NEXT DC

next generation data centres

FY 2015 Half Year Results

26 February 2015

NEXTDC LIMITED ACN 143 582 521

1H15 Highlights

REVENUE[1]	EBITDA POSITIVE	OPERATING CASH FLOW	ACRR[4]	CONTRACTED UTILISATION
$26.7m	**$3.0m**	**$2.2m**	**$51.8m**	**14.3MW**
↑ 134%	↑ $13.1m[2]	↑ $19.0m[3]	↑ 48%[5]	↑ 34%[5]

1. Reflects data centre services revenue; excludes interest and data centre development revenue
2. Based on underlying 1H14 EBITDA loss of $10.1m (which is adjusted to exclude non-recurring items such as building development earnings, APDC distributions and fund raising advisory fees that includes project fee income which can vary from period to period)
3. Based on underlying 1H14 net operating outflows of $16.8m (which is adjusted to exclude net development proceeds of $12.9m)
4. Annualised contracted recurring revenue
5. Increase since 31 December 2013

Agenda

- **1H15** Financial results
- **1H15** Key performance metrics
- **FY15** Outlook
- Appendices

P1 Perth Data Centre

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Financial results

B1 Brisbane Data Centre

Half-year profit and loss summary

	1H15	1H14	Change
Statutory financial results:	($m)	($m)	($m)
Revenue from continuing operations:			
Data centre services revenue	26.7	11.4	15.3
Data centre development revenue	-	15.5	(15.5)
Other revenue	1.2	1.9	(0.6)
Total revenue from continuing operations	*28.0*	*28.8*	*(0.8)*
Profit / (loss) after tax attributable to members	(5.8)	(7.3)	1.4

Financial performance

- Increase in data centre services revenue of $15.3m (134%)
- Contribution from all five operating data centres in 1H15
- No data centre development revenue earned during 1H15

Half-year profit and loss summary - underlying

	Note	1H15 ($m)	1H14 ($m)	Change ($m)
Non-statutory financial highlights for the half year include:	1			
EBITDA	2	3.0	(3.4)	6.4
Underlying EBITDA (adjusted for non-recurring items)	3	3.0	(10.1)	13.1
EBIT		(4.0)	(7.5)	3.5
Underlying EBIT (adjusted for non-recurring items)	3	(4.0)	(14.2)	10.2
Operating costs	4			
Direct costs (power and consumables)		2.5	1.6	0.9
Facility costs (data centre rent, property costs, maintenance, facility staff, other)		12.0	9.9	2.1
Corporate overheads		9.0	10.5	(1.5)
Total operating costs		23.5	22.0	1.5

Operating performance

- Key milestone achieved - first positive EBITDA
- $13.1m improvement in underlying EBITDA vs 1H14
- Direct costs (power) growth in line with customer utilisation
- Facility costs growth reflects full cost contributions from all five operating data centre facilities in 1H15

1. Non-statutory financial metrics have not been audited
2. EBITDA is a non-statutory metric representing earnings before interest, tax, depreciation and amortisation that includes project fee income which can vary from period to period
3. 1H14 underlying EBITDA excludes building development profit, APDC distributions and fund raising advisory fees
4. 1H14 excludes data centre development costs

Significant lift in revenue and utilisation levels

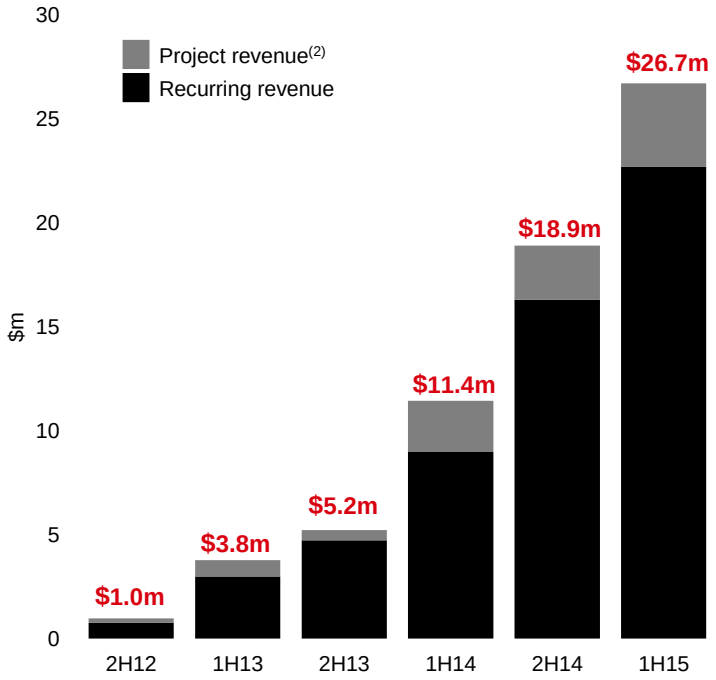
1H15 data centre services revenue of $26.7m

- Reflects 134% growth on 1H14
- Recurring revenue represents 85% of total 1H15 revenue versus 78% in 1H14

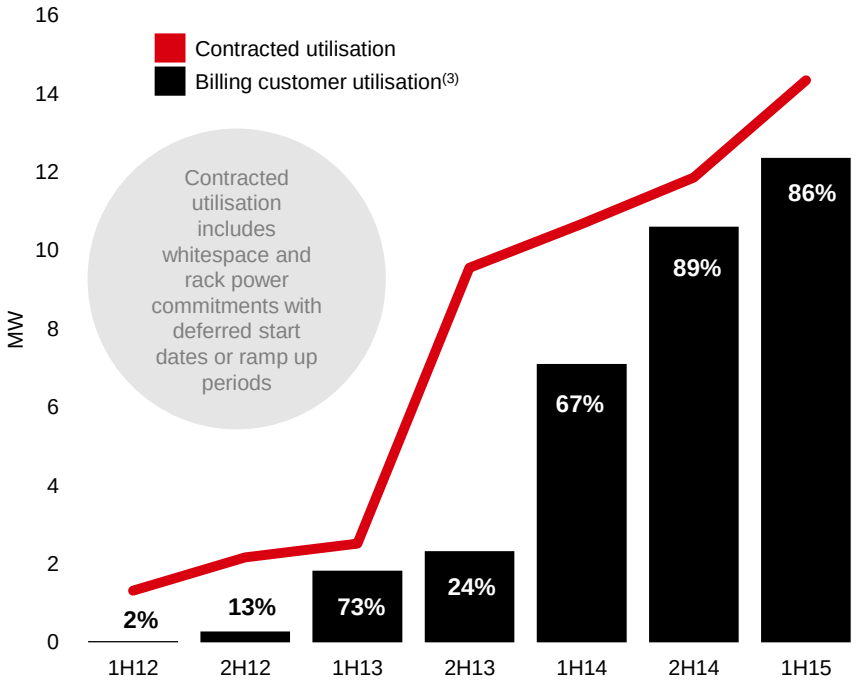
1H15 contracted utilisation of 14.3MW

- Contracted utilisation up 48% since 31 December 2013
- Billing customer utilisation up 74% since 31 December 2013

Recurring and project revenue(1)



Billing vs contracted utilisation



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. Billing customer utilisation refers to the sold capacity for which revenue is being billed

