



**INAP**

Investor Presentation

November 2018

# FORWARD-LOOKING STATEMENTS

Certain statements in this presentation contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements regarding industry trends, our future financial position and performance, business strategy, revenues and expenses in future periods, projected levels of growth and other matters that do not relate strictly to historical facts. These statements are often identified by words such as “may,” “will,” “seeks,” “anticipates,” “believes,” “estimates,” “expects,” “projects,” “forecasts,” “plans,” “intends,” “continue,” “could” or “should,” that an “opportunity” exists, that we are “positioned” for a particular result, statements regarding our vision or similar expressions or variations. These statements are based on the beliefs and expectations of our management team based on information available at the time such statements are made. Such forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated by such forward-looking statements. Therefore, actual future results and trends may differ materially from what is forecast in such forward-looking statements due to a variety of factors, including, without limitation: our ability 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 our ability to improve operations; our ability to correctly forecast capital needs, demand and space utilization; our ability to respond successfully to technological change and the resulting competition; the geographic concentration of our data centers in certain markets and any adverse developments in local economic conditions or the demand for data center space in these markets; our ability to identify any suitable strategic transactions; our ability to realize anticipated revenue, growth, synergies and cost savings from the acquisition of SingleHop LLC (“SingleHop”); our 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; the 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 ability to raise additional capital when needed, on attractive terms, or at all, and 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 our 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 SEC and our other reports filed with the SEC could cause actual results to differ materially from those expressed or implied by forward-looking statements made by us or on our behalf.

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 us or persons acting on our behalf are expressly qualified in their entirety by the foregoing forward-looking statements. All such statements speak only as of the date made, and we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.



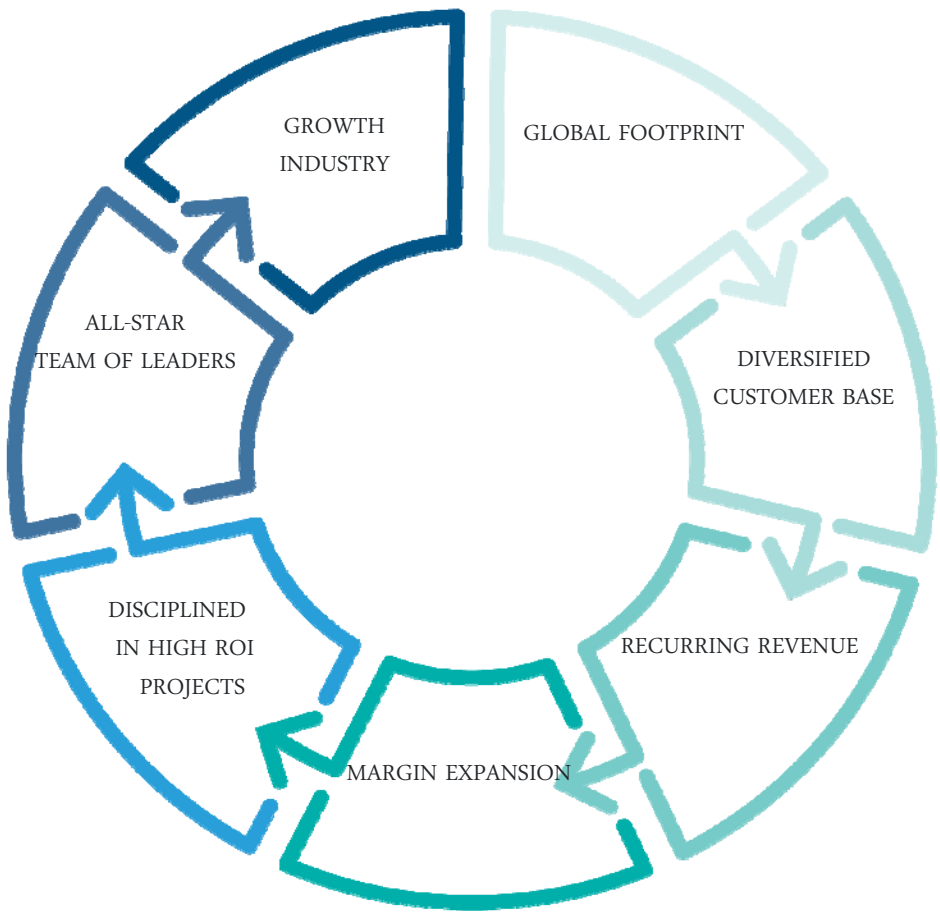
# NON-GAAP MEASURES

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.

