



Taiwan Mobile
台湾大哥大

Taiwan Mobile Co., Ltd.

4Q12 Results Summary

January 31, 2013

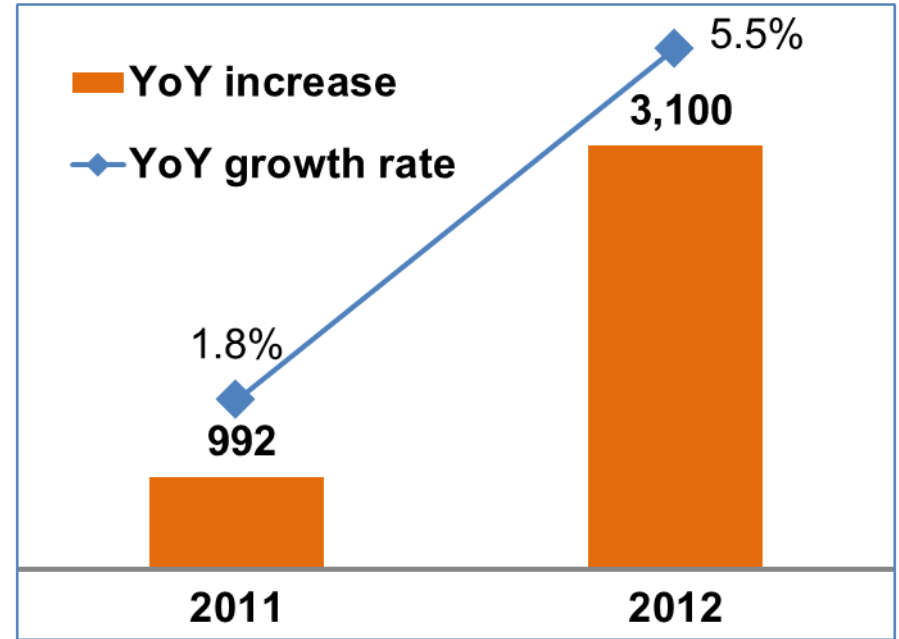
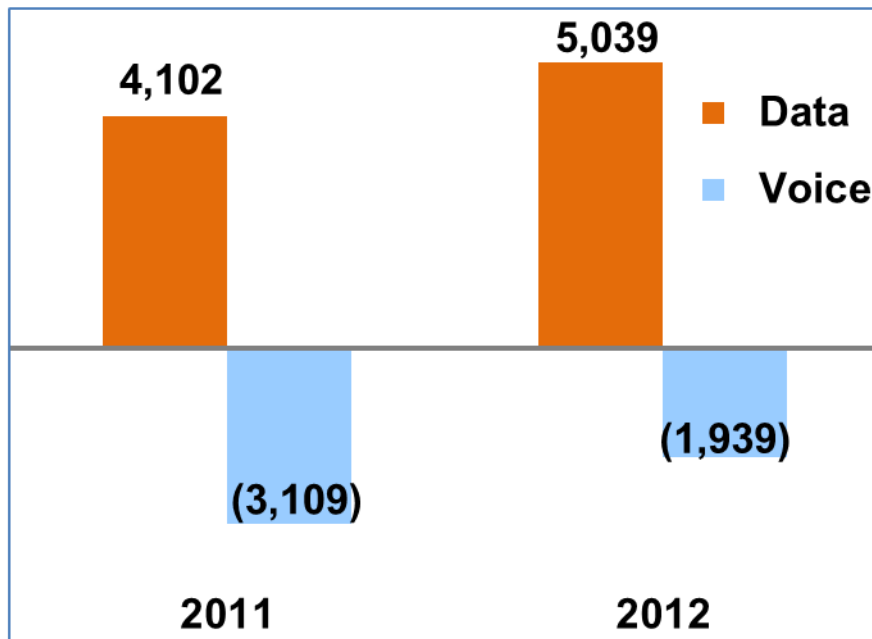
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Business Overview

