FY18 FULL-YEAR RESULTS

31 AUGUST 2018

NEXTDC

NEXTDC LIMITED ACN 143 582 521

FY18 HIGHLIGHTS

REVENUE
$161.5m
+31%

UNDERLYING EBITDA[1]
$62.6m
+28%

UTILISATION
40MW
+28%

CUSTOMERS
972
+26%

PARTNERS
470+
60+ NETWORKS

INTERCONNECTIONS
8,671
+37%

1. Excludes distribution income of $3.2m from NEXTDC's 29.2% investment in Asia Pacific Data Centre Group (APDC), as well as $1.8m of costs related to the current APDC wind-up proposal

Note: All percentage increases are expressed relative to the FY17 results

FY18 HIGHLIGHTS

Solid revenue growth

- Revenue from continuing operations up $38.0m[1] (31%)[1] to $161.5m
- Contracted utilisation up 8.7MW[1] (28%)[1] to 40.2MW
- Interconnections up 2,329 (37%)[1] to 8,671, representing 6.5% of recurring revenue

Strong operating leverage

- Underlying EBITDA up $13.6m[1,2] (28%)[1,2] to $62.6m[2]
- Operating cash flows down $11.5m[1] (26%)[1] to $33.4m
- Profit before tax down $1.9m[1] (15%)[1] to $10.9m

Capitalised for growth

- Cash and term deposits of $418m at 30 June 2018
- Pro-forma cash and term deposits of $718m, following $300m Notes IV raising in July 2018
- NEXTDC undrawn senior syndicated debt facility of $300m
- Balance sheet position underpinned by over $1.2bn of total assets

Network expansion continues

- $285m of capital invested across new and existing developments
- B2 and M2 opened and received Uptime Tier IV Certification of Constructed Facility (TCCF)
- B2 received Tier IV Gold Certification of Operational Sustainability[3]
- S2 development on track for completion and customer access in 1H19
- Announced development of three new sites at P2 Perth, S3 Sydney and M3 Melbourne

1. Compared to FY17
2. Excludes distribution income of $3.2m from NEXTDC's 29.2% investment in APDC, as well as $1.8m of costs related to the current APDC wind-up proposal
3. Achieved 2 August 2018

FY18

AGENDA

FY18 Financial Results

FY18 Business Performance

FY19 Outlook

Appendices

FY18 Full-Year Results

FINANCIAL RESULTS

FY18 Profit and Loss summary

	Note	FY18 ($m)	FY17 ($m)	Change ($m)
Data centre services revenue		152.6	117.6	35.0
Other revenue		9.0	6.0	3.0
Total revenue from continuing operations		**161.5**	**123.6**	**38.0**
Direct costs (power and consumables)		27.6	16.6	11.0
Facility costs (data centre rent, property costs, maintenance, facility staff, other)		31.7	27.7	4.1
Corporate overheads	1	29.8	24.6	5.2
Total operating costs		**89.1**	**68.9**	**20.3**
EBITDA	**2**	**64.0**	**49.0**	**15.0**
Underlying EBITDA	**3**	**62.6**	**49.0**	**13.6**
EBIT		**30.9**	**25.6**	**5.3**
Profit before tax		**10.9**	**12.8**	**(1.9)**
Profit after tax	**4**	**6.6**	**23.0**	**(16.4)**

Data centre services
REVENUE
↑30%

Underlying
EBITDA
↑28%

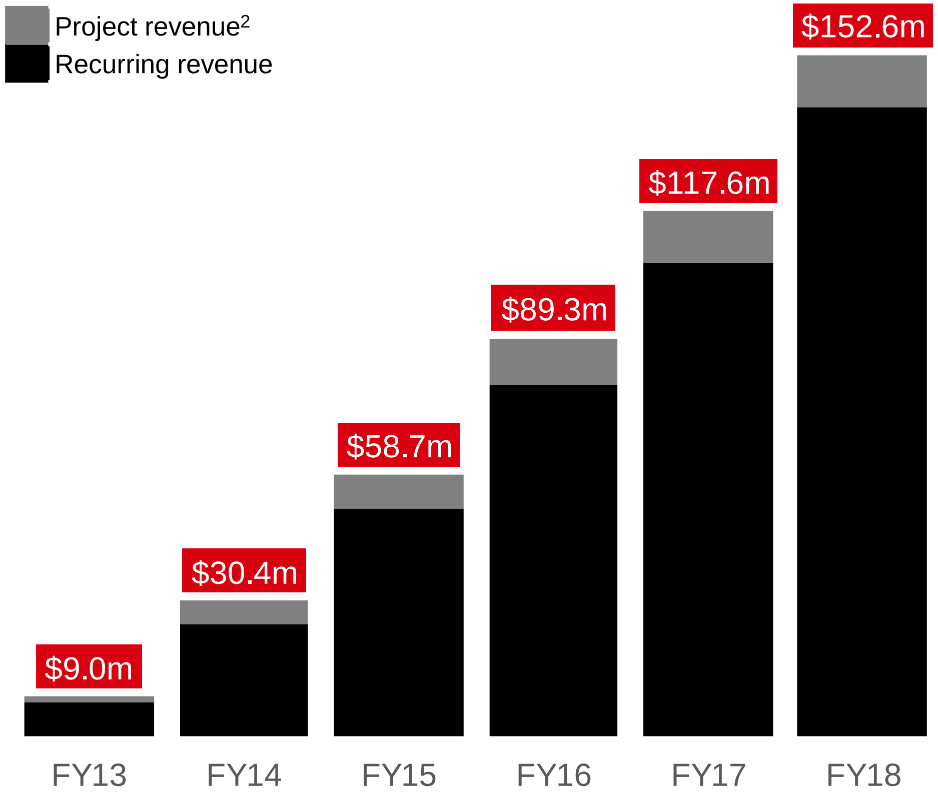
- Net impact of rising energy costs ~10%[5] of total direct costs in FY18
- Facility costs include staff and property related costs for B2, M2 and S2
- Corporate costs includes additional operational, customer experience and IT spend to support new facility expansion
- Full year run rate of new facility costs and other property holding costs (e.g. property rates and taxes for S3, P2 and M3) expected in FY19

1. 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
2. EBITDA is a non-statutory metric representing earnings before interest, tax, depreciation and amortisation
3. Underlying EBITDA excludes distribution income of $3.2m from NEXTDC's investment in APDC, as well as $1.8m of costs related to the current APDC wind-up proposal
4. Profit after tax for FY17 includes an income tax benefit of $10.2m associated with the recognition of deferred tax assets
5. 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

