

ASX Release

24 November 2023

2023 AGM - CEO's Address

Ladies and gentlemen,

Thank you for joining us today. It is my pleasure to be here, reporting on a remarkable year for our Company. It's been a year of redefining what's possible for us, a year of driving new opportunities where we've expanded our horizons and set new benchmarks for the performance of NEXTDC. We remain committed to, and are 100% focused on, delivering the world's highest standards of data centre and interconnection services.

A Year of Growth and Achievement:

The financial metrics we reported earlier this year underscore our commitment to growth. With a record-breaking level of new sales in FY23, combined with the accelerating opportunities created by AI and digital transformation, the stage is set for sustained growth over the next decade and beyond.

Total revenue was up 25% in FY23, and underlying EBITDA increased 15% which means our six-year Compound Annual Growth Rates for these metrics are tracking at 20% and 21% respectively.

The growth in customer numbers and interconnections also continue to trend up as we welcomed 207 new customers into the ecosystem and provisioned 1,203 net new connectivity services.

These accomplishments wouldn't be possible without our unwavering dedication to delivering large infrastructure projects, independently accredited premium services that meet our customers' needs and build enduring relationships based on positive experiences.

Digital Acceleration:

The pace of digital transformation has reached unprecedented levels. Businesses worldwide are digitising their operations and placing the highest priority on ensuring the availability of their systems and applications. The exponential growth of data, its capture, sharing, storage, and analysis are all at record levels and continue to climb.

In just the past two years, approximately 90% of the world's data has been generated with estimates that we have surpassed 2.5 quintillion bytes of new data daily. Resilient, secure, and interconnected digital infrastructure has never been more important to ensuring this burgeoning digital economy continues to thrive.

The Evolution of Cloud:

The cloud continues to evolve, driving organisational transformation. Gartner is predicting that 85% of organisations will have adopted cloud-first strategies by 2025 while they also identified that spending on cloud in Australia reached \$18.7 billion in 2022.

We are proud of our proven record of renewing and expanding service contracts with customers as well as attracting new customers. In both cases they are looking to trusted partners offering solutions that address the new challenges they face in a rapidly evolving economy.



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Opportunity in the Fourth Industrial Revolution:

We find ourselves at the threshold of the fourth industrial revolution, a time marked by an unprecedented rate of change. Innovation cycles are shortening, and we are witnessing the convergence of technologies like AI, augmented reality, 5G, the Internet of Things, and many more – all of which generate extraordinary volumes of data.

As a leading player in this industry, we are well-positioned to leverage this digital acceleration and continue providing innovative, differentiated solutions to our customers.

AI and Megatrends:

To stay at the forefront of this ever-evolving landscape, we have aligned our business strategy and services with key megatrends that need premium digital infrastructure. At present, AI is stimulating unprecedented demand for data centre services globally.

The emergence of this technology requires new levels of power density, cooling, security and interconnections that we are able to provide.

It is encouraging to note we are yet to experience AI's full impact on demand at NEXTDC. Contract increases we saw in 2023 were driven by traditional cloud services demand and major enterprises moving to colocation.

The wave of AI infrastructure deployment is arriving in Australia, and so we anticipate growth in onshore hosting for these premium environments to become a factor in 2024.

As adoption rates accelerate, the facilities that solve the "power, secure, connect" challenge will be in demand – and this is our central brand promise.

The global AI market is expected to grow at an annual rate of 37% between 2023 and 2030, according to Grand View Research. Generative AI, including tools such as ChatGPT, which can create multimodal content such as text, images and code, is forecasted to reach a market size of US\$209 billion by 2032, according to Acumen Research and Consulting.

As an indicator of data centre growth being driven by accelerating digital transformation and the urgency to scale up for AI, McKinsey analysis has forecast that the data centre market in the US will reach 35 gigawatts by 2030, up from 17 GW in 2022.

Domestic Growth:

Building upon our strong foundation, we continue to scale our platform domestically as cloud migration accelerates. During the early part of FY23, new, state-of-the-art, Generation 3 hyperscale facilities were opened in Sydney and Melbourne. Combined, and when fully fitted out, these two facilities will have introduced 230MW of new capacity in Australia's two largest markets.

From the Core to Edge:

In August of this year, we also opened Port Hedland, our 2nd Edge data centre, which will introduce critical infrastructure and cloud connectivity within proximity of critical pit-to-port mining operations in the Pilbara. A second Pilbara Edge DC is currently under construction in Newman. Both facilities will advance digital transformation for the nation's booming resources industry and customers who are world leaders in leveraging digital megatrends to drive safety, productivity, cost efficiencies and automation.



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We are very excited about the potential for our customer-led Core-to-Edge digital infrastructure strategy to solve exploding data management problems for organisations with remote and rural operations. Critical infrastructure close to production edges and interconnected to our cloud, carrier and digital services ecosystem will accelerate innovation cycles through the application of AI and other digital megatrends.