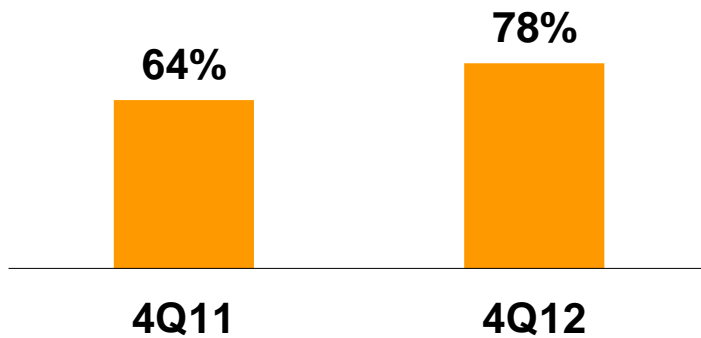
Mobile Service Revenue YoY Chang

Unit: NT\$m

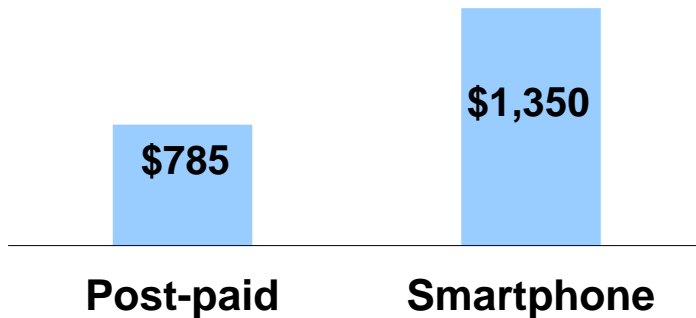


Our Smartphone Strategy

Smartphone as % of total handsets sold



2012 ARPU comparison



Current exclusive models



HTC One SV



BB Bold 9790



Sony ion



Samsung Galaxy SII 16G



Samsung Galaxy Ace II



Samsung Galaxy Ace



Sony Xperia P

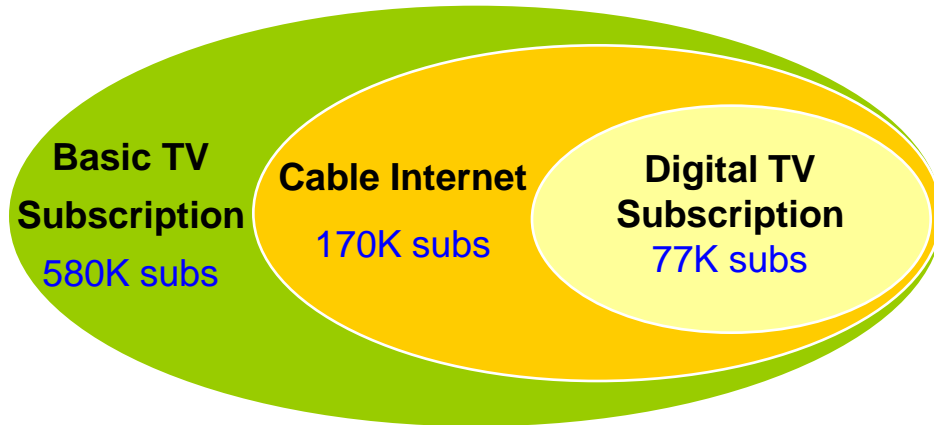


TWM Amazing A2

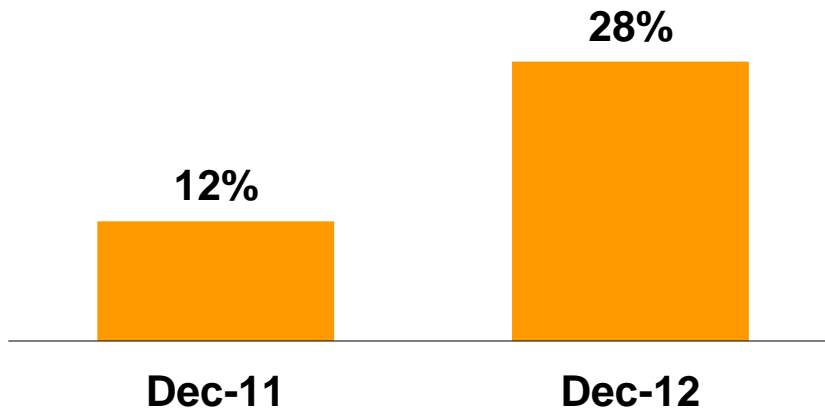


TWM Amazing A1

CATV Growth Catalysts



Cable internet subs mix (20M & above)



