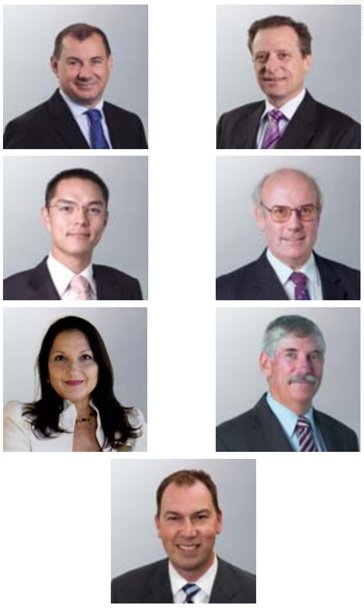
Board of Directors

- Simon Jones, Chairman
- Theo Hnarakis, CEO & MD
- Tom Kiing, Non-Executive Director
- Prof Iain Morrison, Non-Executive Director
- Naseema Sparks, Non-Executive Director
- Rob Stewart, Non-Executive Director
- Andrew Walsh, Non-Executive Director



Slide 2

Auditors

ERNST & YOUNG

Slide 3

Agenda

- Chairman's Address
- CEO's Address
- Q&A
- Formal Business
- Q&A
- Tea & Coffee

Slide 4

Chairman’s Address

Simon Jones

2011 Overview

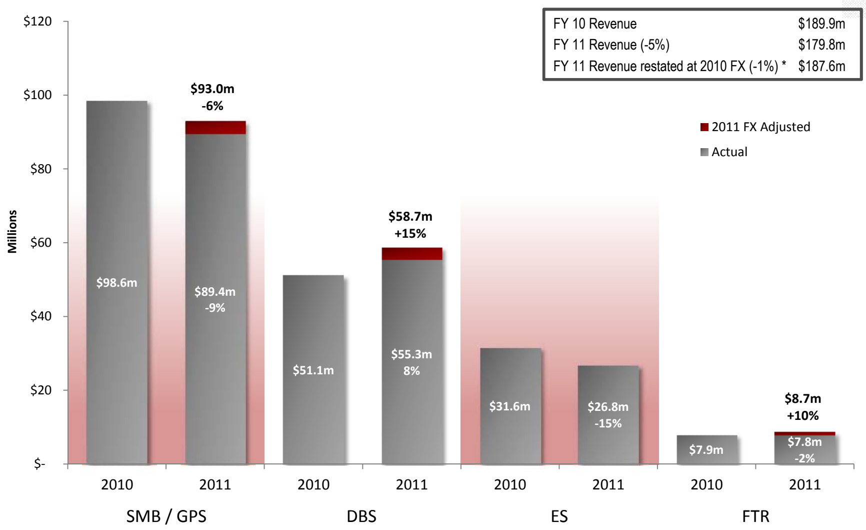
Year ended 31 December (A$)	FY 11	FY 10	⇳%
Revenue	$179.8m	$189.9m	-5%
EBIT	$18.9m	$21.2m	-11%
EBIT (Pre-Transformation costs)*	$21.9m*	$22.9m*	-4%
EBITDA	$25.0m	$28.6m	-13%
NPAT	$13.5m	$16.1m	-16%
Basic EPS	16.77¢	20.21¢	-17%
Operating Cash	$19.1m	$18.7m	2%
Final Dividend (Fully franked)	8.0¢	8.0¢	Unchanged
Deferred Gross Margin	$29.1m	$31.6m	-8%

