

Ticker Symbol: 2633



Taiwan High Speed Rail Corporation 20th Credit Suisse Asian Technology Conference

2019.09.05

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AGENDA

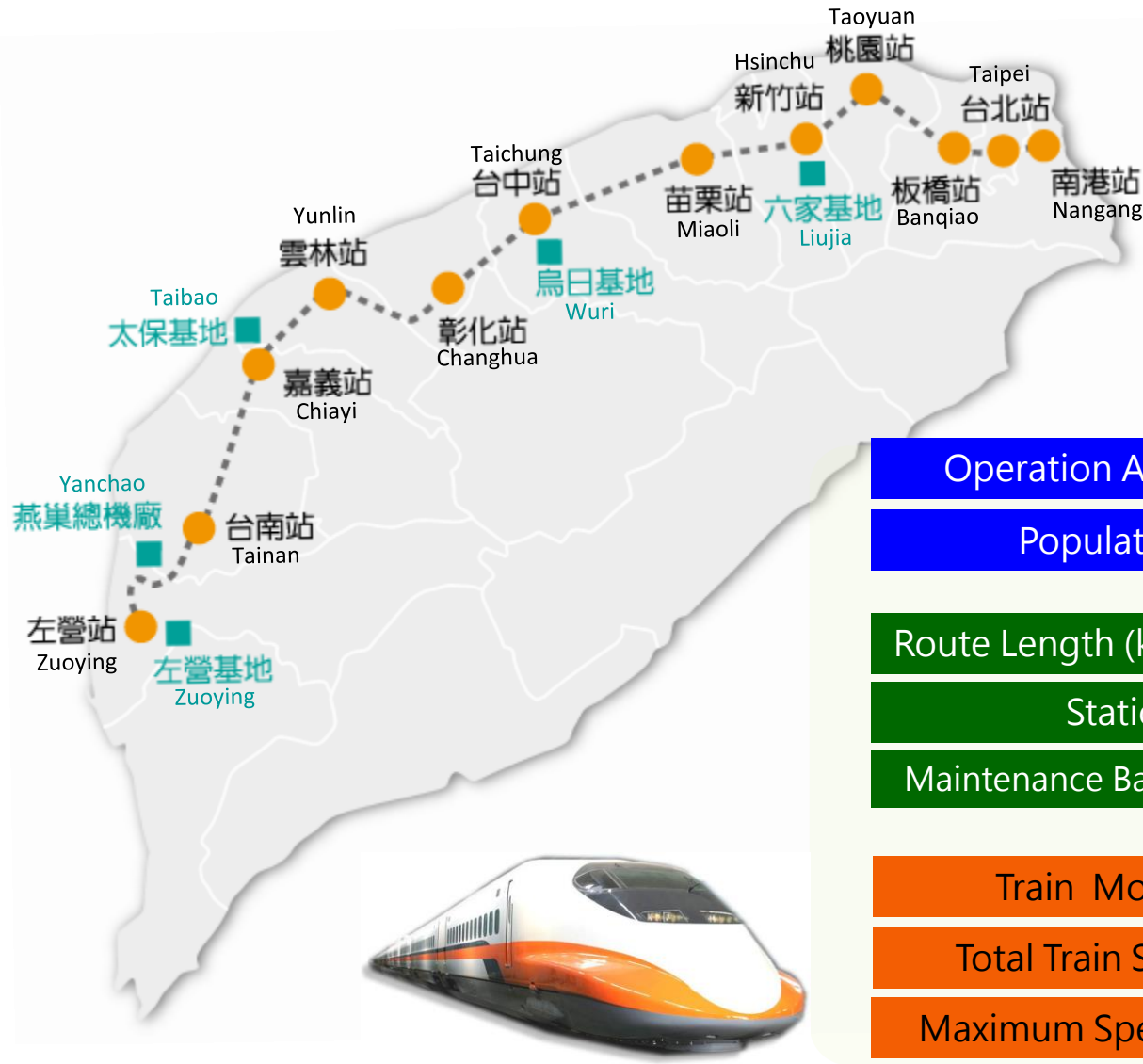
- I. BUSINESS OVERVIEW
- II. FINANCIAL OVERVIEW
- III. MARKET OVERVIEW
- IV. OUTLOOK

I. Business Overview

1. High-Speed Rail Network
2. Operational Performance



1. High-Speed Rail Network



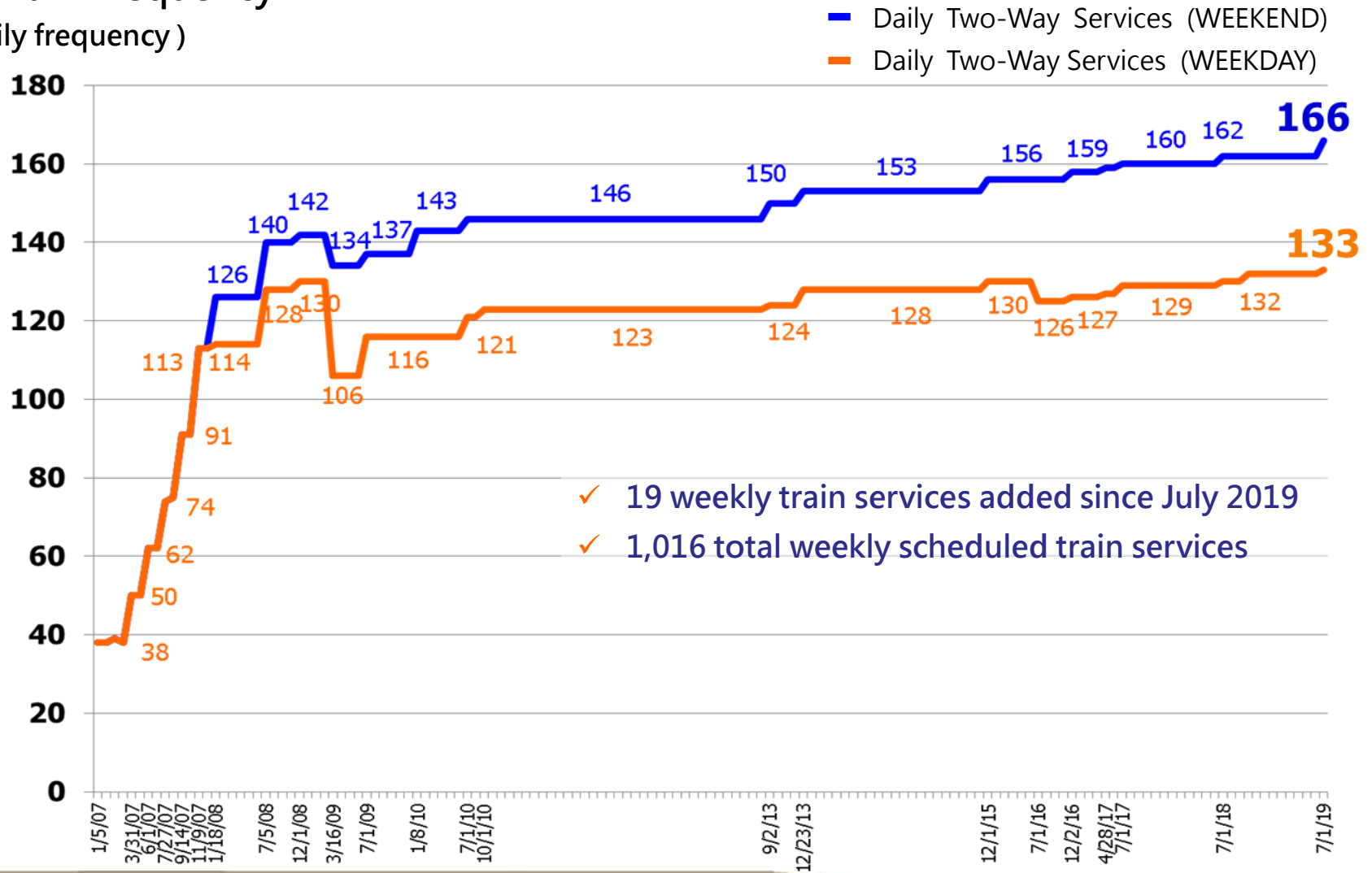
Operation Area	11 Cities & 76 Townships
Population	90 %
Route Length (km)	350
Stations	12
Maintenance Bases	5
Train Model	700T
Total Train Sets	34
Maximum Speed	300 km/h



