



CHINA TOWER
中国铁塔

2021 Annual Results

9 March 2022



Management

Mr Zhang Zhiyong

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

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**Overall
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02



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**Financial
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01

Overall Performance

*Mr Zhang Zhiyong
Executive Director and Chairman*

Key Indicators

RMB86,585 million

Operating Revenue

 **6.8%**

RMB63,017 million

EBITDA

 **5.9%**

RMB60,503 million

Operating Cash Flow

 **5.1%**

RMB7,329 million

Net Profit¹

 **14.0%**

RMB0.0419 yuan

EPS

 **13.9%**

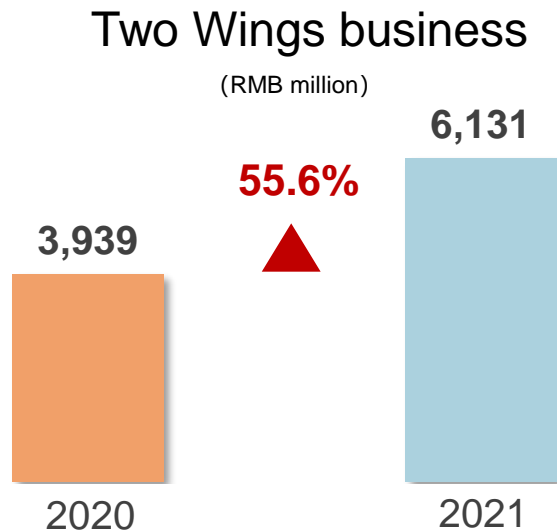
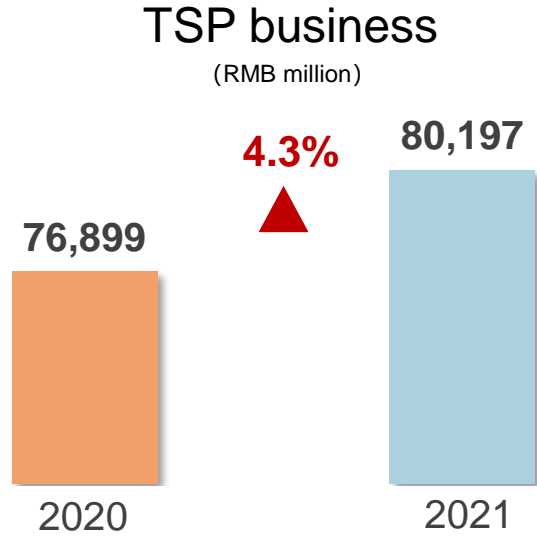
1.70 tenants/site

Tower Tenancy Ratio

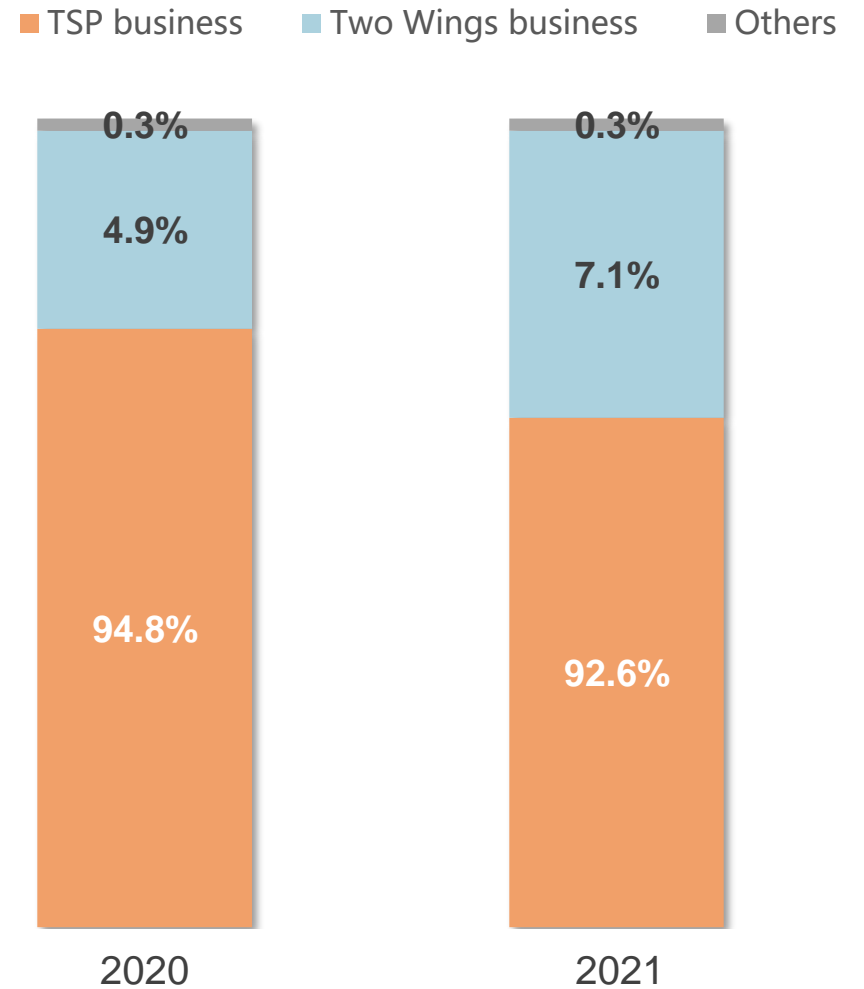
 **2.4%**

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

“One Core and Two Wings” Strategy Started to Show Remarkable Results



Operating revenue structure



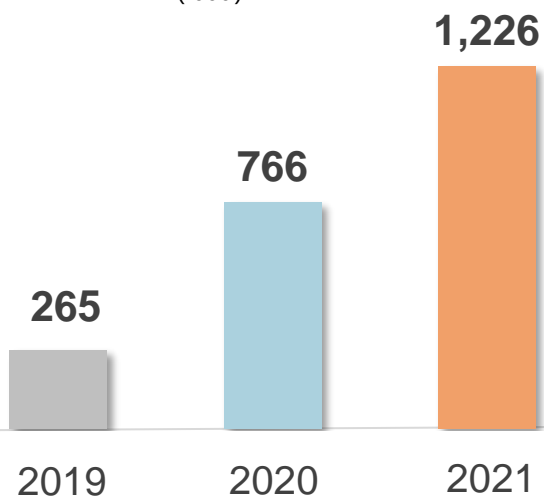
Supported Rapid Deployment of 5G Networks

