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TWM Consolidated

NT\$bn	3Q24	YoY	1~3Q24	YoY
Revenues	47.20	9%	143.22	10%
Operating Income	5.18	20%	14.78	13%
Non-op. Income (Expenses)	0.50	nm	(0.22)	-58%
Pre-tax Income	5.68	37%	14.56	16%
(Income Tax)	(1.13)	48%	(2.85)	17%
(Minority Interest)	(0.39)	-10%	(1.34)	-5%
Net Income	4.16	42%	10.36	19%
EPS (NT\$)	1.38	33%	3.43	11%

Highlights of Operating Results

3Q24

Consolidated revenue and EBITDA recorded 9% and 20% YoY growth respectively, mainly driven by organic growth and the merger with T Star. Operating income hit an 8-year high, with the growth rate accelerating to 20% YoY. This was largely due to further rental expense savings as we completed the consolidation of T Star's base stations ahead of schedule this quarter.

1~3Q24

Bolstered by the merger with T Star and related synergies, consolidated revenue, EBITDA and operating income all saw double-digit YoY growth. Even if we strip out the one-off investment income in July, EPS would still have increased by 4% YoY despite the dilution from new share issuance to T Star shareholders.

Despite higher cash capex associated with network consolidation and momo's logistics expansions, free cash flow increased by 21% YoY, translating into an annualized FCF yield of 5.3%.

Key Message

Taiwan Mobile has executed effectively and delivered outsized merger synergies ahead of schedule. Looking ahead, we aim to strengthen our Sustainable Growth Foundation in the core telco business, focusing on long-term organic ARPU lift and churn reduction. Building on this foundation, we are enhancing our Telco+ offerings while working with Systex, CloudMile, AppWorks, and other strategic partners to bring smart solutions to large enterprises, SMEs, and government clients to accelerate our enterprise business in the AI era. Finally, by uniting Telco+Tech, we are deploying our Gift-as-a-Service offerings to empower momo, Game Publishing, OP Pay Later, and our other Tech ventures, driving greater competitiveness and stronger results.

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I. Revenue Analysis

Table 1. Key Operational Data

Residual Value (NT\$bn)	3Q24	2Q24	3Q23	QoQ	YoY
Mobile Service Revenue	16.30	16.02	12.97	2%	26%
Postpaid ARPU (NT\$)	617	608	672	1%	-8%
09x Postpaid ARPU (NT\$)	666	655	715	2%	-7%
Blended ARPU (NT\$)	540	531	569	2%	-5%

Note: Operational data and reported financials from 4Q23 onwards reflect Taiwan Mobile's merger with T Star effective on December 1, 2023.

Revenue (NT\$bn)	3Q24	2Q24	3Q23	QoQ	YoY
Telecom	20.99	20.43	17.22	3%	22%
Service	15.33	15.19	12.49	1%	23%
Device Sales	5.66	5.24	4.73	8%	20%
momo	25.55	26.66	25.07	-4%	2%
CATV revenue	1.48	1.48	1.56	1%	-5%
Pay-TV	0.74	0.75	0.77	-1%	-4%
Broadband ¹	0.59	0.58	0.50	2%	18%
Content & channel leasing	0.15	0.15	0.29	1%	-48%
Others²	0.16	0.16	0.16	1%	4%

1. Cable broadband revenue includes costs borne by TWM for its Double Play customers which is eliminated in consolidated revenue.

2. Other revenue primarily consists of operating revenue from our 49.9%-held Taipei New Horizon Co., Ltd., which became a consolidated entity on Feb 21, 2014.

	3Q24	2Q24	3Q23	QoQ	YoY
Mobile Subscribers (K)	10,048	10,061	7,653	0%	31%
- Postpaid	8,482	8,480	6,241	0%	36%
Monthly Churn	1.6%	1.6%	1.7%		
-Postpaid	0.8%	0.7%	0.8%		
MOU (bn)	0.79	0.81	0.67	-1%	19%
Pay-TV Subs (K)	493	497	513	-1%	-4%
Cable Broadband Subs (K) ¹	314	311	304	1%	3%
DTV Subs (K)	294	295	299	0%	-2%

CATV ARPU (NT\$)	3Q24	2Q24	3Q23	QoQ	YoY
Pay-TV	500	499	501	0%	0%
Broadband	633	627	554	1%	14%
Blended ²	901	888	827	1%	9%

1. Cable broadband customers signed via TWM Double Play bundles are not included.

Telecom

In 3Q24, mobile service revenue jumped by 26% YoY, on the back of 1) revenue contribution from T Star (merged on Dec 1, 2023), 2) a 5.8% YoY ARPU increase in TWM's existing smartphone postpaid users, and 3) strong momentum in roaming and gaming-related revenues.

