

February 7, 2020



CreditRiskMonitor's assessment of Internap Corporation's ("Internap") "high risk" status has been determined by a combination of factors:

Monthly Average FRISK® Score	Page 2
The FRISK® Score Components	3
Company Report Detail	4
FRISK® Deep Dive and Adjusted Market Cap Volatility	5
FRISK® Stress Index	6
Peer Analysis on Alternate Suppliers and Customers	7
Quarterly Performance Ratios	8
Quarterly Leverage Ratios	9
Quarterly Liquidity Ratios and Rates of Return	10

About This Report/Contact CreditRiskMonitor	11

MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's proprietary FRISK® score signals that Internap Corporation (NASDAQ: INAP) **has a 10 to 50 times greater risk of bankruptcy** than the average public company.

Business Name	2019											2020	
	F	M	A	M	J	J	A	S	O	N	D	J	F
Internap Corporation	1	2	1	1	1	1	1	1	1	1	1	1	1

The FRISK® score is 96% accurate* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

FRISK® Score	BANKRUPTCY RISK RELATIVE TO THE HISTORICAL AVERAGE	
	FROM	TO
10	0.00x	0.12x
9	0.12x	0.27x
8	0.27x	0.34x
7	0.34x	0.55x
6	0.55x	0.87x
5	0.87x	1.40x
4	1.40x	2.10x
3	2.10x	4.00x
2	4.00x	9.99x
1	9.99x	50.00x

While the risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

* FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody’s, Fitch, & DBRS

Crowdsourced CreditRiskMonitor Usage Data

Crowdsourcing has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

COMPANY REPORT DETAIL

Internap Corporation

12120 Sunset Hills Rd Ste 330
 RESTON, VA 20190-3231 United States
 Phone: (404) 302-9700 Ticker: **INAP**

Latest Financial Statements as of 9/30/2019

Business Summary

Internap Corporation is a technology provider of Internet infrastructure. The Company provides Internet infrastructure through both Colocation Business and Enterprise Services and Cloud Services. The Company operates through two segments: Data Center and Network Services, and Cloud and Hosting Services. Its Data Center and Network Services segment consists of colocation and Internet Protocol (IP) connectivity services. Colocation involves providing physical space within data centers and associated services, such as power, interconnection, environmental controls, monitoring and security while allowing its customers to deploy and manage their servers, storage and other equipment in its secure data centers. Its cloud and hosting services segment consists of hosted Infrastructure-as-a-Service as a cloud platform or through managed hosting. For both Infrastructure-as-a-Service options, the Company provides and maintains the hardware, data center infrastructure and interconnection.

(Source: 10-K)

Employees: 640 (as of 12/31/2018) Incorporated: 7/25/2001 Federal Tax Id: 912145721

Credit Score History

Why are these scores different? **FRISK® Score Analysis**

Score/ Index	2019												2020				
	F	M	A	M	J	J	A	S	O	N	D	J	F	DBT	DBT		
FRISK® Score*	1	2	1	1	1	1	1	1	1	1	1	1	1	1	1		
DBT Index	9	9	9	9	9	9	9	9	8	9	9			DBT	DBT		
Z"-Score	-5.95		-6.13				-6.35				-6.75			Z"	Z"		

*FRISK® Scores are month-end

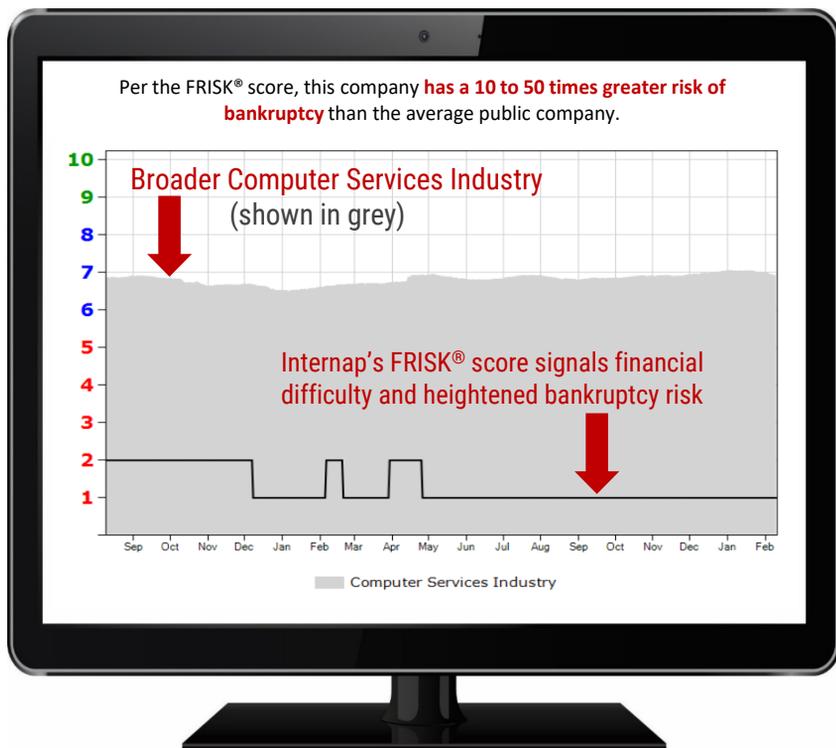
- Probability of bankruptcy within 12 months is 10% to 50%.
- Trade payments are prompt, "cloaking" the risk.
- Bonds are rated as non-investment grade ("junk").
- Market Capitalization has declined by 83% over the last 12 months.
- Total Liabilities to Market Capitalization ratio is 1.5x.

