



Taiwan Mobile
台湾大哥大

Taiwan Mobile Co., Ltd.

2Q11 Results Summary

July 28, 2011

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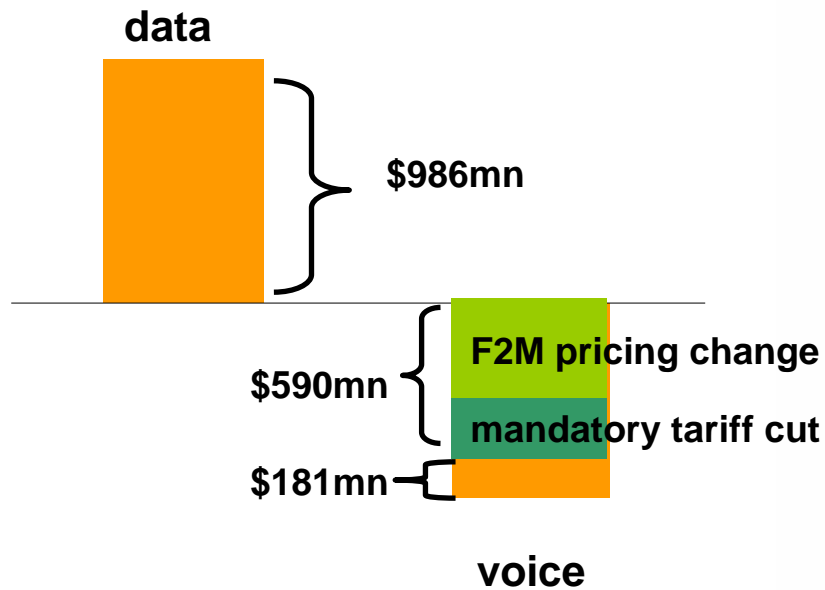
Business Overview



Robust Wireless Data Growth

Mobile Service Revenue

YoY Change in 2Q11

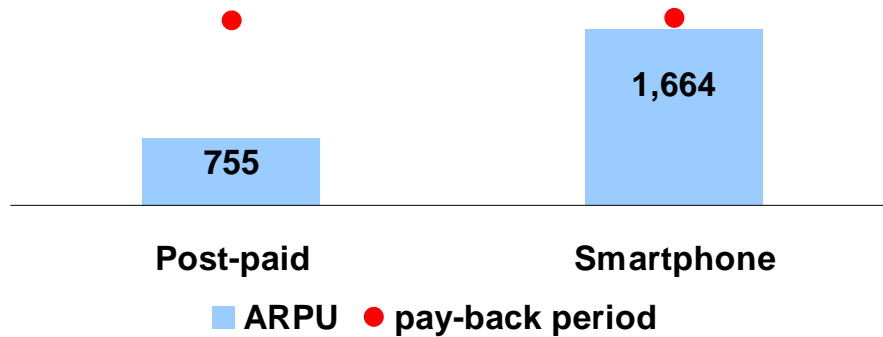


Data Business – 2Q11

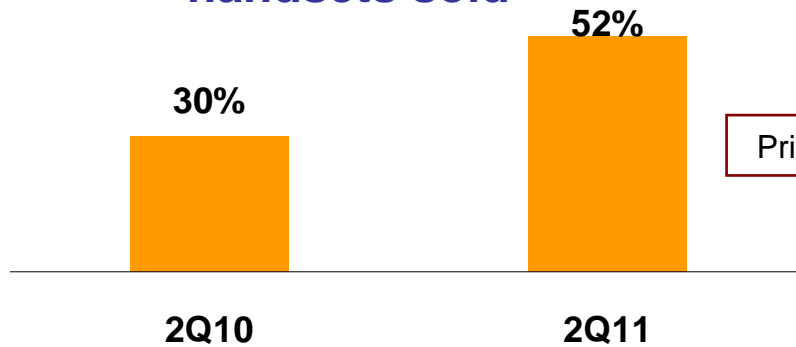
NT\$: bn	CHT	FET	TWM
Data revenue	3.77	2.95	3.03
% of service revenue	21.7%	21.4%	21.9%
Data revenue YoY growth	42%	39%	48%

