



4th Quarter 2017 Earnings Report

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FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements. These forward-looking statements include statements related to sales, improved profitability, margin expansion, operations improvement, cost reductions, participation in strategic transactions, our strategy to align into pure-play businesses and our expectations for full year 2017 and 2018 revenue, Adjusted EBITDA and capital expenditures. 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 Internet 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: our ability to execute on our business strategy into a pure-play business and 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 Internet 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.

As required by SEC rules, 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 fourth quarter 2017 earnings press release available on our website at www.ir.inap.com.

SIGNIFICANT ACCOMPLISHMENTS IN 2017

- **Reorganized and Hired a New Leadership Team for the Future** 

- Created business unit P&Ls with industry recognized General Managers
- Completed the rebuild of the Salesforce by year-end
- Established a new Pay for Performance culture aligned with Shareholders

- **Raised Equity, Refinanced Debt, and Amended Financial Covenants for Flexibility** 

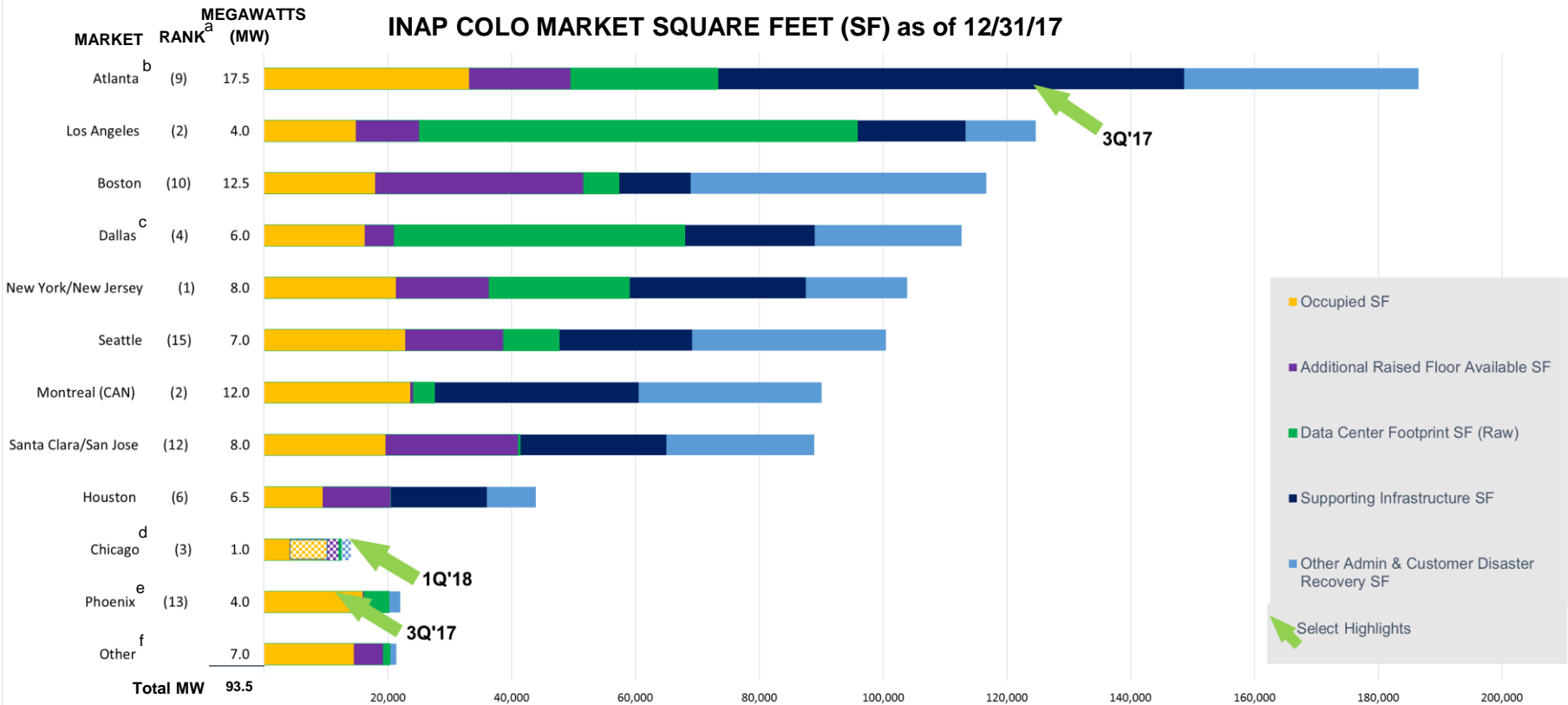
- By early 2017, leading Shareholders invested \$43M in Common Stock
- The Equity raise was used to reduce debt and Refinance \$300M in a 5 year bank deal
- INAP's new credit facility included future covenant relief for management flexibility

