



中華電信
Chunghwa Telecom

2Q 2024 Operating Results

August 6, 2024



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.

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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.

Maintain #1 position in the industry and continue to expand the lead

- ✓ Accomplish continuous **market share expansion** to drive overall performance
- ✓ **Postpaid mobile ARPU** achieves the **highest YoY growth** among peers for 6 quarters in a row
- ✓ **Revenue** hit a new peak for the same period **since 2018**
- ✓ **Video platform subscription** bolstered to **exceed 3 million** to expand industry lead

Establish AIDC and AI Factory to seize enterprise AI opportunities

- ✓ Develop **AI Data Centers** and **GPU Cloud** to help enterprises and governments build their own **Sovereign AI** or use our **GPU-as-a-service**
- ✓ Create **CHT AI Factory** to generate customized **AI models**, **AI-driven operation process** and **AI Agents** to support enterprise customers in their AI transformation

Strategically scale up Chunghwa Group via subsidiary IPOs and potential M&A

- ✓ Schedule **CHT Security** and **International Integrated Systems Inc.** to complete listing on Taiwan's Emerging Stock Board by 2H24
- ✓ Enhance the **Group's market value** by pursuing more **IPOs** and **potential M&A** targets both domestically and internationally



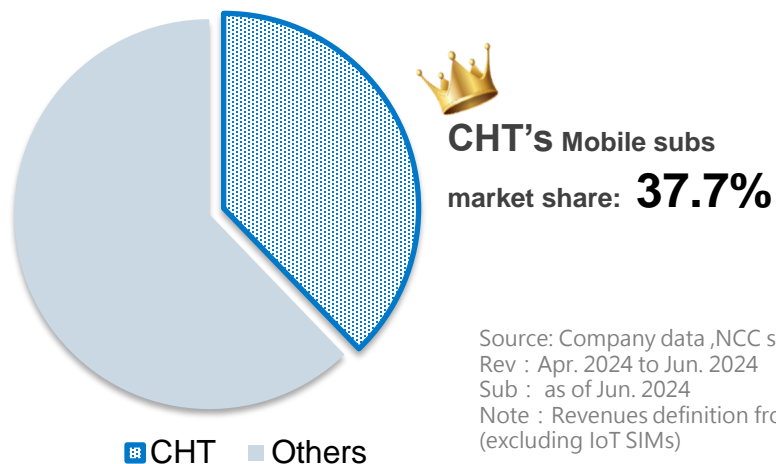
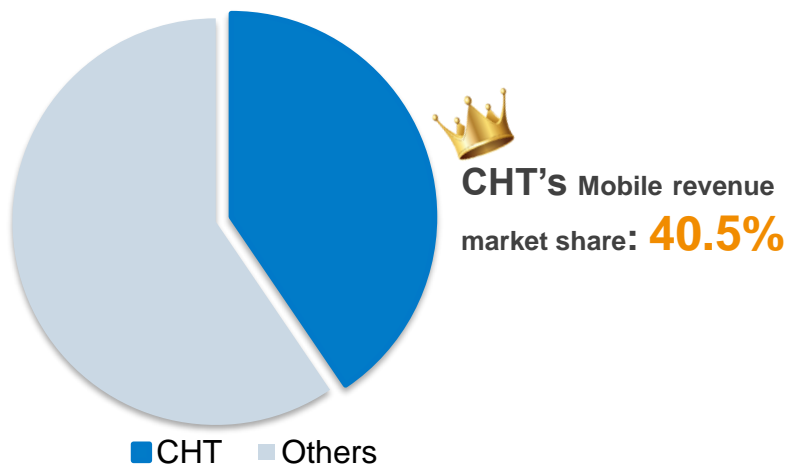
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Business Overview

