MACQUARIE TELECOM GROUP LIMITED

ANNUAL GENERAL MEETING

FRIDAY 27 NOVEMBER 2020 at 9AM

CHAIRMAN'S ADDRESS

Ladies and Gentlemen, good morning. My name is Peter James, the Chairman of Macquarie Telecom Group Limited ('the Company'), and I would like to extend a warm welcome to shareholders at the Annual General Meeting for 2020.

INTRODUCTION OF THE BOARD

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

Anouk Darling – Anouk joined the Board in March 2012 and is a member of the Audit and Risk Management Committee and the Corporate Governance, Nomination and Remuneration Committee.

Adelle Howse – Adelle joined the Board in August 2019 and is a member of the Audit and Risk Management Committee and the Corporate Governance, Nomination and Remuneration Committee.

Bart Vogel – Bart joined the Board in July 2014 and is the Chairman of the Audit and Risk Management Committee and a member of the Corporate Governance, Nomination and Remuneration Committee.

David Tudehope – David is co-founder and Chief Executive of Macquarie Telecom Group.

Aidan Tudehope – Aidan is co-founder of Macquarie Telecom Group and is the Managing Director of Macquarie Government and Hosting Group.

We welcome our auditors **PricewaterhouseCoopers** represented by **Jason Hayes and Daniel Footer**.

I would also like to introduce **Michael Gold**, our **General Counsel & Company Secretary** also **Helen Cox** our **CFO. Boardroom** is the company's share registry, and we have a representative here today.

BUSINESS OF MEETING

I will now take a moment to outline this morning's agenda. First you will hear an address from myself and then from David. We will then go through the highlights from the year in review. Then we will proceed to the ordinary business of the meeting. After we close the meeting we will then address the questions we have received from Shareholders about the operations of the business.

ORDINARY BUSINESS

We will consider four items of ordinary business:

1. The receipt of the financial statements and accompanying reports for the period ended 30 June 2020;
2. The adoption of the remuneration report for the year ended 30 June 2020;
3. Aidan Tudehope's re-election as an Executive Director; and
4. Anouk Darling's re-election as Non-Executive 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 29 November 2019, 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 to the Chairman's Address:

Once again, thank you for coming today. This is my seventh AGM as Chairman and I am pleased to report on the sixth successive year of strong performance and EBITDA growth of Macquarie Telecom Group.

Key Business Highlights
Our continued focus on providing an outstanding customer experience has driven an increase in revenue of 8% to $266.2 million and EBITDA by 25% to $65.2 million (post AASB16) compared to the previous financial year.

Macquarie Telecom Group delivered a net profit after tax from continuing operations of $13.5 million (post AASB16), a decrease of 18% on 2019, due to the increase in depreciation on capital investments from the Company's continued major investments in data centres, equipment and networks and from the AASB16 accounting changes.

The Group also proved to be resilient during the COVID-19 pandemic, due to our diversified and high-quality customer base.

Group financial performance
Over the last three years the Group has achieved a Revenue Compound Annual Growth Rate (CAGR) of 6.8% and an EBITDA CAGR of 16.8% (pre-AASB16 9.5%) which highlights improvement in operational efficiencies across the business.

The Telecom segment, consisting of Data, Voice and Mobile services, remains an important part of the Company's overall offering, delivering $141.1 million in revenue and EBITDA of $20.2 million, a slight increase in both metrics from the prior year.

The Hosting segment contributed $125.1 million in revenue, an increase of 18% compared to the previous financial year, and EBITDA of $45 million being an increase of 40%. The Company continues to be well placed to take advantage of the strong growth trends in cloud and cyber security.

Balance sheet and cash flow
EBITDA performance for the year resulted in operational cash flows of $45.9 million (post AASB16). The Company finished the year with a robust balance sheet position, having $37.9 million in cash and cash equivalents and a $92 million available in its working-capital facility. During the year we also took the opportunity to increase our debt facility by $40 million to provide room for the investments we planned.

We invested heavily in our IC3 data centre development during the year, as well as across all four business units. Investment for future growth (excluding IC3) has seen total capital expenditure of $65.9 million in the fiscal year 2020 driven by Customer and Growth Capex of $38.8 million.

As previously announced, during this significant capital-intensive growth investment phase, the Company has ceased paying dividends.

Outlook

EBITDA will continue to grow in FY21, but we expect the second half will be relatively flat compare with the first due to additional sales and operational resources coming online.

There are ongoing opportunities in the Telecom business as customers look to strengthen online footprints and their customer facing options through demand for new technologies, including SDWAN and business nbn.

We will continue to develop public cloud capability to enhance the current hybrid cloud offering.

Macquarie Data Centres will continue to grow with its facilities specifically designed to meet the needs of global hyperscalers, cloud providers, enterprise and government clients.

Continued demand from Federal Government Agencies gives great confidence for future growth in the Government Business. The further investments to expand capacity in IC5 Bunker in Canberra will provide capability and scope to meet this demand

In conclusion, ladies and gentlemen, the Company has had an outstanding 2020 fiscal year and we enter the new financial year confident we will continue to leverage our investments to drive further shareholder value and ongoing returns.

I would like to thank the Board and Management team for their significant contribution and also the many dedicated and hardworking employees of Macquarie Telecom.

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