

世纪互联®
www.21vianet.com

21Vianet Group, Inc.

Investor Presentation

August, 2019



Disclaimer

This presentation does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire securities of 21Vianet Group, Inc. (the “Company”) in any jurisdiction or an inducement to enter into investment activity, nor may it or any part of it form the basis of or be relied upon in connection with any contract or commitment whatsoever. Specifically, this presentation does not constitute a “prospectus” within the meaning of the U.S. Securities Act of 1933, as amended.

This presentation does not contain all relevant information relating to the Company or its securities, particularly with respect to the risks and special considerations involved with an investment in the securities of the Company. No part of this document shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. No securities of the Company may be sold in the United States without registration with the United States Securities and Exchange Commission or an exemption from such registration. Any decision to purchase securities in the proposed offering should be made solely on the basis of the information contained in the statutory prospectus in relation to the proposed offering.

This presentation has been prepared by the Company solely for use at this presentation. The information contained in this presentation has not been independently verified. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. None of the Company or any of its affiliates, advisors, representatives or underwriters will be liable (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation.

This presentation contains statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition of the Company. These statements can be recognized by the use of words such as “expects,” “plans,” “will,” “estimates,” “projects,” “intends,” or words of similar meaning. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors and assumptions. The Company or any of its affiliates, advisors, representatives or underwriters has no obligation and does not undertake to revise forward-looking statements to reflect future events or circumstances.

In evaluating our business, we use certain non-GAAP measures as supplemental measures to review and assess our operating performance. These non-GAAP financial measures have limitations as analytical tools, and when assessing our operating performances, investors should not consider them in isolation, or as a substitute for net income (loss) or other consolidated statements of operation data prepared in accordance with U.S. GAAP.

THE INFORMATION CONTAINED IN THIS DOCUMENT IS HIGHLY CONFIDENTIAL AND MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED.

By attending this presentation, participants agree not to remove this document, or any materials provided in connection herewith, from the conference room where such documents are provided. Participants agree further not to photograph, copy or otherwise reproduce these materials in any form or pass on these materials to any other person for any purpose. Participants must return this presentation and all others materials provided in connection herewith to the Company at the completion of the presentation.



世纪互联®

www.21vianet.com

At a Glance

Inception Time	In 1996
Listing Time	Apr, 2011
Exchange / Ticker	Nasdaq: VNET
Price (as of Aug 13, 2019)	\$ 7.23
Market Cap	\$ 813 Million

A Leading Internet Data Centre Services Provider in China

Market

- China's internet infrastructure industry is among the fastest growing in the world.
- Carrier-neutrals internet data centers (IDC) are growing faster than the industry average.

Leadership

- VNET is a leading carrier-neutral & cloud-neutral IDC services provider with 20 years of experiences.
- World-class partners and loyal customers are attracted by VNET's renowned brand and service quality.

Key strategies

- Accelerate cabinet roll-out and accordingly increase our core data center service capacities
- Capture further market share in the wholesale IDC market and promote hybrid cloud services for our clients
- Selectively pursue strategic partnerships and investments

Comprehensive Customized Solutions

IDC Services

Core Business

60%-70% of total revenue

Product Offering

- Co-location
- Inter-connectivity
- Hybrid IT service
- Other value-added services

Our Advantages

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

Microsoft Cloud Services

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



VPN ⁽¹⁾ Services

- Customized VPN solutions for enterprise and carrier customers across various verticles
- Offer VPN services via Dermot Entities ⁽²⁾

Microsoft Azure
由世纪互联[®]运营

Microsoft Office 365

Microsoft Dynamics 365

Source: Company filings.

