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PRESENTATION

Operator

Good morning, and good evening, ladies and gentlemen. Thank you for joining, and welcome to Chindata Group Holdings Limited Fourth Quarter and Full Year 2022 Earnings Conference Call. We will be hosting a question-and-answer session after management's prepared remarks. Please note that today's event is being recorded.

I'll now turn the call over to first speaker today, Mr. Don Zhou from Investor Relations of Chindata Group. Please go ahead, Don.

Don Zhou ***Chindata Group Holdings Limited - Investor Relations***

Thank you, operator. Thank you, everyone, for waiting. Welcome to Chindata Group's Fourth Quarter and Full Year 2022 Earnings Conference Call. This is Don from Investor Relations team of the company. With us today are Mr. Huapeng Wu, our CEO; Mr. Nick Wang, our CFO; Ms. Zoe Zhuang, our Senior Vice President, Finance; and Ms. Joy Zhang, our Vice President, Legal & Investments.

During this call, Nick will take you through the quarterly review of our operational performance and Zoe we will present our financial results. Management team 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 is distributed and available to the public through our Investor Relations website located at investors.chindatagroup.com. We have also updated our quarterly presentation on the company's Investor Relations website, which you can refer to as an important supplementary material of today's call.

Without further ado, I'll now turn over the call to Nick. Nick, please go ahead.

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

Thank you, Don, and good evening, everyone. Now let's start with some key highlights of the fourth quarter and full year 2022 performance. On Slide 4, we added 1 new project or an additional 50 megawatts new capacity in the fourth quarter, bringing our total capacity to 871 megawatts and a total number of data center to 32.

We put two hyperscale data centers into service in Malaysia, bringing our total in-service capacity to 613 megawatts, an increase of 34 megawatts during the quarter. Demand and ramp-up remained strong and healthy. We received an additional client commitment of 100 megawatts in the fourth quarter, bringing our total contracted and IOI capacity to 800 megawatts, leading to a client commitment rate of our total capacity at 92%.

We added 71 megawatts utilized capacity in the quarter, bringing our total utilized capacity to 525 megawatts, and a solid utilization rate of 86%. We completed a $300 million senior notes unsecured offering in February. The notes due 2026 with a coupon rate of 10.5%, successfully opened another new financing channel for the company under such macro environment with fragile sentiment and will further support our project development in China and overseas.

Top and bottom line momentum remained really strong. Revenue in the fourth quarter was RMB 1,390.3 million, which is a 77.8% year-over-year growth. Adjusted EBITDA was RMB 720.9 million, a 78.4% year-over-year growth with a margin of 51.9%. For full year 2022, revenue was RMB 4,551.7 million, a 59.6% year-over-year growth and 2.7% above our guidance upper range. Adjusted EBITDA was RMB 2,374.2 million, a 67.3% year-over-year growth with a margin of 52.2% and 5.1% above guidance upper range. Looking into year 2023, we expect full year revenue to be in the range of RMB 5,880 million to RMB 6,080 million and adjusted EBITDA to be in the range of RMB 3,000 million to RMB 3,110 million, which is around another 30% increase from year 2022. We will go into details of these later.

Now let's take a close look at project delivery and construction on Slide 7. We continued to work on a tight and challenging timetable to make sure that resources are delivered timely to support our clients. Our delivery is generally in line with the original schedule. We put two projects into service in the fourth quarter in Malaysia with a total capacity of 34 megawatts.

One of them is MY03, located in Kuala Lumpur, supporting one of the key international clients for its regional development. The project is now 100% committed and ramping up at 25% utilization. MY06 Phase 1, whose details we have shared during our previous call, is supporting the anchor client's overseas business and is now 100% utilized. We put one new hyperscale project under construction in the fourth quarter, CN21, with a designed capacity of 50 million -- 50 megawatts and located in our Shanxi Campus, is scheduled for delivery in Q3 2023 and intended for the anchor client.

