


9th ANNUAL GENERAL MEETING

30 OCTOBER 2019



N E X T D C

NEXTDC LIMITED ACN 143 582 521



Chairman's Address

9th Annual General Meeting | 30 OCTOBER 2019



NEXTDC

NEXTDC LIMITED ACN 143 582 521

VISION

NEXTDC'S VISION IS TO HELP ENTERPRISES HARNESS
THE DIGITAL AGE, IMPROVING OUR SOCIETY THROUGH
THE ADVANCEMENT OF TECHNOLOGY.





PURPOSE

NEXTDC'S PURPOSE IS TO BE THE LEADING CUSTOMER-CENTRIC DATA CENTRE SERVICES COMPANY, DELIVERING SOLUTIONS THAT POWER, SECURE AND CONNECT ENTERPRISE.

100% UPTIME GUARANTEE

OUR BRAND PROMISE
POWER.SECURE.CONNECT.



FY19 HIGHLIGHTS



REVENUE¹

\$179.3m

+15%



UNDERLYING EBITDA^{1,2}

\$85.1m

+13%



UTILISATION

52.5MW

+31%



CUSTOMERS

1,184

+22%



PARTNERS

550+

60+ NETWORKS



INTERCONNECTIONS

10,972

+27%

Note: All percentage increases are expressed relative to the FY18 results

1. FY18 results restated for comparability in this document (unless otherwise indicated) according to new accounting standards AASB 9, AASB 15 and AASB 16, which NEXTDC adopted on 1 July 2018

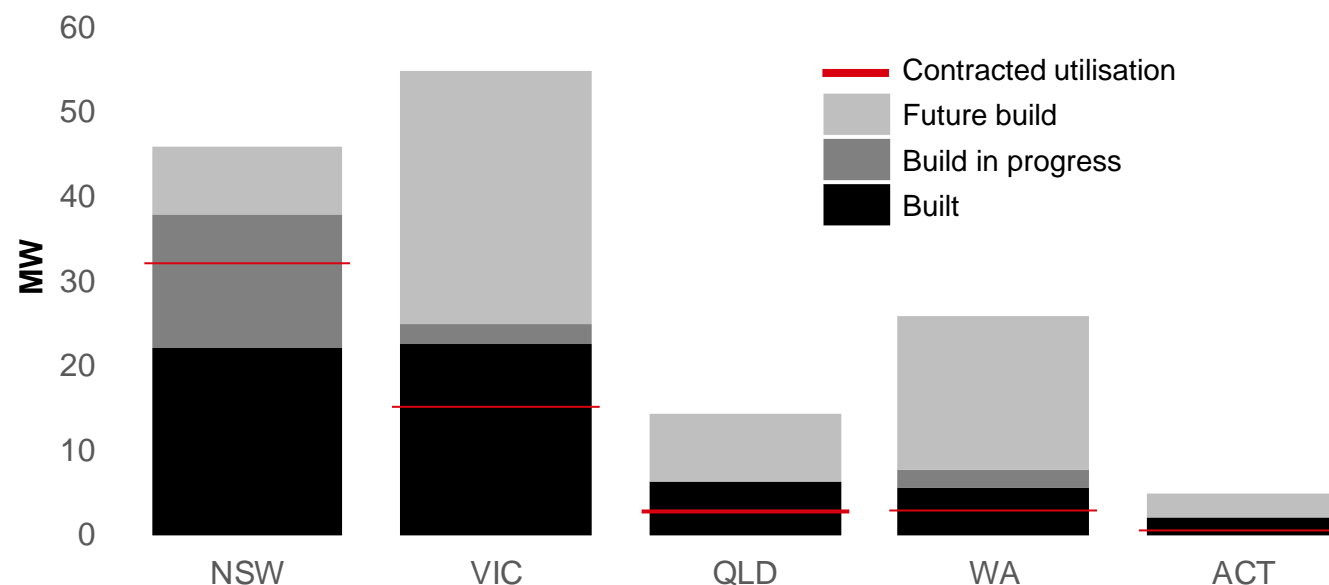
2. FY19 figures exclude distribution income from NEXTDC's investment in Asia Pacific Data Centre Group (APDC) of \$1.3m, transaction costs (including landholder duty) related to the acquisition and wind up of APDC of \$9.0m, gains on extinguishment of property leases of \$2.4m, as well as costs related to review works in Singapore and Japan of \$0.8m. FY18 figures exclude APDC distribution income of \$3.2m and APDC transaction costs of \$1.8m

