

ASX Release

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2016 Annual General Meeting – CEO's Address

I am delighted to have this opportunity to address shareholders after another year of significant growth and strategic achievements. Today, I would like to provide a review of the 2016 financial year and discuss the exciting year before us.

When NEXTDC was formed in late 2010 the Company was a start-up with a handful of staff. Six years later, NEXTDC has generated over \$90 million in annual revenue and employs approximately 170 personnel across six locations nationally. We serve approximately 650 customers and 350 partners, and our facilities host more than 4575 cross connects. In September this year NEXTDC was included in the ASX200 for the first time, a result of the market's recognition of the exciting infrastructure platform we are building for the digital economy. But this is only the beginning.

We are now embarking on NEXTDC's next stage of development with three new data centres in Brisbane, Sydney and Melbourne, which at full fit-out will more than double our current total planned capacity, and underscore NEXTDC's position as Australia's leading colocation data centre operator.

FY16 results

In FY16 NEXTDC continued to experience strong growth in key metrics, with a 52 percent increase in revenue to nearly \$93 million, and a 20 percent increase in contracted utilisation to over 26 megawatts. We're also pleased to announce the Company's first full-year statutory net profit, which is a significant achievement for a young company with substantial capital investments.

NEXTDC continues to be the first choice for many of the world's leading telecommunications and technology providers as they expand into the Australian market.

In the past 12 months NEXTDC secured important direct connection points-of-presence for a number of major public cloud services in our data centres – Amazon Web Services (AWS) Direct Connect, Microsoft Azure and Office 365, as well as IBM Direct Link to SoftLayer. FY16 also saw us continue to win business from the world's top cloud-services companies, with NetDocuments, StorageCraft and Global Cloud Xchange all joining the NEXTDC ecosystem.

A key factor leading these global enterprises to invest locally in IT infrastructure is to allay consumer and community concerns about where their data resides. This worldwide trend to preference on-shore

data storage is driven by the need of both enterprise and government to reduce latency and ensure data sovereignty.

The demand for these cloud platforms is a source of business for our growing partner ecosystem of carriers, cloud and IT service providers, and demonstrates the value of our 'Where the cloud lives' philosophy.

Leading the Australian data centre industry

Our accomplishments in FY16 are the result of an incredibly innovative and hard-working team pushing themselves to deliver world class products and services at speed, and reflects the passion we share with our customers and partners for taking full advantage of the exciting growth in the digital economy.

Today we proudly work with more than 350 ecosystem partners including providers of network services, infrastructure, platforms and clouds, helping them to power, secure and connect their businesses. This partner-first strategy leverages these companies' sales teams and their customer relationships to jointly deliver scalable, on-demand technology platforms and solutions to a broad cross-section of the market.

To celebrate the success of the NEXTDC Partner Program, last year we inaugurated the NEXTDC Partner Awards. The finalists represent the high quality of businesses operating in the NEXTDC ecosystem, and its ability to deliver premium-quality services to all sectors of the diverse IT market, from government and enterprise to start-ups and SMEs.

Building on technical excellence

The on-the-ground expertise provided by our globally recognised, award-winning engineering, facility and software teams is a fundamental point of difference to our competitors.

NEXTDC's people are designing, testing, monitoring and tuning next-generation data centres. They're engaging directly with end-customers to fulfil their specific requirements and create solutions to real-world problems, while creating customised hosting environments for the world's leading IT, cloud and telecommunications enterprises.

The Company continues to advance its certifications program. This year P1, B1 and C1 data centres completed the ISO 27001:2013 Information Security Management System certification already held by S1 and M1. All facilities have completed the upgrade to ISO 9001:2015 Quality Management System certification.

NEXTDC's world-class engineering expertise was again recognised with the M1 data centre being awarded an exceptional NABERS 4.5-star rating for energy efficiency in June this year, one of only four facilities in the country certified at that star level. NEXTDC has commenced NABERS certification for our other facilities.

In March this year NEXTDC announced the general availability of the ONEDC® Data Centre Infrastructure Management-as-a-Service (DCIMaaS) platform. ONEDC® can replace multiple systems and management tools with one central, cloud-based software platform to improve operational efficiency and deliver business insights.

The value of our national data centre network to the regional IT industry continues to grow as we bring new connectivity options to our expanding customer and partner ecosystem.

