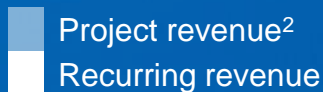**OSKAR TOMASZEWSKI**

CHIEF FINANCIAL OFFICER
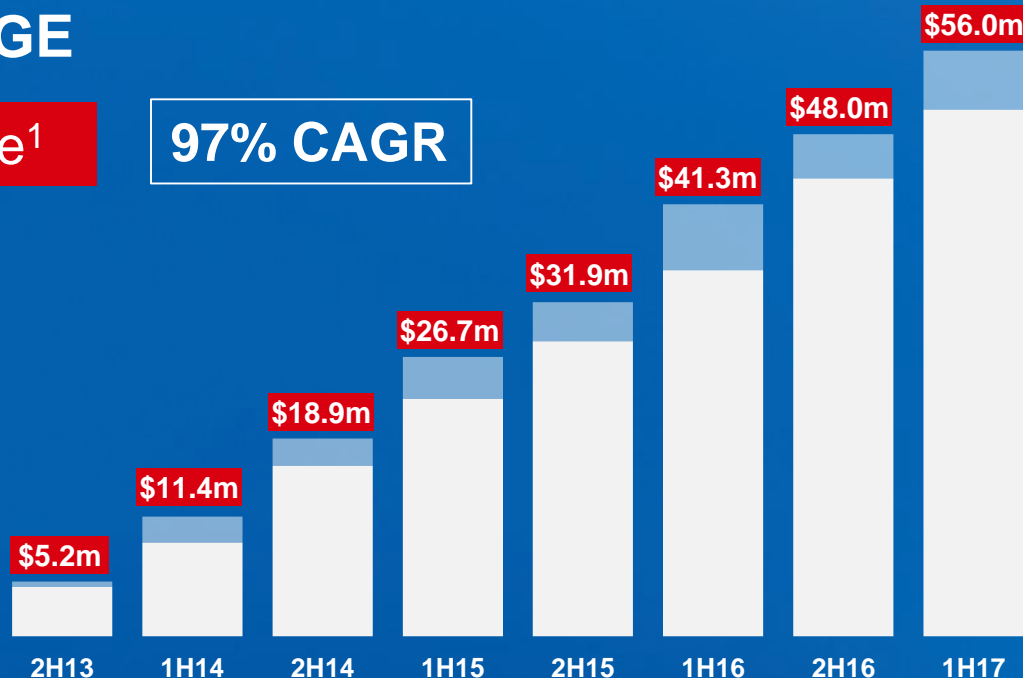
# NEXTDC HAS A HIGH DEGREE OF OPERATING LEVERAGE

**Recurring and project revenue[1]**

**97% CAGR**

■ Project revenue[2]
□ Recurring revenue

1. Data centre services revenue excludes interest and data centre development revenue
2. Project revenue includes one-off setup costs for new customer fit outs, standard establishment fees for new services, remote hands and other services
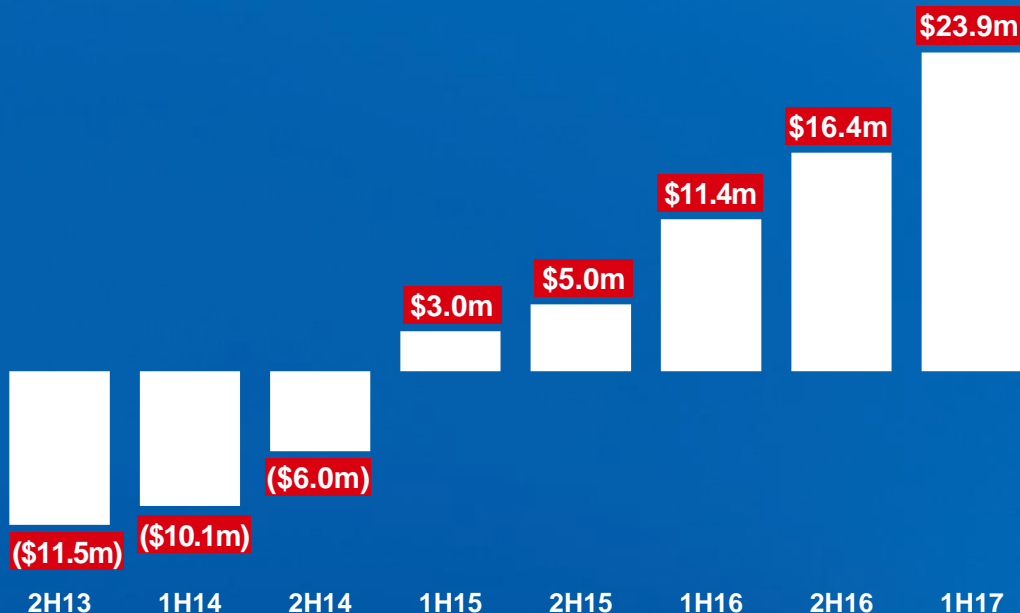


