NEXTDC

FY21 HALF-YEAR RESULTS

24 FEBRUARY 2021

1H21 HIGHLIGHTS

REVENUE[1]
$121.6m
↑27%

UNDERLYING EBITDA[2]
$65.7m
↑29%

CONTRACTED UTILISATION
71.0MW
↑33%

CUSTOMERS
1,465
↑16%

PARTNERS
660+
70+ NETWORKS

INTERCONNECTIONS[3]
13,911
↑16%

Note: All percentage increases are expressed relative to the 1H20 results
1. Represents data centre services revenue
2. Refer page 22 for underlying adjustments
3. Comprises both Physical and Elastic Cross Connects

1H21 HIGHLIGHTS

SOLID REVENUE GROWTH

- Data centre services revenue increased $26.2m (27%) to $121.6m
- Contracted utilisation increased 17.7MW[1] (33%) to 71.0MW
- Interconnections[3] increased 1,899 (16%) to 13,911, representing 7.6% of recurring revenue

STRONG OPERATING LEVERAGE

- Underlying EBITDA[2] increased $14.9m (29%) to $65.7m
- Operating cash flows increased $44.0m (219%) to $64.1m
- Billing utilisation increased 13.8MW (32%) to 56.8MW

CAPITALISED FOR GROWTH

- $1.85b senior syndicated debt facility completed in December 2020, providing a 5 year term, significantly reduced debt costs and increased debt headroom
- Liquidity of $1.8b, including undrawn debt facilities of $1.05b
- Balance sheet underpinned by $2.6b of total tangible assets

NETWORK EXPANSION CONTINUES

- 10MW of expansion capacity installed across S2 Sydney and M2 Melbourne
- S3 Sydney development on schedule, with earthworks for the site largely complete and building construction commenced
- M3 Melbourne design and development approval formally submitted to council and received endorsement

Note: All percentage increases are expressed relative to the 1H20 results

1. Represents increase in utilisation over the 12-month period from 31 December 2019 to 31 December 2020
2. Refer page 22 for underlying adjustments
3. Comprises both Physical and Elastic Cross Connects

1H21

AGENDA

- FINANCIAL RESULTS
- BUSINESS PERFORMANCE
- FY21 GUIDANCE
- APPENDICES

1H21

FINANCIAL RESULTS

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1H21 profit and loss summary

	Note	1H21 ($m)	1H20 ($m)	Change ($m)
Data centre services revenue		121.6	95.4	26.2
Other revenue		2.8	2.3	0.5
Total revenue		124.5	97.7	26.7
Direct costs (power and consumables)		23.3	17.7	5.7
Facility costs (property costs, maintenance, facility staff, other)		11.8	10.4	1.4
Corporate costs	1,2	20.5	16.4	4.1
Total operating costs	2	55.6	44.5	11.1
EBITDA	3	65.2	50.8	14.5
Underlying EBITDA	1	65.7	50.9	14.9
EBIT	3	19.9	18.2	1.7
Loss before tax	3	(17.5)	(8.9)	(8.7)
Loss after tax	3,4	(17.5)	(4.9)	(12.6)

Data centre services
REVENUE
↑27%

Underlying
EBITDA[1]
↑29%

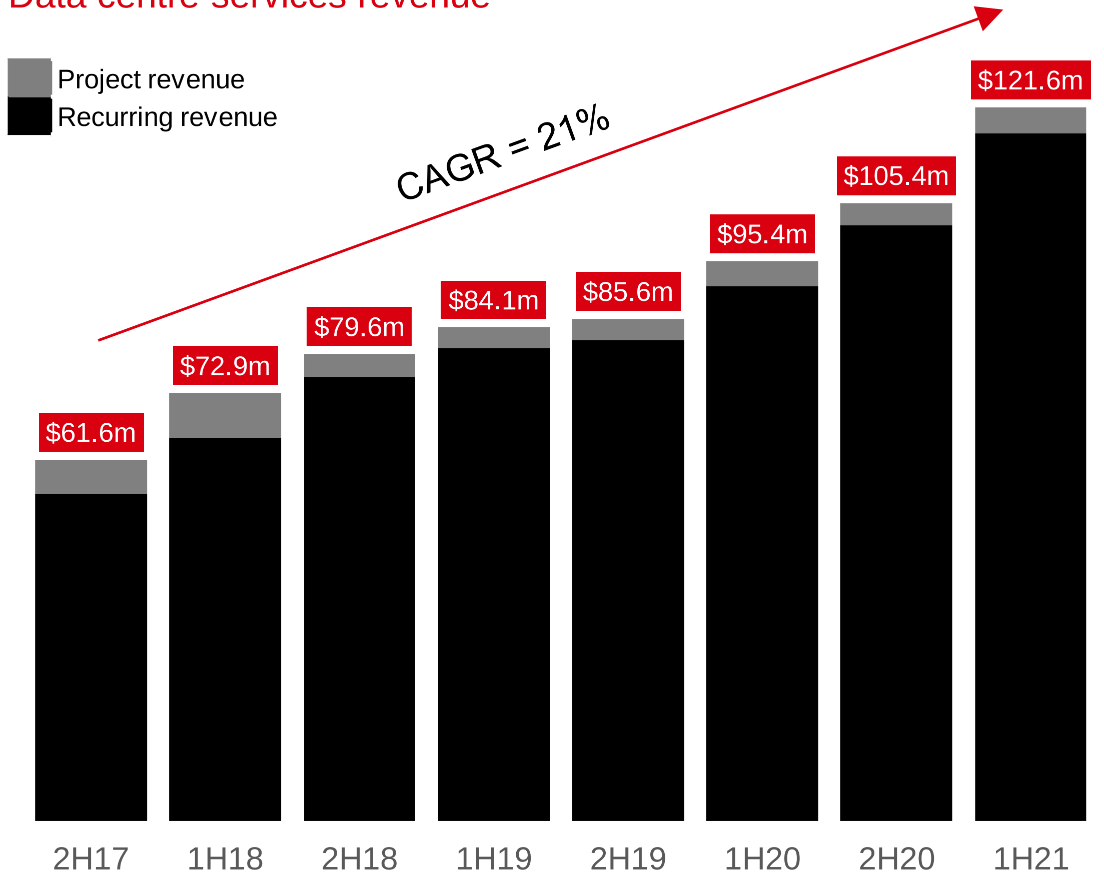
- Direct costs increased in line with customers' power consumption and energy costs, offset by improvements in power usage efficiency
- Facility costs include operational costs for S2 and P2, as well as increased property holding expenses on the back of higher property valuations and the addition of the M3 site
- Corporate costs include investments in central operations, customer experience and IT to support network and site expansion. Insurance costs, particularly those relating to D&O cover, have increased in line with market movements