- **Achieved Operational Objectives and Positioned for Growth in a Turnaround Year** 

- Improved margins - approaching Peer Group metrics
- Returned the Company to sequential Revenue growth by the 4th Quarter at \$70M
- INAP Stock Price increased 156% Y/Y, reflecting progress in INAP's resurgence

The INAP Team is Building a Track Record of Success

INAP'S TOP 21 MARKETS



About INAP: INAP operates in 21 metropolitan markets, primarily in North America, with 56 data centers and 97 POPs around the world. Currently, INAP has over 1 million gross square feet, with over 500K square feet of data center space.

(a) Indicates ranking in the latest top 50 Metropolitan Statistical Areas (MSA) of the United States of America and 2016 Canadian census.

(b) Includes new facility acquired in 2017. Excludes approx. 26k SF used for operations and corporate staff.

(c) 10k sq. ft. of construction in progress with a target completion date of late Q1'18.

(d) Represents SingleHop's managed hosting site at DRT in Chicago. Acquisition closed 2/28/2018.

(e) 4k sq. ft. of construction in progress with target completion date of Q2'18, which has already been sold.

(f) Other major markets include: Miami (7), Northern Virginia (8), Oakland/San Francisco, London, Amsterdam, Frankfurt, Hong Kong, Singapore, Sydney, and Japan.

CONSOLIDATED EARNINGS SUMMARY

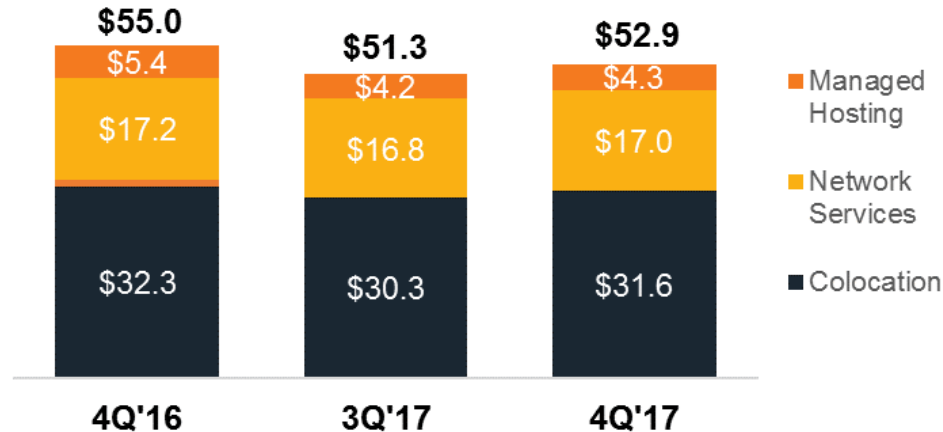
(\$ millions, except %)	4Q'16	3Q'17	4Q'17
Total Revenue	\$ 74.1	\$ 68.9	\$ 70.0
Operating Costs and Expenses	\$ 79.1	\$ 68.2	\$ 64.4
Depreciation and Amortization	\$ 19.0	\$ 20.9	\$ 17.4
Exit Activities, Restructuring and Impairments	\$ 7.1	\$ 0.7	\$ (0.1)
All Other Operating Costs and Expenses	\$ 53.0	\$ 46.5	\$ 47.2
GAAP Net Loss Attributable for INAP Shareholders	\$ (13.1)	\$ (10.9)	\$ (6.9)
GAAP Net Loss Margin %	(17.7%)	(15.8%)	(9.9%)
Minus Goodwill Impairment and Other Items	\$ 7.6	\$ 0.7	\$ 1.4
Normalized Net Loss (non-GAAP)*	\$ (5.5)	\$ (10.1)	\$ (5.5)
Cash Flow From Operations	\$ 10.2	\$ 3.3	\$ 13.8
Adjusted EBITDA (non-GAAP)*	\$ 21.6	\$ 23.3	\$ 24.4
Adjusted EBITDA Margin (non-GAAP)*	29.1%	33.8%	34.8%
Capital Expenditures (CapEx)	\$ 6.3	\$ 11.0	\$ 12.6
Adjusted EBITDA less CapEx (non-GAAP)*	\$ 15.3	\$ 12.3	\$ 11.7

