Megaport

Global Update

Megaport continues growth trajectory with a new global strategic partnership with Oracle and agreements with key Master Agencies, expands its service footprint, and increases revenue 17% QoQ.

Brisbane, AUSTRALIA 27 April, 2017 Megaport Limited (**ASX:MP1**) provides global market update.

Executive Summary

In 3Q FY17 Megaport entered into a global partnership with Oracle (NYSE: ORCL) to enable unparalleled, direct access to Oracle Cloud Services via Oracle FastConnect. This represents an Industry-leading level of integration between IaaS, SaaS, and Software Defined Networking to provide global connectivity to enterprises. The Company has also connected Sydney and Los Angeles, enabling multi-cloud connectivity for customers in ANZ and North America. Megaport Exchange, a services marketplace for Megaport's global ecosystem of customers and service providers was launched. Ten-year IRUs were signed with Superloop (ASX:SLC) to service the Asia-Pacific Region and support long-term capacity with reduced costs.

Megaport's Chief Executive Officer, Vincent English, "This has been another quarter of significant progress across all key aspects of the business, including network, partnerships, customers, revenues, and profitability. Growing our ecosystem of service providers to add more value to our platform is an ongoing priority, and the addition of Oracle Cloud Services across our SDN is a major step forward in that respect. The IRUs and long lease will yield substantial monthly Direct Network savings over the life of the agreement, increasing our competitive advantage, and enabling us to position the Asia-Pacific region towards profitability. Connecting Australia to North America and delivering Megaport Exchange means that we can now provide more comprehensive connectivity options for customers."

3Q FY17 Performance Highlights

- Revenue for the period was $2.94M, an increase of 17% from the last quarter.
- Total monthly recurring revenue at the end of the quarter was $1M, an increase of $93K, 10% QoQ.
- Total Services[1] increased in the quarter to 3,269, or 18% in the period due to a substantial uplift in Virtual Cross Connections (VXCs), 36% QoQ.
- Average Revenue per Port is $605. Prior period was $615.
- The Asia-Pacific and Europe business units are generating a profit after direct

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[1] Total services comprise of Ports, Virtual Cross Connections (VXCs), and Internet Exchange (IX).

network costs[2]
- At the end of March 2017, the company's cash position was $16.6M

Megaport's Chief Financial Officer, Haidee Van Ruth, said, "In the third quarter of Fiscal Year 2017, we've achieved 17% growth which positions us at a one million dollar monthly recurring revenue milestone. This is a reflection of increased product traction as we have expanded our footprint to address additional markets. Enterprise adoption of direct connectivity to service providers is fueling growth in our services, particularly VXCs. This is in turn helping drive our revenue growth."

Key Performance Metrics

	September 2016	December 2016	March 2017	Growth
Ports	1,409	1,479	1,658	12%
Total Services	2,412	2,768	3,269	18%
Data Centres	132	141	150	6%
Countries	19	19	19	
Customers	561	621	676	9%
Monthly Recurring Revenue	$794K	$909K	$1M	10%

Ecosystem Expansion Update

Megaport Exchange:
Megaport's neutral, inclusive marketplace, Megaport Exchange, enables the discovery of service providers on the Megaport SDN. It puts control back in the hands of customers so they can connect with who they want and when they want to meet their specific business needs. Service providers can expand their addressable market by participating in Megaport Exchange which is directly integrated to the Megaport portal (megaport.al) and directly connecting with customers across the Megaport SDN.

- **Asia-Pacific:** 45 total data centres. Megaport connected Sydney and Los Angeles to support global multi-cloud interconnection. The Company's Internet Exchange,

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[2] Direct network costs comprise data centre power and space costs, physical cross connect fees, bandwidth and dark fibre costs, network operation and maintenance fees, and channel commissions, which are directly related to generating the service revenue of Megaport Group.

Mega-IX has held number one for peak traffic in Auckland since early April. Many large name customers joined the Ecosystem, including Virgin Australia and Tiger Airways. An additional cloud on-ramp was established with Amazon Web Services in Melbourne.

- **Americas:** 57 total data centres, with the addition of seven new data centres in the United States (Ashburn, Cincinnati, Norfolk, New York, Chicago), and two new data centres in Canada (Montreal, Quebec) in the period. Three additional Cloud on-ramps were established in the period: AWS GovCloud Dallas, Azure Quebec, Azure Toronto.
- **Europe:** 57 total data centres. The region is Operating EBITDA(footnote) positive. Network integration is underway with ECIX Munich locations already integrated to the Megaport SDN and the remaining footprint is on track to be completed this financial year. Three additional Cloud on-ramps were established in the period: AWS London, AWS Frankfurt, Azure Berlin.

