

# Investor Presentation

---

March 2019



# Disclaimer

Forward-Looking Statements: This presentation contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

The forward-looking statements in this presentation do not constitute guarantees of future performance. Investors are cautioned that statements in this presentation, which are not strictly historical statements, including, without limitation, statements by our Executives, and statements concerning our expected future performance, plans, objectives and strategies, constitute forward-looking statements. Such forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated by the forward-looking statements, including, without limitation, risks associated with our ability to develop and market new products and services that meet customer demands and generate acceptable margins; our reliance on several large customers; our ability to negotiate and enter into acceptable contract terms with our suppliers; our ability to attract and retain qualified management and other personnel; competition in the industry in which we do business; failure of the third-party communications networks on which we depend; legislation or regulatory environments, requirements or changes adversely affecting the businesses in which we are engaged; our ability to maintain our databases, management systems and other intellectual property; our ability to maintain adequate liquidity and produce sufficient cash flow to fund our capital expenditures and debt service; our ability to obtain capital to grow our business; technological developments and changes in the industry; our ability to complete acquisitions or divestitures and to integrate any business or operation acquired; general economic condition and other risks detailed in our filings with the Securities and Exchange Commission. We undertake no obligation to update any forward-looking information contained in this presentation.

Additionally, this presentation may contain various non-GAAP financial measures as defined by the SEC's Regulation G. More information on the non-GAAP financial measures used in this presentation can be found in the appendix.

# GTT Overview



**GTT delivers cloud networking services to multinational clients**



## **Expansive Global Reach**

Tier 1 global network reaching any location in the world and any application in the cloud



## **Comprehensive Cloud Networking Services**

Wide Area Networking, Transport & Infrastructure, Internet, Managed Services and Voice



## **Outstanding Client Experience**

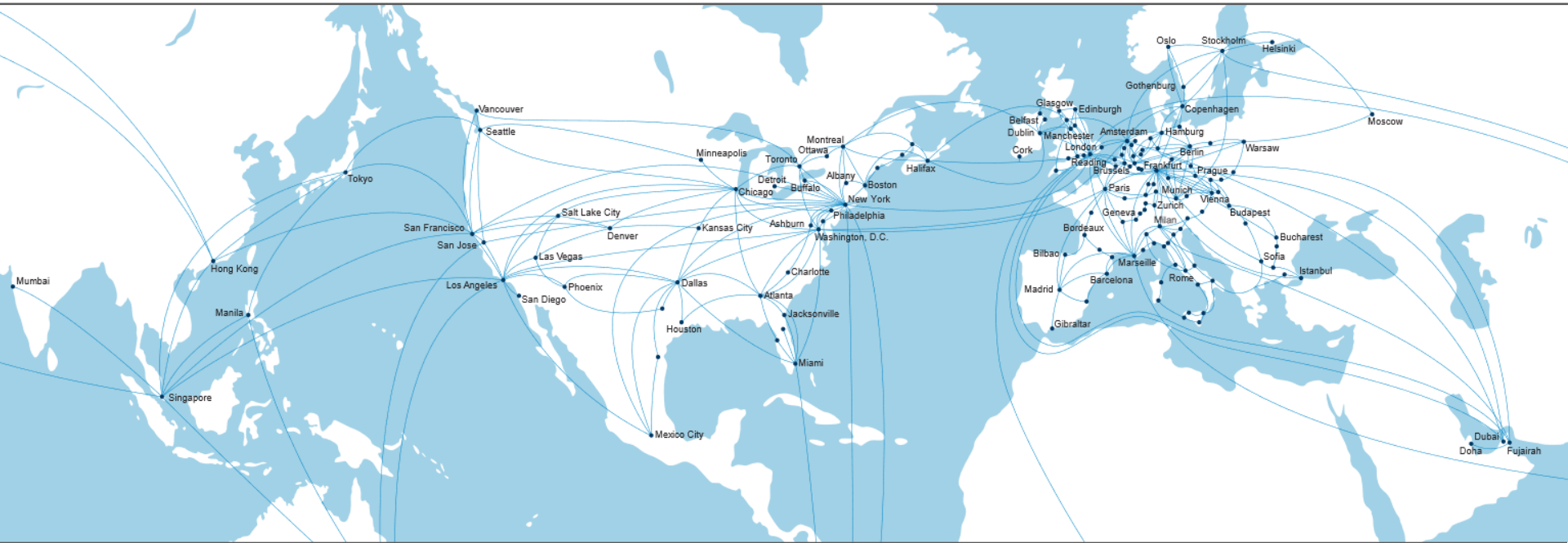
Differentiated service built on our core values of simplicity, speed and agility