**Non-IFRS, unaudited accounting measure*

NB Figures may not total exactly due to rounding

Slide 6

Constant Currency Performance – 2011 Revenue



**Non-IFRS, unaudited accounting measure*

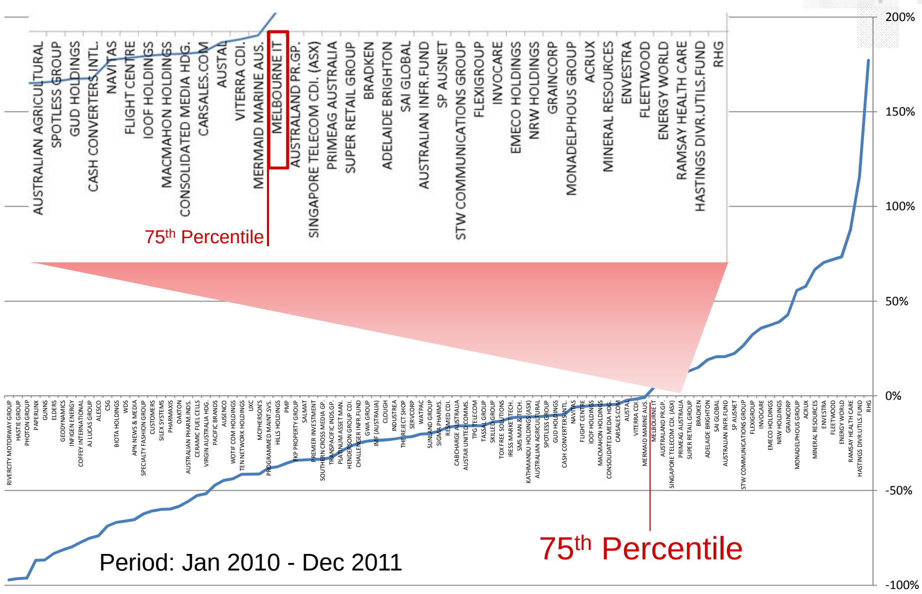
Slide 7

Full Year Overview

- Deferred revenue down 10% Y-o-Y to $47.1m primarily due to decline in SMB/GPS domain and shared hosting pricing, and FX impact
  - On constant currency basis using 2010 FX rates, FY11 deferred revenue down 8% to $48.6m
- Net debt remains low at $21.2m
  - $5.9m debt retired in 2011; effective interest rate 3.16%
- Transformation project entering final year of implementation – substantial benefits expected to flow once fully implemented
- IT services revenue continues to grow – services & consulting represented 63% of revenue in FY11 compared to 61% in FY10
- Strong second half performance
  - H2 2011 EBIT of $11.9m up 70% from H1 2011 EBIT of $7.0m
- Board confidence in future earnings, declare final dividend at 8¢ – unchanged from FY 2010

Slide 8

Melbourne IT – Total Shareholder Return Performance



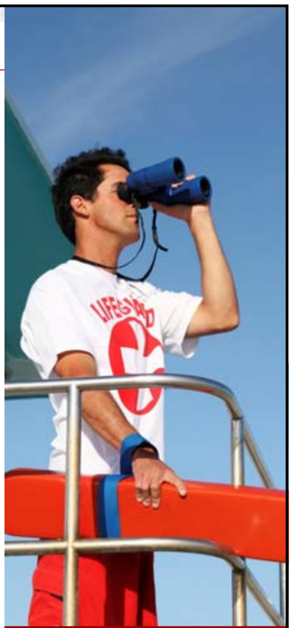
Slide 9

Digital Brand Services (DBS)

Number 1 global digital brand manager

	FY 11	FY 10	Change
Revenue	$55.3m	$51.1m	8%
EBIT Contribution	$9.0m	$6.4m	41%

- Strong second half performance boosted full year result despite strong AUD headwind
  - H2 2011 revenue $30.5m up 23% on H1 2011 revenue of $24.8m
  - H2 2011 EBIT $6.2m up 121% on H1 2011 EBIT of $2.8m
  - First half investment in .brand TLD leadership pays off in H2
- FY11 revenue grew 15% Y-o-Y on constant currency basis using 2010 exchange rates
- New .brand opportunity expected to deliver further significant revenue growth in 2012 and beyond
  - Global brands engaging with DBS for more than 120 new TLD applications



- 3,800+ customers
- 99.9% client retention

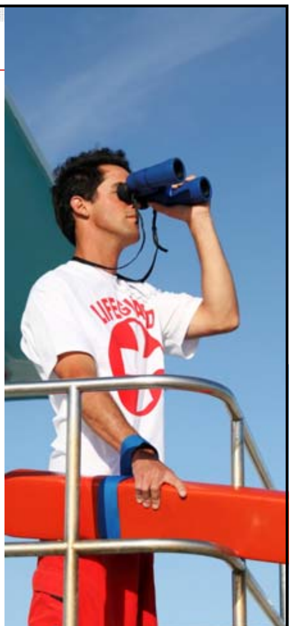
Slide 11

Digital Brand Services (DBS)

