

INTERXION

**Moderator: Jim Huseby
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OPERATOR: This is conference # 4092846

Operator: Ladies and gentlemen, thank you for standing by, and welcome to today's Q3 2018 Results Conference Call. At this time, all audio participants are in listen-only mode. During the presentation, we will have a question and answer session, at which time, if you wish to ask a question, you will need to press star and one on your telephone keypad and wait for your name to be announced. Alternatively, you can submit questions at any time via the webcast. To submit a question, click the Q&A icon on the lower left-hand corner of your screen, type your question in the open area and click send to submit.

I also must advise you that this webcast being recorded today, Thursday, the 1st of November, 2018. And now I would like to hand over the webcast over to presenter today, Mr. Jim Huseby. Thank you. Please go ahead, sir.

Jim Huseby: Thank you, operator. Hello, everybody, and welcome to InterXion's third quarter 2018 earnings conference call. I'm joined by David Ruberg, InterXion's Vice Chairman and CEO; Richard Rowson, our Vice President of Finance; Giuliano Di Vitantonio, our nChief Marketing and Strategy Officer; and John Doherty, our newly appointed Chief Financial Officer. To accompany our prepared remarks, we've prepared a slide deck, which is available on the Investor Relations page of our website at investors.interxion.com.

Also before we get started, I'd like to remind everybody that some of the statements we will be making today are forward-looking in nature and involves risks and uncertainties. Actual results may vary significantly from those statements and may be affected by the risks we identified in today's press release and those identified in our filings with the SEC. We assume no obligation, and do not intend 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 at InterXion.com and social media sites such as LinkedIn and Twitter. Following our prepared remarks, we will be taking questions over the phone. Now I'm pleased to hand the call over to InterXion's CEO, David Ruberg. David?

David Ruberg: Thank you, Jim, and welcome to our third quarter 2018 earnings call. Before we get started, I would like to welcome John Doherty to the company. This today is his first David InterXion. I also want to thank Richard Rowson for the tremendous job as the interim CFO for the past 10 months as we conducted the CFO search, which it will lead us through the discussion of financial results in the call today. Please turn to Slide 4.

During the third quarter, InterXion continue to benefit from favorable demand trends. Primarily from cloud platforms resulting in a strong financial results. At the same time, we remain focus on operational execution, adding capacity in key markets to lay the foundations for continued growth in the future. Consistent with recent quarters, cloud and content platforms remain particularly active and adding to their computer capacity and network nodes in a number of our locations.

Q3 was another active quarter, highlights include a 14 percent year-over-year increase in total revenue, all of which was organic. A 15 percent year-over-year increase in recurring revenue, a 17 percent year-over-year increase in adjusted EBITDA, representing a Q3 adjusted EBITDA margin of 46.3

percent. Equipped space increased by 7,700 square meters as several projects were brought forward and completed late in the quarter.

Expansions were completed in 5 different countries in Q3. Installations surpassed 5,000 square meters of new revenue-generating space. Bookings in Q3 were strong, and the sales pipeline continues to reflect solid demand. Pricing remained stabled and churn remain within our historical ranges. We completed a ball cap of our 4.75 percent notes, raising over EUR 200 million. And after the quarter, we announced additional capacity expansions in Amsterdam and Marcio.

Please turn to Slide 5. As indicated before, revenue in Q3 came in at EUR 142 million, up 14 percent from last year and 2 percent sequentially. The current revenue and nearly EUR 135 million, represented 95 percent of total revenue and was 15 percent higher than last year.

Adjusted EBITDA was nearly EUR 66 million in Q3, an increase of 70 percent year-over-year and 4 percent sequentially. Richard will talk in more detail about these numbers later in the call.

Please turn to Slide 6. We added 7,700 square meters of equipped space in the third quarter, and we ended the period at 140,300 square meters. We also installed 5,000 square meters of revenue-generating space led by Amsterdam, Marcio and Vienna. We ended Q3 with 11,200,000 square meters of revenue-generating space, resulting in the overall utilization of 79 percent. Recurring cross track revenue continue to grow faster than a recurring revenue, contributing over 6 percent of total revenue in Q3.

Please turn to Slide 7. The record amount of new capacity added in the third quarter was driven by projects completing early than announced as we pull some delivery day forward slightly to accommodate customer requests for early access.

We have now opened 15,400 square meters of new capacity, so far during 2018, which exceeds the amount of new capacity we've added in any prior full year. In addition, we have over 38,000 square meters of new capacity under construction, including our most recently announced new data centers

Frankfurt 15 and Marseille 3. This represents an increase of over 25 percent compared to the level of equipped space at the end of Q3. The expansion activity remains broad-based with current projects in 11 of our 13 cities, including all 6 cities in the Big 4 countries and in 5 of the 7 Rest of Europe countries. In the 2 remaining quarters, Belgium and Ireland, additional capacity was opened earlier this year.

