

Earnings Call Presentation

Zayo Group Holdings, Inc.

Fiscal Year 2017 Q4

NYSE: ZAYO

@ZayoGroup

Safe Harbor

Information contained in this presentation that is not historical by nature constitutes “forward-looking statements” which can be identified by the use of forward-looking terminology such as “believes,” “expects,” “plans,” “intends,” “estimates,” “projects,” “could,” “may,” “will,” “should,” or “anticipates” or the negatives thereof, other variations thereon or comparable terminology, or by discussions of strategy. No assurance can be given that future results expressed or implied by the forward-looking statements will be achieved and actual results may differ materially from those contemplated by the forward-looking statements. Such statements are based on management’s current expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to, those relating to Zayo Group Holdings, Inc.’s (“the Company” or “ZGH”) financial and operating prospects, current economic trends, future opportunities, ability to retain existing customers and attract new ones, outlook of customers, and strength of competition and pricing. In addition, there is risk and uncertainty in the Company’s acquisition strategy including our ability to integrate acquired companies and assets. Specifically there is a risk associated with our recent acquisitions, and the benefits thereof, including financial and operating results and synergy benefits that may be realized from these acquisitions and the timeframe for realizing these benefits. Other factors and risks that may affect our business and future financial results are detailed in the “Risk Factors” section of our Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) and updates to risk factors as included in our Quarterly Report 10-Q filed with the SEC. We caution you not to place undue reliance on these forward-looking statements, which speak only as of their respective dates. We undertake no obligation to publicly update or revise forward-looking statements to reflect events or circumstances after releasing this supplemental information or to reflect the occurrence of unanticipated events, except as required by law.

In addition to this presentation and our filings with the SEC, the Company provides a supplemental earnings presentation and a glossary of terms used throughout. All of which can be found under the investor section of the Company’s website at <http://www.zayo.com/investors>.



Dan Caruso Chairman & Chief Executive Officer

FY 4Q17 Highlights

continued consecutive quarter revenue growth¹

record net bookings of **\$7.5M**¹

the payback period of **13**¹ months, contract value of **\$323M**¹, and net capital of **\$77M**¹ associated with net bookings were strong relative to prior quarters

record gross installs of **\$7.3M**¹

churn of **1.2%**¹, resulting in net installs of **\$1.4M**¹ and implied organic growth rate of **3%**¹

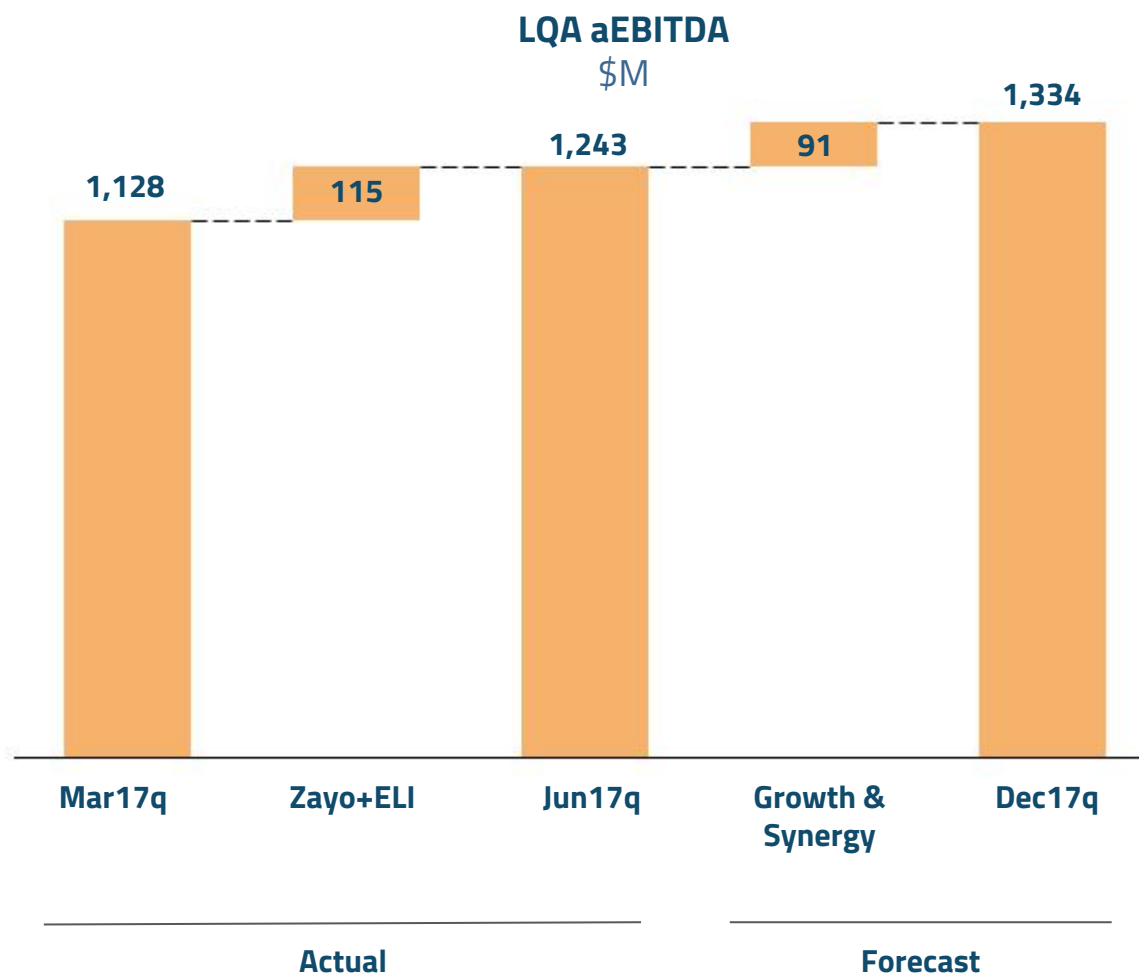
record Adj UFCF of **\$117M**, representing **18%** of revenue

