



中華電信  
Chunghwa Telecom

# 2Q 2023 Operating Results

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October 13, 2023

Taiwan Cooperative Securities Virtual Conference



# 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.



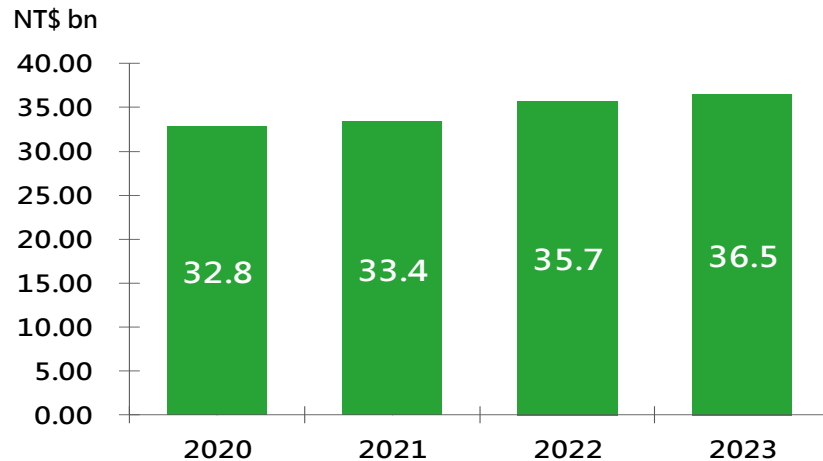
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# Business Overview

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# Committed to Improving Shareholder Value

## Cash Return



2023 AGM resolved to distribute NT\$36.5 billion to shareholders

- NT\$4.702 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.

# Mission, Value Statements, and Vision



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## Mission

Leverage our **four assets**, referring to customers and partners, tech platforms, infrastructures and talents, to forge **digital enabler ecosystems**, **empowering** individuals, families, governments, enterprise customers, global clients and strategic partners to **create innovation and value** for customers, strategic partners, shareholders and employees

## Shared Value

- **Integrity**
- **Trust from Customers**
- **Innovation and Value Creation**
- **Commitments and Accountability**

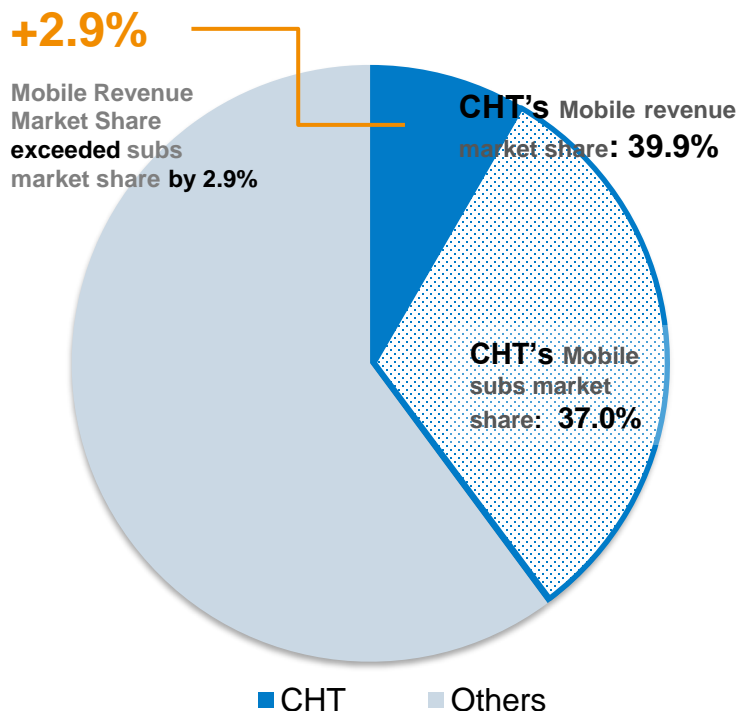
## Vision

- Become an **international benchmark enterprise** recognized for **sustainable development**
- Become a **leading brand** for **digital ecosystem enablers**
- Become a **top technology conglomerate** far exceeding a **trillion** Taiwan dollar **market value**

