

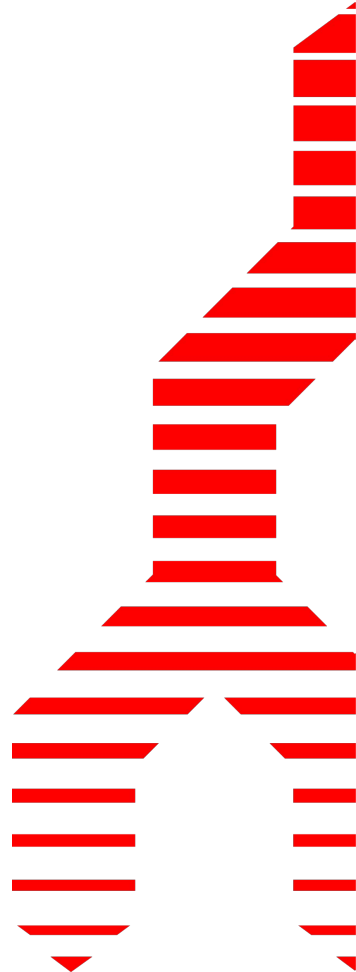
Market Update.

1H FY19

12 February 2019



Megaport Limited
ACN 607 301 959



Company Highlights

City Presence

8 NEW | **82** TOTAL

Data Centre Operators

82 TOTAL

Installed Data Centres

24 NEW | **245** TOTAL

Enabled Data Centres

386 TOTAL

Cloud Regions

3 NEW | **65** TOTAL

Cloud Onramps

7 NEW | **115** TOTAL

North America

Monthly Recurring Revenue³

+80%

\$0.55M | **\$0.98M**
30 JUNE 2018 | 31 DEC 2018

Profit after direct network costs¹

1H FY19

\$4.8M

↑ **\$2.7M | 131%**

1H FY18: **\$2.1M**

Profit % after direct network costs²

1H FY19

32%

1H FY18: **24%**



¹ Profit after direct network costs - "Revenue less direct network costs, comprising of data centre power and space, physical cross connect fees, bandwidth and dark fibre, network operation and maintenance, and channel commissions which are directly related to generating the service revenue of MegaPort Group."

² For the Half-Year ended 31 December 2018 and 31 December 2017

³ Monthly Recurring Revenue (MRR) is revenue for the last month of the relevant period

