

Ticker Symbol: 2633



# Taiwan High Speed Rail Corporation 1~4Q 2018 Operating Results



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# AGENDA

- I、 BUSINESS OVERVIEW
- II、 FINANCIALS OVERVIEW
- III、 MARKET OVERVIEW
- IV、 PROSPECTS



# I、BUSINESS OVERVIEW

1. Operational Bases
2. Operational Performance



Transportation 運輸

專業運輸 · 安全乘車



Technology 科技

創新科技 · 低碳貼心



Taiwan 在地

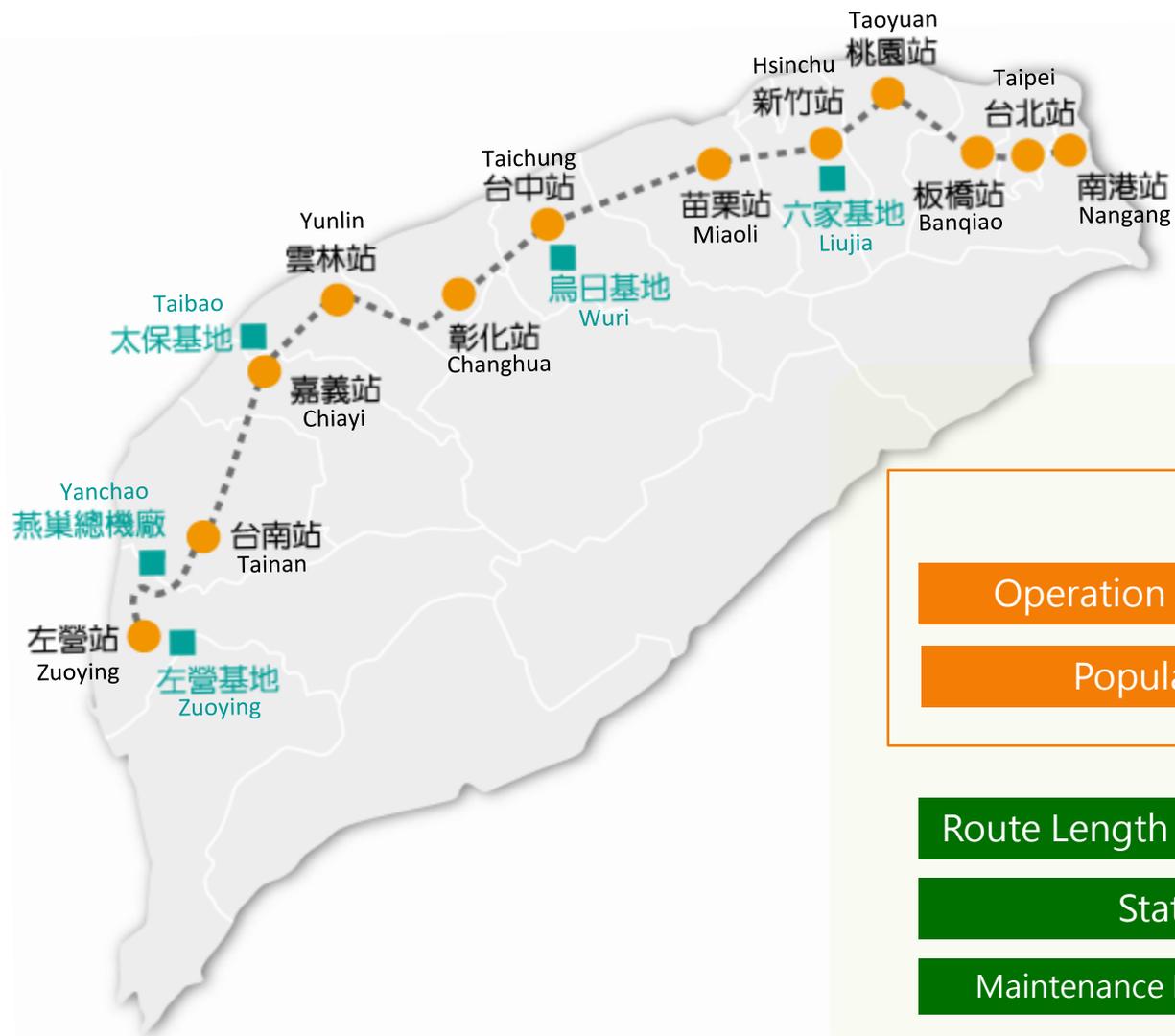
深耕在地 · 暢遊臺灣



Touch 關懷

永續關懷 · 創造價值

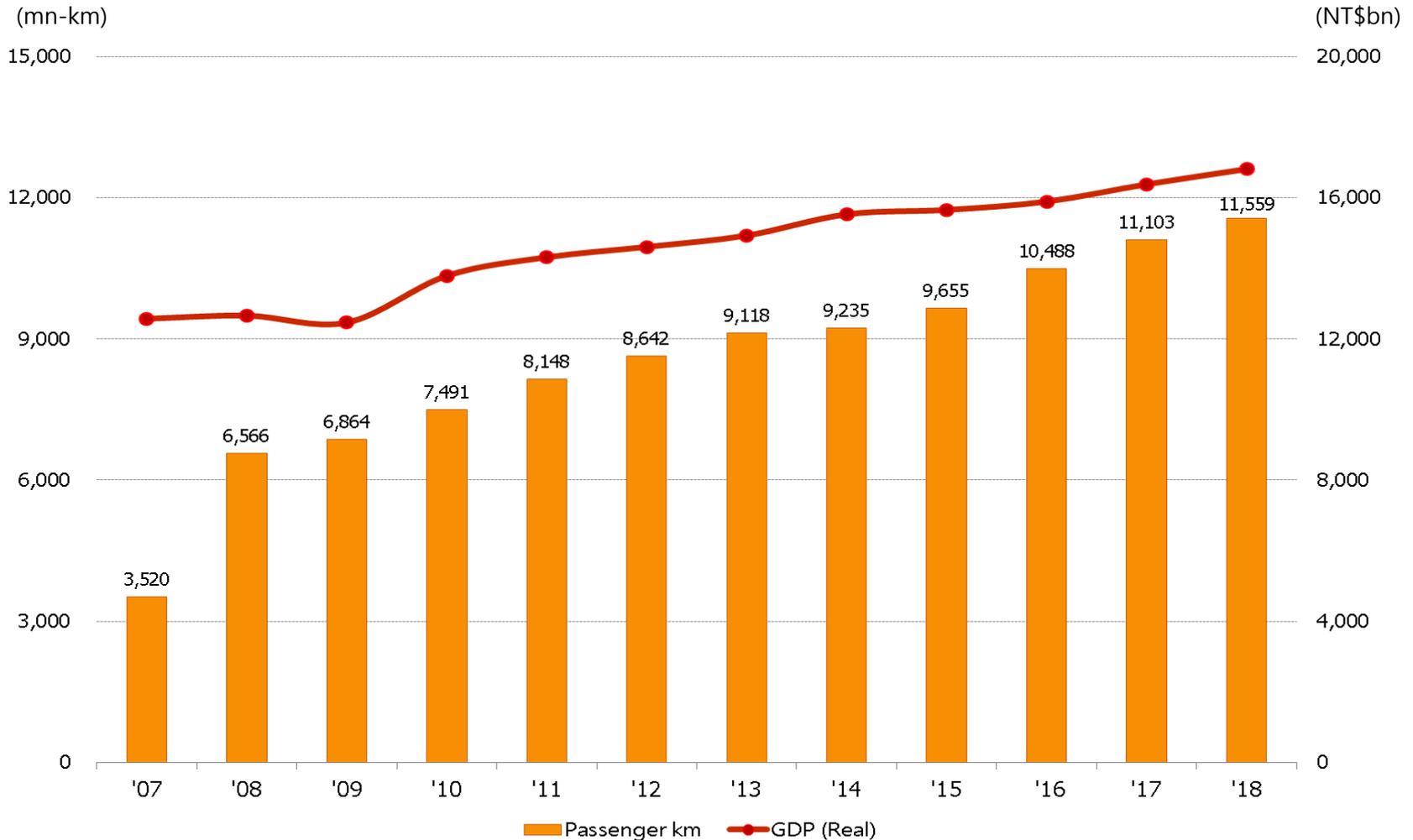
# 1. Operational Bases



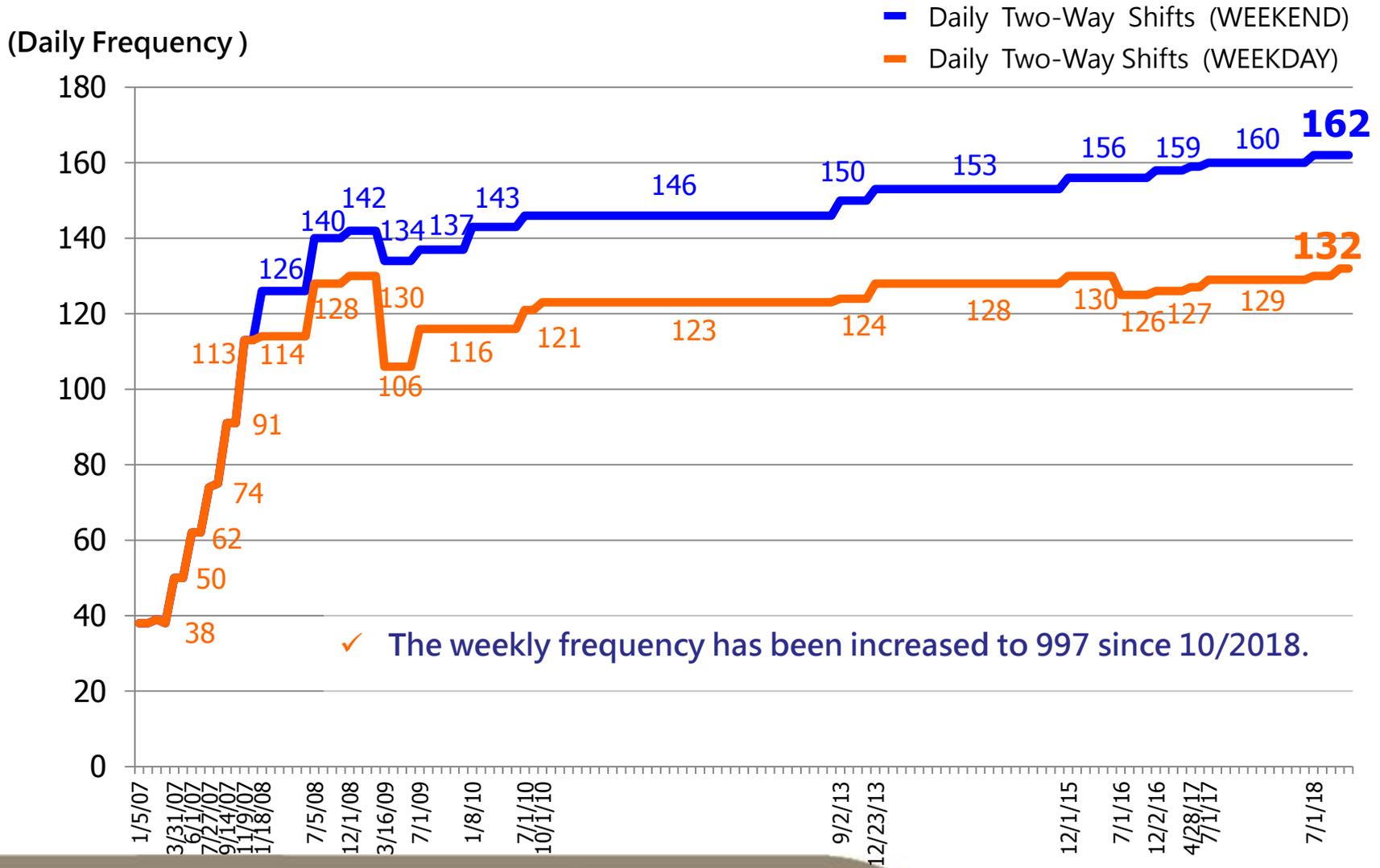