Business Overview

Mobile Service

Mobile Revenue & Subs Market Share

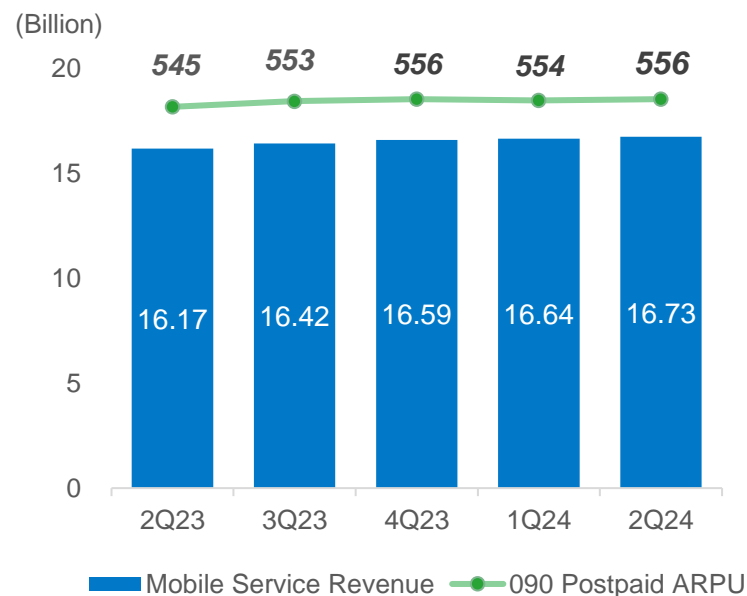


Source: Company data ,NCC statistics
Rev : Apr. 2024 to Jun. 2024
Sub : as of Jun. 2024
Note : Revenues definition from NCC (excluding IoT SIMs)

090 Postpaid ARPU ↑ 2.0% YoY 13 Consecutive Quarters of Growth

5G Monthly fee uplift from 4G
▲ 39%

Mobile service revenue^(a)
YoY ▲ 3.5%



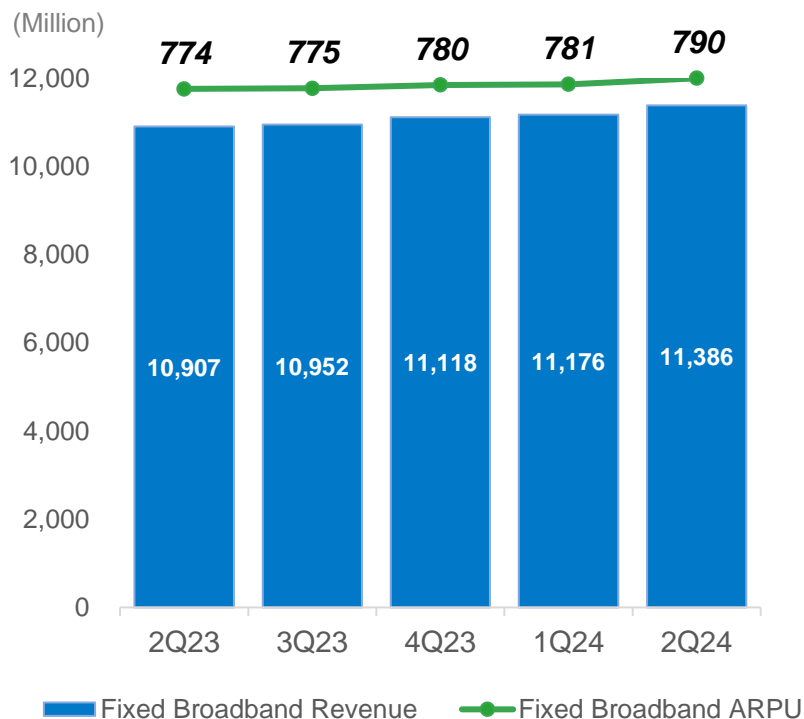
Source : Company data as of Jun. 2024
a) Consolidated Mobile Service Revenue (Including IoT)