Strong balance sheet

	Note	31 Dec 2014 ($m)	30 June 2014 ($m)
Cash and term deposits		62.3	70.8
Property, plant, equipment	1	209.0	207.8
Net assets		218.1	223.6

Notes:
1. Includes capital work in progress of $5.4m as at 31 December 2014 (30 June 2014: $3.3m)

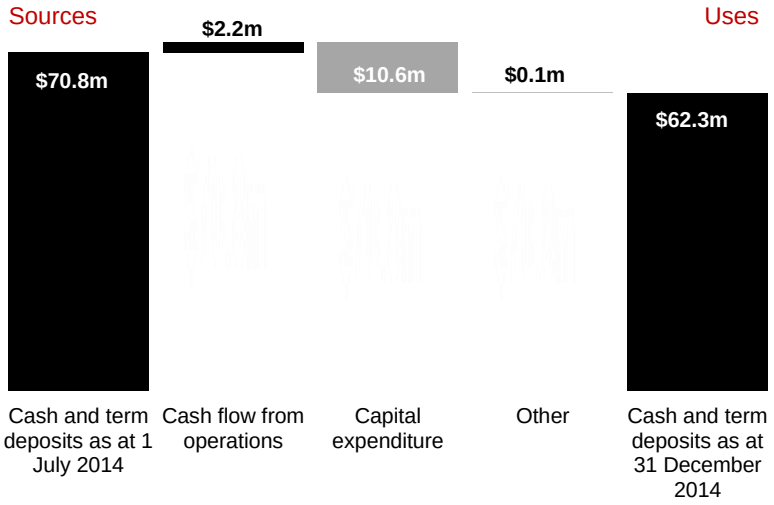
Investment

- Commenced additional capacity at S1 and P1 during 1H15

Financing

- Positive operating cash flow of $2.2m achieved in 1H15
- Cash and term deposits held at 31 December 2014 of $62.3m
- Further $2.7m cash held in escrow for the June 15 coupon payment
- $20m debt facility with NAB undrawn

Cash flow profile

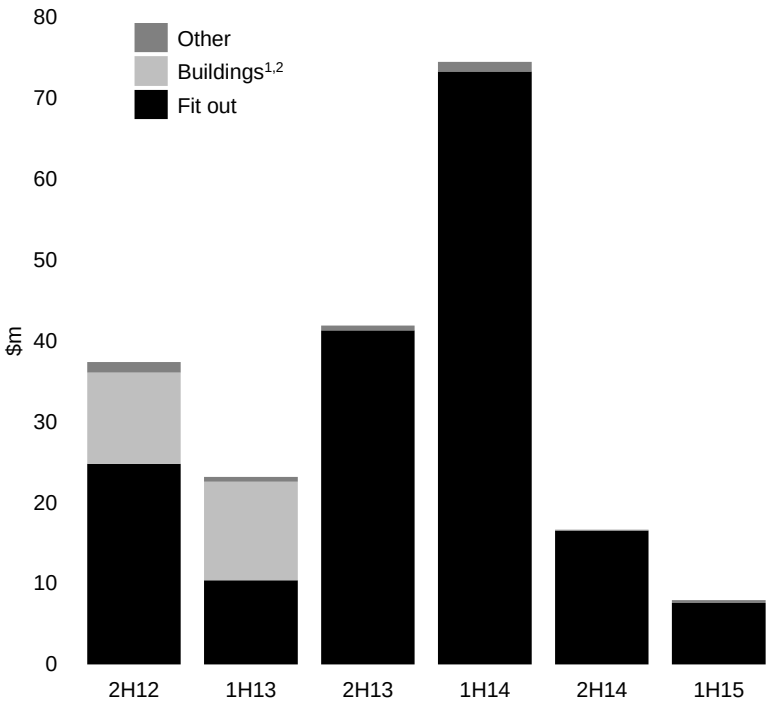


Growth platform in place

Historical capital expenditure

Future capital expenditure tied to customer demand to leverage scale of existing facilities

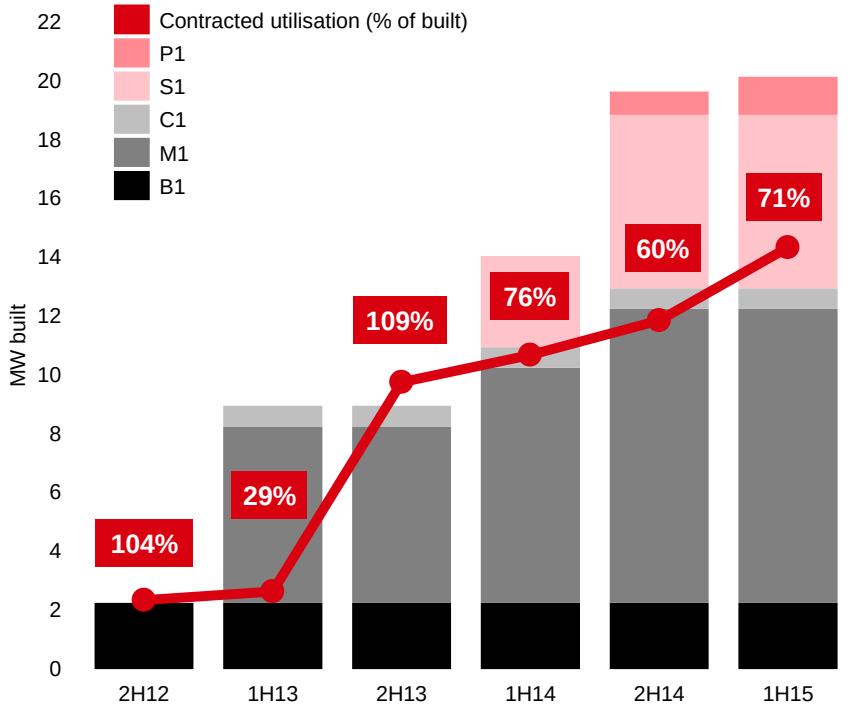
- $221m fit out expenditure to date delivering 20.25MW of capacity
- Expansions in progress at S1 Sydney and P1 Perth



1. Buildings sold to Asia Pacific Data Centre Group (ASX: AJD) in 1H13
2. Excludes building development costs from 2H13 onwards. No new base building development currently in progress

Installed capacity vs contracted utilisation

- 5.9MW available for sale at 31 December 2014
- Capacity additions linked to contracted customer requirements
- Further capacity being added in 2H15



