

Major Network Expansions Update

Zayo Group Holdings, Inc.

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NYSE: ZAYO
@ZayoGroup

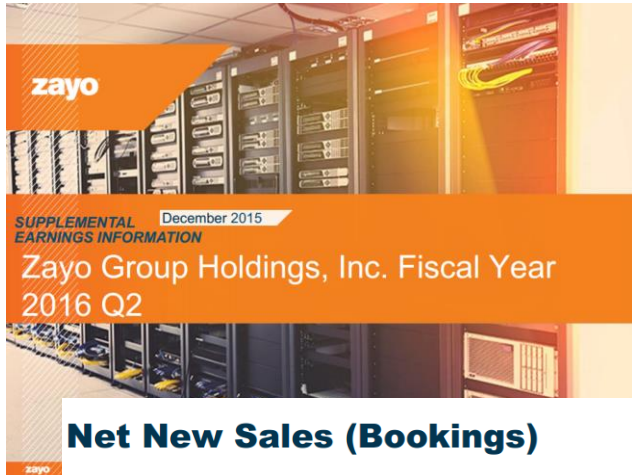
Safe Harbor

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 or Form 10-K filed with the Securities and Exchange Commission (“SEC”) on September 18, 2015. 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, pricing supplement 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>.

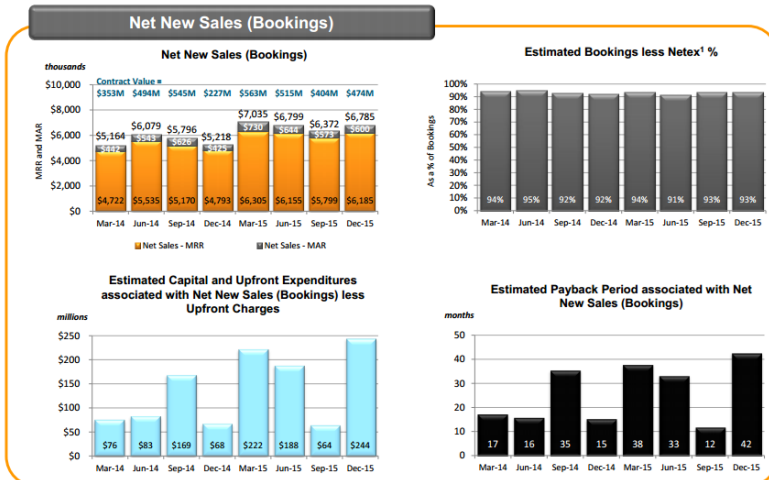
Major Network Expansion Projects

Additional reporting on timing of capital spend and associated gross installs



have historically reported on estimated capital associated with bookings

Net New Sales (Bookings)



¹ Network expense or "Netex", consists of third-party network service costs resulting from Net New Sales (Bookings)

