



Taiwan Mobile  
台湾大哥大

**CLSA Investors' Forum**

**Taiwan Mobile Co., Ltd.**

*Harvey Chang, CEO*

September 23, 2009

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## A Complete Change of Corporate Profile

- Post acquisition, Taiwan Mobile to become the largest cable TV player with 32% market share and direct access to approximately 1.58m households on the island
- Still the second largest mobile service provider in Taiwan with 6.4m mobile subscribers or 30% revenue market share as of August 2009
- A fixed network, not only providing a wide range of services but also serving as the backbone for our services

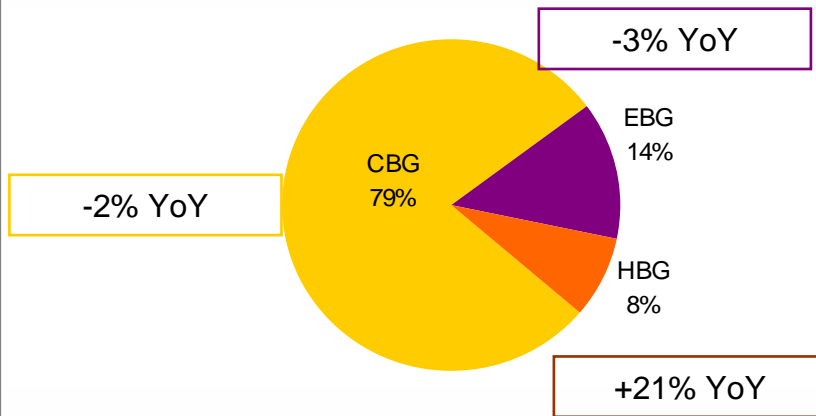


## Year to August Performance

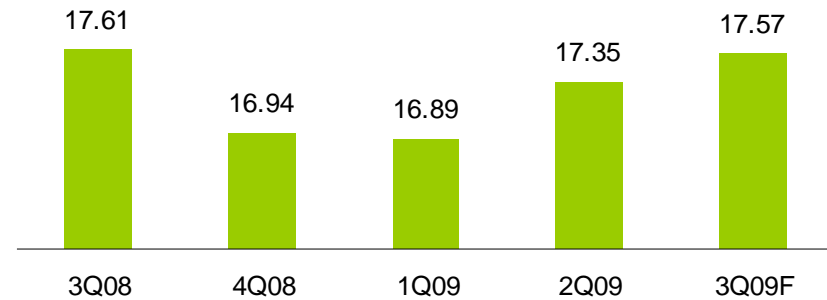
NT\$bn	Consolidated	YoY Chg.
Revenue	45.94	-1%
EBITDA	19.47	-5%
EBITDA Margin	42.39%	-1.73ppts