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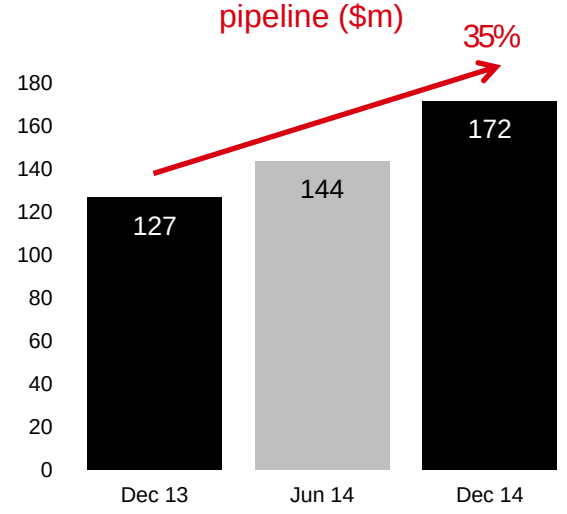
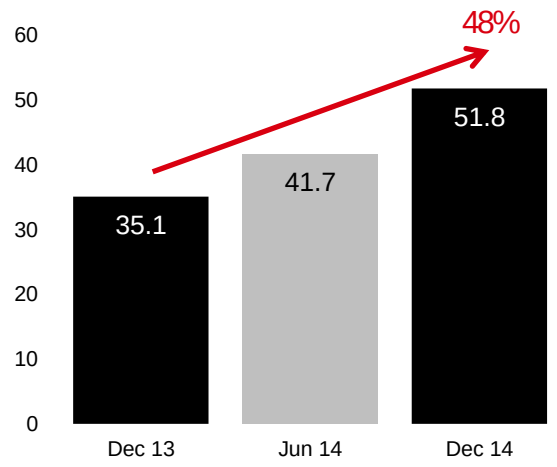
Key performance metrics

Strong development in sales finance metrics

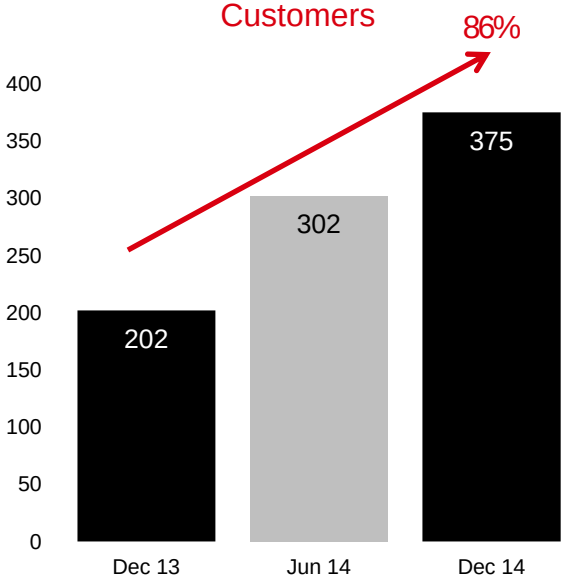
Annualised unweighted pipeline ($m)



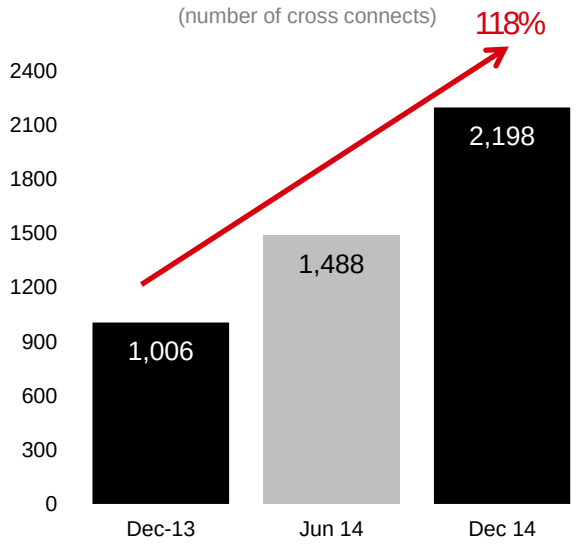
Annualised contracted recurring revenue ($m)



Customers

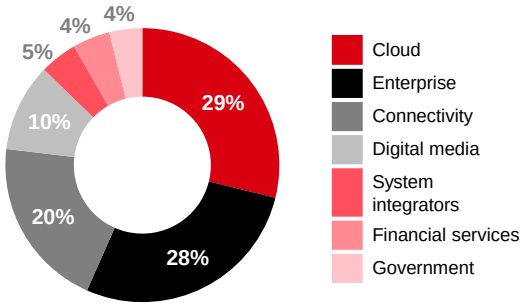


Interconnection
(number of cross connects)



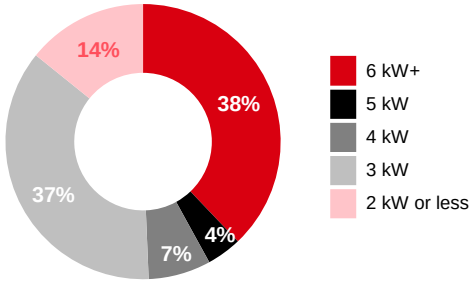
Diversified recurring revenue model

Customer by industry(1)



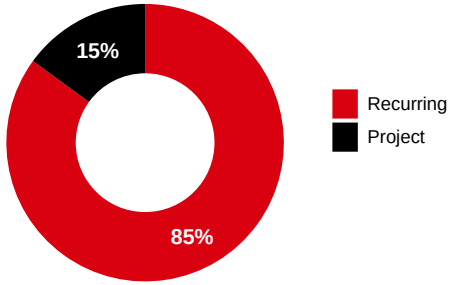
Cloud, connectivity and as-a-service partners drive strong ecosystem growth

Utilisation by density(1)



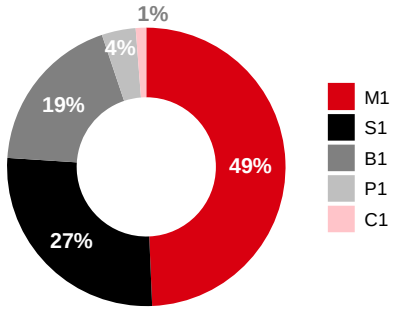
Power requirements continue to increase as technologies like virtualisation drive density

Recurring vs project(2)



Significant contracted recurring revenue stream with average term greater than four years

Revenue by facility(2)



New facilities contributing, diversifying revenue mix

1. As at 31 December 2014
2. Expressed as a percentage of 1H15 data centre services revenue

Facility capacities and contracted utilisation

As at 31 December 2014

S1 Sydney

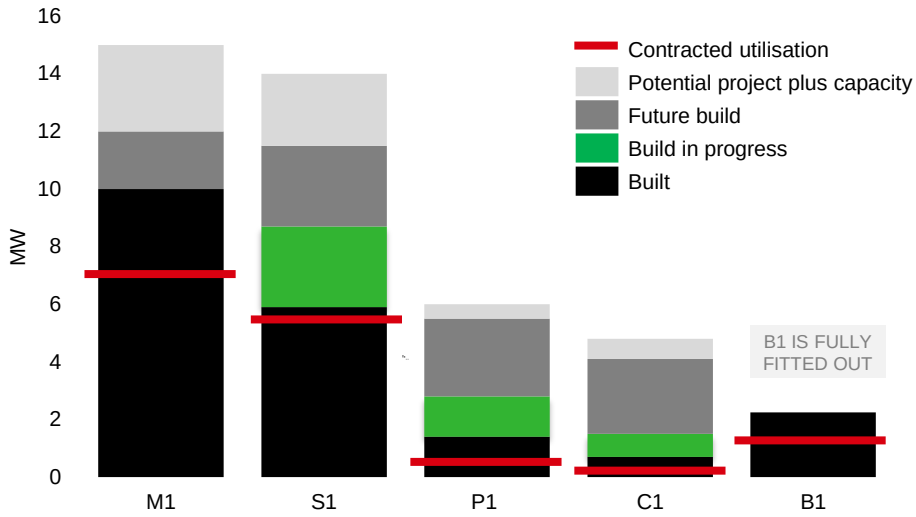
- Third data hall currently under construction, adding 2.8MW

