



# Market Update

**1HFY21 HALF YEAR RESULTS**

10 FEBRUARY 2021

1HFY21 MARKET UPDATE

# Company Highlights



# Company Highlights 1HFY21



**+11%**

**Monthly Recurring Revenue <sup>1</sup>**

**\$5.7M**

30 JUNE 2020

**\$6.3M**

31 DEC 2020



**+11%**

**Annualised Revenue <sup>2</sup>**

**\$67.8M**

30 JUNE 2020

**\$75.0M**

31 DEC 2020



**+11%**

**Total Number of Customers**

**1,842**

30 JUNE 2020

**2,043**

31 DEC 2020



**+16%**

**Total Number of Ports**

**5,767**

30 JUNE 2020

**6,691**

31 DEC 2020



**+15%**

**Total Number of Services <sup>3</sup>**

**16,712**

30 JUNE 2020

**19,278**

31 DEC 2020



**+5%**

**Total Installed Data Centres <sup>4</sup>**

**366**

30 JUNE 2020

**386**

31 DEC 2020

1. Monthly Recurring Revenue (MRR) is revenue (excluding one-off and non-recurring revenue) for the last month of the relevant period.

2. Annualised Revenue is MRR for the month multiplied by 12

3. Total Services comprises of Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX)

4. Installed Data Centres are Data centres in which Megaport has a Point of Presence with physical networking hardware.

# Company Highlights 1HFY21



## Leading Cloud Partners

**NEW 1HFY21**

**CLOUDFLARE** **OVHcloud**

**aws** **Microsoft Azure** **Google Cloud**

**IBM Cloud** **salesforce** **SAP**

**ORACLE Cloud** **Alibaba Cloud**

**rackspace technology.** **NUTANIX**



**+12%**

## Cloud Onramps

**23** | **220**  
NEW | TOTAL



**+10%**

## Cloud Regions

**11** | **120**  
NEW | TOTAL



**+7%**

## Total Enabled Data Centres <sup>1</sup>

**47** | **716**  
NEW | TOTAL

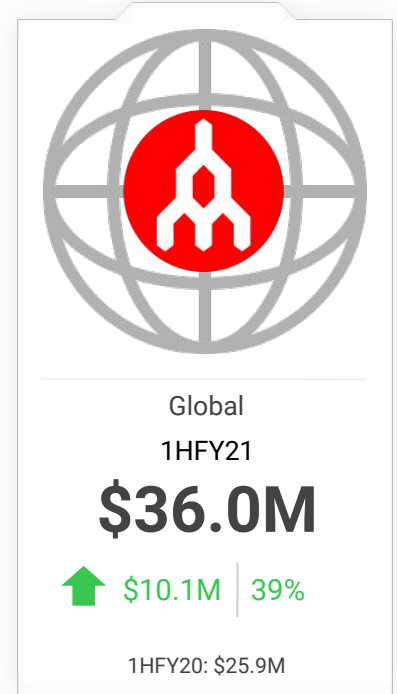
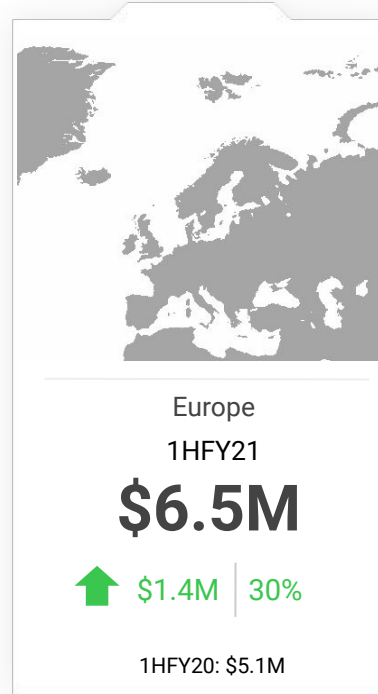
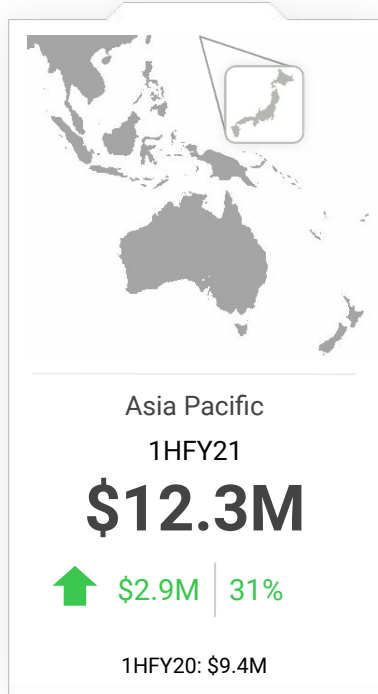


## Megaport Marketplace

**365+**

1. Enabled Data Centres is the total of Installed Data Centres plus Extended Data Centres. Extended Data Centres are data centres that can be connected directly to Megaport networking hardware within Installed Data Centres by means of interconnection services offered directly by the data centre campus / facility operator of an Installed Data Centre.

# Revenue Performance 1HFY21



Note: Growth rates are calculated using the actual \$ values.

1HFY21 MARKET UPDATE

# Financial Performance



# Financial Results

Consolidated Profit & Loss	1HFY21 \$'000	1HFY20 \$'000	Change %
<b>Revenue</b>	<b>36,005</b>	<b>25,856</b>	<b>39%</b>
Direct network costs <sup>1</sup>	(17,782)	(12,689)	(40%)
<b>Profit after direct network costs <sup>1</sup></b>	<b>18,223</b>	<b>13,167</b>	<b>38%</b>
<i>Profit after direct network cost margin</i>	51%	51%	-
Operating Expenses (OPEX)	(26,898)	(23,433)	(15%)
<b>Normalised EBITDA <sup>2</sup></b>	<b>(8,675)</b>	<b>(10,266)</b>	<b>15%</b>
<i>Normalised EBITDA margin</i>	(24%)	(40%)	+16pp
Depreciation and amortisation expense	(10,916)	(6,926)	(58%)
Non-operating items & tax <sup>3</sup>	(18,830)	(1,764)	(967%)
<b>Net loss for the year</b>	<b>(38,421)</b>	<b>(18,956)</b>	<b>(103%)</b>

## Financial Results

For half year ended 31 December 2020

Revenue of \$36.0M up 39%

Profit after direct network costs <sup>1</sup> of \$18.2M, an improvement of \$5.1M

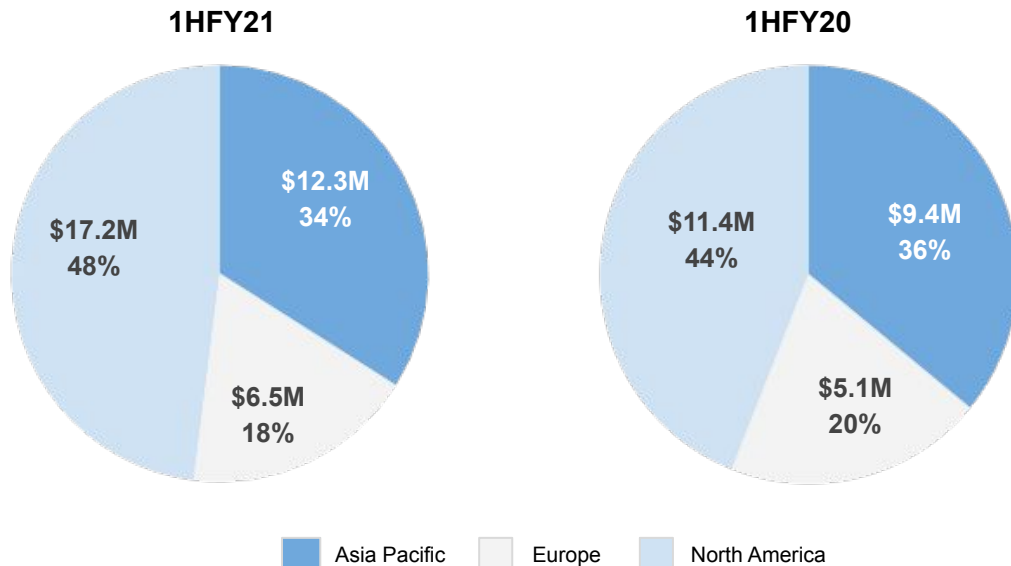
Profit after direct network cost margin of 51%, consistent with 1HFY20

Normalised EBITDA loss of \$8.7M, equivalent to -24% of revenue (1HFY20: -40% of revenue)

Note: results include the impact of AASB16 Leases. Refer to the Appendix for a more detailed presentation of the impact of AASB16.

