



Taiwan Mobile
台湾大哥大

Taiwan Mobile Co., Ltd.

3Q17 Results Summary

November 3, 2017

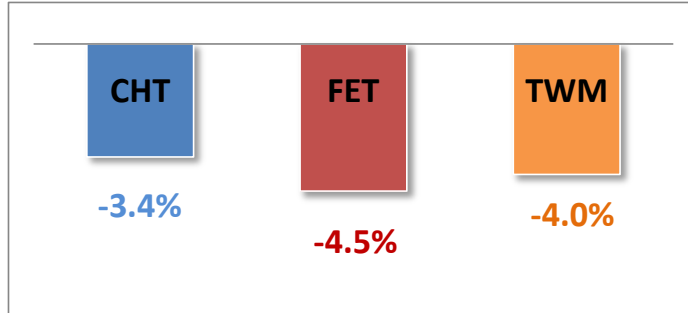
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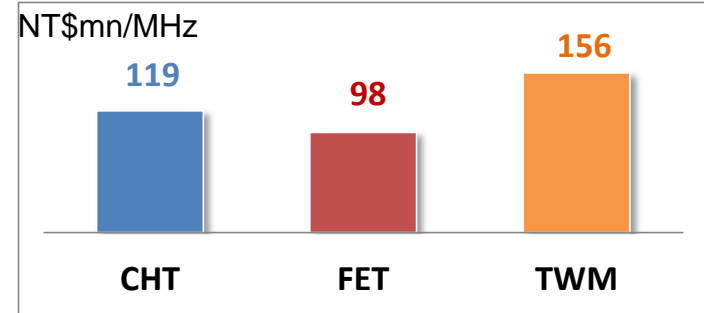
Business Overview

Telecom Business – Out from the Pack

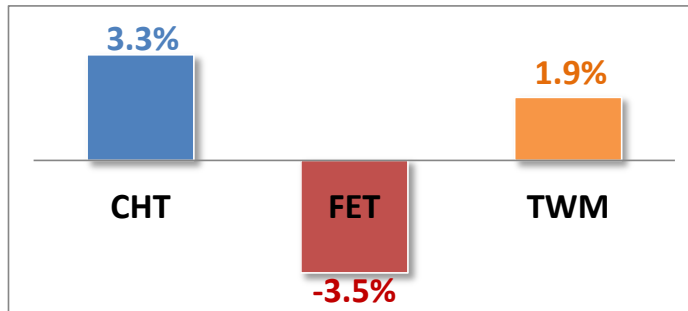
3Q17 Mobile Service Revenue^{1&2} YoY Change