4Q'17 Represents Sequential Revenue Growth with Record Adjusted EBITDA

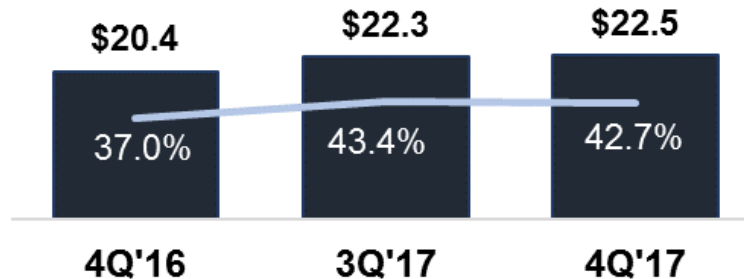
INAP COLO BUSINESS UNIT RESULTS



INAP COLO Revenue (\$mm)



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



INAP's Colocation Revenue Increases Sequentially in 4Q'17

INAP CLOUD BUSINESS UNIT RESULTS



CLOUD

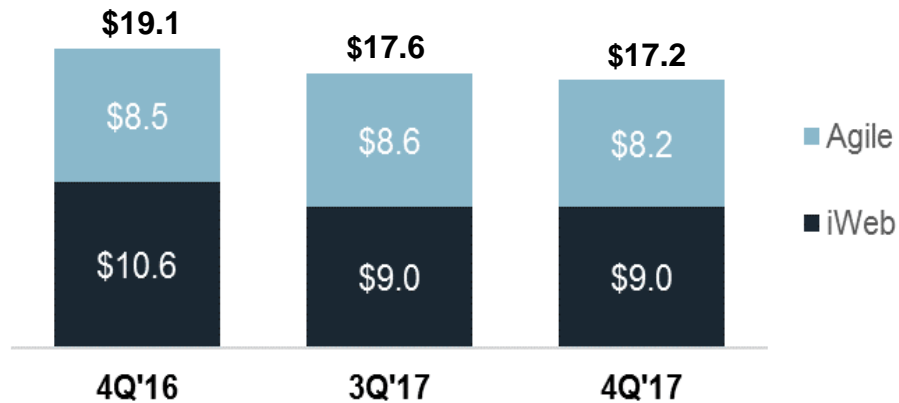


BARE METAL

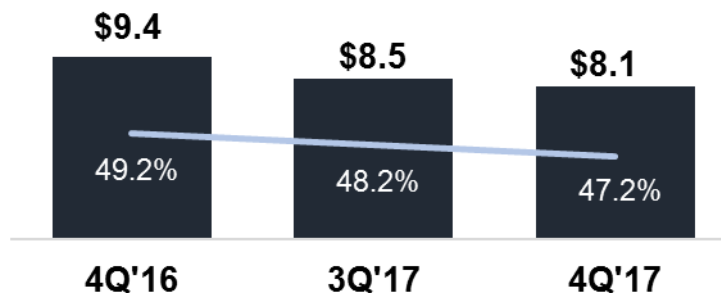


POWERED BY INAP

INAP CLOUD Revenue (\$mm)



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



INAP's Cloud Margin Remains Attractive

CASH FLOW AND BALANCE SHEET SUMMARY



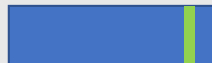
<i>(\$millions)</i>	4Q'16	3Q'17	4Q'17
Net cash flows provided by operating activities (GAAP)	\$ 10.2	\$ 3.3	\$ 13.8
Capital expenditures:			
Maintenance capital	(1.7)	(1.7)	(4.1)
Growth capital	(4.5)	(9.3)	(8.6)
Free Cash Flow (non-GAAP)*	\$ 3.9	\$ (7.7)	\$ 1.2
Cash interest expense	7.6	11.0	11.8
Unlevered Free Cash Flow (non-GAAP)*	\$ 11.5	\$ 3.3	\$ 13.0
Balance Sheet			
Total Bank Debt	\$ 284.2	\$ 288.9	\$ 288.7
Total Capital Lease Obligations ¹	\$ 53.9	\$ 218.7	\$ 235.5
Total Debt	\$ 338.1	\$ 507.6	\$ 524.2
Cash & Cash Equivalents	\$ 10.4	\$ 12.0	\$ 14.6
Leverage Ratio ²	4.7	4.2	4.5

