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**Taiwan Mobile Co., Ltd.**  
**4Q19 Results Summary**

March 5, 2020

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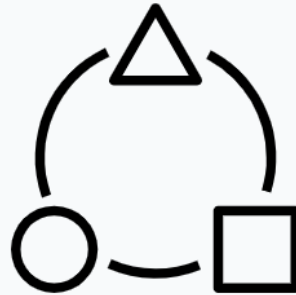
Business Overview

# 4Q19 Operational Highlights

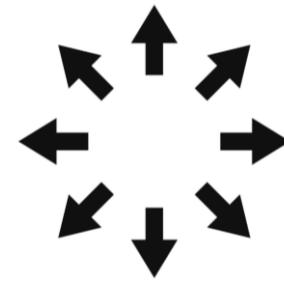
Telecom EBIT YoY  
turned positive



Blue Ocean  
Initiatives



momo continued to  
widen its lead



**101%**

**Achievement Ratio  
of FY19 Net Income**

# Versatility

4Q19 results



**+NT\$106 YoY**

handset bundle plan  
tariff of new sign-ups



**+25% YoY**

IoT connections



**+15% YoY**

Cloud service revenue

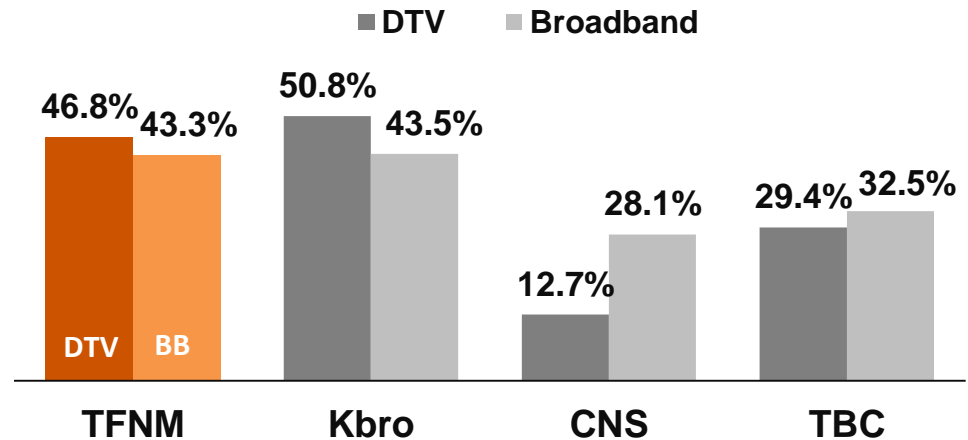
Mobile & Fiber Double Play (好速成双)			
Monthly Tariff	NT\$799	NT\$999	<b>NT\$1,399</b>
Mobile Data Service	Unlimited with no speed cap		
Broadband Speed	60Mbps	120Mbps	<b>500Mbps/1Gbps</b>
Promotion	All plans - 1. Free myVideo subscription (first 3 months) 2. Free DTV channels  \$999 and higher plans - 1. Free MyMusic subscription (first 3 months) 2. Free Google Nest Mini		

# Resilience in Pay-TV Business

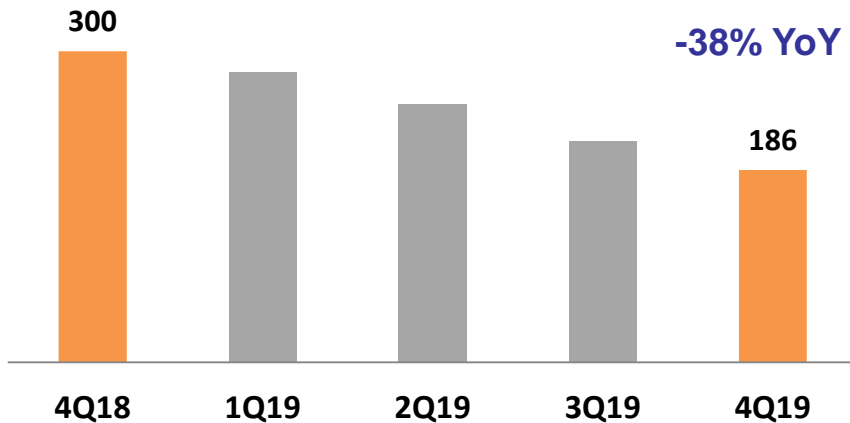
## 4Q19 Basic TV Subscribers

('000)	Subscribers	YoY(%)
TFNM	554	-2.1%
Kbro	1,132	-2.7%
CNS	1,120	-3.1%
TBC	729	-2.9%
Top 4 MSO	3,535	-2.8%

