

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



HKEx:0788

2020 Annual Results

8 March 2021



Management

Mr Tong Jilu | Executive Director and Chairman

Mr Gu Xiaomin | Executive Director and General Manager

Mr Gao Chunlei | Chief Accountant

Mr Liu Guofeng | Deputy General Manager

Mr Zhang Quan | Deputy General Manager

01

**Overall
Performance**

02

**Operational
Performance**

03

**Financial
Performance**

01

Overall Performance

*Mr Tong Jilu
Executive Director and Chairman*

Key Financial Indicators

RMB81,099 million

Operating Revenue

 **6.1%**

RMB59,527 million

EBITDA

 **5.0%**

RMB57,548 million

Operating Cash Flow

 **15.2%**

RMB6,428 million

Net Profit¹

 **23.1%**

RMB0.0368 yuan

EPS

 **23.9%**

1.66 tenants / sites

Tower Tenancy Ratio²

 **2.5%**

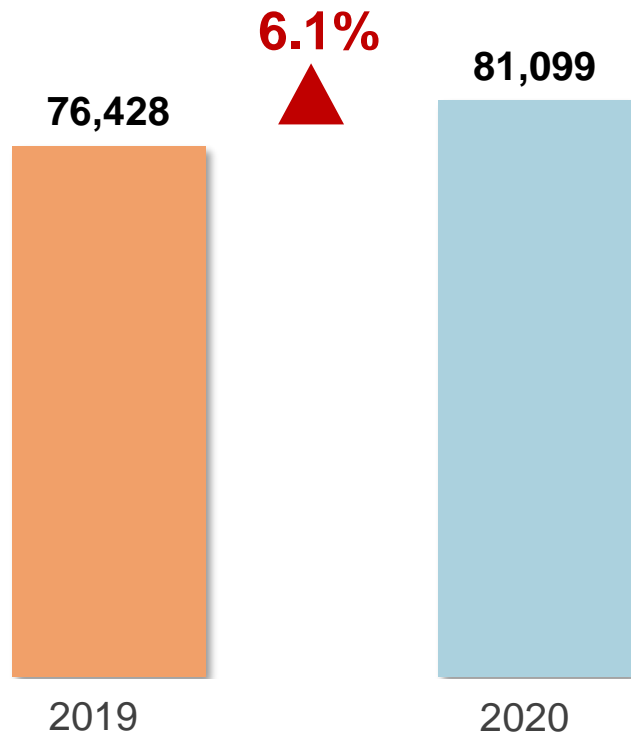
Note 1: Net profit is the profit attributable to owners of the company, the same applies herein after.

Note 2: Tower tenancy ratio = tower tenants / tower sites, does not include distributed antenna system (DAS) business. DAS business will be illustrated by area of in-building coverage and distance of tunnels, the same applies herein after.

Maintained Solid Operating Performance

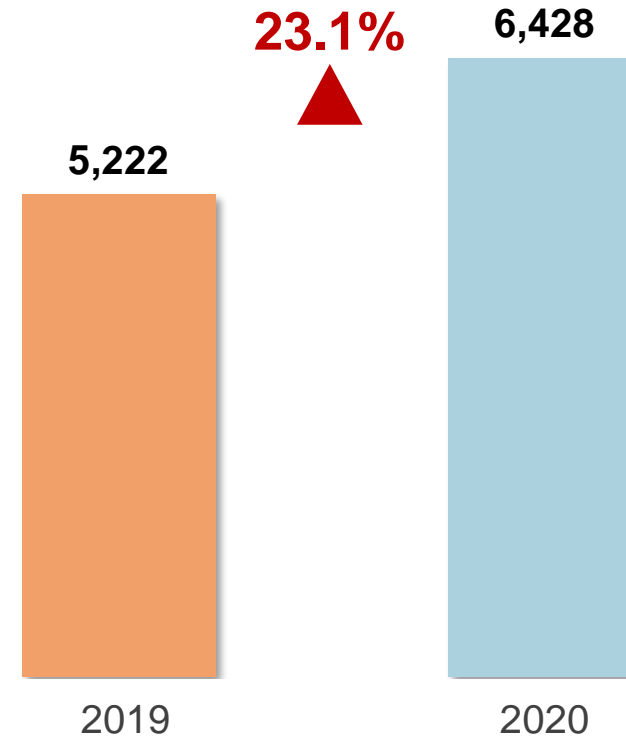
Stable growth in operating revenue

(RMB million)



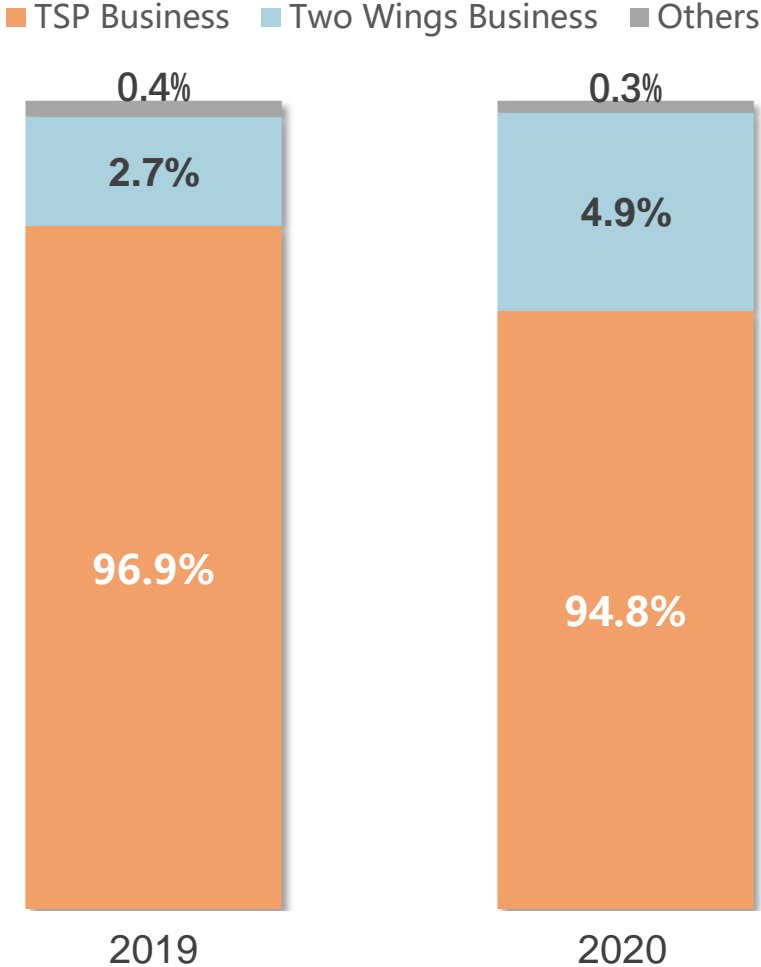
Rapid increase in net profit

(RMB million)



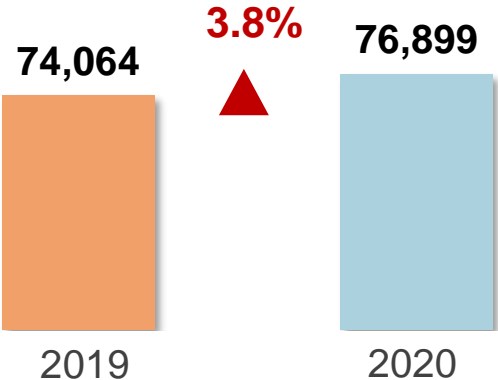
Corporate Strategy Implemented in a Steady and Sustainable Way

