mission critical application hosting.

Investment program translating into profitable growth

| 2008 Financial Highlights

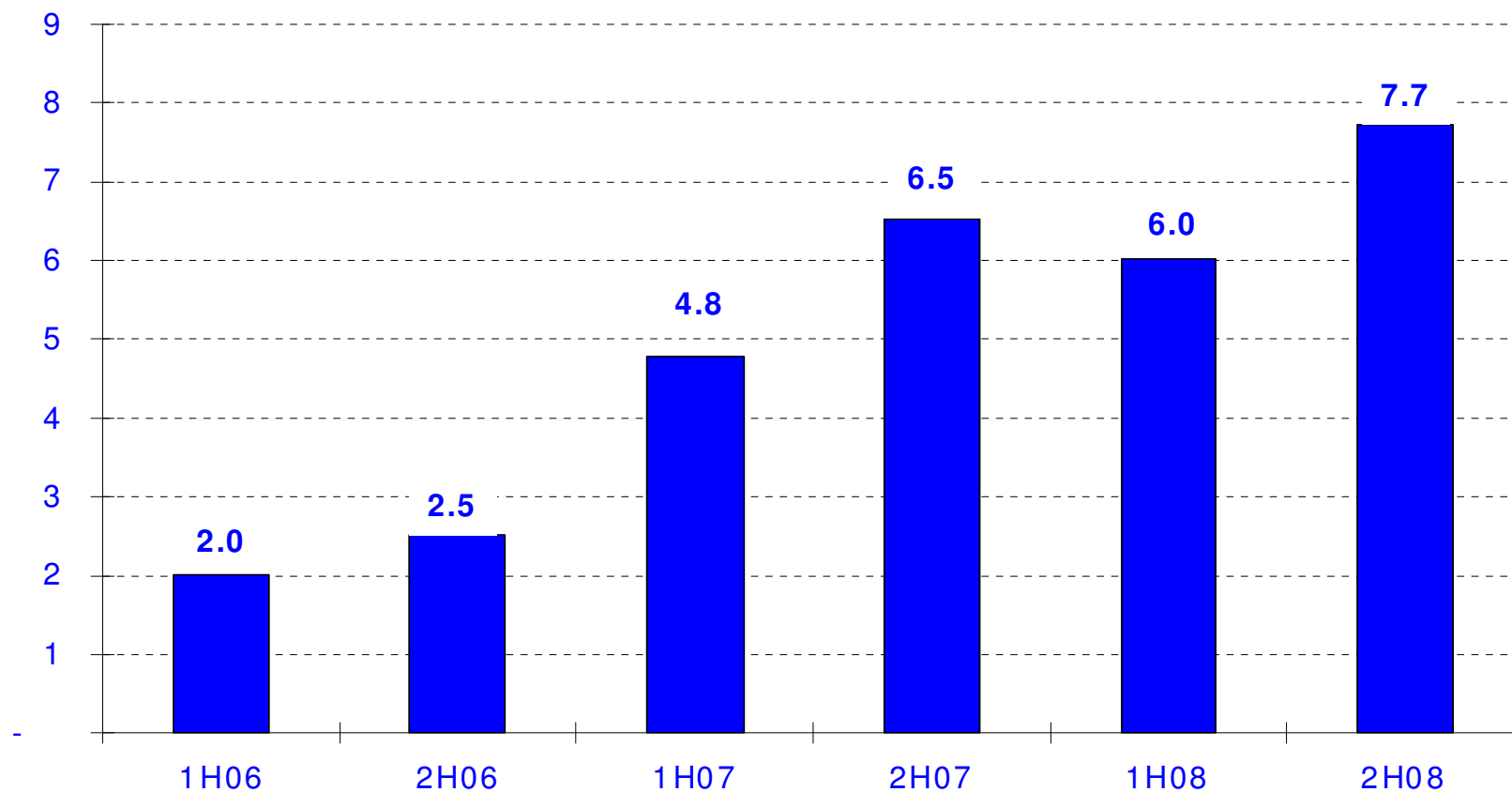


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- EBITDA profit of \$13.8 million, 22% improvement on pcp.
 - Data & Hosting revenue up 12.7% to \$81.2 million.
 - Data & Hosting EBITDA up 56% to \$9.4 million.
 - Mobile revenue up 7.3% to \$28.3 million.
 - Operating cash flows of \$18.8 million.
 - Cash and cash equivalents of \$22.6 million.

