



Taiwan Mobile  
台湾大哥大

**Taiwan Mobile Co., Ltd.**

**4Q Results Summary**

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- 4Q and full-year results
  - 4Q and 2007 P&L
  - 4Q divisional performance
  - 4Q Mobile operational analysis
  - Balance sheet and cash flow analysis
- 1Q08 forecast
- Event update
- Key message

| Unit NT\$ m          | 4Q Actual     | 4Q Forecast   | Actual as % of Forecast | 2007 Actual   | Actual as % of Forecast |
|----------------------|---------------|---------------|-------------------------|---------------|-------------------------|
| Revenue              | 17,328        | 17,411        | 100%                    | 66,095        | 100%                    |
| EBITDA               | 7,346         | 7,611         | 97%                     | 30,153        | 99%                     |
| <i>EBITDA margin</i> | <i>42.40%</i> | <i>43.72%</i> |                         | <i>45.62%</i> |                         |
| Operating income     | 4,969         | 5,254         | 95%                     | 21,317        | 99%                     |
| Net non-oper. items  | (11,686)      | (11,493)      | 98%                     | (12,367)      | 98%                     |
| Income before tax    | (6,717)       | (6,240)       | 92%                     | 8,950         | 95%                     |
| Net income           | (5,112)       | (4,834)       | 94%                     | 6,613         | 96%                     |
| EPS (NT\$)           | (1.16)        | (1.12)        | 96%                     | 1.68          | 98%                     |

# 4Q Divisional Result

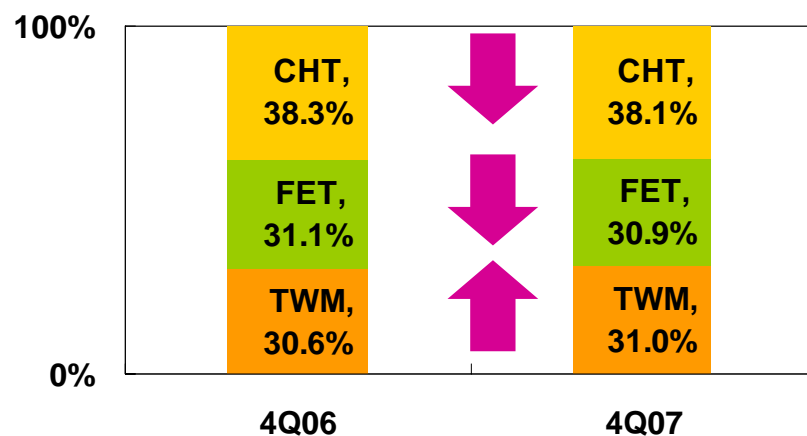
| NT\$bn               | Mobile       | YoY Chg.       | Fixed-line * | YoY Chg.            | Cable TV     | YoY Chg.       | Consolidated | YoY Chg.       |
|----------------------|--------------|----------------|--------------|---------------------|--------------|----------------|--------------|----------------|
| <b>Revenue</b>       | <b>14.74</b> | <b>1%</b>      | <b>2.31</b>  | <b>23%</b>          | <b>1.02</b>  | <b>6%</b>      | <b>17.33</b> | <b>19%</b>     |
| <b>EBITDA</b>        | <b>6.28</b>  | <b>-9%</b>     | <b>0.53</b>  | <b>4.64x</b>        | <b>0.54</b>  | <b>18%</b>     | <b>7.35</b>  | <b>6%</b>      |
| <b>D&amp;A</b>       | <b>2.09</b>  | <b>5%</b>      | <b>0.38</b>  | <b>-30%</b>         | <b>0.13</b>  | <b>-7%</b>     | <b>2.38</b>  | <b>20%</b>     |
| <b>EBIT</b>          | <b>4.18</b>  | <b>-15%</b>    | <b>0.15</b>  | vs.<br>427m<br>loss | <b>0.42</b>  | <b>29%</b>     | <b>4.97</b>  | <b>1%</b>      |
| <b>EBITDA Margin</b> | <b>42.6%</b> | <b>-5.1pps</b> | <b>23.0%</b> | <b>+16.9pps</b>     | <b>53.0%</b> | <b>+5.2pps</b> | <b>42.4%</b> | <b>-5.3pps</b> |

\*consolidated TTN numbers from Sep. 2007.

