



中華電信
Chunghwa Telecom

3Q 2023 Operating Results

November 2, 2023



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.

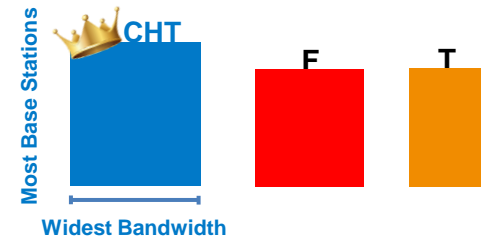
Chairman's Message

Market Consolidation

- Reiterate our positive views on the post-merger market
- Lead in Sub 6GHz spectrum
- ✓ Own the largest and most consecutive spectrum in use at the mainstream bandwidth

	 CHT	New F	New T
Sub 6GHz	290MHz	280MHz	270MHz

- Largest capacity, coverage and fastest speed
- ✓ Own the most mobile base stations in Taiwan
- ✓ Exclusive 5G 2CA (3.5GHz+2.1GHz) delivers the fastest 5G at theoretical peak downlink speed over 2Gbps



- Greatest potential to best utilize 28GHz spectrum asset
- ✓ Immediately ready to provide LEO satellite service
- ✓ With 28GHz spectrum next to the unsold and satellite slot (27.5-27.9GHz) to fulfill 5G application and satellite services



International Footprint

- Successful expansion
- ✓ Extend our overseas footprint to Europe to capture opportunities and replicate Taiwan's successful experience abroad



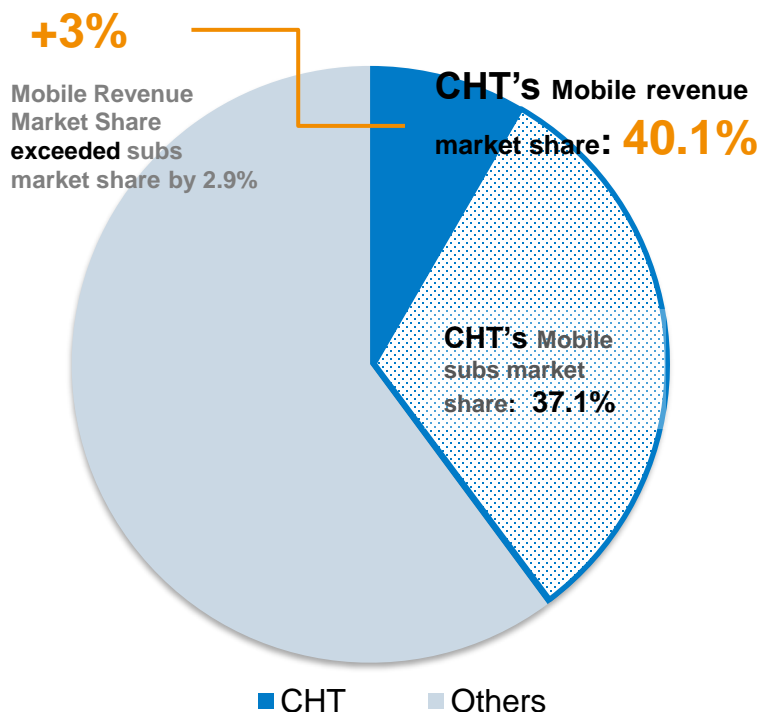
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Business Overview

