



















# Full Year Results.

## 2021.

**25 August 2021**

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

# Business design.

Business Areas	 <b>macquarie</b> TELECOM	 <b>macquarie</b> CLOUD SERVICES	 <b>macquarie</b> GOVERNMENT	 <b>macquarie</b> DATA CENTRES
Percentage of Revenue and EBITDA in FY21	<div><div><div><div></div><div>47%</div></div><div>Revenue</div></div><div><div><div></div><div>25%</div></div><div>EBITDA</div></div></div>	<div><div><div><div></div><div>46%</div></div><div>Revenue</div></div><div><div><div></div><div>49%</div></div><div>EBITDA</div></div></div>	<div><div><div><div></div><div>7%</div></div><div>Revenue</div></div><div><div><div></div><div>26%</div></div><div>EBITDA</div></div></div>	
What we do	For business customers, 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.	Customer Service, Security Operations Centre (SOC), Cyber Security, Sovereign Certified Data Centres in Canberra	Customer Service, Commercial and Design Flexibility, Physically Secure for Federal Government, Highly Certified, Local and Data Sovereignty, Proven track record
Competitors	 <b>OPTUS</b>  <b>TPG</b>  <b>VOCUS</b>	 <b>NEXTDC</b>  <b>INH0USE</b>  <b>amazon</b> <b>WORLDWIDE SERVICES</b>  <b>rackspace</b> <b>technology</b>	 <b>verizon</b>  <b>INH0USE</b>  <b>DXC.technology</b>	 <b>NEXTDC</b>  <b>EQUINIX</b>  <b>GLOBAL SWITCH</b>  <b>AIRTRUNK</b>
People / Skill	Generalist for Voice & Mobiles Technical Consultant for Data & Colo to Business	Cloud Specialists: Custom and Compliant	Cyber Security and Hosting Specialist to Government	Australian Data Centre Specialists

### 3 Key Business Highlights.

**Revenue**  
\$285.1m

**EBITDA**  
\$73.8m

**NPAT**  
\$12.5m

**EPS**  
58.6 ps

- Seven consecutive years of EBITDA growth.
- EBITDA CAGR of 15.6% over the last 3 years.
- Macquarie Data Centres has sold 10MW of IT Load to a Leading Corporation.
- IC3 East build reached practical completion in March 21 on budget.
- Intellicentre 5 (IC5) in Canberra was completed on time and on budget and officially unveiled by the Minister of Defence in June 2021.
- Remaining undrawn debt facility of \$58m to fund the continued IC3 data centre capacity expansion.
- Telecom continue to migrate services to the nbn network in line with its plan and expects to complete this by late 2021

### Macquarie Telecom

- Strong cross sell of Cloud Services solutions into Telecom's customers
- #1 in Asia Pacific for SD WAN with over 5,000 sites activated
- nbn is now available to 99% of our customers premises
- Resumption of COVID lockdowns has affected office based higher margin voice usage and access lines

### Macquarie Cloud Services

- Continues to grow successfully leveraging the Hybrid IT megatrend of colocation private cloud and public cloud
- Achieved Azure Expert MSP status and Windows Server and SQL server migration to Microsoft Azure specialisation
- GloTel Innovation award for 'Managed Azure' and the world first development of SD WAN into Azure

## Business Highlights Summary.

### Macquarie Government

- Continues to grow cyber security with strong demand
- 42% of Australian Government agencies are customers
- Certified Sovereign cloud for classified / protected workloads
- Upgrades to our Government Secure Internet Gateway across all our data centre campuses with the commencement of ATO cyber security services in 1H FY21

### Macquarie Data Centres

- IC3 East on budget with practical completion in March 2021
- 10 MW of IT Load sold to a Leading Corporation (new customer). Remaining floor at IC3 is available for our 3 business units and wholesale customers
- IC5 was completed in December, on time and on budget and officially unveiled by the Minister of Defence on 18 June 2021
- State Significant Development Application process for IC3 Super West submitted to bring total Macquarie Park Campus total IT load to 50MW



# A Differentiated Offering.

## 6 Company purpose.

To make a difference in markets that are under served and overcharged.