1. Virtual private network.
2. Dermot Holdings Limited and its subsidiaries



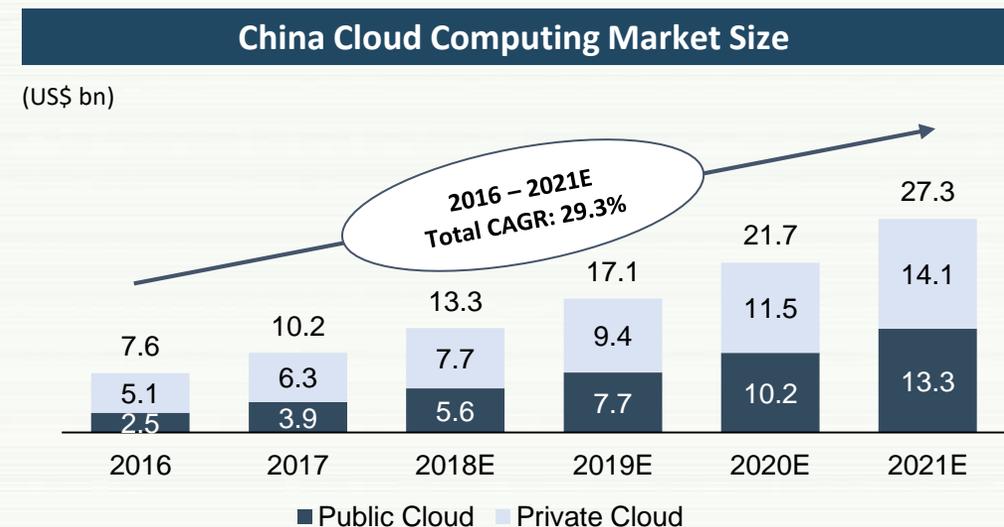
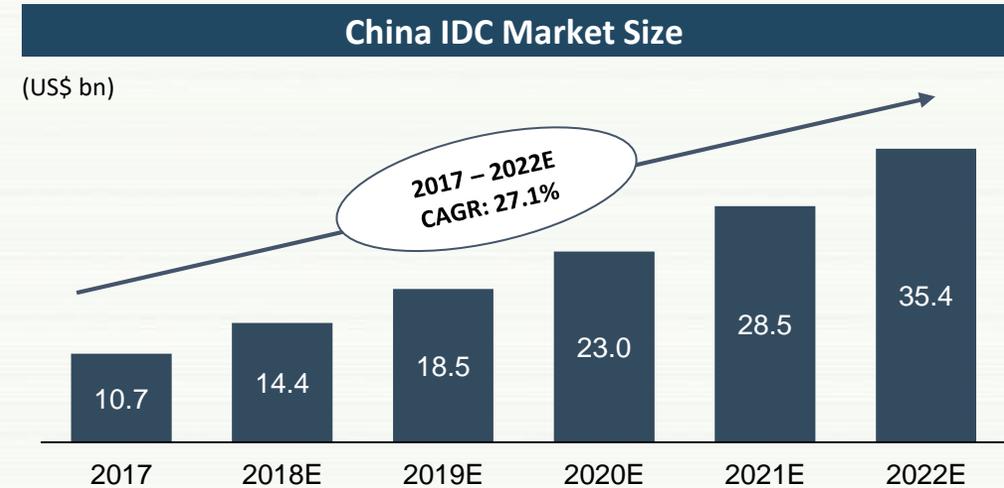
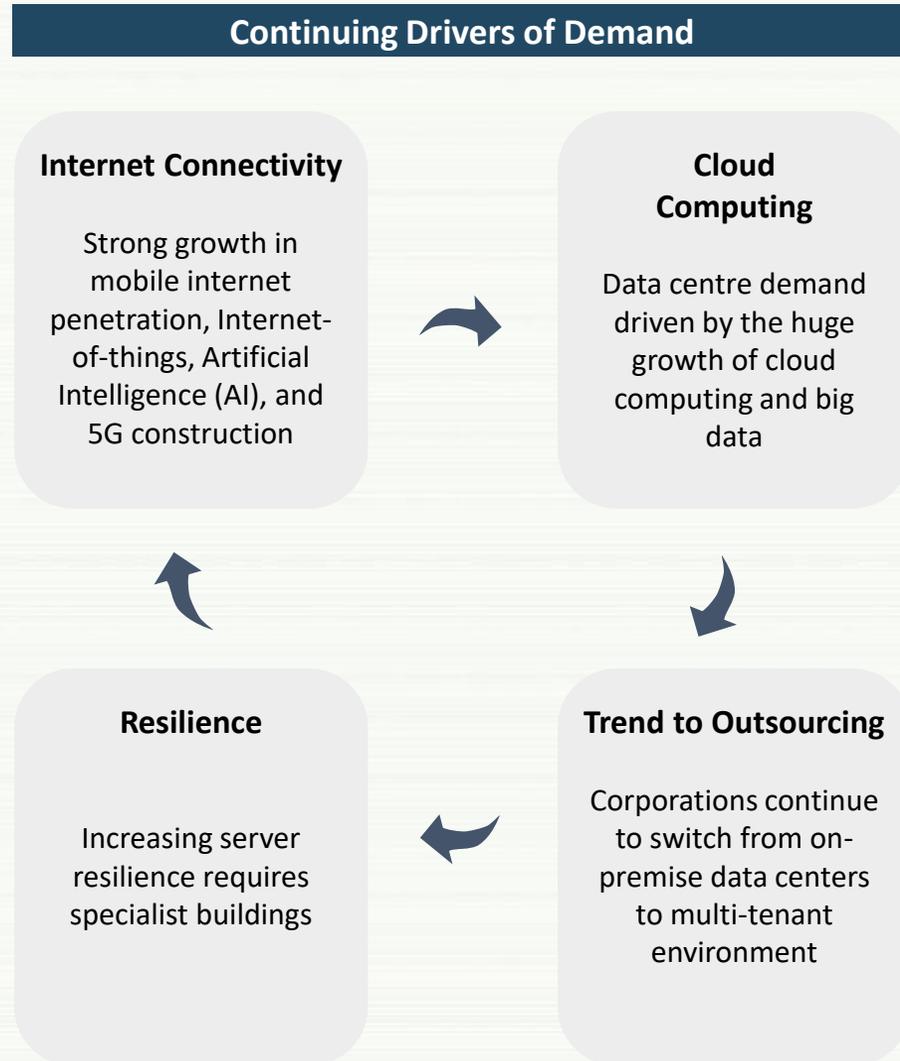
世纪互联®
www.21vianet.com

