



Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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26th October 2017

September 2017 Quarter Cash Flow Report and Performance Highlights

Megaport Limited (ASX: MP1) has today released the September 2017 quarter Appendix 4C.

1Q FY18 Performance Highlights

1Q FY17 highlights:

- Revenue for the period was \$4.15M, an increase of 19.6% from the last quarter.
- Total monthly recurring revenue for September 2017 was \$1.31M, an increase of \$94K, 8% QoQ.
- Total data centres enabled were 173 at the end of the quarter.
- Customers increased by 6% QoQ to a total of 783.
- Total Ports increased in the quarter to 2,064, or 13% increase QoQ.
- Total Services were increased to 4,422 this quarter (17% increase QoQ), of which VXC's increased in the quarter to 1,761 or 28% increase QoQ.
- Average revenue per Port in September 2017 is \$636
- At the end of September 2017, the Company's cash position was \$28.1M.

1Q FY18 Cash Flow Commentary

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Operating Activities

Receipts from customers were up slightly for the quarter to \$4.0M, representing an increase of 14.9% QoQ. The increase is attributable to increase in monthly recurring revenue QoQ and improvement in management of working capital.

Network operating costs cash outflows of \$3.6M are up by 44% on previous quarter representing bandwidth, colocation, and cross connect expenses across our expanding network. The increase is in line with the increase in data centres, ports and services during the quarter.

Advertising and marketing spend was \$246K in the quarter, an \$88K decrease from the previous quarter reflecting the move to more cost effective digital marketing strategies.

Staff costs of \$4.2M have decreased by \$507K from previous quarter representing savings in headcount and some movements in staff.

Administration and corporate costs were \$1.7M, up slightly by \$168K from the previous quarter, reflecting additional costs for the capital raising which concluded on 3rd July 2017.

Investing activities

Capital Expenditure was \$1.3M, an increase of \$348K on the previous quarter, reflecting the addition of 8 new sites to the network. Current capital investment is for locations being deployed in the Americas, Europe and Asia-Pacific.

Intellectual Property increased to \$298K for the period relating to the increasing investment in software development.

Other non-current assets reflect \$1.6M for partial Singapore and Hong Kong IRU payment during the period.

Financing activities

The \$16.1M net cash inflow represents the final settlement capital raising placements took place in June 2017. More information regarding the capital raising can be found in the market announcement and investor presentation released to the ASX on 28 June 2017.

Cash Position

The cash and cash equivalents at the end of the Quarter was \$28.1M. There is \$1.0M of funds held in escrow for future settlement of prior year acquisition of business. This amount is included in the closing cash and cash equivalents.

Name of entity

Megaport Limited

ABN

46 607 301 959

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		4,030	4,030
1.2 Payments for			
(a) research and development		(71)	(71)
(b) product manufacturing and operating costs		(3,645)	(3,645)
(c) advertising and marketing		(246)	(246)
(d) leased assets		(47)	(47)
(e) staff costs		(4,231)	(4,231)
(f) administration and corporate costs		(1,656)	(1,656)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		73	73
1.5 Interest and other costs of finance paid		(31)	(31)
1.6 Income taxes paid		(16)	(16)
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(5,840)	(5,840)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(1,319)	(1,319)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	(298)	(298)
	(e) other non-current assets	(1,568)	(1,568)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Net movement in term deposits)	3	3
2.6	Net cash from / (used in) investing activities	(3,182)	(3,182)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	16,495	16,495
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(409)	(409)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	16,086	16,086

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	21,027	21,027
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,840)	(5,840)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,182)	(3,182)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	16,086	16,086
4.5	Effect of movement in exchange rates on cash held	(39)	(39)
4.6	Cash and cash equivalents at end of quarter	28,052	28,052

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	27,097	20,012
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) – Funds held in escrow for future settlement of acquisitions	955	1,015
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	28,052	21,027

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
221
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
123
-

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8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		


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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	85
9.2 Product manufacturing and operating costs	3,827
9.3 Advertising and marketing	259
9.4 Leased assets	47
9.5 Staff costs	4,655
9.6 Administration and corporate costs	1,799
9.7 Other (provide details if material)	
Property, plant & equipment	414
Intellectual property	744
9.8 Total estimated cash outflows	11,830

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director)

Date: 26 October 2017

Print name: Vincent English

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.