In October 2015 NEXTDC announced the general availability of the AXONVX™ interconnection platform – a significant technical achievement for NEXTDC that delivers secure, on-demand connectivity between the cloud, carriers and other innovative service providers.

Built on a high-speed switching fabric, AXONVX™ is being deployed to deliver business agility in data centres across the country, and has seen major public cloud services such as AWS and Microsoft Office 365 being available with a secure connection for the first time in Western Australia and the ACT.

Strong start to FY17

I am pleased to report that as we expected, NEXTDC has made a strong start to the year, further underpinning our confidence that the Company will achieve the strong FY17 full year outlook that we provided to the market in August, at the same time NEXTDC's FY16 results were released.

Based on existing utilisation levels as well as expected further new contract wins during FY17, NEXTDC expects the following outcomes for FY17:

- Revenues in the range of \$115 million to \$122 million, up 24% to 31% from \$92.8 million achieved in FY16.
- EBITDA increasing from \$27.7 million in FY16, to the range of \$46 million to \$50 million in FY17, reflecting growth of between 66% and 81%.
- Capital expenditure for existing facilities will be from \$80 million to \$100 million; for B2 and M2 from \$120 million to \$140 million; and for S2 from between \$60 million to \$100 million.

Data centre development

As an expert in developing world-class data centres, having already designed and constructed a number of UTI Tier III certified facilities, NEXTDC possesses specialist staff and expertise in relation to site selection, project management and data centre design, construction and operation, as well as high-density, scalable fit-outs.

In November 2015 we announced that NEXTDC will develop two new data centres in Brisbane and Melbourne, adding up to 31MW of IT load capacity to our national network over time. This year NEXTDC acquired a site in Tullamarine for the construction of M2, and also acquired a site for the construction of B2 in Brisbane's Fortitude Valley. Development is underway and practical completion for these new data centres is scheduled for June next year. These outstanding facilities will deliver a new generation of data centre technology and innovation previously unseen in this country, and extend NEXTDC's commitment to the independent certification of industry-leading energy efficiency. These significant investments in Australia's digital economy reflect the ongoing customer demand for NEXTDC's premium data centre services.

In September this year we also announced a new customer contract of approximately 1.5MW, which increased our S1 data centre's pro forma contracted utilisation to 82 percent from 71 percent at 30 June 2016. This was the catalyst for the Company's decision to develop a second data centre in Sydney. We are currently undertaking detailed due diligence on our preferred sites for the new facility, which will have an expected target capacity of approximately 30MW. We expect practical completion of S2 in the first half of FY18.

Our first-generation data centres in Brisbane, Melbourne and Sydney have proven to be highly successful for the Company in a relatively short period of time. Across our five operational data centres we have over 42 megawatts of planned capacity, and we expect to increase that to 103 megawatts by adding another 61 megawatts across the three new facilities under development this year.

NEXTDC intends to hold the underlying properties associated with our new facilities once they are developed. This strategy increases NEXTDC's control over the assets and is consistent with the increasing scale and operating leverage of its business activities. We are confident that the ongoing demand from these markets we know so well, together with our return expectations, warrants this next phase of capital investment.

On behalf of NEXTDC, we thank you for attending today's AGM and for your continued support, as we develop our next generation of services and expand our national data centre network to enable the future of Australia's digital economy.

Craig Scroggie, Chief Executive Officer & Executive Director

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About NEXTDC

NEXTDC is an ASX200-listed technology company enabling business transformation through innovative data centre outsourcing solutions, connectivity services and infrastructure management software.

As Australia's leading independent data centre operator with a nationwide network of Tier III facilities, NEXTDC provides enterprise-class colocation services to local and international organisations. With a focus on sustainability and renewable energy NEXTDC is leading the industry with award-winning engineering solutions for energy efficiency and NABERS 4.5 star certification.

NEXTDC is extending its leadership in data centre services through the innovative DCIM-as-a-Service software platform, ONEDC®, which enables customers to centrally manage their on-premise and colocated infrastructure; and the award-winning virtual connectivity platform, AXONVX™ – delivering rapid, secure connections to cloud services on-demand.

NEXTDC's Cloud Centre marketplace hosts the country's largest independent network of carriers, cloud and IT service providers, enabling their customers to source and connect with suppliers, partners and customers and build integrated hybrid cloud deployments.

NEXTDC is *where the cloud lives*®.

To learn more, visit www.nextdc.com