

## GDS Holdings

## Steady China biz growth with more drivers from SEA biz expansion; Lower PO

Reiterate Rating: BUY | PO: 12.00 USD | Price: 6.50 USD

## Expecting 65-70k sqm net customer move-in in FY24E

We hosted online investor meeting for GDS mgmt. during our Asia II call series on 22 Jan (Mon). Mgmt. estimated the total net additional area utilized to be 65-70k sqm in FY24E. We think overall MSR could drop 1-2% YoY in FY24E and the adj. EBITDA margin would be largely flat in FY24E. In view of slightly slower customer move-in in China, we trim our FY24-25E adj EBITDA forecasts by 1%. Accordingly, we lower our PO to US\$12.0 / HK\$11.8 (from US\$14.9 / HK\$14.6), based on 13x FY24E EV/EBITDA (previously 14x) given lower rev CAGR ahead. We reiterate our Buy rating on GDS given high growth visibility with gradual delivery of backlog in China and fast ramp-up of SEA capacity.

## China: focus on backlog delivery; cautious on new projects

We estimated c.13k sqm net additional area utilized per quarter in FY24E, which is close to the average level in the past eight quarters. The demand from cloud service providers may be relatively weak given pace slowdown in initiating new orders. In contrast, short video companies have shown solid demand, both in China and the overseas market. Demand from large financial institutions is also resilient, per mgmt. GDS plans to prioritize backlog delivery from existing inventory (216k sqm, as at end of 3Q23) and be cautious on initiating new data center projects in China, while GDS will still consider expansion of existing data center sites with confirmed customer demand, per mgmt. GDS targeted lowering its capex for the China business to Rmb2-2.5bn in FY24E, vs. estimated Rmb3.5bn for FY23.

## Strong move-in for Int'l biz, partly driven by AI demand

Mgmt. saw fast customer move-in at its South East Asia (SEA) data center sites, such as NTP 1&2 in Johor, Malaysia. Mgmt has seen considerable AI demand in SEA for GDS, but not in large scale in China, per mgmt. Its existing Chinese customers has taken 100MW capacity in SEA, 20% of which are AI-related demand. As of customer move-in, the net additional area utilized is estimated to be 15-20k sqm in FY24E. At the firm level, mgmt. believed they don't have any large-scale debt due within the next 1-2 years and they have strong cash (c.Rmb7.5bn by 3Q23) on hand.

Estimates (Dec) (CNY)	2021A	2022A	2023E	2024E	2025E
Net Income (Adjusted - mn)	(1,321)	(1,661)	(1,717)	(1,739)	(1,423)
EPS	(7.23)	(8.25)	(9.19)	(9.13)	(7.47)
EPS Change (YoY)	-53.7%	-14.0%	-11.4%	0.7%	18.2%
Dividend / Share	0	0	0	0	0
Free Cash Flow / Share	(46.80)	(27.26)	(20.45)	(14.66)	1.15
Common EPS (CNY)	(0.904)	(1.03)	(1.15)	(1.14)	(0.933)
Common Dividend / Share (CNY)	0	0	0	0	0
<b>Valuation (Dec)</b>					
EV / EBITDA*	15.43x	12.58x	11.60x	10.32x	8.67x
Free Cash Flow Yield*	-105.94%	-62.19%	-47.62%	-34.81%	2.74%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 6.

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**Refer to important disclosures on page 7 to 10. Analyst Certification on page 5. Price Objective Basis/Risk on page 5.**

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## Equity

## Key Changes

(CNY)	Previous	Current
Price Obj.	US\$14.90	US\$12.00
2024E EPS	-9.00	-9.13
2025E EPS	-7.11	-7.47
2024E EBITDA (m)	4,501.3	4,476.9
2025E EBITDA (m)	5,397.7	5,329.1