# 2、Operational Performance



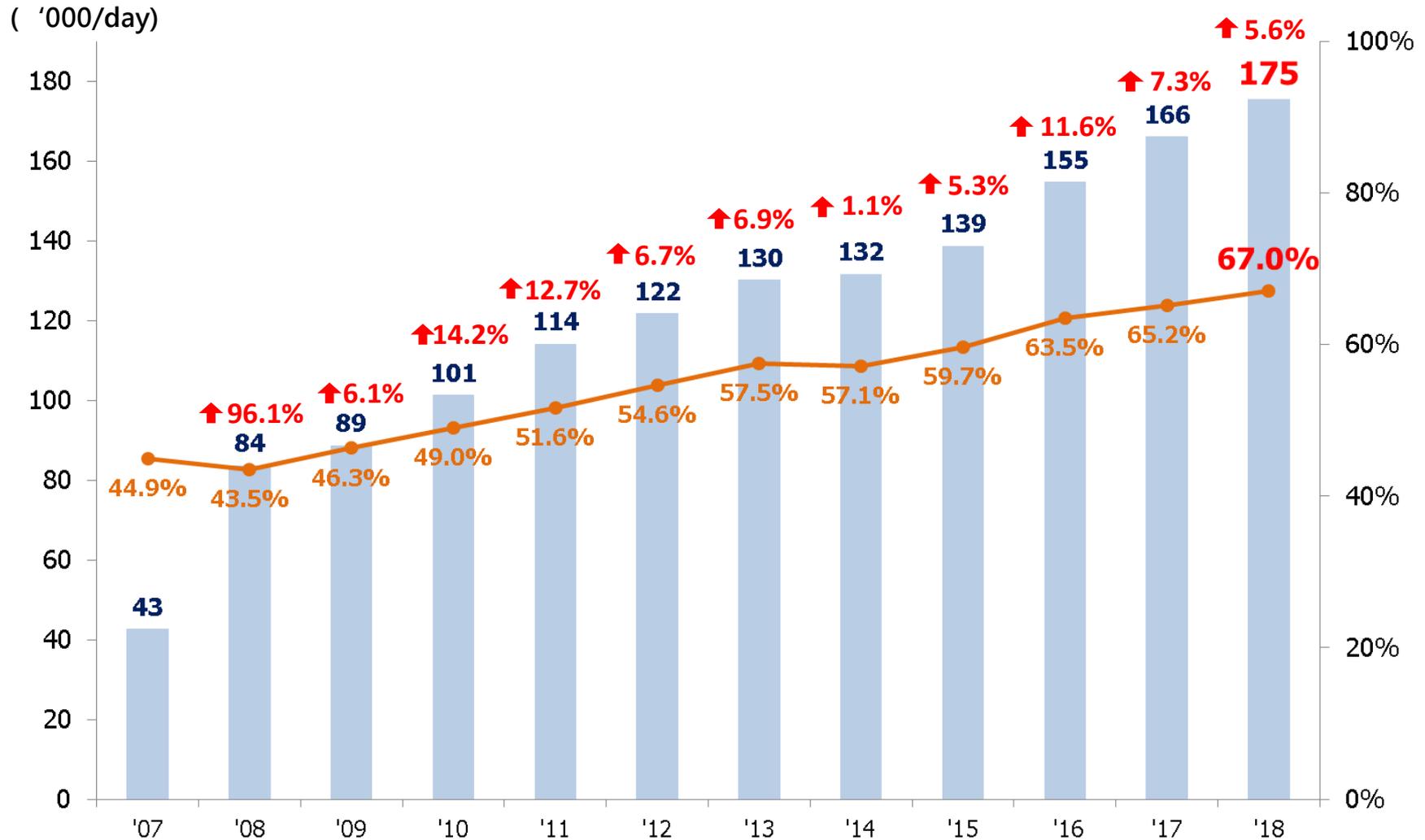
## 1. Passenger kilometers & Taiwan's GDP growth trend



## 2. Train Frequency



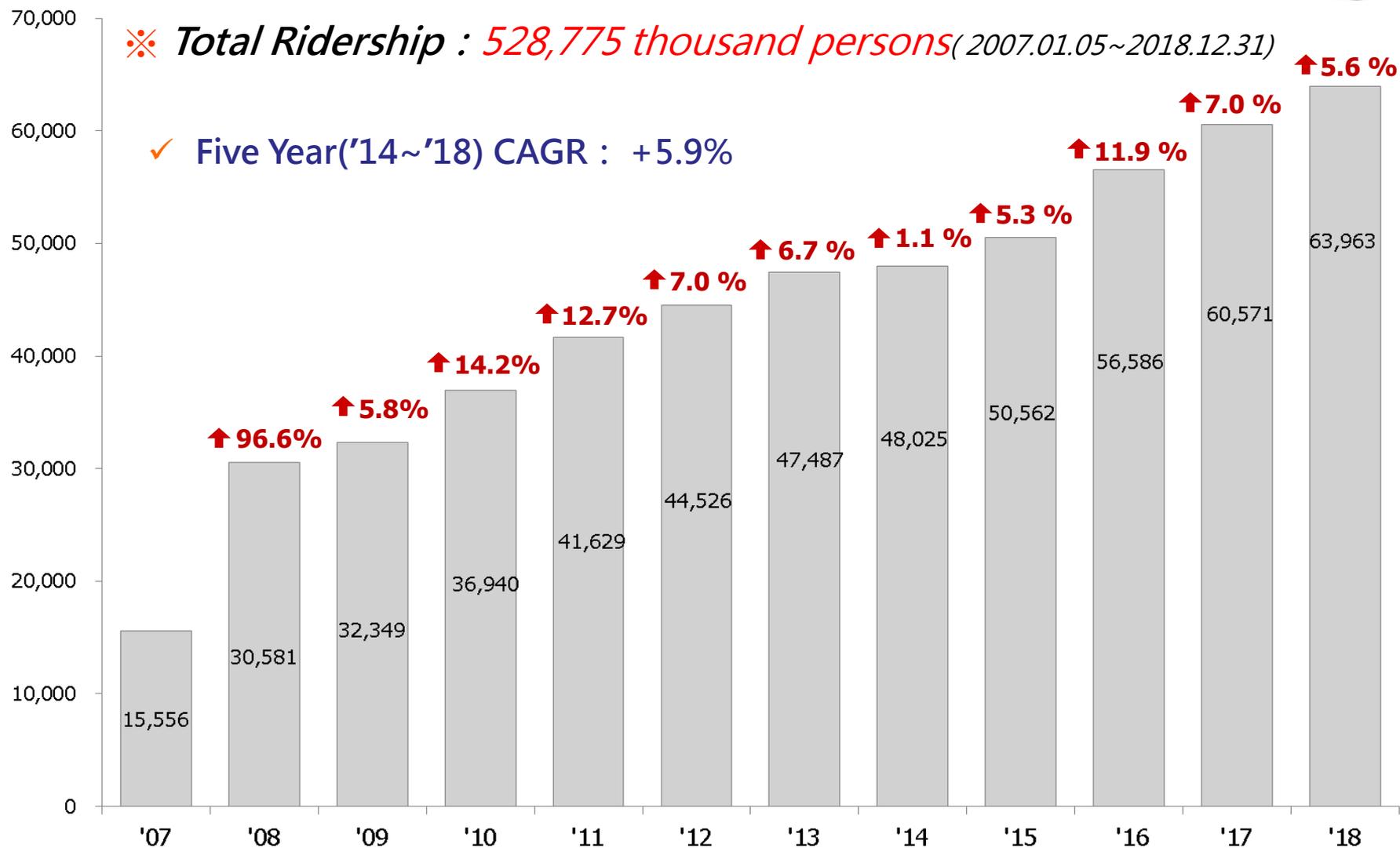
### 3. Ridership & Loading Factor



# 4. Ridership



( '000 person)