Number 1 global digital brand manager

	FY 11	FY 10	Change
Revenue	$55.3m	$51.1m	8%
EBIT Contribution	$9.0m	$6.4m	41%

- Brand & Reputation Protection Services revenue up 16% Y-o-Y to $9.5m from $8.2m*
- Web Traffic Services revenue up 74% Y-o-Y to $1.6m from $919k
- Digital brands under management rose 6% to 620k from 583k Y-o-Y
- 268 new customers added in 2011 including Dow Corning, StarHub, Virgin Enterprises Limited, George Weston Foods



- 3,800+ customers
- 99.9% client retention

Slide 12 *FY10 BPRS revenues restated (previously reported gross sales in error)

Enterprise Services

	FY 11	FY 10	Change
Revenue	$26.8m	$31.6m	-15%
EBIT Contribution	$1.7m	$3.5m	-51%

- Absence of larger project contracts in 2011 contributed to revenue shortfall
  - One off project revenue down 74% Y-o-Y to $1.6m from $6.2m
- Refocused effort on annuity revenue delivered stronger second half
  - H2 2011 EBIT of $1.3m up 325% from H1 2011 EBIT of $0.4m
  - New monthly recurring revenue wins grew 15% Y-o-Y from $441,000 to $507,000
  - H1 hosting churn arrested – down 69% in H2 to $15k per month and now at historically low levels
  - Division benefitting from significant leadership, sales and account management re-organisation
  - Significant opportunities emerging as traditional businesses begin seriously investing in online strategies
- ISO 9001 certification achieved
- 182 contracts signed in 2011 with new customers including CUA, Essential Services Commission (Victoria)

- **3** enterprise-class data centres
- **99.979%** platform stability

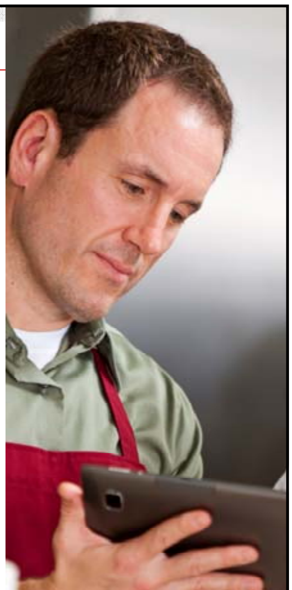
Slide 13

SMB / GPS

Australia's #1 SMB hosting company and the world's #1 domain reseller provider

	FY 11	FY 10	Change
Revenue	$89.4m	$98.6m	-9%
EBIT Contribution	$15.4m	$17.7m	-13%

- SMB FY2011 EBIT down 12% to $8.3m Y-o-Y from $9.4m
- GPS FY2011 EBIT down 14% to $7.1m Y-o-Y from $8.3m
- SMB/GPS revenue impacted by strong Australian Dollar
  - FY2011 revenue down 6% to $93m on constant currency performance using 2010 rates
- Domain registration revenue down 13% to $54.0m from $61.8m
  - Partner domain names under management down 12% to 3.6m from 4.1m following slowdown in major reseller activity



- **400,000+** customers
- **6,900+** resellers
- **45+** countries

Slide 14

SMB / GPS

Australia's #1 SMB hosting company and the world's #1 domain reseller provider

	FY 11	FY 10	Change
Revenue	$89.4m	$98.6m	-9%
EBIT Contribution	$15.4m	$17.7m	-13%

- SMB ARPU remained steady Y-o-Y at $301 despite commoditisation of domains and base hosting – offset by growth in higher-margin SMB online marketing services
  - Search Engine Marketing (SEM) sales up 9% Y-o-Y to $2.1m
  - SEM, SaaS and premium email sales up 2% Y-o-Y to $7.7m
- SMB hosting revenue rebounded in second half
  - H2 2011 $4.7m up 7% on H1 2011 $4.4m
- Expanding in emerging markets with new partners signed in Philippines and India
- Successful H2 pilot of outsourced Level 1 SMB support to Manila helped improve service and reduce support overhead
  - By end H1 2012, 35 FTE will be based offshore to cover Level 1 Support

- **400,000+** customers
- **6,900+** resellers
- **45+** countries

Slide 15

ForTheRecord (FTR)

