



**CHINA TOWER**  
**中国铁塔**



# 2022 Interim Results



*8 August 2022*



# 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

# Content

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Performance**

# 01 Overall Performance

*Zhang Zhiyong*

Executive Director and Chairman

# Key Indicators

**RMB45,479 million**

Operating Revenue

 **6.6%**

**RMB31,958 million**

EBITDA

 **2.5%**

**RMB31,306 million**

Operating Cash Flow

 **29.2%**

**RMB4,224 million**

Net Profit<sup>1</sup>

 **22.2%**

**RMB0.0242 yuan**

EPS

 **22.2%**

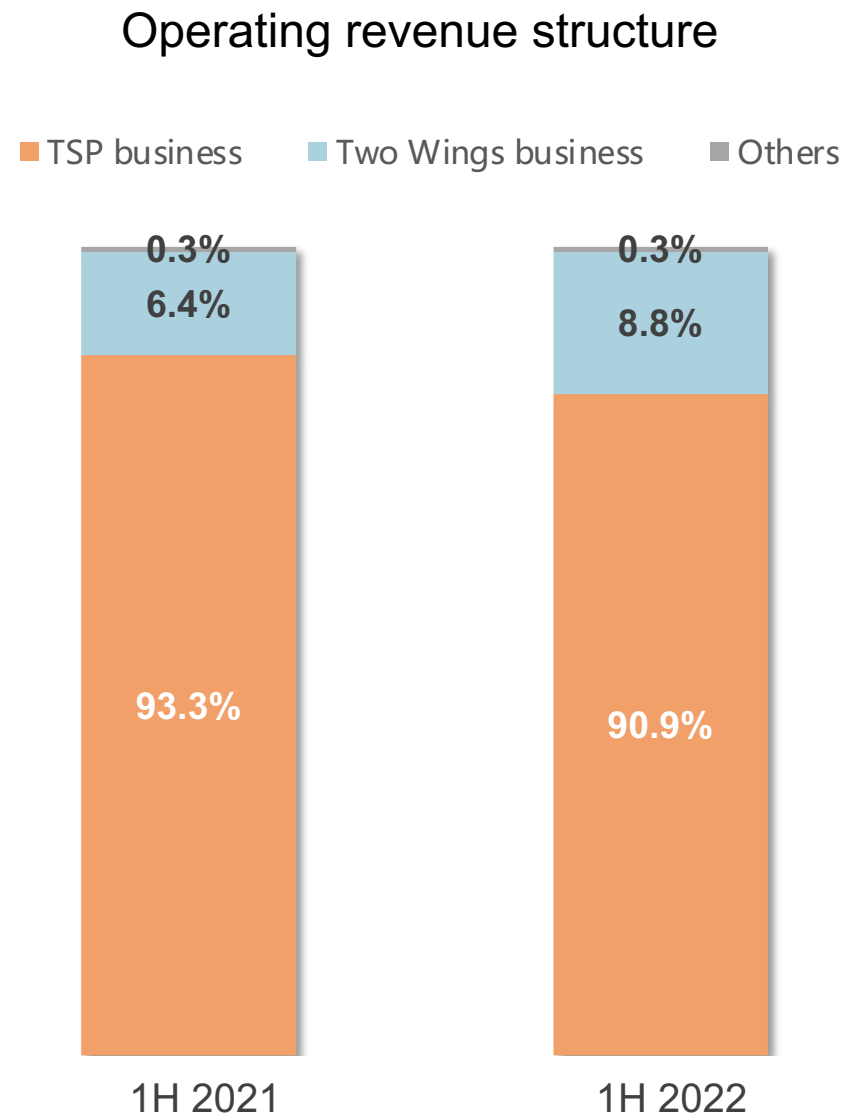
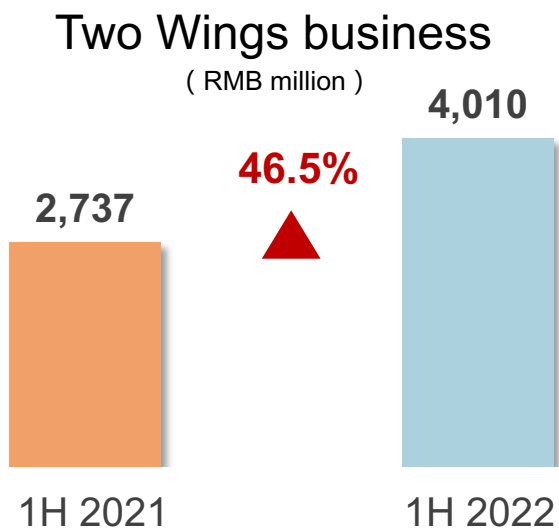
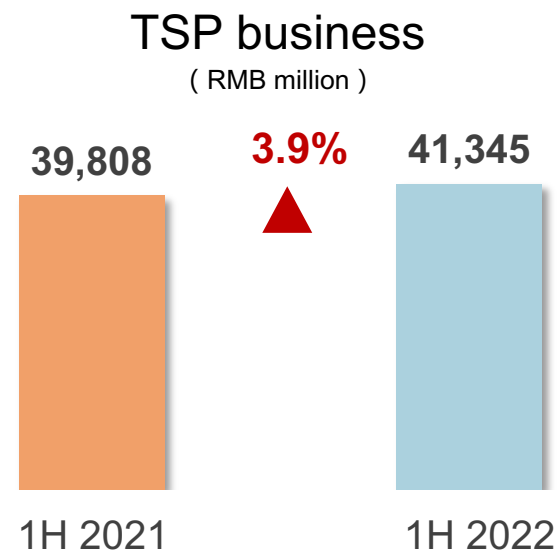
**1.72 tenants/site**

Tower Tenancy Ratio

 **2.4%**

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

# Forged Ahead "One Core and Two Wings" Strategy



# Furthered Resource Sharing to Support 5G Network Deployments

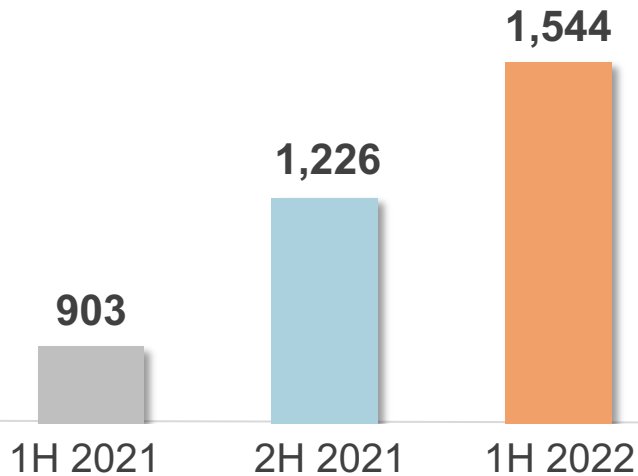
*Contributed to the construction of "Cyberpower"*

Served as the main force of 5G infrastructure to support large-scale 5G network deployments

