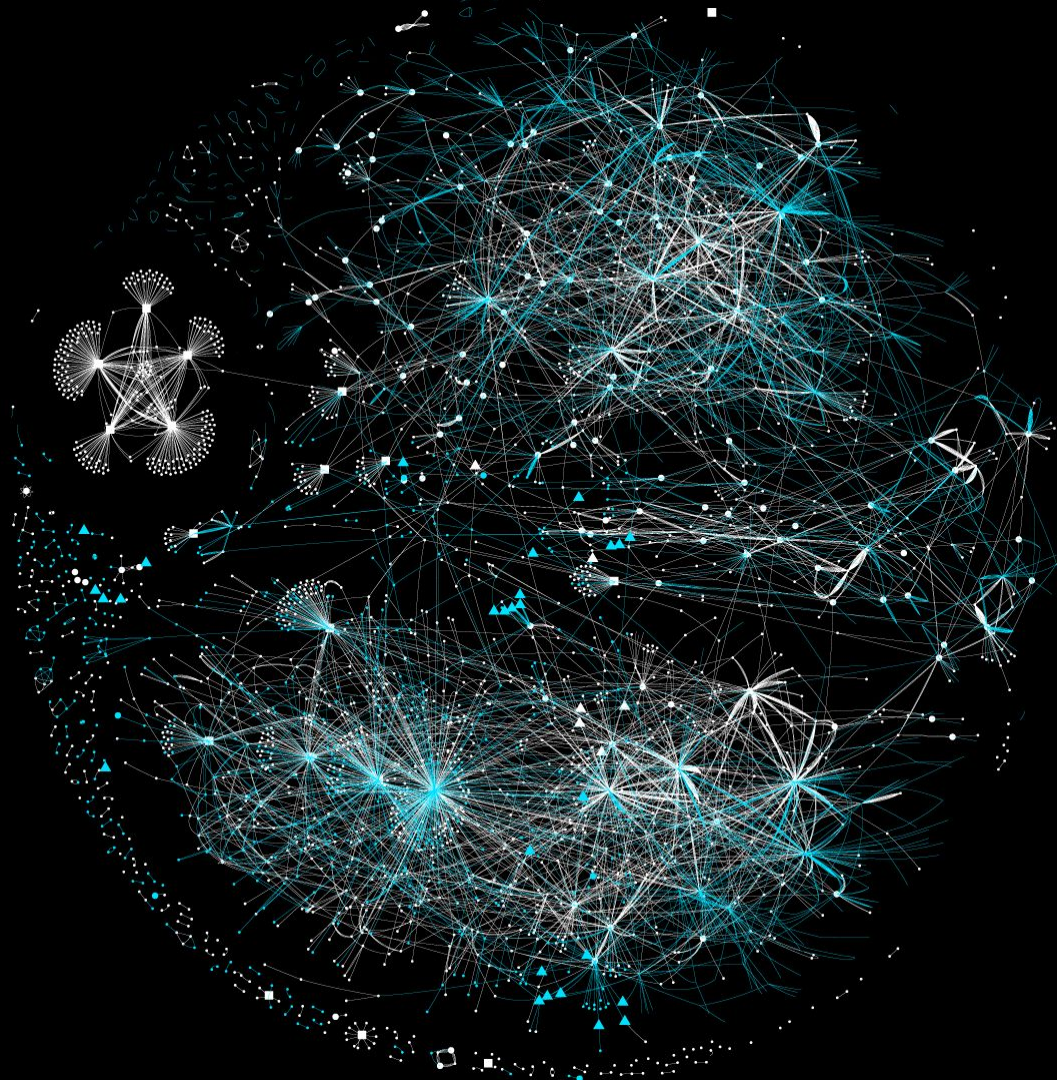




Market Update

1H FY20

12 FEBRUARY 2020



1HFY20 MARKET UPDATE

Company Highlights



Company Highlights 1HFY20



+26%

Monthly Recurring Revenue¹

\$3.6M

JUN 2019

\$4.6M

DEC 2019



+26%

Annualised Revenue²

\$43.3M

JUN 2019

\$54.6M

DEC 2019



+13%

Total Number of Customers

1,490

JUN 2019

1,679

DEC 2019



+20%

Total Number of Services³

11,561

JUN 2019

13,914

DEC 2019



+20%

Total Number of Ports

4,069

JUN 2019

4,863

DEC 2019



+6%

Total Installed Data Centres⁴

300

JUN 2019

317

DEC 2019

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

2. Annualised Revenue is MRR for the last month of the relevant period multiplied by 12.

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

4. 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.

Company Highlights 1HFY20



Leading Cloud Partners



NUTANIX



Microsoft
Azure



Google Cloud

ORACLE[®]
Cloud



IBM Cloud

Alibaba Cloud



Cloud Onramps

24

NEW

156

TOTAL



Cloud Regions

12

NEW

85

TOTAL



Total Enabled Data Centres¹

552



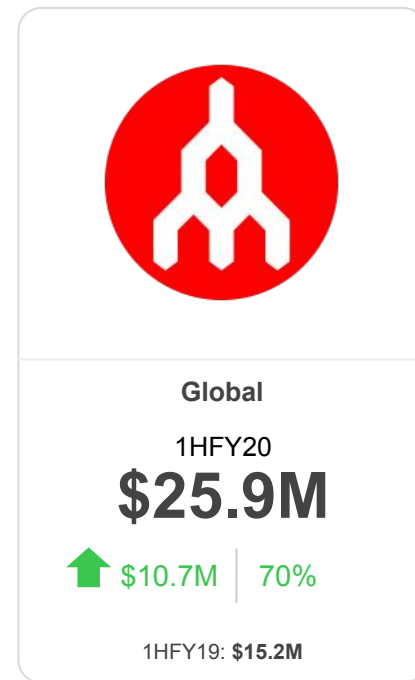
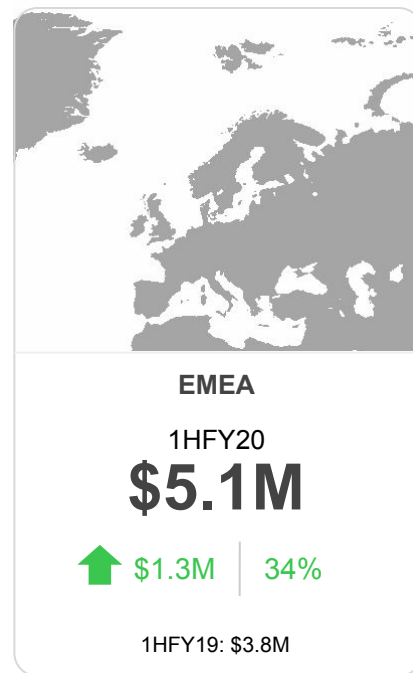
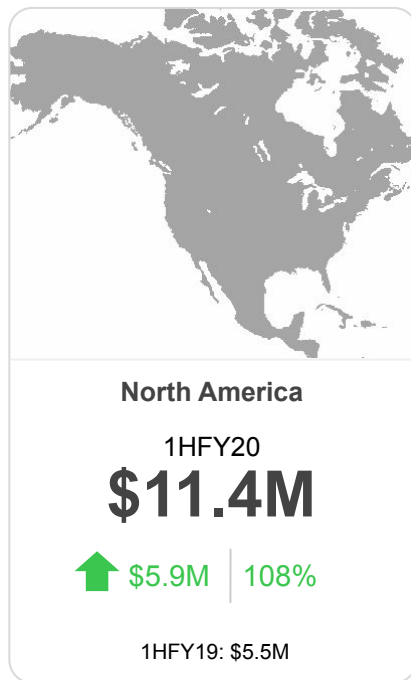
Successful ~\$62M
Capital Raise

