

7 Mile Advisors



Sectorwatch:

IT Infrastructure - Data Centers

August 2020



IT Infrastructure - Data Centers

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Overview

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

DASHBOARD

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.

PUBLIC BASKET PERFORMANCE

- Summary valuation and operating metrics for a basket of comparable public companies.

VALUATION COMPARISON

- Graphical, detailed comparison of valuation multiples for the public basket.

RECENT DEALS

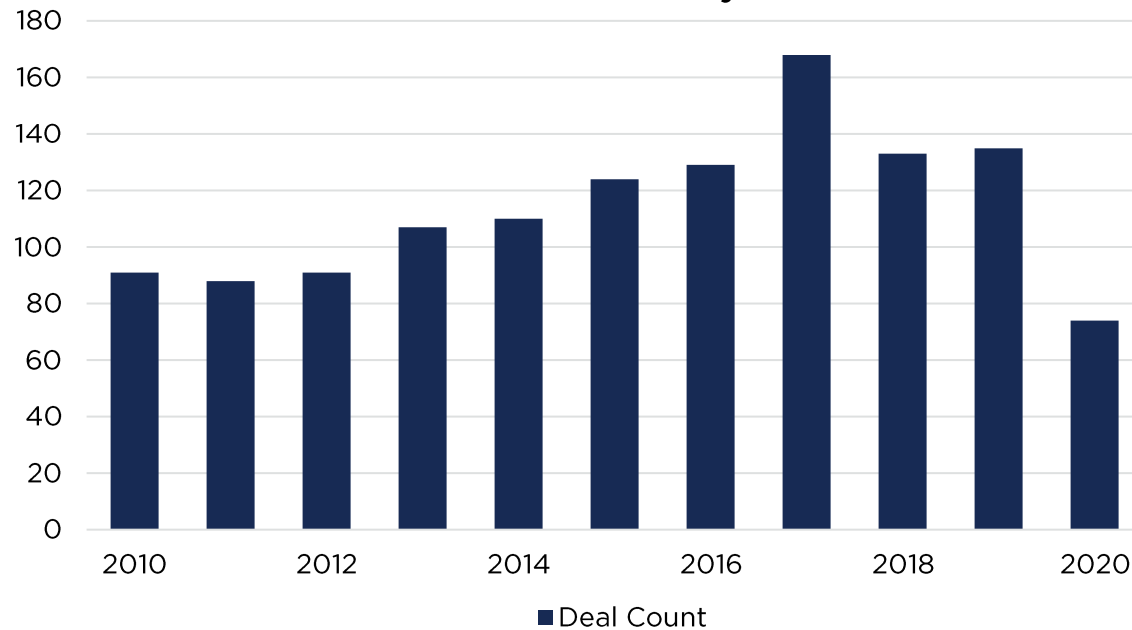
- The most recently announced deals in the sector

