

MACQUARIE TELECOM GROUP LIMITED

ANNUAL GENERAL MEETING

FRIDAY, 28 NOVEMBER 2008

CHAIRMAN'S ADDRESS

Ladies and gentlemen, good morning. My name is Robert Kaye, the Chairman of Macquarie Telecom Group Limited, and I would like to extend a warm welcome to shareholders at the Annual General Meeting for 2008.

INTRODUCTION OF BOARD

I would like to introduce you to the Board Members seated here with me this morning:

David Tudehope – David is co-founder and Chief Executive of Macquarie Telecom. In addition to supervising the general management and strategic direction of the company, David is also actively involved in Macquarie Telecom's participation in regulatory issues.

Aidan Tudehope – Aidan is co-founder and Managing Director of our Hosting business. He has played a key role in establishing and growing Macquarie Telecom's Singaporean, data networking and Intellicentre strategies. Prior to taking on the leadership of the Hosting business, Aidan was Chief Operating Officer responsible for the design and delivery of operational excellence within Macquarie Telecom.

John Palfreyman – John's career spans more than 20 years in the IT industry. He was executive chairman of 90East Inc, an Australian supplier of managed security services to federal government agencies, until the company's successful trade sale in early 2004. John joined the Board in July 2004 and is chairman of the Audit and Risk Management Committee and a member of the Corporate Governance, Nomination and Remuneration Committee.

Stephen Butler – Stephen is currently a division director within the Infrastructure Technology Group of Macquarie Group Limited. He has held board positions with PowerTel and WiTel Communications Australia, and advisory board positions with Newbridge Networks, Argon Networks and Edge Broadband Ltd. He joined the Board in July 2004 and is a member of the Audit and Risk Management Committee and the Corporate Governance, Nomination and Remuneration Committee.

I would also like to introduce Albert Koolmees, the Company Secretary and Michael Simmonds our Chief Financial Officer.

BUSINESS OF MEETING

I will now take a moment to outline this morning's agenda. First you will hear an address from me and then from David. We will give you a brief overview of Macquarie Telecom's recent performance and overall business strategy. Then we will proceed to the ordinary business of the meeting.

ORDINARY BUSINESS

We will consider three items of ordinary business:

1. The receipt of the financial statements and accompanying reports;
2. The adoption of the remuneration report for the year ended 30 June 2008; and
3. The re-election of Aidan Tudehope as a Director

OTHER BUSINESS

There has been no notice of other business validly given by any member under the Corporations Act 2001.

NOTICE OF MEETING

The notice of meeting was sent to all members. Can I take it that the notice of meeting convening this meeting is to be taken as read? Thank you.

MINUTES OF THE PREVIOUS GENERAL MEETING

The minutes of the previous general meeting of members of the company, which was the Annual General Meeting held on 27 November 2007, have been approved by the Board and signed by the Chair. The original minutes are tabled and are available for inspection by any member wishing to see them.

And now the Chairman's Address.

Once again, thank you for coming along today. I would like to open this year's Chairman's address by highlighting that Macquarie Telecom is in a strong position to face the challenges and capitalise on the opportunities emerging from the current Global Financial Crisis.

Macquarie Telecom has a diverse customer base spread across many industries and company sizes. We deliver essential services to these customers and are an integral part of their business.

We have experienced strong profit growth during the current economic crisis and expect this growth to continue despite the recent financial turmoil as evidenced by our earnings upgrade released earlier this month.

Macquarie Telecom has strong operating cash flows with cash and cash equivalents of \$22.6 million as at 30 June 2008 and small leasing commitments. Our low gearing and strong operating cash flow positions us well to take advantage of opportunities that may surface as a result of the current financial conditions.

This is my fifth AGM as Chairman, and I am pleased to report to you today that in 2008 Macquarie Telecom continued to improve its financial performance as the benefits from our strategic investment programs in infrastructure, IP-based products, services and data and security expertise have been realized.