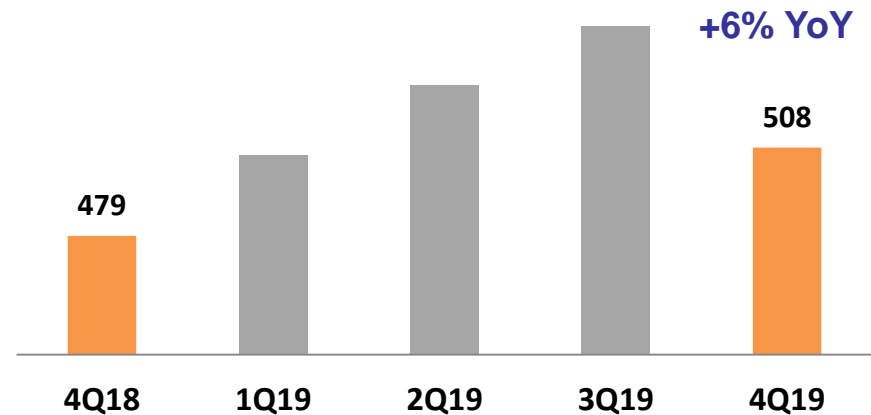
## 4Q19 Penetration Rate



## Pre-IFRS 16 D&A (NT\$m)

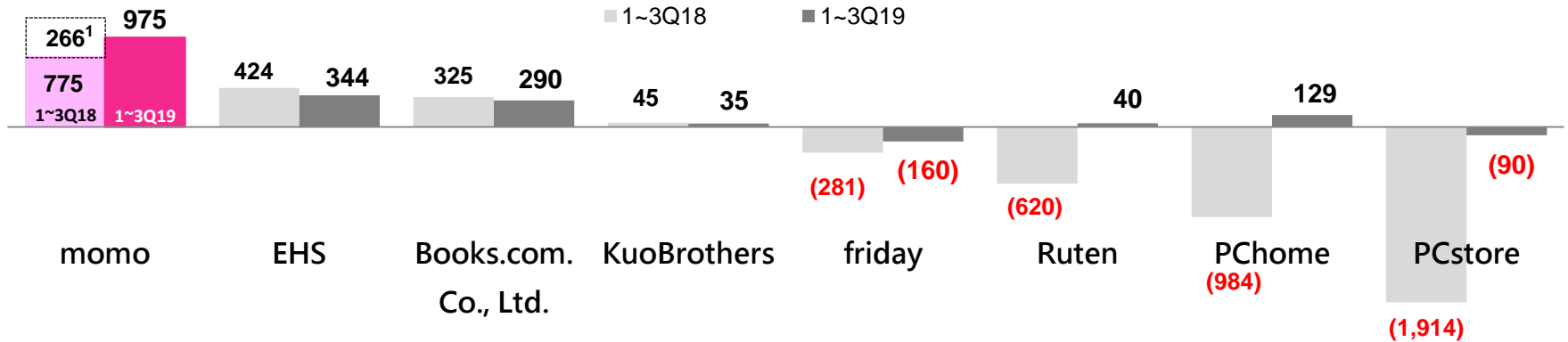


## EBIT (NT\$m)



# momo's Dominance in B2C Market

E-commerce platform net income comparison  
(NT\$mn)

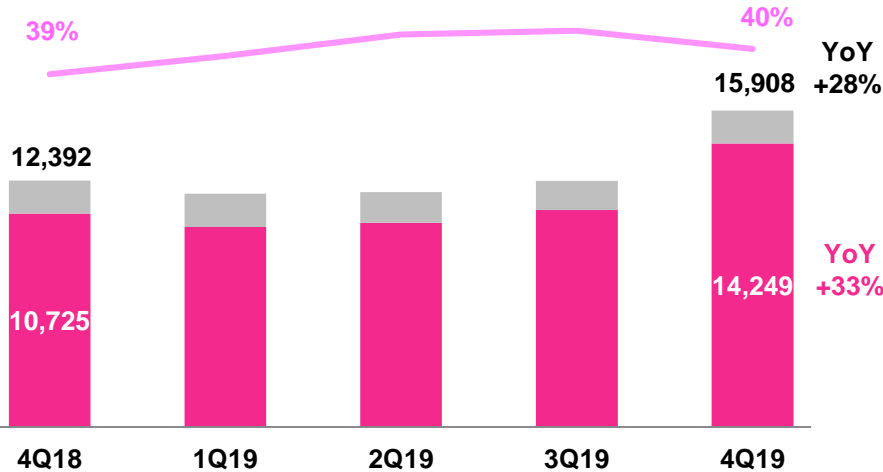


Note1: one-time tax credit

Note2: 4Q19 financial statements are not yet available.

