Interxion Holding NV

Interim report
for the three months ended
30 June 2010

Schiphol Rijk, August 2010

Second Quarter Highlights

- Revenue increased by 19% to €50.4 million (Q2 2009: €42.5 million)
- Adjusted EBITDA increased by 25% to €19.6 million (Q2 2009: €15.7 million)
- Adjusted EBITDA margin improved to 38.8% (Q2 2009: 37.0%)
- Net profit of €4.0 million (Q2 2009: profit €8.2 million)

Financial Results

Total revenue for the second quarter of 2010 – which included a foreign-currency gain of €0.6 million – increased by 19% to €50.4 million (Q2 2009: €42.5 million). Recurring revenue, consisting primarily of colocation and power services, was 94% of total revenue in the period (Q2 2009: 94%).

Cost of sales in the second quarter increased by 13% to €22.2 million (Q2 2009: €19.6 million), gross profit margin increased to 56.0% (Q2 2009: 53.8%). Equipped Space at the end of the period increased to a little under 55,800 sq m (Q2 2009: 47,200 sq m). Utilisation rate, the ratio of revenue generating space to Equipped Space, was 73% (Q2 2009: 77%).

Sales and marketing costs in the second quarter were up 15% to €3.6 million (Q2 2009: €3.1 million). General and administrative costs in the second quarter, excluding depreciation, amortisation, exceptional general and administrative costs and share-based payments of €8.0 million, increased by 26% to €5.1 million (Q2 2009: €4.1 million). Depreciation and amortisation increased by 51% to €7.5 million (Q2 2009: €5.0 million).

Net profit in the second quarter was €4.0 million (Q2 2009: €8.2 million). Net profits were primarily affected, as anticipated, by an increase in depreciation, arising from greater data centre capacity, and higher interest expense, arising from our senior secured notes. The recognition of deferred tax assets also had a one-time positive impact on the second quarter of 2009.

Adjusted EBITDA in the second quarter, defined as operating profit before depreciation, amortisation, impairment of assets, share-based payments and exceptional items, increased by 25% to €19.6 million (Q2 2009: €15.7 million).

Cash and cash equivalents at the end of the period were up 47%, at €47.1 million (Q2 2009: €32 million). A €60 million revolving credit facility continued to be undrawn.

Cash generated from operating activities in the second quarter was €14.5 million (Q2 2009: €6.0 million). Net cash used in investing activities during the second quarter was €25.1 million (Q2 2009: €19.2 million). Net cash outflow of €0.9 million from financing activities in the second quarter included €0.8 million of payments for costs relating to the revolving credit facility and the senior secured notes.

Capital expenditure in the second quarter, defined as net cash invested in property, plant and equipment, was €24.9 million, of which €22.6 million was attributable to expansion capital expenditures, with the balance being attributable to ongoing capital expenditures.

About Interxion

Interxion is a leading provider of carrier-neutral colocation data centre services in Europe. Our core offering is carrier-neutral colocation services, which we sell to more than 1,100 customers. Our data centres enable our customers to connect to a broad range of telecommunications carriers, Internet service providers and other customers. They act as content and connectivity hubs that facilitate the processing, storage, sharing and distribution of data, content, applications and media among carriers and customers, creating an environment that we refer to as a community of interest.

Our core offering, carrier-neutral colocation services, includes space, uninterrupted power and a secure environment in which to house our customers' computing, network, storage and IT infrastructure. Our carrier-neutral colocation services enable our customers to reduce operational and capital expenses while improving application performance and flexibility. We supplement our core colocation offering with a number of additional services, including network monitoring, remote monitoring of customer equipment, systems management, engineering support services, cross connects, data backup and storage.

Our headquarters are near Amsterdam, The Netherlands; we deliver our services in 11 countries through 28 data centres strategically located in major metropolitan areas, including London, Frankfurt, Paris, Amsterdam and Madrid – Europe's main data centre markets. Because our data centres are located in close proximity to the intersection of telecommunications fibre routes and power sources, we are able to provide our customers with high levels of connectivity and the requisite power to meet their needs.

