



Tai Tung Communication

2018 Investor Conference

Nov. 2018





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Agenda

- 2018Q3 Financial Highlights
- Subsidiaries Taifo Company Business Development
- QA



Consolidated Income Statement

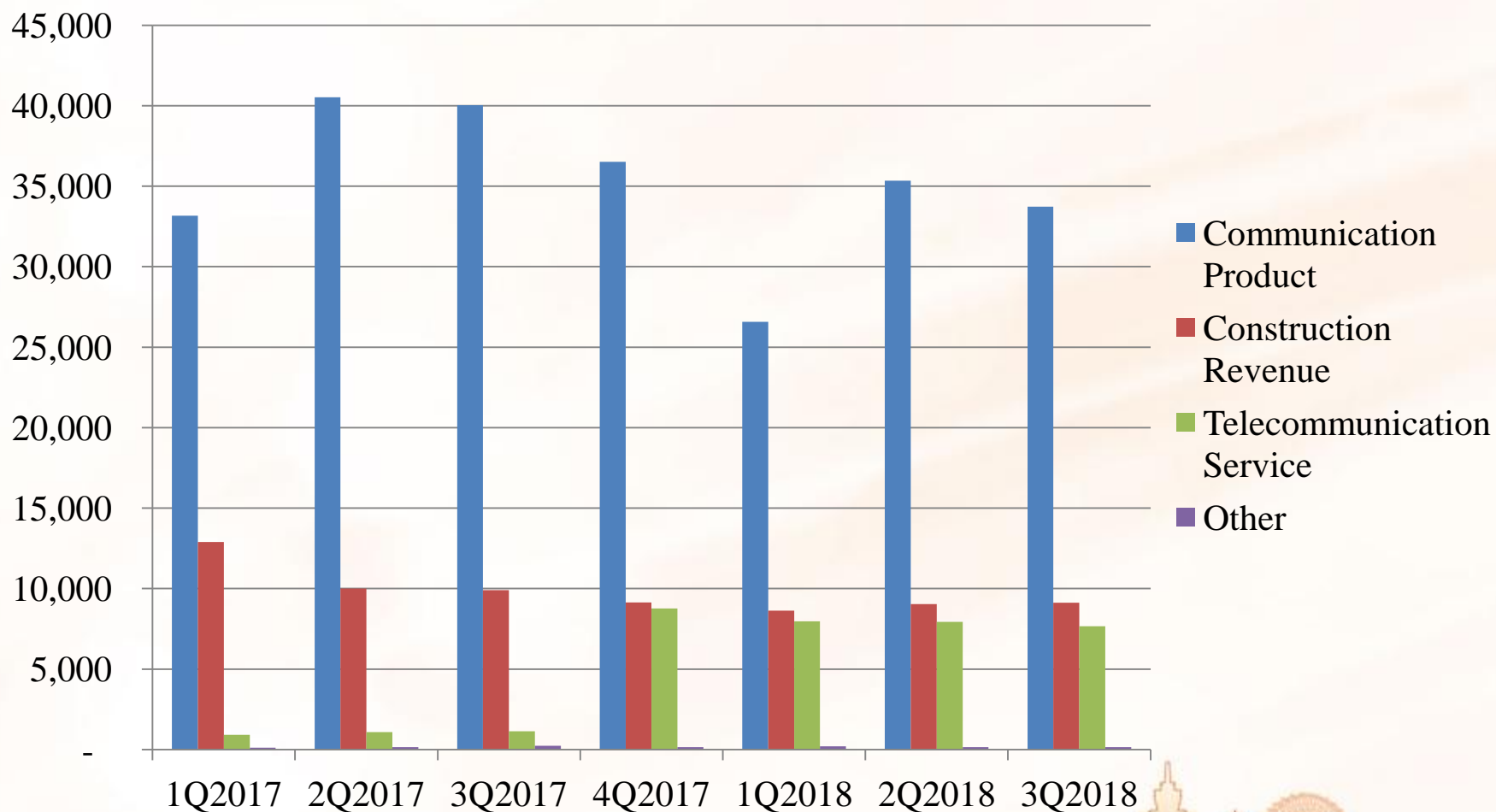
In NT Millions

	3Q2018		2Q2018		QoQ	3Q2017		YoY
	Amount	%	Amount	%	%	Amount	%	%
Operating revenue	50,650	100	52,458	100	-3	51,282	100	-1
Operating costs	43,059	85	46,611	89	-8	42,530	83	1
Gross profit	7,591	15	5,847	11	30	8,752	17	-13
Operating expenses	7,333	14	6,460	12	14	7,678	15	-4
Non-operating income and expenses	-1,298	-3	20	-	-6,590	-1,374	-3	-6
Profit before tax	-1,040	-2	-593	-1	75	-300	-1	247
Net profit	-1,411	-3	-1,633	-3	-14	-958	-2	47
Net Profit attributable to owners of the parent	682	1	230	-	197	947	2	-28
