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21Vianet Group, Inc. Investor Presentation

March, 2020



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At a Glance

Year of Establishment	1996
Listing Date	April, 2011
Exchange / Ticker	Nasdaq: VNET
Price (as of 2 nd Mar, 2020)	\$15.06
Market Cap	\$1.7 Billion

A Leading Internet Data Center 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 experience.
- World-class partners and loyal customers are attracted by VNET's renowned brand and service quality.

Key strategies

- Dual-core strategy: addressing both wholesale and scale retail IDC market opportunities
- Accelerate IDC capacity roll-out and enrich interconnectivity products / turn-key hybrid cloud solutions
- Selectively pursue strategic partnerships and investments

4Q19 Highlights



16% YoY
net revenue growth

3% YoY
adj. EBITDA⁽¹⁾ growth



4,780 R
self-built net adds

88%
self-built cabinets



Strong
sales momentum

Source: Company filings.

1. 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.

Product Offerings

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

IDC Services

- Core Business
60%-70% of total revenue

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 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



VPN ⁽¹⁾ Services

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

Source: Company filings.

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

Dual-core Strategy for IDC Business

Scale Retail



Focus on **high-growth verticals**:



Fintech



Online
streaming



Mobile IoT



Internet

Wholesale



Targeting **large enterprise customers**:



Tencent Cloud



JD Cloud



Our Advantages:

- ✓ Scalable IDCs located in tier-1 cities provide reliable interconnectivity offerings
- ✓ Turn-key hybrid cloud solutions tailored for various industry verticals help clients to better prepare for the era of 5G and cloud computing.
- ✓ Established supply chain as well as comprehensive planning and service capabilities



Our advantages:

- ✓ Dedicated team with 20 years of experience in IDC design, construction, and operations
- ✓ Cloud customers able to leverage our retail IDC services to better serve their retail customers in multiple industry verticals
- ✓ Nationwide IDC resources
- ✓ Flexible and efficient funding channels

Resource Pipeline to Support IDC Growth

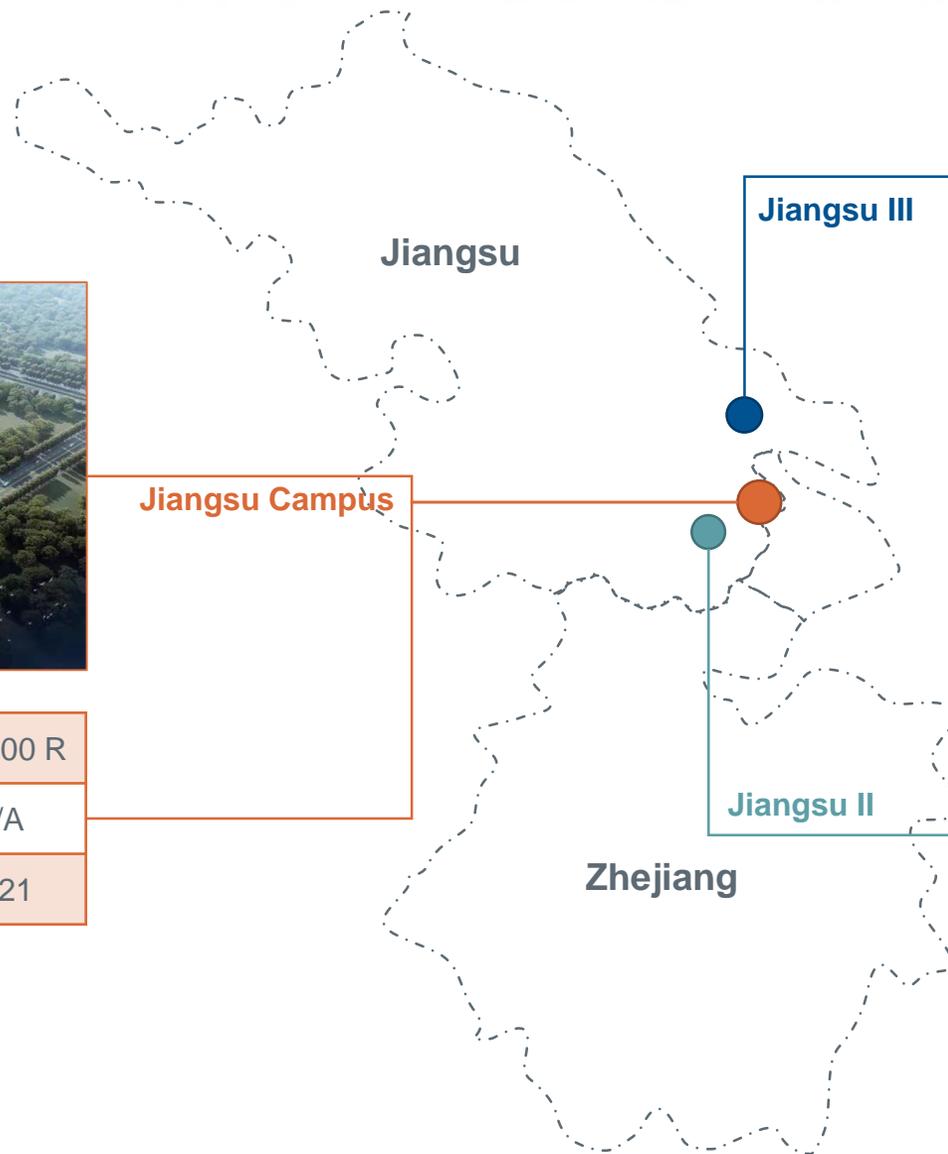
IDC Pipeline Capacity ⁽¹⁾	Tenure	Status	1H2020	2H2020	FY2020	FY2021
Beijing East II	Leased	Under Construction		~1,600	~1,600	
Beijing West Phase II	Leased	Extension		~1,100	~1,100	
Beijing South Phase II	Leased	Under Construction				~1,100
Guangzhou SC Phase II	Leased	Extension		~3,500	~3,500	
HeBei Campus	Owned	Greenfield				N/A
Jiangsu Campus	Owned	Greenfield				~6,000
Jiangsu II	Leased	Under Construction	~1,400		~1,400	
Jiangsu III	Leased	Under Construction	~2,000	~1,000	~3,000	~2,000
Shanghai SJ Phase II	Owned	Extension		~2,000	~2,000	
Shanghai WGQ	Owned	Under Construction	~2,400		~2,400	~4,300
Secured Resources					~15,000	~13,000
Expansion Target			~5,800	~9,200	15,000	15,000
Estimated Growth						
YoY. Revenue Growth %					20% - 26%	23% - 27%
YoY. Adj. EBITDA Growth %					20% - 28%	35% - 40%

