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# EDITED TRANSCRIPT

Chindata Group Holdings Ltd To Discuss About The Leadership Change - Special Call

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## DECEMBER 07, 2021 / 1:00PM GMT, Chindata Group Holdings Ltd To Discuss About The Leadership Change - Special Call

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**Dz Shing Lim** *Chindata Group Holdings Limited - President of Overseas Business*  
**Fei Xu** *Chindata Group Holdings Limited - Interim CEO*  
**Huapeng Wu** *Chindata Group Holdings Limited - China President*  
**Michael Foust** *Chindata Group Holdings Limited - Chairman of the Board of Directors*  
**Sandy Xiao** *Chindata Group Holdings Limited - COO & Director*  
**Zoe Zhuang** *Chindata Group Holdings Limited - VP of Finance*  
**Joy Zhang** *Chindata Group Holdings Limited - General Counsel*

### CONFERENCE CALL PARTICIPANTS

**Kim Wright** *CPPIB*  
**Tina Hou** *Goldman Sachs Group, Inc., Research Division - Equity Analyst*  
**Martin Ma** *Dico Asset Management*  
**Yang Liu** *Morgan Stanley, Research Division - Research Associate*  
**Arthur Lai** *Citigroup Inc., Research Division - Director & Analyst*

### PRESENTATION

#### Operator

Good morning and good evening, ladies and gentlemen. Thank you, and welcome to Chindata Group Holdings Limited Special Investor Conference Call today to discuss the leadership change announcement. (Operator Instructions). Please note, today's event is being recorded.

I will now turn the call over to the first speaker today, Mr. Nick Wang, CFO of Chindata Group. Please go ahead, sir.

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#### **Nick Wang** *Chindata Group Holdings Limited - CFO*

Thank you, Rachelle. Hello, everyone. Welcome to Chindata's Special Investor Conference Call. This is Nick Wang, CFO of the company. As you may know, the Board of Directors of the company has decided on December 3 that Mr. Alex Ju will no longer serve as the CEO of the company. It is noted by the company that such action was followed by considerable market volatility and various interpretation of it. We would, therefore, like to take this very opportunity to elaborate on the issue, clear up the misunderstanding, while also share with the market the updated development of the company, our management team, business operation, client relationships and government relationships.

With us today are Mr. Michael Foust, Chairman of the Board of the company; Mr. Fei Xu, our Interim CEO; Ms. Sandy Xiao, our Chief Operating Officer; and other members of the management team of the company from China and overseas. The management team will be delivering a prepared remark on various issues related to the recent leadership change at the beginning, and we will be here to answer your questions afterwards.

Now I will quickly go over the safe harbor. Some of the statements that we make today regarding our business, operations and financial performance may be considered forward-looking, and such statements involve a number of risks and uncertainties that could cause actual results to differ materially. For more information, please refer to the risk factors discussed in our filings with the SEC.

During this call, we will present both GAAP and non-GAAP financial measures. A reconciliation of non-GAAP to GAAP measures is included in our earnings press release, which was previously distributed and available to the public. We have also updated a presentation on the company's Investor Relations website, which you can refer to as a supplementary material for today's call.

Without further ado, I will now turn over the call to Mr. Michael Foust, Chairman of the Board, to walk you through the decision making regarding the change of CEO. Michael, please.

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#### **Michael Foust** *Chindata Group Holdings Limited - Chairman of the Board of Directors*

Thank you, Nick. Last Friday, we announced that Mr. Alex Ju stepped down from his role as Chief Executive Officer of Chindata Group Holdings Limited, following a meeting and subsequent vote by Chindata Group's Board of Directors. Between Mr. Ju and the Board of

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Directors, there are disagreements over whether the company should enter into upstream and downstream industries such as power generation and components manufacturing. In addition, disagreements as to how to enter these industries, how to allocate our capital and resources accordingly as well as the decision-making process for these matters.

Therefore, the Board of Directors decided to part way with Mr. Ju as CEO of the company. Mr. Ju is no longer responsible for the company's daily management and operations but will remain as a member of the Board. We would like to extend our sincere gratitude to Mr. Alex Ju, and we highly value Alex's contributions to the company.

