



NEXTDC

# FY17 FULL-YEAR RESULTS

31 AUGUST 2017

NEXTDC LIMITED ACN 143 582 521

# FY17 HIGHLIGHTS



REVENUE  
**\$123.6m**  
+33%



EBITDA  
**\$49.0m**  
+77%



UTILISATION  
**32MW**  
+21%



CUSTOMERS  
**772**  
+19%



PARTNERS  
**350+**  
50+ NETWORKS



INTERCONNECTIONS  
**6,342**  
+39%

# FY17 HIGHLIGHTS

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## Solid revenue growth

- Revenue from continuing operations up \$30.7m<sup>1</sup> (33%)<sup>1</sup> to \$123.6m
- Contracted utilisation up 5.4MW<sup>2</sup> (21%)<sup>2</sup> to 31.5MW
- Interconnection up 1,767 (39%)<sup>2</sup> to 6,342, representing ~6.0% of recurring revenue



## Strong operating leverage

- EBITDA up \$21.3m<sup>1</sup> (77%)<sup>1</sup> to \$49.0m
- Operating cash flow up \$22.6m<sup>1</sup> to \$44.9m
- Profit before tax up \$11.1m<sup>1</sup> to \$12.8m



## Network expansion continues

- \$159m of capital invested across new and existing developments
- Constructed additional data halls in M1, S1<sup>3</sup> and completed C1 core upgrade to Tier III
- B2 and M2 on track for completion in record time for customer access in 1H18



## Strong funding position

- Well funded with cash and term deposits of \$368.3m
- Successful Notes III unsecured debt raising of \$300m, replacing Notes I (\$60m) and Notes II (\$100m)
- Refinance of undrawn senior secured debt facility to \$300m (previously \$100m also undrawn)

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1. Compared to FY16  
2. Since 30 June 2016  
3. Construction commenced in FY17

# FY18 GAME CHANGERS

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## Network expansion

### Australia's largest total planned network capacity increased to 126MW

- S1 capacity increasing from 15MW to 16MW
- P1 fitout of final two data halls
- M2 planned capacity increase from 25MW to 40MW
- B2 planned capacity increase from 6MW to 12MW
- S2 Development Approval secured and 30MW development underway



## Setting new standards for operational excellence

### Setting new standards for the data centre industry in the Asia Pacific

- B2 opening with Australia's first UTI Tier IV design and construct certification<sup>1,2</sup>
- M2 and S2 planned for UTI Tier IV design and construct certification<sup>1</sup>
- M1 & S1 achieve market leading NABERS 4.5 star energy efficiency certification
- P1 has achieved the highest possible UTI GOLD<sup>3</sup> operational sustainability certification
- UTI GOLD certification rollout as standard across the entire fleet
- B2, M2, and S2 designed to achieve NABERS 5.0 star energy efficiency rating

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1. Fault Tolerant: multiple independent, physically isolated systems

2. B2 was awarded Tier IV Certification of Design Documents in April 2017 and at 31/08/17 is undergoing UTI on-site testing for Tier IV Constructed Facility certification, which is expected prior to facility launch

3. Certifies a management team can operate the site to its full uptime potential



## Agenda

- **FY17 Financial Results**
- **FY17 Business Performance**
- **FY18 Outlook**
- **Appendices**

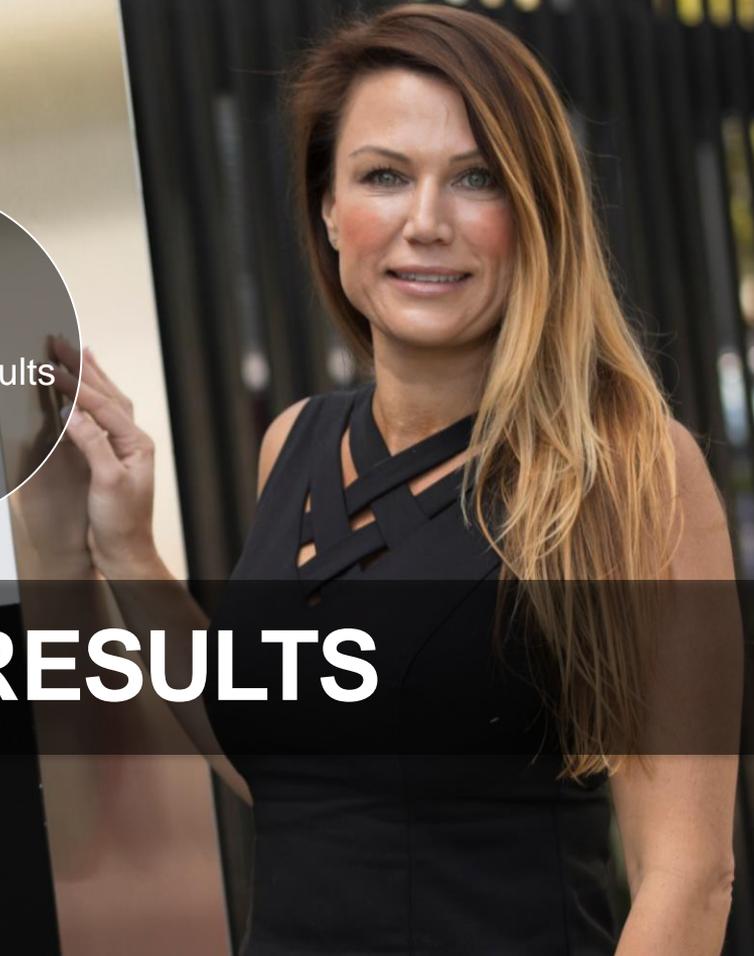


N E X T D C

FY17  
Full-Year Results

# FINANCIAL RESULTS

4 Eden Park Drive



# FY17 profit and loss summary

	Note	FY17 (\$m)	FY16 (\$m)	Change (\$m)
Data centre services revenue		117.6	89.3	28.3
Other revenue		6.0	3.6	2.4
<b>Total revenue from continuing operations</b>		<b>123.6</b>	<b>92.8</b>	<b>30.7</b>
Direct costs (power and consumables)		16.6	9.3	7.3
Facility costs (data centre rent, property costs, maintenance, facility staff, other)		27.7	26.7	0.9
Corporate overheads	1	24.6	26.1	(1.5)
<b>Total operating costs</b>		<b>68.9</b>	<b>62.1</b>	<b>6.9</b>
<b>EBITDA</b>	<b>2</b>	<b>49.0</b>	<b>27.7</b>	<b>21.3</b>
<b>EBIT</b>		<b>25.6</b>	<b>10.0</b>	<b>15.6</b>
Profit before tax		12.8	1.8	11.1
<b>Profit after tax attributable to members</b>	<b>3</b>	<b>23.0</b>	<b>1.8</b>	<b>21.2</b>

Data centre services

**REVENUE**

**↑32%**

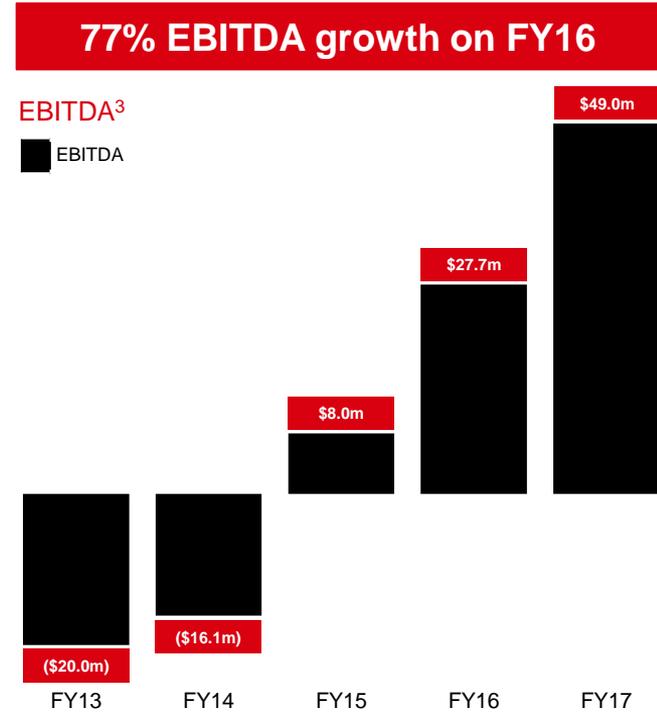
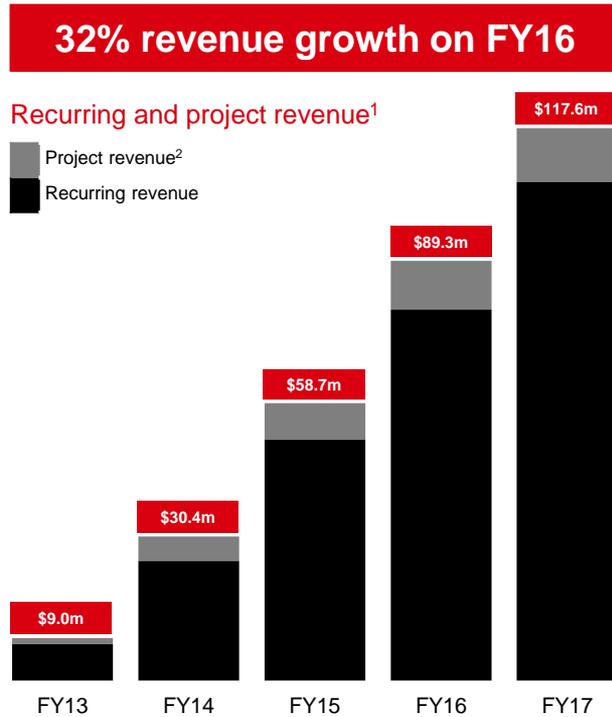
**EBITDA**

**↑77%**

- Customer power consumption continues to rise in line with the take-up of contracted customer capacity
- Net impact of rising energy costs of ~5%<sup>4</sup> of total direct costs in FY17
- Modest improvement in corporate costs from ongoing business transformation projects
- Planned increase in the cost base in FY18 from additional operational staff to support three new facilities