| | | | | | | | |
|---|---|---|---|---|---|---|---|
| $5.2m | $11.4m | $18.9m | $26.7m | $31.9m | $41.3m | $48.0m | $56.0m |
| 2H13 | 1H14 | 2H14 | 1H15 | 2H15 | 1H16 | 2H16 | 1H17 |

# NEXTDC HAS A HIGH DEGREE OF OPERATING LEVERAGE

## EBITDAR / Data Centre Services Revenue[1,2]



Bar chart values:
- 1H14: (30%)
- 2H14: 9%
- 1H15: 40%
- 2H15: 40%
- 1H16: 47%
- 2H16: 51%
- 1H17: 57%

1. EBITDAR represents EBITDA plus data centre rent
2. FY14 EBITDA excludes building development profit, APDC distributions and fund raising advisory fees
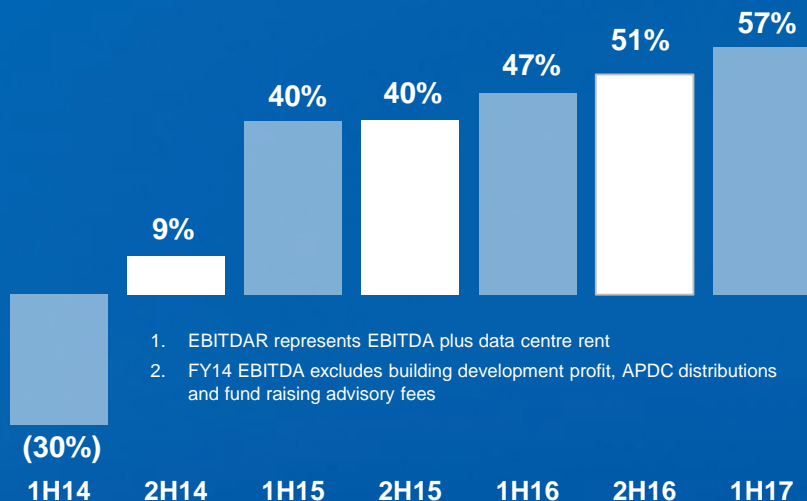
## EBITDA / (Net Debt + Equity)[2,3]



Bar chart values:
- 1H14: (11.7%)
- 2H14: (5.8%)
- 1H15: 2.7%
- 2H15: 4.4%
- 1H16: 9.1%
- 2H16: 11.3%
- 1H17: 13.6%

3. Represents annualised EBITDA for the period divided by the average book value of net debt plus equity
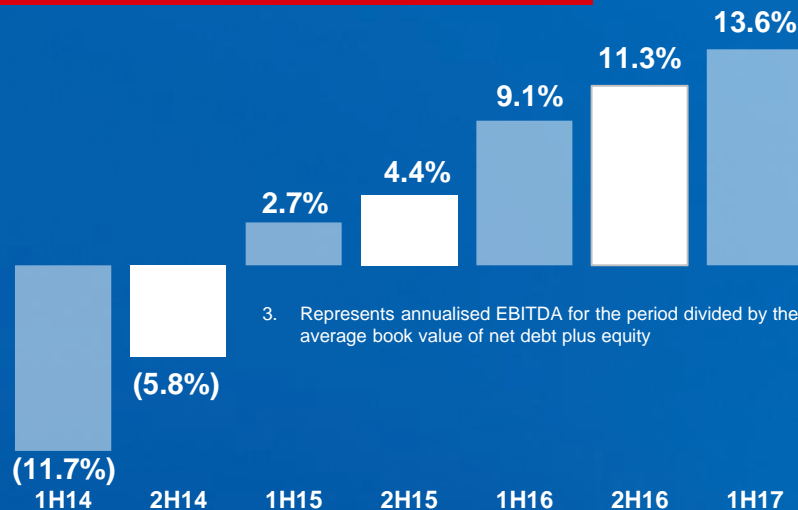
NEXTDC

