

Ticker Symbol: 2633



# Taiwan High Speed Rail Corporation 2020 Yuanta Investment Outlook Forum

12/05/2019

# Disclosures

- The information contained in this presentation and its accompanying announcements, including content relating to business outlooks, financial operations, and business forecasts, is based on information derived from internal corporate data and external economic developments as a whole.
- The Company's actual operations, financial conditions, and operational performance may differ from forecasted information; this may be due to various factors including but not limited to market demand, changes in policies and regulations and overall economic conditions, and other factors or risks beyond the Company's control.
- The information provided in this presentation reflects the Company's current views about the future; correctness, completeness, or reliability of said views are not explicitly or implicitly expressed or warranted. The Company is not responsible for updating or amending changes or adjustments made to the contents of this presentation, if such changes or adjustments should occur in the future.
- For the convenience of readers, this presentation has been translated into English from an original Chinese version. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, information in the Chinese-language presentation shall prevail.

# AGENDA

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

# I. Business Overview

1. High-Speed Rail Network
2. Operational Performance



Transportation 運輸

專業運輸



Technology 科技

創新科技



Taiwan 在地

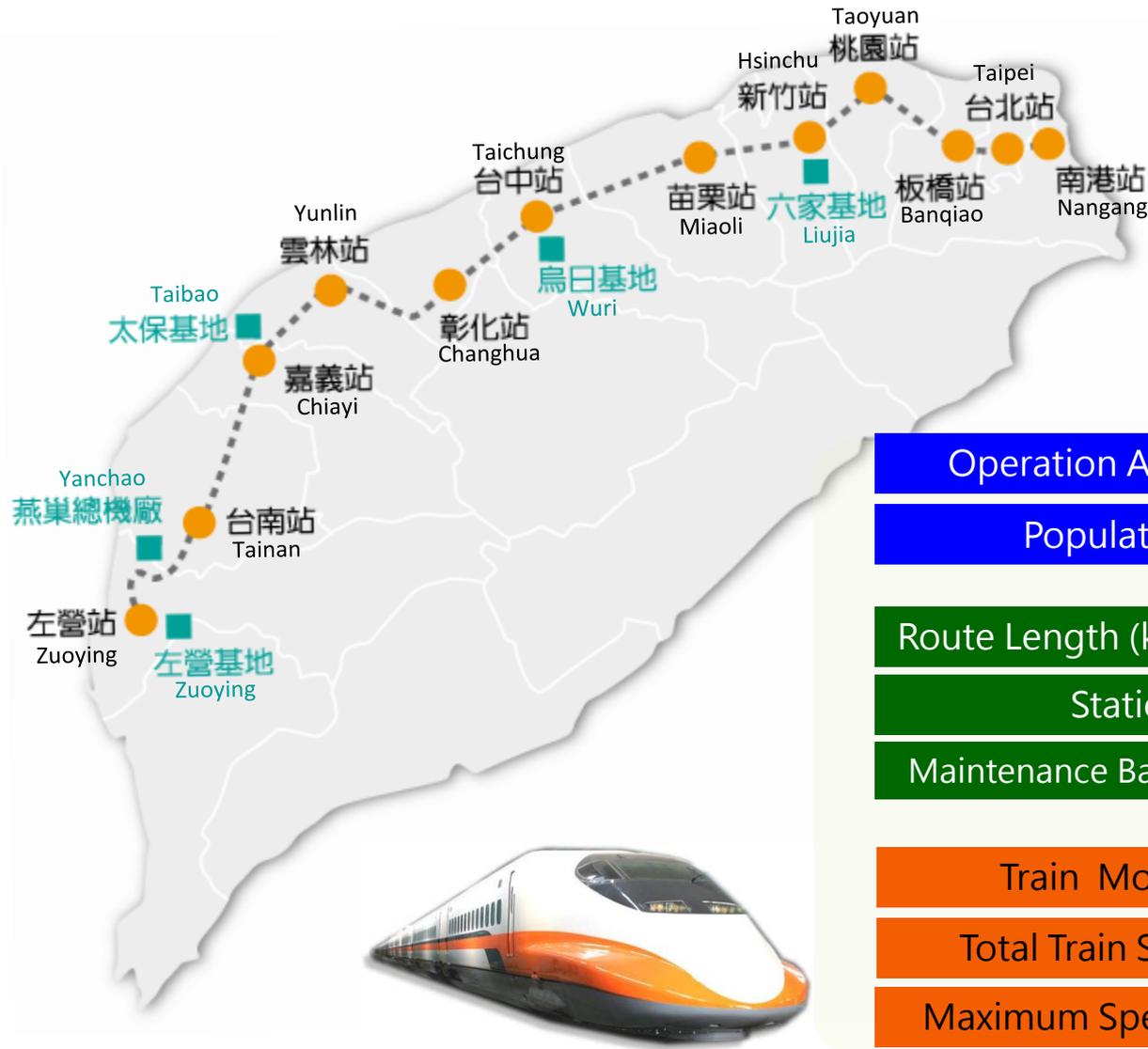
深耕在地



Touch 關懷

永續關懷

# 1. High-Speed Rail Network



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

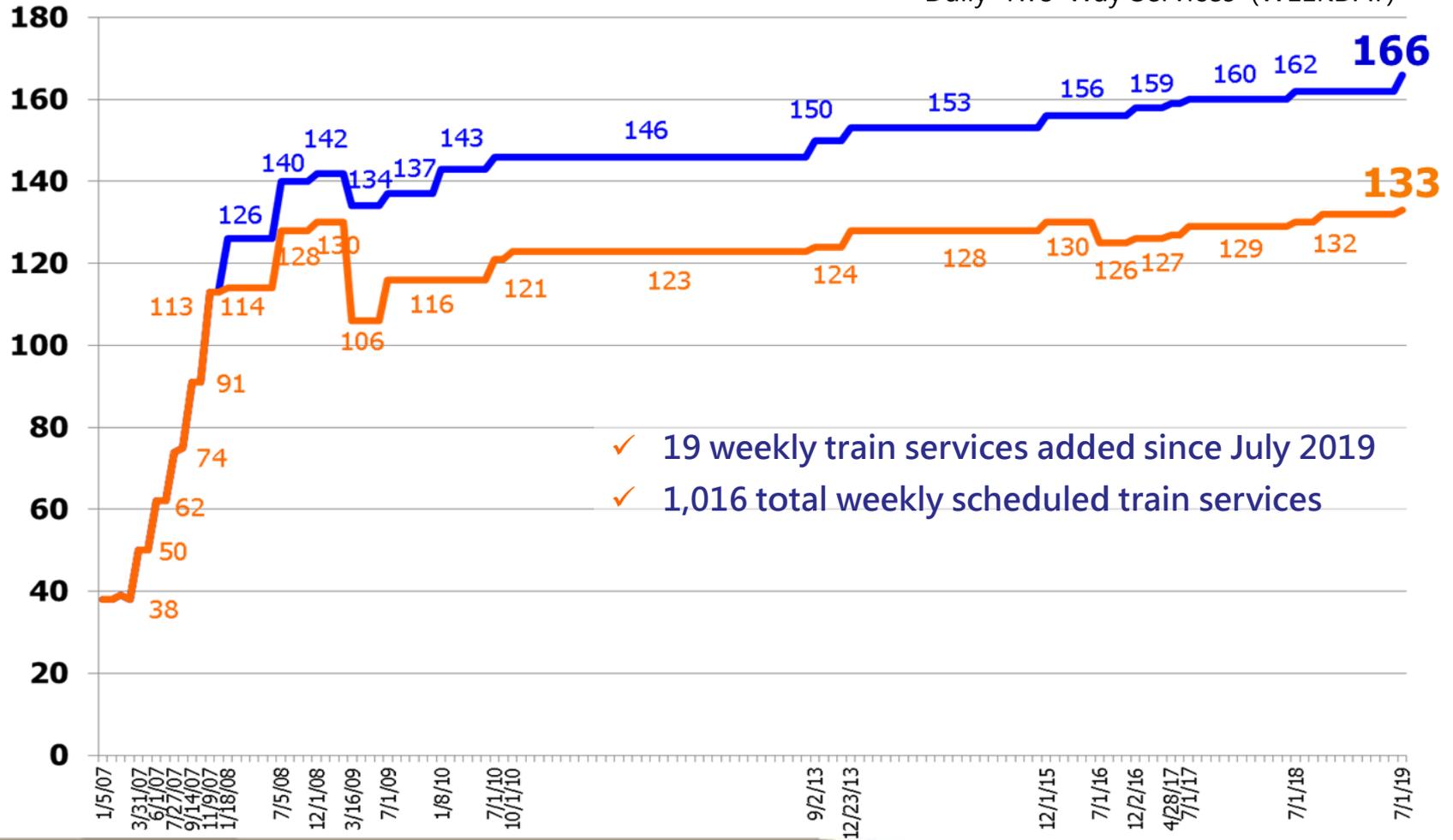


# 2. Operational Performance

## 1. Train Frequency

(daily frequency)

■ Daily Two-Way Services (WEEKEND)  
■ Daily Two-Way Services (WEEKDAY)

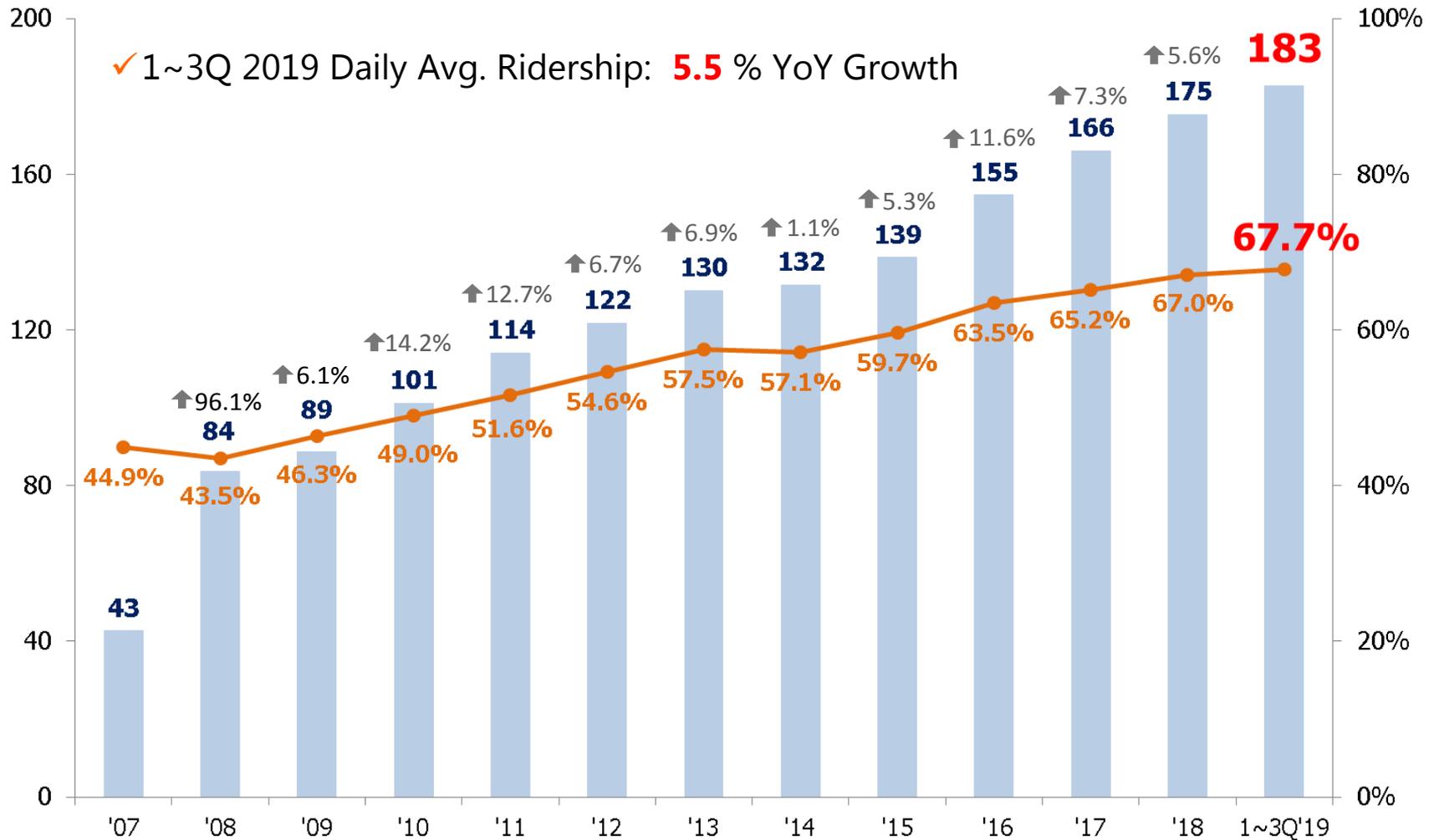


- ✓ 19 weekly train services added since July 2019
- ✓ 1,016 total weekly scheduled train services

## 2. Ridership & Loading Factor

(thousand persons/day)

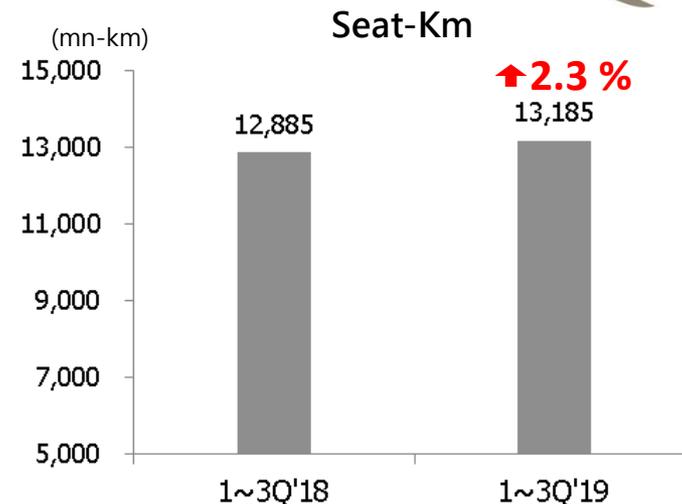
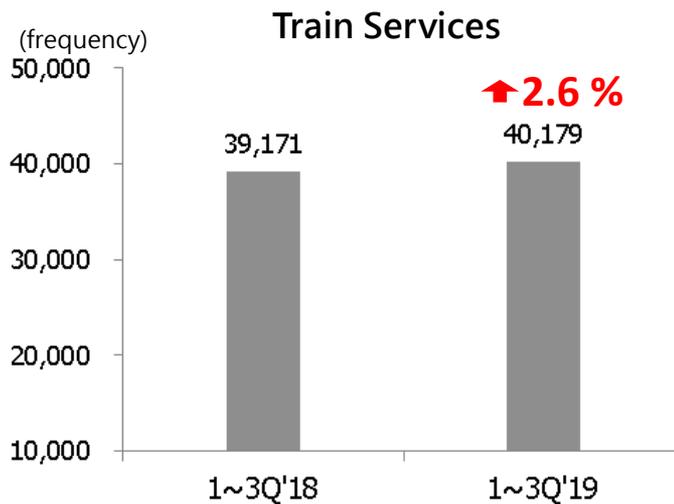
Load Factor, (%)



