



Taiwan Mobile
台湾大哥大

Taiwan Mobile Co., Ltd.

2017 Results Summary

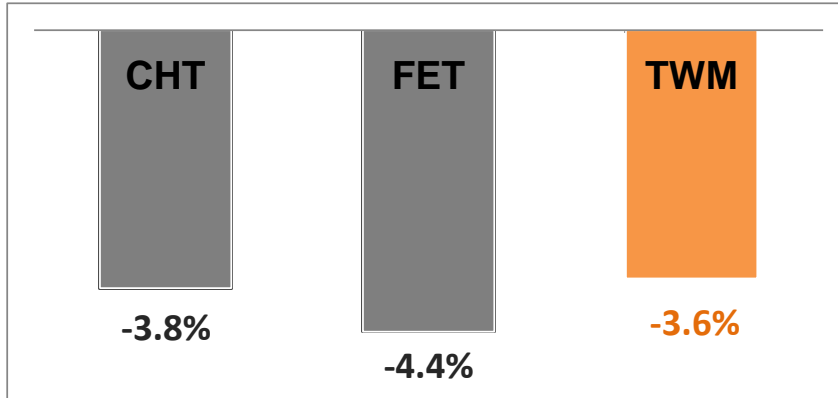
February 1, 2018

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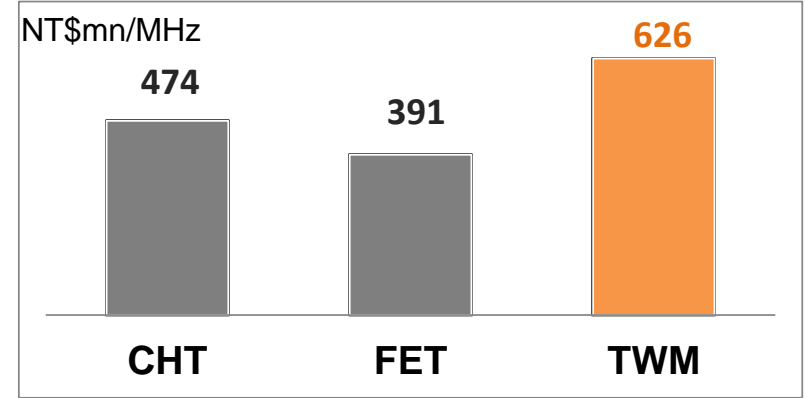


Business Overview

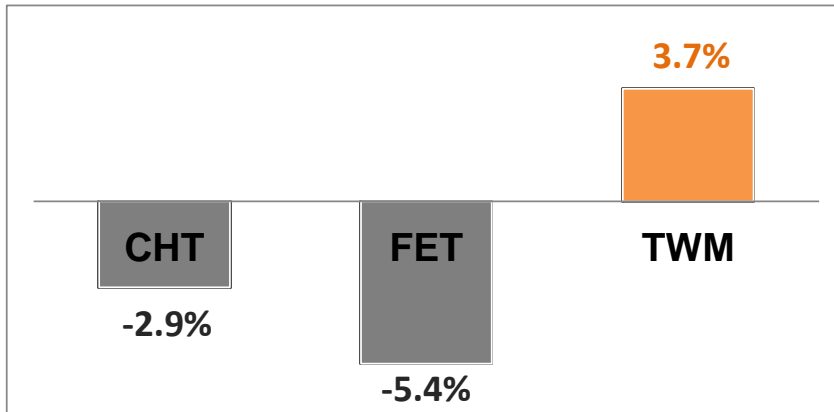
2017 Mobile Service Revenue^{1&2} YoY Change