1. Capacity: cabinet number includes blank space.

Ongoing Development of Wholesale Projects



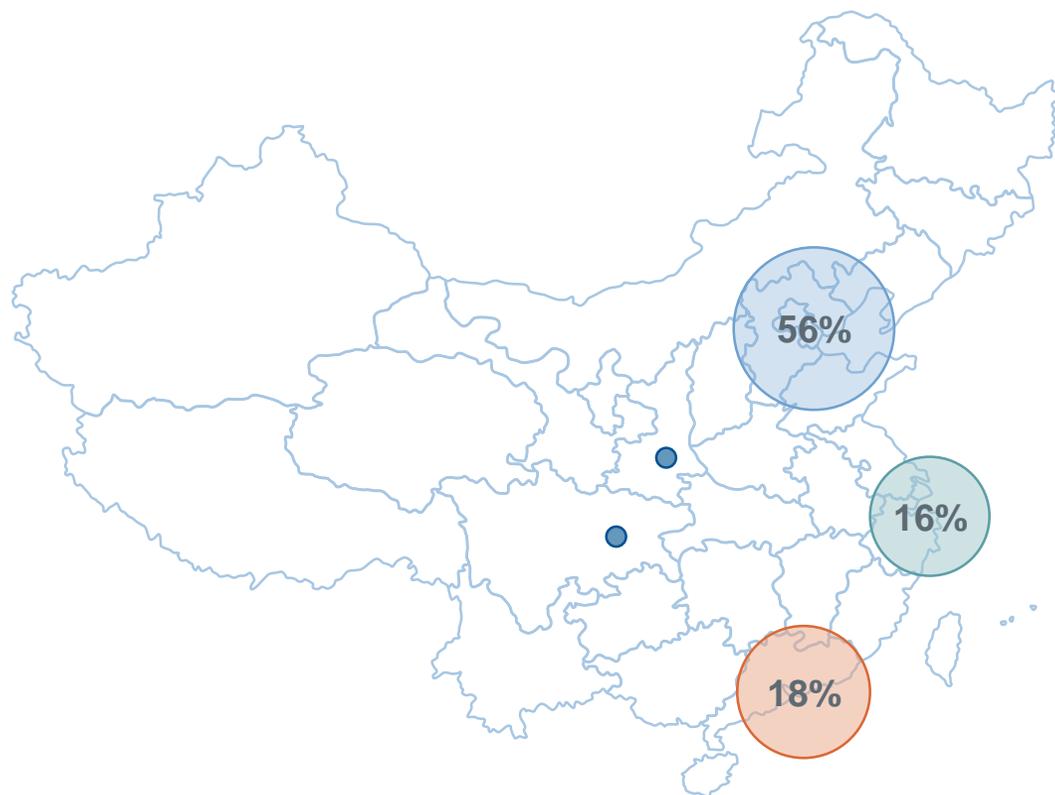
Total Capacity	> 6,000 R
Pre-commitment Rate	N/A
1 st Phase Expected Delivery Date	2021



Initial Capacity	~ 3,000 R
Client Commitment	Alibaba
1 st Phase Expected Delivery Date	1H 2020

Total Capacity	~ 500 R
Pre-commitment Rate	95%
Expected Delivery Date	1H 2020

Nationwide IDC Network Focusing on Tier-1 and Satellite Cities



	# of Self-built Cabinets	% Contribution
Beijing	~17,800	56%
Shanghai & Hangzhou	~5,000	16%
Guangzhou & Shenzhen	~5,700	18%
Others	~3,500	10%
Total	32,047	100%



