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CDC Well Positioned for Growth, Driven by AI and Hyperscale Demand

Last Wednesday (9 April 2025), CDC CEO Greg Boorer and members of his senior management team hosted an investor briefing and site visit to CDC's new Brooklyn campus in Melbourne. The briefing included an update on the significant growth outlook for CDC, driven by rising demand for secure, sustainable, and advanced digital infrastructure, particularly in AI and hyperscale workloads.

CDC's CEO, Greg Boorer, highlighted the strength of CDC's current position and the exceptional growth anticipated over the years ahead:

"In a world that's changing this quickly, the ability to move fast, scale safely, and serve the biggest names in technology is what will define the winners. CDC is in a rare position; ready, resourced, and already executing.

"I have no concerns about demand - my focus is all on execution and staying ahead of the curve. We've grown faster than the industry, which means we've gained market share, and our customers are asking us to do more.

"Because of the investments we've made and the contracts we've won, we're expecting our earnings to double over the next two years - with around 80% of that already contracted. We're already a big business today, but the future looks even brighter.

"Our customers are increasingly focused on partnering with providers who can deliver modern, flexible facilities on time and at scale, and that's exactly what CDC does best."

Emphasising CDC's competitive advantage in high-density computing and AI-readiness, Greg added:

"While other people are talking about being AI-ready, we are doing it today. We are hosting high power density racks, with liquid cooling, across our data centres, which are certified by NVIDIA for the latest AI chipsets.

"That's because we made the right choices early, such as like liquid cooling, when everyone else thought it was crazy. AI isn't just changing workloads; it's redefining the infrastructure required to support them. CDC is one of the few operators that's truly ready."

Infratil CEO, Jason Boyes, underlined the foundations underpinning CDC's outlook, particularly highlighting strategic contracts with global hyperscale clients:

"CDC's outlook is underpinned by substantial contracted growth across all major Western hyperscalers. We can also see upside through the signing of additional contracts and the conversion of existing reservations beyond this period."

Jason also expressed Infratil's strong and ongoing support for CDC's ambitious growth trajectory:

"We are supportive and excited shareholders, committed to backing CDC's acceleration into the opportunities ahead. To paraphrase Greg, it feels like this is just the beginning - and now we're about to really get started."

Brooklyn is CDC's first campus in Melbourne and features a state-of-the-art, highly secure data centre with high-speed interconnectivity between regions. Operational since 2024, the current site

added more than 30MW of high-density operating capacity to CDC's platform, with further capacity expected to come online once the second facility becomes operational.

Infratil's investment in CDC dates back to 2016, where it acquired an initial 48 % stake for A\$392 million. At that time CDC had operating capacity of 30MW, spread across two sites in Canberra. Today, CDC has operating capacity of 318MW and a further 382MW under construction across four regions. The most recent independent valuation at 31 March 2025 implied a valuation of A\$6.6 billion for Infratil's 48.17% stake in CDC.

Below we've summarised the key insights from Wednesday's presentation from CDC's achievements and sustainability credentials to Australia's rising strategic importance in the global technology landscape.

Overview of CDC today

CDC is Australasia's largest and most advanced data centre platform, with 22 sites across Canberra, Sydney, Melbourne, and Auckland. Fourteen of these are operational, and eight under construction, with several of the under-construction sites coming online later this year.

CDC's business was built with a clear focus on long-term reliability, resilience, and customer trust. It started in Canberra in 2007, primarily serving government clients, a core strength that continues today. This has shaped CDC's focus on customers who, just like government agencies, value its security credentials, sovereign footprint, and service quality.

Today, CDC serves a mix of government, enterprise, cloud, and AI customers, and is a trusted partner for Australia and New Zealand's most critical digital infrastructure needs. Its portfolio includes some of the most advanced and secure facilities in the regions, underpinned by long-term contracts, strong free cash flow, and high reinvestment into future growth.

