



Taiwan Mobile  
台湾大哥大

# Taiwan Mobile Co., Ltd.

## 2Q13 Results Summary

July 30, 2013

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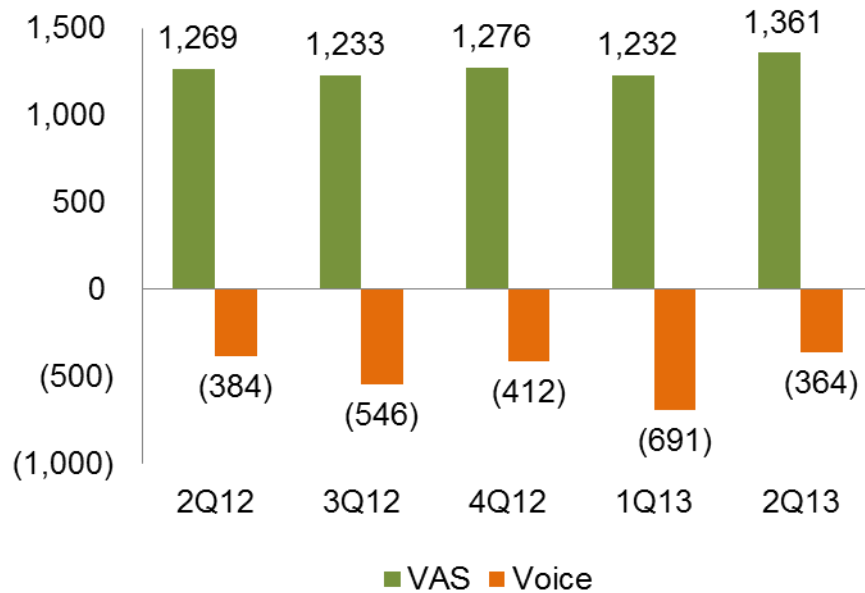
# Business Overview

# Higher Mobile Revenue Growth

## TWM

### Revenue YoY Change

Unit: NT\$m



## Mobile Service Revenue

### Peer Comparison

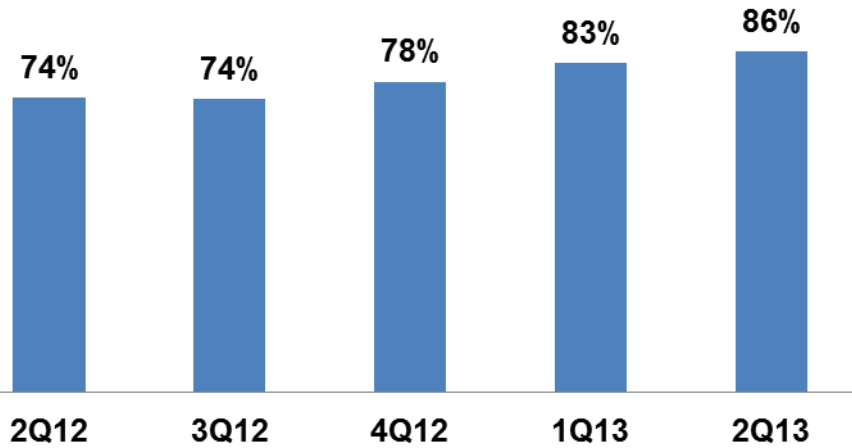
NT\$m	CHT	FET	TWM
2Q13	19,048	15,344	15,899
2Q12	18,090	14,912	14,902
YoY	5%	3%	7%

Voice Revenue			
2Q13 YoY	-6%	-8%	-3%
VAS Revenue			
2Q13 YoY	34%	29%	32%

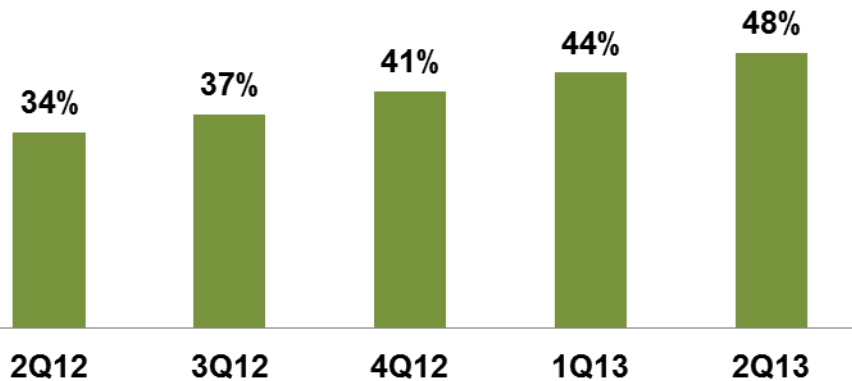
\* Based on IFRS – Residual Value Method, i.e. excluding revenue adjustments under the current bundle sales accounting policy.

