



Megaport

2017 Strategic Placement

June 2017

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Our Business

We make connectivity easy

What makes us different?



Pay for what you use



POINT



CLICK



CONNECT

Ease of use



Fast, Instant, and Secure



Google Cloud Platform

ORACLE®

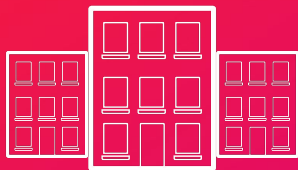
CLOUD

Microsoft Azure



Leading Service Providers

Who do we connect?



Enterprises



Cloud Service Providers



Data Centre Operators



Network Service Providers

Connecting everyone to everything

Megaport is the leading Software Defined Network (SDN) connecting data centres to cloud, and cloud to enterprise



There are over **4000** commercial enterprise data centres

165 Megaported data centres

Only approximately **80** cloud on-ramp locations

Global Ecosystem

Direct, secure connectivity to hundreds of cloud and network service providers.

731

*Active Customers

230+







**Service Providers

165

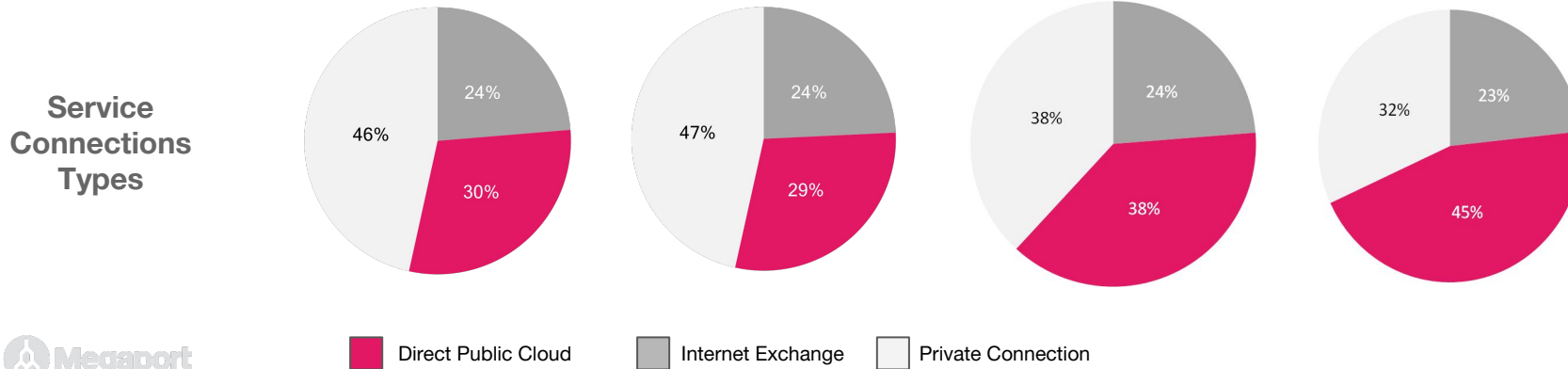
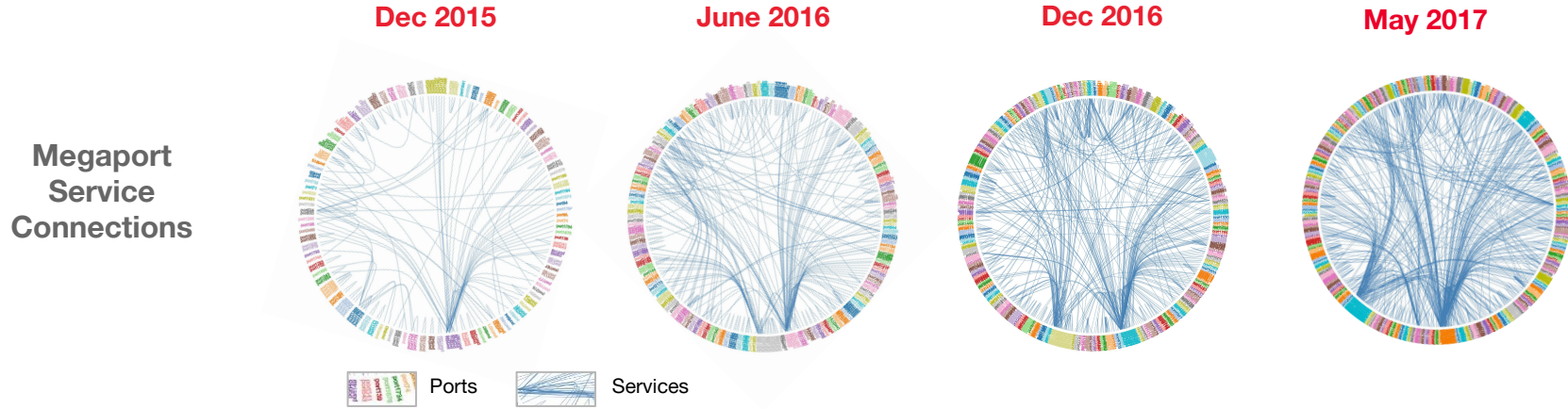
Locations