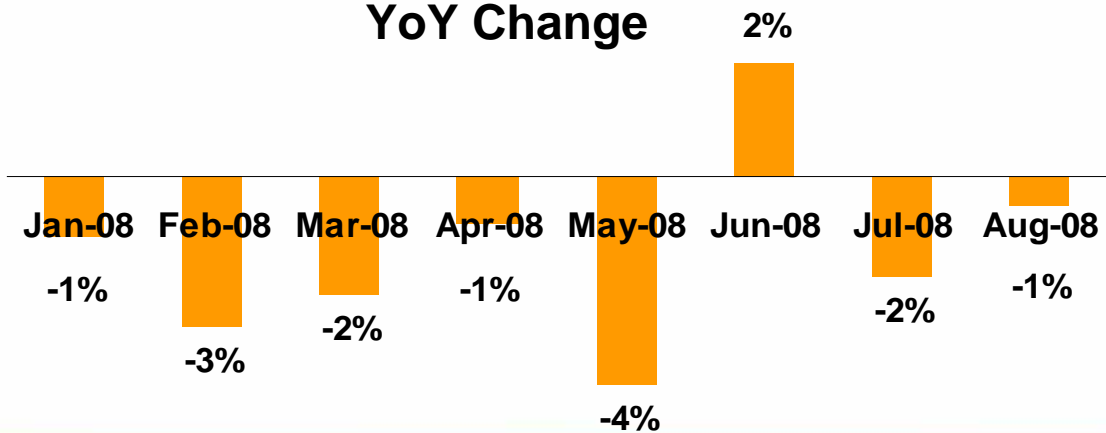
## YTD Revenue Mix



## Unit: NT\$bn Consolidated Revenue



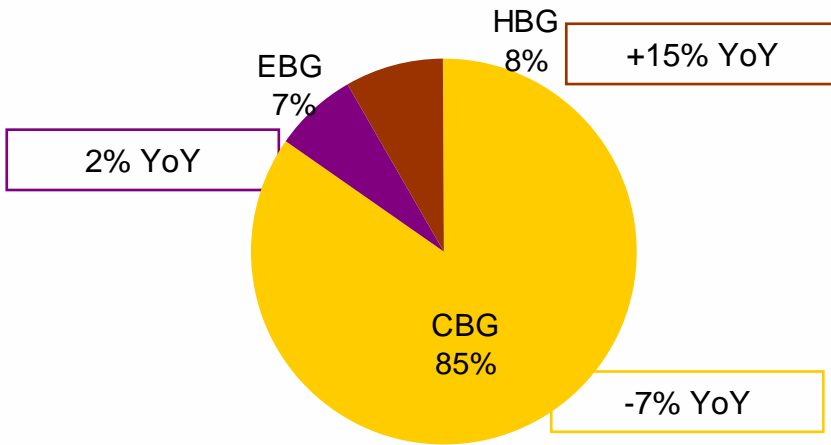
## YoY Change





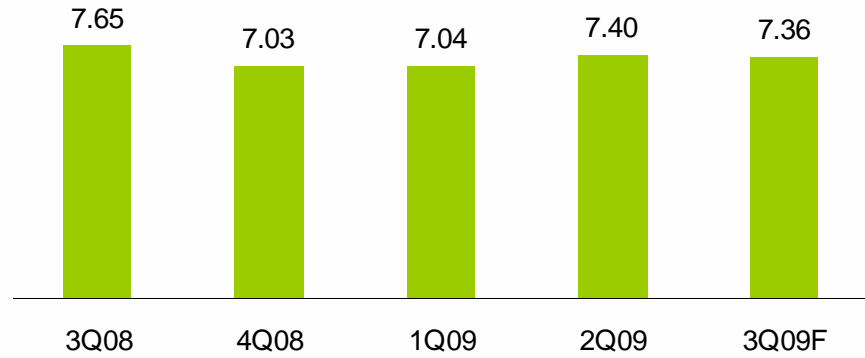
# EBITDA Trend

## YTD EBITDA Mix

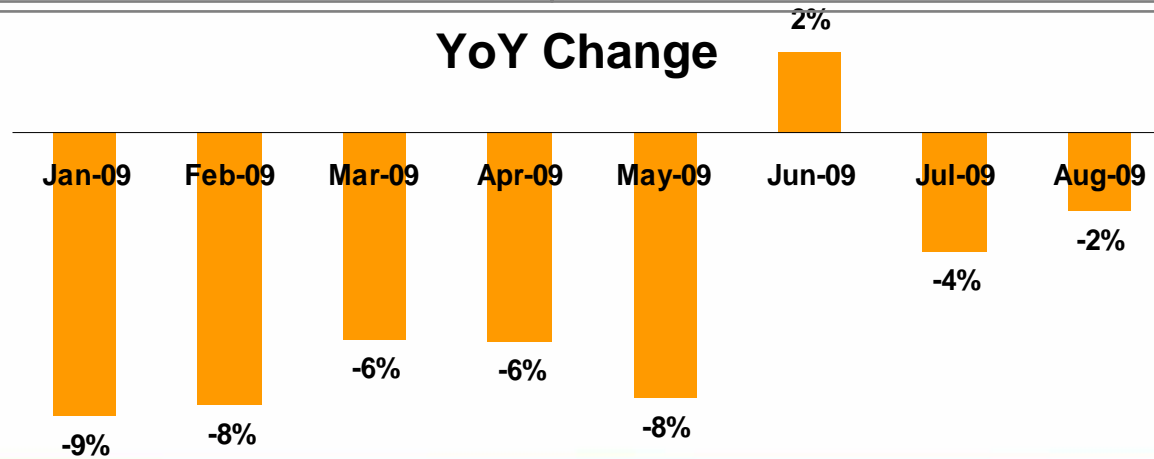


## EBITDA

Unit: NT\$bn



