

Ticker Symbol: 2633



Taiwan High Speed Rail Corporation 1Q, 2020 Operation Report

05/28/2020

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

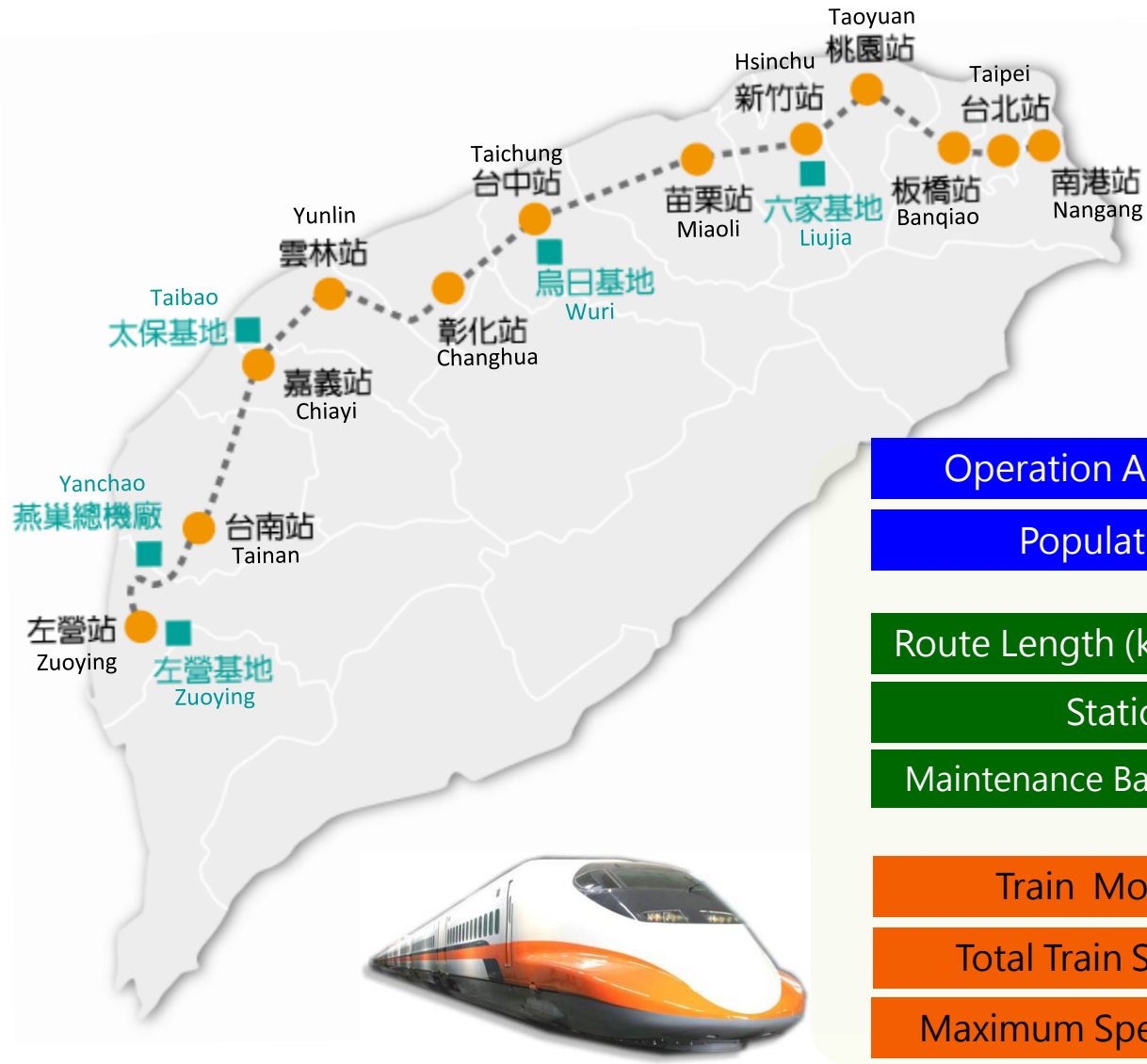
II. FINANCIAL OVERVIEW

III. MARKET OVERVIEW & 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**

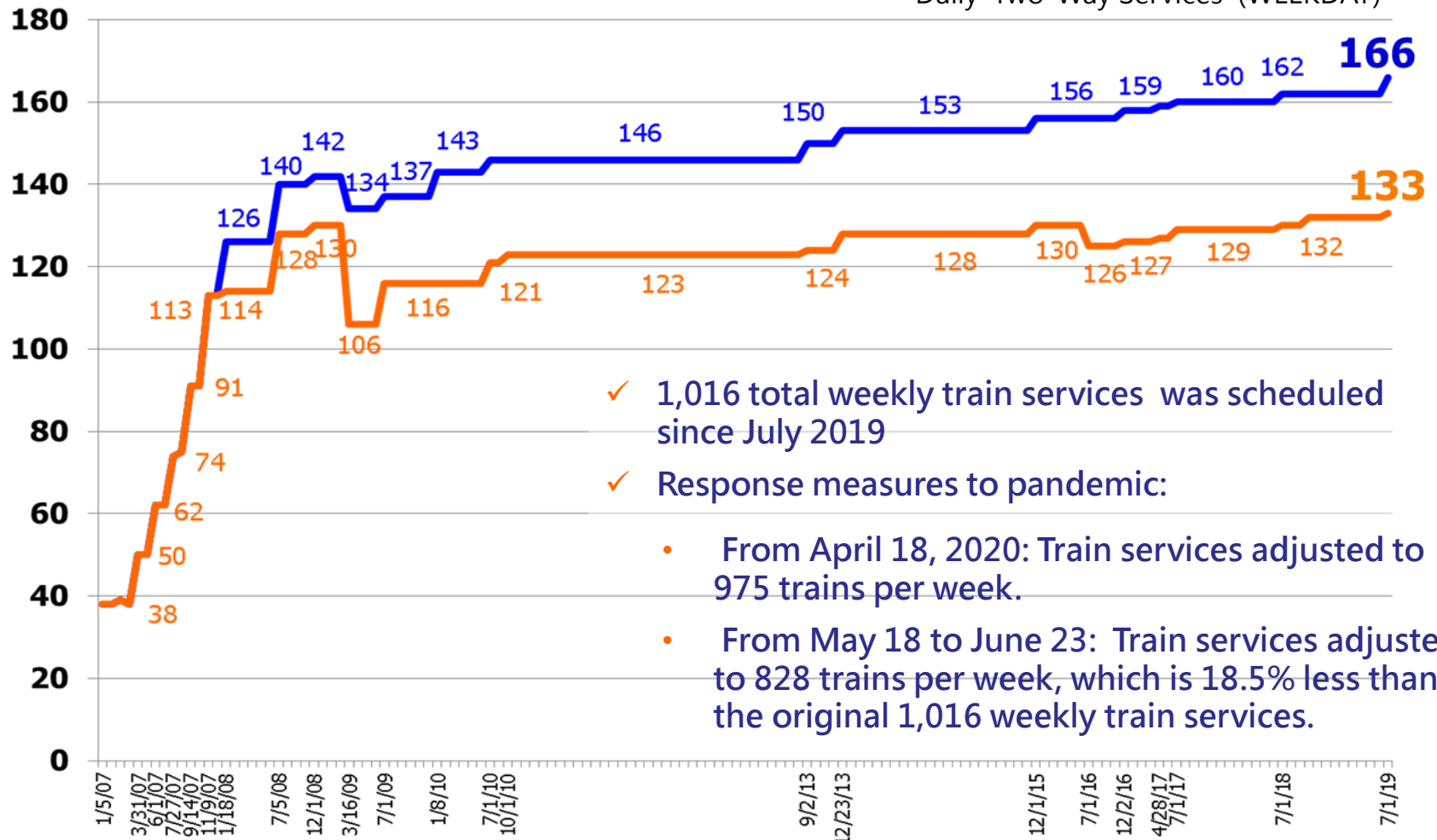


2. Operational Performance

1. Train Frequency

(daily frequency)