~\$120M

Cash On Hand at 31 Dec 2019

1. 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 a dark fibre campus cross connect, provided by the data centre campus / facility operator of the Installed Data Centre.

Revenue Performance 1HFY20



1. Japan revenue was nil for 1HFY20 and 1HFY19.
Note: Growth rates are calculated using the actual \$ values.

1HFY20 HALF YEAR AND MARKET UPDATE

Financial Performance



Financial Results

Consolidated Profit & Loss	1HFY20 \$'000	1HFY19 \$'000	Change %
Revenue	25,856	15,184	70%
Direct network costs ¹	(12,689)	(10,356)	(23%)
Profit after direct network costs	13,167	4,828	173%
Operating Expenses (OPEX)	(23,433)	(17,243)	(36%)
Normalised EBITDA²	(10,266)	(12,415)	17%
Depreciation and amortisation expense	(6,926)	(4,313)	(61%)
Equity-settled employee costs	(2,748)	(2,257)	(22%)
Foreign exchange gains	742	1,818	(59%)
Non-operating income ³	84	462	(82%)
Tax benefits	158	138	14%
Net loss for the period	(18,956)	(16,567)	(14%)

Financial Results

For six months ended 31 December 2019

Revenue \$25.9M up 70%

Profit after direct network costs¹ of \$13.2M improved by \$8.3M

Profit % after direct network costs¹ of **51%** improved from 32% in 1HFY19

Normalised EBITDA loss of \$10.3M, 40% of revenue (1HFY19: 82% of revenue)

Note: 1HFY20 results include the adjustments for the adoption of AASB16 Leases, which was effective 1 July 2019 (for year ended 30 June 2020 onwards). The adoption of AASB16 improved profit after direct network costs¹ and Normalised EBITDA. Refer to Appendix for pre-AASB16 results' comparison

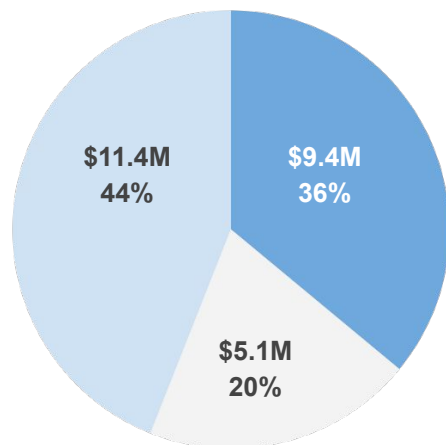
1. Direct network costs comprise data centre power and space, physical cross connect fees, bandwidth and dark fibre, network operation and maintenance, and channel commissions which are directly related to generating the service revenue of Megaport Group.

2. Normalised Earnings Before Interest Tax Depreciation and Amortisation (Normalised EBITDA) represents operating results excluding equity-settled employee costs, foreign exchange gains and gain/loss on disposal of property, plant and equipment. Including these amounts, EBITDA would be (\$12,268) in 1HFY20 and (\$12,867) in 1HFY19.

3. Represents interest income offset by finance costs and gain/loss on disposal of non-current assets.

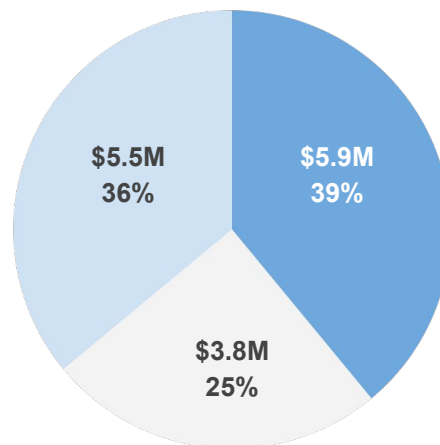
Revenue

1HFY20



Asia Pacific EMEA North America

1HFY19



REVENUE: \$25.9M

↑ **70%** From 1HFY19

MRR*: \$4.6M

↑ **68%** From 1HFY19

Financial Results

For six months ended 31 December 2019

Revenue of \$25.9M, up 70%,
driven by increased usage of
services across all regions

44% from NAM
36% from APAC
20% from EMEA

MRR* was **\$4.6M** for Dec 2019,
up 68%, driven by increased
utilisation of Megaport services
globally

Operating Costs

	1HFY20 \$'000	2HFY19 \$'000	1HFY19 \$'000
Direct network costs ¹	12,689	12,761	10,356
Profit after direct network costs	13,167	7,120	4,828
Employee costs ²	16,307	13,786	12,245
Professional fees	1,871	1,746	1,433
Marketing costs	1,413	1,065	588
Travel costs	1,720	1,106	1,311
General and administrative costs	2,122	1,697	1,666
Total OPEX	23,433	19,400	17,243

Financial Results

For six months ended 31 December 2019

Average direct network cost¹ per data centre per month is \$6.9K in 1HFY20, excluding AASB16³ impact \$7.9K (\$7.4K in 1HFY19)

Employee costs² increased due to investment in headcount to support business growth

Travel costs increased with business development opportunities

Other OPEX increased in line with business growth and entering new markets

1. Direct network costs comprise 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. Excludes equity-settled employee costs.

