

Equinix (EQIX)

Price:	\$173.68	Price/Book:	4.30	Net Tang. Asset Yr. 5/Share:	\$34.43
Market Cap:	\$8,399,164,800	EV/FCF:	-12.01	Avg. Year FCF/Share:	\$2.64
Cash:	\$404,470,000	Net Tang. Asset/Share:	\$17.45	Year 5 Disposition FCF Multipl:	3.0
Debt:	\$2,956,540,000	Avg. Year 1-5 FCF/Share:	\$2.64	Year 5 Disposition Price:	\$42.34
Net Cash:	-\$2,552,070,000	5 Years of FCF:	\$13.18	Gain Year 5:	\$24.88
Enterprise Value:	\$10,951,234,800	Net Tang. Asset+5 FCF:	\$30.63		
				Net Tang. Asset+5 FCF+ Gain Disposition:	\$55.52
Target Market Cap:	\$2,684,771,448			IRR:	-20.40%
Target Enterprise Value:	\$5,236,841,448				

Equinix, the company, operates 99 data centers and generates revenue by providing colocation, interconnection, and managed IT infrastructure services. Interconnection is the exchange of traffic between 2 different network providers (Verizon vs. Comcast). When an email is sent from a Verizon user to a Comcast user, companies like Equinix provides the ability for the data to switch between the two networks. The business has been served historically by large telecommunications companies. We think the co. operates the data centers and customers can take their equipment and set it up at Equinix's sites, for faster connection. Also, they will setup the machines so that strategic partners can access each others networks. Finally, they can manage servers and network equipment on behalf of the customers for a fee.

Even large customers like Google, who own their own data centers and server farms, use the co's services for interconnection. The co. will benefit as the demand for bandwidth and network use increases, and as customers outgrow their internal data center capacity, they will expand their capacity with the use of colocation services provided by the likes of Equinix.

We question whether the large telecom companies will re-enter the sector if the co. demonstrates strong cash flow, which means the co. will be competing against the telecom companies with limitless financing and the provider of the actual service. Although a direct subsidiary of the telecom cos. would introduce a conflict of interest, it could create JVs or invest in smaller cos. On the other hand, the global scope of operations may filter and weed out small competition. The co. is really a middleman, which provides value added service, but is not the provider of the raw material. The service can be easily verticalized by the telecom companies.

The co. generates \$500-\$700 MM in operating cash flow, with 50% gross margin, and about 10-15% cash net income, which excludes depreciation (20% of revenue). However, the co. reinvests \$700 MM in new capex investments, which is why the co. is financing with new debt at a run rate of \$300MM annually. The co. is growing their business at a 30% growth rate, which is fantastic right now, but we are concerned of the sustainability of the continued leveraging to purchase network equipment, which loses its' value fairly quickly, more so than other equipment or property investments. D/E is 150%, and the Altman Z score is in the red, so we are wary of the company's future book growth and it may seem rather harsh in light of their growth, but investors should keep their eyes on insolvency issues with D/E at such a high level. Also, all the equipment in the data centers are leased, so an additional \$1 BB in off-balance sheet commitments need to be accounted for.

The cost of debt is averaging about 8%, (\$200MM in interest expense over \$2 BB in debt) and FCF/Stockholder's equity is 20%(\$500MM operating cash flow/\$2 BB stockholder's equity) so the spread on the capital invested validates new investments, but may need to invest within the confines of their operating cash flow going forward, as the leverage is becoming the main concern.

If we forecast zero investment in PP&E, the co. is still at \$77., which indicates a pricey, elevated equity market price at \$173/share. We say short the stock and cover at \$80.

SN VALUATION

LBO Analysis

WACC Terminal Value:	N/A	Intrinsic Price in 5 Years:	18.75	Non-LBO Forecast	Non-LBO Forecast
EV/EBITDA with 3X Multiple Terminal Value:	\$0.00	Market Price:	173.68	Year 1 Target	111.27
Net Tangible Asset Terminal Value:	\$27.99	LBO Price:	173.68	Year 2 Target	71.29
EV/EBITDA with Today's Multiple Terminal Value:	\$5.89	Premium to Market Price:	0.00%	Year 3 Target	45.67
EVA Enterprise Value:	\$41.10	LBO Price/Intrinsic Price Target:	-35.93%	Year 4 Target	29.26
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	-52.27%	Year 5 Target	18.75
Average (Excluding Dividend Discount):	\$18.75	Implied IRR at today's EV/EBITDA:	-49.17%	Implied IRR (Market Price):	-35.93%
		5 Year Return:	-89.21%	Desired Return Rate	20.00%
				Implied Today's Price	7.53
				Overvalued/(Undervalued)	2205.38%