## **Strong Growth Profile**

LQA Revenue: \$1.8B (64% 5-year CAGR)  
LQA Adj. EBITDA: \$469M (84% 5-year CAGR)

# Extensive Global Network



**600+**

Points of Presence  
(PoPs) on six  
continents

**140+**

Countries with  
client services

**Tier 1**

Internet backbone  
top-ranked in the  
industry<sup>1</sup>

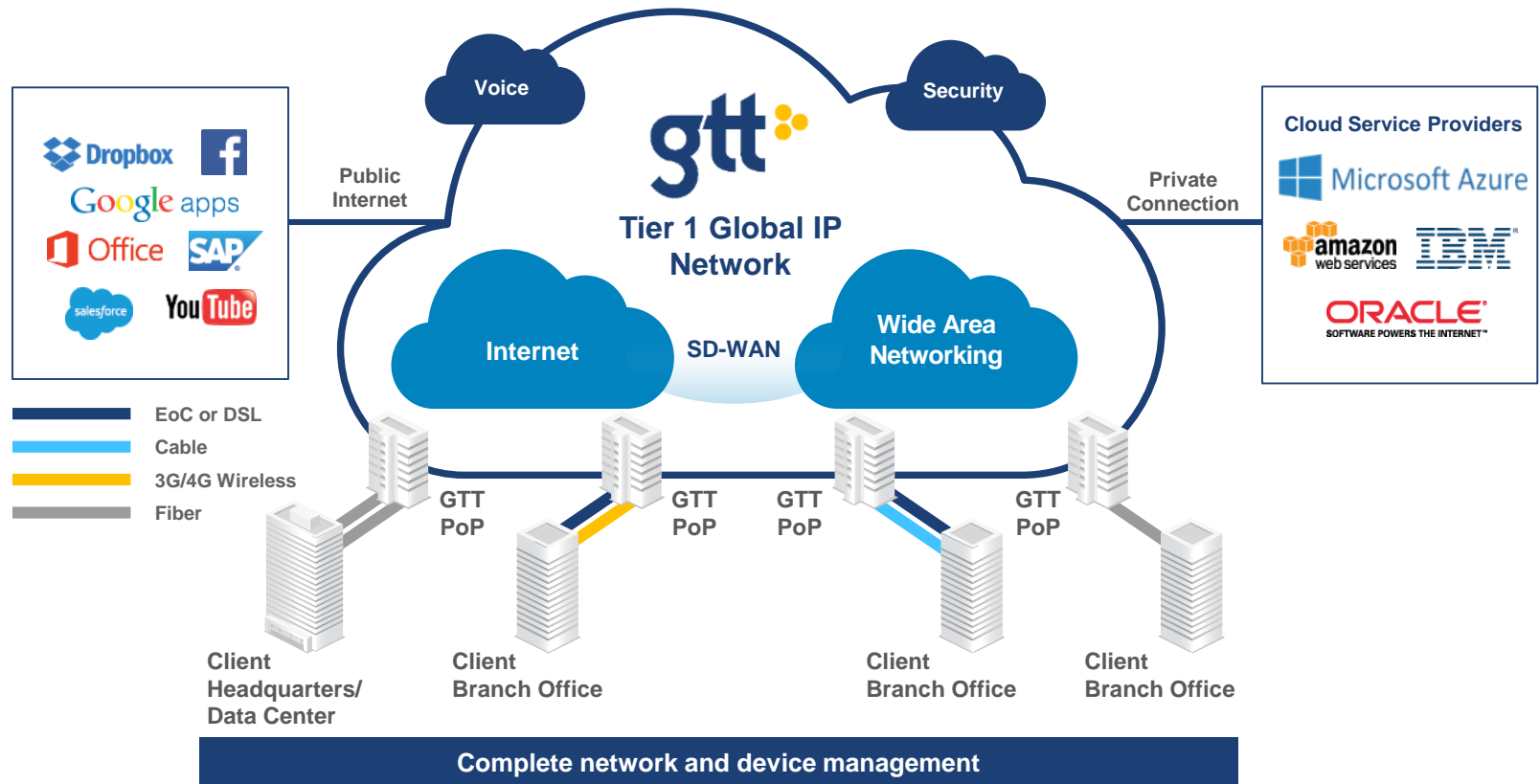
**200,000+**

End-point  
devices under  
management

**3,500+**

Regional partners  
for diverse, secure  
local loop access

# Any Location. Any Application.



## Core Network Connectivity

- Points of Presence (PoPs) in most major carrier neutral data centers worldwide
- PoPs are connected via a combination of owned and leased routes
- Not specific to client contracts; based on aggregate traffic demand