2. Operational Performance

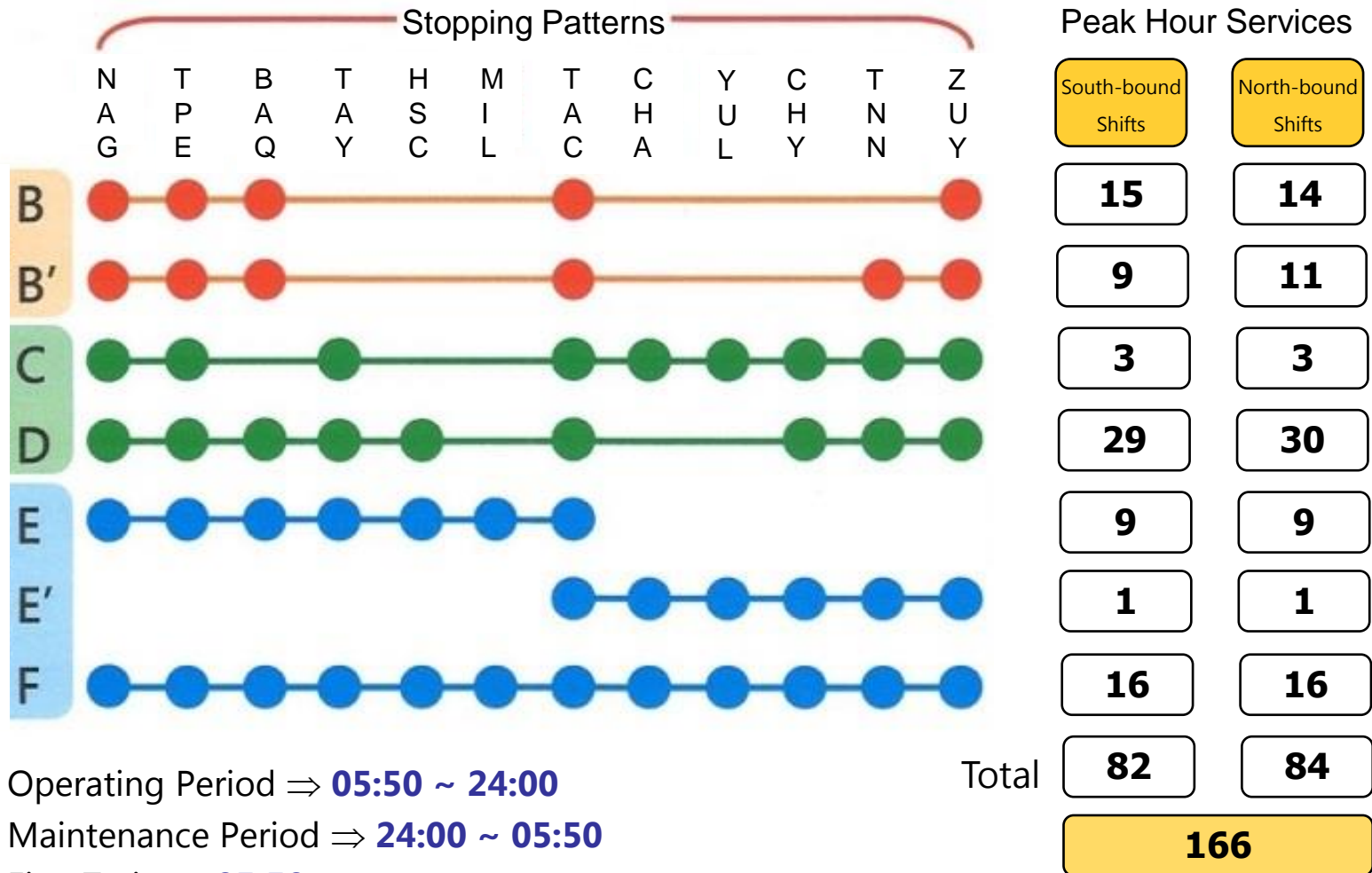
1. Train Frequency

(daily frequency)



- ✓ 19 weekly train services added since July 2019
- ✓ 1,016 total weekly scheduled train services

2. Train Stopping Patterns and Weekly Services (Effective from 2019/7/1)



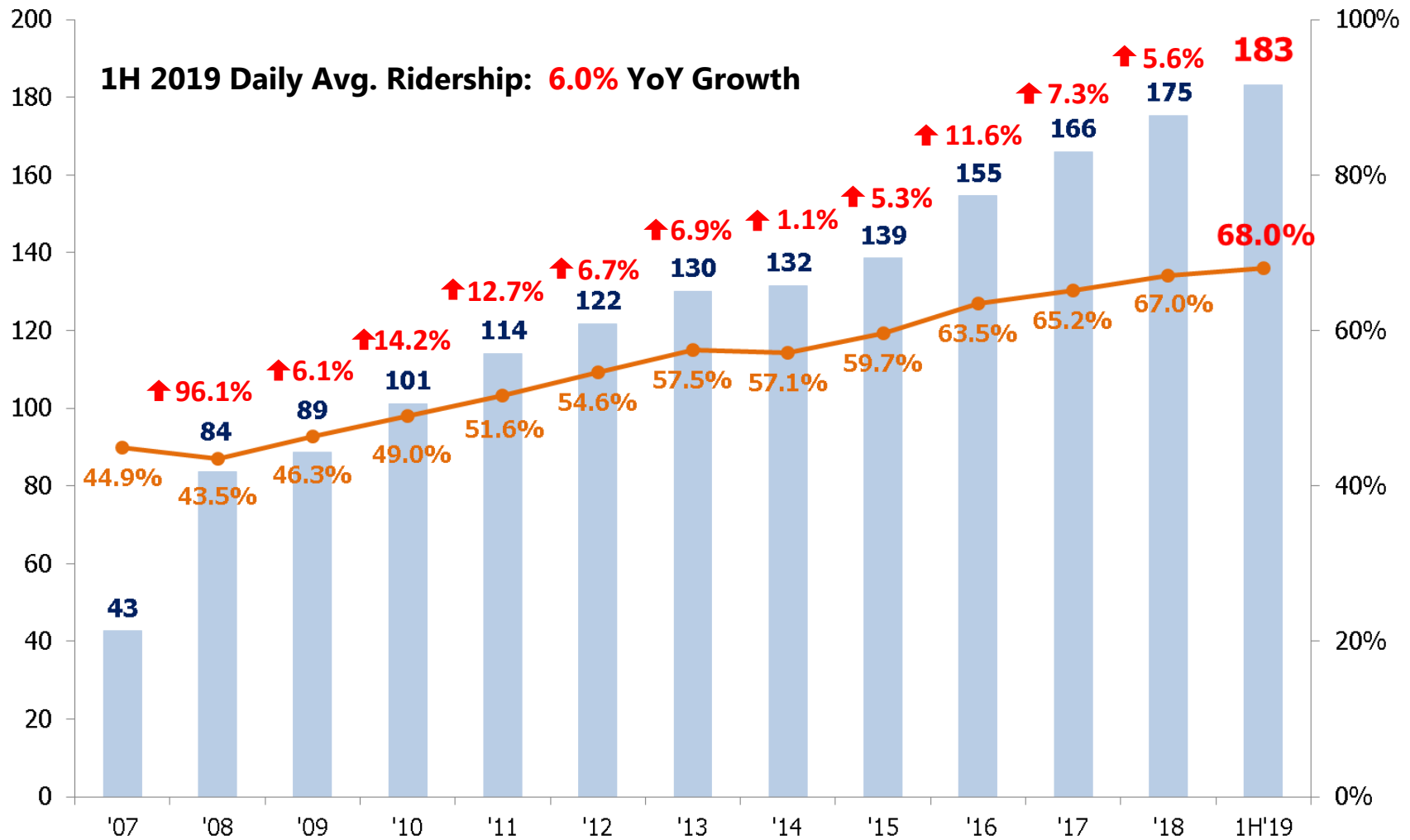
- Operating Period ⇒ **05:50 ~ 24:00**
- Maintenance Period ⇒ **24:00 ~ 05:50**
- First Train ⇒ **05:50**
- Last Trains ⇒ **22:50(from Nangang) 、 22:55(from Zuoying)**

