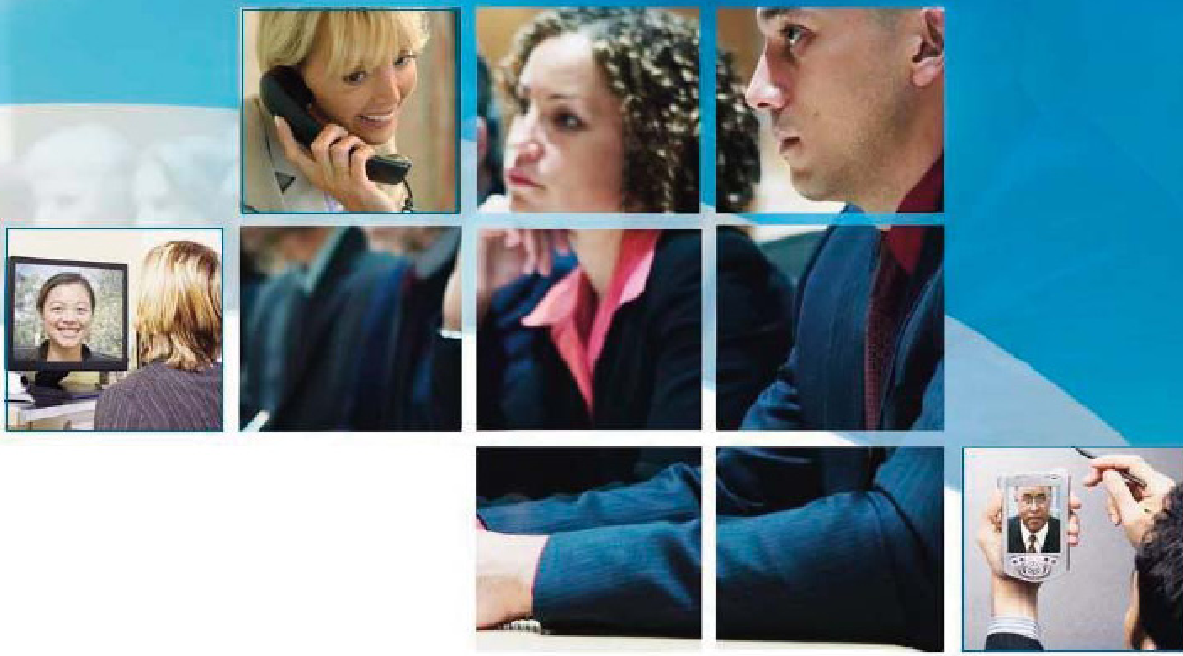

Final Transcript

InterCall®

Contents

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Corporate Participants

Jim Huseby

Interxion - VP, Investor Relations

David Ruberg

Interxion - Vice Chairman and CEO

Josh Joshi

Interxion - CFO

Presentation

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Interxion fourth-quarter and year-end 2011 earnings conference call. At this time, all participants are in a listen-only mode. There will be a presentation followed by a question and answer session, at which time if you wish to ask a question you will need to press star one on your telephone. I must advise you the conference is recorded today, on Wednesday 29th February 2012. And I would now like to hand over to your first speaker today, Mr Jim Huseby. Please go ahead, sir.

Jim Huseby - *Interxion*

Thank you, operator. Hello, everyone, and welcome to Interxion's fourth-quarter and full-year 2011 conference call. Today you'll be hearing from David Ruberg, Interxion's Vice Chairman and CEO; and Josh Joshi, the company's CFO. To accompany our prepared remarks we are again providing a slide deck. Slides are available on the investor relations page of our website at investors.interxion.com. I'd encourage you to download these slides to use during this call if you have not already done so.

Before we get started I'd like to remind you... I'd like to remind everyone that some of the statements that we will be making today are forward looking in nature and involve risks and uncertainties. Actual results may vary significantly from these statements and may be affected by the risks we identified in today's press release and those identified in our filings with the SCC. We assume no obligation and do not intent to update or comment on forward-looking statements made on this call.

In addition, we will provide non-IFRS measures on today's conference call. We provide a reconciliation of those measures to the most directly comparable IFRS measure in today's press release, which is posted on our investor relations page at investors.interxion.com. We'd also like to remind you that we post important information about Interxion on our website. We encourage you to check our website for the most currently available information. Following our prepared remarks we will be taking questions.

And now I'm pleased to hand the call over to Interxion's CEO, David Ruberg. David?

David Ruberg - *Interxion, Vice Chairman and CEO*

Thank you, Jim, and welcome. As Jim mentioned at the beginning of the call, we have prepared a slide deck that accompanies our prepared remarks. Josh and I will refer to these slides during our comments and we encourage you to download them and follow along. So please turn to slide three.

2011 was an important year for Interxion. It started in January with our IPO, which was a transformative event for the company in many ways, particularly when combined with the two high-yield bond deals that we did in 2010. The result of these events, combined with the RCF, have been to give the company more stable access to capital than it has in the past. One of the main benefits of having this capital visibility is that we now can extend our planning horizon, which is important to our customers and will help improve the effectiveness (sound slip). We've also made significant progress throughout the year against our operational and financial agendas and produced strong results in our first year as a public company.

I'd like to take some time to walk you through what I think are the highlights of the past year and their significance. First, let me give you a high-level recap of our full-year financial results and Josh will cover them in more detail later. Interxion continues its track record of strong organic growth, with revenue for the year of €244.3 million, which is up 17% from 2010. Revenue was balanced across all of our core customer communities of interest and we've had good performance from each of our two reporting segments, which we refer to as the big four markets and the rest of Europe.