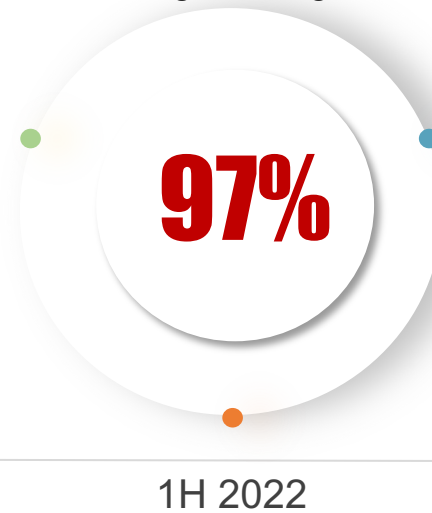
Strengthened advantages in resource coordination and sharing to achieve precise and effective resource allocation

Revenue from 5G service became the main driving force for the TSP business

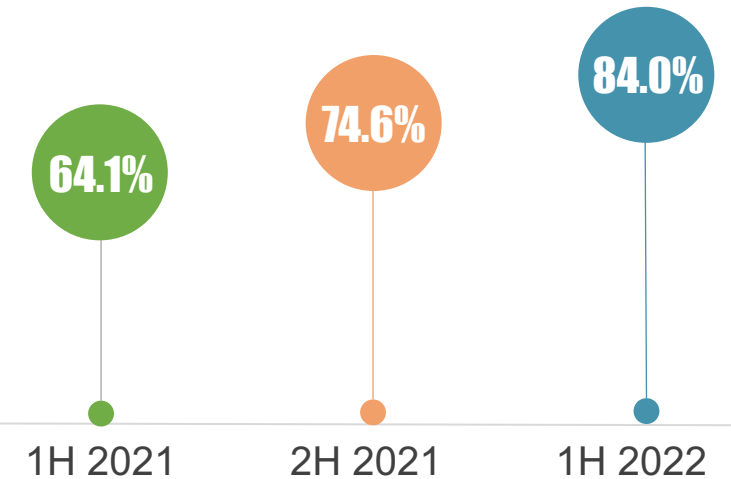
Cumulative number of 5G projects<sup>1</sup>  
( '000 )



Proportion of 5G demand satisfied by sharing existing sites



Share of incremental revenue to TSP business contributed by 5G services<sup>2</sup>



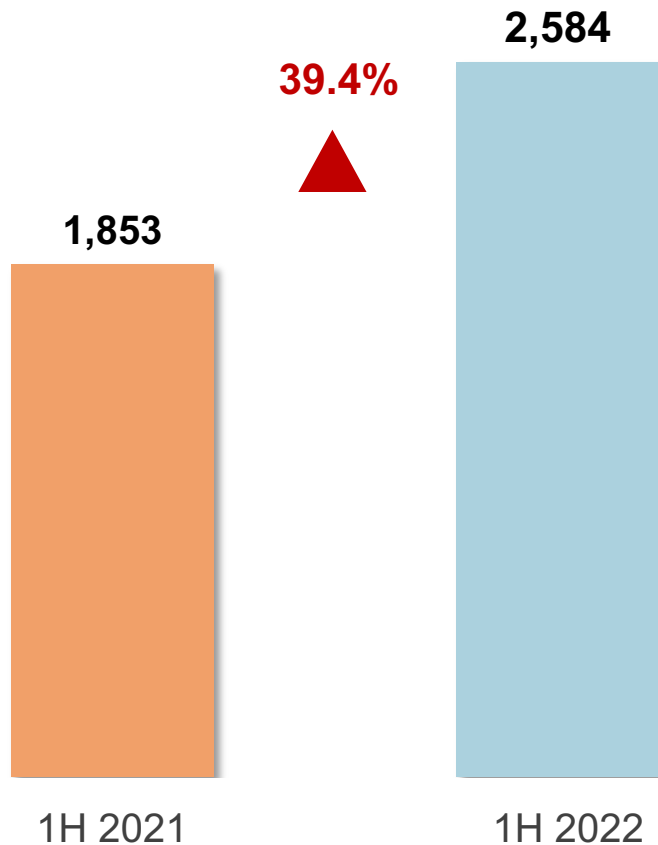
Notes: 1. 5G services represent number of 5G demands from TSPs

2. Share of incremental revenue to TSP business contributed by 5G service= incremental revenue from 5G service/incremental TSP business revenue

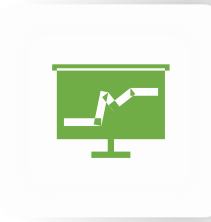
# Improved Capabilities of Smart Tower Business to Achieve Accelerated Development

To become an *information applications provider* with core competency

Smart Tower business revenue  
( RMB million )



## Promoted the upgrading of telecom tower to digital tower



Increased investment in R&D to improve platform operation capability



Focused on key industries and enhanced product strengths



Carried out strategic cooperation to broaden the industry ecosystem



Focused on customer perception to strengthen service quality



Strengthened coordination within the organization to enhance sales capability

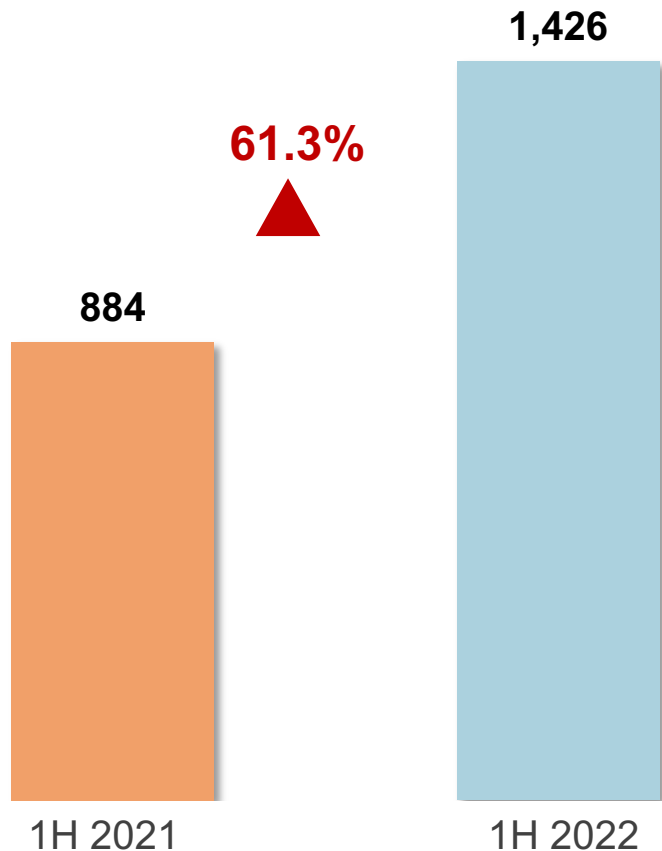


# Forged Strengths of Energy Business to Scale Growth

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

## Energy business revenue

(RMB million)



