



Global Update

Megaport reports solid quarterly growth with underlying Monthly Recurring Revenue¹ up 10% and reported Monthly Recurring Revenue up 8% QoQ. The company launched Megaport Virtual Edge with immediate support for Cisco SD-WAN.

Brisbane, AUSTRALIA 22 April, 2021 Megaport Limited (**ASX:MP1**) today reports its quarterly Key Performance Indicators to 31 March 2021, and provides a global market update.

Executive Summary

In 3Q FY21, Megaport saw continued growth in Monthly Recurring Revenue (MRR), up 8% QoQ to \$6.8M in March 2021. Total revenue for the quarter was \$19.6M, up 5% compared to 2Q FY21. In March 2021, Megaport achieved 2,117 customers, up 4% QoQ, 7,037 Ports, up 5% and total services of 29,056, up 4% QoQ, and 422 Megaport Cloud Routers, up 10% QoQ.

Megaport delivered \$0.6M in quarterly growth in underlying MRR, the 2nd highest to date. Growth in both Underlying MRR and Total Revenue in 3Q FY21 were up 10% and 9% respectively, with reported growth figures impacted by the continued appreciation in the Australian dollar, particularly against the US dollar and Euro. 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.

¹Monthly 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	Mar-21
Reported MRR in AUD	4,071	4,551	5,416	5,651	5,783	6,251	6,752
Reported MRR growth in AUD	462	480	865	235	132	468	501
Reported QoQ growth in MRR	13%	12%	19%	4%	2%	8%	8%
Estimated impact of FX movements	not material	not material	348	(424)	(155)	(139)	(130)
Underlying Growth in MRR²	462	480	517	659	286	606	631
QoQ Growth in Underlying MRR	13%	12%	11%	12%	5%	10%	10%

The company expanded its network footprint through expansion with existing data center partners including RagingWire, Digital Realty, and CyrusOne while also announcing partnerships to enable Megaport Connected cloud connectivity services for Custodian Data Centres and Leading Edge Data Centres.

Product Updates

On 31 March, 2021, Megaport announced the launch of Megaport Virtual Edge (MVE), an on-demand vendor-neutral Network Function Virtualization (NFV) service that enables branch-to-cloud connectivity on Megaport's global Software Defined Network (SDN). MVE immediately supports Cisco SD-WAN integration and was featured at Cisco Live!, Cisco's annual global event at the end of March.

MVE enables Megaport to address enterprise customer needs beyond data centre locations and connect their critical branch locations to the services that power their IT solutions, thereby expanding the company's addressable market for connectivity and interconnection services. Additional leading SD-WAN platforms are currently being integrated with MVE and future partnerships will be announced in 4QFY21. MVE technology partners, like Cisco, will provide a foundation to further the company's channel strategy through leading global reseller relationships focused on holistic IT enablement.

Megaport accelerated deployment of 100Gbps port speeds for direct customer consumption in the quarter. While the Megaport backbone has been 100Gbps enabled for several years, demand for 100Gbps customer access ports has steadily increased and the company is positioning port inventory to stay ahead of demand.

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

MegaPort's Chief Executive Officer, Vincent English, commented, "Cloud adoption has completely changed the demand on enterprise networks. The combination of cloud and network virtualisation technologies has made it so that the perimeter of the enterprise network, or network edge, is no longer just a physical location. Instead, it is increasingly made up of virtual devices and service endpoints that can be activated, and de-activated, on-demand, from locations around the world.

Secure Access Service Edge (SASE) is an emerging architecture to support location-independent, flexible edges for enterprise networks. This means compute, storage, routing, firewall, security, connectivity, and myriad other IT resources need to work holistically to support emerging IT demands and go beyond physical location constraints. MVE is designed to support SASE architectures and allow our customers to spin-up virtual networking devices, like SD-WAN controllers and virtual routers, on-demand and deploy network functionality without having to deploy physical infrastructure. This allows them to rapidly connect to the services that power their IT solutions with simplicity.

Our technology partner roadmap, which will integrate more services with MVE, positions MegaPort to provide more edge functionality and to continue to make it easier for our customers to modernize their networks and scale IT services."