Business Overview

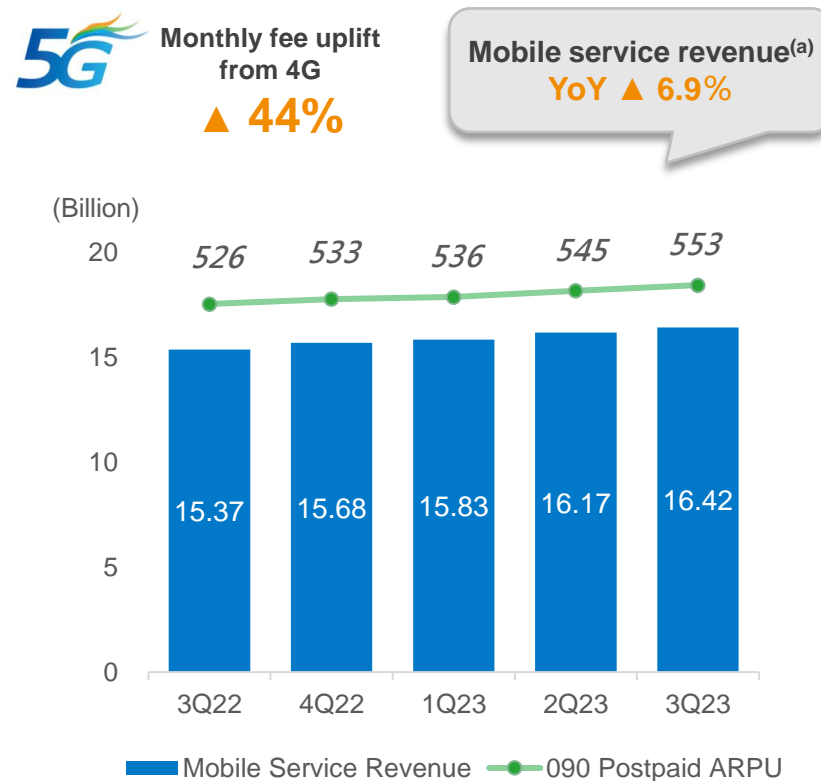
Mobile Service

Mobile Revenue & Subs Market Share



Source: Company data ,NCC statistics
 Rev : Jul. 2023 to Sep. 2023
 Sub : as of Sep. 2023
 Note : Revenues definition from NCC (excluding IoT SIMs)

090 Postpaid ARPU ↑ 5.1% YoY 10 Consecutive Quarters of Growth



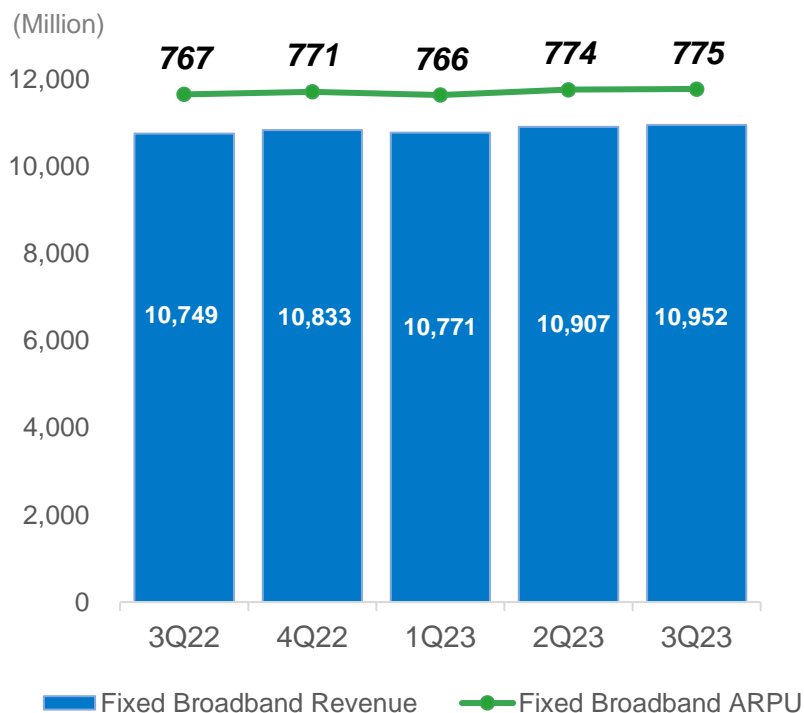
Source : Company data as of Sep. 2023
 a) Consolidated Mobile Service Revenue (Including IoT)