Solid revenue and EBITDA growth

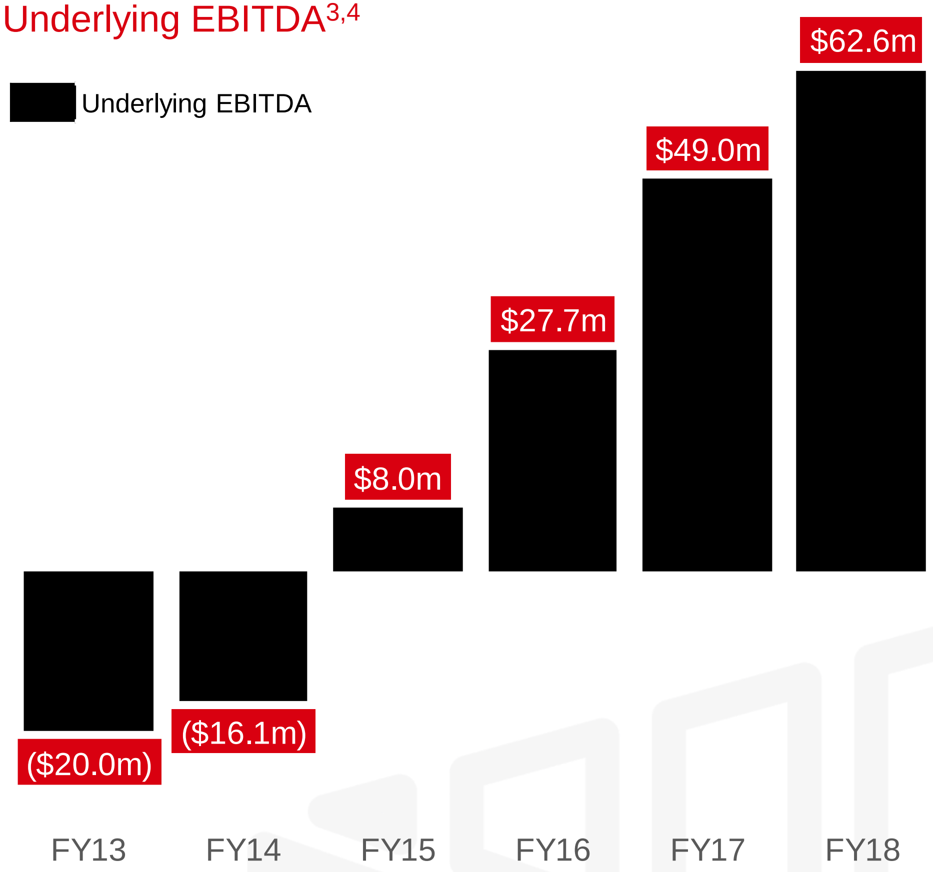
30% growth on FY17

Recurring and project revenue[1]



28% growth on FY17[3,4]

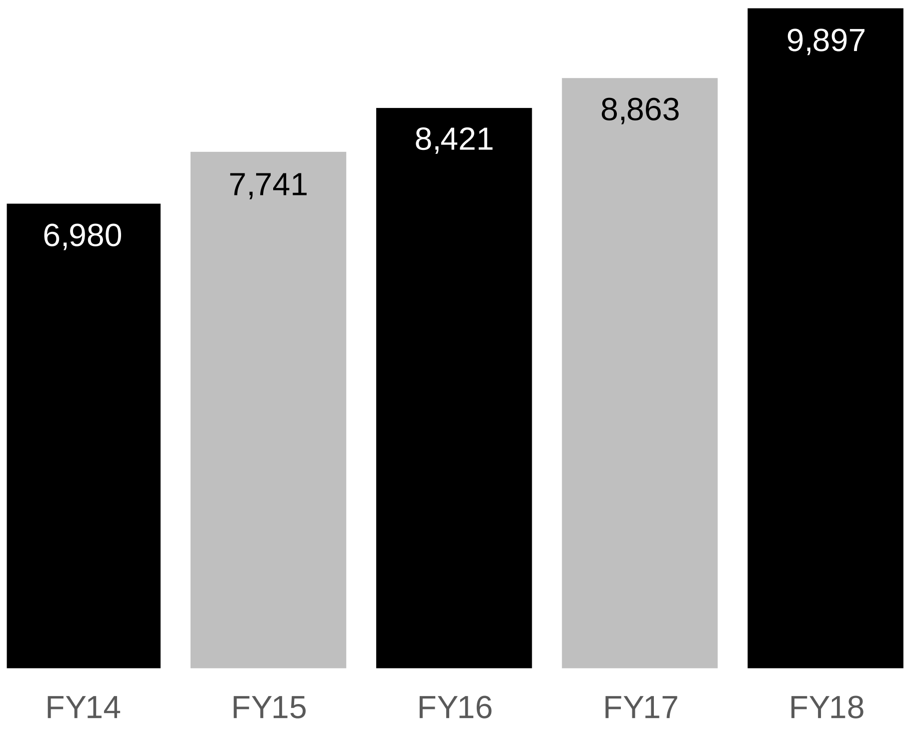
Underlying EBITDA[3,4]



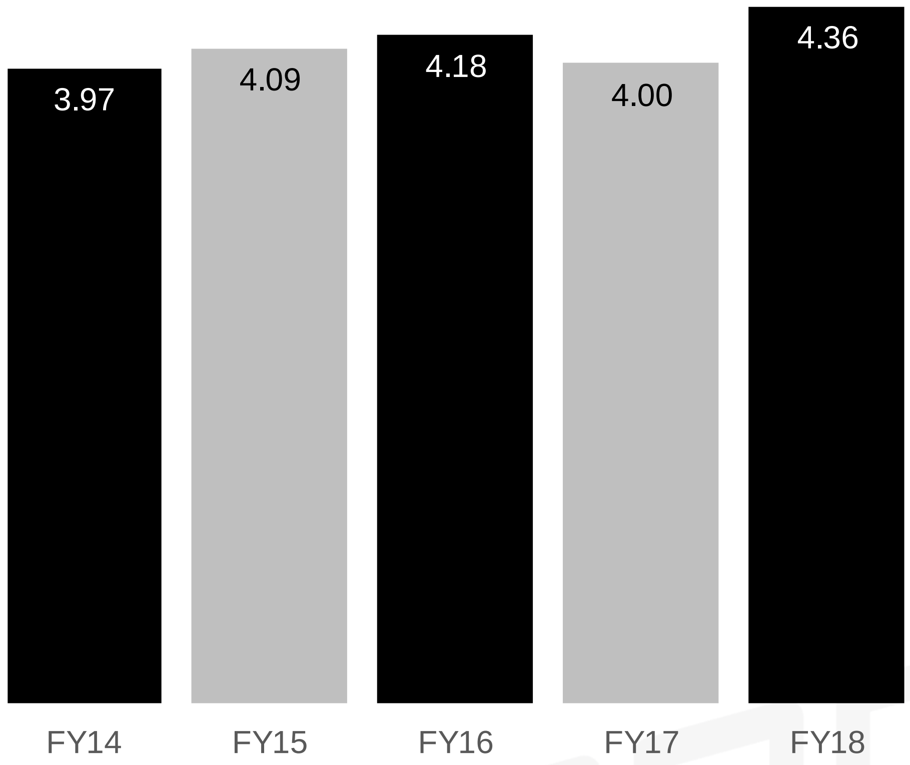
1. Data centre services revenue excludes interest and data centre development revenue
2. Project revenue includes one-off setup costs for new customer fitouts, standard establishment fees for new services, remote hands and other services
3. FY13 and FY14 underlying EBITDA excludes building development profit, APDC distributions and fund raising advisory fees
4. FY18 underlying EBITDA excludes distribution income of $3.2m from NEXTDC's 29.2% investment in APDC, as well as $1.8m of costs related to the current APDC wind-up proposal

