



Taiwan Mobile Co., Ltd.

3Q19 Results Summary

November 8, 2019

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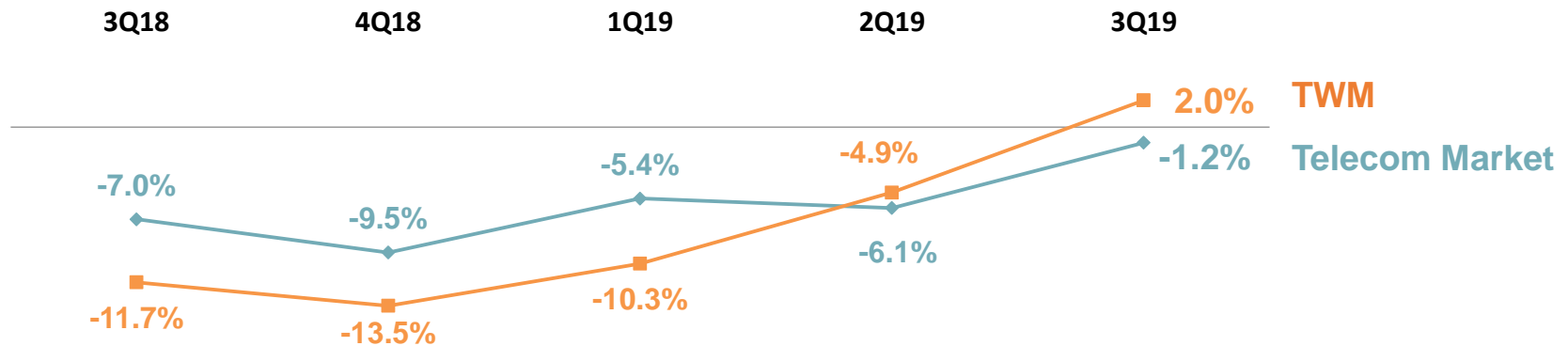


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Business Overview

Stabilization in Telecom Market

Telecom Revenue YoY

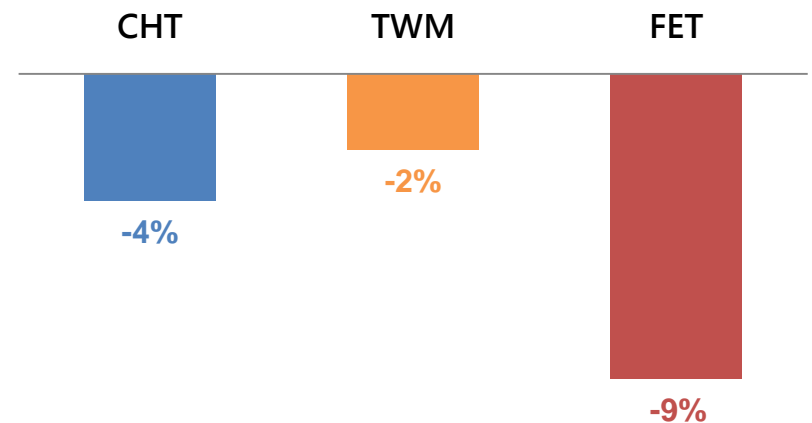


3Q19 Spectrum Yield

(Mobile Service Revenue/Spectrum Amortization)



3Q19 Telecom EBIT YoY



Note: 2Q19 spectrum amortization is used in the calculation prior to release of 3Q19 financial statements.