All of this activity is taking place in response to ongoing healthy demand from across our customer base. Many of you may be familiar with CBRE's quarterly advances of European data center market, and their most recent publication forecast for the European colocation capacity take up in 2018, and continuing strong take-up in 2019. Our own discussions with our major customers are consistent with these forecasts. Indeed, we're also seeing growth demand in certain Tier 2 European markets alongside the Big 4.

In addition to ongoing expansion practices, we continue to acquire additional land for future recent bills. Last week, we completed the purchase of land in Zurich, where we've also secured the requisite power. And we are in negotiations to expand our land bank in other locations.

Our financial track record is a product of consistent and careful execution, especially with respect to capacity expansion. The presence of clear lines of sight to customer demand and many cases to specific deals, together with the returns consistent with historical levels remain primary considerations for our capital allocation.

Our highly connected data centers and community centers remaining significantly differentiated value proposition for our customers.

Please turn to Slide 8. Q3 was another record quarter with revenue growth across the board along with strong bookings. In line with previous quarters, over 90 percent of bookings came from the existing customer base. At the same time, we continue to add new customers at healthy rate and are a scene deals across the size spectrum. The strength of our communities underpinned by the mix of customers. Of the 2,000 plus customers, around 20 percent

comprised platforms, over 30 percent our connectivity providers and almost 13 percent of our enterprises. This diversity is the foundation of our success.

In Q3, we continue to see the same demand that we've seen in previous quarters. The growth of platforms accelerate, while growth from connectivity and enterprise remain stable. As a result, the distribution of revenue by business segment, which is depicted on this slide continues to slowly tilt towards platforms. The trusted relationships that we have established with our largest customers other products have many years of experience of successfully working together and are leading to enhanced line of sight to future deployments.

As a consequence, we're receiving a greater flow of orders within commencement dates than a more than 12 months out and more reservations for future deployments with us. Notably, deals with these customers in some cases are characterized by larger footprints and longer-contract terms yet pricing remains stable.

Within the platforms segment, across B2B and B2C platforms, we are also starting to see greater diversity in terms of size, logos and geographical distribution. The steady growth in the Connectivity segment is another indication of the virtual cycle that exist between platforms and growth in data traffic. The demand we have experienced from connectivity providers is evenly spread it across most of our locations with particular strength Frankfurt and Marseille. Connectivity growth in Frankfurt has been the strongest among the European colocation markets. The increased presence of the platforms in our Frankfurt community, both B2B and B2C continues to attract a significant number of incremental PoPs by connectivity providers seeking to capture share of the substantial traffic originating in our campuses.

Traffic is the currency with which we measure the strength of our communities, and is an approximate indicator of our prospects for the continued long-term profitable growth of our business.

The Enterprise segment continues to develop as expected with the customers gradually ramping up the cloud migration plans and becoming increasingly

familiar with the important role that colocation can potentially play in their IT architecture modernization process. They are adding new customers both with direct-enterprise engagements, such as (inaudible) and indirect appointments through systems integrators such as (inaudible). The indirect path to the enterprise customers all provide IT service providers is particularly important because of the central world that they play (inaudible) and implementing enterprise these strategies.

In region where these models have the most areas is Europe, and Europe is the nor decks, where we are – we have built strong relationships with established European system integrators such as NNIT and Avery. These customers – these companies are customers as ours who hosted a wide range of enterprises in their data centers. After their initial employee deployments with interaction, they have grown by adding new enterprises to their own customer base in turn leading sizable increases and capacity contracted with us. I will now like to turn the call over to Richard.

Richard Rowson: Thank you, David. We're pleased to report that InterXion delivered yet another very good quarter, characterized by solid execution and a continuation of our pattern of customer consistent midteens growth. As previously mentioned, during the quarter, we executed well received 1 tab that raised an additional EUR 204 million of capital following the broader refinancing we completed in the second quarter, which together position us to continue this growth.

Total revenue in Q3 came in at EUR 142.2 million, up 14 percent compared to Q3 2017 and a 2 percent sequential increase. This revenue growth was entirely organic and currency movements have momentarily impact on total revenue by the year-over-year or at sequentially.

Recurring revenue in Q3 was EUR 134.8 million, representing a 15 percent year-over-year increase and a 2 percent sequential increase. Our premium in Q3 was EUR 413, reflecting a strong quarter for new insulations many of which occur towards the end of the period. Recurring represented 95 percent of total revenue in Q3, again consistent with the rate we typically report.

