



中華電信
Chunghwa Telecom

Chunghwa Telecom Reports 2021 Guidance

TAIPEI, Taiwan, R.O.C. January 26, 2021 - Chunghwa Telecom Co., Ltd. (TAIEX: 2412, NYSE: CHT) (“Chunghwa” or “the Company”) today reported its guidance for 2021 on a consolidated basis. All figures were prepared in accordance with Taiwan-International Financial Reporting Standards (“T-IFRSs”).

Mr. Chi-Mau Sheih, Chairman and CEO of Chunghwa Telecom, stated: “As we turn to 2021, we remain focused on 5G development and business transformation initiatives in an effort to improve people's lives, better manage across industries, and enhance manufacturing efficiency.’ The Company will combine these initiatives with mergers and acquisitions to enhance its competitive advantages, aiming to secure new growth opportunities in the evolving macro-economy and post-pandemic period, and from Taiwan government’s Forward-looking Infrastructure Development initiatives. With a primary goal of maximizing profits, we will continue to selectively choose high-quality project bids and generate excellent business operating results. In addition, we will accelerate 5G network construction, take advantage of our position as the largest bandwidth and highest frequency band provider in Taiwan, and actively deploy 5G enterprise private networks and develop applications with business partners. Not only do we ensure that we provide the best quality 5G and fastest internet speed, but we will also increase mobile business revenue and drive the growth of 5G and ICT business. Strategies of broadband higher speed migration and offering seamless always broadband connected environment via connections to fixed broadband, mobile and Wi-Fi are expected to increase average user contribution and further increase our revenue. The free-to-choose channel package plan combined with popular sporting events, such as the expected upcoming Tokyo Olympic Games, will increase the number of subscribers for our MOD business and drive advertising revenue. In the future, we will invest in core business, develop new services and products and fully support the government’s epidemic prevention initiatives, as we remain committed to creating sustainable value for Chunghwa’s shareholders, customers, employees, and society as a whole.”

For 2021, the Company expects total revenue to increase by NT\$ 1.65~NT\$2.11 billion, or 0.8%~1.0%, to NT\$209.26~NT\$209.72 billion as compared to the un-audited consolidated total revenue of 2020. The increase in revenue is expected to be driven by increases in mobile

communications revenue, internet revenue, handset sales revenue and MOD revenue, as well as revenue coming from the expansion of emerging business in the digital economy, which are expected to offset the impact from the decrease in voice revenue resulted from continuing VoIP substitution and the higher ICT revenue base of last year.

Operating costs and expenses for 2021 are expected to increase by NT\$ 0.73~NT\$0.81 billion, or 0.4%~0.5%, to NT\$167.58~NT\$167.66 billion as compared to the prior year. The increase is mainly from the increase of cost of goods sold, amortization expense of 5G licenses and depreciation expense following the launch of 5G services, which offset the decrease of ICT project costs and concession fees.

Income from operations is expected to decrease by NT\$ 0.64 billion, to an increase by NT\$ 0.15 billion, or -1.5%~0.4%, year over year. Income before income tax, net income attributable to stockholders of the parent and net earnings per share are expected to be NT\$42.08~NT\$43.61 billion, NT\$32.60~NT\$34.09 billion and NT\$4.20~NT\$4.40, respectively, representing a decrease of NT\$0.76 billion to an increase of NT\$0.77 billion, a decrease of NT\$0.82 billion to an increase of NT\$0.67 billion and a decrease of NT\$0.11~0.09 respectively, year over year.

Acquisition of Property, Plant and Equipment and Intangible Assets in 2021 is expected to increase by NT\$19.55 billion as compared to the prior year, owing to strategic investments, including the expansion of 5G network and internet data center, new construction of submarine cable, transformation to an IP-based Public Switched Telephone Network and the upgrade of MOD platform, as well as the changes in intangible assets. However, acquisition of material assets for 2021 decreased by NT\$26.83 billion due to the acquisition of 5G licenses with a concession fee of NT\$47.37 billion in 2020.

(NT\$ billion except EPS)	2021(F)	2020 (un-audited)	change	YoY(%)
Revenue	209.26~209.72	207.61	1.65~2.11	0.8%~1.0%
Operating Costs and Expenses	167.58~167.66	166.85	0.73~0.81	0.4%~0.5%
Other Income and Expense	0.12~0.37	1.60	(1.48)~(1.23)	(92.5%)~(76.9%)
Income from Operations	41.72~42.51	42.36	(0.64)~0.15	(1.5%)~0.4%
Non-operating Income	0.36~1.10	0.48	(0.12)~0.62	(25%)~129.2%
Income before Income Tax	42.08~43.61	42.84	(0.76)~0.77	(1.8%)~1.8%
Net Income Attributable to Stockholders of The Parent	32.60~34.09	33.42	(0.82)~0.67	(2.5%)~2.0%