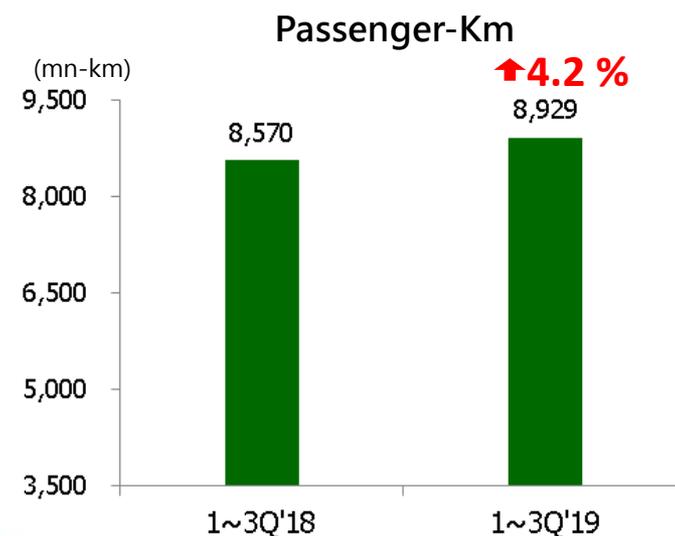
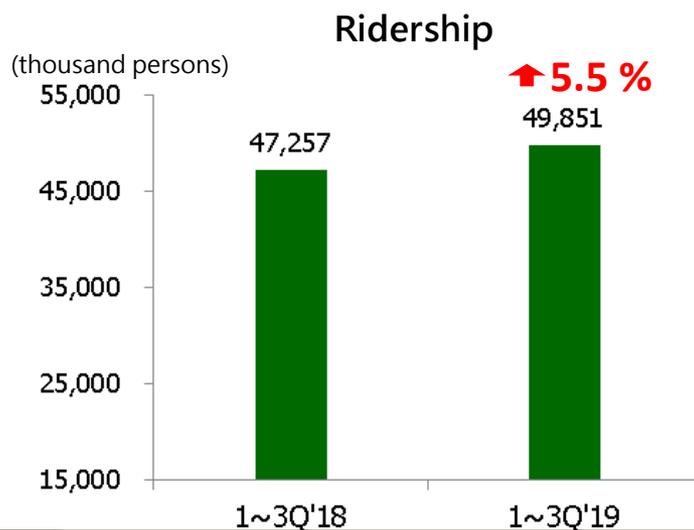
### 3. Growth of Transportation Capacity & Volume(1~3Q2019 vs 1~3Q2018)



Transportation Capacity



Transportation Volume



## 4. Operational Performance



	<b>2019.01.01 ~ 2019.9.30</b>	<b>2007.01.05 ~ 2019.9.30</b>
Train Services	40,179	605,112
Cumulative Passengers (million passengers)	49.9	578.6
Passenger Kilometers (million-km)	8,929	111,319
Loading Factor	67.7%	56.6%
Reliability	100%	99.65%
Punctuality (delay < 5min)	99.88%	99.49%
Avg. Delay Time (min)	0.07	0.20
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 (2018 vs. 2017)

(NT\$mn)	2018		2017		Variance Amount	Var. %
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	3,385	7%	(1,139)	-3%	4,524	-397.2%
<b>Net Income</b>	<b>10,696</b>	<b>23%</b>	<b>5,340</b>	<b>12%</b>	<b>5,356</b>	<b>100.3%</b>
<b>EPS</b>	<b>1.90</b>		<b>0.95</b>			



# 1. Income Statement ( 1~3Q'2019 vs. 1~3Q'2018)

(NT\$mn)	<b>1~3Q'2019</b>		<b>1~3Q'2018</b>		<b>Variance Amount</b>	<b>Var. %</b>
Operating revenue	35,308	100%	33,671	100%	1,637	4.9%
Operating costs	(19,033)	-54%	(18,507)	-55%	(526)	2.8%
Gross Profit	16,275	46%	15,164	45%	1,111	7.3%
Operating expenses	(870)	-2%	(858)	-2%	(12)	1.4%
Net Operating Income	15,405	44%	14,307	43%	1,098	7.7%
Non-operating income and expenses						
Interest expenses	(4,820)	-14%	(4,985)	-15%	165	-3.3%
Stabilization reserve	(4,768)	-13%	(3,831)	-11%	(937)	24.5%
Others	177	-	163	-	14	8.6%
Net Income before tax	5,994	17%	5,653	17%	341	6.0%
Income tax	158	-	3,011	9%	(2,853)	-94.8%
<b>Net Income</b>	<b>6,152</b>	<b>17%</b>	<b>8,665</b>	<b>26%</b>	<b>(2,513)</b>	<b>-29.0%</b>
<b>EPS</b>	<b>1.09</b>		<b>1.54</b>			



## 2. Balance Sheets

(NT\$m)	2019.9.30	2018.12.31	2018.9.30
Current assets	26,790	22,797	15,654
Operating concession asset	392,809	401,169	403,865
Other non-current assets	10,153	9,092	8,664
<b>Total assets</b>	<b>429,751</b>	<b>433,057</b>	<b>428,184</b>
Current liabilities	9,800	13,814	12,578
Non-current liabilities	350,690	349,830	348,141
<b>Total liabilities</b>	<b>360,490</b>	<b>363,644</b>	<b>360,719</b>
Common stock	56,283	56,283	56,283
Capital surplus	173	173	173
Legal reserve & unappropriated earnings	12,806	12,957	11,008
<b>Total equity</b>	<b>69,261</b>	<b>69,413</b>	<b>67,464</b>
<b>Total liabilities &amp; equity</b>	<b>429,751</b>	<b>433,057</b>	<b>428,184</b>



### 3. Statement of Cash Flows

(NT\$mn)	2019.9.30	2018.12.31	2018.9.30
Cash & cash equivalents at the beginning of the period	6,948	7,188	7,188
Cash flows from operating activities	20,302	26,217	19,100
Cash flows from investing activities	(12,035)	(4,356)	(1,166)
Cash flows from financing activities	(14,446)	(22,101)	(22,154)
Net increase in cash & cash equivalents	(6,178)	(240)	(4,221)
Cash & cash equivalents at the end of the period	<b>770</b>	<b>6,948</b>	<b>2,967</b>