# NEXTDC'S CURRENT FUNDING POSITION

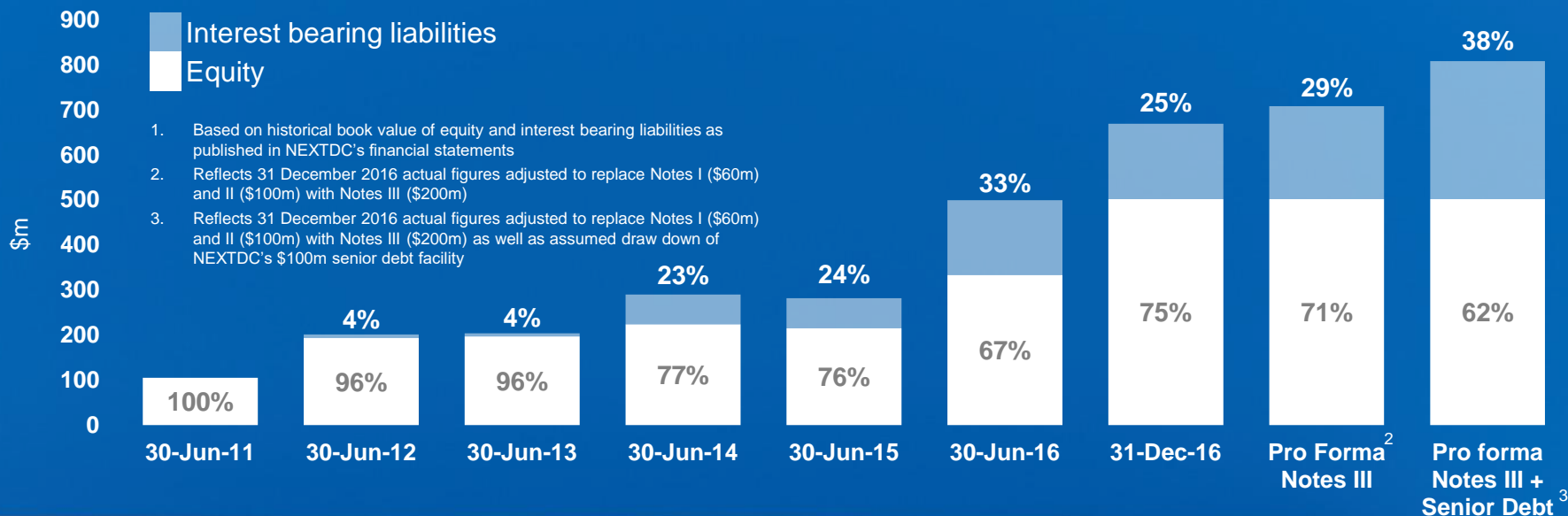| | 31 December 2016 ($m) | 30 June 2016 ($m) |
|---|---|---|
| Cash and term deposits | 276.5 | 191.4 |
| Property, plant & equipment | 365.9 | 302.7 |
| **Total assets** | **689.4** | **530.2** |
| Interest bearing liabilities | 167.5 | 166.2 |
| **Total liabilities** | **187.6** | **197.1** |
| **Net assets** | **501.8** | **333.1** |
| **Net cash position** | **115.5** | **31.8** |
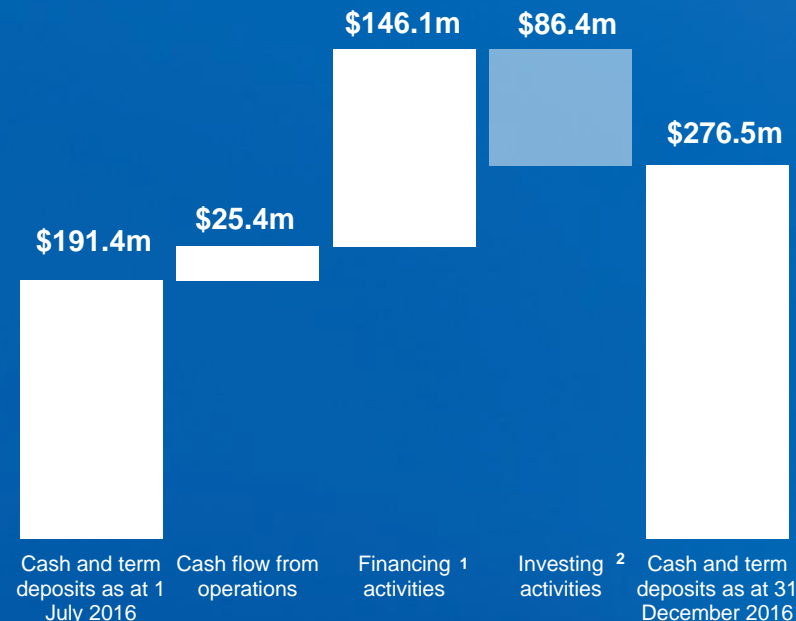
1. Cash flows from financing activities include proceeds the issue of shares less transaction costs, other costs relating to finance facilities and finance lease payments
2. Adjusted for payments for term deposits of $146.5m