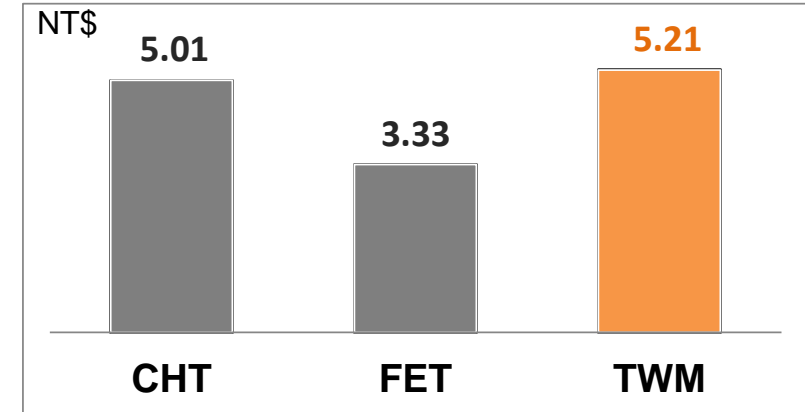
2017 Spectrum Yield³



2017 Telecom EBIT² YoY Change



2017 EPS

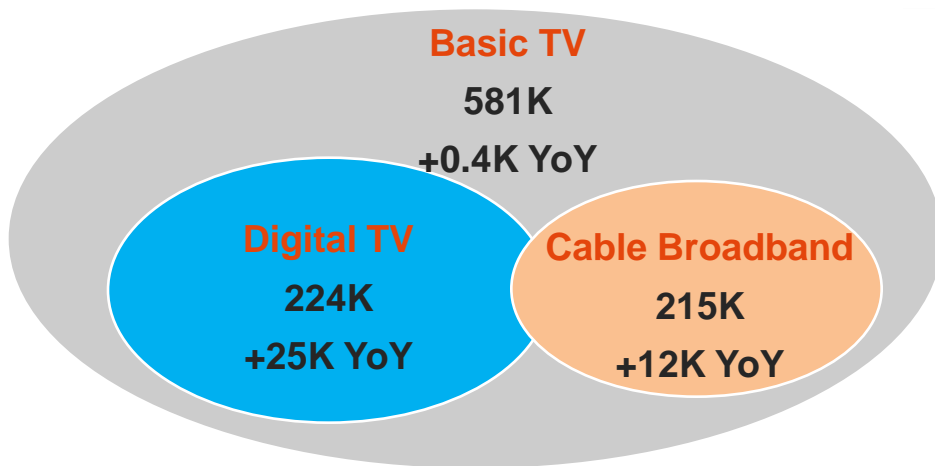


1. Based on Residual Value Method, i.e. excluding revenue adjustments under the current bundle sales accounting policy.
2. Mobile service revenue and telecom EBIT both excluded domestic roaming revenues.
3. Calculated by dividing 2017 mobile service revenue (based on Residual Value Method) by the number of spectrum owned by each telco.