KPIs

Total Installed Data Centres



221

30 JUNE 2018

245

31 DEC 2018

Total Number of Ports



2,755

30 JUNE 2018

3,344

31 DEC 2018

Total Number of Services³



6,567

30 JUNE 2018

8,735

31 DEC 2018

Total Number of Customers



1,038

30 JUNE 2018

1,277

31 DEC 2018

Monthly Recurring Revenue¹



\$2.0M

30 JUNE 2018

\$2.7M

31 DEC 2018

Annualised Revenue²



\$23.8M

30 JUNE 2018

\$32.6M

31 DEC 2018

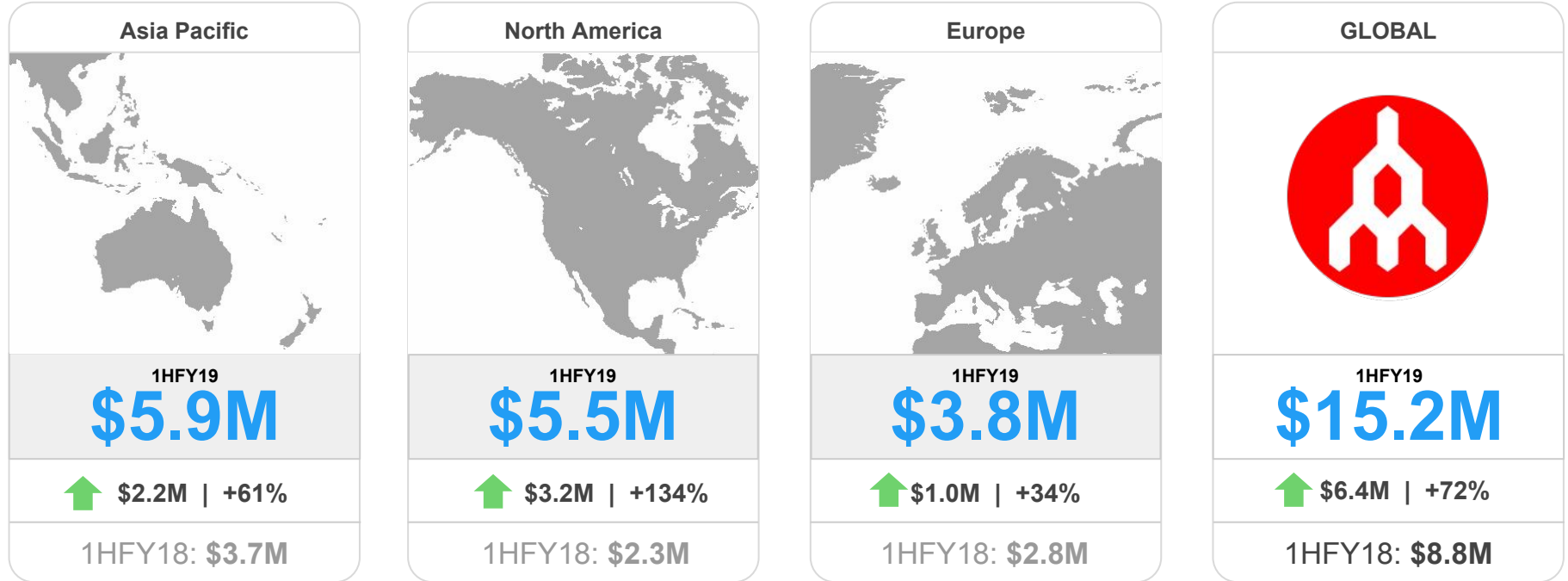


¹ Monthly Recurring Revenue (MRR) is revenue for the last month of the relevant period

² Annualised Revenue is MRR for the last month of the reporting period multiplied by 12

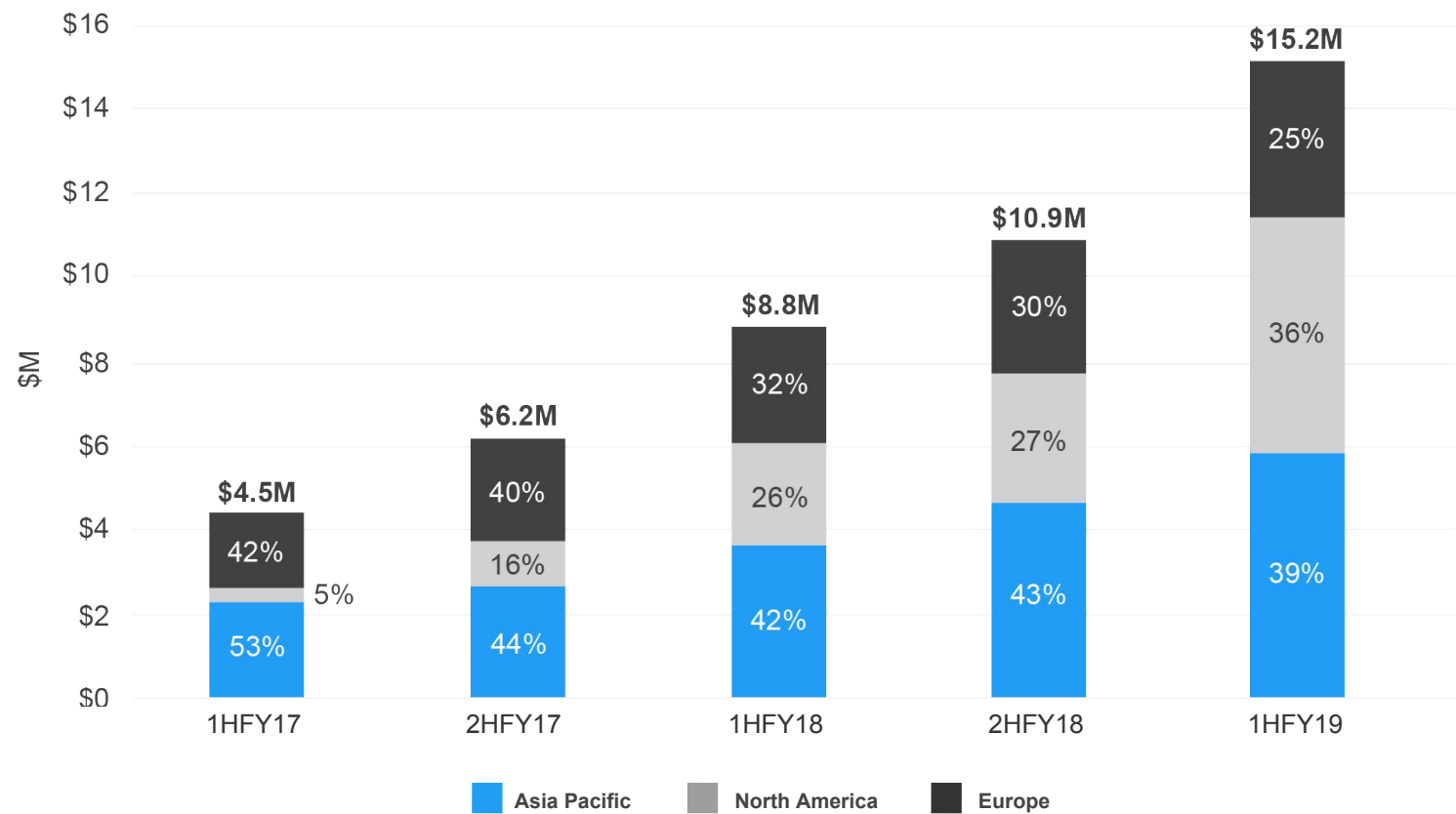
³ Total services comprise of Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX)