P1 Perth

- First data hall expanded to 1.4MW
- Second data hall under construction, adding a further 1.4MW

C1 Canberra

- Additional rack ready capacity is being added



	M1	S1	P1	C1	B1	Total
Commenced operations	Sep 2012	Sep 2013	Feb 2014	Aug 2012	Oct 2011	
Total power planned	12.0MW	11.5MW	5.5MW	4.1MW	2.25MW	35.35MW
MW built	10.0MW	5.9MW	1.4MW	0.7MW	2.25MW	20.25MW
Contracted utilisation % of total power planned % of MW built	6.9MW 57% 69%	5.3MW 46% 91%	0.4MW 8% 32%	0.1MW 2% 12%	1.6MW 72% 72%	14.3MW 41% 71%
Billing customer utilisation	6.4MW	3.8MW	0.4MW	0.1MW	1.6MW	12.4MW
Capacity available for sale	3.1MW	0.6MW	1.0MW	0.6MW	0.7MW	5.9MW
Project plus capacity	+3.0MW	+2.5MW	+0.5MW	+0.7MW	-	+6.7MW
Potential total capacity remaining	8.1MW	8.7MW	5.6MW	4.7MW	0.7MW	27.8MW
Fit out capex to date	$85m	$66m	$34m	$7m	$28m	$221m

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Outlook

FY15 Outlook[1]

NEW SALES	REVENUE	EBITDA	CAPEX	OPEX
				
3.4 - 4.0MW	**$55 - 60m**	**$6 - 8m**	**$35 - 42m**	**$44.0 - 46.5m**
Up 37%[2] on prior guidance	Up 8%[2] on prior guidance	Updated outlook	Up 18%[2] on prior guidance	Unchanged from prior guidance
2.4 - 3.0MW	*$51 - 55m*	*Positive in FY15*	*$30 - 35m*	*$44.0 - 46.5m*

1. Excluding any further large whitespace deals
2. Based on mid-point of the range

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Appendices

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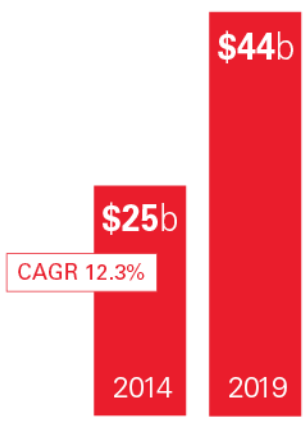
Industry outlook

Industry and market drivers

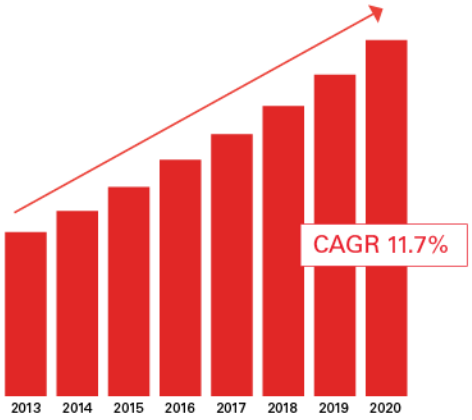
Global colocation



The global colocation market has surpassed **$25b** in revenue

Sources: Mordor Intelligence, Global Data Center Colocation Market – Growth, Trends and Forecast (2014-2020)
451 Research press release (Dec 2014) Datacenter Colocation Market Now at $25bn Globally

Outsourced data centre space



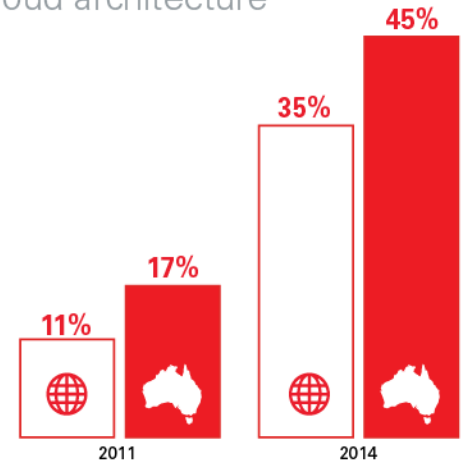
16% increase in 2013

2013 **230,000m²**

2020 **500,000m²**

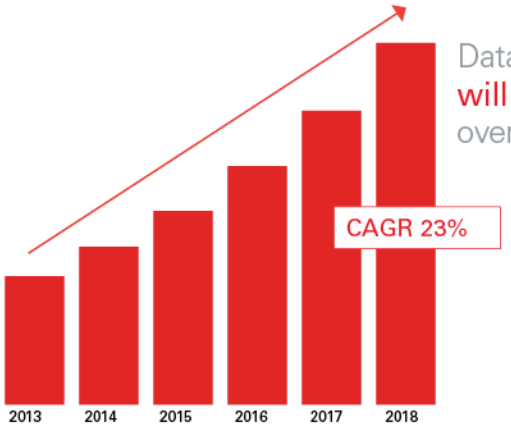
Source: Frost & Sullivan report Australian Data Centre Services 2014

Cloud architecture



Source: DatacenterDynamics, 2014 DCD Intelligence Global Industry Census
Represents the percentage of organisations deploying cloud infrastructure architecture

Data centre traffic



Data centre traffic **will nearly triple** over the next 5 years

Source: Cisco Systems, Global Cloud Index (2013-2018)

