

ASX Release

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

Brisbane, AUSTRALIA February 29, 2016 Megaport Limited (ASX:MP1) today reported its first half yearly earnings to 31 December 2015, including a general market update.

Performance Highlights

1H FY16 Financial Highlights

- The Company's Revenue for the half-year ended 31 December 2015 was \$1,001,079, reflecting continued substantial growth in Port and Virtual Cross Connect revenues.
- The revenue was generated in the Asia Pacific business units, of which Australia accounts for 90%.
- There is a loss after Direct Network costs (comprised 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) of \$149,455 for all business units.
- The Asia Pacific business units are generating a profit after Direct Network costs, with Australia generating a profit after Direct Network costs of 44%.
- Net Loss for the half-year ended 31 December 2015 was \$9,939,517, which includes one-off costs relating to the establishment of the business and IPO costs of \$3,108,840.
- Cash had a closing balance of \$25,441,258 at 31 December 2015.

Denver Maddux, Chief Executive Officer, Megaport Limited said: "We are pleased to report that the markets in Asia Pacific, specifically Australia, continue to grow and generate profit after Direct Network costs, in addition to strong market adoption gains with 31% revenue growth during this half-year. The number of Ports sold increased by 72% and we are happy that Singapore and Hong Kong have shown continued improvement in revenue growth."

During the half year ended 31 December 2015, the Company undertook two successful capital raisings: \$10 million was raised in August 2015 via a private placement, and \$25 million was raised in December 2015 through an Initial Public Offering. These funds provide capital for the Company to complete network expansions into North American and European markets; hire additional sales and engineering professionals; and investigate expansion opportunities into new markets and fund Offer costs.

Key Performance Metrics

Executing on global growth opportunity

The key metrics to the end of December 2015 are:

- Number of Locations: 46
- Number of Ports: 504
- Number of Customers: 253
- December Revenue: \$220,543 (up 29% from July 2015)

Market Expansion Update

- North America: Megaport has completed twelve of its 31 planned locations as at 31 December, with a further six completed as at 29 February 2016. The remaining 13 locations are on track for completion by 30 April 2016. Services are now available in seven of the eight planned metropolitan areas.
- Europe: rollout has commenced in seven of the 13 planned locations.
- Total number of Megaport active sites as at 29 February 2016 is 54, up from 36 at the end of July 2015.

The Company has deployed over half of its planned North American footprint and service availability dates are on schedule, while expansion into Europe is well underway.

The Company has signed its first Open Alliance Agreement in North America with Wowrack, based in Seattle, Washington, extending services into its facility. “In addition to executing on our planned core footprint, external demand for elastic interconnectivity to cloud service providers has also shaped Megaport’s deployments,” Maddux said.

The Open Alliance provides a framework to quickly deploy to data centres with demand for direct cloud connectivity.

Another highlight of the Company’s expansion plans includes signing key alliances with CyrusOne and Amsterdam Internet Exchange (AMS-IX) illustrating the demand for elastic connectivity services with both Enterprise data centres and traditional Internet interconnection platforms.

“The need for innovation at the interconnection layer is absolutely clear,” Maddux said. “Both CyrusOne and AMS-IX represent significant opportunities to bring our respective strengths together to provide the next level of interconnection capabilities.

“Enterprise-rich data centre operators like CyrusOne will deliver a strong pipeline for our elastic cloud interconnection services, while AMS-IX enables us to expand our reach in Amsterdam, a major European cloud market.”

Conclusions and Outlook

The Company’s closing Cash of \$25,441,258 puts it in a strong position to execute the remaining builds as outlined in the Company prospectus. Rollout consists of 31 locations in North America by 30 April 2016 and 13 locations in Europe. Staffing and talent acquisition remain a core priority as the Company executes on its North America plans and builds the European business unit.

“We are delighted with our team’s execution on the rollout of our core service footprint in North America and their business development efforts to build our ecosystem of service providers,” said Maddux.

“Megaport has the largest Elastic Interconnection network in Asia Pacific, with the greatest reach into the most key data centres. By demonstrating demand for direct, elastic interconnectivity to cloud service providers within Asia Pacific, we have strengthened our relationship with key cloud



and network service providers. This is also fuelling demand for Megaport to enable our cloud partners' direct connectivity services into our expansion markets."

Megaport operates in 54 data centres across thirteen markets in Australia, New Zealand, Singapore, Hong Kong, and United States and is currently expanding its presence into additional data centres in North America and key markets in Europe, including London, Dublin, Amsterdam, and Stockholm.

To learn more about Megaport's SDN-based interconnection fabric and continued expansion into North American markets, please visit <https://megaport.com>.

Supporting Resources

- Visit Megaport: <https://megaport.com/>
- Follow Megaport on Twitter: [@megaportnetwork](https://twitter.com/megaportnetwork)
- Like Megaport on [Facebook](https://www.facebook.com/megaport)
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About Megaport

Megaport is the leading, global, independent and neutral provider of Elastic Interconnection services. Using Software Defined Networking, 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, and North America 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 neutral elastic fabric changing the way enterprises, networks, and services interconnect. The high demand for interconnects and the need to change the way bandwidth acquisition has pushed Megaport into new markets globally. Megaport has been built by a highly experienced team with extensive knowledge in building large scale global carrier networks. To learn more about Megaport, please visit: www.megaport.com.

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