

FY17 Full Year Results and Global Update

24 August 2017



Highlights

FY2017

Fiscal Year 2017 KPIs

Total number of data centres



102

JUNE 2016

165

JUNE 2017

Total number of ports



736

JUNE 2016

1829

JUNE 2017

Total number of services



1500

JUNE 2016

3764

JUNE 2017

Total number of customers



314

JUNE 2016

738

JUNE 2017

Monthly Recurring Revenue*



\$308k

JUNE 2016

\$1.2M

JUNE 2017

Annualised Revenue



\$3.7M

JUNE 2016

\$14.6M

JUNE 2017

*Monthly Recurring Revenue is closing monthly revenue for the month of June.

FY17 Company Highlights



**Profit after direct
network costs**

Key Milestone Achieved

+\$253K

in 2nd Half 2017

24%

June 2017 run rate



\$27.8M

Strategic capital
raising completed



MEGAPORT EXCHANGE

240+

Service providers

in Megaport's self-service Marketplace



Top 5

cloud service providers
now integrated into Megaport



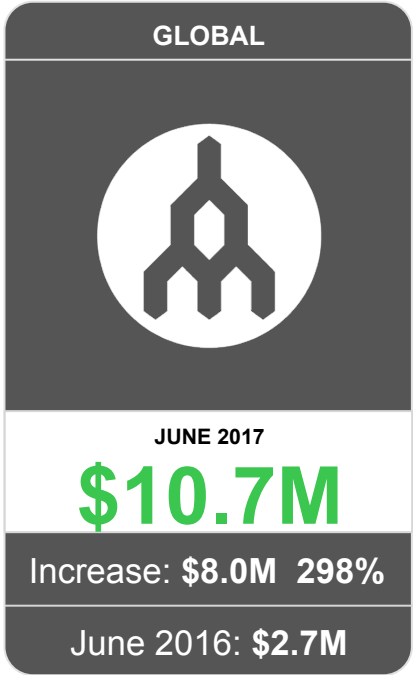
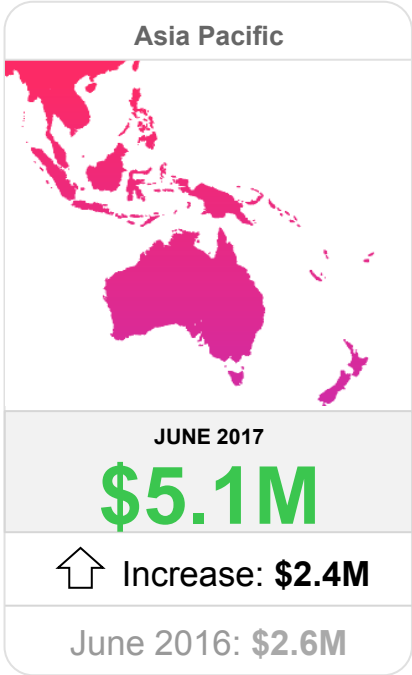
24 new

cloud regions enabled

13 new

cloud on-ramps enabled

Fiscal Year 2017 Revenue Performance





Annual Results

FY17 Financial Results

Consolidated Profit & Loss	1 July 2016 - 30 June 2017 \$	27 July 2015 - 30 June 2016 \$
Revenue	10,668,613	2,679,410
Direct network costs ¹	11,246,275	4,219,175
Profit/(loss) after direct network costs¹	(577,662)	(1,539,765)
Employee costs	(16,537,386)	(10,742,463)
Professional fees	(3,031,097)	(3,060,888)
Depreciation and amortisation expense	(4,155,954)	(1,295,761)
Other costs ²	(5,632,808)	(4,706,333)
Net profit/(loss)	(29,934,907)	(21,345,210)

1. Revenue less direct network costs, which comprise of data centre power and space, physical cross connect fees, bandwidth and dark fibre, network operation and maintenance, and channel commissions which are directly related to generating the service revenue of Megaport Group.
2. Total Other costs includes travel and marketing expenses, finance expenses, and other income and costs to the business.

