



N E X T D C where the cloud lives®

ASX Release

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2017 Annual General Meeting – CEO's Address

I am delighted to have this opportunity to address shareholders after another year of significant growth and strategic achievements.

FY17 results

In FY17 NEXTDC continued to deliver strong growth across all key metrics, with a 33% increase in revenue to over \$123 million, a 77% increase in EBITDA to \$49m, and a more than doubling of operating cashflow.

The company increased contracted utilisation by 5.4MW to over 30MW and demonstrated the depth and breadth of our evolving ecosystem with 39% growth in cross connects, which grew to 6,342 at the end of FY17.

NEXTDC continues to be the first choice for many of the world's leading communications and technology providers as they expand into the Australian market.

FY17 saw NEXTDC continue to win business from the world's top cloud-services companies, enterprises and government agencies increasing total customers to 772 and more than 350 partners

We are especially excited about our growing partnership with Amazon Web Services. In the past 12 months AWS has established three new points-of-presence for the Direct Connect cloud on-ramp in NEXTDC's Melbourne, Canberra and Perth data centres.

Likewise with Google earlier this year S1 Sydney was revealed to be one of only two Australian dedicated connection locations for Google Cloud, providing secure access directly to the Google Cloud Platform for Australian enterprises.

Combined with our previously announced strategic relationships with both Microsoft and IBM Cloud, NEXTDC continues to develop the ecosystem of choice in the Australian market for data centre services and cloud connectivity on ramps. The presence of these gateways to the cloud across our national network of data centres, combined with our AXON elastic inter-connection platform, provides strategic value to our partners and a gravitational pull for new enterprise and government customers.



It also demonstrates the world-class quality of our data centres and our ability to fulfil the stringent technical and operational requirements of the world's leading providers.

Leading the Australian data centre industry

NEXTDC is playing a key role in supporting Australia's digital economy and is delivering its benefits to the 'edge' of the internet.

Consistent with NEXTDC's mission of being the leading data centre services company, our overarching objectives include:

- achieving market-leading sales performance
- hosting the country's largest independent ecosystem of carriers, cloud and IT service providers
- enabling our customers to create hybrid solutions that enable the digital economy, while
- delivering exceptional, industry-leading customer experiences.

World leading standards – design, operation and efficiency

Our B2 Brisbane data centre is the first Australian data centre – and the first Asia Pacific colocation data centre – to receive Tier IV Certification of Constructed Facility from the Uptime Institute - the leading global independent data centre advisory and certification organisation. We intend for each of our new facilities to receive Tier IV Constructed Facility certification as part of their planned completion. M2 has already received its Tier IV design certification and is currently finalising its Tier IV construct testing by the Uptime Institute this week.

The benchmark in operational excellence

There is a symbiotic relationship between technical innovation and operational excellence. We recently announced that our P1 Perth data centre has achieved Tier III GOLD Certification of Operational Sustainability from the Uptime Institute. This signifies the people, processes and technology are operating in accordance with the Uptime Institute's global best practices. This certification program is rolling out nationally.

Industry leading efficiency

The process of testing and tuning NEXTDC's data centres to optimise energy use and stability has seen us achieve industry leading-energy efficiency with independently tested and certified NABERS 4.5-star rating in our S1 and M1 facilities.



Our facilities' power consumption increases as they become more populated and importantly, their overall energy efficiency improves over time through the economies of scale and the increased utilisation of critical infrastructure.

These verifiable metrics are an important endorsement of our facilities, support our customers' requirements for sustainability and reflects the leadership role NEXTDC is taking to minimise data centre energy use. We have committed to continue to lead the industry in efficiency and our generation 2 facilities are designed to achieve a NABERS 5-star level energy efficiency that we commit to being independently certified.

Power, secure, connect

During FY17 we gained ISO 14001:2015 certification for our environmental management systems at C1, M1 and S1; and matured the Company's business continuity plans, including the successful completion of live tests of the Company's ability to respond to emergency events.

In the past 12 months, the C1 Canberra data centre, completed a core systems upgrade with entirely new critical plant infrastructure, performed while the facility was live, without any disruption to services.

Strong start to FY18

FY18 is a pivotal year for the company as we grow the national footprint to a projected capacity of 126MW across Australia with the introduction of B2, M2 and S2. In addition to these new developments, it is also operationally a significant year where we have undertaken a core systems and technology platforms replacement that will support the company's growth into the future. This has included transformation programs central to customer experience for quote to cash, customer interaction and core finance systems that will allow the company to continue to flex its operating leverage as it scales up.

I am pleased to report that, as we expected, NEXTDC has made a strong start to the year, further underpinning our confidence that the Company will achieve the strong FY18 full year outlook that we provided to the market in August with NEXTDC's FY17 results.

Based on contracted utilisation levels at the end of FY17, expected new customer contracts in FY18, some operating cost increases from the opening of our three new data centres – including S2 ground lease arrangements – as well as higher energy prices forecast in calendar year 2018, NEXTDC expects the following outcomes for FY18:

- Revenues in the range of \$146 million to \$154 million, up 18% to 25% from \$123.6 million achieved in FY17.



- EBITDA increasing from \$49 million in FY17 to the range of \$56 million to \$61 million in FY18, reflecting growth of between 14% and 25%, notwithstanding the incremental investments being undertaken into new facility operational capacity as well as S2 land rental arrangements, and
- Capital expenditure between \$220 million to \$240 million.

Looking to the future

NEXTDC is on an incredibly exciting growth trajectory, and one that we believe has truly only just begun. The unfolding evolution of personal computing to cloud computing ushers in the beginning of the 4th industrial revolution, the age of cyber physical systems. Over the next decade, we expect to see the emergence of massive transformational change across our society, with exponential advances in artificial intelligence, synthetic biology, renewable energy, material sciences, healthcare, 3D printing, nanotech, autonomous vehicles and the internet of things – it is the unexpected convergent consequences of exponential change that make this the most extraordinary time in our history.

These are indeed exciting times for your company as we deliver substantial new capacity and connectivity to the Australian economy to support the extraordinary growth of these emerging industries.

On behalf of NEXTDC, we thank you for attending today's AGM and for your continued support, as we develop our next generation of services and expand our data centre platform to enable the future of the digital economy.

Craig Scroggie,

Chief Executive Officer & Executive Director

ENDS



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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