Number 1 courtroom digital recording company

	FY 11	FY 10	Change
Revenue	$7.8m	$7.9m	-1%
EBIT Contribution	$1.2m	$0m	N/A

- EBIT contribution returned to 2009 levels following difficult 2010
  - Improved margin due to higher software sales mix in 2011
- On constant currency basis using 2010 rates, revenues up 10% Y-o-Y to $8.7m
- Investments in reseller network boosted revenue in 2011
- Large contracts signed with U.S. government agencies and international customers
  - Continued international expansion with Slovenia's Ministry of Justice rolling out FTR across 352 court rooms
- US public sector spending continues to be restrained

- **22,500+** installed solutions
- **200+** global resellers

Slide 16

Final Year of Transformation Rollout

2011 Progress

- New Oracle financial system implemented into all global locations
- Pilot of billing and CRM solution live in NZ for 160+ products – fully integrated with Oracle financial system

2012 Deliverables

  - New Partner Portal allowing resellers to sell new products, automated provisioning, and improved ease of use
  - Complete billing and CRM rollout into SMB with all products

- 2012 transformation opex budget $3.9m

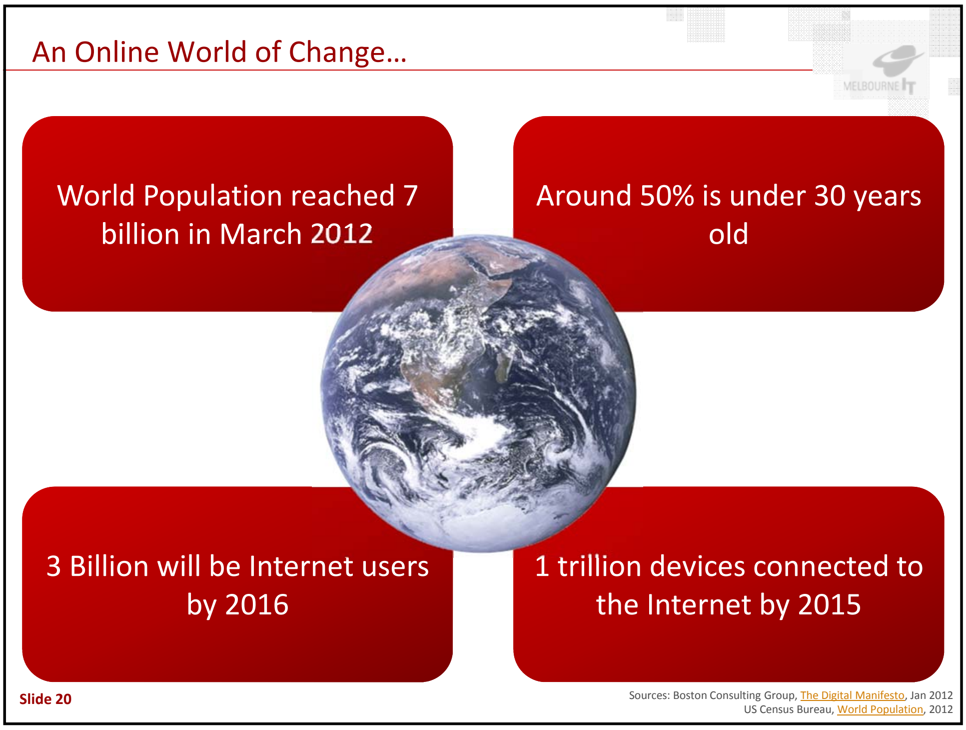
Slide 17

In appreciation

- Thanks to my Board colleagues for their valuable advice and support
- Thanks to all the staff of Melbourne IT for their efforts
- Thanks to CEO and Managing Director, Theo Hnarakis, and the Melbourne IT executive team
- Thanks to our shareholders for your continued support of Melbourne IT

Slide 18


MELBOURNE IT
CEO’s Address
Theo Hnarakis


An Online World of Change…
MELBOURNE IT
World Population reached 7 billion in March 2012
Around 50% is under 30 years old
3 Billion will be Internet users by 2016
1 trillion devices connected to the Internet by 2015
Slide 20
Sources: Boston Consulting Group, The Digital Manifesto, Jan 2012
US Census Bureau, World Population, 2012