Total

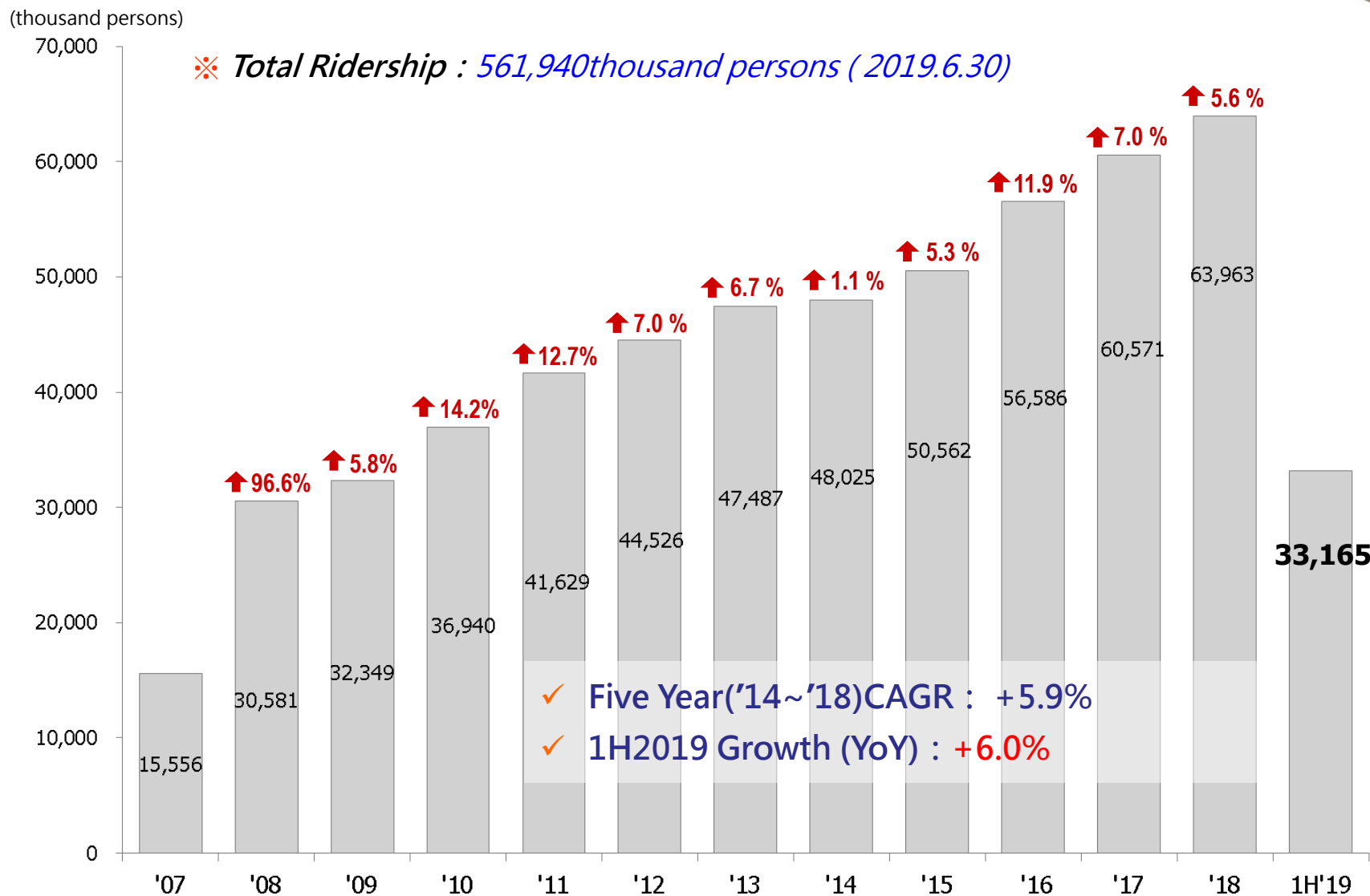
3. Ridership & Loading Factor

(thousand persons/day)

Load Factor, (%)



4. Ridership



5. Operational Performance



	2019.01.01 ~ 2019.6.30	2007.01.05 ~ 2019.6.30
Train Services	26,778	591,711
Cumulative Passengers (million passengers)	33.2	562
Passenger Kilometers (million-km)	5,977	108,366
Loading Factor	68.0%	55.8%
Reliability	100%	99.65%
Punctuality (delay < 5min)	99.94%	99.46%
Avg. Delay Time (min)	0.06	0.21
Accidents resulting in Liabilities	0	0



II. FINANCIAL OVERVIEW

1. Financial Performance
2. Financial Risk Management
3. Corporate Credit Rating & Market Cap
4. Recent Major Events and Activities

1. Financial Performance



1. Income Statement

(NT\$m)	1H2019		1H2018		Variance Amount	Var. %
Operating revenue	23,629	100%	22,367	100%	1,262	5.6%
Operating costs	(12,583)	-53%	(12,185)	-54%	(398)	3.3%
Gross Profit	11,046	47%	10,181	46%	865	8.5%
Operating expenses	(585)	-3%	(574)	-3%	(11)	1.9%
Net Operating Income	10,461	44%	9,607	43%	854	8.9%
Non-operating income and expenses						
Interest expenses	(3,199)	-13%	(3,345)	-15%	146	-4.4%
Stabilization reserve	(3,203)	-13%	(2,492)	-11%	(711)	28.5%
Others	12	-	13	-	(1)	-7.7%
Net Income before tax	4,175	18%	3,905	17%	270	6.9%
Income tax	61	-	2,652	12%	(2,591)	-97.7%
Net Income	4,236	18%	6,557	29%	(2,321)	-35.4%
EPS	0.75		1.17			



2. Balance Sheets

(NT\$m)	2019.6.30	2018.12.31	2018.6.30
Current assets	26,630	22,797	28,035
Operating concession asset	395,980	401,169	406,955
Other non-current assets	10,073	9,092	8,278
Total assets	432,683	433,057	443,268
Current liabilities	11,838	13,814	31,089
non-current liabilities	353,499	349,830	346,822
Total liabilities	365,338	363,644	377,911
Common stock	56,283	56,283	56,283
Capital surplus	173	173	173
Legal reserve & unappropriated earnings	10,889	12,957	8,901
Total equity	67,345	69,413	65,357
Total liabilities & equity	432,683	433,057	443,268



