



Taiwan Mobile
台湾大哥大

Taiwan Mobile Co., Ltd.

3Q14 Results Summary

October 31, 2014

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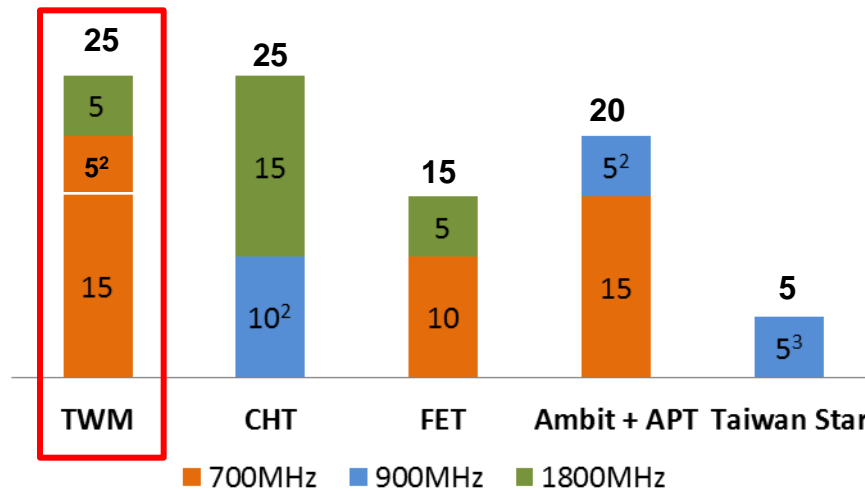
Business Overview

