



台灣大哥大  
Taiwan Mobile

# Taiwan Mobile Introductory Presentation

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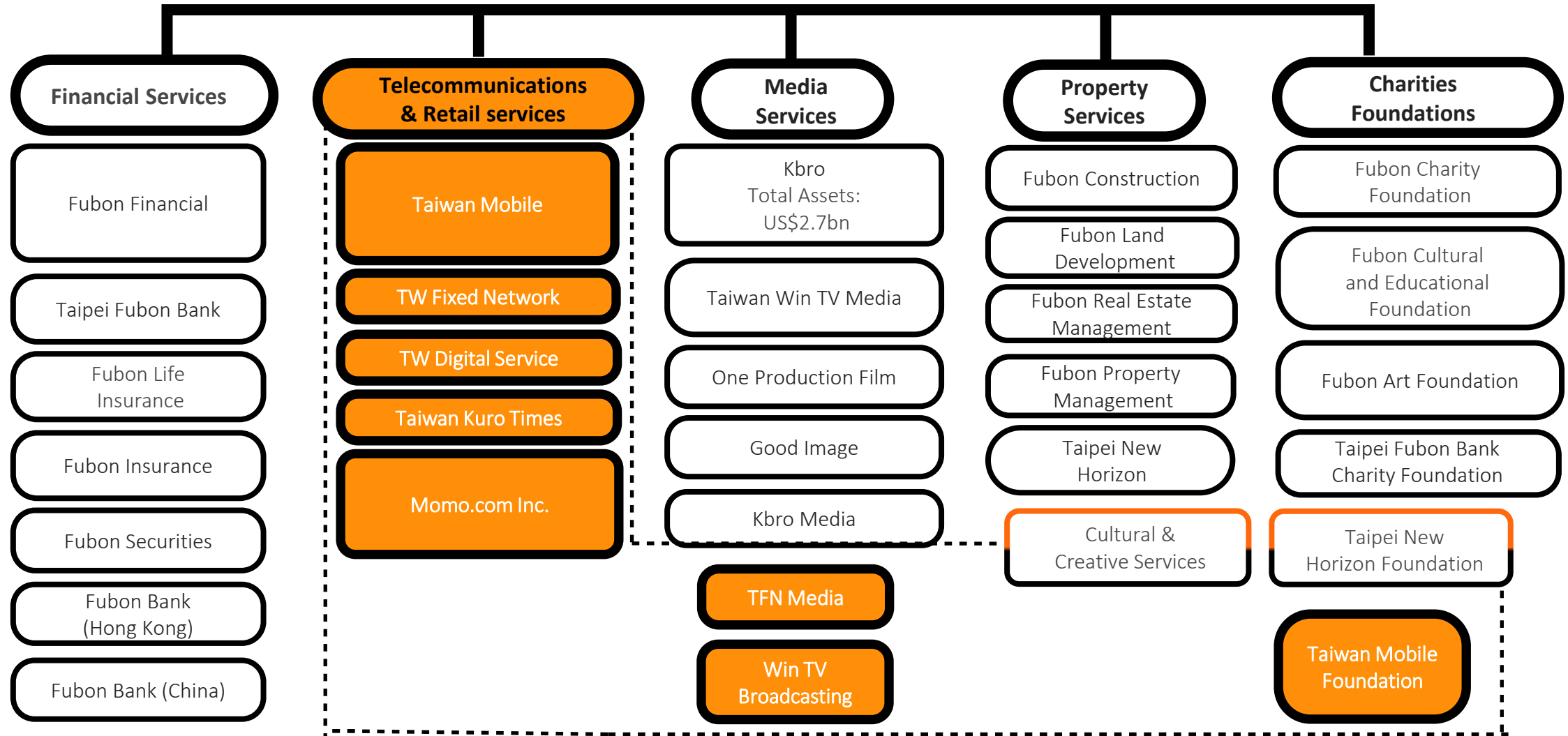
## I. Taiwan Mobile Introduction

