



中華電信  
Chunghwa Telecom

# 4Q 2023 Operating Results

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JPMorgan Taiwan CEO-CFO Conference  
February 19, 2024  
Taipei



# 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 Chungghwa’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 Chungghwa’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 Chungghwa as of the date of this presentation and Chungghwa 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.

## Strong 2023 results beat all financial guidance metrics

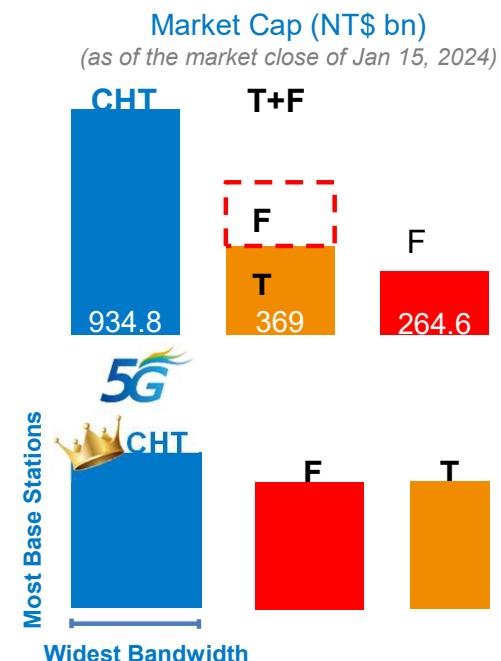
- ✓ **Revenue** and **profit** related performance all exceeded the **high-end of full-year guidance**
- ✓ **Revenue** and **EPS** hit **six-year high** with **four consecutive** years of **YoY growth**

## Commands the largest telco position in Taiwan:

- ✓ Represents **60%** of the industry's **market cap**
- ✓ Leads **40+% revenue share** of Taiwan's mobile market
- ✓ **Most mobile subscribers** with **5G subscriber number over 3 million**

## Continues to widen our lead:

- ✓ **Postpaid subscribers** continued its **growth momentum** throughout 2023
- ✓ **Highest mobile service revenue** in 2023
- ✓ **Fastest speeds for immediate use**
- ✓ **Most extensive** infrastructure
- ✓ **Largest network capacity**



## Further replicate and extend international success to Europe

- ✓ Establish a **new subsidiary in Europe** in response to **secured demand** and growing business opportunities



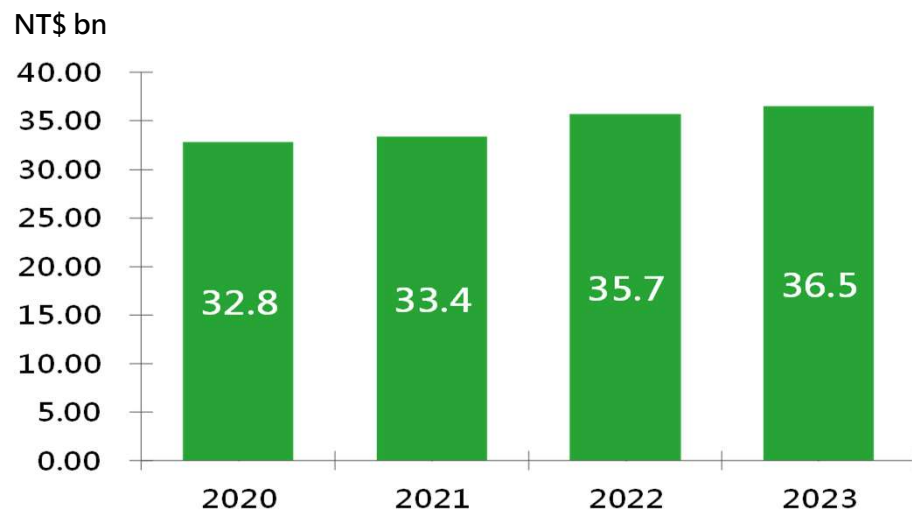
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# Business Overview

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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%

