FY19 FULL-YEAR RESULTS

29 AUGUST 2019

NEXTDC

FY19 HIGHLIGHTS

REVENUE[1]	UNDERLYING EBITDA[1,2]	UTILISATION
$179.3m	**$85.1m**	**52.5MW**
+15%	**+13%**	**+31%**
CUSTOMERS	PARTNERS	INTERCONNECTIONS
1,184	**550+**	**10,972**
+22%	**60+ NETWORKS**	**+27%**

Note: All percentage increases are expressed relative to the FY18 results

1. FY18 results restated for comparability in this document (unless otherwise indicated) according to new accounting standards AASB 9, AASB 15 and AASB 16, which NEXTDC adopted on 1 July 2018. See page 22 for further details
2. FY19 figures exclude distribution income from NEXTDC's investment in Asia Pacific Data Centre Group (APDC) of $1.3m, transaction costs (including landholder duty) related to the acquisition and wind up of APDC of $9.0m, gains on extinguishment of property leases of $2.4m, as well as costs related to review works in Singapore and Japan of $0.8m. FY18 figures exclude APDC distribution income of $3.2m and APDC transaction costs of $1.8m. See page 23 for further details
3. Comprises both Physical and Elastic Cross Connects

FY19 HIGHLIGHTS

SOLID REVENUE GROWTH

- Revenue from continuing operations[1] up $23.0m (15%) to $179.3m
- Record new sales with contracted utilisation up 12.3MW (31%) to 52.5MW
- Interconnections[3] up 2,301 (27%) to 10,972, representing 7.7% of recurring revenue

STRONG OPERATING LEVERAGE

- Underlying EBITDA[1,2] up $9.5m (13%) to $85.1m
- Operating cash flows up $6.0m (18%) to $39.4m
- Statutory loss after tax of $9.8m, reflecting higher depreciation and interest costs after a record year of investment

CAPITALISED FOR GROWTH

- Cash and cash equivalents of $399m at 30 June 2019
- Liquidity of $699m, including NEXTDC undrawn senior syndicated debt facility of $300m
- Balance sheet position underpinned by over $1.8bn of total assets

NETWORK EXPANSION CONTINUES

- Underlying capital expenditure[4] of $378m (FY18: $285m)
- S2 opened to early customer access in 1H19 with billing commencing in 2H19
- P2 stage one development in progress with practical completion of first tower due in 2H20
- B2 and M2 additional capacity expansions completed

Note: All percentage increases are expressed relative to the FY18 results

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3. Comprises both Physical and Elastic Cross Connects
4. Underlying FY19 capex excludes APDC and B1 property acquisitions

FY19

AGENDA

Financial Results

Business Performance

FY20 Outlook

Appendices

FY19 Full-Year Results

FINANCIAL RESULTS

FY19 profit and loss summary

	Note	FY19 ($m)	FY18 ($m)	Change ($m)
Data centre services revenue	1	169.7	147.3	22.4
Other revenue		9.6	9.0	0.6
Total revenue from continuing operations	**1**	***179.3***	***156.3***	***23.0***
Direct costs (power and consumables)		33.2	27.6	5.6
Facility costs (property costs, maintenance, facility staff, other)	1	18.1	14.0	4.1
Corporate overheads	2,3	34.0	27.5	6.5
Total operating costs	**1,3**	***85.3***	***69.0***	***16.2***
EBITDA	**1**	**79.0**	**77.0**	**2.0**
Underlying EBITDA	**1,3**	**85.1**	**75.6**	**9.5**
EBIT	**1,4**	**30.6**	**36.8**	**(6.2)**
Profit / (loss) before tax	1,4	(16.1)	0.6	(16.7)
Profit / (loss) after tax	**1,4**	**(9.8)**	**6.6**	**(16.5)**

Data centre services
REVENUE[1]
↑15%

Underlying
EBITDA[1,3]
↑13%

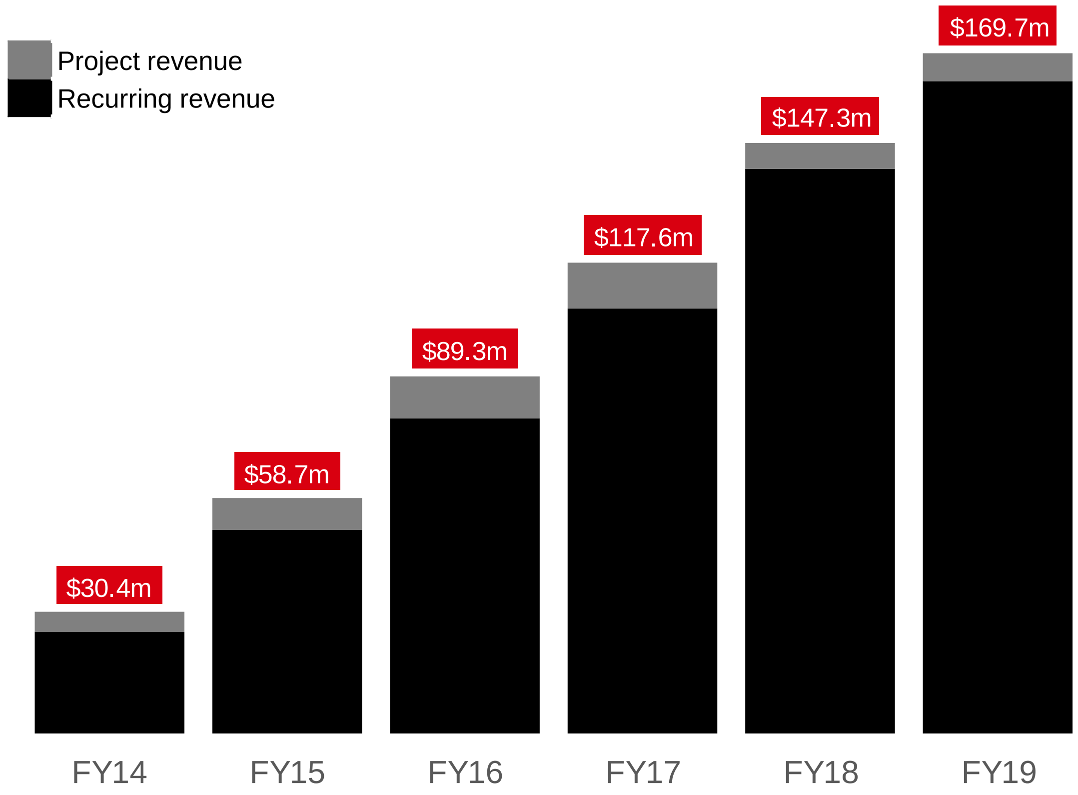
- Under AASB 15 project revenues are no longer recognised up front, but amortised over the contract term plus any option periods
- Direct costs increased in line with customers' power consumption
- Under AASB 16 rent is excluded from facility costs. Growth reflects NETXDC's increasing operational footprint
- New investments in central operations, customer experience and IT to support network and site expansion reflected in corporate overheads

