NEXTDC

FY18 HALF-YEAR RESULTS

23 FEBRUARY 2018

NEXTDC LIMITED ACN 143 582 521

1H18 HIGHLIGHTS

REVENUE	EBITDA[1]	UTILISATION
$77m	$33.6m	39MW
+32%	+41%	+31%
CUSTOMERS	PARTNERS	INTERCONNECTIONS
875	380+	7,456
+25%	60+ NETWORKS	+36%

1. Underlying EBITDA which excludes distribution income of $1.7m from NEXTDC's 29.2% investment in Asia Pacific Data Centre Group

Note: All percentage increases are expressed relative to the 1H17 results

1H18 HIGHLIGHTS

Solid revenue growth

- Revenue from continuing operations up $18.8m[1] (32%)[1] to $77.5m
- Contracted utilisation up 9.2MW[1] (31%)[1] to 39.2MW
- Interconnections up 1,984 (36%)[1] to 7,456, representing 6.2% of recurring revenue

Strong operating leverage

- Underlying EBITDA up $9.7m[1,2] (41%)[1,2] to $33.6m[2]
- Operating cash flows up $1.4m[1] (5.3%) to $26.8m
- Profit before tax up $4.3m[1] (54%) to $12.3m

Capitalised for growth

- Liquidity (cash and undrawn committed debt facilities) of $518.2 million at 31 December 2017
- Successfully completed refinance of $300m undrawn senior debt facilities (previously $100m, also undrawn)
- Balance sheet position underpinned by ~$850 million of total assets

Network expansion continues

- $98m of capital invested across new and existing developments
- B2 and M2 open, S2 development on track for completion and customer access in 1Q19
- S1 expansion to 16MW complete, P1's 3rd data hall opened, adding 1.4MW

1. Compared to 1H17
2. Excluding Asia Pacific Data Centre Group distribution of $1.7m

Agenda

- **1H18** Financial Results
- **1H18** Business Performance
- **FY18** Outlook
- Appendices

FY18
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FINANCIAL RESULTS

1H18 profit and loss summary

	Note	1H18 ($m)	1H17 ($m)	Change ($m)
Data centre services revenue		72.9	56.0	17.0
Other revenue	1	4.5	2.8	1.8
Total revenue from continuing operations		***77.5***	***58.7***	***18.8***
Direct costs (power and consumables)		11.0	7.0	4.0
Facility costs (data centre rent, property costs, maintenance, facility staff, other)		14.9	13.2	1.7
Corporate overheads	2	13.6	12.3	1.3
Total operating costs		***39.5***	***32.5***	***7.0***
EBITDA	**3**	**35.3**	**23.9**	**11.4**
Underlying EBITDA	**4**	**33.6**	**23.9**	**9.7**
EBIT		**21.7**	**13.1**	**8.6**
Profit before tax		12.3	8.0	4.3
Profit after tax attributable to members	**5**	**8.4**	**19.3**	**(10.9)**

Data centre services
REVENUE
↑30%

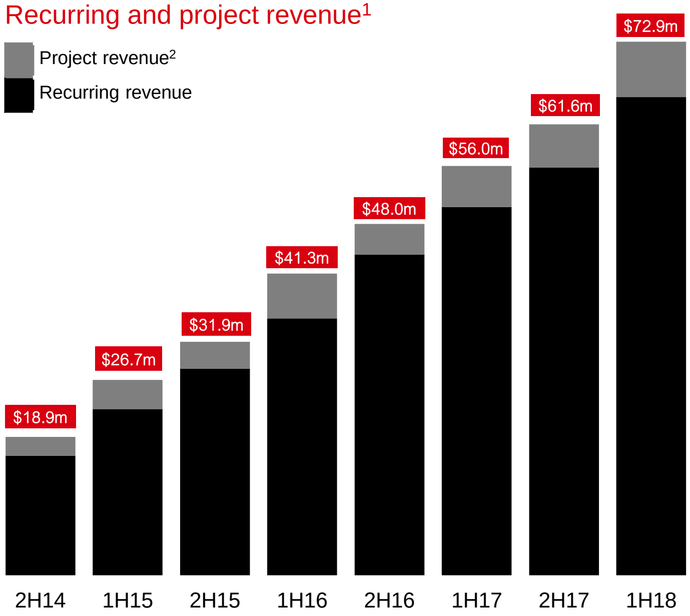
Underlying
EBITDA
↑41%

- Net impact of rising energy costs of ~5%[6] of total direct costs in 1H18, impact expected to increase in 2H18
- Facility costs include increased staff as well as property related costs for B2, M2 and S2
- Corporate costs includes additional operational and IT spend to support three new facilities
- Full impact of higher facility and corporate costs expected in 2H18 (e.g. land rental costs for S2 commenced in November 2017)