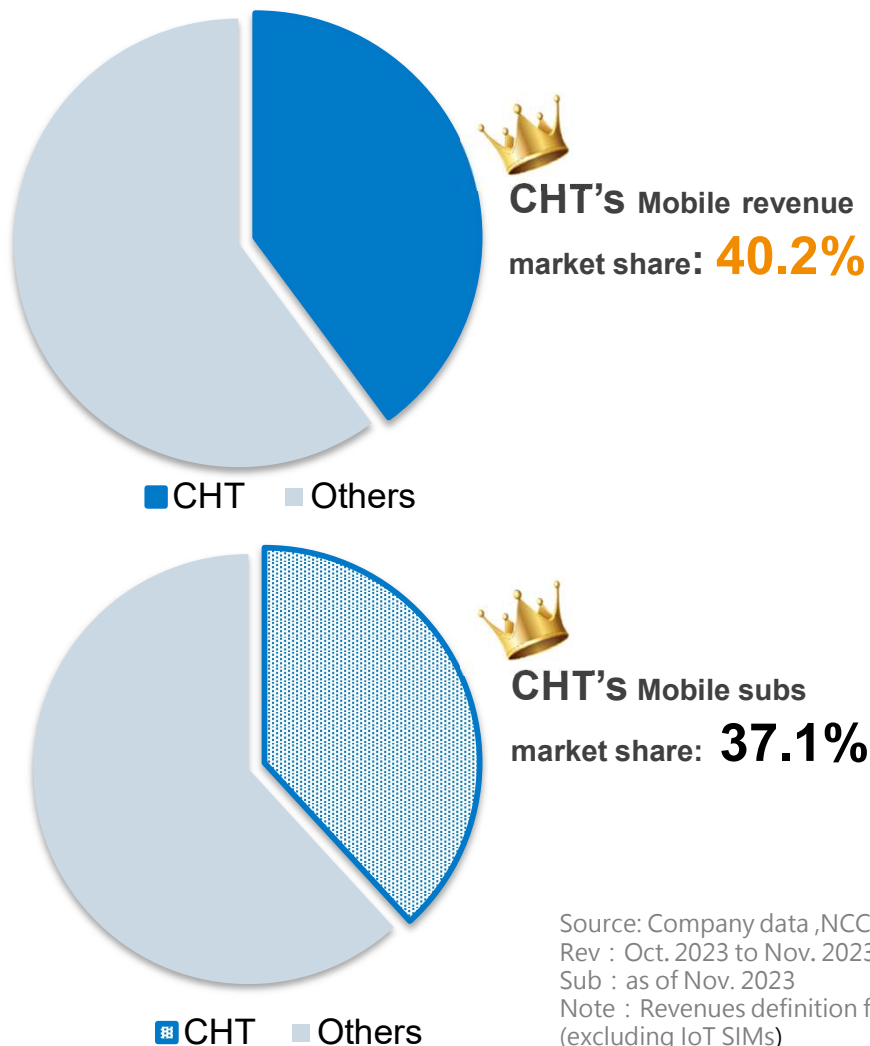
Note:

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

# Business Overview

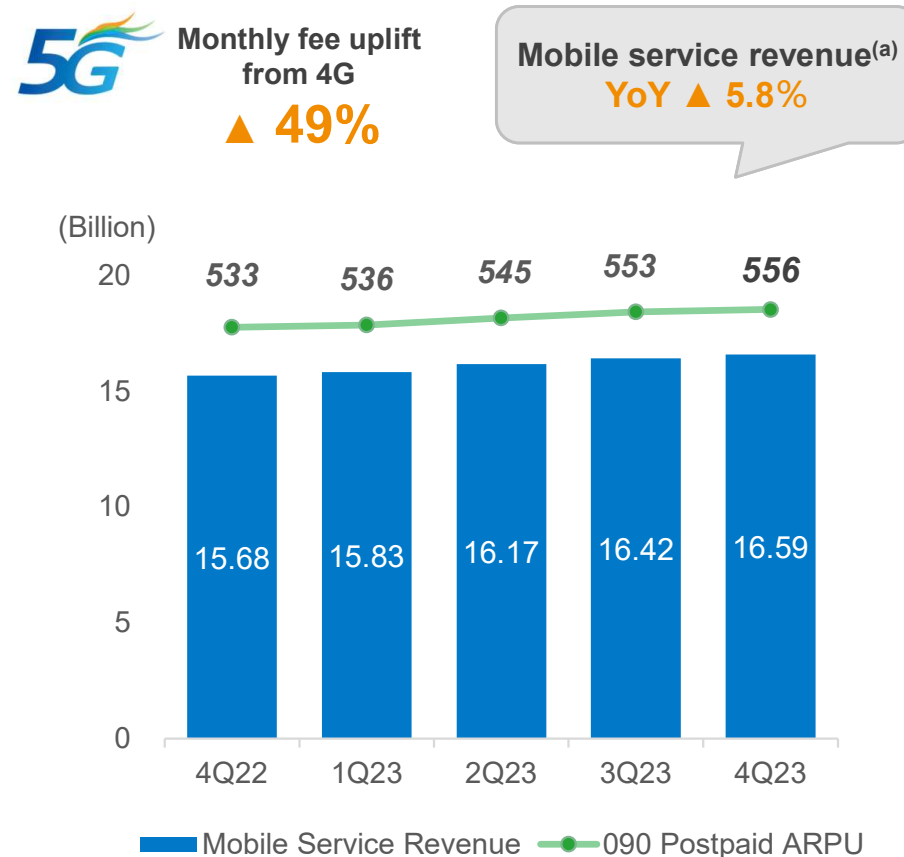
## Mobile Service

### Mobile Revenue & Subs Market Share



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

### 090 Postpaid ARPU ↑ 4.3% YoY 11 Consecutive Quarters of Growth



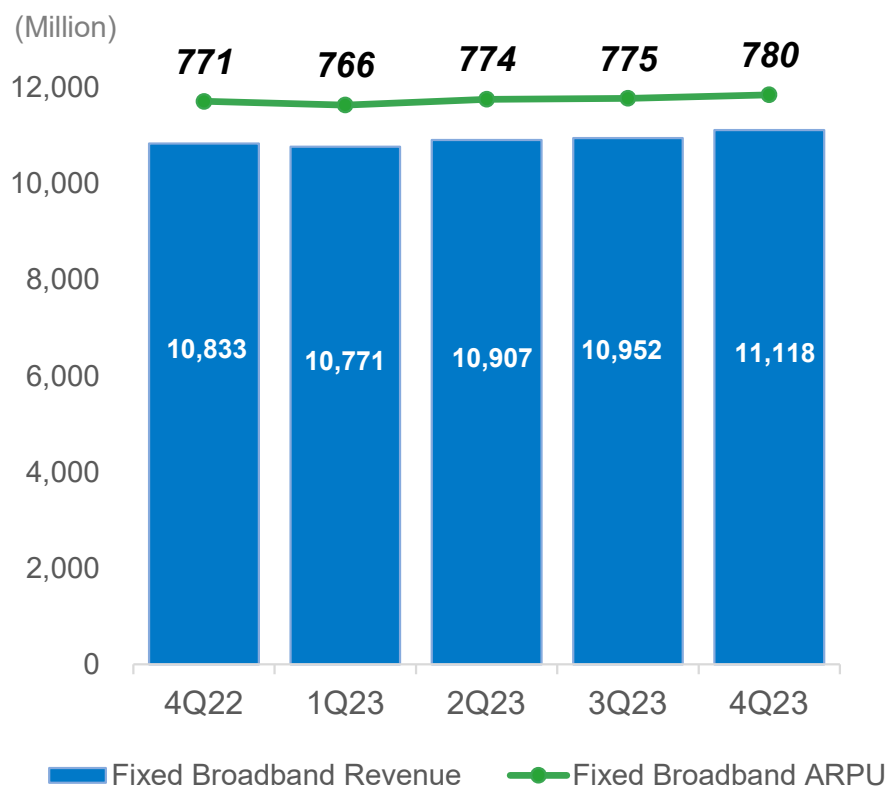
Source : Company data as of Dec. 2023  
 a) Consolidated Mobile Service Revenue (Including IoT)

