



CHINA TOWER
中国铁塔

2022 Annual Results

2 March 2023

Management

Mr. Zhang Zhiyong

Executive Director and Chairman

Mr. Gu Xiaomin

Executive Director and General Manager

Mr. Gao Chunlei

Executive Director

Mr. Hu Shaofeng

Chief Accountant

Mr. Liu Guofeng

Deputy General Manager

Mr. Yin Wenkai

Deputy General Manager

Mr. Zhao Jingbao

Deputy General Manager

Content



01

**Overall
Performance**



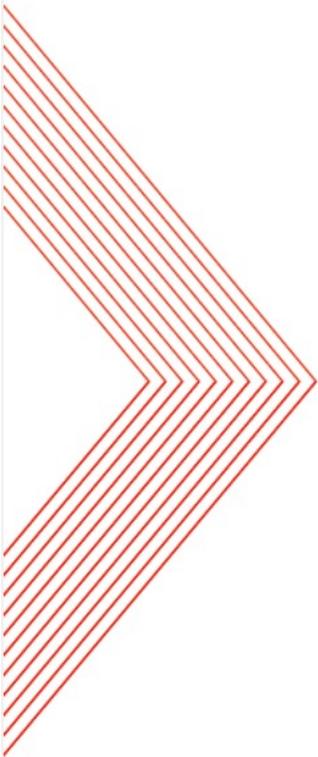
02

**Operational
Performance**



03

**Financial
Performance**



01

Overall Performance

Zhang Zhiyong

Executive Director and Chairman

Key Indicators

RMB92,170 million

Operating Revenue

 **6.5%**

RMB62,844 million

EBITDA

 **0.3%**

RMB65,134 million

Operating Cash Flow

 **7.7%**

RMB8,787 million

Net Profit¹

 **19.9%**

RMB0.0503 yuan

EPS

 **20.0%**

1.74 tenants/site

Tower Tenancy Ratio

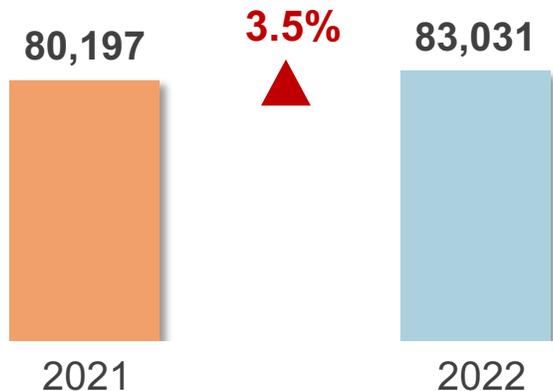
 **0.04**

Note 1: Net profit is profit attributable to owners of the Company, the same applies herein after.

Deepening "One Core and Two Wings" Strategy

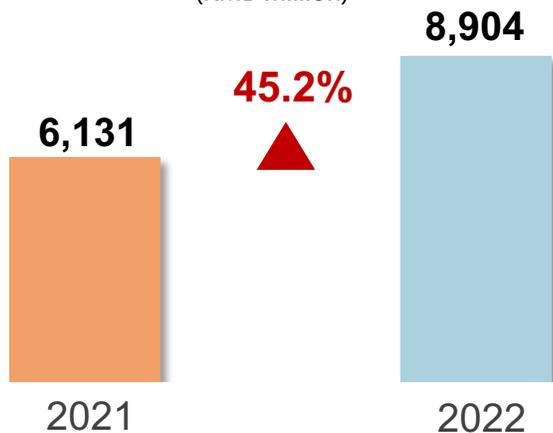
TSP business

(RMB million)



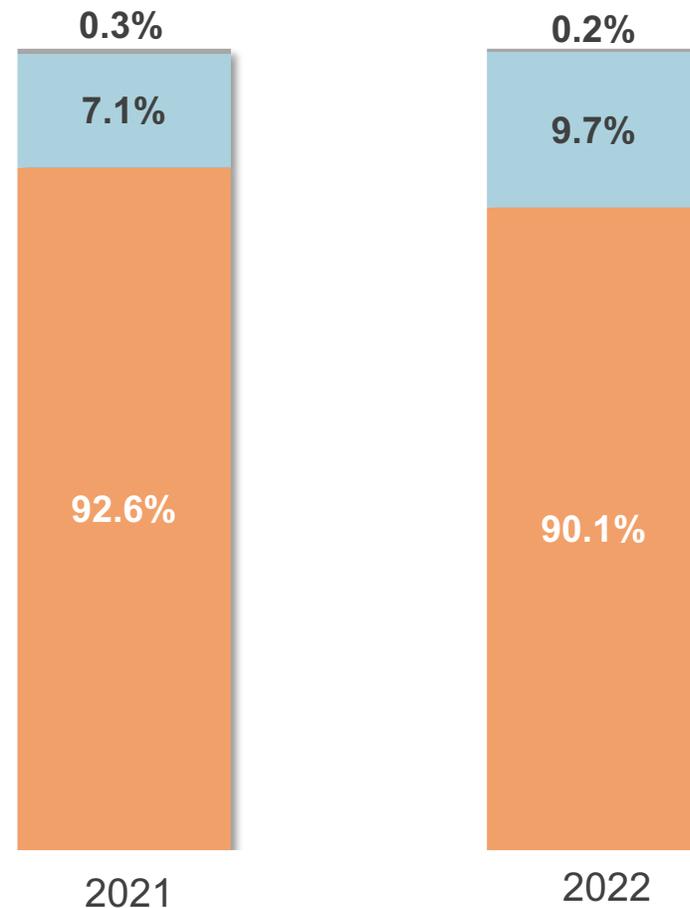
Two Wings business

(RMB million)



Operating revenue structure

■ TSP business ■ Two Wings business ■ Others



Fortified Foundation of China as a Global "Cyberpower"

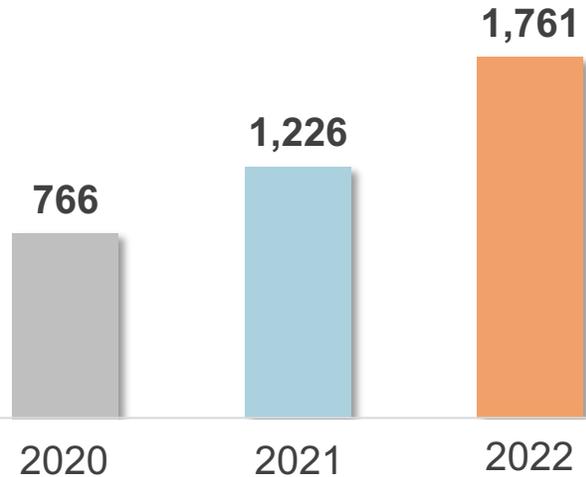
To become a *world-class information and communications infrastructure service provider*

Main force behind communications infrastructure, supporting implementation of "Cyberpower" strategy

