

Investor Day.

December 2020.

Authorised for release by the CEO of Macquarie Telecom Group Limited

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Business Summary



Business Areas				
Percentage of Revenue and EBITDA in FY20	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>49%</p> <p>Revenue</p> </div> <div style="text-align: center;"> <p>29%</p> <p>EBITDA</p> </div> </div>	<div style="text-align: center;"> <p>38%</p> <p>Revenue</p> </div>	<div style="text-align: center;"> <p>45%</p> <p>EBITDA</p> </div>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>12%</p> <p>Revenue</p> </div> <div style="text-align: center;"> <p>26%</p> <p>EBITDA</p> </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 BU's colocation services.
Value proposition	Customer Service, Price, Choice, Flexibility, Control	Customer Service, Specialised and Compliant Hosting. For apps not suitable for Public Cloud	Customer Service, Security Operations Centre (SOC), Cyber Security, ASD-Certified Cloud, Data Centre in Canberra	Customer Service, Commercial and Design Flexibility, Physically Secure for Federal Government, Highly Certified, Local and Data Sovereignty, Proven track record
Competitors				
People / Skill	Generalist for Voice & Mobiles Technical Consultant for Data & Colo know Business Drivers	Cloud Specialists: Custom and Compliant	Cyber Security and Hosting Specialist know Government Drivers	Australian Data Centre Specialists

Customer experience...

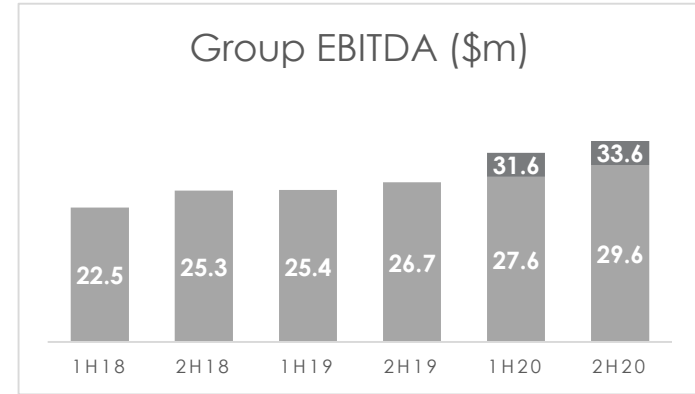
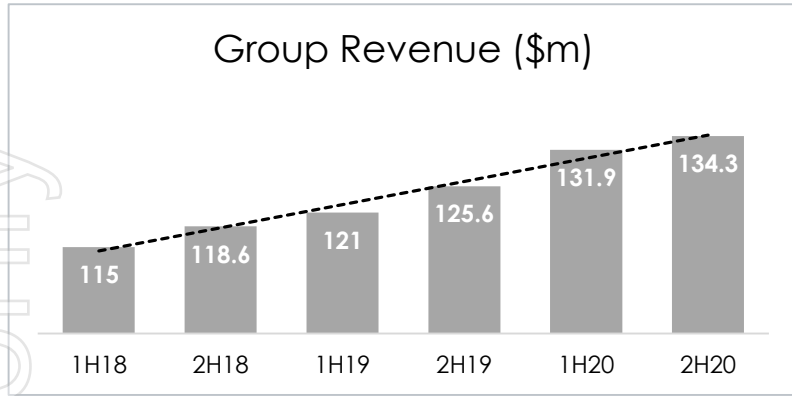
Macquarie Telecom Group won the World's Best Customer Experience Award at the World Communication Awards in London 2020.

60 international judges & 450 entities

Macquarie the only Australian Company to win this award in 22 years.



Group Financial Performance



- Over the last 3 years:
 - Revenue CAGR of 6.8%
 - EBITDA CAGR of 16.8% (excluding AASB16, 9.5%)
 - EBITDA margin 24.5% (excluding AASB16, 21.5%)
- Impact of AASB16 increases EBITDA by \$8.0m (as per graph)

COVID-19 Impact

- Performance has been resilient to the external business and economic pressures arising from the measures to control the COVID-19 pandemic
- No government subsidies or other incentives received as a result of COVID-19

Balance Sheet & Cash Flows.

