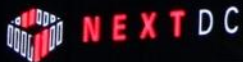


# *Welcome*



NEXT DC

## 6th ANNUAL GENERAL MEETING

24 NOVEMBER 2016



**N E X T** D C

# CHAIRMAN'S ADDRESS 2016 ANNUAL GENERAL MEETING

24 NOVEMBER 2016

NEXTDC LIMITED ACN 143 582 521





## VISION

Our vision is to help enterprises harness the digital age, improving our society through the advancement of technology

## MISSION

Our mission is to be the leading customer-centric data centre services company, delivering solutions that power, secure and connect enterprise

# FY16 highlights



## Ongoing growth in revenue

- Revenue from continuing operations up \$32.0m (52%)<sup>1</sup> to \$92.8m
- Contracted utilisation up 4.4MW<sup>2</sup> (20%)<sup>2,3</sup> to 26.1MW
- Interconnection up 1,682 (58%)<sup>3</sup> to 4,575, representing ~5% of recurring revenue<sup>4</sup>



## Benefits of operating leverage

- EBITDA up \$19.7m (247%)<sup>1</sup> to \$27.7m
- Operating cash flow up \$15.4m<sup>1</sup> to \$22.3m
- Net profit of \$1.8m, up from \$10.3m loss in FY15



## Network footprint expands

- FY16 capital investment of \$101m
- Increase in network capacity of 10.3MW to 34.7MW (FY15: 24.4MW)
- Sites for M2 and B2 secured

1. Compared to FY15  
2. Pro forma for the Federal Government contact announced 10 August 2015  
3. Since 30 June 2015  
4. Interconnection (cross connects) represented 4.8% of recurring data centre services revenue in FY16



# Capital Raising overview

NEXTDC recently undertook a fully underwritten Capital Raising to raise approximately \$150 million

- NEXTDC continues to experience strong demand for its premium data centre services
- Sydney facility (S1) is contracted to 82% of its total power capacity<sup>1</sup>
- A new data centre facility is now planned for Sydney (S2) ("**New Facility**"), in addition to the previously announced Brisbane (B2) and Melbourne (M2) facilities to seamlessly satisfy customer demand
- Initial investment in the New Facility expected to be \$140 million to \$150 million across FY17 and FY18, including ownership of underlying property
- NEXTDC has raised capital coincidentally with embarking upon the new investments to support the New Facility
- The Capital Raising proceeds together with current cash reserves, undrawn new \$100 million secured debt facility and ongoing operating cashflow provide NEXTDC with adequate funds to complete the initial investment in the New Facility, B2 and M2, and ongoing capital requirements
- NEXTDC expects that the New Facility will generate returns in excess of NEXTDC's cost of capital, thereby generating additional value for its shareholders over the longer term

1. Reflects 30 June 2016 contracted utilisation adjusted for the Customer contract announced 6 September 2016

# Funding flexibility to deliver capacity expansion

## Sources

Funding sources	\$m	Comment
Cash and term deposits	191	<i>As at 30 June 2016</i>
Secured Debt Facility	100	<i>Upsized facility previously announced to ASX on 11 August 2016</i>
Capital Raising	150	<i>Underwritten</i>
<b>Total</b>	<b>441</b>	

*Above funding sources are further supplemented by ongoing operating cashflow*

Uses	\$m	Comment
Cash liquidity	46	
Existing data centre capex	100	<i>FY17E capex guidance \$80 to \$100m</i>
M2 and B2	140	<i>FY17E capex guidance of \$120 to \$140m</i>
S2	150	<i>Land and building and Phase 1 fitout (2MW+) - \$140 to \$150m across FY17 and FY18, of which \$60 to \$100m is expected to be spent in FY17</i>
Transaction costs	5	
<b>Total</b>	<b>441</b>	

# Cloud answers challenge of digital economy

"In our view, a near-tripling of the public-cloud-based workload mix represents a monumental architectural shift ... and is likely to create a major ripple effect across the entire technology landscape."

JP Morgan analysts Mark Murphy, Doug Anmuth, Sterling Auty, Rod Hall, and Philip Cusick

**By 2020**

Data centre workloads will have doubled

Cisco Global Cloud Index: Forecast and Methodology, 2015–2020

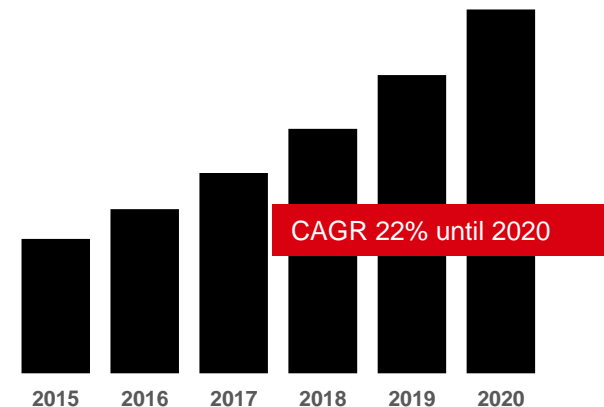
**By 2020**

>**92%** of data centre traffic will be cloud

Cisco Global Cloud Index: Forecast and Methodology, 2015–2020

**By 2020** **\$236b**

Public cloud market



Forrester report, The public cloud services market will grow rapidly to \$236 Billion in 2020 (Sept 2016)



