

**GDS Holding Limited (Q3 2025 Earnings)**  
**November 19, 2025**

**Corporate Speakers:**

- Laura Chen; GDS Holding Limited; Head of Investor Relations
- William Huang; GDS Holding Limited; GDS founder, Chairman and Chief Executive Officer
- Daniel Newman; GDS Holding Limited; Chief Financial Officer

**Participants:**

- Yang Liu; Morgan Stanley; Analyst
- Xinyi Wang; UBS; Analyst
- Frank Louthan; Raymond James & Associates; Analyst
- Michael Elias; TD Cowen; Analyst
- Huiqun Li; Bank of America Securities; Analyst
- Timothy Zhao; Goldman Sachs; Analyst

**PRESENTATION**

Operator^ Hello, ladies and gentlemen. Thank you for standing by for GDS Holdings Limited Third Quarter 2025 Earnings Conference Call. At this time, all participants are in listen-only mode. After management's prepared remarks, there will be a question-and-answer session. Today's conference call is being recorded.

I will now turn the call over to your host, Ms. Laura Chen, Head of Investor Relations for the company. Please go ahead, Laura.

Laura Chen^ Thank you. Hello, everyone. Welcome to the Third Quarter 2025 Earnings Conference Call of GDS Holdings Limited. The company's results were issued via Newswire services earlier today and are posted online. A summary presentation, which we'll refer to during this conference call can be viewed and downloaded from our IR website at [investors.gdsservices.com](http://investors.gdsservices.com).

Leading today's call is Mr. William Huang, GDS founder, Chairman and CEO, who will provide an overview of our business strategy and performance. Mr. Dan Newman, GDS CFO, will then review the financial and operating results.

Before we continue, please note that today's discussion will contain forward-looking statements made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements involve inherent risks and uncertainties. As such, the company's results may be materially different from the views expressed today. Further information regarding these and other risks and uncertainties is included in the company's prospectus as filed with the U.S. SEC. The company does not assume any obligation to update any forward-looking statements, except as required under applicable law.

Please also note that GDS' earnings press release and this conference call include discussions of unaudited GAAP financial information as well as unaudited non-GAAP financial measures. GDS press release contains a reconciliation of the unaudited non-GAAP measures to the unaudited most directly comparable GAAP measures.

I will now turn over the call to GDS Founder, Chairman and CEO, Mr. William Huang. Please go ahead, William.

William Huang^ Thank you. Hello, everyone. This is William. Thank you for joining us on today's call. During the third quarter, our revenue increased by 10.2%, and our adjusted EBITDA increased by 11.4% year-on-year, maintaining the healthy growth trend since our business began to recover last year. During 3Q '25, our gross additional area utilized was around 23,000 square meters.

We are on track to achieve our highest every year of move-in. We continue to deliver the long-term backlog. In addition, we are now delivering the 40,000 square meter, or 152-megawatt order which we won in the first quarter of this year. By being selective with new business, we have successfully shortened the book-to-build period and brought down our backlog.

Nonetheless, we still have visibility for over 70,000 square meters of move-in from the backlog next year. Our total new bookings for the first nine months is 75,000 square meters or 240 megawatts. We expect to achieve nearly 300 megawatts for the full year, which is a big step-up from the level of the past few years. Around 65% of our bookings in 2025 are AI-related. Nonetheless, AI demand in China is still at a very early stage.

If we look at the big picture, the domestic tech industry has reached a critical juncture with major players making unprecedented financial commitment to AI infrastructure. This marks a definitive end to the previous downturn and signals the beginning of a robust recovery for the data center sector. All of our major customers are committed to the massive scale of this new investment cycle, with CapEx plans of hundreds of billions, underscoring the intensity of the new AI arms race. Leading local chip companies are making continuous development progress in terms of performance, efficiency and capacity. The growth of the domestic chip segment will secure the long-term growth of the AI infrastructure industry.