Net Profit attributable to non-controlling interest	-2,093	-4	-1,863	-3	12	-1,905	-4	10
Basic EPS (NT\$)	0.06		0.02			0.08		



Consolidated Sales Revenue

In NT Millions





Consolidated Income Statement

In NT Millions

	2018 Year -to-Q3		2017 Year -to-Q3		YoY
	Amount	%	Amount	%	%
Operating revenue	146,462	100	150,139	100	-2
Operating costs	125,370	86	121,837	81	3
Gross profit	21,092	14	28,302	19	-25
Operating expenses	21,719	14	22,306	15	-3
Non-operating income and expenses	-2,722	-2	-3,083	-2	-12
Profit before tax	-3,349	-2	2,913	2	-215
Net profit	-5,033	-3	-163	-	2988
Net Profit attributable to owners of the parent	1,232	1	5,643	4	-78
Net Profit attributable to non-controlling interest	-6,265	-4	-5,806	-4	8
Basic EPS (NT\$)	0.10		0.50		



Consolidated Balance Sheet

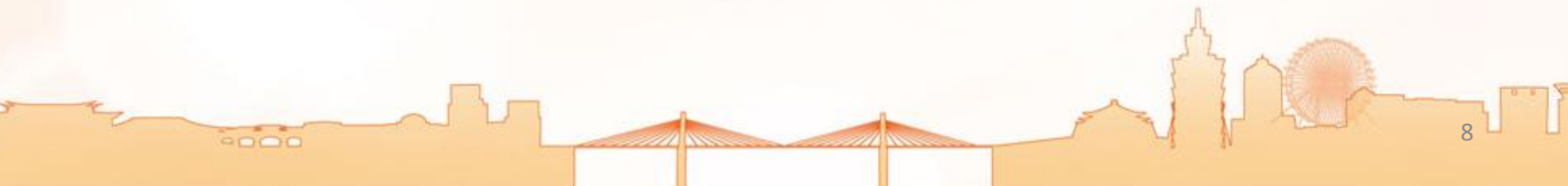
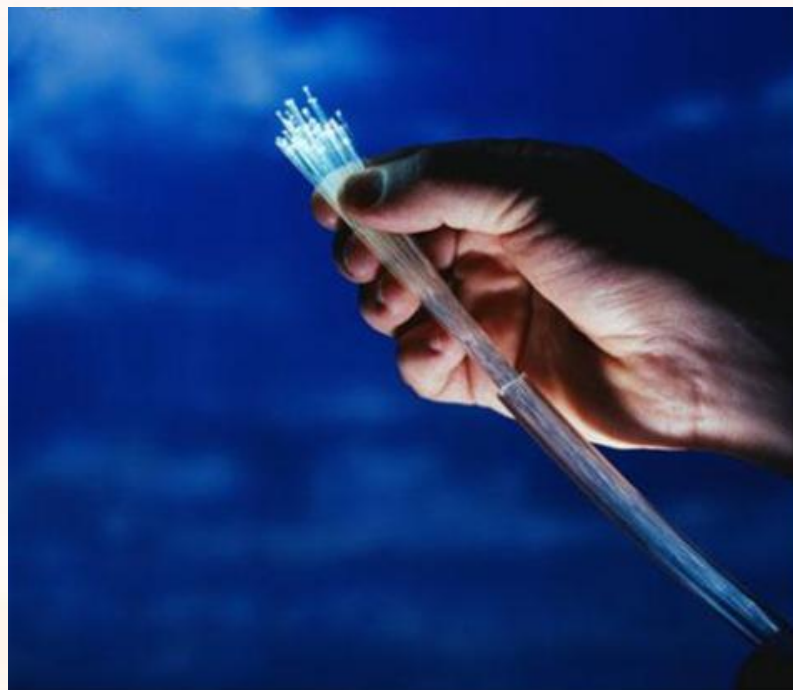
In NT Millions