## 4. Net Profits & Operating Revenues

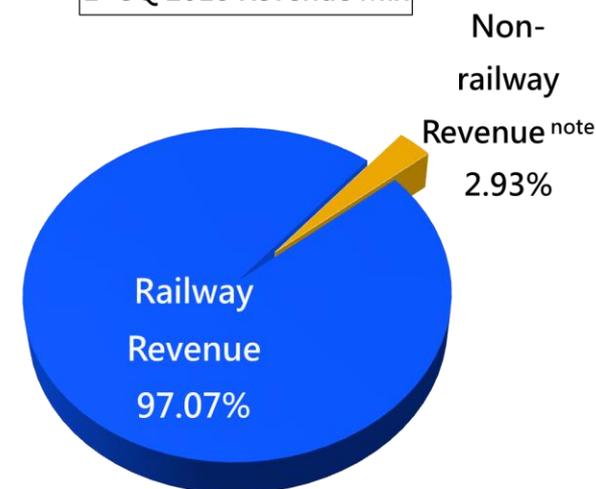
### 1) Revenue Structures

(NT\$bn)	1~3Q'2019	1~3Q'2018	YoY
Railway Revenue	34.27	32.69	4.8%
Non-railway Revenue	1.04	0.99	5.8%
Total	35.31	33.67	4.9%

1~3Q 2019 Revenue Mix



1~3Q 2018 Revenue Mix

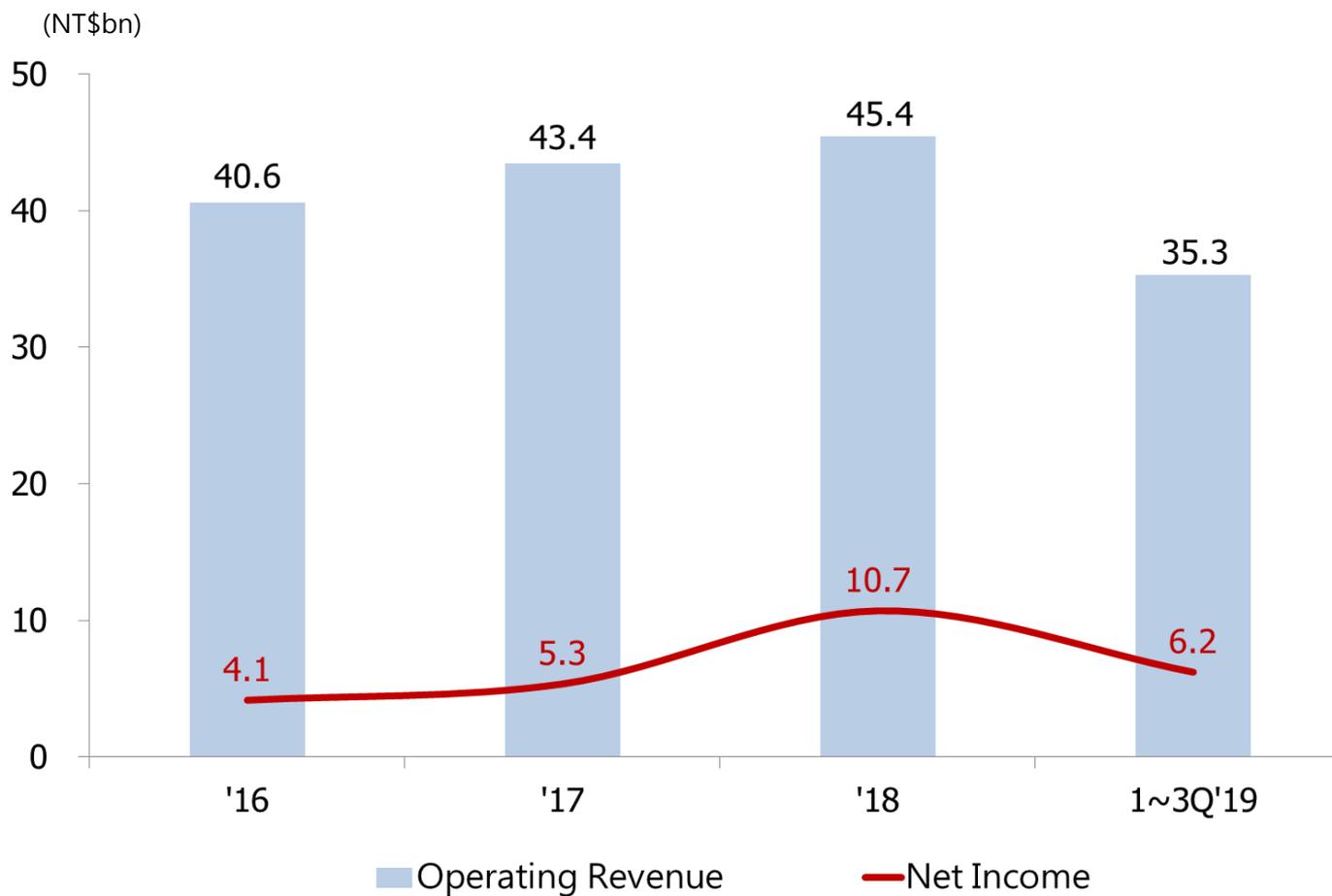


Note: Non-railway revenues mainly include rental incomes, advertising revenues, and onboard sales.

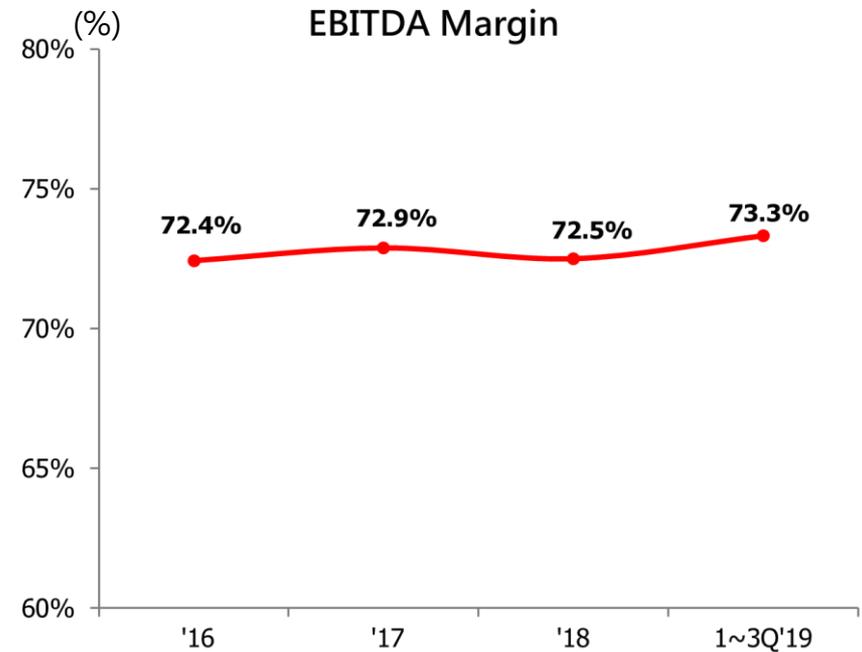
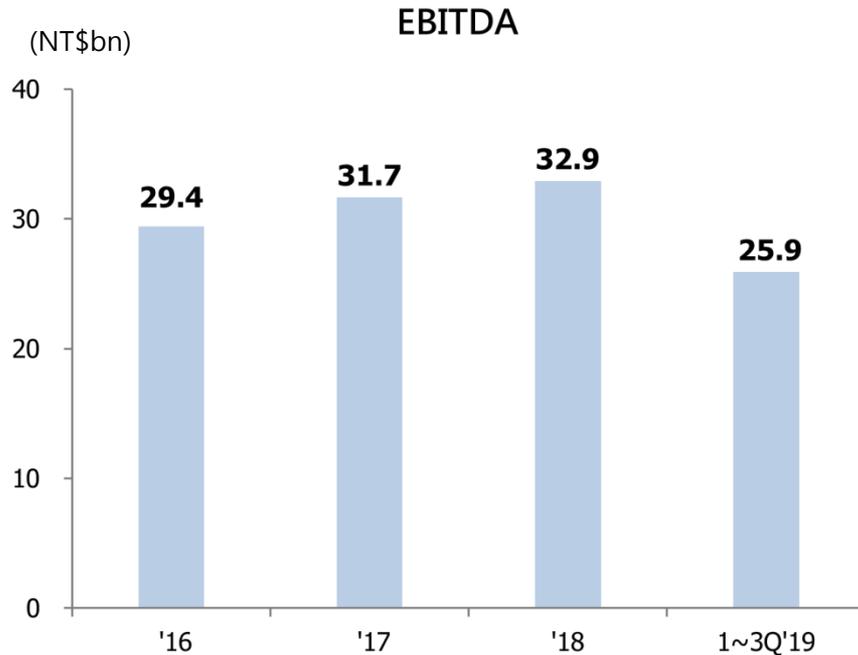


