



# 2023 Interim Results

3 August 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

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**01**

**Overall  
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01

# Overall Performance

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*Zhang Zhiyong*

Executive Director and Chairman



# Key Indicators

**RMB46,461 million**

Operating Revenue

 **2.2%**

**RMB32,021 million**

EBITDA

 **0.2%**

**RMB11,555 million**

Operating Cash Flow

 **63.1%**

**RMB4,841 million**

Net Profit <sup>1</sup>

 **14.6%**

**RMB0.0277 yuan**

EPS

 **14.5%**

**1.77 tenants/site<sup>2</sup>**

Tower Tenancy Ratio

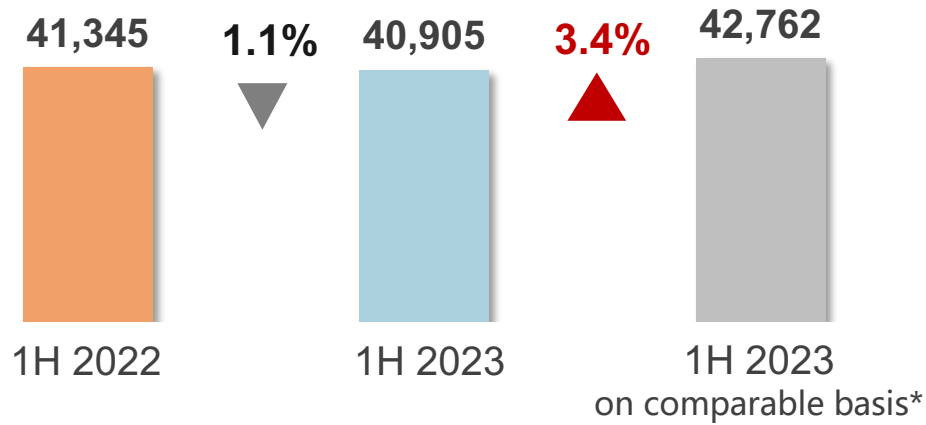
 **0.03**

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

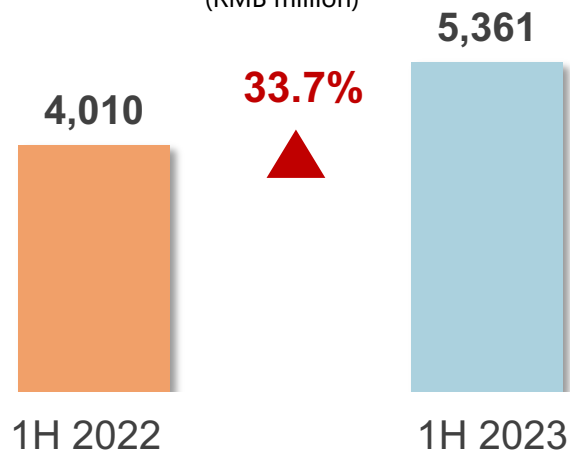
Note 2: The increase in the tower tenancy ratio is the tenant compared to December 31, 2022

# Solid Overall Performance

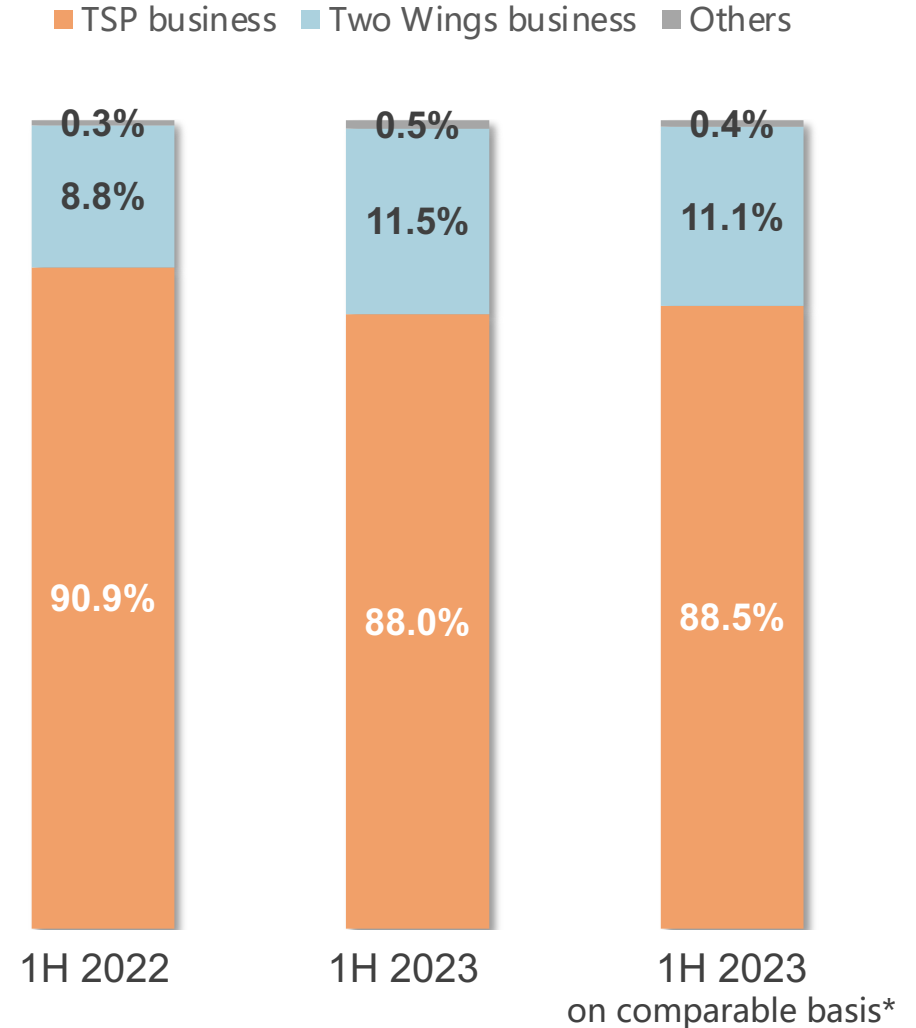
## TSP business (RMB million)



## Two Wings business (RMB million)



## Operating revenue structure



Note: Comparable basis refers to TSP business revenue excluding the impacts of new Commercial Pricing Agreements

# Strengthened Joint Development and Sharing Further Consolidated TSP Business' Leading Position

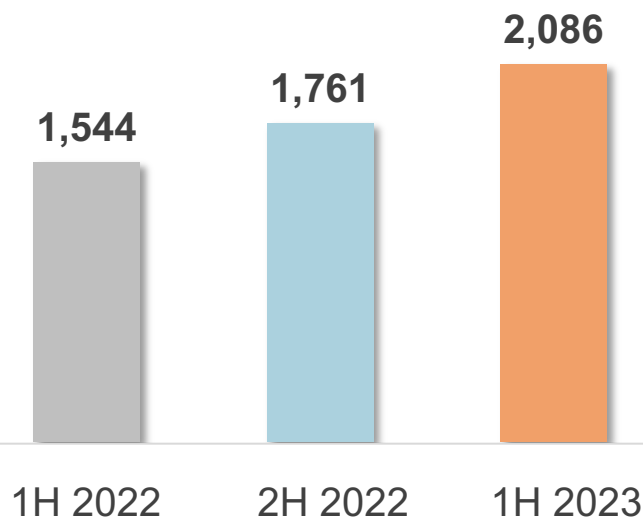
*Seized strategic opportunities of "Cyberpower" and "Digital China"*

Strengthened the foundation of 5G new infrastructure in an intensive and efficient manner