- a) Company overview
- b) Financial Overview



**Fubon Group:**

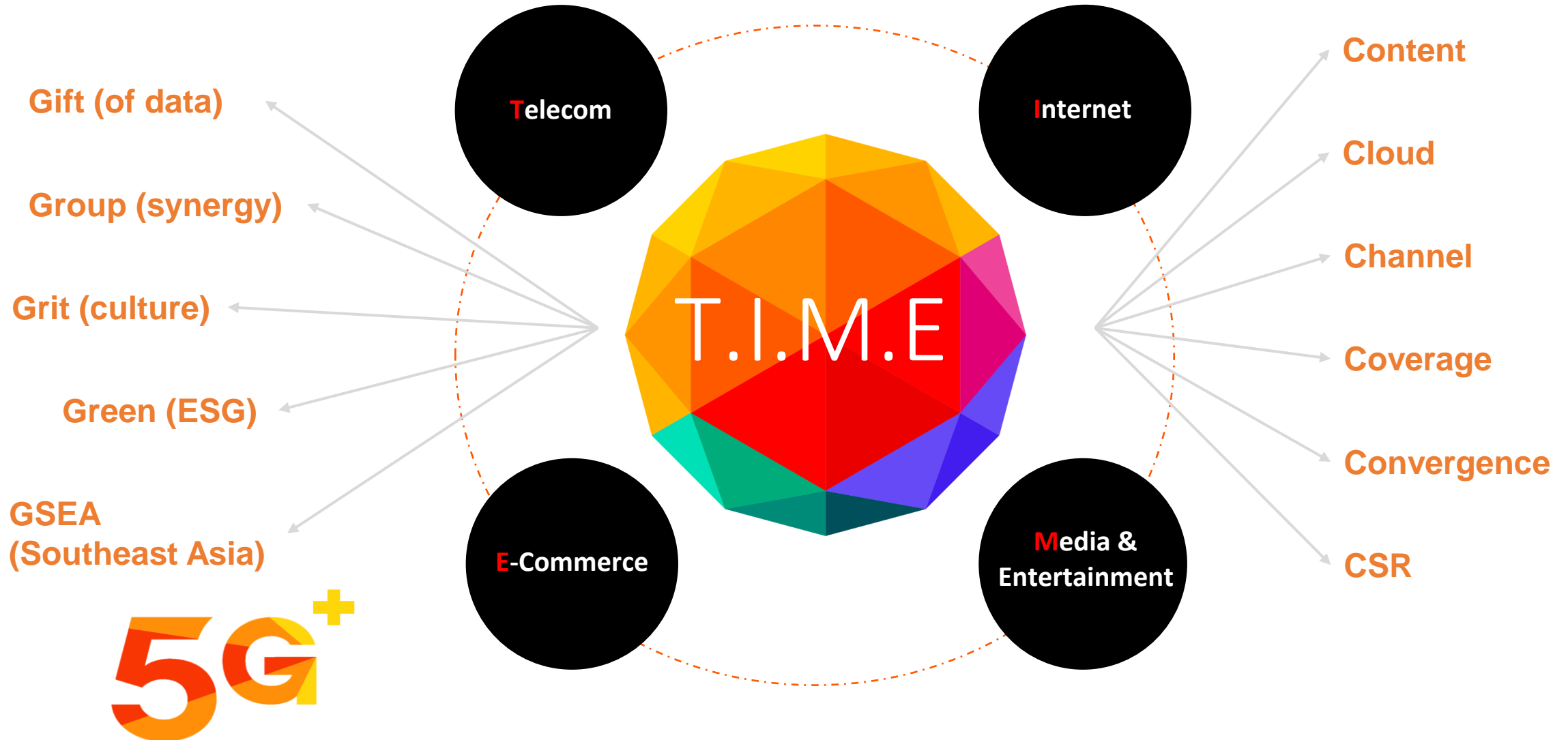
**Leading Conglomerate across Financials, Telco/Media, and Property**





# *Taiwan Mobile = A Multi-Faceted Connectivity Enabler*

## *5G is more than a Wireless Technology; It Represents Our 5 Key Focus Areas*





# Telecom + E-Commerce + Media: We Are Building An Ecosystem Surrounding Consumers' Daily Lives



NT\$156<sub>bn</sub>  
Consolidated 2021 Revenue

NT\$16<sub>bn</sub>  
Consolidated 2021 EBIT



Taiwan Mobile



Taiwan Mobile  
Enterprise Services



TWM Broadband



Revenue	NT\$64bn (40%)		NT\$6.2bn (4%)	NT\$88.4bn (56%)
EBIT	NT\$9.6bn (61%)		NT\$4.0bn (25%)	NT\$2.2bn (14%)
Market Position	2nd largest Telecom Service Operator in TW	Top 3 ISP in TW	Top 4 MSO in TW	Largest B2C eComm operator in TW

Notes:

- 1) ISO = Internet Service Provider
- 2) MSO = Multiple System Operators

# Agenda

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## Financials at a Glance:

**TWM CY2021 Revenue = NT\$156bn, EPS\$3.9 with c.4% Yield**

NT\$263bn      191bn  
Market Cap\*      Total Assets\*

**2**  
#2 Largest Mobile Operator

Revenue

\$156.1bn

EPS

\$3.9

Net Profit

\$11bn

Dividend Yield

4%

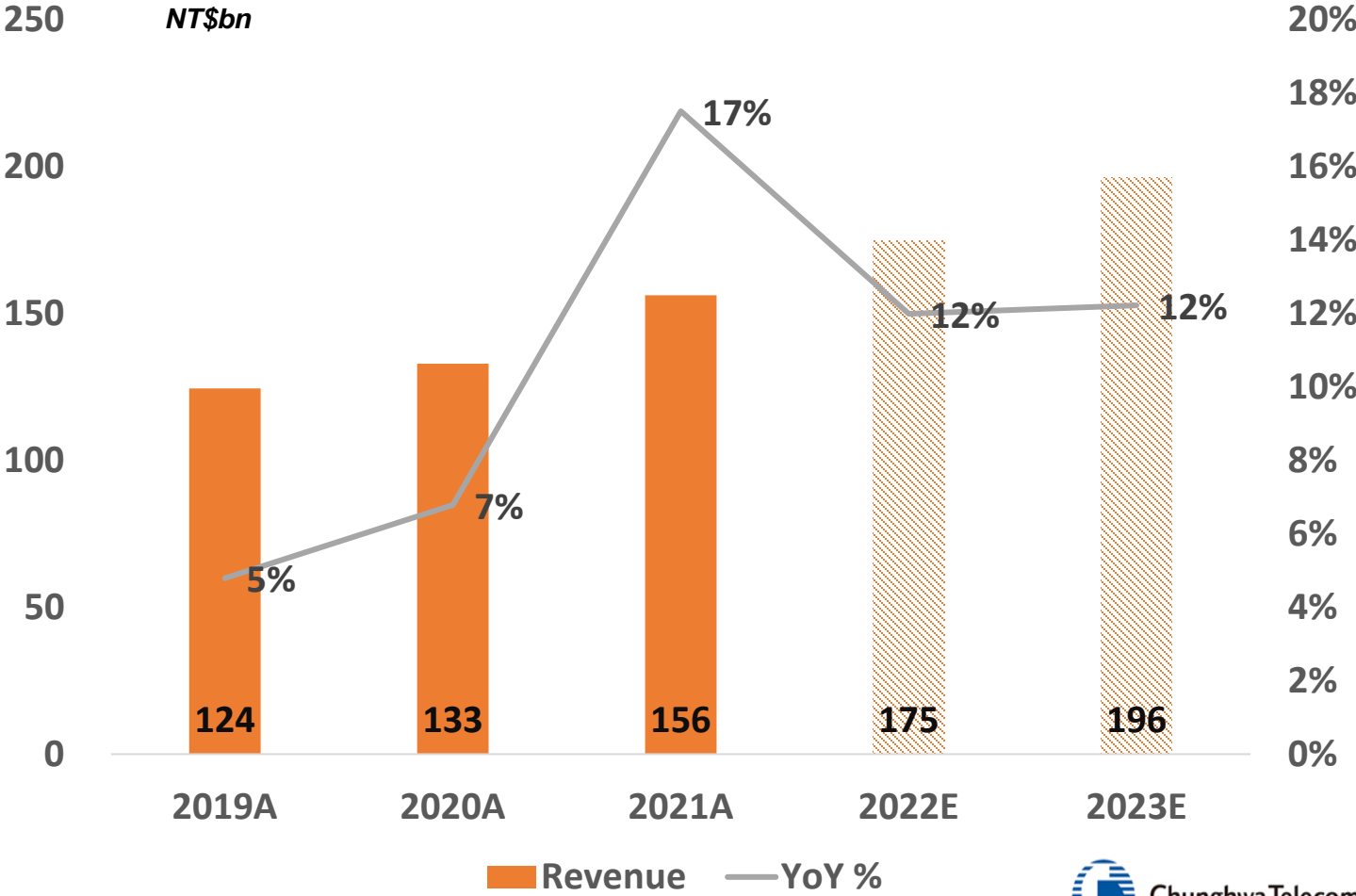
### Notes:

- 1) Total Assets as of June 30, 2022, all figures in NT\$
- 2) Market cap as of Nov 24, 2022





**TWM CY2021 Revenue = NT\$156bn / 19~23' CAGR + 12%**  
**Highest Revenue Growth among 3 Dominant TW Telcos**



Market Cap = NT\$263bn  
Latest Price = NT\$93

19'~23' CAGR

1.5%

3.5%



Notes:  
1) Market Cap & Share Price as of Nov 24, 2022  
2) Top 3 Mobile Operators = Taiwan Mobile, Chunghwa Telecom & Far Eastone  
3) Estimation based on Capital IQ consensus