# INVESTMENT HIGHLIGHTS



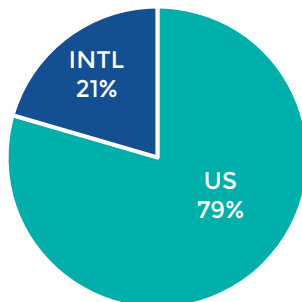


# INAP AT-A-GLANCE

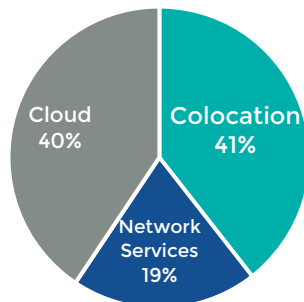
## Overview

- INAP is a global provider of performance-driven, full-spectrum data center and cloud solutions.
- Through its portfolio of high-density colocation, managed cloud hosting and powerful network services, INAP partners with its customers, who range from the Fortune 500 to emerging startups, to create secure and scalable IT infrastructure solutions.
- INAP operates in 53, primarily Tier 3 design data centers in 21 metropolitan markets and has 102 POPs around the world. INAP has over 1 million gross square feet in its portfolio, with approximately 600,000 square feet to sellable data center space, and 125 MW of power available.

## Revenue By Geography



## Revenue By Service Offering



\*Reconciliation to GAAP on pages 22-27  
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## LTM 9/30/18 Financial Highlights

**\$309.2MM**

Revenue

**(\$50.0MM) / (16.2%)**

Net Loss Attributable to INAP Shareholders / Margin

**\$132.7MM / 42.9%**

Business Unit Contribution / Margin (non-GAAP)\*

**\$107.8MM / 34.9%**

Adj. EBITDA / Margin (non-GAAP)\*

**\$65.7MM / 21.2%**

Adj. EBITDA less Capex / Margin (non-GAAP)\*

## Revenue Breakout

3 months ended  
9/30/18

# FULL-SPECTRUM DATA CENTER AND CLOUD SOLUTIONS



## COLOCATION

- Provides conditioned power with back-up capacity and physical space within data centers along with associated services such as interconnection, remote hands, environmental controls, monitoring and security
- 53 Data Centers in 21 metropolitan markets:
  - North America: US and Canada
  - Rest of World: Europe (Amsterdam, Frankfurt, London) and Asia Pacific (Hong Kong, Japan, Singapore, Sydney)

## CLOUD

- Provides compute resources and storage services via an integrated platform, all connected with INAP's Performance IP network fabric for low latency connectivity
- Delivered through INAP locations in North America, Europe and Asia-Pacific region
- Services include:
  - Bare Metal
  - Private Cloud
  - Managed Third Party Cloud
  - Disaster Recovery-as-a-Service
  - Cloud backups
  - Managed storage
  - Managed security
  - Multi-cloud

## NETWORK

- Offers patented Performance IP service, content delivery network services, IP routing hardware and software platform
- Maintains 102 global POPs
- Differentiator that offers customers bandwidth and connectivity as part of a full solution
- Fiber rings to be lit in 6 metro markets in coming months