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

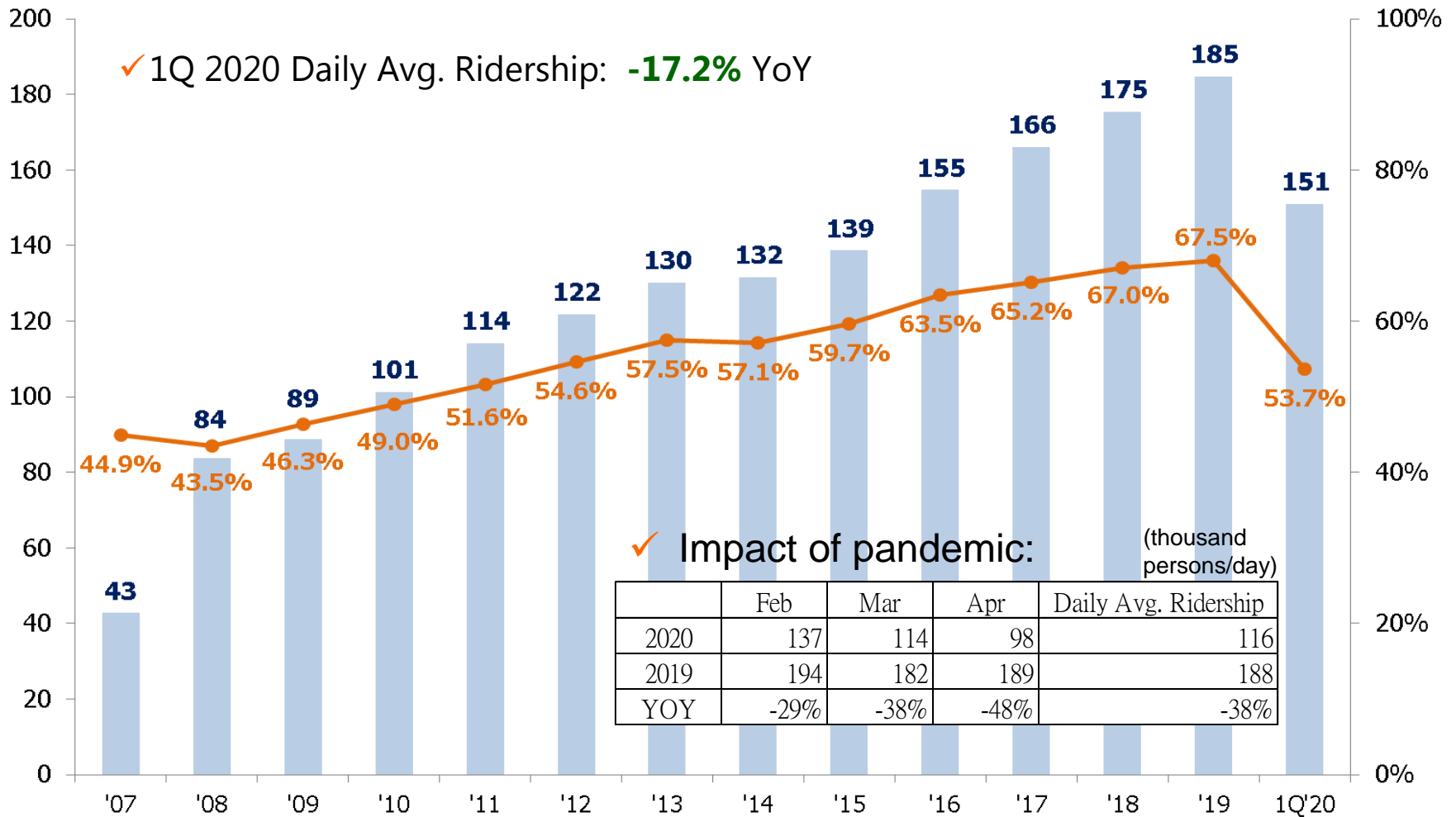


- ✓ 1,016 total weekly train services was scheduled since July 2019
- ✓ Response measures to pandemic:
 - From April 18, 2020: Train services adjusted to 975 trains per week.
 - From May 18 to June 23: Train services adjusted to 828 trains per week, which is 18.5% less than the original 1,016 weekly train services.