# Business Overview

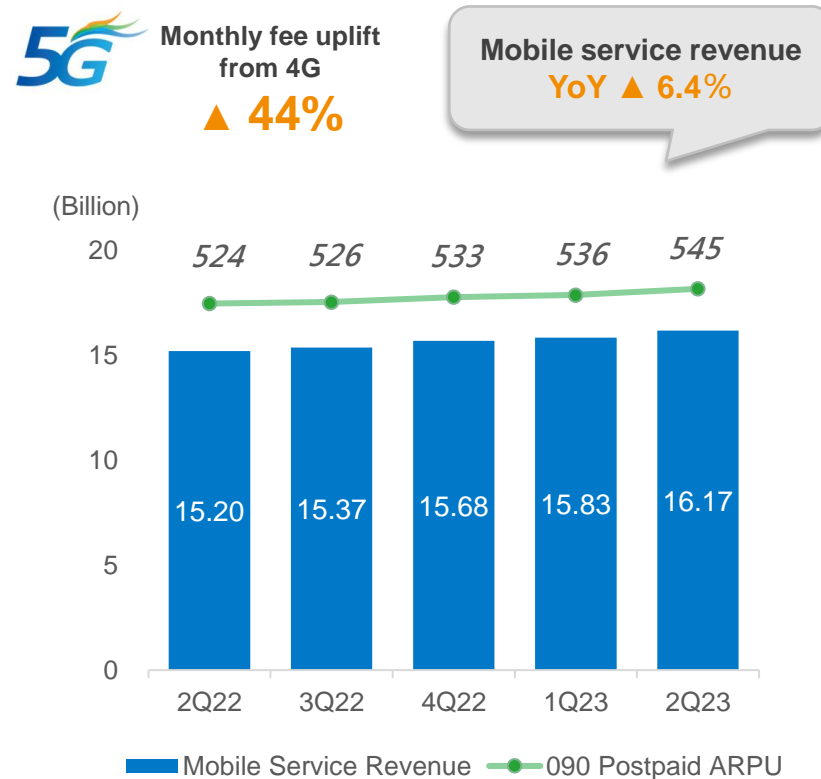
## Mobile Service

### Mobile Revenue & Subs Market Share



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

### 090 Postpaid ARPU ↑ 4% YoY 9 Consecutive Quarters of Growth



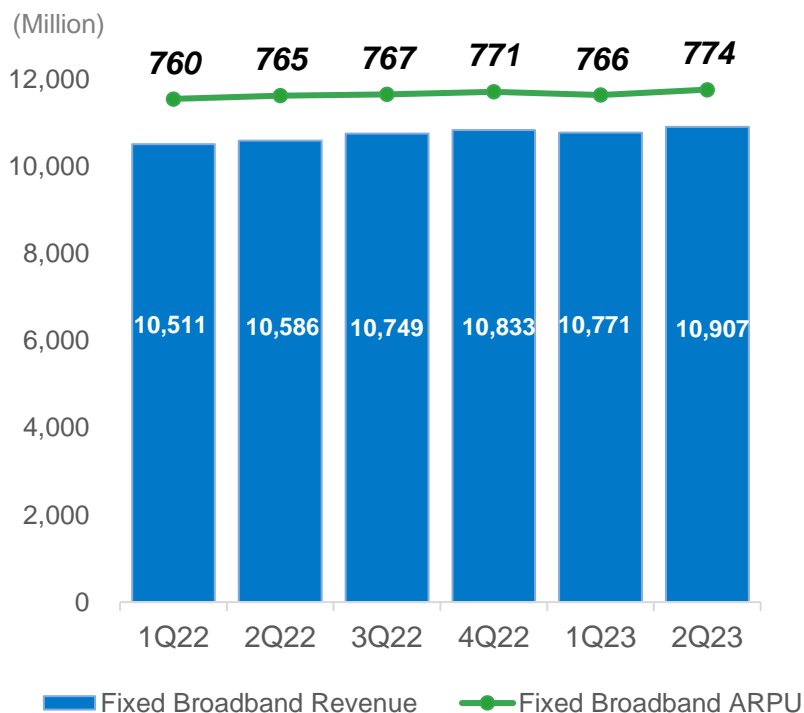
Source : Company data as of Jun. 2023  
Note: Consolidated Mobile Service Revenue (Including IoT)