Further 5G conversion aided by the new iPhone launch and a benign 4G pricing environment helped provide tailwinds to our smartphone postpaid ARPU. 5G penetration in our smartphone postpaid user base exceeded 39% in 3Q24. For contract renewals, we saw a steady 8% overall uplift in monthly tariffs, with a 49% jump in 4G to 5G renewals. On a QoQ basis, ARPU and mobile service revenue rose slightly.

Our unique bundles, especially Double Play and OP Life, helped with upsell and bode well for customer stickiness. Postpaid monthly churn rate was at only 0.8% in 3Q24, reflecting a rational competitive environment and the effective promotion of our bundles.

On the enterprise side, TWM acquired an 11.86% stake in Systex (6214 TT), a leading ICT company, at NT\$123 per share or NT\$4bn in transaction value. We aim to broaden our business scope and unlock synergies with this strategic investment.

momo

momo's revenue grew by 2% YoY in 3Q24 amid lukewarm demand for online shopping vs. services and leisure activities. It is in the process of scaling up its 3P, advertising and live commerce businesses.

Cable TV

The YoY decline in CATV revenue was primarily due to content reduction after Disney shut down its cable TV channels in Taiwan. Momentum in broadband business remained robust with double-digit YoY revenue growth, thanks to 3% sub increase and 14% ARPU improvement. Including Double Play users, broadband subs on speeds of 300Mbps or higher surged by 42% YoY.

II. EBITDA Analysis

Table 2. EBITDA Breakdown

NT\$bn	3Q24	2Q24	3Q23	QoQ	YoY
EBITDA	10.52	10.59	8.75	-1%	20%
- Telecom	8.41	8.35	6.69	1%	26%
- momo	1.15	1.26	1.22	-8%	-5%
- CATV	0.79	0.79	0.74	1%	7%

NT\$bn	3Q24	2Q24	3Q23	QoQ	YoY
D&A	5.35	5.64	4.45	-5%	20%
- Telecom	4.74	5.02	3.90	-6%	21%
- momo	0.33	0.34	0.31	-1%	8%
- CATV	0.21	0.20	0.20	2%	5%

NT\$bn	3Q24	2Q24	3Q23	QoQ	YoY
EBIT	5.18	4.95	4.30	5%	20%
- Telecom	3.67	3.33	2.79	10%	32%
- momo	0.82	0.92	0.91	-11%	-10%
- CATV	0.59	0.58	0.55	0%	7%

EBITDA Analysis

Underpinned by a larger scale and merger synergies from faster-than-expected network integration, 3Q24 telecom EBITDA grew by 26% YoY to a record high while telecom EBIT increased by 32% to a 6-year high on a quarterly basis.

momo's gross margin remained stable this quarter, supported by operational efficiencies, while the YoY decline in EBITDA margin was primarily due to investments in new businesses and associated marketing expenses.

Growing broadband subs, good traction in our bundles and an adjustment in content strategy underscored the YoY growth in CATV EBITDA.

D&A Analysis

The inclusion of T Star's PP&E, spectrum holdings and site rentals led to a YoY hike in telecom D&A. As we completed the consolidation of T Star's base stations ahead of schedule during the quarter, telecom D&A fell by 6% QoQ. Under IFRS 16, rental expense savings are primarily reflected in lower depreciation expenses.

Table 3. Non-operating Items

NT\$bn	3Q24	2Q24	3Q23	QoQ	YoY
Non-Operating Revenue (Expense)	0.50	(0.39)	(0.16)	nm	nm
- Net Interest Expense	(0.32)	(0.26)	(0.21)	24%	51%
- Write-off Loss	(0.04)	(0.08)	(0.03)	-51%	47%
- Other Revenue (Expense)	0.86	(0.06)	0.07	nm	1122%

Non-Operating Item Analysis

Despite higher financing costs from inheriting and refinancing T Star's debt, non-op income was boosted by an NT\$802mn one-off income from our overseas investment.

III. Income Statement Analysis

Table 4. 3Q24 Consolidated Results

NT\$bn	3Q24	QoQ	YoY
Revenue	47.20	-1%	9%
Cash Cost & Expense	(36.68)	-1%	7%
Operating Income	5.18	5%	20%
Non-op. Income (Expense)	0.50	nm	nm
Pre-tax Income	5.68	25%	37%
Net Income	4.16	29%	42%
EPS (NT\$)	1.38	29%	33%
EBITDA	10.52	-1%	20%

Income Statement Analysis

3Q24

Consolidated revenue and EBITDA recorded 9% and 20% YoY growth respectively, mainly driven by the merger with T Star. Operating income hit an 8-year high, with the growth rate accelerating to 20% YoY, on the back of the aforementioned rental expense savings from base station consolidation.

