



中華電信
Chunghwa Telecom

1Q 2024 Operating Results

May 2, 2024



Disclaimer



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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.

Leadership expanded in the post-merger market due to strong business growth

- ✓ Continuous market share expansion to drive overall performance
- ✓ **Revenue** hit a new peak for the same period **since 2017**
- ✓ **Income before tax** reached a **record high** for the same period **since 2016** excluding the one-time item in 1Q23

Deploy resources to capture AI benefits and exponential growth opportunities:

- ✓ Leverage AI to drive operational efficiency and reduce cost:
 - Facilitate **AI** to predict **network degradation** to achieve operation efficiency and cost reduction
 - Utilize **Gen AI** to improve problem-shooting of **network maintenance** and **customer service**
- ✓ Build **computility infrastructure** across **cloud, edge, and terminals** and develop **GPU as a service** in progress to cater to **AI exponential** opportunities

Expand content deployment and digital ecosystems:

- ✓ Obtain **exclusive** broadcasting rights of **2024 Paris Summer Olympic Games** to enrich our content portfolio and bring in **subscribers** and **revenue**
- ✓ Our investment in the **Fund of Cultural Content Industry** approved by our Board of Directors to **expand content deployment**



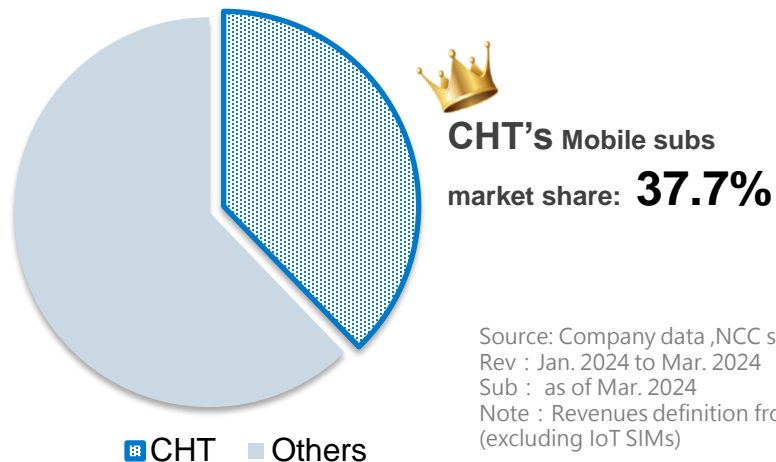
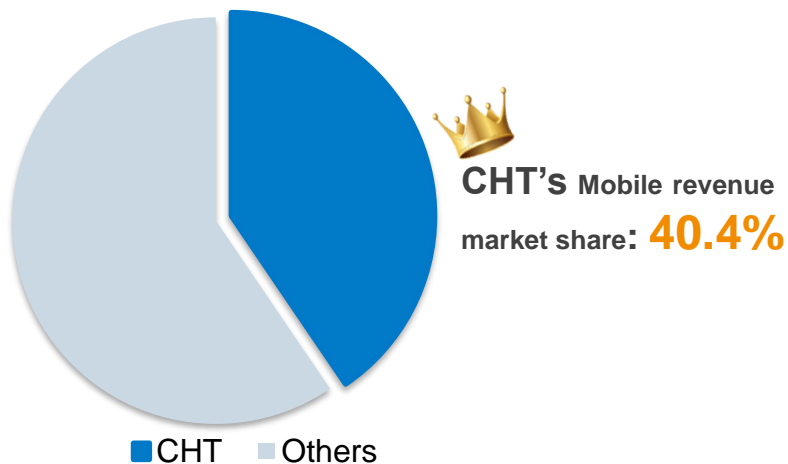
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Business Overview