Nonrecurring revenue in Q3 was EUR 7.4 million, up 3 percent year-over-year and up 5 percent sequentially, reflecting the ongoing high levels of customer inflations.

Cost of sales was EUR 55.9 million in Q3, up 13 percent year-over-year and up 4 percent sequentially, resulting in gross profit of EUR 86.3 million, a 15 percent increase year-over-year and 1 percent sequentially.

The gross profit margin for the quarter was 60.7 percent. Sales and marketing costs were EUR 8.7 million in Q3, up 6 percent year-over-year and down 9 percent sequentially. This decrease was primarily a function of the favoring marketing activities and expenditures between quarters.

Other G&A costs were EUR 11.8 million in the quarter, up 12 percent year-over-year and down 2 percent sequentially, reflecting lower professional fees in the quarter.

At 8.3 percent of revenue other G&A costs remained within our expected range of 8 percent to 9 percent of revenue. Adjusted EBITDA at EUR 65.8 million increased 17 percent year-over-year and was up 4 percent sequentially, representing an adjusted EBITDA margin of 46.3 percent, an increase of 120 basis points year-over-year and 60 basis points sequentially.

The Q3 depreciation and amortization expense came in at EUR 32.9 million, an 18 percent increase year-over-year, remaining consistent with the increase in our depreciable asset-based resulting from the ongoing investments in our data centers.

The finance expense in Q3 was EUR 11.7 million, essentially flat compared to the prior quarter, excluding the onetime charges we incurred in Q2 related to the refinancing that was completed in June.

The Q3 income tax expense was EUR 4.4 million, equivalent to effective tax rate of 29 percent, which continues to be elevated by the impact of non-deductible share based payment charges.

Our OTM cash tax rate was 32 percent, consistent with the prior quarter reflecting the impact of the Q2 refinancing, while the cash tax rate for Q3 was 26 percent.

Net income was EUR 10.9 million in Q3, up 16 percent year-over-year and 23 percent sequentially. After adjusting for the one-time charge of EUR 11.2 million, relation to the June refinancing. Adjusted net income in Q3 was EUR 11.6 million, up 16 percent year-over-year and up 31 percent sequentially.

Adjusted earnings per share was EUR 0.16 on a diluted share count of [EUR 72.1 million – 72.1 million shares] up 16 percent compared to Q3 2017 and up 31 percent versus last quarter.

Looking ahead to the fourth quarter, we expect ARPU to be within a range of EUR 412 to EUR 414 based on timing of new customer installations. As it's by now well understood the operating metric has been specific to the pace and timing of the customer relations. (inaudible) higher activity we'll see greater initial dilution impact, which will be partially offset by continued growth in recurring revenue from higher energy consumption and increased density of cross-connect from establish customer deployments.

Cross-connect revenue will be approximately 6 percent of total revenue for the year, nonrecurring revenue should again be about 5 percent of total revenue. Sales and marketing costs should be consistent with the year-to-date percentage of revenue, while other G&A cost should it remain within our typical range of 8 percent to 9 percent of total revenue.

Please turn to slide 11. Strong growth in InterXion's Big 4 markets continued with you for a – Q3 revenues of EUR 93.6 million, up 16 percent year-over-year and 2 percent sequentially. Adjusted EBITDA and the Big 4 was EUR 51.8 million in the quarter, a year-over-year increase of 19 percent and a sequential increase of 1 percent.

The resulted adjusted EBITDA margins of 55.4 percent represent a year-over-year increase of 170 basis points. Germany and France were again the stand out performance in the Big 4 segment.

Our rest of the Europe segment delivered solid performance with third quarter EUR 48.6 million, up 11 percent year-over-year and up 3 percent sequentially, led by Austria, Denmark and Switzerland.

On a constant currency basis, revenue was up 12 percent year-over-year and 2 percent sequentially. Adjusted EBITDA in the segment came in at EUR 28.7 million, up 11 percent year-over-year and 6 percent sequentially.

The rest of Europe segment posted a strong adjusted EBITDA margin of 59 percent.

Please turn to slide 12. International continue to respond to the strong demand across our footprint, while strategically deploying capital to add capacity. Capital expenditures, including intangibles totaled EUR 103.2 million during Q3, so 97 percent or EUR 99.7 million was deployed on expansion and upgrade projects, while EUR 3.5 million was spent on maintenance and other and intangibles.

Year to date, we've invested EUR 320 million in capital expenditures. While we are investing across our entire footprint, 78 percent of third quarter capital expenditure was allocated to Big 4 markets where we target to have our largest projects.

