

# FY20 HALF-YEAR RESULTS

28 FEBRUARY 2020



NEXTDC



# 1H20 HIGHLIGHTS



REVENUE

**\$97.7m**

**+8%**



UNDERLYING EBITDA<sup>1</sup>

**\$50.9m**

**+21%**



UTILISATION

**53.3MW**

**+6%**



CUSTOMERS

**1,264**

**+16%**



PARTNERS

**596**

**70 NETWORKS**



INTERCONNECTIONS<sup>2</sup>

**12,012**

**+20%**

Note: All percentage increases are expressed relative to the 1H19 results

1. 1H20 figures exclude costs related to review works into potential data centre investments in Asia of \$0.3m and a gain on re-assessment of a lease under AASB 16 of \$0.2m. 1H19 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 \$8.5m, and gains on extinguishment of property leases of \$2.4m

2. Comprises both Physical and Elastic Cross Connects

# 1H20 HIGHLIGHTS



- Revenue from data centre services grew \$11.3m (13%) to \$95.4m
- Contracted utilisation is up 2.8MW<sup>1</sup> (6%) to 53.3MW (31 December 2018: 50.4MW), with new sales of 3.2MW<sup>1</sup> before adjusting for a one-off clawback of wholesale capacity of 0.4MW
- Number of interconnections<sup>3</sup> increased 2,030 (20%) to 12,012, representing 8.2% of recurring revenue



- Underlying EBITDA<sup>2</sup> rose \$8.7m (21%) to \$50.9m
- Operating cash flows increased \$5.1m (34%) to \$20.1m
- Statutory loss after tax of \$4.9m, reflecting higher depreciation and interest costs after a record period of investment



- Cash and cash equivalents of \$197m at 31 December 2019
- Liquidity of \$497m, including NEXTDC undrawn senior syndicated debt facility of \$300m
- Balance sheet position underpinned by more than \$1.8bn of total assets



- S2 Sydney development continued with two new data halls opened, taking total installed capacity to 14MW
- P2 Perth facility construction remains on track for practical completion in 2H20
- M2 Melbourne fourth data hall capacity expansion was completed, taking total installed capacity to 10MW

Note: All percentage increases are expressed relative to the 1H19 results

1. Represents increase in utilisation over the 12 month period from 31 December 2018 to 31 December 2019

2. 1H20 figures exclude costs related to review works into potential data centre investments in Asia of \$0.3m and a gain on re-assessment of a lease under AASB 16 of \$0.2m. 1H19 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 \$8.5m, and gains on extinguishment of property leases of \$2.4m

3. Comprises both Physical and Elastic Cross Connects



**1H20**

# AGENDA

Financial Results

Business Performance

FY20 Guidance

Appendices





# FY20 Half-Year Results

FINANCIAL RESULTS

# 1H20 profit and loss summary

	Note	1H20 (\$m)	1H19 (\$m)	Change (\$m)
Data centre services revenue		95.4	84.1	11.3
Other revenue		2.3	6.6	(4.3)
<b>Total revenue from continuing operations</b>		<b>97.7</b>	<b>90.8</b>	<b>7.0</b>
Direct costs (power and consumables)		17.7	16.9	0.7
Facility costs (property costs, maintenance, facility staff, other)		10.4	8.3	2.2
Corporate overheads	1,2	16.4	17.2	(0.8)
<b>Total operating costs</b>	<b>2</b>	<b>44.5</b>	<b>42.4</b>	<b>2.1</b>
<b>EBITDA</b>		<b>50.8</b>	<b>37.4</b>	<b>13.3</b>
<b>Underlying EBITDA</b>	<b>2</b>	<b>50.9</b>	<b>42.2</b>	<b>8.7</b>
<b>EBIT</b>	<b>3</b>	<b>18.2</b>	<b>15.4</b>	<b>3.4</b>
Profit / (loss) before tax	3	(8.9)	(7.4)	(1.5)
<b>Profit / (loss) after tax</b>	<b>3</b>	<b>(4.9)</b>	<b>(3.1)</b>	<b>(1.7)</b>

Data centre services

**REVENUE**

**↑13%**

Underlying  
**EBITDA**<sup>1,2</sup>

**↑21%**

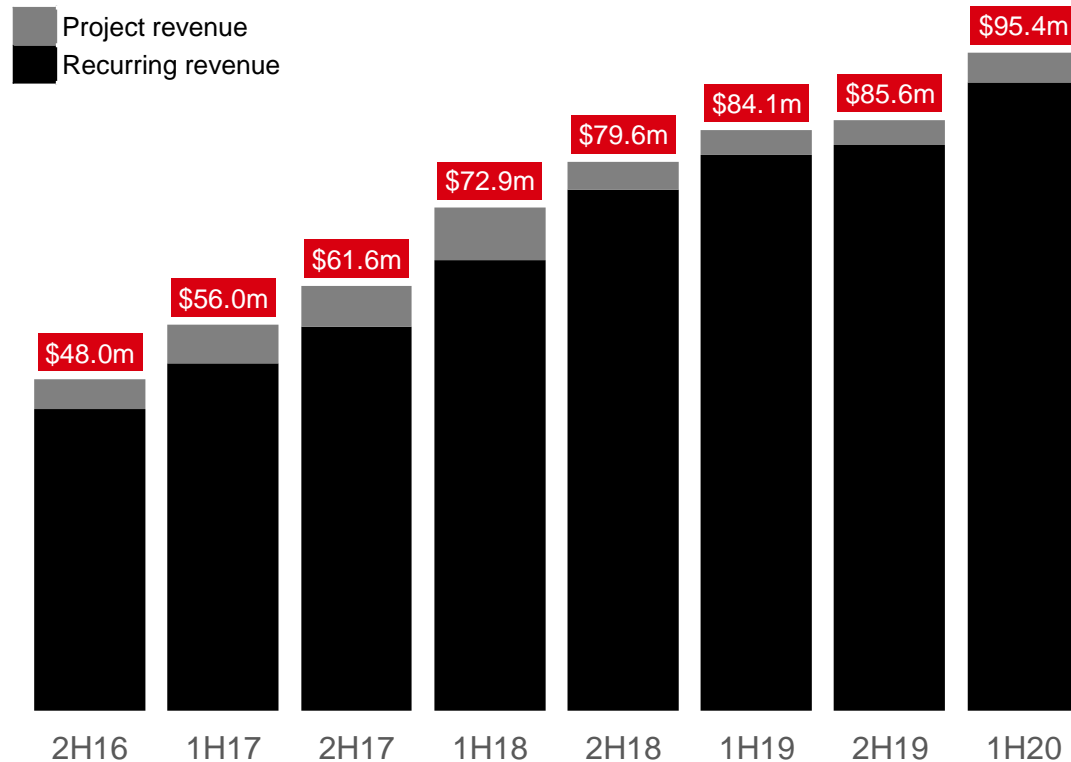
- Direct costs increased in line with customers' power consumption, offset by improvements in power usage efficiency and energy costs
- Facility costs include operational costs for S2 Sydney as well as increased property holding costs on the back of higher property valuations
- Investment in central operations, customer experience and IT to support network and site expansion to continue in the second half

