Q1 2011 Earnings Conference Call

NASDAQ: EQIX

EQUINIX

April 27, 2011

Public Disclosure Statement

Forward-Looking Statements

Except for historical information, our presentation today contains forward-looking statements which include words such as “believe”, “anticipate” and “expect.” These forward-looking statements involve risks and uncertainties that may cause Equinix’s actual results to differ materially from those expressed or implied by these statements. Factors that may affect Equinix’s results are summarized in our annual report on Form 10-K filed on February 25, 2011. Equinix assumes no obligation and does not intend to update forward-looking statements made in this presentation.

Non-GAAP Information

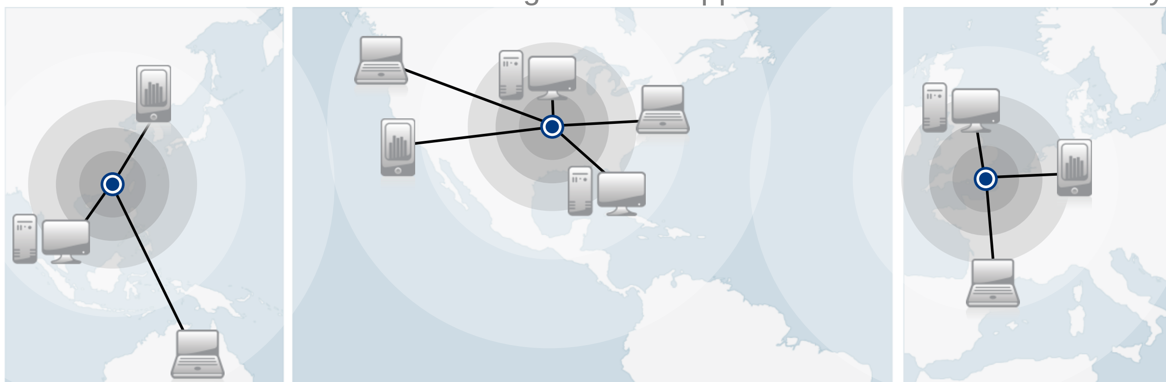
This presentation contains references to certain non-GAAP financial measures. For definitions of terms such as “Cash Gross Profit”, “Cash Gross Margins”, “Cash SG&A”, “Adjusted EBITDA”, and “Discretionary Free Cash Flow,” and a detailed reconciliation between the non-GAAP financial results presented in this presentation and the corresponding GAAP measures, please refer to the appendix of this presentation.

Contents

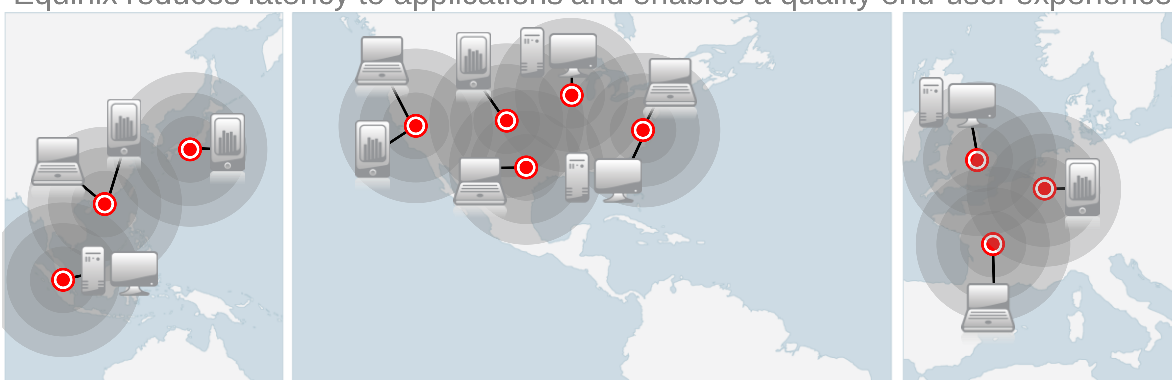
Cloud Architecture

Service Delivery Evolution

Non-distributed architecture with long routes to applications and service variability



Equinix reduces latency to applications and enables a quality end-user experience



