



Tai Tung Communication Co., Ltd.

2019 Investor Conference

Nov. 2019





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Agenda

- Company Overview
- Organization Structure
- Industry Overview
- 2019Q3 Financial Highlights
- Subsidiaries Taifo Company Business Development
 - About Taiwan Intelligent Fiber Optic Network (TAIFO)
 - 2019 Achievements
 - Business Development Strategies
 - Core Competencies
 - Future Business Outlook
- Q&A



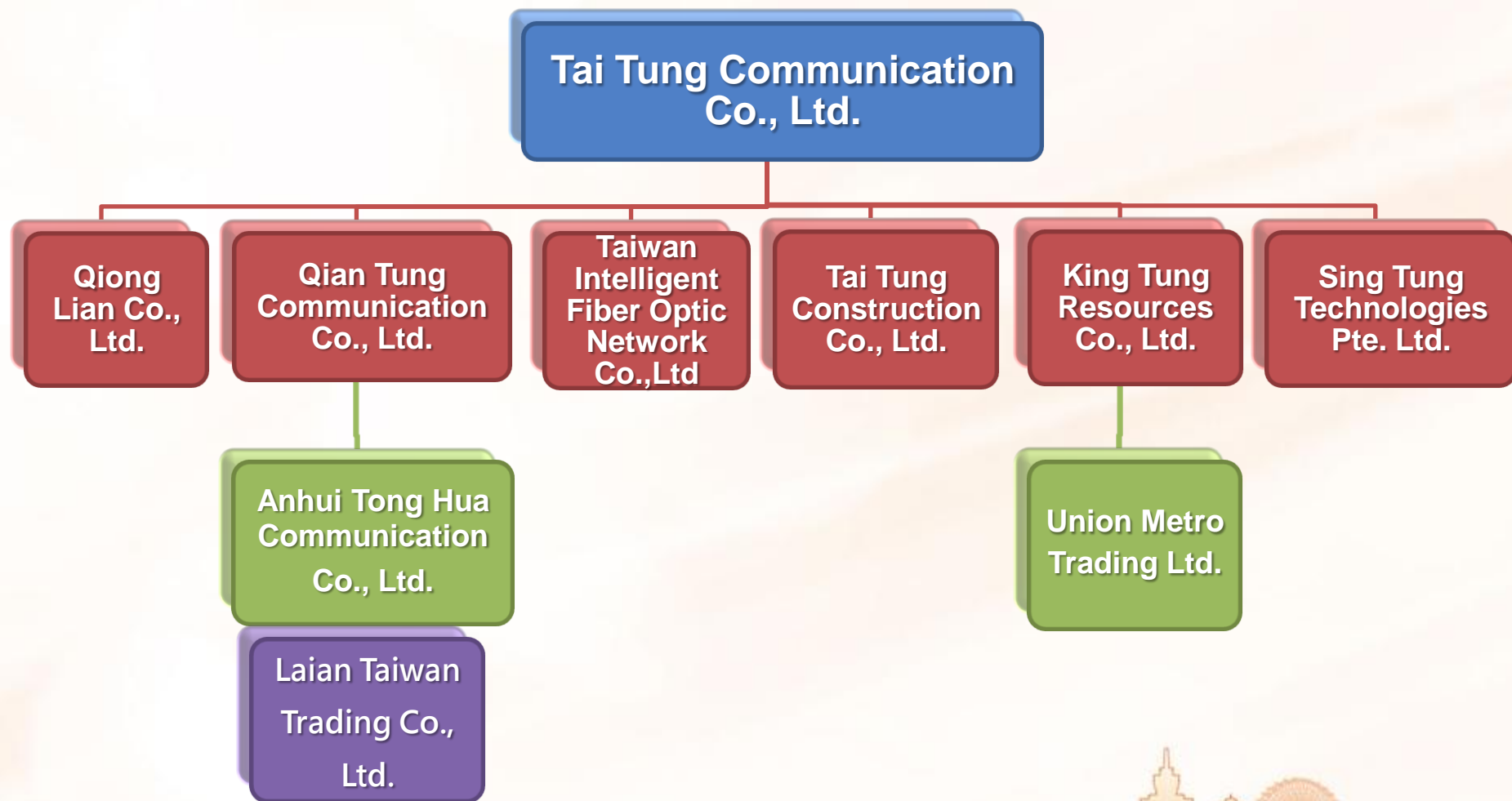
Company Overview

- Date of establishment : Dec,1981
- Paid-up capital : NTD1,186M
- Head office : No.3, Lane12, Wuquan 3rd Road, Xinzhuang District, New Taipei City
- Main business : Fiber optical cable & Passive component 、 Communication cable 、 Smart City fiber optic network construction project
- Major customers :





Organization Structure





Indurtry Overview

- The U.S.-China trade war has caused the delay of global fiber optic cable demand.
- 5G enters the business operation officially. Along with countries continueing building infrastructure of 5G, the demand for optical communication and passive components increases because bandwidth upgrades continuously.