3. Statement of Cash Flows

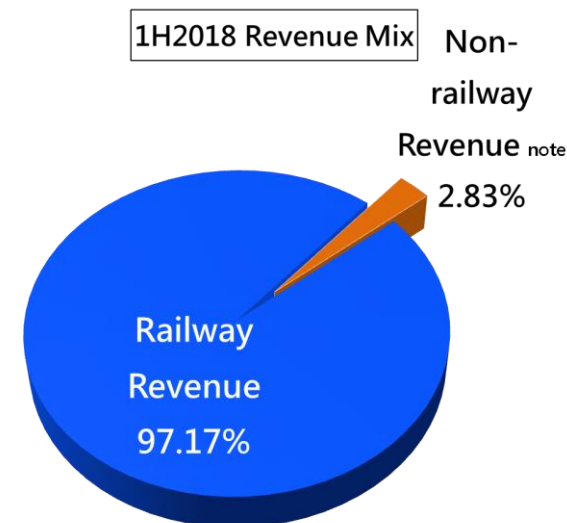
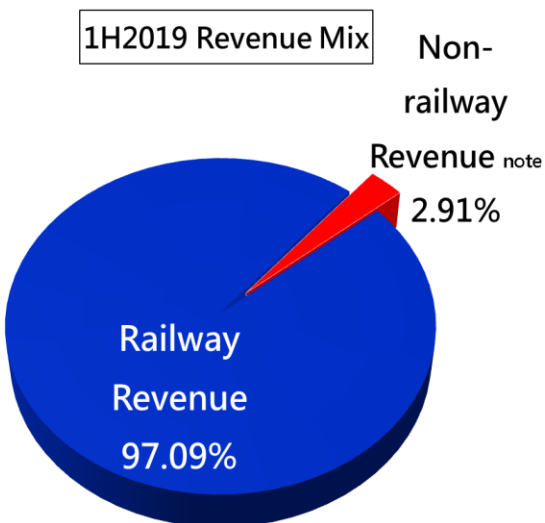
(NT\$mn)	2019.6.30	2018.12.31	2018.6.30
Cash & cash equivalents at the beginning of the period	6,948	7,188	7,188
Cash flows from operating activities	13,280	26,217	12,753
Cash flows from investing activities	(10,820)	(4,356)	948
Cash flows from financing activities	(7,877)	(22,101)	(3,980)
Net increase in cash & cash equivalents	(5,417)	(240)	9,720
Cash & cash equivalents at the end of the period	1,531	6,948	16,908



4. Net Profits & Operating Revenues

1) Revenue Structures

(NT\$bn)	1H2019	1H2018	YoY
Railway Revenue	22.9	21.7	5.6%
Non-railway Revenue	0.7	0.6	8.3%
Total	23.6	22.4	5.6%

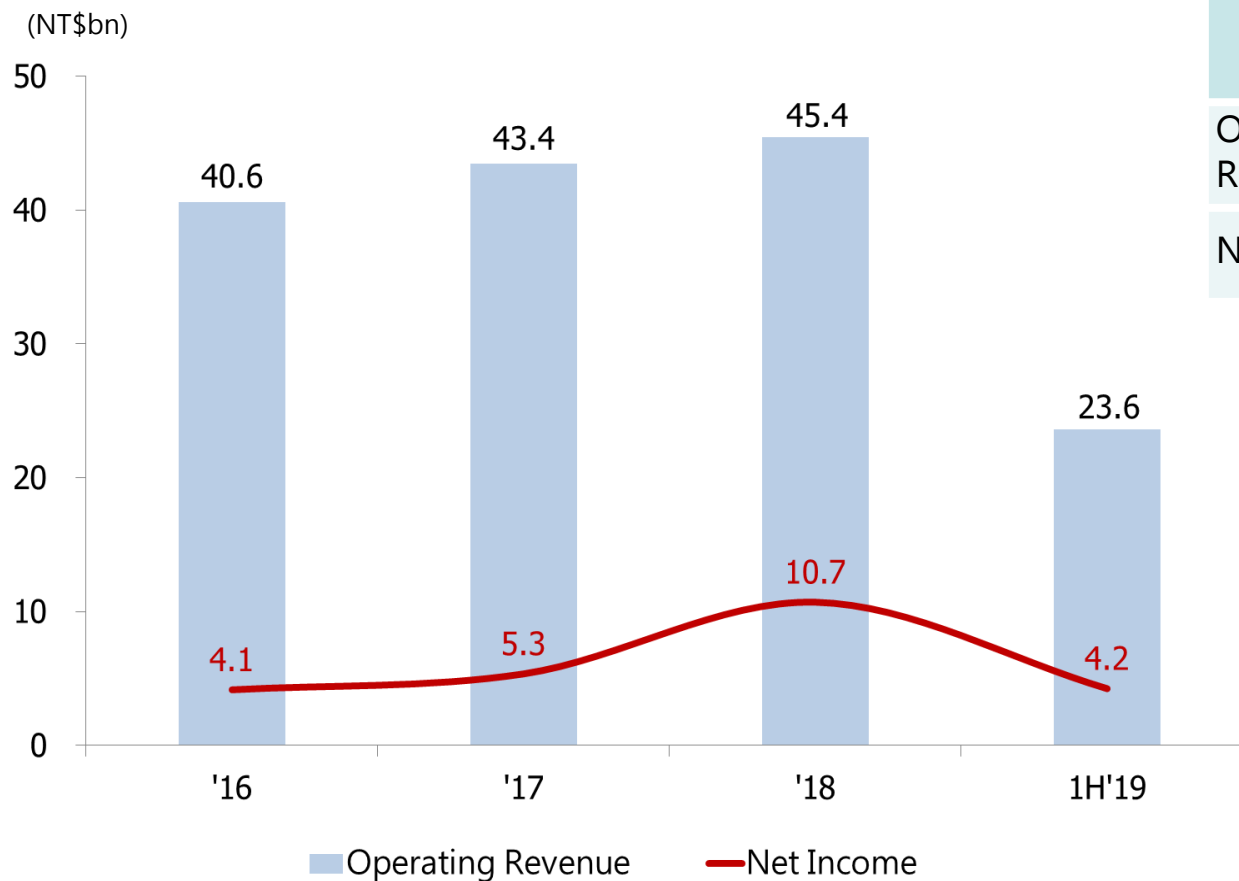


Note: Non-railway revenues mainly include rental incomes, advertising revenues, and onboard sales.



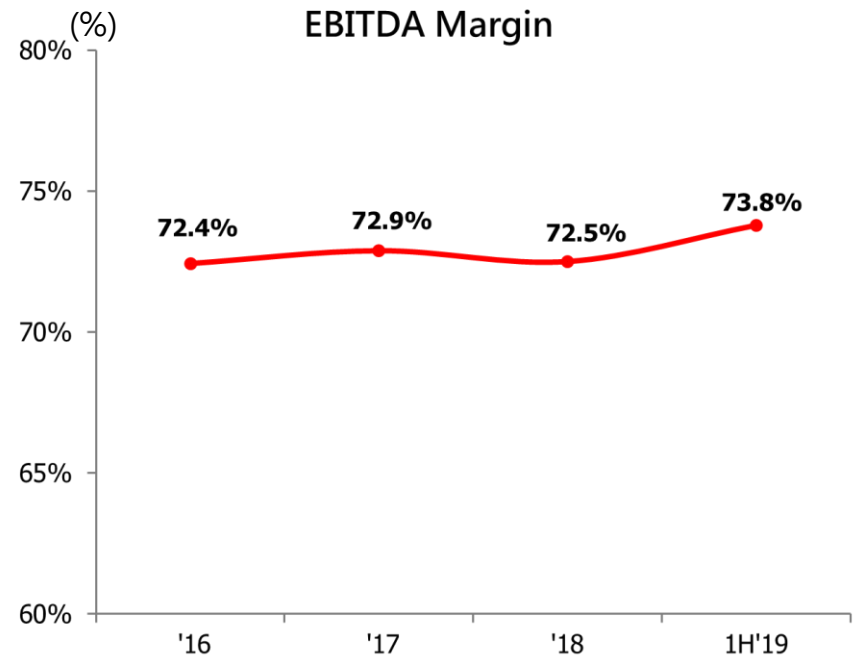
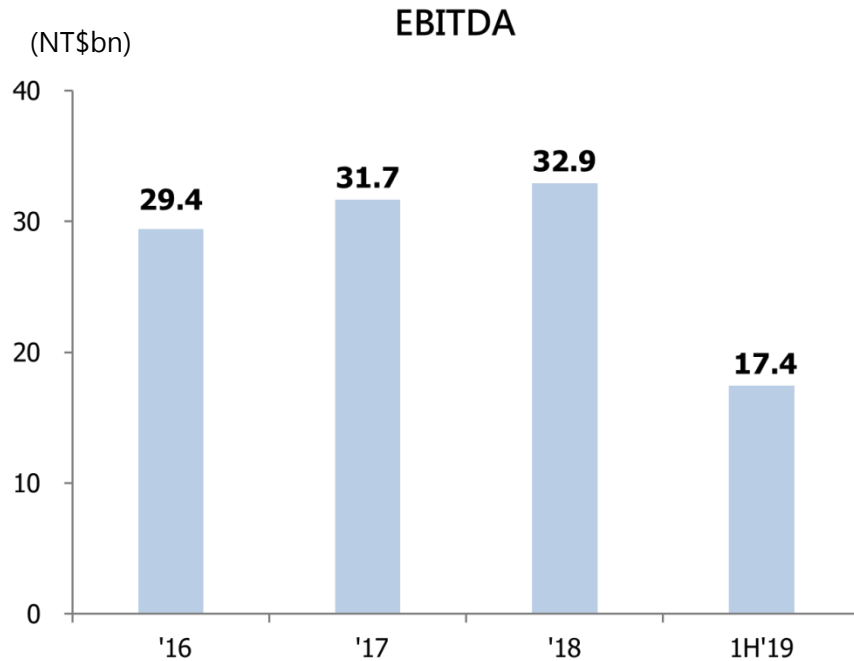
4. Net Profits & Operating Revenues

