



CHINA TOWER CORPORATION LIMITED

中國鐵塔股份有限公司

Stock Code:0788

2018 Annual Results

4 March 2019

www.china-tower.com



Management



Mr. Tong Jilu

Executive Director,
Chairman & General Manager



Mr. Gu Xiaomin

Deputy General Manager



Mr. Gao Chunlei

Chief Accountant

Content

01

Overview and
Outlook



02

Operational
Performance



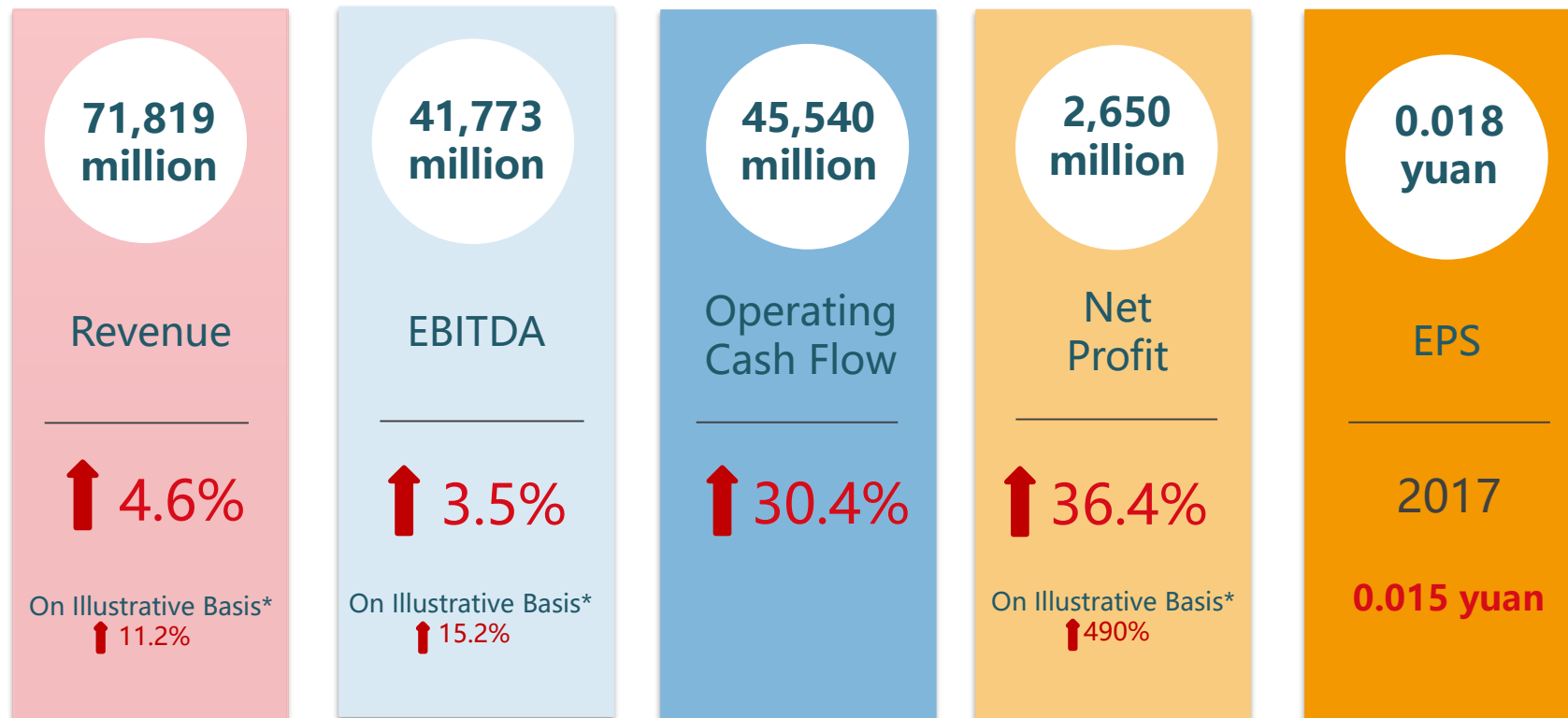
03

Financial
Review

01 Overview and Outlook

Mr. Tong Jilu
Executive Director, Chairman &
General Manager

Solid 2018 Results



Note: 1. Unless otherwise specified, the currency unit is RMB

2. In early 2018, the Company has amended certain pricing terms of the previous Commercial Pricing Agreements. In the meantime, the Company cautiously reassessed and changed the estimated useful lives of its self-built ground telecommunications towers, starting from 1 January 2018. Based on the Pricing Adjustment and the Changes of estimated useful life of Self-built Towers, assuming all took place on 1 January 2017, the Company calculated certain important illustrative financial data, such as operating revenue, operating expenses, operating profit, EBITDA and net profit for 2017 for illustration purposes, for the details shown as above.

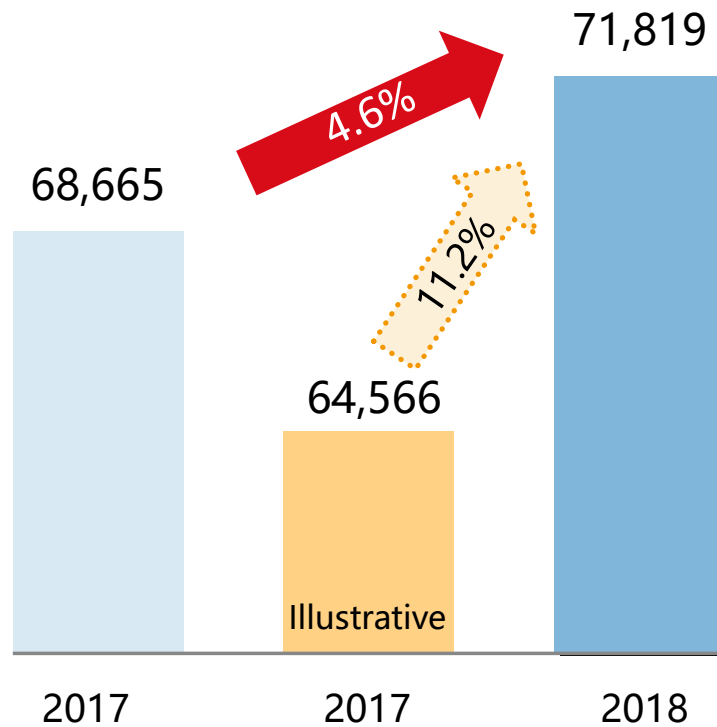
3. EBITDA: earnings before interest, tax, depreciation and amortization, the EBITDA of the Group is calculated by operating profit plus depreciation and amortization.

4. Net profit equal to the total comprehensive income attributable to the owner of the company

Operating Efficiency Rapidly Increased

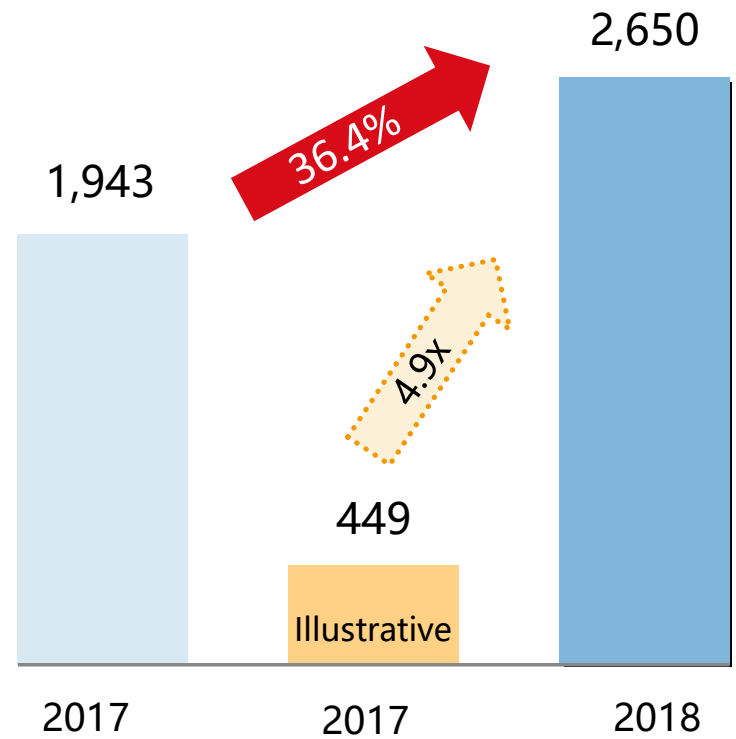
Steady Revenue Growth

(RMB million)