LEGEND

- Data Center
- Equinix Data Center
- Application Service Delivery Radius

Legacy

- Long routes
- Choke points
- Fault prone
- Service variability
- Variable QoE

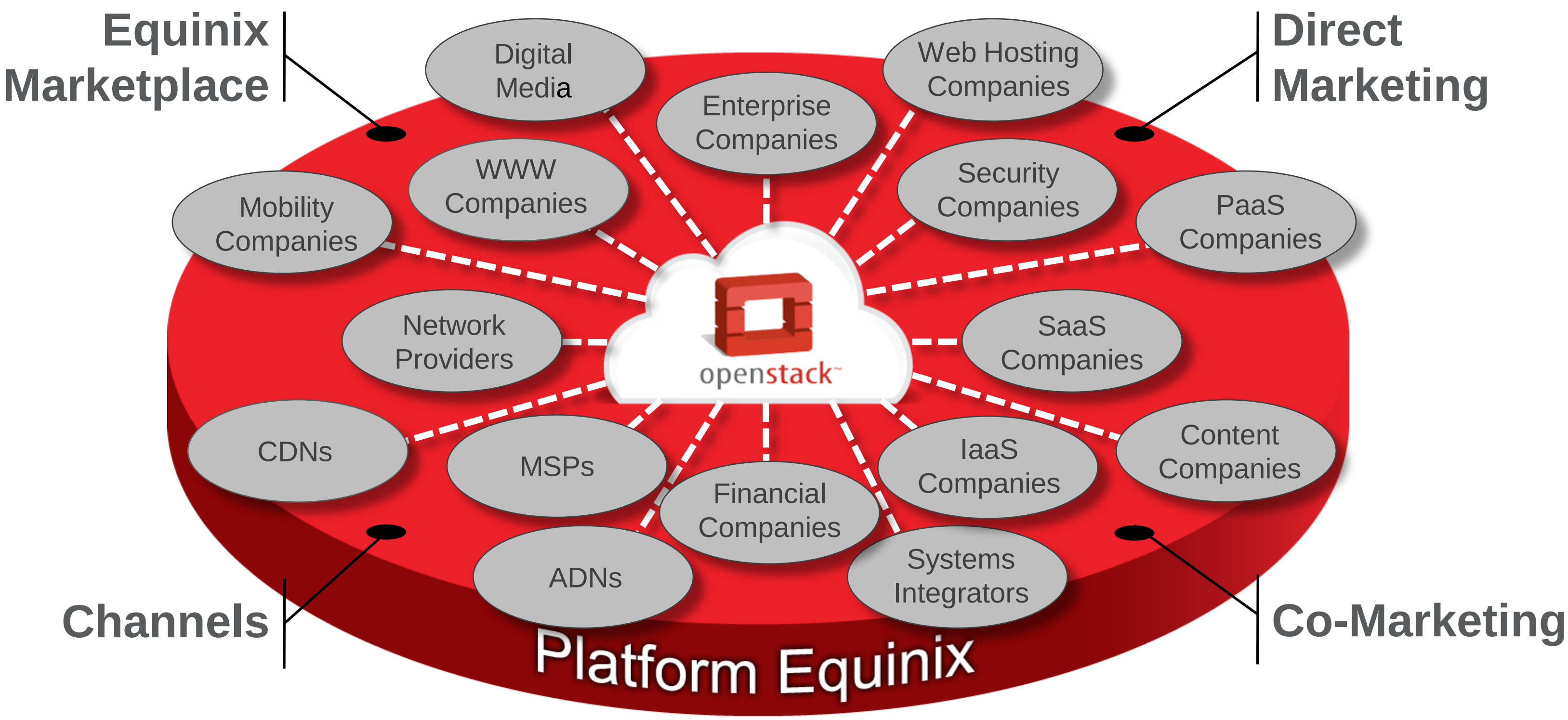
Distributed

- Optimized
- Fast
- Resilient
- Consistent
- Higher QoE

EQUINIX

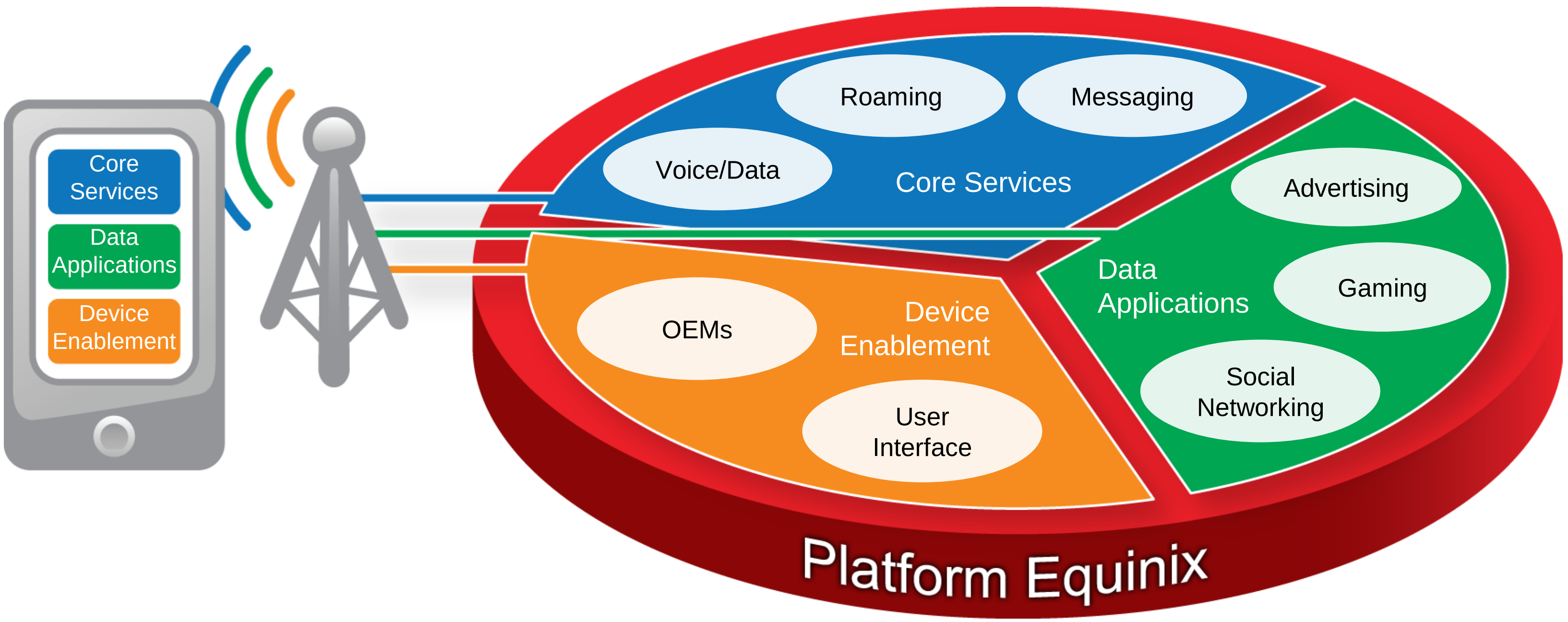
Cloud-Enabled Marketplace

Alliance Partnership Example



Mobility Ecosystem

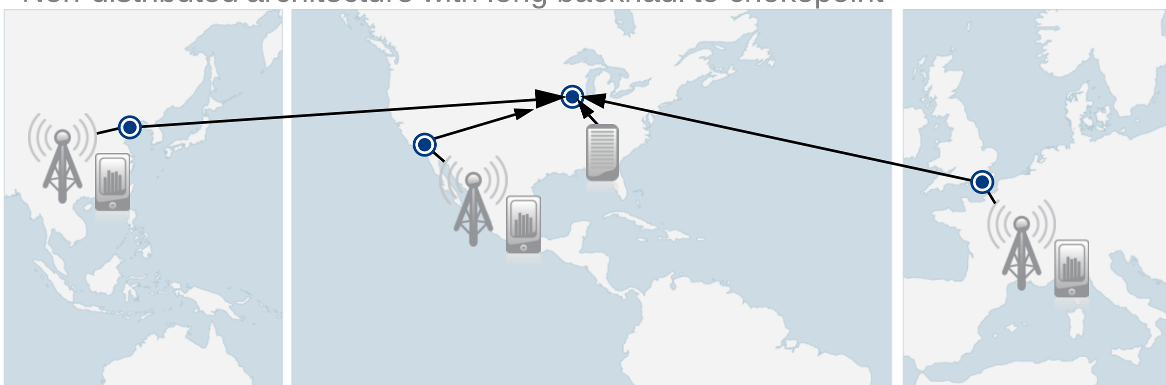
Value Chain for End-to-End Services



Mobile Architecture

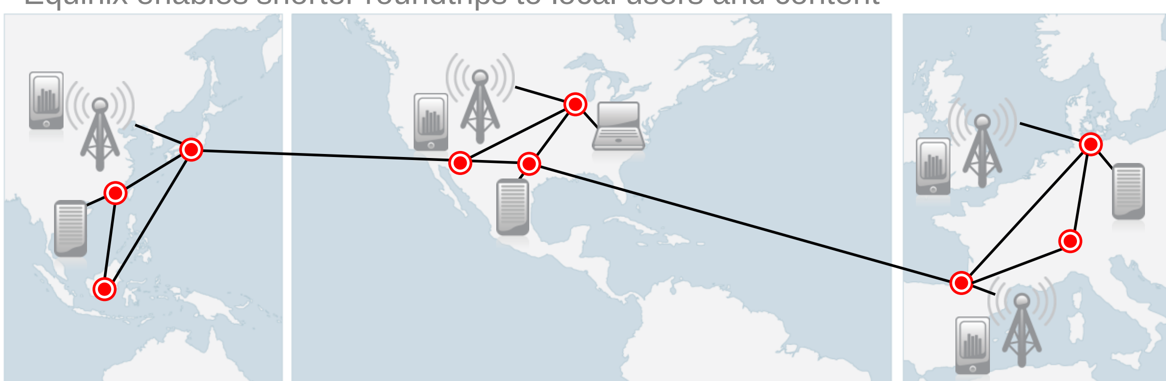
Infrastructure Evolution

Non-distributed architecture with long backhaul to chokepoint



Centralized
- Inefficient
- High Latency
- Complex
- Failure-prone

Equinix enables shorter roundtrips to local users and content



Distributed
- Optimized
- Fast
- Localized
- Resilient

LEGEND
- Legacy Site
- Equinix Data Center

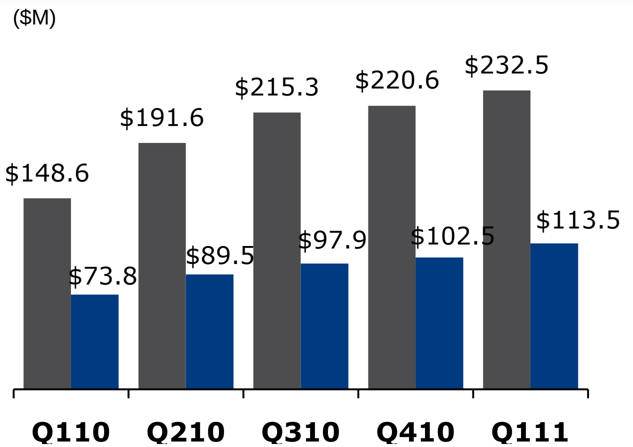
Q1 2011 Consolidated Results

($M Except Per Share Data)	Q1 11 Guidance	Q1 11	Q4 10	Q1 10	Q1 11 vs. Q4 10 % Δ	Q1 11 vs. Q1 10 % Δ
Revenues	354.0 - 356.0	363.0	345.2	248.6	5%	46%
Cash Gross Profit		240.4	219.8	163.6	9%	47%
Cash Gross Profit Margin %	***~ 64%***	*66%*	*64%*	*66%*		
Cash SG&A	~ 75.0	73.1	70.8	46.3	3%	58%
Cash SG&A %		*20%*	*21%*	*19%*		