# Agenda

## II. Competitive Landscape & Market Dynamics



## Industry Backdrop:

# A Highly Competitive Market Forced Consolidation and Diversification



### *Highly Competitive Environment*

- **Price War:** Issuance of new operator license led to a price war on 4G packages (e.g., NT\$499 unlimited packages); players' earnings and margins hindered
- **Competitive 5G Spectrum Bidding:** 3rd most expensive 5G auction in the world (only behind Korea and Germany) cost NT\$142bn in total



### *Industry Consolidation*

- **M&A:** 2 smaller operators, Taiwan Star and Asia Pacific Telecom, are existing the market and in the process of being merged by Taiwan Mobile and FET respectively



### *Diversifying Revenue Stream*

- **Entertainment and Contents:** players are venturing into video streaming, music and content production businesses
- **Financial Services:** Chunghwa Telecom invested in Next Bank, and Taiwan Mobile / FET invested in LINE Bank; more collaborations between traditional banks and telcos to come



## Industry Overview:

**TW has High Penetration Rate across Wireless, Cable TV, and Broadband**

### Market Penetration Rates

**128%**

Wireless Communcation  
29.8mn users in TW

**52%**

Cable Television  
4.7mn householdes in TW

**72%**

Broadband Services  
6.5mn households in TW

### TWM's Brands & Market Position



Taiwan Mobile

Wireless

**24%**



台灣大寬頻

Cable TV

**33%**



台灣大寬頻

Broadband

**17%**

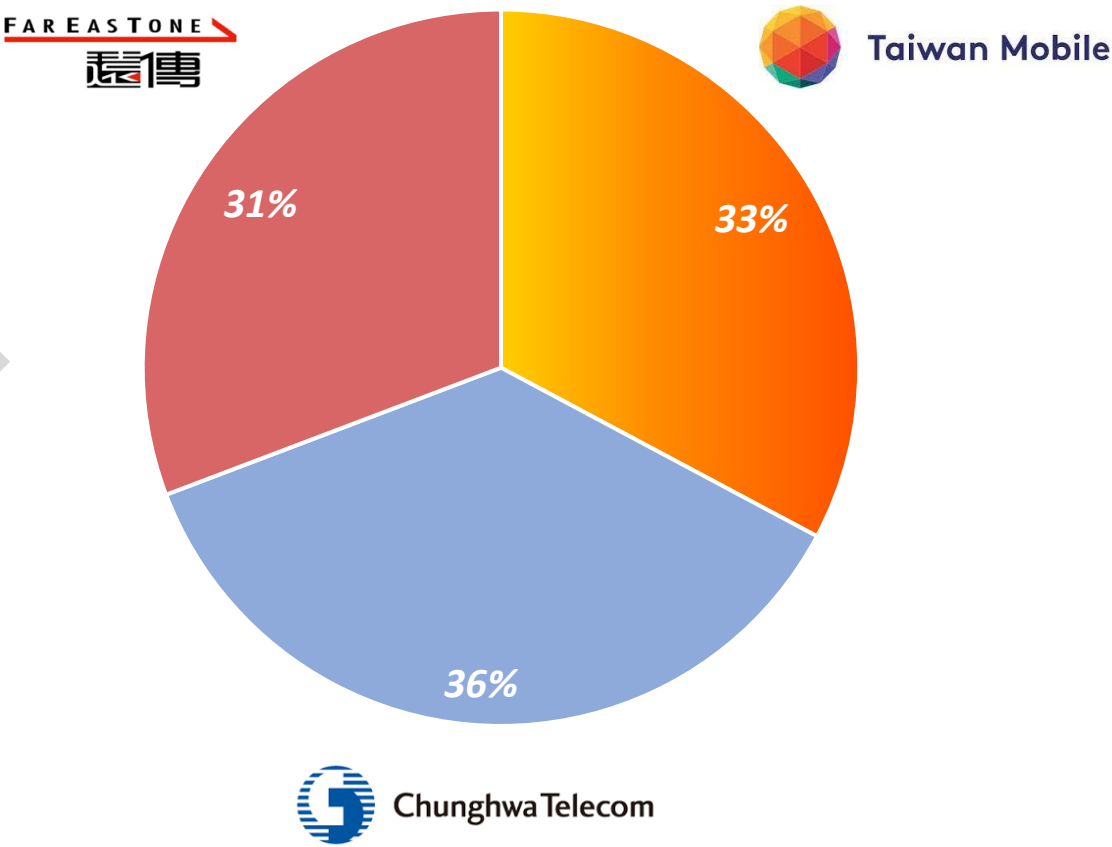
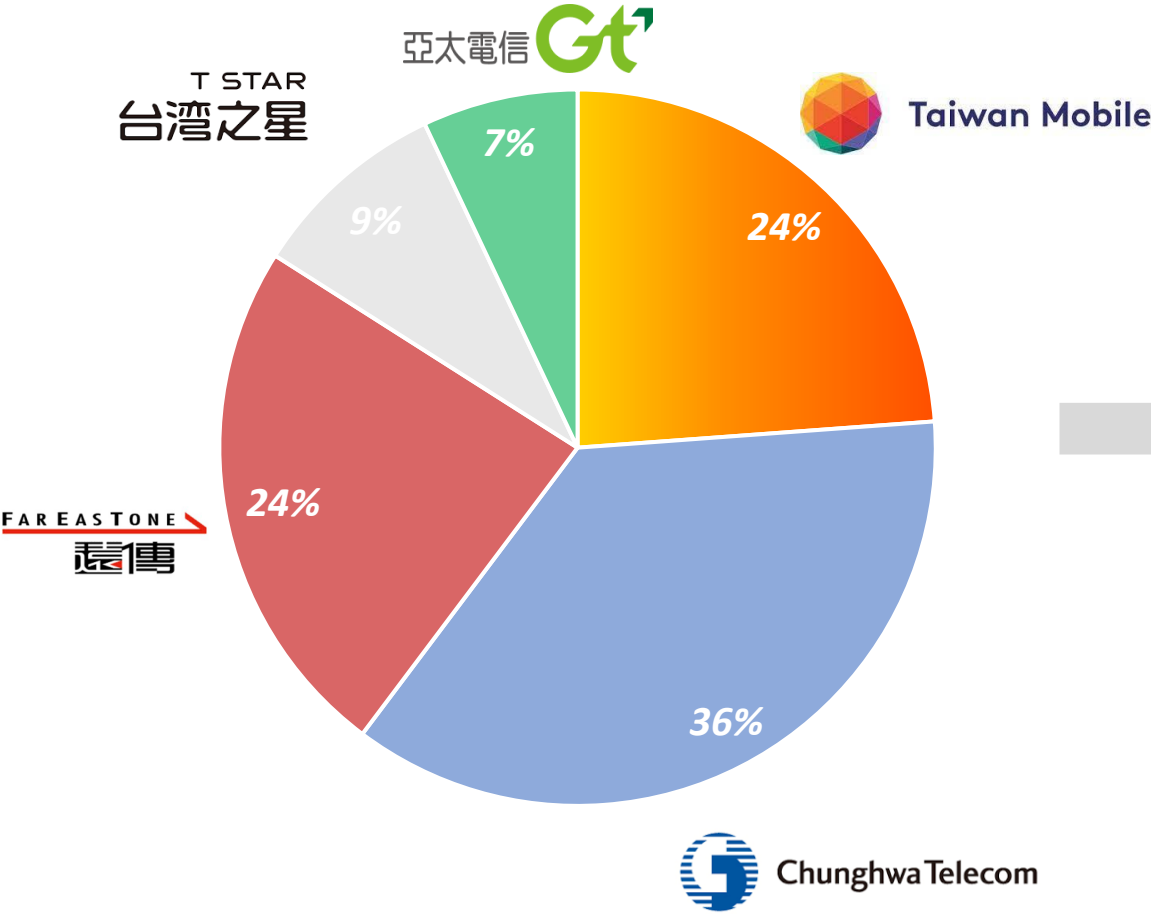