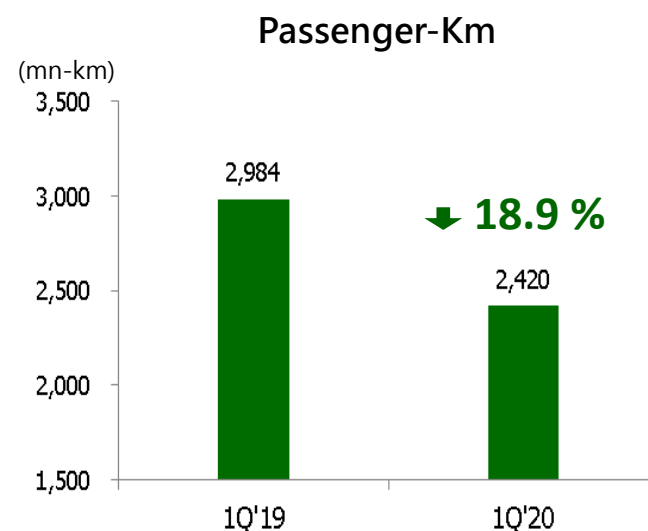
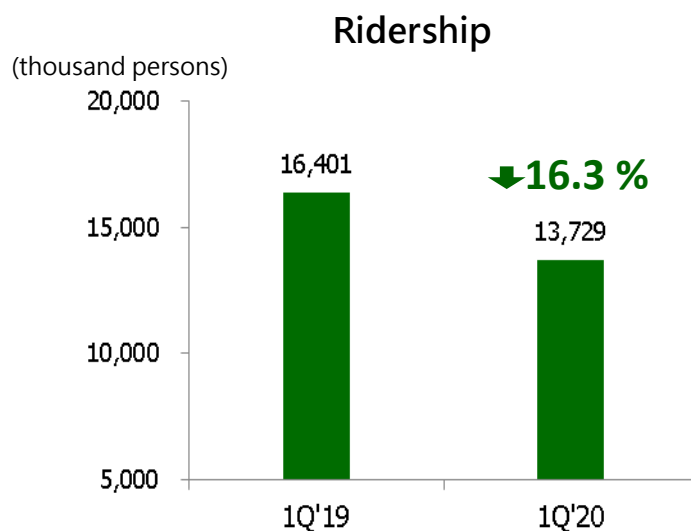
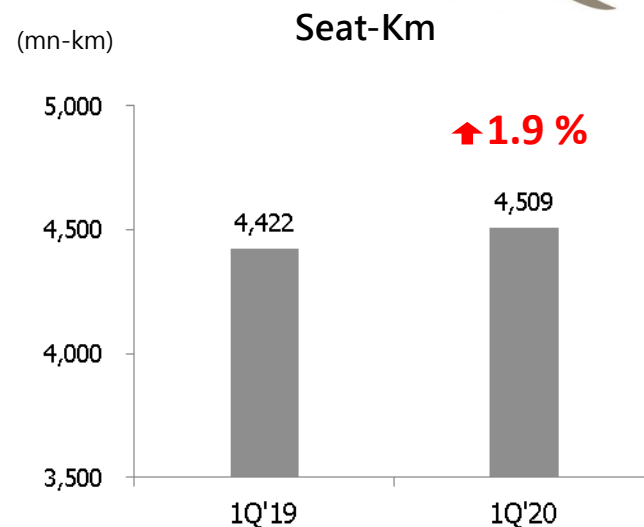
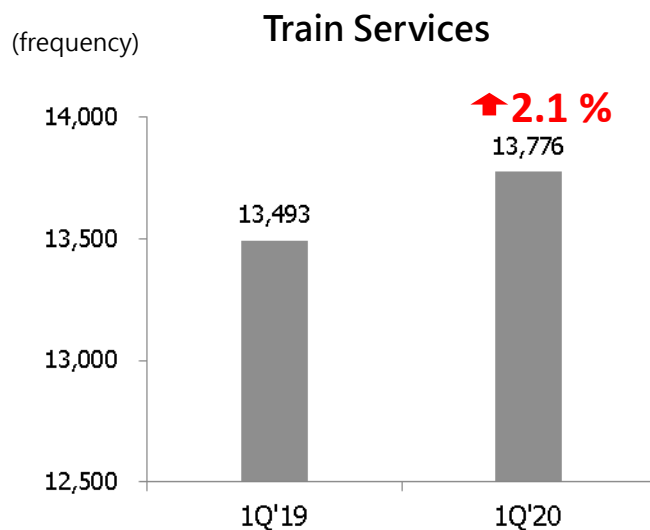
2. Ridership & Loading Factor

(thousand persons/day)

Load Factor, (%)