Rapid Growth in Net Profit

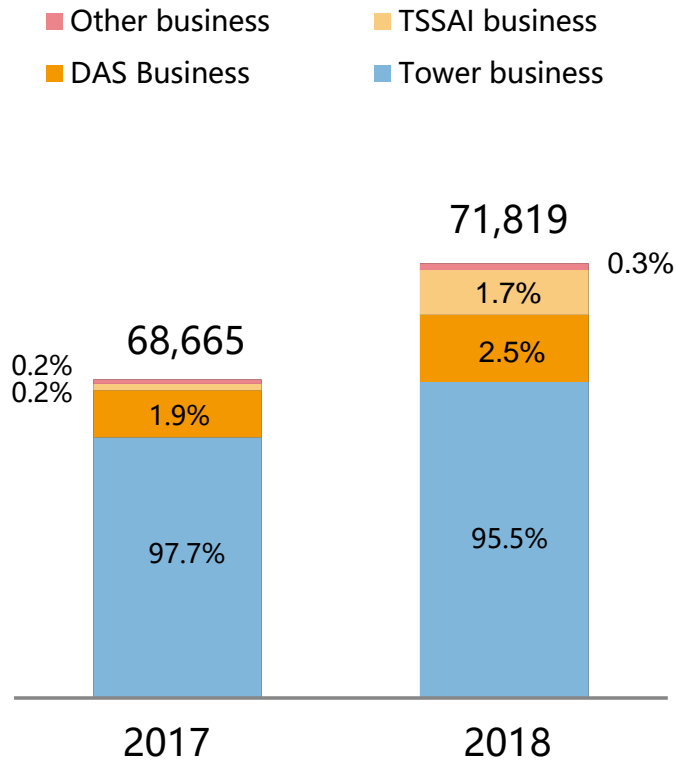
(RMB million)



Diversified Business Operations Primarily Developed

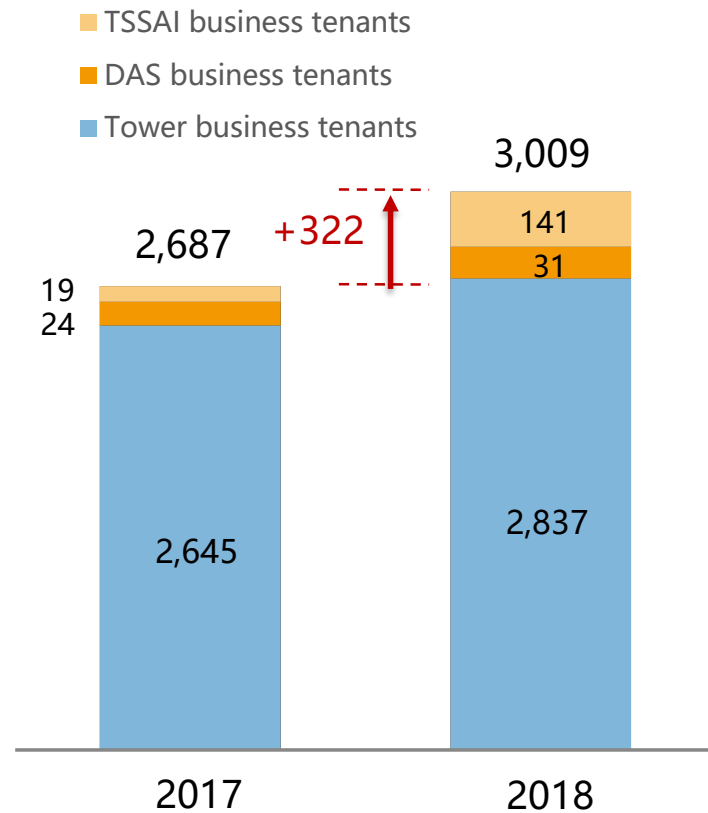
Optimised Revenue Structure

(RMB million)



More Diversified Business Structure

(1,000 tenants)

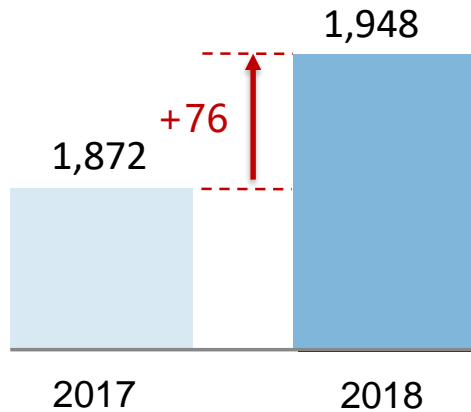


Commanding Market Position

Largest in the world	<i>1.948 million</i> sites
Market Leader	<i>Over 96%</i> market share in the PRC

Largest Number of Sites in the World

(1,000 sites)



Nationwide Site Resources Create Ample Room for Sharing



Abundant site resources

- Nationwide distribution
- Supports the world's largest 4G communication network

Further Pursuit of Resource Sharing

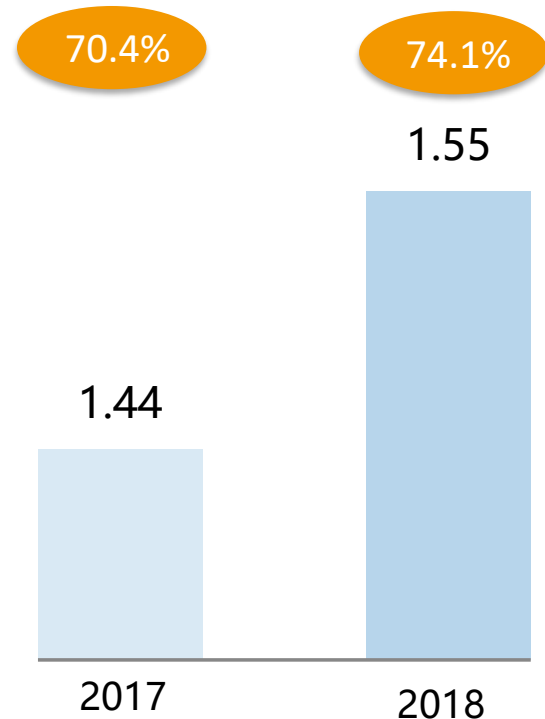
Expanding the Philosophy and Scope of Resource Sharing

- **Sharing of Existing Sites**
Full utilization of existing sites
- **Sharing of Social Resources**
Coordination and use of social resources
- **Comprehensive Sharing**
Expanded the scope of resource sharing from traditional tower sites to shelters and ancillary facilities, power, transmission and maintenance services
- **Trans-sector Sharing**
Expanded the scope of resources sharing from telecommunication industry to other industries and sectors

Continuous Improvement in Co-location Level for Sites

(Tenants / site)

Co-location level of cumulative self-built sites



Intensive and Highly Efficient Management

Professional Construction Management

- Innovative development and services model
- Precise design and innovative types of towers

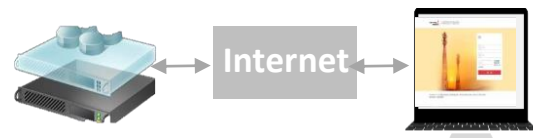
Integrated Solutions for Wireless Communications Coverage



Internet-based Operation Management

- Centralized and integrated IT platform
- Centralized maintenance and monitoring platform
- E-procurement platform

“Visible, Manageable and Controllable” Sites and Equipment

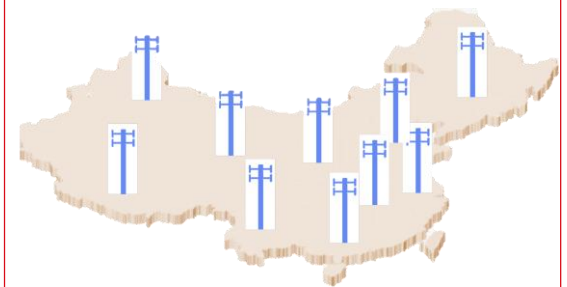


IoT + Internet +
Great Platform

Sophisticated Financial Management

- Individual site accounting
- Full lifecycle management of assets

One Income Statement for Each Site



Enhanced Sustainability

Favorable Environment for Development

Strategic cooperation agreements with the government

Legal protection of telecommunication infrastructure

Coordinated planning of sites development

Widely-recognized strategic position of telecommunications infrastructure

Expansion of Scope for Resource Sharing



Light pole



Building



Surveillance pole



Electricity tower

Over 10 million social resources

Incorporation of social resources

- Grid companies
- Property Developers
- Internet companies
- China Railway Corporation
- China Post

