FY19 HALF-YEAR RESULTS

27 FEBRUARY 2019

NEXTDC

NEXTDC LIMITED ACN 143 582 521

1H19 HIGHLIGHTS

REVENUE[1]	UNDERLYING EBITDA[1,2]	UTILISATION
$90.8m	**$42.2m**	**50.4MW**
+17%	**+26%**	**+28%**
CUSTOMERS	PARTNERS	INTERCONNECTIONS
1,090	**500+**	**9,982**
+25%	**60+ NETWORKS**	**+34%**

1. Not adjusted for differences in accounting standards between 1H19 and prior periods, which distorts comparability. NEXTDC adopted new accounting standards AASB 9, AASB 15 and AASB 16 from 1 July 2018
2. Excludes distribution income from NEXTDC's investment in Asia Pacific Data Centre Group (APDC), transaction costs (including landholder duty) related to the acquisition and wind up of APDC as well as gains on extinguishment of property leases. See page 26 for further details

Note: All percentage increases are expressed relative to the 1H18 results

1H19 HIGHLIGHTS

Solid revenue growth

- Revenue from continuing operations[1] up $13.3m (17%) to $90.8m
- Contracted utilisation[2] up 11.1MW (28%) to 50.4MW
- Interconnections[2] up 2,526 (34%) to 9,982, representing 7.7% of recurring revenue

Strong operating leverage

- Underlying EBITDA[1,3] up $8.6m (26%) to $42.2m
- Operating cash flows[1,4] down $11.8m (44%) to $15.0m
- Profit after tax[1] down $11.6m to a loss after tax of $3.1m

Capitalised for growth

- Cash and term deposits of $344m at 31 December 2018
- Liquidity of $644m, including NEXTDC undrawn senior syndicated debt facility of $300m
- Balance sheet position underpinned by over $1.6bn of total assets

Network expansion continues

- S2 opened to early customer access in 1H19 with development ongoing
- P2 microsite and connectivity hub opened in 1H19 to facilitate early customer access to the Indigo subsea cable system and other network providers
- Completed the acquisition of underlying P1, M1, S1 and B1 properties (land and building), consistent with NEXTDC's long term strategy to own the underlying properties for its data centre operations

1. Compared to 1H18. Not adjusted for differences in accounting standards between 1H19 and prior periods, which distorts comparability. NEXTDC adopted new accounting standards AASB 9, AASB 15 and AASB 16 from 1 July 2018
2. Compared to 1H18
3. Excludes distribution income from NEXTDC's investment in Asia Pacific Data Centre Group (APDC), transaction costs (including landholder duty) related to the acquisition and wind up of APDC as well as gains on extinguishment of property leases. See page 26 for further details
4. 1H19 operating cash flows include net interest paid of $20.3m and one-off payments (after accruals) related to the acquisition of APDC (including landholder duty) of $5.8m

1H19

AGENDA

Financial Results

Business Performance

FY19 Guidance

Appendices

FY19 Half-Year Results

FINANCIAL RESULTS

1H19 profit and loss summary

	Note	1H19 ($m)	1H18 ($m)	Change ($m)
Data centre services revenue	1	84.1	72.9	11.2
Other revenue		6.6	4.5	2.1
Total revenue from continuing operations		**90.8**	**77.5**	**13.3**
Direct costs (power and consumables)		16.9	11.0	5.9
Facility costs (data centre rent, property costs, maintenance, facility staff, other)	1	8.3	14.9	(6.6)
Corporate overheads	2,3	17.2	13.6	3.6
Total operating costs		**42.4**	**39.5**	**2.9**
EBITDA		**37.4**	**35.3**	**2.1**
Underlying EBITDA	**4**	**42.2**	**33.6**	**8.6**
EBIT		**15.4**	**21.7**	**(6.3)**
Profit / (loss) before tax		(7.4)	12.3	(19.7)
Profit / (loss) after tax		**(3.1)**	**8.4**	**(11.6)**

Recurring DC
REVENUE
↑23%

Underlying
EBITDA[1]
↑26%

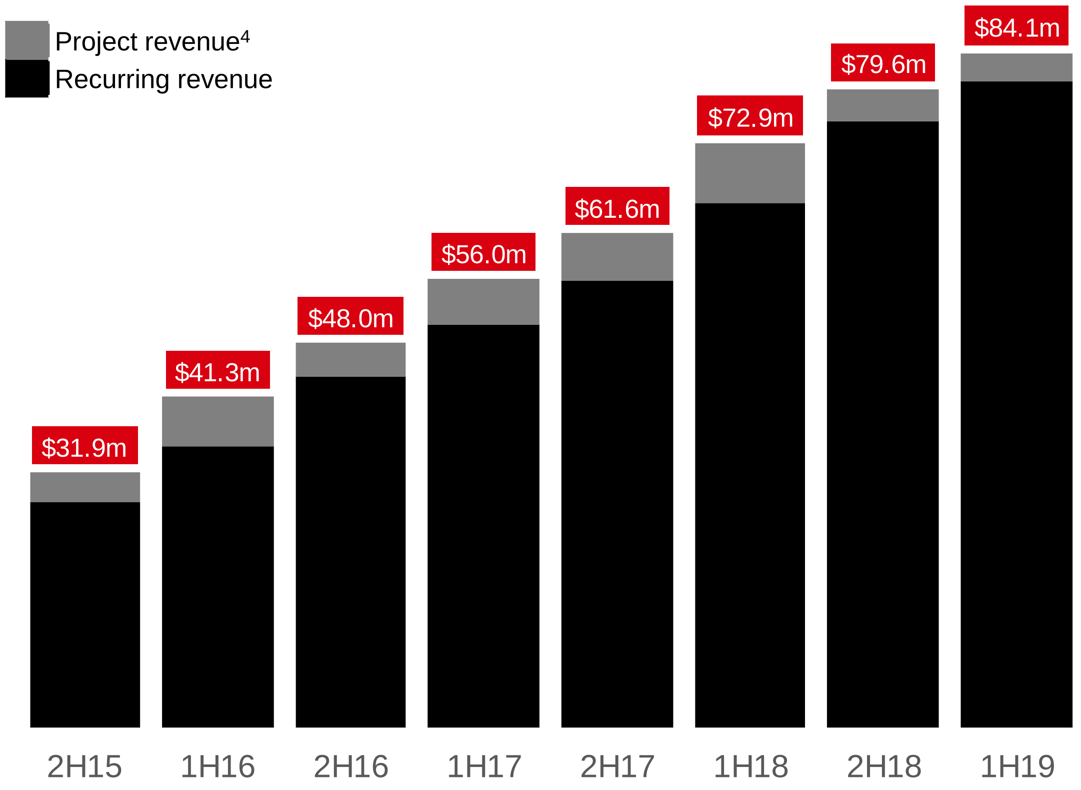
- Data centre services revenue excluding project revenue ("recurring revenue") grew 23% on 1H18
- Net impact of rising energy costs ~15%[5] of total direct costs in 1H19. Per unit energy costs expected to fall in calendar 2019
- Facility costs have declined following the implementation of new lease accounting standards and acquisition of underlying P1, M1, S1 and B1 properties
- Corporate overheads include additional operational, customer experience and IT spend to support new facility expansion