# Segment 1: Wireless – Taiwan Mobile’s Market Share = 33%

## TWM is on Track to Become the Largest Operator Post Merger with TST

Wireless Services Mkt Share

Post TST & APT Acquisitions



Notes:

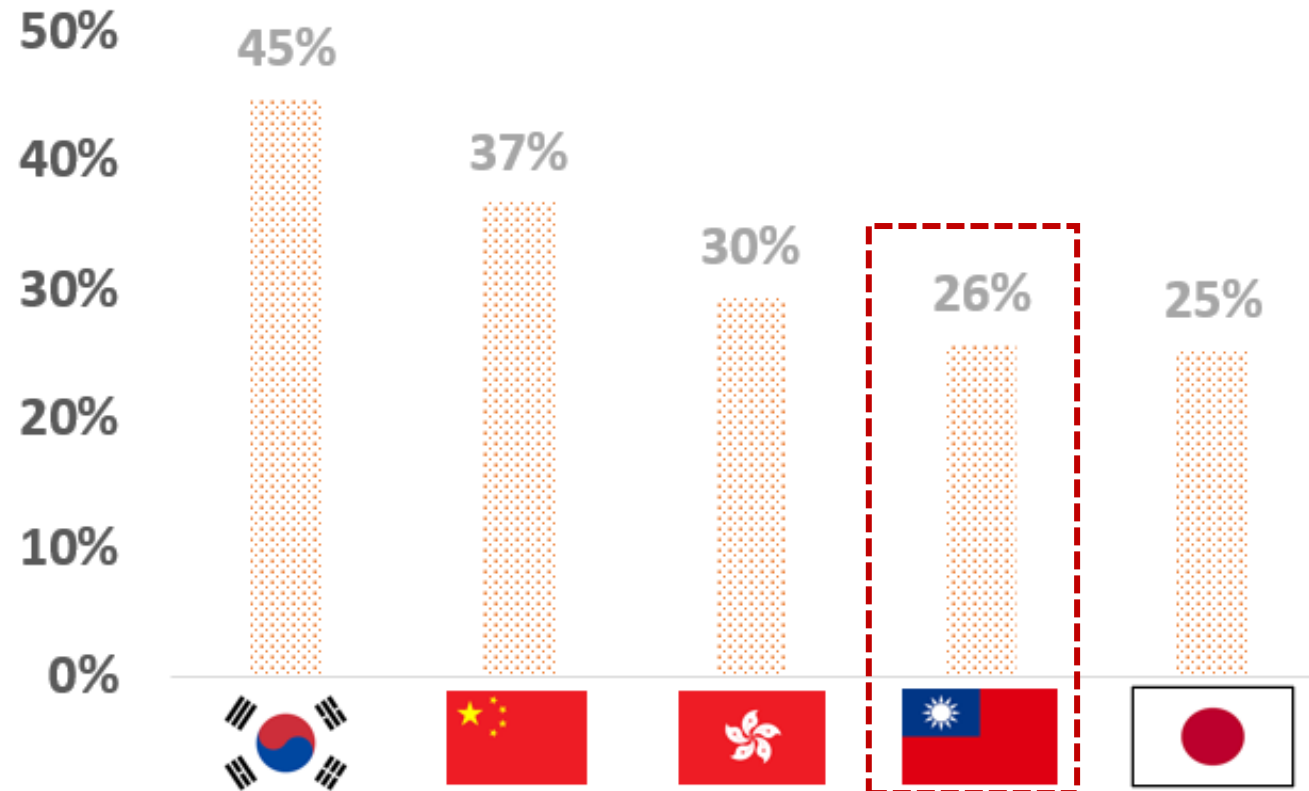
- 1) TWM announced acquisition of T-Star in 2021 while FET acquired APT in 2022, pending NCC approval in 2023Q1
- 2) NCC = National Communications Commission
- 3) Data as of Q2 2022



## Segment 1: Core Wireless Business – 5G Deployment

### ***TW is Ahead of its US/EU Peers in terms of 5G Buildup & Penetration***

#### Top Five Countries by 5G Penetration



✓ TWM is aiming **30%** of 5G penetration rate among its user base by YE22

#### Developed Markets' 5G Penetration Rate

US = 13%

UK = 11%

EU = 2.5%

Notes:

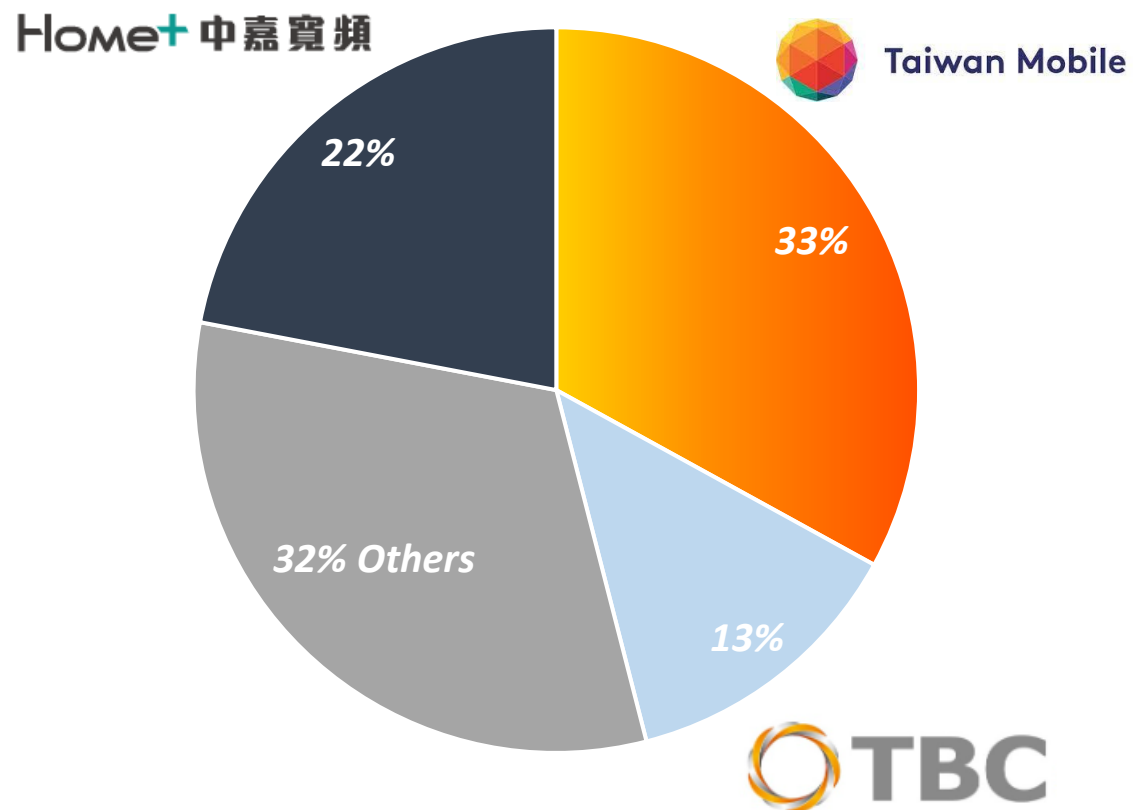
1) 5G penetration has been increasing steadily, roughly 1% per month