1. Corporate overheads include costs related to all sales and marketing, centralised customer support, project management and product development, site selection due diligence and sundry project costs, provisions, as well as investments in growth initiatives including partner development, customer experience and systems
2. 1H20 figures exclude costs related to review works into potential data centre investments in Asia of \$0.3m and a gain on re-assessment of a lease under AASB 16 of \$0.2m. 1H19 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 \$8.5m, and gains on extinguishment of property leases of \$2.4m
3. Includes items previously excluded in footnote 2 above

# Solid revenue and EBITDA growth

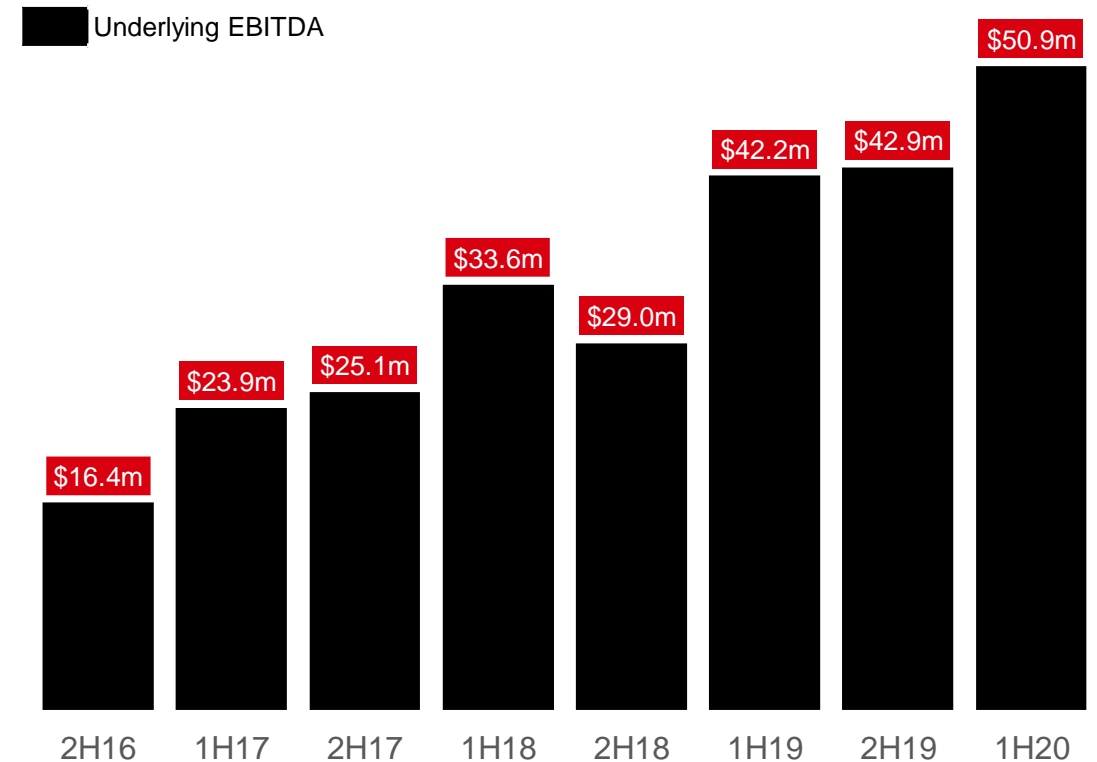
**13% growth on 1H19**

Data centre services revenue<sup>1</sup>



**21% growth on 1H19**

Underlying EBITDA<sup>1,2</sup>



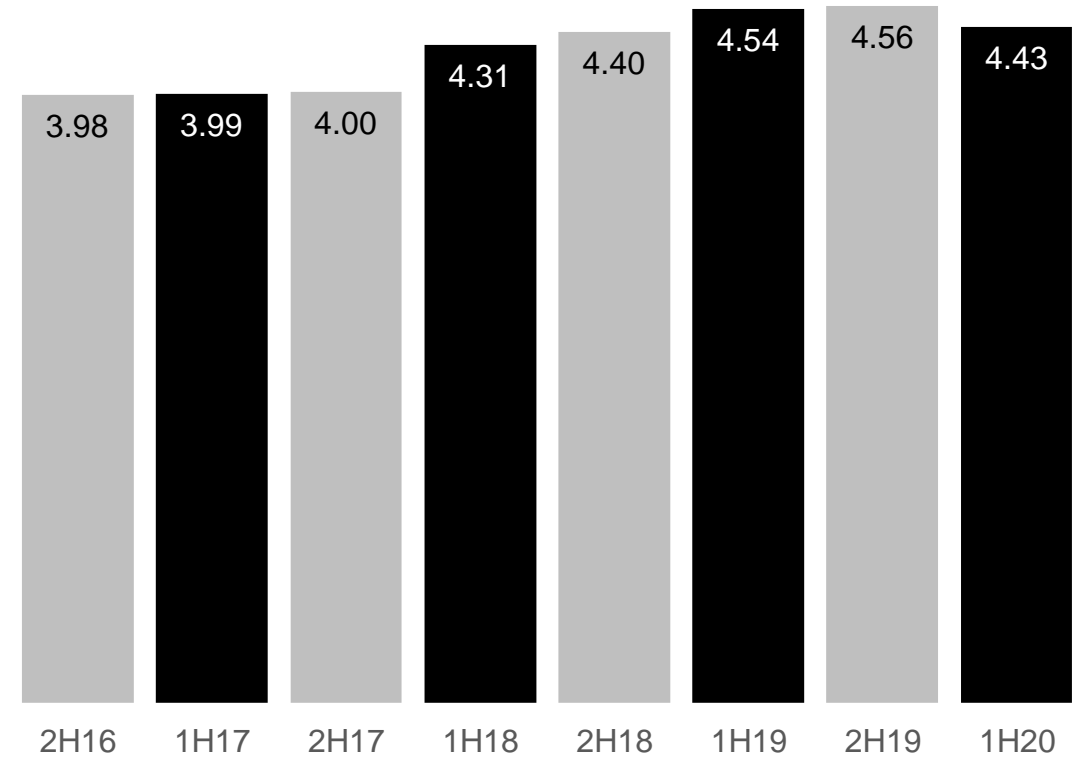
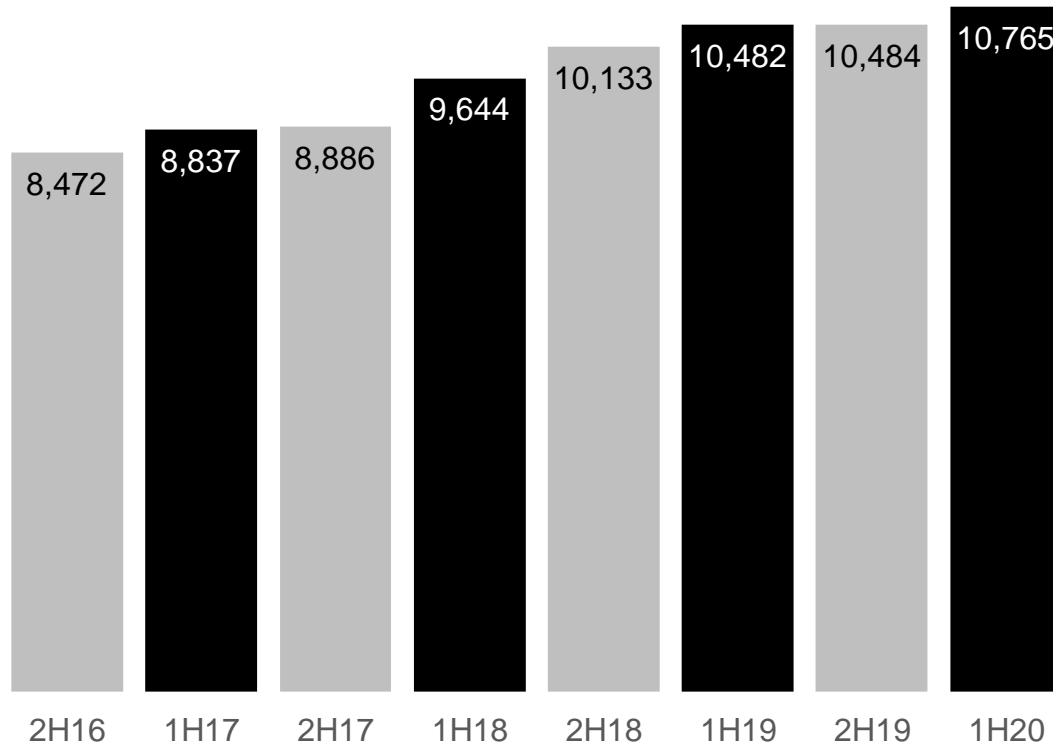
1. Excludes interest revenue. Prior to 1H19, project revenue was recognised upfront, as the services were provided. Under AASB 15, project revenues are no longer recognised up front, but amortised over the contract term plus any option periods

