



28 February 2020

ASX Announcement

December 19 Half Year Highlights & Business Outlook

Pre-fabricated modular data centre specialist, [DXN Limited](#) (ASX:DXN) is pleased to report highlights for the half year ended 31 December 2019, following the release of its Appendix 4D and Half Yearly Financial Report today.

DXN designs, builds, owns and operates data centres which provide the option of delivering solutions to site through prefabricated modules, or providing space in DXN's colocation facilities to suit technical specifications and operational requirements.

DXN is Asia Pacific's only vertically integrated manufacturer and operator of modular data centres which allows DXN to provide a single rack in a data centre through to fully customised Edge infrastructure. This ensures our customers have access to a range of solutions to meet modern data centre requirements.

Key highlights to 31 December 2019 include:

- DXN was awarded Tier III TCCF (Tier Certification of Constructed Facility) by the Uptime Institute for its Sydney data centre (SYD01) – a world first for a containerised data centre
- SYD01 security construction completed and ready for customer use
- Successful deployment and commissioning of the Niue Prefabricated Cable Landing station
- Successful deployment and commissioning of two Cook Islands Cable Landing stations
- Several additional modular contracts awarded including SES modular satellite earth station and Southern Cross cable landing stations
- Sydney data centre "channel partners" increased to 12 during 1H20

Operational highlights

- New CEO Matthew Madden, appointed in August 2019, has delivered several new contract wins
- Appointment of Greg Blenkiron as CFO in late October 2019
- Investor portal launched <https://dxnlimited.investorportal.com.au/>
- Business restructure completed - will reduce underlying operating expenses in 2H20
- Successful rebranding of the business, assisting sales and brand recognition

Events subsequent to balance date:

- Two contracts signed in Jan 2020
 - 1) Australian Gas Infrastructure Group turnkey modular DC in Perth's CBD and
 - 2) A three (3) year maintenance contract with Synergy Energy
- Three (3) year contract with BCA for colocation services SYD01 in February 2020
- Agreement entered into to acquire DC3, a data centre in Hobart Tasmania from TasmaNet for \$2.7m in cash and incentive payment for DC revenue growth
- Fully underwritten rights issue to raise \$6m currently being undertaken to fund the acquisition of DC3, product manufacturing and working capital

DXN Limited

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Business Outlook

DXN seeks to re-iterate management targets provided to the market on the 12th February 2020 with the capital raise presentation:

Colocation

- Unweighted pipeline value steady at \$13m. Weighted pipeline value steady at \$3m
- An additional four channel partners targeted before the end of March quarter
- Targeting colocation revenue of \$300k for the June quarter

Modular

- FY20 Work in Hand remains steady at \$7m – 400% above FY19
- Additional contracts expected during Q3FY20 >\$2m
- Unweighted pipeline value remains steady at \$470m
- Targeting modular sales of \$12m for FY20, which equates to a sales conversion rate from unweighted pipeline of 2.5% to 5.0% per annum

Risks - Coronavirus COVID-19

To date, DXN has not been impacted by disruptions to production in China and logistics caused by the spread of coronavirus. We are working to minimise any potential impact or delays on our projects should Covid-19 persist or extend more widely.

Commenting on the 1H2020 results, CEO Matthew Madden said, *“Having joined the business in late August 2019, I’m very pleased to have the support of a very capable senior team who have been working very hard to deliver contracted customer growth across the business. The Sydney data centre has now been completed and we expect our channel partners to ramp up delivery of colocation customers during the 2H20. Our modular Edge DC construction business offers a unique product and is expected to deliver several new contracts during 2H20. Having worked in the data centre industry for many years and having just returned from the PTC conference, it is clear that the vertically integrated, Edge focussed DC model will succeed as demand for computer power closer to population centres to reduce latency issues continues to build.*

Whilst there are numerous opportunities and avenues to build this business in time, the team is very focussed on delivering organic, contracted growth from our existing customer pipeline.”

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ASX Release authorised by the Disclosure Committee

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