Executing strategy within guidance

| Profitable Growth

\$millions



EBITDA on solid growth path

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- Foundations to deliver future growth and profitability have been completed.
 - EBITDA profitability for H1 FY2009 expected to be between \$9 million and \$10 million.
 - Capital expenditure for the full year is expected to be approximately 5 to 6% of revenue.

A business with genuine momentum



David Tudehope



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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

Hosting Business is performing strongly



38 IT BUSINESS

Cutting energy use in the data centre

Contracts may be on the line if companies don't measure up on environmental policy

Ben Woodhead

A QUICK flick through the annual reports of the largest corporations here and overseas shows that many captains of industry have been bitten by the climate change bug and most will finger technology for a share of the blame.

For those companies' suppliers the pressure is mounting to ensure that products meet the green-friendly prerogatives of Fortune 1000 and ASX200 members, or contracts may be on the line.

At Macquarie Telecom the pressure is acute, with the Department of Environment and Water Resources and the National Water Commission among its customers.

"Multinationals, large corporations and government agencies are very mindful of it and spend time with you to understand your green credentials," Macquarie Telecom hosting managing director Aidan Tudehope says.

"We are more at the stage today where it's a contributing factor to the decision, so I don't think it's a veto criterion, but it absolutely will become one."

Fortunately for Macquarie, the sustainability push coincides with the company's own efforts to pare back its impact on the environment, which Tudehope says

CASE STUDY MACQUARIE TELECOM

The problem: Environmental concerns weighed heavily on Macquarie Telecom as shareholders and customers looked to the company to establish its green credentials.

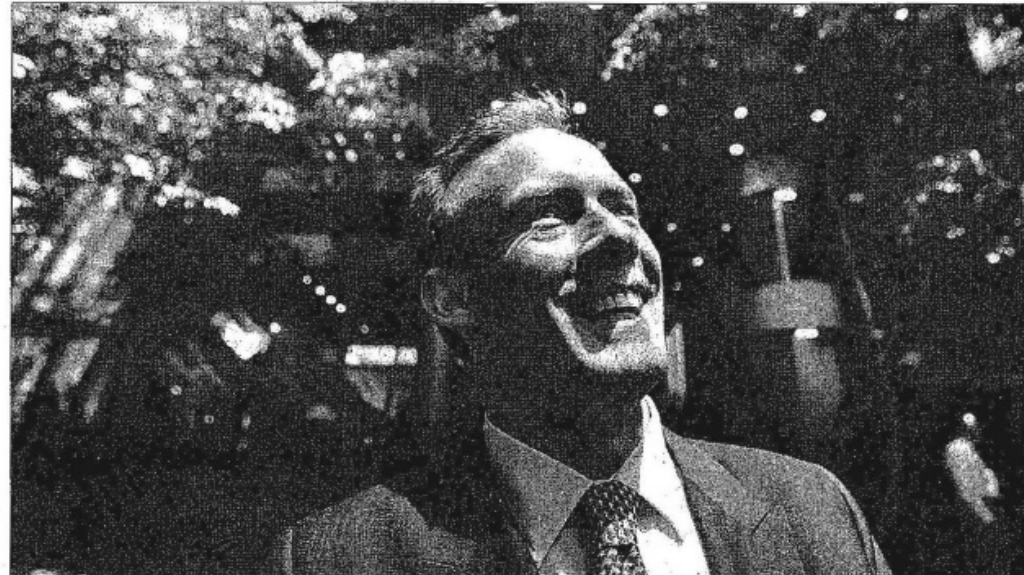
The process: In the first phase of the eco-friendly IT strategy Macquarie installed electricity metres on server racks, raised operating temperatures and tweaked cooling designs.

The result: Over two months the company reduced its facility's power consumption by 6 per cent.

started purely as a green concern but is emerging as a cost-saver for the business.

Macquarie, like most big corporate and government IT users only kicked off its eco-friendly campaign in the past year, but Tudehope says it has been able to score some early wins, including a 6 per cent reduction in power consumption at its hosting centre in just two months.

"Last financial year was the start of the program and this financial year it hits very strongly in our operating plan," Tudehope says.



