ASX Release

Megaport Reports Global Expansion, Revenue Growth, Strong Customer Acquisition, and Strategic Partnerships

Brisbane, AUSTRALIA February 21, 2017 - Megaport Limited (ASX:MP1) today reported its first half yearly earnings to 31 December 2016, including a general market update.

Performance Highlights

1H FY17 Financial Highlights

- The Company's Revenue for the half-year ended 31 December 2016 was $4,458,704, reflecting both acquisition revenue and organic growth.
- Total monthly recurring revenue at December 2016 was $909k, an increase of $668k, 311% from December 2015.
- Total Services[1] increased December 2015 to December 2016 by 1,828, or 194% due to a substantial uplift in Virtual Cross Connections (VXCs), of 308% YoY.
- As a result, Average Revenue per Port increased to $615, up $197 or 47%.
- There is a loss after direct network costs[2] of $831,153 for all business units.
- The Asia-Pacific and Europe business units are generating a profit after direct network costs.
- Net Loss for the half-year ended 31 December 2016 was $13,772,690.
- At the end of December 2016, the company's cash position was $24.2M.
- The Group completed the acquisition of Peering GmbH in August 2016 in Germany which expanded Megaport over an additional 30 locations across two countries.

Vincent English, Chief Operations Officer, Megaport Limited said: "This half year has been a marked leap forward for Megaport. We have witnessed first-hand the effects of increased cloud adoption as evidenced by the dramatic uptick in our VXC count. Put simply, more customers are connecting to more cloud services across the Megaport SDN. Our monthly recurring revenue has increased by 311% in the last year, a result of acquisitions and accelerating customer adoption of Megaport services in our organic markets as demand continues to grow."

The Group has facilitated expansion in the half year by resourcing key management positions appointing CFO and expansion in Sales and Marketing. The first half of FY17 focused on expanding global reach and setting up corporate legal entities to enable new and further integrated types of partnerships such as the Seaborn software licensing arrangement. There was a set focus on brand and corporate presence involving marketing and events coordination incorporating extensive travel activities.

During the half year ended 31 December 2016, the Company undertook two successful capital raisings: $17.85M was raised on 5 August 2016 via private placements and $13.15M was raised in 22 August 2016 via a share purchase plan. The net proceeds of the net capital raisings of $30 million which has been and will continue to be used for capital expenditure, ongoing operating costs of the network, services and staff,

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[1] Total services are comprised of Ports, Virtual Cross Connections (VXCs), and Internet Exchange (IX).

[2] 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.

and network capacity investment. This will provide the funding for revenue growth, market development, and additional partnership opportunities.

Key Performance Metrics
Executing on global growth opportunity
The key metrics to the end of December 2016 are:

	December 2015	June 2016	December 2016
Ports	504	736	1,479
Total Services	940	1500	2,768
Data Centres	46	102	141
Countries	4	17	19
Customers	253	314	621
Monthly Recurring Revenue	$221k	$308k	$909k

Market Expansion Update
- North America: 39 total data centres, with the addition of six new data centres in the period. Additionally, Digital Realty's Service Exchange went live in November following the successful deployment of Megaport across 16 Digital Realty data centres and completion of White-label integration. Eight new cloud on-ramps were established, with the first Azure GovCloud locations in Dallas and Chicago. Current expansion is underway in two new markets in Canada, the New York/New Jersey metropolitan areas, and in ten new CyrusOne locations.
- Europe: 57 total data centres. Network integration is underway and on track to complete this financial year. Megaport is the first to offer the Microsoft German Cloud on-ramp, located in Berlin and available across all Megaported German locations. In addition, six new cloud on-ramps were established with Microsoft, Amazon, and Google. The Megaport North America and Europe networks have been connected through a strategic partnership with Aqua Comms, enabling usage-based subsea connectivity.
- Asia-Pacific: 45 total data centres, with the addition of three new data centres in Australia and Singapore. At the end of the quarter, Megaport launched additional capacity through a trans-Pacific link to support global multi-cloud interconnection, connecting Hong Kong to Los Angeles, and adding a secondary path from Singapore to Hong Kong, driven by customer demand.
- Total number of Megaport active sites as at 31 December 2016 is 141, up from 102 at the end of June 2016.

Conclusions and Outlook
At the end of December 2016, the cash position was $24,185,257.

Vincent English, Chief Operations Officer, Megaport Limited said: "Megaport continues to expand our footprint based on demand from several fronts. The addition of several new cloud provider onramps to our SDN is highly driven by the growing adoption of public cloud services and the demand cloud service providers see for better connectivity to their public cloud offerings. Partnering and integrating with cloud

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service providers to extend the reach of their services creates a powerful go to market relationship that makes it easier to get more customers connected. Concurrently, the demand from data centres and their customers for elastic interconnection, rapid provisioning, and direct cloud access has yielded several excellent partnerships that bring the Megaport SDN to new markets."

"Our valued partners, and the channels they enable, bring to bear significant sales and marketing resources focused on selling Megaport's services around the globe. This increases our addressable market vastly more than if we were to tackle this through direct sales alone. Partnering with Digital Realty, Seaborn, CyrusOne, and others enables us to reach more customers while minimising costs and improving speed to market. The investments we've made in our brand, our service, and demand generation programs have created great momentum for our continued expansion and have accelerated customer adoption of Megaport services. Our current cash position, increased customer traction, and operational foundation put Megaport in an excellent position to execute on our strategy. The entire Megaport team is genuinely excited by our success and energised to continue transforming the data networking industry."

Director Resignation

The Company advises that Executive Director Mr Denver Maddux has resigned as a Director of the Company, effective 21 February 2017.

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 Fabric. Services can be directly controlled by customers via mobile devices, their computer or our 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 industry veteran Denver Maddux, Megaport has been built by a highly experienced team with extensive knowledge in building large scale global carrier networks and connects over 620 customers throughout over 147 data centres in 37 cities across 19 countries. Megaport is an Amazon AWS Technology Partner, Microsoft Azure ExpressRoute Partner, and Google Cloud Interconnect Partner.

To learn more about Megaport, please visit: www.megaport.com.

Investor enquiries

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