1. Direct network costs comprise 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 costs (\$2,645 in 1HFY21, \$2,748 in 1HFY20), foreign exchange gains / (losses) ((\$17,157) in 1HFY21, \$742 in 1HFY20) and other non operating expenses ((\$154) in 1HFY21, \$4 in 1HFY20). Including these amounts, EBITDA would be (\$28,631) in 1HFY21 and (\$12,268) in 1HFY20.  
 3. Refer to Appendix for more detail

# Revenue



**REVENUE: \$36.0M**

**↑ 39%** from 1HFY20

**MRR\*: \$6.3M**

**↑ 37%** from Dec 19

## Financial Results

For half year ended 31 December 2020

Revenue of \$36.0M, up 39%, driven by increased usage of services across all regions

48% from NAM  
34% from APAC  
18% from EUROPE

MRR\* was \$6.3M for Dec 2020, up 37% vs Dec 2019, driven by increased utilisation of Megaport services globally



# Operating Costs

	1HFY21 \$'000	1HFY20 \$'000	Change %
Direct network costs	17,782	12,689	(40%)
<b>Profit after direct network costs <sup>1</sup></b>	<b>18,223</b>	<b>13,167</b>	<b>38%</b>
Employee costs <sup>2</sup>	20,288	16,202	(25%)
Professional fees	2,973	1,799	(65%)
Marketing costs	469	1,399	66%
Travel costs	32	1,720	98%
General and administrative costs	3,136	2,313	(36%)
<b>Total OPEX</b>	<b>26,898</b>	<b>23,433</b>	<b>(15%)</b>

## Financial Results

For half year ended 31 December 2020

**Direct Network costs** increased due to a 22% increase in sites deployed, additional cross connects fees to reach the new 64 Cloud onramps added and higher partner commissions in NAM.

**Average direct network cost <sup>1</sup>** per data centre per month is \$7.9k in 1HFY21 (\$6.9K in 1HFY20)

**Employee costs <sup>2</sup>** increased due to investment in headcount to support business growth. Employee costs as a percentage of revenue reduced to 56% from 63% in 1HFY21

**Professional fees** includes recruitment, tax, and legal services related to global expansion

**Travel costs and marketing costs** decreased due to the impact of COVID-19

**General and administrative costs** includes increases in insurance costs and costs associated with ISO certification

1. Direct network costs comprise 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. Excludes equity-settled employee costs.

# Financial Position

Consolidated Financial Position	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Current assets	157,150	180,335
Non-current assets	67,706	67,821
<b>Total assets</b>	<b>224,856</b>	<b>248,156</b>
Current liabilities	(26,514)	(24,033)
Non-current liabilities	(8,178)	(12,093)
<b>Total liabilities</b>	<b>(34,692)</b>	<b>(36,126)</b>
<b>Equity</b>	<b>190,164</b>	<b>212,030</b>
<b>Cash position</b>	<b>31 Dec 2020 \$'000</b>	<b>30 Jun 2020 \$'000</b>
<b>Cash at end of the year</b>	<b>144,828</b>	<b>166,877</b>

## Financial Results

For half year ended 31 December 2020

Current assets include trade receivables of \$5.5m (\$8.3m at 30 June 2020) due to improved collections in 1H which has also resulted in improved aging quality.

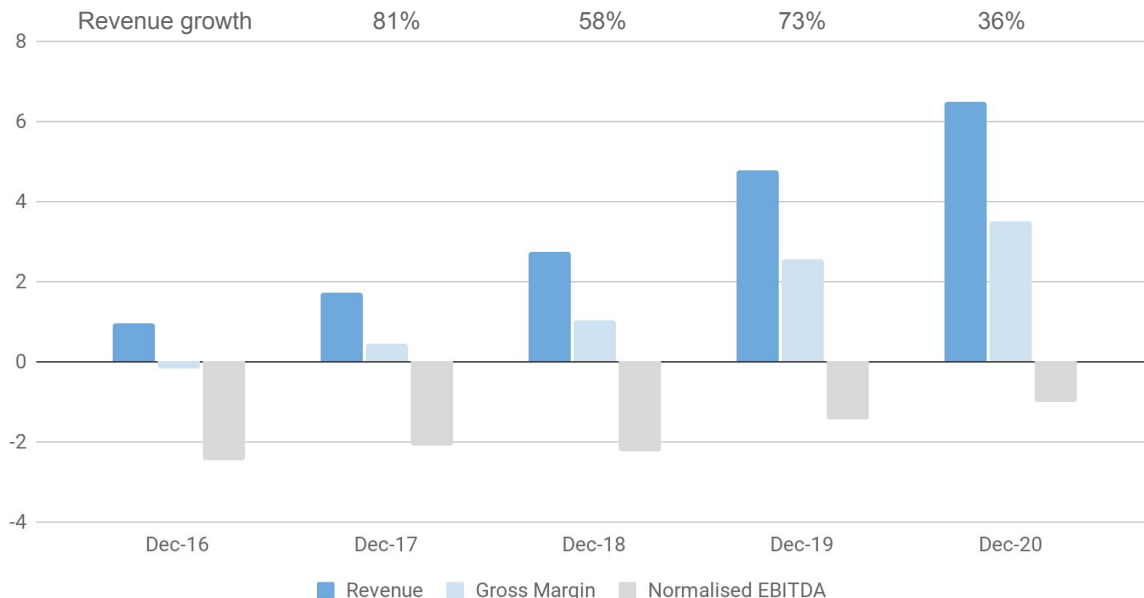
Total liabilities include the vendor finance facility of \$7.3M outstanding at 31 Dec 2020 (\$8.8M at 30 June 2020). The facility was increased to \$20M (\$12M at 30 June 2020) of which \$7.6M was undrawn at 31 Dec 2020.

