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**FOR IMMEDIATE RELEASE****EQUINIX REPORTS SECOND QUARTER 2016 RESULTS***Equinix Delivers 54<sup>th</sup> Consecutive Quarter of Revenue Growth*

**REDWOOD CITY, Calif. — August 3, 2016** — Equinix, Inc. (Nasdaq: EQIX), a global interconnection and data center company, today reported quarterly results for the quarter ended June 30, 2016. The Company uses certain non-GAAP financial measures, which are described further below and reconciled to the most comparable GAAP financial measures after the presentation of our GAAP financial statements.

**Second Quarter 2016 Results Summary**

- **Revenues from continuing operations**
  - \$900.5 million, a 7% increase over the previous quarter
  - Includes \$37.3 million of revenues from Bit-isle
  - Includes \$107.2 million of revenues from Telecity
- **Operating Income**
  - \$151.7 million, a 35% increase from the previous quarter
- **Adjusted EBITDA**
  - \$420.3 million, a 47% adjusted EBITDA margin
  - Includes \$12.1 million of adjusted EBITDA from Bit-isle
  - Includes \$51.9 million of adjusted EBITDA from Telecity
  - Includes \$10.4 million of integration costs
- **Net Income from Continuing Operations**
  - \$39.3 million
- **AFFO**
  - \$290.5 million, a 38% increase over the previous quarter
  - Includes \$10.4 million of integration costs

## 2016 Annual Guidance Summary

- **Revenues from continuing operations**
  - \$3,598.0 million - \$3,608.0 million, a 32% increase over the previous year; an organic and constant currency growth rate of 13.8%
  - Assumes \$550.0 million - \$560.0 million in revenues from Telecity and Bit-isle
- **Adjusted EBITDA**
  - \$1,658.0 million - \$1,668.0 million or a 46.2% adjusted EBITDA margin
  - Assumes 120 basis point YoY improvement in adjusted EBITDA for the Equinix organic business
  - Assumes \$250.0 million - \$260.0 million of adjusted EBITDA from Telecity and Bit-isle
  - Assumes approximately \$55.0 million of integration costs for acquisitions
- **AFFO**
  - \$1,040.0 million - \$1,050 million, a 26% increase over the previous year
  - Includes the Q1 \$63.5 million foreign currency loss related to the Telecity acquisition
  - Assumes approximately \$55.0 million of integration costs for acquisitions

The Company does not provide forward-looking guidance for certain financial data, such as depreciation, amortization, accretion, stock-based compensation, net income (loss) from operations, cash generated from operating activities and cash used in investing activities, and as a result, is not able to provide a reconciliation of GAAP to non-GAAP financial measures for forward-looking data without unreasonable effort. The impact of such adjustments could be significant.

The second quarter includes full quarterly results of Bit-isle and Telecity, which were acquired by the Company in November 2015 and January 2016, respectively. In addition, in order to obtain the approval of the European Commission for the acquisition of Telecity, the Company and Telecity agreed to divest certain data centers, including the Company's London 2 International Business Exchange™ (IBX®) in London, UK ("LD2") and certain Telecity data centers. The Company completed these divestitures on July 5, 2016. The quarterly financial results include results from LD2 in continuing operations; the data centers in Telecity that were divested are reported as discontinued operations.

Revenues from continuing operations were \$900.5 million for the second quarter, a 7% increase over the previous quarter and a 35% increase over the same quarter last year. Results include \$144.5 million of revenues from the acquisitions of Bit-isle and Telecity. Recurring revenues, consisting primarily of colocation, interconnection and managed services, were \$851.8 million for the second quarter, a 7% increase over the previous quarter and a 36% increase over the same

quarter last year. Non-recurring revenues were \$48.7 million in the quarter. MRR churn for the second quarter was 1.8% as compared to 2.2% in the previous quarter.

“The second quarter marked another strong performance for Equinix as we delivered both revenues and adjusted EBITDA above the top end of our guidance ranges, and as the company recorded its 54th quarter of consecutive revenue growth,” said Steve Smith, president and CEO of Equinix. “As digital transformation drives companies to evolve business models and operations, Equinix continues to serve as an important partner as reflected in our strong growth and market leadership position. During the quarter we made significant progress towards our goal of owning more of our real estate with the acquisition of two Paris data centers, and we commenced construction on DC12, our first data center build on our owned Ashburn North Campus. The Ashburn campus is the largest internet exchange point in North America, and this expansion will effectively double our owned capacity in this important market over the next few years.”