The project has so far received 38 megawatts of IOI from the client. With the above changes in the quarter, as you can see on Slide 8, we have brought our total capacity up by 50 megawatts, reaching 871 megawatts by the end of the fourth quarter, with 613 megawatts in service and 257 megawatts under construction. For the year 2022, we have put a total of around 173 megawatts into service. Among the under-construction capacity by quarter end, we currently expect another 214 megawatts of them to be delivered in the year 2023, which is quite a challenging task but our team in China and overseas are working very closely to ensure our supply readiness.

Now regarding demand profile on Slide 9. We continue to strong China and overseas business momentum from our key clients. Our total client commitment increased by 100 megawatts in the fourth quarter, mainly contributed by four major projects in China and in Malaysia, supporting two of our key existing clients. Specifically, we received 8 megawatts IOI for project MY03 in Malaysia, supporting the key international clients, making the project now 100% committed.

We received another 92 megawatts IOI on existing projects CN20, CN21 and MY06 Phase 3 in our Shanxi Campus and Johor Campus to support the anchor client. Meanwhile, 49 megawatts of IOI was converted into contracts during the quarter, including a 38 megawatts from CN20 in Shanxi Campus and 11 megawatts from CN19 in Hebei Campus. For the year 2022, we have received a total of around 211 megawatts of client commitment, leading to a 35.9% year-over-year increase in total client commitment. As a natural result, commitment profile of our asset portfolio remains healthy.

On Slide 10, for our existing 613 megawatts of in-service capacity, 96% of them are committed by clients in either contract or IOI by the end of the fourth quarter compared with 96% in the previous quarter and 87% in the same quarter last year. For our total capacity on Slide 11, the commitment ratio is 92% by the end of the fourth quarter compared with 85% in the previous quarter and 87% in the same quarter last year. On top of healthy demand and our differentiated client base, and as we have been emphasizing relentlessly, our unique contract profile brings long-term business visibility.

By the end of the fourth quarter, over 90% of our contracts are in 10-year term or longer, leading to a weighted average remaining term of current contracted capacity of 8.3 years. And furthermore, from now to the end of 2027, we only expect less than 7% of our existing contracted capacity to expire.

Now coming to customer move-in on Slide 13. We continue to leverage on our unique delivery capacity to accommodate clients' rapid move-in, and we are seeing an increasing contribution from our overseas business. We added 71 megawatts of utilized capacity in the fourth quarter, bringing our total utilized capacity to 525 megawatts compared with 304 megawatts in the same quarter last year, which is 72.5% year-over-year growth and 15.7% quarter-over-quarter increase.

Quarterly move-in was contributed by projects in Northern and Eastern China Campus, supporting the anchor client, the key international client and the Chinese cloud client as well as contributed by all our overseas project in India and Malaysia, supporting the anchor client and international clients. On a specific project level, CN14 and the CN18 reached over 90% utilization in only two quarters after operations and milestone MY06 Phase 1 is almost 100% utilized in the first quarter following its opening.

Looking at the source of utilized capacity by region on Slide 13, overseas business is starting to contribute more in the fourth quarter, accounting for 9% of total utilized capacity compared with less than 5% in the previous quarters. Given such rapid ramp-up performance, our utilization rate improved further in the fourth quarter, climbing to 86% compared with 78% in the previous quarter and 69% in the same quarter last year.

Meanwhile, based on our existing client commitment, we have about 275 megawatts of client commitment unutilized by end of the fourth quarter, which is around 52% of our currently utilized capacity.

Beyond current performance, the company has also been working on necessary financing to support our supply buildup. We have captured a key market window and completed our $300 million senior notes offering on February 23.

We opened a new financing channel for the company on top of our project loan financing, and will provide more financing flexibility covering the full life cycle, especially the early stage of the project development in China and overseas. Despite fragile marketing sentiment around macro outlook, we continued to attract significant investor interest during 2 days telephonic roadshow and have received unprecedented strong support from high-quality international institutional investors, including global asset managers and pension funds. The notes is due 2026 and bears a coupon rate of 10.5%.

On the supply side, in our Lingqiu Campus, the construction of our self-build 220-kilo voltage substation was completed on February 13. This is a very straight-forward snapshot of how the company has been leveraging its in-house power-related capability. Its energy-abundant region layout from day 1 to ensure consistent key resources sufficiency in Greater Beijing region to accommodate future demand. The construction adopted modular technology and was completed in only 6 months, setting a new record for data center industry.