Operating revenue structure



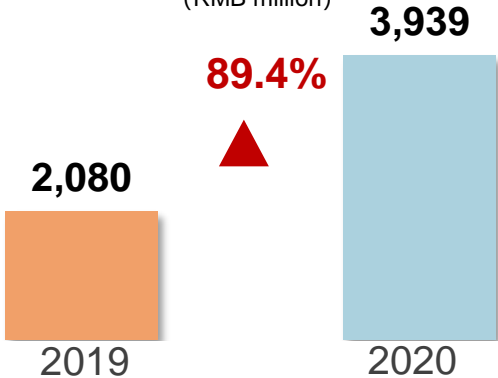
Steady growth in TSP business

(RMB million)



Scale development of Two Wings business

(RMB million)



Supported Strategic Deployment of 5G Infrastructure



Advanced sharing and collaborative development

- Adhered to sharing and innovation to promote large-scale, low-cost 5G construction
- Faster pace construction supported TSPs to expand 5G coverage rapidly

Cumulative number of 5G demand¹

766,000

Proportion of 5G demand satisfied by sharing of existing sites

97%

Note: Data as of 31 December 2020. Cumulative number as from the beginning of 5G construction.

Two Wings Business as an Important Driver of Revenue Growth



TSSAI business

- Developed core products and strengthened “Platform + Ecosystem” operations
- Extended sharing of resources and provided services to key sectors relating to national economy and people’s livelihoods
- Transformed telecommunication towers to digital towers to promote rapid development



Energy operation business

- Enhanced operation support to key business segments and products
- Accelerated its roll-out in major cities and regions across the country
- Became the industrial leader in battery exchange business

Strong and sustained revenue growth in Two Wings business

70.2%

2019

89.4%

2020

Revenue growth contribution from Two Wings business increased rapidly

18.6%

2019

39.8%

2020

Enhanced Core Competitive Advantages

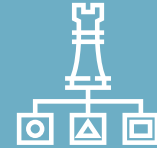
In-depth implementation of resource sharing

- Continued to deepen resource sharing within the industry to create a win-win situation with customers
- Expedited the sharing of telecommunication and social towers and poles resources



Enhanced resources coordination and integration capabilities

- Unleashed the value of over 2 million existing tower sites
- Coordinated and utilized abundant social resources to enhance advantage of scale



Strong government and favorable policy support

- Favorable policies to support 5G construction
- Recognized as an important coordinator in the telecommunications infrastructure construction industry



Improved innovation capability for future development

- Promoted innovative low-cost and high efficiency 5G construction solutions
- Strengthened the innovation of business and products



Continued to Improve Operational Capabilities

Strengthened management competencies to lay a sound foundation for sustainable growth

- Built a unified and nationwide energy service operations platform
- Accelerated the construction of a centralized and unified video surveillance platform for the TSSAI business
- Enhanced IT platform to empower business development

Promoted platform operations

- Strengthened cost control and creating industry-leading cost advantage
- Continued to improve the assessment system and incentive mechanism
- Enhanced digital capabilities to improve asset operation

Improved the level of delicate management

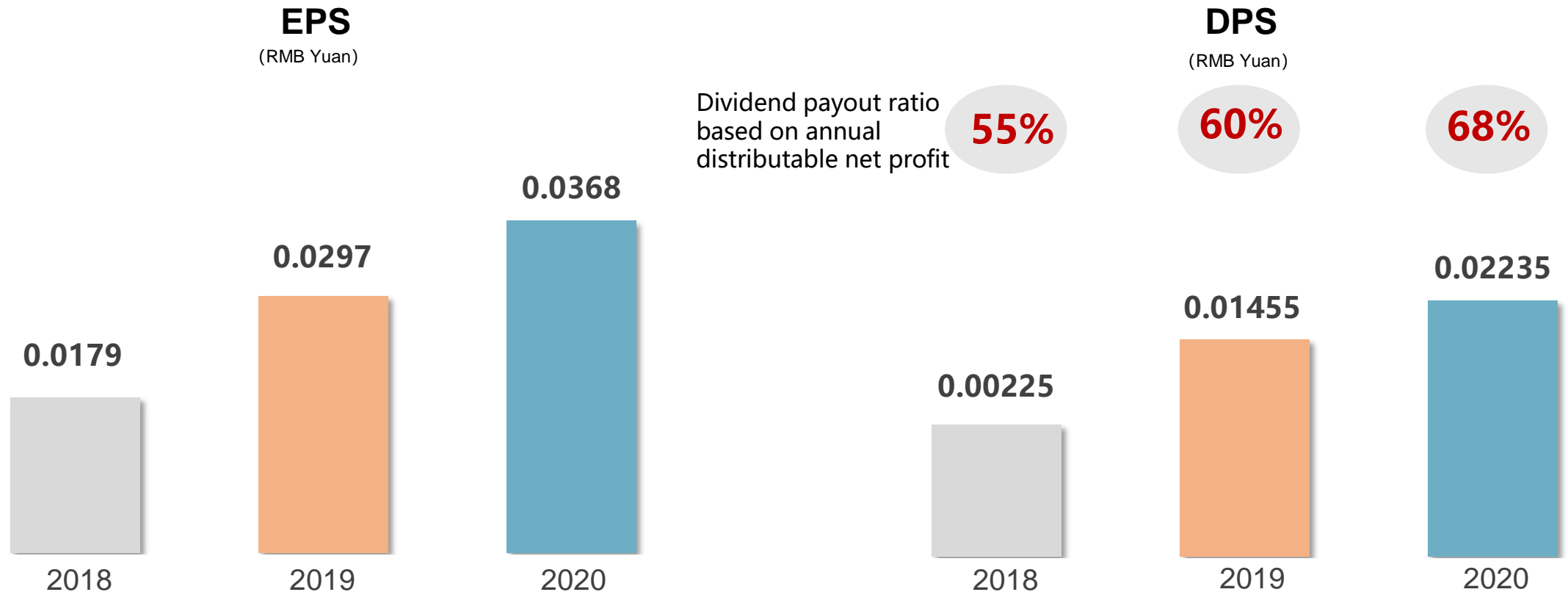
- Reinforced risk control in key areas
- Further completed long-term mechanism for internal control management
- Promoted all-rounded, regular audit supervision

Reinforced risk management

Further Improved Shareholder Returns

Dividend payout ratio increased consistently

The Board recommends to pay a final dividend of RMB0.02235 (pre-tax) per share in 2020



Strive to Seize Development Opportunities

New opportunities and markets space brought by national strategies and industrial upgrading

Further implementation of national strategies

Accelerate deployment of national strategies such as Cyberpower and Digital China

Wide application of new technologies

New technologies including big data, AI and new energy promote industrial transformation and upgrading

Bolster digital transformation

Promote large-scale 5G construction and digital transformation across the society

Significant comparative advantages

The Company's unique resource advantage and platform capabilities derive from iterations over time

Creating Greater Value for Shareholders



Targets

- ✓ Operating revenue maintain steady growth
- ✓ TSP business maintain stable development
- ✓ Two Wings business achieve fast growth



- ✓ Effective control of CAPEX
- ✓ Lower proportion of operating expenses to revenue