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## Stock Data

Price (ADR / Common)	6.50 USD / 6.04 HKD
Price Objective	12.00 USD / 11.80 HKD
Date Established	23-Jan-2024 / 23-Jan-2024
Investment Opinion	C-1-9 / C-1-9
52-Week Range	5.29 USD-26.83 USD
Market Value (mn)	1,239 USD
Shares Outstanding (mn)	190.6 / 1,524.4
Average Daily Value (mn)	9.70 USD
Free Float	41.7%
BofA Ticker / Exchange	GDS / NAS
BofA Ticker / Exchange	XMJFF / HKG
Bloomberg / Reuters	GDS US / GDS.QQ
ROE (2023E)	-7.4%
Net Dbt to Eqty (Dec-2022A)	149.2%

MSR: monthly service revenue

MW: megawatt

SEA: South East Asia

mgmt: management

AI: artificial intelligence

# iQprofile<sup>SM</sup> GDS Holdings

Key Income Statement Data (Dec)	2021A	2022A	2023E	2024E	2025E
(CNY Millions)					
Sales	7,819	9,326	9,980	11,060	12,703
Gross Profit	1,779	1,936	1,897	2,109	2,715
Sell General & Admin Expense	(1,011)	(938)	(838)	(914)	(1,100)
Operating Profit	570	552	599	732	1,146
Net Interest & Other Income	(1,518)	(1,542)	(1,976)	(2,087)	(2,153)
Associates	0	0	0	0	0
Pretax Income	(949)	(990)	(1,376)	(1,355)	(1,007)
Tax (expense) / Benefit	(242)	(276)	(200)	(220)	(242)
Net Income (Adjusted)	(1,321)	(1,661)	(1,717)	(1,739)	(1,423)
Average Fully Diluted Shares Outstanding	182	183	187	191	191

Key Cash Flow Statement Data					
Net Income	(1,265)	(1,459)	(1,662)	(1,685)	(1,369)
Depreciation & Amortization	2,424	3,120	3,383	3,745	4,183
Change in Working Capital	(847)	592	1,471	592	650
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	888	604	756	903	922
Cash Flow from Operations	1,201	2,858	3,947	3,554	4,386
Capital Expenditure	(9,701)	(7,847)	(7,767)	(6,347)	(4,167)
(Acquisition) / Disposal of Investments	(3,574)	(3,484)	0	0	0
Other Cash Inflow / (Outflow)	(417)	56	1,520	20	20
Cash Flow from Investing	(13,692)	(11,275)	(6,247)	(6,327)	(4,147)
Shares Issue / (Repurchase)	2	0	0	0	0
Cost of Dividends Paid	(49)	(52)	(52)	(52)	(52)
Cash Flow from Financing	8,119	8,843	2,948	1,948	948
Free Cash Flow	(8,499)	(4,989)	(3,820)	(2,793)	220
Net Debt	27,822	36,077	38,029	40,854	40,667
Change in Net Debt	19,452	4,267	1,952	2,825	(187)

Key Balance Sheet Data					
Property, Plant & Equipment	44,654	52,551	55,515	58,198	58,261
Other Non-Current Assets	12,515	10,312	10,040	9,954	9,916
Trade Receivables	NA	NA	NA	NA	NA
Cash & Equivalents	9,968	8,608	9,656	8,831	10,018
Other Current Assets	4,496	3,343	3,186	3,530	4,055
Total Assets	71,632	74,814	78,397	80,513	82,250
Long-Term Debt	30,997	38,347	42,916	44,716	45,616
Other Non-Current Liabilities	1,274	1,679	2,419	3,006	3,581
Short-Term Debt	6,793	6,337	4,768	4,968	5,068
Other Current Liabilities	6,672	4,266	5,484	6,417	7,613
Total Liabilities	45,736	50,629	55,587	59,108	61,879
Total Equity	25,896	24,185	22,809	21,405	20,371
Total Equity & Liabilities	71,632	74,814	78,397	80,513	82,250