2. 1H20 figures exclude costs related to review works into potential data centre investments in Asia of \$0.3m and a gain on re-assessment of a lease under AASB 16 of \$0.2m. 1H19 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 \$8.5m, and gains on extinguishment of property leases of \$2.4m

# Revenue per unit metrics

Annualised revenue per square metre<sup>1</sup> (\$)

Annualised revenue per MW<sup>2</sup> (\$m)



- Demonstrates ongoing growth in revenue per square metre, noting the deployment of large, high density, ecosystem enhancing deals over time
- New facility developments designed to take advantage of industry movements toward higher density requirements
- Revenue derived from larger ecosystem enhancing customer deployments tends to increase over time as they mature, due to higher usage of contracted power capacity, increased demand for interconnection, and the use of ancillary services

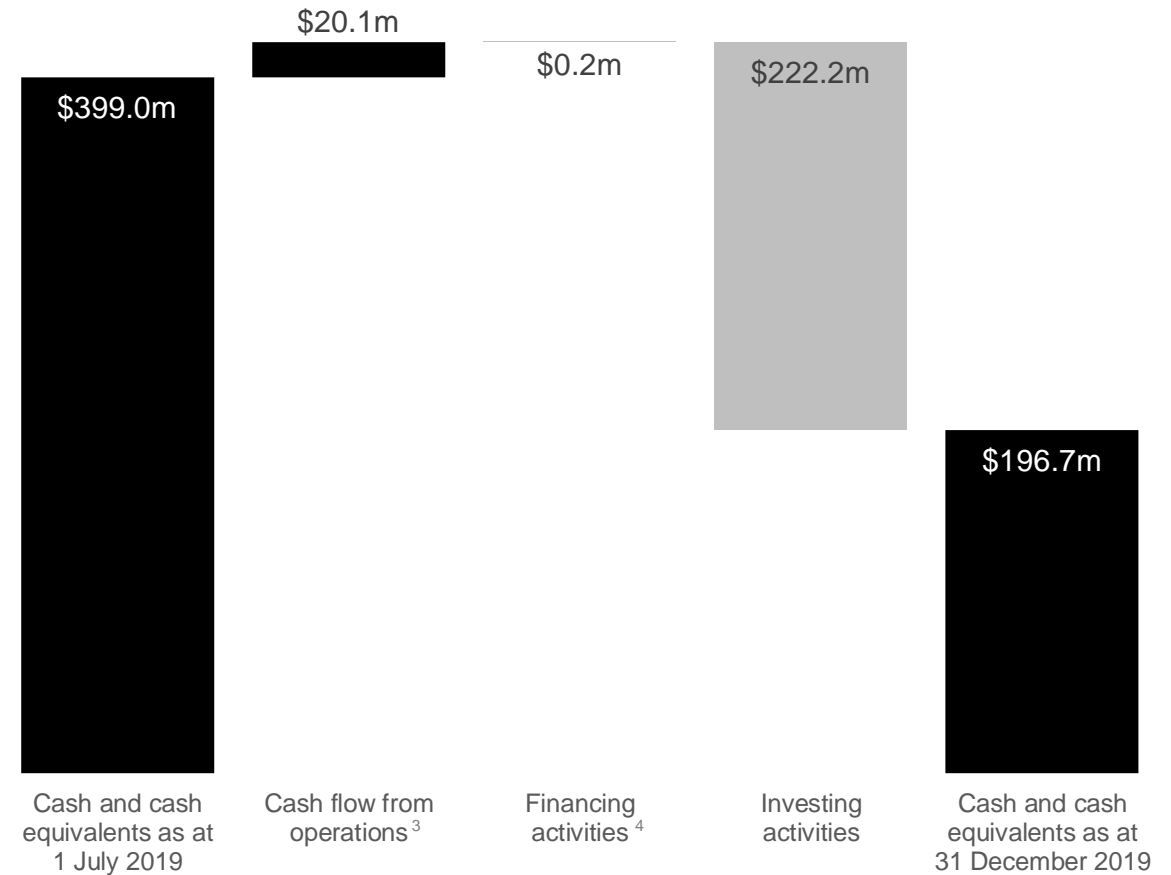
1. Revenue reflects data centre services revenue less project revenue. Square metres are the total weighted average square metres utilised during the period  
2. Revenue reflects data centre services revenue less project revenue. Metric reflects the total weighted average megawatt months billed over the period



# Well capitalised for growth

	31 December 2019 (\$m)	30 June 2019 (\$m)
Cash and cash equivalents	197	399
Property (land and buildings) <sup>1</sup>	744	639
Plant and equipment <sup>1</sup>	708	611
<b>Total assets</b>	<b>1,832</b>	<b>1,826</b>
Borrowings <sup>2</sup>	796	794
<b>Total liabilities</b>	<b>960</b>	<b>951</b>
<b>Net assets</b>	<b>872</b>	<b>875</b>

