

<p>April 26, 2012</p> <p>Topics in This Report</p> <ul style="list-style-type: none"> • Revenue Analysis • EBIT Analysis • Income Statement Analysis • Cash Flow Analysis • Balance Sheet Analysis • Forecast • Management Remark <p><u>IR contact:</u></p> <p>Shirley Chu Director Investor Relations shirleychu@taiwanmobile.com</p> <p>Rosie Yu CFO rosieyu@taiwanmobile.com</p> <p>18Fl, No. 172-1, Sec.2, Ji-Lung Rd., Taipei 106, Taiwan, ROC Tel: 8862 6636 3159</p> <p>ir@taiwanmobile.com http://www.taiwanmobile.com</p>	<u>TWM consolidated</u>					
	NT\$bn	<u>1Q12</u>	<u>4Q11</u>	<u>1Q11</u>	<u>QoQ</u>	<u>YoY</u>
	Revenue	23.99	23.44	18.22	2%	32%
	EBITDA	6.60	6.64	6.31	-1%	5%
	Operating Income	4.20	4.23	4.00	-1%	5%
	Non-op. Income (Expense)	(0.05)	(0.13)	(0.04)	-63%	28%
	Pre-tax Income	4.15	4.10	3.97	1%	5%
	(Less Tax)	(0.71)	(0.70)	(0.67)	1%	5%
	(Less Minority Interest)	(0.09)	(0.09)	(0.00)	-3%	3165%
	Net Income	3.35	3.31	3.29	1%	2%
	EPS (NT\$)	1.25	1.22	1.10	2%	14%
	<u>Highlight of 1Q12</u>					
	<p>With a 45% YoY growth in wireless data revenue, our mobile service revenue increased by 7% YoY in 1Q12. We also note that our mobile voice revenue decline narrowed to 3% YoY, vs. the 7% YoY drop a year ago. momo, the enterprise segment and HBG also contributed to the consolidated revenue increase. Additionally, both the combined service revenue of the three business groups and momo's revenue achieved/ beat their respective guidance.</p> <p>Despite rises in handset subsidies, commissions and direct store expenses from CBG, our 1Q12 consolidated EBITDA still managed to grow 5% YoY, mainly credited to momo's EBITDA contribution. Consolidated EBITDA surpassed our 1Q12 expectation by 4%, attributed to the group's better-than-expected cost and expense control and higher-than-expected EBITDA from momo.</p> <p>Aided by both the core business and non-operating fronts, our net profit exceeded 1Q12 guidance by 7%, sending our 1Q12 EPS to NT\$1.25, up 14% YoY.</p>					
	<u>Dividend Proposal</u>					
	<p>TWM's board meeting today (April 26) approved a proposal to distribute NT\$13.9bn of cash dividends, translating into 103% payout to shareholders. Dividend per share is NT\$5.16 based on 2,690m shares, excluding treasury shares held by 100%-owned subsidiaries.</p>					
<u>Management Remark</u>						
<p>We will continue to commit most of our resources into pursuing future revenue growth. Continuous enhancement of operating leverage is underway to ensure the attainment of our financial target for the year.</p>						
<p>The information contained in this presentation, including all forward-looking information, is subject to change without notice, whether as a result of new information, future events or otherwise, and Taiwan Mobile Co., Ltd. (the "Company") undertakes no obligation to update or revise the information contained in this presentation. No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is the information intended to be a complete statement of the Company, markets or developments referred to in this presentation.</p>						

I. Revenue Analysis

Table 1. Key Operational Data

Revenue (NT\$bn)	1Q12	4Q11	1Q11	QoQ	YoY
CBG	15.52	15.12	14.37	3%	8%
Mobile Service	12.75	12.53	12.05	2%	6%
-Voice	8.90	9.08	9.36	-2%	-5%
-VAS	3.84	3.45	2.68	11%	43%
IDD	0.70	0.70	0.64	1%	10%
Device Sales	1.96	1.79	1.59	9%	23%
EBG	2.54	2.57	2.41	-1%	6%
Mobile Service	1.08	1.06	0.97	2%	11%
Fixed-line	0.95	0.96	0.87	-2%	9%
ISR & Others	0.52	0.54	0.57	-4%	-9%
HBG	1.51	1.49	1.45	2%	4%
- Pay-TV related	1.05	1.05	1.04	0%	2%
- Broadband	0.26	0.25	0.22	4%	19%
- Content & others	0.20	0.19	0.20	6%	1%
momo & Others¹	4.41	4.26	(0.01)	4%	NM