As for our core IDC business, we remain as committed as ever to provide the most innovative, industry-leading data center solutions and to contribute to expanding the digital infrastructure in China and other emerging markets in the Asia Pacific region.

This was not an easy decision for the Board. However, in seeking to ensure the long-term development of our company as well as the best interest of our employees, clients and investors, we believe that this is the right decision. We apologize for the suddenness of this decision and the confusion it might have caused. I hereby hope that through this conference call, we can field your questions in an open and transparent way.

Now let me introduce the Interim CEO, Mr. Xu Fei to the group here to the public. Before joining Chindata, Mr. Xu was an Executive Vice President and a member of the portfolio group for Bain Capital. He has managed multiple Bain Capital investments in the China market and a deep knowledge and experience driving strategy development, people and organization build up, and transformation. Prior to joining Bain Capital, he worked at Bain & Company where he's focused on growth strategy and post-merger integrations.

For the past 3 years, Xu Fei has been working very closely with the company and possesses a deep understanding and knowledge of Chindata's corporate strategy and operations. We are delighted to have Xu Fei as our Interim CEO to lead the company.

Nick, I'll hand over to you.

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### **Nick Wang Chindata Group Holdings Limited - CFO**

Thank you, Michael. I will now turn over the call to Mr. Xu Fei, our Interim CEO, to share more on management team and organizational structure related issue. Mr. Xu, please?

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### **Fei Xu Chindata Group Holdings Limited - Interim CEO**

Thank you, Nick. I'm Xu Fei, and I'm now going to introduce my team. As you can see on the PowerPoint slides we have prepared and shared, there are 3 pages. I'll go through each important position one by one.

The first page is showing our global senior leadership. First one, Michael Foust. Michael will remain as our Chairman. And the second one is myself. I will serve as interim CEO of Chindata Group. Third one, Ms. Sandy Xiao will remain as our COO, and Mr. Nick Wang will remain as our CFO.

Next page, we're showing our important China leaders. Mr. Huapeng Wu (foreign language) will serve as our China President. Ms. Zoe Zhuang will remain as our VP of Finance. Mr. Mingjiang Li will serve as our VP of Site Operations. And Mr. Eric Fan will join us as VP of Business Operations. Ms. Joy Zhang will remain as our General Counsel for the whole group.

And the third page shows our excellent international team, led by Mr. Dz Shing Lim, who will serve as our President of Overseas Business. We have Patrick, who will remain as our VP of Design & Construction. We have Omar Muhialdin, who will serve as our VP of Engineering & Construction, Overseas Business. And we have Lye Yit, who will remain as our VP of Design for overseas business.

So as introduced just now and regarding the current management team of the company, we would like to state that the core management team of the company remains in good shape, with consistency. Members of the management team are all outstanding professionals in their own fields in the IDC industry, and we believe such will be the cornerstone for the healthy and solid development of the company going forward.

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Currently, the company is in the process of formulating the updated business and management framework so as to ensure faithful representation of the corporate business and governance principle of tapping the full potential of our talents, clearly defined responsibilities, reasonable delegation of power and clear procedure. Major business decisions will be made in accordance with the delegation of the Board, and day-to-day business will continue to be executed by a consistent team in accordance with the stringent procedure and delegation.

And moreover, our overseas business team has always been the cornerstone of the overseas business operation and expansion of the company. They have delivered outstanding performance in key international client development, project development and delivery and operation, et cetera. We believe that with an outstanding core management team, execution team with consistency as well as an updated organization structure that is more [responsive] (corrected by the company after the call) to our diversified business model, the company will continue to achieve efficient, healthy and sustainable development.

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### **Nick Wang *Chindata Group Holdings Limited - CFO***

Thank you, Mr. Xu. I will give you an update on the business and development strategy side. Regarding our business and development strategy, I will be shedding more light on it, as you can see on the following pages.

