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PRESENTATION

Operator

Good morning and good evening, ladies and gentlemen, and welcome to Chindata Group Holdings Limited First Quarter 2021 Earnings Conference Call. (Operator Instructions) Please note today's event is being recorded.

I will now turn the call over to the first speaker today, Ms. Joy Zhang, Investor Relations Director of Chindata Group. Please go ahead, ma'am.

Zhuo Zhang

Hello, everyone. Welcome to Chindata's 2021 First Quarter Earnings Conference Call. I'm Joy, and with us today are Mr. Alex Ju, our CEO; Mr. Nick Wang, our CFO; and Ms. Zoe Zhuang, our Finance Vice President.

On behalf of our CEO, Nick will take you through the quarterly review of our operation performances, and Zoe will present our financial results. Alex, Nick and Zoe will be here to answer your questions afterwards.

Now I'll quickly go through the safe harbor statement. Some of the statements that we're making today regarding our business, operations and financial performances 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 most recent 20-F filed with the SEC and also in our Form 6-K for the quarter ended March 31, 2021, which has been filed with the SEC as well.

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

Without further ado, I will now turn over the call to Nick.

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

Thank you, Joy. Hello, everyone. Now let's first take a look at some highlights of the first quarter of 2021 on Page 4 of the slide. We delivered solid results once again in the period as we continued to increase capacity, grow revenue, control costs effectively and build our capacity -- capability.

In terms of capacity, the number of our in-service data centers reached 14 by quarter end compared with 13 by end of 2020. We grew our total IT capacity in service to 337 megawatts compared with 291 megawatts by end of 2020. For under construction capacity, we have a total of 7 data centers under construction throughout China, India and Malaysia with a total IT capacity of 154 megawatts compared with

198 megawatts by the end of 2020.

On power utilization and efficiency, we continued to maintain our energy efficiency performance in a business of efficiently converting electric power into computing power. Our total power consumption in first quarter was 348 million kilowatt hour and our year-to-date average PUE by end of the first quarter was 1.19 compared to 1.22 in full year 2020.

The number of our approved and pending patent by quarter end reached 231 compared with 216 by end of 2020. We continued our effort in capacity build-out, and additional patents in the quarter cover initiatives for operation and construction efficiency improvements such as cooling technology, construction module and data center equipment, et cetera. With the effective cost management practice, we maintained our average construction cost for all in-service data centers at less than USD 3 million per megawatt during the quarter, which is well below industry average.

On some key financials, our top and bottom line remained strong as revenue and adjusted net income reached historical high and increased by 63.9% and 175.8% year-on-year to RMB 643.4 million and RMB 109.3 million, respectively.

Now let's take a closer look at our data center assets, as you can see on Slide 6 and Slide 7. In China, we continued our steady delivery and completed the construction of CN09 project in Northern China. This project, along with the capacity expansion on CN08, added a total in-service capacity of 46 megawatts in the first quarter.

On contracted capacity, we added a total of 15 megawatts by expanding our collaboration with our existing clients, which are CN06 and CN08 in Northern China, among which 11 megawatts was converted from existing indication of interest capacity. In particular, high-density cabinets with per-cabinet density of up to 25 kilowatts to 32 kilowatts will be installed for such newly contracted capacity. The solid fundamental technology that we have long been investing in has made such installation possible, and we will continue to be the trusted partner, accommodating to the increasing computing demand of our clients.

We added around 17 megawatts utilized capacity in the quarter and increased our total utilized capacity from 221 megawatts in year-end 2020 to 238 megawatts in the first quarter. Such was contributed by the steady ramp-up in projects, including CN01, CN06, CN08 and CN11-A and CS01 as well as the newly in-service CN09 in Northern and Southern China, respectively.

We managed to maintain a high client commitment. As you can see on Slide 7, the contracted ratio of all in-service capacity was 90% in the first quarter. Taking into consideration indication of interest capacity, the combined contracted ratio of all in-service capacity would be 91%. For under construction capacity, contracted ratio was 70.3% in the first quarter. Taking into consideration indication of interest capacity, the combined contracted ratio of all under construction capacity would be 81%. On our overseas development, given the pandemic situation in India, the status of our BBY01 project is being closely watched, and we will take adequate measures for the execution of the project.