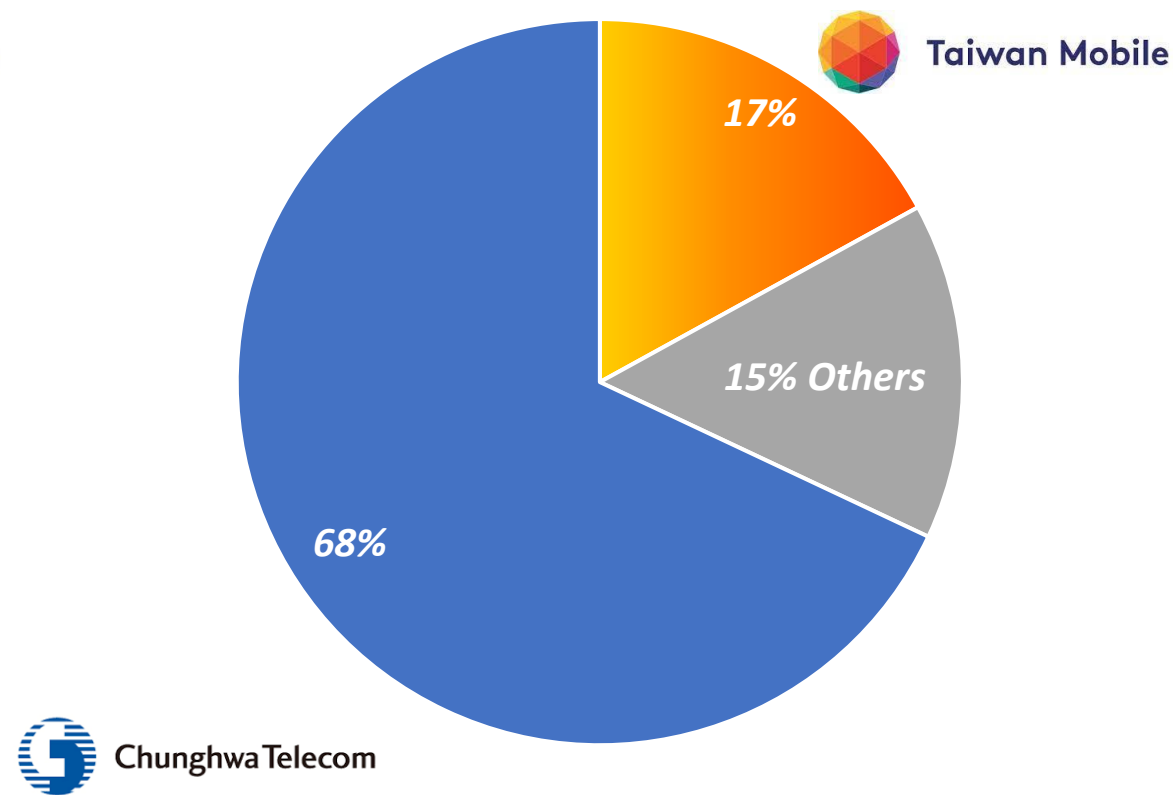
## Segment 2 / 3: Cable TV & Broadband – Market share = 33% & 17%

### TWM Positioned Itself to be a Full-Suite Connectivity Provider

Cable Television Mkt Share



Broadband Services Mkt Share



Notes:

- 1) Cable television penetration rate as of households in TW = 52%
- 2) Broadband penetration rate as of households in TW = 72%
- 3) Total households in TW as of June 30, 2022 = 901mn

