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GDS.O - Q4 2016 GDS Holdings Ltd Earnings Call

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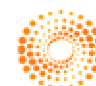

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Jonathan Atkin *RBC Capital Markets - Analyst*

Michael Hart *Guggenheim Securities - Analyst*

Albert Hung *JPMorgan - Analyst*

PRESENTATION

Operator

Hello, ladies and gentlemen. Thank you for standing by for GDS Holdings Limited Fourth Quarter and Full Year 2016 Earnings Conference Call.

At this time, all participants are in a listen-only mode. After the management's prepared remarks, there will be a question and answer session.

Today's conference call is being recorded. I'll now turn the call over to your host, Ms. Laura Chen, Head of Investor Relations for the Company. Please go ahead, Laura.

Laura Chen - *GDS Holdings Limited - Head, IR*

Hello, everyone, and welcome to the fourth quarter and full year 2016 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 will refer to during this conference call, can be viewed and downloaded from our IR website at investors.gdsservices.com.

Leading today's call is Mr. William Huang, GDS Founder, Chairman and Chief Executive Officer who will provide an overview of the business. Mr. Dan Newman, GDS Chief Financial Officer, will then review the financial and operational results and will provide our outlook for 2017.

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. Securities Exchange Commission. 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 the call over to GDS Founder, Chairman and Chief Executive Officer William Huang. Please go ahead, William.

William Huang - *GDS Holdings Limited - Founder, Chairman and CEO*

Thank you, Laura. Hello, everyone. This is William. Thank you for joining today's call.

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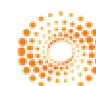

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First, I would like to highlight some year 2016, our achievements. 2016 was a great year -- is a year of great achievement for GDS. As you can see on Slide 3, we grew service revenue by over 50% and adjusted EBITDA by over 60%.

We invested significantly to expand our capacity and our sales growth was phenomenal. We signed up customers for 25,000 square meter of new contracts worth over $120 million in annual recurring revenue.

Based on leading market research, our incremental market share grew to over 30%. We delivered a nearly 15,000 square meters of area utilized to customers. We added over 23,000 square meters of new capacity into service and ended the year with a very high level of commitment rate.

Let's turn to Slide 4. Our huge contract backlog has become even bigger. This gives us high visibility to future growth. At the end of 2016, we had over 23,000 square meters committed but not yet utilized. It was over $110 million in annual recurring revenue. We are continuing to execute against our plans, delivering our backlog to customers and driving impressive revenue and operating growth quarterly after quarterly -- quarter after quarter.

Let's move on to Slide 5. Before I discuss our results and the strategy, I would like to share our views on the market. As we have stated previously, we believe China represents the biggest data center opportunity in the world and we believe that GDS is the best positioned in the market.

It's well documented that the digital economy in China is booming and the cloud adoption is leading the way. Compared to the USA, cloud adoption is still in its infancy but growing fast.

China's internet giants are squarely focusing more and more on cloud. At the same time, the global cloud players are focusing more and more on the China market.

All over the world, cloud service providers are driving huge demand for datacenter capacity. Here in China, we see this trend magnified. Leading cloud service providers in China are driving the majority of the new demand. These guys are looking to also [sync] all of their requirements in general market but it's not easy for them to do that.

First, cloud service providers here require quite huge space and power. In China, in a big city that's a big challenge. Second, they are deploying their cloud platform in all the Tier 1 cities at the same time. So you needed to be ready everywhere. Third, they want certainty of getting capacity when and where they need it. Fourth, they want to work with the people who understand them, their requirements and they perform to a very high standards. They want flexibility and a total solution to service provider. They want -- has a high visibility of the resource plan.

Here is our golden opportunity. As we have described before, GDS is uniquely positioned in this environment better than anyone else. We have had great success in capturing demand from the cloud. From almost nothing three years ago, cloud service providers now account for 45% of our business, as shown on Slide 6. We believe that we are the leading supplier to the top three cloud players in China. They are all using multiple GDS datacenters.

So why do we win with the cloud service providers? We win with these customers by having the right assets in all the right markets which nobody else has. And that that -- and these assets are backed up by a secured expansion pipeline and our 15 years solid track record of operation excellence.

We believe we have the win-win partnership with the cloud customers. They are important to us and we are also important to them. As we get stronger and stronger, this partnership also continues to grow stronger. Our stronger position with cloud service providers makes us the major choice for enterprise customers. Our datacenter also offer co-location space and a unique access point to multiple clouds.