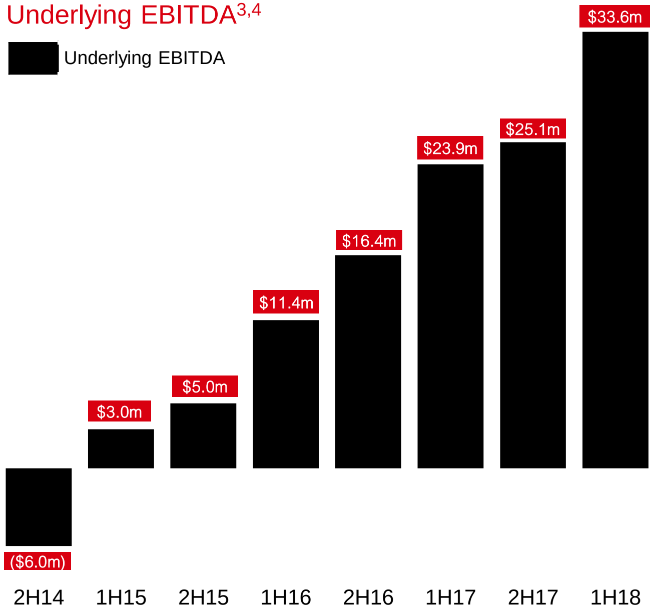
1. Includes distribution from Asia Pacific Data Centre Group (APDC) of $1.7m
2. Corporate overheads include costs related to all sales and marketing, centralised customer support, project management and product development, site selection due diligence and sundry project costs, provisions, as well as investments in growth initiatives including partner development, customer experience and systems
3. EBITDA is a non-statutory metric representing earnings before interest, tax, depreciation and amortisation
4. Underlying EBITDA excludes the distribution from APDC of $1.7m
5. Profit after tax for 1H17 includes an income tax benefit of $11.3 million associated with the recognition of deferred tax assets
6. The net impact to direct costs resulting from movements in the price of energy, after adjusting for increases in total power consumption and power costs passed on to customers, was approximately 5% of 1H18's total direct costs

Solid revenue and EBITDA growth

30% growth on 1H17

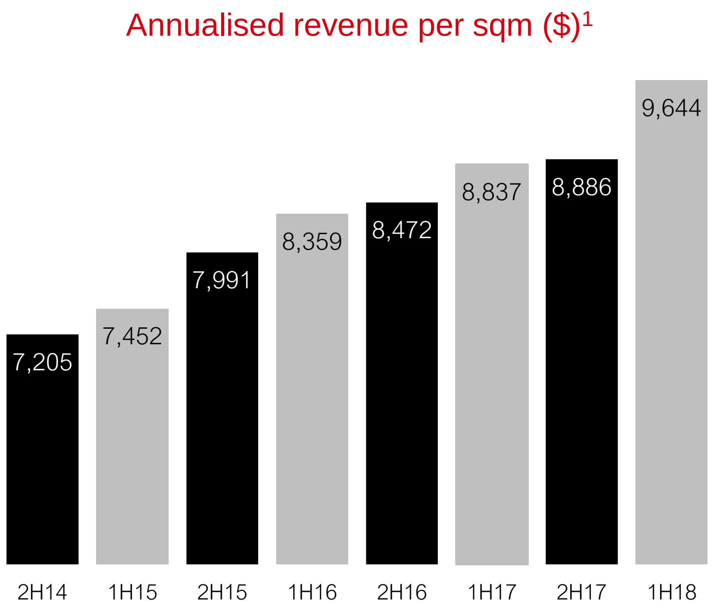


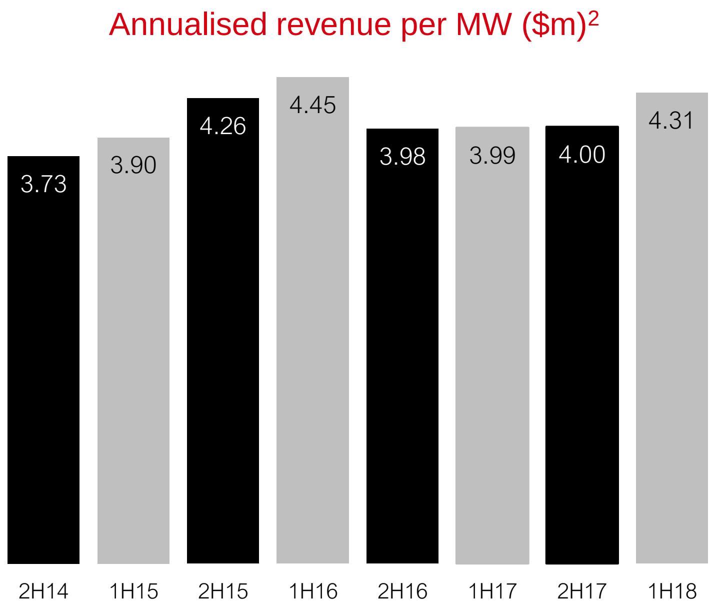
41% growth on 1H17[3,4]



