



中華電信
Chunghwa Telecom

3Q 2021 Operating Results

Nov. 1, 2021

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.

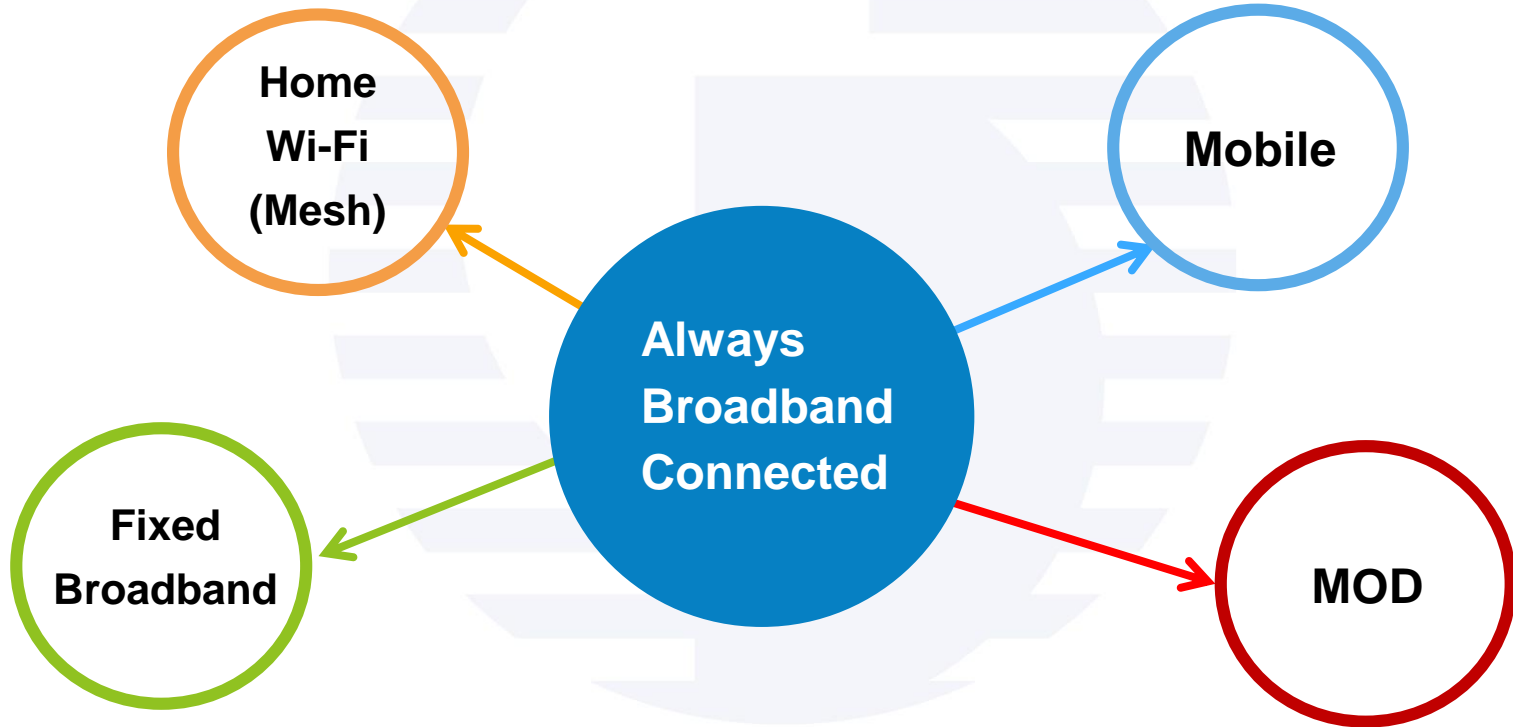


Business Overview

Business Overview

Home Wi-Fi Devices
YoY ▲ 337%

Increased adoption
of higher price plans

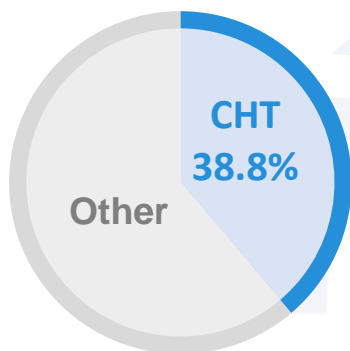


300Mbps ↑ Customers
YoY ▲ 48%

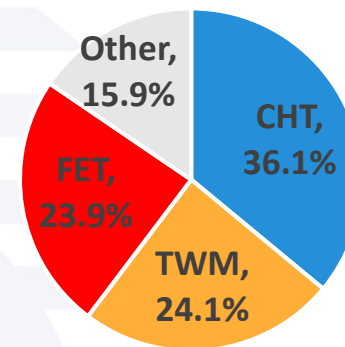
Continued growth of
ARPU and revenue

#1 Mobile Services Provider