Revenue Performance



Growth rate is calculated using the actual \$ values

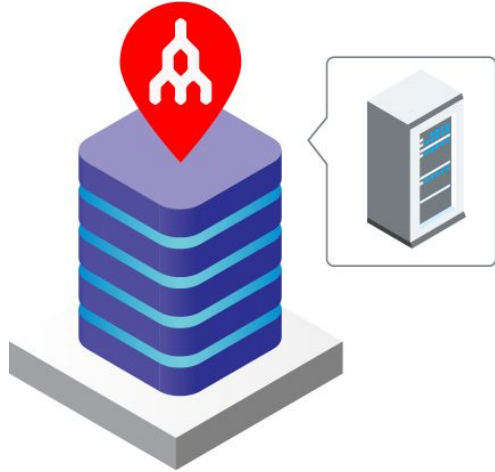
Regional Revenue Distribution



Revenue figures indicate - Total Revenue

Data Centre Definitions

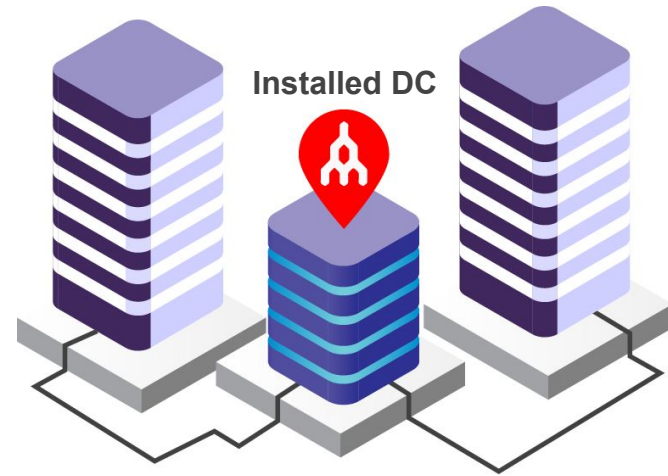
Installed DC



Installed DCs: Data centres where Megaport has a physical point of presence with network infrastructure

Enabled DC

Enabled DC



Enabled DCs: Installed Data Centres plus data centres that can be connected directly to Megaport equipment by means of a dark fibre campus cross connect

Megaport Enabled Data Centres

Asia Pacific

78

North America

209

Europe

99

Global

386





Financial Performance

1H FY19



Financial Results

Consolidated Profit & Loss	1HFY19 \$'000	1HFY18 \$'000
Revenue	15,184	8,833
Direct network costs ¹	(10,356)	(6,744)
Profit after direct network costs¹	4,828	2,089
Operating Expenses (OPEX)	(17,243)	(12,547)
Normalised EBITDA²	(12,415)	(10,458)
Depreciation and amortisation expense	(4,313)	(2,154)
Non-operating income/(expenses) ³	23	(673)
Tax benefits/(expenses)	138	(37)
Net loss for the year	(16,567)	(13,322)

¹ Revenue less direct network costs, which comprise of data centre power and space, physical cross connect fees, bandwidth and dark fibre, network operation and maintenance, and channel commissions which are directly related to generating the service revenue of Megaport Group

² Normalised Earnings Before Interest Tax Depreciation and Amortisation (Normalised EBITDA) represents operating results excluding equity-settled employee benefit, foreign exchange gains / (losses) and non-operating expenses. Including these amounts, EBITDA would be (\$12,867) in 1HFY19 and (\$11,198) in 1HFY18

³ Includes interest income & expense, foreign currency exchange differences, business acquisition costs, loss on non-current assets and equity-settled employee benefit costs

Financial Results

For six months ended 31 December 2018

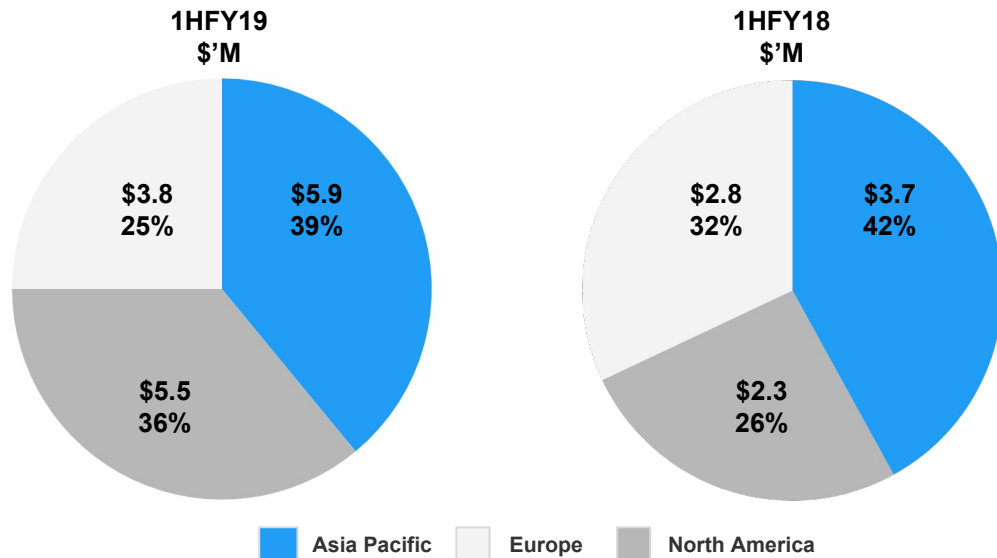
Revenue \$15.2M, up 72%

Profit after direct network costs of \$4.8M improved by \$2.7M

Normalised EBITDA loss of \$12.4M, 82% of revenue



Revenue



REVENUE: \$15.2M

+72%

from
1H FY18

MRR¹: \$2.7M

+70%

from
1H FY18

Financial Results

For six months ending 31 December 2018

Revenue of \$15.2M, up 72%, driven
by increased usage of services
across all regions