Business Overview

Fixed Broadband Service

ARPU YoY Growth for 19 Consecutive Quarters

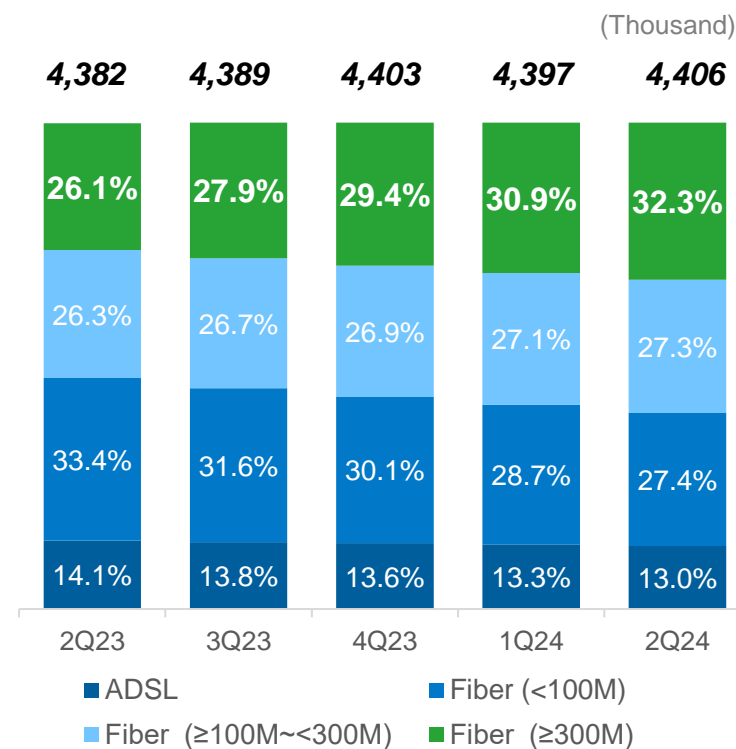
Fixed Broadband Revenue^(a) YoY ▲ 4.4%
Fixed Broadband ARPU YoY ▲ 2.0%



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

Higher-Speed Adoption Growth

300M+ Subs YoY ▲ 24%





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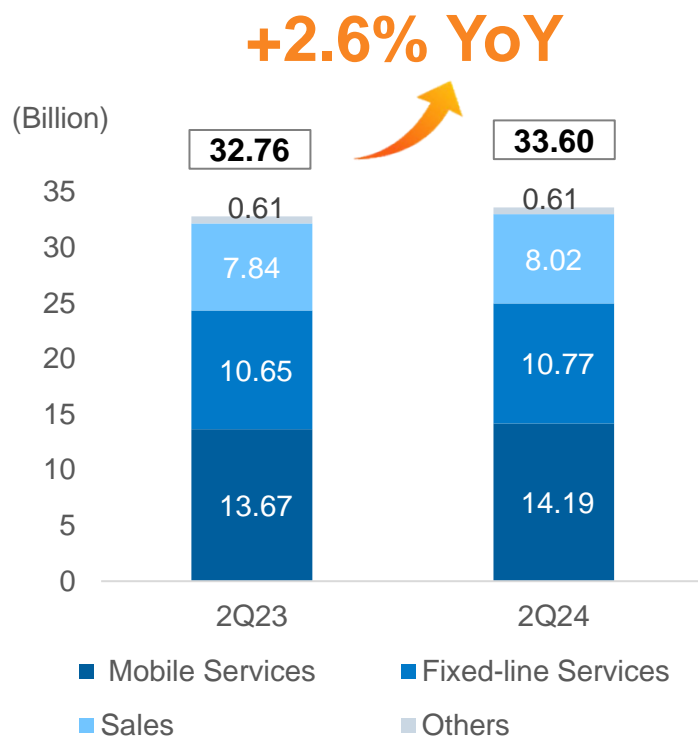
Segment Reporting

Consumer Business Group (CBG)

2Q24 Financial Summary

Income before tax decreased NT\$0.13 billion, or **↓ 1.6 % YoY**

Revenue



Mobile service revenue of CBG +3.8% YoY due to 5G migration as well as continued growth of postpaid subscribers

