

# ASX Release

19 November 2021

## 2021 Annual General Meeting – Chairman’s Address

Ladies and gentlemen

This is the 11<sup>th</sup> time we have gathered for an Annual General Meeting and once again I am pleased to report that this past Financial Year represented a record period for strategic capital investment, growth and setting new benchmarks for the Companies’ performance.

In FY21, we continued our focus on building our digital infrastructure platform that underpins the growth of the digital economy. We invest in our people, processes and technology and we aim to set new standards of excellence for safety, reliability, and customer experience.

It is the company’s **vision** to help enterprises harness the digital age, improving our society through the advancement of technology.

NEXTDC’s **purpose** is to be the leading customer-centric data centre services company, delivering solutions that power, secure and connect the world’s most valuable resource - data.

Digital transformation continues to change the world in exciting and disruptive ways. Data centre strategy has become central to the way today’s enterprises effectively manage the surging data being generated, stored, shared and analysed across the economy.

Our **brand promise** guarantee is to deliver our customers with 100% uptime for the critical infrastructure underpinning their business. This promise assures our customers that, when their digital platforms are hosted in our facilities, they will always be powered, secured and connected to the highest standards.

### In FY21 our key performance highlights included:

- Revenue increased by 23% to \$246.1 million.
- Underlying EBITDA increased by 29% to \$134.5 million.
- Contracted utilisation reached 75.5MW, up 8%.
- New customer acquisition continued to accelerate and finished the year up 13% to 1,547.
- The ecosystem continued to flourish, now comprising more than 730 partners and over 70 networks; and
- Interconnections strengthened, increasing 13% to 14,718

### Contracted utilisation

On screen you can see the details of our growth and capital expenditure. We continue to expand at a solid rate, driven by the accelerating demand for premium data centre services.

A total of \$301 million in new capital was invested during FY21.

FY21 activities included:

- The completion of the S2 Sydney fit-out (taking total installed capacity to 30MW). The construction of S3, Sydney. This project is well progressed and we are targeting practical completion of Stage 1 during 2H22 (with 12MW of initial capacity).

- M2 Melbourne fit-out of an additional 9MW of capacity to support customer requirements, with a further 9MW being added in FY22 to support ongoing customer growth.
- M3 Melbourne's planned capacity was increased to 150MW following the acquisition of adjacent properties, expanding the land size to approximately 100,000 sqm. Groundworks are now well progressed and building construction has commenced. The target for practical completion is 1H23 with 13.5MW of initial capacity.
- S4 Sydney land has been secured, providing long term expansion capacity for a hyperscale technology campus of up to 300MW in the NSW market.

As has been the case for our 2<sup>nd</sup> and 3<sup>rd</sup> generation data centres, our 4<sup>th</sup> generation will also be built to Uptime Institute Tier IV standards.

Both our S2 and P2 facilities were successful in achieving Tier IV Certification and will also be audited for Uptime Institute, Gold Certification for Operational Sustainability. NEXTDC is still Australia's only data centre provider to achieve this level of independently certified design, build and operational excellence.

### **Well-capitalised for growth**

From this slide, you can see that we are well capitalised for future growth with 30 June 2021 liquidity of \$1.7 billion including cash and undrawn debt facilities.

Subsequent to FY21 year end, NEXTDC has refinanced its debt facilities reflecting an upsize of \$650 million, resulting in the company now having total liquidity of approximately A\$2.4 billion on a pro forma basis.

Growth in the sector continues to present investment opportunities. Directors and Management have a clear line of sight to the company's investment priorities. We are forecasting capital expenditure for FY22 in the range of \$480-540 million as our program of expansion continues at S3 Sydney, M2 and M3 Melbourne in particular.

In the medium-term, we continue to map the opportunities and are commencing designs for the newly acquired land for our S4 site in Sydney as well as future planning for an M4 site in Melbourne. The Board and Management are confident that the company will continue generating strong returns through our investment choices. Having the fiscal capacity and flexibility to respond to new opportunities as they emerge remains an important part of delivering on that promise.

### **Customer growth and extended connected ecosystem**

NEXTDC continues to deliver strong year-on-year growth both in customers and connectivity services. Our diverse enterprise and government footprint continues to attract multiple cloud service providers. During FY21, we set new benchmarks for growth adding 183 new customers and 1,667 new network interconnections.

