

— PARTICIPANTS

Corporate Participants

Melissa Marsden – Senior Vice President, Investor Relations, Iron Mountain, Inc.

William Leo Meaney – President, Chief Executive Officer & Director, Iron Mountain, Inc.

Stuart B. Brown – Chief Financial Officer & Executive Vice President, Iron Mountain, Inc.

Other Participants

Sheila McGrath – Analyst, Evercore ISI

Shlomo H. Rosenbaum – Analyst, Stifel, Nicolaus & Co., Inc.

Andrew Charles Steinerman – Analyst, JPMorgan Securities LLC

Karin Ford – Analyst, MUFG Securities America, Inc.

Kevin McVeigh – Analyst, Deutsche Bank Securities, Inc.

— MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to the Iron Mountain Fourth Quarter 2017 Earnings Conference Call. [Operator Instructions] Please note, this event is being recorded. I would now like to turn the conference over to Melissa Marsden, Senior Vice President of Investor Relations. Please go ahead.

Melissa Marsden, Senior Vice President, Investor Relations, Iron Mountain, Inc.

Thank you, Keith. Hello, and welcome to our fourth quarter and full year 2017 earnings conference call. The user-controlled slides that we will be referring to in today's prepared remarks are available on our Investor Relations site, along with the link to today's webcast. You can find the presentation at ironmountain.com under About Us/Investors/Events & Presentations. Alternatively, you can access today's financial highlights, press release, the presentation and the full supplemental financial information together in one PDF file by going to investors.ironmountain.com, under Financial Information. Additionally, we have filed all of the related documents as one 8-K, which is also available on the Investor Relations website.

On this morning's call, we'll hear first from Bill Meaney, Iron Mountain's President and CEO, who will discuss highlights and progress toward our strategic plan followed by Stuart Brown, our CFO, who will cover financial results and 2018 guidance. After our prepared remarks, we'll open up the phones for Q&A.

Referring now to page 2 of the presentation, today's earnings call, slide presentation and supplemental financial information will contain forward-looking statements, most notably our outlook for 2018 and longer-term financial and operating performance. All forward-looking statements are subject to risks and uncertainties. Please refer to today's press release, earnings call presentation, supplemental financial report, the Safe Harbor language on this slide and our annual report on Form 10-K for a discussion of the major risk factors that could cause our actual results to differ from those in our forward-looking statements.

In addition, we use several non-GAAP measures when presenting our financial results and the reconciliations to these measures as required by Reg G are included in the supplemental financial information.

With that, Bill, would you please begin?

William Leo Meaney, President, Chief Executive Officer & Director, Iron Mountain, Inc.

Thank you, Melissa, and hello everyone. We are pleased to report a strong finish to 2017 characterized by significant progress against our 2020 strategic plan with solid momentum in the business and durable internal storage revenue growth clearly demonstrated in our fourth quarter results. Moreover, the acquisition of IO Data Centers, coupled with FORTRUST earlier in the year, provides us with a platform that will not only deliver our 2020 goals for adjacent business growth, but also drives higher and sustainable growth. As shown on slide 3, we are well on track to having a business mix that will structurally deliver north of 5% EBITDA growth before acquisitions, up from about 3.5% as of the end of 2017.

Turning to slide 4, full-year revenue growth of 9% was slightly above our expectations, and adjusted EBITDA was in line with our outlook, up 16% over 2016, driven by strong internal growth, Recall synergies, transformation and a full year of contribution from Recall. This strong performance represents a 180 basis point improvement in adjusted EBITDA margins over 2016, and 220 basis points of improvement over the past two years, despite the integration of Recall, which had historically lower margins than standalone Iron Mountain.

In addition, AFFO for the full year was up more than 12%. Our strong 2017 performance benefited from favorable currency translation after three years of FX headwinds. For the fourth quarter, our results reflected continued strong internal storage rental revenue growth across the business. We achieved internal storage rental revenue growth of more than 4% in Q4, whilst internal service revenue growth was essentially flat, as expected, at minus 0.1%.

In total, internal revenue growth was 2.5%, our strongest performance in the last 12 quarters. This healthy growth was supported by ongoing revenue management progress, primarily in North America, and continued worldwide net volume growth prior to the inclusion of acquisitions. We continue to generate positive net volume with 7 million cubic feet globally before acquisitions over the past 12 months. This supports the durability of storage growth. And importantly, every one of these boxes is effectively an annuity for the next 15 years as new records stay with us on average for that length of time.

We also made significant progress on the execution of our strategic plan. As you will recall, our plan is focused on extending our durable business model through continued nurturing of our core developed markets, expanding into faster-growing emerging markets, and growing our storage-related adjacent businesses, such as art and entertainment services as well as data centers. We are doing this whilst capturing new service opportunities to provide innovative solutions to new and existing customers. We have a robust outlook for 2018, reflecting continued successful execution against our 2020 strategic plan, and Stuart will have more details shortly.

Slide 5 is a review of highlights related to our strategic plan. In developed markets, which include both our North American RIM and Western European segments, we achieved internal storage revenue growth of 3.4% with modestly positive internal volume growth on a trailing 12-month basis. As noted last quarter, internal storage revenue growth in North America and increasingly in Western Europe is driven by revenue management rather than by organic volume growth.

It is important to note that whilst our successful revenue management efforts may marginally impact the incoming volume from existing customers, it has not significantly impacted new customer behavior nor has it caused an increase in customer terminations or destructions. Given our successful implementation in North America, we plan to add revenue management resources to Western Europe, in Asia, Latin America, Australia and Eastern Europe during 2018.

