



Taiwan Mobile
台湾大哥大

Taiwan Mobile Co., Ltd.

2Q Results Summary

Harvey Chang - CEO

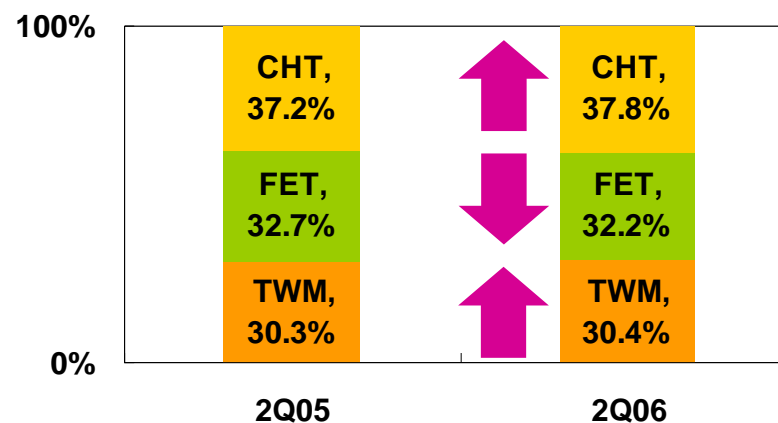
August 15, 2006

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Market updates & peer comparison

Service rev. (NT\$m)	CHT	FET+KGT	TWM+ TAT+MBT	Total
2Q06	18,250	15,307	14,679	48,236
2Q05	18,247	15,934	14,882	49,064
YoY	0%	-4%	-1%	-2%

Market share by service revenue



ARPU (NT\$)	CHT	FET+KGT	TWM+ TAT+MBT
2Q06	739	840	802
2Q05	749	848	764
YoY	-1%	-1%	5%

2Q06 Operational Data

	2Q06	1Q06	2Q05	QoQ	YoY
End Subscribers (K)	6,119	6,090	6,364	0%	-4%
-Postpaid	5,649	5,633	5,856	0%	-4%
-Prepaid	471	457	509	3%	-7%
Monthly Churn	2.0%	2.3%	2.9%		
ARPU (NT\$)	802	793	764	1%	5%
-Postpaid	822	810	797	1%	3%
-Prepaid	561	578	419	-3%	34%

- **436K 3G SIM users, accounting for 7% of TWM's total subscriber base at the end of 2Q.**
- **Data usage of 3G SIM holders: more than three times of 2G's whilst data ARPU is around 1.6 times of 2G's. This indicates 3G customers not only transmit more data but also have higher adoption of VAS contents which require monthly subscription fees.**
- **The new 3G rollout strategy focuses on providing same quality of network coverage as 2G in metropolitan areas. 3,200 sites in service by the end of this year, 3,500 sites by 2Q07.**
- **Migration from 2G to 3G unlikely to accelerate before 3G handset prices drop to a certain level and 3G network coverage in metropolitans to be comparable to 2G's levels.**

2Q06 Results Summary

NT\$bn	2Q06	QoQ	YoY
Revenue	14.75	1%	-2%
- Telecom Service Revenue	14.67	1%	-1%
EBITDA	6.75	4%	-7%
Operating Income	4.82	6%	-9%
Net Non-operating Items	0.48	NM	NM
Pre-tax Income	5.30	44%	3%
(Less Tax)	(0.63)	14%	-14%
(Less Minority Interest)	(0.03)	89%	-71%
Net Income	4.65	50%	8%
EPS (NT\$)	0.94	49%	7%
<i>EBITDA margin</i>	45.78%		
<i>Operating margin</i>	32.67%		

2Q Consolidated vs Forecast

NT\$bn	2Q06 Actual	2Q06 Forecast	% of Forecast Achieved
Revenue	14.75	15.11	98%
Operating Income	4.82	4.87	99%
EBITDA	6.75	6.77	100%
<i>EBITDA Margin</i>	<i>45.78%</i>	<i>44.82%</i>	
Pre-Tax Income	5.30	5.26	101%
(Less Tax)	(0.63)	(0.77)	81%
(Less Minority Interest)	(0.03)	(0.01)	333%
Net Income	4.65	4.48	104%
EPS (NT\$)	0.94	0.91	103%

Balance Sheet Analysis

NT\$bn	2Q06	1Q06		2Q06	1Q06
Total Assets	124.90	123.64	Current Ratio	143%	254%
Current Assets	40.18	38.18	Interest Coverage (x)	40.4	30.6
- Cash & Cash Equivalents	14.36	21.82	Net Debt (Cash) to Equity	-10%	-5%
- Available-for-Sale Financial Assets	8.78	9.18	ROE (annualized)	18%	14%
- Financial assets at fair value thru P&L	9.57	0.00	ROA (annualized)	13%	11%
- Other Current Assets	7.48	7.19			
Long-Term Investment	4.01	4.01			
Property and Equipment	61.38	62.21			
Intangible Assets	16.18	15.99			
Other Assets	3.16	3.25			
Liabilities	42.89	30.70			
Current Liabilities	28.10	15.01			
- ST Debts	1.59	1.94			
- Other Current Liabilities	26.51	13.07			
Long-Term Borrowings	14.47	14.89			
Other Liabilities	0.32	0.79			
Shareholders' Equity	82.01	92.94			

Cash Flow Analysis

NT\$bn	2Q06	1Q06	2Q05
Operating Cash Flow	(3.00)	8.12	7.66
Investing Cash Flow	(1.64)	1.45	0.53
Financing Cash Flow	(2.82)	(2.60)	(2.69)
CAPEX	(1.40)	(1.43)	(0.64)
Free Cash Flow	(4.40)	6.69	7.02

Investment updates

- TWM's ownership of TAT rose to 100% on Jun. 27
- TWM sold 48.3m CHT shares since 3Q with total sales proceeds and profits of NT\$2.7bn and NT\$485m, respectively

Execution of share buyback program pursuant to Apr. 27 board resolution

- Total number of shares bought back: 57,804 thousand shares (96.34% of the targeted 60 million shares)
- Average price: NT\$31.46 per share.

NT\$bn	TWM Consolidated	QoQ	YoY
Revenue	15.34	4%	-2%
- Telecom Service Revenue	15.27	4%	-1%
Operating Income	4.86	1%	-7%
EBITDA	6.82	1%	-5%
<i>EBITDA Margin</i>	<i>44.43%</i>		
Pre-Tax Income	5.89	11%	17%
(Less Tax)	(0.81)	30%	56%
Net Income	5.07	9%	14%
EPS (NT\$)	1.03	10%	13%



Q & A

