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**Topics in This Report**

- Revenue Analysis
- EBITDA Analysis
- Income Statement Analysis
- Cash Flow Analysis
- Balance Sheet Analysis
- Management Remark

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NT\$bn	<u>TWM consolidated</u>				
	<u>3Q13</u>	<u>2Q13</u>	<u>3Q12</u>	<u>QoQ</u>	<u>YoY</u>
Revenue	27.26	26.77	24.69	2%	10%
EBITDA	7.98	7.78	7.71	3%	3%
Operating Income	5.48	5.31	5.28	3%	4%
Non-op. Income (Expense)	(0.29)	(0.47)	(0.22)	-38%	34%
Pre-tax Income	5.19	4.84	5.06	7%	3%
(Less Tax)	(0.88)	(0.83)	(0.86)	7%	3%
(Less Minority Interest)	(0.03)	(0.06)	(0.03)	-46%	-1%
Net Income	4.27	3.96	4.16	8%	3%
EPS (NT\$)	1.58	1.47	1.54	7%	3%

**Highlights of 1-3Q13 results**
Revenue

With a 7% mobile service revenue YoY growth in 3Q13, we continued outperforming our peers on a like-for-like basis. Adjusted for bundle sales, our 3Q13 telecom service revenue still showed a 2% YoY increase versus a flattish telecom cash cost. During the same period, handset sales revenue also went up by 35% YoY, propelled by a 23% volume increase.

EBITDA

As consumer business, enterprise business, home business, and momo all had healthy revenue growth, this led to a 3% YoY rise in EBITDA in 3Q13, growing from a 2% EBITDA increase in 2Q13.

EPS

For the first three quarters, EPS came in at NT\$4.47, ahead of our expectations, while reaching 78% of our full-year guidance.

Board Resolutions

The Board today approved NT\$29bn spending to acquire A4 and C1 blocks in the mobile broadband spectrum auction and an additional NT\$0.66bn capital expenditure in 2013 to accelerate mobile data network deployment.

Management Remark

With an aim to better position the company and in accordance with our latest marketing and network deployment plans, TWM has resolved to increase expenditures, resulting in higher than forecasted expenses in 4Q. That said, we are confident in achieving our annual EPS target.

Having won 2 out of the 3 most valuable 15MHz blocks, TWM is confident in launching 4G services in both the 1800 and 700 MHz bands in the most cost efficient manner, setting the stage for superb 4G services.

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<All numbers provided in the tables are based on IFRS – fair value method, unless otherwise stated>

## I. Revenue Analysis

**Table 1. Key Operational Data**

Revenue (NT\$bn)	3Q13	2Q13	3Q12	QoQ	YoY
<b>CBG</b>	<b>17.73</b>	<b>17.53</b>	<b>16.10</b>	<b>1%</b>	<b>10%</b>
Mobile Service	12.55	12.34	12.06	2%	4%
-Voice	7.72	7.80	8.39	-1%	-8%
-VAS	4.82	4.54	3.68	6%	31%
IDD	0.53	0.55	0.63	-3%	-15%
Device Sales	4.53	4.51	3.32	0%	36%
<b>EBG</b>	<b>2.74</b>	<b>2.67</b>	<b>2.65</b>	<b>3%</b>	<b>3%</b>
Mobile Service	1.25	1.17	1.06	7%	18%
Fixed-line	0.87	0.88	0.95	-2%	-9%
ISR & Others	0.62	0.62	0.64	0%	-3%
<b>HBG</b>	<b>1.57</b>	<b>1.55</b>	<b>1.54</b>	<b>1%</b>	<b>2%</b>
- Pay-TV related	1.08	1.07	1.06	1%	1%
- Broadband	0.29	0.29	0.27	1%	8%
- Content & others	0.19	0.19	0.20	3%	-5%
<b>momo</b>	<b>5.30</b>	<b>5.10</b>	<b>4.45</b>	<b>4%</b>	<b>19%</b>
- TV shopping & catalogue	2.16	2.16	2.09	0%	3%
- Online shopping	2.89	2.66	2.10	8%	38%