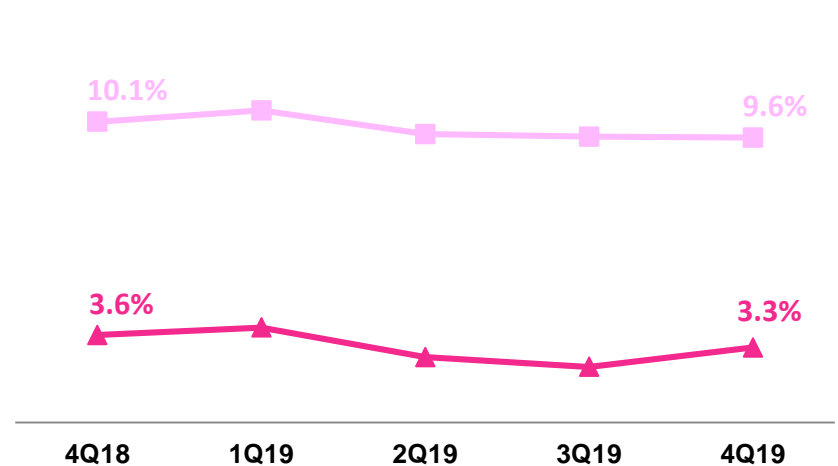
momo's revenue  
(NT\$mn)

■ B2C ■ Others — 3C(%)



momo's profitability

■ gross margin ▲ operating margin





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Financial Overview



# Performance by Business

NT\$bn	Revenue				Pre-IFRS16 EBITDA			
	Telecom	CATV	momo	Total <sup>1</sup>	Telecom	CATV	momo	Total <sup>1</sup>
4Q19	17.26	1.48	15.91	34.11	5.86	0.69	0.62	7.27
% of total	51%	4%	47%	100%	81%	10%	8%	100%
4Q19 YoY	-1%	-6%	28%	8%	-5%	-11%	14%	-5%
<b>4Q19 YoY (Reported)</b>								<b>8%</b>
2019	67.38	6.09	51.83	124.42	24.05	3.02	2.01	29.48
% of total	54%	5%	42%	100%	82%	10%	7%	100%
2019 YoY	-4%	-4%	23%	5%	-8%	-5%	16%	-7%
<b>2019 YoY (Reported)</b>								<b>5%</b>

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.

# Results Summary

NT\$bn	4Q19			2019		
	Amount	YoY	% of 4Q guidance	Amount	YoY	% of full year guidance
Revenues	34.11	8%	100%	124.42	5%	100%
Operating Costs	(25.75)	11%	102%	(91.61)	9%	101%
Operating Expenses	(4.00)	-3%	94%	(15.62)	-4%	93%
Operating Income	4.36	2%	95%	17.19	-5%	101%
Non-op. Income (Exp.)	(0.35)	236%	153%	(0.61)	29%	86%
Pre-tax Income	4.02	-4%	92%	16.58	-6%	102%
Net Income	2.95	-5%	91%	12.48	-9%	101%
EPS <sup>1</sup> (NT\$)	1.05	-7%	89%	4.51	-10%	100%
EBITDA	8.25	8%	96%	33.39	5%	100%
EBITDA Pre-IFRS 16	7.27	-5%		29.48	-7%	

