VNET Group, Inc. (Q3 2025 Earnings)
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Corporate Speakers

- Xinyuan Liu; VNET Group, Inc.; Head of Investor Relations
- Ju Ma; VNET Group, Inc.; Rotating President
- Qiyu Wang; VNET Group, Inc.; Chief Financial Officer

Participants

- Tom Tang; Morgan Stanley; Analyst
- Timothy Zhao; Goldman Sachs; Analyst
- Daley Li; Bank of America Securities; Analyst
- Sara Wang; UBS; Analyst
- Shuyun Che; CICC; Analyst
- Andy Yu; DBS Bank; Analyst
- Ethan Zhang; Nomura; Analyst
- Anthony Leng; JP Morgan; Analyst

PRESENTATION

Operator

Hello, ladies and gentlemen, thank you for standing by for the Third Quarter 2025 Earnings Conference Call for VNET Group Inc. (Operator Instructions)

Participants from our management include Mr. Ju Ma, Rotating President; Mr. Qiyu Wang, Chief Financial Officer; Ms. Xinyuan Liu, Head of Investor Relations of the company.

Please note that today's conference call is being recorded.

I will now turn the call over to the first speaker today, Ms. Xinyuan Liu. Please go ahead.

Xinyuan Liu ***VNET Group, Inc. – Head of Investor Relations***

Thank you, operator. Hello everyone and welcome to our third quarter 2025 earnings conference call. Our earnings release was distributed earlier today, and you can find a copy on our IR website, as well as on newswire services.

Please note that today's call 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 are subject to risks and uncertainties that may cause actual results to differ materially

from our current expectations. For detailed discussions of these risks and uncertainties, please refer to our latest annual report and other documents filed with the SEC. VNET does not undertake any obligations to update any forward-looking statements, except as required under applicable laws.

Please also note that VNET's earnings press release and this conference call include the disclosure of unaudited GAAP and non-GAAP financial measures. VNET's earnings press release contains a reconciliation of the unaudited non-GAAP measures to the unaudited GAAP measures. A summary presentation, which we will refer to during this conference call, can be viewed and downloaded from our IR website at https://ir.vnet.com/

Next, I'd like to alert you that we will be utilizing text-to-speech technology powered by Neolink.ai to deliver this quarter's prepared remarks by Mr. Ju Ma, our rotating president, and Mr, Qiyu Wang, our CFO. The management team will join the Q&A session in person. Additionally, this conference is being recorded. A webcast of this conference call will also be available on our IR website at ir.vnet.com.

Now, let's get started with today's presentation. Mr. Ma, please go ahead.

Ju Ma ***VNET Group, Inc – Rotating President***

Good morning and good evening, everyone. Thank you for joining our call today.

I'll start with an overview of our major accomplishments during the third quarter of 2025. Let's turn to slide 4. We delivered another strong quarter, demonstrating our strategy's effectiveness in capturing opportunities. On the operational side, our wholesale IDC business sustained its robust growth trajectory, driven by our rapid delivery capabilities and customers' fast move-in pace. As of September 30, 2025, our wholesale capacity in service grew by 16.1% quarter over quarter to 783 megawatts, an increase of around 109 megawatts. Wholesale capacity utilized by customers rose by 13.8% quarter over quarter to 582 megawatts, an increase of around 70 megawatts, while the utilization rate was 74.3%, reflecting customers' continuous demand for our high-quality, high-performance AIDC services. Our retail IDC business continued to progress smoothly, benefiting from growing AI-driven demand. This quarter, our retail MRR per cabinet increased for six consecutive quarters, reaching RMB8,948. On the financial side, our total net revenues increased by 21.7% year over year to RMB2.58 billion for the third quarter. Wholesale revenues remained our key growth driver, reaching RMB956 million, a significant year-over-year increase of 82.7%. Fueled by the rapid growth of our wholesale IDC business, our adjusted EBITDA for the third quarter also increased by 27.5% year over year to RMB758 million. In addition, building on the increase we announced to our full-year guidance before Q2 earnings this year, we are further increasing our full-year revenue and adjusted EBITDA guidance this quarter, thanks to faster-than-anticipated move-ins among wholesale IDC customers and ongoing operational efficiency gains. Supported by our premium wholesale and retail IDC services, we continued to capitalize on strong customer momentum and secure new orders in the third quarter. I'll share more on the next slide.