Dashboard

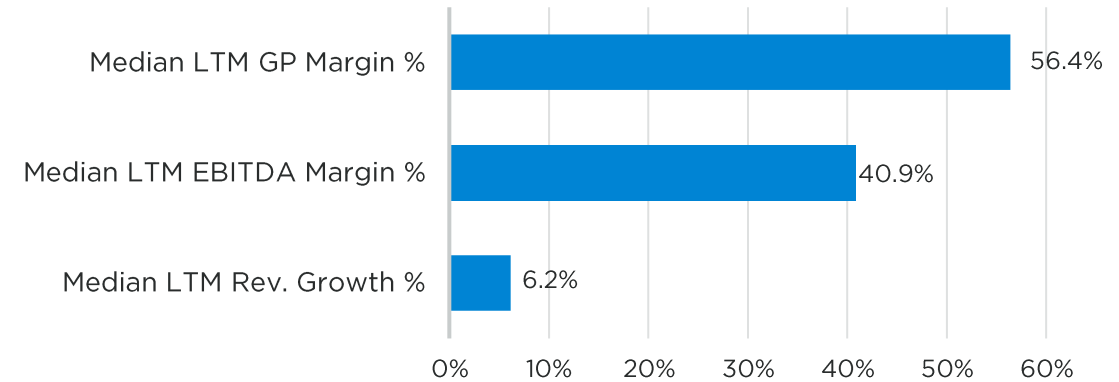
REVENUE GROWTH MOMENTUM ↓ -9.2%

1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

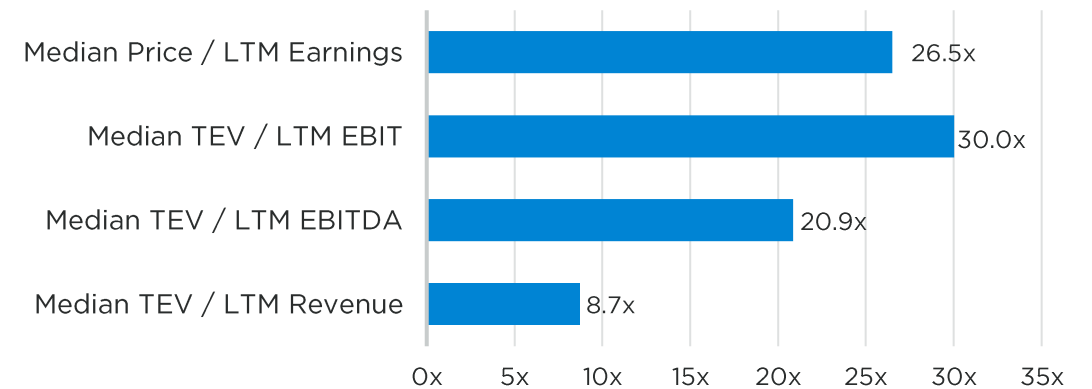
M&A Activity



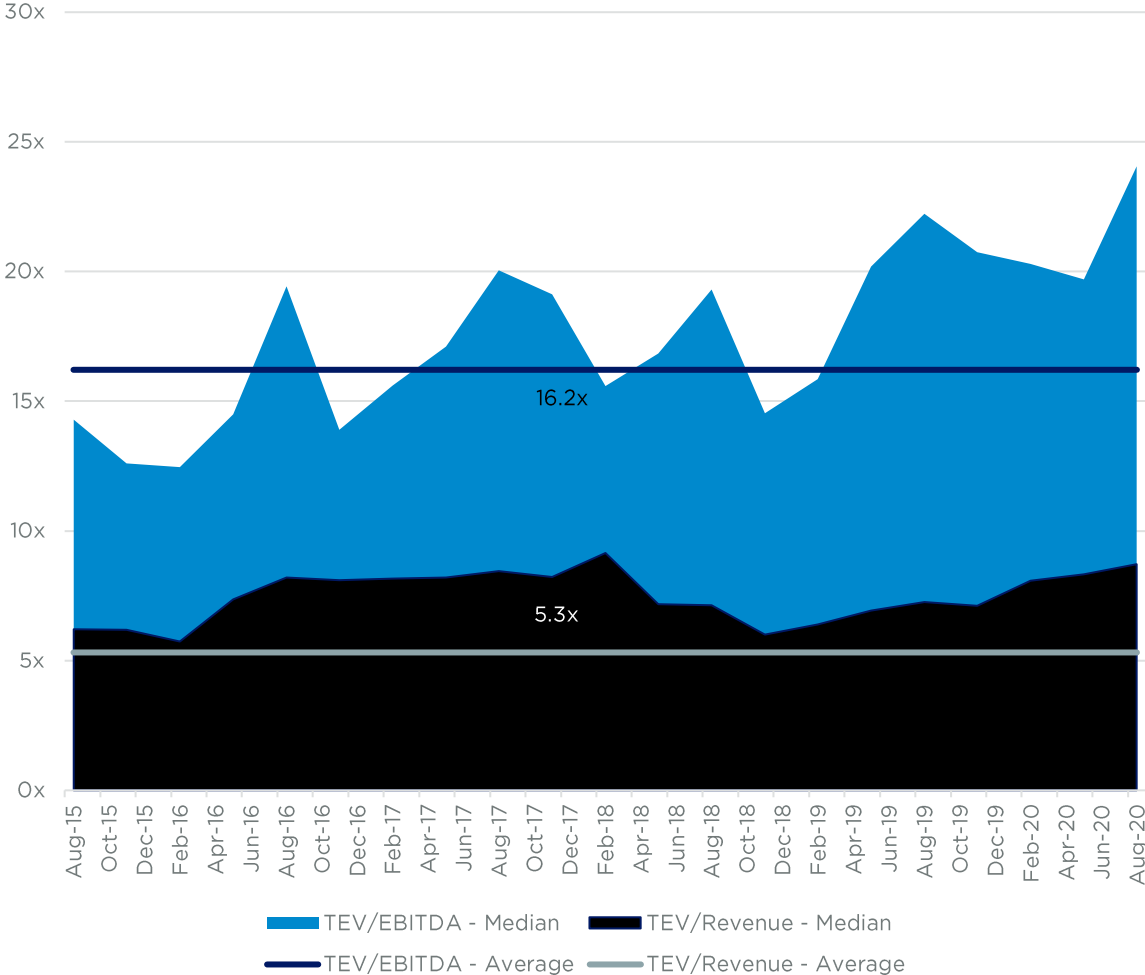
Operating Metrics



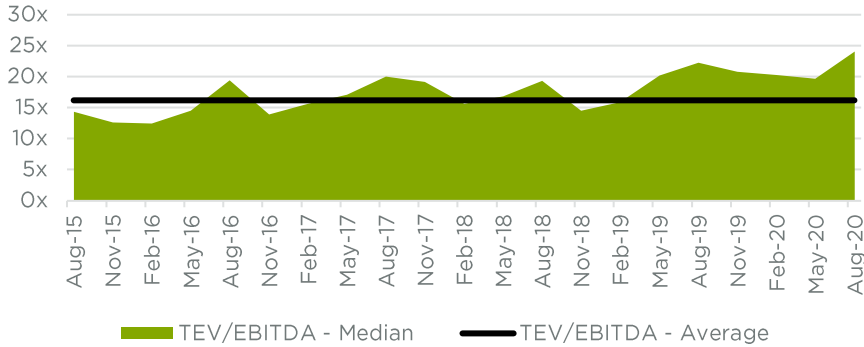
Valuation



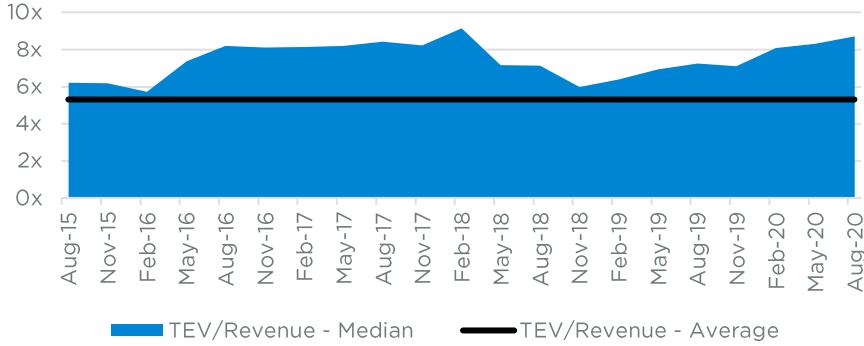
Public Basket



Public EBITDA Multiples over Time

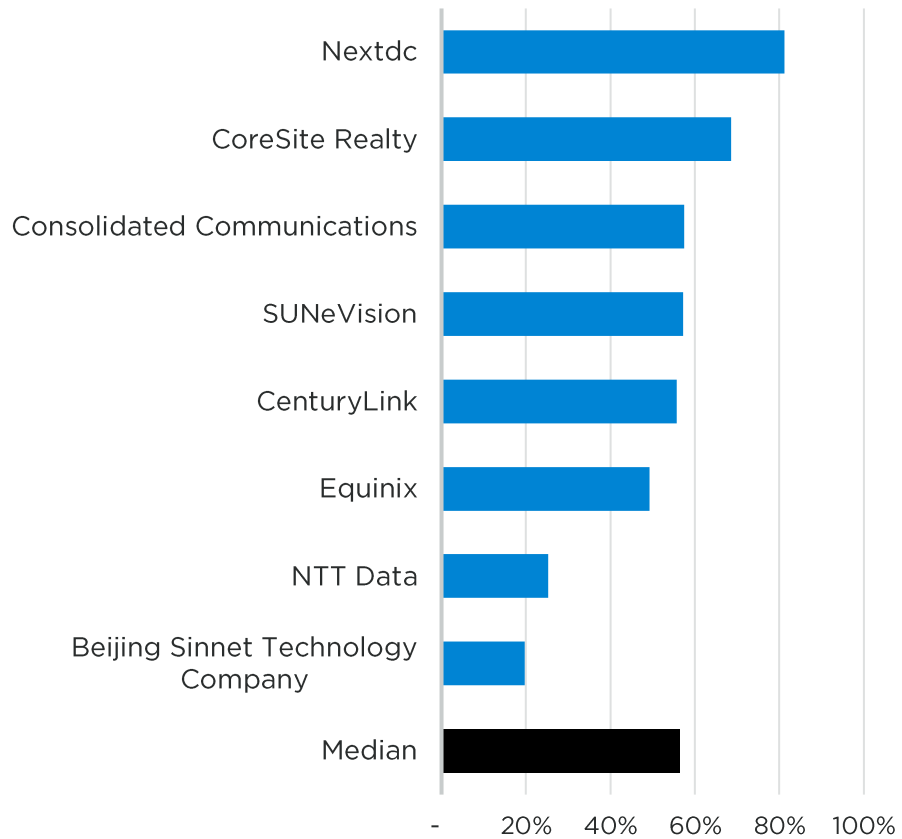


Public Revenue Multiples over Time

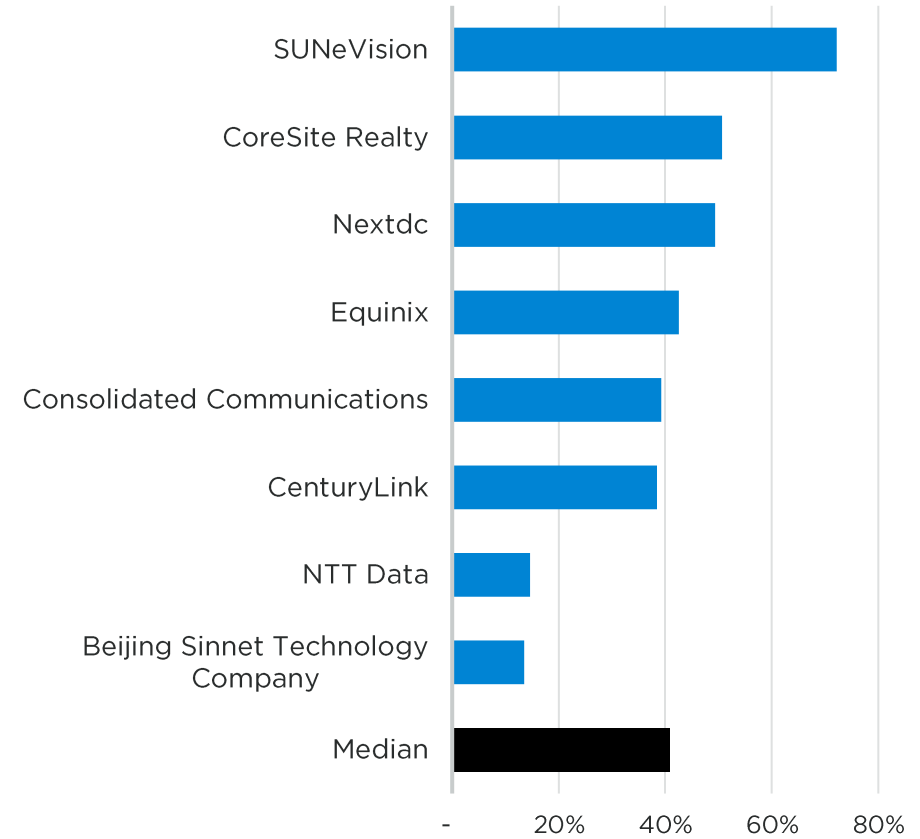


Operational Metrics

LTM Gross Profit Margin %

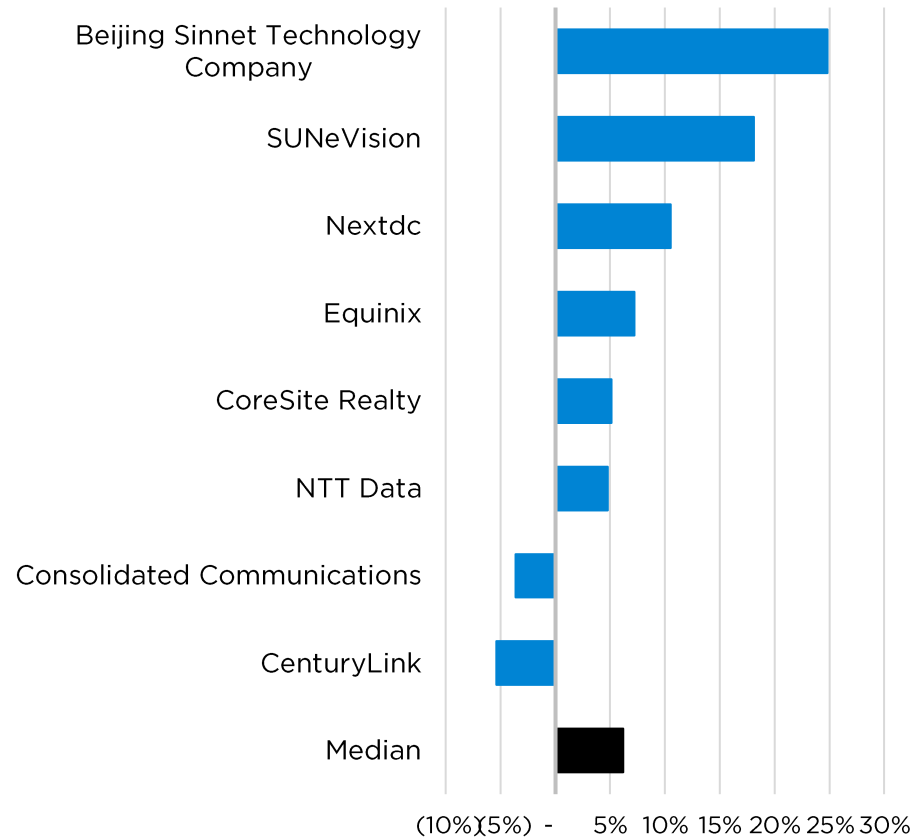


LTM EBITDA %

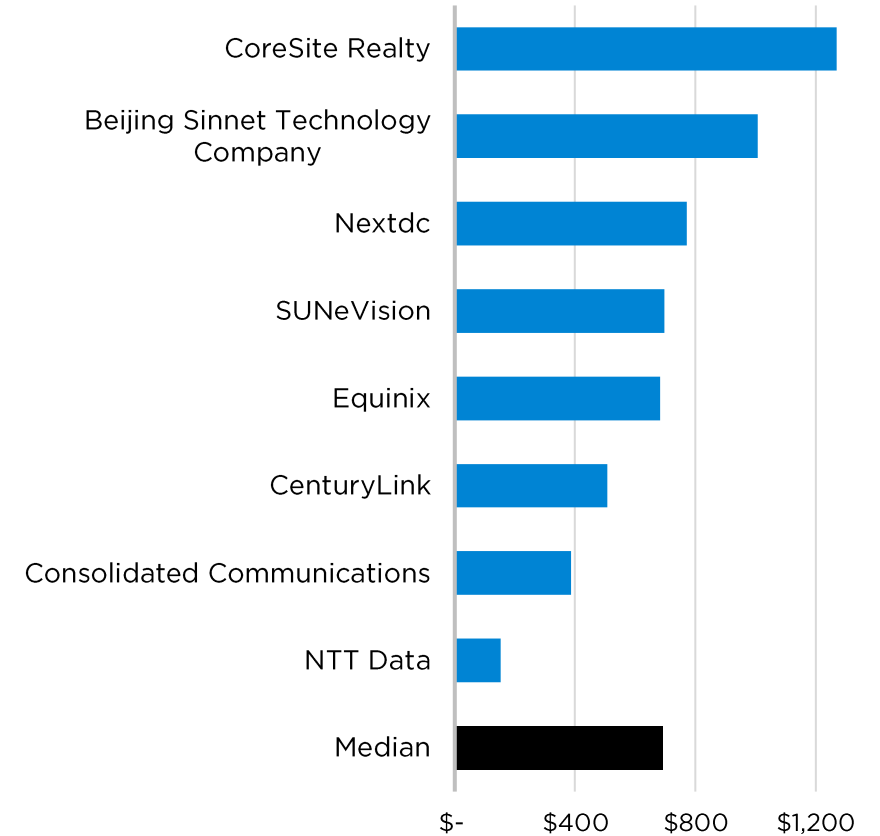


Operational Metrics

LTM Revenue Growth %

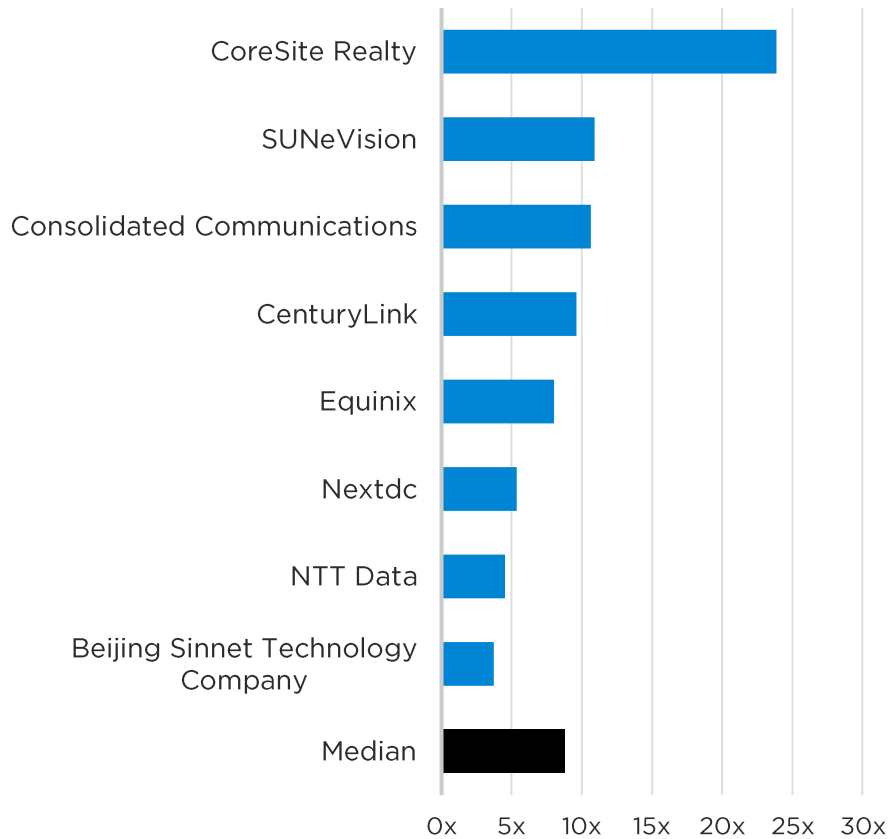


LTM Revenue per Full Time Employee x 000's

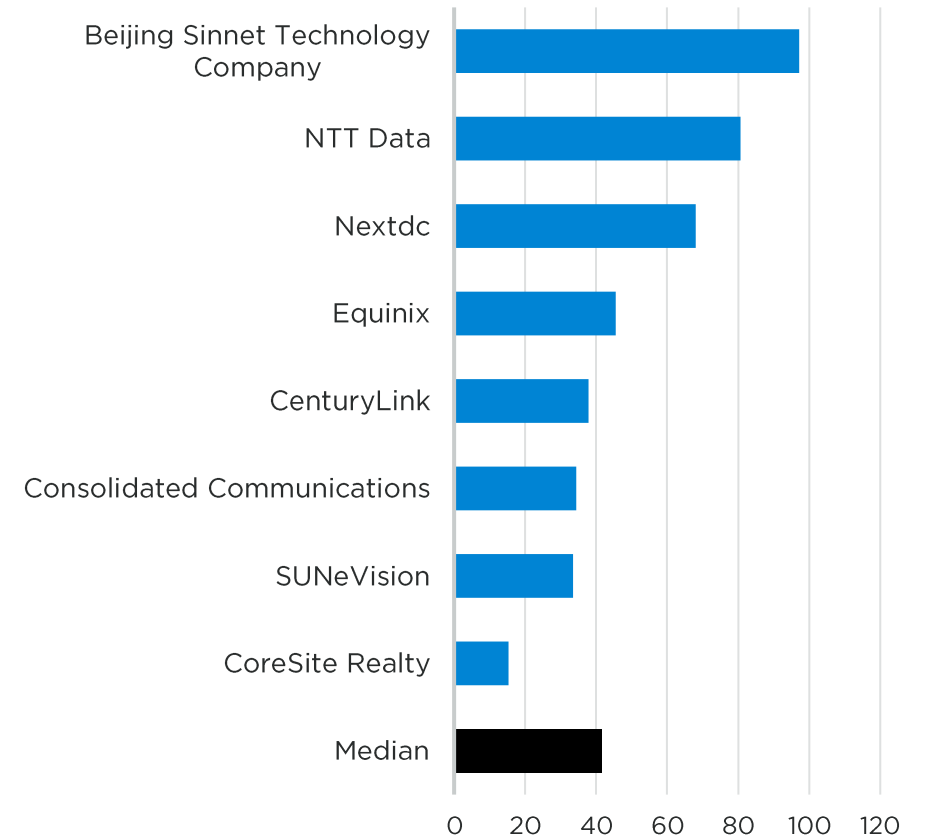


Operational Metrics

Accounts Receivable Turnover

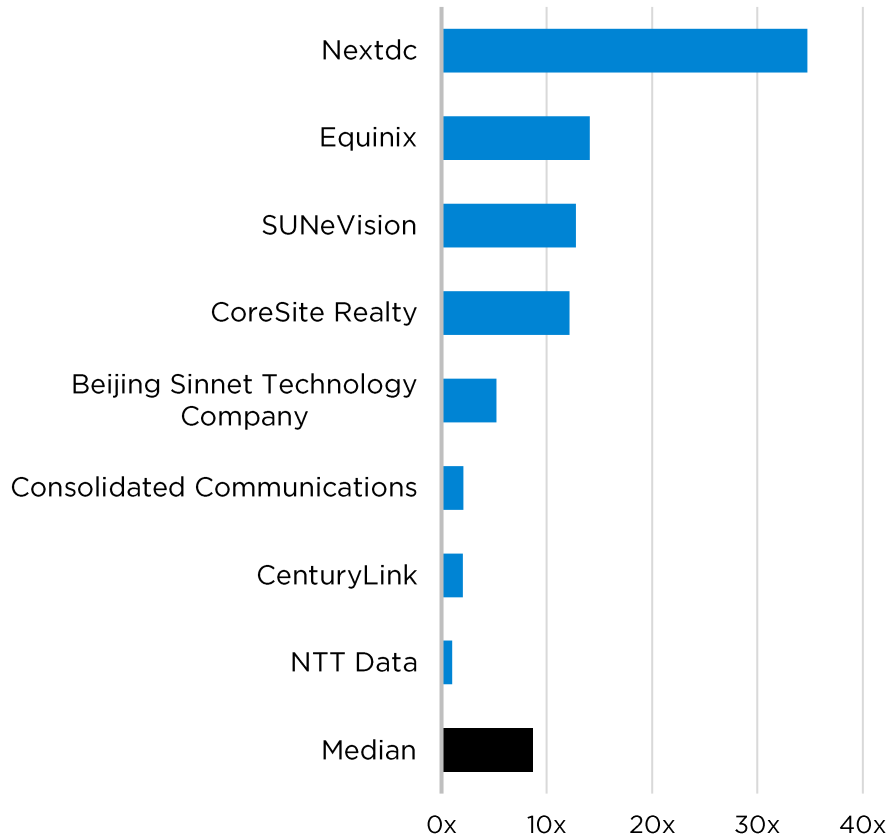


Average Days Sales Outstanding

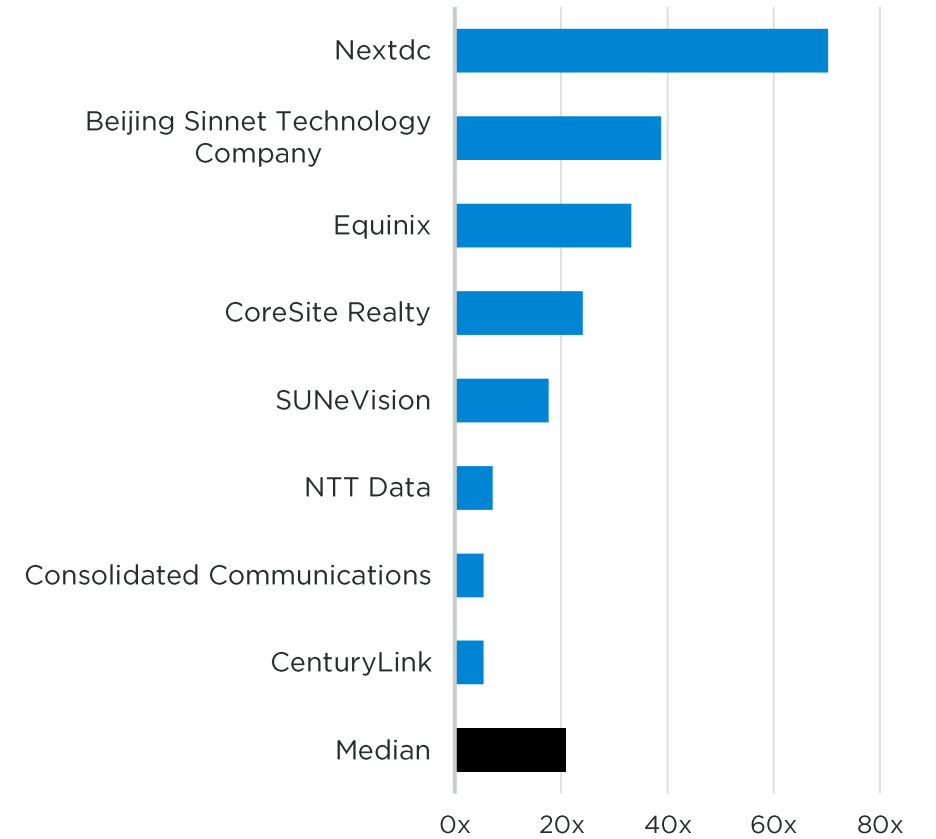


Valuation

TEV / LTM Revenue

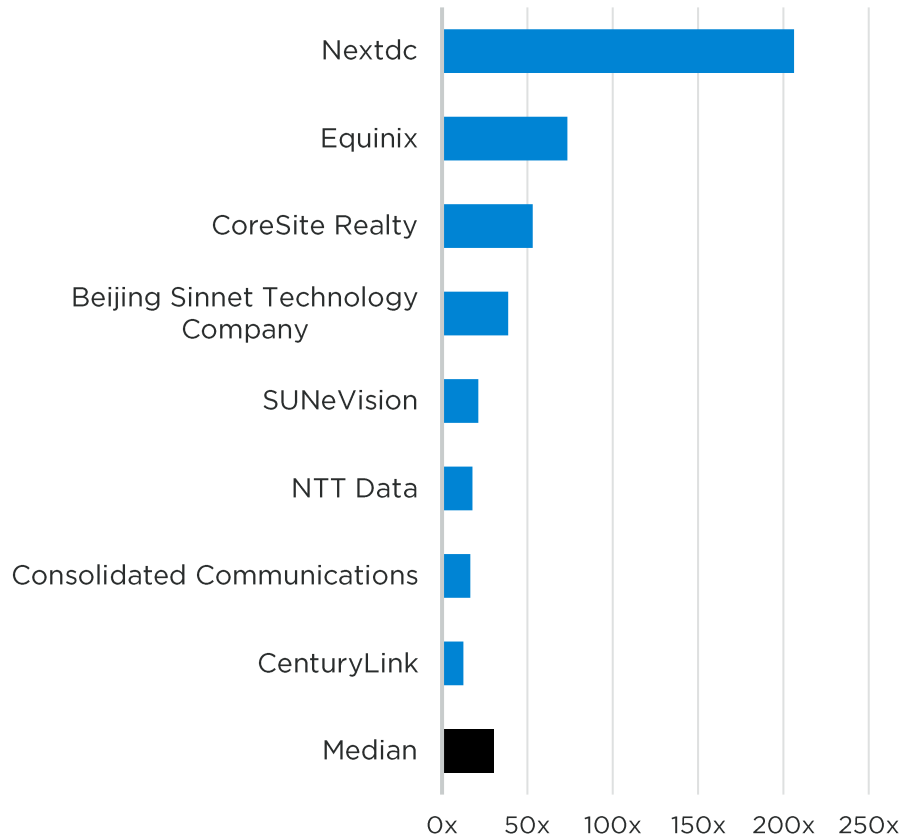


TEV / LTM EBITDA

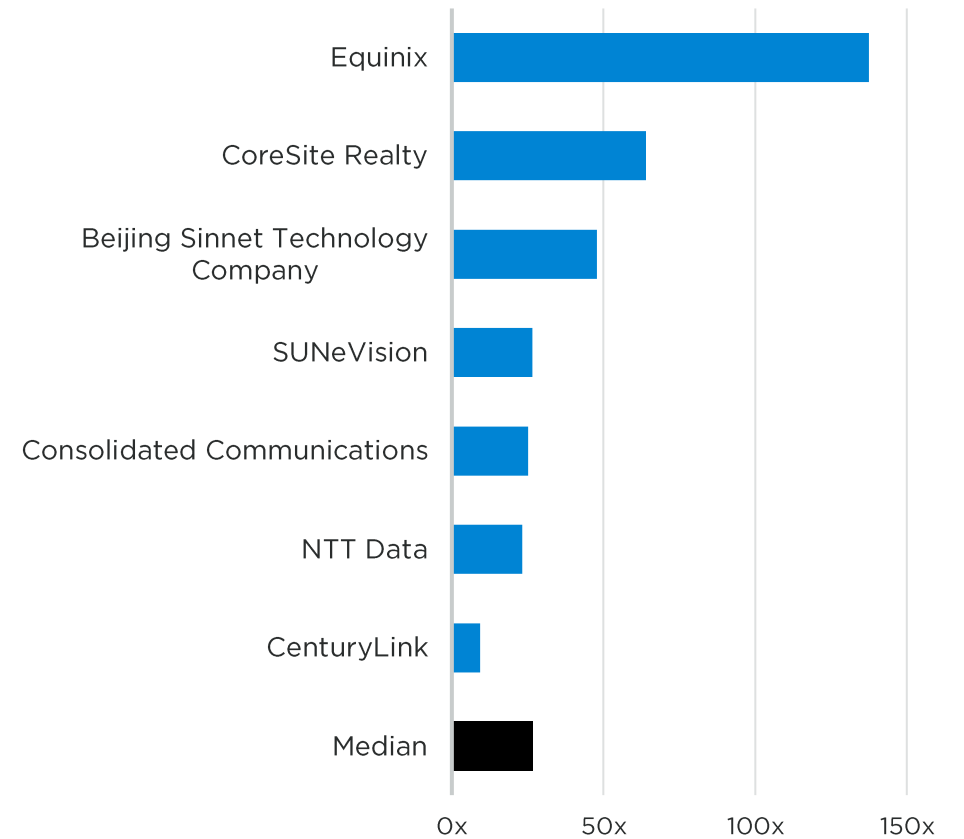


Valuation

TEV / LTM EBIT

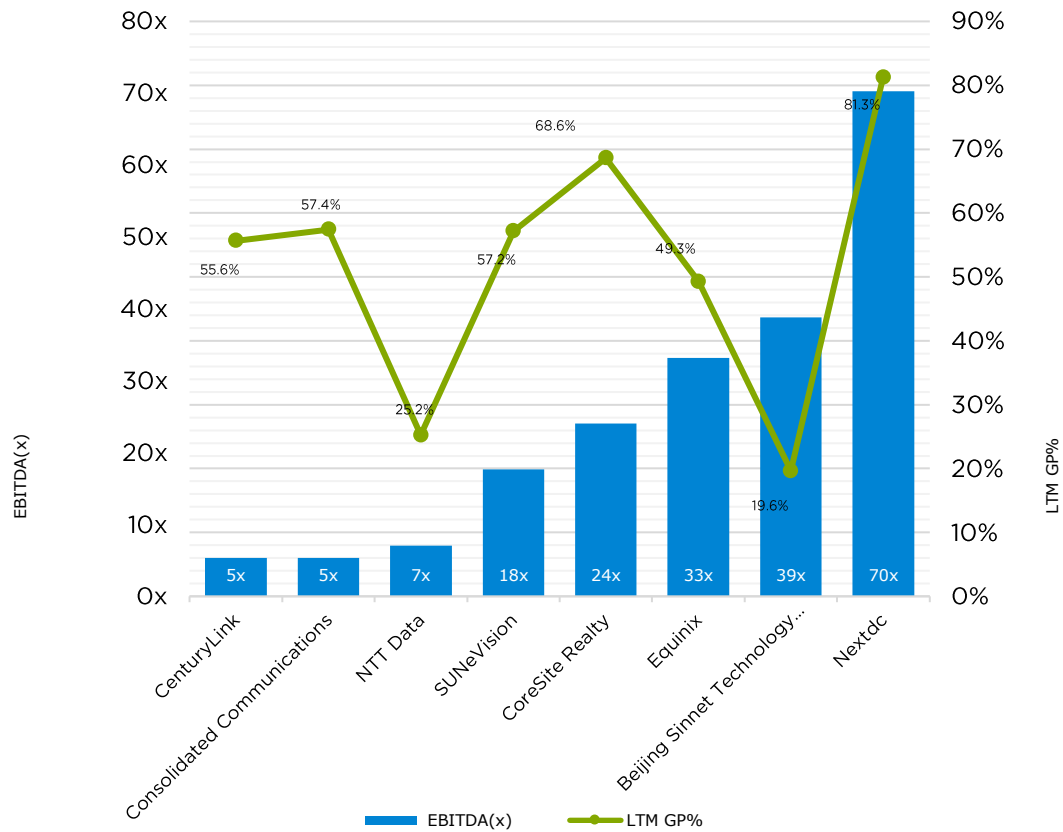


Price / LTM Earnings

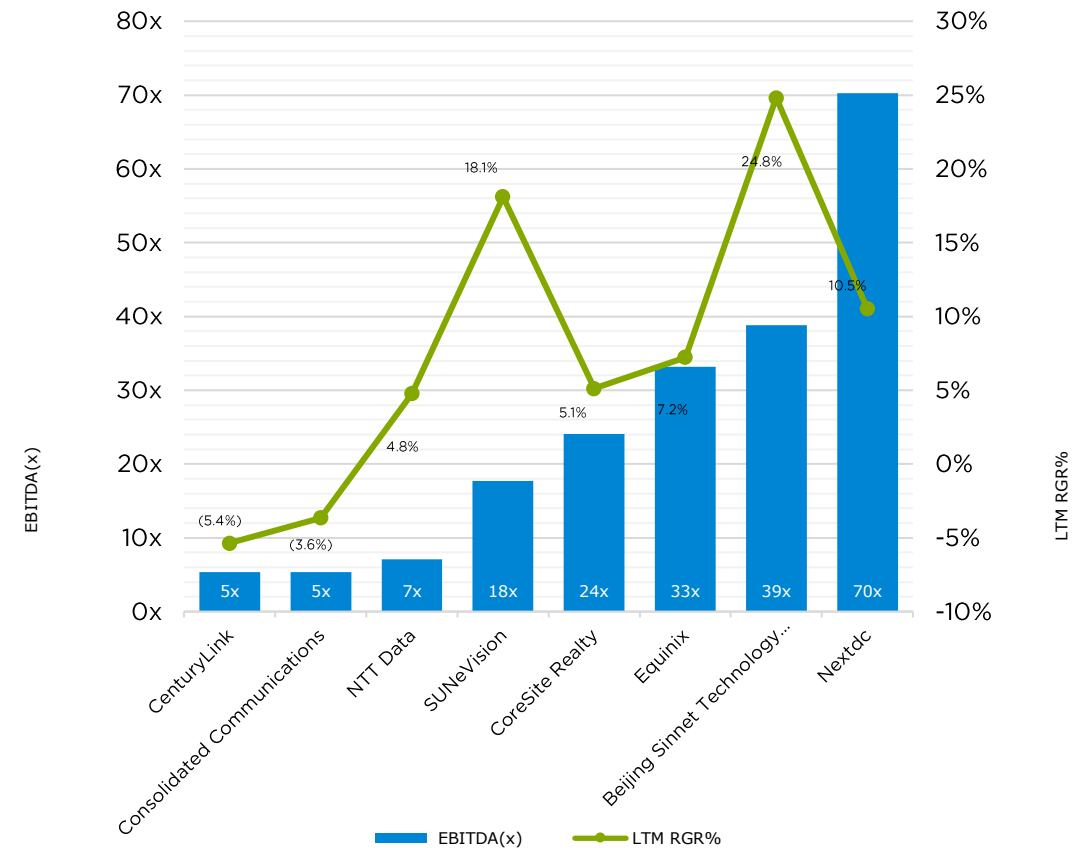