1. Corporate overheads include costs related to all sales and marketing, centralised customer support, project management and product development, site selection due diligence and sundry project costs, provisions, as well as investments in growth initiatives including partner development, customer experience and systems
2. EBITDA is a non-statutory metric representing earnings before interest, tax, depreciation and amortisation
3. Profit after tax includes an income tax benefit of \$10.2 million associated with the recognition of deferred tax assets, which resulted in a one-off increase in profit after tax
4. The net impact to direct costs resulting from movements in the price of energy, after adjusting for increases in total power consumption and power costs passed on to customers, was approximately 5% of FY17's total direct costs

# Strong revenue and EBITDA growth



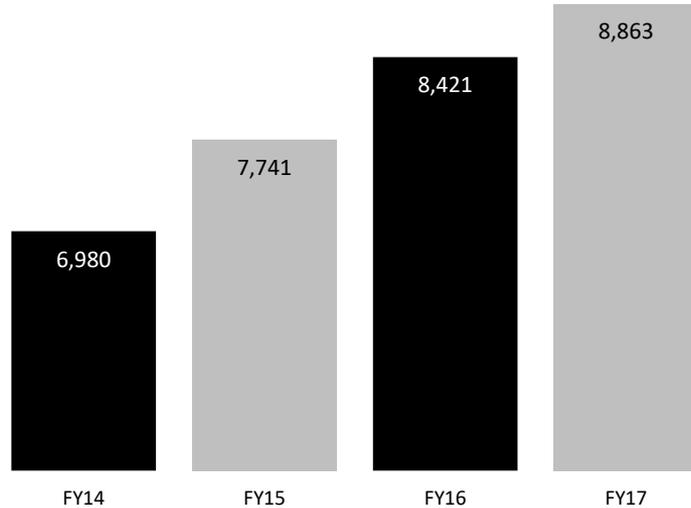
1. Data centre services revenue excludes interest and data centre development revenue

2. Project revenue includes one-off setup costs for new customer fitouts, standard establishment fees for new services, remote hands and other services

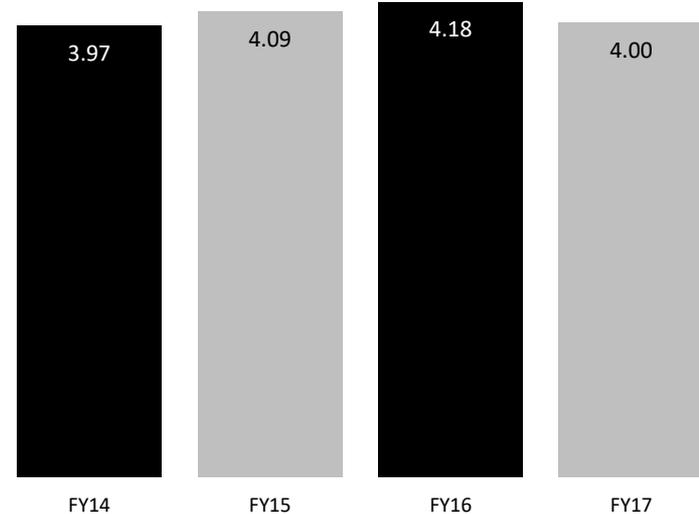
3. FY13 and FY14 EBITDA excludes building development profit, APDC distributions and fund raising advisory fees

# Revenue per unit metrics

Annualised revenue per sqm (\$)<sup>1</sup>



Annualised revenue per MW (\$m)<sup>2</sup>

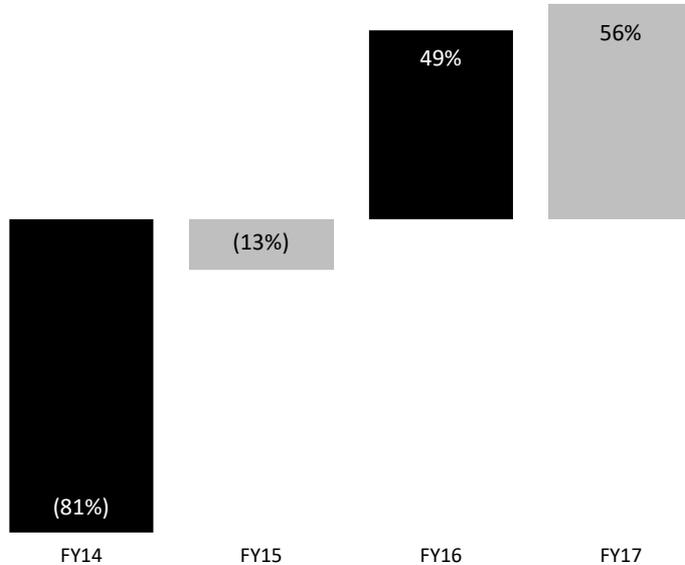


- Demonstrates ongoing growth in revenue per square metre, noting the deployment of large, high density, ecosystem enhancing deals over time
- New facility developments designed to take advantage of industry movements toward higher density requirements
- Revenue derived from larger ecosystem enhancing customer deployments tends to increase over time as they mature, due to higher usage of contracted power capacity, increased demand for interconnection, and the use of ancillary services

1. Revenue reflects data centre services revenue less project revenue. Square metres are the total weighted average square metres utilised during the period
2. Revenue reflects data centre services revenue less project revenue. Megawatts reflects the total weighted average megawatt months billed over the period

# Business model delivers significant operating leverage

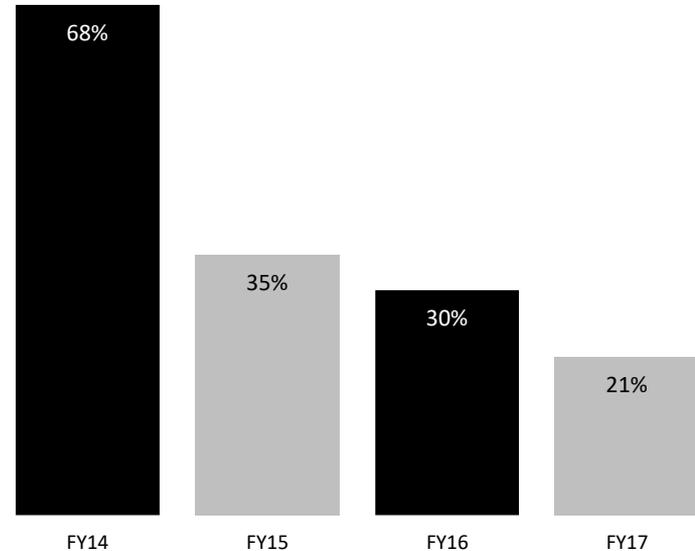
EBITDAR / Data centre services revenue<sup>1,2</sup>



- EBITDAR margin is a property-agnostic indicator of underlying profitability
- Strong margin performance reflects the benefit of operating leverage

1. EBITDAR represents EBITDA plus data centre rent  
2. FY14 EBITDA excludes building development profit, APDC distributions and fund raising advisory fees

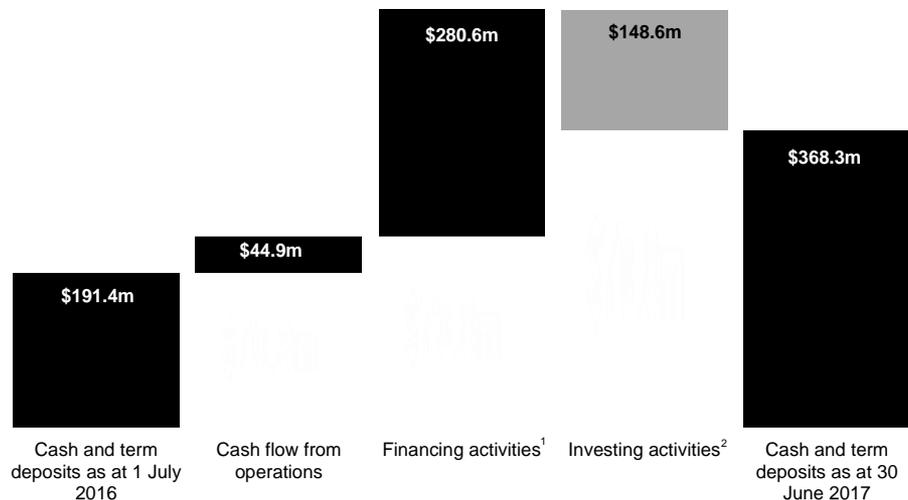
Corporate costs / Data centre services revenue



- Strong corporate cost performance drives significant operating leverage
- Expect near term scale benefits as capacity expands

# Strong asset and funding position

	30 June 2017 (\$m)	30 June 2016 (\$m)
Cash and term deposits	368.3	191.4
Property, plant, equipment	434.3	302.7
<b>Total assets</b>	<b>852.4</b>	<b>530.2</b>
Interest-bearing liabilities	302.3	166.2
<b>Total liabilities</b>	<b>345.9</b>	<b>197.1</b>
<b>Net assets</b>	<b>506.5</b>	<b>333.1</b>



- Operating cash flow performance underpinned by **predictable, long-term, customer contracts**
- Strong market support for **equity raising of \$150m** completed in September 2016 to fund S2 development
- Strong market support for **unsecured debt raising of \$300m** completed in June 2017 to fund significant demand growth
- Strong banking support for the **upsized of the senior secured debt facility to \$300m**

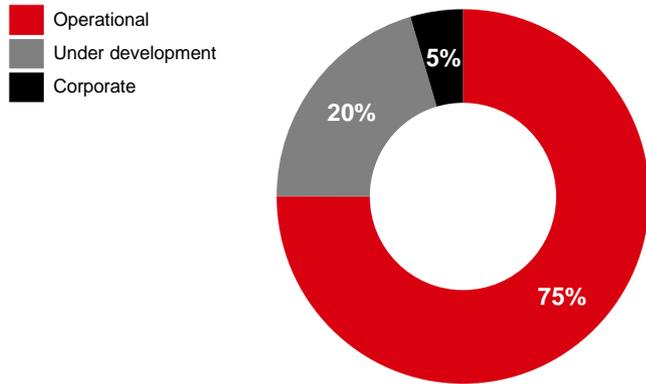
- NEXTDC has a strong cash position – **gross cash of \$368.3m** with the **\$300m senior secured debt facility remaining undrawn**
- NEXTDC's **fixed assets of \$434.3m** comprised of high quality data centre infrastructure with a long useful life

1. Cash flows from financing activities include proceeds from the issue of shares less transaction costs, other costs relating to finance facilities and finance lease payments