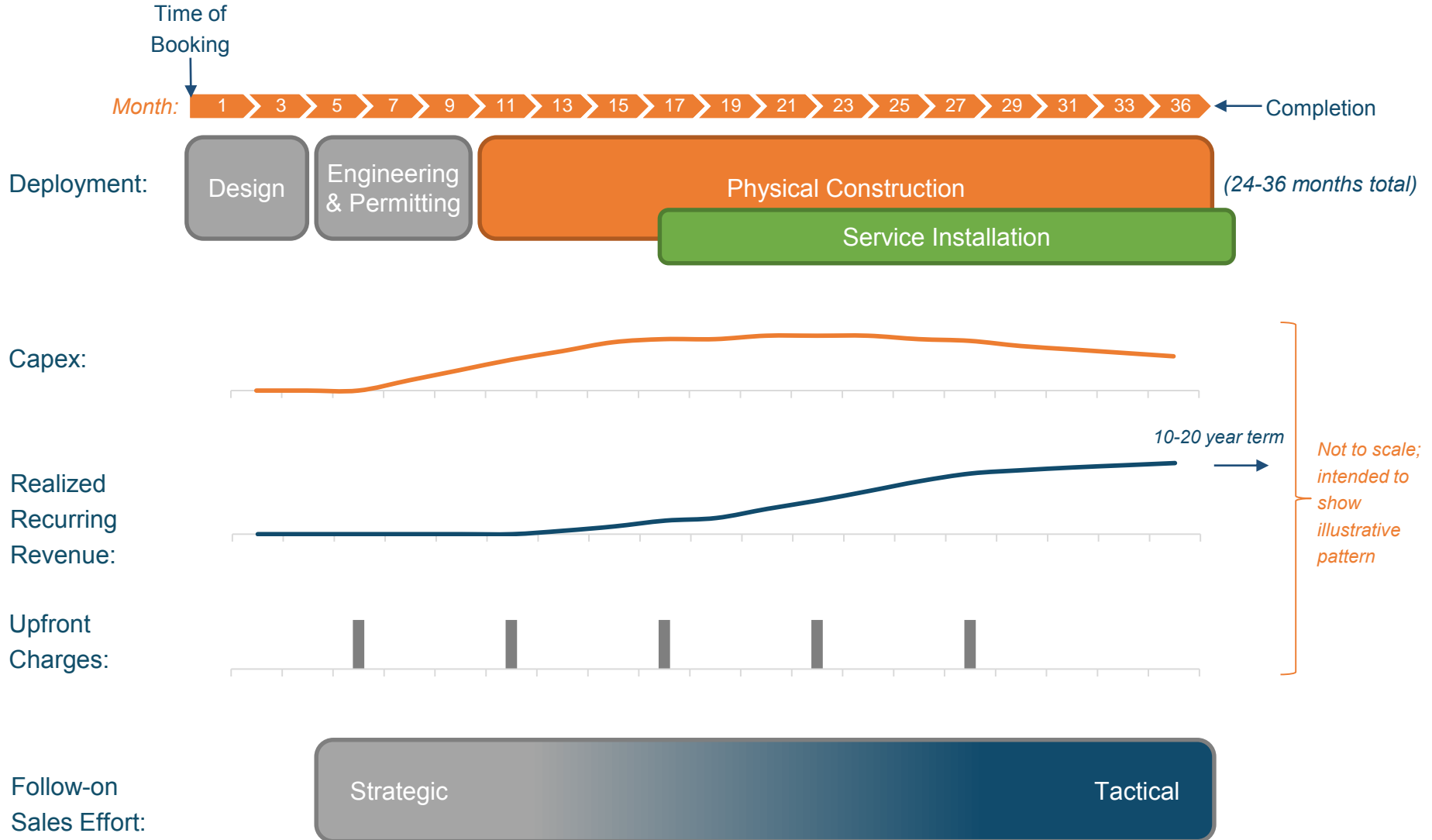
Stratification of Net New Sales (Bookings)

Net New Sales (Bookings) Stratification

	Three Months Ended								Average % of eight prior quarters
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	
1. Network capacity									
Estimated Capital Expenditures (\$ in millions)	\$20.1	\$23.8	\$20.6	\$33.7	\$42.7	\$21.5	\$22.8	\$41.6	14%
2. <12 Month Payback and Positive MRR									
Net New Sales (Bookings) (MRR and MAR) (\$ in thousands)	\$3,419	\$4,103	\$3,965	\$3,757	\$5,129	\$4,478	\$4,399	\$4,283	68%
Estimated Capital and Upfront Expenditures associated with Net New Sales (Bookings) less Upfront Charges (\$ in millions)	(\$18.2)	(\$5.6)	\$20.1	(\$1.0)	(\$17.6)	(\$11.1)	(\$18.4)	(\$11.3)	
Estimated Capital Expenditures (\$ in millions)	\$14.5	\$38.5	\$45.4	\$17.8	\$50.6	\$25.9	\$36.8	\$28.8	16%
Estimated Payback Period (in months)	0	0	5	0	0	0	0	0	
Contract Value of Net New Sales (Bookings) (\$ in millions)	\$153.1	\$277.7	\$353.6	\$151.9	\$358.8	\$209.3	\$264.9	\$229.4	
3. >12 Month Payback and Positive MRR									
Net New Sales (Bookings) (MRR and MAR) (\$ in thousands)	\$1,692	\$1,919	\$1,386	\$1,404	\$1,147	\$2,036	\$1,708	\$1,613	26%