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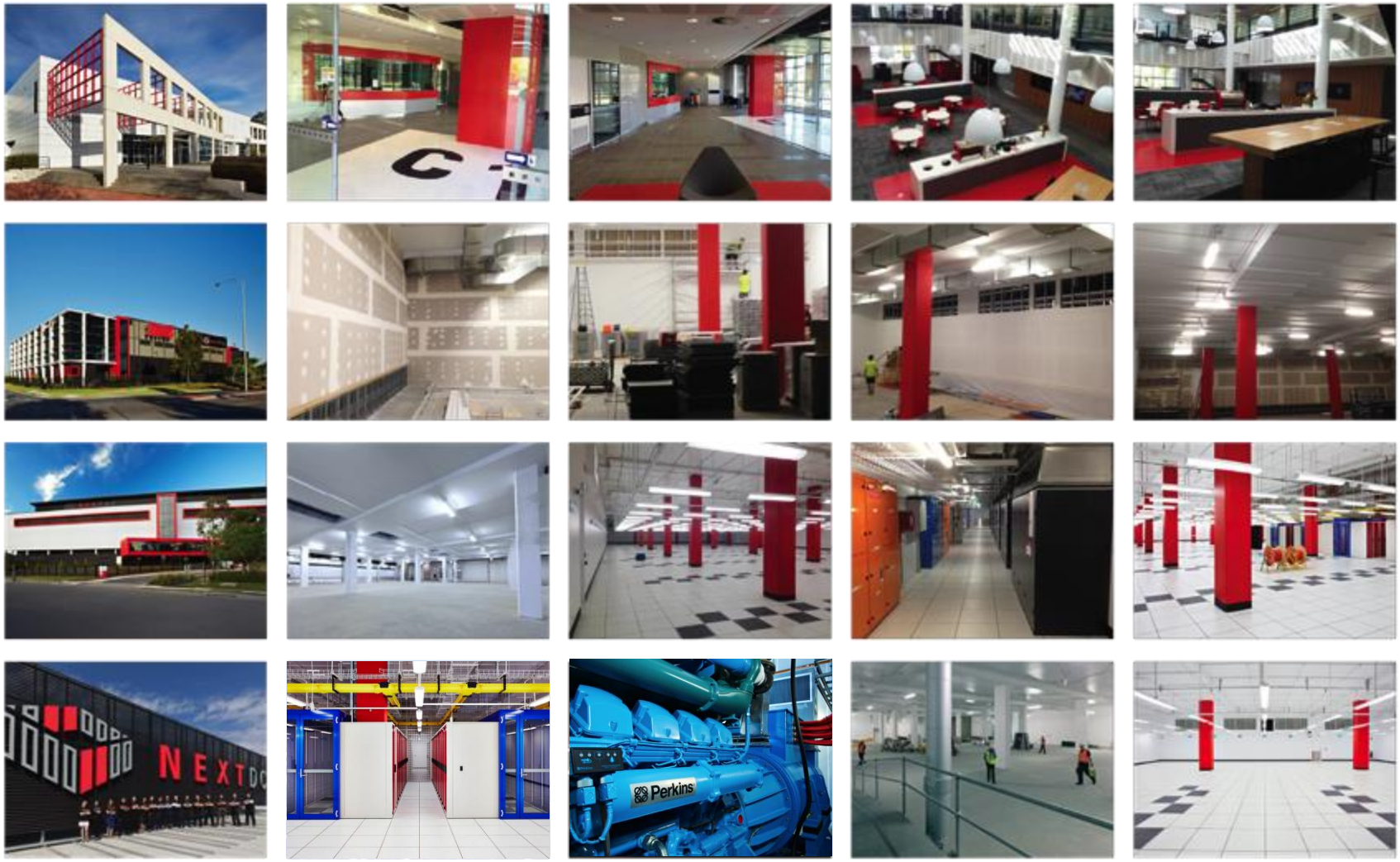
Operations

Ongoing expansion across network – C1, P1 and S1



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Customer testimonials

M2 GROUP

Geoff Hoarth

Chief Executive Officer

“M2 delivers a range of advanced telecommunications solutions in addition to utility services around Australia. When M2 was looking for the right provider to support our diverse national network infrastructure investments, NEXTDC’s Tier III-certified, highly connected data centres were the logical choice to support M2’s growth.”

NEXTDC

Australia’s leading independent **Data-Centre-as-a-Service** provider

BDO

Tony Schiffmann

Managing Partner

“We aim to build outstanding relationships with our clients, consequently we want to work with service providers who have a similar customer focus. This is why when we needed to integrate our IT operations we co-located our data processing and DR infrastructure at NEXTDC’s highly secure and reliable facilities in Brisbane, Sydney and Perth. This approach provides us with a consistent data centre service nationally and is very reassuring for our clients as their data stays local and is fully protected.”

NEXTDC

Australia’s leading independent **Data-Centre-as-a-Service** provider

Jason Ashton

Chief Executive Officer

“A key differentiator that BigAir offers its customers is the flexibility to rapidly scale and establish new high speed data connections as business conditions change. This is the same benefit we receive from NEXTDC facilities right around the country where we rely on them to host our critical cloud and managed services infrastructure. Their next-generation data centres' exceptional reliability, security and ease of access is a vital factor in maintaining high availability infrastructure.”

NEXTDC

Australia’s leading independent **Data-Centre-as-a-Service** provider

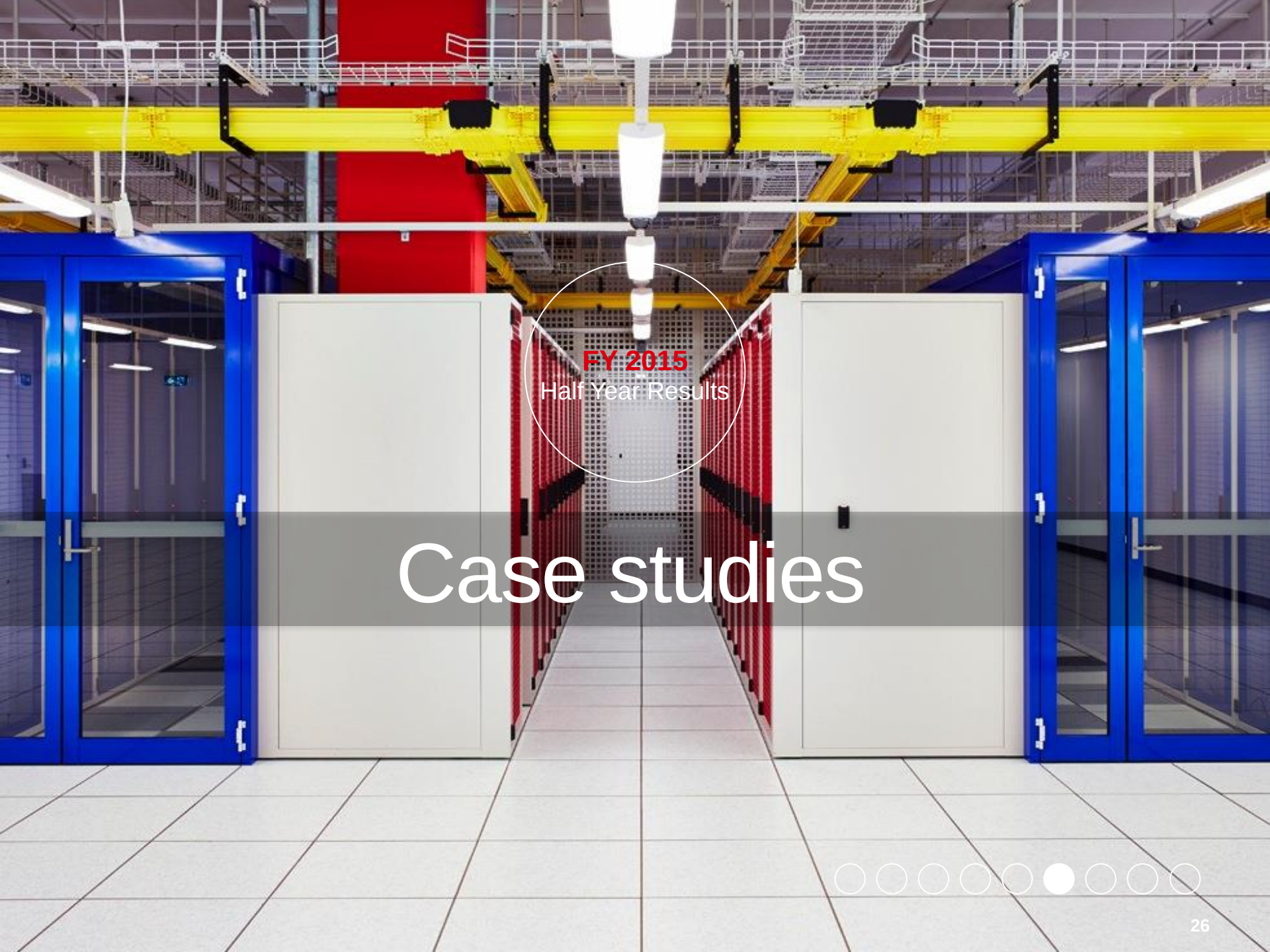
David Gollan

Group Chief Information Officer

“Our team at HBF are very impressed with P1, our new state-of-the-art home for HBF’s mission-critical service continuity centre. The relocation was seamless and NEXTDC’s support was invaluable, they ticked all the boxes for speed, security, efficiency and professionalism.

