



中華電信

Chunghwa Telecom

Jul 29, 2022

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# **2Q 2022 Operating Results**



# 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.



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# Business Overview

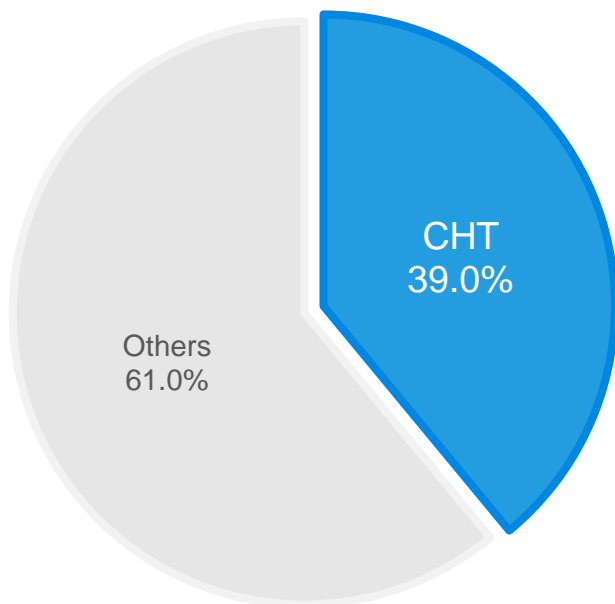
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# Business Overview

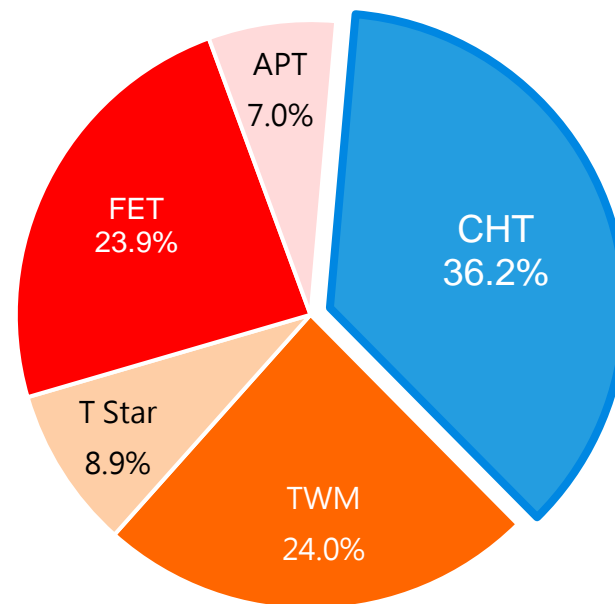
## Mobile Service



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



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



Source: Company data ,NCC statistics  
Rev : Apr. 2022 to May. 2022  
Sub : as of May. 2022  
Note :  
a) Revenues are based on T-IFRSs  
b) Excluding IoT SIMs