## The shift to cloud has passed tipping point

"Cloud-first strategies are the foundation for staying relevant in a fast-paced world ... helping to create a new generation of start-ups and "born in the cloud" providers."

Ed Anderson, research vice president at Gartner

**By 2020**

**>40%** of workloads will run in a public cloud

JP Morgan research note (Apr 2016)

**By 2018**

**77%** of IT executives world-wide will be 'cloud-first'

ServiceNow survey, Cloud Computing Tipping Point (Nov 2016)

**68%** of organisations now use cloud  
Up **61%** in past year

IDC InfoBrief, Cloud Going Mainstream (Sept 2016)

**49%** of IT leaders in Asia-Pacific are prioritising hybrid cloud solutions

Microsoft Asia Pacific survey of 1,200 IT leaders (Nov 2016)



# Colocation data centres are hubs for cloud access

“Cloud services providers are amongst the largest users of data centres facilities in the world and this is a catalyst for growth in the DC ecosystem, drawing enterprise customers, telcos and IT services firms.”

Wonjae Shim, Research Analyst, ICT Practice Australia & New Zealand, Frost & Sullivan

What will North American enterprise do when their data centres reach capacity?

**76%** Colo or cloud

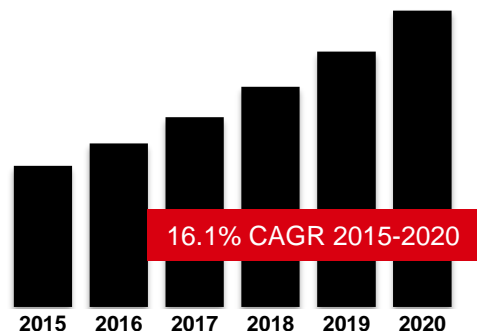
**62%** Consolidate

**25%** New build

Source: 451 Research, Enterprises Increasing Investment in Datacenter Facilities; Focus on Upgrades and Retrofits