To promote scaled development of 5G network

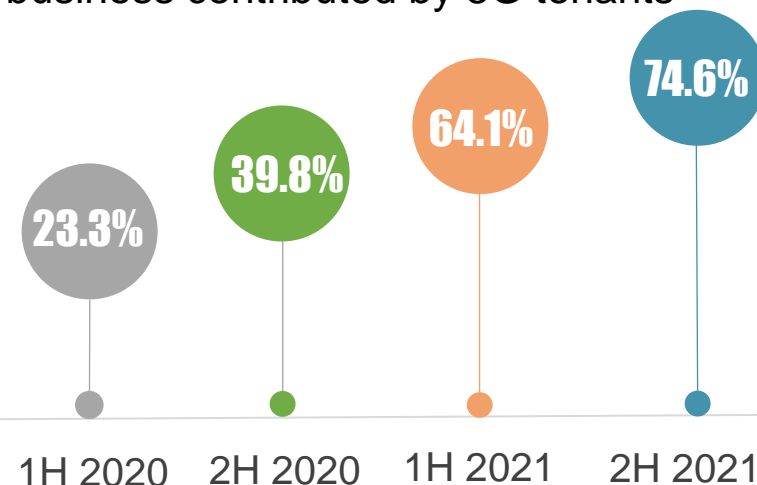
Accelerated 5G construction economically and effectively by deepening coordination and sharing of resources

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

Cumulative number of 5G projects¹
(‘000)



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

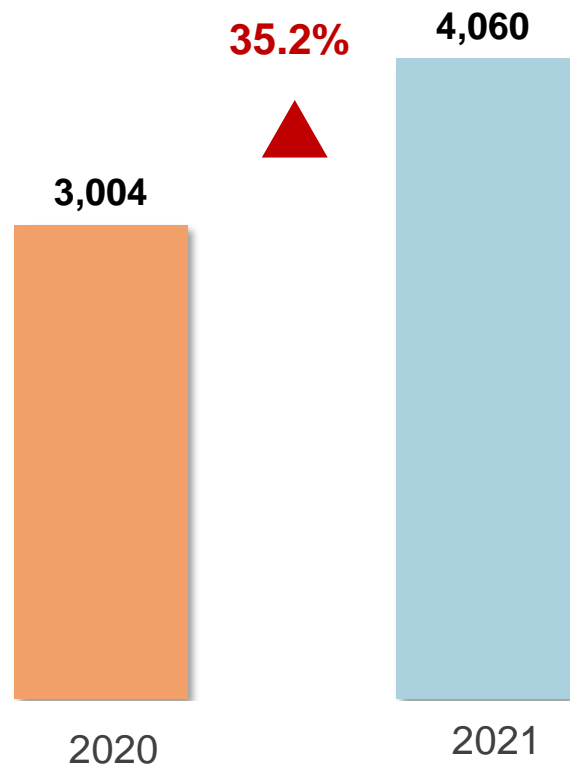


Note 1: 5G projects represent number of 5G demands from TSPs

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

Smart Tower Business Grew Rapidly by Leveraging Advantages

Smart Tower business¹ revenue
(RMB million)



Note 1: Formerly known as TSSAI business



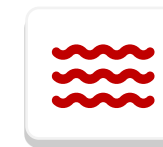
Leveraged sharing capability in various sectors across society

- Extensive site coverage across China with monitoring capabilities
- Advantage of integrating “Tower+5G+AI”
- Transformed our telecom towers into digital towers to provide information and application services

Served multiple sectors and industries



Forestry



Water resources



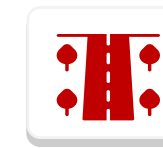
Agriculture



Environmental protection



Emergency service



Transportation



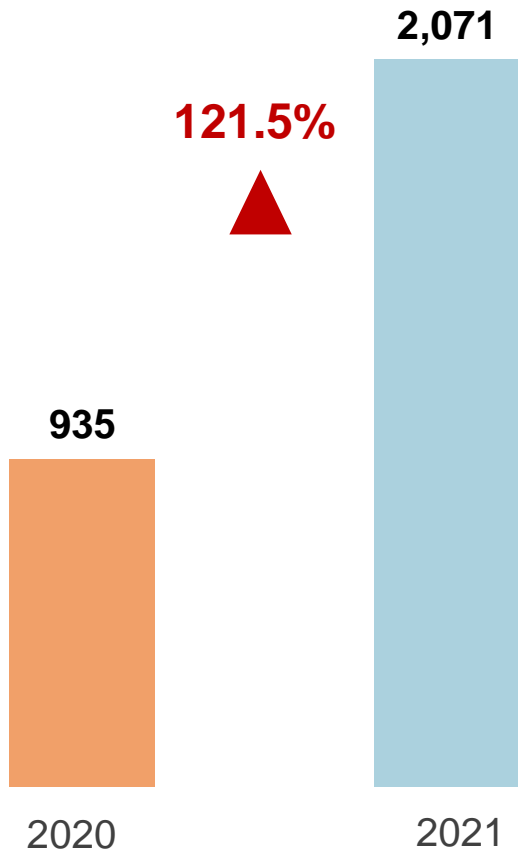
Land



Township governance

Focused on Key Sectors to Achieve Scaled Development of Energy Business

Energy business revenue
(RMB million)



Battery exchange

Focused on food and parcel delivery market; accelerated construction of green, intelligent battery exchange infrastructure networks in a highly effective way; became the largest battery exchange service provider in light electric vehicles in China



Power backup

Focused on power backup demand in key sectors; provided integrated solution including power backup, power generation, monitoring and maintenance services



Healthcare



Finance



Transportation

Multiple Measures to Build Solid Foundation for Future Development



Improved operational efficiency

- Promoted digitalization to improve operational efficiency and effectiveness
- Implemented the platform strategy to create synergy between businesses
- Improved the compliance system and strengthened risk prevention capabilities



Strengthened innovation capabilities

- Set up innovative energy laboratories, improved our research capability
- Enhanced innovation in DAS, algorithm, terminals and platform to empower business development