Versatility

3Q19 results



+33% YoY

of iPhone bundle plan



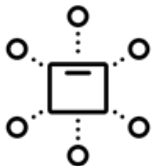
+118% YoY

of non-handset bundle plan
over NT\$999



+44% YoY

IoT connectivities



**Collaboration with
pay-TV and momo**



+146% YoY

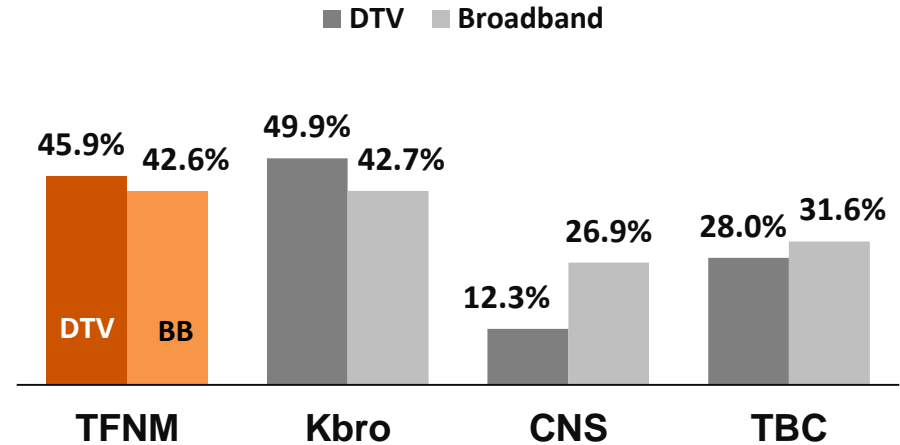
ICT, Cloud & IoT service
revenue

Resilience in Pay-TV Business

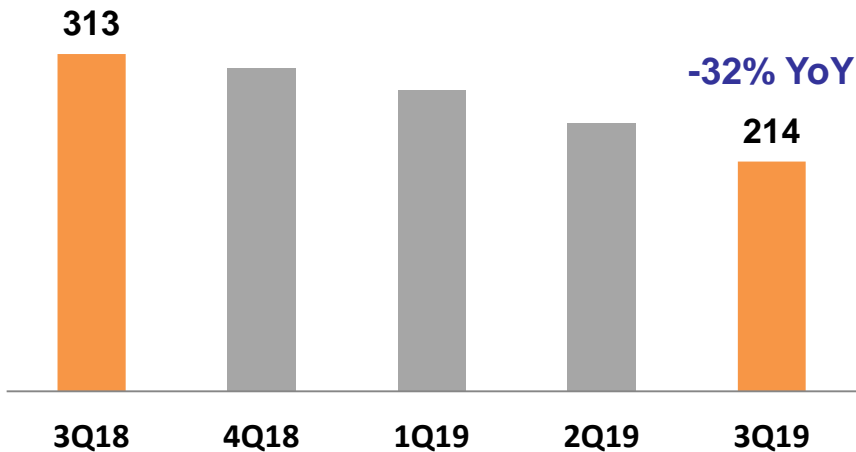
3Q19 Basic TV Subscribers

('000)	Subscribers	YoY(%)
TFNM	556	-2.5%
Kbro	1,139	-3.1%
CNS	1,126	-3.8%
TBC	734	-3.1%
Top 4 MSO	3,555	-3.2%