iQmethod <sup>SM</sup> - Bus Performance*					
Return On Capital Employed	1.0%	0.8%	0.8%	0.9%	1.4%
Return On Equity	-5.1%	-6.7%	-7.4%	-7.9%	-6.9%
Operating Margin	7.3%	5.9%	6.0%	6.6%	9.0%
EBITDA Margin	38.3%	39.4%	39.9%	40.5%	42.0%

iQmethod <sup>SM</sup> - Quality of Earnings*					
Cash Realization Ratio	NM	NM	NM	NM	NM
Asset Replacement Ratio	4.0x	2.5x	2.3x	1.7x	1.0x
Tax Rate (Reported)	NM	NM	NM	NM	NM
Net Debt-to-Equity Ratio	107.4%	149.2%	166.7%	190.9%	199.6%
Interest Cover	0.4x	0.3x	0.3x	0.3x	0.5x

## Key Metrics

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 6.

## Company Sector

Telecom Infrastructure Services

## Company Description

Founded in 2001, GDS Holdings is the largest carrier-neutral data center operator in China in terms of revenue. The company is based out of Shanghai and operates its facilities in mainly in tier-1 cities such as Beijing, Shanghai and Shenzhen. As at end of FY22, 63% of its customers are cloud service providers (e.g. Alibaba, and Tencent), 25% belong to the internet space, while the remaining 12% are financial institutions & large enterprises.

## Investment Rationale

We have a Buy rating on GDS Holdings. We like GDS for its (1) strong market position as the largest carrier-neutral data center operator in China with superior client mix (i.e., cloud service providers, large internet companies, financial institutions, and enterprises) in Tier 1 cities (i.e., Beijing and Shanghai), (2) abundant domestic backlog to support growth, and (3) promising international expansion as a new growth driver.

## Stock Data

Shares / Common	0.13
Price to Book Value	0.4x

## Key Changes

(CNY)	Previous	Current
Price Obj.	HK\$14.60	HK\$11.80
2024E EPS	-1.12	-1.14
2025E EPS	-0.89	-0.93

**Exhibit 1: GDS data center portfolio in Mainland China (net floor area; sqm; as at end of 3Q23)**

The existing backlog in Mainland China should be sufficient to drive ~50% revenue growth for GDS

Market	Area In Service	Area Under Construction	Total Capacity	Area Committed	Area Pre-Committed	Total Area Committed	Area Utilized	Backlog	Implied growth from existing projects (assume 90% utilization)
	(1)	(2)	(3) = (1) + (2)	(4)	(5)	(6) = (4) + (5)	(7)	(8) = (6) - (7)	(9) = (8) * 90% / (7)
Beijing – Tianjin – Hebei	254,757	82,012	336,769	225,974	76,052	302,026	164,579	137,447	75%
Yangtze River Delta	171,745	34,492	206,237	162,967	24,640	187,607	138,480	49,127	32%
Greater Bay Area	82,051	26,622	108,673	78,296	12,533	90,829	68,641	22,188	29%
Chengdu – Chongqing	18,988	4,190	23,177	15,612	0	15,612	9,911	5,701	52%
Other	13,066	2,800	15,866	13,066	0	13,066	11,614	1,452	11%
<b>Total</b>	<b>540,607</b>	<b>150,116</b>	<b>690,722</b>	<b>495,915</b>	<b>113,225</b>	<b>609,140</b>	<b>393,225</b>	<b>215,915</b>	<b>49%</b>

Source: Company report, BofA Global Research estimates

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**Exhibit 2: GDS data center portfolio in international market (net floor area; sqm; as at end of 3Q23)**

There is a total of 37.6k sqm of net floor area under construction in Hong Kong and the SEA market