- ✓ Cash flow level steadily increase
- ✓ Continue to improve profitability



Further implement the “One Core and Two Wings” strategy to build an enterprise with the best potential for growth and value creation

02

Operational Performance

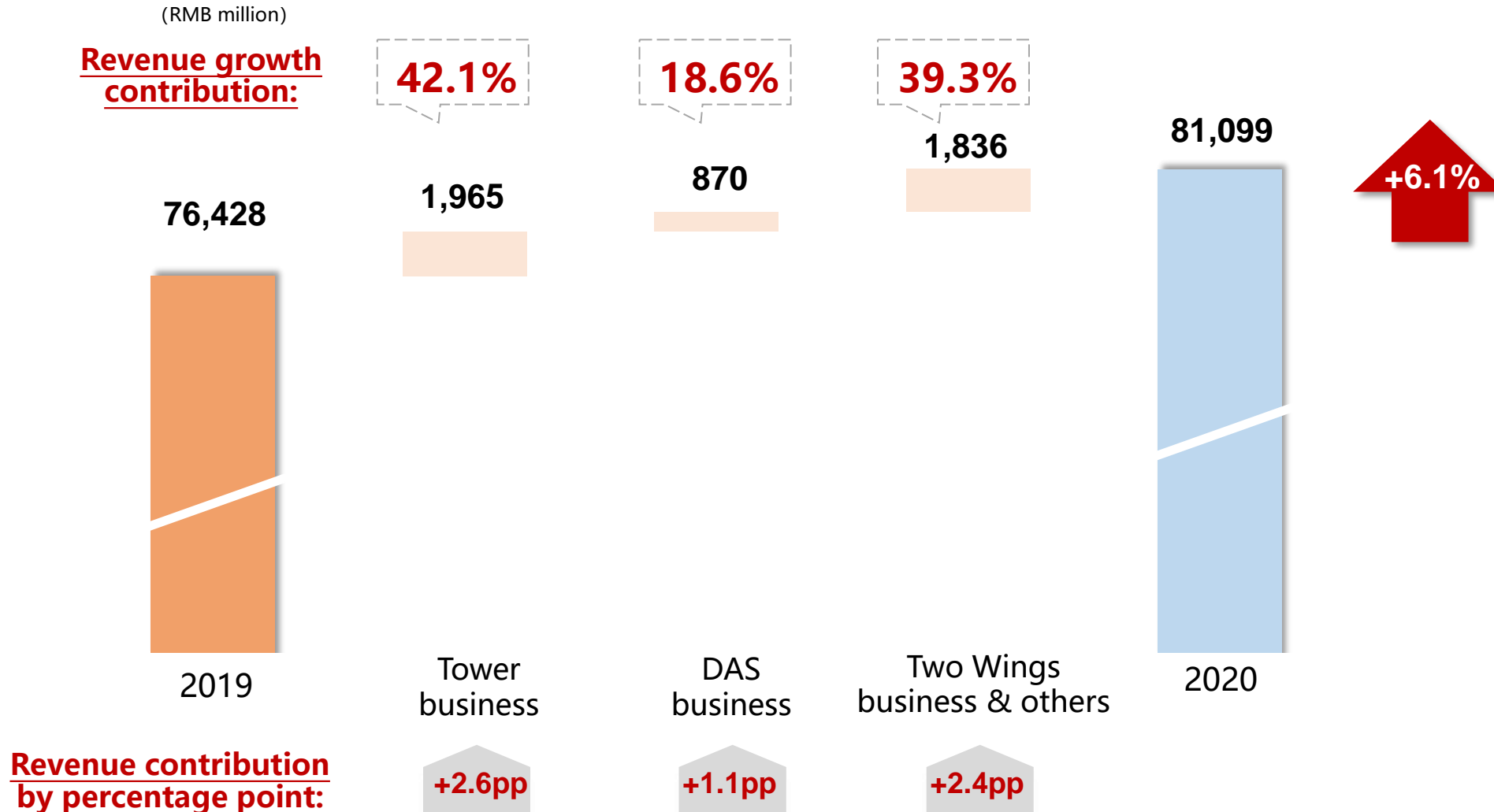
Mr Gu Xiaomin

Executive Director and General Manager

Key Operational Indicators

Indicators	2019	2020	Change
Operating revenue (RMB million)	76,428	81,099	6.1%
Tower business	71,406	73,371	2.8%
DAS business	2,658	3,528	32.7%
TSSAI & Energy Operation businesses	2,080	3,939	89.4%
Number of tower tenants (thousand)	3,239	3,361	3.8%
TSP tenants	3,063	3,175	3.7%
TSSAI tenants	176	186	5.7%
Number of tower sites (thousand)	1,994	2,023	1.5%
Tower tenancy ratio (tower tenants / tower sites)	1.62	1.66	2.5%

Expedited the Development of Multiple Businesses to Support Operating Revenue

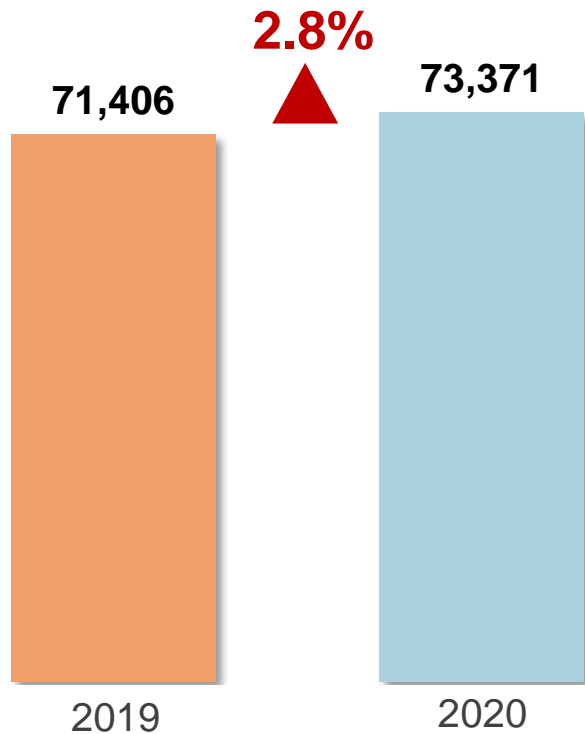


Stable Growth of Tower Business

- Enhanced customer focus and market orientation
- Adhered to sharing and collaborative development
- Sped up innovation on construction and service models

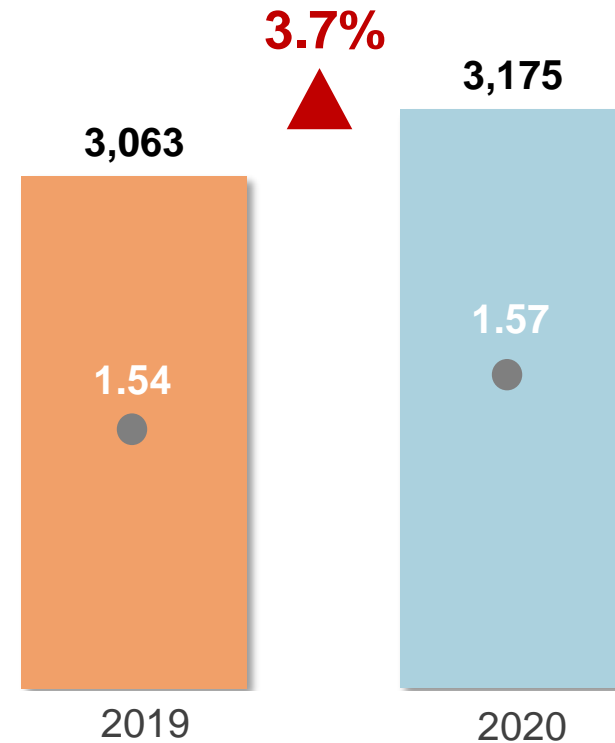
Operating revenue of tower business

(RMB million)



