Infratil Investor Day

2018

Agenda

- CDC Overview
- What is the CDC Ecosystem?
- Key Achievements in FY2018
- Market Observations
- What is Cloud Computing?
- What are the main elements of the Microsoft partnership?
- Forecast Growth
- How is CDC going to continue growing?
- Conclusion

CDC delivers National Critical Infrastructure ‘NCI’ to the whole of Australia

Market Leader

- CDC operates 2 accredited and connected Data Centre campuses in Canberra providing highly secure outsourced co-location Data Centre services to Australian Government entities and third party service providers
- 39MW of installed capacity with a further 21MW due for completion this year
- CDC is the largest **owner** and **operator** of premium data centres and critical infrastructure in Australia and New Zealand
- Proven provider, offering world class security, deep resilience whilst promising data sovereignty along with industry leading operating metrics

CDC provides highly secure outsourced data centre services to the Australian Federal, State and Local Government along with their key managed service providers

CDC has an advantaged market position

- CDC is well positioned to capitalise on the expected strong market growth
- CDC established its reputation by developing a world class adaptable data centre design that fits unique Government requirements
- Today CDC operates a powerful ecosystem with dozens of Government agencies and third parties servicing Government
- The CDC ecosystem delivers incremental customer value with each additional client
- Security cleared personnel

CDC’s investment value is propelled by supplying industry leading products in to a high growth market that rewards CDC’s flexibility

Operating in a sector with strong demand tailwinds

CDC is benefiting from massive data processing and storage growth driven by 4 significant trends:

1. Rapid cloud adoption
2. Government new services and digitisation
3. Cyber risk and importance of data sovereignty
4. Data expansion and the outsourcing of ICT services

CDC has a strategy to continue delivering innovative new products to a market that values security, resilience and data sovereignty

Tangible growth pipeline

Numerous growth opportunities are available to CDC:

- Continued focus on major clients with mission-critical applications
- Utilisation of existing capacity at Fyshwick and Hume requiring limited incremental capital
- Fyshwick 2 (21 MW data centre) due to be completed Oct/Nov 2018
- 30,000m^2+ site secured in Hume for further developments – capable of supporting a 50MW+ facility
- Expansion of service offerings to support customer ICT objectives

What is the CDC ecosystem?

The CDC ecosystem enables customers to connect with one another and trusted suppliers securely within the data centre

The CDC ecosystem continues getting stronger, more resilient and more secure as it grows

Data has its own gravity

Flexibility and connectivity is key

Very strong year in FY2018

The business is better positioned for the future than ever before

Growing — Year on year EBITDA run rate growth up ~35%, delivering a contracted run rate at 31 March 2018 of $69m and expect to secure growth of a further ~2.0MW to be delivered in the next quarter

Strengthening — Expanded the ecosystem to include Microsoft and 4 of the 5 certified protected cloud providers. Whole of portfolio WALE (Weighted Average Lease Expiry) of 4.2 years, and 10.9 years with options

Financing — Refinanced debt facilities — expanded limits from $435m with expiries in 2019 & 2021 to $610m limit expiring in 2023 (A$460m) and 2025 (A$150m). No dividends were paid

Positioning — CDC has a strong pipeline of opportunities from new and existing clients

Building — Construction is under way at Fyshwick 2 and on track to welcome its first customer by the end of 2018

Preparing — CDC has secured more land at Hume for a future development beyond Fyshwick 2

Fyshwick 2 Progress

CDC’s addressable market is growing rapidly and opportunities to invest in the data centre sector are highly sought after

Hyperscale — Unprecedented demand, providers are growing revenues at 50%+ annually and moving to a partnership model to secure capacity in Australia, pricing is competitive but sustainable

Metronode — Purchase by Equinix recorded in December 2017 with very strong valuation metrics of >21 x run rate EBITDA, a number of bidders had to restructure bids to meet FIRB requirements

Listed entities — Recording significant revenue and EBITDA growth, most companies are trading at an Enterprise Value of 19-23x forecast EBITDA

Legal Environment — New National Critical Infrastructure legislation introduced in Australia

Federal Government — Agenda is still driven by technical capability whilst cyber security and data sovereignty issues follow closely behind

What are the main elements of the Microsoft partnership?

