

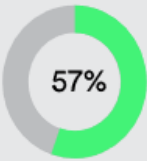
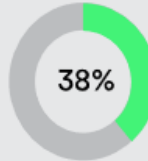
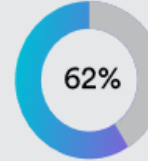
Full Year Results.

2019

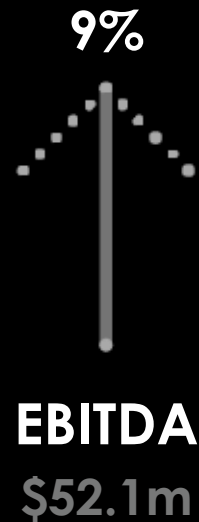
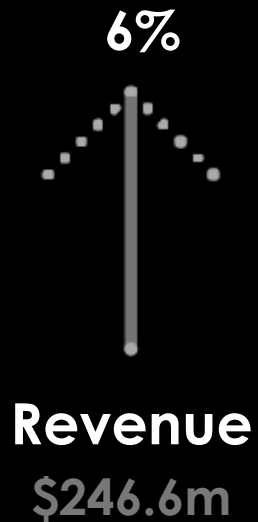
27 August 2019

CEO Presentation.

Business Summary

Business Areas	 macquarie TELECOM	 macquarie CLOUD SERVICES	 macquarie GOVERNMENT	 macquarie DATA CENTRES
Percentage of Revenue and EBITDA in FY19	 57% Revenue  38% EBITDA		 43% Revenue  62% EBITDA	
What we do	For business, we are the full service provider of data, voice, mobile, & colocation services. We are the telecom that does everything refreshingly different. We are where the Macquarie story started.	For business customers we are the specialists in hybrid IT. We integrate colocation, cloud & dedicated servers. Different applications need different types of hosting. We manage it.	We are the Australian specialists in cyber security, secure cloud & colocation for Federal Government. We deliver services to 42% of Federal Government agencies.	We are developers & operators of data centres for wholesale customers including underpinning our three internal BUs' colocation services.
Value proposition	Customer Service, Price, Choice, Flexibility, Control	Customer Service, Specialised and Compliant Hosting. For apps not suitable for Public Cloud	Customer Services, Security Operations Centre (SOC), Cyber Security, ASD-Certified Cloud, Data Centre in Canberra	Customer Services, Commercial and Design Flexibility, Physically Secure for Federal Government, Highly Certified, Local and Data Sovereignty, Proven track record
Competitors	 OPTUS  TPG  VOCUS	 NEXTDC  INHOUSE  amazon web services™  rackspace 	 verizon  INHOUSE  DXC DXC.technology	 NEXTDC  EQUINIX  GLOBAL SWITCH  AIRTRUNK
People / Skill	Generalist for Voice & Mobiles TC for Data & Colo know Business Drivers	Cloud Specialists: Custom and Compliant	Cyber Security and Hosting Specialist know Government Drivers	Australian Data Centre Specialists

4 Key Business Highlights.



- Ten consecutive halves of revenue and EBITDA growth
- EBITDA CAGR of 17.3% over the last three years
- Hosting revenue continued to grow on the back of strong sales and order implementation
- Telecom migrated thousands of services to the nbn network in line with plan
- Primary focus on customer service with an ASX leading net promoter score of +70
- Net profit after tax impacted by an increase in depreciation due to capex investment to drive future growth



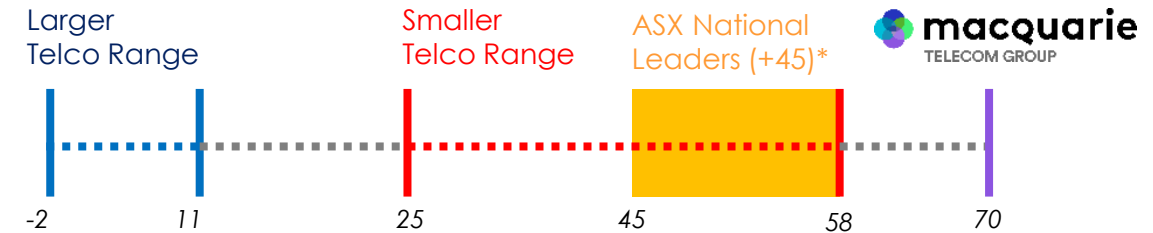
A Differentiated Offering.