Next slide. On strategy and capacity building, following the establishment of the 3 business subgroups in the last quarter, we continued our effort in capacity buildup for the vision of better serving digital leaders and providing the industry with next generation computing infrastructure solutions with greater diversification and of better cost efficiency and to further strengthen our cost and technical advantages. On our renewable energy initiatives, we are making steady progress in our existing 150 megawatts photovoltaic power generation project in pursuit of our long-term 1,300 megawatts renewable energy development plan. At the recent development, we signed an additional 200 megawatts renewable energy development framework agreement with the local government in April and thus, further expanded our planned long-term development capacity to 1,500 megawatts. Going forward, the company will utilize proper internal and external resources to carry on long-term energy development and to safeguard our business of efficiently converting electric power to computing power.

On environmental and sustainability side, the company published its second ESG report on April 3, which is available on our website. Furthermore, our Green effort is being constantly recognized by the society. As a recent development, Greenpeace published its Clean Cloud 2021 report on April 21 and has ranked Chindata #1 on clean energy scorecard among all Internet, cloud and data center companies surveyed with a total score of 85 out of 100. This scorecard covered a range of topics of energy transparency, energy efficiency and carbon reduction, renewable energy performance and government and industry influence. We have topped the list for 2 consecutive years and scored a perfect 40 out of 40 on renewable energy performance this year.

On capital markets, MSCI announced the result of its May 2021 quarterly index review on May 12, 2021, and selected the company for inclusion in the MSCI China All Shares Indexes. The addition of the company will take effect after market close on May 27, 2021. Such signifies the further recognition we are earning from the market.

I will now turn over to Zoe, our VP of Finance, to go over our key financial results for the first quarter of 2021. Being mindful of time, I encourage our listeners to also refer to our earnings press release, which is posted online and includes our quarterly results along with other additional details. Please note that all numbers today are in RMB terms and that all comparisons are on a year-over-year basis unless otherwise noted.

Ying Zhuang

Now turning to Slide 11. In Q1, our total revenue grew by 16.3% quarter-over-quarter to RMB 643.4 million from RMB 553 million in Q4 of last year, or a year-over-year increase of 63.9%. The strong revenue growth was in line with our ramp-up in capacity as utilized capacity increased to 238 megawatts at the end of Q1 from 221 megawatts at the end of Q4 last year. This includes organic growth of around 15 megawatts from previous in-service data centers and organic growth of around 2 megawatts from new in-service data centers.

Moving to Slide 12. On our expense and margin trend, our prudent cost control efforts enabled us to maintain stable margins while continuing to grow our adjusted EBITDA and adjusted net income. We recorded a 70.4% year-over-year increase of adjusted EBITDA, outrunning that of the revenue, while the adjusted EBITDA margin was 47.8%.

Looking into the details of cost and expenses items. Utility costs recorded a year-over-year increase of 69.6%. Maintenance and other costs recorded a year-over-year increase of 34.5%, and adjusted SG&A recorded year-over-year increase of 73.7%.

Take a further look at our adjusted net income on Slide 13. The adjusted net income in the first quarter was RMB 109.3 million compared to RMB 39.6 million in the same period of last year and RMB 58.0 million in the fourth quarter of 2020. Adjusted net income margin for the quarter reached 17%, also a historical high for the company. We are holding a healthy position of cash and cash equivalents, generating healthy cash flow from operations, while also in the process of diversifying our channels of financing to meet our commitment for development.

On Slide 14, CapEx was RMB 654.4 million for the first quarter. And we have a cash position of RMB 6,916.7 million as of March 31, 2021, compared to RMB 1,242.1 million as of the same period end of last year.