Largest LTE Spectrum Holdings

Post TWM's 5MHz spectrum acquisition from Ambit

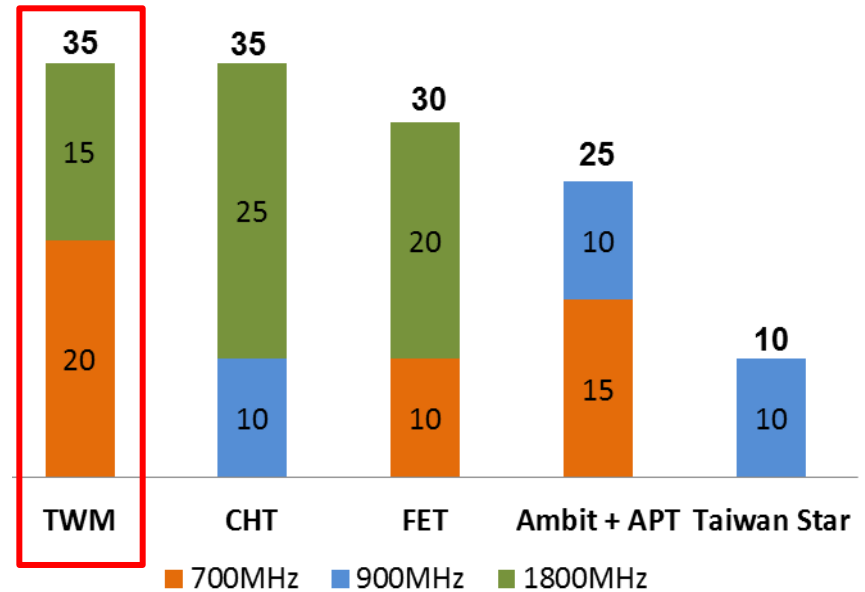
Available LTE spectrum¹

Unit: MHz



Total LTE spectrum acquired

Unit: MHz



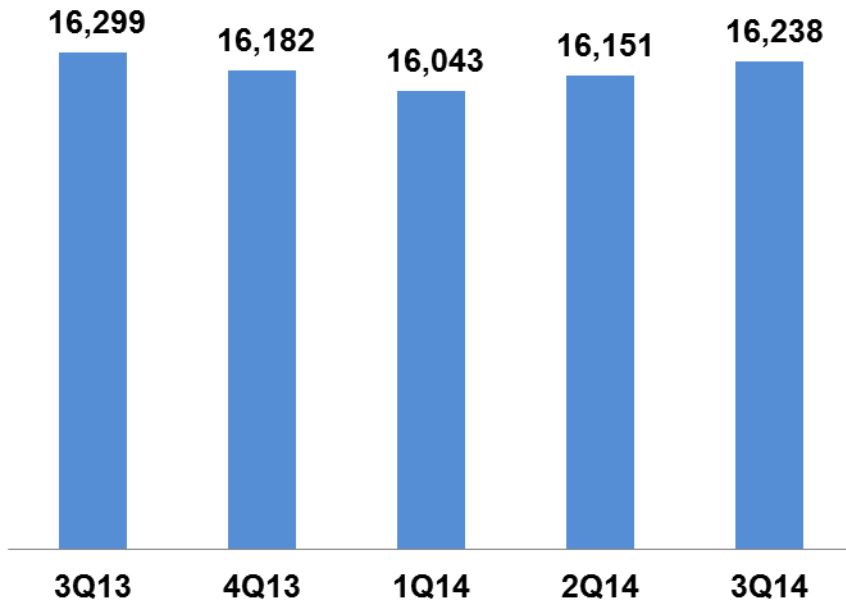
Note 1: Prior to the expiration and/or the early return of other existing 2G/3G spectrum if any in the future

2: Subject to NCC's approval

3: Represents the portion of Taiwan Star's spectrum that is available for both download and upload transmissions