We have unwavering confidence in the AI demand to come basis on the development and the ramp-up of domestic technologies. We believe that new bookings in the coming years could be better, and this is what we are preparing for in our strategic plan. There are two essential ingredients to win big in AI, powered land and access to capital.

We have already secured around 900 megawatts of powered land in and around Tier 1 markets, which is suitable for AI demand, particularly for AI inferencing. In addition, based on our communications with our customers, we are in the process of securing more

powered land in complementary locations, and we believe that 900 megawatts will not be enough.

On the financing side, we recently completed first IPO of a data center REIT in China. The transaction was a huge success. We intend injecting more assets in to the REIT next year and establishing a continuous pipeline of asset monetization. The REIT gives us a significant competitive advantage in terms of accessing capital from the domestic equity market. It enables us to monetize assets efficiently, repeatedly and at the lowest possible cost.

The China market is at an inflection point. The outlook for the data center industry is very exciting. Our market position is as strong as ever. Over the past few years, we have taken a conservative approach. We improved our asset utilization and significantly strengthened our balance sheet. Going forward, we will maintain our financial discipline while, at the same time taking a more aggressive approach to new business. I will now pass on to Dan for the financial and operating review.

Daniel Newman^ Thank you, William. Starting on Slide 15. As William mentioned, in 3Q '25, our reported adjusted EBITDA grew by 11.4% year-on-year. At the end of 1Q '25, we deconsolidated the data center project companies, which we sold to the ABS. Then during 3Q '25, we deconsolidated the data center project companies, which we sold to the C-REIT. In order to present a consistent trend, we have adjusted historic numbers to take out the EBITDA contribution of the deconsolidated companies for the first nine months of 2025 and for the comparative period. On this pro forma basis, our adjusted EBITDA for the first nine months grew by 15.4%.

Turning to Slide 16. Our C-REIT started trading on the Shanghai Stock Exchange on the 8th of August. As of yesterday's close, the C-REIT units were priced at RMB 4.375, 45.8% up from the IPO price. At this level, the C-REIT is trading on 24.6xEV to the projected 2026 EBITDA as disclosed in the C-REIT offering memorandum. The implied dividend yield is 3.6% based on the projected cash available for distribution, also as stated in the offering memorandum.

It is our strategic objective to grow and diversify our C-REIT so that it is a viable option for us to recycle capital on a repeated basis, thereby unlocking value for GDS shareholders and freeing up funds for new investment. Under current regulations, we are permitted to apply for approval for the first post-IPO asset injection six months after the IPO date, i.e. during 2Q '26. Thereafter, it will take some time to complete the regulatory review process.

For the first post IPO asset injection, we are preparing assets with a target enterprise value of around RMB 4 billion to RMB 6 billion. This compares with an enterprise value of RMB 2.4 billion for the assets which we injected into the C-REIT at IPO.

With the creation of the C-REIT platform, we have the opportunity to invest in new data centers, ramp up, operate and then, once the track record qualifies, to monetize over a 5

to 6-year investment cycle. Even if we take a very conservative view on potential future exit multiples into the C-REIT, the return on new investment is still very compelling. This could not have happened at a better time as we address the upcoming AI demand wave. We think it's a game changer.

Turning to Slide 17. For the first nine months of 2025, our organic CapEx was RMB 3.8 billion. We still expect our organic CapEx for the full year to be around RMB 4.8 billion. However net of the cash proceeds of the asset monetization, our CapEx will be around RMB 2.7 billion.

As shown on Slide 18, our operating cash flow for the full year will be around RMB 2.5 billion. Therefore, after taking into account the asset monetization proceeds, our China business is almost self-funding.