Investment Highlights

Investment Highlights



Hyper Growth Market for IDC Services in China



Trusted Brand and Clear Leadership

Certification

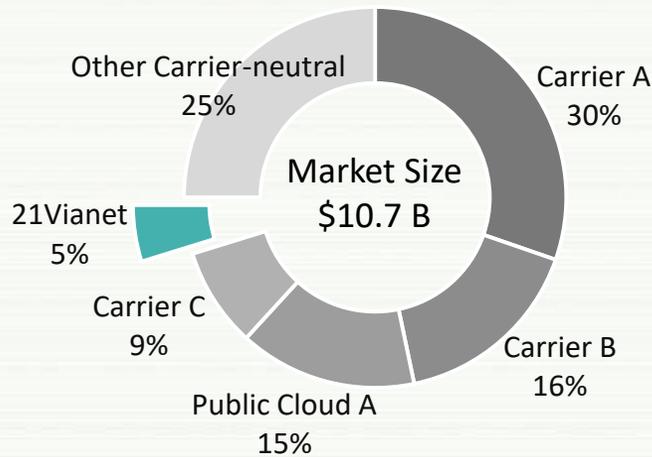


We build and operate our data centers in compliance with high industry standards in order to provide our customers with secure and reliable environments necessary for optimal internet interconnectivity.

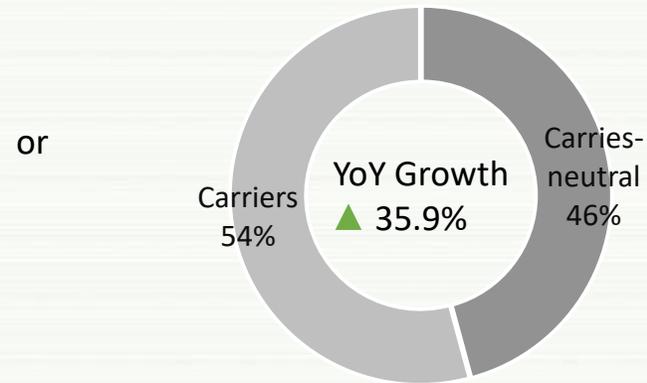


Trusted Brand and Clear Leadership (cont.)

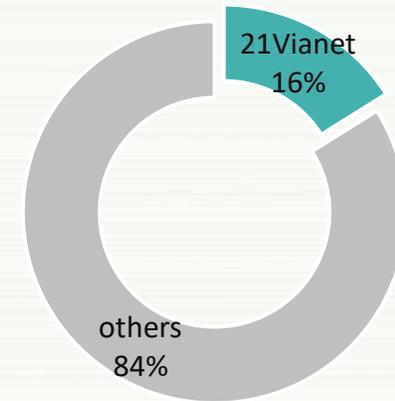
China IDC Market Share in 2017 ⁽¹⁾



Carrier-Neutral accounts for 46% Market ⁽¹⁾



Carrier-Neutral Market: top 6 players represent ~70% share in Tier-1 cities ⁽¹⁾



Leading Carrier-neutral IDC Service Provider in China

- 50+ ⁽²⁾ premium data centers in 20+ ⁽²⁾ cities
- 31,111 ⁽³⁾ cabinets, 84% ⁽³⁾ self-built cabinets
- Connected to major carriers, non-carriers and ISPs
- Estimated capacity of 1,000+ ⁽²⁾ gigabits per second to nearly all locations

Source:

1. IDC, Dec 2018 (Market share data as of year end 2017), 451 research, Bain analysis
2. Company filings, data as of December 31, 2018
3. Q2 2019 Company filings

High Entry Barriers

Resources

- Government-approved licenses or permits as prerequisites for data center, cloud and VPN
- Access to limited power quota in Tier-1 cities with high data center demand

Funding

- Significant capital required to fund IDC developments
- Capability to obtain lower funding cost and diversify the funding channels

Track Record

- Operators with long track records of good operational performance
- Switching costs for the enterprises on data center



Operating Efficiency

- Experienced operators being able to build and operate data centers with low PUE solutions
- Continuously shorten the ramp-up period and improve the utilization rate

Reliability and Connectivity

- Access to an abundant continuous power source with reliable back-up systems
- Long lead time to build critical connectivity access to multiple carriers

Recurring Revenue and Diversified Customers



- Around 2,000 enterprise customers, **70%** of Internet customers, and **30%** GOE & Financial customer

- Recurring revenues contributing to over **90%** of net revenues since IPO

- Low concentration risk with top 20 customers contributing **32.2%** of revenue in 2Q19