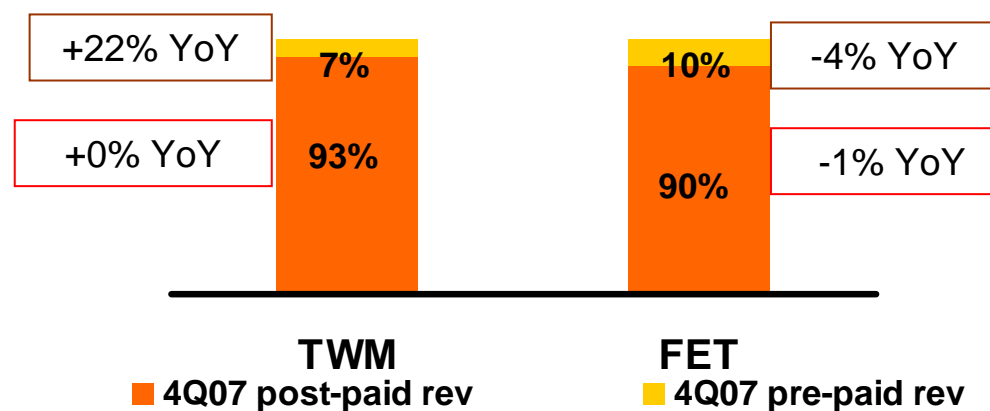
# Wireless Peer Comparison

| Service rev. (NT\$m) | CHT    | FET    | TWM    | Total  |
|----------------------|--------|--------|--------|--------|
| 4Q07                 | 17,978 | 14,557 | 14,650 | 47,185 |
| 4Q06                 | 18,127 | 14,712 | 14,450 | 47,290 |
| 4Q YoY               | -1%    | -1%    | 1%     | 0%     |
| 3Q YoY               | 1%     | -1%    | 1%     | 1%     |

Market share by service revenue



Post-paid vs. Pre-paid



| NT\$m    | CHT   |       | FET   |       | TWM   |       |
|----------|-------|-------|-------|-------|-------|-------|
|          | VAS   | VAS % | VAS   | VAS % | VAS   | VAS % |
| 4Q07     | 1,333 | 7.4%  | 1,660 | 11.4% | 1,237 | 8.4%  |
| 4Q06     | 1,093 | 6.0%  | 1,476 | 10.0% | 998   | 6.9%  |
| 4Q07 YoY | 22%   |       | 12%   |       | 24%   |       |
| 3Q07 YoY | 32%   |       | 10%   |       | 27%   |       |

## 3G

| 4Q07                | 3G Service                       |
|---------------------|----------------------------------|
| 3G SIM number       | 1,244K<br>up 95% YoY             |
| 3G handset adoption | c. 20% of 3G SIMs<br>up 2.4x YoY |
| 3G data revenue     | up 1.4x YoY                      |

## Main VAS drivers

| 4Q07            | YoY Growth |
|-----------------|------------|
| IVR             | 15%        |
| Mobile Internet | 74%        |
| SMS             | 9%         |

## Balance Sheet Analysis

| NT\$bn                                | 3Q07          | 4Q07         |                             | 3Q07         | 4Q07         |
|---------------------------------------|---------------|--------------|-----------------------------|--------------|--------------|
| <b>Total Assets</b>                   | <b>115.64</b> | <b>98.03</b> | <b>Liabilities</b>          | <b>60.62</b> | <b>65.63</b> |
| Current Assets                        | 23.21         | 17.69        | Current Liabilities         | 45.74        | 57.65        |
| - Cash & Cash Equivalents             | 11.66         | 7.03         | - ST Debts                  | 30.49        | 25.88        |
| - Available-for-Sale Financial Assets | 2.74          | 2.10         | - Other Current Liabilities | 15.25        | 31.78        |
| - Financial assets at fair value      | 0.13          | 0.13         | Long-Term Borrowings        | 14.17        | 7.50         |
| - Other Current Assets                | 8.67          | 8.43         | Other Liabilities           | 0.71         | 0.47         |
| Long-Term Investment                  | 3.22          | 3.03         |                             |              |              |
| Property and Equipment                | 64.94         | 50.98        | <b>Shareholders' Equity</b> | <b>55.02</b> | <b>32.41</b> |
| Intangible Assets                     | 21.83         | 21.84        | - Treasury Shares           | (38.49)      | (40.84)      |
| Other Assets                          | 2.45          | 4.49         | - Paid-in Capital           | 50.01        | 38.01        |

|                              | 3Q07 | 4Q07 |
|------------------------------|------|------|
| <b>Current Ratio</b>         | 51%  | 31%  |
| <b>Interest Coverage (x)</b> | 24.9 | 10.5 |
| <b>Net Debt to Equity</b>    | 60%  | 81%  |
| <b>ROE (annualized)</b>      | 22%  | 11%  |
| <b>ROA (annualized)</b>      | 14%  | 7%   |



