

ASX Release

Megaport Market Update

Brisbane, AUSTRALIA, 28 April 2016 - Megaport Limited (ASX:MP1) provides a general market update.

3Q FY16 Performance Highlights:

Executing on global growth opportunity

Key metrics	31 December 2015	31 March 2016
Number of Locations	46	59
Number of Ports	504	641
Number of Customers	253	283
Monthly Revenue (AUD)	\$220,543	\$274,601

Revenue

Revenue for March 2016 was \$274.6K (up 25% from December 2015) while receipts from customers were \$631K for the quarter, an increase of 17% from the prior quarter. All revenue receipts during the reporting period are from the Asia Pacific region.

Operating Costs

Megaport has maintained staff costs of \$2.28M during the reporting period as compared to \$2.34M in the previous quarter, while continuing with new market expansions.

Other Working Capital was \$3.43M during the reporting period as compared to \$1.92M in the previous quarter. With the completion of the North American network expansion, Direct Network Costs increased by \$455K, reflecting that the majority of the North American network was deployed in Q3 FY2016 (Revenue attributable to the North American network is anticipated from Q4 FY2016 onwards).

Additionally, there were a number of one-off cash outflows in Other Working Capital during Q3 FY2016 that impacted the increase:

- Megaport's roll-out of the North American network is funded by capital raised during the Company's IPO in Australia last year. As a result of the Australian dollar strengthening in Q3 FY2016, the Company realised a foreign currency loss of AUD\$504K on funds transferred from AUD to USD.
- Other Working Capital includes increased pre-payments of \$460K specific to the North American rollout, with the services to be used across Q4 FY2016.



Capital Expenditure

With the majority of the North American network hardware purchased in Q2, the Capital Expenditure decreased in Q3 FY2016 by \$725K.

Cash Position

As anticipated, the Company experienced a net decrease in Cash Held for this reporting period, reflecting the company's focus on the expansion of the North American market during this period. Closing Cash at the end of Q3 FY2016 is \$18.7M.

Market Expansion Update

- North America: The Company has completed all of its planned locations as of 29 April 2016 across the United States and Canada and services are now available in the eight planned metropolitan areas as listed in the prospectus lodged on 20 November 2015.
- Europe: Rollout has commenced in our 13 planned locations and is on schedule for completion by 30 June 2016.
- Australia/New Zealand: The Company launched services in Perth with activation of its first location on 12 April 2016. Additional locations on schedule for launch by 31 May 2016 include one (1) in Perth, one (1) in Brisbane, and two (2) in Auckland.
- Megaport has added 20 new locations since 31 December 2015 and now has a total of 66 service locations.
- Amsterdam Internet Exchange IX services are now integrated with the Megaport Fabric in North America.
- CyrusOne integration is underway with go-to-market initiatives already taking place.
- The Company launched version 3.0 of its Megaportal (<https://megaport.ai>) with enhanced layout and improved customer service features including in-portal Live Chat Support.

Conclusions and Outlook

The Company's Closing Cash of AUD 18.7M puts it in a good position to execute the remaining builds as outlined in the Company prospectus. Market expansion consists of additional 13 locations in Europe. Staffing and revenue generation remain a core priority as the Company executes on its North American plans and builds the European business unit.

Denver Maddux, Chief Executive Officer, Megaport Limited said: "We are pleased with our global team's performance. This quarter saw the rollout of new sites and the integration of our platform with strategic alliance partners that significantly expand the Megaport footprint globally. We are deeply focusing our business development efforts with critical cloud service providers which we expect will drive strong uptake in ports and Virtual Cross Connects (VXCs) within the enterprise vertical."

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.



Megaport operates in 66 data centres across thirteen markets in Australia, New Zealand, Singapore, Hong Kong, Canada, and the 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.

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.

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

Supporting Resources

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