Business Overview

Mobile Service

Mobile Revenue & Subs Market Share

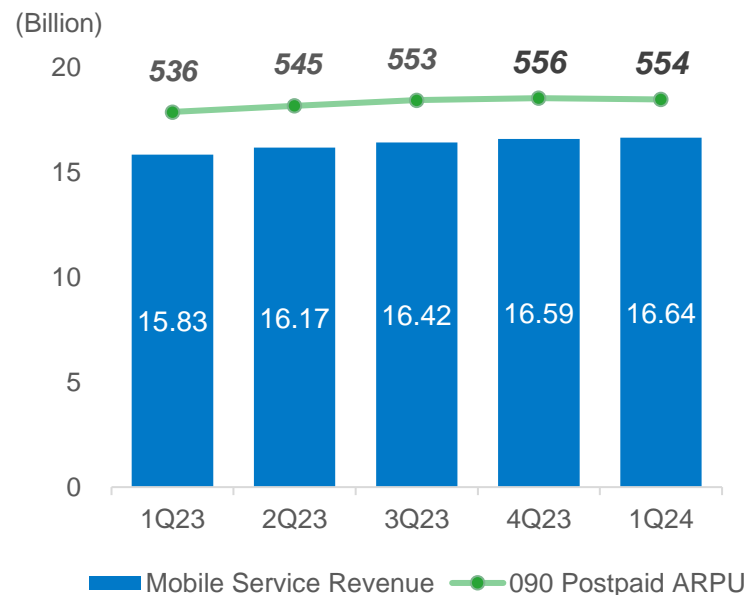


Source: Company data ,NCC statistics
Rev : Jan. 2024 to Mar. 2024
Sub : as of Mar. 2024
Note : Revenues definition from NCC (excluding IoT SIMs)

090 Postpaid ARPU ↑ 3.4% YoY 12 Consecutive Quarters of Growth

5G Monthly fee uplift from 4G
▲ 45%

Mobile service revenue^(a)
YoY ▲ 5.1%



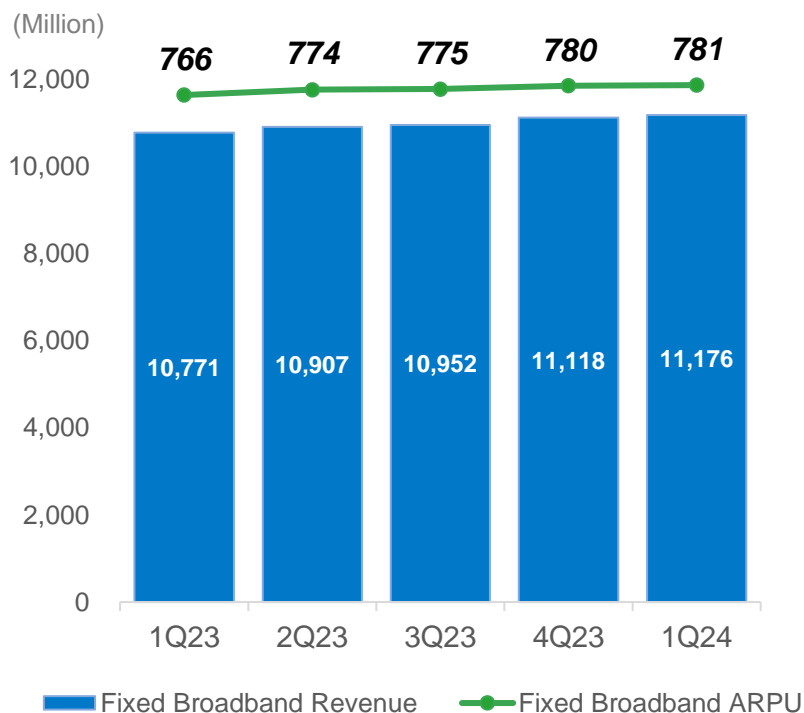
Source : Company data as of Mar. 2024
a) Consolidated Mobile Service Revenue (Including IoT)