6 Customer focus...

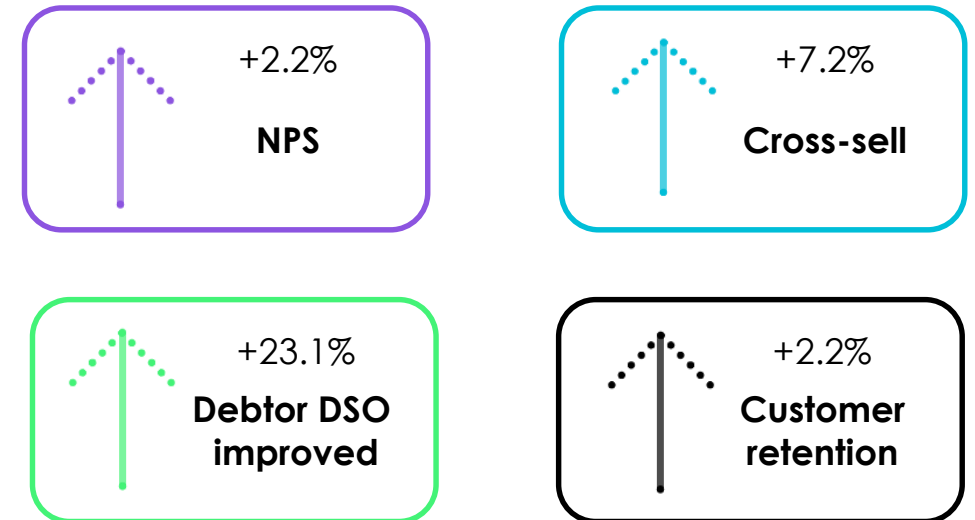
- Our continued focus on providing a great customer experience is core to our service offering & differentiation
- Macquarie's net promoter score (NPS) is +70 for Q4 FY19 – Australian leading NPS
- NPS is the measure of customer loyalty that is assessed on a scale of -100 to +100, where a score of greater than +50 is excellent
- NPS is calculated on the single question "how likely is it that you would recommend our company to a friend or colleague?"
- Growth in our NPS is good for our investors

is delivering improved performance.

NPS Q4FY19



Key metrics from FY16 to FY19





Quality Infrastructure.

8 Existing Data Centre Portfolio.



Intellicentre 1
Sydney

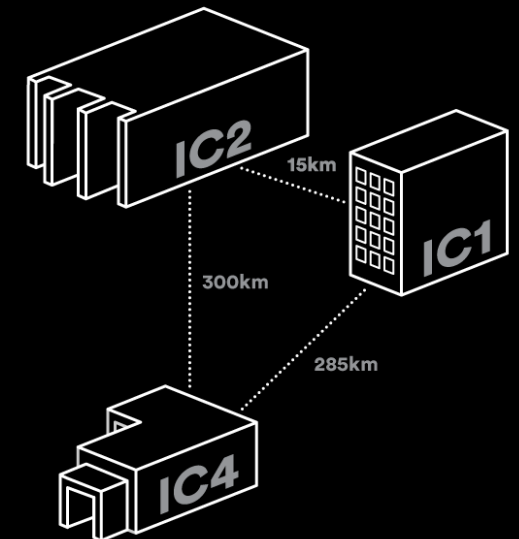


Intellicentre 2
Macquarie Park



Intellicentre 4
Bunker, Canberra

- Geographically located with interconnections to increase redundancy and ensure failover of critical workloads
- Carrier neutral
- Data Centre capacity sold by all 3 businesses as part of hybrid IT solution
- Total capacity load for all Intellicentres is 14.5MW



Macquarie Park Campus expansion from 10MW to 43MW total load



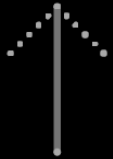
- Modularised build for core and shell phases
- Carrier Neutral
- Designed for global hyperscalers, enterprise and Government customers

Total Campus Load 43MW

- Intellicentre 2 (IC2) 10MW existing
- Intellicentre 3 (IC3) East/West 33MW

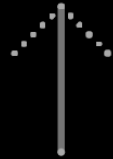
FY19 Colocation Business Highlights.

