



Chunghwa Telecom is **the largest integrated telecom service provider in Taiwan**. The goal of the company is to be a value-creating and trustworthy company in providing information & communication services.

Dr. Rick L. Tsai, Chairman and CEO of Chunghwa Telecom stated "The overall goal we are putting in place is to transform our company into a full-service, digital convergence service provider. We will continue to build out our high-speed infrastructure in order to provide seamless mobile and fixed broadband services. We also plan to offer 300Mbps to 1Gbps and LTE mobile high speed broadband access services, which will help facilitate our innovative digital convergence value added service offerings that targets the individual customer, household, and enterprise markets. In this context, we will continue strengthening our MOD services to ensure a gateway into our customers' homes.

Our key goal for this year is focused on business development, with an emphasis on the 4G, enterprise revenue, and fiber segments. First, as many of you know, we plan to roll out 4G services in July this year. Our aim is to acquire at least 40% of the 4G market share by the end of 2014. Second, we want to further increase our enterprise revenue share by offering a total solution package to SMEs which includes ICT and cloud services. And finally, we will be offering a fiber convergence plan that combines broadband and MOD packages so that we can stimulate both fiber migration and MOD subscriptions growth.

Moving on, our next goal is to reallocate resources so that we can enhance our operating and financial efficiency. In order to achieve this goal, we plan on investing capitals more efficiently in our build outs and controlling operating expenses while allowing for a moderate expansion in the marketing budget.

Our final strategic goal is to leverage our existing resources to grow our business. To this end, we will focus on further monetizing our fiber network by increasing its capacity usage, which in turn will help to control Capex. We will also leverage our R&D capability to develop new and innovative products and services so that we can continue to drive growth and deliver improved returns for our shareholders."



Dr. Rick L. Tsai Chairman and CEO

MARKET FACT

Market Cap **US\$24.28Billion**

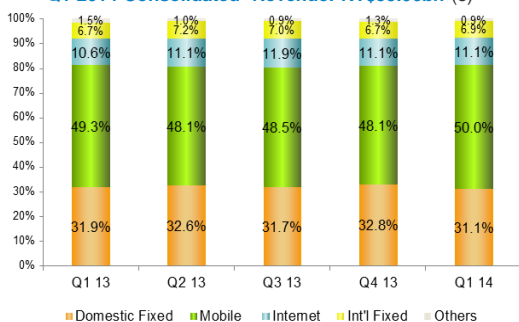
NYSE Share Price **CHT US\$31.30**
52 Week Low/High **US\$29.07/33.50**

TSE Share Price **2412 NT\$94.00**
52 Week Low/High **NT\$89.80/101.23**
Shares Outstanding **7,757 Million**

as of Apr. 28, 2014 Source: Bloomberg

Taiwan's Telecom Leader / Dominant Market Positions (a)

Q1 2014 Consolidated Revenue: NT\$55.06bn (e)



Source: Company data, MOTC, and NCC statistics

a) Market share as of February 2014

b) CHT access circuits were not included

c) Excluding PWWAN subscriber numbers

d) Includes 2G, 3G and PHS

e) Revenues are based on T-IFRSs.

- Domestic Fixed
 - #1 Local
 - 94.6% share by subs (11.53 mn subs)
 - 86.3% share by minutes
 - #1 DLD
 - 79.0% share by minutes
 - #1 Broadband access
 - 77.2% share by subs ^{(b)(c)} (4.54 mn subs)
- Mobile
 - #1 Mobile subscribers
 - 36.1% market share ^(d) (10.74 mn subs)
 - #1 Mobile revenue
 - 35.8% market share ^(d)
- Internet
 - #1 ISP
 - 68.5% share by subs (4.24 mn subs)
- International Fixed
 - #1 ILD
 - 57.1% share by minutes

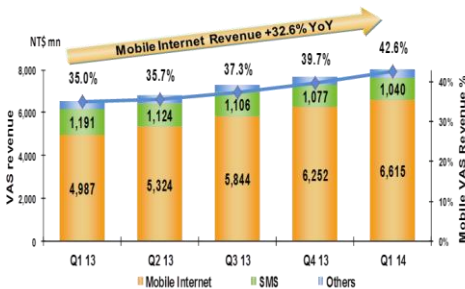
DIFFERENTIATING FACTORS

- Leading Position in Customer Access
- Extensive Product Portfolio with High Quality Services
- Branding & Scale Advantages
- Advanced Network & Technology Capabilities
- Financial Strengths

