

N E X T D C

FY 2015 FULL YEAR RESULTS

26 AUGUST 2015

NEXTDC LIMITED ACN 143 582 521

FY15 highlights

NEW SALES¹



9.8MW

Up 362% on FY14

Includes three
material contract
wins

REVENUE



\$60.9m

Up 85% on FY14²

Above top end of
guidance range of
\$55 - 60m³

EBITDA



\$8.0m

Up \$24.1m on FY14⁴

Top end of
guidance range of
\$6 - 8m³

1. Pro forma for Federal Government contract announced 10 August 2015
2. FY14 excludes data centre development revenue of \$15.5m
3. Company issued guidance dated 26 February 2015
4. FY14 underlying EBITDA excludes building development profit, APDC distributions and fund raising advisory fees

FY15 highlights



Strong sales performance

- Revenue from continuing operations up \$28.1m¹ (85%) to \$60.9m
- Contracted utilisation up 9.8MW² (83%) to 21.7MW²
- Annualised contracted recurring revenue up \$27.9m (67%) to \$69.6m^{2,3}
- Interconnection up 1,405 (94%) to 2,893, representing ~4% of recurring revenue⁴



Significant operating leverage

- Underlying EBITDA up \$24.1m⁵ to \$8.0m
- Fixed costs of \$44.9m⁶, in line with guidance (\$44.0m - \$46.5m)⁷
- Direct costs of \$5.6m, or 9.6% of data centre services revenue of \$58.7m
- Operating cash flow up \$16.9m to \$6.9m



Network footprint expands

- Capital expenditure of \$29.6m, with new halls opened at S1 and P1
- Contracted utilisation brings forward planned capital investment at M1 & S1
- High density customer requirements provides opportunity to utilise Project Plus

1. FY14 revenue excludes data centre development revenue of \$15.5m
2. Pro forma for Federal Government contract announced 10 August 2015
3. Includes contracts with deferred contract commencement dates. Does not factor in potential contracted price escalations over time, cross connect revenues or electricity recharges.
4. Interconnection (cross connects) represented 4.4% of recurring data centre services revenue in FY15
5. FY14 underlying EBITDA excludes building development profit, APDC distributions and fund raising advisory fees
6. Fixed costs include facility costs and corporate overheads
7. Company issued guidance dated 26 February 2015

A photograph of the S1 Sydney Data Centre building at dusk. The building is a large, modern structure with a white facade and red accents. The 'NEXTDC' logo is illuminated on the upper part of the building. The ground floor has large glass windows showing the interior. A black fence runs along the front of the building, and a road is in the foreground.

Agenda

- **FY15** Financial results
- **FY15** Operational performance
- **FY16** Outlook
- Business overview

FY15
Full Year Results

Financial results

Full year profit and loss summary

	FY15	FY14	Change
	(\$m)	(\$m)	(\$m)
<i>Statutory financial results:</i>			
<i>Revenue from continuing operations:</i>			
Data centre services revenue	58.7	30.4	28.3
Data centre development revenue	-	15.5	(15.5)
Other revenue	2.2	2.5	(0.3)
<i>Total revenue from continuing operations</i>	<i>60.9</i>	<i>48.3</i>	<i>12.6</i>
Profit / (loss) after tax attributable to members	(10.3)	(22.9)	12.6

Data centre services

REVENUE

↑ 93%

Financial performance

- Contribution from all five operating data centres in FY15
- No data centre development revenue earned during FY15 as no new data centres were under development during this period

Full year profit and loss summary - underlying

	Note	FY15 (\$m)	FY14 (\$m)	Change (\$m)
<i>Non-statutory financial highlights for the year include:</i>				
	1			
EBITDA	2	8.0	(10.0)	18.0
Underlying EBITDA (adjusted for non-recurring items)	3	8.0	(16.1)	24.1
EBIT		(6.2)	(20.6)	14.4
Underlying EBIT (adjusted for non-recurring items)	3	(6.2)	(26.4)	20.2
<i>Operating costs</i>				
	4			
Direct costs (power and consumables)		5.6	3.9	1.7
Facility costs (data centre rent, property costs, maintenance, facility staff, other)		24.7	22.0	2.7
Corporate overheads		20.3	20.6	(0.3)
Total operating costs		50.5	46.5	4.0

Operating performance

- First full year EBITDA positive result
- \$24.1m improvement in underlying EBITDA
- Direct costs (predominately power) improved as a proportion of data centre revenue
- Facility costs growth includes full cost contributions from all five operating data centre facilities in FY15

1. Non-statutory financial metrics have not been audited
2. EBITDA is a non-statutory metric representing earnings before interest, tax, depreciation and amortisation
3. FY14 underlying EBITDA excludes building development profit, APDC distributions and fund raising advisory fees
4. FY14 excludes data centre development costs

Strong balance sheet

		30 June 2015	30 June 2014
	Note	(\$m)	(\$m)
Cash and term deposits		52.9	70.8
Property, plant, equipment	1	221.2	207.8
Net assets		214.9	223.6

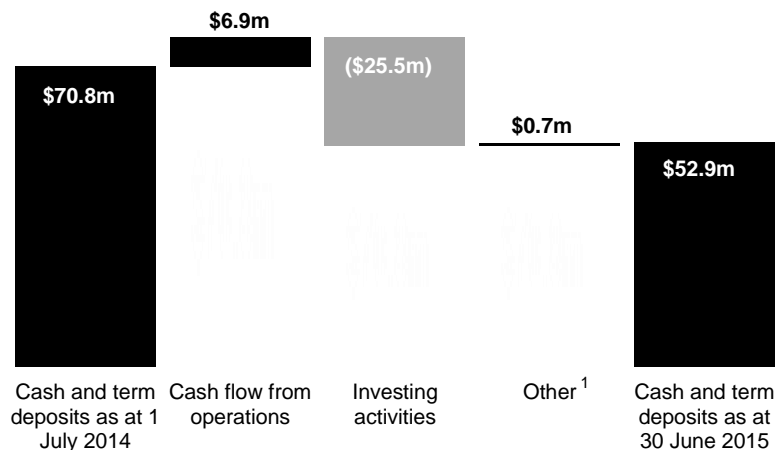
Notes:

1. Includes capital work in progress of \$20.7m as at 30 June 2015 (30 June 2014: \$3.3m)

Financing

- Positive operating cash flow of \$6.9m achieved in FY15
- Cash and term deposits held at 30 June 2015 of \$52.9m
- \$50m debt facility with NAB undrawn
- Funding sources further supplemented by ongoing operating cashflow

Cash flow profile



1. Other includes proceeds from issues of shares including exercised options, less finance lease principal repayments

A close-up photograph of a large industrial Perkins engine, painted in a vibrant blue. The engine is complex, with various pipes, hoses, and mechanical components visible. A semi-transparent blue horizontal band runs across the middle of the image, serving as a background for the text. In the upper center, a white circle contains the text 'FY15' in red and 'Full Year Results' in white. The Perkins logo and name are visible on a silver plate on the engine's side. In the bottom right corner, there is a row of six white circles, with the second one from the left being filled in. The overall lighting is bright, highlighting the metallic textures and the blue paint.

FY15
Full Year Results

Operational performance

 **Perkins**

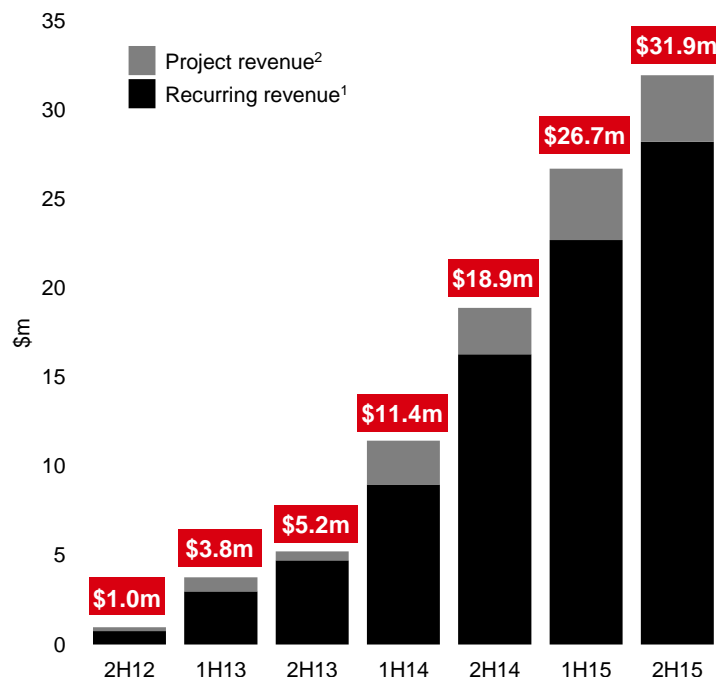


Strong sales momentum

FY15 data centre services revenue of \$58.7m¹

- Reflects 93% growth on FY14
- Recurring revenue represented 88% of total 2H15 revenue

Recurring and project revenue



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.

Two New Material Contracts announced since 29 June:

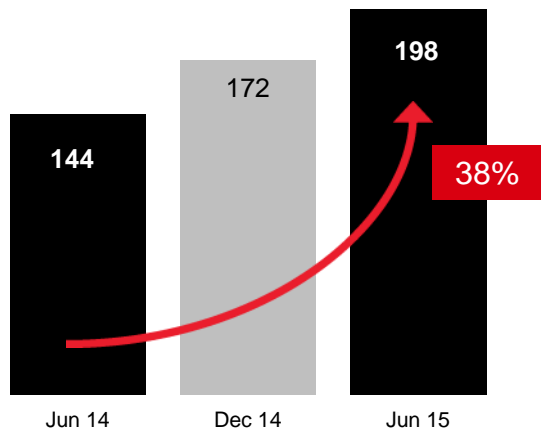
- Validation of demand for high-density capacity in Melbourne and Sydney
- Provides NEXTDC with the ability to utilise its Project Plus capacity at M1 and S1

New Material Contracts Summary

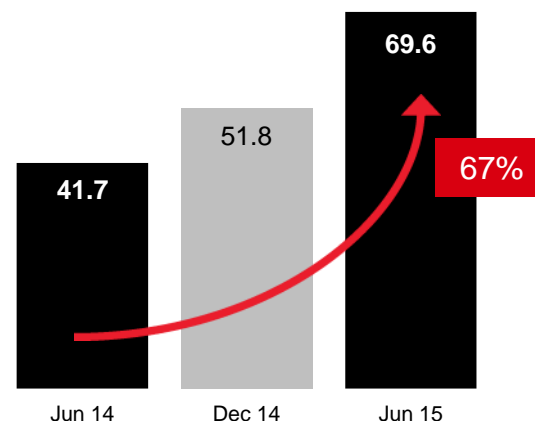
	Leading Corporation	Federal Government
Size	<p>4MW: 2MW at both M1 and S1</p> <ul style="list-style-type: none"> First right of refusal for a further 1MW at each site Follows initial 6MW contract with Leading Corporation announced in June 2013 	<p>\$35m over a six year term excluding revenue from power recharges</p>
Timing	Commences 2H16 and ramps up to full billing over next 18 months	Commences 2Q16 and ramps up to full billing over next 24 months
Impact	<ul style="list-style-type: none"> Customers' high density requirements facilitate use of Project Plus (expanding capacity from 35MW to 42MW without the requirement for additional land, building or fit out of additional data halls) Accelerates existing facility capex investment at M1 and S1 	