Business Overview

Fixed Broadband Service

ARPU YoY Growth for 18 Consecutive Quarters

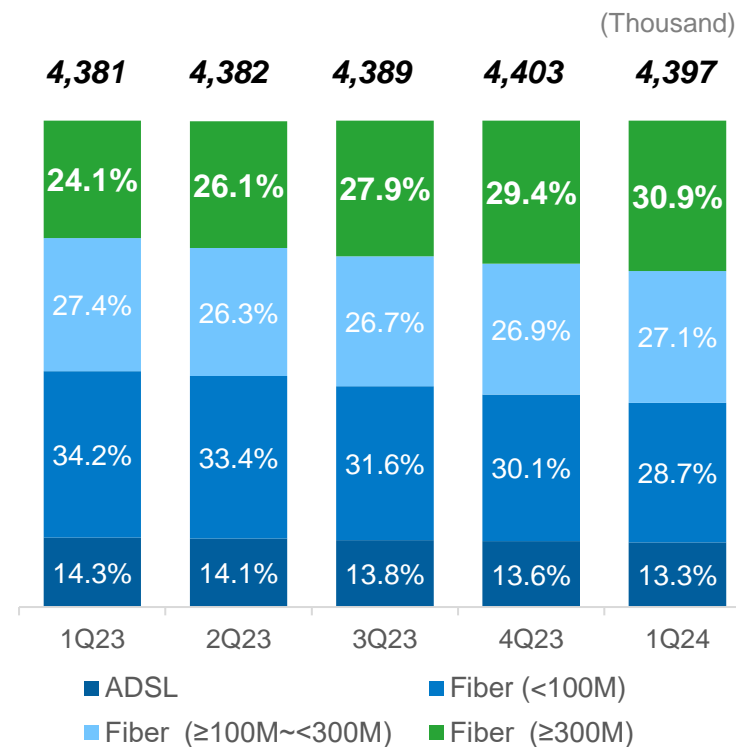
Fixed Broadband Revenue^(a) YoY ▲ 3.8%
Fixed Broadband ARPU YoY ▲ 2.0%



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

Higher-Speed Adoption Growth

300M+ Subs YoY ▲ 29%





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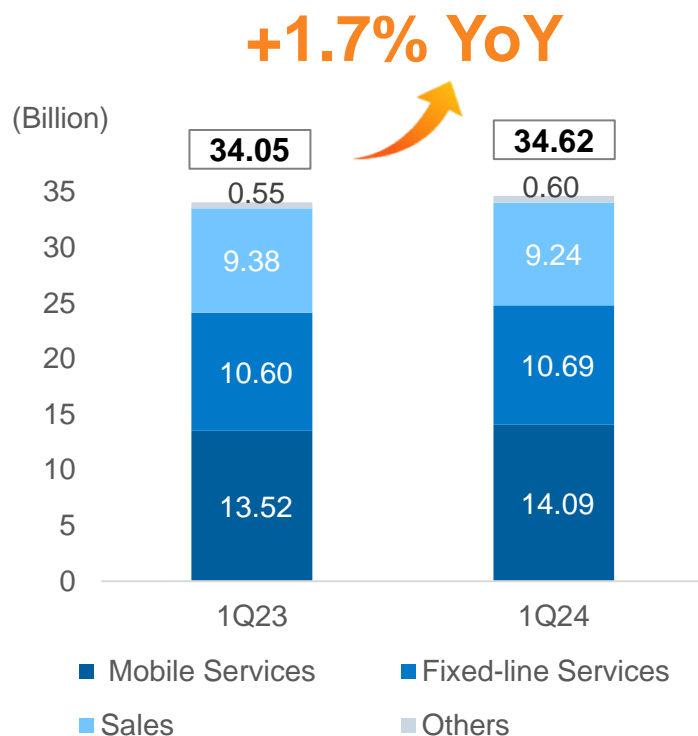
Segment Reporting

Consumer Business Group (CBG)

1Q24 Financial Summary

Income before tax increased NT\$0.28 billion, or **↑ 3.7 % YoY**

Revenue



Mobile service revenue of CBG +4.2% YoY due to 5G migration, continued growth of postpaid subscribers, and roaming revenue

Fixed broadband revenue of CBG +4.6% YoY due to successful speed upgrades

Sales revenue of CBG fell 1.5% YoY due to higher base in 1Q23

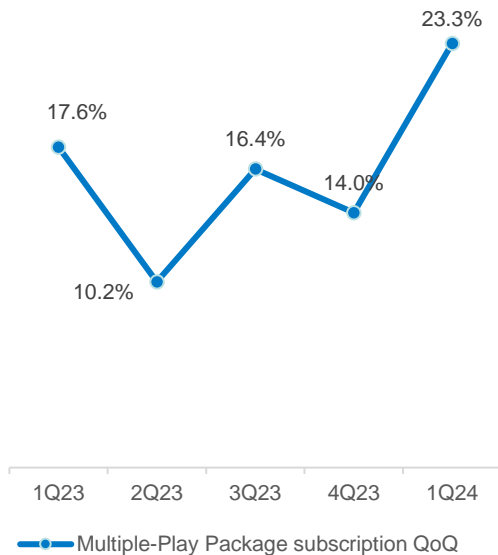
Consumer Business Group (CBG)