Cloud service providers are chapter enterprise. As we explained on our roadshow, this focus is central to our growth strategy, and it's working.

In 2016, we add more than 120 new enterprise logos. In particular, we have had a great success with the new kind of financial [custom] offering like e-payments, online security, clearing and settlement services. We believe this type of customer offer a long, long way for expanded services.

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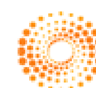

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Resource supply is critical to keep our sales momentum. We believe that our ability to source, design and construct a new project are key competitive advantage.

As shown on Slide 7, at the end of 2016, we had about 25,000 square meters of Area Under Construction, of which 27% was pre-committed. In the current quarter, we are in the process of kicking off a new project in Shenzhen with 10,000 square meters of high-powered space under construction, which is already 50% pre-committed to a major cloud service provider.

We are actively seeking to add new projects to our development pipeline. We have promising prospects in all our markets which we aim to convert in the next few quarters.

Let's turn to the Slide 8. We are in a much stronger position now than when we began in 2016. We have added capacity, attracted new customers, deepened our existing engagements and executed according to plan.

We see across-the-board improvements and now are bigger and stronger than we've ever been. There is a huge growth to come from the cloud customer segment and we want to be the hub for cloud and enterprise development.

With our established relationships, we believe that we are in a good position to win this segment. In year -- in 2017. we aim to deepen our relationships with the major cloud service providers.

We align our resource plan to meet their requirements. We are helping them to access our enterprise customer base and at the same we are leveraging the cloud platform in our datacenters to attract and add value to enterprise customers.

As we enter 2017, we will leverage the solid foundation we have laid and to continue to deliver results to fulfill our sales growth. Our key objective for the current year is to beat the level of sales which we achieved in 2016, and we are confident of doing that.

Now I will hand over the call to my colleague, Dan, for the financial release. Thank you.

Dan Newman - *GDS Holdings Limited - CFO*

Thank you, William. Hi, everyone, it's Dan here. In this section, I'll focus on four main areas, revenue and operating leverage, CapEx, funding and then the 2017 business outlook.

Starting with the 4Q16 P&L analysis on Slide 10, we view service revenue, net operating income and adjusted EBITDA as the key indicators of our financial performance. After stripping out equipment profit, stock-based compensation and FX gains, all three measures show year-on-year growth of over 50% and quarter-on-quarter growth of over 10%.

Let's go into detail on revenue. We have two revenue segments comprising colocation and managed services, which we report to as service revenue and equipment sales.

Service revenue is recurring in nature and this is what we considered our core business. Equipment sales arise on a demand basis when customers require us to do some procurement as part of the performance of the service contract. This is non-core. It may help to strip out equipment sales less cost in order to see more clearly the underlying performance of the service business.

The amounts for equipment profit in each period as shown in the note below the table on Slide 10. In 4Q16, our service revenue grew by 55% year-on-year and by 12.3% quarter-on-quarter.

Next, underlying adjusted net operating income. This measure highlights our performance at the datacenter level before taking account the depreciation, equipment profit, stock-based compensation and corporate costs. In 4Q16, our underlying adjusted NOI grew by 58% year-on-year and by 10.2% quarter-on-quarter.

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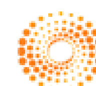

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SG&A after deducting stock-based compensation was RMB68.6 million in 4Q16, an increase of 32% year-on-year and 9.7% quarter-on-quarter. This increase mainly relates to expanded sales activities and increased corporate costs as we prepared for life as a publicly listed company.

Other income mainly comprises foreign currency exchange gains. The gain in 4Q16 arose from depreciation of the renminbi against the U.S. dollar. Underlying adjusted EBITDA which is excluding the equipment profit and FX gains was RMB79.3 million in 4Q16, implying growth of 90% year-on year and 12.4% quarter-on-quarter.

Underlying adjusted EBITDA margin, once again, excluding equipment cost and FX gain, was 26.5% in 4Q16 compared with 21.5% in 4Q15 and 26.4% in 3Q16.

Turning to the full year P&L analysis on Slide 11. As I stated earlier, all three measures show robust growth. We achieved service revenue of RMB1 billion in FY 2016 showing growth of 53% driven mainly by the near 15,000 square meter increase in area utilized or revenue-generating space during the year.