What differentiates CDC

CDC's success is grounded in a philosophy of doing the hard things well, from engineering to security to customer relationships. In an increasingly competitive data centre market, CDC stands out for its depth of capability, future-proof infrastructure, and unmatched customer trust.

Key points of differentiation include:

- Full control over design and construction: Unlike operators who rely on third-party developers or generic builds, CDC designs and builds all its facilities from the ground up, enabling agility, consistency, and faster adaptation to evolving technology.
- NVIDIA-certified AI readiness: CDC is NVIDIA certified to host the latest and future NVIDIA GPU architectures across facilities in both Australia and New Zealand.
- Security-first design: All of CDC's facilities are built to enable operation at the highest security requirements of government customers. These higher security standards are increasingly sought by enterprise clients looking for the same protections.
- Long customer tenure: CDC's customers sign long-term contracts because they trust the infrastructure will remain fit for purpose well into the future.
- Operational excellence: CDC was one of the first data centre operators in the world to offer 100% availability, and this is backed by 18 years of delivery. It's not just about building facilities - it's about operating them at world-class standards over decades.

FY25 milestones

This has been a milestone year for CDC, marked by new sites, expanded capacity, customer wins, and stronger foundations for growth. Key FY25 highlights include:

- New Zealand expansion: CDC launched new capacity in Auckland, adding 16MW at Hobsonville and Silverdale, with the builds completed on time and within budget; no small feat given New Zealand's construction and supply chain complexities. Additional capacity is also under construction in response to increased customer demand.
- Laverton Campus, Melbourne: Ground was broken on the second Melbourne campus, expected to add an initial 150MW+ of additional capacity to the region.
- Marsden Park, Sydney: Construction is underway on the second Sydney campus; expected to be one of the largest in the Southern Hemisphere at 700MW+ with initial data centre capacity already contracted. Marsden Park future-proofs CDC's position in Australia's most important data centre market.
- All major hyperscaler relationships secured: CDC now delivers or is contracted to deliver capacity to the largest western global cloud service providers - a milestone that expands its opportunity set significantly.
- 2.5GW total platform capacity: CDC's capacity, including operational, under construction, and future development pipeline has more than doubled in the past year from 1.2GW to 2.5GW, ensuring it can meet increasing demand across the region.

Sustainability at CDC

Environmental leadership is not a marketing line for CDC, it's a core part of how the business is built. Its customers, including government, enterprise, and hyperscale cloud providers, increasingly demand world-leading sustainability credentials.

- Net Carbon Zero: CDC New Zealand is the only large-scale data centre operation globally to be certified 100% Toitū net carbon zero.
- No water use in cooling: CDC's data centres are designed to consume zero potable water in their primary cooling systems, a differentiator given that most of the industry still relies on water-intensive cooling towers and evaporative cooling.
- Resilience and lower costs: Using no water reduces site risk and avoids infrastructure costs related to treatment, redundancy, and billing; savings CDC passes through to its customers.
- Zero Waste Certification: CDC's NSW facilities are certified zero-waste, supporting the responsible disposal of IT infrastructure, construction waste, and operational materials.

Evolution of data centre design

One of CDC's defining traits is its deep technical integration, it doesn't just operate data centres; it designs, builds, and refines them in-house. This hands-on approach gives CDC the agility to respond to shifting customer needs and evolving technological demands.

One of CDC's early moves, and now one of its biggest advantages, was its early adoption of liquid cooling. Nearly two decades ago, when the industry considered introducing liquid into a data hall heresy, CDC chose to design for it anyway. That decision is now paying off.

- Why it matters: AI workloads and next-generation GPUs generate significant heat, requiring far more efficient cooling than traditional air systems can handle.

- CDC's advantage: Many global operators now face costly and disruptive retrofits or, more commonly, facility obsolescence. CDC's data centres, even the oldest, were built to support liquid cooling from day one.
- Technical edge: CDC's design has been proven to support the high rack power densities, high floor loading and fluid systems to facilitate liquid-cooled hardware rollouts, like NVIDIA's Blackwell chips.