Statements of Comprehensive Income

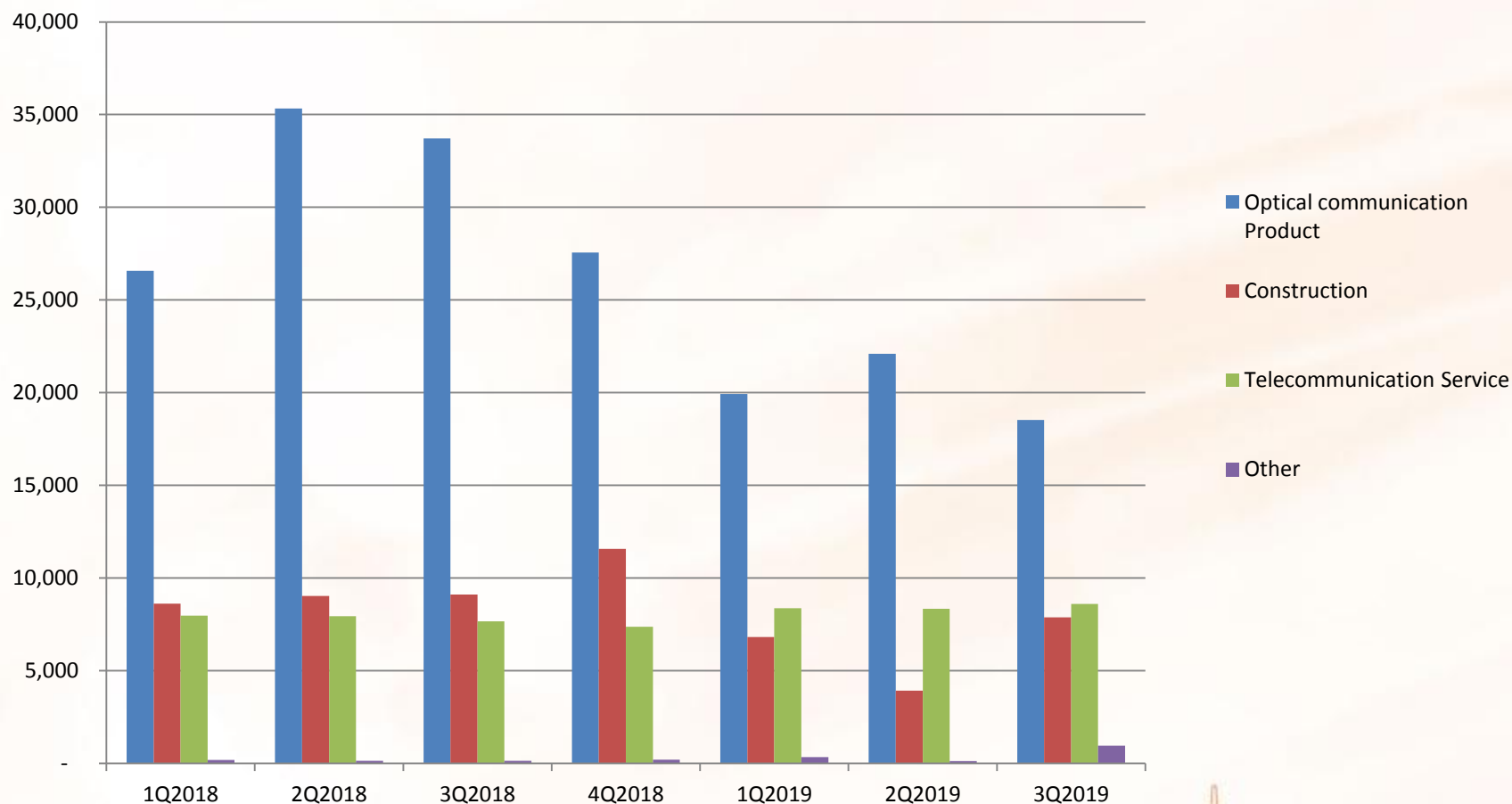
In NT\$10K

	3Q2019		2Q2019		QoQ	3Q2018		YoY
	Amount	%	Amount	%	%	Amount	%	%
Operating revenue	35,986	100	34,496	100	4	50,650	100	-29
Operating costs	28,750	80	31,958	93	-10	43,059	85	-33
Gross profit	7,236	20	2,538	7	185	7,591	15	-5
Operating expenses	5,877	16	5,904	17	0	7,333	14	-20
Non-operating income and expenses	-1,303	-4	-489	-1	166	-1,298	-3	0
Profit before tax	56	0	-3,855	-11	-101	-1,040	-2	-105
Net profit	-840	-2	-4,084	-12	-79	-1,411	-3	-40
Net Profit / Net Loss attributable to owners of the parent	323	1	-2,410	-7	-113	682	1	-53
Net Profit /Net Loss attributable to non-controlling interest	-1,163	-3	-1,674	-5	-31	-2,093	-4	-44
Basic loss per share/ Basic earnings per share(NT\$)	0.03		-0.20			0.06		



Consolidated Sales Revenue

In NT\$10K





Statements of Comprehensive Income

In NT\$10K

	2019 Year -to-Q3		2018 Year -to-Q3		YoY
	Amount	%	Amount	%	%
Operating revenue	105,924	100	146,462	100	-28
Operating costs	94,749	89	125,370	86	-24
Gross profit	11,175	11	21,092	14	-47
Operating expenses	19,092	18	21,719	14	-12
Non-operating income and expenses	-3,384	-3	-2,722	-2	24
Profit before tax	-11,301	-10	-3,349	-2	237
Net profit	-12,952	-12	-5,033	-3	157
Net Profit / Net Loss attributable to owners of the parent	-7,972	-7	1,232	1	-747
Net Profit /Net Loss attributable to non-controlling interest	-4,980	-5	-6,265	-4	-21