# FULL-SPECTRUM DATA CENTER AND CLOUD SOLUTIONS

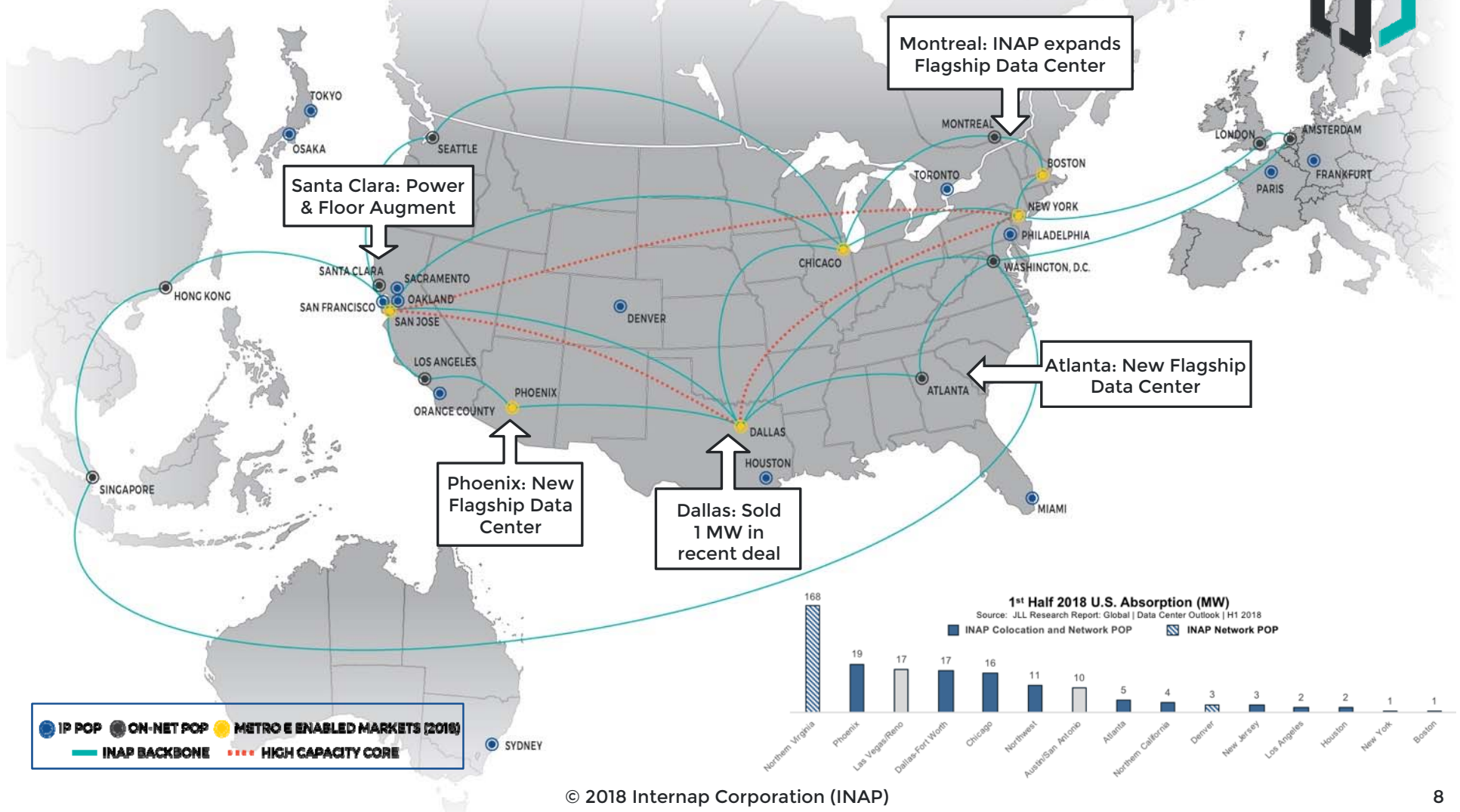


INAP's solution set positions the Company to capture growth opportunities regardless of deployment model or service requirement

INAP's innovative single pane of glass customer experience enables customers to access its full-spectrum of services and manage them all in one place.

92% of colocation customers also buy network as of September 30, 2018

# INAP DATA CENTERS & POP LOCATIONS





# SOLUTIONS-BASED APPROACH ATTRACTS DIVERSE CUSTOMER BASE



## Application-Driven Solution Engineering

- ✓ Understand customer's particular requirements first
- ✓ Recommend and build the best solution
- ✓ Full spectrum of services allows for best-fit solutions for customers



## High-Performance Solutions Delivered via Automation and Technical Engineering

- ✓ Uses automation platforms and highly skilled technical engineering
- ✓ Delivers high performance IP, speed, resiliency and scalability
- ✓ Uses technology and processes to optimize routes, manage complex IT environments and deliver premium service

EQUALS A DIVERSE CUSTOMER BASE

~10,000 customers<sup>(1)</sup> & no single customer >10% of revenue<sup>(2)</sup>

HEALTHCARE



TECHNOLOGY  
INFRASTRUCTURE



FINANCE



GAMING



SOFTWARE





ADTECH



(1) As of September 30, 2018.

(2) For each of the last 3 years (2015-2017).

# EXPERIENCED MANAGEMENT TEAM

Name	Title	Years Experience	Select Prior Experience
	Peter D. Aquino	President & CEO and Board Member	  
	James C. Keeley	Chief Financial Officer	   
	Richard P. Diegnan	SVP, General Counsel and Corporate Secretary	  
	Corey J. Needles	SVP and General Manager, INAP US	 
	Andrew Day	SVP and General Manager, INAP International	    
	Mary Jane Horne	SVP, Global Network Planning & Engineering	  
	John D. Filipowicz	SVP, Chief Administrative Officer and Chief Governance, Risk and Compliance Officer	  
	Richard Ramlall	Chief Communications Officer	   
	T.J. Waldorf	VP, Global Marketing	  

# MULTI-PRONGED GROWTH STRATEGY



## **Improve Performance Of Technical And Economic IT Outcomes For Global Organizations**

- Application-driven approach to solution design and engineering and use of automation platforms
- Partner with IT managers to deploy solutions aligned to needs of the application and workloads
- Expertise and tools to support the right mix of infrastructure and optimize technical and economic solutions

## **Increase Brand Awareness**

- Focus on go-to-market efforts through sales and marketing
- Broader awareness to full-spectrum of data center and cloud solutions
- Investments in marketing initiatives, sales training and overall brand coverage

## **Expand IT Wallet Share with Large Existing Customer Base**

- Opportunity to support customers' expansion needs with production, test and development, and disaster recovery offerings in addition to managed services
- "Land and expand" approach to customer lifecycle management allows INAP to remain tied closely to customers' IT and business roadmap and anticipate evolving needs

## **Accelerate Scale and Capabilities**

- Accelerate INAP's transformation through strategic acquisitions that add to or strengthen service portfolio, expand geographic reach and increase scale
- Evaluate smart tuck-in acquisitions, strategic partnerships, joint ventures and transformational mergers or acquisitions