1. FY18 results restated for comparability in this document (unless otherwise indicated) according to new accounting standards AASB 9, AASB 15 and AASB 16, which NEXTDC adopted on 1 July 2018. See page 22 for further details
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. FY19 figures exclude distribution income from NEXTDC's investment in Asia Pacific Data Centre Group (APDC) of $1.3m, transaction costs (including landholder duty) related to the acquisition and wind up of APDC of $9.0m, gains on extinguishment of property leases of $2.4m, as well as costs related to review works in Singapore and Japan of $0.8m. FY18 figures exclude APDC distribution income of $3.2m and APDC transaction costs of $1.8m. See page 23 for further details
4. Includes items previously excluded in footnote 3 above

Solid revenue and EBITDA growth

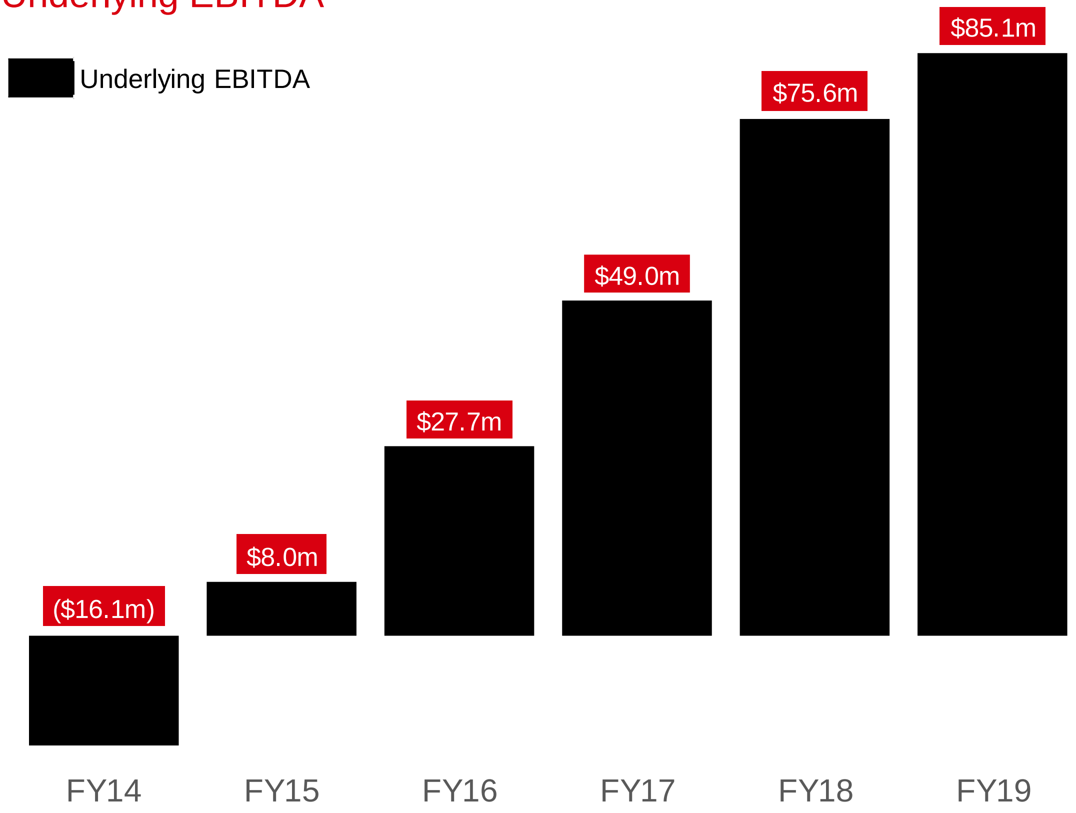
15% growth on FY18

Data centre services revenue[1,2]