## 4. Net Profits & Operating Revenues

### 2) Operating Revenue and Net Income



## 5. Operational Efficiency : EBITDA & EBITDA Margin



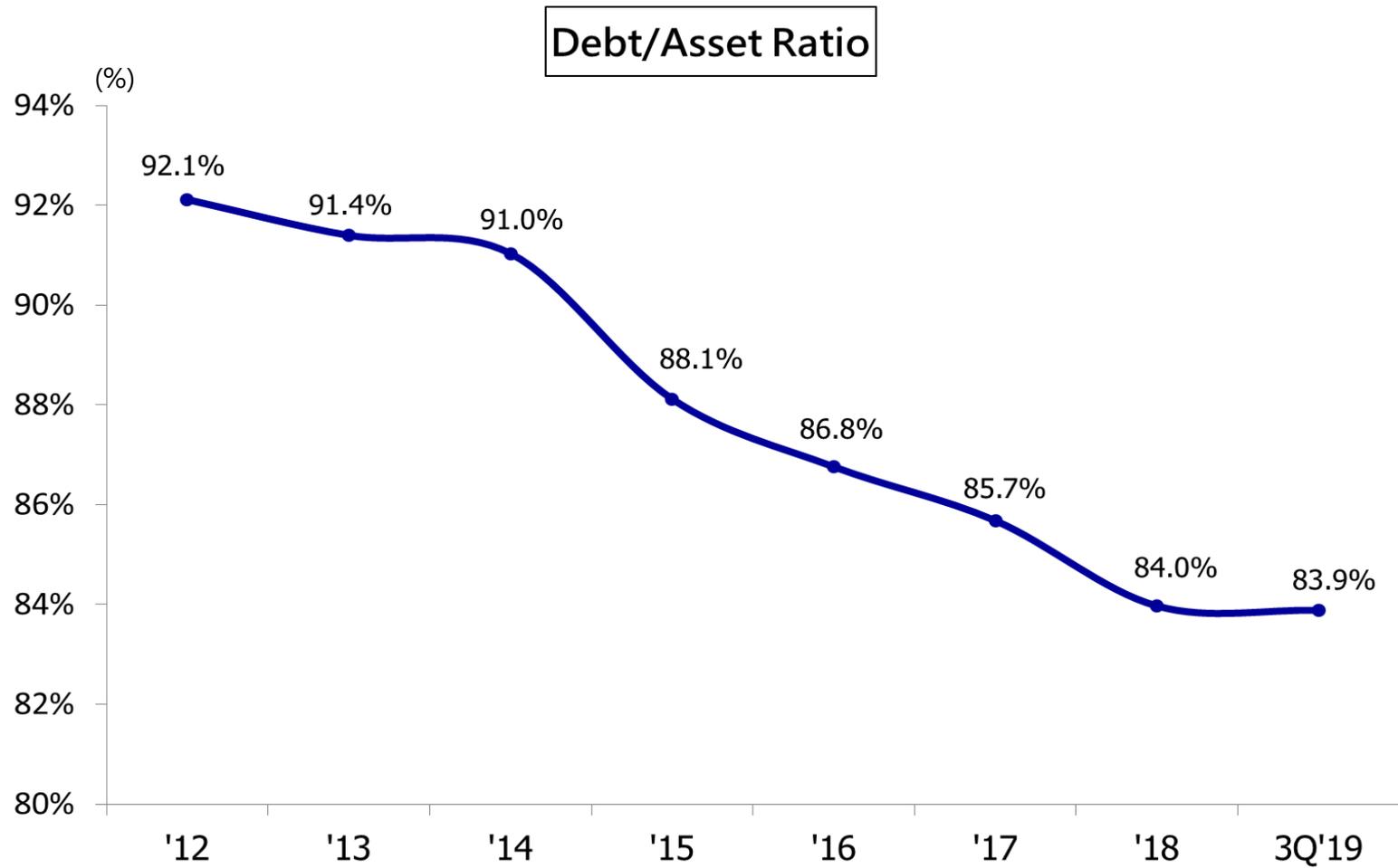
### ✓ EBITDA

- 1~3Q 2019: YoY +5.1%
- 2018: YoY +4.0%

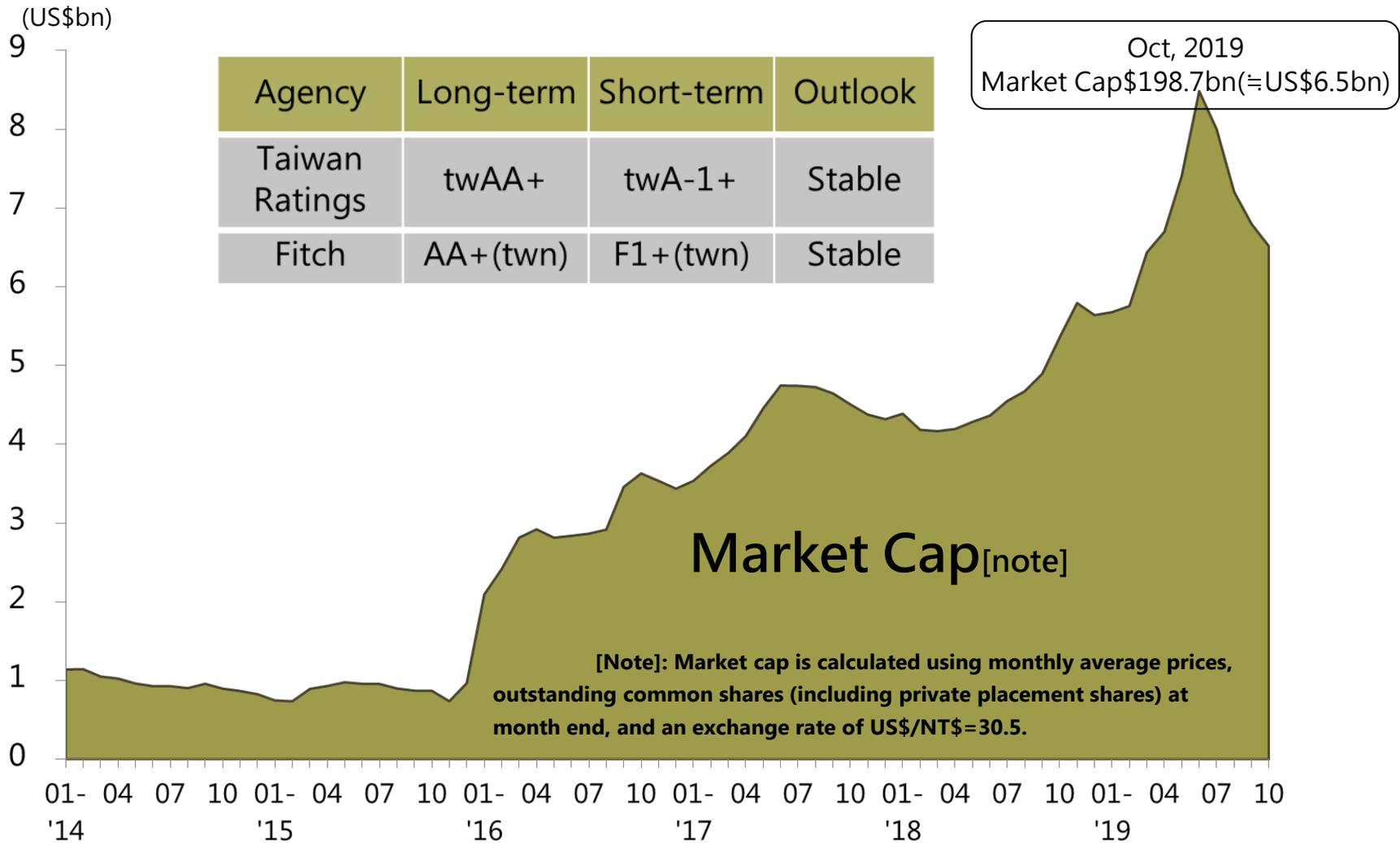
### ✓ EBITDA Margin

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

# 2. Financial Risk Management



# 3. Corporate Credit Ratings & Market Cap



## 4. Recent Major Events and Activities



Date	Events
2019.4	<ul style="list-style-type: none"><li>✓ THSRC was selected by and listed in the FTSE4GOOD TIP Taiwan ESG Index for the second time.</li><li>✓ Taiwan Stock Exchange presented THSRC with a “Top 5% of Corporate Governance Evaluations Award” for the second consecutive year.</li></ul>
2019.5	<ul style="list-style-type: none"><li>✓ Announced distribution of the 2018 Company's cash dividend that was approved in 2019 Shareholders' Annual Meeting.</li></ul>
2019.7	<ul style="list-style-type: none"><li>✓ Procurement announcement for three diesel shunters from TRS.</li></ul>
2019.9	<ul style="list-style-type: none"><li>✓ A total of 874 train services provided during the 5-day Mid-autumn festival holiday. On September 15, single-day passenger numbers reached to 318,249 passengers, the highest number on record since THSRC commenced commercial operations.</li></ul>
2019.11	<ul style="list-style-type: none"><li>✓ Issued 2019 unsecured corporate bonds for the first time, with a 30-year period of issuance, at fixed annual interest rate of 1.60%, and total amount of NT\$8 billion.</li></ul>