Table 5. 1~3Q24 Consolidated Results

NT\$bn	1~3Q24	1~3Q23	YoY
Revenue	143.22	129.75	10%
Cash Cost & Expense	(111.53)	(103.41)	8%
Operating Income	14.78	13.07	13%
Non-op. Income (Expense)	(0.22)	(0.53)	-58%
Pre-tax Income	14.56	12.54	16%
Net Income	10.36	8.69	19%
EPS (NT\$)	3.43	3.08	11%
EBITDA	31.70	26.34	20%

1~3Q24

Bolstered by the merger with T Star and related synergies, consolidated revenue, EBITDA and operating income all saw double-digit YoY growth rates. Even if we strip out the one-off investment income in July, EPS would still have increased by 4% YoY despite the dilution from new share issuance to T Star shareholders.

IV. Cash Flow Analysis

Table 6. Cash Flow

NT\$bn	3Q24	2Q24	3Q23
Operating	8.41	8.43	7.85
Pre-tax Income	5.68	4.56	4.13
Non-cash Add-backs	5.92	6.18	4.88
--Depreciation ¹	2.56	2.58	2.19
--Amortization	1.63	1.66	1.20
--Others ¹	1.73	1.95	1.49
Changes in Working Capital & Income Taxes	(2.46)	(2.52)	(1.19)
Others	(0.73)	0.21	0.04
Investing	(6.63)	(3.16)	(2.91)
Capex ²	(3.81)	(2.63)	(2.17)
Divestment (Acquisition)	(3.48)	(0.78)	(0.03)
Other Financial Assets (Increase)	(0.22)	0.05	(0.03)
Refundable Deposits (Increase)	0.02	0.05	0.02
Others	0.87	0.16	(0.70)
Financing	(7.54)	(3.99)	(4.99)
Short-term Borrowings	3.97	(2.09)	8.43
Proceeds from Issuance of Bonds	2.00	0.00	0.00
Repayments of Bonds Payable	0.00	0.00	0.00
Long-term Bank Loan	2.92	(0.10)	(0.08)
Repayment of The Principal Portion of Lease Liabilities ³	(1.15)	(1.28)	(1.05)
Dividends Payments	(14.96)	(0.06)	(12.13)
Interest (Payment) & Others	(0.32)	(0.46)	(0.16)
Net Cash Position Chg.	(5.77)	1.29	(0.04)

1. Depreciation of right-of-use assets shown separately under "Others" instead of "Depreciation" in this table.

2. Inclusive of prepayments for equipment, the acquisition of computer software & other intangible assets, cash capex is net of government subsidies.

3. An operating cash outflow item prior to 2019.

Table 7. Capex & FCF

NT\$bn	3Q24	2Q24	3Q23
Cash Capex	3.81	2.63	2.17
- Mobile	2.84	1.76	1.44
- Fixed-line	0.27	0.30	0.27
- Cable	0.21	0.22	0.14
- momo & others	0.49	0.35	0.33
% of Revenue	8%	5%	5%
Free Cash Flow¹	3.42	4.49	4.61

1. Free cash flow was on a pre-IFRS 16 basis.

Cash Flow Analysis

3Q24

3Q24 cash earnings (pre-tax income plus non-cash add-backs) rose by 29% YoY, thanks to telecom EBITDA growth and higher investment gains. Working capital changes had higher outflows compared to a year ago as contract assets increased given more mobile bundles and longer contract plans for a larger postpaid subscriber base. For the first three quarters of 2024, operating cash flows went up by NT\$5.78bn to NT\$27.15bn.

Investing cash outflow mainly stemmed from capex for the network consolidation with T Star and the strategic investment in Systex. Year to date, investing activity cash outflows netted NT\$12.64bn, NT\$5.06bn higher than a year ago.

Cash dividends distributed by TWM and momo combined increased by NT\$1bn in 2024. We note that momo distributed cash dividends in 3Q this year vs. 2Q last year.

To support higher capex, dividends, and strategic investments, we increased our debt level by NT\$1.92bn in the first three quarters.

Capex and Free Cash Flow Analysis

Cash capex in 3Q24 increased QoQ and YoY to make payments for network consolidation and momo's logistic capacity expansions.

With higher cash capex, free cash flow for 3Q24 came in at NT\$3.42bn. However, 1-3Q24 FCF increased by 21% YoY, reaching NT\$13.86bn, which translates into an annualized FCF yield of 5.3%.

