cogent

Smart People Buy Dumb Pipes

NASDAQ

CCOI

Cautionary Note Regarding Forward-Looking Statements

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which relate to future, not past, events and are subject to risks and uncertainties. The forward-looking statements, which address the Company's expected business and financial performance, among other matters, contain words such as: “will”, “expect”, “believe”, “continue ”, “optimistic”, “should”, “ongoing” and other words and terms of similar meaning.

Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as revenue, subscriber and traffic growth, margins, capital expenditures, sales force headcount and productivity, pricing, financings and return of capital shareholders. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that the expectations will be attained or that any deviation will not be material. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made.

Factors that could cause actual results to differ materially from these forward-looking statements, include, but are not limited to, the following: future economic instability in the global economy, which could affect spending on Internet services; the impact of changing foreign exchange rates (in particular the Euro to US dollar and Canadian dollar to US dollar exchange rates) on the translation of the Company’s non-US dollar denominated revenues, expenses, assets and liabilities; legal and operational difficulties in new markets; the imposition of a requirement that the Company contribute to the US Universal Service Fund on the basis of the Company’s Internet revenue; changes in government policy and/or regulation, including rules regarding data protection, cyber security and net neutrality; increasing competition leading to lower prices for the Company’s services; the Company’s ability to attract new customers and to increase and maintain the volume of traffic on its network; the ability to maintain the Company’s Internet peering arrangements on favorable terms; the Company’s reliance on an equipment vendor, Cisco Systems Inc., and the potential for hardware or software problems associated with such equipment; the dependence of the Company’s network on the quality and dependability of third-party fiber providers; the Company’s ability to retain certain customers that comprise a significant portion of its revenue base; the management of network failures and/or disruptions; and outcomes in litigation.

A further description of these uncertainties and other risks can be found in the Company’s Annual Report on Form 10-K for the year ending December 31, 2017, Quarterly Reports on Form 10-Q for the quarters ending September 30, 2018, June 30, 2018, and March 31, 2018, and the Company’s other reports filed with the Securities and Exchange Commission. Copies of these filings may be obtained by contacting the Company or by visiting EDGAR on the SEC’s website. These or other uncertainties may cause the Company’s actual future results to be materially different than those expressed in any forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements.

Non-GAAP Measures

This presentation includes and discusses EBITDA and EBITDA as adjusted, Gross Margin, and EBITDA Margin and EBITDA, as Adjusted Margin which are non-GAAP measures. Management uses these non-GAAP measures to evaluate its business because they believes these measures assist investors and analysts in comparing the Company’s performance across reporting periods on a consistent basis by excluding items that management believes are not indicative of the Company’s core operating performance. Management believes these metrics are used in the financial community, and these metrics are presented here to enhance understanding of the Company’s operating performance. You should not consider these non-GAAP measures as alternatives to Net income, determined in accordance with GAAP, as an indicator of operating performance. Furthermore, these non-GAAP measures are not measurements of financial performance under GAAP, and thus may not be comparable to similarly titled measures of other companies.

EBITDA represents Net income before Income taxes, net interest expense, depreciation and amortization, and equity based compensation expenses. EBITDA, as adjusted, represents EBITDA plus net gains (losses) on asset related transactions. EBITDA margin represents Net income before Income taxes, net interest expense, depreciation and amortization, and equity based compensation expenses, divided by total service revenue. EBITDA, as adjusted, margin represents EBITDA plus net gains (losses) on asset related transactions divided by total service revenue. See the Appendix to this presentation for a reconciliation of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

company overview

Cogent is a leading global provider of ***Dedicated Internet Access***.

- Cogent's network carries ~20% of all Internet traffic and serves 201 markets in all 6 populated continents
- Currently serves over 78,300 customer connections
- 66% of revenues from Corporate end users in multi-tenant office buildings
- 34% of revenues from Service Provider customers (NetCentric) served in carrier neutral data centers
- Very high operating leverage with substantial network capacity
- We sell Dedicated Internet Access, VPNs, and Colocation, all commodities, and win business based on Price and Value

addressable market

Our broad network reach results in a ***plentiful addressable market***.

- Cogent focuses on selling Dedicated Internet Access and IP Connectivity
- Network has global reach—Helsinki, Finland in the north to Sydney, Australia in the south, and circumnavigates the globe
- Over 57,400 route miles of intercity fiber and over 32,500 miles of intracity fiber in 201 metro markets
- Network connected to 915 data center buildings and 1,071 unique data centers within those buildings in North America and Europe
- Network connected to 1,720 Corporate multi-tenant office buildings in North America with over 934MM square feet of rentable office space On-Net
- 10,600+ Off-Net customer connections in over 6,600 smaller buildings

broad, deep, scaleable network

- Interconnected with 6,510+ different networks
- 2,635 On-Net buildings
  - 65% multi-tenant office buildings (1,720)
  - 35% carrier neutral and Cogent data center buildings (915)
  - Agreements with 250+ building owners (REITs)
- 52 Cogent data centers with over 585,000 square feet

- 782+ metro networks; 32,500+ metro fiber miles
- Over 57,400 intercity fiber route miles

• North America	120-1,660 Gbps
• Europe	40-2,010 Gbps
• Transatlantic (Leased)	2,000 Gbps (3 Providers, 6 Cables)
• Transpacific (Leased)	260 Gbps (3 Providers, 6 Cables)
• Transindian (Leased)	40 Gbps (2 Providers, 2 Cables)

why customers choose cogent

Corporate Market *Local distribution*

Cogent competes primarily with incumbents (ILECs) and resellers offering T1 or T3 connectivity

- AT&T
- Verizon
- CenturyLink
- Bell Canada

Corporate Pricing Dynamics

Price per connection is *relatively equivalent*

- Quality of connection is substantially superior
- Fiber based, 65:1 to 2.5:1 throughput advantage
- True network independence from telco facilities
- All On-Net connections are ring protected, not single threaded

NetCentric Market *Internet core backbone*

Cogent competes primarily with other backbone suppliers

Larger Competitors

- CenturyLink
- NTT
- Telia

Smaller Competitors

- AT&T
- Deutsche Telekom
- Orange
- Sprint
- Tata
- Telecom Italia
- Verizon

NetCentric Pricing Dynamics

Price is *50% of market average*

- Quality of connection is equivalent
- Speed is equivalent

market dynamics

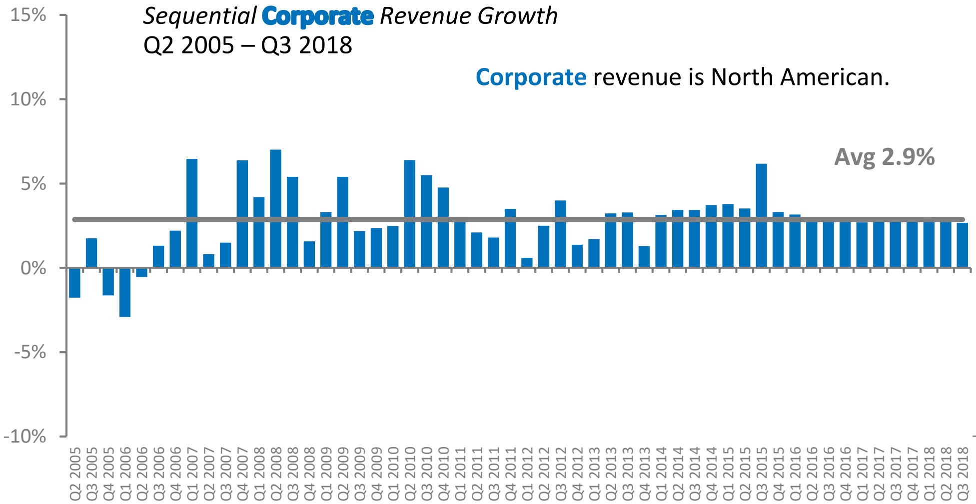
corporate

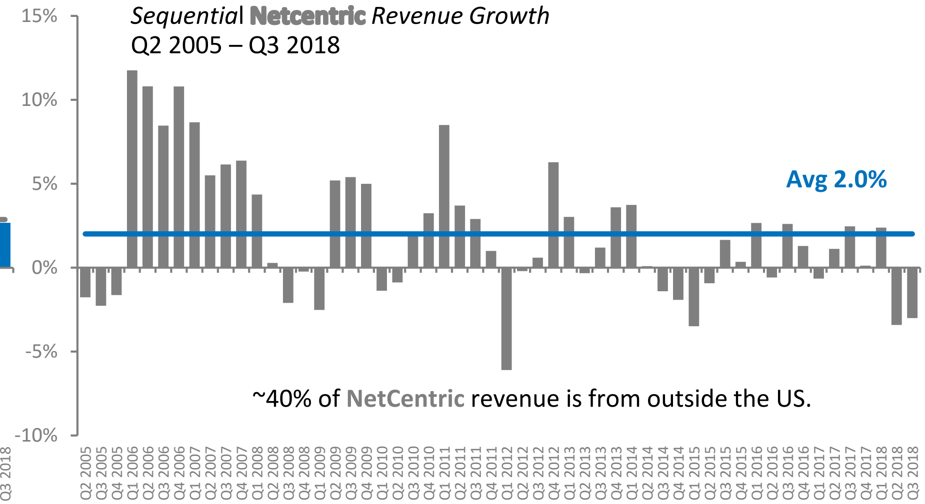
- Most common On-Net product is 100 Mbps for $600/month with a multi-year contract
- Product sold on a per connection basis
- Typical On-Net corporate customers use approximately 15% of capacity purchased
- Generally replaces 1 or 2 T-1s sold by AT&T, Verizon, BCE, CenturyLink, or a reseller
- Pricing is very stable with revenue growth coming predominantly from unit growth
- Growth from increasing penetration in existing buildings and addition of Multi-Tenant Office Buildings meeting our demographic requirements