LFCF positive for 2nd consecutive quarter

unlike Mar17q, Jun17q metrics include full quarter of ELI Communications Infrastructure (CI)

¹ excludes Allstream

Dec17q aEBITDA Guidance



Guidance largely unchanged

Dec17q Forecast as presented on 5/9/17
Update Aug Earning Call for Dec17q
Jun17q Actual

	Fiber Solutions	Colo	Transport	Enterprise Networks	Allstream	Total
aEBITDA % of total	47% No change 48%	10% No change 9%	17% No change 16%	17% No change 16%	9% No change 10%	\$1.33B LQA ~\$1.33B LQA \$1.24B LQA
Organic Revenue Growth Rate ^{1,2}	~10% No change 7%	HSD No change 5% ³	LSD No change 0%	L/MSD ~0% 2%	Negative No change -13%	MSD ex Allstream No change 3% ex Allstream ³
aEBITDA Margin	~80% No change 78%	52-55% No change 52%	~45% No change 42%	35-40% No change 37%	20-25% No change 23%	~50% No change 49%
Adj. Unlevered Free Cash Flow Margin	25-30% No change 22%	15-20% ~15% 15%	20-25% ~20% 13%	~20% No change 20%	15-20% No change 17%	~25% 20 - 25% 18%

Communications Infrastructure: ~90% of EBITDA

LFCF:

"become consistently run-rate positive during calendar 2017"

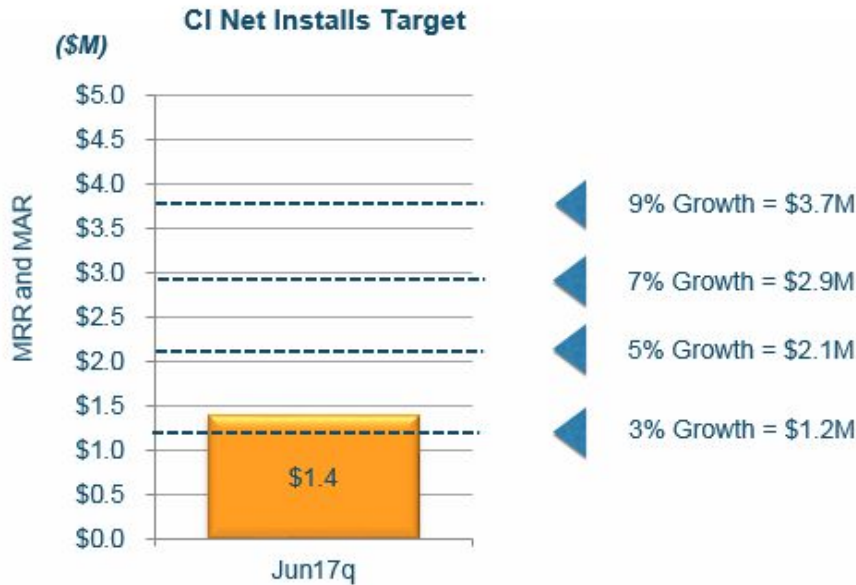
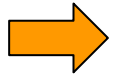
No change
\$40M