10.7%
YonY



Revenue
\$36.4m

6.7%
YonY



EBITDA
\$16.1m

6.6%
YonY



EBITDAR
\$21.0m

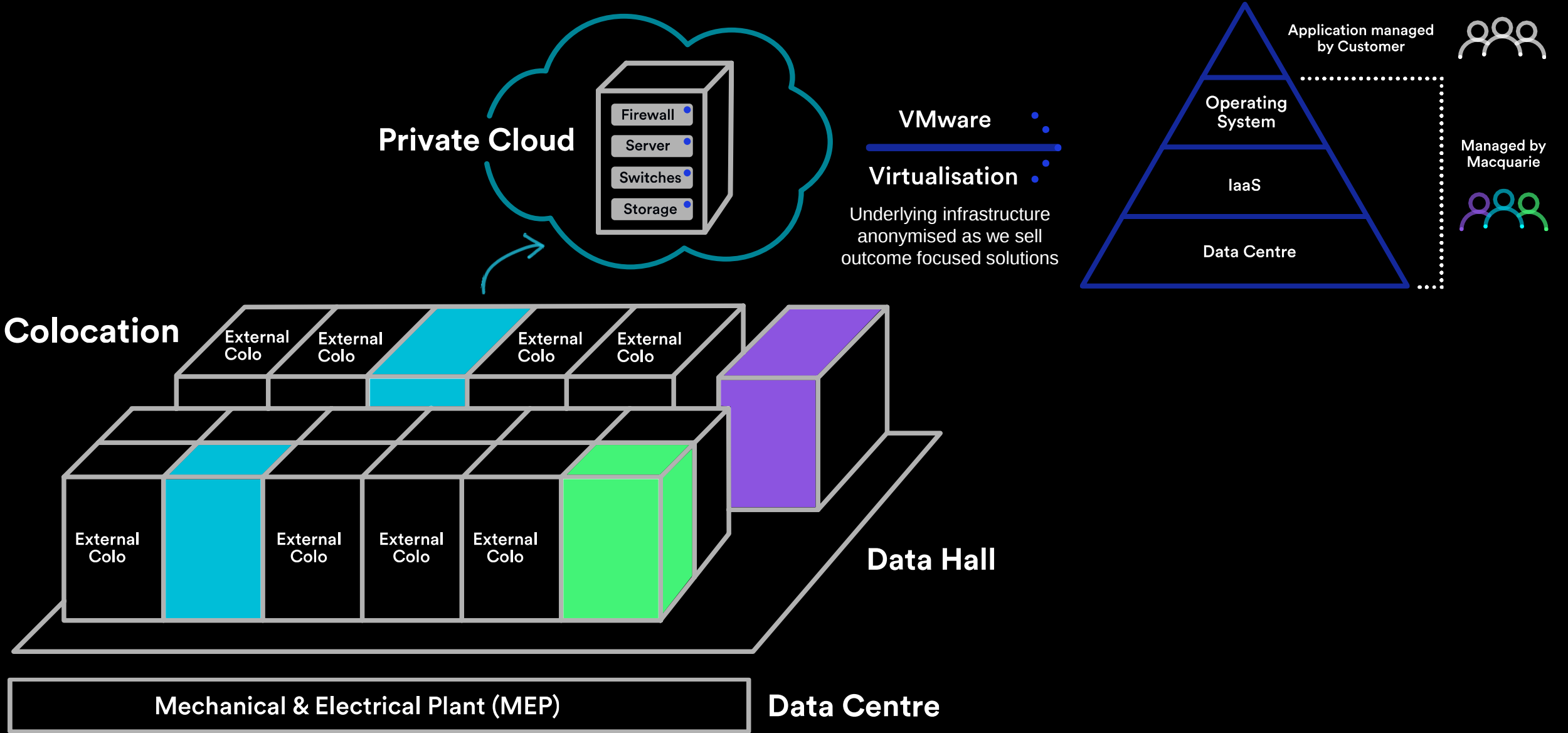
- Colocation EBITDA Margin of 44%
- Market leading EBITDAR Margin of 58% in FY19
- Colocation revenue is billed through both Hosting and Telecom Groups

