



GDS 万国数据

1Q18 Earnings Call

10 May 2018

NASDAQ: GDS





DISCLAIMER

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to” or other similar expressions. Such statements are based upon management’s current expectations and current market and operating conditions, and relate to events that involve known or unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond the Company’s control, which may cause the Company’s actual results, performance or achievements to differ materially from those in the forward-looking statements. Further information regarding these and other risks, uncertainties or factors is included in the Company’s filings with the U.S. Securities and Exchange Commission. The Company does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under law.

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 gross profit, net income (loss), cash flows provided by 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 benefits, depreciation and amortization, accretion expenses for asset retirement costs, share-based compensation expenses, and gain on remeasurement of equity investment, 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 gross profit and net income or net loss.



Business Strategy & Performance Highlights

William Huang, Chairman & CEO



1Q18 HIGHLIGHTS

Sales Momentum

- Net additional total area committed of 20,291 sqm
- Total area committed increased by 19.8% q/q to 122,819 sqm

Capacity Expansion

- Added SH8, HB2 & HB3 in 1Q18 + GZ3, BJ4, BJ5 Phase 1 & SH9 in 2Q18
- Invested Rmb 807 mn (\$129 mn) of capex for capacity expansion

Financial Results

- Total revenue grew by 11.2% and Adjusted EBITDA by 17.0% q/q
- Total area utilized increased by 8.4% q/q

Capital Raising

- Successfully completed follow-on offering and raised \$203 mn net
- Obtained new debt facility of Rmb 500 mn (\$80 mn)

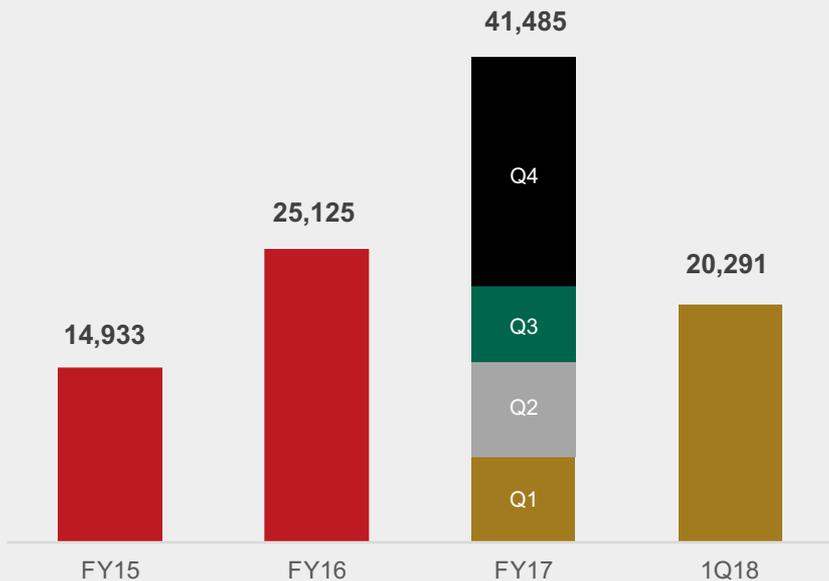
CyrusOne Partnership

- Referred business wins in the U.S. and China expected in 2Q18
- Development cost reduction initiatives

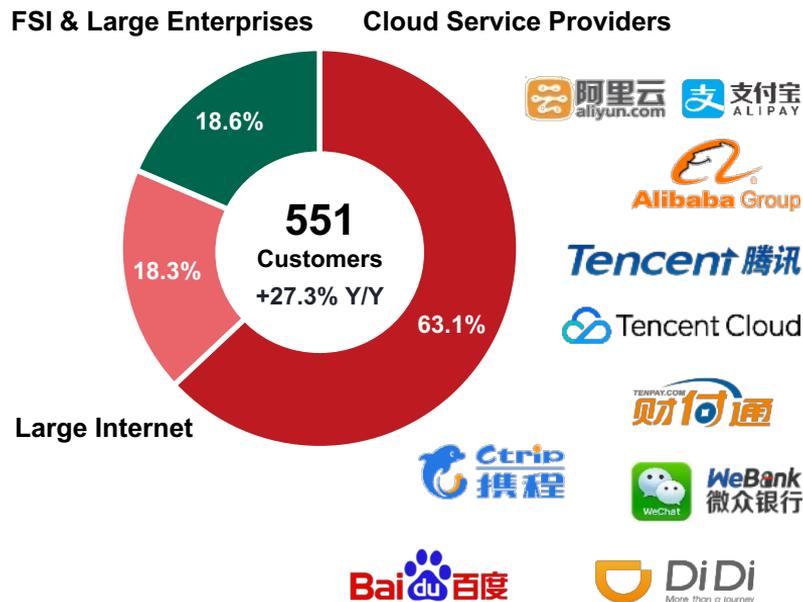


Sales Achievement

Net Additional Area Committed (Sqm)



