





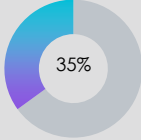
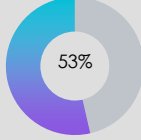



Full Year Results.

2017.

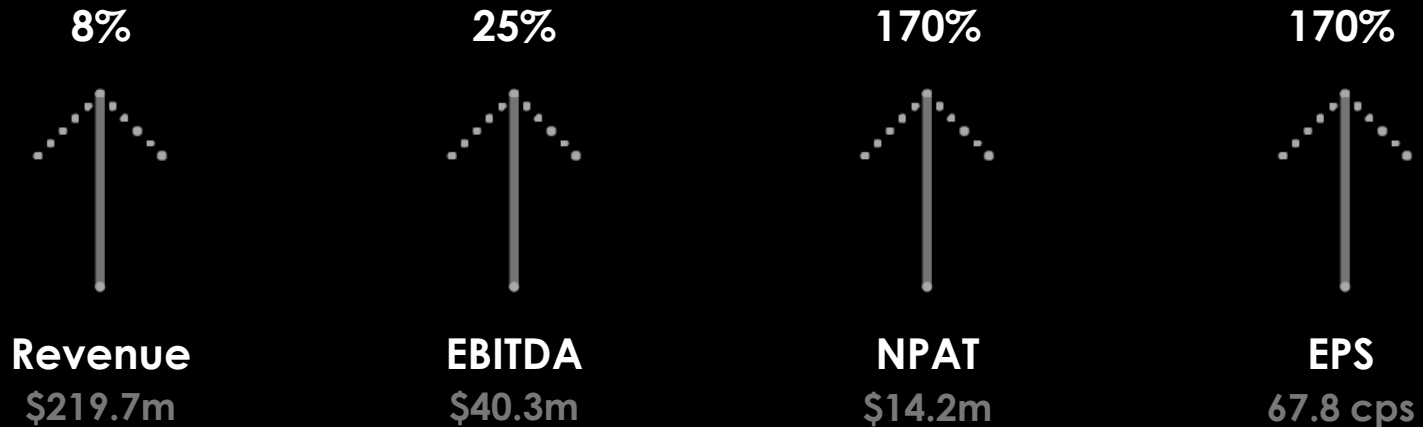
30 August 2017

CEO Presentation.

3 Business Summary.

Business Areas			
Percentage of Revenue & EBITDA in FY17	 <p>Revenue EBITDA</p>	 <p>Revenue EBITDA</p>	 <p>Revenue EBITDA</p>
What we do	<p>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.</p>	<p>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.</p>	<p>We are the Australian specialists in cyber security, secure cloud & colocation for Federal Government. We deliver services to 42% of Federal Government agencies.</p>
Value proposition	<p>Customer Service, Price, Choice, Flexibility, Control</p>	<p>Customer Service, Specialised and Compliant Hosting. For apps not suitable for Public Cloud</p>	<p>Customer Service, Security Operations Centre (SOC), Cyber Security, ASD – Certified Cloud, Data Centre in Canberra</p>
Competitors			
People / Skill	<p>Generalist for Voice & Mobiles TC for Data & CoLo know Business Drivers</p>	<p>Cloud Specialists: Custom and Compliant</p>	<p>Cyber Security and Hosting Specialist know Government Drivers</p>

4 Key Business Highlights.



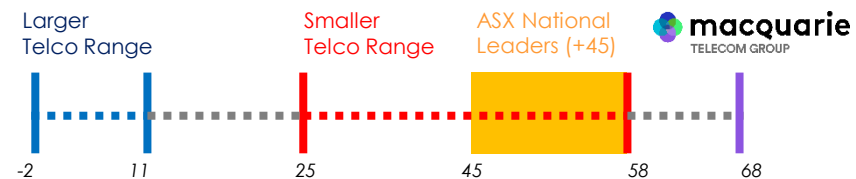
- Improved revenue result driven by continued growth for Cloud Services and Government
- The EBITDA result has been driven by our continued focus on Net Sales Performance and industry leading customer service. Margins have increased for Cloud Services and Government due to improved operational leverage. This increase along with reduced depreciation has seen a significant improvement in both NPAT and EPS for FY17
- The Company has declared a fully franked final dividend of 25cps

