



**N E X T** D C where the cloud lives®

# ASX Announcement

13 November 2018

## 2018 Annual General Meeting – CEO's Address

I am very pleased to have this opportunity to address shareholders after another year of significant growth in which we again delivered a record result for the business.

This is my 8<sup>th</sup> AGM and it's wonderful to look back and reflect on our journey of building NEXTDC into the extraordinary company that it is today. I am very proud of the company we have built together. Our growth has been both challenging and exciting and culminates in a revenue CAGR of 138% over the past 5 years.

Most exciting, is the fact that this journey has only really just begun. The industry is going through an exciting transformation in the transition to the 4<sup>th</sup> industrial revolution and we are incredibly well positioned to take advantage of the amazing opportunities that are emerging.

Innovation. It was in our DNA right at the start, and it still is today, strongly reflected in our values and actions, NEXTDC continues to demonstrate it is a pioneer with world leading service offerings and operational standards underpinned by ambitious goals in our environmental, sustainability and community impact initiatives.

### **FY18 results**

In FY18 NEXTDC continued to show great momentum across the business, with our customer numbers up 26% and interconnections up 37%.

At NEXTDC, we pay careful attention to the emerging needs of our customers which drives the heart of our product development and unique business model.

Our brand continues to be recognised as the benchmark for world class design, efficiency and operations with our most recently achieved Tier IV constructed certifications, and Tier IV Gold Operational Sustainability credentials the first of their kind for colocation data centres in the Asia Pacific region.

The company increased contracted utilisation by 8.7MW to over 40.2MW and demonstrated the depth and breadth of our evolving ecosystem with 37% growth in cross connects, which grew to 8,700 at the end of FY18. This growth in ecosystem is multifaceted, in part driven by our product offerings, then by



our focus on multi cloud and the importance of facilitating a multiplicity of connectivity services and finally, our partner first go to market model.

### **Leading the Australian data centre industry**

Over the past 12 months, we have received a significant number of industry awards, accolades and certifications that recognise our innovation and leadership in the industry. Importantly, NEXTDC's B2 and M2 data centres were the first in Australia to receive Uptime Institute (UTI) Tier IV Certification of Constructed Facility (TCCF), to position the company as the only builder and operator of UTI TCCF Tier IV co-location data centres in Asia. As a first in the Southern Hemisphere, we also received the UTI Tier IV Gold Certification for Operational Sustainability, placing significant importance on our processes and the people who are delivering the world's best practice in our industry leading facilities.

NEXTDC was consequently also awarded UTI Global Brill Award for excellence in design, the data centre industry's premier design and engineering awards, granted to projects, ideas and products that improve the industry's ability to sustainably deliver IT services to customers and partners.

### **The evolution of customer IT**

Our enterprise and government customers leverage public and private cloud economics. Consumption economics and on demand computing is a key driver for customers' shift to enterprise colocation. NEXTDC hosts many 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.

### **Giving back to our local communities**

Companies can do more than just make money, they can use their commercial success to give back to our community and improve our society. With our corporate philanthropy project, we launched a number of initiatives to improve the communities in which we work and live. By launching the 'Live to Give' program, our teams now support local communities amongst each of our data centre facility locations.

It's a great honour to be able to commit to supporting our charity partners and make a meaningful positive impact on our society. One of the key partnerships in this program is with The Smith Family, where we have donated \$50,000 and encouraged all staff to complete their volunteering and mentoring programs. Our team members most recently raised an additional \$115,000 for their youth learning for life educational program through a charity bike ride initiative.

### **World leading standards in energy efficiency and sustainability**

NEXTDC continues to lead the Australian market with a focus on energy efficiency and sustainability. Our facility infrastructure has been engineered to deliver extremely high energy efficiency in order to provide our customers with the lowest possible energy operating costs, combined with lowering the



carbon footprint for our customers. These are both financially compelling and environmentally important for our sustainable future.

NEXTDC's environmental objectives include major initiatives in energy efficiency, reducing emissions and ensuring our company does not contribute to any environmental incidents.

Continuing our focus on leadership through industry innovation, we are currently undergoing an audit of our corporate carbon emissions under the Australian National Carbon Offset Standard (NCOS). We have set ourselves an ambitious goal of being the first operator in the region to achieve carbon neutrality by offsetting emissions associated with our corporate activities and become certified under the Australian Government's Carbon Neutral Initiative.

Our aim is to offer our customers the opportunity to similarly offset their emissions in our data centres in the near future – yet another first for a data centre operator in the Asia Pacific region.

### **Strong start to FY19**

We've experienced a strong start to FY19, already achieving major milestones for the business and setting the pace for another record-breaking year ahead as demonstrated by the recent S2 utilisation update, which disclosed that NEXTDC has now increased its contracted commitments at S2 by approximately 9MW to more than 14MW (47% of total planned capacity) since 30 June 2018.

This year we will be revealing our most exciting plans yet. Most importantly underpinned by delivering another year of record revenue between \$183 million and \$188 million. We've seen industry demand continue to increase across the region and don't expect that to slow down at any time in the future.

Our company is scaling rapidly and we continue to invest in building and developing our people, our systems and our processes to allow the business to take advantage of these amazing opportunities that are in front of us in the next decade.

This morning we announced that we had agreed terms with Superloop Limited (ASX: SLC) to provide connectivity to the new INDIGO subsea cable system for both the NEXTDC data centres in Perth (P1 and P2) as well as Sydney (S1 and S2). Our partnership with Superloop provides our customers access to the most direct connectivity between Perth and Sydney, and the fastest gateway into Singapore - via a simple Cross Connect. Having INDIGO as our first P2 customer underlines the ever-increasing importance of cloud-to-cloud connectivity, whether national or international, and supports Perth's acceleration towards a cloud-based economy.



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### **Building the platform for the digital economy**

The data centre industry is experiencing unprecedented acceleration to support the extraordinary shifts to cloud, the internet of things, Artificial Intelligence and other exponential technologies. Our industry will more than double in the next 5 years; and we are incredibly well positioned to take advantage of that growth, as we more than double the size of the company. You will hear and continue to see this generational transition referred to as the 4<sup>th</sup> industrial revolution. We are incredibly well positioned to continue to lead the development of our national critical infrastructure platform for the digital age.

In closing I would like to thank our Board for their commitment and support, my leadership team for their passion and dedication in building this extraordinary infrastructure platform, and every staff member for their passionate and tireless efforts, living our values, each and every day. Our team continue to build world class industry leading products, deliver extraordinary customer experiences and develop new platforms that help us realise our brand promise, our purpose and ultimately our vision.

Finally, I would like to thank you, our shareholders for your continued support. It's a very exciting time for all of us to be a part of the journey at NEXTDC.

NEXTDC is where the cloud lives.

Craig Scroggie  
Chief Executive Officer & Executive Director

## **ENDS**

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## About NEXTDC

NEXTDC is an ASX200-listed technology company enabling business transformation through innovative data centre outsourcing solutions, connectivity services and infrastructure management software.

As Australia's leading independently certified data centre operator with a nationwide network of enterprise-grade award winning facilities, NEXTDC provides world-class colocation services to local and international organisations. With a focus on sustainability and renewable energy, we deliver industry leading engineering solutions showcasing energy efficiency and NABERS 4.5 star certification.

Our ecosystem hosts the country's largest independent network of carriers, cloud and IT service providers, enabling customers to source and connect with cloud platforms, service providers and vendors to build complex multi-cloud networks and scale their IT infrastructure and services.

NEXTDC is *where the cloud lives*®.

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