- Senior secured debt facility of \$300m remains undrawn, which combined with NEXTDC's cash and cash equivalents balance of \$197m results in **total pro-forma liquidity of \$497m at 31 December 2019**



- Property, plant and equipment balances exclude right-of-use assets not owned by NEXTDC but reported as assets under AASB 16
- Borrowings balances include capitalised transaction costs which are amortised over the term of the debt instruments; exclude lease liabilities related to right-of-use assets which are reported as leases under AASB 16
- Cash flows from operations include net interest paid of \$23.6m
- Cash flows from financing activities include lease payments and costs incurred issuing shares related to management incentive plans

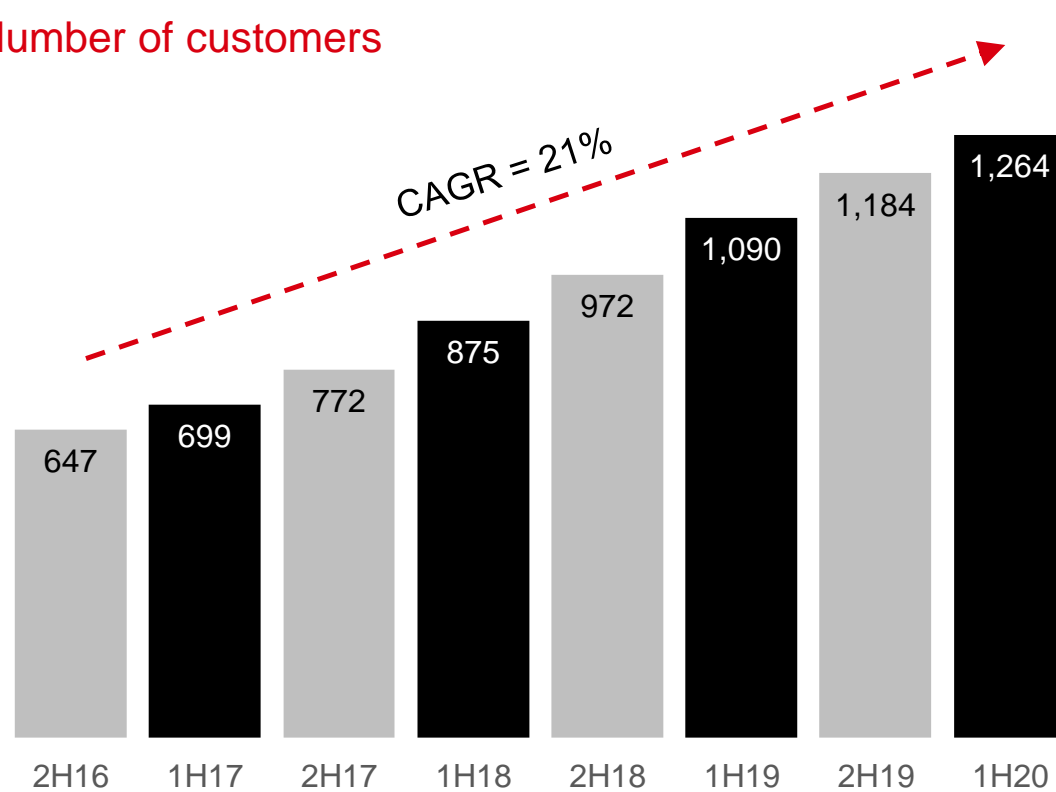