## Specialized product capability



**Battery exchange**

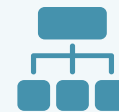
Ample site resources + mature construction and maintenance capabilities + rapid product iteration



**Power backup**

Four-in-one integrated power security solution covering power backup, generation, monitoring and maintenance services

## Intelligent cloud platform



Internet-based cloud structure



Management of a massive volume of connected devices



Intelligent big data algorithms

## Quality service capability



10096 customer service hotline



AI customer service with real-time response



Closed-loop management of customer complaints

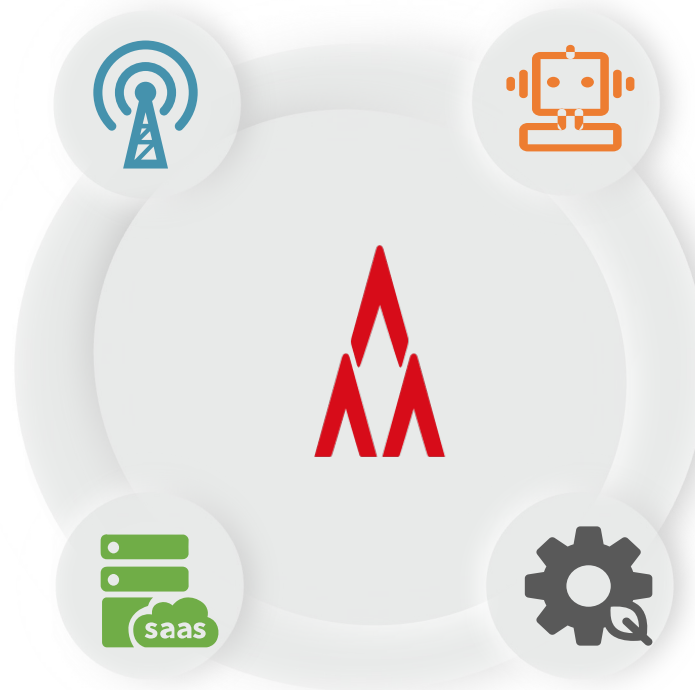
# Promoted Reforms and Innovation to Consolidate Core Competencies

## Delicate asset operation

- Individual code tracking to achieve full life-cycle management of assets
- Intelligent operation and maintenance to realize visual management of assets
- Delicate management of individual site to enhance the operational performance of assets

## Digitalization

- A unified operation and maintenance monitoring system supported holistic business operations
- Tower Monitoring platform and the energy sharing platform effectively supported the development of Two Wings business



## Technological innovation

- Formulated specialized plans for technological innovation
- Established key labs for new energy, communications construction and AI to support the technological transformation of the Company
- Focusing on key researches and continuous innovation, a total of 81 R&D projects across 13 fields have been planned

## Deepening reforms

- Deepened tenure-based contractual management and strengthened incentive mechanisms
- Implemented various cultivation and retention schemes for talents
- Promoted "Double Hundred Action" to speed up reform around the systems and mechanisms of subsidiaries

# Seized Opportunities to Achieve High-quality Development

## Accelerated 5G network deployments

- Carried out 5G network construction moderately ahead of schedule, promoted in-depth coverage in densely populated urban areas, and expanded coverage in townships and rural areas. By the end of 2022, **the estimated cumulative number of 5G sites is expected to exceed 2 million** note
- The development of 5G industry applications has entered the "fast lane", driving the accelerated development of 5G network deployments

## Booming digital economy

- Widely integrated into production and daily life, digital infrastructure is playing an increasingly important role in supporting government services, public services, people's livelihoods, security, and social governance
- According to *the Plan for Development of the Digital Economy During the "14th Five-Year" Period*, **the added value of core digital economy industries is expected to reach 10% of the national GDP** by 2025

## Further advanced "dual carbon" goals

- *The Plan for Development of the Digital Economy During the "14th Five-Year" Period* proposed to **accelerate the construction and application of smart energy**, promote the intelligent upgrading of energy production, transportation and consumption, and advance the transition to low-carbon energy
- Under **the "dual carbon" goals**, the electrification of transportation created more demand for deployment of battery charging and exchange infrastructure

# Seized Opportunities to Achieve High-quality Development (Cont.)

Deepened the "One Core and Two Wings" strategy to promote value creation and enterprise growth

## Positioning

An information applications provider with core competency

A world-class integrated information and communications infrastructure service provider

A new energy applications provider with core competency

## Route

*An operation system with five features*

Professional

Intensive

Delicate

Efficient

Digitalized

*An enterprise with five focus areas*

Sharing

Service

Innovation

Technology

Value creation

## Initiatives

### Deepened reforms and innovation

- Deepened reforms and stimulated internal enterprise strengths and vitality
- Accelerated digital transformation to become a digital enterprise
- Adhered to developing the Company with technology and cultivated core technological strengths

### Strengthened capabilities

- Promoted resource sharing philosophy
- Strengthened resource coordination
- Centered around customers to improve service capabilities
- Focused on value management and upgraded operational competence

### Promoted business development

- Steadily developed TSP business to consolidate market leadership
- Promoted Smart Tower business to achieve scaled breakthrough
- Continued to deepen Energy business to enhance growth momentum

