



**GDS 万国数据**

**2Q19 Earnings Call**

**13 August 2019**

**NASDAQ: GDS**





# DISCLAIMER

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In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. The non-GAAP measures have limitations as analytical tools and you should not consider them in isolation or as a substitute for an analysis of the Company’s results under U.S. GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalent. First, adjusted NOI, adjusted NOI margin, adjusted EBITDA and adjusted EBITDA margin are not substitutes for net income (loss), cash flows provided by (used in) operating activities or other consolidated statements of operation and cash flow data prepared in accordance with U.S. GAAP. Second, other companies may calculate these non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of these non-GAAP financial measures as tools for comparison. Finally, these non-GAAP financial measures do not reflect the impact of net interest expenses, incomes tax expenses (benefits), depreciation and amortization, accretion expenses for asset retirement costs and share-based compensation expenses, each of which have been and may continue to be incurred in the Company’s business. See the Appendix for reconciliation between our adjusted NOI and adjusted EBITDA to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP, which is net income or net loss.



# **Business Strategy & Performance Highlights**

**William Huang, Chairman & CEO**



## 2Q19 HIGHLIGHTS

### Sales Momentum

- Net additional total area committed of +20,987 sqm
- Total area committed increased by 54.3% y/y to 220,818 sqm

### Capacity Expansion

- Total capacity (in service + under construction) grew by 53.1% y/y to 258,814 sqm
- Invested Rmb 539.1 mn (\$78.5 mn) of capex for capacity expansion

### Financial Results

- Area utilized increased by 46.7% y/y and total revenue grew by 54.5% y/y
- Adjusted EBITDA grew by 84.5% y/y and adjusted EBITDA margin of 43.5%

### Funding Solutions

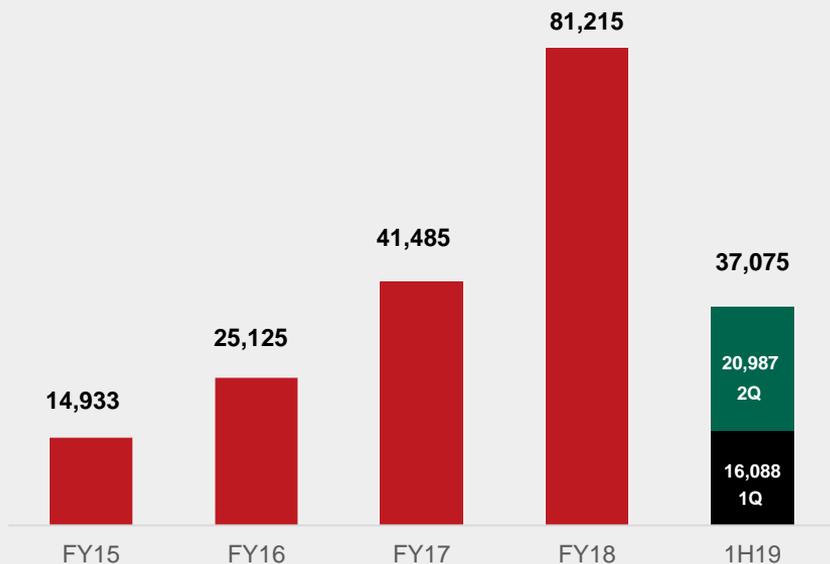
- Obtained Rmb 1,451.8 mn (\$211.5 mn) of new debt facilities
- Strategic partnership with GIC for remote build-to-suit projects

Note:  
Exchange rate of 6.865:1 (RMB:USD) is used throughout this whole presentation.



# Sales Achievement

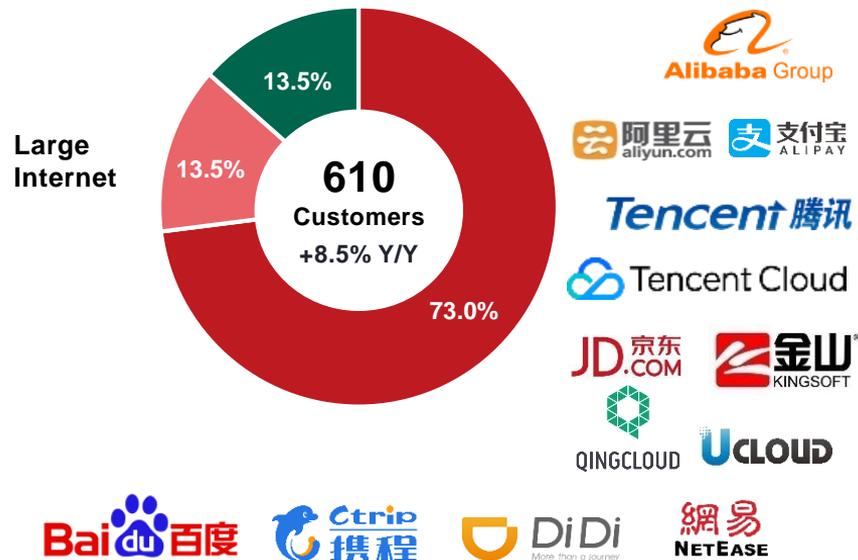
## Net Additional Area Committed (Sqm)



## Total Area Committed by Customer Segment

### FSI & Large Enterprises

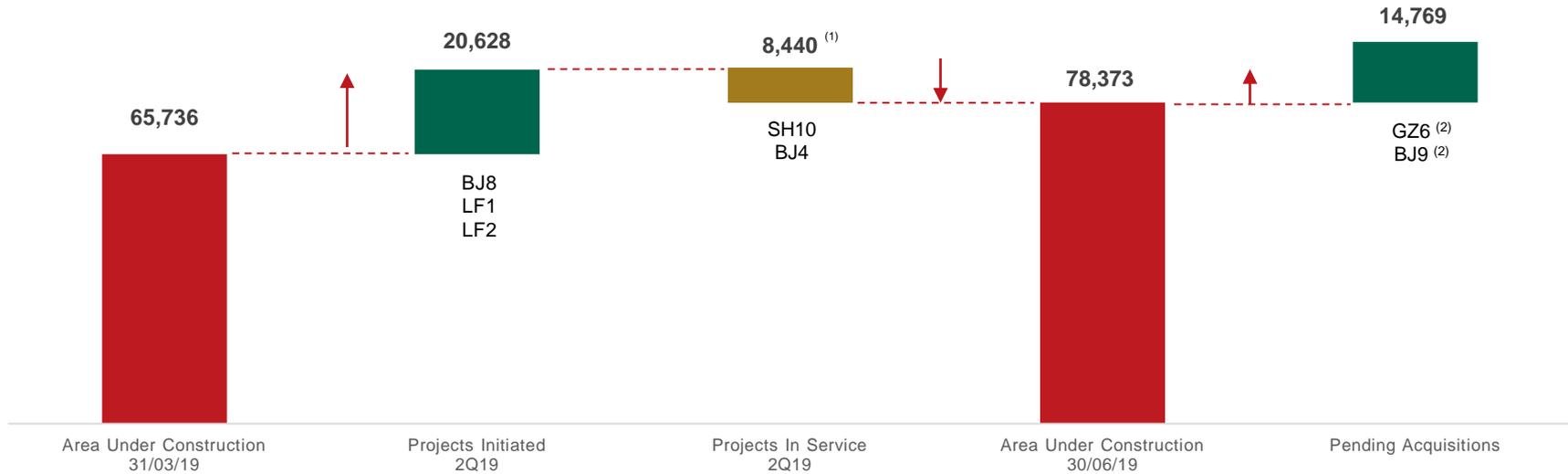
### Cloud Service Providers





# Resource Progress

## Capacity Expansion – 2Q19



Notes:

1. Area in Service adjustments: SH10: +254 sqm. BJ4: +195 sqm.
2. Subject to closing of the acquisition. GZ6 expected to close in 3Q19 and BJ9 in 4Q19.