BJ 1



BJ 7



SH 1



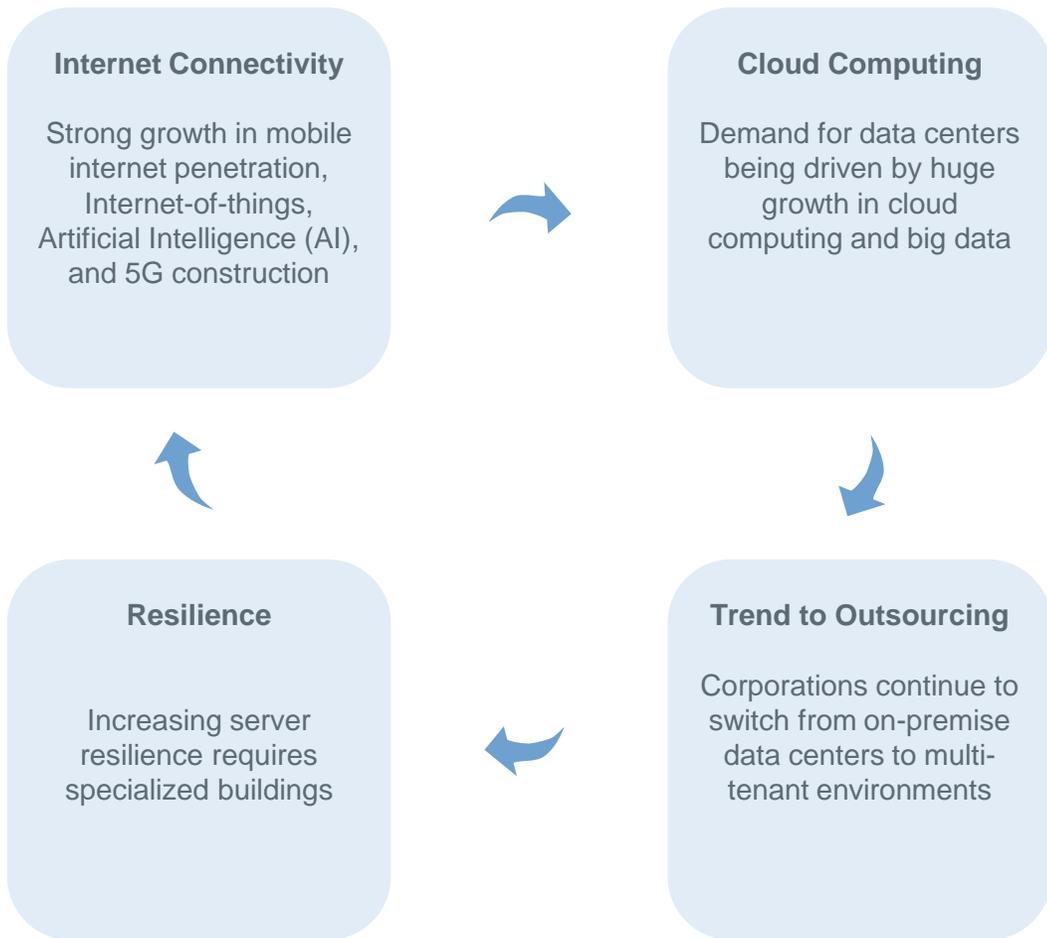
GD 1

Investment Highlights



Hypergrowth Market for IDC Services in China

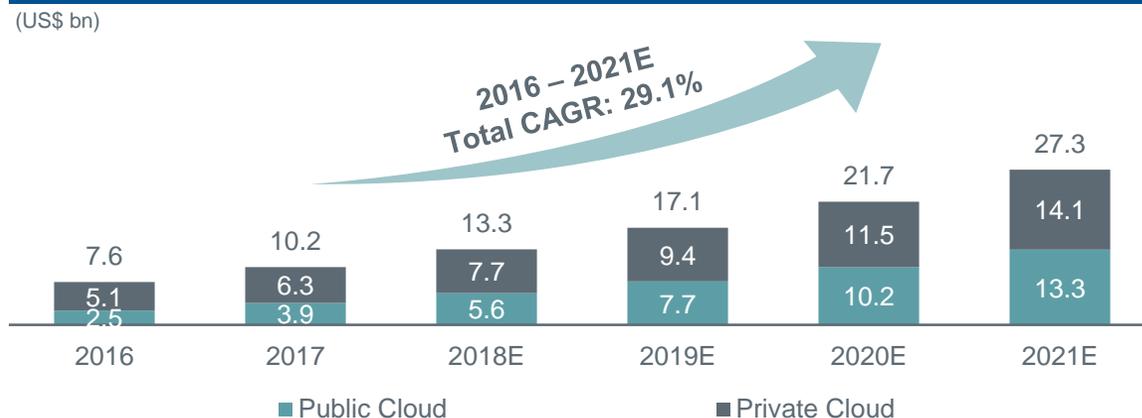
Continuing Drivers of Demand



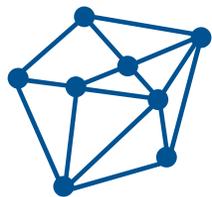
China IDC Market Size



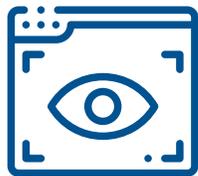
China Cloud Computing Market Size



Secure & Reliable Data Centers



Interconnectivity



Hypersensitive Detection & Supervision



Highly Secure Buildings & Data Floors

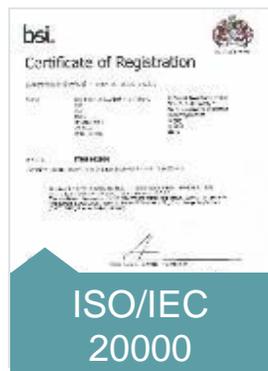


99.9% Internet connectivity uptime

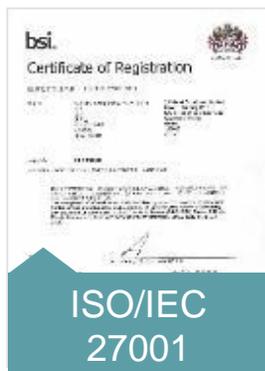


99.9% power uptime

Certifications



ISO/IEC 20000



ISO/IEC 27001



ISO 22301



ISO 9001:2015



ISO 14001



OHSAS 18001



GB/T22239-2019



TCS Certification



Leading Carrier-neutral IDC Service Provider in China

- **50+**⁽²⁾ premium data centers in **20+**⁽²⁾ cities
- **36,291**⁽²⁾ cabinets, **88%**⁽²⁾ 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 2018),
2. Company filings, data as of December 31, 2019.

Resources

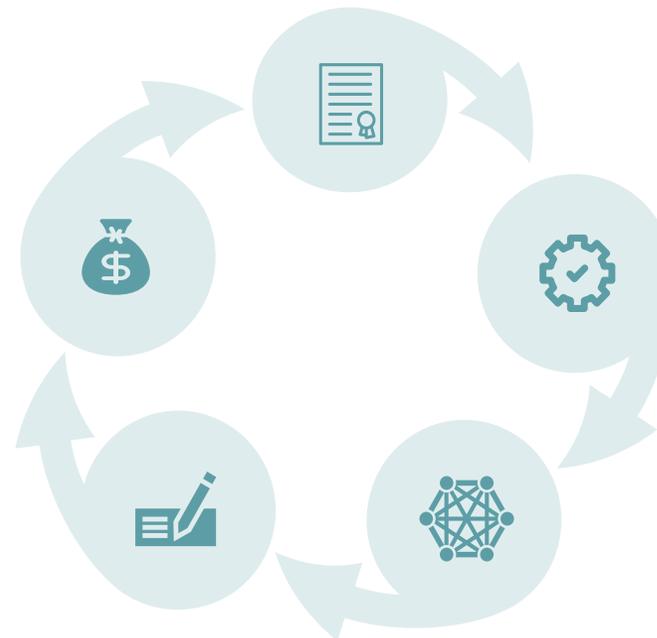