## 5. Operational Performance



	<b>2018.01.01 ~ 2018.12.31</b>	<b>2007.01.05 ~ 2018.12.31</b>
Train Services	52,437	564,933
Cumulative Passengers	63.9 million passengers	528.7 million passengers
Passenger Kilometers	11,559 million km	102,389 million km
Loading Factor	67.01%	55.75%
Punctuality	99.43% (delay < 5min)	99.46% (delay < 5min)
Avg. Delay Time	0.17 min (vs JR Central: 0.7min @FY'17)	0.21min
Accidents resulting in Liabilities	0	0



## II 、 FINANCIALS 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 (2018 vs 2017)

(NT\$m)	2018		2017		Variance Amount	差異 %
Operating revenue	45,415	100%	43,435	100%	1,980	4.6%
Operating costs	(25,081)	-55%	(24,614)	-57%	(467)	1.9%
Gross Profit	20,334	45%	18,821	43%	1,513	8.0%
Operating expenses	(1,189)	-3%	(1,066)	-2%	(123)	11.5%
Net Operating Income	19,145	42%	17,755	41%	1,390	7.8%
Non-operating income and expenses						
Interest expenses	(6,618)	-14%	(7,463)	-17%	845	-11.3%
Stabilization reserve	(5,415)	-12%	(3,866)	-9%	(1,549)	40.1%
Others	200	0%	52	0%	148	284.6%
Net Income before tax	7,312	16%	6,479	15%	833	12.9%
Income tax benefit(expense)	3,385	7%	(1,139)	-3%	4,524	-397.2%
<b>Net Income</b>	<b>10,696</b>	23%	<b>5,340</b>	12%	5,356	100.3%
<b>EPS</b>	<b>1.90</b>		<b>0.95</b>			

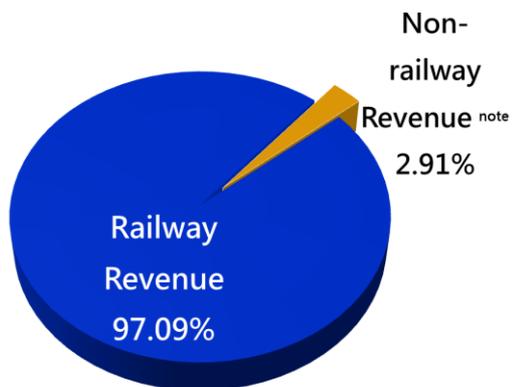


## 2. Net Profits & Operating Revenues

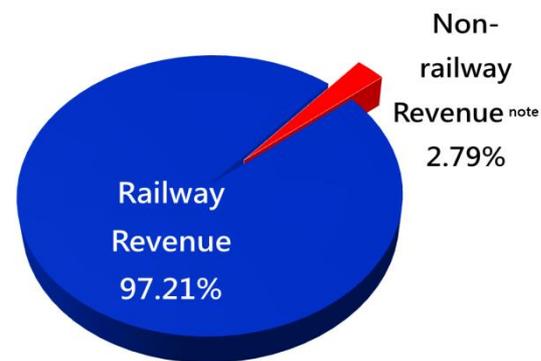
### 1) Revenue Mix

(NT\$bn)	2018	2017	YoY
Railway revenue	44.1	42.2	+4.5%
Non-railway revenue	1.3	1.2	+9.1%
Total	45.4	43.4	+4.6%

2018 Revenue Mix



2017 Revenue Mix

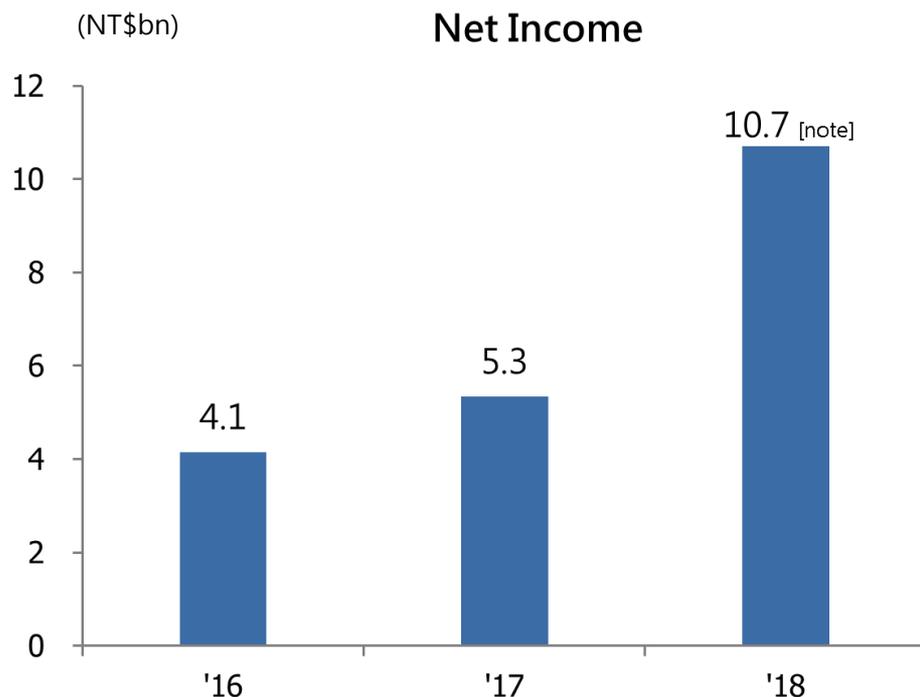
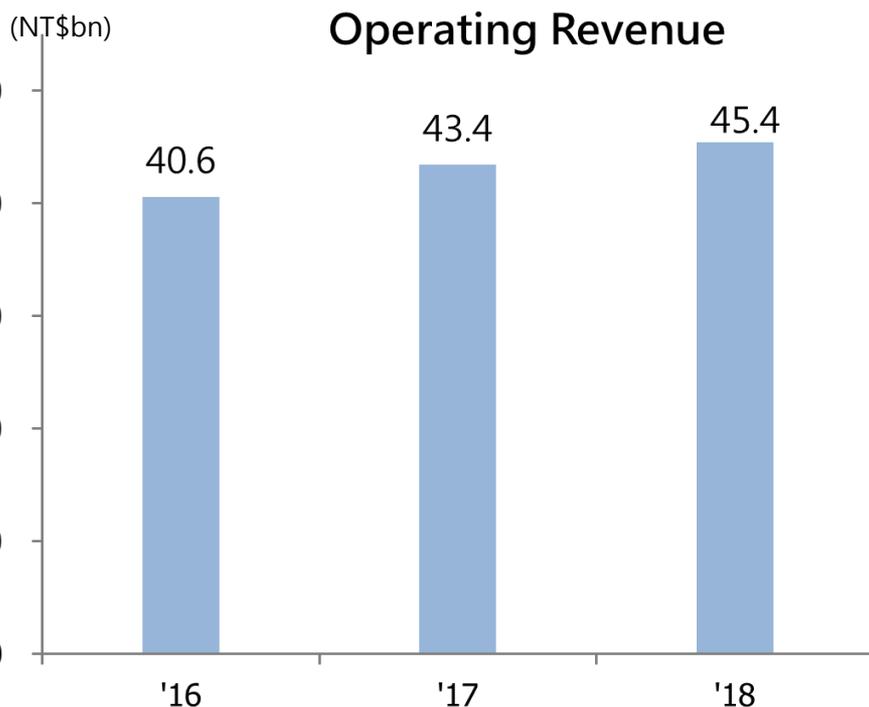


