

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 September 30, 2016, the median 52-week share price return of the Colocation industry was 18.4%. Between September 30, 2015 and September 30, 2017, the median EV/EBITDA multiple increased from 13.2 to 15.8. Furthermore, the median price-to-earnings multiple increased from 32.6 to 40.3 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 1.5% and 37.2%, respectively.

Public Company Key Statistics

Median 52-Week
Return

18.4%

Median 3-Year CAGR
Return

-4.5%

Median EV/Revenue
Multiple

3.8x

Median EV/EBITDA
Multiple

15.8x

Median Price/Earnings
Multiple

40.3x

Median EV/Gross CF
Multiple

21.3x

Comparable Public Company Market Price Returns as of September 30, 2017

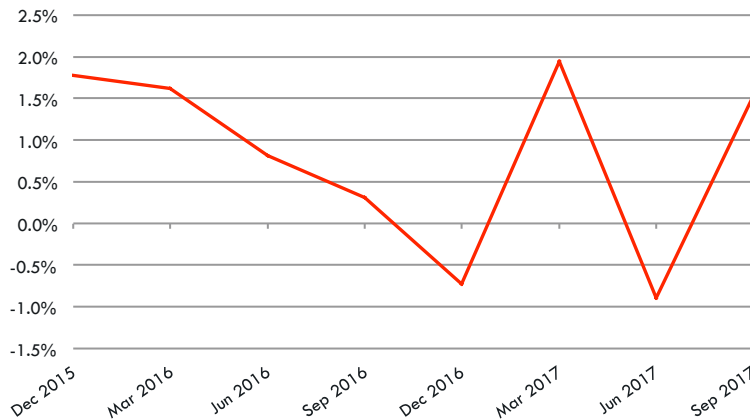
	YTD	3 Month	1 Year	2 Year	3 Year	2016	2015	2014
21Vianet Group, Inc.	-18.8%	13.3%	-28.4%	-44.2%	-31.9%	-66.8%	36.7%	-34.2%
Digital Realty Trust, Inc.	20.4%	4.8%	21.8%	34.6%	23.8%	29.9%	14.1%	35.0%
Equinix, Inc. (REIT)	24.9%	4.0%	23.9%	27.8%	28.1%	18.2%	33.4%	27.8%
Internap Corporation	182.5%	18.5%	163.6%	-15.8%	-14.3%	-75.9%	-19.6%	5.9%
InterXion Holding N.V.	45.2%	11.2%	40.6%	37.1%	22.5%	16.3%	10.3%	15.8%
Level 3 Parent, LLC	-5.4%	-10.1%	14.9%	10.4%	5.2%	3.7%	10.1%	48.9%
Range Resources Corporation	-42.6%	-16.0%	-48.7%	-20.3%	-34.2%	41.5%	-56.6%	-33.4%
Windstream Holdings, Inc.	-75.9%	-54.4%	-82.4%	-46.3%	-69.9%	13.8%	-87.0%	3.3%
Median of Industry Public Companies	7.5%	4.4%	18.4%	-2.7%	-4.5%	15.1%	10.2%	10.8%

Multiple year periods are calculated as the average annual return.

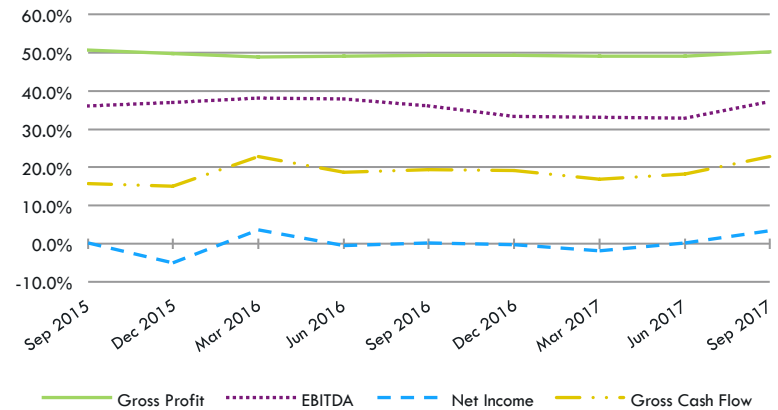
■ Highest Return
 ■ Lowest Return
 ■ Median Return

Industry Revenue Growth and Profit Margins for the Past Two Years

Median Quarterly Revenue Growth of All Colocation Companies



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



Public Company Median Multiples by Quarter

	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15
EV/Revenues Multiple	3.8x	4.6x	5.7x	5.2x	5.1x	5.2x	5.2x	4.7x
EV/EBITDA Multiple	15.8x	20.7x	14.5x	18.9x	19.3x	16.2x	14.1x	11.9x
Price/Earnings Multiple	40.3x	40.2x	39.7x	49.6x	54.8x	40.6x	35.4x	39.9x
EV/Gross Cash Flows Multiple	21.3x	27.5x	25.1x	22.3x	21.7x	23.2x	24.2x	22.0x

