



3Q18 Earnings Call

13 November 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 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, income 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



3Q18 HIGHLIGHTS

Sales Momentum

- Net additional area committed of 18,734 sqm
- Total area committed increased by 13.1% q/q to 161,799 sqm

Capacity Expansion

- 147,342 sqm in service and 43,718 sqm under construction
- Invested Rmb 1,076 mn (\$157 mn) of capex for capacity expansion

Financial Results

- Total revenue grew by 79.7% and Adjusted EBITDA by 125.3% y/y
- Total area utilized increased by 16.2% q/q

Project Financing

- Obtained Rmb 792 mn (\$115 mn) of new debt facilities
- All projects fully funded with equity and debt

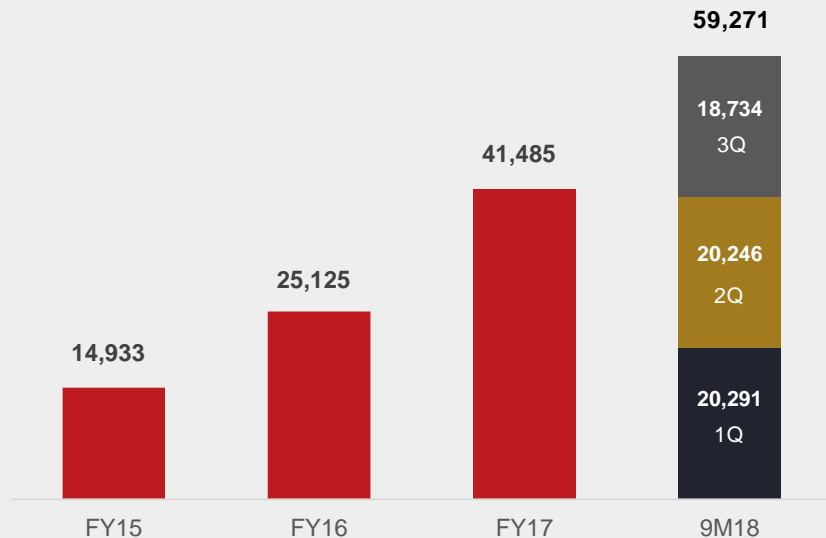
Note:

Exchange rate of 6.868:1 (RMB:USD) is used throughout this whole presentation.



Sales Achievement

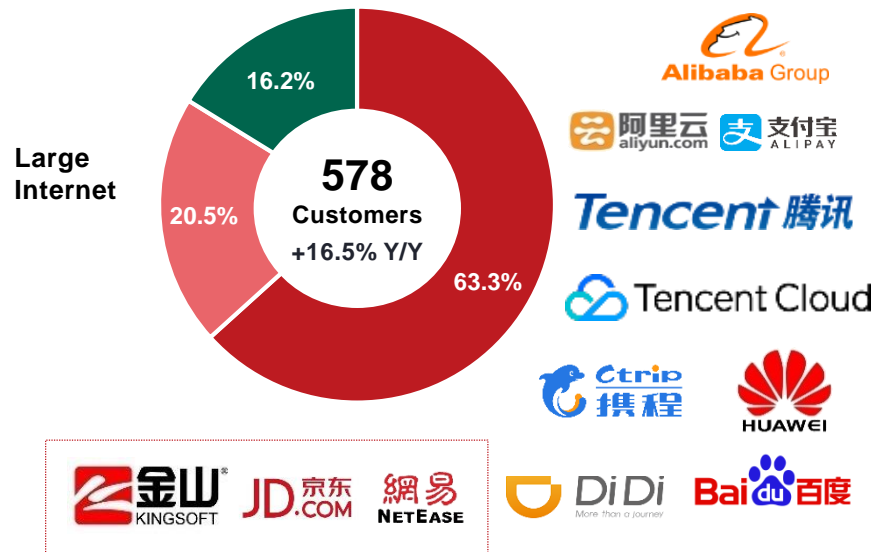
Net Additional Area Committed (Sqm)



Total Area Committed by Customer Segment

FSI & Large Enterprises

Cloud Service Providers



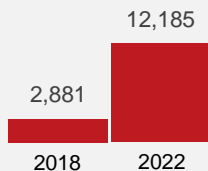


Key Demand Drivers

Public Cloud IaaS (\$ Mn)

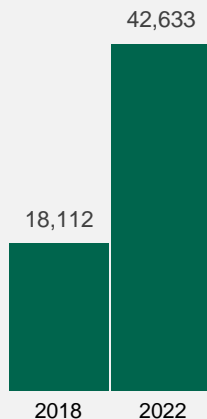
China

CAGR: ~44.7%



US

CAGR: ~24.5%

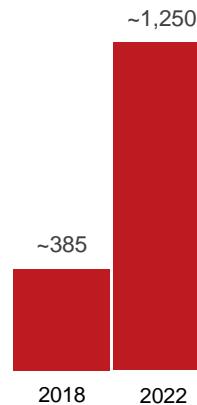


Note:
Gartner "Forecast: Public Cloud Services, Worldwide, 2016-2022, 2Q18 Update".

AI-Derived Business Value (\$ Bn)

Greater China

CAGR: ~34.2%



North America

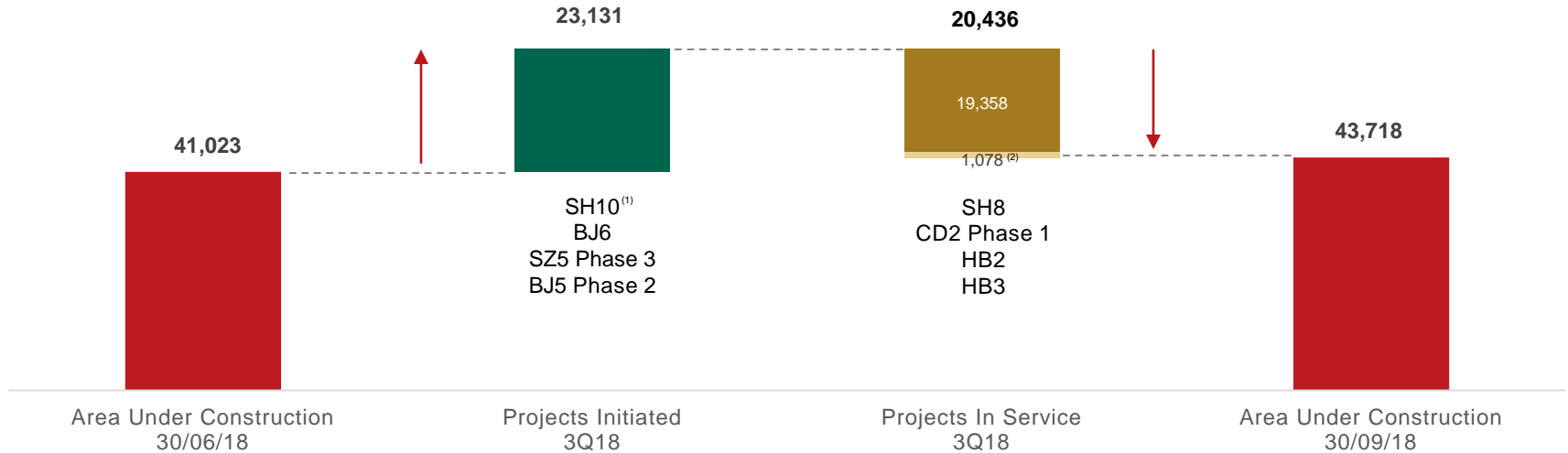
CAGR: ~23.4%



Note:
Gartner "Forecast: The Business Value of Artificial Intelligence, Worldwide, 2017-2025".