Current Evaluation			Exit Evaluation		
Current Market Price:	173.68	LBO Price:	173.68	Exit Price:	18.75
Outstanding Shares:	48,360,000	Outstanding Shares:	48,360,000	Outstanding Shares:	48,360,000
Market Capitalization:	8,399,164,800	Market Capitalization:	8,399,164,800	Market Capitalization:	284,969,688
Available Cash:	404,470,000	Available Cash:	404,470,000	Available Cash:	1,041,852,583
Debt:	2,956,540,000	Debt:	2,956,540,000	Debt:	2,956,540,000
Net Cash:	-2,552,070,000	Net Cash:	-2,552,070,000	Net Cash:	-1,914,687,417
Enterprise Value:	10,951,234,800	Enterprise Value:	10,951,234,800	Enterprise Value:	2,199,657,105
Original EV/EBITDA:	35.65	EV/EBITDA:	35.65	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	16.72	EV/EBITDA:	17.22	EV/EBITDA at 5 Years:	2.27
Competitor Average EV/EBIT:	N/A				
Competitor Average EV/EBITDA:	N/A				

Enterprise Valuation Calculation During Holding Period						
Time Period	0	Adjusted for LBO	1	2	3	4
Annualized Price Targets based off LBO Price:	173.68	173.69	111.28	71.29	45.67	29.26
Shares Outstanding:	48,360,000	48,360,000	48,360,000	48,360,000	48,360,000	48,360,000
Market Capitalization:	8,399,164,800	8,399,521,332	5,381,301,806	3,447,626,118	2,208,782,610	1,415,095,620
Available Cash:	404,470,000	404,470,000	404,065,899	461,193,425	583,312,308	774,745,112
Debt:	2,956,540,000	2,956,540,000	2,956,540,000	2,956,540,000	2,956,540,000	2,956,540,000
Net Cash:	-2,552,070,000	-2,552,070,000	-2,552,474,101	-2,495,346,575	-2,373,227,692	-2,181,794,888
Enterprise Value:	10,951,234,800	10,951,591,332	7,933,775,907	5,942,972,693	4,582,010,302	3,596,890,508
EBIT	307,170,000	307,170,000	300,479,080	330,526,988	363,579,687	399,937,655
EV/EBIT:	35.65	35.65	26.40	17.98	12.60	8.99
EBITDA	635,780,000	635,780,000	661,950,080	728,145,088	800,959,597	881,055,556
EV/EBITDA:	17.22	17.22	11.99	8.16	5.72	4.08

Enterprise Valuation Calculation During Holding Period						
Time Period	0	Adjusted for LBO	1	2	3	4
Annualized Price Targets based off LBO Price:	173.68	173.69	168.75	192.08	218.97	249.74
Shares Outstanding:	48,360,000	48,360,000	48,360,000	48,360,000	48,360,000	48,360,000
Market Capitalization:	8,399,164,800	8,399,521,332	8,160,564,568	9,288,995,961	10,589,549,098	12,077,259,580
Available Cash:	404,470,000	404,470,000	404,065,899	461,193,425	583,312,308	774,745,112
Debt:	2,956,540,000	2,956,540,000	2,956,540,000	2,956,540,000	2,956,540,000	2,956,540,000
Net Cash:	-2,552,070,000	-2,552,070,000	-2,552,474,101	-2,495,346,575	-2,373,227,692	-2,181,794,888
Enterprise Value:	10,951,234,800	10,951,591,332	10,713,038,669	11,784,342,536	12,962,776,789	14,259,054,468
EBIT	307,170,000	307,170,000	300,479,080	330,526,988	363,579,687	399,937,655
EV/EBIT:	35.65	35.65	35.65	35.65	35.65	35.65
EBITDA	635,780,000	635,780,000	661,950,080	728,145,088	800,959,597	881,055,556
EV/EBITDA:	17.22	17.22	16.18	16.18	16.18	16.18