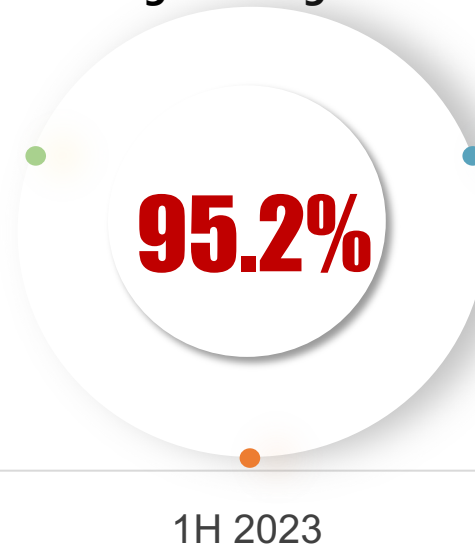
Deepened the sharing concept, drove effective resources allocation

Accelerated development of DAS business, built "5G+DAS" dual growth engines

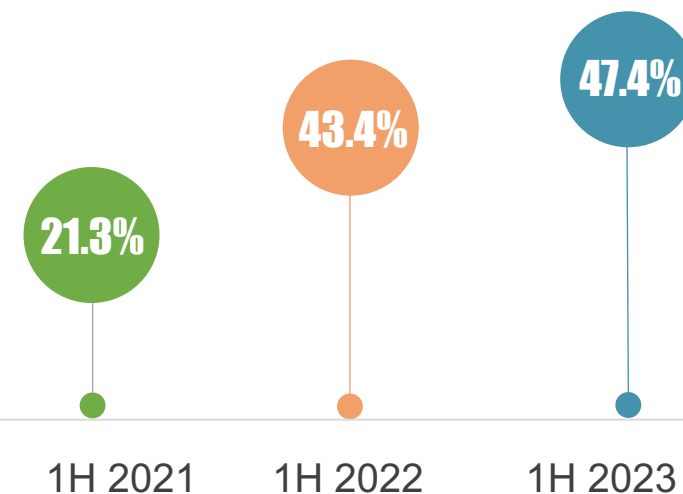
Cumulative number of 5G projects<sup>1</sup>  
( '000)



5G projects delivered through sharing existing resources



Share of incremental revenue to TSP business contributed by DAS business<sup>2</sup>



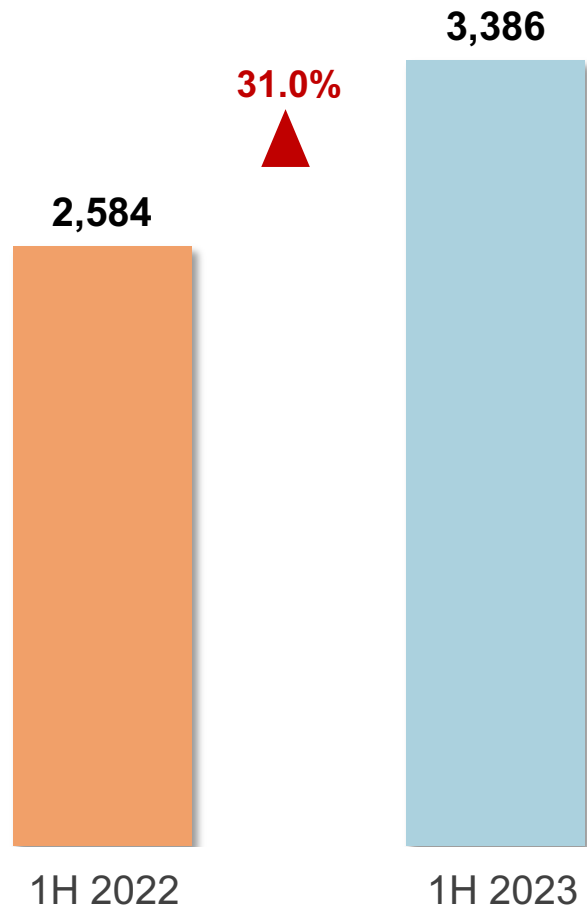
Note 1: Number of 5G projects represent number of 5G demands from TSPs in Tower business

Note 2: Share of incremental revenue to TSP business contributed by DAS business= incremental revenue from DAS business/incremental TSP business revenue excluding the impacts of new Commercial Pricing Agreements

# Innovation-driven Development Smart Tower Business Gathering Momentum

## Smart Tower business revenue

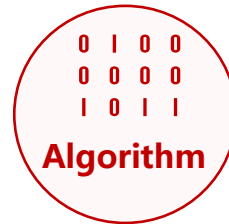
(RMB million)



- Access **500+** types of multi-source data, including cameras, IoT sensors, radars, and more
- The platform is decoupled from terminals, algorithms, and applications, allowing flexible and convenient access



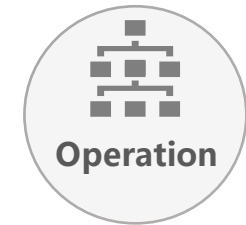
- Integration and analysis of multi-source, multi-dimensional data
- Strengthened multidimensional data analysis to further explore the value of data



- Independently developed **40+** distinctive algorithms with mid-to-high point capabilities
- Built an ecosystem of algorithmic collaborations, introducing **100+** of AI cooperative algorithms



- Continuously iterated and optimized industry application products to create leading industry application capabilities



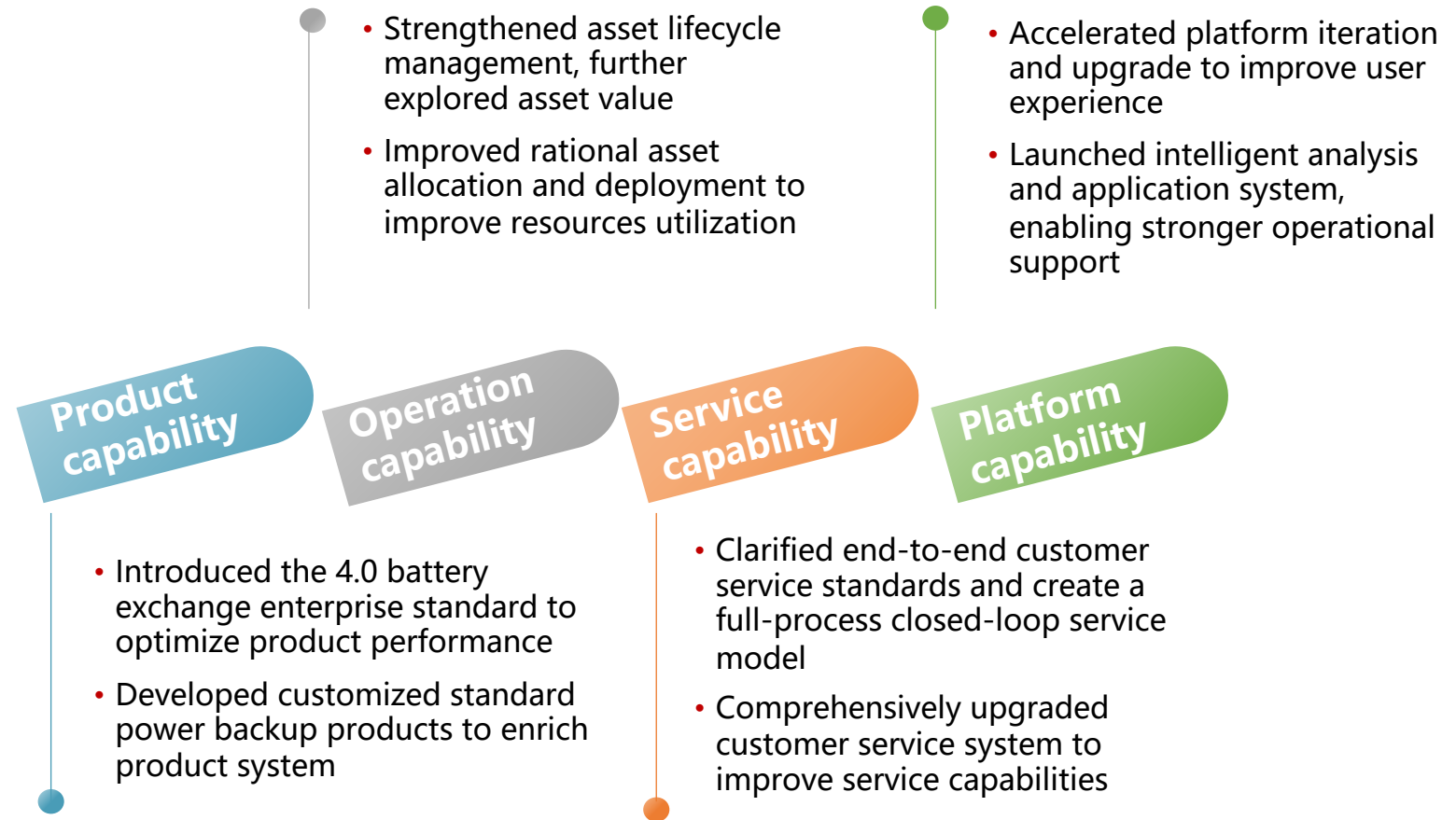
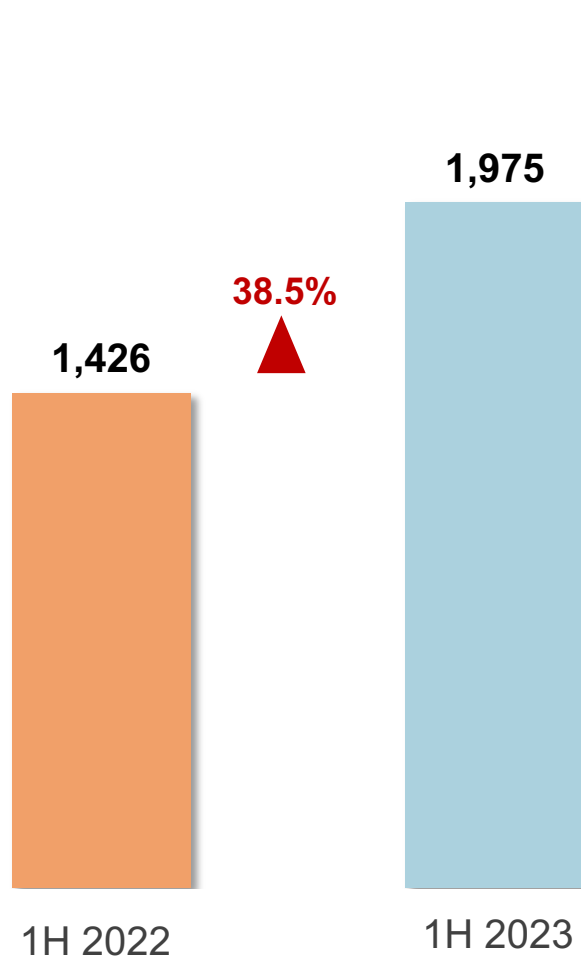
- Established a three-tier product operation system consisting of "headquarters-province-city"
- Built a companion service system to enhance customer perception