3. Comprises both Physical and Elastic Cross Connects

Facility capacity and utilisation

As at 30 June 2019

- **S2 Sydney:** Commenced operations in 1H19. 22MW of fitout being delivered to meet strong demand
- **P2 Perth microsite:** Opened in 1H19 to facilitate early access to the Indigo subsea cable system and other network providers
- **P2 Perth:** Commenced construction activities in FY19. Practical completion of first tower expected in 2H20
- **P1 Perth:** Fourth data hall opened in FY19
- **B2 Brisbane:** Second data hall opened in FY19
- **M2 Melbourne:** Third data hall opened in FY19
- **Tier IV Gold Certification of Operational Sustainability:** Both our B2 and M2 facilities received the certification, with NEXTDC remaining the only certified provider in the Southern Hemisphere
- **NABERS 5-Star:** Both M1 and S1 facilities were awarded NABERS 5-Star rating for energy efficiency, a first for the Australian data centre industry



	NSW	VIC	QLD	WA	ACT	Total
Capacity planned (MW) ¹	46.0	55.0	14.25	26.0	4.8	146.1
Capacity built ² (MW)	22.0	22.5	6.25	5.6	2.0	58.4
Land and building capex to date ^{3,4}	\$212m	\$175m	\$80m	\$88m	–	\$554m
Fitout capex to date ³	\$307m	\$218m	\$75m	\$84m	\$47m	\$732m
Contracted utilisation (MW)	31.9	14.9	2.6	2.7	0.4	52.5
% of capacity planned	69%	27%	18%	10%	8%	36%
% of capacity built	145%	66%	42%	48%	19%	90%
Capacity available for sale (MW)	14.1	40.1	11.6	23.3	4.4	93.5

1. Includes facilities which are open or under construction

2. Includes the designed power capacity of the data halls fitted out at each facility. Further investment into customer related infrastructure, such as backup power generation, cooling equipment or rack infrastructure may be made in line with customer requirements

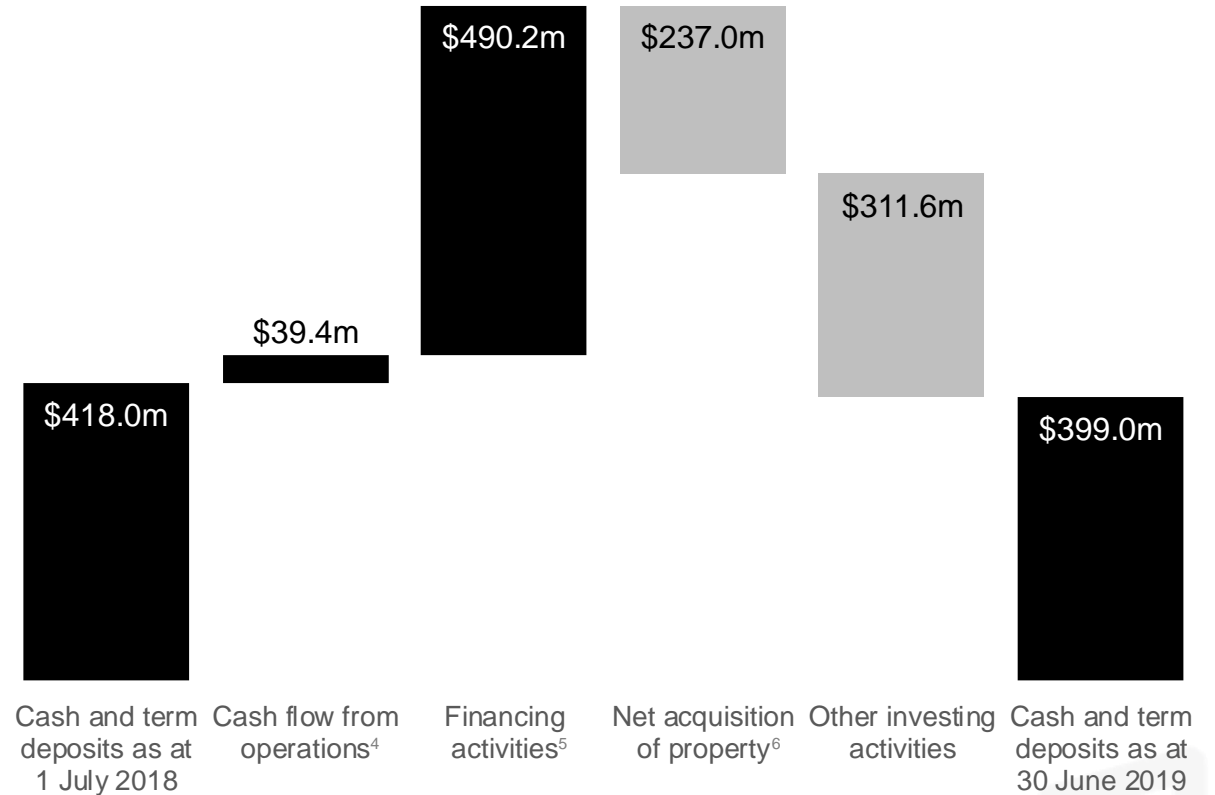
3. Excludes site selection and other due diligence-related costs for planned data centre developments, which are included in corporate overheads