Our data centres house connections to more than 350 carriers and Internet service providers, and 18 European Internet exchanges, which enable our customers to lower their telecommunications costs and, by reducing latency, improve the response time of their applications. This connectivity to carriers, Internet service providers and other customers, fosters the development of value-added communities of interest, which are important to customers in each of the segments in which we operate: network providers, managed services providers, enterprises, financial services and digital media.

Development of our communities of interest generates network effects for our customers that enrich the value and attractiveness of the community, to both existing and potential customers.

Further Information for Noteholders

This Interim Report as of, and for, the fiscal quarter ended 30 June 2010, is published to comply with the reporting requirements in the indenture among Interxion Holding NV, as Issuer, Interxion Nederland BV, Interxion HeadQuarters BV, Interxion Carrier Hotel (UK) Ltd. and Interxion Deutschland GmbH, as Initial Guarantors, The Bank of New York Mellon, London Branch, as Trustee, Principal Paying Agent and Transfer Agent, The Bank of New York Mellon (Luxembourg) S.A., as Registrar and Luxembourg Paying Agent, and Barclays Bank PLC, as Security Trustee, dated 12 February 2010 (the "Indenture"). Section 4.16(1)(b) of the Indenture provides that the Issuer shall furnish to the Trustee within 60 days after the end of the fiscal quarter ended 30 June 2010, quarterly financial statements containing: (i) the unaudited condensed consolidated balance sheet of the Issuer as at the quarter ended 30 June 2010, and unaudited condensed statements of income and cash flow of the Issuer for the quarter ended 30 June 2010, and for the quarter ended 30 June 2009, together with condensed footnote disclosure and (ii) an operating and financial review of the unaudited financial statements of the Issuer, including a discussion of the results of operations, financial condition and material changes in liquidity and capital resources.

The information in this Interim Report may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, the words "believes," "anticipates," "plans," "expects," "intends" and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. All forward-looking statements in this document are based on information available to us as of the date of this Interim Report and we assume no obligation to update any such forward-looking statements.

Consolidated interim income statement

		For the quarter ended		For the six months ended	
	Note	30 June 2010 €'000	30 June 2009 €'000	30 June 2010 €'000	30 June 2009 €'000
Revenue	*6*	**50,363**	42,477	**98,178**	82,872
Cost of sales	*6*	**(22,149)**	(19,617)	**(43,922)**	(38,256)
Gross profit		**28,214**	22,860	**54,256**	44,616
Other income	*6*	**118**	111	**226**	526
Sales and marketing costs	*6*	**(3,557)**	(3,094)	**(6,882)**	(5,710)
Total general and administrative costs	*6*	**(13,103)**	(10,055)	**(25,936)**	(20,489)
Operating profit		**11,672**	9,822	**21,664**	18,943
Net finance expense	*7*	**(4,776)**	(961)	**(18,255)**	(2,478)
Profit/(loss) before taxation		**6,896**	8,861	**3,409**	16,465
Income tax expense	*8*	**(2,929)**	(650)	**(4,176)**	(2,321)
Profit/(loss) for the period attributable to shareholders		**3,967**	8,211	**(767)**	14,144
Basic earnings per share: (€)		**0.02**	0.04	**(0.00)**	0.06
Diluted earnings per share: (€)		**0.02**	0.04	**(0.00)**	0.06

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated interim statement of comprehensive income

	For the quarter ended		For the six months ended	
	30 June 2010 €'000	**30 June 2009 €'000**	**30 June 2010 €'000**	**30 June 2009 €'000**
Profit/(loss) for the period attributable to shareholders	**3,967**	8,211	**(767)**	14,144
Foreign currency translation differences	**3,420**	2,030	**4,067**	2,094
Total comprehensive income recognised in the period	**7,387**	10,241	**3,300**	16,238