5 Customer focus...

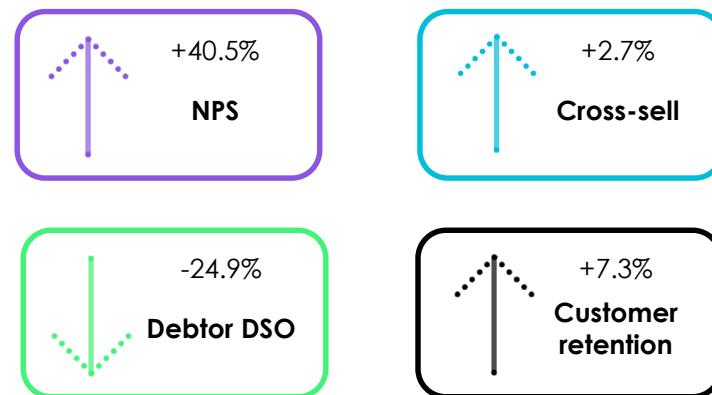
- Our continued focus on providing a great customer experience is core to our service offering & differentiation
- Macquarie's net promoter score (NPS) is +68 for Q4 FY17 – Australian leading NPS
- NPS is the measure of customer loyalty that is assessed on a scale of -100 to +100, where a score of greater 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 Q4FY17ⁱ



Key metrics since Q4FY14 to Q4FY17



i. Source: The Customer Experience Company – Industry ranges from 'NPS Pulse Check' based on Q42016 – see <http://customerexperience.com.au/nps-benchmark/>

Macquarie Telecom

- Revenue and profit growth has been driven by new customer acquisition and from a clear focus on NPS
- Revenue growth is supported in the medium term from investments in new data networking technology (SD-WAN)
- Profit improvement will continue from H2 FY17 driven by cost reductions via the insourcing of the NOC

Macquarie Cloud Services

- VMware based private cloud offering, located within our owned and operated data centres, places the business in a strategic sweet spot ready to assist companies on their journey to the cloud
- Significant sales success with a colocation / infrastructure services deal with Virtustream, a Dell Technologies company

Business Highlights

Macquarie Government

- Secure Internet Gateway (SIG) services have continued to grow
- 42% of Federal Government agencies have contracted with Macquarie
- Continued customer growth has driven further planned investment into Secure Cloud and SIG services

Intellicentres

- Stage 2 of the Fortune 100 customer has started with the project to be completed in Q3 FY18
- We have added further capacity to Intellicentre 2 with Data Hall 4 commissioning in September 17
- Based on demand, we are currently looking to build or buy new Sydney data centre capacity for later in FY19. We expect to make a decision on this in the next 6 mths

7 Data Centre Portfolio.



Intellicentre 1
Sydney

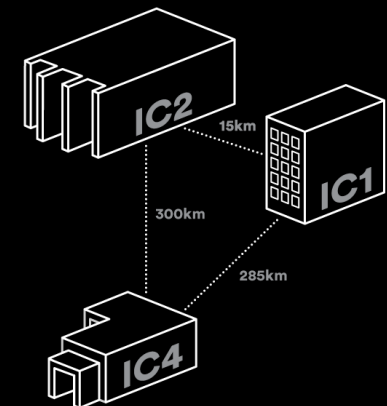


Intellicentre 2
Macquarie Park



Intellicentre 4
Bunker, Canberra

- Geographically located with interconnections to reduce redundancy and ensure failover of critical workloads
- Carrier neutral
- Data Centre capacity sold by all 3 businesses as part of hybrid IT solution
- Total load for all Intellicentres is 12.4MW with upgrades in progress to 14.5MW



8 Intellicentre 2 & 4 Highlights

Continued capacity build out at data centres to support customer demand

- Intellicentre 2 (Data Hall 4) will be commissioned in September 2017 on plan
- Intellicentre 2 (Phase 2 for Fortune 100 customer), completed in Q3FY18
- Intellicentre 4, Canberra, expansion completed Q3 FY17