2) Operating Revenue and Net Income



	Five Year('14~'18) CAGR
Operating Revenue	+3.4%
Net Income	+14.2%

5. Operational Efficiency : EBITDA & EBITDA Margin



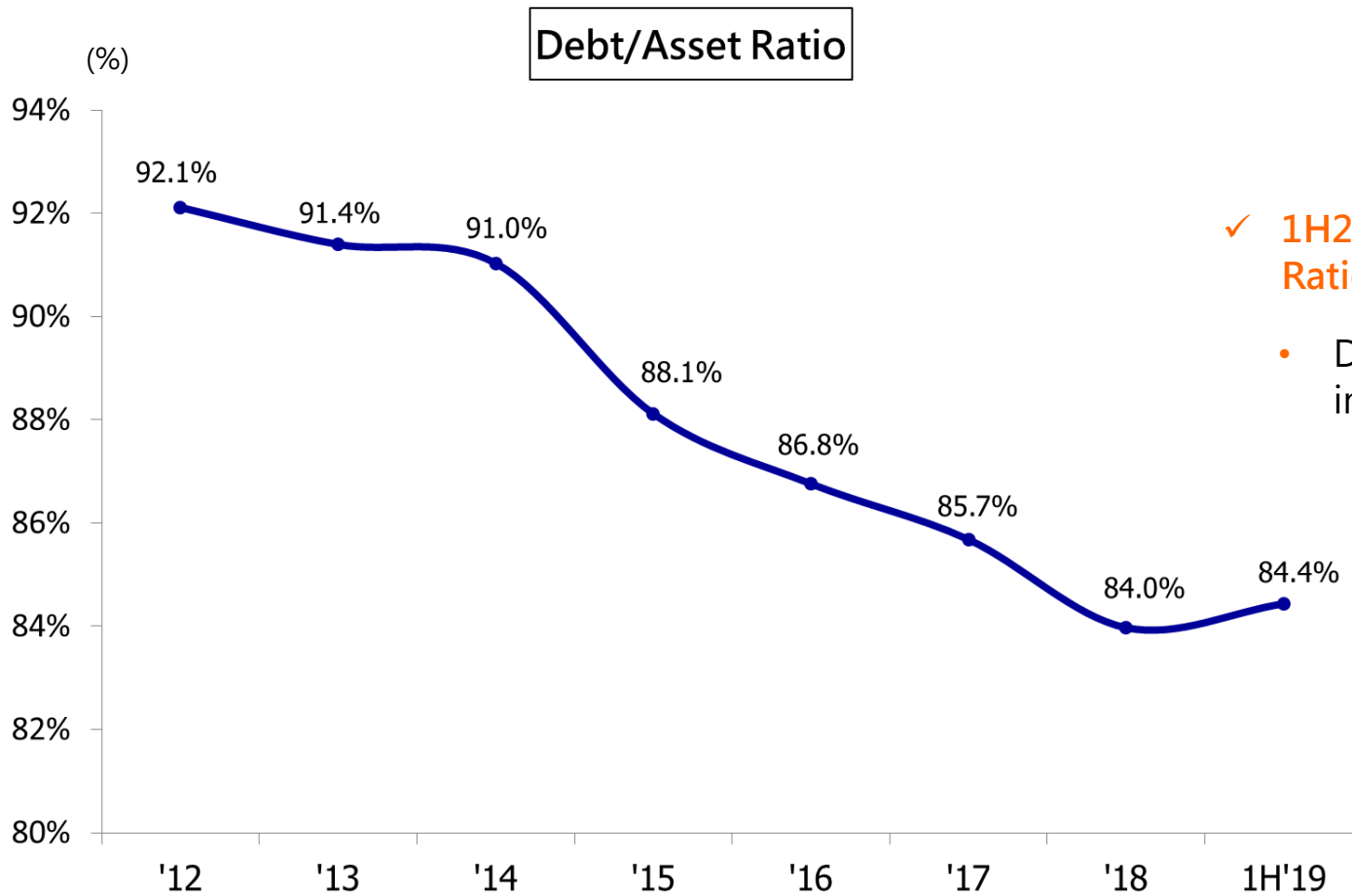
✓ EBITDA

- 1H2019: YoY +5.7%
- 2018: YoY +4.0%
- Five Year('14~'18)CAGR : +2.6%

✓ EBITDA Margin

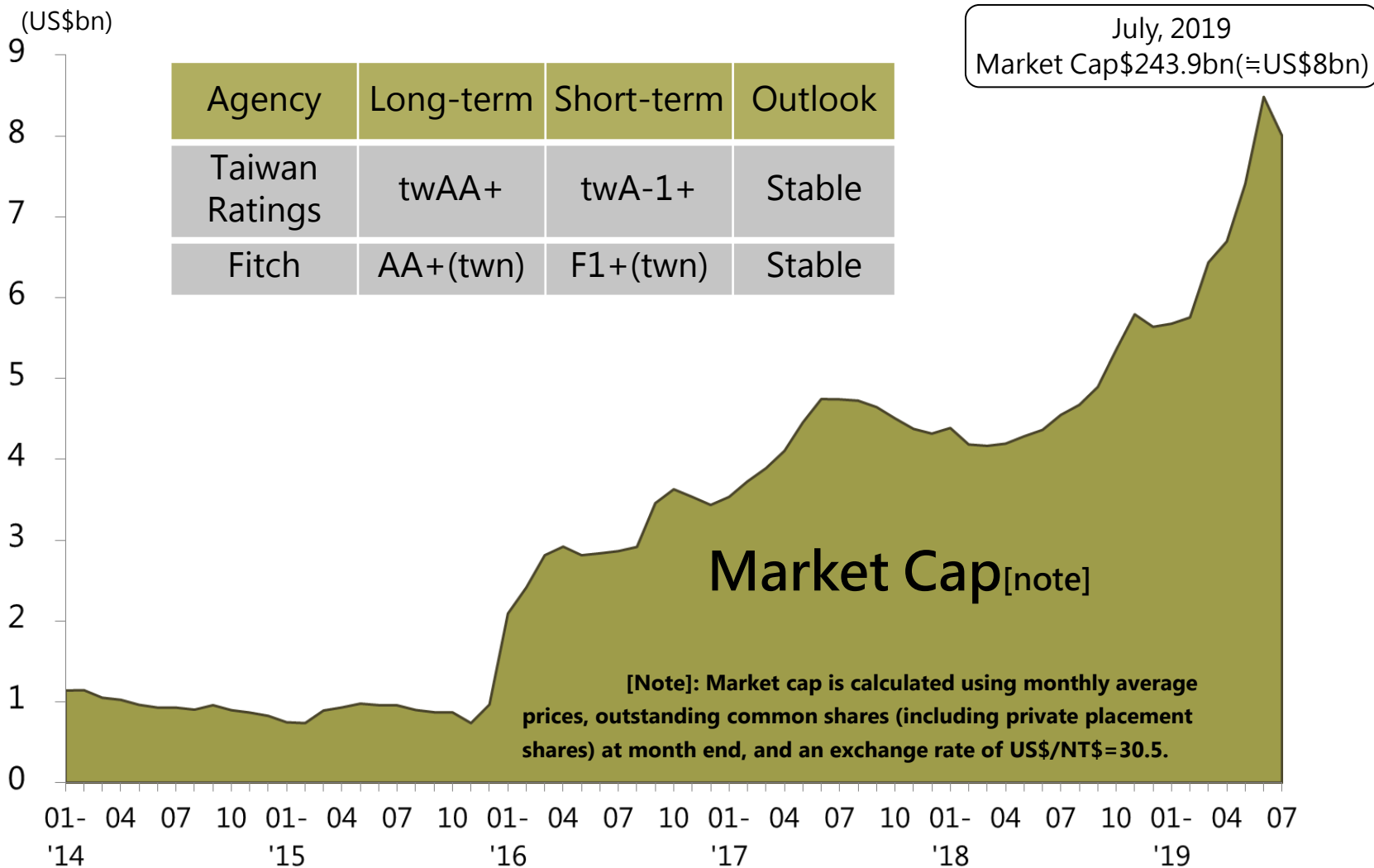
- '16~'18: 72%~73%

2. Financial Risk Management



- ✓ **1H2019 Debt/Asset Ratio rises due to:**
 - Dividends Payable increases by \$6.3bn.

3. Corporate Credit Ratings & Market Cap



4. Recent Major Events and Activities



Date	Events
2019.4	<ul style="list-style-type: none">✓ In 2019, THSRC ran a total of 1,045 train services during the 6-day Tomb Sweeping Day holiday. On April 7, single-day passenger numbers reached 300,500 passengers, the highest number on record since THSRC commenced commercial operations.✓ THSRC was selected by and listed in the FTSE4GOOD TIP Taiwan ESG Index for the second time.