Our Competitive Advantage

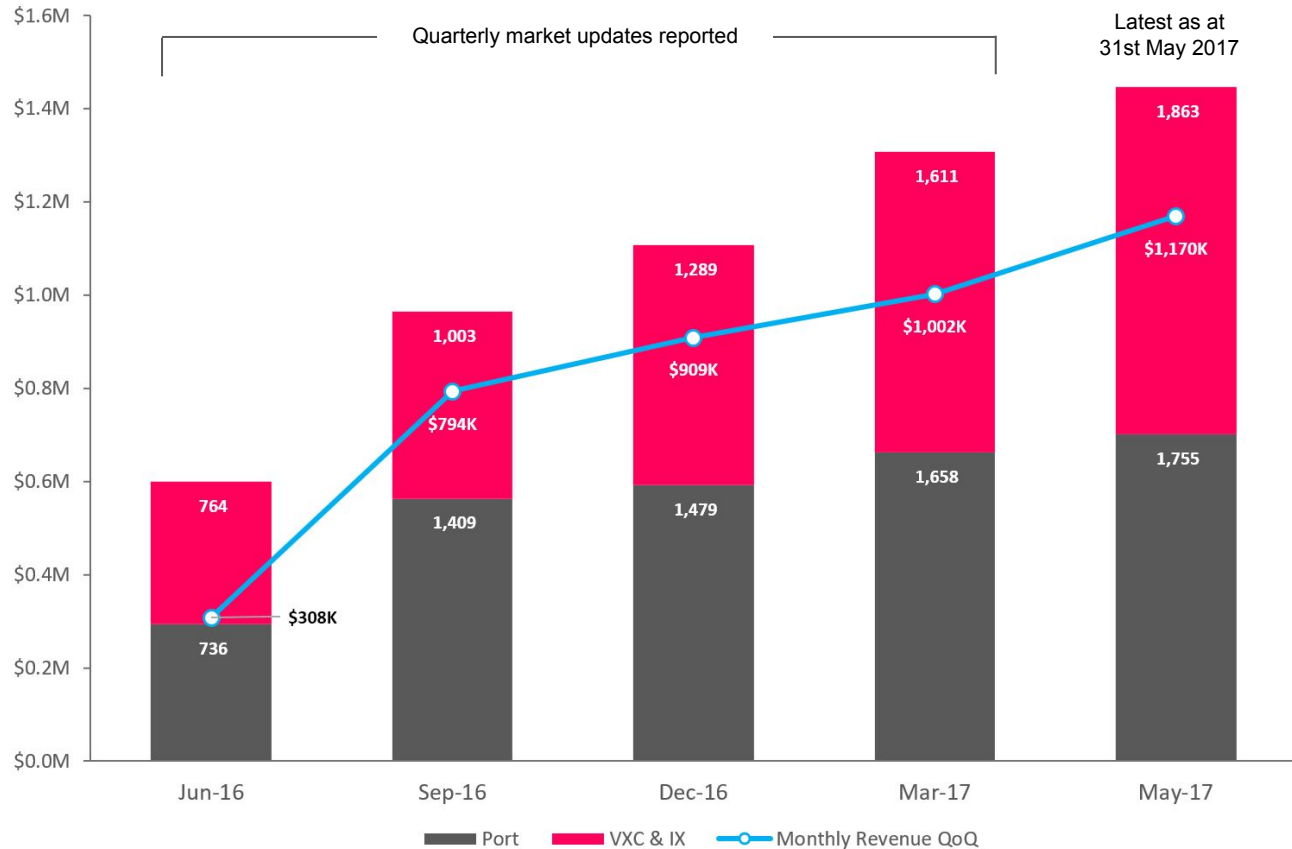
	Megaport's Network on Demand	Traditional Network
 Pricing	Pay for what you use, no setup fees	Expensive locked-in pricing model Expensive setup costs
 Speed	Real-time provisioning (59 seconds)	Long setup times (1 week - several months)
 Capacity	Elastic, right-sized capacity	Fixed capacity
 Terms	Flexible terms, month to month contract	Locked-in long term contracts
 Providers	Neutral, one-stop shop featuring all service providers	Limited Service Providers
 Ease of Use	Intuitive portal to manage network	Multiple emails, calls to vendors, and paper contracts