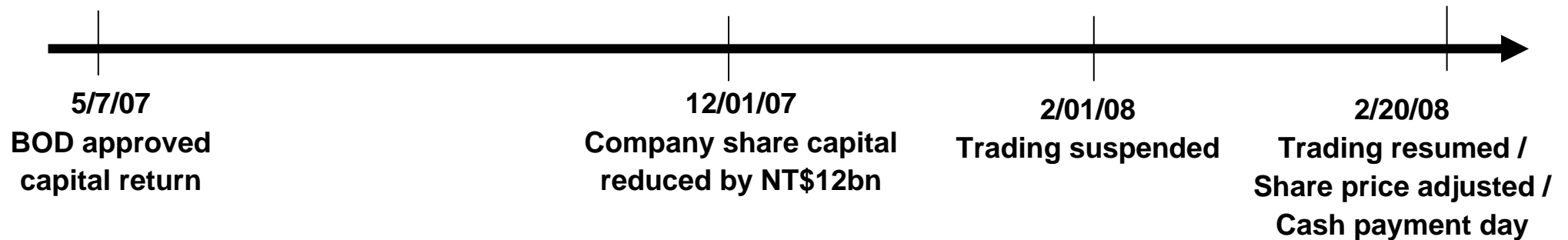
## Cash Flow Analysis

| NT\$bn              | 3Q07   | 4Q07    | 2007    |
|---------------------|--------|---------|---------|
| Operating Cash Flow | 6.56   | 8.97    | 40.82   |
| Investing Cash Flow | (3.16) | (2.38)  | (38.30) |
| Financing Cash Flow | (6.61) | (11.23) | (12.05) |
| Cash CAPEX          | (2.01) | (1.92)  | (7.06)  |
| Free Cash Flow      | 4.55   | 7.06    | 33.76   |

| NT\$bn                        | 1Q08E         | 1Q07          |
|-------------------------------|---------------|---------------|
| <b>Revenue</b>                | <b>17.21</b>  | <b>14.48</b>  |
| <b>Operating Income</b>       | <b>5.36</b>   | <b>4.98</b>   |
| <b>EBITDA</b>                 | <b>7.17</b>   | <b>6.94</b>   |
| <b><i>EBITDA Margin</i></b>   | <b>41.67%</b> | <b>47.89%</b> |
| <b>(Assets Write-off)</b>     | <b>(0.26)</b> | <b>(0.19)</b> |
| <b>Pre-Tax Income</b>         | <b>5.20</b>   | <b>4.98</b>   |
| <b>(Tax Expense)</b>          | <b>(1.36)</b> | <b>(1.17)</b> |
| <b>(Minority Interest)</b>    | <b>(0.01)</b> | <b>0.00</b>   |
| <b>Net Income</b>             | <b>3.83</b>   | <b>3.81</b>   |
| <b>EPS (NT\$)<sup>1</sup></b> | <b>1.31</b>   | <b>0.77</b>   |

Note: 1Q08 EPS is based on 2.9bn shares (3.8bn adjusted for treasury shares) vs. 5bn shares in 1Q07.

