



NEXTDC Ltd

Senior Unsecured Bonds/Notes

- 6.25% Fixed June 2021
- 6.00% Fixed June 2022
- BBSW+3.75% June 2022

October 2020

This document should not be viewed as complete credit research. It is a summary document only designed to help the reader identify the key elements of the company or financial product referred to in this document and should be read in conjunction with the offering documentation available.

Issuer Overview

NEXTDC is an ASX100-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 Tier 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 5star 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 on-premise and co-located infrastructure; and advanced connectivity services that deliver a range of secure, high-speed interconnections between racks, networks and cloud services.

NEXTDC's partner ecosystem hosts the country's largest independent network of carriers, cloud and IT service providers, enabling customers to source and connect with cloud platforms, service providers and vendors to build integrated hybrid cloud deployments and scale their IT infrastructure and services

Key Information

NEXTDC total market capitalization: \$5.17billion

Drawn Debt on 30 June 2020 was \$798million

NEXTDC's financial results for the year ended June 30, 2020 have been reported as follows:

- Revenue up \$26.0million (14%) to \$205.2million (FY19: \$180million)
- Underlying EBITDA up \$19.5million (23%) to \$104.6 million (FY19: \$85million)
- Loss for the year after interest, amortisation, and depreciation (totalling \$123million) of \$18.7million
- Cash of \$893million on 30 June 2020
- Operating cash flow up \$14.6million (37%) to \$53.9million
- Liquidity (cash and undrawn debt facilities) of \$1,193million, including a \$300million undrawn senior syndicated debt facility.

During the year, the Company raised a total of \$862million by issuing new shares and became a member of the S&P/ASX 100 Index for the first time.

NEXTDC has continued to grow its Balance Sheet during the year to a position where it is now underpinned by \$2.7billion of total assets.

The company has continued its national expansion during the year with capital expenditure of \$418million to fund land acquisition, building expansion and new capacity. Total target capacity at its M2 data center in Melbourne has increased from 40 Megawatts (MW) to 60MW.

The P2 Perth facility opened to customers just after the FY20 year end, with installed capacity of 2MW and in Sydney the S2 facility was completed with four new data halls opened, taking total installed capacity to 22MW.

The S3 Sydney earthworks commenced in 2H20 with practical completion of phase 1 expected 2H22.

The company has had an increase in contracted utilisation of 17.4MW1 (33%) to 70.0MW during the year which is very comforting for bond holders and further strengthens the cashflow profile.

Unsecured Notes

NEXTDC currently has A\$800 million of senior unsecured medium-term notes on issue comprising:

- \$300 million in Notes III, carrying an annual coupon rate of 6.25% paid semi-annually. These Notes are due 9 June 2021, the Group has the option to repay early on 9 December 2020. Regardless of when Notes III are 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.
- \$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%.

*NEXTDC bonds are
Senior unsecured*

ISIN	AU3CB0244358 AU3CB0254480 AU3FN0043337
Minimum amount	\$1,000
Denominations	\$AUD1,000
Retail / Wholesale	Wholesale clients and retail clients
Coupon type	2021 Fixed/ 2022 Fixed/ 2022 Floating
Rate	6.25% / 6% / BBSW+3.75%
Coupon payment frequency	Semi-Annually/Quarterly
Issue date	6th September 2017 6 July 2018 11 th June 2019
Maturity date	9 June 2021 9 June 2022 9 June 2022
Type / Rank	Senior Unsecured
Domicile	Australia
Currency	AUD
Amounts issued / outstanding	\$300 million \$300million \$200 million (\$170m/\$30M)
Aust. Withholding Tax exempt	The Issuer intention was that the Notes were issued in a manner which complies with the public offer test under section 128F
Issuer / Bond credit rating	NEXTDC Limited / Unrated
Guarantor(s)	Subsidiaries

Risks

An investment in NEXTDC is subject to the following Specific Risk Factors:

Data Centre utilization risk, reduction in demand for data center services risk, security risk, development risk, customer contracts deliverable failure, infrastructure and technology failure; maintaining supply and pricing of utilities at acceptable costs to satisfy demand requirements and any breach or termination of the long term leases held by NEXTDC leases could have a material adverse impact on NEXTDC.

Such investment is also subject to general risks including those related to general economic conditions, availability of funding, refinancing requirements, share price volatility, interest rates, debt covenants, financial distress of customers, attracting and retaining employees, health, safety and environment issues, litigation and disputes, financial forecasts, regulatory issues, changes in law, changes in accounting policy and standards, taxation implications, insurance issues, force majeure, counterparty risk, intellectual property risk and reputational risk.

NEXTDC is exposed to a range of other risks including those relating to the refinancing of existing debt instruments and facilities, securities price risk, lack of liquidity in the bonds/notes risk, interest rate risk, insurance coverage risk, debt covenant breach risks, loss of key management personnel risk and litigation or dispute risk, regulatory issues and changes in law. It is also subject to the usual business risk that there may be changes in accounting standards.

Summary

NEXTDC offers clients exposure to a growing data management and infrastructure software business in an ASX100 company. The risks associated with the investment are currently being compensated for in the return and the recent capital raising further strengthened the balance sheet.

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