NEXTDC

Australia’s leading independent **Data-Centre-as-a-Service** provider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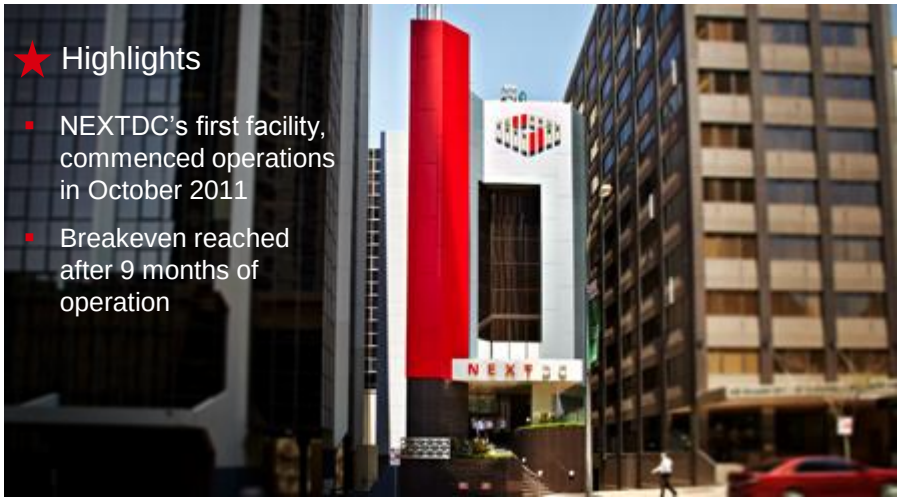
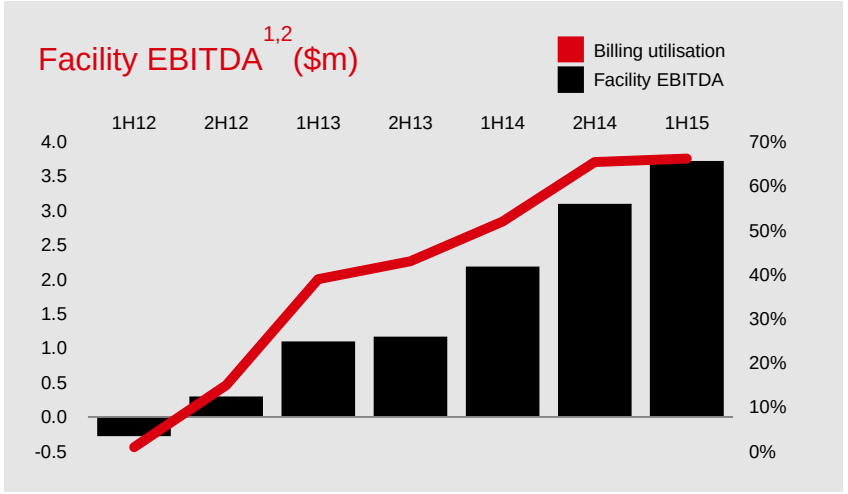
Case studies

Case Study – **B1** Brisbane

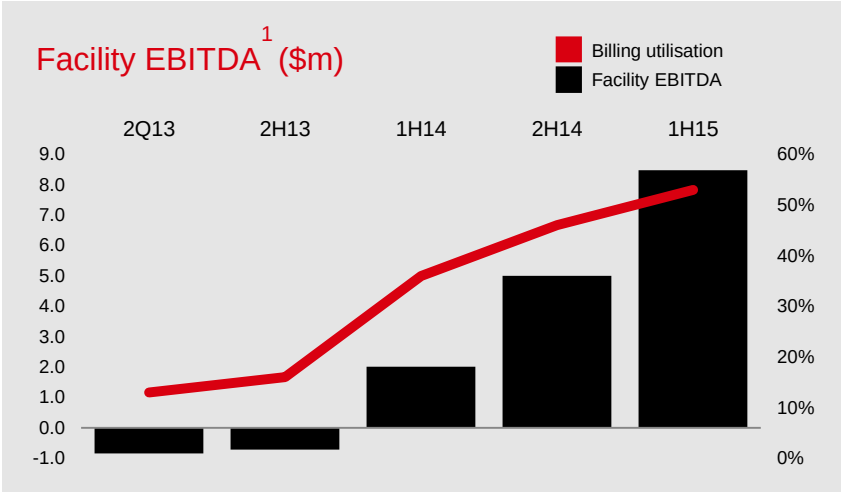




($'000's) Half ended	1H12	2H12	1H13	2H13	1H14	2H14	1H15
Contracted utilisation	6%	36%	39%	46%	58%	69%	72%
Billing utilisation[3]	1%	15%	39%	43%	52%	66%	71%
Recurring revenue	24	752	1,776	2,005	3,051	3,902	4,804
Project revenue	234	219	194	131	317	388	219
Gross data centre revenue	259	971	1,970	2,136	3,367	4,290	5,023
Direct and facility costs (incl. labour)	538	671	868	964	1,178	1,207	1,299
Facility EBITDA[1,2]	(279)	300	1,102	1,171	2,188	3,083	3,724
% margin	nm	31%	56%	55%	65%	72%	74%

1. Before head office costs
2. Does not include finance lease amortisation
3. Billing utilisation refers to the sold capacity for which revenue is currently being recognised as at the end of the period

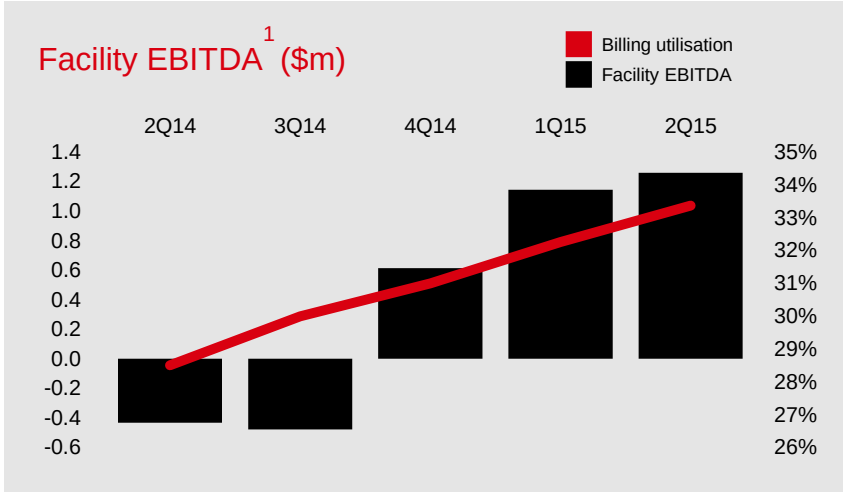
Case Study – **M1** Melbourne



($'000's) Half ended	2Q13[2]	2H13	1H14	2H14	1H15
Contracted utilisation	14%	47%	49%	53%	57%
Billing utilisation[3]	13%	16%	36%	46%	53%
Recurring revenue	874	2,557	5,187	8,864	11,651
Project revenue	71	372	1,229	1,025	1,525
Gross data centre revenue	945	2,930	6,416	9,889	13,175
Direct and facility costs (incl. labour)	1,787	3,650	4,404	4,890	4,726
Facility EBITDA[1]	(842)	(721)	2,011	4,999	8,450
% margin	nm	nm	31%	51%	64%