# Forged Core Competence and Consolidated Advantages in the Energy Business

## Energy business revenue

(RMB million)



# Reinforced Management and Focused on Solidifying the Foundation for Development

## Continued to strengthen asset operations

- Promoted the "one-stop" approach, intelligent operation and maintenance to raise level of intelligence and lean management of asset operations
- Strengthened value management throughout the life cycle of assets and enhanced efficiency of asset utilization

## Continued to strengthen reform and development

- Deepened organizational transformation to create an efficient organization
- Enhanced digital capabilities and accelerate the digital transformation of the enterprise
- Explored diversified incentive mechanisms to stimulate talent vitality

## Continued to strengthen technological innovation

- Focused on building key core technological capabilities and transfer of related achievements, increased investment in R&D
- Formed a team comprising leading technological talent and experts, implemented the strategy of strengthening the enterprise with talented personnel

## Continued to strengthen compliance management

- Promoted construction of compliance system and full coverage of legal compliance system
- Strengthened internal risk control and management and improved major risk prevention and control capabilities

# Seized Opportunities to Explore Development Prospects



## The scale construction of 5G network continued to deepen

- The country is accelerating **the construction of digital infrastructure, moderately deploying 5G networks ahead of schedule**, accelerating the expansion of network coverage, and continuously promoting network joint development and sharing
- The construction of 5G networks will further expand from broad coverage to in-depth coverage and coverage of key scenes. Demand for the construction of 5G base stations demand has continued to be released, **the total number of base stations to be built in 2025 is expected to exceed 3.7million\***; DAS market has strong development potential driven by the in-depth coverage of 5G



## Broad space for digital governance

- It is expected that the proportion of **GDP contributed by the digital economy will exceed 50% by 2025\***, making the digital economy a crucial engine for stable growth
- Various policies such as the national government informatization, digital government, new urbanization, and rural revitalization have been successively introduced, and digital technologies are widely used in digital space governance, and the digital transformation in various sectors such as agriculture, village, land, water reservation, and environmental protection continues to strengthen. **During the "14th Five-Year Plan" period, the overall market size is estimated to reach RMB200 billion\***

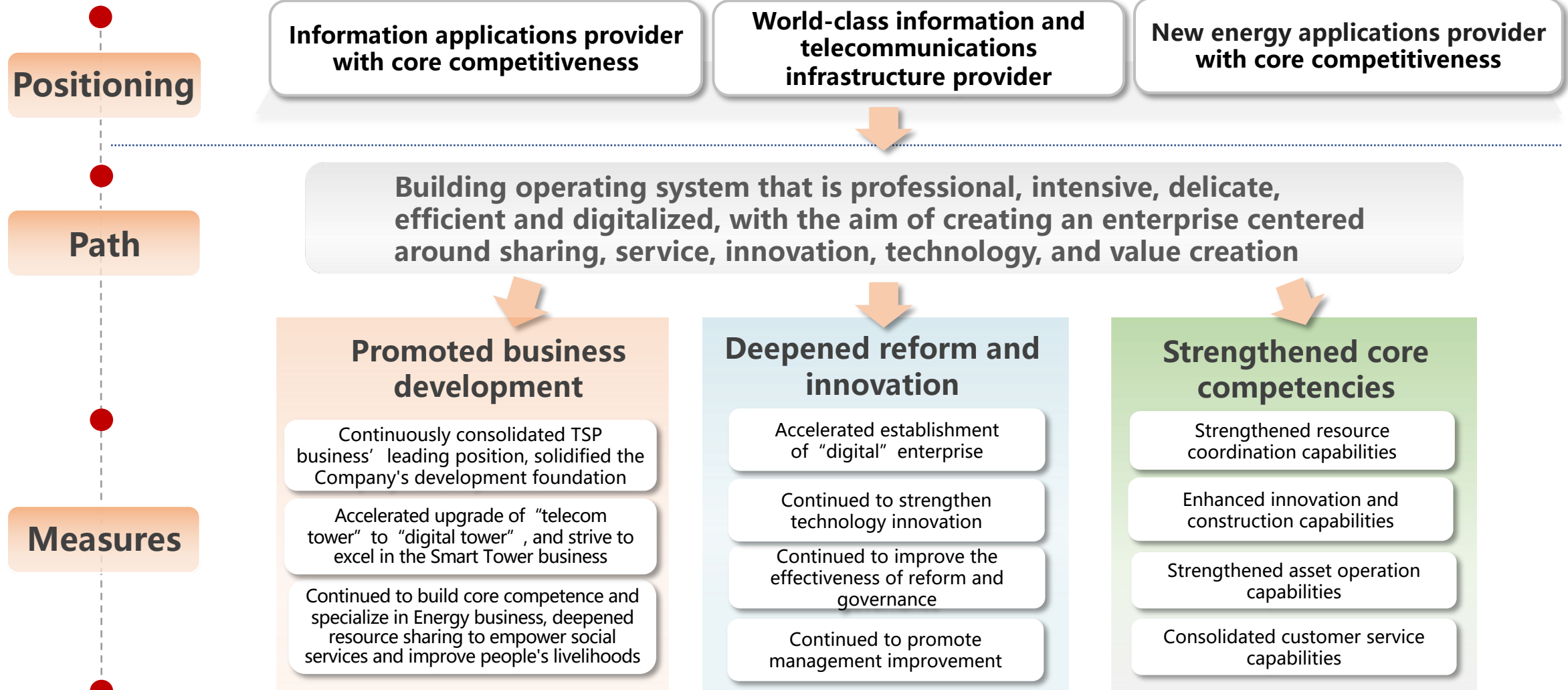


## Dual-carbon strategy created new development opportunities

- **The "dual carbon" strategy** continues to advance with the "14th Five-Year Plan for Modern Energy System", emphasizing the **promotion of green transformation in energy production and consumption**. This provides broad market prospects and new development opportunities for energy-saving, environmental protection, clean production, and clean energy industries
- Under the influence of the trends of **electrification of transportation**, there is still great growth potential for electric bicycles in the future, with an average annual increase of about **40 million to 50 million units\***, and there is still room for growth in the charging market