The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk. Payment performance, captured by the Days Beyond Terms (DBT) index, which is very similar to D&B's PAYDEX® score, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	Waiver
Moody's	B3	Negative	SGL-3	C

FRISK® DEEP DIVE



The FRISK® score relative to the broader Computer Services industry raises an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

ADJUSTED MARKET CAP VOLATILITY



One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

FRISK® STRESS INDEX

#	Business Name	Country	FRISK® score
1	ChinaCache International Holdings Ltd	China	1
2	Internap Corporation	United States	1
3	Lift & Co Corp	Canada	1
4	Fusion Connect Inc	United States	2
5	Marin Software Inc	United States	2
6	Sohu.com Ltd - ADR	China	2
7	TwentyThree ApS	Denmark	2
8	ADVFN PLC	United Kingdom	3
9	Cars.com Inc	United States	3
10	Donnelley Financial Solutions Inc	United States	3

FRISK® Stress Index - SIC classification: Computer processing and data preparation and processing services

Primary industry codes only Primary and secondary industry codes

Businesses From: CLEAR

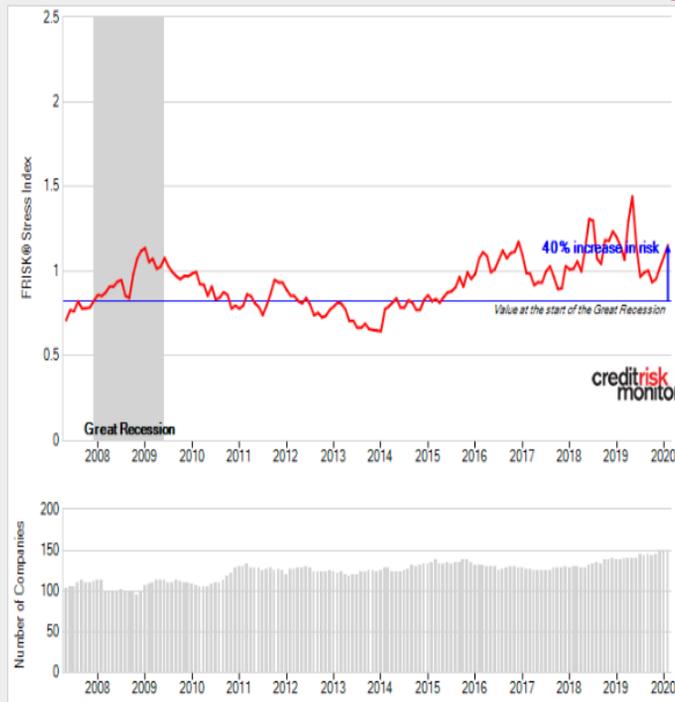
In Industry:

Country:

UPDATE RESULTS

Scale:

Total Companies in all months: 296



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

The average probability of failure for SIC code 7374 (Computer processing and data preparation and processing services) has increased 40% since 2007. Internap is among the weakest names in the industry as evidenced by its FRISK® score of 1.

PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

Analysis: SIC classification: Computer processing and data preparation and processing services

Calendar Year/Quarter: 2019.3

Businesses in Peer Group: 2091	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
Credit Ratings						
Z-Score	524	577	-6.75	-747.64	3.33	388.24
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	93	168	72,878	0	95,830	18,028,000
Gross Margin % Of Sales	243	547	51.08	-34,086.14	45.75	113.30
Gross Margin % Of Sales -- TTM	234	558	53.48	-1,749.71	45.98	112.61
SGA % Of Sales	220	561	21.48	0.11	27.63	91,164.57
SGA % Of Sales -- TTM	233	572	22.06	0.12	27.05	64,370.98
Operating Margin % Of Sales	465	596	5.40	0.10	10.77	94.71
Operating Margin % Of Sales -- TTM	444	602	5.40	0.10	10.77	94.71
EBITDA Margin Of Sales	114	333				
EBITDA Margin Of Sales -- TTM	82	368				
Net Profit Margin % Of Sales	524	595				
Net Profit Margin % Of Sales -- TTM	515	600				
Pre-tax Income % Of Sales	525	595				
Effective Tax Rate	147	585				
Depreciation % Of Prop/Plant/Equipment	197	542				
Capital Expense % Of Prop/Plant/Equipment	55	371				
Interest Coverage	211	284				
Interest Coverage -- TTM	234	337	1.09	-781.75	5.82	27,775.40
Liquidity ratios:						
Cash Ratio	490	600	0.16	0.00	0.61	1,332.11
Quick Ratio	484	572	0.55	0.01	1.36	1,343.25
Current Ratio	535	600	0.66	0.00	1.73	1,348.04
Efficiency ratios:						
Accounts Receivable Turnover	91	583				
Days Sales Outstanding	116	596				
% of Inventory Financed by Vendors		305				
% of Inventory Financed by Vendors -- TTM		313				
Inventory Turnover		346				
Inventory Turnover -- TTM		359				
Days Sales in Inventory		332				
Inventory to Working Capital		344				
Accounts Payable Turnover	287	528				
Accounts Payable Turnover -- TTM	302	536				
Leverage & debt coverage:						
Total Debt to Equity Ratio		487		0.00	0.28	189.86
Debt to Tangible Equity Ratio		396		0.00	0.24	189.86
Total Debt to Assets Ratio	507	575	0.96	0.00	0.17	16.22
Short-Term Debt % of Total Debt	55	480	2.84	0.00	38.07	100.00
Short-Term Debt % of Working Capital	430	487	-84.19	-4,808.85	5.68	1,475.29
Liabilities to Net Worth Ratio		475		0.00	0.73	295.58
Total Liabilities to Equity Ratio		570		0.00	0.73	295.58
TTM EBITDA to Total Debt	225	317	0.12	-1,543.48	0.34	2,597.00
Net Debt to TTM EBITDA	234	243	8.14	-106.12	0.55	299.38

Rank	Company Name
1	SoftCamp Co Ltd
2	Paxys Inc.
3	Syntekabio Inc
4	Efficient E-Solutions Bhd
5	Induction Healthcare Group PLC

Rank	Company Name
1	Baltic Bridge SA
2	Armada PAO (P)
3	KINX Co Ltd
4	COSYN Ltd
5	Health Catalyst Inc

Green - Ranked in Upper Quartile of Peer Group
 White - Ranked in the Middle Two Quartiles of Peer Group
 Red - Ranked in Lower Quartile of Peer Group
 Orange - Confidential
 Grey - Data is Not Available

TTM = trailing 12 months
 N/A = Not Available

Internap Corporation demonstrates bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

