



中華電信

Chunghwa Telecom

3Q 2022 Operating Results

Morgan Stanley 21st Annual Asia Pacific Summit

November 16-18, 2022

Singapore



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

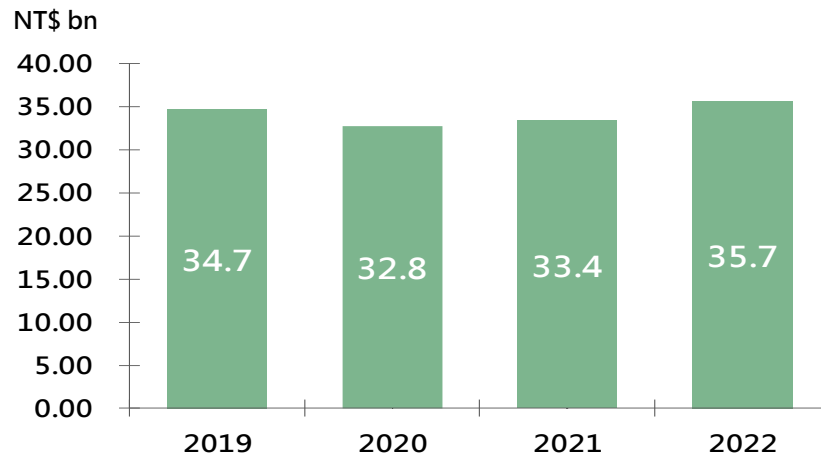
A body of generally accepted accounting principles is commonly referred to as “GAAP”. A non-GAAP financial measure is generally defined by the SEC as one that purports to measure historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not 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.

Committed to Improving Shareholder Value

Cash Return



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

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

Note:

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



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Business Overview

Business Overview

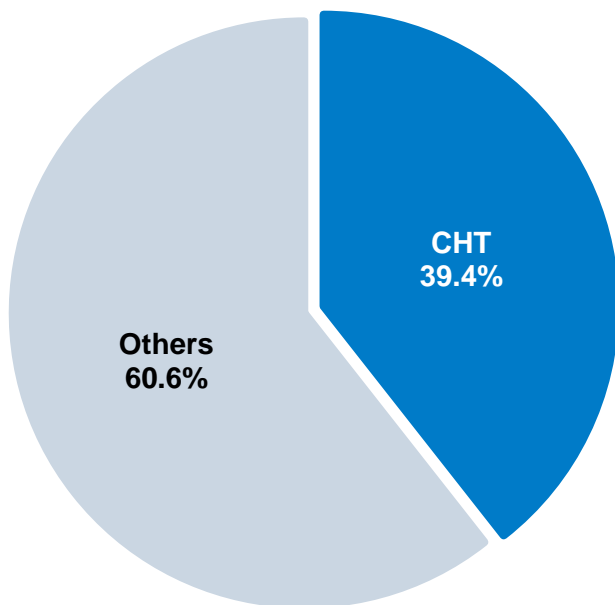
Mobile Service



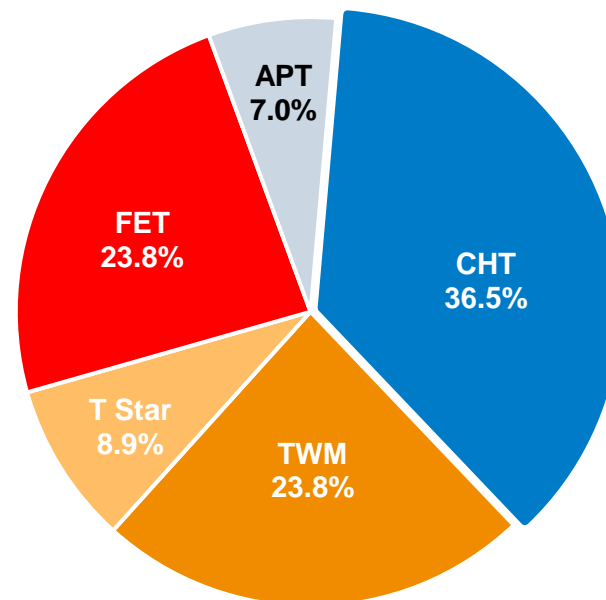
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#1 Mobile Revenue Market Share ^{(a)(b)}



#1 Mobile Subs Market Share ^(b)