On Slide 15, you can see that our credit ratios remain healthy. Our adjusted EBITDA-to-interest ratio -- or interest coverage ratio was 5.3 in the first quarter. Meanwhile, our total cash generated from operation was RMB 193.4 million compared to RMB 99.8 million in the same period of last year. The contribution to the change of cash position in the quarter other than operating cash flow and the CapEx, as mentioned previously, was cash flow from financing activities.

Moving to our guidance on Slide 16. Looking into the rest of 2021, we continue to expect our total revenues to be in the range of RMB 2.7 billion to RMB 2.78 billion and adjusted EBITDA to be in the range of RMB 1.28 billion to RMB 1.33 billion. This forecast reflects our current and preliminary views on market and operational conditions, which are subject to change.

This concludes our prepared remarks for today. Operator, we are now ready to take questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from Yang Liu.

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

(foreign language) I would do the translation briefly. The first question is regarding the competitive dynamics. We would like to hear management comment on the dynamics in the key domestic markets, especially Hubei and Jiangsu province.

And second question is what would be the expected impact to Chindata's future expansion in Hubei province given we see that local government tightened approvals for new data center capacity? And the third question is a housekeeping one with the -- in Page 7 of the presentation, CN11-B project should be ready for service in first quarter this year but remained under construction. What is the status of that project now?

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

Thank you, Liu Yang, for the good questions. I don't think I need the Chinese part of the answer. I'll just straightly talk about -- answer the question in English.

For the question about the intensified competition, the company also noticed there was some level of intensified competition in some regional markets recently, especially in the Jiangsu province. We think that it would have a negative impact to those IDC operators who cannot provide true value to their customers because of their limited in-house capabilities, limited scope of service, and the relative -- the rigid cost structure makes them very sensitive and vulnerable to the competition.

But for Chindata, first of all, we don't see the intensified competition in the region we operate, so the impact on us is very limited. But most importantly, we believe the hyperscale sector we are in is quite immune to this kind of competition. For this point, I want to take a little bit more time to explain.

As you know, and probably everybody knows, that Chindata has a very, very unique and highly differentiated hyperscale full-stack model, from the primary development to operation, and our capital and cost efficiency is much higher than the other sector which is based on the traditional wholesale and retail models. So we have -- definitely have 3 unique characteristics.

On the investment side, under Chindata model, our per-unit CapEx spending based on cost is much lower than the CapEx spending under merger/acquisition model based on trading market value. Therefore, our total CapEx spending for the same level of IT capacity is much less. Second point is actually our capital to cash return cycle is shorter as we are capable of delivering project much faster and our capacity ramp-up rate is quicker. This actually enhanced our capital turnover rate, reduces leverage ratio and significantly increasing our return on invested capital.

In addition, our prudent treasury policies, cash pooling and interest and foreign exchange hedging policy help reduce the fluctuation of our cash on hand. This business model and operation model and capability model advantages of Chindata results in Chindata's great financial performance so far. I want to repeat some of the numbers we just introduced in our official ER release presentation.

So on the profit and loss side, relatively less per-unit CapEx spending leads to less depreciation and amortization costs. And the low debt level and ever decreasing borrowing costs leads to low interest expenses, which can explain perfectly why our adjusted net income, which include depreciation and amortization and interest, has remained positive for seven consecutive quarters in the past. We think this metric should not be overlooked anymore. I suggest you take another look at our net income figures on Page 13 on our earnings release presentation.

And on the liquidity and capital structure side, we have ample and healthy cash balance. Our long-term debt ratio remains at very low level, and our incremental borrowing cost is trending down. Again, I suggest you take another look at our liquidity profile on Page 15 in our earnings release presentation.

So in summary, as long as we stick with our unique development and operation model, maintain our scope of service level, we are going to take full advantage of all capital and cost efficiency-related matters, therefore stay relatively immune to price competition especially in the locations where we operate our hyperscale data centers. So that's number -- that's your question #1.

Your question #3 about the assets on our CN11-B, I think our principle is always to follow the demand and requirement from our customers. When our customer had some redeployment requests in Q1 about this data center, CN11-B, we actually follow this request, and therefore, we make a little bit of redeployment reconfiguration of our overall servers utilization among different data centers. I won't elaborate on the details, but the result is we actually make this CN11-B, this data asset delivered in Q2 based on this redeployment of overall server strategy from the customers. So that's actually one of the reasons.

