



N E X T D C where the cloud lives®

ASX Release

22 November 2017

2017 Annual General Meeting – Chairman's Address

Last year we discussed how NEXTDC has expanded the delivery of direct, secure connectivity to the world's leading cloud platforms, won significant new data centre service contracts, and embarked on the development of two new world-class, next-generation data centres.

This year we have continued to expand the capacity of our existing facilities, and announced the development of a third new data centre, S2 Sydney. B2 Brisbane is now in full operation, M2 Melbourne has welcomed its first customers this month and development of S2 Sydney is now in full flight, with the Company currently in advanced negotiations with large customers for delivery of the first data halls in first quarter of FY19.

At full fit-out, these three world-class facilities will almost triple the originally planned capacity of our five existing data centres.

Key operational and financial metrics

In FY17, NEXTDC achieved significant year-on-year growth across key operational and financial metrics:

- revenue increased 33% to \$123.6 million
- contracted utilisation increased 5.4MW to 31.5MW
- EBITDA increased 77% to \$49.0 million
- operating cash flow increased \$22.6 million to \$44.9 million, and
- the Company improved its profit before tax by \$11.1 million to reach \$12.8 million in FY17.

Development and Operation of industry leading data centres

During the year, the Company contracted 5.4MW of new capacity, and successfully raised \$450 million of funding including a \$150 million equity raising and a \$300 million Notes III offer.

These funds will support the expansion of NEXTDC's network footprint to 126MW with the announcement of a new 30MW data centre – S2 Sydney, as well as an increase in the target capacity of a number of our facilities.

FY17 capital raising and NAB debt facility

The equity raising, undertaken in September 2016, resulted in \$150 million being raised via a \$100m pro rata entitlement offer priced at \$3.74 per share as well as a \$50m placement priced at a premium price of \$4.06 per share.

In May 2017, the Group also issued \$300 million in unsecured notes as part of its Notes III offering retiring, in part, the previously issued \$60 million Notes I and \$100 million Notes II facility.

After the end of the 2017 financial year, NEXTDC was successful in upsizing its undrawn senior secured debt facility from \$100 million to \$300 million. The facility remains undrawn.

Cash, cash equivalents and term deposits at 30 June 2017 totalled \$368.3 million when compared to \$191.4 million at the same time last year.

APDC – strategic stake in key Landlord

In late July 2017 NEXTDC announced an unconditional, all-cash, off-market takeover offer to acquire all of the securities of Asia Pacific Data Centre Group (ASX: AJD) (APDC) at an offer price of \$1.87 cash per security.

NEXTDC made the offer in aid of its strategy to own a greater proportion of the properties in which it operates.

The Board believes the interests of NEXTDC are well served by holding a significant interest in its main landlord and now owns 29.2% of the securities in APDC, acquired at a weighted average price of \$1.81.

Strong growth in customers and connectivity

NEXTDC continues to derive revenue from numerous products including enterprise and cloud colocation, connectivity services, and establishment fees.

The Company has built a strong pipeline of sales opportunities across each of its operating markets. NEXTDC expects that demand for carrier and vendor neutral data centre services will continue to grow for the foreseeable future.

Shareholder returns and executive remuneration

With growth tied to shareholder value, the Board recognises that significant elements of executive remuneration need to be contingent on NEXTDC's ability to expand its national footprint. This includes

being the first to market in securing strategic sites and offering a consistent, high-value service to national and international customers.

It's worthy of note that for the second year in a row, the senior executive team have foregone a pay increase to ensure that key operational staff can be appropriately remunerated and retained as employees.

The 2017 financial year was the first period in which the new Short Term Incentive program came into force closely aligning shareholder interests with executive performance.

Sharon Warburton joins the Board

On its journey, NEXTDC has been able to attract the country's top corporate talent to its Board. Ms Elizabeth Gaines retired from the Board in January 2017, following the announcement of her appointment to the role of Chief Financial Officer of Fortescue Metals Group Limited. We thank her for her outstanding contribution.

In April 2017, NEXTDC welcomed Ms Sharon Warburton to the NEXTDC board as non-executive director, where her expertise in large-scale infrastructure projects has contributed great insight into our corporate strategy, business operations and finances, as has her strong track record in the resources, infrastructure and construction industries.

Thriving in the age of digital disruption

The advancement of technology is delivering a myriad of new capabilities for organisations.

NEXTDC is at the centre of organisations' growing ability to build and tap into a digital ecosystem by enabling its customers to acquire and transmit huge volumes of data, and integrate a range of specialised services.

Today, colocation has become a critical resource for building partnerships.

With that comes an unparalleled opportunity for NEXTDC to help its customers navigate the oncoming waves of digital disruption and help build the foundation of their future success.

Customer experience key to success

Customer experience is rapidly becoming the new commercial battlefield. Companies expect world-class customer experiences for themselves and their partners.

NEXTDC's major customer-focussed projects in FY17 include the migration and automation of our change management platform to improve service delivery.



N E X T D C where the cloud lives®

NEXTDC has continued to develop platforms to automate and integrate the management of the entire customer 'lifecycle', including the next iteration of ONEDC.

Our people are working on new projects with Artificial Intelligence and Machine Learning technology to drive deep insight into the operational efficiency of our data centres.

A key technology transformation in FY17 has been the Quote-to-Cash customer experience platform. It will provide significant efficiency gains and improved customer interactions by streamlining the entire services life cycle, from quoting to delivery and billing. We believe this will be a significant value-add for our customers.

In FY18 NEXTDC will also deploy a second-generation unified communications platform, as well as a new range of data centre interconnectivity solutions.

My address would not be complete without thanking my fellow directors, our management team and staff, who are most ably led by our CEO, Craig Scroggie. With that, and on behalf of NEXTDC, I would like to thank you our shareholders for your ongoing support.

Douglas Flynn,

Chairman

ENDS



N E X T D C where the cloud lives®

For more information:

Alex Teo

Manager, Investor Relations and Corporate Development

T: +61 2 8072 4976

E: investorrelations@nextdc.com

NEXTDC Investor Centre: www.nextdc.com/our-company/investor-centre

About NEXTDC

NEXTDC is an ASX200-listed technology company enabling business transformation through innovative data centre outsourcing solutions, connectivity services and infrastructure management software.

As Australia's leading independent data centre operator with a nationwide network of Tier III and IV facilities, NEXTDC provides enterprise-class colocation services to local and international organisations. With a focus on sustainability and renewable energy NEXTDC is leading the industry with award-winning engineering solutions for energy efficiency and NABERS 4.5-star certification.

NEXTDC's Cloud Centre is the online marketplace for the country's largest independent network of carriers, cloud and IT service providers, enabling customers to freely source best of breed suppliers within the NEXTDC Partner community.

NEXTDC is *where the cloud lives*®.

To learn more, visit www.nextdc.com