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
05-Aug-20	JaxNAP	SBA Communications	-	-	-	-
01-Aug-20	Anexsys	JLL Partners	-	-	-	-
30-Jul-20	ITAD Technologies	-	-	-	-	-
27-Jul-20	MicroAge	Alerion Capital Group	-	-	-	-
14-Jul-20	Go2Group	Adaptavist	-	-	-	-
13-Jul-20	Spot (Systems and Information Management)	NetApp	450.00	-	-	-
07-Jul-20	Fiberpipe Data Centers	Interlinx Communications	-	-	-	-
07-Jul-20	Plan B Technologies	Computer Design and Integration	-	-	-	-
05-Jun-20	Blue Consult	K&P Computer Service	-	-	-	-
03-Jun-20	Cutaway	FASTWEB	-	-	-	-
03-Jun-20	euNetworks	Investment Management Corporation of Ontario	273.26	-	-	-
03-Jun-20	Konehuone	NetNordic	-	-	-	-
01-Jun-20	FIBERTOWN	DH Capital	-	-	-	-
29-May-20	Evolutio	Portobello Capital	-	-	-	-
28-May-20	DataCenter Fryslân	Penta-Infra Datacenter Holding	-	-	-	-
28-May-20	Edgewise Networks	Zscaler	-	-	-	-
13-May-20	Wholesail Networks	British Columbia Investment Management	-	-	-	-
12-May-20	South Reach Networks	Turning Rock Partners	-	-	-	-
11-May-20	Optimum Data Centres	APAM	-	-	-	-
07-May-20	Interwork Technologies	Wayside Technology Group	6.10	-	-	-
07-May-20	UKFast.Net	Inflexion Private Equity	-	-	-	-
06-May-20	DartPoints	Astra Capital (Washington)	-	-	-	-
04-May-20	Engineering Ingegneria Informatica	Bain Capital	-	-	-	-