# FY20 Half-Year Results

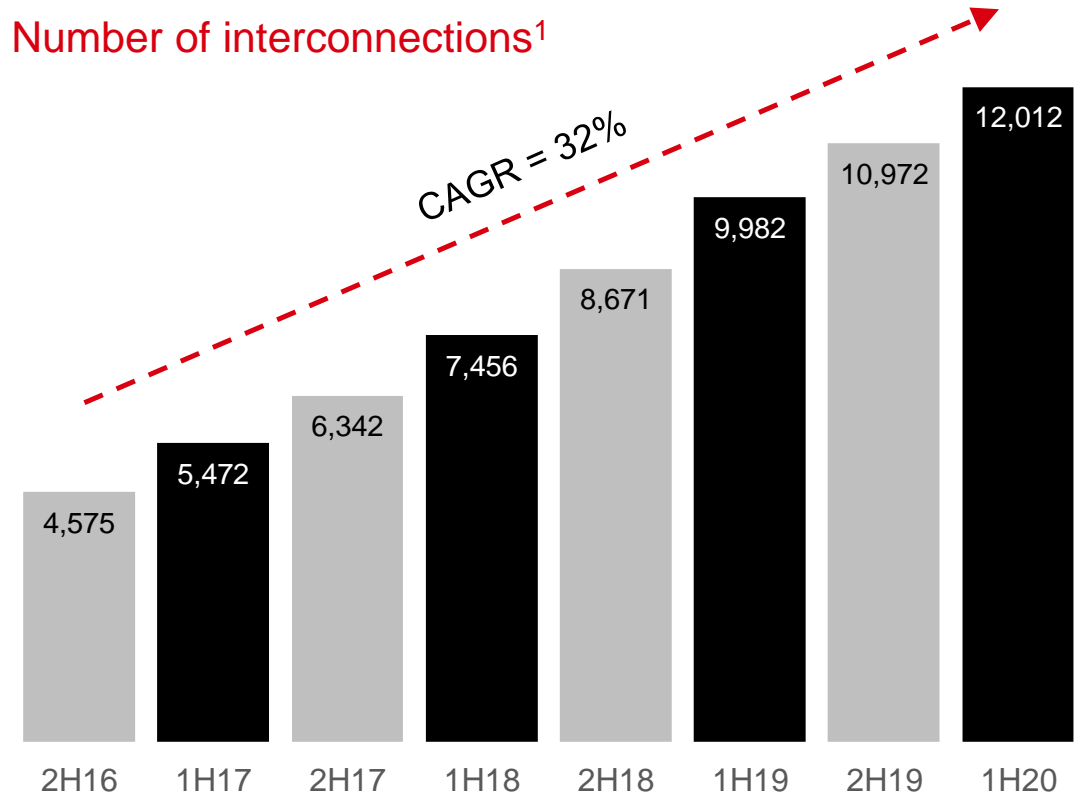
BUSINESS PERFORMANCE

# Strong growth in customers and interconnections

Number of customers



Number of interconnections<sup>1</sup>

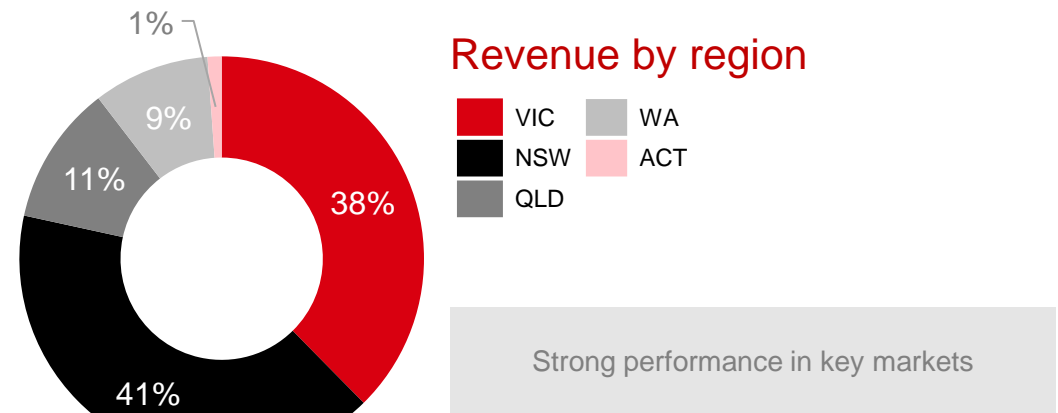
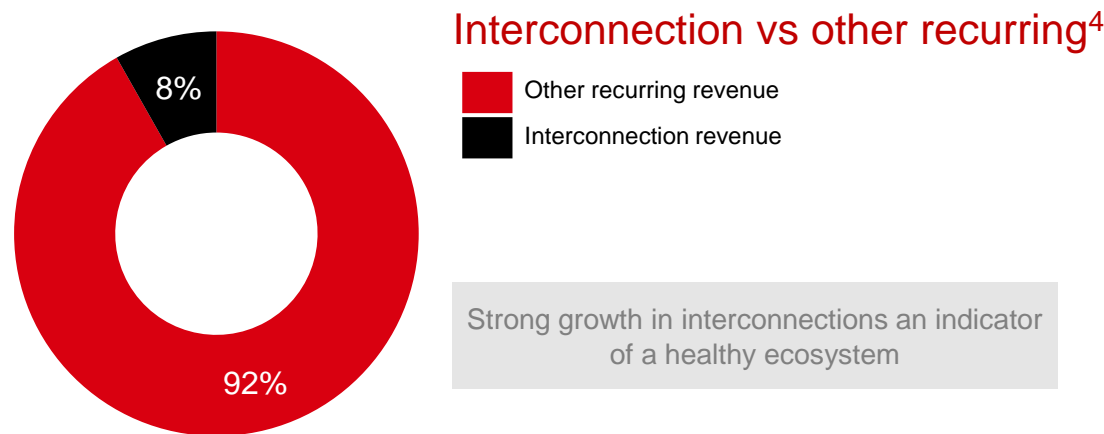
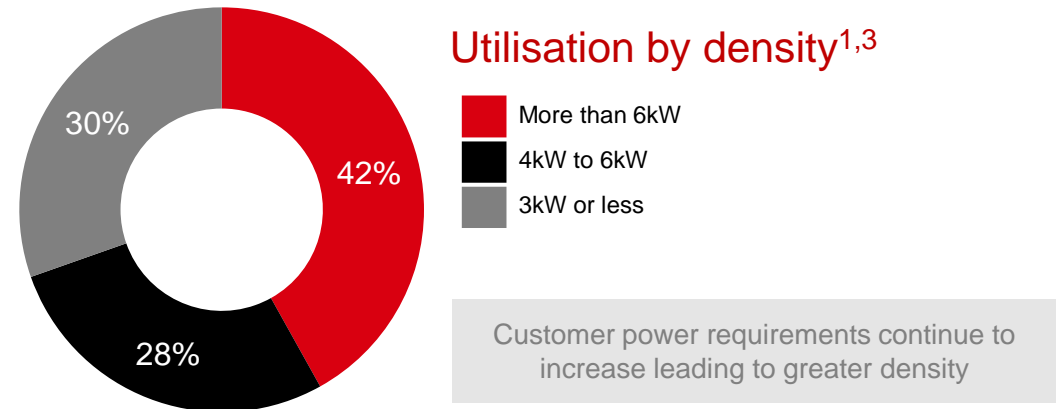
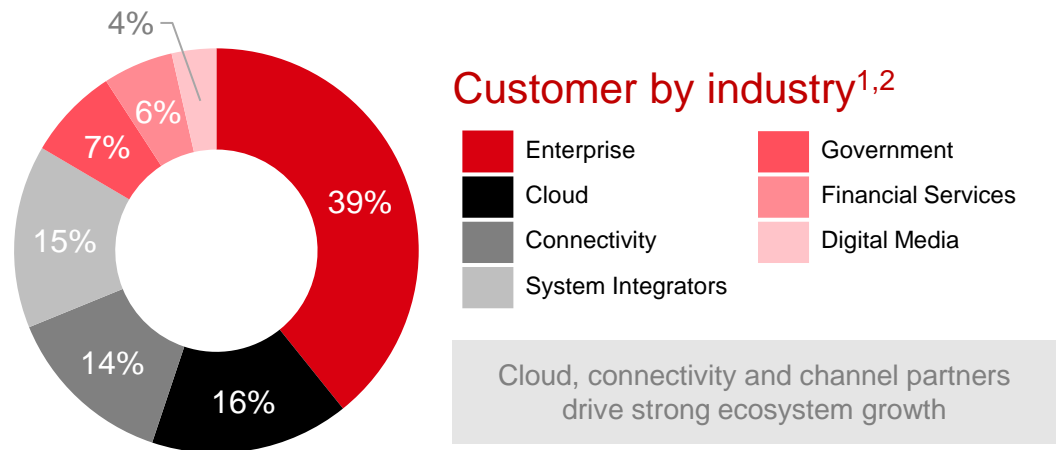


- Strong growth in interconnections drives average interconnections per customer to 9.5 (up 4%) at 31 December 2019 compared to 9.2 at 31 December 2018
- Growth in average interconnections per customer highlights the increasing use of hybrid cloud and connectivity both inside and outside the data centre as customers expand their ecosystems
- Ecosystem growth is expected to drive higher margins and customer retention