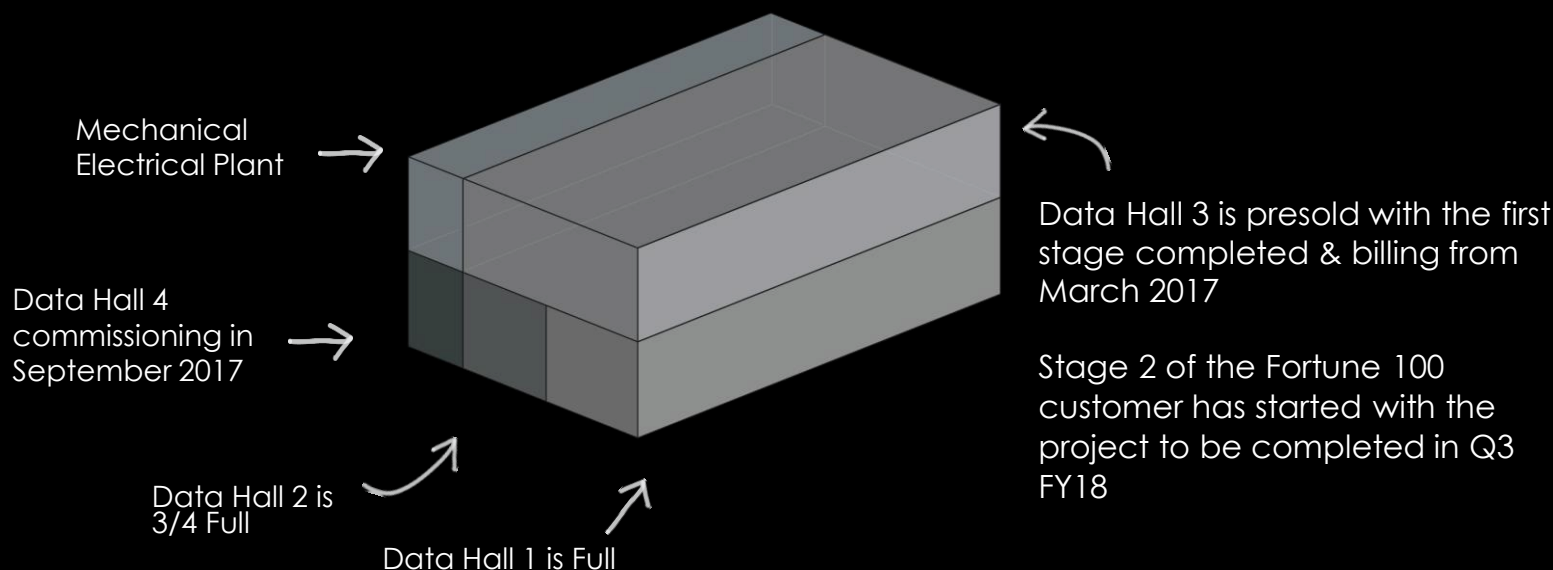
Intellicentre 2 estimated to achieve an average of \$4.5m per MW in annualised revenue by FY19 as new larger customers turn up capacity

Colocation sold usually as part of hybrid IT solution with managed cloud

- Colocation represents around 15% of total company revenue

9 Utilisation.

Based on demand, we are currently looking to build or buy new Sydney data centre capacity for later in FY19. We expect to make a decision on this in the next 6 months