Business Overview

Fixed Broadband Service

ARPU YoY Growth for 16 Consecutive Quarters

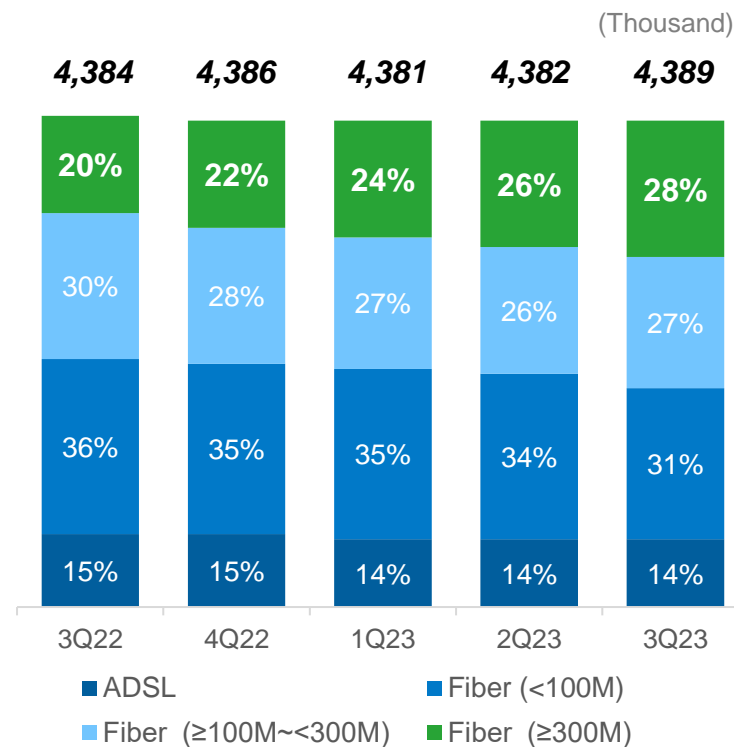
Fixed Broadband Revenue^(a) YoY ▲ 1.9%
Fixed Broadband ARPU YoY ▲ 1.0%



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

Higher-Speed Adoption Growth

300M+ Subs YoY ▲ 41%





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Segment Reporting

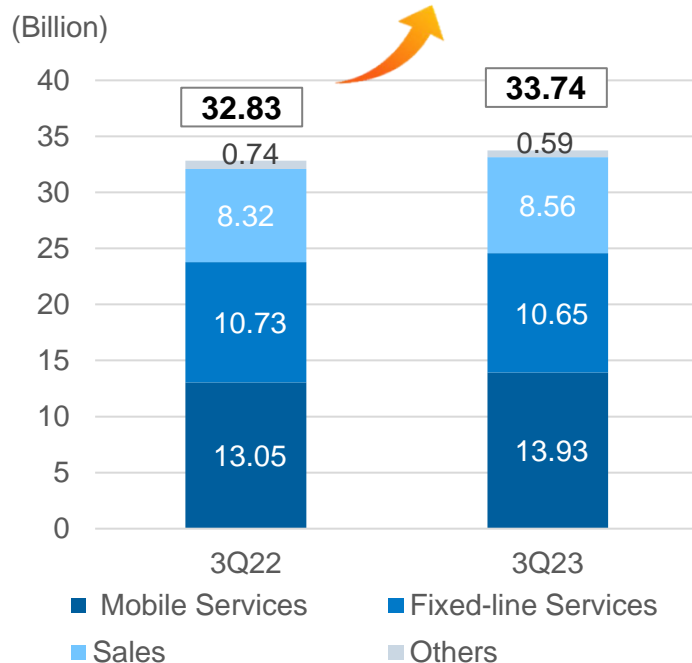
Consumer Business Group (CBG)

3Q23 Financial Summary

Income before tax decreased NT\$0.14 billion, **remained flat YoY**

Revenue

+2.8% YoY



Mobile service revenue of CBG +6.8% YoY due to 5G migration, continued growth of postpaid subs, and roaming recovery