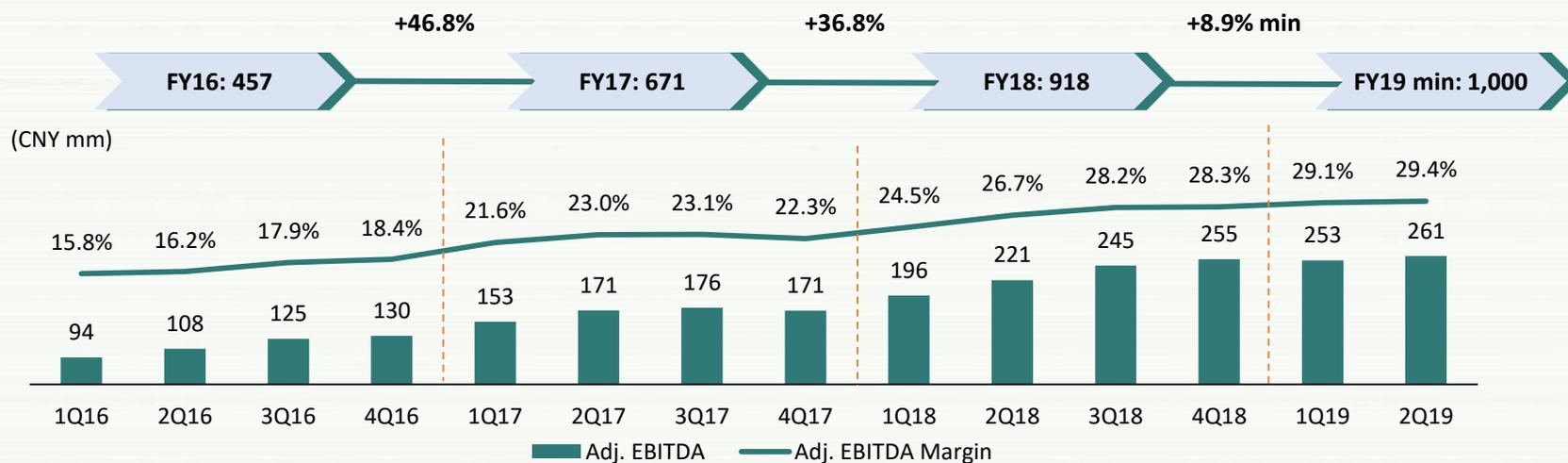
Source: Company filings.

Sustainable Growth and Profitability



Key Growth Drivers

- Increase in cabinet capacity
- Improvement on Hosting MRR⁽¹⁾ due to higher adoption of value-added services and high power density cabinets delivery
- Continuous growth in cloud and VPN business



Key Growth Drivers

- Improving proportion of self-built cabinets, growing from 69% in 2Q16 to 84% in 2Q19
- Significant turnaround and operating leverage

Consistent revenue expansion for Hosting and Related Services demonstrates good track record of execution
Growing EBITDA margin has benefitted from operating efficiency improvement and operating leverage

Source: Company filings.

1. MRRs refers to Monthly Recurring Revenues, and are based on the Company's core IDC business.

Strong Support from Shareholders and Partners

Shareholders



- TUS Holdings is an S&T investment holdings group established in reliance on Tsinghua University focusing on S&T services
- Controlling shareholder and strategic investor since May, 2016, which represents 21.2% stake, 50.9% voting right
- The largest investment amount that TUS-Holdings has made in the digital business segment
- Strong synergy: VNET to leverage TUS's resources in government relationships and science park planning
- Potential customer referral from TUS's investee pool of high-growth enterprises

Partners



TEMASEK
HOLDINGS



- In 2014, a combined strategic investment from Kingsoft, Temasek and Xiaomi
- As of Dec 31, 2018, Xiaomi has become the single largest customer of the company, which represents 11.9% of the company's net revenues



- Long-term partnership in China starting from 2014 in public cloud service sector
- Customer referral and potential opportunity in hosting service
- Cost-plus + revenue sharing model



• Land & property resources



• Local government relationships



• Access to power quota



• Potential customer referrals



• Capital investments



• Experience in cloud operating, fund raising

Strong Support from Shareholders and Partners (cont.)

- Major beneficial ownership of our ordinary shares, as of Feb 28, 2019;

Principal Shareholders:	% of Share Holding	% of Voting Power
Tuspark Innovation Venture Ltd.	21.2	50.9
Esta Investments Pte Ltd (Temasek)	9.6	2.9
King Venture Holdings Limited	8.5	9.9
Xiaomi Ventures Limited	2.5	5.0
Sheng Chen	7.3	15.3

Source: Company filings.