1. Not adjusted for differences in accounting standards between 1H19 and prior periods, which distorts comparability. NEXTDC adopted new accounting standards AASB 9, AASB 15 and AASB 16 from 1 July 2018
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. 1H19 corporate overheads excludes $5.0m in one-off costs related to the acquisition of APDC – refer to page 26 for further details
4. Excludes distribution income from NEXTDC's investment in Asia Pacific Data Centre Group (APDC), transaction costs (including landholder duty) related to the acquisition and wind up of APDC as well as gains on extinguishment of property leases. See page 26 for further details
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

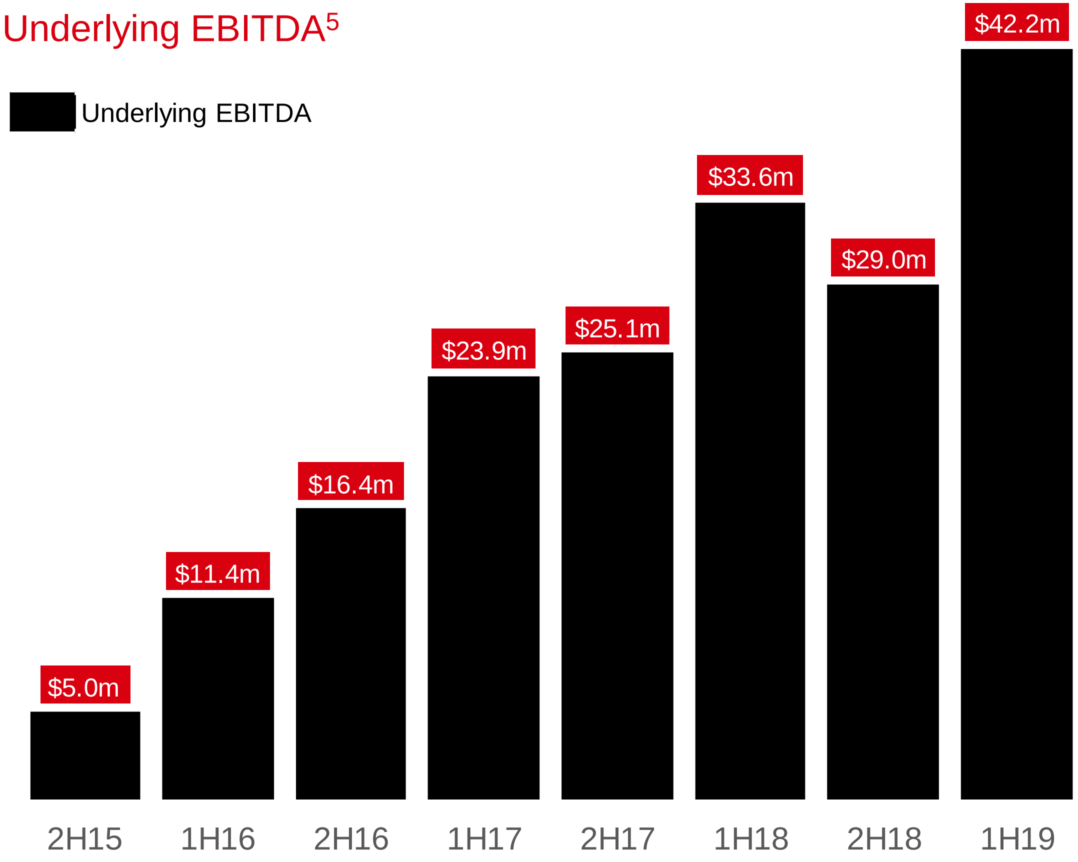
23% growth on 1H18[1,2]

Recurring and project revenue[3]



26% growth on 1H18[1]

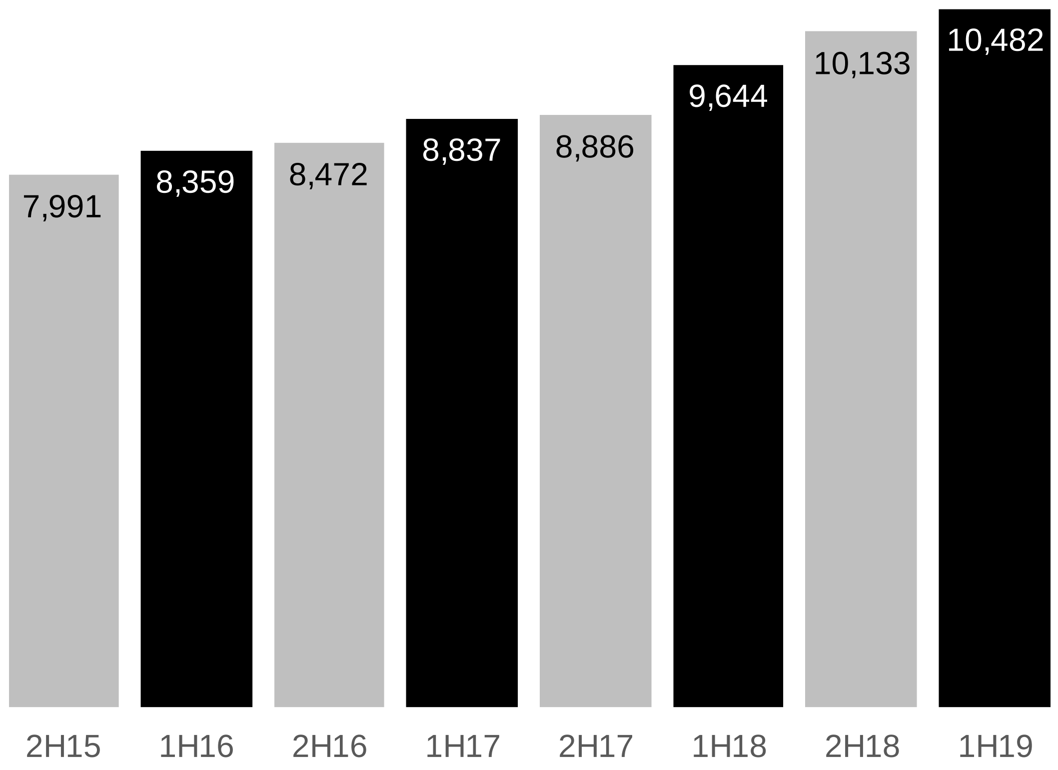
Underlying EBITDA[5]