39% from Asia Pacific
36% from North America
25% from Europe

MRR¹ was \$2.7M for December
2018, **up 70%**, driven by increased
utilisation of Megaport services
globally

**North America MRR¹ has grown to
\$1.0M, up \$0.6M or 144% from
December 2017**

Operating Costs

	1HFY19 \$'000	2HFY18 \$'000	1HFY18 \$'000
Direct network costs	10,356	8,520	6,744
Profit after direct network costs	4,828	2,400	2,089
Employee costs ¹	12,245	10,303	9,292
Professional fees ²	1,433	1,119	1,042
Marketing costs	588	412	447
Travel costs	1,311	762	699
General and administrative costs	1,666	1,489	1,067
Total OPEX	17,243	14,085	12,547

Financial Results

For six months ended 31 December 2018

Average direct network cost per data centre per month is \$7.4K in 1HFY19 (up 4% compared to 1HFY18 after excluding 100G network costs)

Employee costs¹ increased due to investment in headcount to support business growth

Travel costs increased with the business development opportunities in NAM

Other OPEX increased in line with business growth



¹ Excludes equity-settled employee benefit costs

² Excludes business acquisition costs

Financial Position

Consolidated Financial Position	31 Dec 2018 \$'000	30 June 2018 \$'000
Current assets	45,275	61,355
Non-current assets	33,915	30,802
Total assets	79,190	92,157
Current liabilities	(12,602)	(11,703)
Non-current liabilities	(306)	(250)
Total liabilities	(12,908)	(11,953)
Equity	66,282	80,204
Cash position	31 Dec 2018 \$'000	30 June 2018 \$'000
Cash at end of the year¹	38,107	56,270

Financial Position

At 31 December 2018

Capital invested in **rolling out** additional data centres globally, network expansion, and software and product development

Cash at 31 December 2018
was \$38.1M



¹ Includes bank term deposits

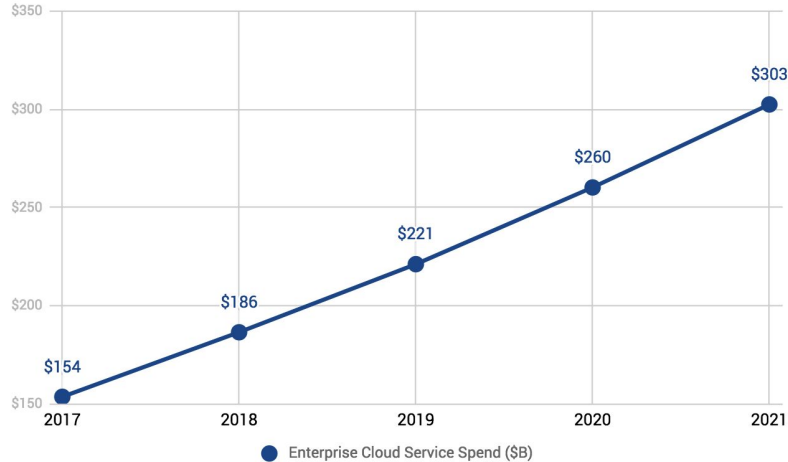


About Megaport



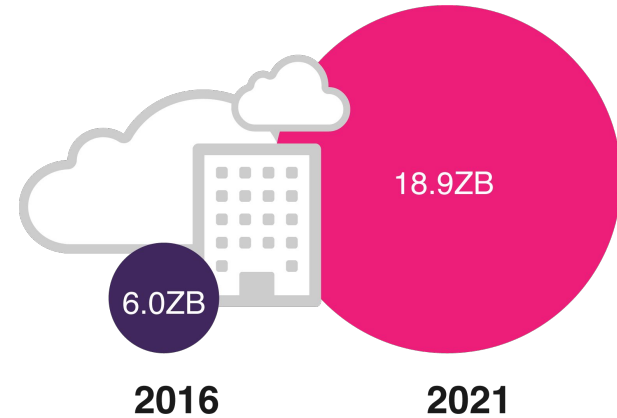
Industry Growth Trends

Enterprise Cloud Service Spend (\$B)



Gartner Forecasts Worldwide Public Cloud Revenue to Grow 21.4 Percent in 2018
Total of: BPaaS, PaaS, SaaS, Cloud Management & Security Services, **Source:** Gartner, 2018