Earnings before interest, taxes, depreciation, amortization, and restructuring or rent costs (**EBITDAR**) is a non-GAAP tool used to measure a company's financial performance



Cross connect / interconnect
5.1% of recurring revenue

Our private cloud is a key source of data centre utilisation and generates higher revenue per rack.





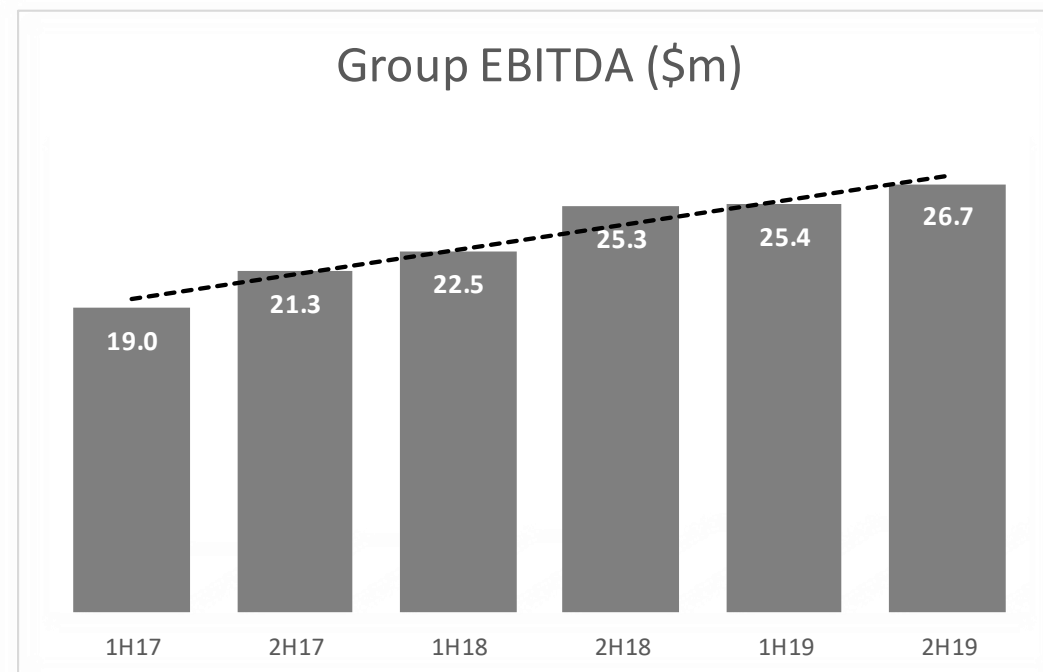
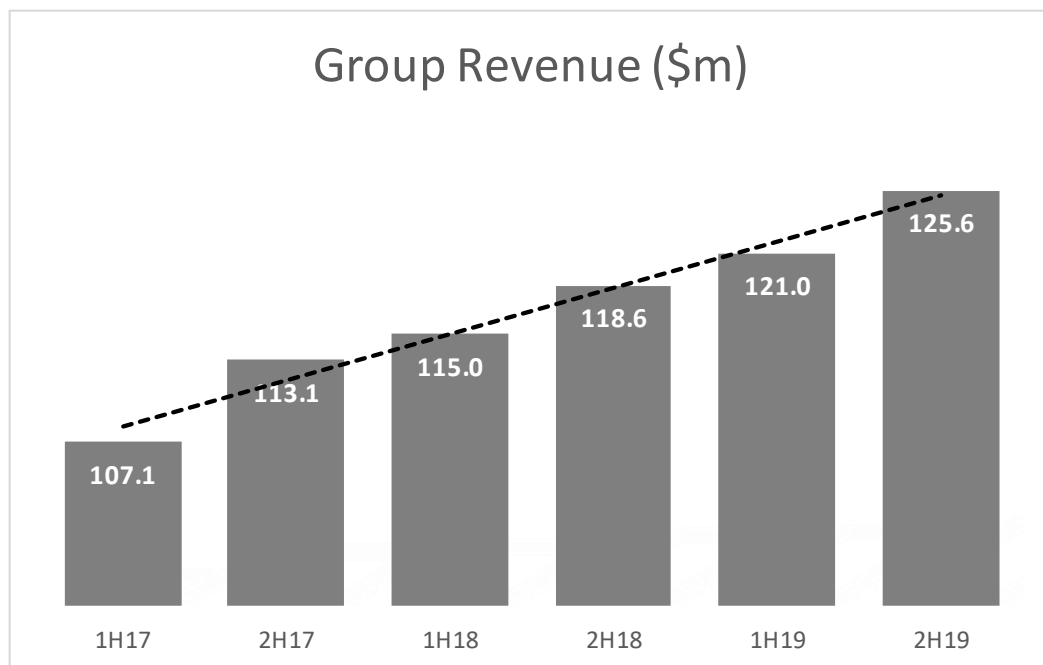
Financials.