04-May-20	Lefdal Mine Datacenter	Columbia Threadneedle Investments	-	-	-	-
28-Apr-20	Kelvin Emtech	Northern Data (Germany)	-	-	-	-
23-Apr-20	Scala Data Centers	Digital Colony Management	-	-	-	-
15-Apr-20	Global Cloud Xchange	Bardin Hill Investment Partners	400.00	-	-	-
14-Apr-20	TierPoint	Argo Infrastructure Partners	320.00	-	-	-
07-Apr-20	Computex Technology Solutions	American Virtual Cloud Technologies	65.00	-	-	-

Appendix

*Public Basket
Contact Information*



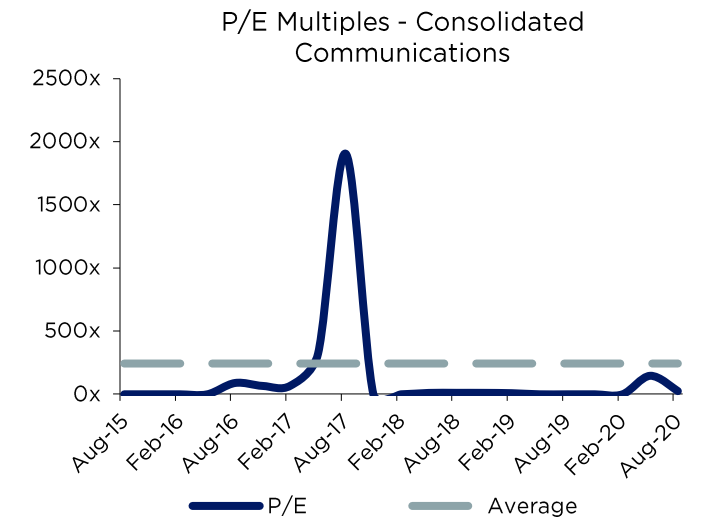
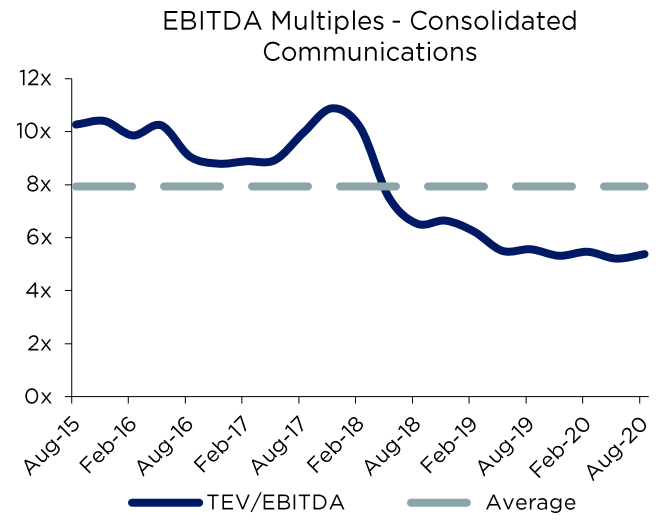
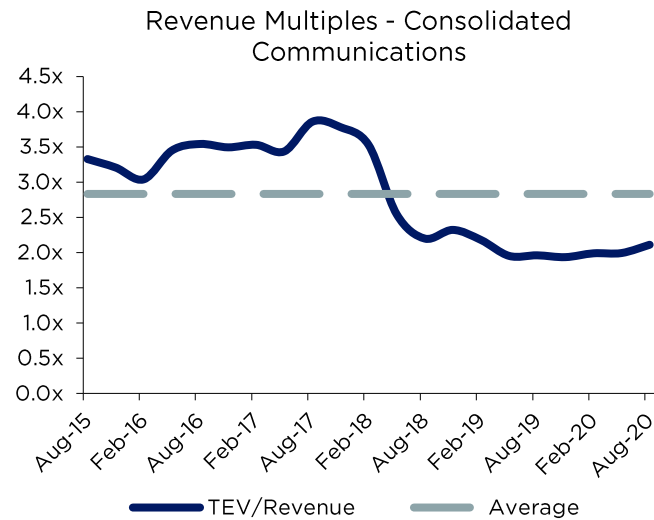
Consolidated Communications

Consolidated Communications Holdings Inc provides communication services for business and residential customers across various states in the U.S.

Its business product suite includes data and Internet solutions, voice, data center services, security services, managed and IT services, and an expanded suite of cloud services. It provides wholesale solutions to wireless and wireline carriers and other service providers including data, voice, network connections, and custom fiber builds and last-mile connections. It offers residential high-speed Internet, video, phone, and home security services as well as multi-service residential and small business bundles.

Public Basket

Consolidated Communications