	2018/9/30		2017/12/31		2017/9/30	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	40,431	7	55,829	9	65,776	11
Other current assets	132,969	21	135,059	22	137,679	22
Property, plant and equipment	150,413	25	153,919	25	151,429	25
Intangible assets	216,354	36	204,256	33	200,158	33
Other non-current assets	68,727	11	67,696	11	56,679	9
Total Assets	608,894	100	616,759	100	611,721	100
Current liabilities	72,396	12	75,877	12	73,223	12
Non-current liabilities	174,857	29	173,872	28	168,232	27
Total liabilities	247,253	41	249,749	40	241,455	39
Equity attributable to owners of the parent	269,128	44	268,672	44	270,219	44
Non-controlling interest	92,513	15	98,338	16	100,047	17
Total Equity	361,641	59	367,010	60	370,266	61



Taifo Company Business Development

- About Taiwan Intelligent Fiber Optic Network (TAIFO)
- Business Role/Positioning
- Core Competencies
- 2018 Achievements
- Future Business Direction





About Taiwan Intelligent Fiber Optic Network (TAIFO)

- Established in 2012
- Paid up Capital NT\$2.45B
- Number of Employees ~200
- Major Shareholders: TCC 64.43% and Hon-Hai 23.11%
- 25 Years' BOT project with Taipei City Government since 2011
- Deployed more than 4,000KM of Optical Fiber Network in Taipei City since 2012



Business Role/Positioning

- **Network Infrastructure Provider**
 - City government’s resource for optical fiber network deployment and operations
- **City Government’s Network Service Provider**
 - Top priority service provider for city governments’ requirements
- **Neutral role in content business**
 - TAIFO is truly a net-neutrality follower
 - Best partner for OTT players



Core Competencies

■ People

- In-house OSP/premise engineers providing best time-to-market and efficiency

■ Resources

- BOT contract allows TAIFO to utilize city governments' limited drain and pipe resources for fiber optic network deployment

■ Engineering Methods

- New methods help TAIFO to build fiber optic network with less cost and time
 - Micro-trenching
 - Ditch-cover splicing



2018 Achievements

■ Government

- **City Police:** more than 15K surveillance cameras transferred to TAIFO for more than 1 year
- **City IT:** all city government intranet is using TAIFO
- **Others:** city hospitals, city libraries, revenue service offices, land admin,...