# Business Overview

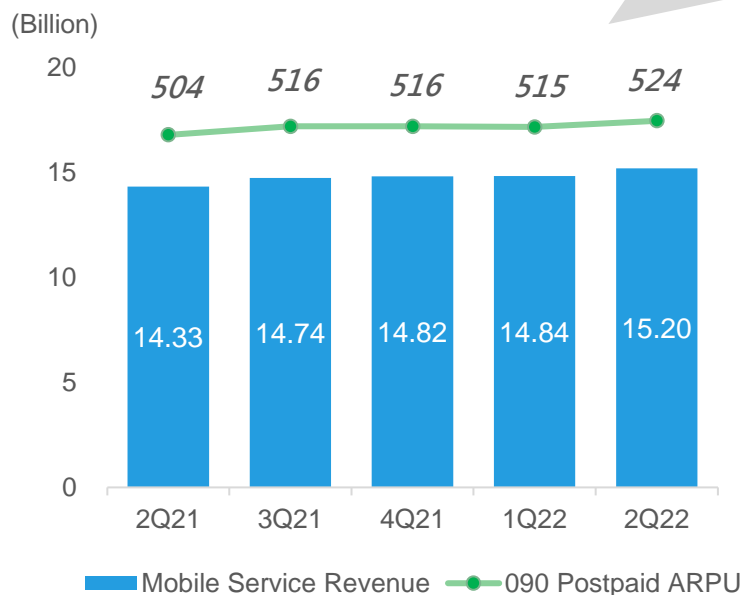
## Mobile Service

### Consecutive 090 Postpaid ARPU Growth for 5 Quarters



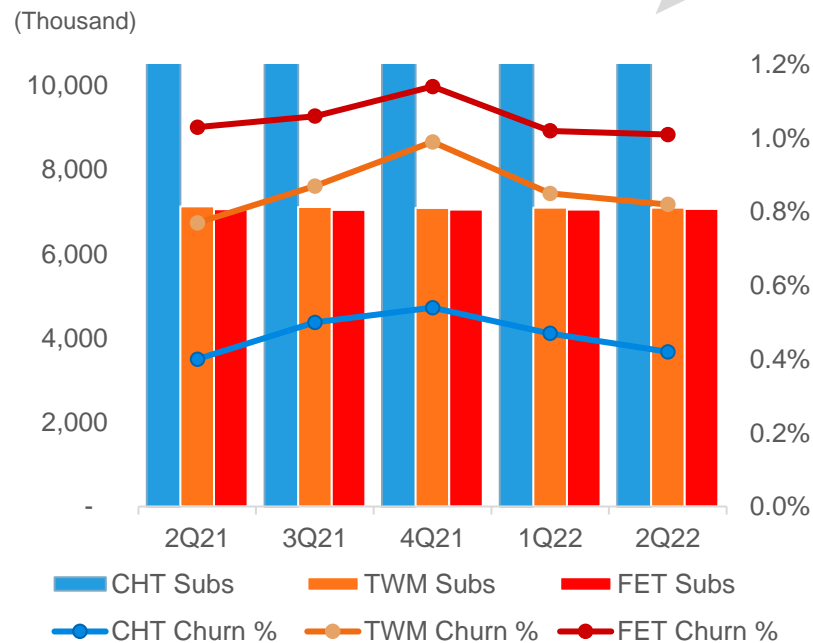
Monthly fee uplift  
▲ 37%

Mobile service revenue<sup>(a)</sup>  
YoY ▲ 6.1%  
090 Postpaid ARPU  
YoY ▲ 4.0%



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

090 Subs  
YoY ▲ 0.7%



Source : Company data as of Jun 2022, Others from NCC statistics, as of May, 2022

a) Consolidated Mobile Service Revenue (Including IoT)

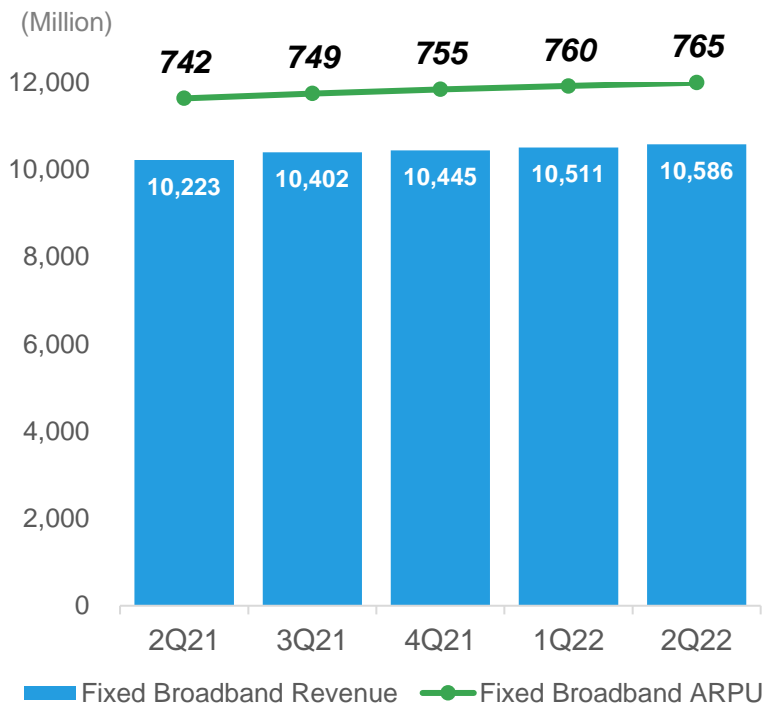
b) Churn rate for postpaid subscribers, Company data, average of April and May

