

# Q4: Quarterly Industry Update

AS OF December 31, 2019

**cogent** valuation  
FINANCIAL OPINIONS

## 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, 2018, the median 52-week share price return of the Colocation industry was -4.9%. Between December 31, 2017 and December 31, 2019, the median EV/EBITDA multiple decreased from 19.1 to 11.5. Furthermore, the median price-to-earnings multiple decreased from 51.6 to 41.4 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 3.5% and 37.6%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

**-4.9%**

Median 3-Year CAGR  
Return

**-17.9%**

Median EV/Revenue  
Multiple

**3.0x**

Median EV/EBITDA  
Multiple

**11.5x**

Median Price/Earnings  
Multiple

**41.4x**

Median EV/Gross CF  
Multiple

**32.1x**

## Comparable Public Company Market Price Returns as of December 31, 2019

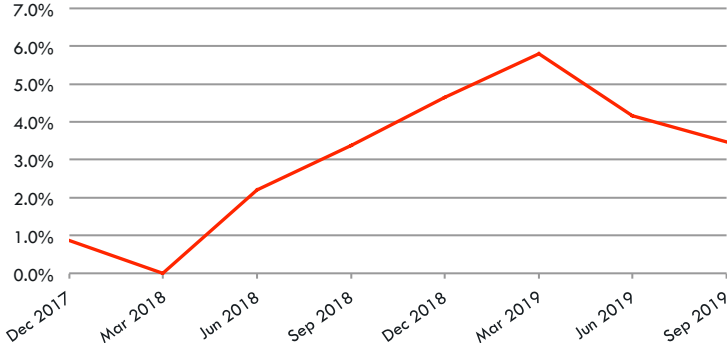
	2019	3 Month	1 Year	2 Year	3 Year	2018	2017	2016
<b>21Vianet Group, Inc.</b>	-13.2%	-13.2%	26.2%	-41.1%	-26.8%	13.8%	-66.8%	36.7%
<b>Beeks Trading Corporation Ltd.</b>	39.7%	39.7%	N/A	N/A	N/A	N/A	N/A	N/A
<b>Digital Realty Trust, Inc.</b>	-7.5%	-7.5%	-0.9%	9.1%	16.9%	15.9%	29.9%	14.1%
<b>Equinix, Inc. (REIT)</b>	-7.7%	-7.7%	4.4%	12.4%	21.5%	26.8%	18.2%	33.4%
<b>Internap Corporation</b>	-30.0%	-30.0%	-26.1%	0.4%	-35.5%	155.0%	-75.9%	-19.6%
<b>InterXion Holding N.V.</b>	5.4%	5.4%	57.0%	34.0%	30.1%	68.0%	16.3%	10.3%
<b>Range Resources Corporation</b>	-20.4%	-20.4%	-49.8%	-33.6%	-34.8%	-47.8%	41.5%	-56.6%
<b>Switch, Inc.</b>	-12.5%	-12.5%	N/A	N/A	N/A	N/A	N/A	N/A
<b>Windstream Holdings, Inc.</b>	-23.8%	-23.8%	-74.1%	-57.2%	-68.3%	-74.8%	13.8%	-87.0%
<b>Median of Industry Public Companies</b>	-12.5%	-12.5%	-0.9%	0.4%	-26.8%	15.9%	16.3%	10.3%

Multiple year periods are calculated as the average annual return.

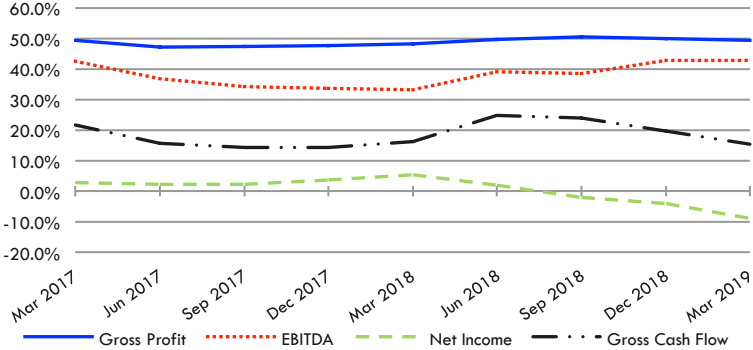
■ Highest Return
 ■ Lowest Return
 ■ Median Return