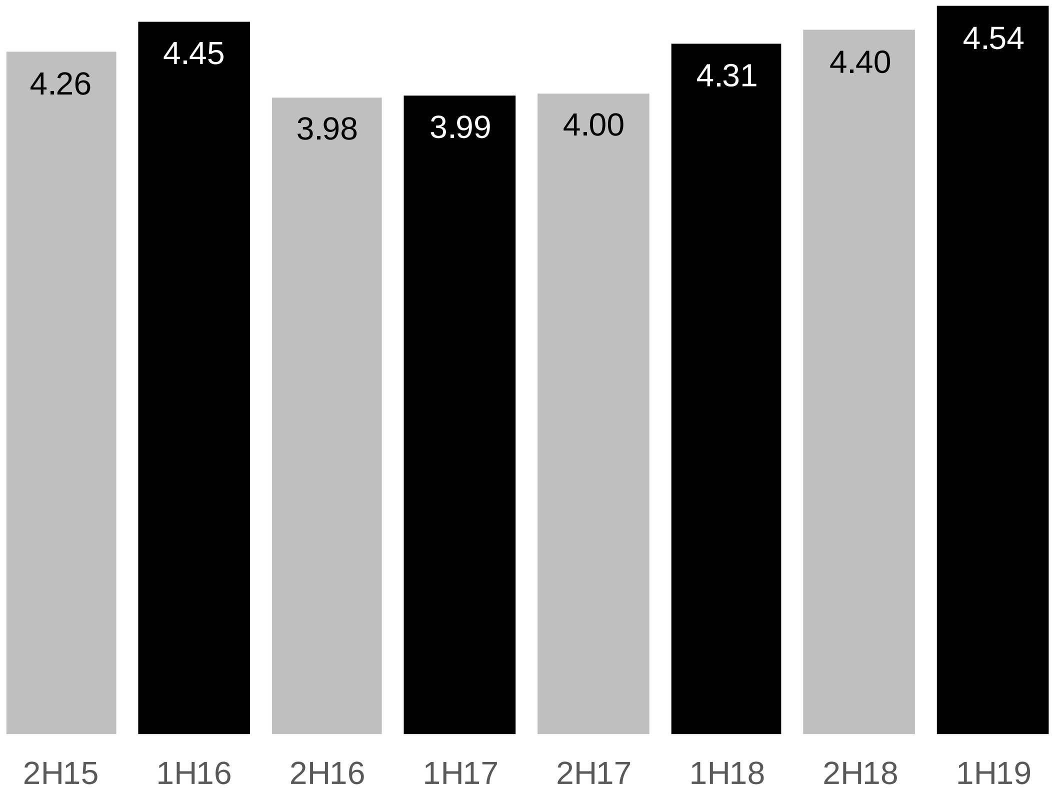
1. Not adjusted for differences in accounting standards between 1H19 and prior periods, which distorts comparability. NEXTDC adopted new accounting standards AASB 9, AASB 15 and AASB 16 from 1 July 2018
2. Revenue growth of 23% reflects growth in recurring revenue, being data centre services revenue excluding project revenue
3. Excludes interest revenue
4. Prior to 1H19 project revenue was recognised upfront, as the services were provided. Under AASB 15 (which came into effect on 1 July 2018), this revenue is mostly deferred and recognised over the term of the contract with the customer
5. 1H18, 2H18 and 1H19 underlying EBITDA excludes distribution income from NEXTDC's investment in APDC prior to the full acquisition of APDC. 1H19 underlying EBITDA also excludes transaction costs (including landholder duty) related to the acquisition and wind up of APDC, as well as asset revaluation gains

Revenue per unit metrics

Annualised revenue per sqm[1] ($)



Annualised revenue per MW[2] ($m)



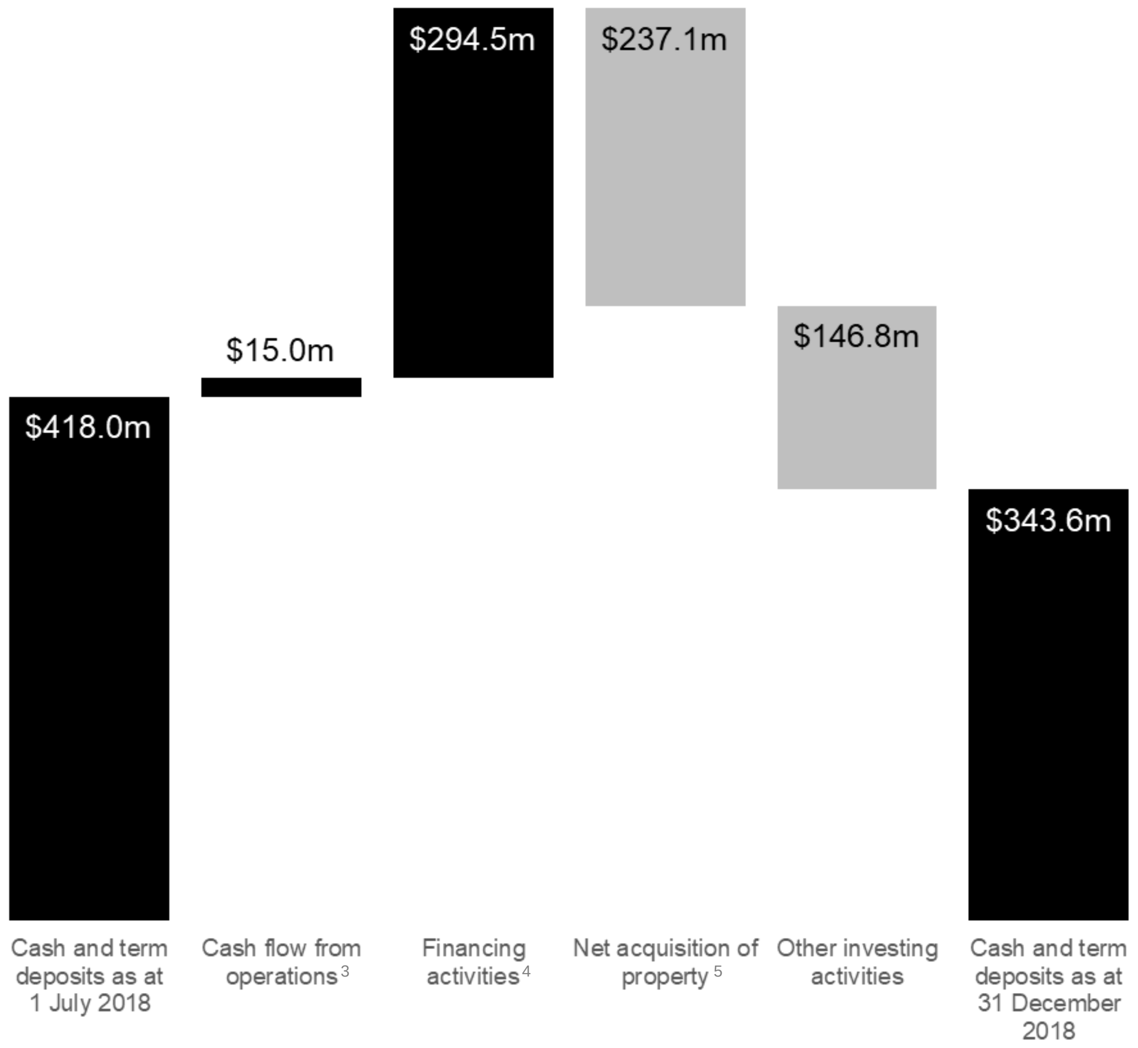
- Demonstrates ongoing growth in revenue per square metre, noting the deployment of large, high density, ecosystem enhancing deals over time
- New facility developments designed to take advantage of industry movements toward higher density requirements
- Revenue derived from larger ecosystem enhancing 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