Adjusted EBITDA for the year was €97.6 million, up 23% from 2010. We continued to enjoy robust margin expansion, which grew by 200 basis points when compared to 2010 and resulted in an adjusted EBITDA margin of 40% for the full year, demonstrating the operating leverage of our business model. Our net profit grew even more rapidly, reaching €25.6 million for the year, up 74% versus 2010.

The proceeds from our capital raising allowed us to implement our customer-driven expansion plans, which translated into an acceleration of our capital expenditures in the second half of the year versus the first half. We increased investments in both expanding existing sites, as well as adding new sites, with the total capex spend in 2011 of approximately €160 million... €162 million.

From an operational perspective we made significant progress in our announced data centre builds, which continue to be on track for completion in the announced timeframes. We completed four data centre expansions during 2011 and added 1,800 square metres of equipped space. In addition, we announced four new builds, one at each one of our big four markets. The first one, Frankfurt 7, is scheduled for completion before the end of the first quarter, followed by London 2 and Paris 7 towards the end of the second quarter, and Amsterdam 6 coming online in the fourth quarter of this year.

We ended 2011 with equipped space of 62,800 square metres and a utilisation rate of 75%. Churn remained consistent with historical trends, at approximately 0.5% per month on average.

And finally, we made some organisational changes during the year as well. Most significantly, we restructured our sales and marketing organisations to better align them with our evolving go-to-market strategy. These actions are not only designed to improve the volume of our sales, but also the quality, i.e. making sure that we get the right customers. Over the past year we have brought on specialists to serve each of our markets, as well as transformed our major accounts, national accounts and sales operations. Last month I attended our 2012 sales and marketing kick-off meeting, and one is impressed by the expertise by these new additions that we have brought into our team, as well as the passion that pervades our sales and marketing organisations.

In summary, I believe we had a very successful first year as a public company, both financially and operationally. The ability to address the capital markets and attain the capital that we raised has put us in a much stronger position to address our customers' growth requirements and to capture and realise the market potential that we see.

Please turn to slide four. Our fourth-quarter results extended a long history of organic revenue growth and expanding margins. Our ability to consistently drive the top line, even in an uncertain macroeconomic and broader business environment, demonstrates the strong secular trends underpinning the carrier-neutral collocation business in Europe, the demand for high-quality services like Interxion's, and most importantly, our ability to execute on our strategies. The operating leverage inherent in our business is clear. We've improved adjusted EBITDA margins from 33% in the first quarter of 2008 to 42% in the fourth quarter of 2011. Our ability to drive profitability at a faster rate than our top-line growth is also something that we are all very proud of.

We also believe that many of the marketplace and technological trends that we experience today are only in their early stages and they will continue to support Interxion's growth and margin expansion in the future. We also believe that these trends will support a pricing environment consistent with or better than what we experience today.

Please turn to slide five. Interxion's go-to-market strategy is built around identifying and serving market segments that have similar characteristics and then finding or developing communities of interest in those segments. This approach requires both focus and sales discipline. Our communities of interest are powerful value creators, both for our customers and for Interxion. Our customers' applications require high quality, low-response-time communications to both their customers and business partners, and the community with our data centre provide this by creating a network effect amongst like-minded customers.

As these communities develop, Interxion enjoys lower cost to acquire and retain customers, as well as better pricing and improved margins. In addition, serving our target communities provide additional revenue diversification and positions Interxion to capture business from these high-growth segments. During 2011 we continued to experience significant growth in our community membership. For example, we added over 50 new customers to our cloud community, comprised of both cloud service providers and systems integrators delivering cloud solutions to enterprises. Some of these new customers joined us as a result of our cloud test lab centres, which opened in two locations, both Amsterdam and London. These test labs are turnkey cloud-hosting test environments that enable hosting providers to develop cloud services for their customers by accessing and using tools from industry leaders.

We also saw strong growth in the media segment, which is driven by the IP growth... growth in IP traffic and video content. Our media community now has approximately 100 members across our footprint and benefits from our pan-European presence and key city centre locations, which provide very good response time to over 75% of the European GDP. In 2012, we will continue to focus on growing these communities, including more additional Magnet customers. These Magnet customers act as a catalyst for community growth by attracting new members to join communities across our footprint.

Please turn to slide six. I've briefly mentioned some of our completed and announced expansions, but I thought it might be useful to spend a bit more time on this topic. This slide updates the chart we presented on our third-quarter call, and we have updated and added Stockholm 14, which added 1,500 square metres of equipped space and opened earlier this quarter. We've also added a table on the bottom left showing year-end equipped space figures for 2010, 2011, as well as where we expect to be at the end of 2012 based on the announced and commenced projects scheduled to open during this year that are shown in the main table.

Looking at the main table you can see a very clear demarcation line between the type of projects we completed in 2011 and the ones we plan to complete in 2012. During much of 2011 we added space, equipped space in existing facilities, while in 2012 our main focus is adding space in new facilities, which is a more difficult and time-consuming process, especially from a permitting standpoint. To say that 2012 is a major expansion year for the company is stating it mildly. Four projects; Paris 7, London 2, Amsterdam 6, Frankfurt 7, all of which are scheduled to open this year, alone will add 12,000... approximately 12,000 square metres of equipped space or about 20% of the company's total year-end number of amount of equipped space.

Based on this space availability schedule, top-line growth will likely accelerate through the year and revenue will be more weighted towards the second half than usual. We expect the completion of these significant build programmes to provide us with very good momentum heading into 2013.

