

# 21Vianet Group, Inc.

## Investor Presentation

May 2021

世纪互联  
VNET

[www.21vianet.com](http://www.21vianet.com)

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# 01

## Company Overview

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Digital Economy  
Infrastructure Service Provider

# 1Q21 Highlights



## Financials

27.1% YoY  
Net revenue growth

60.0% YoY  
Adj. EBITDA growth



## Capacity

2,373 R  
Net adds

55,926 R  
Total capacity



## Sales Momentum

~190 MW  
in service and/or under MOU  
(~ 100 MW in service; ~ 90 MW  
under MOU)



## Capital Funding

USD ~600 mm  
Convertible bonds  
RMB ~650 mm  
banking facilities drawn in 1Q21

# A Pioneer and Leader in China's Fast Growing IDC Market

## Pioneer and Leader



- ✓ A leading carrier-neutral and cloud-neutral data center services provider in China with 25 years of experience
- ✓ ~11%<sup>(1)</sup> market share in 2019
- ✓ Provides **Managed Hosting Services, Cloud Services and VPN<sup>(3)</sup> Services**

## Market Potential<sup>(2)</sup>



- ✓ China's carrier-neutral data center services market is **fast growing**
- ✓ **Favorable government policies** accelerate the construction of integrated, large-scale data centers
- ✓ The pandemic **accelerates enterprises' digital transformation** — either scaling the transformative efforts or rapidly pivoting to innovate, catch up and maintain operations

## Future Upside



- ✓ **Dual-core strategy** addressing both wholesale and retail IDC market opportunities.
- ✓ **Accelerate capacity roll-out** and enrich value added services
- ✓ Invest in **technology**

Source:

1. China's carrier-neutral data center services market only, Frost & Sullivan 2020
2. Frost & Sullivan 2020
3. Virtual private network.



# Dual-Core Growth Strategy

## Retail

### Retail Colocation



### Full Stack Services

Focusing on **high-growth verticals** which require colocation space, connection, bare-metal, and other value-added managed services



Financial Services



IT Companies



Online Education



Mobility Industry



Big Data Companies



Media & Gaming Industry



Manufacturing Industry

### Our Strength:

- ✓ Scalable IDCs located in Tier-1 metros, surrounding areas, and satellite cities, providing premium colocation and interconnection offerings
- ✓ Full stack managed services for enterprise companies, addressing various digital transformation needs
- ✓ All-round industry ecosystem, providing additional add-on solutions

## Wholesale

### Hyperscale IDC



### Interconnection Services

Targeting **hyperscalers** which require huge amount of space and power to support massive scaling needs



HUAWEI CLOUD



### Our Strength:

- ✓ Dedicated team with 25 years of experience and reputation in datacenter design, construction, and operations
- ✓ Providing tailor-made solutions suitable for clients' needs
- ✓ Established supply chain as well as comprehensive planning and service capabilities



# Resource Pipeline to Support IDC Growth



IDC Pipeline Capacity <sup>(1)</sup>	Tenure	Status	1H21	2H21	FY2021
BJ11	Leased	In Service	~300		~300
BJ13	Leased	Under Construction		~1,200	~1,200
BJ14	Leased	Under Construction	~1,100		~1,100
BJ16	Leased	Extension		~600	~600
N-HB01	Leased	Brownfield		~2,000	~2,000
N-HB02	Leased	Brownfield	~3,500	~2,200	~5,700
N-HB Campus 01	Owned	Greenfield		~3,500	~3,500
E-JS Campus 01	Owned	Under Construction	~2,200	~1,100	~3,300
E-JS02	Leased	In Service	~2,300		~2,300
GZ04	Leased	Under Construction		~2,000	~2,000
N-OR02 <sup>New</sup>	Leased	Under Construction		~3,000	~3,000
<b>Secured Resources</b>			~9,400	~15,600	~25,000
<b>Expansion Target</b>					~25,000

1. Capacity: cabinet number includes blank space.

# In-Service & Under Development (Yangtze River Delta)

E-JS02

## E-JS Campus 01

Total Capacity	~ 3,300 R
Pre-commitment Rate	95%
Expected Delivery Date	2021

## E-JS Campus 02

Total Capacity	>8,000 R
Expected Delivery Date	2022 - 2025

## E-JS01

Total Capacity	~ 500 R
Committed Rate	95%

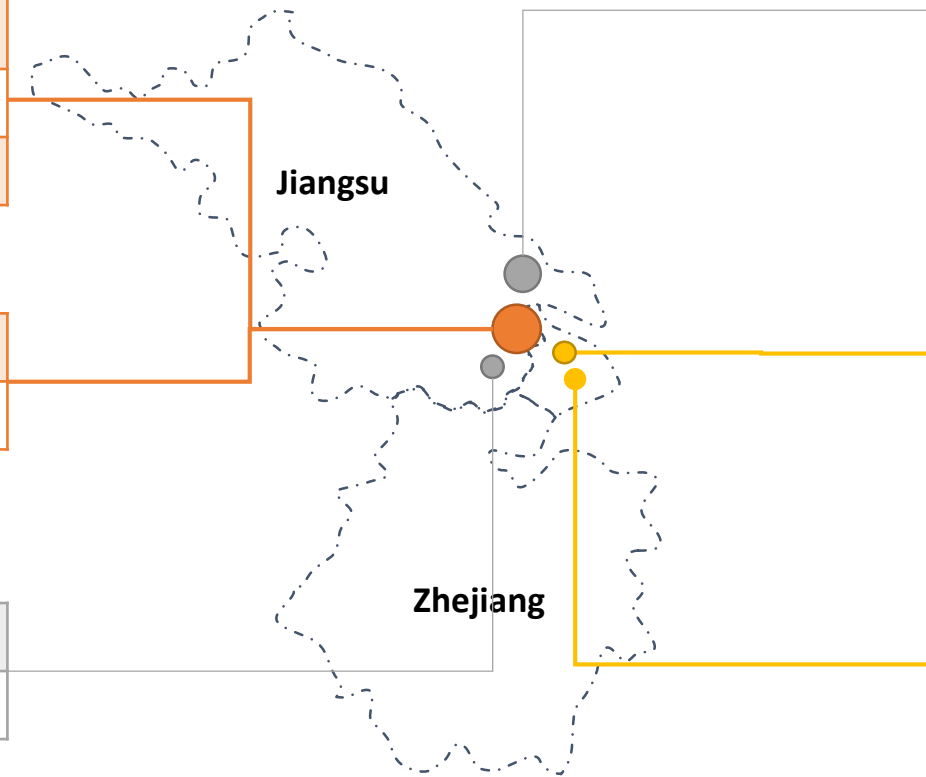
Total Capacity	~ 5,000 R
Committed Rate	95%
Expected Delivery Date	2020 - 2021