# +75 NPS

NPS is the measure of customer experience that is assessed on a scale of -100 to +100, where a score of greater than +50 is excellent

## Recognition

Our continued focus on providing a great customer experience is core to our service offering and differentiation.

At the 2020 World Communication Awards in London we won the award for best Customer Experience in the World for our Heartbeat program.

Our CEO David Tudehope was also recognised with the World CEO of the Year award:

"We're definitely looking for the X-Factor and we definitely found it here. The judges described the winner as the most customer experience focused CEO they've ever seen. Which has resulted in his company delivering a net promoter score at the same level as Apple and Amazon."

- Cormac Whelan FITP, CEO of Nokia UK and Ireland



**Quality Infrastructure.**

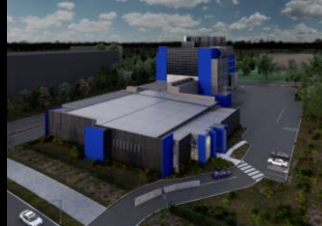
# Data Centre Portfolio.



Intellicentre 1  
Sydney CBD



Intellicentre 2  
Macquarie Park



Intellicentre 3 East  
Macquarie Park



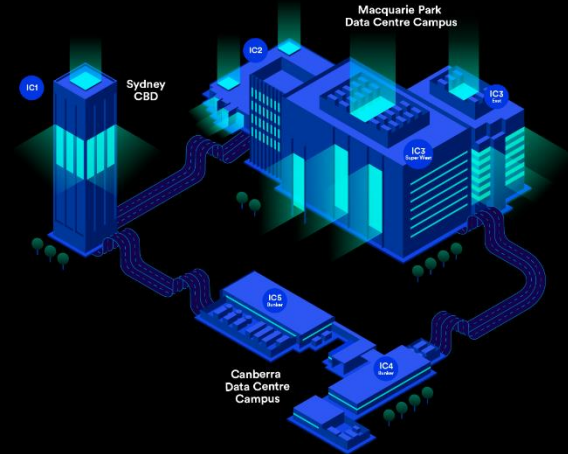
Intellicentre 4 Bunker,  
Canberra



Intellicentre 5 South  
Bunker, Canberra

Macquarie Data Centres' projected total IT load is **54MW** comprising of:

- Macquarie Park Data Centre Campus 50MW: IC2, IC3 East and IC3 Super West; and
- Macquarie Canberra Data Centre Campus and IC1 in Sydney CBD combined 4MW.



# Macquarie Park Data Centre Campus.

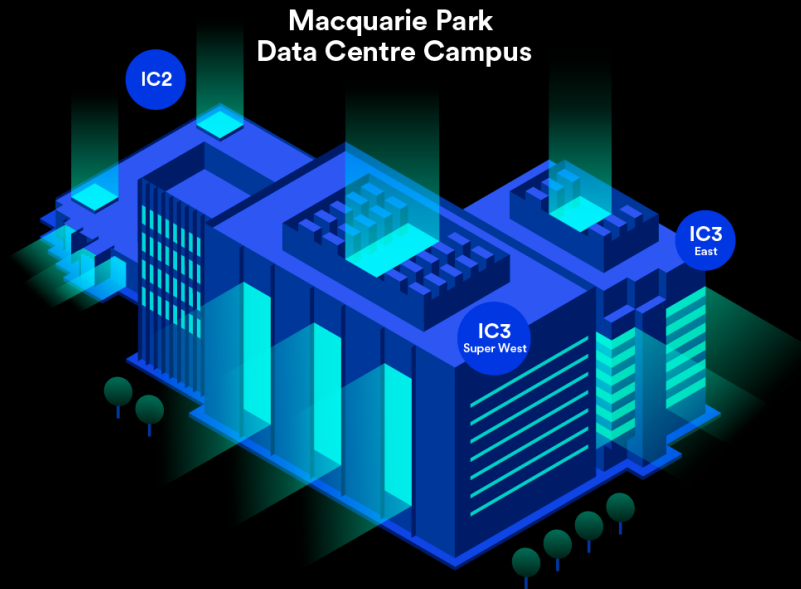
Located in the Sydney North Zone.