Cash at 31 Dec 2020

**\$144.8M**

# Operating Leverage (month of December<sup>1</sup>)

Group (A\$ million)



## Margins

	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20
Profit after Direct Network Cost Margin %	(16%)	26%	37%	53%	54%
Group EBITDA Margin %	n.m.	(120%)	(80%)	(30%)	(15%)

Group EBITDA loss narrowed in Dec-20 as all regions were EBITDA positive in 2QFY21

## Margin Trends <sup>1</sup>

Group Profit after direct network cost <sup>2</sup> margin has continued to expand as MRR growth has outstripped growth in direct network costs

Group EBITDA margin has significantly improved as all regions were EBITDA positive in 2QFY21

<sup>1</sup> All figures are for the month of December

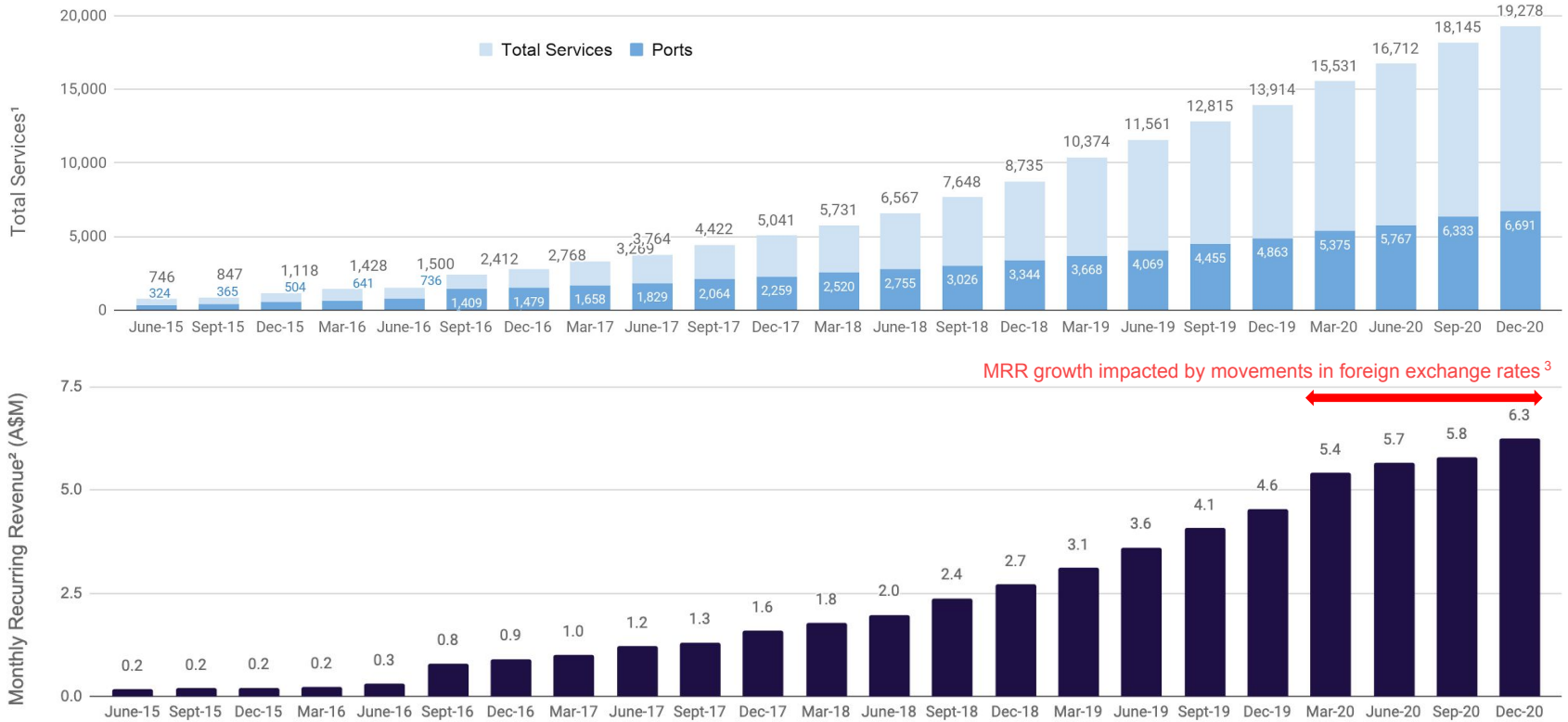
<sup>2</sup> Direct network costs comprise data centre power and space, physical cross connect fees, bandwidth and dark fibre, network operation and maintenance, and channel commissions which are directly related to generating the service revenue of Megaport Group.

1HFY21 MARKET UPDATE

# Business Update



# Growth in Ports, Services, and Revenue



1. Total Services comprises of Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX) at period end.  
 2. Monthly Recurring Revenue (MRR) is revenue (excluding one-off and non-recurring revenue) for the last month of the period.  
 3. Refer to Appendix for details of MRR growth in local currency.

# Megaport Cloud Enablement

## 220 Onramps

1HFY21 +23 +12%

	Total Onramps
AWS	46
Microsoft Azure	45
Google Cloud	34
Oracle Cloud	22
IBM Cloud	16
Cloudflare	14
Rackspace	11
Salesforce	10
Alibaba Cloud	8
Nutanix	6
SAP	5
OVHcloud	3

## Available Cloud Regions



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



Microsoft Azure

- Australia East
- Australia South East
- East Asia
- Southeast Asia
- Japan East
- Japan West
- UK South
- France South
- Germany North
- Germany Central
- West Europe (Amsterdam)
- North Europe (Ireland)
- Switzerland North
- Switzerland West
- Norway East
- Norway West



- Asia Northeast1 (Japan)
- Asia Northeast2 (Osaka)
- Asia Southeast1 (Singapore)
- Australia South East1 (Sydney)
- Asia East1 (Taiwan)
- Europe West1 (Belgium)
- Europe West2 (UK)
- Europe West3 (Germany)
- Europe West4 (Netherlands)
- Europe West6 (Zurich)
- North America-Northeast1 (Montréal)
- US Central1 (Iowa)
- US East1 (South Carolina)
- US East4 (Virginia)
- US West1 (Oregon)
- US West2 (Los Angeles)



- APAC Sydney
- APAC Melbourne
- Japan East (Tokyo)
- Japan West (Osaka)
- EMEA Frankfurt
- UK South (Slough)
- UK Gov (London)
- Switzerland North (Zurich)
- US Ashburn
- US Chicago
- US West Phoenix
- US West San Jose
- US Gov DC
- US Gov PHX
- Canada (Toronto)
- Canada (Montreal)



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



- Amsterdam
- Chicago
- Dallas
- Frankfurt
- Hong Kong
- London
- Miami
- New York
- San Jose
- Seattle
- Singapore
- Sydney
- Tokyo
- Toronto
- Washington DC



- APAC South (Sydney)
- APAC North (Tokyo)
- EU (London)
- EU (Germany)
- US East (DC)
- US South (Dallas)



- San Francisco
- Santa Clara
- Ashburn



- Frankfurt
- London
- Paris



- Washington DC
- Dallas
- Chicago
- Hong Kong
- London
- Frankfurt
- Sydney



- US East
- US West
- EU Central
- London UK
- Tokyo



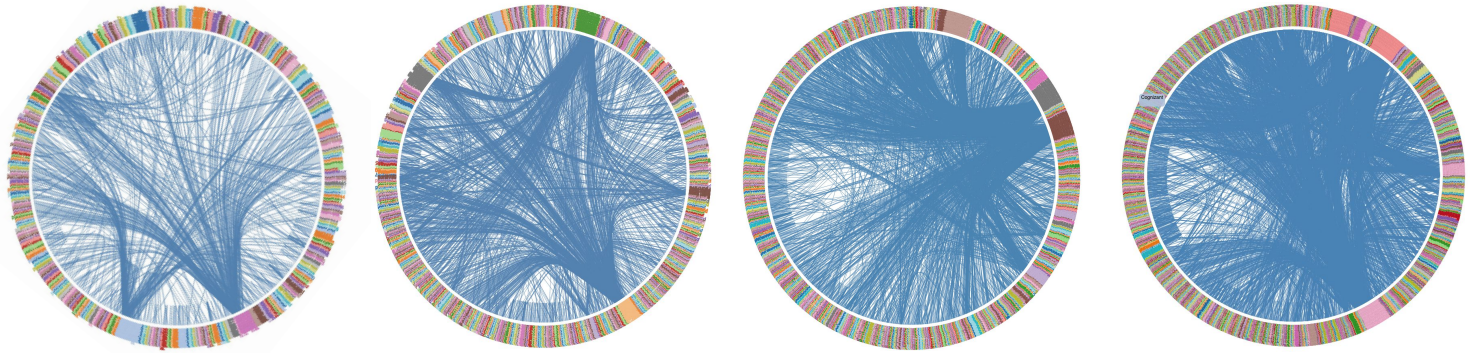
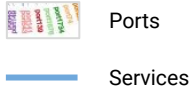
- Australia (Sydney)
- Europe (Frankfurt)
- US East (Ashburn)
- US East (Sterling)
- US West (Chandler)