Market	Data Center	Ready For Service	Area in Service	Area Committed	Commitment Rate	Area Utilized	Utilization Rate	Area Under Construction	Area Pre-Committed	Pre-Commitment Rate
Hong Kong	HK1 Phase 1	1H23	1,967	1,967	100%	783	39.8%	2,797	2,797	100%
	HK1 Phase 2	2024						5,094	4,053	79.6%
	HK2	2025 or beyond						2,800	0	0.0%
Southeast Asia	NTP1	2H23	10,493	10,493	100%	3,632	34.6%			
	NTP2	2H23						10,145	10,145	100%
	NTP3	2024						9,674	9,674	100%
	NTP4	2024						7,116	7,116	100%
<b>Total</b>			<b>12,460</b>	<b>12,460</b>	<b>100%</b>	<b>4,415</b>	<b>35.4%</b>	<b>37,626</b>	<b>33,785</b>	<b>90%</b>

Source: Company report, BofA Global Research

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**Exhibit 3: GDS: Estimates revision**

We cut our FY24-25E adjusted EBITDA forecast by 1%

(RMB mn)	FY23E			FY24E			FY25E		
	New	Old	Diff (%)	New	Old	Diff (%)	New	Old	Diff (%)
Revenue	9,980	9,980	0.0	11,060	11,120	-0.5	12,703	12,813	-0.9
Adjusted EBITDA	4,548	4,548	0.0	5,003	5,029	-0.5	5,885	5,957	-1.2
Net income	(1,716)	(1,716)	0.0	(1,739)	(1,714)	-1.4	(1,423)	(1,354)	-5.1

Source: BofA Global Research estimates

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**Exhibit 4: Comp table – data center operators**

China carrier-neutral data center operators are trading at 11x FY24E EV/EBITDA on average

															Rev	EBITDA	EBITDA		Net debt /	
		Price	Mcap	P/E			P/B			EV/EBITDA			ROE (%)		CAGR	CAGR (%)	Margin	NPM	Equity	Net debt /
	Ticker	(Local )	(US\$bn )	FY23 E	FY24 E	FY25 E	FY23 E	FY24 E	FY25 E	FY23 E	FY24 E	FY25 E	FY23 E	FY24 E	(FY23-25E)	(FY23-25E)	FY22	FY22	FY22	FY22
GDS *	GDS US	5.9	1.1	NM	NM	NM	0.4	0.4	0.4	11.6	10.3	8.7	-7.4	-7.9	12.8	15.7	39.4	-15.6	149.2	9.8
China DC players																				