Source: Company data ,NCC statistics

Rev : Jul. 2022 to Sep. 2022

Sub : as of Sep. 2022

Note :

a) Revenues are based on T-IFRSs

b) Excluding IoT SIMs

Business Overview

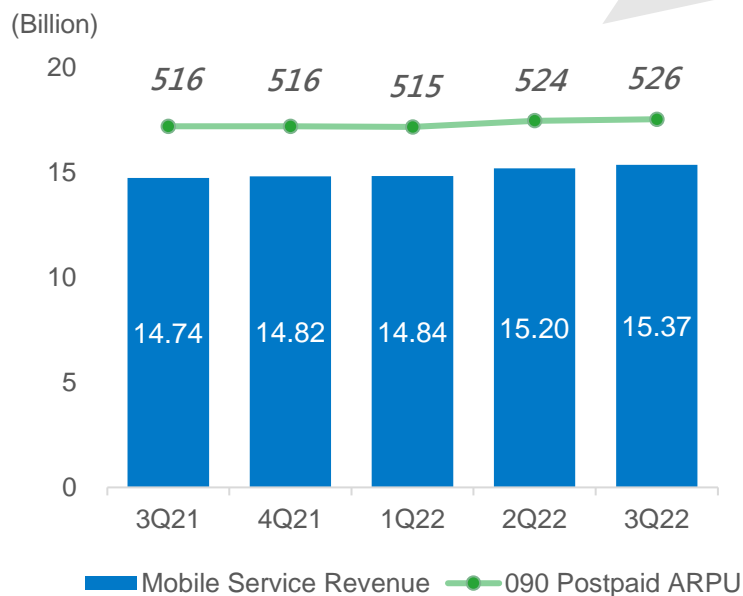
Mobile Service

090 Postpaid ARPU YoY Growth for 6 Consecutive Quarters



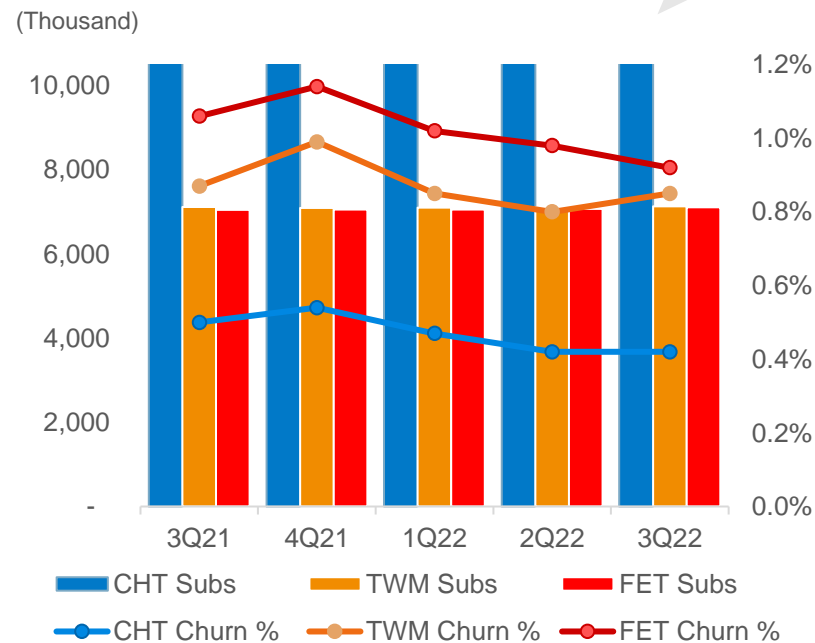
Monthly fee uplift
▲ 32%

Mobile service revenue^(a)
YoY ▲ 4.2%
090 Postpaid ARPU
YoY ▲ 1.8%



Highest 090 Subs & Lowest Churn Rate^(b)

090 Subs
YoY ▲ 2.6%



Source : Company data as of Sep 2022, Others from NCC statistics, as of Sep. 2022

a) Consolidated Mobile Service Revenue (Including IoT)

b) Churn rate for postpaid subscribers, Company data, average of Jul. to Sep.