Cloud Data Centre Traffic



1 ZB = 1000⁷bytes
Source: Cisco Global Cloud Index 2018

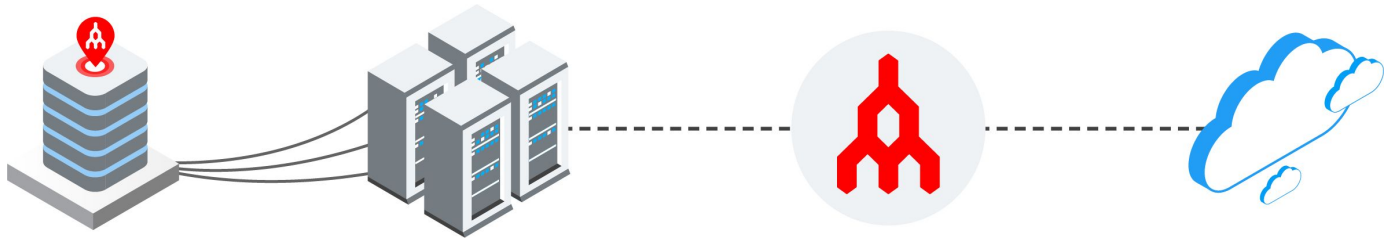
“69% of organizations plan to run a multi-cloud environment by 2019”

Network as a Service

		Megaport's Connectivity Model	Traditional Connectivity
	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 (one 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



Connecting Everyone to Everything



1,250 + customers

Uber

aviatrix



splunk



DOLLAR SHAVE CLUB

Rakuten

82 unique data
centre operators



DIGITAL REALTY

CyrusOne

Cyxtera

interxion

FLEXENTIAL

Megaport's unique
value proposition



Scalable and
on demand



Multicloud
connectivity



Private and
secure



Flexible terms

300+ service
providers

Google

aws

Microsoft

IBM Cloud

ORACLE
Cloud

salesforce



Alibaba Cloud



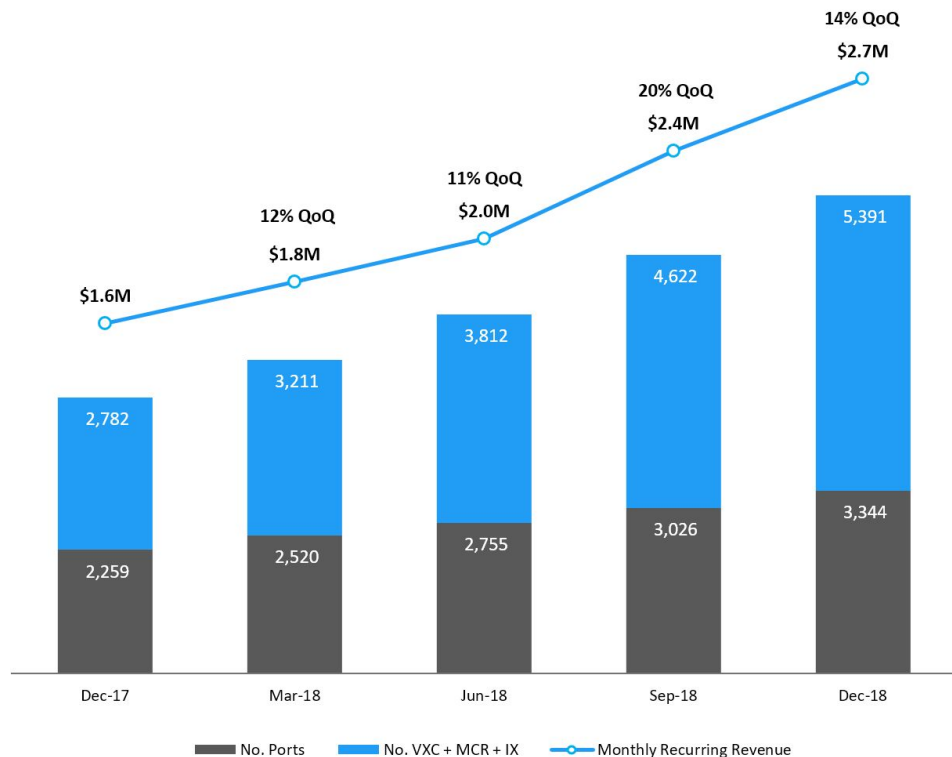


Business Update

1H FY19



MRR Growth Trends



Growth in services is an indicator of overall customer usage on the network

Increased services per Port drives greater MRR¹ growth and increased revenue per Port