# 02 Operational Performance

*Gu Xiaomin*

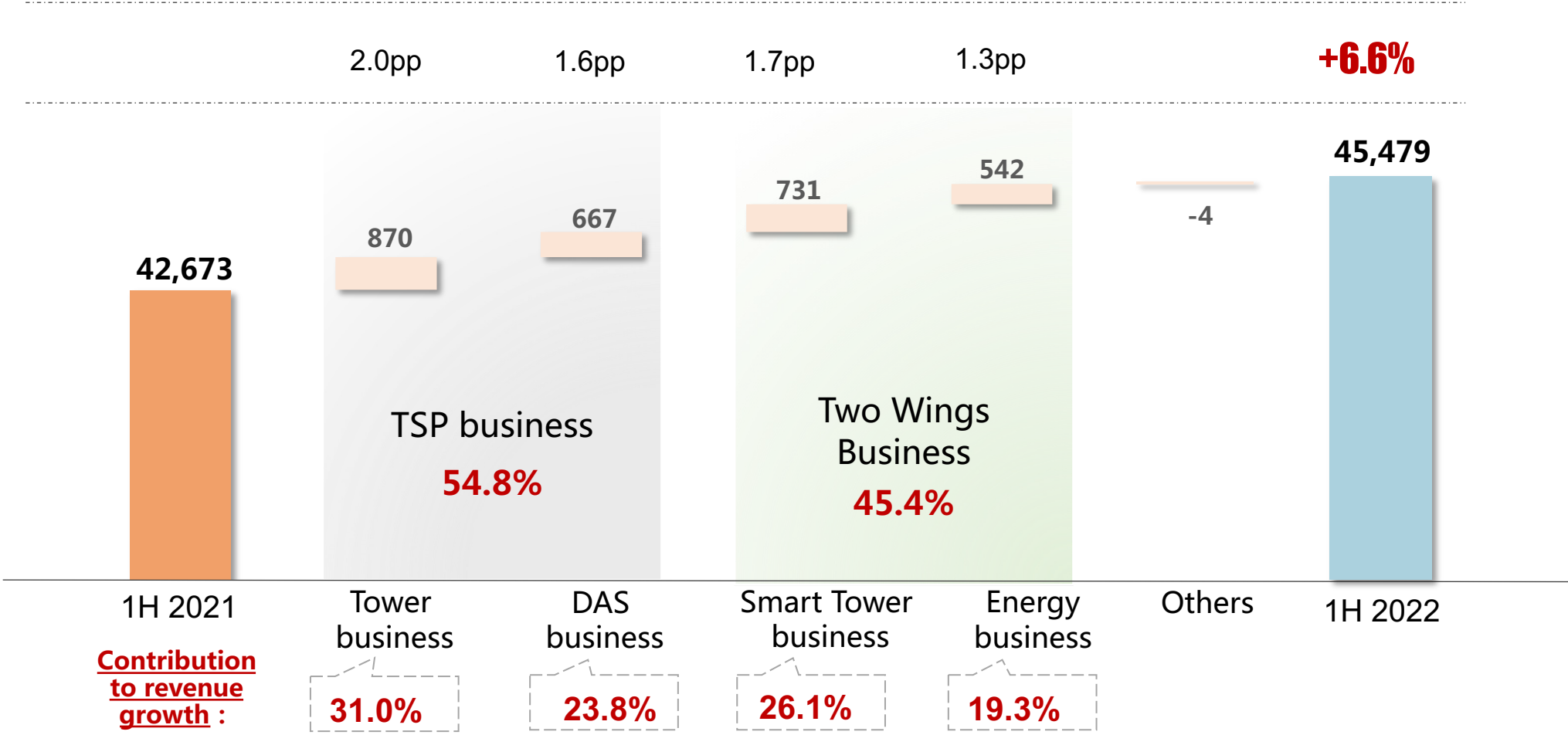
Executive Director and General Manager

# Key Operational Indicators

Indicators	1H 2021	1H 2022	Change
<b>Operating revenue (RMB million)</b>	<b>42,673</b>	<b>45,479</b>	<b>6.6%</b>
TSP business	39,808	41,345	3.9%
Smart Tower business	1,853	2,584	39.4%
Energy business	884	1,426	61.3%
<b>Number of tower tenants (thousand)</b>	<b>3,423</b>	<b>3,521</b>	<b>2.9%</b>
TSP tenants	3,228	3,302	2.3%
Smart Tower tenants	195	219	12.3%
<b>Number of tower sites (thousand)</b>	<b>2,035</b>	<b>2,049</b>	<b>0.7%</b>
<b>Tower tenancy ratio (tower tenants / tower site)</b>	<b>1.68</b>	<b>1.72</b>	<b>2.4%</b>
<b>Revenue per tower site (RMB yuan)</b>	<b>19,505</b>	<b>20,150</b>	<b>3.3%</b>

# Revenue Growth Supported by Multiple Driving Forces

(RMB million)



# Stable Growth of Tower Business



## Strengthened resource coordination

- Harnessed policy support and enhanced market leadership



## Leveraged advantages in resource sharing

- Shared site resources and social resources to promote the rapid extension of 5G network coverage from cities to villages and towns

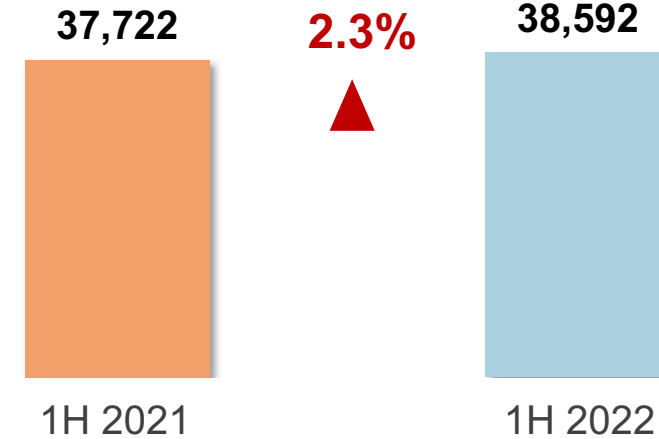


## Innovated service model

- Developed and launched products such as simplified power supply and CRAN shelters to meet diverse customer needs in a more flexible way

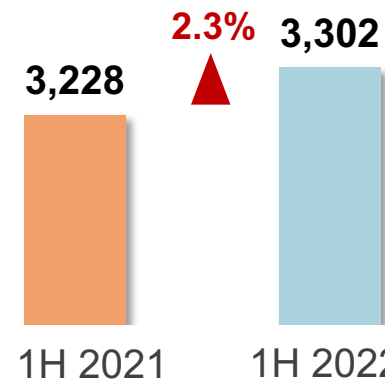
## Operating revenue of Tower business

( RMB million )



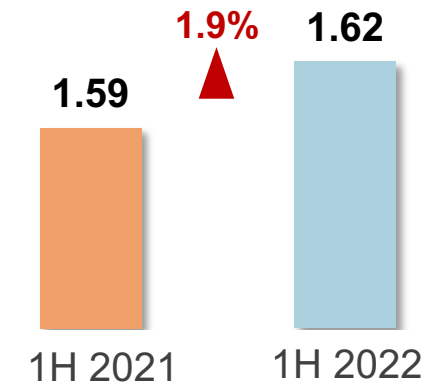
## TSP tenants

( thousand )



## TSP tenants per tower site

( tenants/site )





# Accelerated Growth of DAS Business



- Developed through resource coordination and promoted synergies within the industry



- Seized the opportunities arising from 5G coverage being extended to indoor areas and deepened cooperation with TSPs on DAS business



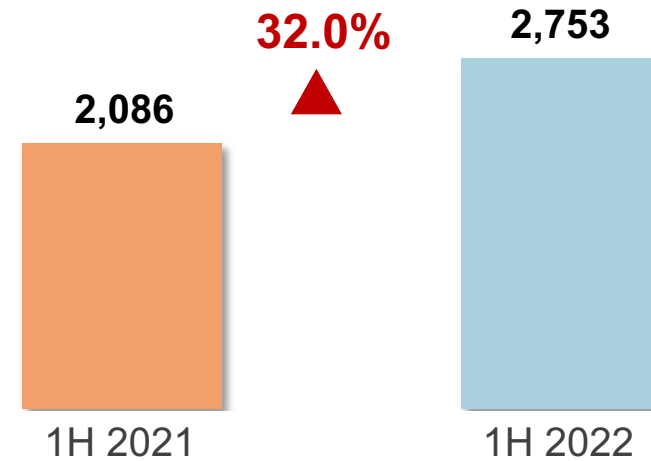
- Promoted the augmentation of 5G DAS sharing in key areas



- Developed innovative and diversified solutions for different scenarios combining active and passive DAS

## Operating revenue of DAS business

(RMB million)



## Expanding DAS coverage



Buildings

5,970 million m<sup>2</sup>

▲ 980 million m<sup>2</sup>



Subways

8,674 kilometers

▲ 667 kilometers



High-speed railway tunnels

9,602 kilometers

▲ 703 kilometers

Note: Data as of 30 June 2022

▲ Increase in 2022

# Focused on Key Industries to Achieve High-quality and Scaled Development of Smart Tower Business

“Leveraged advantages on mid and high points to serve social digital governance”

**30,000** sites

- Covered an area of **300,000** square kilometers, monitoring straw burning to prevent fire hazards



**53,000** sites

- Covered a forest area of **420,000** square kilometers, facilitating forest fire warnings and forest resource supervision

**5,000** sites

- Provided fishing ban monitoring plans for **305** districts and counties in the Yangtze River Basin, improving the efficiency of fishery law enforcement



**38,000** sites

- Guarded over **30,000** square kilometers of territory, to prevent illegal mining, illegal construction, etc.

