

**ASX Appendix 4D****Results for Announcement to the Market**

For the half-year ended 31 December 2019 ("1H20")

Previous corresponding period: to 31 December 2018 ("1H19")

Summary of financial information

	Note	1H20 \$'000	1H19 \$'000	Change \$'000	Change %
Revenue from ordinary activities	1	97,750	90,763	6,987	8%
Profit/(loss) from ordinary activities after income tax for the period attributable to members	1	(4,891)	(3,143)	(1,748)	(56%)
Profit/(loss) after income tax attributable to members	1	(4,891)	(3,143)	(1,748)	(56%)

Explanation of Revenue and Profit from Ordinary Activities

Note 1: The following information has been provided in order to understand the Group's revenue from ordinary activities and profit/(loss) after income tax.

	1H20 \$'000	1H19 \$'000
Data centre services revenue	95,420	84,141
Other revenue	2,330	6,622
Total revenue from continuing operations	97,750	90,763
Profit/(loss) before income tax	(8,879)	(7,392)
Income tax (expense)/benefit	3,988	4,249
Profit/(loss) after income tax	(4,891)	(3,143)

NTA Backing

	1H20	1H19
Net tangible asset backing per ordinary share	\$2.46	\$2.52

Dividends

No dividend has been proposed or declared for the period ended 31 December 2019.

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NEXTDC Limited

ABN 35 143 582 521

**Interim financial report
for the half-year ended 31 December 2019**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by NEXTDC Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These interim financial statements are the consolidated interim financial statements of the consolidated entity consisting of NEXTDC Limited and its subsidiaries. The interim financial statements are presented in the Australian currency.

NEXTDC Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

NEXTDC Limited
Level 6
100 Creek Street
Brisbane Qld 4000

The Directors of NEXTDC Limited present their report on the consolidated entity (referred to hereafter as "the Group") consisting of NEXTDC Limited ("NEXTDC" or "the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2019 ("1H20").

Directors

The following persons held office as Directors of NEXTDC Limited during the financial period and up to the date of this report:

Douglas Flynn
Craig Scroggie
Stuart Davis
Gregory J Clark AC
Sharon Warburton
Stephen Smith (appointed 1 July 2019)
Jennifer Lambert (appointed 1 October 2019)

Subsequent to the end of the financial period, NEXTDC established a new Investment Committee to assist management in reviewing and evaluating proposals in relation to the Group's investment strategy and opportunities. Steve Smith will Chair the Committee, and be joined by Doug Flynn, Greg Clark and Craig Scroggie as Committee members.

At the same time, a number of changes were also made to the composition of its existing Audit and Risk Management and Remuneration and Nomination Committees.

Jennifer Lambert succeeds Stuart Davis as Chair of the Audit and Risk Management Committee, with Stuart Davis and Sharon Warburton continuing as committee members.

Stuart Davis succeeds Greg Clark as Chair of the Remuneration and Nomination Committee, with Greg Clark and Doug Flynn continuing as committee members.

Principal activities

During the half-year, the principal continuing activities of the Group consisted of the development and operation of independent data centres in Australia.

Operating and financial review

NEXTDC is pleased to announce its interim results for the half-year ended 31 December 2019 that saw continued substantial growth in data centre revenue, as well as a significant increase in underlying EBITDA.

As at 31 December 2019:

- Contracted utilisation is up 2.8MW¹ (6%) to 53.3MW (31 December 2018: 50.4MW), with new sales of 3.2MW¹ before adjusting for a one-off clawback of wholesale capacity of 0.4MW
- Customer numbers are up 174 (16%) to 1,264 (31 December 2018: 1,090)
- The number of interconnections increased by 2,030 (20%) to 12,012 (31 December 2018: 9,982), representing 8.2% of recurring revenue (31 December 2018: 7.7% of recurring revenue)

Key financial highlights include:

- Revenue from continuing operations grew \$7.0 million (8%) to \$97.7 million (1H19: \$90.8 million)
- Underlying EBITDA rose \$8.7 million (21%) to \$50.9 million (1H19: \$42.2 million)
- Operating cash flow increased \$5.1 million (34%) to \$20.1 million (1H19: \$15.0 million)
- Cash balance of \$196.7 million at 31 December 2019

¹ Represents increase in utilisation over the 12 month period from 31 December 2018 to 31 December 2019

Operating and financial review (continued)