QUARTERLY PERFORMANCE RATIOS

Net losses in each of the last five fiscal quarters

Declining interest coverage ratio becomes insufficient; negative free cash flow

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/30/2019	3 mos 6/30/2019	3 mos 3/31/2019	3 mos 12/31/2018	3 mos 9/30/2018
Net Sales \$	\$72,878	\$73,134	\$73,564	\$78,238	\$82,972
% change	-0.35%	-0.58%	-5.97%	-5.71%	1.23%
Gross Margin \$	\$37,229	\$38,459	\$39,041	\$44,551	\$46,767
% change	-3.20%	-1.49%	-12.37%	-4.74%	2.13%
% of sales	51.08%	52.59%	53.07%	56.94%	56.36%
change as % of incremental sales	n/m	n/m	n/m	n/m	96.73%
SG&A \$	\$15,651	\$15,193	\$17,113	\$17,731	\$18,027
% change	3.01%	-11.22%	-3.49%	-1.64%	-5.85%
% of sales	21.48%	20.77%	23.26%	22.66%	21.73%
change as % of incremental sales	n/m	n/m	n/m	n/m	-110.99%
Operating margin \$	(\$3,936)	\$590	(\$2,074)	\$975	\$2,697
% change	-767.12%	128.45%	-312.72%	-63.85%	1.77%
% of sales	-5.40%	0.81%	-2.82%	1.25%	3.25%
change as % of incremental sales	n/m	n/m	n/m	n/m	4.65%
EBITDA \$	\$17,646	\$22,545	\$20,104	\$24,229	\$26,249
% change	-21.73%	12.14%	-17.03%	-7.70%	3.50%
% of sales	24.21%	30.83%	27.33%	30.97%	31.64%
change as % of incremental sales	n/m	n/m	n/m	n/m	87.82%
EBIT \$	(\$3,936)	\$590	(\$2,074)	\$975	\$2,697
% change	-767.12%	128.45%	-312.72%	-63.85%	1.77%
% of sales	-5.40%	0.81%	-2.82%	1.25%	3.25%
change as % of incremental sales	n/m	n/m	n/m	n/m	4.65%
Pre-tax income \$	(\$23,855)	(\$18,746)	(\$19,725)	(\$19,108)	(\$15,292)
% change	-27.25%	4.96%	-3.23%	-24.95%	-8.34%
% of sales	-32.73%	-25.63%	-26.81%	-24.42%	-18.43%
change as % of incremental sales	n/m	n/m	n/m	n/m	-116.53%
Net income (loss) \$	(\$23,870)	(\$18,555)	(\$19,644)	(\$19,411)	(\$15,479)
% change	-28.64%	5.54%	-1.20%	-25.40%	-8.40%
% of sales	-32.75%	-25.37%	-26.70%	-24.81%	-18.66%
change as % of incremental sales	n/m	n/m	n/m	n/m	-118.81%
Tax expense \$	(\$6)	(\$211)	(\$103)	\$253	\$162
Effective tax rate	0.03%	1.13%	0.52%	-1.32%	-1.06%
Depreciation expense \$	\$21,582	\$21,955	\$22,178	\$23,579	\$23,553
% of sales	29.61%	30.02%	30.15%	30.14%	28.39%
% of capital expenses	280.32%	280.22%	257.17%	142.10%	302.50%
% of PP&E, net (annualized)	17.89%	17.91%	18.28%	19.74%	20.25%
Capital expenditures \$	\$7,699	\$7,835	\$8,624	\$16,593	\$7,786
% change	-1.74%	-9.15%	-48.03%	113.11%	-29.75%
% of PP&E, net (annualized)	6.38%	6.39%	7.11%	13.89%	6.69%
% of working capital (annualized)	-149.88%	-200.55%	-351.19%	-304.72%	-87.92%
Interest coverage ratio	0.89	1.17	1.14	1.19	1.46
% change	-24.02%	2.37%	-4.35%	-18.39%	-3.54%
Free cash flow \$	(\$3,121)	\$3,984	(\$6,362)	(\$6,402)	(\$1,938)
% change	-178.34%	162.62%	0.62%	-230.34%	-151.64%
Source:	10-Q 11/12/2019	10-Q 8/8/2019	10-Q 5/9/2019	10-Q 3/18/2019	10-Q 11/12/2019

QUARTERLY LEVERAGE RATIOS

Negative tangible net worth, total debt to assets ratio, and total debt to EBITDA (annualized) ratio all indicate heightened risk

Short-term debt as a % of working capital signals that debt obligations in the current year exceed net current assets