**8,000** sites

- Served **2,892** towns and villages, solving issues on drinking water safety, garbage classification, and aquacultural sewage discharge in rural areas



**4,000** sites

- Covered **70** high-risk areas along oil and gas pipelines to prevent intrusion, illegal trespasses and work violations

**13,000** sites

- Covered **480** key road sections, monitoring the status of important major road links, bridges, tunnels and road nets.



**11,000** sites

- Monitored over **4,700** key watersheds to solve issues related to water resource governance

# Focused on Key Industries to Achieve High-quality and Scaled Development in Smart Tower Business (Cont.)

Total number of tower sites utilized in Smart Tower business



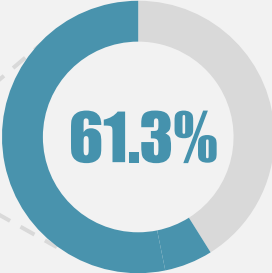
Number of tenants in Smart Tower business



## Tower monitoring

Revenue from Tower Monitoring business

**RMB1,584 million**

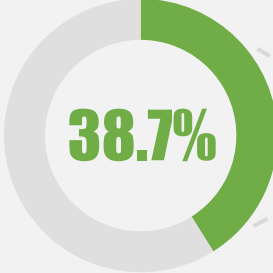


Revenue contribution to Smart Tower business

## Site leasing

Revenue from site leasing business

**RMB1,000 million**



Revenue contribution to Smart Tower business

# Specialized in Key Segments to Drive Robust Growth in Energy Business

## Battery Exchange



**Cultivated delivery market and explored vertical industry opportunities**

- Improved penetration by strengthening strategic alliances with major delivery and logistic companies
- Consolidated leadership to be the largest light electric vehicle battery exchange service provider



**Product iteration, launched 3.0 product standard**

- Increased R&D investments in core hardware terminals and software platforms to improve product performance
- Launched intelligent charging with a high degree of safety, reliability and convenience



**Operated 10096 customer hotline with intelligent customer service platform**

- The battery exchange APP has practical functions such as battery exchange reminders and appointments, as well as path planning
- Strengthened self-service functions to effectively improve service experience and efficiency

## Power Backup



**Focused on key industries such as telecom, finance, etc.**

- Served key industries including finance, communications, healthcare, petrochemical, government and education
- Satisfied power consumption and energy saving needs of enterprise customers, actively expanding application scenarios and service offerings



**Provided comprehensive solutions to the power backup segment**

- Based on advanced communication base station power security capabilities, provided four-in-one services and comprehensive solutions
- Built standardized power backup products and promoted the scaled development



**Satisfied customer needs with differentiated services**

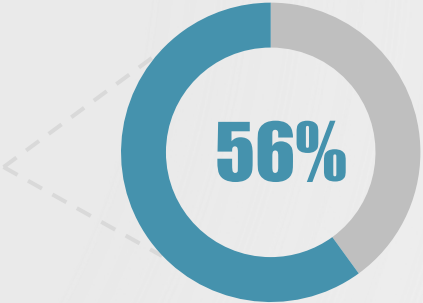
- Created a platform-based service model relying on a visual, manageable and controllable intelligent platform
- Established a tiered service system, providing basic services, value-added services, and high-quality services according to customer needs

# Specialized in Key Segments to Drive Robust Growth in Energy Business (Cont.)

Revenue from battery exchange business

**RMB802 million**

**61.4%** year on year



Revenue contribution to Energy business



operating in **280 cities**



**45,000** battery exchange sites

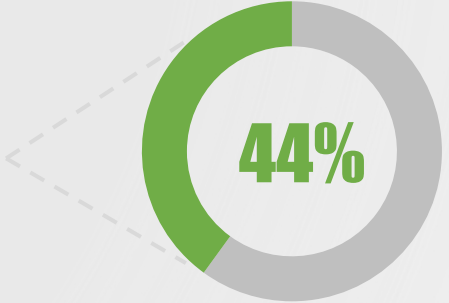


**782,000** users

Revenue from power backup business and others

**RMB624 million**

**61.2%** year on year



Revenue contribution to Energy business



**41,000** power backup sites



**Over 1,200** major power backup events

# 03 Financial Performance

*Hu Shaofeng*

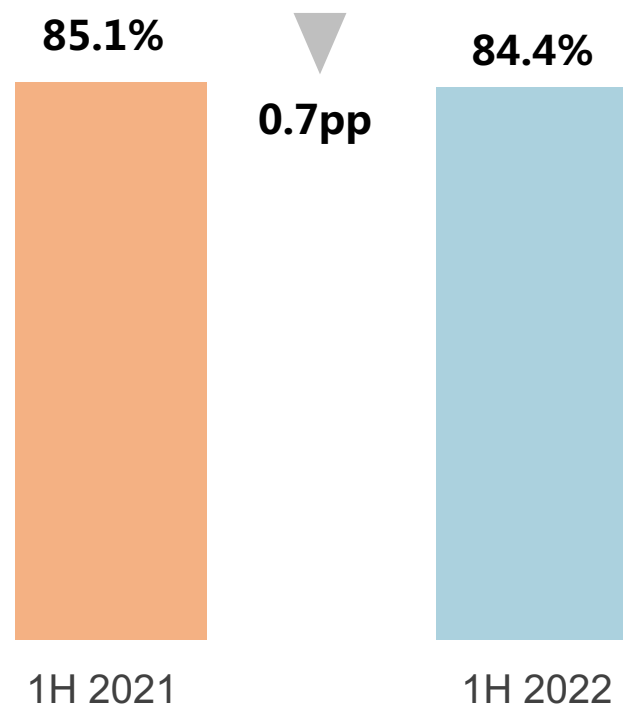
Chief Accountant

# Key Financial Indicators

( RMB million )	1H 2021	1H 2022	Change
Operating revenue	42,673	45,479	6.6%
Operating expenses	36,319	38,390	5.7%
Operating profit	6,354	7,089	11.6%
EBITDA	31,184	31,958	2.5%
Net profit	3,457	4,224	22.2%
Free cash flow	13,878	22,221	60.1%
Gearing ratio	37.0%	31.1%	-5.9pp