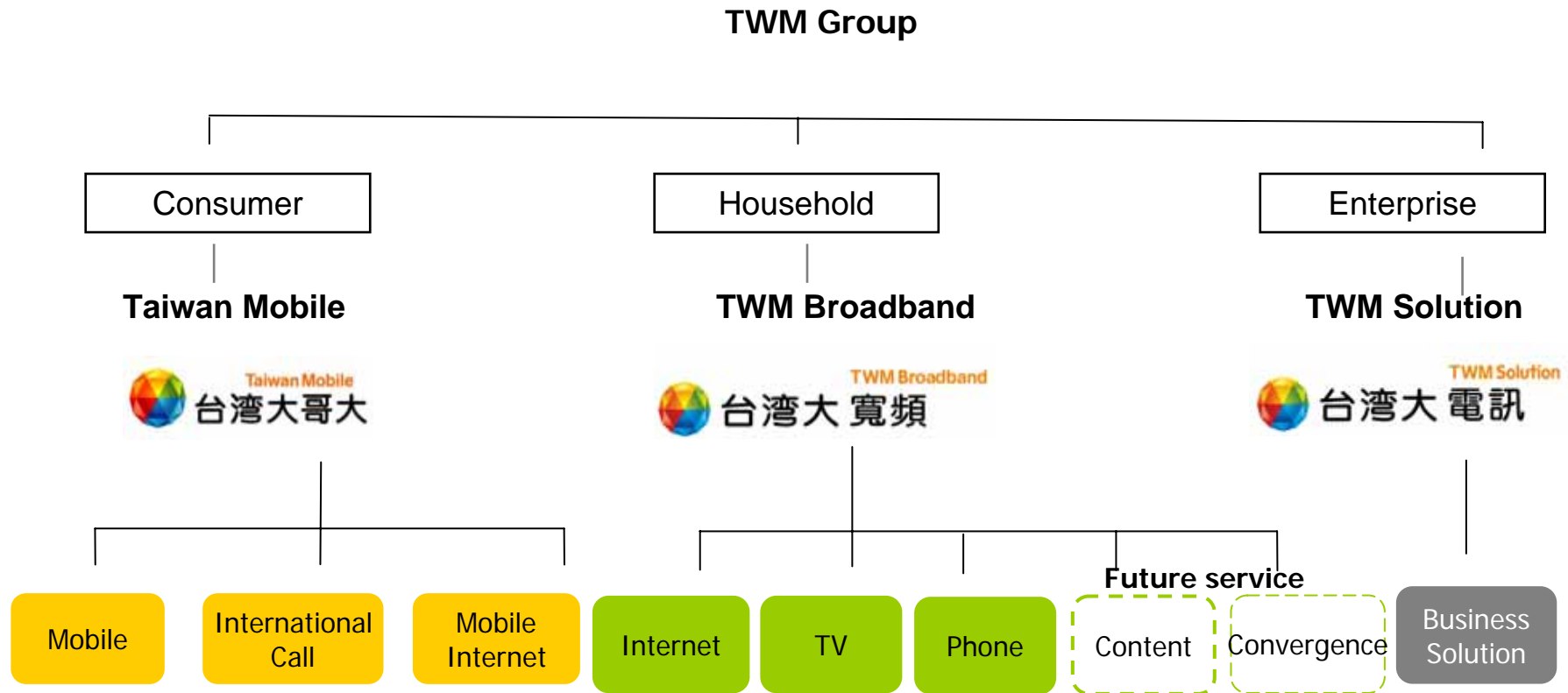
## Capital reduction time line



## Further mergers done

- 100% of TTN and TFN ownership

## New branding structure



## 2007 Earnings distribution

- TWM's board meeting approved to distribute NT\$7.6bn out of our retained earnings as dividends to shareholders. Dividend per share is NT\$2, based on post capital reduction share count of 3.8bn. This does not include dividends to be forfeited by TFN on the record date of earnings distribution.

## Treasury shares disposal

- Taiwan Fixed Network (TFN) sold 300mn shares of Taiwan Mobile on January 28, 2008 at NT\$45.2/share to specific investors, Tsai family included. Sales proceeds from this transaction will be used largely for our upcoming capital reduction, with the remaining cash to be paid to TFN's minority shareholders.

## Growth Strategies

- Mobile
  - 1) Strengthening market share in new acquisitions
  - 2) More migration of customers to 3G network to ensure data growth
  - 3) Launch of triple-play services to improve retention
- Cable-TV:
  - 1) Higher penetration of cable broadband
  - 2) Looking for expansion via acquisitions
- Fixed-line: Continuous improvements from better product mix & synergies

## Value creation for shareholders

- Efficient balance sheet
- Exploring ways to increase cash returns

## Future growth initiatives

- Cross-sale to generate incremental revenue
- Cross-platform offerings to boost growth in non-voice revenue



# Q & A

