



Company Presentation  
August 2018

# FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements. These forward-looking statements include statements related to sales, backlog, profitability, margins, operations improvement, cost reductions, participation in strategic transactions, and our expectations for 2018 revenue, Adjusted EBITDA, capital expenditures and Adjusted EBITDA less Capex. Our ability to achieve these forward-looking statements is based on certain assumptions, including our ability to execute on our business strategy, leveraging of multiple routes to market, expanded brand awareness for high-performance IT infrastructure services and customer churn levels. These assumptions may prove inaccurate in the future. Because such forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties, there are important factors that could cause INAP's actual results to differ materially from those expressed or implied in the forward-looking statements, due to a variety of important factors. Such important factors include, without limitation: to drive growth while reducing costs; our ability to maintain current customers and obtain new ones, whether in a cost-effective manner or at all; the robustness of the IT infrastructure services market; our ability to achieve or sustain profitability; our ability to expand margins and drive higher returns on investment; our ability to sell into new and existing data center space; the actual performance of our IT infrastructure services and improving operations; our ability to correctly forecast capital needs, demand planning and space utilization; our ability to respond successfully to technological change and the resulting competition; the geographic concentration of the company's data centers in certain markets and any adverse developments in local economic conditions or the demand for data center space in these markets; ability to identify any suitable strategic transactions; INAP's ability to realize anticipated revenue, growth, synergies and cost savings from the acquisition of SingleHop; INAP's ability to successfully integrate SingleHop's sales, operations, technology, and products generally; the availability of services from Internet network service providers or network service providers providing network access loops and local loops on favorable terms, or at all; failure of third party suppliers to deliver their products and services on favorable terms, or at all; failures in our network operations centers, data centers, network access points or computer systems; our ability to provide or improve IT infrastructure services to our customers; our ability to protect our intellectual property; our substantial amount of indebtedness, our possibility to raise additional capital when needed, on attractive terms, or at all, our ability to service existing debt or maintain compliance with financial and other covenants contained in our credit agreement; our compliance with and changes in complex laws and regulations in the U.S. and internationally; our ability to attract and retain qualified management and other personnel; and volatility in the trading price of INAP common stock.

These risks and other important factors discussed under the caption "Risk Factors" in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC"), and our other reports filed with the SEC could cause actual results to differ materially from those indicated by the forward-looking statements made in this presentation.

Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. All forward-looking statements attributable to INAP or persons acting on its behalf are expressly qualified in their entirety by the foregoing forward-looking statements. All such statements speak only as of the date made, and INAP undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

## NON-GAAP MEASURES

In addition to results presented in accordance with GAAP, this presentation includes non-GAAP financial measures. INAP believes these non-GAAP financial measures provide additional information that is useful to investors in helping to understand our underlying performance and trends.