The substation enables direct voltage transformation from 220-kilovoltage to 10-kilovoltage, obtaining the first main-grid related patent in data center industry and saving up to 60% of space of substation compared with traditional solutions. Most importantly, the completion of the substation paved the way for the future capacity expansion of our Lingqiu Campus in Shanxi as it is capable of supporting the energy consumption of up to 360 IT megawatts.

Regarding the company's involvement in the national "East Data West Computing" Plan on Slide 16. Starting from the very beginning, we have adopted an active attitude and stance in joining the development of Qingyang Cluster in Gansu Province so as not to miss such historical opportunities. Action-wise, we have been moving forward our development plan prudently, making sure that we make a well-timed capital expenditure decision. Along with other key enterprises, we attended opening ceremony for the cluster hosted by the Gansu Municipal Government on February 22 and signed a strategic cooperation agreement with the local government.

We have planned a campus of 150 megawatts there on a land of 300 acres and would prudently move forward with the relevant CapEx expenditure along with development pace of the entire cluster. Currently, we don't expect any material relevant CapEx in Qingyang in the year 2023.

So before I conclude my part, I would like to leave several key takeaways for the market. On the demand side, we still feel good about the momentum coming from our existing client base. The number that we presented on client commitment and utilization dynamics are very, very good reference.

We believe this has something to do with the data-intensive nature of our clients' business, in particular, the anchor client. If we further take into consideration our unique contract profile, you should feel good about our long-term business visibility as well. These, altogether, will serve as a comfortable buffer for the company on further client diversification.

On the supply side, we are always ready in our key campuses. We are leveraging on our operational history in these regions, which are right in the East Data West Computing Cluster and a unique role that we played in contributing to local economy and our in-house capability on power infrastructure to ensure that resource can be locked in advance to support future demand.

Geographically, we currently highly value the Southeast Asian market, and we are on the right track of geographic diversification. Looking at the pipe chart on Slide 18, overseas utilized capacity makes up 9% of company total capacity by the quarter, and in the longer term, and if we look at contracted capacity or total capacity, overseas can contribute to around 20%. On top of that, and if we take into consideration pricing difference, such contribution can be more.

At this time -- at this point of time, the company is allocating dedicated resource to project MY06 in Johor in order to make it a flagship project and a good opening in the local market. This actually remind us how the company has started its business in the Hebei Campus in early days around Beijing, and we are working very hard now to win us the ticket for more opportunities in the Southeast Asia market in the future.

With these, I have concluded my part, and I will turn to Zoe for details in our financial performance. Zoe, please.

Zoe Zhuang ***Chindata Group Holdings Limited - Senior Vice President of Finance***

Thank you, Nick. Now let me walk you through our quarterly financial performance. Generally speaking, we have maintained a very healthy financial momentum in the last quarter of last year, 2022. Our revenue growth in the fourth quarter, we remained very strong and supported by fast ramp-up from both our China and overseas business.

On Slide 23. Revenue in the fourth quarter increased by 77.8% year-over-year or 15.6% quarter-over-quarter to reach RMB 1,390.3 million, which is in line with the 72.5% year-over-year and 15.7% quarter-over-quarter increase in utilized capacity. Look at the table on the right-hand side, overseas contributed to 9% of total utilized capacity in the fourth quarter compared with less than 5% in the past.

Revenue in the full year 2022 increased by 59.6% year-over-year to RMB 4,551.7 million, beating the guidance upper range by 2.7%. Looking further down on Slide 24, total cost of revenue in the fourth quarter increased by 88.5% to [RMB 820.6 million] (corrected by the company after the call) from RMB 435.2 million in the same period of 2021, mainly driven by the increase in utility costs and the depreciation and amortization expenses.

Selling and marketing expenses remained at normal level in the fourth quarter of last year, slightly decreased by 1.7% year-over-year to RMB 18.4 million primarily due to less share-based compensation expenses. On a full year basis, selling and marketing expense decreased by 20.5%, primarily due to less share-based compensation and less marketing activities.