✓ Taiwan Stock Exchange presented THSRC with a "Top 5% of Corporate Governance Evaluations Award" for the second consecutive year.✓ In order to adhere with the "Assist Railway Industry to Develop Local Supplier Technical abilities" governmental policy, we had build our own "High Speed Rail Train Driver Simulator" in cooperation with the National Chung-Shan Institute of Science and Technology.
2019.5	<ul style="list-style-type: none">✓ Announced the distribution of the 2018 Company's cash dividend that approved in 2019 Shareholders' Annual Meeting.
2019.7	<ul style="list-style-type: none">✓ Announced the procurement of the three diesel shunters from TRS.

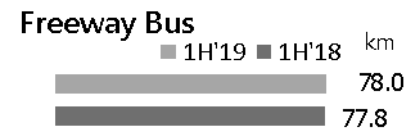
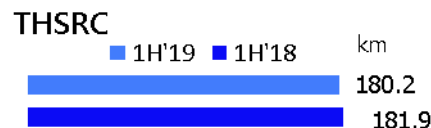
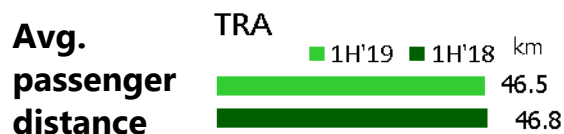
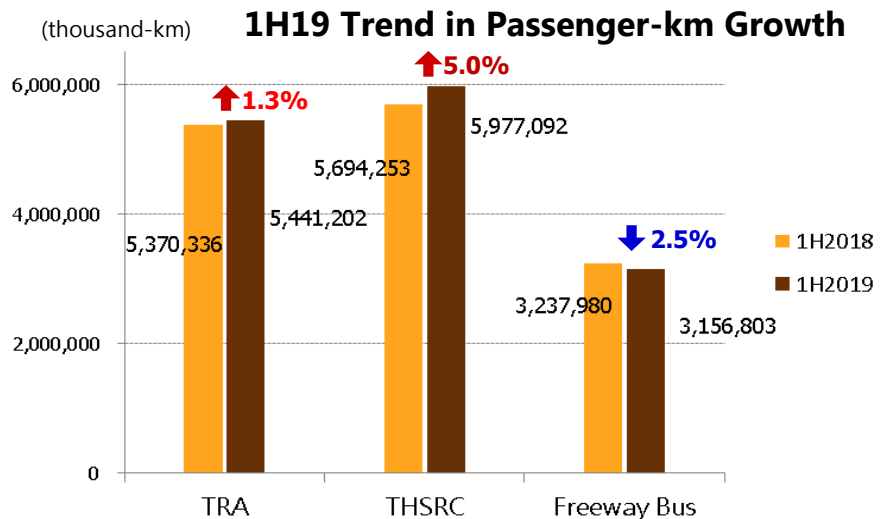
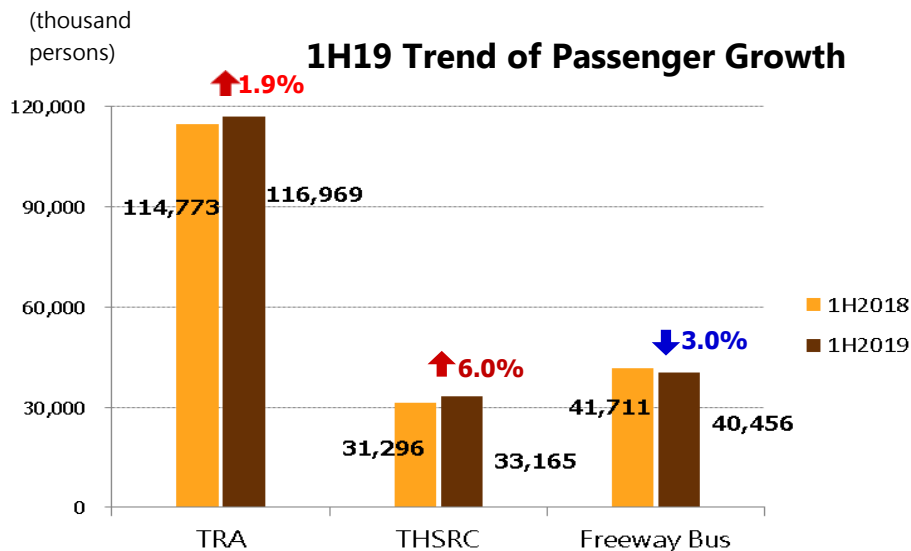
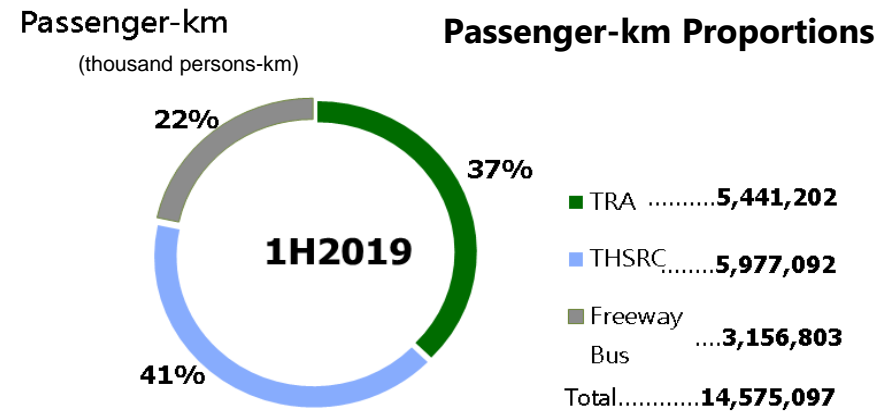
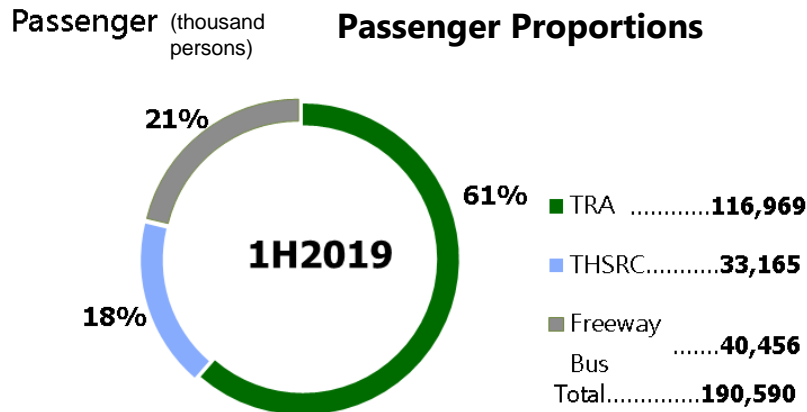