4. Excludes land held for development of S3 Sydney (\$91m at 30 June 2019)

Well capitalised for growth

	30 June 2019 (\$m)	30 June 2018 (\$m)
Cash and cash equivalents	399	418
Property (land and buildings) ^{1,2}	639	254
Plant and equipment ²	611	488
Total assets	1,826	1,236
Borrowings ³	794	298
Total liabilities	951	342
Net assets	875	894

- In July 2018, NEXTDC raised **\$300m** in **senior unsecured notes (Notes IV)**
- In June 2019, NEXTDC raised an additional **\$200m** in **senior unsecured notes (Notes IV-2)**
- Senior secured debt facility of \$300m remains undrawn, which combined with NEXTDC's cash and cash equivalents balance of \$399m results in **total pro-forma liquidity of \$699m at 30 June 2019**



1. Property balance at 30 June 2018 includes NEXTDC's previous interest in APDC, of which NEXTDC completed the acquisition in November 2018
2. Property, plant and equipment balances exclude right-of-use assets not owned by NEXTDC but reported as assets under AASB 16
3. Borrowings adjusted for capitalised transaction costs which are amortised over the term of the underlying debt instruments and excludes lease liabilities related to right-of-use assets which are reported as leases under AASB 16
4. Cash flows from operations include net interest paid of \$43.0m and payments related to the acquisition of APDC of \$9.0m
5. Cash flows from financing activities include proceeds from debt raisings, transaction costs relating to financing activities and lease payments; adjusted to exclude the acquisition of non-controlling interests in APDC and the repayment of APDC's debt facilities
6. Payments for completing full acquisition of APDC (adjusted to include payout of existing debt facilities and non-controlling interests), as well as B1 and P2 property