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated interim balance sheet

As at:	Note	30 June 2010 €'000	31 December 2009 €'000
Non-current assets			
Property, plant and equipment	*9*	**315,215**	275,960
Intangible assets		**4,326**	3,642
Deferred tax assets		**36,642**	39,585
Trade and other receivables		**2,688**	1,220
		358,871	320,407
Current assets			
Trade and other receivables		**54,111**	55,610
Cash and cash equivalents		**47,121**	32,003
		101,232	87,613
Total assets		**460,103**	408,020
Shareholders' equity			
Share capital		**4,434**	4,434
Share premium		**320,048**	319,388
Foreign currency translation reserve		**4,480**	413
Accumulated deficit		**(190,625)**	(189,858)
		138,337	134,377
Non-current liabilities			
Trade and other payables		**7,441**	8,227
Provision for onerous lease contracts		**14,475**	15,844
Borrowings	*10*	**195,724**	128,678
		217,640	152,749
Current liabilities			
Trade and other payables		**97,528**	91,029
Current tax liabilities		**1,083**	376
Provision for onerous lease contracts		**3,102**	3,068
Borrowings	*10*	**2,413**	26,421
		104,126	120,894
Total liabilities		**321,766**	273,643
Total liabilities and shareholders' equity		**460,103**	408,020

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated statement of changes in shareholders' equity

	Share capital	Share premium	Foreign currency translation reserve	Accumu-lated deficit	Total equity
	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2010	4,434	319,388	413	(189,858)	134,377
Total comprehensive income	–	–	4,067	(767)	3,300
Share-based payments	–	660	–	–	660
Balance at 30 June 2010	**4,434**	**320,048**	**4,480**	**(190,625)**	138,337

	Share Capital	Share premium	Foreign currency translation reserve	Accumu-lated deficit	Total equity
	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2009	4,364	317,806	(934)	(216,310)	104,926
Total comprehensive income	–	–	2,094	14,144	16,238
Exercise of options	70	632	–	–	702
Share-based payments	–	404	–	–	404
Balance at 30 June 2009	**4,434**	**318,842**	**1,160**	**(202,166)**	**122,270**

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated statement of cash flows

	Note	For the quarter ended 2010 € '000	For the quarter ended 2009 € '000	For the six months ended 2010 € '000	For the six months ended 2009 € '000
Profit/(loss) for the period		**3,967**	8,211	**(767)**	14,144
Depreciation and amortisation		**7,494**	4,979	**14,681**	9,628
Provision for onerous lease contracts		**(957)**	315	**(1,540)**	(178)
Share-based payments		**395**	164	**660**	404
Net finance expense		**4,776**	961	**18,255**	2,478
Income tax expense		**2,929**	650	**4,176**	2,321
Interest paid		**(257)**	(2,229)	**(978)**	(2,593)
Interest received		**102**	106	**187**	324
Income tax paid		**(150)**	(39)	**(226)**	(80)
Net cash flows from operating activities before changes in working capital		**18,299**	13,118	**34,448**	26,448
Movements in trade and other current assets		**(2,289)**	(7,728)	**2,646**	(3,366)
Movements in trade and other payables		**(1,508)**	593	**823**	8,165
Net cash flows from changes in working capital		**(3,797)**	(7,135)	**3,469**	4,799
Net cash flows from operating activities		**14,502**	5,983	**37,917**	31,247
Cash flow from investing activities					
Purchase of property, plant and equipment	*6*	**(24,947)**	(18,973)	**(53,597)**	(56,892)
Purchase of intangible assets		**(133)**	(271)	**(490)**	(620)
Net cash flows from investing activities		**(25,080)**	(19,244)	**(54,087)**	(57,512)
Cash flow from financing activities					
Proceeds from exercised options		**–**	702	**–**	702
Proceeds from/(repayments of) bank facilities		**–**	7,252	**(159,046)**	11,152
Proceeds from Revolving Credit Facility and Senior Secured Notes		**(771)**	–	**191,244**	–
Other borrowings		**(124)**	(1,206)	**(1,170)**	(1,907)
Net cash flows from financing activities		**(895)**	6,748	**31,028**	9,947
Effect of exchange rate changes on cash		**115**	(104)	**260**	(206)
Net movement in cash and cash equivalents		**(11,358)**	(6,617)	**15,118**	(16,524)
Cash and cash equivalents, beginning of period		**58,479**	51,868	**32,003**	61,775
Cash and cash equivalents, end of period		**47,121**	45,251	**47,121**	45,251