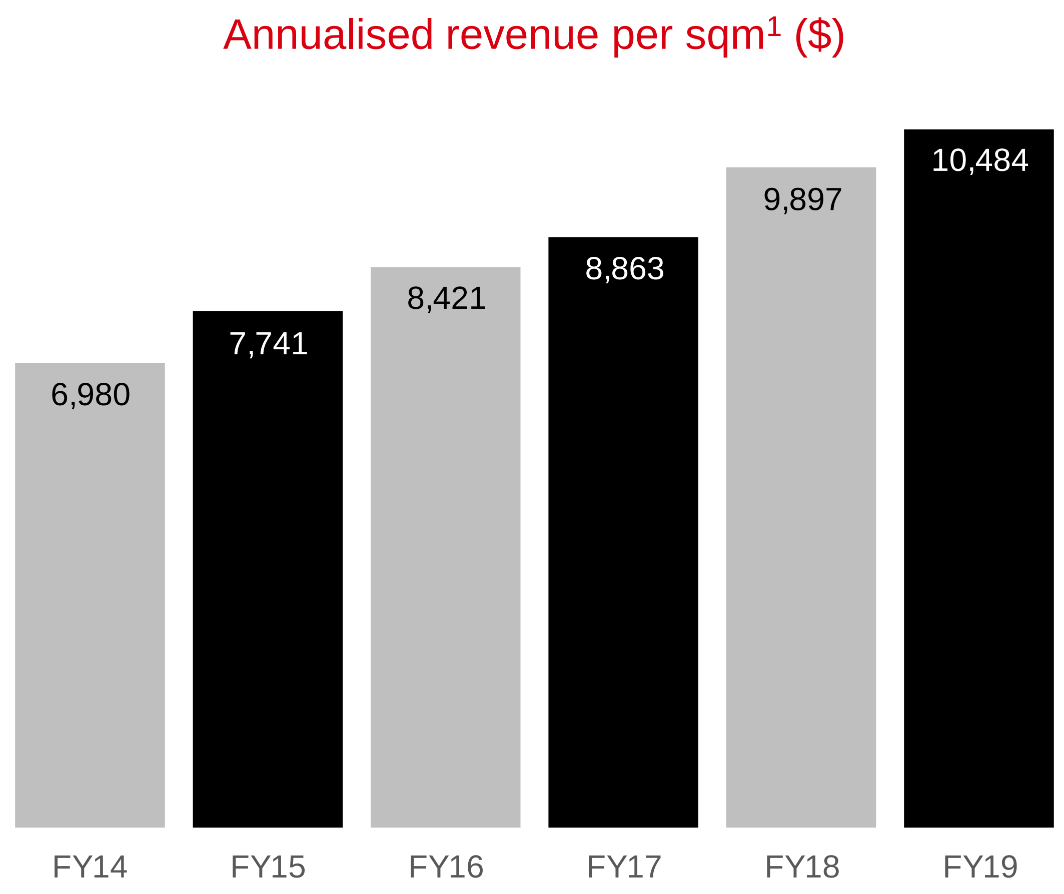
13% growth on FY18

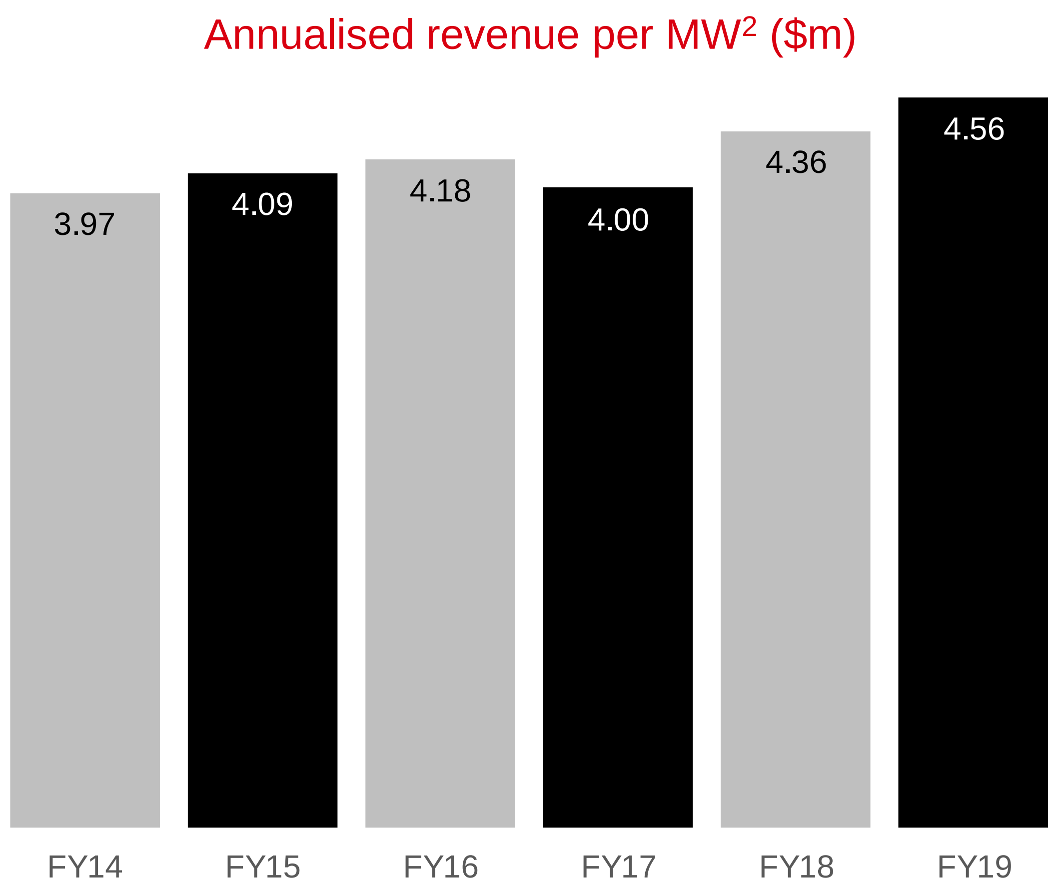
Underlying EBITDA[1,3]



1. FY18 results restated for comparability in this document (unless otherwise indicated) according to new accounting standards AASB 9, AASB 15 and AASB 16, which NEXTDC adopted on 1 July 2018. See page 22 for further details. Results prior to FY18 have not been restated
2. Excludes interest revenue. Prior to FY18, project revenue was recognised upfront, as the services were provided. Under AASB 15, project revenues are no longer recognised up front, but amortised over the contract term plus any option periods
3. FY19 figures exclude distribution income from NEXTDC's investment in Asia Pacific Data Centre Group (APDC) of $1.3m, transaction costs (including landholder duty) related to the acquisition and wind up of APDC of $9.0m, gains on extinguishment of property leases of $2.4m, as well as costs related to review works in Singapore and Japan of $0.8m. FY18 figures exclude APDC distribution income of $3.2m and APDC transaction costs of $1.8m. See page 23 for further details

Revenue per unit metrics





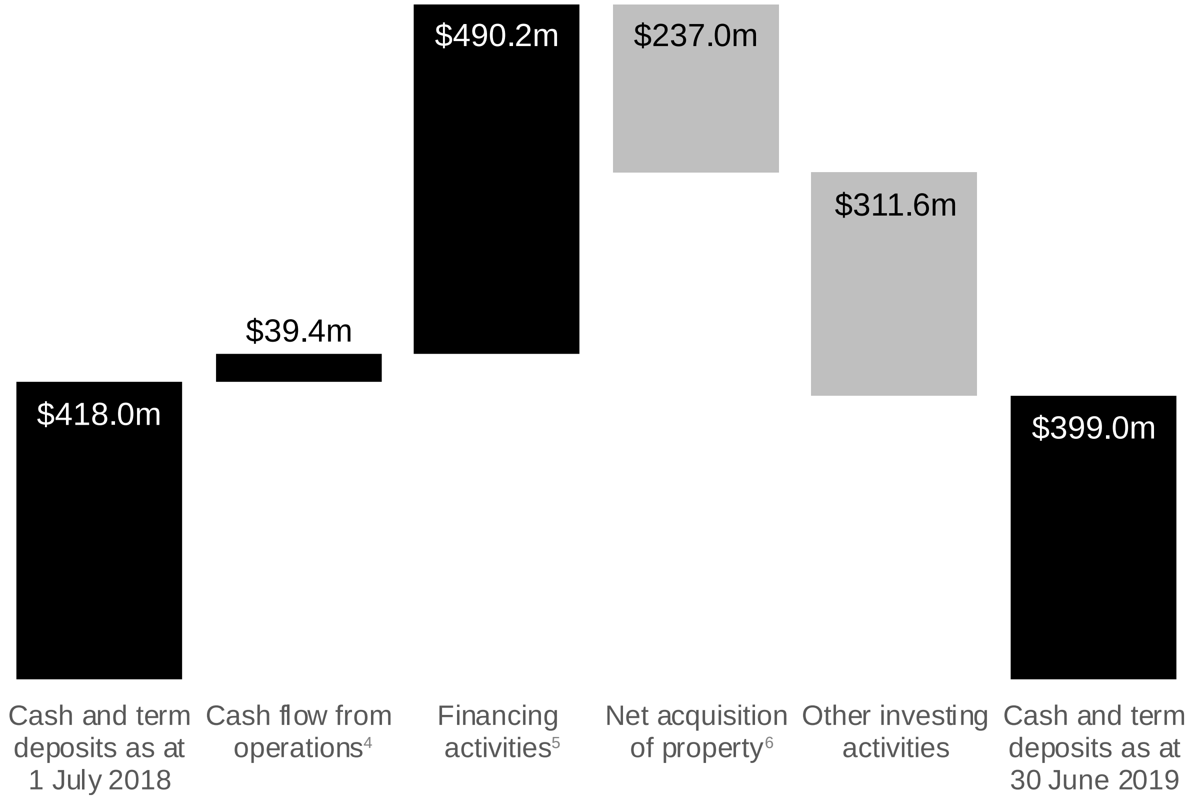
- Demonstrates ongoing growth in revenue per square metre, noting the deployment of large, high density, ecosystem enhancing deals over time
- New facility developments designed to take advantage of industry movements toward higher density requirements
- Revenue derived from larger customer deployments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