Estimated Capital and Upfront Expenditures associated with Net New Sales (Bookings) less Upfront Charges (\$ in millions)	\$45.0	\$52.7	\$28.9	\$23.7	\$20.9	\$159.4	\$42.3	\$48.2	
Estimated Capital Expenditures (\$ in millions)	\$87.0	\$67.7	\$56.9	\$29.5	\$25.0	\$184.9	\$51.4	\$60.8	35%
Estimated Payback Period (in months)	33	33	25	23	18	80	31	33	
Contract Value of Net New Sales (Bookings) (\$ in millions)	\$191.6	\$215.0	\$130.4	\$73.1	\$56.1	\$270.5	\$121.6	\$107.2	
4. Speculative Projects									
Net New Sales (Bookings) (MRR and MAR) (\$ in thousands)	\$53	\$57	\$446	\$58	\$760	\$285	\$266	\$889	6%
Estimated Capital and Upfront Expenditures associated with Net New Sales (Bookings) less Upfront Charges (\$ in millions)	\$29.0	\$13.1	\$99.0	\$11.3	\$175.9	\$18.3	\$17.7	\$165.3	
Estimated Capital Expenditures (\$ in millions)	\$32.5	\$13.2	\$99.6	\$11.3	\$198.9	\$18.2	\$20.1	\$179.1	35%
Estimated Payback Period (in months)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Contract Value of Net New Sales (Bookings) (\$ in millions)	\$8.2	\$1.4	\$60.7	\$2.0	\$148.7	\$35.0	\$17.9	\$137.3	