## 120 Regions

1HFY21 +11 +10%

# The Network Effect

## Megaport Service Connections



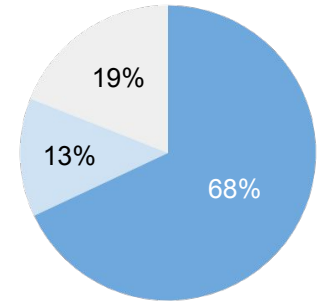
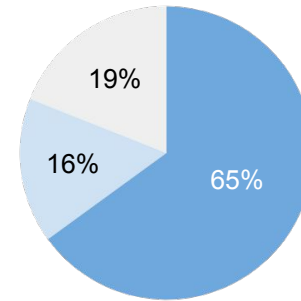
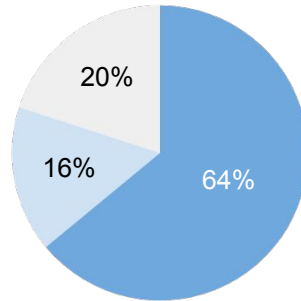
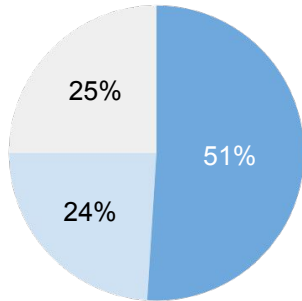
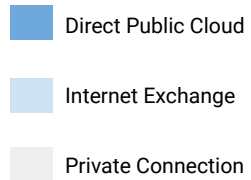
31 Dec 2017

31 Dec 2018

31 Dec 2019

31 Dec 2020

## Service Connection Types





# Megaport Cloud Router (MCR)

## Average Monthly Revenue per Customer <sup>1</sup>

<b>\$2,791</b>	<b>\$5,152</b>
Non MCR Customer	MCR Customer

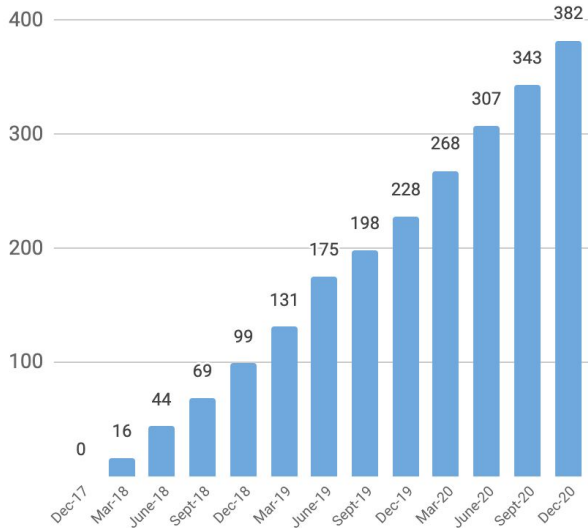
## Avg Services per Customer <sup>2</sup>

<b>8.9</b>	<b>13.8</b>
Non MCR Customer	MCR Customer

## Total MCRs

<b>228</b>	<b>382</b>
At 31 Dec 2019	At 31 Dec 2020

## MCR Growth



## Customer Benefits

Ease of Use

No Customer Infrastructure Needed

Real-Time Provisioning

Global Reach

Cloud and Service Agnostic

Cloud to Cloud Networking

1. Represents Dec 2020 MRR divided by relevant customer count at 31 Dec 2020

2. At 31 Dec 2020





# Megaport Virtual Edge (MVE)

## MVE Platform Status:

- MVE deployed to 11 major metros, with 10 additional metros to be added in H2 FY21
- MVE platform availability on target: **March 31**
- VMWare Velocloud SD-WAN integration underway
- Technology Partner pipeline: **50% of SD-WAN market share** (source: IHS Markit)

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## Cisco SD-WAN Integration and Service Offering

- Customer trials underway
- Integrated Cisco Viptela service offering availability: **4QFY21**
- Product launch will be featured at *Cisco Live! 2021*, Cisco's premiere global conference (30 March to 1 April 2021)



vmware®



“This collaboration extends Cisco’s SD-WAN leadership, by offering an ecosystem platform for partners, of which Megaport is the first, to bridge Cisco SD-WAN fabric with the carrier-neutral and software-defined cloud interconnect fabrics.”

Raj Gulani, Senior Director,  
Product Management  
Cisco SD-WAN and Cloud  
Networking

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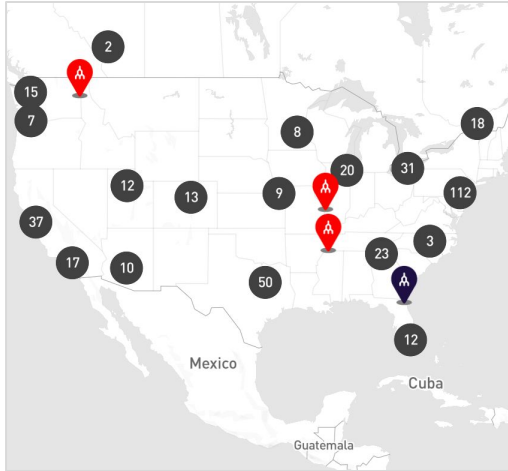
# Regional Highlights

NORTH AMERICA | ASIA PACIFIC | EUROPE



# Growing Global Ecosystem

## North America



Countries	Cities	Installed <sup>1</sup>	Enabled <sup>2</sup>
2	82	184	390

## EMEA



Countries	Cities	Installed <sup>1</sup>	Enabled <sup>2</sup>
16	32	105	202

## Asia Pacific



Countries	Cities	Installed <sup>1</sup>	Enabled <sup>2</sup>
5	16	97	124

## Group

Countries	23
Cities	130
Installed <sup>1</sup>	386
Enabled <sup>2</sup>	716

Megaport Enabled and In-Built Data Centres Two or more Megaport Enabled and In-Built Data Centres

1. Installed Data Centres are Data centres in which Megaport has a Point of Presence with physical networking hardware.  
 2. Enabled Data Centres is the total of Installed Data Centres plus Extended Data Centres. Extended Data Centres are data centres that can be connected directly to Megaport networking hardware within Installed Data Centres by means of interconnection services offered directly by the data centre campus / facility operator of an Installed Data Centre.