# Strengthened Strategic Leadership and Continuously Enhancing Enterprise Value

Implemented “One Core and Two Wings” strategy in depth to unswervingly strive to make China Tower stronger, better, and bigger





02

# Operational Performance

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*Gu Xiaomin*

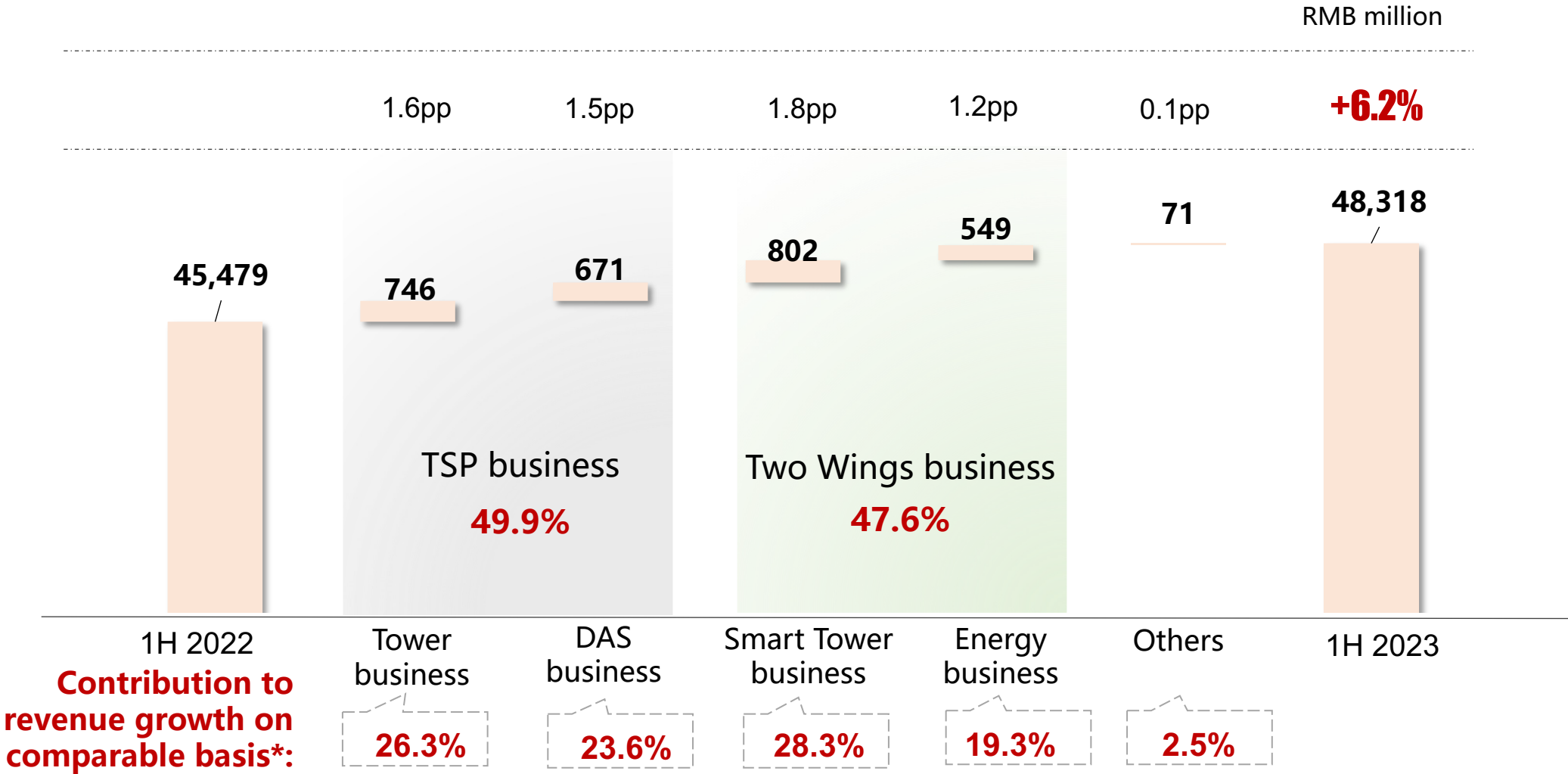
Executive Director and General Manager

# Key Operational Indicators

Indicators	1H 2022	1H 2023	Change	Change On comparable basis*
<b>Operating Revenue (RMB million)</b>	<b>45,479</b>	<b>46,461</b>	2.2%	6.2%
TSP Business	41,345	40,905	-1.1%	3.4%
Smart Tower Business	2,584	3,386	31.0%	
Energy Business	1,426	1,975	38.5%	
<b>Number of Tower Tenants (thousand)</b>	<b>3,521</b>	<b>3,647</b>	3.6%	
TSP Tenants	3,302	3,423	3.7%	
Smart Tower Tenants	219	223	1.8%	
<b>Number of Tower Sites (thousand)</b>	<b>2,049</b>	<b>2,061</b>	0.6%	
<b>Tower Tenancy Ratio (Tower Tenants / Tower Site)</b>	<b>1.72</b>	<b>1.77</b>	2.9%	
<b>Revenue per Tower Site (RMB yuan)</b>	<b>20,150</b>	<b>19,859</b>	-1.4%	3.0%

Note: Comparable basis refers to TSP business and revenue per tower site excluding the impacts of Commercial Pricing Agreements

# Multiple Pillars Achieved Steady Revenue Growth



Note: Calculated based on the actual amount on comparable basis after excluding the impacts of new Commercial Pricing Agreements

# Tower Business Maintained Steady Progress with Strengthened Foundation

## Enhanced capabilities and consolidated market leadership position

- Continuously improved the ability to select, build and deliver tower sites, fully met customer construction needs, especially the demand for new sites construction, and consolidated the absolute leading position in the tower market

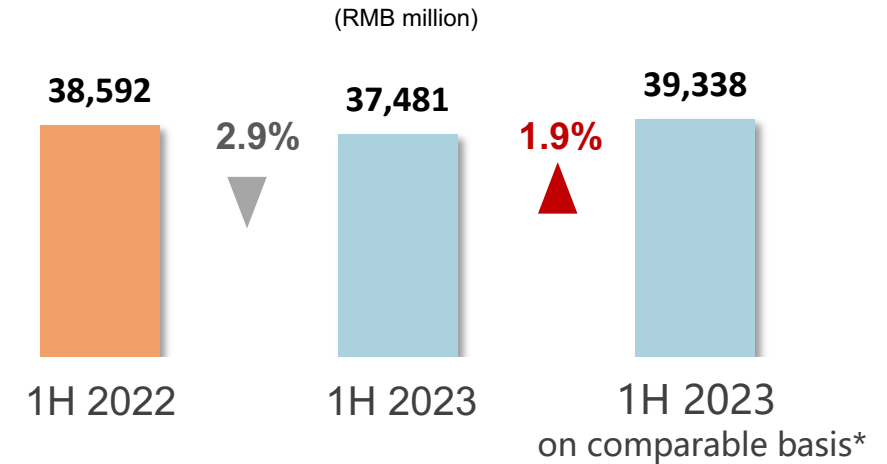
## Grasped ever-changing demand from customers and increased product innovation

