

EQUINIX INC  
Form 10-Q  
July 31, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-Q**

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2015**

**OR**

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number 000-31293**

**EQUINIX, INC.**

**(Exact name of registrant as specified in its charter)**

**Delaware**  
**(State of incorporation)**

**77-0487526**  
**(I.R.S. Employer**

**Identification No.)**

**One Lagoon Drive, Fourth Floor, Redwood City, California 94065**

**(Address of principal executive offices, including ZIP code)**

**(650) 598-6000**

**(Registrant's telephone number, including area code)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) Yes  No  and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding of the registrant's Common Stock as of June 30, 2015 was 56,958,446.

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**Table of Contents****PART I FINANCIAL INFORMATION****Item 1. Condensed Consolidated Financial Statements  
EQUINIX, INC.****Condensed Consolidated Balance Sheets****(in thousands)**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
	<b>(Unaudited)</b>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 336,133	\$ 610,917
Short-term investments	95,397	529,395
Accounts receivable, net	293,855	262,570
Current portion of restricted cash	523,003	3,057
Other current assets	81,730	85,004
Total current assets	1,330,118	1,490,943
Long-term investments	4,039	439
Property, plant and equipment, net	5,184,800	4,998,270
Goodwill	1,007,739	1,002,129
Intangible assets, net	131,383	147,527
Restricted cash, less current portion	10,524	14,060
Other assets	157,415	164,065
Total assets	\$ 7,826,018	\$ 7,817,433
<b>Liabilities and Stockholders Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 315,554	\$ 285,796
Accrued property, plant and equipment	128,193	114,469
Current portion of capital lease and other financing obligations	26,832	21,362
Current portion of mortgage and loans payable	59,041	59,466
Current portion of convertible debt	149,780	
Other current liabilities	138,332	162,664
Total current liabilities	817,732	643,757
Capital lease and other financing obligations, less current portion	1,217,746	1,168,042
Mortgage and loans payable, less current portion	506,631	534,686
Convertible debt, less current portion		145,853
Senior notes	2,750,000	2,750,000

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Other liabilities	331,319	304,964
Total liabilities	5,623,428	5,547,302
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Common stock	57	57
Additional paid-in capital	3,418,223	3,334,305
Treasury stock	(10,646)	(11,411)
Accumulated dividends	(621,792)	(424,387)
Accumulated other comprehensive loss	(423,173)	(332,443)
Accumulated deficit	(160,079)	(295,990)
Total stockholders' equity	2,202,590	2,270,131
Total liabilities and stockholders' equity	\$ 7,826,018	\$ 7,817,433

See accompanying notes to condensed consolidated financial statements

**Table of Contents****EQUINIX, INC.****Condensed Consolidated Statements of Operations****(in thousands, except per share data)**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>			
Revenues	\$ 665,582	\$ 605,161	\$ 1,308,756	\$ 1,185,214
Costs and operating expenses:				
Cost of revenues	315,757	292,859	614,070	580,384
Sales and marketing	81,248	75,254	159,864	142,682
General and administrative	119,578	111,675	233,218	214,978
Acquisition costs	9,866	676	11,022	861
Total costs and operating expenses	526,449	480,464	1,018,174	938,905
Income from operations	139,133	124,697	290,582	246,309
Interest income	921	744	1,441	2,178
Interest expense	(74,496)	(66,874)	(143,287)	(135,694)
Other income	1,386	681	872	1,359
Loss on debt extinguishment		(51,183)		(51,183)
Income from operations before income taxes	66,944	8,065	149,608	62,969
Income tax benefit (expense)	(7,485)	2,014	(13,697)	(11,553)
Net income	59,459	10,079	135,911	51,416
Net loss attributable to redeemable non-controlling interests		1,249		1,299
Net income attributable to Equinix	\$ 59,459	\$ 11,328	\$ 135,911	\$ 52,715
Earnings per share ( EPS ) attributable to Equinix:				
Basic EPS	\$ 1.04	\$ 0.22	\$ 2.39	\$ 1.04
Weighted-average shares	56,935	51,332	56,798	50,470
Diluted EPS	\$ 1.03	\$ 0.22	\$ 2.37	\$ 1.04
Weighted-average shares	57,499	51,652	57,410	50,884

See accompanying notes to condensed consolidated financial statements



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## EQUINIX, INC.