#1 Mobile Revenue (a)(b)(c)

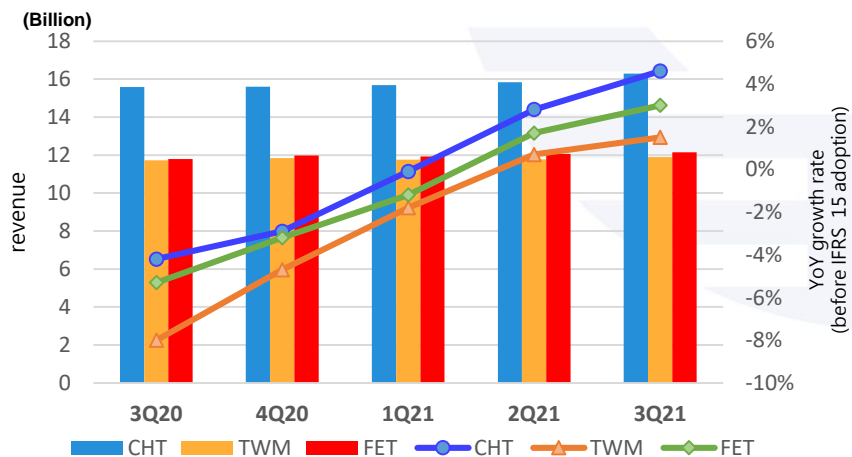


#1 Mobile Subscribers (c)



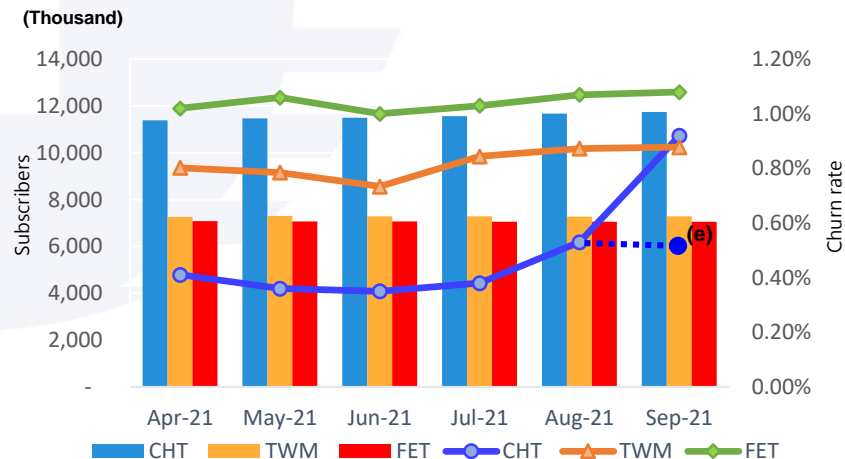
Source: Company data, MOTC and NCC statistics
 Note :
 a) Market share as of Aug. 2021
 b) Revenues are based on T-IFRSs
 c) Excluding IoT SIMs

Better Performance in Mobile Service Revenue



Note : For TWM and FET, mobile service revenue is derived from mobile ARPU under Residual Value Method times the average subscriber number.