Fixed broadband revenue of CBG +2.7% YoY due to the successful speed upgrades

Sales revenue of CBG increased by 3.0% YoY due to well-received iPhone 15 series

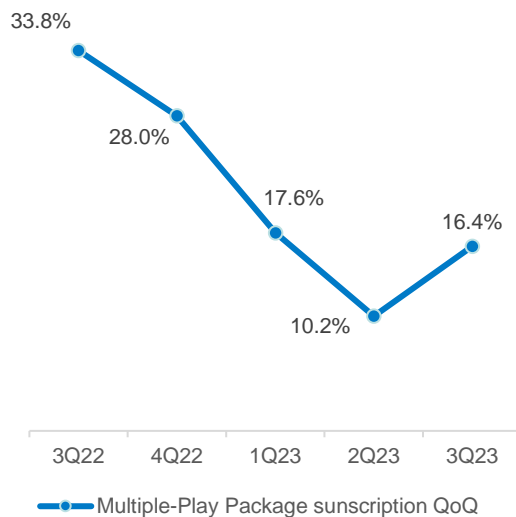
Consumer Business Group (CBG)

3Q23 Highlights



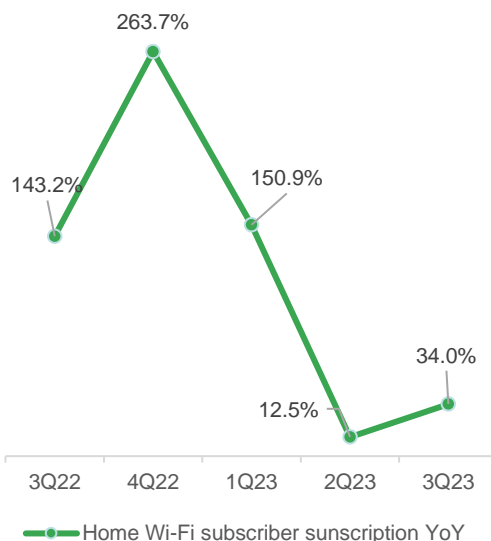
Multiple-Play Package Performance

Fixed-Broadband + Mobile + Wi-Fi Service package subscription **+16.4 % QoQ**



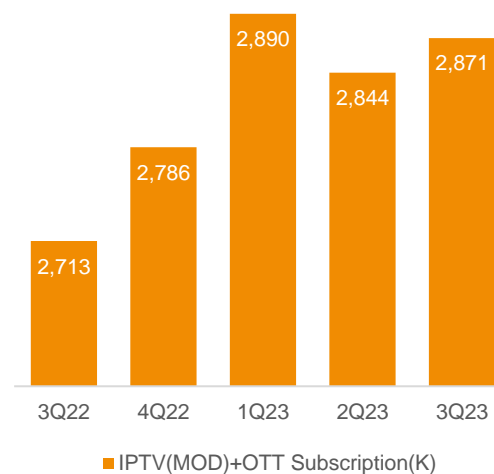
Home Wi-Fi Subscriptions

Home Wi-Fi subscriptions **+ 34.0 % YoY**



IPTV/MOD + OTT Business Performance

Largest video platform in Taiwan with subscribers **+5.8% YoY**



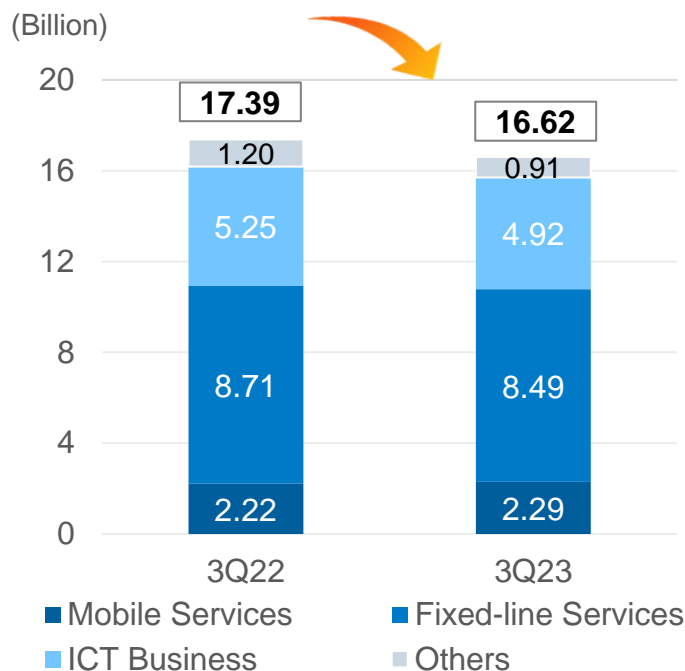
Enterprise Business Group (EBG)