1Q24 Highlights



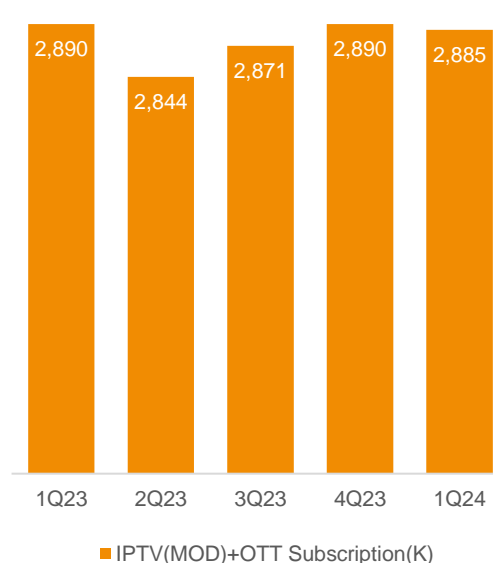
Multiple-Play Package Performance

Fixed-Broadband + Mobile + Wi-Fi Service package subscription **+23.3 % QoQ**



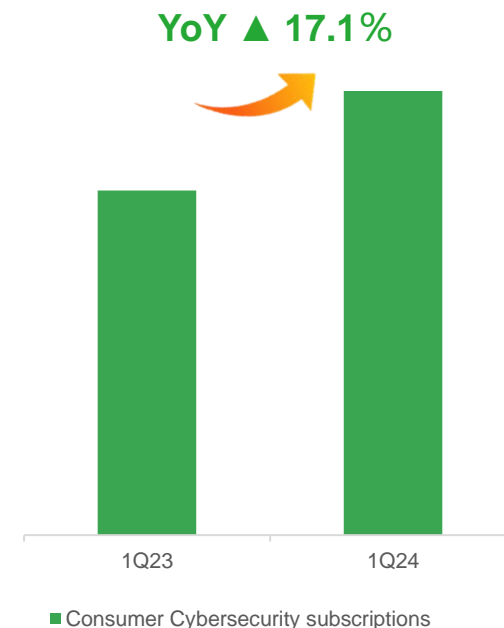
IPTV/MOD + OTT Business Performance

Largest video platform in Taiwan with subscribers remained flat



Consumer Cybersecurity Subscriptions

Consumer Cybersecurity Subscriptions **+ 17.1 % YoY**



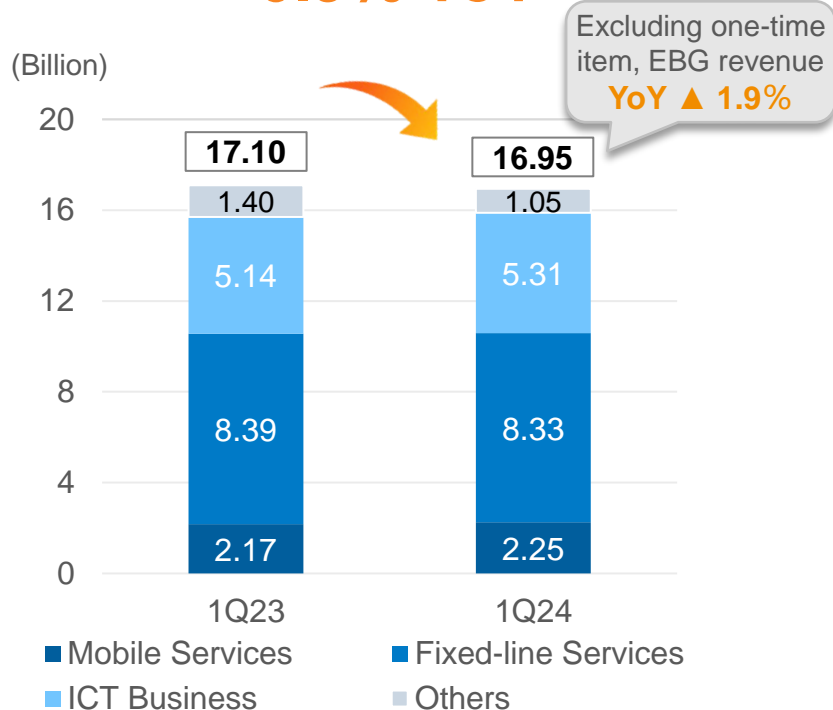
Enterprise Business Group (EBG)