# New Data Centers Brought in to Service

Shanghai 10



Beijing 4



# Beijing 9 Acquisition

## Beijing 9



- Located in Daxing district, close to BJ1/2/3
- 8,029 sqm fully committed and stabilized
- Majority taken by 3 strategic internet customers
- EV of Rmb 693 mn, subject to adjustment
- Estimated stabilized EBITDA of Rmb 87 mn
- Target closing by Y/E19

# Strategic Partnership with GIC

## Build-to-Suit Data Centers at Customer Site in Jiangsu

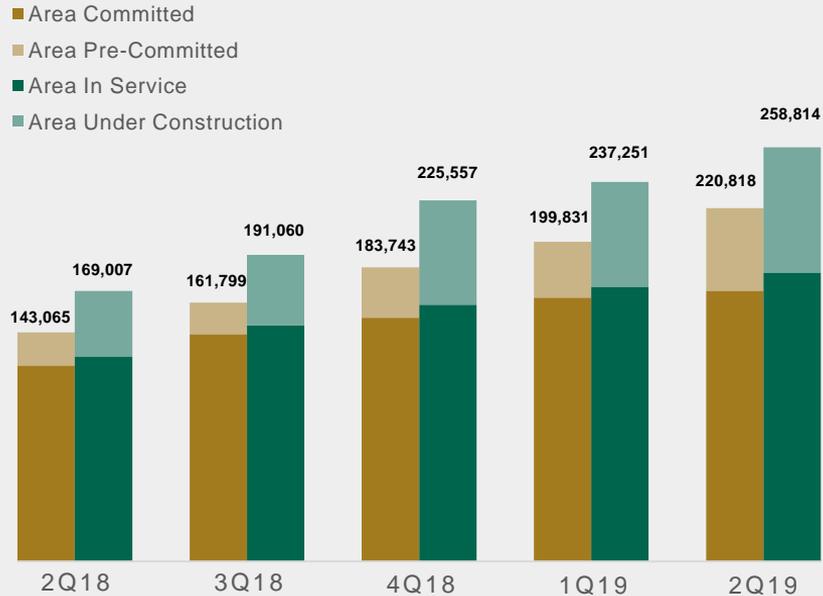


- Initially focus on built-to-suit program for a top customer
- Three-way partnership with strong endorsement from customer
- Strengthen key customer relationship
- Leverage capabilities in construction and operation
- Generate a new income stream
- Maintain strategic focus and equity return

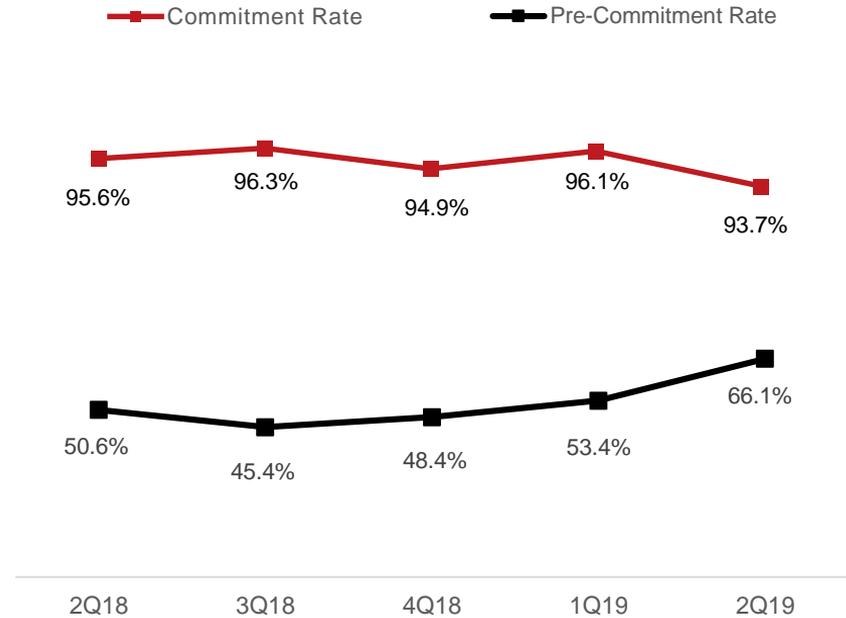


# Synchronized Sales & Capacity Growth

## Commitments vs. Capacity (Sqm)



## Commitment & Pre-Commitment Rates





# Financial & Operating Review

Dan Newman, CFO





# 2Q19 P&L Analysis

## Quarterly Financial Review

Rmb'000 (unless indicated)	2Q18	1Q19	2Q19	Y/Y	Q/Q
Service Revenue	626,347	890,946	985,094	57.3%	10.6%
Equipment Sales	11,163	895	95	(99.1%)	(89.4%)
<b>Total Net Revenue</b>	<b>637,510</b>	<b>891,841</b>	<b>985,189</b>	<b>54.5%</b>	<b>10.5%</b>
Cost of Revenue	(499,989)	(679,832)	(723,420)	44.7%	6.4%
Add Back: D&A, SBC & Asset Retirement Cost	153,296	245,323	260,154	69.7%	6.0%
<b>Adjusted NOI<sup>(1)</sup></b>	<b>290,817</b>	<b>457,332</b>	<b>521,923</b>	<b>79.5%</b>	<b>14.1%</b>
<i>Adjusted NOI Margin</i>	<i>45.6%</i>	<i>51.3%</i>	<i>53.0%</i>	<i>7.4 ppts</i>	<i>1.7 ppts</i>
SG&A	(112,070)	(122,772)	(128,707)	14.8%	4.8%
Add Back: D&A and SBC	41,824	41,382	40,722	(2.6%)	(1.6%)
FX Change Gain (Loss) & Others, Net	11,681	7,275	(5,513)	(147.2%)	(175.8%)
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>232,252</b>	<b>383,217</b>	<b>428,425</b>	<b>84.5%</b>	<b>11.8%</b>
<i>Adjusted EBITDA margin</i>	<i>36.4%</i>	<i>43.0%</i>	<i>43.5%</i>	<i>7.1 ppts</i>	<i>0.5 ppts</i>

Notes:

- Adjusted NOI (Adjusted Net Operating Income) is defined as net loss excluding: net interest expenses, income tax expenses (benefits), depreciation and amortization, accretion expenses for asset retirement costs, share-based compensation expenses, selling and marketing expenses, general and administrative expenses, research and development expenses, foreign currency exchange loss (gain) and others.
- Adjusted EBITDA is defined as net loss excluding net interest expenses, income tax expenses (benefits), depreciation and amortization, accretion expenses for asset retirement costs and share-based compensation expenses.



