

CHUNGHWA TELECOM RECEIVES THE 2023 COMPANY OF THE YEAR AWARD

*Identified as best in class in the Taiwan
telecoms industry*



Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Chunghwa Telecom excels in many of the criteria in the Taiwan telecoms space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Addressing Unmet Needs

Chunghwa Telecom, headquartered in Taipei, Taiwan, provides mobile and satellite services across vast mountainous, rural, and remote areas in Taiwan as part of its corporate social responsibility practices.

While competitors tend to avoid building out in these areas due to the poor returns on business, Chunghwa Telecom’s strategy is to drive social inclusion with connectivity, setting the company apart from the competition by ensuring the population nationwide has access to a high-quality network.

The company works with the local government and invests more than NT\$500 million (\$17.5 million) annually in developing network infrastructure across rural areas, mountainous regions, and offshore islands to eliminate the digital divide in Taiwan. Chunghwa Telecom expands its coverage to reach more customers with 99% 4G population coverage nationwide, extending data services to consumer and enterprise segments in remote and rural areas as well. As a result, the company reduced churn rates from 1.52% in 2019 to 0.79% in 2021.

Visionary Scenarios Through Mega Trends

Chunghwa Telecom leverages megatrends, such as 5G, and augments them with emerging technologies, such as artificial intelligence (AI) and internet of things (IoT), to pioneer services in Taiwan. For the enterprise segment, the company offers 5G private network solutions to enable businesses to power their private networks with 5G capabilities.

In 2022, Chunghwa Telecom lowered the barrier to entry by offering enterprise customers the option to rent a private network from the company. This option is popular among the more than 1.5 million small to medium enterprise (SME) customers in Taiwan, especially those in high technology industries (e.g., the PCB industry), as companies can avoid significant capital expenditure to reap the benefits of a private network. Chunghwa Telecom has also established a robust 5G partner ecosystem to accelerate the country's 5G services market growth. The company leverages these strategic partnerships to enter new markets and develop new revenue streams by offering customers unique experiences and interactive services. By doing so, it is enabling first-to-market solutions and new growth opportunities.

Financial Performance

In 2022, Chunghwa Telecom's total revenue reached NT\$216.74 billion (\$7.05 billion), increasing by 3.0% year-on-year (YoY) from NT\$210.48 billion (\$6.85 billion). Net Income was NT\$36.52 billion (\$1.18 billion), rising by 2.0% YoY from NT\$35.75 billion (\$1.16 billion). In terms of customer segments, revenues increased by 1.7%, 4.8%, and 10.1% YoY for the consumer, enterprise, and international business groups respectively. Revenue growth in the consumer business group was driven by strong postpaid adoption and 5G migration, while for the enterprise business segment, its ICT business, including 5G private

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*– Mei Lee Quah,
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network, big data, cybersecurity, cloud service, and internet data center (IDC) contributed to earnings. Growth in the international business group was mainly attributed to the increasing demand for IDC and cloud services from global clients and the recovery of international roaming revenue following the easing of COVID-19 restrictions.

Postpaid mobile average revenue per user (ARPU) and fixed broadband ARPU continued their growth

momentum for the seventh and thirteenth consecutive quarters, respectively. The outlook for subscriber growth is positive, given the impressive YoY growth in 2022. In 2022, Chunghwa Telecom's mobile subscriber market share was 36.6%, increasing by 0.5% YoY from 36.1% in 2021. The company's revenue market share was larger than the subscriber market share in 2022, at 39.5%, owing to the successful execution of its customer-centric business strategy. All these factors are a testament to the company's market leadership in the telecoms market ahead of competitors in Taiwan.

Price/Performance Value

Chunghwa Telecom's value proposition in Taiwan includes providing cutting-edge technology and a wide range of products and services. For the consumer segment, Chunghwa Telecom offers a variety of choices when it comes to pricing schemes and contract duration. The price varies from a low NT\$599 (\$19.1) to a high NT\$2,699 (\$87.8) for unlimited data, while contract durations come in options of 24- or 36-month contracts. Chunghwa Telecom leverages its best quality network and most extensive 5G network deployment to attract customers. In 2022, Chunghwa Telecom acquired many new mobile service consumers and recorded constant growth in postpaid subscribers throughout 2022. Postpaid ARPU also grew 3.3% to NT\$533 (\$17.30) in 2022.

For the enterprise segment, the company offers the most extensive local touchpoints. It holds the longest track record in providing connectivity services to enterprises in Taiwan. A critical competitive advantage of Chunghwa Telecom over other industry players is its state-of-the-art research and development (R&D) telco lab that houses a unique talent pool with the skillsets and ability to develop innovative products and services. It also teams up with third-party companies, such as customers from their enterprise segment, to provide services for the consumer segment.

Customer Ownership Experience

Chunghwa Telecom is an integrated service provider that not only owns a mobile network that offers the best quality and most extensive coverage, but it also owns the majority of fixed line infrastructure in Taiwan supplemented by undersea cable and satellite coverage facilitating connectivity beyond the country. Collectively, these assets enable the company to meet the needs of its customers through all means necessary. This aspect differentiates Chunghwa Telecom from competitors and will prove helpful in addressing future customer needs in the post-pandemic era.

Customer satisfaction and experience are top priorities for Chunghwa Telecom. In 2021, the company undertook an organizational transformation exercise whereby it consciously moved from being product-centric to a customer-centric structure. Its three business groups—consumer, enterprise, and international—shifted toward providing products and services using more customer-centric approaches. Instead of offering individual mobile and fixed services to the consumer segment, Chunghwa Telecoms now provides multi-play packages for customers to enjoy mobile, fixed line, and Wi-Fi services at home as a bundle with loyalty points for package payment.

Brand Equity

The most value the brand stands for is trustworthiness. Chunghwa Telecom is a long-standing brand in Taiwan. Its customers are loyal to the brand as a result of the long-term relationships built over the years. Chunghwa Telecoms is listed as #447 on the Global 500 2023 list of the world's most valuable brands in

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January 2023. The company was also listed as #266 on the Forbes list of World's Top Female-Friendly Companies 2022 and awarded the Reader's Digest Trusted Brand 2022 Platinum Awards for Phone Service in Taiwan.

During 2022, the company increased its brand outreach through social media channels, including Facebook and YouTube, to strengthen its brand equity in the Taiwanese market. Chunghwa Telecom is often selected by customers that want high-speed mobile broadband. Customers

shared that they are happy that their data usage is not affected by speed drops, unlike the services provided by Chunghwa Telecom's competitors. Customers perceive the brand positively based on experience and exhibit high brand loyalty, as seen from the low churn rate observed in 2022.

Conclusion

Chunghwa Telecom, Taiwan's largest integrated telecoms service provider, performed operationally and financially well in 2022. The company can withstand not only external challenges, such as geopolitical issues, but also internal hurdles, including the ongoing market consolidation to 3 major players. With a robust customer-centric strategy, key assets to meet the future needs of customers, and a strong talent pool, Chunghwa Telecom is well positioned to meet and exceed expectations in the telecoms market in Taiwan.

With its strong overall performance, Chunghwa Telecom earns Frost & Sullivan's 2023 Taiwan Company of the Year Award in the telecoms industry.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

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Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

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Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

