

# Quarterly Industry Update

As of December 31, 2016

Industry: Colocation



## Industry Summary

Cogent Valuation identified Colocation publicly traded companies, IPOs, and recent M&A transactions within the Colocation industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Over the last year since December 31, 2015, the median 52-week share price return of the Colocation industry was 15.1%. Between December 31, 2014 and December 31, 2016, the median EV/EBITDA multiple increased from 14.1 to 15.7. Furthermore, the median price-to-earnings multiple increased from 31.7 to 51.0 over the same period.

## Comparable Public Company Key Statistics

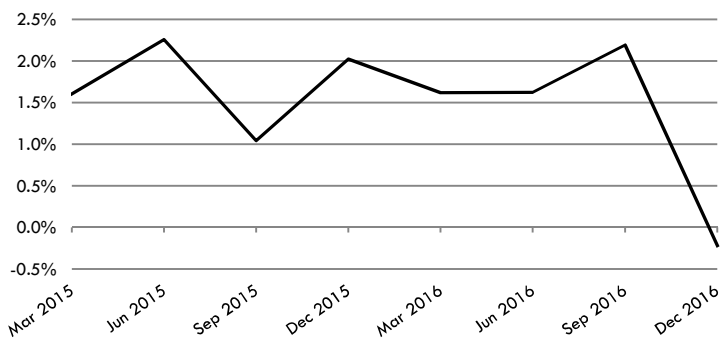
Median 52-Week Return	15.1%	Median EV/Revenue Multiple	5.2x	Median Price/Earnings Multiple	51.0x
Median 3-Year CAGR Return	14.1%	Median EV/EBITDA Multiple	15.7x	Median EV/Gross CF Multiple	27.6x

## Comparable Public Company Market Price Returns As of December 31, 2016

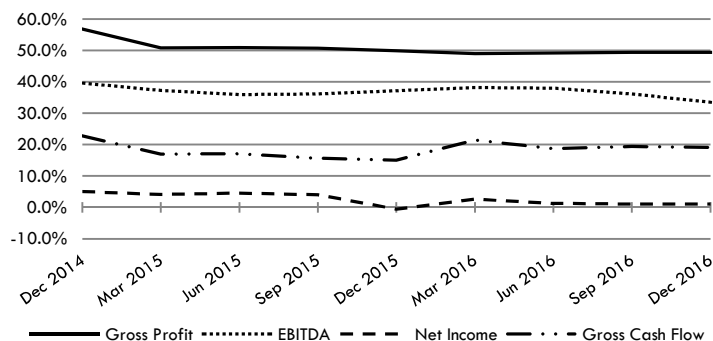
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2015	2014	2013	2012	2011
21Vianet Group, Inc.	-66.8%	-11.8%	-66.8%	-32.7%	-33.2%	-5.2%	36.7%	-34.2%	144.7%	5.0%	N/A
Digital Realty Trust Inc.	29.9%	1.2%	29.9%	21.7%	26.0%	8.1%	14.1%	35.0%	-27.6%	1.8%	29.4%
DuPont Fabros Technology, Inc.	38.2%	6.5%	38.2%	15.0%	21.1%	12.6%	-4.4%	34.5%	2.3%	-0.2%	13.9%
Equinix, Inc.	18.2%	-0.8%	18.2%	25.6%	26.3%	28.7%	33.4%	27.8%	-13.9%	103.4%	24.8%
InterNap Corporation	-75.9%	-6.7%	-75.9%	-56.0%	-41.1%	-23.7%	-19.6%	5.9%	8.6%	16.6%	-2.3%
Interxion Holding NV	16.3%	-3.2%	16.3%	13.3%	14.1%	21.1%	10.3%	15.8%	-0.6%	76.7%	N/A
Level 3 Communications, Inc.	3.7%	21.5%	3.7%	6.8%	19.3%	27.1%	10.1%	48.9%	43.5%	36.0%	15.6%
Range Resources Corporation	41.5%	-10.6%	41.5%	-21.6%	-25.8%	-11.4%	-56.6%	-33.4%	33.6%	-0.2%	38.1%
TRC Companies Inc.	13.1%	26.7%	13.1%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Windstream Holdings, Inc.	13.8%	-27.1%	13.8%	-61.5%	-46.5%	-36.4%	-97.8%	3.3%	-3.6%	-29.5%	-15.8%
<b>Median of Industry Public Companies</b>	<b>15.1%</b>	<b>-2.0%</b>	<b>15.1%</b>	<b>6.8%</b>	<b>14.1%</b>	<b>8.1%</b>	<b>10.1%</b>	<b>15.8%</b>	<b>2.3%</b>	<b>5.0%</b>	<b>15.6%</b>