Furthermore, we will continue to seek growth from existing customers through revenue management programs in sales and services, and we will focus on volume growth from further penetration of un-vended customers such as those in the mid-market in the U.S. Federal Government segments. An example of the potential from the U.S. Federal Government can be seen from our press release last week reporting that we secured a records management win with the U.S. Federal Prison System. It can sometimes take 12 months or more to in-bound records from the Federal segment, therefore, this volume as well as that from the U.S. Patent Office awarded late last year are not yet reflected in our reported volume.

Looking at our goal to expand into faster-growing emerging markets, they now represent more than 18% of total revenue on a 2014 constant dollar basis, almost double the relative size from about four years ago. Our progress against this goal was supported by emerging market acquisitions closed during the year, totaling more than \$87 million, which we purchased at a weighted average multiple of 7 times stabilized EBITDA. Notable among emerging market deals in 2017 were acquisition of the remaining portions of Santa Fe in South Korea, the Philippines and China; our entry into the Middle East; transactions in Peru, in Cyprus; a small shredding business in South Africa purchased from Stericycle; and a transaction in India that moved us into the market-leading position.

We continue to have a strong pipeline of attractive acquisition opportunities in emerging markets and are pleased with the progress we're making to deepen our presence in key growth markets that continue to experience strong high-single-digit internal storage growth. Given our acquisition of IO Data Centers, we have begun breaking out our Data Center business as a separate reporting segment. Note that IO closed in January, so it is not reflected in our reported figures for Q4 or 2017.

In addition, we have removed entertainment services from our North American Data Management segment, and combined it with our storage as the nature of the storage assets and customer bases for these two businesses are more similar. With the acquisition of Bonded Services in Q4, we expect to see improved synergies in the entertainment services business. The quarterly data for 2017, consistent with the new segmentation, can be found in the appendix to the supplemental.

Turning to slide 6 and our Data Center business, we took a major transformative step towards shifting our business mix to faster-growing segments with acquisition of IO for approximately \$1.3 billion, which closed in January. IO Data Centers substantially extends our existing data center platform and provides expansion capacity in the high-growth high-absorption market of Phoenix as well as the strategically important market of New Jersey.

Phoenix is a very attractive market where colocation and cloud providers have made significant investments over the past few years. It has diverse energy sources and relatively inexpensive green power as well as attractive business environment and was the fourth highest U.S. market in absorption last year. New Jersey also is a critical market for our Data Center portfolio given the importance of the New York metro area to our global financial services customers.

The IO purchase represented a 15 times EBITDA multiple on a post-integration basis, including synergies of about \$9 million. This multiple compares favorably to recent public and private market transactions, many of which do not provide the same growth outlook. IO's high-margin business is poised for significant growth, including partial synergies. And importantly, 95% of the forecasted EBITDA is already contracted.

The IO deal follows our acquisition of FORTTRUST and the opening of our greenfield expansion into Northern Virginia in September. In addition, we plan to close on the purchase of two Credit Suisse data centers in London and Singapore in the first quarter. In aggregate, we expect these data center acquisitions to be modestly accretive to AFFO in 2019, including the impact of shares issued to finance the IO deal and ATM issuances for the Credit Suisse transaction.

For 2018, we expect the Data Center business to generate approximately \$200 million in revenue and \$100 million in normalized EBITDA. We believe these acquisitions will create real value for shareholders, given the growth characteristics of the data center space, the specific markets we've entered, additional development capacity, and the uniqueness of Iron Mountain's brand and customer portfolio. Including these three transactions in our organic base, including Northern Virginia and the underground data centers in Boyers, Pennsylvania and Kansas City, our existing data center operations span 90 plus megawatt with expansion capacity of an additional 160 megawatts, bringing our total potential platform to more than 250 megawatts.

Stuart will have more detail on the financial impact of our 2018 guidance and 2020 plan from the accelerated growth in our Data Center business in a few minutes.

On slide 7, I want to reiterate that following the issuance of debt and equity to finance the IO transaction, we remain on track with our deleveraging and payout ratio targets for 2020, which assumes a 4% annual increase in dividends per share, as shown in this depiction of our financial model.

Stuart will address our balance sheet shortly, but I'd like to briefly note that whilst we're disappointed with the markets sell off of REITs in anticipation of increasing interest rates, it is important to recognize that those rate hikes are generally associated with inflationary pressure. Unlike many REITs, we have the ability to pass through inflation-based rental rate increases on an annual basis, and we see meaningful flow-through on those increases, given the high-margin characteristics of our storage business.

In a nutshell, given our 75% storage gross margin, coupled with the ability to increase pricing in line with inflation, higher inflationary environments generally expand our margins and accelerate our cash generation well ahead of inflation. In a word, inflation helps us further outperform as a business, which is pretty unique in the world of income-oriented stocks.

To wrap up, we had a very eventful year with solid fundamental results from storage revenue underpinning our progress and driving improved profitability, whilst at the same time laying the foundation for sustained and accelerated growth through expansion of our faster-growing portfolio of data centers, emerging markets and adjacent businesses.

Our progress drives growth in adjusted EBITDA and cash flow that ultimately supports our ability to continue to grow dividends per share and delever over time. In fact Iron Mountain is unique amongst top-yielding S&P 500 Companies in that we continue to demonstrate strong internal revenue growth with attractive long-term growth potential. We are encouraged by the tremendous progress made in 2017 and our momentum moving into 2018. And we will continue to be disciplined about deploying capital to accelerate growth in a manner that is consistent with our financial framework.

With that, I'd like to turn the call over to Stuart.

Stuart B. Brown, Chief Financial Officer & Executive Vice President, Iron Mountain, Inc.

Thank you, Bill. Good morning, everyone. We're excited to deliver another strong quarter and year of robust storage rental growth and enhanced margins reflecting the strength of our global position and the discipline of our management teams. We remain steadily on track to deliver on our financial and strategic goals, anchored with a disciplined investment strategy oriented toward faster-growing value-creating businesses.