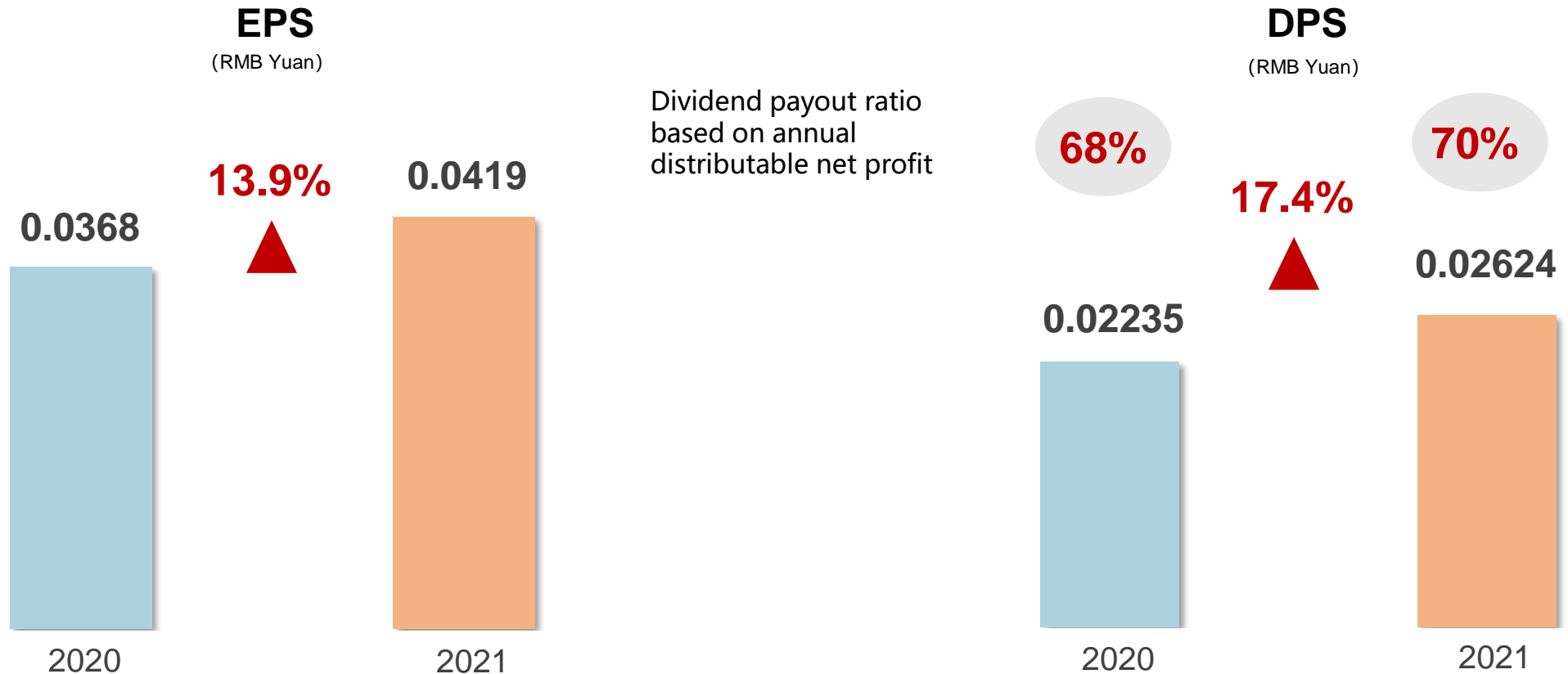
Deepened system and mechanism reform

- Completed the tenure system and contract management of the executive level
- Strengthened talent recruitment and implemented incentive and remuneration mechanism to boost vitality and growth
- Promoted the mixed ownership reform in subsidiary level to raise competitiveness

Reward Shareholders by Raising Payout

Dividend payout ratio increased consistently

The Board recommends to pay a final dividend of RMB0.02624(pre-tax) per share in 2021

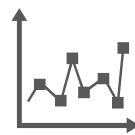


Strive to Seize Development Opportunities



Favorable 5G policy

- The 14th Five-Year Plan reiterates the large-scale deployment of 5G networks
- Greater demand for network and information infrastructure facilities



Development of digital economy

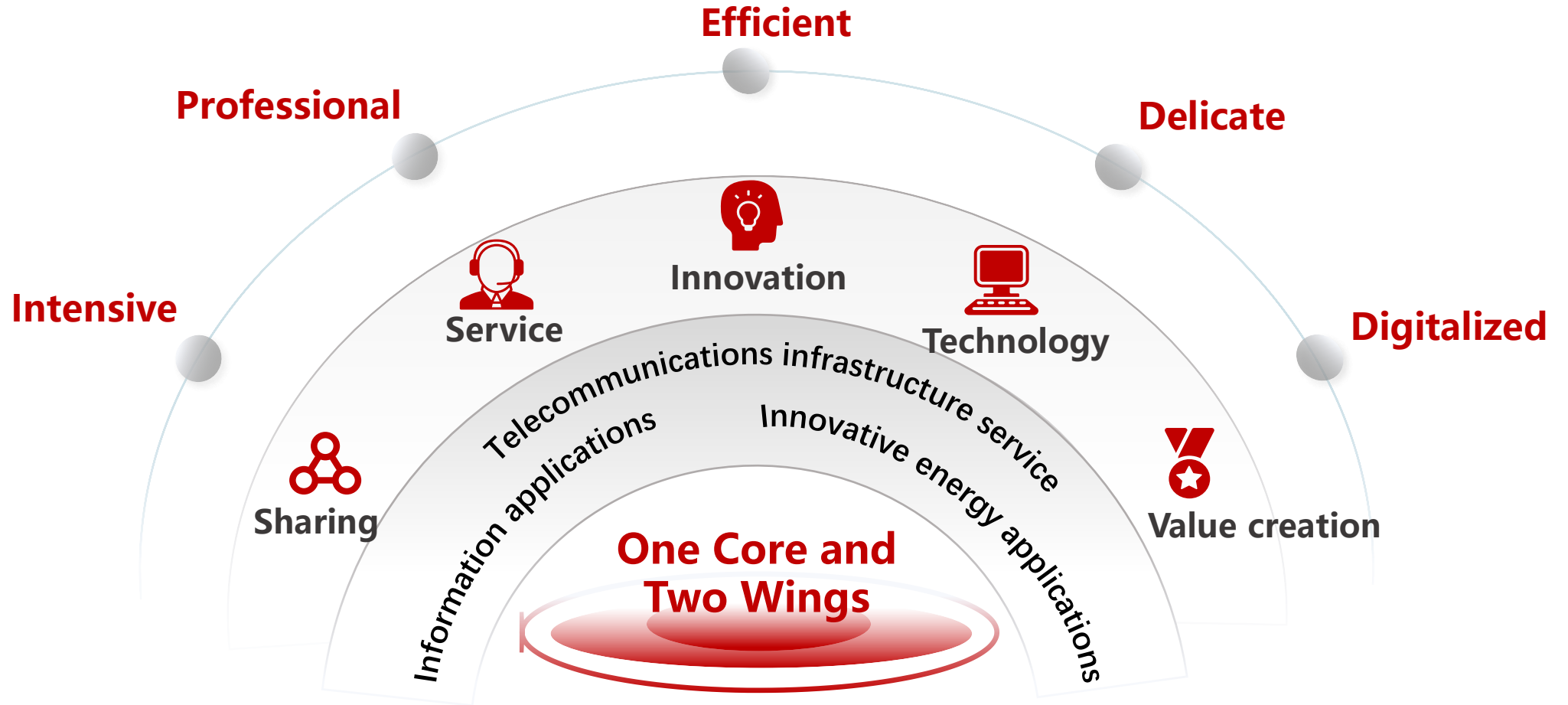
- Digital economy has gradually become the game changer in global competition
- Ample market opportunity for “digital tower”



Strong demand for innovative energy applications

- Demand for highly effective electricity supply under the peak carbon emissions and carbon neutrality targets
- New opportunities arising for innovative energy applications

Promote High-quality Development



Further "One Core and Two Wings" strategy to promote value creation and growth

Promote High-quality Development (Cont.)