Reconciliation of statutory profit/(loss) to EBITDA and underlying EBITDA is as follows:

	1H20	1H19	Change
	\$'000	\$'000	%
Net profit/(loss) after tax	(4,891)	(3,143)	(56%)
Add: finance costs	29,402	28,069	5%
Less: interest income	(2,330)	(5,278)	(56%)
Less: income tax benefit	(3,988)	(4,249)	(6%)
Add: depreciation and amortisation	32,578	22,030	48%
EBITDA	50,771	37,429	36%
Less: gain on re-assessment of lease under AASB 16	(199)	-	
Less: gain on extinguishment of B1 lease	-	(1,068)	
Less: gain on extinguishment of APDC leases	-	(1,291)	
Less: distribution income	-	(1,344)	
Add: APDC transaction costs	-	4,958	
Add: landholder duty on acquisition of APDC properties	-	3,498	
Add: Singapore and Japan costs	297	-	
Underlying EBITDA	50,869	42,182	21%

NEXTDC has continued to perform well in a competitive market, recording an \$11.3 million (13%) increase in data centre services revenue to \$95.4 million during 1H20 (1H19: \$84.1 million).

Despite this strong revenue and EBITDA growth, the Group recorded a loss after tax of \$4.9 million for the period to 31 December 2019 (1H19: \$3.1 million). This loss was primarily driven by higher depreciation and data centre facility costs incurred as a result of S2 being operational for the full period, while associated revenues increase progressively as installed capacity comes online at S2.

NEXTDC has a clear strategy to differentiate its services through in-house engineering innovation and the adoption of new technologies in power and cooling systems. In addition, NEXTDC is committed to delivering a world-class customer experience with continued investments in internal systems and processes, with the ongoing implementation of online platforms to automate and integrate the management of the entire customer journey through the life cycle of their data centre services with NEXTDC.

These investments position NEXTDC to deliver significant customer benefits, reinforce its market differentiation over the longer term and deliver scalable growth, reducing operating costs and increasing revenue.

A summary of consolidated revenues and segment EBITDA for the period is set out below:

	Segment revenues		Segment EBITDA	
	1H20	1H19	1H20	1H19
Consolidated entity	\$'000	\$'000	\$'000	\$'000
Victoria	35,482	34,943	26,622	25,437
New South Wales	38,486	31,161	27,328	22,347
Queensland	10,517	8,905	7,242	5,805
Western Australia	8,778	6,938	6,323	4,957
Australian Capital Territory	1,055	1,170	(60)	118
Other	1,102	1,024	(185)	247
Total segment revenue/EBITDA	95,420	84,141	67,270	58,911

Operating and financial review (continued)

Segment EBITDA reconciles to Group EBITDA as follows:

	1H20	1H19
	\$'000	\$'000
Segment EBITDA	67,270	58,911
Less: employee benefits expense (non-facility staff)	(11,639)	(11,504)
Less: overheads and other expenses	(4,860)	(11,322)
Add: distribution income	-	1,344
EBITDA	50,771	37,429

Operational developments and performance

In August 2019, NEXTDC's M2 data centre facility achieved Uptime Institute ("UI") Tier IV Gold Certification of Operational Sustainability, becoming the first data centre in Victoria and the second in the Southern Hemisphere to receive this recognition from the Uptime Institute. The Gold Operational Sustainability standard recognises the human factors in running a data centre to meet the increasing need for fault tolerant standards. It includes climate change preparedness and the growing need for edge computing, outage risk mitigation, energy efficiency, increasing rack density, and staffing trends.

During the period, S1 became the second NEXTDC facility to achieve a NABERS 5-star rating for energy efficiency - the first NABERS 5-star rated data centre for NSW.

Further, NEXTDC was recognised by Frost and Sullivan as their 2019 Global data centre company of the year, awarding the company with the 2019 Global Visionary Innovation Leadership Award.

Capital development projects progressed significantly in the first half. S2 advanced substantially, with a further 8MW of capacity added, taking the total installed capacity at 31 December 2019 to 14MW. In order to respond quickly to customer demand as we continue to contract for the balance of space at S2, planning for our third generation data centres progressed with planning approval obtained for the development of S3. The construction of P2 exceeded construction milestones, with the facility on track for practical completion in 2H20. Capacity expansion of the fourth data hall at M2 was also completed, taking total installed capacity to 10MW.