By 2020 **\$54b**

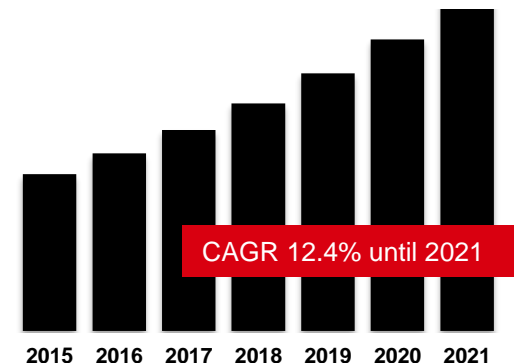
Global colocation market revenue



Market and Markets: Data Center Colocation Market, Global Forecast to 2020

By 2021 **\$2b**

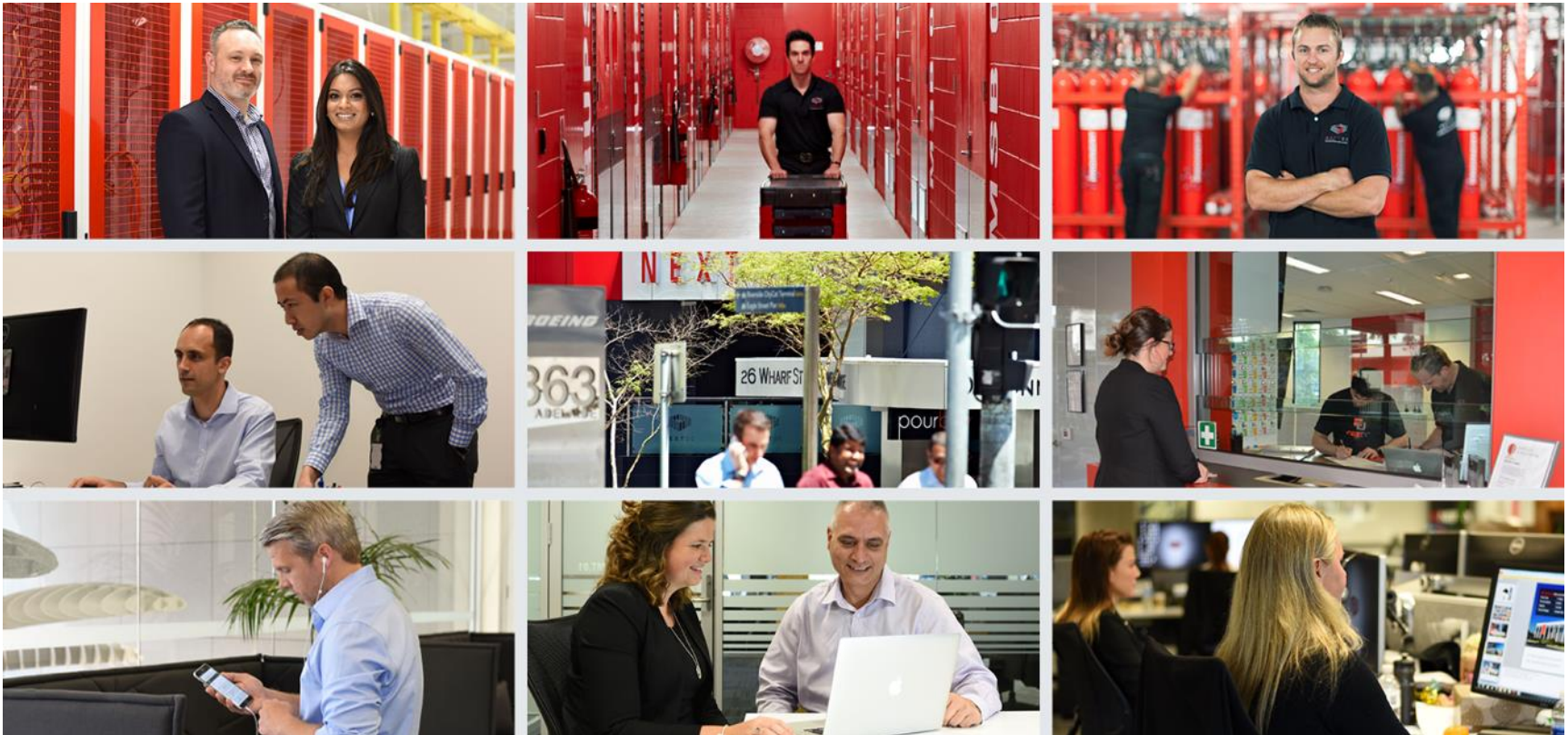
Australian colocation data centre services revenue



Frost & Sullivan report: Australian Data Centre Services Market 2016

# Customer experience driving business transformation

*We have undertaken a major transformation program spanning the technology and systems used across the entire business.*



# CEO'S ADDRESS 2016 ANNUAL GENERAL MEETING

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# NEXTDC is Australia's leading independent data centre provider



**P1** PERTH



1. Site development in progress.  
2. Site selection in progress.

**B1** BRISBANE



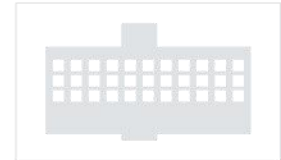
**B2** BRISBANE<sup>1</sup>



**S1** SYDNEY



**S2** SYDNEY<sup>2</sup>



**C1** CANBERRA



**M1** MELBOURNE



**M2** MELBOURNE<sup>1</sup>



# FY16 highlights

## REVENUE<sup>1</sup>



**\$92.8m**

**↑ 52%**  
on FY15

## EBITDA



**\$27.7m**

**↑ 247%**  
on FY15

## CONTRACTED UTILISATION



**26.1 MW**

**↑ 20%**  
on FY15<sup>2</sup>

1. Total revenue from continuing operations (including data centre services revenue as well as other revenue)

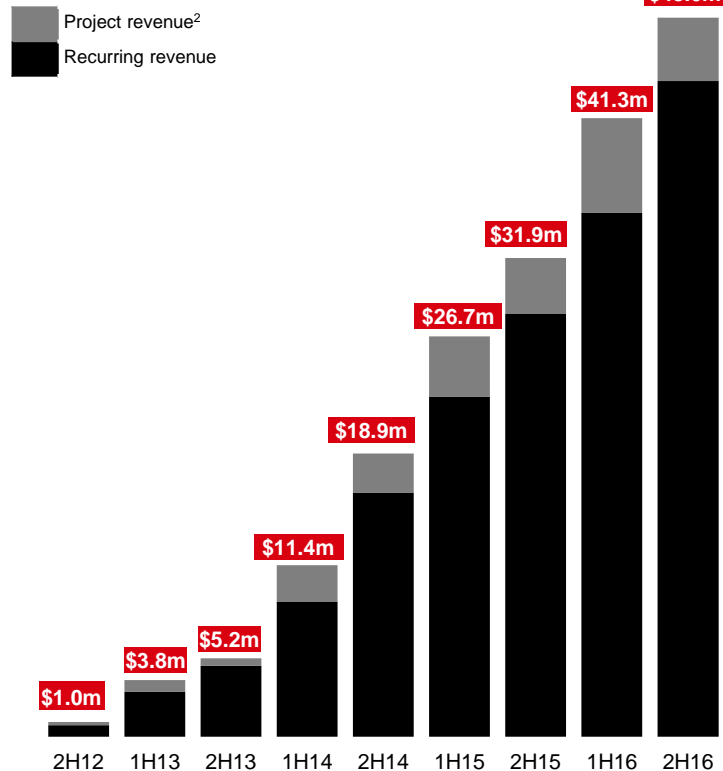
2. Pro forma for the Federal Government contact announced 10 August 2015