Strong growth in sales metrics

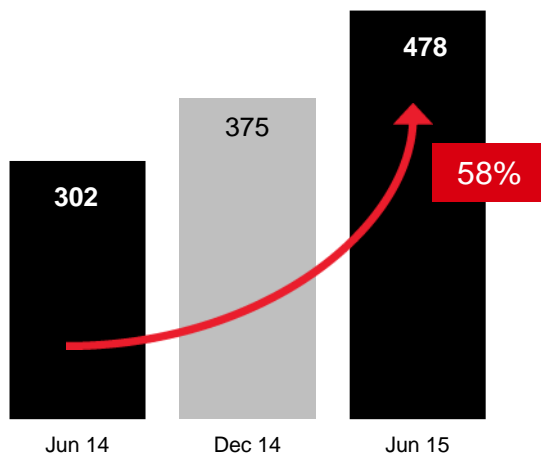
Annualised unweighted pipeline (\$m)¹



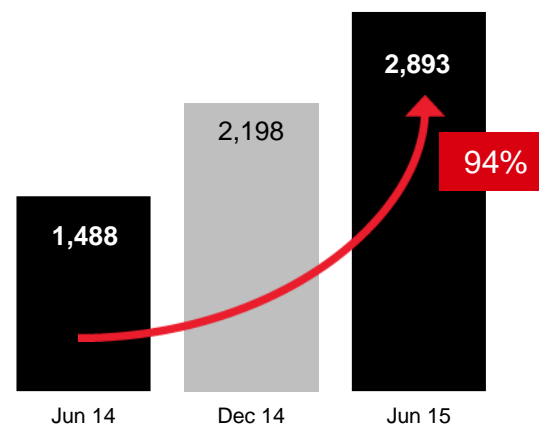
Annualised contracted recurring revenue (\$m)^{2,3}



Customers²



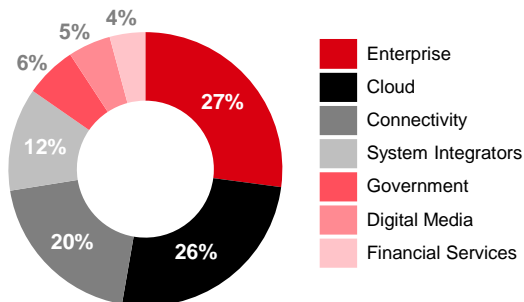
Interconnection
(number of cross connects)



1. Excludes Federal Government contract announced on 10 August 2015
2. Pro forma for Federal Government contract announced on 10 August 2015
3. Includes contracts with deferred contract commencement dates. Does not factor in potential contracted price escalations over time, cross connect revenues or electricity recharges.

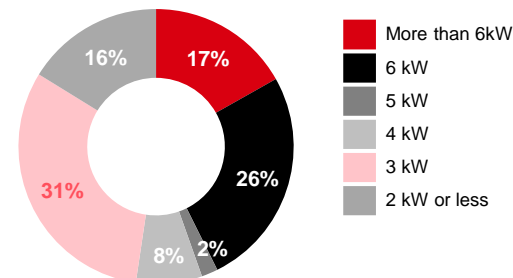
Diversified recurring revenue model

Customer by industry¹



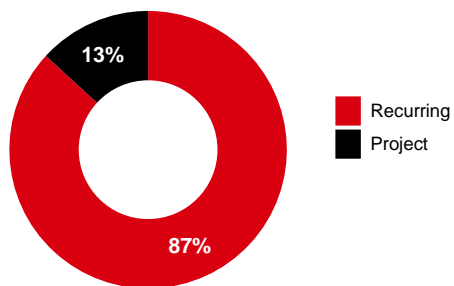
Cloud, connectivity and as-a-service partners drive strong ecosystem growth

Utilisation by density^{1,3}



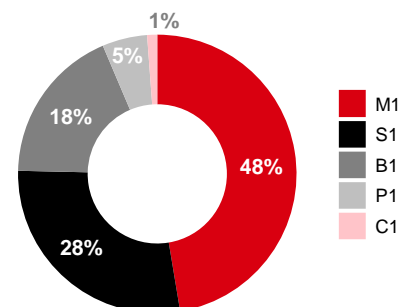
Customer power requirements continue to increase, supported by Project Plus

Recurring vs project²



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

Revenue by facility²



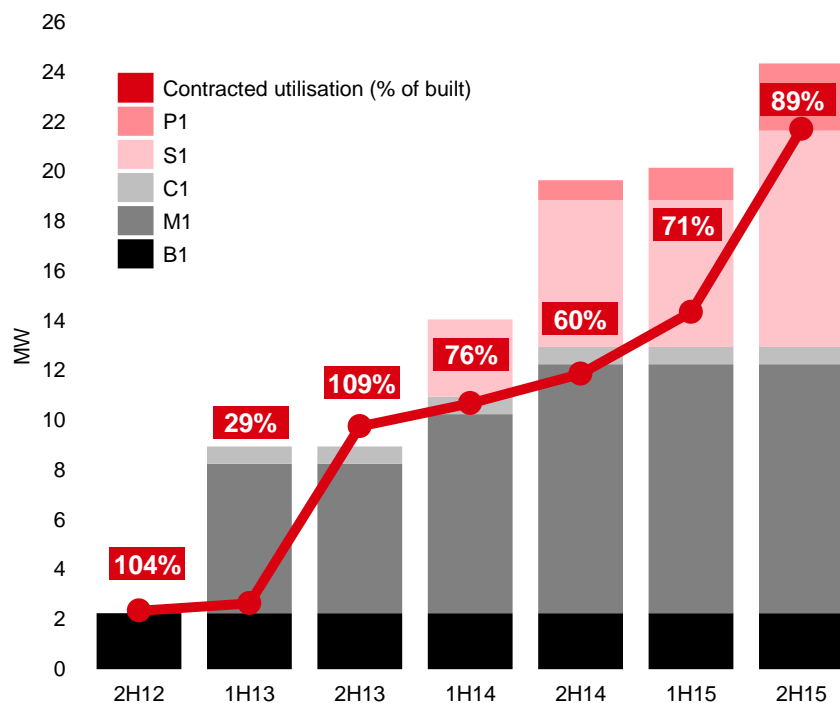
New facilities contributing, diversifying revenue mix

1. As at 30 June 2015
2. Expressed as a percentage of FY15 data centre services revenue
3. Pro forma for Federal Government contract announced 10 August 2015

