NEXTDC

ASX & Media Release

FY19 record results & FY20 earnings guidance

29 August 2019

NEXTDC Limited (**ASX: NXT**) ("**NEXTDC**" or "**the Company**") today announced its financial results for the full year ended 30 June 2019 ("**FY19**").

FY19 financial highlights

- Revenue[1] up $23.0 million (15%) to $179.3 million (FY18: $156.3 million)
- Underlying EBITDA[1,2,3] up $9.5 million (13%) to $85.1 million (FY18: $75.6 million)
- Underlying capital expenditure[4] of $378 million (FY18: $285 million)
- Statutory net profit (loss) after tax of ($9.8) million (FY18: $6.6 million)
- Operating cash flow of $39.4 million (FY18: $33.4 million)
- Cash and cash equivalents of $399 million at 30 June 2019

During the year, the Company raised $500 million of senior unsecured debt and refinanced its $300 million syndicated senior secured debt facility, which remains undrawn.

The Company completed the acquisition of the land and buildings at P1, M1, S1 as well as B1. This delivered rental savings of approximately $15 million per annum (before annual escalations), strengthened NEXTDC's balance sheet and provided control of the underlying properties.

NEXTDC Chief Executive Officer and Managing Director, Craig Scroggie, commented on the FY19 results:

"We are pleased to report another year of record revenue and EBITDA, demonstrating the inherent operating leverage of the business. These results were achieved during a period of record investment in our next generation of world-class Tier IV data centres. With more than $700 million in liquidity, the Company is well positioned to take advantage of customer driven expansion opportunities".

Business performance

As at 30 June 2019:

- Contracted utilisation up 12.3MW (31%) to 52.5MW (30 June 2018: 40.2MW)
- Customers up 212 (22%) to 1,184 (30 June 2018: 972)
- Interconnections[5] up 2,301 (27%) to 10,972 (30 June 2018: 8,671), representing 7.7% of recurring revenue (FY18: 6.5% of recurring revenue)

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

[1] FY18 results restated for comparability in this document (unless otherwise stated) according to new accounting standards AASB 9, AASB 15 and AASB 16, which NEXTDC adopted on 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] FY19 underlying EBITDA excludes distribution income from NEXTDC's investment in Asia Pacific Data Centre Group (APDC) of $1.3 million, transaction costs (including landholder duty) related to the acquisition and wind up of APDC of $9.0 million, gains on extinguishment of property leases of $2.4 million as well as costs related to review works in Singapore and Japan of $0.8 million. FY18 underlying EBITDA excludes APDC distribution income of $3.2 million and APDC transaction costs of $1.8 million
[4] Underlying FY19 capex excludes APDC and B1 property acquisitions
[5] Comprises both Physical and Elastic Cross Connects

"NEXTDC continues to experience strong demand for its premium data centre services, with the Company achieving its biggest sales year to date as well as continued robust growth in customer and interconnection numbers".

FY19 development activities

- B2 capacity expansion of the second data hall was completed
- M2 capacity expansion of the third data hall was completed
- S2 was opened for early customer access during 1H19 with billing commencing in 2H19
- S2 received Uptime Institute Tier IV design certification
- P2 microsite and connectivity hub was opened to facilitate early access to the Indigo subsea cable system and other network and cloud infrastructure providers in the West Australian market
- P2 stage 1 development is in progress with practical completion of the first tower due in 2H20
- M3 site planning continues with the Victorian Government's review of the Fisherman's Bend precinct
- S3 development approval lodged with council
- Singapore and Japan market reviews were conducted for potential future development opportunities

S2 development update

S2 opened for early customer access during 1H19 and received Uptime Institute Tier IV design certification. The delivery of additional capacity was delayed to August 2019 due to the complexity of managing a multi-storey development at a fully operational site, whilst ensuring our safety and operational standards are met. Demand for S2 remains strong and contracted utilisation has increased to more than 16MW.

Commenting on the S2 development, Mr Scroggie said:

"S2 is a ground-breaking project. New innovations in design and engineering unveiled at S2 have established a new benchmark in excellence that represents an extraordinary leap forward in development methodology. The lessons learnt and expertise gained throughout this process are already being applied to our third generation facilities and beyond".

Singapore market review

During FY19, the Company established its first office in Singapore to explore the local market. Work in Singapore is currently on hold while the Singapore Government undertakes a review of the data centre industry. Pending the outcome of this review, NEXTDC may continue to evaluate opportunities in Singapore, noting that there can be no assurances as to the timing or nature of any development.

Japan market review

During FY19, NEXTDC also established an office in Tokyo to explore the Japanese market. The Company continues to evaluate opportunities in Japan and similarly there are no assurances as to the timing or nature of any development.

FY20 guidance

Based on current utilisation levels, expected new customer contracts and forecast delivery dates of additional capacity at S2, NEXTDC provides the following guidance:

- Revenue in the range of $200 million to $206 million (FY19: $179.3 million)
- Underlying EBITDA[6] in the range of $100 million to $105 million (FY19: $85.1 million[7])
- Capital expenditure in the range of $280 million to $300 million (FY19: $378 million[8])

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About NEXTDC

NEXTDC is an ASX200-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 550 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

[6] FY20 underlying EBITDA excludes costs related to review works into potential data centre investments in Singapore and Japan
[7] FY19 Underlying EBITDA excludes distribution income from NEXTDC's investment in Asia Pacific Data Centre Group (APDC) of $1.3 million, transaction costs (including landholder duty) related to the acquisition and wind up of APDC of $9.0 million, gains on extinguishment of property leases of $2.4 million as well as costs related to review works in Singapore and Japan of $0.8 million
[8] Underlying FY19 capex excludes APDC and B1 property acquisitions