Taiwan Mobile
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Taiwan Mobile Co., Ltd.

3Q13 Results Summary

October 31, 2013

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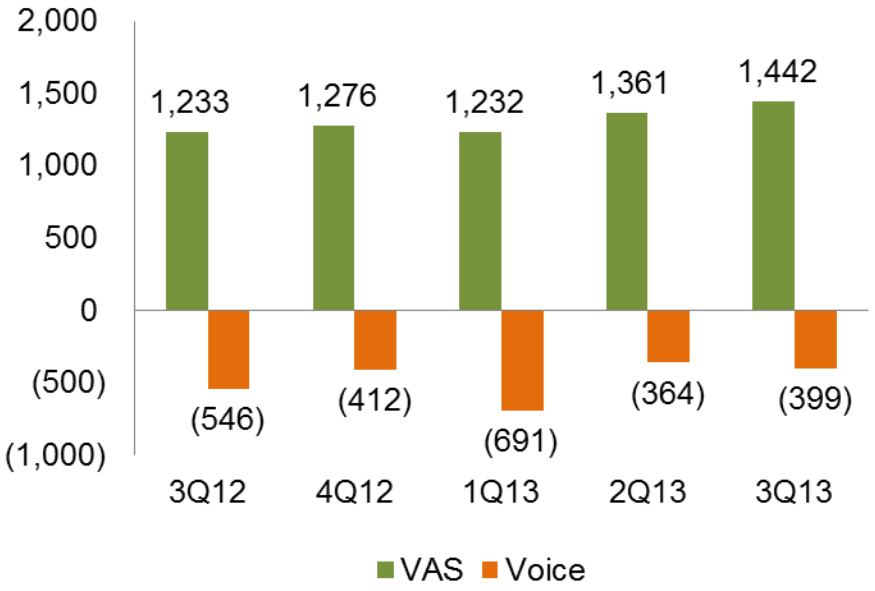
Business Overview

Higher Mobile Revenue Growth

TWM
Revenue YoY Change

Unit: NT$mn



Mobile Service Revenue
Peer Comparison

NT$mn	CHT	FET	TWM
3Q13	19,590	15,581	16,299
3Q12	18,494	15,335	15,256
YoY	6%	2%	7%

3Q13 YoY	CHT	FET	TWM
Voice Revenue	-7%	-9%	-4%
VAS Revenue	37%	26%	32%

* Based on IFRS – Residual Value Method, i.e. excluding revenue adjustments under the current bundle sales accounting policy.

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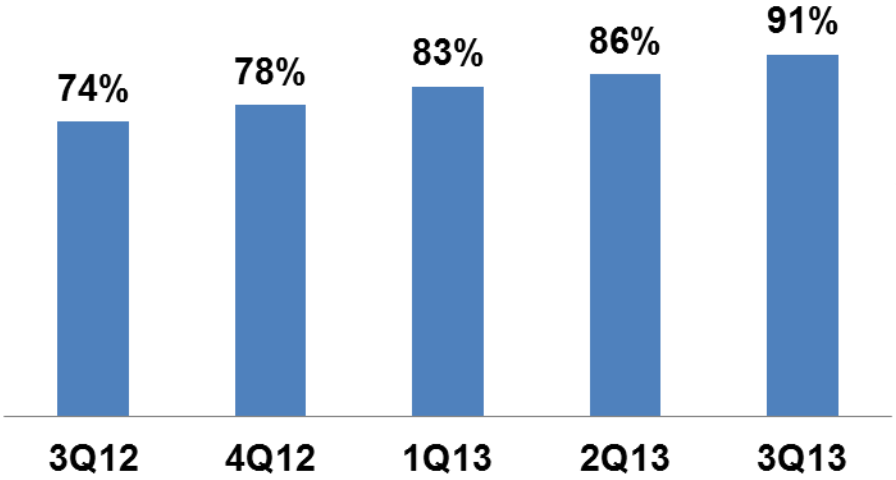
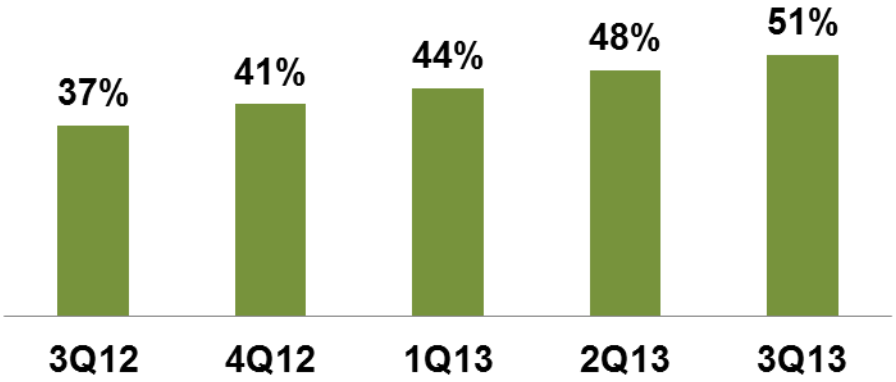
Our Smartphone Strategy

