

ASX Release

21 February 2018

H1 FY18 Results and Global Update

Megaport reports revenue growth of 98%, launch of Megaport Cloud Router (MCR), and new Cloud Service Provider and Data Centre partnerships

Megaport Limited (ASX:MP1) today reported its first half earnings to 31 December 2017 including a general market update.

Performance Highlights

H1 FY18 Financial Highlights

- The Company's revenue for the half-year period ended 31 December 2017 was \$8.8M, an increase of 98% from the same period ended 31 December 2016.
- Total monthly recurring revenue for the month of December 2017 was \$1.6M, an increase of \$0.69M or 78% from the month of December 2016.
- The business generated a profit after direct network costs¹ of \$2.1M for the half-year period ended 31 December 2017 compared to a loss after direct network costs of \$831k in the same period ended 31 December 2016.
- Net loss for the half-year period ended 31 December 2017 was \$13.3M.
- At 31 December 2017, the company's cash position was \$21.1M.

Vincent English, Chief Executive Officer, Megaport Limited said: "The first half of fiscal year 2018 saw the company driving increased adoption of Megaport services which grew significantly while we continued to expand our network footprint into markets underserved by cloud connectivity. Revenue grew 98% through increased Port adoption as well as increased utilisation of services. This, in turn, has had a positive impact, resulting in a \$2.1M profit after direct network costs in this reporting period."

¹ Direct network costs are comprised of 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.

Key Performance Metrics

Executing on global growth opportunity and first-mover advantage

The key metrics to the end of December 2017 are:

	December 2017	June 2017	Change
Data Centres	185	165	Up 12%
Customers	860	738	Up 17%
Ports	2,259	1,829	Up 24%
Services*	5,041	3,764	Up 34%
Monthly Recurring Revenue	\$1.6M	\$1.2M	Up 31%

*Services includes Ports, VXC's, and IX

H1 FY18 Operating Highlights

- Total Services² increased from June 2017 to December 2017 by 1,277, or 34%.
- Average Revenue per Port increased to \$707 for the period.

Market Updates

On 22 January 2018, the Company launched Megaport Cloud Router, a new product that enables virtual routing services and addresses key challenges for cloud networking and the expansion of network-based services around the globe. More information about MCR can be found at <https://www.megaport.com/megaport-cloud-router/>

Megaport entered into several new strategic partnerships including two key cloud partnerships with IBM Cloud and Salesforce as well as new data centre partnerships with Cyxtera, vXchnge, HKT SkyExchange, QTS, Stream Data Centers, and Iron Mountain.

On 19 February 2018, Steve Loxton joined Megaport as Chief Financial Officer. Steve brings over 27 years of experience in leadership roles across finance and investment. Prior to Megaport, Steve was integral to originating Australian infrastructure investments for Canada Pension Plan Investment Board, one of the world's ten largest retirement funds.

Vincent English, Chief Executive Officer, Megaport Limited said: "The number of customers accessing multicloud connectivity on the Megaport SDN grew 107% in the first half of the fiscal year. This is a reflection of the continued growth of our service provider Ecosystem as more customers are taking advantage of key features and capabilities enabled by multiple IaaS, PaaS, and SaaS providers. Our recent partnership with IBM Cloud, for example, now empowers customers with direct connections to services optimised for AI, analytics, blockchain, Internet of Things, serverless, and more. Our Salesforce partnership brings the top CRM and leading Software as a Service company into the mix. We now have

² Total services are comprised of Ports, Virtual Cross Connections (VXC's), and Internet Exchange (IX).

the top seven Cloud Service Providers on our platform which is connected to 102 cloud onramps around the world.”

“The launch of Megaport Cloud Router opens up a number of new Layer 3 use cases on the Megaport SDN. Service providers can further extend the reach of their hosted service offerings rapidly without the need to procure physical infrastructure. Businesses born in the cloud that have virtualised their infrastructure can use MCR to directly connect Cloud Service Providers together to support service interoperability and boost their adoption of multicloud. Our recent data centre partnerships and our expansion into cities like Kansas City, Adelaide, and Wellington highlight our focus on enabling cloud connectivity in markets where enterprises are architecting their cloud strategies.”

Conclusions and Outlook

Vincent English, Chief Executive Officer, Megaport Limited said: “Megaport will continue to focus on capturing our first-mover advantage by expanding into enterprise-rich markets and locations. In doing so, we effectively extend the service reach of cloud onramps which greatly benefits both Cloud Service Providers and enterprises looking to adopt their services. We will further deepen our integration with the hyperscalers to maximise ease-of-use while bringing more Managed and Network Service Providers into our Ecosystem. In the second half of the year we will continue to work with our partners to accelerate service adoption and drive greater revenue. We are very excited to have such a solid first half-year performance and look forward to continuing to accelerate our rollout plans and revenue opportunities.”

More information can be found in the FY18 Half-Year Market Update lodged with the ASX on 21 February 2018.

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 the 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 850 customers throughout over 185 data centres in 37 cities across 19 countries. Megaport is an Alibaba Cloud Technology Partner, Oracle Cloud Partner, AWS Technology Partner, AWS Networking Competency Partner, Microsoft Azure ExpressRoute Partner, Google Cloud Interconnect Partner, and IBM Direct Link Cloud Exchange provider.

Megaport, Virtual Cross Connect, VXC, and MegalX are registered trademarks of Megaport (Services)

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