

ASX Release

13 November 2020

2020 Annual General Meeting – Chairman’s Address

This is the 10th time we have gathered for an Annual General Meeting as NEXTDC shareholders and once again I am pleased to be able to report that the Financial Year ending 30 June 2020 represented a record period for new sales, infrastructure development, revenue and EBITDA performance.

During FY20, we continued our focus on delivering the nation’s leading digital infrastructure platform, the essential foundations that are building the digital economy. We achieved this at the same time as presenting customers with the industry’s highest standards for reliability, efficiency, and sustainability. It is the company’s corporate vision to help enterprises harness the digital age, improving our society through the advancement of technology. We are now living in the most exciting time in human history as the 4th industrial revolution – ‘the cyber physical age’ – accelerates.

NEXTDC’s purpose is to be the leading customer-centric data centre services company, delivering solutions that power, secure and connect enterprises. Data centres are central to effectively managing surging amounts of data being generated, stored, shared and analysed by enterprise and Government for its business value. NEXTDC strives to be a global leader in providing the critical infrastructure and connectivity services required to facilitate growth in the digital economy.

Our brand promise guarantee is to deliver our customers with 100% uptime of the critical infrastructure that underpins their business. Led by our globally recognised and world-leading innovation in data centre design, engineering and operational excellence, this promise assures our partners and customers that their digital platforms, hosted in our facilities, will always be powered, secured and connected to the highest standards.

Our strong performance in FY20 is highlighted by significant growth in key operating metrics:

- Revenue increased by 14% to \$205.2 million.
- Underlying EBITDA increased by 23% to \$104.6 million.
- Contracted utilisation reached 70.0MW, up 33%.
- New customer acquisition continued to accelerate and finished the year up 15% to 1,364.
- The ecosystem continued to flourish, now comprising more than 640 partners and over 70 networks; and
- Interconnections strengthened, increasing 19% to 13,051 during FY20.

On screen you will see detail pertaining to utilisation growth, and where capital expenditure has been directed as we continue to expand our infrastructure platform at a rapid pace, driven by the ongoing demand for our market leading data centre services. During FY20, NEXTDC increased its contracted utilisation from 52.5MW at the start of the financial period to 70MW at the end. This represented a record year of new sales for the company.

A total of \$418 million was invested in capital expenditure during FY20 (an increase of over 10.5% on FY19). As a result of these investments:

- Building works were completed at S2, with four new data halls opened, adding 16MW (noting that S2 will be a 30MW facility at full fitout).
- P2 is now open to customers with the construction of Phase 1 complete and sales momentum building. This is a particularly exciting development as the facility is directly connected to Asia’s booming economy as well as the east coast of Australia at the fastest speeds available via submarine cable.

- Expansion works at M2 are well progressed, with six new data halls being built to meet hyperscale demand for new cloud availability zones, as well as ongoing retail demand. Access and billing for new data halls will progressively commence during the course of FY21. This new development stage at M2 will triple the existing capacity at the facility and has largely stayed on schedule despite the severe Stage 4 lock-down restrictions in Victoria; an outstanding result.
- In ground works are well advanced at S3, and practical completion of Phase 1 is targeted for the second half of FY22.
- Land has been purchased for M3 during the 2nd half of FY20 with works relating to design and development approvals already well advanced.

As has been the case for all of our 2nd generation facilities, they are designed and built to Uptime Institute Tier IV standards – the established global benchmark for data centre excellence. Both S2 and P2 have successfully been assessed for Tier IV Certification of Constructed Facility and in due course will also be audited for Uptime Institute Gold Certification of Operational Sustainability. It should also be noted here that during 1HFY20, M2 passed its Uptime Institute Gold Certification of Operational Sustainability, thereby joining B2 as Australia’s only colocation data centres to achieve this level of independently certified operational excellence.

Well-capitalised for growth

We are well capitalised for future growth, having raised \$862 million during the year in the form of new equity placements, comprising \$672 million institutional placement and \$190 million via a Share Purchase Plan. In addition, a new senior debt facility of \$1.5 billion has been secured subsequent to year end, providing the company with further liquidity to execute on expansion plans.