- Cash and cash equivalents of \$37.9m. Negotiated increase to syndicated debt facility with undrawn portion of \$92m available for investment and build of IC3 & IC5 data centres
- FY20 capital spend of \$65.9m ex IC3
 - Growth Capex \$14.8m
 - Customer Growth Capex \$38.8m
 - Maintenance Capex \$12.3m
- IC3 building development expenditure is either classified as Other Receivables for the core & shell or as WIP. Upon practical completion Other Receivables will form part of the development agreement with Keppel
- Key impact of AASB16 has been to:
 - recognise \$76.1m of Right-of-use assets (non-current) offset by \$75.8m of lease liabilities on the balance sheet at 30 June 2020
 - \$7.9m of interest and lease payments in financing activities in the cash flow (with nil cash impact)

\$m	FY19	FY20 (Pre AASB16)	FY20 (Post AASB16)
Cash & Cash Equivalents	17.1	37.9	37.9
Current Assets	29.5	44.5	44.0
Non Current Assets	114.7	165.9	242.4
Total Assets	161.3	248.3	324.3
Creditors	34.1	57.4	57.4
Other Liabilities	20.4	67.0	144.8
Total Liabilities	54.5	124.4	202.2
\$m	FY19	FY20 (Pre AASB16)	FY20 (Post AASB16)
Cash Flows from Operating Activities	38.6	38.0	45.9
Cash Flows from Investing Activities	(45.8)	(64.1)	(64.1)
Cash Flows from Financing Activities	(6.1)	47.0	39.1
Net increase / (decrease) in cash	(13.3)	20.8	20.8
Opening Cash and Cash Equivalents	30.3	17.1	17.1
Closing Cash and Cash Equivalents	17.1	37.9	37.9

Segmental Reporting.

FY20 Segment Report.

	Cloud Services			Consolidated
	Telecom	& Government	Data Centres	
	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000
Revenue				
External service revenue	139,036	106,905	19,582	265,524
Inter-segment revenue	-	1,411	15,626	17,037
Other revenue	682	-	-	682
Total segment revenue	139,718	108,316	35,208	283,243
Inter-segment elimination	-	(1,411)	(15,626)	(17,037)
	139,718	106,905	19,582	266,206
Results				
EBITDA	19,074	29,297	16,856	65,227
Depreciation and amortisation	(15,337)	(11,802)	(14,242)	(41,381)
Segment results before interest and tax	3,737	17,495	2,614	23,846
Finance income				148
Finance costs				(4,558)
Consolidated entity PBT				19,436
Income tax expense				(5,894)
Net Profit				13,542

MDC Capacity.



- Total IT Load of all Data Centres is 21MW of which 19MW has been sold, including 10MW to a Leading Corporation (new customer).
- The remaining floor at IC3 East will be sold to our 3 business units and some wholesale customers.

Cloud Services and Government.



- Sales orders up 60% from FY19 to FY20
- 81% Cloud Services and Government FY20 revenue is recurring
- High quality Government customer base spread over 42% of Federal Government agencies
- Cloud Services and Government's HybridIT managed services deliver 10 times revenue per MW compared with colocation

Outlook.



- The Company's EBITDA will continue to grow in FY21, with first half of fiscal year 2021 in the range of \$36-37 million. However, 2H FY21 will be relatively flat compared to 1H FY21 driven by investment in sales and operational resources to support continued growth.
- Construction of capacity under new contract will occur through CY21 for completion late CY21 / early CY22.
- Billing is due to start shortly after completion, Q3 FY22. FY23 will have full year impact of the contract.
- No material change to guidance for depreciation and amortization for FY21.
- FY21 total capex is expected to total \$180 to \$200 million.