Steady revenue growth

- Steady and sustainable growth of One Core business
- Rapid and scaled growth of Two Wings business

Healthy cash flow

- Effective CAPEX control
- Sound cash flow

Improve profitability

- Stable operating profit growth
- Sustained net profit growth

• **Enhanced enterprise value through high-quality development** •



Operational Performance

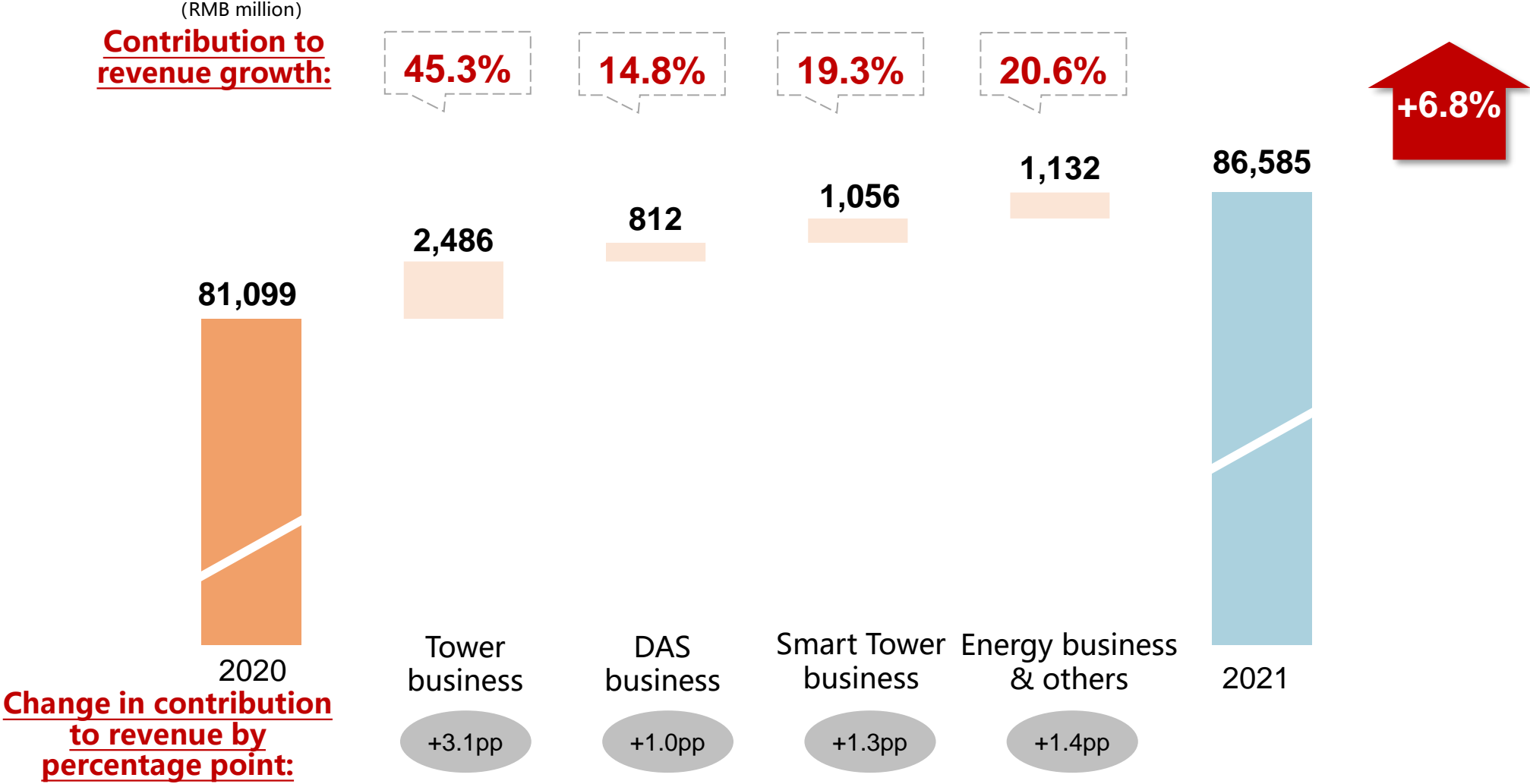
Mr Gu Xiaomin

Executive Director and General Manager

Key Operational Indicators

Indicators	2020	2021	Change
Operating revenue (RMB million)	81,099	86,585	6.8%
TSP business	76,899	80,197	4.3%
Smart Tower business	3,004	4,060	35.2%
Energy business	935	2,071	121.5%
Number of tower tenants (thousand)	3,361	3,459	2.9%
TSP tenants	3,175	3,260	2.7%
Smart Tower tenants	186	199	7.0%
Number of tower sites (thousand)	2,023	2,038	0.7%
Tower tenancy ratio (tower tenants / tower site)	1.66	1.70	2.4%
Revenue per tower site (RMB yuan)	38,026	39,358	3.5%

Incremental Revenue by Business



Multiple Efforts to Improve 5G Construction and Service Capabilities

Leveraged coordination capabilities

- Actively sought policy support
- Coordinator for site entry on key projects



Indoor and outdoor 5G coverage in Winter Olympics venues

Increased sharing capabilities

- Fully utilized resources such as existing towers and cabinets, as well as social resources
- Leveraged of professional capabilities in co-location construction



Constructed 5G network by sharing of social resources

Innovative construction model

- Built professional construction capabilities in integrated mobile network coverage
- Innovative sharing solutions, combining passive and active DAS to meet market demands



Built intelligent high-speed railway by integration of 5G and high-definition livestreaming

Strengthened technical leadership

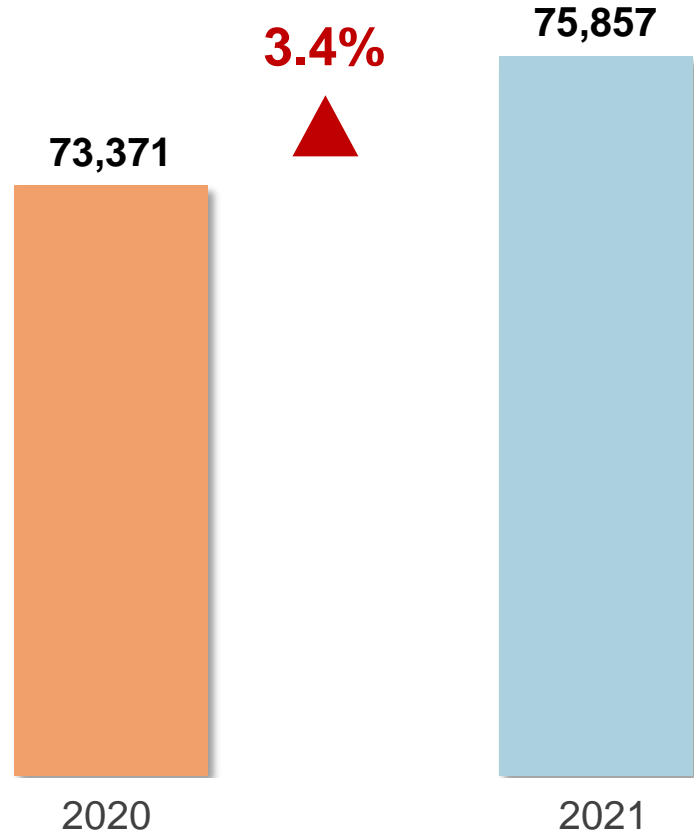
- Enhanced innovation on tower, power supply products at low cost
- Promoted sharing and augmentation in DAS projects



