



1Q FY17 Global Update

Revenue increased 91% from the last quarter due to organic growth, acquisitions, and execution of key strategic partnerships. Megaport successfully completed private placement and share purchase plan.

Brisbane, AUSTRALIA 31 October 2016 Megaport Limited (**ASX:MP1**) provides global market update.

Performance Highlights

1Q FY17 financial highlights:

- Revenue for the period was \$1.8M, an increase of 91% from the last quarter due to organic growth and acquisitions.
- Total monthly recurring revenue at the end of the quarter was \$794K, an increase of \$486K, 158% QoQ.
- The Asia-Pacific and Europe business units are generating a profit after direct network costs¹.
- Capital raising initiatives in the quarter added net \$30M to the business.
- In August Megaport closed the acquisition of Peering GmbH (ECIX) for a total cash price of \$1.9M. The total cash outflow in the quarter was \$1.4M for partial settlement of the acquisition and related expenditure.
- At the end of September 2016, the company's cash position was \$31.6M.

Megaport's Chief Executive Officer, Denver Maddux, said, "The first quarter of fiscal year 2017 showed tremendous growth for Megaport. Our organic revenue has grown considerably due to the increased uptake of direct cloud interconnection. Megaport specialises in delivering these services. Partnerships with data centre operators, internet exchanges, and other channel partners forged in the previous fiscal year are generating revenue. Our European acquisitions have contributed not only to our revenue but to our ecosystem of service providers and strategic data centres. Combined, we have nearly doubled our revenue run rate from the previous quarter. Our partnership, acquisition, and local go to market strategies are coming together to capture market share."

¹ Direct network costs comprise 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

Key Performance Metrics

	July 2015	June 2016 ²	September 2016 ³
Ports	325	736	1409
Locations (Data centres)	36	102	132
Countries	4	17	19
Customers	179	314	561
Monthly Recurring Revenue	\$171k	\$308k	\$794k

Global Expansion Update

- Asia-Pacific: Total data centres are 40 with the addition of new data centres in Perth and Sydney. The Australia and New Zealand business units are Operating EBITDA⁴ positive.
- North America: Total data centres are 33 with the addition of new data centres in Portland and Las Vegas where MegaPort is the first elastic interconnection provider in those cities.
- Europe: 9 new data centres are active with the addition of data centres in Amsterdam, Dublin, London, and Stockholm. They combine for a total of 57 data centres across Europe. The region is Operating EBITDA⁴ positive.

Partnership Update

Digital Realty Trust, Inc.: MegaPort executed a global strategic agreement to provide elastic interconnectivity services for Digital Realty, one of the largest data centre operators in the world. Under the agreement, MegaPort will power Digital Realty's Service Exchange platform with elastic interconnection services. Digital Realty customers in 24 data centres across 15 cities will have access to the MegaPort global fabric of data centres and service providers.

Service Exchange, powered by MegaPort, will launch in 16 data centres on 4 November 2016. For more information, please see: <https://www.megaPort.com/digital-realty/>

4Degrees Data Centres: The execution of an Open Alliance agreement with 4Degrees Data Centres will enable its Montreal and Quebec City, Canada data centres with elastic interconnection.

Denver Maddux, Chief Executive Officer, said: "We continued an excellent trajectory as we launched new data centres, acquired another business, and added talented people

² As at 30 June 2016 (excludes the acquisition of Peering GmbH)

³ As at 30 September 2016 (includes the acquisition of Peering GmbH)

⁴ Operating EBITDA for a particular geography is the earnings in that geography before interest, taxes, depreciation and amortisation, but excludes, in the calculation of earnings, group and corporate overheads.

throughout Europe. Our partnership with Digital Realty Trust positions us, and Digital Realty, to serve the needs of enterprises on a broader scale. There has been a significant investment to provide the seamless integration between Digital Realty's Service Exchange and the Megaport fabric via the Megaport API. We will enable a seamless experience for Digital Realty customers as they manage their global cloud and elastic interconnection needs through the same interface they manage their data centre needs.

Maddux continued, "Partnerships continue to drive Megaport into new cities where the demand for direct cloud connectivity is growing. With 4Degrees, we will have the ability to service the needs of enterprises in Quebec. Our Open Alliance agreement continues to provide an excellent framework for expanding the Megaport footprint cost-effectively and enabling data centre operators to differentiate their services with elastic interconnection and cloud exchange.

Conclusions and Outlook

The company's Closing Cash of AUD \$31.6M puts it in a good position to execute its expansion roadmap. Revenue generation is a core priority as Megaport executes on its global strategy. Proceeds from the recent capital raising will be used to enable the integration of recent acquisitions and drive revenue growth.

Denver Maddux said, "The Megaport team continues to fire on all cylinders as we execute the three pillars of our strategy: organic market expansion, partnership, and acquisition. As our footprint continues to grow, we realise more opportunities to enable enterprises and service providers to directly interconnect with a powerful set of tools. The company remains focused on the MegaPriorities we outlined in our annual report to shareholders. These are accelerated revenue growth, expansion of our ecosystem, ongoing network development, and driving the business towards operational EBITDA positive at a group level."

More information can be found in the company's Appendix 4C lodged with the ASX on 31 October 2016.

Supporting Resources

- Visit Megaport: <https://megaport.com/>
- Follow Megaport on Twitter: [@megaportnetwork](https://twitter.com/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, 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 ondemand 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 560 customers throughout its 132 data centres in 35 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

Email: investorcentre@megaport.com

Media enquiries

Telephone: +61 427 173 203

Email: wendy@sapphirecommunications.com.au