Financial Results.

\$m	FY16	FY17	FY18	FY19	FY19 v FY18 Variance	% change
Total Revenue						
Telecom	139.0	142.6	142.5	140.8	(1.7)	(1%)
Hosting	68.9	82.0	95.6	110.6	15.0	16%
Inter-segment	(4.7)	(4.4)	(4.5)	(4.8)	(0.3)	
Total Revenue	203.2	220.2	233.6	246.6	13.0	6%
EBITDA						
Telecom	18.3	18.7	21.0	19.9	(1.1)	(5%)
Hosting	14.0	21.6	26.8	32.2	5.4	20%
Total EBITDA	32.3	40.3	47.8	52.1	4.3	9%
Depreciation	(25.4)	(21.3)	(23.5)	(28.6)	(5.1)	
EBIT	6.9	19.0	24.3	23.5	(0.8)	(3%)
Interest	0.5	0.5	0.4	(0.1)	(0.5)	
NPBT	7.4	19.5	24.7	23.4	(1.3)	(5%)
Tax	(2.1)	(5.3)	(7.7)	(6.9)	0.8	
NPAT	5.3	14.2	17.0	16.5	(0.5)	(3%)

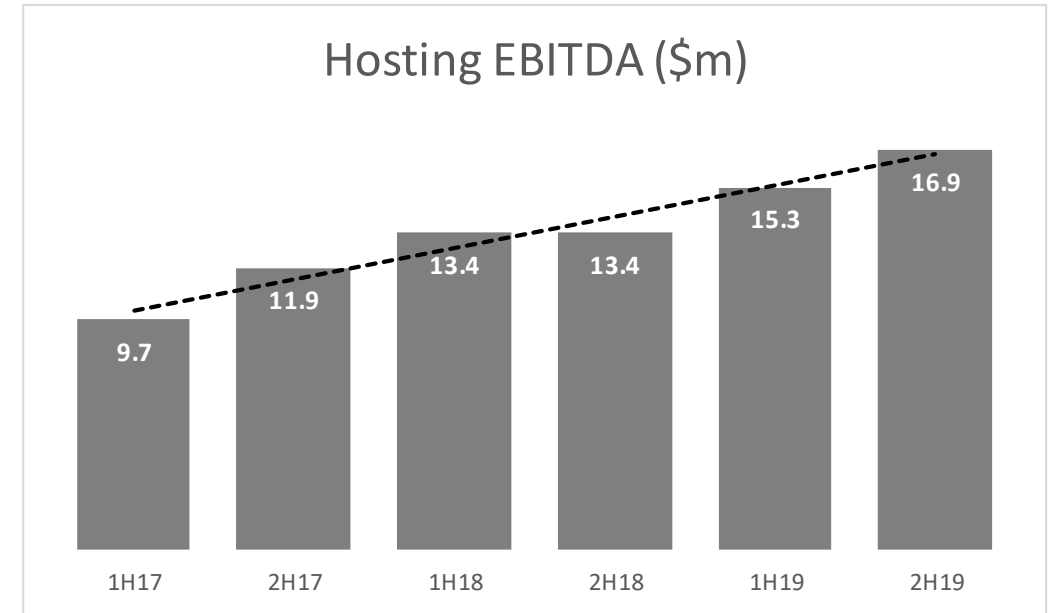
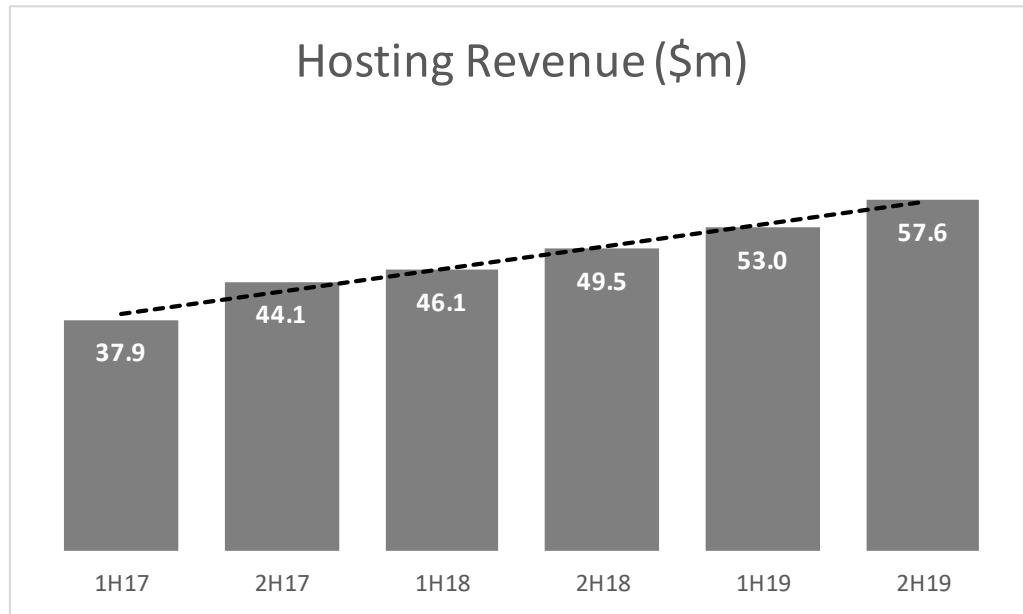
- Inter-segment revenue relates to services provided by the Hosting segment to the Telecom segment, eliminated on consolidation

Group Financial Performance.