Daily Online Growth…

140 million users
340 million tweets sent per day

facebook

901 million users and growing…

605,479 new Facebook accounts per day

300 million photos uploaded per day

YouTube™

More video is uploaded to YouTube every month than the 3 major US TV networks created in 60 years

Sources: Twitter, Twitter Blog, March 2012
YouTube, Statistics, April 2012
Facebook, S-1 Filing, April2012

Slide 21

And spending online…

Australia's online shopping market $13.6 billion in 2011; $6 billion was spent on overseas sites

Australia's online shopping worth $21.7bn by 2015: 12.6% CAGR

61% US consumers shop online at least once a month

74% likely to go online to get a better deal on a product seen in a store

Sources: PwC, Digital Media Research, June 2011
Melbourne IT DBS, Entering a new Domain, Oct 2011

Slide 22

Globally in the next 60 seconds…

416 attempts will be made to hack websites

12 websites will be hacked

210 pieces of new malware will be released

232 computers infected with malware

Slide 23

Sources: Trend Micro, Security Spotlight, Dec 2010
Go-Gulf, Blog, Dec 2011

New TLDs are coming…

1,268 applicants → 2,305 applications

.category:	.music .bank	.shop .rugby
.place:	.nyc .london	.berlin .melbourne
.brand:	.afl .canon	.google .deloitte

Slide 24

Melbourne IT makes online interactions successful

- Manages 4.6 million domains
- Shut down 9,800+ phishing sites each year
- Serves 400,000+ customers
- Brings game stats to thousands of online rugby league fans
- Protects 500,000 school kids from inappropriate content
- Helped 200,000+ small businesses build a website
- Manages online brands for 3,800+ customers
- Recover 200+ digital brands per year from cybersquatters

Slide 25

Melbourne IT's Opportunity Pillars

From Bricks to Clicks

Online Brand Management & Optimisation

Brand & Information Protection

Slide 26

From Bricks to Clicks: Small Business Online

SMBs continue to embrace the Internet to reach more customers, drive increased revenue and compete with larger businesses

Melbourne IT delivers:

- One-stop-shop to help SMBs establish their website – domain name, hosting and web design
- SMB e-commerce platform
- Online marketing – email and web (SEO/PPC)
- Social media accelerator
- SMB solutions to partners worldwide

Slide 27

From Bricks to Clicks: Small Business Online

SMBs continue to embrace the Internet to reach more customers, drive increased revenue and compete with larger businesses

In future we will deliver:

- Enhanced mobile development services to help customers fully exploit mobile browsing
- Expanded SMB social media services
- Integrated SMB product bundles targeted across entire customer base
- Enhanced customer experience & product integration – one customer view

Slide 28

From Bricks to Clicks: Enterprise Rush to Online

Major Australian businesses are playing catch up in establishing their online commerce presence to protect and grow revenue

Melbourne IT delivers:
- High-performance, mission critical hosting
- Agile platforms which can scale to meet marketing demands
- Stable, predictable user experience in an unpredictable online world

Slide 29

From Bricks to Clicks: Enterprise Rush to Online

Major Australian businesses are playing catch up in establishing their online commerce presence to protect and grow revenue

In future we will deliver:
- Complete end-to-end ecommerce platform management – infrastructure + application
- Advanced performance testing to allow customers to design their platforms to meet the next generation of online initiatives
- Ecommerce platform analytics to better inform customer marketing and marketing innovation

Slide 30

From Bricks to Clicks: Connected Generation

Education continues to embrace online tools enhance the learning experience and satisfy the demands of the 'Connected Generation'

Melbourne IT delivers:

- Secure, content-filtered access to meet stringent education guidelines
- Scalable digital platforms to cater for very large user bases
- Agile platforms which can handle the most demanding new online services

Slide 31

From Bricks to Clicks: Connected Generation

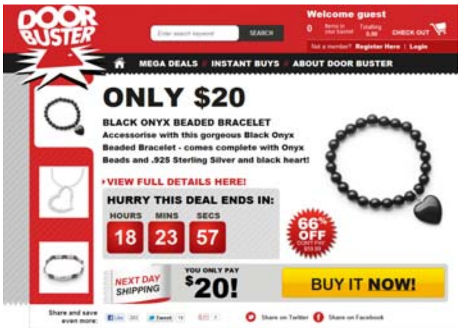
Education continues to embrace online tools enhance the learning experience and satisfy the demands of the 'Connected Generation'