# Business Overview

## Fixed Broadband Service

### ARPU YoY Growth for 15 Consecutive Quarters

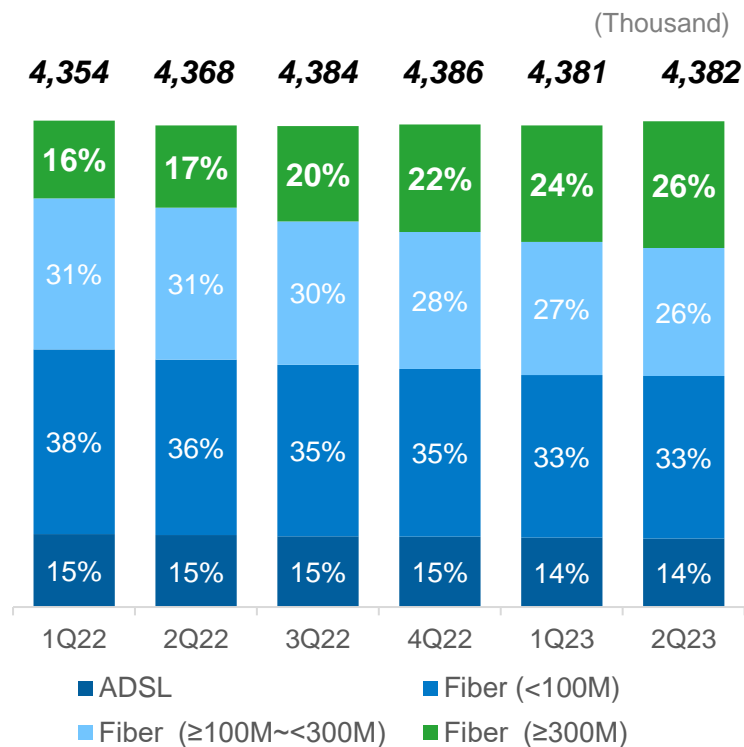
Fixed Broadband Revenue<sup>(a)</sup> YoY ▲ 3%  
Fixed Broadband ARPU YoY ▲ 1.1%



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

### Higher-Speed Adoption Growth

300M+ Subs YoY ▲ 54.3%





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# Segment Reporting

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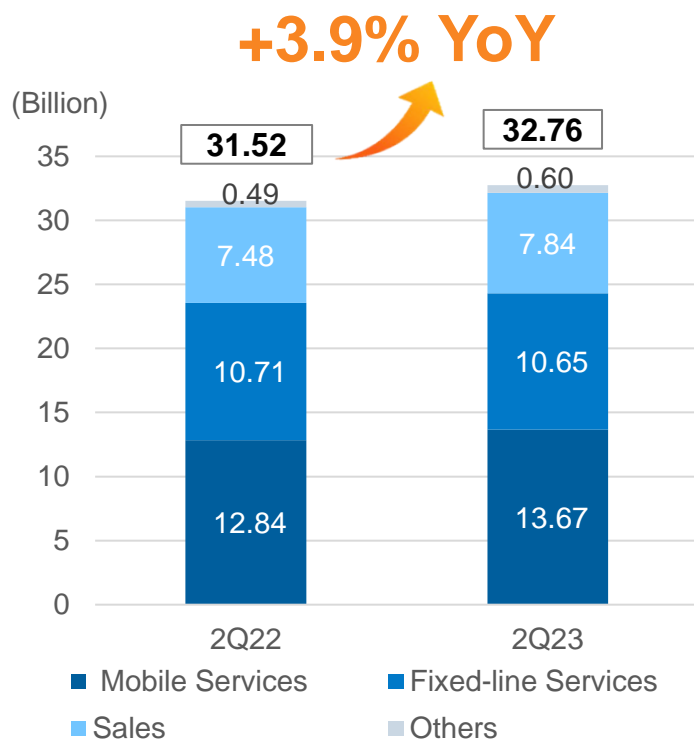


# Consumer Business Group (CBG)

## 2Q23 Financial Summary

Income before tax grew NT\$0.74 billion, or **↑10.4% YoY**

### Revenue



Mobile service revenue of CBG +6.4% YoY due to continued growth of 5G migration, postpaid subs and roaming recovering from COVID19

Fixed broadband revenue of CBG +2.9% YoY due to the successful upsell along with speed upgrades and strong growth of home Wi-Fi services