Also on this slide, for the first time we have provided a company-wide indication of the status of customer... of power availability. The numbers we are providing indicate the amount of customer available power that is installed and is immediately available, i.e. it requires no additional capex. As you can see from the slide, we are growing from 58 megawatts at the end of 2011 to about 75 megawatts of power at the end of 2012. And that only includes that which will be added as a result of the projects listed on this chart. This amount of power will be further increased by the additional power capacity that routinely comes online and already build our sites as the users require it. By the way, it is not only power, it is powering and cooling to support that.

If you please turn to slide seven. I thought it might be useful to spend a few minutes on a case study that exemplifies both the power of the communities of interest concept, as well as our disciplined approach to investing in and expanding our facilities. For this, we've chosen the City of London data centre campus. Our London data centres are in a campus environment on a single site that is centrally located to both the City of London and to Central London. It basically sits at the virtual intersection of several of our target communities of interest; the financial sector, the media sector, the cloud sector and the carrier and fibre route intersection. We are at the heart of it and can provide high availability, low-latency connectivity to all of them.

As an example, Interxion has had particular success in attracting customers in the financial services segment and currently houses nearly 100 trading and investment firms who benefit from our low-latency connectivity to the trading exchanges located at or close to Interxion's City of London campus.

This location is also part of Tech City. For those of you who are not familiar with that, this was originally a small cluster of high-tech firms, but Tech City has grown dramatically to become London's leading destination for digital, creative and high-technology companies. The UK government is actively supporting the development of this area and in just three years it has expanded from around 15 companies to over 300, growth that we all believe is set to continue. We have seen success in the development of a digital hub on campus, on our campus, and our London-based sales team is intensively focused on harvesting this opportunity, as we have the financial sector.

In order to support this kind of customer growth we develop, plan and build our campuses for the long term, taking care to deploy our capital carefully and seeking to remain agile in the deployment at all times. Our London campus is part of a prime 12-acre site that we believe is difficult to replicate. This site also provides us with the opportunity for several... for future development of several data centre projects, all within the same site, which will allow our future customers to benefit from the same response-time-sensitive connectivity that our current customers have access to.

The announced London 2 data centre development will increase the existing equipped space by about one third to just under 7,000 square metres. The announced 11-megawatt customer power deployment will increase power capacity to the campus by about 2.5 times of what currently exists and will be available not just for London 2 but to the entire campus, both existing and future, wherever we require it. As with all of our markets, we are constantly planning for future capacity requirements, and we are currently in the development phase within this London campus as well to bring more space and power online. Again, we think our differentiated London location provides us with an extraordinary growth opportunity in the largest data centre in Europe and a way to increase significant shareholder value.

And with that, I would like to turn the call over the Josh.

Josh Joshi - *Interxion, CFO*

Great. Thank you, David, and welcome to everybody. I'd like to start by talking a little about the group results in the quarter, followed by a little colour on our results by geographic segment. Then I'll move onto the full-year results and commentary.

Now please would you turn to slide nine? The fourth quarter and indeed Interxion's first year as a public company reflects the strength of our business model. Our results show continued growth through disciplined execution and also reflects the portfolio benefits of our broad geographic footprint. During the fourth quarter, total revenue was €64.4 million, up 4%, compared with €62 million last quarter, and up 16%, compared with €55.6 million in the fourth quarter 2010. On a constant currency basis the increases were 4% sequentially and 15% year over year.

Recurring revenue was €59.7 million in the fourth quarter 2011, up 3%, compared with €58.2 million last quarter, and up 16%, compared with €51.4 million in the fourth quarter of 2010. Recurring revenue was 93% of our total revenues, the same as last year and 1% less than last quarter. Non-recurring revenues was €4.7 million in the fourth quarter, a 24% increase from the third quarter and a 13% increase from last year's fourth quarter. Non-recurring revenue is by nature a little lumpy and in the fourth quarter was positively impacted by a one-time revenue of approximately €0.9 million relating to the deployment of a large customer.

Cost of sales in the fourth quarter were €25.5 million, down 2% from the third quarter, due in part to lower seasonal power costs, but also due to the positive impact of a negotiated property tax credit of 0.4 million relating to prior periods.

Gross profit was €38.9 million, an 8% sequential increase and 21% year-over-year increase. Gross margins expanded to 60.4% in the fourth quarter 2011, which was an increase of 230 basis points from both the third quarter 2011 and the prior quarter last year.

In line with my comments on last quarter's call, fourth-quarter sales and marketing costs, at €4.6 million, were almost 10% sequentially higher, partly due to the highlighted timing shift of some third-quarter spend into the fourth quarter. Sales and marketing costs in the fourth quarter were up almost 22% compared to the same quarter last year, due primarily to the specific sales and marketing investments that we have been making throughout 2011. As previously discussed, this cycle of investment is pretty much complete and we would expect to see sales and marketing expense to trend roughly to around 7% to 8% of revenues going forward.

Other G&A costs, excluding depreciation, amortisation and exceptional items, were relatively stable and reflect public company cost increases, particularly around SOX implementation and compliance in the fourth quarter.

Adjusted EBITDA was €27.1 million, an 8% sequential increase from the third quarter and a 27% year-over-year increase from the fourth quarter 2010. Adjusted EBITDA margins continue to expand and were 42.1% in the fourth quarter, up 180 basis points sequentially and a very strong 360 basis points year over year.

I would remind everyone about the positive effect of the one-time items I just mentioned, but nevertheless, a very positive outcome in the quarter.