$191.4m — Cash and term deposits as at 1 July 2016

$25.4m — Cash flow from operations

$146.1m — Financing [1] activities

$86.4m — Investing [2] activities

$276.5m — Cash and term deposits as at 31 December 2016

# EVOLUTION OF NEXTDC'S FUNDING MIX OVER TIME

## NEXTDC Historical Funding Mix[1]

**Legend:**
- Interest bearing liabilities
- Equity

1. Based on historical book value of equity and interest bearing liabilities as published in NEXTDC's financial statements
2. Reflects 31 December 2016 actual figures adjusted to replace Notes I ($60m) and II ($100m) with Notes III ($200m)
3. Reflects 31 December 2016 actual figures adjusted to replace Notes I ($60m) and II ($100m) with Notes III ($200m) as well as assumed draw down of NEXTDC's $100m senior debt facility



| Date | Equity | Interest bearing liabilities |
|---|---|---|
| 30-Jun-11 | 100% | — |
| 30-Jun-12 | 96% | 4% |
| 30-Jun-13 | 96% | 4% |
| 30-Jun-14 | 77% | 23% |
| 30-Jun-15 | 76% | 24% |
| 30-Jun-16 | 67% | 33% |
| 31-Dec-16 | 75% | 25% |
| Pro Forma Notes III [2] | 71% | 29% |
| Pro forma Notes III + Senior Debt [3] | 62% | 38% |

**PROPERTY PORTFOLIO PLANNING**

# KEY CONSIDERATIONS

ENERGY MARKETS

# REVENUE PER UNIT METRICS

## Annualised revenue per square metre ($)[1]

| Period | Value |
|--------|-------|
| 1H14 | 6,606 |
| 2H14 | 7,205 |
| 1H15 | 7,452 |
| 2H15 | 7,991 |
| 1H16 | 8,359 |
| 2H16 | 8,472 |
| 1H17 | 8,837 |