3. Megaport adopted AASB16 Leases effective 1 July 2019 and has not restated comparative amounts for the period prior to first adoption. The impact at the date of initial application is disclosed in Note 1(d) to the 31 Dec-2019 Half-Year Report.

Financial Position

Consolidated Financial Position	Dec 2019 \$'000	Jun 2019 \$'000
Current assets	131,718	85,134
Non-current assets	57,076	41,811
Total assets	188,794	126,945
Current liabilities	(19,728)	(14,236)
Non-current liabilities	(10,307)	(2,119)
Total liabilities	(30,035)	(16,355)
Equity	158,759	110,590

Cash position	Dec 2019 \$'000	Jun 2019 \$'000
Cash at end of the year	119,862	74,879

Financial Position

At 31 December 2019

~\$62M in equity raised in 1H FY20

Capital invested in deploying to new data centres globally, network expansion, and software and product development

AASB16 Leases¹ accounting has resulted in an increase of non-current assets and total liabilities by ~\$11M at 31 Dec 2019

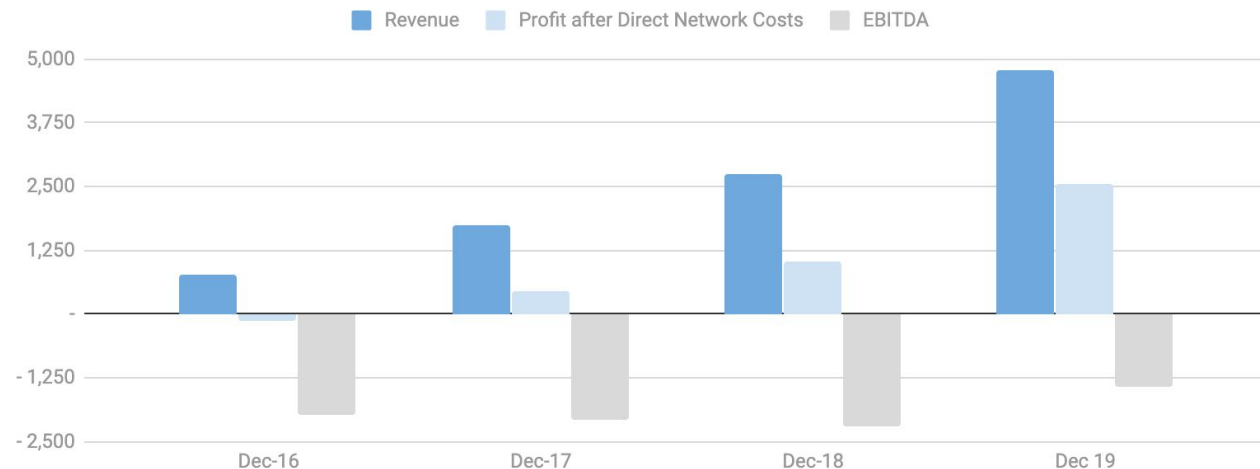
Cash at 31 Dec 2019

~\$120M

1. Megaport adopted AASB16 Leases effective 1 July 2019 and has not restated comparative amounts for the period prior to first adoption. The impact at the date of initial application is disclosed in Note 1(d) to the 31 Dec-2019 Half-Year Report.

Historical Financial Performance

Group



Margins

	Dec-16	Dec-17	Dec-18	Dec-19 ²
Profit after Direct Network Cost Margin %	(16%)	26%	37%	53%
Group EBITDA Margin %	n.m.	(120%)	(80%)	(30%)

Margin Trends¹

Overall profit after direct network cost³ margin has continued to expand as MRR growth has outstripped growth in Direct Network Costs.

Overall EBITDA margin has significantly improved following strong contributions in APAC and reductions in regional EBITDA losses in NAM and EMEA.

1. All figures are for the month of December

2. Figures are as reported. Excluding the impact of AASB16, profit after direct network cost margin would be 45% and Group EBITDA margin would be (40%) for the month of Dec-19

