

Macquarie Telecom Group delivers 7 successive years of EBITDA growth.

25 August 2021

Macquarie Telecom Group Ltd (ASX: MAQ) (the Company) today announced its results for the full year ended 30 June 2021, which is in line with guidance.

Chairman Peter James said, "The 2021 full year results delivered the seventh consecutive year of EBITDA growth underpinned by our strategy of investing in Data Centres, Cloud & Cyber Security, including the recent announcement of our new IC3 Super West development, which will provide significant customer growth opportunities in the future."

Key Points.

- Seven consecutive years of EBITDA growth.
- Full year revenue of \$285.1 million, an increase of 7% compared to \$266.2 million for FY20.
- Earnings before interest, tax, depreciation, and amortisation (EBITDA) of \$73.8 million, an increase of 13% from prior year.
- Conversion of EBITDA to operating cash flows generated total operating cash flows of \$45.3 million during the year.
- The Company has completed work on the Intellicentre 3 East data centre development ("IC3"), drawing down \$84.0 million of the debt facility this financial year. At 30 June 2021, there is a closing cash balance of \$19.8 million and undrawn debt facilities of \$58.0 million.
- Net profit after tax (NPAT) of \$12.5 million, a decrease of 7.4% on FY20 (\$13.5 million) reflecting the increase in depreciation & amortisation flowing from the increased levels of capital expenditure in FY20 and FY21.
- Capital expenditure for FY21 was \$139.1 million (FY20: \$64.1 million) driven by Growth Capex of \$103.6 million primarily relating to investment in IC3 East in Macquarie Park and IC5 South Bunker in Canberra. Customer related Capex was \$21.8 million. Maintenance Capex was \$13.7 million.

Chief Executive David Tudehope said, "IC3 East (Phase 1) was successfully delivered on budget in FY21, and we announced plans for IC3 Super West - a new data centre which takes the Macquarie Park Data Centre Campus to 50MW IT Load over time. This global scale data centre campus will attract new investment into Australia from multinationals looking to expand in the Asia Pacific region."

"We have decided to increase our investments in Cyber Security, people and technology, to benefit from the increasing demand for business and government to uplift their security defences."

"Our outstanding customer experience as measured by a Net Promotor Score of over 75 has been even more important to our customers as they rely to a greater extent on telecom and cloud services as their staff are predominantly working from home as a result of Covid-19", said David Tudehope.

OUTLOOK

- The Company's EBITDA will continue to grow in FY22. Due to investments being made in Data Centres and Cloud Services & Government the EBITDA growth will be in 2H FY22.
- We will continue to develop public cloud capability to enhance the current hybrid cloud offering.
- We see strong demand for cyber security in our Government and Cloud Services businesses and will be making significant investments in FY22 to realise this opportunity.
- Macquarie Data Centres is investing from 1H FY22 in new staffing and technology ahead of revenue from our leading corporation contract win. Billing is due to start shortly after completion in 2H FY22.
- Telecom revenue and EBITDA will continue to be affected by COVID lockdowns, which reduce the office based higher margin voice usage and access lines. This is partially offset by demand for new technologies including SDWAN.
- We are focused on maintaining industry leading Net Promoter Score greater than +70 across all business segments.
- Depreciation and amortisation for FY22 is expected to be \$71 to \$74 million, driven by significant ramp up in IC3 expenditure in FY21. Telecom depreciation will remain broadly flat at \$17 to \$18 million in FY22 and Hosting will increase from \$31.2 million in FY21 to \$53 to \$56 million in FY22 (of which \$34 to \$36 million is Data Centres).
- The Company plans to make further investment in growth and customer growth capex during FY22. Total capex is expected to be between \$121 to \$133 million consisting of:
 - Growth Capex - \$80 to \$86 million (including \$68 to \$71 million for IC3 East)
 - Customer Growth - \$25 to \$28 million
 - Maintenance Capex - \$16 to \$19 million
- Telecom capex will remain broadly flat at \$16 to \$17million in FY22 with Hosting capex at \$97 to \$108 million.
- The Macquarie Park Data Centre Campus will provide 50MW in total IT load on completion.

Authorised for release by the board of directors of Macquarie Telecom Group Limited.

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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.

*An industry-leading +75 score, as rated by our customers.