



















Half Year Results.

2022.

21 February 2022

Authorised for release by the Chief Executive of Macquarie Telecom Group Limited

Business design.

Business Areas	 macquarie TELECOM	 macquarie CLOUD SERVICES	 macquarie GOVERNMENT	 macquarie DATA CENTRES
Percentage of Revenue and EBITDA in 1H22	<div><div>43%</div><div>Revenue</div></div> <div><div>23%</div><div>EBITDA</div></div>	<div><div>50%</div><div>Revenue</div></div> <div><div>52%</div><div>EBITDA</div></div>	<div><div>7%</div><div>Revenue</div></div> <div><div>25%</div><div>EBITDA</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	 OPTUS  Telstra  VOCUS	 NextDC  inHOUSE  amazon  rackspace	 verizon  inHOUSE  DXC DXC technology	 NextDC  EQUINIX  GLOBAL SWITCH  AIRTRUNK
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
\$149.3m

EBITDA
\$40.5m

NPAT
\$3.7m

EPS
17.1 ps

- Fifteen consecutive halves of EBITDA growth.
- EBITDA CAGR of 16.8% over the last 3 years. Revenue CAGR of 7.3% over the last 3 years.
- Continued profit growth into 2H FY22.
- Strong conversion of EBITDA to operating cash flows of \$37.6 million in 1H FY22 versus \$27.0 million in 1H FY21 (on an underlying basis).
- Strategically positioned for growth with Cyber, Cloud and Security megatrends supporting our business.
- Completion of fit-out works for a global Leading Corporation at IC3 East was completed on time and on budget and billing has commenced.
- Our ability to continue to deliver in a challenging Covid year has resonated strongly with our customer base.
- Growth in depreciation and amortization and reduction in NPAT is driven by significant ramp up in IC3 expenditure in FY21 and the commencement of the IC3 East lease.

Macquarie Cloud Services

- 1 of 5 Australian Azure Expert Managed Service Provider (MSP)
- #2 Microsoft Partner Nationally in enterprise and corporate
- Continues to grow successfully leveraging the Hybrid IT megatrend of colocation private cloud and public cloud
- Great Place to Work top 25 three years in a row

Macquarie Government

- Continued strong cyber security revenue growth including with ATO
- 42% of Australian Government agencies are customers
- "Certified Strategic" by the Australian Government
- Continued investment to meet Government's cyber security needs

Business Highlights Summary.

Macquarie Data Centres

- Completion of fit-out works (of approximately 10 MW of IT Load) on time and budget for global Leading Corporation.
- Billing for the above contract has commenced and continues to ramp up in 2H FY22.
- Continuing to progress the State Significant Development Application for IC3 Super West to bring total Macquarie Park Campus total IT load to 50MW.

Macquarie Telecom

- #1 in Asia Pacific for SD WAN with over 6,000 sites activated
- Strong cross sell of Cloud Services solutions into Telecom's customers
- nbn is now available to 99% of our customers premises
- nbn migration team has been wound down given near completion of the programme

A black and white photograph of a man working in a complex industrial facility. The man is positioned in the center-right of the frame, wearing a light-colored shirt and looking towards the left. He is surrounded by large, polished metal pipes and machinery. The pipes are curved and connected, creating a dense network of industrial structures. The lighting is dramatic, with strong highlights on the metallic surfaces and deep shadows in the background. The overall atmosphere is one of a sophisticated, high-tech industrial environment.

A Differentiated Offering.

6 Company purpose.

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

+74 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:

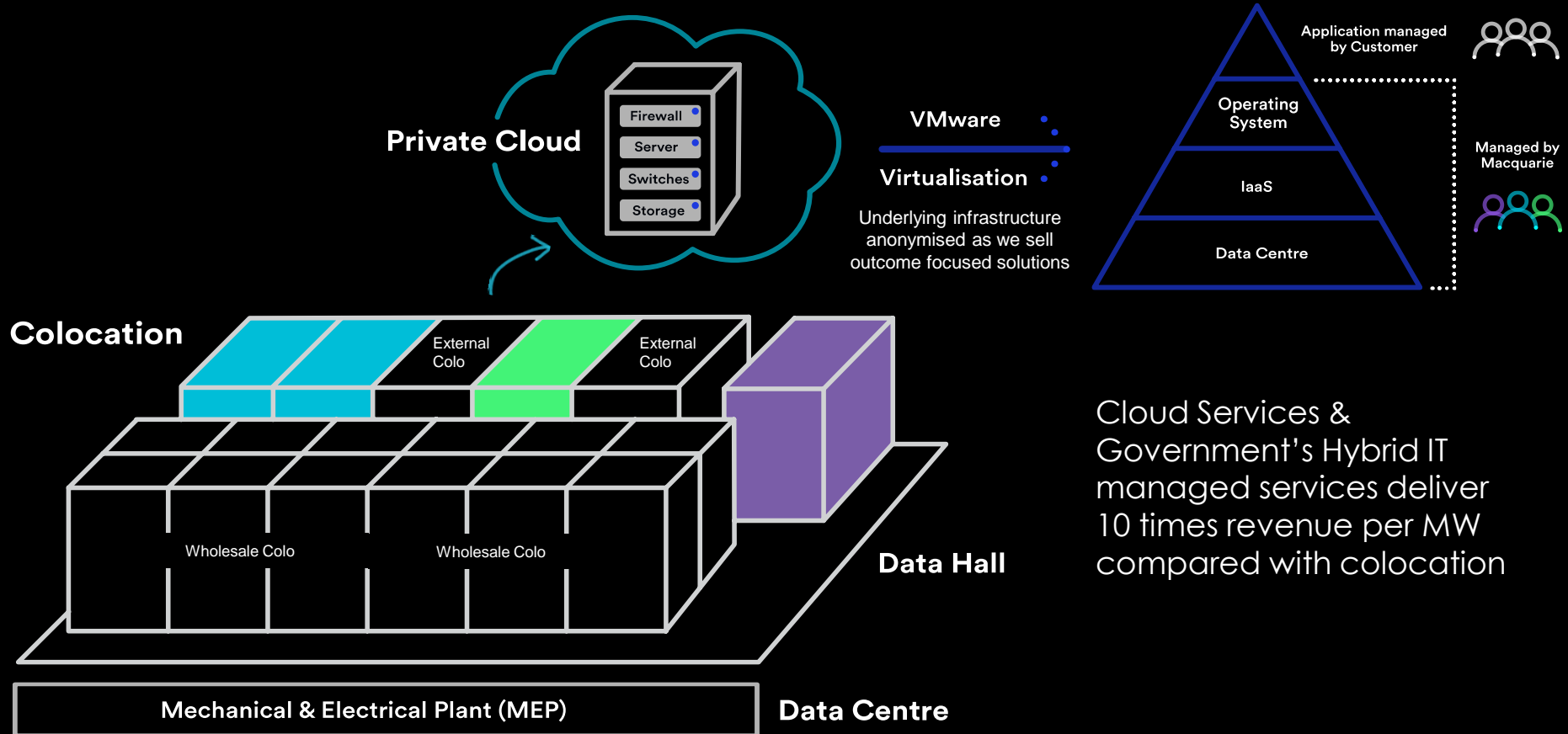
"We're definitely looking for the X-Factor and we definitely found it here. The judges described the winner as the most customer experience focused CEO they've ever seen. Which has resulted in his company delivering a net promoter score at the same level as Apple and Amazon."

- Cormac Whelan FITP, CEO of Nokia UK and Ireland



Quality Infrastructure.

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



Data Centre Portfolio.



Intellicentre 1
Sydney CBD



Intellicentre 2
Macquarie Park



Intellicentre 3 East
Macquarie Park



Intellicentre 4 Bunker,
Canberra

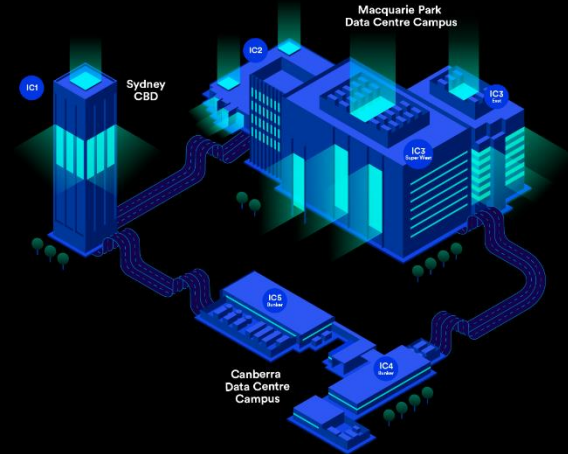


Intellicentre 5 South
Bunker, Canberra

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.