Revenue per unit metrics

Annualised revenue per sqm ($)[1]



Annualised revenue per MW ($m)[2]

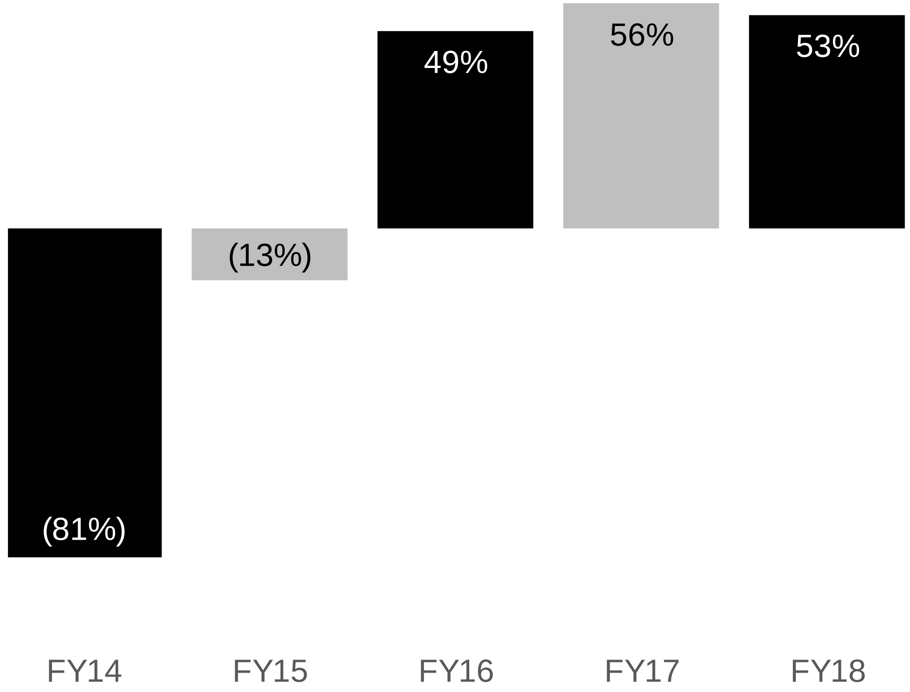


- Demonstrates ongoing growth in revenue per square metre, noting the deployment of large, high density, ecosystem enhancing deals over time
- New facility developments designed to take advantage of industry movements toward higher density requirements
- Revenue derived from larger ecosystem enhancing customer deployments tends to increase over time as they mature, due to higher usage of contracted power capacity, increased demand for interconnection, and the use of ancillary services

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. Metric reflects the total weighted average megawatt months billed over the period

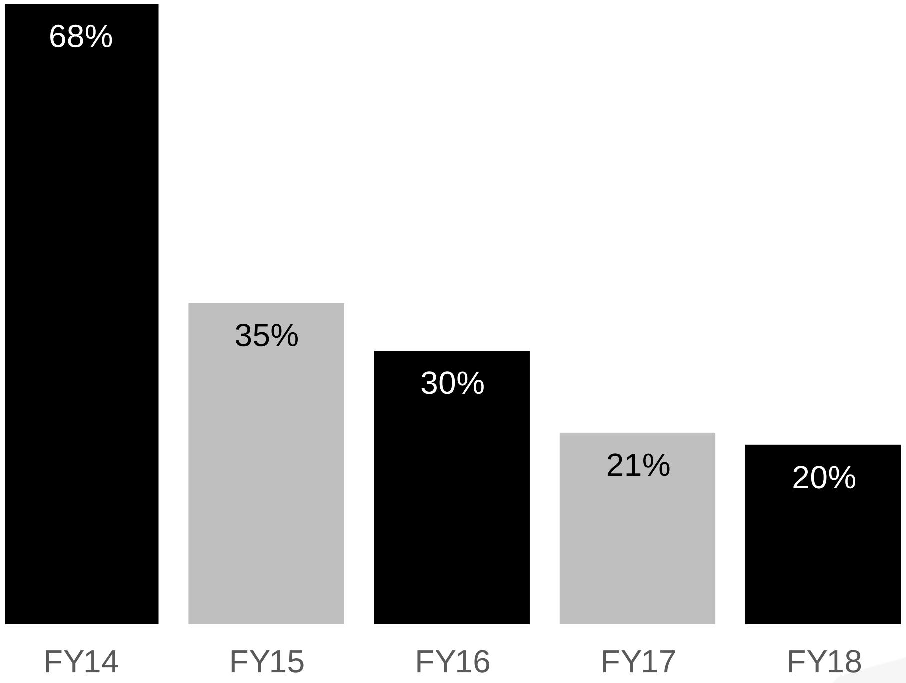
Business model delivers significant operating leverage

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[2,3]



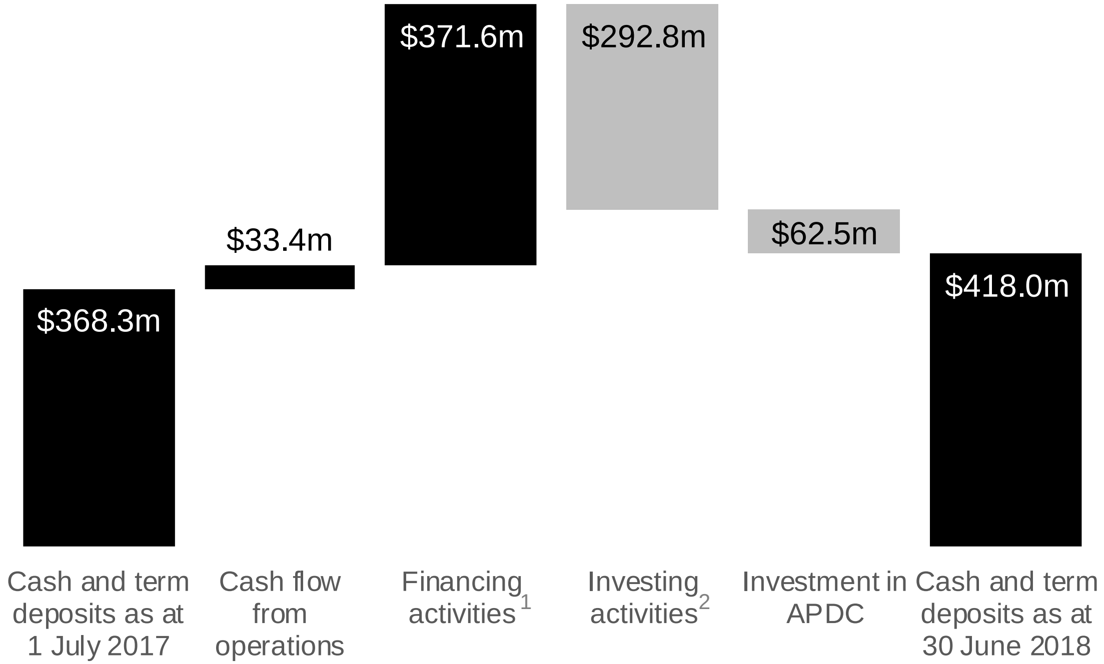
- Strong corporate cost performance drives significant operating leverage
- Expect near term scale benefits as capacity expands