LBO Price	173.68	Equity Partners:	11,498,294,800	Weighting	100.00%	Annualized Return for Equity Partners:	-52.27%
Shares Outstanding	48,360,000	Debt Partners:	0		0.00%		
Market Capitalization	8,399,164,800	Total Funds for LBO:	11,498,294,800		100.00%		
Debt	3,099,130,000						
Cash	404,470,000						
Enterprise Value	11,093,824,800						
Capital Investment	11,498,294,800						

Book Value	Enterprise Value	Stock Valuation	Debt Reduction
Beginning Book Value	1,952.15	Current Market Price	Starting Debt
Year 5 Book Value	2,773.11	Year 5 Market Price	Debt Repayment
Annualized Return	7.27%	Annualized Return	-49.17%
			Year 5 Ending Debt
			% of Starting Debt
			100.00%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Equinix

Ticker:

EQIX

	Historical				Forecasted				
	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	2013	2014	2015	2016	2017
Revenue	704.68	882.51	1,220.33	1,606.84	1,767.52	1,944.28	2,138.70	2,352.57	2,587.83
COGS	414.80	483.42	674.67	867.64	972.14	1,069.35	1,176.29	1,293.92	1,423.31
Gross margin	289.88	399.09	545.66	739.20	795.39	874.92	962.42	1,058.66	1,164.52
SG&A	213.48	218.91	331.88	425.02	494.91	544.40	598.84	658.72	724.59
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	4.67	1.69	25.63	7.01	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	71.73	178.49	188.15	307.17	300.48	330.53	363.58	399.94	439.93
Interest income/(expense)	-44.90	-71.48	-139.03	-179.10	-114.29	-114.29	-114.29	-114.29	-114.29
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	-6.53	2.02	0.76	2.90	0.00	0.00	0.00	0.00	0.00
Income before tax	20.30	109.03	49.88	130.96	186.19	216.24	249.29	285.65	325.64
Tax	-87.82	39.60	13.00	38.35	65.17	75.68	87.25	99.98	113.98
Income after tax	107.92	69.43	36.88	92.61	121.02	140.56	162.04	185.67	211.67
Minority Interest	0.00	0.00	0.00	-10.08	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	107.92	69.43	36.88	82.53	121.02	140.56	162.04	185.67	211.67
*Figures are in millions (\$)									
EPS (based off today's share count)	\$2.23	\$1.44	\$0.76	\$1.71	\$2.50	\$2.91	\$3.35	\$3.84	\$4.38
P/E (historical today's price; forecasted intrinsic price)	77.83	120.97	227.74	101.77	44.46	24.53	13.63	7.62	4.28
Revenue Growth	N/A	25.24%	38.28%	31.67%	10.00%	10.00%	10.00%	10.00%	10.00%
Tax Rate	-431.63%	38.32%	26.06%	29.28%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-3.73%	-4.81%	-6.79%	-5.78%	-4.75%	-4.75%	-4.75%	-4.75%	-4.75%
Margins									
COGS	58.86%	54.78%	55.29%	54.00%	55.00%	55.00%	55.00%	55.00%	55.00%
Gross margin	41.14%	45.22%	44.71%	46.00%	45.00%	45.00%	45.00%	45.00%	45.00%
SG&A	30.29%	24.81%	27.20%	26.45%	28.00%	28.00%	28.00%	28.00%	28.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.66%	0.19%	2.10%	0.44%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	10.18%	20.23%	15.42%	19.12%	17.00%	17.00%	17.00%	17.00%	17.00%
Interest income/(expense)	-6.37%	-8.10%	-11.39%	-11.15%	-6.47%	-5.88%	-5.34%	-4.86%	-4.42%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	-0.93%	0.23%	0.06%	0.18%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	2.88%	12.35%	4.09%	8.15%	10.53%	11.12%	11.66%	12.14%	12.58%
Tax	-12.43%	4.49%	1.07%	2.39%	3.69%	3.89%	4.08%	4.25%	4.40%
Income after tax	15.31%	7.87%	3.02%	5.76%	6.85%	7.95%	9.17%	10.50%	11.98%
Minority Interest	0.00%	0.00%	0.00%	-0.63%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	15.31%	7.87%	3.02%	5.14%	6.85%	7.23%	7.58%	7.89%	8.18%