Regarding your question 2 about the macro policy -- regulatory policy on the Hebei province, I'm going to refer to my colleague Zoe to give you an elaboration on this.

Ying Zhuang

Yes. Regarding the second question, our completely unique operation model has great contribution and also enabled our empowerment, advantages in the company's project locations in terms of fixed asset investments, foreign currency investments, local taxation, personnel and talent employment and also the regional industry upgrading. So in other words, the tightening of the relevant policies will have very limited impact on the company.

Operator

Your next question comes from James Wang from UBS.

James Wang ***UBS Investment Bank, Research Division - Analyst***

(foreign language) This is James Wang from UBS. So my first question is on just the overseas opportunity. So Ali Cloud in its recent announcement indicated they've lost a large cloud customer in its international business. So just wondering whether that could be one of your key anchor tenants and whether this might accelerate your international expansion.

The second question is on carbon neutrality. So just wondering whether -- our customers, both existing and potential customers, whether renewable energy has become a new KPI for them and whether these customers are actively looking for IDC projects with renewable energy sourcing. And also, the peers are also trying to catch up on renewable energy and ESG. So how do we keep ourselves ahead on this particular aspect?

And the third question is on resource availability. So it looks like the government is tightening energy quota handout. So how is our current land bank -- how's our current land bank looking? Particularly given -- if we look at the projects under construction in the first quarter, that looks like it's down versus the fourth quarter of last year.

Zhuo Zhang

James, thank you for your questions. For your first and second question, I'll invite our CEO, Alex, to give you an answer. And for the third question, we will invite Zoe to give you the answer.

Alex, please?

Jing Ju ***Chindata Group Holdings Limited - CEO & Director***

(foreign language)

Zhuo Zhang

I'll give you a translation for Alex' answer.

[Interpreted] For James' first question, as Alibaba is not our -- one of our current anchor customers, so it does not really affect us that much. But as to the specific name of possible new or expanding customers, currently, we are not ready to disclose yet.

For your second question, so on the ESG regard, our current customers are all making it very important issue and agenda in their own development. And they have keep on posting that as the continuous requirement for all of their suppliers and for us as well. So far with the key anchor customer that we have already developed our business relationship, all of them have already given very clear carbon neutrality goals and road map request for us. Even though some of our existing or potential clients does not really give a very visible hard request on the carbon neutrality, they are approaching us and express their appreciation of our company's exploration and attempt in the green development. We do think what we do for the ESG and sustainable development will definitely benefit us in the future expanded collaboration with all of our existing and potential customers under the new cooperation model.

Also for the second aspect, within our industry, we have always maintained our leadership in this aspect with substantial and hard records. We have published our second ESG report on April 3, which is now available on our website. And also, our green effort is being constantly recognized by the society, and as a recent development, Greenpeace has published its Clean Cloud 2021 report and ranked Chindata as #1 among all the Internet, cloud and data center companies second year in a row. We have topped the list and with a perfect 40 out of 40 score on renewable energy performance this year.

Zoe, please?

Ying Zhuang

James, on the third question regarding real estate, the company believes that there is no distinction between the first-tier cities and the peripheral areas at the business operation level for the customer -- key infrastructure for our target customers. Our company has already made a very early judgment on this trend a few years ago and prepared certain resource such as the land and energy. So from the current point of view, we have gained some first-mover advantages already. Such kind of advantage will allow us to maintain a dominant position on the supply side. Thank you.

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

one more point. I think in the ER release presentation every quarter, there's always 2 categories of assets. One is the asset in service, the other one assets under construction. So the decreasing of under construction assets, the large part of the reason is actually we moved some of the projects to become in-service and in operation. So that project is going to move up to the assets in service category. That's actually the major reason.

And also, we we're going to make some positive development with existing and potentially new customer on some pipeline project based on the strong supply in some geographic locations, as Zoe mentioned to you just now. So we're going to find appropriate time to disclose this development through the assets under construction categories in the future.