Net finance expense in the fourth quarter decreased by 19% year over year and was down 6% sequentially from the third quarter. The reduction in interest expense is a reflection of the increased construction activity in the fourth quarter, which, required under IFRS, led to an increase in capitalised interest. Income taxes were a €1.9 million expense during the quarter, representing an effective tax rate of 50%, down from an effective tax rate of 31% in the third quarter 2011 and a 51% effective tax rate benefit in the same quarter last year. These swings are driven from the recognition of deferred tax assets on the future recovery of net operating losses. And I will take some time to talk more about this in a few moments.

The underlying cash tax rate in the quarter was around 16%. Net profit for the fourth quarter was €10.6 million, compared to 6.9 million in the third quarter, and a 12% year-over-year increase from €9.5 million in the fourth quarter 2010. EPS during the quarter was 16 euro cents, on 67.4 million fully diluted shares in the fourth quarter 2011.

I'd like to now briefly review our performance by geography. Please turn to slide ten. Total revenue in our big four markets of France, Germany, Netherlands and the UK was €39.6 million, up a strong 9% sequentially and 24% year over year, benefiting from the increased non-recurring revenue that I spoke about on the prior slide. Recurring revenue was €32.6 million, up 5% sequentially and 19% year over year. Adjusted EBITDA in the big four was €21.6 million, a 17% sequential increase and 35% year-over-year increase, as adjusted EBITDA margins continue to expand to 54.4%, up 370 basis points from the third quarter and 470 basis points from the fourth quarter 2010. This was in part helped by the one-time property tax benefit I talked of earlier.

The lion's share of our announced expansions being equipped in 2012 will occur in the big four countries, and as this happens we would expect to see some expansion drag, temporarily impacting adjusted EBITDA during the first three quarters of 2012. Our guidance takes our expectations here into account.

Total revenues in our rest of Europe segment were €24.8 million, a 3% sequential decline and a 5% year-over-year increase. Recurring revenues were €23.5 million, slightly lower than the third quarter, but a 12% year-over-year increase. Now, there are few factors here impacting the numbers and this quarter does not reflect some trend in rest of Europe. Non-recurring revenue was down 33% sequentially and 52% against last year. And, as I said before, non-recurring revenue can be lumpy, and this is simply due to comparisons against very good and excellent historical quarters of non-recurring revenue.

The other sequential impact is foreign currency headwinds on the Swiss franc and some one-time power billing troughs. Adjusted EBITDA in the rest of Europe was €13.3 million in the fourth quarter, slightly higher in the third quarter despite the negative one-time revenue comparisons, and 9% higher than the prior year's quarter. Adjusted EBITDA margins were 53.5%, an increase of 210 basis points sequentially and 190 basis points year over year.

Please turn to slide 11 where I will address our full-year results. For the year, total revenue was €244.3 million, at the top end of our guidance range, and a 17% increase from the €208.4 million in 2010. And despite some quarter-to-quarter swings and compensating foreign currency exchange swings within the two geographic reporting segments there was little overall foreign exchange impact to our revenues for the full year. Our revenue split for the full year was our traditional 60/40 split toward the big four.

Recurring revenue was 93% of total revenue and, reflecting the underlying strength of our business, was up 18% against last year. Average monthly churn during the year held to our industry-leading rate of 0.5% per month.

Gross profit benefited from the operating leverage inherent in our business model, as our gross margin expanded by 210 basis points to 58.3% for the year.

Adjusted EBITDA was €97.6 million, stronger than our guidance range of 91 to 95 million and a 23% increase from 2010. Like our gross margins, adjusted EBITDA margins also benefited from the operating leverage and expanded by 200 basis points, from 38% to 40%.

For the year, net finance expense decreased to €22.8 million, from €29.4 million. The primary reason for the reduction is due to some write-offs in the prior-year period as a result of the refinancing of existing debt with the bond in early 2010.

Income tax expense increased to €9.7 million, compared to 2.6 million in 2010. And for the same reason as the fourth quarter, these swings relate to deferred tax asset recognition. And I will talk a little bit more about this shortly. The effective cash tax rate for the year was around 10%.

Net profit was €25.6 million for the year, compared to 14.7 million in 2010, a 74% increase.

Moving to slide 12, I wanted to briefly reinforce the concept of underlying operating leverage in our business with the progression of this over time. You can see we've held the line on our cost structure, as revenues have growth rapidly, which has allowed significant expansion of our adjusted EBITDA margins over the last several years. We believe Interxion will continue to benefit from this operating leverage in 2012 and beyond as we grow the business further. At the midpoint, our guidance range looks for about a 150-basis-point improvement in adjusted EBITDA margin for full-year 2012 over 2011.

Please turn to slide 13. This slide sets out our total capital investment profile over the last several years. By this, I mean all capital investments that we've made to grow the business, including investments in PP&E and also intangible assets, which have been minor. I would remind you that our growth has been organic from day one. Following our IPO you can see a marked increase in investment during 2011 versus prior periods.

In 2011, we've invested €162 million in capital expenditures, including intangible assets. Of this, about €7 million was intangible assets relating in part to software systems and power grid rights.

We invested 155 million in PP&E, of which about €127 million was expansion and upgrade capex and just under €9 million for... was for maintenance and other capex. And we made an investment of about €19 million to acquire the land and buildings of our Paris 3 and 5 data centres. The investments in these two data centres was not our original... not in our original guidance, and we moved fast to purchase the two sites when the opportunity presented itself. Since the year end we've purchased the land and building of our Amsterdam 6 data centre, as we announced we would. And the associated costs are including in our 2012 guidance.

We continue to target returns of 30% plus.

