



Taiwan Mobile
台湾大哥大

Taiwan Mobile Co., Ltd.

2Q10 Results Summary

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Result Summary

Unit: NT\$m

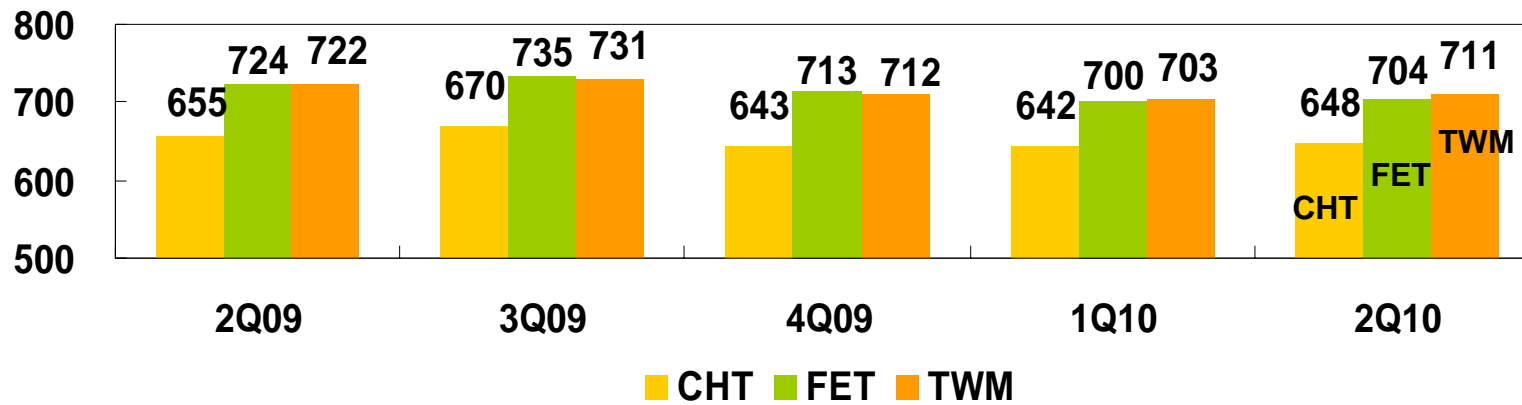
	2Q10 Actual	2Q09 Actual	YoY	2Q10 Forecast	Execution %
Operating revenue	17,450	17,347	1%	16,880	103%
Cost	(9,209)	(8,444)	9%	(9,280)	99%
Marketing expense	(2,202)	(2,425)	-9%	(2,178)	101%
G&A expense	(1,110)	(1,277)	-13%	(1,201)	92%
Operating income	4,929	5,200	-5%	4,222	117%
Net non-oper. items	(747)	(392)	91%	(329)	227%
Income before tax	4,182	4,808	-13%	3,893	107%
Net income	3,376	3,606	-6%	3,115	108%
EPS (NT\$)	1.13	1.21	-7%	1.04	108%
EBITDA	7,217	7,396	-2%	6,530	111%
EBITDA margin	41.36%	42.63%		38.68%	

2Q Divisional Performance

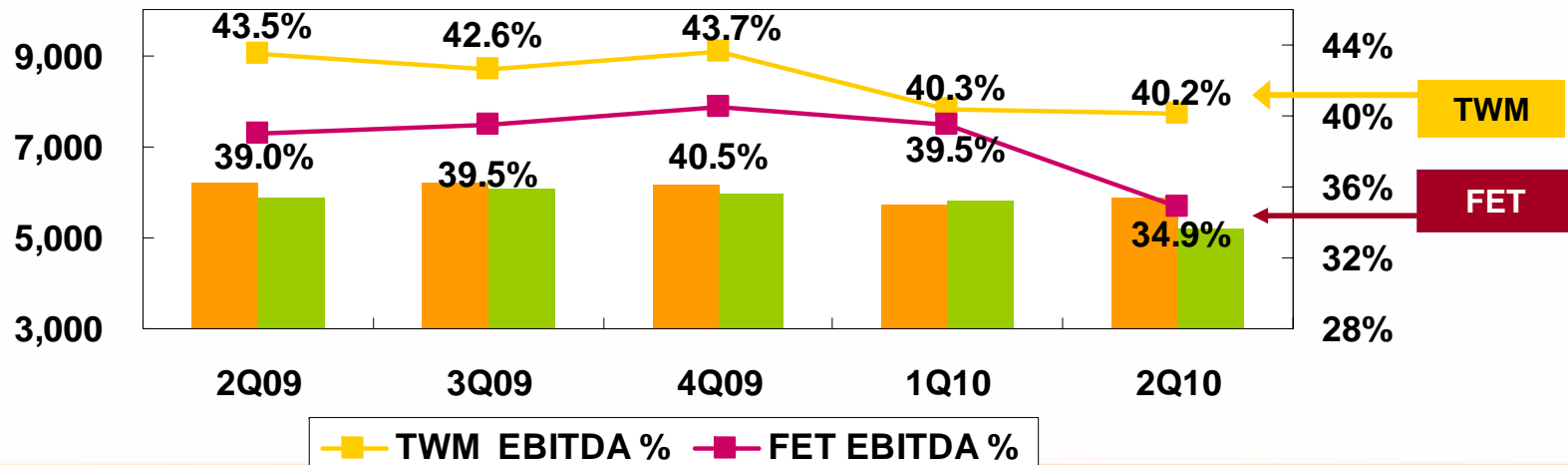
NT\$bn	CBG	YoY Chg.	HBG	YoY Chg.	EBG	YoY Chg.	Consolidated	YoY Chg.
Revenue	13.67	2%	1.42	7%	2.38	-1%	17.45	1%
EBITDA	5.93	-5%	0.70	12%	0.57	10%	7.22	-2%
EBITDA %	43.4%	-2.9pps	49.1%	2.3pps	24.1%	2.4pps	41.4%	-1.3pps