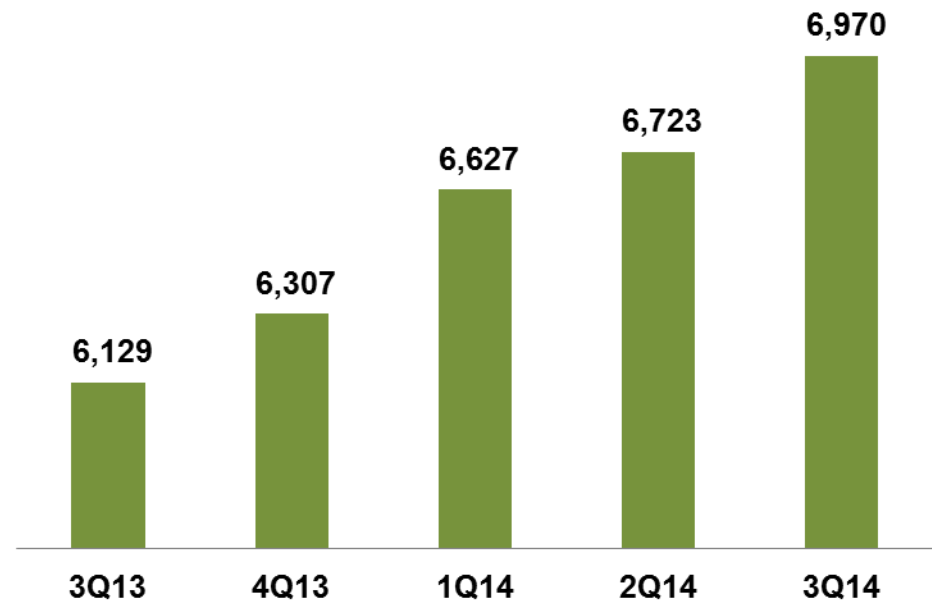
Mobile Service Revenue*

Unit: NT\$mn



VAS Revenue*

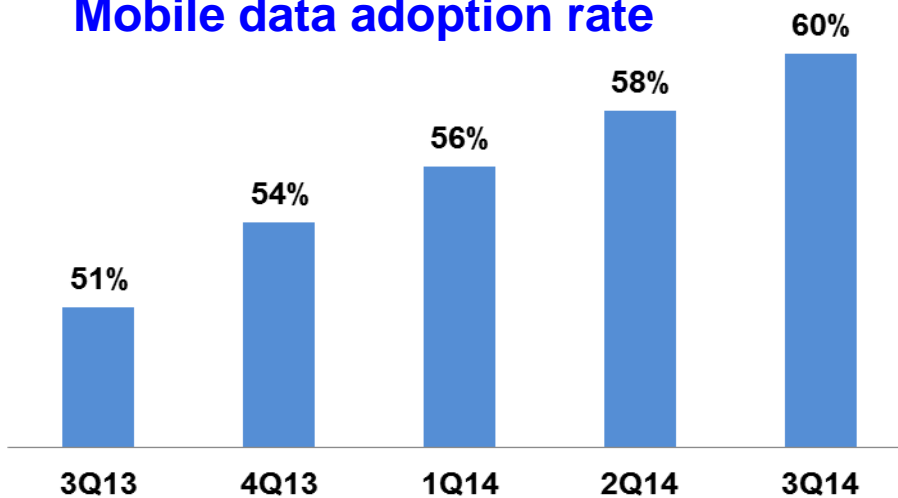
Unit: NT\$mn



* Based on IFRS – Residual Value Method, i.e. excluding revenue adjustments under the current bundle sales accounting policy.

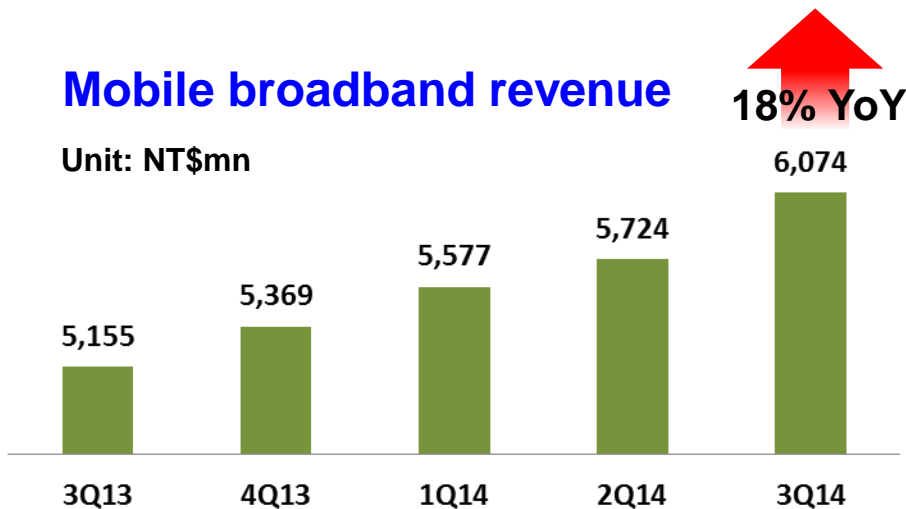
Our Smartphone Strategy

Mobile data adoption rate












Mobile broadband revenue

Unit: NT\$m



700 LTE Enabled Phones

	iPhone 6, iPhone6 Plus	2
	Butterfly 2, M8, E8, One mini 2, Desire 816, Desire 610	6
	Note 4, S5, Note 3, Note 3 Neo, Core Lite	5
	Z3, Z3 Compact, Z2a, C3	4
	Amazing X1, X2, X3	3
	M810, M511, M2	3
	Padfone S, Zenfone 5	2
	G3	1
	F5	1
Total		27

Steady CATV Business

3Q14	Sub base YoY growth	ARPU
Analogue TV	1%	\$493
Cable Internet	4%	\$546
DTV	45%	\$133
Blended ARPU *	\$801	+2% YoY

* Calculation based on total cable TV revenue excluding content agency revenue

Growing Online Shopping Business

momo (Unit: NT\$bn)	3Q14	3Q13	YoY
Total Revenue	6.28	5.12	23%
- Online Shopping	3.99	2.89	38%
- TV Home Shopping & Others	2.29	2.23	3%
EBITDA	0.46	0.22	113%
EBITDA margin	7.3%	4.2%	

Note: momo announced the sale of its cosmetics stores and department store operations on March 28, 2014 and August 30, 2013, respectively. The related operating results of the aforementioned business lines were reclassified retroactively as discontinued operations and thus were not included in the table above.



