Global Update

Megaport reports record quarterly growth in both customers, up 7% and Ports, up 10% in 1Q FY21, driven by strong demand in North America. The Company also announced the development of Megaport Virtual Edge and a strategic collaboration with Cisco.

Brisbane, AUSTRALIA 21 October, 2020 Megaport Limited (**ASX:MP1**) today reports its quarterly Key Performance Indicators to 30 September 2020, and provides a global market update.

Executive Summary

In 1Q FY21, Megaport drove strong product uptake with 566 new Ports, up 10% QoQ and 138 new customers added up 7% QoQ, both record quarterly increases. Of this, North America contributed significantly, representing 63% of the growth in new customers, 58% of the growth in Ports, and 61% of the growth in new services.

In September 2020, Megaport achieved 1,980 customers, 6,333 Ports, and total services of 18,145. Total revenue for the quarter was $17.3M, up 2% compared to 4Q FY20. Monthly Recurring Revenue (MRR) in September 2020 increased by 2% QoQ to $5.8M. Growth in 1Q FY21 Total Revenue and MRR were adversely impacted by the continued appreciation in the Australian dollar – affecting MRR by $0.2m and Total Revenue for the quarter by $0.3m – as well as slower net customer and port additions in 4Q FY20.

Growth in our North American and APAC business units remains strong, with September 2020 MRR in local currency up 11% in North America, and up 4% in Asia Pacific compared to June 2020. In Europe, MRR declined QoQ due to a one-time change in Internet Exchange contract pricing during the quarter, to secure long term strategic customers which will be competitive and stable going forward. MRR growth from 2QFY21 onwards is expected to benefit from the record increases in Ports and customers this quarter.

Megaport continued to expand its network footprint to new markets while also deepening its reach within existing metros, reaching 702 enabled locations globally. As at 30 September 2020, installed locations[1] totalled 385, of which 184 are in North America.

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[1] 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.

Megaport established a presence in Luxembourg, bringing the Megaport platform to 24 countries and 132 cities globally. New data centre partnership announcements in the period include Sungard, 1623 Farnam, Chorus, and LuxConnect.

The company continued to bolster its ecosystem of leading service providers with the addition of OVHcloud in early October as well as Cloudflare in August.

Executing on its strategic roadmap, Megaport announced the development of Megaport Virtual Edge (MVE) as well as a strategic collaboration with Cisco on 17 August 2020. MVE will enable customers to host virtual network appliances and network functions on Megaport's platform. This will enable businesses to connect to services through Megaport from more locations around the globe – including branch offices, corporate campuses, and point-of-sale locations.

Megaport's Chief Executive Officer, Vincent English, commented, "Our investments in North America, in terms of network footprint and commercial capabilities, yielded excellent results this quarter and contributed significantly to our record quarterly Port and customer performance. This will have a positive impact on MRR from Q2 onwards. North America is our fastest growing region, with USD revenues growing 11% QoQ and now accounting for 47% of our total revenue."

Performance Highlights

1Q FY21 highlights:
- Revenue for the period was $17.3M, an increase of 2% from the last quarter.
- MRR for the month of September 2020 was $5.8M, an increase of $0.1M, or 2% QoQ.
- Total Installed Data Centres was 385 at the end of the quarter, an increase of 19, or 5% QoQ.
- Total Enabled Data Centres was 702 at the end of the quarter, an increase of 33, or 5% QoQ.
- Customers at the end of the quarter were 1,980, an increase of 138, or 7% QoQ.
- Total Ports increased by 566 or 10% QoQ to 6,333.
- Total MCR increased by 36 or 12% QoQ to 343.
- Total Services[2] increased by 1,433 or 9% QoQ to 18,145, of which VXCs increased in the quarter by 9% to 10,046.
- Average Revenue per Port in September 2020 was $913.
- At the end of September 2020, the Company's cash position was $152.8M.

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[2] Total Services comprise Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX).

Key Performance Metrics

While continuing to grow the Company's global footprint and position as the world's leading global Network as a Service provider, Megaport drove consistent increases in all metrics across all regions in 1Q FY21.