# Business Overview

## Fixed Broadband Service

### Consecutive ARPU Growth for 11 Quarters

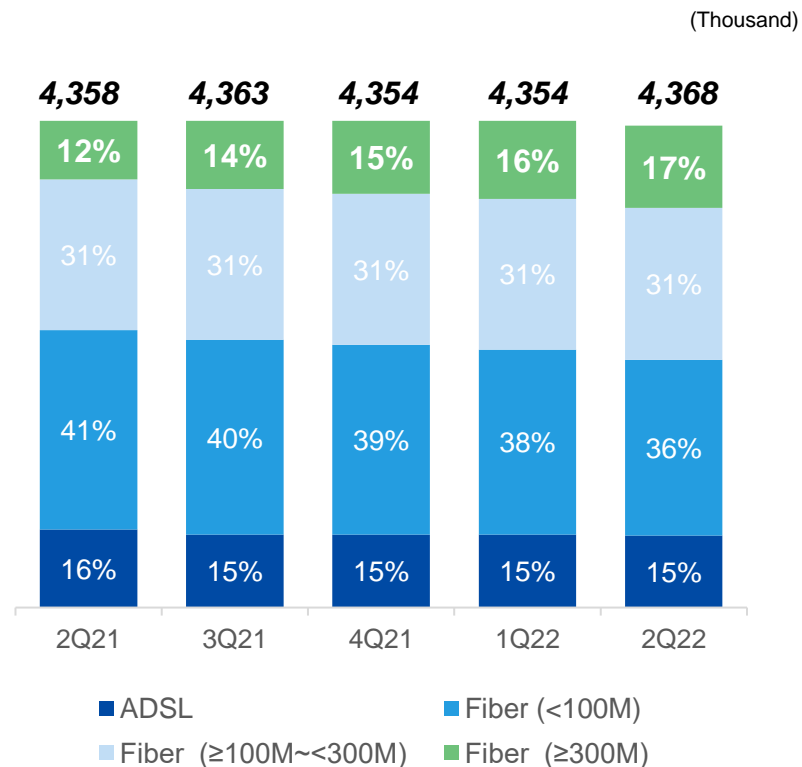
Fixed Broadband Revenue<sup>(a)</sup> YoY ▲ 3.6%  
Fixed Broadband ARPU YoY ▲ 3.1%



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

### Higher-Speed Adoption Growth

300M+ Subs YoY ▲ 36.5%





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# Segment Reporting

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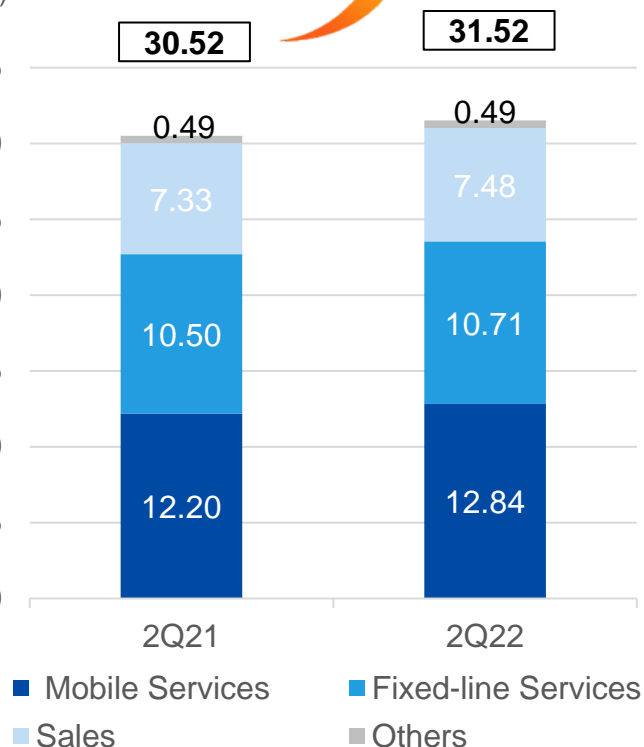
# Consumer Business Group (CBG)