	30 June 2019 ($m)	30 June 2018 ($m)
Cash and cash equivalents	399	418
Property (land and buildings)[1,2]	639	254
Plant and equipment[2]	611	488
Total assets	**1,826**	**1,236**
Borrowings[3]	794	298
Total liabilities	**951**	**342**
Net assets	**875**	**894**

- In July 2018, NEXTDC raised **$300m** in **senior unsecured notes (Notes IV)**
- In June 2019, NEXTDC raised an additional **$200m** in **senior unsecured notes (Notes IV-2)**
- Senior secured debt facility of $300m remains undrawn, which combined with NEXTDC's cash and cash equivalents balance of $399m results in **total pro-forma liquidity of $699m at 30 June 2019**

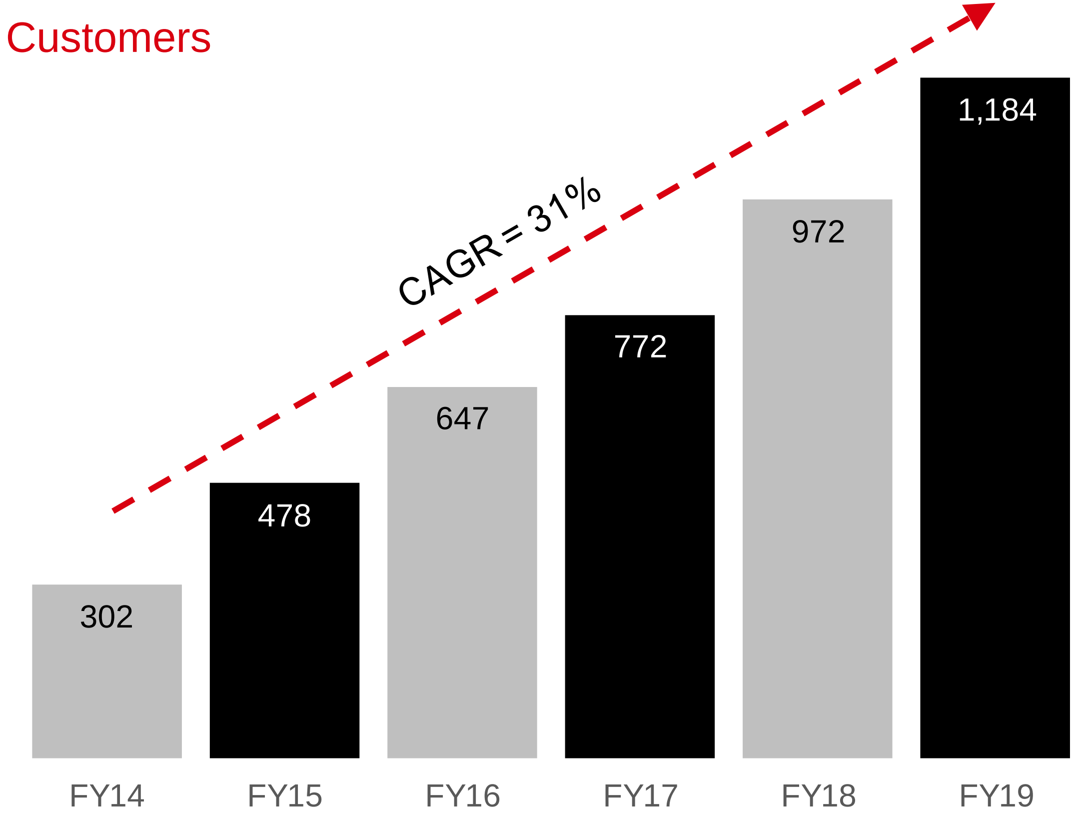


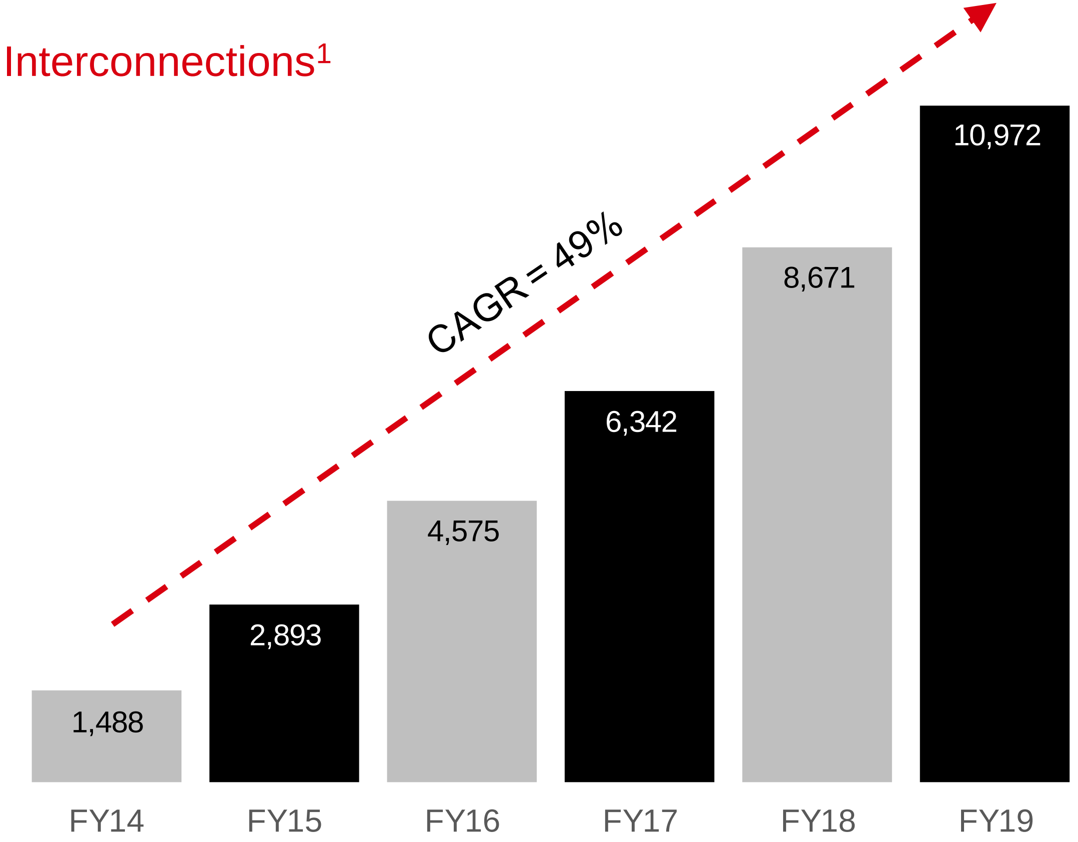
1. Property balance at 30 June 2018 includes NEXTDC's previous interest in APDC, of which NEXTDC completed the acquisition in November 2018
2. Property, plant and equipment balances exclude right-of-use assets not owned by NEXTDC but reported as assets under AASB 16
3. Borrowings adjusted for capitalised transaction costs which are amortised over the term of the underlying debt instruments and excludes lease liabilities related to right-of-use assets which are reported as leases under AASB 16
4. Cash flows from operations include net interest paid of $43.0m and payments related to the acquisition of APDC of $9.0m
5. 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
6. Payments for completing full acquisition of APDC (adjusted to include payout of existing debt facilities and non-controlling interests), as well as B1 and P2 property