	1Q12	4Q11	1Q11	QoQ	YoY
Mobile Subscribers (K)	6,735	6,663	6,417	1%	5%
2G	1,463	1,573	1,881	-7%	-22%
3G	5,272	5,090	4,536	4%	16%
- Data card	356	340	281	5%	27%
Consumer	6,429	6,381	6,166	1%	4%
Enterprise	306	282	250	8%	23%
Monthly Churn	1.9%	1.9%	1.7%		
MOU (bn)	4.16	4.10	3.50	1%	19%
ARPM (NT\$)	3.48	3.48	3.88	0%	-10%
Pay-TV Subs (K)	577	575	570	0%	1%
Cable Broadband Subs (K)	159	155	142	3%	12%

	1Q12	4Q11	1Q11	QoQ	YoY
Wireless					
ARPU (NT\$)	720	718	707	0%	2%
MOU per sub (minute/month)	207	206	182	0%	13%
Cable MSO					
Monthly Subscription (NT\$)	505	504	506	0%	0%
Broadband ARPU (NT\$)	546	536	516	2%	6%
Blended ARPU ² (NT\$)	759	751	735	1%	3%

1. momo's financials were included in consolidated P&L since July 13, 2011.

2. Cable TV & broadband related revenue (excluding content agency) divided by its CATV subscriber number

Revenue Analysis

CBG:

In 1Q12, the YoY decline in CBG's mobile voice revenue narrowed to 5% due to a lessening impact from the F2M tariff cut. In addition, strong growth in wireless data revenue offset a decline in voice revenue, resulting in mobile service revenue increasing by 6% from a year ago.

Growth in wireless data revenue was driven by the strong continued take-up of data rate plans, specifically those bundled with smartphones. As a result, mobile internet access revenue rose 80% YoY, stemming from a 45% YoY rise in data APRU and a 30% YoY increase in the number of active data users in the quarter. Accordingly, wireless data revenue as a percentage of mobile service revenue reached 28%, the highest among peers.

Android smartphones as well as the iPhone 4S continued to post impressive sales numbers in 1Q12, which increased handset sales revenue both QoQ and YoY.

EBG:

Benefiting from enterprise customer growth, mobile service revenue rose 11% YoY in 1Q. In terms of the fixed-line business, revenue growth came largely from more new contracts gained in the IP transit business.

HBG:

1Q12 HBG maintained its broadband growth momentum with more customers signing up for high-speed (20M& above) broadband service. With 60% of newly acquired broadband customers subscribing to high-speed services, broadband ARPU also had a healthy growth of 6% YoY.

The bundled package of broadband and DTV raised DTV penetration to 9% at the end of 1Q12.

momo

momo's 1Q12 revenue increase mainly came from a rise in online shopping revenue, which currently makes up 38% of momo's revenue.

II. EBIT Analysis

Table 2. EBIT Breakdown

NT\$bn	1Q12	4Q11	1Q11	QoQ	YoY
EBITDA	6.60	6.64	6.31	-1%	5%
- CBG	4.82	4.86	4.92	-1%	-2%
- EBG	0.69	0.73	0.61	-6%	12%
- HBG	0.81	0.75	0.75	7%	7%
-momo ¹ & others	0.29	0.30	0.02	-3%	NM
Margin	27.5%	28.3%	34.5%	-0.8%	-7.1%
- CBG	31.0%	32.1%	34.2%	-1.1%	-3.2%
- EBG	27.1%	28.6%	25.4%	-1.5%	1.6%
- HBG	53.2%	50.4%	51.9%	2.8%	1.3%
-momo ¹ & others	6.6%	7.0%	NM	-0.5%	NM
D&A	2.41	2.41	2.31	0%	4%
- CBG	1.96	1.98	1.96	-1%	0%
- EBG	0.22	0.22	0.18	0%	21%
- HBG	0.14	0.13	0.12	3%	12%
-momo ¹ & others	0.09	0.08	0.04	5%	NM
EBIT	4.20	4.23	4.00	-1%	5%
- CBG	2.86	2.88	2.96	-1%	-3%
- EBG	0.47	0.51	0.43	-9%	9%
- HBG	0.67	0.62	0.63	8%	6%
-momo ¹ & others	0.20	0.22	(0.02)	-7%	NM