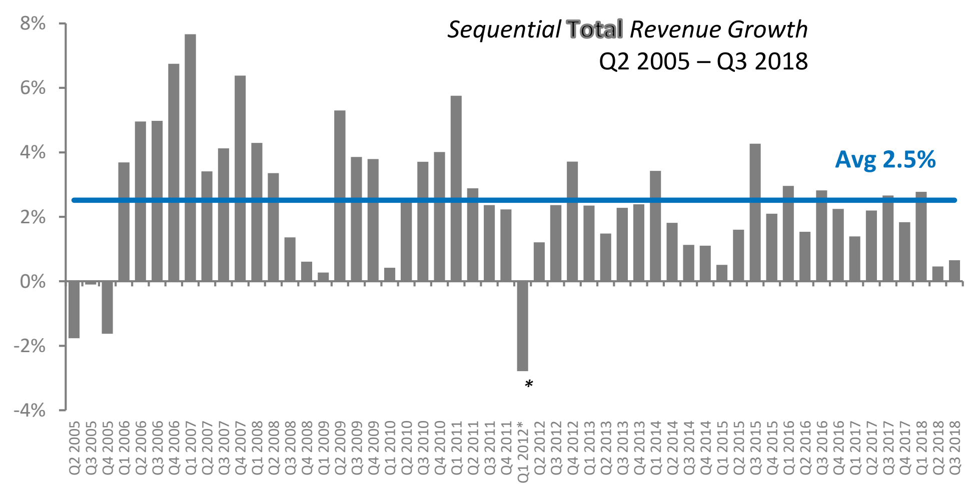
netcentric

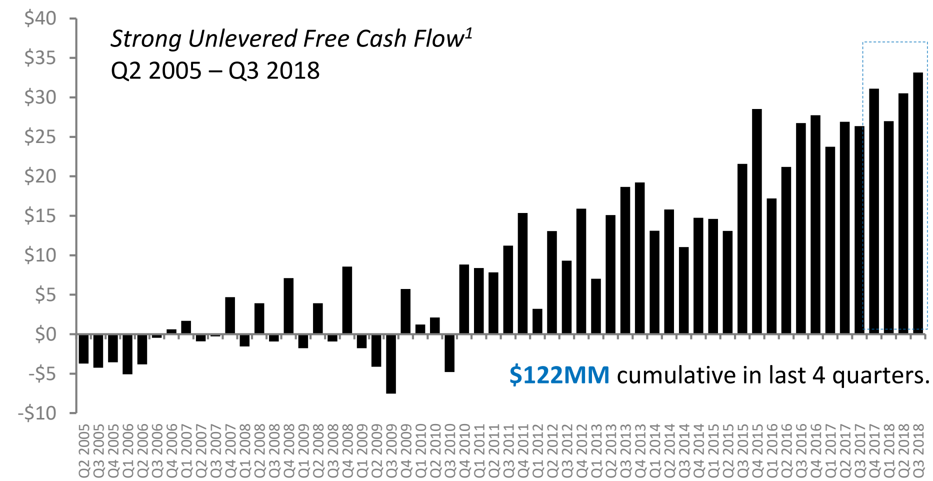
- Product sold on a per Mbps basis in increments from 10 Mbps to 100 Gbps
- Product is sold in Carrier Neutral and Cogent Data Centers
- Discounts for volume and contract term
- The average price per Mbps was $0.87 Mbps/month in Q2 2018 and $0.78 Mbps/month in Q3 2018. The average price per Mbps for new sales was $0.39 Mbps/month in Q2 2018 and $0.42 Mbps/month in Q3 2018.
- Generally we compete with CenturyLink, Telia, and NTT in this market
- This product is a commodity and we win business on PRICE

revenue growth







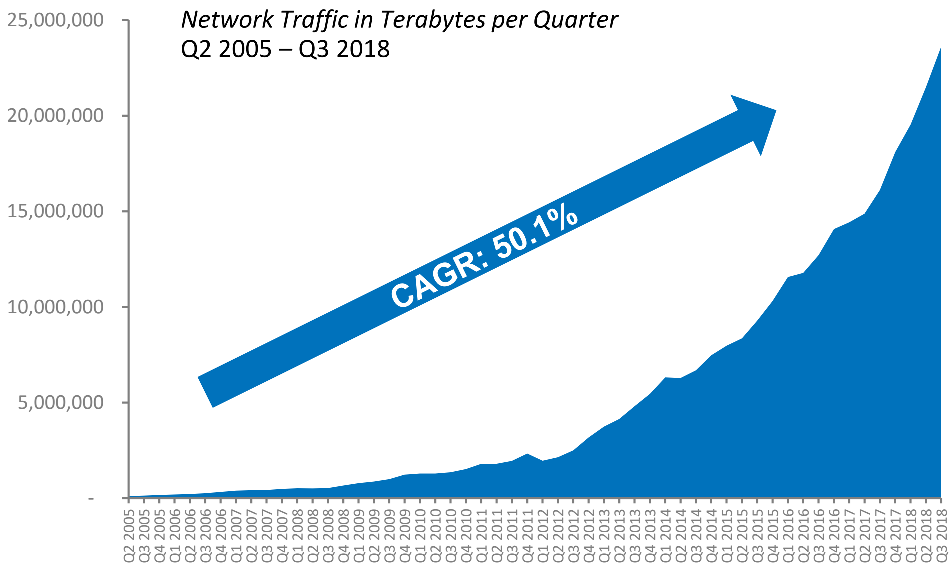


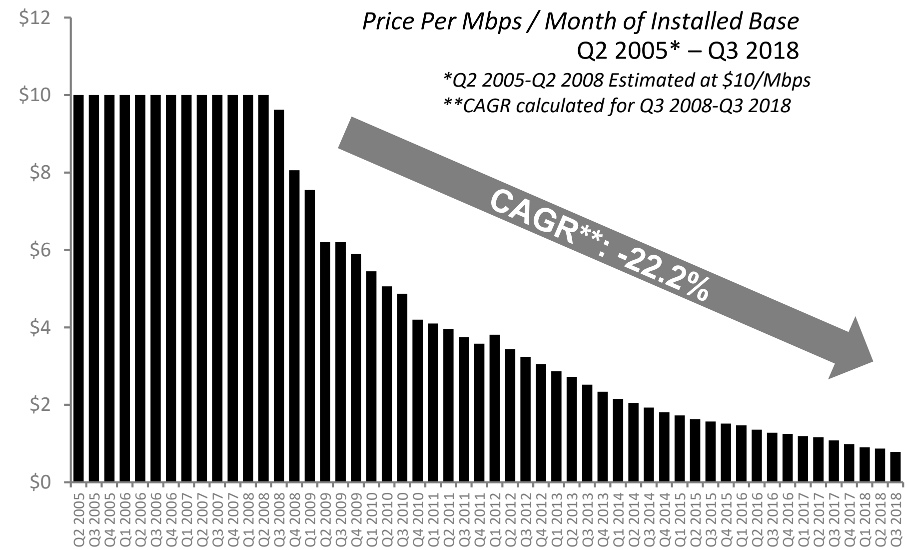
**Loss of Megaupload*

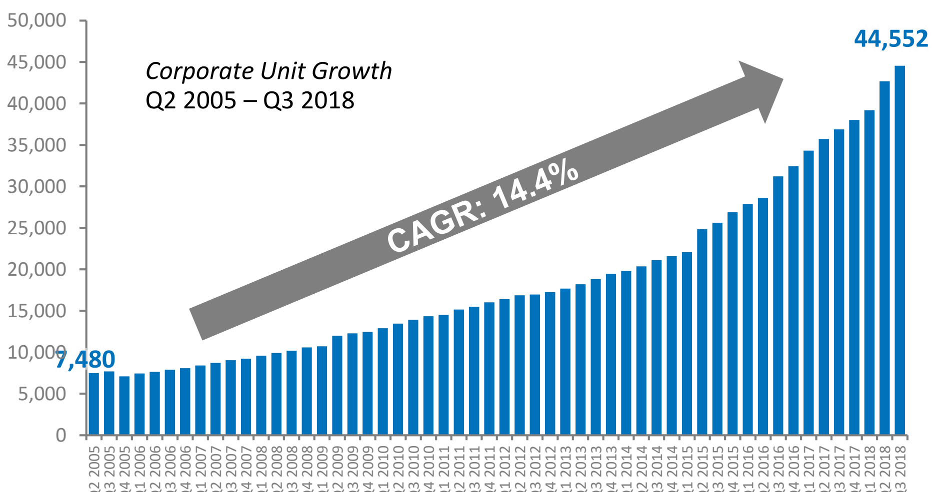
[1]*Calculated as EBITDA (as adjusted) less CAPEX, which includes principal payments on IRU capital leases.*