■ Highest Multiple

■ Lowest Multiple

■ Median Multiple

Industry Initial Public Offerings—Industry: Colocation (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
11/1/16	GDS Holdings Limited	\$10.00	19.3	\$192.5	\$952.9	\$521.3	\$127.3	\$17.7	(\$30.9)	\$42.4
4/21/11	21Vianet Group, Inc.	\$15.00	13.0	\$195.0	\$110.0	\$16.5	\$79.7	(\$29.1)	(\$38.7)	(\$25.8)
1/27/11	InterXion Holding N.V.	\$13.00	20.4	\$264.9	\$631.3	\$269.6	\$268.8	\$100.4	\$22.0	\$139.4
8/7/08	Rackspace Hosting, Inc.	\$12.50	15.0	\$187.5	\$355.3	\$145.1	\$406.4	\$97.2	\$19.1	\$157.9
10/24/07	Telecity Group plc	\$4.50	23.6	\$197.1	\$366.0	\$128.0	\$172.0	\$36.3	(\$18.8)	\$69.1
10/18/07	DuPont Fabros Technology, Inc.	\$21.00	30.5	\$640.5	N/A	N/A	N/A	N/A	N/A	N/A
6/28/07	Bridgeline Digital, Inc.	\$5.00	3.0	\$15.0	\$9.4	\$2.9	\$9.2	(\$1.0)	(\$2.7)	(\$0.8)
11/1/16	Median	nm	nm	\$195.0	\$360.7	\$136.6	\$149.6	\$27.0	(\$10.7)	\$55.8

Multiple year periods are calculated as the average annual return.

■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
9/1/17	FORTRUST LLC	Iron Mountain Incorporated	\$128.0	100%	N/A	N/A
8/1/17	ViaWest, Inc.	Peak 10 Holding Corporation	\$1,675.0	100%	N/A	N/A
7/21/17	Keppel DC Singapore 4 Pte. Ltd.	Thorium DC Pte. Ltd.	\$124.4	100%	N/A	N/A
6/30/17	Cincinnati Data Center	Carter Validus	\$10.3	100%	N/A	N/A
6/28/17	Sunnyvale Data Center	Carter Validus	\$36.8	100%	N/A	N/A
6/26/17	Wilcon Holdings LLC	Crown Castle International	\$600.0	100%	N/A	N/A
5/1/17	Castle Access, Inc.	Zayo Group Holdings, Inc.	\$11.9	100%	N/A	N/A
5/1/17	Giglinx Global, Inc.	GTT Communications, Inc.	\$21.0	100%	N/A	N/A
5/1/17	CenturyLink, Inc. Datacenters	BC Partners	\$2,277.0	100%	\$626.0	3.6x
4/4/17	FORTRUST LLC	Dreamscape Networks Ltd.	\$2.0	100%	N/A	N/A
2/1/17	Netlogic	TPG Capital, L.P.	\$650.0	100%	N/A	N/A
9/1/17	Grand Communication	Iron Mountain Incorporated	\$128.0	100%	N/A	N/A

■ USA
 ■ International
 ■ Highest
 ■ Lowest
 ■ Median

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

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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
1/31/17	DC74, LLC	Lumos Networks Corp.	\$29.5	100%	N/A	N/A
10/17/16	McLean Data Center	Carter Validus Mission Critical	\$85.0	65%	\$6.2	13.7x
10/12/16	M247 Limited	Metronet (UK) Ltd	\$57.9	100%	N/A	N/A
10/6/16	Q9 Networks Inc.	BCE Inc.	\$512.8	100%	N/A	N/A
8/1/16	AF-Southeast, LLC	Strome Mezzanine Fund IV	\$24.0	100%	N/A	N/A
4/1/16	CME Group Inc.	CyrusOne LP	\$130.0	100%	N/A	N/A
1/29/16	City Lifeline Limited	Redcentric plc	\$6.8	100%	\$5.0	1.4x
1/15/16	Telecity Group plc	Equinix, Inc. (REIT)	\$4,119.8	100%	\$532.1	7.7x
1/31/17	Sanity Holdings	Over the Wire	\$29.5	100%	N/A	N/A
Median of the 19 M&A Transaction Targets			\$71.5	100%	\$189.3	4.7X

USA
 International
 Highest
 Lowest
 Median

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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.

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