## Diverse, Secure Last Mile Access

- Leased fiber, copper, cable, wireless connections
- Typically leased back-to-back with client contracts
- Substantial majority of monthly network spend

# Key Trends Driving Demand Growth

GTT helps CIOs connect people across their organizations around the world to any application in the cloud

## ↑ Apps & Data per App

- CRM / ERP
- Point of Sale
- IoT
- AI
- Blockchain
- Social media
- Collaboration

## ↑ Cloud Adoption

- Compute
- Storage
- Security
- IaaS, PaaS, BPaaS, SaaS

## ↑ Virtualization

- Data warehousing
- Big data analytics
- Business intelligence
- SDN, NFV

## ↑ Mobility

- Video
- eCommerce
- Payments
- Sharing economy
- Remote workforce

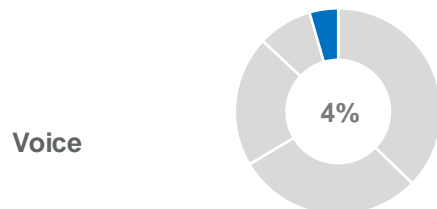
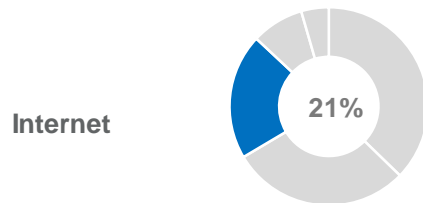
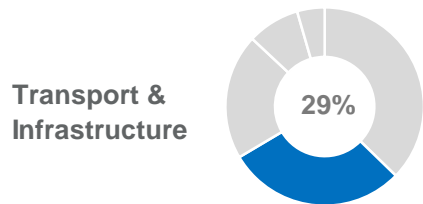
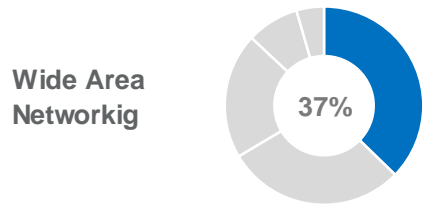
## ↑ Visibility & Control

- Application awareness
- Network access control
- Network intelligence
- APIs
- SD-WAN, uCPE

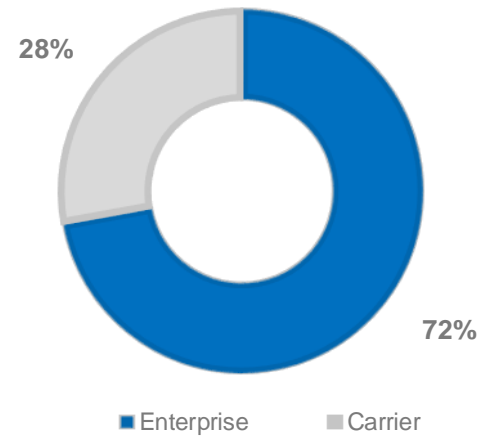
These trends generate demand for more network services

# Diversified Revenue Mix

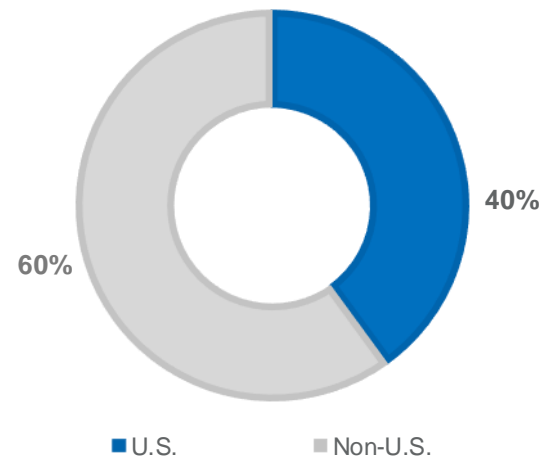
## Service Type



## Client Type



## Geography



Note: Data as of 4Q18 based on recurring revenue, geography based on service location  
 (1) Other includes professional services and managed hosting