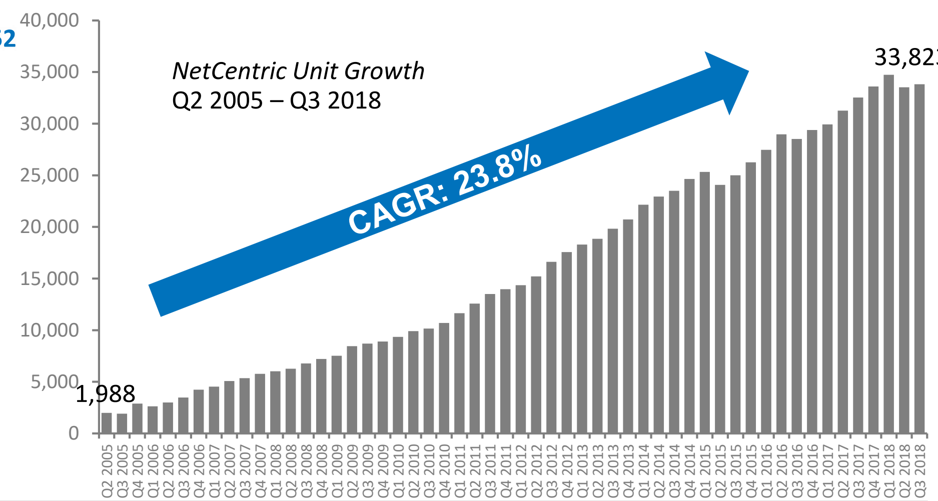
cogent
Smart People Buy Dumb Pipes

traffic and pricing trends

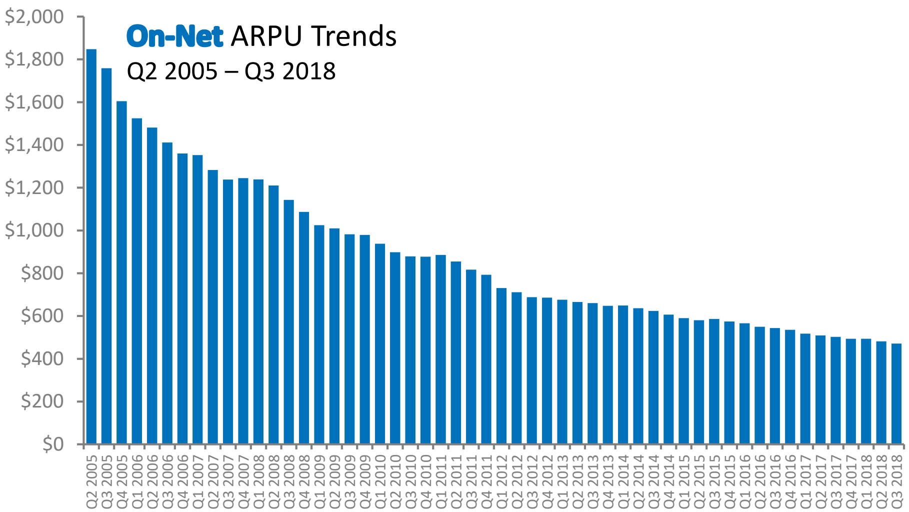


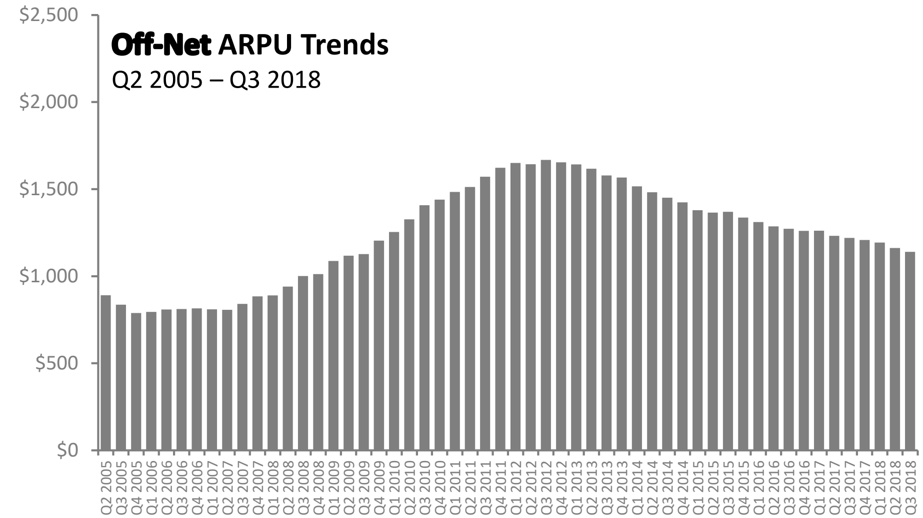


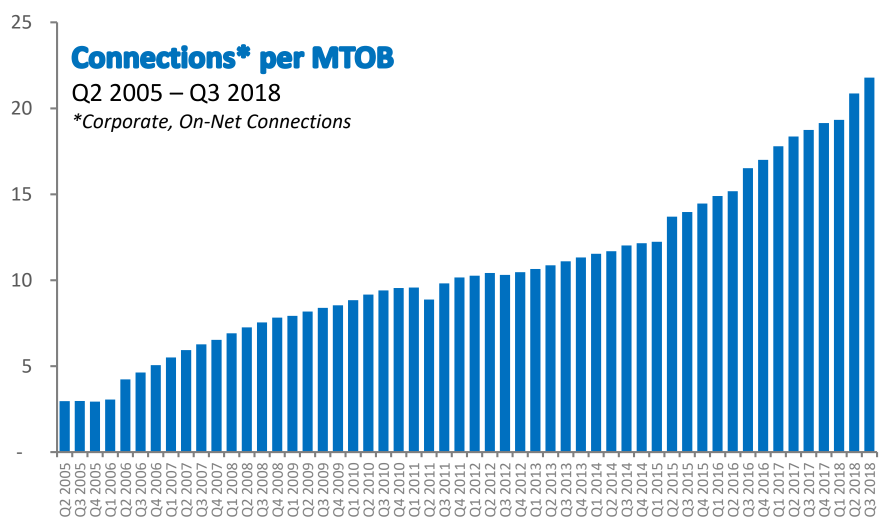


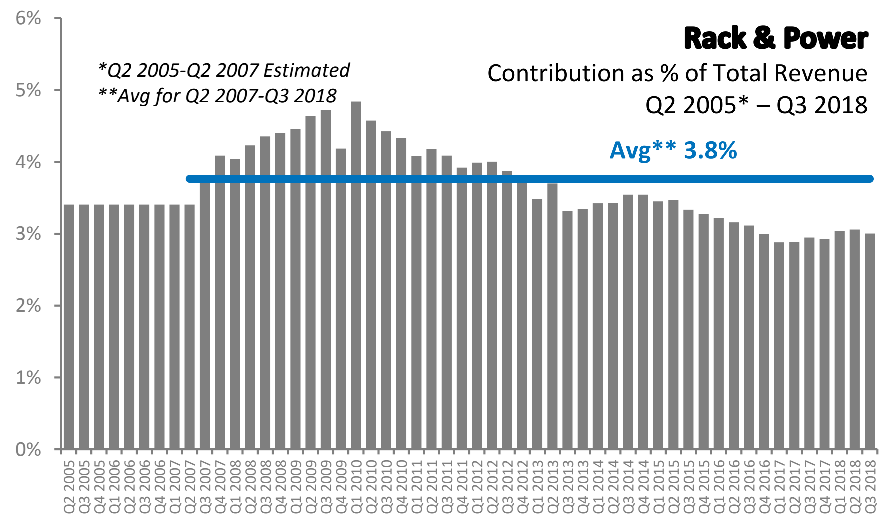


connection trends







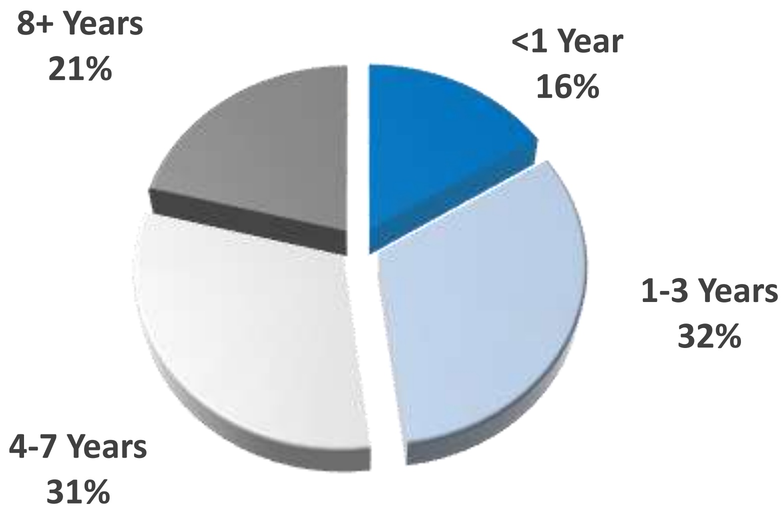


customer segmentation

44,500+ Corporate connections

Leading provider to professional services firms

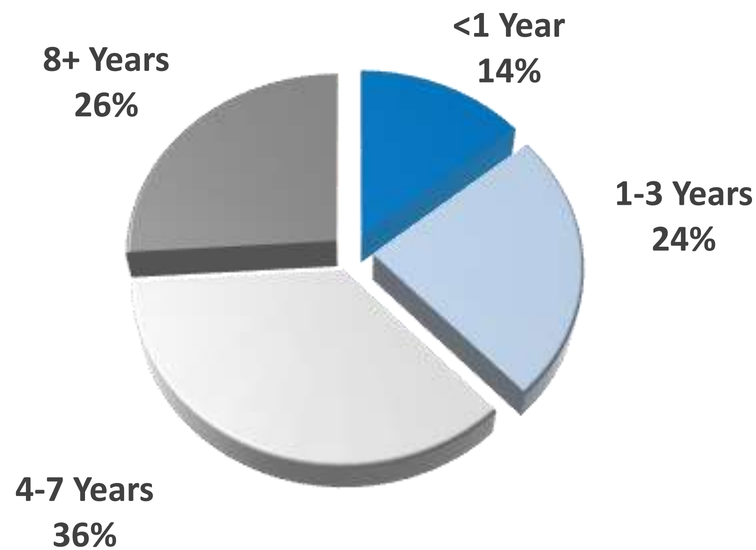
- Law firms
- Education
- Financial services
- Consulting services
- Other Corporations