Financial Results

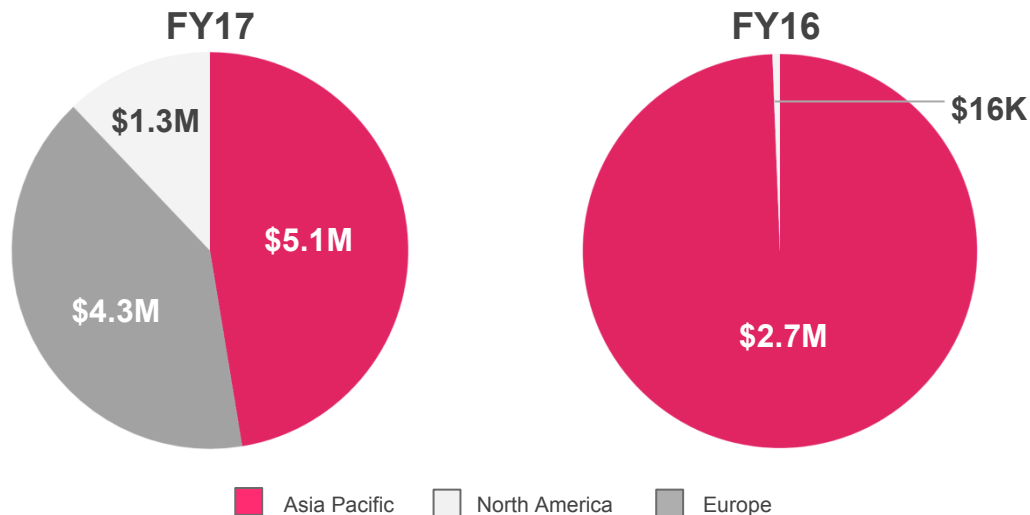
For year ended 30 June 2017

Revenue \$10.7M up 298%

Loss after direct network costs for the Group of \$578K

Global business in H2FY17 is generating a profit after direct network costs

FY17 Revenue



REVENUE: \$10.7M

UP 298% from FY16

MRR: *\$1.2M

UP 294% from FY16

Financial Results

For year ending 30 June 2017

Revenue of \$10.7M, up 298%, driven by acquisitions in Europe and organic growth in Asia Pacific and North America

47% from Asia Pacific

41% from Europe

12% from North America

Monthly recurring revenue was \$1.2M for June 2017, up 294%, driven by increased utilisation of Megaport Services globally

*Monthly Recurring Revenue is closing monthly revenue for the month of June.

FY17 Operating Costs

	FY16 \$	H1FY17 \$	H2FY17 \$	FY17 \$
Direct network costs	4,219,175	5,289,857	5,956,418	11,246,275
Profit/(loss) after direct network costs	(1,539,765)	(831,153)	253,491	(577,662)

Total operating expense	19,805,445	12,908,255	16,494,427	29,402,682
Employee costs	10,742,463	7,813,796	8,723,590	16,537,386
Professional fees	3,060,888	1,666,517	1,364,580	3,031,097
Depreciation and amortisation expense	1,295,761	1,835,632	2,320,322	4,155,954

Financial Results

For year ended 30 June 2017

Global business in H2FY17 is generating a profit after direct network costs

OPEX for H2FY17 is now consistent run rate for the business

OPEX per dollar of Revenue generated has decreased from \$7.40 to \$2.75 YoY

FY17 Financial Results

Consolidated Financial Position	1 July 2016 - 30 June 2017 \$	27 July 2015 - 30 June 2016 \$
Current Assets	23,958,983	13,495,691
Non-current Assets	16,885,215	7,954,202
Total Assets	40,844,198	21,449,893
Current Liabilities	(9,344,376)	(4,231,035)
Non-current Liabilities	(1,276,622)	(48,880)
Total Liabilities	(10,620,998)	(4,279,915)
Equity	30,223,200	17,169,978
Cash Position	1 July 2016 - 30 June 2017 \$	27 July 2015 - 30 June 2016 \$
Cash at end of period	* 21,027,324	11,869,997

Financial Results

For year ended 30 June 2017

Successful Capital Raise
\$27.8M

*Closing cash position \$21M
as at 30 June 2017, closing
cash on full settlement of
Capital Raise 3 July 2017
was \$37.4M

