

**MACQUARIE TELECOM GROUP LIMITED**

**ANNUAL GENERAL MEETING**

**FRIDAY, 22 NOVEMBER 2013**

**CHIEF EXECUTIVE'S ADDRESS**

Thankyou Robert, and welcome shareholders. I'm David Tudehope, Chief Executive of Macquarie Telecom.

Robert 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 that we believe will help to enhance our position as Australia's number one Managed Hosting and integrated Telco provider to business and government customers through the delivery of service excellence.

During fiscal 2013 we continued to invest significantly to expand our Hosting capacity in both Sydney and Canberra. In Sydney, customer demand triggered the commissioning of the next megawatt of IT load at Intellicentre 2, a \$7.0 million investment, which is now installed. Pleasingly, as Robert announced this demand has continued which lead to the decision by the Board to approve the fit out of the 2nd Data Hall and installation of the 3rd megawatt of IT load at Intellicentre 2 which we expect to be completed in the first half of fiscal 2015.

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 important to recognize that the delays in realising revenue from Federal Government customers and large corporate customers have a short term impact on earnings, specifically in calendar 2013. Our servicing of the Federal Government's Lead Agency Gateway program and Intellicentre 2 are on track to deliver long term profitable growth.

There are a number of important recent developments in the IT and Telecommunications industry we believe will continue to drive growth in the coming years, namely Cloud Computing and the National Broadband Network.

Firstly, the emergence of Cloud Computing, which is a natural extension of managed hosting, is providing new market opportunities which Macquarie Telecom is well positioned to capitalise on with the opening of Intellicentre 2, Intellicentre 4, our deep Hosting product set and 12 years of Hosting experience.

To this end, during the year, we developed and released our new "LAUNCH" Cloud product set allowing our customers to transform their IT environment into an on-demand platform from which to launch their next application or website. With all the benefits associated with mission critical hosting inside our world class data centres, our LAUNCH Cloud product set provides our customers with best-in-class managed cloud hosting at the click of a mouse.

Secondly, whilst uncertainty remains as to the final form the National Broadband Network will take, 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.

In closing, I would like to recognise the Macquarie Telecom management team and 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 Robert Kaye.