3. Direct network costs comprise 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.

1HFY20 HALF YEAR AND MARKET UPDATE

Regional Highlights

ASIA PACIFIC | NORTH AMERICA | EMEA



Growing Global Ecosystem



North America



Countries	Cities	Installed	Enabled
2	65	153	313

EMEA



Countries	Cities	Installed	Enabled
14	24	85	146

Asia Pacific



Countries	Cities	Installed	Enabled
5	13	79	93



Japan Launch



**5th largest global cloud
spend 2019***
(\$7.4B)



**Tokyo is 6th largest financial
centre in the world**



3 installed / 8 enabled DCs
at 31 Dec 2019



**Further expansion in
Tokyo and Osaka**
to 8 additional installed DCs



6 cloud on-ramps
AWS, Azure, Google
IBM, Oracle, and Salesforce



Local staff
24/7 support



**First neutral global
software defined
interconnection
service in Japan**

Asia Pacific

EBITDA Positive | Launch of Japan in 1HFY20

Total Installed Data Centres



71

JUN 2019

79

DEC 2019

Total Number of Customers



673

JUN 2019

731

DEC 2019

Total Number of Ports



1,861

JUN 2019

2,157

DEC 2019

Total Number of Services¹



5,501

JUN 2019

6,384

DEC 2019

Monthly Recurring Revenue²



\$1.4M

JUN 2019

\$1.7M

DEC 2019

Profit After Direct Network Costs³



72%

Reported

67%

Pre-AASB16

For the Month DEC 2019

Average Revenue per Port⁴

\$794

+9%

No. of Ports per Data Centre

27

+4%

Services per Port

3.0

-

Services per Customer

8.7

+7%

Port Utilisation⁵

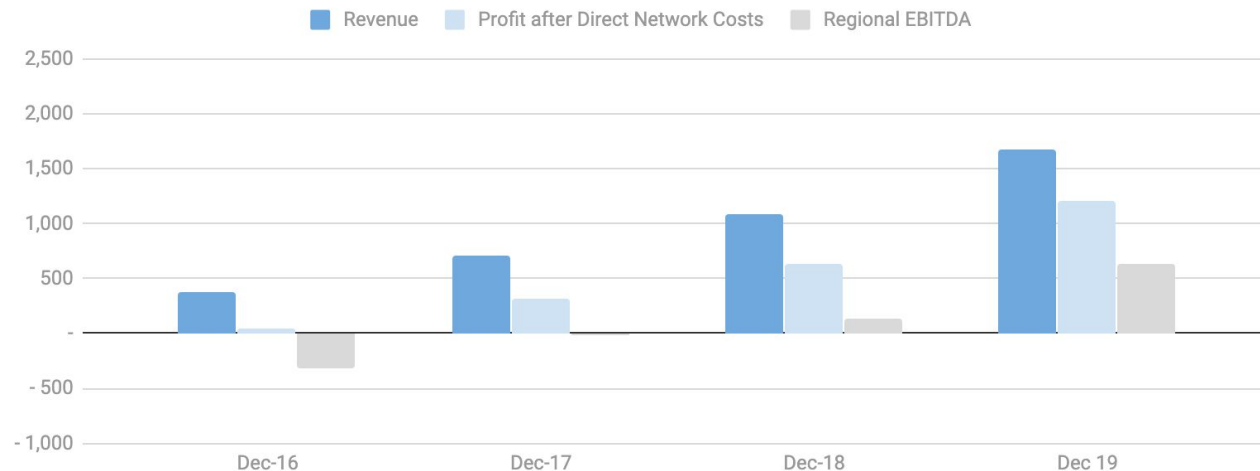
45%

Figures at 31 Dec 2019 (vs 30 Jun 2019)

1. Total Services comprises of Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX).
 2. Monthly Recurring Revenue (MRR) is revenue (excluding one-off and non-recurring revenue) for the last month of the relevant period.
 3. Margin excludes Japan. Profit after direct network costs for the month of Dec 2019 including Japan would be 70% (pre-AASB16: 66%).
 4. MRR divided by number of Ports at the relevant period end date.
 5. Ports sold/used divided by total Ports available.

Operational Leverage

Asia Pacific (excluding Japan)



Margin Trends¹

Strong MRR growth and a significant portion of fixed Direct Network Costs has seen APAC profit after direct network cost³ margin expand to ~70%.

Regional EBITDA margin has expanded as APAC has approached scale.

Margins	Dec-16	Dec-17	Dec-18	Dec-19 ²
Profit after Direct Network Cost Margin %	11%	45%	58%	72%
Regional EBITDA Margin %	(86%)	(2%)	12%	37%

1. All figures are for the month of December

2. Figures are as reported. Excluding the impact of AASB16, profit after direct network cost margin would be 67% and Group EBITDA margin would be 30% for the month of Dec-19

3. Direct network costs comprise 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.

North America

Profit After Direct Network Costs Positive for Full 1HFY20

Total Installed Data Centres



146

JUN 2019

153

DEC 2019

Total Number of Customers



653

JUN 2019

787

DEC 2019

Total Number of Ports



1,593

JUN 2019

1,986

DEC 2019

Total Number of Services¹



4,275

JUN 2019

5,414

DEC 2019

Monthly Recurring Revenue²



\$1.5M

JUN 2019

\$2.0M

DEC 2019

Profit After Direct Network Costs



38%

Reported

28%

Pre-AASB16

For the Month DEC 2019

Average Revenue per Port³

\$983

+7%

No. of Ports per Data Centre

13

+19%

Services per Port

2.7

+2%

Services per Customer

6.9

+5%

Port Utilisation⁴

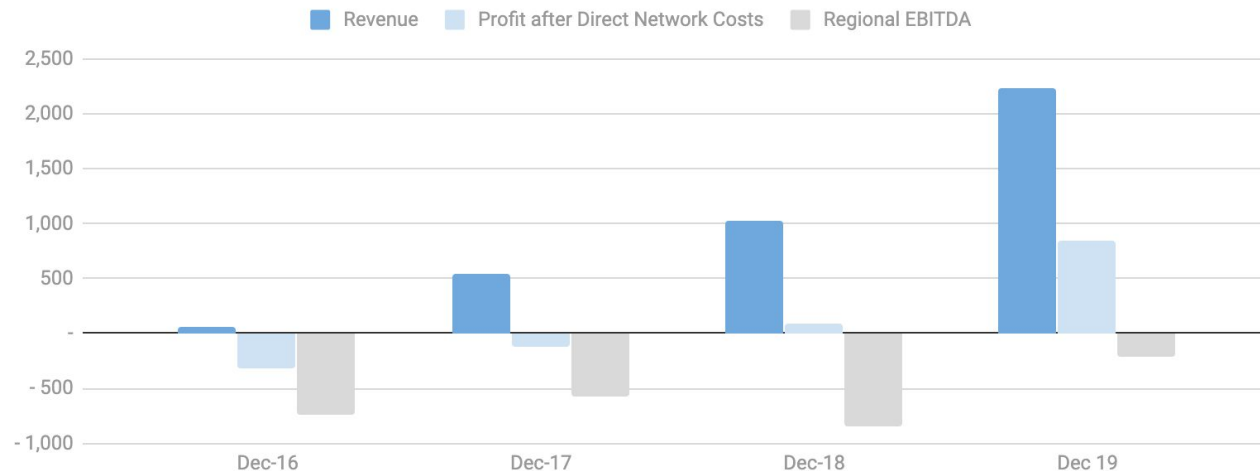
34%

Figures at 31 Dec 2019 (vs 30 Jun 2019)

1. Total Services comprises of Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX).
 2. Monthly Recurring Revenue (MRR) is revenue (excluding one-off and non-recurring revenue) for the last month of the relevant period.
 3. MRR divided by number of Ports at the relevant period end date.
 4. Ports sold/used divided by total Ports available.

Operational Leverage

North America



Margins

	Dec-16	Dec-17	Dec-18	Dec-19 ²
Profit after Direct Network Cost Margin %	n.m.	(21%)	8%	38%
Regional EBITDA Margin %	n.m.	(106%)	(83%)	(10%)

Margin Trends¹

The significant investment in network footprint and sales capabilities in NAM in FY18 and FY19 has delivered a strong rebound in profit after direct network cost³ margin.

Regional EBITDA margin has improved significantly as average ports per DC and average services per customer continues to grow.