Highest Subs & Lowest Churn(d)

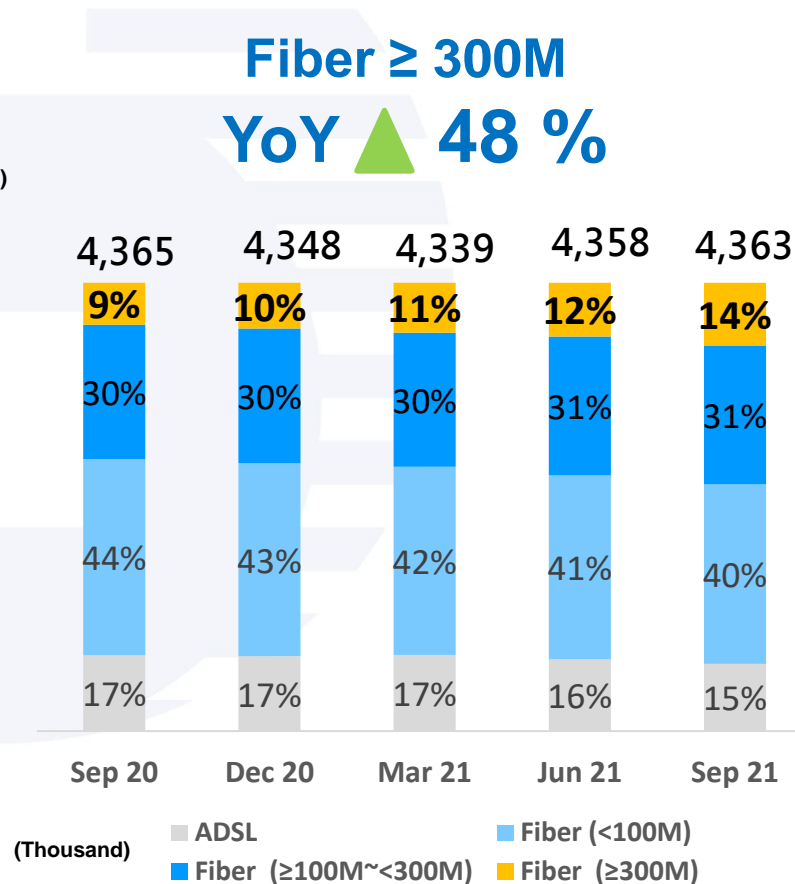
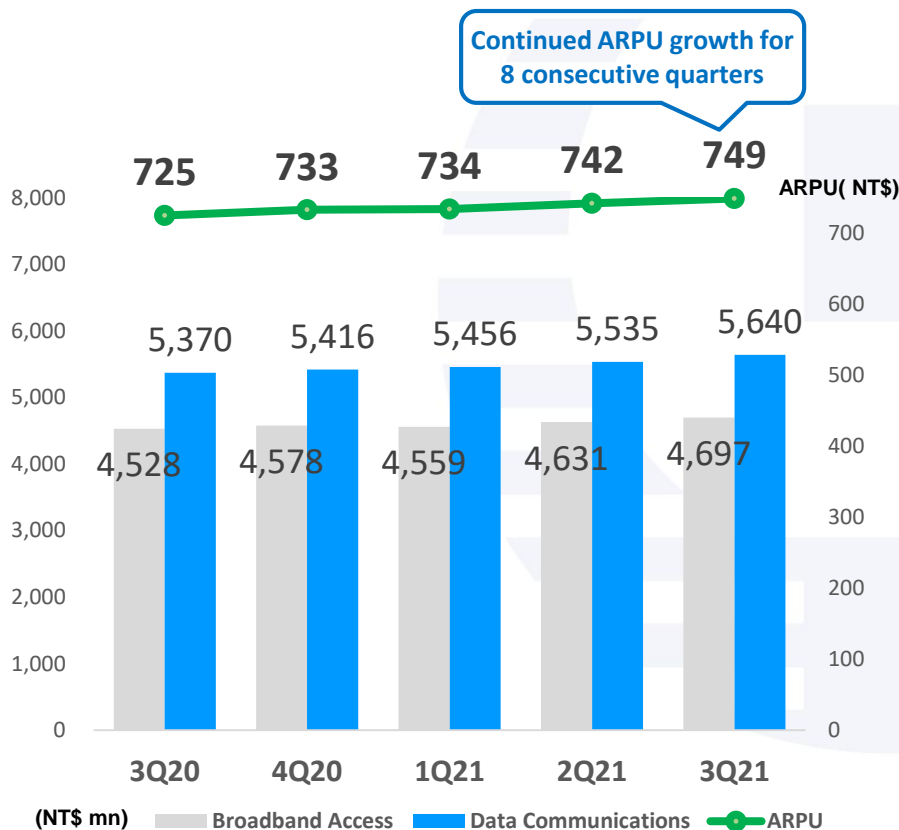


