



Taiwan Mobile
台湾大哥大

Taiwan Mobile Co., Ltd.

2Q Results Summary

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- 2Q result summary
 - 2Q P&L
 - 2Q divisional performance
 - 2Q mobile operational analysis
 - Balance sheet and cash flow analysis
- 3Q08 forecast
- Regulatory / Event update
- Key message

Result Summary

Unit: NT\$m

	2Q Actual	2Q Forecast	Execution %
Operating revenue	17,505	17,955	98%
Cost	7,894	8,081	98%
Marketing expense	2,697	2,997	90%
G&A expense	1,221	1,345	91%
Operating income	5,693	5,532	103%
Net non-oper. items	(404)	(522)	NM
Income before tax	5,290	5,010	106%
Net income	3,968	3,756	106%
EPS (NT\$)	1.32	1.25	105%
EBITDA	7,729	7,545	102%
EBITDA margin	44.15%	42.02%	

2008/7/31

2Q Divisional Performance

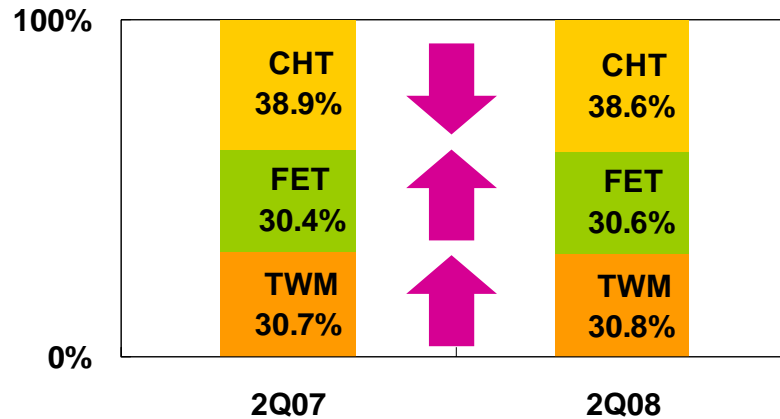
NT\$bn	Mobile	YoY Chg.	Fixed-line	YoY Chg.	Cable TV	YoY Chg.	Consolidated	YoY Chg.
Revenue	14.70	-1%	2.52	32%	1.06	5%	17.50	5%
EBITDA	6.69	-6%	0.48	66%	0.54	2%	7.73	-1%
D&A	1.84	-8%	0.03	-91%	0.13	6%	2.04	-8%
EBIT	4.85	-6%	0.45	vs. \$0.07bn loss	0.42	0%	5.69	1%
EBITDA Margin	45.5%	- 2.7pps	19.2%	+3.9pps	51.1%	-1.9pps	44.2%	-2.7pps

1. 2Q07 consolidated figures only included 2.5 months operation of fixed-line and cable business.
2. 2Q07 fixed-line figures didn't include TTN (not consolidated TTN until Sep. 2007).

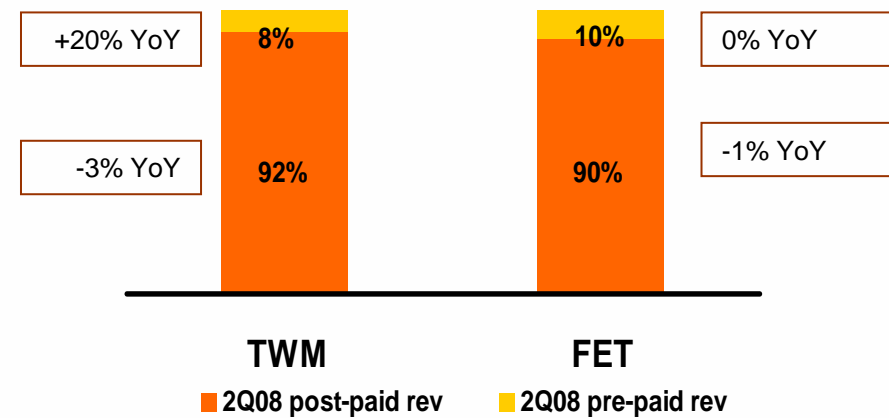
Wireless Peer Comparison

Service rev. (NT\$m)	CHT	FET	TWM	Total
2Q08	18,154	14,424	14,513	47,091
2Q07	18,657	14,605	14,731	47,994
2Q YoY	-3%	-1%	-1%	-2%
1Q YoY	0%	-1%	1%	0%