Well capitalised for growth

	31 December 2018 ($m)	30 June 2018 ($m)
Cash and term deposits	344	418
Property (land and buildings)[1]	581	254
Plant and equipment	594	488
Total assets	**1,604**	**1,236**
Borrowings[2]	593	297
Total liabilities	**723**	**342**
Net assets	**882**	**894**

- In July 2018, NEXTDC raised an additional **$300m** in **senior unsecured notes (Notes IV)**
- Senior secured debt facility of $300m remains undrawn, which combined with NEXTDC's cash and term deposit balance of $344m results in **total pro-forma liquidity of $644m at 31 December 2018**
- NEXTDC had a total of **$581m in total property holdings at 31 December 2018**



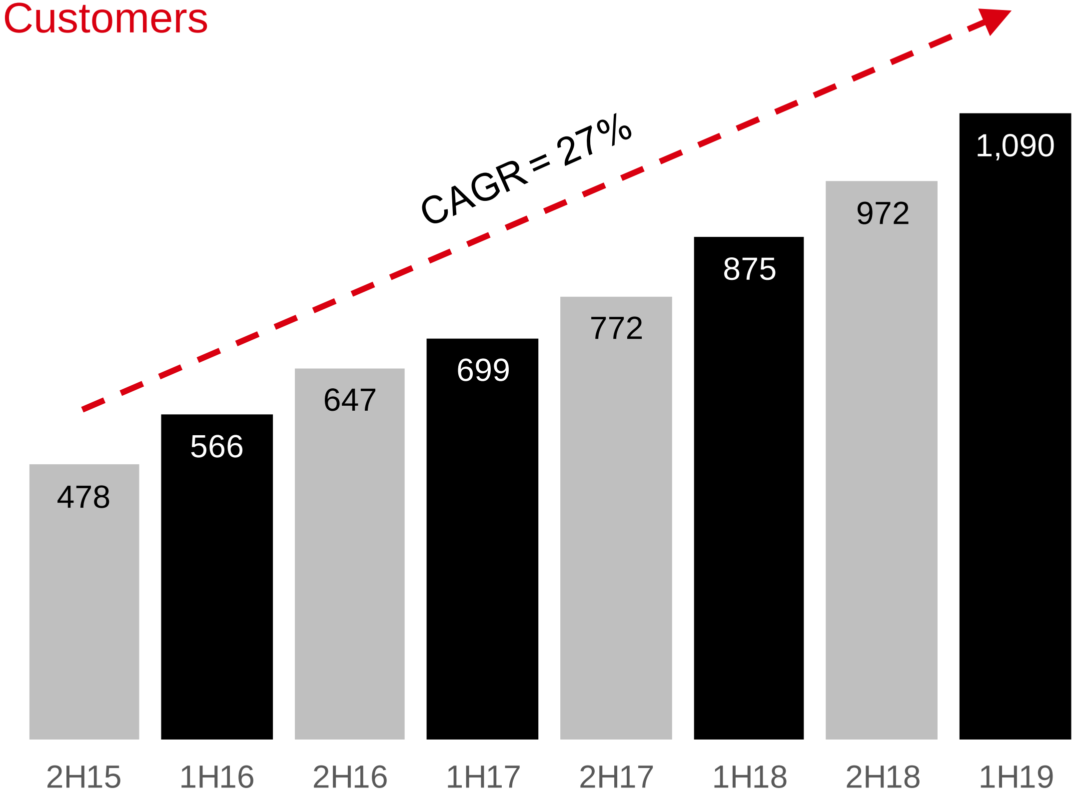
1. 30 June 2018 balance includes NEXTDC's previous interest in APDC, of which NEXTDC completed the acquisition in November 2018, at which point it became a wholly owned subsidiary of NEXTDC
2. Reported balances include capitalised transaction costs which are amortised over the term of the debt instruments
3. Cash flows from operations include net interest paid of $20.3m and one-off payments (after accruals) related to the acquisition of APDC (including landholder duty) of $5.8m
4. Cash flows from financing activities include proceeds from debt raisings, transaction costs relating to financing activities and lease payments; adjusted to exclude the acquisition of non-controlling interests in APDC and the repayment of APDC's debt facilities
5. Payments for completing full acquisition of APDC (including payout of existing debt facilities and non-controlling interests), B1 and P2 property

FY19 Half-Year Results

BUSINESS PERFORMANCE

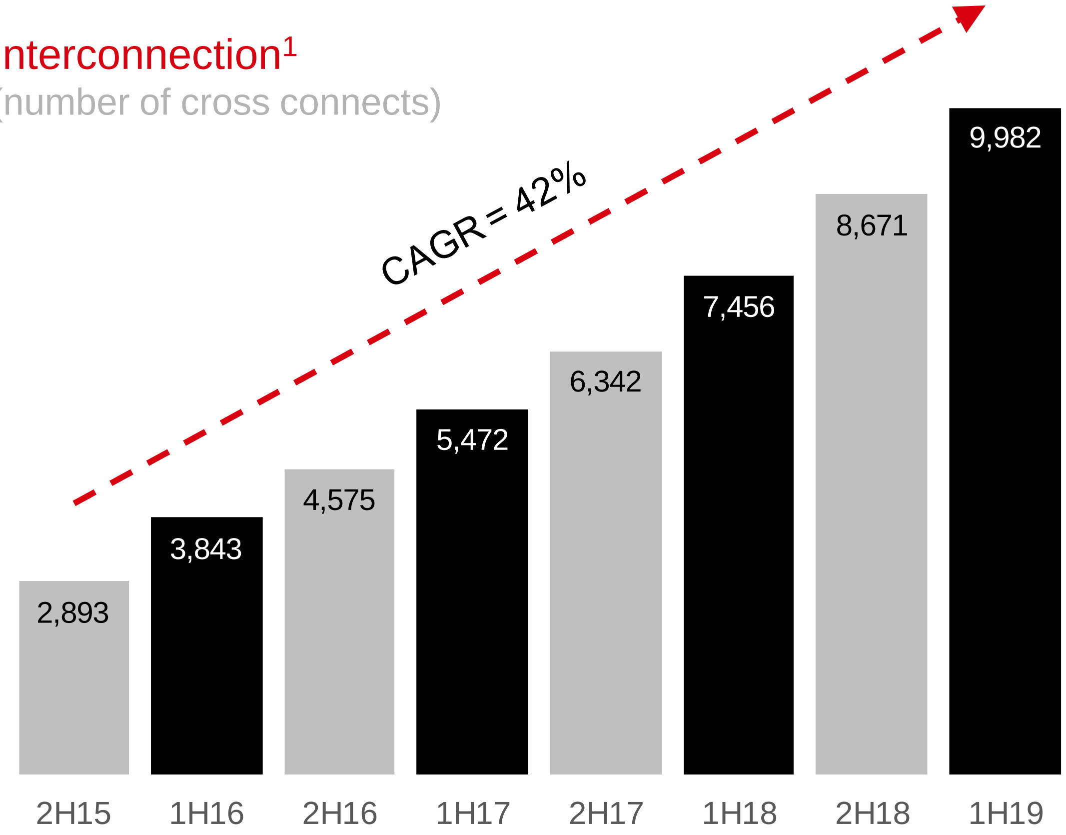
Strong growth in customers and connectivity