3. Trend of Transportation Capacity & Volume(1Q 2020 vs 1Q 2019)



Transportation
Capacity

Transportation
Volume

4. Operational Performance



| | 2020.01.01 ~ 2020.03.31 | 2007.01.05 ~ 2020.03.31 |
|-----------------------------------------------|--------------------------------|--------------------------------|
| Train Services | 13,776 | 632,436 |
| Cumulative Passengers (million passengers) | 13.7 | 609.9 |
| Passenger Kilometers (million-km) | 2,419 | 116,804 |
| Loading Factor | 53.7% | 56.8% |
| Reliability | 100% | 99.67% |
| Punctuality (delay < 5min) | 99.89% | 99.50% |
| Avg. Delay Time (min) | 0.06 | 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 (1Q 2020 vs. 1Q 2019)

| (NT\$mn) | 1Q2020 | | 1Q2019 | | Variance Amount | Var. % |
|-----------------------------------|--------------|------------|--------------|------------|-----------------|---------------|
| Operating revenue | 9,600 | 100% | 11,762 | 100% | (2,162) | -18.4% |
| Operating costs | (6,313) | -66% | (6,228) | -53% | (85) | 1.4% |
| Gross Profit | 3,287 | 34% | 5,535 | 47% | (2,248) | -40.6% |
| Operating expenses | (270) | -3% | (278) | -3% | 8 | -2.9% |
| Net Operating Income | 3,017 | 31% | 5,257 | 44% | (2,240) | -42.6% |
| Non-operating income and expenses | | | | | | |
| Interest expenses | (1,614) | -17% | (1,597) | -13% | (17) | 1.1% |
| Stabilization reserve | (383) | -4% | (1,548) | -13% | 1,165 | -75.3% |
| Others | 67 | 0% | 60 | 0% | 7 | 11.7% |
| Net Income before tax | 1,086 | 11% | 2,172 | 18% | (1,086) | -50.0% |
| Income tax | 43 | 1% | 116 | 1% | (73) | -62.9% |
| Net Income | 1,130 | 12% | 2,288 | 19% | (1,158) | -50.6% |
| EPS | 0.20 | | 0.41 | | | |



2. Balance Sheets

| (NT\$mn) | 2020.3.31 | 2019.12.31 | 2019.3.31 |
|-----------------------------------------|----------------|----------------|----------------|
| Current assets | 37,975 | 42,710 | 21,003 |
| Operating concession asset | 387,005 | 390,113 | 398,302 |
| Other non-current assets | 10,219 | 10,236 | 9,986 |
| Total assets | 435,198 | 443,060 | 429,291 |
| Current liabilities | 12,025 | 13,279 | 5,497 |
| Non-current liabilities | 350,966 | 358,703 | 352,093 |
| Total liabilities | 362,992 | 371,982 | 357,590 |
| Common stock | 56,283 | 56,283 | 56,283 |
| Capital surplus | 173 | 173 | 173 |
| Legal reserve & unappropriated earnings | 15,751 | 14,621 | 15,245 |
| Total equity | 72,207 | 71,077 | 71,701 |
| Total liabilities & equity | 435,198 | 443,060 | 429,291 |



3. Statement of Cash Flows

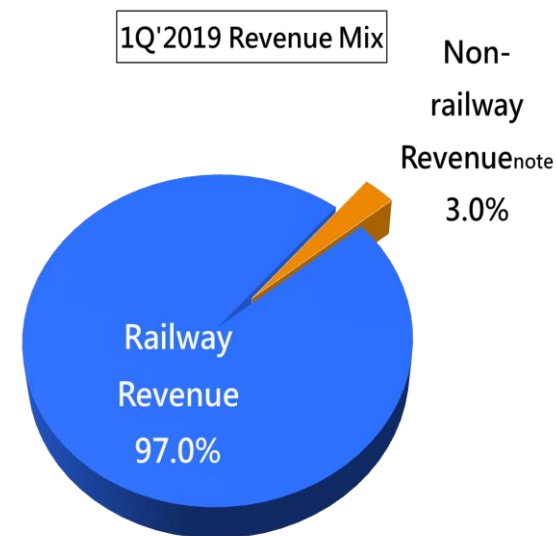
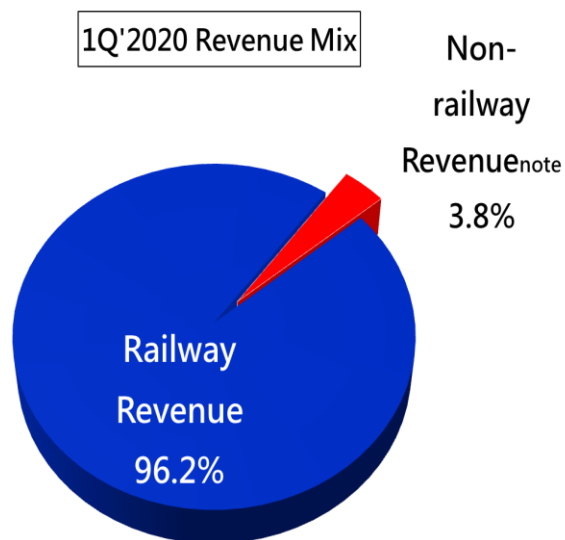
| (NT\$mn) | 2020.3.31 | 2019.12.31 | 2019.3.31 |
|--------------------------------------------------------|------------------|-------------------|------------------|
| Cash & cash equivalents at the beginning of the period | 16,272 | 6,948 | 6,948 |
| Cash flows from operating activities | 3,715 | 28,546 | 6,947 |
| Cash flows from investing activities | (10,950) | (12,761) | (1,861) |
| Cash flows from financing activities | (8,016) | (6,462) | (8,037) |
| Net increase in cash & cash equivalents | (15,252) | 9,324 | (2,951) |
| Cash & cash equivalents at the end of the period | 1,020 | 16,272 | 3,997 |



