GDS Holdings GDS.OQ GDS US

EQUITY: TECHNOLOGY

1Q26 review

Quick Note

Rating Remains	Buy
Target price Remains	USD 60.40
Closing price 19 May 2026	USD 40.41

Research Analysts

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GDS reported 1Q26 results before market open on 20 May. Excluding the one-time items, the company achieved 7.9% y-y or 0.6% q-q revenue growth to CNY2.94bn, and 8.0% y-y or 4.7% q-q growth in adjusted EBITDA to CNY1.43bn. Excluding the impact of REITs issuance in FY25, the company recorded organic revenue growth of 12.0% y-y and adjusted EBITDA growth of 13.8% y-y. Adjusted EBITDA margin (excluding one-time item) was largely flat y-y at 48.7% in 1Q26.

GDS recorded new customer commitment of approximately 200MW in 1Q26, including four hyperscale orders in Hebei, Jiangsu and Inner Mongolia. Moreover, the company has secured another two hyperscale orders totaling 138MW quarter-to-date, leading to a YTD new IT power commitment of 346MW, which is in track to achieve or exceed its full-year target of 500MW, in our view. According to management, **GDS expects annual additional power commitment of 500-800MW, with total investment of CNY30-50bn over the three-year period of 2026-28E.**

We remain positive on GDS for its strong order backlog in the domestic market, and we see further potential upside to the new booking guidance of 500MW for FY26F, considering the company's industry experience and customer relationship, in our view. Meanwhile, we expect near-term pressures on adjusted EBITDA growth in FY26-27F, dragged by concentrated renewal for existing contracts, before the contribution of newly signed contracts materialize in 2H27F. We maintain our Buy rating and TP of USD60.4. The stock currently trades at 13x FY27F EV/EBITDA.

Fig. 1: GDS – 1Q26 results review

	4Q24 Restated	1Q25 A	2Q25 A	3Q25 A	4Q25 A	1Q26 A	% chg y-y	% chg q-q
GDS (in CNYmn)								
Net revenue	2,691	2,723	2,900	2,887	2,922	3,367	*23.6%*	*15.2%*
% y-y	9%	12%	12%	10%	9%	24%		
Service revenue	2,690	2,723	2,898	2,886	2,920	2,938	*7.9%*	*0.6%*
% y-y	9%	12%	12%	10%	9%	8%		
COGS	(2,113)	(2,078)	(2,211)	(2,248)	(2,309)	(2,236)		
Gross profit	578	645	689	639	612	1,132	*75.5%*	*84.8%*
OPEX	(296)	(280)	(274)	(277)	(249)	(224)		
Sales & marketing expense	(31)	(33)	(34)	(40)	(42)	(37)		
General & admin expense	(259)	(239)	(232)	(228)	(199)	(177)		
R&D expense	(7)	(8)	(9)	(8)	(8)	(10)		
Operating profit	282	365	415	362	363	908	*148.6%*	*149.9%*
% y-y	101%	53%	27%	19%	29%	149%		
Net finance expense	(459)	(441)	(405)	(375)	(413)	(380)		
Pretax income	(139)	992	20	1,372	(1,670)	624		
% y-y	-96%	-572%	-118%	-999%	1099%	-37%		
Net income	4,176	750	(86)	712	(481)	2,624		
% y-y	-231%	-308%	-65%	-446%	-112%	250%		
Adjusted gross profit	1,397	1,455	1,510	1,473	1,478	1,952	*34.1%*	*32.1%*
% y-y	12%	15%	14%	11%	6%	34%		
Adjusted EBITDA	1,298	1,324	1,372	1,342	1,366	1,949	*47.2%*	*42.7%*
% y-y	14%	16%	11%	11%	5%	47%		
Ratio Analysis								
GPM	21.5%	23.7%	23.8%	22.1%	21.0%	33.6%	*9.9pp*	*12.6pp*
OPEX	-11.0%	-10.3%	-9.5%	-9.6%	-8.5%	-6.6%	*3.6pp*	*1.9pp*
OPM	10.5%	13.4%	14.3%	12.6%	12.4%	27.0%	*13.6pp*	*14.5pp*
Adjusted GPM	51.9%	53.4%	52.0%	51.0%	50.6%	58.0%	*4.5pp*	*7.4pp*
Adjusted EBITDA margin	48.2%	48.6%	47.3%	46.5%	46.7%	57.9%	*9.3pp*	*11.1pp*

Source: Company data, Nomura research

Production Complete: 2026-05-20 20:30 UTC

Appendix A-1

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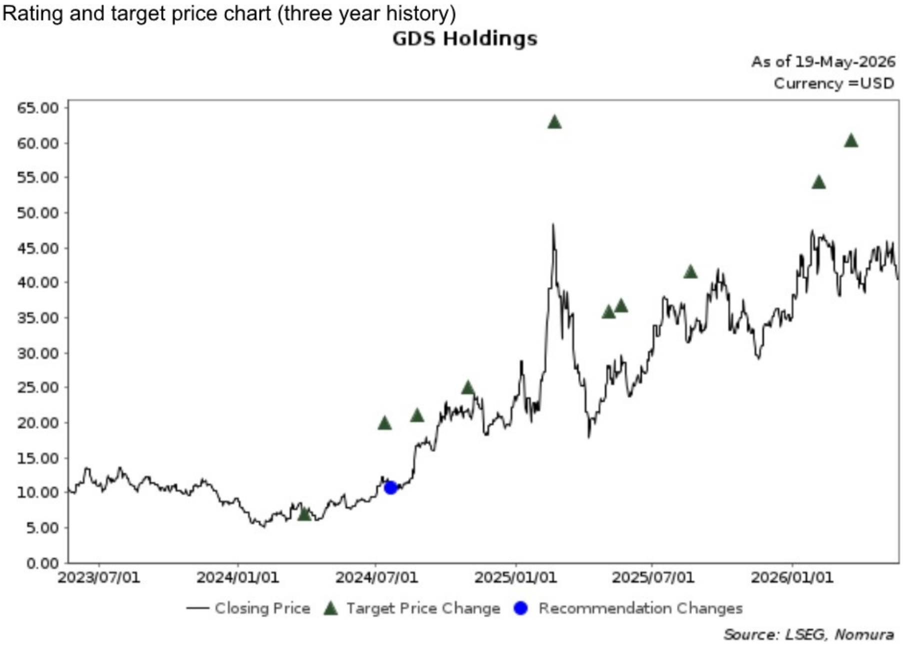
Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
GDS Holdings	GDS US	USD 40.41	19-May-2026	Buy	N/A	

GDS Holdings (GDS US) **USD 40.41 (19-May-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
20-Mar-26		60.40	41.38
06-Feb-26		54.50	46.48
21-Aug-25		41.50	32.00
21-May-25		36.80	29.65
05-May-25		35.80	27.79
21-Feb-25		63.00	44.76
30-Oct-24		25.00	21.86
25-Aug-24		21.00	16.69
12-Jul-24	Buy		11.53
12-Jul-24		20.00	11.53
28-Mar-24		7.00	6.65

For explanation of ratings refer to the stock rating keys located after chart(s)

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