General and administrative expenses in the fourth quarter of 2022, saw a spike of 134.5% year-over-year to RMB 214.5 million, a one-off long-lived asset impairment cost of around RMB 83.5 million has been the major contributor to such a change. The management conducted a revisit on strategy and related assets and decided not to continue with the Chinidea business, which is the left-over group's manufacturing business line. Therefore, the related assets were assessed to be subject to a one-off impairment. And to point out, this asset has no relationship with our core IDC business, thus, no impact on our future expectations of our business growth and no further impairment of this kind is expected in the future.

On a full year basis, G&A expense increased by 52.9%, primarily due to the higher share-based compensation expense, increasing personnel costs as the company grew its business and the one-off long-lived asset impairment in the fourth quarter of last year. Research and development expense increased by 85.1% in the fourth quarter and 10.8% in the year 2022, primarily due to more resources invested in research and development activities. With these, operating income in the fourth quarter of 2022 increased by 39.7% year-over-year to [RMB 309.3 million] (corrected by the company after the call), with a margin of 22.2% compared with 28.3% in the same period of 2021 and 26.4% in the third quarter of 2022.

Net income in the fourth quarter of 2022 was RMB 116.5 million, a year-over-year 1.6% increase and a negative 51.7% quarter-over-quarter decrease, mainly due to the one-off impairment costs.

For further breakdown of core cost and expense items on Slide 25, a clear sign of the economy of scale on our hyperscale business model can be witnessed over the last 10 quarters. Despite the faster increase in utility cost than that of the revenue, the stability in other key cost and expenses items, including maintenance, SG&A and etc., has ensured a stable margin performance.

Utility cost in the fourth quarter remained at a similar level to the previous quarter, making up 31.1% of total revenue compared with 32.8% in the previous quarter and 28.5% in the same quarter of 2021. Maintenance and other costs and adjusted SG&A expenses were all well maintained within their reasonable range. Maintenance and other costs were 8.6% of total revenue in the fourth quarter compared with 9.9% in the previous quarter and 9.9% in the same quarter of the year 2021, a clear sign of economy of scale. Adjusted SG&A expense was 8.3% of revenue in the fourth quarter compared with 7.7% in the previous quarter and 11% in the same quarter of 2021.

With these, on Slide 26, our profitability remains healthy. Adjusted EBITDA, in the fourth quarter of 2022, increased by 78.4% year-over-year to RMB 720.9 million from RMB 404.2 million in the same period of 2021. Adjusted EBITDA margin was 51.9% in the quarter slightly higher than the previous quarter. For the full year 2022, adjusted EBITDA increased by 67.3% year-over-year to RMB 2,374.2 million, which is 5.1% above our guidance upper range. Adjusted EBITDA margin in the year 2022 improved to 52.2% from 49.7% in the year 2021. Adjusted net income increased by 65.2% year-over-year in the fourth quarter to RMB 236.2 million at a margin of [17%] (corrected by the company after the call).

Adjusted net income in the full year of 2022 increased by 99% to RMB 949.9 million, with margin improving to 20.9% compared with 16.7% in the previous [year] (corrected by the company after the call). Details in the GAAP to Non-GAAP reconciliation of EBITDA and net income would be available in our 6k filing or the appendix in our IR PPT.

Now let's take a look at our cash and debt position and our CapEx on Slide 27. We continued to work in our business expansion to meet the increasing demand from our customers by investing more capital into our under construction data center. CapEx in the fourth quarter was RMB [1,354.6 million] (corrected by the company after the call) and the CapEx in the full year of 2022 added up to [RMB 4,912.7 million] (corrected by the company after the call) compared with RMB 3,766.9 million in the year 2021.

Given the strong demand and tight and challenging delivery timetable as discussed previously, we expect CapEx in 2023 to be in the level of around RMB 5 billion.

On operating cash flow, cash collection is gradually recovering compared with the previous quarter, leading to RMB 389.4 million operating cash flow in the fourth quarter compared to RMB negative 173.8 million in the third quarter.