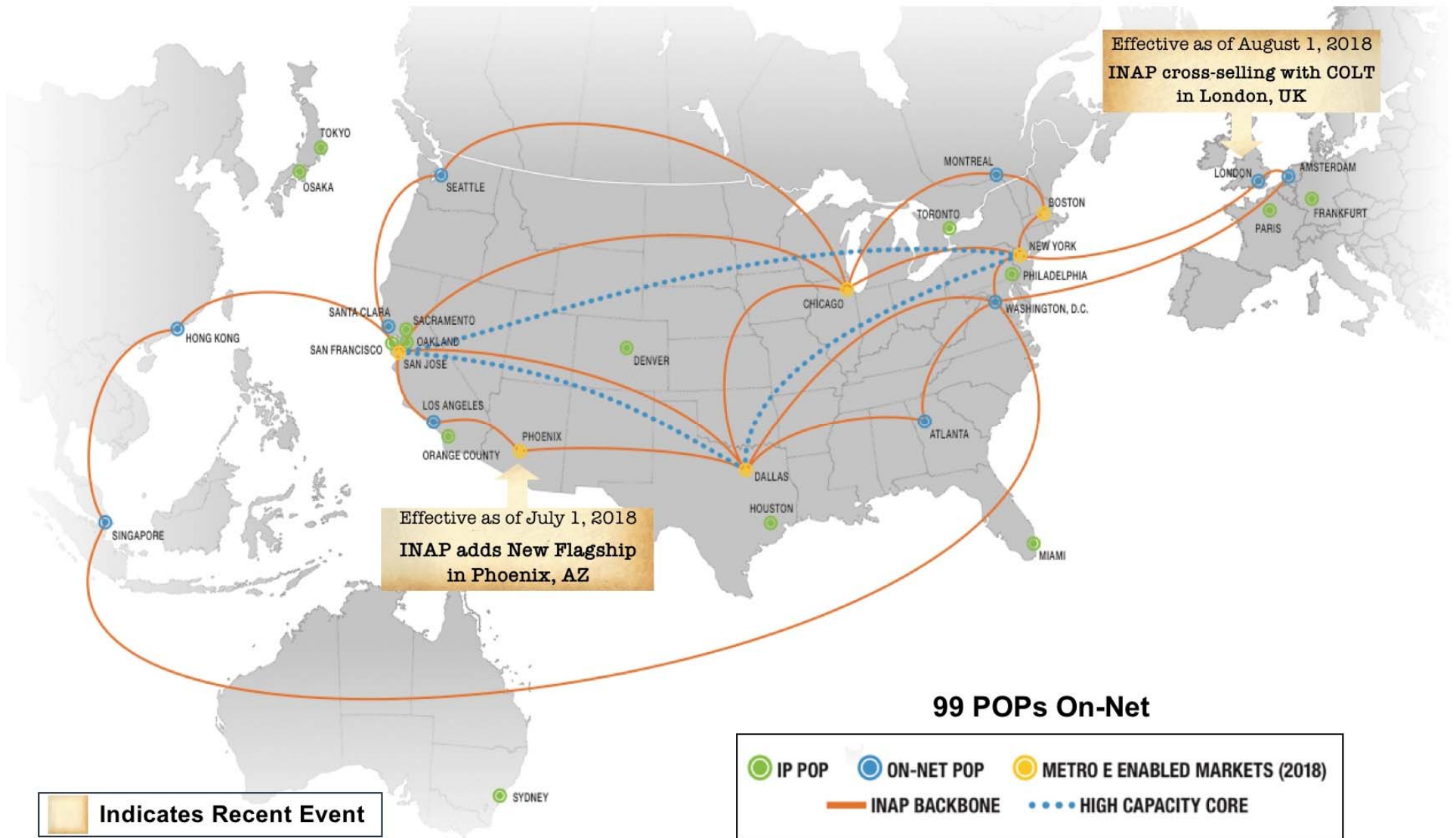
Non-GAAP financial measures have inherent limitations, which are not required to be uniformly applied. Readers should be aware of these limitations and should be cautious with respect to the use of such measures. To compensate for these limitations, we use non-GAAP financial measures as comparative tools, together with GAAP financial measures, to assist in the evaluation of our operating performance or financial condition. Our method of calculating these non-GAAP financial measures may differ from methods used by other companies. These non-GAAP financial measures should not be considered in isolation or as a substitute for those financial measures prepared in accordance with GAAP.

We have provided in this presentation reconciliations of the non-GAAP financial measures included in this presentation to the most directly comparable GAAP financial measures. Reconciliations of non-GAAP financial measures are also available in the attachment to our second quarter 2018 earnings press release available on our website at [www.ir.inap.com](http://www.ir.inap.com).

# INVESTMENT HIGHLIGHTS



# INAP OPERATES 56 DATA CENTERS IN 21 MARKETS



Note: INAP has 56 data centers, after four planned non-core closures in Atlanta, Boston, Dallas and Los Angeles.

