Taiwan Mobile

3Q26 Results Conference Call

November 12, 2026

Jamie Lin, President: Good afternoon, everyone. Welcome to Taiwan Mobile's third quarter 2026 results conference call. We are pleased to report another quarter of solid growth, with acceleration across our businesses, and of strong profitability.

Before I share more details, please take a moment to review our safe harbor notice on this slide.

Now, let's turn to page 4 for highlights of the third quarter.

3Q26 Highlights

In 3Q26, our AI-powered transformation and three-tier flywheel delivered tremendous momentum, driving top-line acceleration and rock-solid profitability across the board. By putting AI at the core of our operations, we are scaling beyond the boundaries of a traditional telecom.

Our top-line growth engines are firing on all cylinders:

First, on our Telco Core: Mobile and Home businesses combined, revenue grew by 8% YoY, providing a steady foundation for sustainable expansion.

Next, our Telco+ Engine: This is our enterprise growth rocket, soaring 34% YoY as we captured massive enterprise demand in AI, AIDC, and cloud intelligence.

And our Telco+Tech Ecosystem: Propelled by strong momentum in our digital commerce and subscriptions, revenues grew 7%, and an impressive 14% if we look at New Telco+Tech, which excludes momo.

Growth in the three engines compounded into stellar financial results: Consolidated revenues climbed 9% YoY to NT$50.37 billion. Consolidated EBIT jumped 15% to NT$5.89 billion. And Net Income surged 18% to NT$4.26 billion.

Notice that AI is lending us even more operating leverage. Our top-line momentums are translating into higher bottom-line expansions.

Next page, let's take a closer look at our Telco Core business.

Telco Core – Growth Engine #1

Telco Core includes our Mobile and Home businesses. This is our sustainable growth foundation. It continues to provide resilient cash flow and the gifts that power our entire Telco+Tech ecosystem.

Mobile service revenue reached a record high of NT$17 billion, up 3% YoY. This was led by steady quality upgrades, with smartphone postpaid ARPU rising 3%.

5G penetration among our smartphone postpaid users reached nearly 46%, with 5G revenue now accounting for 70% of our mobile service revenue. Contract renewals continued to yield healthy upside, with 4G-to-5G conversion driving a stellar 47% monthly fee uplift.

At the same time, our postpaid churn rate dropped to an all-time low of 0.48%. This vindicates the stickiness of our unique bundles and network quality.

In the living room, our Double-Play bundles continued to gain strong traction. Broadband revenue increased 5%, and users on 300 Mbps or higher rate plans went up by 19% YoY.

Our Telco Core is healthy and resilient, lending us a solid base to pursue both organic and inorganic growth opportunities in Telco+ and Telco+Tech sectors.

Let's turn to Telco+ on the next page.

Telco+ – Growth Engine #2

In Q3, Telco+ revenue expanded 34% YoY. Capitalizing on the rising demand for advanced computing, we successfully activated a new phase of AIDC capacity during the quarter. This expansion propelled data center revenue up by 140% and drove strong demand for supporting infrastructure and cybersecurity services, which grew 53%. At the same time, our AICT business surged 284% YoY, driven by accelerating deployments for key government and enterprise projects.

With our tender offer for Systex now successfully completed, we are entering into an exciting new phase of growth. By combining Taiwan Mobile's telecom, cloud, and AIDC infrastructure with Systex's solutions capabilities and enterprise reach, we will unlock immense cross-selling synergies and capture even greater market share.

Next, let's move on to Telco+Tech Businesses on the next slide.

New Telco+Tech – Growth Engine #3

In Q3, our Telco+Tech revenues grew 7% YoY, or 14% for New Telco+Tech, which excludes momo.

A standout highlight during this quarter was our e-commerce services for brands business:

We officially added 3COINS from Japan as a new partner brand and Eslite as a new partner retail channel, expanding our footprint to 31 partner brands across 16 partner channels. While anchor brands like Royal Canin and Philips maintained steady growth, the opening of our first 3COINS store in September delivered an immediate revenue boost.

To maximize group synergies, momo is serving as the exclusive official online flagship store for 3COINS, complementing its physical store expansion to create seamless omnichannel coverage.

Alongside retail, our digital entertainment and content business also delivered solid performance, with OTT and content revenues growing 26% YoY.

Finally, let's look at momo.

momo

momo achieved its third consecutive quarter of positive YoY revenue growth, with Q3 revenue rising by 7% YoY to NT$26 billion. E-commerce GMV growth accelerated to 11% YoY, driven by a 5% YoY expansion in active users, while maintaining a stable take rate of 13.8%.

This steady top-line acceleration over the past three quarters has further strengthened momo's operating leverage. Thanks to a stable take rate and an optimized expense ratio, EBITDA has returned to positive YoY growth with a 4% margin, while EBIT margin expanded to 2.7%.

The key growth drivers, mo-shop+ and momo Ads, continued to scale nicely. Our 3P marketplace, mo-shop+, expanded its product selection to over 4.3 million SKUs, delivering double-digit YoY GMV growth in Q3. Concurrently, momo Ads, our retail media network, maintained strong momentum, generating double-digit YoY revenue growth as merchant adoption steadily deepened.

Next, I'll now turn the floor over to our CFO, George Chang, for a detailed look at the numbers.

Performance by Business

George Chang, CFO & Spokesperson:

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

In Q3 2026, our Telecom revenue growth accelerated to 11% YoY, on the back of steady performance in our consumer telecom segment, alongside higher contributions from AIDC and SI projects. Device sales were also bolstered by the iPhone 18 launch and an expansion in our e-commerce services for brands business.