Cash collection has been slower in the second half of year 2022 due to COVID-19 epidemics in November and December in Beijing, and our clients started to upgrade its internal billing system as well. We have collected the majority of the receivables in the first quarter of 2023 and we expect cash collection gradually back to normal. On financing, we added RMB 74.9 million project financing in the fourth quarter, ending up in the total debt position by the end of the quarter at RMB 8,371.5 million. So far, we don't have major loan or debt facilities to mature in 2023 or 2024, only minor ones, based on some of our project loan payback amortization schedule.

With this, on Slide 28 and 29, we ended up with a total cash position of RMB 4,064.2 million in the fourth quarter compared with RMB 4,987.9 million in the previous quarter and a net debt position of RMB 4,270.6 million. On leverage and coverage ratios remain in a reasonable range.

On Slide 29, with the momentum in adjusted EBITDA and our proper and prudent drawdown of the debt facilities. Our net debt to the last 12-month adjusted EBITDA ratio stood at 1.8 compared with 1.6 in the previous quarter. Total debt to last 12 months adjusted

EBITDA was 3.5 compared to 4.1 in the previous quarter and 3.9 in the same quarter in 2021, such also leads to the healthy coverage profile with last 12 months adjusted EBITDA to interest ratio at 7.9 compared with 8 in the previous quarter and last 12 months funds from operations remaining at around 20% of total debt.

Capital structure is healthy with total debt to capital ratio at [43.4%] (corrected by the company after the call) compared with 44.1% in the previous quarter. The healthy momentum on EBITDA growth based on the rapid ramp-up of our clients continue to support a strong return profile of the company with an 86% IT capacity utilization ratio by the end of the fourth quarter.

We are seeing a pretax ROIC of 17.6% compared to -- compared with 16.5% in the previous quarter and 15.1% in the same quarter last year. Finally, on guidance delivery in 2022 and our outlook into 2023, strong revenue and adjusted EBITDA performance in full year 2022, resulting 2.7% and 5.1% upbeat of our previous guidance upper range, respectively, and this has been the third year of guidance upbeat for the company. Given the current business momentum, the company set its 2023 revenue and adjusted EBITDA guidance in the range of RMB 5,880 million to RMB 6,080 million and RMB 3,000 million to RMB 3,110 million, respectively, representing 31.4% and 28.7% year-over-year increase at midpoint. These forecasts reflect with the company's current and preliminary views on the market and operational conditions, which are subject to change.

Now I will turn to Group CEO, Mr. Wu Huapeng for the concluding remarks. Huapeng, please.

Huapeng Wu ***Chindata Group Holdings Limited - CEO & Director***

(foreign language)

Joy Zhang ***Chindata Group Holdings Limited - Vice President, Legal & Investment***

[Interpreted] Translation for Huapeng. Hello, everyone. Thank you again for joining the call. It's been a remarkable year 2022 for the company. We dealt with problems have them solved and finished the fiscal year 2022 with another guidance upbeat and 10 straight quarters of consensus upbeat. In China, leveraging our energy abundant region layout under the East Data West Computing cluster and our unique hyperscale development and delivery capacity, we remained a trusted partner in supporting the healthy momentum of our differentiated client base. In the Qingyang Cluster of East Data West Computing, we've been active in joining the initiative, so as not to miss such historical opportunity, while at the same time, we move forward with our development plan pragmatically to make sure that we make well timed capital expenditure decision.

We are advancing our Southeast Asian market development at firm pace, with our key projects in Malaysia and India put into operation and ramping up steadily. We are confident in our Southeast Asian market, and we are working on high-quality delivery of the existing key projects in this region to win us more opportunities in the future.

Looking ahead, considering our unique client base and their momentum, we remain confident that an additional 120 to 150 megawatts lift capacity can be achieved in the next 2 years. We are also confident that newly emerging AI technology, such as ChatGPT, et cetera, will drive the long-term demand of computing power, and we believe that our existing clients are among the pioneers of this trend and we expect such to bring us upside in demand as well. As of today, we will continue to do what we should do to keep strengthening our energy side layout to ensure the supply side efficiency and sufficiency so as to safeguard the growth of the industry and our clients in the future. Thank you.