FY19 Full-Year Results

BUSINESS PERFORMANCE

Strong growth in customers and connectivity

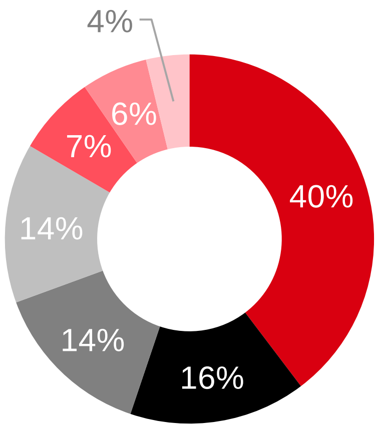




- Strong growth in connectivity drives average interconnects per customer to 9.3 at 30 June 2019 compared to 8.9 at 30 June 2018
- Average interconnects per customer highlights the increasing use of hybrid cloud as customers expand their ecosystems
- Ecosystem growth drives higher margins and customer retention

1. Comprises both physical and elastic cross connects

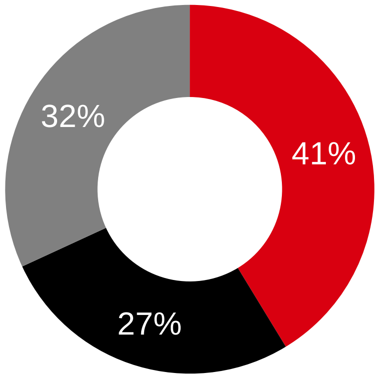
Diversified recurring revenue model



Customer by industry[1,2]

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

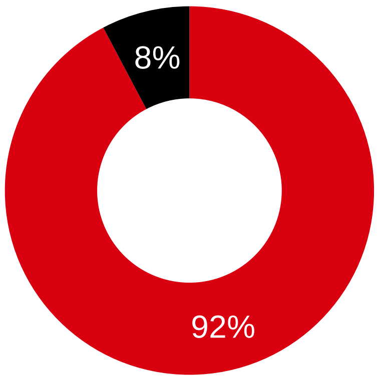
Cloud, connectivity and channel partners drive strong ecosystem growth



Utilisation by density[1,3]

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

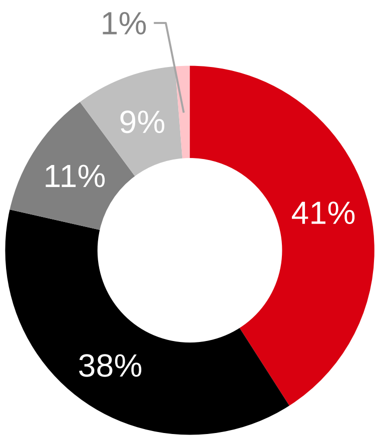
Customer power requirements continue to increase leading to greater density



Interconnection vs other recurring[4]