Investment continued into our AXON customer connectivity platform, with NEXTDC being named one of only a few AWS Direct Connect High Capacity Service Delivery Partners globally. Additionally, NEXTDC has further expanded its footprint of direct hosted public cloud on ramps, with the addition of a new Microsoft ExpressRoute hosting location at S1 - NEXTDC's third ExpressRoute location nationwide. NEXTDC has built one of the most cloud connected and enabled data centre footprints in the country providing customers with greater choice and support when building hybrid architectures that are built to scale.

Throughout the period, NEXTDC maintained 100% uptime across its national data centre network. In addition, NEXTDC also maintained its ISO 9001 and ISO 27001 certifications.

Sales performance

NEXTDC has continued to focus its sales strategy on partnering with providers of infrastructure, platform and packaged services. Flexibility offered by being carrier and vendor neutral allows customers a choice of carriers and systems integrators, leading to an increase in the number of customers to 1,264 at 31 December 2019, up from 1,184 at 30 June 2019.

During 1H20, NEXTDC generated new sales of 1.2MW before adjusting for a one-off 0.4MW clawback of capacity to finish the period with contracted utilisation of 53.3MW. As a percentage of installed capacity in NEXTDC's national portfolio, this represents approximately 77% of installed capacity being contracted. It should be noted that approximately 10.5MW of new capacity has been added since 30 June 2019.

NEXTDC continues to derive revenue from numerous product sources including white space (including power recharge), rack ready services, establishment service fees and add-on services. During 1H20 cross connectivity generated approximately 8.2% of total recurring revenue.

Sales performance (continued)

The Group continues to enhance its go-to-market strategy through its channel partnerships with major telecommunications and IT service providers, allowing the Company to actively increase the breadth and depth of its selling capability without adding to its sales operating cost base.

Dividends

No dividend has been declared or paid during the half-year ended 31 December 2019 (1H19: nil).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.



Craig Scroggie
Managing Director and Chief Executive Officer

Sydney
28 February 2020

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Auditor's Independence Declaration

As lead auditor for the review of NEXTDC Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of NEXTDC Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Michael Shewan', with a long horizontal flourish extending to the right.

Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
28 February 2020

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NEXTDC Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2019

	Consolidated entity	
	31 December	31 December
	2019	2018
Note	\$'000	\$'000
REVENUE FROM CONTINUING OPERATIONS		
Data centre services revenue	95,420	84,141
Other revenue	2,330	6,622
Total revenue	97,750	90,763
OTHER INCOME		
Other income	375	2,801
EXPENSES		
Direct costs	(17,651)	(16,936)
Employee benefits expense	(15,879)	(15,058)
Data centre facility costs	(5,229)	(4,211)
Depreciation and amortisation expense	(32,578)	(22,030)
Professional fees	(655)	(5,659)
Marketing costs	(219)	(220)
Office and administrative expenses	(5,391)	(8,773)
Finance costs	(29,402)	(28,069)
Profit/(loss) before income tax	(8,879)	(7,392)
Income tax benefit/(expense)	3	3,988
Profit/(loss) after income tax	(4,891)	(3,143)
PROFIT/(LOSS) IS ATTRIBUTABLE TO:		
Owners of NEXTDC Limited	(4,891)	(3,143)
OTHER COMPREHENSIVE INCOME		
Changes in the fair value of equity investments at fair value through other comprehensive income	-	4,654
Exchange differences on translation of foreign operations	(25)	-
Total comprehensive income	(4,916)	1,511
Attributable to:		
Owners of NEXTDC Limited	(4,916)	1,511
	Cents	Cents
EARNINGS PER SHARE FOR PROFIT/(LOSS) ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE GROUP:		
Basic earnings/(loss) per share	(1.42)	(0.92)
Diluted earnings/(loss) per share	(1.42)	(0.92)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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NEXTDC Limited
Consolidated balance sheet
As at 31 December 2019