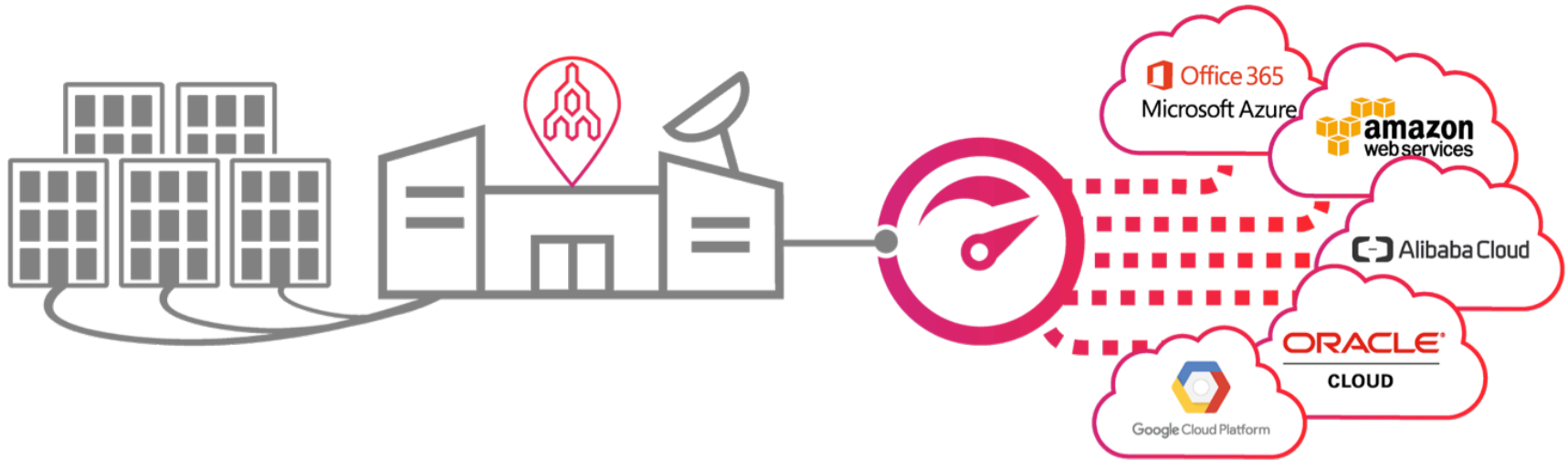
Investment in assets to
facilitate network expansion
(incl. IRU), and business
acquisitions to grow revenue



About Megaport

Connecting everyone to everything

The Megaport Software Defined Network (SDN) brings greater cloud connectivity to the enterprise.



There are over **4000** commercial enterprise data centres

165 Megaport-enabled data centres

Approximately **80** Cloud Service Provider owned on-ramp locations

Who is Megaport?