Telecom EBIT rose by 17% YoY, representing 77% of consolidated EBIT. This operating leverage was driven by strong growth across all 3 engines, prudent cost discipline, as well as lower depreciation expenses.

momo's steady top-line acceleration over the past three quarters has strengthened its operating leverage. Q3 EBIT increased 11% YoY, supported by lower D&A as momo consolidated capacity and reduced outsourced warehouse leases.

Accounting for our equity stake, momo contributed roughly 6% to TWM's net income in Q3.

Finally, CATV EBIT grew 3% YoY, as solid broadband growth, fueled by higher-speed migrations and our bundle offerings, more than offset lower pay-TV revenue.

Now, let's go to results summary.

Results Summary

Consolidated revenue rose by 9% YoY in Q3, as telecom, momo and CATV all delivered revenue growth for three consecutive quarters. Operating income grew 15% YoY, marking our fourth consecutive quarter of double-digit growth.

On the non-operating front, expenses dropped significantly YoY, mainly driven by lower financing costs, along with increased disposal and mark-to-market gains on our investment holdings. As a result, net income rose 18% YoY in Q3, once again delivering a double-digit YoY increase.

For the first nine months of 2026, EPS reached NT$4.26, the highest among our peers.

Let's move on to Balance Sheet.

Balance Sheet Analysis

On the asset side, accounts receivable and contract assets increased 11% YoY, tracking solid top-line growth across our mobile, fixed-line, and AI data center businesses. Inventories rose YoY as momo built up inventory to support business growth, alongside increased mobile device procurement. Meanwhile, right-of-use assets and lease liabilities increased both YoY and QoQ as we executed a phased AIDC commercialization schedule, in line with sequential milestones for energized capacity.

On the liabilities and equity side, gross debt increased by NT$8.1 billion QoQ, driven by short-term borrowings to fund cash dividend payments. Additionally, our share price performance triggered an additional NT$0.15 billion in convertible bond conversions, which helps optimize our capital structure and lower future interest expenses.

As for financial ratios, our net debt-to-EBITDA ratio edged up sequentially to 1.58x due to temporary dividend-related borrowings, but remained lower YoY supported by steady EBITDA growth. Concurrently, ROE rose to 18%, driven by robust year-to-date net income growth and higher dividend distributions that reduced retained earnings. Overall, we continue to maintain a disciplined balance sheet and strong capital efficiency.

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

Cash Flow Analysis

For the first three quarters of 2026, operating cash flow reached NT$28.75 billion, up 6% YoY, driven by solid growth in our core operating earnings. Investing cash outflow expanded slightly by 5% YoY to NT$9.52 billion, mainly due to strategic equity investments, which were largely offset by reduced capex. Meanwhile, financing cash outflow narrowed by 14% YoY to NT$19.49 billion, largely attributable to the cash proceeds from the sale of treasury shares.

Looking at capex, group cash capex decreased by 25% YoY to NT$6.62 billion during the first three quarters, reflecting disciplined spending. Coupled with strong operating cash generation, our cumulative pre-IFRS 16 free cash flow surged 24% YoY to NT$18.48 billion. On an annualized basis, this translates into an attractive free cash flow yield of 6.7%, providing a solid foundation to support sustained shareholder returns.

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

Tender Offer for Systex (6214.TW) Completed

Thanks, George. On page 15, we are very pleased to update you on the successful completion of our public tender offer for Systex, which is a major strategic cornerstone for Taiwan Mobile's next chapter.

As announced previously, all completion conditions — including approval from the Fair Trade Commission and the minimum threshold— had been met, and the tender offer period ended on November 5, with the cash and stock settlement scheduled for today, November 12.

Through this transaction, we acquired an additional 49.16% stake in Systex, raising Taiwan Mobile's total shareholding from 11.86% to 61.02%, officially securing majority control.

Under our previous stake, net income contribution for the first three quarters was NT$234 million. With our new 61.02% ownership, net income contribution would have significantly expanded to over NT$1.2 billion before interest expenses, or an 8.8% contribution to TWM's bottom line on a pro forma basis.

Turning to the balance sheet, total assets reach NT$300 billion on a pro forma basis. Thanks to our balanced cash-and-stock deal structure, the transaction remains immediately accretive even on an EPS basis, while maintaining a healthy and resilient balance sheet.

Awards and ESG Recognitions

Next, I'd like to highlight a recent recognition on our relentless commitment to network excellence and superior subscriber experience.

Taiwan Mobile ranked #1 across six key performance categories in Opensignal's Mobile Network Experience Report for 1H 2026. We led the market in Reliability and Consistent Quality under the Quality of Experience metrics, and delivered top-tier performance in Time on Network and across the Application Experience categories, including Video, Voice App, and 5G Voice App.

These results reflect the continued success in AI-led optimization of our network following the spectrum integration, ensuring that our subscribers consistently enjoy a superior mobile experience.

Key Message

To conclude our presentation, here is the key message we would like you to take away:

Our three growth pillars continue to fire on all cylinders, delivering strong momentum and healthy operating leverage.

The successful tender offer for Systex marks a major milestone in Taiwan Mobile's transformation, positioning us to capture significant growth opportunities in the AI-driven enterprise market.

The transaction is immediately accretive to EPS, with only modest incremental net leverage, preserving our financial flexibility.

Looking ahead, we see three powerful synergy drivers: Cross-Selling, AI Integration, and Regional Expansion.

By combining Taiwan Mobile's robust infrastructure with Systex's leading solutions expertise and extensive customer reach, we are creating a robust platform to accelerate enterprise growth, unlock new opportunities, and compound shareholder value over the long term.

Before we take your questions, a quick reminder: voting for this year's Extel Asia Executive Team Survey is now open. Our solid results year to date reflect the dedication of the leadership team and our commitment to creating long-term shareholder value. We would deeply appreciate your support for Taiwan Mobile. Thank you.

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.