		Consolidated entity	
		31 December	30 June
		2019	2019
Note		\$'000	\$'000
ASSETS			
Current assets			
	Cash and cash equivalents	196,724	398,999
4	Trade and other receivables	36,015	33,856
	Other assets	18,195	14,432
	Total current assets	250,934	447,287
Non-current assets			
5	Property, plant and equipment	1,524,070	1,328,473
	Other assets	4,128	4,898
	Intangible assets	26,975	23,678
	Deferred tax assets	25,540	21,552
	Total non-current assets	1,580,713	1,378,601
	Total assets	1,831,647	1,825,888
LIABILITIES			
Current liabilities			
	Trade and other payables	61,694	56,646
	Other liabilities	316	1
	Lease liabilities	4,908	4,949
	Revenue received in advance	6,396	5,819
	Total current liabilities	73,314	67,415
Non-current liabilities			
	Provisions	1,131	964
6	Borrowings	796,020	793,849
	Lease liabilities	67,695	68,379
	Revenue received in advance	21,721	19,978
	Total non-current liabilities	886,567	883,170
	Total liabilities	959,881	950,585
	Net assets	871,766	875,303
EQUITY			
7	Contributed equity	906,612	905,117
	Reserves	6,296	6,412
	Accumulated losses	(41,142)	(36,226)
	Total equity	871,766	875,303

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

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NEXTDC Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2019

	Note	Attributable to owners of NEXTDC Limited			Total equity \$'000
		Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	
Consolidated entity					
Balance at 1 July 2018		904,247	6,005	(16,275)	893,977
Adoption of AASB 15 and 16		-	-	(14,786)	(14,786)
Restated total equity at the beginning of the financial period		904,247	6,005	(31,061)	879,191
Profit/(loss) for the period		-	-	(3,143)	(3,143)
Other comprehensive income		-	-	4,654	4,654
Total comprehensive income for the period		-	-	1,511	1,511
Transactions with owners in their capacity as owners:					
Acquisition of treasury shares		(38)	-	-	(38)
Share-based payments - value of employee services		-	1,196	-	1,196
Contributions of equity, net of transaction costs and tax		(122)	-	-	(122)
Share based payments - conversion of rights to shares		1,904	(1,904)	-	-
		1,744	(708)	-	1,036
Balance at 31 December 2018		905,991	5,297	(29,550)	881,738
Balance at 1 July 2019		905,117	6,412	(36,226)	875,303
Profit/(loss) for the period		-	-	(4,891)	(4,891)
Other comprehensive income		-	66	(25)	41
Total comprehensive income for the period		-	66	(4,916)	(4,850)
Transactions with owners in their capacity as owners:					
Share based payments - conversion of rights to shares	7	1,394	(1,394)	-	-
Share-based payments - value of employee services		-	1,328	-	1,328
Contributions of equity, net of transaction costs		(15)	-	-	(15)
Share based payments - deferred STI		116	(116)	-	-
		1,495	(182)	-	1,313
Balance at 31 December 2019		906,612	6,296	(41,142)	871,766

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NEXTDC Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2019

	Consolidated entity	
	31 December	31 December
	2019	2018
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	104,932	93,352
Payments to suppliers and employees (inclusive of GST)	(60,359)	(54,539)
	44,573	38,813
Transaction costs relating to acquisition of subsidiary	-	(5,821)
Interest paid	(25,880)	(25,683)
Distributions received	-	1,344
(Payments)/Proceeds from bank guarantees	(844)	1,053
Interest received	2,270	5,290
Net cash inflow from operating activities	20,119	14,996
Cash flows from investing activities		
Payments for acquisition of subsidiary, net of cash acquired	-	(153,852)
Payments for property, plant and equipment	(217,992)	(191,191)
Payments for financial assets at fair value through other comprehensive income	-	(1,008)
Payments for intangible assets	(4,218)	(3,363)
Net cash (outflow) from investing activities	(222,210)	(349,414)
Cash flows from financing activities		
Proceeds from borrowings	-	300,000
Payments for acquisition of non-controlling interest	-	(5,380)
Transaction costs paid in relation to issue of shares	(15)	(122)
Repayment of borrowings	-	(29,000)
Principal elements of lease payments	(169)	(394)
Transaction costs in relation to loans and borrowings	-	(5,021)
Acquisition of treasury shares	-	(38)
Net cash (outflow) inflow from financing activities	(184)	260,045
Net (decrease) in cash and cash equivalents	(202,275)	(74,373)
Cash and cash equivalents at the beginning of the period	398,999	417,982
Cash and cash equivalents at end of period	196,724	343,609

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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1 Basis of preparation of half-year report

These financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by NEXTDC Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Where necessary, comparative information has been reclassified to conform with changes in presentation in the current interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

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2 Segment information

(a) Description of segments

Management considers the business from a geographic perspective and has identified six reportable segments, the first five being each state where the Group operates data centre facilities and the last capturing financial information from operations that do not naturally fit into any particular geography. These segments do not exist as a separate legal entity, consequently, information such as income tax expense and segment liabilities are not prepared and provided to management for review and therefore not presented.