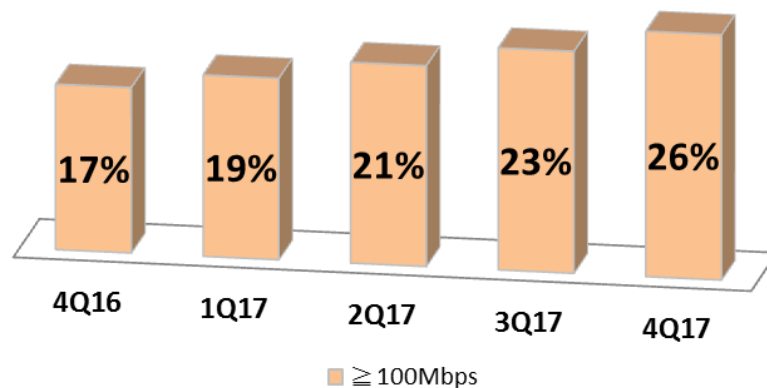


CATV Growth Catalysts

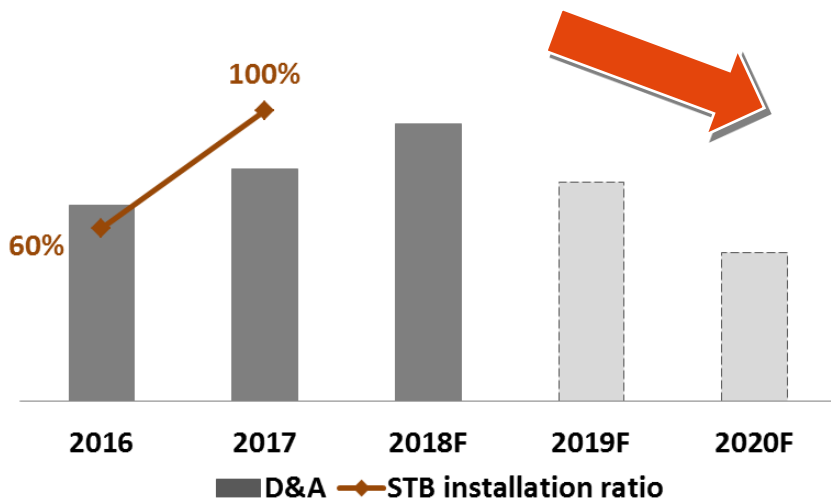
2017 Subscriber Number



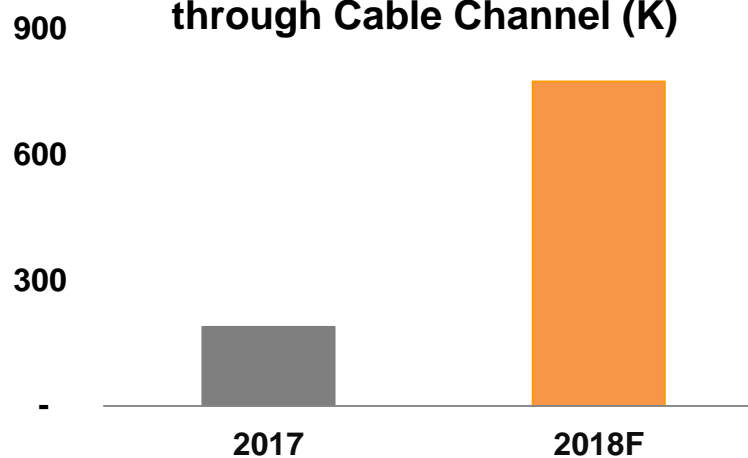
High Speed as % of Cable Broadband Subscription



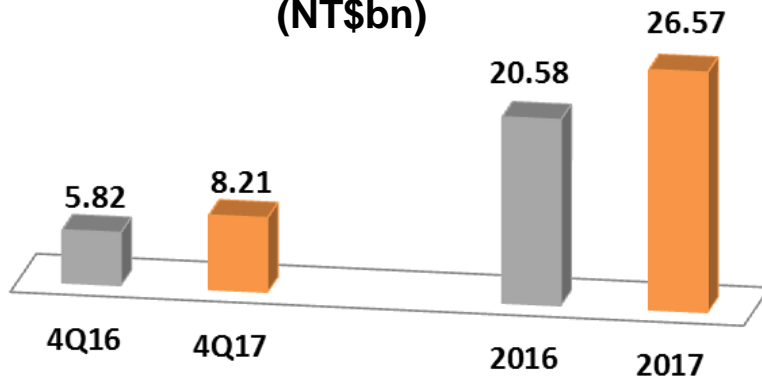
D&A Trend



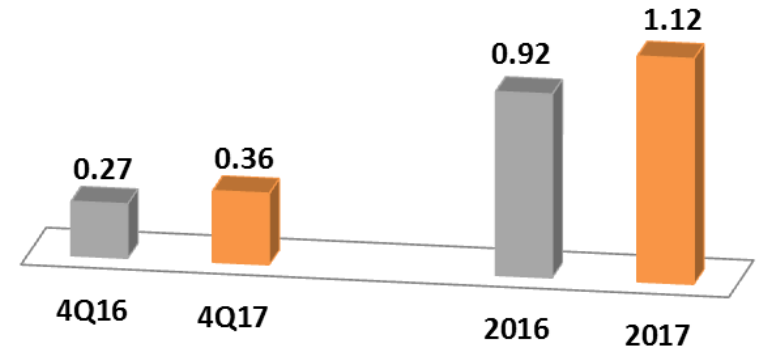
OTT Subscribers through Cable Channel (K)