4Q12	Sub no. YoY growth	ARPU
Analogue TV	1%	\$501
Cable internet	10%	\$545
DTV	68%	\$134

Blended ARPU *	\$776	+3%YoY
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* Calculation based on total cable TV revenue excluding content revenue

"M+ Messenger"

Developed locally with exclusive stickers and animations, and the first to allow users to purchase gift certificates within the app for local retail stores and send them as gifts, this service now has over 2 million users.

"myVideo"

Providing the largest film library, this service allows all users, via a single account, to access and view the streaming online content on their phones, tablets, computers, laptops and smart TVs.

60-inch high definition LED TV promotion

To further boost digital TV and broadband penetration, this promotion offers household customers the opportunity to purchase the TV for NT\$38,800 (US\$1,300) when they also sign a contract for digital TV or cable internet services.



Financial Overview

Result Summary

NT\$mnn	4Q12		2012	
	Amount	YoY	Amount	YoY
Revenue	25,915	11%	98,141	21%
Service revenue*	17,996	4%	71,167	4%
Cost	(17,017)	15%	(62,734)	29%
Operating expenses	(4,492)	2%	(17,227)	14%
Operating income	4,406	4%	18,180	3%
Net non-oper. items	(101)	-20%	(209)	-86%
Income before tax	4,304	5%	17,971	11%
Net income	3,512	6%	14,692	9%
EPS (NT\$)	1.30	7%	5.46	16%
EBITDA	6,900	4%	27,928	3%
EBITDA margin	26.63%		28.46%	

* Total Revenue deducted momo and handset sales revenues.



Divisional Performance

NT\$bn	Revenue					EBITDA				
	CBG	EBG	HBG	momo & Others	Total	CBG	EBG	HBG	momo & Others	Total
4Q12	16.41	2.62	1.54	5.34	25.91	4.96	0.93	0.81	0.20	6.90
% of total	63%	10%	6%	21%	100%	72%	13%	12%	3%	100%
QoQ	5%	0%	0%	13%	6%	-8%	9%	0%	25%	-5%
YoY	9%	2%	4%	25%	11%	2%	26%	8%	-32%	4%

Balance Sheet Analysis

NT\$bn	4Q12	3Q12	4Q11		4Q12	3Q12	4Q11
Total Assets	92.38	90.17	91.79	Liabilities	41.57	42.93	41.73
Current Assets	20.10	17.67	18.13	Current Liabilities	30.75	37.43	36.11
- Cash & Cash Equivalents	7.22	5.74	6.69	- ST Debts	7.16	17.39	13.90
- Available-for-Sale Financial Assets	0.21	0.20	0.22	- Other Current Liabilities	23.59	20.04	22.21
- Inventories	2.63	2.30	2.07	Long-Term Borrowings	9.00	4.00	4.00
- Other Current Assets	10.04	9.42	9.14	Other Liabilities	1.82	1.50	1.62
Investment	2.84	2.76	2.16	Shareholders' Equity	50.81	47.24	50.06
Property and Equipment	39.83	39.95	40.80	- Paid-in Capital	34.21	34.21	34.21
Intangible Assets	26.78	27.01	27.76	- Capital Surplus	12.43	12.43	12.43
Other Assets	2.82	2.78	2.94	- Legal Reserve	18.06	18.06	16.72
				- Special Reserve	0.00	0.00	0.82
				- Un-appropriated Earnings*	1.33	1.33	2.27
				- Retained Earnings & Others	15.85	12.29	14.70
Current Ratio	65%	47%	50%	- Treasury Shares	(31.08)	(31.08)	(31.08)
Net Debt (Cash) to Equity	18%	33%	22%				
Net Debt (Cash) to EBITDA (x)	0.32	0.55	0.41				
ROE (annualized)	29%	35%	27%				