Another major new product development in the last 12 months was the opening of our Innovation Centre at M2 Melbourne. This is where our customers can deploy bespoke Mission Critical Operations services such as Network and Security operations centres, ensuring their most important teams and processes can access the power, security and connectivity resilience required to manage 24/7 operational continuity.

Asia Pacific Opportunity:

Digital growth in the Asia/Pacific region is tracking ahead of global averages. Our developments underway in Kuala Lumpur and Auckland represent important new frontiers for NEXTDC. Work is underway to build Malaysia's first Tier IV-certified colocation data centre with Stage 1 on target to open in 1H FY26.

As we continue to plan our expansion across Asia, we are unwavering in our commitment to deliver sustainability innovation and 100% uptime SLAs that set new critical infrastructure standards in high growth, developing territories.

Commitment to Safety:

At NEXTDC, safety remains our highest priority. Our goal is to achieve zero injuries across all our operations to ensure a safe and healthy working environment for every team member, contractor, customer and visitor.

It is our mission to do everything we can to ensure everyone goes home from a NEXTDC location in the same condition they arrived, whether that be working on a construction site, in a facility or at the office. Our ISO 45001 (Health and Safety) certification is a testament to our commitment to safety in both construction and operational facilities management.

Sustainability Matters:

Operating with the highest standards of energy efficiency, water preservation, and waste management is integral to our mission. We aim to build a reliable, secure, and highly energy-efficient infrastructure platform. Importantly, our strong emphasis on energy efficiency and sustainability is achieved without compromising world-class operational excellence.

At NEXTDC, we also acknowledge that keeping pace with digital acceleration comes with sustainability challenges, and we are determined to lead the way to sustainable data centre growth. We believe our industry faces a dual mandate when it comes to sustainability – one of moral responsibility and strategic necessity.

We will continue to prioritise energy efficiency as a central tenet across the full lifecycle and supply chains of data centre design, construction and operations.

We continue to place equal focus on advancing our waste diversion initiatives, improved power efficiency, water conservation and renewable energy, and are staying attuned to emerging sustainability trends and challenges.

Our Company has always had ESG as a central part of its product and service offering. Doing what we do responsibly, sustainably and with an eye to the wellbeing of our team and our community is

aligned with our personal beliefs but also with our shareholders investment in a reputable, high value and profitable business.

Innovation at Our Core:

Innovation has always been at the core of our business. Indeed, in the technology space, it is an imperative to thrive.

In FY23, we continued to be recognised for global industry leadership in data centre engineering, customer experience, and energy efficiency. Our Uptime Institute (UI) certifications set benchmarks for the world's highest quality, resiliency, and operational standards.

Our industry benchmark PUE performance is a tribute to our commitment to market leading energy efficient design and operations while our prefabrication methodologies for hyperscale and Edge data centres is allowing us to deploy new infrastructure quickly and cost effectively.

Strategic Priorities for FY24:

Looking forward, we will continue winning new business by leading the hybrid computing revolution and extending our interconnection and infrastructure services into new markets across Asia-Pacific.

Our infrastructure platform and designs are AI workload density and liquid cooling ready and provide customers with the resilience, scale, sustainability, and flexibility they need to address whatever comes next. We remain dedicated to innovation and operational excellence making us the premier marketplace for the digital economy.

Awards and Recognition:

Before closing, I'd like to mention that this year we were once again honoured to have been recognised as Frost & Sullivan's 2023 Australian Data Centre Services Company of the Year. It is the third consecutive time we have received this award which acknowledges our industry expertise and dedication to customer experience.

We also received the 2023 Asia-Pacific Customer Value Leadership Award from Frost & Sullivan. As we expand into Asian growth markets, this regional award further acknowledges how our innovation, product portfolio, energy efficiency, and operational excellence creates differentiation and will deliver new standards for our customers in the region.

In Conclusion:

In conclusion, I'd like to express how proud I am of our entire team, and their incredible achievements. The next decade presents unlimited potential, and we are ready to realise the opportunities before us.

The future is now. Together, we remain committed to delivering exceptional services to our customers, meeting their evolving needs, and driving innovation in the industry.

I also want to extend my sincere gratitude to NEXTDC's Board of Directors who play an important role in setting the standards for good governance and risk management.

I am confident that, as we continue to execute our growth strategy, shareholder value will continue to be a feature of your equity in NEXTDC. As you may have heard me say before, I am a huge believer in the Bill Gates quote that "most people overestimate what can be achieved in a year and underestimate what they can achieve in 10 years".



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Our success to date has been astounding but with AI looming as an enormous tailwind for the data centre industry, I believe we are at the beginning of the most important change since Apple's iPhone.

The next 10 years promise to be very exciting, and we intend to continue to grow and take our unfair share of this exciting market.

Thank you for your trust and commitment to NEXTDC.

Authorised for release by the Board of NEXTDC Limited.

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About NEXTDC

NEXTDC is an ASX 100-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 *Climate Active* Carbon Neutral Standard.

Our Cloud Centre partner ecosystem is Australia's most dynamic digital marketplace, comprising 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