SN VALUATION

LBO Adjusted Proforma Balance Sheet

						Adjustment							
	As of 2008-12-31	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-09-30	+	-	Adjusted Proforma	2011	2012	2013	2014	2015
Cash	220.21	346.05	442.84	278.82	239.68			239.68	239.28	296.40	418.52	609.96	877.06
Short term investment	42.11	248.51	147.19	635.72	164.79			164.79	164.79	164.79	164.79	164.79	164.79
Cash and Short term	262.32	594.56	590.03	914.54	404.47			404.47	404.07	461.19	583.31	774.75	1,041.85
Accounts Receivable	66.03	64.77	116.36	139.06	181.97			181.97	181.97	181.97	181.97	181.97	181.97
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	66.03	64.77	116.36	139.06	181.97			181.97	181.97	181.97	181.97	181.97	181.97
Total Inventory	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	9.55	10.28	17.81	19.44	21.59			21.59	21.59	21.59	21.59	21.59	21.59
Other Current Assets	36.52	48.62	42.21	135.40	109.05			109.05	109.05	109.05	109.05	109.05	109.05
Current Assets	374.42	718.23	766.41	1,208.44	717.08	0.00	0.00	717.08	716.68	773.80	895.92	1,087.36	1,354.46
PP&E, Gross	2,095.94	2,586.33	3,665.87	4,600.00	4,600.00			4,600.00	5,100.00	5,600.00	6,100.00	6,600.00	7,100.00
Change in Depreciation		167.97	246.54	328.61	328.61			328.61	361.47	397.62	437.38	481.12	529.23
Accumulated Depreciation	603.11	778.22	1,014.91	1,200.00	1,200.00			1,200.00	1,561.47	1,959.09	2,396.47	2,877.59	3,406.82
PP&E, Net	1,492.83	1,808.11	2,650.96	3,400.00	3,400.00			3,400.00	3,538.53	3,640.91	3,703.53	3,722.41	3,693.18
Goodwill	342.83	381.05	774.37	866.50	1,043.28	0.00		1,043.28	1,043.28	1,043.28	1,043.28	1,043.28	1,043.28
Intangibles	50.92	51.01	150.94	148.63	200.65			200.65	183.55	164.60	141.90	117.25	91.04
Long term investments	45.63	9.80	2.81	161.80	115.36			115.36	115.36	115.36	115.36	115.36	115.36
Other long term assets	123.02	60.28	90.89	146.72	115.43			115.43	115.43	115.43	115.43	115.43	115.43
Long Term Assets	2,055.23	2,310.25	3,669.97	4,723.65	4,874.72			4,874.72	4,996.15	5,079.58	5,119.50	5,113.74	5,058.30
Total Assets	2,429.65	3,028.48	4,436.38	5,932.09	5,591.80	0.00	0.00	5,591.80	5,712.82	5,853.38	6,015.42	6,201.09	6,412.76
Accounts Payable	18.32	14.87	12.59	23.27	23.27			23.27	23.27	23.27	23.27	23.27	23.27
Accrued Expense	145.46	181.99	212.90	259.61	259.61			259.61	259.61	259.61	259.61	259.61	259.61
Other current Liabilities	50.51	53.23	64.66	97.08	212.59			212.59	212.59	212.59	212.59	212.59	212.59
Total Current Liabilities	214.29	250.09	290.15	379.96	495.47	0.00	0.00	495.47	495.47	495.47	495.47	495.47	495.47
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	75.70	65.36	27.97	345.30	64.19			64.19	64.19	64.19	64.19	64.19	64.19
Long term Debt	994.96	1,265.03	1,766.67	2,363.56	2,404.48	0.00	0.00	2,404.48	2,404.48	2,404.48	2,404.48	2,404.48	2,404.48
Capital Lease Obligations	133.03	154.58	253.94	390.27	487.87			487.87	487.87	487.87	487.87	487.87	487.87
Total Interest Earning Debt	1,203.69	1,484.97	2,048.58	3,099.13	2,956.54	0.00	0.00	2,956.54	2,956.54	2,956.54	2,956.54	2,956.54	2,956.54
Deferred Income tax	16.53	25.94	103.72	118.00	6.64			6.64	6.64	6.64	6.64	6.64	6.64
Minority Interest	0.00	0.00	0.00	67.60	78.19			78.19	78.19	78.19	78.19	78.19	78.19
Other liabilities	83.56	94.67	125.04	168.43	167.68			167.68	167.68	167.68	167.68	167.68	167.68
Total Liabilities	1,518.07	1,855.67	2,567.49	3,833.12	3,704.52	0.00	0.00	3,704.52	3,704.52	3,704.52	3,704.52	3,704.52	3,704.52
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	0.04	0.04	0.05	0.05	0.05		0.00	0.05	0.05	0.05	0.05	0.05	0.05
Additional Paid-in capital	1,524.83	1,665.66	2,341.59	2,437.62	2,437.62	0.00	0.00	2,437.62	2,437.62	2,437.62	2,437.62	2,437.62	2,437.62
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-455.41	-385.98	-349.10	-255.09	-255.09		0.00	-255.09	-134.07	6.49	168.53	354.20	565.87
Treasury Stock	0.00	0.00	0.00	-86.67	-86.67			-86.67	-86.67	-86.67	-86.67	-86.67	-86.67
Other Equity	-152.80	-97.24	-112.10	-143.76	-143.76		0.00	-143.76	-143.76	-143.76	-143.76	-143.76	-143.76
Total Equity	916.66	1,182.48	1,880.44	1,952.15	1,952.15	0.00	0.00	1,952.15	2,073.17	2,213.73	2,375.77	2,561.44	2,773.11
Liability + Equity	2,434.73	3,038.15	4,447.93	5,785.27	5,656.67	0.00	0.00	5,656.67	5,777.69	5,918.25	6,080.29	6,265.96	6,477.63
Variance	-5.08	-9.67	-11.55	146.82	-64.87			-64.87	-64.87	-64.87	-64.87	-64.87	-64.87
Debt/Equity	1.31	1.26	1.09	1.59	1.51			1.51	1.43	1.34	1.24	1.15	1.07
Inventory Turnover	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Inventory Turnover Days	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Inventory Outstanding	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable Turnover	10.67	13.63	10.49	11.56	9.71			8.83	9.71	10.68	11.75	12.93	14.22
Accounts Receivable Turnover Days	34.20	26.79	34.80	31.59	37.58			41.34	37.58	34.16	31.06	28.23	25.67
Days Payable Outstanding	16.12	11.23	6.81	9.79	8.74			9.79	8.74	7.94	7.22	6.56	5.97
Days Sales Outstanding	34.20	26.79	34.80	31.59	37.58			31.59	41.34	37.58	34.16	31.06	28.23
Cash Conversion Cycle	18.08	15.56	27.99	21.80	28.84			21.80	32.60	29.63	26.94	24.49	22.27
Net tangible assets/share	\$11.76	\$16.37	\$22.63	\$25.49	\$17.45				\$19.96	\$22.86	\$26.21	\$30.05	\$34.43