## SH04 / SH05

Total Capacity	~ 1,300 R
Committed Rate	95%

## SH06

Total Capacity	~ 2,400 R
Committed Rate	95%



~ 190 MW in service and/or under MOU



# In-Service & Under Development (Greater Beijing Area)

## BJ12

Total Capacity	~ 1,400 R
Committed Rate	> 90%

## BJ15

Total Capacity	~ 2,000 R
Committed Rate	>95%

## N-HB Campus 01

Total Capacity	~ 7,000 R
Expected Delivery Date	2021 - 2023

## N-HB01

Total Capacity	~ 2,000 R
Expected Delivery Date	2021

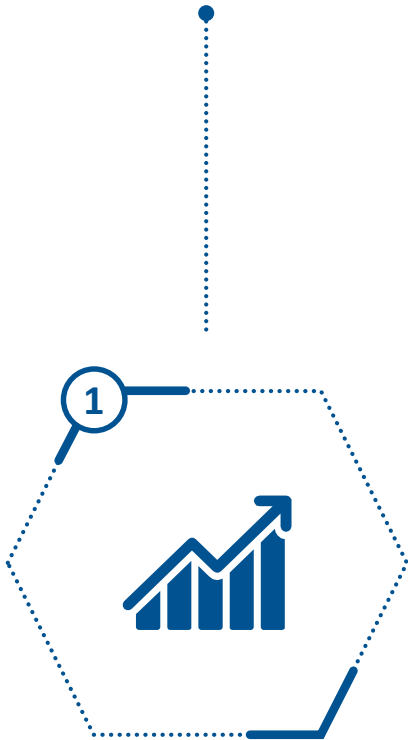
## N-HB02

Total Capacity	~ 5,700 R
Committed Rate	>95%
Expected Delivery Date	2021

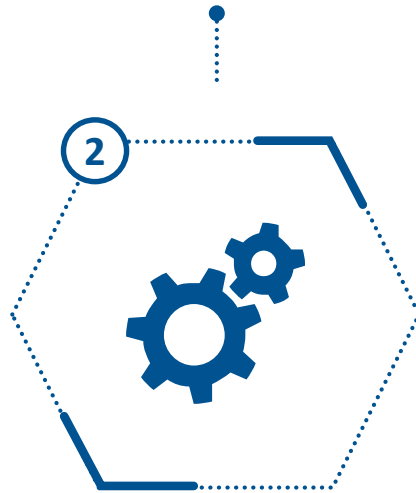
~ 190 MW in service and/or under MOU

# Key Growth Pillars

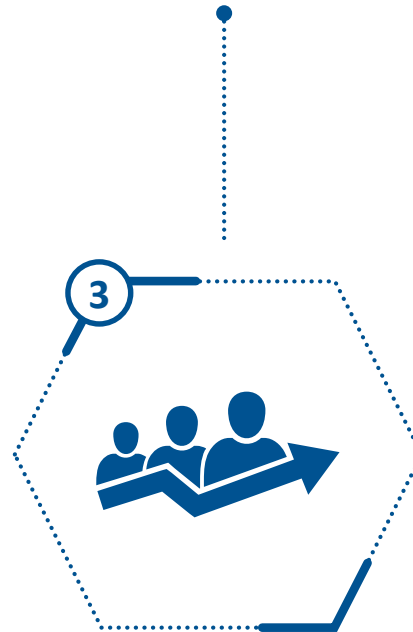
Accelerate  
Capacity  
Roll-out



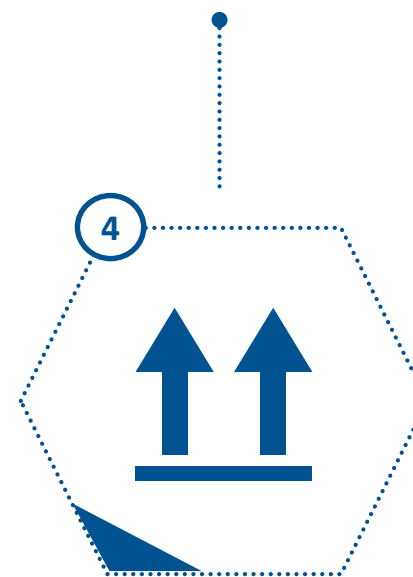
All-in  
“Dual-core” Strategy and  
Full-Stack Services



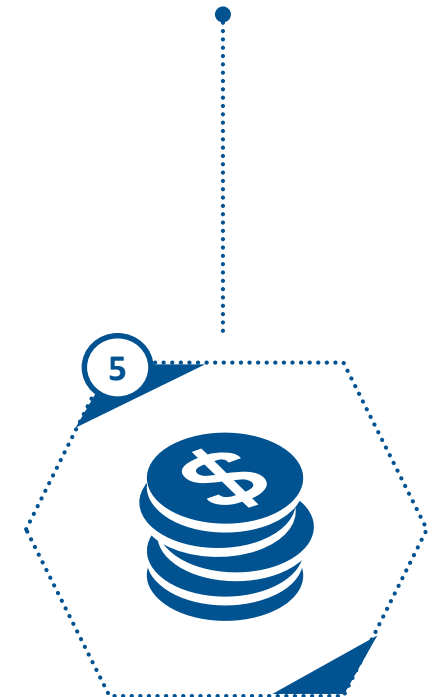
Strengthen  
Customer  
Relationships and  
Attract New ones