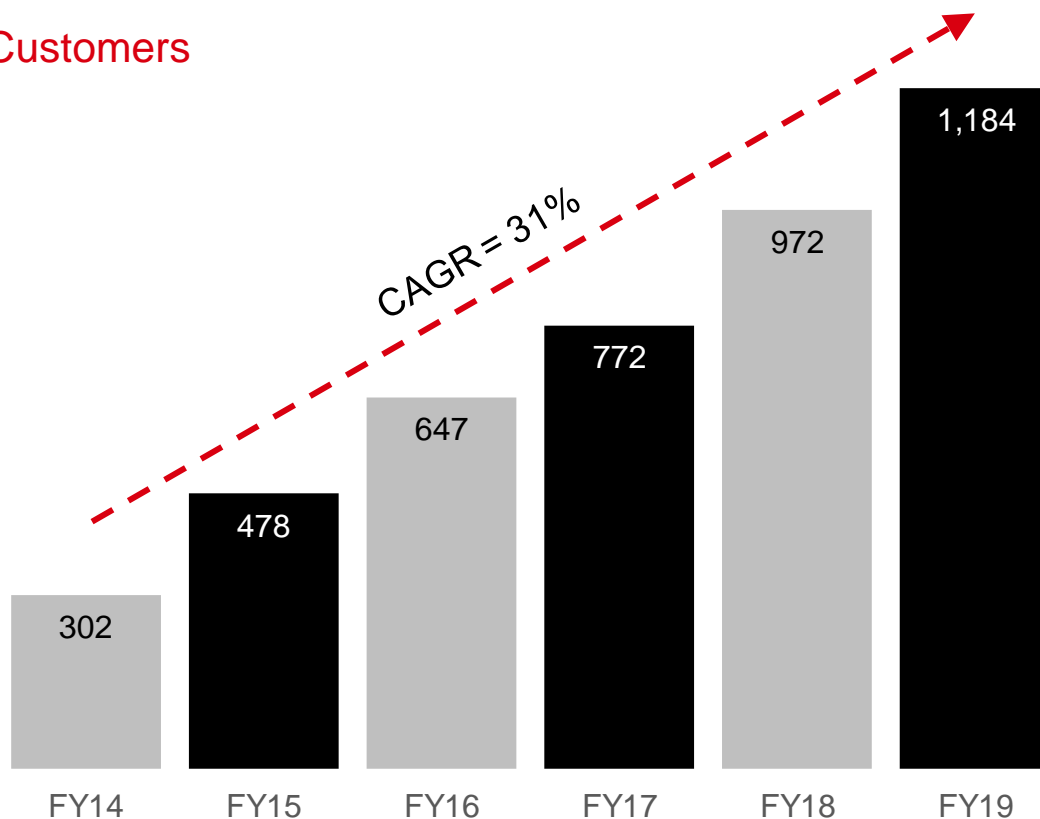
ACQUISITION AND WIND UP OF APDC



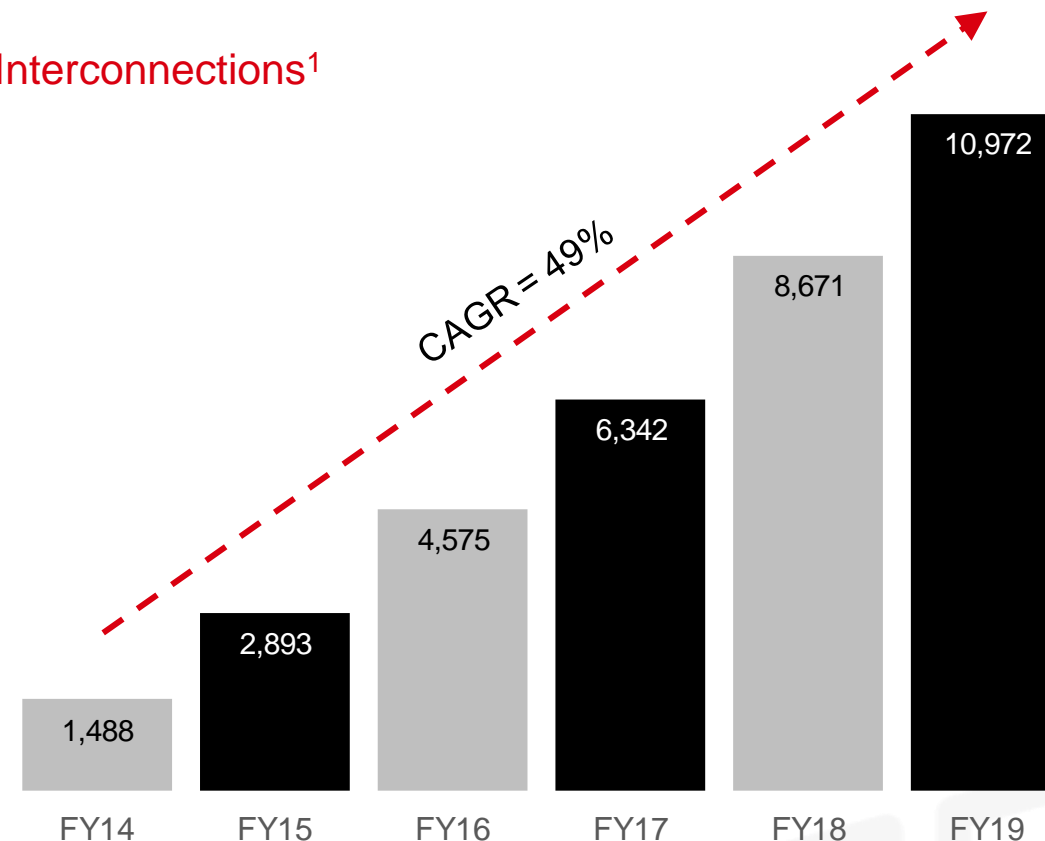
- NEXTDC completed the acquisition of the land and buildings at P1, M1, S1 as well as B1
- Delivered rental savings of approximately \$15 million per annum (before annual escalations)
- Strengthened NEXTDC's balance sheet and provided control of the underlying properties.