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	2011	2012	2013	2014	2015
Net Income	107.92	69.43	36.88	92.61	121.02	140.56	162.04	185.67	211.67
Depreciation	152.44	167.97	246.54	328.61	361.47	397.62	437.38	481.12	529.23
Net Income + Depreciation	260.36	237.40	283.42	421.22	482.50	538.17	599.42	666.79	740.90
Amortization	6.61	5.55	13.63	19.06	17.10	18.95	22.70	24.64	26.21
Deferred Taxes	-94.23	27.98	6.11	9.53	0.00	0.00	0.00	0.00	0.00
Non Cash Items	73.98	71.09	119.76	122.04	0.00	0.00	0.00	0.00	0.00
Change in Working capital	20.83	13.46	-30.06	15.76	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	1.26	-51.59	-22.70	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-0.73	-7.53	-1.63	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-3.45	-2.28	10.68	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	267.55	355.48	392.86	587.61	499.60	557.13	622.12	691.43	767.11
Capital Expenditures Expenditures	-447.03	-369.54	-579.40	-685.67	-500.00	-500.00	-500.00	-500.00	-500.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-31.01	-188.64	-21.57	-813.77	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-478.04	-558.18	-600.97	-1,499.44	-500.00	-500.00	-500.00	-500.00	-500.00
Financing Cash flow items	25.86	-23.23	12.24	23.31	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.00	0.00	0.00	-86.67	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	119.25	346.83	297.44	812.08	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	145.11	323.60	309.68	748.72	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	-5.05	4.94	-4.80	-0.91	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	290.64	220.21	346.06	357.54	239.68	239.28	296.40	418.52	609.96
Net Change in Cash	-70.43	125.85	96.78	-164.02	-0.40	57.13	122.12	191.43	267.11
Ending Cash Balance	220.21	346.06	442.84	193.52	239.28	296.40	418.52	609.96	877.06
Capex to Revenue	63.44%	41.87%	47.48%	42.67%	28.29%	25.72%	23.38%	21.25%	19.32%
Depreciation to Sales	21.63%	19.03%	20.20%	20.45%	20.45%	20.45%	20.45%	20.45%	20.45%
Amortization to Sales	0.94%	0.63%	1.12%	1.19%	0.97%	0.97%	1.06%	1.05%	1.01%
A/R to Sales	9.37%	7.34%	9.54%	8.65%	7.87%	7.15%	6.50%	5.91%	5.37%
Distributable FCF Yield	-1.92%	-1.85%	-1.90%	-8.33%	0.00%	0.52%	1.12%	1.75%	2.44%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing-Dividends)	-210.49	-202.70	-208.11	-911.83	-0.40	57.13	122.12	191.43	267.11

