



December 20, 2016

INAP Completes Initial Round of Cost Cuts and Provides Initial 2017 Forecast

- Management reaffirms 2016 guidance**
- Phase one of cost savings initiatives lowers annualized run-rate OPEX by \$6 million**
- Outlook for 2017 reflects a focus on profitable growth and improved free cash flow**
- Certain asset sales continue to be explored**

ATLANTA, Dec. 20, 2016 /PRNewswire/ -- Internap Corporation (NASDAQ: INAP), ("INAP" or the "Company") is a provider of high-performance Internet infrastructure services by providing customers with Colocation, Network and Managed Services, and Cloud Services. Today, the Company announced the completion of the initial round of cost cuts and provided an initial forecast of 2017 initiatives and performance.

The new management team launched a series of turnaround initiatives in the 4th quarter, all designed to improve profitable growth of INAP's robust Internet infrastructure platform across North America and several locations around the world. As communicated during the Company's 3rd quarter conference call, management is implementing a 2017 strategy that includes cost cuts, reorganization and investment in the sales teams, the creation of two pure play business units - Colocation and Cloud - and a recapitalization of our balance sheet. The combination of right-sizing the operations of INAP, investing in high ROI projects to serve customer demand, and completing a recapitalization to give management the necessary flexibility to compete in the long term, is a high priority for the Company.

The recapitalization could include a public offering or private placement of debt or equity securities, including a registered rights offering, which may or may not include a backstop investment commitment, and the refinancing or amendment of the Company's indebtedness. The Company can provide no assurance as to the form or terms of a recapitalization or the timing or ability to complete a recapitalization.

Following the operations reorganization of INAP under new management, the Company reaffirms guidance for 2016, consisting of revenue of \$297 million to \$300 million, adjusted EBITDA of \$81 million to \$83 million and capital expenditures of \$47 million to \$50 million. The Company is evaluating the sale of non-core assets and expects to discontinue programs that are not profitable. As a result, 2017 revenue is expected to decrease to \$275 million to \$285 million, while 2017 adjusted EBITDA is projected to increase to \$84 million to \$87 million. The Company's focus on higher return success-based projects is expected to result in decreased 2017 capital expenditures of approximately \$42 million. The combination of higher adjusted EBITDA and lower capital expenditures is expected to result in significantly higher free cash flow in 2017 over 2016.

"The new INAP management team is off to a fast start in addressing the areas that require the most attention to take advantage of the Tier III datacenters and network capacity available to fuel customer growth and meet customer demand in Internet infrastructure," said Peter D. Aquino, President and Chief Executive Officer. "Our team is excited about the opportunity to improve operations significantly, and provide the value that shareholders expect. The combination of cost cutting, focus on profitable revenue growth, and success based capex to drive returns is a discipline we believe will drive momentum in our turnaround."

About INAP

Internap is the high-performance Internet infrastructure provider that powers the applications shaping the way we live, work and play. Our hybrid infrastructure delivers performance without compromise - blending virtual and bare-metal cloud, hosting and colocation services across a global network of data centers, optimized from the application to the end user and backed by rock-solid customer support and a 100% uptime guarantee. Since 1996, the most innovative companies have relied on Internap to make their applications faster and more scalable. For more information, visit www.internap.com.

Forward-Looking Statements

This press release contains forward-looking statements. These forward-looking statements include statements related to our initiatives regarding balance sheet recapitalization, cost reduction and capital efficiency; our strategy to align into pure-play businesses and achieve higher margin sales; anticipated savings from our cost reduction efforts; divestiture initiatives; and our expectations for 2016 and 2017 revenues, adjusted EBITDA and capital expenditures. Our ability to achieve these

forward-looking statements is based on certain assumptions, including our ability to execute on our business strategy, leveraging of multiple routes to market, expanded brand awareness for high-performance Internet infrastructure services and customer churn levels. These assumptions may prove to be inaccurate in the future. Because such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, there are important factors that could cause Internap's actual results to differ materially from those in the forward-looking statements. These factors include our ability to execute on our business strategy and drive growth; our ability to maintain current customers and obtain new ones, whether in a cost-effective manner or at all; the robustness of the IT infrastructure services market; our ability to achieve or sustain profitability; our ability to expand margins and drive higher returns on investment; our ability to sell into new and existing data center space; the actual performance of our IT infrastructure services; our ability to correctly forecast capital needs, demand planning and space utilization; our ability to respond successfully to technological change and the resulting competition; the availability of services from Internet network service providers or network service providers providing network access loops and local loops on favorable terms, or at all; failure of third party suppliers to deliver their products and services on favorable terms, or at all; failures in our network operations centers, data centers, network access points or computer systems; our ability to provide or improve Internet infrastructure services to our customers; and our ability to protect our intellectual property; market conditions and the terms of any issuance of equity or debt securities or the refinancing or amendment of our indebtedness; risks related to our indebtedness, including our substantial amount of debt, our ability to incur debt and increases in interest rates or in our borrowing margins; our ability to meet the financial and other covenants contained in our credit agreement; as well as other factors discussed in our filings with the Securities and Exchange Commission. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. We undertake no obligation to update, amend or clarify any forward-looking statement for any reason.

Non-GAAP Financial Measures

Because of the forward-looking nature of the Company's forecasts of adjusted EBITDA, specific quantifications of the amounts that would be required to reconcile a pre-tax income or loss are not available. The Company believes that there is a degree of volatility with respect to certain of the Company's GAAP measures which preclude the Company from providing accurate forecast of GAAP to non-GAAP reconciliations. Based on the above, the Company believes that providing estimates of the amounts that would be required to reconcile the range of the non-GAAP adjusted EBITDA would imply a degree of precision that would be confusing or misleading to investors.

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To view the original version on PR Newswire, visit:<http://www.prnewswire.com/news-releases/inap-completes-initial-round-of-cost-cuts-and-provides-initial-2017-forecast-300382221.html>

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