

Macquarie Telecom delivers seven consecutive halves of revenue and profit growth and declares 25c per share interim dividend.

Macquarie Telecom (ASX: MAQ) (the Company) today announced its results for the half-year ended 31 December 2017, ahead of guidance and declared an interim dividend of 25cps, fully franked.

Chairman Peter James said, "The Company has had a strong 1H FY18 and we will continue to leverage our investments to deliver growth to drive further shareholder value and ongoing returns."

KEY POINTS

- Revenue of \$114.9 million, an increase of 8% on 1H FY17 (\$106.8 million).
- Earnings before interest, tax, depreciation, and amortisation (EBITDA) of \$22.5 million, an increase of 28% on 1H FY17 (\$19.0 million).
- Conversion of EBITDA to operating cash flows remains strong, generating total operating cash flows of \$14.6 million during the half-year, including the payment of Income Tax (\$6.5 million). The company is debt free and had a closing cash balance of \$21.3 million as at 31 December.
- Net profit after tax of \$8.0 million, an increase of 29% on 1H FY17 (\$6.2 million).
- Capital expenditure for 1H FY18 was \$19.8 million (1H FY17: \$23.5 million).
- Growth Capex was \$8.0 million to expand Intellicentre 2 capacity for the Fortune 100 Customer and Data Hall 4 fit out (\$6.5 million) and the Telecom NOC insourcing project and SD WAN investment (\$1.5 million).
- Customer Growth Capex was \$6 million, reflective of our data centre sales success and product mix.
- Interim dividend declared of 25 cps, fully franked.

Chief Executive David Tudehope said "Sustained growth in profitability over the last seven halves has allowed Macquarie to consider opportunities to invest for future growth. We are well positioned to continue to benefit from the megatrends of Cloud and Cyber Security".

OUTLOOK

- Underpinned by strong sales growth, full year FY18 EBITDA is expected to be approximately \$44 to \$46 million.
- Hosting's Fortune 100 customer will commence billing for Stage 2 in Q3 FY18.
- Telecom's investment in new network operations centre insourcing was completed in December 17 and will result in a material reduction in costs and further improve service delivery in 2H FY18.
- FY18 Total Capex is expected to be between \$34-38m consisting of:
 - Growth Capex - \$12 to \$14 million.
 - Customer Growth - \$10 to \$11 million.
 - Maintenance Capex - \$12 to \$13 million.
- FY18 Depreciation is expected to be between \$23 and \$25 million.
- Based on demand, over the next 3 months the business will decide on whether to build or buy additional data centre capacity. The potential for investment in Intellicentre 3 will increase the requirement for capex that will primarily impact FY19.

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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.

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