The accompanying notes form an integral part of these consolidated interim financial statements.

Notes to the consolidated interim financial statements

1 The Company

Interxion Holding NV (the "Company") is domiciled in the Netherlands. The address of the Company's registered office is Tupolevlaan 24, 1119 NX, Schiphol-Rijk, the Netherlands. The consolidated interim financial statements of the Company as at and for the three months ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a leading pan-European operator of carrier neutral Internet data centres.

2 Statement of compliance

The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2009 which are contained in the 2009 Annual Report which is publicly available on the company's website – www.interxion.com.

3 Significant accounting policies

The accounting policies applied by the Group in these consolidated Interim Financial Statements are the same as those applied by the Group in its consolidated Financial Statements as at and for the year ended 31 December 2009, except for the new Standards and Interpretations as of 1 January 2010. Compared with the accounting principles as applied in the 2009 financial statements, the main change was the adoption of the revised IFRS 3 "Business Combinations". This did not have an impact on the financial position or performance of the Group.

4 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2009 within the 2009 Annual Report.

5 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements within the 2009 Annual Report.

6 Information by segment

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Management monitors the operating results of its operating segments separately for the purpose of making decisions about performance assessments.

The performance of the operating segments is primarily based on the measures of revenue, EBITDA and Adjusted EBITDA. Other information provided to the Managing Director is measured in a manner consistent with that in the financial statements.

For the quarter ended 30 June 2010

	FR, DE, NL and UK € '000	Rest of Europe € '000	Subtotal € '000	Corporate and other € '000	Total € '000
Revenue	30,460	19,903	50,363	-	50,363
Cost of sales	(12,848)	(8,260)	(21,108)	(1,041)	(22,149)
Gross profit/(loss)	17,612	11,643	29,255	(1,041)	28,214
Other income	118	–	118	–	118
Sales and marketing costs	(1,018)	(894)	(1,912)	(1,645)	(3,557)
Total general and administrative costs	(6,467)	(3,768)	(10,235)	(2,868)	(13,103)
Operating profit/(loss)	10,245	6,981	17,226	(5,554)	11,672
Net finance expense					(4,776)
Profit/(loss) before tax					6,896
Total Assets	255,692	141,318	397,010	63,093	460,103
Total Liabilities	80,840	36,020	116,860	204,906	321,766
Capital Expenditures (PPE) paid	16,444	8,474	24,918	29	24,947
Depreciation, amortisation, impairments	(4,470)	(2,620)	(7,090)	(404)	(7,494)
Adjusted EBITDA	14,715	9,601	24,316	(4,755)	19,561

For the quarter ended 30 June 2009

	FR, DE, NL and UK € '000	Rest of Europe € '000	Subtotal € '000	Corporate and other € '000	Total € '000
Revenue	24,987	17,490	42,477	0	42,477
Cost of sales	(11,113)	(7,465)	(18,578)	(1,039)	(19,617)
Gross profit/(loss)	13,874	10,025	23,899	(1,039)	22,860
Other income	111	–	111	–	111
Sales and marketing costs	(1,009)	(752)	(1,761)	(1,333)	(3,094)
Total general and administrative costs	(4,850)	(3,020)	(7,870)	(2,185)	(10,055)
Operating profit/(loss)	8,126	6,253	14,379	(4,557)	9,822
Net finance expense					(961)
Profit/(loss) before tax					8,861
Total Assets	207,180	114,081	321,261	65,958	387,219
Total Liabilities	80,282	38,326	118,608	146,341	264,949
Capital Expenditures (PPE) paid	9,972	8,960	18,932	41	18,973
Depreciation, amortisation, impairments	(2,852)	(1,822)	(4,674)	(305)	(4,979)
Adjusted EBITDA	11,722	8,074	19,796	(4,086)	15,710