# Effective Cost Management

Operating expenses to revenue ratio



( RMB million )	1H 2021	1H 2022	Change
<b>Operating expenses</b>	<b>36,319</b>	<b>38,390</b>	<b>5.7%</b>
Depreciation and amortization	24,830	24,869	0.2%
Repairs and maintenance <sup>1</sup>	2,894	3,486	20.5%
Employee benefits and expenses	3,574	3,778	5.7%
Site operation and supporting expenses	2,344	2,507	7.0%
Other operating expenses	2,677	3,750	40.1%
of which : business development expenses <sup>2</sup>	1,064	1,842	73.1%
other expenses <sup>3</sup>	1,613	1,908	18.3%
<b>Net finance costs</b>	<b>1,865</b>	<b>1,603</b>	<b>-14.0%</b>

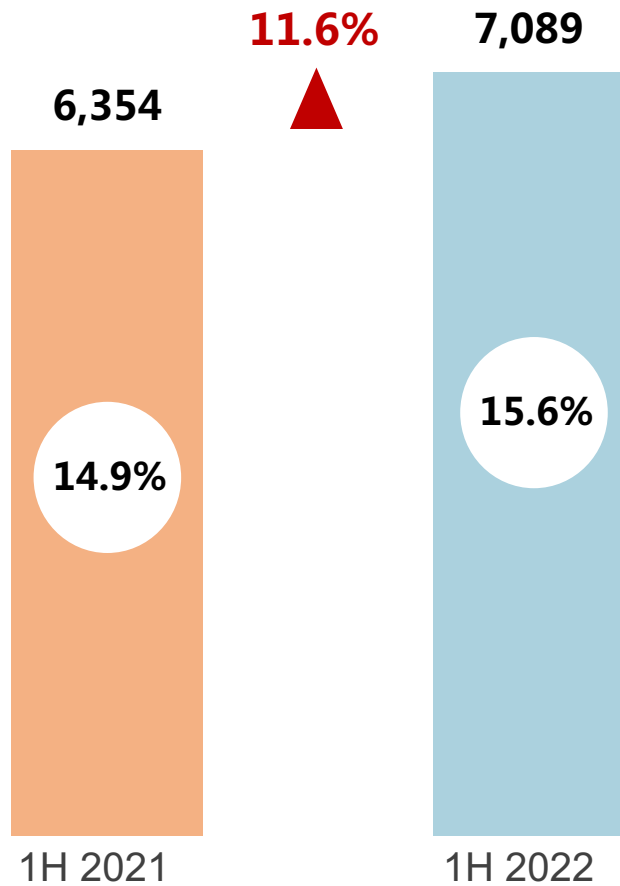
- Notes: 1. Repairs and maintenance expenses: to improve its asset operation and service capabilities, repairs and maintenance expenses increased as the Company fully tapped the potential of assets, improved asset performance to meet the needs of business expansion and service improvement*
- 2. Business development expenses: driven by the rapid growth of Two Wings business, its technology supporting service fees, marketing expenses and business operation energy consumption increased from last year*
- 3. Other expenses: expenses including fixed assets impairment losses, credit losses, tax and other additional expenses increased from last year*



# Enhanced Profitability

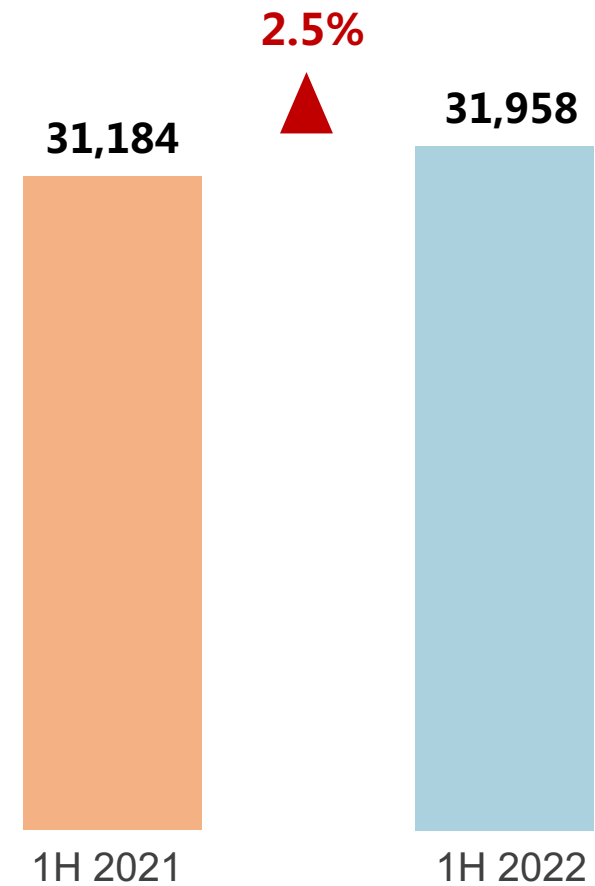
## Operating profit and margin

( RMB million )