Harness the  
Ecosystem to  
Solidify Platform Play



Continue to  
Invest in  
Technology



# 02

## Investment Highlights

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Digital Economy  
Infrastructure Service Provider

# Investment Highlights



**A Pioneer and Leader in China's Carrier-Neutral IDC Market**



**Premium Data Centers Located in Major Internet Hubs**



**Differentiated Business Model with Comprehensive Offerings**



**Large and Diversified Customer Base, with Strong Loyalty**

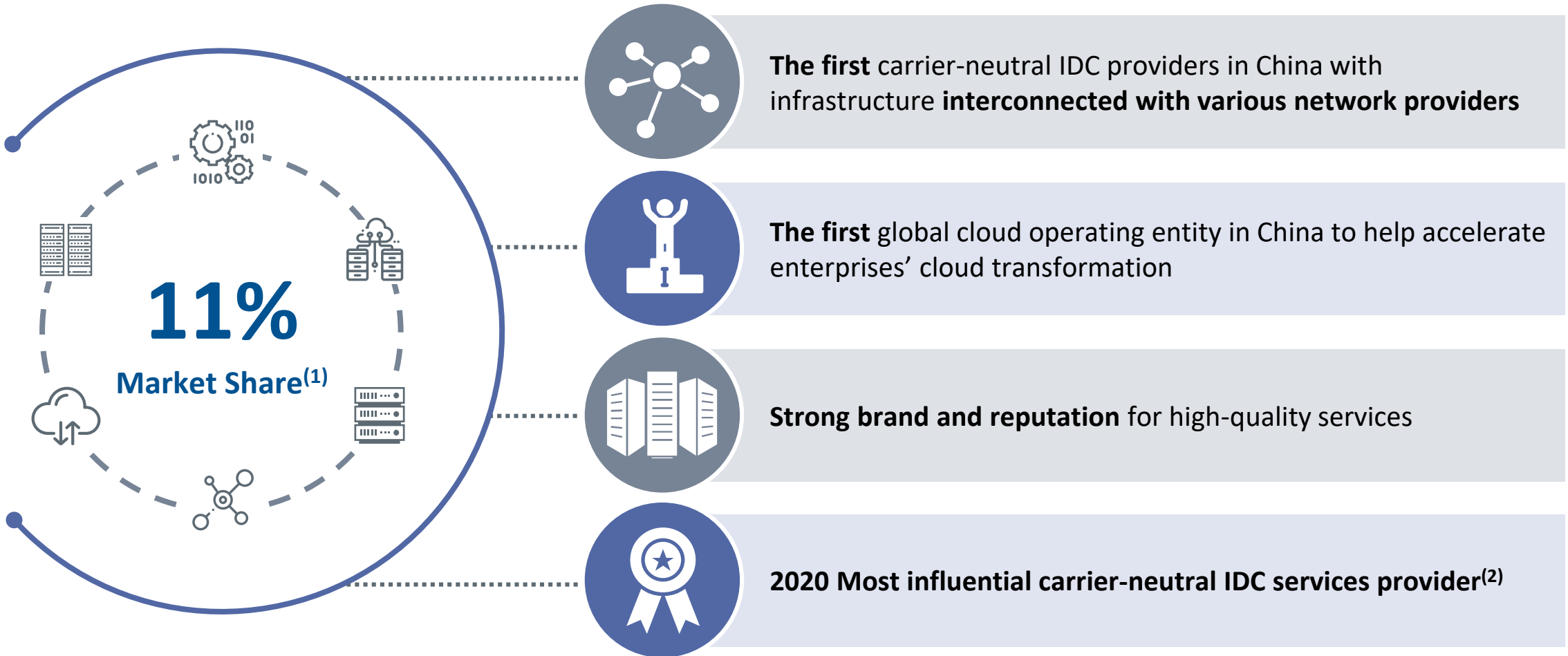


**In-depth Industry Expertise with Strong Engineering Capabilities**



**Visionary Leadership with Stellar Track Record of Execution**

# A Pioneer and Leader in China's Carrier-Neutral IDC Market

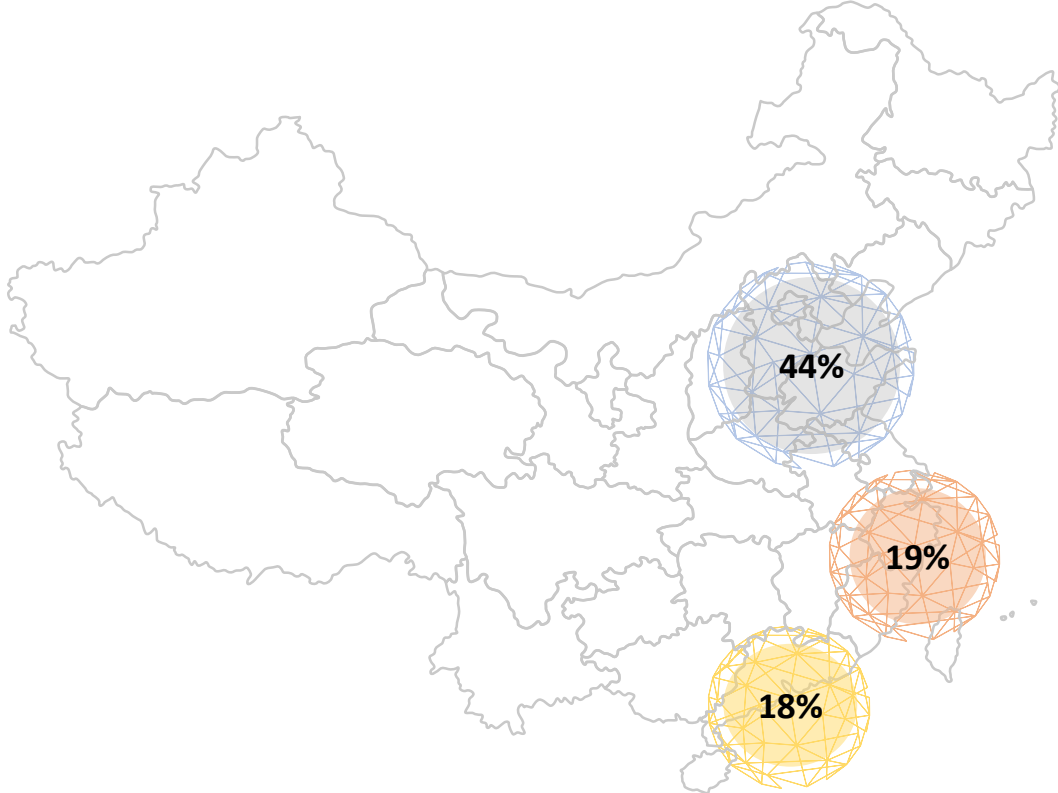


Leading carrier-neutral, cloud-neutral and tech agnostic IDC services provider in China with 20+ years of experience

Source:

1. Frost & Sullivan 2020
2. Award granted by ODCC Summit in 2020

# Premium Data Centers Located in Major Internet Hubs



## Self-built Data Centers

■ We operate 32 self-built data centers with ~52,100 cabinets

	# of Self-built Cabinets	% Contribution
Beijing	~ 22,950	44%
Shanghai & Hangzhou	~ 9,800	19%
Greater Bay Area	~ 9,300	18%
Surrounding Area	~ 6,650	13%
Others	~ 3,500	6%
<b>Total</b>	<b>~52,200</b>	<b>100%</b>



BJ01



BJ07



SZ02



E-JS01

## Partnered Data Centers

■ We also operate partnered data centers with ~3,700 cabinets

✓ Favorable Supply-demand Dynamics

✓ Early-Mover Advantage Creates Barrier of Entry

✓ Superior and Scalable Interconnectivity

✓ Efficient and Cost Effective Connection

Source: Company data as of 31 Mar, 2021  
 Note: The data displayed on this map are only for the Company's self-built data centers.



# Differentiated Business Model with Comprehensive Offerings

## Product Offerings

- Co-location
- Inter-connectivity
- Hybrid IT services
- Other value-added services
- Customized, high-power density solutions

## Microsoft Cloud Services

- Long-term strategic partnership with Microsoft in China for public and hybrid cloud services

Microsoft Azure  
由世纪互联运营

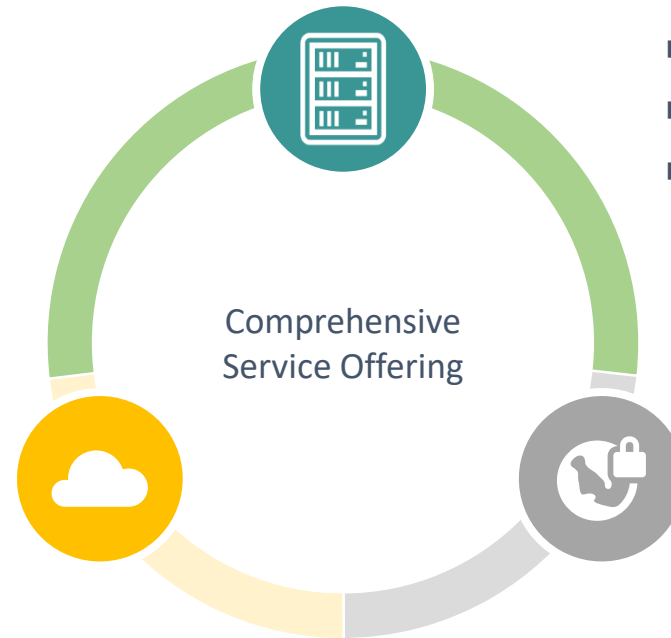
Microsoft Office 365

Microsoft Dynamics 365

## IDC Services

“Dual Core”

Retail + Wholesale



