

# ASX Release

31 August 2018

## FY18 Record Results

NEXTDC Limited (**ASX: NXT**) (“**NEXTDC**” or “**the Company**”) today announced its financial results for the full-year ended 30 June 2018 (“**FY18**”).

### **FY18 financial highlights**

- › Revenue of \$161.5 million vs guidance range of \$152-158 million (FY17: \$123.6 million)
- › Underlying EBITDA<sup>1,2</sup> of \$62.6 million vs guidance range of \$58-62 million (FY17: \$49.0 million)
- › Capital expenditure of \$285 million vs underlying guidance range of \$307-327 million<sup>3</sup> (FY17: \$159 million)
- › Statutory net profit after tax of \$6.6 million (FY17: \$23.0 million<sup>4</sup>)
- › Operating cash flow of \$33.4 million (FY17: \$44.9 million)
- › Cash and term deposits of \$418 million at 30 June 2018

Subsequent to 30 June 2018, the Company raised \$300 million in the form of Notes IV, bringing its pro-forma cash and term deposits balance to \$718 million. NEXTDC also continues to have access to senior debt facilities of \$300 million, which currently remain undrawn.

Commenting on the FY18 financial results, Mr Scroggie, Chief Executive Officer said:

*“We’re very pleased to report today’s results, with the Company achieving FY18 revenue and EBITDA above the top end of its upgraded guidance range. These results demonstrate NEXTDC’s continued strong growth and when combined with pro forma liquidity of more than \$1 billion, the Company is extremely well placed to continue taking advantage of exciting growth opportunities.”*

### **Business performance**

As at 30 June 2018:

- › Contracted utilisation up 28% to 40.2MW (30 June 2017: 31.5MW)
- › Number of customers up 26% to 972 (30 June 2017: 772)
- › Interconnection<sup>5</sup> (cross connects) up 37% to 8,671 (30 June 2016: 6,342)

<sup>1</sup> 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

<sup>2</sup> Underlying EBITDA excludes distribution income of \$3.2m from NEXTDC’s 29.2% investment in Asia Pacific Data Centre Group as well as \$1.8m of costs related to the current Asia Pacific Data Centre Group wind up process

<sup>3</sup> Underlying guidance range reflects capital expenditure on existing facilities between \$220-240 million plus an expected \$87 million associated with the settlement of the site for S3

<sup>4</sup> FY17 statutory NPAT includes \$10.2m of income tax benefit stemming from the recognition of unused historical tax losses (FY18: nil)

<sup>5</sup> Comprises both physical and elastic cross connections

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

*"We continue to experience strong demand for NEXTDC's premium data centre services, with the Company experiencing not only strong growth in contracted utilisation, but also adding a record number of more than 2,300 interconnections during FY18. Furthermore, with NEXTDC currently in advanced negotiations in relation to further large customer opportunities, we expect to carry this strong momentum into FY19."*

### **Development activity**

- › B2 (Brisbane) and M2 (Melbourne) facilities opened for customer access
- › S2 (Sydney) construction underway and remains on track to open in 1H19 for customer access with an initial capacity of 6MW and an accelerated development of an additional 8MW of capacity
- › P1 (Perth) third data hall opened with development underway on the fourth and final data hall
- › Announced three new sites at S3 in Sydney, M3 in Melbourne and P2 in Perth, with design and development work to commence immediately for P2
- › Expanded cloud offerings from anywhere in Australia through Oracle Fast Connect and Google Cloud Platform via the NEXTDC AXON network, in addition to existing seamless connectivity to Amazon Web Services, Microsoft ExpressRoute, IBM Cloud and other cloud on-ramps

### **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
- › P1 and S1 both certified global best practice UTI Gold Certification of Operational Sustainability
- › In August 2018, B2 also received UTI Tier IV Gold Certification of Operational Sustainability, becoming the first data centre to achieve the Tier IV Operational Gold rating in the southern hemisphere
- › S2 is designed to achieve Tier IV TCCF for its opening in 1H19
- › B2, M2 and S2 are designed to achieve an industry-leading NABERS 5-star rating for energy efficiency

Commenting on the Company's achievement in setting new industry standards, Mr Scroggie said:

*"I am incredibly proud of the outstanding milestones achieved by our team in FY18 and NEXTDC continues to raise the bar for the industry. The past twelve months has seen the Company deliver Australia's first UTI certified Tier IV constructed facilities, deliver the industry's most efficient NABERS 5-star designed data centres that certify record low PUEs as well as demonstrate operational excellence via UTI Tier III Gold Certification of Operational Sustainability across P1 and S1 and now delivering another benchmark first with UTI Tier IV Gold Certification of Operational Sustainability for B2."*

## New accounting standards<sup>6</sup>

Several new accounting standards are being introduced from FY19 onwards, including AASB 9 (Financial Instruments), AASB 15 (Revenue from Contracts with Customers) and AASB 16 (Leases). The introduction of these new standards will change NEXTDC's reported financials. To provide investors with comparable financials, the below table provides a summary of the Company's key financial metrics for FY18 under these new accounting standards:

	Prior accounting standards	New accounting standards <sup>6</sup>
<b>Revenue</b>	\$161.5m	\$156.3m
<b>Underlying EBITDA<sup>7</sup></b>	\$62.6m	\$75.6m
<b>Capital expenditure</b>	\$285.1m	\$285.1m

## FY19 guidance

Based on contracted utilisation levels at the end of FY18, expected new customer contracts in FY19, further growth in connectivity revenue as well as some targeted investments in the cost base as the Company continues to scale its operations, NEXTDC expects the following outcomes for FY19:

	Prior accounting standards	New accounting standards <sup>6</sup>
<b>Revenue</b>	\$194m to \$200m	\$183m to \$188m
<b>Underlying EBITDA<sup>8</sup></b>	\$75m to \$80m	\$83m to \$87m
<b>Capital expenditure</b>	\$430m to \$470m	\$430m to \$470m

## ENDS

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<sup>6</sup> Impact of accounting changes reflect management estimates and have not been audited. These changes take into account AASB9 (Financial Instruments), AASB15 (Revenue from Contracts with Customers) and AASB16 (Leases)

<sup>7</sup> Underlying EBITDA excludes distribution income of \$3.2m from NEXTDC's 29.2% investment in Asia Pacific Data Centre Group as well as \$1.8m of costs related to the current Asia Pacific Data Centre Group wind up process

<sup>8</sup> Excluding any distribution income received from NEXTDC's investment in APDC as well as any costs related to the proposed wind-up of APDC

## 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, highspeed 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](http://www.nextdc.com)