4. Net Profits & Operating Revenues

1) Revenue Structures

| (NT\$bn) | 1Q2020 | 1Q2019 | YoY |
|---------------------|--------|--------|--------|
| Railway Revenue | 9.23 | 11.41 | -19.1% |
| Non-railway Revenue | 0.37 | 0.35 | 3.9% |
| Total | 9.60 | 11.76 | -18.4% |

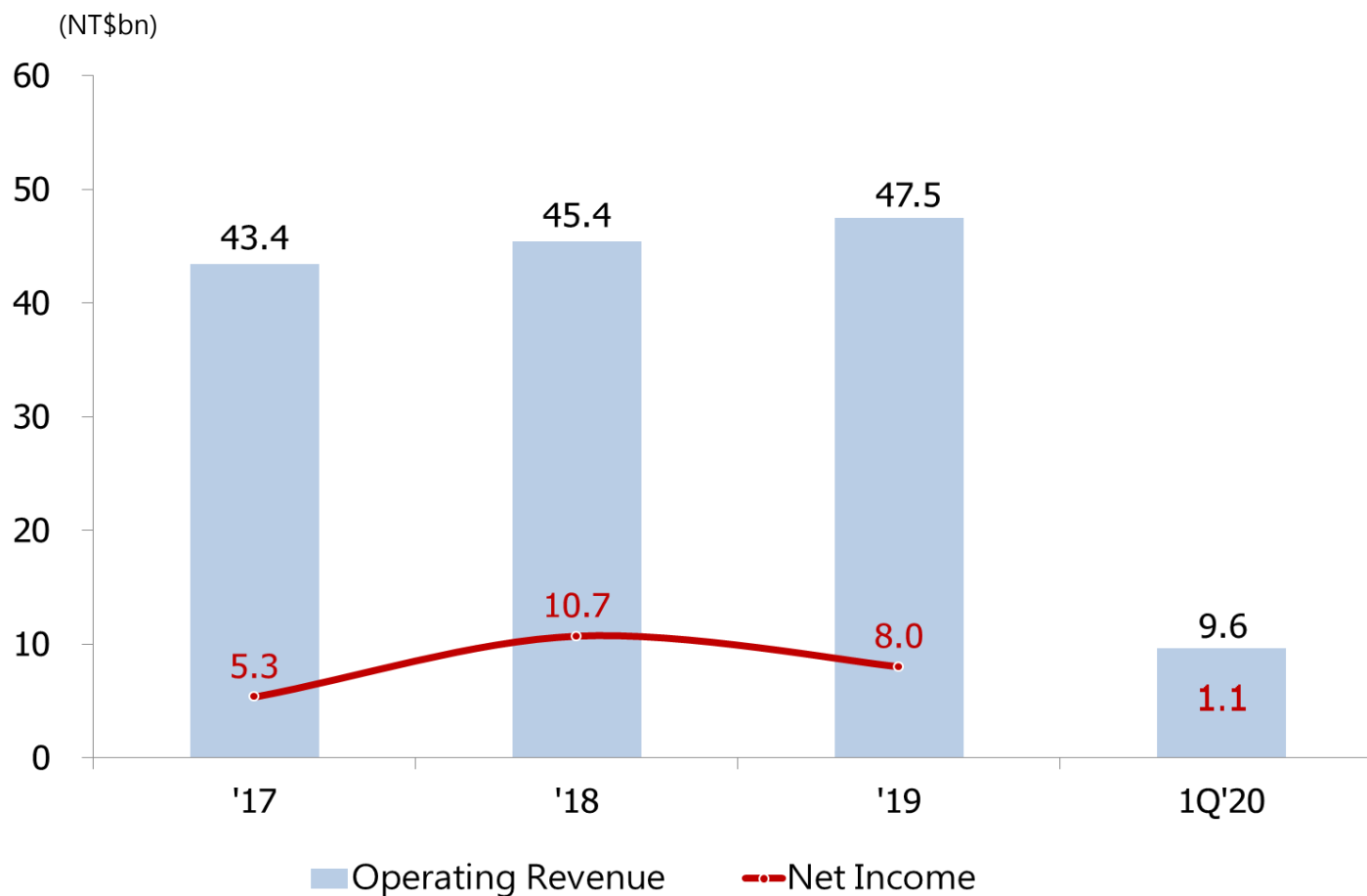


Note: Non-railway revenues mainly include rental incomes, advertising revenues, and onboard sales.