Note :
 d) Churn rate for postpaid subscribers
 e) Excluding the one-time round-trip adjustment of IoT SIMs

Fixed Broadband Service

Broadband Revenue

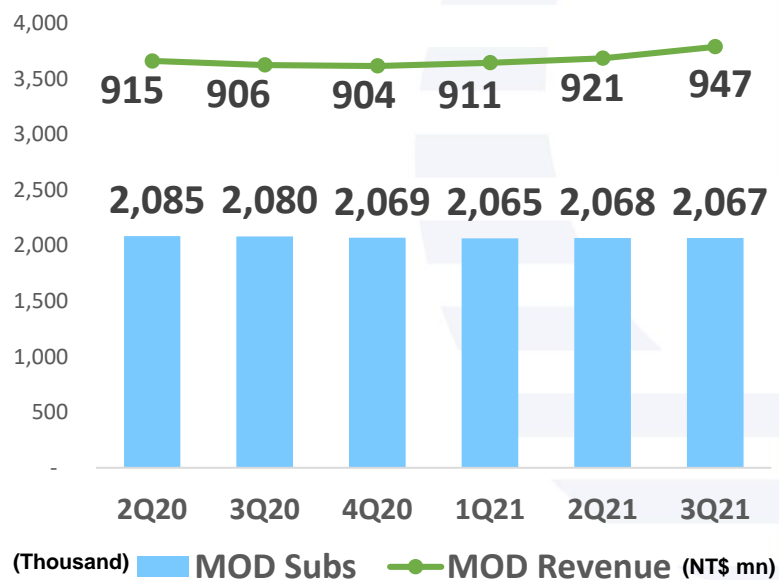
Fixed Broadband Subs



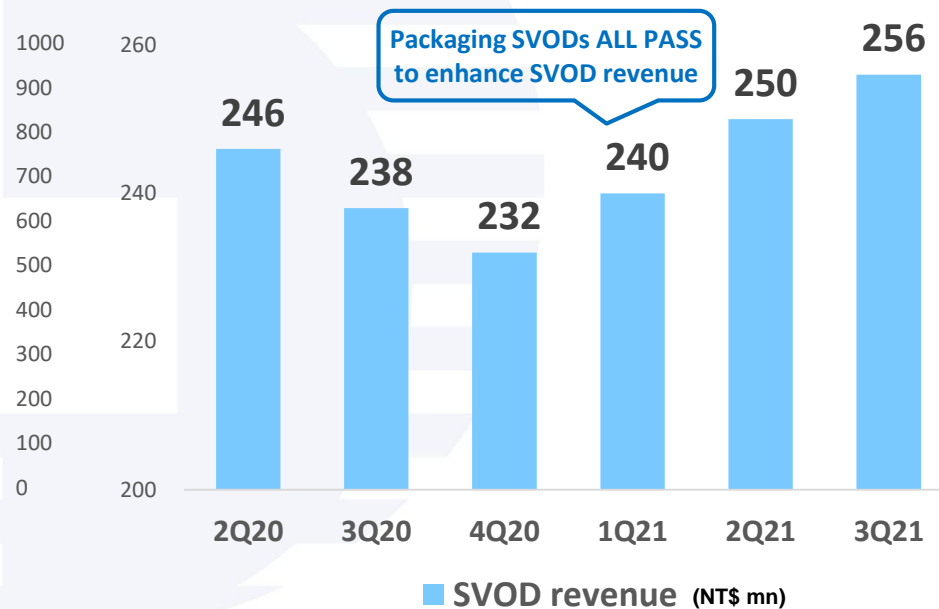
Note1 : Broadband ARPU is calculated as access plus ISP
 Note2 : Revenue is calculated based on T-IFRSs