Note: Non-railway revenues mainly include rental incomes, advertising revenues, and onboard sales.



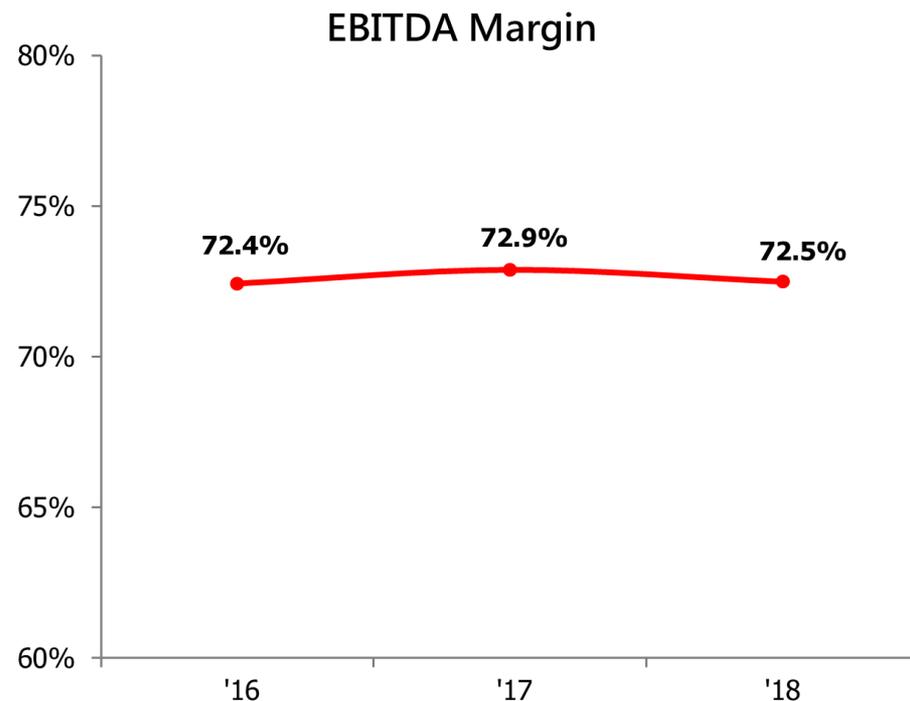
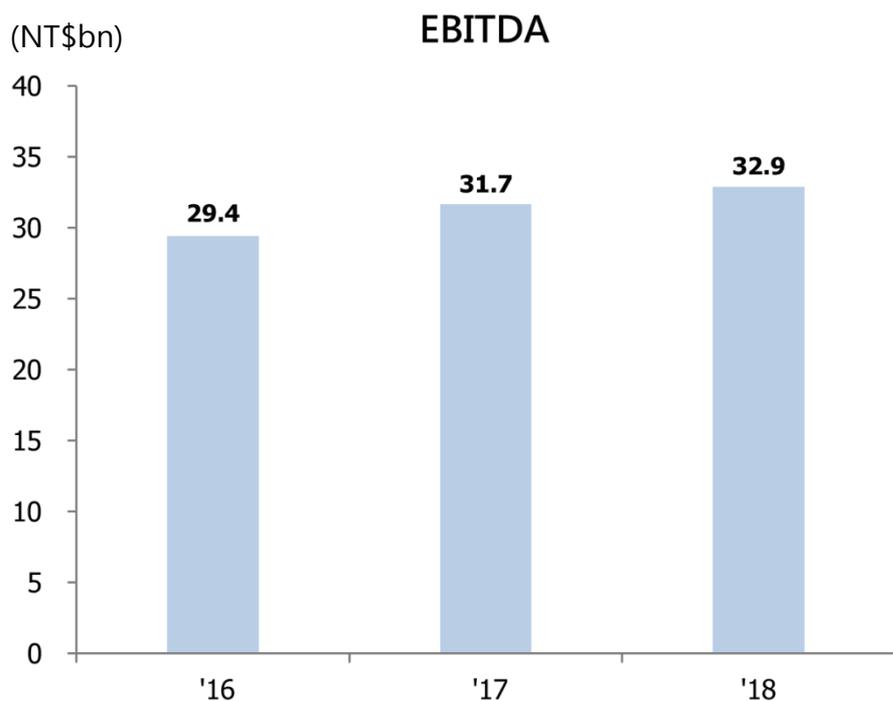
## 2. Net Profits & Operating Revenues

### 2) Operating Revenue and Net Income



Note: 2018 net profit after tax includes income tax benefit of approximately NT\$3.38bn due to the application of the 5-year income tax exemption and tax rate adjustment

### 3. Operational Performance : EBITDA & EBITDA Margin



#### ✓ EBITDA

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

#### ✓ EBITDA Margin

- 2016~2018: 72%~73%



## 4. Balance Sheets

(NT\$m)	2018.12.31	2017.12.31
Current assets	22,797	20,091
Operating concession asset	401,169	413,166
Other non-current assets	9,092	6,803
<b>Total assets</b>	<b>433,057</b>	<b>440,060</b>
Current liabilities	13,814	6,549
Long-term debt	276,094	286,083
Long-term bills payable	-	15,964
Operating concession liabilities	54,915	54,542
Other non-current liabilities	18,821	13,904
<b>Total liabilities</b>	<b>363,644</b>	<b>377,042</b>
Common stock	56,283	56,283
Capital surplus	173	173
Legal reserve & unappropriated earnings	12,957	6,562
<b>Total equity</b>	<b>69,413</b>	<b>63,018</b>
<b>Total liabilities &amp; equity</b>	<b>433,057</b>	<b>440,060</b>



