



## ASX RELEASE

22 August 2018

### FY18 Full Year Results and Global Update

***Strong revenue growth of 85% YoY, significant uptake in services, and new cloud and data centre partnerships position company to capitalise on market opportunities for FY19***

**Brisbane, AUSTRALIA August 22, 2018** Megaport Limited (**ASX:MP1**) today reported its annual earnings to 30 June 2018, and released a market trading update.

### Performance Highlights

FY18 highlights:

- Revenue for the period was \$19.8M, an increase of 85% from the last year.
- Total monthly recurring revenue for June 2018 was \$2.0M, an increase of \$0.8M, 63% YoY.
- Total data centres enabled were 221 at June 30 2018.
- Customers increased by 41% YoY to a total of 1,038.
- Total Ports sold increased in the year to 2,755, a 51% increase YoY.
- Total Services<sup>1</sup> sold increased in the year to 6,567, a 74% increase YoY.
- Average Revenue per Port in June 2018 increased to \$720, due to increased service adoption. In June 2017, the average Revenue per Port was \$667.
- The overall business generated a profit after direct network costs<sup>2</sup> during the financial year of \$4.5M.
- Net loss for the full year was \$24.5M, an improvement of \$5.4M or 18% from last year.
- Completed successful \$87.8M capital raising activities during the financial year.
- At the end of June 2018, the Company's cash position was \$56.3M.

Megaport's Chief Executive Officer, Vincent English, said, "Megaport has had another incredible year. We achieved a milestone of two million dollars in monthly recurring revenue. Our most mature market, Australia, reached a 62% gross margin position even as we expanded to new data centres and new markets. We onboarded 300 new customers and achieved our 1000th customer in June. We accomplished all of this while continuing to make

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<sup>1</sup> Total services comprise of Ports, Virtual Cross Connections (VXCs), and Internet Exchange (IX).

<sup>2</sup> Direct network costs comprise 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.

appropriate investments to drive our business, and position Megaport to capture the emerging cloud connectivity market.”

## Key Performance Metrics

Executing on global demand for direct cloud connectivity and Network on Demand, Megaport has solidified its position as the world’s leading global Network as a Service provider.

Key metrics<sup>3</sup>:

	Quarterly Performance						Yearly Performance		
	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	QoQ % Change	FY17	FY18	YoY % change
Data Centres	165	173	185	206	<b>221</b>	<b>7%</b>	165	<b>221</b>	<b>34%</b>
Cloud on-ramps	62	67	102	106	<b>108</b>	<b>2%</b>	62	<b>108</b>	<b>74%</b>
Customers	738	783	860	951	<b>1,038</b>	<b>9%</b>	738	<b>1,038</b>	<b>41%</b>
Ports	1,829	2,064	2,259	2,520	<b>2,755</b>	<b>9%</b>	1,829	<b>2,755</b>	<b>51%</b>
Services*	3,764	4,422	5,041	5,731	<b>6,567</b>	<b>15%</b>	3,764	<b>6,567</b>	<b>74%</b>
MRR	\$1.2M	\$1.3M	\$1.6M	\$1.8M	<b>\$2.0M</b>	<b>11%</b>	\$1.2M	<b>\$2.0M</b>	<b>63%</b>
Qtr Revenue	\$3.47M	\$4.15M	\$4.68M	\$5.14M	<b>\$5.78M</b>	<b>12%</b>	\$10.67M	<b>\$19.75M</b>	<b>85%</b>

\* Services includes Ports, VXC, MCR and IX

## Capital Raising

In March this year, the company undertook a strategic Capital Raising of \$60M to support and drive continued expansion to new markets and data centres, develop new product initiatives, and accelerate sales growth.

## Conclusions and Outlook

In the coming year, Megaport will focus on strengthening its position as the leading global Network as a Service (NaaS) provider by accelerating the next wave of data interconnection services. The Company will develop new features and services to enhance the capabilities of its rich global ecosystem of data centres, partners, and customers.