(Multiple year periods are calculated as the average annual return.)

## Median Quarterly Revenue Growth of All Colocation Companies



## Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



## Median Public Company Multiples of the Colocation Industry

Date:	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016
EV/Revenues Multiple	5.9x	5.7x	5.2x	4.5x	4.7x	5.2x	5.2x	5.1x	5.2x
EV/EBITDA Multiple	14.1x	15.0x	13.8x	11.8x	11.9x	13.7x	16.2x	15.9x	15.7x
Price/Earnings Multiple	31.7x	44.7x	25.9x	21.4x	28.7x	27.1x	40.6x	69.2x	51.0x
EV/Gross Cash Flows Multiple	20.4x	21.8x	20.4x	18.4x	20.4x	24.2x	29.3x	27.6x	27.6x

This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. Contact Steven Kam at 415-392-0888 for additional information or questions in connection with this research report. Copyright © 2017 Cogent Valuation. All Rights Reserved.

# Quarterly Industry Update

As of December 31, 2016

Industry: Colocation



## Industry Initial Public Offerings (dollars in millions, except share prices)

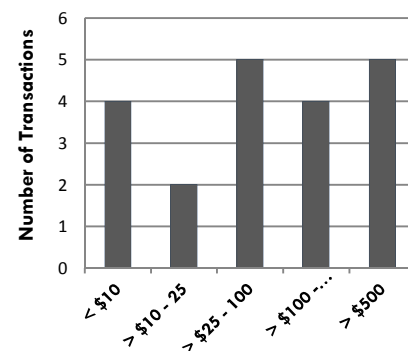
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
11/1/2016	GDS Holdings Limited	\$10.00	19.3	\$192.5	\$952.9	\$521.3	\$127.3	\$17.7	(\$30.9)	\$42.4
4/21/2011	21Vianet Group, Inc.	\$15.00	13.0	\$195.0	\$110.0	\$16.5	\$79.7	(\$29.1)	(\$38.7)	(\$25.8)
1/27/2011	Interxion Holding N.V.	\$13.00	20.4	\$264.9	\$631.3	\$269.6	\$268.8	\$100.4	\$22.0	\$139.4
8/7/2008	Rackspace Hosting, Inc.	\$12.50	15.0	\$187.5	\$355.3	\$145.1	\$406.4	\$96.0	\$19.1	\$155.5
10/24/2007	Teledy Group plc	\$4.50	23.6	\$197.1	\$366.0	\$128.0	\$172.0	\$36.3	(\$18.8)	\$69.1
10/18/2007	DuPont Fabros Technology, Inc.	\$21.00	30.5	\$640.5	N/A	N/A	N/A	N/A	N/A	N/A
6/28/2007	Bridgeline Digital, Inc.	\$5.00	3.0	\$15.0	\$9.4	\$2.9	\$9.2	(\$1.0)	(\$2.7)	(\$0.8)
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$195.0</b>	<b>\$360.7</b>	<b>\$136.6</b>	<b>\$149.6</b>	<b>\$27.0</b>	<b>(\$10.7)</b>	<b>\$55.8</b>