(b) Segment information provided to management

Half-Year to 31 Dec 2019	Vic \$'000	NSW \$'000	Qld \$'000	WA \$'000	ACT \$'000	Other \$'000	Total \$'000
Revenue from external customers	35,482	38,486	10,517	8,778	1,055	1,102	95,420
Direct and facility costs	(7,760)	(10,017)	(2,443)	(1,812)	(598)	(250)	(22,880)
Employee benefits expense	(994)	(1,068)	(773)	(584)	(414)	(407)	(4,240)
Other expenses	(106)	(73)	(59)	(59)	(103)	(630)	(1,030)
Segment EBITDA	26,622	27,328	7,242	6,323	(60)	(185)	67,270
Depreciation and amortisation	(9,873)	(11,645)	(3,660)	(2,902)	(2,443)	(327)	(30,850)
Finance charge	-	(662)	-	-	(1,965)	(3)	(2,630)
Segment profit/(loss) before tax	16,749	15,021	3,582	3,421	(4,468)	(515)	33,790
Assets - 31 Dec 2019							
Segment assets	342,123	737,559	131,163	206,409	90,028	11,128	1,518,410
Unallocated assets	-	-	-	-	-	313,237	313,237
Total segment assets	342,123	737,559	131,163	206,409	90,028	324,365	1,831,647
Half-Year to 31 Dec 2018							
Revenue from external customers	34,943	31,161	8,905	6,938	1,170	1,024	84,141
Direct and facility costs	(8,462)	(8,049)	(2,318)	(1,506)	(578)	(234)	(21,147)
Employee benefits expense	(969)	(714)	(724)	(437)	(396)	(314)	(3,554)
Other expenses	(75)	(51)	(58)	(38)	(78)	(229)	(529)
Segment EBITDA	25,437	22,347	5,805	4,957	118	247	58,911
Depreciation and amortisation	(7,289)	(6,159)	(2,945)	(2,245)	(2,027)	(393)	(21,058)
Finance charge	(1,380)	(2,287)	(384)	(729)	(1,533)	-	(6,313)
Segment profit/(loss) before tax	16,768	13,901	2,476	1,983	(3,442)	(146)	31,540
Assets - 31 Dec 2018							
Segment assets	228,893	369,974	133,022	85,713	84,865	270,172	1,172,639
Unallocated assets	-	-	-	-	-	431,666	431,666
Total segment assets	228,893	369,974	133,022	85,713	84,865	701,838	1,604,305

2 Segment information (continued)

(c) Other segment information

A reconciliation of operating segment results to profit/(loss) before income tax is as follows:

	Consolidated entity	
	31 December 2019 \$'000	31 December 2018 \$'000
Total segment profit before tax	33,790	31,540
Employee benefits expense (non-facility staff)	(11,639)	(11,504)
Distribution income	-	1,344
Interest revenue	2,330	5,278
Finance costs	(26,772)	(21,756)
Head office depreciation	(1,728)	(972)
Overheads and other expenses	(4,860)	(11,322)
Profit/(loss) before income tax from continuing operations	(8,879)	(7,392)

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3 Income tax expense

(a) Income tax expense

	Consolidated entity	
	31 December 2019 \$'000	31 December 2018 \$'000
Current tax on profits for the period	-	33
Deferred income tax expense/(benefit) included in income tax expense/(benefit) comprises:		
(Increase)/decrease in deferred tax assets	(3,303)	(22,329)
(Decrease)/increase in deferred tax liabilities	(685)	18,047
Total deferred tax expense/(benefit)	<u>(3,988)</u>	<u>(4,282)</u>
Income tax expense/(benefit)	<u>(3,988)</u>	<u>(4,249)</u>

(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

	Consolidated entity	
	31 December 2019 \$'000	31 December 2018 \$'000
Profit/(loss) from continuing operations before income tax expense	(8,879)	(7,392)
Tax at the Australian tax rate of 30.0% (2019 - 30.0%)	(2,664)	(2,218)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	13	11
Share-based payments	(1,277)	(2,180)
Sundry items	(60)	138
Income tax expense/(benefit)	<u>(3,988)</u>	<u>(4,249)</u>

(c) Amounts recognised directly in equity

	Consolidated entity	
	31 December 2019 \$'000	31 December 2018 \$'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Deferred tax expense/(benefit) on change in accounting policy	-	(6,337)

Deferred tax assets

The deferred tax assets include an amount of \$12.1 million which relates to carried forward tax losses of NEXTDC Limited. The Group incurred the losses during the ramp up of its operations and has concluded that the deferred tax assets are probable of recovery using the estimated future taxable income. The losses can be carried forward indefinitely and have no expiry date.