Utilisation

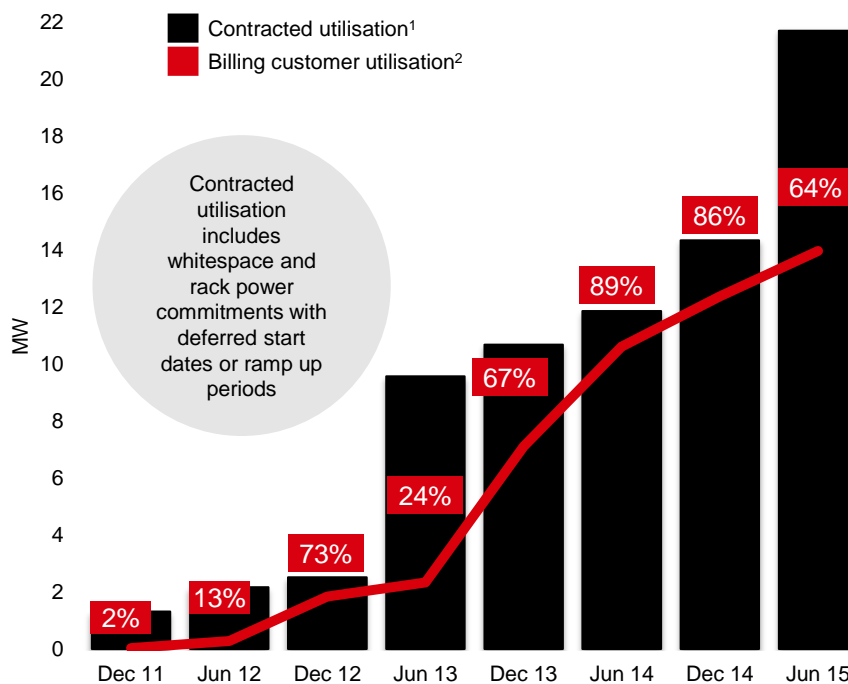
Installed capacity vs contracted utilisation

- 2.7MW available for sale at 30 June 2015¹
- Expansions in FY16 at M1, S1 and C1 in line with customer requirements
- Further capacity additions linked to contracted customer requirements



Billing vs contracted utilisation

- Contracted utilisation up 9.8MW (83%) to 21.7MW¹ since 30 June 2014
- Billing customer utilisation up 32% since 30 June 2014



1. Pro forma for Federal Government contract announced on 10 August 2015
 2. Billing customer utilisation refers to the sold capacity for which revenue is being billed

Facilities' capacity and utilisation

M1 Melbourne

- Last hall (DH6) under construction, high density customer requirements makes use of Project Plus capacity across halls

S1 Sydney

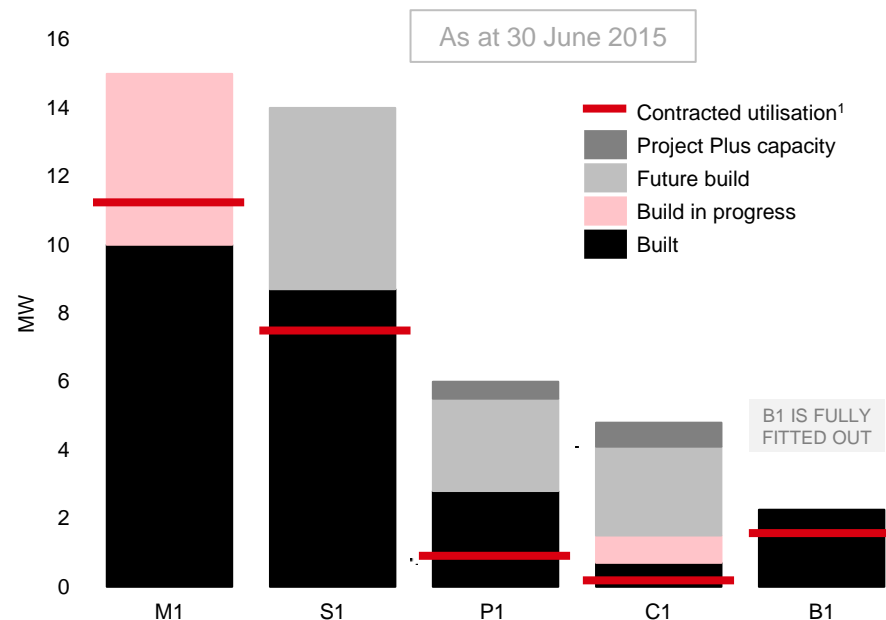
- Third hall completed adding 2.8MW
- High density customer requirements makes use of Project Plus capacity across halls

P1 Perth

- Second data hall (DH2) completed adding 1.4MW

C1 Canberra

- Program underway to expand capacity and upgrade critical infrastructure following customer wins (AEC, APRA)



	M1	S1	P1	C1	B1	Total
Commenced operations	Sep 2012	Sep 2013	Feb 2014	Aug 2012	Oct 2011	
Total power planned	15.0MW	14.0MW	6.0MW	4.8MW	2.25MW	42.1MW
MW built	10.0MW	8.7MW	2.7MW	0.7MW	2.25MW	24.4MW
Fit out capex to date	\$87m	\$78m	\$38m	\$8m	\$28m	\$240m
Contracted utilisation ¹	11.4MW	7.7MW	0.7MW	0.2MW	1.8MW	21.7MW
% of total power planned	76%	55%	11%	3%	79%	52%
% of MW built	114%	88%	25%	24%	79%	89%
Capacity available for sale	3.6MW	6.3MW	5.3MW	4.6MW	0.4MW	20.4MW

1. Contracted utilisation reflects pro forma adjustments for Federal Government contract announced 10 August 2015



FY15
Full Year Results

Outlook



FY16E Outlook



Ongoing growth in revenue

Revenue of \$85m to \$90m (up 40% - 48% on FY15)

- FY16E revenues underpinned by significant growth in contracted and recurring revenues
- Expecting further growth in connectivity revenue underpinned by national ecosystem
- New Leading Corporation and Federal Government contracts not at full ramp-up in FY16E



Benefits of operating leverage

EBITDA of \$25m to \$28m (up 213% - 250% on FY15)

- Operating leverage beginning to become apparent as the business ramps up
- Incremental FY16E EBITDA (\$18.5m)¹ represents c.70% of FY16E incremental revenue (\$26.6m)²
- Substantial scope for ongoing earnings growth with 20MW+ of capacity headroom



Customer driven capital investment

Capital expenditure of between \$75m and \$85m

- Bringing forward planned capital investments in line with material contract wins (particularly M1, S1)
- Program underway at C1 Canberra to expand capacity and upgrade critical infrastructure following Federal Government contacts (AEC, APRA) and to facilitate further growth
- Additional capital expenditures tightly tied to customer growth