Customers



Interconnection[1]

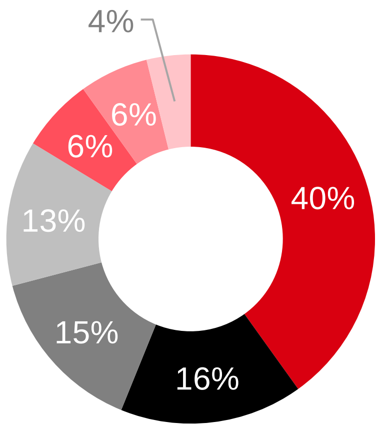
(number of cross connects)



- Strong growth in interconnection drives average interconnects per customer to 9.2 (up 7%) at 31 December 2018 compared to 8.5 at 31 December 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

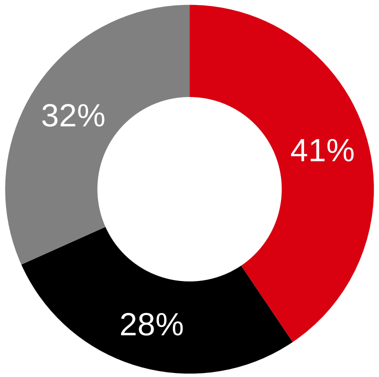
Diversified recurring revenue model



Customer by industry[1,2]

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

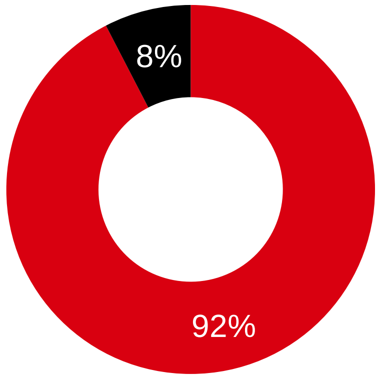
Cloud, connectivity and channel partners drive strong ecosystem growth



Utilisation by density[1,3]

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

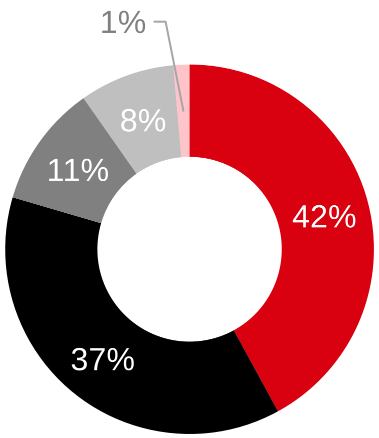
Customer power requirements continue to increase leading to greater density



Interconnection vs other recurring[4]

- Other recurring revenue
- Interconnection revenue

Strong growth in interconnections an indicator of a healthy ecosystem



Revenue by region[4]

- VIC
- NSW
- QLD
- WA
- ACT

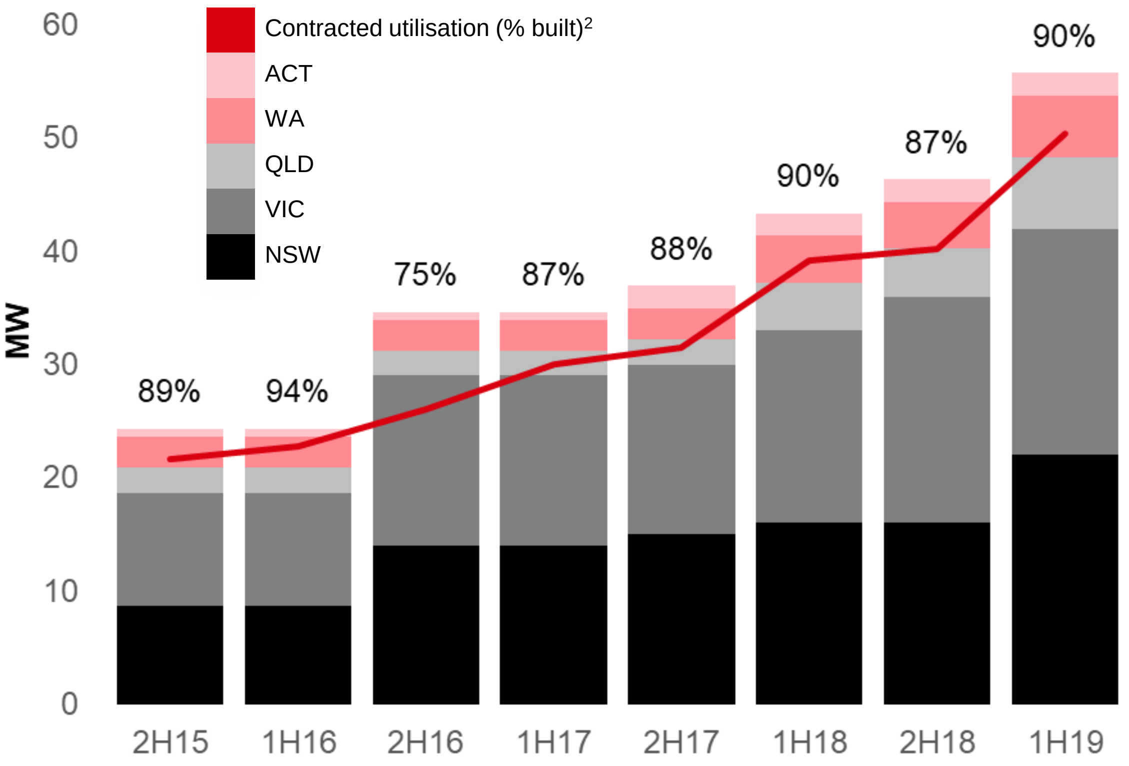
Strong performance in key markets

1. As at 31 December 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 1H19 recurring revenue, which is data centre services revenue less project revenue