In future we will deliver:

- Analytics services to help educators assess online student content demands and improve learning experience
- Building virtual classrooms regardless of geographic location – linked to NBN

Slide 32

Bricks to Clicks: Woolworths

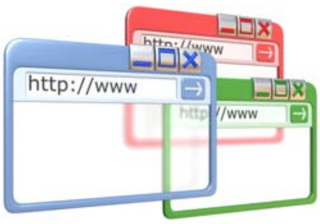


"We have ambitious plans to hit the $1 billion mark in online sales in 2014. Giving customers multiple options isn't a threat - it's a huge opportunity, probably <u>the biggest opportunity in retail for 100 years</u>."

Woolworths CEO

Slide 33

Online Brand Management: Digital Optimisation



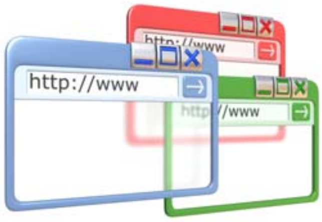
Companies need to manage online brand portfolios and sharpen online insights to guide digital strategy

Melbourne IT delivers:

- Domain strategy consulting and portfolio optimisation services
- Digital optimisation services to help brands understand their web audience and improve online interactions to increase revenues

Slide 34

Online Brand Management: Digital Optimisation



Companies need to manage online brand portfolios and sharpen online insights to guide digital strategy

In future we will deliver:

- New optimisation analytics engine to further enhance online revenue capture
- Scaling best-practice digital optimisation consultancy services to benefit US & APAC customers

Slide 35

Online Brand Management: New Top Level Domains (TLDs)

New TLDs represent the biggest change to the internet in 27 years – posing both brand opportunities and risks

Melbourne IT delivers:

- New TLD application services
- New TLD risk review and objection services
- New TLD registration strategy and domain policy consulting

Slide 36

Online Brand Management: New Top Level Domains (TLDs)

New TLDs represent the biggest change to the internet in 27 years – posing both brand opportunities and risks

In future we will deliver:

- Policy management to ensure customers avoid intellectual property disputes
- Registry services to support second level .brand names
- Defensive registrations to protect core brands across new TLD environment

Slide 37

Online Brand Management: AFL

"We think 'dot AFL' could be a key asset to support our major strategies around national expansion, fan development, strengthening the AFL clubs, supporting community participation and growing our presence in digital media. Ultimately, 'dot AFL' will make it easier for our audience to access trusted online content that is endorsed by the AFL brand."

AFL GM Strategy & Marketing

Slide 38

Brand & Information Protection: Fraud Prevention

Protecting the integrity and value of digital brands is of vital importance to all organisations operating online

Melbourne IT delivers:

- Rapid phishing detection and takedown services
- Domain name recovery to frustrate cybersquatters, fraudsters and counterfeiters
- Powerful detection tools to identify and pinpoint brand misuse

Slide 39

Brand & Information Protection: Fraud Prevention

Protecting the integrity and value of digital brands is of vital importance to all organisations operating online

In future we will deliver:

- Expanded monitoring to identify malicious activity in social media, video and new geographic regions
- Mobile MalApp detection, analysis and takedown
- Defensive registrations in new TLDs

Slide 40

Brand & Information Protection: Staying Online

Website uptime is critical in the online economy. Companies need to remain online 24/7 in a hostile environment

Melbourne IT delivers:

- Services to mitigate malicious website attacks including Distributed Denial of Service and malware
- Business continuity services to maintain uptime during times of crisis
- DNS Assurance and SSL certificates

Slide 41

Brand & Information Protection: Staying Online

Website uptime is critical in the online economy. Companies need to remain online 24/7 in a hostile environment

In future we will deliver:

- Continued enhancements to security portfolio to protect customers' online investment
- ISO 27001 to ratify existing security management processes
- Complete defence-in-depth security as we manage the entire ecommerce platform end-to-end

Slide 42

Brand & Information Protection: Managing Information

Judicial & law enforcement sector under increasing pressure to improve efficiency while maintaining information integrity

Melbourne IT delivers:

- Complete end-to-end recording solutions to digitally capture and manage audio & video proceedings in courtrooms and law enforcement agencies
- State of the art touch screen recording hardware
- Best practice courts consultancy services

Slide 43

Brand & Information Protection: Managing Information

Judicial & law enforcement sector under increasing pressure to improve efficiency while maintaining information integrity

In future we will deliver:

- FTR Notes – information record management application for mobile / iPad
- Expanded consultancy services

Slide 44

Brand & Information Protection: Swedbank

"Swedbank recently started collaborating with Melbourne IT in order to be able to act faster and more effectively against phishing attempts. The most recent phishing website was shut down only two hours after it had been detected."