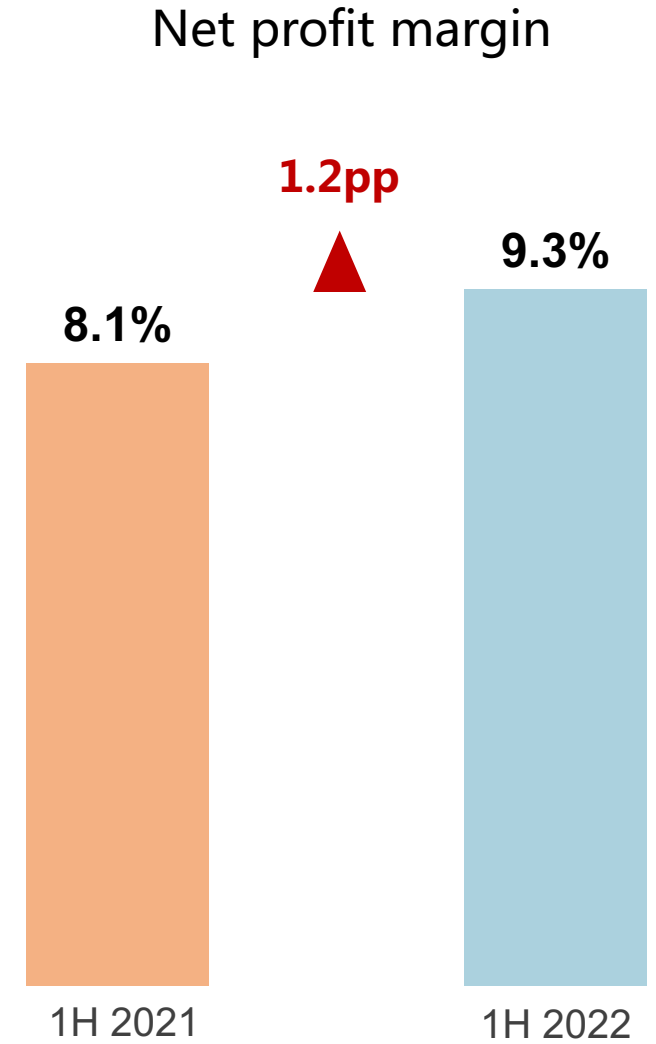
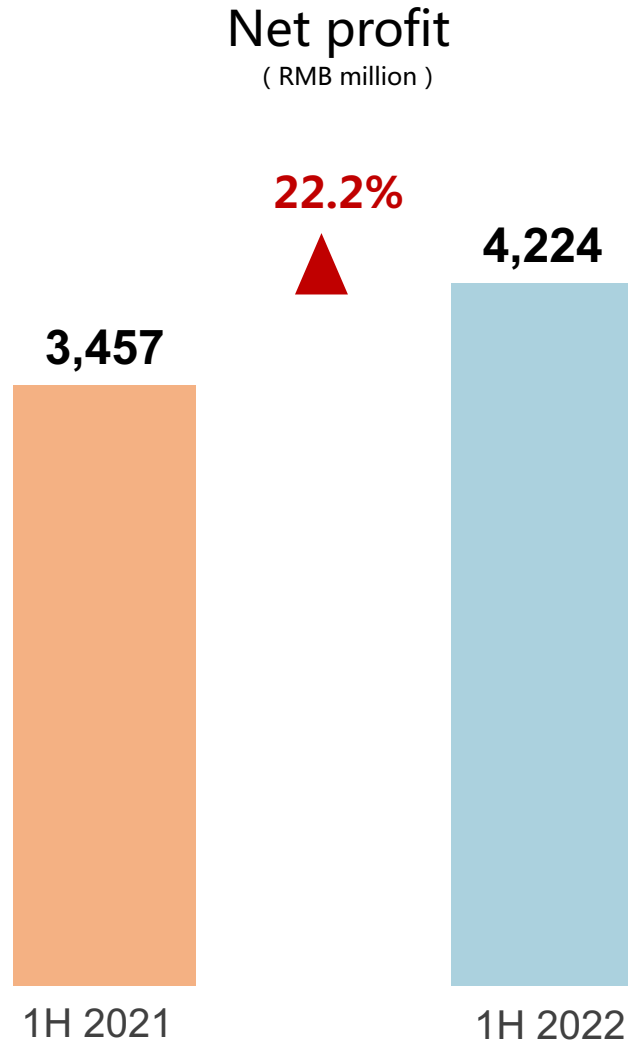


## EBITDA

( RMB million )



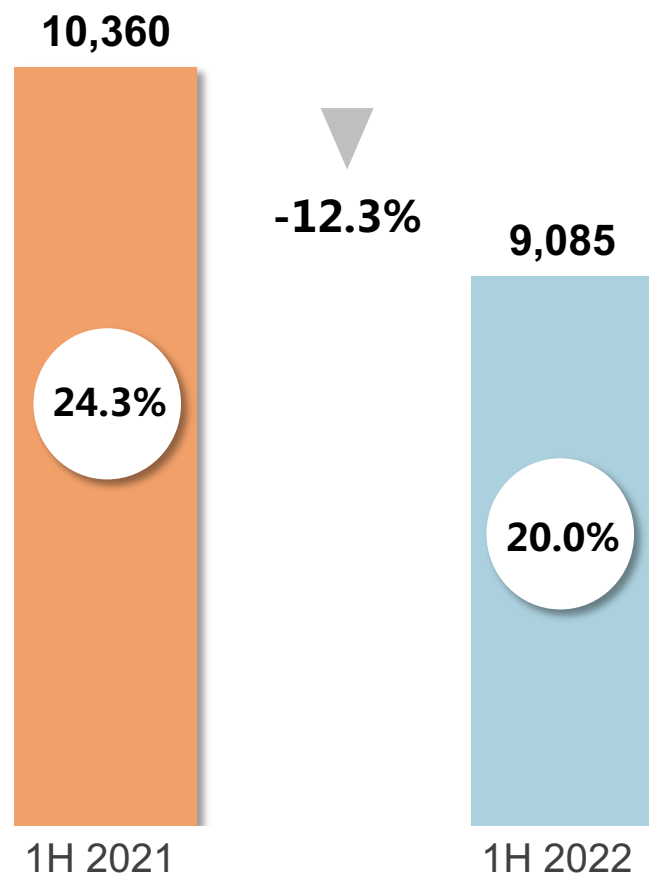
# Enhanced Profitability (Cont.)



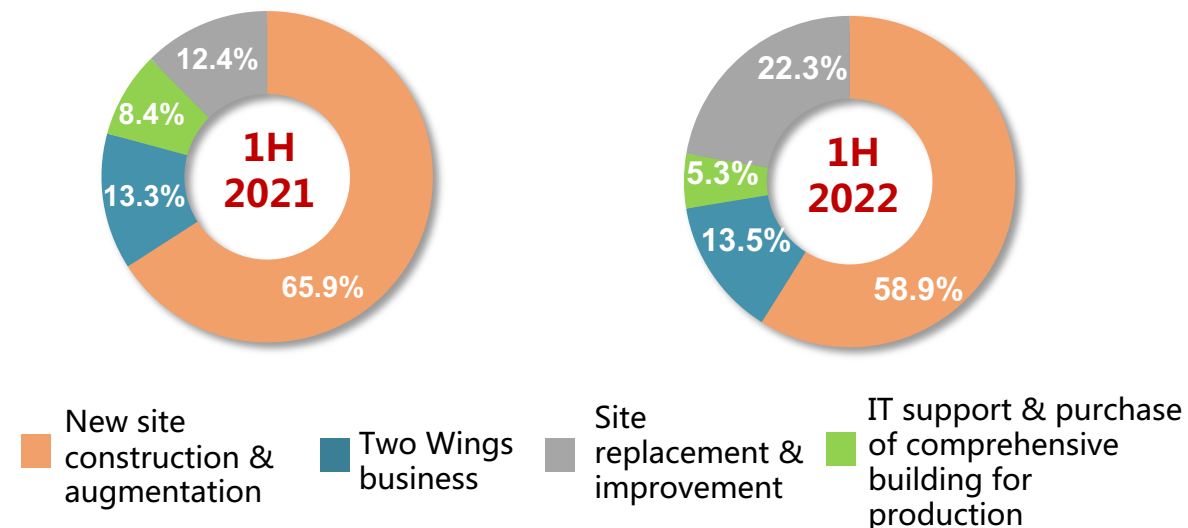
# Effective Allocation of CAPEX

## CAPEX and CAPEX to operating revenue

( RMB million )