# 2Q19 Underlying Trends

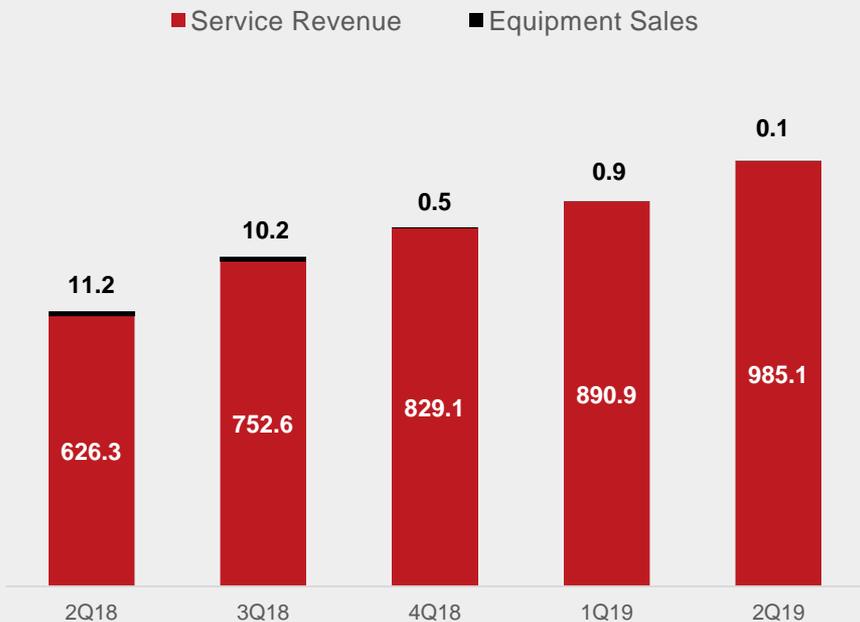
## Quarterly Financial Review

Rmb'000 (unless indicated)	2Q18	1Q19	2Q19	Y/Y	Q/Q
<b>Total Net Revenue</b>	<b>637,510</b>	<b>891,841</b>	<b>985,189</b>	<b>54.5%</b>	<b>10.5%</b>
Less: Equipment Sales	11,163	895	95	(99.1%)	(89.4%)
<b>Service Revenue</b>	<b>626,347</b>	<b>890,946</b>	<b>985,094</b>	<b>57.3%</b>	<b>10.6%</b>
<b>Adjusted NOI</b>	<b>290,817</b>	<b>457,332</b>	<b>521,923</b>	<b>79.5%</b>	<b>14.1%</b>
Less: Equipment Profit	1,344	47	13	(99.0%)	(72.3%)
<b>Underlying Adjusted NOI</b>	<b>289,473</b>	<b>457,285</b>	<b>521,910</b>	<b>80.3%</b>	<b>14.1%</b>
<i>Underlying Adjusted NOI Margin</i>	<i>46.2%</i>	<i>51.3%</i>	<i>53.0%</i>	<i>6.8 ppts</i>	<i>1.7 ppts</i>
<b>Adjusted EBITDA</b>	<b>232,252</b>	<b>383,217</b>	<b>428,425</b>	<b>84.5%</b>	<b>11.8%</b>
Less: Equipment Profit	1,344	47	13	(99.0%)	(72.3%)
Less: FX Change Gain (Loss)	9,778	4,772	(7,530)	(177.0%)	(257.8%)
<b>Underlying Adjusted EBITDA</b>	<b>221,130</b>	<b>378,398</b>	<b>435,942</b>	<b>97.1%</b>	<b>15.2%</b>
<i>Underlying Adjusted EBITDA Margin</i>	<i>35.3%</i>	<i>42.5%</i>	<i>44.3%</i>	<i>9.0 ppts</i>	<i>1.8 ppts</i>

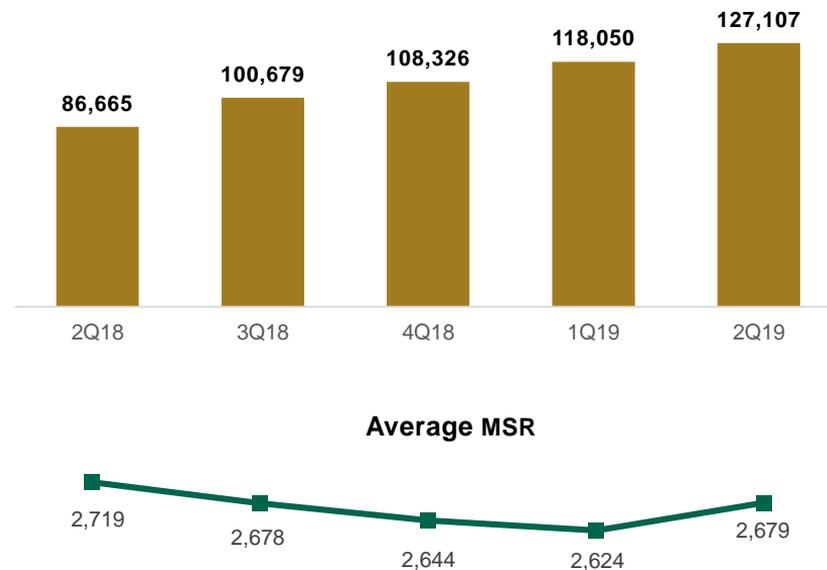


# Revenue & Area Utilized

## Revenue (Rmb Mn)



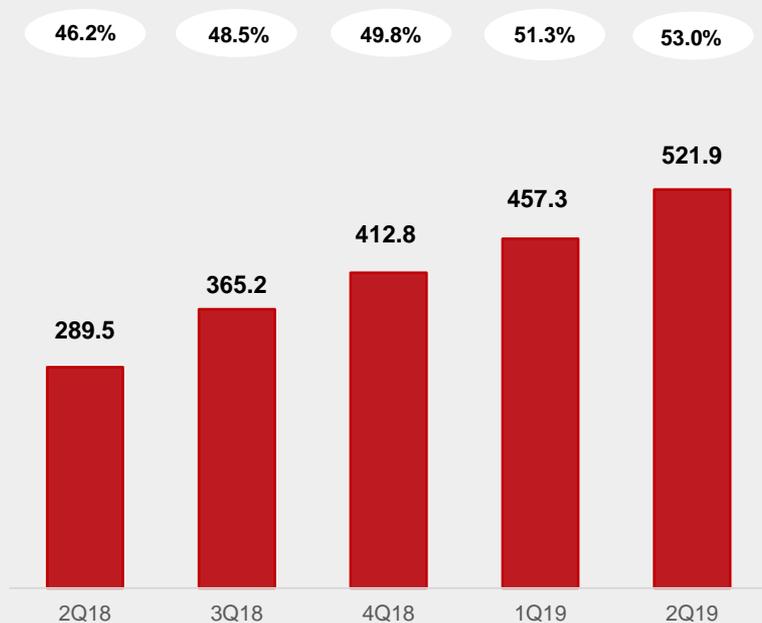
## Area Utilized (Sqm) & MSR (Rmb / Sqm / Month)



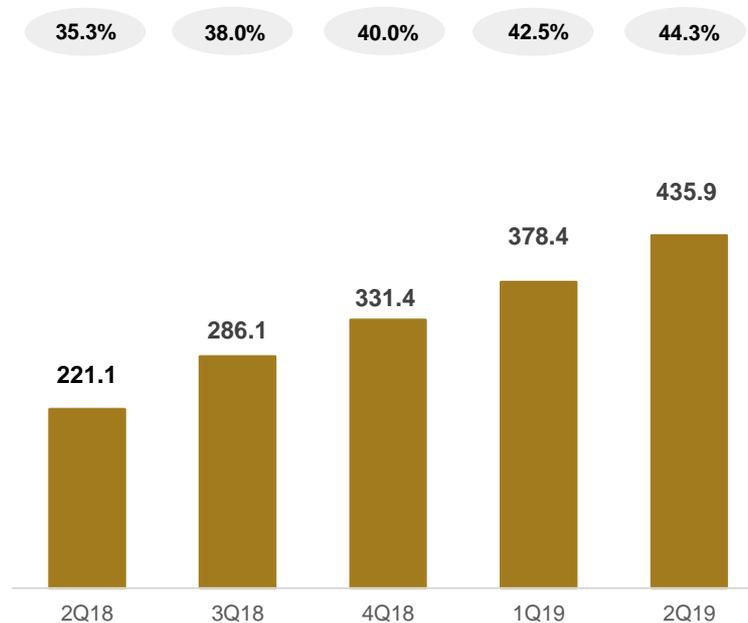


# Underlying Adjusted NOI & EBITDA

## Underlying Adjusted NOI (Rmb Mn) & Margin



## Underlying Adjusted EBITDA (Rmb Mn) & Margin





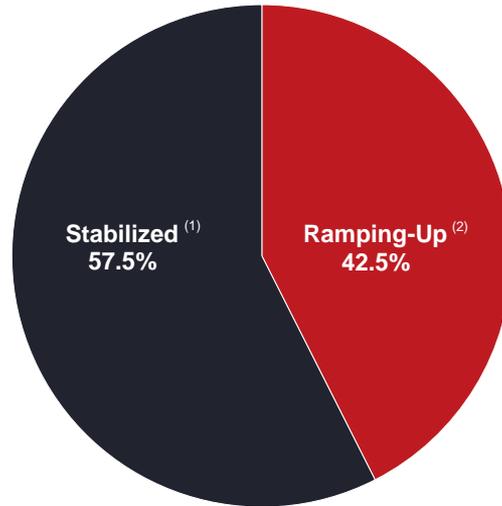
# Stabilized vs. Ramping-Up Data Centers

## Breakdown of Area In Service as at 2Q19

### Stabilized Data Centers

	Net Floor Area (Sqm)	Commitment Rate	Utilization Rate
KS1	6,546	98.2%	93.7%
SH1	6,432	96.6%	94.3%
SH2	7,712	99.3%	97.0%
SH3	7,950	99.9%	91.9%
SH8	4,924	94.2%	81.6%
SZ1	4,286	98.4%	98.3%
SZ2	4,308	100.0%	99.9%
SZ3	2,678	87.0%	83.8%
SZ5 Phase 1	5,000	100.0%	100.0%
SZ5 Phase 2	7,858	100.0%	82.2%
GZ1	6,521	100.0%	100.0%
GZ2	6,131	100.0%	99.0%
GZ3 Phase 1	7,648	100.0%	96.9%
BJ1	2,435	92.4%	90.6%
BJ2	5,816	99.9%	91.6%
BJ3	3,144	100.0%	91.3%
HB1	5,132	100.0%	89.4%
HB2	4,662	100.0%	88.2%
3 <sup>rd</sup> Party	4,540	94.2%	91.0%
<b>Total</b>	<b>103,723</b>	<b>98.5%</b>	<b>93.0%</b>

### Area In Service



Notes:  
 1. "Stabilized" is defined as Utilization Rate above 80%.  
 2. "Ramping-Up" is defined as Utilization Rate below 80%.