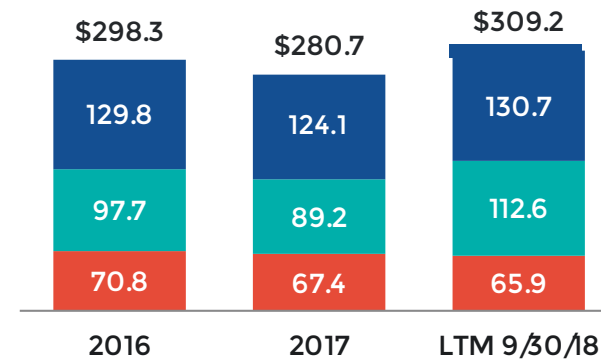
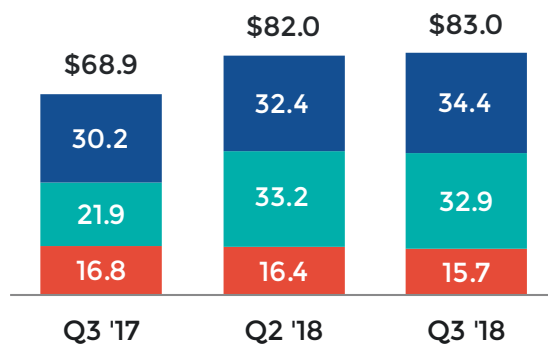
# SUMMARY FINANCIAL RESULTS



Revenue

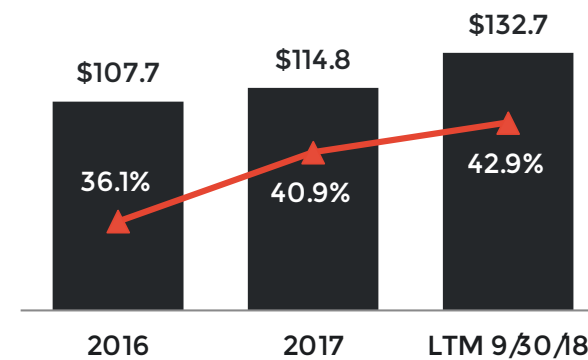
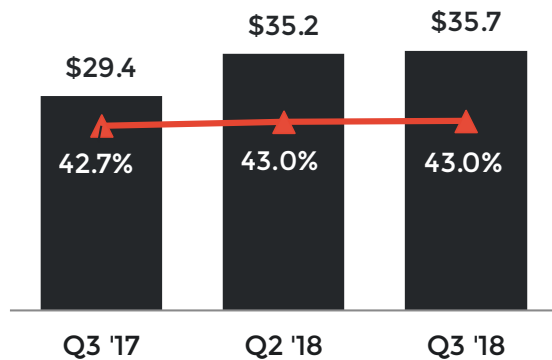
Quarterly

Annual



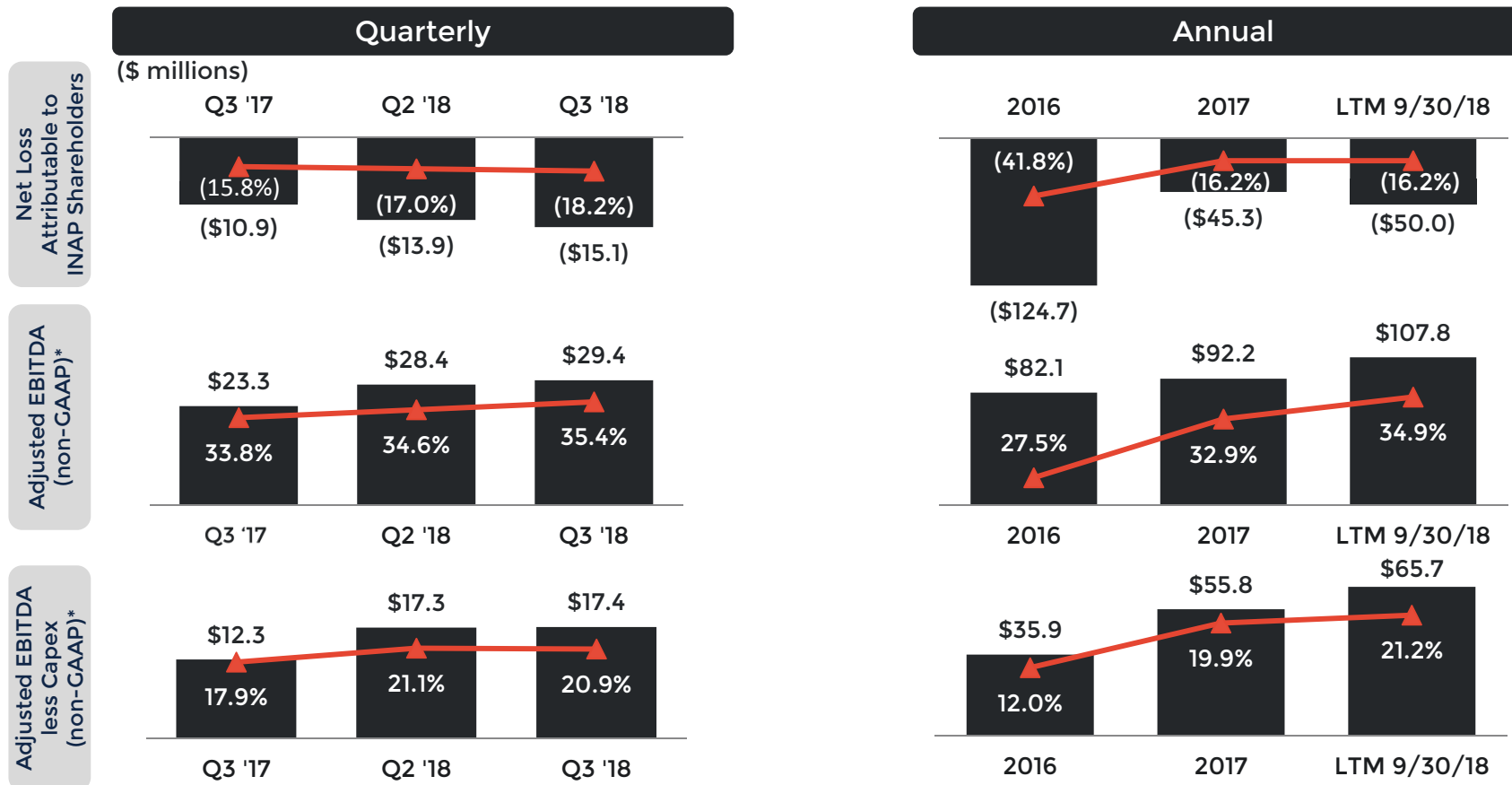
Network Cloud Colocation (\$ millions)