Please turn to slide 13. In September, InterXion completed a bone tab from additional EUR 200 million under our existing 4.75 percent senior unsecured notes that were issued in the June refinancing.

The offering was priced at [EUR 103 million] and after expenses we add a net proceeds of EUR 204 million. and directions credit metrics remain solid with the leverage of 4.1x, up marginally from Q2 while our blended cost of debt is 5 percent.

Cash (inaudible), which is our measure of return on gross invested capital was 10 percent for the last 12 months, unchanged from the prior 2 quarters. InterXion ended Q3 with EUR 289.9 million in cash and cash equivalents, up from EUR 133.6 million at the end of Q2. In addition to the cash rise from the bond tab, we generated EUR 60.9 million from operations in Q3 and EUR 200

million available from our ungrown revolving credit facility. This amounts nearly EUR 1.5 billion of favorable liquidity and together with a steady growing discretionary free cash flow from our existing data centers, gives us the liquidity to support our customer driven expansion plans.

As a reminder, we'll announce expansion projects are fully funded.

Please turn to slide 14. At the end of Q3, 2018, our group of 37 fully built out data centers with 91,500 square meters of equipped space continued to generate strong and stable cash returns of 23 percent over the last 12 months with a gross margin of 67 percent. As we have discussed on previous calls, the revenue returns to the data center would typically grow from number of years after the site have differently full from the space perspective. The completion of the annual escalators and customers increasing their energy consumption, rack power densities and the number of cross-connects per rack and the drivers of the 8 percent LTM recurring revenue growth seen for this group of data centers. And with that, I would now like to turn the call back to David.

David Ruberg: Thank you, Richard. As previewed no earlier calls, today we're going to discuss some of the emerging trends that are shaping the IT industry. The advanced technologies such as real-time analytics, artificial intelligence, the Internet things and virtual reality, are taking the way to a new wave of application that present an incremental opportunity for highly-connected data centers.

Through discussions with our customers, we continue to gain significant insight as to how these emerging trends may impact our business model. By understanding our customers requirements, not only have been able to differentiate our company and sustain its growth, but we've also been able to gain insights in the future activity.

The visual depicted here shows at a very high level, the journey that most IT organization have embarked on. The first step in this journey driven primarily by cost sufficiency and risk mitigation considerations. Consist of rationalization of legacy IT infrastructures, which often lead to selected IT outsourcing. This is a step that most mature enterprises have already taken.

The second step is the migration to the cloud, either private or public or increasingly a combination of the 2. Potential business benefits here include further cost reductions, flexibility, the option to shift the investments from CapEx to OpEx and bigger-employee productivity. One of the key outcomes of a properly executed cloud migration strategy is a placement of workloads dictated by total cost of ownership and performance rather than by the geographical constraints of existing IT assets. The third step is digital transformation whereby enterprises are embracing new and advanced technologies to stay competitive adjust new market opportunities and be more innovative.

All types of companies are on this journey. And those further are all the once labeled born Digital. These are people not settled with legacies IT infrastructures. Cloud platform and digital media platform, for instance, have had the advantage of being creating the next generation infrastructures to the highly scalable and flexible. These companies are visionaries or early adapters in the use of distributed technologies to offer new services and to differentiate themselves in the marketplace. By understanding what they are doing today.

(Audio Gap)

Durations of determining optimal placement of the workloads and network capabilities. This applies across on premises, the public cloud and colocation environments. They now have the replenishment of all their network topology impacts critical quality of service such as application response time and service delivery economics. This is the reason behind the choice to place mission-critical network and compute nodes in carrier and cloud neutral data centers where latency and cost can be optimized.

Our major customers are telling us that there is emerging trend in favor of placing greater intelligence at the edge of these architectures. To enable the processing and analysis of data in close proximity to end users or to the connected objects that are generating and receiving data.

Many new application generated an incredible large amount of data, which has to be aggregated, transferred, processed, filtered and analyzed so that key

insights and decisions can be sent back to the enrollment devices and people. And data traffic is the currency of interconnectivity, and the more data it is generated to the edge, the more value of customer will see carried into cloud and data centers. We refer to this opportunity as colocated edge. The drivers are shaping the colocated edge are complementary to those shaping colocated hybrid cloud, which is concentrated with centralized reprocessing and highly-connected locations our mission critical applications. In fact, the development of the edge will drive more traffic to the colocated hybrid cloud.