# Growth Strategy

Balanced approach including rep-driven growth and accretive acquisitions

## Drivers

- Rep-Driven
  - Grow sales force across all markets and channels
  - Up-sell and cross-sell to grow wallet share
  - Lower churn via superior client service and proactive renewals
- Acquisitions
  - Small (several per year)
  - Large (less frequent)

## Differentiators

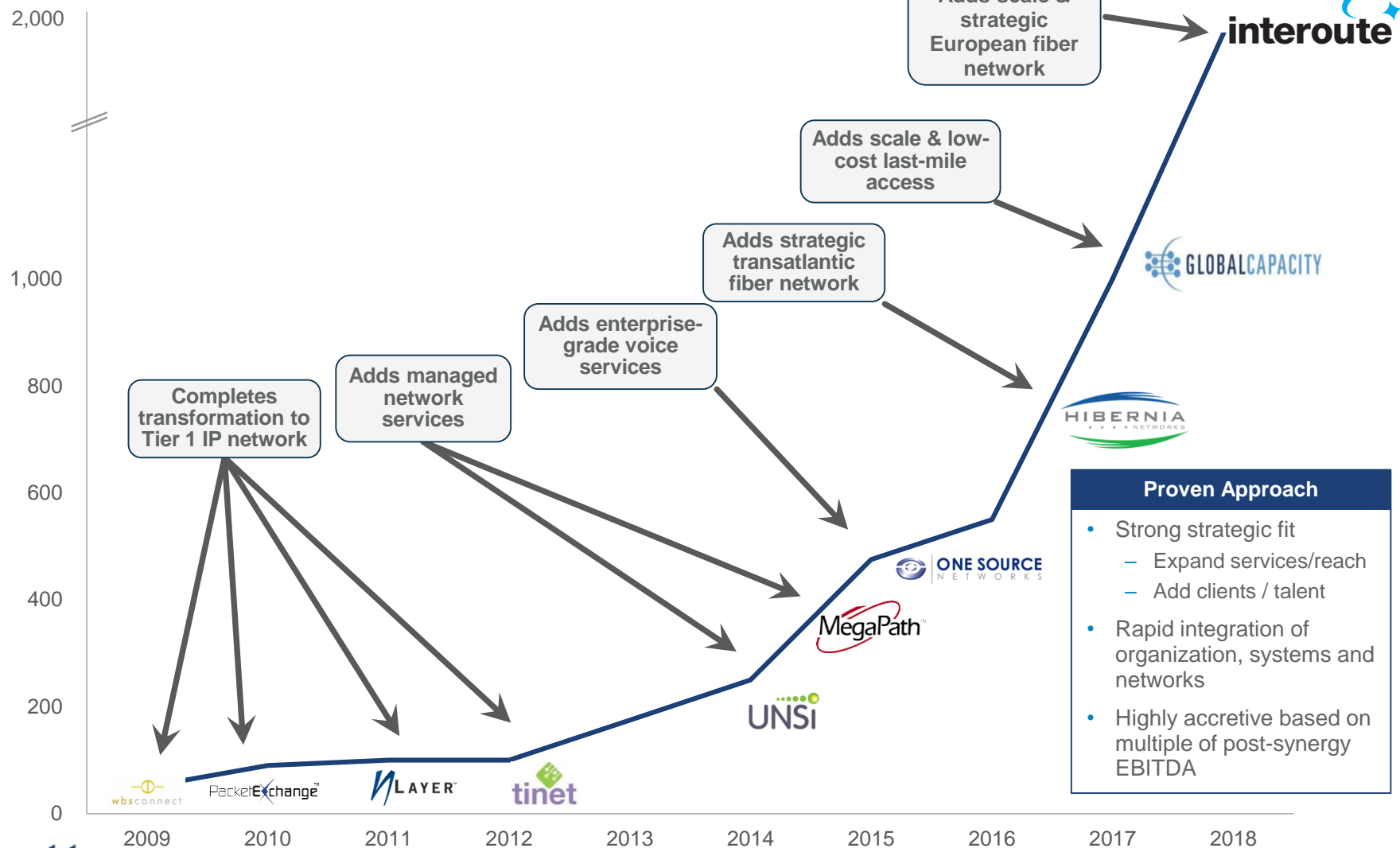
- 'Capex Light' model allows for global last mile reach to any location in the world
- Our global Tier 1 IP backbone provides seamless connection to any application in the cloud
- Internally developed software platform (CMD) handles all aspects of client lifecycle and profitability
- Focused on cloud networking with service experience built on our core values of simplicity, speed and agility