Fixed broadband revenue of CBG +4.8% YoY due to successful speed upgrades

Sales revenue of CBG increased by 2.4% YoY due to iPhone series sales growth

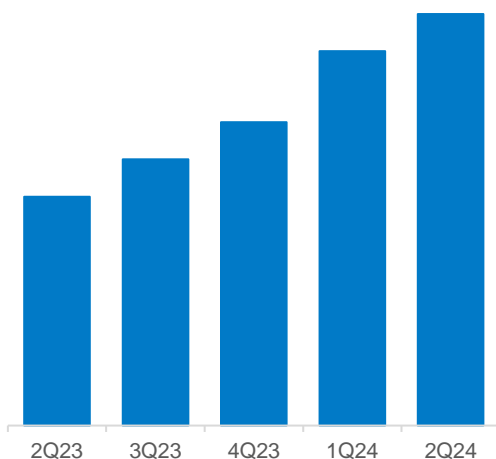
Consumer Business Group (CBG)

2Q24 Highlights



Multiple-Play Package Performance

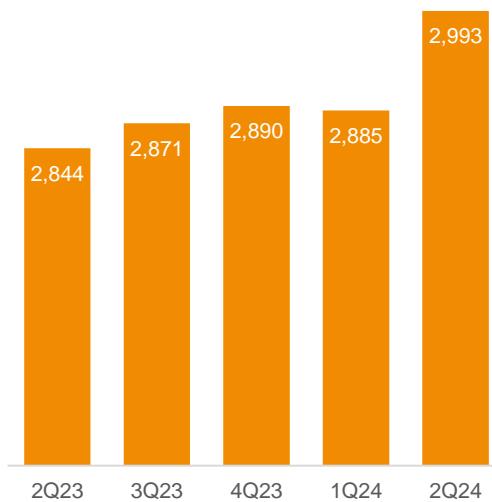
Fixed-Broadband + Mobile + Wi-Fi Service package subscriptions **+80.0 % YoY**



■ Multiple-Play Package subscription

IPTV/MOD + OTT Business Performance

Subscriptions surge due to pre-promotion of 2024 Paris Olympic Games



■ IPTV(MOD)+OTT Subscription(K)

Consumer Cybersecurity Subscriptions

Consumer Cybersecurity Subscriptions **+ 15.3 % YoY**



■ Consumer Cybersecurity subscriptions

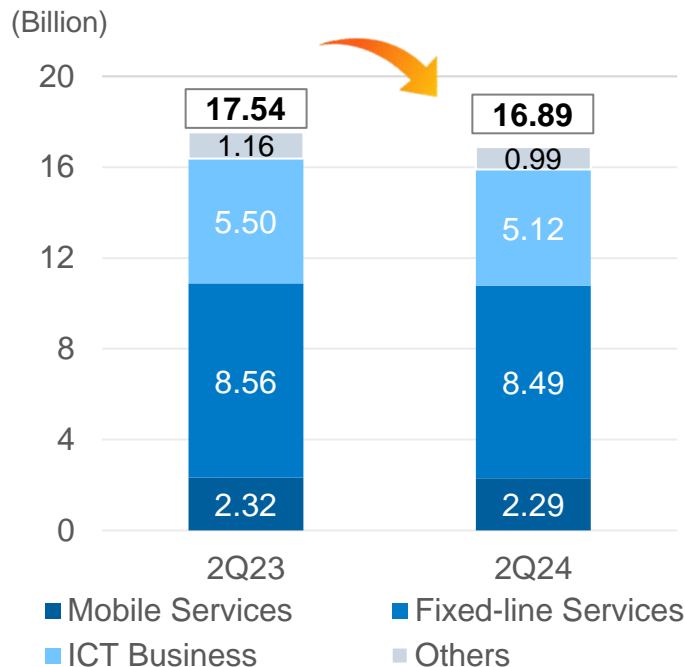
Enterprise Business Group (EBG)

2Q24 Financial Summary

Income before tax decreased NT\$0.33 billion, or **↓9.6% YoY**

Revenue

-3.7% YoY



EBG revenue -3.7% YoY due to the higher base from large ICT project revenue recognized in 2Q23 despite IDC and cybersecurity revenues increased in 2Q24