2. Excluding payments for term deposits of \$96.5m

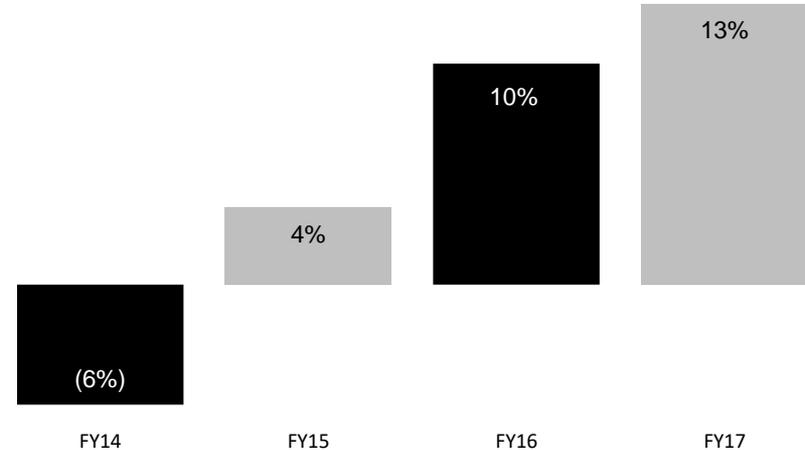
# Employed asset base delivering good returns

## Asset Mix



- Operational facilities are delivering solid returns on capital invested with further growth potential
- Facilities under development provide opportunity for further improvement in returns

## EBITDA / (Net Debt + Equity)<sup>1,2</sup>



- Demonstrates operating result relative to capital invested (net debt + equity)
- Expect near term returns to reflect the impact of capital invested in new facilities as well as opening costs

1. FY14 EBITDA excludes building development profit, APDC distributions and fund raising advisory fees  
2. Represents annualised EBITDA for the period divided by the average book value of net debt plus equity

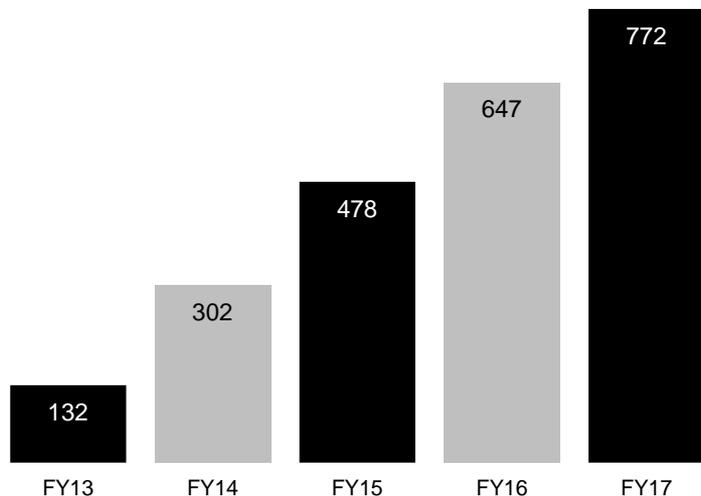


FY17  
Full-Year Results

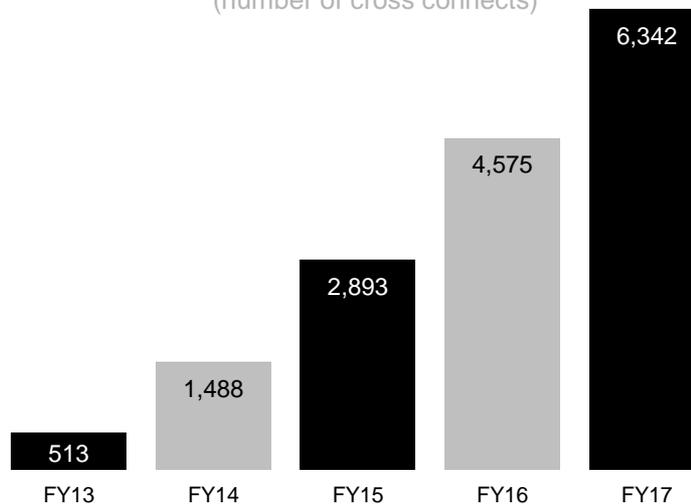
# BUSINESS PERFORMANCE

# Strong growth in customers and connectivity

## Customers



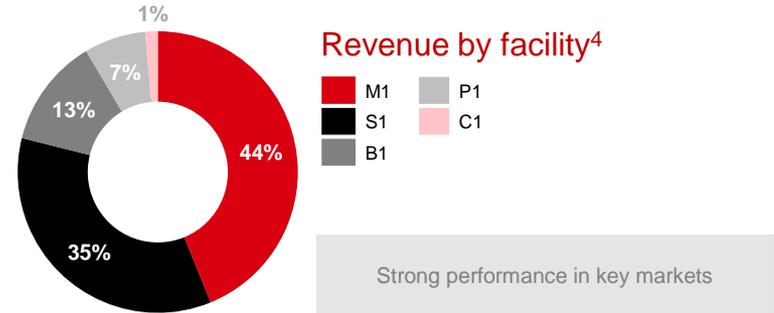
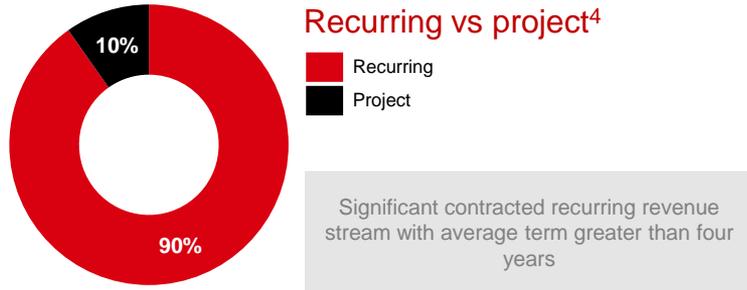
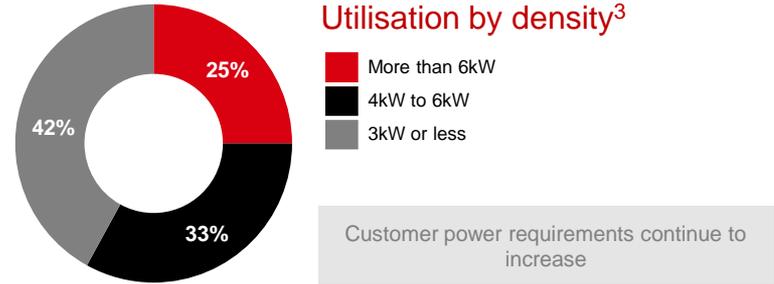
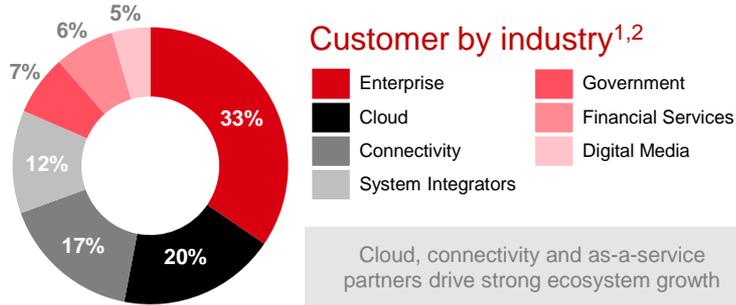
## Interconnection<sup>1</sup> (number of cross connects)



- Strong growth in interconnection drives average cross connects per customer to 8.2 (up 16%) at 30 June 2017 compared to 7.1 at 30 June 2016
- Growth in average cross connects per customer highlights the increasing use of hybrid cloud and connectivity both inside and outside the data centre as customers expand their ecosystems
- Ecosystem growth is expected to drive higher margins and customer retention

1. Comprises both physical and elastic cross connections

# Diversified recurring revenue model

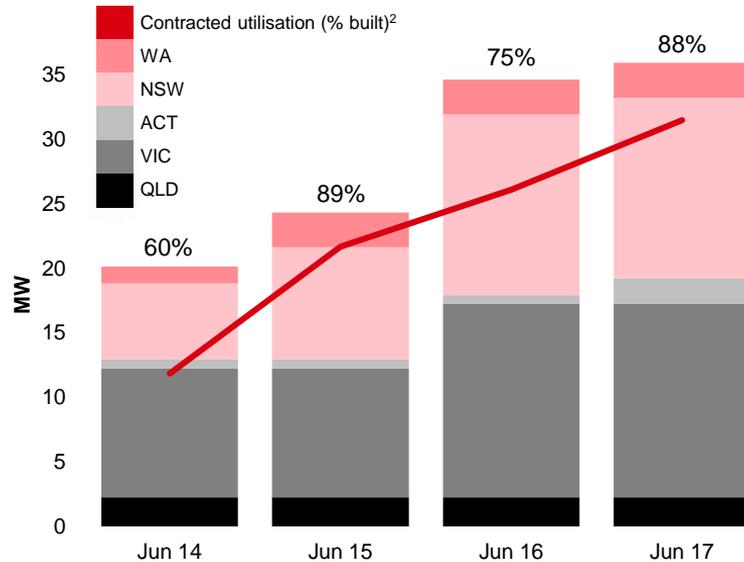


1. As at 30 June 2017  
 2. Percentages refer to the number of customers belonging to each industry  
 3. Density per rack equivalent. Percentages refer to the proportion of rack equivalents contracted at each density  
 4. Expressed as a percentage of FY17 data centre services revenue

# Utilisation

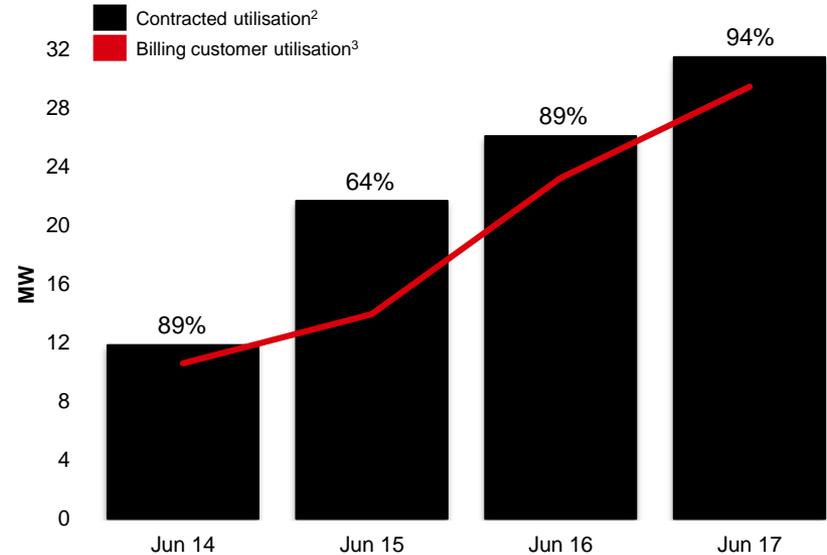
## Installed capacity<sup>1</sup> vs contracted utilisation