A key question that we often ask that would be the size of the appropriate at the edge on a is becomes mainstream as cloud is going to be. In our view, there will be application that will require micro edges and others that will run a micro data center in connected objects like cards. But the experience with the B2C platform from today shows that the vast majority of the edge obligation will require exchange of large amount of traffic and carry neutral data centers. These locations will be in a natural evolution of today's interconnection hubs, with a combination of large data centers and highly connected Tier 1 locations and increasing number of midsize data centers in Tier 2 locations.

The main digital media platforms provide primary evidence of how colocated hybrid and colocated edge are additive opportunities even today. For example, some of the major video applications today run the centralized hybrid cloud environment. The content isn't distributed to end-users through cash notes at the edge, which increasingly drive demand for network nodes and at the colocated edge. This trend has been a driver behind some of the growth that we've seen with BDC platform across our markets. And this type of demand is only destined to accelerate with the rise of user-generated video and direction of new technologies like virtual reality that will dramatically increase the amount of data created in exchange. Another technology that require combination of colocated hybrid and colocated edge is artificial intelligence. For instance, such applications as industrial automation are based on the collection of large amounts of data to the edge and intensive data-processing and cloud base computing facilities. These technologies are already paying widely introduced by reading platform providers and that will be spreading to enterprises in the future. The early adopters of these technologies are

reshaping the value chains of traditional enterprise's segments such as consumer retail, transportation, hospitality and retail banking. As the combust and the new entrants and risk digital services, the adoption of these technology will become mainstream and data traffic will continue to grow. We are not suggesting that all enterprises will be fully digital in the future, but the successful ones well be naturally blend to brick-and-mortar components but the digital components to offer seamless experience to their customers. This create future, further and additive opportunities for interaction.

Please turn to slide 18. Today we are reaffirming our previously announced full year financial guidance for revenue, adjusted EBITDA and capital expenditure. To be specific, for the full year 2018, we're expecting revenue be in the range of EUR 553 million to \$569 million. We expect adjusted EBITDA to be in the range of \$250 million to EUR 260 million, and we expect to invest between EUR 425 million and EUR 450 million in capital expenditures this year.

Before opening up the call to Q&A, I would like to access my thanks to all of our employees across the company for their continued commitment and customer focus. The continued success of this company is the product of their hard work. I would also like to thank our shareholders and bondholders for their continued support for InterXion. Now let me hand the call back to the operator to begin the question-and-answer segment.

Operator: Yes sir, thank you. We'll now begin the question and answer session. And we have a couple of questions that came through. And your first question over the phone comes from the line of Michael Rollins.

Michael Rollins: If I could. First, could you talk about the development deal you are getting on this or that you expect to get on this larger pipeline of development that you outlined over the last few quarters. And then second, can you talk about the pre-leasing trends that you're seeing, maybe give us a little color of the sources of that pre-leasing activity?

David Ruberg: Mike, the returns that we expect to get in the future are consistent with the returns that we have gotten in the past. And as far as the pre-leasing, as we

tried to indicate, although for the 2 latest builds we do not have signed contracts for these 2 builds. But we feel very comfortable with initiating these builds, because we are in detail conversations with multiple existing customers who are already in these campuses and are looking for expansionary capacity that is near to where they currently are. Alright?

Michael Rollins: And just maybe 1 last follow. Just on that pre-leasing, what kind of customer verticals are you seeing from pre-leasing? Is it just from cloud or you seeing it as diversified into cloud and enterprise and the networks.

Richard Rowson: Yes, (inaudible) label. The pre-leasing comes from mainly from the platform segment, but all sub segments within the platform segment. So not just closed but also digital media and within digital media, different concepts like content providers, social media and gaming. So variety – primarily within the platform segment will be ready for in terms of global and subsegments within the platform segment.

David Ruberg: The follower add on to that, in addition, once people know the connectivity providers in particular that these conversations are going on, we have also begin to see their interest as well.

Operator: And your next question comes from the line of Colby Synesael .

Colby Synesael: Also wanted to go back to pre-leasing to see if you could give some more color. So you mentioned 38,000 square meters are under construction. I was curious if you could actually talk the percent of that, that is privileged. I think in the past you've given us some color on that. And then also, you mentioned strong bookings, I'm just curious how that might compared to the bookings that you've seen in the first half of '18. Just to get sense of we're seeing an acceleration or it's more of a consistent look from what we saw maybe in the first 2 quarters of the year?

David Ruberg: Colby, the bookings that we've seen over the last 6 or 7 quarters – 7 or 8 quarters are pretty consistent. Abs and flows a little bit 1 quarter to the other, deals come in maybe after the quarter. But overall the demand is pretty consistent. And as far as your first question, I'm not sure that I have an answer off the top of my head, we'll have to get back with you.