3Q23 Financial Summary

Income before tax decreased NT\$0.46 billion, or **↓11.8% YoY**

Revenue

-4.4% YoY



EBG revenue -4.4% YoY mainly due to higher base of AIoT, cloud, and big data revenue while IDC and cybersecurity have continued growth

EBG Mobile service revenue continued to increase mainly due to 5G and international roaming recovery

Data communication and broadband access revenue continued to increase due to new sign-ups and speed upgrades

Enterprise Business Group (EBG)

3Q23 Highlights

Emerging Enterprise Application

Revenue ↓ 6.8% YoY



IDC

YoY ↑ 13.7%



Cyber Security

YoY ↑ 7.4%



Cloud Service

YoY ↓ 14.7%

Recurring Revenue of
International Public
Cloud YoY ▲ 19.4%



Acquire 5G private network projects in cultural industry and the offshore wind power field by leveraging AR/VR technology and excellent management capabilities



Expanded IDCs in Banqiao to meet demands of financial and OTT clients, driving up recurring revenue growth



Promoted industrial control cybersecurity solutions to assist smart manufacturing clients meet international cybersecurity standards

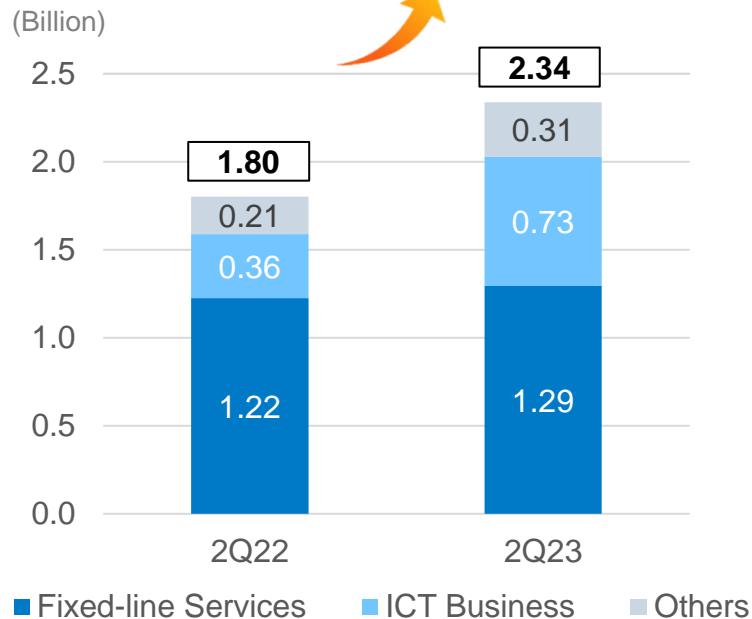
International Business Group (IBG)

3Q23 Financial Summary

Income before tax decreased NT\$0.02 billion, or **↓ 3.6% YoY**

Revenue

+29.8%^(a) YoY



- IBG revenue +29.8% YoY mainly driven by ICT and fixed-line service revenue
- Signed MOU with Poland's EXATEL to cooperate in emerging business and network
- Signed MOU with Thailand's Overbrook Hospital for telemedicine collaboration
- Enhanced our service capabilities in US, Japan, and Southeast Asia, and expanded footprint in Europe