(1) Includes Atlanta data center acquisition

(2) Excludes certain leases as calculated per credit facility

Net Cash Flows from Operations Improves Quarter Over Quarter

INAP'S Outlook for 2018

\$ millions	Original Range as of 3/9/2017	Range as of 11/2/2017 and Actual	2018 Range
		\$281 ✓	
Revenue	\$275-\$285	\$277  \$282	\$320-\$330
		\$92 ✓	
Adjusted EBITDA (non-GAAP)*	\$84-\$87	\$87  \$92	\$105-\$115
		\$36 ✓	
Capital Expenditures	approx. \$42	\$32  \$37	\$40-\$45
Adjusted EBITDA Less Capex (non-GAAP)*	\$42-\$45	\$56	\$65-\$70

INAP meets and/or exceeds Original 2017 Guidance

2018 INITIATIVES

- **Entering 2018 with an improved salesforce at full-strength**
 - Leveraging the new Sales Leadership to improve productivity, gain momentum, and continue to attract new talent to grow the top line
 - Re-Activating Channel Partners to attract larger wholesale deals
 - Integrating **SingleHop** advanced capabilities and team into our capability set
- **Creating the new INAP USA and INAP International segments**
 - Establishing a scalable Go-To-Market strategy, leading with Data Center Colocation Services
 - Layering on Value-Added Services: Managed Hosting, AgileCloud, & High Performance IP
- **Continuing to optimize INAP's global portfolio of facilities and businesses**
 - Continuing to evaluate non-core asset sales, real estate exits, and network enhancements
 - Focusing on “opportunistic” bolt-ons and accretive transactions to increase value
- **Participating in Strategic Discussions from a Position of Strength**
 - Industry consolidation is extremely active / favorable market conditions continue
 - INAP's continued progress in operational performance improves deal-making

Positioning INAP for a Year of Profitable Growth

Reconciliation of Non-GAAP Financial Measures

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Normalized Net Loss is a non-GAAP measure. Normalized Net Loss is net loss attributable to INAP shareholders plus 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.

	Three Months Ended		
	December 31, 2017	September 30, 2017	December 31, 2016
Net loss (GAAP) Attributable to INAP Shareholders	\$ (6,934)	\$ (10,895)	\$ (13,110)
Exit activities, restructuring and impairments, including goodwill impairment	(148)	745	7,149
Stock-based compensation	979	929	280
Strategic alternatives, realignment, and related costs	385	46	184
Pre-acquisition costs	176	102	-
Claim settlement	-	-	-
INAP Japan Fair Market Valuation	-	(1,065)	-
Normalized net loss (non-GAAP)	\$ (5,541)	\$ (10,138)	\$ (5,497)

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.

	Three Months Ended		
	December 31, 2017	September 30, 2017	December 31, 2016
(\$ in thousands)			
Revenues:			
INAP COLO	52,852	51,344	54,971
INAP CLOUD	17,183	17,563	19,146
Total	<u>70,035</u>	<u>68,907</u>	<u>74,117</u>
Direct costs of sales and services, customer support and sales and marketing:			
INAP COLO*	30,305	29,048	34,620
INAP CLOUD*	9,079	9,094	9,720
Total	<u>39,384</u>	<u>38,142</u>	<u>44,340</u>
Business Unit Contribution:			
INAP COLO	22,547	22,296	20,351
INAP CLOUD	8,104	8,469	9,426
Total	<u>30,651</u>	<u>30,765</u>	<u>29,777</u>
Business Unit Contribution Margin:			
INAP COLO	42.7%	43.4%	37.0%
INAP CLOUD	47.2%	48.2%	49.2%
Total	<u>43.8%</u>	<u>44.6%</u>	<u>40.2%</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 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 and organizational realignment costs. Adjusted EBITDA margin is adjusted EBITDA as a percentage of revenues.