On today's call, I'll review our 2017 full year performance compared to expectations and cover the fourth quarter's operational and financial drivers. Then I will lay out our expectations for 2018 with an update on our 2020 plan, considering also the recent data center acquisitions.

Turning to our full year performance on slide 8 of the presentation, results were generally in line with our guidance discussed on last quarter's call. Revenue came in at \$3.8 billion and just above the range as a result of strong internal storage revenue growth, driven by our revenue management efforts as well as currency translation benefits.

Adjusted EBITDA of \$1.26 billion was in the middle of our range. Compared to the full year 2016, our adjusted EBITDA margin improved 180 basis points to 32.8% with higher gross margins and lower SG&A as a percentage of revenues. Our structural tax rate for the year was slightly lower than we had guided on the Q3 call due to the mix in North America taxable income between the QRS and taxable entities. AFFO came in at the higher end of our range due to efficiencies in capital maintenance projects, following the acquisition of Recall as discussed last quarter.

Let's now turn to our results for the fourth quarter. As you can see on slide 9, shows our key financial metrics. Our fourth quarter total revenues grew 6.1% over last year or 4.1% on a constant dollar basis. Internal storage rental revenue increased a strong 4.2% in the quarter, while internal service revenue declined 0.1% as we cycled against a large entertainment services project a year ago.

Our gross profit margin improved by 130 basis points year-over-year, primarily driven by synergies from the Recall acquisition reducing labor expenses, and the flow-through of our revenue management program. Compared to a year ago, our adjusted EBITDA in the fourth quarter increased over 10% to almost \$327 million, representing growth of approximately 8% on a constant dollar basis. And EBITDA margin increased 120 basis points to 32.9% as we leveraged labor and facility costs.

Adjusted EPS for the quarter was \$0.29 per share inclusive of a \$0.02 per share increase in amortization expense, reflecting a catch-up associated with an adjustment to the life of Recall's customer relationship value. Adjusted EPS would have been \$0.31 per share excluding this catch-up. AFFO was \$154 million in the fourth quarter, in line with the expectations discussed in our last call, but down year-over-year due to timing of capital expenditures and cash tax expenses. Maintenance and non-real estate investments increased \$28 million compared to a year ago as the costs were more backend weighted this year as we had previously indicated. On cash taxes, there was a swing of \$14 million compared to a year ago.

Turning to slide 10 and internal growth performance for the quarter, we're very pleased with the momentum in internal storage growth, which resulted from strong revenue management efforts as records volume held flat in developed markets and continued growing in emerging markets where we're shifting more of our mix. Almost half of our total revenue comes from the developed markets storage business, which had 3.4% internal growth. On a trailing 12-month basis, records volume growth was modestly positive on a base of over 500 million cubic feet in storage.

Internal service revenue in developed markets increased 0.1% due to continued growth in our shred business and other project-based revenue, slightly offset by lower average prices for recycled paper. In Other International, we continued to see storage internal revenue growth of 6.8%. Service internal revenue growth in this segment was flat as we continue to cycle over a high level of Recall destruction projects a year ago.

In other reporting segments, the details of which are in the supplemental, the legacy Data Center business saw strong internal revenue growth, slightly north of 20%, which excludes our recent acquisitions. Internal service revenue growth in corporate and other was down year-over-year due to the lapping of the project in entertainment services business.

Turning to slide 11, adjusted EBITDA margins for the quarter expanded in North America records management and Western Europe compared to a year ago, as we continue to benefit from the flow-through of our revenue management programs and realized benefits from Recall synergies and our transformation initiative.

In North America Data Management, adjusted EBITDA margins were down slightly year-over-year as we continue to invest in more new product development than a year ago. As a reminder, this segment has been restated and no longer includes our entertainment services business, which is more skewed towards the service than storage.

In the Global Data Center segment, adjusted EBITDA margins improved as we continued to scale the business. Over the long term, we expect margins to be closer to a mid to high 50% range as we integrate the IO acquisition and continue to scale.

Before I cover guidance for 2018, let me briefly turn to our balance sheet. We continued our successful refinancing efforts in the fourth quarter with a £400 million bond offering, resulting in our having over 80% of our debt at fixed rates and a reduction in our weighted average interest rate to 5% at year-end. In addition, these efforts extended our average maturity to 6.8 years with a well-laddered maturity schedule.

As of the end of the fourth quarter, our lease-adjusted leverage ratio was 5 times, helped by the December capital raising associated with the IO Data Centers acquisition, which closed in January of this year. We expect our leverage ratio to be closer to the mid 5 times EBITDAR for the first quarter and remain there for most of the year, and then decline as we begin recognizing growing cash flows from data centers, acquisition synergies and lease-up. We remain on track with our plan to reduce our lease-adjusted leverage to about 5 times by 2020, as I'll discuss in a moment.

Let's turn to expectations underpinning our guidance for 2018 summarized on page 12 of the results presentation. Please note that our guidance is on a constant dollar basis and based on January 2018 exchange rates. In addition, it reflects the impact of the new revenue recognition standard we adopted effective January 1, 2018. This guidance is very much in line with long-term expectations and reflects our growing Data Center platform. At the midpoint and on a constant currency basis, we expect total revenues to grow by 8%, adjusted EBITDA by 14% and AFFO to grow by 9% in 2018 compared with 2017.

2018 total revenue growth will be driven by internal storage revenue growth, which is expected to be between 3% and 3.5%, reflecting ongoing revenue management efforts in developed markets and volume growth in emerging markets. For the first quarter, remember that North America will be lapping a prior-year period that had a significant amount of new customer activity. As a result, developed markets trailing 12-month internal volume growth reporting in Q1 2018 is expected to decline up to 50 basis points, and then improve as we move through the year.