# INAP'S DATA CENTER PORTFOLIO

## Portfolio of data center properties that INAP leases as of June 30, 2018:

Market	Gross Square Feet (SF) <sup>1</sup>	Supporting Infrastructure <sup>2</sup>	Office & Other	Data Center Footprint SF <sup>3</sup>	Current Raised Floor SF <sup>4</sup>	Occupied SF	Occupied SF %
Atlanta	212,898	64,248	75,344	73,306	49,462	33,096	67 %
Los Angeles <sup>5</sup>	124,651	11,323	17,475	95,853	20,712	15,710	76 %
Dallas	112,700	23,763	21,023	67,914	30,972	15,297	49 %
New York/New Jersey	116,503	16,405	28,468	71,630	48,940	27,206	56 %
Boston <sup>7</sup>	116,699	47,779	11,587	57,333	36,804	20,279	55 %
Seattle	100,597	31,326	21,552	47,719	38,719	24,391	63 %
Montreal <sup>6</sup>	126,965	34,572	46,833	45,560	25,050	23,890	95 %
Santa Clara/San Jose <sup>8</sup>	88,882	23,852	23,667	41,363	41,038	21,973	54 %
Houston	43,913	7,925	15,599	20,389	20,389	9,296	46 %
Phoenix	23,907	—	2,257	21,668	21,601	21,411	99 %
Chicago	14,027	1,551	—	12,476	12,076	10,529	87 %
Other <sup>9</sup>	23,093	—	981	22,095	20,145	15,678	78 %
<b>Total</b>	<b>1,104,835</b>	<b>262,744</b>	<b>264,786</b>	<b>577,306</b>	<b>365,908</b>	<b>238,756</b>	<b>65 %</b>

(1) Represents total SF subject to our lease.

(2) Represents total SF for mechanical and utility rooms.

(3) Represents total SF that is currently leased or available for lease but excludes supporting infrastructure, office space, and common area.

(4) Represents data center footprint SF less unbuilt SF.

(5) Removed 4,343 SF due to data center exit.

(6) Acquired new facility that will be built out in Q3 2018.
































(7) Removed 14,804 SF due to data center exit.

(8) Site includes higher density power deployments which limits available capacity to approximately 10%.

(9) Represents Miami, Northern Virginia, Oakland/San Francisco, London, Amsterdam, Frankfurt, Hong Kong, Singapore, Sydney, Tokyo, and Osaka.

**INAP operates in 56 primarily Tier 3 data centers in 21 metropolitan markets and has 99 POPs around the world. INAP has over 1 million gross square feet under lease, with nearly 600,000 square feet of data center space.**

# EXPERIENCED MANAGEMENT TEAM

Name	Title	Years Experience	Select Prior Experience
 Peter D. Aquino	President & CEO and Board Member	30+	  
 James C. Keeley	CFO	25+	   
 Richard P. Diegnan	SVP, General Counsel and Corporate Secretary	17+	  <b>Milbank</b>
 Andrew Day	SVP and General Manager, INAP International	25+	    
 Corey J. Needles	SVP and General Manager, INAP US	20+	 
 Mary Jane Horne	SVP, Global Network Planning & Engineering	30+	  
 T.J. Waldorf	VP, Global Marketing	15+	  <b>SINGLEHOP</b>
 Richard Ramlall	VP, Investor and Public Relations	30+	   

## CONSOLIDATED EARNINGS SUMMARY

<i>(\$ millions, except %)</i>	2Q'18	1Q'18	2Q'17
Total Revenue	<b>\$82.0</b>	<b>\$74.2</b>	<b>\$69.6</b>
Operating Costs and Expenses	<b>\$79.8</b>	<b>\$73.3</b>	<b>\$71.7</b>
Depreciation and Amortization	\$22.6	\$21.1	\$18.9
Acquisition Costs	\$0.3	\$2.6	\$0.1
All Other Operating Costs and Expenses	\$56.9	\$49.7	\$52.7
<hr/>			
GAAP Net Loss Attributable to INAP Shareholders	<b>(\$13.9)</b>	<b>(\$14.1)</b>	<b>(\$19.3)</b>
GAAP Net Loss Margin %	(17.0)%	(18.9)%	(27.7)%
Minus Stock-Based Compensation and other items	<b>\$3.8</b>	<b>\$3.7</b>	<b>\$13.4</b>
Normalized Net Loss (non-GAAP)*	<b>(\$10.1)</b>	<b>(\$10.4)</b>	<b>(\$5.9)</b>
<hr/>			
Net cash flows provided by operating activities (GAAP)	<b>\$15.3</b>	<b>\$3.5</b>	<b>\$14.8</b>
Adjusted EBITDA (non-GAAP)*	<b>\$28.5</b>	<b>\$25.7</b>	<b>\$23.1</b>
Adjusted EBITDA Margin (non-GAAP)*	34.7%	34.6%	33.1%
<hr/>			
Capital Expenditures (CapEx)	<b>\$11.1</b>	<b>\$6.4</b>	<b>\$6.7</b>
Adjusted EBITDA less CapEx (non-GAAP)*	<b>\$17.4</b>	<b>\$19.3</b>	<b>\$16.3</b>