As we have communicated with the investment community back in our Q3's conference call, the company remains on the track of rapid and healthy development. To quantify our business, we have a total of 588 megawatts capacity by the end of the third quarter 2021 compared with 474 megawatts in the third quarter last year. In-service capacity increased by 9 megawatts in the third quarter to 370 megawatts. And under construction capacity was 218 megawatts by end of the third quarter.

Utilized capacity increased by 17 megawatts in the third quarter to 268 megawatts, representing a 53.5% year-over-year increase with a very healthy utilization rate of 72%. Commitment from client is healthy as the contracted and IOI indication of interest capacity by end of the third quarter was 493 megawatts, representing an 84% contracted and IOI ratio.

Financially, we have been consistently delivering high-quality performance. Other than the growth momentum, which is in line with our asset performance, our profitability has been outstanding.

Adjusted EBITDA margin for the third quarter remained in high 40s at 49.7%. GAAP net income stayed positive for 3 consecutive quarters at RMB 78.4 million with a margin of 10.6%. Meanwhile, non-GAAP net income has stayed positive for 9 consecutive quarters, with the number for Q3 at RMB 112 million, a 15.1% margin and a year-over-year increase of 132.2%.

Furthermore, with the addition of the 3 recent development projects, be it 27 megawatts project with the top 2 Chinese cloud computing service provider, the new Malaysian project with 80 megawatts MOU capacity and the Bangkok business acquisition of up to 5 megawatts capacity. The potential for our total capacity as of now is up to around 700 megawatts, which we believe will further sustain our momentum going forward in great certainty.

For now, on business operations, our service -- in-service capacity and the construction capacity and the recent development in client diversification breakthrough and overseas business expansion, as disclosed in our Q3 conference call, remain in good progress. Our in-service capacity remains under orderly operation, and stable utilization is expected going forward. Under construction capacity and the delivery work are in good progress, and are expected to be delivered on time.

On our business strategy going forward, we will be pursuing a 2-wheel strategy for the development of the company. Under such a strategy, our unique hyperscale fullstack model will continue to be our cornerstone, while we will also take a more active and open stance in the client customization model to respond to the demand of potential new clients.

Merger acquisition will also be a reasonable alternative under this strategy to further unlock the value of capital. With this, the company will continue its efforts in advancing the three-fold diversification: the business model diversification, client diversification and geographical diversification.

For the details in our recent overseas projects, I would like to turn to Mr. Dz Shing Lim, President of our overseas business, to provide audience with more color. Dz, please.

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**Dz Shing Lim *Chindata Group Holdings Limited - President of Overseas Business***

Thanks, Nick. So for the most recent development in our business outside of China, we have launched our latest project in Johor, Malaysia, following the signing of a 80-megawatt IT capacity MOU. The project will be executed by Chindata's overseas business team. We have completed the land acquisition of the project, and development work for the campus is currently underway with a vendor contract in final stages of finalization. The project is expected to be delivered to our client in phases starting from next year 2022.

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**Nick Wang *Chindata Group Holdings Limited - CFO***

Thank you, Dz.

Now let's turn to the client relationship issue. We highly appreciate Alex's leadership in key client relationship development in the past. At the same time, we would also like to state that Chindata's relationship with key clients are multilevel relationships that cover business development, technical solution, project management and maintenance and service, et cetera, which is executed and managed day-to-day by our colleagues from different departments.

Over the past years, our relationships with our existing clients have been set up and have turned solid with the support of our long-term contract, while relevant departments of the company have established an active communication mechanism with our clients through a systematic and institutionalized practice. Our data centers, secure and trustworthy as they are, remain under stable operations. We believe our cooperation with our clients will continue to develop as originally scheduled in China and overseas, not to be subject to the change of certain individuals, be it an executive officer or an employee.

On client development and relationship management, Mr. Huapeng Wu, our China President, has been a key leading figure in exploring and establishing our cooperation with several existing key clients and promoting the client and model diversification of the company. We believe that with his deep experience, connection and resources in the TMT industry, Mr. Wu's leadership will help the company advance further in the pursuit of client and model diversification. Furthermore, the major shareholder of the company values the relationship with our key clients, and an active and benign interaction among them was always in place.