Swedbank Executive

Slide 45

Brand & Information Protection: DETE

"Melbourne IT is playing <u>a vital partnership role</u> with the Department of Education and Training to allow us to continue delivering online services to all state schools throughout Queensland to <u>enhance the learning experience for students</u>."

DET Assistant Director-General and CIO

Slide 46

Melbourne IT's Opportunity Pillars

From Bricks to Clicks

Online Brand Management & Optimisation

Brand & Information Protection

Providing trusted services to our customers in an online world

Slide 47

Digital Brands Are About to Change Forever

- Online will be the primary route to market
- Explosion in mobile web browsing
- New digital brand business models emerging
- 2,000+ new Top Level Domains
- Faster networks creating new web experiences
- Digital brand threats continuing to rise
- Expansion into non-English speaking markets
- Brands need to adapt to online… or go out of business

Digital Brands Are About to Change Forever

Melbourne IT will benefit from these trends by helping customers adapt to the digital economy

Risks

- Aussie Dollar Strength
- European Economic Problems
- US Economy still slow
- Major Partner slowdown
- Commoditisation pressures
- Increasing competition
- Further ICANN new TLD delays
- Slower Transformation benefit realisation

Slide 50

Preparing to Take Full Advantage

Final year of Melbourne IT's Transformation Program…

MELBOURNE IT

However our business will continue to evolve

Improve Processes	Improve Structures	Improve Product Dev. & Mgmt.	Increase Marketing	Improve Skills & Abilities

Slide 51

2012 Full Year Outlook Update

H1 2012 Update

- Significant improvement in DBS performance year-on-year and continued progress by ES
- Estimated negative foreign exchange EBIT impact for H1 of $1 million year-on-year
- SMB performance slowed by website disruptions due to external issues
- GPS performance impacted by major reseller slowdown
- We expect our H1 EBIT 2012 to be in line with H1 EBIT 2011

On a full year basis, we expect:

- DBS performance to continue to improve with further new TLD consulting and brand protection opportunities
- ES performance continue to strengthen due to sales growth
- Transformation project benefits accruing to all divisions particularly SMB/GPS albeit slightly later than expected
- H2 2012 performance will be an improvement on H2 2011 result

Melbourne IT expects to meet full year guidance with 2012 EBIT up 10% on 2011 full year EBIT result

Slide 52

Q&A

- Any Questions?

Slide 53

Business of the Meeting

Item 1: Financial Statements & Report

- To receive and consider the Annual Financial Report and the Reports of the Directors and Auditor for the financial year ended 31 December 2011

Slide 55

Item 2: Election of Directors

a) Mr Tom Kiing retires by rotation in accordance with rule 9.3 of the Company's Constitution and, being eligible, offers himself for re-election

b) Mr Rob Stewart retires by rotation in accordance with rule 9.3 of the Company's Constitution and, being eligible, offers himself for re-election

c) Ms Naseema Sparks was appointed by the Board as a Director of the Company in accordance with rule 9.9 of the Company's Constitution to hold office until the next shareholder meeting. Ms Naseema Sparks, being eligible, now offers herself for election

Slide 56

Item 3: Adoption of Remuneration Report

- To adopt the Remuneration Report for the year ended 31 December 2011

Slide 57

Remuneration Report

- Philosophy
  - Company performance depends on the quality of its Directors, Executives and Staff
  - The company must therefore attract, motivate and retain highly skilled people
  - The Human Resources, Remuneration and Nomination Committee (HRRNC) is responsible for determining and reviewing remuneration for Directors, Executives and Staff
- Structure
  - The company's remuneration policy complies with the AICD guidelines for listed company executive remuneration
  - In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive remuneration is separate and distinct