- Closely tracked the operators' continuous improvement of 5G coverage and network deployment strategies, innovated products such as low-cost tower types, outdoor power supplies, CRAN rooms, economically and efficiently met customer needs

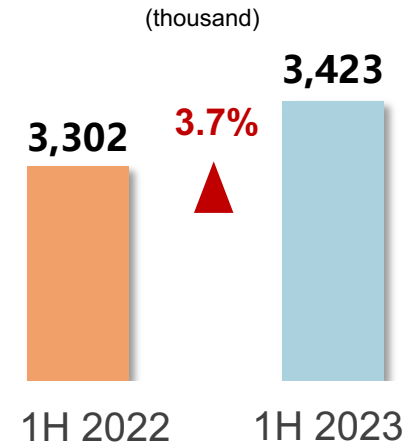
## Deepened service model and fully met customer needs

- In response to customers' demands for bulk construction of 900M and 700M, jointly planned and deployed with customers, and collaborated to efficiently serve customers

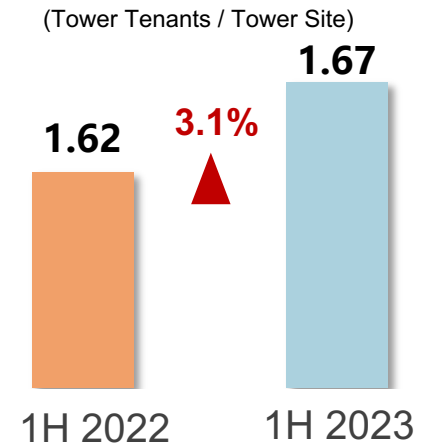
## Revenue from tower business



## TSP tenants



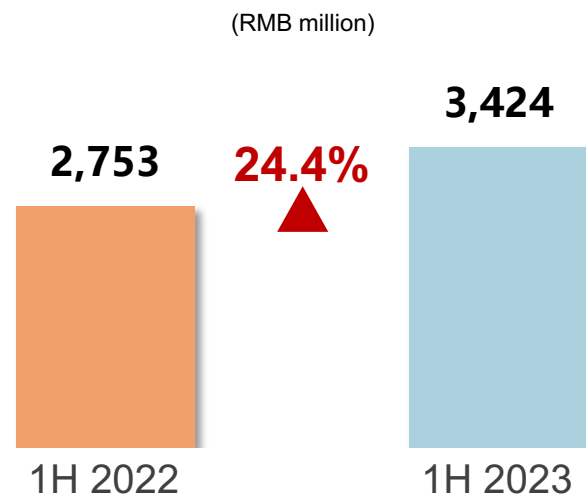
## TSP Tower tenancy ratio





# Rapid Growth in DAS Business by Making Comprehensive Efforts

## Revenue from DAS business



## Expanding DAS coverage



### Enhanced resource coordination capabilities

- Deepened the integrated and coordinated development model of "resources + demand", and strengthened the resource coordination ability for key industries and key scenarios

### Strengthened innovative application of products

- Increased the application of innovative products such as wide-angle leaky cables, dual-polarized DAS, and elevator-specific antennas. Enhanced the ability to lead with solutions, strengthened the advantages of low cost, excellent service, and green, low-carbon solutions, and built a prominent brand for DAS

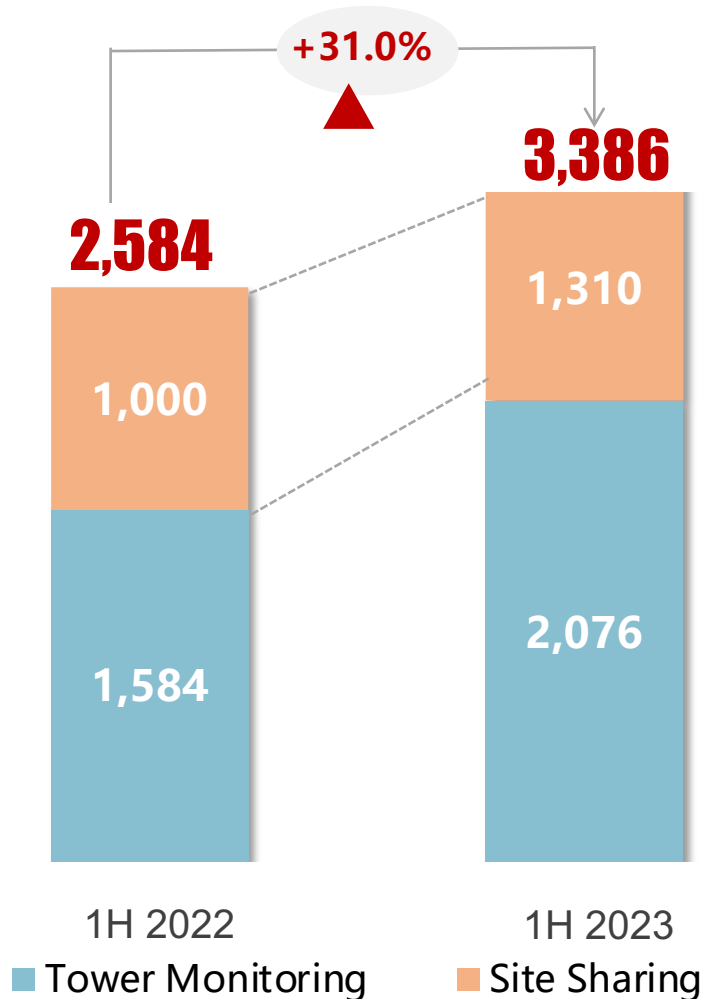
### Further Explored DAS markets

- Leveraged the advantages of low-cost to create competitive edge and expand the scale of new market
- Continued to promote the application of innovative products and comprehensive service solutions, unearthed shared value and expanded the scale of existing DAS business

# Leveraged our Strengths to Achieve Robust Development in Smart Tower business

## Revenue from Smart Tower business

(RMB million)



## Deepened the sharing philosophy, leveraging our resources and capabilities

to drive continuous and rapid business growth

### Dedicated maintenance advantages

- 24\*7 power and communication guarantee capability
- Specialized network management, monitoring, and fault diagnosis capability
- Localized professional maintenance service capability

01

### Resources advantages

- The world's largest scale of mid-and high-point site resources.
- Nationwide edge computing shelters and cabinet resources, and other site facilities and equipment

02

### A unified and intensive operating advantages

- Nationwide unified Tower Monitoring platform.
- Centralized research and operation system with a nationwide network.

03

# Built Products to Support Digital Governance with Tower Monitoring

Deepened the sharing philosophy  
focusing on the digital governance of key industries



Creating a variety of specialized Tower Monitoring products, to serve key industries related to national economy and people's livelihoods

**Forest smart protection**

智无限·联未来  
铁塔智联新品发布  
《森林智保》  
森林火灾高风险区  
高风险区 实时预警  
精准小火险的发现

50,000+ sites monitoring  
0.5 million km<sup>2</sup> forests

**Farmland smart protection**

智无限·联未来  
铁塔智联新品发布  
《耕地智保》  
守护18亿亩耕地  
让耕地实至名归

50,000+ sites in service  
to protect 70million mu  
farmlands

**Straw burning ban**

智无限·联未来  
铁塔智联新品发布  
《秸秆禁烧》  
7\*24小时  
秸秆焚烧监管  
第一画面 第一发现

32,000 sites covering and  
area of 0.48 billion mu of  
farmland, monitoring  
straw burning

**Blue skies smart protection**

智无限·联未来  
铁塔智联新品发布  
《蓝天智保》  
960万平方公里  
蓝天蓝, 空气新

10,000+ locations  
detecting particulate  
matter, AQI, VOC, etc.