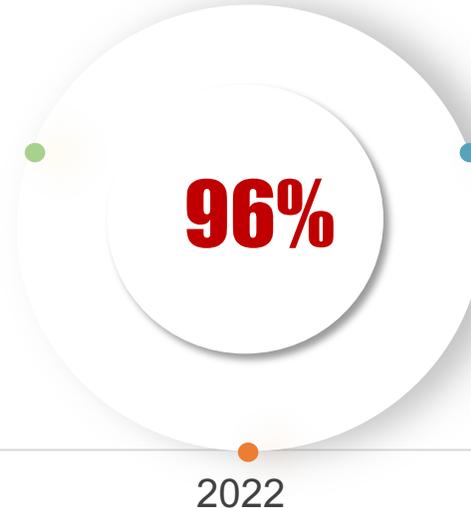
Strengthened joint development and sharing and drove effective resources allocation

Revenue contribution from 5G tenants gradually increased, becoming a main growth driver

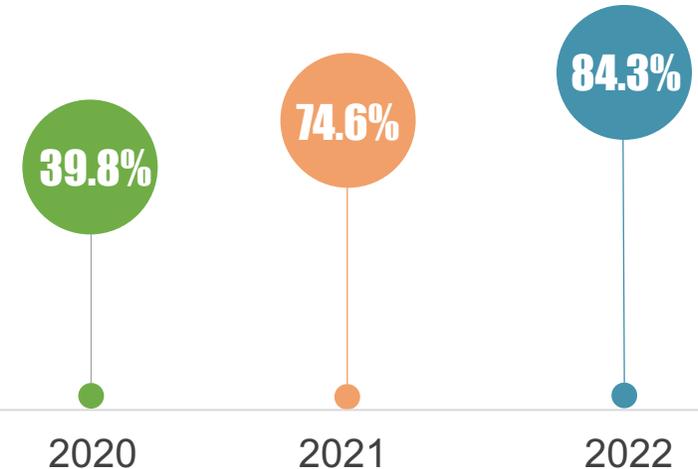
Cumulative number of 5G projects¹ ('000)



5G projects delivered through sharing existing resources



Share of incremental revenue to TSP business contributed by 5G tenants²



Note 1: 5G projects represent number of 5G demands from TSPs

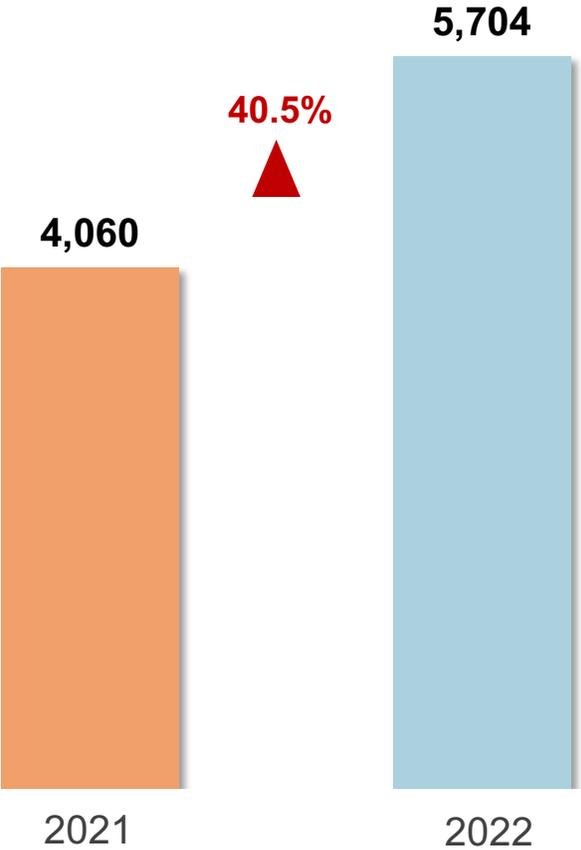
Note 2: Share of incremental revenue to TSP business contributed by 5G tenants = incremental revenue from 5G tenants / incremental TSP business revenue

Accelerated Smart Tower Business Development

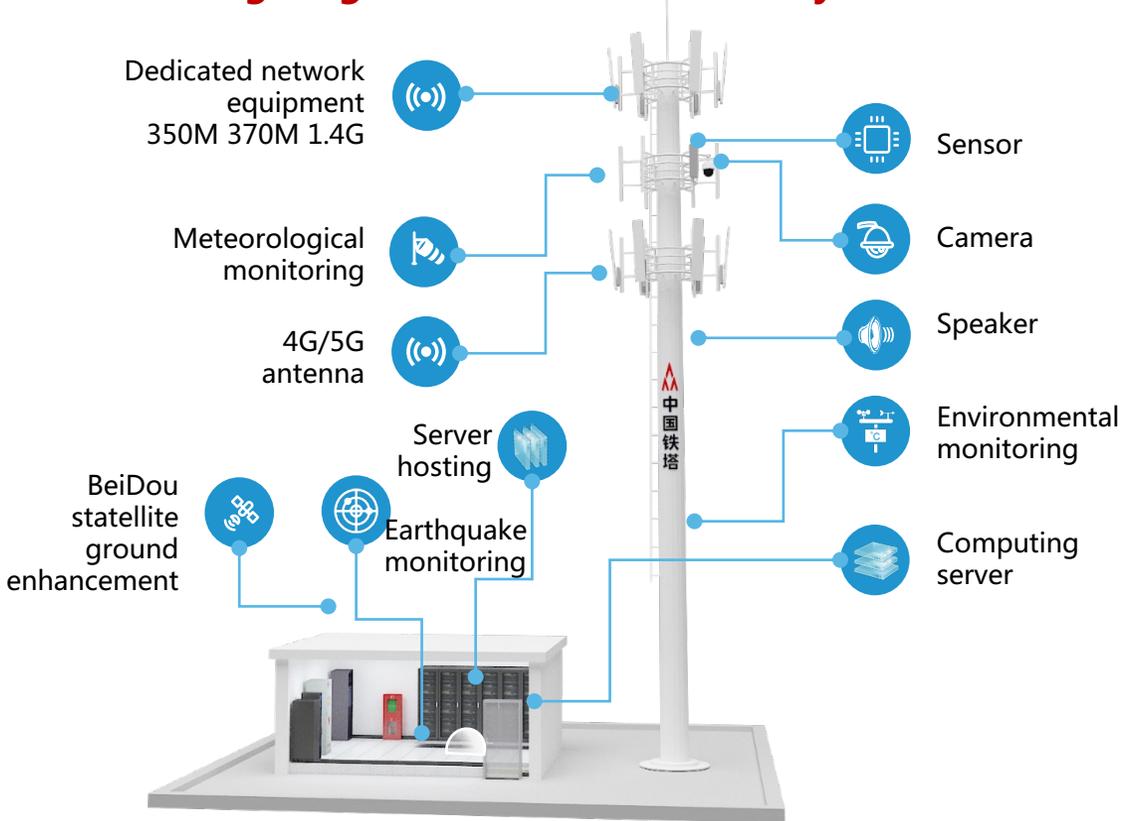
To become an *information applications provider* with core competency

Smart Tower business revenue

(RMB million)



Developed five core competencies, deepened the sharing concept, leveraged the advantages of mid-to-high point site resources
Provided data collection and application products, and served the digital governance of the country