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

QUESTIONS AND ANSWERS

Operator

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

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

[Interpreted] I will translate my question. My question is regarding the breakdown of the 120, 150 megawatt new booking in the next 2 years or per year in the next 2 years. Could management break down in terms of customer and also location for the new booking?

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

I think our CEO, Huapeng, going to address your questions in Chinese and Joy going to translate in English.

Huapeng Wu ***Chindata Group Holdings Limited - CEO & Director***

(foreign language)

Joy Zhang ***Chindata Group Holdings Limited - Vice President, Legal & Investment***

[Interpreted] Translation for Huapeng Wu. Thank you for your question. Regarding the separation of our goal, we think in terms of the clients, the current key anchor client will take up 80% and the new client will take up about 20%. Location-wise, China will pick up about 70% and overseas -- outside China, will take up about 30%.

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

(foreign language)

Huapeng Wu ***Chindata Group Holdings Limited - CEO & Director***

(foreign language)

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

[Interpreted] I just translate the follow-up. I just want to make sure that the existing customer for the 80% from the existing customer -- real existing customer before the end of 2022 and not only referring to the anchoring customer.

Operator

Our next question comes from the line of Mingran Li from CICC.

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

[Interpreted] Let me translate myself first. How do you say the impact of AI and data science and for our anchored customers, if they have relevant application scenarios to drive more demand for us. Could you give us more color about this?

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

Yes. Thank you. I think Huapeng going to answer this question. I'm going to make some additional points. Huapeng, please.

Huapeng Wu ***Chindata Group Holdings Limited - CEO & Director***

(foreign language)

Joy Zhang ***Chindata Group Holdings Limited - Vice President, Legal & Investment***

[Interpreted] Okay. translation from Huapeng Wu. In the long term, I believe that AI technology, including the ChatGPT and its application and technology, will definitely bring up computing power demand in the long term. And it will also turn into a long-term positive demand and positive opportunities for the data center industry. With our unique hyperscale model from the supply side as well as the deployment on the energy side, we have been supporting the biggest computing power in China for the past few years.

And we will keep the momentum up with our deployment and development capability on the energy side. We will continue to ensure -- to secure the critical resources strategically and to provide solid support for the future client demand, promoting our mission in effectively converting electricity power into computing power.

Also for Chindata, in our long-term development, we believe that the high-density rack, high-density computing centers with the GPU with the AI computing power facilities, it will create a lot of demand. And we are the only one with a long-term experience in deploying that facility, and we have been making related technology innovation, and we have the longest experience in serving the relevant clients in deploying their AI computing powers. So for us, we believe that the AI technologies development will bring us definitely a very positive effect in gaining more client demand and catching opportunities.

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

Yes, this is Nick. I would like to make three additional points on this very hot topic these days. Although it's pretty hard to quantify to exactly how much incremental demand on data and IDC capacity according to our business, but we believe if you read one of the recent reports that there is a new concept of Moore's law essentially basically means that the future data and computing power to double its size in 18 months, essentially. So if you use this trend, you can see the future long-term potential that is going to be huge for our IDC business.

The other point I want to make -- the second point is actually our current forecast annual incremental capacity between 120 and 150 megawatts is only our baseline case. It doesn't consider the potential explosive growth in this new technology demand essentially driven by this ChatGPT stuff. So there could be some upper side opportunity based on that. We are still watching it closely on this trend and see whether it can drive up our customers' business and in turn, we can benefit from it.

And third point, we want to mention is that if you look at our client base, one of them is Microsoft. They are basically the leading forces in this ChatGPT stuff overseas. Our domestic and our key clients -- one of our key client for our domestic business, we believe this should be the leading force as well on this trend. So in any case, once this trend become quantifiable and can be pretty much, would become some certainty. We're definitely going to be one of the first ones to benefit a lot from it.

Operator

(Operator Instructions) Our next question comes from the line of Edison Lee from Jefferies.