**Fishery smart protection**

智无限·联未来  
铁塔智联新品发布  
《渔政智保》  
江河湖海一切非法  
捕捞尽收眼底

5,500+ fishing ban  
monitoring covered over  
337 districts

**Village smart protection**

智无限·联未来  
铁塔智联新品发布  
《乡村智保》  
服务全国4万+乡镇  
打造数字乡村治理新图景

6,500+ sites serving  
digital village  
development

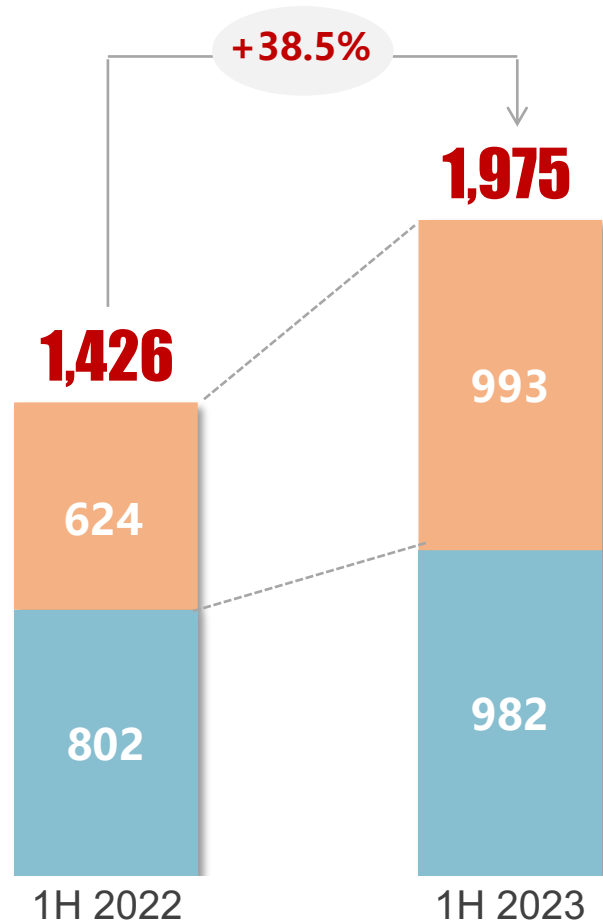
**Reservoir smart protection**

智无限·联未来  
铁塔智联新品发布  
《水库智保》  
为全国6万+水库  
筑牢安全屏障  
精准安全态势感知  
水位安全态势感知

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

# Focused on Key Segments to Promote Rapid Development in Energy Business

## Revenue from Energy business (RMB million)



■ Battery exchange ■ Power backup and others

Seized the "dual carbon" targets and the opportunities for green and low-carbon transformation in the energy sector

### Product iteration

- Launched version 4.0 product standard
- Achieved intelligent charging, building an industry benchmark in the field of safe charging and battery swapping for domestic electric bicycles
- Promoted standardized power backup products
- Optimized intelligent energy management platform



High-quality battery+ durable PACK+ high performance BMS



Integrated Smart Power Management + Array-style Air Duct Design



10 million+ Energy AIoT devices connection



50 million+ daily data processing capacity



AI intelligent customer service routing nearly 80%

### Improved service

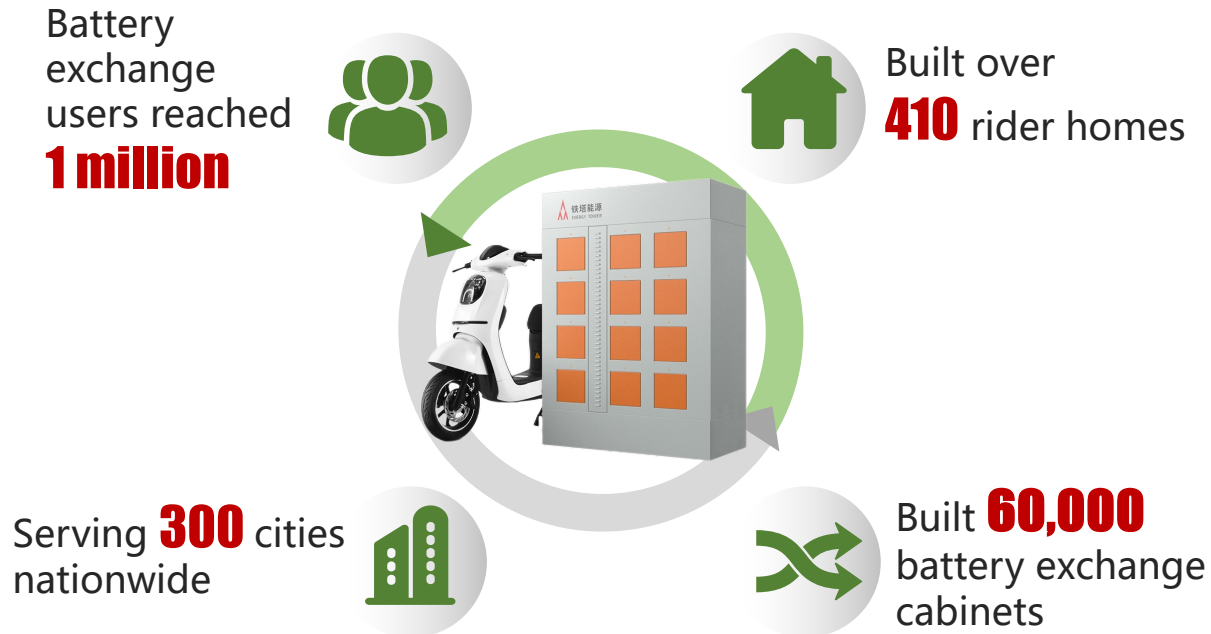
- Continued to improve a service system by combining online and offline
- Enhanced the intelligent customer service routing capability, with an intelligent customer service routing proportion of nearly 80%
- Improved customer service by strengthening touchpoint management and streamlining service processes



# Serving Livelihoods, Tower Energy Supported Green and Low-Carbon Development

## Battery Exchange

Deeply cultivating the battery exchange market, serving light electric vehicle commuting



The largest operator of light electric vehicle battery exchange business

## Power Backup

Actively building the "Energy Butler" service model

Focused on key industries and scenarios

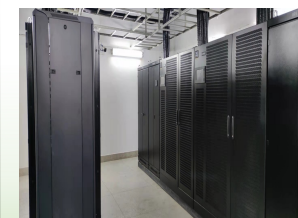
communications, finance, transportation, healthcare, petrochemical, government and education, focused on large-scale tournaments and important events

Provided four-in-one service

Provided comprehensive solution that includes power backup, power generation, monitoring and maintenance



Support the opening and closing ceremonies of the 31st World University Games



Provide backup power services for a company's data center facility



Provide power backup service for all branches of a certain bank across the province

Specialized power backup service provider

03

# Financial Performance

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*Hu Shaofeng*

Chief Accountant

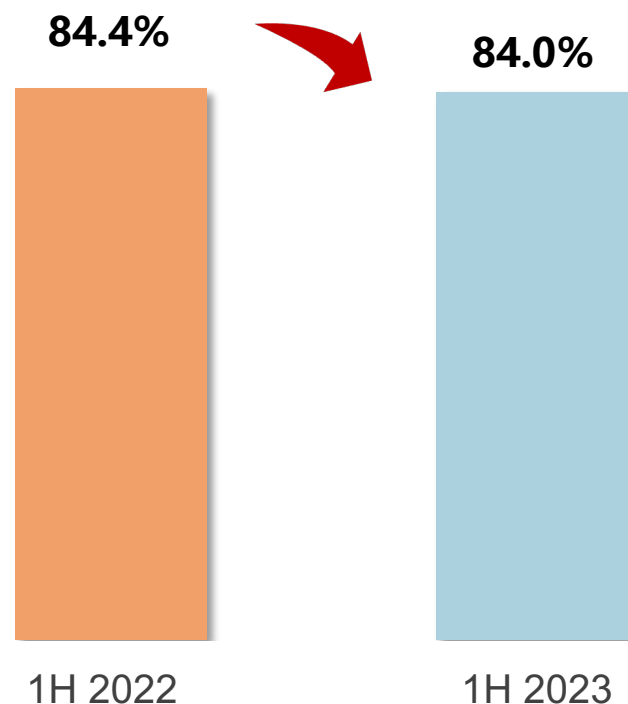
# Key Financial Indicators

(RMB million)	1H 2022	1H 2023	Change	Change On comparable basis
Operating revenue	45,479	46,461	2.2%	6.2%*
Operating expenses	38,390	39,047	1.7%	
Operating profit	7,089	7,414	4.6%	
EBITDA	31,958	32,021	0.2%	
Net profit	4,224	4,841	14.6%	
Operating cash flow	31,306	11,555	-63.1%	
Gearing ratio	31.1%	31.6%	0.5pp	

