

31 January 2011

Macquarie Telecom upgrades Earnings Guidance for 2011 Half-Year Results

Macquarie Telecom Group Limited (ASX: MAQ) announced today an upgrade to its earnings guidance for the half year ended 31 December 2010 as it continues to expand its market leadership position in hosting.

Earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations for the half year is expected to be approximately \$20.0 million, which includes a one-off benefit from the settlement of a prior year dispute of \$1.5 million.

The expected result exceeds the previous EBITDA guidance of between \$15.0 million and \$17.0 million, and represents an increase in EBITDA of approximately 46 per cent on the previous corresponding period.

In addition, Macquarie Telecom announced earnings guidance for the full year ended 30 June 2011.

EBITDA from continuing operations for the full year is expected to be between \$37 million and \$39 million. The expected result represents an increase in EBITDA of approximately 30 per cent on the previous corresponding period.

Chief Executive David Tudehope, said the improved result for the first half of the 2011 financial year was reflective of the company's market-leading position in the higher-margin hosting business.

Mr Tudehope said the company was experiencing increased demand for its hosting services due to the growing trend of selective outsourcing of internal Information Technology.

"We believe this trend of outsourcing is accelerating due to higher speed internet connectivity driving new web technology and the associated demand for managed hosting. In addition, we believe the emergence of cloud computing, which is a natural extension of managed hosting, will increase this trend and provide new market opportunities for Macquarie Telecom," Mr Tudehope said.

In order to capitalise on the emergence of cloud computing Macquarie Telecom last week launched its Australian-based Enterprise Managed Cloud offering. Macquarie Telecom Enterprise Managed Cloud offers guaranteed integrated infrastructure as a service, the ability to burst from existing infrastructure into scalable infrastructure in the cloud, for Australian organisations and enterprise IT departments at a globally competitive price.

“The new Macquarie Telecom service directly addresses current industry-wide concern around data residency, latency, security, risk and compliance, management options, performance and reliability and customer service that has inhibited cloud adoption by Australian organisations and government departments to date.

“This strategic investment is the next step in the evolution of Macquarie Telecom as a major player in the Australian hosting and telecommunications market. Our commitment to providing Enterprise Managed Cloud services in Australia directly reflects customer demand and market sentiment for locally based enterprise-grade cloud services,” said Aidan Tudehope, Managing Director Hosting.

Macquarie Telecom maintains a strong balance sheet with cash and cash equivalents of \$45.4 million and no debt as at 31 December 2010. This cash balance is after payment of a full year dividend of \$8.3 million in October 2010 and the \$10.8 million purchase of a 215,000 square foot site in North Ryde to accommodate Macquarie Telecom’s new data centre facility, Intellicentre 2.

Macquarie Telecom will release its results for the half year ended 31 December 2010 on 24 February 2011.

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About Macquarie Telecom

Macquarie Telecom is Australia’s number one Managed Hosting and integrated Telco provider to business and government customers through the delivery of service excellence.

Macquarie Telecom delivers a full range of Hosting, Data, Voice and Mobile services specifically to the business and government market. Established in 1992, Macquarie Telecom is one of the first telecommunication providers of the deregulated era and successfully publicly listed on the Australian Securities Exchange in October 1999. Macquarie Telecom was judged the best telecommunications provider for customer care in the World at the World Communication Awards in November 2008. Macquarie Telecom was honoured with the “Best Customer Care” because of its unique Personal Accountable Service (PAS) program. PAS is their attitude and commitment to delivering a superior experience for customers through Ownership, Proactivity, Communication and Responsiveness.

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