Utilisation

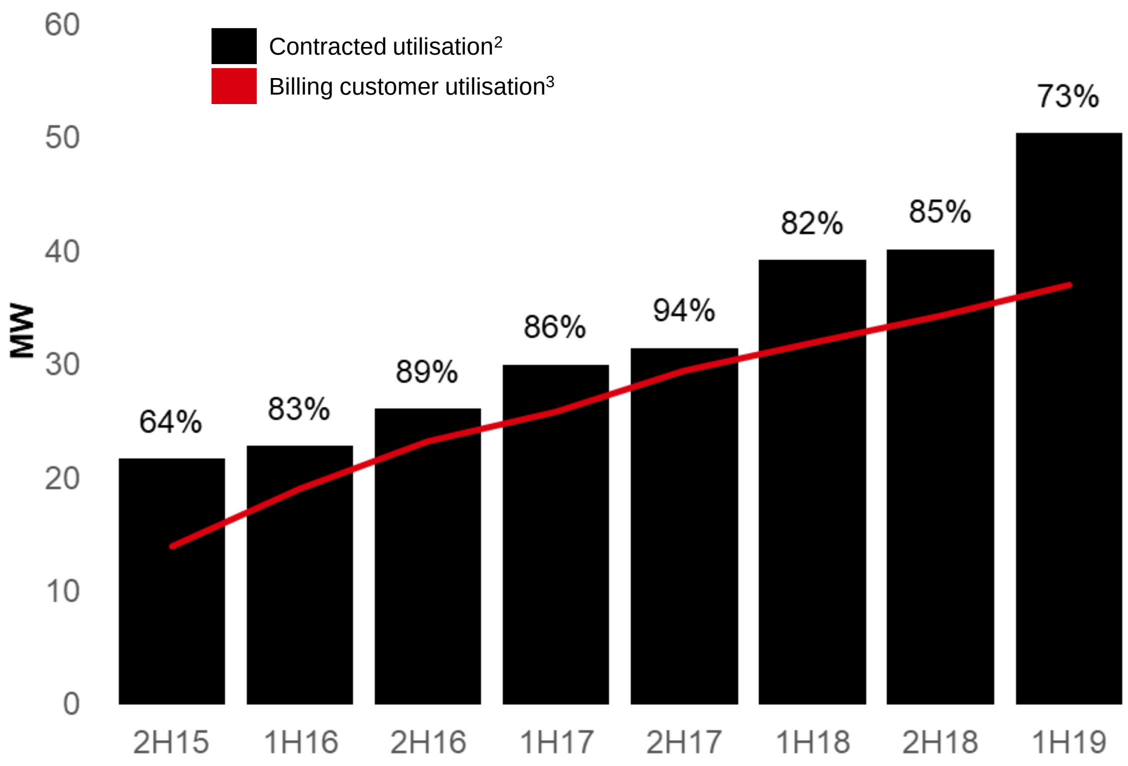
Installed capacity[1] vs contracted utilisation

- 90% of installed capacity was contracted at 31 December 2018
- 12.4MW of new capacity added since 31 December 2017



Billing vs contracted utilisation

- Contracted utilisation up 11.1MW (28%) to 50.4MW since 31 December 2017[4]
- Billing customer utilisation up 16% since 31 December 2017

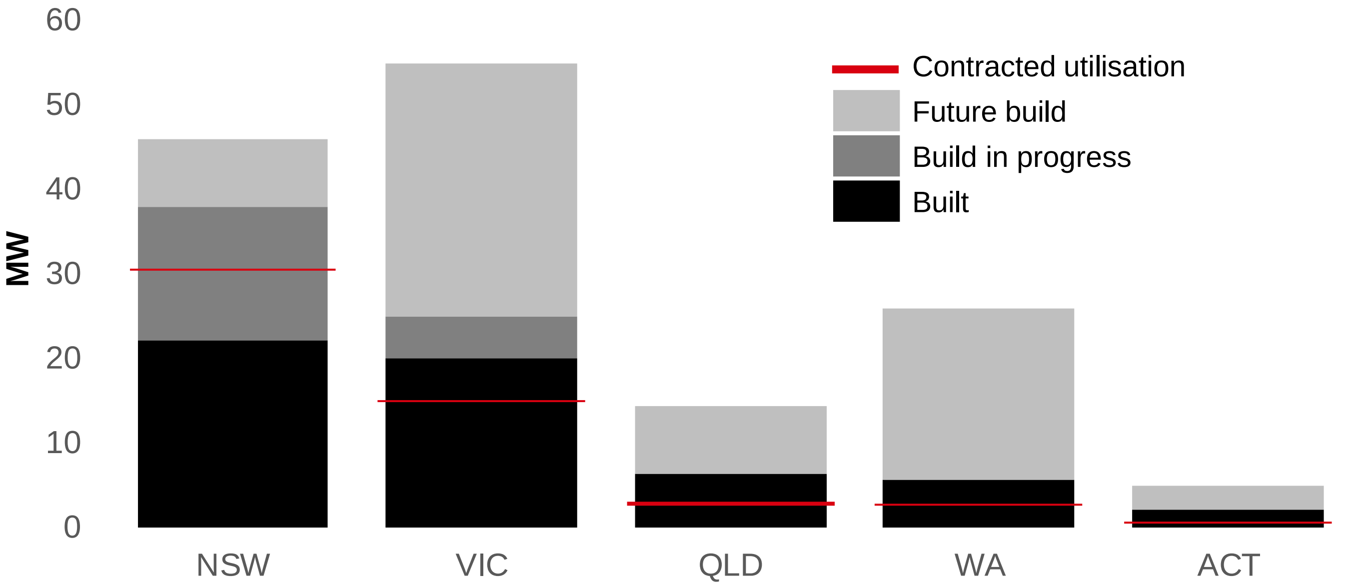


1. Installed capacity includes the designed power capacity of the data halls fitted out at each facility. Further investment into customer related infrastructure, such as backup power generation, cooling equipment or rack infrastructure, may be made in line with customer requirements
2. Contracted utilisation includes whitespace and rack power commitments with deferred start dates or ramp up periods. As at 30 June 2015 it 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 2018

- **S2 Sydney:** S2 facility opened for early customer access in 1H19. 16MW of fitout works accelerated to meet contracted orders and customer demand
- **P1 Perth:** Fourth data hall opened in 1H19, with project plus capacity available subject to customer requirements
- **P2 Perth:** Land acquisition completed in 1H19, with building construction underway. P2 microsite and connectivity hub was opened in 1H19 to facilitate early access to the Indigo subsea cable system and other network providers
- **B2 Brisbane:** Second data hall opened in 1H19 and the site received Tier IV Gold Certification of Operational Sustainability, becoming the first data centre in the Southern Hemisphere to do so
- **M1 Melbourne:** M1 was awarded NABERS 5-star rating for energy efficiency, a first for the Australian data centre industry