IC3 East (Phase 1) successfully delivered on budget in 2H FY21.

In November last year MDC announced the win of a long-term contract with a leading corporation for approximately 10MW of IT Load at IC3 East.

Fit out works in relation to that contract are progressing for completion in late 1H FY22 / early 2H FY22.

Mechanical, electrical and plant for IC3 East capacity is being upgraded from 11MW to 12MW of IT Load.



# IC3 Super West

IC3 Super West is a new data centre with 32 MW of IT Load which takes the Macquarie Park Data Centre Campus to 50MW IT Load over time.

## State Significant Development

Application process is expected to shorten the planning cycle - likely to run until early CY22. Construction and funding remains subject to final Board approvals.

Flexibly designed to meet the needs of corporate, government, wholesale and hyperscale customers. Mechanical, electrical and plant is deployed over time.



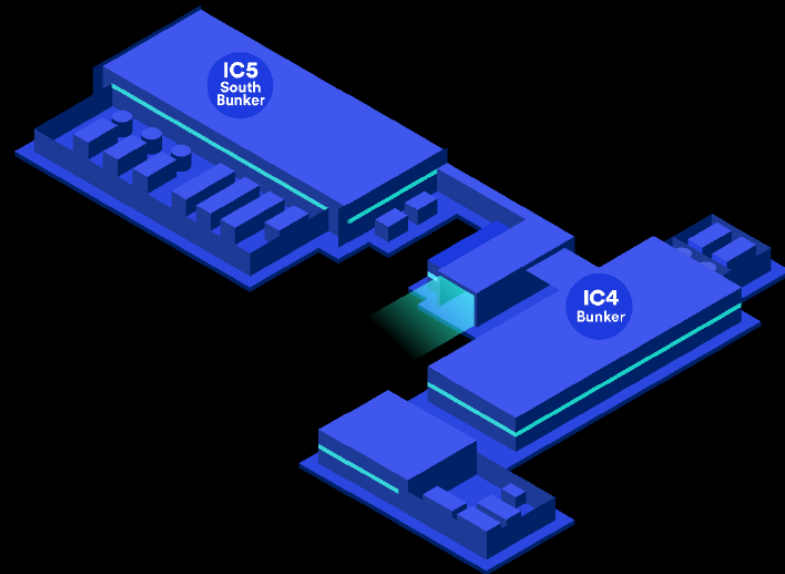
# Canberra Data Centre Campus.

IC4 and IC5 have received “Certified Strategic” accreditation from the Australian Government which is the highest level available.