Our flagship Intellicentre 2 data centre has achieved strong utilisation

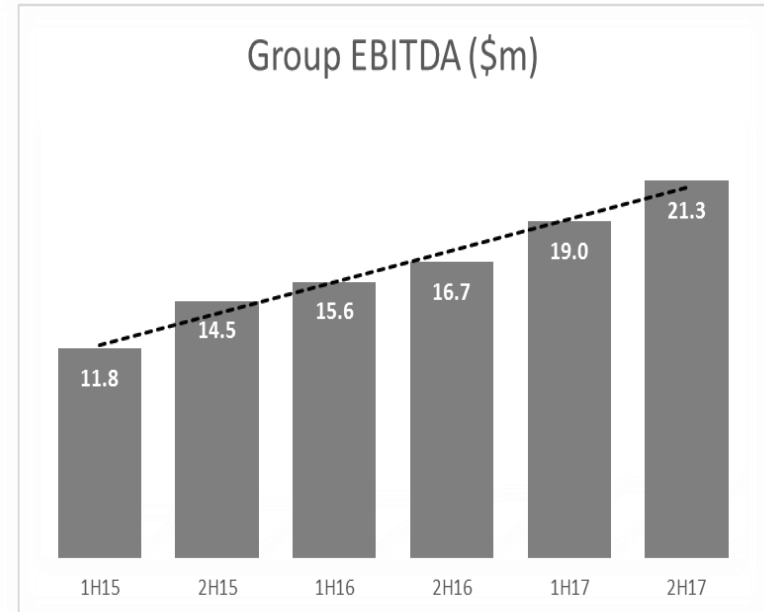
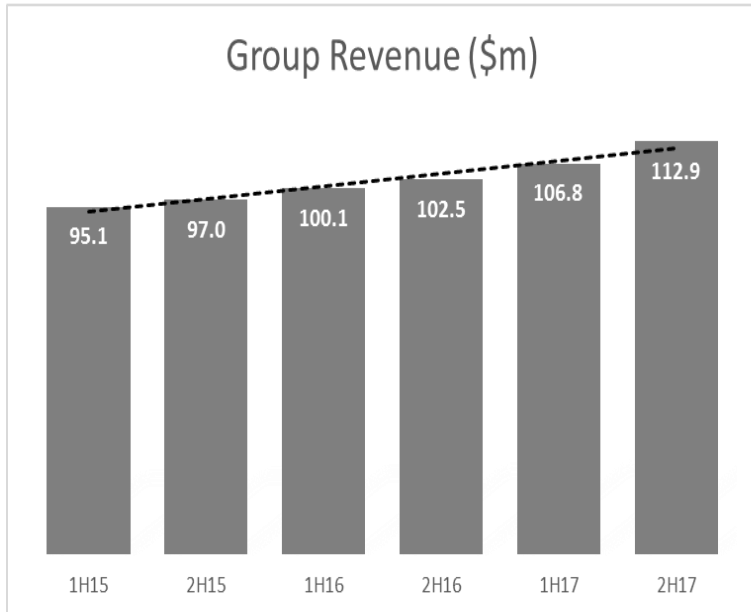
Finance Presentation.

Financial Results.

\$m	FY15	FY16	FY17	FY17 v FY16 Variance	% change
Service Revenue					
Telecom	135.2	138.9	142.2	3.3	2%
Hosting	61.7	68.4	81.9	13.5	20%
Inter-segment	(4.8)	(4.7)	(4.4)	0.3	
Total Service Revenue	192.1	202.6	219.7	17.1	8%
EBITDA					
Telecom	16.5	18.3	18.7	0.4	2%
Hosting	9.8	14.0	21.6	7.6	54%
Total EBITDA	26.3	32.3	40.3	8.0	25%
Depreciation	(31.3)	(25.4)	(21.3)	4.1	
EBIT	(5.0)	6.9	19.0	12.1	176%
Interest	(1.4)	0.5	0.5	0.0	
NPBT	(6.4)	7.4	19.5	12.1	165%
Tax	2.1	(2.1)	(5.3)	(3.2)	
NPAT	(4.3)	5.3	14.2	8.9	170%

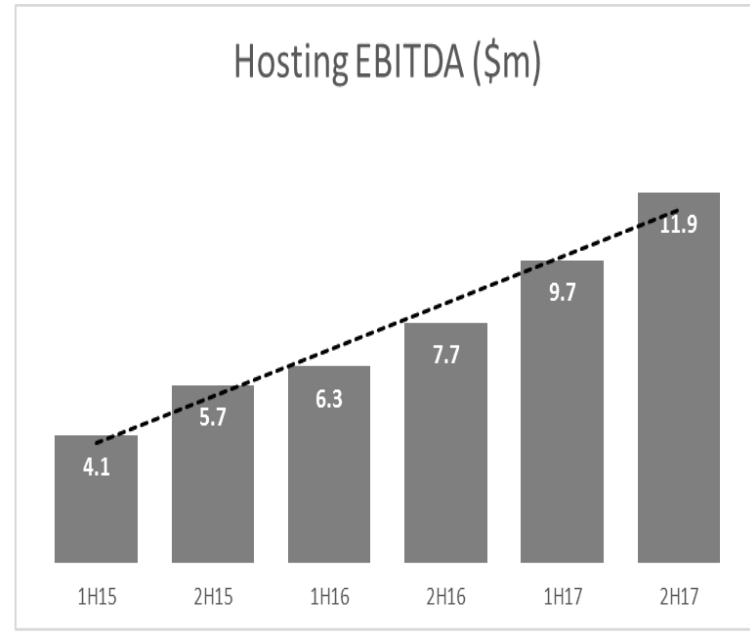
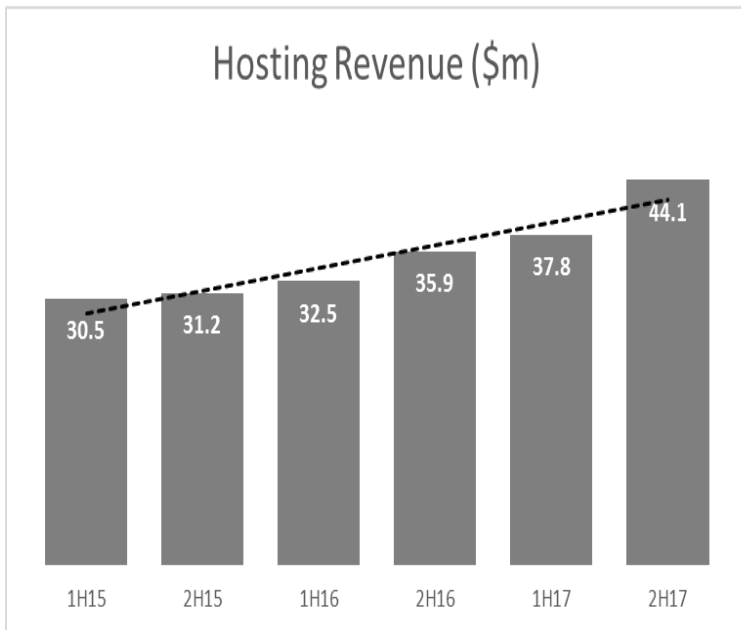
- *Inter-segment revenue relates to services provided by the Hosting segment to the Telecom segment, eliminated on consolidation*
- *Total Service Revenue excludes other income of \$541K*