1. Before head office costs
2. Normalised for revenue discount amortisation, capital allocations and notional rent
3. 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



($'000's) Quarter ended	2Q14	3Q14	4Q14	1Q15	2Q15
Contracted utilisation	29%	30%	32%	36%	46%
Billing utilisation[2]	18%	30%	31%	32%	33%
Recurring revenue	539	1,288	2,242	2,419	2,819
Project revenue	913	273	639	1,162	732
Gross data centre revenue	1,452	1,561	2,881	3,581	3,552
Direct and facility costs (incl. labour)	1,884	2,038	2,267	2,166	2,293
Facility EBITDA[1]	(432)	(477)	614	1,415	1,259
% margin	nm	nm	21%	40%	35%

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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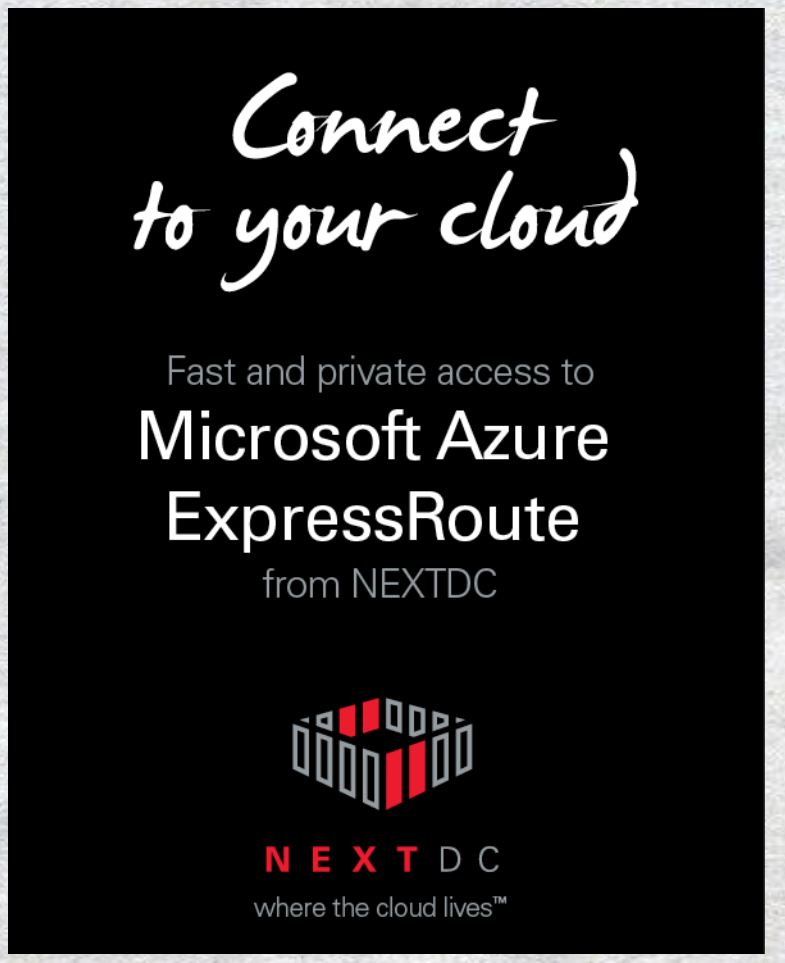
Product development

NEXTDC delivers private connectivity to Microsoft Azure using ExpressRoute



NEXTDC has signed an agreement with Microsoft to enable direct cloud connectivity to Microsoft Azure via ExpressRoute from NEXTDC data centres in Melbourne, Sydney, Brisbane, Canberra and Perth.

Toby Bowers, Cloud and Enterprise, Business Group Lead commented that it is Microsoft's goal to create Australia's best and most complete cloud, enabled by world-class technology and our cloud ecosystem.

"The relationship with NEXTDC gives customers another seamless way to extend their on-premise networks to Microsoft Azure by strategically using NEXTDC's data centre footprint. This is a great step in enabling businesses in all major cities across Australia to extend their enterprise cloud strategies," said Mr Bowers.

The ExpressRoute service will be available from NEXTDC data centres starting Q2 calendar 2015.

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Business overview

Australia's leading independent **DCaaS** Data-Centre-as-a-Service provider.

Our vision is to become the most recognised, connected and trusted data centre brand in Asia Pacific.

We are defining the next generation Data-Centre-as-a-Service through technological innovations and access to the most highly connected, diverse networks of service providers in the Asia Pacific region.

Group

Current capacity:
20.25MW

Target capacity:
42.05MW

Target facility size:
18,460m²

P1 PERTH
Current capacity: 1.4 MW
Target capacity: 6 MW
Target facility size: 3,000m²

M1 MELBOURNE
Current capacity: 10.0 MW
Target capacity: 15.0 MW
Target facility size: 6,000m²

C1 CANBERRA
Current capacity: 0.7 MW
Target capacity: 4.8 MW
Target facility size: 2,260m²

S1 SYDNEY
Current capacity: 5.9 MW
Target capacity: 14 MW
Target facility size: 5,600m²

B1 BRISBANE
Current capacity: 2.25 MW
Target capacity: 2.25 MW
Target facility size: 1,600m²

The NEXT generation data centre

National

As the only Australian carrier neutral data centre provider with a national footprint of enterprise-class colocation facilities, our data centres are centrally located with access to significant infrastructure, while providing convenience to our customers.

100% carrier and vendor neutral ecosystem

Our customers enjoy the freedom to selectively source services through our unique and highly diverse ecosystem of global and local service providers operating from NEXTDC's facilities across the country, easily accessed via our cross connect services.

One national contract, SLA and pricing

Expand your data centre footprint through our national network under a single master agreement, with consistent service levels and pricing to make it easy for you to manage your business with us.

Real-time analytics and customer portal

ONEDC® provides a single web-based portal for managing services nationally. With real-time operating information, remote unlocking, secure ticketing, access permissions and audit records your customers will enjoy visibility and control over their data centre service.

Scale

With high power density and large facilities across the country, we provide you and your customers the ability to scale your services to suit your business' growing needs. From rack ready, BYO racks to whitespace or a customised private suite we can tailor your data centre requirements to meet your specific needs.

Standards

Next generation facilities and 100% availability.
We design and build our new data centres to the UTI's industry benchmark Tier III standards, our core infrastructure built with a minimum of N+1 redundancy on all IT critical support systems. Our facilities are built to ISO 9001 standards for the design, development and provision of secured data centre infrastructure and associated services.

Security

NEXTDC's facilities are protected by strict physical security systems and protocols featuring a multi-layered security access system with individual authentication via biometric fingerprint readers and ID access cards. ISO 27001 Information Security Management System certification ensures NEXTDC meets the contractual demands from our local and international customers.