# Strong sales momentum

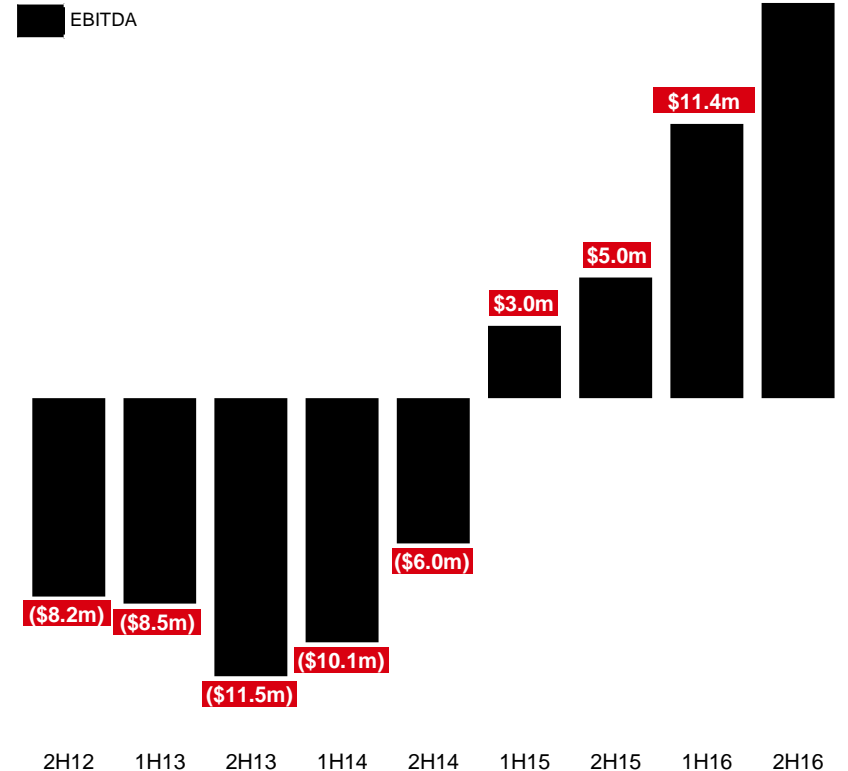
**52% revenue growth on FY15**

Recurring and project revenue<sup>1</sup>



**247% EBITDA growth on FY15**

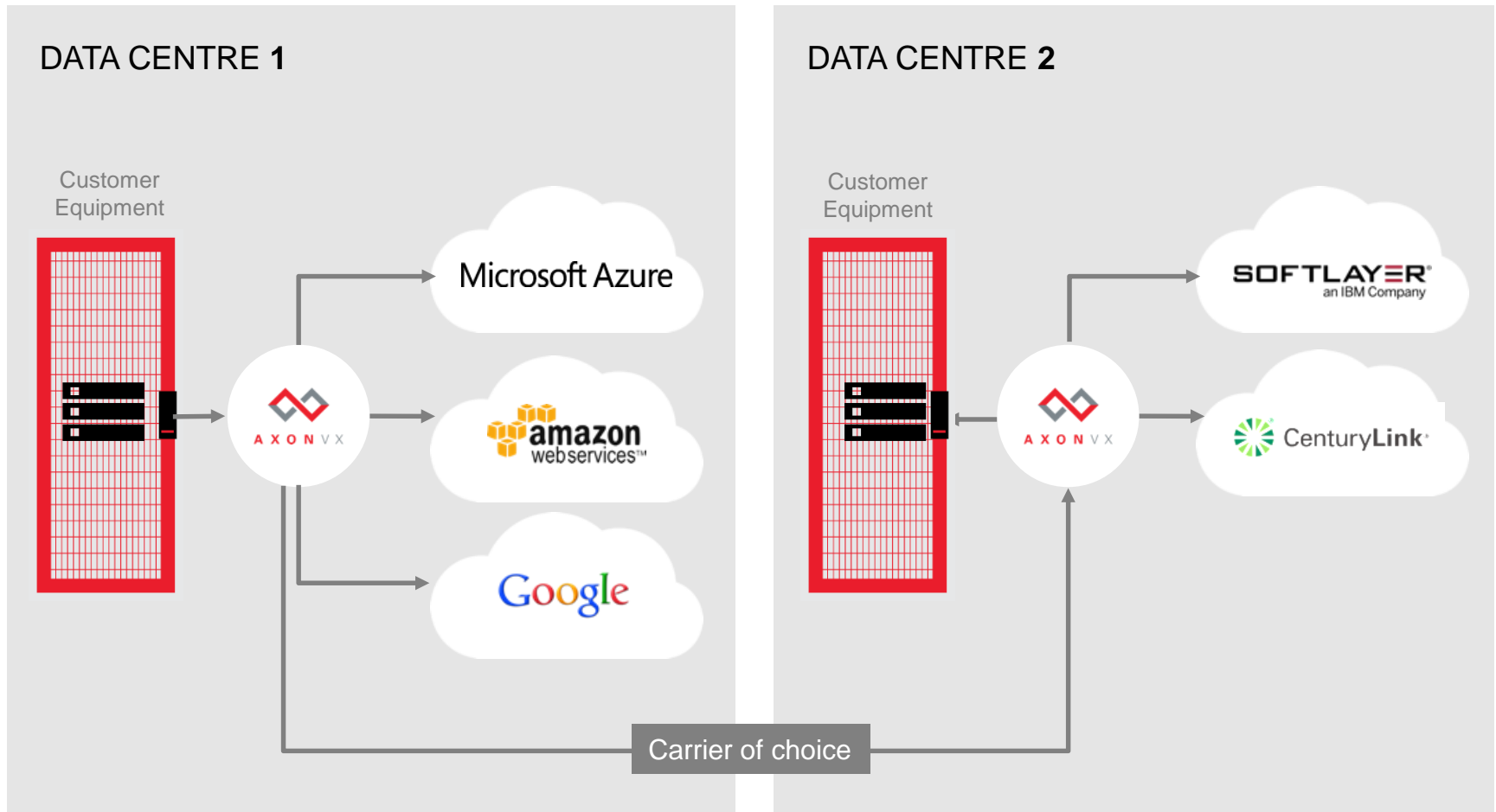
EBITDA<sup>3</sup>



1. Data centre services revenue excludes interest and data centre development revenue
2. Project revenue includes one-off setup costs for new customer fit outs, standard establishment fees for new services, remote hands and other services
3. FY13 and FY14 EBITDA excludes building development profit, APDC distributions and fund raising advisory fees

# Multi cloud / multi network

Next generation elastic fabric enables hybrid solutions on demand



# NEXTDC is *where the cloud lives*®

Consumption economics is a powerful driver of hybrid cloud and colocation.

NEXTDC customers enjoy a wide choice of public, private and hybrid cloud solutions through our Cloud Centre partner community: the largest carrier, vendor and integrator neutral ecosystem in Australia.

## Public and private cloud

Our enterprise and government customers leverage public and private cloud economics. Consumption computing is a key driver for customers' shift to colocation. NEXTDC hosts a number of the largest international and domestic public and private cloud computing providers right here in Australia. Cloud providers prefer carrier-neutral data centres because customers want connectivity choice.