Adjusted EBITDA	151.0 - 153.0	167.3	148.9	117.3	12%	43%
Adjusted EBITDA Margin %		*46%*	*43%*	*47%*		
Income From Operations		71.3	54.5	48.0	31%	49%
Net Income		25.1	13.8	14.2	83%	77%
EPS - Basic		$ 0.54	$ 0.30	$ 0.36	80%	50%
EPS - Diluted		$ 0.53	$ 0.29	$ 0.35	83%	51%
Operating Cash Flow		115.2	122.9	99.8	-6%	15%
Discretionary Free Cash Flow (1)		82.5	90.5	85.6	-9%	-4%

(1) Discretionary free cash flow is defined as “cash generated from operating activities” less “ongoing capex”

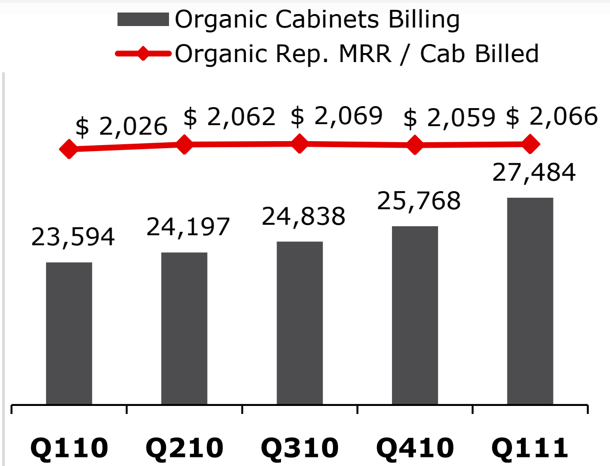
Q1 2011 Americas Performance

Revenues & Adjusted EBITDA(1)



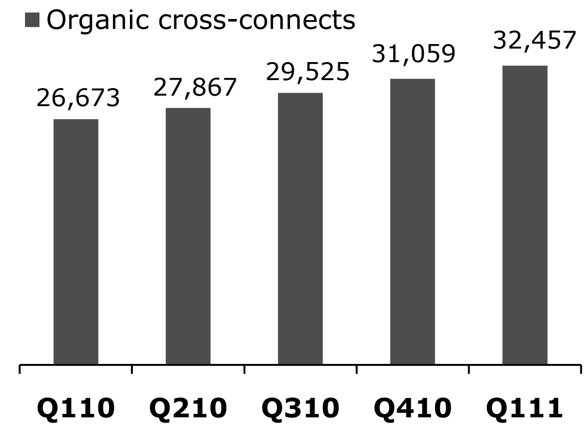
- Revenues up >5% Q/Q
- Strong gross bookings across key verticals
  - 79 new customers
  - Solid bookings for SDXC data centers
- Adjusted EBITDA increased 10.7%; a 49% margin
  - Revenue over performance – some non-recurring benefits
  - Lower expenses and delayed spending – some refunds and rebates

Organic Cabs Billing & Reported MRR per Cab(2)(3)



- Over 2,000 cabinet equivalents installed Q/Q the Americas
  - Includes ~350 from SDXC locations
- MRR per cabinet in-line with prior quarters
  - Pricing remains firm
- CH3, NY4 and DC6 saw strong incremental cabinet adds
- Announced new expansions on NY and CH campuses