For the full year, we expect to see positive internal volume growth in Western Europe, but we anticipate lower incoming volume from existing customers in North America, leading to a slight volume decline overall in developed markets. As a result, net internal volume growth in developed markets is expected to be flat to down 25 basis points in 2018 on a base of over 500 million cubic feet. However, as mentioned, revenue management and emerging markets revenue growth are projected to deliver total storage rental revenue growth of 3% to 3.5%.

Our internal revenue guidance does not include the data center businesses recently acquired as these would be in operation for less than a year and wouldn't be a part of our internal growth calculations for 2018. The Data Center revenue is expected to be approximately \$200 million with leasing approaching 10 megawatts, but not all will take occupancy in 2018.

Adjusted EBITDA growth is expected to accelerate with the expansion of our data center business, as well as margin expansion from the continued realization of savings related to the Recall acquisition, our continuous improvement initiatives, and ongoing revenue management initiatives.

In addition, our adjusted EBITDA will benefit from the new revenue recognition standard by about \$25 million to \$30 million due to the capitalization of commissions and initial intake costs. Excluding the impact of the revenue recognition standard, adjusted EBITDA growth would be approximately 12% at the midpoint, and adjusted EBITDA margin would increase 120 basis points for 2017. Our structural tax rate is expected to be between 18% to 20% in 2018, reflecting lower rates in the U.S. Taxable REIT Subsidiary, offset by continued growth in our international businesses.

Interest expense is expected to be between \$415 million and \$425 million, while our average share count is expected to be around 287 million shares in 2018, reflecting the financing of the IO Data Centers acquisition.

Adjusted EPS for 2018 reflects the increased depreciation and amortization, and interest expense from recent Data Center acquisitions. There's no material benefit to adjusted EPS from the new revenue recognition standard as a cost capitalization will be largely offset by amortization related to these expenses.

AFFO growth reflects the strength and durability of our storage business. We expect growth of 9% in the midpoint of guidance with maintenance capital expenditures and non-real estate investments of approximately \$155 million to \$165 million next year, together representing roughly 4% of revenue consistent with 2017. Also we don't add back the amortization related to commissions to calculate AFFO, so the new revenue recognition standard has no material impact.

Let me turn to our capital investment expectations. As always, we remain focused on expanding shareholder value through prudent capital deployment where we can achieve returns in excess of our hurdle rate. For 2018, we continue to expect to spend \$150 million on core M&A transactions as well as \$100 million to acquire the two Credit Suisse data centers. The bulk of the core activity is expected to be in higher-growth emerging markets consistent with our 2020 plan. In addition, we expect to invest \$185 million on data center development, including data halls in North Virginia and expansion in Phoenix, which will come online and generate storage revenue beyond 2018 with stabilized double-digit NOI yields.

We expect to fund these growth investments through a combination of cash from operations, debt, capital recycling from the sale of real estate, as well as potential ATM issuances, particularly to fund the Credit Suisse data center acquisition.

Lastly, our cash available for distribution or CAD continues to fund our dividend as well as maintenance and core growth investments as you can see on slide 13 of the presentation. With our recent expansion in the Data Center business, we have updated our 2020 plan that we previously laid out on Investor Day.

As you can see on slide 14, on a compound annual growth rate basis, we anticipate revenue to grow by almost 7% from 2017 to 2020, adjusted EBITDA to grow by 11%, and AFFO to grow over 11% or over 7% on a per share basis. With expectations of a dividend per share growth of around 4%, as Bill discussed, we expect an AFFO payout ratio in the mid-70s and our leverage ratio to be around 5 times in 2020.

Overall, we are very pleased with our performance in 2017, which continues to be underscored by the strength and durability of our storage rental business. Our core business fuels the cash flow growth, thereby funding investment to continue growth and enhance returns to shareholders. We're excited to accelerate our growth as we expand in the data center space and confident in the value

we'll create for shareholders over time by the platform we've built. We remain well-positioned to deliver on our near- and long-term financial projections.

With that, I'll turn the call over to Bill for closing remarks before we open it up to Q&A.

William Leo Meaney, President, Chief Executive Officer & Director, Iron Mountain, Inc.

Thank you, Stuart. Just a few points. We continue to drive improved internal storage revenue growth across both developed and emerging markets. The recent expansion of our Data Center business through the acquisition of IO and FORTRUST and the expected acquisition of Credit Suisse data centers will take our organic EBITDA growth from 3.5% in Q4 to over 5% in 2020. We have done all this whilst remaining committed to our financial framework and targets. Net of all this, we continue to be a standout in the S&P with a strong dividend, plus robust and sustainable growth.

With that, I would like to hand it over to the operator for Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And the first question comes from Sheila McGrath with Evercore.

<Q – Sheila McGrath – Evercore ISI>: I was just – first, had a question on guidance, if you could give us a little bit more color. Now owning more data centers, would this mean higher CapEx and straight-lining adjustments to get to AFFO?

<A – Stuart Brown – Iron Mountain, Inc.>: Yes. It will mean – well, most of the CapEx that we'll be having initially will really be building out the development pipeline, right. We're really going from pretty small development pipeline with the growth opportunities that we have in Denver, in Arizona, New Jersey as well as the Virginia campus, we'll continue to build development pipeline. With that comes, from a GAAP standpoint, obviously, capitalized expenses and capitalized interest. And then, as the leases grow, we will be straight-lining – then we'll be a straight-lining rent adjustment coming into AFFO.

<Q – Sheila McGrath – Evercore ISI>: Okay. And a follow-up. Could you give us an update on how leasing is going at some of the data center projects and some insight on the IO transaction and integration?