Resource Progress

Area Under Construction (Sqm)



Note:

1. Area under construction for SH10 was adjusted by -389 sqm.

2. In service area adjustments including SH8 of -128 sqm, CD2 Phase 1 of +2,850 sqm, HB2 of -330 sqm, HB3 of -330 sqm, CD1 of -25 sqm, BJ3 of -1,116 sqm and 3rd party data centers of -1,999 sqm.

New Data Centers In Service



SH8

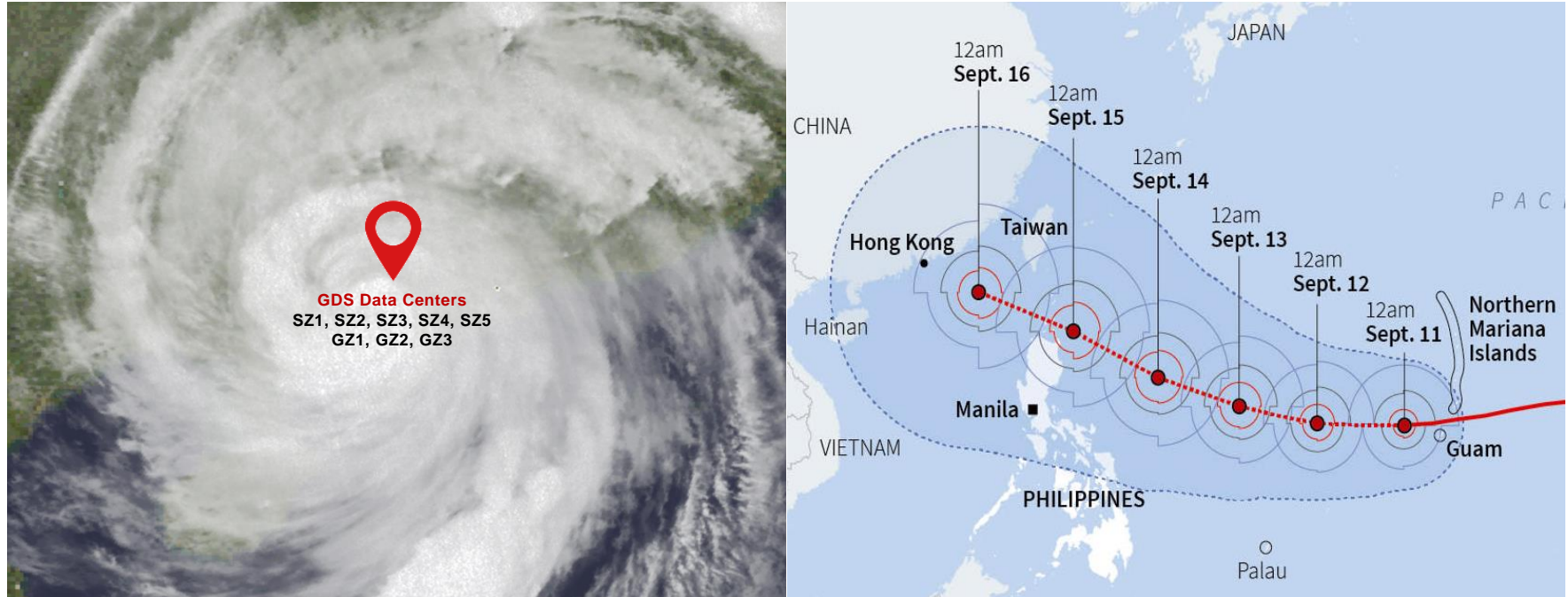


CD2

HB2, HB3

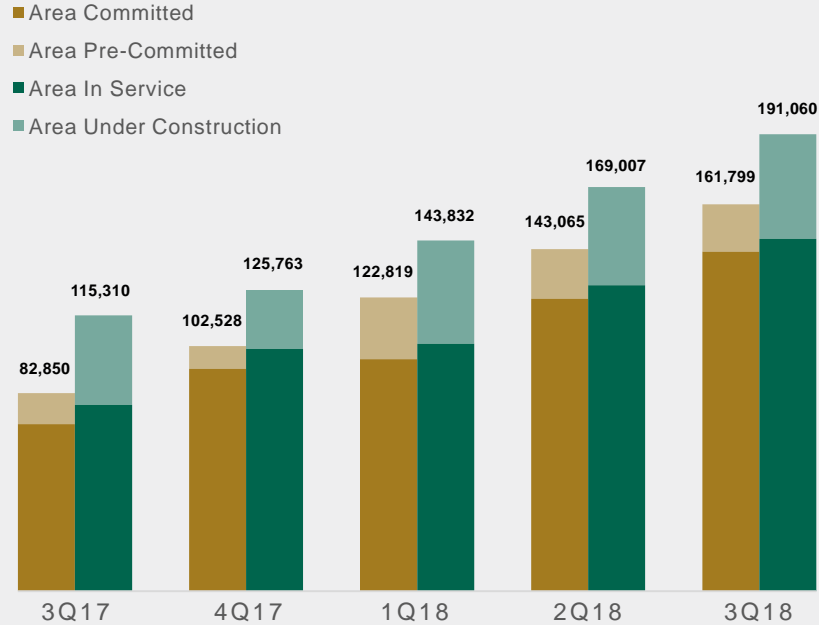


Data Center Operations Unaffected By Typhoon Mangkhut

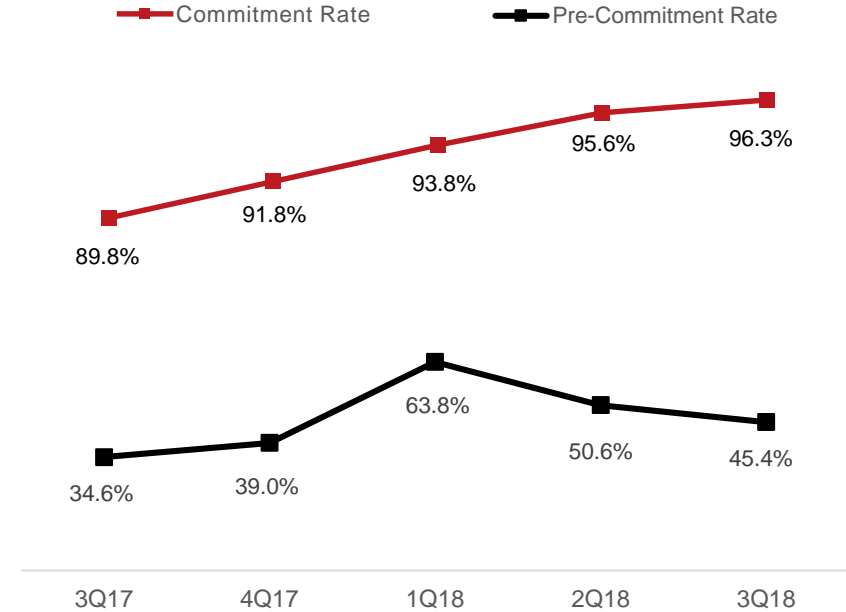


Synchronized Sales & Capacity Growth

Commitments vs. Capacity (Sqm)



Commitment & Pre-Commitment Rates





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



3Q18 P&L Analysis

Quarterly Financial Review

Rmb'000 (unless indicated)	3Q17	2Q18	3Q18	Y/Y	Q/Q
Service Revenue	423,042	626,347	752,620	77.9%	20.2%
Equipment Sales	1,391	11,163	10,201	633.4%	(8.6%)
Total Net Revenue	424,433	637,510	762,821	79.7%	19.7%
Cost of Revenue	(321,709)	(499,989)	(590,956)	83.7%	18.2%
Add Back: D&A, SBC & Asset Retirement Cost	99,168	153,296	195,037	96.7%	27.2%
Adjusted NOI⁽¹⁾	201,892	290,817	366,902	81.7%	26.2%
<i>Adjusted NOI Margin</i>	<i>47.6%</i>	<i>45.6%</i>	<i>48.1%</i>	<i>0.5 ppts</i>	<i>2.5 ppts</i>
SG&A	(88,885)	(112,070)	(121,905)	37.1%	8.8%