Turn to the subject of government relationship. On our government relationship, in the past, the company has been adhering to its unique energy-abundant region layout strategy. With the rapid and a stable development in the recent years, we have achieved economy of scale locally and made our contribution to local development, including but not limited to, investment by foreign capital, local GDP, tax revenue and local employment, et cetera.

We are a major participant in local economic development and have assumed a leading role in the digital transformation of local economy and industry. We have, therefore, established a strong cooperative relationship with local governments and local grid. Looking ahead and under the national carbon neutral initiative, we expect that our "hyperscale plus green power" strategy will continue to gain support on resources, including land, traditional power and renewable power from the local government and related industry bureau such as power grid.

With above, this concludes our prepared remarks for today. Rachelle, we are now ready to take questions.

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**QUESTIONS AND ANSWERS**

**Operator**

(Operator Instructions) Your first question comes from the line of Yang Liu of Morgan Stanley.

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### **Yang Liu *Morgan Stanley, Research Division - Research Associate***

(foreign language) Let me translate my questions. So first one is, could management update us in terms of whether there will be any non-competing agreements between Alex and Chindata? I just want to make sure, after leaving Chindata, Alex Ju will not set up a new company and compete with Chindata. And the second question is, could management update us in terms of the potential capital operation, including M&A or being acquired in the future? And the third question is Alex Ju's remaining stakes in Chindata, whether there will be any change in the future?

### **Nick Wang *Chindata Group Holdings Limited - CFO***

Thank you, Mr. Liu Yang. I will refer your first and third question to Mr. Michael Foust regarding issues with Alex Ju. And I will refer to my colleague, Mr. Xu Fei, to answer the Bain-related questions. Michael, please go ahead.

### **Michael Foust *Chindata Group Holdings Limited - Chairman of the Board of Directors***

Yes, sure. There is a non-compete in place with Alex, and he does remain on the Board of Directors. And we expect that he will continue to support the activity of the company. So that is all sorted. And as to Alex's remaining interest in the company, stock interest, I don't have any information as to what his personal plans are.

### **Yang Liu *Morgan Stanley, Research Division - Research Associate***

Should I assume that what will be his next step is also a personal issue or can you share any information about that?

### **Michael Foust *Chindata Group Holdings Limited - Chairman of the Board of Directors***

Just that there is a non-compete in place and he is on the Board of Directors of the company.

### **Nick Wang *Chindata Group Holdings Limited - CFO***

And [Mr. Xu] (corrected by the company after the call), would you like to address the question on Bain's Capital plan? Go ahead.

### **Fei Xu *Chindata Group Holdings Limited - Interim CEO***

Sure. I remember the question. There are actually 2 sub-questions. One, it's whether the company is going to consider more merger and acquisitions, and the answer is definitely yes. We want to explore the power of capital to do more merger acquisitions within China and the world.

And the second sub-question under that is Bain's plans, whether Bain is going to sell or consider any big deal related to Chindata Group. I should say, I have resigned from Bain Capital and take this full-time role at Chindata starting from yesterday. I'm not that privy to Bain's current plans, but I believe they would agree with me that the value is huge in the company, and they would want to support management in realizing that value.

### **Operator**

Your next question comes from the line of Tina Hou of Goldman Sachs.

### **Tina Hou *Goldman Sachs Group, Inc., Research Division - Equity Analyst***

So my first question is regarding the strategy change. So now since I think previously, Mr. Ju laid out that Chinindustry, Chinidea, Chinpower, these 3 different subsidiaries, but now I assume we're not going to invest in any one of these. So could we get more details about like our -- going forward, our capital allocation plans? Where are we saving? And where are we spending more? And also, in terms of like customer diversification as strategy change in that perspective, do we have a target or goal in terms of like the customer diversification within the next few years and relatively like bringing down the revenue contribution from our #1 key client at this point?

And then the second question is that since this is a pretty big, I think, management change, so would the current Board and management be comfortable to provide us with a more like next 3 years' sort of guidance? If not 3 years', maybe next 1 year's guidance would give, I think, the market more confidence in the stability of the operation and everything.