Basic loss per share/ Basic earnings per share(NT\$)	-0.67		0.10		



Consolidated Balance Sheets

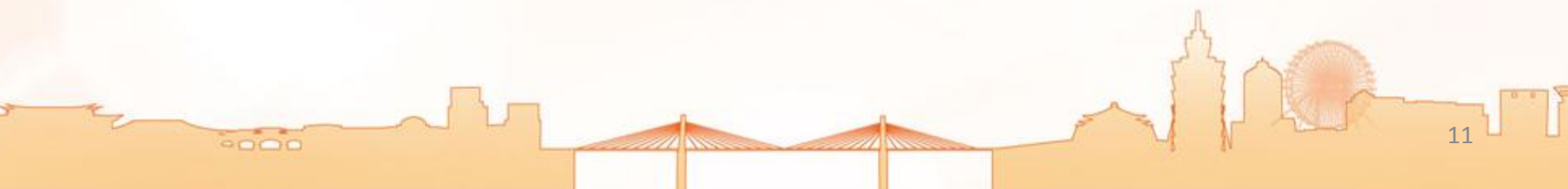
In NT\$10K

	2019/9/30		2018/12/31		2018/9/30	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	31,123	5	51,351	8	40,431	7
Other current assets	132,015	20	124,074	20	132,969	21
Property, plant and equipment	148,992	23	150,739	25	150,413	25
Intangible assets	223,074	34	222,912	36	216,354	36
Other non-current assets	123,576	18	66,529	11	68,727	11
Total Assets	658,780	100	615,605	100	608,894	100
Current liabilities	104,738	16	70,923	12	72,396	12
Non-current liabilities	208,047	31	186,057	30	174,857	29
Total liabilities	312,785	47	256,980	42	247,253	41
Equity attributable to owners of the parent	259,443	40	268,096	43	269,128	44
Non-controlling interest	86,552	13	90,529	15	92,513	15
Total Equity	345,995	53	358,625	58	361,641	59



Taifo Company Business Development

- About Taiwan Intelligent Fiber Optic Network (TAIFO)
- 2019 Achievements
- Business Development Strategies
- Core Competencies
- Future Business Outlook





About Taiwan Intelligent Fiber Optic Network (TAIFO)

- Established in 2012
- Paid up Capital NT\$2.75B
- Number of Employees: About 180
- Major Shareholders: TCC 68.22% and Hon-Hai 20.58%
- 25 Years' BOT project with Taipei City Government since 2011
- Deployed more than 4,000KM of Optical Fiber Network in Taipei City since 2012