Adoption of Megaport Services



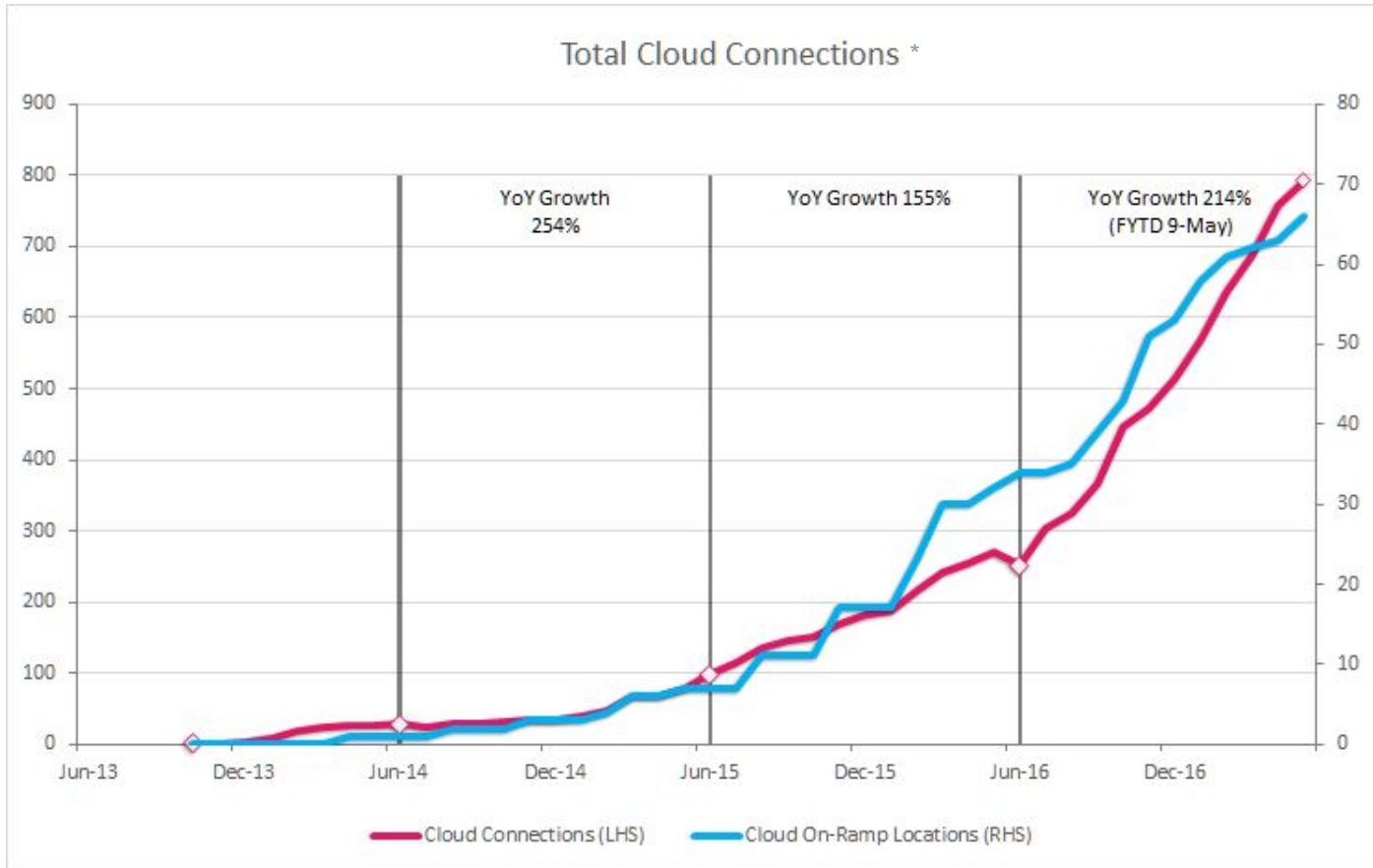
Growth Trends

Increased services per port drives greater monthly recurring revenue growth



Note: chart represents data at the end of each period

Cloud Connection Growth over Megaport



Megaport enabling CSP's growth with 66% of cloud connections from outside CSP on-ramp locations

Strong correlation between connections to onramps and cloud connection adoption

*Data as of 9th May 2017

Investment Opportunity

The Opportunity

MegaPort is the **first global SDN** aligning network to cloud

Top 5 Global Cloud Service Providers rely on MegaPort

214% growth YTD for cloud service connections

MegaPort is the market leader in **Elastic Connectivity**

MegaPort currently enables **49 Data Centre Providers**

MegaPort will expand to an additional **60+ locations in next 12 months**,
deepening our first mover advantage

MegaPort is broadening its share register with **international investors** reflecting
its global business

**Network
Virtualization is the
next stage of IT
transformation**

**In early phase of
cloud adoption and
positioning
Company to capture
revenue
opportunities as
adoption accelerates**

**Reducing barrier to
entry for cloud
adoption through
reliable and scalable
connectivity**

Capital Raising

Megaport is conducting a \$27.8 million equity raising via the issue of approximately 13.235 million shares:

- A cornerstone placement to certain strategic investors (including Digital Realty who will take a 4.9% interest^{*} in MP1) to raise \$11.4 million has been completed (**Strategic Placement**)
- A fully underwritten institutional placement to raise a further \$16.4 million (**Institutional Placement**)

The Strategic Placement and Institutional Placement will be conducted at the same offer price of \$2.10

Represents a 6.7% discount to the close price on 27 June 2017

New shares issued will rank equally with existing MP1 shares

Indicative Timetable

Trading Halt and Announcement of Equity Raising	Wednesday June 28 2017
Institutional Placement Bookbuild Opens	Wednesday June 28 2017
Institutional Placement Bookbuild Closes	Wednesday June 28 2017
Trading Halt Lifted	Thursday June 29 2017
Settlement of Strategic Placement	Friday June 30 2017
Settlement of Institutional Placement	Monday July 3 2017
Allotment and Trading of Shares	Tuesday July 4 2017

Note the above times are equivalent to Sydney, Australia time. The above timetable is indicative only and may change without notice.