Strong growth in customers and connectivity

Customers



Interconnections¹



- Strong growth in connectivity drives average interconnects per customer to 9.3 at 30 June 2019 compared to 8.9 at 30 June 2018
- Average interconnects per customer highlights the increasing use of hybrid cloud as customers expand their ecosystems
- Ecosystem growth drives higher margins and customer retention

¹. Comprises both Physical and Elastic Cross Connects

SETTING A NEW BENCHMARK FOR ENERGY EFFICIENCY

NEXTDC is devoted to driving continuous improvements in energy efficiency and sustainability. Our facilities are designed, engineered and operated at a level of energy efficiency that is superior to competitors in the market, all while continuing to lower the environmental footprint for our customers also.



where the cloud lives™



A group of five women are smiling and holding a large, textured red heart. They are standing in a row against a plain white background. The woman on the far left is wearing a denim jacket over a dark top and a patterned skirt. The woman next to her is wearing a black top. The woman in the center is wearing a black top. The woman next to her is wearing a red patterned top. The woman on the far right is wearing a black jacket over a white top. A dark red semi-transparent banner is overlaid on the bottom half of the image, containing the text for the CEO's Address.

CEO's Address

9th Annual General Meeting | 30 OCTOBER 2019



N E X T D C

NEXTDC LIMITED ACN 143 582 521

FY19 HIGHLIGHTS



- Revenue from continuing operations¹ up \$23.0m (15%) to \$179.3m
- Record new sales with contracted utilisation up 12.3MW (31%) to 52.5MW
- Interconnections³ up 2,301 (27%) to 10,972, representing 7.7% of recurring revenue



- Underlying EBITDA^{1,2} up \$9.5m (13%) to \$85.1m
- Operating cash flows up \$6.0m (18%) to \$39.4m
- Statutory loss after tax of \$9.8m, reflecting higher depreciation and interest costs after a record year of investment



- Cash and cash equivalents of \$399m at 30 June 2019
- Liquidity of \$699m, including NEXTDC undrawn senior syndicated debt facility of \$300m
- Balance sheet position underpinned by over \$1.8bn of total assets



- Underlying capital expenditure⁴ of \$378m (FY18: \$285m)
- S2 opened to early customer access in 1H19 with billing commencing in 2H19
- P2 stage one development in progress with practical completion of first tower due in 2H20
- B2 and M2 additional capacity expansions completed

Note: All percentage increases are expressed relative to the FY18 results

1. FY18 results restated for comparability in this document (unless otherwise indicated) according to new accounting standards AASB 9, AASB 15 and AASB 16, which NEXTDC adopted on 1 July 2018

2. FY19 figures exclude distribution income from NEXTDC's investment in Asia Pacific Data Centre Group (APDC) of \$1.3m, transaction costs (including landholder duty) related to the acquisition and wind up of APDC of \$9.0m, gains on extinguishment of property leases of \$2.4m, as well as costs related to review works in Singapore and Japan of \$0.8m. FY18 figures exclude APDC distribution income of \$3.2m and APDC transaction costs of \$1.8m