- Government-approved licenses or permits as prerequisites for data center, cloud, and VPN
- Access to limited power quota in tier-1 cities with high data center demand

Funding

- Significant capital required to fund IDC developments
- Capable of obtaining lower funding costs through diversified funding channels

Track Record

- Operators with long track records of strong operational performance
- Long lead time to ensure multiple carrier connectivity access
- High switching costs for enterprise data center customers stabilize performance



Operating Efficiency

- Experienced operators able to build and operate data centers with low PUE solutions
- Continuously shortening our ramp-up period and improving utilization rate

Reliability and Connectivity

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

Recurring Revenue and Diversified Customers



- ~2,000 enterprise customers: 70% Internet customers and 30% GOE & Financial customers

- Over 90% of net revenues were recurring revenues since IPO

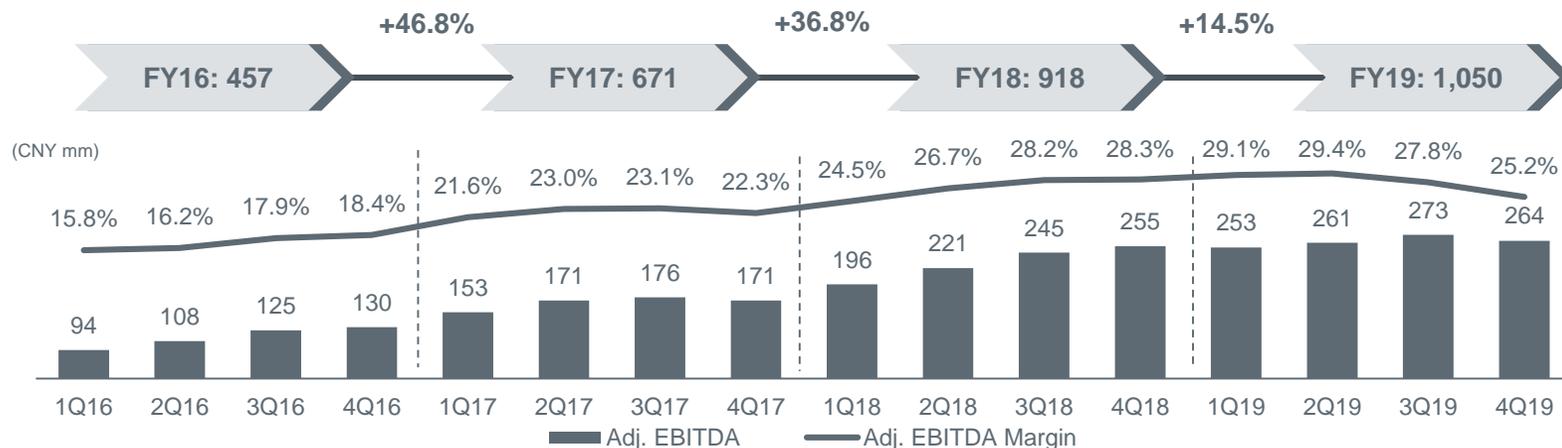
- Maintain low concentration of risk with top 20 customers contributing 26.7% of total revenues in 4Q19