Energy efficiency and sustainability

Our design innovation has seen our data centres' power usage effectiveness (PUE) target set at 1.3. Initiatives supporting our commitment to sustainability and renewable energy include installing the largest privately owned photovoltaic rooftop solar system in Australia at our M1 facility. NEXTDC is committed to the National Australian Built Environment Rating System (NABERS) Energy for data centres rating tools.

Onsite services and amenities

All NEXTDC facilities offer customers access to 24-hour technical assistance, secure car parking, storage and delivery services, meeting rooms, staging rooms for testing equipment installations and chill-out rooms including kitchen, lounge, TV, Wi-Fi and credit card enabled vending machines stocked with spare parts.

Support

NEXTDC NXTech services offers customers first class, on-the-ground technical assistance, from planning and making your move, to handing over your new data centre space and everything in between, NXTech makes our customers experience world-class. From your premises to our facilities, we do it all for you.

NEXTDC data centres are a marketplace for the digital economy

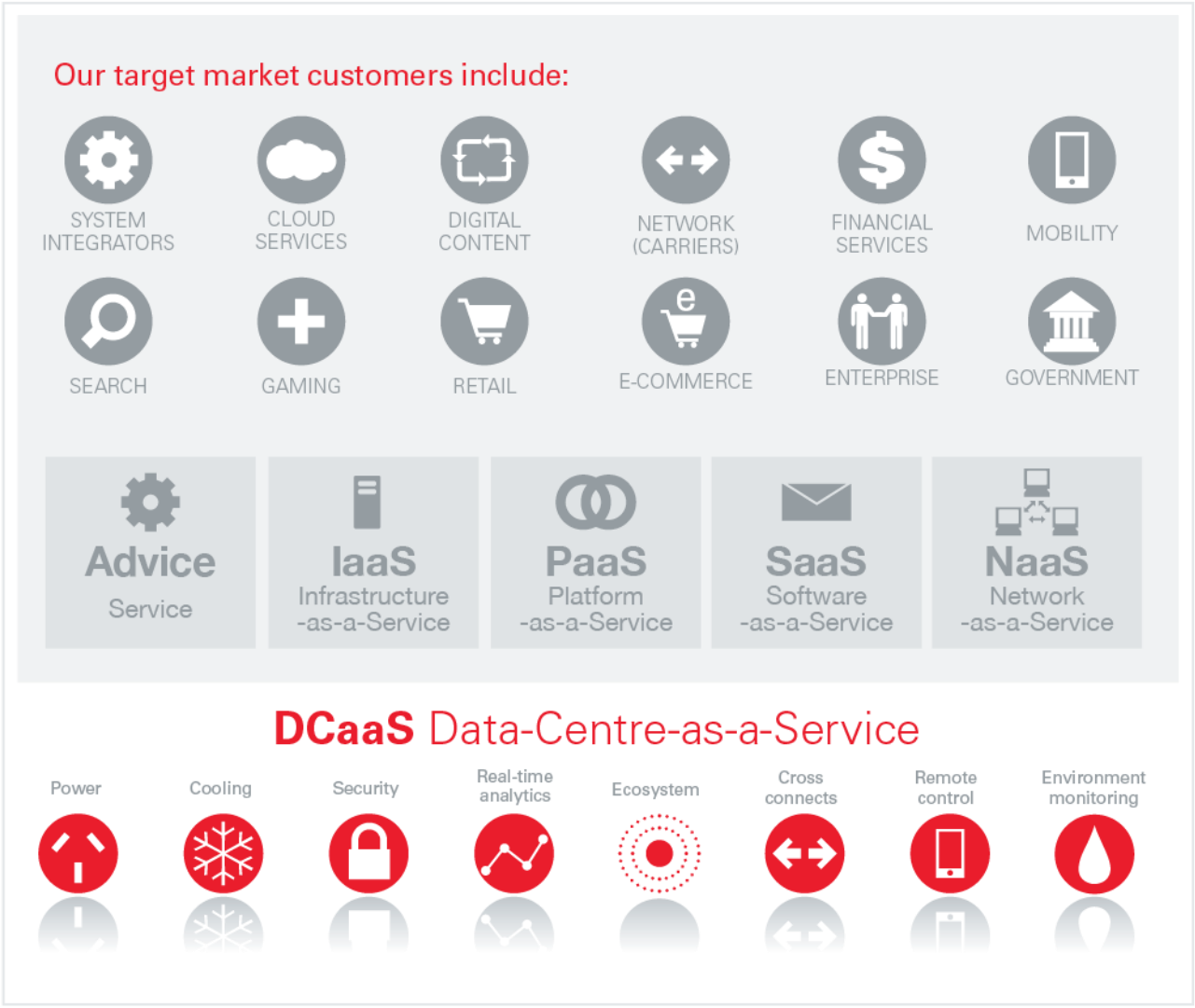
Ecosystem development

NEXTDC is home to some of the largest global cloud computing providers, domestic enterprises and government. Our ecosystem value grows through interconnectedness.

The data centre is the heart of cloud computing

The movement by companies to selective sourcing of 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 ours.

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 forms.



NEXTDC is Where the cloud lives™

Consumption economics is a powerful driver of hybrid cloud and colocation

Source: Magic quadrant for cloud infrastructure-as-a-service – Gartner 2014. As at May 2014

NEXTDC customers enjoy a wide choice of public, private and hybrid cloud solutions through our nationwide community of interconnected cloud buyers and sellers. They can importantly leverage the largest carrier, vendor and integrator neutral ecosystem in Australia.

Public and private cloud

Our enterprise and government customers leverage the economic advantages of public and private clouds. Consumption based computing is a key driver of why customers shift to colocation data centres. 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.

Hybrid 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 will 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.

Networking the cloud

Connectivity is available through the internet or by secure private connection in the data centre to cloud solutions through NEXTDC interconnection services and our network of NEXTDC carrier 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.

Systems, certifications, awards and achievements

ISO 27001:2005

Information Security Management System (ISMS) certification

ISO 9001:2008

Quality Management System certification

Uptime Institute

Tier III certification

Australian Government

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

Australian Government
Department of Finance

INDUSTRY AWARDS

Frost & Sullivan

FY15 2014 Australia Data Centre Service Provider of the Year

DatacenterDynamics Awards, Asia-Pacific

FY15 2014 Winner: S1 Sydney – Innovation in the Mega-Data Centre

Deloitte – Technology

FY15 2014 #1 Deloitte Technology Fast 50 Australia
2014 #6 Deloitte Technology Fast 500 APAC

ARN ICT Industry Awards

FY15 2014 Winner: Service Provider of the Year
2013 Winner: Sustainability
2013 Winner: Service Provider of the Year

Master Builders Association Excellence in Construction Awards

FY15 2014 Winner: S1 Sydney – Communications Buildings

WAiTTA INCITE Awards

FY15 2014 Merit Award Winner: P1 data centre – National iAwards Finalist, Industry Domain – Industrial category

iAwards

2014 QLD and National Merit Award for ONEDC – Tools category

Lord Mayor's Business Awards

2012 Winner: Australia TradeCoast Award for Business Growth
2011 Winner: National Australia Bank Award For New Investment

Thank you

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www.nextdc.com/news-media/blog

Australia’s leading independent **DCaaS** Data-Centre-as-a-Service provider.