# Our Smartphone Strategy

Smartphone as % of total handsets sold



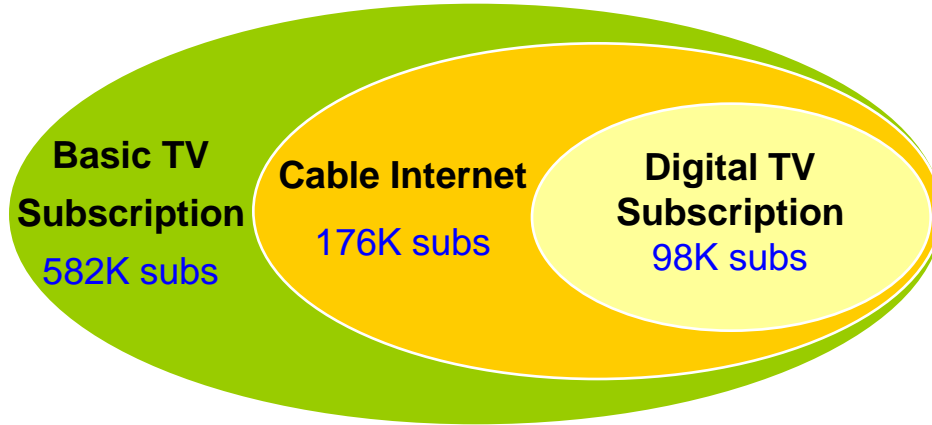
Mobile data adoption rate



Current exclusive models

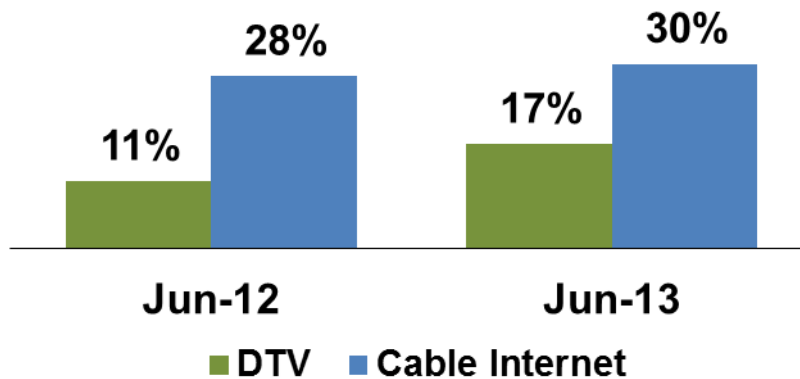


# CATV Growth Catalysts



2Q13	Sub base YoY growth	ARPU
Analogue TV	1%	\$493
Cable internet	8%	\$544
DTV	58%	\$140

## Penetration rates



<b>Blended ARPU *</b>	<b>\$779</b>	<b>+2% YoY</b>
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\* Calculation based on total cable TV revenue excluding content agency revenue

## Mobile

- “Super Save 250/349/549” – rate plans with the widest range of 30 smartphone models for bundling in the industry
- “NT\$179 monthly 3G voice rates” – first minute free of on-net calls for customers with low voice usage
- “NT\$300/500 Prepaid Card Package Including 1G Data” and “1GB Data Refill ” for only NT\$180, both are for light prepaid mobile internet users

## Cable TV / broadband

Introduced the high-speed 100Mbps cable internet service, available for over 90% of the households in TWM’s service areas, for only NT\$879 a month bundled with a free two-year “Super MOD” video service.

## M-commerce

Launched the mobile app for “myfone” on-line shopping, with features including an innovative in-app video commentary made by a host of each product, as well as payments being integrated into the customers’ phone bills.



# Financial Overview



# Results Summary

NT\$m	2Q13	YoY	1H13	as % of 1H13 Guidance
<b>Revenue</b>	<b>26,770</b>	<b>12%</b>	<b>53,327</b>	<b>99%</b>
<b>Telecom revenue<sup>1</sup></b>	<b>14,981</b>	<b>2%</b>	<b>29,554</b>	<b>99%</b>
<b>Cost</b>	<b>(16,823)</b>	<b>16%</b>	<b>(33,697)</b>	<b>96%</b>
<b>Operating expenses</b>	<b>(4,639)</b>	<b>9%</b>	<b>(9,335)</b>	<b>102%</b>
<b>Operating income</b>	<b>5,308</b>	<b>3%</b>	<b>10,296</b>	<b>108%</b>
<b>Net non-operating items</b>	<b>(464)</b>	<b>177%</b>	<b>(748)</b>	<b>162%</b>
<b>Income before tax</b>	<b>4,845</b>	<b>-3%</b>	<b>9,548</b>	<b>105%</b>
<b>Net income</b>	<b>3,957</b>	<b>-4%</b>	<b>7,764</b>	<b>105%</b>
<b>EPS (NT\$)</b>	<b>1.47</b>	<b>-4%</b>	<b>2.89</b>	<b>105%</b>
<b>EBITDA</b>	<b>7,775</b>	<b>2%</b>	<b>15,231</b>	<b>105%</b>
<b>EBITDA margin</b>	<b>29.04%</b>		<b>28.56%</b>	