Pay for what you use



Ease of use



Fast, instant, and secure



Leading service providers

ORACLE[®]
CLOUD

amazon
web services

Google Cloud Platform

Alibaba Cloud

Microsoft Azure Office 365

Who we connect

Enterprises



Cloud service providers



Data centre operators



Network service providers





Business Update

Building the Network Effect

Megaport Service Connections



Ports



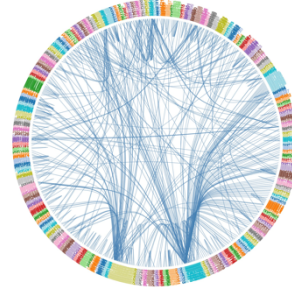
Services



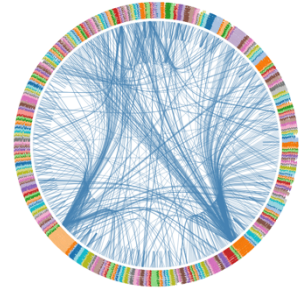
Dec 2015



June 2016



Dec 2016



June 2017

Service Connection Types



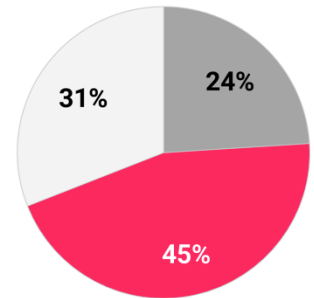
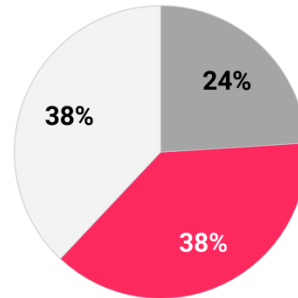
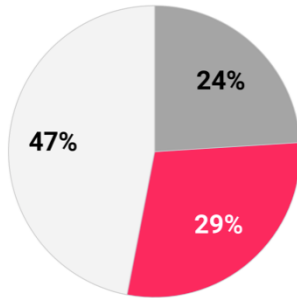
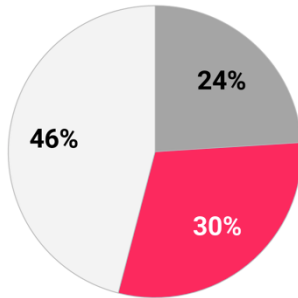
Direct Public Cloud



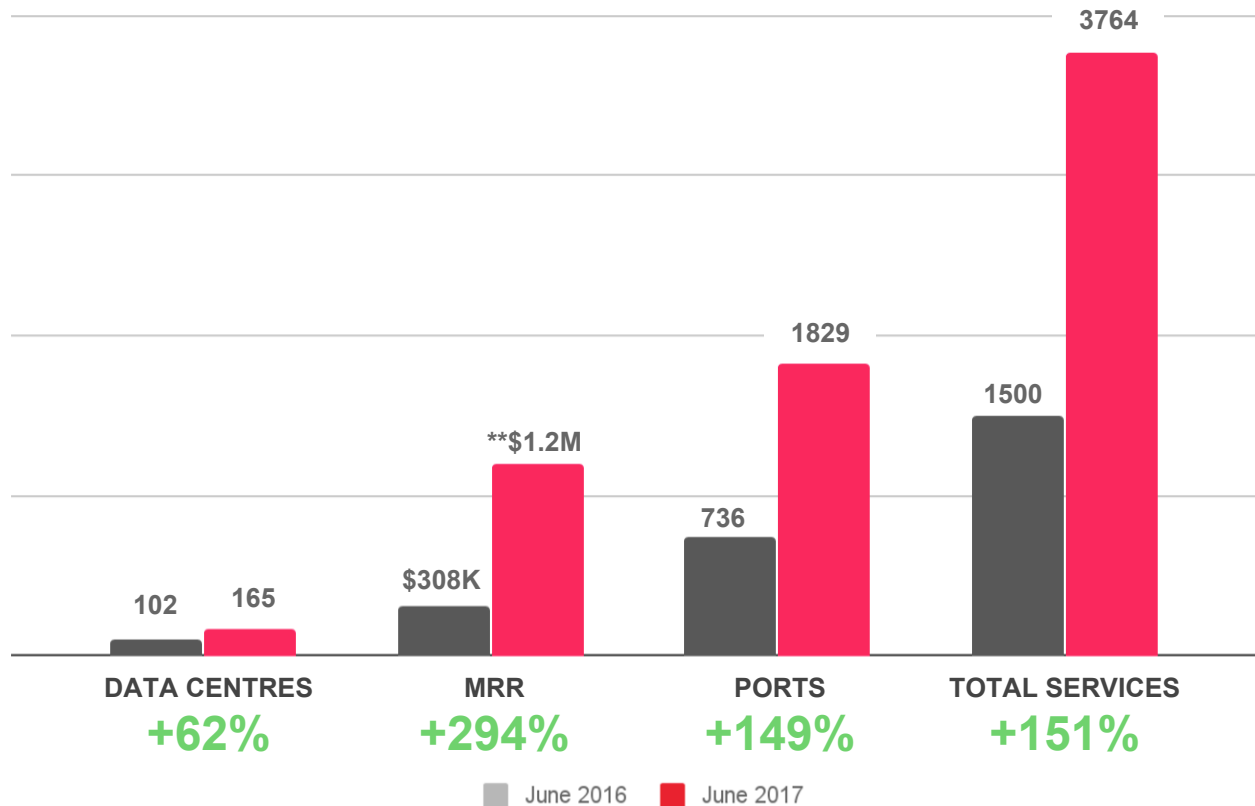
Internet Exchange



Private Connection



Fiscal Year 2017 Growth



What's driving revenue growth?