Adjusted NOI grew by 48%. If we exclude equipment profits, underlying adjusted NOI grew by 56%. The adjusted NOI margin was 45% the same as FY 2015.

At the individual datacenter level, there was significant operating leverage as utilization ramped up during FY 2016. However, the consolidated level, this was offset by the growth drag from over 23,000 square meters new Area In Service. This is typical with the datacenter lifecycle.

Adjusted EBITDA grew by 64% and underlying adjusted EBITDA grew by 84%.

Now let's go further in to the key growth drivers. As you can see on Slide 12, service revenue and area utilized were in sync. In 4Q16, there was an increase in area utilized of over 2,700 square meters. The churn event which we discussed on our last earnings call took effect in early January 2017, so it did not impact these numbers.

The monthly service revenue, or MSR per square meter, in 4Q16 was slightly higher than the prior quarter but this is within the normal range of quarterly fluctuation.

On the right-hand side of Slide 13, we show a breakdown of our cost structure for 4Q16. Starting at the datacenter level, utility cost, which is mainly a variable cost, was 23.2% of service revenue in 4Q16. We do expect to see some upward trend in utility cost as we have more high power density customers moving in. In addition, we have new datacenters which take a while to reach optimal power usage efficiency. Other datacenter level costs are mainly fixed.

The adjusted NOI margin excluding the equipment profit, i.e. the adjusted NOI margin for the service business was 46.7% in 4Q16. This was achieved on capacity with an average 65.6% utilization rate. This capacity was practically sold out. So if the backlog is delivered and utilization rate rises, we should see further operating leverage on fixed cost.

Moving on to the corporate level, our SG&A is dimensioned to current growth levels, so we expect to achieve significant operating leverage on our SG&A cost.

As shown on Slide 14, we incurred CapEx of RMB1.1 billion, that's $165 million in FY 2016 representing an increase of 57% year-on-year. Our CapEx growth is in line with new business and revenue growth.

For the capacity in service at year end, the cost to complete was RMB293 million. For capacity under construction at the year end, the cost to date was RMB269 million and the cost to complete was RMB1.1 billion, most of which we expect to incur in the current year.

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In addition, we will have CapEx related to the new project in Shenzhen 5 which we're taking over and to other new projects which we expect to initiate June 2017. Reviewing each of the projects, Shenzhen 4 Phase 1 will enter service in 2Q17. It was 19.2% pre-committed at year-end and there are currently major customer orders in the construction process.

Chengdu 1 Phase 3 will enter service in mid 2017 and is 100% pre-committed. Beijing 2 will enter service in second half of 2017. There was some delay to this project caused by the government-mandated shut down of construction in Beijing during the high pollution period.

Construction of Beijing 2 has restarted. The pre-commitment rate is now 31.4%, including a significant follow-on order for a major U.S. cloud customers which we closed in the current quarter.

Shanghai 4 is the fourth datacenter on our main Shanghai campus. The Shanghai 4 shell and core were built to suit by a property development company. We aim to bring the datacenter into service by the end of 2017.

All our major cloud customers are present on this campus as well as over 100 FSI and large enterprise customers. We already have significant demand in hand for the capacity in Shanghai 4.

We regard acquisitions as one stand of our sourcing strategy. As William mentioned, we are in the process of taking over a datacenter which is currently under construction in Shenzhen. It's a large new building, particularly well suited to use as a data center, in a central location with a very substantial amount of secured power capacity.

When developed, it will provide us with 10,000 square meters of high powered net floor area, which is already 50% pre-committed on a long-term basis to a major cloud service provider. The remaining 50% is obviously highly marketable.

The acquisition is subject to satisfactory completion of due diligence and we aim to close it by the end of the current quarter. It's rare to find a datacenter of this size and power in such a good location in a Tier 1 market and it will be a very value-enhancing addition to our portfolio.

Turning to Slide 15, at year-end 2016, our gross debt was RMB4.29 billion and our net, including our net proceed with the IPO was RMB2.48 billion.

Before discussing our 2017 funding plans, I'd like to provide some explanation of our debt capital structure. Our gross debt can be categorized into RMB1.1 billion with capital leases, which are almost entirely lease-hold interest in properties where the underlying cash flows will be incurred over periods of up to 20 years. RMB1 billion with convertible bonds held by our strategic shareholder, ST Telemedia Global Data Centres and by Ping An Insurance. The bonds are due in December 2019, if not converted beforehand and the bondholders have the option to extend maturity by one year.