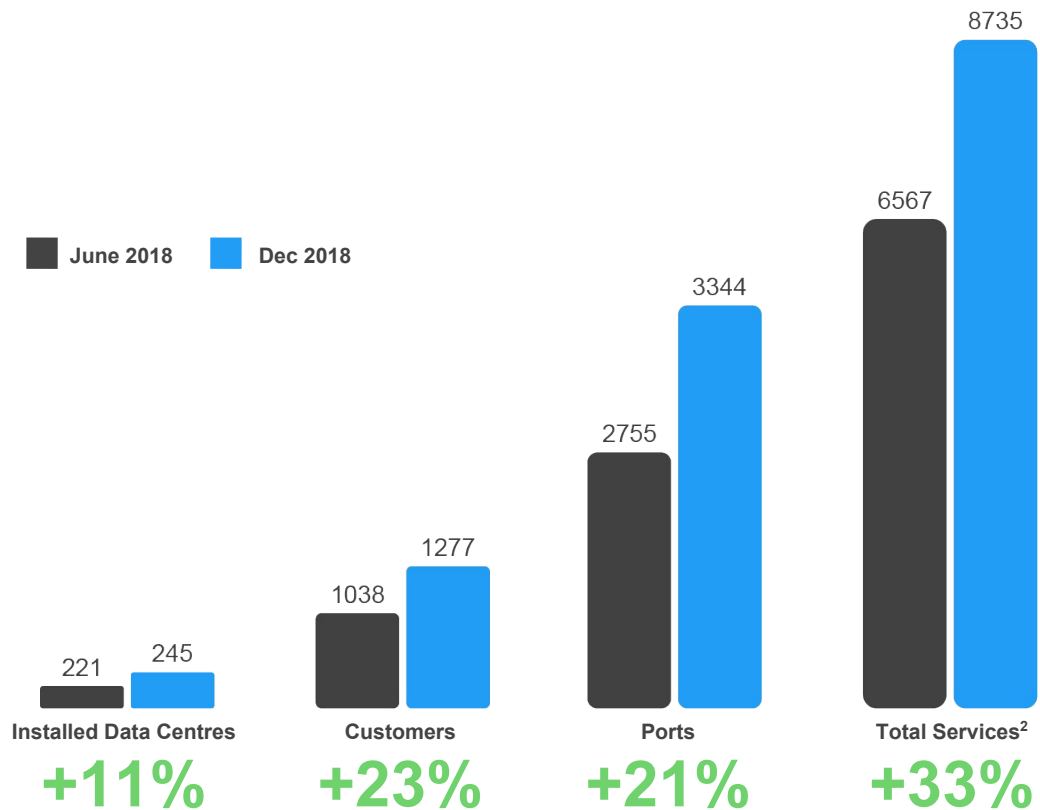
MRR¹ has grown to \$2.7M, up 37% from June 2018

North America MRR¹ has grown to \$1.0M, up 80% from June 2018



¹ Monthly Recurring Revenue (MRR) is revenue for the last month of the relevant period

Growth 1HFY19



What's driving revenue growth?

Average Revenue per Port¹

June 2018	Dec 2018
\$720	\$812

\$92 / +13%
GROWTH

The increase in services per Port directly increases Port value



¹ Total revenue divided by number of Ports at reporting period end date

² Total services comprise of Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX)

Megaport Cloud Enablement



115

Total Onramps



Increase: 7 +6%

Total Onramps

Amazon Web Services 34

Microsoft Azure 28

Google Cloud 21

IBM Cloud 12

Oracle Cloud 9

Alibaba Cloud 8

Salesforce 3



65

Cloud regions



Increase: 3 +5%



- Asia Pacific (Sydney)
- Asia Pacific (Singapore)
- EU (London)
- EU (Ireland)
- EU (Frankfurt)
- AWS GovCloud
- US (Ohio)
- US East (N.Virginia)
- US West (N.California)
- US West (Oregon)
- Canada (Central)



Azure

- Australia South East
- Australia East
- East Asia
- Southeast Asia
- UK South
- North Europe
- West Europe
- Germany Central
- US Gov Arizona
- US DoD East
- US DoD Central



Alibaba Cloud

- Asia Pacific SE1 (Singapore)
- Asia Pacific SE2 (Sydney)
- CN-Hong Kong
- US West 1 (Silicon Valley)
- US East 1 (Virginia)



IBM Cloud

- Asia Pacific South
- EU (UK)
- EU (Germany)
- UK South
- US East
- US South



- US East US
- Central EU
- US West

ORACLE®
Cloud

- APAC Sydney
- EMEA Frankfurt
- EMEA Slough
- EMEA Amsterdam
- US Ashburn
- US Chicago
- US Phoenix

Google Cloud

- Asia Southeast1 (Singapore)
- Australia South East1 (Sydney)
- Asia East1 (Taiwan)
- Europe West2 (UK)
- Europe West3 (Germany)
- Europe West4 (Netherlands)
- North America-Northeast1 (Montréal)
- US Central1 (Iowa)
- US East1 (South Carolina)
- US East4 (Virginia)
- US West1 (Oregon)
- US West2 (Los Angeles)