- 88% of installed capacity was contracted at 30 June 2017
- Built capacity increased at C1 from by 1.3MW to 2.0MW



## Billing vs contracted utilisation

- Contracted utilisation up 5.4MW (21%) to 31.5MW since 30 June 2016<sup>4</sup>
- Billing customer utilisation up 27% since 30 June 2016



1. Installed capacity includes the designed power capacity of the data halls fitted out at each facility. Further investment into customer related infrastructure, such as backup power generation, cooling equipment or rack infrastructure, may be made in line with customer requirements

2. Contracted utilisation as at 30 June 2015 is pro forma for Federal Government contract announced 10 August 2015

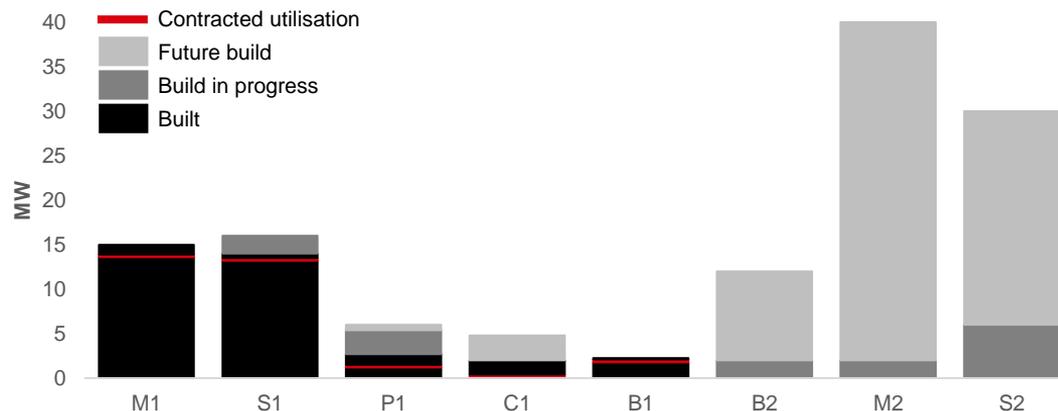
3. Billing customer utilisation refers to the sold capacity for which revenue is being billed

4. Contracted utilisation includes whitespace and rack power commitments with deferred start dates or ramp up periods

# Facilities capacity and utilisation

As at 30 June 2017

- **S1 Sydney:** additional data hall space being fitted out to support customer requirements and drive higher utilisation
- **P1 Perth:** achieved UTI GOLD operational certification; fitout of the final two data halls in progress
- **C1 Canberra:** C1 critical infrastructure upgrade completed in line with NEXTDC's Generation I Tier III build standard; available capacity increased by 1.3MW to 2.0MW
- **B2 Brisbane and M2 Melbourne:** B2 and M2 developments constructed in record time for customer access in FY18; B2 target capacity upgraded to 12MW and M2 target capacity upgraded to 40MW
- **S2 Sydney:** S2 development commenced with target open expected in 1QFY19, with 6MW of capacity (Phase 1); land subject to 45-year ground lease



	M1	S1	P1	C1	B1	B2	M2	S2	Total
Commenced operations	Sep-12	Sep-13	Feb-14	Aug-12	Oct-11	1H18	1H18	1Q19 <sup>4</sup>	
Total power planned (MW)	15.0	16.0	6.0	4.8	2.25	12.0	40.0	30.0	126.1
MW built <sup>1</sup> (MW)	15.0	14.0	2.7	2.0	2.25	-	-	-	36.0
Land and building capex to date	-	-	-	-	-	\$50m	\$22m	-	\$72m
Fitout capex to date <sup>2,3</sup>	\$139m	\$135m	\$48m	\$27m	\$31m	\$15m	\$15m	-	\$412m
Contracted utilisation (MW)	13.9	13.5	1.5	0.4	2.1	0.1	0.0	-	31.5
% of total power planned	93%	84%	25%	8%	93%	0%	0%	-	25% <sup>5</sup>
% of MW built	93%	96%	56%	19%	93%	-	-	-	88%
Capacity available for sale (MW)	1.1	2.5	4.5	4.4	0.1	11.9	40.0	-	64.5 <sup>5</sup>

1. MW built includes the designed power capacity of the data halls fitted out at each facility. Further investment into customer related infrastructure, such as back up power generation, cooling equipment or rack infrastructure, may be made in line with customer requirements  
 2. Site selection and other due diligence-related costs for planned data centre developments are included in corporate overheads  
 3. Excludes land and buildings  
 4. Target open expected in 1QFY19 for S2  
 5. Excluding S2

# B2 BRISBANE

Technical space	Stage 1: 3,000sqm Stage 2: 3,000sqm <sup>1</sup>
Total IT capacity	Stage 1: 6MW Stage 2: 6MW
Initial capacity	2MW
Target PUE	1.25 <sup>2</sup> / 1.34 <sup>3</sup>
Design standard	UTI Tier IV
Status	Target OPEN Sep 2017

- Australia's first UTI Tier IV design and construct certification<sup>4</sup>
- World's first Tier IV designed Iso-parallel UPS system
- Industry first NABERS 5.0 star energy efficiency design
- Planned for UTI GOLD operational sustainability
- Planned capacity increase from 6MW to 12MW
- Seamless cross connect for B1 and B2 through NEXTDC Fibre Cross Connect
- AXON cloud connect on ramp available day one for Microsoft ExpressRoute, Amazon Web Services, IBM Bluemix and other cloud on ramps

1. This will comprise a new building development on the existing property
2. Best instantaneous power consumption ratio within a calendar year, dependent on load and optimal environmental conditions
3. Total energy consumption ratio during a full calendar year, dependent on load and supports a NABERS 5 star rating
4. B2 was awarded Tier IV Certification of Design Documents in April 2017 and at 31/08/17 is undergoing UTI on-site testing for Tier IV Constructed Facility certification, which is expected prior to facility launch



# M2 MELBOURNE

<b>Technical space</b>	Stage 1: 10,000sqm Stage 2: 5,000sqm
<b>Total IT capacity</b>	Stage 1: 25MW Stage 2: 15MW
<b>Initial capacity</b>	2MW
<b>Target PUE</b>	1.10 <sup>1</sup> / 1.28 <sup>2</sup>
<b>Design standard</b>	UTI Tier IV
<b>Status</b>	Target OPEN Oct 2017

- UTI Tier IV design and construct certification
- Tier IV designed Iso-parallel UPS system
- NABERS 5.0 star energy efficiency design
- Planned for UTI GOLD operational sustainability
- Planned capacity increase from 25MW to 40MW
- Seamless cross connect for M1 and M2 through NEXTDC Fibre Cross Connect
- AXON cloud connect on ramp available day one for Microsoft ExpressRoute, Amazon Web Services, IBM Bluemix and other cloud on ramps

1. Best instantaneous power consumption ratio within a calendar year, dependent on load and optimal environmental conditions
2. Total energy consumption ratio during a full calendar year, dependent on load and supports a NABERS 5 star rating

## NEXTDC FY17 Results



# S2 SYDNEY

Technical space	8,700sqm
Total IT capacity	30MW
Initial capacity	6MW
Target PUE	1.15 <sup>1</sup> / 1.29 <sup>2</sup>
Design standard	UTI Tier IV
Status	Target OPEN 1QFY19

- S2 Development Approval secured and development underway
- UTI Tier IV design and construct certification
- Tier IV designed Iso-parallel UPS system
- NABERS 5.0 star energy efficiency design
- Planned for UTI GOLD operational sustainability
- S2 subject to a 45-year ground lease arrangement
- Seamless cross connect for S1 and S2 through NEXTDC Fibre Cross Connect
- AXON cloud connect on ramp available day one for Microsoft ExpressRoute, Amazon Web Services, IBM Bluemix and other cloud on ramps

1. Best instantaneous power consumption ratio within a calendar year, dependent on load and optimal environmental conditions
2. Total energy consumption ratio during a full calendar year, dependent on load and supports a NABERS 5 star rating

## NEXTDC FY17 Results



Artist's impression



# Asia Pacific Data Centre Group (APDC) – Takeover Offer

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<b>Situation</b>	<ul style="list-style-type: none"><li>▪ NEXTDC announced an unconditional, all-cash takeover offer of \$1.87 per security</li><li>▪ NEXTDC currently owns a 21.1% stake in APDC</li><li>▪ Board of APDC has unanimously recommended NEXTDC’s takeover offer in the absence of a superior proposal</li><li>▪ The Independent Expert has declared the offer ‘fair and reasonable’</li><li>▪ The offer is open to all APDC securityholders until 14 September (unless otherwise extended)</li></ul>
<b>Rationale</b>	<ul style="list-style-type: none"><li>▪ The acquisition of APDC is in line with our previously announced strategy to own a greater proportion of the properties we operate</li></ul>
<b>Funding</b>	<ul style="list-style-type: none"><li>▪ The offer can be funded from NEXTDC’s existing cash and term deposits, which stood at \$368.3m as at 30 June 2017</li></ul>

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**NEXTDC urges APDC securityholders read the Bidder’s Statement and to ACCEPT the offer at \$1.87 per security**



FY17  
Full-Year Results

# FY18 OUTLOOK

# FY18 outlook – our biggest year yet



## Strong revenue growth

### Underlying revenue<sup>1</sup> in the range of \$146m to \$154m (up 18% to 25% on FY17)

- Growth in recurring revenue underpinned by long-term customer contracts
- Growth in connectivity revenue supported by 39%<sup>2</sup> increase in cross connects
- Expected new customer contract wins to drive further growth in FY18 and beyond



## Substantial operating leverage

### Underlying EBITDA<sup>1</sup> in the range of \$56m to \$61m (up 14% to 25% on FY17)

- Investments being made into new facility operational capacity (including land rent at S2)
- Impact of higher forecast energy prices expected to reduce from CY19 and beyond
- Operating leverage to expand as the business continues to scale and new facilities begin to contribute additional earnings