David Hirst.
Group Executive
Macquarie Data Centres

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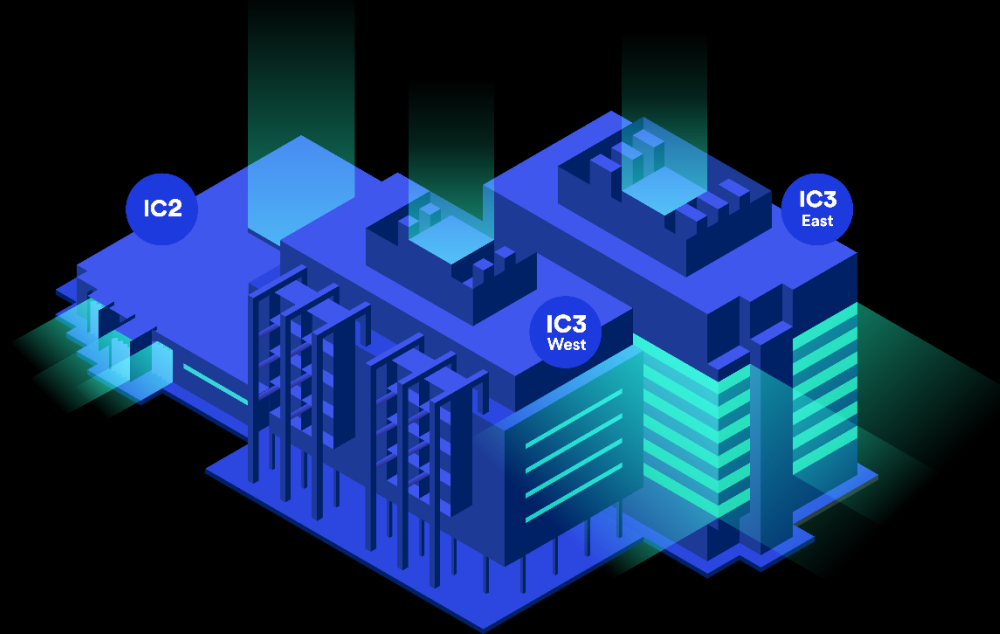
Macquarie Park Data Centre Campus.

Macquarie Data Centres (MDC) announces long term contract with a leading corporation (new customer) for approx. 10MW of IT Load at IC3E.

IC3 East build is progressing well and we continue to expect completion in February 2021, on time and on budget.

Over 1MW of wholesale/corporate capacity remains available at opening on one whole floor with further options to expand within IC3 East.

The 11MW of IT Load is within the 18MW of Total Load previously announced.

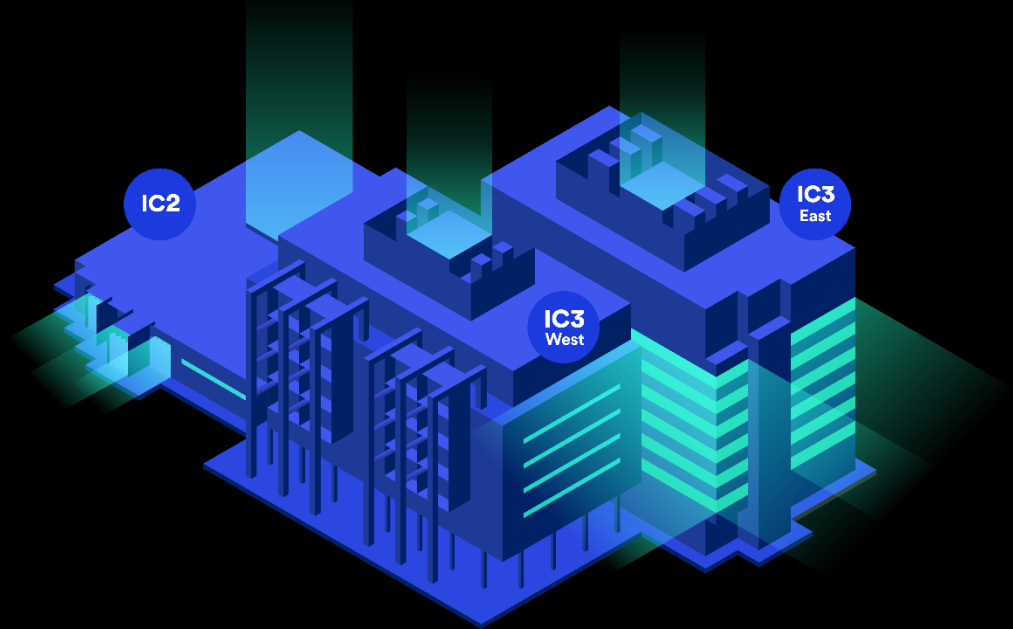


Macquarie Park Data Centre Campus.