# North America

## North American Region turned EBITDA Positive in 2QFY21 <sup>1</sup>

### Total Installed Data Centres



174

30 JUN 2020

184

31 DEC 2020

### Total Number of Customers



903

30 JUN 2020

1,039

31 DEC 2020

### Total Number of Ports



2,453

30 JUN 2020

3,014

31 DEC 2020

### Total Number of Services <sup>2</sup>



6,762

30 JUN 2020

8,293

31 DEC 2020

### Monthly Recurring Revenue <sup>3</sup>



\$2.6M

JUNE 2020

\$3.0M

DEC 2020

### Profit After Direct Network Cost Margin <sup>4</sup>



38%

30 JUN 2020

42%

31 DEC 2020

### Average Revenue per Port <sup>4</sup>

\$981

-6%

### No. of Ports per Data Centre

15.9

+13%

### Services per Port

2.8

0%

### Services per Customer

8.0

+6%

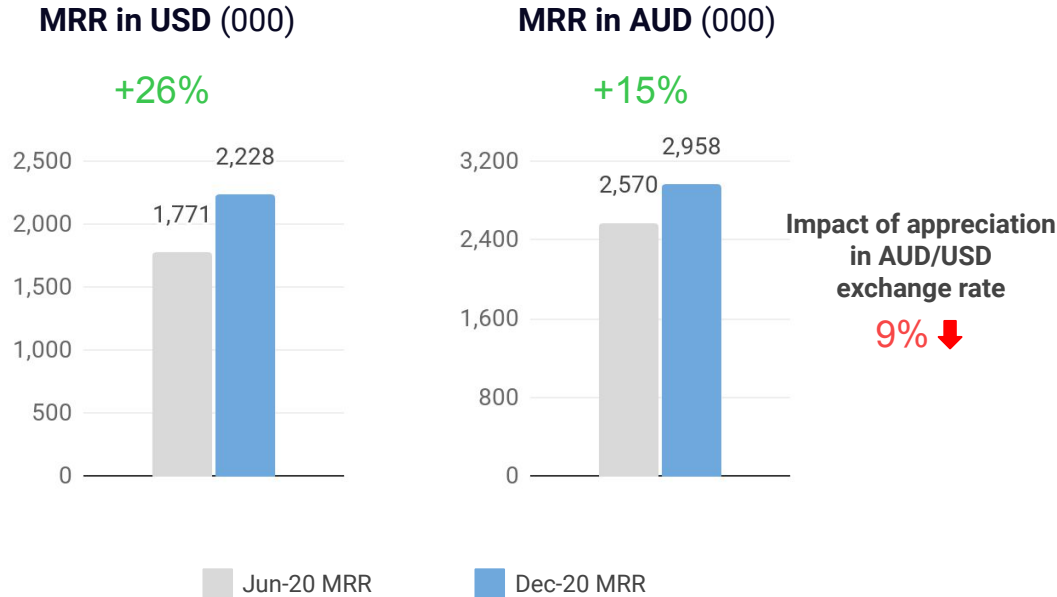
### Port Utilisation <sup>5</sup>

30%

Figures as at 31 Dec 2020 (vs 30 Jun 2020)

1. North America reported positive EBITDA on a regional basis for 2QFY21. This is before an allocation of Corporate overheads.  
 2. Total Services comprises of Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX)  
 3. Monthly Recurring Revenue (MRR) is revenue (excluding one-off and non-recurring revenue) for the last month of the relevant period  
 4. MRR divided by number of Ports at reporting period end date.  
 5. Ports sold/used divided by total Ports available

# NAM MRR<sup>1</sup> Growth in USD



## NAM MRR Growth Trends

Whilst MRR in NAM has increased by 26% from Jun-20 to Dec-20 in USD, the appreciation of the Australian dollar has reduced this to 15% in AUD

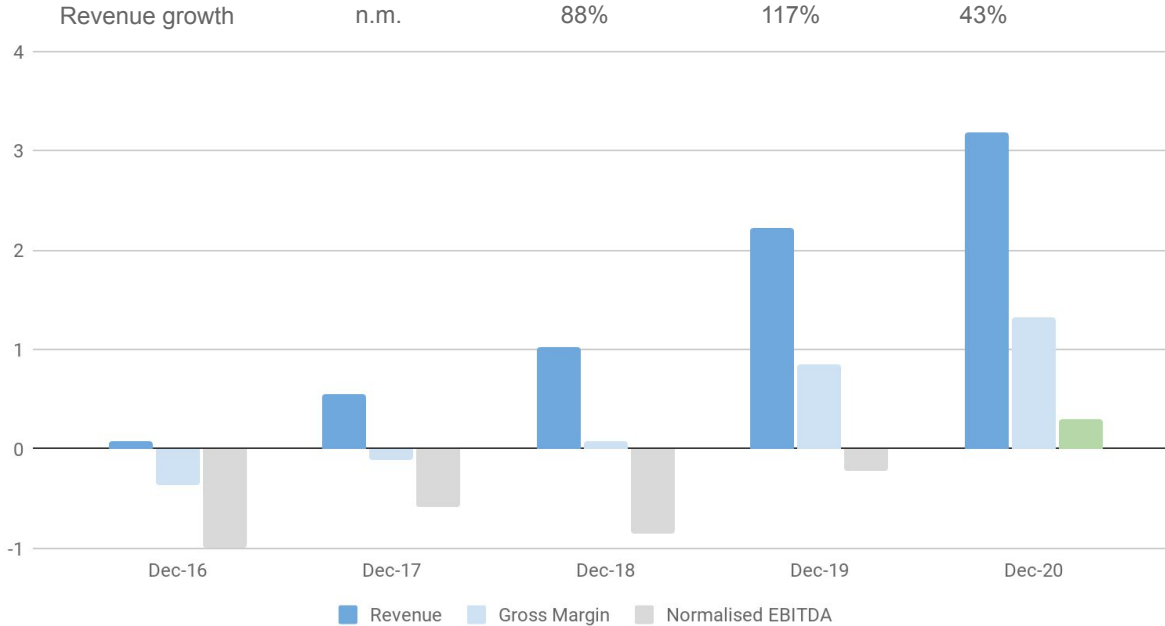
See Appendix for more details.

North American MRR growth was adversely impacted by the 9% appreciation in the AUD

1. Monthly Recurring Revenue (MRR) is the recurring revenue (excluding one-off and non-recurring revenue) for the last month of the quarter.  
2. Exchange rates are the average rate for the last month of the quarter.

# Operating Leverage (month of December<sup>1</sup>)

North America (A\$ million)



## Margins

	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20
Profit after Direct Network Cost Margin %	n.m.	(21%)	8%	38%	42%
Regional EBITDA Margin %	n.m.	(106%)	(83%)	(10%)	9%

## Margin Trends <sup>1</sup>

The significant investment in network footprint and sales capabilities in NAM has lift in profit after direct network cost <sup>2</sup> margin.