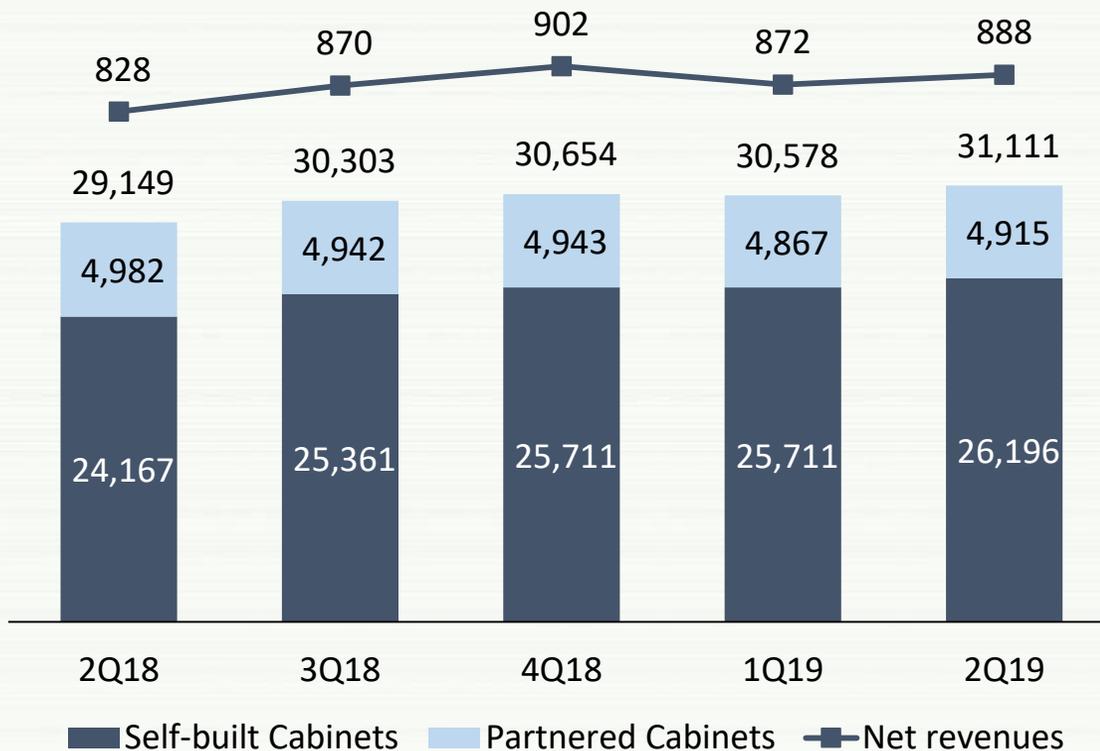
世纪互联®
www.21vianet.com

Financial Overview

Revenue Growth Supported by Capacity, MRR & Utilization

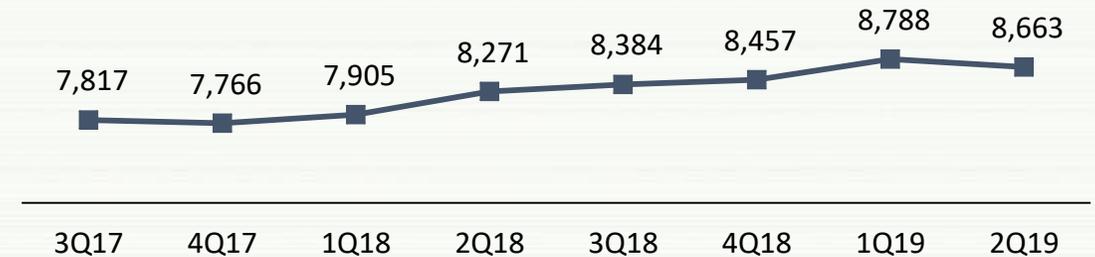
Net Revenues & Cabinets ⁽¹⁾

(Net Revenues in CNY mm)



IDC MRR per Cabinet ⁽²⁾

(CNY)



Utilization Rate ⁽³⁾

(%)



Proven capability to build capacity effectively to fulfill strong market demand

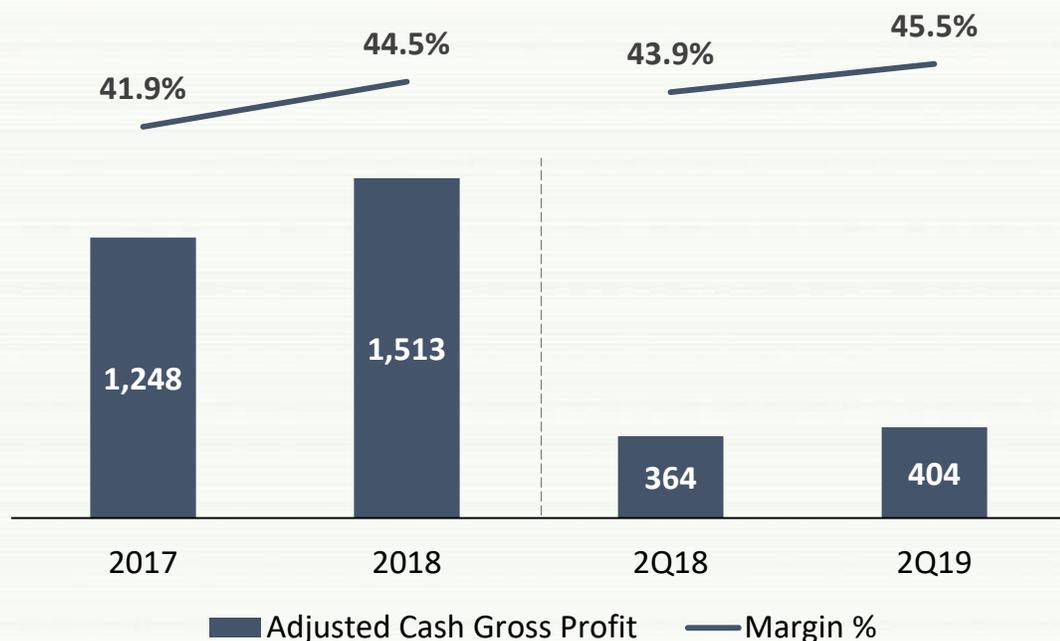
Source: Company filings.