Business Unit Contribution (non-GAAP)\*



\*Reconciliation to GAAP on pages 22-27  
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# SUMMARY FINANCIAL RESULTS (CONT'D)



\*Reconciliation to GAAP on pages 22-27  
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# INAP CONTINUES TO IMPROVE ITS DATA CENTER PORTFOLIO FOR THE FUTURE

- **New data center assets establishing INAP Flagships in key markets**
  - Phoenix – London – Atlanta
- **Margin expansion continues as non-core asset exits wind down**
  - Record margins posted in the Third Quarter 2018
- **INAP Cloud Services are contributing to new growth prospects globally**
  - SingleHop and iWeb are being integrated into the INAP Cloud suite
- **Management is allocating capital to accelerate installs of larger deals**
  - Sales momentum continues as the current backlog exceeds \$20+ Million



INAP's  
Financings  
Aimed at  
Accelerating  
Growth and  
Gaining  
Flexibility for  
Future  
Transactions

# CONSOLIDATED EARNINGS SUMMARY



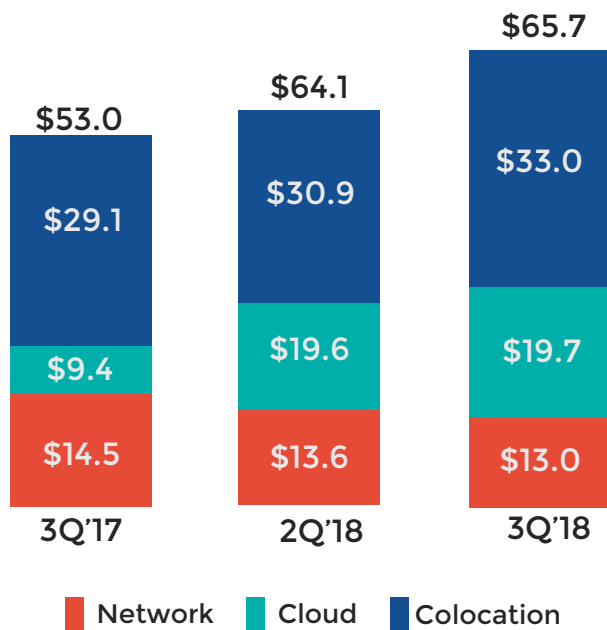
<i>(\$ millions, except %)</i>	3Q'18	2Q'18	3Q'17
Net Revenues	<b>\$83.0</b>	<b>\$82.0</b>	<b>\$68.9</b>
Operating Costs and Expenses	<b>\$80.8</b>	<b>\$79.8</b>	<b>\$68.2</b>
Depreciation and Amortization	\$23.4	\$22.6	\$20.9
Exit Activities, Restructuring and Impairments	\$2.4	\$0.8	\$0.8
All Other Operating Costs and Expenses	\$55.0	\$56.4	\$46.5
GAAP Net Loss Attributable to INAP Shareholders	<b>(\$15.1)</b>	<b>(\$13.9)</b>	<b>(\$10.9)</b>
GAAP Net Loss Margin %	(18.2)%	(17.0)%	(15.8)%
Minus Stock-Based Compensation and Other Items	<b>\$3.9</b>	<b>\$3.8</b>	<b>\$0.8</b>
Normalized Net Loss (non-GAAP)*	<b>(\$11.2)</b>	<b>(\$10.2)</b>	<b>(\$10.1)</b>
Net Cash Flows Provided by Operating Activities	<b>\$10.3</b>	<b>\$15.3</b>	<b>\$3.3</b>
Adjusted EBITDA (non-GAAP)*	<b>\$29.4</b>	<b>\$28.4</b>	<b>\$23.3</b>
Adjusted EBITDA Margin (non-GAAP)*	35.4%	34.6%	33.8%
Capital Expenditures (CapEx)	<b>\$12.0</b>	<b>\$11.1</b>	<b>\$11.0</b>
Adjusted EBITDA less CapEx (non-GAAP)*	<b>\$17.4</b>	<b>\$17.3</b>	<b>\$12.3</b>