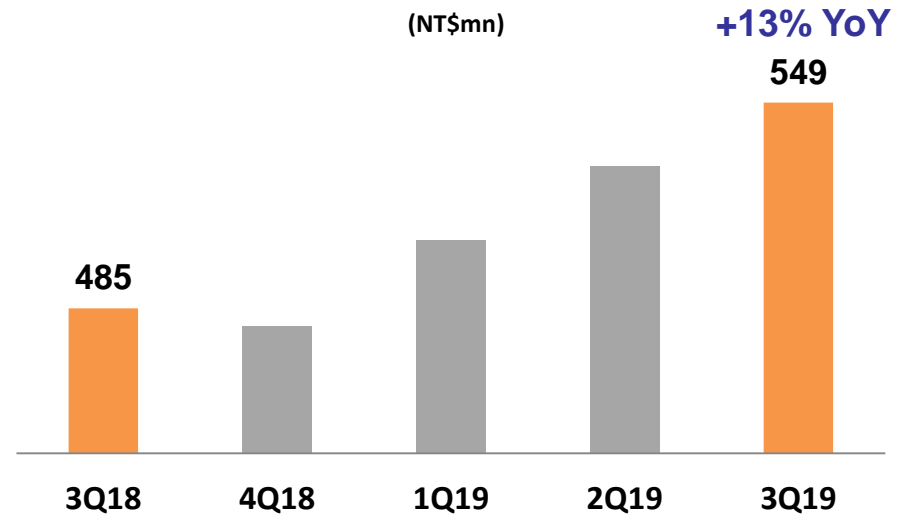
3Q19 Penetration Rate



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

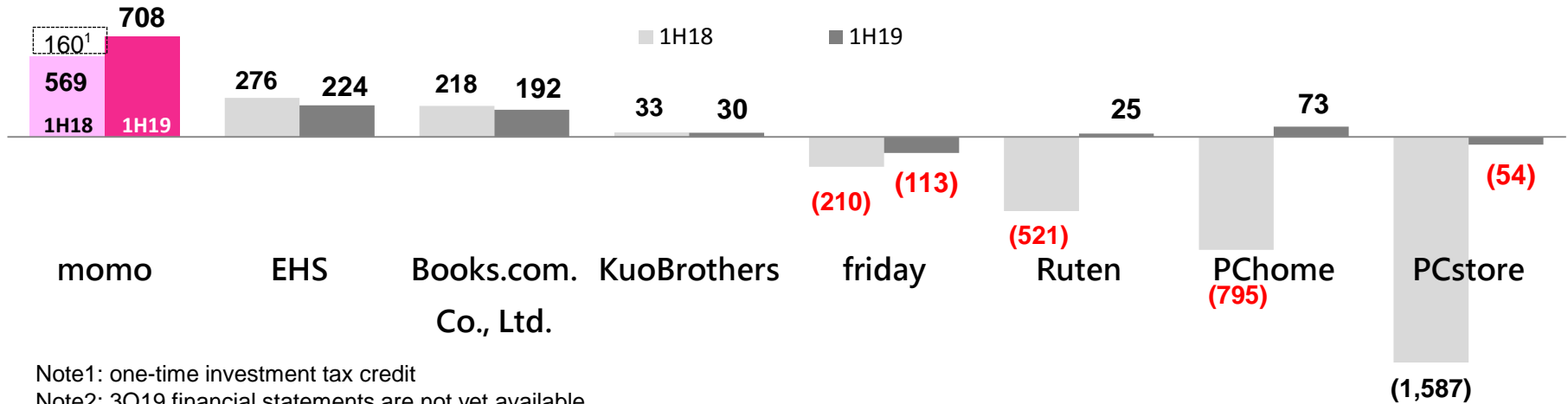


EBIT (NT\$mn)



momo's Dominance in B2C Market

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



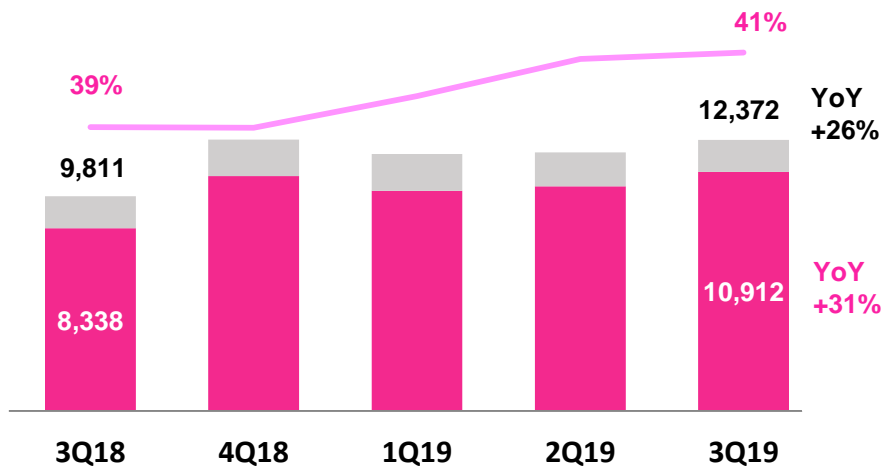
Note1: one-time investment tax credit

Note2: 3Q19 financial statements are not yet available.