	3Q13	2Q13	3Q12	QoQ	YoY
<b>Mobile Subscribers (K)</b>	<b>7,158</b>	<b>7,106</b>	<b>6,945</b>	<b>1%</b>	<b>3%</b>
- Data card	483	453	390	7%	24%
Consumer	6,752	6,708	6,603	1%	2%
Enterprise	406	398	342	2%	19%
<b>Monthly Churn</b>	<b>2.1%</b>	<b>2.0%</b>	<b>1.9%</b>		
<b>MOU (bn)</b>	<b>3.70</b>	<b>3.81</b>	<b>4.15</b>	<b>-3%</b>	<b>-11%</b>
<b>Pay-TV Subs (K)</b>	<b>583</b>	<b>582</b>	<b>579</b>	<b>0%</b>	<b>1%</b>
Cable Broadband Subs (K)	179	176	167	2%	7%
DTV Subs (K)	113	98	70	15%	62%

NT\$	3Q13	2Q13	3Q12	QoQ	YoY
<b>Wireless</b>					
ARPU –postpaid (residual value)	847	829	806	2%	5%
<b>Cable MSO</b>					
Basic TV ARPU	493	493	502	0%	-2%
Broadband ARPU	541	544	544	-1%	-1%
DTV ARPU	139	140	140	-1%	-1%
Blended ARPU <sup>1</sup>	785	779	770	1%	2%

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

### CBG:

3Q13 mobile service revenue YoY growth rate sustained at 4% aided by a higher ARPU from the increased take-up of the mobile data packages.

At the end of 3Q13, mobile data adoption reached 51% of the postpaid installed base, rising from 37% a year ago. As a result, mobile broadband revenue rose 40% YoY.

Continued growth in smartphone bundle contracts sold in the quarter led to a rise in handset sales from a year ago.

### EBG:

Mobile service revenue registered a robust YoY growth of 18% from a 19% rise in mobile subscriber. Legacy fixed-line revenue was still under pressure.

### HBG:

DTV subscribers significantly grew by 62% from the same quarter last year and thus DTV revenue mitigated the impact of the basic subscription fee reduction for CATV. Overall, Pay-TV related revenue continued to report an increase in the quarter.

Cable broadband's revenue growth was driven by the steady increase in cable internet subscriber base and a higher subscriber mix in the high-speed services.

### momo

momo's revenue growth was mainly contributed to the solid growing online shopping business in 3Q13. In addition, TV shopping has reported YoY revenue increases for two consecutive quarters.

## II. EBITDA Analysis

**Table 2. EBITDA Breakdown**

NT\$bn	3Q13	2Q13	3Q12	QoQ	YoY
<b>EBITDA</b>	<b>7.98</b>	<b>7.78</b>	<b>7.71</b>	<b>3%</b>	<b>3%</b>
- CBG	5.99	5.78	5.87	4%	2%
- EBG	1.00	0.96	0.87	5%	15%
- HBG	0.82	0.83	0.81	-1%	1%
- momo	0.17	0.21	0.16	-20%	10%
<b>Margin</b>	<b>29.3%</b>	<b>29.1%</b>	<b>31.2%</b>	<b>+0.2ppts</b>	<b>-2.0ppts</b>
- CBG	33.8%	33.0%	36.4%	+0.8ppts	-2.6ppts
- EBG	36.6%	35.9%	32.8%	+0.7ppts	+3.8ppts
- HBG	52.4%	53.6%	52.7%	-1.3ppts	-0.3ppts
- momo	3.2%	4.2%	3.5%	-1.0ppts	-0.3ppts
<b>D&amp;A</b>	<b>2.50</b>	<b>2.47</b>	<b>2.43</b>	<b>1%</b>	<b>3%</b>
- CBG	1.97	1.95	1.97	1%	0%
- EBG	0.27	0.26	0.24	2%	13%
- HBG	0.18	0.16	0.14	7%	22%
- momo	0.04	0.05	0.05	-7%	-3%
<b>EBIT</b>	<b>5.48</b>	<b>5.31</b>	<b>5.28</b>	<b>3%</b>	<b>4%</b>
- CBG	4.01	3.83	3.90	5%	3%
- EBG	0.74	0.69	0.63	6%	16%
- HBG	0.65	0.67	0.67	-3%	-3%
- momo	0.13	0.17	0.11	-24%	16%

Note: The combined total of CBG, EBG, HBG and momo does not equal the consolidated total of each account due to minor adjustments and eliminations.