2019 Achievements

■ Government

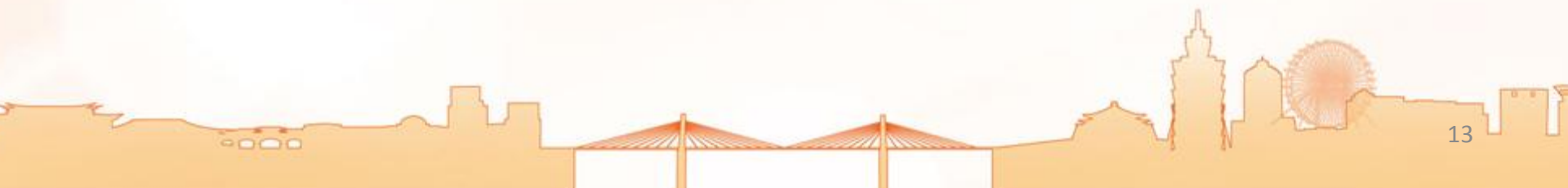
- Taipei City Hospital, Public Library, City Revenue Service, City Land Office, City Police(>15000 surveillance cameras) Dept. of Education have been in service for more than 2 years and the service quality recognized.
- City Fire Dept.: Administrative Network and smart Dispatch Network
- Dept. of Rapid Transit Systems: Administrative Network
- Water Dept.: Administrative Network
- Park and Street Lights Office and Public Transportation: CCTV systems
- 61 West Coast Expressway Optical Fiber Network Deployment Project

■ Enterprise & Carrier

- Mobile Carriers: Macro cells', and small cells' backhuls
- Major ISPs/IDCs/Property owners: network services/bare fiber services

■ Consumers

- Next-day network installation ready for >40K households
- Service ready for public housing





Business Development Strategies

- **Government: Transform from network infrastructure provider to SI provider**
 - Leverage the strength of network operation capabilities to provide integration services to high bandwidth consumption applications
- **Carriers: Best partner for 5G deployment**
 - Provide low fee/high bandwidth services to help fast deployment upon various locations(lamppost/gov. buildings/community buildings)
- **Enterprises: Low fee for carrier-grade network services**
 - Offer low fee for carrier-grade network services to differentiate with cable system operators', and sell through ISPs
- **Consumers: Neutral Contents provider to consumers**
 - Low fee/high bandwidth for services and neutral contents to consumers.



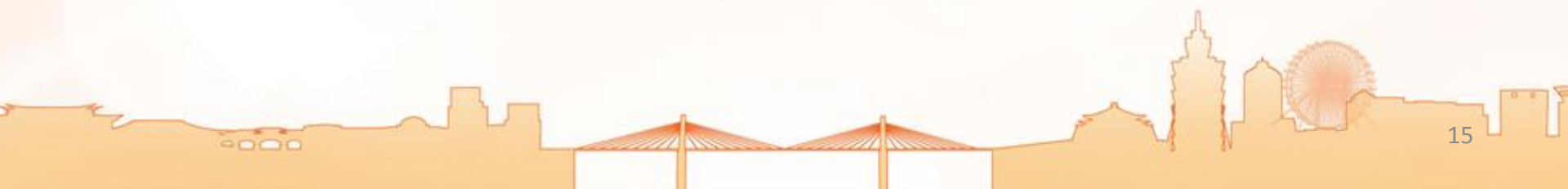
Core Competencies

■ People

- In-house OSP/premise engineers providing fast and efficient installation
- 7X24 operations and maintenance