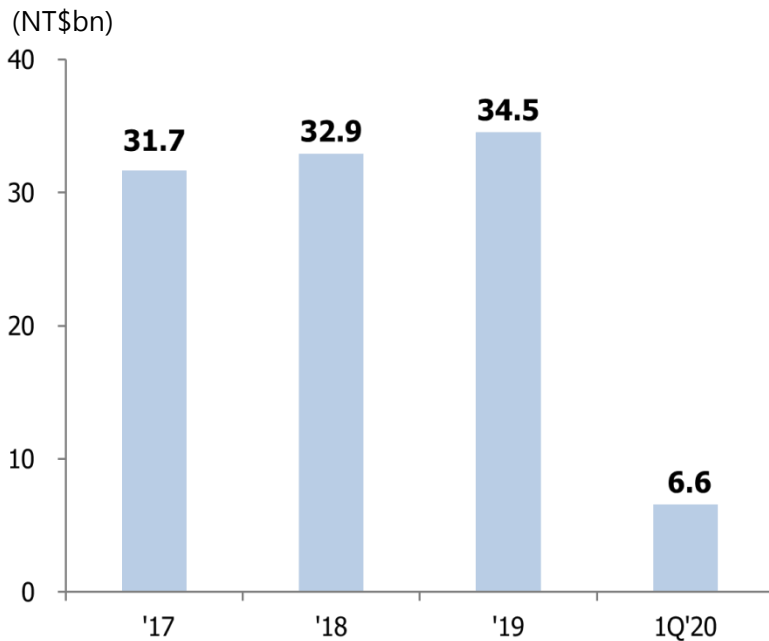


4. Net Profits & Operating Revenues

2) Operating Revenue and Net Income

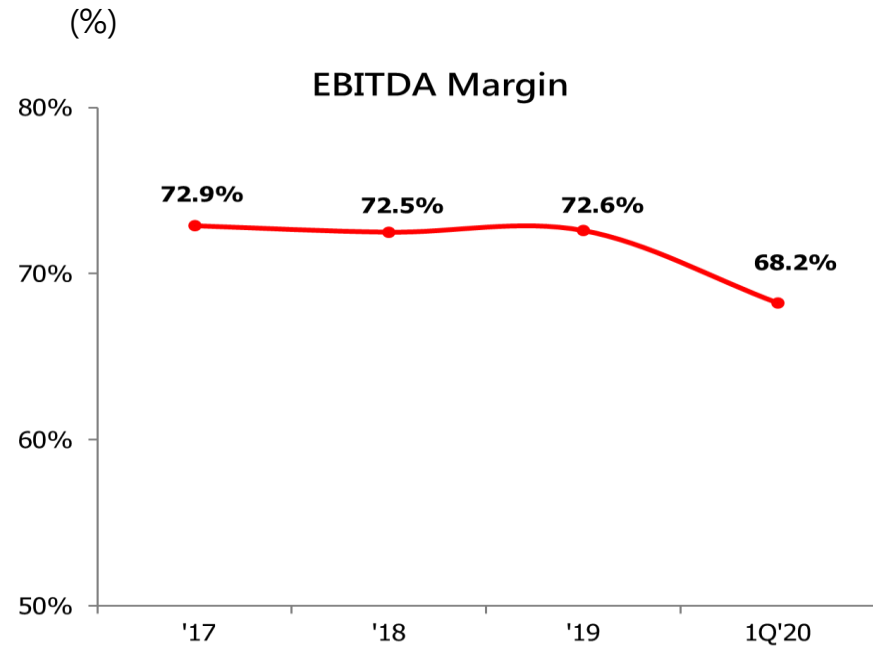


5. Operational Efficiency : EBITDA & EBITDA Margin



✓ EBITDA

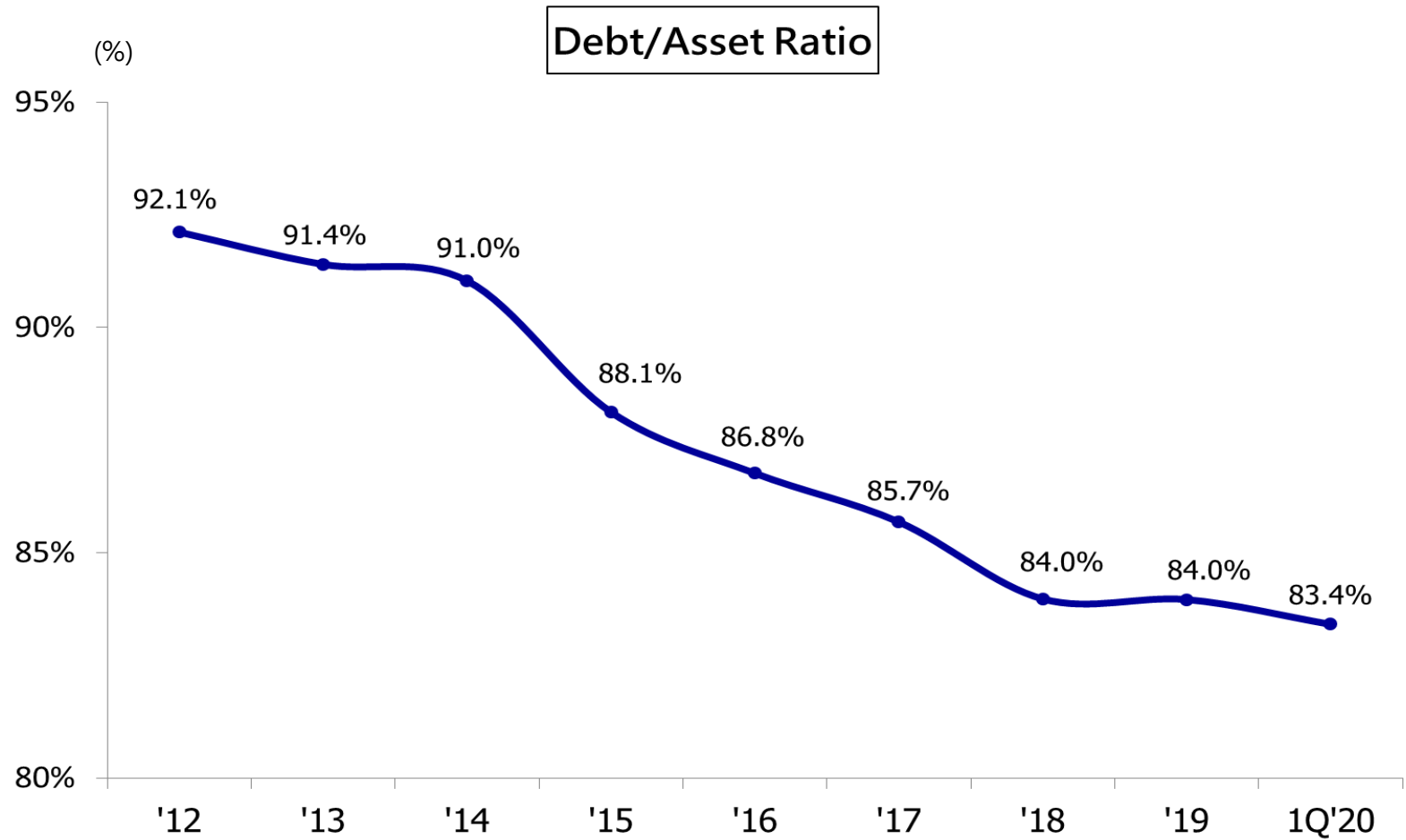
- 1Q2020: YoY **-25%**



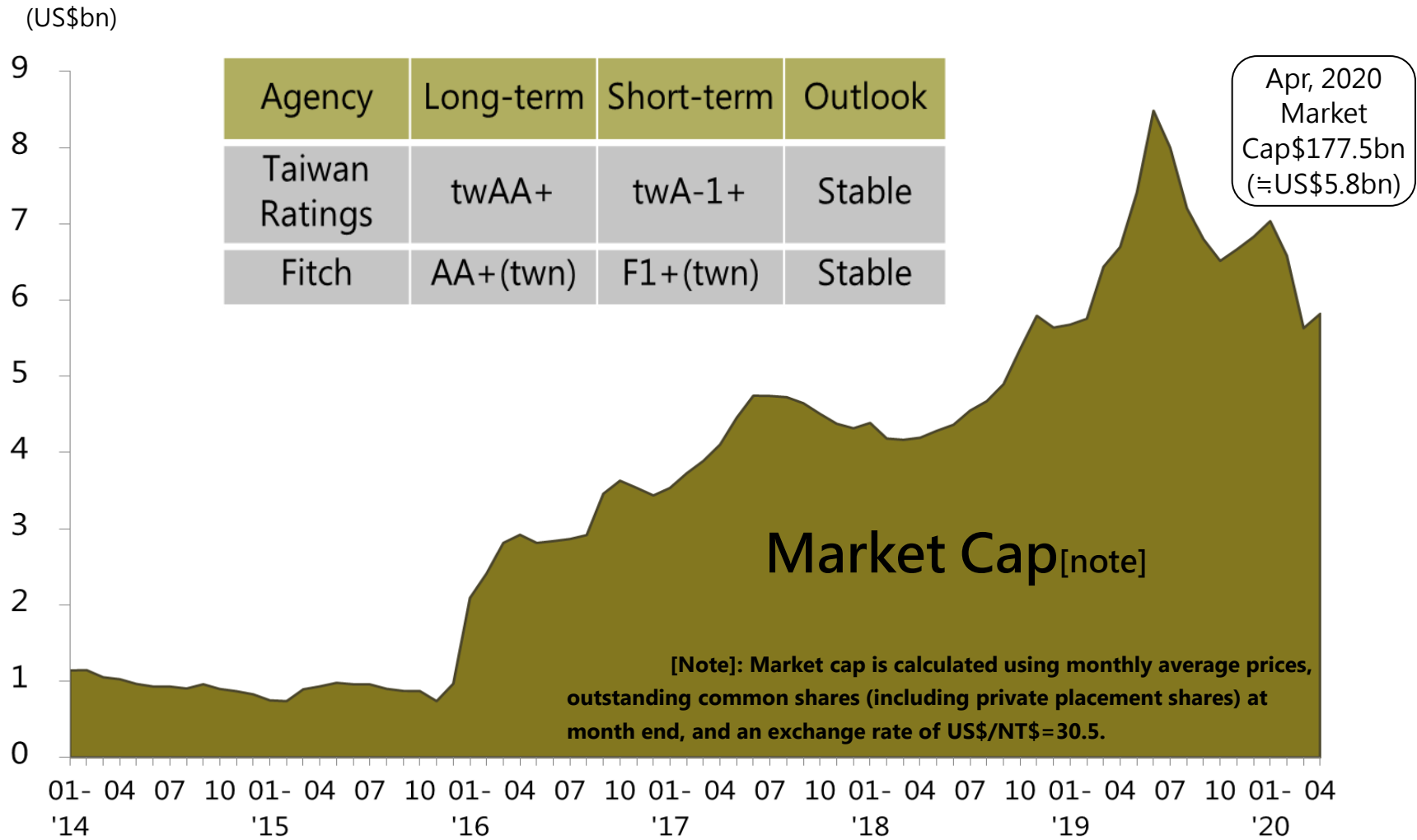
✓ EBITDA Margin

- '17~'19: 72%~73%
- Due to impact of pandemic, EBITDA Margin reduced to 68.2%

2. Financial Risk Management



3. Corporate Credit Ratings & Market Cap



4. Recent Major Events and Activities



| Date | Events |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2020.01 | ✓ Since the start of commercial operation on January 5, 2007, the cumulative THSR ridership has exceeded 600 million passengers. |