1. Data centre services revenue excludes interest, data centre development revenue and distribution income from Asia Pacific Data Centre Group
2. Project revenue includes one-off setup costs for new customer fitouts, standard establishment fees for new services, remote hands and other services
3. 2H14 underlying EBITDA excludes building development profit, APDC distributions and fund raising advisory fees
4. 1H18 underlying EBITDA excludes APDC distributions

Revenue per unit metrics



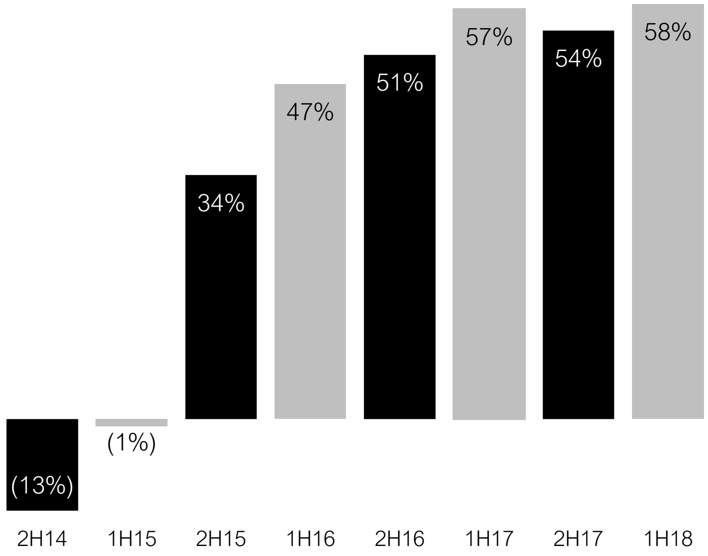


- Metrics demonstrate the ongoing growth in revenue per square metre, noting the deployment of large, high density, ecosystem enhancing deals over time
- Revenue derived from larger customer deployments tends to increase over time as they mature, due to growing usage of contracted power capacity, increased demand for interconnection, and the use of ancillary services
- 1H18 performance driven by contracted price escalation, interconnection growth, as well as power recharge revenues (driven by both increased usage and higher power prices)

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

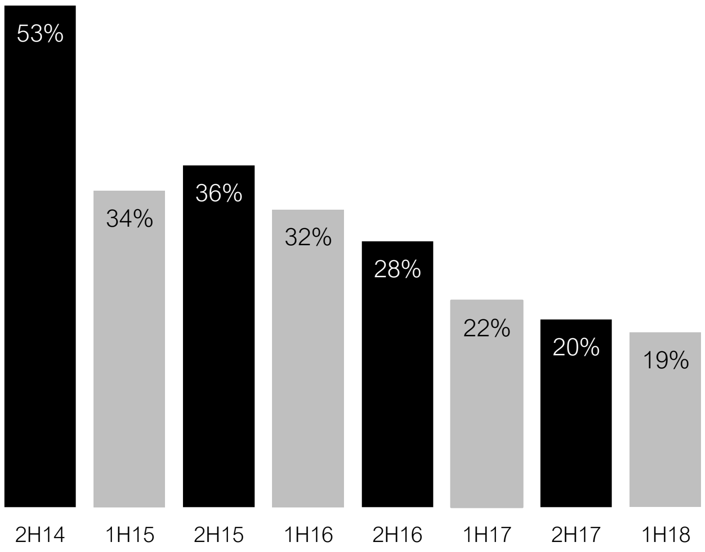
Business model delivers significant operating leverage

EBITDAR / Data centre services revenue[1,2,3]



- EBITDAR margin is a property-agnostic indicator of underlying profitability
- Strong margin performance reflects the benefit of operating leverage

Corporate costs / Data centre services revenue



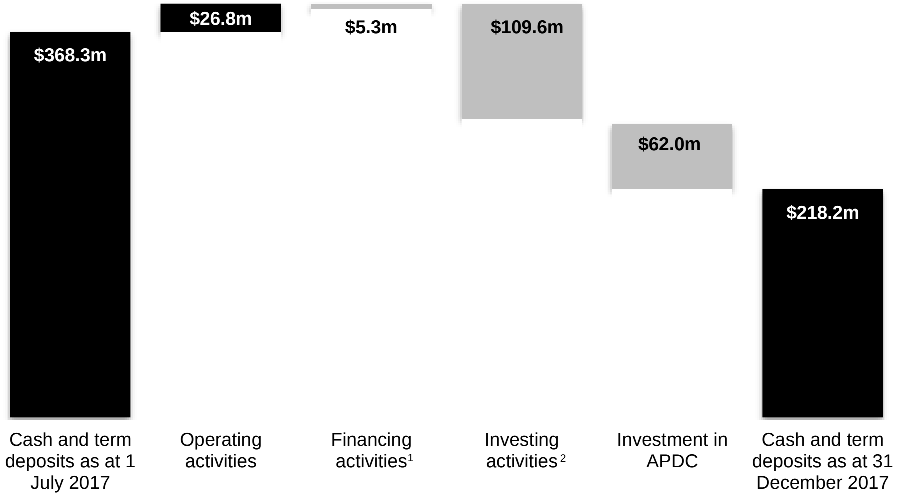
- Disciplined corporate cost performance drives significant operating leverage
- Expect further scale benefits as capacity expands

