

F R O S T & S U L L I V A N

2024 COMPANY OF THE YEAR

*IN THE TAIWANESE
TELECOM INDUSTRY*

F R O S T & S U L L I V A N

BEST
2024 PRACTICES
AWARD



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 Taiwanese telecom 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 99% 4G population coverage nationwide, and unlike its peers, offers critical data services to the consumer and enterprise segments anywhere and

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anytime, even in remote and rural areas. In 2023, the nationwide mobile phone penetration rate in Taiwan was 127.5%, of which the company leads the telecom market in mobile (non-IoT) and IoT subscriptions, which is 11.22 million and 1.92 million, respectively.

As digital convergence is breaking down traditional boundaries across industries, navigating these constantly changing industry landscapes encumbered by global market and power dynamics and geopolitical risks is becoming increasingly challenging. In this environment, Chunghwa Telecom continues to invest heavily in R&D to both overcome challenges and tap opportunities that come with technological advancements, such as low Earth orbit (LEO) satellites and generative artificial intelligence (Gen AI), as well as with the increasing importance of network resilience and digital adaptability that require constant investment and infrastructure upgrades. Its strategic use of AI technology is helping the company address customers’ unmet needs. For instance, AI now supports in

their transition toward achieving net zero emissions and environmental sustainability.

Chunghwa Telecom consistently drives the development of new business applications and strives to provide customers with faster and more convenient services. For example, it is currently helping advance cybersecurity technologies to create new business opportunities, especially solutions that address consumer privacy risks and personal information rights as well as the security of business operations and governance. Currently, Chunghwa Telecom is actively assessing its core strengths to better collaborate with global technology giants such as Amazon Web Services (AWS), Microsoft, and Google; leverage their abundant resources and global perspectives; and ultimately offer customers more value.

Visionary Scenarios Achieved through Megatrends

Chunghwa Telecom leverages disruptive technology megatrends such as AI and 5G applications to identify and pursue opportunities. The company is developing AI-based energy saving systems and cooling technologies to support net zero transformation at data centers and position customers to significantly reduce carbon emissions. In driving the development of innovative 5G applications, the company has also reintroduced network slicing technology using a higher-quality network transmission capability with dedicated bandwidth resources for 5G to better assist customers with digital transformation and meet the demands of smart applications (e.g., for file and audio-visual industries). Chunghwa Telecom is collaborating with partners to push the boundaries of what is possible, which it is achieving at a level above local competition and on par with global leaders.

Customer Purchase and Ownership Experience

Customer satisfaction and experience are top priorities for Chunghwa Telecom and represent key differentiators that set it apart from its competitors. The company uses a Gen AI-powered smart customer service system that employs big data voice recognition to detect customer emotions through voice prints

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that identify customer needs more accurately. This system supports customer call center inquiries about how to find specific videos on over-the-top (OTT) platforms, thus enabling customer service representatives to fully understand the issue and guide customers on how to use the simple search function to find videos. The smart customer support system helps customers resolve issues promptly, 24 hours a day, year-round, which led to a customer satisfaction rating of 4.32 out of 5 in 2023.

For its consumer segment, Chunghwa Telecom offers a comprehensive set of services through both physical and digital channels. To enhance operational efficiency in the physical channels, it implements systematic information and big data analysis. The company dynamically adjusts service locations and operating hours based on changes in commercial districts and regional customer service needs, and it monitors its service quality for constant optimization. In line with green initiatives, the company reduces paper usage and offers mobile phone recycling as a service. To enhance the operational efficiency of its digital channels, Chunghwa Telecom monitors and optimizes its online store applications and self-service

processes. Online sales become more seamless and customer service experiences more satisfying through the company's implementation of new payment tools and automatic identity identification.

Financial Performance

In 2023, Chunghwa Telecom's total revenue reached NT\$223.2 billion (\$7.16 billion), increasing by 3.0% year on year (YoY) from NT\$216.74 billion (\$7.05 billion). Total revenue exceeded the high-end target of the full-year guidance for 2023, hitting a six-year high and achieving YoY growth for four consecutive years. The company drove this achievement through its core business performance in mobile, ICT, and broadband services and by improving its ICT business margin. The 2022 and 2023 growth trend in total revenue is likely to continue throughout 2024, with additional contribution coming from emerging businesses and driven by the transformation toward sustainability and digital economy growth.

Chunghwa Telecom's mobile subscriber market share was 37.6%, increasing by 1.0% and 1.5% YoY from 36.6% in 2022 and 36.1% in 2021. The company's revenue market share was larger than the subscriber market share in 2023, at 40.0%, performing even better than in 2022, at 39.3%. These numbers show that the successful execution of its customer-centric business strategy is starting to add up in subsequent year performance. All these factors are a testament to the company's leadership and outstanding performance in the telecom market ahead of competitors in Taiwan.

Brand Equity

Over the years, Chunghwa Telecom has implemented several initiatives to strengthen its brand equity. First, the company undertook a brand image transformation from a state-owned enterprise to a company at the industry forefront. The forward-thinking advertising campaign captured the attention of a young demographic. Second, the company made a radical organization-wide transformation to ensure operating models focus on a customer-centric approach. The new business groups (i.e., consumer, enterprise, and international business) leverage 5G and innovative business models to create fresh opportunities and serve more customers, which has led to revenue and subscriber growth. Last, technological innovation has enabled Chunghwa Telecom to introduce new digital technologies, such as 5G smart solutions, that provide services powered by high-speed broadband and deliver more value-add to customers. Notable is the fact that revenue contribution from ICT and Artificial Intelligence of Things (AIoT) was significant in December 2023, with double-digit YoY growth coming from smart meter and smart building projects. This means that customers have appreciated the innovation Chunghwa Telecom has implemented.

As a result of the long-term relationships it has built on a foundation of trust, Chunghwa Telecom customers are loyal to the brand. Beyond Taiwan, the strength of Chunghwa Telecom's brand has been recognized on global leader boards. For example, the company has won the "2023-2024 Brand of the Year Awards: Telecommunication–Mobile in Taiwan" by the World Branding Forum for the ninth time, the "2023 Most Outstanding Company in Taiwan – Communication Services Sector" title by Asiamoney (the only telecom company to receive this award), and the "2023 Best Overall Company – Taiwan Gold" by FinanceAsia. For its excellent governance performance and ESG initiatives, Chunghwa Telecom is an undisputed telecom company leader on the Dow Jones Sustainability World Index and has been recognized on the "2024 Top 5% S&P Global ESG Score" list by S&P. To strengthen its corporate

governance with international best practices, the company has implemented the “Incentive Compensation Clawback Policy.” Establishing policy that aligns interests between top management and shareholders demonstrates the company’s leadership as an industry pioneer and role in paving a path for companies in Taiwan to drive higher standards in corporate governance.

Conclusion

Chunghwa Telecom, Taiwan's largest integrated telecom service provider, is a leader in innovation and policy implementation that is pushing the boundaries and achieving new levels of success in a mature market. Notable is the company’s revenue contribution from ICT and AIoT in December 2023 that came from smart meter and smart building projects, as this means that customers appreciate the innovation Chunghwa Telecom has implemented. The results of its customer-centric business strategy have been promising and set the company on a distinct path for greater growth.

With its strong overall performance, Chunghwa Telecom earns Frost & Sullivan’s 2024 Taiwan Company of the Year Award in the telecom 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

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

The Growth Pipeline Engine™

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)**

