



2009 Overview

Year ended 31 December (A\$)	FY 09	FY 08	↕%
Revenue	\$200.1m	\$186.2m	↑ 8%
EBIT	\$23.4m	\$23.7m	↓ -1%
NPAT	\$16.8m	\$16.2m	↑ 4%
Basic EPS	21.42¢	20.87¢	↑ 3%
Operating Cash	\$23.6m	\$26.4m	↓ -11%
Final Dividend (Fully franked)	8.0¢	8.0¢	↔ Unchanged
Deferred Gross Margin	\$31.1m	\$28.5m	↑ 9%

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Group Highlights – 2009

- NPAT up 4% to \$16.8m due to effective tax and treasury planning
- Full year EBIT result of \$23.4m meets market guidance
 - Matches 2008 result
- Full year result impacted by one-off DBMS integration cost of \$3.5m
- Second half rebound EBIT \$14.1m – up 50% in H2 and up 16.9% Y-o-Y
- Revenues up 8% Y-o-Y
 - Impacted by strong AUD vs all currencies
- Dividend of 8¢ matches FY08
 - Full year 15¢ fully franked
- Closing cash position \$30.4m / debt position \$57.9m
 - Net debt \$27.5m
- Continued strategic shift to high margin services
 - Gross margin up 4.5% to 63.5% in H2

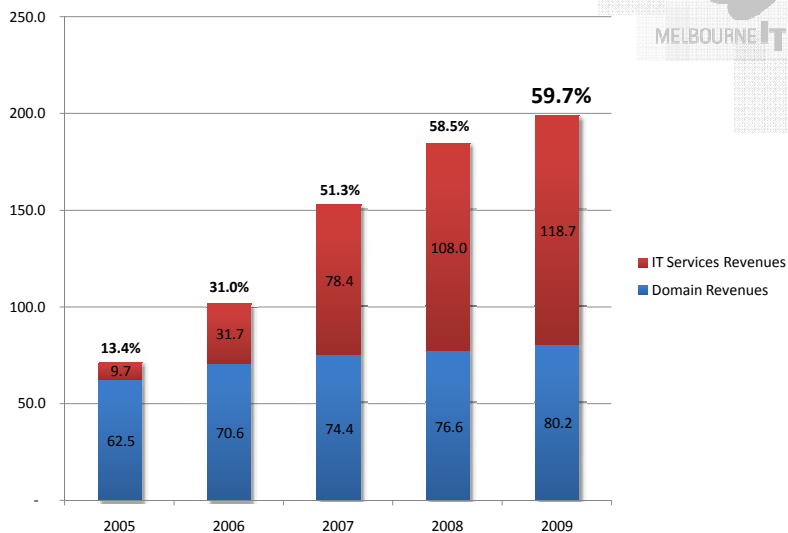
Slide 3

Group Highlights – 2009

- DBS fulfilling potential
 - Integration 90% complete
 - H2 EBIT \$4.9m up on H1 EBIT \$1.5m
- Tight cost control contributed to H2 performance
 - Renegotiation of supplier contracts
 - No exec bonuses paid
 - Operational efficiencies
- Enterprise Services (C&G) H2 rebound – H2 EBIT \$1.9m, up on H1 \$300k
- SMB (B&C) hold second half profit
- Partner division margins boosted by 2009 FX hedging
- EBIT loss from Advantate reduced to \$100k in H2 from \$464k in H1
- Q4 strongest quarter for 2009 – pointing to 2010 momentum building
- Deferred revenue grew marginally to \$55.7m from \$55.2m in FY08
- Cash flow still strong however more business being derived on account from DBS business

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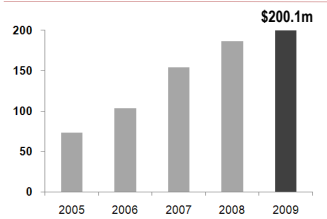
Successful shift to high margin IT services continues



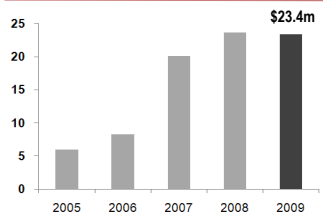
Slide 5

Financial Performance

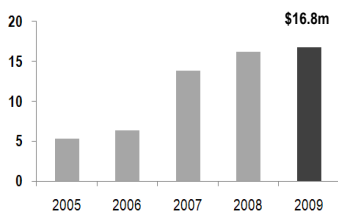
Revenue (\$m)