Green credentials: Aidan Tudehope

Macquarie is exploring a range of information technologies, such as virtualisation and new server hardware to drive down energy consumption, but there are a few basic first steps organisations can take, Tudehope says.

Those steps include metering individual server racks to measure electricity use, and finessing the

design of the Macquarie Intellicentre hosting facility's cooling systems, which both contributed to the 6 per cent energy saving.

"The IT space is a heavy consumer of energy and therefore has a significant carbon footprint," Tudehope says.

"If you can't measure and monitor something, the chances

are you're not going to change whatever it is you want to change."

The metering has confirmed generally held views that the biggest consumers of energy are data centre cooling, and the computer power units and storage systems inside servers.

Cooling and server operations

are tightly linked and companies such as Macquarie typically consume kW of power in cooling for every kilowatt used to run computer equipment.

According to Tudehope, Macquarie has taken a number of steps to make its cooling systems more efficient, including plugging gaps between floor tiles so chilled

air running beneath the facility is only pumped directly into server racks.

The company has also set aside commonly held assumptions about the best temperature at which to operate gear.

"There's often a view that you need to have a computer room running at 16 degrees Celsius," Tudehope says.

"IT equipment doesn't need to run at 16 degrees, it is very happy running certainly into the low 20s and for some items even into the mid-20s. For every degree you increase the temperature, there's an immediate impact on your carbon footprint."

Macquarie has also begun to turn the screws on its suppliers as it moves to consolidate early gains and increase energy savings resulting from green IT strategy.

The telco expects to decide a major server contract in the next few weeks that will account for a big lump of the Intellicentre's \$6 million a year capital budget, and Tudehope says environmental concerns are important in the tender process.

The company is also deploying VMware virtualisation technology that will deliver benefits, including reduced power consumption.

"There's a lot of vendor hype in the marketplace and numerous vendors are very clearly articulating their green credentials. We've had to understand those credentials and how we can benefit from them because there is no standard matrix through which you can easily compare one server manufacturer against another."

Pictures Sam Mooy

Macquarie Hosting Enterprise Virtualisation



THE AUSTRALIAN TUESDAY SEPTEMBER 30 2008

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Mac Telcom secures \$1m Global Red deal

Mitchell Bingham
Hosting

MACQUARIE Telecom's hosting arm has secured a three-year deal worth \$1 million with Australian marketing agency Global Red to host a range of mission-critical online applications.

Macquarie Hosting will house Global Red's customer relationship management, campaign management and analytical applications on its VMware ESX Server 3.5 managed hosting platform at the company's ISO and DSD Gateway certified data centre, the Intellicentre.

Global Red managing director Mark McCormick said Macquarie Hosting was chosen for its ability to offer a scalable platform capable of increasing infrastructure capacity to cope with peaks in online traffic.

"Our existing clients plus the ones we are winning now are large organisations that require many mission-critical services, so it's imperative that we have the capacity and expansion ability to grow on demand," he said.

"The growth capacity and opportunity for us is substantial. We're expecting this hosting deal will help us double the

business we have with our existing clients."

Global Red's marketing campaigns, which included web, SMS, call-centre, point-of-sale and customer-loyalty programs, generated average customer traffic in the millions per month for its clients, Mr McCormick said.

"It is critical for Global Red to be able to provide our clients with the fastest way to deliver market-leading initiatives and targeted cut-through campaigns.

"We also need to ensure that our customers have a smooth and reliable experience when they interact with the brand across all channels," he said.

Before the deal Global Red hosted most of its mission-critical applications with NTT Australia, but the data centre provider's inability to provide fully managed services led Global Red to search for an alternative hosting partner.

"Some of our clients include major financial companies such as Commonwealth Bank, Westpac and MasterCard so we really need best-of-breed services to ensure security and due diligence," Mr McCormick said.

"The Macquarie Hosting solution gives us access to best-of-breed infrastructure, which scales rapidly with our business without the need to invest in additional hardware."