Colby Synesael: OK, that's fine. And maybe then just one more than. So you're in the 13 markets today. How important is it to potentially go to new markets. So as you start to look into other parts of your – perhaps even other continents. Is that aspect of the strategy growing? And I guess to that point, how the addition of John to the management team potentially support that?

David Ruberg: I'll answer the second question. I'm not sure that we hired John just help us go into new cities. But we did hire John because of his overall background experience in a lot of areas. As far as your first question, we continue to look at opportunities primarily driven by our customers where we look at the characteristics, where we can deploy capital that is primarily highly-connected data center when the markets are mature enough to require that, and we can look and get the returns that we're looking for. So we are constantly looking at new opportunities, new cities.

Guiliano Di Vitantonio: Colby, an example of that is (inaudible), we discussed that in the past, where we've run an experiment our pilot, market pilot for the last couple of years to really get a deep insight into type of demand that is going to that city and in in general. And at some point we will make determination of if and when it will make sense for us to officially land in the city. But being there (inaudible) this pilot with a partner give us insights that we wouldn't get just by giving market importance.

Operator: And the next question comes from the line of Jonathan Atkin.

Jonathan Atkin: So I was interested in just trends that you are seeing in hybrid cloud where companies are placing their own IT mix to public clouds. And you mentioned some examples in the Nordix that are sort of pleasure to that same around system integrators. I wondered if you could sort of comment on differences in Continental Europe. Any differing trends by country where you may be seen that happened more than others? And then the other question I had was around as you expand within your existing countries and metros, any thoughts, sort of big picture around the desirability of entering the second submarket within a metro in which you already are present in order to maybe get to at that

(inaudible) within a given market rather than just market in your existing campuses.

Guiliano Di Vitantonio: John, I take the first and Dave will take the second. In will take 2 things. First of all, the adoption of hybrid cloud for the same pattern at the migration to the cloud. So I think in the past, we mentioned that, that pattern in Europe start in the U.K., then close to Northern Europe, primarily Netherlands and the Nordics. And then it goes more into male in Europe, central Europe, Germany, then that countries. Then Southern Europe is probably the last to integrate those trends. So we've seen exactly the same thing in terms of hybrid cloud. And when it comes to your point by the IT service providers, of course, that's our primary way of engagement with the customers for 2 reasons.

First of all, because it gives us more scale, we can reach more customers without having to increase our footprint, sales footprint, the marketing footprint. And second, they are really the key players advising the customers of what that architecture, that hybrid architecture should look like. And So they are the best place to advice that co-location place in that architecture. That's the reason why we focus so much on the IT service providers.

David Ruberg: And John, back to your first question. I'm not sure having multiple locations in a city gives you multiple cracks at the opportunity. We in a number of studies we are in multiple locations but they are all highly collected. The value of what we do and we sometimes call it extended campus is there anybody and anyone of our facilities we make it look like they are in all of our facilities. So our approach to this is to constantly be looking for those opportunities where we can find reasonable a space and power that allows us to connect it so that whether it's an extended campus, right next to campus or a citywide campus, they all look the same.

Jonathan Atkin: And then lastly, just thoughts on interconnect business and opportunities. Do see opportunities for growth through partnering more actively with some of the (inaudible) providers. Is that something that you think effects you in any way?

Guiliano Di Vitantonio: Yes. So as SD-1 is one of the emerging technologies that is, let me say, disturbing a little bit of Connectivity segment. And of course we work both within numbers in that segment that are having their own plan for rollout and Stephen with their existing customers. But we're also (inaudible) and working with some of the emerging players that are more specialized in SD-1. And of course in the cities, we're – in relative history of this very strong connectivity community, both incumbent and emerging players are interested in coming to those cities and deploy those technologies in our interconnection hubs. So yes, that is something we are monitoring, we are working with them, and in some cases, we have seen some of the deployment.

Operator: And your next question comes from the line of Erik Rasmussen.

Erik Rasmussen: First, just in terms of kind of the strength in cloud and seems like some of these projects are developing faster than expected. Would that will change your sort of how you see growth over the next couple of years in terms of the different verticals or are you still tracking to the key trends that you've outlined in the past?

David Ruberg: There were a lot of qualifiers in there. Basically, we are really focused on our long-term strategy, which is the goal of credit hybrid cloud. It appears to be developing at approximately the written base and locations that we anticipated. We haven't really changed our approach over the last couple of years now that we expect to change it. And I think unless you want to add something to that, Julian?

Erik Rasmussen: No, I think you called it pretty well.