# Business Overview

## Fixed Broadband Service

### ARPU YoY Growth for 17 Consecutive Quarters

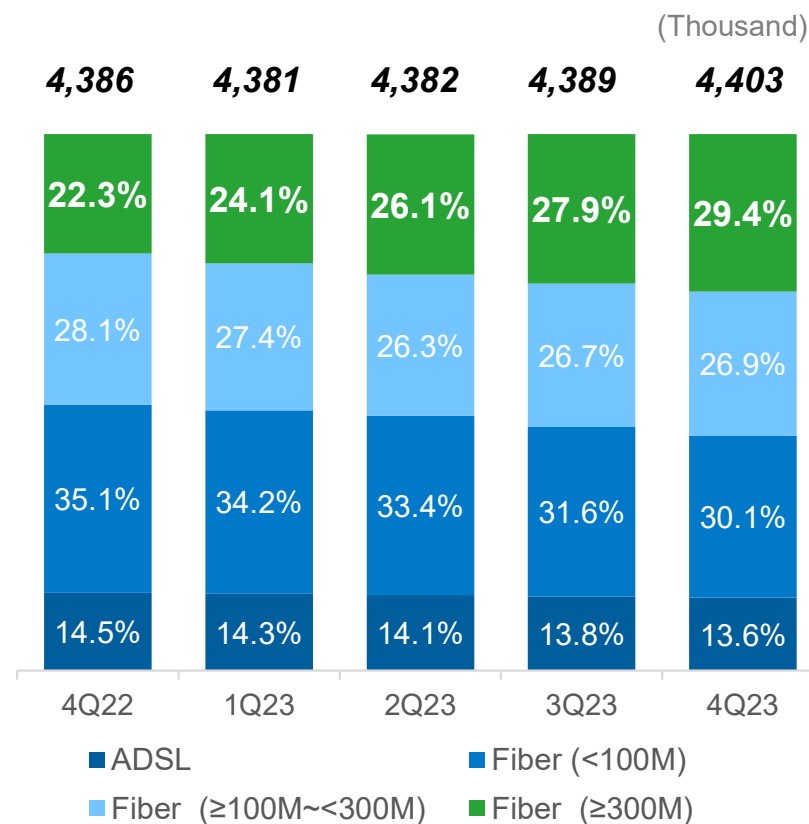
Fixed Broadband Revenue <sup>(a)</sup> YoY ▲ 2.6%  
Fixed Broadband ARPU YoY ▲ 1.1%



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

### Higher-Speed Adoption Growth

300M+ Subs YoY ▲ 32.4%





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# Segment Reporting

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# Consumer Business Group (CBG)