Average Revenue per Port*

June 2016	June 2017
\$418	\$667

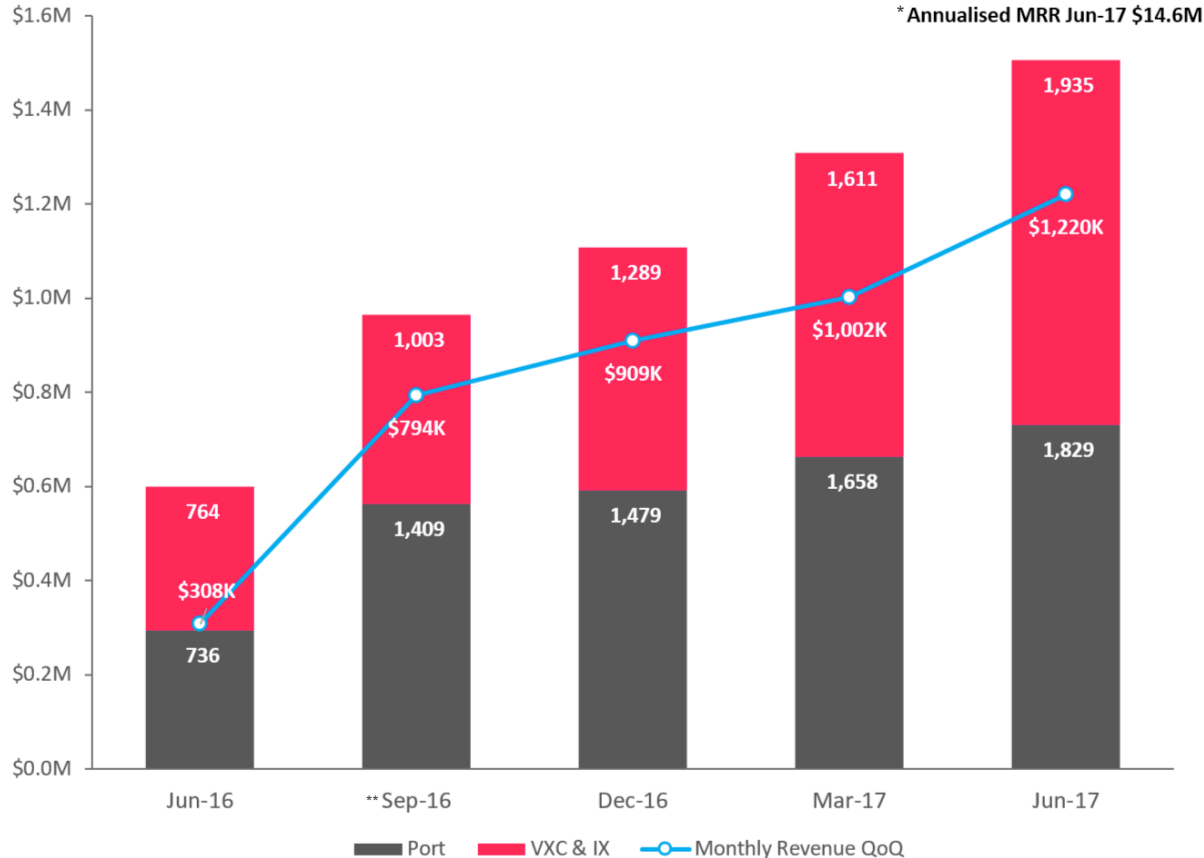
+59%
GROWTH

The increase in services per port directly increases Port value

*Total revenue divided by number of Ports at reporting period end date.

**Monthly Recurring Revenue is closing monthly revenue for the month of June.
Total services comprise of Ports, Virtual Cross Connections (VXCs), and Internet Exchange (IX).

Growth Trends



*Monthly Recurring Revenue is closing monthly revenue for the month of June.

