



中華電信  
Chunghwa Telecom

---

# 1Q 2022 Operating Results

June 21, 2022

UBS 2022 Taiwan Virtual Conference



# Disclaimer



## STATEMENT REGARDING UNAUDITED FINANCIAL INFORMATION

The unaudited financial information under T-IFRSs in this presentation is preliminary and subject to adjustments and modifications. Adjustments and modifications to the financial statements may be identified during the course of the audit /review work, which could result in significant differences from this preliminary unaudited financial information.

## NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This presentation 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 presentation reflect the current belief of Chunghwa as of the date of this presentation 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 presentation 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.

## SPECIAL NOTE REGARDING NON-GAAP FINANCIAL MEASURES

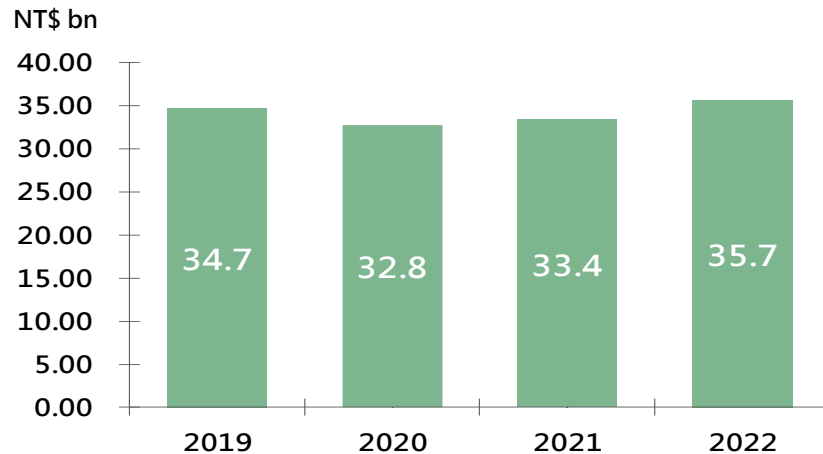
A body of generally accepted accounting principles is commonly referred to as “GAAP”. A non-GAAP financial measure is generally defined by the SEC as one that purports to measure historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable U.S. GAAP measure. We disclose in this report certain non-GAAP financial measures, including EBITDA. EBITDA for any period 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 expenses, net, (iv) income tax, (v) cumulative effect of change in accounting principle, net of tax and (vi) (income) loss from discontinued operations.

In managing our business we rely on EBITDA as a means of assessing our operating performance. We believe that EBITDA can be useful to facilitate comparisons of operating performance between periods and with other companies 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 and tax on assets and statutory employee profit sharing, which is similar to a tax on income and (iv) other expenses or income not related to the operation of the business.

EBITDA is not a measure of financial performance under U.S. GAAP or T-IFRSs. EBITDA should not be considered as an alternate measure of net income or income from operations, as determined on a consolidated basis using amounts derived from statements of operations prepared in accordance with U.S. GAAP or T-IFRSs, as an indicator of operating performance or as cash flows from operating activity or as a measure of liquidity. EBITDA has material limitations that impair its value as a measure of a company’s overall profitability since it does not address certain ongoing costs of our business that could significantly affect profitability such as financial expenses and income taxes, depreciation, pension plan reserves or capital expenditures and associated charges. These non-GAAP measures are not in accordance with or an alternative for GAAP financial data, the non-GAAP results should be reviewed together with the GAAP results and are not intended to serve as a substitute for results under GAAP, and may be different from non-GAAP measures used by other companies.

# Committed to Improving Shareholder Value

## Cash Return<sup>(a)(b)</sup>



2022 AGM resolved to distribute NT\$35.7 billion to shareholders

- NT\$4.608 per share
- payout ratio 100%

Note:

- a) 1 ADR = 10 common shares
- b) The regular dividend has been calculated based on total share number 7,757,446,545.