CDC have embarked on a multilayer, strategic relationship with Microsoft

There are 44 Microsoft Azure regions in 140 data centres

Information security – Unclassified and Protected

Physical security –
SCEC Zone 4

Resilience

Strategic for CDC

- Increases the CDC ecosystem
- Leading global hyper scale operator
- Significant growth opportunity beyond the initial deployment
- Local momentum, brings the cloud to Canberra
- Opening up CDC's addressable market to include National Critical Infrastructure sectors

Strategic for Microsoft

- Designed for Government mission-critical applications but equally attractive to other organisations operating Critical Infrastructure
- ICON connectivity
- Assured ownership/security/resilience
- 2 regions in close proximity – high availability
- First mover advantage

Source: Microsoft

What is Cloud Computing?

Microsoft define cloud computing as “the delivery of computing services – servers, storage, databases, networking, software, analytics and more – over the internet (“the cloud”)”

Cloud Growth

- Cloud is a buzzword indicative of an evolving approach to how the internet is used rather than a technology in itself
- Three broad categories of cloud services; Software as a Service (SaaS) – ‘consume it’, Platform as a Service (PaaS) – ‘build on it’ and Infrastructure as a Service (IaaS) – ‘migrate to it’
- Top benefits of cloud; cost, speed, scalability, productivity, performance and reliability
- Microsoft Azure is a comprehensive set of cloud services that developers and IT professionals use to build, deploy and manage applications through a network of data centres
- Cloud computing enables growth in differing ways; private, public and hybrid clouds
- Research firm Canalys predicts the cloud computing market is forecast to grow to US$74.7 billion in 2018, up nearly 36 percent from 2017

In January 2018 Microsoft CEO, Satya Nadella was quoted as “The 56 percent year-over-year growth in commercial cloud revenue — with broad-based growth across geographic markets and industry segments — is fuelled by customer and partner success.”

3 April 2018 – Microsoft Partnership Launch Media Headlines

“Microsoft launches its Canberra salvo in cloud wars with AWS”

AFR, 3 April 2018

“Microsoft launches Azure cloud regions in Canberra”

CRN, 3 April 2018

“Microsoft switches on Azure in Canberra – targets government, critical infrastructure”

ITNews, 3 April 2018

“Microsoft cloud targets critical government business in Canberra”

Sydney Morning Herald, 3 April 2018

“Microsoft steps up Govt play with Canberra Azure regions launch . The new regions are limited to Australian and New Zealand Government customers”

AFNnet, 3 April 2018

“Microsoft’s Australian cloud gets approved to host protected government data”

CRN, 3 April 2018

“Microsoft announces the mission-critical cloud for Australia”

ITWire, 3 April 2018

“ASD certifies first ‘hyperscale’ data service for Protected classification”

The Mandarin, 3 April 2018

“Microsoft offers pathway to cloud for govt’s mission-critical apps. Targets government with new ultra-secure cloud regions”

ComputerWorld, 3 April 2018

Focusing on Mission-Critical Applications

A mission critical application is essential to the survival of a business or organisation.

Failure or interruption would significantly disrupt their business operations.