Partnership Update

Oracle (NYSE: ORCL):
Megaport has entered into a partnership with Oracle to provide global cloud connectivity for enterprises through an Industry-leading level of integration between IaaS, SaaS, and Software Defined Networking. Through this initiative, Megaport and Oracle will provide an easy, cost effective way for enterprises to create dedicated and private connectivity to Oracle Cloud Services that can scale rapidly with changing business needs. This partnership entails global availability as customers can access the Megaport global network in over 20 major markets in Asia Pacific, North American, and European regions through all 150 points of presence. The collaboration also leverages deep API integration, enabling enterprise customers to self-provision FastConnect via Megaport's web based portal or API to supported Oracle regions, initially in North America with additional locations to be added soon.

Seaborn Networks:
The Seaborn Strategic Alliance is well underway with deployment activities in Sao Paolo, New York, and New Jersey metro areas. Seaborn's Seabras-1 Cable go-live date is planned for June 2017 and Megaport is aligned to be service ready for that deadline.

Digital Realty Trust, Inc (NYSE:DLR):
Megaport and Digital Realty Trust are executing on go to market initiatives, including a joint multi-market roadshow to continue enabling enterprises to utilise Service Exchange Powered by Megaport for direct cloud connectivity and hybrid architectures. The partnership and initial go to market efforts have yielded a significant pipeline that is fueling growth in services.

CyrusOne (NYSE:CONE):
Megaport has deployed to four new data centres in the last quarter bringing the total number of CyrusOne enabled data centres to seven. The Company continues to see substantial traction within CyrusOne facilities. CyrusOne has been aggressively positioning Megaport services with its customer base and is executing go to market initiatives to drive more

business towards to Megaport. The addition of the new data centres expands Megaport's addressable market and revenue opportunities with CyrusOne's dense enterprise customer base.

EdgeConneX:
Three additional builds into EdgeConneX data centres (Houston, Boston, Santa Clara) are underway as a result of an expanded strategic partnership entered into earlier in the reporting period. These expansions are driven by demand from enterprise customers and Cable Operators pursuing direct cloud service offerings.

Channel Partners
The Company has made significant progress with its channel strategy and has signed partnerships with three new enterprise cloud-focused Master Agencies: Telecom Brokerage Inc (TBI), Avant Communications, and Advantage Communications Group. Our focus is on enabling the Master Agencies to deliver services to a wider enterprise base.

Conclusions and Outlook

Vincent English, Chief Executive Officer, said: "Revenue acceleration and driving Megaport towards profitability remain top priorities going into the next several quarters. Expanding our Network and continued development of our partnerships and channel relationships will result in the desired impact of expanding our addressable market while bolstering our sales capabilities. Bringing Oracle, a leading Cloud Service Provider, into the Megaport Ecosystem provides more value to our customers and the data centres we empower with direct cloud connectivity. Strengthening our channel strategy with the addition of Master Agencies specialising in the enterprise-to-cloud space positions us to maximize our go-to-market capabilities. We will continue to drive down our overall costs through opportunistic commercial deals and partnerships that enable capacity and reduce our costs. Ultimately, we're ramping up into the last part of Fiscal Year 2017, and we have set the foundations for a strong finish."

More information can be found in the Appendix 4C lodged by Megaport with the ASX on 27 April 2017.

Supporting Resources
- Visit Megaport: https://megaport.com/
- Follow Megaport on Twitter: @megaportnetwork
- Like Megaport on Facebook
- Follow Megaport on LinkedIn

About Megaport

Megaport is the global leading provider of Elastic Interconnection services. Using Software Defined Networking (SDN), the Company's global platform enables customers to rapidly connect their network to other services across the Megaport Network. Services can be directly controlled by customers via mobile devices, their computer, or our open API. The Company's extensive footprint in Australia, Asia Pacific, North America, and Europe, provides a neutral platform that spans many key data centre providers across various markets.

Established in 2013 and founded by Bevan Slattery, Megaport built the world's first SDN-based Elastic Interconnection platform designed to provide the most secure, seamless, and on-demand way for enterprises, networks, and services to interconnect. Led by Vincent English, Megaport has been built by a highly experienced team with extensive knowledge in building large scale global carrier networks and connects over 675 customers throughout its 150 data centres in 37 cities across 19 countries. Megaport is an Oracle Partner, Amazon AWS Technology Partner, Microsoft Azure ExpressRoute Partner, and Google Cloud Interconnect Partner.

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