VNET *	VNET US	1.9	0.3	NM	NM	NM	0.3	0.3	0.4	8.8	8.2	7.1	-6.5	-5.3	9.8	11.2	24.1	-11.0	168.6	6.9
RANGE TECHNOLOGY	300442 CH	20.8	5.0	21.5	16.5	11.1	3.8	3.1	2.4	14.8	11.4	8.4	21.8	29.5	42.4	32.8	55.7	44.1	264.6	5.2
SINNET	300383 CH	8.2	2.1	28.2	21.6	17.1	1.2	1.1	1.0	10.0	8.3	7.4	4.3	5.4	11.5	16.3	-0.7	-12.2	13.0	1.1
ATHUB	603881 CH	16.2	1.0	45.4	36.3	29.8	2.2	2.1	2.0	9.7	8.8	7.9	4.8	5.5	11.2	10.9	69.7	7.9	110.3	3.3
AOFEI DATA	300738 CH	9.3	1.2	51.0	35.6	26.5	2.8	2.6	2.4	21.8	15.9	12.0	6.8	8.1	27.3	34.9	36.7	15.1	264.5	11.5
Average		1.9	36.5	27.5	21.1	2.1	1.8	1.6	13.0	10.5	8.5	6.2	8.6	20.5	21.2	37.1	8.8	164.2	5.6	
Median		1.2	36.8	28.6	21.8	2.2	2.1	2.0	10.0	8.8	7.9	4.8	5.5	11.5	16.3	36.7	7.9	168.6	5.2	
US DC players																				
EQUINIX *	EQIX US	802.3	75.3	79.0	66.5	55.8	6.3	6.4	6.3	24.0	22.1	20.0	8.2	9.7	9.1	12.1	40.5	9.7	126.6	4.6
DIGITAL REALTY *	DLR US	140.6	43.5	43.8	167.4	125.5	2.4	2.4	2.5	19.0	18.3	17.3	5.8	1.5	4.2	4.7	47.0	8.6	99.3	8.8
Average		59.4	61.4	116.9	90.7	4.3	4.4	4.4	21.5	20.2	18.6	7.0	5.6	6.7	8.4	43.8	9.1	112.9	6.7	
Median		59.4	61.4	116.9	90.7	4.3	4.4	4.4	21.5	20.2	18.6	7.0	5.6	6.7	8.4	43.8	9.1	112.9	6.7	
Regional DC players																				
KEPPEL DC REIT *	KDCREIT SP	1.8	2.3	16.3	17.7	16.8	1.3	1.3	1.3	20.5	22.8	21.9	7.3	6.1	-2.4	-3.1	77.0	56.7	52.3	6.0
NEXTDC *	NXT AU	13.8	4.7	NM	NM	NM	3.1	3.2	3.4	37.0	41.7	36.7	-0.8	-3.3	14.3	13.5	57.9	10.7	39.6	4.0
MAPLETREE INDUSTRIAL TRUST *	MINT SP	2.5	5.2	42.0	18.6	15.8	1.3	1.2	1.2	20.2	20.4	20.1	7.8	7.2	0.9	0.2	73.0	60.7	52.9	6.3
SUNEVISION	1686 HK	2.9	0.9	17.9	11.5	9.8	2.0	2.2	2.0	11.9	9.9	8.4	19.6	20.6	20.2	19.0	71.9	40.6	202.4	6.2
Average		3.3	25.4	16.0	14.1	1.9	2.0	2.0	22.4	23.7	21.8	8.5	7.6	8.3	7.4	70.0	42.2	86.8	5.6	
Median		3.5	17.9	17.7	15.8	1.7	1.8	1.7	20.4	21.6	21.0	7.6	6.6	7.6	6.9	72.4	48.6	52.6	6.1	