All our data centres are Certified Strategic by the Australian Government



IC3 East Customer Success.

In November 2020, MDC announced the signing of a **long-term contract** with a leading corporation for approx. **10MW** of IT Load at IC3 East located at the Macquarie Park Data Centre Campus in Sydney's North Zone.

Macquarie Data Centres has delivered this significant fit-out project **on time** and **on budget** and **billing has commenced and ramping** up over FY22.

Our ongoing focus on safety is an integral part of MDC's success. We have achieved **zero Lost Time and zero Medical Treatment Injuries** for the project.

Our ability to continue to deliver in a challenging Covid year has resonated strongly with our customer and sets Macquarie Data Centres apart from our competition.



IC3 Super West.

- 32 MW of IT Load which takes the Macquarie Park Data Centre Campus to 50MW IT Load over time.
- State Significant Development Application submitted. We expect to receive DA approval in mid to late 2022 and construction completed 18 months later. Mechanical, electrical and plant is deployed over time.
- Flexibly designed to meet the needs of corporates, government, wholesale and hyperscale customers.
- Covid is accelerating the move to cloud, Macquarie Data Centres is well placed to meet customer demand.





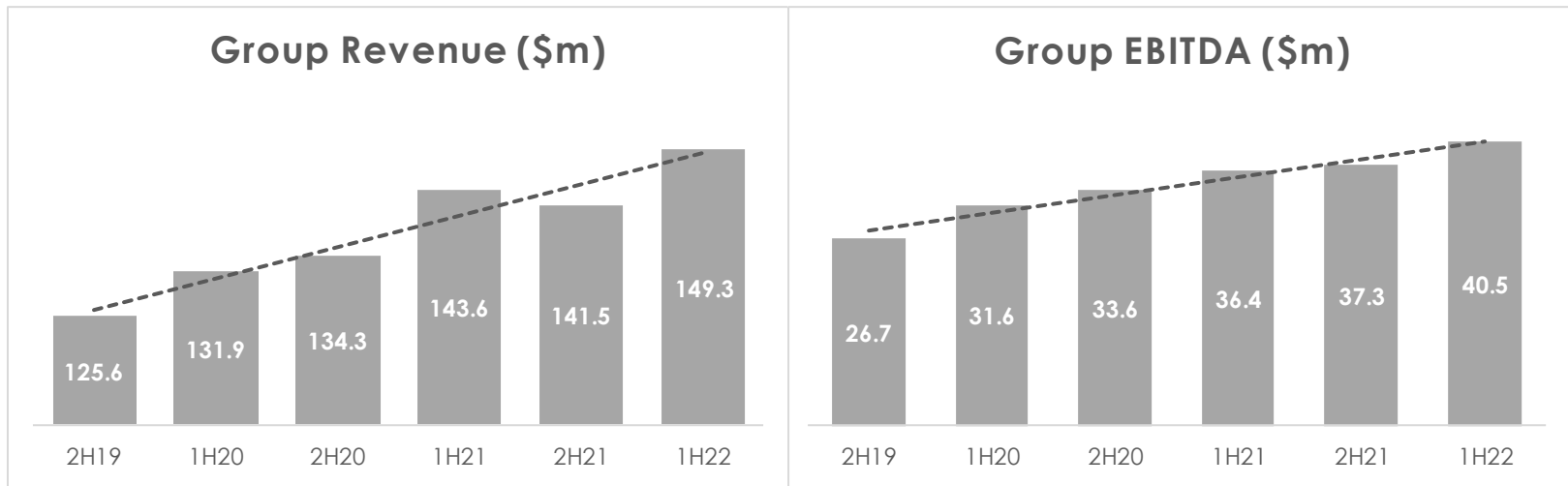
Financials.

Financial Results.