*Note: Comparable basis refers to operating revenue excluding the impacts of new Commercial Pricing Agreements*

# Sound Cost Control

## Operating expenses to revenue ratio



(RMB million)	1H 2022	1H 2023	Change
<b>Operating expenses</b>	<b>38,390</b>	<b>39,047</b>	<b>1.7%</b>
Depreciation and amortization	24,869	24,607	-1.1%
Repairs and maintenance <sup>1</sup>	3,486	3,559	2.1%
Employee benefits and expenses	3,778	4,001	5.9%
Site operation and support expenses	2,507	2,519	0.5%
Other operating expenses	3,750	4,361	16.3%
of which: business development expenses <sup>2</sup>	1,838	2,581	40.4%
other expenses	1,912	1,780	-6.9%
<b>Net finance costs</b>	<b>1,603</b>	<b>1,342</b>	<b>-16.3%</b>

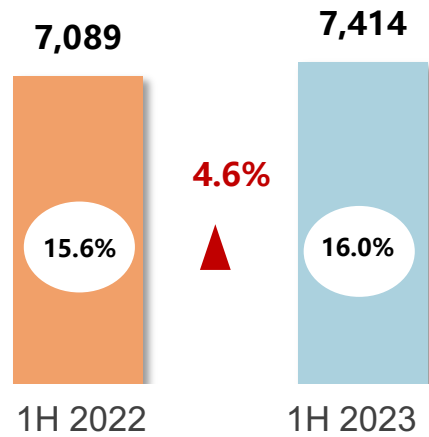
*Note 1: Repairs and maintenance: Caused by continuous implementation of special actions such as safety hazard inspections and asset maintenance, to ensure the safe operation of equipment and facilities and the quality of customer service.*

*Note 2: Business development expenses: Driven by the rapid growth of the Two Wings business, the technical support service fees, marketing expenses, business operation and energy consumption expenses of the Two Wings business have increased compared to last year.*

# Profitability Continued to Improve

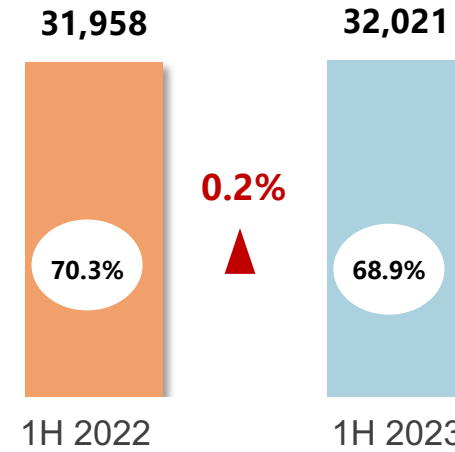
## Operating profit and operating profit margin

( RMB million )



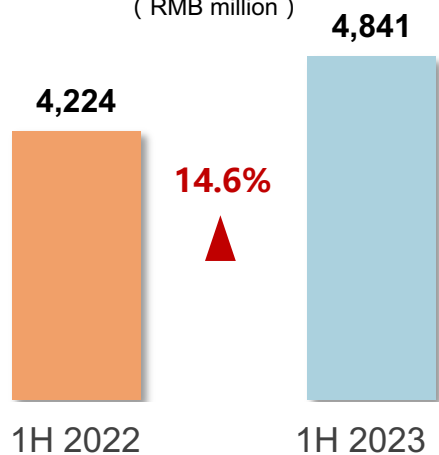
## EBITDA and EBITDA margin

( RMB million )

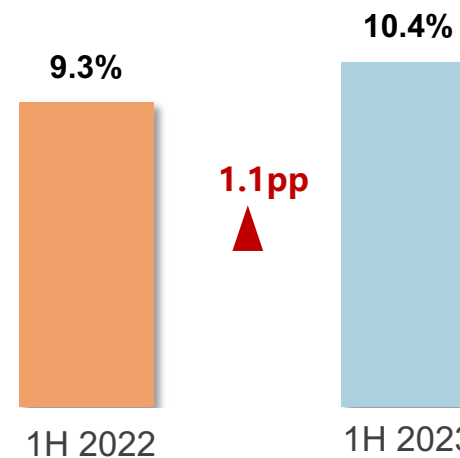


## Net profit

( RMB million )

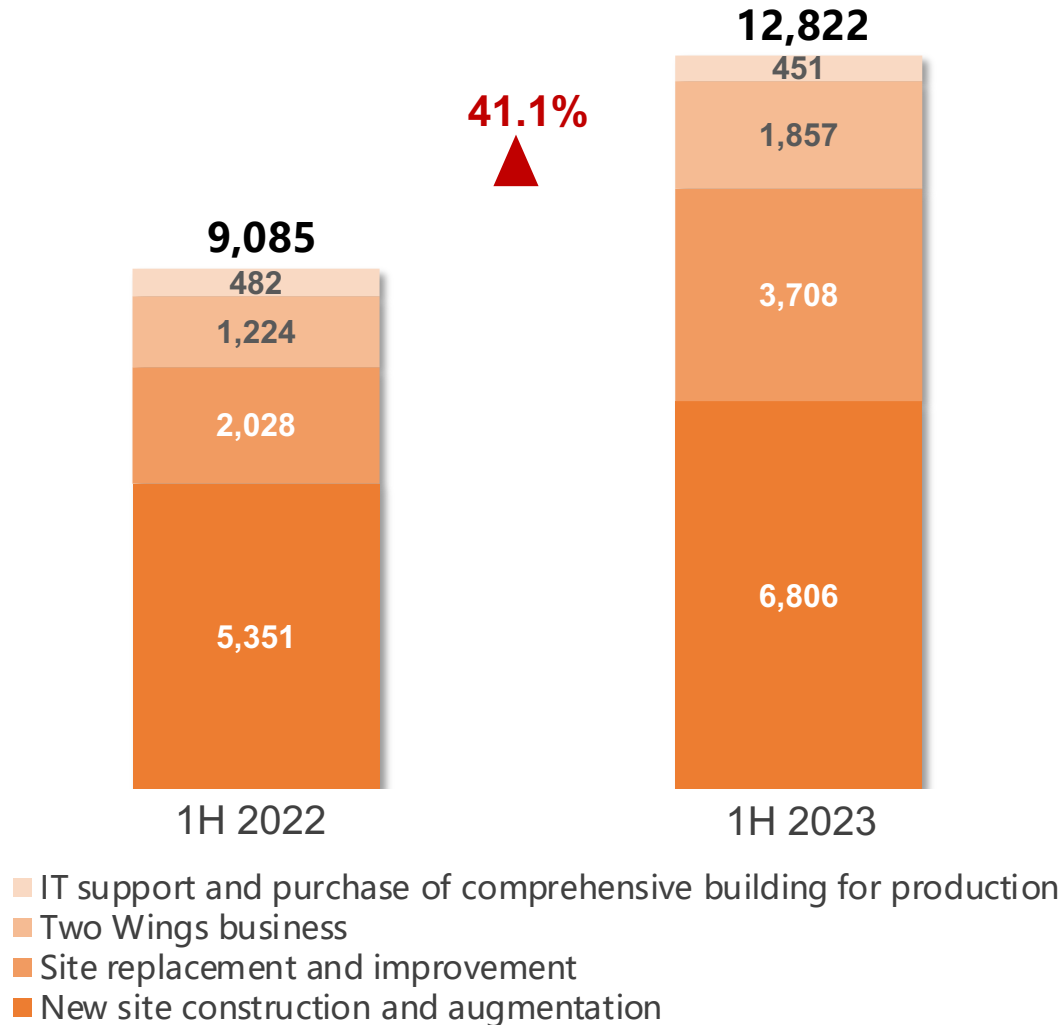


## Net profit margin



# Effective Capital Expenditure

## CAPEX (RMB million)



## Actively expanding effective investments Accelerating project construction progress

Coordinated investment layout and overall control of investment amount, strengthened the evaluation of project economic benefits