And moving onto slide 14, I'd like to present a summary of our scorecard to date. We prepared an analysis of the annual cash return of our portfolio of 19 currently full data centres. For all practical purposes we consider our data centres full at 85% utilisation or more. We've put €290 million of gross investment to date, including maintenance capex, to fit them out to current levels. Our cash return for 2011, calculated as gross profit less long-term maintenance capex, was €101 million or around a 35% annual cash return on the company's initial gross investment of €290 million.

Please turn to slide 15. Cash and cash equivalents were $142.7 million at year end, down from 189.5 million at September 30th, primarily to the capital investments made in the fourth quarter. Long-term borrowings remain at nearly the same level as they have been since the bond tap in November 2010. We remain well capitalised with long-term certainty into our capital structure. The strength and stability in our capital structure remains... represents a key difference from where Interxion was two years ago versus where we are today. Our revolver remains undrawn, our plan remains fully funded.

The growth in adjusted EBITDA continues to strengthen our credit statistics. Our gross leverage ratio ticked down to 2.7 at year end, down from over 2.9 last quarter and 3.3 at the end of last year. Net of our cash balance, the leverage ratio is even better, at a little over one times adjusted EBITDA.

As I've said on previous calls, the company is... has a statutory tax rate of approximately 30%. However, we continue to benefit significantly from the tax shield that the company possesses by way of net operating losses and tax timing differences, which at the year end was approximately €160 million gross. The recognised portion of this represented a €38 million net deferred tax asset.

Overall, from a financial perspective, 2011 has been a solid year for Interxion, with the delivery or outperformance on all of its key financial metrics during a transformational year for the balance sheet.

With that, let me turn the call back over to David.

David Ruberg - *Interxion, Vice Chairman and CEO*

Thank you, Josh. We're expecting to again benefit in 2012 from the same industry trends that drove our growth in 2011, coupled with our strong reputation for operational excellence and customer-focused execution. Our guidance philosophy this year remains consistent with our philosophy from last year. That means we're going to give... to provide annual guidance which we will update on a quarterly basis. Therefore, for 2012 we're expecting revenue to be in the range of €275 to €285 million. We expect to deliver adjusted EBITDA in the range of €112 million to €120 million and we expect to invest between €170 million and €190 million in capital expenditures this year.

As we look into 2012 we've announced plans to deliver about an incremental 12,000 square metres of equipped space this year. All of that capacity is under construction today. And, by the way, our Stockholm expansion is already done. And in fact our Frankfurt 7 data centre is scheduled to open in a couple of weeks.

As always, and in concluding, I would like to thank all of our employees in our 11 different countries for staying focused on our customers and, despite the poor macro environment, for delivering a strong first year of performance as a public company. And I would also like to thank our shareholders and bond holders for their continued support.

I would now like to hand the call back to the operator to begin the question and answer segment. Operator, can you please out the instructions to register questions from the call?

Questions and Answers

Operator

Thank you, sir. Ladies and gentlemen, we will now begin the question and answer session. If you wish to ask a question, please press star one on your telephone keypad and wait for your name to be announced. If you wish to cancel your request you can use the hash key. Once again, that's star one to ask a question.

And your first question today comes from the line of David Barden from the Bank of America. Please ask your question.

David Barden - *Bank of America*

Hey, guys. Thanks for taking the questions and having the call. A few, if I could. First, maybe, David, could you talk a little bit on the selling side? First, could you, kind of, elaborate a little bit on what you are attempting to accomplish and what the results you expect will be from the sales restructuring you recently undertook?

And then second, can you talk a little bit about how receptive the market has been to pre-selling these larger facilities? Obviously we're going to see a lot of these big things, kind of, hitting the market. Could you, kind of, give us a sense of how full up we can expect these things will be as they start to hit the ground?

And then lastly, if I could, Josh, could you talk a little bit about what kind of FX assumptions you've baked into your 2012 numbers you're sharing with us today? Thanks.

David Ruberg - *Interxion, Vice Chairman and CEO*

Thank you, David. The first issue is on the sales restructuring. As I tried to highlight a little bit in my remarks, there are two efforts here, one, to... certainly as the company grows, to expand the revenue opportunity for the company and support the expansion. The other is really the quality of the revenue that we get. I think from a long term value creation for both our customers and for our shareholders it's very important that we not just take any order that walks in the door, that we be very disciplined, that we not take all applications from all customers and we continue to stay focused on the right customers and the right applications. That's a very disciplined approach. We need a more consolidative approach. And that's part of the programme.

The second effort is as these new sites come online we would expect to see an additional benefit from these incremental sales people in the second half of the year to contribute to filling up those sites. In terms of what we will say about the... where we are in terms of filling these sites up, it's been very consistent, that we expect on day one to be in a position where, you know, it is sold to the 25% level, not installed to the 25% level. So there's a big difference. It may take a while for the revenue to appreciate, but it's certainly sold. And we see nothing to indicate that there's going to be any difference in that. We did indicate on the one data centre in Amsterdam that at the present time it was more than 50% sold, and the results to date are consistent with what we said before.

On the FX, Josh.

Josh Joshi - *Interxion, CFO*

Yes. Thanks, David, and thank you, David. The... looking at what we've baked into our guidance, there are two areas. It's euro/sterling and euro/Swiss franc. Sterling represents about 14% of the top line, and the exchange was... that we used was €0.87 to the... euros to the pound. And in relation to Swiss franc, which represents 7% or so of the top line, we used an exchange rate of 1.2. Does that... is that what you were after?

David Barden - *Bank of America*

No, that's exactly, yes. Thanks, guys. I really appreciated it.

Operator

Thank you. Your next question comes from the line of Chris Lawson... sorry, Chris Larsen from Piper. Please ask your question.