The balance of RMB2.1 billion is mainly project term loans, working capital loans and mezzanine loans. Out of this total, RMB580 million related to datacenters which are immature with breakeven EBITDA in aggregates.

At year-end 2016, our net debt to last quarter annualized adjusted EBITDA was 6.7 times. However, if we exclude the debts related to the immature datacenters with breakeven EBITDA, the multiple was 5.1 times. If we also exclude the capital lease obligations related to the same immature datacenters, the multiple was 3.7 times.

In the coming year, our business plan requires us to raise around RMB2 billion and nearly $300 million in new debts and services, yhe majority of which we expect to draw by the year-end 2017.

We have a long track record of successful debt financing and with our high levels of pre-commitments and long-term contracts with some of the largest companies in China and the world, we are confident of achieving our financing objectives.

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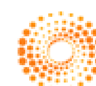

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Turning to Slide 16, as mentioned by William, we had a great year for sales. Our total area of committed increased to over 61,000 square meters, yielding a backlog of about 23,000 square meters. Out of this total backlog, around 16,200 square meters relates to [Area In Service] (corrected by company after the call) and 6,800 square meters related to [Area Under Construction] (corrected by company after the call).

The average selling price, or ASP, for the contract backlog was almost the same as the monthly service revenue or MSR for the area utilized.

On our last earnings call, we told you about a churn event. It took effect in early January 2017. The good news is, is that we are going to receive a RMB46 million termination fee, which we expect to book as service revenue in 1Q17. A further good news is that we have already reallocated all of the space to other customers and it is all currently in the contracting process. We have therefore been able to insulate ourselves from this event.

During 2017, we have contract renewals for around 8,200 square meters of capacity for which around 4,300 square meters relate to a single customer at a single data center. This customer is in the process of renewing for a further term of six years. At the time of renewal, the customer will change out their IT platform and we will also undertake some refit. The implementation plan is currently being worked out. However, we anticipate that during the change out period, there may be some interruptions to our billing. Looking further ahead, we do not have any other large contracts up for renewals in the next couple of years.

So, Slide 17, as William mentioned, our first objective for 2017 is to sign up new business which exceeds last year's level. Based on our current sales pipeline, backed up by our secured development plan, we are confident of achieving this target.

With regard to revenue, our huge backlog gives us visibility to future revenue growth. However, revenue recognition is a function of how quickly customers move in. Based on our view of customer move-in schedules, we expect full year 2017 revenue to be in the range of RMB1.475 billion to RMB1.575 billion. That's $220 million at the midpoint.

For the avoidance of doubt, this includes the termination fee and the potential interruption in billing which I've just talked about.

Our guidance implies the growth rate for service revenue of over 50% at the midpoint of the range. For the full year 2017, we expect adjusted EBITDA to be in the range of RMB465 million to RMB495 million. That's $70 million at the midpoint, implying year-on-year growth of over 75% at the midpoint of the range.

With regard to CapEx, taking into account the datacenters under construction, the acquisition which we have announced today and the projects which we are planning to add, we expect total CapEx for the full year to be around RMB1.8 billion. That's $260 million.

With that, I will end the formal part of our presentation. We'd now like to open the call to questions from analysts and investors. So, operator, please open the call.

Operator

Thank you. (Operator instructions) First question comes from the line of Jonathan Atkin from RBC. Please go ahead.

Jonathan Atkin - *RBC Capital Markets - Analyst*

Yes. I was interested in Slide 23 where you list your top five customers and two of the five in terms of area committed are not currently generating revenue. So, presumably, these are new logos and this tie in to the comment that you made about a U.S. customer committing in the current quarter. If you could you provide a little bit more information about that? Thank you.

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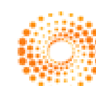

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Dan Newman - *GDS Holdings Limited - CFO*

Yes. Hi, Jon. Nice to hear from you. Yes, you're right. In the third quarter of 2016, a tremendous quarter for sales, around half of the sales in that quarter related to two new customers and they immediately entered our top five. And overall, in 2016, because of those significant new customers, around 50% of our new business came from first time customers.

In the current quarter, in first quarter 2017, what I mentioned in Beijing is that one of those customers who was a new customer in the third quarter of last year, has placed a significant follow-on order for us. So, they will be present in two markets.