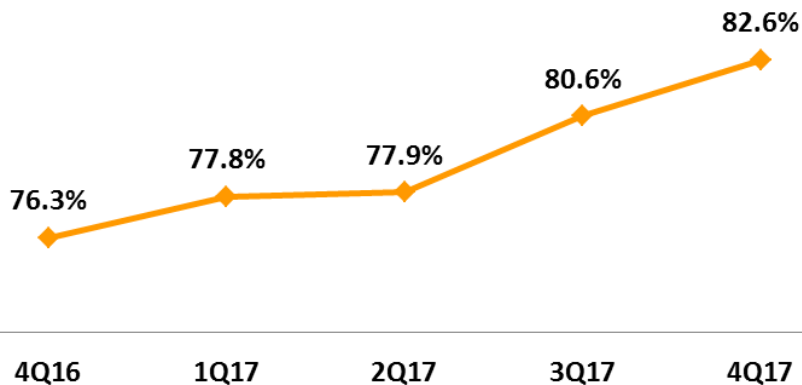
E-commerce Revenue (NT\$bn)



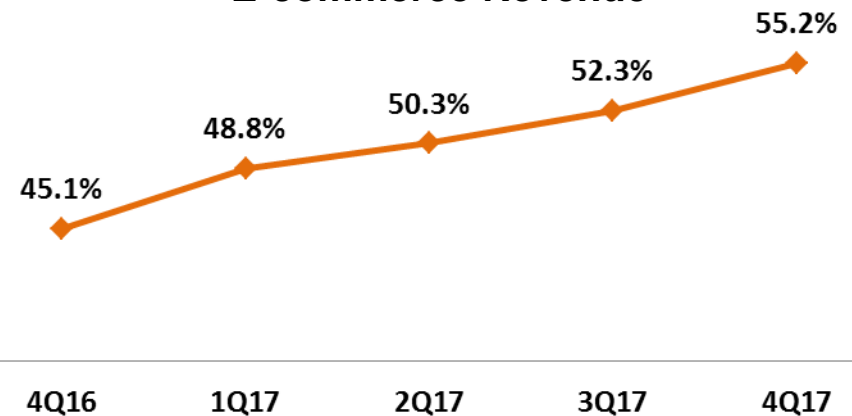
E-commerce EBITDA (NT\$bn)



E-commerce as % of Total Revenue



Mobile Commerce¹ as % E-commerce Revenue



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
4Q17	20.23	1.56	9.94	31.76	6.45	0.74	0.47	7.78
% of total	64%	5%	31%	100%	83%	10%	6%	100%
4Q17 YoY	-5%	-4%	30%	4%	-6%	-12%	39%	-5%
2017	77.37	6.39	33.24	117.17	27.52	3.28	1.52	32.78
2017 YoY	-5%	-2%	18%	0%	-4%	-6%	11%	-3%
Ex-roaming 2017 YoY					1%	-6%	11%	0%

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	4Q17			2017		
	Amount	YoY	% of 4Q guidance	Amount	YoY	% of full year guidance
Revenues	31.76	4%	102%	117.17	0%	99%
Costs	(23.09)	9%	105%	(81.45)	3%	99%
Operating Expenses	(4.37)	-5%	95%	(16.63)	-7%	92%
Operating Income	4.30	-8%	97%	19.09	-5%	103%
Non-op. Income (Exp.)	(1.12)	226%	450%	(1.46)	76%	221%
Pre-tax Income	3.18	-27%	76%	17.63	-8%	99%
Net Income	2.44	-29%	74%	14.19	-7%	99%
EPS ¹ (NT\$)	0.89	-30%	74%	5.21	-7%	99%
EBITDA	7.78	-5%	98%	32.78	-3%	101%