1. All figures are for the month of December

2. Figures are as reported. Excluding the impact of AASB16, profit after direct network cost margin would be 28% and Group EBITDA margin would be (22%) for the month of Dec-19

3. Direct network costs comprise 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.

EMEA

Profit After Direct Network Costs Positive for Full 1HFY20

Total Installed Data Centres



83

JUN 2019

85

DEC 2019

Total Number of Customers



296

JUN 2019

332

DEC 2019

Total Number of Ports



615

JUN 2019

720

DEC 2019

Total Number of Services¹

1,785

JUN 2019

2,116

DEC 2019

Monthly Recurring Revenue²

\$0.8M

JUN 2019

\$0.9M

DEC 2019

Profit After Direct Network Costs



59%

Reported

52%

Pre-AASB16

For the Month DEC 2019

Average Revenue per Port³

\$1,232

-4%

No. of Ports per Data Centre

8

+14%

Services per Port

2.9

+1%

Services per Customer

6.4

+6%

Port Utilisation⁴

32%

Figures at 31 Dec 2019 (vs 30 Jun 2019)

1. Total Services comprises of Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX).

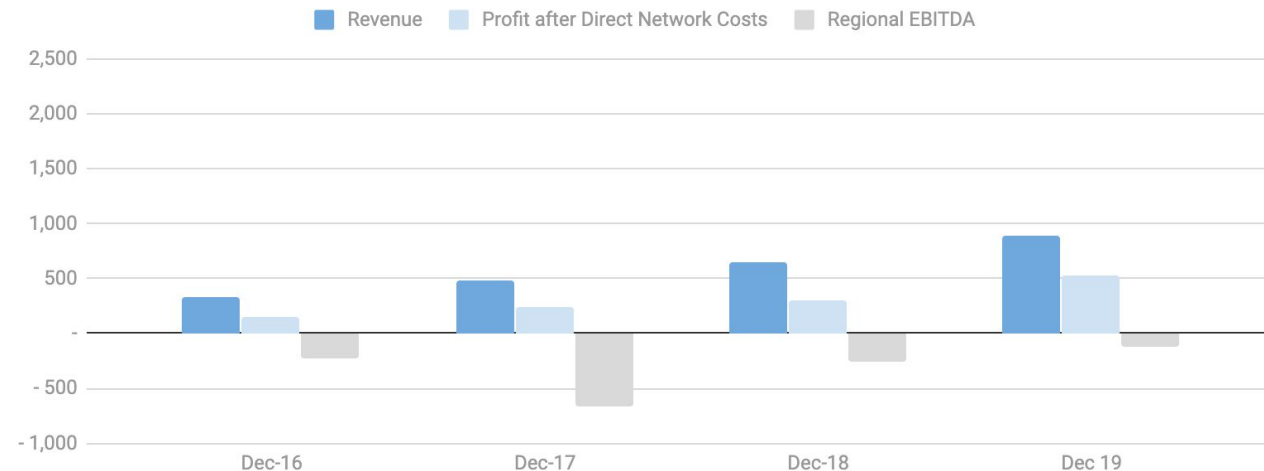
2. Monthly Recurring Revenue (MRR) is revenue (excluding one-off and non-recurring revenue) for the last month of the relevant period.

3. MRR divided by number of Ports at the relevant period end date. The average revenue per Port has been diluted due to more Ports added in Q2.

4. Ports sold/used divided by total Ports available.

Operational Leverage

EMEA



Margin Trends¹

While overall EMEA margins are higher due to the acquisition of the IX business in 2016, MRR growth is beginning to expand profit after direct network³ cost margin.

Regional EBITDA margin has improved in EMEA as customers per DC increases.

Margins	Dec-16	Dec-17	Dec-18	Dec-19 ²
Profit after Direct Network Cost Margin %	44%	50%	47%	59%
Regional EBITDA Margin %	(65%)	(137%)	(39%)	(15%)

1. All figures are for the month of December

2. Figures are as reported. Excluding the impact of AASB16, profit after direct network cost margin would be 52% and Group EBITDA margin would be (23%) for the month of Dec-19

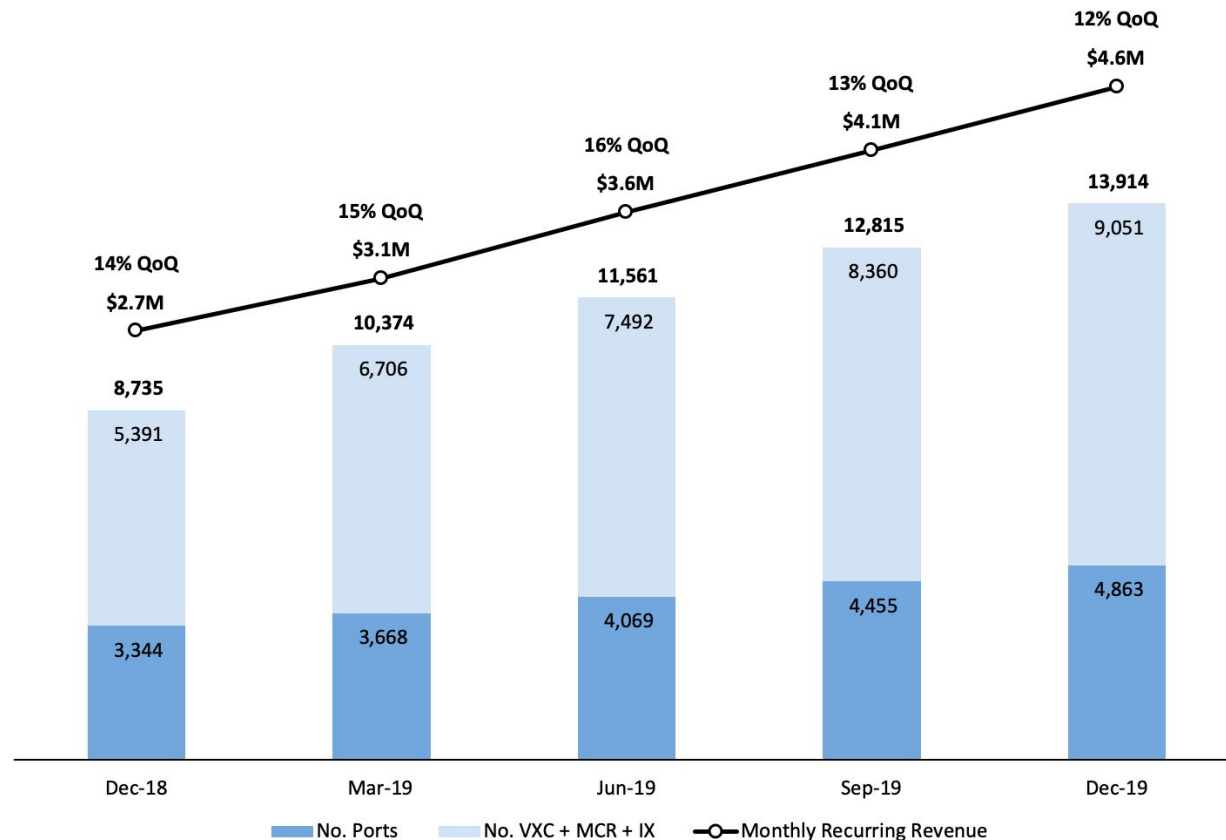
3. Direct network costs comprise data centre power and space, physical cross connect fees, bandwidth and dark fibre, network operation and maintenance, and channel commissions which are directly related to generating the service revenue of Megaport Group.