- Other recurring revenue
- Interconnection revenue

Strong growth in interconnections an indicator of a healthy ecosystem



Revenue by region

- VIC
- NSW
- QLD
- WA
- ACT

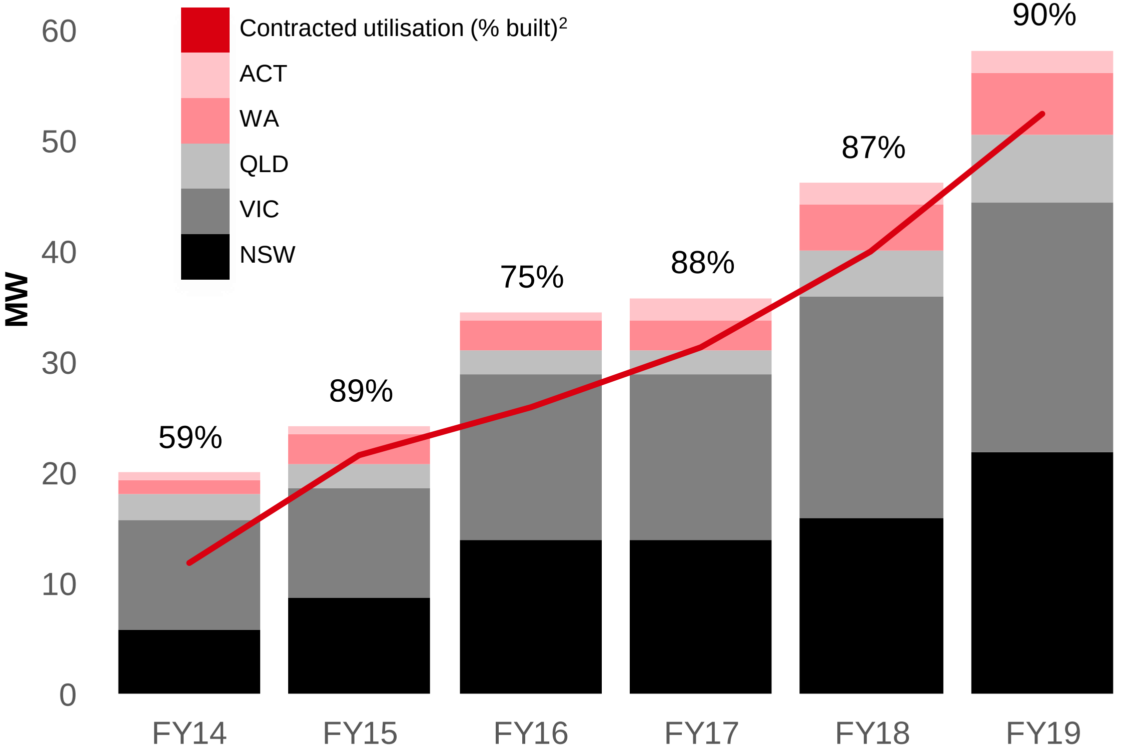
Strong performance in key markets

1. As at 30 June 2019
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 FY19 recurring revenue, which is data centre services revenue less project revenue

Utilisation

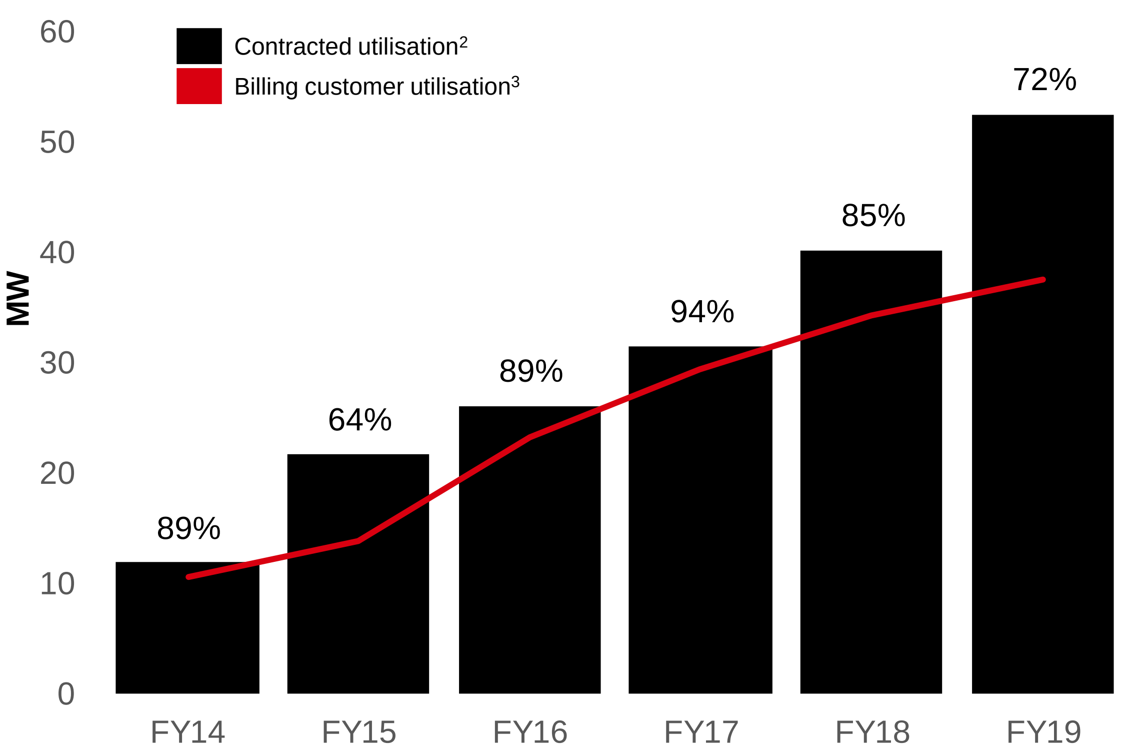
Installed capacity[1] vs contracted utilisation

- 90% of installed capacity was contracted at 30 June 2019
- 12.0MW of new capacity added since 30 June 2018



Contracted vs billing utilisation

- Contracted utilisation up 12.3MW (31%) to 52.5MW since 30 June 2018[4]
- Billing customer utilisation up 10% since 30 June 2018

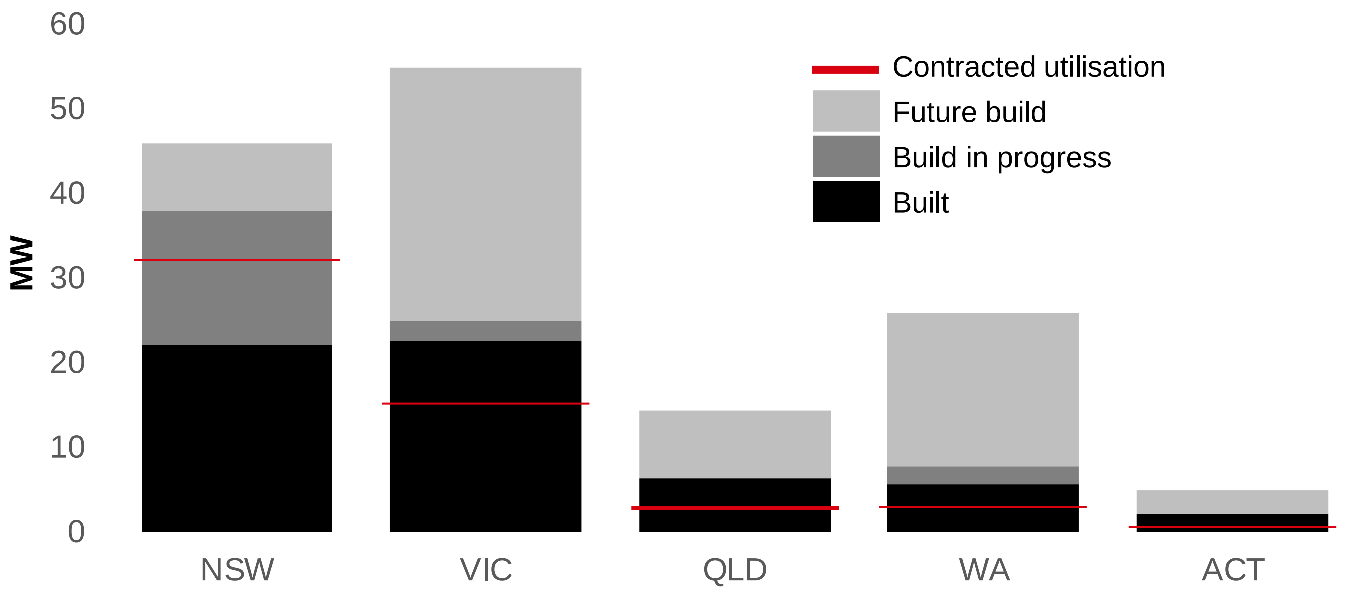


1. Installed capacity includes the designed power capacity of the data halls fitted out at each facility. Further investment into customer related infrastructure, such as backup power generation, cooling equipment or rack infrastructure may be made in line with customer requirements
2. Contracted utilisation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