*:Excluding YTD profits

Cash Flow Analysis

NT\$bn	4Q12	3Q12	4Q11	2012	2011
Operating Cash Flow	9.42	5.02	7.74	25.86	25.25
Investing Cash Flow	(2.71)	(3.08)	(1.41)	(9.51)	(15.44)
Financing Cash Flow	(5.23)	(2.32)	(7.36)	(15.81)	(11.48)

NT\$bn	4Q12	3Q12	4Q11	2012	2011
Cash CAPEX	(2.35)	(2.35)	(1.38)	(8.12)	(6.56)
Free Cash Flow	7.07	2.66	6.36	17.74	18.70



2013 Forecast

NT\$bn	IFRS (Fair Value)			IFRS (Residual Value)		
	2013	2012	YoY	2013	2012	YoY
Revenue	112.38	100.42	12%	111.72	98.28	14%
- Telecom Service Revenue	61.21	59.21	3%	69.16	64.59	7%
- Handset Sales Revenue	21.43	15.59	38%	12.83	8.06	59%
Cash Cost ¹	62.88	52.52	20%			
SG&A	19.00	17.44	9%			
EBITDA	30.56	30.53	0%	29.92	28.42	5%
Operating Income	20.29	20.78	-3%	19.65	18.68	5%
Non-op. Income	(1.42)	(0.84)	69%			
Net Income	15.37	16.33	-6%	14.84	14.58	2%
EPS (NT\$) ²	5.71	6.07	-6%	5.51	5.42	2%

1. Including handset sales costs, but not including D&A

2. EPS is based on total share counts of 2.69bn for 2013 & 2012.

Fair Value vs. Residual Value

NT\$bn	2013				
	Residual Value	YoY	Adjustments	Fair Value	YoY
Revenue	111.72	14%	0.66	112.38	12%
- Telecom Service Revenue	69.16	7%	(7.95)	61.21	3%
- Handset Sales Revenue	12.83	59%	8.61	21.43	38%

NT\$bn	2012				
	Residual Value		Adjustments	Fair Value	YoY
Revenue	98.28		2.15	100.42	
- Telecom Service Revenue	64.59		(5.38)	59.21	
- Handset Sales Revenue	8.06		7.52	15.59	



Board Resolutions & Key Message

Spin-off

To enhance the company's distribution efficiency, TWM's board meeting today (January 31) approved to spin off its direct stores and related operations by setting up a 100% owned subsidiary. The resolution is pending AGM's approval.

Accounting policy change

To comply with the forthcoming implementation of IFRS, TWM's board approved the change in accounting policy regarding bundle sales from Residual Method to Relative Fair Value Method.

Capex guidance

The board has approved a 2013 capex of NT\$12.8bn, including NT\$8.8bn for mobile, NT\$2.4bn for fixed-line, NT\$0.9bn for CATV and NT\$0.7bn for momo.

In the face of a challenging environment, enhancing operating efficiency to grow our profitability and ensuring better customer satisfaction have become the top priorities for TWM. To this end, the spin-off of the direct stores and setting up of our own in-house mobile device repair & logistics center are paving the way for the stability of our long-term developments.

 Q & A





Fair Value vs. Residual Value

ROC GAAP Residual Value

Handset sales	\$10,000
Telecom revenue	\$20,000
Total revenue	\$30,000

IFRS Fair Value

Handset sales	\$15,000
Telecom revenue	\$15,000
Total revenue	\$30,000

Revenue allocation policy

50% Handset market price: \$20,000
50% Telecom revenue: \$20,000



First year

Handset sales	\$10,000
Telecom revenue	\$10,000
Total revenue	\$20,000

First year

Handset sales	\$15,000
Telecom revenue	\$7,500
Total revenue	\$22,500

+\$5,000

-\$2,500

Second year

Handset sales	\$0
Telecom revenue	\$10,000
Total revenue	\$10,000

Second year

Handset sales	\$0
Telecom revenue	\$7,500
Total revenue	\$7,500

-\$2,500