momo's revenue

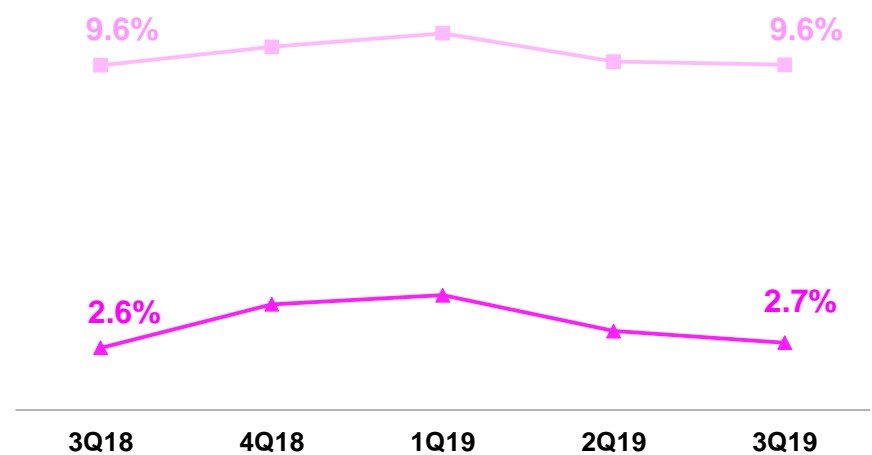
(NT\$m)

■ 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 ¹	Telecom	CATV	momo	Total ¹
3Q19	17.18	1.52	12.37	30.83	6.03	0.76	0.42	7.31
% of total	56%	5%	40%	100%	82%	10%	6%	100%
3Q19 YoY	2%	-4%	26%	9%	-4%	-5%	26%	-4%
2Q19 YoY	-5%	-3%	23%	4%	-12%	-3%	8%	-11%
3Q19 YoY (Reported)								9%

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	3Q19			1~3Q19		
	Amount	YoY	% of 3Q guidance	Amount	YoY	% of full year guidance
Revenues	30.83	9%	100%	90.31	4%	73%
Operating Costs	(22.69)	12%	102%	(65.86)	8%	73%
Operating Expenses	(3.86)	-2%	93%	(11.62)	-4%	69%
Operating Income	4.28	2%	99%	12.83	-8%	75%
Non-op. Income (Exp.)	(0.02)	-70%	18%	(0.26)	-28%	37%
Pre-tax Income	4.25	3%	102%	12.57	-7%	77%
Net Income	3.25	-1%	102%	9.53	-10%	77%
EPS ¹ (NT\$)	1.17	-3%	101%	3.46	-11%	77%
EBITDA	8.30	9%	99%	25.14	4%	75%
EBITDA Pre-IFRS 16	7.31	-4%		22.22	-8%	