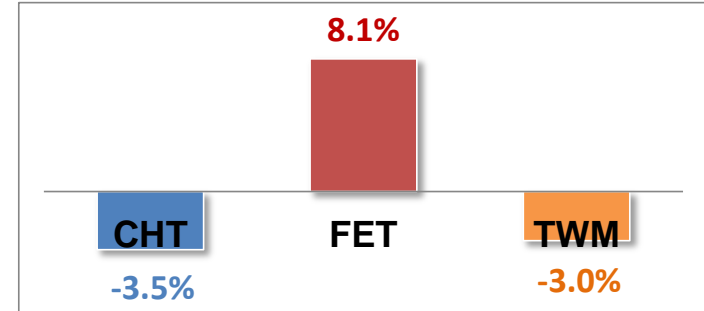
3Q17 Spectrum Yield³



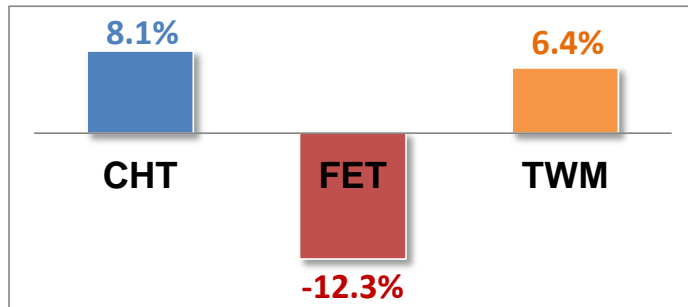
3Q17 Telecom EBITDA² YoY Change



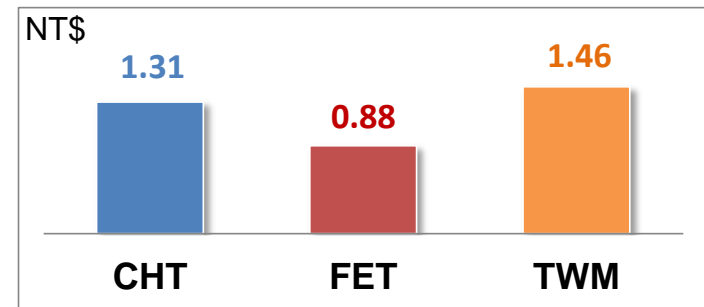
3Q17 Telecom D&A YoY Change



3Q17 Telecom EBIT² YoY Change



3Q17 EPS

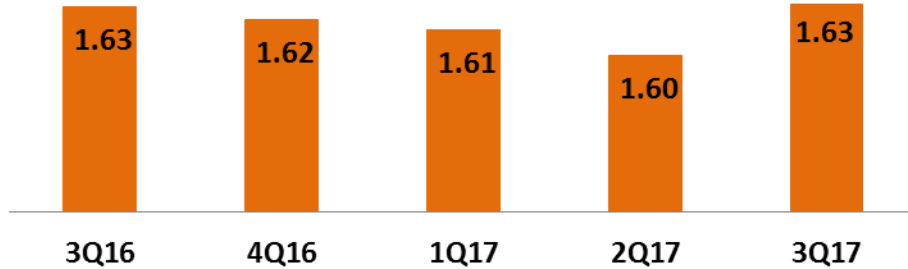


1. Based on Residual Value Method, i.e. excluding revenue adjustments under the current bundle sales accounting policy.
2. Mobile service revenue, telecom EBITDA and telecom EBIT all excluded domestic roaming revenues.
3. Calculated by dividing quarterly mobile service revenue (based on Residual Value Method) by the number of spectrum owned by each telco.

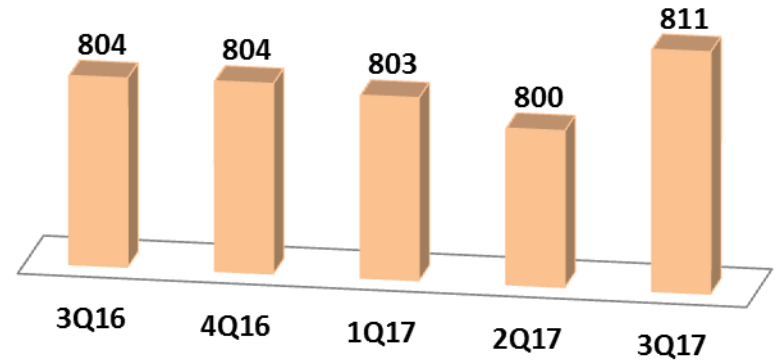


CATV – Sequential Improvement

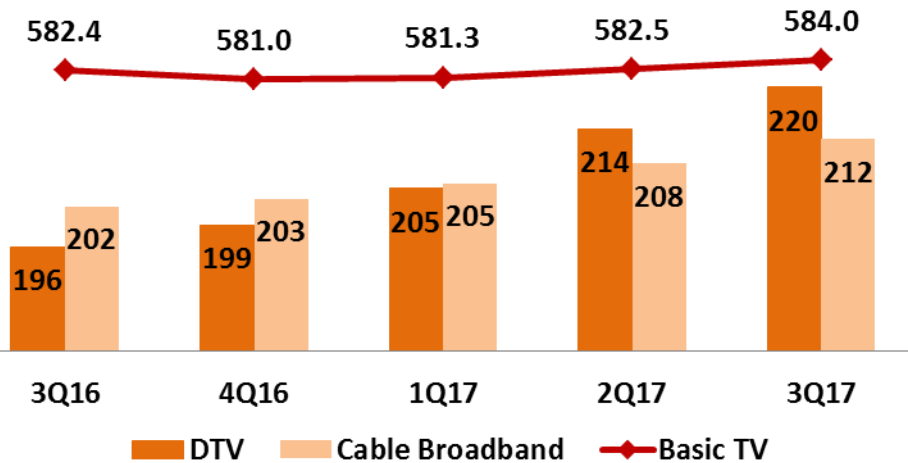
Total revenue(NT\$bn)