¹ Organic Revenue Growth Rate is the current quarter pace of Net Installs, calculated as Net Installs annualized, divided by the beginning of quarter MRR+MAR run-rate

² HSD= High Single Digits, MSD=Mid Single Digits, LSD= Low Single Digits

³ Pro forma for Kio acquisition

~\$3M Net Installs required for 6-8% growth



requires >\$8.5M Bookings, which would lead to >\$8.5M of Gross Installs

and requires churn at \$5.5M (1.1%)

Bookings headwind becoming tailwind

Net New Sales (Bookings) Stratification



\$8.5M is a 13% increase from \$7.5M

addressable market supports >>\$8.5M

Note: Sep16q included a \$0.9M Mobile Infrastructure Booking

Progress on QBHC Ramp & Sales Execution



communicated intention to increase QBHC to 260

staffing is largely in place, though many are in ramp up mode

shifting to vertical orientation

emphasis on Quota Bearing Business Development resources, particularly in Fiber Solutions Segment

¹ "Jun16q to Dec16q Avg" as previously reported included Account Coverage; "Mar17q" as previously reported included Account Coverage and zColo & Fiber Solutions Business Development teams

Bookings quality trend is favorable

	Avg of Prior 4 Qtrs	Jun17q	% Delta
Net Bookings	\$6.5M	\$7.5M	15% higher
Contract Value	\$377M	\$323M	
CAPEX	\$168M	\$128M	
Net Capex	\$113M	\$77M	32% lower
Payback Period	21 mos	13 mos	faster

not constraining bookings to manage toward capital or cash flow targets

average payback of 13 months is excellent, driven by low Net Capital relative to Net Bookings

- focus on leveraging existing assets

- fewer new large deals, particularly Mobile Infrastructure

if trend continues, Net Capital likely increases only modestly with growth, even as Gross Installs increase

Gross Installs on steady growth path

Gross Installs on steady growth path

pipeline & Bookings are sufficient to remain on upward trend

attaining \$8.5M threshold is ~15% increase in installs



Churn elevated due to specific events

churn of \$5.9M relative to expectation of <\$5.5M

legacy Zayo churn is healthy at 1.1%

Canada has been 2.0%

on-going elevated churn expected for two quarters; concentrated in Enterprise Segment, due to Canada, ELI, and an individual large customer bankruptcy