## III. MARKET OVERVIEW

1. Inter-City Transportation
2. Domestic Tourism Market

### 高鐵交通聯票 一路串聯幸福風景

高鐵票7折起，搭配捷運、台灣好行享雙重超值優惠，讓你直達景點！網路下訂明天就能出發！

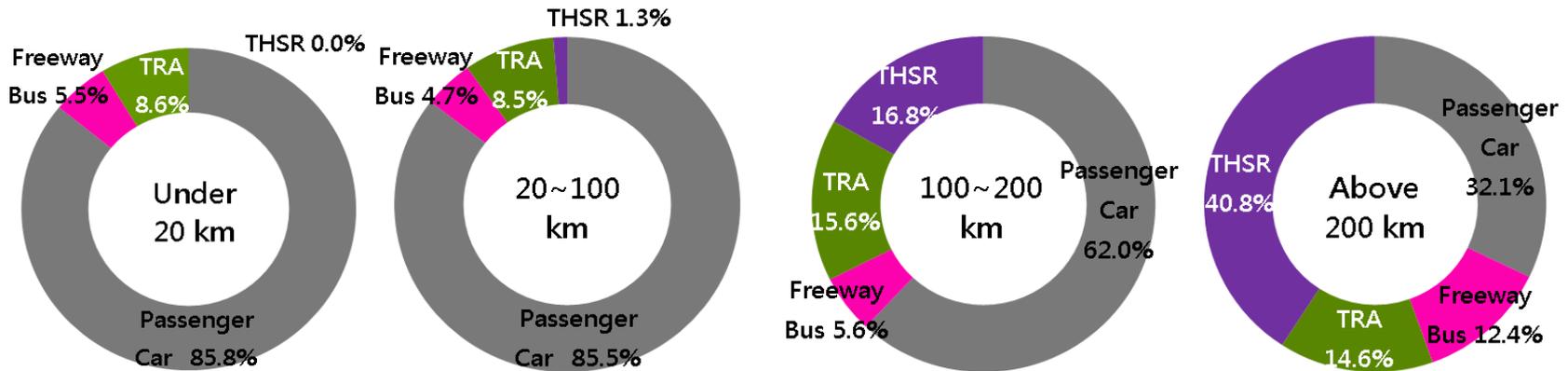


# 1. Inter-City Transportation

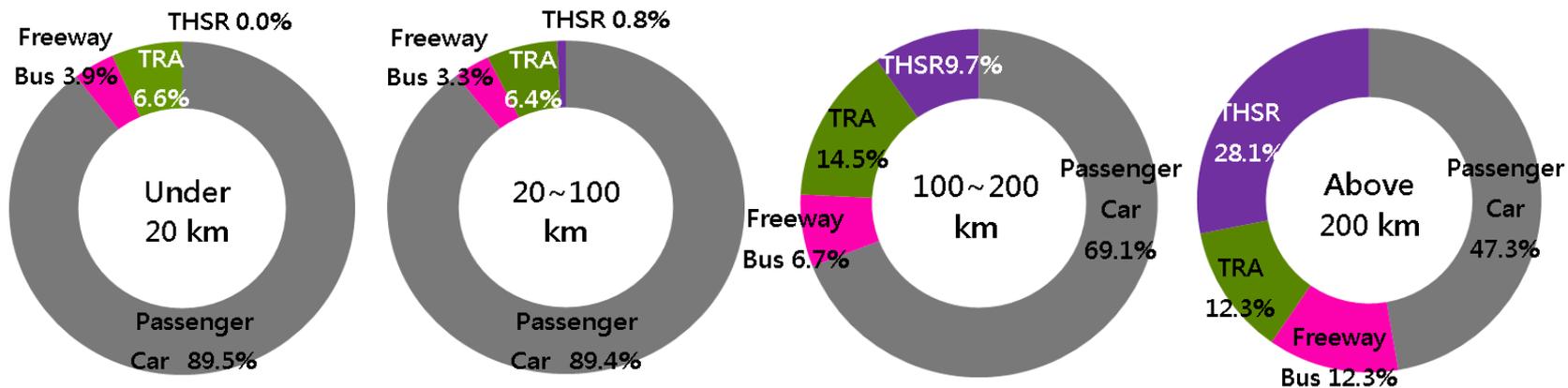


Market size of intercity transportation for different travel lengths

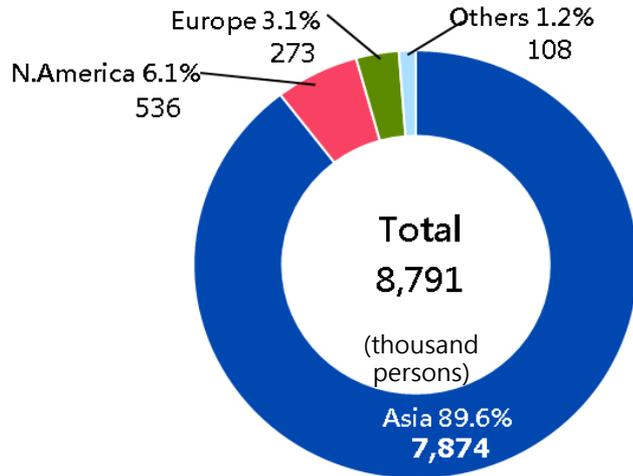
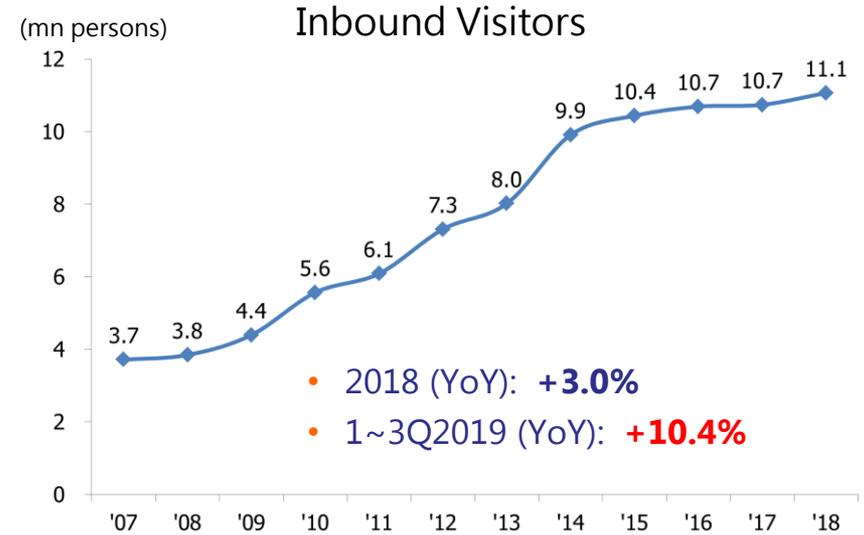
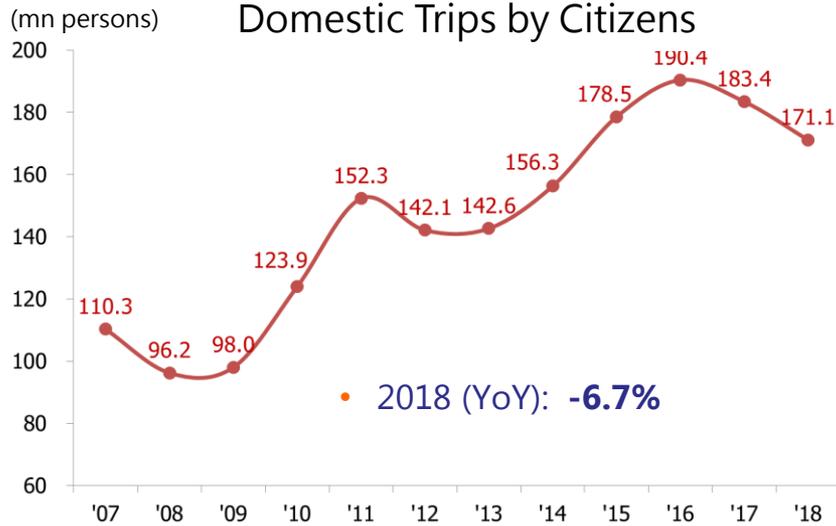
Weekday



