



Taiwan Mobile
台湾大哥大

Taiwan Mobile Co., Ltd.

2Q17 Results Summary

August 2, 2017

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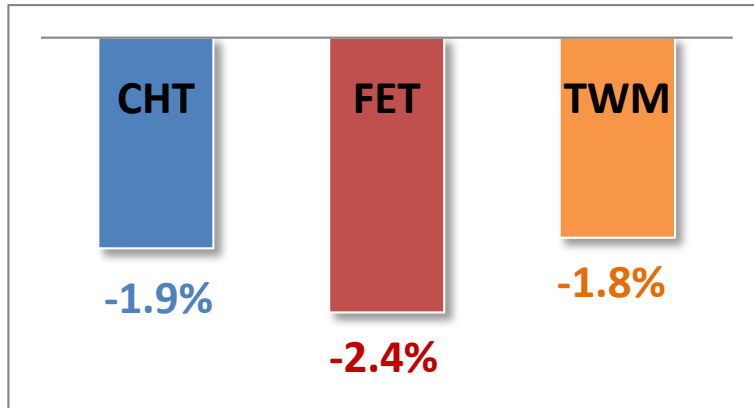


Business Overview

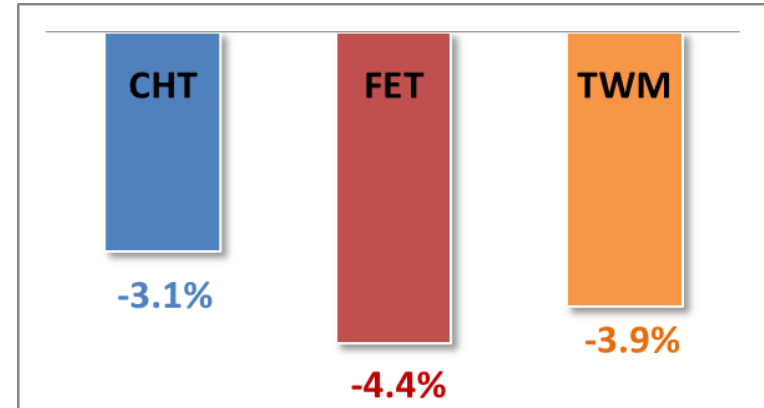
Steady Recurring Telecom Business

2Q17 Key Operating Metrics

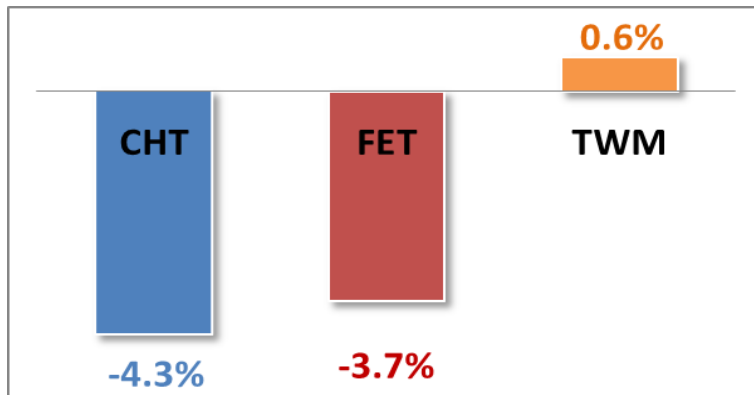
Postpaid Sub No. YoY Change



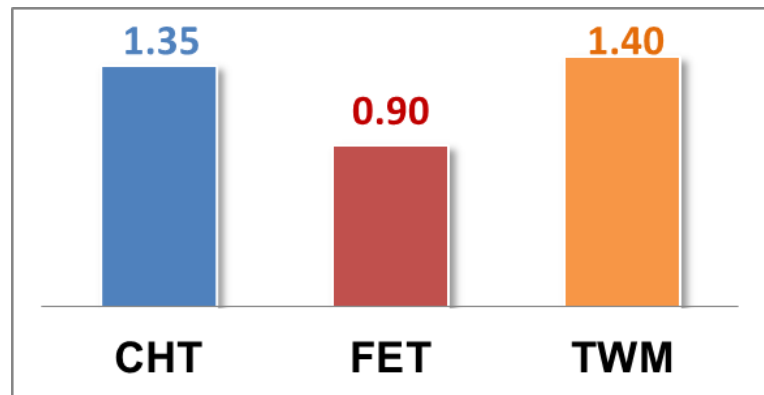
Mobile Service Revenue^{1&2} YoY Change



Telecom EBIT² YoY Change

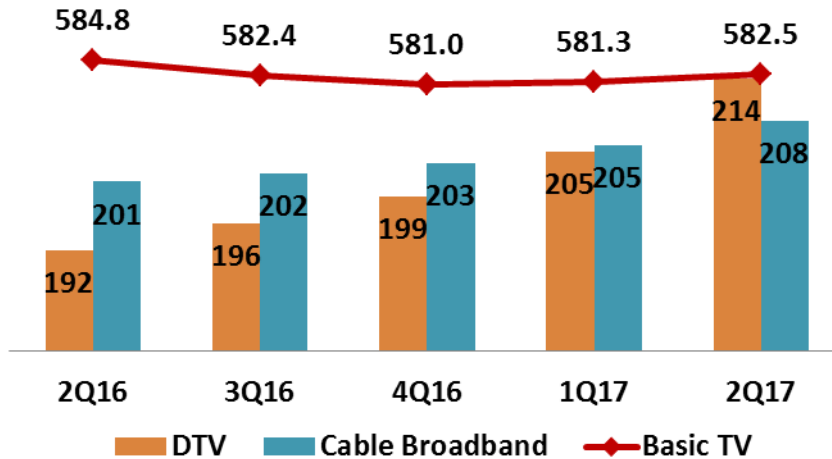


2Q17 EPS

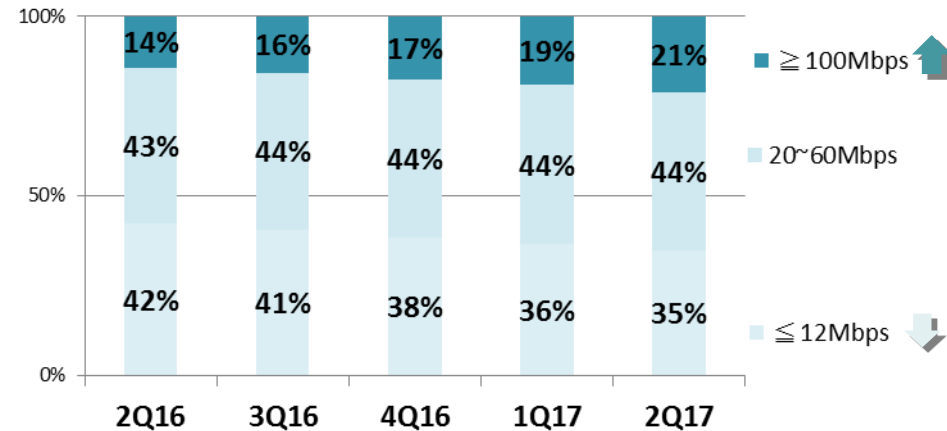


1. Based on Residual Value Method, i.e. excluding revenue adjustments under the current bundle sales accounting policy
2. Both mobile service revenue and telecom EBIT excluded domestic roaming revenues.

Subscriber Number(K)



Cable Broadband % of ending sub by speed



(Unit: NT\$bn) CATV	Reported		Recurring	
	Revenue	EBITDA	Revenue	EBITDA
2Q17	1.60	0.83	1.61	0.85
1Q17	1.61	0.86	1.59	0.84
QoQ	-1%	-4%	1%	0%

E-commerce – the Growth Engine

(Unit: NT\$bn)	2Q17	QoQ	YoY
momo			
Total Revenue	7.69	1%	15%
- E-commerce	6.00	2%	24%
