

Taiwan Mobile
1Q26 Results Conference Call
May 13, 2026

Jamie Lin, President: Good afternoon, everyone. Welcome to Taiwan Mobile's 1st quarter 2026 results conference call. Before I start our presentation, please refer to our safe harbor notice on this page.

Now let's start with our business overview. Please turn to page 4 for Q1 highlights.

1Q26 Highlights

In Q1, our Telco+Tech flywheel accelerated its strong momentum. All core growth engines — Telco, Telco+, and New Telco+Tech — delivered robust YoY top-line growth. Consolidated EBITDA and EBIT rose by 8% and 15% YoY respectively, while EPS reached NT\$1.37, topping the industry. On a pro forma basis, excluding one-off items, net income would have grown by 17% YoY. This bottom-line performance was underpinned by AI-driven operational efficiencies, optimized subsidies and commissions, growth in AICT projects, as well as a robust performance in our video business.

Now, let's take a closer look at our core Telco business on the next page.

Telco Core – Growth Engine #1

Turning to our Telco Core, that is our Mobile and Home businesses, our "Sustainable Growth Foundation" strategy continues to yield exceptional results in this segment. This is highlighted by a record-low postpaid churn rate of 0.51% — a 9 basis point improvement YoY — alongside a 3% YoY increase in smartphone ARPU to NT\$687.

In Q1, 5G penetration within our smartphone postpaid base came in at 44%, up 3 percentage points from a year ago. Migration from 4G to 5G remains a primary revenue driver. The monthly fee uplift upon conversion we are seeing is a robust 50%, much higher than that of our peers as we focus on higher-value unique bundles. At the same time, blended contract renewals recorded a 6% monthly fee increase. These factors propelled 5G revenue growth to 9% YoY, which now accounts for 68% of our total mobile service revenue.

Moving to our Home Broadband segment, we reported a solid 5% YoY revenue growth in Q1. Notably, the number of broadband subscribers on speeds of 300Mbps or higher grew by 25% YoY. During the quarter, we further expanded our broadband service coverage area to 94% for Double Play bundles by partnering with more MSOs, strengthening our trajectory for continued market share gains. Driven by strengths in broadband and growth in the channel distribution business, overall Home Business revenues achieved double-digit YoY growth this quarter.

Next, let's turn to page 6 for our growth engine #2.

Telco+ – Growth Engine #2

Leveraging our "Gift-as-a-Service" model to provide integrated AICT, AIDC and cybersecurity solutions, the Telco+ segment remains the strategic cornerstone of our Enterprise business.

Growth in this segment has been impressive, with revenue surging 26% YoY in Q1. This performance was bolstered by government AICT projects and the strong momentum of our AI Data Center business since its launch in Q3 2025. As enterprises accelerate their AI-led transformations, TWM is uniquely positioned as the partner of choice, providing a powerful tailwind for our long-term telecom service revenue growth.

Next, let's move on to our New Telco+Tech Businesses.

New Telco+Tech – Growth Engine #3

Our third engine, New Telco+Tech businesses, delivered a robust 32% revenue surge in Q1, fueled by the AI-driven rapid scaling of our digital ventures.

In our Direct Carrier Billing business (大哥付随帐收), we achieved solid YoY growth by expanding our service portfolio to drive recurring usage. By deepening integration across a broader range of digital platforms and utilizing AI to better target users, we are seeing accelerated adoption of carrier-based payments across our subscriber base.

Our E-Commerce Services for Brands (品牌電商) recorded exponential growth, with revenue more than doubling YoY. This was driven by the addition of new channels and AI-aided strong organic performance from brands. We will continue to leverage group-wide synergies and data-driven insights to capture market share and optimize marketing efficiency.

Finally, let's look at momo.

momo

Despite a still challenging operating environment, momo returned to YoY revenue growth in Q1, marking a pivotal turnaround after four quarters of decline. Its e-commerce GMV rose by 5% YoY, while the take rate remained stable.