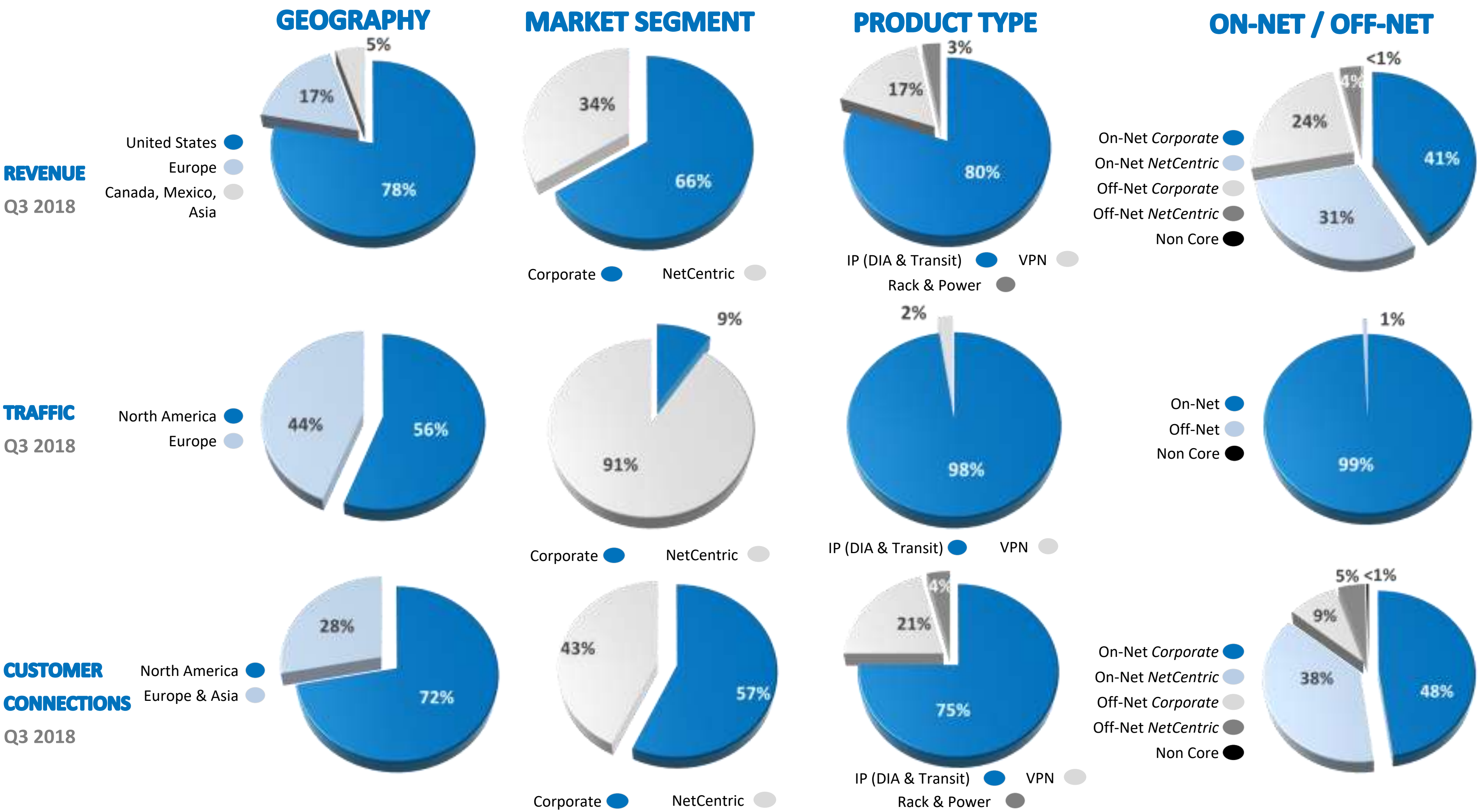
33,800+ NetCentric connections

Leading provider to bandwidth-intensive organizations

- ISPs
- CDNs
- Hosting Companies
- Online gamers
- ASPs

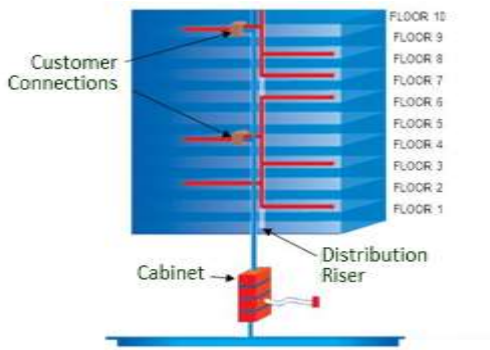


business breakout



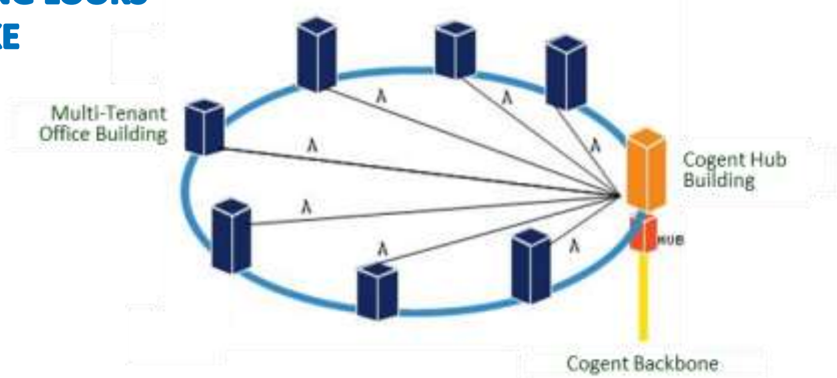
network connectivity at the highest traffic locations

ON-NET MULTI-TENANT BUILDING

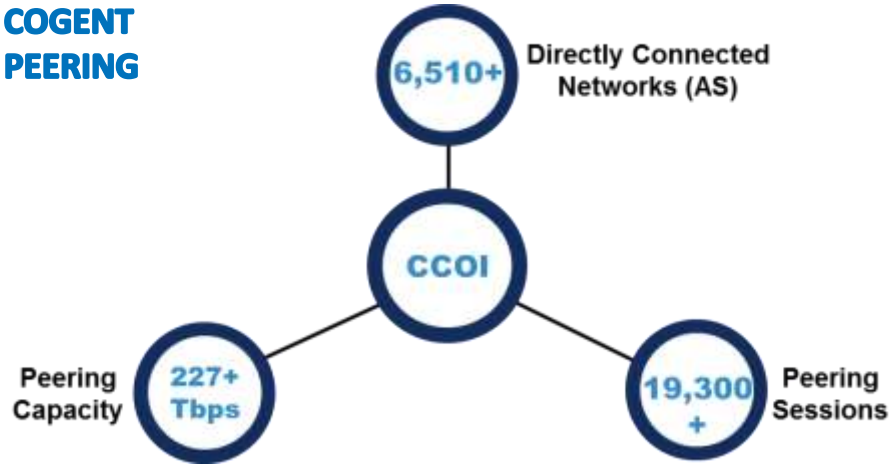


COGENT DATA CENTER

WHAT THE RING LOOKS LIKE



COGENT PEERING



network architecture

Our network is ***facilities based***— IRUs on fiber & ownership of all optronics and routing equipment.

- Longhaul metro backbone is built from 237 IRU suppliers
- IRUs from 10 to 40 years; most are pre-paid
- O+M expense substantially less than the cost of maintaining a network solely constructed and used by Cogent
- Cogent’s network is ring protected at Layer 3 (IP convergence)
- All transport is IP directly over DWDM and CWDM
- Cogent generally owns lateral connections from the metro rings to the building
- Cogent owns riser facilities in multi-tenant buildings
- Cogent owns 52 data centers and 187 hubs that house core network equipment
- Cogent is directly connected to over 6,510 other networks

proven integration execution

Cogent purchased **$14 BILLION** of original investment for **$60 MILLION**.