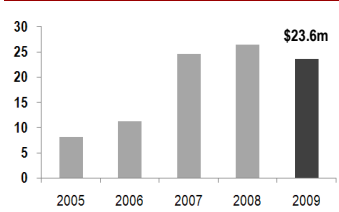
EBIT(\$m)



NPAT(\$m)



Operating Cash (\$m)

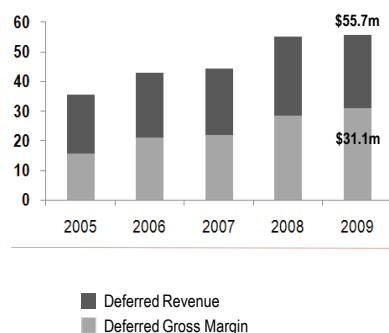


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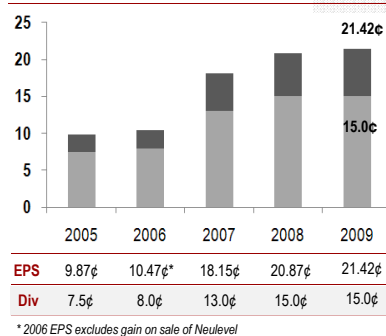
Financial Performance



Deferred Gross Margin (\$m)



Basic EPS & Dividend (c)



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Divisional Performance

Year ended 31 December (A\$)	FY 09	FY 08	↕%
Revenue	\$200.1m	\$186.2m	8%
Digital Brand Services	\$56.0m	\$44.9m*	25%
SMB eBusiness Solutions	\$42.8m	\$43.2m	-1%
Enterprise Services	\$25.6m	\$26.2m	-2%
Global Partner Solutions	\$64.9m	\$61.3m	6%
For The Record	\$9.6m	\$8.9m	8%
Interest and Other Income	\$1.1m	\$1.7m	-35%
EBIT	\$23.4m	\$23.7m	-1%
Digital Brand Services	\$6.4m	\$4.3m*	49%
SMB eBusiness Solutions	\$10.1m	\$11.8m	-14%
Enterprise Services	\$2.2m	\$3.2m	-31%
Global Partner Solutions	\$8.6m	\$7.4m	16%
For The Record	\$1.0m	\$0.5m	100%
Advantate Contribution	-\$0.6m	-\$0.7m	17%
Corporate Overhead	-\$4.3m	-\$2.9m	-48%

*Digital Brand Services FY08 revenues and EBIT include 8 months of DBMS income following acquisition
 NB Figures may not total exactly due to rounding

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Digital Brand Services (DBS)

Number 1 global digital brand manager

	FY09	FY08	Change
Revenues	\$56.0m	\$44.9m	25%
Contribution Margin	\$6.4m	\$4.3m	49%

- Full year EBIT \$6.4m
 - H2 EBIT \$4.9m up 226% from H1 EBIT \$1.5m
- Focus shifting from integration to sales and profit generation
- FY09 NUM stands at 557k, up 11% from 500k in FY08
- 35% growth in services revenue Y-o-Y
 - 39% growth in Brand and Reputation Protection Services to \$7.5m from \$5.4m
 - 17% growth in Web Traffic Services to \$1.2m
- Services revenue grew to 15% of total revenue in FY09 from 14% in FY08

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▶ 3,300+ customers

▶ 99.9% client retention



Digital Brand Services

- Strong AUD impacted result
- Global online market trends illustrate 2010 opportunity
 - Global search engine spend predicted to grow 17.8% to \$37 billion (USD)¹
 - 42% of enterprises expect to increase IT security spending by 5% or more this year²
 - Global eCommerce market growth of 24.5% in 2010 to \$623 billion (USD)³
- Shifted fulfilment services to low cost Cape Town facility
- 150 new customers added in 2009
 - Sanofi Aventis
 - Blaupunkt GmbH
 - Tetley Group Ltd
 - Trelleborg AB
 - Schweppes Australia
 - Société Générale
 - GKN plc

Sources:

- Slide 10
- 1 & 3. J.P.Morgan, "Nothing but Net 2010 Internet Investment Guide"
 2. Forrester Research, "The State Of Enterprise IT Security And Emerging Trends: 2009 To 2010"



Digital Brand Services – 2010 Outlook



- Expect H2 EBIT performance to be maintained throughout FY 2010
- 10k NUM to be onboarded H1 2010
- Leveraging customer base to upsell broader consultative services - forecast strong growth in:
 - Web Traffic Services
 - Brand and Reputation Protection Services
- Recruitment and sales training to focus on broader service portfolio
- Industry developments providing opportunities
 - TLD liberalisation – expected 2010
 - Security threats continue to rise
 - Increasing online focus from corporate and marketing strategy
- Expanding sales focus on new regions – Asia and South America presence

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SMB eBusiness Solutions

Australia's number 1 SMB hosting company

	FY09	FY08	Change
Revenues	\$42.8m	\$43.2m	-1%
Contribution Margin	\$10.1m	\$11.8m	-14%

- Revenues held up despite outages and GFC challenges
 - Second half service delivery stabilised
- Premium email, SEM and SaaS services revenue grew 29% to \$6.4m from \$4.6m Y-o-Y
- Combined eBusiness Centre sales grew 9.26% to \$18.7m Y-o-Y
- ARPU down to \$307 FY09 from \$329 FY08 due to commoditisation of base services – domain names, email and basic hosting packages
 - Increase in monthly packages over yearly
- Gross margin declined to 74.8% FY09 from 80.7% FY08
- Domain renewal rates 4% higher than average of top global industry competitors



▶ 350,000+ customers
▶ 3 market leading brands

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SMB eBusiness Solutions – 2010 Outlook



- 2009 gross margin expected to be maintained in 2010
 - Expect continued price pressure on domains and hosting sales
 - Continued focus on upsell of higher-margin IT services (ie. SaaS) which should increase ARPU in 2010

- Focus on continuing to increase sales from cross sell and consultative sales leveraging our eBusiness Centre capabilities

- Confident that increased service delivery stability will deliver
 - Lower customer churn
 - Increased focus on sales
 - Improved customer satisfaction

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Enterprise Services

	FY09	FY08	Change
Revenues	\$25.6m	\$26.2m	-2%
Contribution Margin	\$2.2m	\$3.2m	-31%

- H2 EBIT rebounded almost seven-fold to \$1.9m compared to H1 \$0.3M
- Qld Department Education & Training re-signed long term contract
- TCV of signed contracts rose to \$39.9m from \$26.7m Y-o-Y
- Increased average total contract value by 100% during 2009 to \$256,000 from \$127,000
- Dramatically reduced customer churn – 6.4% in Q4 from 24.3% in Q1 due to service delivery improvements
- Introduced new advanced infrastructure capabilities to drive sales including MediaPoint, vSphere 4, collaboration and analytics technologies
- 156 new customers signed

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▶ 900+ clients

▶ 1,300+ servers

Enterprise Services – 2010 Outlook



- Forecasting solid growth in revenues, gross margin and EBIT
- Strong sales pipeline
 - Enterprises increasingly attracted to outsourcing IT to enjoy lower costs and greater reliability than in-house deployment
- Infrastructure investments and service delivery improvements continue to eliminate churn and improve customer satisfaction
 - Positive customer feedback provides 2010 upsell opportunities
- Investments in innovation and strong industry partnerships will deliver new 2010 service offerings and customer benefits

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Global Partner Solutions

Number 1 global domain reseller provider

	FY09	FY08	Change
Revenues	\$64.9m	\$61.3m	6%
Contribution Margin	\$8.6m	\$7.4m	16%

- Partner division benefitted from FX hedging locked in 2009 average 70¢
- Australian partner revenue steady at \$17.5m
- International partner domain revenue down 2% to \$35.7m USD FY09 from \$36.5m USD FY08
 - Increased 6.9% to \$46.4m Y-o-Y in AUD due to FX rate
- NUM reduced to 4.5m from 5m
- 100% retention of global partners

▶ 6,900+ resellers

▶ 45+ countries

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Global Partner Solutions – 2010 Outlook