For the six months ended 30 June 2010

	FR, DE, NL and UK € '000	Rest of Europe € '000	Subtotal € '000	Corporate and other € '000	Total € '000
Revenue	*58,980*	*39,198*	***98,178***	-	***98,178***
Cost of sales	*(25,853)*	*(15,934)*	***(41,787)***	*(2,135)*	***(43,922)***
Gross profit/(loss)	*33,127*	*23,264*	***56,391***	*(2,135)*	***54,256***
Other income	*226*	–	***226***	–	***226***
Sales and marketing costs	*(1,976)*	*(1,694)*	***(3,670)***	*(3,212)*	***(6,882)***
Total general and administrative costs	*(12,957)*	*(7,182)*	***(20,139)***	*(5,797)*	***(25,936)***
Operating profit/(loss)	*18,420*	*14,388*	***32,808***	*(11,144)*	**21,664**
Net finance expense					**(18,255)**
Profit/(loss) before tax					**3,409**
Total Assets	*255,692*	*141,318*	***397,010***	*63,093*	***460,103***
Total Liabilities	*80,840*	*36,020*	***116,860***	*204,906*	***321,766***
Capital Expenditures (PPE) paid	*32,083*	*20,687*	***52,770***	*827*	***53,597***
Depreciation, amortisation, impairments	*(8,981)*	*(4,988)*	***(13,969)***	*(712)*	***(14,681)***
Adjusted EBITDA	***27,401***	***19,376***	***46,777***	***(9,772)***	***37,005***

For the six months ended 30 June 2009

	FR, DE, NL and UK € '000	Rest of Europe € '000	Subtotal € '000	Corporate and other € '000	Total € '000
Revenue	*48,348*	*34,524*	***82,872***	–	***82,872***
Cost of sales	*(21,937)*	*(14,378)*	***(36,315)***	*(1,941)*	***(38,256)***
Gross profit/(loss)	*26,411*	*20,146*	***46,557***	*(1,941)*	***44,616***
Other income	*251*	*275*	***526***	–	***526***
Sales and marketing costs	*(1,785)*	*(1,262)*	***(3,047)***	*(2,663)*	***(5,710)***
Total general and administrative costs	*(9,126)*	*(5,746)*	***(14,872)***	*(5,617)*	***(20,489)***
Operating profit/(loss)	*15,751*	*13,413*	***29,164***	*(10,221)*	**18,943**
Net finance expense					**(2,478)**
Profit/(loss) before tax					**16,465**
Total Assets	*207,180*	*114,081*	***321,261***	*65,958*	***387,219***
Total Liabilities	*80,282*	*38,326*	***118,608***	*146,341*	***264,949***
Capital Expenditures (PPE) paid	*28,261*	*27,550*	***55,811***	*1,081*	***56,892***
Depreciation, amortisation, impairments	*(5,648)*	*(3,414)*	***(9,062)***	*(566)*	***(9,628)***
Adjusted EBITDA	***22,144***	***16,552***	***38,696***	***(8,901)***	***29,795***