\$m	1H FY21	2H FY21	1H FY22	1H FY22 v 1HFY21	% change
Total Revenue					
Cloud Services & Government	64.8	66.7	76.4	11.6	17.9%
Data Centres	19.6	19.1	21.0	1.4	7.1%
Telecom	68.7	66.4	64.0	(4.7)	(6.8%)
Inter-Segment	(9.5)	(10.7)	(12.1)	(2.6)	27.4%
Total Revenue	143.6	141.5	149.3	5.7	4.0%
EBITDA					
Cloud Services & Government	18.0	18.4	21.2	3.2	17.8%
Data Centres	9.3	9.6	10.2	0.9	9.7%
Telecom	9.1	9.4	9.1	-	-
Total EBITDA	36.4	37.4	40.5	4.1	11.3%
Depreciation & Amortisation	(23.8)	(29.0)	(30.5)	(6.7)	28.2%
EBIT	12.6	8.4	10.0	(2.6)	(20.6%)
Interest	(2.8)	(0.7)	(3.7)	(0.9)	32.1%
NPBT	9.8	7.7	6.3	(3.5)	(35.7%)
Tax	(2.8)	(2.2)	(2.6)	0.2	(7.1%)
NPAT	7.0	5.5	3.7	(3.3)	(47.1%)

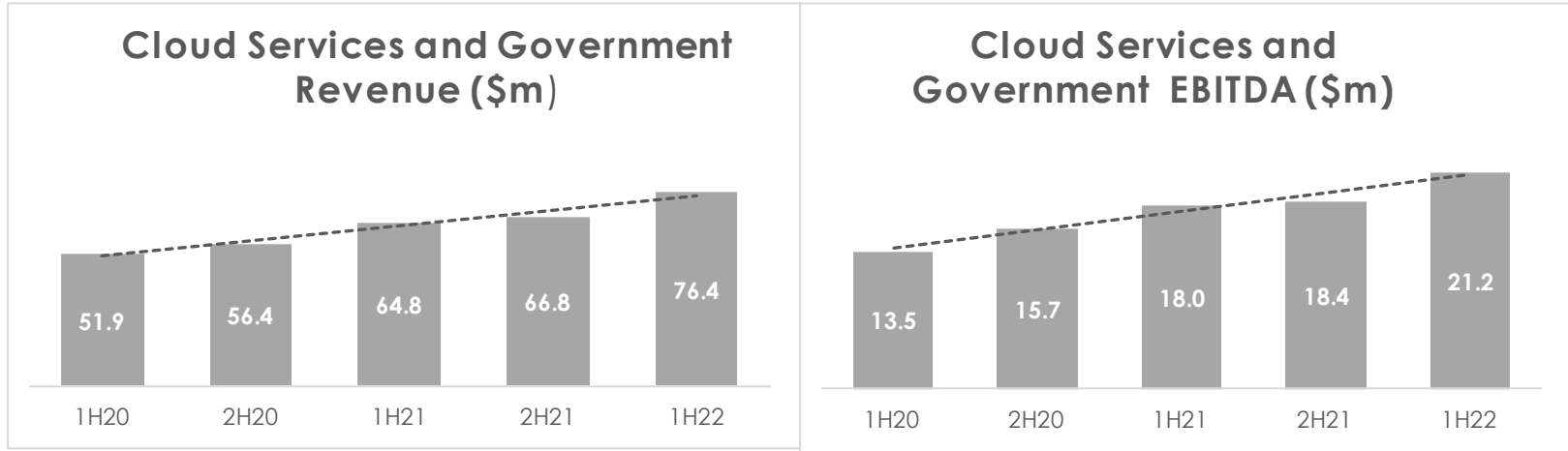
- Inter-segment revenue predominately relates to services provided by the Data Centre segment to both the Cloud Services & Government and Telecom segments, eliminated on consolidation

Group Financial Performance.



