



## Global Update

***Megaport reports solid quarterly growth with underlying Monthly Recurring Revenue<sup>1</sup> up 10% and reported Monthly Recurring Revenue up 8% QoQ. Total Services were up 6%, and Megaport Cloud Router up 11% in 2Q FY21. The Company also announced expanded cloud and data centre partnerships, with OVHcloud partnering to enable direct cloud connections globally.***

**Brisbane, AUSTRALIA 19 January, 2021** Megaport Limited (**ASX:MP1**) today reports its quarterly Key Performance Indicators to 31 December 2020, and provides a global market update.

## Executive Summary

In 2Q FY21, Megaport saw continued growth in Monthly Recurring Revenue (MRR), up 8% QoQ to \$6.3M in December 2020. Total revenue for the quarter was \$18.7M, up 8% compared to 1Q FY21. In December 2020, Megaport achieved 2,043 customers, up 3% QoQ, 6,691 Ports and total services of 19,278, both up 6% QoQ, and 382 Megaport Cloud Routers, up 11% QoQ.

Megaport recorded positive net cashflow from operations for the first time in 2Q FY21. This was earlier than expected and resulted from record customer collections. In 3Q FY21, the Company expects some one-off annual prepayments before reverting back to positive cashflow from operations on a recurring basis in FY22.

Megaport delivered \$0.6M in quarterly growth in underlying MRR, the second highest to date. Both underlying growth in MRR and Total Revenue in 2Q FY21 were up 10%, with reported growth figures impacted by the continued appreciation in the Australian dollar, particularly against the US dollar. The following table sets out the underlying growth in MRR, excluding the impact of foreign exchange (FX) movements. Also attached as an Appendix is a detailed breakdown of MRR growth by region in local currency.

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<sup>1</sup>Monthly Recurring Revenue (MRR) is the recurring revenue (excluding one-off and non-recurring revenue) for the last month of the quarter. Underlying MRR excludes the estimated impact of FX movements.

000s	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Reported MRR in AUD	4,071	4,551	5,416	5,651	5,783	6,251
Reported MRR growth in AUD	462	480	865	235	132	468
Reported QoQ growth in MRR	13%	12%	19%	4%	2%	8%
Estimated impact of FX movements	not material	not material	348	(424)	(155)	(139)
<b>Underlying Growth in MRR<sup>2</sup></b>	<b>462</b>	<b>480</b>	<b>517</b>	<b>659</b>	<b>286</b>	<b>606</b>
QoQ Growth in Underlying MRR	13%	12%	11%	12%	5%	10%

New data centre partnership announcements in the period include Sungard, Kao Data, and NorthC. The company continued to bolster its ecosystem of leading service providers with the addition of leading European cloud provider OVHcloud in the quarter.

MegaPort will launch MegaPort Virtual Edge (MVE) in 2H FY21. As announced on 17 August 2020, MVE will provide a platform to virtualise network functionality – for example, SD-WAN – to enable businesses to connect to services through MegaPort from more locations around the globe – including branch offices, corporate campuses, and point-of-sale locations. Cisco is the first technology partner to announce MVE integration with more integration partners planned in the coming quarters.

MegaPort's Chief Executive Officer, Vincent English, commented, "The addition of OVHcloud to our ecosystem provides our customers with greater service provider choice and positions us to capture more opportunities for local cloud enablement in France. Additionally, we're excited for the upcoming release of MegaPort Virtual Edge which will allow more businesses to access MegaPort's leading ecosystem of service providers from more locations globally. MVE is a perfect example of the convergence of our innovation roadmap and our channel strategy. Technology partners, like Cisco, will be empowered to offer their customers and resellers a single pane of glass solution to connect branch locations to services and locations in real-time."

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<sup>2</sup>Underlying Growth in MRR is the QoQ growth in MRR excluding the estimated impact of FX movements.