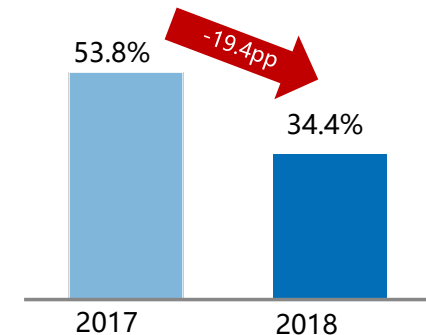
Cooperation with renown enterprises

Successful IPO

- Raised HKD58.8 billion for business development
- Broadened shareholder base

Optimized capital structure

Gearing ratio



Outlook

— favorable development environment and opportunities

Growth Potential in 4G coverage in terms of depth and breadth

- Intensive coverage in areas with high dataflow and dense population
- Coverage in newly-built urban areas and the areas along new major traffic routes

New demand arising from 5G rollout

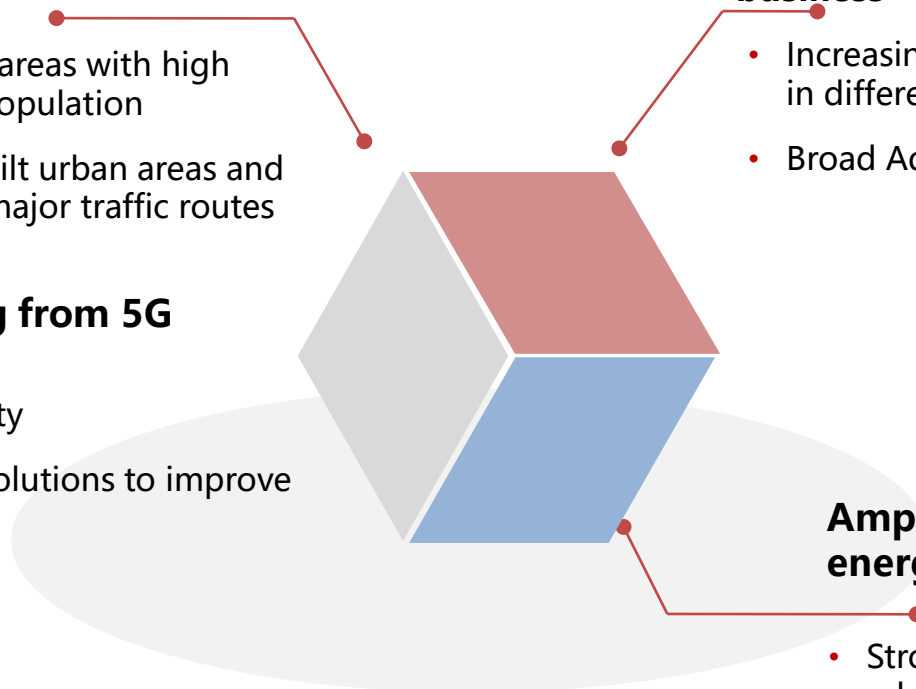
- Higher network density
- Greater demand for solutions to improve indoor coverage

Create opportunities for TSSAI business

- Increasing use of digital applications in different industries
- Broad Adoption of Internet of Things

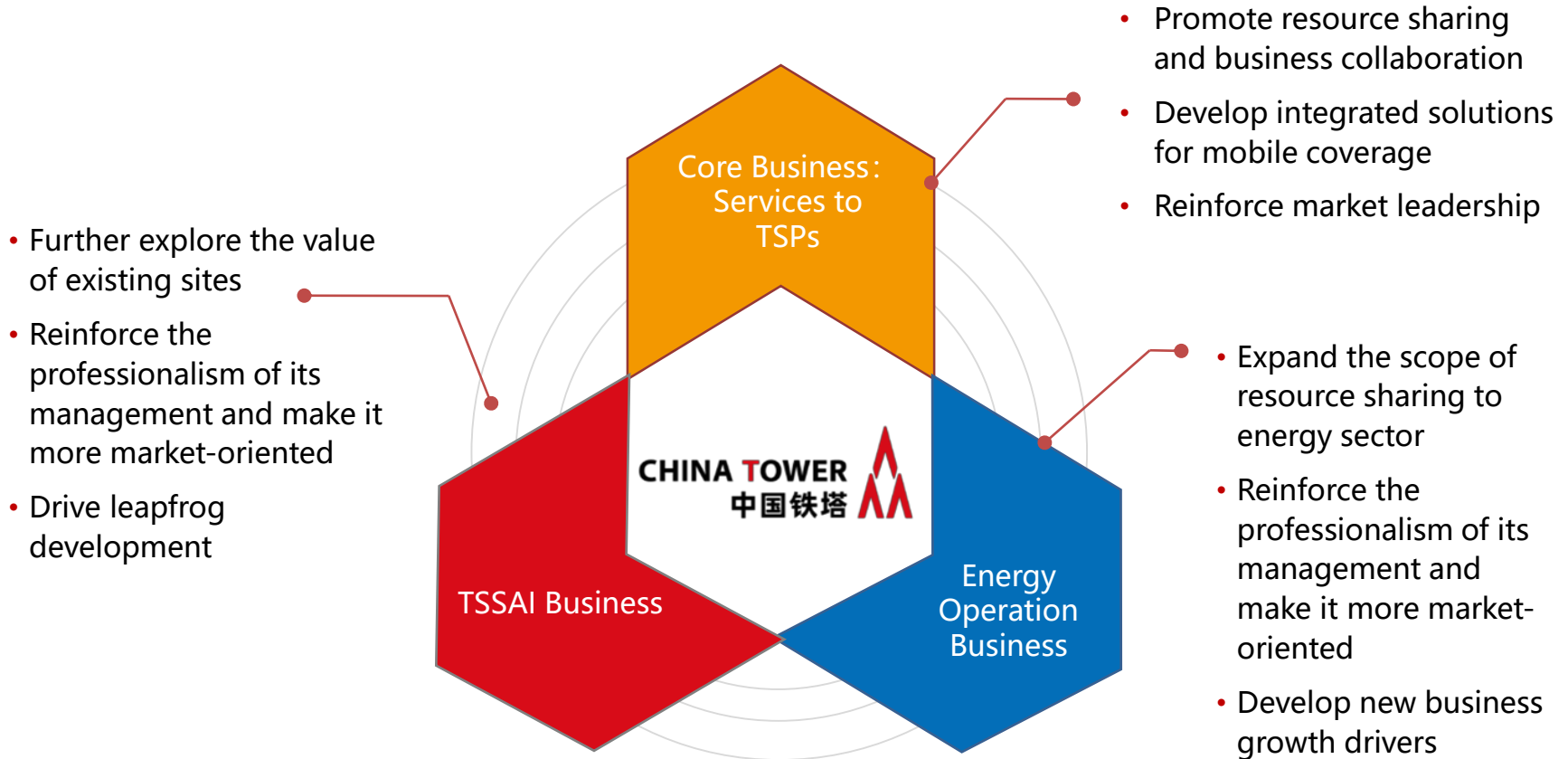
Ample room to develop energy operation business

- Strong demand for energy-related services in society, including backup power, power generation and energy storage etc.



Outlook

— One Core, Two Wings Approach to Make China Tower a Growth and Value Enterprise



Become a **growth** and **value** enterprise with the greatest potential amongst international peers.