## 2Q22 Financial Summary

### Revenue

**+3.3 % YoY**

(Billion)



Mobile service revenue of CBG +5.3% YoY due to continued growth of postpaid subs and 5G migration

Fixed communication service revenue of CBG +1.9% YoY driven by the growing higher-speed service adoption and IPTV Service

The well-received Taiwan's Professional Baseball League games and the Internet Celebrity shows further enhanced video service popularity

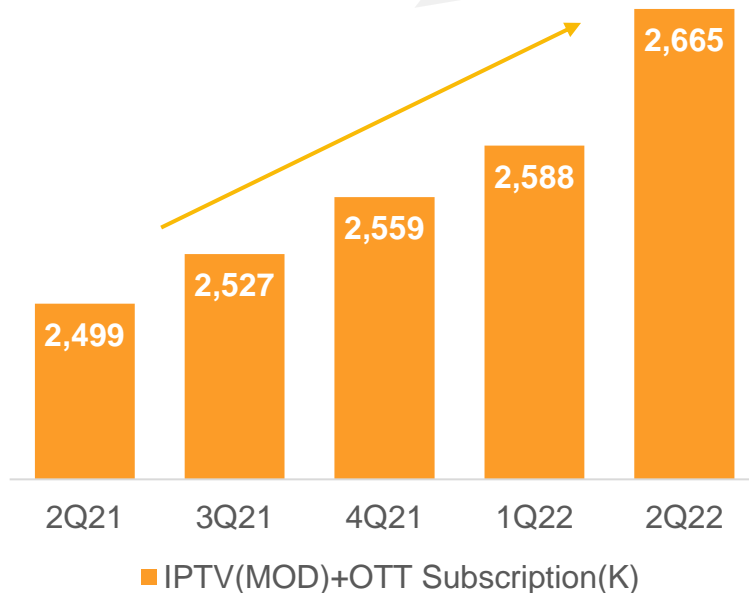


# Consumer Business Group (CBG)

## 2Q22 Highlights

### IPTV/MOD + OTT Business Performance

Largest video platform with steady subscription growth reaching 2.7mn subscribers to date



Our Fixed-Broadband + Mobile + Wi-Fi altogether promotion program rolled out in January +13.2% QoQ



Home Wi-Fi device subscription +101.4% YoY to sustain home-centric applications

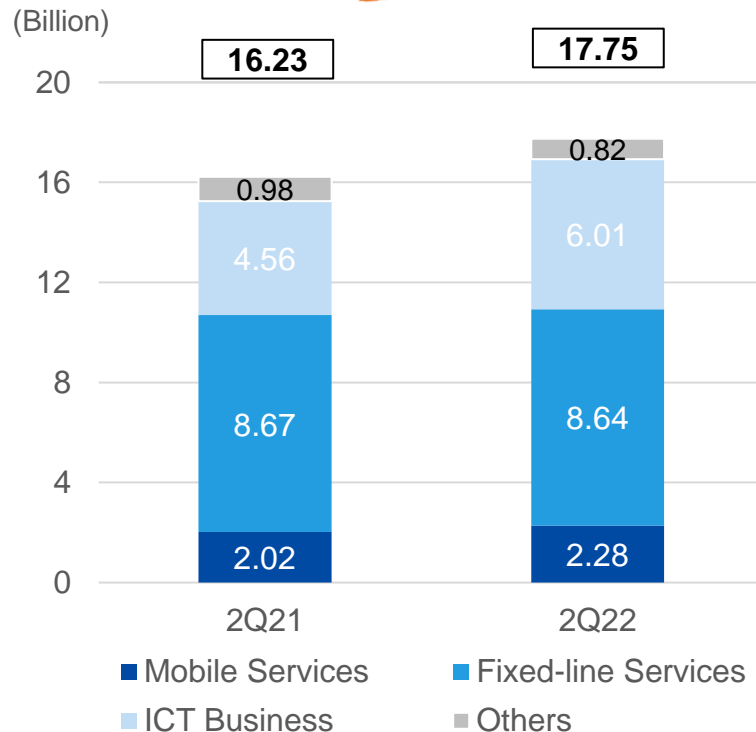


Popular sport events in every quarter to drive up video business

# Enterprise Business Group (EBG) 2Q22 Financial Summary

## Revenue

**+9.4% YoY**



EBG revenue +9.4% YoY mainly due to strong ICT business growth, with revenue +31.7% YoY