**Next Financial Objectives:**  
**\$3B Revenue, \$900M Adjusted EBITDA, \$5+/share Adjusted FCF**



# Transformation Through Strategic M&A

Annualized Revenue  
(\$ in millions)



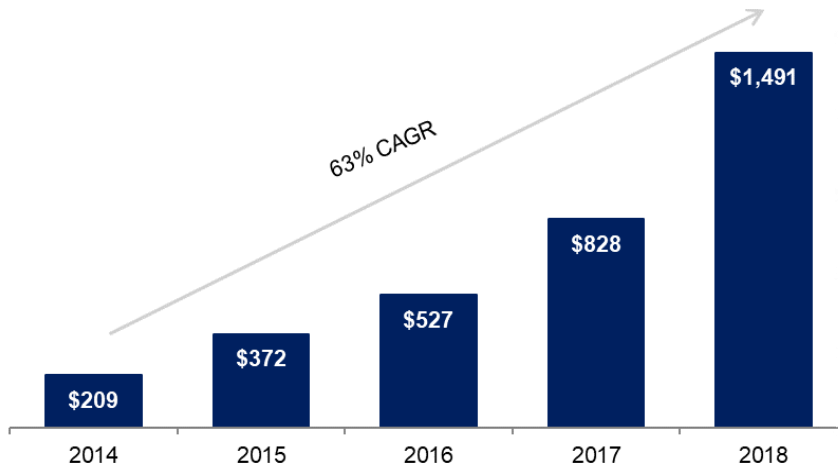
**Proven Approach**

- Strong strategic fit
  - Expand services/reach
  - Add clients / talent
- Rapid integration of organization, systems and networks
- Highly accretive based on multiple of post-synergy EBITDA

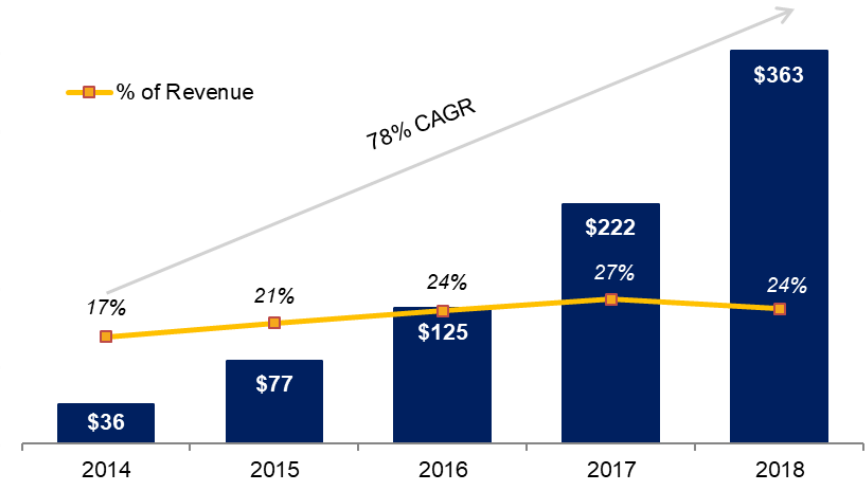
# Financial Highlights

(\$ in Millions)

