



ASX RELEASE

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FY16 Full Year Results and Global Update

Grew recurring revenue 80% since beginning of fiscal year, launched services in North America and Europe, acquired key European companies, and successfully completed capital raising

Brisbane, AUSTRALIA August 25, 2016 Megaport Limited (**ASX:MP1**) today reported its yearly earnings to 30 June 2016, including a global market update.

Performance Highlights

FY16 financial highlights:

- Revenue for the period was \$2,679,410
- The Company's revenue in June 2016 was up 80% from the beginning of the financial year
- The majority of this revenue was generated in the Asia-Pacific business units, of which Australia accounts for 86%
- Loss after direct network costs¹ of \$1,539,765, which includes direct network costs for the Asia Pacific and North America business units
- The Asia-Pacific business unit is generating a profit after direct network costs
- Net loss adjusted for acquisition and non-recurring costs was \$17,734,217, supporting network and services expansion, marketing, and staffing growth to underpin the new global infrastructure
- One-off costs relating to establishing Company structures, listing on the ASX, and the acquisition of OM-NIX Group AD (OM-NIX), totalling \$3,610,993, which resulted in a net loss for the period of \$21,345,210
- At the end of June 2016, the cash position was \$11,869,997

Megaport's Chief Executive Officer, Denver Maddux, said, "Fiscal Year 2016 was a tremendous year for Megaport. We aggressively expanded into new regions globally in a very short time period. Megaport is now live in Asia Pacific, North America, and Europe. At the beginning of the fiscal year, Megaport was deployed in 36 locations. As of today, we are now in 132 locations. This represents fast execution on our plan, both organically and

¹ Direct network costs 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

through two key acquisitions in Europe, OM-NIX and PEERING GmbH, providing us with extraordinary reach.”

Maddux continued, “While we expanded our footprint, we continued to grow our overall business; increasing customers, ports, and revenue. Megaport’s monthly recurring revenue is up 80% since the beginning of the fiscal year and we increased our ports by 127%. In addition, we forged a number of strategic partnerships, including leading data centre operators like CyrusOne and EdgeConnex and with the Amsterdam Internet Exchange. These partnerships yield excellent channel opportunities and service reach, with which Megaport can effectively go-to-market with a broader set of resources selling our services in more locations.”

Key Performance Metrics

	July 2015	June 2016 ²
Ports	325	736
Locations	36	102
Countries	4	17
Customers	179	314

Market Expansion Update

- Asia-Pacific: since listing on the ASX, Megaport expanded into six new locations and increased its footprint in underserved cloud connectivity markets like Auckland and Perth. Total locations are 42. The Australia and New Zealand business units are Operating EBITDA³ positive.
- North America: Megaport has completed all 27 of its planned builds and began generating revenue in May 2016. Megaport has expanded into two additional markets, Las Vegas and Portland, with Boston underway, and now operates in 33 locations.
- Europe: nine of the 13 planned sites are active with a combined total of 57 locations following the acquisition of OM-NIX, and PEERING GmbH (ECIX). Combined acquisitions generate \$4.5 million of annualised revenue. The region is Operating EBITDA positive. Mark Cooper has been appointed EVP of Europe.

Denver Maddux, Chief Executive Officer, said: “We are extremely pleased with the results of our Australian and New Zealand business units, where we have the longest operational history. We have seen tremendous uptake in the number of ports and services. Not only does this mean we are increasing the number of customers participating in our ecosystem, but it also indicates a strong adoption of customers accessing of services across our

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

³ 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.

platform. This takes the form of IaaS, PaaS, IP, Transport, Voice, and Managed Services, among others.”

Maddux continued, “With the acceleration of our European deployment through the acquisition of OM-NIX and ECIX, we have effectively leapfrogged our original deployment plan. This enables us to hit the market hard and fast with a unique service footprint. With the addition of Mark Cooper as EVP of Europe, along with the ECIX leadership team, I am confident in our ability to capture the growing cloud connectivity market throughout Europe.”

“North America required an aggressive, organic buildout to reach key service markets and provide the right service coverage. Since the region began generating revenue in May, we have seen a marked increase in the number ports ordered. The demand for cloud connectivity services by data centre operators drove us to expand to Portland and Las Vegas, which are in addition to our original planned footprint.”

Conclusions and Outlook

On 5 August 2016, Megaport successfully completed a capital raising of \$17.85 million and on 22 August 2016 completed a Share Purchase Plan to raise a further \$13.15 million. The net proceeds of the combined capital raising of approximately \$30 million will be used for capital expenditure, ongoing operating costs of the network, services and staff, and network capacity investment. This will provide the funding to fuel the Company’s priorities:

- Accelerate revenue growth in all markets, particularly Europe and North America
- Continue ecosystem expansion with the addition of new partners and geographic reach
- Complete network development through organic means and acquisitions
- Drive towards Operating EBITDA positive

Denver Maddux said, “Megaport is well positioned in terms of talent, footprint, ecosystem, and partnerships. We have one of the most pervasive elastic interconnection platforms around the globe. The recent funding enables us to take advantage of the significant opportunities ahead for Megaport. I could not be more thrilled by our team’s performance in fiscal year 2016. We are very excited to execute on our plan and bring elastic interconnection services to even more places around the globe.”

More information can be found in the FY16 Full Year Results and Global Update lodged with the ASX on 25 August 2016.

Supporting Resources

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

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 500 customers throughout its 132 locations in 36 markets in 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.

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