1. EBITDAR represents EBITDA plus data centre rent
2. FY14 excludes building development profit, APDC distributions and fund raising advisory fees
3. FY18 excludes distribution income of $3.2m from NEXTDC's 29.2% investment in APDC, as well as $1.8m of costs related to the current APDC wind-up proposal

Well capitalised for growth

	30 June 2018 ($m)	30 June 2017 ($m)
Cash and term deposits	418.0	368.3
Property, plant, equipment	679.9	434.3
Investment in APDC	62.5	–
Total assets	**1,235.9**	**852.4**
Interest-bearing liabilities	304.1	302.3
Total liabilities	**341.9**	**345.9**
Net assets	**894.0**	**506.5**

- Post 30 June 2018, NEXTDC raised an additional **$300m** in **senior unsecured notes (Notes IV)** in July 2018, bringing pro-forma cash and term deposits to **$718m**
- Strong banking support demonstrated through the **upsize of the senior secured debt facility in August 2017 to $300m** (previously $100m). This facility remains undrawn
- Together, this brings our total **pro-forma liquidity to over $1bn** in July 2018



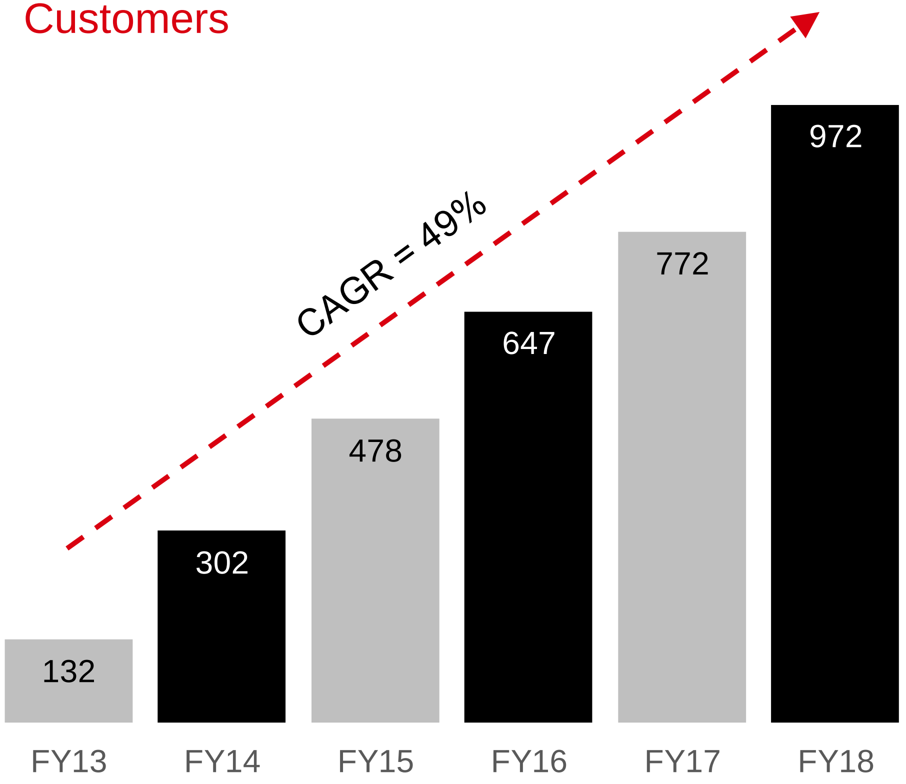
1. Cash flows from financing activities include proceeds from equity and debt raisings, transaction costs relating to financing activities and finance lease payments
2. Excluding receipts for term deposits

FY18 Full-Year Results

BUSINESS PERFORMANCE

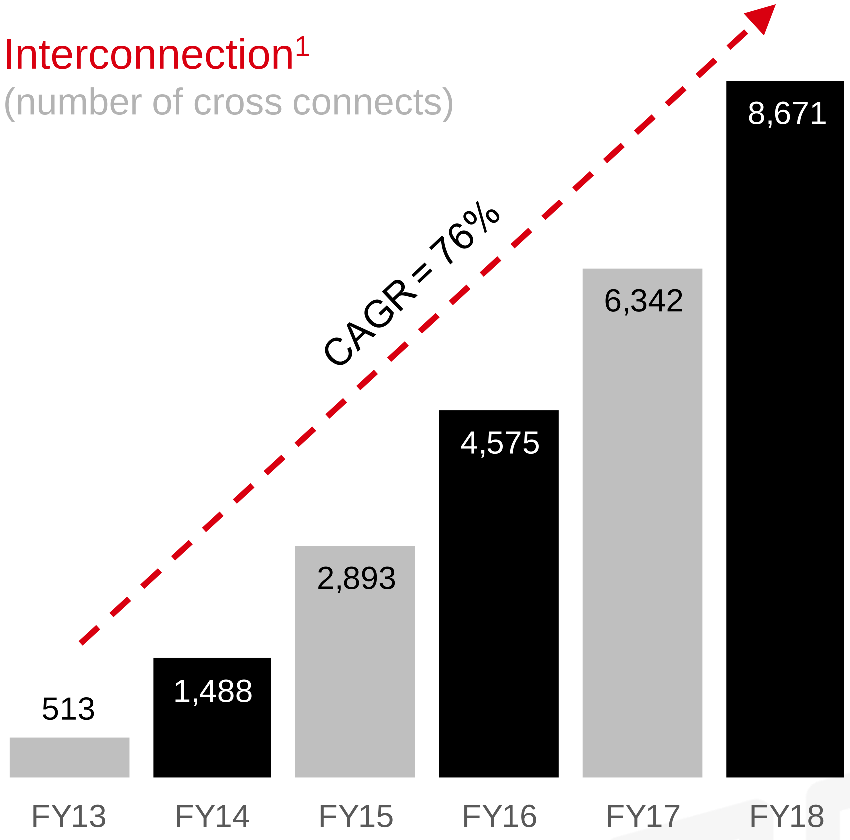
Strong growth in customers and connectivity

Customers



Interconnection[1]

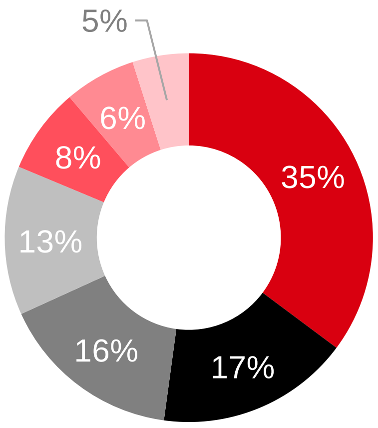
(number of cross connects)



- Strong growth in interconnection drives average interconnects per customer to 8.9 (up 9%) at 30 June 2018 compared to 8.2 at 30 June 2017
- Growth in average interconnects per customer highlights the increasing use of hybrid cloud and connectivity both inside and outside the data centre as customers expand their ecosystems
- Ecosystem growth is expected to drive higher margins and customer retention