Note: Adjustments of 2011 CBG and EBG numbers were made to match the classifications of 2012 numbers. There is no impact on 2011 consolidated financials.

Table 3. Non-operating Item

NT\$bn	1Q12	4Q11	1Q11	QoQ	YoY
Non-Operating	(0.05)	(0.13)	(0.01)	-63%	225%
-Net Interest Revenue (Expense)	(0.07)	(0.08)	(0.06)	-5%	14%
- Write-off Loss	(0.11)	(0.09)	(0.06)	15%	78%
-Others	0.13	0.04	0.11	211%	21%

1. momo's financials were included in consolidated P&L since July 13, 2011.

EBITDA Analysis

With increases in profit from both the enterprise and cable TV business as well as profit contribution from momo, our 1Q12 EBITDA managed to grow 5% YoY.

Despite a 6% increase in service revenue and a 2% reduction in cash network cost, CBG did not see operating leverage in the quarter as we are still investing in pushing up smartphone adoption.

EBG's profit increased 12% YoY benefiting from the growing enterprise mobile and IP transit businesses as well as controlled expenses. On a QoQ basis, EBG's EBITDA decline was due to higher sales of iPhone 4S package.

HBG's profit rise came from 1) better economies of scale and 2) a higher blended ARPU as a result of selling more services to the same household.

Non-Operating Item Analysis

Only other non-operating income came in better than our expectations in the quarter.

III. Income Statement Analysis

Table 4. Income Statement

NT\$bn	1Q12	4Q11	1Q11
Revenue	23.99	23.44	18.22
Service Revenue ¹	17.49	17.28	16.60
Handset Sales	2.04	1.85	1.62
momo Revenue	4.46	4.31	--
Operating Cost	15.58	14.82	10.91
momo Cost	3.69	3.53	--
Operating Expenses	4.22	4.40	3.31
EBITDA	6.60	6.64	6.31
Operating Income	4.20	4.23	4.00
Non-op. Income (Expense)	(0.05)	(0.13)	(0.04)
Pre-tax Income	4.15	4.10	3.97
(Less Tax)	(0.71)	(0.70)	(0.67)
(Minority Interest)	(0.09)	(0.09)	(0.00)
Net Income	3.35	3.31	3.29
EPS (NT\$)	1.25	1.22	1.10

Table 5. 2011 Consolidated Results vs. Forecast

NT\$bn	1Q12	% of 1Q12 Forecast	% of Full-year Forecast
Revenue	23.99	99%	24%
Service Revenue ¹	17.49	100%	24%
Handset Sales	2.04	88%	21%
momo Revenue	4.46	102%	23%
EBITDA	6.60	104%	23%
EBITDA margin	27.5%		
Operating Income	4.20	106%	23%
Non-op. Income (Expense)	(0.05)	42%	6%
Asset Write-off Loss	(0.11)	98%	15%
Pre-tax Income	4.15	108%	23%
(Less Tax)	(0.71)	108%	23%
(Minority Interest)	(0.09)	122%	21%
Net Income	3.35	107%	23%
EPS (NT\$)	1.25	108%	23%

1. Total revenue deducted handset sales and momo revenue.

Income Statement Analysis

With a lessened F2M tariff cut this year, mobile voice revenue decline narrowed to 3% from the 7% YoY drop a year ago. This coupled with a 45% YoY growth in wireless data revenue resulted in a 7% YoY increase in mobile service revenue in 1Q12, comparing to a 2% YoY growth a quarter ago. momo, the enterprise segment and HBG also contributed to the consolidated revenue increase.