David Ruberg: So everything I think is – even given the puts and takes of this quarter versus that quarter, our long-term vision seems to be pretty correct and as we said, a lot of this comes from the very good, healthy supportive relationship with our long-term customers, our strategic customers who are sharing a lot with us, giving us insight. And the fact that we do pay attention to what people really need not necessary they tell us what they want. And that has been one of the cornerstones of the success of this company.

Guiliano Di Vitantonio: And Matthew I would add. To the device and David emphasized in the prepared remarks. In terms of the number of customers that we have from different segments, that's it how we look at that. We had that diversity because we know that different points in time there would be different segments that would grow more or less and having coverage of all those segments and the strength of the community of having all the segments together that would give us, we also run a search to future growth on the back of those communities.

Erik Rasmussen: OK, that's helpful. And maybe just on the competitive front. Things have always been a lot of activity from the U.S. public data center providers, and it's been there announcements for expansion plans. Are you seeing any impact and are you seeing any more regions that might be developing more quickly than you'd expected based on some of that activity that we've just recently seen?

David Ruberg: They are here because the opportunity is here. And I don't think it's developed any different than we expected it. One think you do have to put in perspective, and I think someone mentioned this, there was more uptick this year in Northern Virginia than in all of Europe. Europe is approximately the same size as United States in GDP, approximately the same size and population, and one can expect that it would probably be the same penetration and require the same amount of capital from the platform providers that they do in the United States. If you 1 area in United States that did more this year an uptake than all of Europe that gives you an idea of what the future might look like in Europe. And since there are for few providers in Europe and there are in the United States, I don't think any of this will go wanting. Our issue is not how big can we go and how fast can we grow, it's our profitability can we grow, and we are focused on this call of credit hybrid cloud not just take any customer any size. OK?

Operator: And your next question comes from the line of James Breen.

James Breen: Just a couple on the development side. As you're installing some of this new space. Has there been any change and how quickly you go from the day 1 on

getting revenue on these spaces instead this [quarter too] and getting to that low to mid-80s. You feel utilization that basically implies Big Data centers fall. Why not those trends are changing all in line with that. The revenue transferring the data centers whether it's around server technology ever. Are we seen any changes in power utilization and how the power is ramped up and how it will ramp up over time?

David Ruberg: If I look at it from a high-level, no. But every one of these installations is a little bit different. So in we had 1 or 2 customers or 2 or 3 customers that really wanted early access and it's 10 square meter they absolutely needed and was going to be in the middle of Q4 that needed 1 square meter, I'm giving you a lot of example in Q3. So each one of these customers, platforms and enterprise, they'll have different installations. The power is creeping up a little, we're not that much. So overall, it pretty much consistent with what we've seen.

James Breen: Great. And have you had any discussion this from the GDPR? And as I have gone through. Your had a lot discussions around some of the architectural (inaudible) is using (inaudible) is that changed at all?

David Ruberg: OK, we're in Europe, which means every third word is about GDPR. And again, I'm not sure that everybody is really figure out what the implementation means. But in general the sense that we're getting is most these countries are going to want to see the data that originates within the country to stay within the company, whether it would be for the GDPR of reasons or I want tax application reason or whatever it is. And so that will lead to a more distributed deployment of the platforms than we probably see in the United States. And of course, we're all for that given that we're in most of the major cities in Europe. But I think that will be the natural consequence of it. OK? we'll take our next question.

Operator: And your next question Sarah comes from the line of Robert Gutman.

Robert Gruman: Could you just review the impact of installation timing. In the third quarter we've seen a large and very backend weighted on MRR and EBITDA margin. And what it looks like in the fourth quarter based on the expected timing.

Notably, the EBITDA margin was significantly higher despite the high expansion. So I just wondered if you could reconcile on that.

David Ruberg: I'm going to take the first part on revenue and I'm going to let Richard answer the EBITDA. There are more moving parts then to adjust to that. Again, the insulation – a lot of the space that are scheduled to come online and Q3 came on right at the end. And then there was some additional space that we pulled forward from Q4 into Q3, and you can see the numbers if you look at in our appendix for Q2 adn Q3 of these presentations. So that had an impact – adverse impact on our ARPU. So that's the first step. And the comments are on the EBITDA.

Richard Rowson: Yes, I just wanted on a payment comment on thing it's worth noting that pricing remains stable. So year. Is a timing effect on the quarter. We talked about adjusted EBITDA margins. And as noted that q-on-q and also year-over-year, we saw improvement in our EBITDA margins both in the group EBITDA growth and we saw improvements in the 2 segments as well. So there are obviously numbers that things in gone up puts and takes in the quarter that impacted, adjusted EBITDA. But what we saw with this space coming on here in the quarter we will increase significant impact product going through the negatively impacts on the EBITDA margin.