Organic Interconnection(2)



- Americas interconnection revenues remain strong at 21% of MRR
  - >1,500 cross-connects and 42 10G exchange port net adds
  - NY4 financial ecosystem driving significant uptake in cross-connects
  - Exchange traffic increased to 1.1 terabits per second 11% Q/Q increase

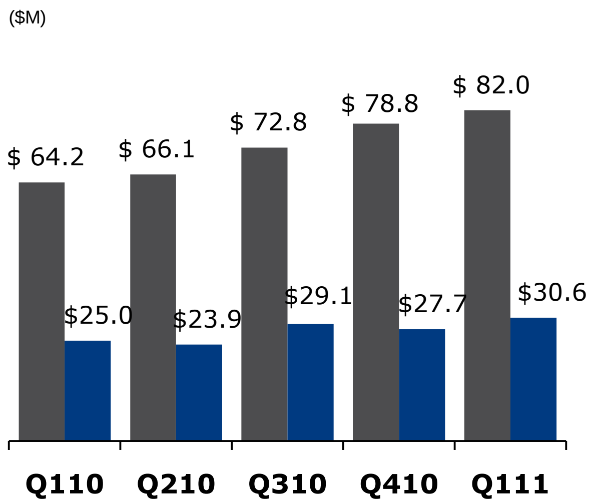
(1) Q2'10 financial results include Switch & Data Facilities Company, Inc. beginning May 1, 2010

(2) Organic metrics exclude non-financial metrics from Switch & Data Facilities Company, Inc.

(3) Reported recurring revenue per cabinet equivalent is defined as (current quarter MRR / 3) divided by ((quarter end cab billing prior quarter + current quarter)/2)

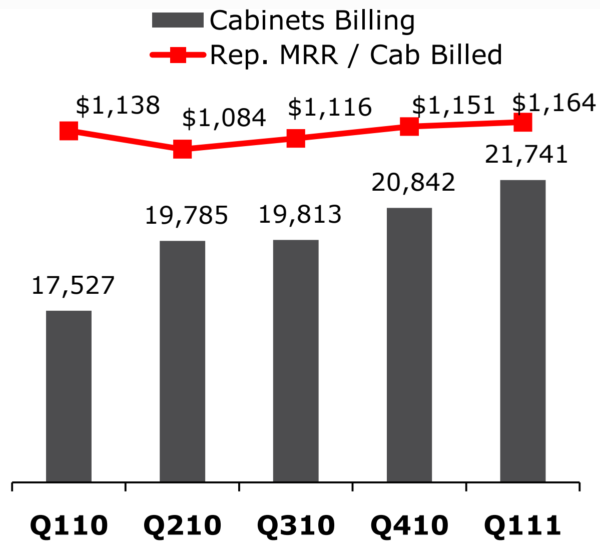
Q1 2011 EMEA Performance

Revenues & Adjusted EBITDA



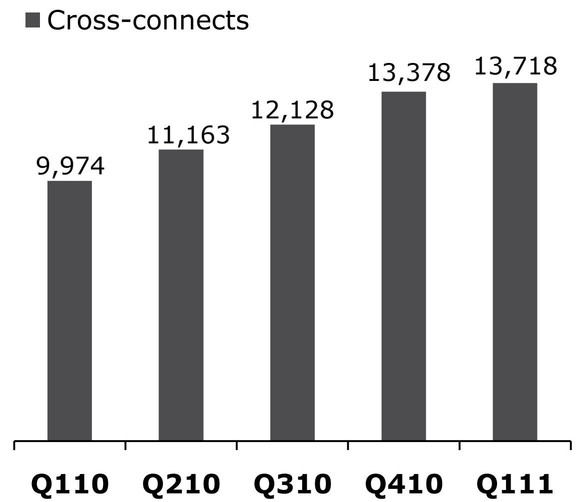
- Strong gross bookings driven by financial and cloud/IT verticals
  - 66 new customers
- Revenue up 4% Q/Q and 28% Y/Y; $1.8 million customer settlement and other one-offs
- Adjusted EBITDA increased 10% Q/Q, a 37% margin

Cabs Billing & Reported MRR per Cab[1]



- ~900 cabinet equivalents installed Q/Q - reflect strong bookings and churn replacement
- Expansions underway in Amsterdam 2, Frankfurt 2, London 5 and Paris 3 & 4
- Purchased Paris 4 IBX for ~$15.0 million, with 20% of phase 1 pre-sold

Interconnection

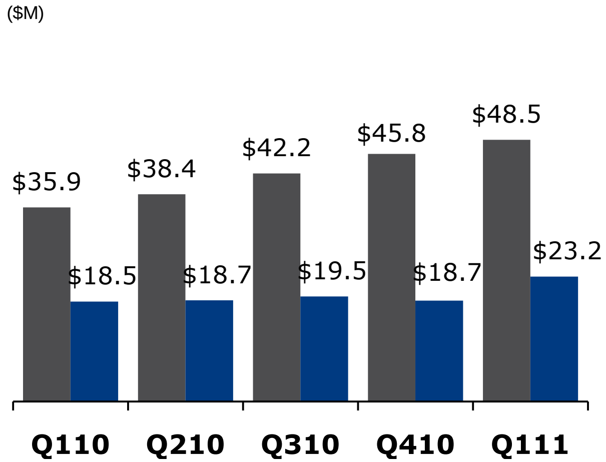


- 340 cross-connects and 20 exchange port net adds
- Momentum with the financial vertical with several key wins in London and Frankfurt
- Paris Equinix Internet Exchange gaining traction

[1] Reported recurring revenue per cabinet equivalent is defined as (current quarter MRR / 3) divided by ((quarter end cab billing prior quarter + current quarter)/2)