Cost of revenues was \$457.0 million for the second quarter, a 7% increase from the previous quarter and a 45% increase from the same quarter last year. Cost of revenues, excluding depreciation, amortization, accretion and stock-based compensation of \$164.9 million for the quarter, which we refer to as cash cost of revenues, was \$292.0 million for the quarter, an 8% increase over the previous quarter and a 43% increase over the same quarter last year. Gross margins were 49%, unchanged from the prior quarter, as compared to 53% for the same quarter last year. Cash gross margins, defined as gross profit before depreciation, amortization, accretion and stock-based compensation, divided by revenues, were 68% for the quarter, unchanged from the previous quarter, and 69% for the same quarter last year.

Selling, general and administrative expenses were \$276.3 million for the second quarter, a 1% increase over the previous quarter and a 38% increase over the same quarter last year. Selling, general and administrative expenses, excluding depreciation, amortization, accretion and stock-based compensation of \$88.1 million for the quarter, which we refer to as cash selling, general and administrative expenses, were \$188.2 million for the quarter, a 2% decrease from the previous quarter and a 26% increase over the same quarter last year.

Interest expense was \$100.3 million for the second quarter, a 1% decrease from the previous quarter, primarily attributed to prepayment of Brazil financings and maturity of the 4.75% convertible notes, and a 35% increase from the same quarter last year, primarily attributed to the

interest associated with debt financings in November 2015 and other financings, such as various capital lease and other financing obligations related to the Bit-isle and Telecity acquisitions.

The Company recorded income tax expense from continuing operations of \$13.8 million for the second quarter as compared to an income tax benefit of \$10.6 million for the previous quarter and income tax expense from continuing operations of \$7.5 million for the same quarter last year.

Income from continuing operations was \$151.7 million for the second quarter, a 35% increase from the previous quarter and a 9% increase over the same quarter last year. Adjusted EBITDA, as defined below, for the second quarter was \$420.3 million, a 10% increase over the previous quarter and a 35% increase over the same quarter last year. Adjusted EBITDA includes \$64.0 million from the acquisitions of Bit-isle and Telecity.

Net income from continuing operations was \$39.3 million for the second quarter. This represents a basic and diluted net income per share from continuing operations of \$0.56 for the second quarter based on a weighted average basic and diluted share count of 69.7 million shares and 70.4 million shares, respectively. Net income from discontinued operations was \$5.4 million for the second quarter. Basic and diluted net income per share from discontinued operations was \$0.08 per share.

Adjusted funds from operations (“AFFO”), as defined below, were \$290.5 million for the second quarter, a 38% increase from the previous quarter and a 31% increase over the same quarter last year. AFFO for the second quarter included \$10.4 million of integration costs.

Capital expenditures, defined as gross capital expenditures less the net change in accrued property, plant and equipment in the second quarter, were \$249.9 million, as compared to capital expenditures of \$197.7 million for the previous quarter and \$221.3 million for the same quarter last year.

The Company generated cash from operating activities of \$278.8 million for the second quarter as compared to cash generated from operating activities of \$104.3 million in the previous quarter. Cash used in investing activities was \$252.9 million in the second quarter, as compared to cash used in investing activities of \$1.3 billion in the previous quarter, primarily attributable to the Telecity acquisition. Cash used in financing activities was \$169.9 million for the second quarter as compared to cash used in financing activities of \$376.4 million in the previous quarter.

As of June 30, 2016, the Company's cash, cash equivalents and investments were \$494.2 million, as compared to \$2,246.3 million as of December 31, 2015.

### **Business Outlook**

The Company's guidance includes forecasted results for Telecity from January 15, 2016, Bit-isle for the full year of 2016 and incremental operating results relating to the Company's purchase of our two data centers, Paris 2 and Paris 3, from Digital Realty on August 1, 2016 for approximately \$211.7 million. As previously announced, the Company divested eight assets, seven from Telecity along with LD2, to obtain regulatory clearance for the transaction. The Company completed these divestitures on July 5, 2016 for approximately \$827.2 million, which excludes the benefit attributed to our favorable hedge arrangement. The Company's guidance does not include the seven Telecity assets, which were treated as discontinued operations, but does assume six months, or \$6.0 million in revenues, from LD2, which was under a different accounting treatment that required results to be reported as continuing operations until the sales were completed.

