

Macquarie Telecom delivers nine consecutive halves of revenue and profit growth

Macquarie Telecom (ASX: MAQ) (the Company) today announced its results for the half-year ended 31 December 2018, which was in line with guidance.

Chairman Peter James said, "Macquarie has had another strong half and we will continue to leverage our investments to deliver growth to drive further shareholder value."

KEY POINTS

- Revenue of \$119.6 million, an increase of 4% on 1H FY18 (\$114.9 million).
- Earnings before interest, tax, depreciation, and amortisation (EBITDA) of \$25.5 million, an increase of 13% on 1H FY18 (\$22.5 million).
- Conversion of EBITDA to operating cash flows remains strong, generating total operating cash flows of \$14.3 million during the half-year, including the payment of Income Tax (\$4.1 million). The Company had a closing cash balance of \$14.3 million as at 31 December 2018.
- The company has executed an undrawn debt facility with a syndicate of banks to fund the Intellicentre 3 East data centre development.
- Net profit after tax of \$8.3 million, an increase of 4% on 1H FY18 (\$8.0 million).
- Capital expenditure for 1H FY19 was \$23.8 million (1H FY18: \$19.8 million).
- Growth Capex was \$10.3 million to expand Intellicentre 2 capacity for the Fortune 100 Customer Stage 3 and in Data Hall 4, further SD WAN investment and nbn migrations.
- Customer Growth Capex was \$8.7 million, reflective of our data centre sales success and product mix.

Chief Executive David Tudehope said "Sustained growth in profitability over the last nine halves has allowed Macquarie to consider opportunities to invest for future growth. Hosting's growing profitability reflects the operating leverage from our investments in data centres and cloud computing".

Chief Financial Officer Brent Henley will be taking up the role of Group Executive and Chief Commercial Officer of the Macquarie Telecom business. The Telecom business has significant opportunity to deliver value to the overall group over the coming years. A new CFO is expected to be appointed later in the financial year.

OUTLOOK

- Underpinned by strong sales growth, full year FY19 EBITDA is expected to be approximately \$51 to \$53 million.
- Hosting's Fortune 100 customer will commence billing for Stage 3 and Data Hall 4 in Q3 FY19.
- FY19 Total Capex is expected to be between \$45 and \$49 million consisting of:
 - Growth Capex - \$18 to \$20 million.
 - Customer Growth - \$14 to \$15 million.
 - Maintenance Capex - \$13 to \$14 million.
- FY18 Depreciation is expected to be between \$29 and \$31 million.
- Data centre update: A delay in planning and approval has resulted in practical completion moving to 1H CY20.
 - FY19 Intellicentre 3 development expenditure expected to be in the range of \$17 and \$20 million.

--ends--

For more information, please contact:

David Tudehope – Chief Executive

(02) 8221 7090

Brent Henley – Chief Financial Officer

(02) 8221 7702

Level 15, 2 Market Street, Sydney NSW 2000

About Macquarie Telecom Group

We're Australia's data centre, cloud, cyber security and telecom company for mid to large business and government customers. The way we do this is completely different from our competitors... we provide the best customer service in Australia.

macquarietelecomgroup.com