Combined with in-house engineering and real-time design feedback loops, CDC can build and adapt for cutting-edge workloads faster and more reliably than most operators globally.

Demand for data centres and modern workloads

The demand for data centre infrastructure is not just growing, it's undergoing a seismic shift. Traditionally, data centres supported enterprise IT, government systems, and web hosting. Then came the rise of cloud computing, which layered in hyperscale workloads. Now, a third wave, AI, is emerging. These waves don't replace each other. They stack, creating new layers of additional demand and reinforcing the need for adaptable, high-capacity infrastructure.

CDC now delivers or is contracted to deliver capacity to the world's largest western hyperscalers, which dramatically expands the size of the opportunity ahead. These customers typically sign large, long-term contracts and often expand their footprint over time as usage grows. Critically, AI-related demand is just starting, with CDC already pre-positioning capacity in anticipation of significant increases.

AI revolution

Artificial intelligence is reshaping the digital infrastructure landscape, and with it, the data centre industry. AI is expected to become one of the major drivers of data centre growth in the near future.

CDC is already deploying AI-ready environments today, including advanced high rack power densities, high floor loading and fluid systems that will be standard for AI infrastructure by the end of the decade. Most existing data centres globally cannot meet these requirements, nor can they be retrofitted easily. This gives CDC a critical advantage given its design, experience and agility.

Australia's unique advantages for data centres

As global demand for AI infrastructure surges, Australia and New Zealand are emerging as important geographies thanks to a combination of geopolitics, energy stability and regulatory trust.

One of the most important developments affecting the global AI landscape is the "AI Diffusion Framework" introduced in the final days of the Biden Administration in the U.S. This framework restricts the export of the most advanced AI chipsets and supporting technology like NVIDIA's GPUs to certain countries.

Under the Framework, the world has been divided into three tiers.

- Tier 1 (unrestricted): Only five countries in the Asia-Pacific region; Australia, New Zealand, Japan, South Korea, and Taiwan are allowed to receive unrestricted shipments of advanced U.S. AI hardware.
- Tier 2 (limited access): Includes Singapore, India, Malaysia, and others; where each country's capacity is limited under current rules.
- Tier 3 (no access): Includes China and other restricted jurisdictions.

This means the global supply of AI hardware now has a much narrower set of countries it can be deployed in. Among them, Australia stands out due to:

- Available land and power: Compared to Japan, Taiwan, or South Korea, Australia has fewer geographic constraints and more reliable transmission infrastructure.
- Stable and growing renewable energy mix: Australia is already at ~40% renewables and doesn't face the rolling blackouts or capacity crises affecting other markets, with data centres account for only ~1% of the grid consumption.
- Political and regulatory certainty: As a Five Eyes partner with strong cybersecurity and privacy frameworks, Australia gives global tech companies confidence that their investments are safe.

CDC is set to capitalise on this opportunity. Its campuses like Marsden Park (700MW+), Brooklyn and Laverton (780MW+ combined) are some of the largest in the region. Its relationships with global hyperscalers and AI platform providers, plus its NVIDIA partnerships, position it to capture a disproportionate share of this redirected global demand.

In short, Australia is developing a strategic advantage that is attracting the world's biggest technology firms, and CDC is well placed as a result of its existing relationships.

Outlook

CDC is entering a period of significant opportunity. It expects its earnings to double over the next two years, with approximately 80% of that growth already contracted. The business is on track to meet its FY25 EBITDAF guidance of A\$320-A\$330 million and formal FY26 guidance will be provided at Infratil's May results.

Several trends underpin this positive outlook:

- Long-term customer contracts with low risk - WALE of ~30 years (including options).
- Strong capital base, backed by Infratil, Commonwealth Superannuation Corporation (CSC) and Australia's sovereign wealth fund, the Future Fund, plus low-cost debt sourced from diversified global markets.
- Rising operational leverage as campuses scale and systems improve.

All of these lead to a consolidation of customer demand, with CDC becoming a preferred partner for larger and more strategic deployments.

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