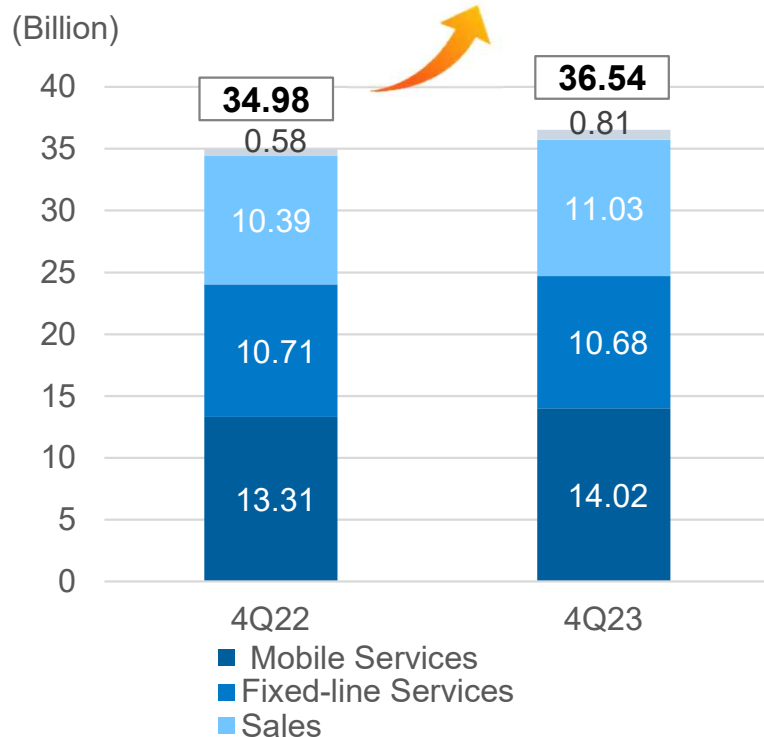
## 4Q23 Financial Summary



- Income before tax decreased NT\$0.01 billion, **or ↓ 0.2 % YoY**  
*Excluding 3G Telecommunication Equipment Impairment, ↑ 3.6% YoY*

### Revenue

**+4.4% YoY**



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

Fixed broadband revenue of CBG +3.3% YoY due to the successful speed upgrades

Sales revenue of CBG increased by 6.2% YoY due to iPhone 15 series sales growth

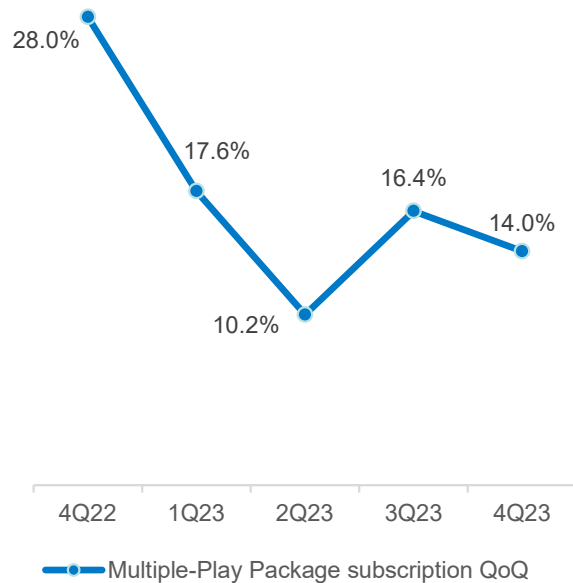
# Consumer Business Group (CBG)