■ Enterprise & Carrier

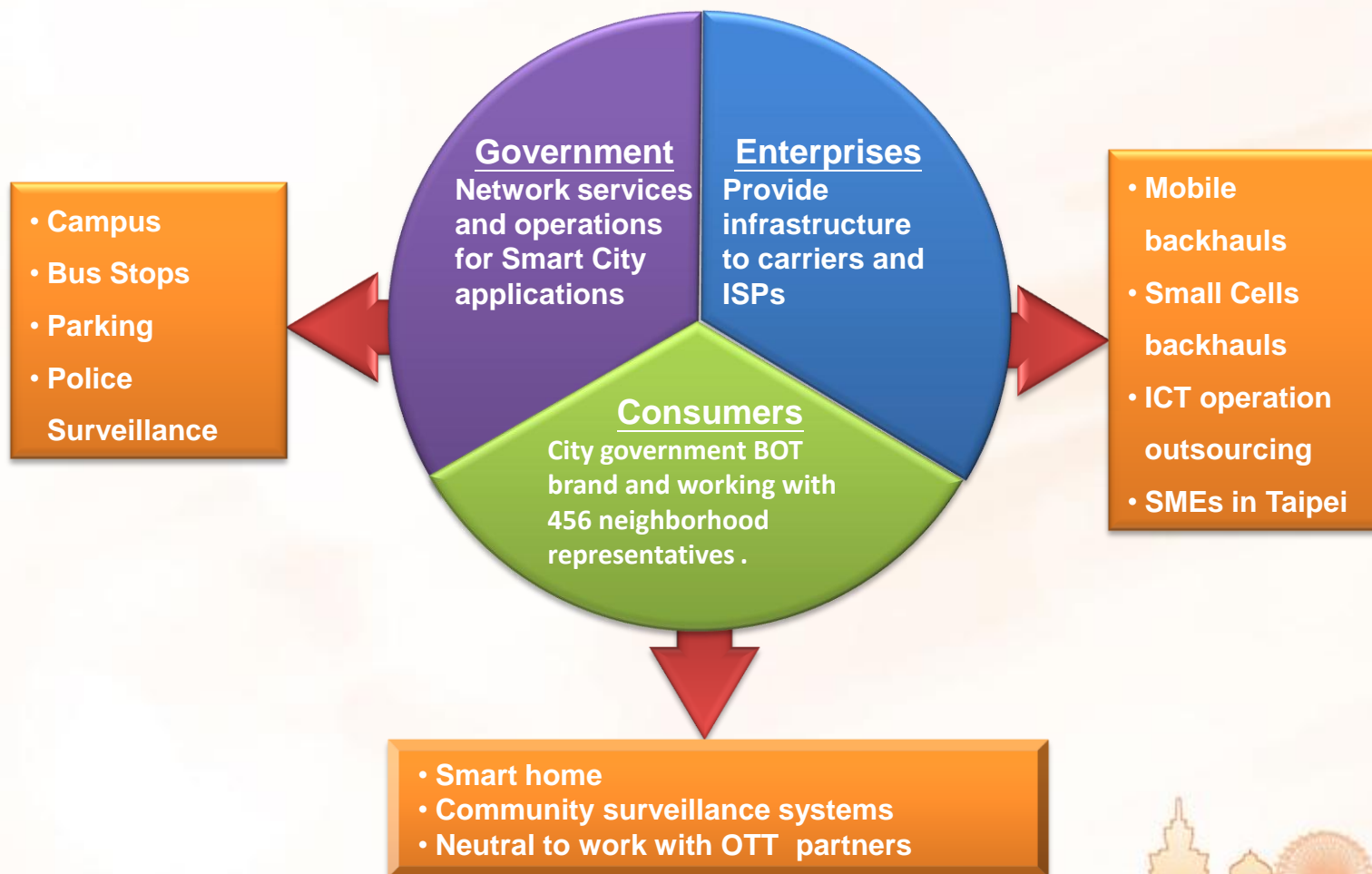
- **Mobile Carriers:** several carriers are using our network for base-station and small cell backhuls
- **Major ISPs/IDCs/Property owners:** network services/dark fibers

■ Consumers

- **35K home can provide next-day service**
- **Service ready for public housing**

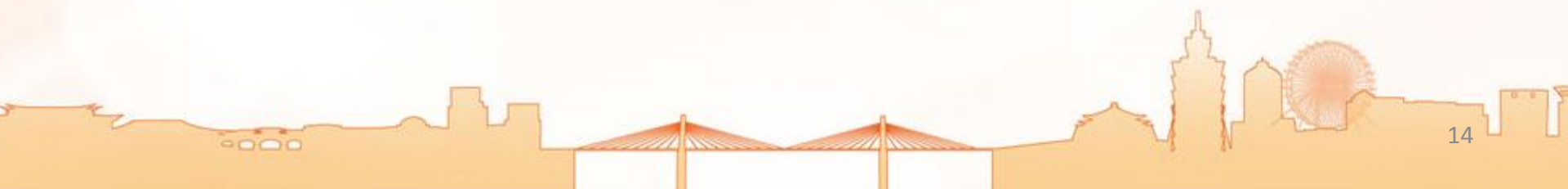


Future Business Direction





Q&A





Thank You