^{*}Based on Megaport's post-equity raise total shares outstanding

Use of Funds

\$

US\$¹

Capital Expenditure

New Locations (Global) and Platform Upgrades

\$6.4

\$4.8

Total

\$6.4M

\$4.8M

Ongoing Operating Costs of Network, Staff

To bridge to Group EBITDA positive

\$15.0

\$11.25

Total

\$15.0M

\$11.25M

Development Investment

\$5.4

\$4.1

Capital Raising Costs

\$1.0

\$0.8

Total

\$27.8M

\$20.9M

**Current cash position
31 May 2017**

\$12.4M

**Strategic
Capital Raising**

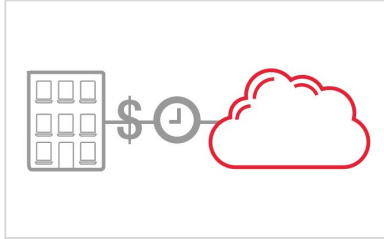
\$27.8M

US\$20.9m

¹ For indicative purposes FX rates for conversion AUD\$ to USD\$ = 0.75

Use Case: Woodside

The Woodside case illustrates how Megaport provides cost-effective and flexible cloud connectivity, even in remote locations with limited cloud access.



Challenge

Lack of localised public cloud infrastructure meant **prohibitive costs** and **lengthy provisioning time**.

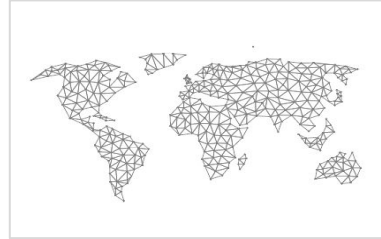
Maximize availability in a historically spotty service market



Solution/Result

Megaport's competitive pricing, neutrality, and flexible consumption model enabled Woodside an **agile solution**. Cost savings afforded the company to create a more **complex** model for their business needs.

The company was connected in **three days** and scales capacity in **under 59 seconds**.



Future Plans

Recently enabled secondary PoP for **redundancy** - next step to balance traffic.

Leverage Megaport services / ecosystem **globally**.

Join the **Mega-IX**.



Woodside is a \$24.7B Australian petroleum exploration and production company with wide ranging global operations.

Use Case: Virgin Australia

The Virgin Australia case illustrates a different way for companies to use Megaport services, outside of connecting to the cloud.



Intention:

The company has already been using Megaport to **connect to the cloud**.

Due to successful service deployment, Virgin Australia referred Megaport to their subsidiary, **Tiger Airways** to support interlinking projects relying on shared data and systems..

Unique Proposition:

With Megaport Ports established in their respective locations (Virgin Australia and Tiger Airways), the companies **connect directly** to transfer data over a private, scalable connection to support the onboarding of services and then right-sizing connectivity to support stateful, operational connectivity.

Future Plans:

Supplementing AWS connectivity to support with connections to Microsoft Azure to support **Multi-cloud architecture**.

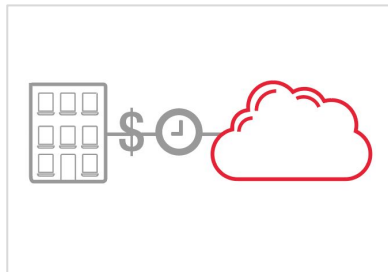


Virgin Australia is a \$1.4B company and Australia's second-largest airline serving 54 destinations nationally and internationally.

Use Case: News Corp Australia

News Corp leverages Megaport's SDN for multi-cloud connectivity to support their digital media platforms

News Corp



Challenge

Security requirements, IT staffing needs, and high-cost network infrastructure were mitigating organisational agility and speed to market.



Solution/Result

News Corp deployed a multi-cloud strategy with AWS, Google Cloud, and Microsoft Azure for a faster, secure, consumption based strategy.



Future Plans:

Continue with expand multi-cloud strategy as Megaport enables more partners.

Leverage the MegalX peering platform to reduce overall transit costs

"...The recent addition of Microsoft Azure ExpressRoute as a choice on the Megaport Fabric means that we can now seamlessly interconnect to all three of our key public cloud services through a single provider."