EBITDA	0.39	17%	15%
- E-commerce	0.26	6%	27%
- TV shopping	0.11	56%	19%
EBITDA Margin	5.1%	+0.7ppts	-0ppts



Financial Overview

Performance by Business

NT\$bn	Revenue				EBITDA			
	Telecom	CATV	momo	Total ¹	Telecom	CATV	momo	Total ¹
2Q17	18.46	1.60	7.69	27.80	6.95	0.83	0.39	8.30
% of total	66%	6%	28%	100%	84%	10%	5%	100%
Reported YoY	-8%	-3%	15%	-2%	-6%	-8%	15%	-5%
				Recurring² YoY	-1%	-6%	12%	-1%

1: The sum of each account of telecom, CATV and momo does not equal to the consolidated total number due to other revenue and minor adjustments / eliminations.

2: Excluding roaming and other one-offs

NT\$bn	2Q17			1H17		
	Amount	YoY	% of 2Q guidance	Amount	YoY	% of Full year guidance
Revenue	27.80	-2%	97%	56.64	-2%	48%
Cost	(18.91)	1%	97%	(38.55)	0%	47%
Operating expense	(4.00)	-9%	91%	(8.13)	-9%	45%
Operating income	4.89	-7%	102%	9.97	-3%	54%
Net non-oper. items	(0.08)	-38%	55%	(0.25)	-31%	38%
Income before tax	4.82	-6%	104%	9.72	-2%	54%
Net income	3.83	-7%	103%	7.79	-1%	54%
EPS (NT\$)	1.40	-7%	103%	2.86	-1%	54%
EBITDA	8.30	-5%	101%	16.74	-2%	52%
EBITDA margin	29.8%			29.6%		