	Date	Original Investment	PP&E	Network	Peering	Customers	Building Access
NetRail	Sep 2001	$180	$35	✓	✓	✓	
Allied Riser	Feb 2002	$590	$335	✓		✓	✓
PSINet*	Apr 2002	$5,180	$2,175	✓	✓	✓	
(Fiber Network Solutions, Inc) FNSI	Feb. 2003	$30	$5			✓	
Firstmark	Jan 2004	$1,100	$560	✓		✓	✓
Carrier 1*	Mar 2004	$1,035	$535	✓			
UFO Group	Aug 2004	$25	$5			✓	
Global Access	Sep 2004	$10	$5			✓	
Aleron Broadband	Oct. 2004	$200	$5			✓	
Verio*	Dec 2004	$5,700	$390			✓	
TOTAL *($ in millions)*		**$14,050**	**$4,050**				

**Purchased the majority of assets of these companies.*
This list does not include Applied Theory, FiberCity Networks, OnSite Access, Last Mile Connections, PacWest, and ANet.

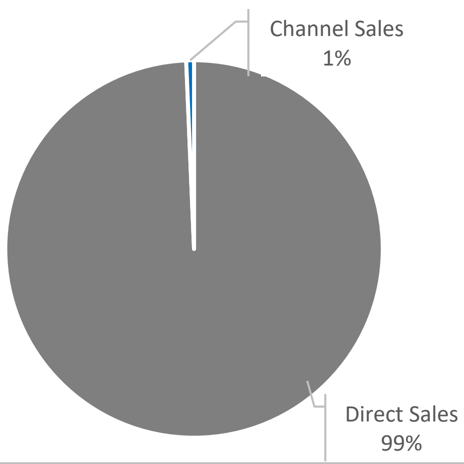
cogent's competitive advantage

Cogent is the ***lowest cost provider***.

- Low cost, efficient network is approximately 27% utilized
  - $14 billion of invested capital ($4 billion of PP&E) purchased for $60 million
  - More reliable and less costly than IP networks overlaid on traditional telephone networks
- IP only product set
  - Simple product set with low cost of operations and provisioning
- High sales productivity
  - Lower selling cost due to aggressive pricing model
  - Gaining market share as an efficient operator

focused sales force

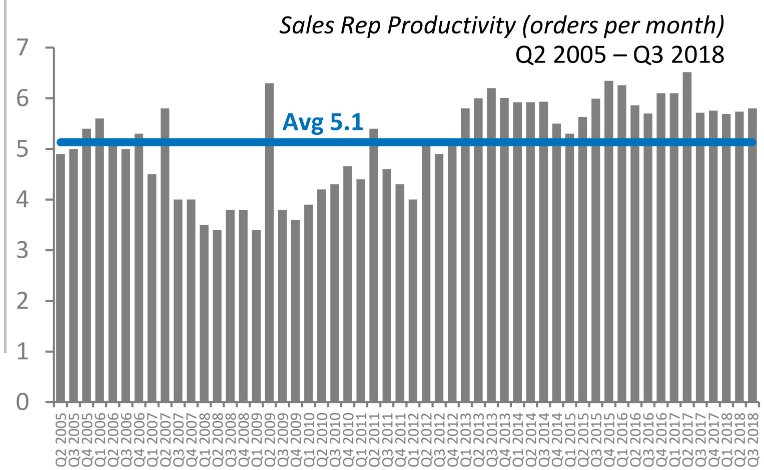
Sales is the key to business success.
Quality activity is the key to sales success.

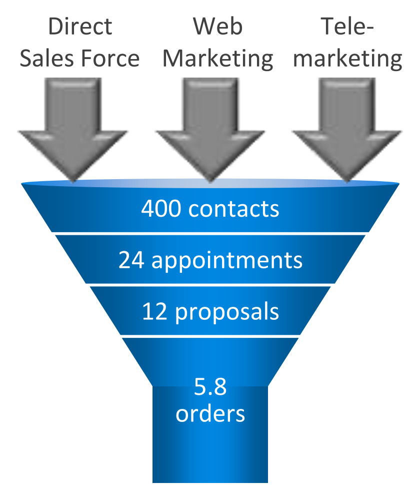


453 quota based sales employees

Headcount data as of September 30, 2018

- 62% of Cogent's 938 employees are in the sales organization
- 48% of Cogent's 938 employees are in quota-bearing sales

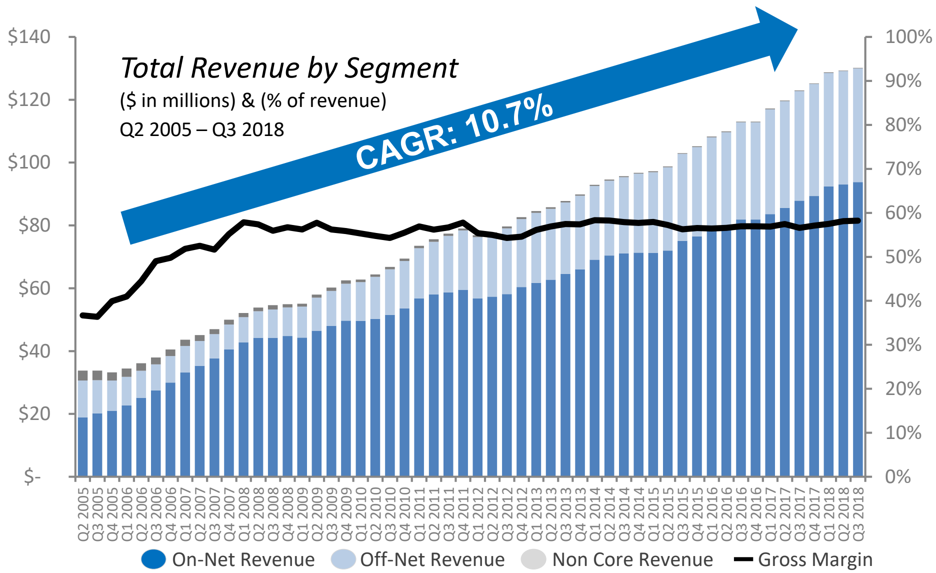


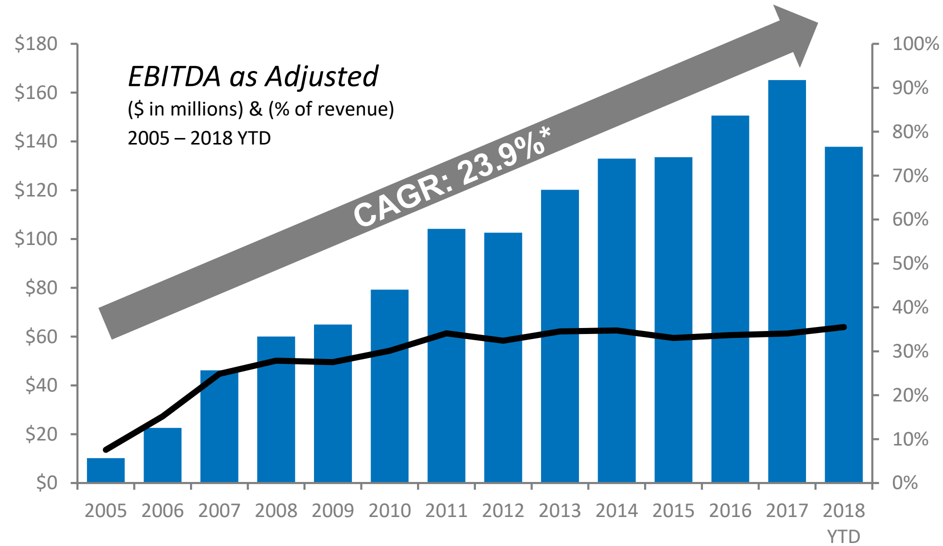


$1,465,000 Gross Incremental Monthly Recurring Revenue

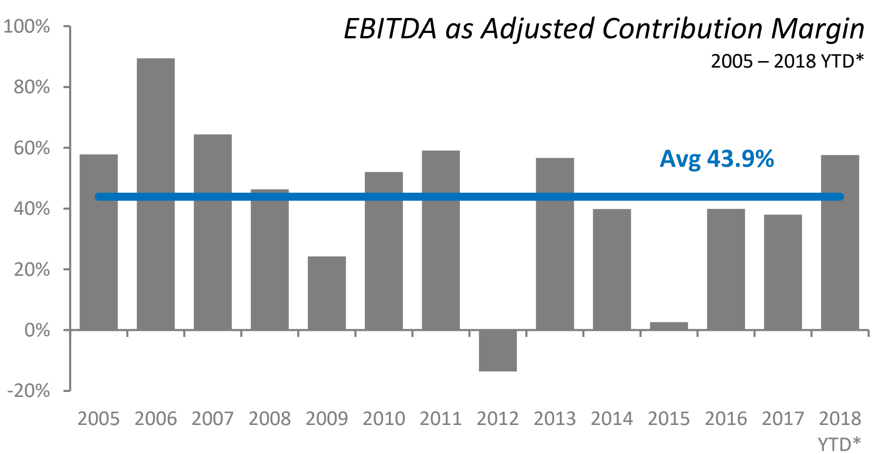
cogent Smart People Buy Dumb Pipes

historical & continuing margin expansion

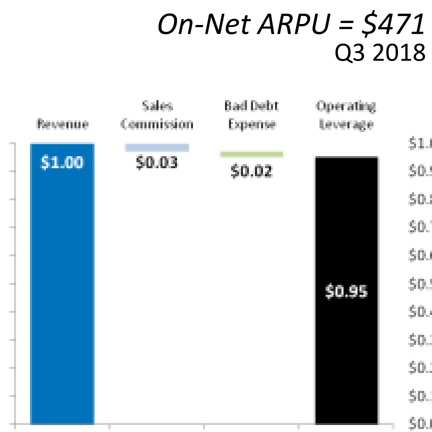


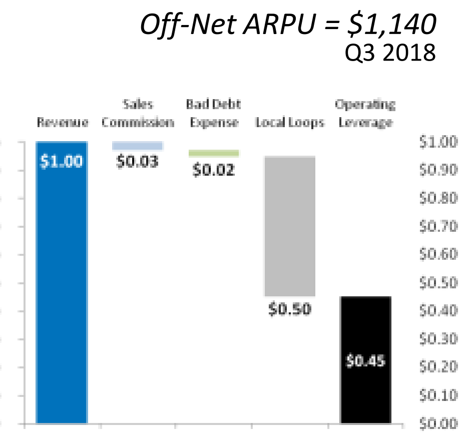


*CAGR of 23.9% reflects the growth rate for each year over the prior year, normalized for the period