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Segment Reporting

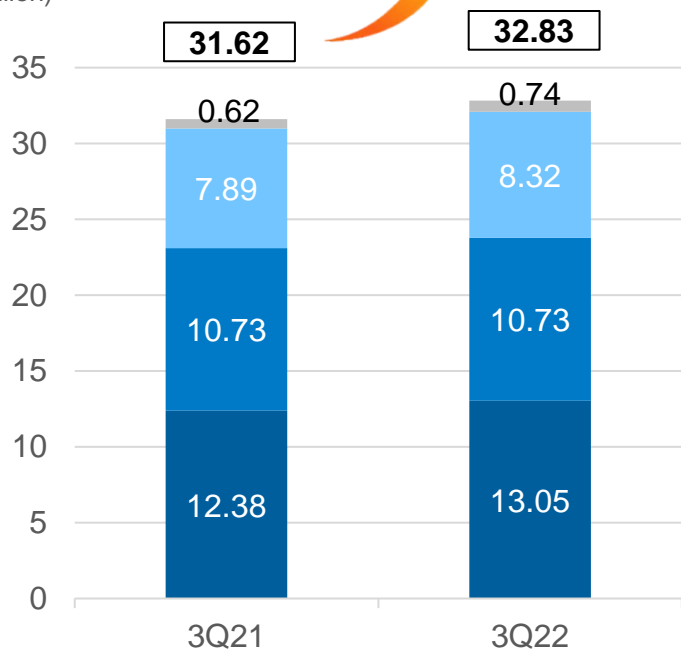
Consumer Business Group (CBG)

3Q22 Financial Summary

Revenue

+3.8 % YoY

(Billion)



■ Mobile Services

■ Fixed-line Services

■ Sales

■ Others



Mobile service revenue of CBG +5.4% YoY due to continued growth of postpaid subs and 5G migration



Higher speed service adoption contribute to fixed-line service revenue of CBG



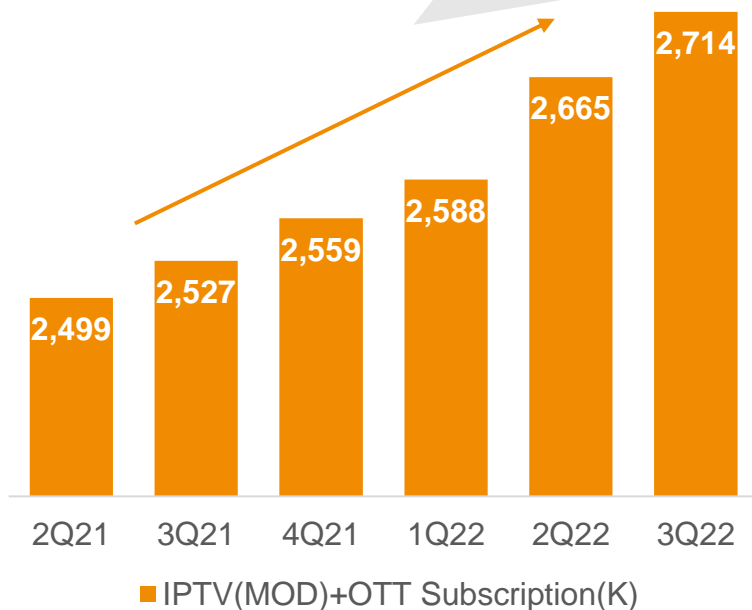
Sales revenue of CBG increased 5.4% thanks to iPhone 14 launch

Consumer Business Group (CBG)

3Q22 Highlights

IPTV/MOD + OTT Business Performance

Largest video platform with steady subscription growth exceeding 2.7mn subscribers