中華電信  
Chunghwa Telecom

# Business Overview

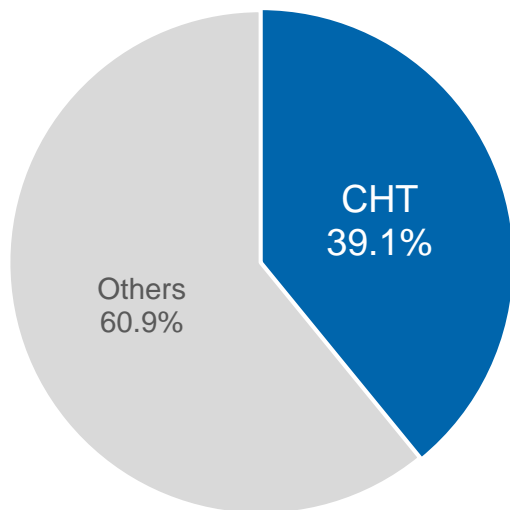
---

# Business Overview

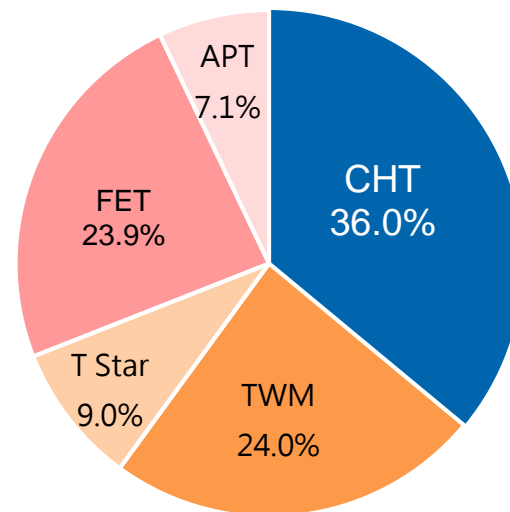
## Mobile Service



### #1 Mobile Revenue Market Share <sup>(a)(b)</sup>



### #1 Mobile Subs Market Share <sup>(b)</sup>



Source: Company data, NCC statistics, as of Mar. 2022

Note :