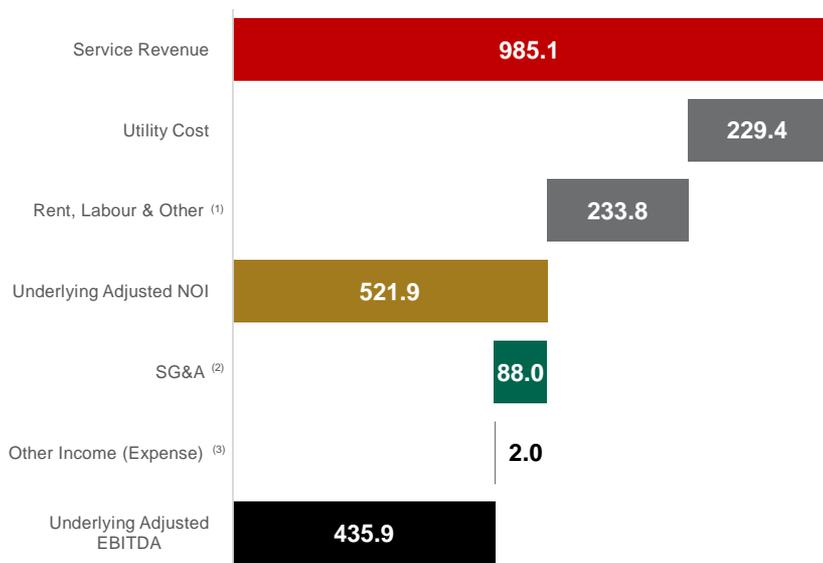
### Ramping-Up Data Centers

	Net Floor Area (Sqm)	Commitment Rate	Utilization Rate
SH4	8,415	97.0%	77.3%
SH5 Phase 1	2,062	100.0%	49.7%
SH6	8,004	69.4%	10.2%
SH9	3,330	100.0%	60.4%
SH10	3,745	0.0%	0.0%
SH11	4,214	100.0%	65.5%
SZ4 Phase 1	4,677	96.8%	42.3%
BJ4	4,695	63.0%	0.0%
BJ5	13,366	97.1%	40.0%
CD1	6,262	95.8%	61.0%
CD2 Phase 1	8,250	100.0%	0.0%
HB3	4,662	100.0%	72.8%
3 <sup>rd</sup> Party	5,036	82.2%	59.2%
<b>Total</b>	<b>76,718</b>	<b>87.1%</b>	<b>39.9%</b>



# Cost Breakdown & Operating Leverage

## 2Q19 Cost Breakdown & Operating Leverage (Rmb Mn)



### % of Service Revenue

	2Q18	3Q18	4Q18	1Q19	2Q19
Utility Cost	24.1%	24.8%	23.1%	22.8%	23.3%
Rent, Labour & Other <sup>(1)</sup>	29.7%	26.7%	27.1%	25.9%	23.7%
Underlying Adjusted NOI	<b>46.2%</b>	<b>48.5%</b>	<b>49.8%</b>	<b>51.3%</b>	<b>53.0%</b>
SG&A <sup>(2)</sup>	11.2%	10.9%	10.2%	9.1%	8.9%
Other Income (Expense) <sup>(3)</sup>	0.3%	0.4%	0.4%	0.3%	0.2%
Underlying Adjusted EBITDA	<b>35.3%</b>	<b>38.0%</b>	<b>40.0%</b>	<b>42.5%</b>	<b>44.3%</b>

Notes:

1. Rent, Labor & Other excludes D&A, SBC and asset retirement cost.

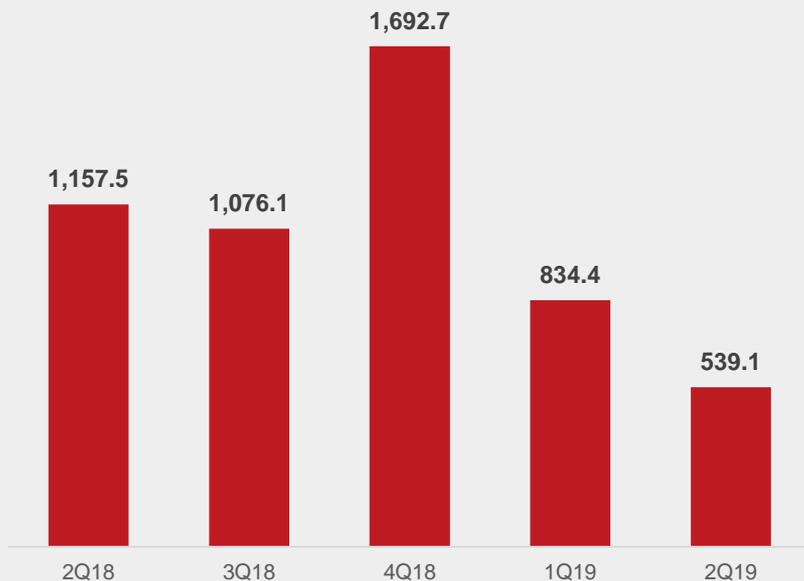
2. SG&A excludes D&A and SBC.

3. Other Income (Expense) excludes interest expense / income and foreign exchange gain / loss.



# Capex & On-Going Investment

## Capex Paid (Rmb Mn) <sup>(1)</sup>



Notes:

1. Refers to net cash used in investing activities, including premium paid for acquisitions.

## Construction Program 2Q19

	RFS Date	Net Floor Area (Sqm)	Pre-Commitment Rate (%)
SZ5 Phase 3	2H19	6,821	80.1%
BJ6	2H19	5,167	0%
SH7	2H19	7,071	13.5%
SH12	2H20	3,653	100%
BJ7	2H19	11,116	100%
KS2	1H20	6,120	100%
KS3	2H20	5,290	100%
SZ6	2H19	2,066	0%
GZ3 Phase 2	2H19	3,441	100%
GZ4	1H20	7,000	0%
<b>BJ8</b>	<b>1H20</b>	<b>10,911</b>	<b>100%</b>
<b>LF1</b>	<b>2H19</b>	<b>4,858</b>	<b>100%</b>
<b>LF2</b>	<b>2H20</b>	<b>4,859</b>	<b>0%</b>
<b>Total</b>	<b>--</b>	<b>78,373</b>	<b>66.1%</b>



# Financing Obligations & Liquidity

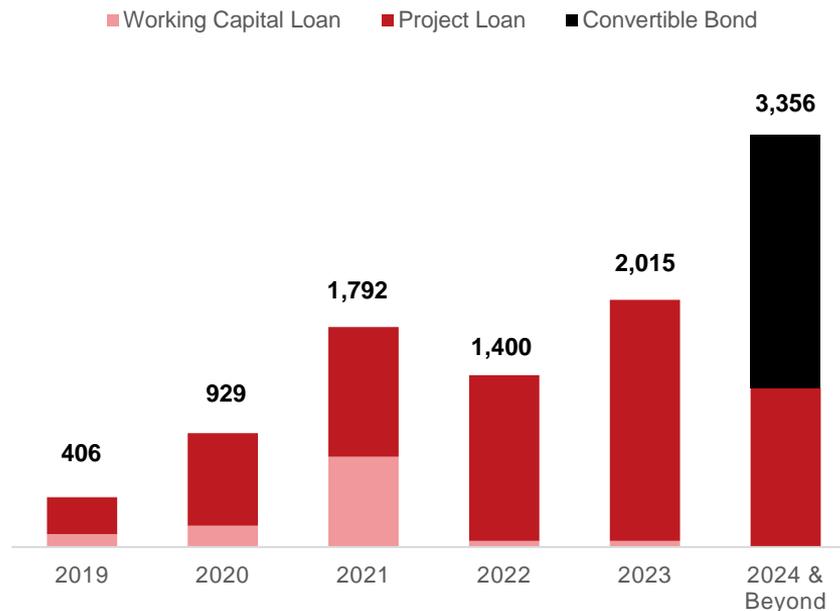
## Debt & Cash Outstanding

	30/06/18	31/03/19	30/06/19	
	Rmb Mn	Rmb Mn	Rmb Mn	/ LQA Adjusted EBITDA
Total Loan	5,990.2	7,442.7	7,611.4	4.4
Convertible Bond	1,925.3	1,969.7	2,013.9	1.2
Finance Lease	3,757.7	4,159.3	4,497.9	2.6
<b>Gross Debt</b>	<b>11,673.2</b>	<b>13,571.7</b>	<b>14,123.2</b>	<b>8.2</b>
<b>Cash</b>	<b>4,451.0</b>	<b>6,001.2</b>	<b>5,730.6</b>	<b>3.3</b>
<b>Net Debt</b>	<b>7,222.2</b>	<b>7,570.5</b>	<b>8,392.6</b>	<b>4.9</b>