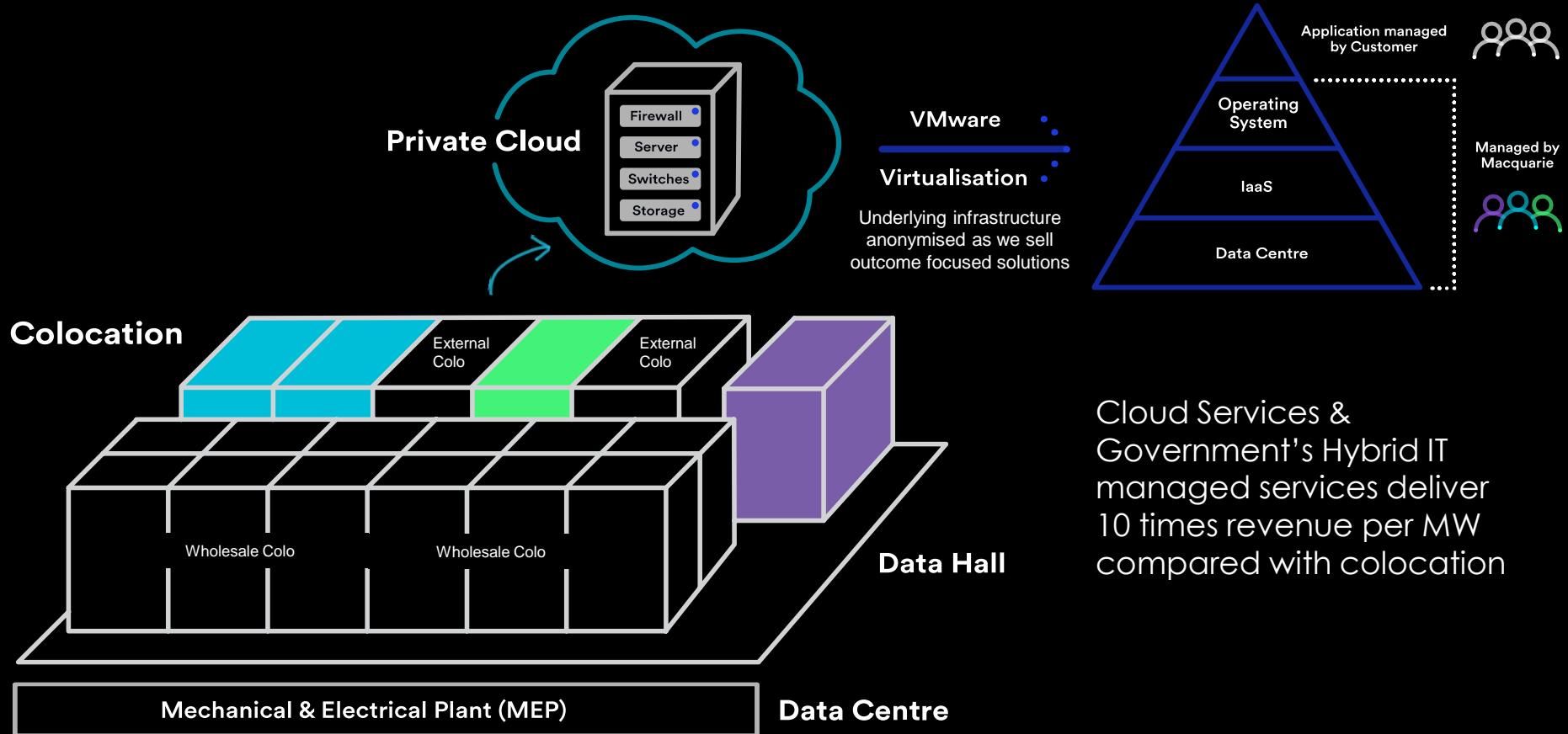
One of the first three operators to be Certified Strategic means that we are able to provide the highest level of security compliance available to support government classified data.

IC5 South Bunker was completed in December 2020 on time and on budget, and was opened by Minister of Defence the Hon. Peter Dutton.

Built to support the cyber security work Macquarie Government does for the Commonwealth and part of our commitment to investing locally in sovereign capabilities.



# Our private cloud continues to be a key source of data centre utilization and generates higher revenue per rack.





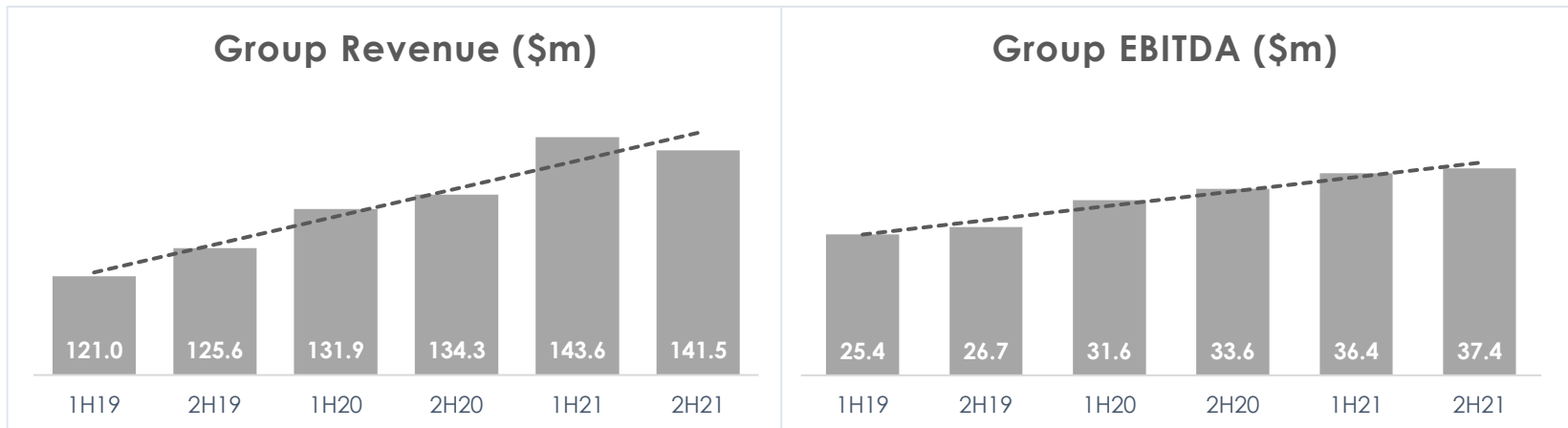
# Financials.