Company Name	Date	Deal Synopsis
FairPoint Communications	03-Jul-17	The company was acquired by Consolidated Communications (NAS: CNSL) for \$1.5 billion on July 3, 2017. The merger positions Consolidated to leverage its extensive product and services portfolio and consultative sales approach across 24 states bringing advanced solutions and a better experience to customers.
Champaign Telephone Company	01-Jul-16	The company (OTCMKTS: CPHT) was acquired by Consolidated Communications Holdings (NASDAQ: CNSL) for \$13.4 million on July 1, 2016. This acquisition would add 275 fiber route miles and 310 lit buildings to Consolidated Communications existing fiber network.

SUNeVision

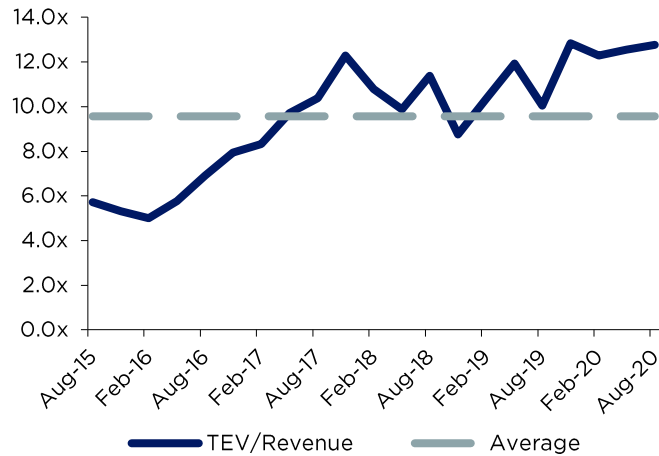
Sunevision Holdings Ltd is an information technology and services company.

The company has the following divisions: iAdvantage, Super e-Technology, Super e-Network, and venture capital investments. IAdvantage is an operator of carrier-neutral data center services in Hong Kong. Super e-Technology engages in the installation and maintenance of its satellite distribution network, fiber-optic cable, networking, and security surveillance systems in Hong Kong. Super e-Network offers professional design-and-build consultancy services for wireless and broadband network projects.