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And then the last question is regarding our current IOI plus contracted area -- contracted megawatts on hand. Do you see any potential risk of losing any of those IOIs, especially? (foreign language)

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**Nick Wang Chindata Group Holdings Limited - CFO**

Thank you, Tina. I would like to refer to my colleague, our Chief Operating Officer, Sandy Xiao, to give you answers to address some part of it, and I will make some further comments based on that. Thank you. (foreign language)

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**Sandy Xiao Chindata Group Holdings Limited - COO & Director**

(foreign language) Thank you for your questions. To your first question on the strategy, the company, like Michael has introduced, actually our biggest shareholder, Bain Capital, and our former CEO, Mr. Alex Ju, does not really have a big difference in the overall strategy. They do, however, have the difference in the specific landing or specific implementation plans for those strategies.

Going forward, what will remain is our efforts in keeping on developing our teams and our capabilities in the R&D and also on the resource and energy sector. But as said, because the implementation -- specific implementation plans of the overall strategy is different. Now we think we will minorly adjust the focus of the business and also the investment in more -- in a way that more focusing on our main IDC business as is oriented.

To your second question -- or second half of the question on the investment adjustment and also on the client diversification. So we do plan that there will be some decrease for the concentration of our biggest client, which would be further elaborated by our China CEO, Mr. Huapeng Wu, later on. However, we also want to make the note that Bytedance is a very good client. It has a very good business growth on itself. And in China, it is a very rare and very excellent client. So going forward, we think we will still going to prioritize their needs in the support of their business and also in our own business growth.

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**Tina Hou Goldman Sachs Group, Inc., Research Division - Equity Analyst**

(foreign language) Yes, that the implementation will be different, so I was wondering if you could get more details on that.

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**Sandy Xiao Chindata Group Holdings Limited - COO & Director**

(foreign language)

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**Joy Zhang Chindata Group Holdings Limited - General Counsel**

[Interpreted] The translation for Sandy's words, in response to Tina's question on what exactly is the difference on the specific landing or implementation plans. It is majorly a difference in the decision-making mechanism in corporate governance aspect. For example, in -- for the issues like how to best allocate the limited resource and capital of the company to envision or to land the actual investment plan, the Board will think there will be more layers of decision, but Mr. Alex Ju would think the front tier team should have more discretionary powers.

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**Michael Foust Chindata Group Holdings Limited - Chairman of the Board of Directors**

I would also add, Michael Foust here. I just have -- I just want to make a brief comment. It's Michael Foust here. One of the things we mentioned in our earlier remarks was the question about going into manufacturing of electrical and mechanical components, and that's something that the Board does not want to do. Our engineering program is yielding great results for our customers, but we don't want to get into tangential businesses such as manufacturing and to get into the business of power generation. We'll use our technology to best deploy these technologies for our customers, but we don't want to get into other businesses. We want to focus on our hyperscale data center solutions.

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**Sandy Xiao Chindata Group Holdings Limited - COO & Director**

(foreign language)

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**Joy Zhang Chindata Group Holdings Limited - General Counsel**

[Interpreted] Translation for Ms. Sandy's words. To your second question on the adjustment or regroup of the management team. We don't think there is a big difference or a big change to the entire team. As Mr. Xu Fei has already introduced and showed on the

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PowerPoint slides, the original team, especially the original management team of the company has largely still remain the same. So we do think we maintained -- we keep a very high stableness in terms of our management team organization.

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### **Sandy Xiao Chindata Group Holdings Limited - COO & Director**

(foreign language)

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### **Joy Zhang Chindata Group Holdings Limited - General Counsel**

[Interpreted] To your third question on whether there's any impact to our already contracted or the IOI capacity. We would think the impact would be very, very minimal. Actually, yesterday, we have visited our largest customer. Over the meeting, [we have introduced the background of this change, and] (corrected by the company after the call) the current status of the operation of our facilities in various locations. Our client has expressed that they understand the change, and they will still be positive and supportive in our future collaborations.

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### **Tina Hou Goldman Sachs Group, Inc., Research Division - Equity Analyst**

(foreign language) The guidance part of that.