1HFY20 HALF YEAR AND MARKET UPDATE

Business Update



Growth Trends



Ecosystem richness drives greater service connection opportunities

Growth in services indicates overall customer usage on the Network

Increased Services per Port drives greater MRR* growth and increased Revenue per Port

MRR* has grown to \$4.6M, up 26% from June 2019

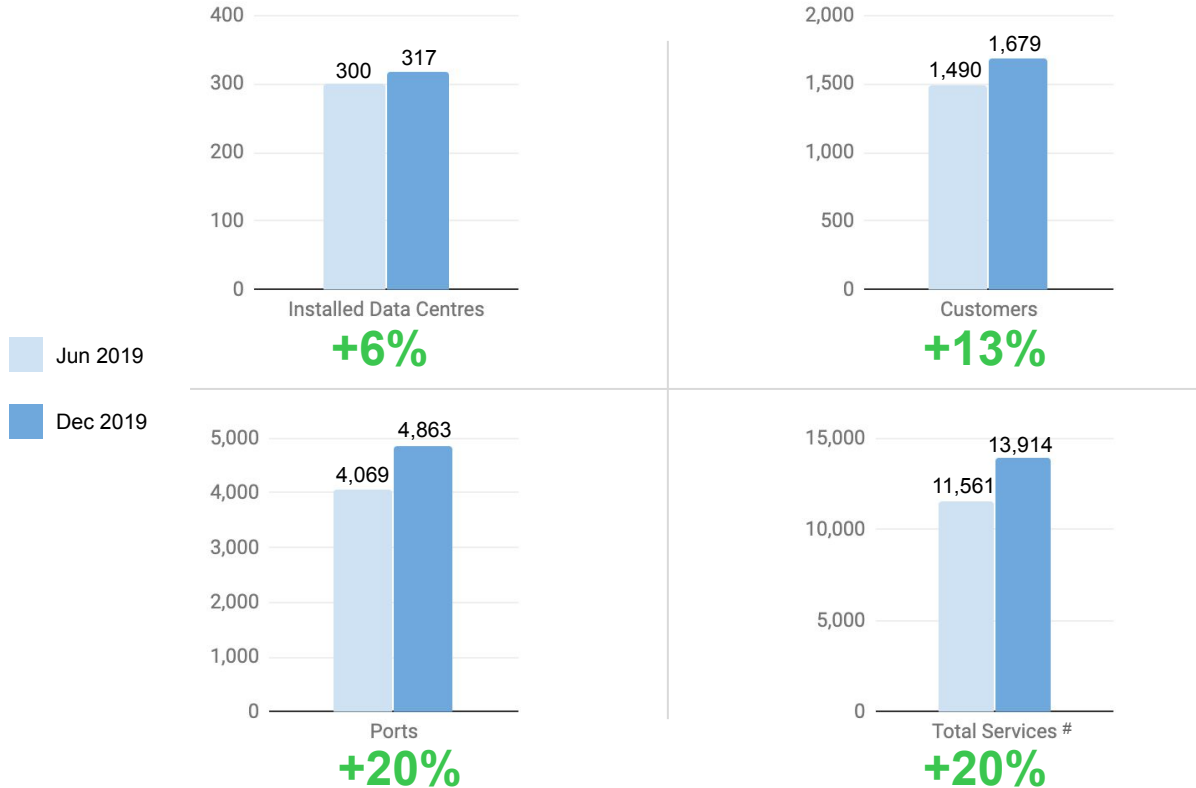
Monthly Recurring Revenue*

\$3.6M
Jun 2019

\$4.6M
Dec 2019

*MRR is revenue (excluding one-off and non-recurring revenue) for the last month of the relevant quarter.

Growth 1HFY20



Revenue Growth

The increase in Services per Port directly increases Port value

Average Revenue per Port*

\$887
Jun 2019

\$936
Dec 2019

↑ **\$49 / 6%**

* MRR divided by number of Ports at relevant period end date.

Total Services comprises Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX).

MegaPort Cloud Enablement

156 Total Onramps

*Increase: 24 **+18%**

	Total Onramps
Amazon Web Services	40
Microsoft Azure	38
Google Cloud	29
IBM Cloud	16
Oracle Cloud	14
Alibaba Cloud	8
Salesforce	3
Nutanix	3
SAP	5

85 Total Cloud Regions

*Increase: 12 **+14%**



- San Francisco
- Santa Clara
- Ashburn



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



- Asia Pacific South
- EU (UK)
- EU (Germany)
- UK South
- US East
- US South



- US East US
- Central EU
- US West



- Australia (Sydney)
- Europe (Frankfurt)
- US East (Ashburn)
- US East (Sterling)
- US West (Chandler)



- Asia Pacific (Sydney)
- Asia Pacific (Hong Kong)
- Asia Pacific (Singapore)
- Asia Pacific (Tokyo)
- EU (London)
- EU (Ireland)
- EU (Frankfurt)
- AWS GovCloud
- US (Ohio)
- US East (N.Virginia)
- US West (N.California)
- US West (Oregon)
- Canada (Central)



- Australia South East
- Australia East
- East Asia
- Southeast Asia
- Japan East
- UK South
- North Europe
- West Europe
- Germany Central
- Germany North
- Switzerland North
- UAE North
- US Gov Arizona
- US DoD East
- US DoD Central
- US Gov Virginia