The recovery was underpinned by strong traction in mo-shop+ and momo Ads, where the 3P (Third-party) platform delivered double-digit GMV growth with an expanded selection of 3.5 million SKUs in Q1.

With that overview of our strategic progress, I'll now turn the floor over to our CFO, George Chang, for a detailed look at the financials.

Performance by Business

George Chang, CFO & Spokesperson:

Good afternoon. Let's begin with our Performance by Business Segment.

In Q1 2026, our Telecom business delivered a solid 6% YoY revenue growth, accounting for 46% of consolidated revenue. On top of the steady growth in our core mobile business, significant contributions from SI projects and the new AIDC lifted our Telco+ revenue by 26% YoY.

Telecom EBITDA rose by 9% YoY, representing 83% of our consolidated EBITDA. This expansion was fueled by momentum across our three growth engines, successful upselling of mobile plans, and disciplined management of subsidies and marketing expenditures.

Moving to momo, the business not only returned to revenue growth, but also saw its EBITDA margin contraction moderate in Q1. This improvement reflects enhanced operational efficiencies and a more normalized cost structure following the initial investment phase of its new ventures.

Finally, CATV revenue achieved double-digit YoY growth, bolstered by the expansion of our content agency business. CATV EBITDA edged higher YoY, as the steady decline in legacy pay-TV was more than offset by robust growth in our broadband services.

Let's go to Results Summary.

Results Summary

While consolidated revenue rose by 3% YoY, our EBITDA and operating income outperformed, rising by 8% and 15% respectively. This margin expansion was mainly driven by increased SI project contributions, content investment returns, optimized subsidies and commissions, as well as operating efficiencies.

On the non-operating front, expenses increased YoY, mainly due to mark-to-market losses on certain financial assets. However, these were largely mitigated by higher equity income from our strategic investments.

Finally, looking at the bottom line: excluding the one-off tax benefit recognized in 2025, normalized net income would have increased by 17% YoY in Q1, reflecting the underlying strength of our core operations.

Let's move on to Balance Sheet.

Balance Sheet Analysis

We continue to see improvements in our asset efficiency. Within current assets, inventory levels declined due to better turnover management. Meanwhile, accounts receivable and contract assets grew 8% YoY, aligned with the revenue expansion in our mobile and fixed-line businesses.

In terms of long-term investment, the YoY rise was largely attributable to a NT\$3bn strategic investment in the media sector during the first quarter. We also saw an increase in Right-of-Use assets, which reflects the scaling of our AI data center operations.

On the liabilities side, we have successfully reduced our gross debt by NT\$2.6bn sequentially and NT\$6.5bn YoY, reaching a new post-merger low. This deleveraging is a direct result of the strong cash flow generation unlocked by the Taiwan Star merger.

Finally, with ongoing debt reduction and EBITDA growth, our net debt-to-EBITDA ratio improved to 1.58x, while our ROE climbed to 17%, reflecting focus on sustained capital efficiency.

Lastly, let's look at Cash Flow on the next slide.

Cash Flow Analysis

Our 1Q operating cash flow demonstrated healthy growth QoQ and YoY. This was driven by strengthened earnings and favorable working capital movements, primarily due to increased advance deposits from new contracts and higher collections from our project-based services.

Investing cash outflows rose QoQ and YoY, mainly reflecting the strategic media investment mentioned earlier. This also led to lower debt repayments within our financing cash flows for the quarter.

Finally, 1Q26 pre-IFRS 16 free cash flow reached NT\$7.05bn, underpinned by disciplined CAPEX and robust operating inflows. On an annualized basis, this equates to a strong FCF yield of 8.5%, reinforcing our ability to sustain healthy shareholder returns.

Let me turn the presentation back to Jamie for event updates and Key Message.