1. Comprises both Physical and Elastic Cross Connects



# Diversified recurring revenue model

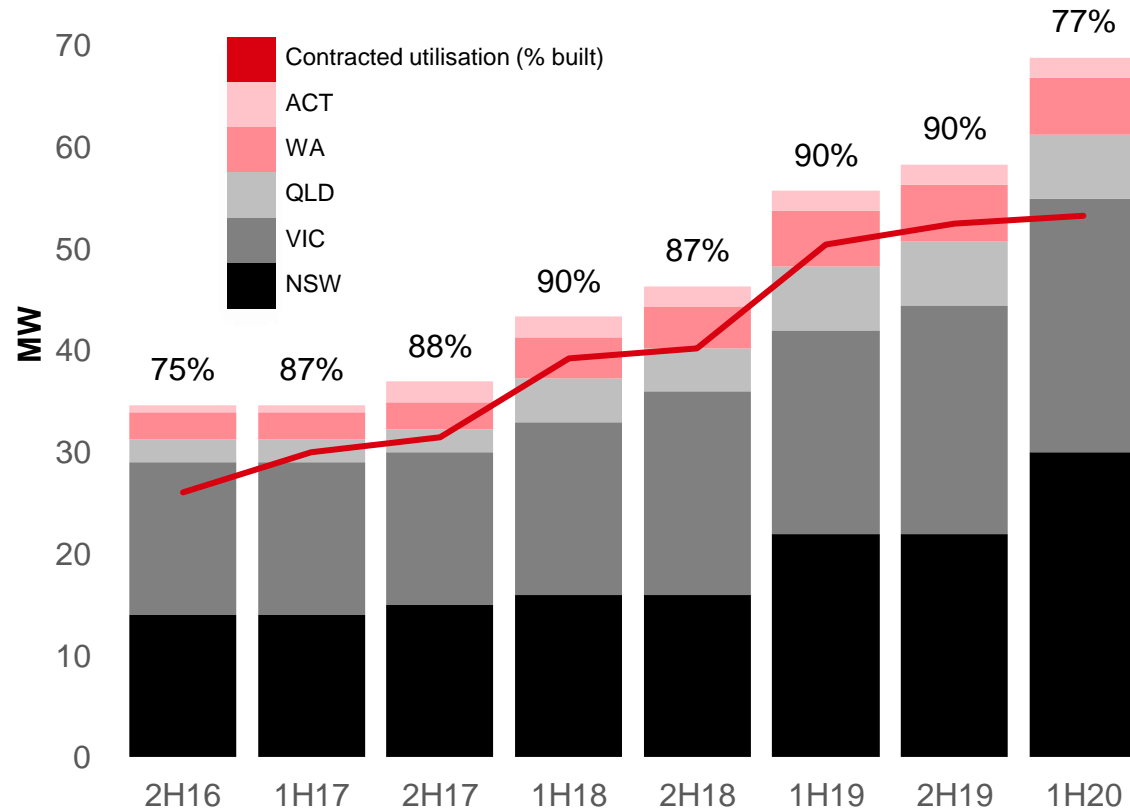


1. As at 31 December 2019  
2. Percentages refer to the number of customers belonging to each industry  
3. Density per rack equivalent. Percentages refer to the proportion of rack equivalents contracted at each density  
4. Expressed as a percentage of 1H20 recurring revenue, which is data centre services revenue less project revenue

# Utilisation

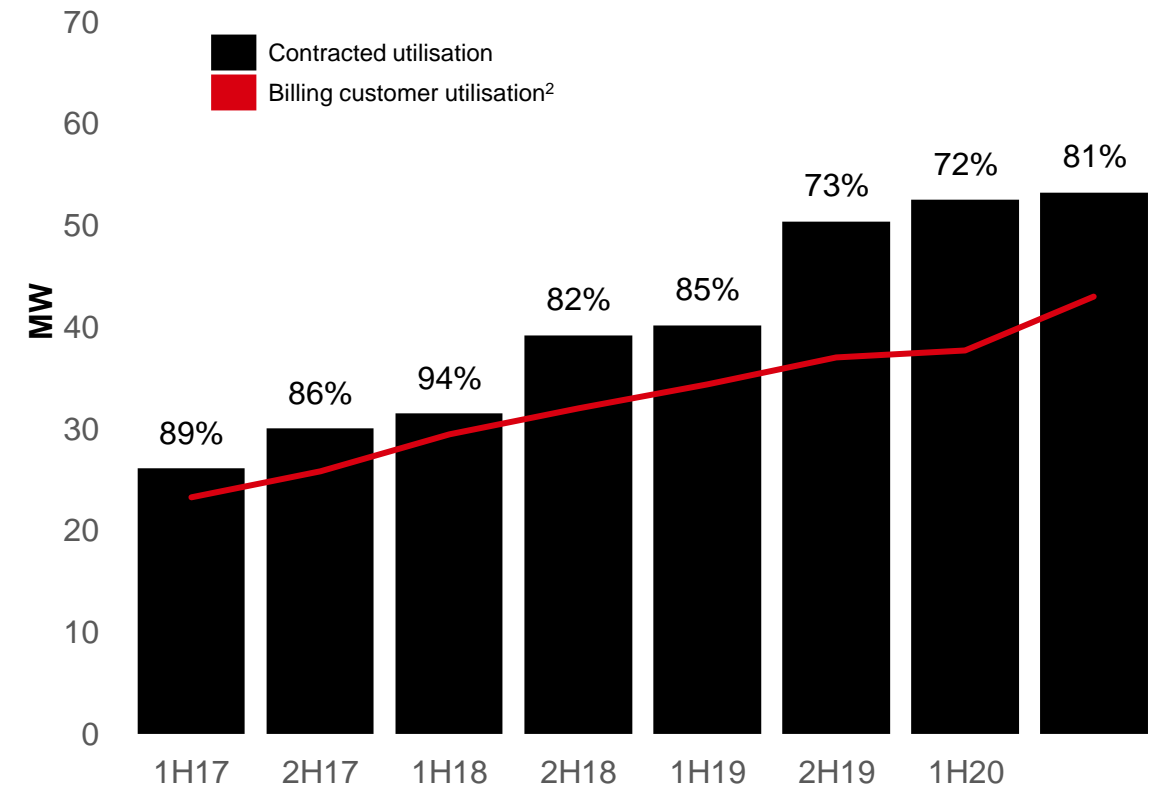
## Installed capacity<sup>1</sup> vs contracted utilisation

- 77% of installed capacity was contracted at 31 December 2019
- In advanced negotiations in relation to large customer opportunities



## Billing vs contracted utilisation

- Contracted utilisation up 2.8MW (6%) to 53.3MW since 31 December 2018<sup>3</sup>
- Billing customer utilisation up 16% since 31 December 2018



1. Installed capacity 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

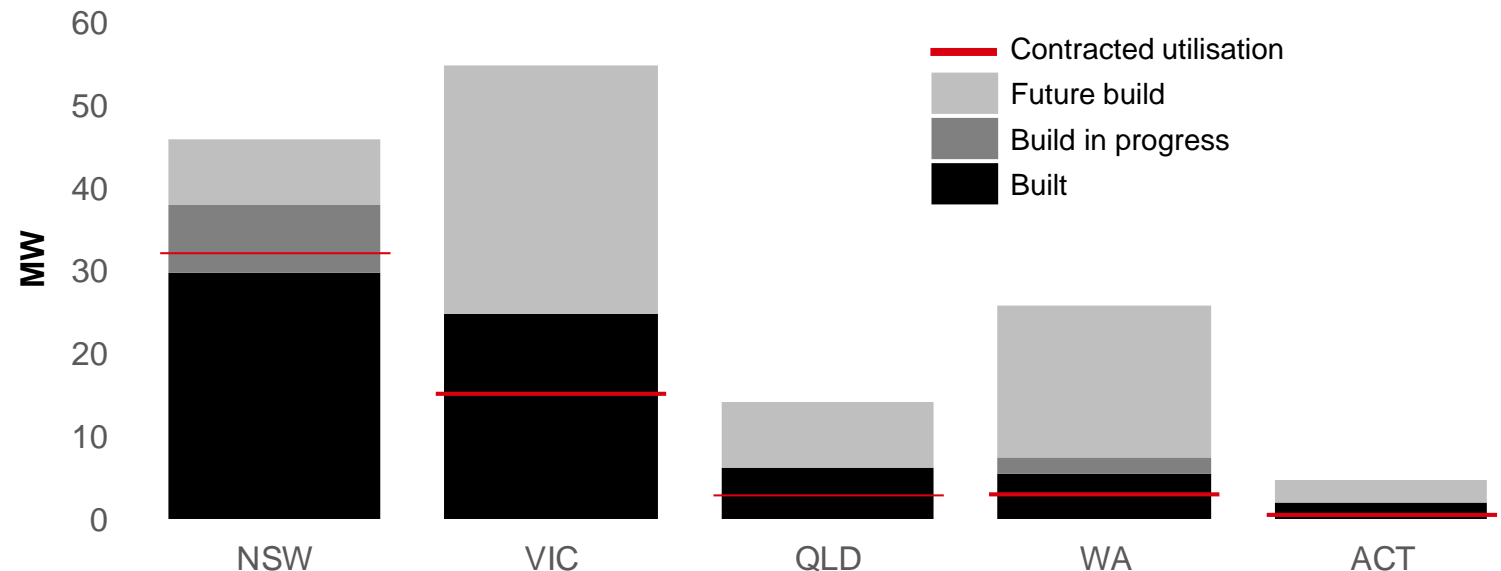
2. Billing customer utilisation refers to the sold capacity for which revenue is being billed

