Macquarie Technology delivers ninth consecutive year of profitable growth.

23 August 2023

Macquarie Technology Group Ltd (ASX: MAQ) (the Company) today announced its results for the year ended 30 June 2023, which were in line with guidance.

Chairman Peter James said, "*This result represents our ninth consecutive year of EBITDA growth, an outstanding achievement which demonstrates the ongoing quality of our earnings, and consistent execution of our strategy.*"

Key Points

- Nine consecutive years of EBITDA growth.

- Group Earnings before interest, tax, depreciation, and amortisation (EBITDA) of $103.1 million, an increase of 16.5% over the last 3 years.

- Conversion of EBITDA to operating cash flows generated total operating cash flows of $108.9 million during the year. Strong 95.6% cash conversion of EBITDA into operating cash flows, after excluding tax received and interest.

- Successful institutional investor capital raising of $160 million to support growth of our Data Centre portfolio.

- Capital expenditure was $65.8 million (FY22: $95.4 million) driven by Growth Capex of $27.3 million, Customer Related Capex of $21.4 million and Maintenance Capex of $17.1 million.

Chief Executive David Tudehope said, "We are very pleased to deliver another strong result for our shareholders and to enable us to re-invest for growth. We operate in strongly growing markets of digital infrastructure and cyber security. "

Outlook

- IC3 Super West total IT Load will be increased from 32MW to 38MW, which is a 19% increase. This takes the Macquarie Park Data Centre Campus from 50MW to 56MW.

- Due to demand from the AI megatrend, we could increase IT load of IC3 Super West from 38MW to 45MW. This potential 41% increase from our current plans would take the campus from 56MW to 63MW (subject to regulatory and Board approval). Access to 63MW of power is available upon opening of IC3 Super West.

- Focused on acquiring a campus site in Sydney to enable our ambitious growth plans. Exploring opportunities to accelerate growth to support the AI megatrend.

- The Company's EBITDA will continue to grow in FY24.

- Due to investments being made in Cloud Services & Government and timing of sales in 2H FY23, EBITDA will be flat 1H FY24 and grow in 2H FY24.

- Non-recurring technical consulting in Government contributed $4 million EBITDA in FY23 and is expected to only have a nominal contribution in FY24. New government policy to use the Public Service rather than consultants.

- We continue to see strong demand for cloud and cyber security services. In FY24 we are increasing our investment in people to position the business to grow our cloud and cyber security business.

- Telecom business has evolved to a managed connectivity and network security business via SDWAN. Telecom maintaining operating efficiencies which will continue to generate current profitability and free cash flow.

- Group wide leveraging of AI internally, and designing infrastructure and services to enable AI for our customers.

- Depreciation and amortisation for FY24 is expected to be $56 to $60 million, driven by full year impact of IC3 in FY24. Hosting depreciation is expected to be $43 to $46 million and Telecom depreciation $13 to $14 million respectively in FY24.

- The Company plans to make further investment in growth and customer growth capex during FY24. Total capex before IC3 Super West is expected to be between $34 to $39 million consisting of:

    - Customer Growth - $17 to $19 million.

    - Growth Capex - $8 to $10 million.

    - Maintenance Capex - $9 to $10 million.

- IC3 Super West capex is expected to be between $45 and $50 million in FY24.

- In FY24 Telecom capex is expected to remain broadly flat at $7 to $8 million, and Hosting capex at $72 to $81 million.

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About Macquarie Technology 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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