New B2 & M2 investments

Evaluating new facilities at Brisbane (B2) and Melbourne (M2)

- B2 subject to Notes II issuance (currently delayed pending market stability)
- M2 will be considered in 2016, pending any other material developments
- Discretionary investment decisions remain dependant on customer demand and optimal funding

1. Based on the mid-point of FY16E guidance range of \$25-28m (\$26.5m) less FY15 EBITDA of \$8.0m

2. Based on the mid-point of FY16E guidance range of \$85-90m (\$87.5m) less FY15 revenue of \$60.9m



FY15
Full Year Results

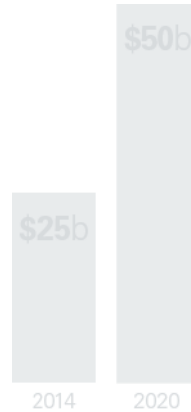
Business Overview

Industry growth indicators

Global colocation

\$50b by 2020

12.5% CAGR 2014 - 2020

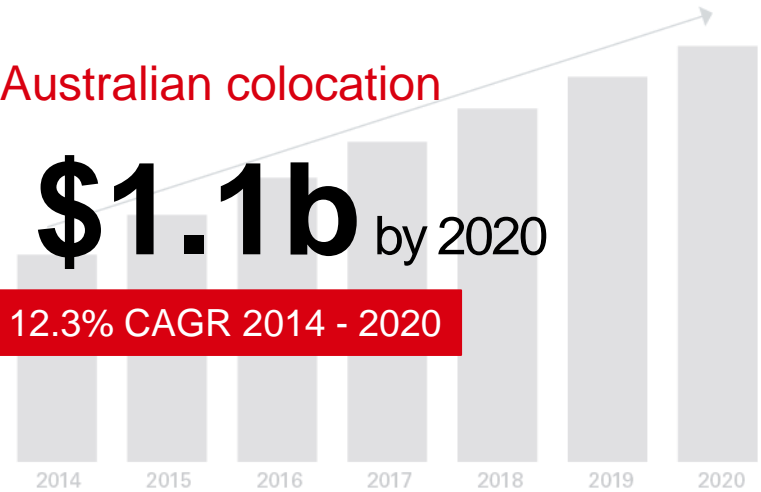


Mordor Intelligence Global Data Center Colocation Market Growth, Trends and Forecast 2014-2020

Australian colocation

\$1.1b by 2020

12.3% CAGR 2014 - 2020

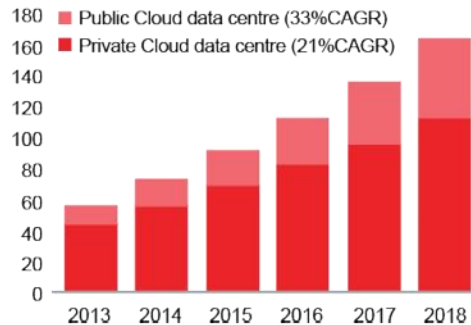


Frost & Sullivan report: Australian Data Centre Services 2014

Public and private cloud

24%

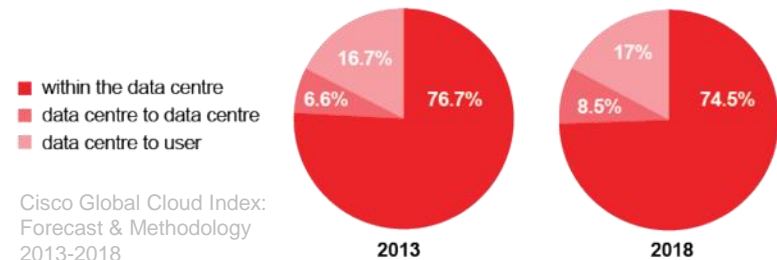
cloud
compound
annual
growth



Cisco Global Cloud Index: Forecast & Methodology 2013-2018

Data centre traffic

75% of traffic stays within the data centre



Cisco Global Cloud Index: Forecast & Methodology 2013-2018



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

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.

Cloud Centre

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

The data centre is the heart of hybrid computing

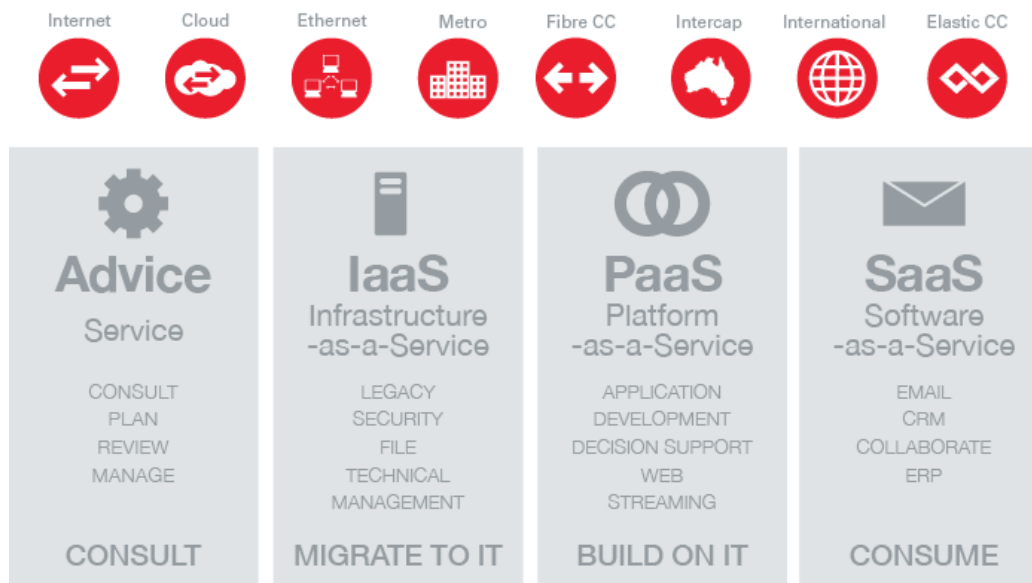
The movement by companies to selective sourcing of public and private cloud computing solutions does not diminish but enhances the strategic value of large scale, high power, high specification, colocation facilities such as ours.