**Includes acquisitions.

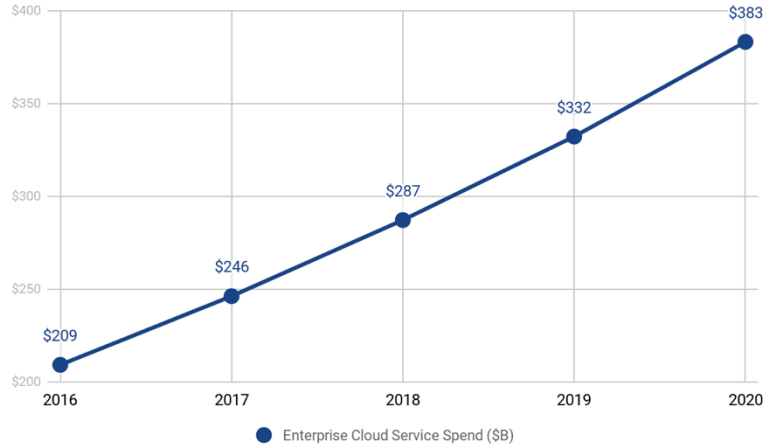
Ecosystem richness
drives greater service
connection opportunities

Growth in services is an
indicator of overall
customer usage on the
network

Increased services per
port drives greater
Monthly Recurring
Revenue (MRR) growth
and increased revenue
per port

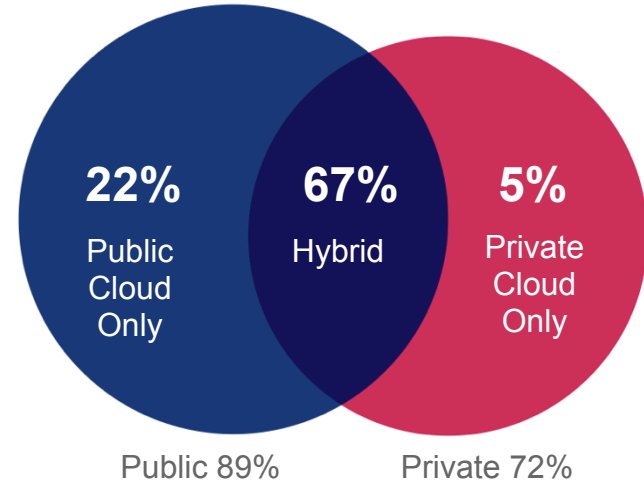
Industry Growth Trends

Enterprise Cloud Service Spend (\$B)



Total of: BPaaS, PaaS, SaaS, Cloud Management & Security Services, Cloud Advertising
Source: Gartner, 2017

95% of Respondents are Using Cloud



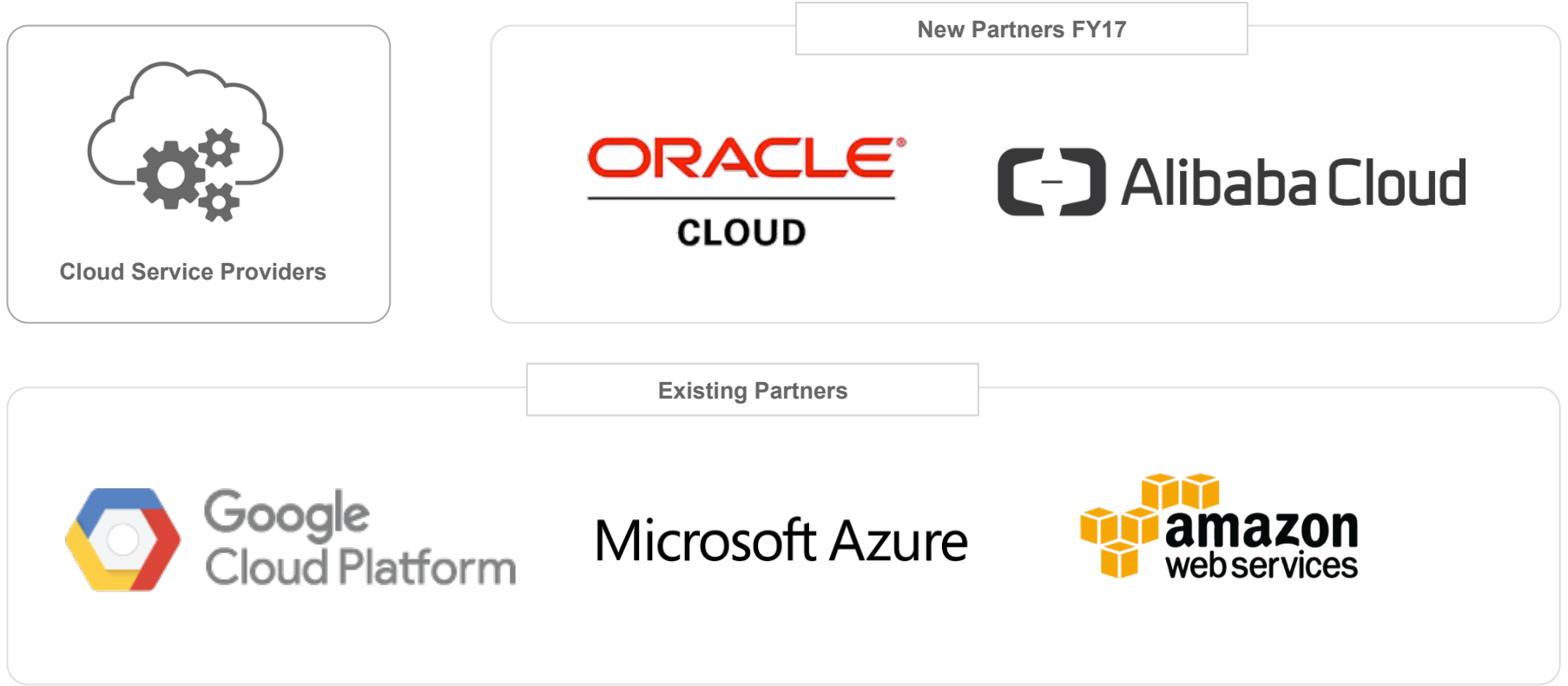
Source: RightScale 2017 State of the Cloud Report



