NOMURA

Global Markets Research
11 September 2026

GDS Holdings GDS.OQ GDS US

EQUITY: TECHNOLOGY

Strong order backlog with long-term visibility

Reiterate Buy with TP trimmed to USD45.7

2Q26 results in line with the company's raised order intake target

GDS reported 2Q26 results with service revenue and adjusted EBITDA growing 6.5% y-y and 2.5% y-y, respectively – largely in line with market expectations (see *our note*). The company registered 263MW of new contracts in 2Q26, bringing total order intake for 1H26 to 471MW. Management has further raised its new bookings target to 1GW (previously 500MW) for FY26E, in addition to another 1GW of power reservations by customers by end-FY26E. Revenue guidance for FY26E was revised up to CNY12.7-13bn and adjusted EBITDA guidance was also raised to CNY5.9-6.1bn, to reflect the one-off items in 1Q26.

Strong order backlog, though move-in still skewed toward 2H27F and beyond

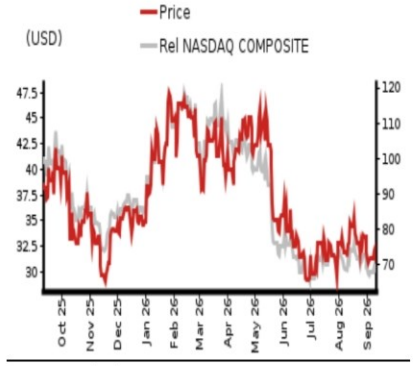
With 1GW of new bookings guided for this year, we expect GDS to achieve order backlog of ~1.2GW by end-FY26F, more than doubling from 450MW as of end-FY25. By end-1H26, the company secured total resources of 5.8GW, with ~3.1GW available for sale, which we expect to support a sustainable order-taking trend for the company over 2H26-FY27F. Meanwhile, we expect accelerating order intake will start to contribute to EBITDA growth in FY28F, with moderate growth for FY26-27F as a result of concentrated contract renewal for its existing portfolio.

Action: Reiterate Buy with a lower TP of USD45.7

We slightly lift our FY26-28F revenue forecasts by 1.4%-4.7% to reflect stronger-than-expected order intake, as we now estimate annual new commitment of 1GW for FY26-28F, and additional customer move-in of 710MW and 950MW for FY27/28F. Meanwhile, given changing market mix with more contribution from projects in new markets (e.g., Inner Mongolia), we cut our FY26-28F adjusted EBITDA margin forecasts by 1.8-3.7pp, and lower adjusted EBITDA by 2.6-6.8%. We reiterate our Buy rating, but reduce our TP to USD45.7 (from USD48.4). Our new TP is based 18.8x FY27F EV/EBITDA, which is in line with the company historical average EV/EBITDA. The stock is trading at 15.5x FY27F EV/EBITDA.

Rating Remains	**Buy**
Target price Reduced from USD 48.40	**USD 45.70**
Closing price 8 September 2026	**USD 32.00**
Implied upside	**+42.8%**
Market Cap (USD mn)	6,120.0
ADT (USD mn)	62.0

Relative performance chart



Source: LSEG, Nomura

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Year-end 31 Dec	FY25		FY26F		FY27F		FY28F
Currency (CNY)	Actual	Old	New	Old	New	Old	New
Revenue (mn)	11,432	12,577	12,772	13,721	13,916	16,993	17,783
Reported net profit (mn)	311	261	-94	-411	-945	230	-557
Normalised net profit (mn)	311	261	-94	-411	-945	230	-557
FD normalised EPS	1.56	1.27	-45.54c	-2.01	-4.60	1.12	-2.71
FD norm. EPS growth (%)	-91.3	-18.4	-129.2	-257.7	–	–	–
FD normalised P/E (x)	149.3	–	–	–	–	–	–
EV/EBITDA (x)	20.8	–	13.2	–	15.5	–	13.5
Price/book (x)	1.7	–	1.5	–	1.6	–	1.6
Dividend yield (%)	–	–	–	–	–	–	–
ROE (%)	1.3	1.0	-0.4	-1.5	-3.5	0.8	-2.1
Net debt/equity (%)	90.0	85.4	83.7	107.4	118.1	122.1	149.2

Source: Company data, Nomura estimates

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See Appendix A-1 for analyst certification, important disclosures and the status of non-US analysts.