Facility capacity and utilisation

As at 30 June 2019

- **S2 Sydney:** Commenced operations in 1H19. 22MW of fitout being delivered to meet strong demand
- **P2 Perth microsite:** Opened in 1H19 to facilitate early access to the Indigo subsea cable system and other network providers
- **P2 Perth**: Commenced construction activities in FY19. Practical completion of first tower expected in 2H20
- **P1 Perth:** Fourth data hall opened in FY19
- **B2 Brisbane:** Second data hall opened in FY19
- **M2 Melbourne:** Third data hall opened in FY19
- **Tier IV Gold Certification of Operational Sustainability:** Both our B2 and M2 facilities received the certification, with NEXTDC remaining the only certified provider in the Southern Hemisphere
- **NABERS 5-Star:** Both M1 and S1 facilities were awarded NABERS 5-Star rating for energy efficiency, a first for the Australian data centre industry



	NSW	VIC	QLD	WA	ACT	Total
Capacity planned (MW)[1]	46.0	55.0	14.25	26.0	4.8	146.1
Capacity built[2] (MW)	22.0	22.5	6.25	5.6	2.0	58.4
Land and building capex to date[3,4]	$212m	$175m	$80m	$88m	–	$554m
Fitout capex to date[3]	$307m	$218m	$75m	$84m	$47m	$732m
Contracted utilisation (MW)	31.9	14.9	2.6	2.7	0.4	52.5
% of capacity planned	69%	27%	18%	10%	8%	36%
% of capacity built	145%	66%	42%	48%	19%	90%
Capacity available for sale (MW)	14.1	40.1	11.6	23.3	4.4	93.5

1. Includes facilities which are open or under construction
2. 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. Excludes site selection and other due diligence-related costs for planned data centre developments, which are included in corporate overheads
4. Excludes land held for development of S3 Sydney ($91m at 30 June 2019)

FY19 Full-Year Results

FY20 OUTLOOK

FY20 OUTLOOK

SOLID REVENUE GROWTH

Revenue between $200m to $206m (up 12% to 15% on FY19)

- Solid growth in recurring data centre services revenues, underpinned by long-term customer contracts
- 15MW of contracted utilisation will begin billing progressively during FY20 and flow into FY21
- Strong demand for connectivity solutions drives continued interconnection growth

SUBSTANTIAL OPERATING LEVERAGE

Underlying EBITDA[1,2] between $100m to $105m (up 17% to 23% on FY19)

- Second generation facility performance driving scale and earnings growth
- Operational excellence continues to deliver efficiencies in energy management and purchasing
- Company continues to make investments in growth projects and customer experience

CUSTOMER DRIVEN INVESTMENT

Capital expenditure between $280m to $300m

- Continued expansion of S2 with 22MW of capacity under development
- P2 phase one construction underway with completion of the first tower expected in 2H20
- Strong growth in customer demand underpins ongoing investment in fitout

BENCHMARK OPERATIONAL EXCELLENCE

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

- Uptime Institute (UI) Tier IV Certification of Constructed Facility (TCCF) planned for S2 and P2
- UI Gold certification of Operational Sustainability planned for S2
- M1 and S1 are Australia's only NABERS 5-Star data centre certifications, with plans for the second generation

1. FY20 underlying EBITDA excludes costs related to review works into potential data centre investments in Singapore and Japan
2. FY19 underlying EBITDA excludes distribution income from NEXTDC's investment in Asia Pacific Data Centre Group (APDC) of $1.3m, transaction costs (including landholder duty) related to the acquisition and wind up of APDC of $9.0m, gains on extinguishment of property leases of $2.4m, as well as costs related to review works in Singapore and Japan of $0.8m

NEXTDC

FY19 Full-Year Results

APPENDICES

FY19 Full-Year Results

MAJOR 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	UI Tier IV UI Tier IV Gold for Operational Sustainability
Status	Opened for early customer access in 1H19

- UI Tier IV design and construct certification
- Tier IV designed Iso-parallel UPS system
- NABERS 5-Star energy efficiency design
- Planned for UI Gold Operational Sustainability
- Seamless Cross Connect for S1 and S2 through NEXTDC Data Centre Interconnect and 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

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	UI Tier IV UI Tier IV Gold for Operational Sustainability
Practical completion	2H20

- UI Tier IV design and construct certification
- Tier IV designed Iso-parallel UPS system
- NABERS 5-Star energy efficiency design
- Planned for UI Gold Operational Sustainability
- Seamless Cross Connect for P1 and P2 through NEXTDC Data Centre Interconnect and 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

FY19 Full-Year Results

RECONCILIATIONS

FY18 Profit and Loss (Restated)

	Note	FY18 Statutory Disclosure ($m)	AASB 15 ($m)	AASB 16 ($m)	FY18 Restated ($m)
Data centre services revenue	1,2	152.6	(5.2)		147.3
Other revenue		9.0			9.0
Total revenue from continuing operations	1	**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)	1,3	31.7		(17.8)	14.0
Corporate overheads	1,3,4,5	28.0	(0.3)	(0.2)	27.5
Total operating costs	1	**87.3**	**(0.3)**	**(18.0)**	**69.0**
EBITDA	1	**64.0**	**(4.9)**	**18.0**	**77.0**
Underlying EBITDA	1,6	**62.6**	**(4.9)**	**18.0**	**75.6**
EBIT	1,7	**30.9**	**(4.9)**	**10.8**	**36.8**
Profit before tax	1	**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 $4.3m instead (net $5.2m) 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. Corporate overheads adjusted to exclude APDC transaction costs of $1.8m
6. Recognition of greater FY18 depreciation expense on leases under AASB 16 (in place of rental expense)
7. Recognition of greater FY18 interest expense on leases under AASB 16 (in place of rental expense)