- APAC Sydney
- Japan East (Tokyo)
- EMEA Frankfurt
- EMEA Slough
- Switzerland North (Zurich)
- US Ashburn
- US Chicago
- US Phoenix
- US Gov DC
- US Gov PHX



- Asia Northeast1 (Japan)
- Asia Southeast1 (Singapore)
- Australia South East1 (Sydney)
- Asia East1 (Taiwan)
- Europe West2 (UK)
- Europe West3 (Germany)
- Europe West4 (Netherlands)
- Europe West6 (Zurich)
- North America-Northeast1 (Montréal)
- US Central1 (Iowa)
- US East1 (South Carolina)
- US East4 (Virginia)
- US West1 (Oregon)
- US West2 (Los Angeles)



Megaport Cloud Router (MCR)

Avg Monthly Revenue
per Customer¹

\$2,473

Non MCR Customer

\$4,711

MCR Customer

Avg Services
per Customer²

7.8

Non MCR Customer

13.5

MCR Customer

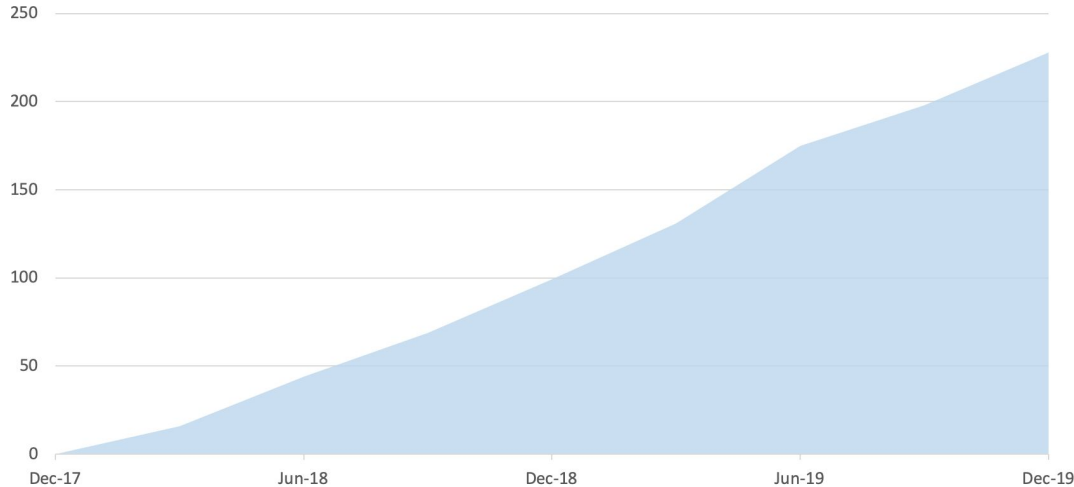
Total MCRs

175

At 30 June 2019

228

At 31 Dec 2019



Customer Benefits

Ease of Use

No Customer Infrastructure Needed

Real-Time Provisioning

Global Reach

Cloud and Service Agnostic

Cloud to Cloud Networking

1. Represents December 2019 MRR divided by relevant customer count at 31 December 2019.

2. At 31 December 2019.

The Network Effect

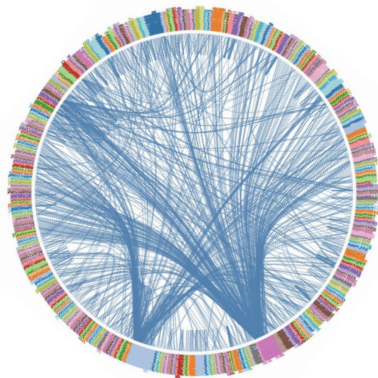
MegaPort Service Connections



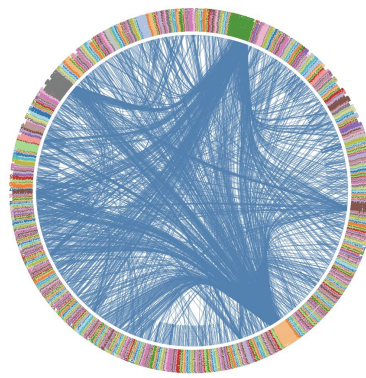
Ports



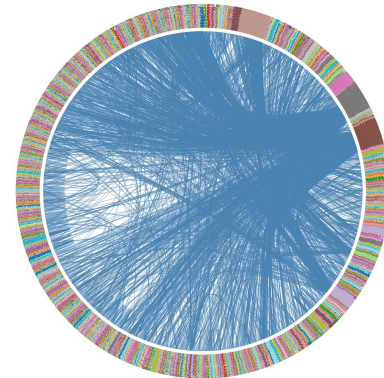
Services



31 December 2017



31 December 2018



31 December 2019

Service Connection Types



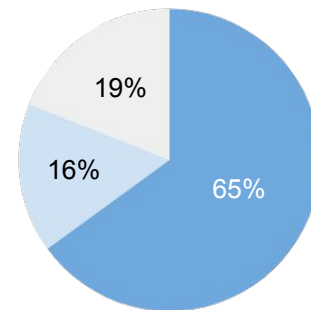
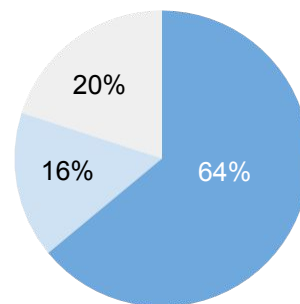
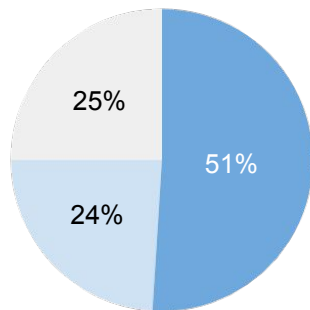
Direct Public Cloud