## Customer driven investment

### Capital expenditure on facilities between \$220m and \$240m

- Customer driven expansion works to continue at S1, P1, and C1
- Capacity expansion works to continue at B2 and M2 to support strong customer demand
- S2 development targeting open in 1QFY19, with 6MW of capacity (Phase 1)



## Network capacity expansion

### Australia's largest total planned network capacity increased to 126MW

- S1 capacity increasing from 15MW to 16MW
- M2 planned design capacity increased from 25MW to 40MW and B2 from 6MW to 12MW
- S2 Development Approval secured and development underway



## Benchmark operational excellence

### Setting new standards for the data centre industry in the Asia Pacific

- B2, M2 and S2 opening with Australia's first UTI Tier IV design and construct certification
- P1 achieves UTI GOLD operational sustainability certification, that begins the rollout across the entire fleet
- B2, M2, and S2 designed to industry first NABERS 5.0 star energy efficiency rating

1. Excluding the impact of the current APDC takeover offer into account, including any distributions received, accounting impact and transaction costs

2. Compared to FY16

SUB 07

FY17  
Full-Year Results

APPENDICES

SUBSTATION 7 - C SUB 07

DANGER  
HIGH VOLTAGE  
NO WORKING  
BEHIND THIS

06

sub 05

sub 04

sub 03

sub 02

sub 01

A photograph of four men in black polo shirts walking through a hallway with red brick walls. The ceiling is industrial with exposed pipes and lights. A white circular graphic is overlaid on the image, containing the text 'FY17 Full-Year Results'.

**FY17**  
Full-Year Results

**BUSINESS STRATEGY**



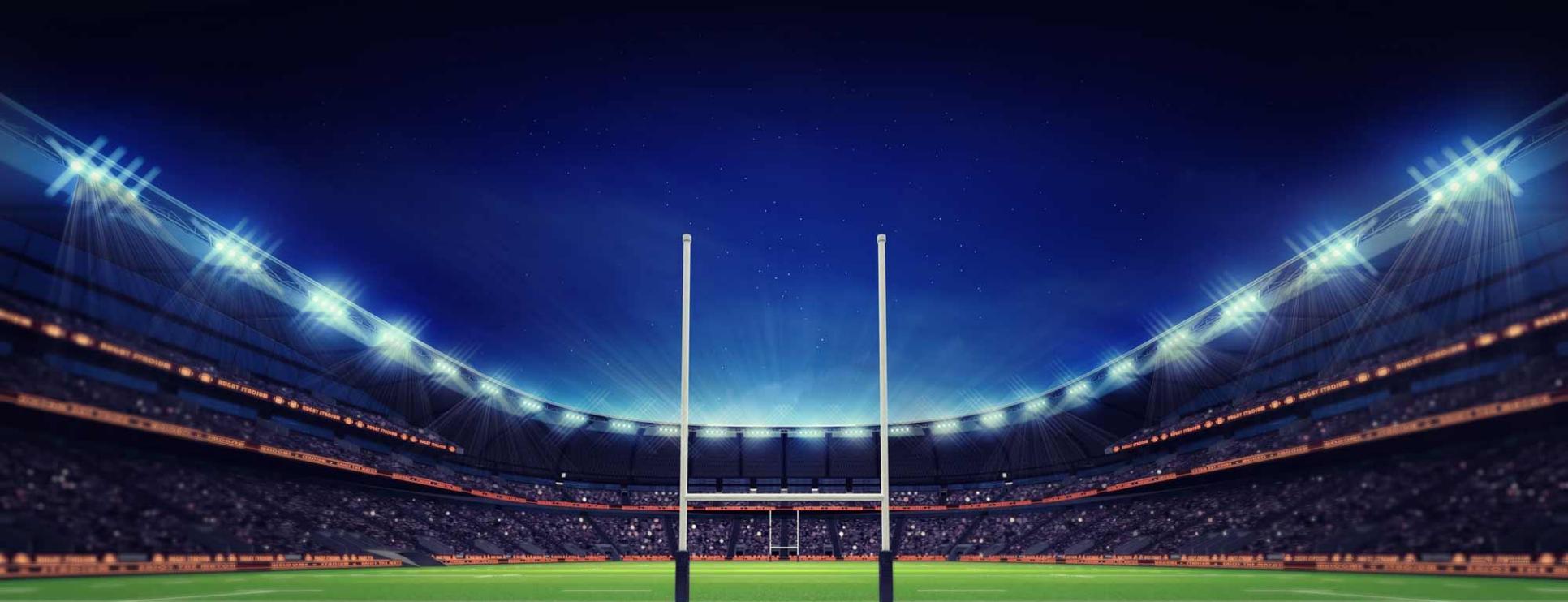
# VISION

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





# GAME CHANGERS

# AUSTRALIA'S LARGEST NETWORK OF NEUTRAL COLOCATION DATA CENTRES

PERTH  
**P1** 6MW

CANBERRA  
**C1** 4.8MW

MELBOURNE  
**M1** 15MW  
**M2** 40MW



BRISBANE  
**B1** 2.25MW  
**B2** 12MW

SYDNEY  
**S1** 16MW  
**S2** 30MW

**8+**

DATA CENTRES

**126+**

MEGAWATTS<sup>1</sup>

**25,000+**

RACKS<sup>1</sup>

1. Numbers are an approximation at full fitout

A man in a black polo shirt is working on a large blue industrial engine. He is looking at a yellow clipboard or tablet. The engine is complex with various hoses and components. The background shows a dark, industrial setting with a metal door.

Uptime Institute

# Tier IV

Design and Construct

## SETTING NEW STANDARDS

From UTI Tier III Concurrent Maintainability to Tier IV Fault Tolerance

# UTI TIER IV DATA CENTRES

Tier IV is currently the peak of the Tier Classification System created by the Uptime Institute to consistently evaluate individual data centre performance, and builds on the Tier III standard for concurrent maintainability.

## FEATURE

- **Fault Tolerance** – multiple independent, physically isolated systems (compartmentalisation) that provide redundant capacity and diverse distribution paths to simultaneously serve the critical environment.

## RESULT

- **Resilience** – Individual equipment failures or distribution path interruptions from an unexpected event or planned work activity (maintenance) will not impact IT operations.



# Uptime Institute®

## John Duffin

Managing Director, South Asia | Uptime Institute

“Enhancing the strategies used in their Tier III data centres, in B2, NEXTDC have targeted Australia’s first Tier IV Constructed Facility certification and globally, the first Tier-certified data centre with a Fault Tolerant n+r redundant IP-DRUPS electrical system.”



N E X T D C

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

Uptime Institute

**GOLD**

Tier Certification



# OPERATIONAL SUSTAINABILITY

Excellence in managing long-term operational risks and behaviours

# UTI GOLD OPERATIONAL CERTIFICATION

Key areas covered include: Staffing, Training and Organisation, Preventative Maintenance, and Planning, Management and Coordination.

## FEATURES

- Operational behaviours and risks that impact long-term business objectives have been checked and verified.
- Gold rating shows facility management scored on average over 90% in all assessment aspects.

## RESULT

- Certifies the management team can operate the facility to its full potential.
- More efficient data centre operation, and opportunities to increase energy efficiency.

The Uptime Institute: *Explaining the Uptime Institute's Tier Classification System*  
The Uptime Institute: *Data Centre Site Infrastructure Tier Standard: Operational Sustainability (2014)*



NABERS

5 STAR

Energy Efficiency

INDUSTRY LEADING PUE

From NABERS 4.5 star to 5 star certified energy efficiency

A man in a light blue blazer is standing on the right side of the frame, presenting to a large group of men seated in a modern office environment. The audience is seated in rows of office chairs, facing the presenter. The room has large windows and a contemporary design. The text 'ECOSYSTEM' is overlaid in large white letters across the middle of the image.

# ECOSYSTEM

We'll help you find the **right** suppliers  
for every project, every time.

CLOUD CENTRE

# C1 IS CANBERRA'S ONLY HOSTING LOCATION FOR AMAZON WEB SERVICES DIRECT CONNECT CLOUD ON RAMP

"The launch of the AWS Direct Connect service out of NEXTDC's Canberra data centre will enable our Federal and ACT government customers to connect the hyperscale AWS Cloud and run synchronous replication across independent zones, helping to ensure government data is managed securely – with high resilience. This in turn will help government agencies deliver improved services to Australian citizens, who increasingly rely on digital services for their interactions with government."

**Andrew Phillips, AWS Australia and New Zealand Public Sector Country Manager**





# HIGHLY CONNECTED

Unlimited connection possibilities through a multiplicity of networks



# ELASTIC NETWORKS

Create secure, high-speed connections between your data centres, networks and clouds



# LEADERSHIP IN SUSTAINABILITY

Renewable energy generation and consumption



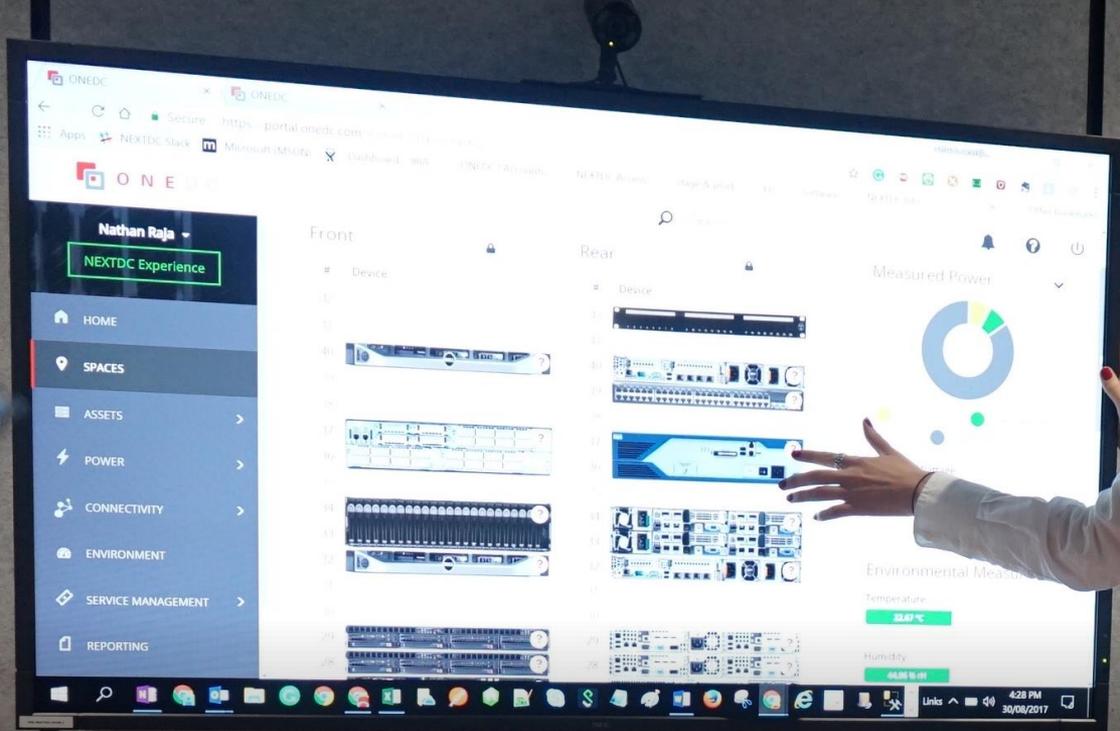
# CUSTOMER EXPERIENCE

World-class customer experience from physical to digital interactions



# NEW SECURITY STANDARDS

From the enterprise to cloud to government



# REAL TIME INTELLIGENCE

Keep tabs on your infrastructure with data centre telemetry



ONEDC

# NEXTDC is *where the cloud lives*<sup>®</sup>

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.