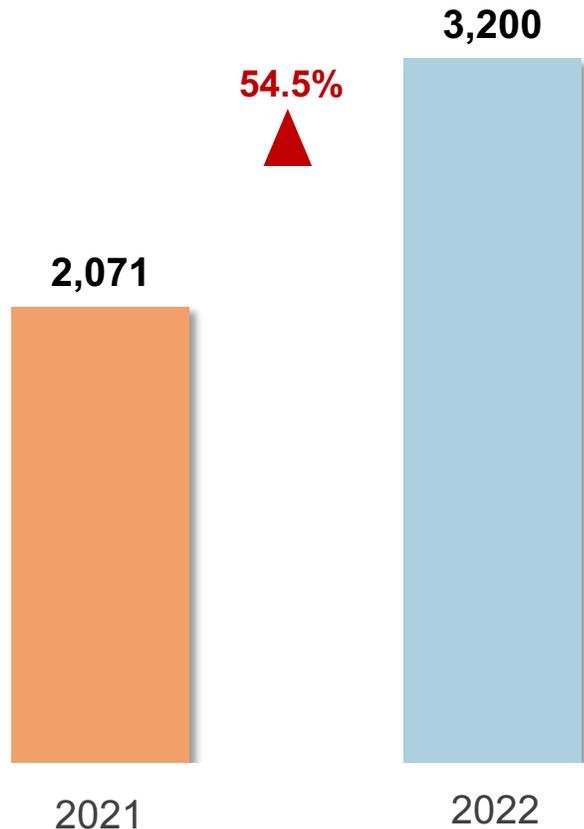




*To become a **new energy applications provider** with core competency*

Energy business revenue

(RMB million)



Improved quality and efficiency of Energy business

Optimized business structure

- Maintained leading position in food and parcel delivery battery exchange business
- Strengthened the four-in-one service capabilities and expanded the scale of power backup business

Breakthrough in product innovation

- Adopted "self-develop + cooperation" mode to promote product innovation and optimization
- Launched "Standard 3.0" for battery exchange products and power backup products for high-capacity scenario

Deepened delicate management

- Strengthened asset lifecycle management, prevented asset disposal loss risks, and improved operational efficiency
- Relying on a unified national operation monitoring system, strengthened asset management and improved asset utilization rate

Significant improvement in service capability

- Promoted intelligent customer services and app self-service; Proportion of intelligent customer service reached 70%
- Improved service quality, and optimized complaints handling and repair processes

Assets operating capabilities

- Accelerated platform construction to support business collaborative and efficient development
- Promoted intelligent operation and maintenance, improved the level of digitalization and delicate management
- Strengthened asset lifecycle management and improved efficiency

01

Customer service capabilities

- Optimized service standards and built a standardized system with differentiation
- Enhanced service quality and built dedicated service teams
- Eliminated service shortcomings and implemented transparent, fully closed-loop procedures

02

Technological innovation capabilities

- Formulated plans for technological innovation to play a leading role in strategy
- Focused on key areas and critical tasks, increased R&D investment
- Strengthened R&D in key projects such as DAS, AI algorithm, and raised capabilities to tackle key technological tasks

03

Reform and development capabilities

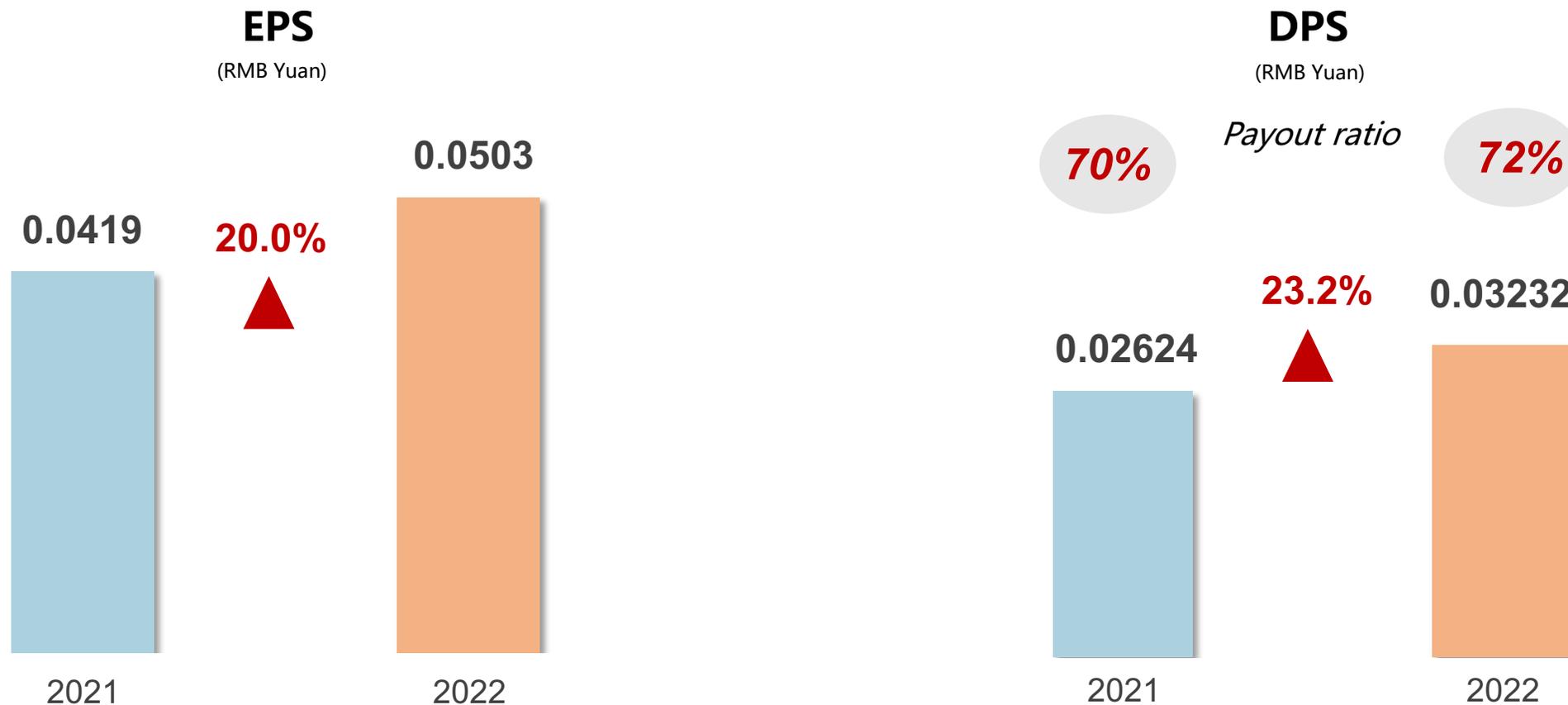
- Promoted full coverage of tenure-based contractual management and strengthened incentive mechanisms
- Implemented the "14th Five-Year" talent development plan to strengthen the enterprise through talents
- Deepened "Double-hundred Action" reform around systems and mechanisms of subsidiaries

04

Prioritized Boosting Returns to Shareholders

• *Consistent increase in dividend payout ratio* •

The Board recommends paying a final dividend of RMB0.03232 per share (pre-tax) in 2022



01 TSP business

Furthered 5G network construction

- 5G networks still at scaled construction stage. By the end of 2023, **the number of 5G base stations per 10,000 people is expected to exceed 18** ^{note}
- The DAS market has huge potential for growth. By the end of 2025, indoor 5G coverage areas will reach those of 4G
- Continued the strengthening of joint development and sharing. **Multiple government departments have jointly promoted resources sharing and strengthening of public attributes of telecommunication infrastructure**

02 Smart Tower business

Promising prospects for digital economy

- In the "14th Five-Year Plan" of 31 provinces, all explicitly accelerated digital development, with the scale of **China's digital economy expected to reach RMB80 trillion at the end of the period**
- The new urbanization strategy will require digitalization empower the urban governance system and the modernization of governance capability
- **The "Overall Layout Plan for the Construction of Digital China" puts forward clear guidelines for the transformation of governance methods in various industries and fields driven by digitalization**, providing policy dividends for digital related Smart Tower business deployment based on mid- and high-point site resources.