1. EPS is based on share count of 2.807bn in 4Q19, and 2.768bn in 2019.

# Balance Sheet Analysis

NT\$bn	4Q19	3Q19	4Q18	NT\$bn	4Q19	3Q19	4Q18
<b>Total Assets</b>	<b>153.92</b>	<b>158.83</b>	<b>147.67</b>	<b>Liabilities</b>	<b>79.74</b>	<b>89.43</b>	<b>79.67</b>
Current Assets	29.91	34.23	29.07	Current Liabilities	44.52	52.66	41.88
- Cash & Cash Equivalents	8.66	13.02	7.50	- ST Debts	18.47	21.67	18.57
- Receivable & Contract Assets	14.07	14.80	15.21	- Accounts & Notes Payable	7.80	12.08	6.94
- Inventories	5.67	4.71	3.95	- Current Lease Liabilities <sup>1</sup>	3.53	3.53	0.00
- Other Current Assets	1.50	1.69	2.42	- Other Current Liabilities	14.72	15.38	16.38
Non-current Assets	124.01	124.60	118.60	Non-current Liabilities	35.22	36.77	37.79
- Long-term Investment	6.72	6.43	6.20	- Long-term Borrowings	24.49	25.85	33.31
- Property and Equipment	39.17	39.97	41.86	- Non-current Lease Liabilities <sup>1</sup>	6.12	6.37	0.00
- Right-of-use Assets <sup>1</sup>	9.66	9.93	0.00	- Other Non-current Liabilities	4.61	4.54	4.48
- Concession	37.71	38.41	40.53				
- Other Non-current & Contract Assets	30.76	29.86	30.01	<b>Shareholders' Equity</b>	<b>74.18</b>	<b>69.40</b>	<b>67.99</b>
				Paid-in Capital	35.09	34.96	34.24
	<b>4Q19</b>	<b>3Q19</b>	<b>4Q18</b>	Capital Surplus	20.27	19.11	12.58
<b>Current Ratio</b>	67%	65%	69%	Legal Reserve	28.92	28.92	27.56
<b>Net Debt to Equity</b>	46%	50%	65%	Treasury Shares	(29.72)	(29.72)	(29.72)
<b>Net Debt to Pre-IFRS 16 EBITDA (x)</b>	1.16	1.16	1.40	Un-appropriated Earnings	0.49	0.49	3.39
				Non-controlling Interest	6.16	6.01	6.11
<b>ROE<sup>2</sup> (annualized)</b>	18%	18%	20%	Retained Earnings & Others <sup>3</sup>	12.95	9.63	13.83

1. New items included in accordance with IFRS 16 accounting treatment of leases  
2. ROE = Accumulated Net Income (Annualized) / Average Shareholders' Equity

3. Including accumulated profits and other equity items.

# Cash Flow Analysis

NT\$bn	4Q19	3Q19	4Q18	2019	2018
Operating	2.88	11.83	7.31	30.22	29.78
Investing	(2.88)	(2.03)	(2.01)	(8.37)	(5.53)
Financing	(4.36)	(3.54)	(3.74)	(20.67)	(23.38)

NT\$bn	4Q19	3Q19	4Q18	2019	2018
Pre-IFRS 16 Operating <sup>1</sup>	1.90	10.83	7.31	26.33	29.78
Cash CAPEX <sup>2</sup>	(1.62)	(2.12)	(1.87)	(7.14)	(8.49)
Free Cash Flow <sup>2</sup>	0.28	8.71	5.44	19.19	21.28

1. "Lease expenses" previously under operating activities was reclassified into financing cash flow and investing cash flow (to a lesser extent) in accordance with IFRS 16 in 2019.

2. Excluding 4G License Fees



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2020 Guidance &  
Event Updates