TSP tenants

(thousand)



● TSP tenants per tower site (tenants/sites)

Provided High-quality and Efficient Service for 5G Construction



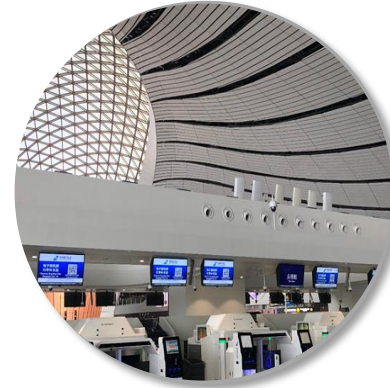
Realized the potential of existing towers effectively

- Innovative sharing of tower masts
- Fully utilized resources such as existing towers and cabinets



Made full use of social resources

- Make use of all resources that can host equipment
- Proactively leveraged the coordinating capability on social resources



Promoted innovative 5G technology

- Launched 5G passive DAS sharing solutions at low costs with access to all frequency bands
- Enhanced innovation on 5G power supply at low costs



Developed 5G integrated solutions

- Provided integrated one-stop service across towers, shelters, power supply and data transmission
- Broader resource sharing, better service

Rapid Development of DAS Business

Focused on key scenarios

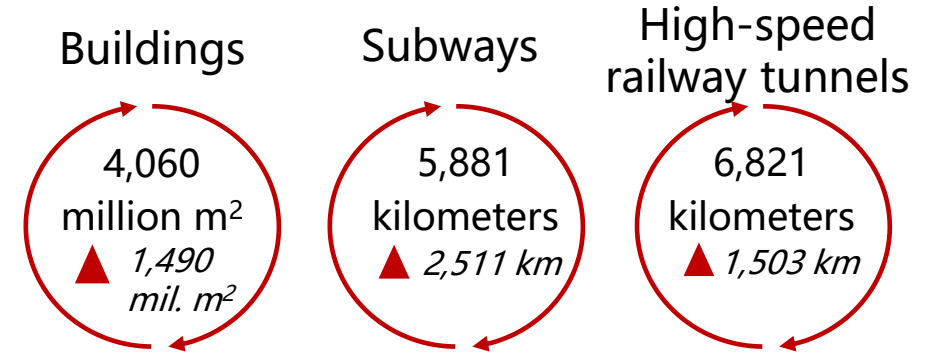


Furthered resource sharing and promoted efficiency

Enhanced resource allocation and provided diversified resource sharing solutions to satisfy network coverage demands

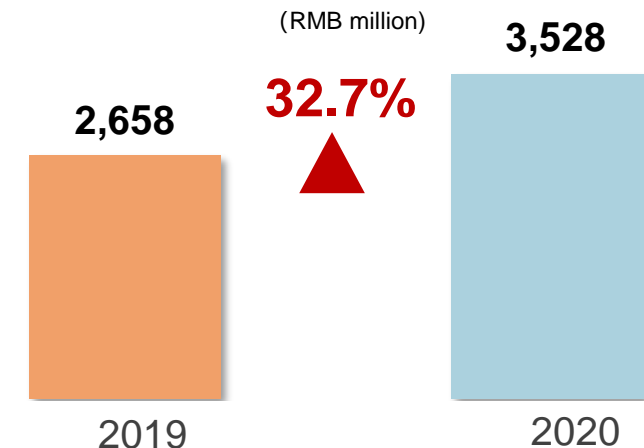
Coordinated site entry to lower the construction and operating costs

Expanding DAS coverage



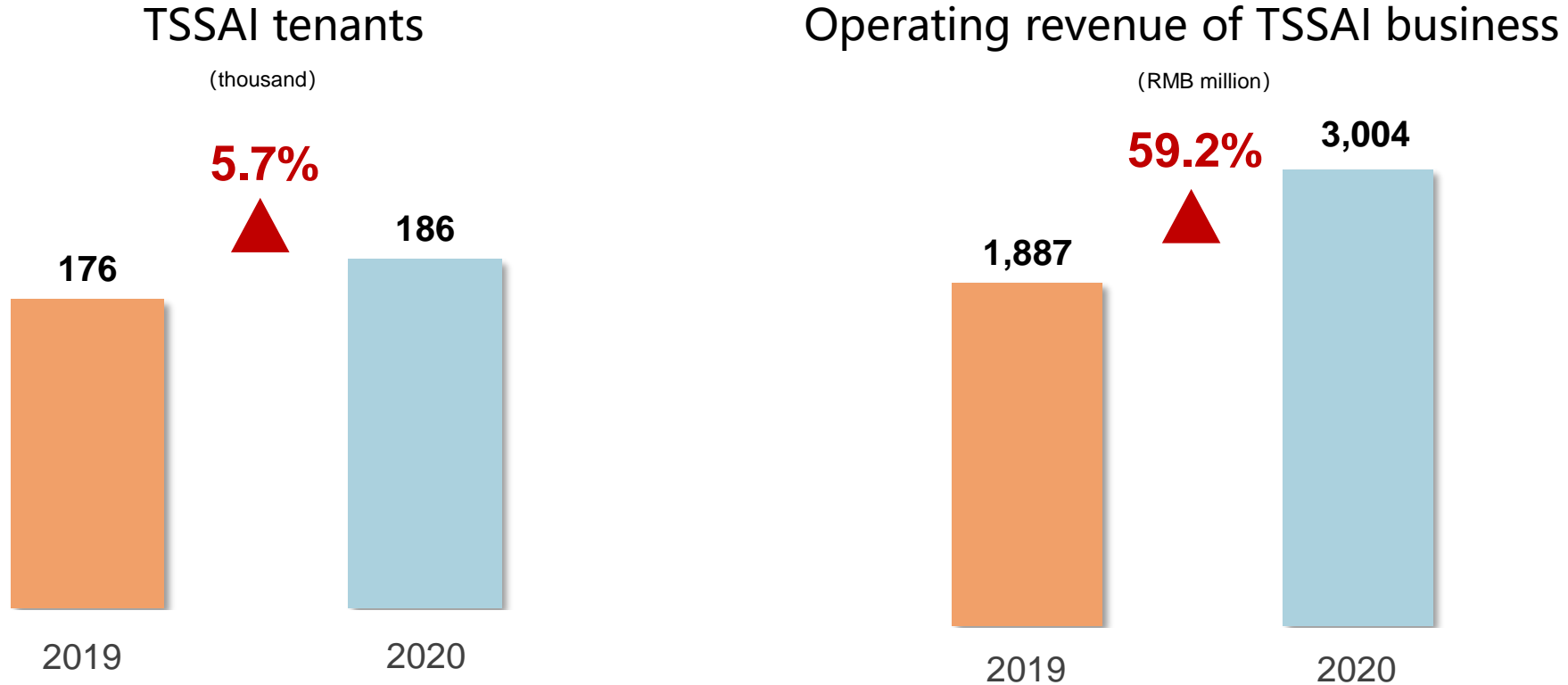
Note: Data as of 31 December 2020 ▲ Increase from 2019