03 Energy business

"Dual carbon" strategy created room for development

- The "2030 carbon peak" and the "2060 carbon neutral" national targets, there will be greater **demand for electricity. This has also created greater demand for clean power generation and efficient electricity**
- **By the end of 2022, the total number of electric bicycles in China has reached 350 million** ^{note}. There is a strong demand for safe battery charging service. This will accelerate the construction of charging and battery exchange infrastructure
- Economic and social development is shifting toward green and low-carbon ways, and there are numerous opportunities for growth in the energy industry

Vigorously Drove High-quality Development

*Deepened rollout of "One Core and Two Wings" strategy
Continued to promote value creation and enterprise growth*

Technology

Value creation

Innovation

Sharing

Service

Smart
Tower
business

Energy
business

TSP
business

Information applications provider with core competency

- Strengthened applications of industry products and deepened expansion in key industries
- Focused on mid- and high-point resource advantages and established core technological advantages
- Continually optimized user-friendly Smart Tower service to improve service standards

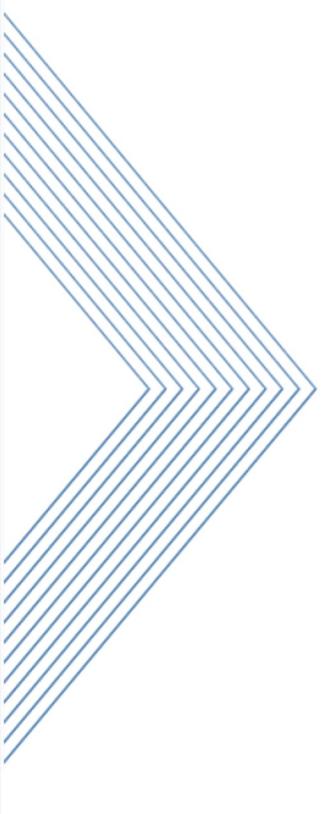
A world-class information and communications infrastructure service provider

- Seized opportunities and fully satisfied customer demands to maintain a stable development of tower business
- Accelerated development of DAS business to become second engine of TSP business

New energy application services provider with core competency

- Focused on battery exchange in light electric vehicles, striving to become leader in this sector
- Promoted four-in-one guarantee solution entailing power backup, power generation, monitoring and maintenance, and strengthened power backup business

Professional • Intensive • Delicate • Efficient • Digitalized



02

Operational Performance

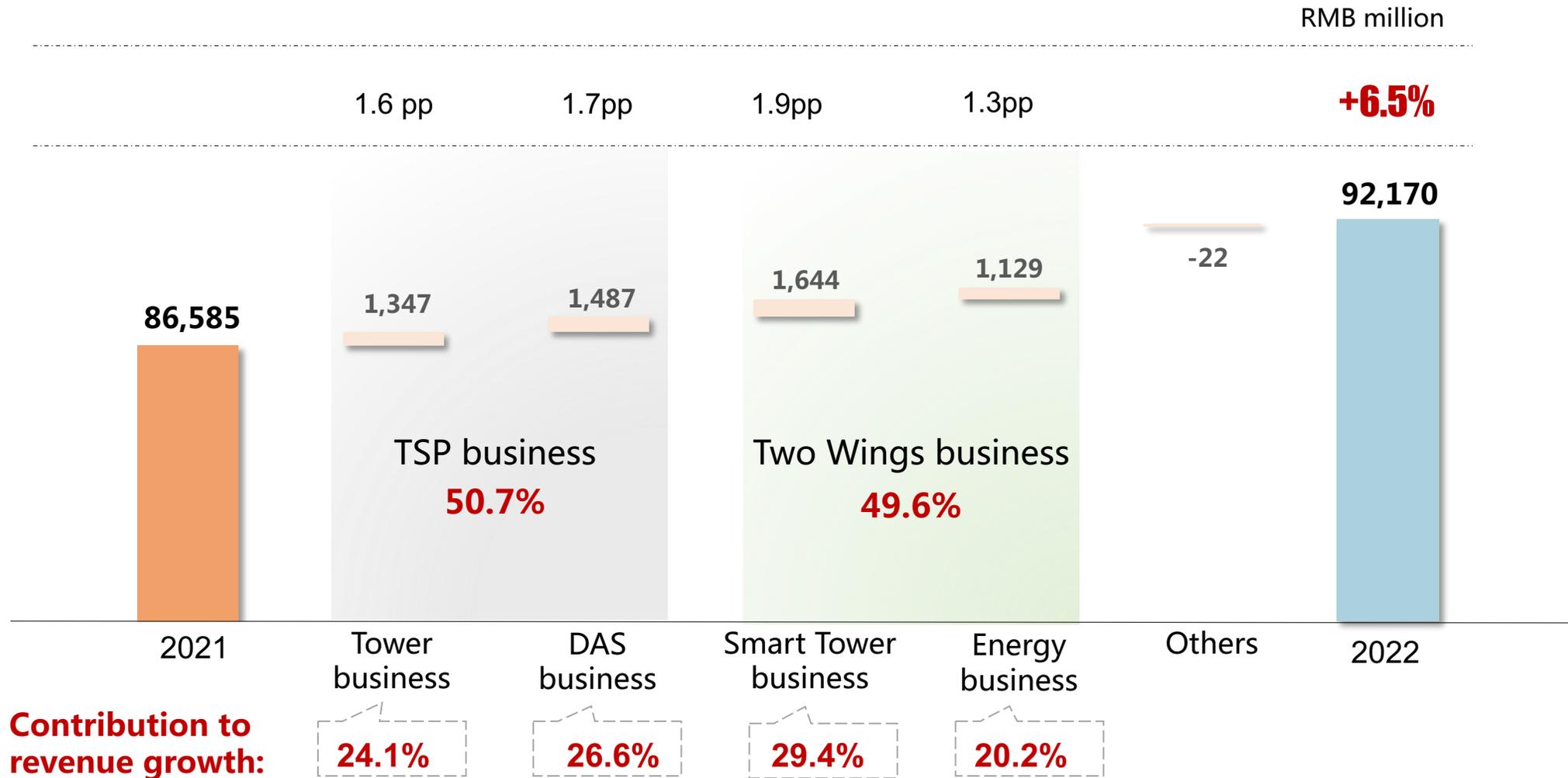
Gu Xiaomin

Executive Director and General Manager

Key Operational Indicators

Indicators	2021	2022	Change
Operating Revenue (RMB million)	86,585	92,170	6.5%
TSP Business	80,197	83,031	3.5%
Smart Tower Business	4,060	5,704	40.5%
Energy Business	2,071	3,200	54.5%
Number of Tower Tenants (thousand)	3,459	3,583	3.6%
TSP Tenants	3,260	3,362	3.1%
Smart Tower Tenants	199	221	11.1%
Number of Tower Sites (thousand)	2,038	2,055	0.8%
Tower Tenancy Ratio (Tower Tenants / Tower Site)	1.70	1.74	2.4%
Revenue per Tower Site (RMB yuan)	39,358	40,512	2.9%