Sustainable Growth and Profitability



Key Growth Drivers

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



Key Growth Drivers

- Improving ratio of self-built cabinets, growing from 73% in 4Q16 to 88% in 4Q19
- Healthy implementation time and operating leverage, partially offset by the upfront costs for newly-built IDCs

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

Source: Company filings, data as of December 31, 2019.

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
- TUS Holdings has been a controlling shareholder and strategic investor since May 2016, holding a 21.2% stake and 50.9% of company voting rights
- Strong synergies between companies: ability to leverage TUS's resources in government relationships and science park planning



- In 2014, a combined strategic investment from Kingsoft, Temasek, and Xiaomi
- As of Dec 31, 2019, Xiaomi became the single largest customer of the company, accounting for 10.4% of the company's total net revenues

Partners



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



Connectivity and Hybrid Cloud Partners



Financial Overview

4Q19 Financial Highlights

CNY'000	4Q18	3Q19	4Q19	YoY	QoQ
Net revenues	901,887	980,969	1,048,119	16.2%	6.8%
Gross profit	246,341	222,555	247,871	0.6%	11.4%
Adjusted cash gross profit ⁽¹⁾	409,214	396,731	425,887	4.1%	7.3%
<i>Adjusted cash gross margin</i>	45.4%	40.4%	40.6%	-4.7 bps	0.2 bps
Adjusted EBITDA⁽²⁾	255,330	272,502	263,800	3.3%	-3.2%
<i>Adjusted EBITDA margin</i>	28.3%	27.8%	25.2%	-3.1 bps	-2.6 bps

CNY'000	Dec-17	Dec-18	Dec-19
Cash & cash equivalents, Restricted cash and Short-term investments	2,744,359	2,906,035	2,721,034

Source: Company filings, data as of December 31, 2019.

- 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.

2019 Full Year Financial Highlights

CNY'MM	2017	2018	2019	2019 vs. 2018 YoY
Revenues	2,975	3,401	3,789	11.4%
Gross profit	845	945	939	-0.6%
Adjusted cash gross profit ⁽¹⁾	1,248	1,513	1,633	8.0%
Adjusted cash gross margin	42.0%	44.5%	43.1%	-1.4 pp
Adjusted EBITDA⁽²⁾	671	918	1,050	14.5%
<i>Adjusted EBITDA margin</i>	22.5%	27.0%	27.7%	0.7 pp

Source: Company filings, data as of December 31, 2019.

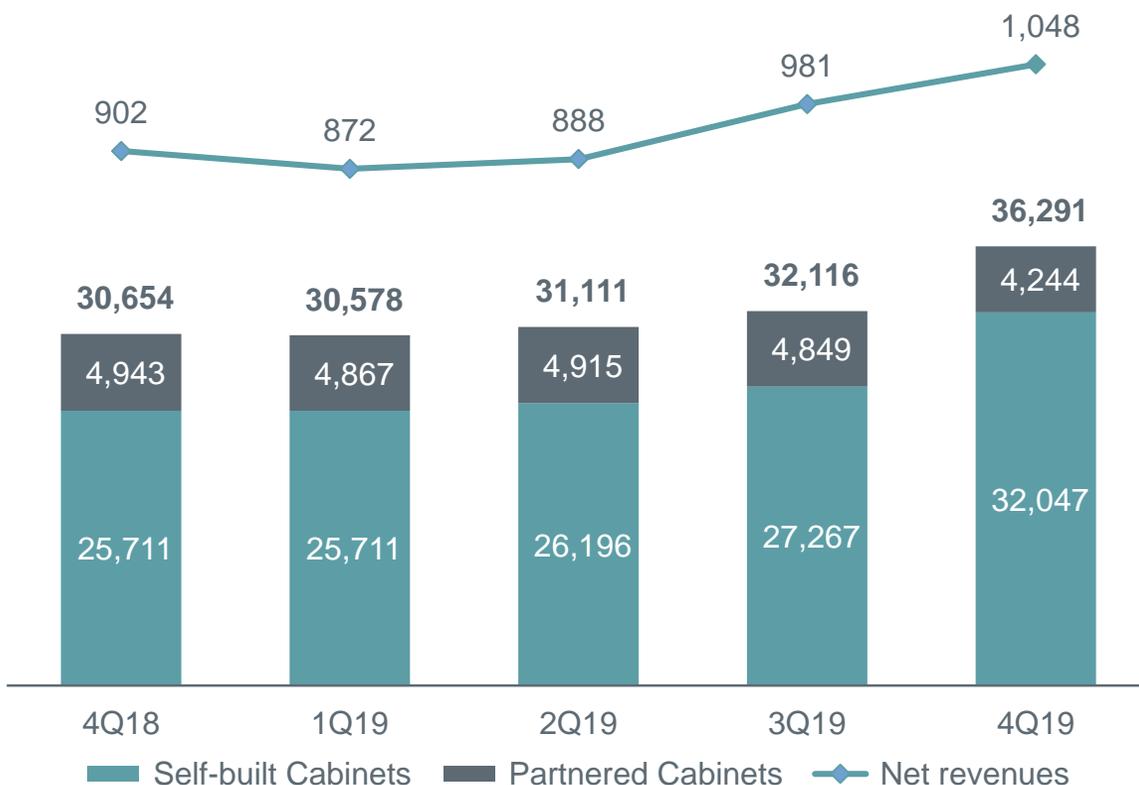
1. Adjusted cash gross profit defined as gross profit excluding depreciation, amortization and share-based compensation expenses.