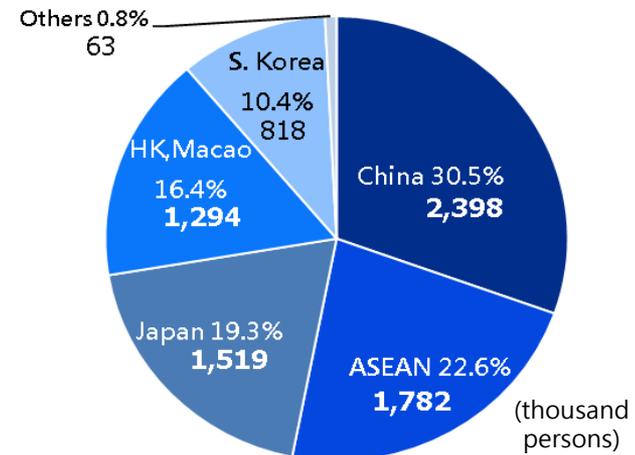
Weekend



# 2. Domestic Tourism Market



**1~3Q2019 distribution of foreign visitors (Global)**

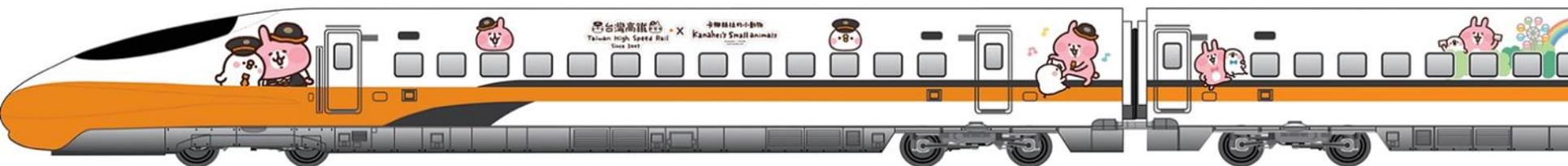


**1~3Q2019 distribution of foreign visitors (Asia)**



## IV. OUTLOOK

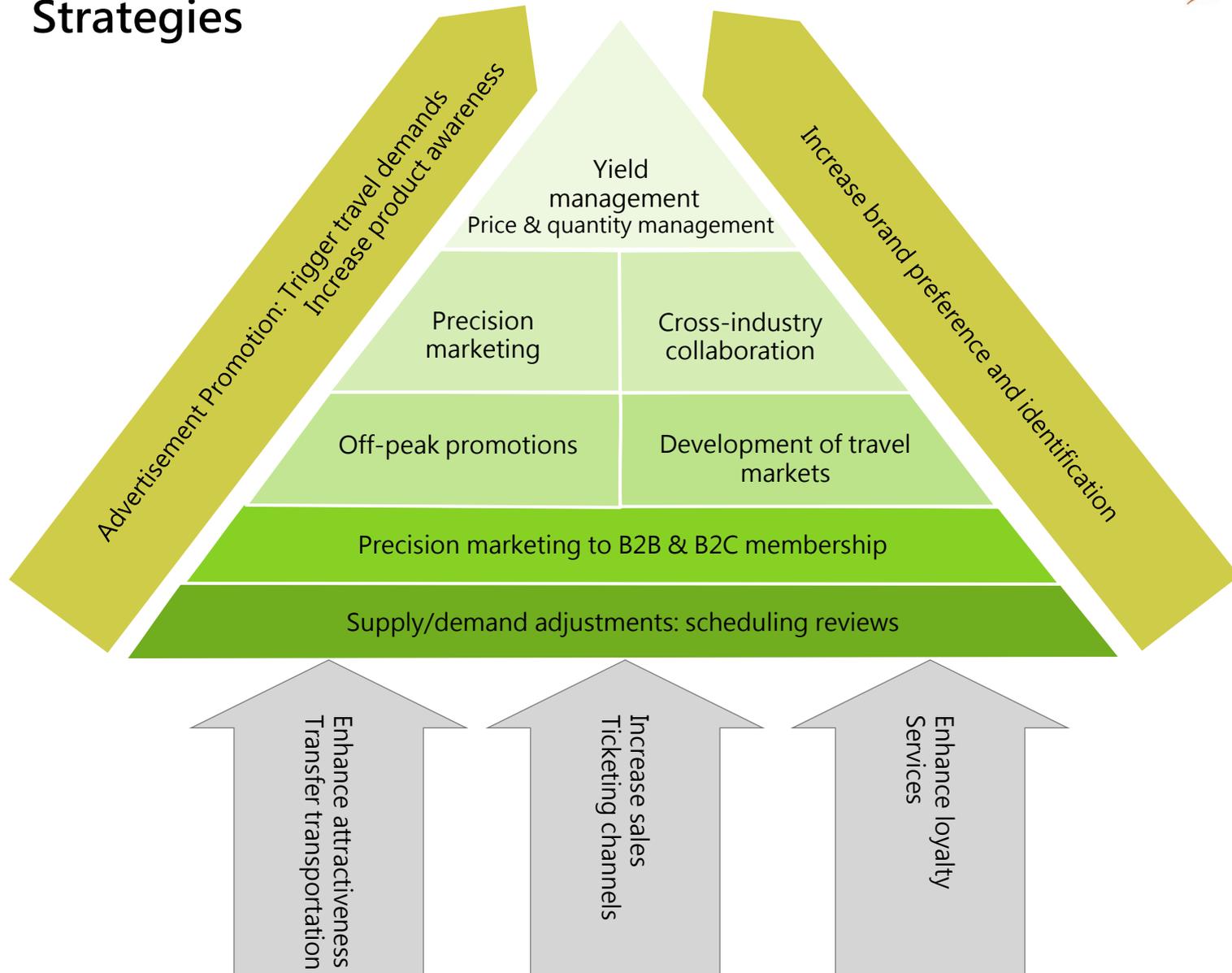
1. Sustain Revenue Growth Drivers
2. Reduce Operating Costs



# 1、Sustain Revenue Growth Drivers



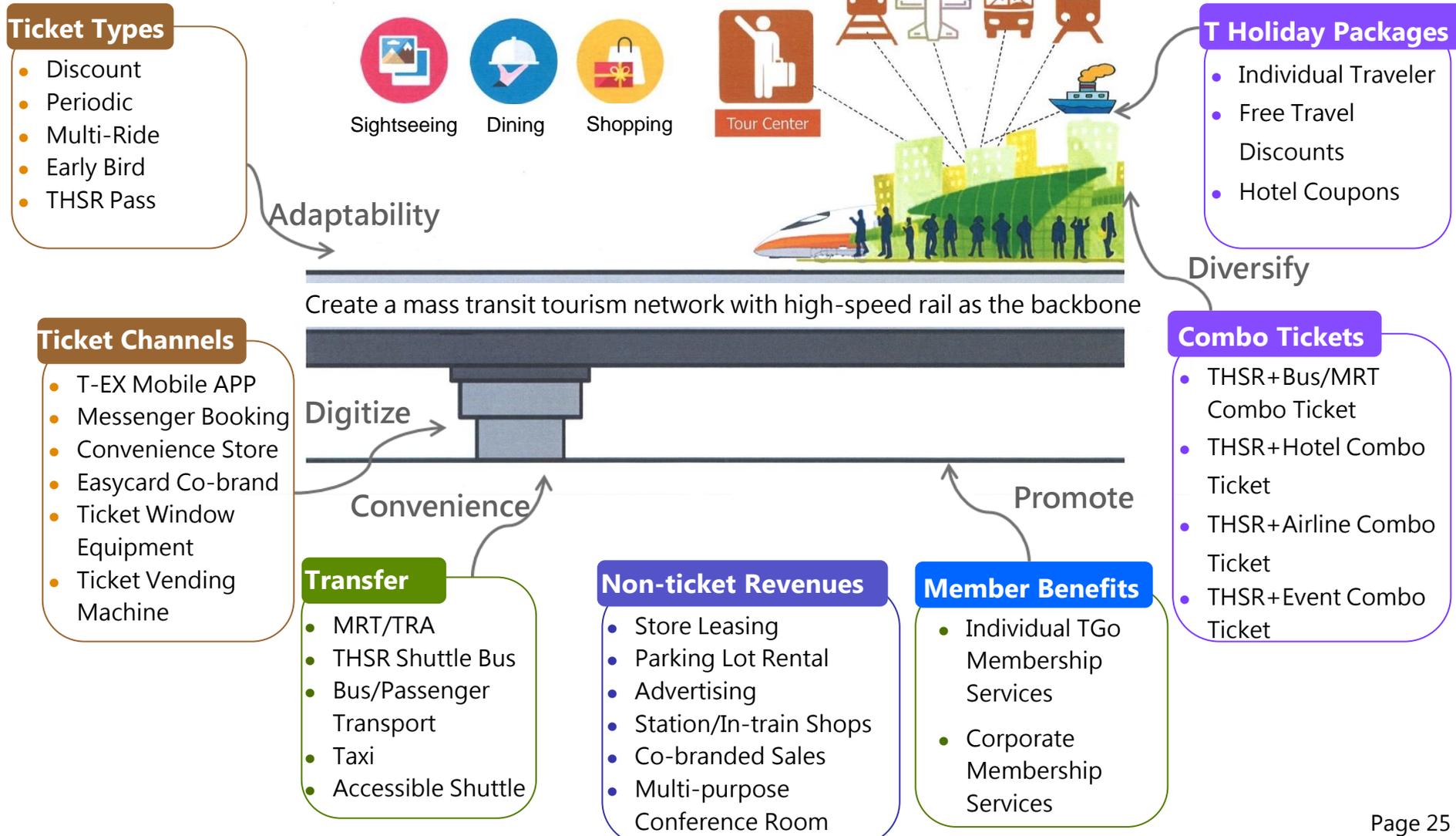
## 1. Strategies



## 2. Integrate travel services to drive revenue growth



# Transit Oriented Tourism



# 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

- Combine the R&D of energy by Taiwanese manufacturers and institutes, implement the corporate goals of “ technology autonomy and maintenance localization” , and develop system products such as train driving simulators, bogie running test equipment, and diesel-type dispatching vehicles.

## ✓ Local Supplied Material

- Cooperate with 104 manufacturers and 3 research institutes to develop up to 777 component products. From the current year to September, the utilization rate of domestically produced component materials reached 26%, and the target will grow to 30% by 2022.



# Conclusion



**Vision: To be the platform for advancement and enjoyment.**

Integrate technology into services for new 4T smart and convenient life.

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



**運輸**  
*ransportation*

To build professional transportation systems that provide high quality services and products.



**科技**  
*echnology*

To implement intelligent transportation that improves operational efficiency and quality, and enhances services, safety, and emergency responses.



**在地**  
*aiwan*

To combine unique local cultures and landscapes to create a multicultural platform.



**關懷**  
*ouch*

To establish brand culture, enhance talent skills and corporate efficiency, and participate in social caring and environmental protection.



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