Add Back: D&A and SBC	21,417	41,824	39,551	84.7%	(5.4%)
FX Change Gain & Other, Net (Loss)	(772)	11,681	16,617	(2252.5%)	42.3%
Adjusted EBITDA	133,652	232,252	301,165	125.3%	29.7%
<i>Adjusted EBITDA margin</i>	<i>31.5%</i>	<i>36.4%</i>	<i>39.5%</i>	<i>8 ppts</i>	<i>3.1 ppts</i>

Note:

- 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.



3Q18 Underlying Trends

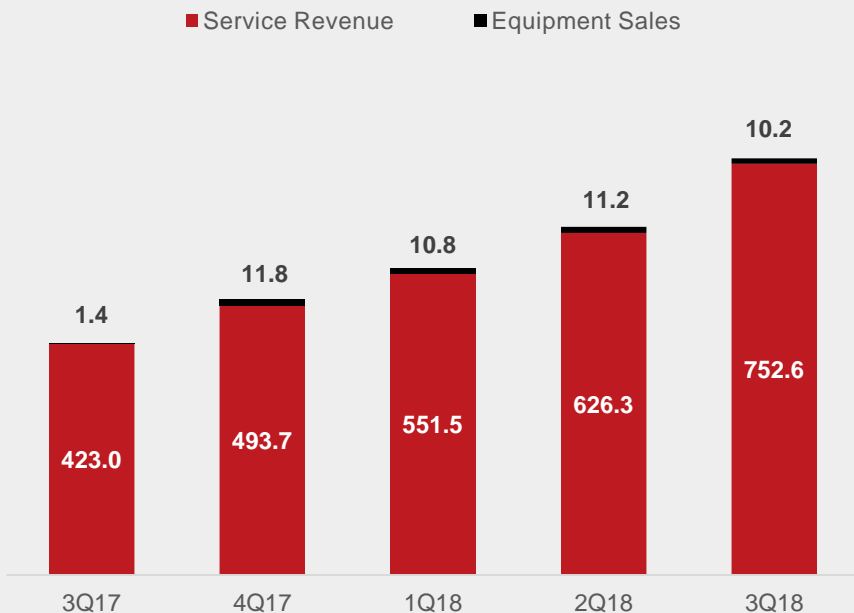
Quarterly Financial Review

Rmb'000 (unless indicated)	3Q17	2Q18	3Q18	Y/Y	Q/Q
Total Net Revenue	424,433	637,510	762,821	79.7%	19.7%
Less: Equipment Sales	1,391	11,163	10,201	633.4%	(8.6%)
Service Revenue	423,042	626,347	752,620	77.9%	20.2%
Adjusted NOI	201,892	290,817	366,902	81.7%	26.2%
Less: Equipment Profit	354	1,344	1,670	371.8%	24.3%
Underlying Adjusted NOI	201,538	289,473	365,232	81.2%	26.2%
<i>Underlying Adjusted NOI Margin</i>	<i>47.6%</i>	<i>46.2%</i>	<i>48.5%</i>	<i>0.9 ppts</i>	<i>2.3 ppts</i>
Adjusted EBITDA	133,652	232,252	301,165	125.3%	29.7%
Less: Equipment Profit	354	1,344	1,670	371.8%	24.3%
Less: FX Change Gain (Loss)	(1,638)	9,778	13,420	(919.3%)	37.2%
Underlying Adjusted EBITDA	134,936	221,130	286,075	112.0%	29.4%
<i>Underlying Adjusted EBITDA Margin</i>	<i>31.9%</i>	<i>35.3%</i>	<i>38.0%</i>	<i>6.1 ppts</i>	<i>2.7 ppts</i>

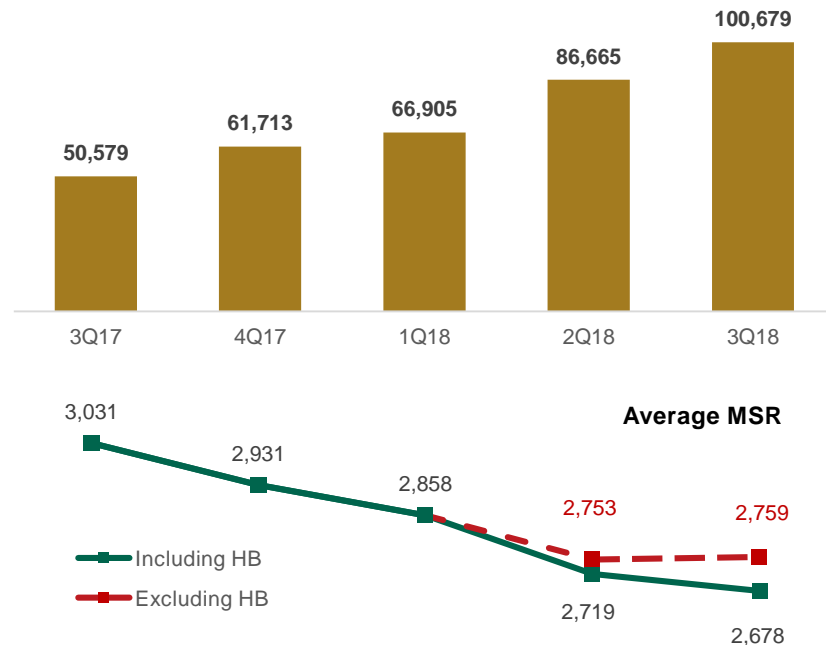


Revenue & Area Utilized

Revenue (Rmb Mn)