79% of companies surveyed use two or more cloud or hosting providers.

Source: 451 Research 2016

2017 Milestones: Cloud Service Providers




2017 Milestones: New Cloud Regions



24


New Cloud Regions

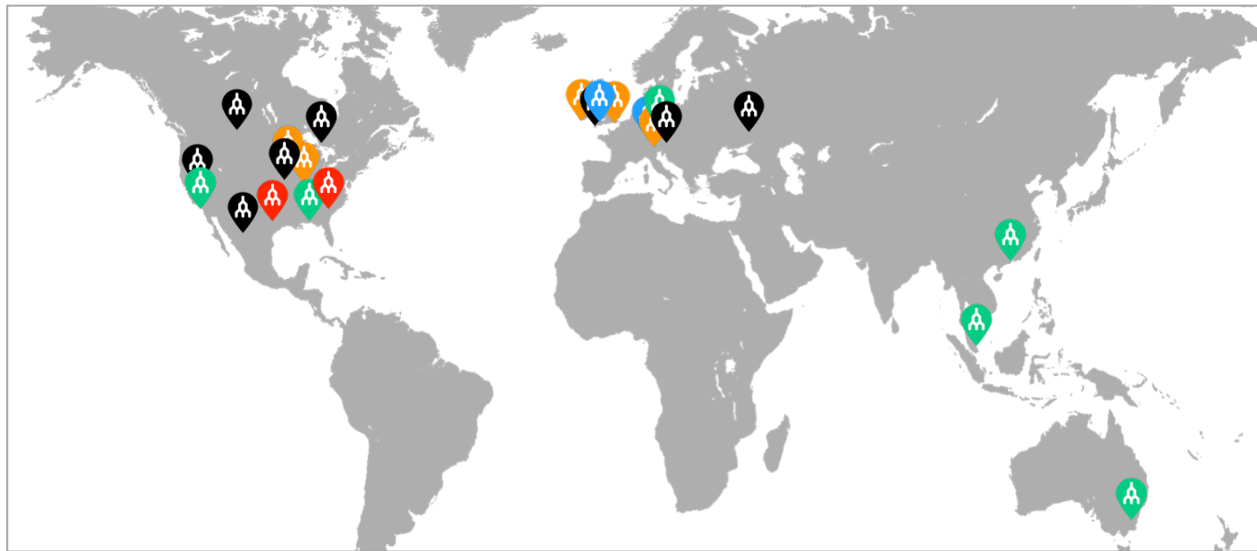
 Amazon Web Services

 Microsoft Azure

 Oracle Cloud

 Google Cloud

 Alibaba Cloud



Microsoft Azure



AWS GovCloud
EU Frankfurt
US Ohio
EU London
EU Ireland

US DoD East
US Gov Texas
US Gov Iowa
West US 2
UK South
West Europe
Germany Central
Canada East
Canada Central