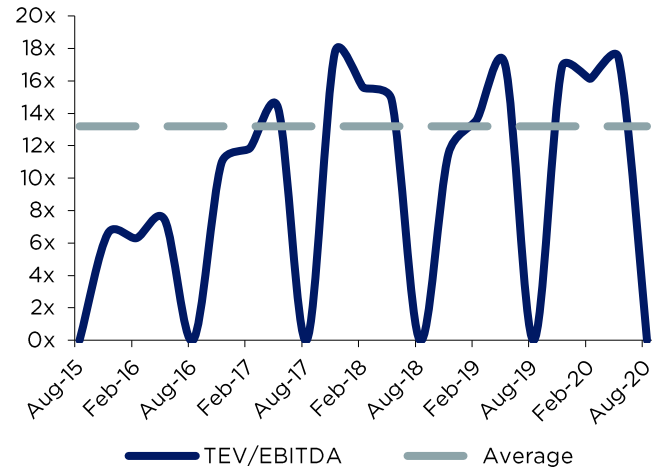
Public Basket

SUNeVision

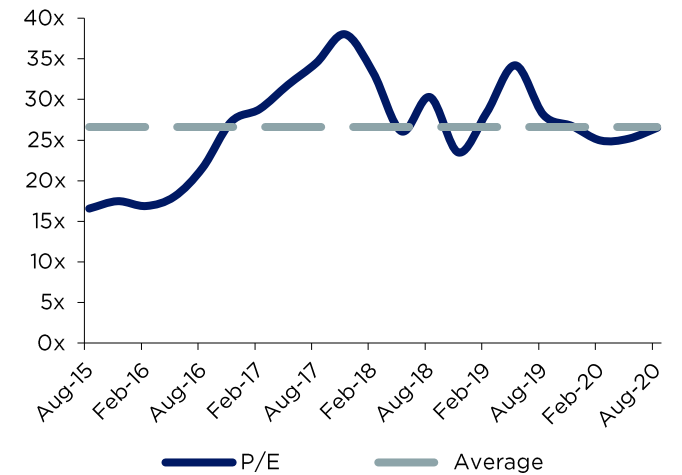
Revenue Multiples - SUNeVision



EBITDA Multiples - SUNeVision



P/E Multiples - SUNeVision



Company Name

Date

Deal Synopsis

IP Dynamics

02-Oct-01

The company has raised \$15.19 million of Series C venture funding from Intel Capital, SUNeVision Ventures, Technology Associates Management and Individual Investors on October 02, 2001.

Legend Silicon

21-Sep-01

The company raised an undisclosed amount of venture funding in a deal led by SUNeVision on September 21, 2001. Dragon Venture, Intel Capital, Savage Venture, Star Cluster and Tongfang also participated in the round. The company will use the funding for implementing its digital television transmission standard in China.

Nextdc

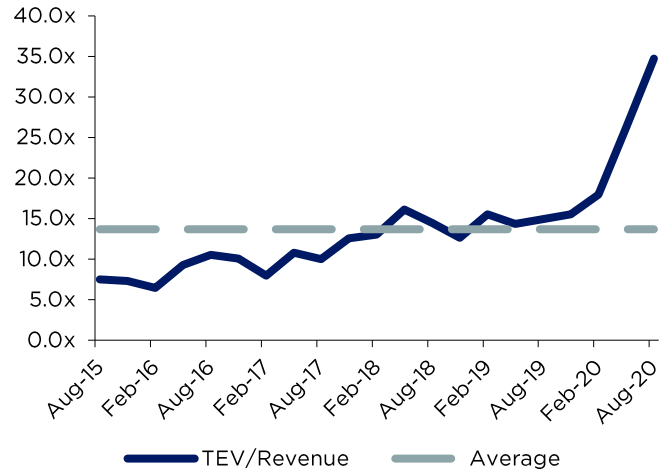
Nextdc Ltd is an Australia based technology company.

It provides data center outsourcing solutions, connectivity services, and infrastructure management software. The data center solutions include the provision of colocation and data center infrastructure management services. It also offers multi-layered security systems and protocols. The entity operates in the geographic segments of Queensland, Victoria, New South Wales, Western Australia, Australian Capital Territory and Other. It derives most of its revenue from Victoria.

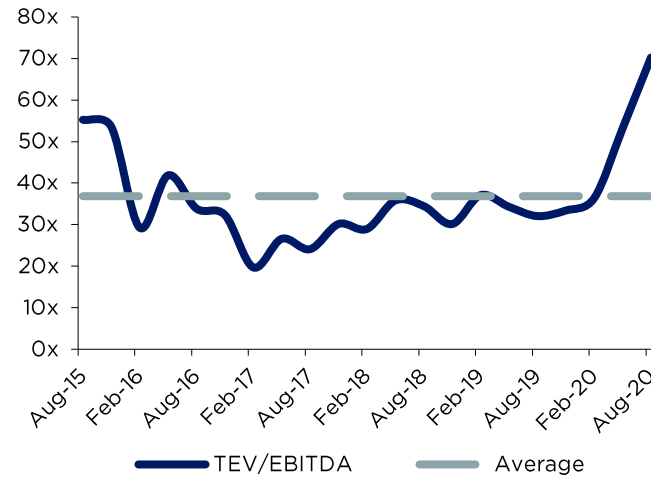
Public Basket

Nextdc

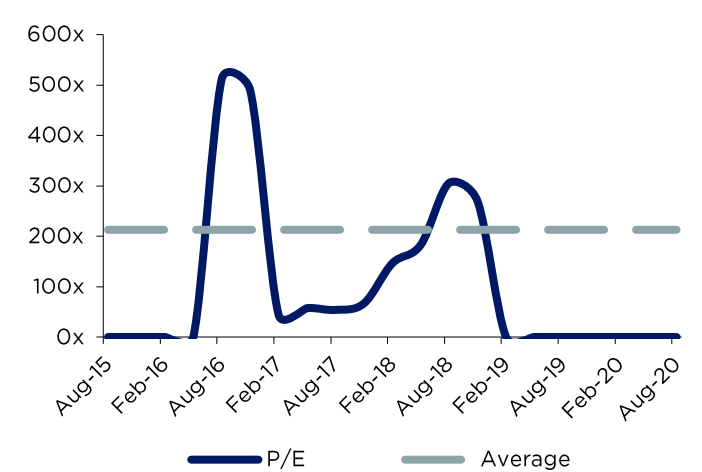
Revenue Multiples - Nextdc



EBITDA Multiples - Nextdc



P/E Multiples - Nextdc



Company Name

Date

Deal Synopsis

Asia Pacific Data Centre Group

3/23/20

The company, a subsidiary of 360 Capital Group (ASE:TGP), was acquired by Nextdc (ASX: NXT) for an undisclosed amount on October 18, 2018.

NEXTDC (Australian Data Centre Sites)

1/6/20

The Australian Data Centre Sites were acquired by Nextdc (ASX: NXT) for AUD 170 million on April 17, 2018. The new sites as well as the P2 base building development works are incremental to the Nextdc's existing funding envelope.

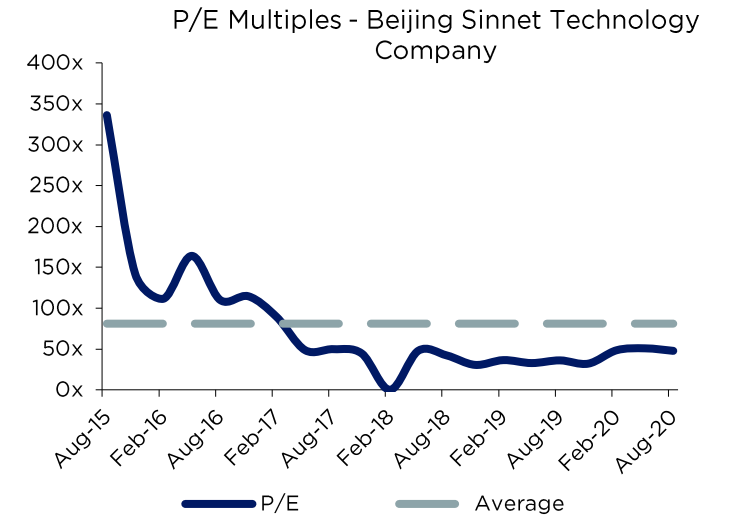
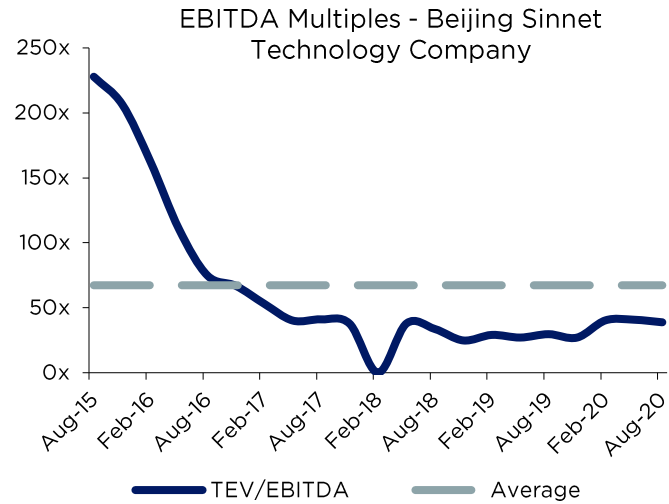
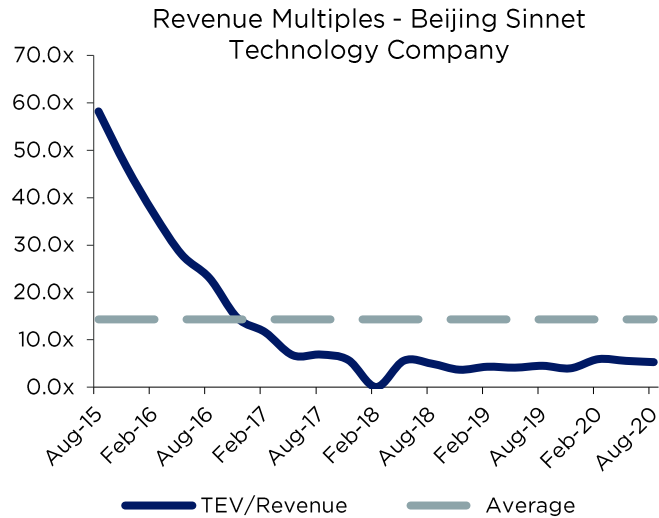
Beijing Sinnet Technology Company

Beijing Sinnet Technology Co Ltd is a professional data center and cloud computing service provider in China.

