



# ASX Release

24 November 2015

## 2015 Annual General Meeting – Chairman's Address

Last year we spoke about how NEXTDC achieved its unique market position as Australia's only truly independent national data centre provider. Today NEXTDC's business model has gained widespread traction as it facilitates the next generation of IT services, hosting the infrastructure of the nation's leading technology providers, and supporting the local deployment of the world's largest cloud platforms.

### Capital raising

Yesterday we announced a capital raising of \$120 million, consisting of an institutional investor placement to raise \$50 million and an accelerated non-renounceable pro rata entitlement offer to raise \$70 million.

The placement and institutional components of the entitlement offer were successfully completed yesterday. The Placement was priced at \$2.55 per share, which was equivalent to the last closing price on Friday, 20 November 2015 (last traded day) and a 13.3% premium to the Offer Price of \$2.25 per new share under the Entitlement Offer.

On Friday, 20 November 2015, NEXTDC also announced that it had successfully received commitments for \$100 million of unsecured notes referred to as Notes II. This offering was upsized by \$30 million due to demand. We now understand this is the largest ever domestic, unrated wholesale \$A corporate bond.

The capital raising and Notes II offer proceeds together with current cash reserves, undrawn secured debt facility and ongoing operating cashflow is expected to provide NEXTDC with adequate funds to complete the initial investment in proposed new data centre facilities, one each in Brisbane (B2) and Melbourne (M2), and fund the capital requirements of potential new large customer opportunities which are currently in advanced discussions.

As you would appreciate, NEXTDC requires certainty of funding upfront before embarking upon such large investments.

As you will see from the Company's FY15 Results and FY16 Outlook, NEXTDC has experienced strong growth in recent times. The growth we are experiencing has galvanised our confidence in the longer-term outlook for the business and encouraged our decisions to embark upon new investments.

These are indeed exciting times for your Company.

The CEO will provide further details of our investment plans and recently announced capital raising in his address.



## **Key operational and financial metrics**

FY15 saw NEXTDC achieve significant growth across key operational and financial metrics:

- Revenues from continuing operations were up 85 percent to \$60.9m, against the preceding 12 months
- Data centre services revenues increased by 93 percent to \$58.7m
- Contracted utilisation was up 9.8MW to 21.7MW, including the Federal Government contract announced on 10 August 2015
- The Company reported its first positive EBITDA result of \$8m, up \$24.1m on FY14's underlying EBITDA loss of \$16.1m
- NEXTDC reported our first period of positive operating cash flow, recording \$6.9m for the year, up \$16.9m from FY14
- Our statutory net loss after tax was \$10.3m, improving \$12.6m on FY14's net loss after tax (of \$22.9m)
- \$29.6m was invested in plant and equipment, and
- NEXTDC had cash and term deposits of \$52.9m at 30 June 2015.

After the end of FY15, NEXTDC was successful in upsizing the Company's undrawn senior secured debt facility with National Australia Bank, from \$20m to \$50m.

While many key strategic objectives have been met during the 2014-2015 financial year, we recognise the importance of creating value for our shareholders and we therefore continue to adopt a disciplined approach to capital allocation.

## **Market disruption and opportunity**

The Group has built a strong and growing pipeline of sales opportunities across each of its operating markets. Based on a number of positive trends such as cloud and mobile computing, growth in internet traffic and data sovereignty matters, the Group expects that demand for carrier and vendor neutral outsourced data centre services will continue to grow for the foreseeable future.

We are operating in exciting times. Trends in the local and global IT industry are accelerating both disruption and opportunity in the growing domestic market. Australian organisations are forecasted to spend \$2.5 billion on data centre systems in 2015, up \$200 million from 2014; and the Australian cloud computing market is expected to grow strongly from 2013 to 2018, averaging a substantial 30 percent CAGR.

Organisations are now anticipating an explosion in new services and applications built on mobile devices, cloud services, social technologies, and big data that take enterprise workloads to the next level. Data centre growth is simply trying to keep pace with the associated rate of growth of information processing and the demand for large data storage.

## **Board and executive renewal**

The Board underwent further renewal in the past year.



In March 2015, Ted Pretty resigned from the NEXTDC Board. Mr Pretty made a significant contribution to the success of NEXTDC, particularly in the early days when the business was finding its footing.

In June 2015 we were very pleased to appoint to the Board a very highly regarded Non-Executive Director, Elizabeth Gaines

The Company's management team also underwent some renewal during the course of FY15. In November 2014, Oskar Tomaszewski was appointed as NEXTDC's Chief Financial Officer. The Company also appointed David Dzienciol as Group Executive – Customer and Technology during the course of FY15, as well as Michael Helmer to the position of Company Secretary and General Counsel.

We believe the Company's renewed Board and executives have the focus, independence and breadth of experience required to build long-term shareholder value.

### **Developing a successful corporate culture**

Having an engaged and safe workforce is vital to achieving our strategic objectives.

We are continually developing a workplace that promotes diversity and fosters a culture that recognises and celebrates the success of our team. We encourage flexible working conditions to attract and retain the industry's best talent.

NEXTDC's engineering, project management and software development teams are key factors in our ongoing success, and in the past year we're proud to say that our quality-first design philosophy saw NEXTDC win two of the world's most prized awards for data centres: the 2014 Datacenter Dynamics APAC Award for "Innovation in the Mega-Data Centre"; and the 2015 Uptime Institute Brill Award for Efficient IT in the Product Solutions category for the Asia Pacific (APAC) region.

This would not be possible without focus on our corporate culture and values. They are not just words on a page – they are part of our DNA. At NEXTDC we measure the success of our individual contributions against how we deliver on six clear strategic priorities that define our business strategy: Customer First; Living our Values; Ecosystem Growth; Portfolio Growth; Channel Preferred; and Innovation and Leadership.

With that, I would like to thank you for your support on behalf of NEXTDC. We look forward to having you as shareholders for many years to come as we continue our journey of growth. Importantly I would also like to thank our management team and staff most ably led by our CEO Craig Scroggie.

**ENDS**



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## About NEXTDC

NEXTDC is an ASX300-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 national network of UTI Tier III-certified facilities, NEXTDC provides enterprise-class colocation services across the country, facilitating hybrid cloud deployments by offering direct connections to their partner community: Australia's largest independent network of carriers, cloud and IT service providers.

NEXTDC's subsidiaries include AXON Systems, which offers AXONVX, a virtual exchange delivering secure, elastic connections via a dynamic, high-speed switching fabric; and ONEDC Software, developer of the ONEDC® cloud-platform for data centre infrastructure management.

NEXTDC is *where the cloud lives*®.

To learn more, visit [www.nextdc.com](http://www.nextdc.com)