Reported  
Revenue and  
Adjusted  
EBITDA  
Increased  
QOQ and YOY

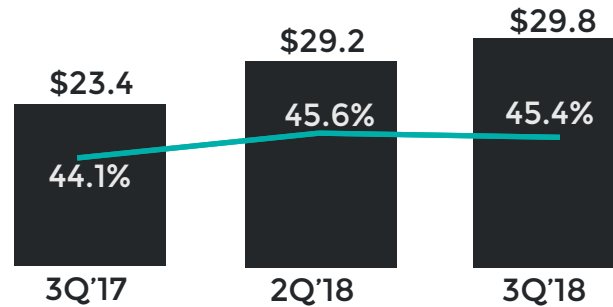
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# INAP US BUSINESS UNIT RESULTS

INAP US Revenue (\$mm)



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



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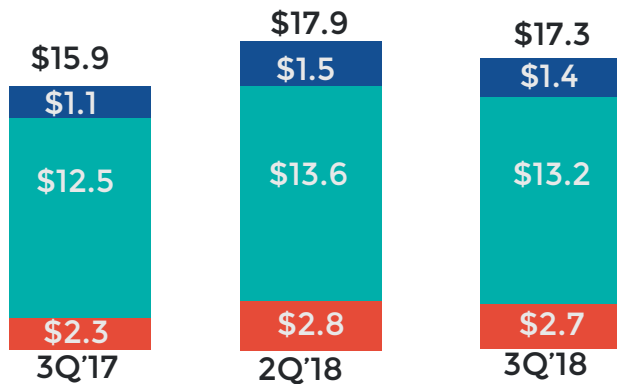
INAP US Revenue Continues Sequential Progress



# INAP INTL BUSINESS UNIT RESULTS

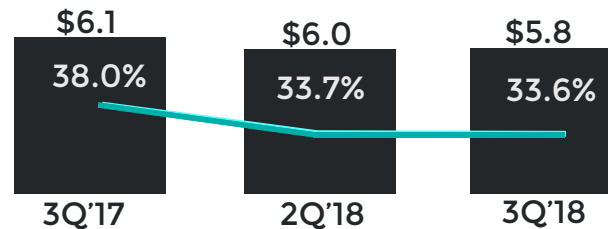


INAP INTL Revenue (\$mm)



■ Network
 ■ Cloud
 ■ Colocation

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



Planned Colocation and Cloud Expansions in the UK and Canada

\*Reconciliation to GAAP on pages 22-27.  
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# CASH FLOW AND BALANCE SHEET SUMMARY

<i>(\$ millions)</i>	3Q'18	2Q'18	3Q'17
Net cash flows provided by operating activities	\$ 10.3	\$ 15.3	\$ 3.3
Capital Expenditures:			
Maintenance Capital	(3.6)	(4.2)	(1.7)
Growth Capital	(8.4)	(6.8)	(9.3)
Free Cash Flow (non-GAAP)*	\$ (1.7)	\$ 4.3	\$ (7.7)
Cash Paid for Interest	15.8	15.5	11.0
Unlevered Free Cash Flow (non-GAAP)*	\$ 14.1	\$ 19.8	\$ 3.3
Balance Sheet			
Total Bank Debt <sup>1</sup>	\$434.2	\$431.7	\$288.9
Total Capital Lease Obligations <sup>2</sup>	\$262.0	\$231.0	\$218.7
Total Debt	\$696.2	\$662.7	\$507.6
Cash & Cash Equivalents	\$ 11.8	\$ 14.7	\$ 12.0
Leverage Ratio <sup>3</sup>	5.5x	5.2x	4.2x

(1) Includes SingleHop Acquisition

(2) Includes new Phoenix facility

(3) Excludes certain leases as calculated per credit facility




\*Reconciliation to GAAP on pages 22-27

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Growth Capital  
Required to  
Accelerate  
Installations

# 2018 GUIDANCE AS OF NOVEMBER 1, 2018<sup>(1)</sup>

(\$ Millions)	Original Guidance, As of 3/9/2018	Revised Guidance, As of 8/2/2018	Narrowed Guidance within Previous Range, As of 11/1/2018
Revenue	\$320-\$330	\$320-\$330 	\$320-\$324
Adjusted EBITDA (non-GAAP)*	\$105-\$115	\$110-\$120 	\$111-\$114
Capital Expenditures	\$40-\$45	\$40-\$45 	\$40-\$43

(1) The information herein speaks only as of November 1, 2018, and should not be regarded as an update of such information.