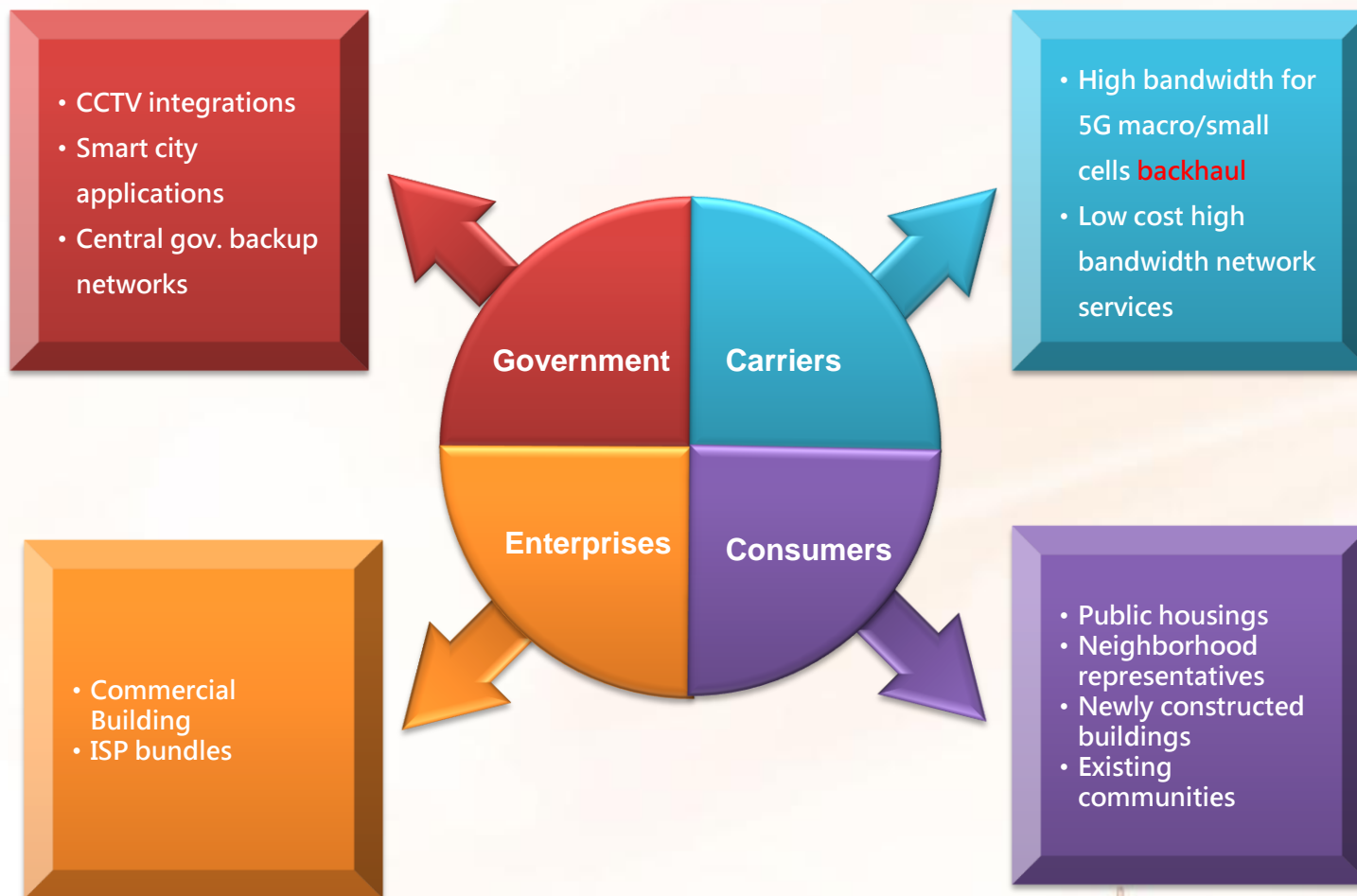
■ Resources

- BOT contract allows TAIFO to utilize city governments' limited drain and pipe resources for fiber optic network deployment
- >4,000KM optical fiber networks
- >15,000 city-wide lampposts that have our network covered



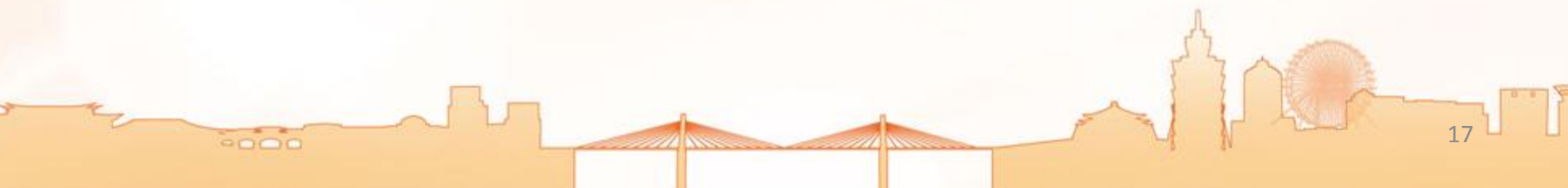


Future Business Outlook





Q&A





Thank You