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 data centres are a marketplace for the digital economy



CaaS Connectivity-as-a-Service

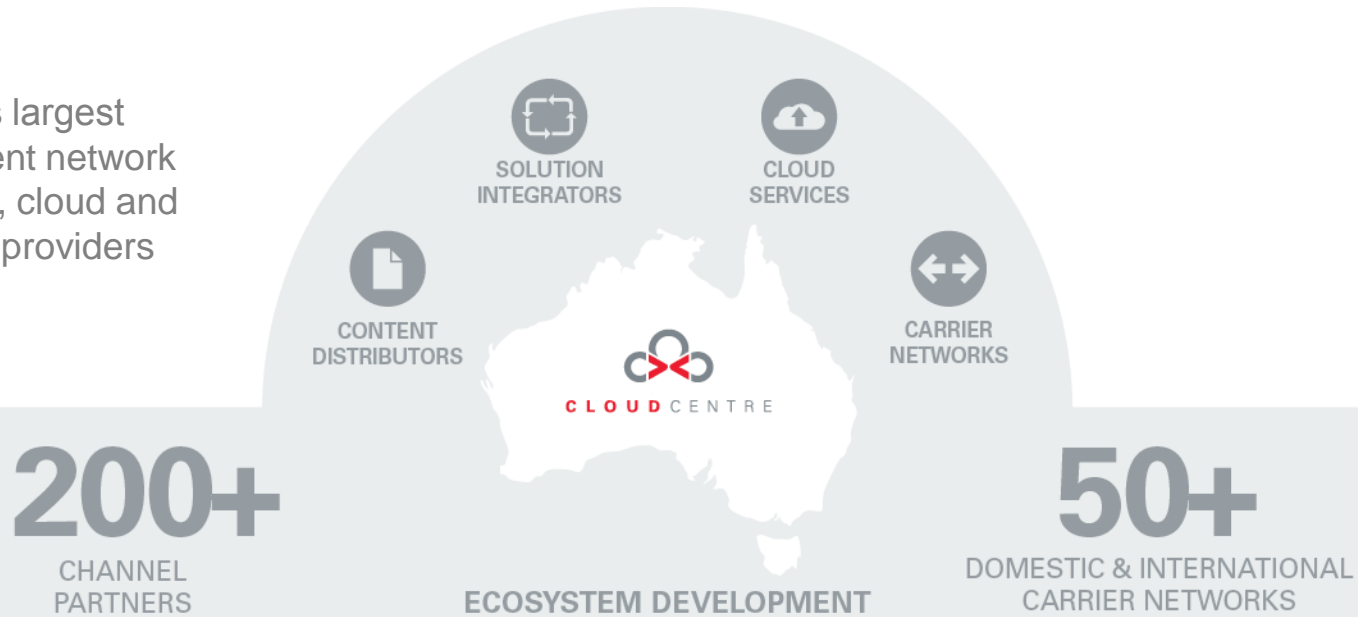


DCaaS Data-Centre-as-a-Service



Channel-first sales strategy

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



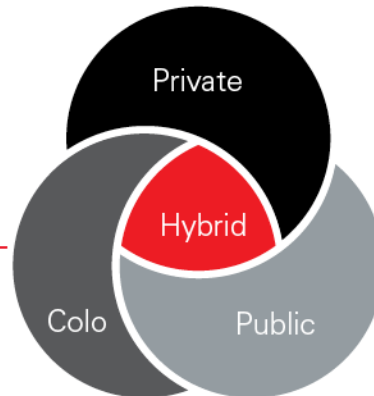
BENEFITS FOR NEXTDC

4000+

Sales people selling solutions including NEXTDC colocation

Extended reach across all market segments and geographies

Visibility of all market opportunities



BENEFITS FOR CUSTOMERS

AGILITY

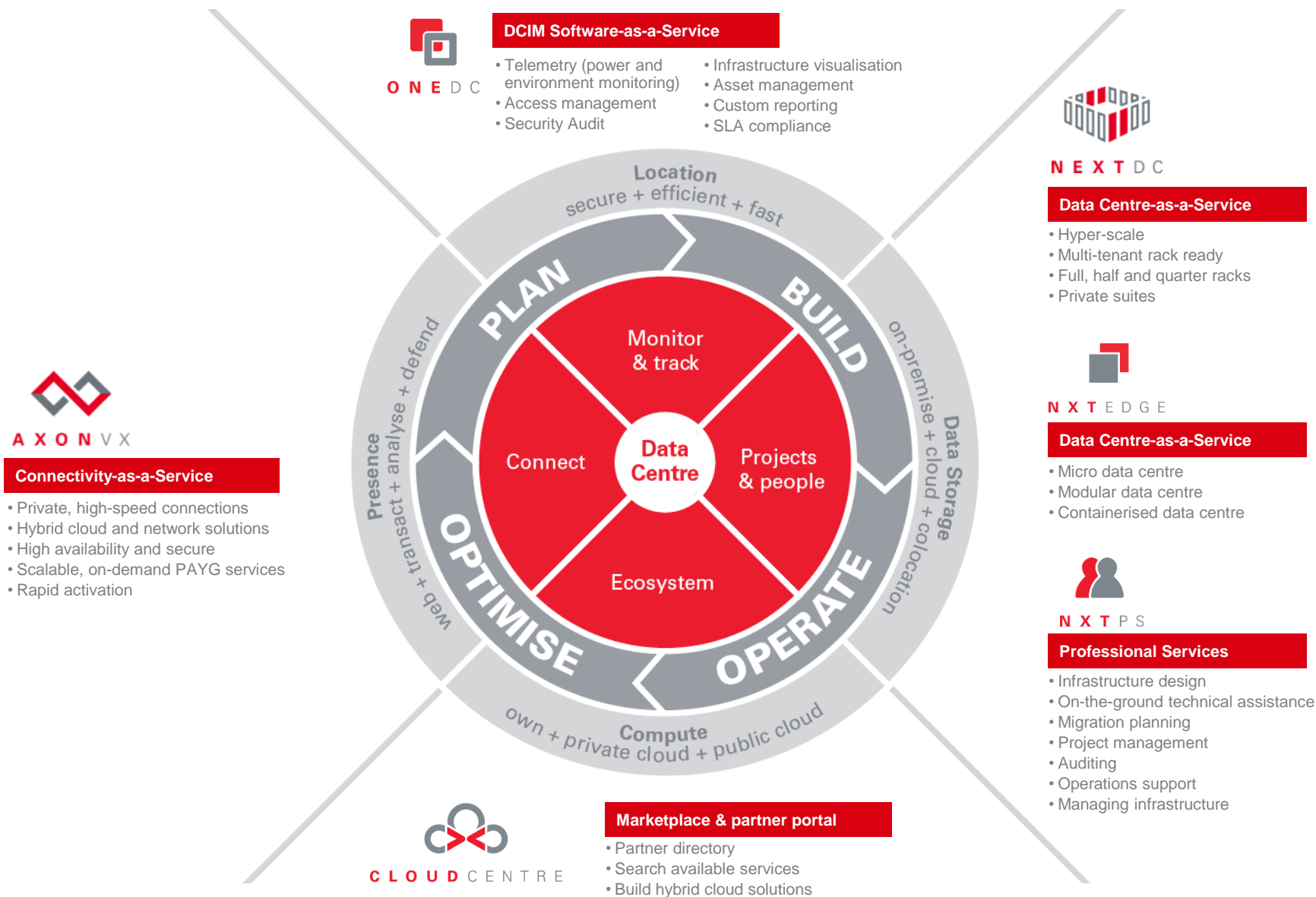
Freedom to choose from best of breed services