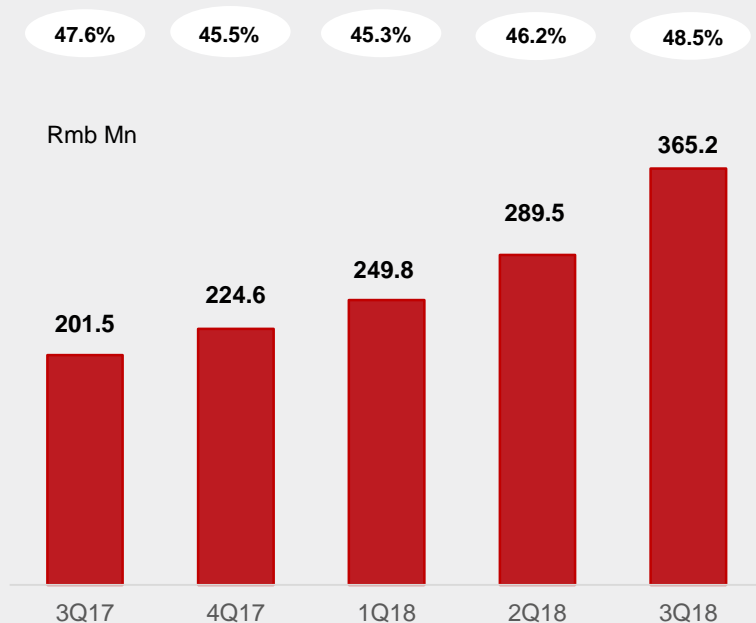
Area Utilized (Sqm) & MSR (Rmb / Sqm / Month)



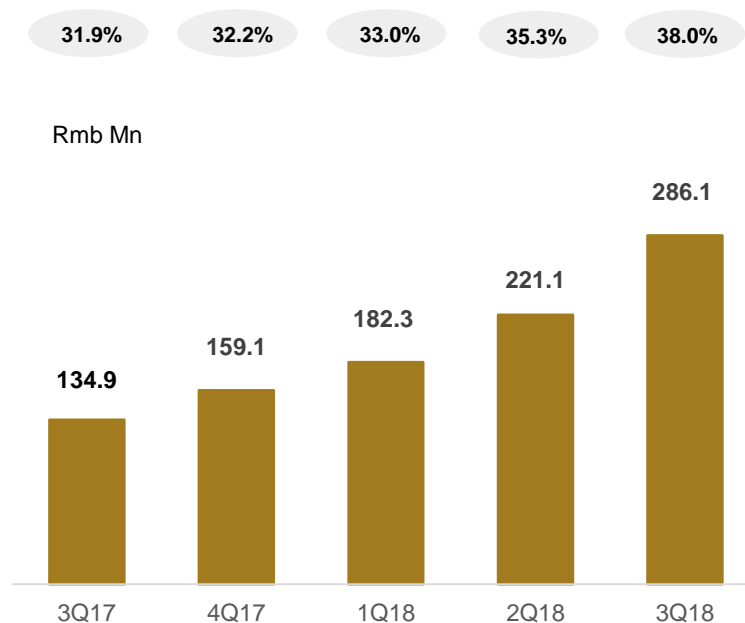


Underlying Adjusted NOI & EBITDA

Underlying Adjusted NOI & Margin



Underlying Adjusted EBITDA & Margin





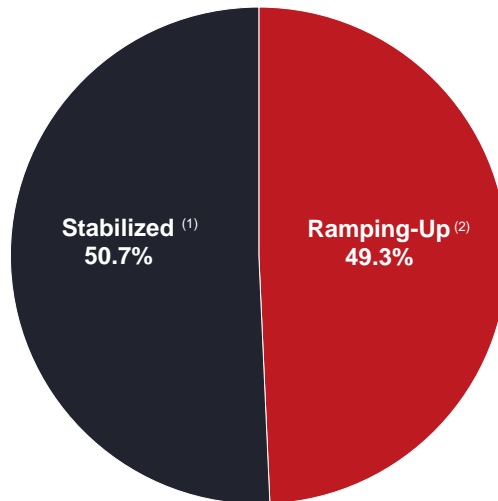
Stabilized vs. Ramping-Up Data Centers

Breakdown of Area In Service as at 3Q18

Stabilized Data Centers

	Net Floor Area (Sqm)	Commitment Rate	Utilization Rate
KS1	6,546	99.4%	96.2%
SH1	6,432	96.6%	94.9%
SH2	7,712	99.1%	93.1%
SH3	7,950	98.5%	83.7%
SZ1	4,286	98.5%	98.4%
SZ2	4,308	100%	95.5%
SZ5 Phase 1	5,000	100%	100%
GZ1	6,521	100%	100%
GZ2	6,131	100%	93.7%
GZ3 Phase 1	7,648	100%	87.8%
BJ1	2,435	99.8%	98.0%
HB1	5,132	100%	81.4%
3 rd Party	4,615	94.6%	92.9%
Total	74,716	99.0%	92.9%

Area In Service



Note:

1. "Stabilized" is defined as Utilization Rate above 80%.

2. "Ramping-Up" is defined as Utilization Rate below 80%.