Outlook

— consistently create value for shareholders

1 Steady Revenue Growth

- Steady growth in business from TSPs
- Rapid expansion of TSSAI business
- Initial achievements of energy business

2 Enhanced Support and Substantial Improvement in Service Efficiency

- Improved service and support capability to lay a solid foundation for future business development
- Establishment of good customer adhesion and continuous improvement in services quality
- Enhanced technical support for 5G rollout

3 Continuing Enhancement of Operating Efficiency and Profitability

- Initiatives to strengthen management
- Optimization of resources allocation to improve operating efficiency and effectiveness
- Lean management to enhance asset efficiency

4 Promote Innovative Systems and Mechanisms to strengthen Organizational Vitality

- Improve corporate governance
- Implementation of share incentive scheme
- Professional management of two-wing businesses
- Implementation of innovative performance appraisal system and incentive scheme

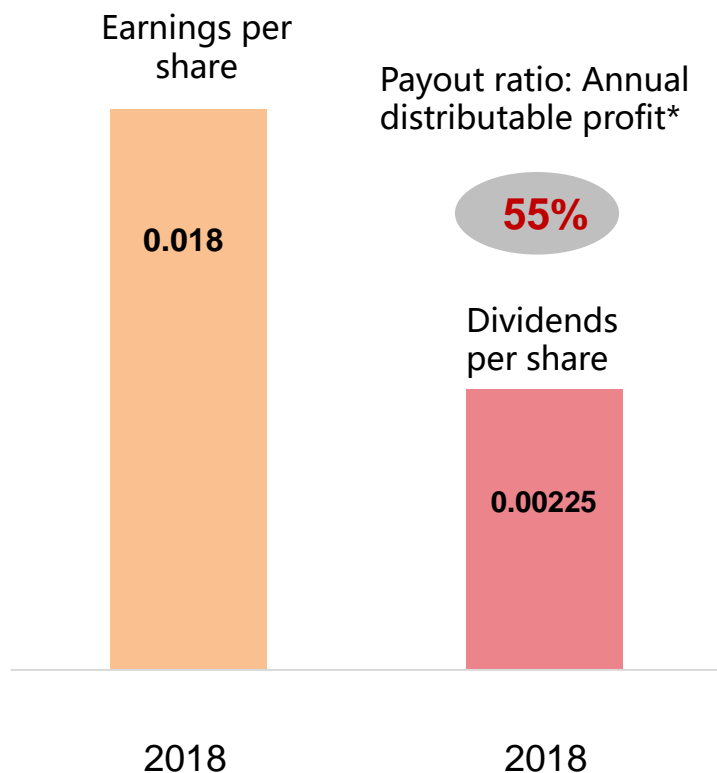
Steady Revenue Growth

Profit growth higher than revenue growth

Enterprise value grows steadily

Dividends

The Board proposes to pay a final dividend of RMB0.00225 Yuan per share for 2018.



Unit: RMB Yuan

Note: Annual distributable profit is determined by the annual profit (after tax) under PRC GAAP or IFRSs (whichever is lower) with the deduction of following items: 1. recovery of accumulated losses, if any; 2. allocation to the statutory reserve, an amount of no less than 10% of our profit after tax determined under PRC GAAP; and 3. allocation, if any, to a discretionary reserve, an amount approved by shareholders in the shareholders' meeting of the Company.

- Dividend payout ratio was determined with reference to those of global telecommunication tower infrastructure companies.
- It was decided after taking into account the Company's profitability, cash flow and future CAPEX requirements.
- The Board proposes that **55%** of the Company's annual distributable profit to be distributed to shareholders for the first fiscal year after its listing.

02 Operational Performance

Mr. Gu Xiaomin
Deputy General Manager

Key Operational Indicators

Indicators	2017	2018	YoY Change	Illustrative
Operating revenue (RMB million)	68,665	71,819	4.6%	11.2%¹
<i>Tower business</i>	<i>67,085</i>	<i>68,597</i>	<i>2.3%</i>	<i>8.9%¹</i>
<i>DAS business</i>	<i>1,284</i>	<i>1,819</i>	<i>41.7%</i>	
<i>TSSAI business</i>	<i>169</i>	<i>1,222</i>	<i>623.1%</i>	
Number of tenants (1,000)	2,687.5	3,009.2	12.0%	
<i>Tower tenants</i>	<i>2,645.2</i>	<i>2,837.1</i>	<i>7.3%</i>	
<i>DAS tenants</i>	<i>23.6</i>	<i>31.4</i>	<i>33.0%</i>	
<i>TSSAI tenants</i>	<i>18.6</i>	<i>140.7</i>	<i>654.8%</i>	
Number of sites (1,000)	1,872.2	1,947.6	4.0%	
Number of tenants per site (tenants/site)	1.44	1.55	7.6%	
Average revenue per site ² (RMB 1,000 / year)	35.8¹	37.6		5.0%¹

Note1: On illustrative basis

Note2: Average revenue per site = operating revenue of current year / [(number of sites at the beginning of the year + number of sites at the year end)/2]

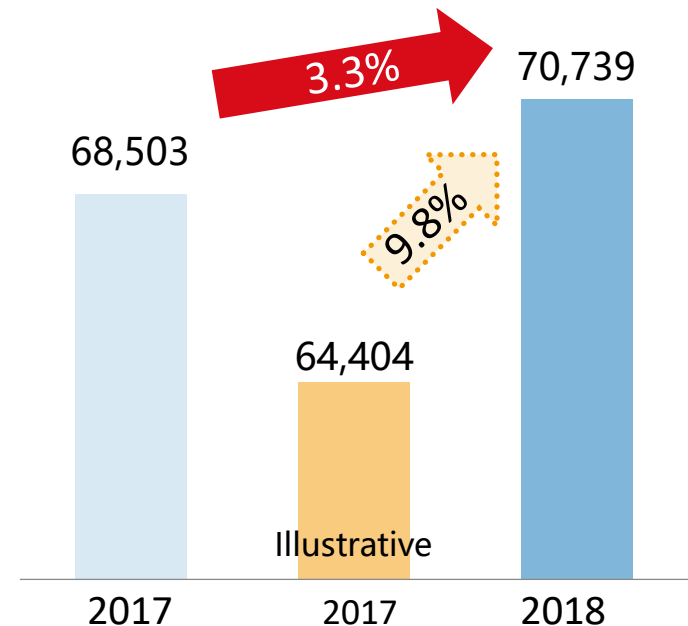
Stable Growth in TSP Business

Develop New Construction and Service Model

- Business model changed from tower construction to provide integrated solutions for wireless communications coverage and facilitates the combined development of tower and DAS businesses.
- The Company exercised effective cost control over tower construction through resource sharing and full utilization of existing resources and social resources.

TSP Business Shows Healthy Growth

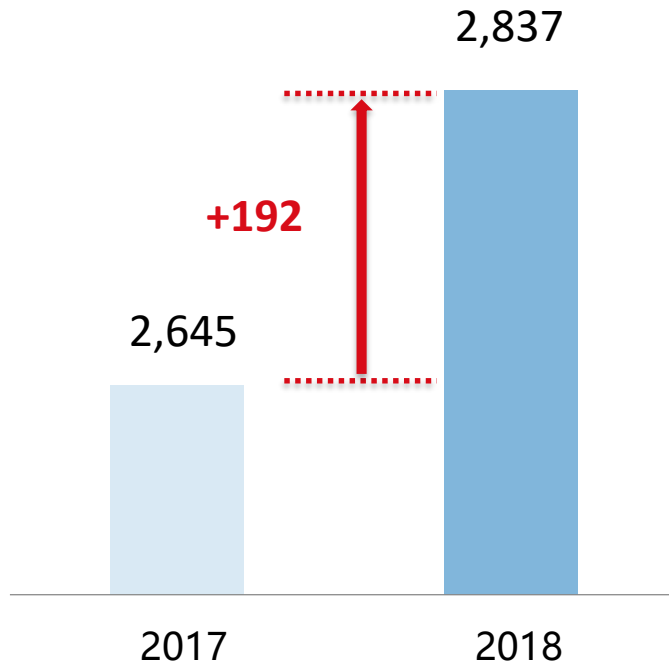
(RMB million)



Steady Growth in Tower Business

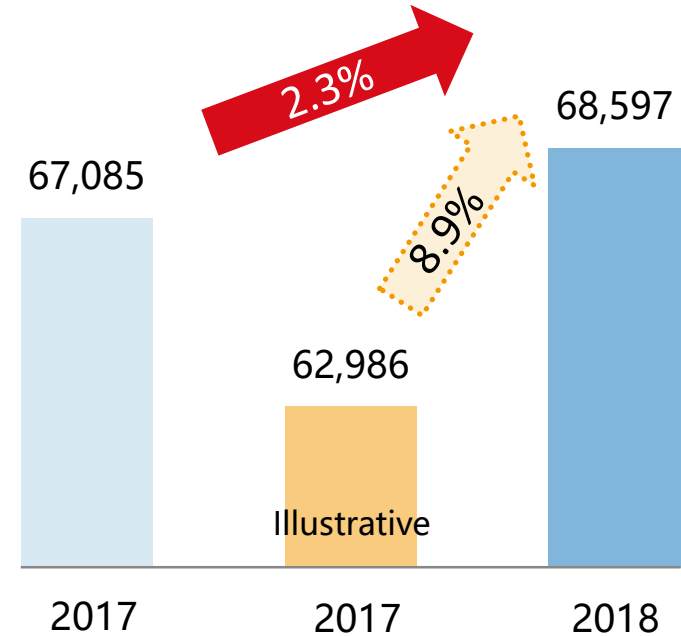
No. of Tenants Continue to increase

(1,000)