SN VALUATION

LBO Debt Schedule

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-164.02	-0.40	57.13	122.12	191.43	267.11
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	2468.67	2468.67	2468.67	2468.67	2468.67	2468.67
Current Portion Debt Balance	64.19	64.19	64.19	64.19	64.19	64.19
Long Term Debt Balance	2404.48	2404.48	2404.48	2404.48	2404.48	2404.48
Forward Libor Curve		1.00%	1.00%	1.00%	1.00%	1.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		5.00%	5.00%	5.00%	5.00%	5.00%
Interest Expense		123.43	123.43	123.43	123.43	123.43
Cash Balance		914.54				
Interest @ 1.0%		9.15	9.15	9.15	9.15	9.15
Net Interest Expense/(Income)		114.29	114.29	114.29	114.29	114.29
Net Interest Rate		4.75%	4.75%	4.75%	4.75%	4.75%
EBITDA		300.48	330.53	363.58	399.94	439.93
EBITDA/Interest Expense Coverage		2.43	2.68	2.95	3.24	3.56

Interest Rate Coverage Table

Debt Rating					
AAA					
AA					
A+					
A					
A-					
BBB					
BB+					BB+
BB				BB	
B+		B+	B+		
B	B				
B-					
CCC					
CC					
C					
D					

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Equinix

Ticker:

EQIX

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	160.13	468.14	476.26	221.61	221.21	278.33	400.45	591.89	858.99
Total Assets	2,429.65	3,028.48	4,436.38	5,591.80	5,712.82	5,853.38	6,015.42	6,201.09	6,412.76
X1	0.07	0.15	0.11	0.04	0.04	0.05	0.07	0.10	0.13
Retained Earnings	-455.41	-385.98	-349.10	-255.09	-134.07	6.49	168.53	354.20	565.87
Total Assets	2,429.65	3,028.48	4,436.38	5,591.80	5,712.82	5,853.38	6,015.42	6,201.09	6,412.76
X2	-0.19	-0.13	-0.08	-0.05	-0.02	0.00	0.03	0.06	0.09
EBITDA	71.73	178.49	188.15	307.17	300.48	330.53	363.58	399.94	439.93
Total Assets	2,429.65	3,028.48	4,436.38	5,591.80	5,712.82	5,853.38	6,015.42	6,201.09	6,412.76
X3	0.03	0.06	0.04	0.05	0.05	0.06	0.06	0.06	0.07
Market Value of Equity	8,399.16	8,399.16	8,399.16	8,399.16	5,381.07	3,447.48	2,208.69	1,415.04	906.57
Total Liabilities	1,518.07	1,855.67	2,567.49	3,704.52	3,704.52	3,704.52	3,704.52	3,704.52	3,704.52
X4	5.53	4.53	3.27	2.27	1.45	0.93	0.60	0.38	0.24
Net Sales	704.68	882.51	1,220.33	1,606.84	1,767.52	1,944.28	2,138.70	2,352.57	2,587.83
Total Assets	2,429.65	3,028.48	4,436.38	5,591.80	5,712.82	5,853.38	6,015.42	6,201.09	6,412.76
X5	0.29	0.29	0.28	0.29	0.31	0.33	0.36	0.38	0.40
Altman Z Score	3.52	3.21	2.40	1.81	1.37	1.14	1.03	1.02	1.06

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red