

Statements of Comprehensive Income Analysis

Consolidated statements of comprehensive income

Explanation of significant changes in the past two years' operating revenue, operating income and income before tax:
Non-operating expenses increased mainly due to an increase in losses on disposal of property, plant and equipment.

2018 - 2019 Consolidated Statements of Comprehensive Income

Unit: NT\$'000, %

	2018	2019	YoY change	
			Amount	%
Operating revenue	118,732,328	124,420,913	5,688,585	4.79
Operating costs	84,315,734	91,612,178	7,296,444	8.65
Gross profit	34,416,594	32,808,735	(1,607,859)	(4.67)
Operating expenses	16,885,497	16,115,167	(770,330)	(4.56)
Operating income	18,162,042	17,193,335	(968,707)	(5.33)
Non-operating income (expenses)	(472,825)	(611,525)	(138,700)	29.33
Income before tax	17,689,217	16,581,810	(1,107,407)	(6.26)
Net income	14,485,768	13,291,867	(1,193,901)	(8.24)

Stand-alone statements of comprehensive income

Explanation of significant changes in the past two years' operating revenue, operating income and income before tax:
No significant changes.

2018 - 2019 Stand-alone Statements of Comprehensive Income

Unit: NT\$'000, %

	2018	2019	YoY change	
			Amount	%
Operating revenue	65,545,627	62,426,270	(3,119,357)	(4.76)
Operating costs	43,017,205	42,140,467	(876,738)	(2.04)
Net gross profit	22,528,422	20,285,294	(2,243,128)	(9.96)
Operating expenses	12,699,653	11,315,316	(1,384,337)	(10.90)
Operating income	10,465,707	9,198,843	(1,266,864)	(12.10)
Non-operating income (expenses)	5,071,356	4,963,642	(107,714)	(2.12)
Income before tax	15,537,063	14,162,485	(1,374,578)	(8.85)
Net income	13,642,172	12,481,167	(1,161,005)	(8.51)

Revenue outlook, key assumptions, potential impact on the Company's business and corresponding proposal:

TWM is expected to launch 5G services in the second half of 2020. Its financial performance will inevitably be affected in 2020 because of higher amortization costs for 5G spectrum and network construction, in addition to a low penetration rate in the early stage. The Company will continuously work on enriching content, developing 5G applications, and creating exclusive deals with device partners to boost revenue and ARPU. It will also seek potential opportunities for cooperation, such as co-networking or collaborating with other service providers by carrier aggregation to generate additional earnings and synergy, and enhance return on investment by maximizing spectrum value.