Operator

Your next question comes from Arthur Lai from Citi.

Yu Jang Lai ***Citigroup Inc., Research Division - Director & Analyst***

(foreign language) My first question is regarding the growth pipeline from the Shanxi new sites? And the second one is can we expect further cost down from these new sites in terms of average megawatt perspective? Lastly, housekeeping question, why did the megawatt cost increase over the quarter?

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

Arthur, thank you for your questions. I think -- again, for the logistic management, I don't think that we need to repeat the question in Chinese. So you only need to ask the questions in English to save time. We try to only answer in English.

So back to answer your first question about the Shanxi. Yes, Shanxi is definitely one of our geographical focus moving forward. There is certain advantage on the resources side, on the energy side, especially on the renewable energy side, moving into the future. And like the company's permanent plan, I think the mix of hyperscale data center assets we put in Shanxi are going to become a little bit higher moving into the future so -- for the advantages I just mentioned.

Your second question about our average utility cost increase in Q1, It's actually due to the seasonality issues, especially in the winter seasons. But moving forward, in the mid- to long run, we believe in those more low cost, especially -- low utility cost regions, with hyperscale data asset in those regions coming into service, our weighted average utility costs can come down. And also, moving forward, with our renewable energy coming into play -- renewable energy strategy coming into play, into the full execution mode, with addition of much favorable renewable energy cost in the regions, we believe, in the long term, our average utility cost is going to come down.

Yu Jang Lai ***Citigroup Inc., Research Division - Director & Analyst***

Okay. Congrats on strong beat on the EBITDA margin.

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

Thank you very much.

Operator

(Operator Instructions) Your next question comes from Tina Hou from Goldman Sachs.

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

So I can just speak in English, that's fine?

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

Yes, no problem at all, English.

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

Okay, okay. First of all, congratulations on the very strong results. Obviously, the revenue growth as well as EBITDA growth is tracking way ahead of your full year guidance. So my -- I have a few questions.

The first one is regarding pricing. So from the previous few quarters' results, I have sort of calculated the effective pricing per megawatt, and it seems like it has come down from previously around RMB 1 million per month per megawatt to now close to RMB 920,000. So just wondering what has driven the pricing pressure recently.

And then the second question is regarding major customer demand. As we know that -- from the prospectus, we know that your major tenant is a social content provider, and recently, there seems to be some user -- usage slowdown with that customer. So wondering how do you think that's going to affect that customer demand with us.

And then the third question is regarding your longer-term EBITDA margin. We have seen, obviously for this quarter, it has performed very well. So going forward, what do you think will be a relatively stabilized margin level?

And then last question is regarding your CapEx. I understand that during the last quarter's earnings call, management provided this year's CapEx guidance, about RMB 4 billion to RMB 5 billion. So if we take this into account, together with last year's CapEx of around RMB 2 billion, the total CapEx per megawatt addition, when we calculate that, is around USD 5 million per megawatt. I remember, in the prospectus, we had around USD 3.6 million per megawatt. So I was just wondering if I have missed something in the CapEx numbers there.

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

Thank you, Tina. Just sort of mathematical clarifications. I think our quarter-over-quarter MSR or average price, especially Q1 2021 versus Q4 2020, actually, it did not decrease. So what you saw is probably our Q4 2020 versus Q3 numbers. So I just want to make a little bit clarification here.

However, I'm explaining the driver of this -- the driver for the MSR. As our data center projects or assets are located in different regions. And their contract price will be different by region. And because the development and operating cost varies from one region to the other, so the theory is that the lower the cost for a certain region, the lower price offering Chindata will make to our customers [in that region] (added by company after the call). But in each region, our contract price has been remaining very stable and not affected by the market competition at all. So that's a further explanation.

And looking forward, obviously, the geographical mix of where our data centers are located are the major driver of our weighted average MSR. Again, the lower the cost for that region, the lower price offering Chindata will choose to offer to its customers. So moving into the future, we expect to have more data center assets get deployed into those low-cost regions.