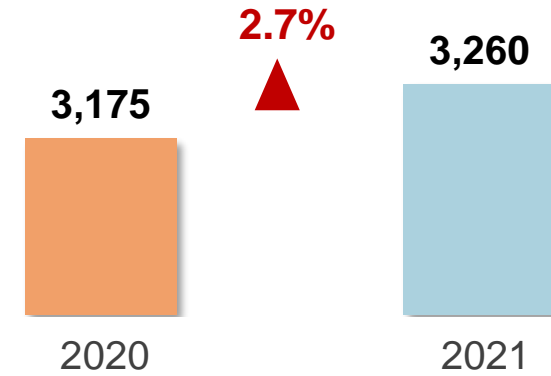
Launched innovative DAS sharing solutions at low cost to meet 5G coverage demand in subways

Stable Growth of Tower Business

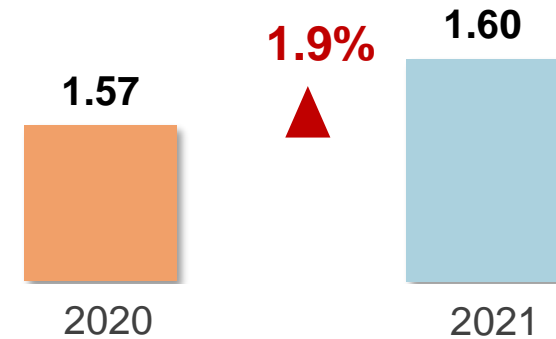
Operating revenue of tower business
(RMB million)



TSP tenants
(thousand)

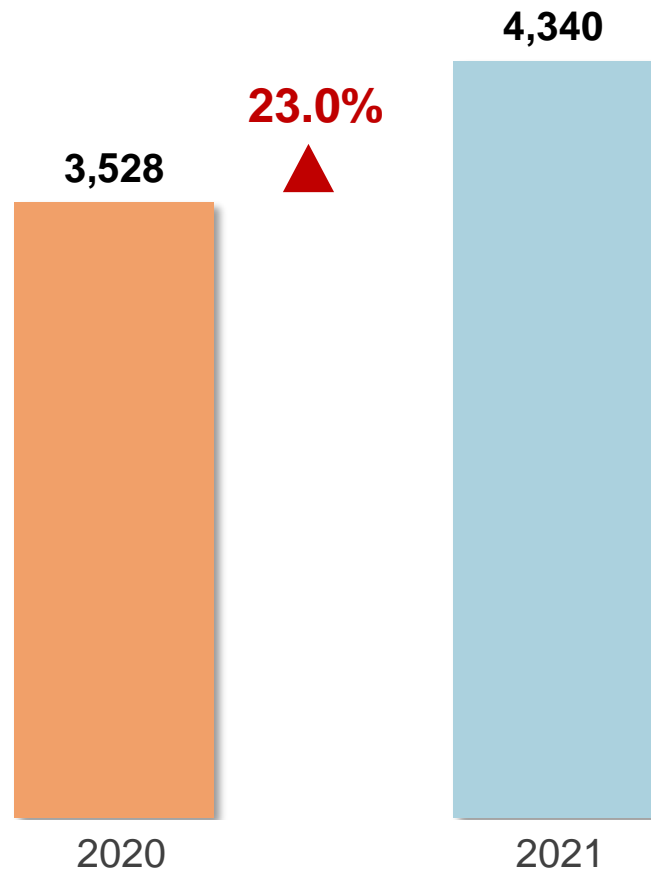


TSP tenants per tower site
(tenants/site)



Rapid Development of DAS Business

Operating revenue of DAS business
(RMB million)



DAS coverage



Buildings


Total coverage

4,990 million m²  **930** million m²



Subways

Total coverage


8,007 km  **2,126** km



High-speed
railway tunnels

Total coverage

8,899 km  **2,078** km

Note: Data as of 31 December 2021  increased coverage in 2021

Transformation into “Digital Tower” by Strengthening Innovation Capability

- Seized opportunities arising from the development of digital economy;
 - Leveraged advantages in site resources, service, digital platform and innovative management;
- Responded to the demand arising from integrated social governance, targeted key areas such as "landscapes, forests, fields, lakes, grass and sand", to optimize our social resource-sharing model

Our advantages



Advantage of mid- and high-point site resources



User friendly service and localized maintenance personnel



Top-level platform and AI algorithm capabilities



Nationwide unified operation with innovative research system

Transform “Telecom Tower” into “Digital Tower”



Smart Tower Business Achieved Scaled Growth

Total number of tower sites
utilized in Smart Tower business

Number of tenants in
Smart Tower business



175,000

↑ 20.7%



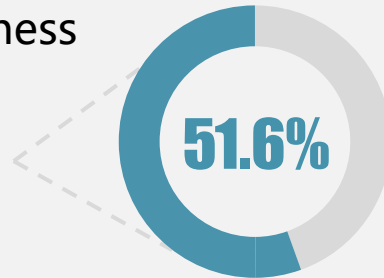
199,000

↑ 7.0%

Tower monitoring

Revenue from
Tower Monitoring business

RMB2,096 million

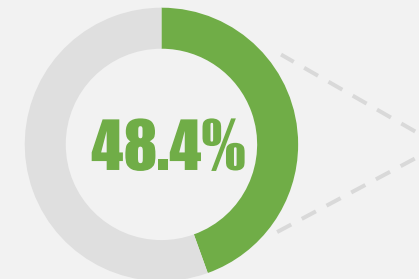


Revenue contribution to
Smart Tower business

Site leasing

Revenue from
site leasing business

RMB1,964 million



Revenue contribution to
Smart Tower business

Forged Capabilities to Build Competitive Advantage in Energy Business

Optimized product system

- Product upgrades to meet market demands
- Better quality control to maintain standard
- Product optimization to improve user experience



Improved standardized product system

Strengthened platform operational capabilities

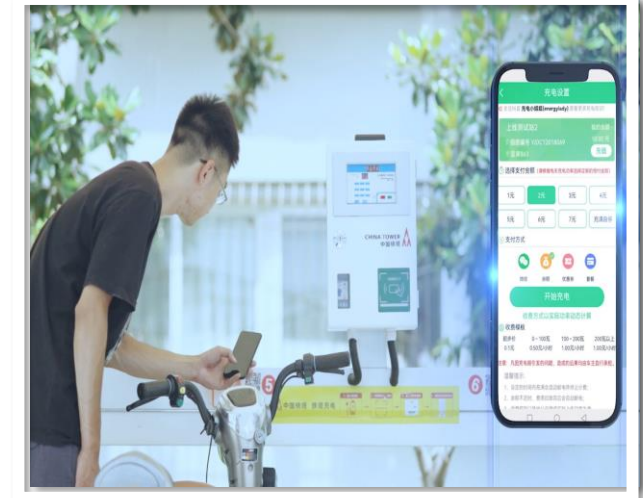
- Accelerated platform upgrades and optimization
- Enhanced platform intelligence level
- Improved platform support capabilities