1. Combined mobile and fixed-line revenues net of inter-company transactions



# Divisional Performance

NT\$bn	Revenue					EBITDA				
	CBG	EBG	HBG	momo & Others	Total	CBG	EBG	HBG	momo & Others	Total
2Q13	17.46	2.74	1.55	5.03	26.77	5.73	1.03	0.83	0.19	7.78
% of total	65%	10%	6%	19%	100%	74%	13%	11%	2%	100%
2Q YoY	10%	6%	2%	26%	12%	1%	15%	2%	3%	2%
1Q YoY	5%	-1%	2%	21%	7%	-3%	21%	2%	-34%	-2%

# Balance Sheet Analysis

NT\$bn	2Q13 IFRS	1Q13 IFRS	2Q12 IFRS		2Q13 IFRS	1Q13 IFRS	2Q12 IFRS
<b>Total Assets</b>	<b>111.86</b>	<b>104.42</b>	<b>97.21</b>	<b>Liabilities</b>	<b>61.40</b>	<b>42.76</b>	<b>47.77</b>
Current Assets	32.85	26.21	21.77	Current Liabilities	42.36	29.67	40.27
- Cash & Cash Equivalents	11.28	7.11	4.76	- ST Debts	4.77	7.42	5.85
- Accounts Receivable	13.92	12.90	11.12	- Other Current Liabilities	37.59	22.25	34.42
- Inventories	3.18	3.48	2.51	Non-Current Liabilities	19.05	13.09	7.50
- Other Current Assets	4.48	2.72	3.38	- Long-Term Borrowings	14.79	9.00	4.00
Non-current Assets	79.01	78.21	75.44	- Deferred Income Tax Liability	2.48	2.35	1.88
- Long-term Investment	3.27	3.43	2.38	- Other Non-current Liabilities	1.78	1.74	1.62
- Property and Equipment	42.19	42.47	40.83	<b>Shareholders' Equity</b>	<b>50.46</b>	<b>61.66</b>	<b>49.44</b>
- Other Non-current Assets	33.55	32.31	32.23	- Paid-in Capital	34.21	34.21	34.21
	<b>2Q13 IFRS</b>	<b>1Q13 IFRS</b>	<b>2Q12 IFRS</b>	- Capital Surplus	12.43	12.43	12.43
<b>Current Ratio</b>	<b>78%</b>	<b>88%</b>	<b>54%</b>	- Legal Reserve	19.26	18.06	18.06
<b>Net Debt to Equity</b>	<b>16%</b>	<b>15%</b>	<b>10%</b>	- Un-appropriated Earnings	6.61	7.91	6.32
<b>Net Debt to EBITDA (x)</b>	<b>0.27</b>	<b>0.30</b>	<b>0.17</b>	- Treasury Shares	(31.08)	(31.08)	(31.08)
<b>ROE (annualized)</b>	<b>32%</b>	<b>25%</b>	<b>34%</b>	- Retained Earnings & Others*	9.02	20.12	9.50

\* Including YTD profits, minority interests and other equity items

# Cash Flow Analysis

NT\$bn	2Q13 IFRS	1Q13 IFRS	2Q12 IFRS
Operating Cash Flow	7.38	3.94	6.35
Investing Cash Flow	(5.07)	(4.31)	(3.07)
Financing Cash Flow	2.89	0.25	(4.01)

NT\$bn	2Q13 IFRS	1Q13 IFRS	2Q12 IFRS
Cash CAPEX	(2.67)	(3.97)	(1.69)
Free Cash Flow	4.71	(0.03)	4.66



# Event Updates & Key Message

# Awards and Recognition

- TWM has outperformed its local peers by being named as a recipient of “The Best of Asia: Icon on Corporate Governance, Taiwan region” in recognition of its continuous excellence, the highest honor given by *Corporate Governance Asia* (CGA) magazine. This marks the seventh year in a row TWM has received an award from CGA.
- Received the highest “A++” rating and ranked as one of the top 5 listed companies in “Transparency and Information Disclosure” from Taiwan’s Securities and Futures Institute for the eighth year in a row.
- Won the “Trusted Brand Gold Award” by *Reader’s Digest* for the tenth consecutive year.
- For the sixth time, winner of the “Corporate Social Responsibility Award” by *Global Views Monthly*, this year in the category of Promotion of Education.

**As expected, we achieved our goals for the first half and have recently completed the spinoff of our direct stores. Looking ahead, the most important task for all the telcos will be the 4G spectrum auction. TWM is confident in its preparation for the challenge.**

 Q & A

