

Q3: Quarterly Industry Update

AS OF September 30, 2019



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, 2019, the median 52-week share price return of the Colocation industry was -4.9%. Between September 30, 2019 and September 30, 2020, 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 September 30, 2019

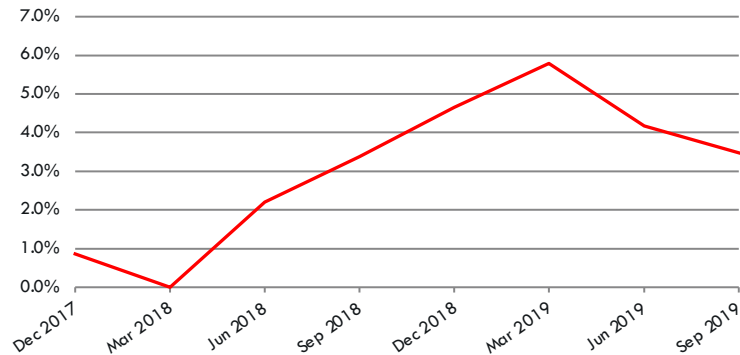
	2020	3 Month	1 Year	2 Year	3 Year	2019	2018	2017
21Vianet Group, Inc.	-13.2%	-13.2%	26.2%	-41.1%	-26.8%	13.8%	-66.8%	36.7%
Beeks Trading Corporation Ltd.	39.7%	39.7%	N/A	N/A	N/A	N/A	N/A	N/A
Digital Realty Trust, Inc.	-7.5%	-7.5%	-0.9%	9.1%	16.9%	15.9%	29.9%	14.1%
Equinix, Inc. (REIT)	-7.7%	-7.7%	4.4%	12.4%	21.5%	26.8%	18.2%	33.4%
Internap Corporation	-30.0%	-30.0%	-26.1%	0.4%	-35.5%	155.0%	-75.9%	-19.6%
InterXion Holding N.V.	5.4%	5.4%	57.0%	34.0%	30.1%	68.0%	16.3%	10.3%
Range Resources Corporation	-20.4%	-20.4%	-49.8%	-33.6%	-34.8%	-47.8%	41.5%	-56.6%
Switch, Inc.	-12.5%	-12.5%	N/A	N/A	N/A	N/A	N/A	N/A
Windstream Holdings, Inc.	-23.8%	-23.8%	-74.1%	-57.2%	-68.3%	-74.8%	13.8%	-87.0%
Median of Industry Public Companies	-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.

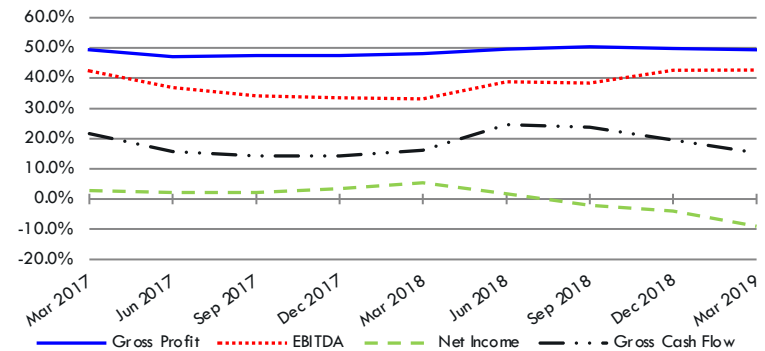
■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

	9/30/20	6/30/20	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19	12/30/18
EV/Revenues Multiple	3.0x	3.0x	3.0x	3.4x	3.4x	3.7x	4.1x	4.5x
EV/EBITDA Multiple	11.5x	12.5x	10.5x	12.6x	19.5x	14.6x	18.4x	11.6x
Price/Earnings Multiple	41.4x	65.6x	80.0x	89.7x	86.3x	55.9x	54.3x	48.9x
EV/Gross Cash Flows Multiple	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
9/10/20	The Data Exchange Network Limited	\$0.16	14.0	\$9.3	\$3.0	\$1.0	\$0.2	(\$0.1)	(\$1.0)	\$0.5
2/26/20	Beeks Trading Corporation Ltd.	\$0.67	31.3	\$531.3	\$1,124.4	\$847.0	\$5.8	\$149.6	\$32.0	\$233.3
12/6/19	Switch, Inc.	\$17.00	19.3	\$192.5	\$1,013.8	\$589.5	\$360.8	\$23.4	(\$35.2)	\$50.3
11/1/18	GDS Holdings Limited	\$10.00	13.0	\$195.0	\$151.2	\$19.1	\$143.0	(\$27.7)	(\$41.9)	(\$27.7)
4/21/11	21Vianet Group, Inc.	\$15.00	20.4	\$264.9	\$733.2	\$348.4	\$98.1	\$103.6	\$19.7	\$144.3
1/27/11	InterXion Holding N.V.	\$13.00	15.0	\$187.5	\$408.3	\$183.6	\$279.4	\$104.5	\$18.5	\$173.1
8/7/08	Rackspace Hosting, Inc.	\$12.50	23.6	\$197.1	\$463.5	\$67.8	\$453.2	\$42.3	(\$16.8)	\$76.7
11/1/16	Median	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
9/21/20	US Colo, LLC	CoreSite Realty Corporation	\$8.6	100%	\$143.7	9.3x
8/10/20	IO Data Centers, LLC	Iron Mountain Incorporated	\$1,340.0	100%	N/A	N/A
2/27/20	pair Networks, Inc.	Liberated Syndication Inc.	\$16.1	100%	N/A	N/A
11/13/19	Enspire Australia Pty Ltd	5G Networks Limited	\$1.4	100%	N/A	N/A
9/1/19	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

(Continued on next page)

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

(Continued from previous page)

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.

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.

COGENT VALUATION is a nationally recognized full service business valuation firm that has provided independent valuation and financial advisory opinions in thousands of situations since 1991. These assignments include the valuation of companies and pass-through entities, their securities, and their intangible assets ranging in size from small, closely-held businesses and start-ups, to corporations with market values over a billion dollars, covering almost every industry and all types of transactions. With the collective backgrounds of our managing directors and professional staff, Cogent Valuation brings substantial large deal experience to bear on our middle market transaction opinions. Cogent Valuation utilizes proprietary research, intensive due diligence, and the experience and insights of its professionals to produce thoughtful, well-documented opinions that have consistently withstood the scrutiny of clients and their advisors, investors, regulators, and courts.

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 or kam@cogentvaluation.com** for additional information or questions in connection with this research report.