1. Refer page 22 for underlying adjustments
2. Corporate costs include costs related to all sales and marketing, centralised customer support, project management and product development, insurance, site selection due diligence and sundry project costs, provisions, as well as investments in growth initiatives including partner development, customer experience and systems
3. Excludes underlying adjustments referred to in Note 1
4. For the year ended 30 June 2020, the Group derecognised carried forward tax losses and temporary differences that it believed no longer met the requirement to be recognised, stemming from the impact of recent growth and expansion activity on taxable profits. No carried forward tax losses were recognised for the period ended 31 December 2020, though an income tax benefit of $4.0 million was recognised for the period ended 31 December 2019, which included the impact of previously recognised carried forward tax losses

Solid revenue and EBITDA growth

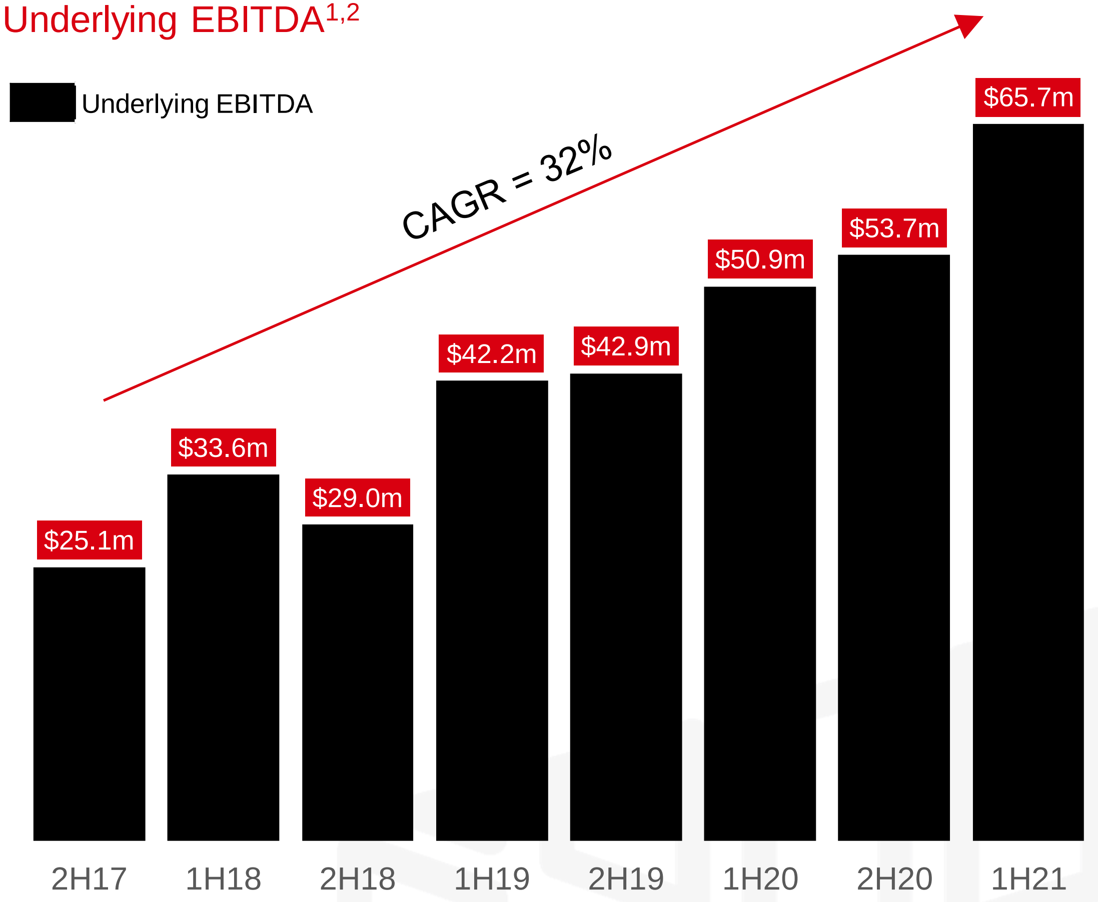
27% growth on 1H20

Data centre services revenue[1]



29% growth on 1H20

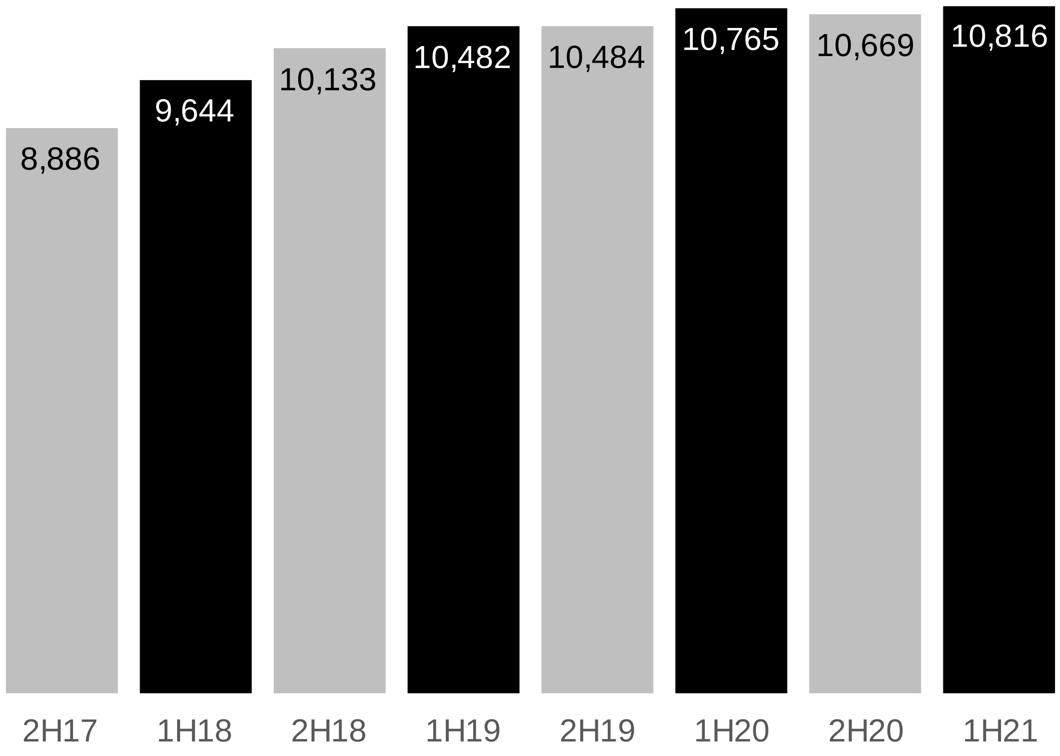
Underlying EBITDA[1,2]