\*Reconciliation to GAAP on pages 22-27  
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Narrowing  
Guidance for  
Remainder of  
2018

# INAP FINISHING THE YEAR WITH STRONG POSITIONING FOR 2019

- The combination of major portfolio shifts, sales growth, and operations improvements are creating a more valuable “Sum of the Parts” portfolio
- Investments in high demand markets are stimulating continued customer interest and joint planning for future expansions in internet infrastructure
- Success-based capital in all three products – Colocation, Cloud, and Network, allow customers to take advantage of bundle solutions
- Business development in both the U.S. and abroad will balance and diversify assets that continue to attract large multinational companies to INAP
- Next steps will include seeking additional balance sheet flexibility to meet INAP’s continued organic growth objectives and potential M&A



INAP is  
Transforming  
into Sustainable  
Long-Term  
Value & Growth  
Story



# 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 exit activities, restructuring and impairments, stock-based compensation, non-income tax contingency, strategic alternatives and related costs, organizational realignment costs, acquisition costs, and INAP Japan fair market valuation.

(\$ in thousands, unaudited)

	<b>Three Months Ended</b>		
	<b>September 30, 2018</b>	<b>June 30, 2018</b>	<b>September 30, 2017</b>
Net loss (GAAP) attributable to INAP Shareholders	\$ (15,106)	\$ (13,923)	\$ (10,895)
Exit activities, restructuring and impairments	2,347	826	745
Stock-based compensation	1,341	1,374	929
Strategic alternatives, realignment, and related costs	143	454	46
Acquisition costs	5	306	102
Non-income tax contingency	36	800	-
INAP Japan fair market valuation	-	-	(1,065)
Normalized net loss (non-GAAP)	<u>\$ (11,234)</u>	<u>\$ (10,163)</u>	<u>\$ (10,138)</u>

# 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)

	Three Months Ended			LTM as of September 30, 2018	Year Ended	
	September 30, 2018	June 30, 2018	September 30, 2017		December 31, 2017	December 31, 2016
Revenues:						
INAP US	\$65,678	\$64,067	\$52,970	\$240,047	\$215,771	\$227,871
INAP INTL	17,294	17,895	15,937	69,123	64,947	70,426
Total	<u>82,972</u>	<u>81,962</u>	<u>68,907</u>	<u>309,170</u>	<u>280,718</u>	<u>298,297</u>
Direct costs of sales and services, customer support and sales and marketing:						
INAP US	35,842	34,873	29,600	131,482	128,062	148,706
INAP INTL	11,478	11,872	9,874	44,973	37,830	41,899
Total	<u>47,320</u>	<u>46,745</u>	<u>39,474</u>	<u>176,455</u>	<u>165,892</u>	<u>190,605</u>
Business Unit Contribution:						
INAP US	29,836	29,194	23,370	108,565	87,709	79,165
INAP INTL	5,816	6,023	6,063	24,150	27,117	28,527
Total	<u>\$35,652</u>	<u>\$35,217</u>	<u>\$29,433</u>	<u>\$132,715</u>	<u>\$114,826</u>	<u>\$107,692</u>
Business Unit Contribution Margin:						
INAP US	45.4%	45.6%	44.1%	45.2%	40.6%	34.7%
INAP INTL	<u>33.6%</u>	<u>33.7%</u>	<u>38.0%</u>	<u>34.9%</u>	<u>41.8%</u>	<u>40.5%</u>
Total	<u>43.0%</u>	<u>43.0%</u>	<u>42.7%</u>	<u>42.9%</u>	<u>40.9%</u>	<u>36.1%</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, organizational realignment costs, acquisition costs and claim settlement. Adjusted EBITDA margin is adjusted EBITDA as a percentage of revenues.

(\$ in millions, unaudited)