Group Financial Performance.



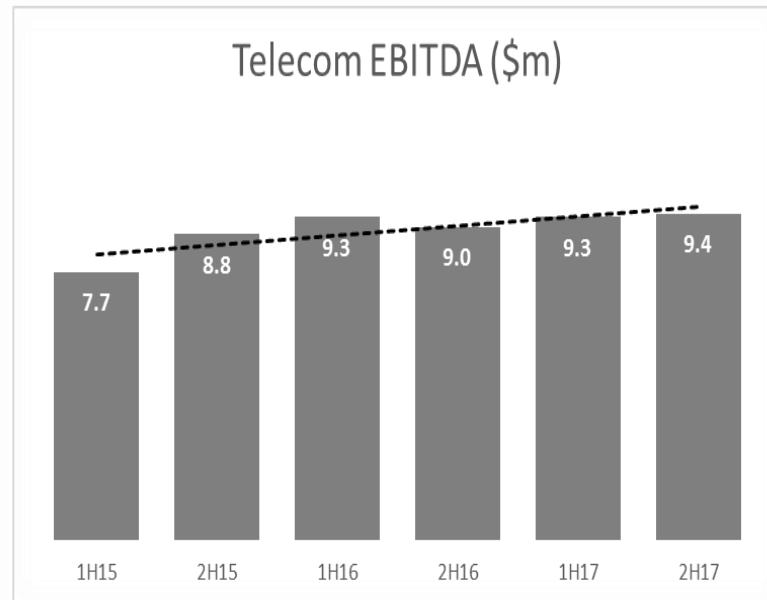
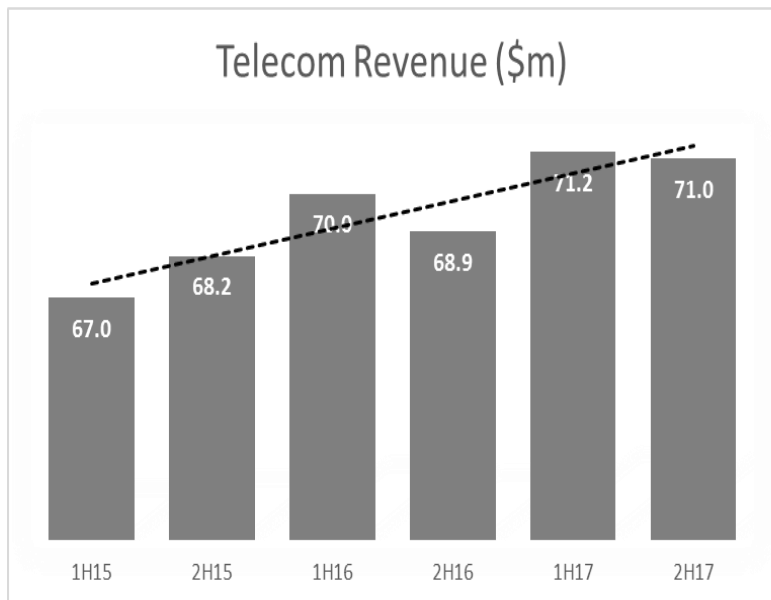
- Over the last 3 years:
 - Revenue CAGR of 5.2%
 - EBITDA CAGR of 20.4%
 - EBITDA margin improved from 12.6% to 18.9%
- Reflects strategic shift in 1H FY15 and the change in revenue mix to higher margin hosting business