***Reported Revenue and Adjusted EBITDA Increased QoQ and YoY***



# INAP US BUSINESS UNIT RESULTS



COLOCATION

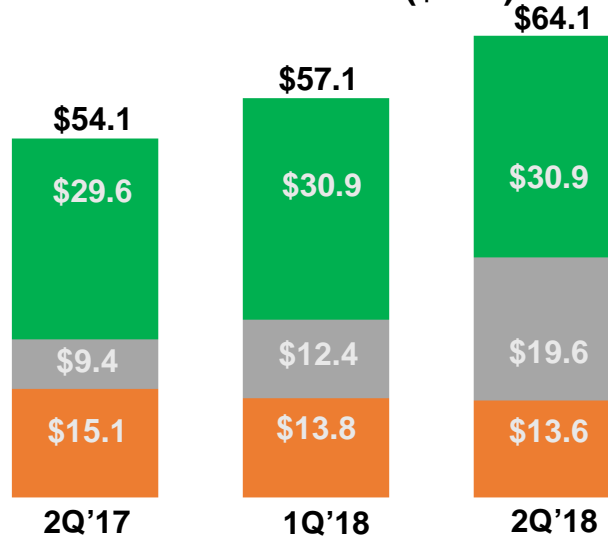


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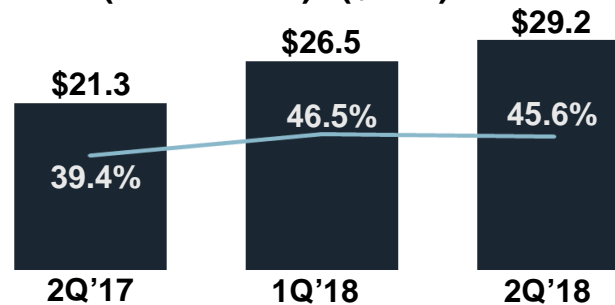


NETWORK

INAP US Revenue (\$mm)



INAP US Business Unit Contribution (non-GAAP)\* (\$mm) and %



**INAP US Adjusted EBITDA Remains Strong Including Acquisition**

# INAP INTL BUSINESS UNIT RESULTS



COLOCATION

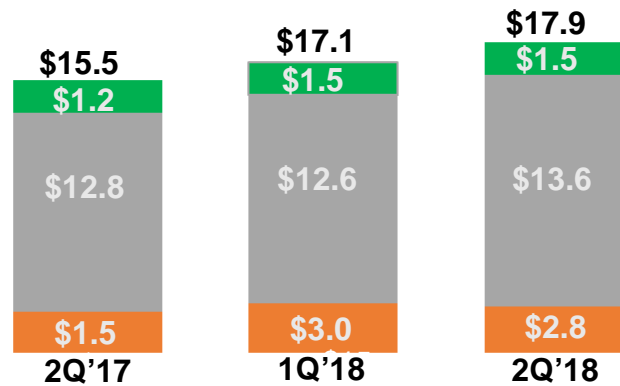


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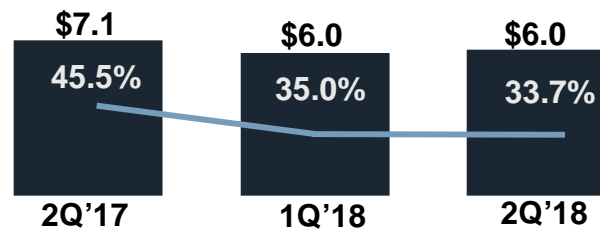