<A – Bill Meaney – Iron Mountain, Inc.>: Yeah. It's a good question. We're really pleased by – and I guess we expected an acceleration in terms of the pipeline, in terms of new sales. But I think getting the new logos, so to speak, from IO, which are also existing customers for Iron Mountain, both some on the data center side, but a number of them in our data management or record side, is really accelerated the conversation, both for us, but also for the IO sales force. So, we're really encouraged. It's obviously early days, but the feedback that I've been getting from the sales teams is they've already seen an increase in activity and increase in interest in what we're offering.

<A – Stuart Brown – Iron Mountain, Inc.>: In Northern Virginia, the first data hall we built out is that two-thirds leased already. And that's why we've got in our plans to go and build up the next two data halls. We've seen a lot of interest. The potential pipeline is a multiple of what we've got in our expectations for next years for lease-up. So, we're pretty confident in the 10 megawatts that we've got in the guidance for next year.

<Q – Sheila McGrath – Evercore ISI>: Okay. Great. I'll get back in the queue.

Operator: Thank you. And the next question comes from Shlomo Rosenbaum with Stifel.

<Q – Shlomo Rosenbaum – Stifel, Nicolaus & Co., Inc.>: Hi. Good morning. Just two questions on embedded volume decline in 2018. It sounds like there's some kind of mathematical calculation or something over there. Can you just explain why you're expecting the volumes to decline?

<A – Bill Meaney – Iron Mountain, Inc.>: Yeah. Hi, Shlomo. Good morning. By the way, I got the question, but your phone is breaking up. But anyway, there's a couple of things going on. One of the things, as Stuart pointed out, is that we're lapping a strong comparable in Q1 of last year because of some new customer activity. But overall, it's the same trend that we called out last time is that if you look at incoming volume from existing customers in North America versus Western Europe, Western Europe, we're still seeing kind of, what I'd say, steady incoming percentage growth from existing customers where we've seen a reduction in North America. Now, some of that may be because we're being a bit more aggressive in terms of revenue management, which obviously we rolled out a couple of years before we started rolling it out in Western Europe.

That being said, we don't see an increase in destruction rate and we don't – and we actually see a slight uptick in terms of new customers as we kind of focus on un-vended, mid-market and Federal

Government. So, we expect that trend to continue. I mean there is a little bit of an overlap of a high comparable in Q1. But as Stuart said, we think, overall, developed markets will be flat to minus 0.25 basis points. And we expect those, that kind of trend to continue, and it's mainly driven by a slowdown of incoming volume from – still growing, but a slow incoming volume from existing customers in North America. And I think, going forward, we will continue to optimize price for existing customers and continue to seek new volume more and more from un-vended opportunities.

<Q – Shlomo Rosenbaum – Stifel, Nicolaus & Co., Inc. >: To understand this better, if I were to look to 2019, is developed markets volume expected to be roughly flat or I guess so is volume starting to decline?

<A – Bill Meaney – Iron Mountain, Inc. >: No. Well, I think it will be roughly – if you look at developed markets, it will be roughly flat. I mean I think you're still going to be, from a volume – don't forget, this is on 500 million cube. So, I think volume, if you look at developed markets, would probably continue to hover in kind of the flat, plus or minus, let's say, a 0.25 basis point, so maybe negative, maybe flat, maybe slightly up. But we continue to feel that we're not going for share in these markets. And so, we think the right thing to do is to make sure that we're using revenue management appropriately. So, we're not trying to increase the amount of growth from existing customers.

<Q – Shlomo Rosenbaum – Stifel, Nicolaus & Co., Inc. >: Okay. And just, Stuart, can you walk us through some of the assumptions beyond 2018 to get us to 2020. How are you going to delever through to 5 times and get AFFO coverage down to 70% to 75%, if you're going to be continuing to invest in data center and build out those data center assets. Is there some kind of big step-up in margin that we should be expecting that are going to improve the leverage ratio? Just can you give us some of the pieces of the puzzle that we need to build the model that will help us understand this?

<A – Stuart Brown – Iron Mountain, Inc. >: Yeah. Shlomo, let me start with, I mean, the target for leverage and – our leverage framework is really built around two things: A, optimizing our cost of capital; and B, making sure that we've got capacity in our balance sheet to be able to take advantage of opportunities. There's no liquidity issue where we're sitting today from a leverage standpoint. So as we want to delever over time, it's more about getting back to creating that capacity for us to take advantage of dislocations. So with that said, we've said when we purchased IO that we will be taking a step-up in leverage related to that and that will delever naturally over time with organic growth.

However, we want to be putting capital back to work in development as well. And so, the funding of that additional development, as we build our data center pipeline, like other data center REITs, how are we going to fund that? We will get some cash flow from operations. We will use the ATM for things like Credit Suisse and we're looking at capital recycling opportunities. And we've been – just to give you an example of one we've got right now is we've recently purchased a property in the Midlands, outside of London, and we're going to sell some fairly high-value properties that are much closer in to the city. I think it's three properties, as we move out to the Midlands over the next couple of years.

So, those are the types of opportunities where we can sell those types of properties through a short-term leaseback and then move out to cheaper properties as records management becomes more archival, so that we've got a number of levers that we can pull to fund the data center expansion. And if you look at the model that we provided on 2020, coming back to your payout ratio question, right, we don't anticipate the dividend to grow as fast as AFFO. So again, you get a natural reduction of the payout ratio down into the mid 70s.

<Q – Shlomo Rosenbaum – Stifel, Nicolaus & Co., Inc. >: Okay. I'll work with that. And then, can you give me, give us the acquisition, excuse me, when you're saying the data center is expected to

provide \$200 million of revenue, \$100 million of normalized EBITDA in 2018, what are you normalizing for?