1. The numbers of cabinet are measured by the actual numbers by the end of quarter.
2. MRRs refers to Monthly Recurring Revenues, and are based on the Company's core IDC business.
3. Utilization rates are based on quarterly average to measure.

Margin Improvements through Efficiency Enhancement

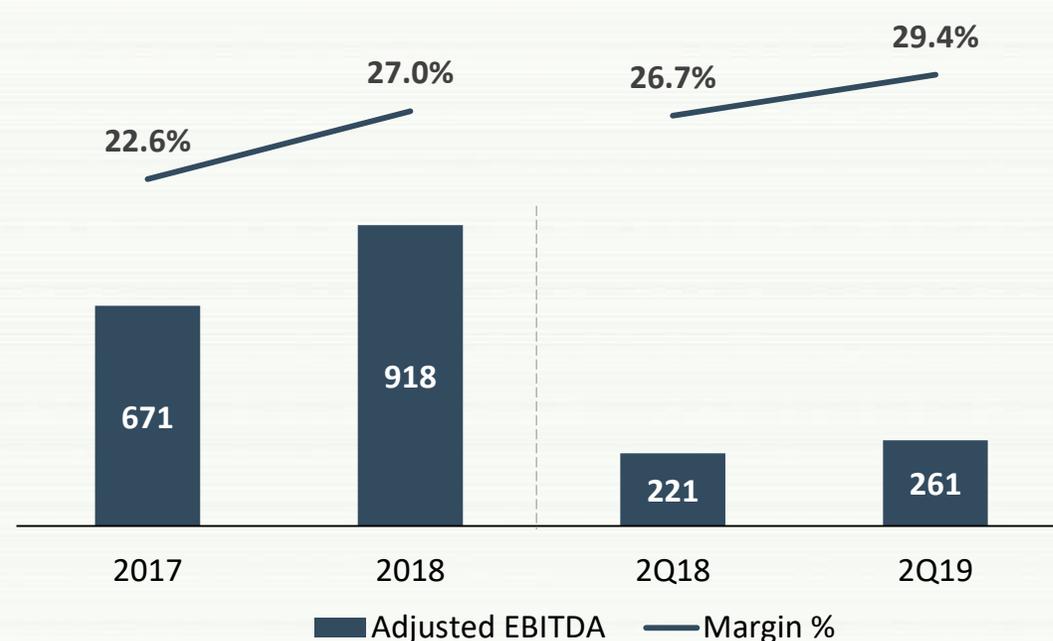
Adjusted Cash Gross Profit & Margin ⁽¹⁾

(CNY mm)



Adjusted EBITDA & Margin ⁽²⁾

(CNY mm)



Operational excellence supported by inventory management of cabinets, improved PUE and operating leverage

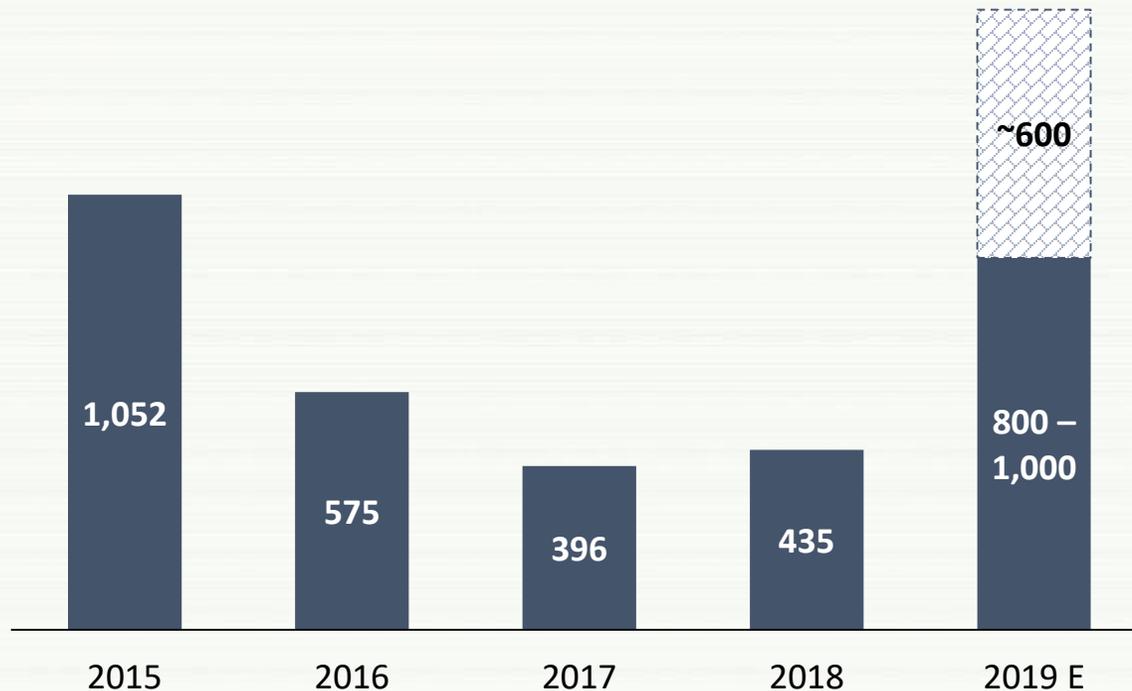
Source: Company filings.