Moving on to our new order wins on slide 5. In the third quarter, we secured three wholesale orders totaling 63 megawatts. Specifically, in addition to the 20-megawatt order from our JV project we

mentioned on our last call, we won a 40-megawatt order from an internet company as announced in September, and a 3-megawatt order from an intelligent driving company, all for datacenters in the Greater Beijing Area. Entering the fourth quarter, we are seeing continued order momentum, including a 32-megawatt wholesale order we just secured from an internet company for a data center in the Yangtze River Delta. Furthermore, driven by growing demand from customers for intelligent deployment, we secured a combined capacity of approximately 2 megawatts in new retail orders across multiple retail data centers, from customers in the cloud services, local services and financial services sectors.

During the quarter, rapid AI development and broader adoption of AI applications continued to fuel growth in China's IDC industry. We saw sustained momentum in AI-related investments, especially from hyperscalers that are executing strong capex expansion plans. This has further accelerated demand for high-performance data centers, driven by AI training and inference needs. AI has become the core growth driver of the IDC industry, propelling the industry's business model evolution from project-based resource delivery to platform-based services that provide integrated AIDC solutions. Meanwhile, customer demand and critical resources such as power are increasingly concentrated among leading IDC players. As an industry pioneer in AIDC development, we're leveraging our acute insights, strong resources, and premium, reliable services to seize these structural growth opportunities by quickly meeting customers' needs.

Now let's delve into our business updates, starting with our wholesale business on slide 7. Our wholesale business maintained strong growth momentum, with capacity in service increasing by around 109 megawatts quarter over quarter to 783 megawatts and utilization rate remaining stable at 74.3%, mainly attributable to our delivery capacities at our N-OR Campus 02 and N-HB Campus 01A, and faster-than-expected move-ins at our N-OR Campus 01. Our mature capacity utilization rate also reached 94.7%, a relatively high level.

We have a clear growth path for our wholesale data center capacity. Let's move on to slide 8. As of the end of the third quarter, our total wholesale resource capacity was around 1.8 gigawatts. Specifically, our capacity under construction was around 306 megawatts, capacity held for short-term future development was around 414 megawatts, and capacity held for long-term future development was around 291 megawatts. These secured resources represent a significant advantage in light of the IDC industry's limited effective supply and are in line with our optimistic view of AI-driven demand's long-term growth potential.

Moving to our retail IDC business on slide 9. Our retail business continued to progress smoothly in the third quarter. Retail capacity in-service was 52,288 cabinets, with the utilization rate increasing slightly to 64.8% as of the end of September. As I just mentioned, our retail MRR per cabinet has increased for six consecutive quarters, reaching RMB8,948.

Turning to our delivery plan on Slide 10. With our strong and efficient delivery capabilities, we successfully delivered a total of around 109 megawatts in the third quarter of 2025, bringing our total deliveries around 297 megawatts as of the end of September this year. We currently have seven data centers under construction, with six in the Greater Beijing Area and one in the Yangtze River Delta. We plan to deliver around 306 megawatts of capacity over the next 12 months, or around 132 megawatts during the fourth quarter of 2025 and the first quarter of 2026, and around

174 megawatts during the second and third quarters of 2026. This delivery plan reflects our view as of the end of September, but we may update these estimates as we gain greater visibility over the next couple of quarters.

In conclusion, our strong third quarter results showcase our ability to identify opportunities and our readiness to seamlessly meet evolving market demand. Our visionary Hyperscale 2.0 framework has positioned us to lead under the new global AI-driven paradigm, supported by advantages across high-density deployment, delivery speed and quality, and cutting-edge, sustainable technology. As AI-related demand grows, we will continue to advance our effective dual-core strategy and Hyperscale 2.0 framework, seizing opportunities to further unleash our growth potential in the AI era.

Now, I will turn the call over to our CFO, Qiyu, for further discussion of our operating and financial performance. Thank you, everyone.

Qiyu Wang ***VNET Group, Inc. - Chief Financial Officer***

Good morning and good evening, everyone.