1. EBITDAR represents EBITDA plus data centre rent
2. 2H14 EBITDA excludes building development profit, APDC distributions and fund raising advisory fees.
3. 1H18 EBITDA excludes APDC distributions

Well-capitalised for growth

	31 December 2017 ($m)	30 June 2017 ($m)
Cash and term deposits	218.2	368.3
Property, plant, equipment	511.5	434.3
Investment in APDC	62.5	–
Total assets	**848.7**	**852.4**
Interest-bearing liabilities	303.3	302.3
Total liabilities	**333.0**	**345.9**
Net assets	**515.7**	**506.5**

- NEXTDC is well-capitalised – **cash of $218m** with the **$300m senior secured debt facility remaining undrawn**
- Strong banking support demonstrated through the **upsize of the senior secured debt facility in August 2017 to $300m** (previously $100m)

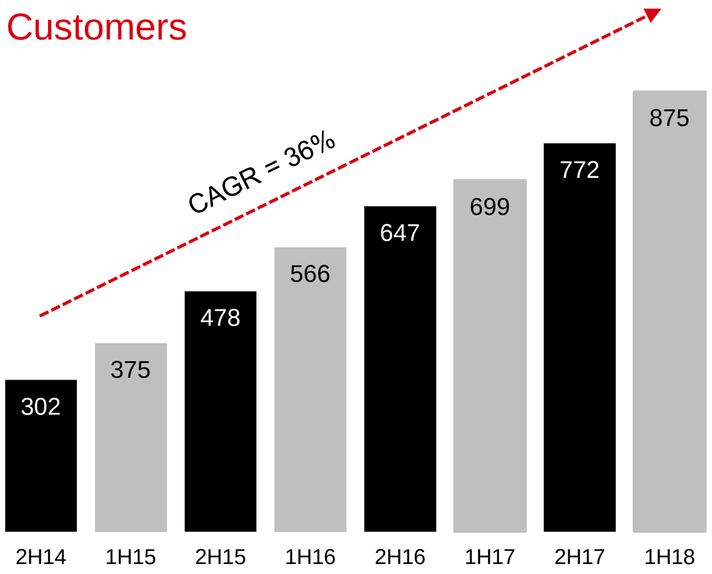


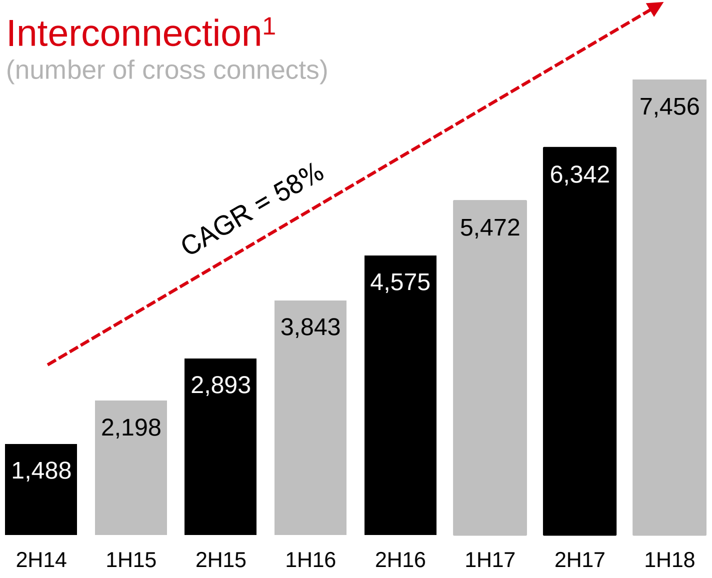
- Operating cash flow performance underpinned by **predictable**, **long-term**, **customer contracts**
- NEXTDC's **fixed assets of $511.5m** comprised of property and high quality data centre infrastructure with a long useful life

1. Cash flows from financing activities include transaction costs relating to the upsize of the senior debt facility, other transaction costs and finance lease payments
2. Excluding receipts for term deposits of $96.5m


FY18
Half-Year Results
BUSINESS PERFORMANCE

Strong growth in customers and connectivity

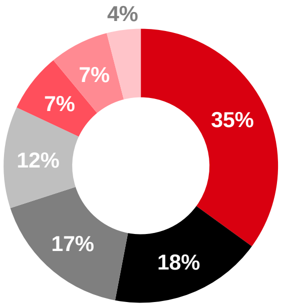




- Record interconnection growth, with a total of 1,114 interconnections added in 1H18, leading to a rise in average interconnections per customer to 8.5 (up 9%) at 31 December 2017 compared to 7.8 at 31 December 2016
- Growth in average interconnections per customer highlights the increasing use of hybrid cloud and connectivity both inside and outside the data centre as customers expand their footprint

