



Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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23 October 2018

September 2018 Quarter Cash Flow Report and Performance Highlights

Megaport Limited (ASX: MP1) has today released the September 2018 quarter Appendix 4C.

1Q FY19 Performance Highlights

1Q FY19 highlights:

- Revenue for the period was \$6.86M, an increase of 19% from the last quarter.
- Total Monthly Recurring Revenue (MRR) for September 2018 was \$2.4M, an increase of \$400K, 20% QoQ.
- Total Data Centres enabled was 234 at the end of the quarter, an increase of 13 across three regions, 6% QoQ.
- Customers increased by 12% QoQ to a total of 1,161.
- Total Ports increased in the quarter to 3,026, 10% QoQ.
- Total Services increased in the quarter to 7,648, or 16% QoQ, of which VXC's increased in the quarter to 3,784, or 24% QoQ.
- Average Revenue per Port in September 2018 increased to \$788 or 9% QoQ.
- At the end of September 2018, the Company's cash position was \$46.7M (including bank term deposits).

1Q FY19 Cash Flow Commentary

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Operating Activities

Receipts from customers were \$6.6M (Previous quarter: \$5.8M), an increase of \$0.8M or 14% QoQ, reflecting revenue growth of 19% compared to the previous quarter.

Network operating costs cash outflows were \$4.8M (Previous quarter: \$5.4M) representing bandwidth, colocation, and cross connect expenses across our expanded network, a saving of \$0.6M or 11% QoQ.

Advertising and marketing spend was \$282K (Previous quarter: \$247K), an increase of \$35K, reflecting more marketing events and conferences compared to the previous quarter.

Staff costs were \$5.3M, steady QoQ (Previous quarter: \$5.4M).

Administration and corporate costs were \$1.7M, steady QoQ (Previous quarter: \$1.7M).

Investing Activities

Capital expenditure was \$2.2M (Previous quarter: \$2.5M), a decrease of \$0.3M. The decrease is due to the number of data centres rolled out compared to the previous quarter.

Investment in intellectual property was \$626K, reflecting increasing investment in software development and product innovation.

Other non-current assets of \$1.6M reflects the payment of \$1.0M in contingent consideration for the acquisition of Peering GmbH (ECIX business) and the last \$0.6M payment for an IRU in Asia Pacific.

Financing Activities

Net cash from financing activities was \$0.3M, reflecting the exercise of share options by employees.

Cash Position

Cash and bank balances at the end of the quarter was \$46.7M (including bank term deposits of \$0.5M included in the investing activities).

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Name of entity

Megaport Limited

ABN

46 607 301 959

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		6,611	6,611
1.2 Payments for			
(a) research and development		(144)	(144)
(b) product manufacturing and operating costs		(4,833)	(4,833)
(c) advertising and marketing		(282)	(282)
(d) leased assets		(36)	(36)
(e) staff costs		(5,315)	(5,315)
(f) administration and corporate costs		(1,730)	(1,730)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		308	308
1.5 Interest and other costs of finance paid		(37)	(37)
1.6 Income taxes received/(paid)		(1)	(1)
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(5,459)	(5,459)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(2,215)	(2,215)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	(626)	(626)
	(e) other non-current assets	(1,640)	(1,640)
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)	(4)	(4)
2.6	Net cash from / (used in) investing activities	(4,485)	(4,485)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	303	303
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	(7)	(7)
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	296	296

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	55,761	55,761
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,459)	(5,459)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,485)	(4,485)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	296	296
4.5	Effect of movement in exchange rates on cash held	121	121
4.6	Cash and cash equivalents at end of quarter	46,234	46,234

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	46,234	54,766
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) – Funds held in escrow for future settlement of acquisitions	-	995
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,234	55,761

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

**Current quarter
\$A'000**

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- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

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7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	53
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	

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	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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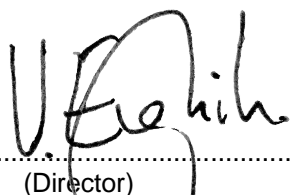
9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	159
9.2 Product manufacturing and operating costs	5,219
9.3 Advertising and marketing	313
9.4 Leased assets	48
9.5 Staff costs	5,581
9.6 Administration and corporate costs	1,853
9.7 Other (provide details if material)	
Property, plant & equipment	2,436
Intellectual property	688
9.8 Total estimated cash outflows	16,297

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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: 23 October 2018

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.