Robert Gruman: And the outlook for the year calls for the MRR are similar – are very similar what we saw in the third quarter. What about margins in terms of expansion Greg?

David Ruberg: I mean obviously, we've given guidance for the year. We're going to give quarterly guidance. But it is a serious write a very small chance of space coming on in the fourth quarter.

Operator: And your next question comes from the line of (Nate) (inaudible).

(Nate): I wanted to touch on Asian demand as you're seeing more traffic from Middle East and Asia through your Marseille facility. And I was just wondering what college level of Asian companies in your tenant mix right now, and should we expect that to go higher over time?

David Ruberg: OK, well, first of all, we're seeing more than the Asian traffic and interest in more than Marseille. We're seeing in Frankfurt, we're seeing in Paris and we're seeing in Marseille. And yes, by Asia, there's is no real Asia there is 4, 5 different Asias. But that one people more focus on are the Chinese. And we already have tencent by doing Ali Baba. And It's simply a matter of them installing being successful from the business standpoint and continuing to grow for us. So do you have anything.

Guiliano Di Vitantonio: Yes, the contribution from the Asian customers that it's really increase for several years now. So we continue to see that trend. From a longer of course the increase of the North American customers. And as David mentioned, the main platform from China with us. But also our – I would say all the main connectivity providers are figures in multiple cities especially in the 3 that David mentioned. So both segments are contributing very significantly. And also in many cases, they bring in and they're acting ITS we, ID CB service provider, hearing from them directly from China as well. So we have seen the from Asian customers.

David Ruberg: I am not announcing anything since China mobile or China telecom and others have already announced this. But there will be a significant change if it happens the way. Currently and our state. And in that the piece cable, which is the Chinese labor was all of the Chinese partners in it, which is approximately [80 to 120 terabits] of capacity is scheduled to land in Marseille, in our data center in the third or fourth quarter of 2019. So that is a significant potential of left an opportunity that in fact that happens in that timeframe.

(Nate): OK, that's helpful. And we just one follow-up. Investment grade rating, is that something you guys would pursue? Or how do you think about that?

David Ruberg: And reducing our cost of capital is something we're always pursuing. So ...

(Nate): So I get the question. I wanted the barriers to get to that level (inaudible)?

David Ruberg: We are a co-location provider not a whole sale provider. I think our leverage is fine, I think the ratio of the amount of model space that we get from those assets that we own is fine. I think where we might have an issue may be the rating agencies is the.

Guiliano Di Vitantonio: (inaudible) guys, so you'll our contract to see the wholesale guys have a reasonably long-term contracts terms where is ours are traditionally shorter.

David Ruberg: But improving significantly. So it's a matter of educating our customers have excellent quality ratings, they have extremely low churn rates. So it's simply a matter of educating the rating agencies, And that's why John is here.

Richard Rowson: That are one of the reasons.

Robert Gruman: How do you think that the cost of that will change investment grade today. I'm just curious.

John Doherty: It would go lower.

David Ruberg: Look the cost for digital currency trust, I mean there they have assets the trade from Europe just like we from euro standpoint. So it's at least 50, to 75 or 100 basis points lower.

Operator: And the next question comes from the line of Jennifer Fritzsche .

Jennifer Fritzsche: David, if I can ask on the competition, I know it's been asked before. But you said that, I think, your backcourt was here before because the opportunity is here. Can you discuss the long pole and the (inaudible) in your up visit land or power or how do you see that? Because it seems like to me it's land that I hear other say the opposite.

David Ruberg: I don't think it's land, it's highly connected land. It's – power can be eventually resolved. They're given what we are focused on. It is extremely important to be located in areas that are highly connected, that the potential to be connected. I can find a lot of land in (inaudible), and maybe (inaudible). But that's where most of our customers want to be. So I think the long – the differentiator is to – and by the way, in addition to finding that land is being next to our campus to thsi highly connected so that people can access not only to 3 carriers, or 10 carriers but the 50 to 100 ISPs that people need that they're

going to be web oriented dealing with their customers. So I think that's the real issue.

Jennifer Fritzsche: And that you got the sense are just around and figure that by the customers you are talking to?

David Ruberg: Absolutely. OK, that concludes our conference call for today. I want to thank everybody for joining us today. We'll be seeing you on the road, and look forward to our fourth quarter earnings call back in the middle of February or March. Thanks. You may now disconnect.

Operator: Thank you. And that concludes our conference for today. Thank you all for participating, you may now disconnect.

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