The company's main business is Internet data center services (IDC and its value-added services), cloud computing services, Internet broadband access services (ISP) and other Internet integrated services.

Public Basket

Beijing Sinnet Technology Company



Company Name

Date

Deal Synopsis

AWS China physical infrastructure assets

14-Nov-17

The physical infrastructure assets of Beijing Sinnet Technology Company (SHE: 300383) was acquired by AWS China, a subsidiary of Amazon.com (NAS: AMZN) for CYR 2 billion on November 14, 2017. The acquisition will enable the acquirer to expand its web services across China. The seller is backed by Waverton Investment Management at the time of the deal.

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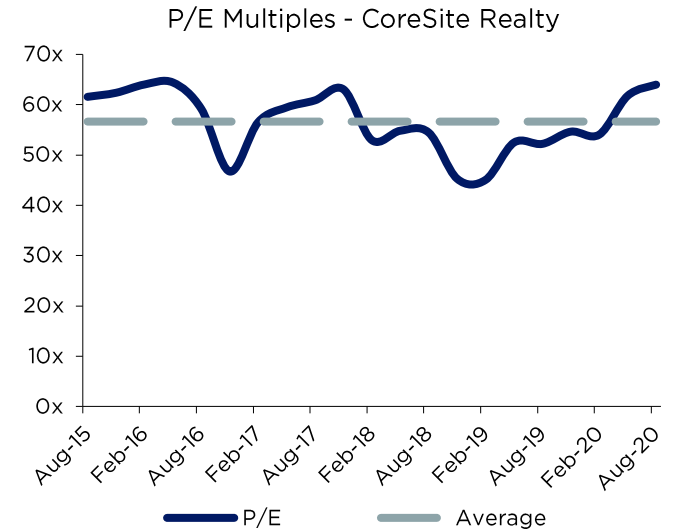
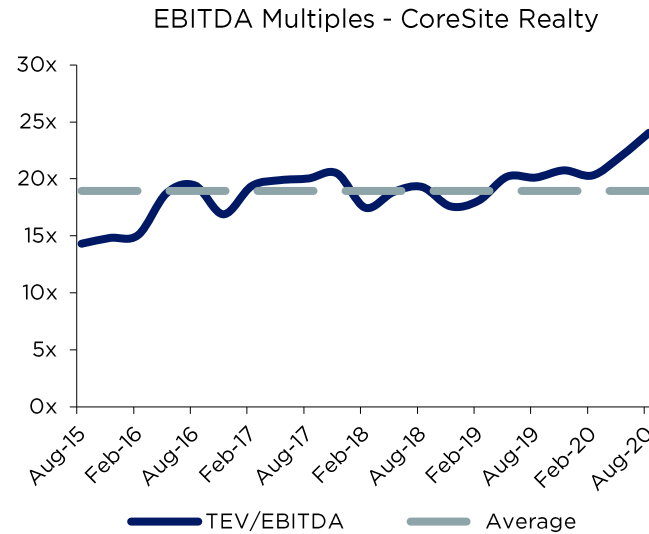
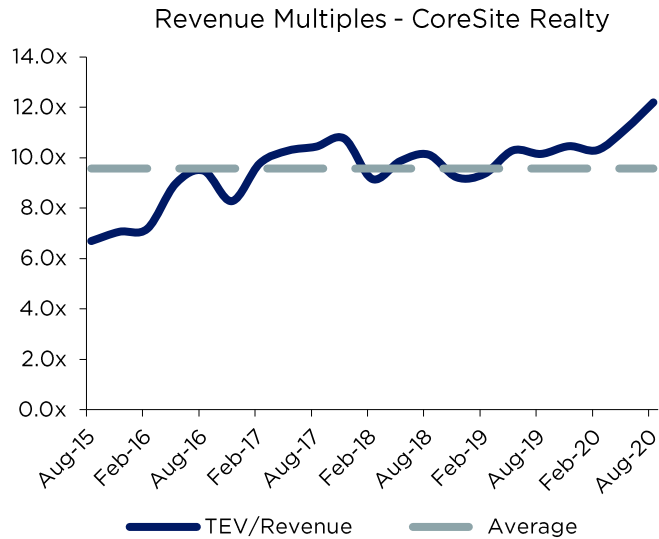
CoreSite Realty

CoreSite owns and/or operates 22 data centers in the U.S.

and has about 2.5 million net rentable square feet in operations, mostly in the key markets of Northern Virginia, Los Angeles, and San Francisco. It focuses on retail co-location--leasing smaller spaces to dozens of tenants per data center and resulting in a less concentrated customer base than wholesale data center providers. CoreSite's top 10 customers account for about a third of its annualized rental revenue. Of its 1,200 customers, more than 450 are network service providers, which exchange traffic at CoreSite locations. Interconnection revenue, driven primarily by connections between networks and connections between enterprises and their networks or cloud service providers, comprises just under 15% of total revenue.

Public Basket

CoreSite Realty



Company Name

Date

Deal Synopsis

Comfluent

20-Apr-12

The company was acquired by CoreSite Realty (NYSE: COR) for \$3 million on April 20, 2012.

Market Post Tower

-

The Carlyle Group has sold Market Post Tower to Coresite Realty (NYSE: COR) on an undisclosed date. Coresite Realty (NYSE: COR) is backed by Jefferies Group.

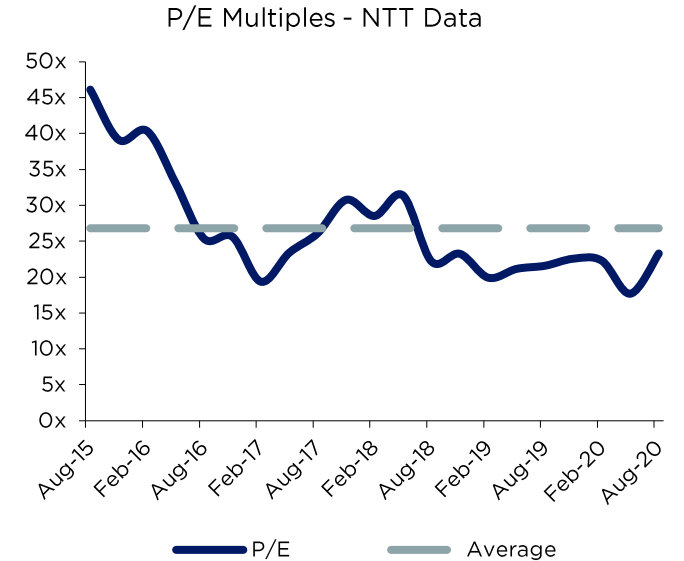
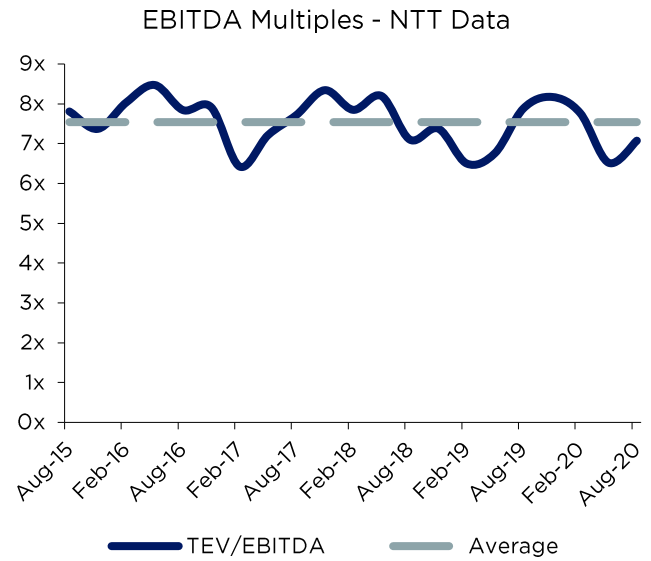
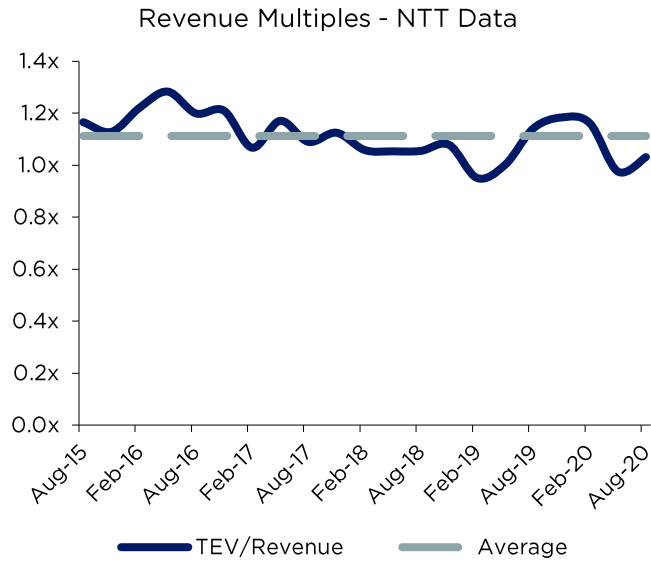
NTT Data

NTT Data Corp provides IT services to a wide range of business fields.

The company's operations are divided into three segments: global, public and social infrastructure; enterprise and solutions; and financial. Each segment contributes approximately an even proportion of the company's revenue. The services the company provides include system integration by constructing systems tailored to individual customer needs, multiple Internet and computer network-based information and processing services, consulting that evaluates customers' management issues, system support for large-scale systems, and new IT-based business models. The company is based in Japan but has a global presence.