Reconciliation of Adjusted EBITDA

	For the quarter ended		For the six months ended	
	30 June 2010 € '000	30 June 2009 € '000	30 June 2010 € '000	30 June 2009 € '000
Adjusted EBITDA	**19,561**	15,710	**37,005**	29,795
Income from subleases on unused data centre sites	**118**	111	**226**	251
Net insurance compensation benefit	–	–	–	275
Exceptional income	**118**	111	**226**	526
Increase in provision onerous lease contracts[1]	**(118)**	(856)	**(226)**	(1,346)
Share based payments	**(395)**	(164)	**(660)**	(404)
Exceptional general and administrative costs and share based payments	**(513)**	(1,020)	**(886)**	(1,750)
EBITDA[2]	**19,166**	14,801	**36,345**	28,571
Depreciation and amortisation	**(7,494)**	(4,979)	**(14,681)**	(9,628)
Operating profit	**11,672**	9,822	**21,664**	18,943

(1) Before deduction of income from subleases on unused data centre sites.
(2) Operating profit plus depreciation, amortisation and impairment of assets.

The net insurance compensation benefit received from our insurance company, as a result of fire damage incurred in 2008, represents the difference between the net book value and the replacement value of the equipment damaged. Exceptional income is recorded as "Other income" in the consolidated income statement. The increase in the provision for onerous lease contracts relates to an unused data centre in Germany and an office property in The Netherlands.

7 Finance income and expense

	For the quarter ended		For the six months ended	
	30 June 2010 € '000	30 June 2009 € '000	30 June 2010 € '000	30 June 2009 € '000
Bank and other interest	**186**	106	**265**	324
Other financial income	**–**	33	**–**	33
Finance income	**186**	139	**265**	357
Interest expense on senior security notes, banks and other loans	**(4,518)**	(958)	**(7,746)**	(2,471)
Interest expense on finance leases	**(25)**	(24)	**(52)**	(55)
Interest expense on provision for onerous lease contracts	**(80)**	(118)	**(208)**	(309)
Other financial expense	**(338)**	–	**(10,508)**	–
Foreign currency exchange losses	**(1)**	–	**(6)**	–
Finance expense	**(4,962)**	(1,100)	**(18,520)**	(2,835)
Net finance expense	**(4,776)**	(961)	**(18,255)**	(2,478)

The 'Interest expense on provision for onerous lease contracts' relates to the unwinding of the discount rate used to calculate the 'Provision for onerous lease contracts'.

Other financial expenses are cash and non-cash costs related to the repayment of the Company's bank borrowings.

8 Income tax expense

The Group's consolidated effective tax rate in respect of continuing operations for the three and six months ended 30 June 2010 was 42% and 122% respectively (three and six months ended 30 June 2009: 7% and 14%).

9 Property, plant and equipment

Acquisitions and disposals

During the three and six months ended 30 June 2010 the Group acquired data-centre-related assets with a cost of €21,497,000 and €50,103,000 respectively (three and six months ended 30 June 2009: €23,804,000 and €46,827,000).

During the three and six months ended 30 June 2010 the Group capitalised interest relating to borrowing costs during construction work of new build assets of €752,000 and €1,115,000 respectively (three and six months ended 30 June 2009: €391,000 and €1,099,000).

Capital commitments

At 30 June 2010, the Group had outstanding capital commitments totalling €29,876,000. These commitments are expected to be substantially settled in 2010.

10 Borrowings

On 12 February 2010, the Company issued, at par, €200,000,000 of 9.5% Senior Secured Notes due 2017. The Notes are listed on the Luxembourg Stock Exchange's Euro MTF Market. The proceeds were used to repay in full the Company's bank borrowings and pay transaction fees and expenses. Excess cash will be used for capital expenditures and other general corporate purposes.

On 12 February 2010, the Company entered into a new €60,000,000 Revolving Credit Facility, which remains undrawn.

On 18 February 2010, the Group closed out its interest rate swap contracts.

11 Share-based payments

The terms and conditions of the share option program are disclosed in the consolidated financial statements as at and for the year ended 31 December 2009. As at 30 June 2010 the number of outstanding share options amounts to 23,017,000 (31 December 2009: 23,831,000). In the three and six months ended 30 June 2010, nil and 1,190,000 options respectively have been granted.

12 Subsequent events

Subsequent to 30 June 2010, 360,000 options have been granted to employees.