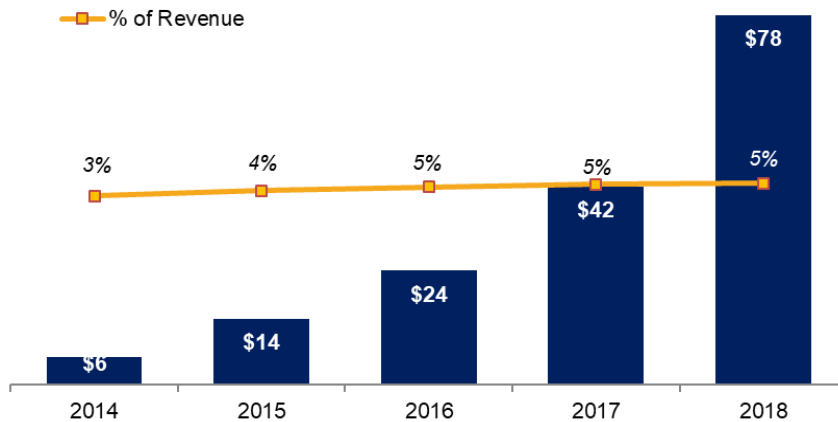
## Revenue



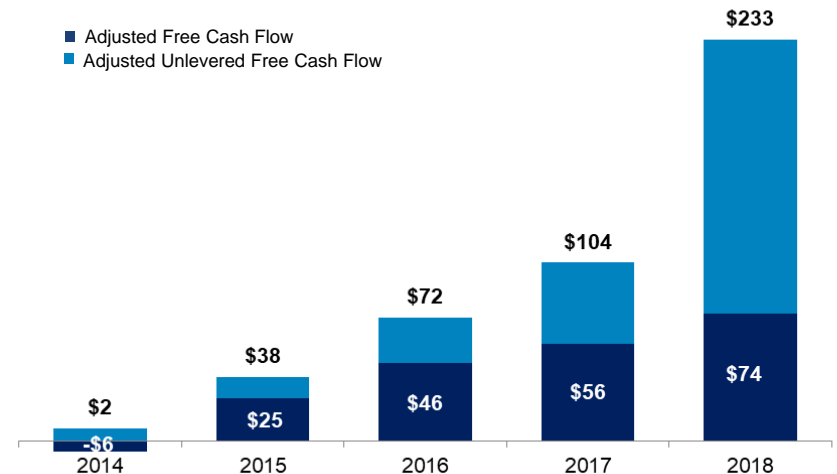
## Adjusted EBITDA



## Capex



## Adjusted Free Cash Flow



Notes: Financial results are as reported, not including constant currency adjustments and only including acquisitions after their respective close dates

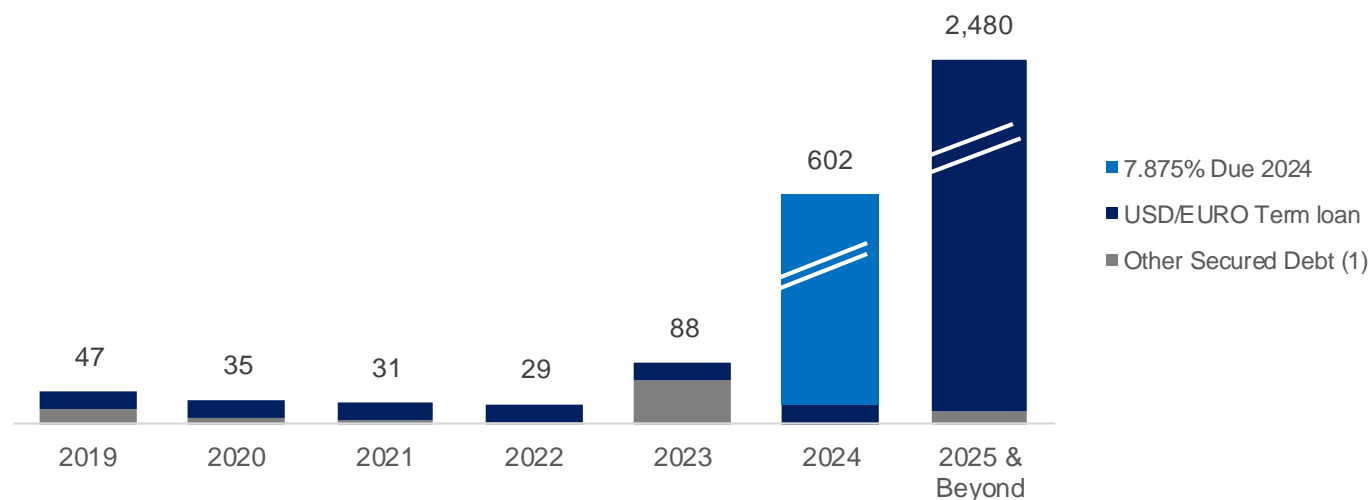
# Liquidity & Debt

(\$ in Millions)

## Credit Metrics

Cash	\$	55
Available Revolver		130
<b>4Q18 Total Liquidity</b>		<b>185</b>
USD Term Loan		1,761
EUR Term Loan		858
7.875% Due 2024		575
Other Secured Debt <sup>(1)</sup>		119
<b>4Q18 Total Debt</b>	<b>\$</b>	<b>3,313</b>

## Debt Maturity Profile



Note: Pro forma 4Q18 total net leverage is ~6x, using trailing twelve month Adjusted EBITDA including all acquisitions and expected cost synergies  
 (1) Includes Drawn Revolver of \$59M, Vendor Loans of \$18M and Capital Leases of \$42M

# Investment Highlights

## Significant Market Opportunity

- Multi-hundred billion dollar growing TAM; GTT market share <1%
- Enterprise bandwidth requirements / IP & cloud traffic / SD-WAN forecast to grow rapidly
- Strongly positioned to win clients underserved by incumbents for high performance solutions