## YoY Change

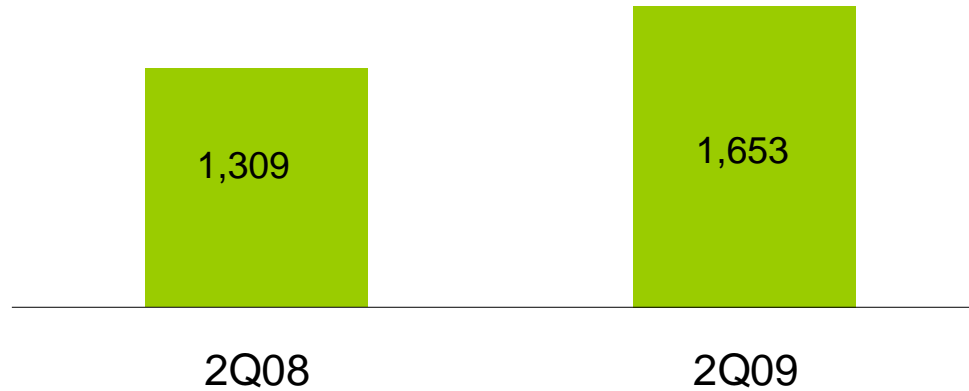




# Robust Wireless Data Growth

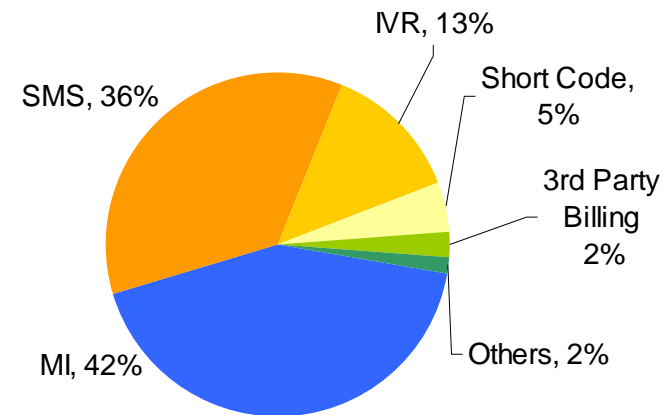
## Wireless data revenue

Unit: NT\$m



## Main drivers

2Q09	
Mobile Internet access	up 69% YoY
Data card sub number	145K
% of active data user	22%