Multiple Pillars Supported Revenue Growth



Tower Business Remained Robust

Comprehend characteristics of construction demands

01

- Actively captured demand in low-frequency network coverage and new site construction

Optimized construction service model

02

- Promoted joint deployment of key projects to align demand and improved integrated solution capabilities

Deepened sharing within industry to achieve win-win situation

03

- Signed 5-year Commercial Pricing Agreements and Service Agreements with TSPs and ensured a long-term stable development of the TSP business

Operating revenue from Tower business

(RMB million)

75,857

2021

1.8%

77,204

2022

TSP tenants

(Thousand)

3,260

2021

3.1%

3,362

2022

TSP tenants per tower site

(Tenants/site)

1.60

2021

3.1%

1.65

2022

DAS Business Expanded Rapidly

Stepped up expansion in new markets

- Establish and promote the "resources + demand" integrated and coordinated development model, actively indoor coverage needs, and to continue our expansion in new markets

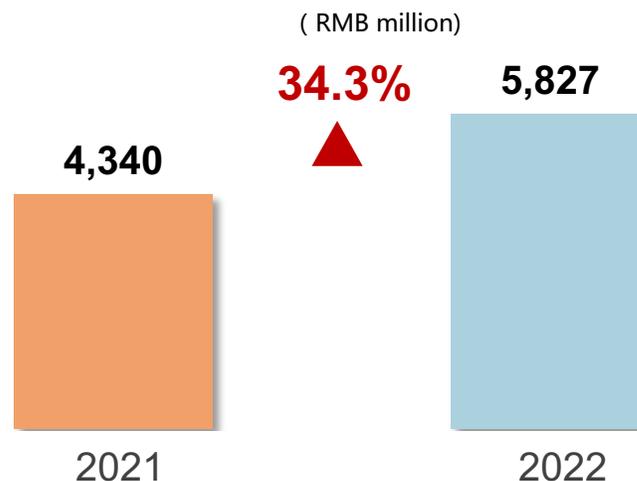
Fulfilled demands arising from all key scenarios

- Delved into key sectors, focusing on key scenarios and give full play to the advantage of coordinated planning, entry and construction, and enhanced competitive advantages

Improved professional service capabilities

- Continued to strengthen the innovation of shared DAS products and solutions. Built advantages in low-cost, service-centered, green and low-carbon DAS solution

Operating revenue from DAS business



Expanding DAS coverage



Buildings

7,390 million m²

▲ **2,400** million m²



Subways

9,611 kilometers

▲ **1,604** kilometers



High-speed railway tunnels

10,429 kilometers

▲ **1,530** kilometers

Strengthened R&D to Accelerate Digital Transformation in Smart Tower Business

Site sharing

Upgrade from “tower and shelter leasing” to “tower resources + shelter resources + equipment hosting+ maintenance+ transmission+ power backup”

Tower monitoring

Forest smart protection

Farmland smart protection

Straw burning ban

Blue skies smart protection

Reservoir smart protection

Fishery smart protection

Village smart protection



Hundreds of Industries Empowered by Digital Transformation



Forestry

Forestry fire prevention

50,000 sites monitoring 270 forests in different cities



Land

Safeguarding 1.8bn mu of farmland

Almost 40,000 sites in services to protect farmlands in 80 cities across 18 provinces



Environmental protection

National pollution prevention and control

30,000 sites covering an area of 0.45 billion mu of farmland, monitoring straw burning



Water resources

Ecological restoration of rivers and lakes

11,000 sites supported recovery of 4,700 rivers and districts, reinforcement of 2,300 reservoirs and dams



Emergency response

Earthquake response and rescue

Over 10,000 sites supporting earthquake early response and rescue efforts



Agriculture

Ecological protection of the Yangtze River

Over 5,700 fishing ban monitoring covered over 337 districts



Transportation

Building intelligent transportation system

Over 3,000 sites covering and monitoring 10,000-kilometers- long express way



Governance

Maintaining the safety and stability of railways

Over 3,000 sites covering high speed railway of 71 districts and cities in 19 provinces

Strengthened R&D to Accelerate Digital Transformation in Smart Tower Business

Total number of tower sites utilized in Smart Tower business

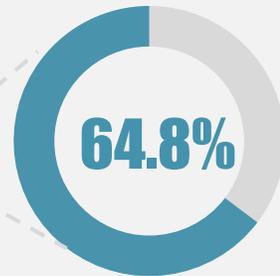


Number of tenants in Smart Tower business



Tower monitoring

RMB3,694 million



Revenue contribution to Smart Tower business

Site sharing

RMB2,010 million



Revenue contribution to Smart Tower business

Focused on Key Industries for Scaling-up Energy Business

Seized opportunities from “national policy, industry development and technological upgrade” to enhance comprehensive sharing in energy business

Focused on two core business segments: battery exchange and power backup

Facilitated rollout of “Dual Carbon” Strategies

Battery exchange business



Strengthened leadership in the consumer battery exchange market

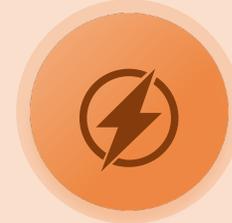
- Leveraging the advantages of the battery exchange network and services, deepened our focus on the consumer battery exchange market
- Continuously improved market penetration rate



Aggressively expanded corporate clientele

- Signed strategic cooperation agreements with industry clients such as China Post, SF Express to expand the scope of our corporate user collaborations
- Explore opportunities to expand our services to different segments in vertical industries

Power backup business



Long-term and stable power backup service

- Focused on key industries such as communications, finance, etc.
- Provided comprehensive solution that includes power backup, power generation, monitoring, and maintenance



Temporary or limited-period power backup

- Focused on large-scale tournaments, and other small-to-medium scale power backup scenarios, such as important events, conferences and exams etc.
- Provided branded, high quality, safe and reliable temporary power backup services