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.

Revenue Growth Supported by Capacity, MRR, & Utilization

Net Revenues & Cabinets (1)

(Net Revenues in CNY mm)



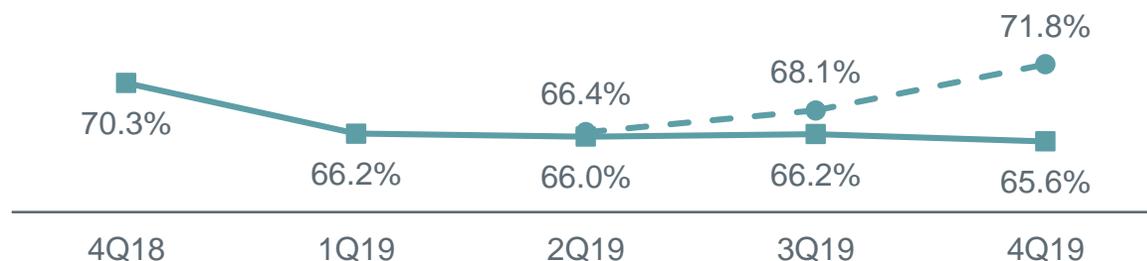
IDC MRR per Cabinet (2)

(CNY)



Utilization Rate (3)

(%)



Resilient growth expectations, building capacity for 2020 demand

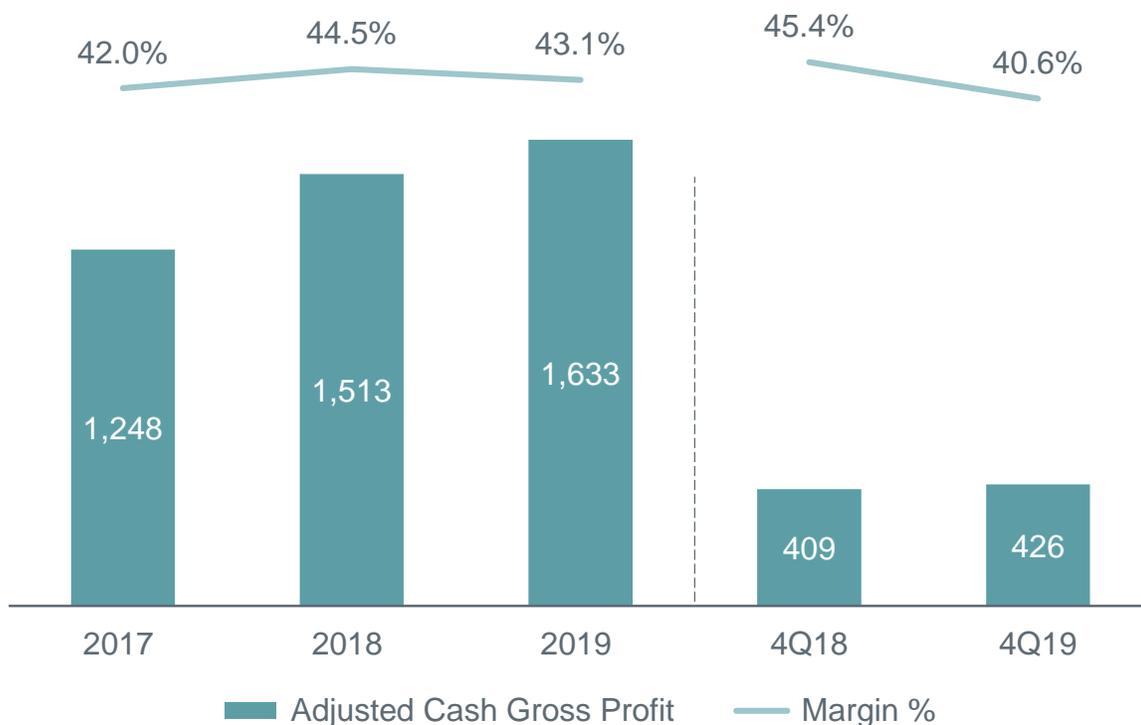
Source: Company filings.

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 core IDC business.
3. Utilization rates are based on quarterly average rates. The dotted line refers the utilization rate for cabinets built before 2019.