	2Q18	3Q18	4Q18	1Q19	2Q19
Net Debt / LQA Adjusted EBITDA	7.8	7.3	8.0	4.9	4.9
Interest Coverage Ratio <sup>(1)</sup>	1.69	1.65	1.64	1.75	1.93

Note:  
1. Interest Coverage Ratio = Adjusted EBITDA / Reported Net Interest Expense.

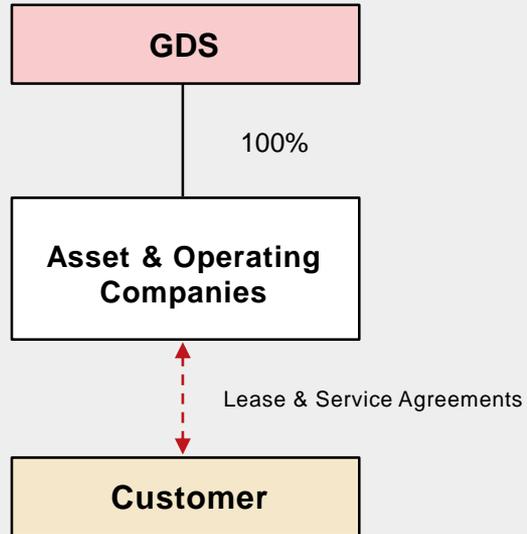
## Loan Maturity Schedule as at 30/06/19 (Rmb Mn)



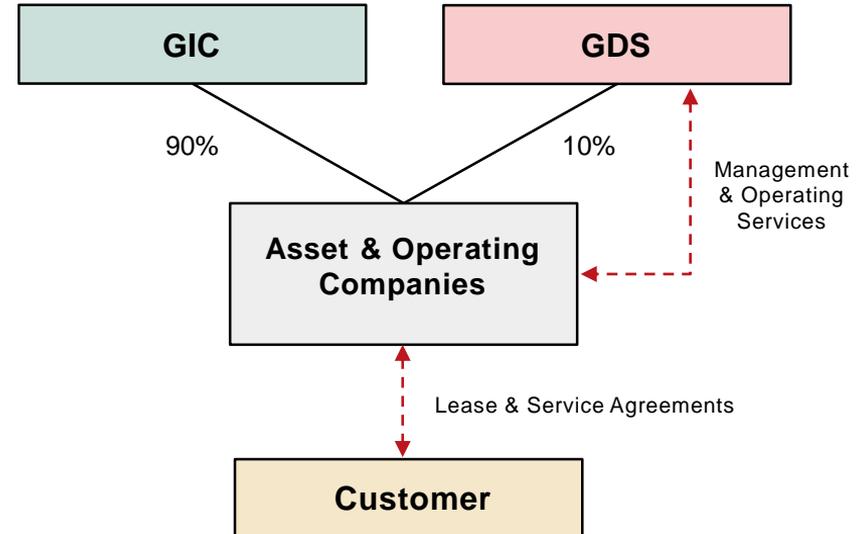


# Strategic Partnership with GIC

## Construction Phase



## Operating Phase



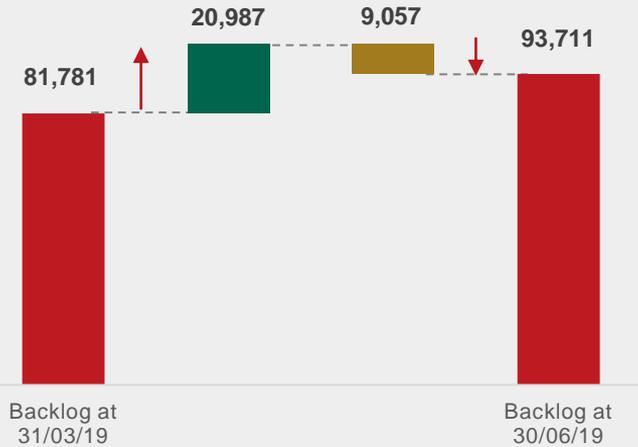
Note: Simplified corporate and agreement structure for illustration purposes



# Contract Backlog Build-Up

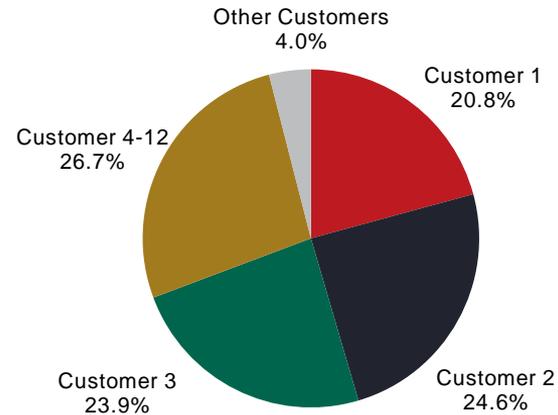
## Backlog Build-Up 2Q19 (Sqm)

- Net Additional Area Committed
- Net Additional Area Utilized

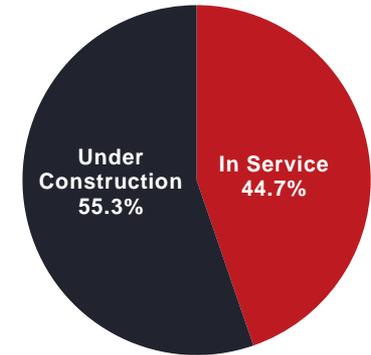


## Backlog Breakdown

### By Customer <sup>(1)</sup>



### By Data Center Status



Note:  
1. Top customers in terms of total area committed.



# Updated Business Outlook

## FY19 Revised Guidance

Rmb Mn	FY18 Actual	FY19 Original Guidance	Implied Y/Y	FY19 Revised Guidance	Implied Y/Y	Revised vs. Original Guidance
Total Revenue	2,792.1	3,900 – 4,100	39.7% – 46.8%	4,000 – 4,100	43.3% – 46.8%	+2.6% – +0%
Adjusted EBITDA	1,046.5	1,640 – 1,700	56.7% – 62.4%	1,760 – 1,800	68.2% – 72.0%	+7.3% – +5.9%
Capex	4,733.1 <sup>(1)</sup>	4,500 – 5,000	--	No Change	--	--

Note:

1. Refers to net cash used in investing activities. The Company adopted updated accounting standards of statements of cash flows on January 1, 2018 and retrospectively adjusted related cash flows.