Close coordination with the operator's network construction plan, striving to fully obtain new construction demands, accelerating demand conversion and project delivery for lease commencement

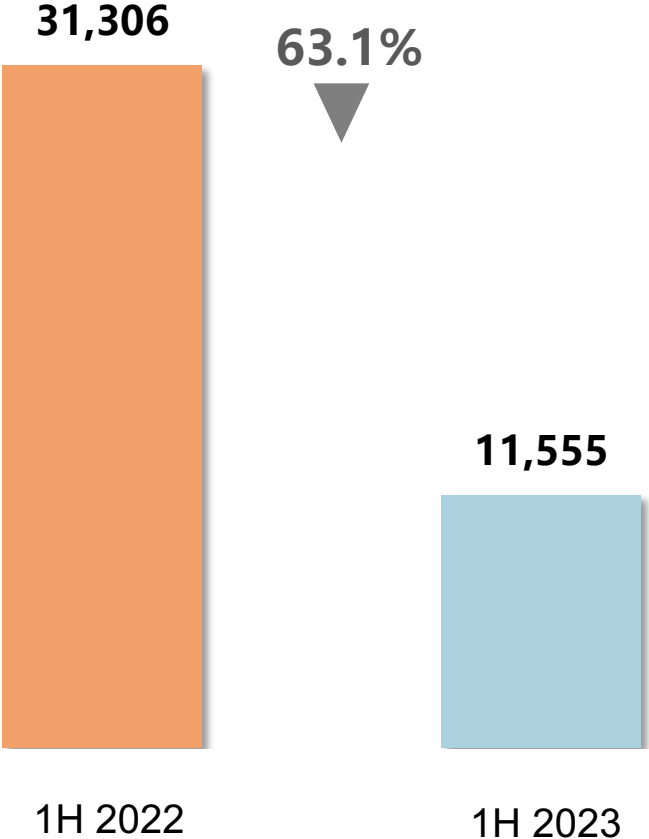
Focused on the quality of asset operation, implementing precise site replacement and improvement to ensure sustained asset service and support

Meeting the needs of Two Wings business development, accelerating investment in infrastructure and platform construction

# Cash Flow is Temporarily under Pressure

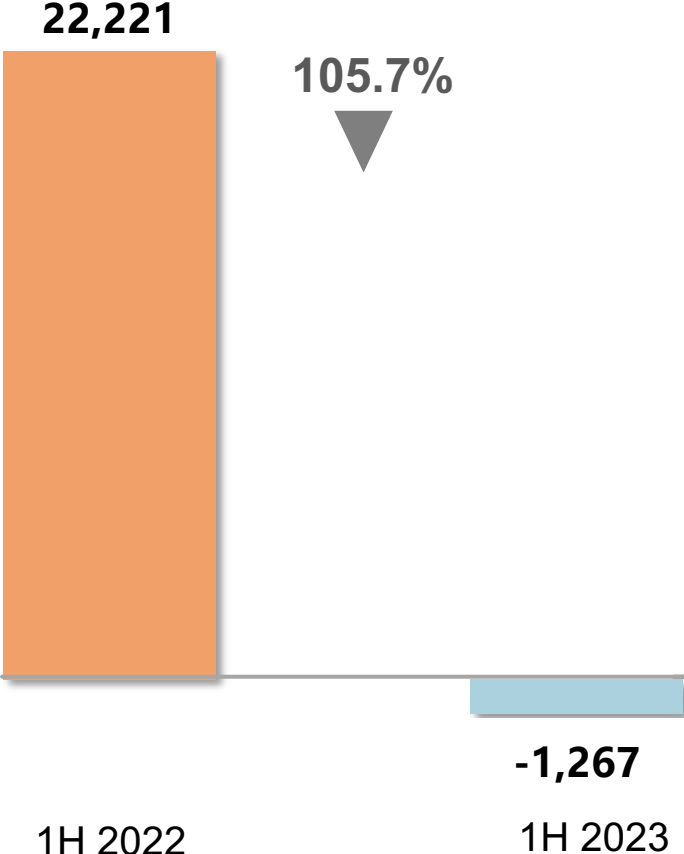
### Operating cash flow

(RMB million)



### Free cash flow

(RMB million)

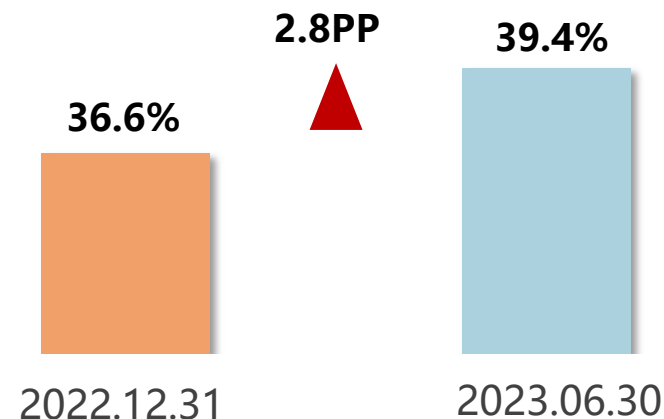




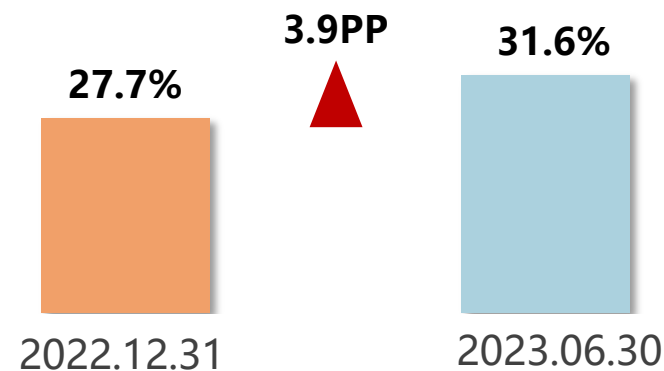
# Capital Structure Remained Stable

(RMB million)	As at 31 December 2022	As at 30 June 2023
Total assets	305,560	318,063
Cash and cash equivalents	5,117	3,140
Total liabilities	111,969	125,284
Interest-bearing debt	79,119	92,223
Total equity	193,591	192,779

## Liabilities to assets ratio



## Gearing ratio



# Appendix: Extracted from Unaudited Consolidated Balance Sheet as at 30 June 2023

(RMB million)	2022.12.31	2023.06.30
<b>Total assets</b>	<b>305,560</b>	<b>318,063</b>
Current assets	49,706	68,828
Non-current assets	255,854	249,235
Property, plant and equipment	209,377	203,667
Construction in progress	12,339	11,503
<b>Total liabilities</b>	<b>111,969</b>	<b>125,284</b>
Current liabilities	65,158	60,825
Borrowings	25,597	21,191
Accounts payable	26,646	26,566
Non-current liabilities	46,811	64,459
<b>Total equity</b>	<b>193,591</b>	<b>192,779</b>

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



Q&A

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