Steady Growth in Revenue from Tower Business

(RMB million)



Rapid Expansion of DAS Business

Increased DAS Coverage



Buildings

➤ Total area of in-building coverage
1,461million m² ↑ 52.5%



High-speed
railways

➤ Total distance of high-speed
railways covered
17,691 km ↑ 27.9%
Tunnels are covered by the DAS

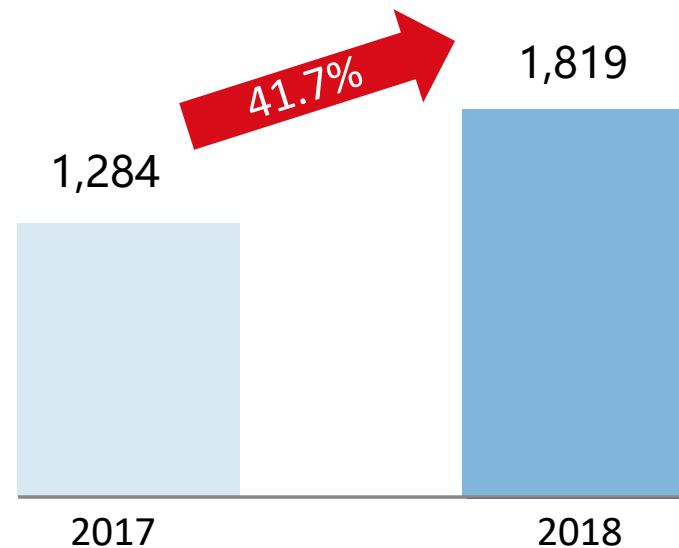


Subways

➤ Total distance of subways covered
2,887 km ↑ 48.3%

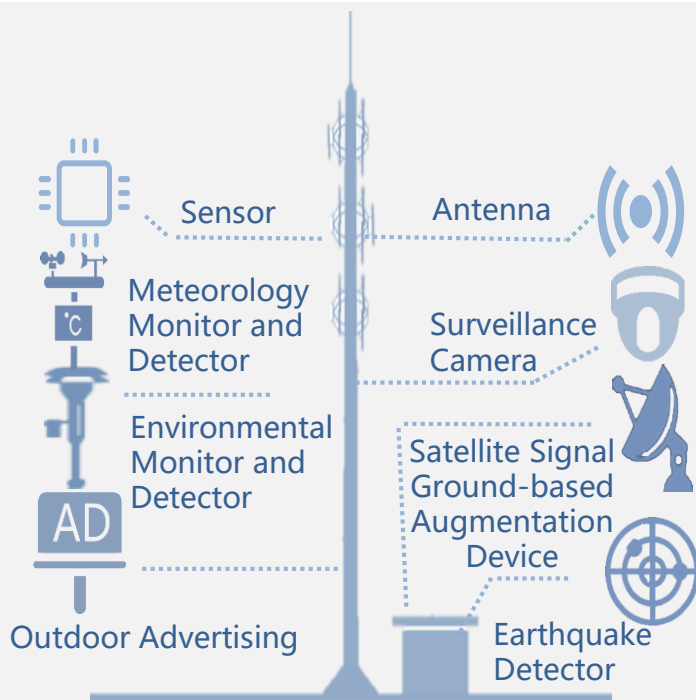
Rapid Growth in DAS Revenue

(RMB million)

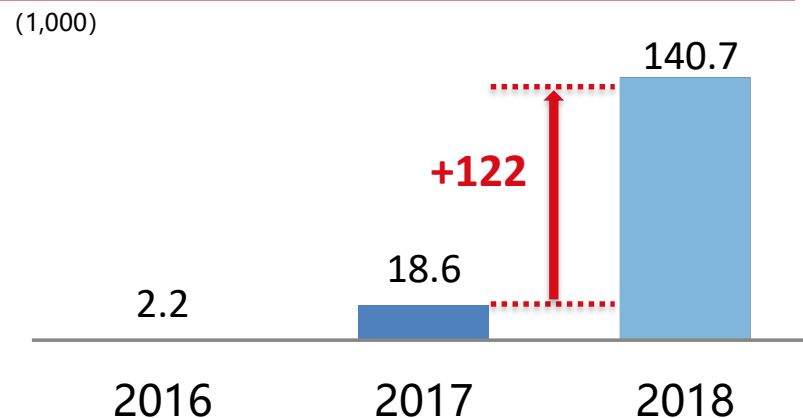


Exponential Growth in TSSAI Business

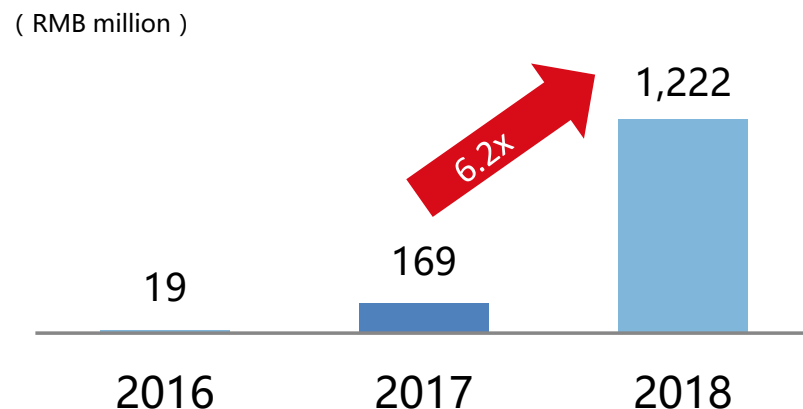
- Leveraging on site resources to promote TSSAI business for customers in different industries.
- Coordinated our existing and social resources to explore greater market for key applications such as private communications networks and data information services.