<A – Stuart Brown – Iron Mountain, Inc.>: So, the only thing that's normalized for in that number is the integration costs related to IO, and that's \$4 million to \$5 million. That \$4 million to \$5 million is built into our total EBITDA guidance. But we normalized for that when you look straight at just the data center number.

<Q – Shlomo Rosenbaum – Stifel, Nicolaus & Co., Inc.>: Okay. Thank you very much.

Operator: Thank you. And the next question comes from Andrew Steinerman from with JPM.

<Q – Andrew Steinerman – JPMorgan Securities LLC>: Hi. It's Andrew. When looking at the current status of the 2020 plan on slide 14, one of the underlying assumptions there is to achieve the \$2.54 dividend per share goal is a higher margin assumption. The implied margin for 2020 is now 36.8%. Previously, it was 35.6%. What gives your team confidence in higher 2020 margins than previously thought?

<A – Bill Meaney – Iron Mountain, Inc.>: So, let me kind of give you the high-level view of it, Andrew, and then I'll let Stuart comment more. But the part that's really given us the confidence is the traction that we've gotten on the revenue management side of the storage business. You can see that in terms of the margin expansion that we've gotten in the last 12 months, because what we're doing right now is we still think we'll be able to maintain 3% to 3.5% internal revenue growth on the storage side, and we're doing that at the same time whilst minimizing the amount of racking and boxes that we have to put in place to take the boxes, because we're relying more and more on price. So, we feel really good about and we already see that. We've seen an acceleration in our margin increase. But I mean, Stuart, you may want to comment more in terms of our specific margin target.

<A – Stuart Brown – Iron Mountain, Inc.>: Just two other quick things I'll point out, right, we're coming in at a little bit of a higher base, right. We've outperformed expectations in 2017. The other thing, Andrew, don't forget, is the revenue recognition accounting change has an impact on that margin as well. So, you need to normalize for that.

<Q – Andrew Steinerman – JPMorgan Securities LLC>: Right. So just to say cleanly, the success of 2017, revenue recognition, but it's not like you're saying I'm going to have higher synergies than previously thought on Recall or higher transformational initiatives.

<A – Bill Meaney – Iron Mountain, Inc.>: No, no. It's really driven by the gross margin on the business.

<Q – Andrew Steinerman – JPMorgan Securities LLC>: Perfect. Thank you.

Operator: Thank you. And the next question comes from Karin Ford with MFUG Securities

<Q – Karin Ford – MUFG Securities America, Inc.>: Hi, good morning. Just a couple more questions on guidance. What are the expectations on the service side for revenue growth and margins in 2018?

<A – Stuart Brown – Iron Mountain, Inc.>: Revenue growth on the service side is expected to be flat. It will be a little bit better than we've had in the past, just be really because of the shred business, we see stronger growth on the shred side.

<Q – Karin Ford – MUFG Securities America, Inc.>: Okay. And do you expect steady margins based on that?

<A – Bill Meaney – Iron Mountain, Inc.>: Well I think, actually if you look at it, Karin, if you look at historic over the last three years, we're really pleased in the progress that we've made, both on the storage margin, but also as well just in terms of storage growth. You can start seeing through. You see that we have positive internal storage rate of growth, both for developed markets and emerging markets. And that's really how, as we've been replacing which historically was the bedrock, which was the transportation with some of the new service offerings. So, we feel really good with the progress and the momentum that we're building there.

<Q – Karin Ford – MUFG Securities America, Inc.>: Great. Next question is, you mentioned you're going to be rolling out revenue management into the emerging markets in 2018. How much do you think that could boost organic revenue growth in the emerging markets?

<A – Bill Meaney – Iron Mountain, Inc.>: I mean we're going to stay within our overall guidance that Stuart laid out, the 3% to 3.5% overall. I mean, we'll give you more flavor as we go forward. You could see a little bit of the impact this past quarter. But we're still focused in those markets. If you think about those markets, a lot of them we're still focused on getting to a market leading position. And when you're in a market leading position, obviously volume is your primary lever that you're looking at. And then, at some point, you start harvesting that volume and optimize it with revenue management.

So we are introducing, because we think there is some low-hanging fruit in some of those markets. But I think our first port of call, so to speak, even though we are applying some of the tools now in emerging markets is Western Europe, because we think there's a lot more that can be done if you just look at that Western Europe, we're still relying on volume growth more than revenue growth in terms of, I mean, yeah, volume growth more than revenue management to get to the revenue growth in that market. And we think we can optimize that further as we look at being efficient capital allocators.

<Q – Karin Ford – MUFG Securities America, Inc.>: Okay. Thanks. I know I've asked you this question on calls past, but now that the tax law is settled, did you guys review whether or not you want to maintain your REIT status and did you consider de-REITing?

<A – Bill Meaney – Iron Mountain, Inc.>: I'll start, and then Stuart can give you the technical answer. No. I mean, of course we look at these things, but it's not even close, right. I mean if you think about us as an income-oriented stock, we're kind of unique. We have a high yield and we have strong growth going forward. And we're attractive to income-oriented investors, whether they are REITs or C Corp type investors. And given the nature of our business, where we generate a lot of cash, the REIT framework is still an efficient way for us to give benefits to our shareholders. And we drive most of our revenue from real estate in terms of storage nature of the business. And the fact that tax rates have come down it just means that we're paying less tax on the service side of the business. But I mean, Stuart, you may want to comment?