# Questions & Answers

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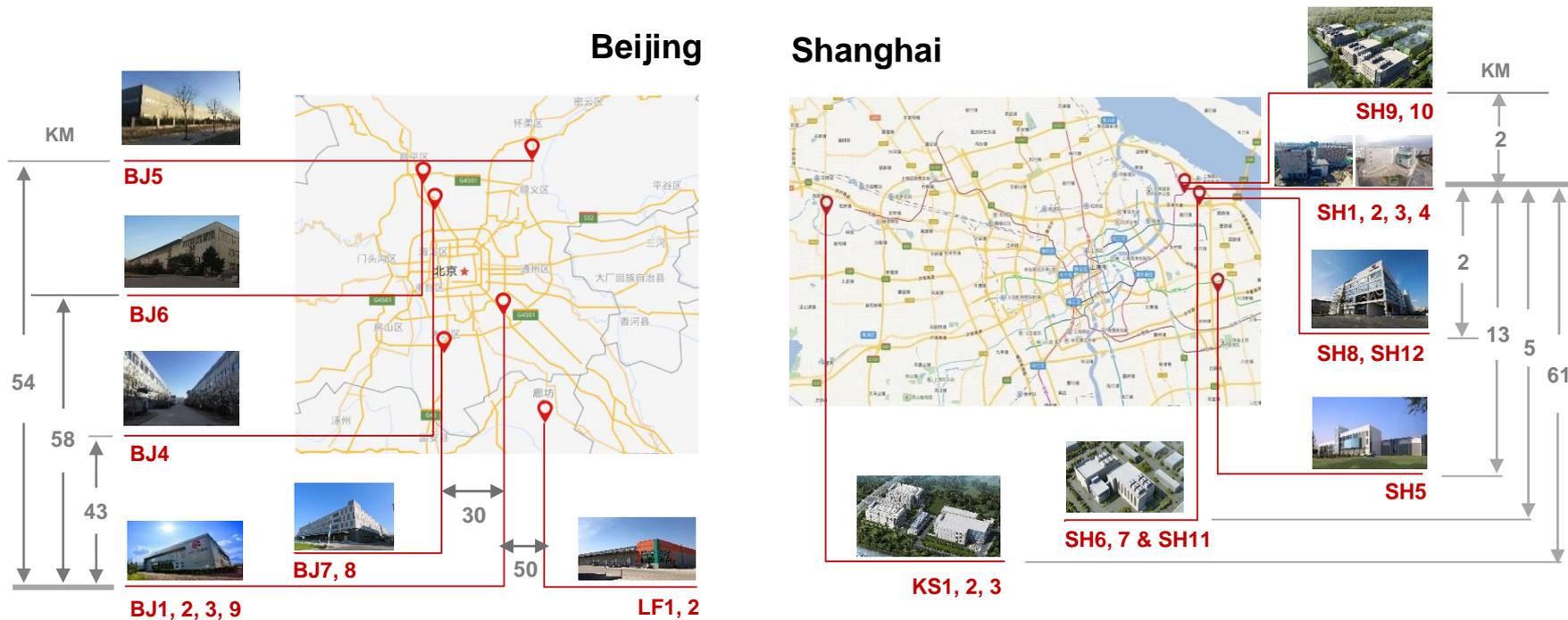
# Appendix





# Our Data Center Portfolio – Beijing & Shanghai

## Self-Developed Data Centers in Tier 1 Markets





# Our Data Center Portfolio – Shenzhen, Guangzhou & Chengdu

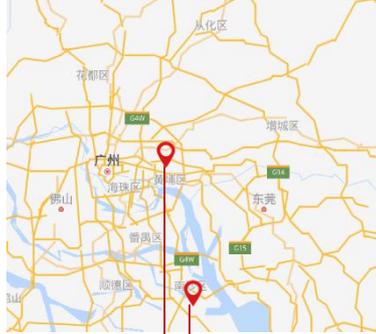
## Self-Developed Data Centers in Tier 1 Markets

### Chengdu



CD1, 2

### Guangzhou



GZ1, 2, 3, 6



GZ4

65

### Shenzhen



SZ5



SZ1, 2, 3



SZ6



SZ4





# Key Operating KPIs

## Last 8 Quarters

As At:	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Area In Service (Sqm)	77,832	101,258	103,475	127,984	147,342	160,356	171,515	180,441
Area Under Construction (Sqm)	37,478	24,505	40,357	41,023	43,718	65,201	65,736	78,373
Total Capacity (Sqm)	115,310	125,763	143,832	169,007	191,060	225,557	237,251	258,814
Area Committed (Sqm)	69,880	92,961	97,068	122,306	141,931	152,163	164,747	169,010
Area Pre-Committed (Sqm)	12,970	9,567	25,751	20,759	19,868	31,580	35,084	51,808
Total Area Committed (Sqm)	82,850	102,528	122,819	143,065	161,799	183,743	199,831	220,818
Commitment Rate (%)	89.8%	91.8%	93.8%	95.6%	96.3%	94.9%	96.1%	93.7%
Pre-Commitment Rate (%)	34.6%	39.0%	63.8%	50.6%	45.4%	48.4%	53.4%	66.1%
Area Utilized (Sqm)	50,579	61,713	66,905	86,665	100,679	108,326	118,050	127,107
Utilization Rate %	65.0%	60.9%	64.7%	67.7%	68.3%	67.6%	68.8%	70.4%
Average MSR (Rmb / Sqm / Month)	3,031	2,931	2,858	2,719	2,678	2,644	2,624	2,679



# Data Center Summary By Market

As at 30/06/19 (Sqm, Unless Indicated)

Market	Area in Service	Area Under Construction	Total Capacity	Area Committed	Area Pre-Committed	Total Area Committed	Area Utilized	Commitment Rate	Pre-Commitment Rate	Utilization Rate
	(1)	(2)	(1 + 2)	(3)	(4)	(3 + 4)	(5)	(3 / 1)	(4 / 2)	(5 / 1)
Shanghai / Kunshan	63,334	22,134	85,468	56,203	16,017	72,220	44,114	88.7%	72.4%	69.7%
Shenzhen / Guangzhou	49,108	19,328	68,436	48,542	8,905	57,447	44,205	98.8%	46.1%	90.0%
Beijing / Langfang	29,456	36,911	66,367	27,142	26,885	54,027	15,758	92.1%	72.8%	53.5%
Chengdu	14,512	-	14,512	14,252	-	14,252	3,820	98.2%	-	26.3%
Hebei	14,456	-	14,456	14,456	-	14,456	12,097	100.0%	-	83.7%
3 <sup>rd</sup> Party	9,576	-	9,576	8,415	-	8,415	7,113	87.9%	-	74.3%
<b>Total</b>	<b>180,441</b>	<b>78,373</b>	<b>258,814</b>	<b>169,010</b>	<b>51,808</b>	<b>220,818</b>	<b>127,107</b>	<b>93.7%</b>	<b>66.1%</b>	<b>70.4%</b>

Note: Includes data for Self-Developed and 3<sup>rd</sup> Party data centers.



## Self-Developed Data Centers In Service – Shanghai / Kunshan

As at 30/06/19 (Sqm, Unless Indicated)

Data Center	Ready For Service	Type	Tenure	Area in Service	Area Committed	Commitment Rate	Area Utilized	Utilization Rate
KS1	2H10	Purpose-Built	Owned	6,546	6,425	98.2%	6,132	93.7%
SH1	2H11	Purpose-Built	Leased	6,432	6,212	96.6%	6,065	94.3%
SH2	2H15	Purpose-Built	Leased	7,712	7,659	99.3%	7,477	97.0%
SH3	2H16	Purpose-Built	Leased	7,950	7,943	99.9%	7,305	91.9%
SH4	2H17	Purpose-Built	Leased	8,415	8,166	97.0%	6,506	77.3%
SH5 Phase1	1H18	Converted	Leased	2,062	2,062	100.0%	1,025	49.7%
SH6	2H18	Purpose-Built	Leased	8,004	5,555	69.4%	815	10.2%
SH8	2H18	Converted	Leased	4,924	4,637	94.2%	4,016	81.6%
SH9	1H19	Converted	Leased	3,330	3,330	100.0%	2,012	60.4%
SH10	1H19	Converted	Leased	3,745	0	0.0%	0	0.0%
SH11	1H18	Converted	Leased	4,214	4,214	100.0%	2,762	65.5%



## Self-Developed Data Centers In Service – Shenzhen / Guangzhou

As at 30/06/19 (Sqm, Unless Indicated)

Data Center	Ready For Service	Type	Tenure	Area in Service	Area Committed	Commitment Rate	Area Utilized	Utilization Rate
SZ1	2H14	Converted	Leased	4,286	4,218	98.4%	4,214	98.3%
SZ2	1H16	Converted	Leased	4,308	4,308	100.0%	4,305	99.9%
SZ3	2H16	Converted	Leased	2,678	2,330	87.0%	2,245	83.8%
SZ4 Phase 1	2H17	Converted	Leased	4,677	4,528	96.8%	1,978	42.3%
SZ5 Phase 1	1H17	Converted	Leased	5,000	5,000	100.0%	5,000	100.0%
SZ5 Phase 2	1H18	Converted	Leased	7,858	7,858	100.0%	6,461	82.2%
GZ1	1H16	Converted	Leased	6,521	6,521	100.0%	6,521	100.0%
GZ2	2H17	Converted	Leased	6,131	6,131	100.0%	6,067	99.0%
GZ3 Phase 1	1H18	Purpose-Built	Leased	7,648	7,648	100.0%	7,413	96.9%