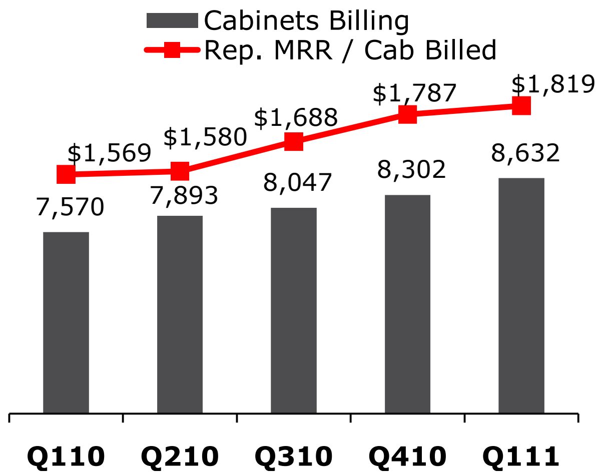
Q1 2011 Asia-Pacific Performance

Revenues & Adjusted EBITDA



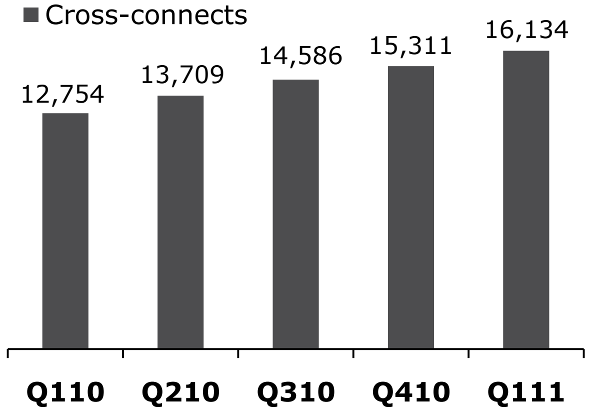
- Revenue up ~6% Q/Q and 35% Y/Y
  - 40 new customers
- Adjusted EBITDA increased 24% Q/Q; adjusted EBITDA margin 48%
  - Increased revenues
  - Lower expenses and delayed hiring

Cabs Billing & Reported MRR per Cab[(1)]



- 330 cabinet equivalents installed
- Booked utilization level increased to 88%
- Expansions under way in Hong Kong, Singapore, Sydney and Tokyo
  - Strong pipeline from pre-sales activities for these projects

Interconnection



- 823 cross-connects and 15 exchange port net adds
- Exchange traffic peaked at 103 gigabits per second up 13% Q/Q and >100% Y/Y
- Interconnection revenue up 8% Q/Q, or 12% of recurring revenues

(1) Reported recurring revenue per cabinet equivalent is defined as (current quarter MRR / 3) divided by ((quarter end cab billing prior quarter + current quarter)/2)

Capital Structure & Debt Maturity

Capitalization Table

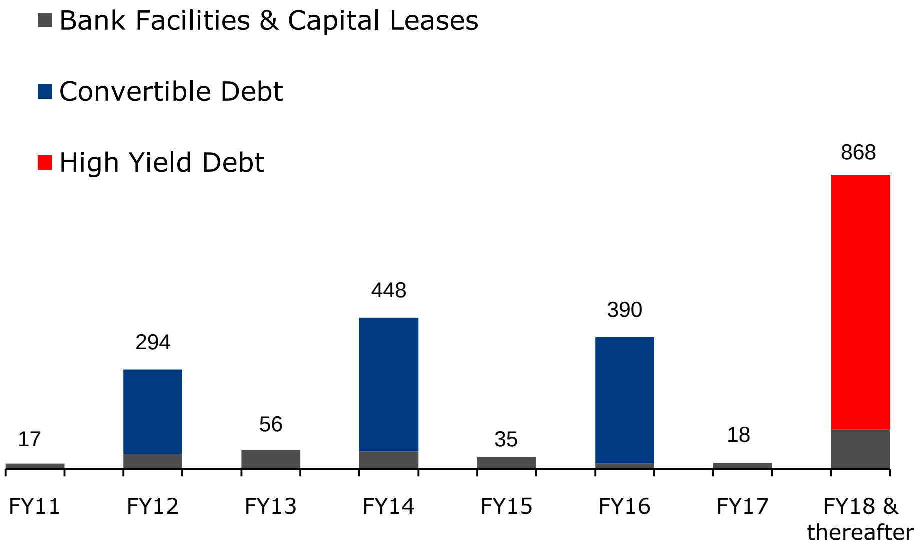
($M)

	Q1'11	Q4'10
Cash & Cash Equivalents [1]	$ 457	$ 593
Total Debt	$ 2,124	$ 2,048
Stockholders' Equity	1,987	1,881
Total Capitalization	$ 4,111	$ 3,929
Total Debt / Total Capitalization	52%	52%
Net Debt / LQA Adjusted EBITDA	2.5 x	2.4 x

- **$1.0 billion of convertible debt**
- **Blended cash interest rate of 5.8%**

Debt Maturity Profile[2]

($M)