3. Comprises both Physical and Elastic Cross Connects

4. Underlying FY19 capex excludes APDC and B1 property acquisitions

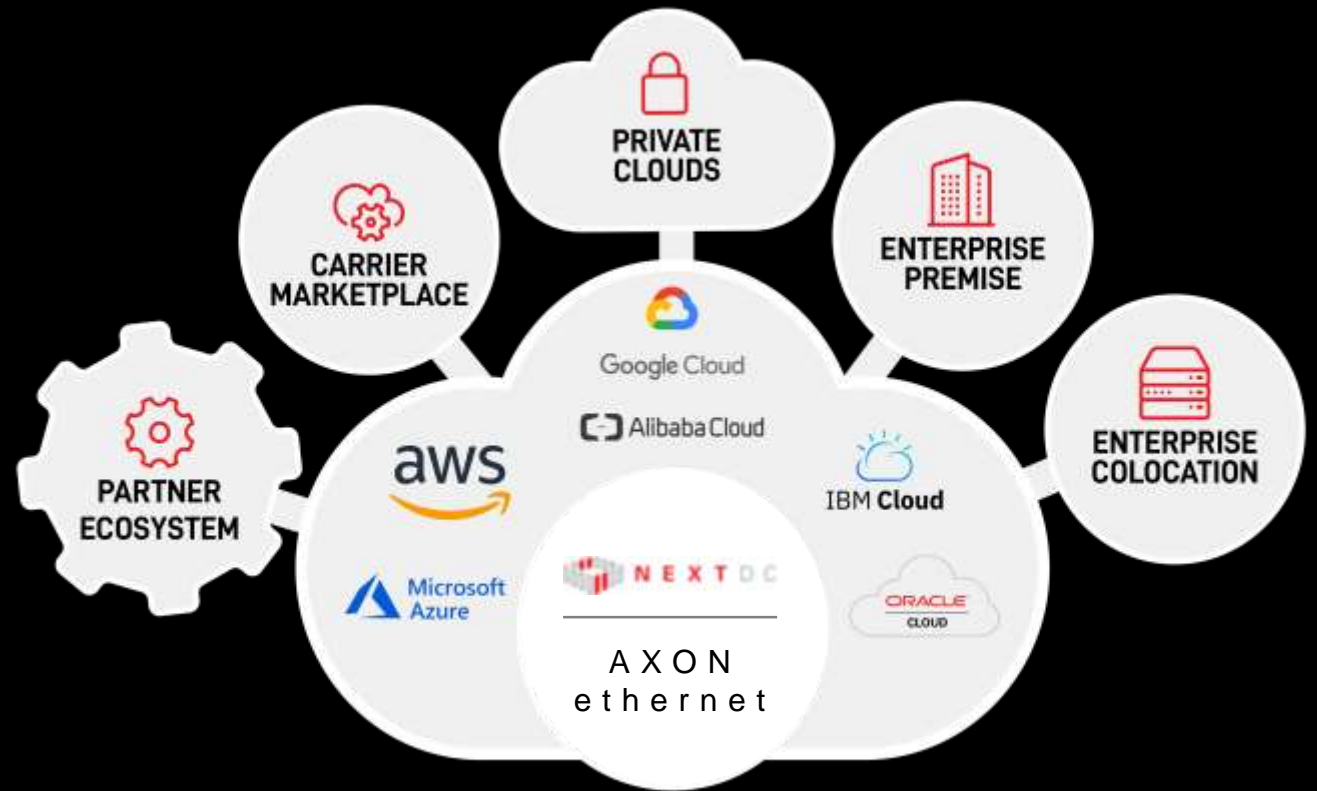


NEXT DC

HELPING OUR CUSTOMERS
HARNESS THE DIGITAL AGE

INTERCONNECTIVITY AT NEXTDC

ACCESS THE WORLD'S LARGEST CLOUDS,
CARRIERS AND NETWORKS



- Inter-site connectivity
- Carrier neutral
- Data centre neutral
- On-demand scalable connections
- Geo-redundancy



THE RISE OF HYPERSCALE DATA CENTRES

\$75 BILLION
IN CAPEX

↑19%

COLLECTIVELY SPENT BY THE LARGEST PUBLIC CLOUD PROVIDERS
ON DATA CENTRES IN 2017¹.

Australia's Managed Cloud Services (MCS) industry will grow
to **US\$1.2 billion** this year as businesses continue to overhaul
their legacy infrastructures².

BY

2021

Traffic within
hyperscale data
centres will
quadruple.

53%

will represent
all installed data
centre servers³.