## Hybridised cloud

Most customers have workloads they run in the cloud, and workloads they run on their own infrastructure. Due to legacy platforms, network costs or security concerns not all customers put everything in public or private clouds, so they combine and connect their own infrastructure at NEXTDC to create a hybrid cloud environment. Hybrid clouds are also a key driver of NEXTDC's interconnection revenue.

## Connecting the clouds

Connectivity is available through the internet, by secure private connection or elastic fabric connections to cloud solutions through NEXTDC interconnection services and our network of partners. Networking latency is a key consideration for workloads into the cloud and the preferred location of the cloud. Connection to public and private clouds is a key driver of NEXTDC's interconnection revenue.



# Channel-first sales strategy



CLOUD SERVICES



CONTENT DISTRIBUTORS



CLOUD CENTRE



SOLUTION INTEGRATORS



CARRIER NETWORKS

## ECOSYSTEM DEVELOPMENT

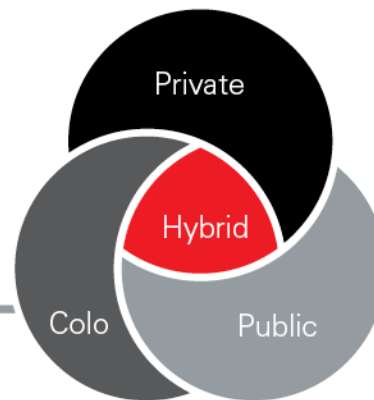
Australia's largest independent network of carriers, and cloud and IT service providers

**300+** CHANNEL PARTNERS

**50+** DOMESTIC & INTERNATIONAL CARRIER NETWORKS

BENEFITS FOR NEXTDC

**4000+**



BENEFITS FOR CUSTOMERS

**AGILITY**



Partners tailor solutions with NEXTDC data centre services

# Cloud Centre

NEXTDC is home to many enterprises, government organisations, and some of the world's largest cloud computing providers. Our ecosystem value grows through interconnectedness.