## Our Strength

- Multi-carrier & multi-cloud connectivity
- High-performing facility & network
- Turn-key solutions tailored for customer needs
- Long track record of outstanding operation performance

## VPN Services

- Customized VPN solutions for enterprise customers across various industry verticles
- Offer VPN services via Dermot Entities<sup>(1)</sup>

# Large and Diversified Customer Base, with Strong Loyalty

## Retail

- ~3,000 enterprise customers have enjoyed company's colocation, connectivity, bare metal, hybrid cloud and maintenance services

- Over 90% of net revenues have been recurring revenues since IPO

- Maintain low concentration of risk with top 20 customers contributing 37.7% of total revenues in 1Q21



## Wholesale

- Since 2020, Company begins to generate revenue from wholesale customers
- >190MW in service and/or under MOU, ~100MW in service & ~90MW under MOU

# In-depth Industry Expertise w/ Strong Engineering Capabilities

## Innovative and Tailormade Technologies

- ✓ Power Management
- ✓ Smart Routing
- ✓ Energy Recycling
- ✓ Environmental Controls



**125** Dedicated Engineering Professionals<sup>(1)</sup>

**155** Approved and Pending Patents<sup>(1)</sup>

**161** Copyright Certifications<sup>(1)</sup>

## Secure and Reliable Data Centers



Superior Interconnectivity



Highly Secure Buildings & Data Floors



Hypersensitive Detection & Supervision



99.9% Network Connectivity Uptime



99.99% Power Uptime<sup>(2)</sup>

1. As of 31 Dec, 2020  
2. For self-built data centers

# Visionary Leadership w/ Stellar Track Record of Execution



**Josh Sheng CHEN**

Founder and Chairman

China Energy  
Internet Alliance



清华大学互联网产业研究院  
Institute of Internet Industry, Tsinghua University



**Samuel SHEN**

Chief Executive Officer,  
Executive Chairman of Retail IDC



JDCloud



Microsoft



**Tim CHEN**

Chief Financial Officer

Morgan Stanley J.P.Morgan



**Shiqi WANG**

Chief Executive Officer of Wholesale IDC



启迪数字集团  
Tus-Digital Group

ERICSSON



**Chunfeng CAI**

Chief Operating Officer,  
Chief Executive Officer of Retail IDC



ChinaCache



**Qihang LIU**

President, Cloud Business Unit

SONY



Microsoft



# 03

## Financial Overview

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Digital Economy  
Infrastructure Service Provider