Jonathan Atkin - *RBC Capital Markets - Analyst*

Great. And then on the revenues, I'm interested in your 2017 guidance for service revenue. If you could talk just a little bit about the split between colocation and managed services?

Dan Newman - *GDS Holdings Limited - CFO*

Yes, Jon. I think the managed service proportion will go down by a few percent simply because we're in a phase where there's very high volume growth and it's impossible for the managed service business to keep up with the pace of growth of high volume cloud customers. But overtime, as we leverage the presence for the cloud customers in our data centers to further grow our enterprise customer base and add value to them through a kind of managed cloud access product. I think we'll see that proportion from managed services gradually go up again.

Jonathan Atkin - *RBC Capital Markets - Analyst*

Thank you very much.

Operator

Thank you for your question. (Operator instructions) Your next question comes from the line of Jonathan Schildkraut from Guggenheim Securities. Please go ahead.

Michael Hart - *Guggenheim Securities - Analyst*

Hi. This is Michael Hart on the line for Jonathan. Thanks for taking the question. First, I really appreciated the color you gave about cloud adoption in China and how you're winning with cloud service providers and I thought that was great. You mentioned a little bit about enterprise kind of coming to meet the cloud supply that you're seeing. And I was wondering if you could talk a little bit more about how you're targeting these enterprises and sort of how you're go-to-market model works for them to bring them into your datacenters to consumer cloud services and are you using direct sales, channel partners and things like that and how it could impact your SG&A overtime.

Dan Newman - *GDS Holdings Limited - CFO*

Hi, Michael. It's great for you and Jonathan to join this call. I appreciate that.

All our sales activities are direct sales, so there is no channel partner or resale efforts like there may be in the U.S. I think the -- it's two-way traffic between the cloud and the enterprise customers. Our enterprise customers want us to help them access the cloud platforms in our datacenter and as a value proposition that is unique in China and become a major focus area of our sales and marketing effort to enterprises.

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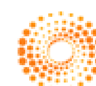

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On the other side, our cloud customers ultimately, they would like to penetrate the large enterprise and financial institution customer segments, which has long been our core verticals. And, of course, we have a very substantial presence of those kind of customers in our datacenter. So that's part of the value proposition to our cloud customers to be there.

And I don't want to be too specific because we will make announcements in due course. But we are developing some ways with [O2] to help the kind of go to market strategy of the cloud customers to access enterprise. William, do you want to comment?

William Huang - *GDS Holdings Limited - Founder, Chairman and CEO*

Yes. I think the, first of all, I agree with Dan's view. I mean GDS has a long-term direct sale track record. Yes. We build our financial institution customer base and other enterprise and multinational customer install base uses direct sale. So we have a very strong direct sale team and to take care of this kind of deals, significant customers, this is our typical models.

I mean as Dan mentioned, we have two ways. This is in China, a lot of enterprise tries to adopt it to their hybrid models right now. So they want -- by nature, they want close to their cloud access, the cloud, multi cloud. So GDS is becoming a cloud hub now. So, it's very -- we are in a very, very unique position to attract them.

Michael Hart - *Guggenheim Securities - Analyst*

Great. Thank you. That's really helpful. I guess the other question I wanted to ask was about the difference between your total area committed and the total area utilized. It looks like there's been a pretty persistent spread between the two and I was wondering is that just that you keep leasing sort of ahead of development projects or are there customers who are coming in and saying they would rather pre-lease future developments instead of taking down space that may be available today? Thanks.

Dan Newman - *GDS Holdings Limited - CFO*

Yes, Michael. It's a phenomenon that's growing up in the last couple of years. And the answer is both of the things that you said. Substantial task, we call it the backlog, the difference between committed and utilized. So, maybe in the U.S. you would say leased and occupied, is the backlog.

The last part of that right now, 16,000 square meters out of 23,000 square meters relates to data centers which are under construction. So, obviously, the delivery period has not begun for them. But beyond that, I'd like to say something we have to recognize is the purchasing pattern of these large cloud service providers because they are securing capacity to support business plan, maybe over 12 to 24 months.

Pretty much every single large order that goes through the market is for multiple sites. So, if you can respond to them in multiple markets, then you put yourself in a different class. Invariably, they had some urgent requirements, very urgent, must have within a few months. But at the same time, they want to retain flexibility so that they only need to take delivery when and where they need it.