## The data centre is the heart of hybrid computing

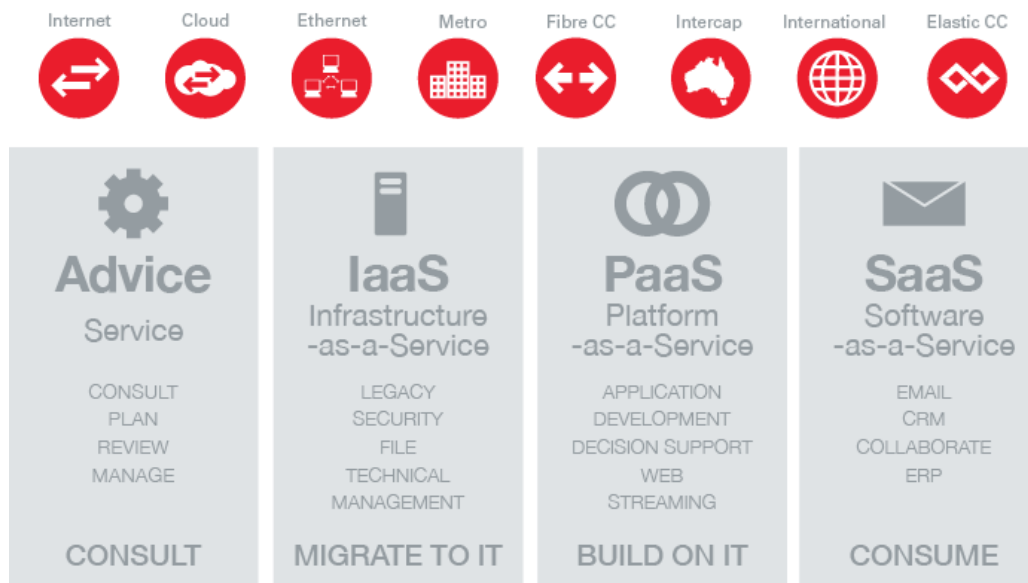
The movement by companies to selectively source public and private cloud computing solutions does not diminish but enhances the strategic value of large scale, high power, high specification colocation facilities such as NEXTDC's.

Without carrier-neutral data centres providing a place to build internet exchanges, the internet, private networks and cloud computing would not exist in their current form.

NEXTDC data centres are a marketplace for the digital economy



## CaaS Connectivity-as-a-Service



## DCaaS Data-Centre-as-a-Service





# Certifications & Industry awards



## ISO 27001:2013

Information  
Security  
Management  
System  
(ISMS)  
certification

Information  
Security  
ISO 27001



## ISO 9001:2015

Quality  
Management  
System  
certification

Quality  
ISO 9001



## ISO 14001:2015

Environmental  
Management  
System  
certification  
(C1, M1, S1)

Environment  
ISO 14001



**NABERS 4.5 star  
rating for energy  
efficiency**  
M1 Melbourne

## Uptime Institute

Tier III certification



**Australian Government**  
Department of Finance

## Australian Government

Data Centre Facilities Supplies Panel

Multi Use List for the provision of Data-Centre-as-a-Service (DcaaS)

## iAwards

- 2016 Winner: AXONVX – Industrial & Primary Industries category
- 2016 Winner: AXONVX – Infrastructure & Platforms Innovation of the Year
- 2014 Winner: ONEDC – Merit Award in the Tools category

## BRW Fast 100

- 2015 #3 fastest-growing Australian company over the past three years

## ARN ICT Industry Awards

- 2016 Winner: AXONVX – Best Telecommunications Initiative of the Year
- 2015 Winner: Telecommunications Vendor of the Year
- 2015 Winner: Service Provider of the Year
- 2014 Winner: Service Provider of the Year
- 2013 Winner: Sustainability
- 2013 Winner: Service Provider of the Year

## Brill Awards, Asia-Pacific

- 2015 Winner: Efficient IT in the Product Solutions category

## Frost & Sullivan

- 2014 Australia Data Centre Service Provider of the Year

## DatacenterDynamics Awards, Asia-Pacific

- 2014 Winner: S1 Sydney – Innovation in the Mega-Data Centre

## Deloitte – Technology

- 2014 #1 Deloitte Technology Fast 50 Australia
- 2014 #6 Deloitte Technology Fast 500 APAC