Focused on Key Industries for Scaling-up Energy Business

Number of users of battery exchange business



902,000

↑47.4% year-on-year

Number of power backup sites

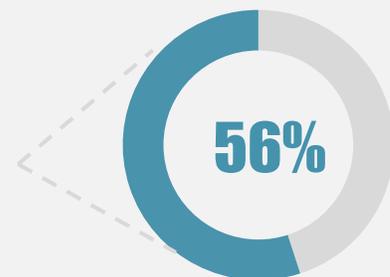


64,000

↑113.3% year-on-year

Revenue from
battery exchange business

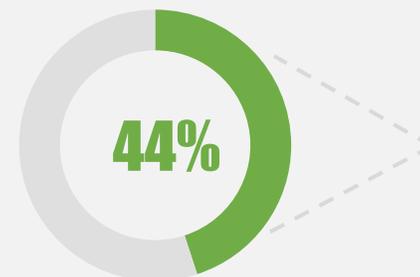
RMB1,800 million



Revenue contribution to
Energy business

Revenue from
power backup and other business

RMB1,400 million



Revenue contribution to
Energy business



03

Financial Performance

Hu Shaofeng

Chief Accountant

Key Financial Indicators

(RMB million)	2021	2022	Change	change on comparable basis
Operating revenue	86,585	92,170	6.5%	
Operating expenses	73,550	78,858	7.2%	6.3% ¹
Operating profit	13,035	13,312	2.1%	7.0% ¹
EBITDA	63,017	62,844	-0.3%	
Net profit	7,329	8,787	19.9%	17.6% ²
Free cash flow	35,311	38,927	10.2%	
Gearing ratio	33.4%	27.7%	-5.7pp	

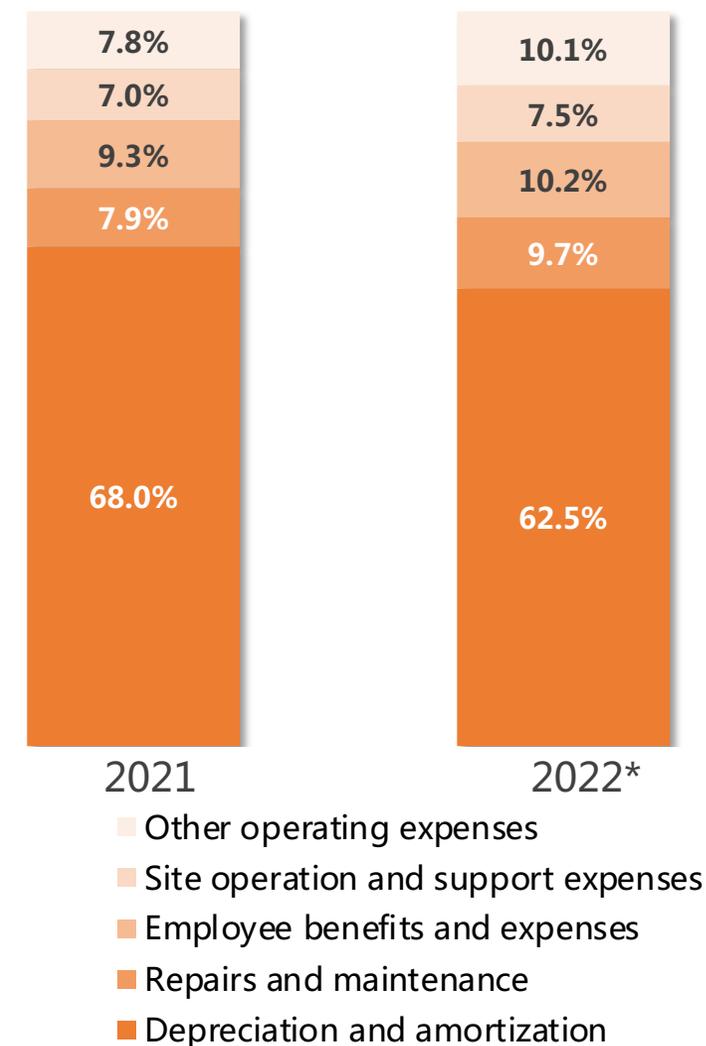
Note 1: In 2022, based on the evaluation of the actual use status of the battery, the Company adjusted the depreciation period of the battery from 8 years to 5 years. This change in accounting estimates resulted in an increase of RMB638 million yuan in depreciation that year. Year-on-year change calculated based on the actual amount on comparable basis after excluding the impact of changes in the depreciation period (from 8 years to 5 years) of cascade batteries

Note 2: In 2022, the Company achieved a value-added tax deduction of RMB949 million, an increase of RMB855 million yuan over the previous year. year-on-year change calculated based on the actual amount on comparable basis after excluding the impact of changes in the depreciation period (from 8 years to 5 years) of cascade batteries and non-recurring profit from VAT credits

Effective Cost Allocation

(RMB million)	2021	2022	Change on comparable basis
Operating expenses	73,550	78,858	6.3%*
Depreciation and amortization	49,982	49,532	-2.2%*
Repairs and maintenance	5,796	7,593	31.0%
Employee benefits and expenses	6,875	7,940	15.5%
Site operation and support expenses	5,161	5,857	13.5%
Other operating expenses	5,736	7,936	38.4%
of which:			
business development expenses	2,773	4,256	53.5%
other expenses	2,963	3,680	24.2%
Net finance costs	3,723	2,879	-22.7%

Cost structure

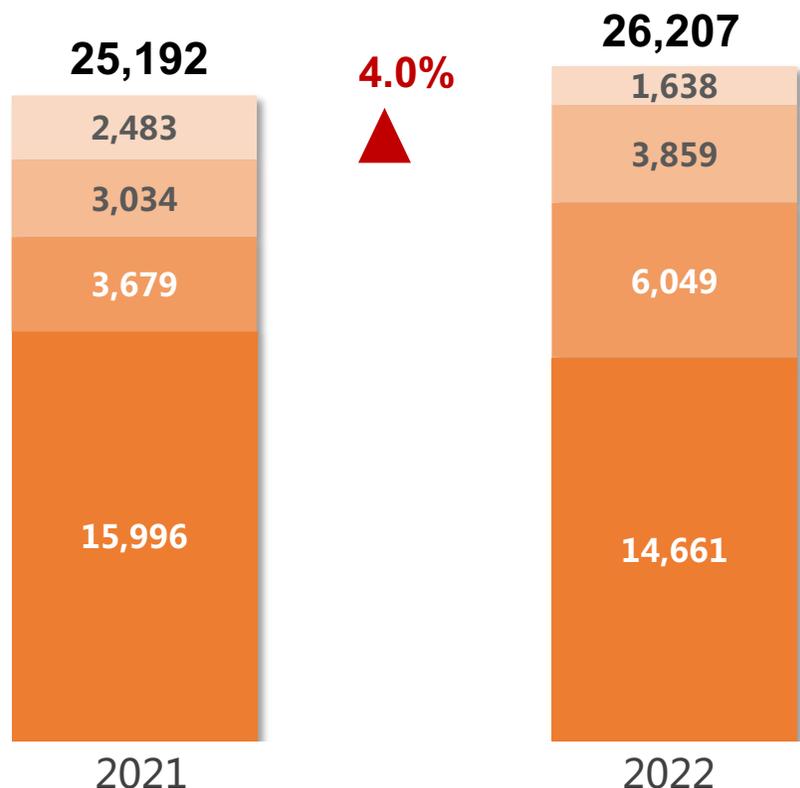


Note*: Year-on-year change calculated based on the actual amount on comparable basis after excluding the impact of changes in the useful life of cascade batteries and date of operating cost structure

Effective Allocation of CAPEX

CAPEX

(RMB million)



- IT support and purchase of comprehensive building for production
- Two Wings Business
- Site replacement and improvement
- New site construction and augmentation