1. <https://www.datacenterknowledge.com/cloud/hyper-scale-data-center-spend-was-20-percent-2017-analysts-say>

2. https://www.arnnet.com.au/article/657582/aussie-managed-cloud-services-industry-to-hit-12bn-in-2019/?utm_campaign=daily-pm-edition-2019-02

3. [11&utm_source=daily-pm-edition&utm_medium=newsletter&id=-4152](https://www.arnnet.com.au/article/657582/aussie-managed-cloud-services-industry-to-hit-12bn-in-2019/?utm_source=daily-pm-edition&utm_medium=newsletter&id=-4152)

THE EVOLUTION OF CUSTOMER IT

73%

of workloads will be in public cloud by 2021.

27%

of workloads will be in private cloud by 2021.

Hybrid cloud

BY
2025

Gartner predicts that 80% of enterprises will shift workloads to cloud-based models.

The global hybrid cloud market is expected to reach a value of
\$138.63
BILLION BY 2023





ENTERPRISE MIGRATION TO COLOCATION DATA CENTRES

BY
2021

85% of organisations will use flexible IT environments to deliver a distinguished user experience through hyper-agile architecture to enable application development¹.

41% of enterprise workloads will run on public cloud platforms.

22% will be running on hybrid cloud platforms².

BY
2025

Gartner predicts that 80% of enterprises will migrate from on-premises data centres and shift workloads to colocated, hosted and cloud-based models and shut down their traditional data centres vs 10% as of 2018³.

1. <https://www.cisco.com/c/en/us/solutions/data-center/gartner-2019-top-infrastructure-operations-technology-trends.html>

2. <https://www.forbes.com/sites/forbestechcouncil/2018/07/05/four-trends-in-cloud-computing-cios-should-prepare-for-in-2019/#4bd8b9ac4dc2>

3. <https://www.cisco.com/c/en/us/solutions/data-center/gartner-2019-top-infrastructure-operations-technology-trends.html>



THE DATA TSUNAMI IS YET TO HIT

BY
2022 there will be over
50 billion smart
connected devices¹.

AI spending is
predicted to reach **\$40** BILLION
by 2020¹.

IDC predict that the amount of data
generated worldwide by 2025 will be **175ZB³**.

BY
2025 there will be an estimated 220 million
Connected cars on the road – creating its
own unique digital platform⁴.

1. <https://datafloq.com/read/internet-of-things-interconnectivity-changes-world/3354>

2. <https://www.prnewswire.com/news-releases/40-billion-artificial-intelligence-in-marketing-market---global-forecast-to-2025-300602687.htm>

3. <https://www.networkworld.com/article/3325397/storage/idc-expect-175-zettabytes-of-data-worldwide-by-2025.html>

4. <https://www.zdnet.com/article/gartner-predicts-a-quarter-billion-connected-vehicles-by-2020/>

Globally recognised certifications



SUSTAINABILITY

Environmental sustainability is fundamental to what we strive for.

- NEXTDC operates at industry leading rates of Power Utilisation Effectiveness
- Implemented national waste management program
- Corporate operations certified 100% carbon neutral under the Australian National Carbon Offset Standard (NCOS)
- NEXTDC is the only data centre operator in the APAC region to achieve carbon neutrality, in partnership with Qantas.



CORPORATE SOCIAL RESPONSIBILITY

Live to Give



The Smith Family

In partnership with The Smith Family, NEXTDC supports the Learning for Life program which provides early intervention and balanced, long-term support to over 38,000 disadvantaged students across Australia.



Pledge 1%

NEXTDC is a member of the global Pledge 1% corporate movement. The program allows us to empower our people to give back to the communities we live and work by donating 1% employee time to help make the world a better place.



Workplace Giving

NEXTDC's workplace giving program sees NEXTDC match \$1 for \$1 money raised from staff for any one of our three workplace giving partnerships - beyondblue, Cancer Council and UN Women.



Volunteer Days

NEXTDC provides all staff with an additional paid volunteer day to enable both our teams and individuals to invest time with their preferred charity or giving back to their local community.



