



ASX Release

23 February 2018

1H18 Record Results – Upgraded FY18 Guidance

NEXTDC Limited (**ASX: NXT**) (“**NEXTDC**” or “**the Company**”) today announced its financial results for the half-year ended 31 December 2017 (“**1H18**”) and an upgrade to its FY18 Guidance.

1H18 financial highlights

- › Revenue up 32% to \$77.5 million (1H17: \$58.7 million)
- › Underlying EBITDA^{1,2} up 41% to \$33.6 million (1H17: \$23.9 million)
- › Profit before tax up 54% to \$12.3 million (1H17: \$8.0 million)
- › Profit after tax of \$8.4 million (1H17: \$19.3 million, which included a one-off benefit of \$11.3m³)
- › Liquidity (cash and undrawn debt facilities) of \$518.2 million at 31 December 2017

Commenting on the 1H18 financial results, Craig Scroggie, Chief Executive Officer said:

“We are very pleased to report another period of record performance. These results clearly demonstrate the Company’s inherent operating leverage and further showcase continued strong growth with significant increases in contracted utilisation. The first half’s performance also included a record period for project revenues and a record period for new interconnections.”

Business performance

As at 31 December 2017:

- › Contracted utilisation up 9.2MW (31%) to 39.2MW (31 December 2016: 30.0MW)
- › Number of customers up 176 (25%) to 875 (31 December 2016: 699)
- › Interconnections⁴ up 1,984 (36%) to 7,456 (31 December 2016: 5,472)

¹ EBITDA is a non-statutory financial metric representing earnings before interest, tax, depreciation and amortisation. Non-statutory financial metrics have been extracted from the audited accounts

² Underlying 1H18 EBITDA excludes distribution income of \$1.7 million from NEXTDC’s 29.2% investment in Asia Pacific Data Centre Group

³ 1H17 Profit after tax includes an income tax benefit of \$11.3m associated with the recognition of deferred tax assets, which resulted in a one-off increase in profit after tax

⁴ Comprises both physical and elastic cross connections



Commenting on the Company's sales performance, Mr Scroggie said:

"The first half of this year was the largest sales half in the Company's history. 1H18 also represented a watershed period in the development of NEXTDC's ecosystem, with the Company adding a new record number of more than 1,100 interconnections. Growth across the national portfolio continues to accelerate, noting we are in advanced negotiations in relation to several large customer opportunities, that have the potential to result in a significant increase in the Company's contracted utilisation base."

Development activity

- › B2 (Brisbane) and M2 (Melbourne) facilities opened for customer access in 1H18
- › S2 (Sydney) construction underway and expected to open in 1Q19 for customer access with an initial capacity of 6MW and an accelerated development of an additional 4MW of capacity
- › S1 (Sydney) final expansion works complete, adding 2MW of new capacity, including additional data hall space being fitted out to support customer requirements
- › P1 (Perth) third data hall opened in 1H18 with works continuing on the fourth and final data hall

Setting new industry standards

- › B2 and M2 are the first Australian data centres, and the first Asia Pacific colocation data centres, to achieve Uptime Institute (UTI) Tier IV Certification of Constructed Facility (TCCF), in recognition of their exceptional fault tolerance
- › S2 is designed to achieve Tier IV TCCF for its expected opening in 1Q19
- › B2, M2 and S2 are designed to achieve an industry-leading NABERS 5-star rating for energy efficiency
- › As certified in P1, we continue our national investment in global best practice Uptime Institute Gold Certification of Operational Sustainability

Commenting on technology leadership and innovation, Mr Scroggie said:

"NEXTDC continues to lead the industry in technological development delivering the country's first UTI certified Tier IV constructed data centres. In addition to this engineering leadership the Company also further demonstrates its commitment to be an innovator in sustainability through delivery of the industry's most efficient NABERS 5-star certified data centres that deliver record low PUE; combined with continued investments in operational excellence through UTI Gold Certification of Operational Sustainability."



Upgraded FY18 Guidance

NEXTDC now expects the following outcomes for FY18:

- > Revenue \$152 million to \$158 million (previous guidance⁵: \$146 million to \$154 million)
- > Underlying EBITDA⁶ of \$58 million to \$62 million (previous guidance⁵: \$56 million to \$61 million)
- > Capital expenditure of \$220 million to \$240 million (unchanged)

Key factors (+/-) which resulted in the FY18 Guidance:

- ✓ Better than expected 1H18 result;
- ✓ Higher than expected utilisation levels at the end of 1H18;
- ✓ Record project fees in 1H18;
- ✓ Record interconnection ecosystem growth in the 1H18;
- ✗ Higher operating costs in 2H18 relative to 1H18 driven by timing of new IT investments;
- ✗ Full six months of B2 and M2 facility costs in 2H18;
- ✗ Higher energy prices to be absorbed during 2H18; and
- ✗ Decision to invest in several new growth projects which will add to operating costs in 2H18

Commenting on the 2H18 upgrade to guidance, Mr Scroggie said:

“As a result of tracking ahead of expectations, the company will upgrade its FY18 Guidance and also accelerate new project investments in the second half of FY18. With liquidity greater than \$500 million, combined with record operating cash flow, NEXTDC is in an outstanding position to take advantage of current and future customer opportunities.”

ENDS

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⁵ Company Guidance dated 31 August 2017

⁶ Excluding distribution income of \$1.7m from NXT's 29.2% investment in Asia Pacific Data Centre Group as well as costs related to current Asia Pacific Data Centre Group wind up proposal



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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 is extending its leadership in data centre services through the innovative DCIM-as-a-Service software platform, ONEDC®, which enables customers to centrally manage their on-premise and colocated infrastructure; and advanced connectivity services that deliver a range of secure, high-speed interconnections between racks, networks and cloud services.

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