

Q4 : Quarterly Industry Update

AS OF December 31, 2022



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, 2021, the median 52-week share price return of the Colocation industry was 15.9% . Between December 31, 2022 and December 31, 2021, the median EV/EBITDA multiple decreased from 16.6 to 12.4. Furthermore, the median price-to-earnings multiple decreased from 84.6 to 45.3 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 3.0% and 37.6%, respectively.

Public Company Key Statistics

Median 52-Week
Return

15.9%

Median 3-Year CAGR
Return

-13.2%

Median EV/Revenue
Multiple

3.0x

Median EV/EBITDA
Multiple

12.4x

Median Price/Earnings
Multiple

45.3x

Median EV/Gross CF
Multiple

31.9x

Comparable Public Company Market Price Returns as of December 31, 2022

	2022	1 Year	2 Year	3 Year	2021	2020	2019
21Vianet Group, Inc.	13.8%	13.8%	-41.1%	-26.8%	13.8%	-66.8%	36.7%
Beeks Trading Corporation Ltd.	12.10%	12.10%	10.30%	12.80%	12.10%	11.50%	16.50%
Digital Realty Trust, Inc.	15.9%	15.9%	9.1%	16.9%	15.9%	29.9%	14.1%
Equinix, Inc. (REIT)	26.8%	26.8%	12.4%	21.5%	26.8%	18.2%	33.4%
Internap Corporation	155.0%	155.0%	0.4%	-35.5%	155.0%	-75.9%	-19.6%
InterXion Holding N.V.	68.0%	68.0%	34.0%	30.1%	68.0%	16.3%	10.3%
Range Resources Corporation	-47.8%	-47.8%	-33.6%	-34.8%	-47.8%	41.5%	-56.6%
Switch, Inc.	-25.50%	-25.50%	-15.60%	4.50%	-25.50%	17.40%	31.2
Windstream Holdings, Inc.	-74.8%	-74.8%	-57.2%	-68.3%	-74.8%	13.8%	-87.0%
Median of Industry Public Companies	15.9%	15.9%	0.4%	-13.2%	15.9%	16.3%	10.3%

Median Public Company Multiples of the Colocation Industry

	12/31/22	9/30/22	6/30/22	3/31/22	12/31/21	9/30/21	6/30/21	3/31/21
EV/Revenues Multiple	3.0x	3.0x	4.7x	3.4x	3.4x	3.7x	4.1x	4.5x
EV/EBITDA Multiple	12.4x	12.5x	10.3x	12.6x	16.6x	14.6x	18.4x	11.6x
Price/Earnings Multiple	45.3x	65.6x	43.2x	89.7x	84.6x	55.9x	54.3x	48.9x
EV/Gross Cash Flows Multiple	31.9x	32.9x	23.6x	34.9x	22.0x	20.6x	25.7x	23.6x

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
12/10/22	The Data Exchange Network Limited	\$0.16	14.0	\$9.3	\$3.0	\$1.0	\$0.2	(\$0.1)	(\$1.0)	\$0.5
11/26/22	Beeks Trading Corporation Ltd.	\$0.67	31.3	\$531.3	\$1,124.4	\$847.0	\$5.8	\$149.6	\$32.0	\$233.3
5/6/22	Switch, Inc.	\$17.00	19.3	\$192.5	\$1,013.8	\$589.5	\$360.8	\$23.4	(\$35.2)	\$50.3
10/1/21	GDS Holdings Limited	\$10.00	13.0	\$195.0	\$151.2	\$19.1	\$143.0	(\$27.7)	(\$41.9)	(\$27.7)
7/21/21	21Vianet Group, Inc.	\$15.00	20.4	\$264.9	\$733.2	\$348.4	\$98.1	\$103.6	\$19.7	\$144.3
8/14/20	InterXion Holding N.V.	\$13.00	15.0	\$187.5	\$408.3	\$183.6	\$279.4	\$104.5	\$18.5	\$173.1
4/7/19	Rackspace Hosting, Inc.	\$12.50	23.6	\$197.1	\$43.5	\$67.8	\$453.2	\$42.3	(\$16.8)	\$76.7
11/1/16	Median	nm	nm	\$195.0	\$463.5	\$183.6	\$15.0	\$24.3	(\$14.0)	\$98.4

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
12/1/22	IO Data Centers, LLC	CoreSite Realty Corporation	\$1,340.0	100%	\$143.7	9.3x
11/10/22	pair Networks, Inc.	Iron Mountain Incorporated	\$16.1	100%	N/A	N/A
2/27/22	Enspire Australia Pty Ltd	Liberated Syndication Inc.	\$1.4	100%	N/A	N/A
11/13/21	FORTRUST LLC	5G Networks Limited	\$128.0	100%	N/A	N/A
9/1/21	ViaWest, Inc.	Iron Mountain Incorporated	\$1,675.0	100%	N/A	N/A
8/1/20	Keppel DC Singapore 4 Pte. Ltd.	Peak 10 Holding Corporation (nka:Flexential Intermediate Corporation)	\$124.4	100%	N/A	N/A
7/21/20	DC74, LLC	Thorium DC Pte. Ltd.	\$156.3	100%	N/A	N/A
6/30/19	McLean Data Center	Carter Validus	\$10.5	100%	N/A	N/A
4/28/19	M247 Limited	Carter Validus	\$36.8	100%	N/A	N/A
12/26/18	Q9 Networks Inc.	Zayo Group Holdings	\$600.0	100%	N/A	N/A
6/13/18	AF-Southeast, LLC	GTT Communications	\$21.0	100%	N/A	N/A
5/1/18	CME Group Inc.	BC Partners	\$2,277.0	100%	\$626.0	3.6x

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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
5/4/17	Cincinnati Data Center	Dreamscape Networks	\$2.0	100%	N/A	N/A
4/1/17	Sunnyvale Data Center	TPG Capital, L.P.	\$650.0	65%	N/A	N/A
1/31/17	Wilcon Holdings LLC	Lumos Networks Corp.	\$29.5	100%	N/A	N/A
9/14/16	Castle Access, Inc.	Carter Validus Mission Critical	\$85.0	100%	\$6.2	13.7x
11/15/16	Giglinx Global, Inc.	Metronet (UK) Ltd	\$57.9	100%	N/A	N/A
9/4/16	CenturyLink, Inc. Datacenters	BCE Inc.	\$512.8	100%	N/A	N/A
8/1/16	Net Logistics Pty. Ltd.	Strome Mezzanine Fund IV	\$24.0	100%	N/A	1.4x
4/1/16	8Q Networks	CyrusOne LP	\$130.0	100%	N/A	7.7x
Median of the 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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