## Annualised revenue per MW ($m)[2]

| Period | Value |
|--------|-------|
| 1H14 | 4.49 |
| 2H14 | 3.73 |
| 1H15 | 3.90 |
| 2H15 | 4.26 |
| 1H16 | 4.45 |
| 2H16 | 3.98 |
| 1H17 | 3.99 |
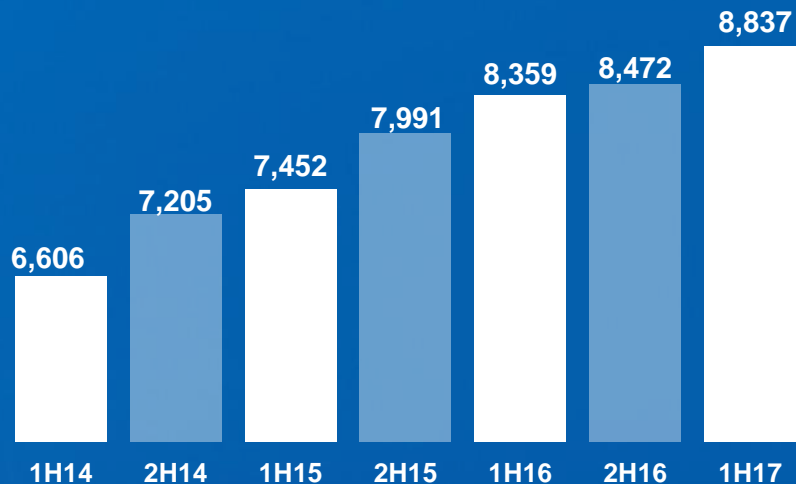
1. Revenue reflects data centre services revenue less project revenue. Square metres are the total weighted average square metres utilised during the period
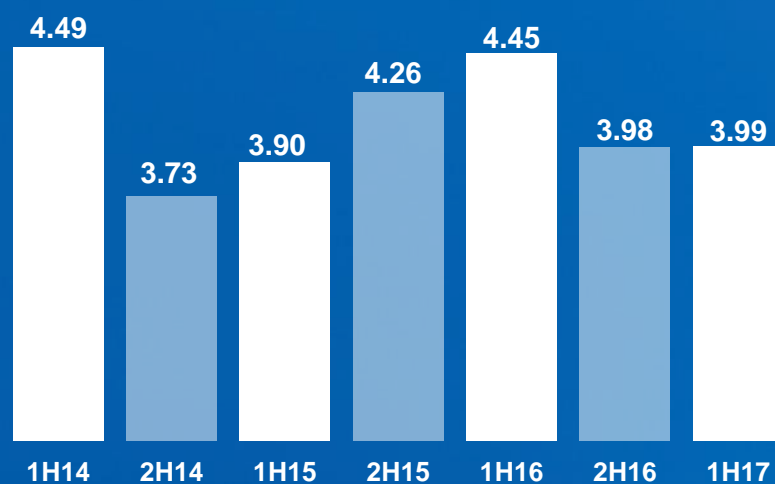
2. Revenue reflects data centre services revenue less project revenue. Megawatts reflects the total weighted average megawatt months billed over the period

NEXTDC

# REVENUES ARE UNDERPINNED BY A GROWING BASE OF CUSTOMER CONTRACTS

**SAMPLE CUSTOMER CONTRACT – FIRST 12 MONTHS ONLY**

| | Jan 2017 | Feb 2017 | March 2017 | April 2017 | May 2017 | Jun 2017 | Jul 2017 | Aug 2017 | Sep 2017 | Oct 2017 | Nov 2017 | Dec 2017 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Establishment Fees | 2,000 | | | | | | | | | | | | **2,000** |
| Rack Fees | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | **18,270** |
| Cross Connect Fees (1+2) | 200 | 200 | 200 | 200 | 200 | 200 | 206 | 206 | 206 | 206 | 206 | 206 | **2,436** |
| Cross Connect Fees (3) | | | | | | | 103 | 103 | 103 | 103 | 103 | 103 | **618** |
| **TOTAL** | **3,700** | **1,700** | **1,700** | **1,700** | **1,700** | **1,700** | **1,854** | **1,854** | **1,854** | **1,854** | **1,854** | **1,854** | **23,324** |

**1**

**2**

# CASE STUDY – B1 BRISBANE

## Facility EBITDA[1,2] ($m)

⭐ Highlights

- NEXTDC's first facility, commenced operations in October 2011
- Break-even reached after 9 months of operation

1. Before head office costs
2. Does not include finance lease amortisation
3. Billing utilisation refers to the sold capacity for which revenue is currently being recognised as at the end of the period
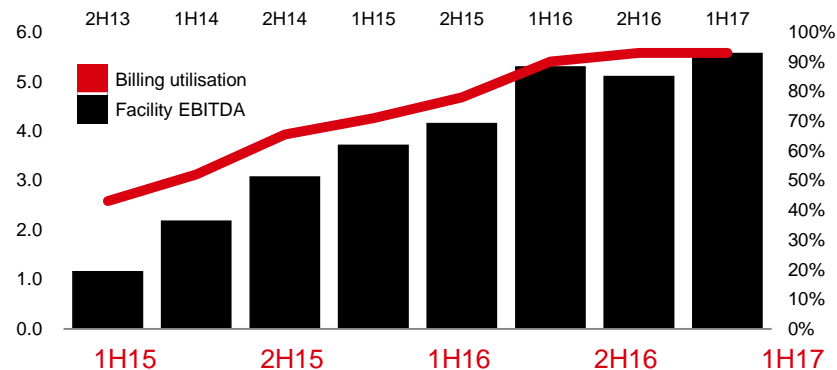