Internet Exchange



Private Connection



1HFY20 HALF YEAR AND MARKET UPDATE

About Megaport

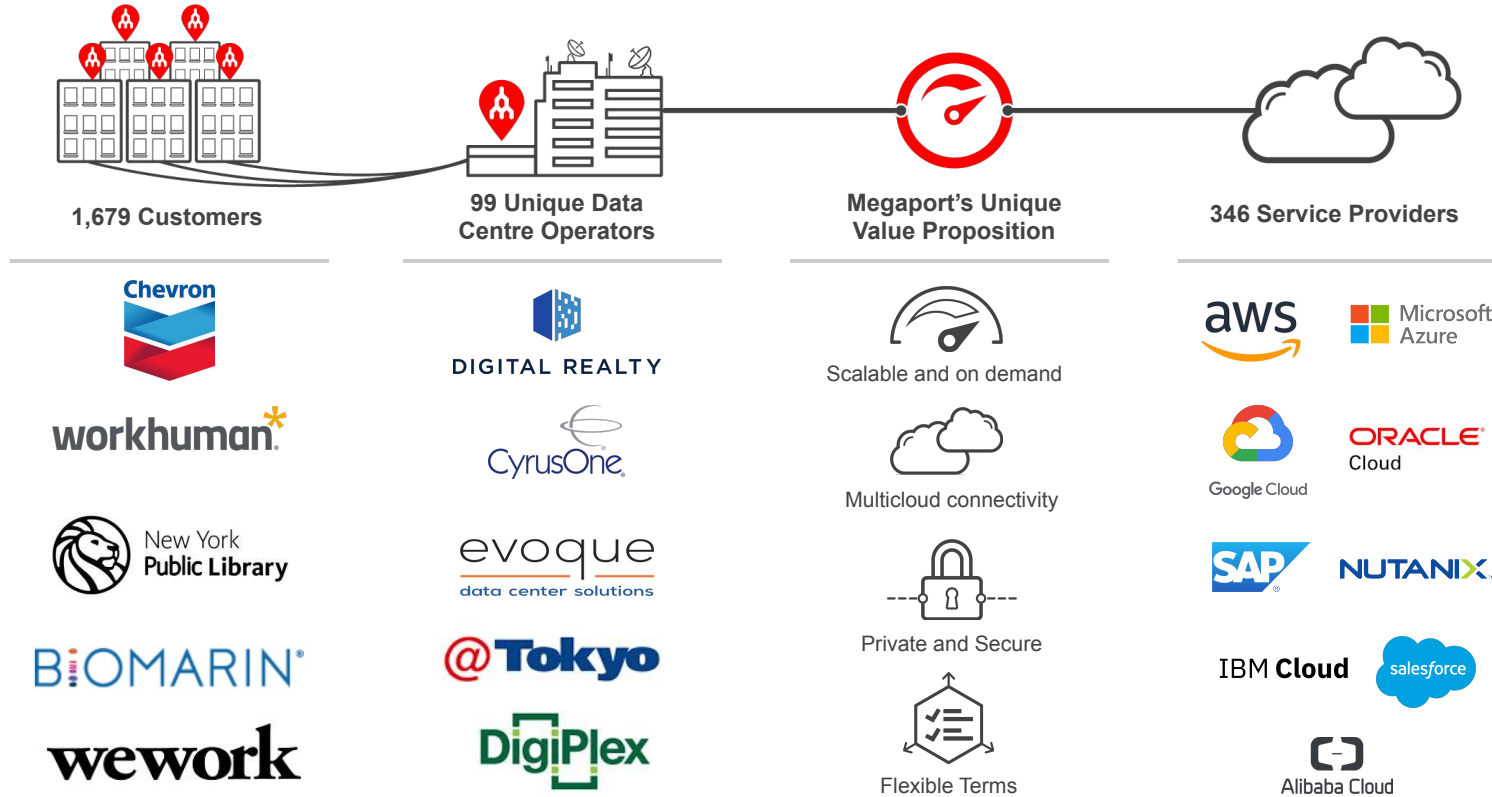


The Leader in Network as a Service (NaaS)



	Megaport's Connectivity Model	Traditional Connectivity
Pricing	Pay for what you use, no setup fees	Expensive locked-in pricing model, expensive setup costs
Speed	Real-time provisioning (59 seconds)	Long setup times (one week – several months)
Capacity	Elastic, right-sized capacity	Fixed capacity
Terms	Flexible terms, month to month contract	Locked-in long term contracts
Providers	Neutral, one-stop shop featuring all service providers	Limited service providers
Ease of Use	Intuitive portal to manage network	Multiple emails, calls to vendors, and contracts

Connecting the Ecosystem



1HFY20 HALF YEAR AND MARKET UPDATE

Appendix



Financial Results Impact of AASB16 Leases

Consolidated Profit & Loss	1HFY20 Reported \$'000	AASB16 ¹ Adjustment \$'000	1HFY20 Pre-AASB16 \$'000	1HFY19 Reported \$'000	Change %
Revenue	25,856	-	25,856	15,184	70%
Direct network costs ³	(12,689)	(1,973)	(14,662)	(10,356)	(42%)
Profit after direct network costs	13,167	(1,973)	11,194	4,828	132%
Operating Expenses (OPEX)	(23,433)	(190)	(23,623)	(17,243)	(37%)
Normalised EBITDA	(10,266)	(2,163)	(12,429)	(12,415)	-
Depreciation and amortisation expense	(6,926)	2,015	(4,911)	(4,313)	(14%)
Equity-settled employee costs	(2,748)	-	(2,748)	(2,257)	(22%)
Foreign exchange gains	742	-	742	1,818	(59%)
Non-operating income / (expenses)	84	264 ²	348	462	(25%)
Tax benefits	158	-	158	138	14%
Net loss for the year	(18,956)	116	(18,840)	(16,567)	(14%)

Financial Results Pre-AASB16

For six months ended 31 December 2019

Profit after direct network costs³ of \$11.2M improved by \$6.4M compared to 1HFY19

Profit % after direct network costs³ of 43% improved from 32% in 1HFY19

Normalised EBITDA loss of \$12.4M, 48% of revenue (1HFY19: 82% of revenue)

1. Megaport adopted AASB16 Leases effective 1 July 2019 and has not restated comparative amounts for the period prior to first adoption. The impact at the date of initial application is disclosed in Note 1(d) to the 31 Dec-2019 Half-Year Report.

2. Represents interest portion of lease payments during the Half-Year ended 31 Dec-2019.

3. Direct network costs comprise 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

Important Information

This presentation has been authorised by the Board of Megaport

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.

Normalised Earnings Before Interest Tax Depreciation and Amortisation (Normalised EBITDA) represents operating results excluding equity-settled employee benefit, foreign exchange gains / (losses) and non-operating expenses.

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Thank you

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