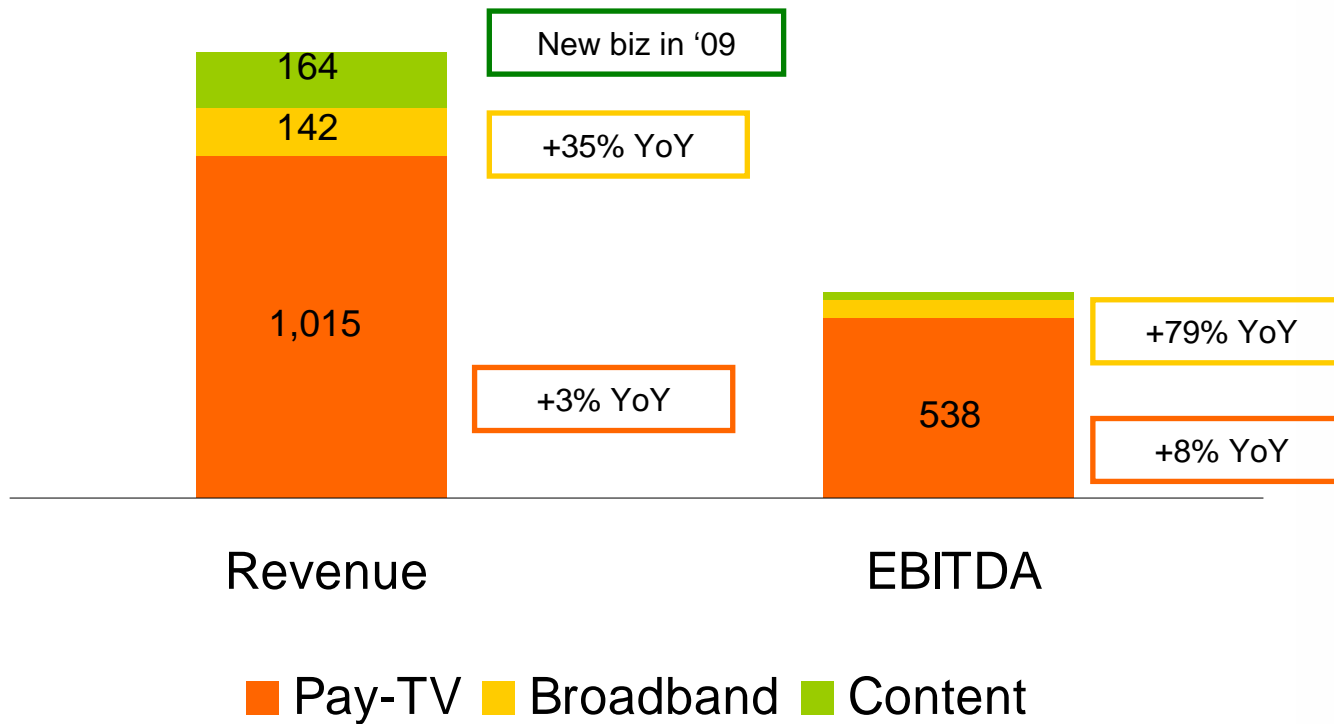




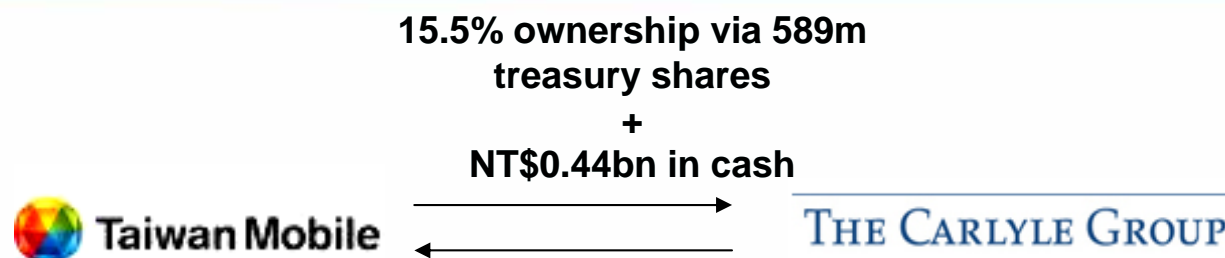
## Solid CATV Growth

Unit: NT\$m

2Q09







Majority ownership in 12 SOs

Term	Summary		
<b>Transaction price</b>	<ul style="list-style-type: none"> <li>Total transaction value of NT\$32.8bn (US\$1.01bn)               <ul style="list-style-type: none"> <li>Enterprise Value/EBITDA(LTM) valuation of 10.0x (as of June 30, 2009)</li> </ul> </li> </ul>		
<b>Form of consideration</b>	<ul style="list-style-type: none"> <li>Stock valued at NT\$32.4bn               <ul style="list-style-type: none"> <li>15.5% of Taiwan Mobile's total share capital on a fully diluted basis via treasury shares</li> <li>Treasury shares valued at NT\$55.0 per share (represents 6.0% premium to closing price on September 15, 2009)</li> </ul> </li> <li>Cash of NT\$0.44bn               <ul style="list-style-type: none"> <li>Subject to adjustments if closing after November 30</li> </ul> </li> </ul>		
<b>Treasury shares</b>	Before merger 812m	Shares sold to Carlyle 589m	After merger 223m

- To acquire direct access to more than one million households in urban areas
- To leapfrog to #1 position in higher-growth and higher-margin pay-TV business to complement traditional strength in wireless
- To beef up growth momentum and increase revenue share from non-voice source
- Complete offering with leading positions in major segments to take advantage of convergence across multiple delivery platforms
- Capex synergies (e.g. digitization investment across a much larger subscriber base)

- EPS neutral in 2010, excluding one-time integration cost
- NT\$8.8bn increase in TWM capital surplus, raising the balance to NT\$21.2bn
- No impact on ability to pay dividend
- Gross debt of TWM after closing
  - ✓ NT\$21.5bn in term loan/corporate bond
  - ✓ NT\$24bn in short-term borrowing
- Expected Net Debt / EBITDA ratio: 1.2x
- High cost debt of the target to be refinanced following closing