Edison Lee ***Jefferies LLC, Research Division - Equity Analyst***

[Interpreted] So I have three questions. Number one is that I want to ask about the CapEx guidance in 2023. And number two is I think that the revenue and EBITDA guidance for 2023 is a little bit low. So I would like to know the assumptions behind this guidance. And number three is, I want to get a little bit more details about the asset impairment that they booked in the fourth quarter.

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

Thank you, Edison. I think I'm going to refer your first and the third question to our Finance Senior VP, Zoe, to give you an answer. I'm going to address your second question on the guidance.

Zoe Zhuang ***Chindata Group Holdings Limited - Senior Vice President of Finance***

So thank you, Edison. On your first question regarding the CapEx expenditure next year. We forecast it will be around RMB 5 billion, and this is based on our current business plan and also the project we disclosed. So this is based on our current project delivery schedule and also the historical cost level. So for the third question, you mentioned is on the details of those one-off long-lived asset impairment. This is mainly for Chinidea, which was previously legacy business for the manufacturing part of the company. And this is mainly for this plant factory decoration and equipment investments.

And so far, we've decided for this manufacturing part of the key equipments of this MEP investment, we will more cooperate with our external strategic vendors, so we will not operate these factories anymore. So there is a onetime long-lived asset impairment. The cost is -- the impairment amount is around RMB 84 million and this is a very thorough and onetime clean up. We don't expect any further impairment or similar cases in the future and hope this helps you. Impairment finished.

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

I think one thing I disagree is actually around 30% the revenue -- the growth on the revenue side, EBITDA side is low. It's probably -- if you compare our -- the previous past several years, growth rate, it's probably going to be a little bit lower, but still much higher than the industry average. And also, I think I just mentioned that we anticipate that this is our base case forecast essentially. So basically, I don't even call it the forecast. It's probably just more like a natural result of all the current contract and the execution under construction. And once they got delivered, they're going to ramp up in the -- pretty much on average 9 months ramping up time. So we put all this very conservative base assumption into the model and what you will get is actually the 30% increase on the top line. And slightly lower EBITDA growth rate, I think -- I still call it around 30%. It's simply because we are actively seeking diversification strategy this year, especially starting from the second half of this year. And that basically means to post-COVID time we're going to hire more people and more staff on the business development side, on the R&D side, essentially to support our company's growth in both China and overseas market over the long run.

Having said that, you're going to see a slight increase of our corporate G&A, R&D and sales and marketing. You spend it this year, they're going to bring the long term. This incremental resource dedication is going to bring a long-term benefit to companies sustainable the business in the future. So in other words, what do you see? 30% growth rate on the top line and bottom line are pretty much a secured number based on the existing contract and the visible top lines. There is some upper side potential on top of it.

Edison Lee *Jefferies LLC, Research Division - Equity Analyst*

Nick, can I have a very quick follow-up. I wonder if the EBITDA margin of the non-China projects is putting some pressure on the overall EBITDA margin.

Nick Wang *Chindata Group Holdings Limited - CFO*

Actually, on this -- the overseas EBITDA margin, we don't disclose separately about overseas EBITDA margin. But overall, one thing I can tell you is actually with the overseas expansion, bring additional business and bring the long-term potential, it brings out directly the geographical and the customer diversification. That's point number one.

Number two, in terms of per unit financial return, if you measure it against the regional benchmark peers performance, we believe that our EBITDA margin, profit margin, return on assets is definitely going among the best, second point.

On third point, regardless of the -- a little bit difference on margin profile between the overseas and China market, we're very confident that on a corporate level, our EBITDA margin to maintain well above 50% moving forward into the future. And also, the other important factor you've got to consider is actually a competitive model or competitive model -- competence model for the company in overseas markets are slightly different from what we have in China. In overseas market, we basically pass through all the power to the client because completely -- because more flunctuation nature of the power cost in overseas market. So without this power stuff, you have more certainty of our EBITDA margin overseas. On the other side, that's probably driving a little bit lower EBITDA margin.

Operator

Great. Thank you very much for all your questions. We have reached the end of the question-and-answer session. And with that, we conclude our conference for today. Thank you for participating. You may all disconnect.

[Statements in English on this transcript were spoken by an interpreter present on the live call.]