For the third quarter of 2016, the Company expects revenues to range between \$915.0 and \$921.0 million, or a normalized and constant currency growth rate of 2.4% quarter over quarter. This guidance includes a negative foreign currency impact of \$3.0 million when compared to the average FX rates in Q2 2016. Cash gross margins are expected to approximate 68%. Cash selling, general and administrative expenses are expected to range between \$199.0 and \$205.0 million. Adjusted EBITDA is expected to range between \$419.0 and \$425.0 million, which includes a \$1.6 million negative foreign currency impact when compared to the average FX rates in Q2 2016 and approximately \$17.0 million in integration costs from the two acquisitions. Capital expenditures are expected to range between \$270.0 and \$290.0 million, which includes approximately \$40.0 million of recurring capital expenditures and \$230.0 to \$250.0 million of non-recurring capital expenditures.

For the full year of 2016, total revenues are expected to range between \$3,598.0 and \$3,608.0 million, an organic and constant currency growth rate of 13.8% over year. This guidance includes a positive foreign currency benefit of \$1.5 million on revenues when compared to prior guidance rates, and includes an expected \$550.0 to \$560.0 million in revenues from the Bit-isle and Telecity acquisitions. Total year cash gross margins are expected to approximate 68%. Cash selling, general and administrative expenses are expected to range between \$782.0 and \$792.0

million. Adjusted EBITDA is expected to range between \$1,658.0 and \$1,668.0 million, or a year over year organic and constant currency growth rate of 16.8%. This guidance includes \$0.8 million of positive foreign currency benefit on adjusted EBITDA when compared to our prior guidance rates, and includes an expected \$250.0 to \$260.0 million in adjusted EBITDA from the Bit-isle and Telecity acquisitions, as well as approximately \$55.0 million in integration costs related to these two acquisitions. AFFO is expected to range between \$1,040.0 and \$1,050 million, including approximately \$55.0 million of integration costs and the \$63.5 million Q1 foreign currency loss attributed to the Telecity acquisition. Capital expenditures are expected to range from \$950.0 to \$1,000.0 million, including approximately \$145.0 million of recurring capital expenditures and \$805.0 to \$855.0 million of non-recurring capital expenditures.

The U.S. dollar exchange rates used for 2016 guidance, taking into consideration the impact of our foreign currency hedges, have been updated to \$1.12 to the Euro, \$1.43 to the Pound, S\$1.35 to the U.S. dollar, ¥101.0 to the U.S. dollar and R\$3.327 to the U.S. dollar. The 2016 global revenue breakdown by currency for the Euro, Pound, Japanese Yen, Singapore Dollar and Brazilian Real is 19%, 11%, 7%, 6% and 3%, respectively.

The guidance provided above is forward-looking and includes the impact of the Company's acquisition of Telecity, which closed on January 15, 2016. The adjusted EBITDA guidance is based on the revenue guidance less our expectations of cash cost of revenues and cash operating expenses. The AFFO guidance is based on the adjusted EBITDA guidance less our expectations of net interest expense, an installation revenue adjustment, a straight-line rent expense adjustment, amortization of deferred financing costs, gains (losses) on debt extinguishment, an income tax expense adjustment, recurring capital expenditures and adjustments for unconsolidated joint ventures' and non-controlling interests' share of these items.

## **Q2 Results Conference Call and Replay Information**

The Company will discuss its quarterly results for the period ended June 30, 2016, along with its future outlook, in its quarterly conference call on Wednesday, August 3, 2016, at 5:30 p.m. ET (2:30 p.m. PT). A simultaneous live webcast of the call will be available on the Company's Investor Relations website at [www.equinix.com/investors](http://www.equinix.com/investors). To hear the conference call live, please dial 1-210-234-8004 (domestic and international) and reference the passcode EQIX.

A replay of the call will be available one hour after the call, through Friday, November 4, 2016, by dialing 1-203-369-1052 and referencing the passcode 2016. In addition, the webcast will be available at [www.equinix.com/investors](http://www.equinix.com/investors). No password is required for the webcast.