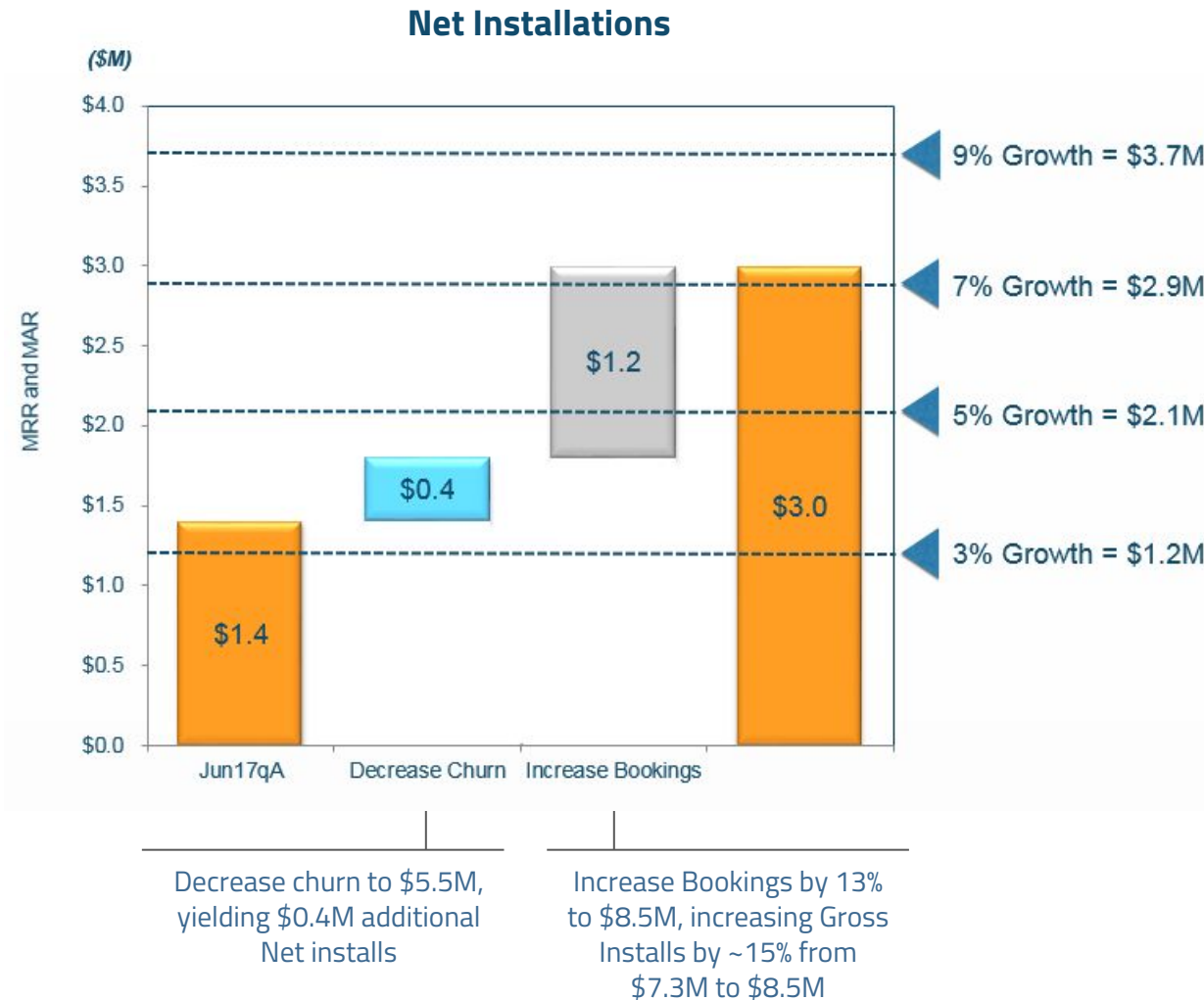
Segment	Jun17q Churn %
Fiber	-0.6%
zColo	-1.0%
Transport	-1.9%
Enterprise	-1.5%



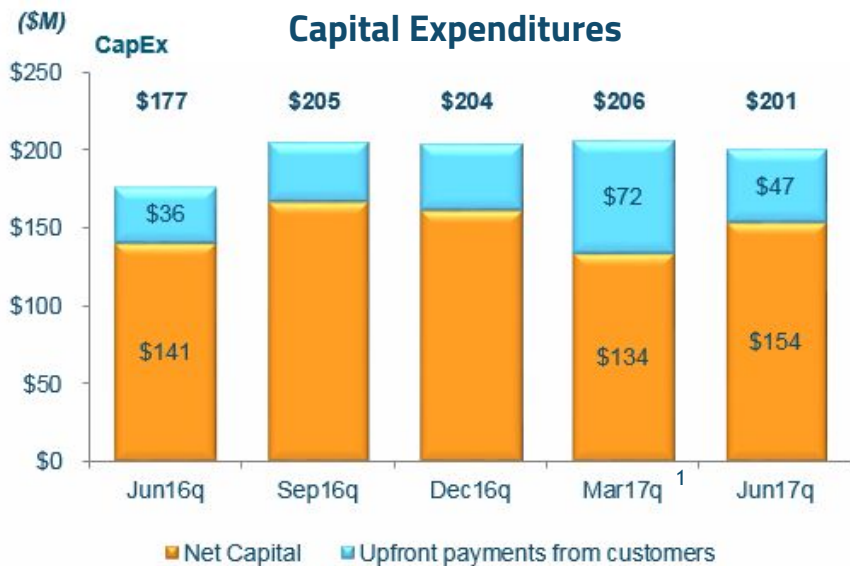
Legacy Zayo	-1.1%	-1.1%	-1.2%	-1.1%	-1.1%
Canada CI	N/A	-1.9%	-1.7%	-2.1%	-2.0%
ELI	N/A	N/A	N/A	-1.5%	-1.4%
Total	-1.1%	-1.2%	-1.3%	-1.2%	-1.2%