EPS(NT\$)	4.20~4.40	4.31	(0.11)~0.09	(2.6%)~2.1%
EBITDA	79.90~80.65	78.70	1.20~1.95	1.5%~2.5%
EBITDA Margin	38.2%~38.5%	37.9%	0.3%~0.6%	
Acquisition of Material Assets	44.32	71.15	(26.83)	(37.7%)
Mobile Broadband Concession	-	47.37	(47.37)	(100.0%)
Acquisition of Property, Plant and Equipment and Intangible Assets	43.15	23.60	19.55	82.8%
Others	1.17	0.18	0.99	550.0%
Disposal of Material Assets	0.99	0.80	0.19	23.8%

Note 1: "Other income and expenses" includes gains (losses) on disposal of property, plant and equipment (PP&E) and investment property, and impairment loss on PP&E and investment property.

Note 2: The calculation of growth rates is based on NT\$ thousand.

NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements. These statements constitute "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Statements that are not historical facts, including statements about Chunghwa's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Investors are cautioned that actual events and results could differ materially from those statements as a result of a number of factors including, but not limited to the risks outlined in Chunghwa's filings with the U.S. Securities and Exchange Commission on Forms F-1, F-3, 6-K and 20-F, in each case as amended. The forward-looking statements in this press release reflect the current belief of Chunghwa as of the date of this press release and Chunghwa undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date, except as required under applicable law.

This press release is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained

from the issuer or selling security holder and that will contain detailed information about the company and management, as well as financial statements.

NON-GAAP FINANCIAL MEASURES

To supplement the Company's consolidated financial statements presented in accordance with International Financial Reporting Standards pursuant to the requirements of the Financial Supervisory Commission, or T-IFRSs, Chunghwa Telecom also provides EBITDA, which is a "non-GAAP financial measure". EBITDA is defined as consolidated net income (loss) excluding (i) depreciation and amortization, (ii) total net comprehensive financing cost (which is comprised of net interest expense, exchange gain or loss, monetary position gain or loss and other financing costs and derivative transactions), (iii) other income, net, (iv) income tax, (v) (income) loss from discontinued operations.

In managing the Company's business, Chunghwa Telecom relies on EBITDA as a means of assessing its operating performance because it excludes the effect of (i) depreciation and amortization, which represents a non-cash charge to earnings, (ii) certain financing costs, which are significantly affected by external factors, including interest rates, foreign currency exchange rates and inflation rates, which have little or no bearing on our operating performance, (iii) income tax (iv) other expenses or income not related to the operation of the business.

CAUTIONS ON USE OF NON-GAAP FINANCIAL MEASURES

In addition to the consolidated financial results prepared under T-IFRSs, Chunghwa Telecom also provide non-GAAP financial measures, including "EBITDA". The Company believes that the non-GAAP financial measures provide investors with another method for assessing its operating results in a manner that is focused on the performance of its ongoing operations.

Chunghwa Telecom's management believes investors will benefit from greater transparency in referring to these non-GAAP financial measures when assessing the Company's operating results, as well as when forecasting and analyzing future periods. However, the Company recognizes that:

- these non-GAAP financial measures are limited in their usefulness and should be considered only as a supplement to the Company's T-IFRSs financial measures;
- these non-GAAP financial measures should not be considered in isolation from, or as a substitute for, the Company's T-IFRSs financial measures;
- these non-GAAP financial measures should not be considered to be superior to the Company's T-IFRSs financial measures; and
- these non-GAAP financial measures were not prepared in accordance with T-IFRSs and investors should not assume that the non-GAAP financial measures presented in this earnings release were prepared under a comprehensive set of rules or principle.

Further, these non-GAAP financial measures may be unique to Chunghwa Telecom, as they may be

different from non-GAAP financial measures used by other companies. As such, this presentation of non-GAAP financial measures may not enhance the comparability of the Company's results to the results of other companies. Readers are cautioned not to view non-GAAP results as a substitute for results under T-IFRSs, or as being comparable to results reported or forecasted by other companies.

About Chunghwa Telecom

Chunghwa Telecom (TAIEX 2412, NYSE: CHT) ("Chunghwa" or "the Company") is Taiwan's largest integrated telecommunications services company that provides fixed-line, mobile, broadband, and internet services. The Company also provides information and communication technology services to corporate customers with its big data, information security, cloud computing and IDC capabilities, and is expanding its business into innovative technology services such as IoT, AI, etc. In recent years, Chunghwa has been actively involved in corporate social responsibility and has won domestic and international awards and recognition. For more information, please visit our website at www.cht.com.tw

Contact:	Angela Tsai
Phone:	+886 2 2344 5488
Email:	chtir@cht.com.tw