1. EPS is based on share counts of 2.722bn.

Balance Sheet Analysis

NT\$bn	4Q17	3Q17	4Q16	NT\$bn	4Q17	3Q17	4Q16
Total Assets	154.52	146.41	151.38	Liabilities	89.01	83.36	85.19
Current Assets	32.35	30.50	34.28	Current Liabilities	56.48	44.54	38.14
- Cash & Cash Equivalents	6.63	5.97	7.70	- ST Debts	30.86	21.86	13.62
- Accounts Receivable	14.68	14.70	15.42	- Other Current Liabilities	25.62	22.68	24.53
- Inventories	4.33	3.15	4.07	Non-current Liabilities	32.53	38.82	47.05
- Other Current Assets	6.71	6.67	7.09	- Long-term Borrowings	28.35	34.77	42.95
Non-current Assets	122.17	115.92	117.10	- Other Non-current Liabilities	4.18	4.05	4.10
- Long-term Investment	6.05	6.22	5.41	Shareholders' Equity	65.51	63.06	66.19
- Property and Equipment	44.57	45.06	45.37	Paid-in Capital	34.21	34.21	34.21
- Concession	43.67	35.82	37.86	Capital Surplus	13.94	13.92	14.99
- Other Non-current Assets	27.88	28.82	28.45	Legal Reserve	26.14	26.14	24.61
	4Q17	3Q17	4Q16	Treasury Shares	(29.72)	(29.72)	(29.72)
Current Ratio	57%	68%	90%	Un-appropriated Earnings	0.63	0.63	0.63
Net Debt to Equity	80%	80%	74%	Non-controlling Interest	5.88	5.67	5.77
Net Debt to EBITDA (x)	1.60	1.54	1.44	Retained Earnings & Others ²	14.44	12.21	15.71
ROE¹ (annualized)	22%	25%	23%				

1. ROE = Accumulated Net Income (Annualized) / Average Shareholders' Equity

2. Including accumulated profits and other equity items.

NT\$bn	4Q17	3Q17	2017	2016
Operating Cash Flow	7.99	6.98	30.32	31.83
Investing Cash Flow	(9.70)	(3.43)	(17.67)	(11.53)
Financing Cash Flow	2.37	(3.75)	(13.72)	(21.17)

NT\$bn	4Q17	3Q17	2017	2016
Cash CAPEX ¹	(2.24)	(2.46)	(9.80)	(10.49)
Free Cash Flow ¹	5.74	4.51	20.52	21.34

1: Excluding 4G License Fees.



Taiwan Mobile

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2018 Guidance and Event Updates

NT\$bn	2018F	2017A	YoY
Revenues	123.14	117.17	5%
EBITDA	32.09	32.78	-2%
D&A	(14.07)	(13.69)	3%
Operating Income	18.01	19.09	-6%
Non-op. Income (Exp.)	(0.58)	(1.46)	-61%
Pre-tax Income	17.44	17.63	-1%
Net Income	13.60	14.19	-4%
EPS ¹ (NT\$)	5.00	5.21	-4%

1. EPS is based on share counts of 2.722bn.

Board Resolutions

➤ Capex Guidance

The board today (February 1st) approved a **NT\$7.4bn capex for 2018**, including NT\$4.9bn for mobile, NT\$1.4bn for fixed-line, NT\$0.8bn for cable TV and NT\$0.3bn for momo and other subsidiaries.

➤ Straight Bond Issuance



To keep a healthy capital structure, the board today approved **the issuance of unsecured corporate straight bonds with a maximum value of NT\$15bn.**

Major Events

➤ Starting in 2018, the **IFRS 15** has been implemented. The implication of TWM's financial reporting this year will be the **capitalization of dealer commissions over the contract period.**

➤ **Statutory corporate tax rate has been raised to 20%** from 17% starting in 2018, which also applies to TWM.

Awards and Recognition

-  **Taiwan Mobile was the big winner of the 2017 Taiwan Corporate Sustainability Awards**, winning nine awards including the highest individual honor, “The Outstanding Corporate Sustainability Professional”, received by Chairman Daniel M. Tsai.
-  **Awarded the "Best Consumer Service Innovation Award"** by the Taiwan Contact Center Development Association (TCCDA) at the 2017 Customer Service Excellence Awards in Taiwan.

Note: The nine awards were “Top 50 Corporate Sustainability”, “Transparency and Integrity”, “Social Inclusion”, “Climate Leadership”, “People Development”, “Supply Chain Management”, “Creativity in Communication”, “Top 50 Corporate Sustainability Report Award – Gold Award in ICT Sector” and “The Outstanding Corporate Sustainability Professional”, won by Chairman Daniel M. Tsai.

Taiwan Mobile is confident in maintaining stable free cash flows despite less-than-satisfactory industry dynamics. Plus, we are better positioned with stronger footholds in e-commerce and OTT services, not to mention advantages in 4G spectrum and infrastructure investments. Sustaining the long-term health of our business to deliver satisfactory returns to our shareholders remains our main goal.