¹ Previously reported churn for the Jun16q through Dec16q quarters excluded Zayo Canada

Trends suggest viable path to 6-8% growth



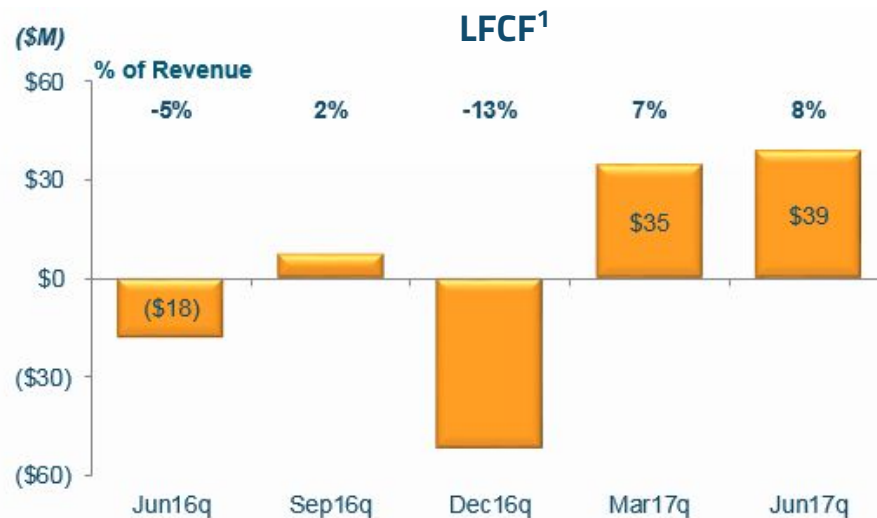
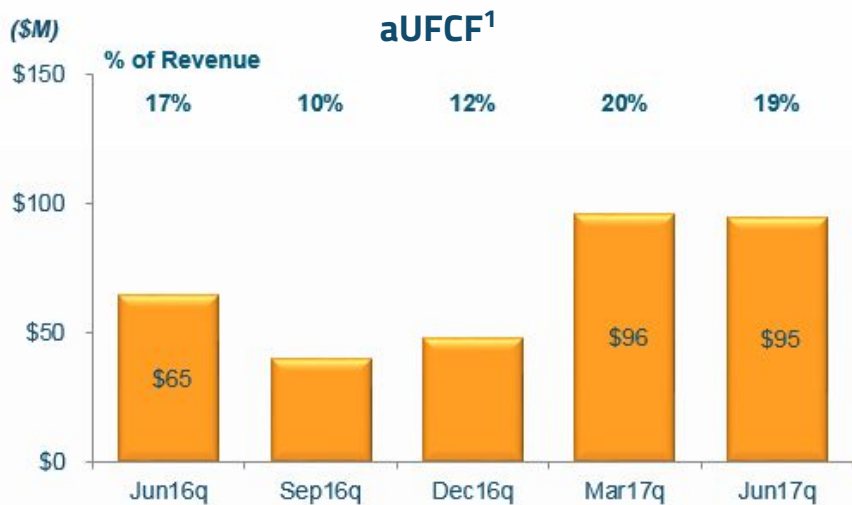
Cash Flow is on positive trend



Capital ~\$200M and Upfront payments ~\$50M / quarter

aUFCF ~20%

LFCF ~8%



¹ Mar17q (only one month for ELI) and Jun17q include Communications Infrastructure components of Zayo Canada and ELI

Financial Summary

Path to \$3M of Net Installs and 6 - 8% Revenue Growth

- Net Bookings grows to \$8.5M
- Churn stabilizes at \$5.5M

EBITDA Growth anticipated to be higher than Revenue Growth

- Higher margin Fiber and Colo growing at faster rates
- Additional synergy attainment in 2018