1. Comprises both physical and elastic cross connections

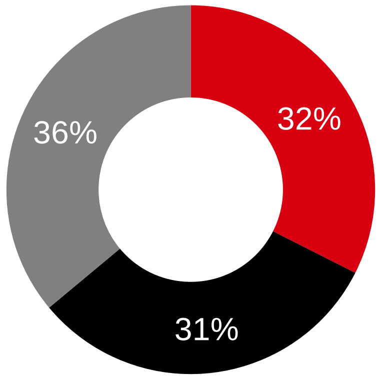
Diversified recurring revenue model



Customer by industry[1,2]

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

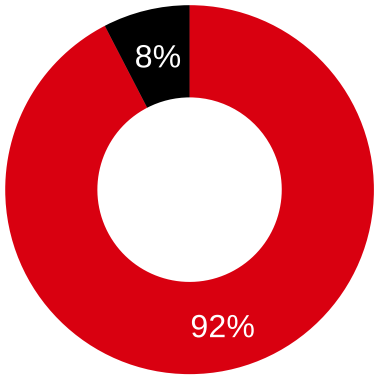
Cloud, connectivity and channel partners drive strong ecosystem growth



Utilisation by density[1,3]

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

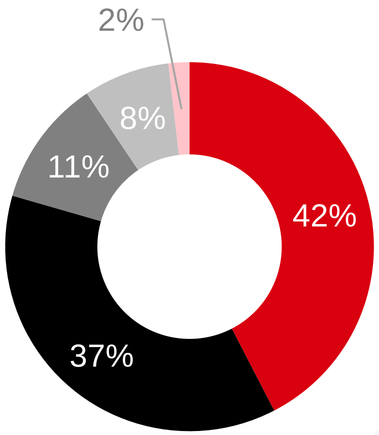
Customer power requirements continue to increase



Recurring vs project[1,4]

- Recurring
- Project

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



Revenue by region[1,4]

- VIC
- NSW
- QLD
- WA
- ACT

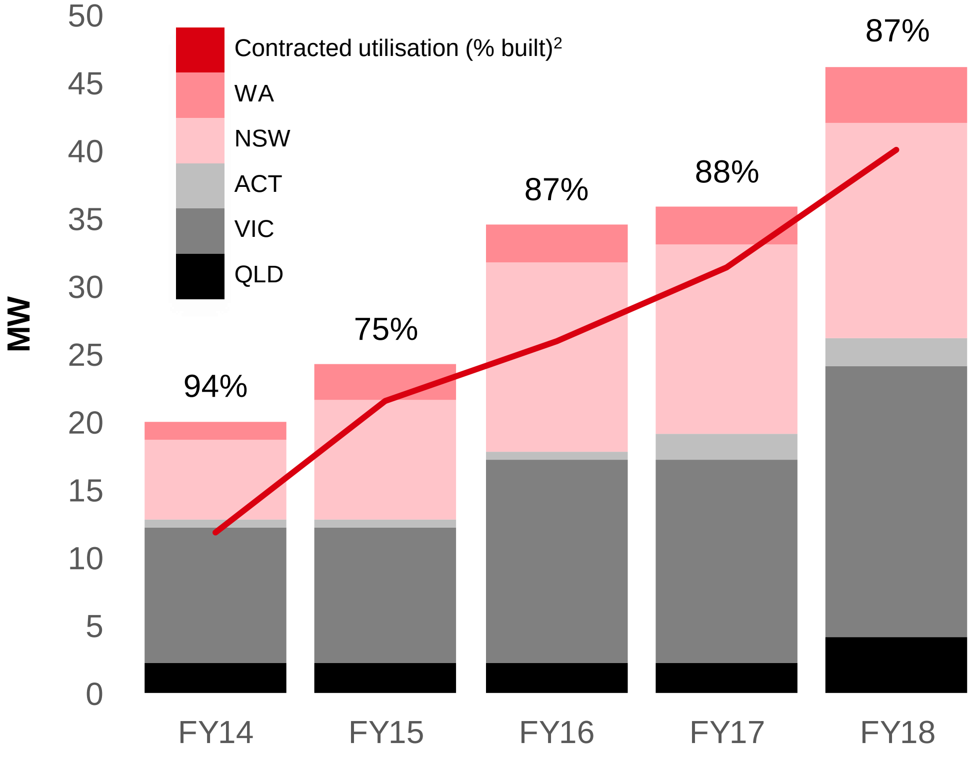
Strong performance in key markets

1. As at 30 June 2018
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 FY18 data centre services revenue

Utilisation

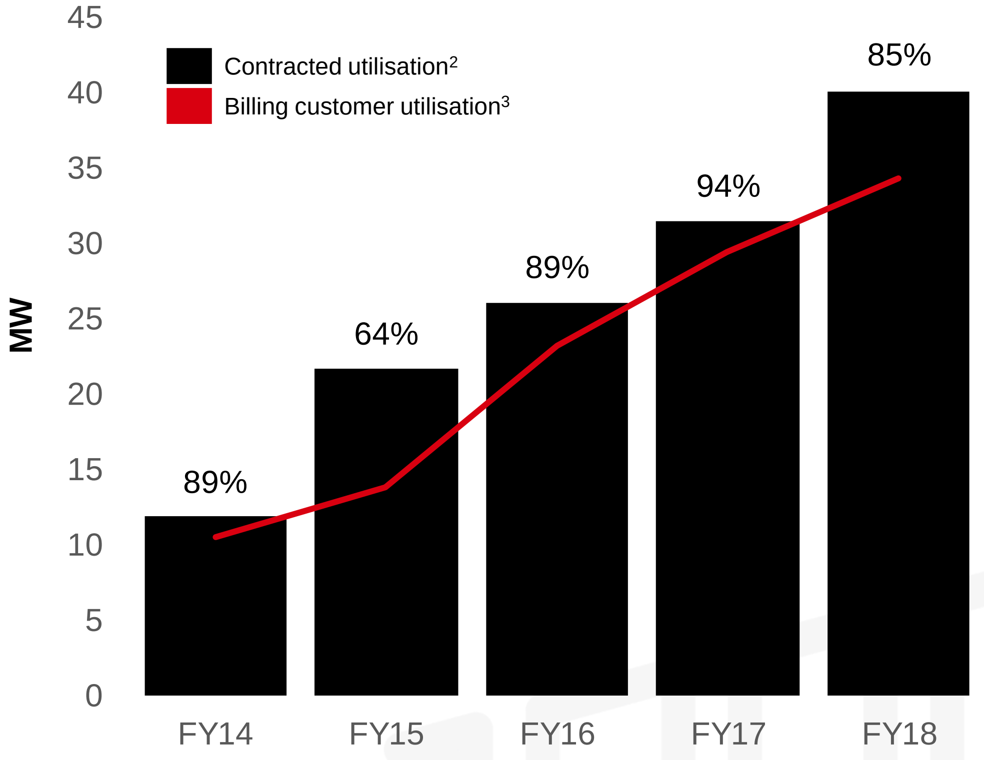
Installed capacity[1] vs contracted utilisation

- 87% of installed capacity was contracted at 30 June 2018
- Over 10MW of new capacity added since 30 June 2017