## Change of CAPEX structure



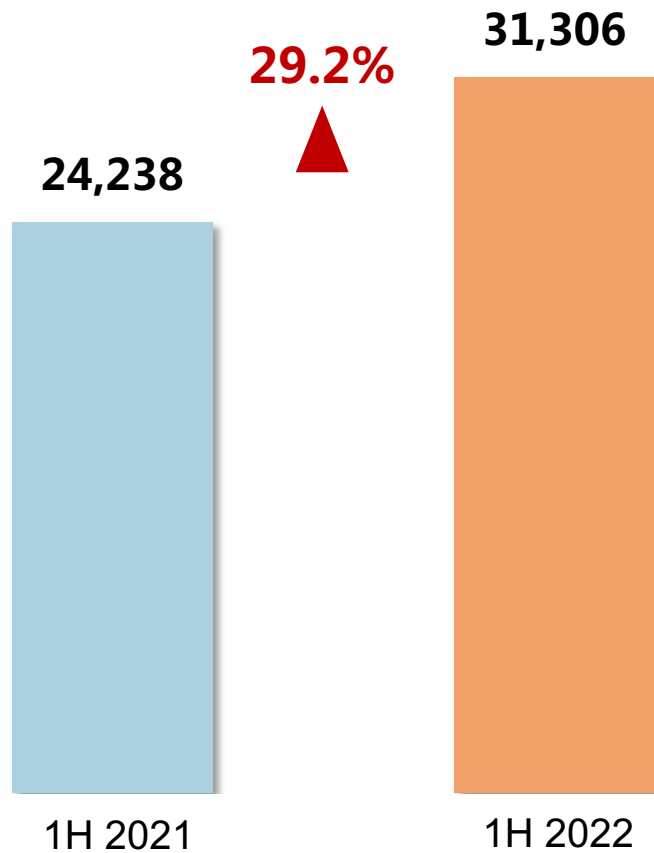
Affected by changes to the structure of 5G construction demands and slower construction progress under the impact of the pandemic, new site construction and augmentation CAPEX decreased 21.7% YoY

To meet the demand for enhanced asset servicing, as well as for future business development, the proportion of site replacement and improvement CAPEX increased 9.9pp YoY

# Cash Flow Further Improved

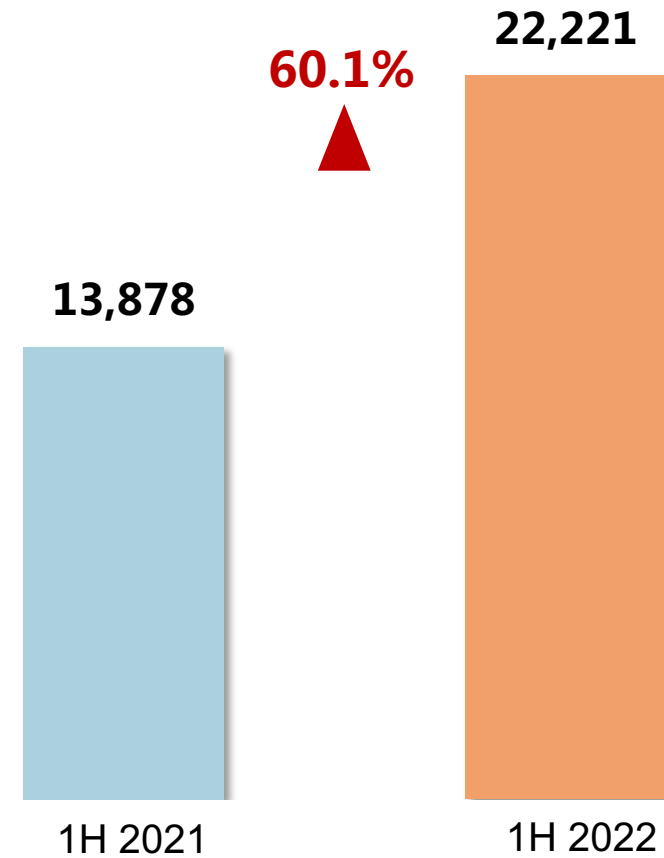
## Operating cash flow

( RMB million )



## Free cash flow

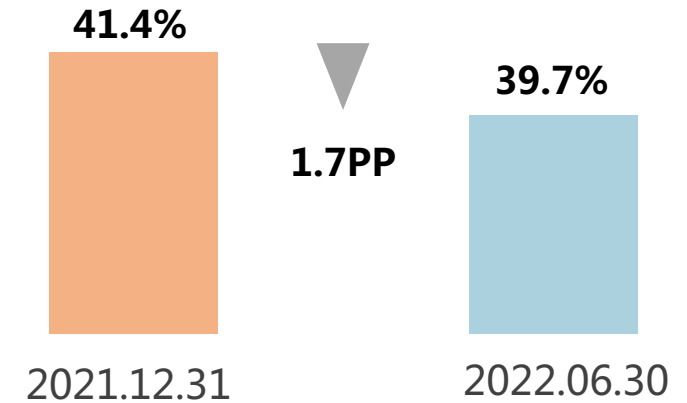
( RMB million )



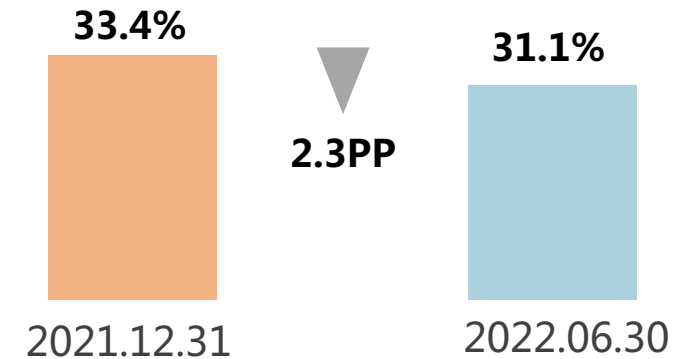
# Maintained a Solid Capital Structure

(RMB million )	2022.06.30
<b>Assets</b>	<b>313,523</b>
Cash and cash equivalents	<b>6,908</b>
<b>Liabilities</b>	<b>124,495</b>
Interest-bearing liabilities	<b>92,428</b>
<b>Total equity</b>	<b>189,028</b>

Liabilities-to-assets ratio



Gearing ratio



# Q&A

Contact Us

Tel / +852 28114566 Email / [ir@chinatowercom.cn](mailto:ir@chinatowercom.cn)

[www.china-tower.com](http://www.china-tower.com)

# Appendix: Extracted from Unaudited Interim Condensed Balance Sheet as at 30 June 2022

( RMB million )	2021.12.31	2022.06.30
<b>Total Assets</b>	<b>323,259</b>	<b>313,523</b>
Current assets	48,344	53,421
Non-current assets	274,915	260,102
Property, plant and equipment	221,419	213,533
Construction in progress	14,709	11,300
<b>Total Liabilities</b>	<b>133,905</b>	<b>124,495</b>
Current liabilities	76,182	72,660
Borrowings	37,142	34,077
Accounts payable	25,264	24,391
Non-current liabilities	57,723	51,835
<b>Total Equity</b>	<b>189,354</b>	<b>189,028</b>

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