



GDS Holdings[9698.HK]-SW

Issue Particulars	
Industry sector	Data Center
Listing category	Mainboard
Major Shareholders	STT GDC(32.6%)
Total new shares issued (mn)	160
Issue price (HK\$)	No more than HK\$86
Total share offer size (HK\$mn)	No more than HK\$13,760mn
Conversion Ratio	1 ADR to 8 HK Shares
Shares offered for Placement (mn)	152
Shares offered for IPO (mn)	8
FY19 profit (RMB mn)	(500)
FY19 P/E(x)	--
Market cap. of shares (HK\$mn)	126,521
Total outstanding shares (new + existing shares)(mn)	1,471
NAV per share(HK\$)	17.81
Nominal Value (US\$)	0.00005
Board Lot (shares)	100
Sponsors	JP Morgan, Bofa, CICC, Haitong

Time Table	
IPO open	21-Oct-2020
IPO close	27-Oct-2020
Results announcement date	30-Oct-2020
Cheques refunded	30-Oct-2020
Dealing of shares	2-Nov-2020

Financial Data			
FYE 31 Dec (Rmb mn)	FY18	FY19	1H20
Revenue	2,792	4,122	2,583
Cost of goods sold	(2,170)	(3,080)	(1,871)
Gross Profit	622	1,043	711
Selling & Mkt Cost	(111)	(130)	(60)
Admin Cost	(330)	(411)	(274)
R&D cost	(14)	(22)	(19)
Net interest income	(637)	(916)	(586)
Other income	29	9	52
Taxation	9	(16)	(42)
Preferential shares	--	(58)	(27)
Net Profit	(430)	(500)	(220)

Clawback Structure	
Over subscription for IPO (x)	% of IPO for the total share offer
15-50	7.5%
50-100	10.0%
Over 100	20.0%

Business

GDS is the largest carrier-neutral data center service provider in China with a 21.9% revenue market share of the carrier-neutral market in 2019. GDS focuses on high-performance data centers. Its facilities are located in China's primary economic hubs where demand for high-performance data center services is concentrated. Its data centers are designed and configured as high-performance data centers with large net floor area and power capacity, high power density and efficiency. GDS has already been listed in US ADR market with WVR structure.

GDS is carrier and cloud-neutral, enables customers to access all the major PRC telecommunications networks, as well as the largest PRC and global public clouds which GDS host in many of its facilities.

GDS offers colocation and managed service which has 19-year track record of service delivery, fulfilling the requirements of some of the largest and most demanding customers for outsourced data center services in China. As of June 2020, GDS had net floor area of 266K sqm in service, 94.1% of which was committed by customers, and net floor area of 133K sqm under construction, 62.3% of which was pre-committed by customers.

GDS revenue increased at 60% CAGR in 2017-19, while 1H20 revenue increased by 38% yoy to Rmb 2.58bn. The demand for China carrier neutral data center services is expected to grow at CAGR of 31.8% in the next four years. On the other hand, although GDS is in the investment period, it is still in loss. However, its EBITDA increased by 48.5% yoy to RMB 1.21bn.

Although GDS is still in loss and valuation premium is quite high, it is in high growth stage. Besides, its major clients are the large cloud operators in China, and its data center is mainly at tier 1 cities, provide a strong competitive edge. Despite it has already listed in ADR market, which might restrict its first day share price upside room, Subscribe.

Use Of Proceeds

- Expand platform of high-performance data centers through strategic sourcing across markets
- Innovate and develop new technologies related to data center design, construction and operations, as well as other general corporate purposes

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