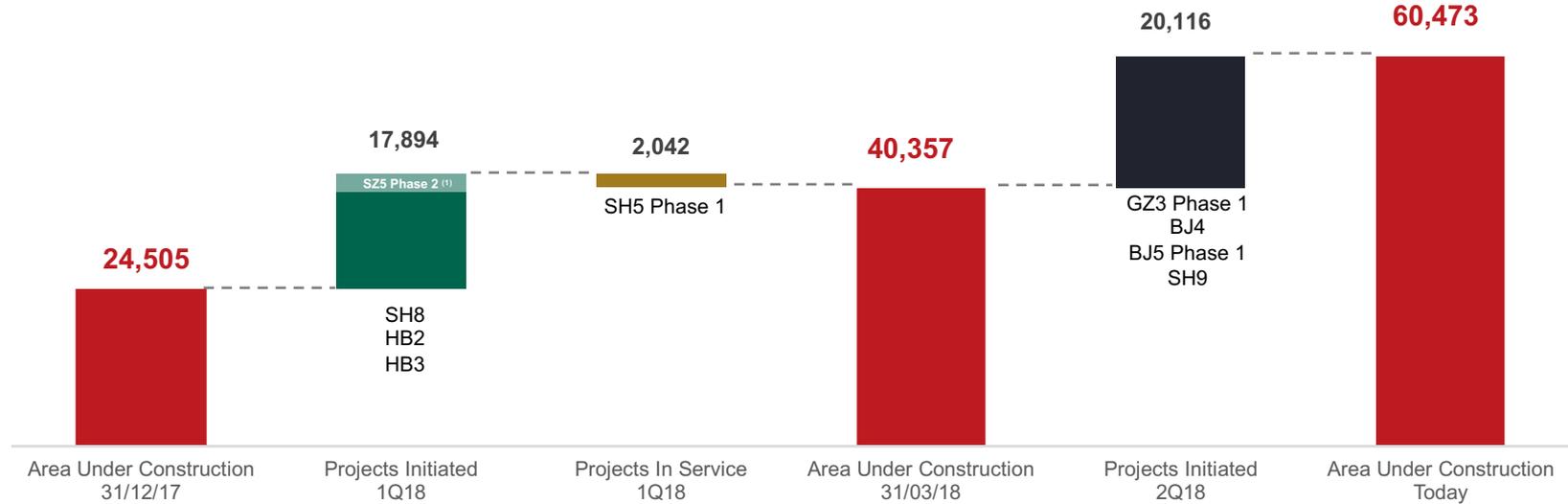
Total Area Committed by Customer Segment





Resource Progress

Area Under Construction (Sqm)



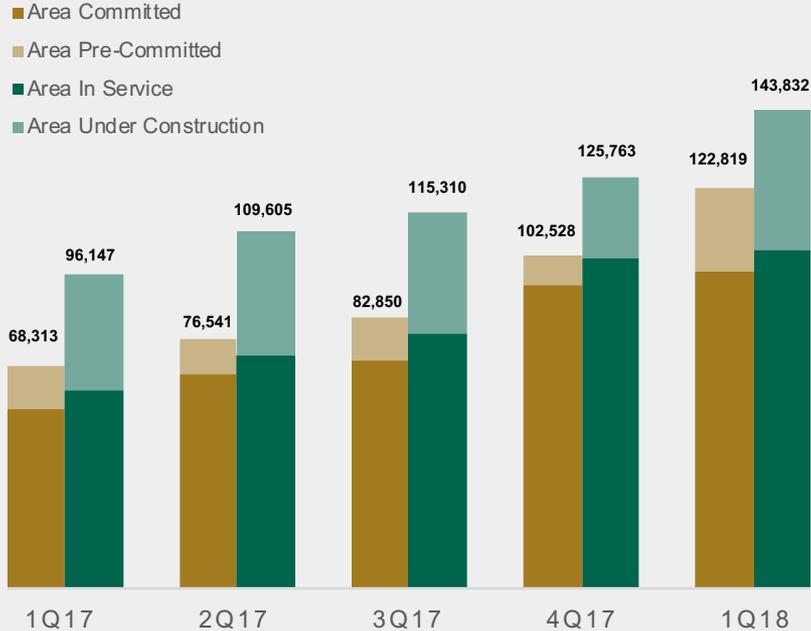
Note:

1. SZ5 Phase 2 was upsized by 2,858 sqm from 5,000 sqm to 7,858 sqm due to higher power capacity secured.

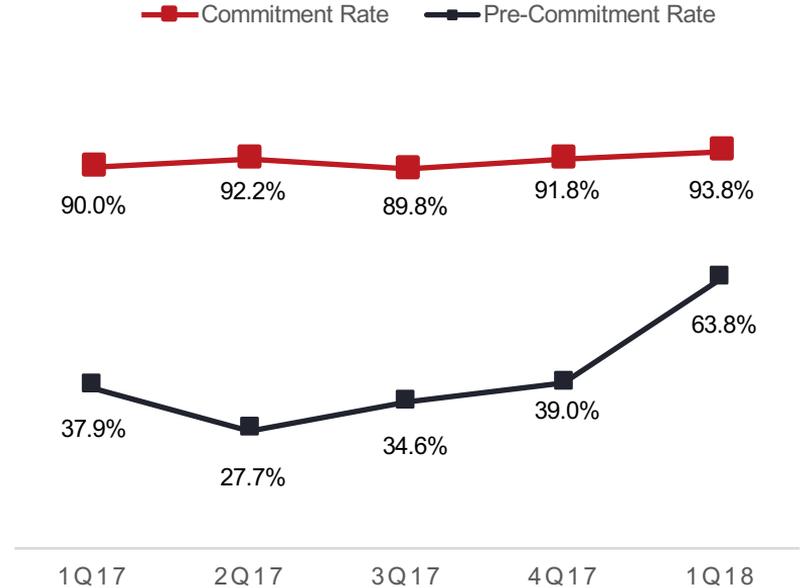


Synchronized Sales & Capacity Growth

Capacity vs. Commitments (Sqm)



Commitment & Pre-Commitment Rates





SH4



BJ3

SZ4 Phase 1



GZ3

GZ2



SH5 Phase 1



Financial & Operating Review

Dan Newman, CFO





Financial Highlights

- 1 Record level of new customer commitments and growing backlog**
- 2 Track record of delivering backlog, driving revenue growth**
- 3 Realizing operating leverage at the data center and corporate levels**
- 4 Sufficient capital to maintain a fully funded business plan**
- 5 High visibility into continued growth and margin expansion**