## Focused Business Strategy

- Focus exclusively on providing cloud networking services to large and multinational clients
- Deliver mission-critical services to blue-chip clients with simplicity, speed, agility
- Organic growth engine coupled with proven ability to identify, close and integrate accretive acquisitions

## Unique Value Proposition

- Top ranked global Tier 1 IP network with extensive fiber footprint and 3,500+ network suppliers
- Flexible commercial model aligning with client requirements in cloud paradigm
- Single business and operating support system efficiently manages all aspects of the client lifecycle

## Compelling Financial Profile

- Significant growth; 63% Revenue CAGR and 78% Adjusted EBITDA CAGR from 2014 - 2018
- MRR of 90%+, expanding margins with low (<7% revenue) capital expenditures drives cash flow
- Strong balance sheet to fund growth

## Experienced Leadership Team

- Deep expertise managing high-growth communications businesses
- Long tenured and experienced board of directors
- Significant management and board ownership

# Appendix

# Non-GAAP Financial Information

## **GTT GAAP to Non-GAAP Reconciliation**

In addition to financial measures prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), from time to time GTT may use or publicly disclose certain "non-GAAP financial measures" in the course of its financial presentations, earnings releases, earnings conference calls, and otherwise. For these purposes, the U.S. Securities and Exchange Commission ("SEC") defines a "non-GAAP financial measure" as a numerical measure of historical or future financial performance, financial positions, or cash flows that (i) exclude amounts, or is subject to adjustments that effectively exclude amounts, included in the most directly comparable measure calculated and presented in accordance with GAAP in financial statements, and (ii) include amounts, or is subject to adjustments that effectively include amounts, that are excluded from the most directly comparable measure so calculated and presented.

Non-GAAP financial measures are provided as supplemental information to investors to provide an alternative method for assessing GTT's financial condition and operating results. GTT believes that these non-GAAP measures, when taken together with its GAAP financial measures, allow the Company and its investors to better evaluate its performance and profitability. These measures are not in accordance with, or a substitute for, GAAP, and may be different from or inconsistent with non-GAAP financial measures used by other companies. These measures should be used in addition to and in conjunction with results presented in accordance with GAAP, and should not be relied upon to the exclusion of GAAP financial measures.

Pursuant to the requirements of Regulation G, whenever GTT refers to a non-GAAP financial measure it will also present the most directly comparable financial measure calculated and presented in accordance with GAAP, along with a reconciliation of the differences between the non-GAAP financial measure GTT references with such comparable GAAP financial measure.

## **Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")**

Adjusted EBITDA is defined by GTT as net income/(loss) before interest and other expense, net, income tax (benefit) expense and depreciation and amortization ("EBITDA") adjusted to exclude severance, restructuring and other exit costs, acquisition-related transaction and integration costs, losses on extinguishment of debt, share-based compensation, and from time to time, other non-cash or non-recurring items. The Pro Forma EBITDA and Pro Forma Adjusted EBITDA in this presentation represent GTT's EBITDA and Adjusted EBITDA, respectively, after giving effect to the Global Capacity and Interoute acquisitions as of the first day of the period presented and adding anticipated estimated cost savings synergies from the Global Capacity and Interoute acquisitions and Adjusted EBITDA from individually immaterial acquisitions after giving effect to such acquisitions as if each had occurred on January 1, 2017. GTT uses Adjusted EBITDA to evaluate operating performance, and this financial measure is among the primary measures we use for planning and forecasting future periods. GTT further believes that the presentation of Adjusted EBITDA is relevant and useful for investors because it allows investors to view results in a manner similar to the method used by management and makes it easier to compare GTT's results with the results of other companies that have different financing and capital structures. However other companies may define Adjusted EBITDA differently than GTT does, so its Adjusted EBITDA may not be fully comparable with those of other companies. In addition, the Company has debt covenants that are based on a leverage ratio which utilizes a modified EBITDA calculation, as defined in its credit agreement. The modified EBITDA calculation in GTT's credit agreement is similar to its definition of Adjusted EBITDA; however it includes the pro forma Adjusted EBITDA of and expected cost synergies from the companies acquired by GTT during the applicable reporting period. Finally, Adjusted EBITDA results, along with other quantitative and qualitative information, are utilized by management and GTT's compensation committee for purposes of determining bonus payouts to its employees.

