

MACQUARIE TELECOM GROUP LIMITED

ANNUAL GENERAL MEETING

FRIDAY, 18 NOVEMBER 2016

CHIEF EXECUTIVE'S ADDRESS

Thank you, Peter, and welcome shareholders. I'm David Tudehope, Chief Executive of Macquarie Telecom Group.

Peter has given you a brief overview of Macquarie's recent performance and guidance for the future.

I would now like to take this opportunity to give you an update on developments during the past year and our overall business strategy.

I am pleased that our strategic and operational plan has delivered strong profit growth during the financial year.

In July 2016, we launched our Brand evolution to reinforce our differentiation and our passion to make a difference in customer experience as measured by our market leading Net Promoter Score (NPS).

As part of this Brand evolution we have created three new brands around our customers. They will be known as: Macquarie Telecom, focussed on mid-large sized business customers; Macquarie Cloud Services, focussed on tech businesses and Digi SaaS customers; and Macquarie Government, focussed on cyber security and cloud for Government customers. Our Hosting business comprises the Cloud Services and Government brands.

Our continued focus on providing an outstanding customer service experience has been a major driving force behind the Company's continued profit growth. We have achieved this by our total adoption of NPS. In 2017 we will continue to focus on maintaining our NPS above +60 across our businesses.

In the current year our Hosting business will focus on capacity expansion activities at Intellicentre 2 and 4, in response to continued customer growth at these data centres, and by leveraging the 42% of the Australian Government who trust Macquarie Government to further grow revenue in cyber security and secure cloud computing. Our Telecom business will invest in new data networking technology and the insourcing of network operations to materially reduce costs and further improve service delivery.

The National Broadband Network is now well underway with some one million plus businesses and homes able to be connected to the service as at the end of the financial year. The NBN is a pro-competition reform for our Telecom business as it plays to our core strengths of superior customer service, product innovation and price. Our Cloud Services business also benefits as high speed access to data centre-based information and applications becomes more widespread. Cloud Services has successfully grown through winning several significant software-as-a-service cloud customers and compliance driven IT infrastructure deals on their VMWare private cloud platform.

The year has also seen the development of a raft of Federal Government Cyber Security Policy statements, the development of the Digital Transformation Agency and "Cloud First" policy adoption initiatives. All of these endeavours confirm the importance of our Federal Government business to the future successes of the Group.

In closing, I would like to express my gratitude to the management team and our staff for their dedication and hard work during the past year and thank our business partners, customers and shareholders for their ongoing support.

Thank you all for being here today. I look forward to the year ahead. I will now hand back to the Chairman, Peter James.