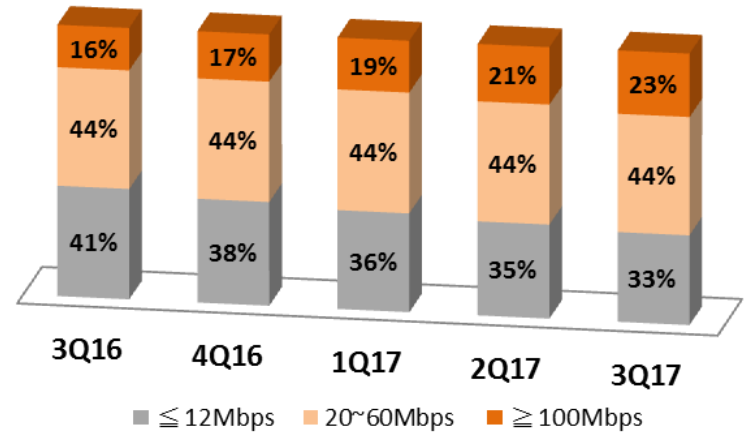
Blended ARPU(NT\$)



Subscriber Number(K)

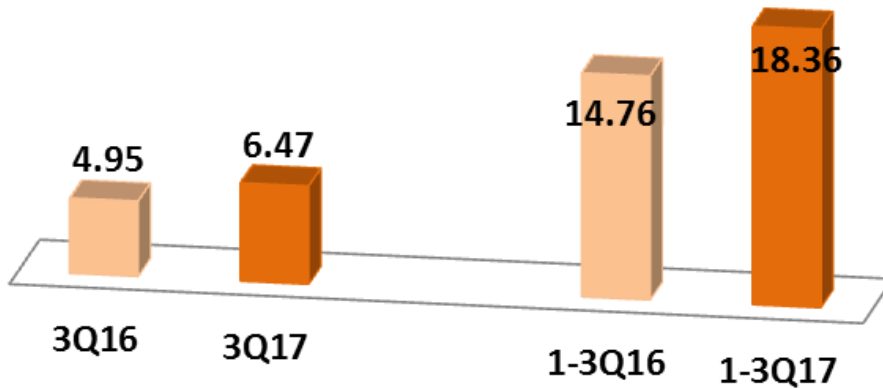


Cable Broadband subscription mix by speed

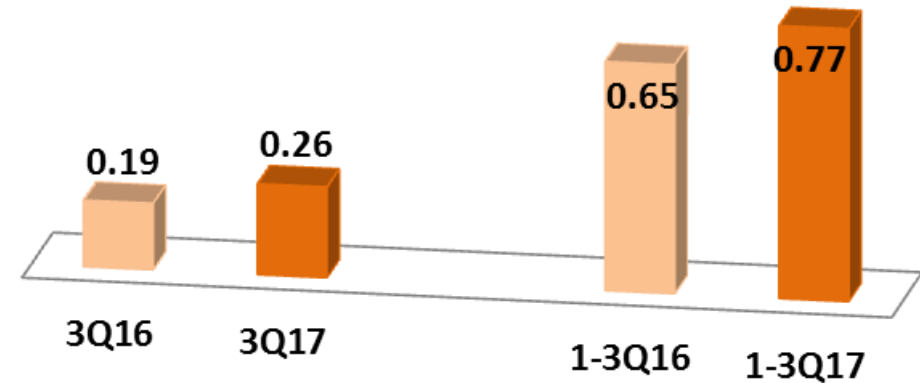


momo E-commerce - Stellar Growth

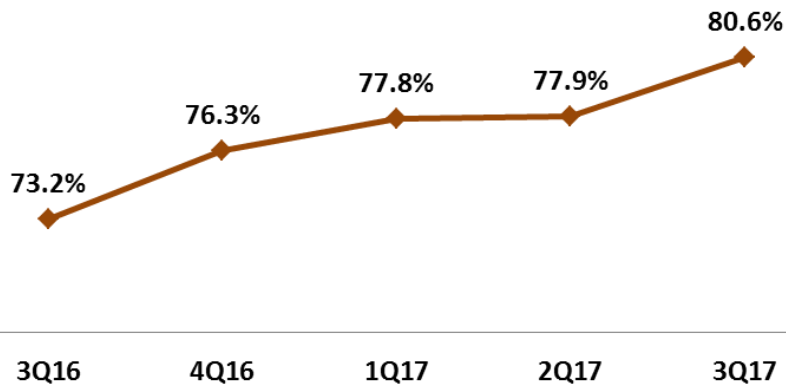
E-commerce revenue
(NT\$bn)



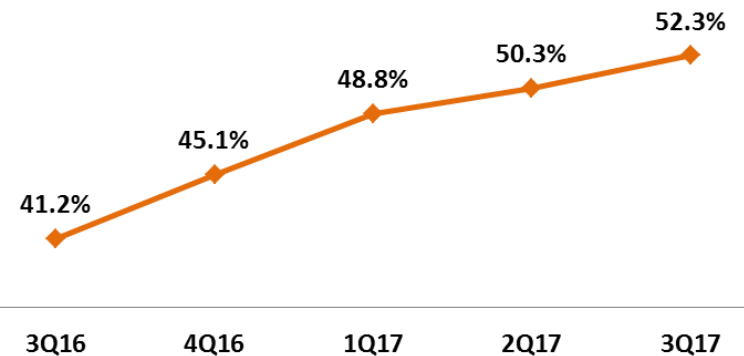
E-commerce EBITDA
(NT\$bn)



E-commerce as % of total sales



Mobile commerce¹ as %
of total E-commerce



1. Mobile commerce means online retail sales made through mobile devices.



Financial Overview

Performance by Business

NT\$bn	Revenue				EBITDA			
	Telecom	CATV	momo	Total ¹	Telecom	CATV	momo	Total ¹
3Q17	19.07	1.63	8.02	28.76	6.98	0.84	0.31	8.26
% of total	66%	6%	28%	100%	84%	10%	4%	100%
3Q17 YoY	-5%	0%	19%	1%	-4%	-3%	6%	-4%
Ex-roaming YoY					2%	-3%	6%	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.

NT\$bn	3Q17			1-3Q17		
	Amount	YoY	% of 3Q guidance	Amount	YoY	% of full year guidance
Revenues	28.76	1%	97%	85.41	-1%	72%
Costs	(19.80)	4%	97%	(58.36)	1%	71%
Operating expenses	(4.14)	-4%	92%	(12.26)	-7%	68%
Operating income	4.82	-5%	105%	14.79	-4%	80%
Net non-oper. items	(0.09)	-27%	74%	(0.34)	-30%	51%
Income before tax	4.73	-5%	106%	14.45	-3%	81%
Net income	3.96	-1%	106%	11.75	-1%	82%
EPS (NT\$)	1.46	0%	106%	4.32	-1%	82%
EBITDA	8.26	-4%	102%	25.00	-3%	77%