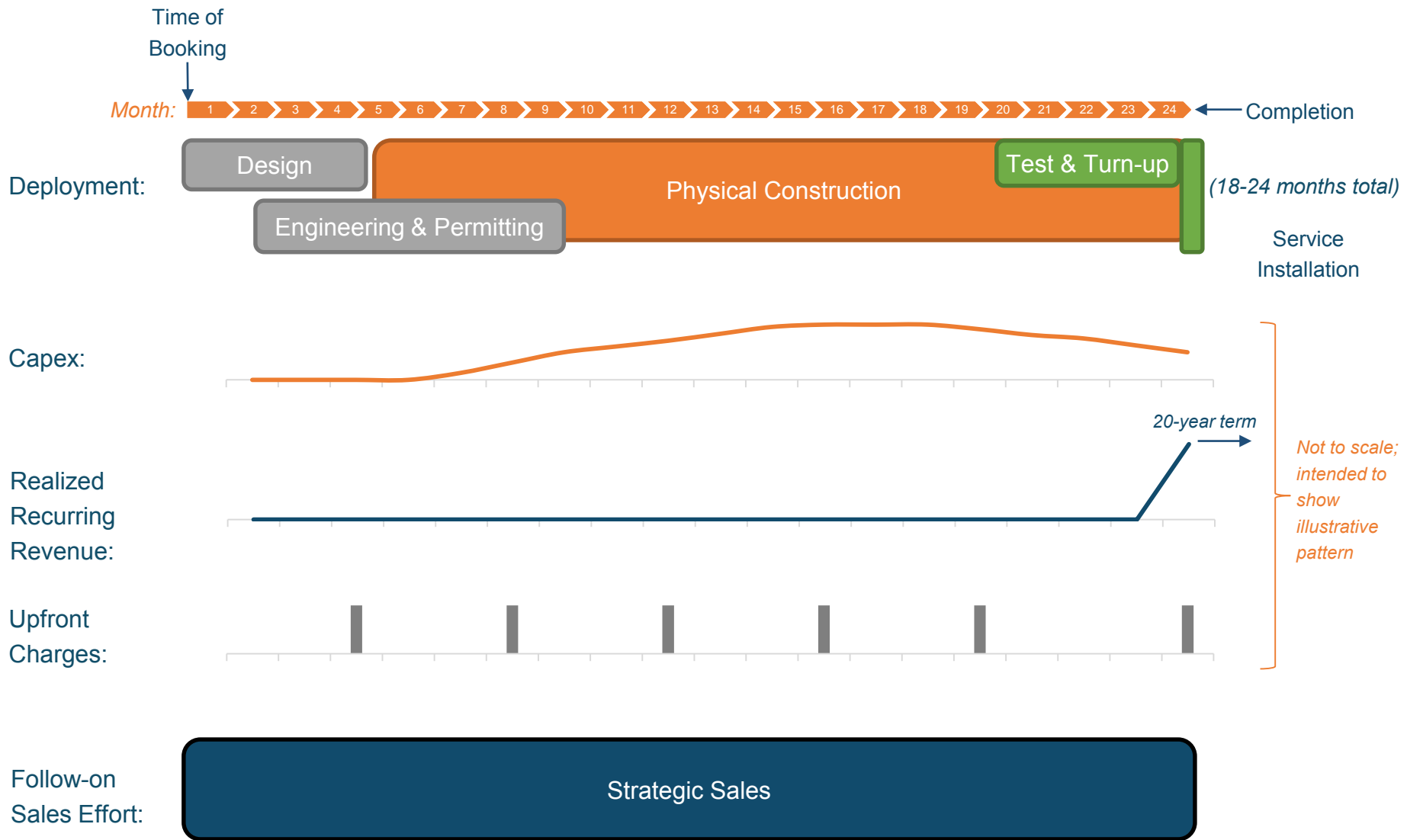
Project Lifecycle: MIG

Illustrative Mobile Infrastructure Project (MIG) Major Network Expansion



Project Lifecycle: LH Dark Fiber

Illustrative Longhaul Dark Fiber (LHDF) Major Network Expansion



Not to scale; intended to show illustrative pattern

Major Network Expansions defined as >\$20M of Gross Capital

Committed to 11 projects from Mar-14 through Dec-15 quarters

(in millions)

Geography	SPG	Booking Quarter ²	Estimated Capital Expenditures	Net New Sales (Bookings)	Upfront Charges
West	Mobile Infrastructure	Mar-14	\$58	\$0.4	\$38
Midwest	Dark Fiber	Sep-14	\$75	\$0.1	\$0
Southwest	Dark Fiber	Sep-14	\$22	\$0.1	\$0
South	Mobile Infrastructure	Mar-15	\$189	\$0.6	\$25
West	Mobile Infrastructure	Mar-15	\$39	\$0.4	\$32
Southwest	Dark Fiber	Mar-15	\$24	\$0.2	\$0
Midwest	Mobile Infrastructure	Jun-15	\$88	\$0.4	\$21
Northwest	Mobile Infrastructure	Jun-15	\$61	\$0.6	\$0
Southeast	Mobile Infrastructure	Dec-15	\$98	\$0.3	\$6
Midwest	Mobile Infrastructure	Dec-15	\$38	\$0.2	\$3
South	Mobile Infrastructure	Dec-15	\$36	\$0.2	\$3
<i>Changes¹</i>			\$10	\$0.0	\$0
Total			\$738	\$3.5	\$127

9 reported as “speculative” at time of booking because anchor customer contract economics alone do not generate positive return on capital

approximately **8k** route miles of unique new metro and longhaul fiber network

8 of the **11** projects (and **79%** of capital) were committed in CY 2015

¹ Changes represent net cost overruns/underruns and net additional revenue commitments associated with the initial anchor tenant contract

² Some projects may have been booked over multiple quarters

Implementation thru Dec-15 Quarter

16% of committed capital spent to date, but a smaller portion of revenue has been installed

Major Network Expansion Projects

(in millions)

	Capital	Monthly Revenue (MRR & MAP)	Upfront Charges
Total Committed	\$738	\$3.5	\$127
Actual Through Dec-15	\$118	\$0.2	\$29
Percentage of Committed	16%	5%	23%