MOD/ IPTV Service

MOD Revenue and Subs

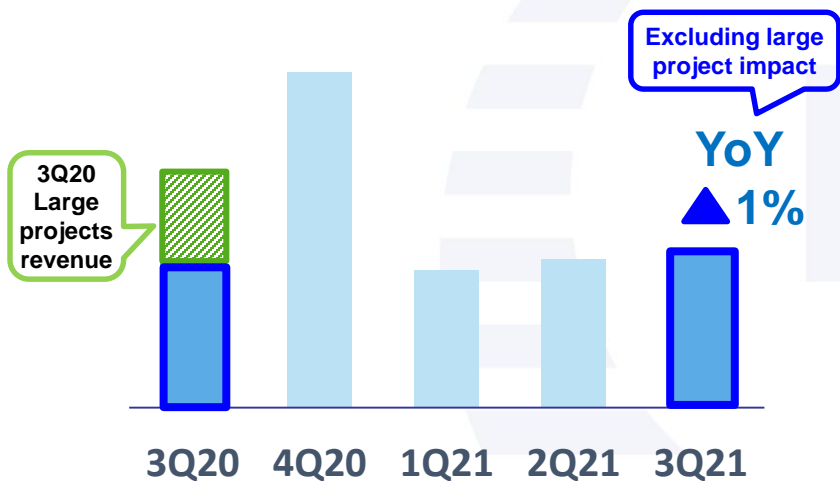


SVOD Revenue



ICT Business

ICT Business Revenue



Emerging Business Revenue



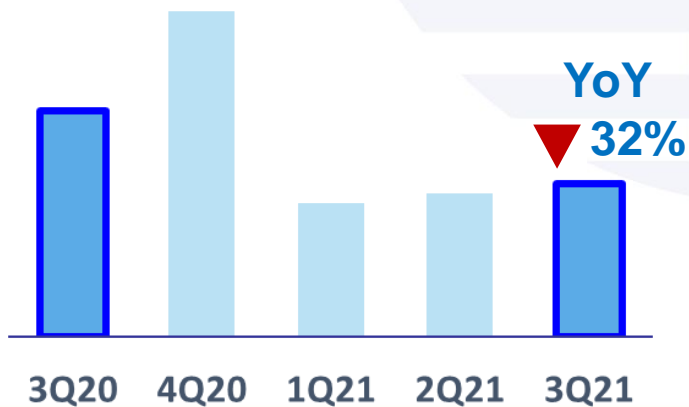
YoY ▲ 11%



YoY ▲ 0%



YoY ▼ 16%





Financials Overview

Financials: Income Statement Highlights

(NT\$bn)	Consolidated					
	Q3 2021	Q3 2020	Growth %	9M 2021	9M 2020	Growth %
Revenues	50.89	52.17	(2.5)	150.59	148.13	1.7
Operating Costs and Expenses	39.45	41.73	(5.5)	116.76	116.54	0.2
Income from Operations	11.44	10.72	6.7	33.83	31.86	6.2
Net Income²	9.40	8.34	12.8	27.15	25.19	7.8
EPS	1.21	1.07	12.8	3.50	3.25	7.8
EBITDA	21.06	20.09	4.8	62.48	58.81	6.2
EBITDA Margin (%)	41.40	38.51		41.49	39.70	

Note:

1. Financials are prepared in accordance with T-IFRSs. Figures for 2021 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.