Turning to Slide 19 and 20. Our net debt to last quarter annualized adjusted EBITDA multiple decreased from 6.8x at the end of 2024 to 6.0x at the end of 3Q '25. The decrease is mainly due to the cash proceeds of the asset monetization and the deconsolidation of debt of the project companies sold to the ABS and C-REIT as well as the offshore equity capital raise, which we did in 2Q '25. We are benefiting from the favorable interest rate environment in China, with our effective interest rate dropping to 3.3%. Turning to Slide 22. After nine months, we are on track to achieve the midpoint of our revenue guidance and at or above the top end of our EBITDA guidance for the full year of 2025.

Our growth rate during the current year has clearly benefited from the strong new bookings in 1Q '25 and a short book-to-bill period. This gives a clear illustration of how our growth rate can accelerate with a pickup in demand. The relatively subdued new bookings since 2Q '25 will affect our growth rate next year. However in our internal projections, we foresee higher bookings next year, leading to gross acceleration thereafter.

We'd now like to open the floor to questions. Operator?

## QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from the line of Yang Liu of Morgan Stanley.

Yang Liu^ I have two questions here. The first one is regarding the China market inflection. As William just mentioned, the China market is approaching the inflection point. What do we need to see that really happen in the near future? And in terms of your strategy to go a little bit more aggressive in China, could you please elaborate more, for example, with location or what type of project, et cetera, are you planning?

The second question is regarding the overall investment profile because now we have a C-REIT platform, and it is a very effective way to recycle capital. What is the new overall investment return with C-REIT scheme?

William Huang^ Okay. I think number one question is, yeah, I think how to explain the aggressive approach. I think what we see in the market, demand is very strong in China. I think our customer announced their big investment in the next 5 years. I think now another signal is domestic chip is catching up. Just as what I mentioned, I think in terms of the efficiency, chips efficiency and production capacity, I think they all improved a lot. That means the real data center opportunity is coming. So we are well positioned.

As I just mentioned, we still have the large -- I think the largest land bank -- powered land bank in and around Tier 1 market. This is very good for the future inferencing. Another is, I think the China tech player, they will continue to do massive training. So I think in order to capture this opportunity, we will acquire more land in some very cheap power location and more -- as much close to, let's say the Tier 1 city, yes. So I think this is our strategy. We are -- a lot of the land acquisition is in process. And maybe something will happen, we can announce in next earnings call. This is number one. Number two, I think Dan may -- can explain about the REITs.

Daniel Newman^ Sure. The unit economics of the data center investment in China is very solid. The selling price is stable. The unit development cost has come down to a level which is very efficient. This allows us to generate typically 11% to 12% cash on cash yield on new investment. What has changed is the way that we can look at and evaluate investment.

If we take the approach of investing, which maybe takes one year to construct and then one year for the customer to move in fully, we have to hold the asset and operate for three years to establish the track record, which is required before assets can be injected into C-REIT. But then in the year -- the following year, which would be year five or 6, we can consider an asset injection. But even if we use a exit multiple, a cap rate, which is being very conservative compared with even where we IPO-ed our C-REIT. If we look at the IRR over a 5- to 6-year period, then it is in the low to mid-teens. And the levered IRR, the return on equity, is well into the 20s. I think fundamentally, this is very attractive.

William Huang^ Yes. I'll add one more point. I think we believe now is the right timing to step in the market because, number one, I think the price is more stable; number two, I think the development cost is almost at the bottom of the -- in terms of history, right? So I think this is the right timing to maintain very good return. It's the right timing, yes.

Operator^ Our next question comes from Sara Wang of UBS.

Xinyi Wang^ Congratulations on the solid results. It's glad to hear that GDS is being more aggressive in acquiring new business opportunities. So I have actually one question, but two parts. So I think Dan just mentioned, we are expecting higher booking next year. So regarding this booking, does that include our potentially new powered land acquired

in relatively -- like regions with relatively lower power tariffs? And the second question is that, if we are going into complementary markets on top of our 900 megawatts resources then how shall we think about the -- like is there any difficulties in acquiring new power quota? Because this year, we have heard Fa Gai Wei, like NDRC, they're actually relatively rationalizing or controlling the new power quota release in China in general? Yes. That's my question.