Connectivity is the enabler of the cloud. With customers needing to interconnect with multiple environments, this degree of service aggregation delivers enormous opportunities for NEXTDC to facilitate a new generation of agile connectivity platforms. Our partners and customers have a need to interconnect with a thriving ecosystem that is secure, private and direct.

NEXTDC is at the centre of that need to enable agile, flexible and resilient Connectivity-as-a-Service. NEXTDC is now the most connected data centre provider in the country with more than 70 networks and a total of more than 730 specialist ICT organisations, providing a range of telecommunication, cloud, systems integration and IT services.

## **Leading the way in sustainable data centre operations**

NEXTDC have built a service delivery model that is reliable, secure and energy efficient.

With a strong focus on energy efficiency and the use of renewable energy sources we strive to achieve aggressive sustainability targets. This work is enabled by continued focus on improving our operational efficiency, achieving minimum water usage and continuing to improve our recycling efforts through zero waste management initiatives.

## **Data centre energy consumption is rising**

Today, data centres are responsible for ~2% of global electricity consumption. As more are built to support future requirements of customers, we are very aware that power consumption will continue to grow. This translates into a significant social responsibility for NEXTDC.

In FY21, NEXTDC maintained its industry leading efficiency ratings, driven by innovative designs, engineering and operational excellence. We embrace changing community and stakeholder sentiments on climate change to make our data centres the most power efficient and sustainable facilities in Australia. NEXTDC data centres run at the lowest Power Utilisation Efficiency (PUE) ratings in the country; a critical factor in creating a direct bottom line impact as digital transformation accelerates. It also represents a significant competitive differentiator. We use a range of innovative data hall management tools and processes to tune our facilities in real time. This includes using machine learning to tune facilities with adjustments to variables such as fan speeds, water usage and temperature monitoring to take advantage of free airside cooling and recycled air supply.

Our sustainability difference extends to investing in renewable energy resources to reduce our overall need to use power from the grid. We also offset 100% of the carbon we emit for our corporate operations through our Climate Active accredited carbon offset program.

The carbon offsets we procure fund critical environmental projects. These projects include replanting native vegetation in critical wetlands as part of the Great Barrier Reef Restoration Project and Indigenous Fire Abatement Projects in West Arnhem Land.

During FY21 we launched a game changing sustainability initiative called NEXTneutral. This is an opt-in program that enables our customers to offset the carbon created from their IT footprint, a first-in-market carbon offset program accredited under the Australian Federal Government's Climate Active program.

Our commitment to sustainability extends our ongoing legacy in pioneering environmental initiatives in our industry. Our M1 and S1 data centres remain the only data centres in Australia to achieve a NABERS 5-Star rating for energy efficiency. Both facilities have now installed large, privately funded solar arrays on their rooftops. We have also been a Principal Partner in the Melbourne Renewable Energy Wind Farm Project since its inception in 2014.

FY21 has been another remarkable year for the business on so many fronts. With a global pandemic impacting markets and communities across the planet, there were many hurdles to negotiate, not the least being the additional work required to keep our staff, customers and contractors safe when they visited our sites. We have also seen a surge in demand as businesses scale to deal with COVID-driven disruption. I am very proud of the way the team continues to thrive in challenging times while maintaining a focus on innovation, setting new benchmarks in product design, service quality and energy efficiency. NEXTDC is managing risk in this time of great change whilst simultaneously continuing to drive growth and revenues, as well as improvements in productivity and customer experience. In just 11 years, we have grown from a start-up to an ASX100 company. Our achievements so far have been extraordinary and the solid foundations we have laid will enable us to continue accelerating towards our future ambitions.



To finish, I would like to thank my fellow directors, our management team and all our employees across the country, who are capably led by our CEO, Craig Scroggie. On behalf of NEXTDC, we thank you, our shareholders, for your ongoing support.

It is now my pleasure to hand over to our Chief Executive Officer, Craig Scroggie, who will provide you some further detail on the state of the industry and strategic direction of the company.

Authorised for release by the Board.

**ENDS**

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## About NEXTDC

NEXTDC is an ASX 100-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 Federal Government's Climate Active program.

NEXTDC's Cloud Centre partner ecosystem is Australia's most dynamic digital marketplace, comprising more than 660 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](http://www.nextdc.com)