Key data on GDS Holdings

Performance

(%)	1M	3M	12M		
Absolute (USD)	0.1	-7.8	-4.5	M cap (USDmn)	6,120.0
Absolute (USD)	0.1	-7.8	-4.5	Free float (%)	51.0
Rel to NASDAQ COMPOSITE	1.1	-9.7	-25.7	3-mth ADT (USDmn)	62.0

Income statement (CNYmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	10,322	11,432	12,772	13,916	17,783
Cost of goods sold	-8,099	-8,847	-10,180	-12,467	-15,530
Gross profit	2,223	2,585	2,592	1,449	2,253
SG&A	-1,071	-2,641	-900	-1,151	-1,266
Employee share expense					
Operating profit	1,152	-56	1,692	298	987
EBITDA	4,395	3,404	5,658	5,477	7,035
Depreciation	-3,243	-3,459	-3,966	-5,180	-6,048
Amortisation					
EBIT	1,152	-56	1,692	298	987
Net interest expense	-1,835	-1,635	-1,487	-1,313	-1,509
Associates & JCEs					
Other income	68	2,404	0	0	0
Earnings before tax	-615	713	205	-1,016	-522
Income tax	-156	-470	-235	203	104
Net profit after tax	-771	243	-30	-813	-417
Minority interests	67	67	-64	-132	-139
Other items	4,075	0	0	0	0
Preferred dividends					
Normalised NPAT	3,371	311	-94	-945	-557
Extraordinary items					
Reported NPAT	3,371	311	-94	-945	-557
Dividends					
Transfer to reserves	3,371	311	-94	-945	-557
Valuations and ratios					
Reported P/E (x)	12.9	149.3	–	–	–
Normalised P/E (x)	12.9	149.3	-511.4	-50.7	-86.0
FD normalised P/E (x)	12.9	149.3	–	–	–
Dividend yield (%)	–	–	–	–	–
Price/cashflow (x)	22.5	13.8	11.9	9.5	8.6
Price/book (x)	1.9	1.7	1.5	1.6	1.6
EV/EBITDA (x)	16.3	20.8	13.2	15.5	13.5
EV/EBIT (x)	62.4	–	44.2	285.4	95.9
Gross margin (%)	21.5	22.6	20.3	10.4	12.7
EBITDA margin (%)	42.6	29.8	44.3	39.4	39.6
EBIT margin (%)	11.2	-0.5	13.2	2.1	5.5
Net margin (%)	32.7	2.7	-0.7	-6.8	-3.1
Effective tax rate (%)	–	65.9	114.4	–	–
Dividend payout (%)	0.0	0.0	–	–	–
ROE (%)	16.3	1.3	-0.4	-3.5	-2.1
ROA (pretax %)	1.7	-0.1	2.5	0.4	1.1
Growth (%)					
Revenue	5.5	10.8	11.7	9.0	27.8
EBITDA	278.5	-22.6	66.3	-3.2	28.4
Normalised EPS		-91.3	-129.2	–	–
Normalised FDEPS		-91.3	-129.2	–	–