| 2020.02 | ✓ The Company applied to the bank syndicate to amend part of terms of the "Taiwan's North-South High Speed Rail Construction and Operation Project NT\$382 billion Syndicated Loan Agreement" on the provision of reserve account, investment restrictions and prepayment order. |
| 2020.3 | ✓ Early repayment of the Tranche A facility syndicated loan principal in an amount of NT\$8 billion. |
| 2020.4 | ✓ Taiwan Stock Exchange presented THSRC with a "Top 5% of Corporate Governance Evaluations Award" for the third consecutive year. |
| 2020.5 | ✓ Board resolved to issue a 30-year period of unsecured corporate bond in the amount of NT\$15 billion. ✓ The 2020 Annual Shareholders' Meeting approved the 2019 dividend distribution and elected Directors of the 9 th Board. |



III. MARKET OVERVIEW & OUTLOOK

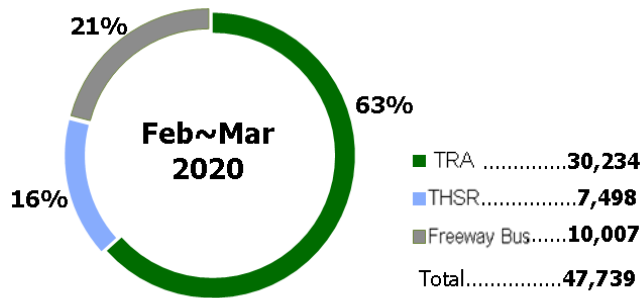
1. Inter-City Public Transport Market under Pandemic
2. Response Measures to Impact of Pandemic