# 2020 Guidance

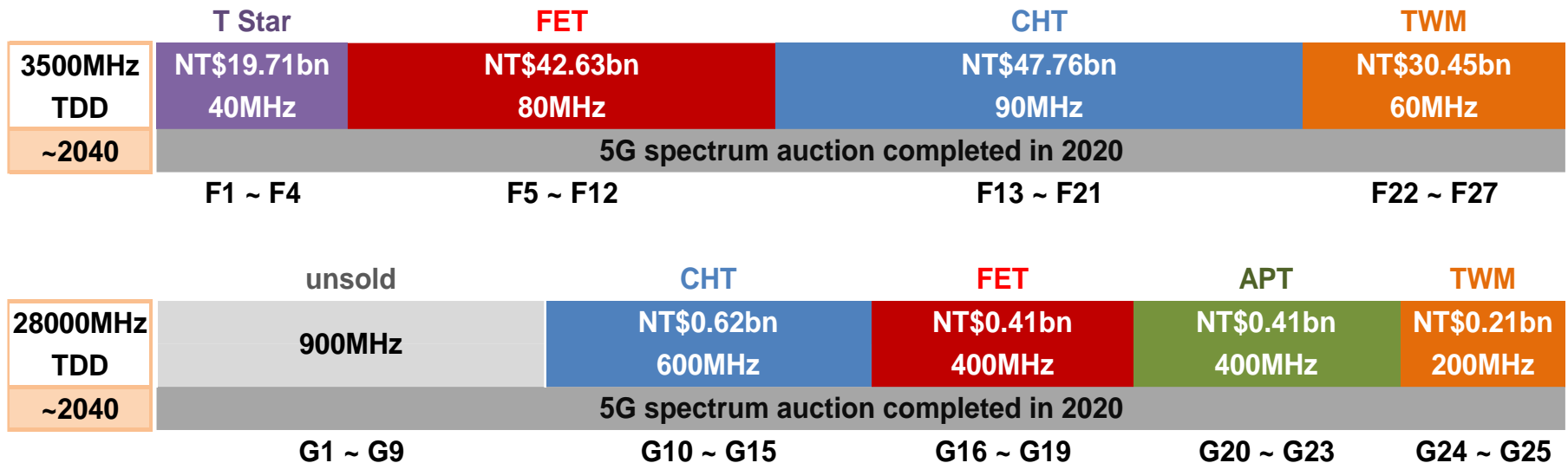
NT\$bn	2020F	2019A	YoY
Revenues	134.53	124.42	8%
EBITDA	31.67	33.39	-5%
D&A	(15.89)	(16.20)	-2%
Operating Income	15.78	17.19	-8%
Non-op. (Expense)	(0.98)	(0.61)	61%
Pre-tax Income	14.79	16.58	-11%
Net Income	11.17	12.48	-11%
EPS <sup>1</sup> (NT\$)	3.96	4.51	-12%
NT\$bn	2020F	2019A	YoY
Total Capex	14.5	7.1	103%
-Telecom	12.8	6.2	107%
-Cable	0.8	0.6	37%
-momo & others	0.9	0.4	127%

1. EPS is based on the share counts of 2.820bn in 2020 and 2.768bn in 2019.

# Event Updates

## 5G Spectrum Auction Results

The 5G spectrum auction was completed on Feb 21<sup>st</sup>, with TWM obtaining 60MHz in the 3.5GHz frequency band and 200MHz in the 28GHz frequency band. Total spectrum cost came to NT\$30.66bn.



## Straight Bond Issuance

Following Board's resolution on Jan 21<sup>st</sup>, TWM will issue its 6<sup>th</sup> unsecured corporate straight bond with total amount of NT\$20bn by end of March.

# Awards and Recognition

-  Won ten awards at the 2019 Taiwan Corporate Sustainability Awards, and was the only five-time winner to receive the “The Most Prestigious Sustainability Awards-Top Ten Domestic Corporates” among telecom firms in Taiwan.
-  Recognized for the “Best Customer Service Team” and “Best Telemarketing Team” of the CSEA (Customer Service Excellence Awards) by Taiwan Contact Center Development Association in 2019.
-  Won the second prize and special award for “2019 Buying Power –The new product and service of social innovation Purchase Reward Program” by SME Administration, Ministry of Economic Affairs.
-  Received the internationally renowned Swiss SGS QualiCert certification for its direct stores channel (myfone) and customer service for the eighth consecutive year.
-  Won 2019 Water Saving Award in non-industrial sector by Water Resources Agency, Ministry of Economic Affairs.
-  Honored with two outstanding store managers and eight excellent store managers in 2019 by Taiwan Chain Stores and Franchise Association, ranking No.1 among telecom firms in Taiwan.
-  Won 2019 Voluntary Energy Saving Award by Bureau of Energy, Ministry of Economic Affairs.



# Key Message

- 🌈 **Taiwan Mobile will be the only telco among the big three in Taiwan to be able to have partnerships on 5G network/spectrum sharing and create incremental benefits.**
- 🌈 **60MHz of spectrum in the 3.5GHz frequency band is sufficient for Taiwan Mobile's 5G business in the next ten years. In due course, we won't have capex inefficiency issues that others may encounter.**
- 🌈 **We believe we have a sensible 5G winning strategy in view that our total 5G spectrum and capex spend in the 20-year spectrum concession period may be the least among the big three without sacrificing 5G network quality. Progressing on the 5G journey, our overarching goal is to maximize related investment returns.**



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Q & A