Margin Improvements Through Efficiency Enhancement

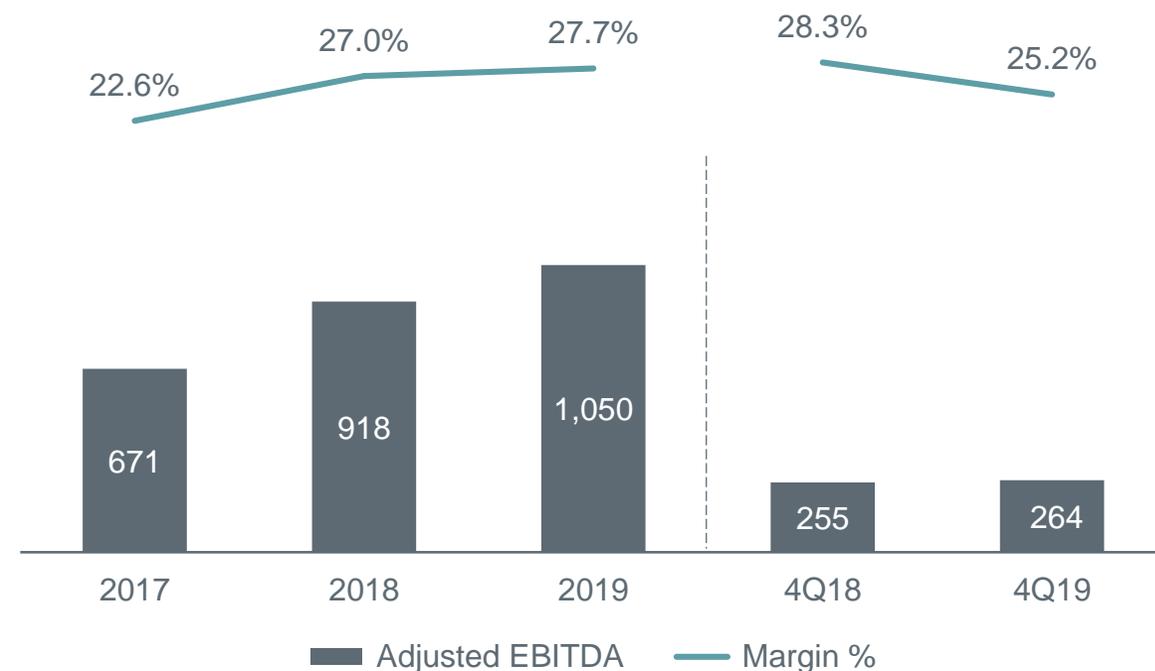
Adjusted Cash Gross Profit & Margin (1)

(CNY mm)



Adjusted EBITDA & Margin (2)

(CNY mm)



**Temporary margin pressure caused by concentrated new capacity delivery;
long-term upward trend supported by utilization improvement and future operating leverage**

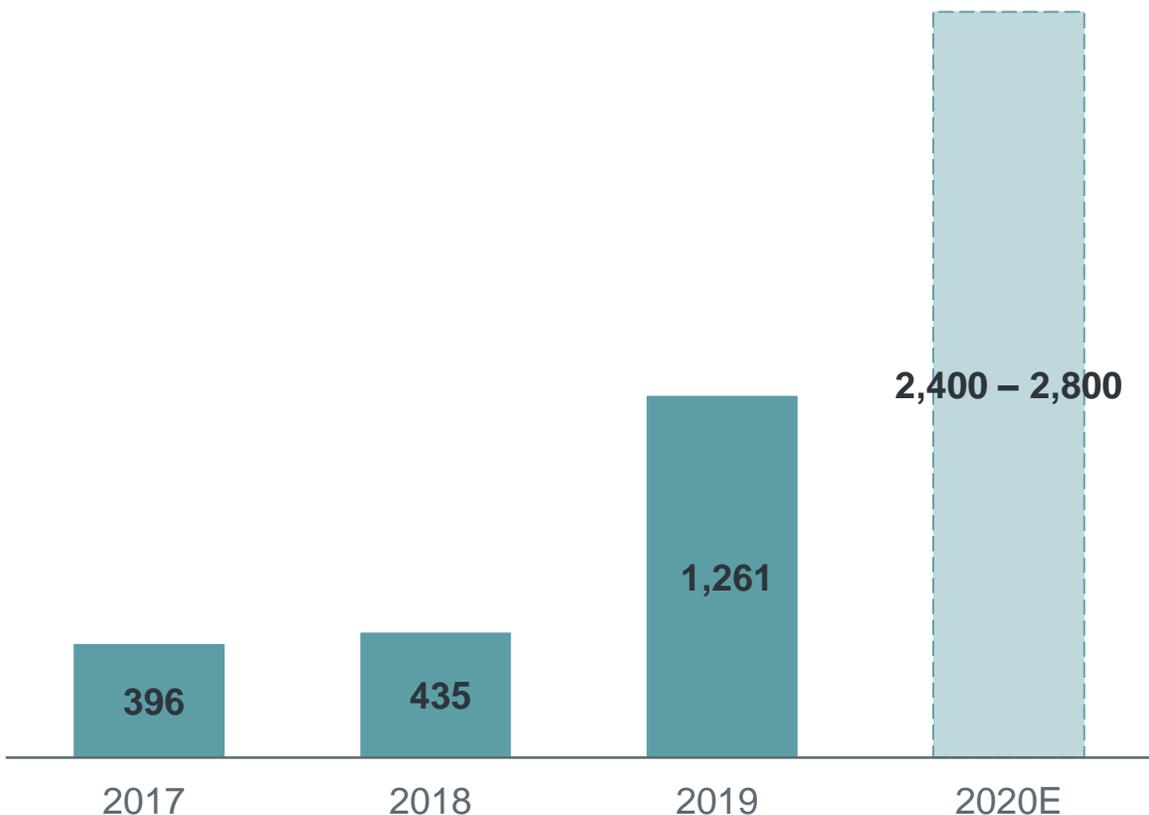
Source: Company filings, data as of December 31, 2019.