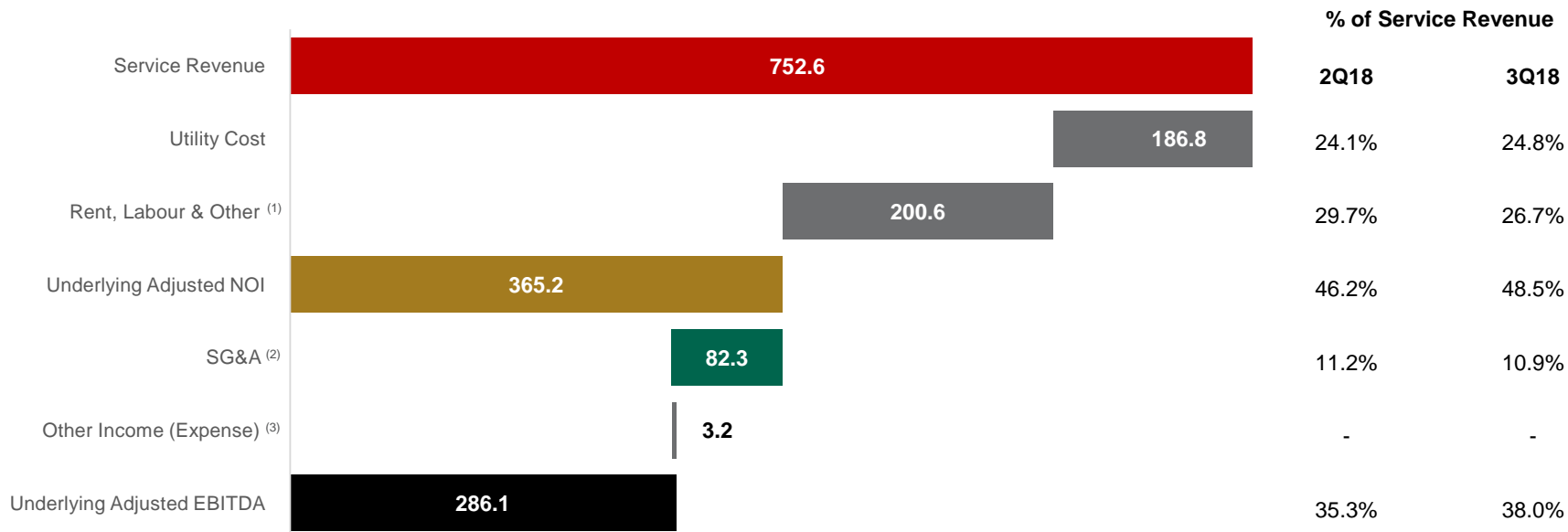
Ramping-Up Data Centers

	Net Floor Area (Sqm)	Commitment Rate	Utilization Rate
SH4	8,415	83.1%	46.9%
SH5 Phase 1	2,040	100%	49.5%
SH8	4,924	76.8%	0.0%
SH11	4,214	100%	49.0%
SZ3	2,678	83.4%	63.1%
SZ4 Phase 1	4,677	98.5%	7.9%
SZ5 Phase 2	7,858	100%	59.4%
BJ2	5,816	95.5%	72.6%
BJ3	3,144	100%	79.4%
CD1	6,262	100%	48.5%
CD2 Phase 1	8,250	100%	0.0%
HB2	4,662	100%	62.8%
HB3	4,662	100%	56.4%
3 rd Party	5,024	74.0%	44.1%
Total	72,626	93.6%	43.1%



Cost Breakdown & Operating Leverage

3Q18 Cost Breakdown & Operating Leverage (Rmb Mn)



Note:

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

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

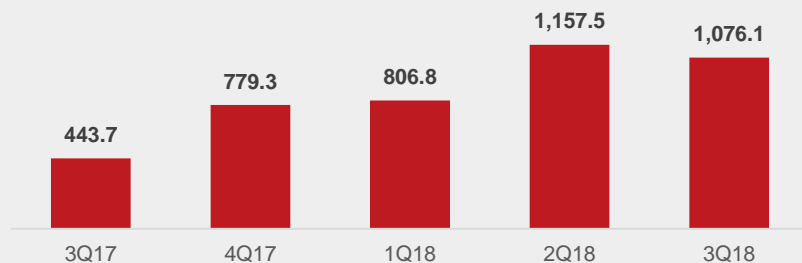
3. Other Income (Expense) excludes interest expense / income and foreign exchange gain / loss.



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	137,703	9,069.7	265.7
Under Construction	43,718	155.7	2,352.3

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 (%)
SH6	4Q18	7,071	45.3%
SH9	1H19	3,880	100%
BJ4	1H19	4,500	0%
BJ5 Phase 1	1H19	5,136	100%
BJ5 Phase 2	1H19	7,652	100%
SZ5 Phase 3	1H19	6,821	0%
SH10	2H19	3,491	0%
BJ6	2H19	5,167	0%
Total	-	43,718	45.4%

Financing Obligations & Liquidity

Debt & Cash Outstanding

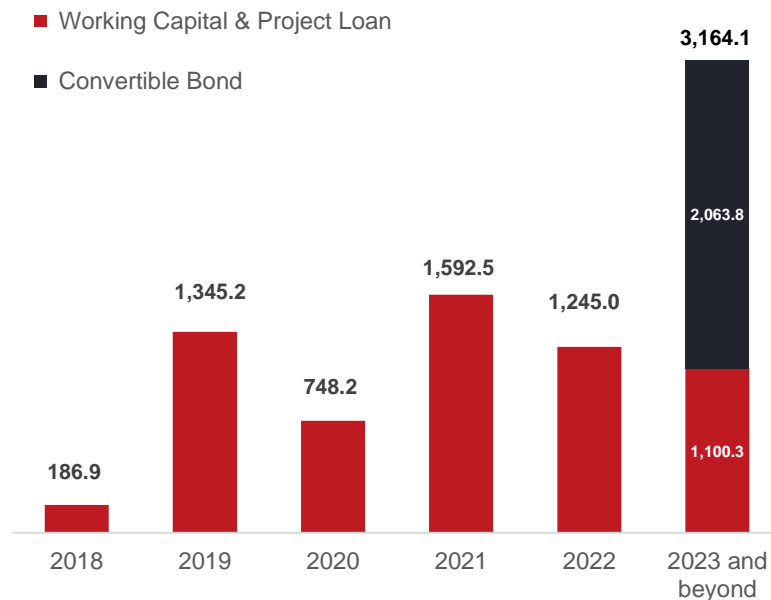
	30/09/17	30/06/18	30/09/18	
	Rmb Mn	Rmb Mn	Rmb Mn	/ LQA Adjusted EBITDA
Total Loan	3,194.6	5,990.2	6,060.2	5.0x
Convertible Bond	995.5	1,925.3	2,005.0	1.7x
Capital Lease	1,751.9	3,757.7	4,241.5	3.5x
Gross Debt	5,942.0	11,673.2	12,306.7	10.2x
Cash	1,174.1	4,451.0	3,491.7	2.9x
Net Debt	4,767.9	7,222.2	8,815.0	7.3x

	3Q17	4Q17	1Q18	2Q18	3Q18
Net Debt / LQA Adjusted EBITDA	8.9	7.7	6.4	7.8	7.3
Interest Coverage Ratio ⁽¹⁾	1.26	1.14	1.58	1.69	1.65

Note:

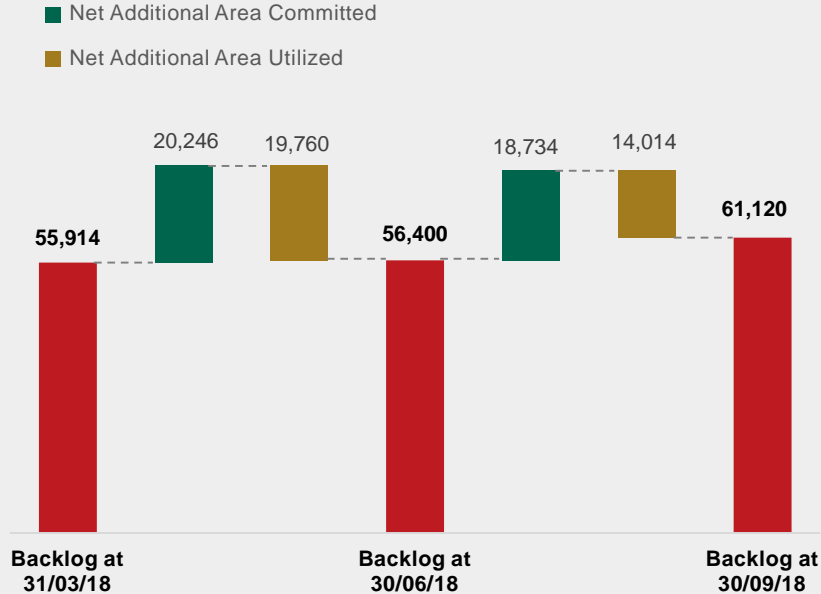
1. Interest Coverage Ratio = Adjusted EBITDA / Reported Net Interest Expense.

Loan Maturity Schedule as at 30/09/18 (Rmb Mn)

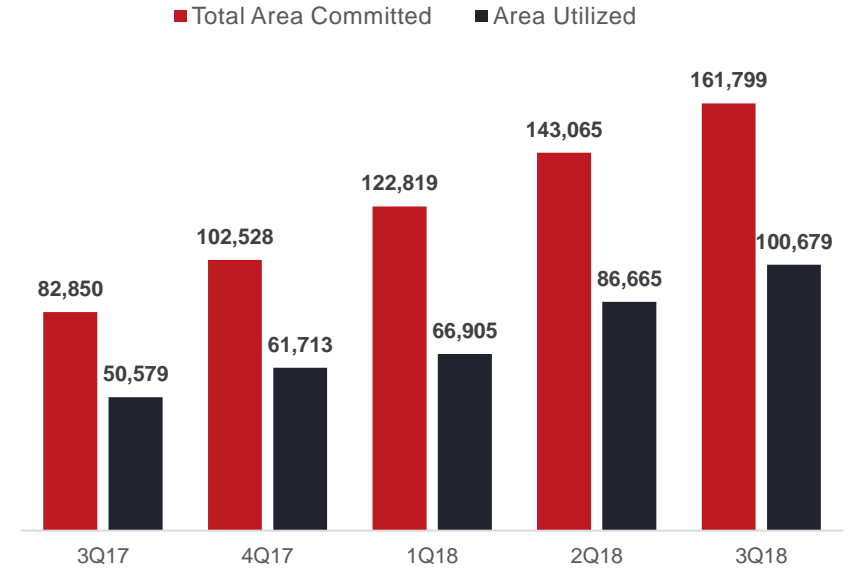


Contract Backlog Build-Up

Backlog Build-Up (Sqm)



Total Area Committed & Area Utilized (Sqm)





Updated Business Outlook

FY18 Revised Guidance

Rmb Mn	FY16 Actual	FY17 Actual	Actual Y/Y	FY18 Original Guidance @ 31/03/18	FY18 Revised Guidance @ 30/06/18	FY18 Revised Guidance @ 30/09/18	Implied Y/Y
Total Revenue	1,056.0	1,616.2	53.1%	2,460 ~ 2,560	2,533 ~ 2,636	> 2,750	> 70.2%
Adjusted EBITDA	270.5	512.3	89.4%	905 ~ 935	932 ~ 963	> 1,020	> 99.1%
Capex ⁽¹⁾	1,147.1	2,005.1	74.8%	2,600 ~ 3,000	~4,000	~4,000	99.5%

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

Beijing



Shanghai



Note:

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

Our Data Center Portfolio – Shenzhen, Guangzhou & Chengdu

Self-Developed Data Centers in Tier 1 Markets

Chengdu



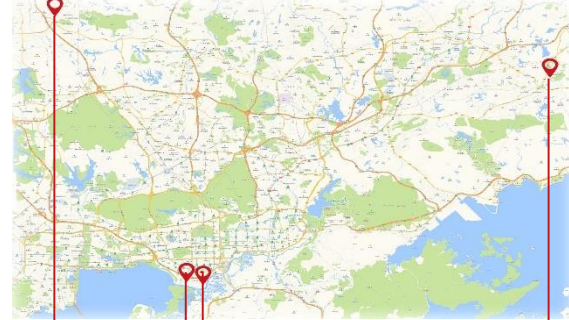
CD1, 2

Guangzhou



GZ1, 2, 3

Shenzhen



SZ5



SZ3



SZ1, 2



SZ4





Key Operating KPIs

Last 8 Quarters

As At:	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
Area In Service (Sqm)	60,982	61,092	71,577	77,832	101,258	103,475	127,984	147,342
Area Under Construction (Sqm)	25,055	35,055	38,028	37,478	24,505	40,357	41,023	43,718
Total Capacity (Sqm)	86,037	96,147	109,605	115,310	125,763	143,832	169,007	191,060
Area Committed (Sqm)	54,258	55,010	65,994	69,880	92,961	97,068	122,306	141,931
Area Pre-Committed (Sqm)	6,785	13,303	10,547	12,970	9,567	25,751	20,759	19,868
Total Area Committed (Sqm)	61,043	68,313	76,541	82,850	102,528	122,819	143,065	161,799
Commitment Rate (%)	89.0%	90.0%	92.2%	89.8%	91.8%	93.8%	95.6%	96.3%
Pre-Commitment Rate (%)	27.1%	37.9%	27.7%	34.6%	39.0%	63.8%	50.6%	45.4%
Area Utilized (Sqm)	37,082	37,898	42,470	50,579	61,713	66,905	86,665	100,679
Utilization Rate %	60.8%	62.0%	59.3%	65.0%	60.9%	64.7%	67.7%	68.3%
Average MSR (Rmb / Sqm / Month)	2,797	2,708 ⁽¹⁾	2,750	3,031	2,931	2,858	2,719	2,678

Note

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



Data Center Summary By Market

As at 30/09/18 (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	48,233	14,442	62,675	45,222	7,080	52,302	33,258	93.8%	49.0%	69.0%
Shenzhen / Guangzhou	49,107	6,821	55,928	48,525	0	48,525	39,038	98.8%	0%	79.5%
Beijing	11,395	22,455	33,850	11,132	12,788	23,920	9,106	97.7%	56.9%	79.9%
Chengdu	14,512	-	14,512	14,512	-	14,512	3,038	100%	-	20.9%
Hebei	14,456	-	14,456	14,456	-	14,456	9,737	100%	-	67.4%
3 rd Party	9,639	-	9,639	8,084	-	8,084	6,502	83.9%	-	67.5%
Total	147,342	43,718	191,060	141,931	19,868	161,799	100,679	96.3%	45.4%	68.3%

Note: Includes data for Self-Developed and 3rd Party data centers.