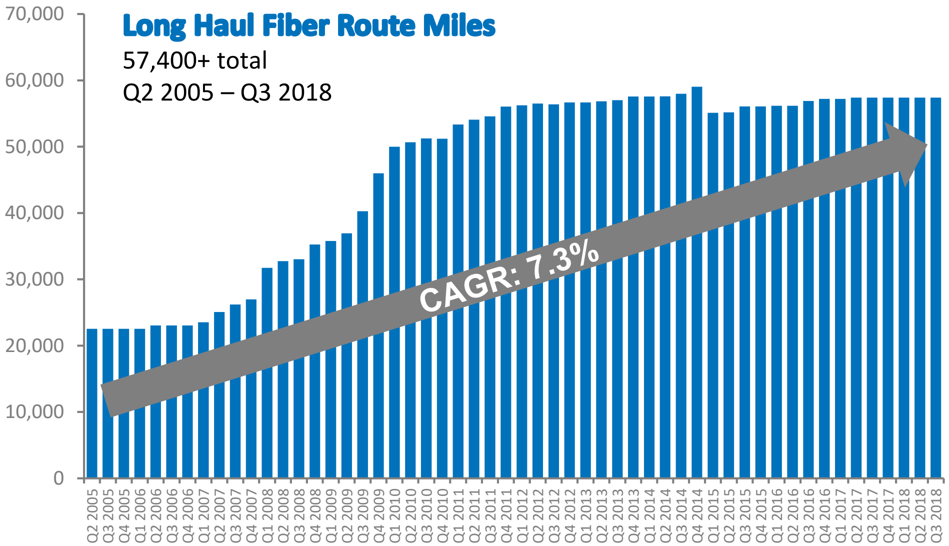
*2018 YTD Annualized

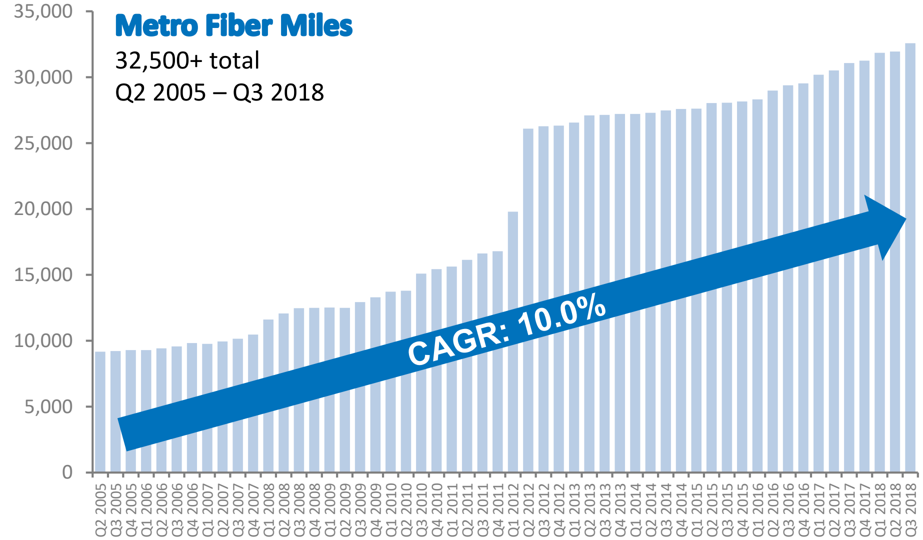


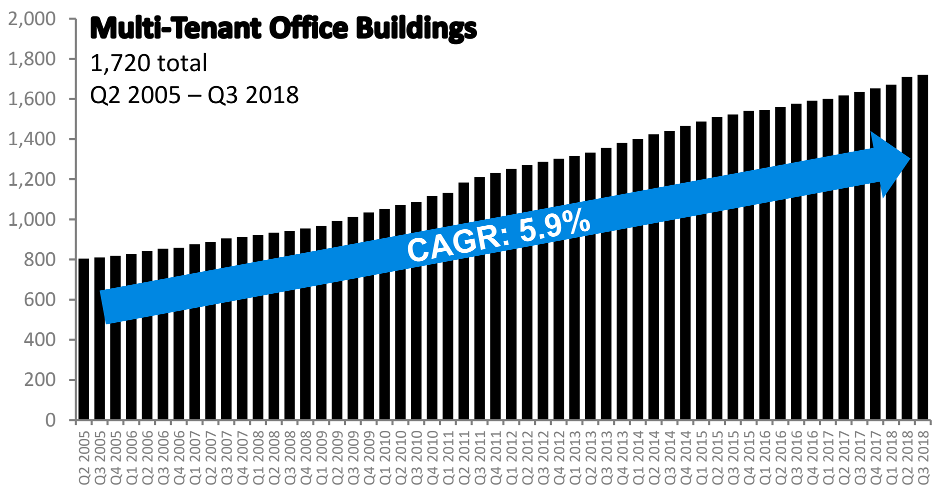


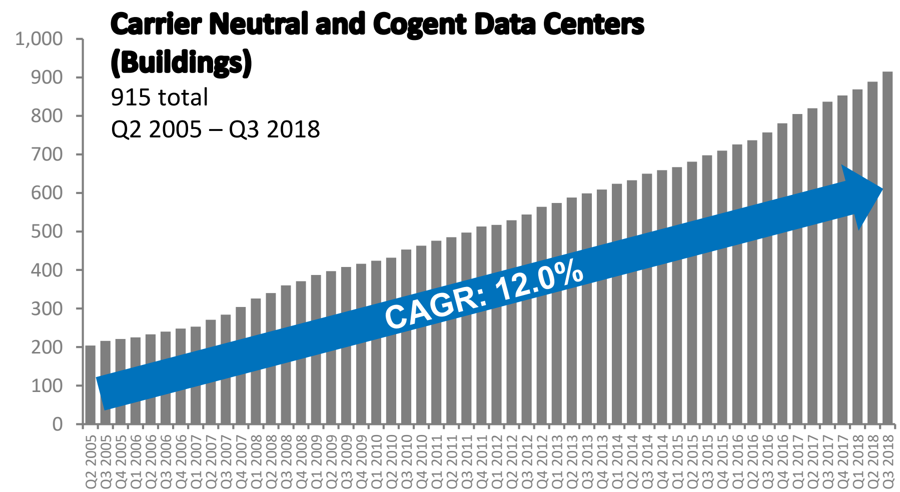
cogent
Smart People Buy Dumb Pipes

network expansion

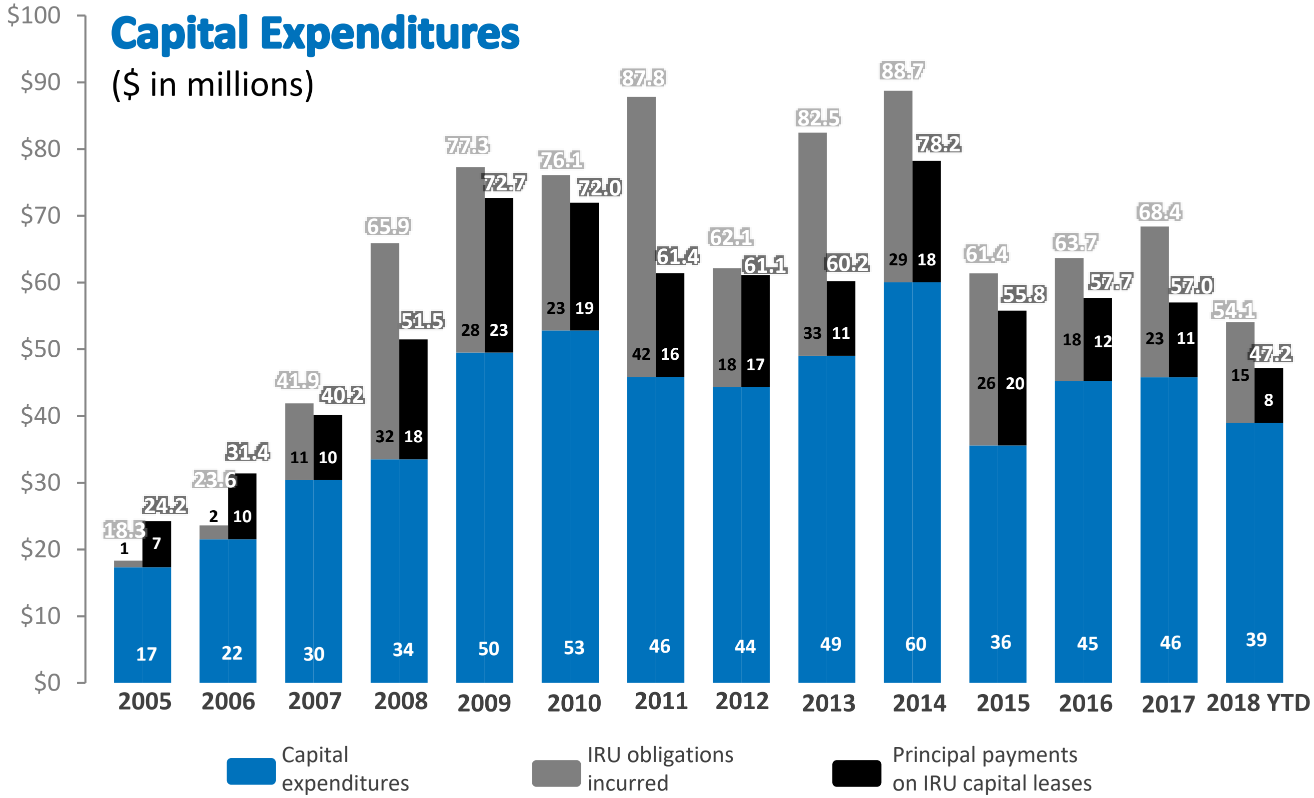








investing to further improve & extend the network from internally generated free cash flow



CAPEX is used to:

1. Add new markets to the network
   - Added 129 markets since 2006
   - Added approximately 125 new buildings to the network footprint per year
2. Add capacity to the network
   - Capacity increased by 40% from 2016 to 2017
3. Maintain the existing network
   - Over 92% of 2017's growth came from existing footprint as of January 1, 2015

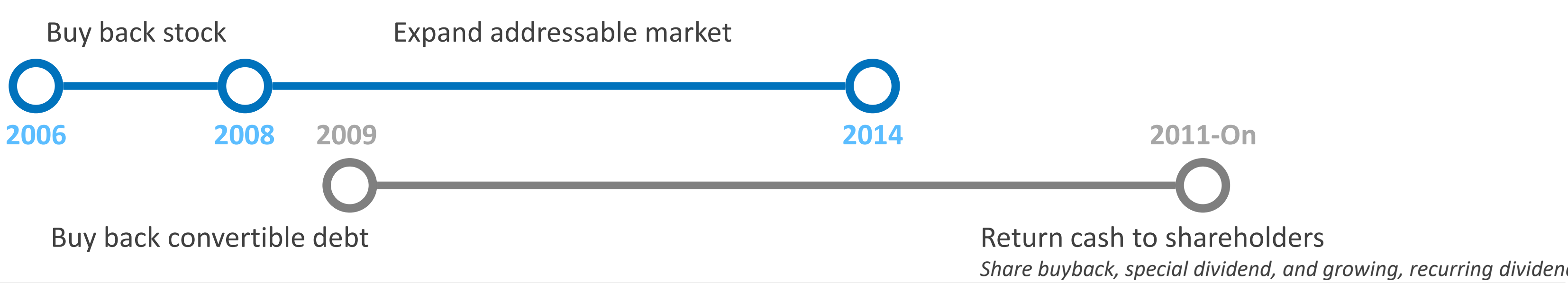
highlights

Q3 2018 RESULTS ($ in millions)

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q/Q % Change	Y/Y % Change
On-Net Revenue	$83.6	$85.6	$87.9	$89.4	$92.4	$93.0	$93.8	0.8%	6.7%
Off-Net Revenue	$33.4	$34.0	$34.9	$35.7	$36.1	$36.1	$36.2	0.3%	3.8%
Non-Core Revenue	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.1	(9.8)%	(28.6)%
Total Revenue	**$117.2**	**$119.8**	**$123.0**	**$125.2**	**$128.7**	**$129.3**	**$130.1**	**0.7%**	**5.8%**
Gross Profit (Non-GAAP)	$66.7	$68.8	$69.6	$71.5	$74.0	$75.1	$75.8	0.8%	8.9%
Gross Margin (Non-GAAP)	*56.9%*	*57.4%*	*56.6%*	*57.1%*	*57.5%*	*58.1%*	*58.2%*	0.1%	1.7%
EBITDA	**$37.7**	**$40.1**	**$40.2**	**$43.2**	**$44.1**	**$45.9**	**$46.9**	**2.2%**	**16.7%**
EBITDA Margin	*32.2%*	*33.5%*	*32.7%*	*34.5%*	*34.3%*	*35.5%*	*36.1%*	0.6%	3.4%