Building the Network Effect

Megaport Service Connections

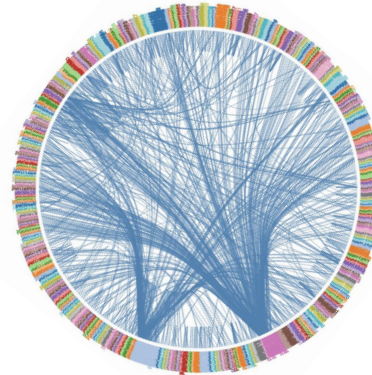


Ports

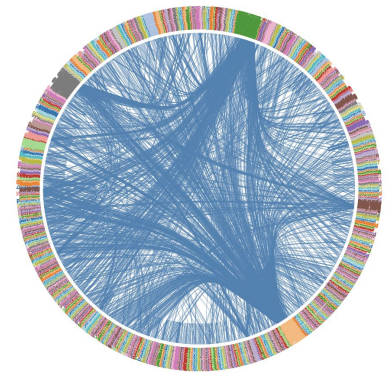
Services



31 December 2016



31 December 2017



31 December 2018

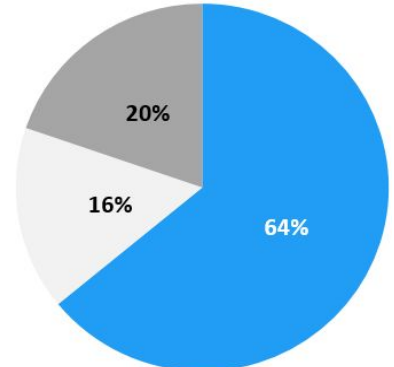
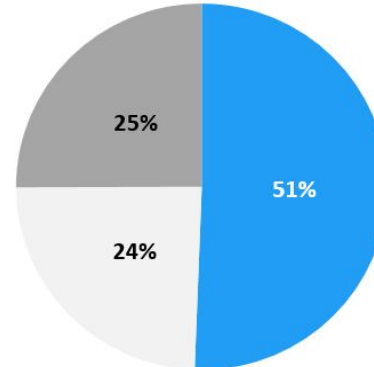
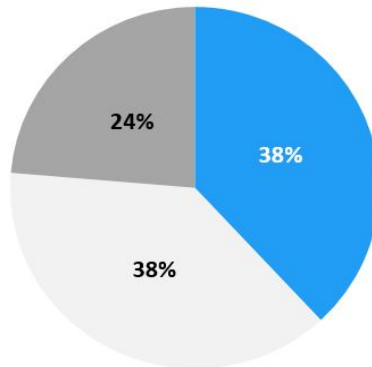
Service Connection Types