1Q18 P&L Analysis

Quarterly Financial Review

Rmb '000 (unless indicated)	1Q17	1Q17 Pro Forma ⁽²⁾	4Q17	1Q18	Y/Y Pro Forma ⁽²⁾	Q/Q
	Rmb	Rmb	Rmb	Rmb	%	%
Net Revenue						
Service Revenue	343,665	299,602	493,663	551,473	84.1%	11.7%
Equipment Sales	6,378	6,378	11,813	10,752	68.6%	(9.0%)
Total Net Revenue	350,043	305,980	505,476	562,225	83.7%	11.2%
Cost of Revenue	(243,845)	(243,845)	(387,287)	(439,308)	80.2%	13.4%
Add Back: D&A, SBC & Asset Retirement Cost	73,171	73,171	108,995	129,090	76.4%	18.4%
Adjusted NOI ⁽¹⁾	179,369	135,306	227,184	252,007	86.2%	10.9%
<i>Adjusted NOI Margin</i>	<i>51.2%</i>	<i>44.2%</i>	<i>44.9%</i>	<i>44.8%</i>	<i>0.6 pts</i>	<i>(0.1 pts)</i>
SG&A	(71,482)	(71,482)	(93,432)	(92,457)	29.3%	(1.0%)
Add Back: D&A and SBC	17,812	17,812	27,170	24,340	36.6%	(10.4%)
FX Change Gain & Other, Net (Loss)	(1,780)	(1,780)	(6,031)	(2,610)	46.6%	(56.7%)
Adjusted EBITDA	123,919	79,856	154,891	181,280	127.0%	17.0%
<i>Adjusted EBITDA margin</i>	<i>35.4%</i>	<i>26.1%</i>	<i>30.6%</i>	<i>32.2%</i>	<i>6.1 pts</i>	<i>1.6 pts</i>

Note:
 1. Adjusted Net Operating Income (NOI) is defined as total net revenue less cost of revenue, adding back D&A, SBC and asset retirement cost allocated to cost of revenue.
 2. 1Q17 Pro Forma excludes termination fee of Rmb 44.1 mn.



Underlying Trends

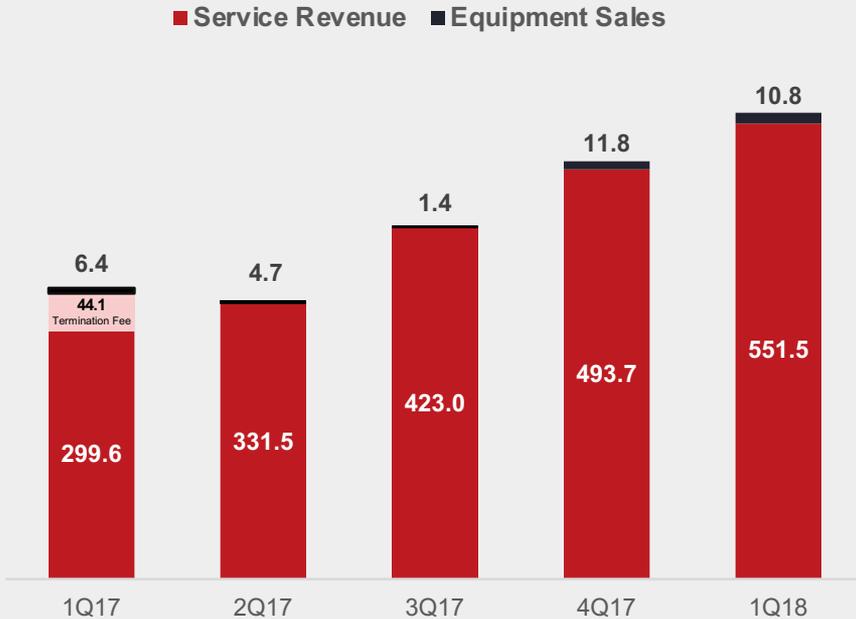
Quarterly Financial Review

Rmb '000 (unless indicated)	1Q17	4Q17	1Q18	Y/Y	Q/Q
Total Net Revenue	350,043	505,476	562,225	60.6%	11.2%
Less: Termination Fee	44,063				
Less: Equipment Sales	6,378	11,813	10,752	68.6%	(9.0%)
Service Revenue	299,602	493,663	551,473	84.1%	11.7%
Adjusted NOI	179,369	227,184	252,007	40.5%	10.9%
Less: Termination Fee	44,063				
Less: Equipment Profit	1,301	2,630	2,246	72.6%	(14.6%)
Underlying Adjusted NOI	134,005	224,554	249,761	86.4%	11.2%
<i>Underlying Adjusted NOI Margin</i>	<i>44.7%</i>	<i>45.5%</i>	<i>45.3%</i>	<i>0.6 pts</i>	<i>(0.2 pts)</i>
Adjusted EBITDA	123,919	154,891	181,280	46.3%	17.0%
Less: Termination Fee	44,063				
Less: Equipment Profit	1,301	2,630	2,246	72.6%	(14.6%)
Less: FX Change Gain (Loss)	(2,606)	(6,826)	(3,219)	23.5%	(52.8%)
Underlying Adjusted EBITDA	81,161	159,087	182,253	124.6%	14.6%
<i>Underlying Adjusted EBITDA Margin</i>	<i>27.1%</i>	<i>32.2%</i>	<i>33.0%</i>	<i>5.9 pts</i>	<i>0.8 pts</i>

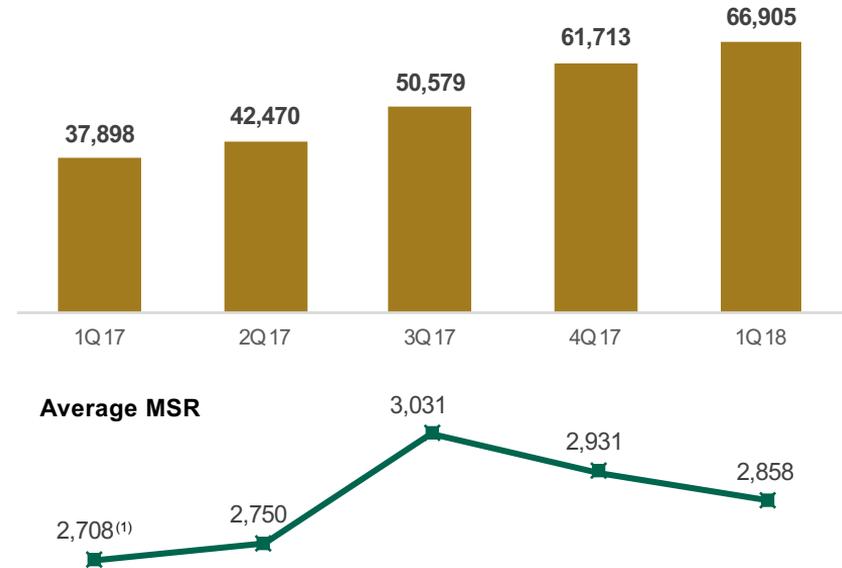


Revenue & Area Utilized

Revenue (Rmb Mn)