Market share by service revenue



Post-paid vs. Pre-paid



NT\$m	CHT		FET		TWM	
	VAS	VAS %	VAS	VAS %	VAS	VAS %
2Q08	1,677	9.2%	1,736	12.0%	1,311	9.0%
2Q07	1,223	6.6%	1,502	10.3%	1,118	7.6%
2Q YoY	37%		16%		17%	
1Q YoY	47%		18%		22%	

*CHT changed VAS definition to include SMS airtime charge starting from 2008, but not adjusted 2007 VAS accordingly, so its YoY comparison is not on the same basis.

3G

2Q08	3G Service
3G SIM number	1,679K* up 73% YoY
3G device adoption	23% of 3G SIMs up 1.3x YoY
3G data revenue	up 1.0x YoY

*: not including 3G pre-paid

Main VAS drivers

2Q08	YoY Growth
Mobile Internet	73%
% of total VAS	31%

Balance Sheet Analysis

NT\$bn	2Q08	1Q08		2Q08	1Q08
Total Assets	92.56	97.49	Liabilities	47.80	48.86
Current Assets	13.33	17.08	Current Liabilities	38.91	40.90
- Cash & Cash Equivalents	4.26	8.77	- ST Debts	13.45	23.69
- Available-for-Sale Financial Assets	0.31	0.31	- Other Current Liabilities	25.47	17.21
- Other Current Assets	8.76	8.01	Long-Term Borrowings	8.40	7.50
Investment	3.02	3.06	Other Liabilities	0.49	0.45
Property and Equipment	49.33	50.29	Shareholders' Equity	44.76	48.63
Intangible Assets	22.59	22.71	- Paid-in Capital	38.01	38.01
Other Assets	4.30	4.35	- Treasury Shares	(31.89)	(31.89)
			- Capital Surplus	12.27	12.27

	2Q08	1Q08
Current Ratio	34%	42%
Interest Coverage (x)	30.6	29.3
Net Debt to Equity	39%	46%
Net Debt to EBITDA	0.59	0.75
ROE (annualized)	42%	41%
ROA (annualized)	18%	18%

Cash Flow Analysis

NT\$bn	2Q08	1Q08	2Q07
Operating Cash Flow	6.39	7.45	11.78
Investing Cash Flow	(1.61)	(0.35)	(18.47)
Financing Cash Flow	(9.39)	(5.35)	(6.73)
Cash CAPEX	(1.43)	(1.25)	(1.37)
Free Cash Flow	4.96	6.19	10.41

NT\$bn	3Q08E	QoQ	YoY
Revenue	17.78	2%	1%
EBITDA	7.47	-3%	-7%
<i>EBITDA Margin</i>	<i>42.01%</i>	<i>-2.14 pps</i>	<i>-3.69 pps</i>
Operating Income	5.40	-5%	-6%
(Assets Write-off)	(0.42)	13%	-40%
Pre-Tax Income	4.96	-6%	-3%
(Tax Expense)	(1.24)	-6%	-4%
(Minority Interest)	(0.00)	NM	NM
Net Income	3.72	-6%	0%
EPS (NT\$) ¹	1.25	-5%	23%

Note: 3Q08 EPS is based on 3.0bn shares, net of treasury shares.

Regulatory update

- Legislative Yuan approved the second term of 7 NCC commissioners (6 of whom are newly appointed), who will take office on Aug 1.

Treasury share disposal

- Board meeting today (July 31) approved TFN Investment's plan to sell 75m Taiwan Mobile (TWM) shares to TWM employees in three tranches from December 2008 to December 2009. The disposal price is based on 10-day average closing prior to July 31 or intraday low on July 31, whichever is lower.

Straight bond issuance

- To fix the long-term funding cost, Board meeting today (July 31) approved the issuance of an unsecured corporate bond for no more than NT\$8bn after October 17 (one year after previous capital reduction approval) at a fixed rate with duration of no more than five years.

- Our 1H results came in better than expected, despite pressure on mobile revenue. The worldwide inflationary pressure, however, has already loomed large for a slower economic growth, which will inevitably weigh on private consumption. We are bracing for the challenge ahead.



Q & A