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



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Financial Overview



Income Statement Highlights



(NT\$bn)	Q3 2022	Q3 2023	Growth %	9M 2022	9M 2023	Growth %
Revenues	53.51	53.66	0.3	157.24	161.33	2.6
Operating Costs and Expenses	41.32	42.19	2.1	121.36	125.44	3.4
Income from Operations	12.18	11.46	-5.9	35.87	35.90	0.1
Net Income²	9.36	9.09	-2.9	28.08	28.65	2.1
EPS	1.21	1.18	-2.9	3.62	3.69	2.1
EBITDA³	22.10	21.38	-3.3	65.41	65.62	0.3
EBITDA Margin (%)	41.30%	39.84%		41.60%	40.68%	

Note:

1. Financials are prepared in accordance with T-IFRSs. Figures for 2023 are unaudited.
2. Net income attributable to owners of the parent.
3. EBITDA is defined as consolidated net income excluding (i) depreciation and amortization, (ii) certain financing costs, (iii) other expenses or income not related to the operation of the business, (iv) income tax, (v) (income) loss from discontinued operations.
4. The calculation of growth rates is based on NT\$m.

Balance Sheet Highlights



(NT\$bn)	2022.09.30	2022.12.31	2023.9.30	Growth % (vs 2022.09.30)	Growth % (vs 2022.12.31)
Total Assets	503.59	523.20	512.21	1.7	-2.1
<i>Current Assets</i>	86.82	101.90	96.92	11.6	-4.9
<i>Property, plant and equipment</i>	286.30	291.53	287.21	0.3	-1.5
<i>Intangible Assets</i>	80.79	79.19	74.28	-6.2	-8.1
Total Liabilities	119.52	129.42	125.87	5.3	-2.7
<i>Accounts Payable</i>	13.64	16.97	13.35	-2.1	-21.4
Total Equity	384.07	393.78	386.34	0.6	-1.9
Debt Ratio (%)³	23.73	24.74	24.57	3.6	-0.7
Net Debt / EBITDA (x)⁴	-	-	-	-	-

Note:

1. Financials are prepared in accordance with T-IFRSs. Figures for 2023 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.

Cash Flow Summary

(NT\$bn)	9M 2022	9M 2023	Growth %
Cash Flows from Operating Activities	47.20	49.89	5.7%
Capital Expenditures²	20.22	18.88	-6.6%
<i>Mobile²</i>	9.57	6.86	-28.4%
<i>Non-Mobile²</i>	10.65	12.02	12.9%
Free Cash Flow³	26.98	31.01	14.9%

Note:

1. Financials are prepared in accordance with T-IFRSs. Figures for 2023 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)	Q3 2023 (A)	Q3 2023 (E)	Achieving %	9M 2023 (A)	9M 2023 (E)	Achieving %
Revenues	53.66	54.10~54.51	98.4~99.2	161.33	159.27~160.36	100.6~101.3
Operating Costs and Expenses	42.20	42.51~42.69	98.8~99.3	125.43	125.79~126.31	99.3~99.7
Income from Operations	11.46	11.59~12.07	95.0~98.9	35.90	33.47~34.30	104.7~107.3
Net Income²	9.09	8.96~9.53	95.4~101.4	28.65	26.09~27.09	105.8~109.8
EPS	1.18	1.16~1.23	95.4~101.4	3.69	3.36~3.49	105.8~109.8
EBITDA³	21.38	21.75~22.23	96.2~98.3	65.62	63.61~64.44	101.8~103.2
EBITDA Margin (%)	39.84	40.20~40.79		40.68	39.94~40.19	

Note:

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Awards and ESG Recognitions

Received the **Jade Award**, the highest level of **The Asset ESG Corporate Awards 2023**

- ✓ The **only company** in Taiwan to stand out in cross-industry and cross-country selection and attain the highest honor **for the third consecutive year**

Included as **Top 10 Constituents** by **FTSE4Good TIP Taiwan ESG Index**

- ✓ The **only telcos in Taiwan** to be recognized by the leading global **sustainable investment market**

Honored as **Most Outstanding Company in Taiwan** in the **Communication Services Sector** by **Asiamoney**

- ✓ Acknowledged by **global investors** for high-quality **telecommunication services**, **excellent governance**, and great **ESG initiatives**

Q & A