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### **Nick Wang Chindata Group Holdings Limited - CFO**

Well, Tina, from the guidance point of view, as we just introduced in the description session, I think if you add up all our in-service capacity and the construction capacity, that's going to give you 588 megawatts by the end of 2022, okay? So if you add the capacity for some recent -- under recent development category, that's going to give you almost 700 megawatts by the end of 2023. That's pretty much a 2.5 years plan.

And based on that, you have to assume the company won't do anything to achieve over this target. I think that's probably something impossible. So essentially, what we are saying is actually divided by 3 years down the road, by the end of 2024, you are probably going to see around at least there going to be around 800 megawatts capacity, including the pipeline -- some pipeline projects that we are yet to disclose to the marketplace.

Another further comments on the back of Mr. Michael Foust viewpoint is actually the company's core business is on the -- kind of stick to this unique hyperscale full-stack model. That basically means we're going to stick to our mission of finding the most efficient way of converting green power, green electric power to computing power. But hyperscale data center business is going to be -- remain as our core business. And any renewable power related is going to be -- become a good supplement to this strategy, not opposite. So in terms of capital allocation, it needs to be in proportion to this kind of a core business versus supplementary business. That's all we want to say.

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### **Dz Shing Lim Chindata Group Holdings Limited - President of Overseas Business**

This is Dz Shing Lim. Can I just add a point to what was discussed earlier with regards to customers' confidence with the recent change. So I have actually spoken to our 2 key clients in Asia Pac, the 2 major OTT players based off in the U.S., and the feedback is they have trust in our current management team. And they are still very comfortable. We are not impacted at all and they are still looking forward to doing the business with us in the region in Asia Pac. So that's just an additional point just to bring across. Thank you.

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### **Tina Hou Goldman Sachs Group, Inc., Research Division - Equity Analyst**

And lastly, I think our China CEO was going to share some development of like other new customers?

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### **Nick Wang Chindata Group Holdings Limited - CFO**

Yes, I'll refer to Huapeng to give you the answer to address your concerns. (foreign language)

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### **Huapeng Wu Chindata Group Holdings Limited - China President**

(foreign language)

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### **Joy Zhang Chindata Group Holdings Limited - General Counsel**

[Interpreted] Yes. Translation for Mr. Wu's words. So on the aspect of developing new customers and maintaining our existing clients, I and my team has always been exploring multilevel diversified collaboration opportunities. So in the past, while we have already



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continuously and gradually signed the collaboration agreement with 2 top China cloud service providers, which symbolizes a very important step for the group in its client diversification and business model diversification.

For example, we have been talking and we're looking forward to land on the second phase with the top cloud service provider. We're also discussing with the AI service provider, also a top industry leader in its AI IDC facilities around Beijing area. And we also have another second phase IDC in talk with another leading Internet service provider in the country.

So we do -- yes, we do have a very profound TMT experience in the industry and also the resources. And we do believe that with the company, with Chindata being the platform and also with the capability of our existing team, we are able to serve in the best way for all types of clients and their demands. Thank you.

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### Operator

Your next question comes from the line of Arthur Lai of Citi.

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### Arthur Lai *Citigroup Inc., Research Division - Director & Analyst*

So I got 2 questions. Number one is on the power generation. We have been executed this unique investment. And I wonder how we're going to handle those assets and those operations? And second is we understand we have a very strong pipeline in the next 2 years, and we got the high utilization at 70%. And can management comment about the next year and 2023, the utilization rate, the range? (foreign language)

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### Nick Wang *Chindata Group Holdings Limited - CFO*

Thank you, Arthur. I will address the first question, and maybe my colleague can address the second part. Our power strategy, as I mentioned, we're going to stick to our mission of finding the most efficient way and the sufficient way to convert green electric power to computing power. That's why all of our major hyperscale campus -- hyperscale data center campus are located in renewable energy abundant area. And that we can tap into this kind of renewable energy sources.