1. EPS is based on share count of 2.787bn in 3Q19, and 2.755bn in 1~3Q19.

Balance Sheet Analysis

NT\$bn	3Q19	2Q19	3Q18	NT\$bn	3Q19	2Q19	3Q18
Total Assets	158.83	153.60	147.45	Liabilities	89.43	89.18	82.97
Current Assets	34.23	27.10	26.97	Current Liabilities	52.66	49.76	40.48
- Cash & Cash Equivalents	13.02	6.77	5.94	- ST Debts	21.67	8.70	17.59
- Receivable & Contract Assets	14.80	14.60	15.24	- Accounts & Notes Payable	12.08	7.14	6.76
- Inventories	4.71	4.08	3.27	- Current Lease Liabilities ¹	3.53	3.42	0.00
- Other Current Assets	1.69	1.64	2.53	- Other Current Liabilities	15.38	30.50	16.12
Non-current Assets	124.60	126.51	120.47	Non-current Liabilities	36.77	39.42	42.49
- Long-term Investment	6.43	7.36	6.22	- Long-term Borrowings	25.85	28.73	38.14
- Property and Equipment	39.97	40.74	42.47	- Non-current Lease Liabilities ¹	6.37	6.19	0.00
- Right-of-use Assets ¹	9.93	9.67	0.00	- Other Non-current Liabilities	4.54	4.50	4.35
- Concession	38.41	39.12	41.29				
- Other Non-current & Contract Assets	29.86	29.63	30.50	Shareholders' Equity	69.40	64.42	64.48
				Paid-in Capital	34.96	34.68	34.21
	3Q19	2Q19	3Q18	Capital Surplus	19.11	16.65	12.30
Current Ratio	65%	54%	67%	Legal Reserve	28.92	28.92	27.56
Net Debt to Equity	50%	48%	77%	Treasury Shares	(29.72)	(29.72)	(29.72)
Net Debt to Pre-IFRS 16 EBITDA (x)	1.16	1.03	1.55	Un-appropriated Earnings	0.49	0.49	3.39
				Non-controlling Interest	6.01	5.86	5.87
ROE² (annualized)	19%	18%	22%	Retained Earnings & Others ³	9.63	7.53	10.87

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	1~3Q19	YoY	3Q19	2Q19	3Q18
Operating	27.34	22%	11.83	7.07	7.00
Investing	(5.49)	56%	(2.03)	(1.37)	(1.08)
Financing	(16.32)	-17%	(3.54)	(6.76)	(7.60)

NT\$bn	1~3Q19	YoY	3Q19	2Q19	3Q18
Pre-IFRS 16 Operating ¹	24.42	9%	10.83	6.12	7.00
Cash CAPEX ²	(5.52)	-17%	(2.12)	(1.38)	(2.18)
Free Cash Flow ²	18.91	19%	8.71	4.74	4.82

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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Event Updates

5G Spectrum Auction

Timeline: Auction starts on Dec 10th 2019 and concludes early Jan 2020

- 🌈 First stage – Quantity bidding
 - 🌈 Supplementary bidding round for leftover spectrum¹
- 🌈 Second stage² – Location bidding if needed

Frequency Band	Available Bandwidth	Bidding Unit	Cap per Bidder	Reserve Price	Rollout Obligation (within 5 years)	License Expiration
3.5GHz	270MHz	10MHz	100MHz	NT\$24.3bn	1000 base stations and 50% population coverage	2040
28GHz	2500MHz	100MHz	800MHz	NT\$2.5bn	375 base stations per 100MHz	2040
1800MHz	20MHz	20MHz	20MHz	NT\$3.2bn	Same as 3.5GHz	2030

Note 1: The maximum quantity a bidder can win including the supplementary round is capped at ½ of the total bandwidth available for a frequency band.

Note 2: Should bidders reach a consensus regarding bandwidth location after the first stage is concluded, this stage will become unnecessary.

CAPEX Update

- 🌍 momo's BOD approved an additional capex of NT\$0.63bn to purchase a parcel of land for its South Distribution Center. TWM's FY19 consolidated capex guidance has been increased to NT\$7.1bn accordingly.

Awards and Recognition

- 🌍 Selected for the 2019 “Dow Jones Sustainability World Indices” (DJSI World) for the third year in a row and ranked second in the global telecommunications industry.
- 🌍 Twelve-time winner of CommonWealth Magazine’s “Excellence in Corporate Social Responsibility Award”.
- 🌍 The only telecommunications company in Taiwan that was honored with an “SGS Information Security Management Excellence Award”.

Key Message

Margin disciplines have contributed to our operating income growth in third quarter 2019. Free cash flow stability provides good visibility to shareholder returns.

Looking ahead, efforts to extend our business value chains would be a long-term growth driver for Taiwan Mobile, besides satisfactory earnings growth contribution from e-commerce business.



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Q & A