EBITDA, as adjusted	**$39.9**	**$41.1**	**$40.6**	**$43.6**	**$44.2**	**$46.3**	**$47.4**	**2.3%**	**16.6%**
EBITDA, as adjusted Margin	*34.0%*	*34.3%*	*33.0%*	*34.8%*	*34.3%*	*35.8%*	*36.4%*	0.6%	3.4%

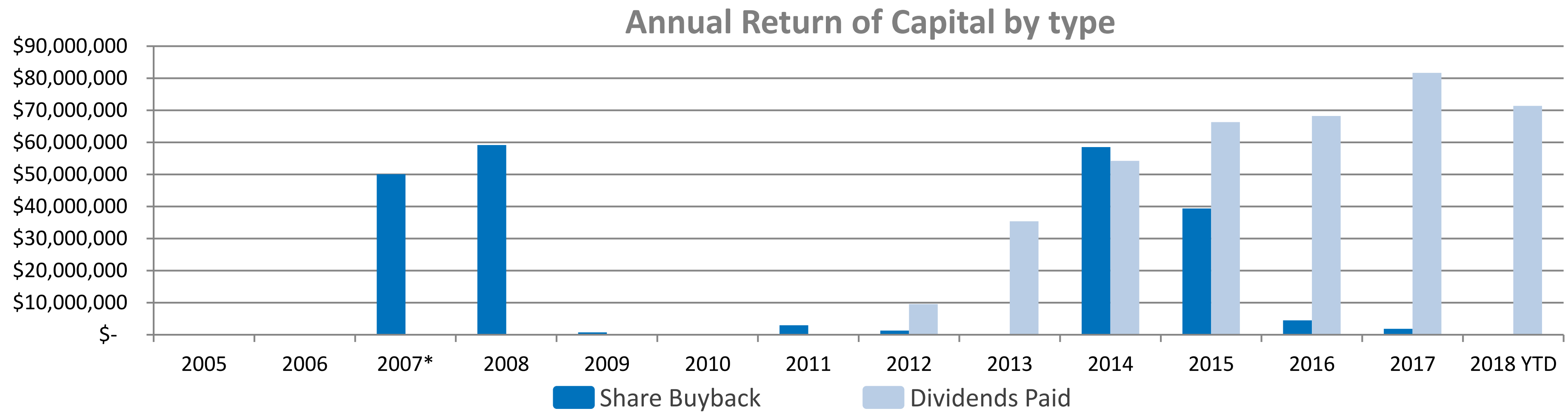
capitalization use of free cash flow

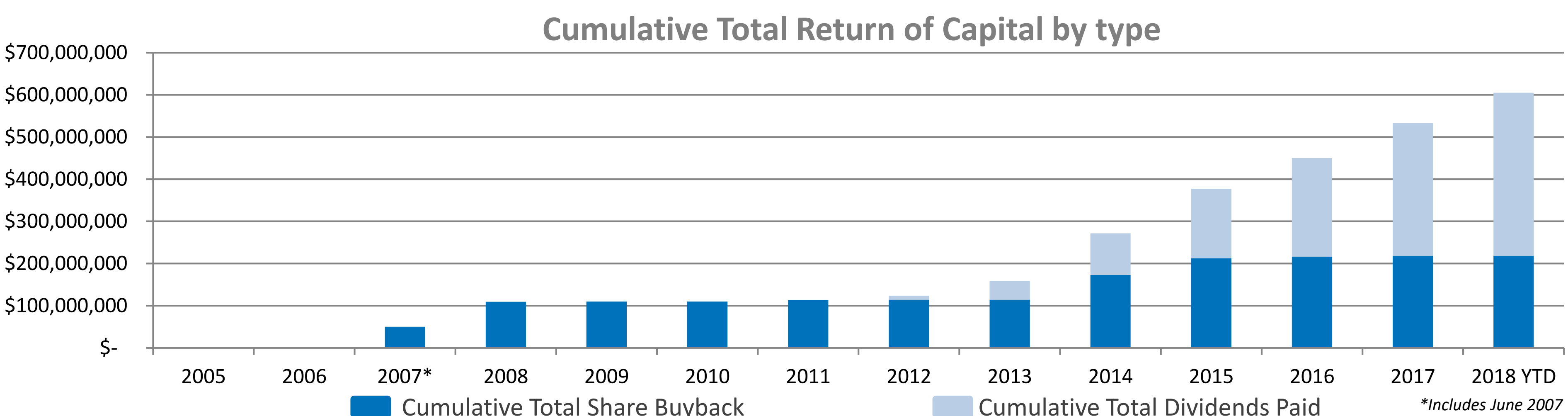
($ in millions)	As of 12/31/05	As of 12/31/06	As of 12/31/07	As of 12/31/08	As of 12/31/09	As of 12/31/10	As of 12/31/11	As of 12/31/12	As of 12/31/13	As of 12/31/14	As of 12/31/15	As of 12/31/16	As of 12/31/17	As of 9/30/18
Cash & cash equivalents	$30	$43	$177	$71	$56	$56	$238	$247	$305	$288	$204	$274	$247	$285
Debt & capital leases														
Senior secured notes	$-	$-	$-	$-	$-	$-	$175	$175	$245	$244	$-	$-	$-	$-
Senior secured notes	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$250	$375	$375	$445
Senior unsecured notes	$-	$-	$-	$-	$-	$-	$-	$-	$-	$200	$200	$189	$189	$189
Note payable	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$21	$6	$11	$12
Convertible notes	$7	$9	$125	$62	$66	$71	$77	$82	$89	$-	$-	$-	$-	$-
Capital lease obligations	$92	$88	$93	$104	$110	$112	$135	$138	$162	$167	$136	$142	$158	$162
Total debt and capital leases	$99	$97	$218	$166	$176	$183	$387	$395	$496	$611	$607	$712	$732	$808
Net debt	$69	$54	$41	$95	$120	$127	$149	$148	$191	$323	$403	$437	$485	$524
Shareholder equity	$221	$216	$209	$151	$144	$152	$64	$160	$193	$84	($12)	($53)	($103)	($126)
Total capitalization	$320	$321	$427	$317	$320	$335	$551	$555	$689	$695	$594	$658	$630	$682