Slide 58

Remuneration for Executives and Key Senior Employees

- The objective is to reward executives and senior managers with a level and mix of remuneration commensurate with their position and responsibilities to:
  - Provide competitive rewards to attract high calibre executives
  - Link rewards to shareholder value
  - Have a significant portion of remuneration "at risk", dependent upon meeting pre-determined financial and operational performance benchmarks (KPIs)
  - Establish appropriate, demanding performance hurdles for variable remuneration

Slide 59

Remuneration for Executives and Key Senior Employees

Remuneration consists of two key elements:

- Fixed remuneration (salary)
- Variable remuneration
  - Short-Term Incentive (STI) – based on performance against company, business unit and personal performance KPIs
  - Long-Term Incentive (LTI) – select group of key employees granted performance rights to acquire shares in the company, with an Earnings Per Share and a Total Shareholder Return vesting hurdle

Slide 60

General Staff Remuneration

Remuneration consists of two key elements:

- Fixed remuneration (salary)
- Variable remuneration for selected employees
  - Short-Term Incentive (STI) – based on performance against company, business unit and personal performance KPIs

Slide 61

Non-Executive Director Remuneration

- Objective
  - The board seeks to set aggregate remuneration at an appropriate level to attract & retain Directors of the highest calibre at an acceptable cost
- Structure
  - Each NED receives a fixed fee and sits on at least one Board committee
    - Audit & Risk Management Committee or
    - Human Resources Remuneration & Nomination Committee
  - An additional fee is paid for chairing a Board committee, in recognition of the additional time commitment and responsibility required
  - NEDs are encouraged to hold shares in the Company (purchased by them on market). One of the NEDs is a substantial shareholder in the company – Tom Kiing
  - NED fees are generally reviewed every two years (last review was 1 Jan 2011)

Slide 62

Non-Executive Director Remuneration

- NED Deferred Share Plan was suspended at end of 2009 due to government legislation changes on the taxation of share plans
- NED received a 2.5% base fee increase in 2011; no increase in 2012
- For 2012, the NED base fee is $76,875 with an additional $10,000 for Board Committee Chairs
- The Board Chairman's fee is set at 2.3 x NED base fee

Slide 63

Item 3: Adoption of Remuneration Report

- Questions?
- Resolution: To adopt the Remuneration Report for the year ended 31 December 2011

Slide 64

Item 4(a) & 4(b): Approval of Potential Termination Benefits

- To approve, for the purpose of Part 2D.2 Division 2 of the Corporations Act, the giving of potential benefits to any present or future members of the Executive Team or the Managing Director & CEO, in connection with such person ceasing to hold a managerial or executive office or position of employment in the Company or a related body corporate

Slide 65

Items 4(a) and 4(b) – In Summary

- Approval of these resolutions allow the company to meet contractual obligations to the Executive Team or Managing Director & CEO under certain circumstances when employment terminated
- The Corporations Amendment (Improving Accountability on Termination Payments) Act 2009 introduced significant changes to the Corporations Act with effect from 24 November 2009. Under Part 2D.2 Division 2 of the Corporations Act, the Company, is prohibited from giving a person who holds a "managerial or executive office" a benefit in connection with their ceasing to hold an office or position of employment with the Group unless shareholders approve the giving of the benefit or an exemption applies.

Slide 66

Items 4(a) and 4(b) – In Summary

- Shareholders are not being asked to approve any increase in the remuneration or benefits for the Executive Team or Managing Director & CEO, nor any variations to the existing discretions of the Board.
- No change to the underlying employment arrangements or individual entitlements is being proposed.

Slide 67

Item 4(a): Approval of Potential Termination Benefits to Executive Team

- To approve, for the purpose of Part 2D.2 Division 2 of the Corporations Act, the giving of potential benefits to any present or future members of the Executive Team, in connection with such person ceasing to hold a managerial or executive office or position of employment in the Company or a related body corporate

Slide 68

Item 4(b): Approval of Potential Termination Benefits to Managing Director & CEO

- To approve, for the purpose of Part 2D.2 Division 2 of the Corporations Act, the giving of potential benefits to the Managing Director & CEO, Mr Theo Hnarakis, in connection with him ceasing to hold a managerial or executive office or position of employment in the Company or a related body corporate

Slide 69

Questions

- Any final questions?

Slide 70

MELBOURNE IT

Annual General Meeting

Melbourne, Australia

22 May 2012