Before we start the detailed discussion of our third quarter performance, please note that, unless otherwise stated, all the financials we present today are for the third quarter of 2025 and are in Renminbi terms. Furthermore, unless otherwise specified, all the growth rates I am reviewing are on a year-over-year basis.

Let's turn to slide 12. In the third quarter, we continued to pursue high-quality business. Our total net revenues increased by 21.7% to RMB2.58 billion, mainly driven by the rapid growth of our wholesale business. Our adjusted cash gross profit rose by 22.1% to RMB1.05 billion, while our adjusted EBITDA also grew year over year by 27.5% to RMB758.3 million.

Let's look more closely at our topline. As you can see on slide 13, in the third quarter, wholesale revenues, our key revenue growth driver, increased significantly by 82.7% to RMB955.5 million, and the rapid growth was mainly attributable to the N-OR Campus 01. Retail revenues increased by 2.4% to RMB999.1 million. Our non-IDC business revenues increased by 0.8% to RMB627.1 million.

During the third quarter, we maintained solid margins thanks to our continuous efforts to enhance overall efficiency. As shown on slide 14, our adjusted cash gross margins improved to 40.7% from 40.6% in the same period last year. Our Adjusted EBITDA margin rose to 29.4%, compared with 28.0% in the same period last year.

Moving on to liquidity on slide 15. We maintained robust and healthy liquidity, bolstered by a net operating cash inflow of RMB809.8 million during the third quarter, bringing our net operating cash flow for the first nine months of the year to RMB1.37 billion. Our cash position remained solid, with total cash and cash equivalents, restricted cash, and short-term investments reaching RMB5.33 billion as of September 30, 2025.

Next, let's take a look at our debt structure on slide 16. We maintained our prudent approach to debt management. As of September 30, 2025, our net debt to the trailing twelve months adjusted EBITDA ratio was 5.5 and total debt to the trailing twelve months adjusted EBITDA ratio was 6.7, both remaining at healthy levels. Our trailing twelve months adjusted EBITDA to interest coverage ratio was 6.5. We prioritize long-term debt maturity planning in our debt and strategic management to ensure the security of debt repayment. Currently, the Company's short- and medium-term debt maturing in 2025 to 2027 comprises 41.4% of our total debt.

Turning now to capex spending. As you can see on slide 17, for the first nine months, our capex was RMB6.24 billion, with the majority allocated to the expansion of our wholesale IDC business. We still expect our CapEx for the full year 2025 to be in the range of RMB10 billion and RMB12 billion. The increase is mainly to support our planned delivery of 400 to 450 megawatts in 2025.

Now moving to our full-year guidance for 2025 on slide 18. As we expect faster-than-anticipated move-ins among wholesale IDC customers and ongoing operational efficiency gains through the end of the year, we have further increased our full-year revenue and adjusted EBITDA guidance. We now expect total net revenues to be in the range of RMB9.55 billion to RMB9.867 billion, a year-over-year increase of 16% to 19%, and adjusted EBITDA to be in the range of RMB2.91 billion to RMB2.945 billion, representing a year-over-year increase of 20% to 21%. If the RMB87.7 million of disposal gains on the E-JS02 data center were excluded from the adjusted EBITDA calculation for 2024, the year-over-year growth rate would be 24% to 26%. Please note our updated guidance factors in the impact of the private REIT transactions we issued early this November and excludes the target IDC project's financials from our consolidated financial statements.

Before I conclude, I'd like to briefly update you on our ESG efforts. Our outstanding sustainability performance has once again earned recognition from a leading global rating institution. In the 2025 S&P Global Corporate Sustainability Assessment, VNET's score increased to 73 from 70 last year, ranking among the top 8% of the IT service industry globally. We stand out in areas including risk management, information security, environmental management, and customer relations, underscoring our comprehensive capabilities in sustainable development.

This quarter's strong growth and enhanced profitability are yet another testament to our high-quality growth strategy. Looking ahead, we will continue to consolidate our core strengths and capture growth opportunities, delivering sustainable, long-term value for all stakeholders.

This concludes our prepared remarks for today. We are now ready to take questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from Tom Tang from Morgan Stanley.