Allocate investments based on development and capability building needs

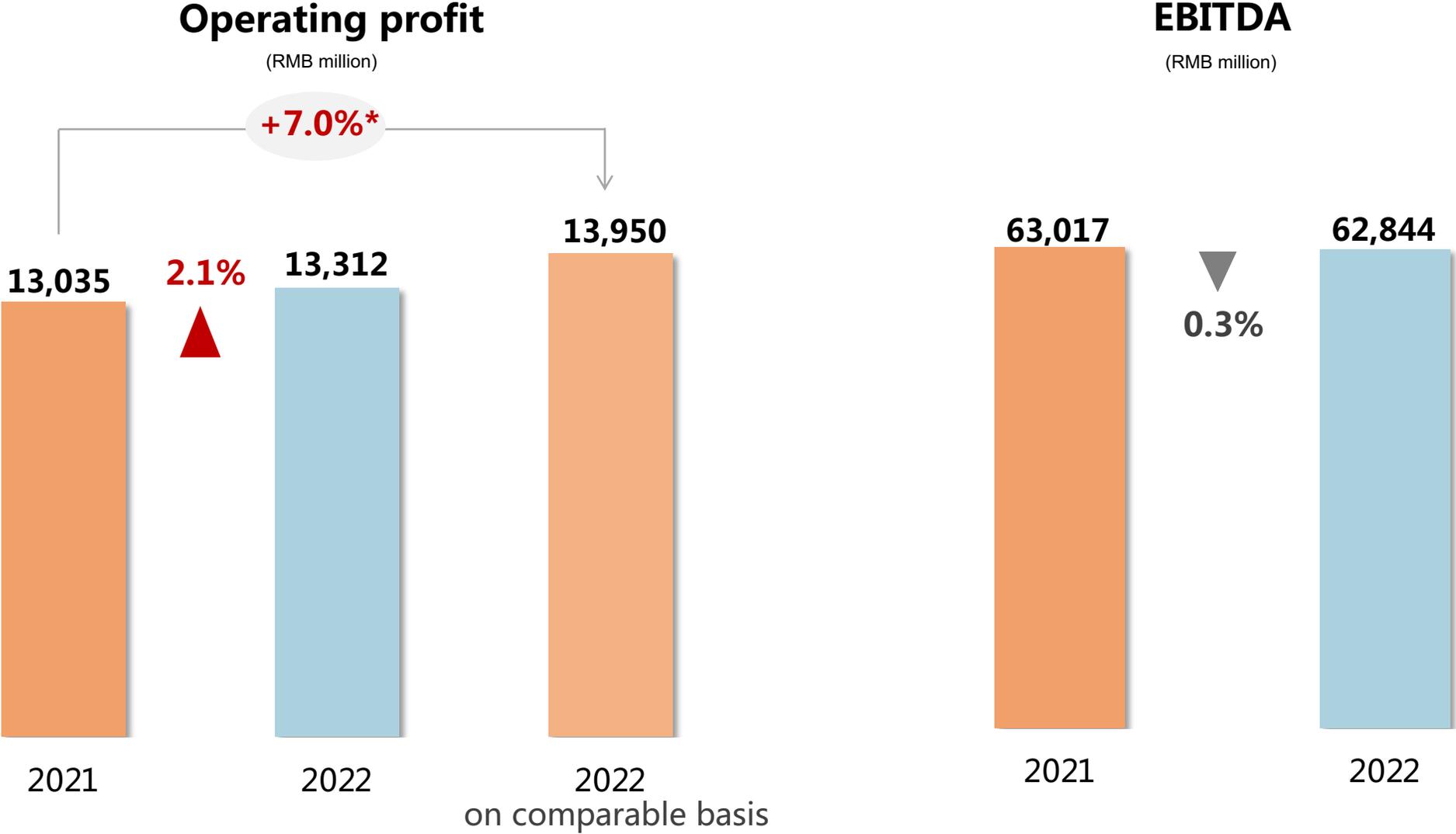
Controlled total investment by coordinating investment plans and strengthening the project economic benefit evaluation

Affected by the structural change in TSPs' demands for 5G construction, the optimization of the Company construction plans and the effective saving of investment by applying innovative products, we effectively reduced investment expenses

Increased efforts to improve the on-going servicing of assets through precise implementation of the site replacement and improving the operations of quality assets

Accelerated the investment in infrastructure facilities and platform construction to meet Two Wings business development needs

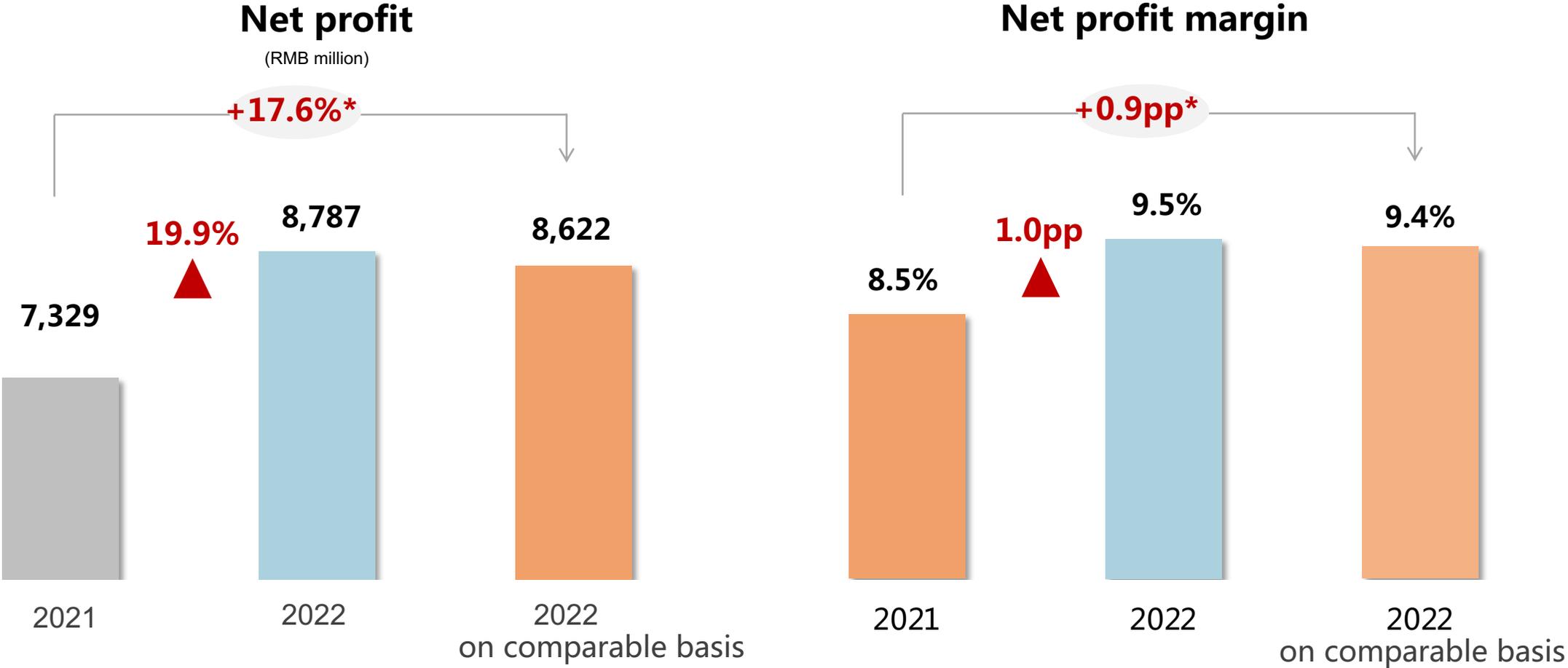
Enhanced Profitability



Note*: Year-on-year change calculated based on the actual amount on comparable basis after excluding the impact of changes in the depreciation period of cascade batteries

Enhanced Profitability (Cont.)