EBG mobile service revenue +13% YoY owing to 5G migration, increasing demand of text messages under COVID-19



Digital transformation demand continued to drive up data communication revenue and broadband access revenue

### Emerging Enterprise Application Performance



AIoT

YoY ↑ 69.9%



IDC

YoY ↑ 23.9%



Cloud Service

YoY ↑ 25.1%



Team up with equipment giants to roll out the first satellite backhaul based **portable 5G private network** supporting mobile communication under both NSA and SA architecture in Taiwan



Cyber Security

YoY ↑ 29.4%



5G private network

YoY ↑ 190.9%



Big Data

YoY ↑ 124.8%

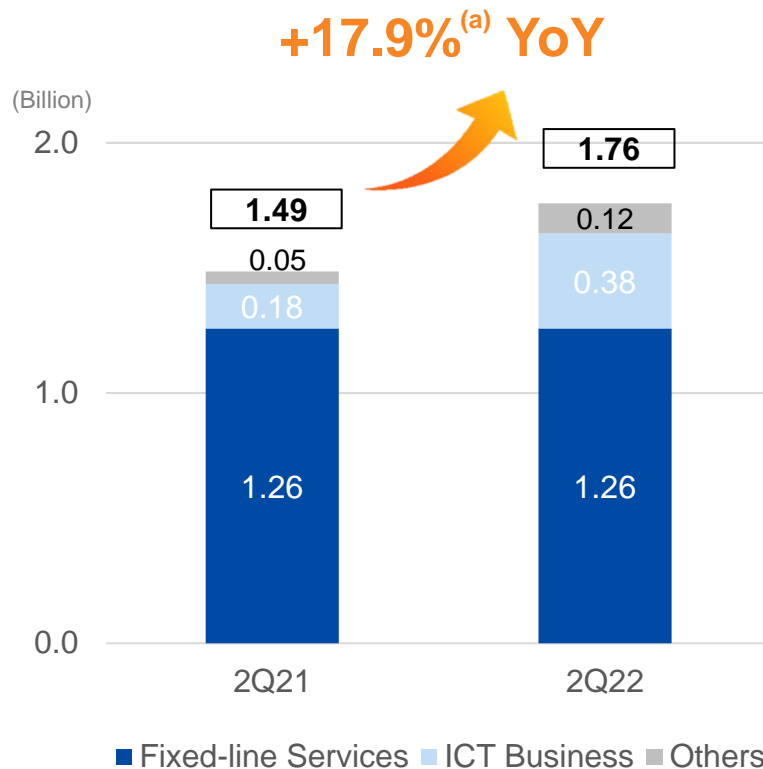


Combine 5G AIoT sensing devices, AR technology, domestic 5G O-RAN equipment and 5G private network to offer **5G AIoT smart healthcare services** in Kaohsiung.

# International Business Group (IBG)

## 2Q22 Financial Summary

### Revenue



-  IBG revenue +17.9% YoY mainly due to growing demand of IDC, cloud and ICT services from global clients
-  Expand overseas bases to serve Taiwanese companies in the US, Japan, and Southeast Asia with professional ICT capabilities
-  Singed an MOU with Thonburi Hospital in Thailand to develop smart hospital solutions

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



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# Financial Overview

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# Income Statement Highlights

(NT\$bn)	Q2 2022	Q2 2021	Growth %	H1 2022	H1 2021	Growth %
<b>Revenues</b>	52.44	49.60	5.7	103.73	99.70	4.0
<b>Operating Costs and Expenses</b>	40.41	38.32	5.4	80.04	77.32	3.5
<b>Income from Operations</b>	12.03	11.28	6.6	23.69	22.38	5.8
<b>Net Income<sup>2</sup></b>	9.68	8.95	8.1	18.74	17.75	5.5
<b>EPS</b>	1.25	1.15	8.1	2.42	2.29	5.5
<b>EBITDA<sup>3</sup></b>	21.97	20.83	5.5	43.31	41.41	4.6
<b>EBITDA Margin (%)</b>	41.90	41.99		41.76	41.53	