## 5. Statement of Cash Flows

(NT\$m)	2018	2017	Increase(decrease) amount
Cash & cash equivalents at the beginning of the period	7,188	237	6,951
Cash flows from operating activities	26,217	21,606	4,611
Cash flows from investing activities	(4,356)	13,878	(18,234)
Cash flows from financing activities	(22,101)	(28,534)	6,433
Net increase in cash & cash equivalents	(240)	6,950	(7,190)
Cash & cash equivalents at the end of the period	6,948	7,188	(240)

# 2、Financial Risk Management



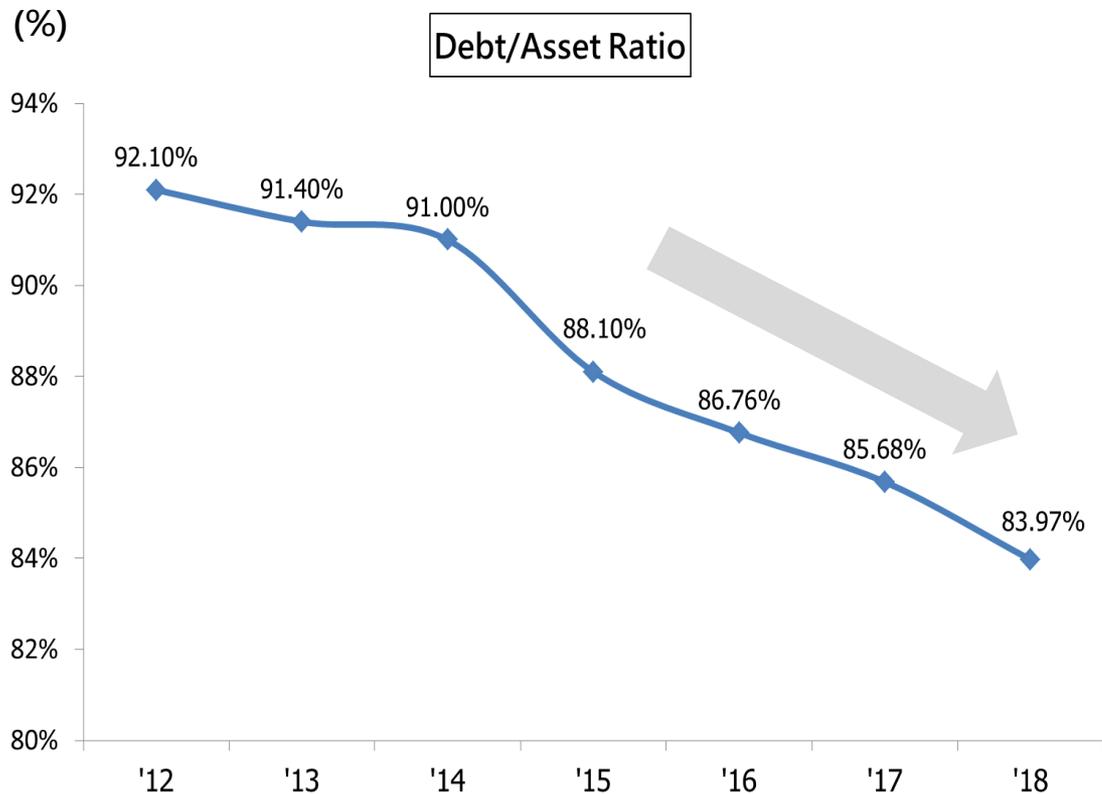
## Establish Long-Term Stable Financial Structure

- ✓ Considering L/T & S/T finance/operation funding demands and financial risks, **make early retirement of syndicated loans.**

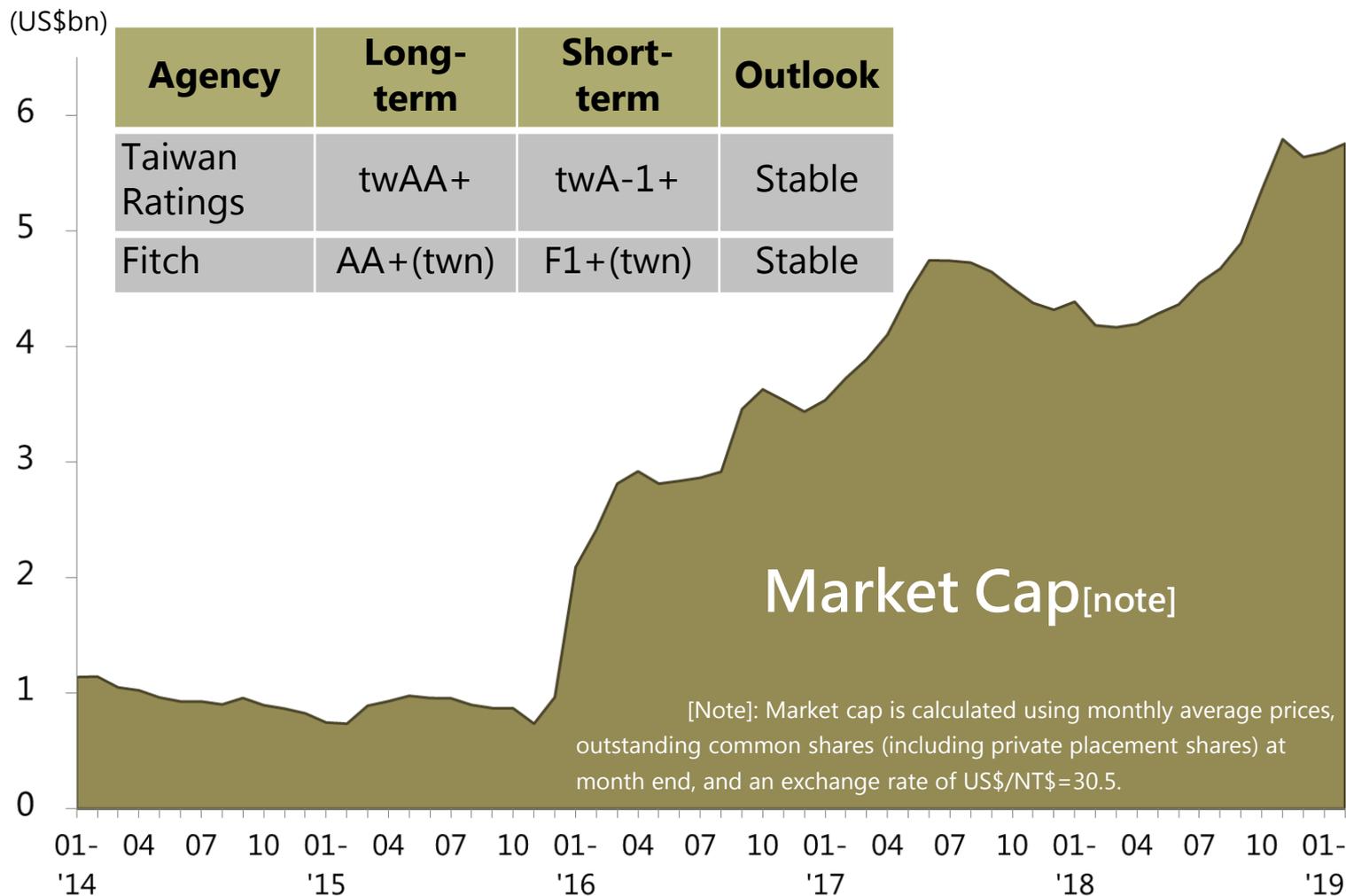
### Early Retirement of Syndicated Loans since '16