Source: Bloomberg, BofA Global Research (\*)

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**Exhibit 5: GDS - EV/EBITDA chart**

GDS is trading at 10.8x 12mths forward EV/EBITDA



Source: Bloomberg, BofA Global Research estimates

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**Exhibit 6: GDS - P/B chart**

GDS is currently trading at 0.4x 12mths forward P/B



Source: Bloomberg, BofA Global Research estimates

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## Price objective basis & risk

### GDS Holdings (GDS / XMJFF)

Our PO of US\$12.0/HK\$11.8 is based on 13x FY24E EV/EBITDA, which is set at c.25% premium over the average of Chinese peers, given its leading market position with largest share among carrier-neutral data center players and promising overseas expansion as a new growth driver.

Upside risks: (1) faster-than-expected ramp-up for domestic backlog, (2) faster-than-expected overseas expansion, and (3) new government policies supporting data center industry.

Downside risks: (1) lower prices for data center services on higher competition, (2) higher-than-expected electricity price, (3) further share sale from company management.

## Analyst Certification

I, Daley Li, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### APR - Telecommunications Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Advanced Info	AVIZF	ADVANC TB	Thititthep Nophaket
	CelcomDigi	DIGBF	CDB MK	Sukriti Bansal
	Converge ICT	XLERF	CNVRG PM	Jonathan Gabriel Madrid
	Digital Telecommunications Infra Fund	TTCFF	DIF TB	Thititthep Nophaket
	Far EasTone	FEOTF	4904 TT	Brooksley Kang
	GDS Holdings	GDS	GDS US	Daley Li, CFA
	GDS Holdings	XMJFF	9698 HK	Daley Li, CFA
	Indus Towers	XYYAF	INDUSTOW IN	Sachin Salgaonkar
	INTUCH	XIHTF	INTUCH TB	Thititthep Nophaket
	KT	KTCNF	030200 KS	Sun Jung Lee
	KT	KT	KT US	Sun Jung Lee
	NextDC Limited	NXDCF	NXT AU	Ware Kuo
	PLDT	PHTCF	TEL PM	Jonathan Gabriel Madrid
	PLDT -A	PHI	PHI US	Jonathan Gabriel Madrid
	Singtel	SNGNF	ST SP	Sachin Salgaonkar
	SK Telecom	SKMTF	017670 KS	Sun Jung Lee
	SK Telecom	SKM	SKM US	Sun Jung Lee
	Taiwan Mobile	TWMBF	3045 TT	Brooksley Kang
	Telstra Group	TTRAF	TLS AU	Ware Kuo
	Telstra Group-A	TLGPY	TLGPY US	Ware Kuo
	TPG Telecom	TPGTF	TPG AU	Ware Kuo
	XL Axiata	PTXAF	EXCL IJ	Sukriti Bansal
<b>NEUTRAL</b>				
	Bharti Airtel	BHTIF	BHARTI IN	Sachin Salgaonkar
	Chunghwa Telecom	CHWAF	2412 TT	Brooksley Kang
	Chunghwa Telecom	CHT	CHT US	Brooksley Kang
	LG Uplus	LTCLF	032640 KS	Sun Jung Lee
	Megaport Ltd	MGPPF	MP1 AU	Ware Kuo
	PT Telkom	TLKMF	TLKM IJ	Sukriti Bansal
	PT Telkom	TLK	TLK US	Sukriti Bansal
	Spark New Zealand Ltd	NZTCF	SPK NZ	Ware Kuo
	Spark New Zealand Ltd.-SP ADR	SPKKY	SPKKY US	Ware Kuo
	True Corporation	XTPCF	TRUE TB	Thititthep Nophaket
	VNET Group	VNET	VNET US	Daley Li, CFA
<b>UNDERPERFORM</b>				
	Axiata	AXXTF	AXIATA MK	Sukriti Bansal



**APR - Telecommunications Coverage Cluster**

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Vodafone Idea	IDEAF	IDEA IN	Sachin Salgaonkar
<b>RVW</b>	TM	MYTEF	T MK	Sachin Salgaonkar

**iQmethod<sup>SM</sup> Measures Definitions****Business Performance**

Return On Capital Employed

Return On Equity  
Operating Margin  
Earnings Growth  
Free Cash Flow

**Quality of Earnings**

Cash Realization Ratio  
Asset Replacement Ratio  
Tax Rate  
Net Debt-To-Equity Ratio  
Interest Cover

**Valuation Toolkit**

Price / Earnings Ratio  
Price / Book Value  
Dividend Yield  
Free Cash Flow Yield  
Enterprise Value / Sales

EV / EBITDA

**Numerator**

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income  
Operating Profit  
Expected 5 Year CAGR From Latest Actual  
Cash Flow From Operations – Total Capex

**Numerator**

Cash Flow From Operations  
Capex  
Tax Charge  
Net Debt = Total Debt – Cash & Equivalents  
EBIT

**Numerator**

Current Share Price  
Current Share Price  
Annualised Declared Cash Dividend  
Cash Flow From Operations – Total Capex  
EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities  
Enterprise Value

**Denominator**

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill  
Amortization  
Shareholders' Equity  
Sales  
N/A  
N/A

**Denominator**

Net Income  
Depreciation  
Pre-Tax Income  
Total Equity  
Interest Expense

**Denominator**

Diluted Earnings Per Share (Basis As Specified)  
Shareholders' Equity / Current Basic Shares  
Current Share Price  
Market Cap = Current Share Price × Current Basic Shares  
Sales