Despite rises in handset subsidies, commissions and direct store expenses from CBG, our 1Q12 consolidated EBITDA still managed to grow 5% YoY, mainly credited to momo's EBITDA contribution.

In 1Q12, both the combined service revenue of the three business groups and momo's revenue achieved/beat their respective guidance. Only handset sales revenue came in lower than expectations. Consolidated EBITDA surpassed our 1Q12 expectation by 4%, attributed to the group's better-than-expected cost and expense control and higher-than-expected EBITDA from momo.

Separately, 1Q12 other non-operating income also came in higher than guidance. Aided by both the core business and non-operating fronts, our net profit exceeded 1Q12 guidance by 7%.

IV. Cash Flow Analysis

Table 6. Cash Flow

NT\$bn	1Q12	4Q11	1Q11
Total Op Sources/(Uses)¹	5.04	7.85	6.00
Consolidated Net Income	3.44	3.40	3.29
Depreciation	2.05	2.09	2.02
Amortization	0.35	0.33	0.29
Changes in Working Capital	(1.03)	1.76	0.18
Asset Write-off Add-backs	0.11	0.09	0.06
Other Add-backs	0.11	0.17	0.16
Net Investing Sources/(Uses)	(1.85)	(1.50)	(1.48)
Capex	(1.54)	(1.46)	(1.39)
Deferred charges (Increase)& Others	(0.31)	(0.04)	(0.09)
Net Financing Sources/(Uses)	(4.26)	(7.38)	(4.63)
Short-Term Borrowings	(3.39)	(4.90)	(1.84)
Commercial Paper Payable	(0.90)	0.50	(0.50)
Long-Term Bank Loan	0.00	0.00	(2.30)
Capital Reduction	0.00	(2.99)	0.00
Others	0.01	0.00	0.01
Net Cash Position Chg.	(1.08)	(1.03)	(0.12)

1. Inclusive of cash flow for cash management.

Table 7. Capex & FCF

NT\$bn	1Q12	4Q11	1Q11
Cash Capex	1.54	1.46	1.39
- Mobile	0.89	0.89	0.99
- Fixed-line	0.35	0.34	0.34
- Cable MSO	0.27	0.13	0.06
- momo	0.03	0.11	--
% of Revenue	6%	6%	8%
Free Cash Flow	3.49	6.38	4.61

Cash Flow Analysis

Operating cash inflows for the quarter decreased sequentially due to payments made for 4Q11 handset procurements and employee bonuses in 1Q12.

Net investing cash outflow in 1Q12 was largely for the NT\$1.54bn in cash capex.

The NT\$4.29bn short-term borrowing repayment was the main cash outflow for financing activities during the quarter.

Capex and Free Cash Flow Analysis

Cash capex was 6% of total revenue in 1Q12. We estimate group capex to be more back-end loaded as the majority of IDC construction payments are expected to be paid in 2H12. Separately, cable TV's capex increased QoQ due to a portion of the capex payment being deferred from 4Q11.

The decline in operating cash inflow in 1Q12 led to a lower free cash flow, translating into an annualized yield of 6%.

V. Balance Sheet Analysis

Table 8. Balance Sheet

NT\$bn	1Q12	4Q11	1Q11
Total Assets	89.81	91.79	84.44
Current Assets	17.01	18.13	15.66
- Cash & Cash Equivalents	5.62	6.69	5.93
- Available-for-Sale Financial Asset	0.20	0.22	0.20
- Inventories	2.56	2.07	2.00
- Other Current Assets	8.65	9.15	7.53
Long-Term Investment	2.16	2.16	3.19
Property and Equipment	40.65	41.31	42.32
Intangible Assets	27.06	27.25	20.11
Other Assets	2.94	2.94	3.16
Liabilities	36.34	41.73	30.25
Current Liabilities	30.92	36.35	21.16
- ST Debt/Commercial Paper Payable	9.61	13.90	1.36
- Other Current Liabilities	21.31	22.46	19.80
Long-Term Borrowings	4.00	4.00	8.00
Other Liabilities	1.42	1.38	1.09
Shareholders' Equity	53.47	50.06	54.19
- Paid-in Capital	34.21	34.21	38.01
- Capital Surplus	12.43	12.43	12.43
- Legal Reserve	16.72	16.72	15.33
- Treasury Shares	(31.08)	(31.08)	(31.89)
- Un-appropriated Earnings*	2.27	2.27	2.27
- Special Reserve	0.82	0.82	0.82
- Retained Earnings & Others	18.11	14.70	17.21