Billing vs contracted utilisation

- Contracted utilisation up 8.7MW (28%) to 40.2MW since 30 June 2017[4]
- Billing customer utilisation up 17% since 30 June 2017

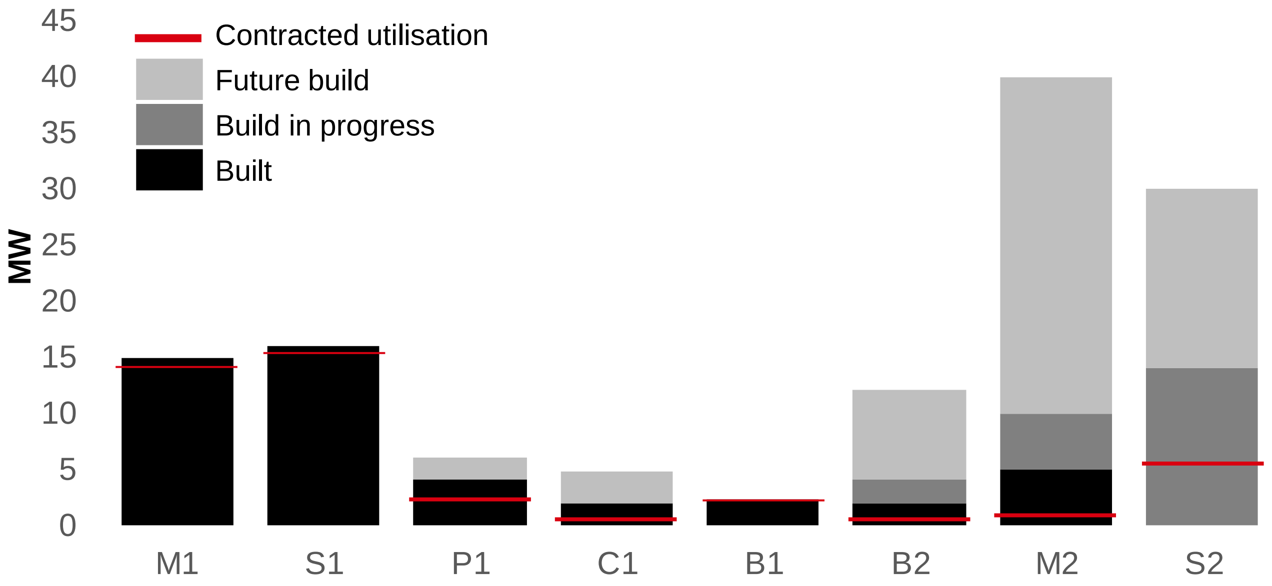


1. Installed capacity includes the designed power capacity of the data halls fitted out at each facility. Further investment into customer related infrastructure, such as backup power generation, cooling equipment or rack infrastructure, may be made in line with customer requirements
2. Contracted utilisation 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 30 June 2018

- **B2 Brisbane and M2 Melbourne:** B2 and M2 developments opened in FY18 with 2MW of new capacity in each market. M2 subsequently expanded to 5MW of new capacity, while B2 obtained Tier IV Gold Certification of Operational Sustainability
- **S2 Sydney:** S2 development continues with target open expected in 1H19, with 6MW of capacity (Phase 1) and an additional 8MW of new capacity being brought forward
- **S1 Sydney:** Final expansion works completed, 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 FY18, 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	1H19	
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	5.0	–	46.4
Land and building capex to date	–	–	–	–	–	$52m	$53m	$59m	$164m
Fitout capex to date[2,3]	$147m	$155m	$60m	$37m	$33m	$32m	$40m	–	$503m
Contracted utilisation (MW)	14.0	15.2	2.2	0.4	2.1	0.3	0.7	5.4	40.2
% of total power planned	93%	95%	36%	8%	92%	3%	2%	18%	32%
% of MW built	93%	95%	53%	18%	92%	16%	14%	–	87%
Capacity available for sale (MW)	1.0	0.8	3.8	4.4	0.2	11.7	39.3	24.6	85.8

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

FY18 Full-Year Results

FY19 OUTLOOK

FY19 Outlook

Strong revenue growth	**Revenue between $194m to $200m[1] (up 20% to 24% on FY18)[1]:** ▪ Revenue growth underpinned by long-term customer contracts ▪ Connectivity revenues supported by 37% increase in cross connects during FY18 ▪ Expect material new customer wins to drive further growth in FY19 and beyond
Substantial operating leverage	**Underlying EBITDA[2] between $75m to $80m[1] (up 20% to 28% on FY18)[1]:** ▪ Generation 2 facility performance driving scale and rapid earnings growth ▪ Operational excellence driving efficiencies in energy management and purchasing ▪ Company continues to invest in growth projects and customer experience
Customer driven investment	**Capital expenditure between $430m to $470m, in response to strong demand:** ▪ S2 open in 1H19, with 6MW of capacity (Phase 1) and an additional 8MW being brought forward ▪ Capacity expansion works to continue at P1, B2 and M2 to support customer demand ▪ Commencement of construction of P2 as well as settlement of land for future expansion at M3
Benchmark operational excellence	**Setting the operational benchmark for the data centre industry in the Asia Pacific:** ▪ Uptime Institute (UTI) Tier IV Certification of Constructed Facility (TCCF) achieved at B2 and M2, expected at S2 ▪ UTI Gold Certification of Operational Sustainability achieved at P1 and B2. B2 is the first Tier IV Gold certified data centre in the southern hemisphere ▪ B2, M2 and S2 are designed to achieve an industry-leading NABERS 5-star rating for energy efficiency ▪ P2, S3 and M3 will further extend NEXTDC's lead in technological innovation and customer experience

1. Based on prior accounting standards. From FY19 onwards, NEXTDC will adopt AASB 9 (Financial Instruments), AASB 15 (Revenue from Contracts with Customers) and AASB 16 (Leases) – refer to Appendices
2. Underlying EBITDA excludes distribution income from NEXTDC's investment in APDC, as well as any costs related to the current APDC wind-up proposal

