



Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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26th July 2018

June 2018 Quarter Cash Flow Report and Performance Highlights

MegaPort Limited (ASX: MP1) has today released the June 2018 quarter Appendix 4C.

4Q FY18 Performance Highlights

4Q FY18 highlights:

- Revenue for the period was \$5.78M, an increase of 12% from the last quarter.
- Total Monthly Recurring Revenue (MRR) for June 2018 was \$2.0M, an increase of \$195K, 11% QoQ.
- Total Data Centres enabled was 221 at the end of the quarter, an increase of 15 across three regions, 7% QoQ.
- Customers increased by 9% QoQ to a total of 1,038.
- Total Ports increased in the quarter to 2,755, 9% QoQ.
- Total Services¹ increased in the quarter to 6,567, or 15% QoQ, of which VXC's increased in the quarter to 3,040, or 21% QoQ.
- Average Revenue per Port in June 2018 increased to \$720.
- At the end of June 2018, the Company's cash position was \$56.3M (including bank term deposits).

¹ Total services comprise of Ports, Virtual Cross Connections (VXC's), MegaPort Cloud Router (MCR) and Internet Exchange (IX)
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3Q FY18 Cash Flow Commentary

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Operating Activities

Receipts from customers for Q4 was \$5.8M (Q3: \$4.5M), an increase in receipts by \$1.3M, or 29%, and an increase in Q4 revenue by 12% QoQ.

Network operating costs cash outflows were \$5.4M (Q3: \$3.6M) representing bandwidth, colocation, and cross connect expenses across our expanded network. The increase in Q4 primarily represents the operating costs for 100 Gbps network services and additional data centre rollouts in Q3 and Q4.

Advertising and marketing spend for Q3 was \$247K (Q3: \$145K), an increase from Q3 reflecting more marketing events and conferences compared to Q3.

Staff costs for Q4 were \$5.4M, steady QoQ (Q3: \$5.3M).

Administration and corporate costs for Q4 were \$1.7M, steady QoQ (Q3: \$1.8M).

Investing Activities

Capital expenditure for Q4 was \$2.4M (Q3: \$5.0M), a decrease of \$1.6M. The decrease is due to higher investment in Q3 for 100 Gbps upgrade to network infrastructure in North America.

Investment in Intellectual Property in Q4 was \$157K, bringing YTD expenditure to \$2.1M, reflecting increasing investment in software development and product innovation.

Other non-current assets in Q4 of \$1.3M reflect IRU payment in Asia Pacific.

Financing Activities

Net cash from financing activities for Q4 was \$10.1M (Q3: \$48.4M), reflecting the successful completion of \$10M Share Purchase Plan and the exercise of share options by employees.

Cash Position

Cash and bank balances at the end of the quarter was \$56.3M (including bank term deposits of \$0.5M included in the investing activities). There is \$1.0M of funds held in escrow for future settlement of prior year acquisition of business. This amount is included in the closing cash and cash equivalents.

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Name of entity

Megaport Limited

ABN

46 607 301 959

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,805	19,503
1.2 Payments for		
(a) research and development	(104)	(419)
(b) product manufacturing and operating costs	(5,402)	(16,252)
(c) advertising and marketing	(247)	(859)
(d) leased assets	(46)	(142)
(e) staff costs	(5,406)	(18,934)
(f) administration and corporate costs	(1,726)	(6,686)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	96	265
1.5 Interest and other costs of finance paid	(42)	(137)
1.6 Income taxes received/(paid)	99	34
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(6,973)	(23,627)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment	(2,461)	(11,071)	
(b) businesses (see item 10)	(113)	(113)	
(c) investments	-	-	
(d) intellectual property	(157)	(2,097)	
(e) other non-current assets	(1,297)	(2,927)	
2.2 Proceeds from disposal of:			
(a) property, plant and equipment	-	-	
(b) businesses (see item 10)	-	-	
(c) investments	-	-	
(d) intellectual property	-	-	
(e) other non-current assets	-	-	
2.3 Cash flows from loans to other entities	-	-	
2.4 Dividends received (see note 3)	-	-	
2.5 Other (Net movement in term deposits)	(6)	(9)	
2.6 Net cash from / (used in) investing activities	(4,034)	(16,217)	

3. Cash flows from financing activities			
3.1 Proceeds from issues of shares	10,409	76,962	
3.2 Proceeds from issue of convertible notes	-	-	
3.3 Proceeds from exercise of share options	-	-	
3.4 Transaction costs related to issues of shares, convertible notes or options	(358)	(2,607)	
3.5 Proceeds from borrowings	-	-	
3.6 Repayment of borrowings	-	-	
3.7 Transaction costs related to loans and borrowings	-	-	
3.8 Dividends paid	-	-	
3.9 Other (provide details if material)	-	-	
3.10 Net cash from / (used in) financing activities	10,051	74,355	

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	56,616	21,027
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,973)	(23,627)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,034)	(16,217)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	10,051	74,355
4.5	Effect of movement in exchange rates on cash held	101	223
4.6	Cash and cash equivalents at end of quarter	55,761	55,761

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	54,766	55,598
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) – Funds held in escrow for future settlement of acquisitions	995	1,018
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	55,761	56,616

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

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7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	191
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	148
9.2 Product manufacturing and operating costs	5,465
9.3 Advertising and marketing	538
9.4 Leased assets	48
9.5 Staff costs	5,540
9.6 Administration and corporate costs	1,942
9.7 Other (provide details if material)	
Property, plant & equipment	3,738
Intellectual property	429
Contingent payment	995
IRU payment	634
9.8 Total estimated cash outflows	19,477


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10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	Eastern Voice Link EOD	-
10.2	Place of incorporation or registration	Bulgaria	-
10.3	Consideration for acquisition or disposal	\$118K	-
10.4	Total net assets	\$6K	-
10.5	Nature of business	Network Services	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


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(Director)

Date: 26 July 2018

Print name: Vincent English

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so in a note or notes included in, or attached to, this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.