(NT\$bn)	Amount
4/'16及7/'16	21.0
3/'17	21.2
7/'17	20.0
7/'18	10.0
<b>Total</b>	<b>72.2</b>

- ✓ **Issue direct financial instruments** (i.e., corporate bonds, commercial papers) to ensure appropriate L/T & S/T capital allocation and to enhance profitability.



# 3. Corporate Credit Ratings & Market Cap



## 4. Recent Major Events and Activities



Date	Event
2018.08	<ul style="list-style-type: none"><li>✓ The board approved 「 Manufacturing and supply of OCS maintenance vehicles 」 with a total contract price of NT\$1,232 million (Tax inclusive).</li><li>✓ Listed on the FTSE4Good Emerging Index.</li></ul>
2018.10	<ul style="list-style-type: none"><li>✓ In response to the continuous growth of passengers and demands, starting October 8, the number of train services increases to 997 trains per week.</li></ul>
2019.02	<ul style="list-style-type: none"><li>✓ During the 2019 Chinese New Year (Jan. 31 – Feb.11), the total ridership reached to approx. 2.65 million passengers. On February 7, even set a historical high record of 298,000 passengers for a single day, since the commercial operation of THSRC.</li><li>✓ Cooperate with Government's policy to "Develop Railway Industry and Enhance Local Supplier Technical Capabilities" and signed to update a new generation of intelligent "Passenger Information System" with domestic manufacturers.</li></ul>



## III、MARKET OVERVIEW

1. Inter-city Transportation
2. Domestic Tourism Market

高鐵假期



，國民旅遊卡  
高鐵路假期

了解更多

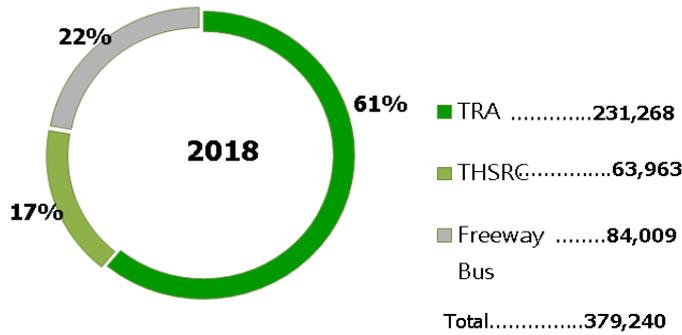
車票+住宿+接駁一站購足，  
平日出發輕鬆度假去！

# 1、Inter-city Transportation



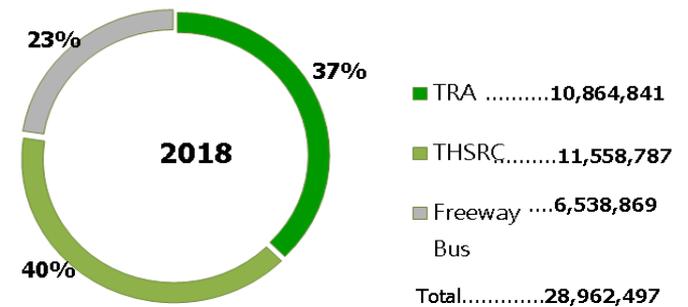
Passenger('000)

### Passenger Proportion

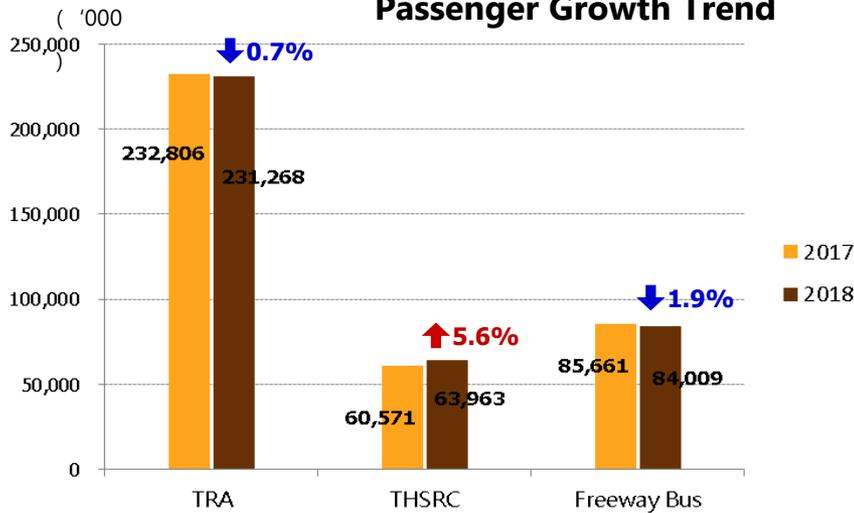


Passenger-km('000-km)