William Huang^ Okay. The first question, I think that was new booking next year, right? We're not fully relying on the new acquisition of the land. Definitely, we will -- if we can success to secure the land, power the land, we can do more, right? So this is our focus base. The second -- what's the second --

Laura Chen^ difficulties in acquiring new power quota

William Huang^ I think power quota always -- I mean in general, always not easy, right? But based on our track record and the reputation, I see a lot of governments willing to work with us. So for us, it's not that challenge for us. We have a lot of the experience in the past -- in the last 10 years to build up the right relationship with the government and the power company.

Operator^ The next question comes from the line of Frank Louthan from Raymond James & Associates.

Frank Louthan^ Can you give us an update on DayOne on private round funding and potential updates for a possible IPO? Then what is the outlook on your customers getting GPUs and be able to ramp their installs going forward? When do we expect that to crack open?

William Huang^ Yes. I think I answer and maybe Dan can add more color. I think -- I have to say I think after Series B, I think DayOne is fully independent. So we cannot represent DayOne anymore since that time right? But we still can give some highlight information, right, about DayOne because we quite enjoy the equity value increase, right, for our shareholders. I think all business in Asia Pacific and in Europe, which we already announced the market what we already stepped in, remain very, very good, very, very positive, and the demand still remains very, very strong.

So I think the DayOne's business is on the right track and could be better. So that's all what I can tell you. Maybe if you are interested, maybe we can introduce to the DayOne's right people to explain in more detail.

Frank Louthan^ Okay. On potential for additional installs to ramp?

Daniel Newman^ Frank asked about the new business in DayOne I think.

William Huang^ Yes. I just can -- what I can tell you is they remain very, very strong, positive view for the future, yes. I cannot tell any detail more. I cannot represent -- this is a GDS earnings call right? Sorry about that.

Operator^ The next question will come from Michael Elias from TD Cowen.

Michael Elias^ So in the U.S., when we think about the training workloads that we're seeing, we're seeing gigawatt scale projects getting deployed. I'm curious, when you think about what training will look like in China, are you seeing the opportunity to deploy at that kind of the scale, i.e., in the gigawatt range? Then second question is, can you give us an update, as you think about these AI data centers that you expect to build, what the time to build those data centers are and how that varies from traditional cloud data centers? And if I can squeeze it in, any notable constraints or long lead time items that we should be aware of?

William Huang^ I think scale-wise, I think our client talk about gigawatt level, I mean new demand, right? So I think this is just like three years ago in -- what happened in the U.S. The number-wise, we are talking -- every big player talk about gigawatt size new demand. So I think that it's catching up. That's what we have been seeing -- we have seen.

So in terms of time to market, right, I think in China, we can build very fast. I think normally 9 months to 12 months is very normal start from the piling to deliver, right? The extreme, I mean case, we can build -- let's say even built within eight month. So that's our record in China.

Daniel Newman^ Any bottlenecks or --

William Huang^ No. I don't think the -- in terms of development, yes, supply chain in China is not an issue.

Operator^ The next questions will come from the line of Daley Li of Bank of America Securities.

Huiqun Li^ I have two questions here. First one is about we got new orders for the China market, like a near 30 megawatts. Could you share what's the --

William Huang^ 300.

Huiqun Li^ Can you hear me? Sorry.

Laura Chen^ Go ahead.

William Huang^ Go ahead. Sorry. Yes.

Huiqun Li^ Yes. Yes. Could you give some color about the AI exposure? What's the percentage from AI? And is this about inferencing model training for the recent order?

Number two, for the second one is about the -- we heard the China government gave some window guidance in 2Q this year to tighten the data center supplier in China? And do you see any impact to us and to the market?

William Huang^ Yes. I think new order from -- Yes, go ahead.