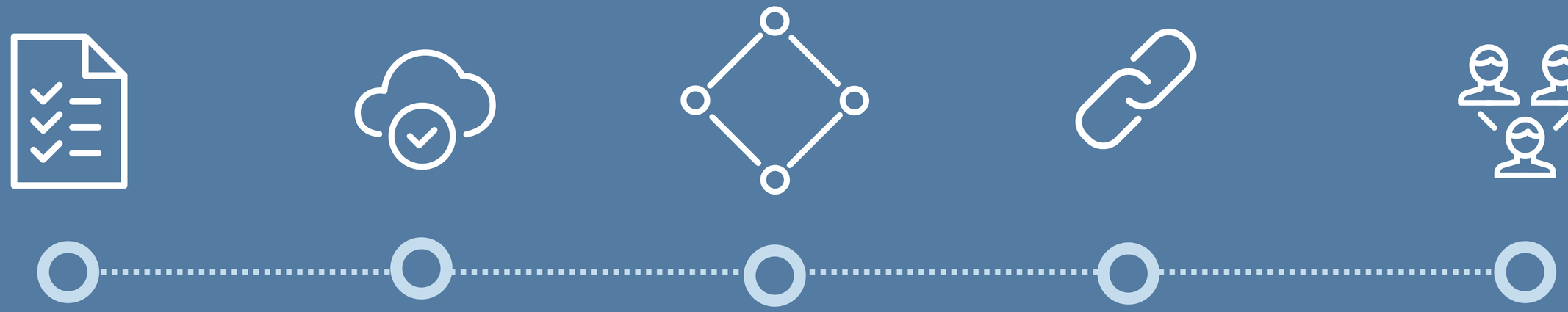
Characteristics of Mission-Critical Applications

- Disaster resilience
- Reliable high performance
- Resilient, low-latency networking
- Cybersecurity
- Managed change
- Compliance
- Supply chain integrity
- Complex system integration
- Realtime data ingestion
- High availability

Sectors of National Critical Infrastructure

- Defence & National Security
- Government
- Energy
- Health
- Banking
- Transport
- Food
- Communications
- Space
- Public Safety

How Mission-Critical Cloud brings value to the CDC ecosystem



Compliance

Manage Unclassified and Protected data operating within Australian-owned, Secret-accredited facilities that are operated by security cleared personnel

Hybrid Flexibility

Co-locate customer legacy or specialized systems beside Azure with direct high performance connectivity for most mission-critical workloads

Connectivity

Connect via ExpressRoute and the Australian Government's ICON network to Azure or deploy client specific specialized network connectivity

Resilience

The 2 Azure regions in Canberra deliver unmatched high availability and disaster resilience with facilities designed for National Critical Infrastructure

Restricted Community

Access by invite or application only for Australia & New Zealand Government and critical infrastructure sectors along with their suppliers

Forecast Growth

CDC has an exciting pipeline of diverse opportunities with new and existing clients

Off of an excellent FY2018 result, CDC's growth rate is expected to accelerate during FY2019

Forecasting 20% YoY EBITDA run rate growth in FY2019 from:

- Cloud
- Non-organic expansion from new agencies
- Organic growth from existing customers
- Expansion of managed services and by providing connectivity options

Before factoring in:

- Acquisitions
- Geographical expansion
- Large Government tenders anticipated
- Co-location by National Critical Infrastructure sectors

In the next 12 months:

- CAPEX investment of $100m
- Deliver Fyshwick 2 (+21MW)
- Hume 4 under construction

How is CDC going to continue growing?

The CDC data centre design is always evolving and becoming more flexible in order to meet customers changing requirements and help futureproof the business in a dynamic market

Fyshwick 2

- On track and on budget 21MW facility
- 1,500m^2 of Zone 4 office space
- Stage 1 to be completed in Oct/Nov 2018
- Final stage to be completed by May 2019
- Discussing or negotiating up to 10MW capacity today, well ahead of opening

Hume 4

- CDC has exchanged on a parcel of land
- 30,000m^2+ site secured
- 50MW+ facility is possible
- Potential to start development mid 2018 with a 12 month construction schedule
- Discussing commitments of up to 5MW

Fyshwick 2 Design

Conclusion

CDC is well positioned to continue growing and provide the essential services to meet customer requirements

- **CDC is a valued advisor and solution partner with deep customer relationships**
- **Financing and land has been secured for medium term business growth**
- **Ecosystem continues to get stronger with each client**
- **Exciting future in a fast growth market**

Questions?