



Figure 82: CONE's 3Q16 results preview

CONE	3Q15	2Q16	3Q16			2016			
			Actual	DBe	Cons	Pre 3Q Guide	Post 3Q Guide	DBe	Cons
Income Statement (\$ in MM's, except per share)									
GAAP Revenue	\$111.2	\$130.1	\$136.6	\$136.1		\$520 - \$530		\$525.2	\$526.7
Adjusted EBITDA	\$69.0	\$69.4	\$71.2	\$69.3		\$270 - \$280		\$275.3	\$275.0
Adjusted EBITDA margin	53.1%	53.3%	52.1%	51.0%				52.4%	52.2%
FFO/sh, normalized	\$0.57	\$0.67	\$0.64	\$0.62		\$2.50 - \$2.58		\$2.56	\$2.56
Operating Metrics (in 000's, except per share)									
GAAP rent annualized (\$mm)	\$12.14	\$57.19							
MW signed	4.8	40.0							
Rent/KW/Month	\$210.83	\$119.15							
Quarterly churn rate	0.7%	2.7%		2.5%					

Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- Expectations are elevated following 3 back-to-back quarters of strong leasing. Update on the size of the leasing pipeline
- Recent changes in conversations with enterprise and public cloud players
- Pricing, yield and construction cost trends
- Fundamentals in key markets, specifically in NOVA, Houston, Dallas, and Phoenix
- Construction plans in the Pacific Northwest and NOVA following land purchases. CONE recently acquired 29 acres in the Phoenix metro while highlighting Santa Clara as an area of focus
- Leasing activity at the CME property in Chicago
- Expansion plans in 2016 for new markets, and potential for additional acquisitions
- Impact from weakness in the energy industry on CONE's oil and gas tenants
- We are updating estimates to reflect our expectation of an earlier exercise of the forward equity sales offering in 2017 and a modest reduction in rent commencements in 2017. Our 2016 estimates are unchanged. For 2017, our core FFO/sh estimate moves to \$2.95 from \$3.01, NAREIT FFO moves to \$2.71 from \$2.77, FAD moves to \$2.90 from \$2.97, and EBITDA moves to \$337.7MM from \$345.8MM. Please see Figure 98 for a summary of our estimate revisions
- We are lowering our target price to \$59 from \$60 as a result of our estimate revisions. Our target multiple are unchanged (17.4x EBITDA and 19.1x FAD). Please see Figure 97 for details on our target price

Source: Deutsche Bank, company data, Thomson