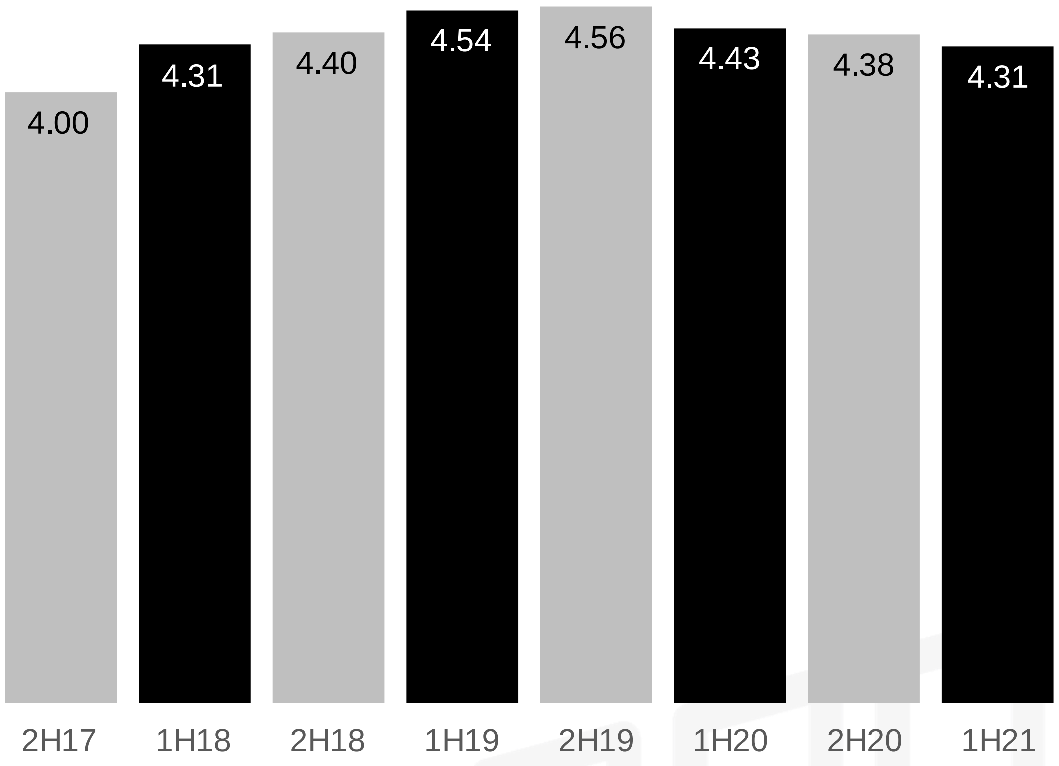
1. Excludes interest revenue. Prior to FY19, project revenue was recognised upfront, as the services were provided. Under AASB 15, project revenues are no longer recognised upfront, but amortised over the contract term including any option periods
2. Refer page 22 for underlying adjustments

Revenue per unit metrics

Annualised revenue per square metre[1] ($)



Annualised revenue per MW[2] ($m)

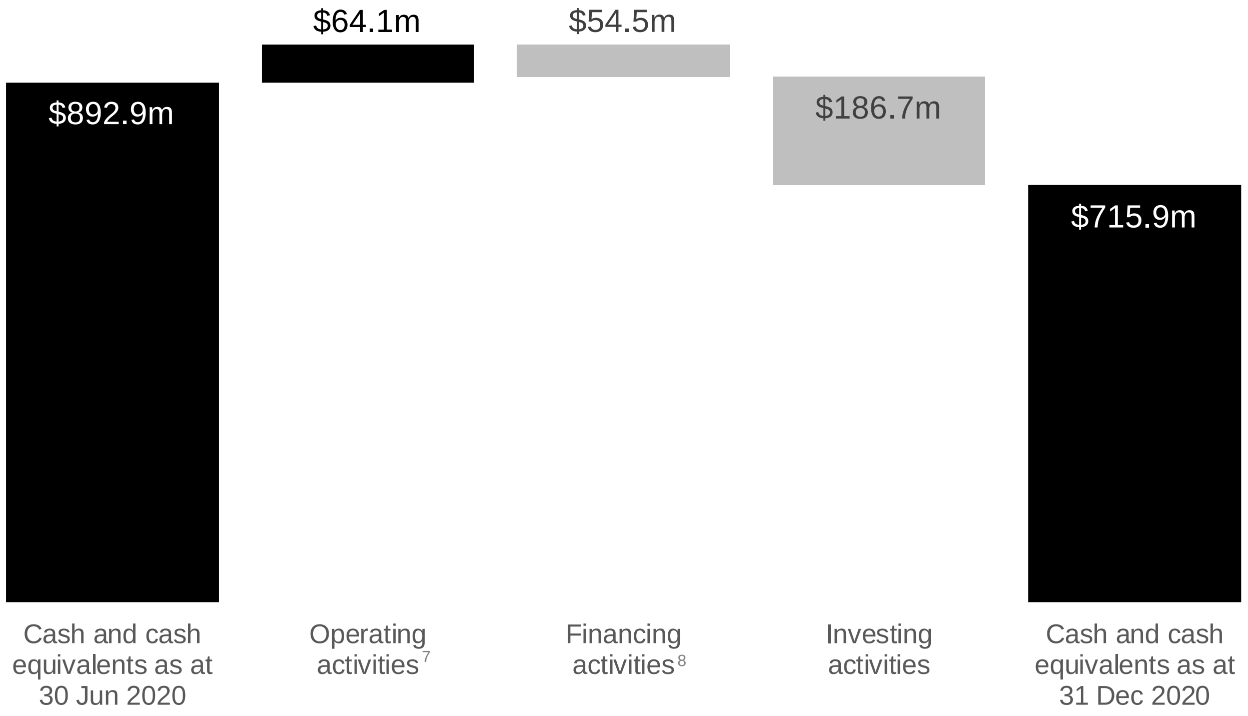


- The deployment of large, high density, ecosystem enhancing customer contracts continues to drive increases in revenue per square metre
- New facility developments are designed to take advantage of industry movements toward higher density requirements
- Revenue derived from larger customer deployments 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