Source: Company data, Nomura estimates

Cashflow statement (CNYmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	4,395	3,404	5,658	5,477	7,035
Change in working capital	-1,103	-1,055	-1,791	439	-749
Other operating cashflow	-1,353	1,017	168	-877	-741
Cashflow from operations	1,938	3,365	4,036	5,039	5,544
Capital expenditure	-2,965	-4,611	-10,000	-15,000	-15,000
Free cashflow	-1,027	-1,245	-5,964	-9,961	-9,456
Reduction in investments	0	0	0	0	
Net acquisitions					
Dec in other LT assets					
Inc in other LT liabilities					
Adjustments	-5,795	1,571	1,983	0	0
CF after investing acts	-6,822	325	-3,982	-9,961	-9,456
Cash dividends					
Equity issue	0	1,016	0	0	0
Debt issue	629	1,235	2,000	5,000	5,000
Convertible debt issue	0	3,853	0	0	0
Others	6,706	10	2,235	0	-139
CF from financial acts	7,335	6,113	4,235	5,000	4,861
Net cashflow	513	6,438	253	-4,961	-4,595
Beginning cash	7,355	7,868	14,306	14,560	9,599
Ending cash	7,868	14,306	14,559	9,599	5,004
Ending net debt	26,957	24,153	25,900	35,860	45,455

Balance sheet (CNYmn)

As at 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	7,868	14,306	14,560	9,599	5,004
Marketable securities					
Accounts receivable	3,022	2,467	2,991	2,956	4,644
Inventories					
Other current assets	723	1,774	3,639	3,639	3,639
Total current assets	11,613	18,547	21,190	16,194	13,287
LT investments					
Fixed assets	40,204	38,054	43,587	53,408	62,360
Goodwill					
Other intangible assets	6,367	5,461	5,461	5,461	5,461
Other LT assets	15,464	17,936	16,454	16,454	16,454
Total assets	73,649	79,998	86,692	91,517	97,562
Short-term debt	4,342	2,952	2,952	2,952	2,952
Accounts payable	2,593	1,932	2,530	2,935	3,873
Other current liabilities	2,143	2,244	2,244	2,244	2,244
Total current liabilities	9,078	7,128	7,726	8,131	9,069
Long-term debt	21,906	23,363	25,363	30,363	35,363
Convertible debt	8,577	12,144	12,144	12,144	12,144
Other LT liabilities	10,419	9,625	9,625	9,625	9,625
Total liabilities	49,980	52,261	54,860	60,264	66,202
Minority interest	130	897	897	897	897
Preferred stock	1,081	1,057	3,289	3,428	3,428
Common stock	29,597	31,707	31,707	31,707	31,707
Retained earnings	-6,044	-5,095	-3,232	-3,950	-3,843
Proposed dividends					
Other equity and reserves	-1,094	-829	-829	-829	-829
Total shareholders' equity	23,539	26,840	30,935	30,356	30,462
Total equity & liabilities	73,649	79,998	86,692	91,517	97,562
Liquidity (x)					
Current ratio	1.28	2.60	2.74	1.99	1.47
Interest cover	0.6	0.0	1.1	0.2	0.7
Leverage					
Net debt/EBITDA (x)	6.13	7.10	4.58	6.55	6.46
Net debt/equity (%)	114.5	90.0	83.7	118.1	149.2
Per share					
Reported EPS (CNY)	17.85	1.56	-45.54c	-4.60	-2.71
Norm EPS (CNY)	17.85	1.56	-45.54c	-4.60	-2.71
FD norm EPS (CNY)	17.85	1.56	-45.54c	-4.60	-2.71
BVPS (CNY)	124.62	134.77	150.49	147.67	148.19
DPS (CNY)	0.00	0.00	0.00	0.00	0.00
Activity (days)					
Days receivable	97.5	87.6	78.0	78.0	78.2
Days inventory	0.0	0.0	0.0	0.0	
Days payable	120.4	93.4	80.0	80.0	80.2
Cash cycle	-22.9	-5.7	-2.0	-2.0	-2.0

Source: Company data, Nomura estimates

Company profile

GDS develops and operates data centers in China. The company provides colocation, managed hosting and consulting services to cloud services providers, internet companies, financial institutions and other large domestic private sector or multinational corporations. GDS is the leading carrier-neutral IDC player in China in terms of market share.

Valuation Methodology

Our TP of USD45.70 is derived from 18.8x FY27F EV/EBITDA, in line with the historical average EV/EBITDA. The benchmark index for this stock is the NASDAQ Composite Index.