Sales revenue of CBG increased by 4.8% YoY due to supply chain issues abated

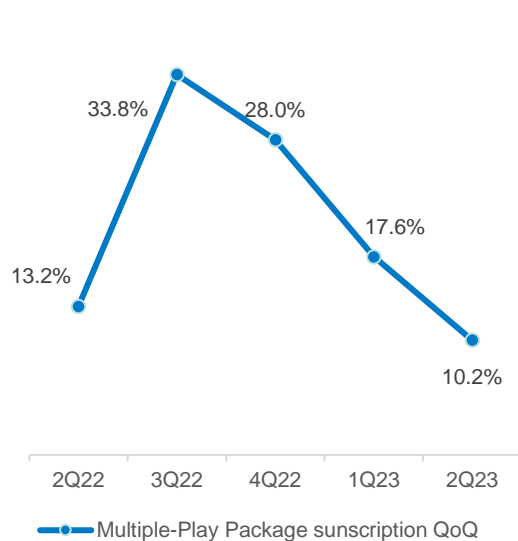
# Consumer Business Group (CBG)

## 2Q23 Highlights



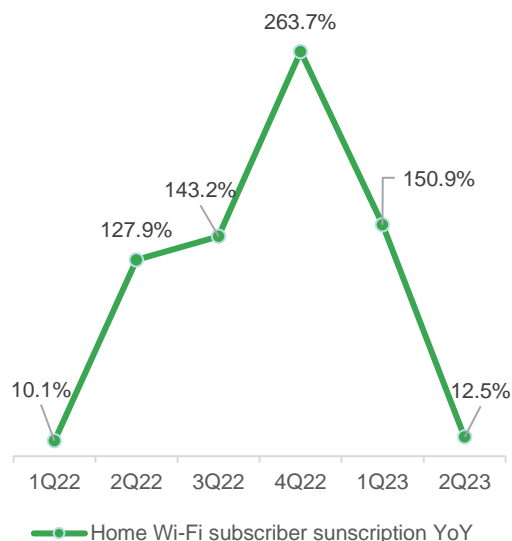
### Multiple-Play Package Performance

Fixed-Broadband + Mobile + Wi-Fi Service package subscription **+10.2 % QoQ**



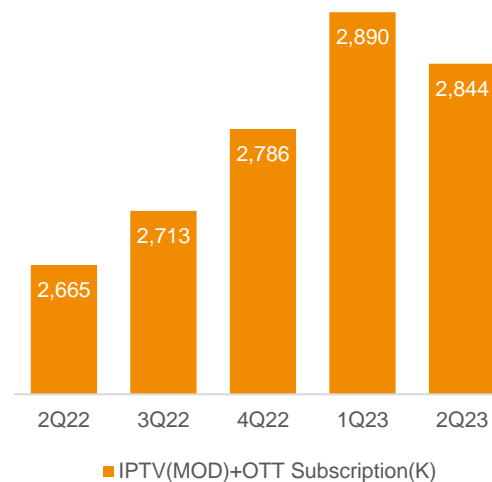
### Home Wi-Fi Subscriptions

Home Wi-Fi subscriptions **+ 12.5 % YoY**



### IPTV/MOD + OTT Business Performance

Largest video platform in Taiwan with subscribers **+6.7% YoY**



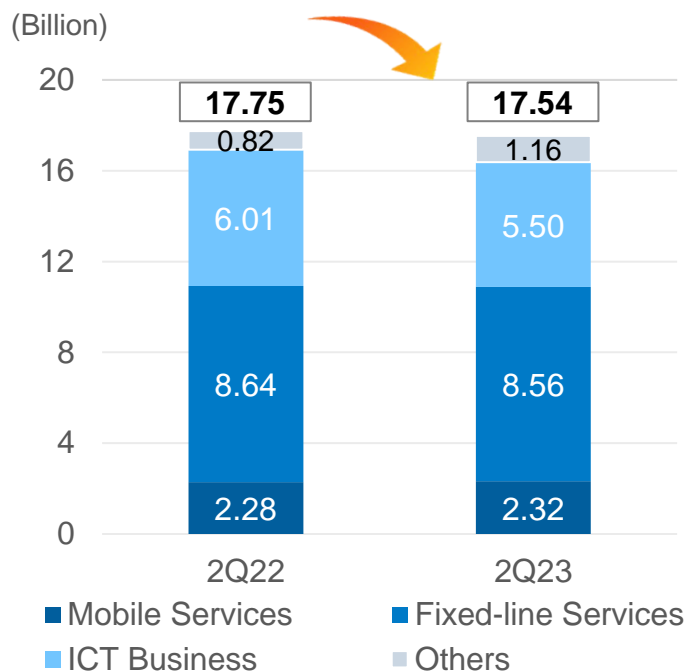
# Enterprise Business Group (EBG)