Balance Sheet Summary ($m)	31 December 2020	30 June 2020
Cash and cash equivalents	716	893
Property (land and buildings)[1]	904	854
Plant and equipment	819	704
Total assets	2,611	2,660
Borrowings[2]	781	798
Total liabilities	946	976
Net assets	1,665	1,683
Debt Metrics Summary		
Gearing[3]	3.9%	n/a
Available liquidity[4] ($m)	1,766	1,193
Cost of debt[5]	3.2%	5.6%
Duration of debt (years)	4.9	1.6
Hedged debt[6]	100%	54%



1. Property excludes right-of-use assets not owned by NEXTDC but reported as assets under AASB 16
2. Borrowings includes capitalised transaction costs which are amortised over the term of the debt instruments; exclude lease liabilities related to right-of-use assets which are reported as leases under AASB 16
3. Net debt / (net debt + equity) based on book value of cash and cash equivalents, borrowings, unsecured notes, derivative financial instruments and total equity
4. Undrawn facilities plus cash and cash equivalents
5. Weighted average at the end of the period, inclusive of fees and margins on a drawn basis
6. As at the end of the period with fixed interest debt treated as hedged
7. Cash flows from operating activities include net interest paid of $20.7m
8. Cash flows from financing activities include transaction costs and redemption premiums associated with debt refinancing


1H21
BUSINESS PERFORMANCE
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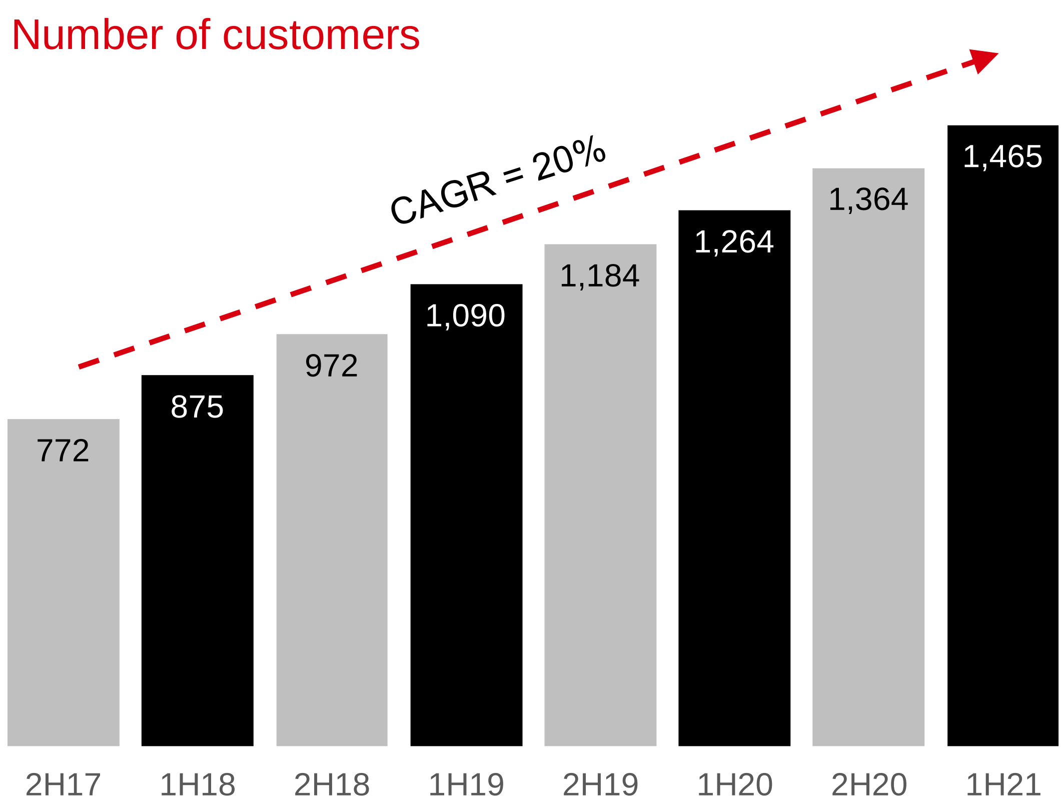
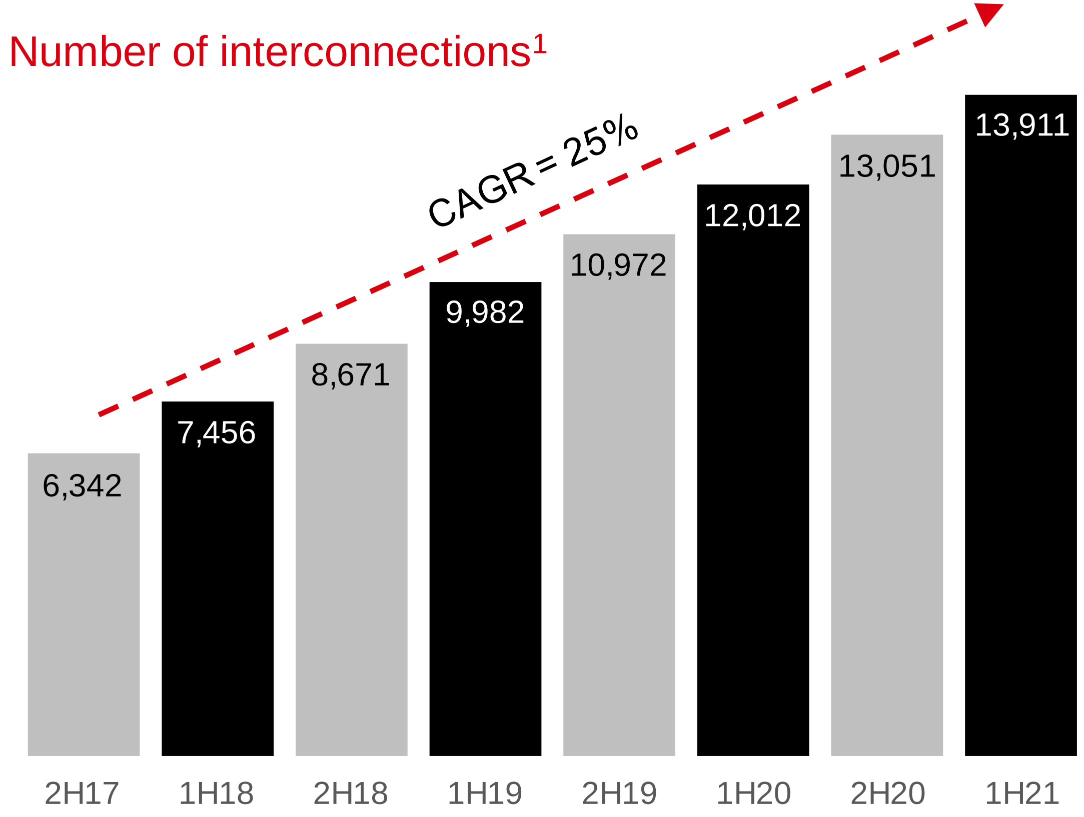
Strong growth in customers and interconnections