Risks that may impede the achievement of the target price

Downside risks include: 1) lower-than-expected data center demand related to AI business in China; 2) slower-than-expected data center business expansion in overseas markets; 3) intensified market competition in the data center sector; and 4) supply chain disruption as a result of rising geopolitical risks.

ESG

As a leading IDC player in China market, GDS uses energy conservation technology in its data centers. They onsite renewable energy systems and AI-based energy efficiency tool to precisely manage the PUE of its data centers. The company is also making progress in reducing its greenhouse gas emissions by utilizing renewable energy and over 20% of its electricity consumption in 2020 are from renewable energy sources. Meanwhile, GDS also has compliance policies in place that clearly define its compliance requirement. And they are committed to providing all the employees with equal employment opportunities and a good workplace.

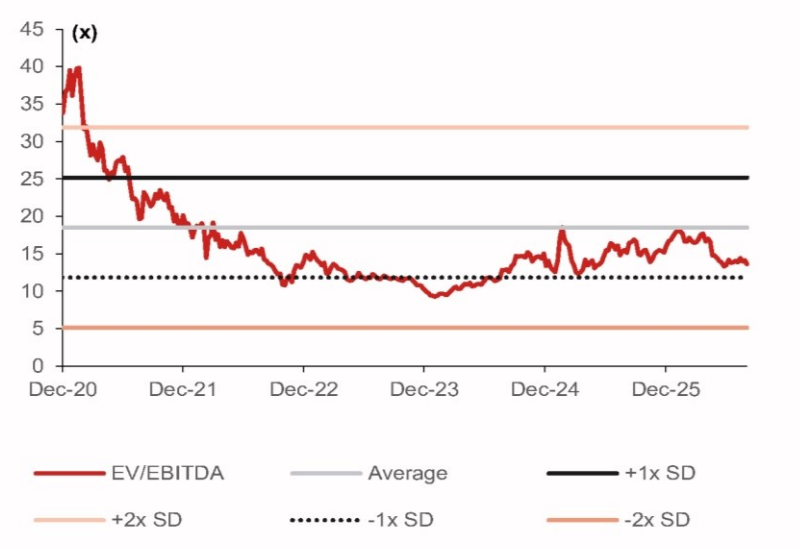


Fig. 1: GDS – earnings forecast revisions

	2024 A	2025 A	2026F (NOM)	2027F (NOM)	2028F (NOM)	2026F (OLD)	2027F (OLD)	2028F (OLD)	2026F Diff.	2027F Diff.	2028F Diff.
GDS (in CNYmn)											
Net revenue	10,322	11,432	12,772	13,916	17,783	12,577	13,721	16,993	1.6%	1.4%	4.7%
% y-y	6%	11%	12%	9%	28%	10%	9%	24%			
Service revenue	10,322	11,428	12,341	13,916	17,783	12,147	13,721	16,993	1.6%	1.4%	4.7%
% y-y	6%	11%	8%	13%	28%	6%	13%	24%			
COGS	(8,099)	(8,847)	(10,180)	(12,467)	(15,530)	(9,797)	(11,359)	(13,441)	3.9%	9.7%	15.5%
Gross profit	2,223	2,585	2,592	1,449	2,253	2,780	2,362	3,552			
OPEX	(1,071)	(1,080)	(900)	(1,151)	(1,266)	(1,007)	(1,176)	(1,456)			
Sales & marketing expense	(116)	(149)	(135)	(145)	(186)	(151)	(171)	(211)			
General & admin expense	(918)	(898)	(734)	(974)	(1,040)	(816)	(960)	(1,189)			
R&D expense	(36)	(33)	(31)	(32)	(41)	(40)	(45)	(55)			
Operating profit	1,152	1,505	1,692	298	987	1,773	1,186	2,095			
% y-y	43%	31%	12%	-82%	231%	18%	-33%	77%			
Net finance expense	(1,835)	(1,635)	(1,487)	(1,313)	(1,509)	(1,487)	(1,560)	(1,668)			
Pretax income	(615)	713	205	(1,016)	(522)	386	(374)	427			
% y-y	-84%	-216%	-71%	-595%	-49%	-46%	-197%	-214%			
Net income	3,371	895	1,863	(719)	107	1,938	(678)	204	-3.9%	6.0%	-47.5%
% y-y	-178%	-73%	108%	-139%	-115%	116%	-135%	-130%			
Adjusted gross profit	5,314	5,915	6,067	6,563	8,235	6,190	6,975	8,638	-2.0%	-5.9%	-4.7%
% y-y	4%	11%	3%	8%	25%	5%	13%	24%			
Adjusted EBITDA	4,876	5,403	5,531	5,852	7,410	5,676	6,281	7,664	-2.6%	-6.8%	-3.3%
% y-y	3%	11%	2%	6%	27%	5%	11%	22%			
Ratio Analysis											
GPM	21.5%	22.6%	20.3%	10.4%	12.7%	22.1%	17.2%	20.9%	-1.8pp	-6.8pp	-8.2pp
OPEX	-10.4%	-9.4%	-7.0%	-8.3%	-7.1%	-8.0%	-8.6%	-8.6%	1.0pp	0.3pp	1.4pp
OPM	11.2%	13.2%	13.2%	2.1%	5.5%	14.1%	8.6%	12.3%	-0.8pp	-6.5pp	-6.8pp
Adjusted GPM	51.5%	51.7%	47.5%	47.2%	46.3%	49.2%	50.8%	50.8%	-1.7pp	-3.7pp	-4.5pp
Adjusted EBITDA margin	47.2%	47.3%	43.3%	42.1%	41.7%	45.1%	45.8%	45.1%	-1.8pp	-3.7pp	-3.4pp