<A – Stuart Brown – Iron Mountain, Inc.>: The other thing I'll add is, on the data center side, I mean, the main reason we're expanding the data centers relationship we have with our customers and our ability to create value, the ability to leverage the REIT status on that is, clearly, helpful as well, right? So, if you're Credit Suisse of the world, you're not getting the tax shield that we can provide as a REIT on those things. So a lot of data centers that are on the balance sheet of C Corps, are actually better placed on the balance sheet of a REIT. So, we'll continue to leverage that as well.

<Q – Karin Ford – MUFG Securities America, Inc.>: Great. Last one from me. In past cycles, have you seen demand increase when GDP growth goes above 3%? And what type of economic forecasts have you baked in the guidance?

<A – Bill Meaney – Iron Mountain, Inc.>: Yeah. So, we haven't the – if we look at the guidance, right, what we've baked in is a little bit of inflation because probably in the near term, I think the biggest benefit for us is I – kind of it's like a rain dance. I pray for inflation every day I come to work, because inflation – our top line is really driven by inflation. And GDP, for sure, I think if you've been following the company a long time, my predecessor had shown a number of graphs where GDP does drive volume growth. But I think given the amount of growth that we expect in – the change in growth of GDP over the next, say, 12 or 24 months, I think that's going to be less of a driver than the change of inflation. And of course, with a 75% gross margin storage business, every point of inflation expands our margins.

So, we're kind of unique in that sense. So, I know that a lot of income-oriented companies don't like inflation, because it's hard to keep dividend growth at pace with inflation. In our case, it's just the opposite. The more inflation allows us even to outperform with our dividend. So in the near term, I'm doing my inflation dance.

<Q – Karin Ford – MUFG Securities America, Inc.>: Great. Thanks for taking the question.

Operator: Thank you. And the next question is a follow-up from Sheila McGrath with Evercore.

<Q – Sheila McGrath – Evercore ISI>: Yes. Any update, insights how we should think about Recall and transformation impact in 2018?

<A – Bill Meaney – Iron Mountain, Inc.>: It's mostly – I mean, Stuart, you may want to give more color. It's mostly done at this point. I mean, there is still a little bit. We always said that we think there's more to get done on some of the integration in terms of integrating facilities in real estate and we're still picking through that, but I would say the bulk of it – I mean, Stuart...

<A – Stuart Brown – Iron Mountain, Inc.>: Yeah, bulk of it is done in terms of the Recall investments. We do still have some back-office systems and some IT Recall costs as well, and as well as the real estate that Bill mentioned and the synergies will continue to sort of flow through as we ramp up. But it's built into the guidance numbers and we're right on track.

<Q – Sheila McGrath – Evercore ISI>: Okay. And then just on G&A, that was a little higher than we had forecast in fourth quarter. I wonder if you can provide any detail on that and how we should think about this line item going forward.

<A – Bill Meaney – Iron Mountain, Inc.>: If you look at – what I would look at, Sheila, because there's puts and takes, there is a seasonality aspect in terms of certain things that happen at the end of the year. If you look at year-on-year, you're right, Q3 to Q4, we're flat. But if you look at year-on-year, we saw a nice improvement. There was some noise in the end of the quarter that we had some bad debt issues that we're still working through, for instance, in India. But I think if you look at year-on-year, we continue to see that we'll continue to slowly tick down. I mean, in fairness, we've got most of the SG&A improvement and we baked a little bit into our guidance for 2018. But a lot of what you see between the flattening out between Q3 and Q4 is end of year. But year-on-year, we're pretty happy.

<Q – Sheila McGrath – Evercore ISI>: Okay. That's helpful. And then I was wondering if you could talk a little bit about Iron Mountain's sales force and cross-selling, all of Iron Mountain. Are you restructuring incentives or anything to encourage the sales force to sell the new and expanded Data Centers segment, or is this segment going to rely mostly on the data center-specific sales force?

<A – Bill Meaney – Iron Mountain, Inc.>: No. It's a great question. That's one of the things that really excites us about data center space. I think as we might have mentioned back in December is that 65% of our sales, of our customers right now in our data centers are Iron Mountain ones. And

then with IO, there's about a 45% overlap. And even in the short time that we've owned it is we see that the inquiries coming through our data management, especially, and to a certain degree, our records management folks, has been increasing. And how we coordinate that, there has always been a pretty good coordination, but we coordinate with both art and science. So the art is SPIFFs.

So I'd give you an example. The Credit Suisse data centers came through our records management sales force in Europe that have been the relationship manager with Credit Suisse for a number of years, not even the data management folks just because of the strong relationship we have with Credit Suisse. And that we use both SPIFFs and we also have some of those people actually carry a quota, which is the science part of it. But that's one of the reasons why we're really excited. And as I say, 950 of the Fortune 1000 are our customers and over 35,000 data centers just in North America alone our people are in and out of almost on a weekly basis. So, it is starting to show real benefits.

<A – Stuart Brown – Iron Mountain, Inc.: Just to add one quick point on to that as well. Just to give you a little bit of color, I mean our data center team, even just the commercial side of the data center team met the first day that IO closed at IO's facilities. Right. We got the entire commercial team together. And one of the reasons they're excited to be a part of Iron Mountain is now they've got a much bigger platform to be able to sell. And companies that have been owned by private equity, right, or don't have sort of the balance sheet to be able to provide the capacity for the sales teams to be able to provide the customers. They've got a great roster of customers and a lot of potential transactions in the pipeline. And I guess I should probably welcome them all to the Iron Mountain team.

<Q – Sheila McGrath – Evercore ISI: Okay. Great. Thank you.

Operator: Thank you. And the next question comes from Kevin McVeigh with Deutsche Bank.