3. Contracted utilisation includes whitespace and rack power commitments with deferred start dates or ramp up periods

# Facilities capacity and utilisation

As at 31 December 2019

- **S2 Sydney:** Two new data halls opened in 1H20, with two more underway to deliver 22MW
- **P2 Perth:** Construction progressing well, practical completion of first tower expected in 2H20
- **M2 Melbourne:** Fourth data hall opened in 1H20 to support customer growth
- **S3 Sydney:** Planning approval received in December 2019. Land preparation works underway
- **S1 Sydney:** Received NABERS 5-star rating for energy efficiency
- **Tier IV preparations underway:** Uptime Institute (UI) Tier IV Certification of Constructed Facility (TCCF) planned for S2 and P2, as well as UI Gold certification of Operational Sustainability planned for S2



	NSW	VIC	QLD	WA	ACT	Total
Total power planned (MW) <sup>1</sup>	46.0	55.0	14.25	26.0	4.8	146.1
Power built <sup>2</sup> (MW)	30.0	25.0	6.25	5.6	2.0	68.9
Land and building capex to date <sup>3,4</sup>	\$284m	\$175m	\$80m	\$126m	–	\$665m
Fitout capex to date <sup>3</sup>	\$395m	\$226m	\$77m	\$98m	\$48m	\$844m
Contracted utilisation (MW)	32.2	15.1	2.8	2.9	0.4	53.3
% of total power planned	70%	27%	20%	11%	8%	36%
% of MW built	107%	60%	45%	51%	18%	77%
Capacity available for sale (MW)	13.8	39.9	11.5	23.1	4.4	92.8

1. Includes facilities which are open or under construction

2. MW built 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 (\$93m at 31 December 2019)





# FY20 Half-Year Results

FY20 GUIDANCE

# FY20 GUIDANCE AFFIRMED



## SOLID REVENUE GROWTH

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

- Strong growth in recurring data centre services revenue, underpinned by long-term customer contracts
- 10MW of contracted capacity will begin billing progressively during FY20 and FY21
- Inventory now available at S2 Sydney to drive further enterprise and network opportunities



## SUBSTANTIAL OPERATING LEVERAGE

### Underlying EBITDA<sup>1,2</sup> between \$100m to \$105m (up 17% to 23% on FY19)

- Second generation facility performance is 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 towards the top end of \$280m to \$300m range

- Continued expansion of S2, with an additional 8MW planned to get to 22MW of installed capacity
- P2 phase 1 construction on track for completion of the first tower 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 NEXTDC's second generation data centres

1. 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 \$8.5m, and gains on extinguishment of property leases of \$2.4m

2. FY20 underlying EBITDA excludes costs related to review works into potential data centre investments in Asia





NEXTDC

# FY20 Half-Year Results

## APPENDICES





# FY20 Half-Year Results

MAJOR DEVELOPMENT PROJECTS





# S2 SYDNEY

## TECHNICAL SPECIFICATIONS

Technical Space	8,700sqm
Total IT capacity	30MW
Installed capacity	14MW
Target PUE	1.15 <sup>1</sup> / 1.29 <sup>2</sup>
Design and construction standard	UI Tier IV Design UI Tier IV Construct UI Tier IV Gold for Operational Sustainability
Status	Operational

- UI Tier IV design and construct certification
- Tier IV designed Iso-parallel UPS system
- Planned for UI Gold Operational Sustainability
- Seamless Cross Connect for S1 and S2 through NEXTDC Data Centre Interconnect and AXON
- AXON cloud connect on ramp available day one for Microsoft ExpressRoute, Amazon Web Services, IBM Cloud and other cloud on ramps
- Indigo subsea cable Singapore to Perth to Sydney

1. Best instantaneous power consumption ratio within a calendar year, dependent on load and optimal environmental conditions
2. Total energy consumption ratio during a full calendar year, dependent on load and supports a market leading level of energy efficiency





# P2 PERTH

## TECHNICAL SPECIFICATIONS

Technical Space	12,000sqm
Total IT capacity	20MW
Initial capacity	~2MW
Target PUE	1.15 <sup>1</sup> / 1.29 <sup>2</sup>
Design and construction standard	UI Tier IV Design and Construct UI Tier IV Gold for Operational Sustainability
Practical completion	2H20

- UI Tier IV design and construct certification
- Tier IV designed Iso-parallel UPS system
- Planned industry leading energy efficiency rating
- Planned for UI Gold Operational Sustainability
- Seamless Cross Connect for P1 and P2 through NEXTDC Data Centre Interconnect and AXON
- AXON cloud connect on ramp available day one for Microsoft ExpressRoute, Amazon Web Services, IBM Cloud and other cloud on ramps
- Indigo subsea cable termination point linking Singapore to Perth to Sydney
- Access to Vocus Australian Singapore Cable (ASC) linking Western Australia to Asia

1. Best instantaneous power consumption ratio within a calendar year, dependent on load and optimal environmental conditions
2. Total energy consumption ratio during a full calendar year, dependent on load and supports a market leading level of energy efficiency