Nicholas Tan,
Chief Architect for
Infrastructure/Cloud

Risks

Dependence on key personnel

Megaport depends on the skills and experience of its staff and employees. With only a small number of employees, it is essential that appropriately skilled staff be available in sufficient numbers to support the Company's business. Megaport requires staff to have a variety of skills and expertise, some of which may be considered niche specialities in which there are limited practitioners available for recruitment. While the Company has initiatives to mitigate this risk, the loss of key staff may have a negative impact on Megaport. The loss of key staff to a competitor may amplify this impact.

Short operating record

Megaport is a recently established Company and has little operational track record with a number of the key personnel only recently appointed. As a result the execution of Megaport's business plan may take longer to achieve than planned and costs of doing so may be higher than budgeted.

Megaport's operational business plan requires upfront capital investment, and there can be no assurance that subsequent operational objectives will be achieved. Accordingly, the Company may need to raise capital sooner than expected, and with fewer operational objectives achieved, which may have an adverse effect on the Company's share price. Failure to achieve operational objectives may also have a material adverse impact on the financial performance and/or position of the Company.

Funding and capital

Megaport's business is not capital intensive in nature, though the continued growth of the Company relies on the development of new markets, new locations, customer acquisition, retention investment, and ongoing maintenance of existing infrastructure and software platform. Megaport requires sufficient access to capital to fund this expenditure. Failure to obtain capital on favourable terms may hinder Megaport's ability to expand and pursue growth opportunities, which may reduce competitiveness and have an adverse effect on the financial performance, position and growth prospects of the Company.

Megaport's continued ability to implement its business plans effectively over time may depend in part on its ability to raise future funds. There is no assurance that additional funds will be available in the future, and/or be secured on reasonable commercial terms. If adequate funds are not available or not available on reasonable commercial terms in the future, then Megaport may not be able to take advantage of opportunities, develop new ideas or otherwise respond to competitive pressures.

Interruptions to operations, including infrastructure, and technology failure

Megaport could be exposed to short, medium or long-term interruptions to its operations as it relies on infrastructure and technology to provide its services. Megaport may be unable deliver a service as a result of numerous factors, including:

- human error
- power loss
- improper maintenance by entities not related to Megaport
- physical or electronic security breaches
- fire, earthquake, hurricane, flood and other natural disasters
- water damage
- intentional damage to the networks from vandalism
- accidental damage to the networks from civil works
- war, terrorism and any related conflicts or similar events worldwide
- sabotage and vandalism

Competitive landscape and action of others

Megaport will operate in a competitive landscape alongside a number of other service providers with competing technologies, product offerings and geographic presence.

Megaport currently enjoys early mover advantage in its deployed markets. However, Megaport may face competition from new entrants to the network-as-a-service and elastic fabric markets who may have significant advantages including greater name recognition, longer operating history, lower operating costs, pre-existing relationships with current or potential customers and greater financial, marketing and other resources. If competitor product offerings are perceived to be superior to Megaport's, or competitors are able to offer prices below Megaport's prices, Megaport may lose existing or potential customers, incur costs to improve its network or be forced to reduce prices.

Exchange rate movement

Megaport is exposed to exchange rate movements, including A\$/US\$ and A\$/EUR rates. Because a proportion of Megaport's payments for cost of network equipment and services are made or are expected to be made in foreign currency, primarily US dollars, movements in exchange rates impact on the amount paid for assets, inventory and on-going services. Also, because a proportion of Megaport's revenues and profits is likely to be earned overseas, movements in exchange rates impact on the translation of account balances in Megaport's foreign operations. Therefore, movements in exchange rates, particularly the A\$/US\$ and A\$/EUR rate, may have an impact on Megaport's financial position and performance.

Ability to attract and retain employees

Megaport's business is dependent on attracting and retaining quality employees. Megaport's ability to meet its labour needs while controlling costs associated with hiring and training new employees is subject to external factors such as unemployment rates, prevailing wage legislation and changing demographics in its operating markets. Changes that adversely impact Megaport's ability to attract and retain quality employees could materially adversely affect Megaport's future financial performance and position.