## Performance Highlights

2Q FY21 highlights:

- Revenue for the quarter was \$18.7M, an increase of \$1.4M or 8% QoQ.
- MRR for the month of December 2020 was \$6.3M, an increase of \$0.5M, or 8% QoQ.
- Total Installed Data Centres was 386 at the end of the quarter, an increase of one QoQ. This was the net result of the addition of four new sites and the decommissioning of three sites.
- Total Enabled Data Centres was 716 at the end of the quarter, an increase of 14, or 2% QoQ.
- Customers at the end of the quarter were 2,043, an increase of 63, or 3% QoQ.
- Total Ports at the end of the quarter were 6,691, an increase of 358, or 6% QoQ.
- Total VXC's at the end of the quarter were 10,741, an increase of 695, or 7% QoQ.
- Total MCRs at the end of the quarter were 382, an increase of 39, or 11% QoQ.
- Total Services<sup>3</sup> at the end of the quarter were 19,278, an increase of 1,133, or 6% QoQ.
- Average Revenue per Port in December 2020 was \$934, an increase of \$21, or 2% QoQ.
- At the end of December 2020, the Company's cash position was \$144.8M.

## Key Performance Metrics

While continuing to grow the Company's global footprint and position as the world's leading Network as a Service provider, Megaport drove consistent increases in all metrics across all regions in 2Q FY21.

Key metrics<sup>4</sup>:

	Quarterly Performance						YoY% Change <sup>5</sup>
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	QoQ % Change	
Enabled Data Centres	552	601	669	702	<b>716</b>	<b>2%</b>	30%
Installed Data Centres	317	329	366	385	<b>386</b>	<b>0%</b>	22%
Cloud On-Ramps	156	171	197	215	<b>220</b>	<b>2%</b>	41%
Customers	1,679	1,777	1,842	1,980	<b>2,043</b>	<b>3%</b>	22%
Ports	4,863	5,375	5,767	6,333	<b>6,691</b>	<b>6%</b>	38%
MCR	228	268	307	343	<b>382</b>	<b>11%</b>	68%
Total Services	13,914	15,531	16,712	18,145	<b>19,278</b>	<b>6%</b>	39%
MRR <sup>6</sup> (M)	\$4.6	\$5.4	\$5.7	\$5.8	<b>\$6.3</b>	<b>8%</b>	37%
Revenue (M)	\$13.82	\$15.19	\$17.00	\$17.30	<b>\$18.71</b>	<b>8%</b>	35%

<sup>3</sup> Total Services comprise Ports, Virtual Cross Connections (VXC's), Megaport Cloud Router (MCR), and Internet Exchange (IX).

<sup>4</sup> As at 31 December 2020.

<sup>5</sup> Change in the yearly performance at 31 December 2020 to the prior corresponding period ended 31 December 2019.

<sup>6</sup> Monthly Recurring Revenue is revenue (excluding one-off and non-recurring revenue) for the last month of the relevant period.

## **Ecosystem Expansion Update**

- **Asia Pacific:** 97 Installed Data Centres with the addition of two new sites; total of 124 Enabled Data Centres.
- **North America:** 184 Installed Data Centres, flat during the quarter with the addition of one new site and decommissioning of one site; total of 390 Enabled Data Centres.
- **Europe:** 105 Installed Data Centres with the addition of one new site and the decommissioning of two existing sites; total of 202 Enabled Data Centres.
- **Cloud On-Ramps:** 220 total connected cloud onramps globally with the addition of five in the quarter. The company added leading European cloud provider OVHcloud to its cloud portfolio in the quarter, with three new onramps in London, Frankfurt and Paris, as well as onramps at AWS Montreal, Oracle Los Angeles and IBM Osaka.

As Megaport's network scales and following continuous review of the network and data centre footprint, actions have been taken to optimise the network and reduce costs. This resulted in the decommissioning of three (3) data centres in this quarter. The Company will continue to expand to additional data centres during the second half of FY21 to capture demand for its Network as a Service capabilities.

## **ISO 27001 Certification**

During the quarter Megaport achieved ISO/IEC 27001 certification from the International Organization for Standardization (ISO). This important milestone is a validation of the strength of Megaport's overall systems and processes. This certification provides assurances to existing and potential customers and partners that the Megaport Information Security Management System is designed and administered in accordance with strict ISO guidelines.

## **Executive Team Update**

Rodney Foreman will join the Company as Chief Revenue Officer on 1 February 2021. Mr Foreman will be responsible for overall revenue generation and will manage all aspects of global sales. He will report directly to Megaport's Chief Executive Officer, Vincent English.

