

ASX Release

30 October 2019

2019 Annual General Meeting – Chairman’s Address

This is the ninth time we have gathered for an Annual General Meeting as NEXTDC shareholders and each time we have been able to report customer, revenue and data centre development growth. For the financial year ended 30 June 2019, I am pleased to advise we once again closed out a period of record new customer contracts, revenue and EBITDA.

During FY19, NEXTDC maintained its focus on building the nation’s leading data centre infrastructure platform for the digital economy. In the process, we continued to deliver the industry’s highest standards for reliability, efficiency, and sustainability.

It is the Company’s corporate vision to help enterprises harness the digital age, improving our society through the advancement of technology. We are now living in the most exciting time in human history as the 4th industrial revolution – ‘the cyber physical age’ – starts to evolve.

NEXTDC’s purpose is to be the leading customer-centric data centre services company, delivering solutions that power, secure and connect enterprises. Data centres are key to effectively managing the enormous amounts of data being generated. NEXTDC aspires to be a global leader in providing the critical infrastructure and network services to facilitate the growth of the digital economy.

Our brand promise guarantee is to deliver our customers with 100% uptime of the critical infrastructure that underpins their business. Led by our globally recognised and world-leading innovation in data centre design, engineering and operational excellence, we can assure our partners and customers that their digital platforms, hosted in our facilities will always be powered, secured and connected to the highest standards.

Key operational and financial metrics

Our strong performance in FY19 is highlighted by significant growth in key operating metrics:

- Revenue increased by 15% to \$179.3 million;
- Underlying EBITDA increased by 13% to \$85.1 million;
- New customer acquisition continued to accelerate and finished the year up 22% to 1,184;
- Our ecosystem continued to flourish, now comprised of over 550 partners; and
- The number of interconnections increased by 27% to 10,972 during FY19.

Development and operation of industry leading data centres

Our infrastructure platform continues to expand at a rapid pace, driven by the ongoing robust demand for our premium data centre services. During the year, NEXTDC increased its contracted utilisation from 40.2MW at the end of FY18 to 52.5MW at the end of FY19. This was a record new sales year for the Company.

Excluding the funds invested to acquire the APDC and B1 underlying properties, a total of \$378 million was invested in growth infrastructure during FY19:

- S2 was opened for early customer access in 1H19 as the multistorey hyperscale construction and development continued around it. More than 15MW of capacity has been contracted at S2, which will be a 30MW facility at full fit-out;
- There was also a significant amount of activity in Perth in FY19, including the opening of our microsite at P2 to facilitate early access to the Indigo submarine cable system. The Indigo cable represents a significant opportunity for Australia and NEXTDC by connecting the booming Asian economy to Perth and Sydney at the fastest speeds available;
- Meanwhile, construction has begun on the P2 site with practical completion of the first tower expected in 2H20;
- B2 opened a second data hall in FY19 and M2 a third, while both facilities also achieved the global pinnacle Tier IV Gold Certification for Operational Sustainability; and



- Today they are the only two colocation data centres in the Southern Hemisphere to achieve this level of certification.

We are well capitalised for future growth, having raised \$500 million during the year in the form of Notes IV, comprising \$300 million in senior unsecured notes and Notes IV-2, which was an additional \$200 million to invest in new infrastructure to meet customer demand. NEXTDC also refinanced its \$300 million syndicated senior debt facility during FY19. This facility currently remains undrawn and is available for the company to fund further customer expansion.

The Company now has total assets of over \$1.8 billion as at 30 June. We continue to adopt a disciplined approach to capital allocation.

Property acquisitions

NEXTDC successfully completed the acquisition of APDC, which held the land and buildings of our P1, M1 and S1 facilities, as well as the acquisition of the underlying B1 property. This incurred a total outlay of \$285 million and will deliver approximately \$15 million of annualised rent savings at the same time as strengthening NEXTDC's balance sheet and, importantly, providing ongoing control of our data centres' underlying properties.

These acquisitions represent a very positive outcome for the Company as they reduce operating costs for the business, add significantly to the asset register and help us further comply with increasing Australian Government foreign ownership restrictions on critical infrastructure assets such as data centres.

Strong growth in our ecosystem

NEXTDC continues to deliver impressive year on year growth both in the number of new customers and in the number of new connectivity services. During 2019, we set new benchmarks for both these metrics with the addition of 212 new customers and more than 2,300 new network interconnections.

NEXTDC data centres deliver a vast array of capabilities and connectivity options. It is pleasing to note, that through continued investment and the expansion of directly hosted cloud on-ramps to the world's leading public clouds, NEXTDC is the most connected data centre provider in the country.

Setting new benchmarks for energy efficiency

NEXTDC is committed to driving continuous improvements in energy efficiency and sustainability. The Company does this for two reasons. Firstly, by making its data centres the most power efficient in Australia our customers reduce their power bills, a benefit that has a direct bottom line impact for them and an economic competitive differentiator for us. Secondly, NEXTDC is determined to lead the industry in reducing the impact of ever-growing data volumes on the environment, communities and the biosphere.

This commitment has seen the M1 Melbourne and S1 Sydney facilities become the first data centres in Australia to achieve the National Australian Built Environment Rating System or NABERS 5-Star certification for energy efficiency. NEXTDC also operate one of Victoria's largest privately funded solar arrays on the rooftop of our M1 data centre and have been a Principal Partner in the Melbourne Renewable Energy Wind Farm Project since its inception in 2014.

My address would not be complete without thanking my fellow directors, our management team and staff, who are capably led by our CEO, Craig Scroggie. On behalf of NEXTDC, we thank you, our shareholders, for your ongoing support.

Douglas Flynn
Chairman

ENDS



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About NEXTDC

NEXTDC is an ASX200-listed technology company and Asia's most innovative Data Centre-as-a-Service provider. We are building the infrastructure platform for the digital economy, delivering the critical power, security and connectivity for global cloud computing providers, enterprise and government.

NEXTDC is recognised globally for the design, construction and operation of Australia's only network of Uptime Institute certified Tier IV facilities, and the only data centre operator in the Southern Hemisphere to achieve Tier IV Gold certification for Operational Sustainability. NEXTDC has a strong focus on sustainability and operational excellence through renewable energy sources and delivering world-class operational efficiency. Our data centres have been engineered to deliver exceptional levels of efficiency and the industry's lowest Total Cost of Operation through NABERS 5-star energy efficiency.

NEXTDC's corporate operations have been certified carbon neutral under the Australian Government's Carbon Neutral Initiative, in line with *National Carbon Offset Standard (NCOS) for Organisations*.

Our Cloud Centre partner ecosystem is Australia's most dynamic digital marketplace, comprising more than 550 carriers, cloud providers and IT service providers, enabling local and international customers to source and connect with cloud platforms, service providers and vendors to build complex hybrid cloud networks and scale their critical IT infrastructure services.

NEXTDC is *where the cloud lives*®.

To learn more, visit www.nextdc.com