Self-Developed Data Centers In Service – Shanghai / Kunshan

As at 30/09/18 (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	6,505	99.4%	6,299	96.2%
SH1	2H11	Purpose-Built	Leased	6,432	6,214	96.6%	6,104	94.9%
SH2	2H15	Purpose-Built	Leased	7,712	7,644	99.1%	7,179	93.1%
SH3	2H16	Purpose-Built	Leased	7,950	7,828	98.5%	6,653	83.7%
SH4	2H17	Purpose-Built	Leased	8,415	6,993	83.1%	3,948	46.9%
SH5 Phase1	1H18	Converted	Leased	2,040	2,040	100%	1,009	49.5%
SH11	1H18	Converted	Leased	4,214	4,214	100%	2,066	49.0%
SH8	2H18	Converted	Leased	4,924	3,784	76.8%	0	0%



Self-Developed Data Centers In Service – Shenzhen / Guangzhou

As at 30/09/18 (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	4,220	98.5%	4,218	98.4%
SZ2	1H16	Converted	Leased	4,308	4,308	100%	4,114	95.5%
GZ1	1H16	Converted	Leased	6,521	6,521	100%	6,521	100%
SZ3	2H16	Converted	Leased	2,678	2,234	83.4%	1,691	63.1%
SZ5 Phase 1	1H17	Converted	Leased	5,000	5,000	100%	5,000	100%
SZ4 Phase 1	2H17	Converted	Leased	4,677	4,605	98.5%	371	7.9%
GZ2	2H17	Converted	Leased	6,131	6,131	100%	5,742	93.7%
SZ5 Phase 2	1H18	Converted	Leased	7,858	7,858	100%	4,665	59.4%
GZ3 Phase 1	1H18	Purpose-Built	Leased	7,648	7,648	100%	6,716	87.8%



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

As at 30/09/18 (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	2,431	99.8%	2,386	98.0%
	BJ2	2H17	Converted	Leased	5,816	5,557	95.5%	4,225	72.6%
	BJ3	2H17	Converted	Leased	3,144	3,144	100%	2,495	79.4%
Chengdu	CD1	1H17	Purpose-Built	Owned	6,262	6,262	100%	3,038	48.5%
	CD2 Phase 1	2H18	Purpose-Built	Owned	8,250	8,250	100%	0	0%
Hebei	HB1	1H18	Built-To-Suit	Leased	5,132	5,132	100%	4,178	81.4%
	HB2	2H18	Built-To-Suit	Leased	4,662	4,662	100%	2,929	62.8%
	HB3	2H18	Built-To-Suit	Leased	4,662	4,662	100%	2,630	56.4%



Self-Developed Data Centers Under Construction

As at 30/09/18 (Sqm, Unless Indicated)

Market	Data Center	Ready For Service	Type	Tenure	Area Under Construction	Area Pre-Committed	Pre-Commitment Rate
Shanghai	SH6	4Q18	Purpose-Built	Leased	7,071	3,200	45.3%
	SH9	1H19	Converted	Leased	3,880	3,880	100%
	SH10	2H19	Converted	Leased	3,491	0	0%
Beijing	BJ4	1H19	Converted	Leased	4,500	0	0%
	BJ5 Phase 1	1H19	Converted	Leased	5,136	5,136	100%
	BJ5 Phase 2	1H19	Converted	Leased	7,652	7,652	100%
	BJ6	2H19	Converted	Leased	5,167	0	0%
Shenzhen / Guangzhou	SZ5 Phase 3	1H19	Converted	Leased	6,821	0	0%



Top 5 Customers

Top 5 Customers in terms of Total Area Committed

End User	% of Total Area Committed	% of 3Q18 Service Revenue	Number of Data Centers ⁽¹⁾
Internet / Cloud Service Provider	31.3%	27.3%	17
Internet / Cloud Service Provider	27.8%	20.1%	12
Internet	10.8%	7.7%	5
Internet	3.7%	0%	2
Cloud Service Provider	2.9%	4.8%	3

Note:
1.Excluding 3rd party data centers.



Principal Shareholders

As at 30/09/18

	Ordinary Shares	ADS	% of Total
William Huang ⁽¹⁾	67,915,944	8,489,493	6.8%
Directors & Officers ⁽²⁾	11,272,935	1,409,116	1.1%
SBCVC	67,491,574	8,436,447	6.7%
STT	351,554,516	43,944,314	35.1%
Ping An Insurance	63,369,856	7,921,232	6.3%
Cyrus One	64,257,028	8,032,129	6.4%
Others / Free Float	374,497,422	46,812,178	37.4%
Total	1,000,359,275	125,044,909	100.0%

Notes:

1. Including 325,608 restricted shares, or 40,701 ADSs vested on August 1, 2018 after paying tax, which are Class A shares. The rest shares represent 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

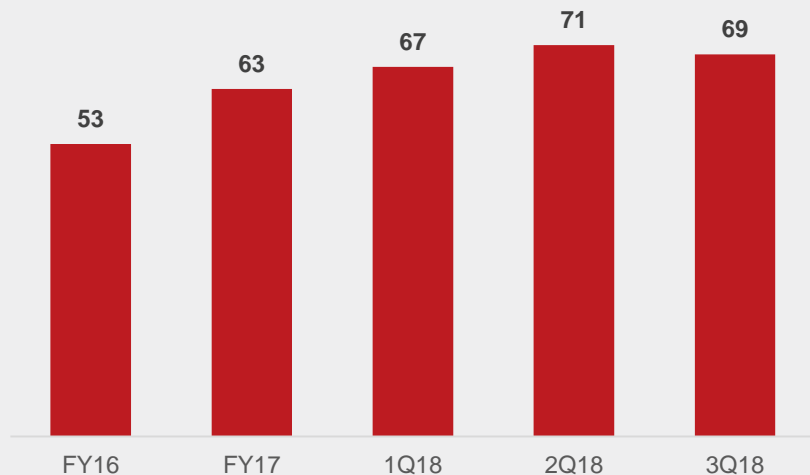
20:1. Does not include options exercisable within the next 60 days of 11,301,093 ordinary shares, or 1,412,636 ADSs.