# 1Q21 Financial Highlights



RMB'000	1Q20	4Q20	1Q21	YoY	QoQ
<b>Net revenues</b>	<b>1,090,797</b>	<b>1,348,367</b>	<b>1,386,923</b>	<b>27.1%</b>	<b>2.9%</b>
Gross profit	234,111	294,425	323,312	38.1%	9.8%
Adjusted cash gross profit <sup>(1)</sup>	417,127	581,850	605,289	45.1%	4.0%
<i>Adjusted cash gross margin</i>	<i>38.2%</i>	<i>43.2%</i>	<i>43.6%</i>	<i>5.4 pps</i>	<i>0.4 pps</i>
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>259,389</b>	<b>389,751</b>	<b>415,092</b>	<b>60.0%</b>	<b>6.5%</b>
<i>Adjusted EBITDA margin</i>	<i>23.8%</i>	<i>28.9%</i>	<i>29.9%</i>	<i>6.1 pps</i>	<i>1.0 pps</i>

RMB'000	31 Dec 18	31 Dec 19	31 Dec 20	31 Mar 21
Cash & cash equivalents, Restricted cash and Short-term investments	2,906,035	2,721,033	3,402,309	7,334,183

Source: Company filings, data as of 31 Mar, 2021.

1. Adjusted cash gross profit defined as gross profit excluding depreciation, amortization and share-based compensation expenses.

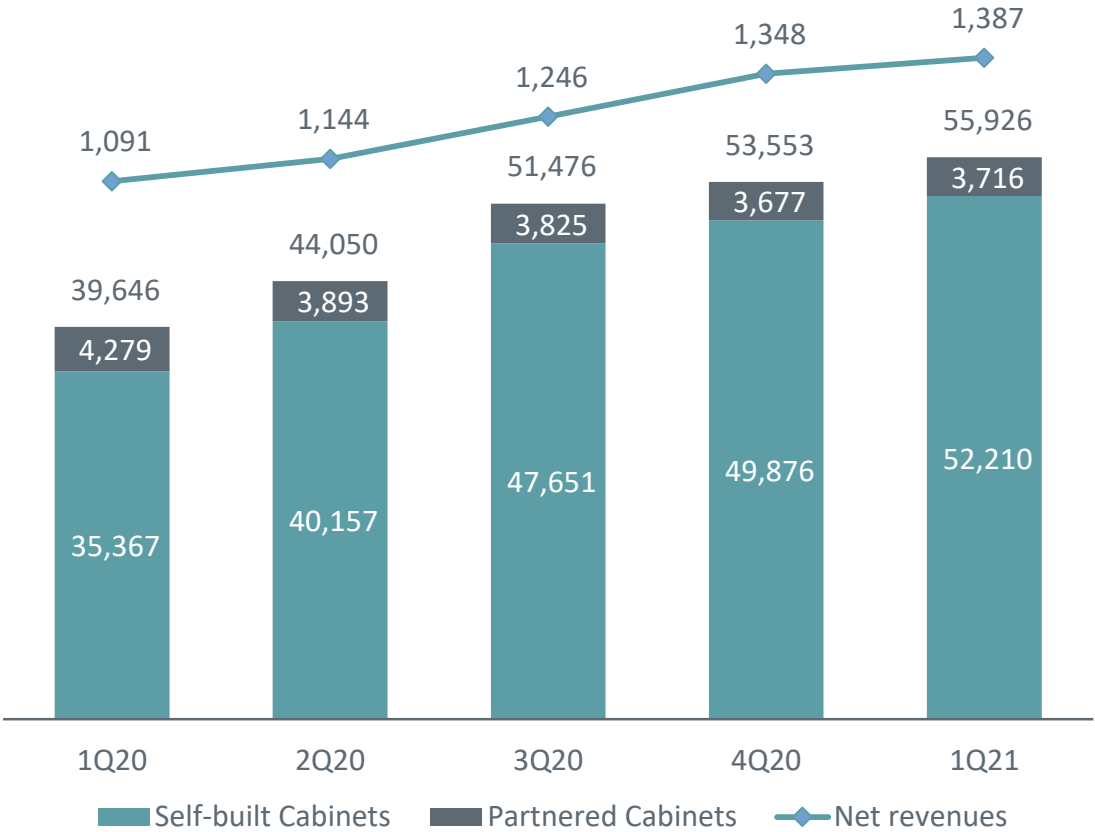
2. Adjusted EBITDA defined as EBITDA excluding share-based compensation expenses, impairment of receivables from equity investees, and impairment of long-lived assets.



# Sustainable Growth Driven by New Capacity Expansion

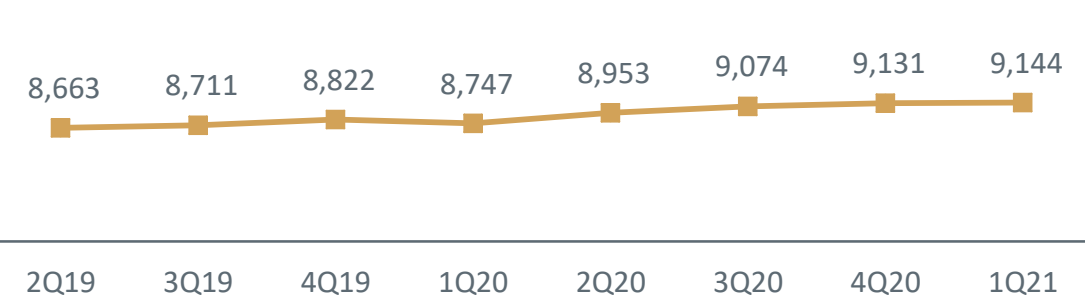
### Net Revenue & Cabinets (1)

(RMB mm)