## 4Q23 Highlights



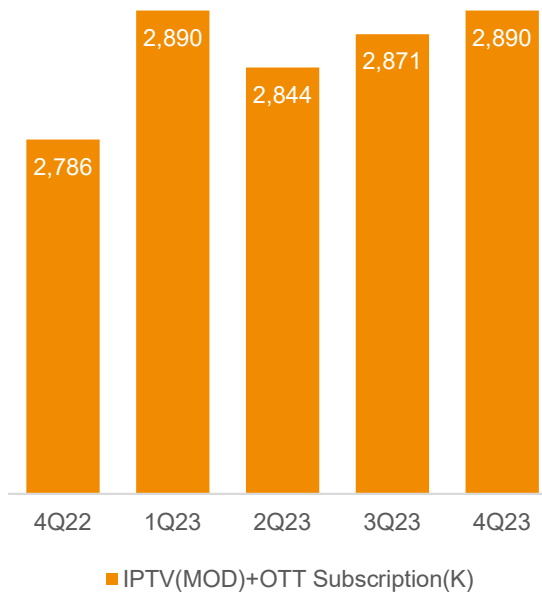
### Multiple-Play Package Performance

Fixed-Broadband + Mobile + Wi-Fi Service package subscription **+14 % QoQ**



### IPTV/MOD + OTT Business Performance

Largest video platform in Taiwan with subscribers **+3.7% YoY**



### Consumer Cyber Security Subscriptions

Consumer Cyber Security Subscriptions **+ 18.7 % YoY**



# Enterprise Business Group (EBG)

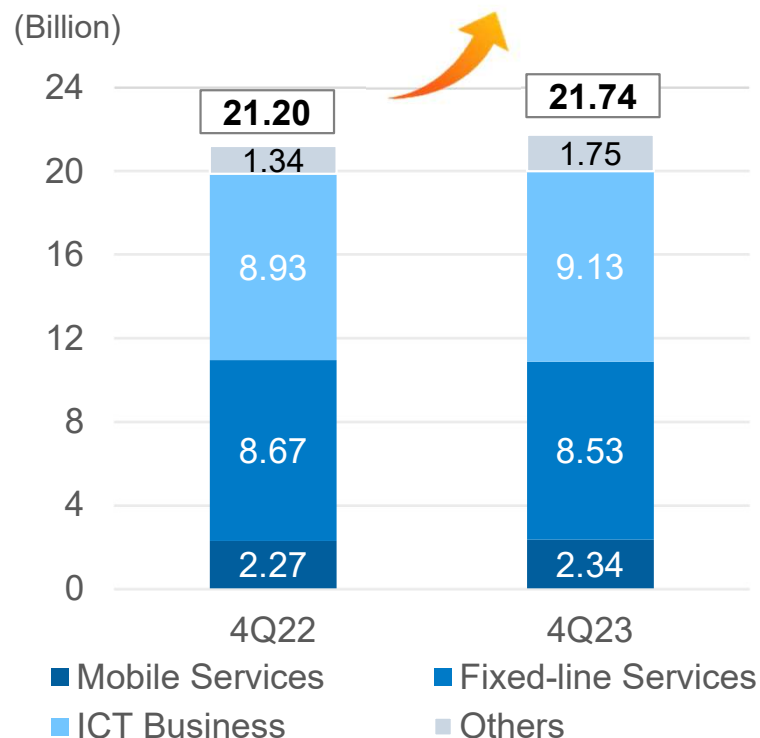
## 4Q23 Financial Summary



- Income before tax decreased NT\$0.2 billion, or **↓ 6.2% YoY**  
*Excluding 3G Telecommunication Equipment Impairment, ↓ 4.8% YoY*

### Revenue

**+2.5% YoY**



EBG revenue +2.5% YoY mainly driven by growth of mobile business, ICT business, and sales revenue



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



EBG ICT business revenue increased mainly driven by the growth from projects, cybersecurity service and AIoT service revenues

# Enterprise Business Group (EBG)

## 4Q23 Highlights



### Emerging Enterprise Application

Revenue ↓ 2.7% YoY



Cyber Security

YoY ↑ 7.3%



AIoT

YoY ↑ 2.4%

Recurring Revenue of IDC

YoY ▲ 15.3%



IDC

YoY ↓ 11.0%

Recurring Revenue of International Public Cloud

YoY ▲ 20.4%



Cloud Service

YoY ↓ 3.8%



Established Taiwan's most extensive 5G network slicing verification field in Kaohsiung to support innovative application development, such as smart healthcare and smart transportation



Promoted zero-trust cybersecurity service, "xTrust," to commit to establishing a zero-trust cybersecurity environment for clients



Launched a new encrypted divided-storage cloud solution for enterprise customers and government to enhance customers' cyber resilience