- 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

- 2020 Total Capex range: RMB 2.4bn –2.8bn, including property purchase, building construction and strengthening and IDC equipment procurement
- Additional Capex for other potential land parcel purchases and M&A projects
- Capex primarily funded by cash generated from our operations and net cash provided by our financing activities
- Increasingly favorable banking environment as IDCs are listed as a key component of the internet infrastructure industry and VNET's resource pipeline stronger through an increasing quantity of long-term contracts with well-known customers

Source: Company filings.

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

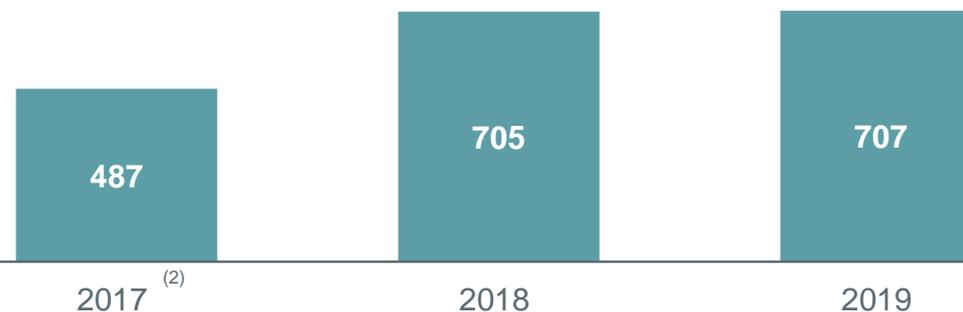
Capital Structure, Credit Stats, & Cash Flow

Gearing Ratio

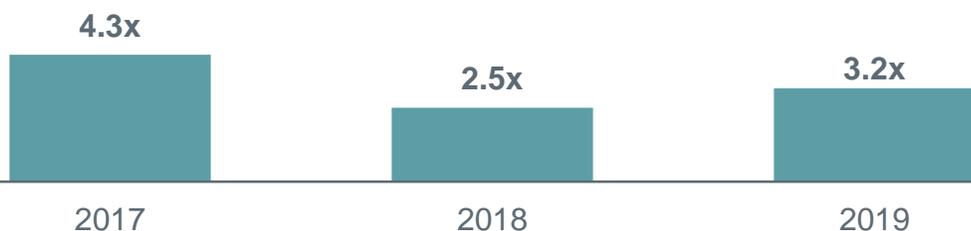


Operating Cash Flow

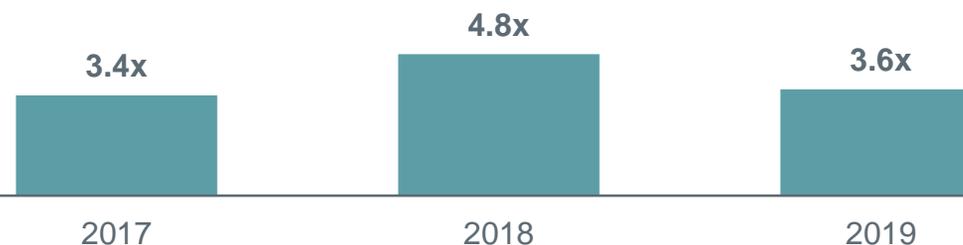
(CNY mm)



Total Debt⁽³⁾ / Adjusted EBITDA



Adjusted EBITDA Interest Coverage⁽⁴⁾



Source: Company filings. All financials and operating metrics before 2018 include MNS business.

1. The increase was partially attributable to the adoption of ASC 842
2. The amount is adjusted by adopting the Accounting Standards Update (“ASU”) No. 2016 - 2018, Statement of Cash Flows, (Topic 230): Restricted Cash.
3. Total Debt = Short-term and long-term bank borrowings + Bond payables.
4. Adjusted EBITDA Interest Coverage = Adjusted EBITDA / Net Interest Expense.

Guidance

CNY mm	1Q19 A	4Q19 A	1Q20 E	YoY ⁽¹⁾
Revenues	872	1,048	1,070 – 1,090	24%
Adjusted EBITDA	254	264	245 – 265	0.6%

CNY mm	2019 A	2020 E	YoY ⁽¹⁾
Revenues	3,789	4,600 – 4,800	24%
Adjusted EBITDA	1,050	1,250 – 1,350	24%

Source: Company filings.

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

Appendix

Shareholding Structure

- 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

Thank You!

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



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