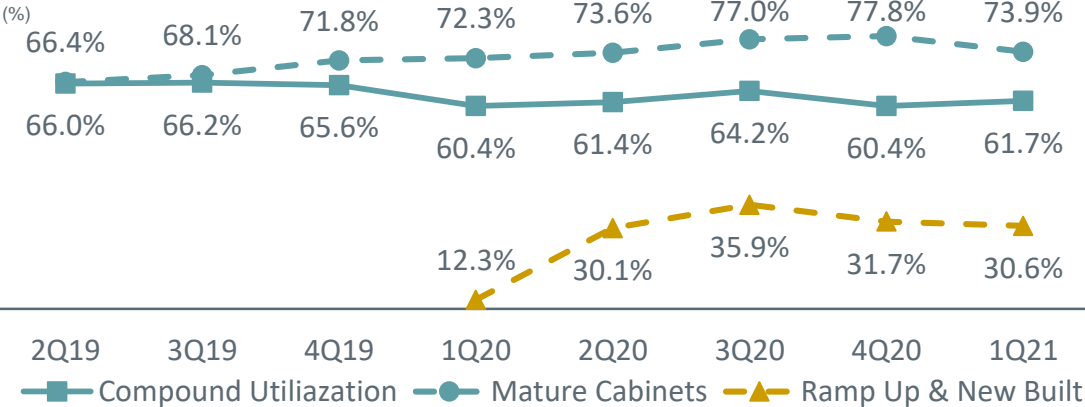


### Retail IDC MRR per Cabinet (2)

(RMB)



### Utilization Rate (3)



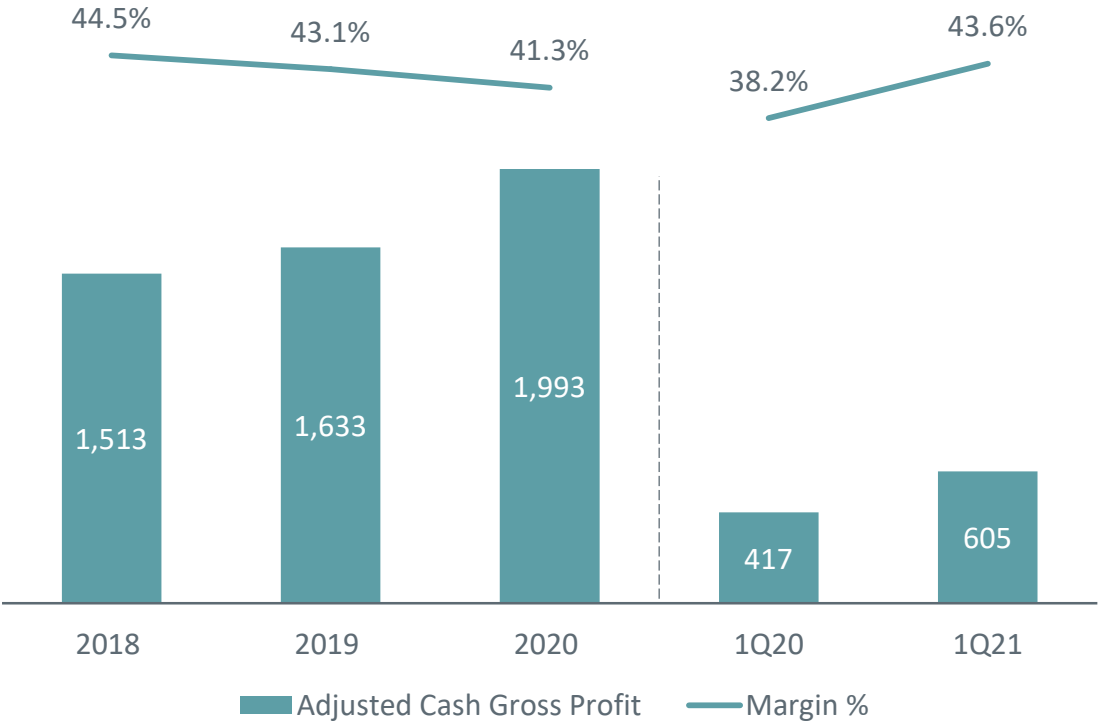
Source: Company filings, data as of 31 Mar, 2021

1. Numbers of cabinets are measured by the actual numbers at the end of each quarter.
2. MRRs refers to Monthly Recurring Revenues, and are based on the Company's retail IDC business.
3. Utilization rates are based on quarterly average rates. The dotted line refers the utilization rate for cabinets delivered over 2yrs; The triangle refers the utilization rate for cabinets built less than 2 yrs.

# Margin Improvements Through Efficiency Enhancement

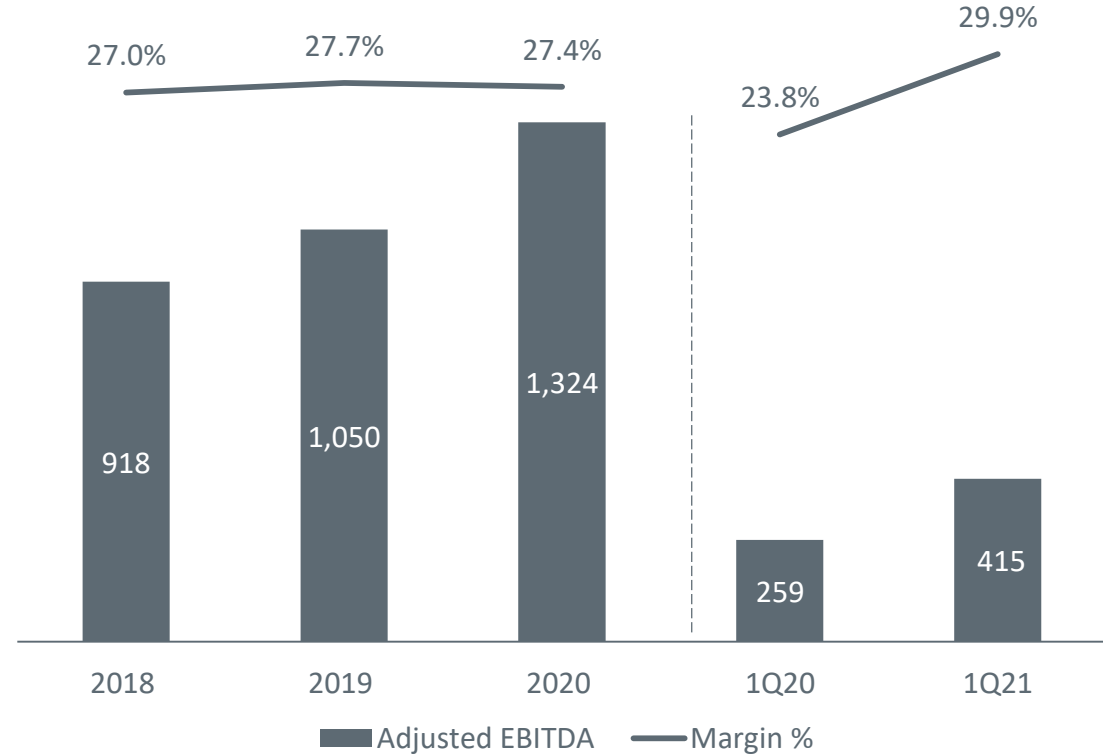
### Adjusted Cash Gross Profit & Margin <sup>(1)</sup>