# Financial Results.

\$m	FY20	FY21	FY21 v FY20	% change
Total Revenue				
Telecom	139.6	135.1	(4.5)	(3.2%)
Cloud Services & Government	108.4	131.5	23.1	21.3%
Data Centres	35.2	38.7	3.5	9.9%
Inter-Segment	(17.0)	(20.2)	(3.2)	18.8%
<b>Total Revenue</b>	<b>266.2</b>	<b>285.1</b>	<b>18.9</b>	<b>7.1%</b>
EBITDA				
Telecom	19.1	18.5	(0.6)	(3.1%)
Cloud Services & Government	29.2	36.4	7.2	24.7%
Data Centres	16.9	18.9	2.0	11.8%
<b>Total EBITDA</b>	<b>65.2</b>	<b>73.8</b>	<b>8.6</b>	<b>13.2%</b>
Depreciation & Amortisation	(41.4)	(52.9)	(11.5)	27.8%
<b>EBIT</b>	<b>23.8</b>	<b>20.9</b>	<b>(2.9)</b>	<b>(12.2%)</b>
Interest	(4.4)	(3.4)	1.0	(22.7%)
<b>NPBT</b>	<b>19.4</b>	<b>17.5</b>	<b>(1.9)</b>	<b>(9.8%)</b>
Tax	(5.9)	(5.0)	0.9	(15.3%)
<b>NPAT</b>	<b>13.5</b>	<b>12.5</b>	<b>(1.0)</b>	<b>(7.4%)</b>

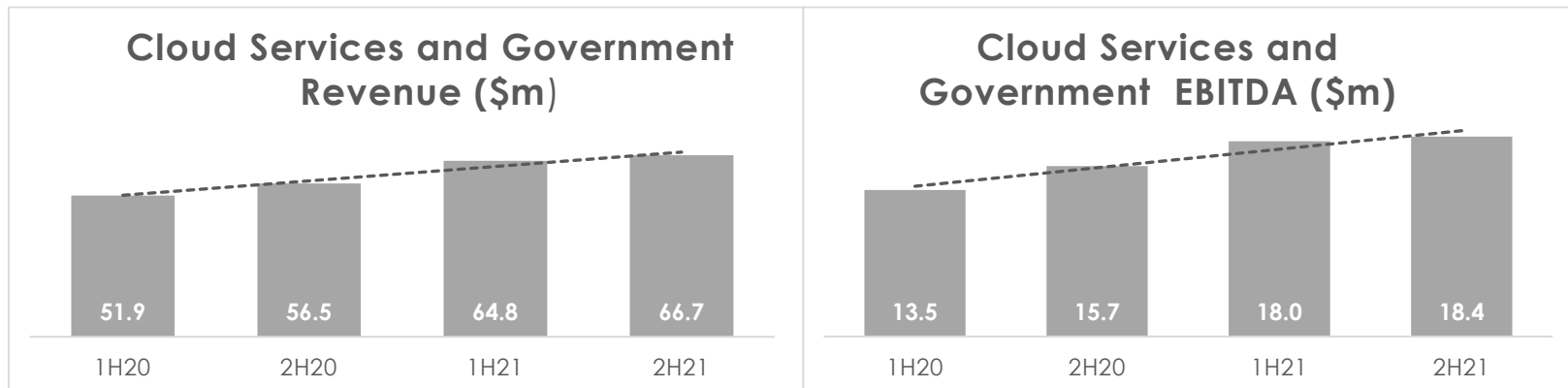
- Inter-segment revenue predominately relates to services provided by the Data Centre segment to both the Cloud Services & Government and Telecom segments, eliminated on consolidation