Key metrics[3]:

	Quarterly Performance						YoY% Change[4]
	Sep-19	Dec-19	Mar-20	Jun-20	**Sep-20**	QoQ % Change	
Enabled Data Centres	535	552	601	669	**702**	**5%**	31%
Installed Data Centres	304	317	329	366	**385**	**5%**	27%
Cloud On-Ramps	141	156	171	197	**215**	**9%**	52%
Customers	1,584	1,679	1,777	1,842	**1,980**	**7%**	25%
Ports	4,455	4,863	5,375	5,767	**6,333**	**10%**	42%
MCR	198	228	268	307	**343**	**12%**	73%
Total Services	12,815	13,914	15,531	16,712	**18,145**	**9%**	42%
MRR[5] (M)	$4.1	$4.6	$5.4	$5.7	**$5.8**	**2%**	42%
Revenue (M)	$12.03	$13.82	$15.19	$17.00	**$17.30**	**2%**	44%

Ecosystem Expansion Update

- **Asia Pacific:** 95 Installed Data Centres with the addition of 8 new sites; total of 120 Enabled Data Centres.
- **North America:** 184 Installed Data Centres with the addition of 10 new sites; total of 380 Enabled Data Centres.
- **Europe:** 106 Installed Data Centres with the addition of 1 new site; total of 202 Enabled Data Centres.
- **Cloud On-Ramps:** 215 total connected cloud onramps globally with the addition of 18 in the quarter. The company added Cloudflare in the quarter to its cloud portfolio, with 14 new onramps (eight in North America, three in Europe and three in APAC), as well as AWS Montreal Canada Central Region, Google GCP Omaha US Central Region, and Oracle OCI Los Angeles and San Jose US West Regions.

Conclusions and Outlook

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[3] As at 30 September 2020.
[4] Change in the yearly performance at 30 September 2020 to the prior corresponding period ended 30 September 2019.
[5] Monthly Recurring Revenue is revenue (excluding one-off and non-recurring revenue) for the last month of the relevant period.

Vincent English said, "Megaport remains committed to driving value for our customers, partners, and shareholders. We are constantly evolving our platform so our customers can more easily connect with the services they need to power their business. MVE will play a fundamental part in our success by allowing our customers to access Megaport's elastic interconnection platform from locations beyond traditional data centres — including branch offices, corporate campuses, and point-of-sale locations.

"Our neutral platform enables us to work with a wide variety of technology partners. Our collaboration with Cisco, to enable SD-WAN capabilities on our platform, coupled with our vast ecosystem of leading cloud and managed service providers, will empower our customers with greater choice and flexibility for building and managing multicloud architectures. We are committed to growing our ecosystem of technology and cloud service partners throughout this fiscal year.

"Profitability remains a company-wide priority. We are focused on achieving EBITDA breakeven on an exit run-rate basis by the close of Fiscal Year 2021 by driving further customer growth across all regions. With our SDN reaching over 700 enabled data centres across 24 countries, we are well positioned to capture the demand for elastic interconnection to support the ever-increasing surge of data powered by the digital economy."

Authorised by the Board.

Supporting Resources

- Visit Megaport: https://megaport.com
- Subscribe for ASX announcements here
- Follow Megaport on Twitter: @megaportnetwork
- Like Megaport on Facebook
- Follow Megaport on LinkedIn
- Learn more about MCR and MVE

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 more than 1,980 customers in over 700 enabled data centres globally. Megaport is an Alibaba Cloud Technology Partner, AWS Technology Partner, AWS Networking Competency Partner, Cloudflare Network Interconnect Partner, Google Cloud Interconnect Partner, IBM Direct Link Cloud Exchange provider, Microsoft Azure Express Route Partner, Nutanix Direct Connect Partner, Oracle Cloud Partner, Rackspace RackConnect Partner, Salesforce Express Connect Partner, and SAP PartnerEdge Open Ecosystem Partner.

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