	Three Months Ended						Year Ended					
	September 30, 2018		June 30, 2018		September 30, 2017		LTM as of September 30, 201		December 31, 2017		December 31, 2016	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Reconciliation of GAAP Net Loss Attributable to INAP Shareholders to Adjusted EBITDA:												
Net revenues	\$ 83.0	100.0%	\$ 82.0	100.0%	\$ 68.9	100.0%	\$ 309.2	100.0%	\$ 280.7	100.0%	\$ 298.3	100.0%
Net loss (GAAP) attributable to INAP Shareholders	\$ (15.1)	(18.2)%	\$ (13.9)	(17.0)%	\$ (10.9)	(15.8)%	\$ (50.0)	(16.2)%	\$ (45.3)	(16.2)%	\$ (124.7)	(41.8)%
Add:												
Depreciation and amortization	23.4	28.2%	22.6	27.6%	20.9	30.4%	84.5	27.3%	75.0	26.7%	76.9	25.8%
Interest expense	16.9	20.4%	15.9	19.4%	12.3	17.8%	60.7	19.6%	50.5	18.0%	30.9	10.4%
Provision for income taxes	0.2	0.2%	0.2	0.2%	0.2	0.3%	(0.0)	(0.0)%	0.3	0.1%	0.6	0.2%
Other expense (income)	0.2	0.2%	0.0	0.0%	(0.9)	(1.3)%	0.1	0.0%	(0.7)	(0.2)%	0.2	0.1%
Gain on disposal of property and equipment, net	(0.1)	(0.1)%	(0.1)	(0.1)%	(0.1)	(0.2)%	(0.1)	(0.0)%	(0.4)	(0.1)%	0.0	0.0%
Exit activities, restructuring and impairments	2.4	2.8%	0.8	1.0%	0.8	1.1%	3.0	1.0%	6.2	2.2%	87.4	29.3%
Stock-based compensation	1.4	1.6%	1.4	1.7%	0.9	1.3%	4.6	1.5%	3.0	1.1%	5.0	1.7%
Non-income tax contingency	0.0	0.0%	0.8	1.0%	-	-	0.8	0.3%	1.5	0.5%	-	-
Strategic alternatives and related costs	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.1	0.0%	0.1	0.0%	1.4	0.5%
Organizational realignment costs	0.1	0.1%	0.4	0.5%	0.0	0.0%	1.1	0.4%	0.9	0.3%	4.4	1.5%
Acquisition costs	0.0	0.0%	0.3	0.4%	0.1	0.1%	3.0	1.0%	0.4	0.1%	-	-
Claim settlement	-	-	-	-	-	-	-	-	0.7	0.3%	-	-
Adjusted EBITDA (non-GAAP)	\$ 29.4	35.4%	\$ 28.4	34.6%	\$ 23.3	33.8%	\$ 107.8	34.9%	\$ 92.2	32.9%	\$ 82.1	27.5%
Less: Capital Expenditures	12.0	14.5%	11.1	13.5%	11.0	15.9%	42.1	13.6%	36.4	13.0%	46.2	15.5%
Adjusted EBITDA less Capex (non-GAAP)	\$ 17.4	20.9%	\$ 17.3	21.2%	\$ 12.3	17.9%	\$ 65.7	21.2%	\$ 55.8	19.9%	\$ 35.9	12.0%



# 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, 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			LTM as of
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018
Net Cash Flows provided by operating activities:	\$ 10,288	\$ 15,342	\$ 3,308	\$ 42,985
Add:				
Cash paid for interest	15,815	15,509	10,999	58,117
Cash paid for income taxes	84	128	(24)	474
Cash paid for exit activities and restructuring	1,921	1,287	2,887	8,047
Cash paid for strategic alternatives and related costs	25	23	203	448
Cash paid for organizational realignment costs	118	431	-	1,071
Cash paid for acquisition costs	5	308	-	3,045
Other working capital changes	1,150	(4,640)	5,908	(2,412)
Adjusted EBITDA (non-GAAP)	<u>\$ 29,388</u>	<u>\$ 28,384</u>	<u>\$ 23,277</u>	<u>\$ 107,755</u>
Less:				
Capital Expenditures (CapEx)	\$ 12,003	\$ 11,083	10,985	42,081
Adjusted EBITDA less CapEx (non-GAAP)	<u>\$ 17,383</u>	<u>\$ 17,301</u>	<u>\$ 12,312</u>	<u>\$ 65,694</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)

	<b>Three Months Ended</b>		
	<b>September 30, 2018</b>	<b>June 30, 2018</b>	<b>September 30, 2017</b>
Net cash flows provided by operating activities	\$ 10,288	\$ 15,342	\$ 3,306
Capital expenditures:			
Maintenance capital	(3,597)	(4,197)	(1,715)
Growth capital	(8,406)	(6,886)	(9,250)
Free cash flow (non-GAAP)	(1,715)	4,259	(7,659)
Cash paid for interest	15,815	15,509	10,999
Unlevered free cash flow (non-GAAP)	\$ 14,100	\$ 19,768	\$ 3,340

# 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)	Original Guidance, as of 3/9/2018		Revised Guidance, as of 8/2/2018		Narrowed Guidance within Previous Range, as of 11/1/2018	
	Low	High	Low	High	Low	High
	Amount	Amount	Amount	Amount	Amount	Amount
Net revenues	\$320	\$330	\$320	\$330	\$320	\$324
Net loss (GAAP) attributable to INAP Shareholders	(\$48)	(\$38)	(\$47)	(\$37)	(\$54)	(\$51)
Add:						
Depreciation and amortization	70	70	86	86	88	88
Interest expense	59	59	61	61	65	65
Provision for income taxes	1	1	0	0	0	0
Exit activities, restructuring and impairments	11	11	2	2	4	4
Stock-based compensation	11	11	4	4	4	4
Non-income tax contingency and acquisition costs	1	1	4	4	4	4
Other expense (income), Gain on disposal of property and equipment, net	0	0	0	0	0	0
Adjusted EBITDA (non-GAAP)	<u>\$105</u>	<u>\$115</u>	<u>\$110</u>	<u>\$120</u>	<u>\$111</u>	<u>\$114</u>