

# ASX Release

22 November 2024

## 2024 AGM - CEO's Address

My sincere thanks to our valued shareholders for joining us today.

It's both an honour and a privilege to welcome you to our Annual General Meeting for the financial year ending June 30, 2024. This year has been a landmark for NEXTDC, defined by record-breaking growth and strategic expansion. In the past 12 months alone, we have contracted more new business than in the entire previous decade—a true testament to the trust our clients place in us and the robust growth of our industry. This reflects our teams unwavering 'pursuit of excellence' and commitment to putting our 'customers first'. The company is on track to more than double both installed and billing capacity as we deliver contracted orders currently under construction. Even more exciting is that we have the largest pipeline in history, with a record number of MW-scale deals under active negotiation. This momentum underscores our ability to scale alongside our clients, addressing the accelerated computing, digital infrastructure needs, of the Fourth Industrial Revolution.

### **Megatrends**

Innovation is advancing at an unprecedented pace—what was unimaginable yesterday is reality today. Our confidence is grounded in powerful megatrends. According to McKinsey's 2024 Technology Trends Outlook, generative AI has seen a nearly 700% increase in use, highlighting its transformative potential. Additionally, Gartner's Top 10 Strategic Technology Trends for 2024 emphasize the importance of AI and cloud computing in driving innovation and efficiency. These trends underscore the critical role of advanced technologies in shaping the future of industries and economies. With our expanding ecosystem of clouds, carriers, and AI service providers, NEXTDC is uniquely positioned to meet today's needs and build the foundations for tomorrow.

### **The future will be driven by AI**

Artificial intelligence is driving an unprecedented investment surge; in the last six months alone, the top four U.S. hyperscalers invested over US\$100 billion in AI and data centres, marking a pivotal shift in industry dynamics. In FY24, AI has moved from promise to a transformative agentic workforce, unlocking productivity, fuelling innovation, and creating new business models. This surge has created extraordinary demand for resilient digital infrastructure to support its growth. In the Fourth Industrial Revolution, "AI is the new electricity," a powerful analogy that highlights AI's transformative potential. To realize this potential, robust, scalable infrastructure is essential. NEXTDC is committed to meeting this demand, providing the foundation for the AI-driven future.

### **Impact of cloud and AI**

IDC recently predicted that AI will contribute US\$19.9 trillion to the global economy by 2030 and will drive 3.5% of global GDP. NVIDIA CEO Jensen Huang recently projected that \$1 trillion will be spent on building AI-ready data centres over the next four years, driven largely by hyperscale tech giants. Our customers face the challenge of meeting speed-to-market requirements and cannot tackle this challenge alone. In Australia and the broader Asia Pacific region, we are ideally positioned to support rapid infrastructure scaling with strategically acquired land, power and the ability to execute at speed.

### **The foundation of digital acceleration**

Hyperscale data centres and interconnection services are the digital infrastructure backbone of AI's transformative potential. To fully harness AI, applications require the capability to process vast volumes of data in real time - demanding substantial computing power, low latency, and secure connectivity. Purpose-built data centres are uniquely equipped to meet these rigorous requirements, offering high-density power, liquid cooling systems, and resilient infrastructure tailored for complex AI workloads. These facilities are designed to deliver the operational certainty essential for AI-driven innovation, ensuring that businesses can scale and adapt seamlessly in an AI-powered world.

### **AXON for cloud and RAG AI**

Interconnection services are vital for the secure, seamless exchange of data across AI systems, clouds, and enterprise ecosystems. Retrieval-Augmented Generation (RAG) AI thrives on real-time data from diverse sources, using retrieval-based methods combined with generative AI to produce highly accurate, context-aware responses. This approach depends on constant access to fresh data, underscoring connectivity as the lifeblood of modern business. Our AXON Network-as-a-Service platform empowers customers to connect Language Learning Model (LLM) data with people, locations, and workloads—driving productivity and agility. Whether it's hyperscale, metropolitan, regional, or edge, robust networks are essential as cloud and accelerated computing rapidly evolve. AXON meets this demand by interconnecting more data sources across more locations to an expanding user base.

### **AI set to boom in Australia**

In Australia, we're at the forefront of this shift. According to Statista, the local AI market is projected to grow to around A\$4.8 billion this year and continuing to grow at a compound annual growth rate of nearly 29% through to 2030. Meanwhile, Telsyte's analysis anticipates that Infrastructure-as-a-Service in Australia will reach AU\$8 billion by 2027, while Asia-Pacific data centre capacity is on a trajectory to surpass 10 gigawatts, with almost 13 gigawatts in development and planning. We are a leading player in an industry that is gearing up to meet exponential demand.