Suppliers all in one place, allow easy connection

Seamless hybrid cloud

Partners tailor solutions with NEXTDC data centre services

NEXTDC product and services portfolio



Systems, certifications, awards and achievements



ISO 27001:2005
Information Security
Management System
(ISMS) certification

Information
Security
ISO 27001



ISO 9001:2008
Quality Management
System certification

Quality
ISO 9001

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

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

ARN ICT Industry Awards

2014 Winner: Service Provider of the Year

2013 Winner: Sustainability

2013 Winner: Service Provider of the Year

WAIITA INCITE Awards

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



FY15
Full Year Results

Customer testimonials





Gery Messer

Managing Director, Asia Pacific

“As the global leading managed hybrid IT provider, CenturyLink is collaborating with NEXTDC to extend our data centre footprint and deliver reliable, enterprise-grade hybrid IT services to businesses and service providers in Australia and multi-national corporations expanding internationally.”



NEXTDC

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



CORRS
CHAMBERS
WESTGARTH

lawyers

Jon Kenton

Chief Operating Officer

“Migrating infrastructure from our Melbourne office to NEXTDC's M1 data centre allowed us to increase the density of our infrastructure and consolidate our footprint. Our move to M1 improved our IT service's resilience and physical security, plus the ecosystem at M1 means we could maintain our choice of network provider and access new cloud services in the future.”



NEXTDC

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



netdocuments®

Alvin Tedjamulia

CTO

“As the leading cloud-based document and email management provider for financial services and professional services firms, NetDocuments relies on world-class companies like NEXTDC to build and support a best-of-breed technology infrastructure that will ensure a highly secure, reliable, and efficient environment for NetDocuments global content management service.”



N E X T D C

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



Australian Government



AEC

Australian Electoral Commission

“We chose NEXTDC’s C1 data centre because of the quality and reliability of its critical infrastructure and the particularly high level of onsite security, as well as the excellent facilities for our staff.”



N E X T D C

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



Toby Bowers

Director, Cloud & Enterprise Division

“NEXTDC’s data centre footprint and the AXONVX switching fabric are promising to make it easier than ever for customers to enable secure, private connections from their on-premise networks to Microsoft Azure via ExpressRoute and extend their enterprise cloud strategies.”



N E X T D C

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

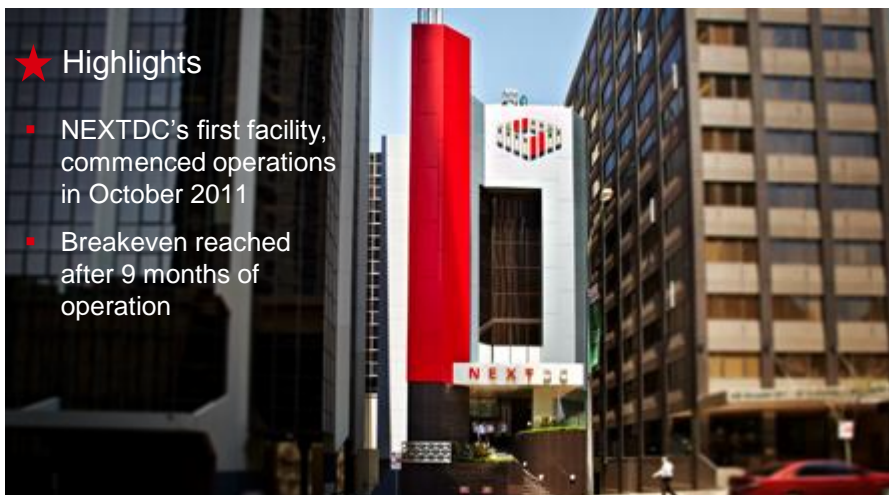
A photograph of a man and a woman standing in a server room aisle, surrounded by rows of blue server racks. The man is on the left, wearing a grey short-sleeved button-down shirt and black trousers. The woman is on the right, wearing a black short-sleeved shirt and black trousers, and is gesturing with her hands as if explaining something. The floor is made of white tiles with black grates. The racks have red indicator lights at the bottom.