NETWORK

## INAP INTL Revenue (\$mm)



## INAP INTL Business Unit Contribution (non-GAAP)\* (\$mm) and %



***INAP INTL Cloud Revenue is Driving Growth***

# CASH FLOW AND BALANCE SHEET SUMMARY



<i>(\$ millions)</i>	2Q'18	1Q'18	2Q'17
Net cash flows provided by operating activities (GAAP)	\$ 15.3	\$ 3.5	\$ 14.8
Capital Expenditures:			
Maintenance Capital	(4.2)	(1.8)	(1.0)
Growth Capital	(6.9)	(4.6)	(5.7)
Free Cash Flow (non-GAAP)*	\$ 4.3	\$ (2.8)	\$ 8.0
Cash Interest Expense	15.5	13.0	7.6
Unlevered Free Cash Flow (non-GAAP)*	\$ 19.8	\$ 10.2	\$ 15.6
Balance Sheet			
Total Bank Debt <sup>1</sup>	\$431.7	\$433.6	\$289.2
Total Capital Lease Obligations	\$231.0	\$233.6	\$197.6
Total Debt	\$662.7	\$667.2	\$486.8
Cash & Cash Equivalents	\$ 14.7	\$ 16.2	\$ 17.5
Leverage Ratio <sup>2</sup>	5.2	5.1	4.2

(1) Includes SingleHop Acquisition

(2) Excludes certain leases as calculated per credit facility

## ***Unlevered Free Cash Flow Up Significantly in Q2'18***

## 2018 Guidance as of August 2, 2018

(\$ millions)	Former 2018 Range	Updated 2018 Range
Revenue	\$320-\$330	Reaffirming
Adjusted EBITDA (non-GAAP)*	\$105-\$115 	\$110-\$120
Capital Expenditures	\$40-\$45	Reaffirming
Adjusted EBITDA Less Capex (non-GAAP)*	\$65-\$70 	\$70-\$75

**INAP remains on track for updated 2018 Outlook**

## NEXT STEPS FOR SECOND HALF OF 2018

- **Management's focus is to accelerate customer installation of our backlog**
- **Sales to push for larger customer deals, fostering new organic growth**
- **INAP INTL to leverage cross-sell arrangements for data center services**
- **INAP US to invest in key markets to capture high demand**
- **Global Network Services to light metro rings and continue to lower costs**
- **Business development continues to supplement revenue growth into 2019**

***INAP is Transforming into a Growth Company and Gaining Scale***

# APPENDIX

## Reconciliation of Non-GAAP Financial Measures

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

**Normalized Net Loss Attributable to INAP Shareholders is a non-GAAP measure.** Normalized Net Loss is net loss attributable to INAP shareholders plus non-GAAP revenue, exit activities, restructuring and impairments, stock-based compensation, non-income tax contingency, strategic alternatives and related costs, one time interest expense, and organizational realignment costs.

(\$ in thousands, unaudited)

	Three Months Ended		
	June 30, 2018	March 31, 2018	June 30, 2017
Net loss (GAAP) attributable to INAP Shareholders	\$ (13,923)	\$ (14,060)	\$ (19,283)
Non GAAP revenue	70	40	-
Exit activities, restructuring and impairments, including goodwill impairment	826	(33)	4,628
Stock-based compensation	1,374	858	534
Strategic alternatives, realignment, and related costs	454	267	303
Acquisition costs	306	2,558	95
Non-income tax contingency	800	-	-
Claim Settlement	-	-	713
Debt extinguishment and modification expenses	-	-	7,105
Normalized net loss (non-GAAP)	\$ (10,093)	\$ (10,370)	\$ (5,905)

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

**Business Unit Contribution and Business Unit Contribution Margin are non-GAAP measures.** Business Unit Contribution is defined as business unit revenues less direct costs of sales and services, customer support, and sales and marketing, exclusive of depreciation and amortization. Business Unit Contribution Margin is Business Unit Contribution as a percentage of business unit revenues.