Basic EBIT + Depreciation + Amortization

iQmethod<sup>SM</sup> is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

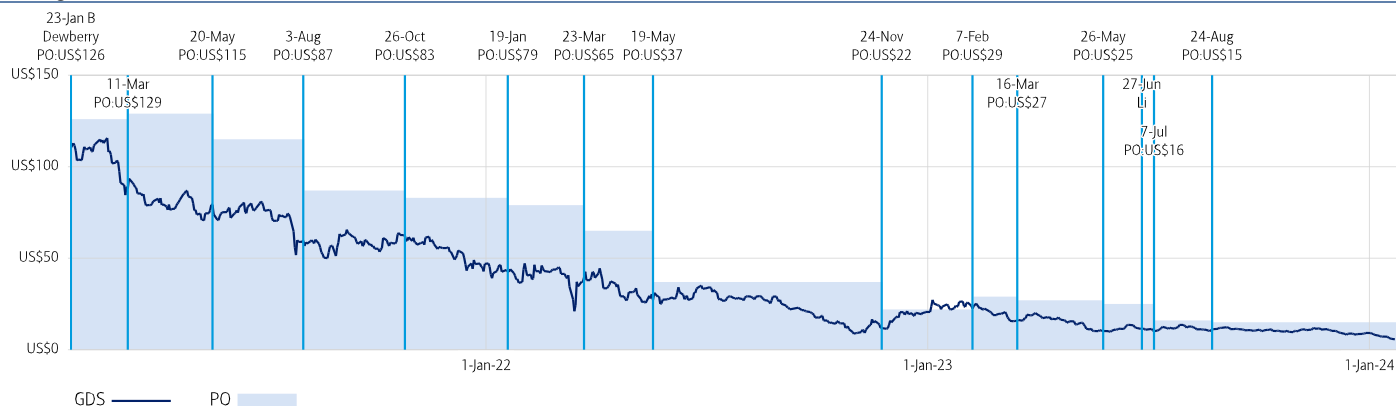
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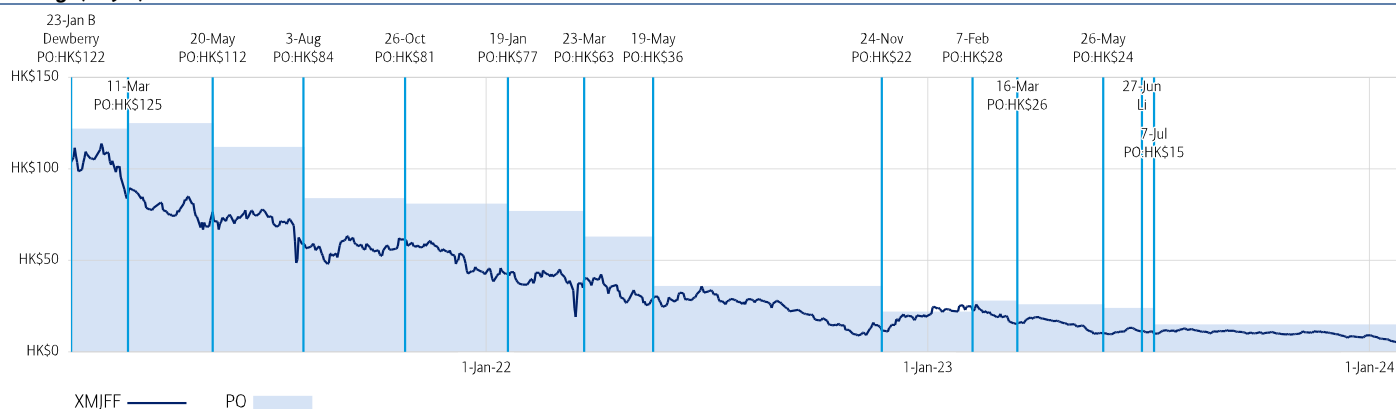
### GDS Holdings (GDS) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

### GDS Holdings (XMJFF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

### Equity Investment Rating Distribution: Telecommunications Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	57	51.82%	Buy	43	75.44%
Hold	27	24.55%	Hold	17	62.96%
Sell	26	23.64%	Sell	12	46.15%

### Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.





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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup>Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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