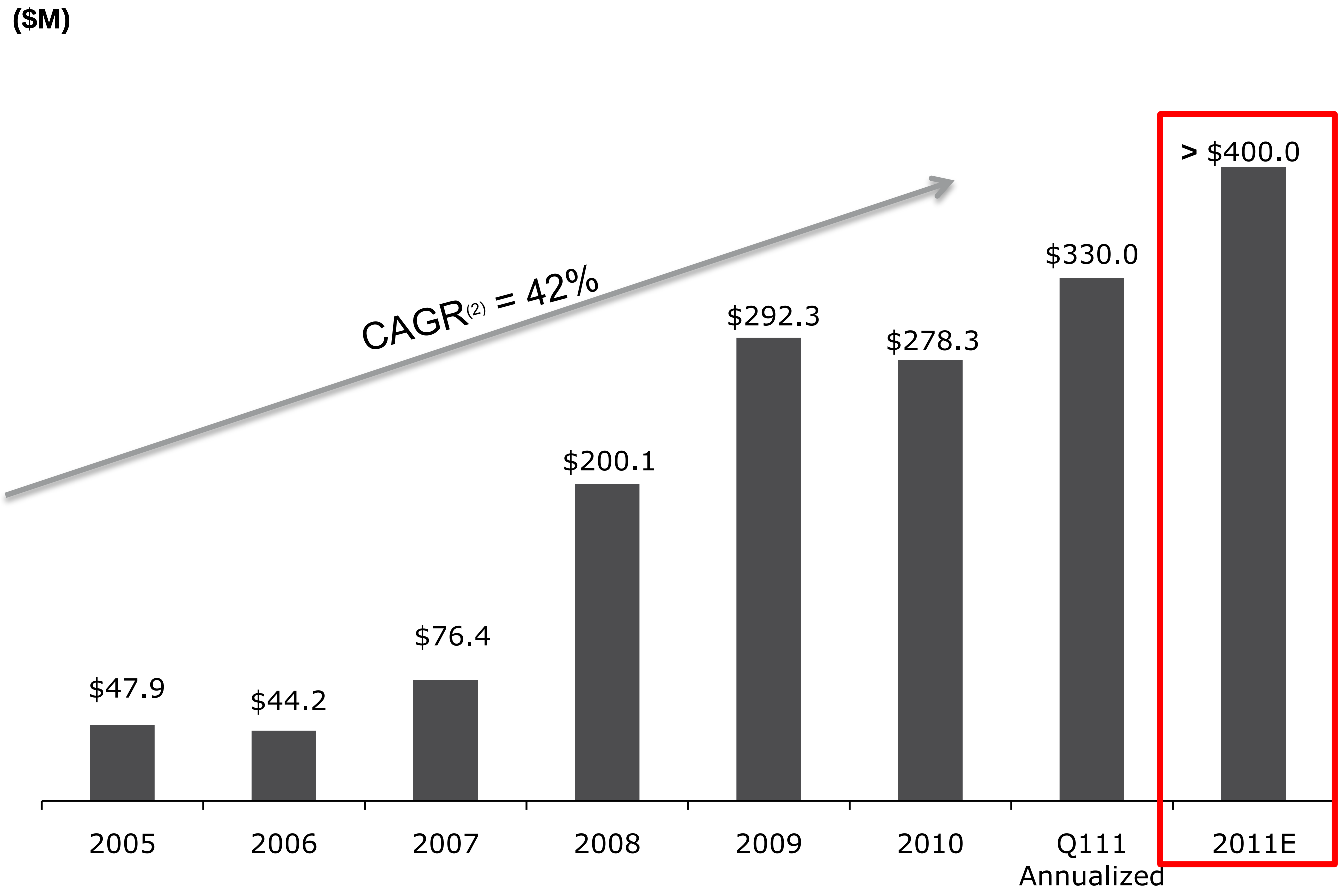


- **2.5% convertible due April 15, 2012 – next quarter will be classified as current**
- **Intend to repay or refinance to prevent dilution of 2.2 million shares**
- **Net leverage target of 3x – 4x adjusted EBITDA**

[1] Includes cash, cash equivalents, short-term and long-term investments
[2] Represents principal payments only

Discretionary Free Cash Flow

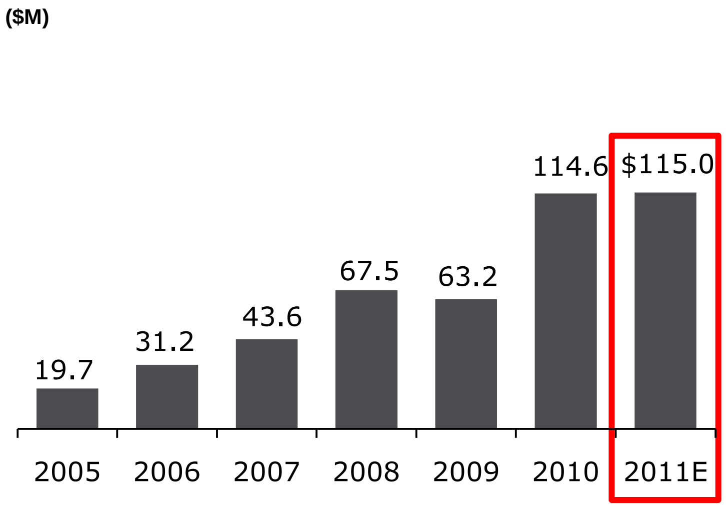
Historical Discretionary Free Cash Flow (1) and 2011 Estimate

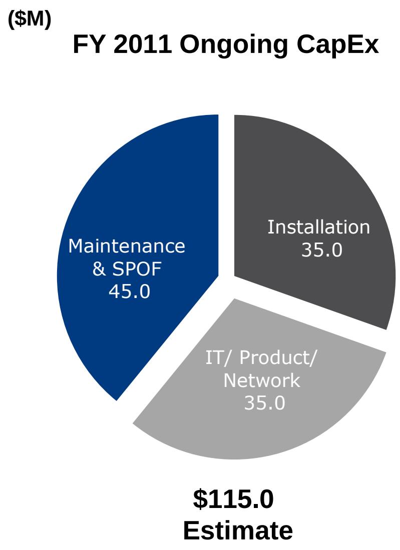


(1) Discretionary free cash flow is defined as "cash generated from operating activities" less "ongoing capex"
(2) Compound annual growth rate for 2005 - 2010

Ongoing Capex

Historical Ongoing Capex and 2011 Breakout





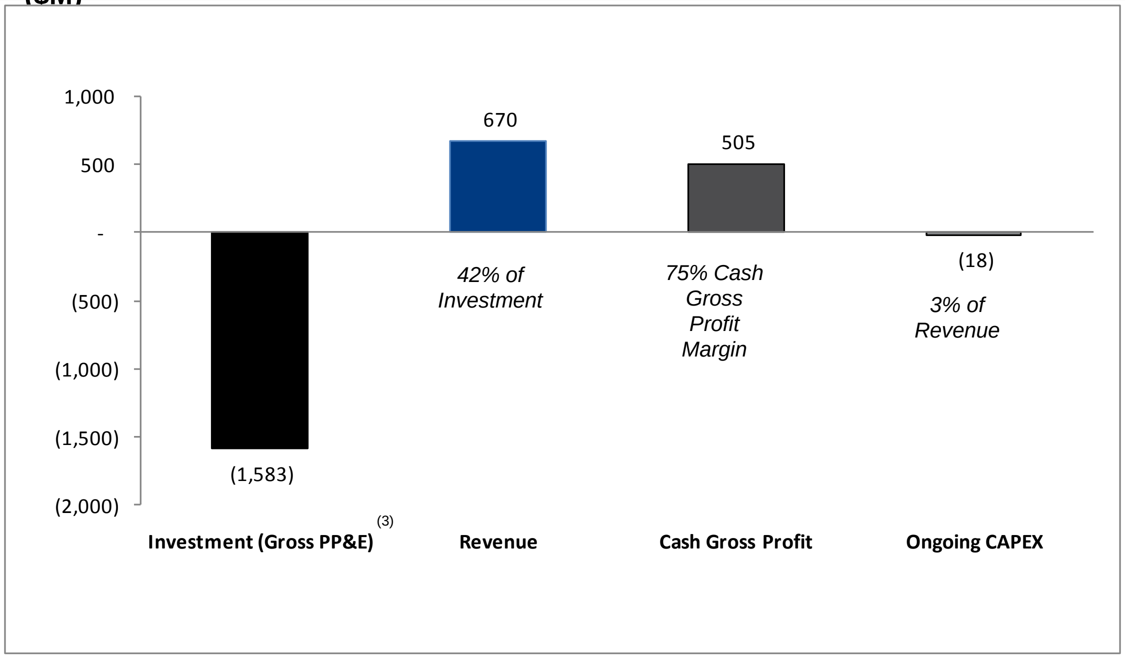
- **2011 ongoing Capex <8% of expected 2011 revenues**
- **Expect ongoing Capex to trend down to 5% of revenues over time**
- **Maintenance and SPOF ongoing Capex represents ~ 3% of expected 2011 revenues**