Mobile service revenue decreased slightly due to the higher base of prepaid card project revenue in 2Q23, which offset the growth of 5G migration, international roaming and text revenues in 2Q24

Fixed voice revenue declined to offset the YoY growth of revenues of broadband access and data communication resulting from higher speed upgrade

Enterprise Business Group (EBG)

2Q24 Highlights

Emerging Enterprise Application

Revenue ↓ 5.9% YoY



Achieved **10-quarter**
consecutive YoY growth

Cybersecurity

YoY ↑ 6.9%

Recurring Revenue of IDC
YoY ↑ 14.1%



IDC

YoY ↑ 6.6%

Recurring Revenue of
International Public Cloud

YoY ↑ 42.2%



Cloud Service

YoY ↓ 6.9%



Our designated racks in high-rated Banqiao IDC leased at a premium price for financial industry clients, sold out soon after launch, significantly boosting IDC revenue



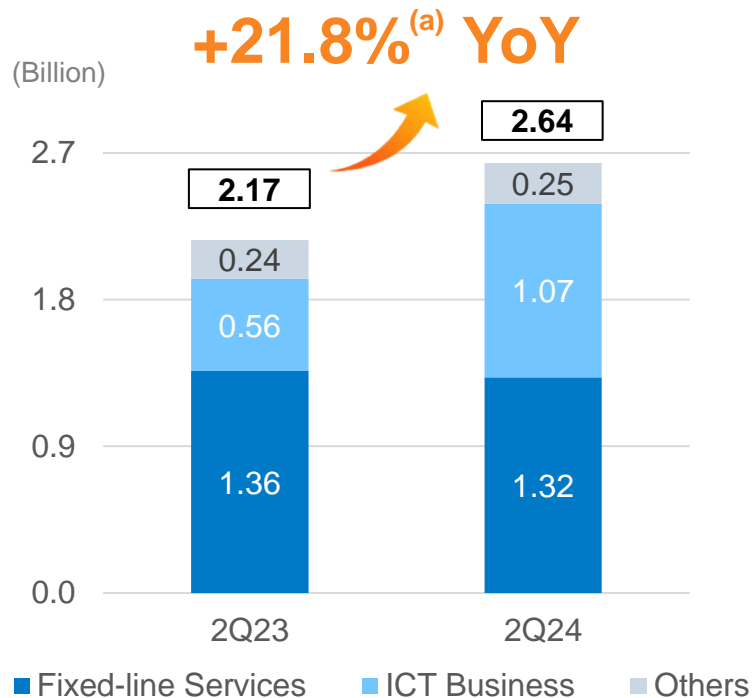
Cybersecurity revenue achieved 10-quarter YoY growth primarily driven by continued increasing client demands in response to regulatory requirements and rising security threats

International Business Group (IBG)

2Q24 Financial Summary

Income before tax increased NT\$0.05 billion, or **↑ 8.2% YoY**

Revenue



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



IBG revenue +21.8% YoY mainly due to overseas ICT business growth driven by clients' global expansion in Japan



Continued to expand business in Southeast Asia market by assisting high-tech manufacturers from Taiwan in building new plants in Vietnam and Thailand



CHT-SG and CHT Security collaborate to expand Group's cloud security and network security business in Southeast Asia



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Financial Overview

Income Statement Highlights



(NT\$bn)	Q2 2023	Q2 2024	Growth %	H1 2023	H1 2024	Growth %
Revenue	53.46	54.12	1.2	107.67	109.06	1.3
Operating Costs and Expenses	41.20	42.19	2.4	83.24	85.21	2.4
Other Income and Expenses²	-	-	-	-	-	-
Income from Operations	12.26	11.93	-2.7	24.43	23.85	-2.4
Income before Tax	12.66	12.35	-2.5	24.92	24.33	-2.4
Net Income³	9.92	9.82	-1.0	19.56	19.21	-1.8
EPS	1.28	1.27	-1.0	2.52	2.48	-1.8
EBITDA⁴	22.19	21.81	-1.7	44.25	43.65	-1.4
EBITDA Margin (%)	41.51%	40.31%		41.09%	40.02%	

Note:

- Financials are prepared in accordance with T-IFRSs. Figures for 2024 are unaudited.
- 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.
- Net income attributable to owners of the parent.
- 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.
- The calculation of growth rates is based on NT\$m.