(\$ in thousands, unaudited)

	<b>Three Months Ended</b>		
	<b>June 30, 2018</b>	<b>March 31, 2018</b>	<b>June 30, 2017</b>
Revenues:			
INAP US	\$64,067	\$57,076	\$54,113
INAP INTL	17,895	17,125	15,529
Total	<u>81,962</u>	<u>74,201</u>	<u>69,642</u>
Direct costs of sales and services, customer support and sales and marketing:			
INAP US	34,873	30,537	32,776
INAP INTL	11,872	11,133	8,463
Total	<u>46,745</u>	<u>41,670</u>	<u>41,239</u>
Business Unit Contribution:			
INAP US	29,194	26,539	21,337
INAP INTL	6,023	5,992	7,066
Total	<u>\$35,217</u>	<u>\$32,531</u>	<u>\$28,403</u>
Business Unit Contribution Margin:			
INAP US	45.6%	46.5%	39.4%
INAP INTL	33.7%	35.0%	45.5%
Total	<u>43.0%</u>	<u>43.8%</u>	<u>40.8%</u>



# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

**Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures.** Adjusted EBITDA is GAAP net loss attributable to INAP Shareholders plus non-GAAP revenue, depreciation and amortization, interest expense, provision (benefit) for income taxes, other expense (income), (gain) loss on disposal of property and equipment, exit activities, restructuring and impairments, stock-based compensation, non-income tax contingency, strategic alternatives and related costs, organizational realignment costs, and acquisition costs. Adjusted EBITDA margin is adjusted EBITDA as a percentage of revenues.

(\$ in thousands, unaudited)	Three Months Ended					
	June 30, 2018		March 31, 2018		June 30, 2017	
Reconciliation of GAAP Net Loss Attributable to INAP Shareholders to Adjusted EBITDA:	Amount	Percent	Amount	Percent	Amount	Percent
Total Revenue	\$ 81,962	100.0%	\$ 74,201	100.0%	\$ 69,642	100.0%
Net Loss (GAAP) attributable to INAP Shareholders	\$ (13,923)	(17.0)%	\$ (14,060)	(18.9)%	\$ (19,283)	(27.7)%
Add:						
Non-GAAP revenue	70	0.1%	40	0.1%	-	0.0%
Depreciation and amortization	22,590	27.6%	21,077	28.4%	18,934	27.2%
Interest expense	15,860	19.4%	15,027	20.3%	17,145	24.6%
Provision (benefit) for income taxes	141	0.2%	100	0.1%	(50)	(0.1)%
Other expense (income)	31	0.0%	(215)	(0.3)%	135	0.2%
(Gain) loss on disposal of property and equipment, net	(75)	(0.1)%	46	0.1%	(103)	(0.1)%
Exit activities, restructuring and impairments, including goodwill impairment	826	1.0%	(33)	(0.0)%	4,628	6.6%
Stock-based compensation	1,374	1.7%	858	1.2%	534	0.8%
Non-income tax contingency	800	1.0%	-	0.0%	-	0.0%
Strategic alternatives and related costs	23	0.0%	27	0.0%	8	0.0%
Organizational realignment costs	431	0.5%	240	0.3%	295	0.4%
Acquisition costs	306	0.4%	2,558	3.4%	95	0.1%
Claim settlement	-	0.0%	-	0.0%	713	1.0%
Adjusted EBITDA (non-GAAP)	\$ 28,454	34.7%	\$ 25,665	34.6%	\$ 23,051	33.1%

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

**Adjusted EBITDA less CapEx is a non-GAAP measure.** Adjusted EBITDA less CapEx is Adjusted EBITDA less capital expenditures with Adjusted EBITDA for this non-GAAP measure defined as net cash flow provided by operating activities plus cash paid for interest, cash paid for taxes, cash paid for exit activities and restructuring, cash paid for strategic alternatives and related costs, cash paid for organizational realignment costs, payment of debt lender fees, cash paid for acquisition costs, and other working capital changes less capital expenditures.