1. Comprises both physical and elastic cross connections

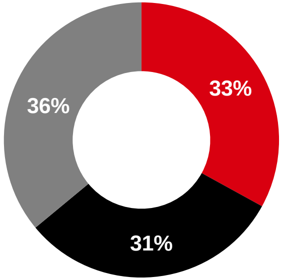
Diversified recurring revenue model



Customer by industry[1,2]

- Enterprise
- Cloud
- Connectivity
- System Integrators
- Government
- Financial Services
- Digital Media

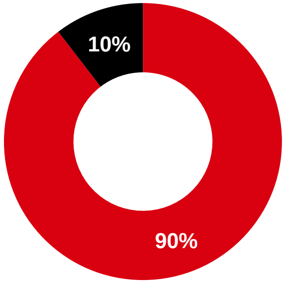
Cloud, connectivity and channel partners drive strong ecosystem growth



Utilisation by density[3]

- More than 6kW
- 4kW to 6kW
- 3kW or less

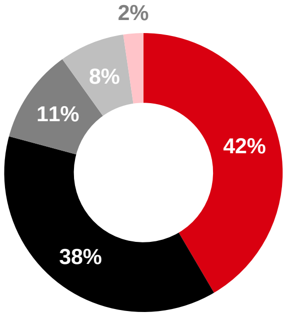
Customer power requirements continue to increase



Recurring vs project[4]

- Recurring
- Project

Significant project revenue contribution in the context of growing recurring revenue base



Revenue by region[4]

- VIC
- NSW
- QLD
- WA
- ACT

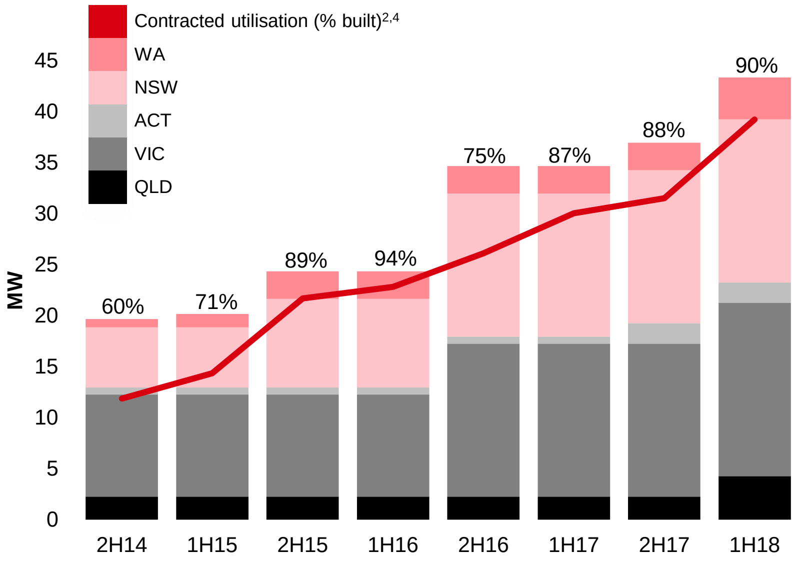
Strong performance in key markets

1. As at 31 December 2017
2. Percentages refer to the number of customers belonging to each industry
3. Density per rack equivalent. Percentages refer to the proportion of rack equivalents contracted at each density
4. Expressed as a percentage of 1H18 data centre services revenue

Utilisation

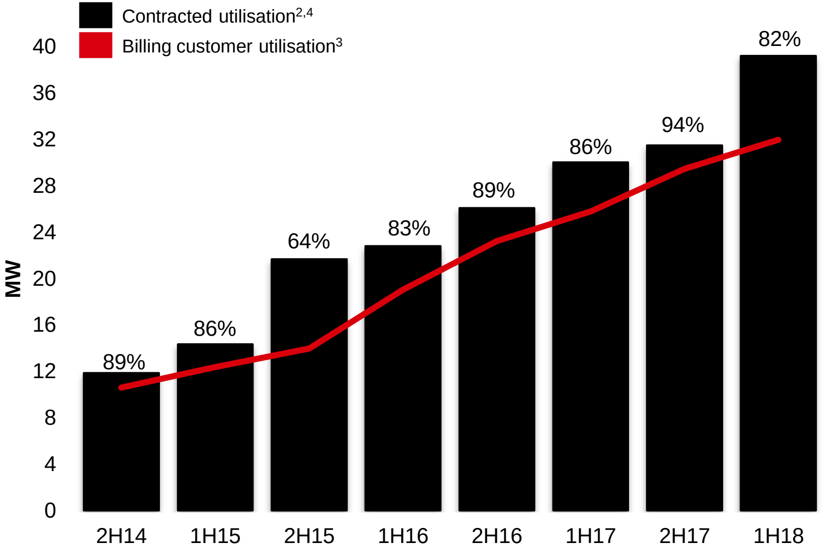
Installed capacity[1] vs contracted utilisation

- 90% of installed capacity was contracted at 31 December 2017
- Over 6MW of new capacity was added since 30 June 2017



Billing vs contracted utilisation

- Contracted utilisation up 9.2MW (31%) to 39.2MW since 31 December 2016
- Billing customer utilisation up 23% since 31 December 2016