Balance Sheet Analysis

NT\$bn	2Q17	1Q17	2Q16		2Q17	1Q17	2Q16
Total Assets	146.58	148.73	152.47	Liabilities	87.41	78.25	94.45
Current Assets	30.18	32.58	32.74	Current Liabilities	48.50	31.42	56.17
- Cash & Cash Equivalents	6.18	7.93	7.55	- ST Debts	10.16	8.26	15.47
- Accounts Receivable	14.57	14.77	15.99	- Other Current Liabilities	38.34	23.16	40.70
- Inventories	3.08	3.82	2.85	Non-Current Liabilities	38.91	46.83	38.28
- Other Current Assets	6.35	6.07	6.35	- Long-Term Borrowings	34.88	42.79	33.52
Non-current Assets	116.39	116.15	119.73	- Other Non-current Liabilities	4.04	4.04	4.76
- Long-term Investment	6.47	5.58	5.21	Shareholders' Equity	59.16	70.48	58.02
- Property and Equipment	45.37	45.00	46.76	- Paid-in Capital	34.21	34.21	34.21
- Concession	36.53	37.20	39.17	- Capital Surplus	13.92	14.99	14.59
- Other Non-current Assets	28.01	28.37	28.59	- Legal Reserve	26.14	24.61	24.61
	2Q17	1Q17	2Q16	- Treasury Shares	(29.72)	(29.72)	(29.72)
Current Ratio	62%	104%	58%	- Un-appropriated Earnings	0.63	0.63	0.63
Net Debt to Equity	66%	61%	75%	- Non-controlling Interest	5.51	5.92	5.50
Net Debt to EBITDA (x)	1.18	1.32	1.29	- Retained Earnings & Others*	8.48	19.85	8.21
ROE (annualized)	29%	25%	31%				

* Including accumulated profits and other equity items

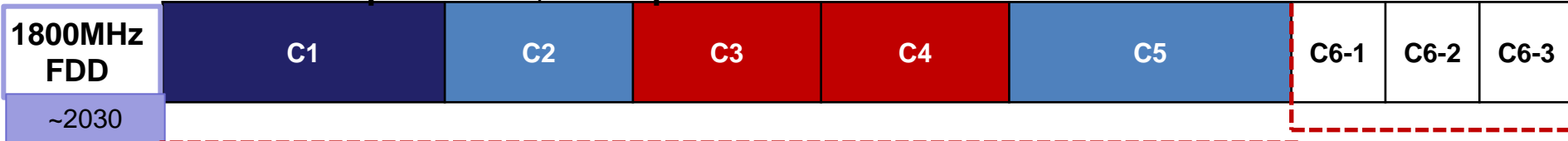
NT\$bn	2Q17	1Q17	2Q16
Operating Cash Flow	7.87	7.49	5.97
Investing Cash Flow	(2.84)	(1.70)	(2.70)
Financing Cash Flow	(6.78)	(5.56)	(4.42)

NT\$bn	2Q17	1Q17	2Q16
Cash CAPEX	(2.43)	(2.66)	(2.43)
Free Cash Flow	5.43	4.83	3.54

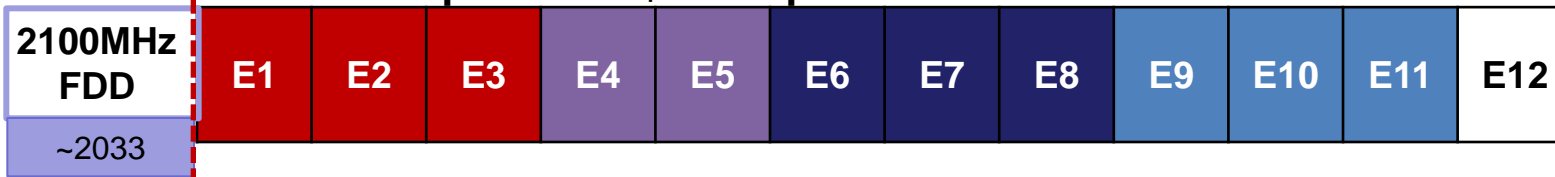


Event Updates

Reserve price: NT \$2.2bn per block



Reserve price: NT \$1.9bn per block



- Auction is scheduled in 4Q17 for a total of 15 blocks (E1-12 & C6-1-C6-3), 5MHz x2 per block
- A maximum of 4 blocks in the 2100MHz frequency band and no more than 5 blocks combined in the 1800+2100MHz frequency bands for each telco
- Two-stage auction:
 - Stage 1: To decide the number of blocks won by each telco through SMRA¹ auction
 - Stage 2:
 - 2-1: The NCC comes up with all available combinations of block allocations to assure each existing 3G telco retains at least 5MHz in the 2100 frequency band or E12 block for voice continuity.
 - 2-2: To decide each telco's block locations through a single bid process, if no agreements during negotiations were reached.

- For the second consecutive year, honored with the “Annual CSR Survey – Service Sector” CSR award from *Global Views Monthly*. This is TWM’ s 11th *Global Views Monthly* CSR award since 2005.

Our differentiated offerings and expense discipline have offset some of the negative impact from mobile service competition. Though the reduced domestic roaming weighed on our profit growth profile, it did reduce our capex and benefit our FCF. We will strive for steady recurring profits to maintain stable dividends through expense discipline and firm growth of 4G value-added services and momo. For the upcoming spectrum auction, we will continue implementing a good strategy to enhance 4G investment return.



Q & A