Reconciliation of GAAP Net Loss to Adjusted EBITDA:	Three Months Ended						Twelve Months Ended	
	December 31, 2017		September 30, 2017		December 31, 2016		December 31, 2017	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Total Revenue	\$ 70,035	100.0%	\$ 68,907	100.0%	\$ 74,117	100.0%	\$ 280,718	100.0%
Net Loss (GAAP) Attributable to INAP Shareholders	\$ (6,934)	-9.9%	\$ (10,895)	-15.8%	\$ (13,110)	-17.7%	\$ (45,343)	-16.2%
Add:				0.0%		0.0%		0.0%
Depreciation and amortization	17,397	24.8%	20,917	30.4%	19,021	25.7%	74,993	26.7%
Interest expense	12,895	18.4%	12,299	17.8%	7,964	10.7%	50,476	18.0%
Provision (benefit) for income taxes	(436)	-0.6%	221	0.3%	236	0.3%	253	0.1%
Other expense (income)	40	0.1%	(925)	-1.3%	(88)	-0.1%	(682)	-0.2%
(Gain) loss on disposal of property and equipment, net	8	0.0%	(162)	-0.2%	(75)	-0.1%	(353)	-0.1%
Exit activities, restructuring and impairments, including goodwill impairment	(148)	-0.2%	745	1.1%	7,149	9.6%	6,249	2.2%
Stock-based compensation	979	1.4%	929	1.3%	280	0.4%	3,040	1.1%
Non-income tax contingency	-	0.0%	-	0.0%	-	0.0%	1,500	0.5%
Strategic alternatives and related costs	38	0.1%	32	0.0%	(136)	-0.2%	70	0.0%
Organizational realignment costs	347	0.5%	14	0.0%	320	0.4%	957	0.3%
Pre-acquisition costs	176	0.3%	102	0.1%		0.0%	373	0.1%
Claim settlement	-	0.0%	-	0.0%	-	0.0%	713	0.3%
Adjusted EBITDA (non-GAAP)	\$ 24,362	34.8%	\$ 23,277	33.8%	\$ 21,561	29.1%	\$ 92,246	32.9%

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 and other working capital changes less capital expenditures.

Reconciliation of GAAP Net Cash Flows Provided by Operating Activities to Adjusted EBITDA less CapEx:	Three Months Ended			Twelve Months Ended
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017
Net Cash Flows provided by operating activities:	\$ 13,808	\$ 3,306	\$ 10,185	\$ 39,164
Add :				
Cash paid for interest	11,794	10,999	7,604	37,692
Cash paid for income taxes	176	(24)	22	300
Cash paid for exit activities and restructuring	1,450	2,887	1,229	6,503
Cash paid for strategic alternatives and related costs	373	171	512	904
Cash paid for organizational realignment costs	282	-	1,664	1,461
Payment of debt lender fees	-	-	-	2,583
Other working capital changes	(3,520)	5,938	345	3,637
Adjusted EBITDA (non-GAAP)	\$ 24,363	\$ 23,277	\$ 21,561	\$ 92,246
Less:				
Capital Expenditures (CapEx)	\$ 12,616	\$ 10,965	6,250	\$ 36,409
Adjusted EBITDA less CapEx (non-GAAP)	\$ 11,747	\$ 12,312	\$ 15,311	\$ 55,837

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

	Three Months Ended		
	December 31, 2017	September 30, 2017	December 31, 2016
Net cash flows provided by operating activities	\$ 13,808	\$ 3,306	\$ 10,185
Capital expenditures:			
Maintenance capital	(4,057)	(1,715)	(1,717)
Growth capital	(8,559)	(9,250)	(4,533)
Free cash flow (non-GAAP)	1,192	(7,659)	3,935
Cash interest expense	11,794	10,999	7,604
Unlevered free cash flow (non-GAAP)	\$ 12,986	\$ 3,340	\$ 11,539

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

	2018 Full-Year Guidance			
	Low		High	
	Amount	Percent	Amount	Percent
Total Revenue	\$ 320	100.0%	\$ 330	100.0%
Net Loss (GAAP)	\$ (48)	-15.0%	\$ (38)	-11.5%
Add:				
Depreciation and amortization	70	21.9%	70	21.2%
Interest expense	59	18.4%	59	17.9%
Provision for income taxes	1	0.2%	1	0.2%
Other expense (income)	-	0.0%	-	0.0%
Exit activities, restructuring and impairments, including goodwill impairment	11	3.4%	11	3.3%
Stock-based compensation	12	3.8%	12	3.6%
Pre-acquisition costs	1	0.2%	1	0.2%
Adjusted EBITDA (non-GAAP)	\$ 105	32.8%	\$ 115	34.8%