Underlying EBITDA reconciliation

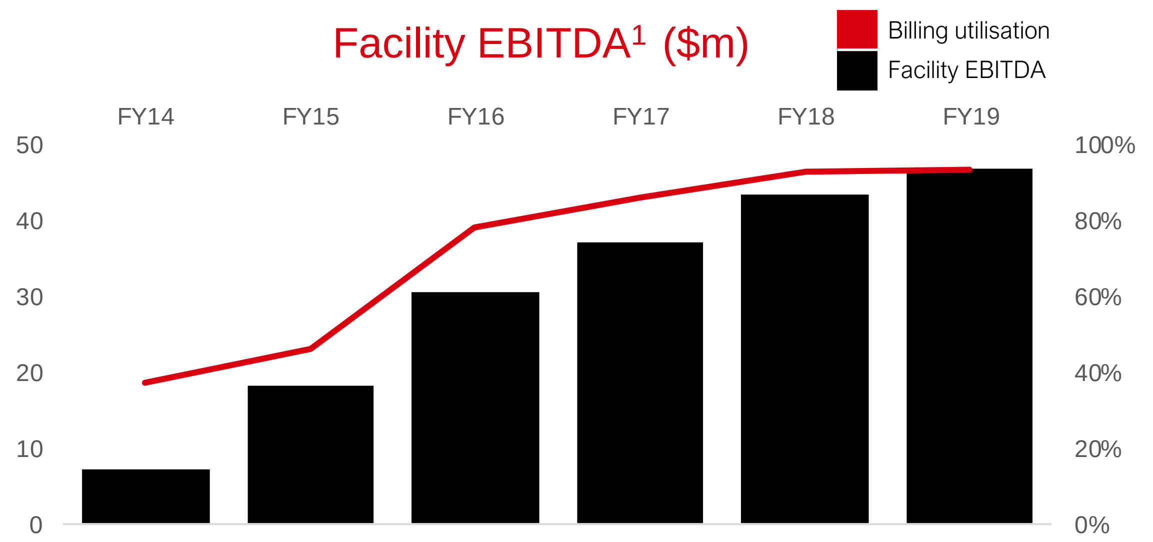
	Note	FY19 ($m)	FY18 ($m)
EBITDA		**79.0**	**77.0**
Less: gain on unwinding of AASB 16 lease accounting for P1, M1, S1 and B1	1	(2.4)	
Less: distribution income	2	(1.3)	(3.2)
Add: ADPC transaction costs	3	5.5	1.8
Add: landholder duty on acquisition of APDC properties	4	3.5	
Add: Singapore and Japan review costs	5	0.8	
Underlying EBITDA		**85.1**	**75.6**

Note: FY18 results restated for comparability in this document (unless otherwise indicated) according to new accounting standards AASB 9, AASB 15 and AASB 16, which NEXTDC adopted on 1 July 2018. See page 22 for further details

1. Re-valuation of M1, S1 and P1 (together the APDC properties) and B1 upon the extinguishment of the APDC lease and acquisition of the APDC properties
2. Distribution income received from NEXTDC's equity interest in APDC prior to the completion of NEXTDC's takeover offer for APDC
3. Transaction costs related to the acquisition and wind up of APDC
4. One-off landholder duty costs incurred as a result of NEXTDC's full acquisition of APDC
5. Costs related to review works into potential data centre investments in Singapore and Japan

CASE STUDIES

Case study – **M1** Melbourne



★ Highlights

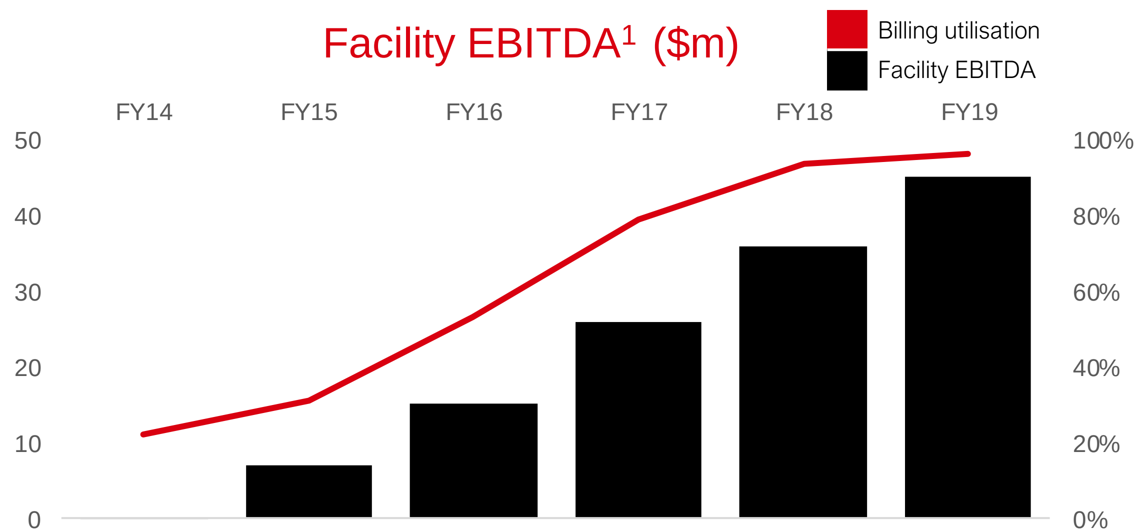
- NEXTDC's second facility, commenced operations in September 2012
- Break-even reached after 11 months of operation

($'000s) Period ended	FY14	FY15	FY16	FY17	FY18	FY19
Billing utilisation[2]	37%	46%	78%	86%	93%	93%
Recurring revenue	14,051	25,522	38,231	48,193	59,550	61,306
Project revenue	2,254	2,261	4,310	3,122	3,005	1,656
Gross data centre revenue	16,305	27,782	42,541	51,315	62,554	62,962
Facility EBITDA[1]	7,010	18,047	30,620	37,261	43,534	46,783
EBITDA margin %	43%	65%	72%	73%	70%	74%
Fitout capex to date ($m)	84	87	120	139	147	150
Property value at cost ($m)	–	–	–	–	–	98

Note: Results prior to FY19 not restated for changes in accounting standards, which distorts comparability. NEXTDC adopted new accounting standards AASB 9, AASB 15 and AASB 16 from 1 July 2018.

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

($'000s) Period ended	FY14	FY15	FY16	FY17	FY18	FY19
Billing utilisation[2]	22%	31%	53%	79%	94%	96%
Recurring revenue	4,069	12,711	22,195	34,730	51,111	59,140
Project revenue	1,825	3,703	4,147	6,274	5,073	2,943
Gross data centre revenue	5,894	16,414	26,342	41,004	56,184	62,083
Facility EBITDA[1]	(295)	6,979	15,176	26,083	36,051	45,364
EBITDA margin %	(5%)	43%	58%	64%	64%	73%
Fitout capex to date ($m)	64	78	114	135	155	160
Property value at cost ($m)	–	–	–	–	–	118

Note: Results prior to FY19 not restated for changes in accounting standards, which distorts comparability. NEXTDC adopted new accounting standards AASB 9, AASB 15 and AASB 16 from 1 July 2018.
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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