Operating revenue of DAS business



TSSAI Business

Forged core competencies to drive rapid growth



- **Furthered business cooperation**

- **Strengthened platform operation capabilities**

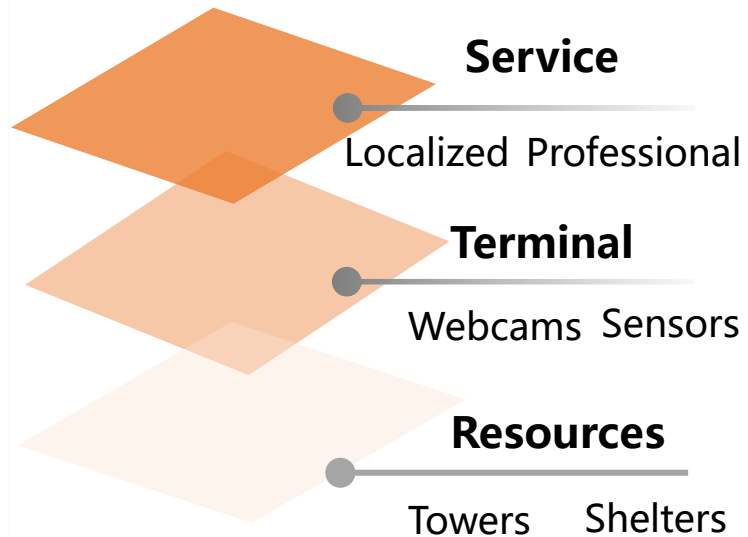
- **Promoted operational supporting service**

TSSAI Business

Strengthened product innovation to drive efficient development

Leveraged unique advantages and capabilities

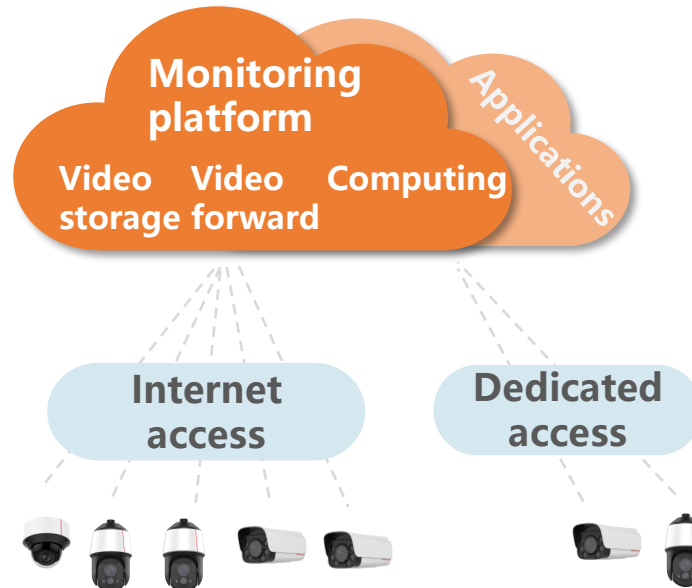
Utilized mid- and high-level mounting space and sharing advantages



Fully integrated resources to achieve low-cost service

Built "digital tower" operating platform

Formed widely covered surveillance and monitoring networks



Operating at a unified platform, completed network deployment and comprehensive service support

Served national economy, people's livelihoods and digitalization in society

Created video applications for differentiated business scenarios

Straw burning

Hill fire prevention

Petroleum pipeline monitoring

Strategic cooperation with government units



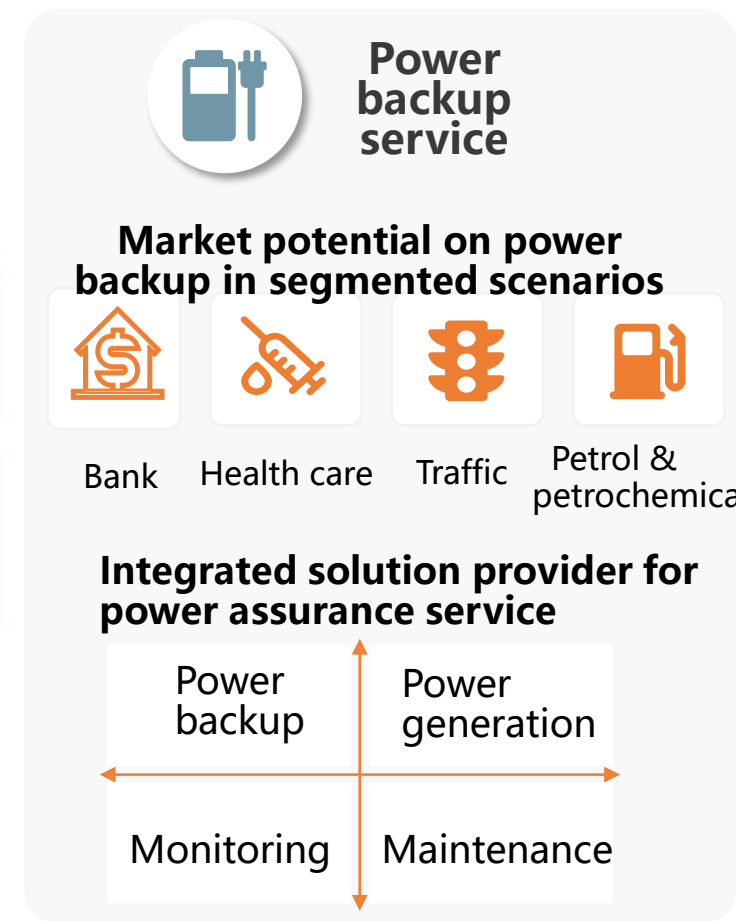
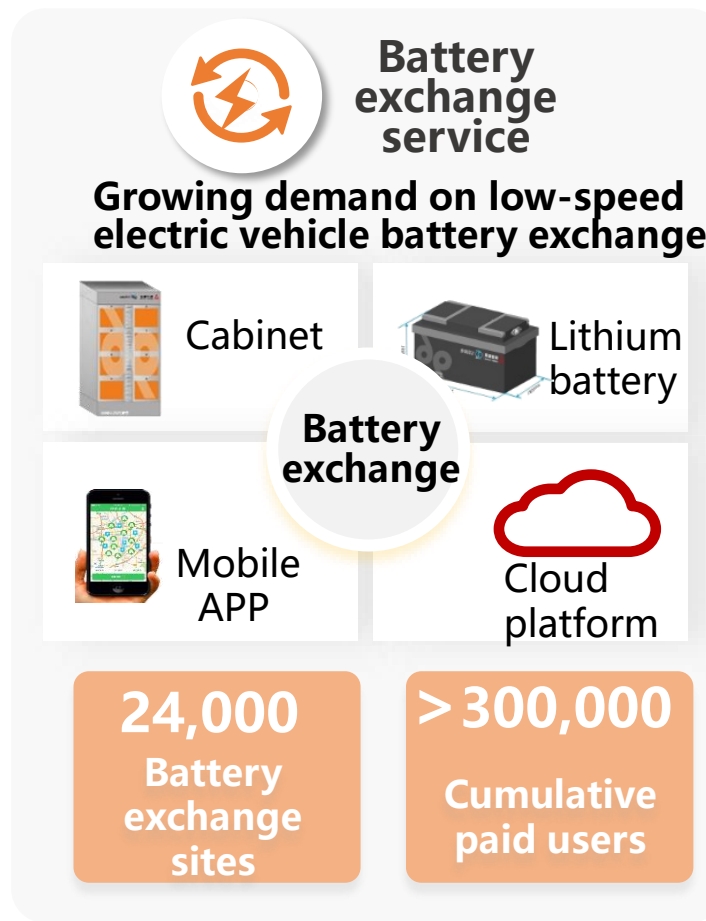
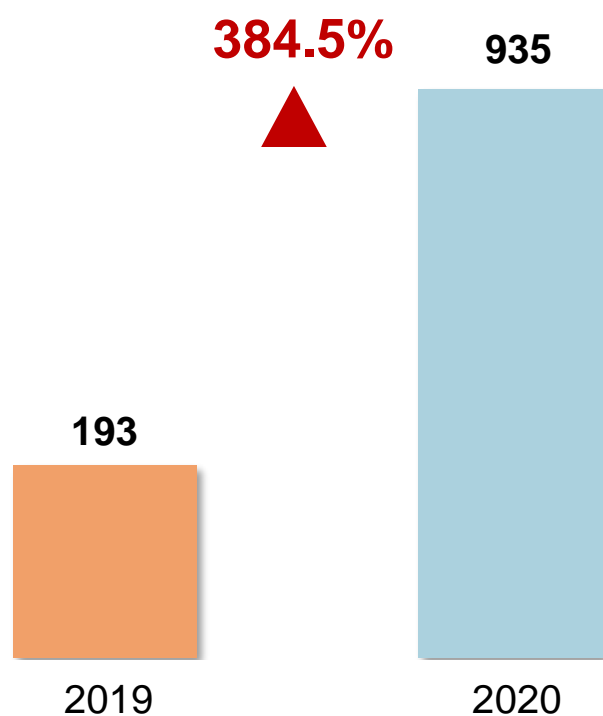
Visible monitoring, digital service and intelligent management

