



ASX Announcement

23 November 2017

2017 Annual General Meeting Address from the Chairman and Chief Executive Officer

Megaport Limited (**ASX:MP1**) provides the attached addresses from the Executive Chairman and the Chief Executive Officer, which will be presented at the Annual General Meeting to be held today.

Supporting Resources

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

Established in 2013 and founded by Bevan Slattery, Megaport built the world's first SDN-based Elastic Interconnection platform designed to provide the most secure, seamless, and on-demand way for enterprises, networks, and services to interconnect. 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 780 customers throughout over 170 data centres in 37 cities. Megaport is an Alibaba Cloud Technology Partner, Oracle Cloud Partner, AWS Technology Partner, Microsoft Azure ExpressRoute Partner, and Google Cloud Interconnect Partner.

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Annual General Meeting

2017 Annual General Meeting

Address from the Executive Chairman

As the global leading provider of Elastic Interconnection services, Megaport is positioned at a very unique intersection where cloud, data centre, and IT trends converge. The growth fueled by enterprise cloud adoption, Digital Transformation, IoT, Machine Learning, Massive Scale Compute and the various trends driving digital business ultimately drive our connectivity and business model.

Since our humble beginnings and the launch of Megaport services in Australia in 2013, the company believes we have now successfully demonstrated the demand for the Elastic Interconnection model globally.

The 2017 financial year was another year of outstanding growth for the business. In addition to achieving record sales through the reporting period, Megaport expanded organically into many new key locations with great demand from enterprises for direct cloud connectivity. Several new strategic partnerships have been cemented across various channels including Data Centre Operators, Cloud Service Providers, Managed Service Providers and master agencies. These partnerships continue to bolster our indirect and sell-with capabilities designed to accelerate revenue while maintaining a nimble and appropriately-sized organisation.

Our recent performance in the first quarter of Fiscal Year 2018 is a great indication of our revenue momentum and our continued drive to expand our ecosystem and service footprint. So much so that we grew our direct cloud connections by 56% in the first quarter of Financial Year 2018.

To achieve so much is a credit to everyone involved, especially the management team most of which are here today.

Megaport CEO, Vincent English who empowers the team with leadership driven with enthusiasm and a clear understanding of the business model and operational experience necessary to execute on our global strategy. Belle Lajoie, as Chief Commercial Officer is the Executive responsible for a focused and aligned sales engine ready to capture the global opportunity. Lastly, the appointment of Tim Hoffman as Chief Technology Officer positions us to massively scale our network globally while aligning our software development initiatives to drive true innovation.

In the year ahead Megaport is focused on growth and scale in every dimension of our business. It is fair to say that 2018 is going to be one exciting year.

Finally, on behalf of the Board, Management, and the team at Megaport, I would like to express our gratitude to you, our valued shareholders, for your support of the Company and our vision.

Thank you.



Address from the Chief Executive Officer

Thank you for taking the time to attend our AGM, learn more about Megaport, and support our mission to make connectivity easy. Since our last AGM, Megaport has achieved a number of accomplishments and milestones; one of which was gaining a profit after our direct network costs during the second half of Fiscal Year 2017. Our overall business is accelerating. In fact, the fourth quarter saw record bookings propelling our revenue to increase 298% year on year. This was followed by our solid first quarter of Fiscal Year 2018 where revenue increased 18% from the previous quarter. Your investment in Megaport positions us to be able to continue our growth trajectory as all indicators point to greater cloud adoption and increasing bandwidth requirements across all sectors.

As a world leading Network as a Service company, Megaport transforms the way network services are consumed. As businesses have shifted to compete and succeed in a cloud-enabled economy, our Software Defined Network (SDN) has revolutionised the way that these services are discovered and connected. This means digital supply chains can manage their connectivity with unprecedented control and granularity. Businesses can rapidly respond to ever-changing demands by quickly provisioning capacity and connecting to the services they need with consumption-based economics. Put simply, businesses can consume network services the same way they consume cloud services: on demand and optimised to their requirements.