III. MARKET OVERVIEW

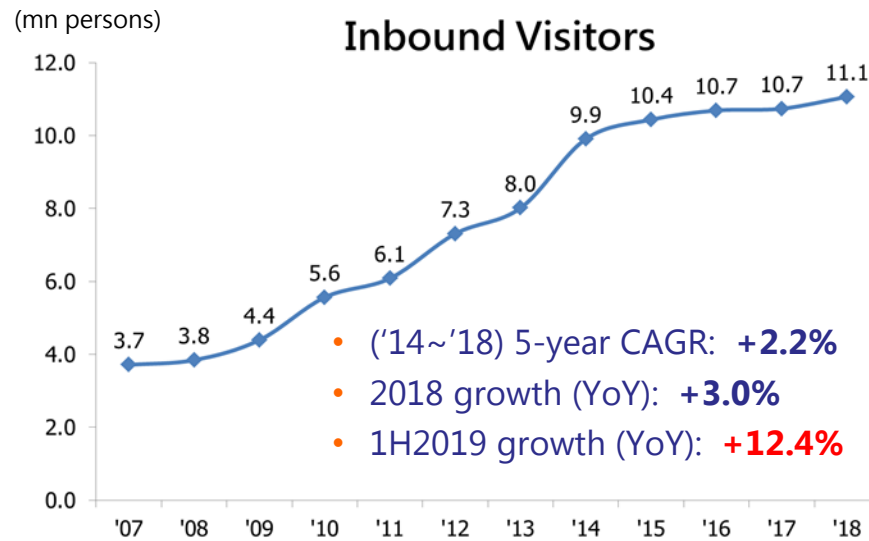
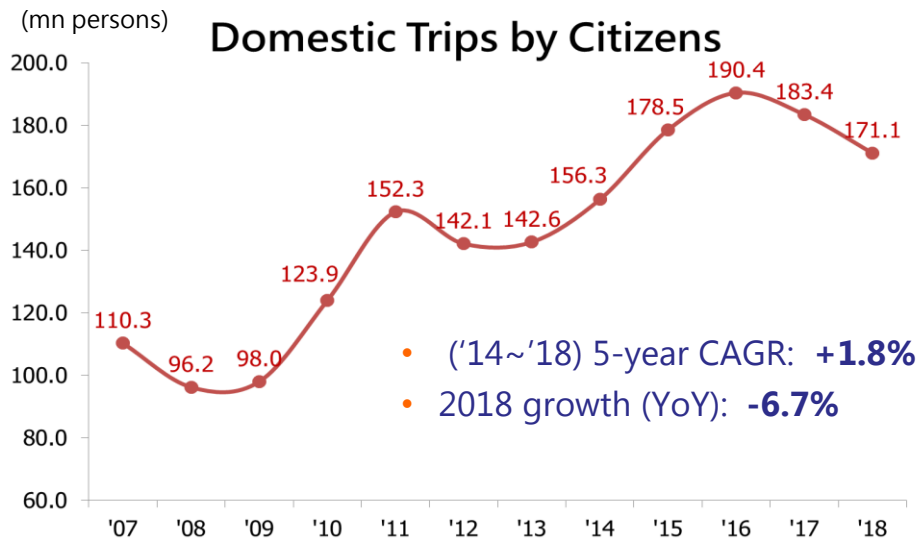
1. Inter-City Public Transport Market
2. Domestic Tourism Market



1. Inter-City Public Transport Market

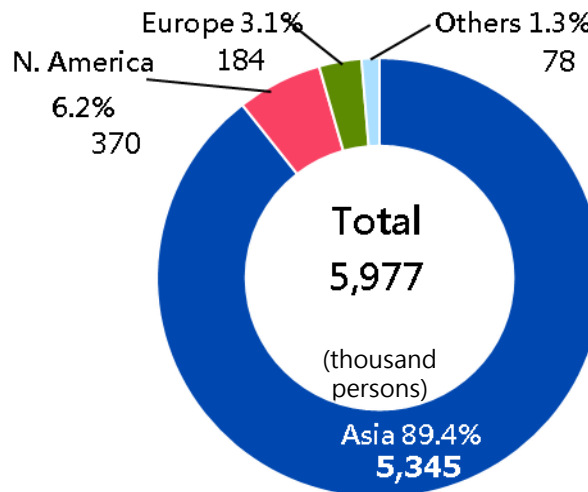


2. Domestic Tourism Market

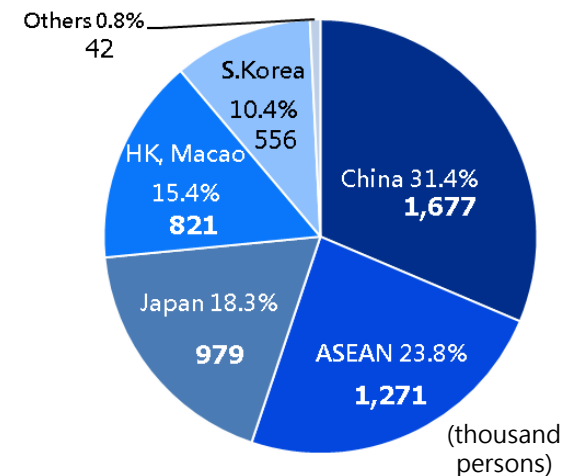


MOTC Tourism Bureau promotes 「Expanding Autumn and Winter National Tourism」 :

- Town visiting incentives for group tourists
- Free traveler discounts
- Amusement park entry admission measures for tourism industry
- Public associations conduct sightseeing promotions



1H2019 distribution of foreign visitors (Global)



1H2019 distribution of foreign visitors (Asia)