Energy Operation Business

Accelerated key sectors deployment and cultivated new growth engine

Energy operation business
achieved breakthrough of scale

(RMB million)



Operating Strategies for 2021

01

Adhere to sharing and collaborative development to promote steady revenue growth of the tower business

02

Further profit-oriented strategy to maintain rapid growth of the DAS business

03

Strengthen product support to promote market expansion of the TSSAI business

04

Optimize development model to boost rapid growth of energy operation business

05

Enhance asset operations to consistently improve profitability

06

Drive innovative development to boost corporate vitality

03

Financial Performance

*Mr Gao Chunlei
Chief Accountant*

Key Financial Indicators

(RMB million)	2019	2020	Change
Operating revenue	76,428	81,099	6.1%
Operating expenses	65,147	69,087	6.0%
Operating profit	11,281	12,012	6.5%
EBITDA	56,696	59,527	5.0%
Net profit	5,222	6,428	23.1%
Operating cash flow	49,935	57,548	15.2%
Gearing ratio	38.5%	36.7%	-1.8pp

Lean Cost Management

Site audit 01

- Construction cost (new construction, site augmentation, etc.)
- Revenue (tower rental, site leasing, maintenance service, etc.)
- Cost (depreciation, site leasing, maintenance expenses, etc.)

02 Benchmarking analysis

- Benchmarking individual site construction cost
- Analyse the ratio of expenses to revenue of individual site
- Analysis on loss-making sites

Construction cost control 03

- Furthered resource sharing
- Reduced construction costs with innovative solutions
- Precise allocation of resources

04 Operating expenses control

- Precise allocation of repairs and maintenance expenses
- Reduced site operating lease charges of newly built sites
- Strictly controlled increase on site operating lease charges of existing sites

Construction cost on newly built site

▼ 2.1%

Site operating lease charges of individual site

▼ 1.5%

Repairs and maintenance expenses on individual site

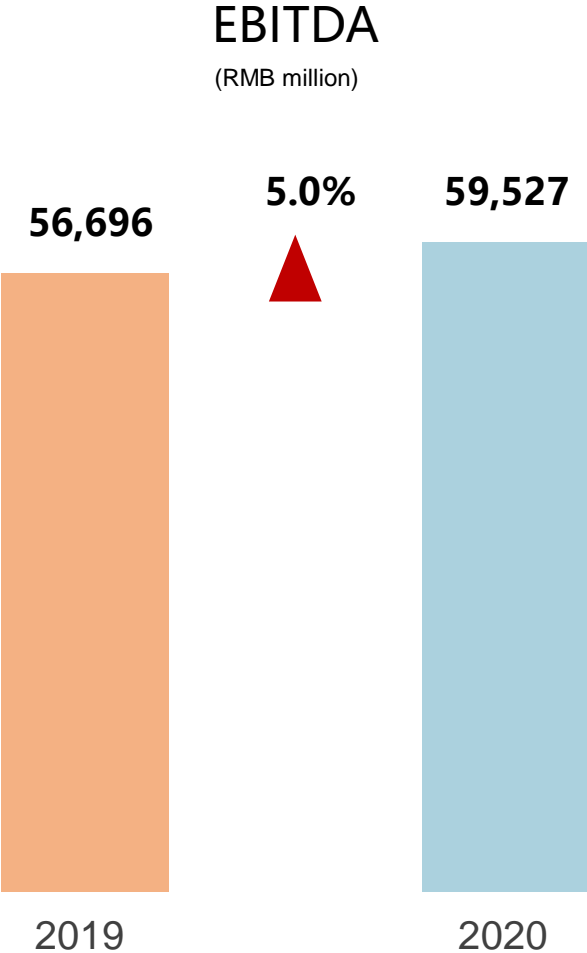
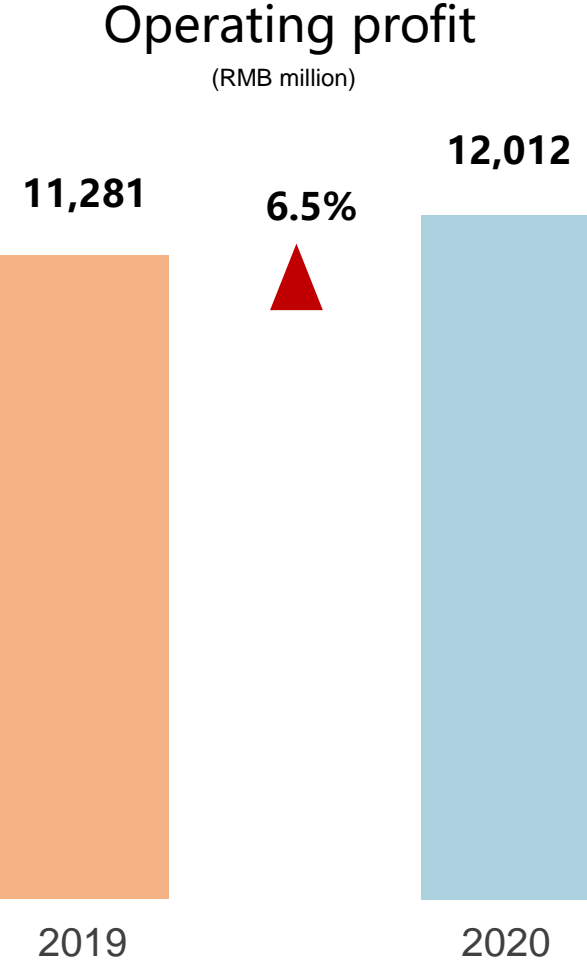
▼ 5.5%