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018
Total debt \$	\$699,216	\$688,364	\$686,485	\$687,061	\$696,193
% change	1.58%	0.27%	-0.08%	-1.31%	5.05%
Stockholders' equity \$	(\$60,212)	(\$37,533)	(\$19,972)	\$57	(\$18,966)
% change	-60.42%	-87.93%	-35,138.60%	100.30%	-277.73%
Total debt to equity ratio	n/a	n/a	n/a	12,053.70	n/a
Tangible net worth \$	(\$240,644)	(\$221,196)	(\$206,629)	(\$189,202)	(\$210,409)
% change	-8.79%	-7.05%	-9.21%	10.08%	-5.82%
Total assets \$	\$724,701	\$740,796	\$748,342	\$744,931	\$746,038
% change	-2.17%	-1.01%	0.46%	-0.15%	2.94%
Total debt to assets ratio	0.96	0.93	0.92	0.92	0.93
% change	3.83%	1.30%	-0.54%	-1.17%	2.04%
Tangible assets \$	\$544,269	\$557,133	\$561,685	\$555,672	\$554,595
% change	-2.31%	-0.81%	1.08%	0.19%	4.47%
Short-term debt \$	\$19,867	\$11,930	\$8,627	\$9,401	\$28,343
% change	66.53%	38.29%	-8.23%	-66.83%	6.52%
Short-term debt % of total debt	2.84%	1.73%	1.26%	1.37%	4.07%
% change	63.94%	37.91%	-8.16%	-66.39%	1.40%
Short-term debt % of working capital	-84.19%	-68.18%	-62.71%	-159.64%	-75.23%
% change	-23.49%	-8.71%	60.71%	-112.19%	6.20%
Total liabilities \$	\$784,913	\$778,329	\$768,314	\$744,874	\$765,004
% change	0.85%	1.30%	3.15%	-2.63%	4.83%
Total liabilities to equity ratio	n/a	n/a	n/a	13,067.96	n/a
Total debt to EBITDA ratio (annualized)	9.91	7.63	8.54	7.09	6.63
% change	29.78%	-10.58%	20.42%	6.91%	1.50%
Source:	10-Q	10-Q	10-Q	10-K	10-Q
	11/12/2019	8/8/2019	5/9/2019	3/18/2019	11/1/2018

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Negative working capital

Meager cash and quick ratios

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018
Current assets \$	\$46,169	\$46,582	\$46,614	\$54,098	\$52,366
% change	-0.89%	-0.07%	-13.83%	3.31%	-1.48%
% of short-term debt	232.39%	390.46%	540.33%	575.45%	184.76%
Current liabilities \$	\$69,766	\$64,080	\$60,370	\$59,987	\$90,040
% change	8.87%	6.15%	0.64%	-33.38%	4.30%
Working capital \$	(\$23,597)	(\$17,498)	(\$13,756)	(\$5,889)	(\$37,674)
% change	-34.86%	-27.20%	-133.59%	84.37%	-13.56%
% of sales (annualized)	-8.09%	-5.98%	-4.67%	-1.88%	-11.35%
Cash \$	\$10,895	\$10,468	\$8,266	\$17,823	\$11,844
% change	4.08%	26.64%	-53.62%	50.48%	-19.64%
% of short-term debt	54.84%	87.75%	95.82%	189.59%	47.79%
Cash ratio	0.16	0.16	0.14	0.30	0.13
% change	-4.41%	19.36%	-53.92%	125.93%	-22.96%
Quick assets \$	\$38,045	\$38,161	\$38,724	\$46,721	\$42,869
% change	-0.30%	-1.45%	-17.12%	8.99%	-1.37%
% of short-term debt	191.50%	319.87%	448.87%	496.98%	151.25%
Quick ratio	0.55	0.60	0.64	0.78	0.48
% change	-8.43%	-7.16%	-17.65%	63.60%	-5.44%
Current ratio	0.66	0.73	0.77	0.90	0.58
% change	-8.96%	-5.85%	-14.38%	55.06%	-5.54%
Source:	10-Q 11/12/2019	10-Q 8/8/2019	10-Q 5/9/2019	10-K 3/18/2019	10-Q 11/1/2018

Unable to generate any positive returns

Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/30/2019	3 mos 6/30/2019	3 mos 3/31/2019	3 mos 12/31/2018	3 mos 9/30/2018
Return on equity	n/a	n/a	-34,463.16%	n/a	n/a
Return on total assets	-3.26%	-2.49%	-2.63%	-2.60%	-2.10%
% change	-30.72%	5.28%	-1.04%	-23.70%	-7.36%
Return on tangible assets	-4.33%	-3.32%	-3.52%	-3.50%	-2.85%
% change	-30.68%	5.67%	-0.56%	-22.60%	-6.41%
Source:	10-Q 11/12/2019	10-Q 8/8/2019	10-Q 5/9/2019	10-K 3/18/2019	10-Q 11/12/2019

ABOUT THIS REPORT/CONTACT CREDITRISKMONITOR



CreditRiskMonitor is a financial risk analysis and news service that helps credit, supply chain and financial professionals stay ahead of and manage risk quickly, accurately and cost effectively. More than 35% of the Fortune 1000, plus over a thousand other large corporations worldwide, rely on our financial risk coverage of over 56,000 global public companies.

CreditRiskMonitor's High Risk Reports feature companies that are exhibiting a significantly high level of financial distress, as indicated by our proprietary FRISK® score. The ultimate goal of the High Risk Report series is two-part: provide an early warning for those doing business with an increasingly distressed company and inform of the many signals that should be examined when assessing financial risks.

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