Wireless Peer Comparison

Mobile ARPU



Mobile EBITDA



NT\$m	CHT		FET		TWM	
	VAS	% of service rev.	VAS	% of service rev.	VAS	% of service rev.
2Q10	2,654	14.5%	2,127	15.9%	2,045	15.0%
2Q09	2,020	11.4%	1,937	14.1%	1,653	12.0%
2Q YoY	31%		10%		24%	
1Q YoY	24%		4%		16%	

3G post-paid

2Q10	3G Service
3G SIM number ²	3,657K up 31% YoY
3G device adoption	41% of 3G SIMs up 52% YoY
3G data revenue	up 64% YoY

Main VAS drivers

2Q10	YoY Growth
Mobile Internet	54%
% of Total VAS	54%
Data Card Sub Number	61%

2. There are another 414K 3G SIM users using pre-paid service.

Cash Flow Analysis

NT\$bn	2Q10	1Q10	2Q09
Operating Cash Flow	4.68	7.90	4.05
Investing Cash Flow	(1.48)	(1.49)	(2.10)
Financing Cash Flow	(0.31)	(6.45)	(0.16)
Cash CAPEX	(1.36)	(1.46)	(2.09)
Free Cash Flow	3.32	6.44	1.95

Balance Sheet Analysis

NT\$bn	2Q10	1Q10		2Q10	1Q10
Total Assets	86.38	84.43	Liabilities	42.33	28.74
Current Assets	14.63	11.49	Current Liabilities	33.27	19.68
- Cash & Cash Equivalents	5.86	2.96	- ST Debts	0.85	1.15
- Available-for-Sale Financial Assets	0.17	0.17	- Other Current Liabilities	32.42	18.53
- Other Current Assets	8.60	8.36	Long-Term Borrowings	8.00	8.00
Investment	3.30	3.20	Other Liabilities	1.07	1.06
Property and Equipment	44.27	45.48	Shareholders' Equity	44.04	55.69
Intangible Assets	20.75	20.98	- Paid-in Capital	38.01	38.01
Other Assets	3.44	3.27	- Capital Surplus	12.43	12.43
			- Legal Reserve	15.33	13.94
			- Special Reserve	0.82	3.35
			- Un-appropriated Earnings*	2.27	2.27
			- Retained Earnings & Others	7.07	17.58
	2Q10	1Q10	- Treasury Shares	(31.89)	(31.89)
Interest Coverage (x)	59.9	57.9			
Net Debt to Equity	7%	11%	*:Excluding YTD profits		
Net Debt to EBITDA (x)	0.11	0.23			
ROE (annualized)	27%	27%			

NT\$bn	3Q10	QoQ	YoY
Revenue	17.46	0%	1%
EBITDA	6.81	-6%	-8%
<i>EBITDA Margin</i>	39.0%	<i>-2.3pps</i>	<i>-3.8pps</i>
Operating Income	4.53	-8%	-13%
Assets Write-off	(0.29)	-64%	-39%
Pre-Tax Income	4.30	3%	-8%
Tax Expense	(0.73)	-9%	-38%
Net Income	3.57	6%	2%
EPS (NT\$) ¹	1.19	6%	1%

1. EPS is based on 2.99bn shares, net of treasury shares.

M&A

- Due to indirect government ownership, TWM's agreement signed with Carlyle failed to be approved by the regulatory authority. The agreement expired at the end of June.

Awards

- Received the “Corporate Governance Asia Recognition Award” in the Asia-Pacific region by *Corporate Governance Asia* for the fourth year in a row.
- Won the “Trusted Brand Gold Award” by *Reader’s Digest* for the seventh consecutive year.

New Products & Services

- Following the iPhone launch in mid-March, TWM offered a wide selection of Samsung, Motorola, HTC and LG Smartphones in every price range, becoming the leader in the explosive growth in the sale of Android phones.

- **Due to indirect state ownership, our attempt to acquire Carlyle's cable assets could not be consummated. The agreement expired on 6/30. TWM will re-evaluate the opportunities when the law is revised.**



Q & A