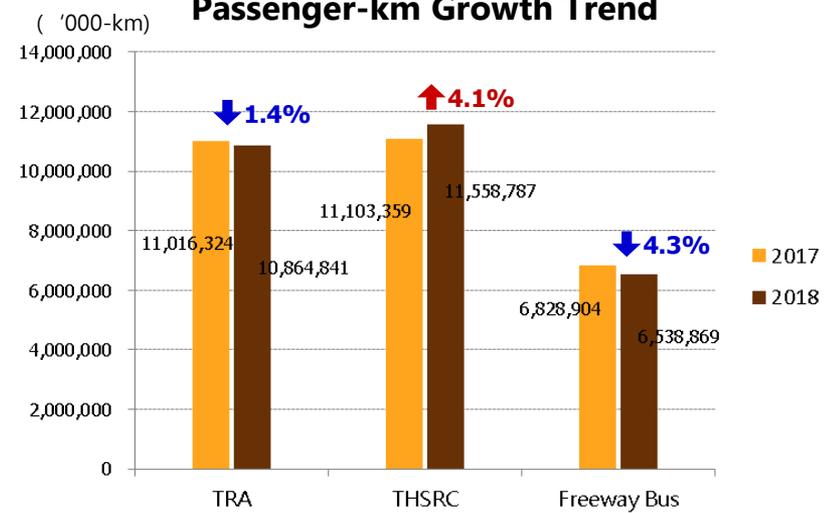
### Passenger-km Proportion



### Passenger Growth Trend



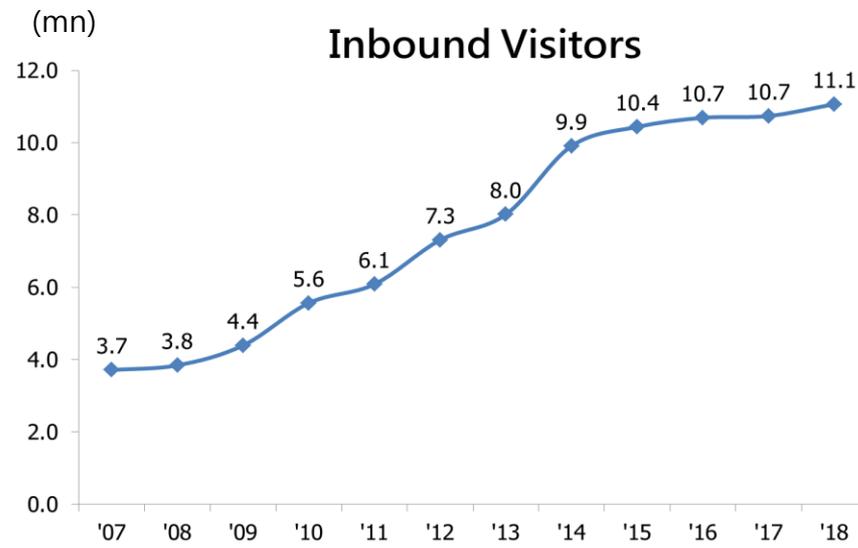
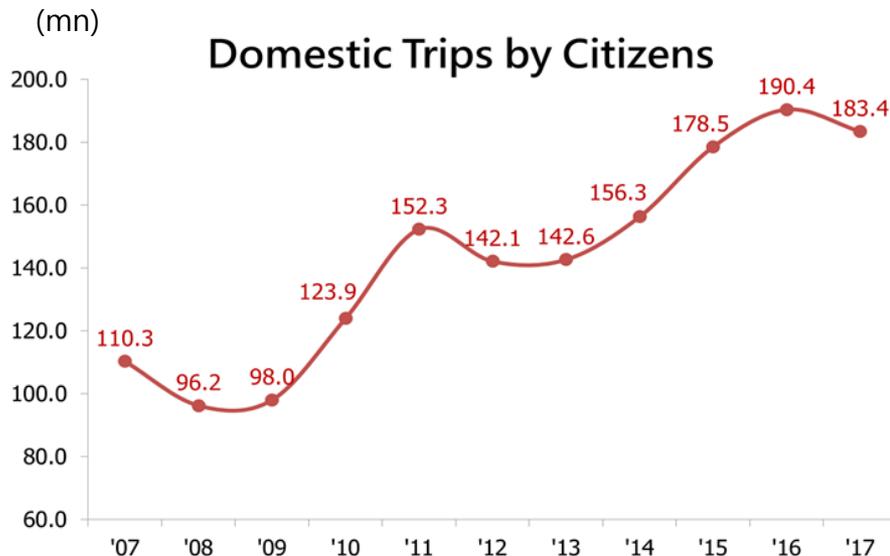
### Passenger-km Growth Trend



Avg. passenger distance



# 2. Domestic Tourism Market



Source: Tourism Bureau, MoTC

- **Five Year ('13~'17) CAGR: +5.2%**
- **2017 Growth (YoY): -3.6%**

- **Past 5 years ('14~'18) CAGR: +2.2%**
- **2018 Growth (YoY): +3.0%**

Tourism Bureau promotes 「Tourism 2020-Taiwan Sustainable Tourism Development Program」 :

- Increase market diversification
- Actively support domestic tourism
- Encourage industry transformation



- Focus on 10 countries travel marketing (international market)
- Promote 「2019 small town ramble year」 (domestic market)
- Inbound visitors target is 11.5 million, domestic trip by citizens target is 190 million in 2019.

資料來源：交通部觀光局



## IV 、 PROSPECTS

1. Operating Revenue
2. Operating Cost



# 1. Operating Revenue



## ✓ Sustain Revenue Growth Drivers

2.68 million tourists

Expand Product Lines

- ◆ THSR Pass
- ◆ Hotel Package
- ◆ Commute Package
- ◆ Airline Package

150 trips

170 hotels

900 thousand members

Improve Member Benefits

Enhance membership privileges and bring in non-railway revenue.

Diversify Ticket Services

Periodic Ticket, Multi-ride Ticket, Event Packages...

Digitize Ticketing Channels

Integrate intelligent ticketing and payments



## ✓ Assess Development of Non-railway Investment Opportunities

南北超值專案  
搭高鐵·春遊趣  
車票+住宿一次搞定 輕鬆體驗春旅行

台北 ⇌ 台南    台北 ⇌ 左營

2天1夜超值價 往返車票金額+10元起

立即GO



## 2. Operating Cost



### ✓ Enhance Self-maintenance Capabilities

- Cooperate with domestic universities and research institutions and Japan Railways to accelerate technology transfer.
- Set up electronics, machinery, welding and other factories to strengthen THSRC's self-maintenance capabilities.

### ✓ Promote Localization of Railway Industry

- Research and develop new generation of native intelligent "passenger information system", localization of OCS Maintenance Vehicle, etc.

### ✓ Local Supplied Material

- Use domestic manufactured parts and components, such as pantograph contact pad, trainset carbody paint, axle bolt, etc.

### ✓ Continue Energy-saving Driving to Reduce Energy Costs



# Conclusion



**Vision : THSRC seeks to be the platform for advancement and enjoyment.**

Integrate technology into services and create 4T smart and convenient new life

**Intelligent**

Smart Transportation  
Safe Ride

**T**ransportation

**Innovative**

Inventive Technology  
Low Carbon Industry

**T**echnology

**Localized  
in**

Material Localization  
Travel in Taiwan

**T**aiwan

**Sustained  
Social Care**

Continuous Public Care  
Create Company Value

**T**ouch



Thank You  
For  
Your Attention