	NSW	VIC	QLD	WA	ACT	Total
Total power planned (MW)[1]	46.0	55.0	14.25	26.0	4.8	146.1
MW built[2] (MW)	22.0	20.0	6.25	5.5	2.0	55.8
Land and building capex to date[3,4]	$175m	$168m	$80m	$73m	-	$495m
Fitout capex to date[3,4]	$237m	$200m	$72m	$70m	$44m	$622m
Contracted utilisation (MW)	30.3	14.8	2.6	2.5	0.4	50.4
% of total power planned	66%	27%	18%	9%	8%	35%
% of MW built	138%	74%	41%	45%	18%	90%
Capacity available for sale (MW)	15.7	40.2	11.7	23.5	4.4	95.6

1. Includes facilities which are open or under construction
2. 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
3. Site selection and other due diligence-related costs for planned data centre developments are included in corporate overheads
4. Excludes land held for development of S3 Sydney ($89m at 31 December 2018)

FY19 Half-Year Results

FY19 GUIDANCE

FY19 Guidance

Strong revenue Growth

Revenue between $180m to $184m (previously $183m to $188m):

- Property acquisitions completed in 1H19 result in lower interest and distribution income
- Continue to experience strong growth in recurring revenues underpinned by long term customer contracts
- Strong demand for connectivity solutions, resulting in record interconnection ecosystem growth in 1H19

Substantial operating leverage

Underlying EBITDA[1] between $83m to $87m (unchanged):

- Change in interest and distribution income has no impact on underlying EBITDA
- 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 (excluding APDC and B1 property acquisitions):

- Rapid expansion of S2 with 16MW being brought forward to meet contracted capacity
- Capacity expansion works to continue at P1, B2 and M2 to support customer demand
- P2 construction underway following the microsite and connectivity hub opening in 1H19

Benchmark operational excellence

Setting the operational benchmark for the data centre industry in Asia Pacific:

- Uptime Institute (UTI) Tier IV Certification of Constructed Facility (TCCF) expected at S2, in line with B2 and M2
- B2, M2 and S2 designed to achieve NABERS 5-star rating, in line with Australia's first 5-star data centre at M1
- NEXTDC's corporate operations accredited 100% carbon neutral – another industry first

1. Excludes distribution income from NEXTDC's investment in Asia Pacific Data Centre Group (APDC), transaction costs (including landholder duty) related to the acquisition and wind up of APDC as well as gains on extinguishment of property leases. See page 26 for further details

FY19 Half-Year Results Appendices

FY19 Half-Year Results

DEVELOPMENT PROJECTS

S2 SYDNEY

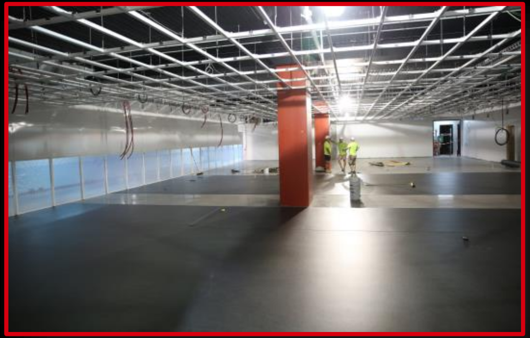
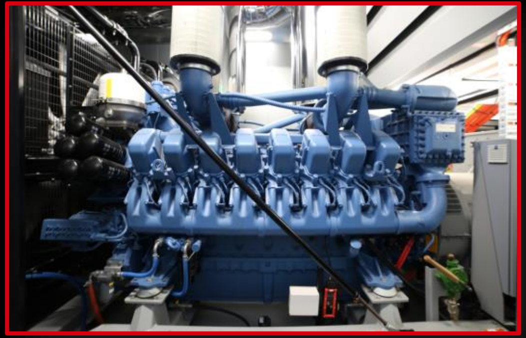
TECHNICAL SPECIFICATIONS

Technical Space	8,700sqm
Total IT capacity	30MW
Initial capacity	6MW
Target PUE	1.15[1] / 1.29[2]
Design and construction standard	UTI Tier IV UTI Tier IV Gold for Operational Sustainability
Status	Opened for early customer access in 1H19

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 market leading level of energy efficiency

S2 Sydney Update





- Continuous Development Methodology
- High rise hyperscale

1H19	2H19	1H20	2H20+
Early Access Customers	Retail Opening Customer Experience	Top of Building Phase 2 8MW Phase 3 8MW	S2 works complete


* Artist Impression


* Artist Impression

M2 MELBOURNE

TECHNICAL SPECIFICATIONS

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

Expansion in progress

- Stage 2 - 3rd & 4th Data Halls

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 market leading level of energy efficiency.

M2 Melbourne Update








- Continuous Development Methodology
- Campus hyperscale

2H19		1H20		2H20+	
3rd Data Hall	4th Data Hall	Stage 3 base building commences	Future Data Halls	Front of House Expansion	Expansion through to M2 Works Complete

* Artist Impression

P2 PERTH

TECHNICAL SPECIFICATIONS

Technical Space	12,000sqm
Total IT capacity	20MW
Initial capacity	~2MW
Target PUE	1.15[1] / 1.29[2]
Design and construction standard	UTI Tier IV
Practical completion	FY20

- 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
- Seamless cross connect for P1 and P2 through NEXTDC Data Centre Interconnect & AXON
- AXON cloud connect on ramp available day one for Microsoft ExpressRoute, Amazon Web Services, IBM Cloud and other cloud on ramps
- Indigo subsea cable Singapore to Perth to Sydney

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 market leading level of energy efficiency

P2 Perth Update

- Continuous Development Methodology
- High rise hyperscale

1H19	2H19	1H20	2H20+
Microsite - Live	Microsite - Indigo Connected; Stage 1 - Commences	Stage 1 - Front of House	Stage 1 – Early Access; Expansion through to P2 Works Complete

FY19 Half-Year Results

UNDERLYING EBITDA RECONCILIATION

Underlying EBITDA reconciliation

	Note	($m)
EBITDA		**37.4**
Gain due to unwinding of AASB 16 lease accounting for P1, M1, S1 and B1		(2.4)
APDC distribution income received	1	(1.3)
APDC transaction costs	2	5.0
Landholder duty on acquisition of APDC properties	3	3.5
Underlying EBITDA		**42.2**

1. Distributions income received from NEXTDC's stake in APDC prior to the completion of NEXTDC's takeover offer for APDC
2. Transaction costs related to the acquisition and wind up of APDC
3. One-off landholder duty costs incurred as a result of NEXTDC's full acquisition of APDC