## Condensed Consolidated Statements of Comprehensive Income (Loss)

(in thousands)

	Three months ended June 30, 2015		Six months ended June 30, 2015	
	2014		2014	
	(Unaudited)			
Net income	\$ 59,459	\$ 10,079	\$ 135,911	\$ 51,416
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment ( CTA ) gain (loss)	69,443	23,081	(76,869)	38,051
Unrealized gain (loss) on available for sale securities	17	(74)	120	765
Unrealized gain (loss) on cash flow hedges	(14,290)	54	(3,734)	254
Net investment hedge CTA loss	(10,389)		(10,389)	
Defined benefit plans	83		142	
Total other comprehensive income (loss), net of tax	44,864	23,061	(90,730)	39,070
Comprehensive income, net of tax	104,323	33,140	45,181	90,486
Net loss attributable to redeemable non-controlling interests		1,249		1,299
Other comprehensive income attributable to redeemable non-controlling interests		(750)		(2,817)
Comprehensive income attributable to Equinix	\$ 104,323	\$ 33,639	\$ 45,181	\$ 88,968

See accompanying notes to condensed consolidated financial statements



**Table of Contents****EQUINIX, INC.****Condensed Consolidated Statements of Cash Flows****(in thousands)**

	<b>Six months ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	
<b>Cash flows from operating activities:</b>		
Net income	\$ 135,911	\$ 51,416
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation	236,267	215,596
Stock-based compensation	64,606	58,811
Excess tax benefits from stock-based compensation	(931)	(11,632)
Amortization of intangible assets	12,745	13,979
Amortization of debt issuance costs and debt discounts	7,585	11,126
Provision for allowance for doubtful accounts	2,890	2,527
Loss on debt extinguishment		51,183
Other items	8,937	10,329
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	(41,782)	(53,505)
Income taxes, net	(66,147)	(92,513)
Other assets	(1,574)	10,188
Accounts payable and accrued expenses	49,293	(14,172)
Other liabilities	37,474	17,349
<b>Net cash provided by operating activities</b>	<b>445,274</b>	<b>270,682</b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(324,292)	(115,222)
Sales of investments	718,121	412,013
Maturities of investments	35,431	175,600
Business acquisitions, net of cash acquired	(10,247)	
Purchases of real estate	(38,282)	(16,791)
Purchases of other property, plant and equipment	(371,462)	(265,723)
Changes in restricted cash	(507,645)	499
Other investing activities, net		12
<b>Net cash provided by (used in) investing activities</b>	<b>(498,376)</b>	<b>190,388</b>
<b>Cash flows from financing activities:</b>		
Purchases of treasury stock		(255,383)
Proceeds from employee equity awards	16,565	15,821
Excess tax benefits from stock-based compensation	931	11,632
Payment of dividends	(192,968)	

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Proceeds from loans payable	490,000	128
Repayment of convertible debt		(29,479)
Repayment of capital lease and other financing obligations	(13,638)	(9,283)
Repayment of mortgage and loans payable	(518,629)	(27,094)
Debt extinguishment costs		(22,552)
Debt issuance costs	(617)	
Net cash used in financing activities	(218,356)	(316,210)
Effect of foreign currency exchange rates on cash and cash equivalents	(3,326)	1,580
Net increase (decrease) in cash and cash equivalents	(274,784)	146,440
Cash and cash equivalents at beginning of period	610,917	261,894
Cash and cash equivalents at end of period	\$ 336,133	\$ 408,334

See accompanying notes to condensed consolidated financial statements

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