Substantial Increase in the no. of TSSAI Tenants

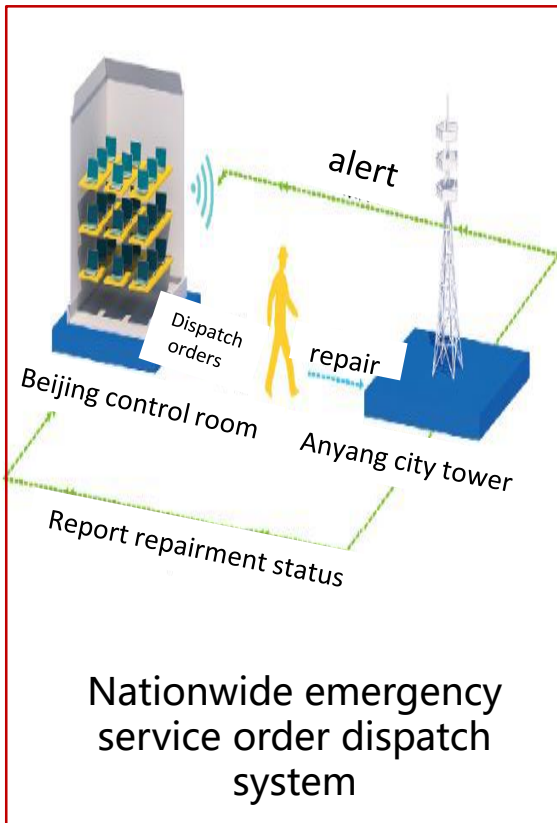


Remarkable breakthrough in TSSAI revenue

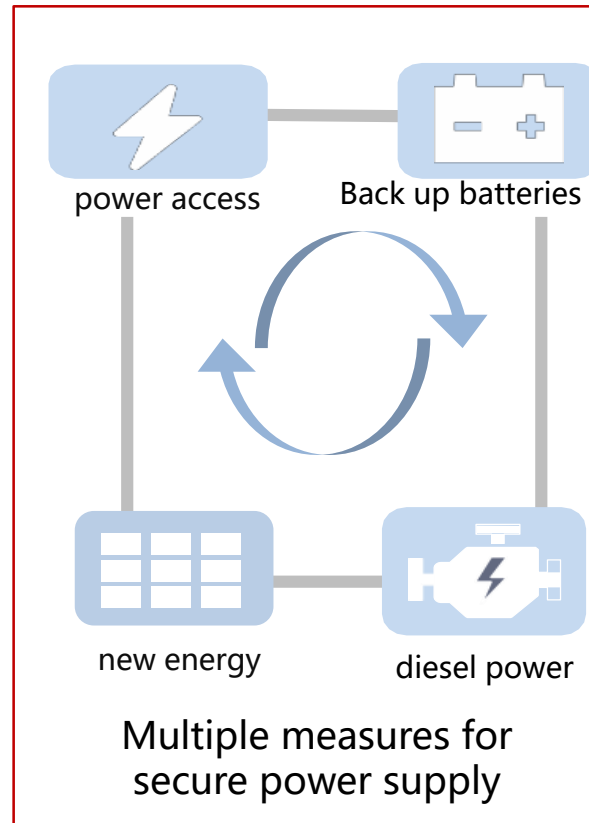


Strengthened Service and Support Capability

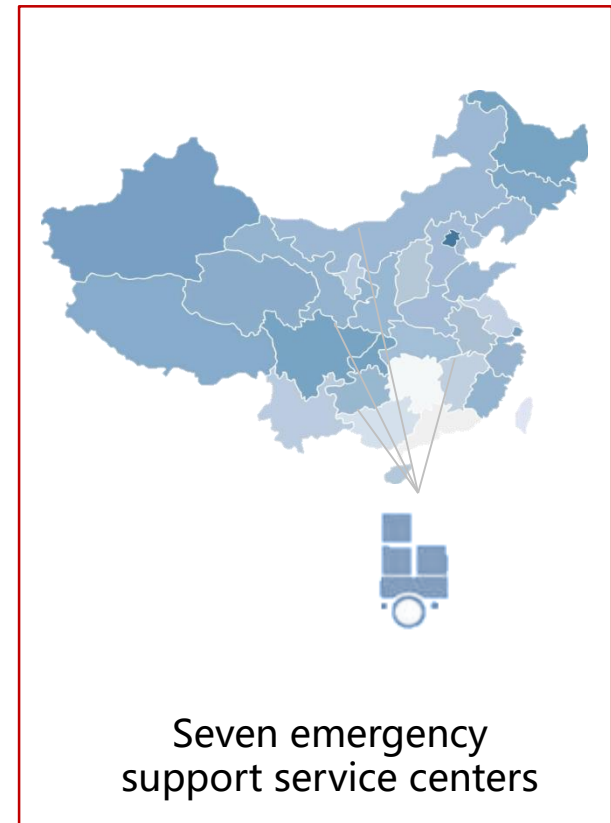
Fully-monitored, quick-response maintenance services



Comprehensive backup power supply services



Quick-response emergency support services



Well-Prepared for 5G Rollout

Leverage self-owned resources to support the development of 5G trial networks



5G ground sites

5G sites on rooftop

Tap into a variety of social resources to make preparations for 5G rollout



electricity towers

lighting poles

surveillance poles

Drive technological innovation to address the needs for 5G rollout

Optimization of tower design and wind pressure

Innovative power supply solutions

Exploring opportunities for DAS business from 5G rollout

03 Financial Review

Mr. Gao Chunlei
Chief Accountant

Key Financial Indicators

(RMB million)	2017	2018	YoY Change	YoY Change Illustrative	
Operating revenue	68,665	71,819	3,154	4.6%	11.2%*
Operating cost	60,950	62,738	1,788	2.9%	6.4%*
Operating profit	7,715	9,081	1,366	17.7%	61.3%*
EBITDA	40,357	41,773	1,416	3.5%	15.2%*
Net profit	1,943	2,650	707	36.4%	
Operating cash flow	34,935	45,540	10,605	30.4%	
Gearing ratio	53.8%	34.4%	-19.4pp		
Net debt-to-EBITDA	3.7x	2.3x	-1.4x		

Note: * Based on the illustrative financial information for 2017

Effective Control of Operating Expenses CHINA TOWER 中国铁塔

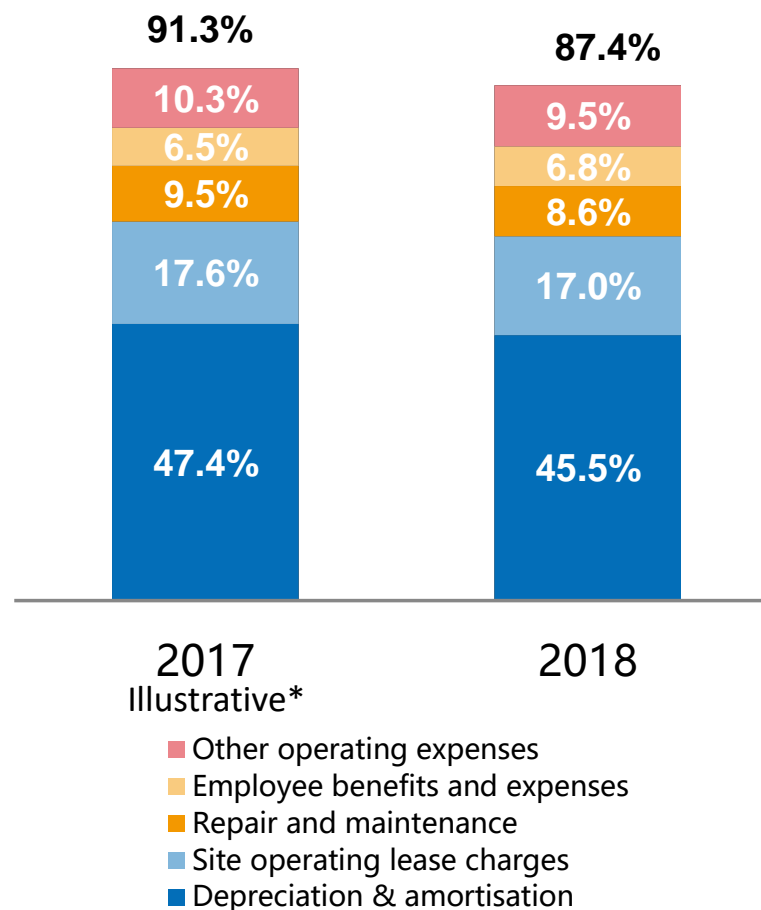


Improved Operating Efficiency

(RMB million)	2018	YoY	YoY	illustrative
Operating expenses	62,738	1,788	2.9%	6.4%*
Depreciation and amortization	32,692	50	0.2%	6.7%*
Site operating lease charges	12,196	860	7.6%	
Repair and maintenance	6,165	9	0.1%	
Employee benefits and expenses	4,917	688	16.3%	
Other operating expenses	6,768	181	2.7%	

*In 2017, the operating expense-to-revenue ratios mentioned above were calculated based on an illustrative basis.