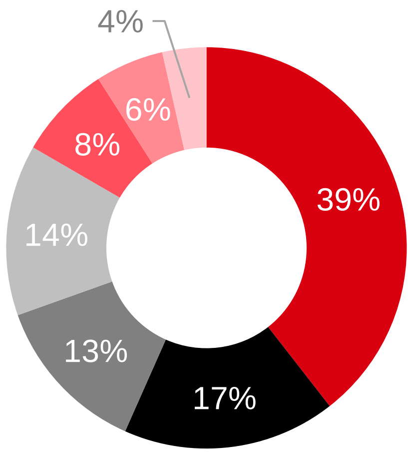




- Strong ongoing growth in customers and interconnections, with 9.5 average interconnections per customer
- Growth in average interconnections per customer over time highlights the increasing use of hybrid cloud and connectivity both inside and outside the data centre as customers expand their ecosystems
- Ecosystem growth is expected to drive higher margins over time and customer retention

1. Comprises both Physical and Elastic Cross Connects

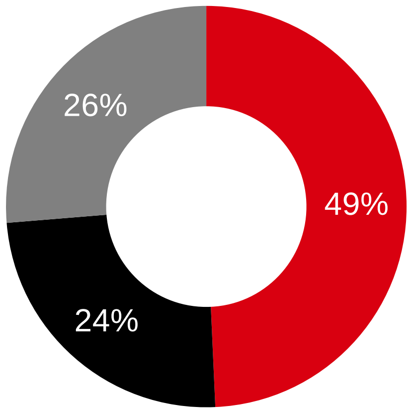
Diversified recurring revenue model



Customers by industry[1,2]

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

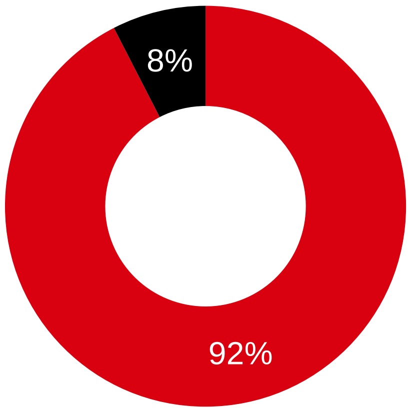
Cloud, Systems Integrators and Connectivity drive strong ecosystem growth



Utilisation by density[1,3]

- > 6kW
- 4kW to 6kW
- < 4kW

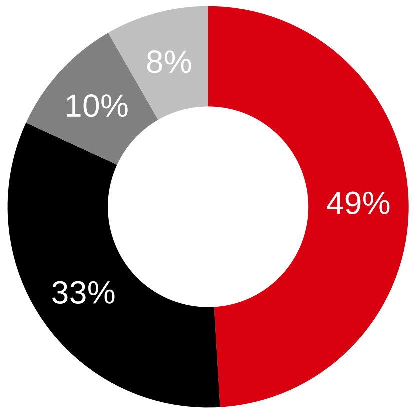
Customer power requirements continue to increase leading to greater density



Interconnection vs other recurring[4]

- Other recurring revenue
- Interconnection revenue

Strong growth in interconnections an indicator of a healthy ecosystem



Revenue by region[4]

- NSW / ACT
- VIC
- QLD
- WA

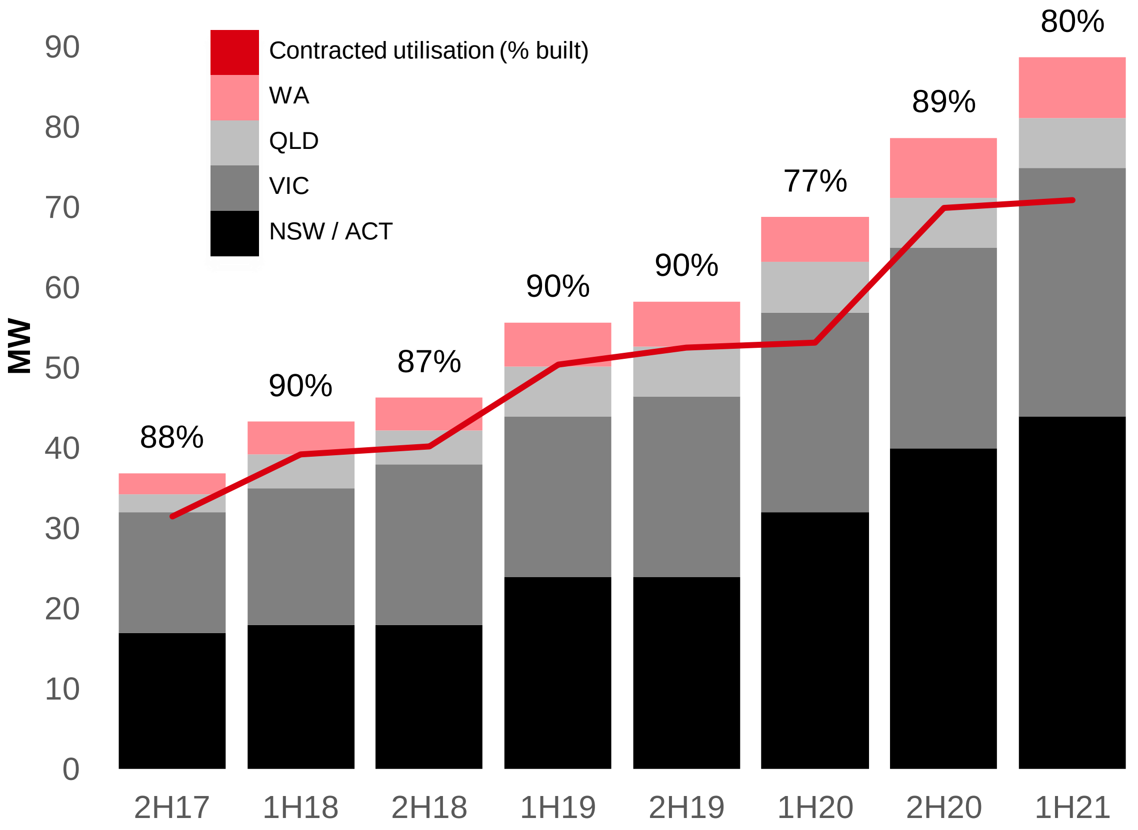
Strong performance in key markets

1. As at 31 December 2020
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 1H21 recurring revenue, which is data centre services revenue less project revenue