**Table 3. Non-operating Item**

NT\$bn	3Q13	2Q13	3Q12	QoQ	YoY
<b>Non-Operating</b>	<b>(0.29)</b>	<b>(0.47)</b>	<b>(0.22)</b>	<b>-38%</b>	<b>34%</b>
-Net Interest Revenue (Expense)	(0.08)	(0.06)	(0.08)	38%	0%
- Write-off Loss	(0.20)	(0.43)	(0.16)	-53%	28%
-Others	(0.01)	0.02	0.02	NM	NM

### EBITDA Analysis

In 3Q13, CBG's EBITDA YoY increase came from its service revenue growth more than offsetting the increases in expenses related to an over 40% volume rise in smartphone bundle packages and new company stores.

EBG's double-digit YoY growth in EBITDA in the quarter largely resulted from mobile business growth in addition to stable costs/expenses.

HBG's EBITDA declined QoQ as a result of higher marketing expenses to boost DTV and broadband services penetration rates. Depreciation expense was on the rise due to more digital set-top-box procurements.

In addition to momo's scaling down its cosmetic store operation, it sold its department store at the end of August. As a result, momo's EBITDA was up 10% YoY. The QoQ decline in EBITDA was affected by a narrowing margin in the virtual channel business in the quarter.

### Non-Operating Item Analysis

Non-operating expense declined QoQ due to lower asset write-off loss in 3Q13.

### III. Income Statement Analysis

**Table 4. Income Statement**

NT\$bn	3Q13	2Q13	3Q12
<b>Revenue</b>	<b>27.26</b>	<b>26.77</b>	<b>24.69</b>
Telecom Service <sup>1</sup>	15.23	14.98	14.96
Handset Sales	4.69	4.72	3.47
<b>Revenue (residual value)</b>	<b>26.79</b>	<b>26.21</b>	<b>24.37</b>
Telecom Service	17.07	16.70	16.37
<b>Operating Cost</b>	<b>17.32</b>	<b>16.87</b>	<b>15.11</b>
<b>Operating Expense</b>	<b>4.48</b>	<b>4.60</b>	<b>4.31</b>
Other Income/(Loss)	0.02	0.01	0.02
<b>EBITDA</b>	<b>7.98</b>	<b>7.78</b>	<b>7.71</b>
<b>Operating Income</b>	<b>5.48</b>	<b>5.31</b>	<b>5.28</b>
Non-op. Income (Expense)	(0.29)	(0.47)	(0.22)
Pre-tax Income	5.19	4.84	5.06
<b>Net Income</b>	<b>4.27</b>	<b>3.96</b>	<b>4.16</b>
EPS (NT\$)	1.58	1.47	1.54

1. Combined mobile and fixed-line revenues net of inter-company transactions

**Table 5. 1-3Q13 Consolidated Results vs. Forecast**

NT\$bn	1-3Q13	YoY	% of Full-year Forecast
<b>Revenue</b>	<b>80.59</b>	<b>10%</b>	<b>72%</b>
Telecom Service <sup>1</sup>	44.78	1%	73%
Handset Sales	14.35	32%	67%
momo Revenue	15.54	22%	74%
<b>Operating Income</b>	<b>15.78</b>	<b>1%</b>	<b>78%</b>
<b>Non-op. Income (Expense)</b>	<b>(1.04)</b>	<b>82%</b>	<b>73%</b>
Asset Write-off Loss	(0.88)	127%	88%
Pre-tax Income	14.74	-2%	78%
(Less Tax)	(2.56)	0%	80%
<b>Net Income</b>	<b>12.03</b>	<b>-2%</b>	<b>78%</b>
EPS (NT\$)	4.47	-2%	78%
<b>EBITDA</b>	<b>23.22</b>	<b>1%</b>	<b>76%</b>
EBITDA margin	28.8%	-2.4ppts	

1. Combined mobile and fixed-line revenues net of inter-company transactions

#### Income Statement Analysis

##### Telecom revenue / cost

In 3Q13, our telecom revenue rose NT\$708m YoY, of which mobile service revenue was up NT\$1.04bn or 7%, higher than our peers on a like-for-like basis. Adjusted for bundled sales, our 3Q13 telecom service revenue still showed an increase versus the flattish telecom cash cost.

##### Handset sales / cost

3Q13 handset subsidies only edged up slightly YoY.

##### Opex

The increase came from adding 83 more company stores compared to a year ago.

##### EBITDA

As CBG, EBG, HBG and momo all had healthy revenue growth, this led to a 3% YoY rise in EBITDA in the quarter, growing from a 2% EBITDA increase in 2Q13.