| ($'000s) Period ended | 2H13 | 1H14 | 2H14 | 1H15 | 2H15 | 1H16 | 2H16 | 1H17 |
|---|---|---|---|---|---|---|---|---|
| Contracted utilisation | 46% | 58% | 69% | 72% | 79% | 91% | 93% | 94% |
| Billing utilisation[3] | 43% | 52% | 66% | 71% | 78% | 90% | 93% | 93% |
| Recurring revenue | 2,005 | 3,051 | 3,902 | 4,804 | 5,191 | 6,271 | 6,755 | 7,101 |
| Project revenue | 131 | 317 | 388 | 219 | 488 | 614 | 149 | 256 |
| Gross data centre revenue | 2,136 | 3,367 | 4,290 | 5,023 | 5,679 | 6,886 | 6,904 | 7,358 |
| Facility EBITDAR[1] | 1,333 | 2,350 | 3,262 | 3,901 | 4,352 | 5,500 | 5,313 | 5,782 |
| Facility EBITDA[1,2] | 1,171 | 2,188 | 3,083 | 3,724 | 4,164 | 5,311 | 5,115 | 5,582 |
| EBITDAR margin % | 62% | 70% | 76% | 78% | 77% | 80% | 77% | 79% |
| Facility capex to date ($m) | 26 | 27 | 27 | 28 | 28 | 29 | 30 | 30 |

# CASE STUDY – M1 MELBOURNE

Facility EBITDA[1] ($m)

★ Highlights

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

1. Before head office costs
2. Normalised for revenue discount amortisation, capital allocations and notional rent
3. Percentages adjusted to reflect Project Plus capacity of 15MW
4. Billing utilisation refers to the sold capacity for which revenue is currently being recognised as at the end of the period
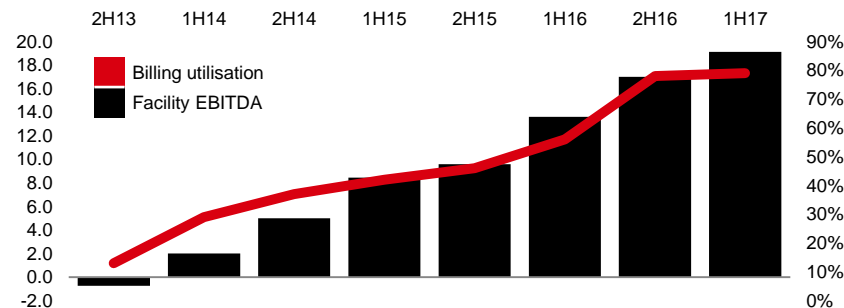


| ($'000s) Period ended | 2H13 | 1H14 | 2H14 | 1H15 | 2H15 | 1H16 | 2H16 | 1H17 |
|---|---|---|---|---|---|---|---|---|
| Contracted utilisation[3] | 38% | 39% | 42% | 46% | 76% | 77% | 86% | 89% |
| Billing utilisation[4] | 13% | 29% | 37% | 42% | 46% | 56% | 78% | 79% |
| Recurring revenue | 2,557 | 5,187 | 8,864 | 11,651 | 13,871 | 16,524 | 21,707 | 23,432 |
| Project revenue | 372 | 1,229 | 1,025 | 1,525 | 736 | 2,807 | 1,503 | 2,039 |
| Gross data centre revenue | 2,930 | 6,416 | 9,889 | 13,175 | 14,607 | 19,331 | 23,210 | 25,471 |
| Facility EBITDAR[1] | 1,622 | 4,357 | 7,393 | 10,847 | 12,046 | 16,062 | 19,495 | 21,604 |
| Facility EBITDA[1,2] | (721) | 2,011 | 4,999 | 8,450 | 9,597 | 13,611 | 17,009 | 19,116 |
| EBITDAR margin % | 55% | 71% | 75% | 82% | 82% | 83% | 84% | 85% |
| Facility capex to date ($m) | 57 | 78 | 84 | 85 | 87 | 101 | 120 | 130 |

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