Vincent English, Chief Executive Officer, said “This year, we boosted the value of our cloud provider ecosystem with the addition of IBM Cloud and Salesforce. In Fiscal Year 2018, the number of Megaport customers accessing multicloud directly grew 208%. Today, Megaport is connected to more cloud onramps than any other SDN or interconnection fabric. We added 46 this year, bringing our total to 108 cloud onramps globally. This is driving significant uptake in direct cloud connectivity with 58% of all connections on our platform

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<sup>3</sup> As of 30 June 2018

today directly connecting enterprises to cloud services. Megaport breaks down the physical barriers of interconnection and brings the cloud to the doorstep of enterprises.”

“In Fiscal Year 2019, we will continue to deepen our ecosystem with service providers that are driving the future of cloud services and develop more features to further virtualise the network. Taking a cue from our launch of Megaport Cloud Router, we will continue to produce powerful new tools enabling our customers to further realise the value of Networking as a Service.”

More information can be found in the FY18 Full Year Results and Global Update lodged with the ASX on 22 August 2018.

## **Executive Update**

The Board of Directors announces that Bevan Slattery will step down as an executive director of Megaport Limited, following his significant stewardship of over three years in this role, including in the period following Megaport’s IPO in December 2015. Mr Slattery’s executive services agreement, which was initially entered into for a period of 12 months from Megaport’s IPO and subsequently extended, will cease effective 1 September 2018. Mr Slattery will continue as a non-executive director and chairman of the Board and will continue to provide input into the strategic direction of the Company.

Simon Moore, independent Non-executive Director and Chair of the Audit & Risk Management Committee, said, “The Board would like to thank Mr Slattery for his executive stewardship and strategic leadership and look forward to his continued commitment and involvement as a non-executive director of the Company.”

Megaport has also entered into a consultancy agreement with non-executive director Peter Hase to provide sales leadership and tactical assistance to the CEO on an interim basis. This position will take effect on 27 August 2018. The key terms of Mr Hase’s appointment are set out in Appendix A.

## **Supporting Resources**

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

## **About Megaport**

Megaport is a 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 the open API. The Company’s extensive footprint in Australia, Asia Pacific, North America, and Europe, provides a neutral platform that spans many data centre providers across various markets.

Led by Vincent English, Megaport has been built by a highly experienced team with extensive

knowledge in building large scale global carrier networks and connects over 1000 customers throughout over 220 data centres globally. Megaport is an Alibaba Cloud Technology Partner, Oracle Cloud Partner, AWS Technology Partner, AWS Networking Competency Partner, Microsoft Azure ExpressRoute Partner, Google Cloud Interconnect Partner, IBM Direct Link Cloud Exchange provider, and Salesforce Express Connect Partner.

Megaport, Virtual Cross Connect, VXC, and MegaIX are registered trademarks of Megaport (Services) Pty Ltd ACN 607 432 646. To learn more about Megaport, please visit: [www.megaport.com](http://www.megaport.com).

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## Appendix A

Megaport has entered into a consultancy agreement with Mr Hase to provide sales leadership and tactical assistance to the CEO on an interim basis. The key terms of the agreement are as follows:

<b>Commencement Date:</b>	27 August 2018
<b>Term:</b>	6 weeks, expiring on 8 October 2018, unless otherwise terminated at an earlier date. On expiry, the agreement will continue until terminated by either party providing one week's prior notice to the other party.
<b>Consulting Fee:</b>	AUD \$5,000 per week, plus reimbursable business expenses
<b>Termination:</b>	<p>Megaport may terminate the agreement immediately by notice for failure to perform the consultancy services with reasonable care, skill or diligence, breaches of provisions related to intellectual property, goodwill and confidential information protections for the Company and failure to remedy other breaches within 10 business days of being notified by Megaport.</p> <p>Mr Hase may terminate the agreement, by providing as much notice as is practical, if he is required to return to the United Kingdom for urgent personal reasons (such as a family emergency)</p>
<b>Restraint:</b>	From the termination date, Mr Hase will be subject to various non-compete obligations for a period of 12 months.