Built intelligent energy platform

Improved customer service standard

- Established all-rounded service system
- Enhanced customer self-service capabilities
- Improved customer service supervision and evaluation system



Enhanced customer loyalty

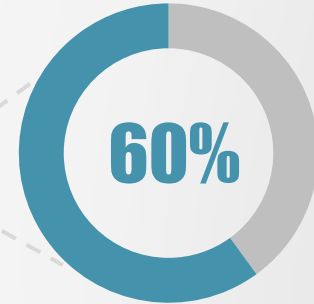
Strong Momentum in Energy Business Development

Battery exchange

Revenue from battery exchange business

RMB1,243 million

239.6%



Revenue contribution to Energy business



Operating in **280 cities**



Battery exchange network **44,000**



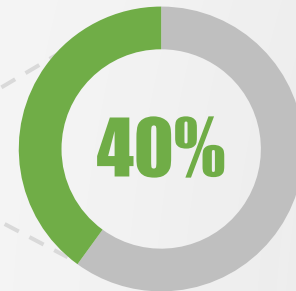
612,000 users

Power backup and others

Revenue from power backup business and others

RMB828 million

45.5%



Revenue contribution to Energy business



Power backup stations **29,600**



Key backup services **3000+**

Key Operating Strategies for 2022

Dual growth engines of “5G+DAS” continue to cement industry leadership

Innovative products to strengthen growth momentum of Smart Tower business

Foster competitive advantages to boost scaled development of Energy business

Enhance operational management to lay a solid foundation for future development

Innovative system and mechanism to boost corporate vitality

03

Financial Performance

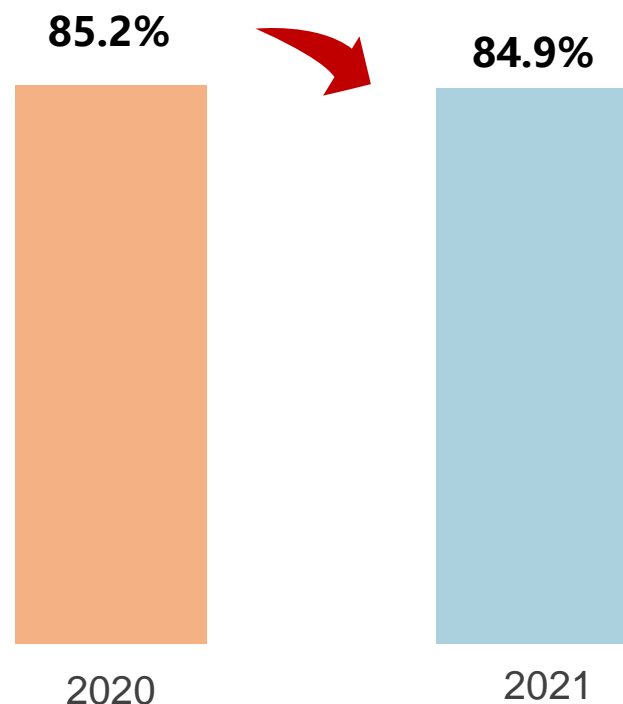
*Mr Gao Chunlei
Chief Accountant*

Key Financial Indicators

(RMB million)	2020	2021	Change
Operating revenue	81,099	86,585	6.8%
Operating expenses	69,087	73,550	6.5%
Operating profit	12,012	13,035	8.5%
EBITDA	59,527	63,017	5.9%
Net profit	6,428	7,329	14.0%
Free cash flow	20,426	35,311	72.9%
Gearing ratio	36.7%	33.4%	-3.3pp

Sound Cost Management

Operating expenses to revenue ratio



(RMB million)	2020	2021	Change
Operating expenses	69,087	73,550	6.5%
Depreciation and amortization	47,515	49,982	5.2%
Repairs and maintenance	5,805	5,796	-0.2%
Employee benefits and expenses ¹	6,115	6,875	12.4%
Site operation and supporting expenses ²	4,627	5,161	11.5%
Other operating expenses	5,025	5,736	14.1%
of which: business development expenses ³	1,682	2,238	33.1%
other expenses	3,343	3,498	4.6%
Net finance costs	3,923	3,723	-5.1%

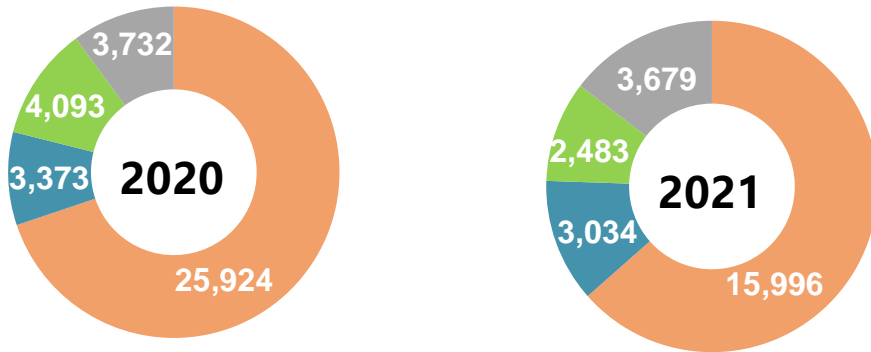
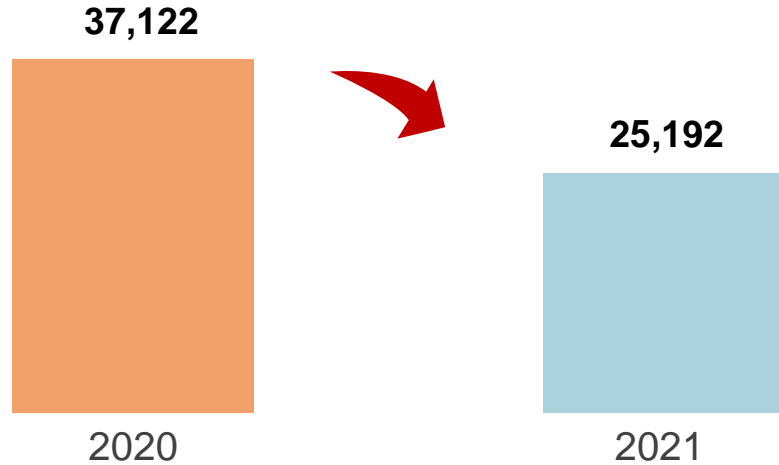
Note 1: Employee benefits and expenses increased by 7% when excluded non-comparable factors, such as impact of amortized cost of restricted shares, corporate social insurance reductions and exemptions during the 2020 pandemic and increase in headcount and capital to support business development

Note 2: Site operation and supporting expenses: short-term site lease charges recognized in accordance with the accounting standard, IT supporting service fees and site planning and maintenance fees increase by RMB534 million over last year

Note 3: Business development expenses: supporting service and marketing expenses for the Two Wings business increased RMB556 million over last year

Effective Control of CAPEX

CAPEX
(RMB million)



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

Strengthened investment management model by controlling total investment and enhancing project efficiency to proactively supported 5G construction and Two Wings business development