## Strong Cash Flow Generation

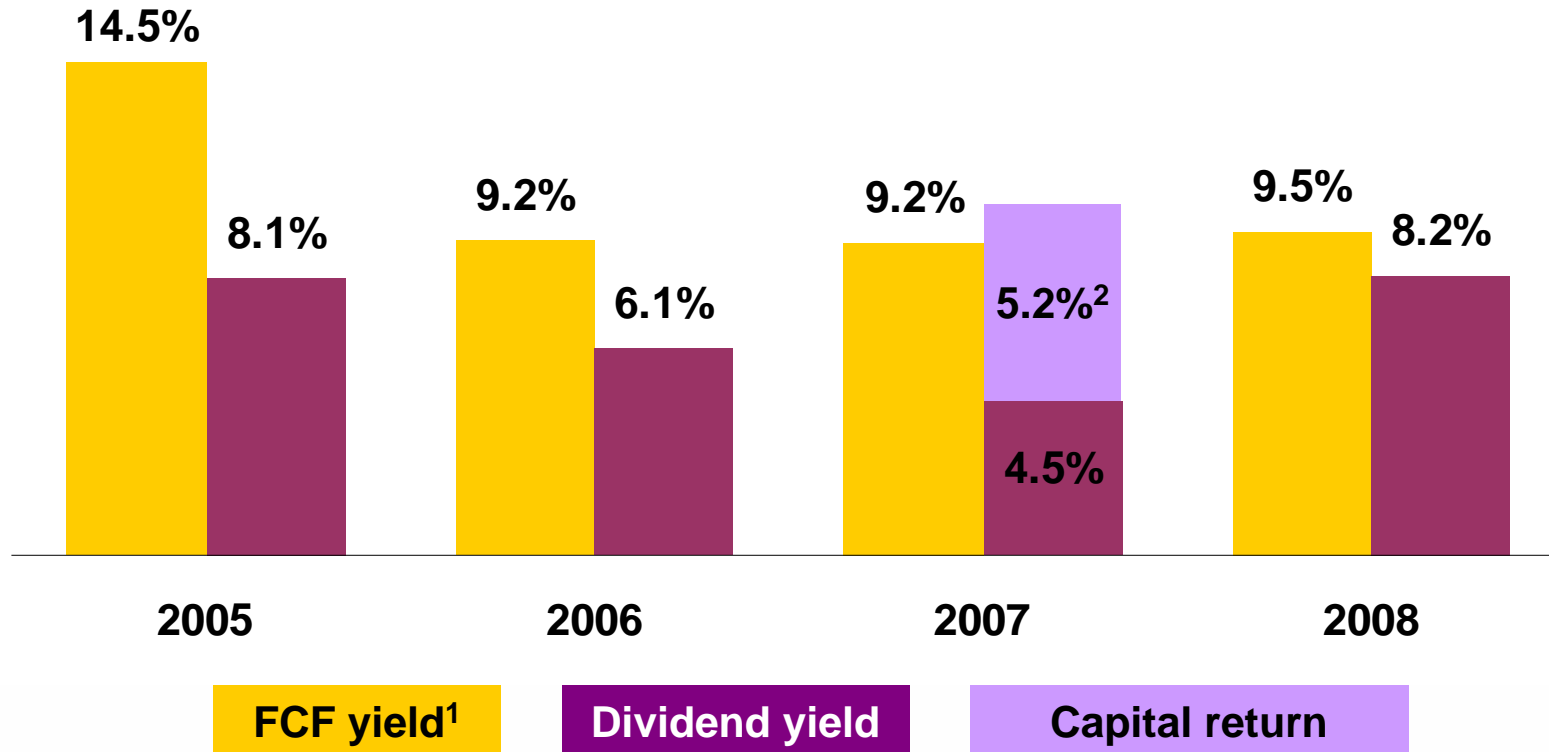
NT\$m	2008	1H09
<b>Operation Cash Flow<sup>1</sup></b>	<b>27,260</b>	<b>10,969</b>
<b>Cash Capex</b>	<b>6,538</b>	<b>3,594</b>
<b>FCF</b>	<b>20,722</b>	<b>7,376</b>
<b>FCF Yield</b>	<b>9%</b>	<b>7%<sup>2</sup></b>

1. referring to recurring operating cash flow excluding treasury related cash flows

2. annualized number



## Stable Shareholder Return



Note: 1. Recurring FCF excludes treasury related cash flows

2. NT\$2.4/share divided by share price right before capital reduction



- A much solidified market position
- Strong free cash flow & capital management flexibility
- Good wireless data momentum
- Better management & discipline to support margins

 Q & A