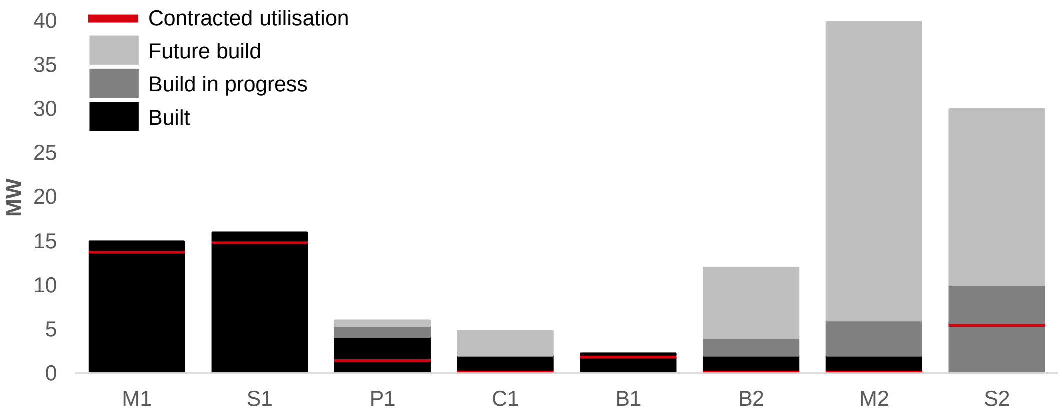


1. Installed capacity includes the designed power capacity of the data halls fitted out at each facility. Further investment in customer related infrastructure, such as backup power generation, cooling equipment or rack infrastructure, may be made in line with customer requirements
2. Contracted utilisation as at 30 June 2015 is pro forma for Federal Government contract announced 10 August 2015
3. Billing customer utilisation refers to the sold capacity for which revenue is being billed
4. Contracted utilisation includes whitespace and rack power commitments with deferred start dates or ramp up periods

Facilities capacity and utilisation

As at 31 December 2017

- **B2 Brisbane and M2 Melbourne:** B2 and M2 developments opened in 1H18 with 2MW of new capacity in each market
- **S2 Sydney:** S2 development continues with target open expected in 1Q19, with 6MW of capacity (Phase 1) and an additional 4MW of new capacity being brought forward
- **S1 Sydney:** Final expansion works complete, adding 2MW of new capacity including additional data hall space being fitted out to support customer requirements and drive higher utilisation
- **P1 Perth:** Third data hall opened in 1H18, development continues on fourth and final data hall



	M1	S1	P1	C1	B1	B2	M2	S2	Total
Commenced operations	Sep-12	Sep-13	Feb-14	Aug-12	Oct-11	Sep-17	Nov-17	1Q19[4]	
Total power planned (MW)	15.0	16.0	6.0	4.8	2.25	12.0	40.0	30.0	126.1
MW built[1] (MW)	15.0	16.0	4.1	2.0	2.25	2.0	2.0	-	43.4
Land and building capex to date	-	-	-	-	-	$42m	$35m	$3m	$80m
Fitout capex to date[2,3]	$143m	$146m	$57m	$31m	$32m	$38m	$32m	$11m	$488m
Contracted utilisation (MW)	14.0	15.1	1.7	0.4	2.1	0.2	0.3	5.4	39.2
% of total power planned	94%	94%	28%	8%	93%	2%	1%	18%	31%
% of MW built	94%	94%	41%	19%	93%	11%	16%	-	90%
Capacity available for sale (MW)	1.0	0.9	4.3	4.4	0.2	11.8	39.7	24.6	86.8

1. MW built includes the designed power capacity of the data halls fitted out at each facility. Further investment into customer related infrastructure, such as backup power generation, cooling equipment or rack infrastructure, may be made in line with customer requirements
2. Site selection and other due diligence-related costs for planned data centre developments are included in corporate overheads
3. Excludes land and buildings
4. Target open expected in 1Q19 for S2

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FY18 OUTLOOK

Upgraded FY18 Guidance

Strong revenue growth

Revenue in the range of $152m to $158m (up 23% to 28% on FY17), with this increased guidance underpinned by:

- Higher than expected contracted utilisation at the end of 1H18 as well as recurring nature of the Company's revenue base
- Strong demand for connectivity solutions, resulting in record interconnection ecosystem growth in 1H18
- Record project fees already booked in 1H18

Substantial operating leverage

Underlying EBITDA[1] in the range of $58m to $62m (up 18% to 27% on FY17), noting:

- Higher operating costs in 2H18 relative to 1H18 driven by timing of new IT investments as well as a full six months of B2 and M2 facility costs
- Higher energy prices to be absorbed during 2H18
- Company's decision to invest in several new growth projects that will add to operating costs in 2H18

Customer driven investment

Capital expenditure on facilities between $220m and $240m

- S2 development targeting open in 1Q19, with 6MW of initial capacity and a further 4MW being brought forward
- DH2 capacity expansions to commence at M2 and B2 to support strong customer demand
- P1's final data hall under construction