Tom Tang ***Morgan Stanley - Analyst***

Thanks management for this opportunity to ask questions, and congrats again on a very strong quarterly result. So I have two questions. So first question is more on the 2026 outlook. So we're hearing that there has been some expansion in the domestic chipset capacities. So just wondering what is our current outlook for the overall order tendering in 2026?

And second question is about private REITs. So we noticed that we have filed another private REIT with a size of almost RMB10 billion. So just wondering what will be the timeline of this private REIT execution? How much cash are we going to recycle and what will be our impact to the financial statements?

(Speaking in Foreign Language)

Ju Ma ***VNET Group, Inc – Rotating President***

(Interpreted)

This is Ma Ju. I'll take your question. Thank you very much.

As we are approaching the end of the year, we are engaging our customers and trying to learn about their development path. This would put us in a well position to plan our resources accordingly.

So according to our communications with the client and also the current status quo of the pipeline, we believe that the market will be fairly stable with moderate increase for the year 2026.

According to our conversations with clients, we feel that they are having very detailed expansion plan or growth nationwide. Therefore, we have to plan ahead carefully in order to accommodate the customers' needs because they are requiring us to deliver the capacity at a faster pace with a higher requirement. So that's why we are planning accordingly as well. And so the overall reading for the next year is that the market is going to be stable with a moderate increase.

And with regard to your second question on the domestic chip, so we, VNET, is tracking and monitoring the development of the domestic chips very closely. We know that the sector is evolving very quickly with a lot of more options available. And we believe that in 2026, we're going to see intensive competition among domestic chip players other than the two to three major players, there are more upcoming players coming into the market.

So we're going to see significant growth development in this sector. So that will give the customers a lot more choices with more certainty. Again, that would have pushed the development or in return, drive the development of our business.

Qiyu Wang ***VNET Group, Inc. - Chief Financial Officer***
(Interpreted)

This is Qiyu Wang. I will take your second question with regard to the REIT projects.

So these two REIT projects followed on the heel of our first private REIT project. So the underlying asset for our first REIT project was a Retail IDC, whereas the underlying assets for these two REIT projects are Wholesale IDCs. So this would be the first time that we have a scaled private REITs issuance with the underlying assets of Wholesale IDCs.

So if these issuance were to successful, this would officially mark that we have completed the full closed-loop capital cycle of development, holding, partial exit as well as a long-term operation.

These two REIT projects are currently being reviewed by the exchange, and the expected valuation multiples would be better than our first REIT project. Once the two REIT projects were successfully issued, unlike the first REIT project, we will consolidate the financial statements of these two projects into the group level financial statements. So therefore, it wouldn't impact the group level financial statements, specifically the revenue or EBITDA data.

We are planning to adopt a similar approach with future private REIT projects with underlying assets of Wholesale IDCs. And our goal is to complete the issuance of the two private REIT projects by Q1 next year.

Operator

Your next question comes from Timothy Zhao from Goldman Sachs.

Timothy Zhao ***Goldman Sachs - Analyst***

Thanks management for taking my questions, and congrats on the very solid results. Two questions here. VNET appears to be wining more orders in your wholesale campuses in Hebei and Jiangsu from the geographical location perspective, how do you think about the customer preferences and what kind of demand does each campus serve differently? That's my first question.

My second question is regarding pricing trend for the Wholesale business. I noticed that for this quarter, there is some fluctuation in the Wholesale MRR. Just wondering how do you think about the pricing trend into the fourth quarter and next year for the wholesale business?

(Speaking in Foreign Language)

Ju Ma ***VNET Group, Inc - Rotating President***

(Interpreted)

I'll take your first question. Actually, the client takes specific considerations with regard to their orders for their business across different regions, they do not have very particular preferences on geographical locations. I think the major considerations on their end is first, the type of business and product offerings. Second, the distance of proximity to their headquarter; and the third is how convenient it is to scale up the existing capacity that they have with us.

And take VNET, us for example, so we have observed that the clients have different types of pace with regard to their requests across different regions. And it would vary quarter-by-quarter.

We have a lot of the demand coming from the Greater Beijing area as well as the Yangtze Delta area. Specifically, the clients do have their own pace when releasing orders in Hebei province as well as in Ulanqab.