Lean Cost Management (Cont)

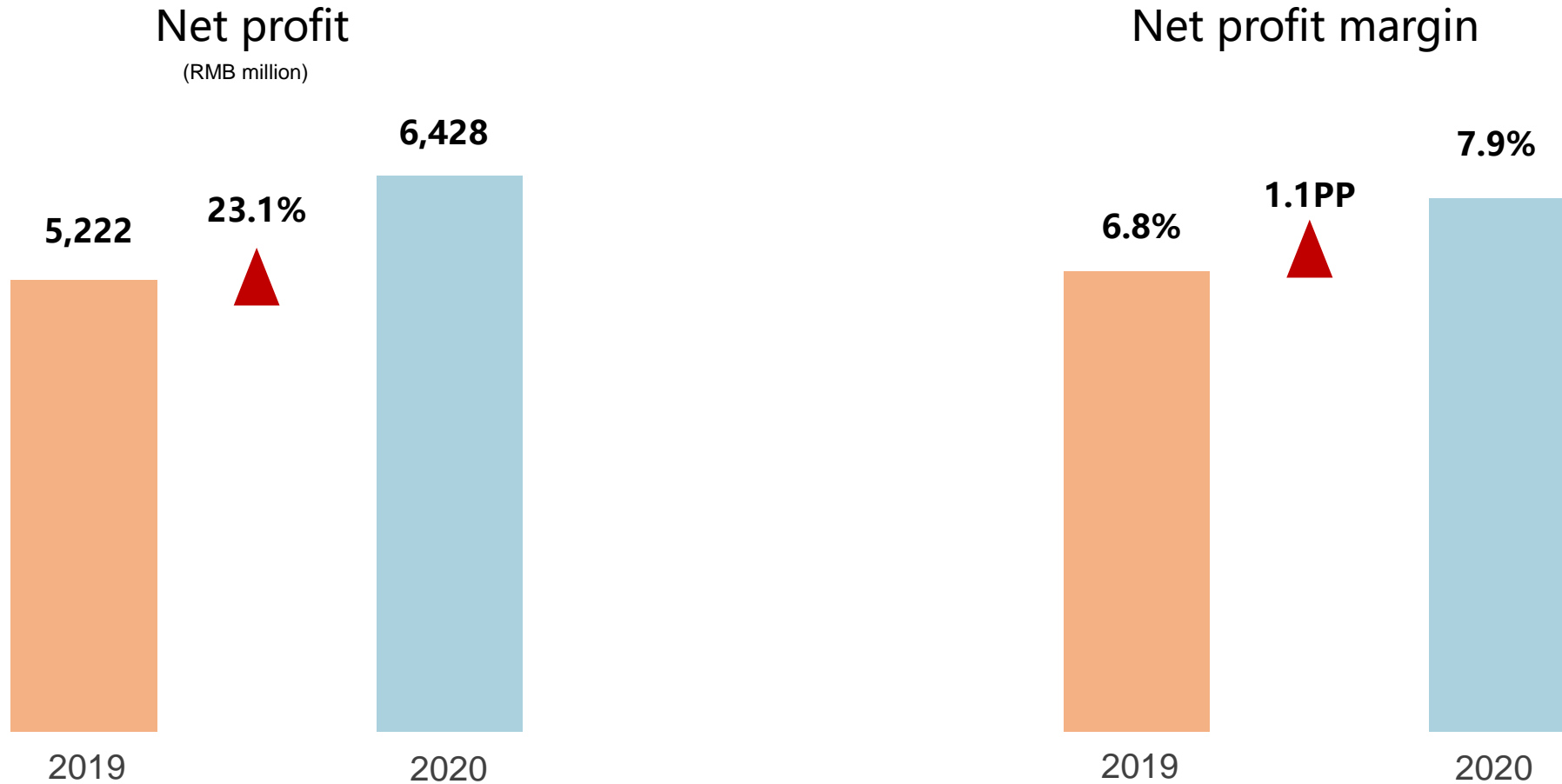
(RMB million)	2019		2020		Change	Illustration
	Amount	% to operating revenue	Amount	% to operating revenue		
Operating expenses	65,147	85.2%	69,087	85.2%	6.0%	
Depreciation and amortization	45,415	59.4%	47,515	58.6%	4.6%	
Repairs and maintenance	5,993	7.8%	5,805	7.2%	-3.1%	<ul style="list-style-type: none"> Benefited from the improvement on the professional and delicate repairs and maintenance management
Employee benefits and expenses	5,863	7.7%	6,115	7.5%	4.3%	<ul style="list-style-type: none"> Key factors: 1. Recruitment of skilled talents required by 5G development and Two Wings business; 2. reverse of RMB130 million related to the cost of the first phase restricted shares amortized in 2019
Other operating expenses	7,876 ¹	10.3%	9,652	11.9%	22.5%	
Of which: Site operation and supporting expenses	4,255	5.6%	4,902	6.0%	15.2%	<ul style="list-style-type: none"> Increased site operation expenses due to short-term site lease charges recognized in accordance with the accounting standard on leases, IT service expenses and site planning, etc.
Other expenses	3,621	4.7%	4,750	5.9%	31.2%	<ul style="list-style-type: none"> Development expenses increased due to the rapid growth of Two Wings business
Net finance costs	4,598	6.0%	3,923	4.8%	-14.7%	<ul style="list-style-type: none"> Benefited from the Company's multi-channel fund-raising with low costs, and controlling financing costs effectively

Note: Other operating expenses in 2019 included short-term site lease charges of RMB639 million

Profitability Increased Rapidly

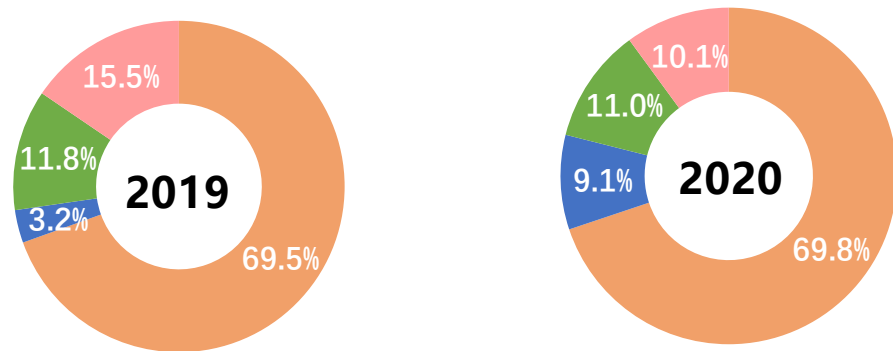
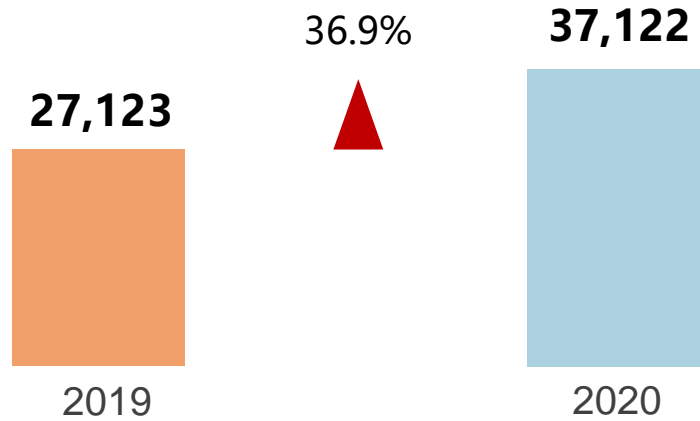