Construction of capacity under the new contract will occur through CY21 for completion late CY21 / early CY22.

Billing is due to start shortly after completion.

Planning for IC3 West.



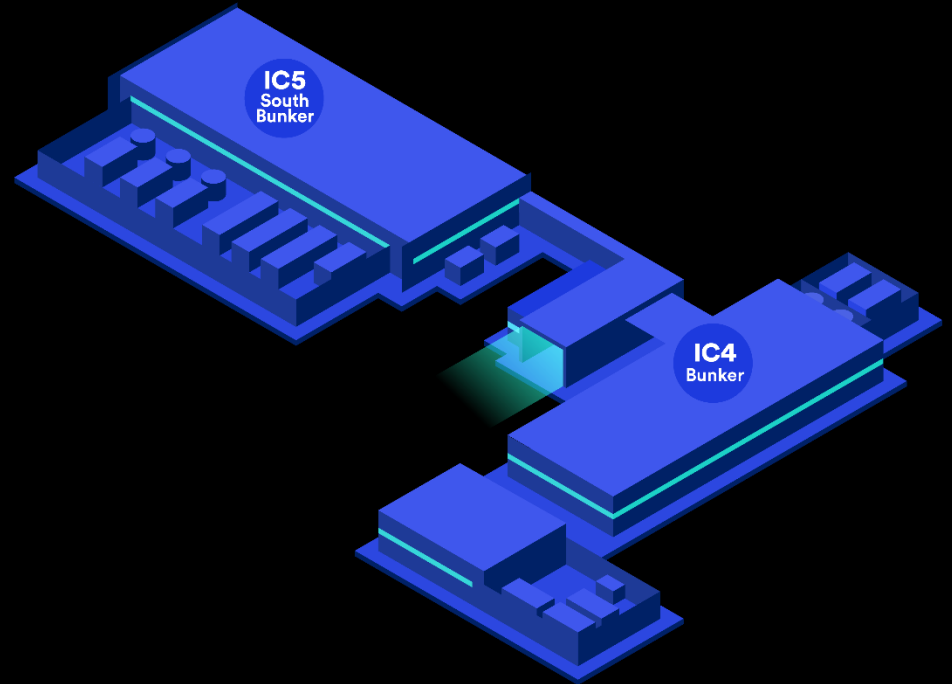
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Macquarie Canberra Data Centre Campus.

IC5 South Bunker build accelerated program is progressing well with expected completion in December 2020, on time and on budget.

IC5 South Bunker has been rented to the Macquarie Government business unit off the back MG's strong growth

IC5 North Bunker (DA approved) remains available for growth.



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IC3 East - On Time On Budget.



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IC5 South Bunker On Time On Budget.










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Aidan Tudehope.

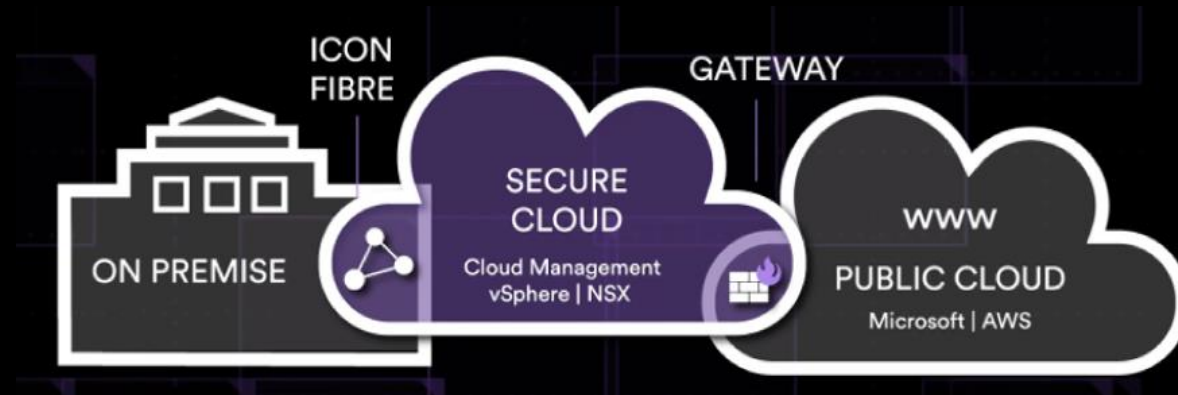
Managing Director
Government & Hosting Group