Our Smartphone Strategy

YTD Contribution comparison



Smartphone as % of total handsets sold



2Q11 new products introduced



Samsung Galaxy S2



HTC Sensation



HTC Flyer



Moto Xoom

Price of NT\$15,000



LG Optimus Black



BB 9780

Price of NT\$8,999



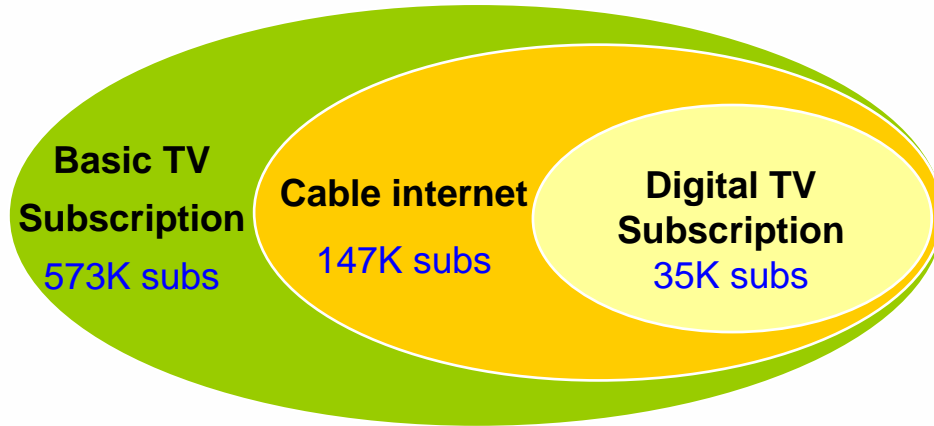
LG P350



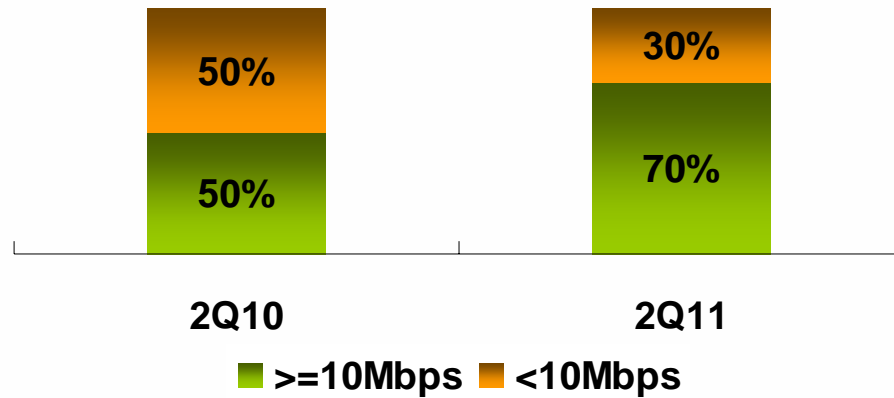
HTC Wildfire S



CATV Growth Catalysts



**Cable internet
New adds speed mix**



2Q11	Sub no. YoY growth	ARPU
Analogue TV	2%	505
Cable internet	15%	519
DTV	107%	171

Blended ARPU	739, +2% YoY
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New Product & Service

- Launched three exclusive smartphones in 2Q11: LG Optimus Black, LG P350 and BlackBerry 9780.
- Launched “Family Hotline” promotion designed to address the more budget-minded subscribers. Subscribers to this plan will receive a free handset and free on-net calls to the family for a low monthly fee of \$88.
- Offered up to 67% discount on monthly fees for voice rate plans to new customers and contract renewals only in the 3Q to stimulate the growth momentum of the mobile voice business.
- TWM has upgraded its base stations to HSPA+ in the greater Taipei, and will expand to all metropolitan areas and hot spots by year end. Ahead of its peers, TWM has provided a premium service of 21Mbps mobile internet and 5GB data usage for users on \$699 data package to try out.

* Complete and accurate description of products and rate plans can be found on the company's official website.