Utilisation

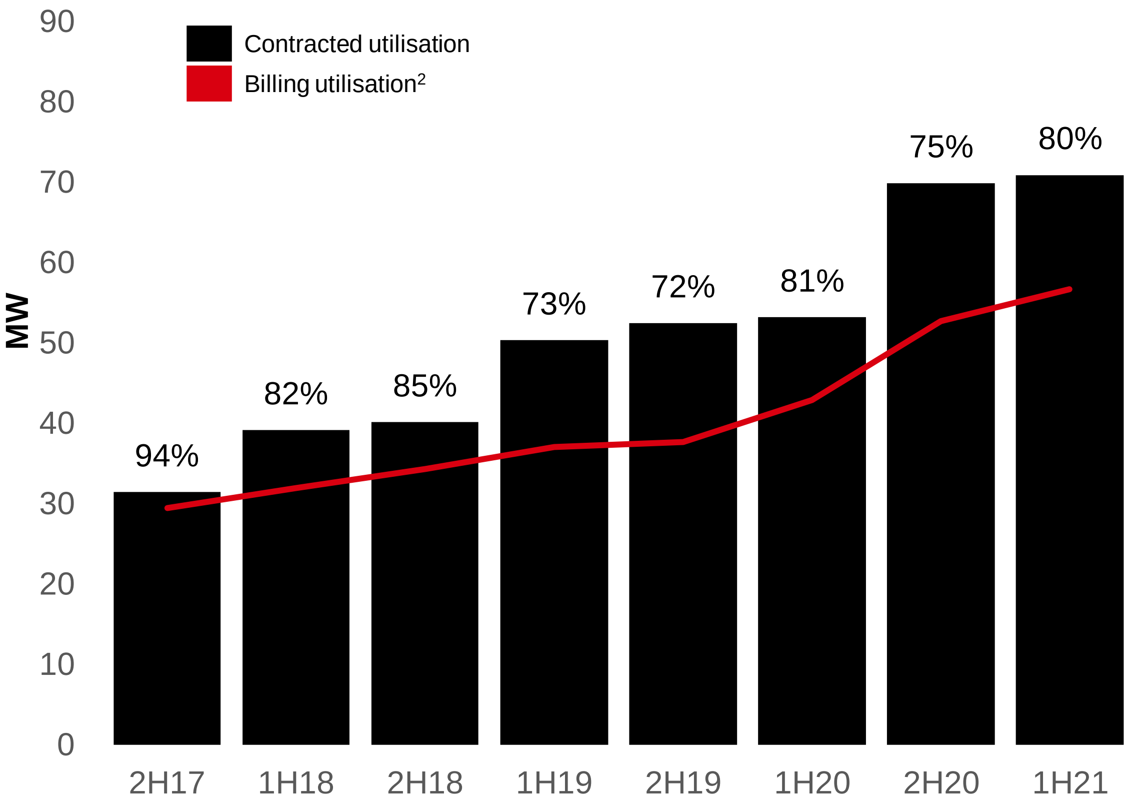
Installed capacity[1] vs contracted utilisation

- 80% of installed capacity was contracted at 31 December 2020
- 10MW of additional capacity added in 6 months since 30 June 2020



Billing vs contracted utilisation

- Contracted utilisation up 17.7MW (33%) to 71.0MW since 31 December 2019[3]
- Billing utilisation up 32% since 31 December 2019

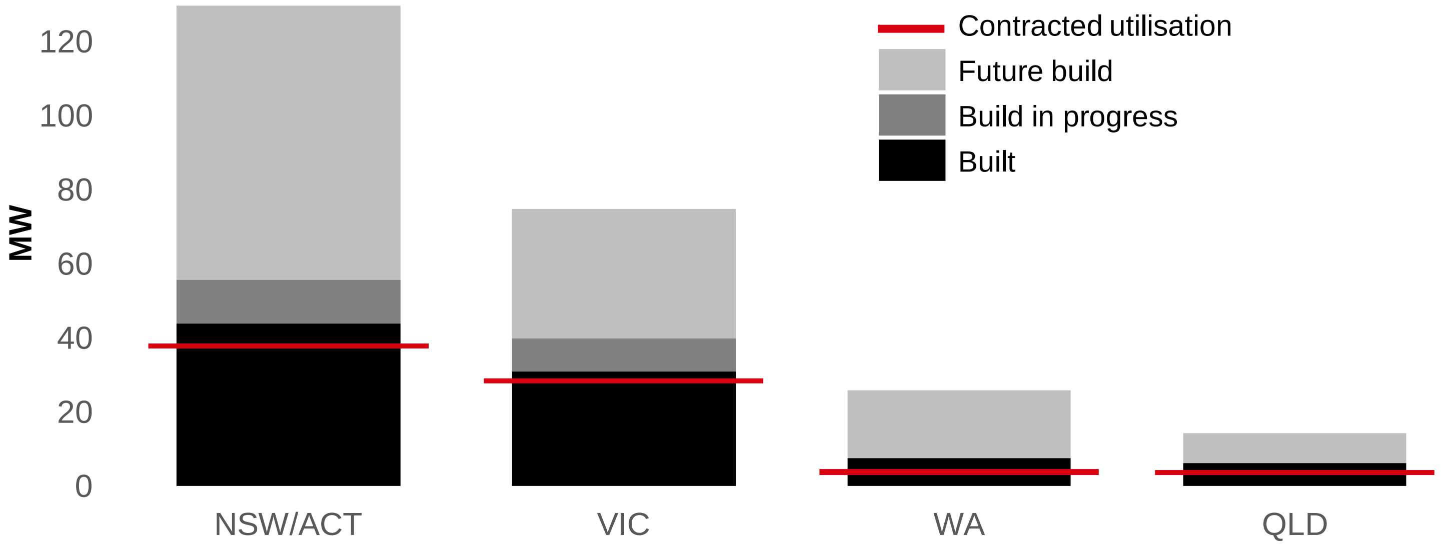


1. Installed capacity includes the designed power capacity of the data halls fitted out at each facility. Further investment into customer related infrastructure, such as backup power generation, cooling equipment or rack infrastructure, may be made in line with customer requirements
2. Billing utilisation refers to the sold capacity for which revenue is currently being recognised as at the end of the period
3. Contracted utilisation includes whitespace and rack power commitments with deferred start dates or ramp up periods