Direct Public Cloud

Internet Exchange

Private Connection



Megaport Cloud Router Performance

Total MCRs
At 31 Jan 2019

116

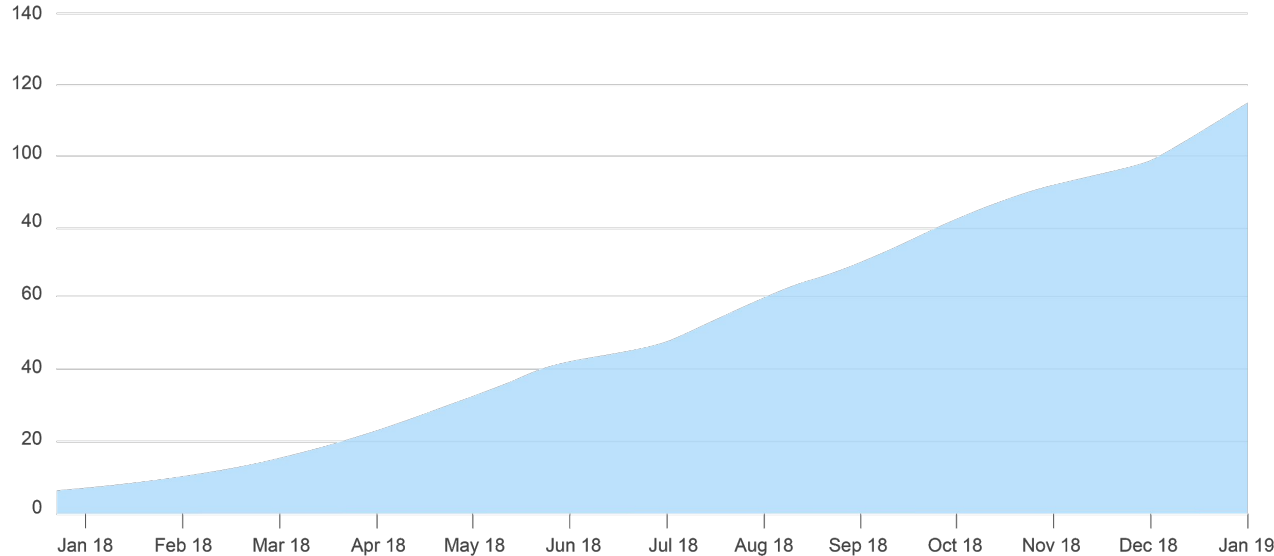
Avg Services

6.7

Non MCR Customer

10.9

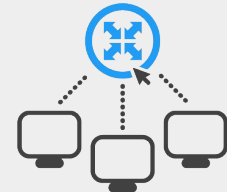
MCR Customer



Cloud to Cloud
Networking



Hybrid Cloud
at Layer 3



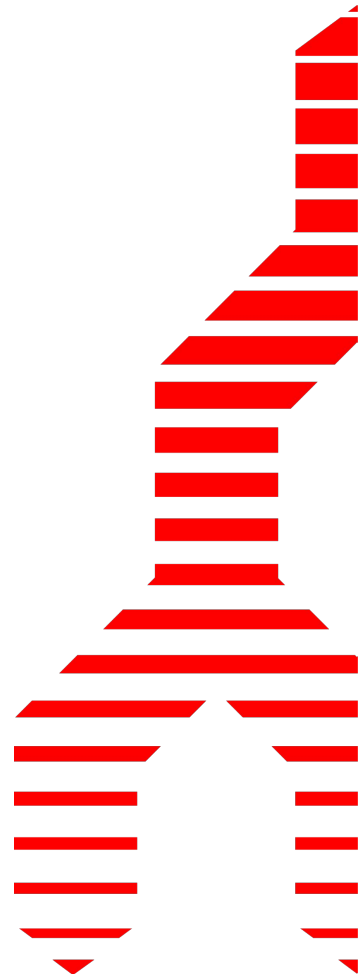
Virtual
Networking





Regional Highlights

ASIA PACIFIC | NORTH AMERICA | EUROPE



Asia Pacific

APAC EBITDA Positive

Total Installed Data Centres

**59**

30 JUNE 2018

68

31 DEC 2018

Total Number of Customers

**529**

30 JUNE 2018

607

31 DEC 2018

Total Number of Ports

**1,355**

30 JUNE 2018

1,568

31 DEC 2018

Total Number of Services³

**3,676**

30 JUNE 2018

4,528

31 DEC 2018

Monthly Recurring Revenue¹

**\$0.9M**

JUNE 2018

\$1.1M

DEC 2018

Profit After Direct Network Costs

**55%**

JUNE 2018

58%

DEC 2018

Average Revenue per Port

\$688**+6%**

No. of Ports per Data Centre

23**+0%**

Port Utilisation²

55%

Services per Port

2.9**+6%**

Services per Customer

7.5**+7%**

Stats as at 31 Dec 2018

Percentage changes compare 31 December 2018 to 30 June 2018



¹ Monthly Recurring Revenue (MRR) is revenue for the last month of the relevant period

² Ports sold/used divided by total Ports available

³ Total services comprise of Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX)

North America

Total Installed Data Centres



100

30 JUN 2018

111

31 DEC 2018

Total Number of Customers



340

30 JUN 2018

482

31 DEC 2018

Total Number of Ports



812

30 JUN 2018

1,109

31 DEC 2018

Total Number of Services³



2,057

30 JUN 2018

3,058

31 DEC 2018

Monthly Recurring Revenue¹



\$0.5M

JUN 2018

\$1.0M

DEC 2018

Profit After Direct Network Costs



-39%

JUNE 2018

8%

DEC 2018

Average Revenue per Port

\$885

31%

No. of Ports per Data Centre

10

+23%

Port Utilisation²

33%

Services per Port

2.8

+9%

Services per Customer

6.3

+5%

Stats as at 31 Dec 2018

Percentage changes compare 31 December 2018 to 30 June 2018

¹ Monthly Recurring Revenue (MRR) is revenue for the last month of the relevant period

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Europe

Total Installed Data Centres



62

30 JUN 2018

66

31 DEC 2018

Total Number of Customers



251

30 JUN 2018

288

31 DEC 2018

Total Number of Ports



588

30 JUN 2018

667

31 DEC 2018

Total Number of Services³



834

30 JUN 2018

1,149

31 DEC 2018

Monthly Recurring Revenue¹



\$0.6M

JUN 2018

\$0.7M

DEC 2018

Profit After Direct Network Costs



48%

JUNE 2018

47%

DEC 2018

Average Revenue per Port

\$983

+3%

No. of Ports per Data Centre

10

+7%

Port Utilisation²

50%

Services per Port

1.7

+21%

Services per Customer

4.0

+20%

Stats as at 31 Dec 2018

Percentage changes compare 31 December 2018 to 30 June 2018

¹ Monthly Recurring Revenue (MRR) is revenue for the last month of the relevant period

² Ports sold/used divided by total Ports available

³ Total services comprise of Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX)





Board and Executive Update



Board and Executive Update



Peter Hase

London, UK

- Appointed Chief Commercial Officer 12 February 2019
- Joined Megaport Board 22 September 2016
- Executive Board Member as of 12 February 2019



Jay Adelson

San Francisco, USA

- Appointed Non-Executive Board Member
- Commencing 1 March 2019
- Chair of Megaport Innovation Committee
- Built/Operated Palo Alto Internet Exchange (PAIX)
- Co-Founder of Equinix (NASDAQ:EQIX)

https://en.wikipedia.org/wiki/Jay_Adelson

Important Information

Megaport Limited ACN 607 301 959

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This presentation includes certain forward looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Megaport. These factors may cause actual results to differ materially from those expressed in the statements contained in this presentation. For specific risks and disclaimers, please refer to the Megaport Share Placement & Share Purchase Plan presentation lodged with the ASX on 20 March 2018.

All references to "\$" are to Australian currency (AUD) unless otherwise noted.

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

Normalised Earnings Before Interest Tax Depreciation and Amortisation (Normalised EBITDA) represents operating results excluding equity-settled employee benefit, foreign exchange gains / (losses) and non-operating expenses.





Thank you

ASX: MP1

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