FY15
Full Year Results

Case studies



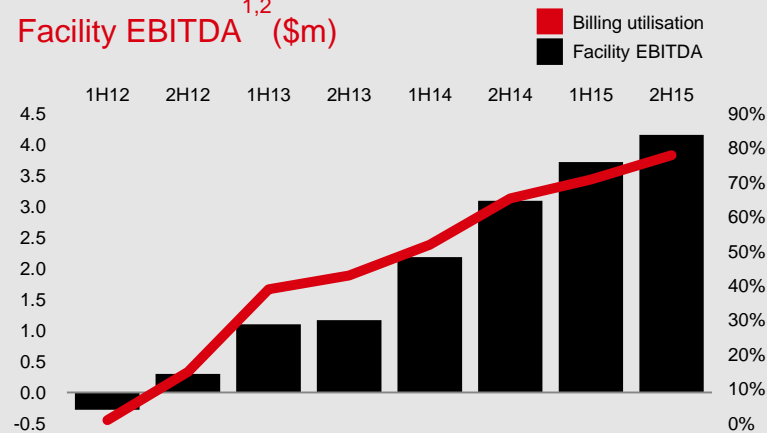
Case Study – B1 Brisbane



★ Highlights

- NEXTDC's first facility, commenced operations in October 2011
- Breakeven reached after 9 months of operation

Facility EBITDA^{1,2} (\$m)



(\$'000's) Half ended	1H12	2H12	1H13	2H13	1H14	2H14	1H15	2H15
Contracted utilisation ³	6%	36%	39%	46%	58%	69%	72%	79%
Billing utilisation ⁴	1%	15%	39%	43%	52%	66%	71%	78%
Recurring revenue	24	752	1,776	2,005	3,051	3,902	4,804	5,191
Project revenue	234	219	194	131	317	388	219	488
Gross data centre revenue	259	971	1,970	2,136	3,367	4,290	5,023	5,679
Direct and facility costs (incl. labour)	538	671	868	964	1,178	1,207	1,299	1,515
Facility EBITDA ^{1,2}	(279)	300	1,102	1,171	2,188	3,083	3,724	4,164
% margin	nm	31%	56%	55%	65%	72%	74%	73%

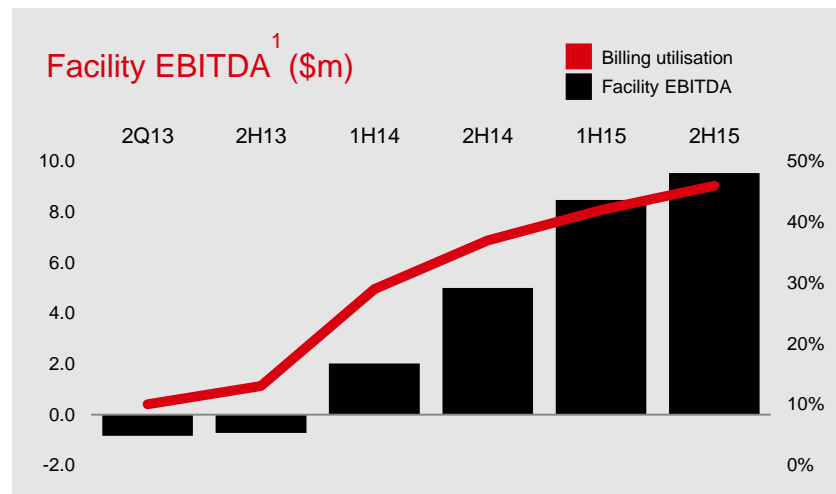
1. Before head office costs

2. Does not include finance lease amortisation

3. Pro forma for Federal Government contract announced August 2015

4. 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	2H15
Contracted utilisation ^{3,4}	11%	38%	39%	42%	46%	76%
Billing utilisation ^{3,5}	10%	13%	29%	37%	42%	46%
Recurring revenue	874	2,557	5,187	8,864	11,651	13,871
Project revenue	71	372	1,229	1,025	1,525	736
Gross data centre revenue	945	2,930	6,416	9,889	13,175	14,607
Direct and facility costs (incl. labour)	1,787	3,650	4,404	4,890	4,726	5,010
Facility EBITDA ¹	(842)	(721)	2,011	4,999	8,450	9,597
% margin	nm	nm	31%	51%	64%	66%

1. Before head office costs

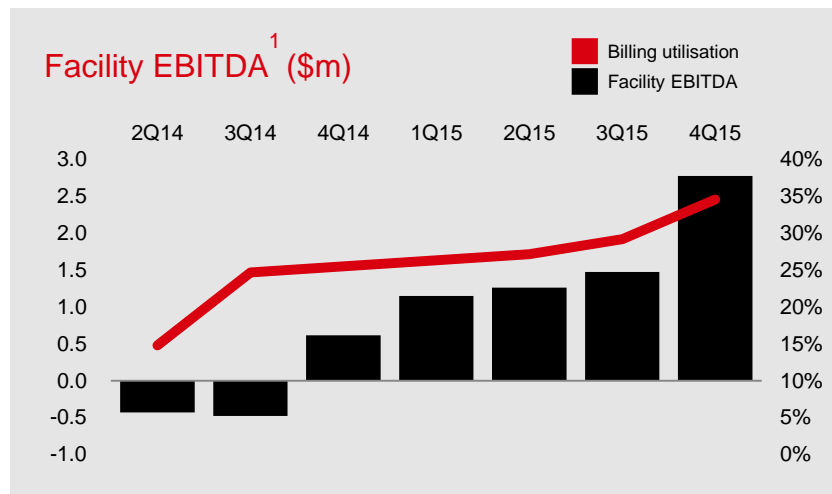
2. Normalised for revenue discount amortisation, capital allocations and notional rent

3. Percentages adjusted to reflect Project Plus capacity of 15MW

4. Pro forma for Federal Government contract announced 10 August 2015

5. 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	3Q15	4Q15
Contracted utilisation ^{2,3}	24%	25%	26%	30%	38%	39%	55%
Billing utilisation ^{2,4}	15%	25%	25%	26%	27%	29%	35%
Recurring revenue	539	1,288	2,242	2,419	2,819	3,256	4,217
Project revenue	913	273	639	1,162	732	726	1,082
Gross data centre revenue	1,452	1,561	2,881	3,581	3,552	3,982	5,300
Direct and facility costs (incl. labour)	1,884	2,038	2,267	2,166	2,293	2,509	2,469
Facility EBITDA ¹	(432)	(477)	614	1,415	1,259	1,473	2,831
% margin	nm	nm	21%	40%	35%	37%	53%








1. Before head office costs

2. Percentages adjusted to reflect Project Plus capacity of 14MW

3. Pro forma for Federal Government contract announced 10 August 2015

4. Billing utilisation refers to the sold capacity for which revenue is currently being recognised as at the end of the period

Thank you

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