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)	2022.06.30	2021.12.31	Growth %	2021.06.30	Growth %
<b>Total Assets</b>	526.66	513.07	2.7	517.76	1.7
Cash and Cash Equivalents	54.28	39.78	36.5	32.14	68.9
<b>Total Liabilities</b>	152.59	121.81	25.3	145.10	5.2
Dividend Payable	35.75	-	100.0	26.97	13.0
Bonds Payable	30.48	26.98	13.0	33.40	7.0
<b>Total Equity</b>	374.07	391.26	(4.4)	372.66	0.4
<b>Debt Ratio (%)</b> <sup>3</sup>	28.97	23.74	22.0	28.02	3.4
<b>Net Debt / EBITDA (x)</b> <sup>4</sup>	-0.26x	-0.13x	100.0	-0.04x	550.0

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

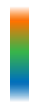


(NT\$bn)	H1 2022	H1 2021	Growth %
<b>Cash Flows from Operating Activities</b>	27.43	27.69	(0.9)
<b>Capital Expenditures<sup>2</sup></b>	11.78	15.00	(21.4)
<i>Mobile<sup>2</sup></i>	4.98	7.81	(36.2)
<i>Non-Mobile<sup>2</sup></i>	6.80	7.19	(5.4)
<b>Free Cash Flow<sup>3</sup></b>	15.65	12.69	23.2

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)	Q2 2022 (A)	Q2 2022 (E)	Achieving %	H1 2022 (A)	H1 2022 (E)	Achieving %
<b>Revenues</b>	52.44	50.49~50.78	103.3~103.9	103.73	102.04~102.60	101.1~101.7
<b>Operating Costs and Expenses</b>	40.41	39.47~39.57	102.1~102.4	80.04	80.18~80.37	99.6~99.8
<b>Income from Operations</b>	12.03	11.02~11.21	107.3~109.2	23.69	21.86~22.22	106.6~108.4
<b>Net Income<sup>2</sup></b>	9.68	8.55~8.73	110.8~113.2	18.74	16.91~17.25	108.6~110.8
<b>EPS</b>	1.25	1.10~1.13	110.8~113.2	2.42	2.18~2.23	108.6~110.8
<b>EBITDA<sup>3</sup></b>	21.97	20.80~20.99	104.7~105.6	43.31	41.37~41.73	103.8~104.7
<b>EBITDA Margin (%)</b>	41.90	41.19~41.34		41.76	40.54~40.68	

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.

## The first and only company among Taiwan operators to adopt Internal Carbon Fees

- ✓ Introduce **Internal Carbon Pricing (ICP)** in the form of **Internal Carbon Fee (ICF)** by **NTD 1,600/ton** in order to achieve GHG reduction targets
- ✓ Currently apply ICF to **Scope 2** emission and extend to **Scope 1** emission in January 2023
- ✓ Leverage **ICF Fund** to ESG practices, such as purchasing **renewable energy** and replace with energy saving and carbon reduction equipment
- ✓ **Audited carbon emission** of 2021 **-7% YoY** compared with that of 2020

## Invest in the **ESG Venture Capital** initiated by Top Taiwan Venture Capital

- ✓ Enhance both the company's ESG strategy and financing efficiency
- ✓ Strategic investors consists of Taiwan well-known ICT companies such as Inventec Appliances Corp., ELAN microelectronics Corp, SINBON Electronics and etc., with invested target of **clean energy, digital transformation** and **energy storage**

## Multiple recognitions on ESG performance

- ✓ Awarded by **TWSE** as **One of the TOP 5% companies in Taiwan** performing best corporate governance and corporate sustainability in 2021
- ✓ The first and only Taiwan telco on the **TWSE RAFI® Taiwan High Compensation 100 Index** for compensation and employee benefits
- ✓ Receive double champions in **CSR & ESG Awards** from **Global Views Monthly** for best Overall ESG Performance in Telecom Industry and Outstanding Project in Senior Service

# Q & A

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