Profitability Increased Rapidly (Cont)



Proactive Capex Allocation for Sustainable Development

Capex
(RMB million)



- New site construction and augmentation
- Two Wings business
- Management support
- Site replacement and improvement

Significant rise on capex for new site construction and augmentation to meet the demands of large-scale 5G deployment

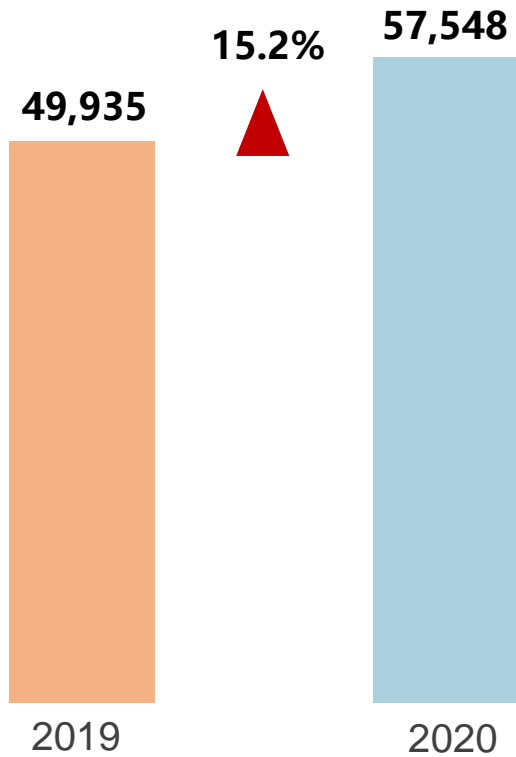
Proportion of the Two Wings business capex increased due to proactive development of TSSAI and energy operation businesses

Site replacement and improvement capex decreased through delicate management on maintenance

Sound Cash Flow Level

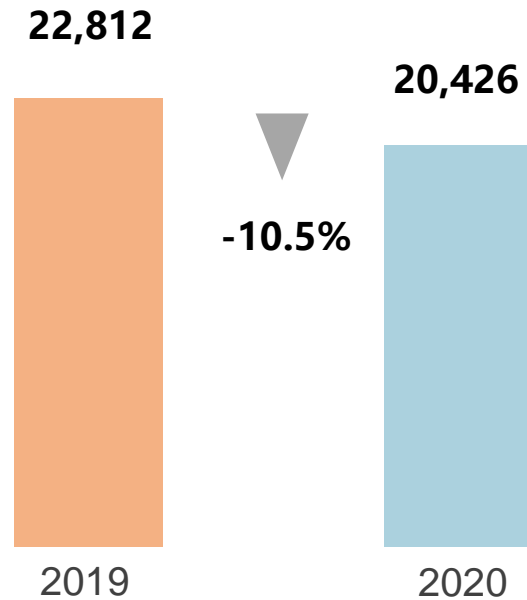
Operating cash flow

(RMB million)



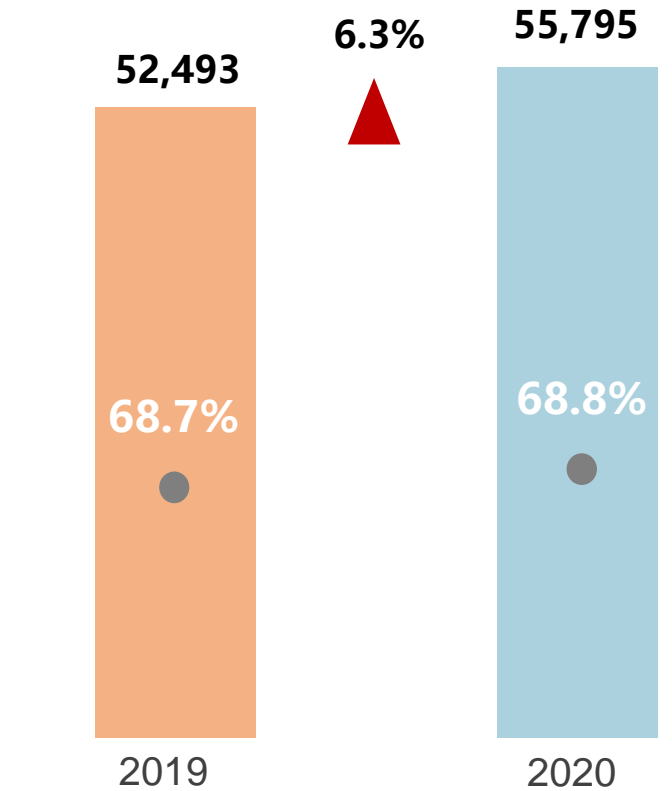
Free cash flow

(RMB million)



EBITDA–Maintenance Capex

(RMB million)



● Percentage to operating revenue

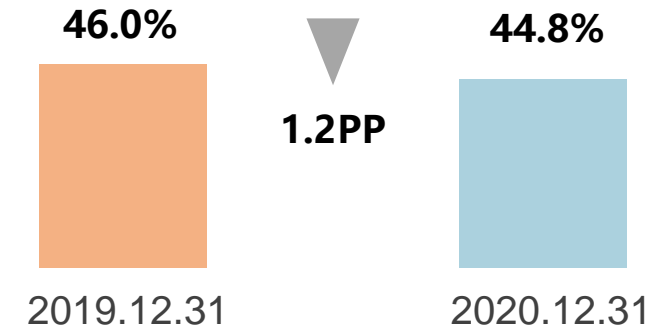
Solid Capital Structure

(RMB million)

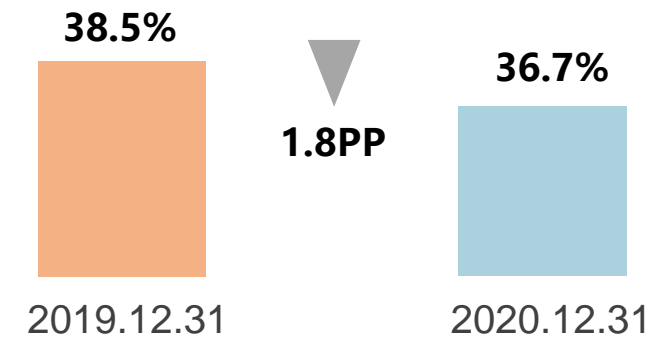
2020.12.31

Assets	337,380
Cash and cash equivalents	5,042
Liabilities	151,134
Interest-bearing debt	112,871
Total equity	186,246

Liabilities-to-assets ratio



Gearing ratio



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



Q&A

Contact us

Tel / +852 28114566 Email / ir@chinatowercom.cn

www.china-tower.com

Appendix: Extracted from Audited Consolidated Balance Sheet as at 31 December 2020

(RMB million)	2019.12.31	2020.12.31
Total Assets	338,067	337,380
Current assets	40,995	43,204
Non-current assets	297,072	294,176
Property, plant and equipment	239,925	231,684
Construction in progress	12,263	20,185
Total Liabilities	155,506	151,134
Current liabilities	128,364	106,635
Borrowings	87,019	61,999
Accounts payable	29,313	31,460
Non-current liabilities	27,142	44,499
Total Equity	182,561	186,246

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