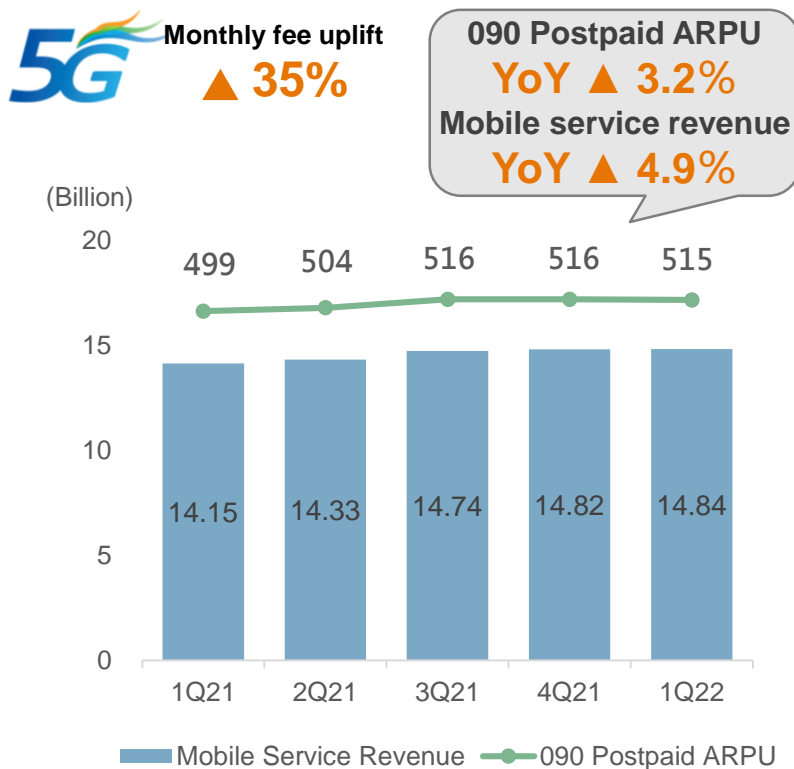
a) Revenues are based on T-IFRSs

b) Excluding IoT SIMs

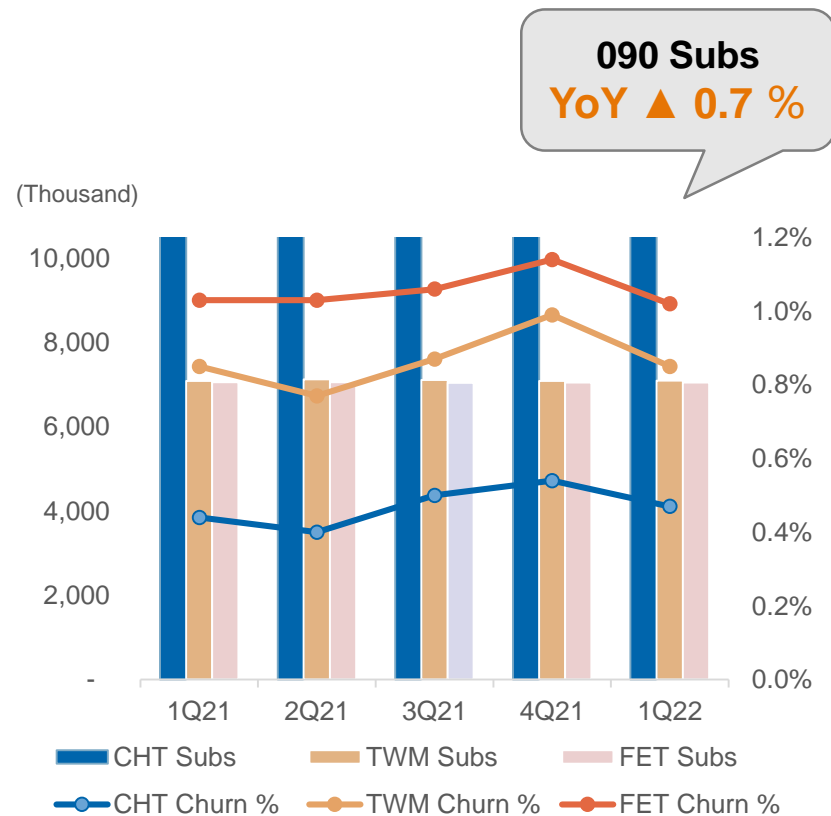
# Business Overview

## Mobile Service

### Mobile Service Revenue<sup>(a)</sup> & 090 Postpaid ARPU



### Highest 090 Subs & Lowest Churn Rate<sup>(b)</sup>



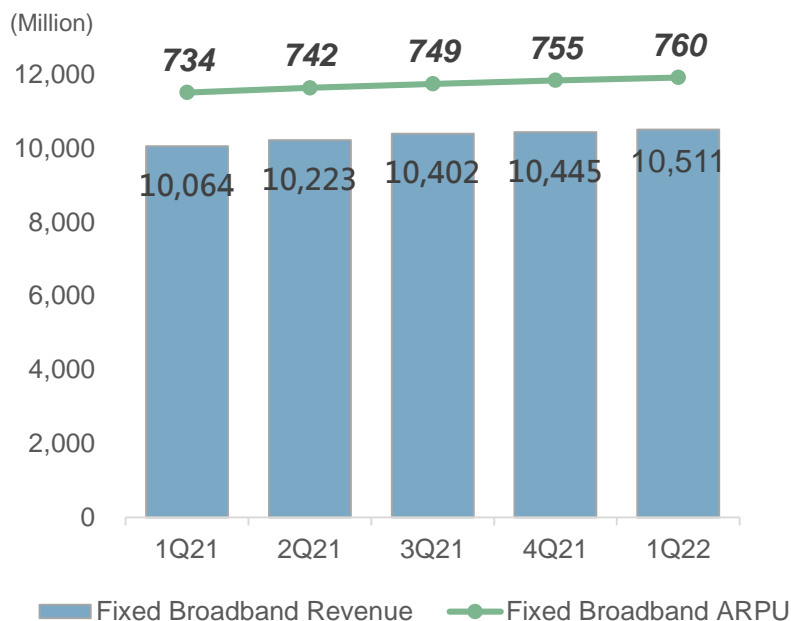
Source: Company data, NCC statistics, as of Mar. 2022  
 a) Consolidated Mobile Service Revenue (Including IoT)  
 b) Churn rate for postpaid subscribers