Chris Larsen - *Piper*

Hi. Thank you. David, I wondered if you could talk a little bit about... you mentioned in your prepared remarks that you've got a lot of builds coming on this year, and maybe just talk through your confidence level in hitting all those targets and how far along those... they've progressed.

And then I wondered, Josh, in your comments you mentioned the tax shield, and that was the recognised. Is there a certain amount of unrecognised portion of the tax shield that's still out there that... above and beyond the 160 that you identified?

David Ruberg - *Interxion, Vice Chairman and CEO*

You want to answer the...?

Josh Joshi - *Interxion, CFO*

Yes, sure. So, yes, so you're absolutely right, we've got an unrecognised component of our tax shield, and it's about €8 million of deferred tax asset.

David Ruberg - *Interxion, Vice Chairman and CEO*

Chris, on the builds, we are highly confident. We, over the last five or so years, have done I think a very good job in setting deadlines and making deadlines in terms of our construction projects. It hasn't been 100% perfect, but it's been very good. And in the number of these site locations, you can see over the last couple of years that, you know, we're up to Frankfurt 7, Paris 7, Amsterdam 6. We have a good history of delivering these things in these areas, and the people that have delivered over the past are still with us. The one hiccup that we had, and we've been very open about this, is what happened in London 2, and that was just a permitting issue and that is behind us. It is not a construction issue.

So we feel very comfortable about the big four that we're talking about in Frankfurt 7, which I again indicated is ready to open in a couple of weeks, so that one's out of the way, London 2, at the end of the second quarter, Paris 7 and Amsterdam... Paris 7 at the end of the second quarter and Amsterdam 6 in the fourth quarter, sorry. Chris, we feel very comfortable about it.

Chris Larsen - *Piper*

Great. That's helpful to know that the stuff that's out of your control, the permitting stuff, is largely behind you. Thank you, David.

David Ruberg - *Interxion, Vice Chairman and CEO*

You're welcome.

Operator

Thank you. Your next question comes from the line of Jonathan Schildkraut from Evercore Partners. Please ask your question. Hello there, sir. Do you have your line on mute? We've open you this end.

Jonathan Schildkraut - *Evercore Partners*

Hello. Hi. Two questions, if I may. The first is on strategic priorities. You know, we go back a year ago and we're having the same conversation, David, and you talked about really getting the expansion engine up and running and a little bit about the sales force reorganisation. As we look at 2012, already what you've announced is, you know, seven times as much capacity coming online next year as this year and, kind of, coming to completion on the sales force efforts. What are the strategic priorities for 2012 relative to the ones that you laid out for 2011?

And then the second question really has to do with, kind of, the guidance and understanding, kind of, maybe the puts and takes of how this business works. But based on what you're saying and looking at the capacity and potential cabinet additions, it looks like the back half of this year, if the ramp is as you say, could lead to, potentially, stronger growth rates in 2013 than in 2012. And I'd just like to get some perspective on that. Thanks.

David Ruberg - *Interxion, Vice Chairman and CEO*

The strategic objectives for this year are pretty much the same as last year, with one additional... with one addition, more emphasis on what we're doing in the United States. So I'm probably going to pre-empt a question here in terms of what's going on with Telex and CoreSite. There are two reasons for developing a relationship with Telex and CoreSite. One is for the leads that they could potentially bring us in terms of either referral or orders, but the other is the strategic element of it, where they have customers, and we have the same customers. And so we're not looking to... for... to give them business, for us to give us business, but we're looking for... to present a European and US consistent approach from selling, servicing and supporting, and that element is going very well. And so you will see us focus more on what we're doing from a strategic standpoint with the two guys that we have in the United States.

The other question.

Josh Joshi - *Interxion, CFO*

Yes. This was around the puts and takes on guidance, Jonathan. I mean, I think, you know... I think David mentioned earlier on in the call that, you know, we see the progression of guidance during the course of the year to be weighted more to the second half than it has been... progression of revenue to be weighted more to the second half than it has been historically. I think that that's evident as you look at the way that the expansions are going to come online. And, you know, this is a recurring-revenue business and, you know, as you go on from there you take that forward. But our focus right now, as we said at the top of this, was to deliver on the 2012, and the guidance is where we're at.

David Ruberg - *Interxion, Vice Chairman and CEO*

Jonathan, let me circle back to that. We believe we have the right strategic plan, this market segmentation. We believe we know which customers will create long-term value in these communities of interest and we are just doggedly focused on doing that. All I can tell you is if we'd have had more space last year we'd have sold more.

Jonathan Schildkraut - *Evercore Partners*

All right. Thank you, David; thank you, Josh.

Operator

Thank you. Your next question comes from the line of Clay Moran from Benchmark. Please ask your question.

James Dobson - *Benchmark*

Hello. This is James Dobson on for Clay. I have two questions. First, could you talk about if there's been any change since your third-quarter call in regards to the overall business environment, including the elongated sales cycle you referenced?

And then also, can you talk about the supply and demand in London and Frankfurt and the initial read on, sort of, the absorption of the new space coming on there? Thank you.

David Ruberg - *Interxion, Vice Chairman and CEO*

Yes. On the first one, it has been pretty consistent over the last three or four quarters in terms of interest uptake. We haven't seen any lengthening of the sales cycle, but we also haven't seen any shortening of the sales cycle as well. And one would expect that, given the economic environment that we're currently in. I will tell you that we've seen a more optimistic approach from our customers in the United States. I would also add that one of the areas that seems to be focused for the people in the United States is the attractiveness of the network capacities in Amsterdam and their ability to reach the Continental Europe by putting their IT solutions, IT platforms in that city.