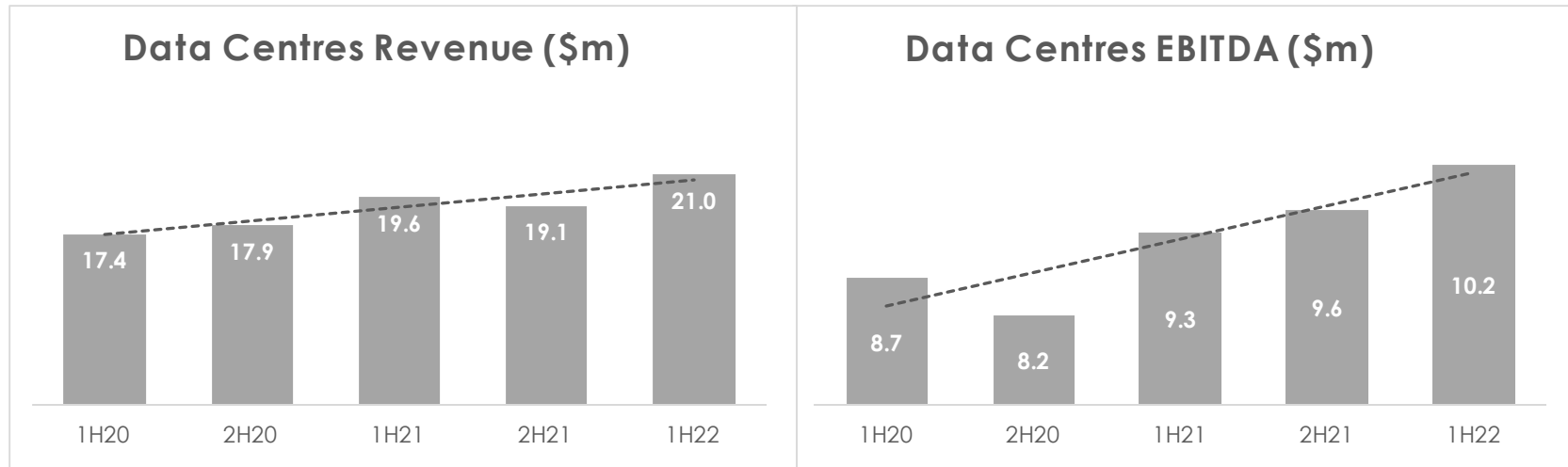
- Over the last 3 years:
 - Revenue CAGR of 7.3%
 - EBITDA CAGR of 16.8%
- Growth in EBITDA faster than revenue due to operating leverage
- EBITDA margin 27.1% in H1 FY22

Financial Performance – Cloud Services & Government



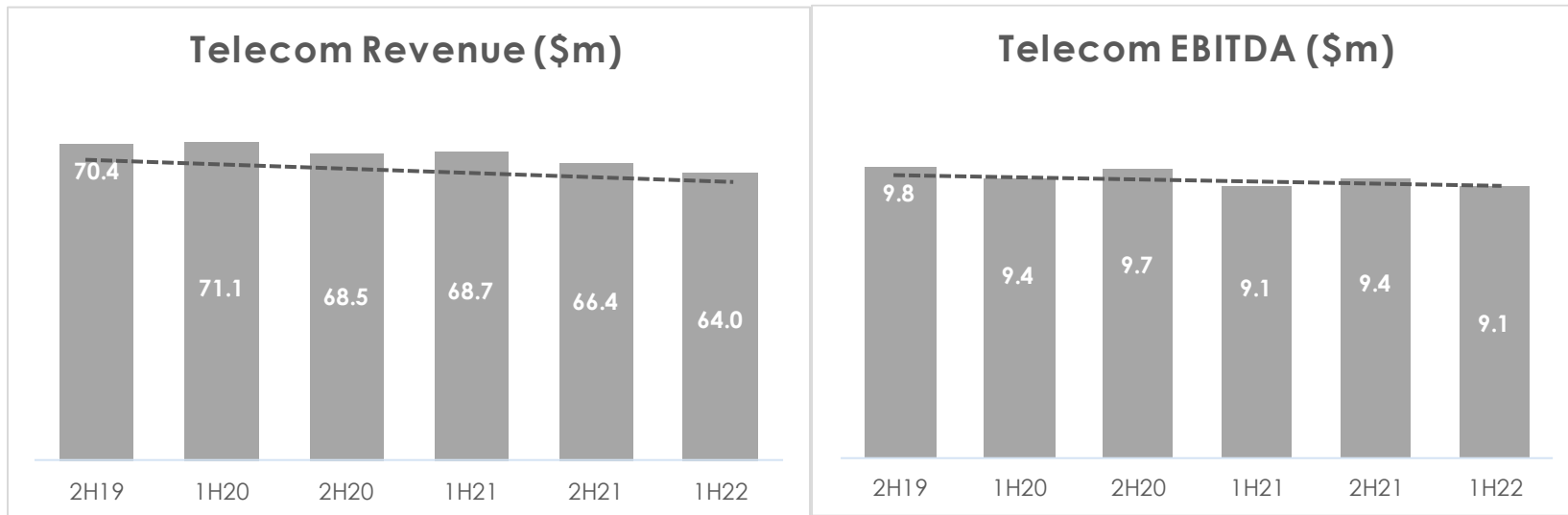
- Over the last 2 years:
 - Revenue CAGR of 21.3%
 - EBITDA CAGR of 25.3%
- EBITDA margin 27.7% in H1 FY22
- Cloud Services & Government was a new segment from FY21