1. Inter-City Public Transport Market under Pandemic



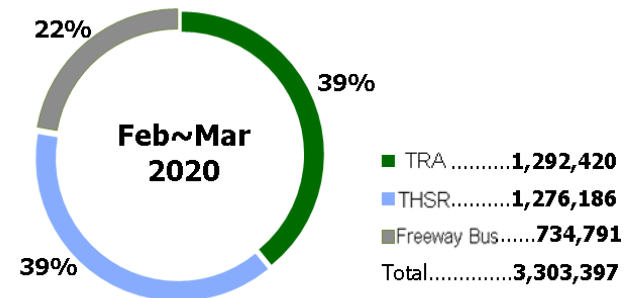
Passenger
(thousand persons)

Passenger Proportions



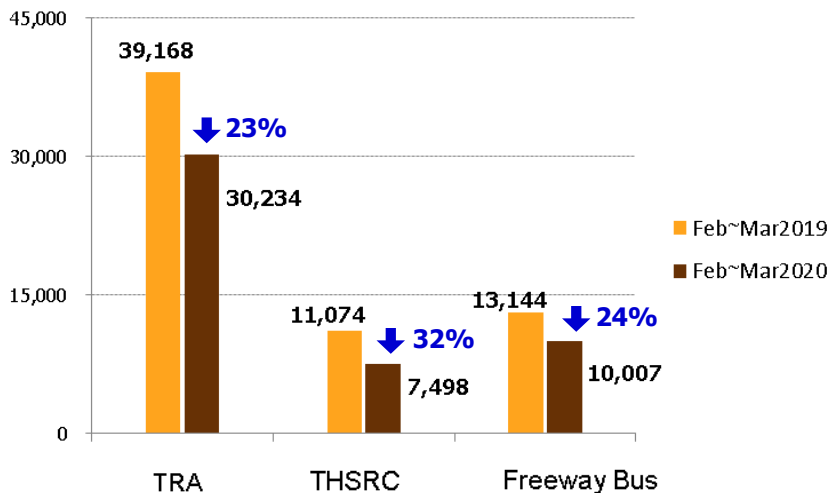
Passenger-km
(thousand persons-km)

Passenger-km Proportions



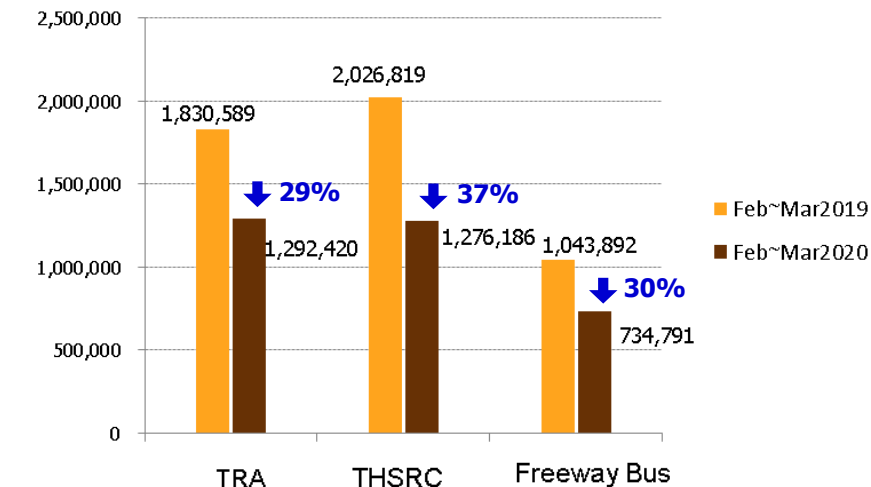
(thousand persons)

Feb~Mar2020 Trend of Passenger Status

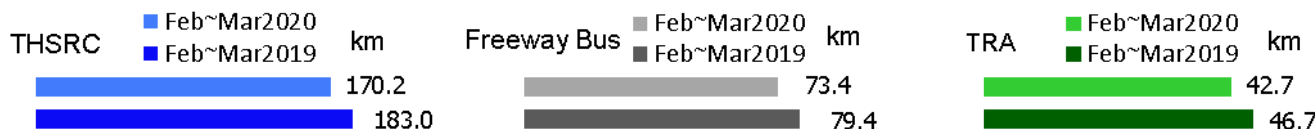


(thousand persons-km)

Feb~Mar2020 Trend of Passenger-km Status



Avg. Passenger Distance



Source : MOTC

2. Response Measures to Impact of Pandemic



● Reduce Costs

1. Adjust short-term train schedules and reduce operating expenses

1st stage (from April 18, 2020): Reduced 41 weekly train services during the off-peak period. Train services adjusted to 975 trains per week

2nd stage (from May 18 to June 23): Reduced 147 weekly train services. Train services adjusted to 828 trains per week

2. Control operating expenses and implement cost-saving measures(e.g. raise suspended)

3. Reduce cash dividends distribution

4. Issue a 30-year period unsecured corporate bond not exceeding NT\$15 billion to pay debts

● Increase Subsidies

1. Request for subsidies for pandemic prevention supplies

2. Apply for reduction of water and electricity charges for station operation

● Tourism Promotion Plan

1. Launch a series of campaigns to encourage the public to travel and enhance transportation volume

2. Develop promotional programs for periodic tickets, travel coupons, hotel discounts, TGo members, etc.

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.



To learn more about THSRC,
please visit
<http://www.thsrc.com.tw>