Public Basket

NTT Data



Company Name	Date	Deal Synopsis
MagicCube	15-Jun-20	The company raised \$9.9 million of venture funding from Visa Ventures, Sony Innovation Fund and CVentures (Egypt) on June 15, 2020. NTT Data, Bold Capital Partners, EPIC Ventures, Azure Capital Partners and Luqman Weise Capital also participated in the round.
DeepTek	15-May-20	The company raised an undisclosed amount of venture funding from NTT Data, Nobori Ltd and Pentathlon Ventures on May 15, 2020. GHV Accelerator also participated in the round.

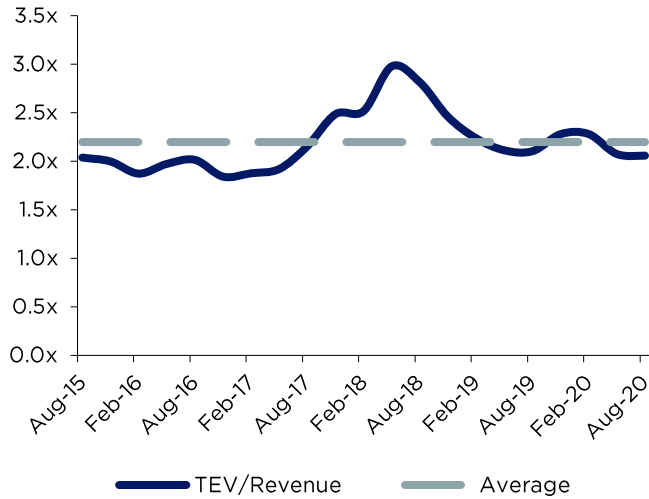
CenturyLink

With 450,000 route miles of fiber, including over 35,000 route miles of subsea fiber connecting Europe, Asia, and Latin America, CenturyLink is one of the United States' largest telecommunications carriers serving global enterprises.

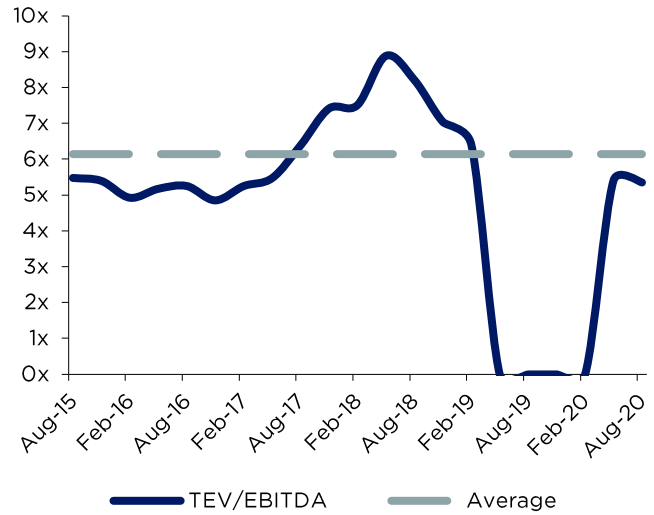
The merger further shifted the company's operations toward businesses (now 75% of revenue) and away from its legacy consumer business. CenturyLink offers businesses a full menu of communications services, providing colocation and data center services, data transportation, and end-user phone and Internet service. On the consumer side, CenturyLink provides broadband and phone service across 37 states, where it has nearly 5 million broadband customers.

Public Basket

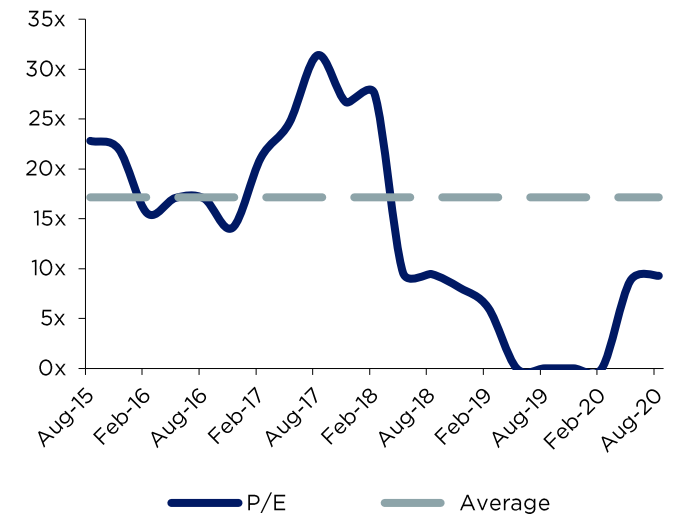
Revenue Multiples - CenturyLink



EBITDA Multiples - CenturyLink



P/E Multiples - CenturyLink



Company Name

Date

Deal Synopsis

Streamroot

06-Sep-19

The company was acquired by CenturyLink (NYS: CTL) for an undisclosed amount on September 6, 2019. The acquisition will help the company to improve video and static content delivery within bandwidth-constrained areas.

Level 3 Communications

01-Nov-17

The company (NYSE: LVLT) was acquired by CenturyLink (NYSE: CTL) for \$19.61 billion on November 1, 2017. This transaction increases CenturyLink's network by 200,000 route miles of fiber, which includes 64,000 route miles in 350 metropolitan areas and 33,000 subsea route miles connecting multiple continents. The transaction also enhances network capabilities and broadband infrastructure. Holders of Level 3 common stock as of immediately prior to closing are entitled to receive \$26.50 per share in cash (without interest) and 1.4286 shares of CenturyLink stock for each Level 3 share they owned. CenturyLink shareholders now own approximately 51 percent and former Level 3

Equinix

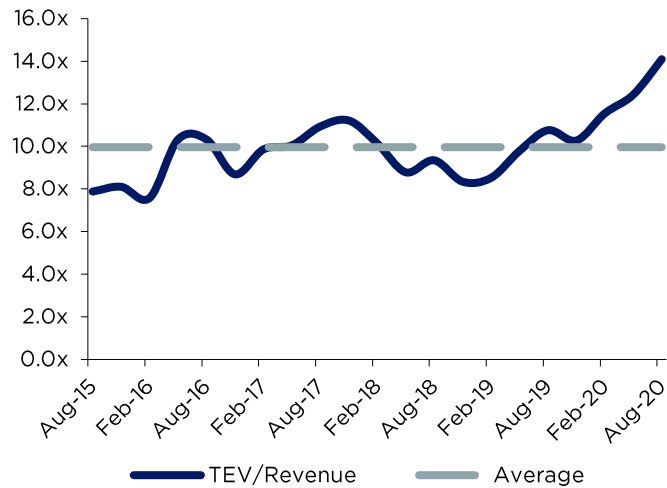
Equinix is a retail provider of data centers, enabling hundreds of enterprise tenants to house their servers and networking equipment in a collocated environment.

Tenants can then connect with each other, cloud service providers, and telecom networks. Equinix operates 210 data centers in 55 markets worldwide and owns just less than half of them. The firm has nearly 10,000 customers, including 1,800 networks, that are dispersed over five verticals: Cloud and IT Services, Content Providers, Network and Mobile Services, Financial Services, and Enterprise. About 70% of Equinix's revenue comes from renting space to tenants and related services, and more than 20% comes from connecting customers with each other. Equinix operates as a real estate investment trust.

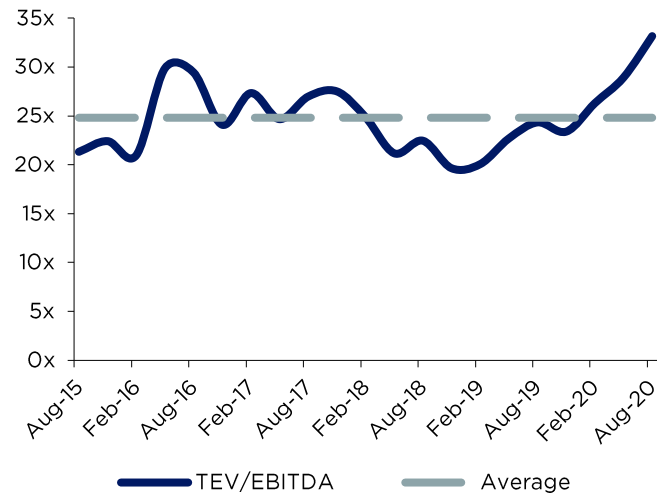
Public Basket

Equinix

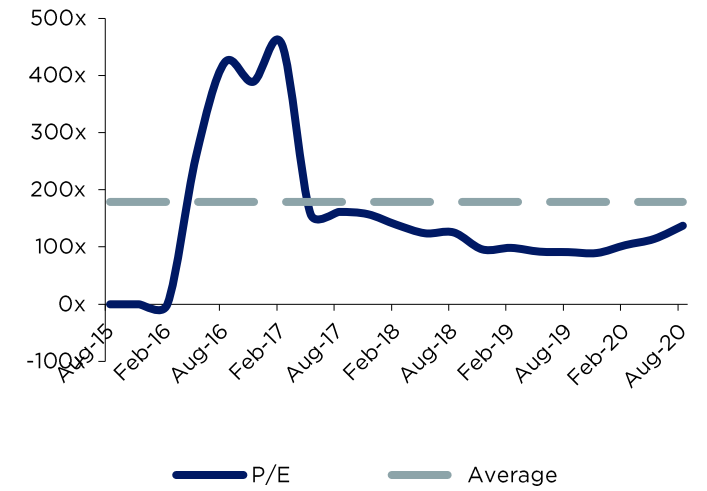
Revenue Multiples - Equinix



EBITDA Multiples - Equinix



P/E Multiples - Equinix



Company Name

Date

Deal Synopsis

BCE (25 Data Centers in Canada)

01-Jun-20

Equinix (NAS:EQIX) entered into a definitive agreement to acquire 25 Data Centers in Canada of BCE (TSE:BCE) for CAD 1.04 billion on June 1, 2020. The acquisition further extends the depth and breadth of Equinix's global platform, which currently spans 26 countries and 55 metros and positions Equinix as a market leader for data centre and interconnection services in Canada.

Bell (25 data-center facilities)

01-Jun-20

Equinix entered into the agreement to acquire the 25 data-center facilities of Bell for CAD 1040 million on June 1, 2020.

Contact Info

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