Mr Foreman brings more than 20 years of IT and computer industry sales leadership experience to the Company. Prior to joining Megaport, Mr. Foreman held the CRO position at Cobalt Iron as well as leadership positions at Nutanix, Tivoli Software, and IBM.

## Conclusions and Outlook

Vincent English said, “At the halfway mark through Fiscal Year 2021, Megaport is in an excellent position to continue growing our market share for cloud connectivity. The launch of MVE in 2H FY21 will increase our addressable market and open new channel opportunities to strengthen our revenue growth. The appointment of Rodney Foreman as CRO comes at an opportune time to align our sales organisation and revenue generation initiatives with MVE’s capabilities. Rodney’s deep expertise in both direct and channel sales as well as his strong relationships with leaders in technology companies the world over puts Megaport in a strong position to execute on our plan.

“During 2Q FY21, the Company took the opportunity to undertake a realignment of our account management team, responsible for customer experience and engagement. This is the first reorganisation of the team in four years, empowering the team to better support existing and new customers. Implementation of these changes during this quarter ensured that any possible impacts were minimised, and will allow the team to scale more easily and appropriately, benefiting future quarters.

“Achieving EBITDA breakeven on a run rate basis this Fiscal Year remains a priority as we continue to optimise our footprint to maximise margins and move to profitability. As part of our commitment to providing greater value to our customers and partners, we will continue to enrich our ecosystem with new service providers in the coming quarters. Additionally, we have developed an extensive Technology Partner pipeline and are engaged in integration projects which will provide more functionality to MVE. This will continue to expand our addressable market and provide greater choice to our customers as they architect their next generation IT services.”

Authorised by the Board.

## Supporting Resources

- Visit Megaport: <https://megaport.com>
- Subscribe for ASX announcements [here](#)
- Follow Megaport on Twitter: [@megaportnetwork](#)
- Like Megaport on [Facebook](#)
- Follow Megaport on [LinkedIn](#)
- Learn more about [MCR](#) and [MVE](#)

## 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 Network. Services can be directly controlled by customers via mobile devices, their computer, or our open API. MegaPort connects more than 2,050 customers in over 700 enabled data centres globally. MegaPort is an Alibaba Cloud Technology Partner, AWS Technology Partner, AWS Networking Competency Partner, Cloudflare Network Interconnect Partner, Google Cloud Interconnect Partner, IBM Direct Link Cloud Exchange provider, Microsoft Azure Express Route Partner, Nutanix Direct Connect Partner, Oracle Cloud Partner, Rackspace RackConnect Partner, Salesforce Express Connect Partner, and SAP PartnerEdge Open Ecosystem Partner.

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## Appendix: Megaport Regional Monthly Recurring Revenue <sup>1</sup> in Local Currency

### APAC

000s	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
MRR in AUD	1,494	1,712	1,903	1,963	2,014	2,158
QoQ Growth in AUD	10%	15%	11%	3%	3%	7%

### NAM

000s	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
MRR in USD	1,189	1,345	1,534	1,771	1,967	2,228
<b>QoQ Growth in USD</b>	<b>17%</b>	<b>13%</b>	<b>14%</b>	<b>15%</b>	<b>11%</b>	<b>13%</b>
USD/AUD cents <sup>2</sup>	68.12	68.89	62.25	68.91	72.28	75.33
MRR in AUD	1,745	1,953	2,464	2,570	2,721	2,958
QoQ Growth in AUD	19%	12%	26%	4%	6%	9%

### EU

000s	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
MRR in EUR	514	550	590	685	643	703
<b>QoQ Growth in EUR</b>	<b>6%</b>	<b>7%</b>	<b>7%</b>	<b>16%</b>	<b>-6%</b>	<b>9%</b>
EUR/AUD cents <sup>2</sup>	61.76	61.99	56.25	61.24	61.30	61.90
MRR in AUD	832	887	1,049	1,119	1,048	1,135
QoQ Growth in AUD	6%	7%	18%	7%	-6%	8%

### Notes

1. Monthly Recurring Revenue (MRR) is the recurring revenue (excluding one-off and non-recurring revenue) for the last month of the quarter.
2. Exchange rates are the average rate for the last month of the quarter.