Balance Sheet Analysis

NT\$bn	3Q17	2Q17	3Q16	NT\$bn	3Q17	2Q17	3Q16
Total Assets	146.41	146.58	151.26	Liabilities	83.36	87.41	88.76
Current Assets	30.50	30.18	32.41	Current Liabilities	44.54	48.50	51.34
- Cash & Cash Equivalents	5.97	6.18	6.57	- ST Debts	21.86	10.16	27.82
- Accounts Receivable	14.70	14.57	15.68	- Other Current Liabilities	22.68	38.34	23.52
- Inventories	3.15	3.08	2.95	Non-Current Liabilities	38.82	38.91	37.42
- Other Current Assets	6.67	6.35	7.21	- Long-Term Borrowings	34.77	34.89	33.38
Non-current Assets	115.92	116.39	118.85	- Other Non-current Liabilities	4.05	4.02	4.04
- Long-term Investment	6.22	6.47	5.54				
- Property and Equipment	45.06	45.37	46.42	Shareholders' Equity	63.06	59.16	62.50
- Concession	35.82	36.53	38.53	- Paid-in Capital	34.21	34.21	34.21
- Other Non-current Assets	28.82	28.01	28.35	- Capital Surplus	13.92	13.92	14.59
				- Legal Reserve	26.14	26.14	24.61
				- Treasury Shares	(29.72)	(29.72)	(29.72)
				- Un-appropriated Earnings	0.63	0.63	0.63
Current Ratio	68%	62%	63%	- Non-controlling Interest	5.67	5.51	5.62
Net Debt to Equity	80%	66%	87%	- Retained Earnings & Others*	12.21	8.48	12.57
Net Debt to EBITDA (x)	1.54	1.18	1.62				
ROE (annualized)	28%	29%	28%				

* Including accumulated profits and other equity items.

NT\$bn	3Q17	2Q17	3Q16
Operating Cash Flow	6.98	7.87	7.89
Investing Cash Flow	(3.43)	(2.84)	(3.55)
Financing Cash Flow	(3.75)	(6.78)	(5.31)

NT\$bn	3Q17	2Q17	3Q16
Cash CAPEX	(2.46)	(2.43)	(3.05)
Free Cash Flow	4.51	5.43	4.84



Event Updates & Awards

- Following Chunghwa Telecom's return of its 2G spectrum to the National Communication Commission (NCC) at the end of June and Taiwan Mobile's termination of its 4G heterogeneous network service for 2G users at the end of August, TWM hence has expanded its LTE 1800MHz spectrum to 15MHz contiguous. Accordingly, 4G network download speed rose sequentially since then.
- The first stage of the LTE 1800/2100 MHz spectrum auction starting on 10/31 has just finished, with TWM gaining 4 blocks in the 2100 frequency band at a reasonable cost of NT\$8.6bn.
- On November 1, the NCC announced a mobile interconnection rate reduction plan for voice calls, with a current upper limit of NT\$1.15 per minute call that will annually adjust downward from November 2017 to the end of 2020. Under the assumption that TWM's 2018 voice traffic will stay at similar level with 2017's, the negative impact from the new mobile interconnection rate on the company's 2018 EBITDA is estimated to be less than 1%.

- **Not only was Taiwan Mobile selected as a constituent of the prestigious Dow Jones Sustainability Index (DJSI) series for the sixth consecutive year, but this year for the first time Taiwan Mobile is listed among the companies in the DJSI World Index and is ranked 2nd among telecom companies worldwide.**
- **Honored with the 2017 Corporate Citizen Award from CommonWealth Magazine, the 10th Corporate Citizen Award since 2007.**
- **Recognized by the Sports Administration, Ministry of Education with the 2017 Sports Promoter Awards of the “Sponsorship Award Gold Class” and the “Long-Term Sponsorship Award”.**

- **The end of 2G service and the expected rational pricing of the government's licensing of the 1.8/2.1GHz spectrum will alleviate pressure on our depreciation. A more benign cable industry outlook coupled with the potential revenue acceleration aided by the completion of momo's automated distribution center is expected to continue bolstering our profit growth.**
- **Free cash flow stability and exploring service/product differentiations remains our main areas of focus. The new bundled iPhone8/X offerings with the monthly fee adjusting upward to a minimum of NT\$1,399 for unlimited data usage should bode well for healthy industry growth.**



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Q & A