Gartner, June 2017

# Connect your physical and virtual worlds with AXON

AXON connects your data centres, clouds and offices with your choice of network



## Neutral

Connect to any cloud, network or data centre anywhere in the world



## Secure

Private connections that never touch the public internet



## Connected

Connection points in 49 data centres nationwide and growing



## Fast

High bandwidth, low latency connections



## Scalable

One port, multiple virtual connections. Scale your connections as and when you need

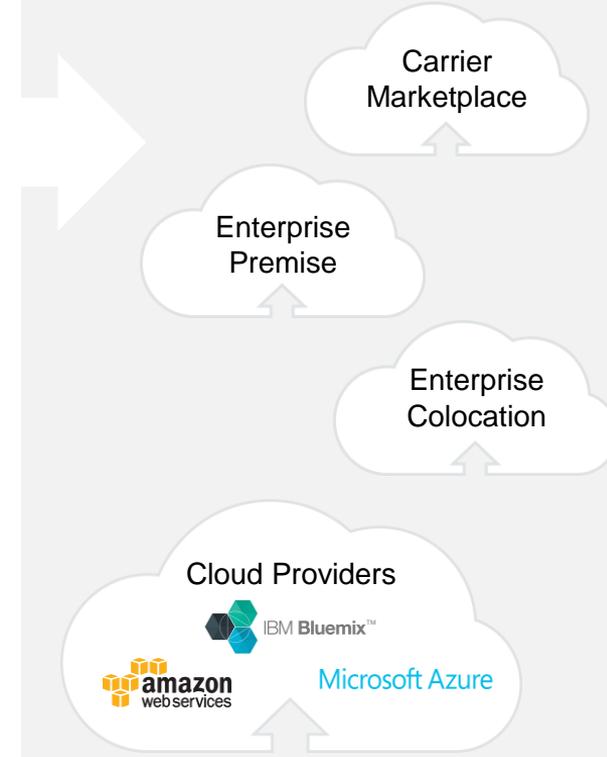
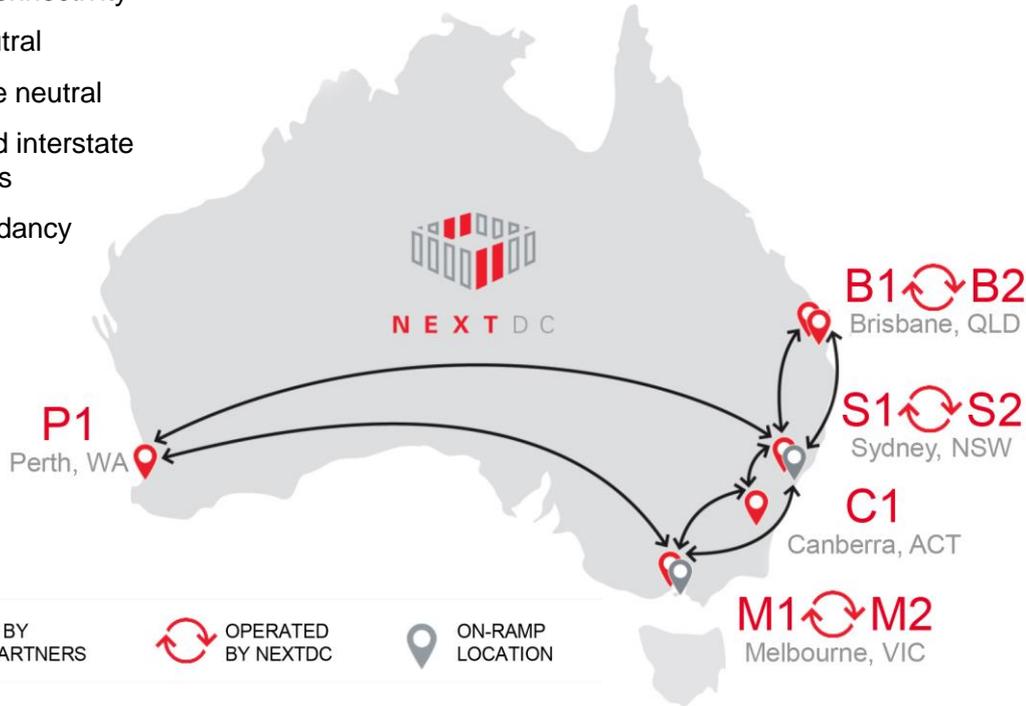


## Cost efficient

Pay for what you use, when you need it

# Seamless national network with AXON and cloud on-ramps

- Inter-site connectivity
- Carrier neutral
- Data centre neutral
- On demand interstate connections
- Geo-redundancy



# Australia's BIGGEST network of ICT suppliers

Our growing network of **350+** partners

## PREMIER PARTNERS



CONTENT  
DISTRIBUTORS

SOLUTIONS  
INTEGRATORS

CLOUD  
SERVICES

CARRIER  
NETWORKS



# Channel-first sales strategy



CLOUD SERVICES



CONTENT DISTRIBUTORS



CLOUD CENTRE



SOLUTION INTEGRATORS

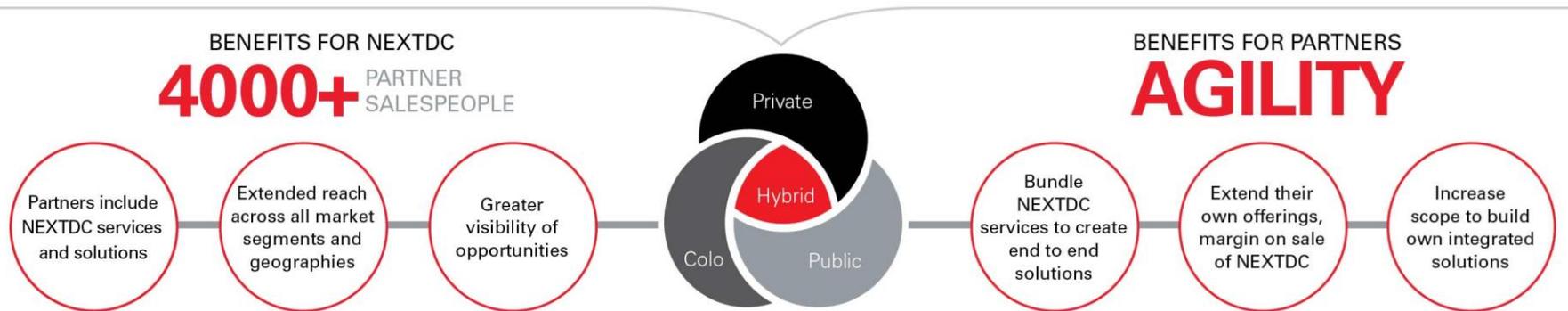


CARRIER NETWORKS

# ECOSYSTEM DEVELOPMENT

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

**350+** CHANNEL PARTNERS    **50+** DOMESTIC & INTERNATIONAL CARRIER NETWORKS



Customers easily connect to a wide choice of service providers for seamless hybrid cloud

# Cloud Centre – network effects drive profit in the digital economy

NEXTDC's Cloud Centre is the online marketplace for software, application or service providers to create value by facilitating direct interactions between affiliates on multiple sides. Cloud Centre is the country's largest independent network of carriers, cloud and IT service providers, enabling customers to freely source best of breed suppliers within the NEXTDC Partner community.

## The data centre is a hub of interconnectivity

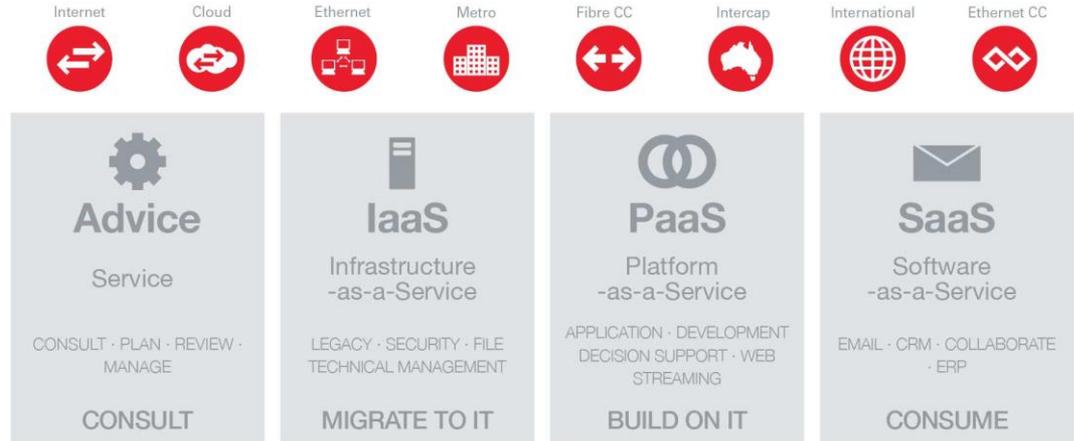
Our data centres are both an ideal environment for a business's critical infrastructure, and a place where they can improve the performance and efficiency of their business. The ability to connect to all suppliers and business partners in the one place reduces costs and minimises latency, while increasing the level of integration, automation and access to business intelligence.