# Self-Developed Data Centers In Service – Beijing, Chengdu & Hebei

As at 30/06/19 (Sqm, Unless Indicated)

Market	Data Center	Ready For Service	Type	Tenure	Area in Service	Area Committed	Commitment Rate	Area Utilized	Utilization Rate
Beijing	BJ1	2H15	Converted	Leased	2,435	2,250	92.4%	2,206	90.6%
	BJ2	2H17	Converted	Leased	5,816	5,809	99.9%	5,330	91.6%
	BJ3	2H17	Converted	Leased	3,144	3,144	100.0%	2,871	91.3%
	BJ4	1H19	Converted	Leased	4,695	2,959	63.0%	0	0.0%
	BJ5	1H19	Converted	Leased	13,366	12,979	97.1%	5,352	40.0%
Chengdu	CD1	1H17	Purpose-Built	Owned	6,262	6,002	95.8%	3,820	61.0%
	CD2 Phase 1	2H18	Purpose-Built	Owned	8,250	8,250	100.0%	0	0.0%
Hebei	HB1	1H18	Built-To-Suit	Leased	5,132	5,132	100.0%	4,590	89.4%
	HB2	2H18	Built-To-Suit	Leased	4,662	4,662	100.0%	4,114	88.2%
	HB3	2H18	Built-To-Suit	Leased	4,662	4,662	100.0%	3,392	72.8%



# Self-Developed Data Centers Under Construction

As at 30/06/19 (Sqm, Unless Indicated)

Market	Data Center	Ready For Service	Type	Tenure	Area Under Construction	Area Pre-Committed	Pre-Commitment Rate
Shanghai / Kunshan	SH7	2H19	Purpose-Built	Leased	7,071	954	13.5%
	SH12	2H20	Purpose-Built	Leased	3,653	3,653	100%
	KS2	1H20	Purpose-Built	Owned	6,120	6,120	100%
	KS3	2H20	Purpose-Built	Owned	5,290	5,290	100%
Beijing / Langfang	BJ6	2H19	Converted	Leased	5,167	0	0%
	BJ7	2H19	Purpose-Built	Leased	11,116	11,116	100%
	BJ8	1H20	Purpose-Built	Leased	10,911	10,911	100%
	LF1	2H19	Converted	Leased	4,858	4,858	100%
	LF2	1H20	Converted	Leased	4,859	0	0%
Shenzhen / Guangzhou	SZ5 Phase 3	2H19	Converted	Leased	6,821	5,463	80.1%
	SZ6	2H19	Converted	Leased	2,066	0	0%
	GZ3 Phase 2	2H19	Purpose-Built	Leased	3,441	3,441	100%
	GZ4	1H20	Purpose-Built	Leased	7,000	0	0%



# Top 5 Customers

## In Terms of Total Area Committed

End User	% of Total Area Committed	% of 2Q19 Service Revenue	Number of Data Centers <sup>(1)</sup>
Internet / Cloud Service Provider	27.9%	28.8%	18
Internet / Cloud Service Provider	24.0%	19.3%	13
Cloud Service Provider	10.5%	0.6%	5
Internet	8.6%	11.5%	6
Cloud Service Provider	2.8%	1.1%	7

Note:  
1. Excluding 3<sup>rd</sup> party data centers.



# Principal Shareholders

As at 30/06/19

	Ordinary Shares <sup>(1)</sup>	Equivalent ADS	Pro Forma ADS Change <sup>(3)</sup>	Equivalent ADS	% of Total
William Huang <sup>(2)</sup>	68,628,744	8,578,593		8,578,593	5.9%
Directors & Officers	13,976,887	1,747,110		1,747,110	1.2%
STT	405,922,804	50,740,350		50,740,350	35.1%
Ping An	63,369,856	7,921,232	+ 4,213,483	12,134,715	8.4%
CyrusOne	18,411,756	2,301,469		2,301,469	1.6%
Others / Free Float	551,847,782	68,980,973		68,980,973	47.7%
<b>Total</b>	<b>1,122,157,829</b>	<b>140,269,726</b>	<b>+ 4,213,483</b>	<b>144,483,209</b>	<b>100.0%</b>

Notes:

1. Does not include options and RSUs to be exercised or vested within 60 days of 23,376,488 ordinary shares, or 2,922,061 ADSs, and after 60 days of 19,757,768 ordinary shares, or 2,469,721 ADSs. Does not include potential 5,815,950 ADSs from the existing Convertible Bonds conversion.

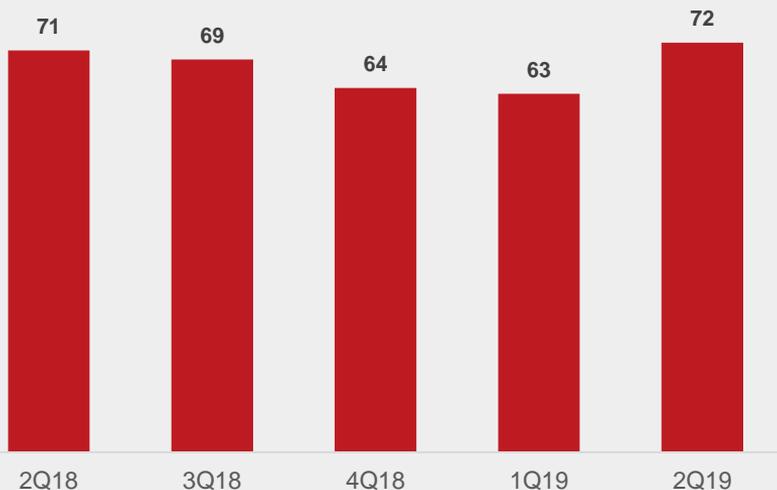
2. Including vested RSU and exercised options (not sold) of 1,038,408 ordinary shares, or 129,801 ADSs, which are Class A shares. The rest represents Class B shares; all the other shares held by other shareholders are Class A shares. The voting power of Class B vs Class A is 20:1.

3. Pro forma for the Convertible Preferred Shares issued to Ping An.



# Working Capital Management

## Accounts Receivable Turnover Days (# of Days)



## Days Payable Outstanding (DPO) <sup>(1)</sup>

# of Days	2Q18	3Q18	4Q18	1Q19	2Q19
DPO – Opex	74	80	80	82	91
DPO – Capex	114	196	75	162	243
Total DPO	105	153	76	136	178
Total DPO (Excl. Acquisitions)	85	122	64	121	163

Note:

1. Days Payable Outstanding is calculated as the average payable balance, divided by total purchases in terms of operating and capital expenditures, multiplied by 90 days. For DPO – Opex, or DPO – Capex, the numerator and denominator will only cover operating expenditure or capital expenditure, respectively in a consistent way.



# Historical Financial Results

## Condensed Consolidated Statements of Operations

Amounts in thousands	Three Months Ended					
	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	
	RMB	RMB	RMB	RMB	RMB	USD
<b>Net Revenue</b>						
Service revenue	626,347	752,620	829,050	890,946	985,094	143,495
Equipment sales	11,163	10,201	471	895	95	14
<b>Total net revenue</b>	637,510	762,821	829,521	891,841	985,189	143,509
Cost of revenue	(499,989)	(590,956)	(639,383)	(679,832)	(723,420)	(105,378)
<b>Gross profit</b>	137,521	171,865	190,138	212,009	261,769	38,131
<b>Operating expenses</b>						
Selling and marketing expenses	(22,132)	(29,320)	(32,269)	(27,832)	(29,805)	(4,342)
General and administrative expenses	(86,737)	(89,267)	(90,661)	(90,301)	(94,702)	(13,795)
Research and development expenses	(3,201)	(3,318)	(4,724)	(4,639)	(4,200)	(612)
<b>Income from operations</b>	25,451	49,960	62,484	89,237	133,062	19,382
<b>Other income (expenses)</b>						
Net interest expenses	(137,274)	(182,152)	(202,493)	(219,117)	(221,906)	(32,324)
Foreign currency exchange gain (loss), net	9,778	13,420	327	4,772	(7,530)	(1,097)
Others, net	1,903	3,197	2,944	2,503	2,017	294
<b>Loss before income taxes</b>	(100,142)	(115,575)	(136,738)	(122,605)	(94,357)	(13,745)
<b>Income tax (expenses) benefits</b>	(1,935)	(3,779)	13,827	(14,015)	1,198	175
<b>Net loss</b>	(102,077)	(119,354)	(122,911)	(136,620)	(93,159)	(13,570)