cogent
Smart People Buy Dumb Pipes

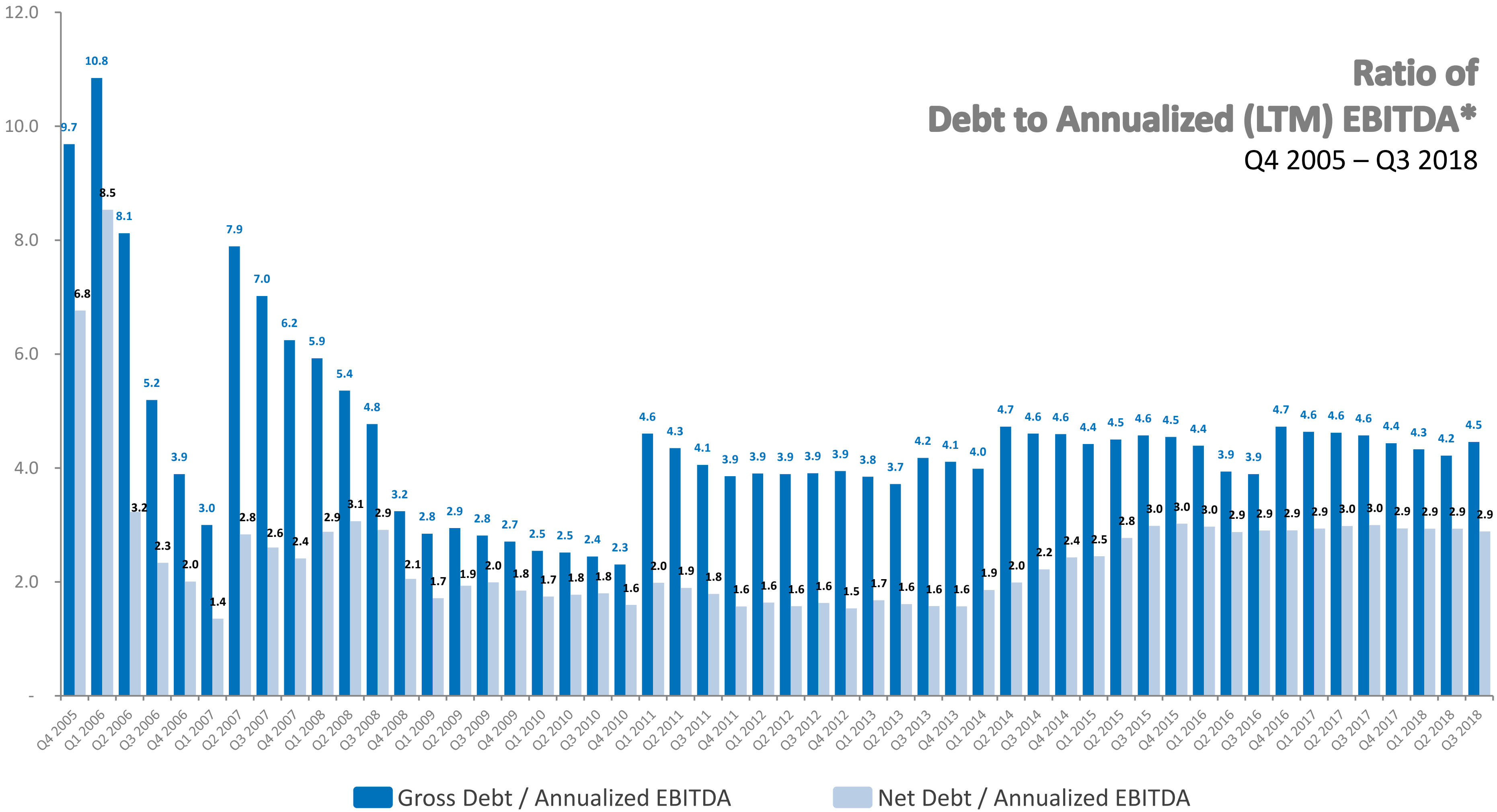
total return of capital, 2005 – q3 2018





*Includes June 2007 Note Transaction

ratio of debt to annualized ebitda



**EBITDA adjusted by including asset related gains*

investment highlights

Cogent is a
leading global
Internet
Service
Provider.

- Fundamentals provide for continued, consistent growth and profitability
- Independent, low-cost international network
- Network footprint targeted at high traffic locations
- Very strong balance sheet
- True free cash flow positive
- Experienced management team
- Substantial network capacity; very high operating leverage
- Implemented a recurring and growing dividend to shareholders

Smart People Buy Dumb Pipes

Appendix

Reconciliation of non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP

Non-GAAP EBITDA and non-GAAP EBITDA, as adjusted, reconciled to GAAP cash flows provided by operating activities

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
($ in 000's) – unaudited							
Net cash flows provided by operating activities	$23,514	$28,045	$28,783	$31,360	$30,179	$31,271	$31,745
Changes in operating assets and liabilities	3,192	950	721	300	2,919	2,408	4,254
Cash interest expense and income tax expense	11,021	11,104	10,700	11,583	10,994	12,229	10,937
EBITDA	**$37,727**	**$40,099**	**$40,204**	**$43,243**	**$44,092**	**$45,908**	**$46,936**
PLUS: Gains on asset related transactions	2,124	1,023	397	319	117	357	416
EBITDA, as adjusted	**$39,851**	**$41,122**	**$40,601**	**$43,562**	**$44,209**	**$46,265**	**$47,352**
EBITDA margin	**32.2%**	**33.5%**	**32.7%**	**34.5%**	**34.3%**	**35.5%**	**36.1%**
EBITDA, as adjusted, margin	**34.0%**	**34.3%**	**33.0%**	**34.8%**	**34.3%**	**35.8%**	**36.4%**

Non-GAAP gross profit and non-GAAP gross margin reconciled to GAAP gross profit and GAAP gross margin

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
($ in 000's) – unaudited							
Service revenue total	$117,203	$119,777	$122,969	$125,226	$128,706	$129,296	$130,139
Minus - Network operations expense including equity-based compensation and including depreciation and amortization expense	69,200	70,012	72,731	73,262	74,663	74,595	74,891
GAAP Gross Profit (1)	**$48,003**	**$49,765**	**$50,238**	**$51,964**	**$54,043**	**$54,701**	**$55,248**
Plus - Equity-based compensation – network operations expense	111	141	179	173	189	232	250
Plus – Depreciation and amortization expense	18,538	18,897	19,147	19,344	19,788	20,216	20,276
Non-GAAP Gross Profit (2)	**$66,652**	**$68,803**	**$69,564**	**$71,481**	**$74,020**	**$75,149**	**$75,774**
GAAP Gross Margin (1)	**41.0%**	**41.5%**	**40.9%**	**41.5%**	**42.0%**	**42.3%**	**42.5%**
Non-GAAP Gross Margin (2)	**56.9%**	**57.4%**	**56.6%**	**57.1%**	**57.5%**	**58.1%**	**58.2%**

(1) GAAP gross profit is defined as total service revenue less network operations expense, depreciation and amortization and equity based compensation included in network operations expense. GAAP gross margin is defined as GAAP gross profit divided by total service revenue.

(2) Non-GAAP gross profit represents service revenue less network operations expense, excluding equity-based compensation and amounts shown separately (depreciation and amortization expense). Non-GAAP gross margin is defined as non-GAAP gross profit divided by total service revenue. Management believes that non-GAAP gross profit and non-GAAP gross margin are relevant metrics to provide to investors, as they are metrics that management uses to measure the margin and amount available to the Company after network service costs, in essence these are measures of the efficiency of the Company's network.