Facilities capacity and contracted utilisation

As at 31 December 2020

- **S2 Sydney:** Data hall 7 completed adding 4MW. Work in progress on final data hall
- **M2 Melbourne:** Building expansion works well progressed, with 6MW added in 1H21 to support customer growth. Work continues on a further 9MW of expansion
- **S3 Sydney:** Building construction commenced. On target for practical completion in 2H22
- **M3 Melbourne**: M3 design and development approval formally submitted to council and received endorsement
- **Tier IV preparations:** Uptime Institute (UI) Tier IV Certification of Constructed Facility (TCCF) underway for S2 and P2. UI Gold certification of Operational Sustainability planned for both S2 and P2



	NSW/ACT	VIC	QLD	WA	Total
Total power planned (MW)[1]	130.8	75.0	14.3	26.0	246.1
Power built[2] (MW)	44.0	31.0	6.3	7.5	88.8
Land and building capex to date[3,4]	$467m	$205m	$83m	$151m	$907m
Fitout capex to date[3]	$488m	$314m	$80m	$117m	$998m
Contracted utilisation (MW)	37.2	27.7	3.0	3.0	71.0
% of total power planned	28%	37%	21%	12%	29%
% of MW built	85%	90%	48%	40%	80%
Capacity available for sale (MW)	93.6	47.3	11.3	23.0	175.1

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. 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 M3 Melbourne

1H21

GUIDANCE

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FY21 UPGRADED GUIDANCE

SOLID REVENUE GROWTH

Data centre services revenue[1] guidance of $246m to $251m (previously $242m to $250m)

- Strong growth in recurring data centre services revenue, underpinned by long-term customer contracts
- Power recharge revenues move in line with power savings and improvements in data centre efficiency
- Inventory available across all markets to drive further enterprise and network opportunities

SUBSTANTIAL OPERATING LEVERAGE

Underlying EBITDA[2,3] guidance of $130m to $133m (previously $125m to $130m)

- Second generation facility performance is driving scale and earnings growth
- New capacity delivered in line with customer requirements, locking in contracted revenues and bringing forward operational investments
- Company continues to make strategic investments in growth projects, centralised management and platforms, as well as our 24/7 industry leading customer experience

CUSTOMER DRIVEN INVESTMENT

Capital expenditure guidance in the range of $380m to $400m (unchanged)

- M2 and S2 expansions continue, with a combined 13MW of incremental capacity under development
- Building construction and phase 1 development of S3 on track for practical completion in 2H22
- M3 early works on phase 1 development to commence late in 2H21

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) on track for S2 and P2
- UI Gold certification of Operational Sustainability planned for S2 and P2
- M1 and S1 are Australia's only NABERS 5-Star data centre certifications, with plans for NEXTDC's second generation fleet

1. Excluding interest revenue
2. Refer page 22 for underlying adjustments
3. FY21 underlying EBITDA excludes costs related to review works into potential data centre investments in Asia

1H21

APPENDICES

1H21

MAJOR DEVELOPMENT PROJECTS

NEXTDC





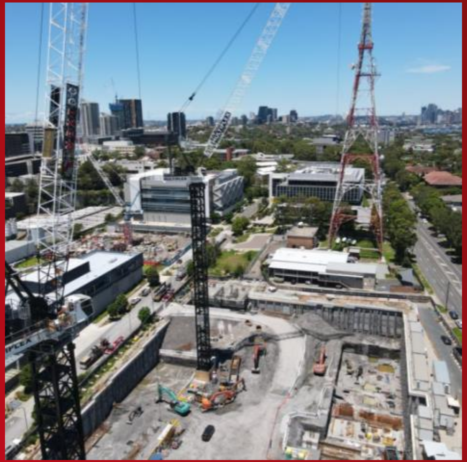
M2 MELBOURNE

TECHNICAL SPECIFICATIONS

Technical Space	17,500sqm
Total target IT capacity	60MW
Installed capacity	16MW
Target PUE	1.10[1] / 1.28[2]
Design and construction certifications	UI Tier IV Design UI Tier IV Constructed Facility UI Tier IV Gold for Operational Sustainability
Status	Operational

- Planned industry leading energy efficiency rating
- Seamless Cross Connect for M1 and M2 through NEXTDC Data Centre Interconnect and AXON
- AXON cloud connect on-ramp available 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 market leading level of energy efficiency



S3 SYDNEY

TECHNICAL SPECIFICATIONS

Technical Space	20,000sqm+
Total IT capacity	80MW
Initial capacity	~12MW
Target PUE	1.15[1] / 1.29[2]
Design and construction standard	UI Tier IV Design UI Tier IV Constructed Facility UI Tier IV Gold for Operational Sustainability
Practical completion	2H22

- Seamless Cross Connect for S1, S2 and S3 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

1H21

UNDERLYING EBITDA RECONCILIATION

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Underlying EBITDA reconciliation

	1H21 ($m)	1H20 ($m)
Net profit / (loss) after tax	**(17.5)**	**(4.9)**
Add: finance costs	40.3	29.4
Less: interest income	(2.8)	(2.3)
Less income tax benefit	-	(4.0)
Add: depreciation and amortisation	45.3	32.6
EBITDA	**65.2**	**50.8**
Less: gain on re-assessment of lease under AASB 16	-	(0.2)
Add: Asian market review expenses	0.5	0.3
Underlying EBITDA	**65.7**	**50.9**