# Agenda

## III. Growth/Innovation Strategy





## **Grow through Investments & Innovation:** **Identify Emerging Companies to Help Fuel TWM's Growth Plans**

<b>Vision</b>	<b>Transform TWM into a Tech + Telco company</b>		
<b>Core Strategies</b>	<b>1~3 Years Focus:</b> <b>Immediate value creation to TWM</b>	<b>4~6 Years Focus:</b> <b>Strong synergies with TWM upon integration</b>	<b>7~10 Years Focus:</b> <b>Long-term &amp; Moon-shot values to TWM</b>
<b>Investment Strategy</b>	<b>Direct Investment</b>		<b>Fund Investment</b>
	<b>Step 1: Minority investment</b> <ul style="list-style-type: none"><li>Strategic investment in adjacent &amp; new, disruptive sectors</li></ul> <b>Step 2: Quasi-control ownership</b> <ul style="list-style-type: none"><li>Opportunistically increase ownership / pursue strategic M&amp;As</li></ul>		<b>Step 1: Learn &amp; Build relationship</b> <ul style="list-style-type: none"><li>Learn newest technologies &amp; build relationships through the funds' networks</li><li>Identify &amp; follow potential unicorns</li></ul> <b>Step 2: Cherry pick &amp; execute</b> <ul style="list-style-type: none"><li>Test business fit &amp; synergies</li><li>If right fit, invest (minority / M&amp;A)</li></ul>



## What We Have Accomplished:

# TWM Has Cultivated a Strong Partnership Ecosystem in the Past 2.5 Years

### E-Commerce



### Tech



### Funds



### Media & Entertainment



TWM Film



17LIVE



### Funds

合影視

# Agenda

## IV. Appendix



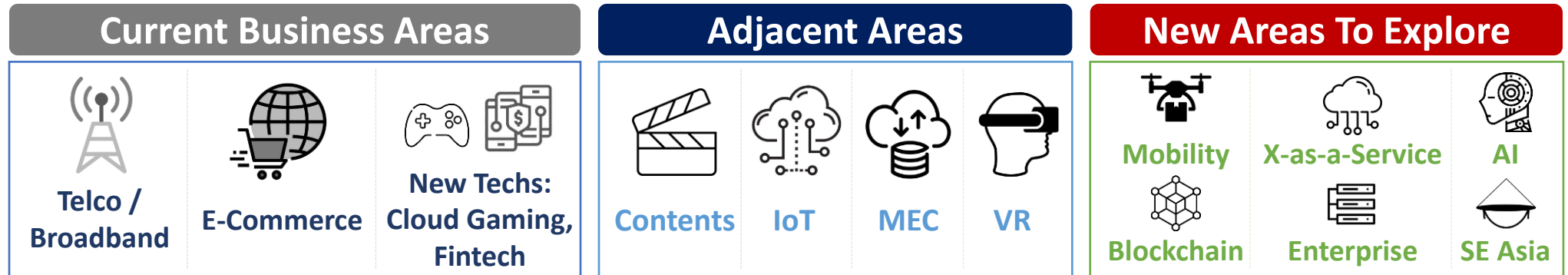
## TWM Direct Investment Strategy:

### Bolster Core Businesses + Identify & Invest in “The Next Big Things”

#### TWM Strategic Goal

**Bolster *Core Business* + Capture *Next Unicorns* in Disruptive Technologies**

#### Our Focus Sectors



#### Our Direct Investment Strategy

##### Step 1. Minority Investments

- **Strategic investment in key areas** such as communication and/or new product areas
- **Expand into new, disruptive sectors**
- **Start small** and build a portfolio of early stage companies & **increase investments** as the companies grow

##### Step 2. Quasi-Control Ownership

- Pursue **strategic M&As**
- Opportunistically increase ownership to 20-50%
- **Obtain control & influence without paying control premium**



# TWM Fund Investment Strategy: Identify Early & Disruptive Growth Opportunities

## Strategic Goal

**Identify & Cultivate Disruptive Opportunities for long-term growth**

## Our Fund Investment Strategy

Short term

### Step 1. Learn & build relationships (*Deal sourcing*)

- Learn newest technology trends & companies. **Share with CBG, EBG, Fubon Group**
- **Build our own relationships**, tapping into funds' network

Long term

### Step 2. Cherry pick & execute (*direct investments or business partnerships*)

- **Start with minority investments** and **business partnerships**
- Test business fit & synergies
- If right fit, **consider full acquisition or Asia JV**

## Selected Funds (examples)

### AppWorks

- ✓ AI / Blockchain / SEA focused

### Soma / Pioneer

- ✓ Earlier stage startups (Seed~Series C)

### Linse Capital

- ✓ Growth equity
- ✓ Mobility / logistics

### Pantera Capital

- ✓ Blockchain dedicated VC

### Northstar

- ✓ SEA focused growth equity