Benchmark operational excellence

Setting new standards for the data centre industry in the Asia Pacific

- 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)
- S2 is designed to achieve Tier IV TCCF for its expected opening in 1Q19
- As certified in P1, we continue our national investment in global best practice Uptime Institute Gold Certification of Operational Sustainability
- B2, M2 and S2 are designed to achieve an industry-leading NABERS 5-star rating for energy efficiency

1. 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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APPENDICES

FY18
Half-Year Results

DEVELOPMENT

B2 BRISBANE

Technical space	Stage 1: 3,000sqm Stage 2: 3,000sqm[1]
Total IT capacity	Stage 1: 6MW Stage 2: 6MW
Initial capacity	2MW
Target PUE	1.25[2] / 1.34[3]
Design and construction standard	UTI Tier IV
Status	Opened Sep 2017

- Australia's first UTI Tier IV design and construct certification
- World's first Tier IV designed Iso-parallel UPS system
- NABERS 5.0 star energy efficiency design
- Planned for UTI Gold operational sustainability
- Planned capacity increase from 6MW to 12MW
- Seamless cross connect for B1 and B2 through NEXTDC Fibre Cross Connect
- AXON cloud connect on ramp available day one for Microsoft ExpressRoute, Amazon Web Services, IBM Cloud and other cloud on ramps

1. This will comprise a new building development on the existing property
2. Best instantaneous power consumption ratio within a calendar year, dependent on load and optimal environmental conditions
3. Total energy consumption ratio during a full calendar year, dependent on load and supports a NABERS 5 star rating



M2 MELBOURNE

Technical space	Stage 1: 10,000sqm Stage 2: 5,000sqm
Total IT capacity	Stage 1: 25MW Stage 2: 15MW
Initial capacity	2MW
Target PUE	1.10[1] / 1.28[2]
Design and construction standard	UTI Tier IV
Status	Opened Nov 2017

- UTI Tier IV design and construct certification
- Tier IV designed Iso-parallel UPS system
- NABERS 5.0 star energy efficiency design
- Planned for UTI Gold operational sustainability
- Planned capacity increase from 25MW to 40MW
- Seamless cross connect for M1 and M2 through NEXTDC Fibre Cross Connect
- AXON cloud connect on ramp available day one for Microsoft ExpressRoute, Amazon Web Services, IBM Cloud and other cloud on ramps

1. Best instantaneous power consumption ratio within a calendar year, dependent on load and optimal environmental conditions
2. Total energy consumption ratio during a full calendar year, dependent on load and supports a NABERS 5 star rating

S2 SYDNEY

Technical space	8,700sqm
Total IT capacity	30MW
Initial capacity	6MW, with an additional 4MW being brought forward
Target PUE	1.15[1] / 1.29[2]
Design and construction standard	UTI Tier IV
Status	Target open 1Q19

- S2 Development Approval secured and development underway
- UTI Tier IV design and construct certification
- Tier IV designed Iso-parallel UPS system
- NABERS 5.0 star energy efficiency design
- Planned for UTI Gold operational sustainability
- S2 subject to a 45-year ground lease arrangement
- Seamless cross connect for S1 and S2 through NEXTDC Fibre Cross Connect
- AXON cloud connect on ramp available day one for Microsoft ExpressRoute, Amazon Web Services, IBM Cloud and other cloud on ramps

1. Best instantaneous power consumption ratio within a calendar year, dependent on load and optimal environmental conditions
2. Total energy consumption ratio during a full calendar year, dependent on load and supports a NABERS 5 star rating

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CASE STUDIES

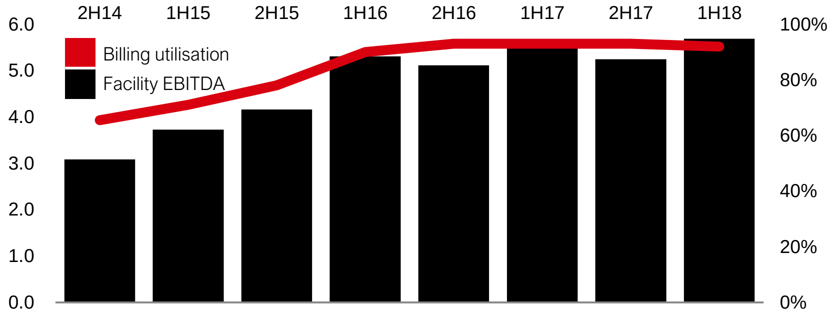
Case study – **B1** Brisbane

★ 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

Facility EBITDA[1,2] ($m)