US-Phoenix 1
US-Ashburn 1

Europe West 2 (London)
Europe West 3 (Frankfurt)

US West 1 (Silicon Valley)
US East 1 (Virginia)
Asia Pacific SE1 (Singapore)
Asia Pacific SE2 (Sydney)
CN-Hong Kong
EU Central 1 (Frankfurt)

2017 Milestones: New Cities



22

New Cities

Atlanta	Miami
Austin	Montreal
Berlin	Munich
Cincinnati	Norwalk
Culpeper	Nuremberg
Dublin	Phoenix
Dusseldorf	Portland
Frankfurt	Quebec City
Hamburg	San Antonio
Houston	San Francisco
Las Vegas	Stockholm



2017 Milestones: New Data Centre Operators



30 New Data Centre Operators



DIGITAL REALTY



verizon✓

FUJITSU



switch



noris network



kpn

ITENOS

e-shelter

NEWTELCO



n@work



CABLE & WIRELESS

Addressable Channels to Market

Master Agencies

Vast agency sales resources
Aligned to solution-sell via solution architects
Promotional and educational opportunities



Data Centre Operators

Resellers of Megaport services
White labelled Megaport service integration
Targeted go to market engagements



Cloud and Managed Service Provider

Aligned with Product and Sales organizations
Solution-selling and sell-with oriented
Demand signal for new locations



Megaport Benefits:

Enables larger, distributed sales force for Megaport services. Rapid speed to market. Minimise go to market complexities and costs



Asia Pacific

APAC Highlights

Total number of data centres



47

JUNE 2017

Total number of Ports



905

JUNE 2017

Total number of Services



2352

JUNE 2017

Total number of customers



414

JUNE 2017

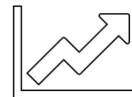
Monthly Recurring Revenue



540K

JUNE 2017

Profit after direct network costs



52%

JUNE 2017

FY17 Highlights

- Delivered over 1,100 services
- New international routes opening up new connectivity options for global customers
- Delivered over 350 cloud connections

FY18 Focus

- DC coverage growth via Strategic Partners
- Onboarding new CSP's to drive VXC growth
- Digital campaigns to reduce Cost of Acquisition



North America

North America Highlights

Total number of data centres



61

JUNE 2017

Total number of Ports



356

JUNE 2017

Total number of Services



823

JUNE 2017

Total number of customers



140

JUNE 2017

Monthly Recurring Revenue



276K

JUNE 2017

Profit after direct network costs



-56%

JUNE 2017

FY17 Highlights

- Delivered over 600 services
- Expanded key DCO agreements and locations:
 - EdgeConnex
 - Digital Realty
 - QTS
- Onboarded 18 Resellers

FY18 Focus

- Enabling partners & resellers to sell Megaport services
- Add 35 new sites via new and existing DCO relationships
- Expand addressable market through new and existing partnerships
- Focus on Tier2 and Tier3 new markets



Europe

Europe Highlights

Total number of data centres



57

JUNE 2017

Total number of Ports



568

JUNE 2017

Total number of Services



589

JUNE 2017

Total number of customers



222

JUNE 2017

Monthly Recurring Revenue



404K

JUNE 2017

Profit after direct network costs



49%

JUNE 2017

FY17 Highlights

- Availability of Megaport services on combined assets from acquisitions
- Delivery of Megaport services to existing ECIX customers
- Now the largest IX operator in 4 key German markets

FY18 Focus

- Increase geographic reach via strategic NSP partnerships
- Develop new DC operator partnerships in existing markets
- Continue building relationships with regional NSP's to enhance access to platform

Includes acquisitions.



FY18 Focus

FY18 Focus

Connect to new locations, partners, and enterprises

Accelerate partner enablement to maximise sales opportunity

Strengthen our position as the leading innovator in global Network as a Service (NaaS)

Deliver revenue growth with prudent cost management and meaningful reduction in cash burn

Important Information

Megaport Limited ACN 607 301 959

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All references to “\$” are to Australian currency (AUD) unless otherwise noted.

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

Thank you



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