### **Investor Presentation and Supplemental Financial Information**

The Company has made available on its website a presentation designed to accompany the discussion of the Company's results and future outlook, along with certain supplemental financial information and other data. Interested parties may access this information through the Company's Investor Relations website at [www.equinix.com/investors](http://www.equinix.com/investors).

### **Additional Resources**

- [Q2 2016 financial earnings press release \(PDF\)](#)
- [Q2 2016 financial tables \(PDF\)](#)

### **About Equinix**

Equinix, Inc. (Nasdaq: EQIX) connects the world's leading businesses to their customers, employees and partners inside the most interconnected data centers. In 40 markets across five continents, Equinix is where companies come together to realize new opportunities and accelerate their business, IT and cloud strategies.

### **Non-GAAP Financial Measures**

The Company provides all information required in accordance with generally accepted accounting principles ("GAAP"), but it believes that evaluating its ongoing operating results may be difficult if limited to reviewing only GAAP financial measures. Accordingly, the Company uses non-GAAP financial measures to evaluate its operations.

In presenting non-GAAP financial measures, such as adjusted EBITDA, cash cost of revenues, cash gross margins, cash operating expenses (also known as cash selling, general and administrative expenses or cash SG&A), adjusted EBITDA margins, free cash flow and adjusted free cash flow, the Company excludes certain items that it believes are not good indicators of the Company's current or future operating performance. These items are depreciation, amortization, accretion of asset retirement obligations and accrued restructuring charges, stock-based compensation, restructuring charges, impairment charges, acquisition costs and gains on asset

sales. The Company excludes these items in order for its lenders, investors and the industry analysts who review and report on the Company to better evaluate the Company's operating performance and cash spending levels relative to its industry sector and competitors.

The Company excludes depreciation expense as these charges primarily relate to the initial construction costs of an IBX center, and do not reflect its current or future cash spending levels to support its business. Its IBX centers are long-lived assets, and have an economic life greater than 10 years. The construction costs of an IBX center do not recur with respect to such data center, although the Company may incur initial construction costs in future periods with respect to additional IBX centers, and future capital expenditures remain minor relative to the initial investment. This is a trend it expects to continue. In addition, depreciation is also based on the estimated useful lives of the IBX centers. These estimates could vary from actual performance of the asset, are based on historic costs incurred to build out our IBX centers and are not indicative of current or expected future capital expenditures. Therefore, the Company excludes depreciation from its operating results when evaluating its operations.

In addition, in presenting the non-GAAP financial measures, the Company also excludes amortization expense related to intangible assets, as it is not meaningful in evaluating the Company's current or future operating performance; however, like depreciation, is an expense expected to recur in future periods. The Company excludes accretion expense, both as it relates to its asset retirement obligations as well as its accrued restructuring charges, as these expenses represent costs which the Company also believes are not meaningful in evaluating the Company's current operations. The Company excludes stock-based compensation expense as it represents expense attributed to equity awards that have no current or future cash obligations. As such, the Company, and many investors and analysts, exclude this stock-based compensation expense when assessing the cash generating performance of our operations. The Company excludes restructuring charges from its non-GAAP financial measures. The restructuring charges relate to the Company's decision to exit leases for excess space adjacent to several of its IBX centers, which it did not intend to build out, or its decision to reverse such restructuring charges. The Company also excludes impairment charges related to certain long-lived assets. The impairment charges are related to expense recognized whenever events or changes in circumstances indicate that the carrying amount of long-lived assets are not recoverable. The Company also excludes gains on asset sales as it represents profit that is not meaningful in evaluating the current or future operating performance. Finally, the Company excludes acquisition costs from its non-GAAP financial measures. The acquisition costs relate to costs the Company incurs in connection with



business combinations. Management believes items such as restructuring charges, impairment charges, acquisition costs and gains on asset sales are non-core transactions; however, these types of costs may occur in future periods.

The Company presents adjusted EBITDA, which is a non-GAAP financial measure. Adjusted EBITDA represents income or loss from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges, acquisition costs and gains on asset sales.