# Group Financial Performance.



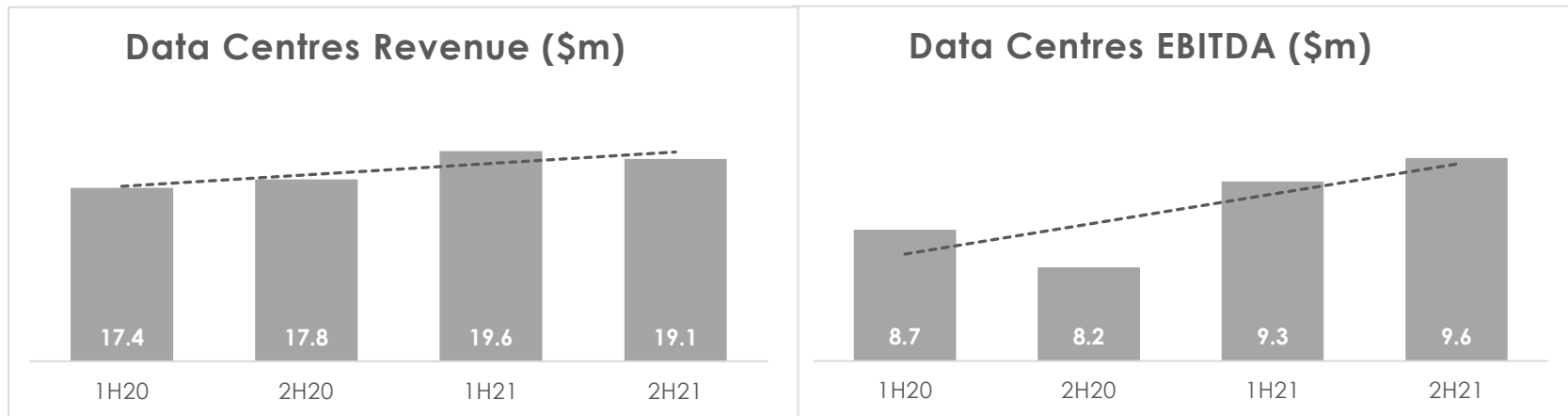
- Over the last 3 years:
  - Revenue CAGR of 6.9%
  - EBITDA CAGR of 15.6%
- EBITDA margin 25.9% in FY21

# Financial Performance – Cloud Services & Government



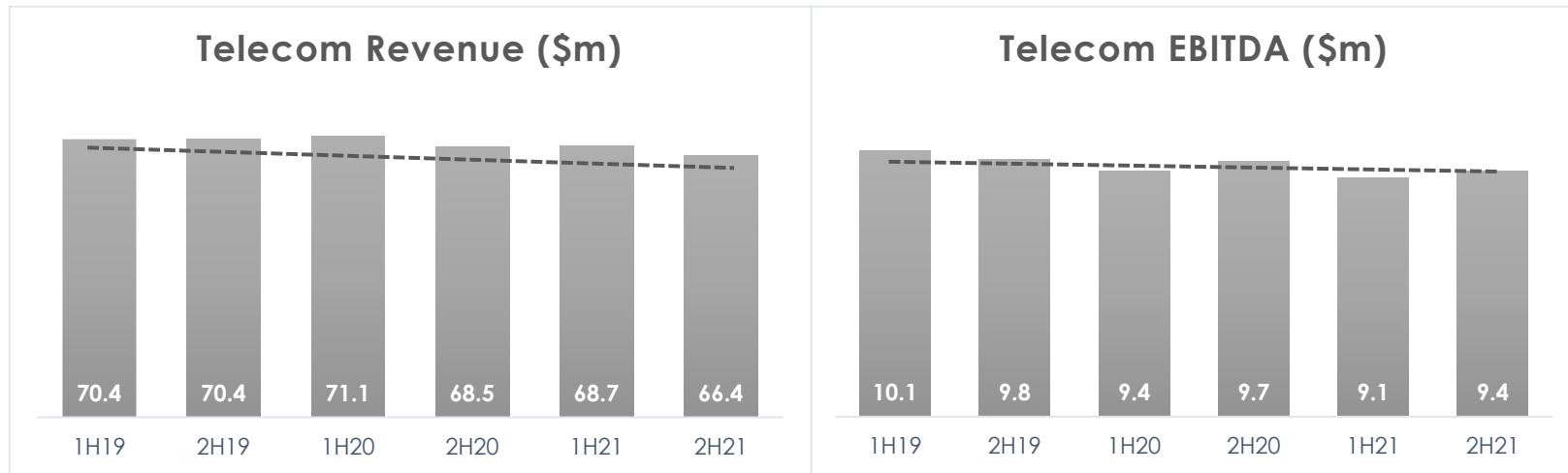
- Revenue grew by 21.4% compared to FY20
- EBITDA grew by 25.0% compared to FY20
- EBITDA margin 27.7% for FY21
- Cloud Services & Government is a new segment from FY21