Like I said, the major considerations on the client side is their type of current product offerings and proximity to their headquarters for latency concerns, as well as the how convenient it is to scale their existing capacity with us. So that's the major considerations on their end. And based on that, they are varying their requests quarter-by-quarter.

And with regard to the pricing of our Wholesale IDCs, according to what we have observed in the price seen for Q3 was fairly stable. And I would like to elaborate on that.

First, customers are moving in faster than we expected. Therefore, the IRR of these projects are better than we expected.

And number two, frankly speaking, in areas where the dynamics of the supply and demand is in tight balance, VNET do not engage in the biddings with low prices. Therefore, we are able to secure a fairly stable order or contract price.

Operator

Your next question comes from Daley Li from Bank of America Securities.

Daley Li ***Bank of America Securities - Analyst***

Thanks for taking my question, and congrats on the strong results. I have two questions here. First one is in our last earnings call, we mentioned we have a few projects and we are participating for the tendering. And could you update us the progress and how we complete all the projects ongoing? How many projects we are in with our clients? And in future, how do you see the seasonality of more tendering in future?

My second question is about the new land and power resources. In this quarter, we see our total resources on hand is slightly stable. And in future, which area will be our focus to find more resources land and power?

(Speaking in Foreign Language)

Ju Ma ***VNET Group, Inc - Rotating President***

(Interpreted)

Thank you for questions. We have observed for the first three quarters that different customers coming up with different requests at the different paces. And for us, we follow their paces closely. And I have did a very brief summary for what we have achieved in terms of the new orders that we have secured for the past 12 months, that was 331 megawatts.

Looking ahead to 2026, based on the services, we are offering to our clients as well as the understanding of our clients, we are confident that we are able to sustain this growth momentum.

So with regard to the Wholesale IDCs, we have been following closely the client's AI development trend. We have noticed that customers are actually balancing their inferencing and training demand. And we have captured that change. The customers are pivoting more towards the inferencing and we are deploying resources accordingly to meet that customer's needs.

So therefore, we are repurposing some of our cabinet and monitoring the GPUs trends in advance. So this would put us in a good position to accommodate our customers' needs. And particularly with these orders from the key clients, we are confident that with the efforts on our end, we are able to accommodate customers' needs as the AI growth momentum continues to unleash.

And with regard to your second question on resources that we are planning to acquire in the future, that's something that the company values a lot and put a lot of thoughts in. Based on the service that we offer to our clients as well as the understanding that we have on them, we are planning our resources for the next year.

On top of that, we have extended our planning over to five-year horizon rather than on a yearly basis. So this would allow us to plan more strategically to accommodate customers' needs.

And to break it down, we carefully weigh three factors. One is the demand split between general computing power versus intelligent computing power. And the second is the geolocations. And the third is the AI-related chips and GPU development.

And more specifically, with regard to next year, we are going to focus, number one, the Greater Beijing area, particularly Ulanqab, Hebei and the Beijing surrounding areas. Number two, the Yangtze River Delta areas. We are starting to acquire resources for the next five years to accommodate our customers' demand.

And additionally, we are exploring the resources outside these two major areas that I mentioned. Thank you.

Operator

Your next question comes from Sara Wang from UBS.

Sara Wang ***UBS - Analyst***

Thank you for the opportunity to ask questions. I actually only have one question. So I recall earlier this year, management has shared that one of the top priority from hyperscale customer is the time to market. So has that changed?

And also, as inference demand is going to be the growth driver into next year, is there any change in the like customers' consideration in terms of new order release? And if we talk about more workloads by inference, does that mean maybe user latency will be a relatively more important consideration factor going forward?

(Speaking in Foreign Language)

Ju Ma ***VNET Group, Inc - Rotating President***

(Interpreted)

I will answer the second half of your question.

Yes, we have observed that inferencing will become a new growth driver for next year. So that means the customers have higher requirements in terms of latency. So the lower latency the better, therefore, we are in a very good position to meet customers' needs with our campuses in the Greater Beijing area, particularly Hebei province, as well as the Ulanqab Campus.