Awards and ESG Recognitions

Beyond our financial performance, Taiwan Mobile continues to earn global and local recognition for our commitment to excellence in ESG. We have been selected for the S&P Global Sustainability Yearbook for the 9th consecutive year, ranking among the Global Top 5% for the 7th time — solidifying our position as a sustainability leader.

On the technology front, our AI-driven transformation earned us the Diamond Award in the ICT sector for Business Weekly's AI Innovation Top 100. We also enhanced our enterprise offerings by attaining the Google Verified Peering Provider (VPP) Silver Certification, ensuring high-performance connectivity for our clients.

Furthermore, we received the SGS Qualicert international service certification for the 14th straight year, reflecting our consistent service quality. Lastly, our long-term support for the community was recognized at the Sports Activist Awards for the 9th year in a row, earning us Gold Class and Long-term Sponsorship honors. These accolades underscore our commitment to sustainable growth and social impact.

Key Message

Finally, to wrap up this presentation, here is the key message we would like for you to take away with.

Taiwan Mobile is leading the telecom industry with a 4.5% cash dividend yield and a sector-high first quarter EPS. Our performance is anchored by a stable Telco Core foundation, while our Telco+ and New Telco+Tech segments are delivering double-digit structural growth. Together, these engines are upgrading our operational scale and value structure, accelerating our evolution into an AI-driven powerhouse.

With that, let's open the floor for questions. If you are participating online, you are more than welcome to send your questions via the chat box. We will begin by addressing the telephone line inquiries before moving on to the web. Operator, please go ahead.

Q&A

Charlie Bai, HSBC: My first question is about your mobile business. I noticed a decent ARPU growth YoY in the first quarter. And also, congratulations on reaching a record low postpaid churn rate. What are the drivers behind this ARPU growth and very manageable churn rate?

Jamie: We have been focusing on our unique bundles when upgrading users to 5G. We have also been cherishing every opportunity to upsell customers to 5G plans that are suitable to their needs and can also provide us with ARPU lift. That is the reason why we are able to attain a 50% ARPU lift when a customer upgrades from 4G to 5G, which is an industry high. Also, as we are focused on unique bundles, it's very hard for customers to find those types of products from other telecom companies. That's why our churn rate has been on a very, very healthy trajectory.

Charlie Bai: I noticed a turnaround in momo business, that you achieved YoY revenue growth in the first quarter. However, in terms of EBITDA, there is still a small decline YoY. So, when can we expect an EBITDA turnaround in terms of momo business? And what measures have you taken to improve EBITDA margin for momo?

Jamie: Because momo is also a public company, it's a bit tricky for us to discuss its future outlook. However, you can observe the momentum. Usually, for a company to turnaround, you'll see top-line turnaround before bottom line turnaround. So, as momo continues to grow mo-shop+ and momo Ads businesses, one can only expect similar turnarounds to happen down the road.

CHATBOX QUESTIONS

Sigrid Qiu, JP Morgan: Could you please explain the difference between EBIT and EBITDA growth? Why is EBIT growing faster than EBITDA?

Jamie: Our EBIT growth reflects the NT\$0.8bn increase in our EBITDA.

Rob, MoneyDJ: Could you kindly shed some light on the progress of Taiwan Mobile's LEO satellite business plan? I understand that Taiwan Mobile has an MOU with AST Space Mobile. Any more colors on this cooperation?

Jamie: Yes, we have signed an MOU with AST, and the next step will be to foster a regulatory environment for these services to launch in the domestic market legally. We're working very hard with regulators on that.

Jon Lin, Taishin Investment Trust: What do you think about the possibility of cooperating with satellite operators like Starlink/OneWeb? How long will we see the launch of this type of co-ops?

Jamie: Right now, OneWeb is working through another carrier. But in terms of disaster recovery situations, all three telcos are working with OneWeb through that one local telco that's working with them. So, through that one local peer, we're all working with OneWeb. In terms of Starlink, again, it involves regulatory change.