FY18 Full-Year Results Appendices

Australia's **largest** hyperscale data centre solutions provider

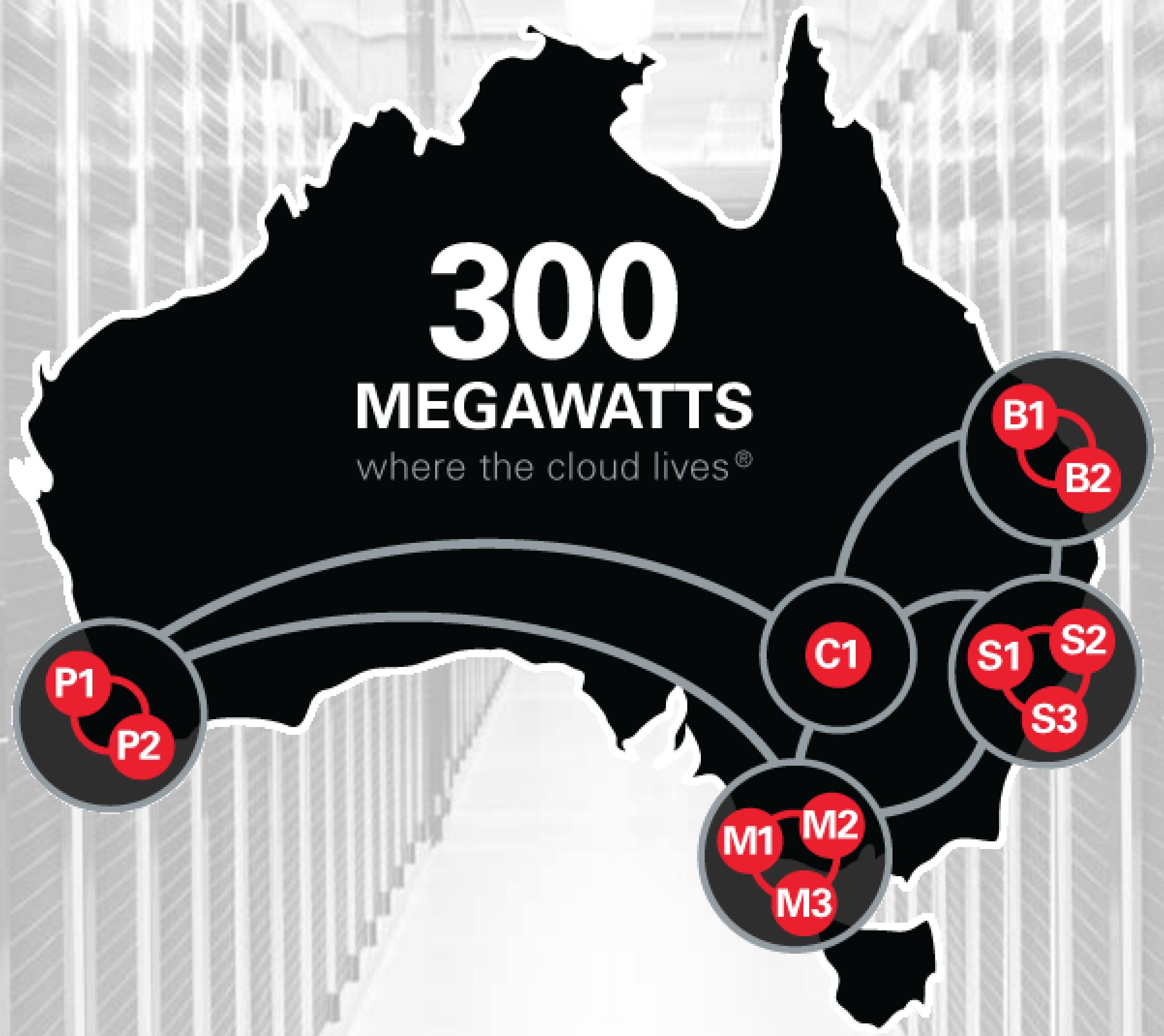
BRISBANE
B1 2.25MW
B2 12MW

SYDNEY
S1 16MW
S2 30MW
S3 80MW

MELBOURNE
M1 15MW
M2 40MW
M3 80MW

CANBERRA
C1 4.8MW

PERTH
P1 6MW
P2 20MW



50,000
RACKS[1]

8 Data Centres
+3 MORE COMING

1. At full fit-out

FY19 NEW ACCOUNTING STANDARDS

New accounting changes – FY18

	Note	2018 Statutory Disclosure ($m)	AASB 15[1] ($m)	AASB 16[1] ($m)	2018 Pro Forma[1] ($m)
Data centre services revenue	2	152.6	(5.2)		147.3
Other revenue		9.0			9.0
Total revenue from continuing operations		**161.5**	**(5.2)**		**156.3**
Direct costs (power and consumables)		27.6			27.6
Facility costs (data centre rent, property costs, maintenance, facility staff, other)	3	31.7		(17.8)	14.0
Corporate overheads	3,4	29.8	(0.3)	(0.2)	29.3
Total operating costs		**89.1**	**(0.3)**	**(18.0)**	**70.8**
EBITDA		**64.0**	**(4.9)**	**18.0**	**77.0**
Underlying EBITDA	5	**62.6**	**(4.9)**	**18.0**	**75.6**
EBIT	6	**30.9**	**(2.6)**	**10.8**	**39.1**
Profit before tax		**10.9**	**(4.9)**	**(5.4)**	**0.6**

1. Movements due to accounting changes reflect management estimates and have not been audited. These changes take into account AASB 15 (Revenue from Contracts with Customers) and AASB 16 (Leases)
2. Reversal of project fee income of $9.6m recognised in FY18, and recognition of $6.7m instead in accordance with AASB 15
3. Reversal of FY18 rental expense – replaced by interest and depreciation expense under AASB 16
4. Reversal of some commission costs expensed in FY18 and recognition of FY18 deferred component to be recognised under AASB 15
5. Recognition of greater FY18 depreciation expense on leases under AASB 16 (in place of rental expense)
6. Recognition of greater FY18 interest expense on leases under AASB 16 (in place of rental expense)

New accounting changes – FY19 Outlook

	Based on prior accounting standards		Based on new accounting standards[1]	
	Guidance	Growth on FY18	Guidance	Growth on FY18
Revenue	$194m to $200m	↑ $35m (22%)[3]	$183m to $188m	↑ $29m (19%)[3]
Underlying EBITDA[2]	$75m to $80m	↑ $15m (24%)[3]	$83m to $87m	↑ $9m (12%)[3]
Capex	$430m to $470m		$430m to $470m	

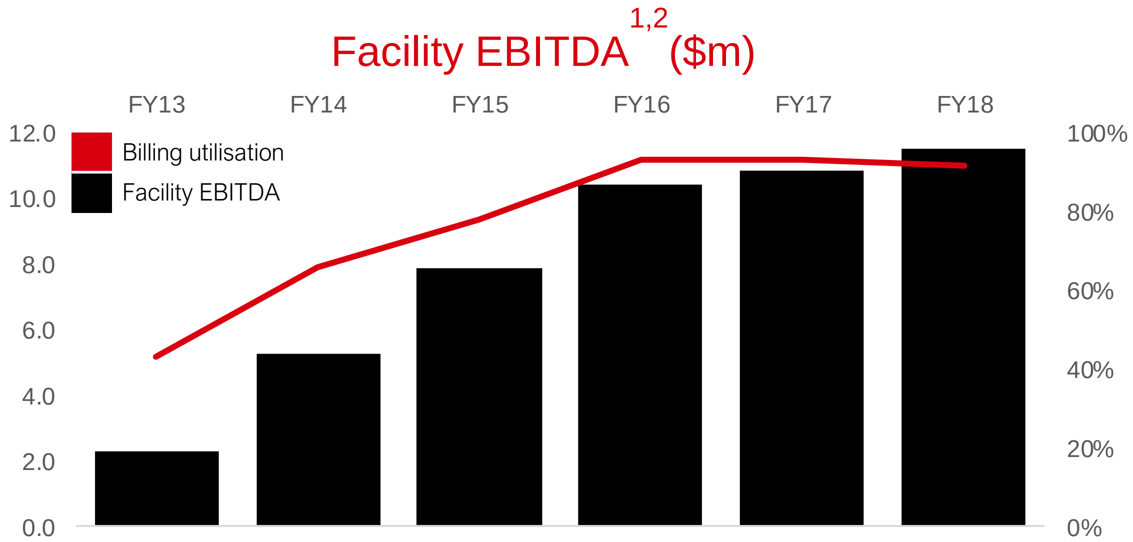
1. Movements due to accounting changes reflect management estimates and have not been audited. These changes take into account AASB 9 (Financial Instruments), AASB 15 (Revenue from Contracts with Customers) and AASB 16 (Leases)
2. Excluding any distribution income received from NEXTDC's investment in APDC as well as any costs related to the proposed wind-up of APDC
3. Based on the mid-point of the range