IV. OUTLOOK

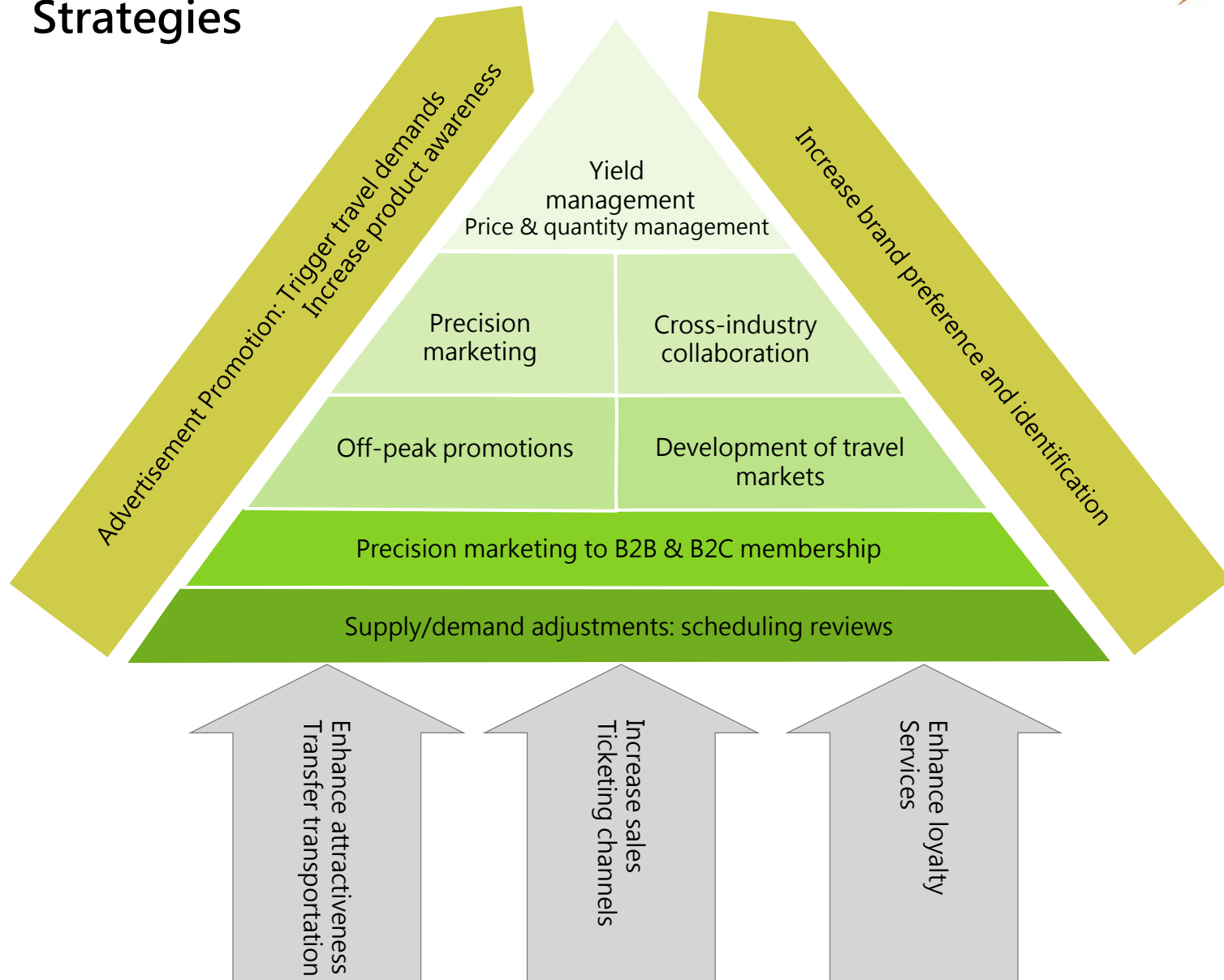
1. Sustain Revenue Growth Drivers
2. Reduce Operating Costs



1、Sustain Revenue Growth Drivers

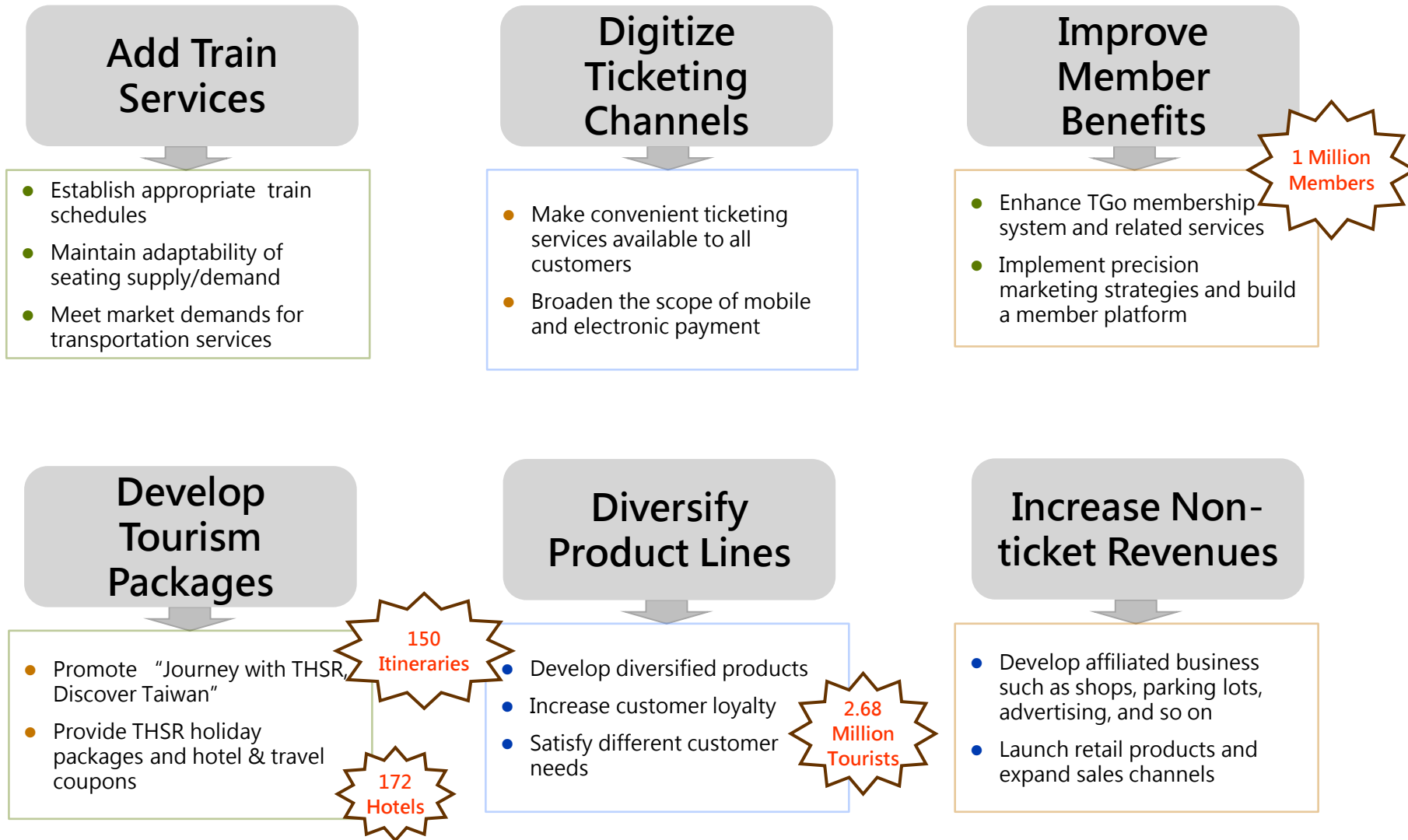


1. Strategies





2. Major Production and Marketing Initiatives



2. Reduce Operating Costs



✓ Enhance Self-Maintenance Capabilities

- Set up electronics, machinery, welding and other factories to strengthen THSRC's self-maintenance capabilities; currently, our self-maintenance capabilities have reached more than 90% of total maintenance abilities.

✓ Promote Localization of Railway Industry

- Build train-driving simulators and develop diesel shunters, bogie running test equipment.

✓ Local Supplied Material

- Use domestically manufactured parts and components, such as trainset rail car paint, axle bolts, and so on. Our target is to use 30% locally supplied materials by 2022.



Conclusion



Vision: To be the platform for advancement and enjoyment.

Integrate technology into services for smart and convenient new 4T living

THSRC strives to be one of the top ten brands in Taiwan

Intelligent

Smart Transportation
Safe Rides

T
ransportation

Innovative

Inventive Technology
Low Carbon Industry

T
echnology

**Localized
in**

Material Localization
Travel in Taiwan

T
aiwan

**Sustained
Social Care**

Continuous Community Care
Create Company Value

T
ouch



<http://www.thsrc.com.tw>