# Historical Financial Results

## Condensed Consolidated Balance Sheets <sup>(1)</sup>

Amounts in thousands. As of	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	
	RMB	RMB	RMB	RMB	RMB	USD
Cash	4,450,958	3,491,694	2,161,622	6,001,214	5,730,578	834,753
Accounts receivable, net of allowance for doubtful accounts	531,490	625,087	536,842	713,601	855,203	124,574
<b>Total current assets</b>	<b>5,322,382</b>	<b>4,459,868</b>	<b>3,037,396</b>	<b>7,131,358</b>	<b>7,051,549</b>	<b>1,027,174</b>
Property and equipment, net	11,441,921	12,581,602	13,994,945	14,630,720	15,535,295	2,262,971
Operating lease right-of-use assets	-	-	-	497,600	483,531	70,434
Goodwill and intangible assets, net	2,265,022	2,249,763	2,234,462	2,175,429	2,160,947	314,777
<b>Total assets</b>	<b>19,860,438</b>	<b>20,217,060</b>	<b>20,885,243</b>	<b>26,140,704</b>	<b>26,964,521</b>	<b>3,927,825</b>
Short-term borrowings and current portion of long-term borrowings	1,439,352	1,310,991	1,283,320	860,139	900,354	131,151
Operating lease liabilities, current	-	-	-	70,124	65,352	9,520
Finance lease and other financing obligations, current	151,598	148,980	166,898	119,919	116,577	16,981
<b>Total current liabilities</b>	<b>3,525,311</b>	<b>3,160,711</b>	<b>3,507,879</b>	<b>3,219,256</b>	<b>3,501,213</b>	<b>510,009</b>
Long-term borrowings, excluding current portion	4,550,852	4,749,184	5,203,708	6,582,579	6,711,013	977,569
Convertible bonds payable	1,925,339	2,004,993	2,004,714	1,969,683	2,013,914	293,360
Operating lease liabilities, non-current	-	-	-	402,420	392,345	57,151
Finance lease and other financing obligations, non-current	3,606,028	4,092,532	4,134,327	4,039,333	4,381,340	638,214
<b>Total liabilities</b>	<b>14,202,348</b>	<b>14,619,471</b>	<b>15,363,318</b>	<b>16,717,996</b>	<b>17,511,913</b>	<b>2,550,897</b>
<b>Redeemable preferred shares</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,010,586</b>	<b>1,033,353</b>	<b>150,525</b>
<b>Total shareholders' equity</b>	<b>5,658,090</b>	<b>5,597,589</b>	<b>5,521,925</b>	<b>8,412,122</b>	<b>8,419,255</b>	<b>1,226,403</b>

Note:

1. Effective January 1, 2019, the Company adopted Accounting Standards Codification ( "ASC" ) 842 *Leases* using a modified retrospective method, under which prior period results were not retrospectively adjusted. Upon adoption, the Company recognized operating lease liabilities and right of use assets of RMB483.6 mn and RMB514.0 mn, respectively, and derecognized intangible assets of RMB44.6 mn for operating leases, and derecognized other financing obligations and construction in progress of RMB331.9 mn and RMB336.7 mn, respectively, for assets under construction in build-to-suit lease arrangements on January 1, 2019.



# Historical Financial Results

## Condensed Consolidated Statements of Cash Flows

Amounts in thousands	Three Months Ended					
	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	
	RMB	RMB	RMB	RMB	RMB	USD
Net cash (used in) provided by operating activities	(18,308)	37,460	111,367	(59,806)	115,910	16,883
Net cash used in investing activities	(1,157,452)	(1,076,111)	(1,692,708)	(834,446)	(539,147)	(78,535)
Net cash provided (used in) by financing activities	2,499,137	1,066	263,600	4,789,711	(20,334)	(2,962)
Effect of exchange rate changes on cash and restricted cash	153,167	115,650	(4,879)	(9,215)	122,535	17,851
Net increase (decrease) in cash and restricted cash	1,476,544	(921,935)	(1,322,620)	3,886,244	(321,036)	(46,763)
<b>Cash and restricted cash at beginning of year / period</b>	3,052,759	4,529,303	3,607,368	2,284,748	6,170,992	898,906
<b>Cash and restricted cash at end of year / period</b>	4,529,303	3,607,368	2,284,748	6,170,992	5,849,956	852,143



# Reconciliation from Net Loss to Adjusted NOI

## Adjusted NOI

Amounts in thousands	Three Months Ended					
	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	
	RMB	RMB	RMB	RMB	RMB	USD
<b>Net loss</b>	(102,077)	(119,354)	(122,911)	(136,620)	(93,159)	(13,570)
Net interest expenses	137,274	182,152	202,493	219,117	221,906	32,324
Income tax expenses (benefits)	1,935	3,779	(13,827)	14,015	(1,198)	(175)
Depreciation and amortization	166,759	206,661	230,599	254,037	269,176	39,210
Accretion expenses for asset retirement costs	407	569	555	711	723	105
Share-based compensation expenses	27,954	27,358	34,932	31,957	30,977	4,512
Selling and marketing expenses <sup>(1)</sup>	17,835	22,206	23,497	20,330	22,610	3,294
General and administrative expenses <sup>(1)</sup>	49,318	57,319	56,660	57,090	61,898	9,016
Research and development expenses <sup>(1)</sup>	3,093	2,829	4,132	3,970	3,477	506
Foreign currency exchange (gain) loss, net	(9,778)	(13,420)	(327)	(4,772)	7,530	1,097
Others, net	(1,903)	(3,197)	(2,944)	(2,503)	(2,017)	(294)
<b>Adjusted NOI</b>	<b>290,817</b>	<b>366,902</b>	<b>412,859</b>	<b>457,332</b>	<b>521,923</b>	<b>76,025</b>
<b>Adjusted NOI margin</b>	<b>45.6%</b>	<b>48.1%</b>	<b>49.8%</b>	<b>51.3%</b>	<b>53.0%</b>	<b>53.0%</b>

Note:  
1. Selling and marketing expenses, general and administrative expenses and research and development expenses exclude depreciation, amortization and share-based compensation expenses.



# Reconciliation from Net Loss to Adjusted EBITDA

## Adjusted EBITDA

Amounts in thousands	Three Months Ended					
	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	
	RMB	RMB	RMB	RMB	RMB	USD
<b>Net loss</b>	(102,077)	(119,354)	(122,911)	(136,620)	(93,159)	(13,570)
Net interest expenses	137,274	182,152	202,493	219,117	221,906	32,324
Income tax expenses (benefits)	1,935	3,779	(13,827)	14,015	(1,198)	(175)
Depreciation and amortization	166,759	206,661	230,599	254,037	269,176	39,210
Accretion expenses for asset retirement costs	407	569	555	711	723	105
Share-based compensation expenses	27,954	27,358	34,932	31,957	30,977	4,512
<b>Adjusted EBITDA</b>	<b>232,252</b>	<b>301,165</b>	<b>331,841</b>	<b>383,217</b>	<b>428,425</b>	<b>62,406</b>
<b>Adjusted EBITDA margin</b>	<b>36.4%</b>	<b>39.5%</b>	<b>40.0%</b>	<b>43.0%</b>	<b>43.5%</b>	<b>43.5%</b>



# Definition of KPIs

Area In Service	Net floor area of data centers in service for which one or more modules have been equipped and fitted out ready for utilization by customers
Area Under Construction	Net floor area of data centers which are under construction and not yet ready for service
Area Committed	Net floor area of data centers in service for which agreements from customers remain in effect
Area Pre-Committed	Net floor area of data centers under construction for which agreements from customers remain in effect
Total Area Committed	Sum of Area Committed and Area Pre-Committed
Commitment Rate	Ratio of Area Committed to Area In Service
Pre-Commitment Rate	Ratio of Area Pre-Committed to Area Under Construction
Area Utilized	Net floor area of data centers in service that is also revenue generating pursuant to customer agreements in effect
Utilization Rate	Ratio of Area Utilized to Area In Service