Financials: Business Segment Revenues

(NT\$bn)	Q3 2021	Q3 2020	Growth %	9M 2021	9M 2020	Growth %
Domestic Fixed	15.66	18.85	(16.9)	46.66	49.23	(5.2)
Local	6.05	6.16	(1.7)	17.90	18.42	(2.8)
DLD	0.51	0.51	0.2	1.46	1.53	(4.4)
Broadband Access	4.70	4.53	3.7	13.89	13.56	2.4
MOD	0.95	0.91	4.8	2.78	2.73	1.7
ICT and Other Services	2.33	5.70	(59.0)	7.35	9.83	(25.2)
Mobile	22.84	21.63	5.6	68.05	65.27	4.3
Mobile Service Revenue	14.74	14.22	3.7	43.23	42.52	1.7
Sales of Mobile Handsets and Wearable Devices	7.76	6.97	11.2	23.89	21.81	9.5
ICT and Other Services	0.34	0.44	(21.4)	0.93	0.94	(1.5)
Internet	8.28	7.46	11.0	23.70	22.40	5.8
Data Communications	5.64	5.37	5.0	16.63	16.03	3.7
Application VAS	2.08	1.65	26.2	5.51	4.79	15.1
Services Provided to the government	0.55	0.44	26.8	1.56	1.58	(1.6)
International Fixed	2.11	2.14	(1.5)	6.45	6.56	(1.6)
ILD	0.54	0.57	(4.9)	1.65	1.92	(14.3)
Leased line	0.53	0.60	(12.7)	1.64	1.63	0.8
ICT and Other Services	0.20	0.18	14.9	0.68	0.65	4.8
Others	2.00	2.09	(4.4)	5.73	4.67	22.8
Total	50.89	52.17	(2.5)	150.59	148.13	1.7

- Note:
- Financials are prepared in accordance with T-IFRSs. Figures for 2021 are unaudited.
 - The calculation of growth rates is based on NT\$ mn.
 - Businesses shown under each segment are highlighted; therefore, sum of the highlighted revenues is not equal to the total.

Financials: Costs & Expenses

(NT\$bn)	Consolidated					
	Q3 2021	Q3 2020	Growth %	9M 2021	9M 2020	Growth %
Operating Costs	32.05	34.50	(7.1)	95.00	94.70	0.3
Operating Expenses	7.40	7.23	2.3	21.76	21.84	(0.4)
Marketing	5.24	5.10	2.7	15.25	15.45	(1.3)
General and Administrative	1.22	1.15	6.1	3.80	3.51	8.3
R&D Expense	0.94	0.98	(4.4)	2.71	2.88	(6.0)
Total	39.45	41.73	(5.5)	116.76	116.54	0.2

Note:

1. Financials are prepared in accordance with T-IFRSs. Figures for 2021 are unaudited.
2. The calculation of growth rates is based on NT\$ mn.

Financials: Cash Flow

(NT\$bn)	Consolidated					
	Q3 2021	Q3 2020	Growth %	9M 2021	9M 2020	Growth %
Net Cash Flow from Operating Activities	21.29	20.44	4.2	48.99	46.91	4.4
CapEx	8.03	4.73	69.9	23.03	14.03	64.2
Free Cash Flow	13.26	15.71	(15.6)	25.96	32.88	(21.1)
Cash and Cash Equivalents at the end of period	23.59	17.70	33.2	23.59	17.70	33.2

Note:

1. Financials are prepared in accordance with T-IFRSs. Figures for 2021 are unaudited.
2. The calculation of growth rates is based on NT\$ mn.
3. Free cash flow is calculated by subtracting CapEx from Net Cash Flows from Operating Activities.