- Expand into new markets with focus on India & Japan
 - Yahoo! India already signed
- Leverage Australian partner business model to grow value-added sales internationally
 - Hosting, web design, SaaS
- Forecast contribution from GPS expected to be lower due to impact of higher FX hedging
 - 2010 YTD locked in high 80¢

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ForTheRecord (FTR)

Number 1 courtroom digital recording company

	FY09	FY08	Change
Revenues	\$9.6m	\$8.9m	8%
Contribution Margin	\$1.0m	\$0.5m	100%

- Strong first half, slower second half reflecting government budget tightening
- Key customer wins:
 - Government of Manitoba – Department of Justice
 - United States District Court, Southern Mississippi

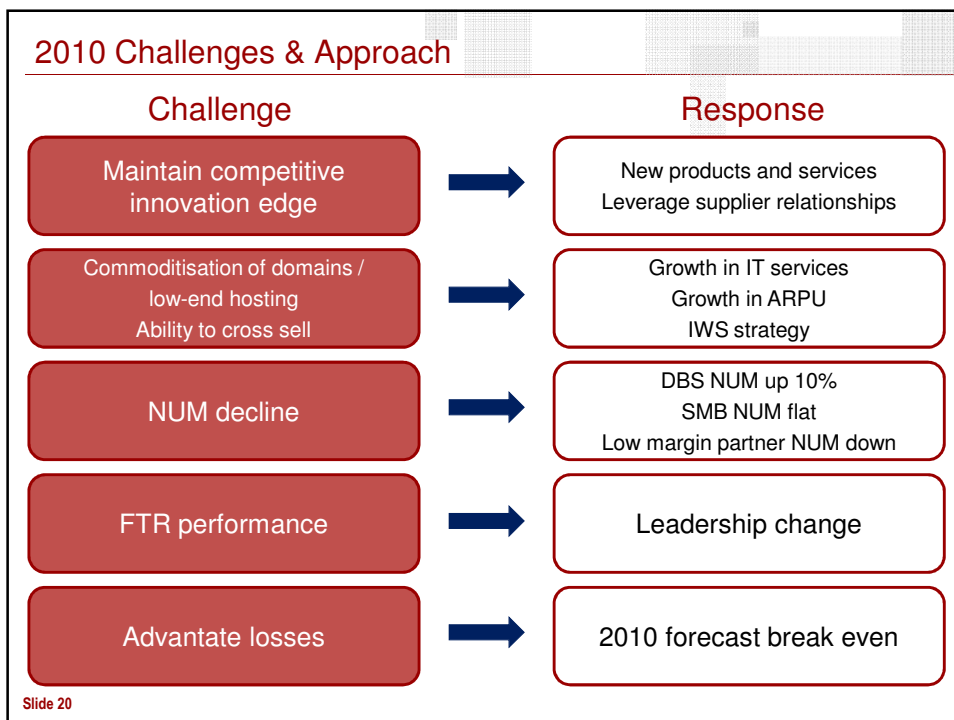
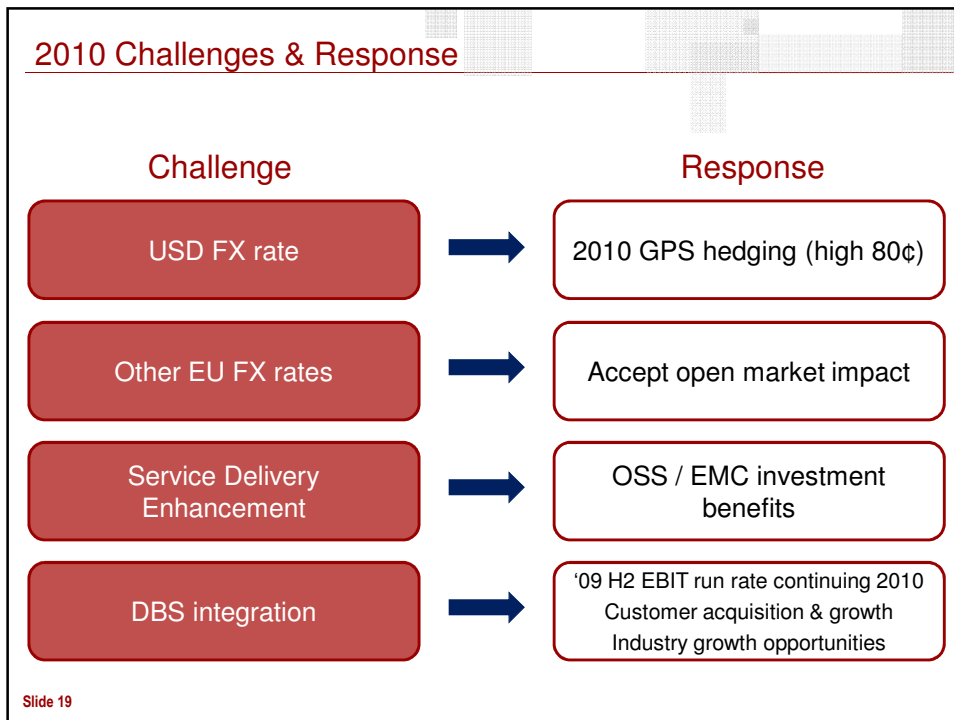
2010 Outlook