## Financial Performance – Data Centres



- Data Centres revenue increased 9.7% compared to FY20
- EBITDA increased 12.0% compared to FY20
- EBITDA margin 49.0% in FY21
- Data Centres is a new segment from FY21

# Financial Performance – Telecom



- Over the last 3 years:
  - Revenue CAGR of (1.8)%
  - EBITDA CAGR of (4.2)%
- EBITDA margin 13.7% in FY21

## Growth Capex.

- **Growth Capex** is for the building of new data centre capacity, increased power supply, new technology creation and transformational investment
- In the Data Centres business, a current example is IC5
- In the Cloud Services & Government business, a current example is the Secure Internet Gateway services which is for the ATO and other agencies
- Due to its significant scale IC3 spend has been separately reported
- **Growth Capex** was \$56.1m in FY21

## Customer Growth Capex.

- **Customer Growth Capex** is for additional cabling, racks, servers & storage that enable us to provision new customer orders
- In the Telecom business, a current example is investment in SD WAN and nbn migrations
- **Customer Growth Capex** was \$21.8m in FY21 reflective of our data centre sales success and product mix

## Maintenance Capex.

- Most of the remaining Capex is infrastructure refresh and internal software development known as **Maintenance Capex**
- **Maintenance Capex** was \$13.7m for FY21

## 20 Balance Sheet & Cash Flows.

- Cash and cash equivalents of \$19.8m. The undrawn debt facility amounts to \$58m which allows us to complete IC3E fit out work and pursue other growth initiatives.
- FY21 capital spend of \$139.1m
  - IC3E \$47.5m
  - Growth Capex \$56.1m
  - Customer Growth Capex \$21.8m
  - Maintenance Capex \$13.7m
- IC3 total expenditure including development expenditure was \$103m.
- IC3 development expenditure is currently classified as current assets. The Occupation Certificate was received in July and the receivable of \$28.6m (including GST) due from Keppel as at 30 June 2021 was collected in July in accordance with the agreement. This will reduce current assets accordingly.

\$m	FY20	FY21
Cash & Cash Equivalents	37.9	19.8
Other Current Assets	44.0	73.5
Non Current Assets	242.4	328.8
<b>Total Assets</b>	<b>324.3</b>	<b>422.0</b>
Creditors	54.5	53.5
Other Liabilities	147.7	232.1
<b>Total Liabilities</b>	<b>202.2</b>	<b>285.6</b>
<b>Total Equity</b>	<b>122.1</b>	<b>136.4</b>

\$m	FY20	FY21
Cash Flows from Operating Activities	45.9	45.3
Cash Flows used in Investing Activities	(64.1)	(139.1)
Cash Flows from Financing Activities	39.2	75.7
<b>Net increase /(decrease) in cash</b>	<b>21.0</b>	<b>(18.1)</b>
Opening Cash and Cash Equivalents	17.1	37.9
<b>Closing Cash and Cash Equivalents</b>	<b>38.1</b>	<b>19.8</b>

# 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 \$17 million in FY22 with Hosting capex at \$97 to \$108 million.