And with regard to the first half of your question, yes, it is quite an enviable dilemma. So we are facing significant challenges in terms of how fast the customer wants to move in with the capacity that they have secured with us.

And there are three approaches that we are taking to meet customers' demand. Number one, we are planning early in terms of civil engineering and external power supply. Number two, we are consolidating our capacity in terms of supply chain management. Number three, we are adopting Building Standardization as well as Modular Data Centers technologies and solutions to meet customers' needs.

As you know the general timeline that the customer expects is T+6 which means they want us to deliver within six months after signing the contract. Yes, we are able to accommodate customers' needs in terms of horizon. In one particular case, we're even able to accommodate or deliver within three months after signing the contract, just so you know.

Operator

Your next question comes from Shuyun Che from CICC.

Shuyun Che ***CICC - Analyst***

Congratulations on the company's strong earnings, and thank you for taking my questions. My first question is about the Wholesale IDC. The delivery pace for the Wholesale IDC business is very fast and has the company set the utilization rate target for the next two years?

My second question is about the Retail IDC business. We have seen the Retail IDC business MRR has been growing for several quarters and what are the main drivers behind this trend? And how do you view this sustainability in the future?

(Speaking in Foreign Language)

Ju Ma ***VNET Group, Inc - Rotating President***

(Interpreted)

With regard to the wholesale utilization rate, of course, the customers are demanding to be delivered at a faster pace. For our mature Wholesale IDCs, the utilization rate is inching closer to 95%.

And with regard to the specific target on the utilization rate, I think it's partly that depends on the capacity that's going to be delivered in the next two years. We will disclose more information in the Q4 Earnings. And in the long run, we are confident that the utilization rate will steadily increase.

And thanks for your attention on our Retail IDC business. As you know the Wholesale IDC business has been growing fairly quickly, in contrast to the Retail IDC. We are very pleasant to see the MRR of our Retail business to continue to grow quarter-over-quarter for several consecutive quarters. As you know the competition landscape in this sector is fairly intense.

I think the growth partly boiled down to a couple of factors. Number one, in terms of the needs of customers, they are adding intelligent computing on top of storage plus general computing and we are proactively repurposing our cabinets in order to meet their demands in order to capitalize on this growth momentum and need.

And factor number two on our side, on top of the hosting service we offer to the clients, we are providing incremental value-added services on the software level, let's say, computing networking as well as storage networking services.

And another factor is that we started repurposing the retail cabinets into higher density cabinets two years ago. And clearly, we are benefiting from these efforts and initiatives.

Last but not least, should the demand from customers in terms of storage, general computing, intelligent computing plus value-added services are sustained, we are confident to sustain the growth momentum of our Retail business. Thank you.

Operator

Your next question comes from Andy Yu from DBS.

Andy Yu ***DBS - Analyst***

Thank you management for taking my questions and congratulations on the solid results. So I have two questions. So your key peer has announced plans to expand into regions with lower electricity cost to capture AI training demand. So how do you see the supply demand dynamics will evolve in these regions, where I think that currently have a first mover advantage?

And secondly, the government spend on data center C-REITs has become more positive with a shorter timeline for new asset injection post-IPO, do we expect our C-REIT application to accelerate? And apart from REITs projects, what will our funding strategy be going forward?

(Speaking in Foreign Language)

Ju Ma ***VNET Group, Inc - Rotating President***

(Interpreted)

I'll take your first question. I think different companies are adopting different strategic growth approaches with regard to their own reading on the market dynamics as well as their development legacy. So they are actually deploying resources based on all of these factors.

However I would like to elaborate on how we go about it. Like I iterated many times, over the next three to five years, AI is going to be an increasingly important growth driver.

On the corporate level, our reading is that the training of foundation models, that type of demand will be increasingly concentrated to a few top capable deep-pocketed players so that's the first reading that we have on the market. More companies will mainly leverage the foundational models for inference and some other areas.

And number two, we believe that inferencing and private deployment will continue to sustain its growth momentum as it can be evidenced or confirmed from Jensen Huang’s remarks.

And number three, we believe over the course of the next five years, as the domestic GPU chips grow, there is going to be more demand from the inferencing, private deployment as well as many emerging collective intelligent agents. So these are the growth areas or customer demands that we are paying closer attention to.