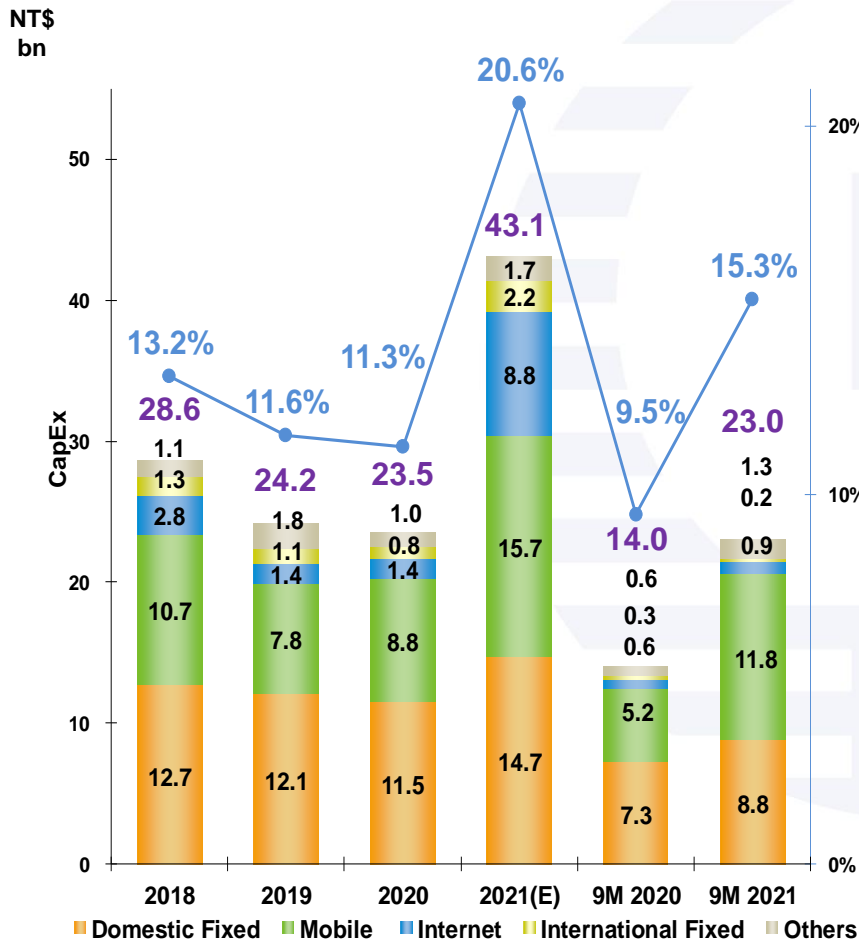
Operating Results vs. Forecast

(NT\$bn)	Consolidated					
	Q3 2021 (A)	Q3 2021 (E)	Achieving %	9M 2021 (A)	9M 2021 (E)	Achieving %
Revenues	50.89	50.40~50.49	100.8~101.0	150.59	150.19~150.39	100.1~100.3
Operating Costs and Expenses	39.44	39.97~40.03	98.5~98.7	116.76	119.48~119.61	97.6~97.7
Income from Operations	11.44	10.37~10.52	108.7~110.3	33.83	30.52~30.85	109.6~110.8
Net Income²	9.40	8.21~8.70	108.0~114.5	27.15	23.93~24.68	110.0~113.5
EPS	1.21	1.06~1.12	108.0~114.5	3.50	3.09~3.18	110.0~113.5
EBITDA	21.06	19.88~20.00	105.3~105.9	62.48	59.17~59.47	105.1~105.6
EBITDA Margin (%)	41.40	39.43~39.63		41.49	39.39~39.54	

- Note:
1. Financials are prepared in accordance with T-IFRSs. Figures for 2021 are unaudited.
 2. Net income attributable to owners of the parent.
 3. EBITDA = operating income + Depreciation & Amortization.

Effective and Efficient Capital Expenditure

Capital Expenditure



- Budgeted CapEx for 2021: NT\$43.1 bn
- Continue to focus on core businesses for future investments
 - 5G
 - FTTx
 - IDC/ Cloud
 - Submarine cable

Note: Actual capital expenditure are cash-based.

Awards and Recognition

- 🌀 Awarded by Frost & Sullivan with Best Practice Awards in multiple categories, including Taiwan Telecommunication Services Company of The Year, Taiwan Mobile Data Services Company of the Year and Taiwan Data Center Services Company of the Year
- 🌀 Won the National Brand YUSHAN Award in two categories
 - ✓ Top prize in Outstanding Enterprise Category- 3C ICT Services
 - ✓ Best Product Category – MOD services
- 🌀 Received three gold awards, one silver award and one bronze award in The Sustainability Action Awards of the 2021 Taiwan Corporate Sustainability Award.
 - ✓ Gold awards in Agriculture IoT, carbon management in supply chain sustainability and net-zero carbon dioxide emissions.
 - ✓ Silver award in ICT Application on Epidemic Prevention
 - ✓ Bronze award in technology talents cultivation



Q&A