Balance Sheet Highlights



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(NT\$bn)	2023.06.30	2023.12.31	Growth % (vs 2023.12.31)	2024.06.30	Growth % (vs 2023.06.30)
Total Assets	533.03	523.94	2.4	536.47	0.7
<i>Current Assets</i>	117.07	103.20	19.1	122.89	5.0
<i>Property, plant and equipment</i>	287.49	292.34	-2.5	284.97	-0.9
Total Liabilities	156.27	129.04	23.4	159.18	1.9
<i>Accounts payable</i>	10.78	14.78	-31.9	10.07	6.6
<i>Contract liabilities</i>	12.76	14.09	8.1	15.23	19.3
<i>Dividends Payable</i>	36.48	-	-	36.91	1.2
Total Equity	376.76	394.90	-4.5	377.29	0.1
Debt Ratio (%)³	29.32	24.63	20.5	29.67	1.2
Net Debt / EBITDA (x)⁴	-	-	-	-	-

Note:

1. Financials are prepared in accordance with T-IFRSs. Figures for 2024 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

<i>(NT\$bn)</i>	H1 2023	H1 2024	Growth %
Cash Flows from Operating Activities	28.47	29.32	3.0%
Capital Expenditures²	11.77	10.27	-12.8%
<i>Mobile²</i>	3.97	1.94	-51.1%
<i>Non-Mobile²</i>	7.81	8.33	6.7%
Free Cash Flow³	16.70	19.05	14.1%

Note:

1. Financials are prepared in accordance with T-IFRSs. Figures for 2024 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)	Q2 2024 (A)	Q2 2024 (E)	Achieving %	H1 2024 (A)	H1 2024 (E)	Achieving %
Revenue	54.12	53.96~54.29	99.7~100.3	109.06	109.14~109.78	99.3~99.9
Operating Costs and Expenses	42.19	42.71~42.91	98.3~98.8	85.21	86.57~86.96	98.0~98.4
Income from Operations	11.93	11.25~11.38	104.8~106.1	23.85	22.56~22.81	104.5~105.7
Net Income²	9.82	9.17~9.32	105.3~107.1	19.21	18.09~18.38	104.5~106.2
EPS	1.27	1.18~1.20	105.3~107.1	2.48	2.33~2.37	104.5~106.2
EBITDA³	21.81	21.30~21.43	101.8~102.4	43.65	42.59~42.84	101.9~102.5
EBITDA Margin (%)	40.31	39.47~39.48		40.02	39.02~39.02	

Note:

- Financials are prepared in accordance with T-IFRSs. Figures for 2024 are unaudited.
- Net income attributable to owners of the parent.
- 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.

Awards and ESG Recognitions

Passed the validation of the **Net-Zero targets** by **SBTi** and published the inaugural **TNFD English report** as the first Taiwanese telco

- ✓ Set a long-term target to **reduce GHG emissions of scope 1 and 2 by 95% by 2040** from a 2020 base year
- ✓ The **first Taiwanese telco** to publish the English **TNFD report** to enhance **transparency** and commitment to **biodiversity**

Awarded for achieving excellence in sustainability

- ✓ Ranked **Top 2%** of the World's Most Sustainable Companies by **TIME Magazine**
- ✓ Included in the **FTSE4Good TIP Taiwan ESG Index** for eight consecutive years
- ✓ Awarded **Top 5%** companies for best corporate governance by **TWSE** for the ninth time

Honored with globally acclaimed awards for sustainability, IR and sustainable investment

- ✓ Won **5 top honors** from **Asian Excellence Awards** for **sustainable governance** and **IR practices**
- ✓ Won **gold prize** from **TWSIA Taiwan Sustainable Investment Awards** as the sole telco awardee

Q & A