2. Does not include options exercisable within the next 60 days of 5,210,184 ordinary shares, or 651,273 ADSs.



Working Capital Management

Accounts Receivable Turnover Days (# of Days)



Days Payable Outstanding (DPO) ⁽¹⁾

# of Days	FY15	FY16	FY17	1H18	3Q18
DPO – Opex	105	96	96	79	80
DPO – Capex	130	112	133	154	196
Total DPO	119	106	122	133	153
Total DPO (Excl. Acquisitions)	119	104	108	108	122

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 360. 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					
	Sep 30, 2017	Dec 31, 2017	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	
	RMB	RMB	RMB	RMB	RMB	USD
Net Revenue						
Service revenue	423,042	493,663	551,473	626,347	752,620	109,584
Equipment sales	1,391	11,813	10,752	11,163	10,201	1,485
Total net revenue	424,433	505,476	562,225	637,510	762,821	111,069
Cost of revenue	(321,709)	(387,287)	(439,308)	(499,989)	(590,956)	(86,045)
Gross profit	102,724	118,189	122,917	137,521	171,865	25,024
Operating expenses						
Selling and marketing expenses	(22,854)	(22,500)	(26,849)	(22,132)	(29,320)	(4,269)
General and administrative expenses	(63,972)	(68,391)	(62,936)	(86,737)	(89,267)	(12,998)
Research and development expenses	(2,059)	(2,541)	(2,672)	(3,201)	(3,318)	(483)
Income from operations	13,839	24,757	30,460	25,451	49,960	7,274
Other income (expenses)						
Net interest expenses	(105,733)	(136,307)	(115,054)	(137,274)	(182,152)	(26,522)
Foreign currency exchange gain (loss), net	(1,638)	(6,826)	(3,219)	9,778	13,420	1,954
Others, net	866	795	609	1,903	3,197	465
Loss before income taxes	(92,666)	(117,581)	(87,204)	(100,142)	(115,575)	(16,829)
Income tax benefits (expenses)	2,337	1,038	1,278	(1,935)	(3,779)	(550)
Net loss	(90,329)	(116,543)	(85,926)	(102,077)	(119,354)	(17,379)



Historical Financial Results

Condensed Consolidated Balance Sheets ⁽¹⁾

Amounts in thousands. As of	Sep 30, 2017	Dec 31, 2017	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	
	RMB	RMB	RMB	RMB	RMB	USD
Cash	1,174,079	1,873,446	2,978,627	4,450,958	3,491,694	508,400
Accounts receivable, net of allowance for doubtful accounts	306,308	364,654	469,173	531,490	625,087	91,014
Total current assets	1,710,969	2,454,028	3,710,263	5,322,382	4,459,868	649,368
Property and equipment, net	6,368,830	8,165,601	8,817,797	11,441,921	12,581,602	1,831,916
Goodwill and intangible assets, net	1,757,017	1,919,221	1,909,801	2,265,022	2,249,763	327,572
Total assets	10,254,301	13,144,567	15,135,127	19,860,438	20,217,060	2,943,660
Short-term borrowings and current portion of long-term borrowings	952,734	790,484	905,495	1,439,352	1,310,991	190,884
Capital leases and other financing obligations, current	38,594	97,943	120,718	151,598	148,980	21,692
Total current liabilities	1,906,446	2,423,071	2,445,779	3,525,311	3,160,711	460,209
Long-term borrowings, excluding current portion	2,241,895	3,459,765	4,244,884	4,550,852	4,749,184	691,494
Convertible bonds payable	995,535	0	0	1,925,339	2,004,993	291,933
Capital leases and other financing obligations, non-current	1,713,262	2,303,044	2,335,141	3,606,028	4,092,532	595,884
Total liabilities	7,430,185	8,669,055	9,483,420	14,202,348	14,619,471	2,128,636
Total shareholders' equity	2,824,116	4,475,512	5,651,707	5,658,090	5,597,589	815,024

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					
	Sep 30, 2017	Dec 31, 2017	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	
	RMB	RMB	RMB	RMB	RMB	USD
Net cash provided by (used in) operating activities	(55,528)	(28,623)	(143,429)	(18,308)	37,460	5,452
Net cash used in investing activities	(443,690)	(779,265)	(806,779)	(1,157,452)	(1,076,111)	(156,685)
Net cash provided by financing activities	226,258	1,550,620	2,113,003	2,499,137	1,066	156
Effect of exchange rate changes on cash and restricted cash	(19,470)	(22,366)	(57,636)	153,167	115,650	16,841
Net increase (decrease) in cash and restricted cash	(292,430)	720,366	1,105,159	1,476,544	(921,935)	(134,236)
Cash and restricted cash at beginning of year / period	1,519,664	1,227,234	1,947,600	3,052,759	4,529,303	659,479
Cash and restricted cash at end of year / period	1,227,234	1,947,600	3,052,759	4,529,303	3,607,368	525,243

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 RMB0.5 mn and RMB21.0 mn for the three months ended 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 Net Loss to Adjusted NOI

Adjusted NOI

Amounts in thousands	Three Months Ended					
	Sep 30, 2017	Dec 31, 2017	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	
	RMB	RMB	RMB	RMB	RMB	USD
Net loss	(90,329)	(116,543)	(85,926)	(102,077)	(119,354)	(17,379)
Net interest expenses	105,733	136,307	115,054	137,274	182,152	26,522
Income tax expenses (benefits)	(2,337)	(1,038)	(1,278)	1,935	3,779	550
Depreciation and amortization	104,722	117,392	137,488	166,759	206,661	30,090
Accretion expenses for asset retirement costs	269	324	309	407	569	83
Share-based compensation expenses	15,594	18,449	15,633	27,954	27,358	3,983
Selling and marketing expenses ⁽¹⁾	18,109	16,889	21,819	17,835	22,206	3,233
General and administrative expenses ⁽¹⁾	47,595	47,201	43,958	49,318	57,319	8,347
Research and development expenses ⁽¹⁾	1,764	2,172	2,340	3,093	2,829	412
Foreign currency exchange loss (gain), net	1,638	6,826	3,219	(9,778)	(13,420)	(1,954)
Others, net	(866)	(795)	(609)	(1,903)	(3,197)	(465)
Adjusted NOI	201,892	227,184	252,007	290,817	366,902	53,422
Adjusted NOI margin	47.6%	44.9%	44.8%	45.6%	48.1%	48.1%

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					
	Sep 30, 2017	Dec 31, 2017	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	
	RMB	RMB	RMB	RMB	RMB	USD
Net loss	(90,329)	(116,543)	(85,926)	(102,077)	(119,354)	(17,379)
Net interest expenses	105,733	136,307	115,054	137,274	182,152	26,522
Income tax expenses (benefits)	(2,337)	(1,038)	(1,278)	1,935	3,779	550
Depreciation and amortization	104,722	117,392	137,488	166,759	206,661	30,090
Accretion expenses for asset retirement costs	269	324	309	407	569	83
Share-based compensation expenses	15,594	18,449	15,633	27,954	27,358	3,983
Adjusted EBITDA	133,652	154,891	181,280	232,252	301,165	43,849
Adjusted EBITDA margin	31.5%	30.6%	32.2%	36.4%	39.5%	39.5%



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