1Q24 Financial Summary

Income before tax decreased NT\$0.53 billion, or **↓13.4% YoY**
Excluding one-time item last year, ↓1.5% YoY

Revenue

-0.9% YoY



EBG revenue -0.9% YoY mainly due to the higher base resulting from the one-time item in the same period last year, excluding the item mentioned above, EBG revenue YoY +1.9%

EBG Mobile service revenue continued to grow due to 5G migration, international roaming recovery and an increase in text message revenue

EBG ICT business revenue increased mainly driven by the strong growth in our emerging services such as cloud, cybersecurity, AIoT and big data

Enterprise Business Group (EBG)

1Q24 Highlights

Emerging Enterprise Application

Revenue **↑ 5.2% YoY**



Big Data

YoY **↑ 71.6%**



Cyber Security

YoY **↑ 6.3%**



AIoT

YoY **↑ 6.5%**

Recurring Revenue of IDC
YoY ▲ 7.6%



IDC

YoY **↓ 3.9%**

Recurring Revenue of
International Public Cloud
YoY ▲ 36.8%



Cloud Service

YoY **↑ 5.8%**



Leveraged data governance and telecommunication data to develop the big data platform for IoT data analysis, intelligent customer service, and smart government, etc.



Acquired the first project to establish a data center overseas in Central America for a Taiwanese Company



Lead the industry to introduce Automatic Vehicle Identification (AVI) and Vehicle Detection (VD) system to monitor overtime parking in freeway service area

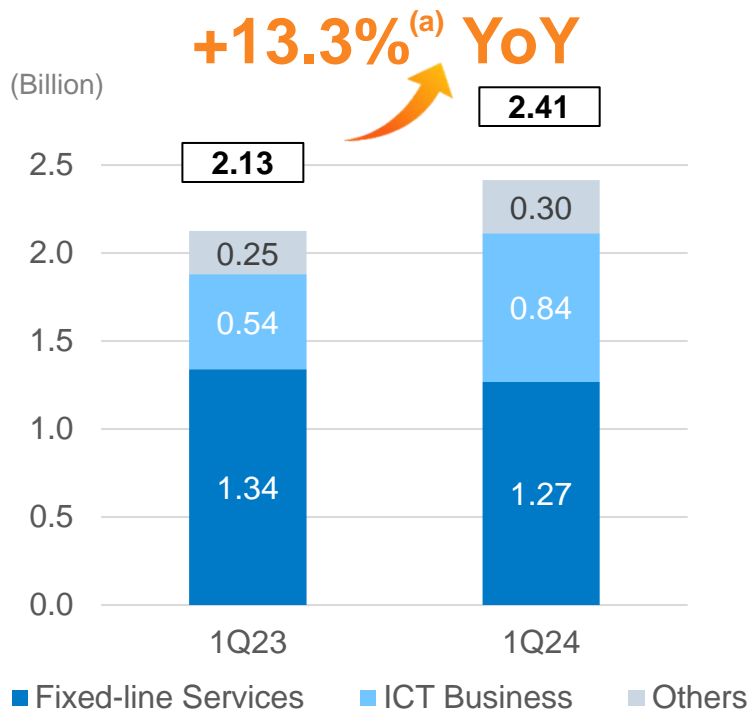
International Business Group (IBG)

1Q24 Financial Summary



Income before tax increased NT\$0.12 billion, or **↑ 23.5% YoY**

Revenue



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



IBG revenue +13.3% YoY mainly due to the growth of overseas ICT projects driven by clients' global expansion



Expand our footprint into European market by partnering with Polish EXATEL to launch a "5G Zone" in Warsaw, showcasing 5G innovation to attract opportunities



Won the "2024 System Integration Award" in Kaohsiung Smart City Expo for our successful overseas smart healthcare solution



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Financial Overview



Income Statement Highlights



(NT\$bn)	Q1 2023	Q1 2024	Growth %
Revenue	54.21	54.94	1.4
Operating Costs and Expenses	42.04	43.03	2.4
Other Income and Expenses²	-	-	-
Income from Operations	12.17	11.91	-2.2
Income before Tax	12.26	11.99	-2.2
Net Income³	9.64	9.39	-2.6
EPS	1.24	1.21	-2.6
EBITDA⁴	22.05	21.82	-1.1
EBITDA Margin (%)	40.68	39.71	

Note:

- Financials are prepared in accordance with T-IFRSs. Figures for 2024 are unaudited.
- 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.
- Net income attributable to owners of the parent.
- 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.
- The calculation of growth rates is based on NT\$m.