Cash Flow trends strong

- Net Capital associated with Net Bookings supports positive capital trend
- Past two quarters showed strong Adj UFCF & LFCF

Additional Topics

Recent M&A Activity

Future M&A Opportunities

New Large Projects / Mobile Infrastructure

Return of Capital

Path to REIT

Allstream



Ken desGarennes Chief Financial Officer






Q4 Financial Results

<i>(\$M, Except per Share Amounts)</i>	Jun16q	Sep16q	Dec16q	Mar17q	Jun17q ²
Zayo Group Holdings Revenue	\$507.3	\$504.9	\$506.7	\$550.2	\$638.0
Annualized revenue growth	25%	-2%	1%	34%	64%
Pro-forma annualized revenue growth ¹	9%	-2%	0%	-1%	-1%
Operating income/(loss)	72.0	87.0	90.7	90.7	105.4
Net Earnings/(loss)	(30.9)	15.7	19.8	27.0	23.2
EPS (basic and diluted)	(0.13)	0.06	0.08	0.11	0.09
Zayo Group Holdings Adjusted EBITDA	\$257.8	\$260.6	\$263.4	\$282.0	\$310.8
Annualized Adjusted EBITDA growth	25%	4%	4%	28%	41%
Pro-forma annualized Adjusted EBITDA growth ¹	19%	5%	3%	3%	-1%
Adjusted EBITDA margin	51%	52%	52%	51%	49%

¹ pro forma annualized growth for revenue and Adjusted EBITDA are calculated as if the acquisitions occurred on the first day of the quarter preceding the respective quarter in which the acquisitions closed

² Jun17q EPS is based on 245.8 and 248.0 million weighted average shares outstanding for basic and diluted, respectively, for the quarter

Segments

Segments	Fiber Solutions 	Colo 	Transport 	Enterprise Networks 	Other	Communications Infrastructure Total	Allstream 	ZGH Total
Revenue	\$190.9	\$56.7	\$117.4	\$136.6	\$7.5	\$509.1	\$128.9	\$638.0
Revenue % of Total	30%	9%	18%	21%	1%	80%	20%	100%
Adjusted EBITDA	\$149.5	\$29.3	\$49.3	\$51.1	\$1.6	\$280.8	\$30.0	\$310.8
EBITDA Margin	78%	52%	42%	37%	22%	55%	23%	49%
EBITDA % of Total	48%	9%	16%	16%	1%	90%	10%	100%
Capital Expenditures	\$117.5	\$21.6	\$36.2	\$25.5	\$0.0	\$200.8	\$4.5	\$205.3
Capex % of Total	57%	11%	18%	12%	0%	98%	2%	100%
Adjusted UFCF	\$42.8	\$8.5	\$15.0	\$27.1	\$1.7	\$95.1	\$22.1	\$117.2
Adjusted UFCF Margin	22%	15%	13%	20%	22%	19%	17%	18%
Adjusted UFCF % of Total	36%	7%	13%	23%	1%	81%	19%	100%
Net Installs	\$1.1	\$0.2	\$0.0	\$0.2	\$0.0	\$1.4		
Net Installs % of Total	76%	15%	-3%	12%	-1%	100%		
Implied Growth Rate	7%	5%	0%	2%	-6%	3%		
Net Sales (Bookings)	\$2.3	\$0.7	\$2.1	\$2.3	\$0.0	\$7.5		

Balance Sheet

(\$M)	Jun16q	Jun17q
Consolidated Balance Sheet Data		
Cash and cash equivalents	171	221
Property and equipment, net	4,080	5,016
Total assets	6,728	8,739
Long-term debt and capital lease obligations, including current portion	4,136	5,639
Total Stockholders' equity	1,219	1,411

ample liquidity including **\$442M** of revolver capacity

>\$1.7B of net operating loss carryforwards

gross leverage of **4.5x**

July refinancing activity reduced floating rate exposure on **\$300M** of debt



¹ principal value; excludes capital lease obligations

Stock-Based Comp

performance oriented stock-based compensation

Stock Based Compensation



pre-IPO plan vesting was completed in Dec16q

¹ dilution represents the actual dilution for shares vested and delivered during the quarter

Q&A

For detailed Supplement Earnings Information presentation, please visit:

investors.zayo.com