- Senior leadership change – implement Jan 2010
- Unweighted sales pipeline up 24% Y-o-Y
- International approach to address new markets
- Expanding law enforcement market

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▶ 22,500+ installed solutions
▶ 250+ global resellers



Looking Ahead – Integrated Web Services (IWS)

- IWS will allow Melbourne IT to fully leverage value of customer base
 - Improved revenue realisation through stronger billing processes
 - Empowers consultative sales approach to sell customers the full suite of services across business units and geographies
 - Synergies of consolidated shared services include productivity and efficiency improvements - 'one way, same way' across company
 - Savings in system support as reduces number of systems required
 - Unified Oracle financial management systems
- Total project investment – \$18m over 3 years
 - Capex impact 2010-2012 – \$11m
 - Net Opex impact 2010 and 2011 – \$2.5m per annum
- Major partners selected – Oracle and systems integrator
 - Experienced project implementation team in place
 - Project underway March 2010, expected completion 2012
 - New Zealand operations first, followed by Australia, US & Europe

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Looking Ahead – Infrastructure Investment

- Significant infrastructure investment in stability and quality of service continues (H2 99.94% uptime vs H1 99.85 uptime)
- **Technology:** Storage upgrade
 - Enterprise grade technology to strengthen stability, deliver better service at lower cost
 - 47% growth in storage capacity at same cost
 - High density EMC solution frees up data centre capacity
- **Planning:** Data centre consolidation
 - Exited three data centres in 2009; East Brisbane exit ahead of schedule, mid-2010
 - \$300k per annum saved
 - Total data centre infrastructure under management continues to grow
- **Management:** Operational Support Systems (OSS)
 - OSS will improve infrastructure stability, deliver more proactive monitoring, allow company to manage greater variety of products and services
 - Total project investment – \$7m over 3 years
 - Capex impact 2010 – \$1m
 - Net opex impact 2010 – \$1.4m

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Looking Ahead – Product & Service Innovation

New products and services delivered H2 2009 and early 2010



- MediaPoint
 - Video streaming and video asset management
- Malware and DDOS security solutions
- DNS Assurance
- Expanded email solutions
 - Including flexible archiving, Microsoft Exchange 2010
- Hosted Desktop (via partnership)
 - Access desktop anywhere, anytime, securely & consistently
 - Delivers attractive monthly OPEX-based cost model to desktop market
- 2010 application platform refresh
 - Including MS Exchange 2010 and MS SharePoint 2010
 - Identity management
 - New management interfaces and mobile integration
- FTR Touch

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Looking Ahead – Other Opportunities



- Industry developments
 - TLD liberalisation
 - TLD internationalisation
 - Security / DDOS / Malware / Identity Fraud
 - Increasing mobile access to Internet services
 - Maturing cloud computing market
 - Flexible infrastructure provisioned online, consumption based billing models
 - This means customers can manage their online IT infrastructure directly, scaling capacity up or down rapidly with costs adjusted in real-time
 - Opportunities to help manage customers' private cloud infrastructure and assist in leveraging public cloud infrastructure
- Geographic sales expansion – Asia / South America
- Leveraging strategic partner relationships and joint R&D efforts – VMware, EMC, Microsoft, VeriSign
- Strengthening senior management - new CFO, COO