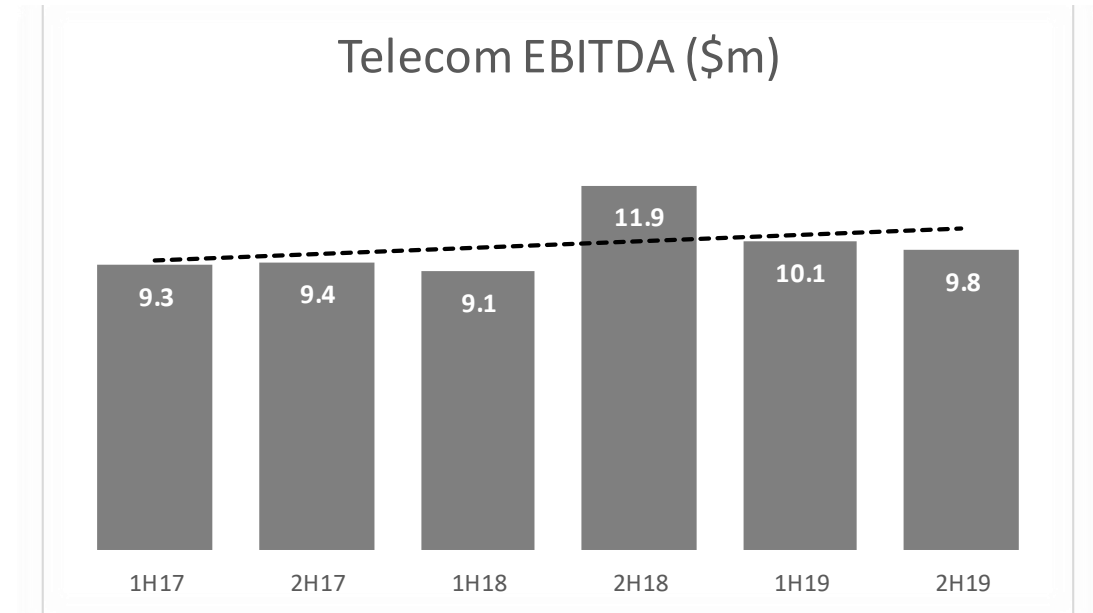
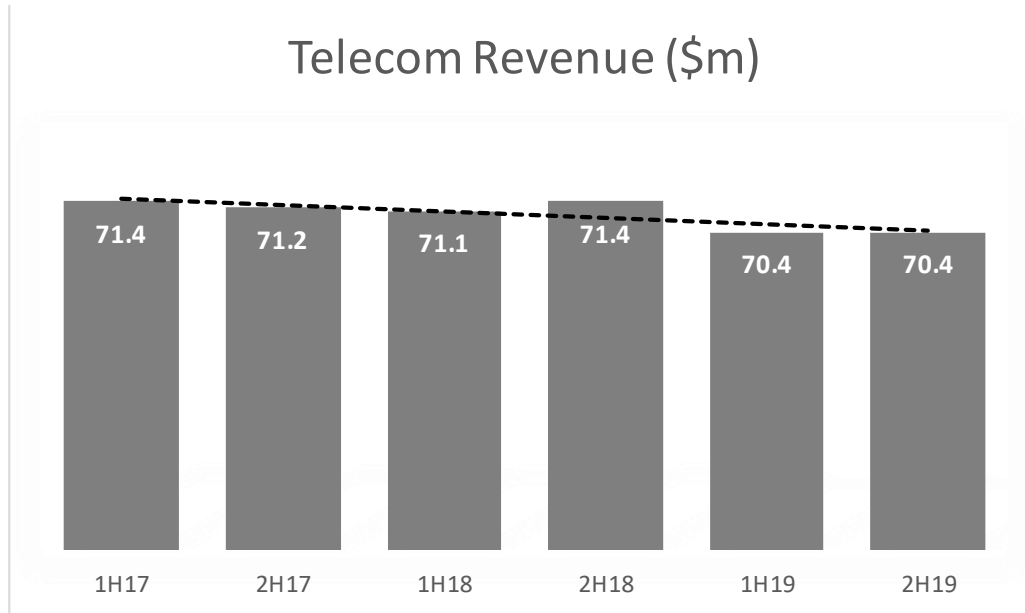
- Over the last 3 years:
 - Revenue CAGR of 6.7%
 - EBITDA CAGR of 17.3%
 - EBITDA margin for the full year improved from 20.5% to 21.1%
- Reflects strategic shift in 1H FY15 and the change in revenue mix to higher margin hosting business

Financial Performance – Hosting



- Over the last 3 years
 - Revenue CAGR of 17.1%
 - EBITDA CAGR of 32.0%
 - EBITDA margin improved to 29.1%
- Highly leveraged business with improving margins as infrastructure utilisation increases
- Strong Government cloud growth underpinned by ASD certification of secure private cloud offering

Financial Performance - Telecom



- Over the last 3 years:
 - Revenue CAGR of 0.4%
 - EBITDA CAGR of 2.8%
- FY19 revenue impacted by soft mobile sales
- Significant investment in staff to facilitate migrations to the nbn
- Telecom EBITDA margin of 14.1%

Growth Capex.