Financial Overview

Performance by Business

NT\$bn	Revenue				EBITDA			
	Telecom	CATV	momo	Total	Telecom	CATV	momo	Total
3Q14	19.87	1.60	6.28	27.77	6.73	0.86	0.46	8.10
% of total	71%	6%	23%	100%	83%	11%	6%	100%
3Q14 YoY	-3%	2%	23%	3%	-4%	5%	113%	1%
2Q14 YoY	-2%	2%	15%	1%	2%	3%	43%	4%

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

Results Summary

NT\$m	3Q14	YoY	as % of 3Q14 Guidance	1-3Q 2014
Revenue	27,768	3%	98%	82,430
Cost	(18,319)	6%	96%	(53,642)
Operating expenses	(4,362)	1%	98%	(13,197)
Operating income	5,086	-8%	108%	15,591
Net non-operating items	(547)	89%	88%	(778)
Income before tax	4,540	-14%	111%	14,813
Net income	3,737	-13%	109%	11,958
EPS (NT\$)	1.39	-12%	109%	4.45
EBITDA	8,103	1%	103%	24,039
EBITDA margin	29.18%			29.16%

Cash Flow Analysis

NT\$bn	3Q14	2Q14	3Q13
Operating Cash Flow	7.59	6.68	5.89
Investing Cash Flow	(3.66)	(4.79)	(2.53)
Financing Cash Flow	(2.94)	(4.07)	(6.85)

NT\$bn	3Q14	2Q14	3Q13
Cash CAPEX	(3.59)	(4.78)	(2.63)
Free Cash Flow	4.00	1.90	3.26



4Q14 Guidance & Board Resolutions

NT\$bn	4Q14F	4Q13	YoY	2014F
Revenue	30.28	28.41	7%	112.71
EBITDA	7.13	7.61	-6%	31.17
D&A Expense	(3.23)	(2.56)	26%	(11.67)
Operating Income	3.90	5.05	-23%	19.50
Non-operating Expense	(0.56)	(0.62)	-9%	(1.34)
Net Income	2.90	3.55	-18%	14.86
EPS (NT\$)	1.06	1.32	-20%	5.51

Capex Guidance Revision

The board today (October 31, 2014) approved an additional NT\$0.5bn capex budget for 2014 mainly to take the lead in the 4G network roll-out. Thus, 2014 capex is revised to be NT\$16bn: NT\$10.7bn for mobile, NT\$1.7bn for fixed-line, NT\$1bn for cable TV, and NT\$2.6bn for momo and other subsidiaries.

Awards and Recognition

- TWM was selected as a member of the Dow Jones Sustainability Indices' Emerging Markets Index for the third year in a row (2012~2014).
- TWM's cloud internet data center (IDC) was nominated as a finalist of the "Innovation in the Mega-Data Center" award by DatacenterDynamics, the world's largest third party data center analysis institute.
- The 2013 CSR report received the International Standards on Assurance Engagements (ISAE) 3000 certification, a first for a telecom operator in Taiwan.

With the acquisition of 5MHz on the 700MHz frequency band from Ambit, TWM will have the largest 4G spectrum of 35MHz, including in particular, the biggest contiguous spectrum of 20MHz on the 700MHz band, leading TWM to be best positioned to provide the fastest 4G service to the consumers and increase corporate value to our shareholders. Additionally, we will adjust 4G product offerings to better monetize our 4G investments.



Q & A