(RMB mm)



### Adjusted EBITDA & Margin <sup>(2)</sup>

(RMB mm)



Long-term upward trend supported by utilization improvement and operating leverage

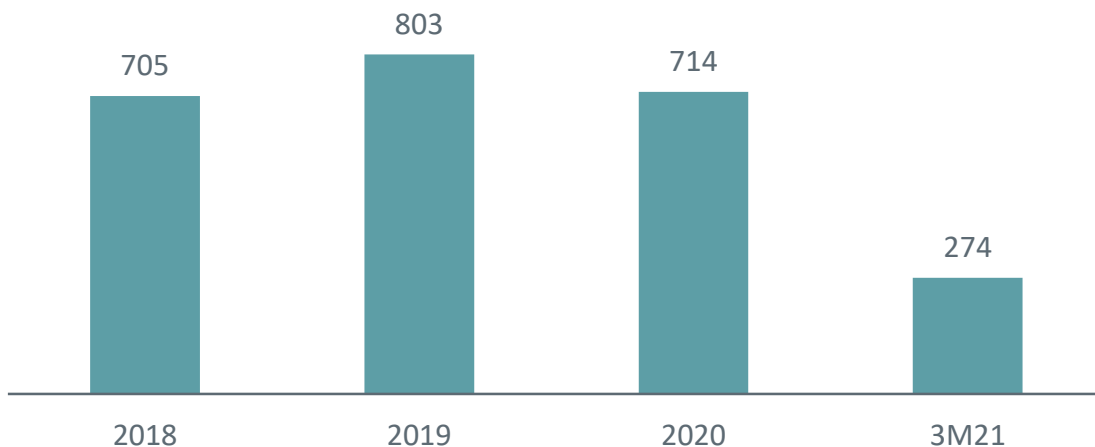
Source: Company filings, data as of 31 Mar, 2021

1. Adjusted cash gross profit defined as gross profit excluding depreciation, amortization and share-based compensation expenses.  
 2. Adjusted EBITDA defined as EBITDA excluding share-based compensation expenses, impairment of receivables from equity investees, and impairment of long-lived assets.  
 3. Excluding MNS segment; margin based on revenue excluding MNS

# Healthy Cash Flow Generation and Capital Expenditure

## Operating Cash Flow

(RMB mm)

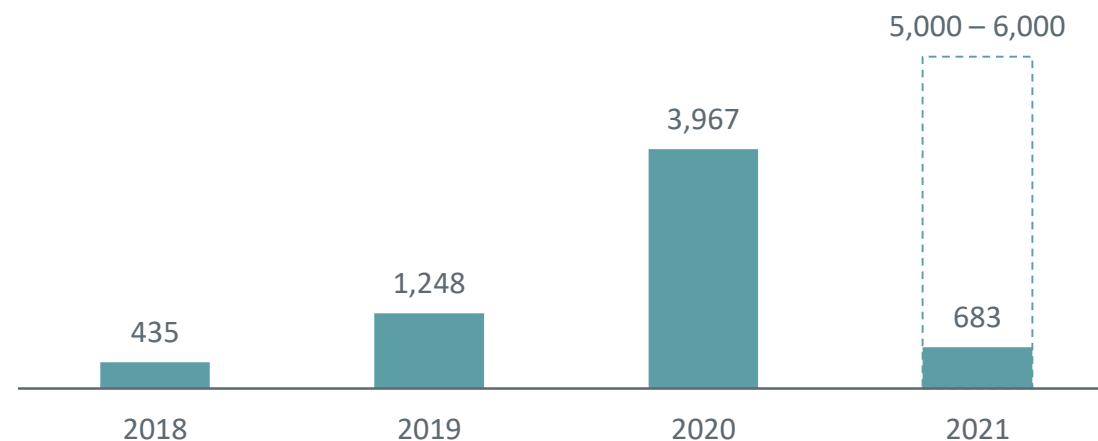


## Key Drivers

- Continuously increasing cash flow from operations
- Mainly driven by growing top line and improved operating leverage

## Capital Expenditure

(RMB mm)