As I answered the question from Arthur Lai, that we're probably going to build more data center assets in Shanxi, where the resource, energy -- renewable energy and resources are abundant and the cost is relatively low. And that's actually going to give us a competitive advantage on the cost side and therefore, translate into the pricing side to our customers compared to our peers. So that's my answer to your first question.

Your second question about the customer demand, actually, for our customer, first of all, we don't have any feeling of our business slowing down with our customers, especially our most important anchor customers. On the contrary, we are seeing the demand for new data center project for their new business from our anchor customers in various regions remains actually quite strong. That's why when I answered the question from James, why there are lower numbers this quarter compared to last quarter on the assets under construction. You're going to see more numbers added into this category as we move on for the reason I just mentioned. And also, because of the advantage we have on the supply side, we believe once this demand become materialized, we can swiftly respond and meet this strong demand, based on our competitive advantage in terms of available resources, superior development and operational capability and most importantly, the relationship and good executional credentials we established through our partnership for our existing projects, both in service and under construction, with our existing customers. So that's my answer to your second question.

And I'm going to refer your third and fourth question related to the long-term EBITDA margin and CapEx to my colleague Zoe.

Ying Zhuang

Yes. Tina, for your third question, on the company target, that's the high 40s in the midterm for our EBITDA margin target. And for the last question, regarding the CapEx, CapEx, especially for the construction expenditures, mainly includes land share or share of civil construction, electrical-category equipment and engineering and also the auxiliary infrastructures such as the substations for these projects, and this is from the scope.

And secondly, for the projects, it includes the under construction for their CapEx. And also, for the in-service data centers, yearly, after they are ready for service, they still do have some final balance payment. And since we have very superior supply chain and vendor management and so if we had these 2 add up together, it's our estimation. And also -- I need to also mention that we will have some additional pipelines, and we will update you on the information timely on each quarterly earnings release.

Operator

Your next question comes from Chris Ko from DBS.

Chris Ko ***DBS Bank Ltd., Research Division - Analyst***

Congratulations on the strong results. This is Chris Ko from DBS. I have 2 questions.

First, could management share your view on the impact of the antitrust investigations against Internet platforms on data center demand? And my second question is could management share more color on the strategy and the progress of new customer acquisitions, like what sectors we are focusing on and where are the potential demand located?

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

I think -- yes. Thank you, Chris, for your questions. I think we built -- as a market practitioner in this industry, we are not in a position to comment on the direct impact of the government antimonopoly or antitrust attitude towards our downstream customers. But as far as I know, I think I just answered your question when I answered a question from Liu Yang.

I think -- for our customers, I don't think their business got affected. Well, based on our day-to-day interaction with our customers, we still think that the potential future collaboration on certain IDC -- hyperscale IDC projects is ongoing, and we're going to have quite positive development moving into future in different regions. So we don't know what's kind of direct positive or negative impact on our anchor customers. But for those customers that are yet to become our -- on our customer list, there might be some impact to them, but we will closely watch the development of the situation and see how it's going to impact our process of acquiring these players and our potential customers. So that's pretty much our comments on antitrust issue.

And also, in terms of the new customer development, the company is very affirmative to put new customer acquisition as our sure strategy into the future. And like we did in Q4 last year, we have acquired a new customer and added its name with a significant capacity into our business line. And we also are making some positive progress with other potential customers, not only in China but also in the overseas market, not only limited to domestic Chinese customer but also those international players, digital leadership companies in the overseas market as well. So once we make some material progress on this, we will find right time to disclose to the market.

Operator

Your next question comes from Hongjie Li from CICC.

Hongjie Li ***China International Capital Corporation Limited, Research Division - Associate***

I have one question more related to whole industry. Like some leading public cloud has announced its first quarter results, showing like over 30% growth and a significant slowdown. So how do you see this demand change? Is there any demand and supply dynamic change?

And from our perspective, do you see any opportunities there to take -- to undertake part of the demand from -- like originally from the public cloud? And now some customers shifted demand to -- directly to the IDC players? So how do we catch up this new trend?