- Adjusted cash gross profit defined as gross profit excluding depreciation, amortization and share-based compensation expenses.
- Adjusted EBITDA defined as EBITDA excluding share-based compensation expenses, changes in the fair value of contingent purchase consideration payable, impairment of long-lived assets and loss on debt extinguishment.

CAPEX Plan For Business Expansion

Capital Expenditures ⁽¹⁾

(CNY mm)



Capital Expenditures Policy

- 2019 Total Capex range: RMB1.4 bn - RMB1.6 bn:
 - RMB800 mm - RMB1,000 mm associated with 6,000 - 8,000 self-built cabinets addition, mostly in Tier-1 cities;
 - RMB600 mm for IDC capacity expansion beyond 2019
- Additional Capex for potential wholesale and M&A projects
- Capex primarily funded by cash generated from our operations and net cash provided by financing activities

Source: Company filings

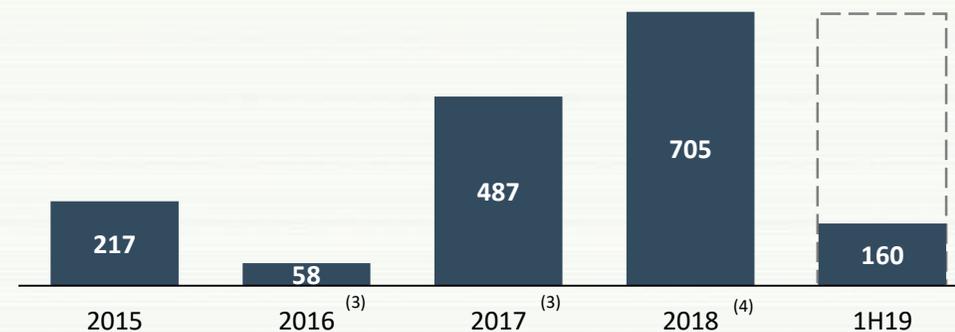
1. The statistics displayed on the chart above for 2017 and beyond only contains the retail business data from Hosting and Related Services.

Capital Structure, Credit Stats and Cash Flow

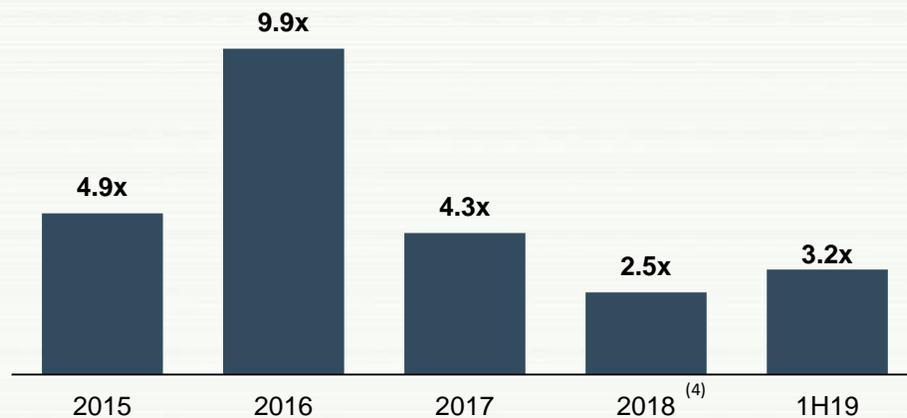
Gearing Ratio



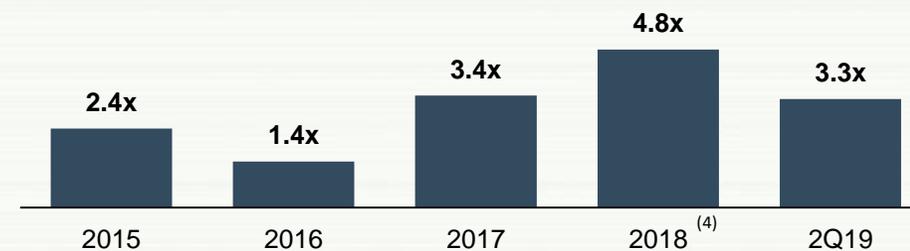
Operating Cash Flow (CNY mm)



Total Debt⁽¹⁾ / Adjusted EBITDA



Adjusted EBITDA Interest Coverage⁽²⁾



Source: Company filings. All financials and operating metrics include MNS business, unless otherwise notice.

1. Total Debt = Short-term and long-term bank borrowings + Bond payables.

2. Adjusted EBITDA Interest Coverage = Adjusted EBITDA / Net Interest Expense.

3. The amount is adjusted by adopting Accounting Standards Update ("ASU") No. 2016 - 2018, Statement of Cash Flows, (Topic 230): Restricted Cash.