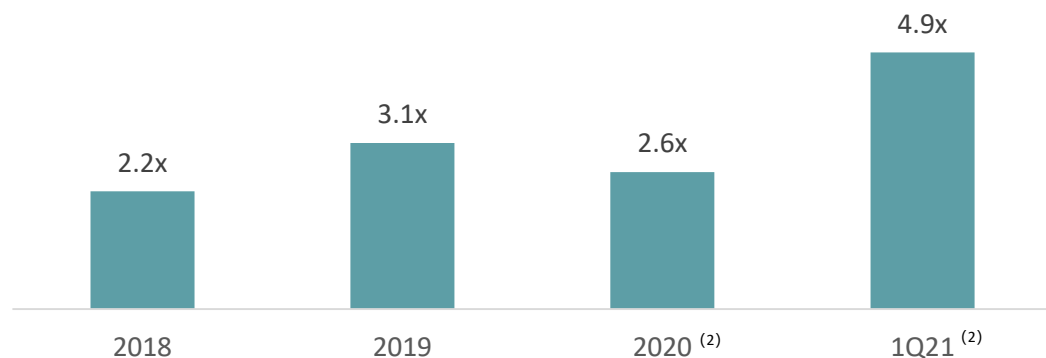
## Key CapEx Spending & Expected Capacity Expansion

- Capex mainly include expenditure for data center property, construction and equipment procurement
- Additional capex includes payments of consideration price for certain acquisitions

# Healthy Capital Structure

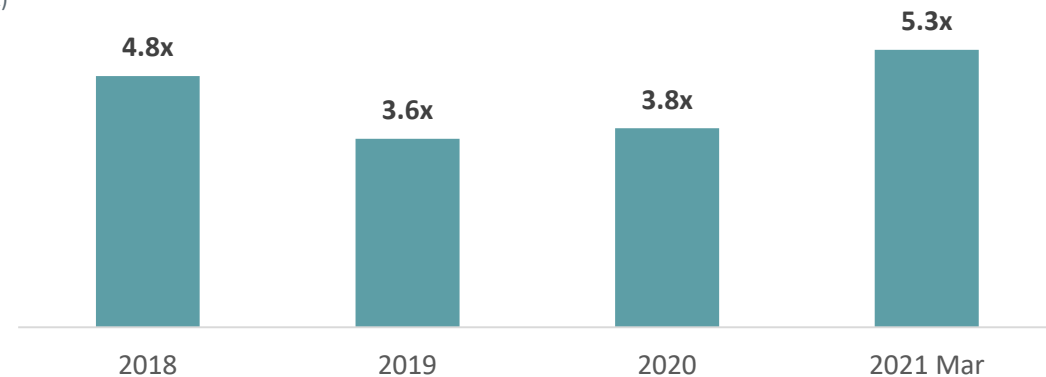
## Total Debt <sup>(1)</sup> / LQA Adjusted EBITDA <sup>(4)</sup>

(x)

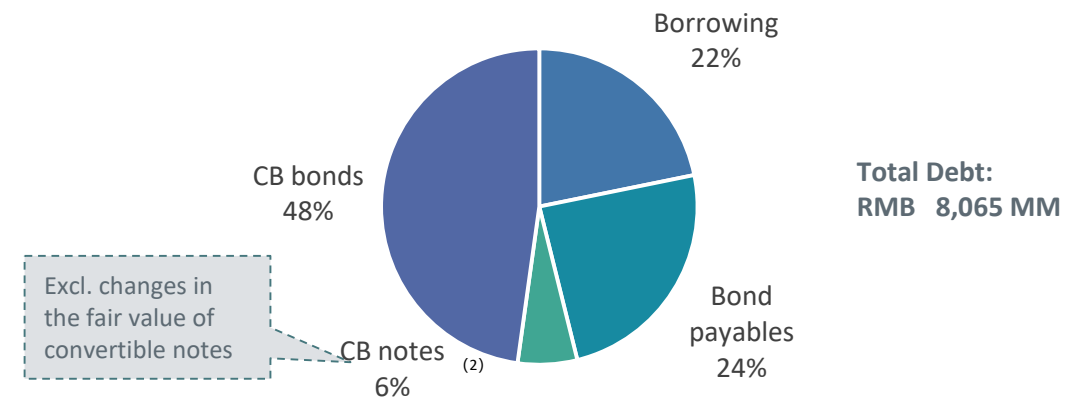


## Adjusted EBITDA Interest Coverage <sup>(3)</sup>

(x)



## Debt Structure as of 31 Dec, 2020



## Prudent Financial Policies and Various Financing Channels

- We have applied stable and steady financial policies and prudently utilizes debt financing based on business needs. We have diversified financing channels and our current debt structure is a balanced mix of borrowings, bond payables, convertible notes and convertible bonds;
- We received net proceeds of approximately US\$600 million in the form of convertible note on Jan 2021

Source: Company filings, data as of 31 Mar, 2021

1. Total Debt = Short-term and long-term bank borrowings + Bond Payables + Convertible Notes, Net Debt = Total Debt – Cash and Cash Equivalent;
2. Excluding change in the fair value of convertible notes from convertible notes
3. Adjusted EBITDA Interest Coverage = Adjusted EBITDA / Net Interest Expense (interest expense – interest income)
4. LQA EBITDA represents the current quarter Adj. EBITDA\*4 or Last Quarter Annualized

# Guidance



RMB mm	2Q20 A	1Q21 A	2Q21 E	YoY <sup>(1)</sup>
Revenues	1,144	1,387	1,470 - 1490	29.4%
Adjusted EBITDA	306	415	405 - 425	35.6%

RMB mm	2020 A	2021 E	YoY <sup>(1)</sup>
Revenues	4,829	6,100 - 6,300	28.4%
Adjusted EBITDA	1,324	1,680 - 1,780	30.7%

Source: Company filings.

1. YoY represents the midpoints of the guidance ranges compared to the actual numbers in the previous year.

# 04

## Appendix

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Digital Economy  
Infrastructure Service Provider



# Shareholding Structure

Major beneficial ownership of our ordinary shares, as of 13 April, 2021;

Principle shareholders	Number of Shares	% of Share Holding	% of Voting Power
Sheng Chen	44,761,879	5.2	28.8
Tuspark	94,415,771	11.0	8.0
GIC	90,527,634	10.5	7.7
Vector Holdco (Blackstone)	49,107,816	5.7	4.2
Others/Free Float	583,266,006	67.6	51.3
<b>Total</b>	<b>862,079,106</b>	<b>100</b>	<b>100</b>

Source: Company filings.

THANKS!



Contact Information:

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IR Contacts: Rene Jiang  
Julia Jiang