Financial Performance – Data Centres



- Over the last 2 years:
 - Revenue CAGR of 9.9%
 - EBITDA CAGR of 8.4%
- EBITDA margin 48.6% in H1 FY22
- Data Centres was a new segment from FY21

Financial Performance – Telecom



- Over the last 3 years:
 - Revenue CAGR of (3.1)%
 - EBITDA CAGR of (3.4)%
- EBITDA margin 14.2% in H1 FY22

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 fitout works for a Leading Corporation.
- In the Cloud Services & Government business, a current example is the Secure Internet Gateway services which is for the ATO and other agencies
- **Growth Capex** was \$46.2m in 1H FY22

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
- **Customer Growth Capex** was \$17.1m in 1H FY22

Maintenance Capex.

- Most of the remaining Capex is infrastructure refresh and internal software development known as **Maintenance Capex**
- **Maintenance Capex** was \$5.6m for 1H FY22

19 Balance Sheet & Cash Flows.

- Cash and cash equivalents of \$18.4m. The undrawn debt facility amounts to \$43m which allows us to pursue growth initiatives.
- 1H FY22 capital spend of \$68.9m
 - Growth Capex \$46.2m
 - Customer Growth Capex \$17.1m
 - Maintenance Capex \$5.6m
- Reduction in current assets was due to the collection of a receivable of \$28.6m (including GST) from Keppel in July 21.
- Increase in operating cash flows in 1H FY22 was due to the collection of tax refund and receivable from Keppel totalling \$31.6m. 1H FY21 operating cash flow included net payment of \$13.4m relating to construction costs partially offset by a tax refund. Underlying cash flows from operating activities excluding these items was \$37.6m in 1H FY22 vs \$27.0m in 1H FY21 demonstrating strong conversion of EBITDA to cash.

\$m	FY21	1H FY22
Cash & Cash Equivalents	19.8	18.4
Other Current Assets	73.5	40.7
Non Current Assets	328.7	419.1
Total Assets	422.0	478.2
Creditors	53.5	37.5
Other Liabilities	232.1	298.4
Total Liabilities	285.6	335.9
Total Equity	136.4	142.3

\$m	1H FY21	1H FY22
Cash Flows from Operating Activities	13.6	69.3
Cash Flows used in Investing Activities	(79.7)	(80.3)
Cash Flows from Financing Activities	39.9	9.6
Net decrease in cash	(26.2)	(1.4)
Opening Cash and Cash Equivalents	37.9	19.8
Closing Cash and Cash Equivalents	11.7	18.4

Outlook.

- Investment made in Cloud Services & Government and Macquarie Data Centres underpins the growth in the FY22 EBITDA. This is expected to be approximately \$85 to \$88 million.
- Billing for the Data Centre's Leading Corporation ramps up over FY22.
- Cloud Services continue to develop public cloud and security capability to enhance the current hybrid cloud offering.
- Continued demand from our Federal Government Agencies for cybersecurity and secure cloud, including Tier 1 Agencies such as the ATO, gives high confidence for future growth in the Government Business.
- Telecom revenue and EBITDA will continue to be affected by COVID lockdowns, which is partially offset by demand for new technologies including SDWAN.

FY22	\$m
EBITDA	85 - 88
Cloud Services & Government	25 - 26
Data Centres	20 - 21
Telecom	20 - 21
Depreciation	65 - 68
Customer Growth Capex	25 - 28
Growth Capex exc IC3E	18 - 21
IC3E (growth capex)	62 - 65
Maintenance Capex	15 - 18
Total Capex	120 - 129
Hosting	105 - 117
Telecom	14 - 15
Total Capex	120 - 129