(\$ in thousands, unaudited)

Reconciliation of GAAP Net Cash Flows Provided by Operating Activities to Adjusted EBITDA less CapEx:	Three Months Ended		
	June 30, 2018	March 31, 2018	June 30, 2017
Net Cash Flows provided by operating activities:	\$ 15,342	\$ 3,527	\$ 14,787
Add:			
Cash paid for interest	15,509	13,000	7,563
Cash paid for income taxes	126	108	148
Cash paid for exit activities and restructuring	1,287	1,389	1,080
Cash paid for strategic alternatives and related costs	23	27	171
Cash paid for organizational realignment costs	431	240	912
Cash paid for acquisition costs	306	2,558	-
Other working capital changes	(4,570)	4,816	(1,610)
Adjusted EBITDA (non-GAAP)	<u>\$ 28,454</u>	<u>\$ 25,665</u>	<u>\$ 23,051</u>
Less:			
Capital Expenditures (CapEx)	<u>\$ 11,083</u>	<u>\$ 6,359</u>	<u>6,748</u>
Adjusted EBITDA less CapEx (non-GAAP)	<u>\$ 17,371</u>	<u>\$ 19,306</u>	<u>\$ 16,303</u>

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

**Free Cash Flow and Unlevered Free Cash Flow are non-GAAP measures.** Free Cash Flow is net cash flows provided by operating activities minus capital expenditures. Unlevered Free Cash Flow is Free Cash Flow plus cash interest expense.

(\$ in thousands, unaudited)	Three Months Ended		
	June 30, 2018	March 31, 2018	June 30, 2017
Net cash flows provided by operating activities	\$ 15,342	\$ 3,527	\$ 14,787
Capital expenditures:			
Maintenance capital	(4,197)	(1,796)	(1,018)
Growth Capital	(6,886)	(4,564)	(5,730)
Free cash flow (non-GAAP)	4,259	(2,833)	8,039
Cash interest expense	15,509	13,000	7,563
Unlevered free cash flow (non-GAAP)	\$ 19,768	\$ 10,167	\$ 15,602

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Below is a reconciliation of GAAP net loss to forward looking Adjusted EBITDA for the period indicated:

(\$ in millions, unaudited)

	<u>Former Range</u>		<u>Updated Range</u>	
	<u>2018 Full-Year</u>		<u>2018 Full-Year</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Total Revenue	\$320	\$330	\$320	\$330
Net Loss (GAAP) attributable to INAP shareholders	(\$48)	(\$38)	(\$47)	(\$37)
Add:				
Depreciation and amortization	70	70	86	86
Interest expense	59	59	61	61
Provision for income taxes	1	1	0	0
Exit activities, restructuring and impairments	11	11	2	2
Stock-based compensation	11	11	4	4
Non-income tax contingency and acquisition costs	1	1	4	4
Other costs	0	0	0	0
Adjusted EBITDA (non-GAAP)	<u>\$105</u>	<u>\$115</u>	<u>\$110</u>	<u>\$120</u>

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Below is a reconciliation of GAAP Net Cash Flows Provided by Operating Activities to forward-looking Adjusted EBITDA less CapEx for the period indicated below:

(\$ in millions, unaudited)

	<u>Former Range</u>		<u>Updated Range</u>	
	<u>2018 Full-Year</u>		<u>2018 Full-Year</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Net Cash Flows provided by operating activities:	\$34	\$44	\$39	\$49
Add:				
Cash paid for interest	58	58	58	58
Cash paid for income taxes	0	0	0	0
Cash paid for exit activities and restructuring	3	3	5	5
Cash paid for strategic alternatives, acquisition costs, and working capital changes	9	9	7	7
Cash paid for organizational realignment costs	1	1	1	1
Adjusted EBITDA (non-GAAP)	<u>\$105</u>	<u>\$115</u>	<u>\$110</u>	<u>\$120</u>
Less:				
Capital Expenditures (CapEx)	40	45	40	45
Adjusted EBITDA less CapEx (non-GAAP)	<u>\$65</u>	<u>\$70</u>	<u>\$70</u>	<u>\$75</u>