DATA
IS THE
NEW OIL
OF THE
21ST CENTURY

THE CUSTOMER
IS AT THE
CENTRE OF
EVERYTHING
WE DO





REAL TIME INTELLIGENCE

Manage your data centre from anywhere and make decisions in real-time

FUELLING GROWTH IN THE DIGITAL
ECONOMY THROUGH **DESIGNING,
BUILDING AND OPERATING**
A WORLD LEADING DATA CENTRE
INFRASTRUCTURE PLATFORM.



FY20 OUTLOOK



SOLID REVENUE GROWTH

Revenue between \$200m to \$206m (up 12% to 15% on FY19)

- Solid growth in recurring data centre services revenues, underpinned by long-term customer contracts
- 15MW of contracted utilisation will begin billing progressively during FY20 and flow into FY21
- Strong demand for connectivity solutions drives continued interconnection growth



SUBSTANTIAL OPERATING LEVERAGE

Underlying EBITDA^{1,2} between \$100m to \$105m (up 17% to 23% on FY19)

- Second generation facility performance driving scale and earnings growth
- Operational excellence continues to deliver efficiencies in energy management and purchasing
- Company continues to make investments in growth projects and customer experience



CUSTOMER DRIVEN INVESTMENT

Capital expenditure between \$280m to \$300m

- Continued expansion of S2 with 22MW of capacity under development
- P2 phase one construction underway with completion of the first tower expected in 2H20
- Strong growth in customer demand underpins ongoing investment in fitout



BENCHMARK OPERATIONAL EXCELLENCE

Setting the operational benchmark for the data centre industry in Asia Pacific:

- Uptime Institute (UI) Tier IV Certification of Constructed Facility (TCCF) planned for S2 and P2
- UI Gold certification of Operational Sustainability planned for S2
- M1 and S1 are Australia's only NABERS 5-Star data centre certifications, with plans for the second generation

1. FY20 underlying EBITDA excludes costs related to review works into potential data centre investments in Singapore and Japan

2. FY19 underlying EBITDA excludes distribution income from NEXTDC's investment in Asia Pacific Data Centre Group (APDC) of \$1.3m, transaction costs (including landholder duty) related to the acquisition and wind up of APDC of \$9.0m, gains on extinguishment of property leases of \$2.4m, as well as costs related to review works in Singapore and Japan of \$0.8m



Delivering on our vision, our purpose
and our brand promise.



NEXT DC

RESOLUTIONS

Resolution 1

Remuneration Report

"To adopt the Remuneration Report of the Company (as set out in the Directors' Report) for the financial year ended 30 June 2019."

FOR

219,940,350

AGAINST

1,722,492

OPEN

2,719,282

Resolution 2

Re-election of Dr Gregory J Clark AC as a Director

"That Dr Gregory J Clark AC, who retires in accordance with the Listing Rules and Rule 58 of the Company's Constitution and, being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company."

FOR

221,6231,701

AGAINST

332,414

OPEN

2,728,012

Resolution 3

Election of Ms Jennifer M Lambert as a Director

"That Ms Jennifer M Lambert, who was appointed by the Board as an additional Director and who retires in accordance with the Listing Rules and Rule 57.2 of the Company's Constitution and, being eligible, offers herself for re-election, is hereby re-elected as a Director of the Company."

FOR

222,086,813

AGAINST

203,969

OPEN

2,727,075

Resolution 4

Election of Mr Steve M Smith as a Director

"That Mr Steve M Smith, who was appointed by the Board as an additional Director and who retires in accordance with the Listing Rules and Rule 57.2 of the Company's Constitution and, being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company."

FOR

222,169,813

AGAINST

131,836

OPEN

2,720,925

Resolution 5

Approval of the grant of Performance Rights to Mr Craig Scroggie

"That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the issue of 216,393 Performance Rights to the Managing Director and Chief Executive Officer, Mr Craig Scroggie, for FY2020, pursuant to the Company's long term incentive plan under the NEXTDC Limited Executive Incentive Plan on the terms set out in the Explanatory Memorandum accompanying the Notice of Meeting."

FOR

216,545,539

AGAINST

5,728,993

OPEN

2,759,997



investorrelations@nextdc.com



13 6398



linkedin.com/company/nextdc



twitter.com/nextdc



facebook.com/datacentres



plus.google.com/+nextdc



youtube.com/user/nextdatacentre



www.nextdc.com/blog