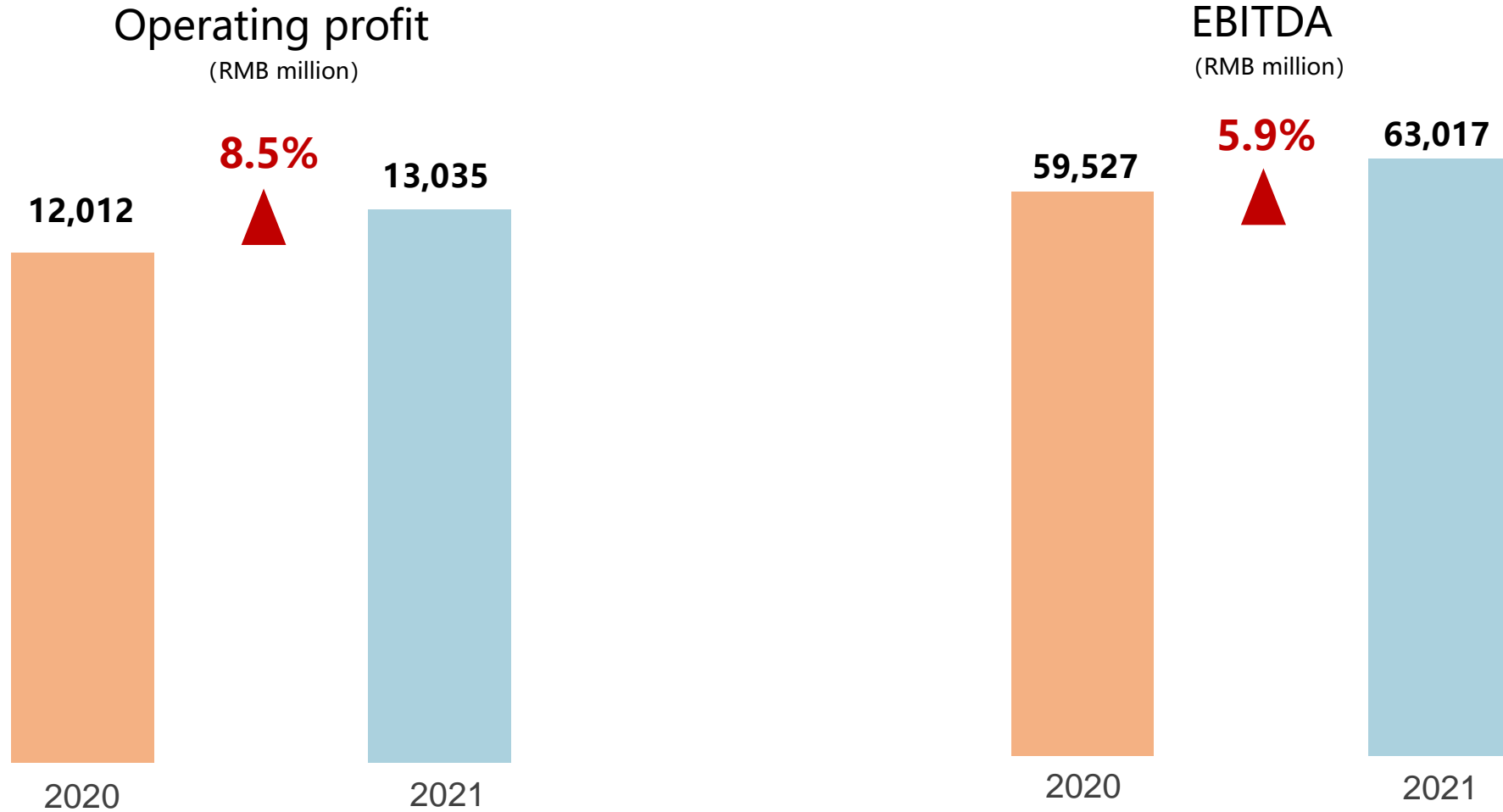
Affected by decrease of construction demand from TSP and change of construction structure, new site construction and augmentation CAPEX decreased

Strengthened service platform and network deployment to promote products innovation of Two Wings business

Improved asset operation quality by precise implementation of site replacement and improvement