So that's -- as we reported in the previous quarter, we already signed a framework agreement of 1.05 gigawatts of renewal energy agreement with the local government to develop them. And also, we have 150 megawatts self-generation, self-usage project already get approval by the local government, and we're going to implement it very soon and start to operate -- expect to start the operation starting from the second half of next year. There is a 250 megawatts of projects ongoing as well.

So all is pointing to the direction. We're still going to tap into the green renewable energy. That's going to be part of our strategy. But in terms of capital allocation, we don't necessarily have to put a dollar to dollar to put every investment by our own capitals. So we need to seek a more flexible way, including finding some right partners to co-invest in generations and to make a balanced return for our investment, for our IDC business as well for our investors.

And the second question is about pipeline utilization. If you look at our previous quarter performance in terms of the IDC utilization rate, it stayed above 70%. With the more data center become into the full utilization, we expect this rate going to steadily increase post the year 2022 because at 2022 -- in the year 2022, there are going to be a lot of the new projects start to ramp up. And that's probably going to put the utilization ratio at probably at a 70% level. But post that -- beyond that, the ratio going to come up.

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### Zoe Zhuang *Chindata Group Holdings Limited - VP of Finance*

Yes. This is Zoe. Yes, as a supplementary information, as you know, for the in-service data center, the utilization rate will remain stable and will gradually grow up. And we have under construction pipelines on the asset table. There, you can see for the hyperscale business, there are even 30 megawatts or 40 megawatts. We will deliver this gradually by phases next year. So there will be short-term fluctuation when we first deliver them by a very large amount. But from the midterm or in a relatively stable period at the time, the utilization rate will be very stable, yes.

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### Operator

Your next question comes from the line of Kim Wright of CPPIB.

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**Kim Wright CPPIB**

I've got 2 questions, please. You described Alex's changes being a different in implementation of the strategy. Can you help us understand why the change was so sudden rather than being managed in an orderly manner?

And secondly, are there any key man clauses in any of the contracts with Bytedance, with the debt facilities or any other major contracts that are affected by Alex stepping down as CEO?

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**Nick Wang Chindata Group Holdings Limited - CFO**

Thank you, Kim. I will refer your first question to my colleague, Mr. Michael Foust. And the second question, I believe, is going to be addressed by our General Counsel, Joy Zhang.

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**Michael Foust Chindata Group Holdings Limited - Chairman of the Board of Directors**

Yes. Seemingly, it appears abrupt, the management change with Alex. But in reality, our conversations have been going on between the Board and Alex for many months. And we need to come to a resolution over our disagreements over the direction of the company and keeping our strategy focused on the hyperscale solutions.

And so while it may seem abrupt, there's really been in-depth discussions going on for many months. And in a case like this or any case when you have change at the top of the company, it generally does seem abrupt to the public, even though there have been a lot of discussions going on for quite a while. And we have been planning -- and I also want to add that our management team from top to bottom is in place operating at a high level. And we're very, very confident in our position and ability to continue on in a very high-quality way.

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**Nick Wang Chindata Group Holdings Limited - CFO**

Thank you, Michael. The second question is about whether we have a key man clause in our major contract with our key client. I don't -- I'm not aware of any. I'll ask my General Counsel, correct me if I'm wrong.

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**Joy Zhang Chindata Group Holdings Limited - General Counsel**

This is Joy. Nick, you're correct, there is no key man clause in all of our client contracts.

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**Kim Wright CPPIB**

And the debt facility?

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**Nick Wang Chindata Group Holdings Limited - CFO**

Thank you, Joy.

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**Kim Wright CPPIB**

Are there any key man clauses in the debt facility contracts?

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**Joy Zhang Chindata Group Holdings Limited - General Counsel**

There's no such key man clause regarding to Alex Ju for all of our debt facilities.

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**Operator**

Your next question comes from the line of Dico Asset Management.

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**Martin Ma Dico Asset Management**

Management, I think I missed the first part of the presentation. So may I know what is the key reason for the CEO left? And based on the local news, that may be because of the change of the different opinions on the strategy side. So after Mr. Ju left, what will be your new strategy? Or will there be any change of your strategy?

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And also, I have 2 quick questions because we are not very familiar with your company. The first one is that, what is the current capacity in operation and under construction? And also, what is your pricing policy for your data center operation?