Genuine momentum exists within the business and our results confirm that we are not only delivering on our strategy, but that it is successfully positioning the company for sustainable profitable growth. We have now achieved our third consecutive increase in year-on-year EBITDA profit. This reflects the translation of these investment programs into increased profitability, especially in our higher margin Data & Hosting businesses.

Supporting this profitable growth has been the ongoing progress we have made in becoming an integral part of our customers' businesses, as we assist them in adapting to changes in both economic and technical environments. In our continued pursuit of an ongoing strategy of differentiation, we are committed to ensuring that we provide our customers with higher levels of service through personal accountability, as well as offering them the management tools they need to manage their communication needs.

During 2008 Macquarie Telecom's Data & Hosting business continued to grow in both revenue and profitability. Of particular note was the strong performance of Macquarie Telecom's Hosting business, which focuses on design, sourcing and delivery of dedicated hosting solutions for critical online applications. In 2008 we enjoyed a continuation of the momentum which has been building over previous periods, with the Hosting business firmly establishing itself as the market leader in mission critical application hosting.

Shortly I will hand over to Chief Executive Officer, David Tudehope. But before I hand over to David, I would like to briefly review the past year and outline what the year ahead holds for the company.

As I have mentioned, our strategy to invest in higher margin businesses is having a positive impact on the company's financial results, with the 2008 full-year result being in line with expectations.

- Overall, the company recorded a full-year EBITDA profit of \$13.8 million – a 22% per cent improvement on the previous corresponding period
- In the 12 months to June 30 2008, Macquarie Telecom delivered revenue improvements across its Data & Hosting and Mobiles businesses. Total service revenue was \$244.9 million, a decrease of 3.8% compared to the corresponding period.
- The revenue mix has continued to improve, with a bigger contribution from Data and Hosting, underlining Macquarie Telecom's shift toward higher margin operations.
- Data and Hosting revenue grew by 12.7% and now represents 33.2% of Macquarie Telecom's total service revenue. The Data & Hosting business generated an EBITDA profit of \$9.4 million, up 56% on the corresponding period.
- Macquarie Telecom's Voice business generated revenue of \$125.1 million, down 13.8% from the corresponding period, and delivered an EBITDA profit of \$8.2 million down from \$10.7 million in 2007. The voice services market again came under intense price pressure, reinforcing Macquarie Telecom's ongoing strategy to reduce reliance on voice service revenue and focus on higher margin businesses, such as data and hosting.

- Mobile revenue rose 7.3% to \$28.3 million with continued growth in sophisticated mobile data products. Mobiles are an important element of Macquarie Telecom's strategy of offering bundled solutions to customers across all areas of telecommunications. Mobiles recorded an EBITDA profit of \$1.6 million up from \$0.7 million in the previous corresponding period.

Capital Expenditure for the full year was \$13.0 million, up from \$12.1 million in 2007. We maintain a healthy balance sheet, with strong operating cash flows of \$18.8 million, and cash and cash equivalents of \$22.6 million as at June 30.

The improvement in EBITDA is illustrated by this graph showing Macquarie Telecom's EBITDA is on a solid growth path.

So ladies and gentlemen, the foundations to deliver future growth and profitability have now been completed and are being reflected in the company's financial results. EBITDA profit for the first half FY2009 is expected to be between \$9 and \$10 million and we expect to achieve a Net Profit after Tax (NPAT) for the first half of fiscal 2009 as Macquarie Telecom's investments increasingly deliver profits. Capital expenditure for the year is again expected to be approximately 5 to 6% of revenue.

Our focus in the year ahead remains on the execution of the strategies we have outlined in the past few years. We will continue investing in our core infrastructure and in our portfolio of security, hosting and IP based products to enhance our competitive position, whilst maintaining a disciplined approach to execution and operational efficiency, and focusing on providing excellence in Personal Accountable Service.

To conclude ladies and gentlemen, we enter the new financial year confident that our strategies are working and that there is genuine momentum in place to grow Macquarie's market share in the evolving and converging telecommunications market.

I will now hand over to David Tudehope, Chief Executive of Macquarie Telecom.