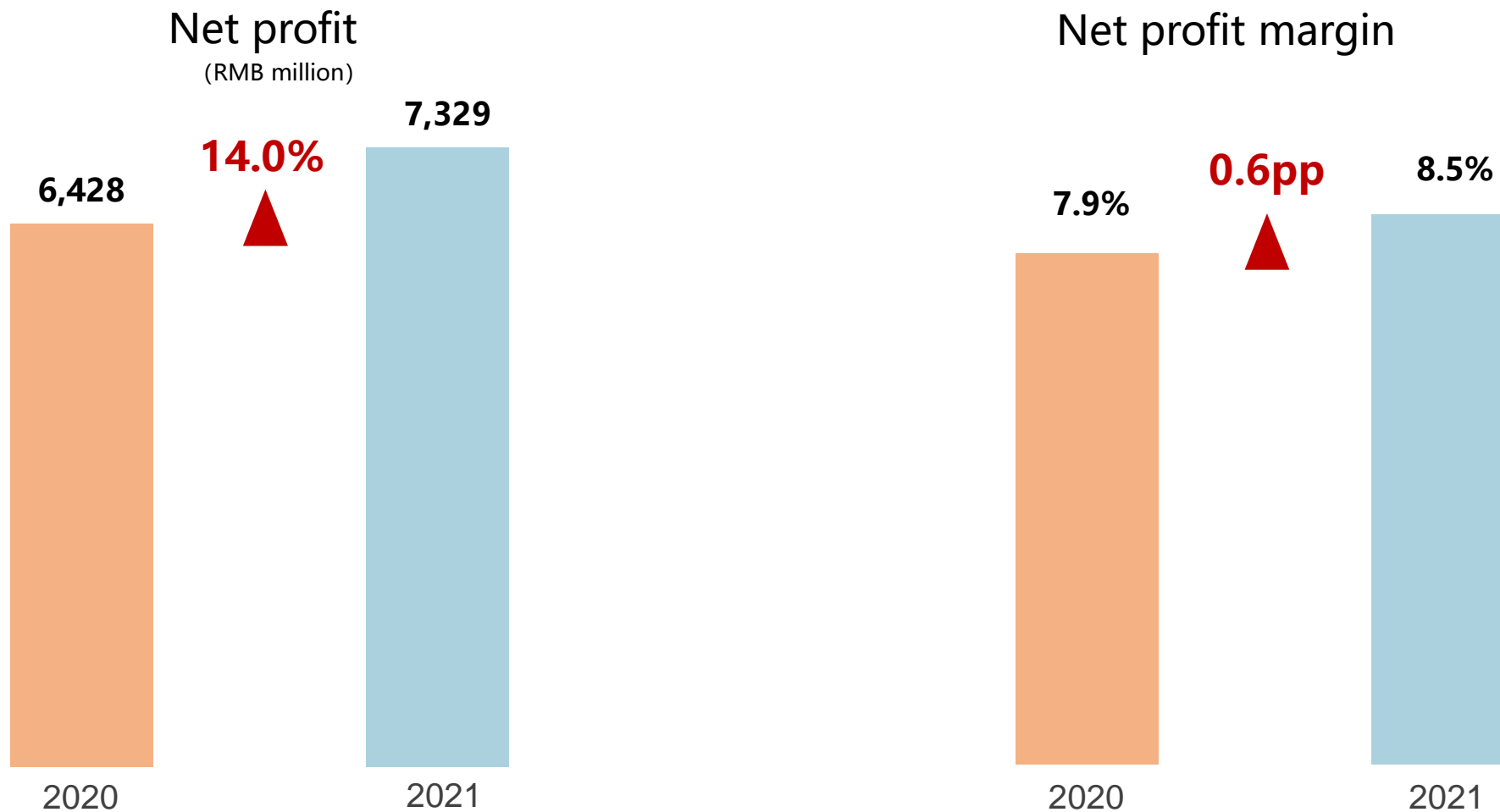
Profitability Continued to Improve

Sustainable growth of operating profit and EBITDA



Profitability Continued to Improve (Cont.)

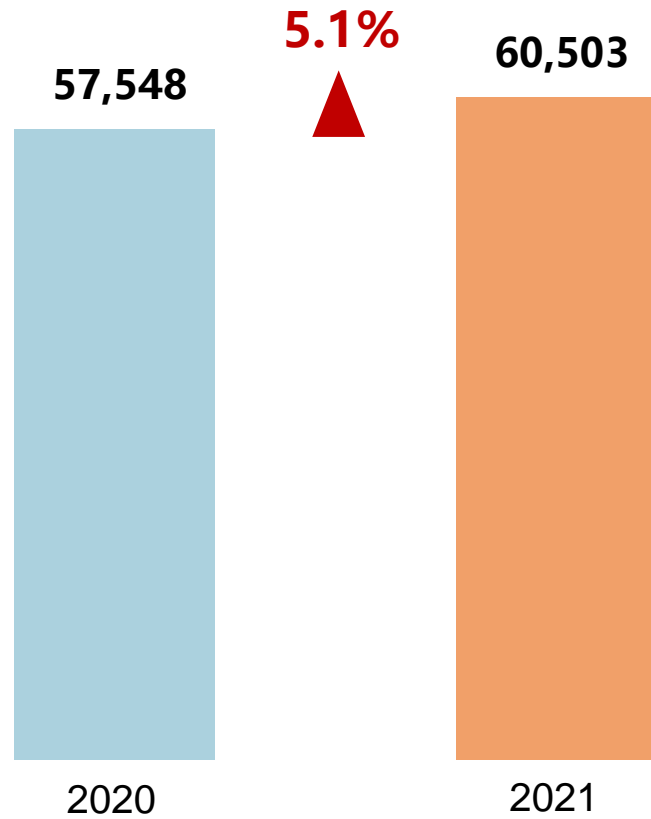
Higher net profit growth over revenue growth



Further Improved Cash Flow Level

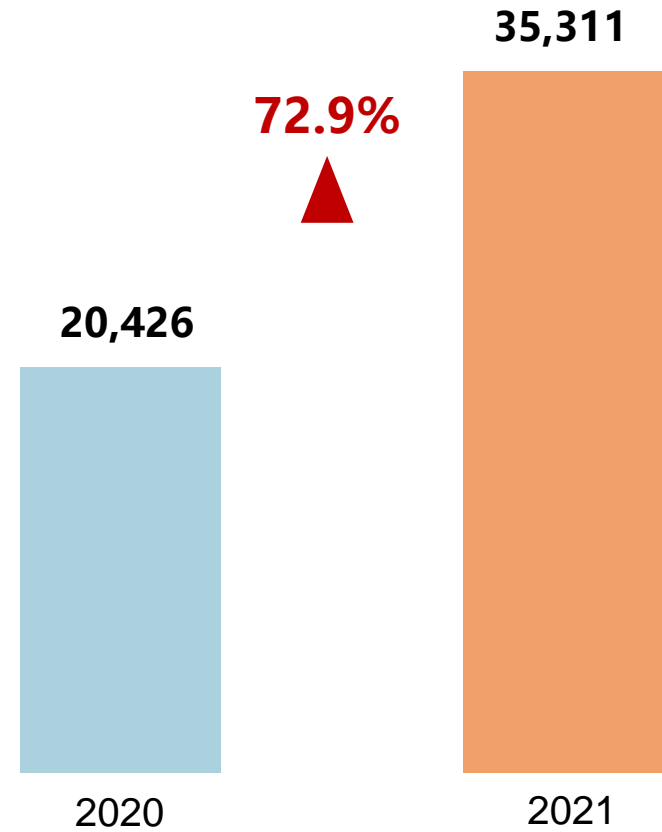
Operating cash flow

(RMB million)



Free cash flow

(RMB million)

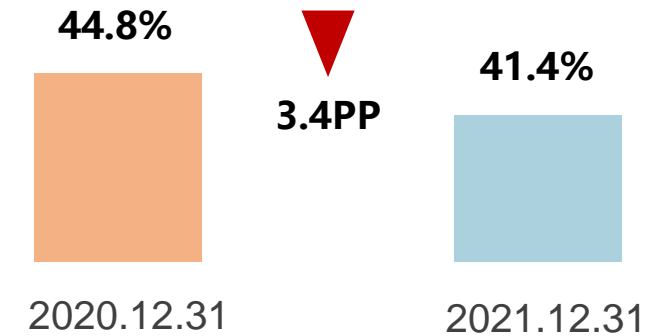


Solid Capital Structure

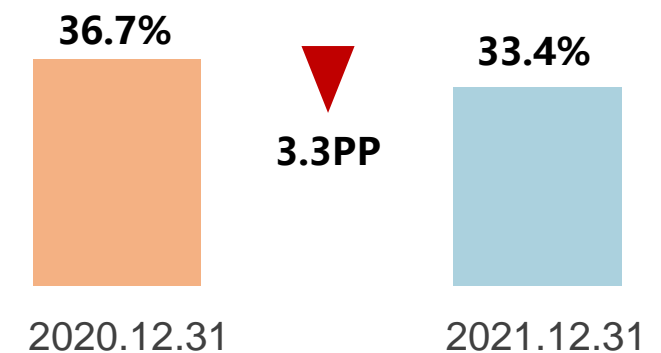
(RMB million) 2021.12.31

Assets	323,259
Cash and cash equivalents	6,471
Liabilities	133,905
Interest-bearing debt	101,304
Total equity	189,354

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 Unaudited Consolidated Balance Sheet as at 31 December 2021

(RMB million)	2020.12.31	2021.12.31
Total Assets	337,380	323,259
Current assets	43,204	48,344
Non-current assets	294,176	274,915
Property, plant and equipment	231,684	221,419
Construction in progress	20,185	14,709
Total Liabilities	151,134	133,905
Current liabilities	106,635	76,182
Borrowings	61,999	37,142
Accounts payable	31,460	25,264
Non-current liabilities	44,499	57,723
Total Equity	186,246	189,354

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