# Business Overview

## Fixed Broadband Service

### Consecutive ARPU Growth for 10 Quarters

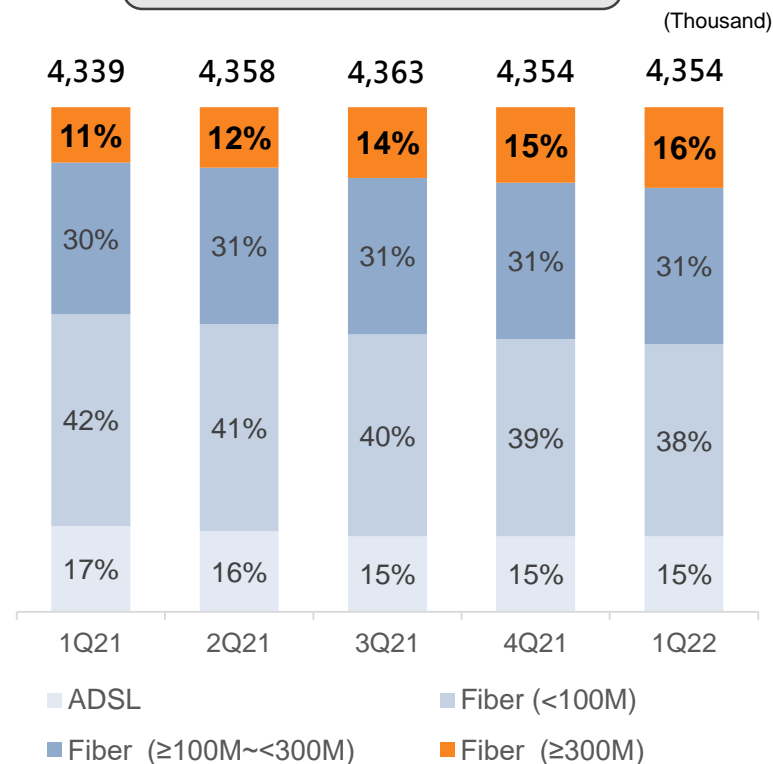
Fixed Broadband Revenue<sup>(a)</sup> YoY ▲ 4.4%  
Fixed Broadband ARPU YoY ▲ 3.5%



Note : (a) Revenue is calculated based on T-IFRSs

### Higher-Speed Adoption Growth

300M+ Subs YoY ▲ 41%





中華電信  
Chunghwa Telecom

# Segment Reporting

---

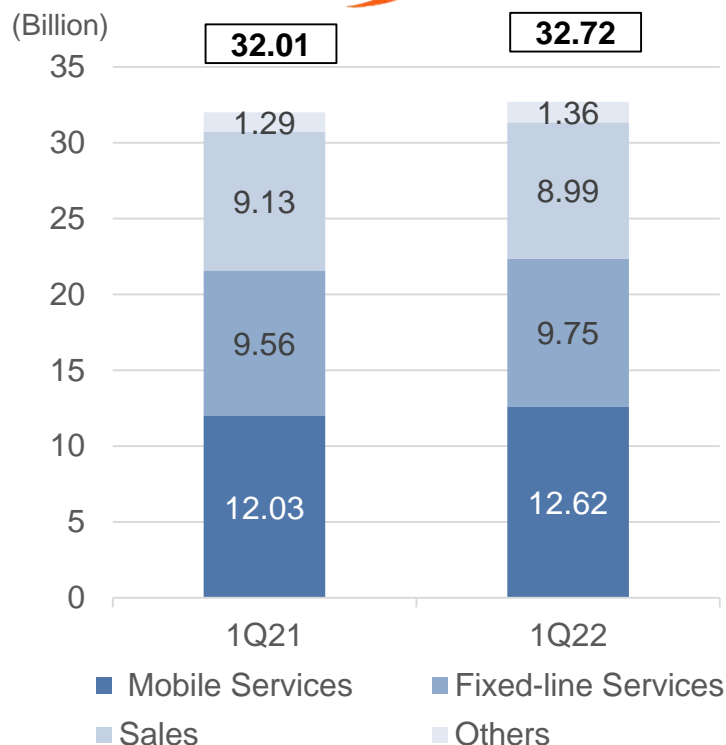


# Consumer Business Group (CBG)

## 1Q22 Financial Summary

### Revenue

+2.2 % YoY



Mobile service revenue of CBG +4.9% YoY due to postpaid subs growth and 5G migration