CASE STUDIES

Case study – **B1** Brisbane

★ Highlights

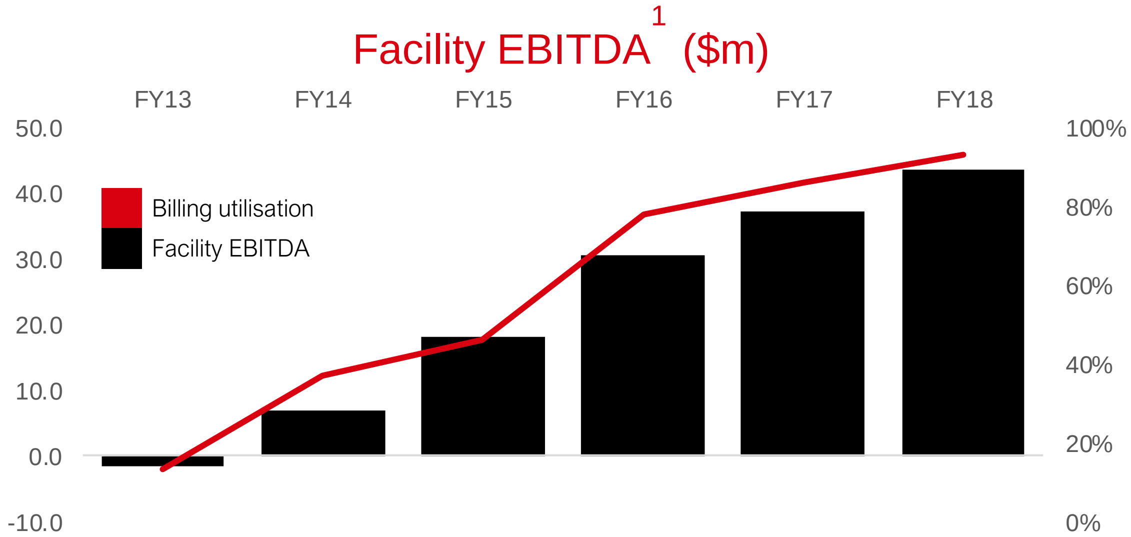
- NEXTDC's first facility, commenced operations in October 2011
- Break-even reached after 9 months of operation



($'000s) Period ended	FY13	FY14	FY15	FY16	FY17	FY18
Contracted utilisation	46%	69%	79%	93%	93%	92%
Billing utilisation[3]	43%	66%	78%	93%	93%	92%
Recurring revenue	3,781	6,953	9,995	13,026	14,329	15,327
Project revenue	325	705	707	763	367	186
Gross data centre revenue	4,106	7,657	10,702	13,790	14,698	15,513
Facility EBITDAR[1]	2,588	5,612	8,253	10,813	11,258	11,965
Facility EBITDA[1,2]	2,273	5,271	7,888	10,426	10,851	11,535
EBITDAR margin %	63%	73%	77%	78%	77%	77%
Facility capex to date ($m)	26	27	28	30	31	33

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

Case study – **M1** Melbourne



★ Highlights

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

($'000s) Period ended	FY13	FY14	FY15	FY16	FY17	FY18
Contracted utilisation[2]	38%	42%	76%	86%	93%	93%
Billing utilisation[3]	13%	37%	46%	78%	86%	93%
Recurring revenue	3,431	14,051	25,522	38,231	48,193	59,550
Project revenue	443	2,254	2,261	4,310	3,122	3,005
Gross data centre revenue	3,875	16,305	27,782	42,541	51,315	62,554
Facility EBITDAR[1]	1,951	11,750	22,893	35,557	42,267	48,619
Facility EBITDA[1]	(1,563)	7,010	18,047	30,620	37,261	43,534
EBITDAR margin %	50%	72%	82%	84%	82%	78%
Facility capex to date ($m)	57	84	87	120	139	147

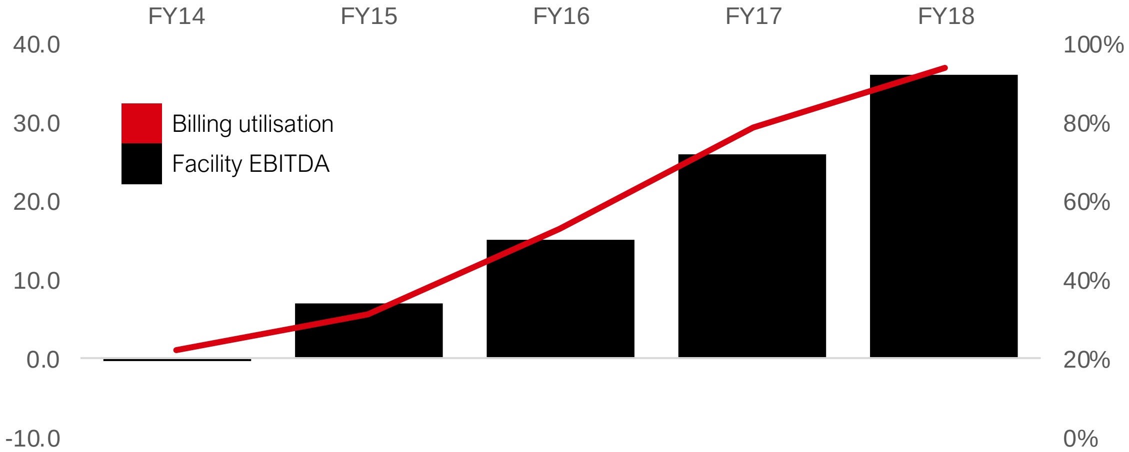
1. Before head office costs
2. Percentages adjusted to reflect Project Plus capacity of 15MW
3. Billing utilisation refers to the sold capacity for which revenue is currently being recognised as at the end of the period

Case study – **S1** Sydney

★ Highlights

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

Facility EBITDA[1] ($m)



($'000s) Period ended	FY14	FY15	FY16	FY17	FY18
Contracted utilisation[2]	23%	48%	62%	84%	95%
Billing utilisation[2,3]	22%	31%	53%	79%	94%
Recurring revenue	4,069	12,711	22,195	34,730	51,111
Project revenue	1,825	3,703	4,147	6,274	5,073
Gross data centre revenue	5,894	16,414	26,342	41,004	56,184
Facility EBITDAR[1]	3,709	12,415	20,716	31,700	41,937
Facility EBITDA[1]	(295)	6,979	15,176	26,083	36,051
EBITDAR margin %	63%	76%	79%	77%	75%
Facility capex to date ($m)	64	78	114	135	155

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

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