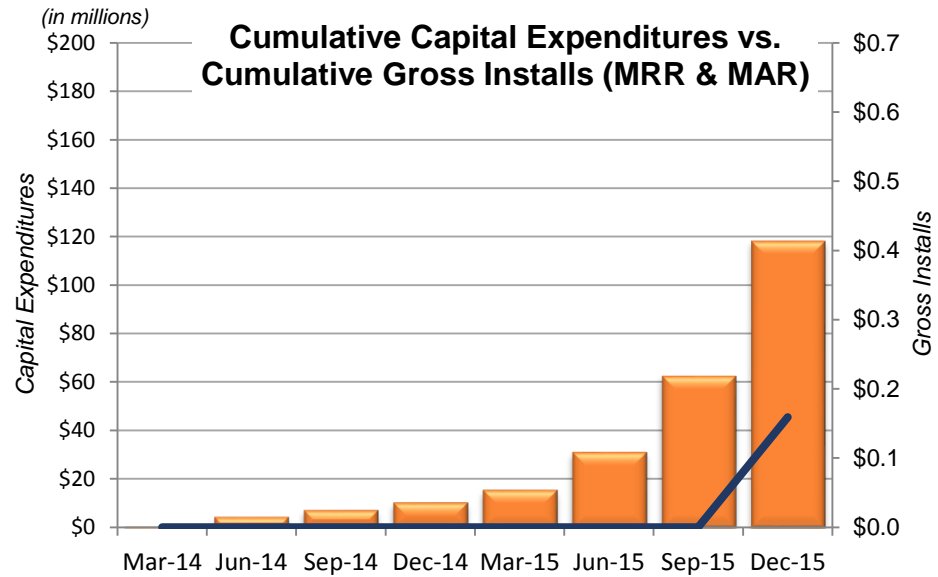
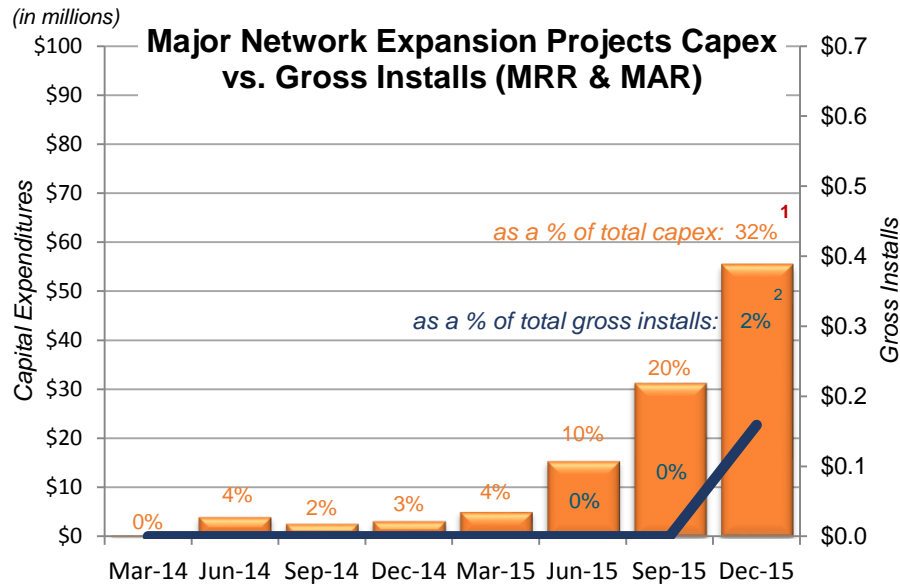
Bookings (arrow pointing to \$3.5)

Gross Installs (arrow pointing to \$0.2)

since most of these projects are not complete, the majority of total Bookings are not yet installed or generating revenue (see next slide)

Capex & Gross Installs by Quarter

Major Network Expansion Projects drove 32% of Capex but 2% of Gross Installs in Dec-15 quarter



- Revenue (MRR & MAR) Gross Installs
- Capital Expenditures

revenue growth rate implied by Net Installs was **7.3%**¹ in Dec-15 quarter

if Gross Installs associated with the Major Network Expansion projects were excluded, the implied growth rate would have been **6.8%**²

¹ Implied by the current pace of Net Installs, calculated as Net Installs annualized (\$2.199M * 4 = \$8.796M), divided by the beginning of quarter run-rate \$119.8M = 7.3%

² Calculated as Net Installs less Installs from Major Network Expansions annualized (((\$2.199M - \$0.159M) * 4 = \$8.160M), divided by the beginning of quarter run-rate \$119.8M = 6.8%

Future Updates

beginning with the Mar-16 quarter publication, Zayo's earnings supplement will include updates on capital and gross installs associated with the Major Network Expansion Projects (including any incremental committed projects that meet the definition)

Thank You

Reminder that Zayo's FY3Q16 earnings call is scheduled for May 5, 2016 at 5:00PM Eastern Time. More information is available at:

investors.zayo.com