Fixed-line service revenue of CBG +2.0% YoY driven by the growth of higher-speed service adoption

Other revenue were +5.2% YoY contributed by video business

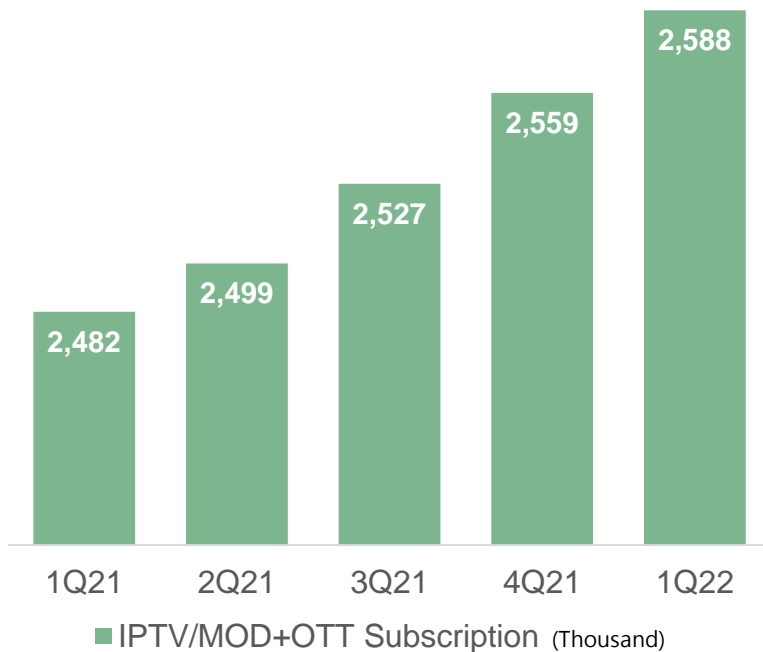
# Consumer Business Group (CBG)

## 1Q22 Highlights



### IPTV/MOD + OTT Business Performance

Largest video platform with steady subscription growth reaching 2.6mn subscribers to date



Roll out **Triple Play** (Fixed-Broadband + Mobile + Wi-Fi) program to enhance overall subscription