*: excluding YTD profits

Table 9. Ratios

	1Q12	4Q11	1Q11
Current Ratio	55%	50%	74%
Interest Coverage (x)	49.7	46.5	56.8
Net Debt (Cash) to Equity	15%	22%	6%
Net Debt (Cash) to EBITDA (x)	0.28	0.41	0.13
ROE (annualized)	26%	27%	25%
ROA (annualized)	15%	15%	16%

Balance Sheet Analysis

Assets:

In 1Q12, cash balance decreased QoQ due to lower free cash flow as explained in the cash flow analysis section. But the cash level in 1Q12 remained similar to that of a year ago.

The increase in inventories from a quarter ago came from both our mobile and momo operations. Compared to a year ago, inventory rose to reflect the inclusion of momo's.

Long-term investment decreased reflecting the impairment loss of our Taiwan High Speed Rail investment made in 3Q11.

The net PP&E balance continues trending down and consists of \$32.8bn in mobile, \$5.3bn in fixed network, \$1.9bn in cable-TV assets and \$0.6bn in momo.

Intangible asset increase arose from our investment in momo since July 2011.

Liabilities & Shareholders' Equity:

Gross debt balance fell to NT\$13.61bn due to a NT\$4.29bn short-term borrowing repayment in the quarter. That caused our net debt to further decline to NT\$8bn.

Ratio Analysis

Current ratio's sequential rise came as a result of a reduction in short-term debts which also improved our net debt to EBITDA and net debt to equity ratios. Our ROE remains high at 26%.

VI. Forecast

Table 10. Forecast

NT\$bn	2Q12	2Q11	YoY
Revenue	24.79	17.97	38%
momo	4.72	--	NM
Cash Cost ¹	13.45	8.23	63%
momo	3.92	--	NM
SG&A	4.39	3.38	30%
momo	0.52	--	NM
EBITDA	7.22	6.58	10%
D&A	2.47	2.34	6%
Operating Income	4.75	4.24	12%
Non-op. Income	(0.10)	(0.06)	81%
- Asset write-off	(0.10)	(0.17)	-39%
Pre-tax Income	4.65	4.18	11%
Tax Expense	(0.79)	(0.71)	11%
Minority Interest	(0.09)	0.00	NM
Net Income	3.77	3.47	9%
EPS (NT\$) ²	1.40	1.16	21%

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

2. EPS is based on total share counts of 2.69bn for 2Q12; 2.99bn shares for 2Q11.

VII. Management Discussion & Analysis

Key Message

We will continue to commit most of our resources into pursuing future revenue growth. Continuous enhancement of operating leverage is underway to ensure the attainment of our financial target for the year.

Dividend Proposal

TWM's board meeting today (April 26) approved a proposal to distribute NT\$13.9bn of cash dividends, comprised of 90% of 2011 earnings, NT\$822mn of special reserve and NT\$937mn of un-appropriated earnings, translating into 103% payout to shareholders. Dividend per share is NT\$5.16 based on 2,690m shares, excluding treasury shares held by 100%-owned subsidiaries.

Product and Service

- In addition to the well-received iPhone4S and two smart phone models of Moto XT615 and Samsung ACE S5830i (both are exclusive) introduced in 1Q12, ten more new will come in 2Q12.
- Launched mobile shopping services via TWM's "match" portal and "MoFun" app store, entering into a new era of m-commerce.
- Launched a new prepaid rate plan that includes two new features: a lower deposit amount of NT\$100 to activate the prepaid card and free on-net calls to a designated postpaid number for the month if the bill amount exceeded NT\$100 the previous month.

Awards

- Won the 2012 Asian Excellence Recognition Awards for "Best Corporate Investor Relations" and "Best Corporate Social Responsibility" in Taiwan from *Corporate Governance Asia* magazine.