

ASX Release

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1HFY20 Results and Global Update

Megaport continues growth trajectory with solid 1HFY20 performance, including new and expanded data centre and network partnerships, while increasing reported revenue by 70% and Monthly Recurring Revenue 68%. The Company now operates in 21 countries with the launch of services in Japan.

Megaport Limited (ASX:MP1) today reported its first half earnings to 31 December 2019 including a general market update.

Performance Highlights

1HFY20 Financial Highlights

- The Company's revenue for the half-year period ended 31 December 2019 was \$25.9M, an increase of 70% from the same period ended 31 December 2018.
- Total Monthly Recurring Revenue (MRR) for the month of December 2019 was \$4.6M, an increase of \$1.9M or 68% from the month of December 2018.
- The business generated a profit after direct network costs¹ of \$13.2M for the half-year period ended 31 December 2019, an increase of \$8.3M or 173% from the same period ended 31 December 2018 (\$4.8M).
- Net loss for the half-year period ended 31 December 2019 was \$19.0M.
- Successful completion of \$62M capital raising.
- At 31 December 2019, the Company's cash position was \$119.9M.
- Launched services in Japan in November 2019.

Vincent English, Chief Executive Officer, Megaport Limited said: "Megaport had a solid revenue performance during the first half of Fiscal Year 2020. During the reporting period, Megaport's gross profit margin in each of the three main operating regions increased while we continued to expand our footprint to new locations. In November, Megaport launched services in Japan, a leading market for public cloud services. Additionally Megaport added 24 new cloud onramps during the period representing access to 12 new cloud regions. This expanded footprint and more robust ecosystem of service provider options drives greater utilisation of the Megaport network and provides more customer access and value."

¹ Direct network costs are comprised of data centre power and space costs, physical cross connect fees, bandwidth and dark fibre costs, network operation and maintenance fees, and channel commissions, which are directly related to generating the service revenue of Megaport Group.

Key Performance Metrics

In December 2019, Megaport achieved 1,679 customers across 552 Enabled Data Centres² in 102 cities. Of these data centres, 93 were located in Asia Pacific, 313 in North America, and 146 in Europe.

The key metrics to the end of December 2019 are:

	December 2019	June 2019	Change
Enables Data Centres	552	528	+5%
Installed Data Centres	317	300	+6%
Cloud Onramps	156	132	+18%
Customers	1,679	1,490	+13%
Ports	4,863	4,069	+20%
MCR	228	175	+30%
Services ³	13,914	11,561	+20%
Monthly Recurring Revenue	\$4.6M	\$3.6M	+26%

1HFY20 Operating Highlights

- Total Services increased from June 2019 to December 2019 by 2,353, or 20%.
- Average Revenue per Port increased to \$936 in December 2019 or 6% growth from June 2019.

Market Update

Megaport announced expanded partnerships with CyrusOne and EdgeConnex in Europe and QTS in North America. The Company also developed new features for Megaport Cloud Router (MCR) and expanded the MCR service footprint.

Since the launch of Megaport Cloud Router (MCR) in January of 2018, the company has 239 MCRs provisioned at 31 January 2020. Throughout the first half of Fiscal Year 2020, the Company expanded MCR service availability to 30 metros to drive further adoption of cloud connectivity services. MCR has been a strong driver of connectivity with MCR-enabled customers utilising an average of 13.5 services compared to other customers that utilise an average of 7.8 services.

² To align with other industry operators and more accurately reflect the Company's extensive coverage and service availability, Megaport is now including "Enabled Data Centres" in its regularly reported metrics. Enabled Data Centres represents Installed Data Centres plus data centres that can be connected directly to Megaport equipment within Installed Data Centres by means of interconnection services provided by the data centre campus/facility operator of the Installed Data Centre. Installed Data Centres are data centres in which Megaport has a Point of Presence with physical infrastructure. This definition is consistent with the data centre count reported previously.

³ Services comprise of Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX)

Capital Raising

The Company successfully completed a \$62M capital raising to accelerate expansion to new locations and new markets, undertake capacity upgrades, fund innovation and internal development of new technology, and fund operating costs and general working capital requirements.

Executive Team and Board Update

Megaport is pleased to welcome Melanie Vongswang who was appointed as Chief People Officer on 20 January 2020. Ms. Vongswang is based in the UK and brings a wealth of global Human Resources leadership experience to Megaport with previous roles at Bertelsmann, Oracle, and MYOB among others.

Steve Loxton has announced he will step down from the role of Chief Financial Officer effective 1 March 2020, after which he will lead the Megaport Investor Relations function from Sydney. During his two years serving as Megaport's CFO, Mr. Loxton supported Megaport's growth through multiple capital raises and led the successful implementation of the Company's new ERP system. Megaport will immediately commence the search for a new Global CFO to be based in Brisbane, Australia. Vincent English will assume CFO responsibilities in the interim as acting CFO until the appointment of a new CFO.

Naomi Seddon, Megaport Non-Executive Director, has been appointed as Lead Independent Director effective 12 February 2020.

Conclusions and Outlook

Vincent English, Chief Executive Officer, Megaport Limited said: "We are delighted Melanie has joined Megaport. She will play a critical role in supporting the growth of our company and our staffing capabilities as we address the global needs for cloud connectivity. Her global experience with companies sized from start-up to massive scale will enable us to attract, retain, and develop the best talent globally. I would also like to take this opportunity to thank Steve Loxton for his invaluable contribution as CFO over the last two years, and we are delighted Steve will continue to be part of the Megaport journey."

"In the remaining fiscal half year, Megaport will focus on expanding our footprint to reach our stated 380 installed data centre target. As with previous reporting periods, the first half of the year has been very focused on converting commercial opportunities to drive strong revenue at the front of the fiscal year. Coming into the second half of the year, we will continue to focus on ecosystem development, adding new service providers to our marketplace and integrating with more cloud onramps as cloud providers expand their platforms to new markets. As we evolve our platform, our development teams will drive more system automation and features that enable rapid provisioning of services while further integrating with service providers. This formula translates to improved user experience and drives the uptake of services across the entire cloud ecosystem.

More information can be found in the 1HFY20 Market Update lodged with the ASX on 12 February 2020.

Authorised by the Board.

Supporting Resources

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

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 1,679 customers in 552 enabled data centres globally. Megaport is an Alibaba Cloud Technology Partner, AWS Technology Partner, AWS Networking Competency Partner, Google Cloud Interconnect Partner, IBM Direct Link Cloud Exchange provider, Microsoft Azure Express Route Partner, Nutanix Direct Connect Partner, Oracle Cloud Partner, Salesforce Express Connect Partner, and SAP PartnerEdge Open Ecosystem Partner.

About Megaport Cloud Router

Launched in January 2018, Megaport Cloud Router (MCR) enables customers to instantly provision and control virtual routers through Megaport's web-based portal. Enterprises and Service Providers can unlock powerful use cases such as cloud-to-cloud networking and deploy Virtual Points of Presence (VPOPs) without the need to purchase or maintain physical routing equipment. MCR enables customers to rapidly deploy services, granularly control traffic, and reduce total cost of ownership. More information about MCR can be found at: <https://www.megaport.com/services/megaport-cloud-router/>

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