

MACQUARIE TELECOM GROUP LIMITED

ANNUAL GENERAL MEETING

FRIDAY, 21 NOVEMBER 2014

CHIEF EXECUTIVE'S ADDRESS

Thank you Peter, and welcome shareholders. I'm David Tudehope, Chief Executive of Macquarie Telecom.

Peter has given you a brief overview of Macquarie's recent performance and overall business strategy.

I would now like to take this opportunity to give you an update on some of the developments at Macquarie Telecom and within the industry that have occurred over the past year.

We have been very focused over the past three years on planning and delivering our significant infrastructure expansion program to position the company for future long term growth. I am pleased to say that we have succeeded on delivering the capital projects on time and on budget. However, as discussed by Peter, there were a number of different factors in fiscal 2014 that at the same time lead to the company posting a small net loss after tax.

Looking forward Macquarie Telecom has substantially completed this investment program and now shifts its focus to leveraging those investments to reignite growth in earnings.

In Sydney, in order to take full advantage of future growth opportunities we invested significantly to expand our Hosting capacity by building of our second data centre, Intellicentre 2. As at 31 July 2014 approximately 1,300kW, 33% of final IT load capacity, was contracted. This result is ahead of plan and up from 700kW contracted as at 30 June 2013. We remain determined in fiscal 2015 to increase the momentum of co-location sales into Intellicentre 2 to fully leverage this investment.

In Canberra, as part of our ongoing commitment to the Federal Government, we invested approximately \$15 million on the construction of Intellicentre 4, which was completed in July 2013, to deliver to the Lead Agency Secure Internet Gateway program. It is our priority to complete the delivery of Secure Internet Gateway services to the contracted Federal Government agencies in Intellicentre 4 by the end of first half of fiscal 2015. Once complete we look forward to working closely with the contracted Federal Government agencies to further grow and strengthen our relationships.

In 2013 we unveiled our "LAUNCH" Cloud product set allowing our customers to transition from higher cost dedicated managed server infrastructure to lower cost Virtual Private Cloud, a virtualised shared server infrastructure environment. This technological advancement has been popular with our customer base in fiscal 2014. In 2015 we are looking to drive increased performance in the core managed hosting business leveraging this industry move from dedicated managed server infrastructure to lower cost Virtual Private Cloud and capturing more market share.

Our multi carrier offering is now gaining traction with Mobile revenue growing in fiscal 2014 for the first time in four years. We intend to leverage this unique multi-carrier mobile offering to help drive revenue growth in fiscal 2015 by providing our customers with the flexibility, choice and control that this offering provides.

Whilst the final form of the National Broadband Network is still taking shape, we believe increasing bandwidth speeds will elevate the importance of mission critical web applications in business and fuel growth in Hosting. In addition, the National Broadband Network open access model means Telco competition is focused around customer service and innovation in product and services rather than infrastructure. This is beneficial for Macquarie Telecom and customers. We intend to embrace the opportunities the NBN offers our customers for higher speed business broadband at more affordable prices.

In closing, I would like to thank our retired Chairman Robert Kaye and Director John Palfreyman for their significant contributions whilst members of the Board.

I would also like to express my gratitude to the management team and Macquarie Telecom's staff for their dedication and hard work during the past year and thank our business partners and customers for their ongoing support.

Thank you all for being here today. I look forward to the year ahead. I will now hand back to the Chairman Peter James.