## Master Builders Association Excellence in Construction Awards

- 2014 Winner: S1 Sydney – Communications Buildings

## National iAwards

- 2014 Winner: ONEDC – Merit Award in the Tools category
- 2014 Finalist: P1 data centre – Industry Domain, Industrial category

# Product & services portfolio



**8** DATA CENTRES

**103+** MEGAWATTS<sup>1</sup>

**20,000+** RACKS<sup>1</sup>

## AUSTRALIA'S LARGEST NETWORK OF NEUTRAL COLOCATION DATA CENTRES

### DCAAS Data Centre-as-a-Service



SCALABLE



RELIABLE



POWERFUL



CONNECTED



EXPERTISE



SUSTAINABLE



**ONEDC** DATA CENTRE INFRASTRUCTURE MANAGEMENT

### DCIMAAS DCIM-as-a-Service



DATA CENTRE INTELLIGENCE



ONE CENTRAL PLATFORM



REAL-TIME ANALYTICS



**AXONVX**

**AXONVX** VIRTUAL CONNECTIVITY PLATFORM

### CAAS Connectivity-as-a-Service



CHOICE OF PROVIDERS



RAPID PROVISIONING



ON-DEMAND AGILITY

1. Numbers are an approximation at full fit-out.

# FY17E Outlook



## Ongoing growth in revenue

### Revenue in the range of \$115m to \$122m (up 24% to 31% on FY16)

- FY17E revenues underpinned by growth in contracted revenues
- Expecting revenue growth in connectivity underpinned by 58% growth in cross connects (FY16 vs FY15)
- NEXTDC remains in discussions with customers in relation to further opportunities



## Benefits of operating leverage

### EBITDA in the range of \$46m to \$50m (up 66% to 81% on FY16)

- Operating leverage becoming evident as the business scales
- Incremental FY17E EBITDA (\$20.3m)<sup>1</sup> represents c. 79% of FY17E incremental revenue (\$25.7m)<sup>2</sup>
- Substantial scope for ongoing earnings growth across existing sites as well as B2 and M2



## Customer driven capital investment

### Capital expenditure on existing sites of between \$80m and \$100m

- Completion of data hall fitout including customer related infrastructure at M1 and S1
- Capacity and critical infrastructure upgrades continue at C1
- Additional capital expenditures tightly tied to customer growth



## New facility investments

### Capital expenditure on new data centre developments of between \$180m and \$240m

- B2 and M2 sites are secured
- Practical completion for B2 and M2 expected towards the end of 2HFY17 with ~1.5MW (B2) and ~2.0MW (M2) of capacity (Phase 1)
- S2 sites shortlisted

1. Based on mid-point of FY17E guidance range of \$46m-50m (\$48m) less FY16 EBITDA of \$27.7m  
2. Based on mid-point of FY17E guidance range of \$115m-122m (\$118.5m) less FY16 revenue of \$92.8m

## Facilities under development

# B2 +6MW



### B2 At a glance

#### Expected Specifications

Location	Fortitude Valley
Technical Space	~3,000m <sup>2</sup>
Total IT Capacity	6.0MW
Initial Capacity	~1.5MW
Target PUE:	~1.35
Practical Completion	Towards end of 2H FY17