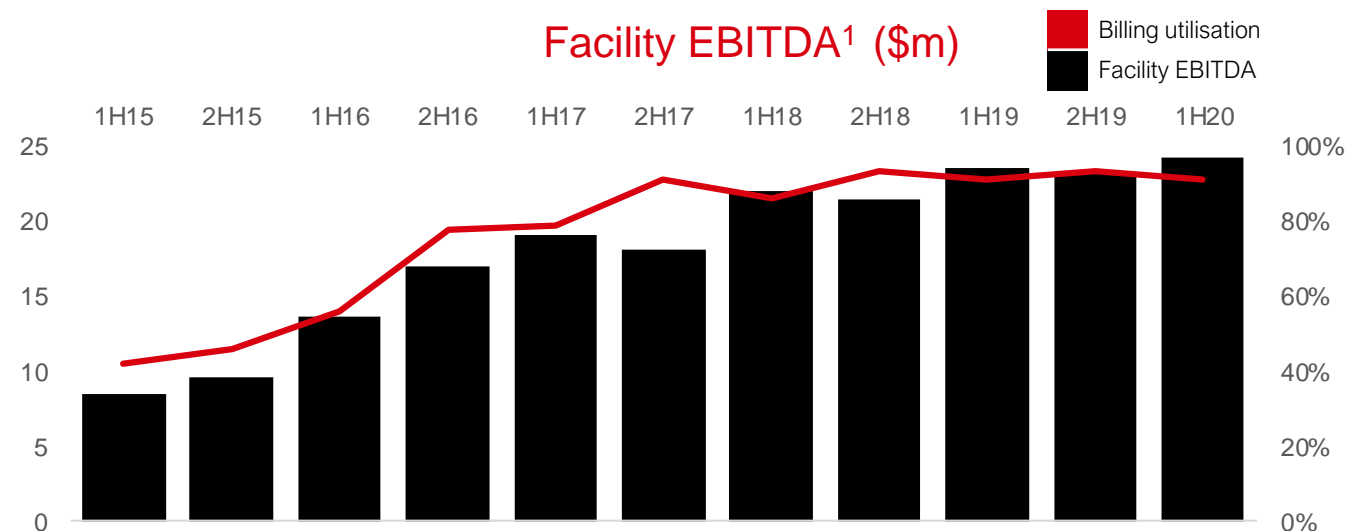


# CASE STUDIES

# Case study – M1 Melbourne

## ★ Highlights

- NEXTDC's second facility, commenced operations in September 2012
- Break-even reached after 11 months of operation



(\$'000s) Period ended	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18	1H19	2H19	1H20
Billing utilisation <sup>2</sup>	42%	46%	56%	78%	79%	86%	86%	93%	93%	93%	91%
Recurring revenue	11,651	13,871	16,524	21,707	23,432	24,761	28,553	30,997	31,341	29,966	31,169
Project revenue	1,525	736	2,807	1,503	2,039	1,083	1,567	1,438	852	804	710
Gross data centre revenue	13,175	14,607	19,331	23,210	25,471	25,844	30,119	32,435	32,192	30,770	31,879
Facility EBITDA <sup>1</sup>	8,450	9,597	13,611	17,009	19,116	18,145	22,019	21,515	23,572	23,211	24,310
EBITDA margin %	82%	82%	83%	84%	85%	80%	81%	74%	73%	75%	76%
Fitout capex to date (\$m)	85	87	101	120	130	139	143	147	148	150	152
Property value at cost (\$m)									98	98	99

Note: Not adjusted for differences in accounting standards between 1H20 and all prior periods, which distorts comparability. NEXTDC adopted new accounting standards AASB 9, AASB 15 and AASB 16 from 1 July 2018.

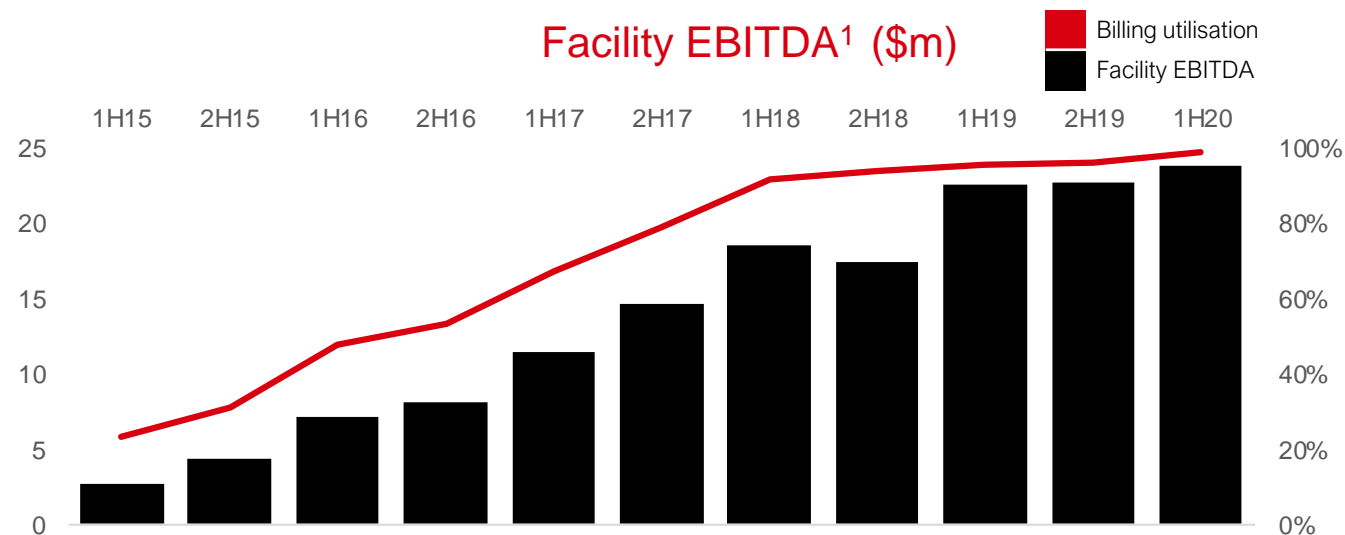
1. Before head office costs

2. Billing utilisation refers to the sold capacity for which revenue is currently being recognised as at the end of the period

# Case study – S1 Sydney

## ★ Highlights

- NEXTDC's fourth facility commenced operations in September 2013
- Break-even reached after 7 months of operation



(\$'000s) Period ended	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18	1H19	2H19	1H20
Billing utilisation <sup>2</sup>	23%	31%	48%	53%	68%	79%	92%	94%	96%	96%	99%
Recurring revenue	5,238	7,473	9,647	12,548	15,848	18,882	22,983	28,128	29,756	29,384	30,069
Project revenue	1,895	1,808	2,480	1,667	2,245	4,029	4,303	770	1,405	1,538	2,145
Gross data centre revenue	7,133	9,281	12,127	14,215	18,093	22,911	27,286	28,898	31,161	30,922	32,215
Facility EBITDA <sup>1</sup>	2,675	4,304	7,110	8,066	11,460	14,623	18,597	17,455	22,642	22,722	23,858
EBITDA margin %	75%	76%	81%	76%	79%	76%	79%	71%	73%	73%	74%
Fitout capex to date (\$m)	66	78	95	114	127	135	146	155	157	160	161
Property value at cost (\$m)									118	118	118

Note: Not adjusted for differences in accounting standards between 1H20 and all prior periods, which distorts comparability. NEXTDC adopted new accounting standards AASB 9, AASB 15 and AASB 16 from 1 July 2018.

1. Before head office costs

2. Billing utilisation refers to the sold capacity for which revenue is currently being recognised as at the end of the period

where the cloud lives™



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