Financial Performance – Hosting



- Over the last 3 years
 - revenue CAGR of 13.1%
 - EBITDA CAGR of 42.6%
 - EBITDA margin improved to 27.0%
- Highly leveraged business with improving margins as infrastructure utilisation increases

14 Financial Performance - Telecom



- Over the last 3 years:
 - revenue CAGR of 1.0%
 - EBITDA CAGR of 5.1%
- Reflects growth in market share in a highly competitive market while maintaining EBITDA margin of 13%

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 the fitout of Data Hall 4
- In the Telecom business, a current example is our transformational investment for insourcing our NOC & building a new data network platform SD WAN
- Growth Capex was \$16m in FY17

Customer Growth Capex.

- **Customer Growth Capex** is for additional cabling, racks, servers & storage that enable us to provision new customer orders
- Customer Growth Capex was \$10m reflective of our data centre sales success & product mix

Maintenance Capex.

- Most of the remaining Capex is infrastructure refresh and internal software development
- This is known as **Maintenance Capex** and was \$12.5m for FY17

Balance Sheet & Cash Flows.

- Cash of \$31.8m and no debt
- Strong conversion of EBITDA to operating cash flows
- Full Year capital spend of \$38.5m
 - Growth Capex \$16m
 - Customer Growth Capex \$10m
 - Maintenance Capex \$12.5m
- Second tranche of funds for the sale of Intellicentre 2 was received during the year (\$3.0m)
- Interim FY17 dividend of 25 cps (\$5.2m) was paid during 2H17 in addition to the final FY16 dividend of 25 cps (\$5.2) paid in 1H17

\$m	FY16	FY17
Cash and cash equivalents	36.5	31.8
Other current assets	19.8	20.0
Non-current assets	63.5	81.4
Total Assets	119.8	133.2
Creditors	27.1	28.7
Other Liabilities	10.3	18.1
Total Liabilities	37.4	46.8
Total Equity	82.4	86.4

\$m	FY16	FY17
Cash flows from Operating Activities	39.4	41.4
Cash flows from Investing Activities	22.1	(35.5)
Cash flows from Financing Activities	(31.5)	(10.5)
Net increase/(decrease) in Cash Held	30.0	(4.6)
Opening Cash and cash equivalents	6.4	36.5
Closing Cash and cash equivalents	36.5	31.8

- The Company's EBITDA will continue to grow in FY18, however the 1H FY18 will be flat compared to 2HFY17 due to the full impact of ongoing power price increases and investment in sales growth
- We are well positioned to benefit from the megatrends of Cloud and Cyber Security
- Strong and growing 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, with an increase in OPEX of around \$3m and CAPEX by \$1.6m across FY18

Outlook.

- We are confident that Hosting revenue will continue to grow in FY18 and as a result we are investing in Hosting Growth Capex
- Telecom has continued to invest in new data networking technology (SD WAN) and insourcing network operations centre to materially reduce costs and further improve service delivery in FY18
- Total Capex is expected to be between \$32-35m consisting of:
 - Growth Capex - \$10 to \$11 million
 - Customer Growth - \$12 to \$13 million
 - Maintenance Capex - \$10 to \$11 million
- Depreciation for the year is expected to be \$26 to \$28 million

- Hosting has delivered Stage 1 and is focused on delivering operational readiness for Stage 2 of the Fortune 100 customer at Intellicentre 2. Stage 2 scheduled for completion in Q3 FY18 with full revenue earning capacity in FY19
- Based on demand, over the next 6 months the business will decide on whether to build or buy data centre capacity. The potential for investment in Intellicentre 3 will increase the requirement for Capex that will primarily impact FY19
- An update on the first half performance for FY18 will be given at the Annual General Meeting in late November 2017. An investor day is also planned for October 2017

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