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



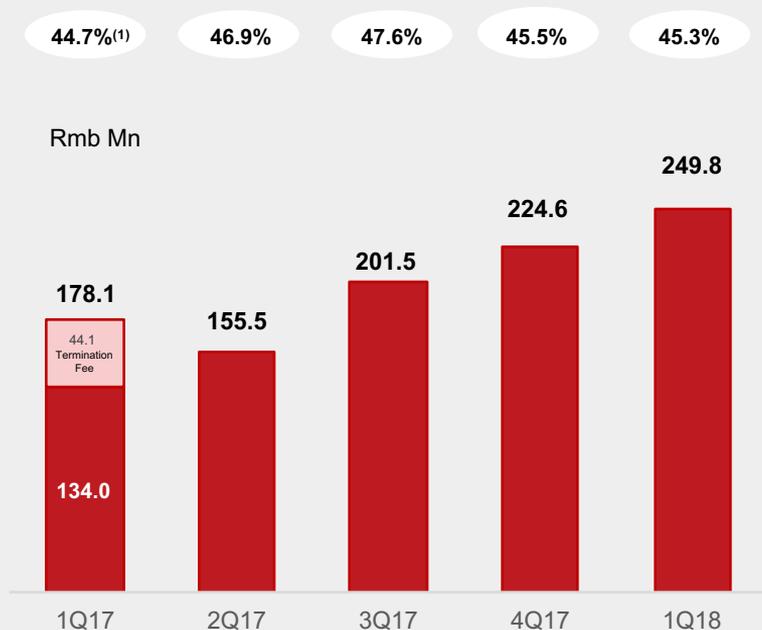
Note

1. For the purpose of calculating MSR for 1Q17, the churn area of 1,225 sqm is excluded from the opening area utilized.

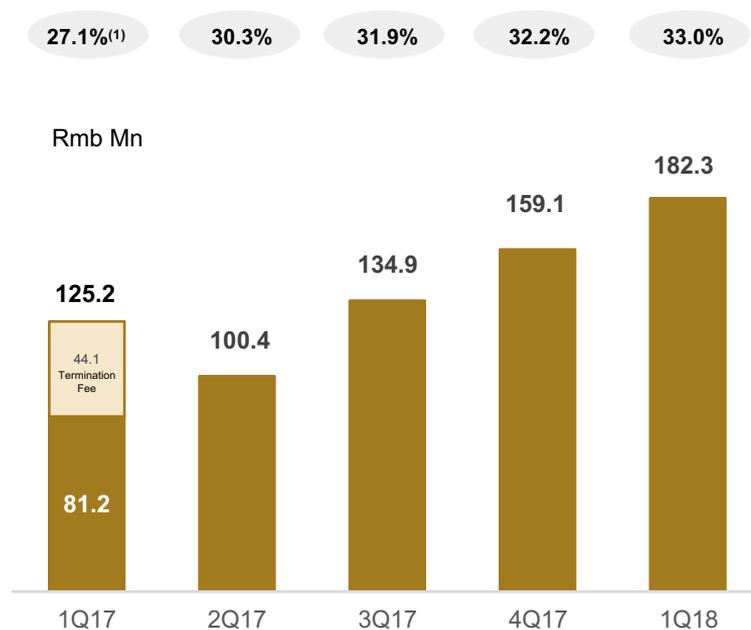


Underlying Adjusted NOI & EBITDA

Underlying Adjusted NOI & Margin



Underlying Adjusted EBITDA & Margin



Note
1. Pro Forma number excluding termination fee of Rmb 44.1 mn



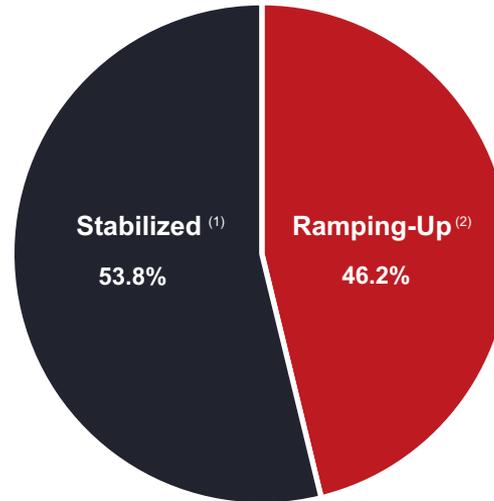
Stabilized vs. Ramping-Up Data Centers

Breakdown of Area In Service as at 1Q18

Stabilized Data Centers

	Net Floor Area	Commitment Rate	Utilization Rate
KS1	6,546	99.2%	96.1%
SH1	6,432	96.8%	88.2%
SH2	7,712	99.4%	89.9%
SZ1	4,286	99.8%	99.8%
SZ5 Phase 1	5,000	100%	100.0%
GZ1	6,521	100%	93.7%
GZ2	6,131	100%	100.0%
BJ1	2,435	99.8%	97.1%
BJ3	4,260	100%	82.1%
3 rd Party	6,367	92.0%	91.5%
Total	55,690	98.5%	93.6%