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

I think -- thank you for the questions. I think -- again, like I explained just now, I think there might be some slowdown on overall public cloud business, but we haven't got a figure at the top of our mind. But for our customers -- our key customers who actually are also significant Internet players and who may potentially also do something in the public cloud area, we don't see their business slowing down at all. We don't know whether it's a real slowdown or real accelerator. We don't know.At least in our interaction with our anchor customers, our existing customers, before -- we are seeing that the potential collaboration of 2 sides will be increased, I think, in the near and midterm.

So having said that, I think that's probably addressed the second part of the question. If there are some new players other than the existing public cloud players in the marketplace who are facing the antitrust, antimonopoly regulation from the government, I think there are going to be more opportunities for Chindata than risk because those companies affected by this antimonopoly, those companies affected by the slowdown in the public cloud business are not our customers. And our customers, major anchor customers may have more chances to enter into those areas, and we will take some possible ride along the course as well.

Operator

Your next question comes from Timothy Chau from Jefferies.

Tak-Hei Chau ***Jefferies LLC, Research Division - Equity Analyst***

I'm Timothy from Jefferies. I have a couple of questions, the first one being -- like during the last analyst meeting, the company has announced about CN13, where there will be new customers. So I'd like to understand if there -- if you can disclose any progress or discussion with the customer. Or what can we -- for example, what can we expect about the pricing compared with the company's current MSR?

The second question is about the CapEx spend of the 3 new business units. We -- I would like to understand if the management would like to talk something more about the 3 business units that was announced in last meeting.

The last question is also about overseas expansion opportunities. I believe, last month, Microsoft has mentioned about $1 billion investment in Malaysia on IDC. So I'd like to understand if the company would have any plans to further expand their Malaysia business. And in the longer term, what will your geographical revenue split be like?

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

Timothy, thank you for your questions. Starting from your question #3. Yes, actually, we already become the close collaboration partner for Microsoft in Malaysia. And also, we are already a close collaborator with Microsoft in China as well. So that relationship is pretty close at the moment, based on our successful execution of the past projects and also our capability that the team -- Chindata team has demonstrated through this collaboration.

So our strategy -- one of our top strategy is always to expand our business cooperation with our existing customers and make them happier. And hopefully, that business cooperation can get -- can bring some significant wider scope, both in China and Asia's emerging market. We will find a proper time to disclose the positive development to the public later on. So that's the answer for question #3.

Question #1 regarding the CN13, that's a new customer we acquired in Q4. And I think if you check the schedule there, from the time in Q4 we signed the commitment with our customer to the time we plan to deliver the project to them, we still have quite a long extended period to go essentially. At the moment, I think I can only say that everything is on schedule. And we're going to fulfill our promise to deliver the project on time with the right quality and hopefully we can -- even exceeding our customers' expectations.

And the second question about the CapEx plan on the new business, we're still writing up the concrete executable business plan or the execution plan for these 3 major subgroups. But the most likely scenario is actually those 3 subgroups will serve our strategic objective. For example, Chinpower, the primary mission of Chinpower or the subgroup of it is try to make sure that by 2030, all the major hyperscale data center for Chindata in China will be consuming 100% renewable energy. Okay? So if you don't make your renewable energy generation investment and completely rely on the market purchase or market transactions, this objective is very hard to achieve.

Having said that, we may have an investment plan to invest in producing renewable energy in the geographic locations where we're going to build future hyperscale data centers that consume renewable energy. But -- we will be smart, and we will partner with external investors to co-invest into this sort of project and to make sure that the investment and CapEx spending from Chindata's side can be made on a shared basis, can be minimized. And the output will be in terms of increased utilization of the renewable energy, and the potential improvement of the EBITDA margin by the relatively lower renewable energy costs, and also potentially realizing the external value by turning our role from a green energy buyer to green energy seller, which will bring huge commercial and financial benefits to the company.

Operator

This concludes today's conference call. Thank you for participating. You may now disconnect your lines.