Reputational damage

The reputation of Megaport could be adversely impacted by a number of factors including failure to provide customers with the quality of service they expect, significant network issues, disputes or litigation with third parties such as customers, employees, or suppliers or adverse media coverage. A significant decline in the reputation of Megaport could have an adverse effect on Megaport's future financial performance and position.

Protection of intellectual property

Megaport's ability to leverage the value of network-as-a-service and SDN technology depends on its ability to secure ownership of and protect its intellectual property including any improvements to existing intellectual property. The intellectual property may not be capable of being legally protected or Megaport may incur substantial costs in asserting or defending its intellectual property rights. Megaport's intellectual property may also be lost, stolen or compromised as a result of an unauthorised electronic security breach. Megaport actively seeks to protect its intellectual property by contractual assignment and patent protection.

Risks of acquisitions and the failure to integrate acquired businesses

Megaport has made two acquisitions in Europe and may make further acquisitions in the future. However, there can be no assurance that the acquired companies and businesses will continue to perform as expected or that Megaport will succeed at effectively managing the integration of acquired companies and businesses. If the expected synergies from such transactions (either present or future) do not materialise or Megaport fails to successfully integrate such new businesses into its existing business, Megaport's results from the acquired operations could be adversely affected.

Risks

Regulatory compliance

Megaport is required to comply with the laws governing telecommunications in each jurisdiction in which it operates. This may require Megaport to hold certain licences. Specifically, Megaport Singapore is required to hold, and does hold, a services-based operator (class licence) under the Telecommunications Act (Chapter 323) and Megaport Hong Kong is required to and does hold a services-based operator licence under the Telecommunications Ordinance.

Megaport must comply with a complex range of laws and regulations. Regulatory areas which are of particular significance to Megaport include employment, occupational health and safety, property and environmental, customs and international trade, competition and taxation.

These regulations also give rise to significant requirements and compliance costs for Megaport. Non-compliance with such regulations, changes in the interpretation of current regulations, loss or failure to secure renewal of an accreditation, or the introduction of new laws or regulations may lead to ones imposed on Megaport by the relevant regulatory authority or Governmental body, revocation of permits or licenses, or damage to Megaport's reputation and may have a material adverse effect on Megaport's costs, business model and competitive environment and therefore could materially adversely affect Megaport's future financial performance and position.

Doing business outside of Australia

Megaport currently has, or proposes to establish, operations in Australia, Singapore, Hong Kong, New Zealand, Europe and the USA. Accordingly, Megaport is exposed to a range of multi-jurisdictional risks such as risks relating to labour practices, environmental matters, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regime (including in relation to taxation and foreign investment and practices of government and regulatory authorities) and other issues in foreign jurisdictions in which Megaport operates. Businesses that operate across multiple jurisdictions, such as Megaport, face additional complexities from the unique business requirements in each jurisdiction.

The management team of Megaport has diverse and global operational experience building and operating networks outside of Australia, including the United States, Canada, Europe, and other markets in Asia such as Singapore and Japan. Management experience will help to mitigate, but will not remove, this risk.

Counterparty obligations

Megaport currently has operations in Australia, Singapore, Hong Kong, New Zealand, Europe and the USA. Megaport relies on third parties, such as customers, suppliers, landlords, contractors, intellectual property licensors, technology alliance partners, joint venture partners and other counterparties to operate its business. Megaport does not currently have all third-party material contracts in place that will be needed for Megaport to operate its business, and may be unable to secure contracts for such arrangements on commercially reasonable terms. For example, in the US, Megaport is yet to finalise arrangements with data centre operators that are necessary for Megaport to provide connectivity for customers.

Where arrangements are already in place, some third parties may not be willing or able to perform their obligations to Megaport. Periods of economic uncertainty increase the risk of defaults by counterparties. If one or more key counterparties default on their obligations to Megaport or encounter financial difficulties, this would have an adverse effect on Megaport's future financial performance and position.

Even where counterparties perform their contractual obligations, the relevant agreements may have insufficient protections for Megaport.

Thank you

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Contact

investor.centre@megaport.com

ASX:MP1