(1) SPOF is defined as single point of failure

Same IBX Review

Equinix US "Same IBX" Q1 Annualized[1]

($M)



~32% annual cash generation on gross investment[4]

Includes all Equinix organic IBXs open prior to Q2 2010[1]

Same IBX portfolio operating within LTOP[2] model assumptions

- 21 US IBX data centers with an average age of 5.9 years
- Current average utilization of 80%

Meeting targeted ROI objective and tracking with IRR projections

Strong demand and results for "legacy" IBXs due to network density and robust ecosystems

- First 8 US IBXs at ~86% utilization with nearly 8% year-over-year revenue growth in Q1

(1) Includes the following IBXs: LA1, LA2, LA3, LA4, NY1, NY2, NY4, SV1, SV2, SV3, SV4, CH1, CH2, CH3, CH4, DA1, DC1, DC2, DC3, DC4, DC5; Excludes DC6, NY 4 phase III and IV, SV5 and all Switch and Data locations

(2) LTOP = Long-term operating plan: Assumes current IBX data center footprint plus announced expansions reach full capacity (~95%) at current pricing

(3) Investment (gross PP&E) includes real estate acquisition costs, capitalized leases and all ongoing capex associated with same IBXs since opening

(4) Cash generation on gross investment calculated as Q1'11 cash gross profit annualized divided by gross PP&E as of Q1'11 balance sheet

EQUINIX

Q2 and FY 2011 Financial Guidance

$M	Q2 11	FY 2011	Long-Term Operating Target(1)
Revenues	$376.0–$378.0	>$1,525.0	$2,050.0
Cash Gross Profit Margin %	~65%	65% - 66%	>65%
Cash SG&A Cash SG&A %	~$76.0 20%	~$315.0 <21%	 15% - 20%
Adjusted EBITDA Adjusted EBITDA Margin %	$166.0-$170.0 45%	>$685.0 45%	 ~50%
Capex Expansion Capex Ongoing CapEx (% of revenues)	$220.0-$240.0 $180.0-200.0 $40.0 (~11%)	$615.0-$665.0 $500.0-$550.0 ~$115.0 (~8%)	 ~5% of revenues

(1) Long-term operating target: Assumes current IBX data center footprint plus announced expansions reach full capacity (~95%) at current pricing

Note: Q2 and FY 2011 Guidance excludes Alog.

APPENDIX

EQUINIX

Non-GAAP Reconciliations

EQUINIX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - NON-GAAP PRESENTATION
(in thousands)
(unaudited)

	Three Months Ended Mar 31, 2011	Three Months Ended Dec 31, 2010	Three Months Ended Sep 30, 2010	Three Months Ended Jun 30, 2010	Three Months Ended March 31, 2010
We define cash cost of revenues as cost of revenues less depreciation, amortization, accretion and stock-based compensation as presented below:					
Cost of revenues	194,576	$ 193,559	$ 185,476	$ 162,582	$ 133,050
Depreciation, amortization and accretion expense	$ (70,600)	(66,978)	(67,255)	(56,946)	(46,372)
Stock-based compensation expense	$ (1,345)	(1,125)	(1,619)	(1,744)	(1,594)
Cash cost of revenues	$ 122,631	$ 125,456	$ 116,602	$ 103,892	$ 85,084
The geographic split of our cash cost of revenues is presented below:					
Americas cash cost of revenues	70,210	$ 72,651	$ 71,879	$ 61,220	$ 44,148
EMEA cash cost of revenues	34,491	34,808	29,373	29,060	28,536
Asia-Pacific cash cost of revenues	17,930	17,997	15,350	13,612	12,400
Cash cost of revenues	$ 122,631	$ 125,456	$ 116,602	$ 103,892	$ 85,084

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	Three Months Ended Mar 31, 2011	Three Months Ended Dec 31, 2010	Three Months Ended Sep 30, 2010	Three Months Ended Jun 30, 2010	Three Months Ended March 31, 2010
We define cash operating expenses as operating expenses less depreciation, amortization, stock-based compensation, restructuring charges and acquisition costs. We also refer to cash operating expenses as cash selling, general and administrative expenses or "cash SG&A".					
We define cash sales and marketing expenses as sales and marketing expenses less depreciation, amortization and stock-based compensation as presented below:					
Sales and marketing expenses	$ 33,636	$ 31,518	$ 31,205	$ 28,913	$ 19,468
Depreciation and amortization expense	(3,666)	(3,645)	(3,407)	(2,997)	(1,352)
Stock-based compensation expense	(2,866)	(2,350)	(3,627)	(3,758)	(2,931)
Cash sales and marketing expenses	$ 27,104	$ 25,523	$ 24,171	$ 22,158	$ 15,185
We define cash general and administrative expenses as general and administrative expenses less depreciation, amortization and stock-based compensation as presented below:					
General and administrative expenses	$ 62,601	$ 64,820	$ 58,640	$ 54,166	$ 43,155
Depreciation and amortization expense	(5,259)	(5,508)	(3,823)	(3,683)	(1,598)
Stock-based compensation expense	(11,324)	(13,994)	(11,704)	(12,594)	(10,449)
Cash general and administrative expenses	$ 46,018	$ 45,318	$ 43,113	$ 37,889	$ 31,108
Our cash operating expenses, or cash SG&A, as defined above, is presented below:					
Cash sales and marketing expenses	$ 27,104	$ 25,523	$ 24,171	$ 22,158	$ 15,185
Cash general and administrative expenses	46,018	45,318	43,113	37,889	31,108
Cash SG&A	$ 73,122	$ 70,841	$ 67,284	$ 60,047	$ 46,293
The geographic split of our cash operating expenses, or cash SG&A, is presented below:					
Americas cash SG&A	48,812	$ 45,469	$ 45,499	$ 40,960	$ 30,626
EMEA cash SG&A	16,936	16,212	14,365	13,084	10,673
Asia-Pacific cash SG&A	7,374	9,160	7,420	6,003	4,994
Cash SG&A	$ 73,122	$ 70,841	$ 67,284	$ 60,047	$ 46,293