For the first three quarters, our accumulated EBITDA and net profit were both ahead of guidance, benefiting from higher-than-expected telecom service revenue and contained handset subsidies.

## IV. Cash Flow Analysis

**Table 6. Cash Flow**

NT\$bn	3Q13	2Q13	3Q12
<b>Total Op Sources/(Uses)</b>	<b>5.93</b>	<b>7.38</b>	<b>5.00</b>
Pre-tax Income	5.19	4.84	5.06
Depreciation	2.19	2.16	2.12
Amortization	0.31	0.31	0.32
Changes in Working Capital	(2.16)	(0.50)	(2.80)
Asset Write-off Add-backs	0.20	0.43	0.16
Other Add-backs	0.20	0.14	0.15
<b>Net Investing Sources/(Uses)</b>	<b>(2.57)</b>	<b>(5.07)</b>	<b>(2.70)</b>
Capex <sup>1</sup>	(2.67)	(2.67)	(2.46)
Divestment (Acquisition)	0.00	(1.38)	(0.55)
Refundable Deposits (Increase)	0.05	(1.04)	(0.01)
Other Financial Assets (Increase) <sup>2</sup>	0.00	(0.01)	0.28
Others	0.05	0.04	0.04
<b>Net Financing Sources/(Uses)</b>	<b>(6.86)</b>	<b>2.89</b>	<b>(2.35)</b>
Dividend Payment	(14.80)	0.00	(13.88)
Short-Term Borrowings	7.56	(2.65)	11.24
Commercial Paper Payable Increase	0.40	0.00	0.30
Corporate Bond Payable	0.00	5.80	0.00
Others	(0.02)	(0.25)	(0.01)
<b>Net Cash Position Chg.</b>	<b>(3.49)</b>	<b>5.20</b>	<b>(0.05)</b>

1. Inclusive of prepayments for equipment and the acquisition of computer software & other intangible assets

2. Mainly time deposits with durations of over 3 months

**Table 7. Capex & FCF**

NT\$bn	1-3Q13	3Q13	2Q13	3Q12
<b>Cash Capex</b>	<b>9.31</b>	<b>2.67</b>	<b>2.67</b>	<b>2.46</b>
- Mobile	5.11	1.75	2.07	1.81
- Fixed-line	3.31	0.37	0.40	0.57
- Cable MSO	0.64	0.37	0.16	0.05
- momo	0.25	0.19	0.04	0.02
<b>% of Revenue</b>	<b>12%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
<b>Free Cash Flow</b>	<b>7.94</b>	<b>3.26</b>	<b>4.71</b>	<b>2.54</b>

### Cash Flow Analysis

In 3Q13, operating cash inflow decreased sequentially due to drops in accounts payable and other payables.

Net investing cash outflow in 3Q13 was mainly for the NT\$2.67bn in cash capex and a NT\$294mn capital call from our 49.9%-held Taipei New Horizons. 3Q13 investing cash outflow decreased from a quarter ago due to proceeds collected from the sale of the money market fund and department store operations as well as dividend income.

The main financing cash outflow for the third quarter was the payment of cash dividend. 3Q13 financing cash outflow increased from a year ago due to lesser short-term borrowings made and higher cash dividend paid.

### Capex and Free Cash Flow Analysis

In 3Q, capex in cable increased sequentially due to continuously boosting DTV penetration. momo's capex increase was mainly for studio digitalization and office relocation.

Capex in the first three quarters totaled NT\$9.31bn, up from \$5.95bn a year ago. This was largely due to the delayed payment into 1Q13 of the new IDC construction completed in 2012. In addition, mobile capex was up by NT\$1bn from a year ago, while the remaining increase came from procuring more set-up-boxes.