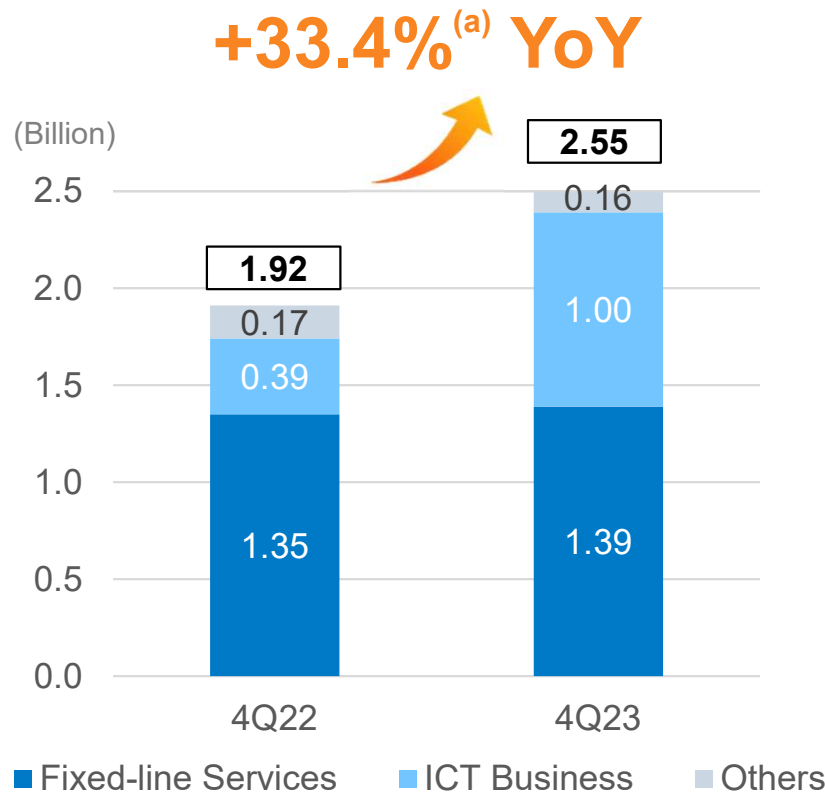
# International Business Group (IBG)

## 4Q23 Financial Summary



Income before tax increased NT\$0.15 billion, or **↑ 38.7% YoY**

### Revenue



IBG revenue +33.4% YoY mainly driven by ICT and fixed-line service revenue



ICT business revenue grew YoY mainly due to growing demands for IDC and cloud services and the growth of overseas ICT projects driven by clients' global expansion



Signed MOU with NTT Corporation on joint development of Innovative Optical and Wireless Network (IOWN) technology



Continued to enhance service capabilities in US, Japan, Southeast Asia, and extend to Europe

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)	Q4 2022	Q4 2023	Growth %	2022	2023	Growth %
<b>Revenue</b>	59.50	61.86	4.0	216.74	223.20	3.0
<b>Operating Costs and Expenses</b>	48.64	50.77	4.4	170.01	176.21	3.6
<b>Other Income and Expenses<sup>2</sup></b>	0.10	- 0.64	-743.1	0.09	-0.64	-783.1
<b>Income from Operations</b>	10.96	10.45	-4.6	46.82	46.35	-1.0
<b>Income before Tax</b>	10.85	10.43	-3.8	47.23	46.99	-0.5
<b>Net Income<sup>3</sup></b>	8.40	8.26	-1.7	36.48	36.92	1.2
<b>EPS</b>	1.08	1.06	-1.7	4.70	4.76	1.2
<b>EBITDA<sup>4</sup></b>	20.84	20.38	-2.2	86.25	86.01	-0.3
<b>EBITDA Margin (%)</b>	35.02%	32.95%		39.80%	38.53%	

Note:

1. Financials are prepared in accordance with T-IFRSs. Figures for 2023 are unaudited.
2. 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.
3. Net income attributable to owners of the parent.
4. 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.
5. The calculation of growth rates is based on NT\$m. n.

# Balance Sheet Highlights



(NT\$bn)	2022.12.31	2023.12.31	Growth %
<b>Total Assets</b>	523.20	524.15	0.2
<i>Current Assets</i>	101.90	103.21	1.3
<i>Property, plant and equipment</i>	291.53	292.34	0.3
<i>Intangible Assets</i>	79.19	72.73	-8.2
<i>Long-term Investments</i>	11.67	14.06	20.5
<i>Other Assets</i>	29.12	32.02	10.0
<b>Total Liabilities</b>	129.42	129.24	-0.1
<b>Total Equity</b>	393.78	394.91	0.3
<b>Debt Ratio (%)</b> <sup>3</sup>	24.74	24.66	-0.3
<b>Net Debt / EBITDA (x)</b> <sup>4</sup>	-	-	-