($'000s) Period ended	2H14	1H15	2H15	1H16	2H16	1H17	2H17	1H18
Contracted utilisation	69%	72%	79%	91%	93%	94%	93%	93%
Billing utilisation[3]	66%	71%	78%	90%	93%	93%	93%	92%
Recurring revenue	3,902	4,804	5,191	6,271	6,755	7,101	7,228	7,507
Project revenue	388	219	488	614	149	256	111	119
Gross data centre revenue	4,290	5,023	5,679	6,886	6,904	7,358	7,340	7,626
Facility EBITDAR[1]	3,262	3,901	4,352	5,500	5,313	5,782	5,476	5,894
Facility EBITDA[1,2]	3,083	3,724	4,164	5,311	5,115	5,582	5,269	5,685
EBITDAR margin %	76%	78%	77%	80%	77%	79%	75%	77%
Facility capex to date ($m)	27	28	28	29	30	30	31	32

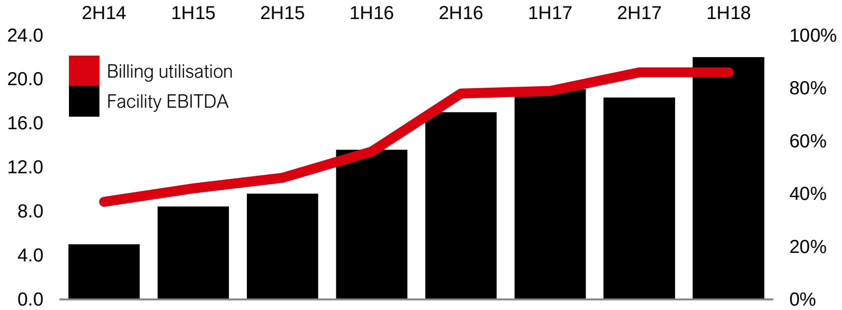
Case study – **M1** Melbourne

★ Highlights

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

1. Before head office costs
2. Percentages adjusted to reflect Project Plus capacity of 15MW
3. Billing utilisation refers to the sold capacity for which revenue is currently being recognised as at the end of the period

Facility EBITDA[1] ($m)



($'000s) Period ended	2H14	1H15	2H15	1H16	2H16	1H17	2H17	1H18
Contracted utilisation[2]	42%	46%	76%	77%	86%	89%	93%	94%
Billing utilisation[3]	37%	42%	46%	56%	78%	79%	86%	86%
Recurring revenue	8,864	11,651	13,871	16,524	21,707	23,432	24,761	28,553
Project revenue	1,025	1,525	736	2,807	1,503	2,039	1,083	1,567
Gross data centre revenue	9,889	13,175	14,607	19,331	23,210	25,471	25,844	30,119
Facility EBITDAR[1]	7,393	10,847	12,046	16,062	19,495	21,604	20,663	24,540
Facility EBITDA[1]	4,999	8,450	9,597	13,611	17,009	19,116	18,145	22,019
EBITDAR margin %	75%	82%	82%	83%	84%	85%	80%	81%
Facility capex to date ($m)	84	85	87	101	120	130	139	143

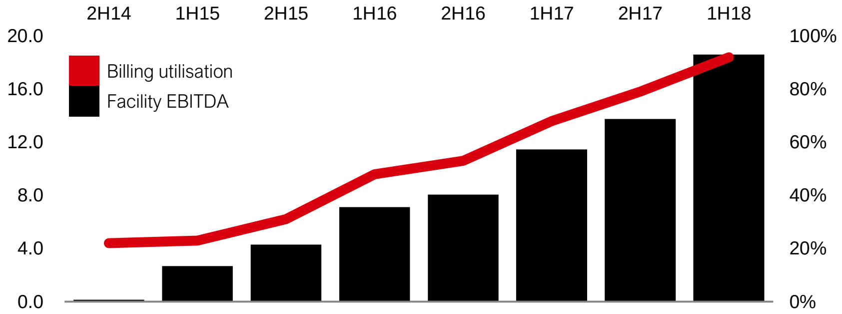
Case study – **S1** Sydney

★ Highlights

- NEXTDC's fourth facility commenced operations in September 2013
- Break-even reached after 7 months of operation

1. Before head office costs
2. Percentages adjusted to reflect target planned capacity of 16MW
3. Billing utilisation refers to the sold capacity for which revenue is currently being recognised as at the end of the period

Facility EBITDA[1] ($m)



($'000s) Period ended	2H14	1H15	2H15	1H16	2H16	1H17	2H17	1H18
Contracted utilisation[2]	23%	33%	48%	52%	62%	83%	84%	94%
Billing utilisation[2,3]	22%	23%	31%	48%	53%	68%	79%	92%
Recurring revenue	3,530	5,238	7,473	9,647	12,548	15,848	18,882	22,983
Project revenue	912	1,895	1,808	2,480	1,667	2,245	4,029	4,303
Gross data centre revenue	4,442	7,133	9,281	12,127	14,215	18,093	22,911	27,286
Facility EBITDAR[1]	2,823	5,364	7,051	9,862	10,854	14,251	17,449	21,435
Facility EBITDA[1]	137	2,675	4,304	7,110	8,066	11,460	14,623	18,597
EBITDAR margin %	64%	75%	76%	81%	76%	79%	76%	79%
Facility capex to date ($m)	64	66	78	95	114	127	135	146

NEXTDC

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