

ASX Release

27 February 2019

FY19 Half-Year Results Announcement

NEXTDC Limited (ASX: NXT) (“NEXTDC” or “the Company”) today announced its financial results for the half-year ended 31 December 2018 (“1H19”) and confirms its FY19 EBITDA expectations.

1H19 financial highlights

- › Revenue¹ up 17% to \$90.8 million (1H18: \$77.5 million)
- › Underlying EBITDA^{1,2,3} up 26% to \$42.2 million (1H18: \$33.6 million)
- › Statutory net loss after tax of \$3.1 million (1H18: net profit of \$8.4 million)
- › Issued a further \$300 million in unsecured notes
- › Liquidity (cash and undrawn senior debt facilities) of \$644 million at 31 December 2018

NEXTDC Chief Executive Officer and Managing Director, Craig Scroggie, commented on the 1H19 results:

“Today’s results are in line with plan and are a testament to NEXTDC’s strong fundamentals reflecting the inherent operating leverage of the business. The first half was a record period for new investments in both the development of our next generation of world-class Tier IV data centres and our innovative connectivity service offerings.”

Business performance

As at 31 December 2018:

- › Contracted utilisation up 11.1MW (28%) to 50.4MW (31 December 2017: 39.2MW)
- › Customers up 215 (25%) to 1,090 (31 December 2017: 875)
- › Interconnections⁴ up 2,526 (34%) to 9,982 (31 December 2017: 7,456), representing 7.7% of recurring revenue (1H18: 6.2% of recurring revenue)

During 1H19, NEXTDC secured a record increase in contractual commitments at S2 and subsequently chose to advance the development of an additional 8MW of capacity, which remains under construction.

Commenting on the Company’s sales performance, Mr Scroggie said:

“NEXTDC achieved an unprecedented level of sales in the first half, both across contracted utilisation as well as interconnections. These results demonstrate the strength of the Company’s market presence and serve to underpin further growth in revenues and earnings in future periods.”

¹ Not adjusted for differences in accounting standards between 1H18 and 1H19, which distorts comparability. NEXTDC adopted new accounting standards AASB 9, AASB 15 and AASB 16 from 1 July 2018

² EBITDA is a non-statutory financial metric representing earnings before interest, tax, depreciation and amortisation. Non-statutory financial metrics have been extracted from the audited accounts

³ Underlying EBITDA excludes distribution income from NEXTDC’s investment in Asia Pacific Data Centre Group (APDC), transaction costs (including landholder duty) related to the acquisition and wind up of APDC as well as gains on extinguishment of property leases. A reconciliation of EBITDA to underlying EBITDA is set out in the 1H19 financial report as well as page 26 of the Company’s 1H19 results presentation

⁴ Comprises both physical and elastic cross connections

Development activity

- › S2 was opened for early customer access during 1H19 with further development ongoing
- › P2 microsite and connectivity hub was opened to facilitate early access to the Indigo subsea cable system as well as other telecommunications and cloud infrastructure providers in the West Australian market
- › P2 ground works has begun for the new 20MW Tier IV site
- › B2 expansion of the second data hall was completed
- › M2 capacity expansion of the third and fourth data halls was undertaken and due for completion in 2H19

Property acquisitions

- › In November 2018, NEXTDC completed the takeover of the Asia Pacific Data Centre Group (ASX: AJD or “APDC”) including the underlying data centre properties P1, M1 and S1 reflecting an underlying valuation of \$261 million
- › NEXTDC also acquired the underlying B1 data centre property for a total cost of \$24 million
- › The abovementioned acquisitions are consistent with NEXTDC’s long term strategy to own the underlying properties for its data centre operations. The acquisitions have resulted in approximately \$15 million of annualised rent savings (before escalations) and have strengthened the balance sheet through the addition of further tangible assets

FY19 guidance

The property acquisitions detailed above will result in lower interest and distribution income in 2H19. Accordingly, NEXTDC updates its revenue guidance and advises that this change in interest and distribution income will have no impact on underlying EBITDA.

Accordingly, based on 1H19 performance, the impact of the above property acquisitions, current utilisation levels as well as expected new customer contracts in 2H19, NEXTDC provides the following guidance for FY19⁵:

- › Revenue in the range of \$180 million to \$184 million (previously \$183 million to \$188 million)
- › Underlying EBITDA^{2,3} in the range of \$83 million to \$87 million (unchanged)
- › Capital expenditure between \$430 million to \$470 million (unchanged)

ENDS

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⁵ Based on the new accounting standards AASB 9, AASB 15 and AASB 16 in effect during FY19

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 independent data centre operator with a nationwide network of Tier III and IV facilities, NEXTDC provides enterprise-class colocation services to local and international organisations. With a focus on sustainability and renewable energy NEXTDC is leading the industry with award-winning engineering solutions for energy efficiency and NABERS 5-star certification.

NEXTDC is extending its leadership in data centre services through the innovative DCIM-as-a-Service software platform, ONEDC®, which enables customers to centrally manage their colocated infrastructure; and advanced connectivity services that deliver a range of scalable and dynamic high-speed interconnections between racks, networks and cloud services.

NEXTDC's Cloud Centre is the country's largest online partner marketplace, comprising the most diverse and dynamic independent network of carriers, cloud and IT service providers, enabling customers the freedom to source best of breed suppliers within the NEXTDC Partner community as they continue to digitally transform their organisations.

NEXTDC is *where the cloud lives*®.

To learn more, visit www.nextdc.com