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4 Current assets - Trade and other receivables

	Consolidated entity	
	31 December 2019 \$'000	30 June 2019 \$'000
Trade receivables	31,249	28,320
Loss allowance	(1,016)	(741)
	30,233	27,579
Other receivables	4	1
GST receivable	5,665	6,222
Interest receivable	113	54
	36,015	33,856

5 Property, plant and equipment

During the period NEXTDC invested approximately \$228 million, on the development of S2, P2, as well as other expansion and improvement activities across our data centres.

6 Borrowings

Unsecured Notes

At 31 December 2019, the Group had the following Notes on issue:

- \$300 million in Notes III, carrying an annual coupon rate of 6.25% paid semi-annually. Although these Notes are due 9 June 2021, the Group has the option to repay on 9 June 2020, and each six months thereafter. Regardless of when Notes III is redeemed, an additional 1.5% interest will also be payable on redemption.
- \$300 million in Notes IV issued on 17 July 2018, comprising a floating rate tranche of \$200 million priced at 3.75% over 3-month BBSW and a fixed rate tranche of \$100 million at 6%. Notes IV is complementary to the \$300 million Notes III, albeit a different maturity date of June 2022, compared to June 2021 for Notes III. If Notes IV is redeemed prior to the first optional redemption date of 9 June 2020, an additional 1.5% interest will be payable. In addition, the Group may at any time prior to 9 June 2020, redeem all or part of the Notes, upon not less than 7 days and no more than 60 days prior notice.
- \$200 million in Notes IV-2 issued on 11 June 2019, comprising a \$170 million floating rate tranche priced at 3.75% over 90-day BBSW and a \$30 million fixed rate tranche priced at 102.466% of par on a coupon of 6%, implying a yield to first call of 4.92%. If Notes IV-2 is redeemed prior to the first optional redemption date of 9 June 2020, an additional 1.5% interest will be payable. In addition, the Group may at any time prior to 9 June 2020, redeem all or part of the Notes, upon not less than 7 days and no more than 60 days prior notice. If Notes IV-2 is redeemed prior to the first optional redemption date of 9 June 2020, an additional 1.5% interest will be payable.

Bank Loan

At 31 December 2019, NEXTDC Limited had an undrawn \$300 million Syndicated Senior Secured Debt Facility. This facility has a maturity date of 30 September 2022.

7 Contributed equity

(i) Ordinary shares

As part of NEXTDC's Equity Incentive Plan, which is offered to employees to create alignment with the Group's strategic objectives, 876,373 ordinary shares were issued on 2 October 2019. These shares were issued following the vesting of Performance Award Rights in accordance with the Executive Incentive Rights Plan approved at NEXTDC's 2014 AGM. On 4 October 2019, 13,517 shares were issued as a result of vesting of Deferred Share Rights granted to eligible Senior Executives of NEXTDC pursuant to the NEXTDC Executive Incentive Plan.

8 Contingencies

The Group had no contingent liabilities at 31 December 2019 (2018: nil).

9 Events occurring after the reporting period

Since the end of the reporting period, no matters have arisen which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 6 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended ended on that date, and
- (b) there are reasonable grounds to believe that the NEXTDC Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.



Craig Scroggie
Managing Director and Chief Executive Officer

Sydney
28 February 2020

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Independent auditor's review report to the members of NEXTDC Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of NEXTDC Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of NEXTDC Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of NEXTDC Limited is not in accordance with the *Corporations Act 2001* including:



1. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the Company for the half-year ended 31 December 2019 included on NEXTDC Limited's web site. The Company's directors are responsible for the integrity of the NEXTDC Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Michael Shewan', with a long horizontal flourish extending to the right.

Michael Shewan
Partner

Brisbane
28 February 2020

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