*"Your new digital platform will allow you to participate in the evolving world of business, government, and consumer ecosystems because ecosystems are the next evolution for digital. It's how you compete at scale."*

Peter Sondergaard,  
Senior Vice-President and Global Head of Research, Gartner



## CaaS Connectivity-as-a-Service



# Leadership in sustainability



**NABERS 4.5 star rating  
for energy efficiency**  
S1 Sydney and M1 Melbourne



**2014 Finalist: M1 Melbourne –  
the ‘Green’ data centre**  
DatacenterDynamics Awards, Asia-Pacific



**2013 Winner:  
Sustainability**  
ARN ICT Industry Awards

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## National Australian Built Environment Rating System (NABERS)

- NEXTDC was one of the original signatories to NABERS for Data Centres
- NEXTDC is committed to achieving NABERS ratings for its other greenfield data centres

## Energy and environmental objectives include

- increasing the awareness of how each individual in our data centres may contribute towards reducing their impact on energy usage and the environment
- designing data centres using the latest technology to reduce energy use and impact on the environment
- ensuring top priority is given to recycling, waste prevention and the elimination or reduction of wasteful practices

## Solar energy production

- The M1 Melbourne data centre hosts Australia’s largest rooftop solar array (400kW), which in FY17 produced 481MWhrs, an offset of over 452 tonnes of CO<sub>2</sub> – equivalent to the carbon generated yearly by 96 cars
- NEXTDC has plans for similar arrays at its Sydney and Perth data centres

## City of Melbourne renewable energy initiative

- NEXTDC has joined forces with the City of Melbourne as part of a group of large energy users that have signalled their interest in testing a new approach to drive investment in renewable energy
- The group includes NEXTDC, NAB, City of Maribyrnong, City of Yarra, Federation Square, Mirvac, and bankmecu
- Represents collective energy consumption of around 100GWh worth of energy, equivalent to around 250,000 solar panels or 15 wind turbines

# Certifications & Awards

## Leading the Australian data centre industry



Information Security Management System (ISMS) certification  
ISO 27001

**ISO 27001:2013**  
Information Security Management System (ISMS) certification



Quality Management System certification  
ISO 9001

**ISO 9001:2015**  
Quality Management System certification



Environmental Management System certification (C1, M1, S1)  
ISO 14001

**ISO 14001:2015**  
Environmental Management System certification (C1, M1, S1)



**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)

**Uptime Institute**  
Tier certifications





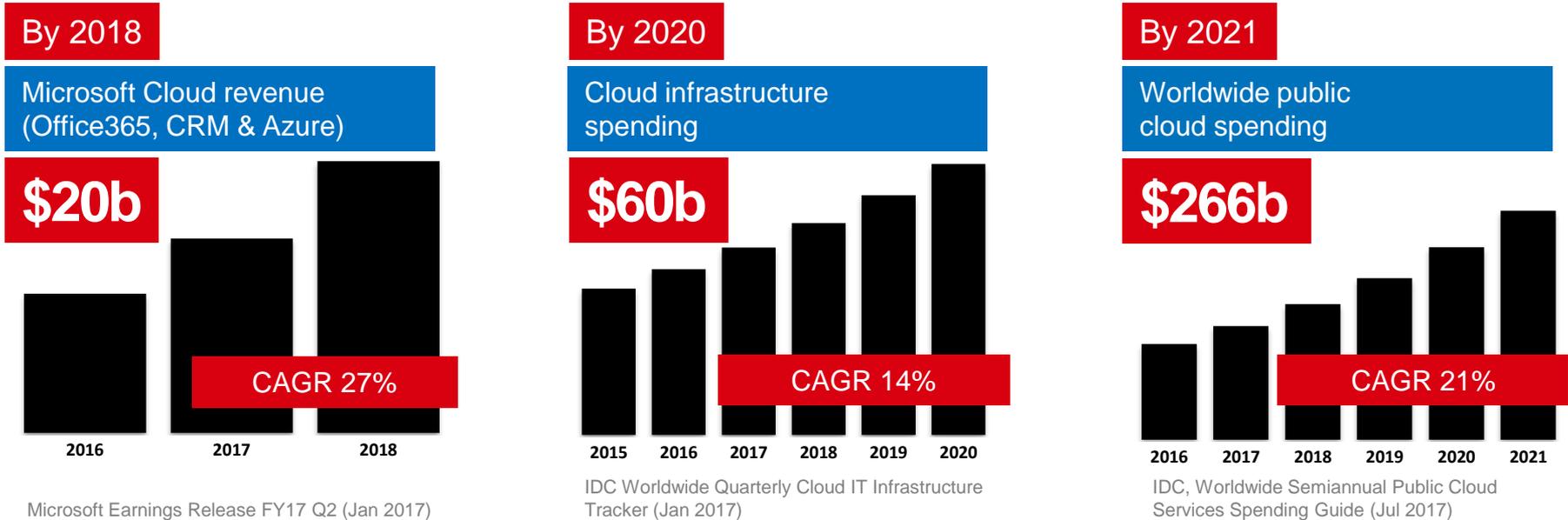
FY17  
Full-Year Results

# INDUSTRY OVERVIEW

# Virtualised, on-demand services drive rapid IT change

"Cloud services will remain the essential foundation of the IT industry's 3rd Platform of innovation and growth. As the cloud market enters an 'innovation stage', there will be an explosion of new solutions and value creation on top of the cloud."

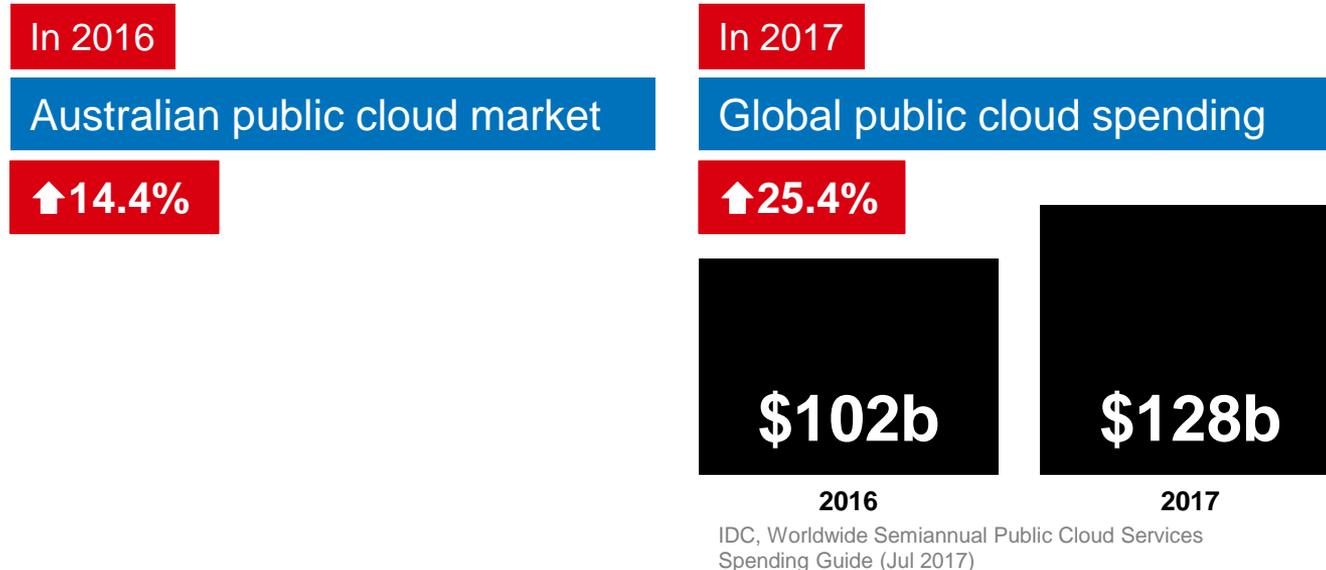
Eileen Smith, IDC Program Director, Customer Insights and Analysis



# 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

# Colocation data centres are hubs for cloud access

“Cloud services providers are amongst the largest users of data centre 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

By 2018

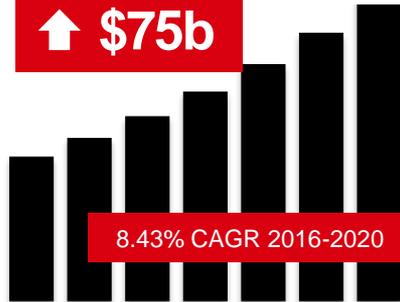


IDC FutureScape: Worldwide Datacenter 2017 Predictions – APeJ Implications (Dec 2016)

By 2020

Global colocation and hosting spend

↑ \$75b



8.43% CAGR 2016-2020

2015 2016 2017 2018 2019 2020 2021  
Gartner Says a Massive Shift to Hybrid Infrastructure Services Is Underway (Apr 2017)

By 2021

APAC colocation market revenue

\$13b



19% CAGR 2016-2021

2016 2017 2018 2019 2020 2021  
Research and Markets, Asia Pacific Colocation Market – Forecasts from 2016 to 2021

By 2021

Australian colocation data centre services revenue

\$2b



CAGR 12% until 2021

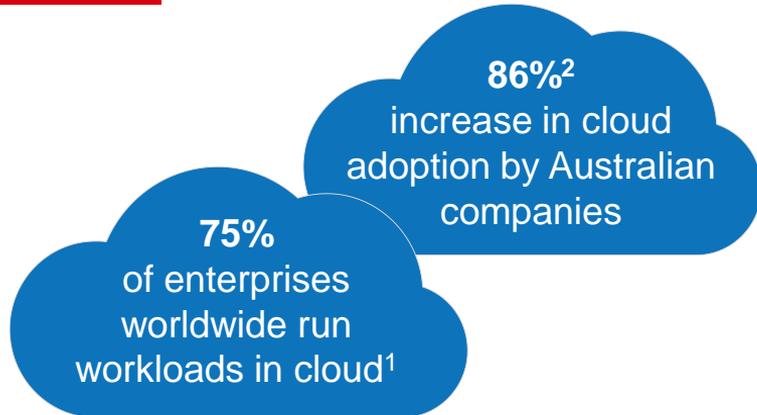
2015 2016 2017 2018 2019 2020 2021  
Frost & Sullivan report: Australian Data Centre Services Market 2016