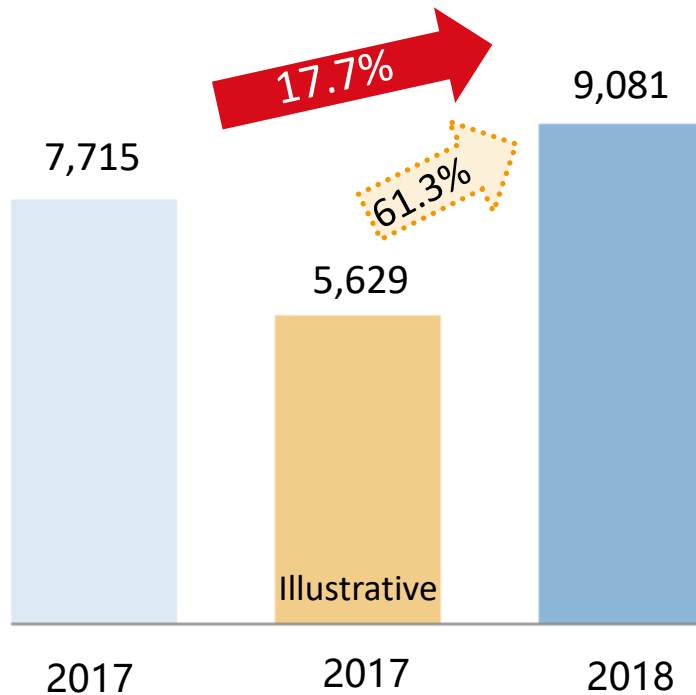
Operating expense-to-Revenue Ratio decreased



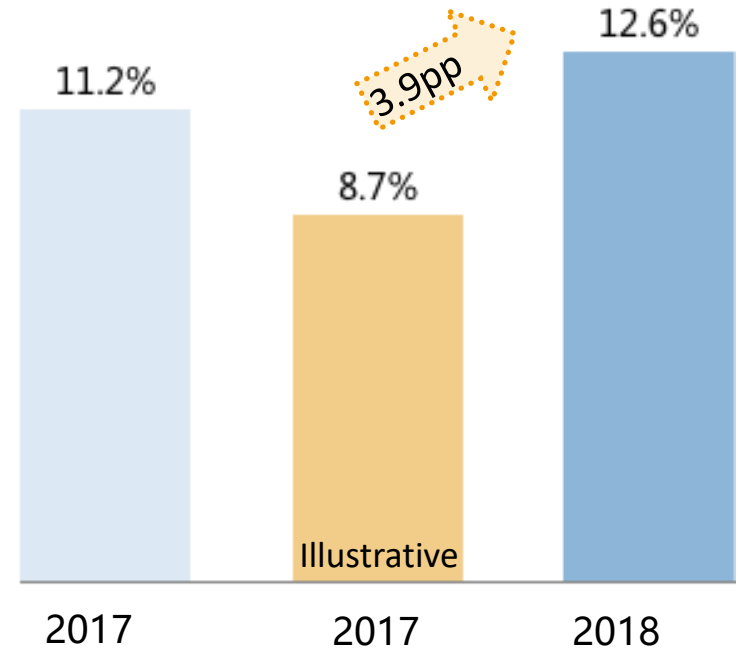
Robust Growth in Operating Profit

Strong Growth in Operating Profit

(RMB million)



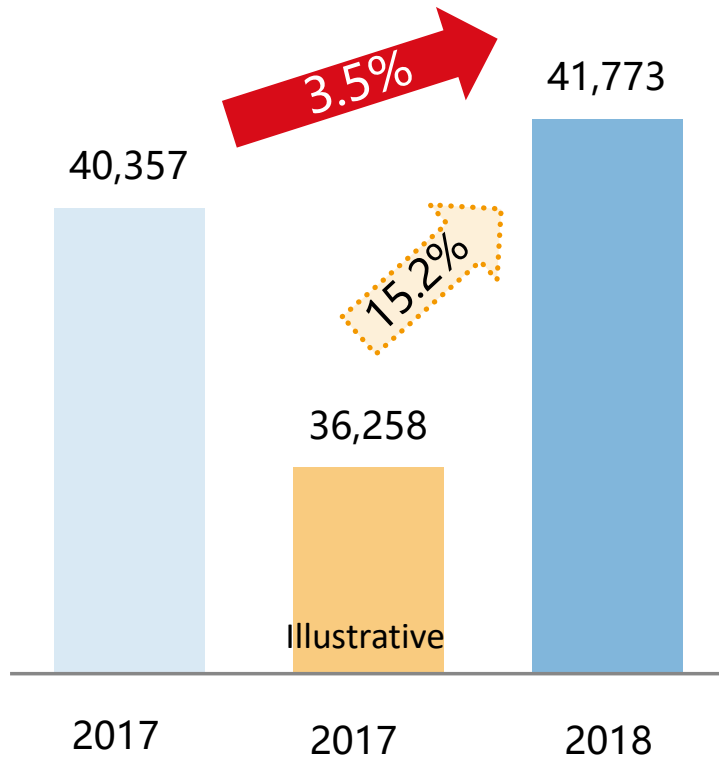
Improved Operating Profit Margin



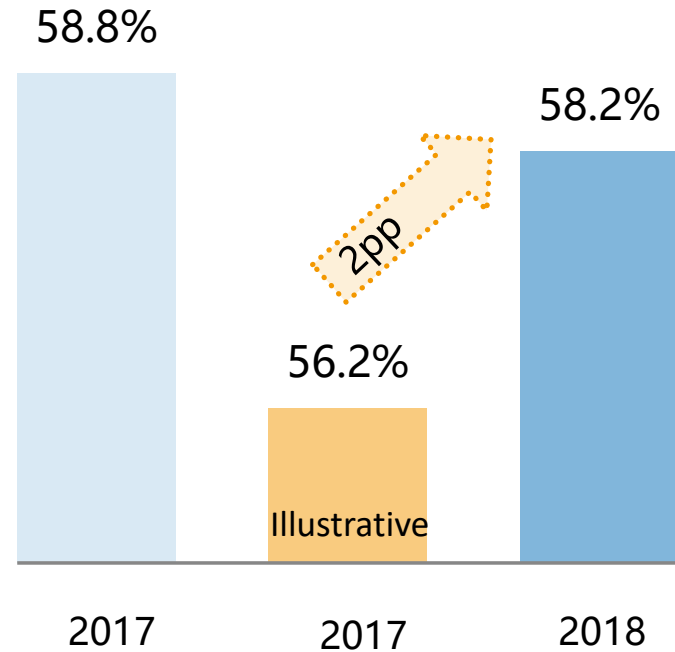
Stable Growth in EBITDA

Sustained Improvement in EBITDA

(RMB million)



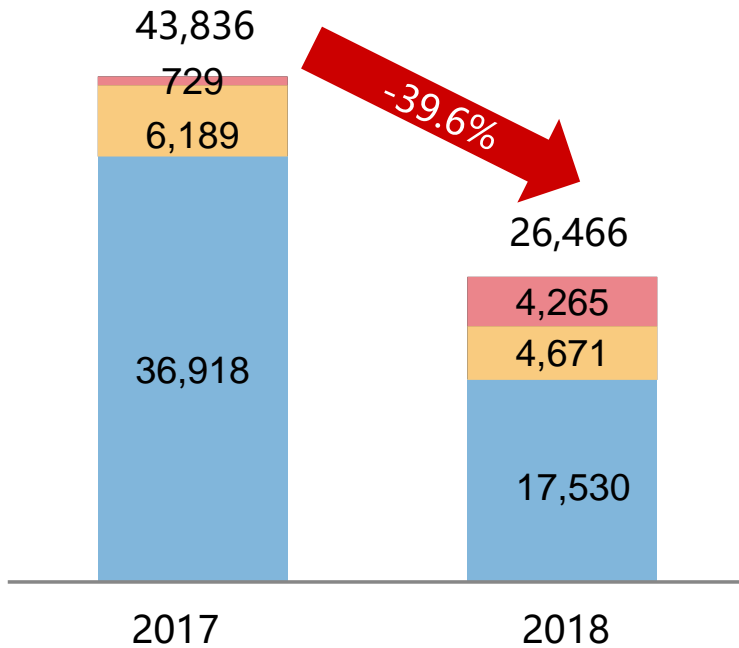
EBITDA Margin Kept at High Levels



Effective Capex Management

CAPEX

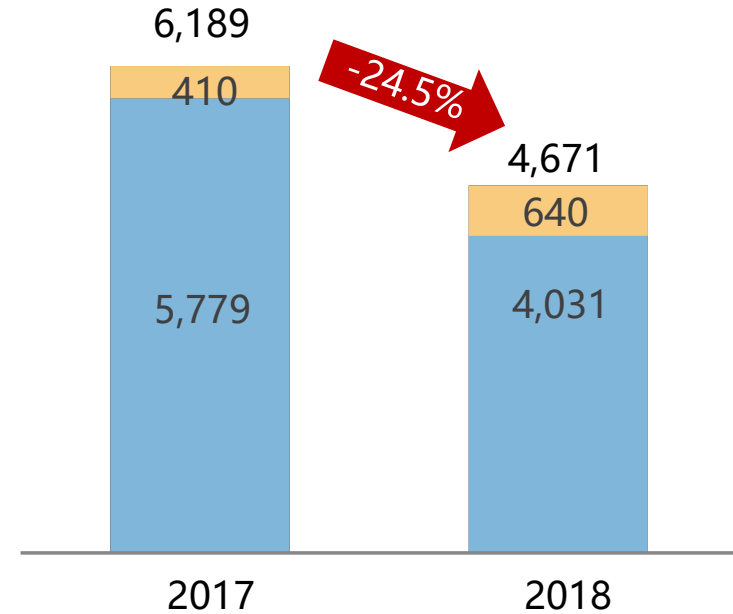
(RMB million)