Source: Company data, Nomura estimates

Fig. 2: GDS - 12M forward adj. EV/EBITDA bands



Source: Bloomberg Finance L.P., Company data, Nomura estimates

Appendix A-1

This report has been produced by Nomura International (Hong Kong) Ltd. (NIHK), Hong Kong.
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Materially mentioned issuers

Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
GDS Holdings	GDS US	USD 32.00	08-Sep-2026	Buy	N/A	

GDS Holdings (GDS US) **USD 32.00 (08-Sep-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
12-Jun-26		48.40	32.56
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)

Valuation Methodology Our TP of USD45.70 is derived from 18.8x FY27F EV/EBITDA, in line with the historical average EV/EBITDA. The benchmark index for this stock is the NASDAQ Composite Index.
Risks that may impede the achievement of the target price Downside risks include: 1) lower-than-expected data center demand related to AI business in China; 2) slower-than-expected data center business expansion in overseas markets; 3) intensified market competition in the data center sector; and 4) supply chain disruption as a result of rising geopolitical risks.

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Online availability of research and conflict-of-interest disclosures

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As at 30 June 2026.
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*** As defined by the EU Market Abuse Regulation*

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The rating system is a relative system, indicating expected performance against a specific benchmark identified for each individual stock, subject to limited management discretion. An analyst's target price is an assessment of the current intrinsic fair value of the stock based on an appropriate valuation methodology determined by the analyst. Valuation methodologies include, but are not limited to, discounted cash flow analysis, expected return on equity and multiple analysis. Analysts may also indicate expected absolute upside/downside relative to the stated target price, defined as (target price - current price)/current price.

STOCKS

A rating of **'Buy'**, indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of **'Neutral'**, indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of **'Reduce'**, indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of **'Suspended'**, indicates that the rating, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies. Securities and/or companies that are labelled as **'Not rated'** or shown as **'No rating'** are not in regular research coverage. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies. Benchmarks are as follows: **United States/Europe/Asia ex-Japan:** please see valuation methodologies for explanations of relevant benchmarks for stocks, which can be accessed at: http://go.nomuranow.com/research/m/Disclosures; **Global Emerging Markets (ex-Asia):** MSCI Emerging Markets ex-Asia, unless otherwise stated in the valuation methodology; **Japan:** Russell/Nomura Large Cap.

SECTORS

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Target Price

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