Fixed-Broadband + Mobile + Wi-Fi Service +33.8% QoQ



Home Wi-Fi device subscription +75.3% YoY to sustain home-centric applications

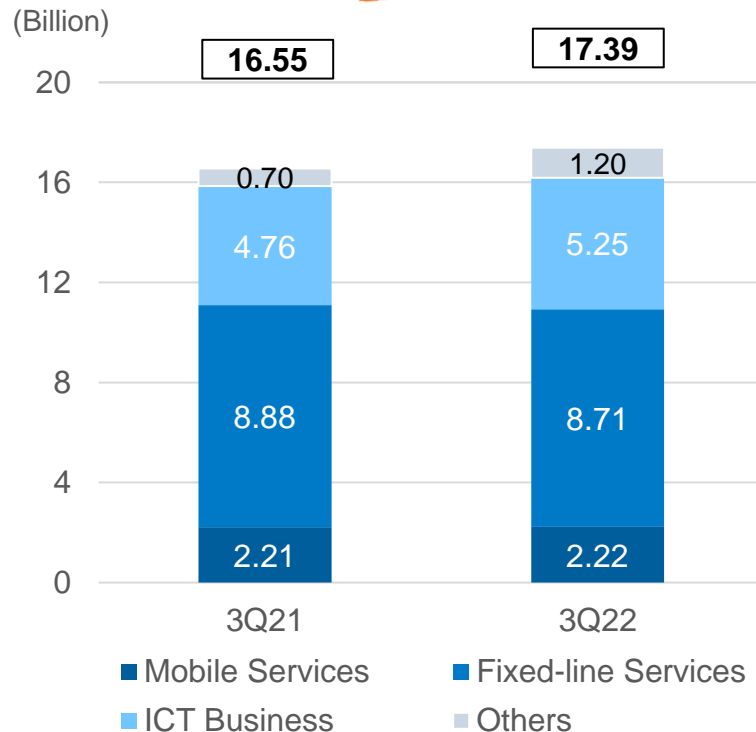


Exclusive broadcasting of 64 matches for the FIFA World Cup via AR technology to boost MOD/OTT sign-ups

Enterprise Business Group (EBG) 3Q22 Financial Summary

Revenue

+5.1% YoY

EBG revenue +5.1% YoY mainly driven by strong ICT business growth and the increase of 5G migration



Major growth engines in emerging enterprise business continue to demonstrate YoY growth rate above 20%



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

Emerging Enterprise Application Performance



5G Private Network
YoY >100%




Big Data
YoY ↑73.3%



Cyber Security
YoY ↑28.4%



Cloud Service
YoY ↑26.4%



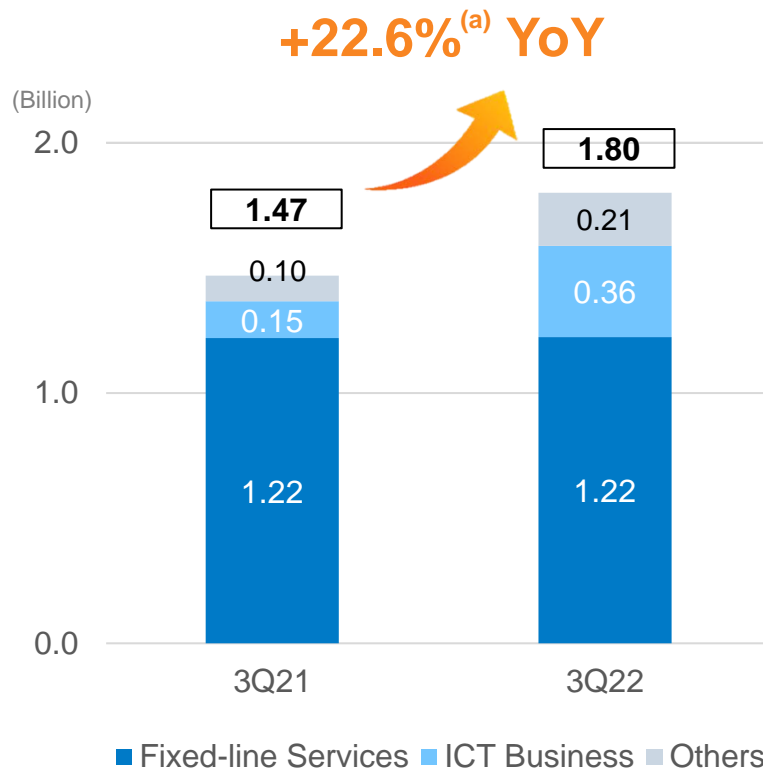
IDC
YoY ↑26.0%


- Build the first 5G standalone private network used in national cultural centers to provide multi-angle live broadcasting and AR tour experience via AR smart glasses
- Leverage cybersecurity technologies such as blockchain and digital signatures to build a trustworthy shared platform
- Establish a big data platform to develop AI applications for tax auditing and intelligent customer service
- Provide IDC facilities and well-equipped technical capabilities to attract multiple international public cloud service providers and OTT streaming service providers
- Assist domestic manufacturers in adopting cloud services to improve productivity and competitiveness through our reliable cloud migration technology


International Business Group (IBG)


3Q22 Financial Summary

Revenue



- 

IBG revenue +22.6% YoY mainly due to growing demand of IDC, cloud and ICT services from global clients
- 

Data communication revenue and leased line revenue +23.2% YoY mainly due to sustained fixed-line revenue growth, despite the decline of voice revenue
- 