FY21 Government

MARKET	WHO	WHAT	OUTCOME
<p>AUSTRALIAN GOVERNMENT POLICY</p> <p>DIGITAL TRANSFORMATION</p> <p>CYBER SECURITY</p> <p>COVID RECOVERY</p>	<p>FEDERAL GOVERNMENT & NSW</p>  <p>VIC</p>	<p>SECURING THE DIGITAL TRANSFORMATION OF GOVERNMENT</p> <p>Through the PROTECTED High Ground (SECURE SOVEREIGN CLOUD, SECURE GATEWAY, COLOCATION)</p>	
<p>SECURE SOVEREIGN CLOUD</p> <p>SECURE INTERNET GATEWAY (SIG)</p> <p>PSPF (ISM) REQUIREMENTS</p>		<p>HOW</p> <p>ASIO T4 CYBER SECURITY CREDENTIALS 120+ NV1 15+ YEAR TRACK RECORD</p>  <p>SOC ACSC</p>  <p>Team Australia</p>  <p>DATA SOVEREIGNTY</p> <p>EASY TO BUY. EASY TO MIGRATE. EASY TO CONSUME</p> <p>BUILT FOR GOVERNMENT – DEFENCE CERTIFIED</p>  <p>SaaS ...</p>	<p>GROWTH</p>  <p>NPS +60</p>
<p>SOVEREIGN CAPABILITIES</p>			

2 Mega Trends.

Adoption of Cloud Cyber Security



Sovereign Australian Capabilities

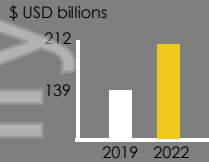
James Mystakidis.

**Group Executive
Macquarie Cloud Services**

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MARKET

SAAS GROWING



Forecasted +50% growth over 3 years

IAAS (CORP IT)



1.5m VM's journey to the Cloud

WHO



ENTERPRISE VIA PARTNERS



CORPORATE IT JOURNEY TO CLOUD



SOFTWARE AS A SERVICE PROVIDER



WEB BUSINESS
WEB SITES
DIGI RETAIL

WHAT

WE ENABLE HYBRID IT + WE SECURE THE CLOUD

Through
COLOCATION
DEDICATED SERVERS
PRIVATE CLOUD
PUBLIC CLOUD



HOW

Focus on **“custom”** and **“compliance”** for those whose needs are not met by the one size fits all approach.