## V. Balance Sheet Analysis

**Table 8. Balance Sheet**

NT\$bn	3Q13	2Q13	3Q12
<b>Total Assets</b>	<b>109.35</b>	<b>111.86</b>	<b>97.55</b>
Current Assets	28.86	32.85	21.03
- Cash & Cash Equivalents	7.79	11.28	4.71
- Accounts Receivable	14.20	13.92	10.86
- Inventories	3.15	3.18	2.23
- Other Current Assets	3.72	4.48	3.23
Non-current Assets	80.49	79.01	76.52
- Long-Term Investment	4.20	3.27	2.81
- Property and Equipment	42.52	42.19	40.68
- Other Non-current Assets	33.77	33.55	33.03
<b>Liabilities</b>	<b>54.49</b>	<b>61.40</b>	<b>43.90</b>
Current Liabilities	35.41	42.36	36.26
- ST Debt/Commercial Paper Payable	12.73	4.77	17.39
- Other Current Liabilities	22.69	37.59	18.87
Non-current Liabilities	19.08	19.05	7.64
- Long-Term Borrowings	14.79	14.79	4.00
- Deferred Income Tax Liability	2.49	2.48	1.97
- Other Non-current Liabilities	1.80	1.78	1.67
<b>Shareholders' Equity</b>	<b>54.86</b>	<b>50.46</b>	<b>53.65</b>
-Paid-in Capital	34.21	34.21	34.21
-Capital Surplus	12.43	12.43	12.43
-Legal Reserve	19.26	19.26	18.06
-Un-appropriated Earnings	6.61	6.61	6.32
-Treasury Shares	(31.08)	(31.08)	(31.08)
-Retained Earnings & Others*	13.42	9.02	13.71

\* Including YTD profits, minority interests and other equity items

**Table 9. Ratios**

	3Q13	2Q13	3Q12
<b>Current Ratio</b>	81%	78%	58%
<b>Interest Coverage (x)</b>	50.4	58.9	56.5
<b>Net Debt (Cash) to Equity</b>	36%	16%	31%
<b>Net Debt (Cash) to EBITDA (x)</b>	0.65	0.27	0.55
<b>ROE (annualized)</b>	32%	32%	32%
<b>ROA (annualized)</b>	16%	14%	17%

### Balance Sheet Analysis

#### *Assets:*

In 3Q13, cash balance decreased QoQ mainly due to higher financing cash outflows as explained in the cash flow analysis section.

The YoY increase in accounts receivable mainly reflected the expanding bundled handset sales and mobile service revenue.

The QoQ and YoY increases in long-term investment were largely a reflection of the rising investment in Taipei New Horizons.

The net PP&E balance consisted of \$31.4bn in mobile, \$8.4bn in fixed network, \$2.2bn in cable-TV assets and \$0.5bn in momo.

#### *Liabilities & Shareholders' Equity:*

An NT\$7.96bn increase in short-term debt in the quarter raised our net debt balance to NT\$19.73bn or 65% annual EBITDA.

Other current liabilities dropped after NT\$14.8bn of cash dividend was paid in 3Q13.

### Ratio Analysis

Current ratio at the end of 3Q13 was higher than a quarter ago because of lower other current liabilities, following our payment of dividend. ROE stood at 32%.

## VII. Management Remark

### Key Message

- With an aim to better position the company and in accordance with our latest marketing and network deployment plans, TWM has resolved to increase expenditures, resulting in higher than the forecasted expenses in 4Q. That said, we are confident in achieving our annual EPS target.
- Having won 2 out of the 3 most valuable 15MHz blocks, TWM is confident in launching 4G services in both the 1800 and 700 MHz bands in the most cost efficient manner, setting the stage for superb 4G services.

### Board Resolution

On October 31, the Board approved NT\$29bn spending to acquire A4 and C1 blocks in the mobile broadband spectrum auction and an additional NT\$0.66bn capital expenditure in 2013 to accelerate mobile data network deployment. The group's capex budget would be raised to around NT\$13.5bn, with actual cash payments subject to the time of acceptance on deployment.

### Products and Services

- mySports  
TWM has launched the mySports app and integrated website which allow users to track their fitness activities and share them and pictures taken along the way with their friends as well as recommend the most ideal route for the user's fitness level.
- myVideo  
myVideo has obtained the rights to broadcast the National Basketball Association (NBA) in Taiwan. Through myVideo, viewers (not just limited to TWM customers) can enjoy the games live or as video-on-demand (VOD) via their smartphones, tablets and PCs.
- HomePlay  
TWM Broadband has launched "HomePlay", a multi-media convergence service where through the use of an app, users can view TV content on

their mobile devices, transmit photos/video and online content from their mobile devices to their TVs as well as even control their TVs with the sound of their voice.

- Exclusive smartphones

TWM exclusively introduced HTC Desire 500 and Samsung Core for the quarter.

### Awards and Recognition

- Selected once again as a member of the DJSI (Dow Jones Sustainability Indices, the world's first and most widely used global sustainability benchmarks) Emerging Markets.
- Awarded "Excellence in Corporate Social Responsibility" by *CommonWealth* magazine for the seventh year in a row.