## 2Q23 Financial Summary

Income before tax decreased NT\$0.47 billion, or **↓11.9% YoY**

### Revenue

**-1.2% YoY**



EBG revenue -1.2% YoY owing to higher base of AIoT related ICT revenue recognized in 2Q22 while other emerging ICT business continues to demonstrate strong growth

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

Data communication and broadband access revenue continued to increase attributable to the sustained new sign-ups and speed upgrades to 300 Mbps and above

# Enterprise Business Group (EBG)

## 2Q23 Highlights



### Emerging Enterprise Application

Revenue **↓ 2.2% YoY**

- Contact value of 5G Private Networks has huge potential to largely exceed our full year target



5G private network

YoY **↑ 4 times**



Big Data

YoY **↑ 67.1%**



Cyber Security

YoY **↑ 16.7%**



IDC

YoY **↑ 13.7%**



Cloud Service

YoY **↑ 6.2%**



AIoT

YoY **↓ 36.3%**  
(YoY **↑ 10.5%**  
excluding one-time  
recognition)



Acquired a new smart port projects in Southern Taiwan and further extend our support in tourism with outperforming 5G private networks, drones, and AR platforms capability



SecuTex, our anti-hacker product developed by our subsidiary, CHT Security Co., was honored with the COMPUTEX Best Choice Award, as a remarkable achievement, for its transition from a cybersecurity service provider to a company which owns cybersecurity products

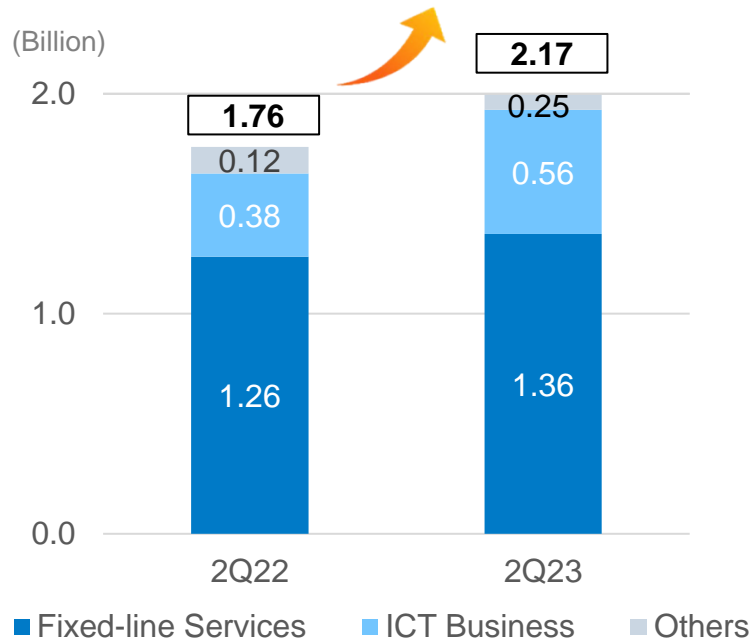
# International Business Group (IBG)

## 2Q23 Financial Summary

Income before tax decreased NT\$0.04 billion, or **↓ 6.6% YoY**

### Revenue

**+23.2%<sup>(a)</sup> YoY**



IBG revenue +23.2% YoY mainly driven by ICT and fixed-line service revenue

Global clients increased their demand for IPLC, international roaming, IDC and cloud services

Signed MOU with PEA of Thailand for the cooperation of smart city 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 2023	Growth %	H1 2022	H1 2023	Growth %
<b>Revenues</b>	52.44	53.46	2.0	103.73	107.67	3.8
<b>Operating Costs and Expenses</b>	40.41	41.20	2.0	80.04	83.24	4.0
<b>Income from Operations</b>	12.03	12.26	2.0	23.69	24.43	3.2
<b>Net Income<sup>2</sup></b>	9.66	9.93	2.9	18.72	19.58	4.6
<b>EPS</b>	1.24	1.28	2.9	2.41	2.52	4.6
<b>EBITDA<sup>3</sup></b>	21.97	22.19	1.0	43.31	44.25	2.2
<b>EBITDA Margin (%)</b>	41.90%	41.51%		41.76%	41.09%	

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 = operating income + depreciation & amortization.
4. The calculation of growth rates is based on NT\$m.