Strong revenue growth has seen NAM reach regional EBITDA breakeven in 2QFY21

1. All figures are for the month of December

2. Direct network costs comprise 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.

# Asia Pacific

## APAC Region (including Japan) EBITDA Positive in 1HFY21

### Total Installed Data Centres



87

30 JUN 2020

97

31 DEC 2020

### Total Number of Customers



783

30 JUN 2020

849

31 DEC 2020

### Total Number of Ports



2,452

30 JUN 2020

2,686

31 DEC 2020

### Total Number of Services <sup>1</sup>



7,480

30 JUN 2020

8,260

31 DEC 2020

### Monthly Recurring Revenue <sup>2</sup>



\$2.0M

JUNE 2020

\$2.2M

DEC 2020

### Profit After Direct Network Cost Margin <sup>3</sup>



72%

30 JUN 2020

68%

31 DEC 2020

### Average Revenue per Port <sup>4</sup>

\$803

+0%

### No. of Ports per Data Centre

27.7

-2%

### Services per Port

3.1

+1%

### Services per Customer

9.7

+2%

### Port Utilisation <sup>5</sup>

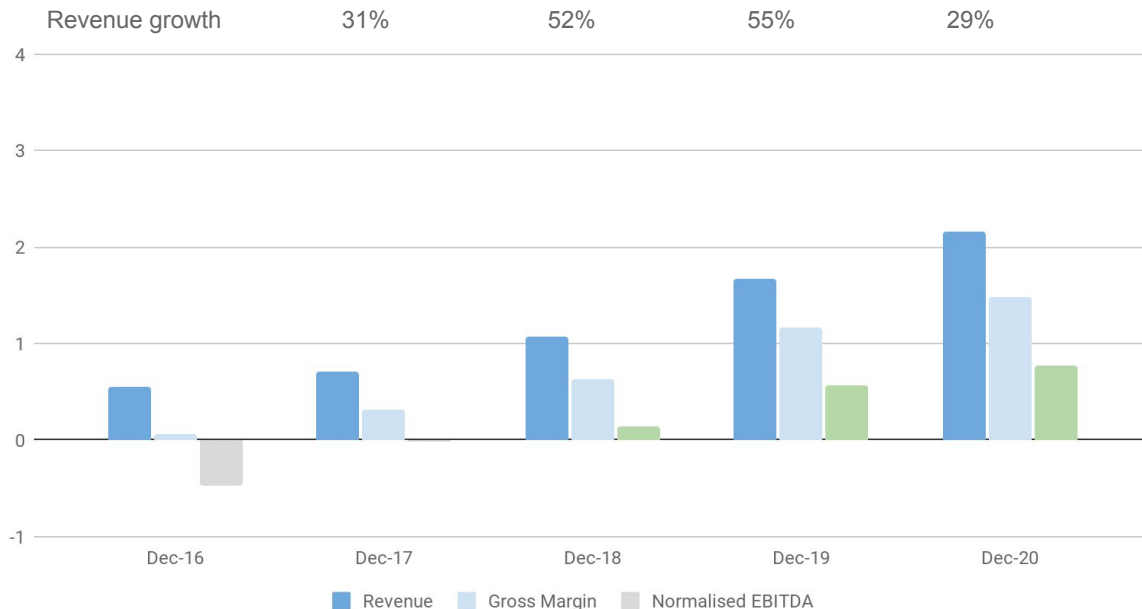
41%

Figures as at 31 Dec 2020 (vs 30 Jun 2020)

1. Total Services comprises of Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX)  
 2. Monthly Recurring Revenue (MRR) is revenue (excluding one-off and non-recurring revenue) for the last month of the relevant period.  
 3. Regional profit after direct network cost margin is normalised for reclassification of hosting charges.  
 4. MRR divided by number of Ports at reporting period end date  
 5. Ports sold/used divided by total Ports available

# Operating Leverage (month of December<sup>1</sup>)

APAC (A\$ million)



## Margins

	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20
Profit after Direct Network Cost Margin %	11%	45%	58%	70%	68%
Regional EBITDA Margin %	(86%)	(2%)	12%	34%	36%

## Margin Trends <sup>1</sup>

Strong MRR growth and a significant portion of fixed Direct Network Costs has seen APAC profit after direct network cost <sup>2</sup> margin expand to ~70%.

Excluding Japan, APAC profit after direct network cost margin was 72%, and regional EBITDA margin was 43%.

Regional EBITDA margin has expanded as APAC has approached scale.

<sup>1</sup>. All figures are for the month of December

<sup>2</sup>. Direct network costs comprise 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.



# Europe

## Europe Region EBITDA Positive in 1HFY21

### Total Installed Data Centres



105

30 JUN 2020

105

31 DEC 2020

### Total Number of Customers



355

30 JUN 2020

386

31 DEC 2020

### Total Number of Ports



862

30 JUN 2020

991

31 DEC 2020

### Total Number of Services <sup>1</sup>



2,470

30 JUN 2020

2,725

31 DEC 2020

### Monthly Recurring Revenue <sup>2</sup>



\$1.1M

JUN 2020

\$1.1M

DEC 2020

### Profit After Direct Network Cost Margin



64%

30 JUN 2020

60%

31 DEC 2020

### Average Revenue per Port <sup>3</sup>

\$1,145

-12%

### No. of Ports per Data Centre

9.4

+15%

### Services per Port

2.7

-4%

### Services per Customer

7.1

+1%

### Port Utilisation <sup>4</sup>

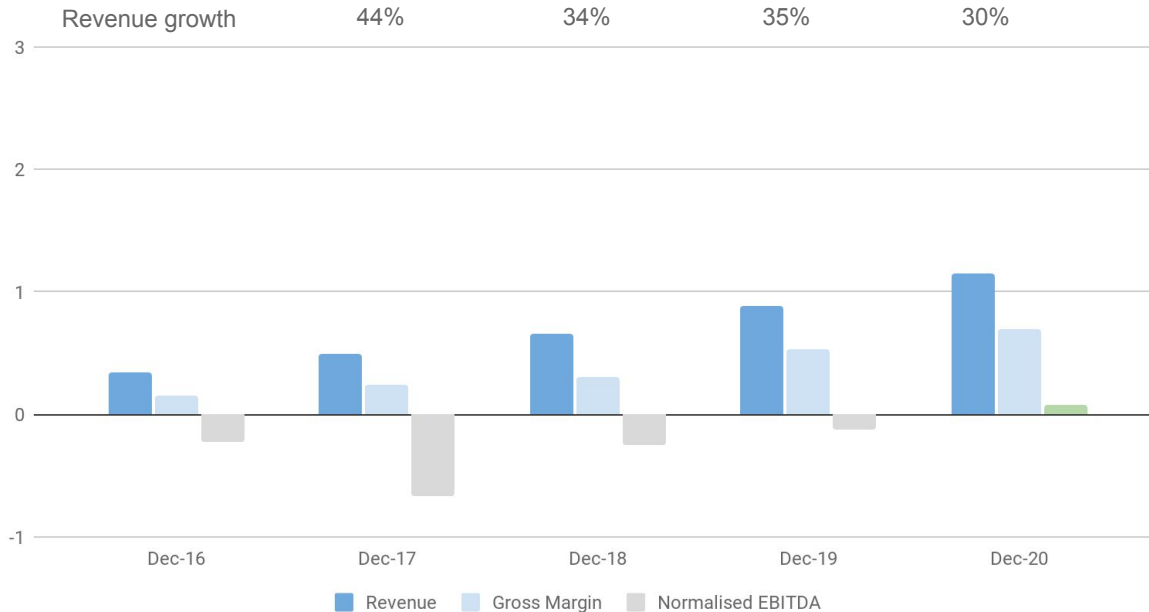
27%

Figures as at 31 Dec 2020 (vs 30 Jun 2020)

1. Total Services comprises of Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX)  
 2. Monthly Recurring Revenue (MRR) is revenue (excluding one-off and non-recurring revenue) for the last month of the relevant period  
 3. MRR divided by number of Ports at reporting period end date  
 4. Ports sold/used divided by total Ports available

# Operating Leverage (month of December<sup>1</sup>)

Europe (A\$ million)



Margins	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20
Profit after Direct Network Cost Margin %	44%	50%	47%	59%	60%
Regional EBITDA Margin %	(65%)	(137%)	(39%)	(15%)	7%

## Margin Trends <sup>1</sup>

While overall EMEA margins are higher due to the acquisition of the IX business in 2016, MRR growth is beginning to expand profit after direct network cost <sup>2</sup> margin.

Regional EBITDA margin has improved in EMEA as customers per DC increases.

<sup>1</sup> All figures are for the month of December.

<sup>2</sup> Direct network costs comprise 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.

# Summary

## **COVID-19**

The health and wellbeing of our team is our highest priority, with working from home protocols together with the suspension of all travel expected to continue for some time.

The impact on Megaport's operational and financial performance has not been significant.

Financial position remains strong, with \$144.8 million in cash on hand at 31 December 2020.

## **PLATFORM INNOVATION AND PRODUCT FOCUS**

Further API Integrations - SD-WAN platforms, Network Function Virtualization. Successful launch of MVE with SD-WAN in 2HFY21.