4. Only represents Hosting and Related Services.

2Q19 Financial Highlights

CNY'000	2Q18	1Q19	2Q19	YoY	QoQ
Net revenues	828,317	871,859	888,020	7.2%	1.9%
Gross profit	229,433	240,775	228,248	-0.5%	-5.2%
Adjusted cash gross profit ⁽¹⁾	364,008	406,670	403,809	10.9%	-0.7%
<i>Adjusted cash gross margin</i>	43.9%	46.6%	45.5%	<i>1.6 bps</i>	<i>-1.1 bps</i>
Operating profit	51,496	53,297	60,034	16.6%	12.6%
Adjusted EBITDA⁽²⁾	221,143	253,468	260,727	17.9%	2.9%
<i>Adjusted EBITDA margin</i>	<i>26.7%</i>	<i>29.1%</i>	<i>29.4%</i>	<i>2.7 bps</i>	<i>0.3 bps</i>

CNY'000	Dec-16	Dec-17	Dec-18	Jun-19
Cash & cash equivalents, Restricted cash and Short-term investments	3,572,469	2,744,359	2,906,035	3,248,170

Source: Company filings for Hosting and Related Services.

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, changes in the fair value of contingent purchase consideration payable, impairment of long-lived assets and loss on debt extinguishment.

Guidance

CNY mm	3Q18 A	2Q19 A	3Q19 E	YoY ⁽¹⁾
Revenues	870.1	888.0	950 - 980	10.9%
Adjusted EBITDA	245.2	260.7	250 - 270	6.0%

CNY mm	2018 A	2019 E	YoY ⁽¹⁾
Revenues	3,401	3,760 – 3,860	12.0%
Adjusted EBITDA	918	1,000 – 1,100	14.4%

Source: Company filings

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

Pipeline Status

IDC Pipeline Capacity ⁽¹⁾	Status	2019	2020	2021
Chengdu	Ready for Sale	~500		
Beijing West	Under Construction	~1,900	~1,900	
Beijing East I	Under Construction	~1,300		
Beijing East II	Under Construction	~2,200		
Beijing South	Pending for Inspection	~1,000		
Shanghai SJ	Under Construction	~1,400	~1,600	
Jiangsu Campus	Greenfield		~3,000	~3,000
HeBei Campus	Greenfield		~1,000	~3,000
Guangzhou SC	Extension		~1,000	~1,000
Shanghai WGQ New	Under Construction		~2,000	~2,000
Jiangsu II New	Under Construction		~500	
Secured Resources		~8,000	~11,000	~9,000
Expansion Target		6,000 – 8,000	15,000	15,000

1. Capacity: cabinet number includes blank space

Thank You!

Leading carrier-neutral & cloud-neutral service provider in China



Contact Information:

Company website:
<http://www.21vianet.com>

Email: IR@21vianet.com

IR Contacts: Rene Jiang
Julia Jiang



世纪互联®
www.21vianet.com

Appendix

Our Nationwide Data Centers



BJ 7



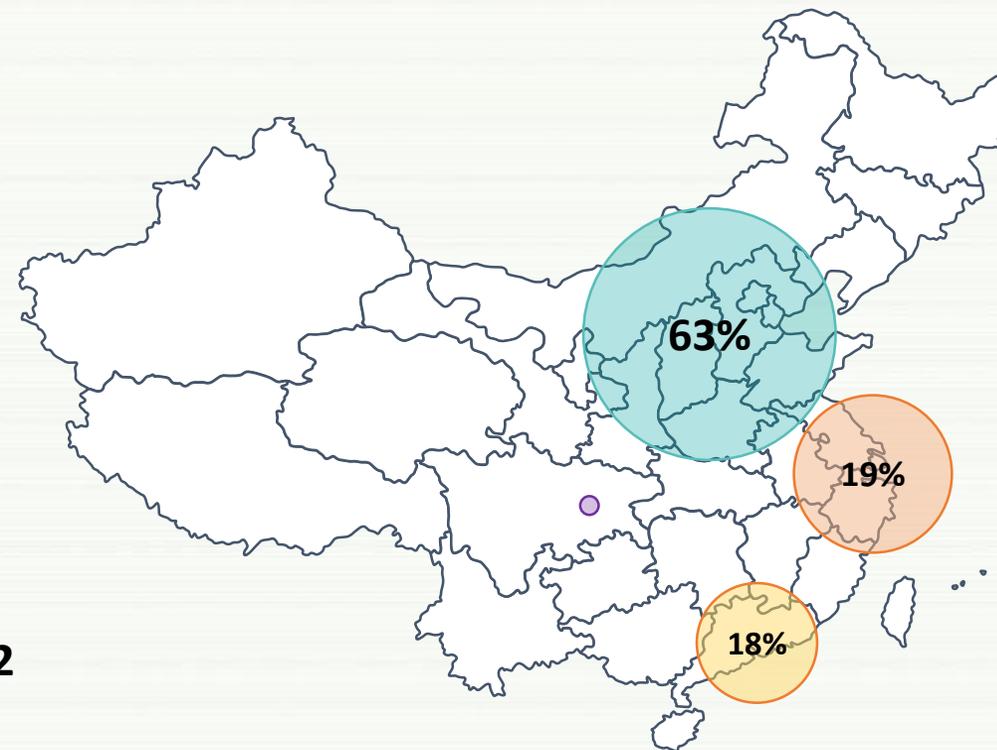
BJ 1



SH 1



SZ 2



SH 4



GD 1



ZJ 2

Source: Company Data as 31st Dec 2018.
The demographic displayed on the map only represent the range of company's self-built data center.