Performance Highlights

3Q FY21 highlights:

- MRR for the month of March 2021 was \$6.8M, an increase of \$0.5M, or 8% QoQ.
- Revenue for the quarter was \$19.58M, an increase of \$0.9M or 5% QoQ.
- Total Installed Data Centres was 390 at the end of the quarter, a net increase of four QoQ. This was the net result of the addition of five new sites and the decommissioning of one site.
- Total Enabled Data Centres was 741 at the end of the quarter, an increase of 25, or 3% QoQ.
- Customers at the end of the quarter were 2,117, an increase of 74, or 4% QoQ.
- Total Ports at the end of the quarter were 7,037, an increase of 346, or 5% QoQ.
- Total VXC's at the end of the quarter were 11,141, an increase of 400, or 4% QoQ.
- Total MCRs at the end of the quarter were 422, an increase of 40, or 10% QoQ.
- Total Services³ at the end of the quarter were 20,056, an increase of 778, or 4% QoQ.
- Average Revenue per Port in March 2021 was \$959, an increase of \$25, or 3% QoQ.
- At the end of March 2021, the Company's cash position was \$141.5M.

³ Total Services comprise Ports, Virtual Cross Connections (VXC's), MegaPort Cloud Router (MCR), and Internet Exchange (IX).

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 3Q FY21.

Key metrics⁴:

	Quarterly Performance						YoY% Change ⁵
	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	QoQ % Change	
Enabled Data Centres	601	669	702	716	741	3%	23%
Installed Data Centres	329	366	385	386	390	1%	19%
Cloud On-Ramps	171	197	215	220	227	3%	33%
Customers	1,777	1,842	1,980	2,043	2,117	4%	19%
Ports	5,375	5,767	6,333	6,691	7,037	5%	31%
MCR	268	307	343	382	422	10%	57%
Total Services ³	15,531	16,712	18,145	19,278	20,056	4%	29%
MRR ⁶ (M)	\$5.4	\$5.7	\$5.8	\$6.3	\$6.8	8%	25%
Revenue (M)	\$15.19	\$17.00	\$17.30	\$18.71	\$19.58	5%	29%

Ecosystem Expansion Update

- **Asia Pacific:** 101 Installed Data Centres with the addition of four new sites; total of 130 Enabled Data Centres.
- **North America:** 184 Installed Data Centres, flat during the quarter; total of 405 Enabled Data Centres.
- **Europe:** 105 Installed Data Centres, flat during the quarter with the addition of one new site and the decommissioning of one existing site; total of 206 Enabled Data Centres.
- **Cloud On-Ramps:** 227 total connected cloud onramps globally with the addition of seven in the quarter, including new Microsoft and Google in Melbourne, and Microsoft in Minneapolis.

⁴ As at 31 March 2021.

⁵ Change in the yearly performance at 31 March 2021 to the prior corresponding period ended 31 March 2020.

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

Conclusions and Outlook

Vincent English said, “As we enter the final quarter of FY21, we have a strong pipeline of new customers, driven by increased requirements from digital transformation initiatives. We see this as an indication that enterprises now have greater line of sight to a post-pandemic normal and that overall IT budgets are improving. Our growth in ports and underlying revenue in the second half of the third quarter was strong, and we expect to see this trend continue.

Under the leadership of our recently appointed CRO, Rodney Foreman, we are expanding our channel capabilities by hiring for key positions and working with leading distributors and resellers. With our ability to connect branch locations via MVE and technology partners like Cisco, we are well positioned to drive even greater services uptake on the Megaport platform.

Fiscal Year 2021 has highlighted the strong operating leverage in our business model and we remain on track to achieving EBITDA breakeven, on a run rate basis, by June 2021. Overall, we are in an excellent position with the right capabilities, partnerships, and innovations to drive substantial growth across our platform. The Megaport team is energized and excited, and our sales momentum will see us deliver a robust finish to the year.”

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](#)
- For definitions refer to the [Glossary for Investors](#) in our [Business Overview](#)

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 2,100 customers in over 740 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 Revenue¹ in Local Currency

APAC

000s	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
MRR in AUD	1,494	1,712	1,903	1,963	2,014	2,158	2,214
QoQ Growth in AUD	10%	15%	11%	3%	3%	7%	3%

NAM

000s	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
MRR in USD	1,189	1,345	1,534	1,771	1,967	2,228	2,506
QoQ Growth in USD	17%	13%	14%	15%	11%	13%	12%
USD/AUD cents ²	68.12	68.89	62.25	68.91	72.28	75.33	77.05
MRR in AUD	1,745	1,953	2,464	2,570	2,721	2,958	3,253
QoQ Growth in AUD	19%	12%	26%	4%	6%	9%	10%

EU

000s	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
MRR in EUR	514	550	590	685	643	703	832
QoQ Growth in EUR	6%	7%	7%	16%	-6%	9%	18%
EUR/AUD cents ²	61.76	61.99	56.25	61.24	61.30	61.90	64.75
MRR in AUD	832	887	1,049	1,119	1,048	1,135	1,285
QoQ Growth in AUD	6%	7%	18%	7%	-6%	8%	13%

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.