Balance Sheet Highlights



(NT\$bn)	2023.12.31	2024.03.31	Growth %
Total Assets	523.94	528.41	0.9
<i>Current Assets</i>	103.20	111.26	7.8
<i>Long-term Investments</i>	13.90	14.71	5.8
<i>Property, plant and equipment</i>	292.34	287.07	-1.8
Total Liabilities	129.04	123.77	-4.1
<i>Accounts payable</i>	14.78	9.92	-32.9
Total Equity	394.90	404.64	2.5
Debt Ratio (%)³	24.63	23.42	
Net Debt / EBITDA (x)⁴	-	-	

Note:

1. Financials are prepared in accordance with T-IFRSs. Figures for 2024 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

<i>(NT\$bn)</i>	Q1 2023	Q1 2024	Growth %
Cash Flows from Operating Activities	11.21	14.13	26.1%
Capital Expenditures²	5.42	5.04	-6.9%
<i>Mobile²</i>	1.47	0.73	-50.1%
<i>Non-Mobile²</i>	3.95	4.31	9.0%
Free Cash Flow³	5.79	9.09	56.9%

Note:

1. Financials are prepared in accordance with T-IFRSs. Figures for 2024 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)	Q1 2024 (A)	Q1 2024 (E)	Achieving %	2024 (E)	Achieving %
Revenue	54.94	55.18~55.48	99.0~99.6	228.54~230.19	23.9~24.0
Operating Costs and Expenses	43.04	43.86~44.05	97.7~98.1	183.30~184.27	23.4~23.5
Income from Operations	11.91	11.32~11.43	104.2~105.2	45.23~46.50	25.6~26.3
Net Income²	9.39	8.92~9.06	103.7~105.2	35.66~37.20	25.2~26.3
EPS	1.21	1.15~1.17	103.7~105.2	4.60~4.80	25.2~26.3
EBITDA³	21.82	21.29~21.40	102.0~102.5	85.67~86.95	25.1~25.5
EBITDA Margin (%)	39.71	38.57~38.58		37.49~37.77	

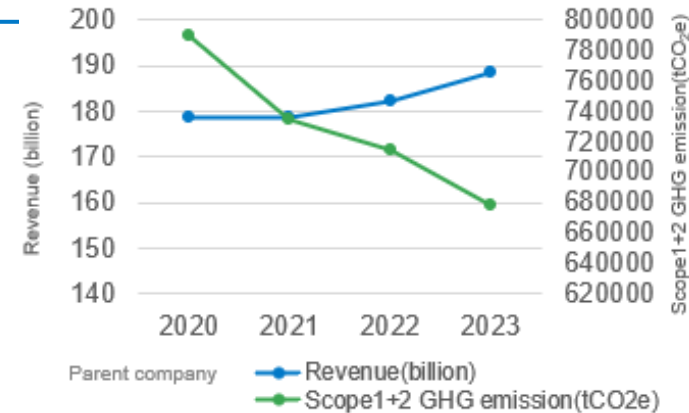
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Awards and ESG Recognitions

Carbon reduction achievement and commitment

- ✓ Our success of **inverse relationship** between **carbon emissions** and **revenue growth**
- **Relative to 2020: 5.7% revenue growth** alongside **14% reduction in carbon emissions** of the parent company.
- ✓ The **first Taiwanese telco** to get **EV100** initiative approval



Global acknowledgment for leadership in sustainability

- ✓ Ranked **Top 5%** for S&P Global ESG score in the **Sustainability Yearbook 2024**
- ✓ Achieved **“A” ranking** from **CDP** for both climate and supplier engagement leadership
- ✓ Won **top awards** from **FiananceAsia** for **ESG commitment** and **IR practice**

Attained the **highest recognition** from a prestigious ESG award in **Taiwan**

- ✓ Earned the **top award** in overall ESG performance from **Global Views Monthly** for the **3rd consecutive year**, resulting in inclusion in the **Honors List** and exemption from participation for the next 3 years.

Q & A