<Q – Kevin McVeigh – Deutsche Bank Securities, Inc.: Great. Thank you. Hey. Really nice job on the internal storage growth, the 4.2% in the Q4, that kind of took the full year up to 3.9% versus a range of 3% to 3.5%. Was there anything in there in terms of one-time, like a termination fee or anything like that, or was that just kind of the pure price kind of versus that unit volume growth algorithm?

<A – Stuart Brown – Iron Mountain, Inc.: The unusual item that was in there for the year was – which happened in the second quarter and we fully talked about, the SimpliVity. So on an annual basis, we had a SimpliVity termination fee back in the data center. And so, that impacted the storage rental growth about 20 basis points for the quarter. But other than that, just strong underlying performance, 20 basis points for the year.

<Q – Kevin McVeigh – Deutsche Bank Securities, Inc.: Great.

<A – Stuart Brown – Iron Mountain, Inc.: Yeah.

<Q – Kevin McVeigh – Deutsche Bank Securities, Inc.: For the full year, so the 3.9%, Stuart, would have been 3.7%, right, ex that?

<A – Stuart Brown – Iron Mountain, Inc.: Correct.

<Q – Kevin McVeigh – Deutsche Bank Securities, Inc.: Is that the way to think about it? Super.

<A – Stuart Brown – Iron Mountain, Inc.: Yes.

<Q – Kevin McVeigh – Deutsche Bank Securities, Inc.: And then just as you folks think about kind of price – kind of the revenue management versus the volume in the emerging markets in 2018 to get to that 3% to 3.5% range. Is there any way to bracket how much is kind of revenue

management versus emerging market unit volume growth? Just to try to get a tighter range on what would be 3% versus 3.5%.

<A – Bill Meaney – Iron Mountain, Inc.>: No. I mean, look, we gave you the guidance at top level. If you look at the momentum that we've built in the business between revenue management and volume growth in terms of how that's driving the 3% and 3.5%, it's pretty clear. And if you look at the emerging markets, you can see a slight upward trending, but it's going to continue on those trend lines. Effectively, what we're calling out it's a similar – we expect a similar momentum and a continued – or a continued momentum and similar trend in the businesses.

<Q – Kevin McVeigh – Deutsche Bank Securities, Inc.>: Got it. And then just last one for me, if I could. The rev rec, the \$7 million of revenue and the \$25 million to \$30 million of EBITDA, does that sit in storage or service? And would that be considered part of that internal growth, the \$7 million of revenue, or is that not impacted at all?

<A – Stuart Brown – Iron Mountain, Inc.>: I'm – yeah, it was mostly in – really mostly in the service because it's the commission side, right, that's getting capitalized on EBITDA.

<Q – Kevin McVeigh – Deutsche Bank Securities, Inc.>: Got it. And, Stuart, that impacts the internal growth in terms of the revenue or not?

<A – Stuart Brown – Iron Mountain, Inc.>: No, it won't, we'll exclude that from internal growth.

<Q – Kevin McVeigh – Deutsche Bank Securities, Inc.>: Okay. Awesome. Thank you, guys.

Operator: Thank you. [Operator Instructions] And the next question is a follow-up from Shlomo Rosenbaum with Stifel.

<Q – Shlomo Rosenbaum – Stifel, Nicolaus & Co., Inc.>: Hi. Thank you for squeezing me back in. Hey, Stuart, can you give us just a little bit more detail on what your expectations were for data center in 2018 organically versus how much of the data center \$200 million revenue, \$100 million EBITDA is acquisition? I know the vast majority of it is, but can you give us a little more specificity?

<A – Stuart Brown – Iron Mountain, Inc.>: Yeah. On the revenue side, I think the ongoing legacy business was about – trying to remember off the top of my head – but from the legacy business, about \$30 million and then you had FORTRUST acquisition, and then IO on top of it, from a revenue standpoint. And then, from the IO transaction, right, we talked about it with the equity offering, that will be from an EBITDA perspective around \$80 million after integration.

<Q – Shlomo Rosenbaum – Stifel, Nicolaus & Co., Inc.>: So when I think about it, should I be expecting, including the other acquisitions like Credit Suisse and everything, more like \$90 million from EBITDA from acquisitions?

<A – Stuart Brown – Iron Mountain, Inc.>: I mean the numbers that we provided include Credit Suisse, right, so the guidance numbers includes Credit Suisse assuming that closes here late in the first quarter.

<Q – Shlomo Rosenbaum – Stifel, Nicolaus & Co., Inc.>: Right. Okay. I was just trying to get kind of an organic growth of what you guys are seeing – expecting versus the acquisition growth.

<A – Bill Meaney – Iron Mountain, Inc.>: I think, if – you can think about it, Shlomo, this way is that we expect this year after – because some of the acquisitions we have, we have to build out some capacity. So, I think the organic growth will be a little bit slower than what we've seen in the previous years. So, I'd say, mid-teens in terms of organic revenue growth. And EBITDA will grow a little bit faster than that, as some of the assets stabilize, because we're obviously moving up in

terms of our EBITDA margin. But I think it's kind of – I would expect kind of mid-teens in terms of revenue growth and a little bit better on EBITDA.

<Q – Shlomo Rosenbaum – Stifel, Nicolaus & Co., Inc.>: Okay. Thank you.

Operator: Thank you. And as that was the last question, I would like to turn the call to management for any closing comments.

William Leo Meaney, President, Chief Executive Officer & Director, Iron Mountain, Inc.

We just like to thank everybody for listening in, and we look forward to a continued strength in 2018. Have a good day.

Operator: Thank you. This concludes our question-and-answer session and today's conference call. Digital replay of today's conference will be available approximately one hour after the conclusion of this call. You may access the digital replay by dialing 877-344-7529 in the U.S. and +1412-317-0088 internationally. You'll be prompted to enter a replay access code, which will be 10115488. Please record your name and company when joining.

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