Non-GAAP Reconciliations

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	Three Months Ended Mar 31, 2011	Three Months Ended Dec 31, 2010	Three Months Ended Sep 30, 2010	Three Months Ended Jun 30, 2010	Three Months Ended March 31, 2010
We define adjusted EBITDA as income from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges and acquisition costs as presented below:					
Income from operations	71,305	$ 54,476	$ 52,026	$ 40,227	$ 47,982
Depreciation, amortization and accretion expense	$ 79,525	76,131	74,485	63,626	49,322
Stock-based compensation expense	$ 15,535	17,469	16,950	18,096	14,974
Restructuring charges	496	491	1,886	4,357	-
Acquisition costs	415	380	1,114	5,849	4,994
Adjusted EBITDA	$ 167,276	$ 148,947	$ 146,461	$ 132,155	$ 117,272
The geographic split of our adjusted EBITDA is presented below:					
Americas income from operations	$ 47,319	$ 37,067	$ 31,921	$ 22,529	$ 29,601
Americas depreciation, amortization and accretion expense	53,482	51,448	51,108	43,081	28,174
Americas stock-based compensation expense	11,842	13,620	12,683	13,650	11,013
Americas restructuring charges	496	491	1,886	4,357	-
Americas acquisition costs	366	(98)	349	5,849	4,994
Americas adjusted EBITDA	113,505	102,528	97,947	89,466	73,782
EMEA income from operations	11,471	8,678	10,258	7,672	8,321
EMEA depreciation, amortization and accretion expense	16,844	16,539	15,531	13,737	14,484
EMEA stock-based compensation expense	2,295	2,214	2,502	2,531	2,150
EMEA acquisition costs	2	300	765	-	-
EMEA adjusted EBITDA	30,612	27,731	29,056	23,940	24,955
Asia-Pacific income from operations	12,515	$ 8,731	9,847	10,026	10,060
Asia-Pacific depreciation, amortization and accretion expense	9,199	8,144	7,846	6,808	6,664
Asia-Pacific stock-based compensation expense	1,398	1,635	1,765	1,915	1,811
Asia-Pacific acquisition costs	47	178	-	-	-
Asia-Pacific adjusted EBITDA	23,159	18,688	19,458	18,749	18,535
Adjusted EBITDA	$ 167,276	$ 148,947	$ 146,461	$ 132,155	$ 117,272

Non-GAAP Reconciliations

EQUINIX, INC.
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(in thousands)
(unaudited)

	Three Months Ended Mar 31, 2011	Three Months Ended Dec 31, 2010	Three Months Ended Sep 30, 2010	Three Months Ended Jun 30, 2010	Three Months Ended March 31, 2010
We define cash gross margins as cash gross profit divided by revenues.					
Our cash gross margins by geographic region is presented below:					
Americas cash gross margins	70%	67%	67%	68%	70%
EMEA cash gross margins	58%	56%	60%	56%	56%
Asia-Pacific cash gross margins	63%	61%	64%	65%	65%
We define adjusted EBITDA margins as adjusted EBITDA divided by revenues.					
Americas adjusted EBITDA margins	49%	46%	45%	47%	50%
EMEA adjusted EBITDA margins	37%	35%	40%	36%	39%
Asia-Pacific adjusted EBITDA margins	48%	41%	46%	49%	52%

Non-GAAP Reconciliations

EQUINIX, INC.
(in thousands)
(unaudited)

	Three Months Ending Mar 31, 2011	Three Months Ended Dec 31, 2010	Three Months Ended Mar 31, 2010	Twelve Months Ended Dec 31, 2010	Twelve Months Ended Dec 31, 2009	Twelve Months Ended Dec 31, 2008	Twelve Months Ended Dec 31, 2007	Twelve Months Ended Dec 31, 2006	Twelve Months Ended Dec 31, 2005
Ongoing capital expenditures	$ 32,680	$ 32,343	$ 14,188	$ 114,562	$ 63,200	$ 67,500	$ 43,600	$ 31,200	$ 19,700
Expansion capital expenditures	139,836	111,008	129,212	464,835	306,342	379,532	333,236	123,537	12,841
Total capital expenditures	$ 172,516	$ 143,351	$ 143,400	$ 579,397	$ 369,542	$ 447,032	$ 376,836	$ 154,737	$ 32,541
Cash generated from operating acitivities	$ 115,171	$ 122,891	$ 99,812	$ 392,872	$ 355,492	$ 267,558	$ 120,020	$ 75,412	$ 67,595
Ongoing capital expenditures	(32,680)	(32,343)	(14,188)	(114,562)	(63,200)	(67,500)	(43,600)	(31,200)	(19,700)
Discretionary free cash flow	$ 82,491	$ 90,548	$ 85,624	$ 278,310	$ 292,292	$ 200,058	$ 76,420	$ 44,212	$ 47,895

We define discretionary free cash flow as cash flow from operations less ongoing capital expenditures as presented below:

Non-GAAP Reconciliations

EQUINIX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - NON-GAAP PRESENTATION
(in thousands)
(unaudited)

	Three Months Ended Mar 31, 2011	Three Months Ended Mar 31, 2011	Three Months Ended Mar 31, 2011

The following is a further break-out of the Americas' cash gross profit. We define cash gross profit as revenues less cash cost of revenues (as already defined).

	Equinix Same IBX Organic Americas (1)	Other (2)	Equinix Americas Total
Americas revenues	$ 167,393	$ 65,134	$ 232,527
Americas cost of revenues	$ 68,736	$ 48,850	$ 117,586
Americas depreciation, amortization and accretion expense	(26,749)	(19,670)	(46,419)
Americas stock-based compensation expense	(759)	(198)	(957)
Americas cash cost of revenues	$ 41,228	$ 28,982	$ 70,210
Americas cash gross profit	$ 126,164	$ 36,153	$ 162,317
Americas cash gross margin	75%	56%	70%

(1) We define Equinix Same IBX Organic Americas to include the following IBXs: LA1, LA2, LA3, LA4, NY1, NY2, NY4, SV1, SV2, SV3, SV4, CH1, CH2, CH3, CH4, DA1, DC1, DC2, DC3, DC4, DC5; We exclude DC6, NY 4 phase III and IV, SV5 and all Switch and Data locations.

(2) We define Other as Equinix Americas Total minus Equinix Same IBX Organic Americas.

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