V. Balance Sheet Analysis

Table 8. Balance Sheet

NT\$bn	3Q24	2Q24	3Q23
Total Assets	237.47	240.52	187.56
Current Assets	40.12	44.71	37.95
- Cash & Cash Equivalents	9.48	15.24	11.02
- Receivable & Contract Assets	19.63	20.07	17.30
- Inventories	7.80	6.71	7.44
- Short-term Investment	0.29	0.28	0.25
- Other Current Assets	2.92	2.41	1.95
Non-current Assets	197.35	195.81	149.61
- Long-term Investment	13.00	10.25	7.61
- Property and Equipment	53.23	53.25	45.93
- Right-of-use Assets	11.43	11.69	10.95
- Concession	67.84	69.29	52.94
- Other Non-current & Contract Assets	51.85	51.33	32.18
Liabilities	147.89	154.88	118.97
Current Liabilities	85.07	96.84	60.56
- ST Borrowings	46.78	42.81	27.02
- Accounts & Notes Payable	15.15	14.29	14.16
- Current Lease Liabilities	4.02	4.38	3.81
- Other Current Liabilities	19.12	35.36	15.58
Non-current Liabilities	62.82	58.04	58.41
- Long-term Borrowings	48.28	43.37	44.55
- Non-current Lease Liabilities	7.58	7.49	7.16
- Other Non-current Liabilities	6.95	7.19	6.71
Shareholders' Equity	89.58	85.64	68.59
-Paid-in Capital	37.23	37.23	35.19
-Capital Surplus	29.34	29.32	13.11
-Legal Reserve	34.72	34.72	33.50
-Treasury Shares	(29.72)	(29.72)	(29.72)
-Un-appropriated Earnings	0.00	0.00	0.00
-Non-controlling Interest	7.92	7.57	7.90
-Retained Earnings & Others ¹	10.10	6.52	8.60

1: Including YTD profits and other equity items

Table 9. Ratios

	3Q24	2Q24	3Q23
Current Ratio	47%	46%	63%
Interest Coverage (x)	17.5	15.5	19.1
Net Debt (Cash) to Equity	96%	83%	88%
Net Debt (Cash) to EBITDA (x)	2.01	1.69	1.71
ROE (annualized)¹	15%	14%	16%
ROA (annualized)²	6%	6%	6%

1. ROE = Accumulated Net Income (Annualized) / Average Shareholders' Equity

2. ROA = Accumulated Net Income + Interest Expenses*(1-Tax Rate) (Annualized) / Average Total Assets

Assets

Receivables and contract assets rose YoY, driven by the growth in postpaid subscribers (including T Star users) and monthly fee contributions from our mobile bundle plans.

Cash and Cash Equivalents fell QoQ to NT\$9.5bn in 3Q24, primarily due to momo's dividend payout this quarter.

TWM's long-term investment portfolio has expanded over the past twelve months, with significant additions including Systex, Fubon Green Power, and KKCompany.

Due to the benefits of mobile network consolidations, right-of-use assets decreased sequentially in 3Q24.

Liabilities & Shareholders' Equity

Gross debt increased YoY as we inherited T Star's borrowings, while the QoQ rise had to do with our dividend payments and the purchase of Systex shares in 3Q24.

During the quarter, we issued a NT\$2bn straight corporate bond with a five-year tenure and an annual coupon rate of 1.89%. Additionally, the board approved a NT\$10bn convertible bond issuance, aimed at refinancing the NT\$14bn corporate bond maturing in 2025.

Ratio Analysis

Net debt to EBITDA rose to 2.01x in 3Q24 owing to above-mentioned investment this quarter.

VI. Major Events

- Nominated for *IR Magazine's* Best in Communications Sector - Greater China award.

Strategic Investment in Systex

On September 13, 2024, Taiwan Mobile acquired an 11.86% stake (32,298,154 shares) in Systex at NT\$123 per share, with a transaction value of approximately NT\$4bn. Investment income is recognized under the equity method from the acquisition date.

VII. Management Remarks

Key Message

Taiwan Mobile has executed effectively and delivered outsized merger synergies ahead of schedule.

Looking ahead, we aim to strengthen our Sustainable Growth Foundation in the core telco business, focusing on long-term organic ARPU lift and churn reduction. Building on this foundation, we are enhancing our Telco+ offerings while working with Systex, CloudMile, AppWorks, and other strategic partners to bring smart solutions to large enterprises, SMEs, and government clients to accelerate our enterprise business in the AI era.

Finally, by uniting Telco+Tech, we are deploying our Gift-as-a-Service offerings to empower momo, Game Publishing, OP Pay Later, and our other Tech ventures, driving greater competitiveness and stronger results.

Awards and ESG Recognitions

- Taiwan Mobile's electronic vehicle project "My Charge" received the "Smart Cities Award" at the 2024 Digital with Purpose Global Summit, highlighting innovative digital solutions for sustainability challenges.
- Was the first Taiwanese telco to publish a Taskforce on Nature-related Financial Disclosures (TNFD) Report.
- Ranked 6th in the large enterprise category of the *Commonwealth* Excellence in Corporate Social Responsibility Award and listed in the Top 10 for the 17th time.