So in a nutshell we, VNET, will adhere to the principle of a coordinated balance to development. So using our resources to meet customers' varying demand. Thank you.

Qiyu Wang ***VNET Group, Inc. - Chief Financial Officer***

(interpreted)

So our C-REIT is still underway. However I am not in a position to disclose any information at the moment, and we wish to update to you later as we see more progress.

So other than the C-REITs or public REITs, we are proactively advancing the holding type ABS, also known as private REITs. And we have successfully issued one, and we are hopeful that this would allow us to recycle a larger fund or capital from such types of issuance.

And additionally, I am happy to share that one of our operating entity, domestic operating entity, Beijing VNET has just received a triple A rating from a domestic rating institution, which is rare among nonstate-owned companies.

So with this rating, a favorable rating, so we are actively advancing the issuance of domestic corporate bond, particularly the science and tech innovation bond, which comes with very favorable interest rate. So should it be pulled through, we are going to benefit from a lower interest rate with a widening channel of financing.

Operator

Your next question comes from Ethan Zhang from Nomura.

Ethan Zhang ***Nomura - Analyst***

Thanks management for taking my questions. So only one quick question. So how do you see the trends for our unit CapEx spending? Because I noted that for the first nine months, the total CapEx spend was around RMB6 billion versus our full year guidance of RMB10 billion to 12 billion. So it looks a bit behind schedule versus our capacity delivery schedule.

And so just wonder if management can provide some colors on this? And also for next year's CapEx, what's our outlook and potential sources for funding our next year's CapEx?

(Speaking in Foreign Language)

Qiyu Wang ***VNET Group, Inc. - Chief Financial Officer***

(interpreted)

So majority of our CapEx is on the Wholesale IDC and the CapEx per unit megawatt for our Wholesale IDC campuses are gradually trending down. And we are still in process of putting together our CapEx for next year, and we are preparing the similar size of funding and the sources of these funding would mainly come from asset securitization as well as issuance of domestic corporate bond.

So a quick number that I want to share with you. So through the pre-REITs, private REITs and development fund that issued in 2025, we have successfully recycled RMB2 billion through the equity assets. And our goal is that we are going to exceed this number in 2026.

There are a lot of options in our financing, I would say. And we are confident that we are able to fund our CapEx, while keeping the leverage ratio within a secure range or a safe range.

Operator

Your next question comes from Anthony Ling from JPMorgan.

Anthony Leng ***JP Morgan - Analyst***

(Speaking in Foreign Language) I have two questions regarding the full year Guidance. So the full year guidance implies about the 4Q revenue appears to be down a little bit based on the midpoint. And what could be the potential reasoning given the strong SaaS customer move-in rate? Is there a potential upside to the full year guidance?

Second question is regarding the 3Q reported EBITDA margin. There were some sequential decline versus 2Q despite a very strong customer move in rate. What's been the potential drivers to cause this decline and what would be the next few quarters EBITDA margin trend?

(Speaking in Foreign Language)

Qiyu Wang ***VNET Group, Inc. - Chief Financial Officer***

Let me take your question. As always, we have been consistently prudent in terms of offering our full year revenue guidance. I think we are going to watch closely our customers' move-in pace as well as the electricity used by them because they are closely related to the revenue.

Looking to the quarter-over-quarter growth, I think there's very little likelihood the Q4 revenue will decline sequentially. I would advise you to refer to the upper end of our full year revenue guidance range.

And with regard to the EBITDA margin, I would say it's within a reasonable range because the revenue contribution from the Wholesale IDC business is growing, and the utility cost from customers will be reflected in our P&L. And because of the rising temperatures in Q3, therefore, we are seeing more utility cost for Q3, leading to slight seasonal fluctuation in our EBITDA margin.

However with regard to our operational costs, they are consistent. We do not see huge fluctuations. So I would see this as a reasonable seasonal fluctuations. Thank you.

Operator

Thank you. Ladies and gentlemen, that concludes our conference for today. Thank you for participating. You may now disconnect your lines.

**Please kindly note part of content for Q&A session are revised by the company after the call to accurately reflect the company's information. So it may different from the earnings call audio.*