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Equinix to Expand into Mexico With US\$175 Million Acquisition of Three Axtel Data Centers

Platform Equinix® Expands to New Strategic Markets as Businesses Continue to Move IT Infrastructure to the Digital Edge

REDWOOD CITY, Calif., Oct. 4, 2019 /PRNewswire/ -- [Equinix, Inc.](#) (Nasdaq: EQIX), the global [interconnection](#) and data center company, today announced it has entered into an agreement with Axtel S.A.B. de C.V. (BMV: AXTELCPO) to acquire three data centers that serve the Mexico City and Monterrey metro areas of Mexico for US\$175 million in an all-cash transaction. The three facilities generated approximately \$21 million of revenues in the 12 months ending December 31, 2018, with an EBITDA margin profile accretive to the Equinix business. The acquisition is expected to close in Q1 2020, subject to customary closing conditions including regulatory approval.

The addition of these three facilities in two strategic technology metros in Mexico is part of Equinix's strategy of extending its global leadership into attractive large-growth markets. This acquisition, when combined with the previous acquisitions of key traffic hubs in Dallas (Infomart) and Miami (NAP of the Americas), will further strengthen Equinix's global platform by increasing interconnection between North, Central and South America.

The three data centers will add approximately 115,000 square feet of colocation space to the Equinix International Business Exchange™ (IBX®) data center portfolio. Given the power capacity of these three sites, this transaction will make Equinix one of the largest network-neutral data center operators in Mexico. Including current expansion projects, Equinix has invested more than \$500 million in its Latin American operations including Brazil, Colombia and now Mexico.

The expansion will support the important role Equinix plays in helping companies evolve from traditional businesses to digital businesses by globally interconnecting the people, locations, cloud services and data that are critical to their operations. Current and future customers will have the opportunity to operate on an expanded global interconnection platform to process, store and distribute larger volumes of latency-sensitive data and applications at the digital edge, closer to end-users and local markets.

Key Facts

- Mexico is the world's eleventh-largest economy and the second largest in Latin America¹. The country's telecommunications reform of 2013 has created opportunities for many businesses seeking to expand into Mexico, allowing for open competition by non-governmental entities and providing an opportunity for the growth of service provider and enterprise ecosystems that flourish within Equinix's network-neutral data centers globally. As a result, Equinix believes there is uncaptured market demand in

the region for interconnection and data center services if bandwidth requirements and end-user demand continue to increase as expected.

- The two data centers that serve the Mexico City metro are strategically located in Querétaro. Both are carrier-neutral facilities with multiple diverse fiber entry points that include five network service providers currently operating within each data center.
 - The first facility is a 110,000 gross-square-foot data center with 37,000 square feet of colocation space. It is the first data center in Latin America with an energy cogeneration system. It also features ICREA (International Computer Room Experts Association) certification.
 - The second facility is currently an 80,000 gross-square-foot data center with 6,000 square feet of colocation space. This facility will provide Equinix with expansion opportunities of up to 60,000 square feet of colocation space.
- The Monterrey area facility is a highly connected data center offering a key connectivity gateway between the U.S. and Mexico. It features 25,000 gross square feet of data center space with 12,500 square feet of colocation space. It is a carrier-neutral facility with 10 network service providers.
- Equinix plans to offer Equinix Cloud Exchange Fabric™ ([ECX Fabric™](#)) in all three data centers. ECX Fabric is an on-demand, SDN-enabled interconnection service that allows any business to connect between its own distributed infrastructure and any other company's distributed infrastructure, including the world's largest network service and cloud providers, on Platform Equinix.
- The acquisition of the three Axtel data centers further extends Equinix's ability to provide businesses with the direct and secure connectivity they need to expand their global reach in new and existing markets. According to Volume 2 of the [Global Interconnection Index](#), interconnection is becoming an essential building block of the digital economy. By providing additional interconnection capacity in these key markets, Equinix continues to play an important role in helping companies to extend their IT operations to the digital edge through the interconnection of people, locations, clouds and data.
- Approximately 40 Axtel employees and contractors, primarily in the operations functions of the acquired facilities, will become Equinix employees or contractors.
- Equinix currently serves several Mexican businesses in IBX data centers outside of Mexico, such as the [Mexican Stock Exchange in New York](#) and multiple Mexican network service providers in Dallas. Upon closing, Axtel will be a customer and a strategic marketing partner in Mexico, and Axtel will retain a small minority ownership position in the three sites.
- Today Equinix operates more than 200 IBX data centers in 53 markets, providing customers even more ways to connect with other businesses around the world on Platform Equinix. Upon closing of the Axtel assets, Equinix will increase the number of its owned assets by two.

Quotes

- **Jon Lin, President, Americas, Equinix:**

"Digital transformation is forcing more businesses to evolve their IT infrastructure from centralized to distributed architectures. Customers are seeking new locations to keep their data in proximity to points of consumption and as a part of this evolution, our enterprise and service provider customers have a strong desire to interconnect at the digital edge in Mexico. The three Axtel data centers that serve the Mexico City and Monterrey metros provide an optimal market entry for Equinix to bolster

operations in the region and facilitate even greater interconnection within the Americas region and between the Americas, Asia, Australia and Europe."

Additional Resources

- [Equinix Extends the Digital Edge with 12 New Data Centers and 23 Expansions Opening in 2019](#) [press release]
- [The Mexican Stock Exchange Deploys Market Data Access in Equinix New York Data Center](#) [press release]
- [Learn more about Platform Equinix](#) [website]
- [Global Interconnection Index Volume 2](#) [market study]
- [With Axtel, Equinix Poised to Accelerate Digital Business in Mexico](#) [blog]

About Equinix

Equinix, Inc. (Nasdaq: EQIX) connects the world's leading businesses to their customers, employees and partners inside the most-interconnected data centers. On this global platform for digital business, companies come together across more than 50 markets on five continents to reach everywhere, interconnect everyone and integrate everything they need to create their digital futures. www.equinix.com.

Forward-Looking Statements

This press release contains forward-looking statements which are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual results to differ materially from expectations discussed in such forward-looking statements, including statements related to the acquisition of data centers from Axtel, the expected benefits from the acquisition and the expected timing for closing the acquisition. Factors that might cause such differences include, but are not limited to, unanticipated costs or difficulties relating to the integration of data centers or companies we have acquired or will acquire into Equinix, including the data centers we may acquire from Axtel; the challenges of acquiring, operating and constructing IBX data centers and developing, deploying and delivering Equinix services, including in the Axtel data centers; a failure to receive significant revenue from customers in recently built out or acquired data centers, including those acquired from Axtel; 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 filings with the Securities and Exchange Commission. In particular, see recent Equinix 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.

¹ [CIA, The World Factbook, Mexico, last updated Sep 2019](#); [Consultancy.lat, Digitization could add \\$240 billion to Mexico's GDP by 2025, Jan 2019](#)



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