OUTCOME

#1

Managed Cloud Business in Australia



NPS + 80

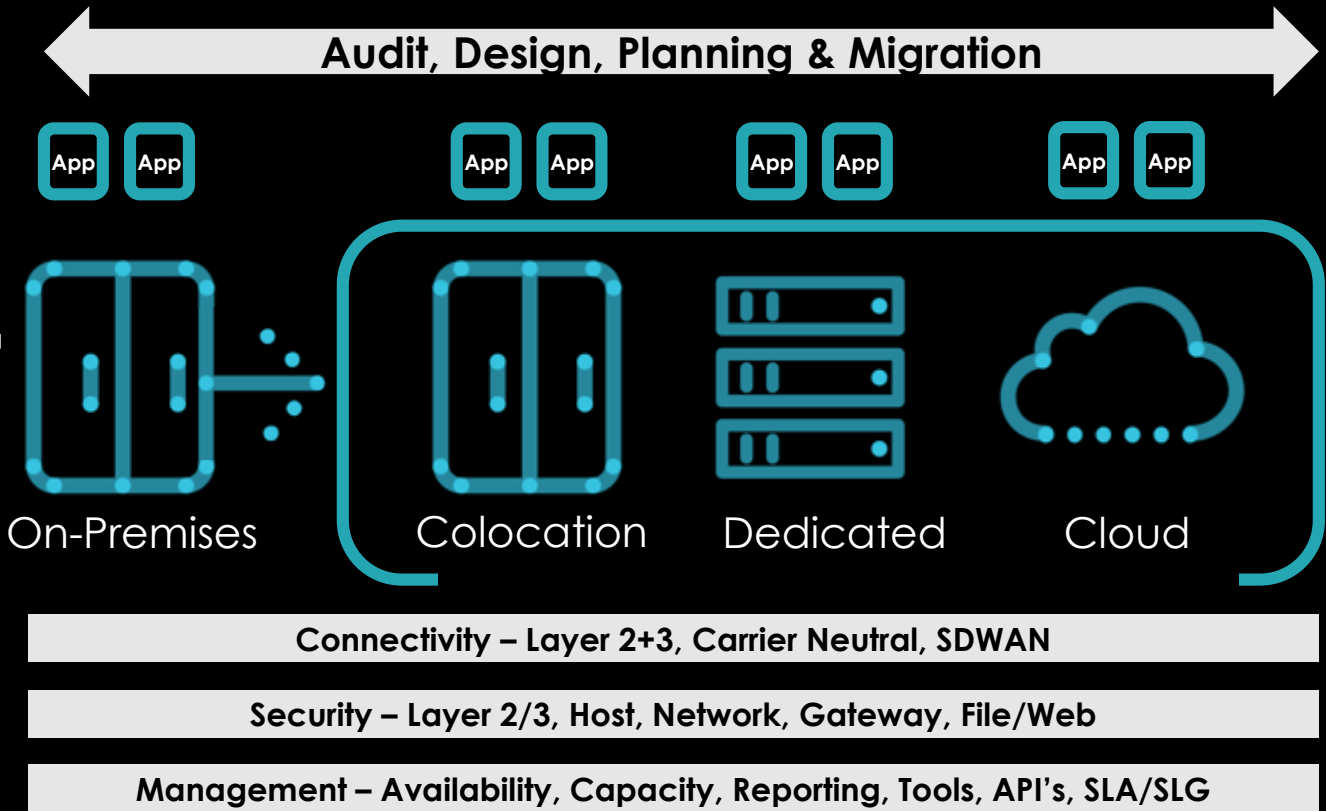
Customer NPS & Loyalty



Top Line Business Growth

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Hybrid IT



Case Study

HOLMANWEBB
LAWYERS

Brent Henley

Group Executive

Macquarie Telecom

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#SoUntelco



#SoUnTelco



MARKET

**\$4 Billion market
in decline and
consolidation**

**Networking
Disruption
Threats &
Opportunities**

**- SD-WAN
- nbn**

WHO



900+ of
5,000 mid sized
Corporate Business
Market

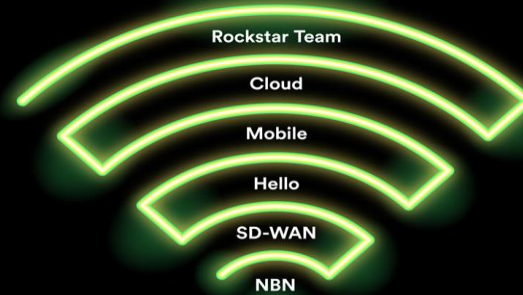


>\$15k per month



100 – 2000
Employees

WHAT



HOW

We are everything our competition is not. We deliberately chose to do the opposite of what our competitors do.

OUTCOME

New customers
with 2 lines of
Business and cross
sell to existing
customers



NPS + 60



Grow
Profitability and
increase cash
generation

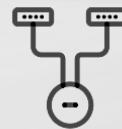
- Largest family-owned car carrier in Australia.
- Fleet of 55+ trucks
- National presence throughout QLD, NSW, VIC, SA and the ACT.

Previous challenges

- Numerous contracts with multiple vendors.
- Outdated network infrastructure.
- High ongoing costs.



Carways trust us with all lines of business



SD-WAN



NBN



Data



Mobiles



Voice

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Q&A.