# M2 +25MW

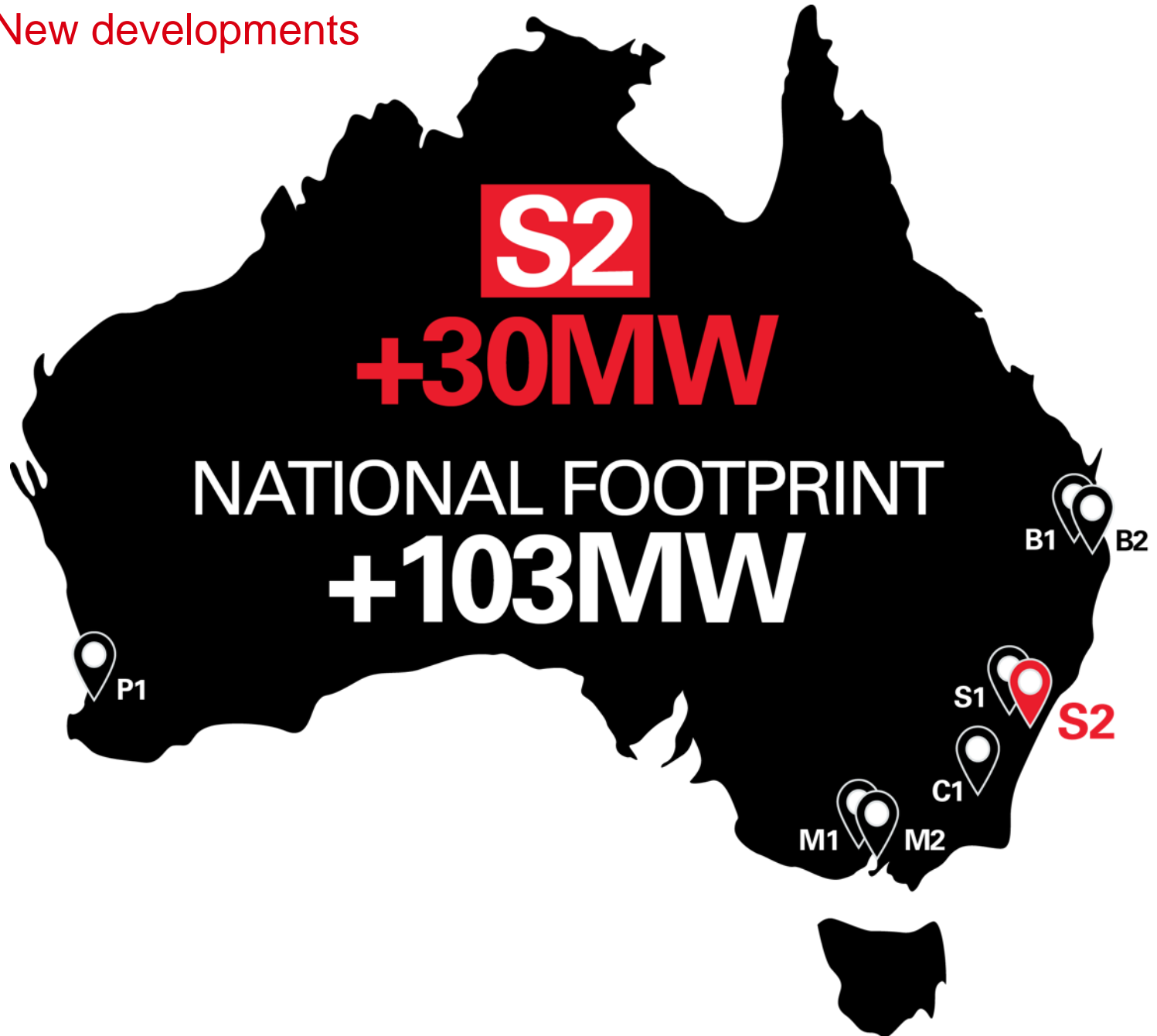


### M2 At a glance

#### Expected Specifications

Location	Tullamarine
Technical Space	10,000m <sup>2</sup> +
Total IT Capacity	25.0MW
Initial Capacity	~2.0MW
Target PUE:	~1.28
Practical Completion	Towards end of 2H FY17

FY17 New developments







NEXTDC

# AGM **RESOLUTIONS**

24 November 2016

## Resolution 1

### Remuneration Report

*"To adopt the Remuneration Report of the Company (as set out in the Directors' Report) for the financial year ended 30 June 2016."*

FOR	AGAINST	ABSTAIN	PROXY	TOTAL
139,978,393	12,313,038	174,082	631,452	152,922,883

## Resolution 2

### Re-election of Dr Gregory J Clark as a Director

*"That Dr Gregory Clark, who retires in accordance with the Listing Rules and Rule 58 of the Company's Constitution and, being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company."*

FOR	AGAINST	ABSTAIN	PROXY	TOTAL
151,987,275	471,063	34,065	632,562	153,090,900

## Resolution 3

### Approval of the grant of Performance Rights to Mr Craig Scroggie

*"That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the issue of 223,325 Performance Rights to the Executive Director and Chief Executive Officer, Mr Craig Scroggie, under the NEXTDC Limited Executive Incentive Plan on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."*

FOR	AGAINST	ABSTAIN	PROXY	TOTAL
149,979,140	632,562	1,889,626	632,562	151,235,339

## Resolution 4

### Ratification of issue of shares under September 2016 placement








*“That, for the purposes of Listing Rule 7.4 and for all other purposes the issue of 12,315,271 Ordinary Shares at \$4.06 per share under an institutional placement on 14 September 2016, is approved.”*

FOR	AGAINST	ABSTAIN	PROXY	TOTAL
127,625,702	165,195	24,717,739	616,329	128,407,226



# Thank you



-  [investorrelations@nextdc.com](mailto:investorrelations@nextdc.com)
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-  [twitter.com/NEXTDC](https://twitter.com/NEXTDC)
-  [facebook.com/datacentres](https://facebook.com/datacentres)
-  [youtube.com/user/nextdatacentre](https://youtube.com/user/nextdatacentre)
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