And recently, we signed a significant contract with a financial cloud customer where the contract specified the amount of capacity that that customer is committing to but it gave them flexibility to select when and where they took that capacity, meaning they could take -- they could -- all in Beijing in three months time or they could take half in Beijing, half in Shenzhen, however they wish, over a frontend period of around 18 months.

Now, our ability to respond to these and fulfill this kind of requirement is one of the things that makes us quite special in this market because in order to do it, as William said, you need to be ready everywhere. You need to have continuous supply of resource everywhere and you need to be organized so that you can manage the overall cost, the overall CapEx and the overall OpEx so that you only incur that cost in a short lead time before these customers take delivery.

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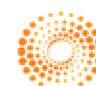

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But really this is the formula. This is just something that matters a lot to these customers and I think the way we've been able to organize ourselves to deliver it is a -- really a significant part of our success.

William Huang - *GDS Holdings Limited - Founder, Chairman and CEO*

Yes. What I had to point out is that, in China, our competitor, let's say the third party, they are all regional players, but we are the only one has the -- who has the asset present in all the key markets which fits the cloud service provider requirement. That's our -- part of our advantage.

Michael Hart - *Guggenheim Securities - Analyst*

Great. Thank you very much.

Operator

Thank you for the question. (Operator instructions) We have a question from the line of Albert Hung from JPMorgan. Please go ahead.

Albert Hung - *JPMorgan - Analyst*

Hi. This is Albert Hung from JPMorgan. I am asking question on Gokul Hariharan's behalf. I want to clarify that does the CapEx guidance include the Shenzhen 5 acquisition. And is the CapEx frontend loaded or backend loaded to midyear?

Dan Newman - *GDS Holdings Limited - CFO*

Yes. Hi, Albert. Yes. The CapEx guidance does include that acquisition and I should say, it includes whatever we do this year which could be organic or even further acquisitions. And actually, it's pretty well spread over this year. I mean we're in a hurry to develop resource and bring it to market. There's a lot of pent up demand still.

Albert Hung - *JPMorgan - Analyst*

Understood. And how do you see the depreciation trends lately?

Dan Newman - *GDS Holdings Limited - CFO*

Sorry, Albert, can you clarify your question? Do you mean the depreciation charge in the income statement?

Albert Hung - *JPMorgan - Analyst*

Yes. Correct.

Dan Newman - *GDS Holdings Limited - CFO*

The depreciation goes up every time we bring a datacenter into service, so we have to start depreciating the asset. As a percentage of revenue, of service revenue, it should remain pretty similar to where it is now. I don't know if that's the question that you're asking.

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Albert Hung - *JPMorgan - Analyst*

Great. Great. May I ask how did you going to finance your 2017 CapEx? Did you expect to raise more debt or use -- rely more on internal cash?

Dan Newman - *GDS Holdings Limited - CFO*

Yes. Well, we have the IPO proceeds and we already had a -- some resources, financial resources before the IPO, but we have the IPO proceeds and we are allocating that to new projects. We certainly have more than enough for everything which is visible today and the acquisition and more.

We will be leveraging up our own equity contributions to these projects. In the past, we've leveraged this up at around 60% to 70% of project costs. And broadly speaking, that's what we will continue to do in the current year.

So, as I've mentioned, we target to raise new debt facilities of about RMB2 billion in the current year. That compares with RMB1.6 billion of new debt facilities which we raised last year. So, it's a never-ending financing machine.

Albert Hung - *JPMorgan - Analyst*

Great. Thank you. That's all for me.

Operator

Thank you for the question. (Operator instructions)

And there are no further questions. I would like to turn the call back over to the company for closing remarks.

Laura Chen - *GDS Holdings Limited - Head, IR*

Okay. Thank you once again for joining us today. If you have further questions, please feel free to contact GDS Investor Relations through the contact information on our website and/or The Piacente Group Investor Relations.

William Huang - *GDS Holdings Limited - Founder, Chairman and CEO*

Okay. Thank you. Yes. Before we end it, thank you all the investors who support our IPO last year and we will continue working hard to lead a GDS success. Thank you very much.

Operator

Ladies and gentlemen, that does conclude the conference for today. Thank you for your participation. You may now disconnect your lines.

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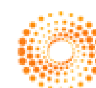

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