# The shift to cloud has passed the tipping point

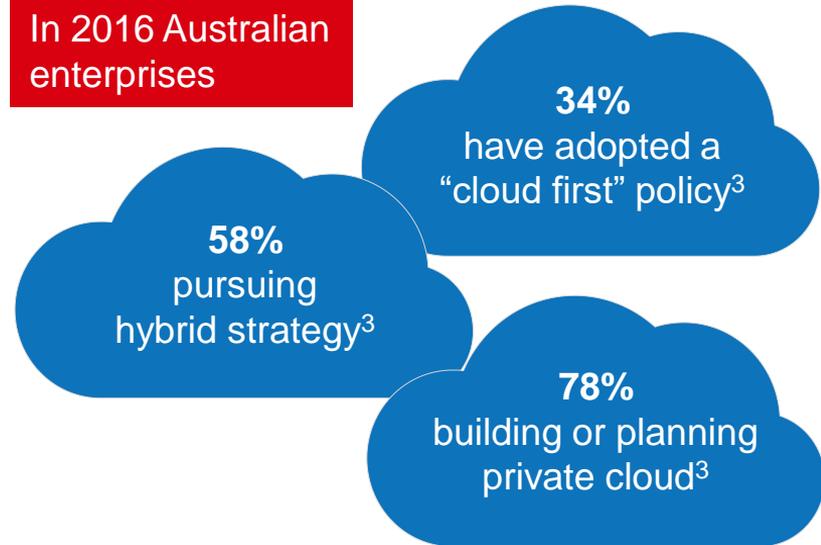
"Cloud-first strategies are the foundation for staying relevant in a fast-paced world...helping to create a new generation of start-ups and "born in the cloud" providers."

Ed Anderson, research vice president at Gartner

In 2016



In 2016 Australian enterprises



1. RightScale 2017 State of the Cloud report (Jan 2017)

2. DC, Cloud Going Mainstream All Are Trying, Some Are Benefiting; Few Are Maximizing Value - Australia findings (Sept 2016)

3. Telsyte Australian Infrastructure & Cloud Computing Market Study 2017. 2016 Gartner CIO Agenda Report

# On-premise hosting can't keep up with digital transformation

"...we are seeing a shift in the ownership model, enterprises are building fewer data centres and are relying on service providers to provide datacenter services from their newly build facilities."

IDC research director Annemarie Kikos

By 2020 in Australia

**50%**  
reduction in  
on-premise IT

IDC, Australian Datacenter – yesterday's infrastructure will not cut it! (Apr 2017)

Annual IaaS  
spend reaches  
**\$1b**

Telsyte Australian Infrastructure & Cloud Computing Market Study 2017 (Nov 2016)

A woman with long dark hair, wearing a white short-sleeved top, and a man with short hair, wearing a black polo shirt, are looking at a Dell computer monitor in a server room. The man is pointing at the screen. The background consists of blue server racks.

FY17  
Full-Year Results

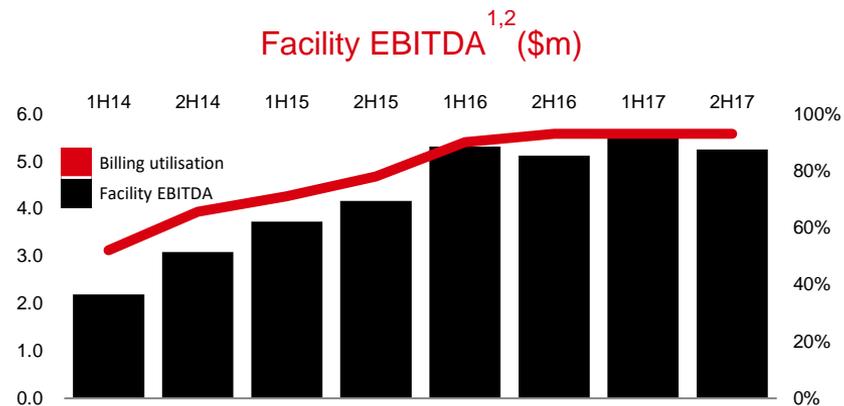
# CASE STUDIES

# Case study – B1 Brisbane

## ★ Highlights

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

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



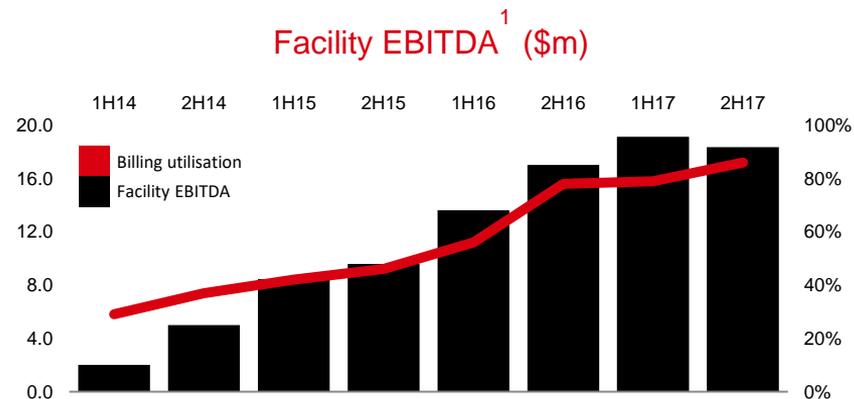
(\$'000s) Period ended	1H14	2H14	1H15	2H15	1H16	2H16	1H17	2H17
Contracted utilisation	58%	69%	72%	79%	91%	93%	94%	93%
Billing utilisation <sup>3</sup>	52%	66%	71%	78%	90%	93%	93%	93%
Recurring revenue	3,051	3,902	4,804	5,191	6,271	6,755	7,101	7,228
Project revenue	317	388	219	488	614	149	256	111
Gross data centre revenue	3,367	4,290	5,023	5,679	6,886	6,904	7,358	7,340
Facility EBITDAR <sup>1</sup>	2,350	3,262	3,901	4,352	5,500	5,313	5,782	5,476
Facility EBITDA <sup>1,2</sup>	2,188	3,083	3,724	4,164	5,311	5,115	5,582	5,269
EBITDAR margin %	70%	76%	78%	77%	80%	77%	79%	75%
Facility capex to date (\$m)	27	27	28	28	29	30	30	31

# Case study – M1 Melbourne

## ★ Highlights

- NEXTDC's second facility, commenced operations in September 2012
- Break-even reached after 11 months of operation

1. Before head office costs
2. Percentages adjusted to reflect Project Plus capacity of 15MW
3. Billing utilisation refers to the sold capacity for which revenue is currently being recognised as at the end of the period



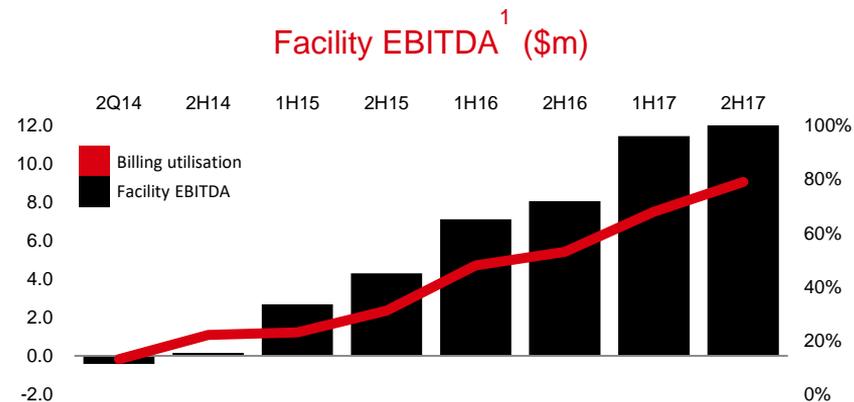
(\$'000s) Period ended	1H14	2H14	1H15	2H15	1H16	2H16	1H17	2H17
Contracted utilisation <sup>2</sup>	39%	42%	46%	76%	77%	86%	89%	93%
Billing utilisation <sup>3</sup>	29%	37%	42%	46%	56%	78%	79%	86%
Recurring revenue	5,187	8,864	11,651	13,871	16,524	21,707	23,432	24,761
Project revenue	1,229	1,025	1,525	736	2,807	1,503	2,039	1,083
Gross data centre revenue	6,416	9,889	13,175	14,607	19,331	23,210	25,471	25,844
Facility EBITDAR <sup>1</sup>	4,357	7,393	10,847	12,046	16,062	19,495	21,604	20,663
Facility EBITDA <sup>1</sup>	2,011	4,999	8,450	9,597	13,611	17,009	19,116	18,145
EBITDAR margin %	68%	75%	82%	82%	83%	84%	85%	80%
Facility capex to date (\$m)	78	84	85	87	101	120	130	139

# Case study – S1 Sydney

## ★ Highlights

- NEXTDC's fourth facility commenced operations in September 2013
- Break-even reached after 7 months of operation

1. Before head office costs
2. Percentages adjusted to reflect target planned capacity of 16MW
3. Billing utilisation refers to the sold capacity for which revenue is currently being recognised as at the end of the period



(\$'000s) Period ended	2Q14	2H14	1H15	2H15	1H16	2H16	1H17	2H17
Contracted utilisation <sup>2</sup>	21%	23%	33%	48%	52%	62%	83%	84%
Billing utilisation <sup>2,3</sup>	13%	22%	23%	31%	48%	53%	68%	79%
Recurring revenue	539	3,530	5,238	7,473	9,647	12,548	15,848	18,882
Project revenue	913	912	1,895	1,808	2,480	1,667	2,245	4,029
Gross data centre revenue	1,452	4,442	7,133	9,281	12,127	14,215	18,093	22,911
Facility EBITDAR <sup>1</sup>	886	2,823	5,364	7,051	9,862	10,854	14,251	17,449
Facility EBITDA <sup>1</sup>	(432)	137	2,675	4,304	7,110	8,066	11,460	14,623
EBITDAR margin %	61%	64%	75%	76%	81%	76%	79%	76%
Facility capex to date (\$m)	58	64	66	78	95	114	127	135



NEXTDC  
where the cloud lives®

@ investorrelations@nextdc.com

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