Financial Overview

Result Summary

Unit: NT\$m

	2Q11	2Q10	YoY	1H11 Actual	% of Full Year
Operating revenue	17,975	17,450	3%	36,197	49%
Operating cost	(10,358)	(9,209)	12%	(21,269)	49%
Marketing expense	(2,321)	(2,202)	5%	(4,573)	48%
G&A expense	(1,060)	(1,110)	-5%	(2,138)	45%
Operating income	4,236	4,929	-14%	8,217	50%
Net non-oper. items	(56)	(747)	NM	(70)	NM
Income before tax	4,180	4,182	0%	8,146	52%
Net income	3,472	3,376	3%	6,761	52%
EPS (NT\$)	1.16	1.13	3%	2.26	49%
EBITDA	6,575	7,217	-9%	12,864	50%
EBITDA margin	36.58%	41.36%		35.54%	

Divisional Performance

NT\$bn	Revenue				EBITDA			
	CBG	HBG	EBG	Total	CBG	HBG	EBG	Total
2Q11	14.13	1.47	2.39	17.97	5.17	0.76	0.63	6.58
% of total	79%	8%	13%	100%	78%	12%	10%	100%
QoQ	-2%	1%	-1%	-1%	5%	1%	3%	5%
YoY	3%	4%	1%	3%	-13%	10%	8%	-9%

Balance Sheet Analysis

NT\$bn	2Q11	1Q11		2Q11	1Q11
Total Assets	87.16	84.44	Liabilities	41.93	30.25
Current Assets	19.21	15.66	Current Liabilities	32.80	21.16
- Cash & Cash Equivalents	9.87	5.93	- ST Debts	1.03	1.36
- Available-for-Sale Financial Assets	0.21	0.20	- Other Current Liabilities	31.78	19.80
- Inventories	1.39	2.00	Long-Term Borrowings	8.00	8.00
- Other Current Assets	7.74	7.53	Other Liabilities	1.13	1.09
Investment	3.28	3.19	Shareholders' Equity	45.23	54.19
Property and Equipment	41.69	42.33	- Paid-in Capital	38.01	38.01
Intangible Assets	19.88	20.11	- Capital Surplus	12.43	12.43
Other Assets	3.11	3.15	- Legal Reserve	16.72	15.33
			- Special Reserve	0.82	0.82
			- Un-appropriated Earnings*	2.27	2.27
			- Retained Earnings & Others	6.87	17.21
			- Treasury Shares	(31.89)	(31.89)
Interest Coverage (x)	71.5	56.8			
Net Debt (Cash) to Equity	-2%	6%			
Net Debt (Cash) to EBITDA (x)	-0.03	0.13			
ROE (annualized)	28%	25%			

*:Excluding YTD profits

Cash Flow Analysis

NT\$bn	2Q11	1Q11	2Q10
Operating Cash Flow	5.83	6.00	4.68
Investing Cash Flow	(1.55)	(1.48)	(1.48)
Financing Cash Flow	(0.33)	(4.64)	(0.31)

NT\$bn	2Q11	1Q11	2Q10
Cash CAPEX	(1.45)	(1.28)	(1.36)
Free Cash Flow	4.38	4.71	3.32

Event Update & Key Message

Capital Reduction

Today (July 28), the board approved the capital reduction schedule with a trading suspension period of September 27 to October 12. Shareholders shall receive a cash return of NT\$1 per share on October 13.

Momo Acquisition

On June 30, the Fair Trade Commission approved the acquisition which was later transacted on July 13, the date from which Momo's financials are consolidated into TWM's.

Regulatory Update

NCC suggests domestic operators not to import Chinese telecom equipments for use in metropolitan area networks in light of national security concerns.



- Received the “Corporate Governance Asia Recognition Award” in the Asia-Pacific region by *Corporate Governance Asia* five years in a row.
- Ranked 6th in the “Info Tech 100 Taiwan” by *Business Next* Magazine and also chosen within the “Info Tech 100 Asia”. In addition, received first place in the ICT group of the “2011 Service On Awards” by *Business Next* Magazine.
- Won the “Trusted Brand Gold Award” by *Reader’s Digest* for the eighth consecutive year.
- “Myfone Creativity Awards” was awarded first place in the education category of the “Corporate Social Responsibility Awards” by *Global Views Monthly*.

Expansion of smartphone take-up has reached 15% of our clientele and successfully alleviated the burden from regulatory interventions. And we expect the trend to continue into second half of this year. Looking ahead, we will reinforce network upgrades to attract more wireless data users to solidify our market share and build up future growth momentum.

 Q & A