- **Growth Capex** is for the building of new data centre capacity, increased power supply, new technology creation & transformational investment
- In the Hosting business, a current example is for Stage 3 of the Fortune 100 Customer in IC2
- In the Telecom business, examples are the migration of services to the nbn and the core network upgrade
- \$2.1m of IC3 spend has been included in growth capex
- **Growth Capex** was \$14.8m in FY19

Customer Growth Capex.

- **Customer Growth Capex** is for additional cabling, racks, servers & storage that enable us to provision new customer orders
- In Telecom this includes SD Wan devices for deploying customer networks
- **Customer Growth Capex** was \$21.8m in FY19 reflective of our Hosting sales success & product mix

Maintenance Capex.

- Most of the remaining Capex is infrastructure refresh and internal software development known as **Maintenance Capex**
- **Maintenance Capex** was \$9.5m for FY19

Balance Sheet & Cash Flows.

- Cash of \$17.1m. Undrawn debt facility of \$100m with a syndicate of banks executed to fund the build of IC3 data centre.
- Strong conversion of EBITDA to operating cash flows.
- FY19 capital spend of \$46.1m:
 - Growth Capex \$14.8m;
 - Customer Growth Capex \$21.8m; and
 - Maintenance Capex \$9.5m.
- IC3 development expenditure will be maintained as WIP in the balance sheet until practical completion where it will form part of the development agreement with Keppel.

\$m	FY18	FY19
Cash and cash equivalents	30.3	17.1
Other current assets	21.4	29.5
Non-current assets	92.0	114.7
Total Assets	143.7	161.3
Creditors	33.4	34.1
Other Liabilities	16.9	20.4
Total Liabilities	50.3	54.5
Total Equity	93.4	106.8

\$m	FY18	FY19
Cash flows from Operating Activities	42.8	38.7
Cash flows from Investing Activities ¹	(33.8)	(45.8)
Cash flows from Financing Activities	(10.5)	(6.1)
Net increase/(decrease) in Cash Held	(1.5)	(13.2)
Opening Cash and cash equivalents	31.8	30.3
Closing Cash and cash equivalents	30.3	17.1

¹ Include 273k profit from sale of property, plant and equipment

- The Company's EBITDA will continue to grow in FY20, however the 1H FY20 will be flat compared to 2H FY19 due to one-off's received in June 2019 and further investment in sales growth in our Hosting business
- The company will add a public cloud capability to our current hybrid cloud offering
- Continued demand from our Federal Government Agencies for secure Cloud, including from Tier 1 Agencies like ATO, gives great confidence for future growth in the Government Business. Accordingly, there will be further investment in expansion in Canberra and our Cloud platform
- A delay in planning and approval will see practical completion of IC3 East (part of the Macquarie Park Data Centre Campus) move out from 1H to 2H CY20. This delay will not affect the Company's ability to support our Customers' current and future growth plans
- Upon completion, the Macquarie Park Data Centre Campus will provide 43MW in total load, a significant increase on the current 10MW facility. The Company anticipates being able to provide a more detailed update as part of its commentary at the annual general meeting

- The Telecom business migrated thousands of customers services to the nbn in FY19 and this is expected to continue through to FY21
- The Company plans to make a significant investment in growth and customer growth capex (excluding IC3) during FY20. Total Capex, excluding IC3 East, is expected to be between \$51-\$54m consisting of:
 - Growth Capex - \$12 to \$13 million
 - Customer Growth - \$24 to \$25 million
 - Maintenance Capex - \$15 to \$16 million
- Depreciation for the year is expected to be \$32 to \$34 million. Telecom depreciation will increase from \$11m in FY19 to \$12-13 million in FY20

- Telecom Capex will increase from \$15.8m in FY19 to \$25-26m in FY20. The increase in capex can be attributed to both growth and customer capex projects in FY20 including the Telecom core network upgrade and a continued investment in new data networking technology SD WAN
- As previously announced, during this significant capital-intensive growth investment phase, the Company has ceased paying dividends
- An update on the first half performance for FY20 will be given at the Annual General Meeting in late November 2019

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