nm: not meaningful

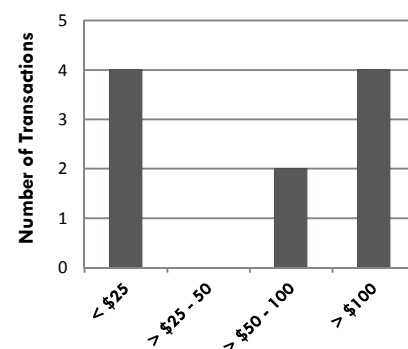
## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/Revenues
10/17/2016	McLean Data Center	Carter Validus Mission Critical	\$85.0	100%	\$6.2	13.7x
10/12/2016	M247 Limited	Metronet (UK) Ltd	\$57.9	100%	N/A	N/A
10/6/2016	Q9 Networks Inc.	BCE Inc.	\$512.8	65%	N/A	N/A
8/1/2016	AF-Southeast, LLC	Strome Mezzanine Fund IV	\$24.0	100%	N/A	N/A
4/1/2016	CME Group Inc.	CyrusOne LP	\$130.0	100%	N/A	N/A
1/29/2016	City Lifeline Limited	Redcentric plc	\$6.8	100%	\$5.0	1.4x
1/15/2016	Teledy Group plc	Equinix, Inc.	\$4,065.6	100%	\$532.1	7.6x
11/30/2015	Sanity Holdings	Over the Wire Hldg.	\$2.5	100%	\$0.9	2.7x
10/9/2015	The Telx Group	Digital Realty Trust	\$1,886.0	100%	\$308.7	6.1x
7/1/2015	iGATE Corporation	Capgemini North America	\$4,600.8	100%	\$1,288.1	3.5x
7/1/2015	Cervalis, LLC	CyrusOne LP	\$400.0	100%	\$70.0	5.7x
6/16/2015	Carpathia Hosting, Inc.	Quality Technology Services	\$326.0	100%	N/A	N/A
4/1/2015	Online Tech, Inc.	Carter Validus	\$7.5	100%	N/A	N/A
3/27/2015	RackForce Networks Inc.	TeraGo Networks Inc.	\$25.9	100%	\$8.5	3.0x
3/11/2015	4Degrés Colocation Inc.	Videotron Ltd.	\$27.8	100%	N/A	N/A
9/2/2014	ViaWest, Inc.	Shaw Communications	\$1,200.0	100%	\$168.0	7.1x
7/1/2014	Colo Facilities Atlanta	Zayo Colocation, Inc.	\$52.5	100%	N/A	N/A
3/4/2014	CoreXchange, Inc.	Zayo Colocation, Inc.	\$17.5	100%	N/A	N/A
2/3/2014	RagingWire Data Centers	NTT Communications	\$350.0	80%	\$85.0	5.1x
11/27/2013	Cyber Development Group	N+2, LLC	\$2.4	100%	N/A	N/A
<b>Median of the 20 M&amp;A Transaction Targets</b>			<b>\$71.5</b>	<b>100%</b>	<b>\$77.5</b>	<b>5.4x</b>

Size of M&A Transactions



LTM Revenues Reported



### Definitions of Financial Terms Used in this Quarterly Industry Update:

Enterprise Value (EV): Market Value of Equity + Market Value of Debt - Cash

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

**Disclosures and Limitations:** This research report is for informational and discussion purposes only. Information presented herein is not investment advice of any kind to any person and does not constitute a recommendation as to the purchase or sale of any interests or as to any other course of action. General, financial, and statistical information concerning the details of this report and related industry are from sources Cogent Valuation believes to be reliable. Cogent Valuation has accurately reflected such information in this research report; however, Cogent Valuation makes no representation as to the sources' accuracy or completeness and has accepted this information without further verification. Neither all nor any part of the content of this report may be conveyed to the public through advertising, public relations, news, sales, mail, direct transmittal, or other media without the prior written consent of Cogent Valuation. Cogent Valuation's research is as of the date reported herein. Cogent Valuation has no affiliation with any of the companies comprising the industry used as a basis for research in this report, nor does Cogent Valuation hold any investments in the companies listed herein. The content of this report may be used, in part, as a basis for any work that Cogent Valuation performs for you in the future at the sole discretion of Cogent Valuation. THIS REPORT IS NOT TO BE USED OR CONSIDERED UNDER ANY CIRCUMSTANCE BY ANYONE AS INVESTMENT ADVICE. This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. Contact Steven Kam at 415-392-0888 for additional information or questions in connection with this research report. Copyright © 2017 Cogent Valuation. All Rights Reserved.