Announced to operate the 5G private network in Thailand to realize smart manufacturing services

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 2021	Growth %	9M 2022	9M 2021	Growth %
Revenues	53.51	50.89	5.2	157.24	150.59	4.4
Operating Costs and Expenses	41.30	39.44	4.7	121.34	116.76	3.9
Income from Operations	12.21	11.44	6.7	35.90	33.83	6.1
Net Income²	9.33	9.37	-0.4	28.05	27.12	3.4
EPS	1.20	1.21	-0.4	3.62	3.50	3.4
EBITDA³	22.13	21.06	5.0	65.44	62.48	4.7
EBITDA Margin (%)	41.35%	41.40%		41.62%	41.49%	

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)	2022.09.30	2021.12.31	Growth %	2021.09.30	Growth %
Total Assets	503.57	513.07	-1.9	495.88	1.6
Cash and Cash Equivalents	32.88	39.78	-17.4	23.58	39.5
Property, Plant, and Equipment	286.27	289.10	-1.0	284.62	0.6
Total Liabilities	119.53	121.81	-1.9	114.06	4.8
Accounts Payable	13.64	18.46	-26.1	14.18	-3.8
Bonds Payable	30.48	26.98	13.0	26.98	13.0
Total Equity	384.04	391.26	-1.8	381.83	0.6
Debt Ratio (%) ³	23.74	23.74	0	23.00	3.2
Net Debt / EBITDA (x) ⁴	0	0	-	0.06x	-

Note:

- Financials are prepared in accordance with T-IFRSs. Figures for 2022 are unaudited.
- The calculation of growth rates is based on NT\$m.
- Debt includes short-term and long-term liabilities. The debt ratio is defined as the ratio of total debt to total assets.
- 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.

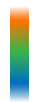
Consolidated Cash Flow Summary



(NT\$bn)	9M 2022	9M 2021	Growth %
Cash Flows from Operating Activities	47.23	47.98	-1.6%
Capital Expenditures²	20.22	23.03	-12.2%
<i>Mobile²</i>	9.57	11.85	-19.2%
<i>Non-Mobile²</i>	10.65	11.18	-4.8%
Free Cash Flow³	27.01	24.95	8.3%

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)	Q3 2022 (A)	Q3 2022 (E)	Achieving %	9M 2022 (A)	9M 2022 (E)	Achieving %
Revenues	53.51	52.22~52.54	101.8~102.5	157.24	154.26~155.14	101.4~101.9
Operating Costs and Expenses	41.30	40.80~40.89	101.0~101.2	121.34	120.97~121.27	100.1~100.3
Income from Operations	12.21	11.62~12.12	100.7~105.1	35.90	33.47~34.34	104.5~107.2
Net Income²	9.33	8.85~9.34	100.0~105.4	28.05	25.76~26.59	105.5~108.9
EPS	1.20	1.14~1.20	100.0~105.4	3.62	3.32~3.43	105.5~108.9
EBITDA³	22.18	20.80~20.99	105.7~106.7	65.44	62.72~63.58	102.9~104.3
EBITDA Margin (%)	41.45	41.19~41.34		41.62	40.66~40.98	

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.

ESG Achievements

Chunghwa announced to participate in the global **RE100 initiative**, committing to transition to **100% renewable power by 2040**

- ✓ Initiated the largest corporate power purchase agreement in Taiwan this year, which will provide **tens of thousands MWh** of green energy to the Company, and ensure that its **IDCs** use **100% renewable electricity** in **2030**

Chunghwa initiated a **Tree Planting Project** to contribute to **carbon neutrality**

- ✓ Working with notable badminton player, Tai Tzu-Ying, and aiming to plant **15,000 trees** in the next 3 years

Recognized by **Frost & Sullivan** as **Best Telecommunication Services Company in Taiwan**

- ✓ Awarded in two categories from the well-known **Frost & Sullivan Best Practice Awards**
 - Taiwan Telecommunication Services Company of The Year
 - Taiwan 5G Services Customer Value Leadership Award

Multiple awards for **sustainable development**

- ✓ Received the top prize in **Digital Transformation Awards** from **Harvard Business Review** for best comprehensive digital transformation in the service industry
- ✓ **Received three gold awards, two silver award and two bronze awards** at the **2022 Taiwan Sustainability Action Awards** in multiple categories including 5G telemedicine, green energy management, cloud services, water saving, and digital transformation promotion.

Q & A