Since our founding, Megaport has deployed and expanded a network designed to capture the opportunity presented by digital transformation. The Megaport SDN now spans a total of 179 locations in data centres around the globe. Our Ecosystem consists of 68 unique data centre companies with diverse geographies and unique customer bases. Our key data centre partnerships with Digital Realty and CyrusOne are showing traction with the adoption of direct cloud connections across a variety of enterprise verticals including: Digital Media, Automotive, Healthcare, and Financial Services, among others.

Recent data centre partnerships have focused on Tier 2 and Tier 3 markets where direct cloud connectivity has been previously unavailable. QTS Data Centers and vXchange are two examples of partnerships that we entered with enterprise-rich data centres in the first quarter of Fiscal Year 2018. These locations have pent-up demand for better cloud connectivity, and we are aligning our channel and sales strategies to capture this opportunity.

Roughly two out of every three cloud connections on the Megaport SDN take place in data centres that do not have a cloud on-ramp. This serves as a testament to the way that Megaport extends the reach of cloud services and brings them to the edge of enterprise IT infrastructure.

In our journey to be a 'one-stop shop' for connectivity, we have grown our Ecosystem of Cloud Service Providers significantly. The additions of Alibaba Cloud and Oracle Cloud into our Ecosystem empower our customers with access to the top five global Cloud Service Providers including Amazon Web Services (AWS), Microsoft Azure, and Google Cloud. We also expanded interconnection options with Microsoft Azure and AWS by connecting to more of their ExpressRoute and Direct Connect on-ramps. In fact, we have enabled an additional 24 cloud availability zones during Fiscal Year 2017, including Microsoft Government zones for the United States and Germany. At the end of September, Megaport was connected to 67 on-ramps across the top five global Cloud Service Providers. We have more in our pipeline.

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To reduce the barrier to cloud adoption, our customers must be able to easily discover and connect to services. We've achieved this ability with the launch of Megaport Exchange, our inclusive, neutral marketplace. Megaport Exchange has over 240 service providers enabling a broad range of services from IaaS and PaaS to Hosted PBX, Cloud Security, IP Transit, and many others. Since it is integrated into the Megaport.al, discovering and getting connected to services is seamless.

Service provider choice is fundamental to enabling multicloud architectures. Megaport customers are increasingly taking advantage of the unique services and capabilities of multiple service providers to address their requirements. The number of customers using multicloud, which we measure as customers connecting to two or more of the top hyperscale Cloud Service Providers on our platform, more than doubled in Financial Year 2017 and increased 25% in the first quarter of Financial Year 2018, alone.

In June 2017, the Company undertook a strategic capital raising of \$27.8M to support our drive towards international expansion, new product initiatives, and an EBITDA positive position. All of this enables a unique, highly-distributed, global platform that supports hybrid and multicloud architectures. This in turn supports use cases for IoT, machine learning, edge computing, and a myriad of IT architectures which drive the digital economy.

The cloud market shows no signs of slowing down. Gartner forecasts enterprise cloud spend to grow to \$383B US Dollars in 2020, up from \$246B in 2017. More Cloud Service Providers are embracing the direct connectivity model, and are actively bringing direct connection services to market, to provide their customers the best performance and value possible. Megaport will continue to integrate more Cloud Service Providers to our platform in the coming year. For our customers, this means more choice in working with innovative service providers that suit their business requirements. For our data centre partners, it means greater value and differentiation as they serve their customers. And, for our cloud partners, it means extending the reach of their services to more customers in additional markets.

It's inspiring to see what a small, highly-focused, ambitious team can accomplish. Megaport consists of fewer than 100 team members who have working hard to quite literally change the model for interconnection and network services around the globe. They continue to drive our business to success. On behalf of the entire team, I sincerely thank you for your investment in Megaport.

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