# 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



## Median Public Company Multiples of the Colocation Industry

	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
<b>EV/Revenues Multiple</b>	3.0x	3.0x	3.0x	3.4x	3.4x	3.7x	4.1x	4.5x
<b>EV/EBITDA Multiple</b>	11.5x	12.5x	10.5x	12.6x	19.5x	14.6x	18.4x	11.6x
<b>Price/Earnings Multiple</b>	41.4x	65.6x	80.0x	89.7x	86.3x	55.9x	54.3x	48.9x
<b>EV/Gross Cash Flows Multiple</b>	32.1x	32.9x	32.6x	34.9x	16.1x	20.6x	25.7x	23.6x

■ Highest Multiple   
 ■ Lowest Multiple   
 ■ Median Multiple

## Industry Initial Public Offerings – 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
12/10/19	<b>The Data Exchange Network Limited</b>	\$0.16	14.0	\$9.3	\$3.0	\$1.0	\$0.2	(\$0.1)	(\$1.0)	\$0.5
11/26/19	<b>Beeks Trading Corporation Ltd.</b>	\$0.67	31.3	\$531.3	\$1,124.4	\$847.0	\$5.8	\$149.6	\$32.0	\$233.3
10/6/19	<b>Switch, Inc.</b>	\$17.00	19.3	\$192.5	\$1,013.8	\$589.5	\$360.8	\$23.4	(\$35.2)	\$50.3
11/1/18	<b>GDS Holdings Limited</b>	\$10.00	13.0	\$195.0	\$151.2	\$19.1	\$143.0	(\$27.7)	(\$41.9)	(\$27.7)
4/21/11	<b>21Vianet Group, Inc.</b>	\$15.00	20.4	\$264.9	\$733.2	\$348.4	\$98.1	\$103.6	\$19.7	\$144.3
1/27/11	<b>InterXion Holding N.V.</b>	\$13.00	15.0	\$187.5	\$408.3	\$183.6	\$279.4	\$104.5	\$18.5	\$173.1
8/7/08	<b>Rackspace Hosting, Inc.</b>	\$12.50	23.6	\$197.1	\$463.5	\$67.8	\$453.2	\$42.3	(\$16.8)	\$76.7
11/1/16	<b>Median</b>	nm	nm	\$195.0	\$463.5	\$183.6	\$143.0	\$42.3	(\$1.0)	\$76.7

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
12/20/19	US Colo, LLC	CoreSite Realty Corporation	\$8.6	100%	\$143.7	9.3x
11/10/19	IO Data Centers, LLC	Iron Mountain Incorporated	\$1,340.0	100%	N/A	N/A
12/27/18	pair Networks, Inc.	Liberated Syndication Inc.	\$16.1	100%	N/A	N/A
11/13/18	Enspire Australia Pty Ltd	5G Networks Limited	\$1.4	100%	N/A	N/A
9/1/18	FORTRUST LLC	Iron Mountain Incorporated	\$128.0	100%	N/A	N/A
8/1/18	ViaWest, Inc. (nka:Flexential Colorado Corp.)	Peak 10 Holding Corporation (nka:Flexential Intermediate Corporation)	\$1,675.0	100%	N/A	N/A
7/21/18	Keppel DC Singapore 4 Pte. Ltd.	Thorium DC Pte. Ltd.	\$124.4	100%	N/A	N/A
6/30/18	Cincinnati Data Center	Carter Validus	\$10.5	100%	N/A	N/A
6/28/18	Sunnyvale Data Center	Carter Validus	\$36.8	100%	N/A	N/A
6/26/18	Castle Access, Inc.	Zayo Group Holdings	\$600.0	100%	N/A	N/A
5/1/18	Giglinx Global, Inc.	GTT Communications	\$21.0	100%	N/A	N/A
5/1/18	CenturyLink	BC Partners	\$2,277.0	100%	\$626.0	3.6x

■ USA
 ■ International

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## Size of 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
4/4/17	Net Logistics Pty. Ltd.	Dreamscape Networks	\$2.0	100%	N/A	N/A
2/1/17	Grande Communications	TPG Capital, L.P.	\$650.0	65%	N/A	N/A
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	100%	\$6.2	13.7x
10/12/16	M247 Limited	Metronet (UK) Ltd	\$57.9	100%	N/A	N/A
10/3/16	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	1.4x
4/1/16	CME Group Inc.	CyrusOne LP	\$130.0	100%	N/A	7.7x
Median of the 20 M&A Transaction Targets			\$71.5	100%	\$143.7	9.3X

**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):** 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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