**Nick Wang Chindata Group Holdings Limited - CFO**

Yes. I think the first question still can be addressed by Michael Foust. For the sake of time, maybe you just address it briefly. The second thing is actually I can answer. And we're going to stick to our hyperscale full-stack data center strategy and also adhering to our mission of finding a most efficient way to convert green electric power to computing power. And that haven't changed. And also, we're going to -- on top of it, we're going to pursue a better client diversification, business model diversification and geographical diversification strategy moving forward, with the inclusion of using some proper merger and acquisition measures.

For the first part, maybe, Michael, you can make some comments.

**Michael Foust Chindata Group Holdings Limited - Chairman of the Board of Directors**

Sure. Thank you, Nick. Yes, to be brief, over the past several months, there have been disagreements between Mr. Ju and the Board of Directors over whether the company should enter into upstream and downstream industries such as power generation and components manufacturing and how to enter these industries and especially around allocation of capital and our team resources as well as decision-making process on these matters.

And the Board very rightly wants to focus on our hyperscale data center solutions for our clients and utilizing top-rate engineering design and green power solutions whenever possible, but we don't want to go into the business of manufacturing components or being a power generation -- a separate power generation company as separate business. So we want to stick to what we do very, very well, and that's utilizing our technology and engineering to deliver the best hyperscale solutions for our customers.

**Nick Wang Chindata Group Holdings Limited - CFO**

Thank you, Michael. For addressing your third question about pricing policy, that's highly related to our business model, different business and all the collaboration model with client. For our hyperscale full-stack model with our key client, it's going to be a power inclusive model, including both the IDC maintenance and operation service fee plus the power-related fees. And we also start to adapt more flexible sort of customer and better customer customization business model, which we could allow power in or allow power out. That should give us some more flexibility in terms of acquiring new customers. And in the region we operate because our cost efficiency is so high, we have a full confidence in our price competitiveness in the marketplace.

**Martin Ma Dico Asset Management**

Okay. So is there some kind of numbers like how much you charge per kilowatt per month? And what is the current capacity in terms of megawatt in operation and under construction?

**Nick Wang Chindata Group Holdings Limited - CFO**

We don't disclose a very specific number, but you can derive this number from our disclosed public financial figures, the revenue capacity figure, but we can have a one-on-one off-line discussion on this.

**Operator**

Your next question comes from the line of Tina Hou of Goldman Sachs.

**Tina Hou Goldman Sachs Group, Inc., Research Division - Equity Analyst**

(foreign language) My second question -- my follow-up question is regarding the search for a new CEO. So what type of people do you have in mind? What kind of like resource capability or like management capabilities are you looking for?

**Michael Foust Chindata Group Holdings Limited - Chairman of the Board of Directors**

I'll go ahead and answer that.

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**Nick Wang *Chindata Group Holdings Limited - CFO***

Good questions. Yes, go ahead, Michael.

**Michael Foust *Chindata Group Holdings Limited - Chairman of the Board of Directors***

Yes. So we do have -- the Nomination Committee of the Board has set up a CEO task force. And we're looking at -- for both external and internal candidates, that would be suited for the leadership role of the company and continue to lead us forward. We will look at multiple factors, as you can imagine, industry background, business experience and expertise, leadership capabilities and demonstrated business-building capabilities and a cultural fit to make sure that people are in a position to work well with our existing team. So we've embarked on that, and we're very confident that we'll have a great solution.

**Operator**

I will now hand the call over to management for closing remarks.

**Nick Wang *Chindata Group Holdings Limited - CFO***

Thank you, Rachelle. Again, thank you, everyone, for taking the time joining our conference call. As we repetitively mentioned, Chindata is going to remain very committed to our original belief. With the current management, with the inclusion of new member as the solid foundation, we will continue to effectively support our key clients along their rapid expansion and in this zero-carbon transformation age in the Pan Asia Pacific region. Thank you very much.

**Operator**

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

[Portions of this transcript that are marked [Interpreted] were spoken by an interpreter present on the live call.]

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