- Others
- Maintenance
- New site construction and augmentation

Maintenance CAPEX

(RMB million)

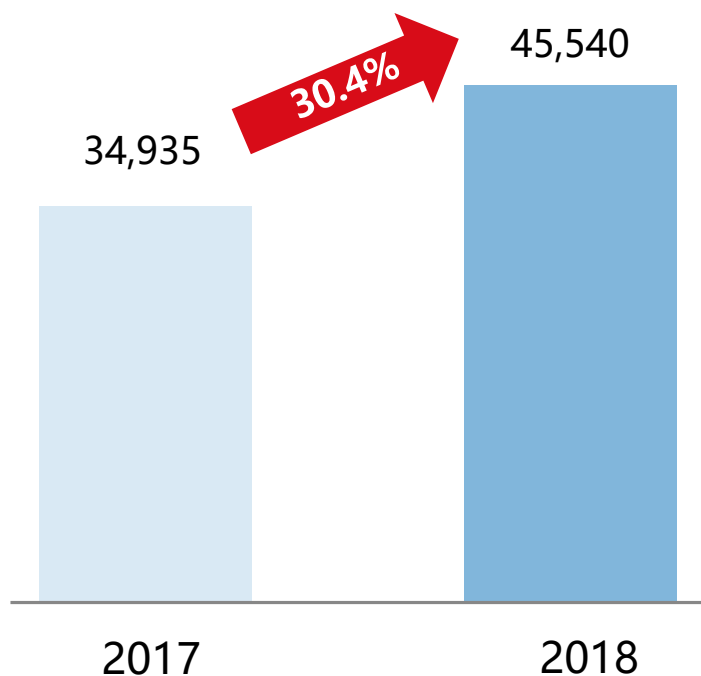


- Upgrading ancilliary equipment
- Upgrading of tower and shelters

Rapid Improvement in Cash Flow

Significant growth in Operating Cash Flow

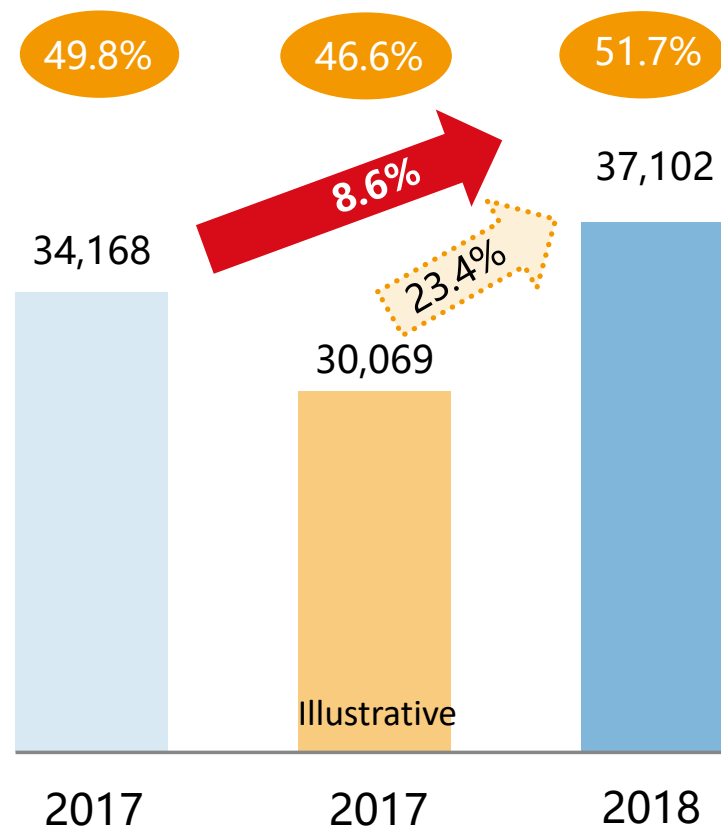
(RMB million)



Improved (EBITDA-Maintenance Capex)

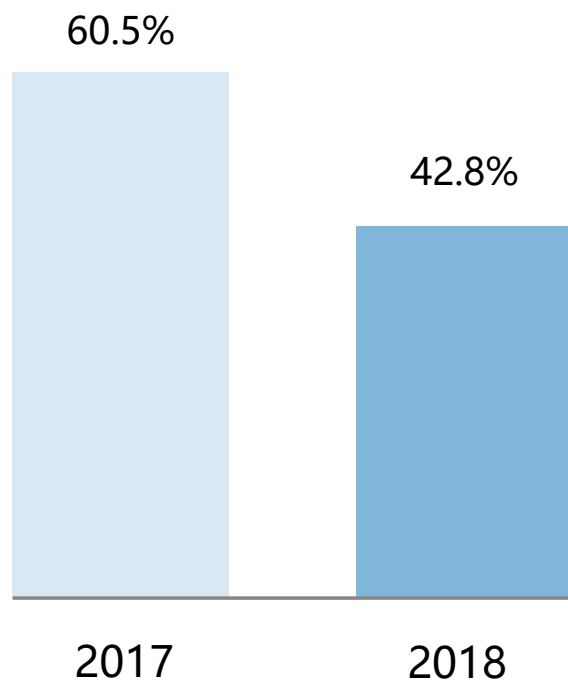
(RMB million)

% of total revenue

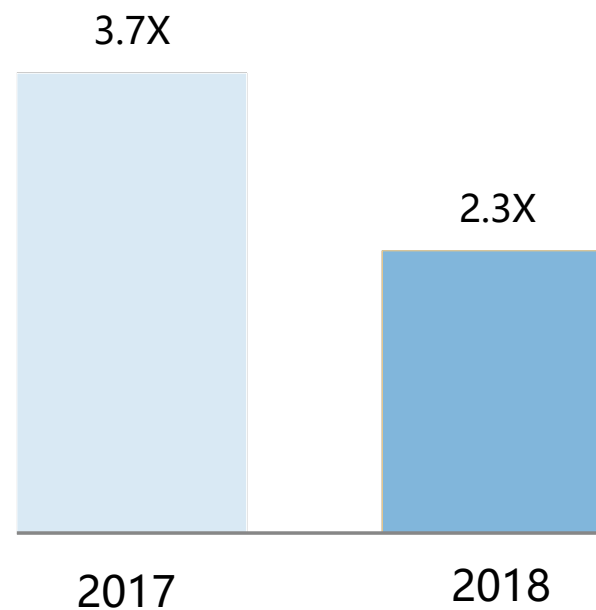


Solid Capital Structure

Liability-to-Asset Ratio



Net debt-to-EBITDA



Q&A

Please contact us for more information
IR@chinatowercom.cn
Or visit the company website:
www.china-tower.com

Disclaimer

By attending the meeting where this presentation is made, or by reading the presentation materials, you agree to be bound by the following limitations:

The information in this presentation has been prepared by representatives of China Tower Corporation Limited (the "Company") for use in presentations by the Company and does not constitute a recommendation regarding the securities of the Company. No part of this presentation should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained herein. Neither the Company nor any of the Company's affiliates, advisors or representatives shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially.

This presentation is based on the economic, regulatory, market and other conditions as in effect on the date hereof. It should be understood that subsequent developments may affect the information contained in this presentation, which neither the Company nor its affiliates, advisors or representatives are under an obligation to update, revise or affirm.

The information communicated in this presentation may contain certain statements that are or may be forward looking. These statements typically contain words such as "will", "may", "expects", "forecasts", "plans" and "anticipates" and words of similar import. By their nature forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There may be additional material risks that are currently not considered to be material or of which the Company and its advisors or representatives are unaware. Considering these uncertainties, readers should not rely on these forward-looking statements. Neither the Company nor its affiliates, advisors or representatives assume any responsibility to update forward-looking statements or to adapt them to future events or developments.

No invitation is made by this presentation or the information contained herein to enter into, or offer to enter into, any agreement to purchase, acquire, dispose of, subscribe for or underwrite any securities or structured products, and no offer is made of any shares in or debentures of a company for purchase or subscription except as permitted under relevant laws.