Net Floor Area %



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

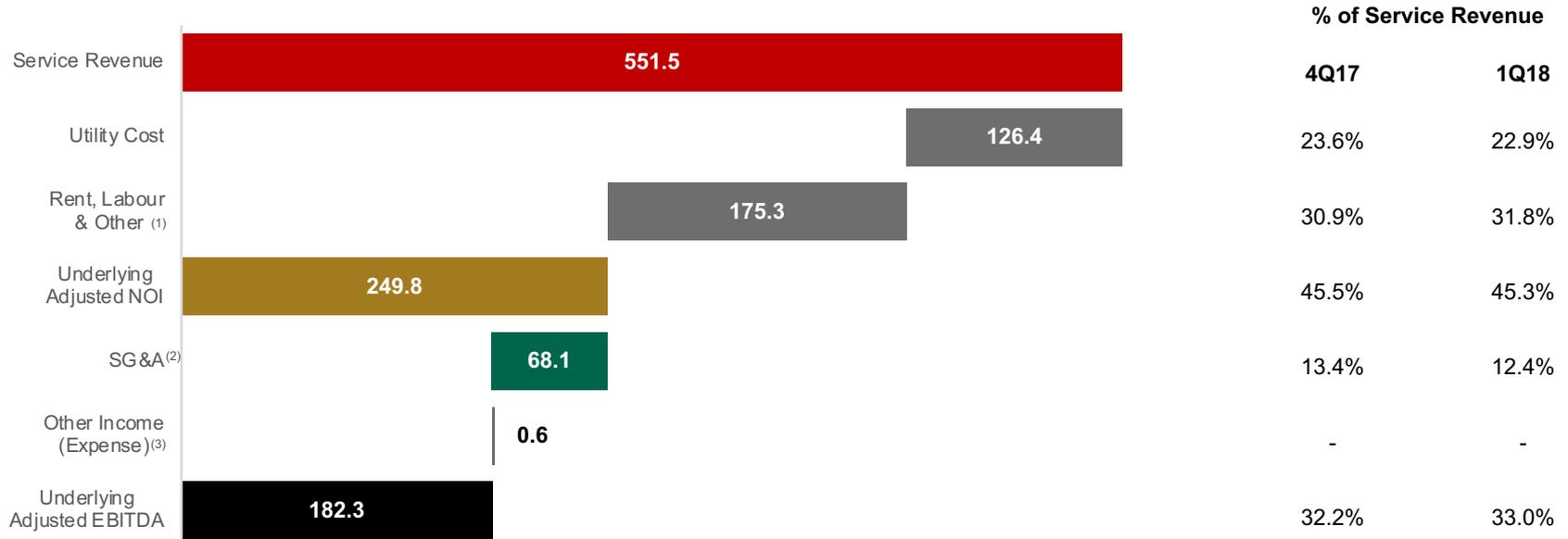
Ramping-Up Data Centers

	Net Floor Area	Commitment Rate	Utilization Rate
SH3	7,950	99.1%	62.4%
SH4	8,395	68.0%	2.5%
SH5 Phase 1	2,042	100%	0%
SZ2	4,308	93.7%	77.0%
SZ3	2,678	79.9%	60.6%
SZ4 Phase 1	4,678	97.4%	5.0%
BJ2	6,177	86.5%	15.7%
CD1	6,287	100%	24.5%
3 rd Party	5,270	80.1%	37.1%
Total	47,785	88.3%	31.0%



Cost Breakdown & Operating Leverage

1Q18 Cost Breakdown & Operating Leverage (Rmb Mn)



Notes

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

2. SG&A excludes D&A and SBC

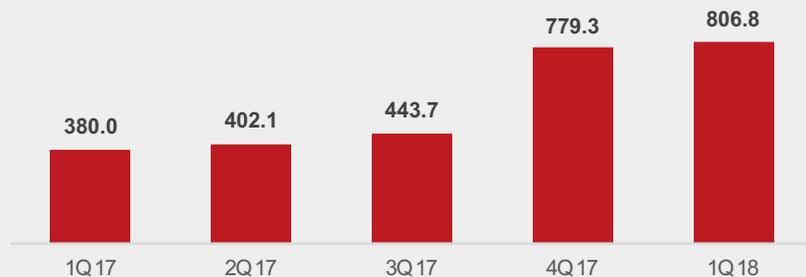
3. Other Income (Expense) excludes interest expense / income and foreign exchange gain / loss



Capex & On-Going Investment

Capex Paid & Capex Incurred

Capex Paid (Rmb Mn) ⁽¹⁾



Capex Incurred Breakdown

	Net Floor Area (SqM) ⁽²⁾	Cost To Date (Rmb Mn)	Cost To Complete (Rmb Mn)
In Service	91,836	5,744.9	218.1
Under Construction	40,357	1,434.6	1,320.0

Note:

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

2. Does not include 3rd party data centers.

Current Construction Program

	RFS Date	Net Floor Area (SqM)	Pre-Commitment Rate (%)
Area Under Construction as at 1Q18			
SZ5 Phase 2	2Q18	7,858 ⁽¹⁾	0%
HB1	2Q18	4,992	100%
HB2	2H18	4,992	100%
HB3	2H18	4,992	100%
SH6	2H18	7,071	45.3%
SH8	2H18	5,052	49.5%
CD2 Phase 1	2H18	5,400	94.0%
Sub-Total	-	40,357	63.8%
Projects Initiated in 2Q18			
GZ3 Phase 1	2Q18	6,600	100%
BJ4	FY19	4,500	0%
BJ5 Phase 1	FY19	5,136	0%
SH9	FY19	3,880	0%
Sub-Total	-	20,116	32.8%
Total	-	60,473	53.5%

Note:

1. Area under construction for SZ5 Phase 2 was upsized from 5,000 sqm to 7,858 sqm due to higher power capacity secured.

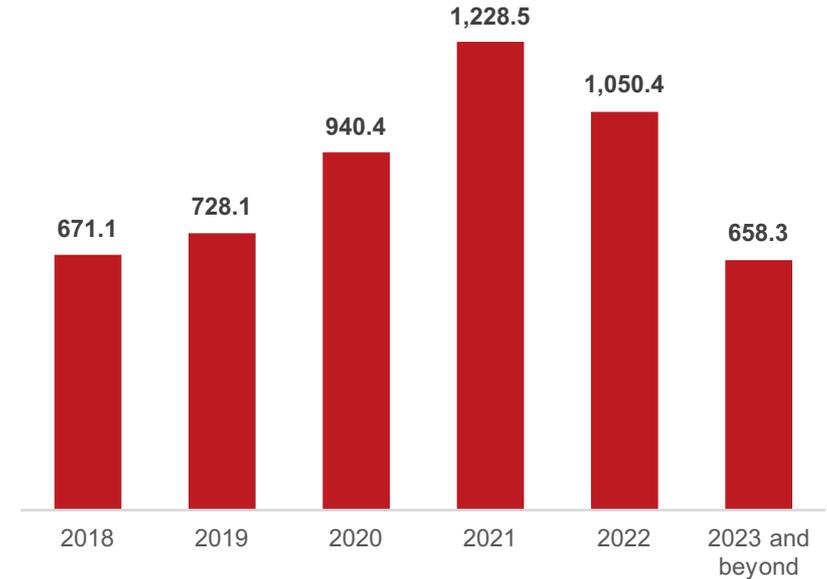


Financing Obligations & Liquidity

Debt & Cash Outstanding

	31/03/17	31/12/17	31/03/18	
	Rmb Mn	Rmb Mn	Rmb Mn	/ LQA Adjusted EBITDA
Loan				
Working Capital	262.1	630.2	859.3	1.2x
Project Loan	2,032.3	3,620.0	4,291.1	5.9x
Total Loan	2,294.4	4,250.2	5,150.4	7.1x
Convertible Bond	1,034.9	0	0	-
Capital Lease	1,141.0	2,401.0	2,455.8	3.4x
Gross Debt	4,470.3	6,651.2	7,606.2	10.5x
Cash	1,527.3	1,873.4	2,978.6	4.1x
Net Debt	2,943.0	4,777.8	4,627.6	6.4x

Loan Maturity Schedule as at 31/03/18 (Rmb Mn)

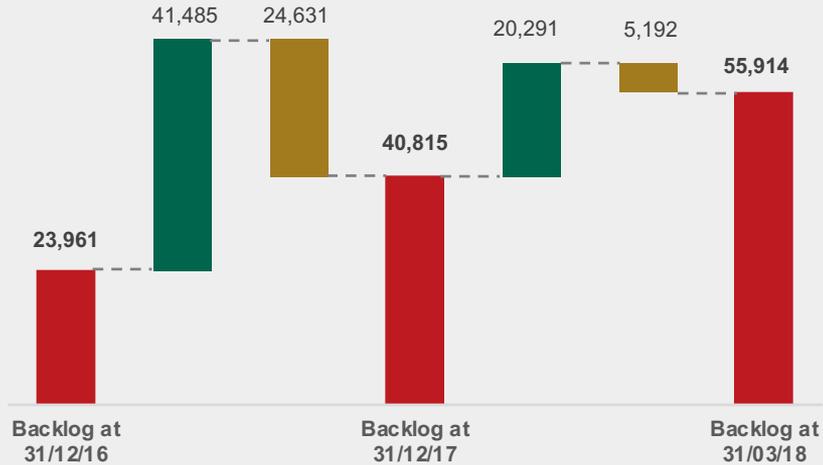




Contract Backlog Build-up

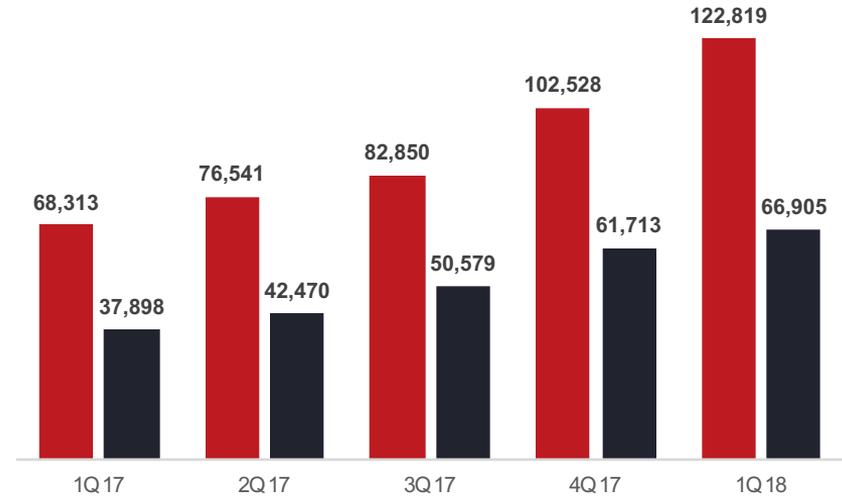
Backlog Build-up (Sqm)

- Net Additional Area Committed
- Net Additional Area Utilized



Total Area Committed & Area Utilized (Sqm)

- Total Area Committed
- Area Utilized





Questions & Answers

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Appendix





Our Data Center Portfolio – Shenzhen, Guangzhou & Chengdu

Self-Developed Data Centers in Tier 1 Markets

Chengdu



CD1, 2

Guangzhou



GZ1, 2, 3

Shenzhen



SZ5



SZ3



SZ1, 2



SZ4





Key Operating KPIs

Key Operating KPIs

As at the end of:	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18
Area In Service (Sqm)	37,869	48,548	48,822	60,982	61,092	71,577	77,832	101,258	103,475
Area Under Construction (Sqm)	35,525	31,794	37,194	25,055	35,055	38,028	37,478	24,505	40,357
Area Committed (Sqm)	33,629	44,062	45,782	54,258	55,010	65,994	69,880	92,961	97,068
Area Pre-Committed (Sqm)	3,330	552	12,845	6,785	13,303	10,547	12,970	9,567	25,751
Total Area Committed (Sqm)	36,959	44,614	58,627	61,043	68,313	76,541	82,850	102,528	122,819
Commitment Rate (%)	88.8%	90.8%	93.8%	89.0%	90.0%	92.2%	89.8%	91.8%	93.8%
Pre-Commitment Rate (%)	9.4%	1.7%	34.5%	27.1%	37.9%	27.7%	34.6%	39.0%	63.8%
Area Utilized (Sqm)	23,957	32,152	34,369	37,082	37,898	42,470	50,579	61,713	66,905
Utilization Rate %	63.3%	66.2%	70.4%	60.8%	62.0%	59.3%	65.0%	60.9%	64.7%
Average MSR (Rmb / Sqm / Month)	2,913	2,780	2,675	2,797	2,708 ⁽¹⁾	2,750	3,031	2,931	2,858