## **Adjusted Free Cash Flow and Adjusted Unlevered Free Cash Flow**

Adjusted Free Cash Flow is defined as net cash provided by operating activities less purchases of property and equipment, adjusted to exclude cash paid for severance, restructuring and other exit costs, and acquisition related transaction and integration costs. Adjusted Unlevered Free Cash Flow is defined as Adjusted Free Cash Flow before interest. Adjusted Free Cash Flow and Adjusted Unlevered Free Cash Flow are not a measurement of our financial performance under GAAP and should not be considered in isolation or as alternatives to net cash flows provided by operating activities, total net cash flows, or any other performance measure derived in accordance with GAAP.

# Non-GAAP Reconciliation (Annual)

(\$ in Millions)

Adjusted EBITDA	2014	2015	2016	2017	2018
<b>Net Income (loss)</b>	\$ (23.0)	\$ 19.3	\$ 5.3	\$ (71.5)	\$ (243.4)
Income tax (benefit) expense	2.1	(34.1)	3.9	17.3	(5.5)
Other (income) loss, net	8.6	1.2	0.6	(0.2)	127.9
Loss on debt extinguishment	3.1	3.4	1.6	8.6	13.8
Interest expense, net	8.5	13.9	29.4	71.2	146.9
Depreciation and amortization	24.9	46.7	62.8	132.6	211.4
Severance, restructuring and other exit costs	9.4	12.7	0.9	22.4	37.1
Transaction and integration costs	-	6.1	4.8	19.1	40.5
Non-cash compensation	2.4	7.9	15.8	22.2	34.4
<b>Adjusted EBITDA</b>	\$ 36.1	\$ 77.0	\$ 125.1	\$ 221.7	\$ 363.1
Adjusted Free Cash Flow	2014	2015	2016	2017	2018
<b>Net cash provided by operating activities</b>	\$ (6.5)	\$ 24.6	\$ 60.4	\$ 63.4	\$ 82.4
Purchase of property and equipment	(5.8)	(14.1)	(24.2)	(42.0)	(77.7)
Severance, restructuring and other exit costs	6.0	8.0	4.5	15.9	34.7
Transaction and integration costs	-	6.1	4.8	19.1	34.3
<b>Adjusted Free Cash Flow</b>	\$ (6.3)	\$ 24.6	\$ 45.5	\$ 56.4	\$ 73.7
Cash paid for interest	8.0	13.1	26.3	47.2	158.8
<b>Adjusted Unlevered Free Cash Flow</b>	\$ 1.7	\$ 37.7	\$ 71.8	\$ 103.6	\$ 232.5

# Non-GAAP Reconciliation (Quarterly)

(\$ in Millions)

Adjusted EBITDA	1Q18	2Q18	3Q18	4Q18
<b>Net loss</b>	\$ (30.7)	\$ (136.3)	\$ (23.4)	\$ (53.0)
Income tax (benefit) expense	1.6	(1.1)	(1.6)	(4.4)
Other (income) loss, net	17.4	97.6	(8.1)	21.0
Loss on debt extinguishment	-	13.8	-	-
Interest expense, net	20.9	30.2	47.6	48.2
Depreciation and amortization	39.8	48.2	58.5	65.0
Severance, restructuring and other exit costs	1.9	5.3	15.5	14.4
Transaction and integration costs	6.0	8.4	10.7	15.5
Non-cash compensation	5.9	8.8	9.2	10.5
<b>Adjusted EBITDA</b>	\$ <b>62.7</b>	\$ <b>74.9</b>	\$ <b>108.4</b>	\$ <b>117.2</b>
Adjusted Free Cash Flow	1Q18	2Q18	3Q18	4Q18
<b>Net cash provided by operating activities</b>	\$ <b>12.2</b>	\$ <b>16.3</b>	\$ <b>22.2</b>	\$ <b>31.7</b>
Purchase of property and equipment	(13.2)	(19.3)	(28.9)	(16.3)
Severance, restructuring and other exit costs	4.7	6.9	10.7	12.4
Transaction and integration costs	3.9	9.9	10.9	9.6
<b>Adjusted Free Cash Flow</b>	\$ <b>7.6</b>	\$ <b>13.8</b>	\$ <b>14.9</b>	\$ <b>37.4</b>
Cash paid for interest	31.3	30.0	41.1	56.4
<b>Adjusted Unlevered Free Cash Flow</b>	\$ <b>38.9</b>	\$ <b>43.8</b>	\$ <b>56.0</b>	\$ <b>93.8</b>