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2010 Forecast



- Challenging 2009 – strong AUD, continued commoditisation of base services, GFC, DBMS integration
- 2010 investments build platform for next phase of growth
 - IWS, OSS, data centre expansion
 - New product innovation
- Continuing opportunity to leverage significant customer base
 - 350,000+ SMBs
 - 3,300+ corporate DBS customers
 - 900+ Enterprise Services customers
 - 6,900+ resellers

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2010 Forecast



- Forecasting strong FY 2010 underlying EBIT growth however due to investment in IWS/OSS (\$3.9m Opex impact) we expect net growth to be modest
 - Cash flow remains strong, low-level debt, expect dividend to be maintained
- Expect 2011 to return to robust growth
 - DBS and ES growth drivers
 - IWS and OSS to begin accruing revenue and cost benefits
 - Continued strong cash flow and annuity revenue streams

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Appendix: Glossary



Industry Terminology

- ARPU – Average Revenue Per User
- CRM – Customer Relationship Management
- DDOS – Distributed Denial of Service (an attack method used by criminals online)
- DNS – Domain Name System
- FX – Foreign Exchange
- NUM – Names Under Management
- SaaS – Software as a Service
- SEM – Search Engine Marketing
- TLD – Top Level Domain

Melbourne IT Divisions & Initiatives

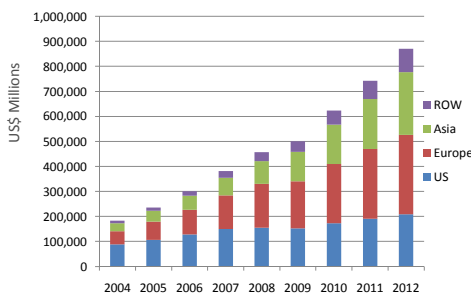
- DBS – Digital Brand Services
- DBMS – VeriSign Digital Brand Management Services (acquired by Melbourne IT)
- ES – Enterprise Services (previously named Corporate & Government)
- FTR - ForTheRecord
- GPS – Global Partner Solutions
- IWS – Integrated Web Services
- OSS – Operational Support Systems
- SMB – SMB eBusiness Solutions (previously named Business & Consumer)

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Appendix: Industry Trends



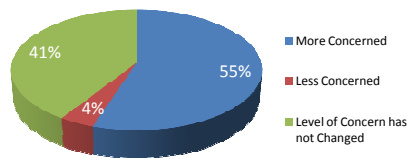
Predicted Global eCommerce Growth to 2012



42% of enterprises expect to increase IT security spending by 5% or more this year.

Source: Forrester Research, "The State Of Enterprise IT Security And Emerging Trends: 2009 To 2010"

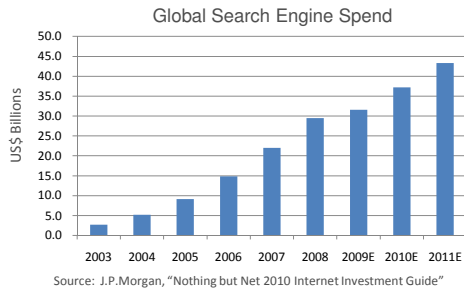
Online Security and Fraud Concern 2010



Source: Deloitte / CERT / CSO, "2010 CyberSecurity Report"

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Appendix: Industry Trends

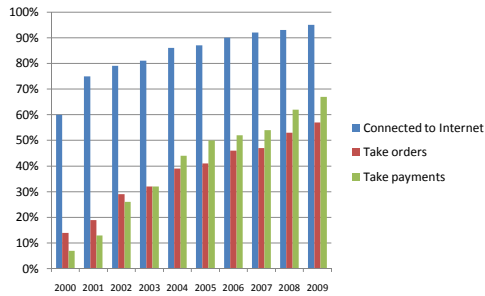


Source: J.P.Morgan, "Nothing but Net 2010 Internet Investment Guide"

IDC predicts a stark increase in the uptake of services originating from server virtualisation and data centre optimisation as organisations look to both consolidate their infrastructure and reduce the operational expenditure.

Source: IDC, "Beyond Visual Range – IDC's 2010 Australian IT Services Predictions"

Australian Small Business eCommerce



Source: Sensis, "2009 eBusiness Report"

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MELBOURNE IT

2009

Full Year Results

February 2010