Note

1. For the purpose of calculating MSR for 1Q17, the churn area of 1,225 sqm is excluded from the opening area utilized.



Self-Developed Data Centers In Service

As at 31/03/18

	Shanghai						Shenzhen					Guangzhou		Beijing			Chengdu	
	KS1	SH1	SH2	SH3	SH4	SH5 Phase 1	SZ1	SZ2	SZ3	SZ4 Phase 1	SZ5 Phase 1	GZ1	GZ2	BJ1	BJ2	BJ3	CD1	
Ready For Service	2H10	2H11	2H15	2H16	2H17	1H18	2H14	1H16	2H16	2H17	1H17	1H16	2H17	2H15	2H17	2H17	1H17	
Type	Purpose-Built	Purpose-Built	Purpose-Built	Purpose-Built	Purpose-Built	Converted	Converted	Converted	Converted	Converted	Converted	Converted	Converted	Converted	Converted	Converted	Converted	Purpose-Built
Tenure	Owned	Leased	Leased	Leased	Leased	Leased	Leased	Leased	Leased	Leased	Leased	Leased	Leased	Leased	Leased	Leased	Owned	
Area In Service (Sqm)	6,546	6,432	7,712	7,950	8,394	2,042	4,286	4,308	2,678	4,677	5,000	6,521	6,131	2,435	6,177	4,260	6,287	
Area Committed (Sqm)	6,490	6,223	7,663	7,882	5,705	2,042	4,278	4,038	2,140	4,555	5,000	6,521	6,131	2,429	5,344	4,260	6,287	
Commitment Rate	99.2%	96.8%	99.4%	99.1%	68.0%	100%	99.8%	93.7%	79.9%	97.4%	100%	100%	100%	99.8%	86.5%	100%	100%	
Area Utilized (Sqm)	6,289	5,673	6,933	4,960	209	0	4,278	3,319	1,624	233	5,000	6,109	6,131	2,363	971	3,498	1,538	
Utilization Rate	96.1%	88.2%	89.9%	62.4%	2.5%	0%	99.8%	77.0%	60.6%	5.0%	100%	93.7%	100%	97.1%	15.7%	82.1%	24.5%	



Self-Developed Data Centers Under Construction

As at 31/03/18

	Shanghai		Shenzhen	Chengdu	Hebei		
	SH6 ⁽¹⁾	SH8	SZ5 Phase 2	CD2 Phase 1	HB1	HB2	HB3
Ready For Service	2H18	2H18	2Q18	2H18	2Q18	2H18	2H18
Type	Purpose-Built	Converted	Converted	Purpose-Built	Built-to-Suit	Built-to-Suit	Built-to-Suit
Tenure	Leased	Leased	Leased	Owned	Leased	Leased	Leased
Area Under Construction (Sqm)	7,071	5,052	7,858 ⁽²⁾	5,400	4,992	4,992	4,992
Area Pre-Committed (Sqm)	3,200	2,500	0	5,075	4,992	4,992	4,992
Pre-Commitment Rate	45.3%	49.5%	0%	94.0%	100%	100%	100%

Note:

1. SH7 is the 2nd building to be constructed next to SH6 which is currently held for future development.

2. Area under construction for SZ5 Phase 2 was upsized from 5,000 sqm to 7,858 sqm due to higher power capacity secured.



Top 5 Customers

Top 5 Customers in terms of Total Area Committed

End User	% of Total Area Committed	% of 1Q18 Service Revenue	Number of Data Centers
Internet / Cloud Service Provider	39.3%	26.9%	14
Internet / Cloud Service Provider	19.2%	11.8%	10 ⁽¹⁾
Internet	11.3%	7.3%	3
Cloud Service Provider	3.8%	3.7%	3
Internet	2.6%	0%	1

Note:
1. Excluding 3rd party data centers.



Principal Shareholders

As at 31/03/18

	Ordinary Shares	ADS	% of Total
William Huang ⁽¹⁾	67,590,336	8,448,792	6.8%
Directors & Officers ⁽²⁾	10,507,671	1,313,458	1.1%
SBCVC	72,492,246	9,061,531	7.3%
STT	341,737,732	42,717,217	34.5%
Ping An Insurance	63,369,856	7,921,232	6.4%
CyrusOne	64,257,028	8,032,129	6.5%
Others / Free Float	371,251,707	46,406,463	37.4%
Total	991,206,576	123,900,822	100%

Notes:

1. Representing Class B shares; all the others are Class A shares. The voting power of Class B vs Class A is 20:1. Does not include options exercisable within the next 60 days of 11,301,093 ordinary shares, or 1,412,636 ADSs.

2. Does not include options exercisable within the next 60 days of 5,337,000 ordinary shares, or 667,125 ADSs and the restricted shares to be vested within the next 60 days of 464,752 ordinary shares, or 58,094 ADSs..



Historical Financial Results

Condensed Consolidated Statements of Operations

Amounts in thousands	Three Months Ended					
	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017	Mar 31, 2018	
	RMB	RMB	RMB	RMB	RMB	USD
Net Revenue						
Service revenue	343,665	331,490	423,042	493,663	551,473	87,918
Equipment sales	6,378	4,724	1,391	11,813	10,752	1,714
Total net revenue	350,043	336,214	424,433	505,476	562,225	89,632
Cost of revenue	(243,845)	(254,853)	(321,709)	(387,287)	(439,308)	(70,036)
Gross profit	106,198	81,361	102,724	118,189	122,917	19,596
Operating expenses						
Selling and marketing expenses	(21,256)	(23,508)	(22,854)	(22,500)	(26,849)	(4,280)
General and administrative expenses	(48,768)	(47,733)	(63,972)	(68,391)	(62,936)	(10,033)
Research and development expenses	(1,458)	(1,203)	(2,059)	(2,541)	(2,672)	(426)
Income (Loss) from operations	34,716	8,917	13,839	24,757	30,460	4,857
Other income (expenses)						
Net interest expenses	(78,608)	(85,755)	(105,733)	(136,307)	(115,054)	(18,342)
Foreign currency exchange gain (loss), net	(2,606)	(1,229)	(1,638)	(6,826)	(3,219)	(513)
Others, net	826	1,010	866	795	609	97
Loss before income taxes	(45,672)	(77,057)	(92,666)	(117,581)	(87,204)	(13,901)
Income tax benefits	1,367	1,334	2,337	1,038	1,278	204
Net loss	(44,305)	(75,723)	(90,329)	(116,543)	(85,926)	(13,697)