The Company intends to use \$800 million of this new debt facility to redeem \$800 million in Unsecured Notes on issue at the next interest payment dated in December 2020, leading to reduced financing costs going forward. On a pro-forma basis, this will see NEXTDC with liquidity of approximately \$1.6 billion, comprising cash of \$900 million as at 30 June 2020 and undrawn debt of approximately \$700 million after the redemption of the Unsecured Notes.

Growth in the sector continues to present attractive investment opportunities and the Management and board have a clear line of sight to investment in the short term. In the medium-term, mapping of the opportunity set is an ongoing and live process as we continue to evolve. The management and board are confident that the Company can continue to generate strong returns through the investment choices we take. Having the capacity and flexibility to respond to new opportunities remains important to deliver on that promise.

Customer growth and extended connected ecosystem

NEXTDC also continues to deliver impressive year-on-year growth both in the number of new customers and new connectivity services. During FY20, we set new benchmarks for both these metrics with the addition of 180 new customers and more than 2,079 new network interconnections.

NEXTDC data centres deliver a vast array of capabilities and connectivity options all of which represent recurring revenues billed monthly. Through continued investment and the expansion of directly hosted cloud on-ramps to the world’s leading public clouds, NEXTDC is the most connected data centre provider in the country with more than 70 networks and a total of more than 640 specialist ICT organisations providing a range of telecommunication, cloud, systems integration and IT services to our customers and each other.

Setting new benchmarks for energy efficiency

NEXTDC is committed to driving continuous improvements in energy efficiency and environmental sustainability. We do this for two reasons. Firstly, by making our data centres the most power efficient in Australia we are helping our customers reduce their power bills; a benefit that will continue to have a direct

bottom line impact for them as digital transformation accelerates, and provides a significant competitive differentiator for us. Secondly, we are determined to lead the industry in reducing the impact of ever-growing data volumes on the environment, communities, and the biosphere.

This commitment to sustainability has seen our M1 Melbourne and S1 Sydney facilities become the first data centres in Australia to achieve the National Australian Built Environment Rating System (NABERS) 5-Star certification for energy efficiency. We also operate one of Victoria's largest privately funded solar arrays on the rooftop of our M1 data centre and have been a Principal Partner in the Melbourne Renewable Energy Wind Farm Project since its inception in 2014.

FY20 has been another record year on so many fronts, and, considering the circumstances, I am proud of the way the team continues to innovate, establish new benchmarks in product design, service quality and energy efficiency. NEXTDC is doing this whilst continuing to drive growth in operations and revenues as well as improvements in productivity and customer experience. Over the past 10 years, we have progressed from a start-up to a >\$6 billion market capitalisation ASX100 business, which is at the forefront of global excellence in an industry set for phenomenal growth. There is always more work to be done and the opportunity to sustain growth is enormous, but our success to date has laid a solid foundation for future achievement.

To finish, I would like to thank my fellow directors, our management team and all our employees across the country, who are capably led by our CEO, Craig Scroggie. On behalf of NEXTDC, we thank you, our shareholders, for your ongoing support.

This announcement is authorised by the Board of Directors.

ENDS

For more information

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About NEXTDC

NEXTDC is an ASX100-listed technology company and Asia's most innovative Data Centre-as-a-Service provider. We are building the infrastructure platform for the digital economy, delivering the critical power, security and connectivity for global cloud computing providers, enterprise and government.

NEXTDC is recognised globally for the design, construction and operation of Australia's only network of Uptime Institute certified Tier IV facilities, and the only data centre operator in the Southern Hemisphere to achieve Tier IV Gold certification for Operational Sustainability. NEXTDC has a strong focus on sustainability and operational excellence through renewable energy sources and delivering world-class operational efficiency. Our data centres have been engineered to deliver exceptional levels of efficiency and the industry's lowest Total Cost of Operation through NABERS 5-star energy efficiency.

NEXTDC's corporate operations have been certified carbon neutral under the Australian Government's Carbon Neutral Initiative, in line with *National Carbon Offset Standard (NCOS) for Organisations*.

Our Cloud Centre partner ecosystem is Australia's most dynamic digital marketplace, comprising more than 590 carriers, cloud providers and IT service providers, enabling local and international customers to source and connect with cloud platforms, service providers and vendors to build complex hybrid cloud networks and scale their critical IT infrastructure services.

NEXTDC is *where the cloud lives*®.

To learn more, visit www.nextdc.com