Did I answer your question?

James Dobson - *Benchmark*

Yes. And regarding London and Frankfurt, supply and demand?

David Ruberg - *Interxion, Vice Chairman and CEO*

We have to differentiate and be careful about the difference between wholesale and carrier neutral and retail and we have to be... also differentiate about each location. I believe that if you talk to the people in the City of London or in Central London and tell them that you're building carrier-neutral collocation space you get a loud... what do they say in Britain, a loud cheer, whatever...?

James Dobson - *Benchmark*

Hurrah.

David Ruberg - *Interxion, Vice Chairman and CEO*

Hurrah. So I don't think that's an issue at all. And Frankfurt, again, most of the players that are in the carrier-neutral space know each other well. And the supply/demand imbalance is basically intact in Frankfurt as well. So, London, there is a shortage and that's why we are... in the centre of the city, and that's why we're pushing this as hard as we possibly can, to get that site developed in spite of all the permitting issues. And in Frankfurt, we believe that there's a balance there, even given the economic environment.

James Dobson - *Benchmark*

Great. Thank you.

Operator

Thank you. Your next question comes from the line of Sandeep Gupta from Barclays Capital. Please ask your question.

Sandeep Gupta - *Barclays Capital*

David, congrats on a great quarter here.

David Ruberg - *Interxion, Vice Chairman and CEO*

Thank you.

Sandeep Gupta - *Barclays Capital*

Given the recent run up in the stock price, have you guys started to have conversations at the board level about potential changes to the ownership structure, especially the Baker ownership?

David Ruberg - *Interxion, Vice Chairman and CEO*

Gupta, we don't talk about what goes on at a board level, okay? So, look...

Sandeep Gupta - *Barclays Capital*

Yes, sure, but, I mean, has...

David Ruberg - *Interxion, Vice Chairman and CEO*

Rephrase your question, all right. I don't want to put the question into your mouth, so...

Sandeep Gupta - *Barclays Capital*

Sure. So do you have any view on what...? I know you're not going to be able to say what John is going to do, but are your investors asking you what the future is for the company, whether it'll be ownership structure or anything strategic?

David Ruberg - *Interxion, Vice Chairman and CEO*

Let me answer this a little differently. I mean, again, Gupta, if we had discussions on a selective basis with our shareholders and they talked to us, I... it would... I assume they would prefer it stayed that way. Look, we're always looking for ways to create shareholder... we're looking for ways to create value for those people that invest, and whether it be customers or shareholders or bond holders. And one of the ways of creating value is by giving them opportunity for liquidity. And so yes, as a company we're doing whatever we can to create that value, and again, part of value is liquidity. And other than encouraging you to call the shareholders yourself and... that's all I can say. Okay?

Sandeep Gupta - *Barclays Capital*

All right. And secondly, on the US, you know, it's... you mentioned that a significant portion of the European revenues get booked in the US. And I know you have strong relationships with Telex and CoreSite right now. Would you consider looking at ownership of assets in US if you think that the right assets were available? Is that something that, you know, you foresee in the next three to five years potentially?

David Ruberg - *Interxion, Vice Chairman and CEO*

Somehow I knew that's where this question was going. Look, I'm going to go back to the comments I made about shareholder value. We are always looking for ways to do this. I will tell you that right now it is not important, and I've said this before. How do you get access to the US market? You can advertise in the US market, you can sell in the US market or you can provide service in the US market. Okay? So we are advertising in selling. Halfway between that and acquiring an asset and providing services also is the opportunity to work with people that have common customers so that you can sit down together and potentially evolve a support and selling strategy that they feel comfortable with.

We are not in the position today, and I don't foresee for the future, the next couple of years, where people basically come to us, company A, which is on both sides of the pond, and says that I will only do business with you if you do it on both... if you provide the service. We haven't even gotten to the point where they've encouraged us to do that. But we are doing it to give them the unified support. In addition to that, you know, we have access to capital now. We will always look at opportunities, whether it be acquiring smaller companies, merging or any other thing that will create the appropriate shareholder value. Okay?

Sandeep Gupta - *Barclays Capital*

Thank you.

Operator

Thank you. Your next question comes from the line of Jonathan Atkin from RPB Capital Markets. Please ask...

Jonathan Atkin - *RPB Capital Market*

Yes. Thanks for taking the question. I was interested in the portion of this year's capex guidance that you provided is related to capacity that you would potentially try to tee up for opening in 2013.

Josh Joshi - *Interxion, CFO*

Jonathan, can you rephrase the question? What was the... what are you trying to get at?

Jonathan Atkin - *RPB Capital Market*

Yes. Well, there is the announced expansions, and I'm imagining that you do spend some of your time thinking about the capacity that you would want to open up after the end of this year. And without going into specifics, I wondered how much of the capex budget this year is related to space that would in fact be expanded in 2013 or beyond.

Josh Joshi - *Interxion, CFO*

So this is around the capex guidance that we've given and how much of the capex that we've given relates to expenditure that's for data centres opening in 2013. Have I got that right?

Jonathan Atkin - *RPB Capital Market*

Correct.

Josh Joshi - *Interxion, CFO*

And so we have got very little by way of... we've always got some capacity coming online and some development going online all the time, but the guidance that we've given is in relation to 2012.

Jonathan Atkin - *RPB Capital Market*

And then you talked a little bit about the tenure of US-based demand and David said he's seen more optimism from US customers. Can you talk about maybe other regions? Is Asia a meaningful driver of some of the enquiries and customer wins that you're citing?