Daniel Newman^ Okay. In our prepared remarks, we commented that we will probably reach nearly 300 megawatts in terms of new bookings for the whole of 2025. I think we hit 240 megawatts up to the end of the first three quarter, and there's some good new business in the fourth quarter. We also stated that, by our estimation, around 65% of the new bookings this year are AI related. We are -- only have a presence in Tier 1 markets. So that is AI in Tier 1 markets. So that's going to be mainly AI inferencing or it can be a combination of AI inferencing and training, and it's being deployed within the established cloud regions and cloud availability terms. The second question was...

William Huang^ Window guidance about the carbon quota. I think this has always happened in the Tier 1 market, right? So -- but we are lucky. We already prepared for that. That's why I mentioned we still have almost 900 megawatts powered land. This power is all gathered carbon quota in or near Tier 1 market. It's very difficult to apply new around the Tier 1 market. But in a remote area, I think I didn't hear any about the window guidance because the power in those place, it's -- the big problem is how to sell right? It's not -- so the power is -- capacity is very large in a remote area. So get the power, I think it's not very, very difficult. And the local governments are very encouraged the data center -- the operator built a data center in those places, location.

Operator^ Our next question comes from Timothy Zhao of Goldman Sachs.

Timothy Zhao^ Congrats on the solid results. I have two questions. First is about the pricing trend. Just wondering if you can share some color on how you think about the MSR trend into fourth quarter and next year, especially given that probably the company is entering to a peak renewal period for the contract that were signed maybe five to seven years ago, then how should we think about the MSR trend into next year?

Second is about the overall market and the competitive landscape. I think right now you have been emphasizing time-to-market quite a lot. If you remember, I think maybe five years ago when there was a wave about the cloud data centers and 5G network, there was also a wave of increased data center supply in China. Just wondering if you think from where we are right now how do you think about the overall industry supply and demand dynamics?

Daniel Newman^ The first part of your question about the downward price reset when our installed base contract come up for renewal. This has been going on for a few years and will continue for a few years more. The impact of that gets reflected in our MSR. I was -- give some comment on future expectations. Now I'd say that, over 2026, we expect the MSR to decrease by 3% to 4%. That's on average, comparing 1Q versus 1Q, 2Q versus 2Q and so on. That is not only a function of the downward price reset, we also

have elevated higher levels of move-in. That also has a dilutive effect on MSR. So that 3% to 4% reflects the combination of those factors.

William Huang^ Yes. I think I add a little bit of my points. I think all the new build data center, the price is quite stable since two years ago. Nothing changed. I think this is very good. But in the meanwhile, I think the cost is more stable, right? So if you look at all the new-build asset return, it's very decent. So I think this is a way to look at the MSR, right? Because the new campus, new building is, in general, I think compared with like edge data center, the enterprise data center, even cloud data center, the price definitely go -- went down a lot. But if you look at the asset return since two years ago, it's very, very similar, very -- and this price is very, very stable. Return is also very stable. It's 100% fit the REITs to inject to the REIT.

Daniel Newman^ Tim asked about the competitive landscape.

William Huang^ Competitive landscape, I think the new competition, I think if you try to get your customer trust and reliable, you should show your financial capability. Now our customers more care about the financial capability, not just the capability you can build. Everybody can build easily, right? So I think if you try to commit a customer 500-megawatt or 1-gigawatt campus in the future, I think the financial -- our customers definitely will consider about do you have the capability to access the capital market, what's the cash position you have right now?

So this is very -- this is the new competitive advantage. In terms of this, I think we are more -- much more way ahead than any competitor else, right? So I think this is not just a land/power competition. It's also the capability to access capital market. So in terms of this, if I look around, I think not that much company, both has the land capability -- power the land capability and well position and let's say financing capability.

Operator^ Thank you for the questions. Due to the time limits of today's call I would like to now turn the call back over to the company for any closing remarks.

Laura Chen^ Thank you, once again for joining us today and see you next time. Bye.

Operator^ This concludes today's conference call. You may now disconnect your lines. Thank you.