The Company also presents funds from operations (“FFO”) and adjusted funds from operations (“AFFO”), which are non-GAAP financial measures commonly used in the REIT industry. FFO is calculated in accordance with the definition established by the National Association of Real Estate Investment Trusts (“NAREIT”). FFO represents net income (loss), excluding gains (losses) from the disposition of real estate assets, depreciation and amortization on real estate assets and adjustments for unconsolidated joint ventures’ and non-controlling interests’ share of these items. AFFO represents FFO, excluding depreciation and amortization expense on non-real estate assets, accretion, stock-based compensation, restructuring charges, impairment charges, acquisition costs, an installation revenue adjustment, a straight-line rent expense adjustment, amortization of deferred financing costs, gains (losses) on debt extinguishment, an income tax expense adjustment, recurring capital expenditures, net income (loss) from discontinued operations, net of tax and adjustments from FFO to AFFO for unconsolidated joint ventures’ and non-controlling interests’ share of these items. Equinix excludes depreciation expense, amortization expense, accretion, stock-based compensation, restructuring charges, impairment charges and acquisition costs for the same reasons that they are excluded from the other non-GAAP financial measures mentioned above.

The Company includes an adjustment for revenue from installation fees, since installation fees are deferred and recognized ratably over the expected life of the installation, although the fees are generally paid in a lump sum upon installation. The Company includes an adjustment for straight-line rent expense on its operating leases, since the total minimum lease payments are recognized ratably over the lease term, although the lease payments generally increase over the lease term. The adjustments for both installation revenue and straight-line rent expense are intended to isolate the cash activity included within the straight-lined or amortized results in the consolidated statement of operations. The Company excludes the amortization of deferred financing costs as these expenses relate to the initial costs incurred in connection with its debt financings that have

no current or future cash obligations. The Company excludes gains (losses) on debt extinguishment since it represents a cost that is not a good indicator of the Company's current or future operating performance. The Company includes an income tax expense adjustment, which represents the non-cash tax impact due to changes in valuation allowances and uncertain tax positions that do not relate to the current period's operations. The Company excludes recurring capital expenditures, which represent expenditures to extend the useful life of its IBX centers or other assets that are required to support current revenues. The Company also excludes net income (loss) from discontinued operations, net of tax, which represents results that are not a good indicator of our current or future operating performance.

Non-GAAP financial measures are not a substitute for financial information prepared in accordance with GAAP. Non-GAAP financial measures should not be considered in isolation, but should be considered together with the most directly comparable GAAP financial measures and the reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financials measures. The Company presents such non-GAAP financial measures to provide investors with an additional tool to evaluate its operating results in a manner that focuses on what management believes to be its core, ongoing business operations. Management believes that the inclusion of these non-GAAP financial measures provides consistency and comparability with past reports and provides a better understanding of the overall performance of the business and its ability to perform in subsequent periods. The Company believes that if it did not provide such non-GAAP financial information, investors would not have all the necessary data to analyze the Company effectively.

Investors should note that the non-GAAP financial measures used by the Company may not be the same non-GAAP financial measures, and may not be calculated in the same manner, as those of other companies. Investors should, therefore, exercise caution when comparing non-GAAP financial measures used by us to similarly titled non-GAAP financial measures of other companies. The Company does not provide forward-looking guidance for certain financial data, such as depreciation, amortization, accretion, stock-based compensation, net income (loss) from operations, cash generated from operating activities and cash used in investing activities, and as a result, is not able to provide a reconciliation of GAAP to non-GAAP financial measures for forward-looking data without unreasonable effort. The impact of such adjustments could be significant. The Company intends to calculate the various non-GAAP financial measures in future periods consistent with how they were calculated for the periods presented within this press release.

## **Forward Looking Statements**

*This press release contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements. Factors that might cause such differences include, but are not limited to, the challenges of acquiring, operating and constructing IBX centers and developing, deploying and delivering Equinix services; unanticipated costs or difficulties relating to the integration of companies we have acquired or will acquire into Equinix; a failure to receive significant revenue from customers in recently built out or acquired data centers; failure to complete any financing arrangements contemplated from time to time; competition from existing and new competitors; the ability to generate sufficient cash flow or otherwise obtain funds to repay new or outstanding indebtedness; the loss or decline in business from our key customers; and other risks described from time to time in Equinix's filings with the Securities and Exchange Commission. In particular, see Equinix's recent quarterly and annual reports filed with the Securities and Exchange Commission, copies of which are available upon request from Equinix. Equinix does not assume any obligation to update the forward-looking information contained in this press release.*

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