## **PATHWAY TO PROFITABILITY**

Megaport is on track to achieve EBITDA breakeven on an exit run rate basis in Fiscal Year 2021. Achieving EBITDA positive in NAM region in 2QFY21 means all regions are EBITDA positive.

2HFY21 focus on Revenue growth and achieving Group EBITDA positive on exit run rate.

# Thank you


**ASX:** MP1

**On the Web**

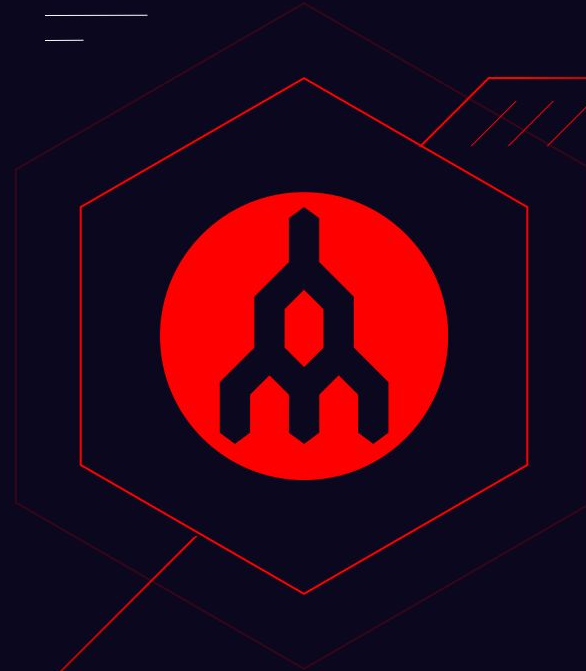
[megaport.com/investor](https://megaport.com/investor)  
[megaport.com/media-centre](https://megaport.com/media-centre)

**Social**

 /megaportnetworks

 @megaport

 @megaportnetwork



1HFY21 MARKET UPDATE

# Appendix

# The Leader in Network as a Service (NaaS)

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

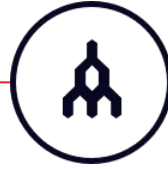
# Connecting the Ecosystem



2,043 Customers



102 Unique Data Centre Operators



Megaport's Unique Value Proposition



365+ Service Providers

**Canon**

**BHP**

The Washington Post

**accenture**

**suez**

**AutoNation**

**Pulsant**  
Business Unlimited

**NEC**

**tierpoint**

**SUNGARD**  
AVAILABILITY SERVICES™

**RagingWire**  
DATA CENTERS  
An NTT Communications Company

**DIGITAL REALTY**



Scalable and on demand



Multicloud connectivity



Private and Secure



Flexible Terms

**aws**

**Microsoft**  
Azure



Google Cloud

**ORACLE**  
Cloud

**SAP**

**NUTANIX**

IBM Cloud

**salesforce**

Alibaba Cloud

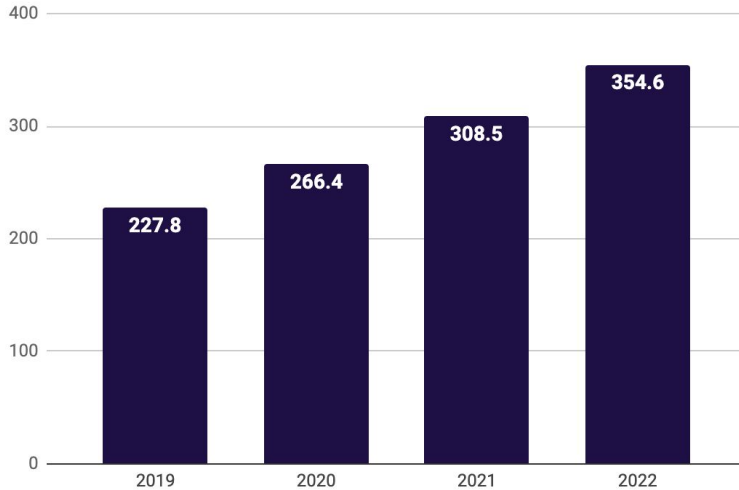
**rackspace**  
technology

**CLOUDFLARE**

**OVHcloud**

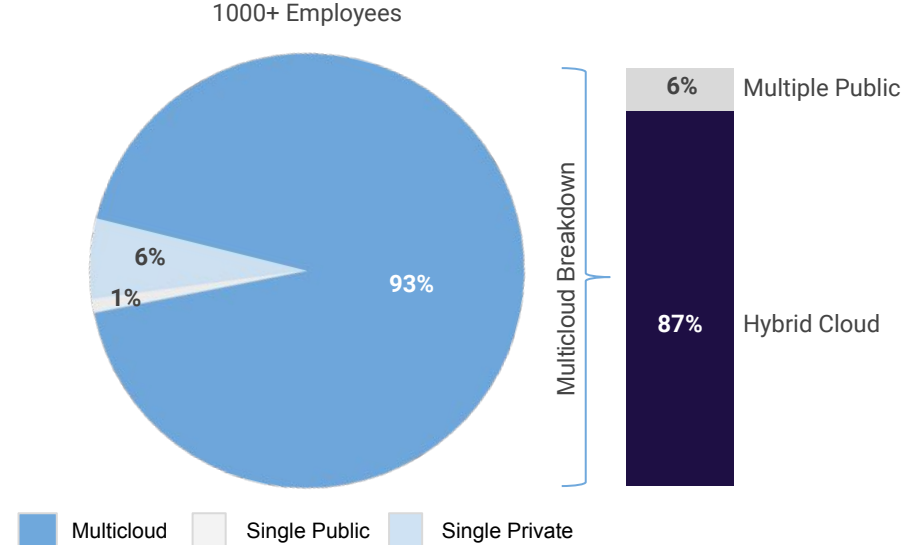
# Industry Growth Trends

Enterprise Cloud Service Spend (US\$B)



Total of: BPaaS, PaaS, SaaS, Cloud Management & Security Services, Source: Gartner, 2019

Enterprise Cloud Strategy  
1000+ Employees



Source: Flexera 2020 State of the Cloud Report



Number of Megaport customers connecting to multiple clouds up 7.5 times over 3 years

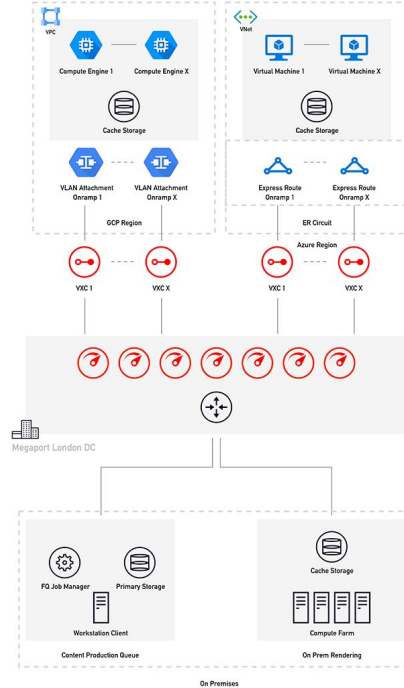


# Framestore: Digital Media Case Study



Oscar-winning creative studio behind the world's leading entertainment experiences

- Massively scaling to support data intensive VFX
- Modernised network for demand-based projects
- Multi-cloud and multi-region enablement
- Increased availability and productivity



**“Using Megaport is so easy and consistent everywhere that we no longer have to worry about cloud-based workloads. If anyone asks whether we can connect to a new cloud or between offices quickly, the answer is: Yeah. We have Megaport. It’s done.”**