1H21

CASE STUDIES

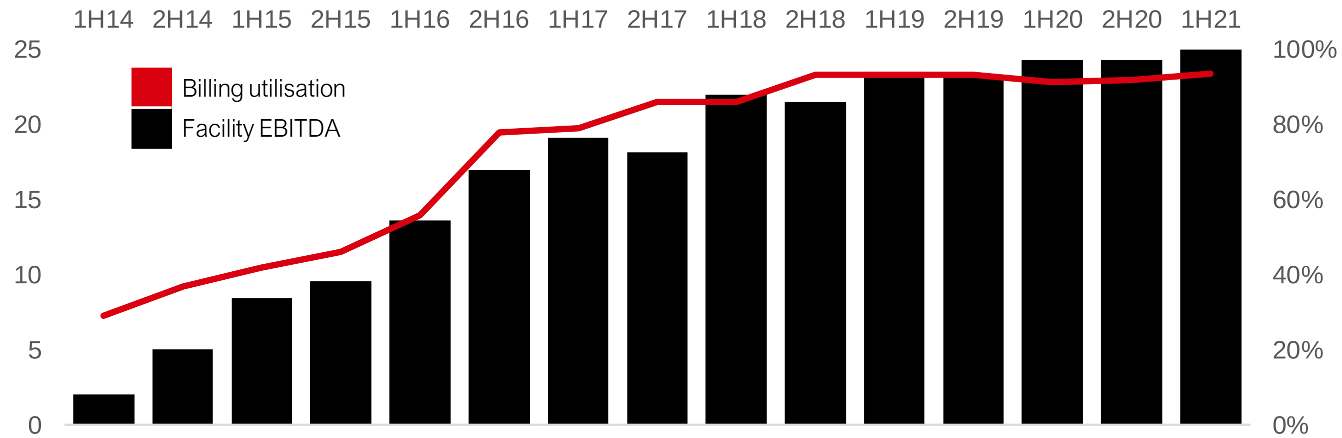
NEXTDC

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)



($'000s) Period ended	1H14	2H14	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18	1H19	2H19	1H20	2H20	1H21
Billing utilisation[1]	29%	37%	42%	46%	56%	78%	79%	86%	86%	93%	93%	93%	91%	92%	94%
Recurring revenue	5,187	8,864	11,651	13,871	16,524	21,707	23,432	24,761	28,553	30,997	31,341	29,966	31,169	32,006	33,291
Project revenue	1,229	1,025	1,525	736	2,807	1,503	2,039	1,083	1,567	1,438	852	804	710	794	829
Gross data centre revenue	6,416	9,889	13,175	14,607	19,331	23,210	25,471	25,844	30,119	32,435	32,192	30,770	31,879	32,799	34,120
Facility EBITDA[2]	2,011	4,999	8,450	9,597	13,611	17,009	19,116	18,145	22,019	21,515	23,572	23,211	24,310	24,308	25,872
EBITDA margin %	71%	75%	82%	82%	83%	84%	85%	80%	81%	74%	73%	75%	76%	74%	76%
Fitout capex to date ($m)	78	84	85	87	101	120	130	139	143	147	148	150	152	157	160
Property value at cost[3] ($m)												99	99	99	99

Note: Not adjusted for differences in accounting standards from FY19 onwards relative to earlier periods, which distorts comparability. NEXTDC adopted new accounting standards AASB 9, AASB 15 and AASB 16 from 1 July 2018

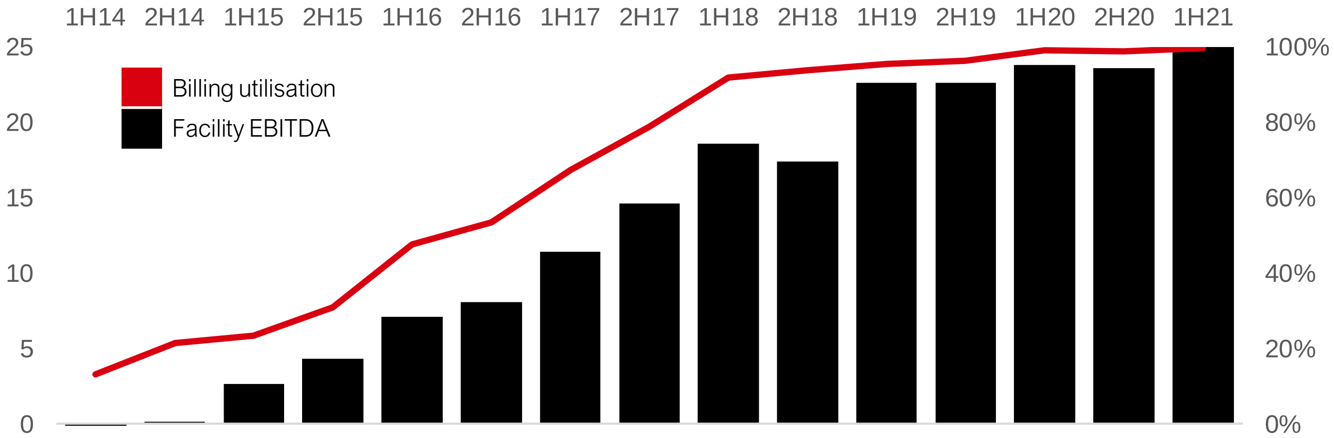
1. Billing utilisation refers to the sold capacity for which revenue is currently being recognised as at the end of the period
2. Before head office costs
3. Reflects allocated cost from NEXTDC's acquisition of APDC in October 2018

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)



($'000s) Period ended	1H14	2H14	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18	1H19	2H19	1H20	2H20	1H21
Billing utilisation[1]	13%	22%	23%	31%	48%	53%	68%	79%	92%	94%	96%	96%	99%	99%	100%
Recurring revenue	539	3,530	5,238	7,473	9,647	12,548	15,848	18,882	22,983	28,128	29,756	29,334	30,069	31,151	32,831
Project revenue	913	912	1,895	1,808	2,480	1,667	2,245	4,029	4,303	770	1,405	1,538	2,145	1,096	1,495
Gross data centre revenue	1,452	4,442	7,133	9,281	12,127	14,215	18,093	22,911	27,286	28,898	31,161	30,872	32,215	32,248	34,325
Facility EBITDA[2]	(432)	137	2,675	4,304	7,110	8,066	11,460	14,623	18,597	17,455	22,642	22,672	23,858	23,607	25,535
EBITDA margin %	61%	64%	75%	76%	81%	76%	79%	76%	79%	71%	73%	73%	74%	73%	74%
Fitout capex to date ($m)	58	64	66	78	95	114	127	135	146	155	157	160	161	163	166
Property value at cost[3] ($m)												118	118	118	118

Note: Not adjusted for differences in accounting standards from FY19 onwards relative to earlier periods, which distorts comparability. NEXTDC adopted new accounting standards AASB 9, AASB 15 and AASB 16 from 1 July 2018

1. Billing utilisation refers to the sold capacity for which revenue is currently being recognised as at the end of the period
2. Before head office costs
3. Reflects allocated cost from NEXTDC's acquisition of APDC in October 2018

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