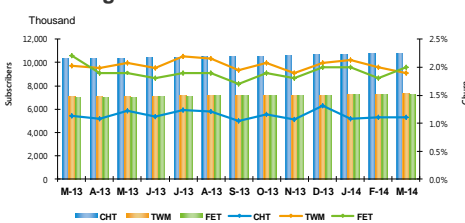
Leading Position in Mobile Market

#1 Broadband/Internet Provider

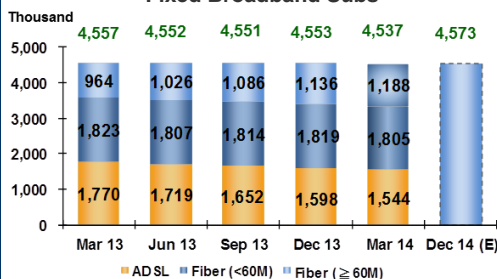
Mobile VAS Performance



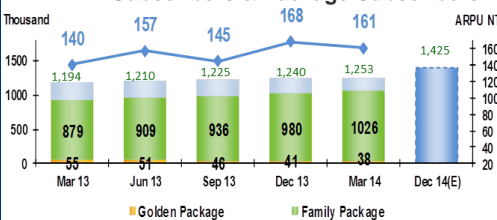
Highest Subs & Lowest Churn



Fixed Broadband Subs



IPTV Subscribers & Package Subscribers



Note: ARPU figures are calculated based on T-IFRSs



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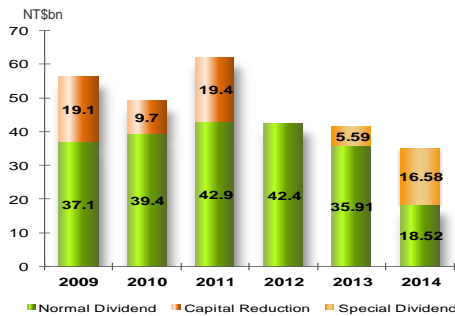


Solid Financial Performance

Consolidated						
(NT\$b)	2012 (T-IFRSs)	2013 (T-IFRSs)	Δ	Q1 2013 (T-IFRSs)	Q1 2014 (T-IFRSs)	Δ
Revenues	221.42	227.98	3.0%	56.62	55.06	(2.8%)
Income from Operations	48.37	47.68	(1.4%)	11.23	11.90	5.9%
Net Income	40.78	39.72	(2.6%)	9.20	10.20	10.9%
Net Income Margin (%)	18.93	17.91	-	16.98	18.80	-
EBITDA	80.53	79.87	(0.8%)	19.26	20.27	5.2%
EBITDA Margin (%)	36.37	35.03	-	34.02	36.81	-

Note: Net income attributable to owners of the parent. / Net income margin is based on consolidated net income (including net income attributable to NCI). / The calculation of figures is based on NT\$m. / The figures of Q1 2014 are un-audited.

Committed to Improving Shareholder Value



- Board resolved to distribute NT\$35.1 billion or NT\$4.5251 per share to shareholders
 - NT\$2.3881 per share from earnings distribution for 2013
 - NT\$2.137 per share from capital surplus
- Special dividend from capital surplus is allocated to compensate for the decrease of earnings upon the first adoption of T-IFRSs in 2013

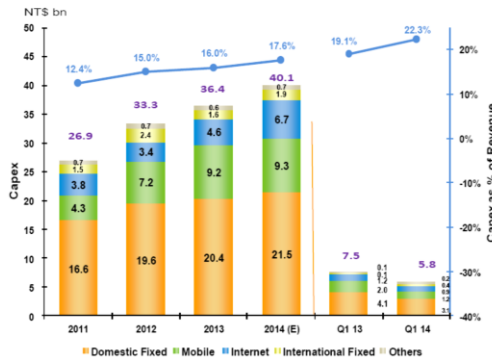
Note:

- The cash return was calculated based on cash dividend and cash return from capital reduction, stock dividend was not included.
- 1 ADR = 10 common shares
- The normal dividend has been calculated based on total share number 7,757,446,545 since year 2011.

Effective and Efficient Capital Expenditure

- Increase capital expenditure
 - Fixed and Mobile broadband
 - Cloud deployment including cloud data center build out
- Budgeted capex for 2014: NT\$40.1 bn
- Continue to focus on core businesses for future investments
 - 4G / 3G
 - FTTx
 - Wi-Fi
 - Service Platforms
 - Cloud computing

Capital Expenditure



Note: Figures are on consolidated basis.



Commitment to Corporate Social Responsibility



Awards

- Golden Service Awards in the Telecom Sector granted by the Commonwealth magazine
- Receives Bronze Class Sustainability Award 2014 from RobecoSAM
- Acquires Certificate of Corporate Governance System CG6008 Advanced Assessment
- Included in Dow Jones Sustainability Emerging Markets Index and World Index
- Most Effective Brand – Manager Today Magazine 2013 Research
- Financial Disclosure A++ – Securities & Futures Institute

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