David Ruberg - *Interxion, Vice Chairman and CEO*

Yes. But this is going to be a little vague since, you know, we're not... we don't have feet on the street in Asia. What we're seeing primarily from Asia is the carriers attempting to upgrade and determinate their service opportunities and provisions in Europe. And so that is an issue. But, Jonathan, most of what we... with the economies where they are, what we see happening is the people that are trying to deploy platforms, whether it be IAS platforms or platform as a service or the software as a service, it's people starting to deploy capital to get prepared for what they believe, in talking to them, and I'm only speaking for them, what they believe will be the economic recovery timeframe, which is somewhere in the second half of 2013.

So the carriers and people that don't have long, you know, development cycles can wait for the business to develop before they deploy the capital. Some of these other applications that we're talking about have longer development cycles, and that's what we're seeing.

Jonathan Atkin - *RPB Capital Market*

Thank you.

Operator

Thank you. Your next question comes from the line of Gray Powell from Wells Fargo. Please ask your question.

Gray Powell - *Wells Fargo*

Hi. Thanks for taking the question. I just have a couple. Can you help me think about recurring and expansion capex? And then you had a good slide in the presentation that, kind of, dissected 2011, and you detailed that you spent 127 million on expansion in upgrade capex. How much of that was on new facilities that you opened in 2011 versus upgrading existing facilities. And then just, you know, longer term, how should we think of existing facility upgrade type capex?

Josh Joshi - *Interxion, CFO*

So the capex that we spent during the course of 2011, the... you know, there are various perspectives on it. In terms of the proportion of the capex that relates to 2012, in fact most of the capex that we spent in 2011 related to expansions that were going on either in 2011 or 12. And I think we talked earlier on in the year about 50% was in relation to capex going on or expansions going on for 2012 opening.

Gray Powell- *Wells Fargo*

Was that 50% of the total or 50% of the 127 or expansion and upgrade capex?

Josh Joshi - *Interxion, CFO*

Give me a few minutes and I'll come back to you with a response. Do you want to move onto the next question?

David Ruberg - *Interxion, Vice Chairman and CEO*

Well, let me... we'll think about that, but one of the things to keep in mind when we announce these projects, what we announce is the entire capital that we intend to expend when this site is 100% full or 80% or 85, when it's full and at full power. That capex, to get to that point, may take... after the site is full, may take another two or three years. Power and space do not roll out at the same rate. I saw somewhere in print that someone said they do roll out at the same rate. Not at all, and I think you can see that from a logical perspective.

And so, again, once we have moved onto selling at a new site you may see... still see capital being deployed. So that is why I... we need to... we haven't been asked this question. We need to think about it and get back with an answer, because there's a tail from some things that were full in 2010, 11, 12 and we don't want to mislead anyone. All right?

Gray Powell - *Wells Fargo*

Yes. I mean, maybe I'm making it too complex. Like, just generally speaking, I think you guys talk about, you know, four to 6% of revenue for maintenance capex. You know, does that include, like, power upgrades or should I think of power upgrades on older facilities, you know, being included in that?

David Ruberg - *Interxion, Vice Chairman and CEO*

No. Maintenance capex is either preventive or replacement capex, and it's four to 6%. No. Any time that we add capacity, that is not considered maintenance. Okay?

Gray Powell - *Wells Fargo*

That's helpful. Thank you.

Operator

Thank you. We have time for one more question. And the question comes from the line of Milan Radia from Jefferies. Please ask your question.

Milan Radia - *Jefferies*

Good afternoon. Thank you. Just a question on sales and marketing. When I look at that seven to 8% range that you talked about, Josh, and compare it with some of your European peers it's quite a bit higher. I just want to understand your take on that differential. Is it more intensity of spend by market, more specialist skills? Is it something that's running in tandem with this quite substantial and new opening programme and then settles down to a low level or do your rivals have to converge upwards?

And then, sort of, related to that, you know, are the buyers out there, the customers asking for deep domain knowledge or specialist skill sets or are they happy to bring that and just looking for generic, you know, kind of, sales and marketing skills from the operator?

David Ruberg - *Interxion, Vice Chairman and CEO*

Good questions, Milan. On the seven to 8%, I don't know what our competitors are spending in detail because sometimes the lines get relatively vague, but I do know that they use indirect channels, and we're evolving to that. But I would expect, for a business that has this level of margins, that seven to 8% on a corporate basis in sales and marketing is a pretty good number. Historically, if I look across the industries, that's not bad.

And as far as the domain expertise is concerned, yes, they are asking for that because what they're looking for is to put themselves in a position where we can help them create value. This is not a cost displacement, either a capex or opex business. We are working with people that want to know what other customers do we have. We have IAS guys, looking to say, okay, this is my business; now, how do I improve my business? What other customers do you have? What other customers are you going to get? Where's your marketing strategy?

And so that is, long term, I think a significant differentiator for us as we get these communities of interest and they begin to get scale and critical mass. And it takes time. You have to nurture that. You have to build that. You just can't let them walk in the door and say, you meet my objectives in terms of you're a live body and you pay what I ask, that's it. That takes time. And that I think, long term, is what's going to allow us to differentiate ourselves and get those that are focused on value and get higher and higher EBITDA margins. Okay?

Milan Radia - *Jefferies*

Makes sense. Thank you.

David Ruberg - *Interxion, Vice Chairman and CEO*

Go ahead.

Josh Joshi - *Interxion, CFO*

Operator, that is all the time that we have for today. I want to thank everybody for joining us on today's conference call and we look forward to speaking with you in a couple of months time. Thank you.

Operator

Thank you, sir. Ladies and gentlemen, that does conclude your conference for today. Thank you all for participating, and you may now disconnect.