**Beren Lewis, Director of Global Systems and Infrastructure Technology - Framestore**

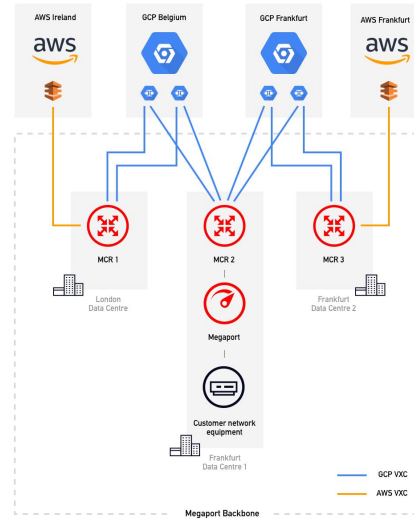
<https://megaport.com/framestore>

# Kiwi: Web/Commerce Case Study



Global travel agency with average of 100 million daily search queries and 40K seats sold daily

- Achieved Cloud-to-Cloud in minutes - including private and public cloud - with **MCR**
- No physical routers to buy, install, or manage
- Successful migration of workloads into a multicloud architecture
- Stable latency over private connectivity between Google Cloud and AWS.
- Restored critical connection in under five minutes during unexpected IPsec tunnel downtime.



“With Megaport, we know we have dedicated lines — and that’s vital for ensuring reliable levels of latency between clouds, especially when we’re expecting higher volumes of traffic. I don’t have to set up big routers to handle peaks; I can just add bandwidth to our virtual cross connects through the Megaport portal.”

Miloš Vyletel, Staff Engineer,  
Kiwi.com

# Financial Results Impact of AASB16 Leases

Consolidated Profit & Loss	1HFY21 Reported \$'000	AASB16 Adjustment \$'000	1HFY21 Pre-AASB16 \$'000	1HFY20 Pre-AASB16 Reported \$'000	Change %
<b>Revenue</b>	<b>36,005</b>	-	<b>36,005</b>	<b>25,856</b>	<b>39%</b>
Direct network costs <sup>2</sup>	(17,782)	(2,686)	(20,468)	(14,662)	(40%)
<b>Profit after direct network costs<sup>1</sup></b>	<b>18,223</b>	<b>(2,686)</b>	<b>15,537</b>	<b>11,194</b>	<b>39%</b>
<i>Profit after direct network cost margin</i>	51%		43%	43%	-
Operating Expenses (OPEX)	(26,898)	(595)	(27,493)	(23,623)	(16%)
<b>Normalised EBITDA<sup>2</sup></b>	<b>(8,675)</b>	<b>(3,281)</b>	<b>(11,956)</b>	<b>(12,429)</b>	<b>4%</b>
<i>Normalised EBITDA margin</i>	(24%)		(33%)	(48%)	+15pp
Depreciation and amortisation expense	(10,916)	3,044	(7,872)	(4,911)	(60%)
Equity-settled employee costs	(2,645)	-	(2,645)	(2,748)	4%
Foreign exchange gains / (losses) <sup>3</sup>	(17,157)	-	(17,157)	742	(2412%)
Non-operating income/(expenses)	(648)	325 <sup>4</sup>	(324)	348	(193%)
Tax benefit	1,620	-	1,620	158	926%
<b>Net loss for the year</b>	<b>(38,421)</b>	<b>(88)</b>	<b>(38,333)</b>	<b>(18,840)</b>	<b>(103%)</b>

1. Direct network costs comprise 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 costs, foreign exchange gains and loss on disposal of property, plant and equipment. Including these amounts, EBITDA would be (\$28,631) post AASB16 and (\$31,912) pre AASB16 (FY20: (\$12,268) post AASB16 and (\$14,431) pre AASB16).

3. Foreign exchange losses are mainly attributed to appreciation of AUD against the USD (Average of 0.72 in 1HFY21, vs 0.68 in 1HFY20). Of the \$17.2M loss in 1HFY21, \$14.3m is related to AUD/USD movement (\$10m unrealised loss relating to Intercompany balances between Megaport Limited and Megaport USA, and \$4.3m realised loss relating to revaluation of USD cash balances).

4. Represents interest portion of lease payments during the period ended 31 December 2020.

## Financial Results Pre-AASB16

For half year ended 31 December 2020

**Profit after direct network costs**  
<sup>2</sup> of \$15.5M improved by \$4.3M or 39%

**Profit after direct network cost margin** of 43%, consistent with 1HFY20

**Normalised EBITDA** loss of \$12.0M improved by 4%, to (33%) of revenue compared to (48%) of revenue in 1HFY20

# Regional MRR<sup>1</sup> in Local Currency

APAC	June-19	Sept-19	Dec-19	Mar-20	June-20	Sept-20	Dec-20
MRR in AUD	1,358	1,494	1,712	1,903	1,963	2,014	2,158
Net incremental MRR in AUD		136	218	191	60	51	144
QoQ growth in MRR in AUD		10%	15%	11%	3%	3%	7%
NAM in AUD	Sept-19	Dec-19	Mar-20	June-20	Sept-20	Dec-20	
MRR in AUD	1,464	1,745	1,953	2,464	2,570	2,721	2,958
Net incremental MRR in AUD		281	208	511	106	151	237
QoQ growth in MRR in AUD		19%	12%	26%	4%	6%	9%
NAM in USD	Sept-19	Dec-19	Mar-20	June-20	Sept-20	Dec-20	
AUD/USD exchange rate	0.6967	0.6812	0.6889	0.6225	0.6891	0.7228	0.7533
MRR in USD	1,020	1,189	1,345	1,534	1,771	1,967	2,228
Net incremental MRR in USD		169	157	188	237	196	262
QoQ growth in MRR in USD		17%	13%	14%	15%	11%	13%
Europe in AUD	Sept-19	Dec-19	Mar-20	June-20	Sept-20	Dec-20	
MRR in AUD	787	832	887	1,049	1,119	1,048	1,135
Net incremental MRR in AUD		45	55	162	70	-71	87
QoQ growth in MRR in AUD		6%	7%	18%	7%	-6%	8%
Europe in EUR	Sept-19	Dec-19	Mar-20	June-20	Sept-20	Dec-20	
AUD/EUR exchange rate	0.6137	0.6176	0.6199	0.5625	0.6124	0.6130	0.6190
MRR in EUR	483	514	550	590	685	642	703
Net incremental MRR in EUR		31	36	40	95	-43	60
QoQ growth in MRR in EUR		6%	7%	7%	16%	-6%	9%
GROUP in AUD	June-19	Sept-19	Dec-19	Mar-20	June-20	Sept-20	Dec-20
MRR in AUD	3,609	4,071	4,552	5,416	5,652	5,783	6,251
Net incremental MRR in AUD		462	481	864	236	131	468
QoQ growth in MRR in AUD		13%	12%	19%	4%	2%	8%

## Underlying Growth in MRR

Reported growth figures have been volatile over the past four quarters due to significant movements in the Australian dollar, particularly against the US dollar.

QoQ MRR growth in North America and Europe have been more consistent when measured in local currency<sup>2</sup>.

1. Monthly Recurring Revenue (MRR) is the recurring revenue (excluding one-off and non-recurring revenue) for the last month of the quarter.  
2. Exchange rates are the average rate for the last month of the quarter.

# Important Information

This presentation has been authorised by the Board of Megaport.

**Megaport Limited ACN 607 301 959**

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

For definitions refer to the [Glossary for Investors](#) under the [Business Overview](#) on the Megaport website.

A summary of Megaport's [5 year historical KPIs and metrics](#) to Dec-20 can be found on our website at <https://www.megaport.com/investor/business-overview/>.

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