Historical Financial Results

Condensed Consolidated Balance Sheets ⁽¹⁾

Amounts in thousands. As of	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017	Mar 31, 2018	
	RMB	RMB	RMB	RMB	RMB	USD
Cash	1,527,318	1,466,013	1,174,079	1,873,446	2,978,627	474,863
Accounts receivable, net of allowance for doubtful accounts	261,015	308,137	306,308	364,654	469,173	74,797
Total current assets	2,004,456	2,002,961	1,710,969	2,454,028	3,710,263	591,503
Property and equipment, net	4,595,418	5,631,456	6,368,830	8,165,601	8,817,797	1,405,764
Goodwill and intangible assets, net	1,429,421	1,764,387	1,757,017	1,919,221	1,909,801	304,467
Total assets	8,300,235	9,752,723	10,254,301	13,144,567	15,135,127	2,412,894
Short-term borrowings and current portion of long-term borrowings	438,210	568,139	952,734	790,484	905,495	144,357
Capital leases and other financing obligations, current	113,522	132,151	38,594	97,943	120,718	19,245
Total current liabilities	1,286,730	1,685,931	1,906,446	2,423,071	2,445,779	389,914
Long-term borrowings, excluding current portion	1,856,128	2,382,276	2,241,895	3,459,765	4,244,884	676,734
Convertible bonds payable	1,034,895	1,016,160	995,535	0	0	0
Capital leases and other financing obligations, non-current	1,027,498	1,387,132	1,713,262	2,303,044	2,335,141	372,276
Total liabilities	5,350,834	6,862,287	7,430,185	8,669,055	9,483,420	1,511,879
Total shareholders' equity	2,949,401	2,890,436	2,824,116	4,475,512	5,651,707	901,015

Notes

1. The Company adopted Accounting Standards Codification ("ASC") 606 *Revenue from Contracts with Customers* on January 1, 2018 using the cumulative effect method and made an adjustment to decrease the opening balance of shareholders' equity at January 1, 2018 by RMB0.7 mn. Therefore, the comparative information was not adjusted.



Historical Financial Results

Condensed Consolidated Statements of Cash Flows ⁽¹⁾ ⁽²⁾

Amounts in thousands	Three Months Ended					
	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017	Mar 31, 2018	
	RMB	RMB	RMB	RMB	RMB	USD
Net cash used in operating activities	(23,691)	(59,975)	(55,528)	(28,623)	(143,429)	(22,864)
Net cash used in investing activities	(379,970)	(402,128)	(443,690)	(779,265)	(806,779)	(128,620)
Net cash provided by financing activities	146,352	432,498	226,258	1,550,620	2,113,003	336,863
Effect of exchange rate changes on cash and restricted cash	(11,929)	(20,485)	(19,470)	(22,366)	(57,636)	(9,191)
Net increase (decrease) in cash and restricted cash	(269,238)	(50,090)	(292,430)	720,366	1,105,159	176,188
Cash and restricted cash at beginning of year / period	1,838,992	1,569,754	1,519,664	1,227,234	1,947,600	310,493
Cash and restricted cash at end of year / period	1,569,754	1,519,664	1,227,234	1,947,600	3,052,759	486,681

Notes:

1. The Company adopted Accounting Standards Update ("ASU") No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash on January 1, 2018 and retrospectively adjusted the condensed consolidated statements of cash flows for each period by excluding the movement of restricted cash of RMB14.8 mn, RMB11.2 mn, RMB0.5 mn and RMB21.0 mn for the three months ended March 31, June 30, September 30 and December 31, 2017, respectively.
2. The Company adopted ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments on January 1, 2018. As a result, the condensed consolidated statement of cash flows for the three months ended December 31, 2017 was retrospectively adjusted by reclassifying the payments of contingent considerations for acquisition of subsidiaries amounted to RMB27.1 mn from investing activities to operating activities (RMB3.0 mn) and financing activities (RMB24.1 mn), respectively. The adoption of ASU2016-15 does not have impact to the other periods in 2017.



Reconciliation from Gross Profit to Adjusted NOI

Adjusted NOI

Amounts in thousands	Three months ended					
	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017	Mar 31, 2018	
	RMB	RMB	RMB	RMB	RMB	USD
Gross profit	106,198	81,361	102,724	118,189	122,917	19,596
Depreciation and amortization	71,288	72,609	95,372	106,095	125,888	20,069
Accretion expenses for asset retirement costs	153	203	269	324	309	49
Share-based compensation expenses	1,730	2,108	3,527	2,576	2,893	461
Adjusted NOI	179,369	156,281	201,892	227,184	252,007	40,175
Adjusted NOI margin	51.2%	46.5%	47.6%	44.9%	44.8%	44.8%



Reconciliation from Net Loss to Adjusted EBITDA

Adjusted EBITDA

Amounts in thousands	Three Months Ended					
	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017	Mar 31, 2018	
	RMB	RMB	RMB	RMB	RMB	USD
Net loss	(44,305)	(75,723)	(90,329)	(116,543)	(85,926)	(13,697)
Net interest expenses	78,608	85,755	105,733	136,307	115,054	18,342
Income tax benefits	(1,367)	(1,334)	(2,337)	(1,038)	(1,278)	(204)
Depreciation and amortization	77,324	78,692	104,722	117,392	137,488	21,919
Accretion expenses for asset retirement costs	153	203	269	324	309	49
Share-based compensation expenses	13,506	12,294	15,594	18,449	15,633	2,492
Adjusted EBITDA	123,919	99,887	133,652	154,891	181,280	28,901
Adjusted EBITDA margin	35.4%	29.7%	31.5%	30.6%	32.2%	32.2%



Definition of KPIs

Area In Service	the 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	the net floor area of data centers which are under construction and are not yet ready for service
Area Committed	the net floor area of data centers in service for which agreements from customers remain in effect
Area Pre-committed	the net floor area of data centers under construction for which agreements from customers remain in effect
Total Area Committed	the sum of area committed and area pre-committed
Commitment Rate	the ratio of area committed to area in service
Pre-commitment rate	the ratio of area pre-committed to area under construction
Area Utilized	the net floor area of data centers in service that is also revenue generating pursuant to customer agreements in effect
Utilization Rate	the ratio of area utilized to area in service