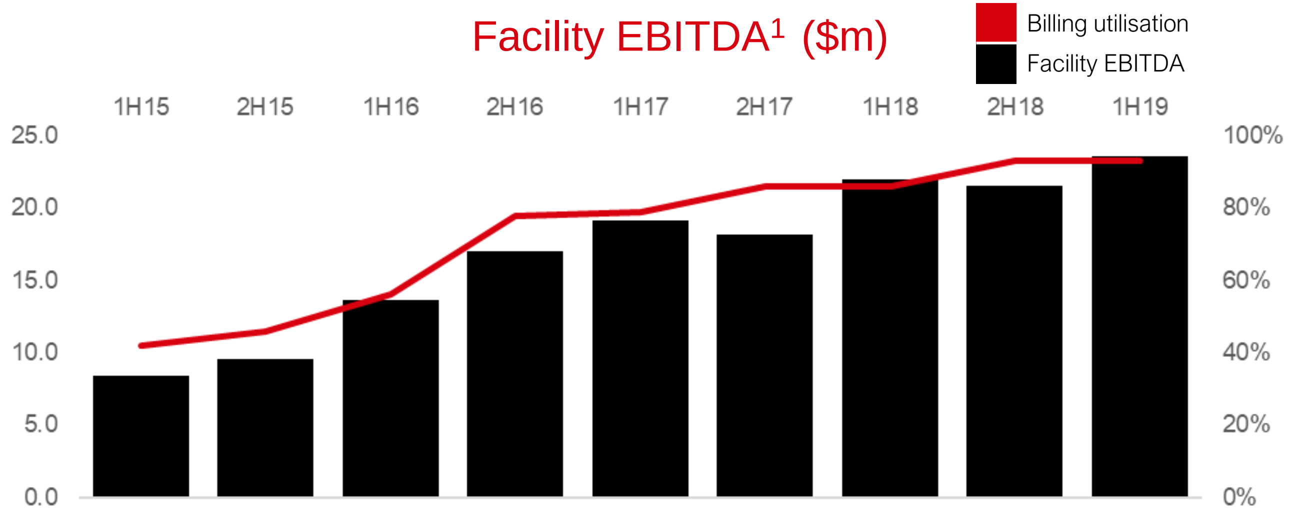
CASE STUDIES

Case study – **M1** Melbourne

★ Highlights

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

Facility EBITDA[1] ($m)



($'000s) Period ended	1H14	2H14	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18	1H19
Billing utilisation[2]	29%	37%	42%	46%	56%	78%	79%	86%	86%	93%	93%
Recurring revenue	5,187	8,864	11,651	13,871	16,524	21,707	23,432	24,761	28,553	30,997	31,341
Project revenue	1,229	1,025	1,525	736	2,807	1,503	2,039	1,083	1,567	1,438	852
Gross data centre revenue	6,416	9,889	13,175	14,607	19,331	23,210	25,471	25,844	30,119	32,435	32,192
Facility EBITDAR[1]	4,357	7,393	10,847	12,046	16,062	19,495	21,604	20,663	24,540	24,079	23,572
Facility EBITDA[1]	2,011	4,999	8,450	9,597	13,611	17,009	19,116	18,145	22,019	21,515	23,572
EBITDAR margin %	71%	75%	82%	82%	83%	84%	85%	80%	81%	74%	73%
Fitout capex to date ($m)	78	84	85	87	101	120	130	139	143	147	148
Property value at cost ($m)											98

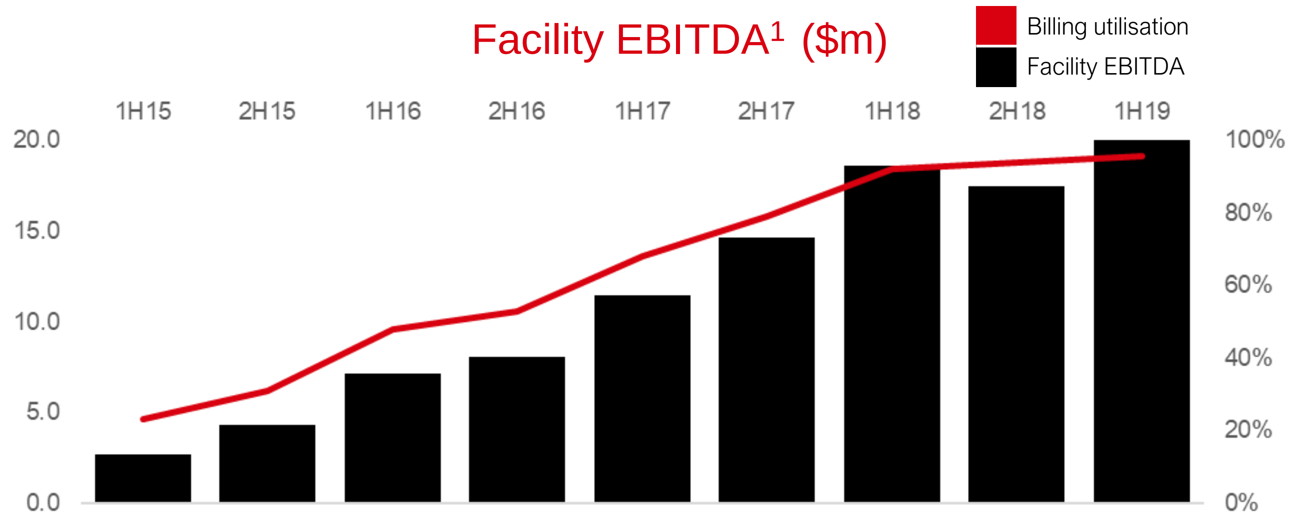
1. Before head office costs
2. Billing utilisation refers to the sold capacity for which revenue is currently being recognised as at the end of the period

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)



($'000s) Period ended	1H14	2H14	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18	1H19
Billing utilisation[2]	13%	22%	23%	31%	48%	53%	68%	79%	92%	94%	96%
Recurring revenue	539	3,530	5,238	7,473	9,647	12,548	15,848	18,882	22,983	28,128	29,756
Project revenue	913	912	1,895	1,808	2,480	1,667	2,245	4,029	4,303	770	1,405
Gross data centre revenue	1,452	4,442	7,133	9,281	12,127	14,215	18,093	22,911	27,286	28,898	31,161
Facility EBITDAR[1]	886	2,823	5,364	7,051	9,862	10,854	14,251	17,449	21,435	20,502	22,642
Facility EBITDA[1]	(432)	137	2,675	4,304	7,110	8,066	11,460	14,623	18,597	17,455	22,642
EBITDAR margin %	61%	64%	75%	76%	81%	76%	79%	76%	79%	71%	73%
Fitout capex to date ($m)	58	64	66	78	95	114	127	135	146	155	157
Property value at cost ($m)											118

1. Before head office costs
2. 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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