Smartphone as % of total handsets sold



Mobile data adoption rate



Current exclusive models

Sony Xperia ZR | Huawei Ascend P6 | Samsung Grand Duos | BB Z10 | HTC Desire 500 | Sony Xperia P | Samsung Core

LG L4 II | Nokia Lumia 720 | Sony Sola | TWM Amazing A6 | Samsung Ace II | HTC One SV | Nokia Lumia 520

Samsung Mini | HTC Desire 200 | TWM Amazing A5 | TWM Amazing A4 | TWM Amazing A3 | TWM Amazing A2 | TWM Amazing A1

CATV Growth Catalysts

3Q13	Sub base YoY growth	ARPU
Analogue TV	1%	$493
Cable internet	7%	$541
DTV	62%	$139
Blended ARPU *	**$785**	**+2% YoY**

* Calculation based on total cable TV revenue excluding content agency revenue

New Products & 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.

Financial Overview

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Results Summary

NT$mn	3Q13			YTD	
	Amount	YoY	% of Forecast	Amount	% of 2013 Forecast
Revenue	27,262	10%	97%	80,589	72%
Telecom revenue[1]	15,230	2%	97%	44,784	73%
Cost	(17,322)	15%	96%	(51,119)	71%
Operating expenses	(4,461)	4%	95%	(13,689)	74%
Operating income	5,479	4%	103%	15,781	78%
Net non-oper. items	(291)	34%	51%	(1,045)	73%
Income before tax	5,188	3%	110%	14,736	78%
Net income	4,271	3%	111%	12,035	78%
EPS (NT$)	1.58	3%	110%	4.47	78%
EBITDA	7,978	3%	101%	23,216	76%
EBITDA margin	29.27%			28.81%	

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

Divisional Performance

NT$bn	Revenue					EBITDA				
	CBG	EBG	HBG	momo	Total	CBG	EBG	HBG	momo	Total
3Q13	17.73	2.74	1.57	5.30	27.26	5.99	1.00	0.82	0.17	7.98
% of total	65%	10%	6%	19%	100%	75%	13%	10%	2%	100%
3Q YoY	10%	3%	2%	19%	10%	2%	15%	1%	10%	3%
2Q YoY	10%	6%	2%	26%	12%	1%	15%	2%	29%	2%

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.

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Balance Sheet Analysis

NT$bn	3Q13 IFRS	2Q13 IFRS	3Q12 IFRS
Total Assets	**109.35**	**111.86**	**97.55**
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

	3Q13 IFRS	2Q13 IFRS	3Q12 IFRS
Current Ratio	81%	78%	58%
Net Debt to Equity	36%	16%	31%
Net Debt to EBITDA (x)	0.65	0.27	0.55
ROE (annualized)	32%	32%	32%

	3Q13 IFRS	2Q13 IFRS	3Q12 IFRS
Liabilities	**54.49**	**61.40**	**43.90**
Current Liabilities	35.41	42.36	36.26
- ST Debts	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
Shareholders' Equity	**54.86**	**50.46**	**53.65**
- 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

Cash Flow Analysis

NT$bn	3Q13 IFRS	2Q13 IFRS	3Q12 IFRS
Operating Cash Flow	5.93	7.38	5.00
Investing Cash Flow	(2.57)	(5.07)	(2.70)
Financing Cash Flow	(6.86)	2.89	(2.35)

NT$bn	3Q13 IFRS	2Q13 IFRS	3Q12 IFRS
Cash CAPEX	(2.67)	(2.67)	(2.46)
Free Cash Flow	3.26	4.71	2.54

Event Updates & Key Message

Event Updates

Board Resolutions

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.

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.

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 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.**

Q & A