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)	2022	2023	Growth %
<b>Cash Flows from Operating Activities</b>	75.95	74.56	-1.8%
<b>Capital Expenditures<sup>2</sup></b>	31.53	30.74	-2.5%
<i>Mobile<sup>2</sup></i>	13.81	11.15	-19.3%
<i>Non-Mobile<sup>2</sup></i>	17.72	19.59	10.6%
<b>Free Cash Flow<sup>3</sup></b>	44.42	43.82	-1.4%

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)	Q4 2023 (A)	Q4 2023 (E)	Achieving %	2023 (A)	2023 (E)	Achieving %
<b>Revenue</b>	61.86	62.00~62.43	99.1 ~ 99.8	223.20	221.27~222.79	100.2 ~ 100.9
<b>Operating Costs and Expenses</b>	50.78	50.80~50.98	99.6 ~ 100.0	176.21	176.58~177.29	99.4 ~ 99.8
<b>Income from Operations</b>	10.45	11.20~11.68	89.5 ~ 93.3	46.35	44.67~45.99	100.8 ~ 103.8
<b>Net Income<sup>2</sup></b>	8.26	8.47~9.02	91.6 ~ 97.5	36.92	34.55~36.1	102.3 ~ 106.8
<b>EPS</b>	1.06	1.09~1.16	91.6 ~ 97.5	4.76	4.45~4.65	102.3 ~ 106.8
<b>EBITDA<sup>3</sup></b>	20.38	21.44~21.92	93.0 ~ 95.1	86.01	85.05~86.36	99.6 ~ 101.1
<b>EBITDA Margin (%)</b>	32.95	34.57~35.10	93.9~95.3	38.53	38.44~38.76	99.4~100.3

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 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.

# Financial Forecasts for 2024

(NT\$bn)	Consolidated		
	2024 (E)	2023 (A)	Growth %
<b>Revenue</b>	228.54~230.19	223.20	2.4~3.1
<b>Operating Costs and Expenses</b>	183.30~184.27	176.21	4.0~4.6
<b>Income from Operations</b>	45.23~46.50	46.35	-2.4~0.3
<b>Net Income<sup>2</sup></b>	35.66~37.20	36.92	-3.4~0.8
<b>EPS</b>	4.60~4.80	4.76	-3.4~0.8
<b>EBITDA</b>	85.67~86.95	86.01	-0.4~1.1
<b>EBITDA Margin (%)</b>	37.5~37.8	38.5	
<b>Capital Expenditures<sup>4</sup></b>	34.02	30.74	10.7
<i>Mobile<sup>4</sup></i>	9.59	11.15	-14.0
<i>Non-Mobile<sup>4</sup></i>	24.43	19.59	24.7

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. The information therein is predictive and will not necessarily be fully realized in the future, and that reference to the company's significant accounting policy and summary of basic assumptions shall be made for further details.
4. Numbers and percentages are on cash basis.

# Awards and ESG Recognitions

## Global recognitions:

- ✓ Included in **DJSI World Index** as **No.1** among **global telcos**
- ✓ Included in **DJSI Emerging Markets Index** for **twelve** consecutive years
- ✓ Received **“AA” ESG Rating** from **MSCI**
- ✓ Reaffirmed by **S&P Global** with **“AA” Ratings**: the **only** telco among global peers to achieve the highest rating in the global telecom industry

The **first Taiwanese telco** to implement **Incentive Compensation Clawback Policy** to further align the interests between top management and shareholders

## The **first** Taiwanese telco to:

- ✓ Set up **internal carbon fund** mechanism
  - Officially implementing internal carbon pricing by charging business unit for internal carbon fee of **NTD 1,600 per ton** with an aim to encourage and accelerate **initiatives and technology of carbon reduction**
  - The size of fees collected in 2023 is about **NTD 0.98 billion**
- ✓ Complete the first batch of procurement of **carbon credit** via Taiwan Carbon Solution Exchange (TCX)
- ✓ Initiate the first **environmental footprint standard** of **network equipment** in Taiwan

# Q & A

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