• Net profit maintained relatively fast growth •

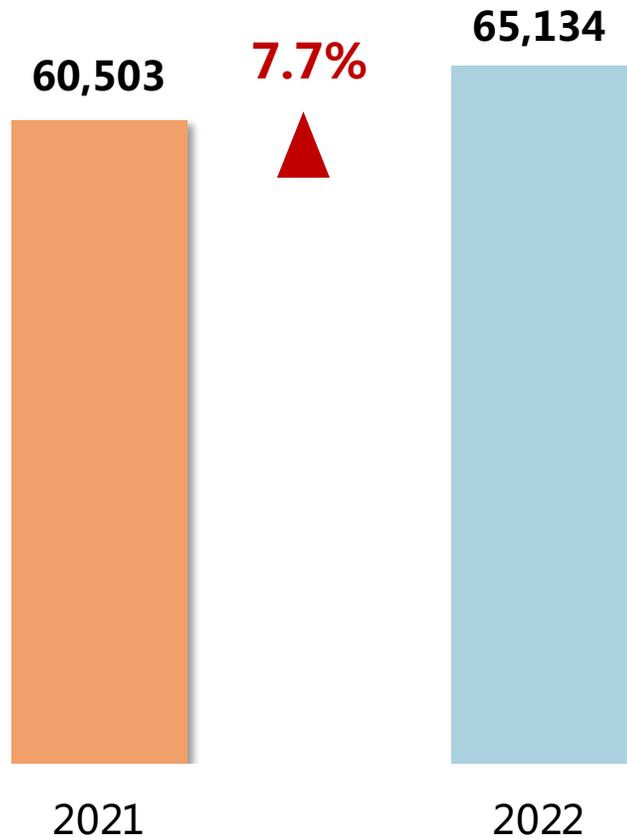


Note*: Year-on-year change calculated based on the actual amount on comparable basis after excluding the impact of changes in the depreciation period of cascade batteries and VAT credits

Healthy Cash Flow

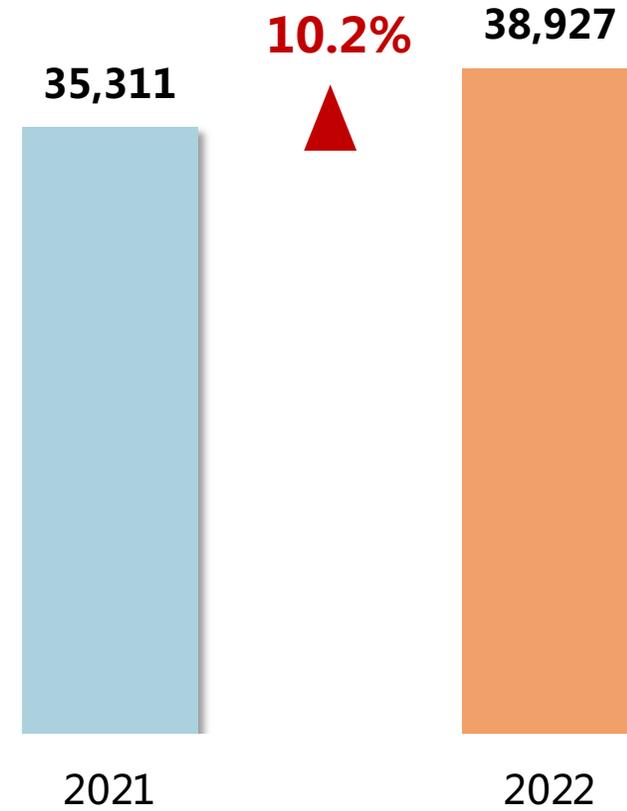
Operating cash flow

(RMB million)



Free cash flow

(RMB million)

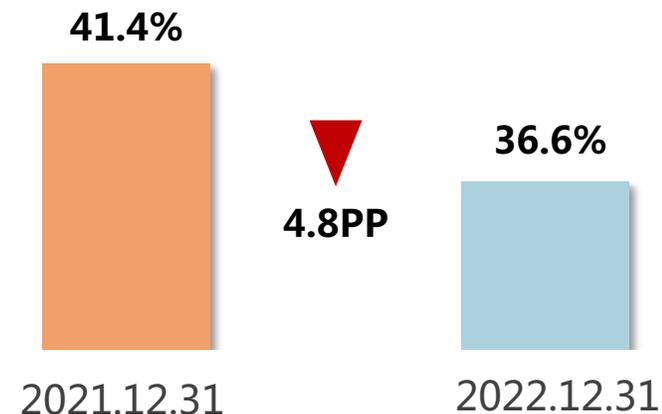


Maintained a Solid Capital Structure

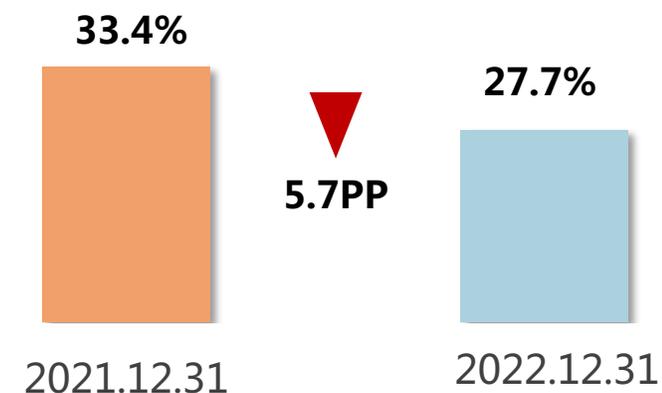
(RMB million) 2022.12.31

Assets	305,560
Cash and cash equivalents	5,117
Liabilities	111,969
Interest-bearing debt	79,119
Total equity	193,591

Liabilities-to-assets ratio



Gearing ratio



CHINA TOWER CORPORATION LIMITED
中国铁塔股份有限公司



Q&A

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Appendix: Extracted from Audited Consolidated Balance Sheet as at 31 December 2022

(RMB million)	2021.12.31	2022.12.31
Total Assets	323,259	305,560
Current assets	48,344	49,706
Non-current assets	274,915	255,854
Property, plant and equipment	221,419	209,377
Construction in progress	14,709	12,339
Total Liabilities	133,905	111,969
Current liabilities	76,182	65,158
Borrowings	37,142	25,597
Accounts payable	25,264	26,646
Non-current liabilities	57,723	46,811
Total Equity	189,354	193,591



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