### **Where AI thrives**

We are advancing Australia's role in the global AI revolution through strategic alliances. This year, NEXTDC achieved a milestone by becoming the first Australian data centre operator certified under NVIDIA's DGX "AI Factory" standard. The "AI Factory" is a GPU supercomputer housed within a colocation facility, purpose-built to meet the intense power and liquid cooling demands of next-generation AI. Certified by NVIDIA, these facilities support advanced reference architectures, positioning NEXTDC at the forefront of AI infrastructure innovation.

### **AI Factories**

Across hyperscale, metropolitan, regional, and edge data centres, we expect diverse AI factories to emerge. AI training involves teaching models to recognize patterns by processing vast data sets, requiring high-performance GPUs and specialized hardware like NVIDIA's DGX systems. This process is resource-intensive, demanding significant power and cooling to handle large-scale computations. AI inference, by contrast, is the application phase where trained models make real-time predictions or decisions. Inference workloads are lighter, processing single inputs quickly, but still require optimized infrastructure to ensure low latency and reliability, especially for real-time applications like image recognition and natural language processing. In essence, training builds the model's capabilities, while inference leverages this "knowledge" for interaction and decision-making - on-demand within data centres.

### **Liquid cooling**

We're a leader in energy-efficient cooling technology. For over a decade, our engineering team has been pioneering innovations in customized liquid-cooling solutions, empowering customers to meet their energy and performance objectives. As the first Australian data centre certified under NVIDIA's DGX standard for liquid cooling, we're proud to deliver direct-to-chip liquid cooling capabilities. This approach maximizes heat dissipation directly at the source, significantly enhancing efficiency and enabling next-generation AI workloads to operate at peak performance with minimal energy overhead.

### **The AI opportunity**

AI is set to drive one of the most profound transformations in the history of technology, ushering in the Fourth Industrial Revolution. For NEXTDC, this moment is a defining opportunity. We're not only positioned to meet the rising demand for AI but to set the benchmark for innovation, resilience, and sustainable data centre infrastructure. As we expand our AI-ready capabilities and reinforce our robust infrastructure, I'm proud to announce that NEXTDC has once again been honoured with the prestigious 2024 Frost & Sullivan Best Practice Award for Australian Data Centre Services Company of the Year—our fourth consecutive win. This award recognises our leadership in delivering resilient, AI-ready infrastructure that drives innovation and supports the ambitions of hyperscale, enterprise, and government clients alike.



### **Fuelling the digital economy**

Data centres are the backbone of the digital economy. McKinsey forecasts the global data centre market will reach \$1 trillion by 2030, highlighting the extraordinary demand for digital infrastructure. Together, we are empowering enterprises to harness the full potential of the digital age—and for NEXTDC, that journey is only just beginning. As we enter a new era defined by AI, our achievements over the past decade are merely the foundation. The momentum surrounding AI signals a transformational chapter for the digital infrastructure industry, one that promises unprecedented growth in the decade ahead.

### **The next 10**

As we enter the Fourth Industrial Revolution, NEXTDC is strategically positioned to lead this transformation, expanding our platform to capture a significant share of this dynamic market. As Bill Gates famously said, "Most people overestimate what they can achieve in a year and underestimate what they can achieve in ten years."

Together, we're not just building for today—we're laying the foundation for an extraordinary future that will redefine what's possible in the digital age.

Authorised for release by the Board of NEXTDC Limited.

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## **About NEXTDC**

NEXTDC is an ASX 100-listed technology company and Asia's most innovative Data Centre-as-a-Service provider. We are building the infrastructure platform for the digital economy, delivering the critical power, security and connectivity for global cloud computing providers, enterprise, and Government.

NEXTDC is recognised globally for the design, construction, and operation of Australia's only network of Uptime Institute certified Tier IV facilities, and one of the only data centre operators in the Southern Hemisphere to achieve Tier IV Gold certification for Operational Sustainability. NEXTDC has a strong focus on sustainability and operational excellence through renewable energy sources and delivering world-class operational efficiency. Our data centres have been engineered to deliver exceptional levels of efficiency and the industry's lowest Total Cost of Operation through NABERS 5-star energy efficiency.

NEXTDC's corporate operations have been certified carbon neutral under the Australian Government's *Climate Active* Carbon Neutral Standard.

Our Cloud Centre partner ecosystem is Australia's most dynamic digital marketplace, comprising carriers, cloud providers and IT service providers, enabling local and international customers to source and connect with cloud platforms, service providers and vendors to build complex hybrid cloud networks and scale their critical IT infrastructure services.

NEXTDC is *where the cloud lives*®.

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