# Balance Sheet Highlights



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(NT\$bn)	2022.06.30	2022.12.31	Growth % (vs 2022.12.31)	2023.06.30	Growth % (vs 2022.06.30)
<b>Total Assets</b>	526.61	523.20	1.3	533.31	1.9
<i>Current Assets</i>	109.82	101.90	15.2	117.35	6.9
<i>Property, plant and equipment</i>	285.07	291.53	-1.0	288.50	1.2
<b>Total Liabilities</b>	152.53	129.42	21.0	156.55	2.6
<i>Dividends payable</i>	35.75	-	-	36.48	2.0
<i>Accounts Payable</i>	11.00	16.43	-33.5	10.92	-0.7
<b>Total Equity</b>	374.08	393.78	-4.3	376.76	0.7
<b>Debt Ratio (%)<sup>3</sup></b>	28.96	24.74	18.7	29.35	1.4
<b>Net Debt / EBITDA (x)<sup>4</sup></b>	0	0	-	0	-

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)	H1 2022	H1 2023	Growth %
<b>Cash Flows from Operating Activities</b>	27.41	28.47	3.9%
<b>Capital Expenditures<sup>2</sup></b>	11.78	11.77	-0.1%
<i>Mobile<sup>2</sup></i>	4.99	3.01	-39.5%
<i>Non-Mobile<sup>2</sup></i>	6.79	8.76	28.9%
<b>Free Cash Flow<sup>3</sup></b>	15.63	16.70	6.9%

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)	Q2 2023 (A)	Q2 2023 (E)	Achieving %	H1 2023 (A)	H1 2023 (E)	Achieving %
<b>Revenues</b>	53.46	52.95~53.24	<b>100.4~101.0</b>	107.67	105.17~105.85	<b>101.7~102.4</b>
<b>Operating Costs and Expenses</b>	41.20	41.80~41.97	<b>98.2~98.6</b>	83.24	83.28~83.61	<b>99.6~100.0</b>
<b>Income from Operations</b>	12.26	11.15~11.26	<b>108.9~110.0</b>	24.43	21.88~22.23	<b>109.9~111.7</b>
<b>Net Income<sup>2</sup></b>	9.93	8.79~8.99	<b>110.5~113.0</b>	19.58	17.12~17.56	<b>111.5~114.3</b>
<b>EPS</b>	1.28	1.13~1.16	<b>110.5~113.0</b>	2.52	2.21~2.26	<b>111.5~114.3</b>
<b>EBITDA<sup>3</sup></b>	22.19	21.22~21.33	<b>104.1~104.6</b>	44.25	41.87~42.21	<b>104.8~105.7</b>
<b>EBITDA Margin (%)</b>	41.51	40.07~40.07		41.09	39.81~39.88	

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 = operating income + Depreciation & Amortization.

# Awards and ESG Recognitions

Inducted to join **RE100**, a global renewable energy initiative, and passed the validation of the **Science Based Targets initiative (SBTi)** for GHG reduction

- ✓ Commit to **use 100% renewable electricity by 2040**, demonstrating the leadership in the energy transition
- ✓ Set a target to **reduce scope 1 and 2 GHG emissions by 50% by 2030** from a 2020 base year

Actively participate in global initiatives for targeting **biodiversity advocacy**

- ✓ Committed to achieving **“Net Positive Impact (NPI)”** on biodiversity and **“No Net Deforestation (NND)”** by 2030.
- ✓ Conducted risk analysis of dependency and impact on natural resources **for more than 11,000 operating sites** in Taiwan.

Received Upgraded **“AA” MSCI ESG Rating**

- ✓ **Privacy and Data Security** score was ranked in the **top quartile** among industry peers.

# Q & A

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