Mark McCormick,

Managing Director

Global Red

Macquarie Hosting Accredited Security



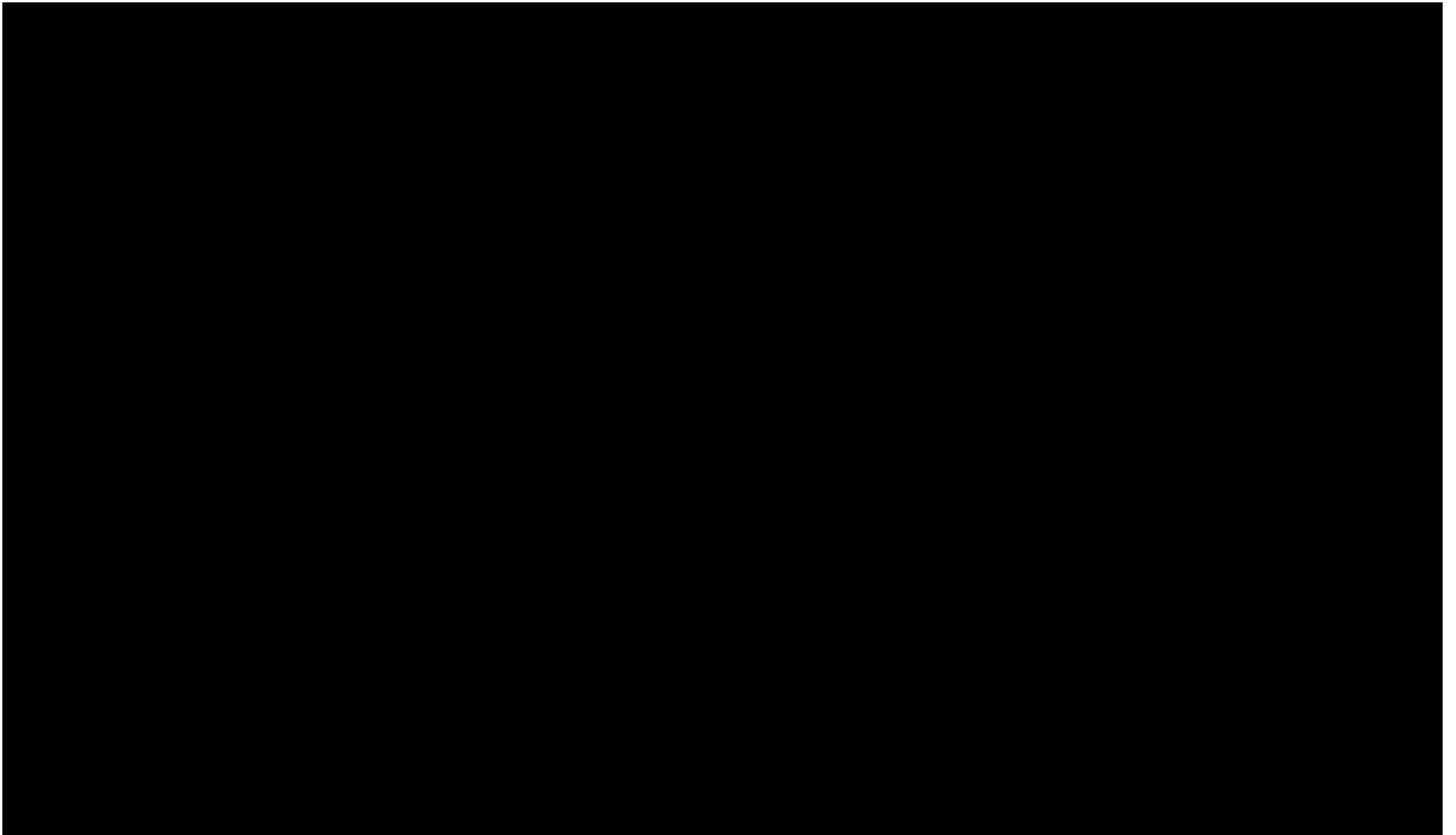
Unparalleled security accreditations including:

- Australian Standard ISO27001: 2005
- Microsoft® Gold Certified Partner
- VMware® Authorised Hosting Partner
- Red Hat® Enterprise Hosting Partner
- Defence Signals Directorate Gateway (DSD)
- PCI Compliance Certificate



| Macquarie Hosting

What Customers are saying



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- Our focus is driving profitable growth through leveraging investments and continuing to deliver exceptional service to our customers.
 - Continued investment in security, hosting and IP-based products.
 - Sustainable profitable growth in 2009 and beyond.
 - Fully funded operating plan.

Macquarie Telecom is a business with momentum

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