Home Wi-Fi device subscription **+29%** YoY to sustain home-centric applications

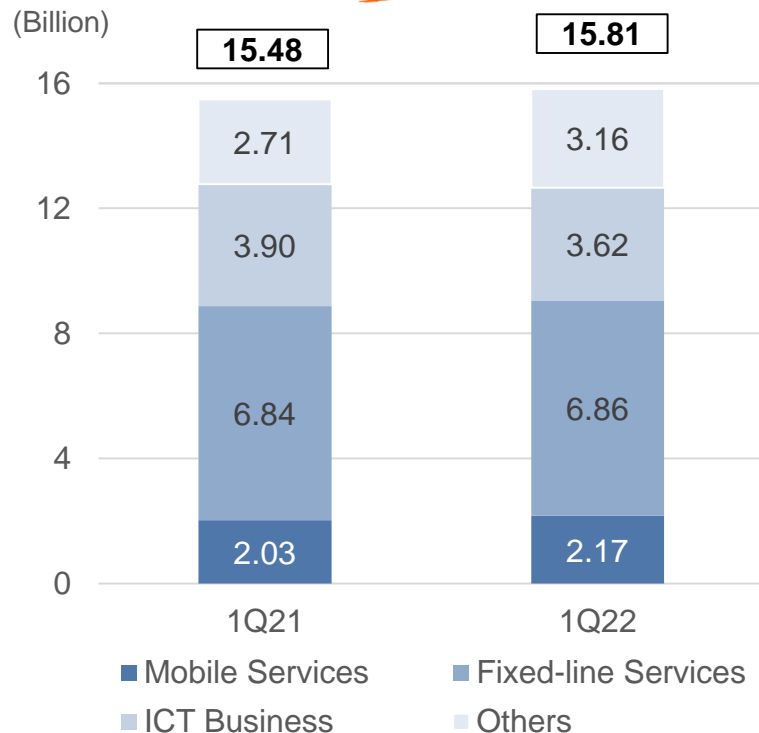


Popular sport events in every quarter to drive up video business

# Enterprise Business Group (EBG) 1Q22 Financial Summary

## Revenue

**+2.1% YoY**



EBG revenue increased 2.1% year over year mainly due to growing communication usage from enterprise customers in the new normal



Higher-speed fixed-broadband service adoption increased amid strong digital transformation trend to enhance fixed-line service revenue of EBG



ICT Business revenue decreased year over year mainly due to the revenue recognition delay of some projects

### Emerging Enterprise Application Performance



5G private network  
YoY **↑293.0%**



Acquired the first **5G Smart Harbor in Taiwan** to realize the first harbor unmanned vehicle inspection with joint efforts of subsidiaries



Big Data  
YoY **↑8.8%**



YoY **↑15.3%**



Cyber Security  
YoY **↑16.5%**



Mobile ICT  
YoY **↑24.8%**

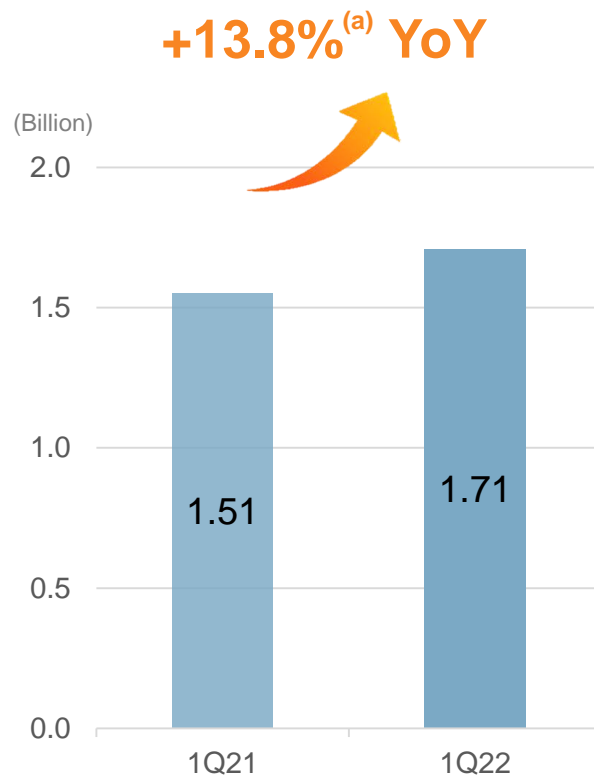


Acquired a large **Smart Healthcare ICT project** to enhance long-term recurring revenue contribution

# International Business Group (IBG)

## 1Q22 Financial Summary

### Revenue



-  IBG revenue increased 13.8% mainly due to growing demand of IDC, cloud and ICT services from global clients
-  Focus on growing integrated business opportunities and providing quadruple service including fixed-line, undersea cable, IDC and HiNet peering
-  Expand overseas bases to serve Taiwanese companies in the US, Japan, and Southeast Asia with professional ICT capabilities

Note : (a) The calculation of growth rate is based on actual amount



中華電信  
Chunghwa Telecom

# Financial Overview

---

# Income Statement Highlights



(NT\$bn)	Q1 2022	Q1 2021	Growth %
<b>Revenues</b>	51.29	50.10	2.4
<b>Operating Costs and Expenses</b>	39.68	39.00	1.7
<b>Income from Operations</b>	11.61	11.10	4.6
<b>Net Income<sup>2</sup></b>	9.02	8.80	2.5
<b>EPS</b>	1.16	1.14	2.5
<b>EBITDA<sup>3</sup></b>	21.29	20.58	3.5
<b>EBITDA Margin (%)</b>	41.51	41.08	0.4

Note:

1. Financials are prepared in accordance with T-IFRSs. Figures for 2022 are unaudited.
2. Net income attributable to owners of the parent.
3. EBITDA = operating income + depreciation & amortization.
4. The calculation of growth rates is based on NT\$m.

# Balance Sheet Highlights

(NT\$bn)	2022.03.31	2021.12.31	Growth %
<b>Total Assets</b>	518.45	513.07	1.1
Cash and Cash Equivalents	46.51	39.78	16.9
Accounts Receivables	21.11	23.99	(12.0)
Inventories	12.51	11.33	10.4
<b>Total Liabilities</b>	118.03	121.81	(3.1)
Bonds Payable	30.47	26.98	12.9
<b>Total Equity</b>	400.42	391.26	2.3
<b>Debt Ratio (%)<sup>3</sup></b>	22.77	23.74	(4.1)
<b>Net Debt / EBITDA (x)<sup>4</sup></b>	-0.17x	-0.13x	30.8

Note:

1. Financials are prepared in accordance with T-IFRSs. Figures for 2022 are unaudited.
2. The calculation of growth rates is based on NT\$m.
3. Debt includes short-term and long-term liabilities. The debt ratio is defined as the ratio of total debt to total assets.
4. Net Debt includes short-term loans + short-term bills payable + current portion of long-term loans + long-term loans + bonds payable – cash and cash equivalents.



# Consolidated Cash Flow Summary



(NT\$bn)	Q1 2022	Q1 2021	Growth %
<b>Cash Flows from Operating Activities</b>	11.84	9.88	19.8
<b>Capital Expenditures<sup>2</sup></b>	5.23	4.44	17.8
<i>Mobile<sup>2</sup></i>	2.25	1.37	64.2
<i>Non-Mobile<sup>2</sup></i>	2.98	3.07	(3.2)
<b>Free Cash Flow<sup>3</sup></b>	6.61	5.44	21.7

Note:

1. Financials are prepared in accordance with T-IFRSs. Figures for 2022 are unaudited.
2. Numbers or percentages are on cash basis.
3. Free cash flow is calculated by subtracting CapEx from Net Cash Flows from Operating Activities.

# Operating Results vs. Forecasts

(NT\$bn)	Q1 2022 (A)	Q1 2022 (E)	Achieving %	2022 (E)	Achieving %
<b>Revenues</b>	51.29	51.55~51.82	99.0~99.5	212.80~214.00	24.0~24.1
<b>Operating Costs and Expenses</b>	39.68	40.71~40.80	97.3~97.5	168.42~168.81	23.5~23.6
<b>Income from Operations</b>	11.61	10.84~11.01	105.4~107.1	44.55~46.08	25.2~26.1
<b>Net Income<sup>2</sup></b>	9.02	8.36~8.52	105.9~107.9	34.11~36.04	25.0~26.4
<b>EPS</b>	1.16	1.08~1.10	105.9~107.9	4.40~4.65	25.0~26.4
<b>EBITDA<sup>3</sup></b>	21.29	20.31~20.48	103.9~104.8	82.91~84.44	25.2~25.7
<b>EBITDA Margin (%)</b>	41.51	39.40~39.53		38.96~39.46	

Note:

1. Financials are prepared in accordance with T-IFRSs. Figures for 2022 are unaudited.
2. Net income attributable to owners of the parent.
3. EBITDA = operating income + depreciation & amortization.

# Awards and Recognitions

## Sustainability Award Bronze Class 2022

**S&P Global**

### Bronze award of S&P Global, an international sustainability rating agency

- ✓ Company's sustainability practice on ESG ranking as one of the top 10 telecom operators in the world



### International accreditation of AWS MSP, Azure Expert MSP, and Google Cloud Premier Partner

- ✓ The only Cloud Service Provider in Taiwan to combine 3 major global cloud platforms with localized hicloud platform to deliver services



### Won the System Integration Award of 2022 Smart City Summit & Expo

- ✓ Innovative digital applications of smart manufacturing, smart agriculture, smart buildings and etc. initiated in Thailand through cooperation of 5G enterprise network

# Q & A

---