



Taiwan Mobile  
台湾大哥大

# Taiwan Mobile Co., Ltd.

## 4Q10 Results Summary

January 27, 2011

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# Result Summary

Unit: NT\$m

	4Q10 Actual	YoY	Execution %	2010 Actual	YoY
Operating revenue	17,900	6%	101%	70,146	2%
Operating cost	(10,333)	28%	104%	(38,162)	15%
Marketing expense	(2,344)	-5%	91%	(9,160)	-9%
G&A expense	(1,132)	-3%	98%	(4,516)	-5%
Operating income	4,092	-21%	100%	18,308	-10%
Net non-oper. items	(81)	-78%	49%	(1,206)	-33%
Income before tax	4,011	-17%	102%	17,101	-8%
Net income	3,187	-9%	101%	13,822	0%
EPS (NT\$)	1.06	-9%	100%	4.62	-1%
EBITDA	6,366	-14%	100%	27,465	-6%
EBITDA margin	35.56%	-8.44pps		39.15%	-3.63pps



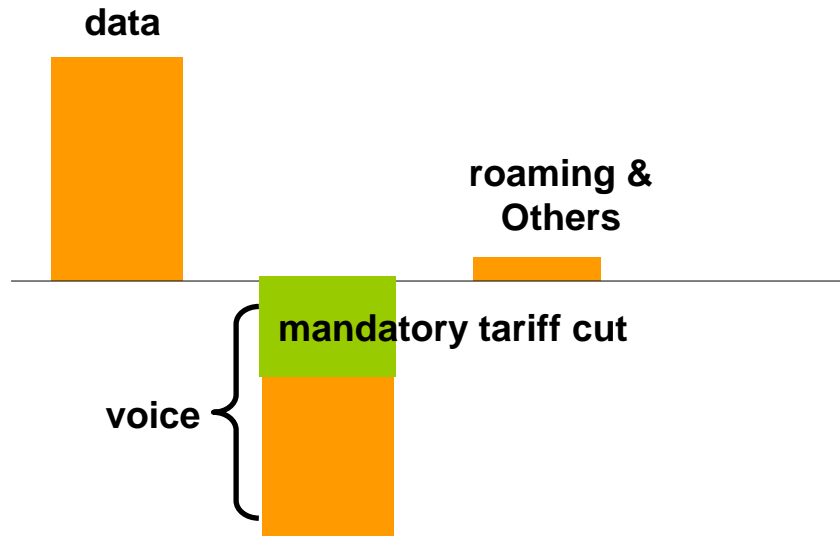
# Divisional Performance

NT\$bn	Revenue				EBITDA			
	CBG	HBG	EBG	Total	CBG	HBG	EBG	Total
4Q	14.0	1.5	2.4	17.9	5.0	0.7	0.6	6.4
YoY	6%	7%	7%	6%	-19%	12%	4%	-14%
QoQ	2%	2%	-2%	1%	-9%	3%	1%	-7%
2010	55.0	5.7	9.5	70.1	22.3	2.8	2.3	27.5
YoY	2%	7%	2%	2%	-10%	12%	11%	-6%



# Robust Wireless Data Growth

## Mobile Service Revenue YoY Change in 2010



## ARPU Comparison - 2010

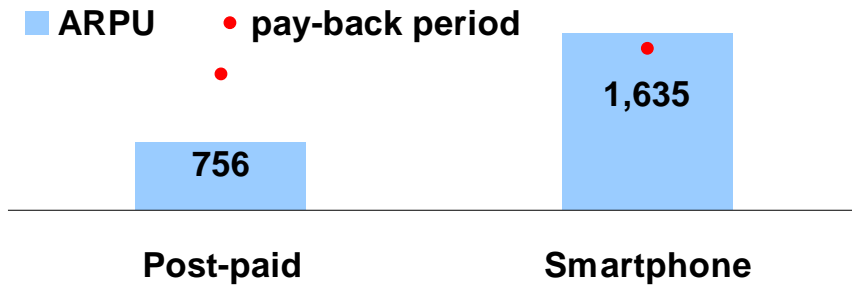


## Data Business - 2010

NT\$: bn	CHT	FET	TWM
Data revenue	11.05	8.93	8.67
% of service revenue	15%	16%	16%
Data rev. YoY	31%	15%	26%

# Our Smartphone Strategy

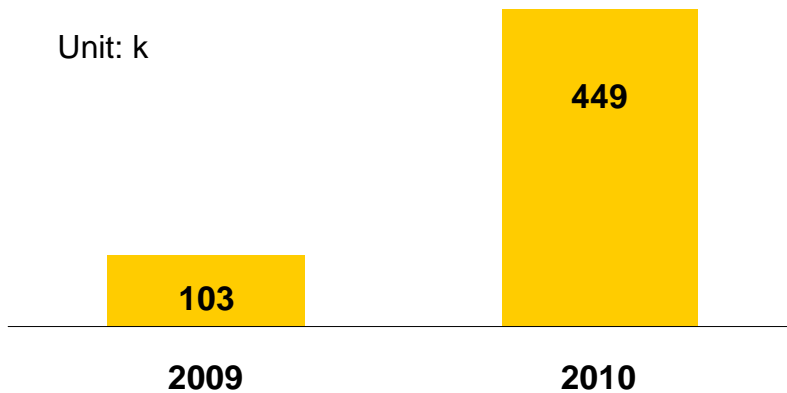
## Contribution comparison in 2010



## Products introduced in 4Q10



## Smartphone sales volume



Price of NT\$15,000



Moto DEFY

Price of NT\$8,999



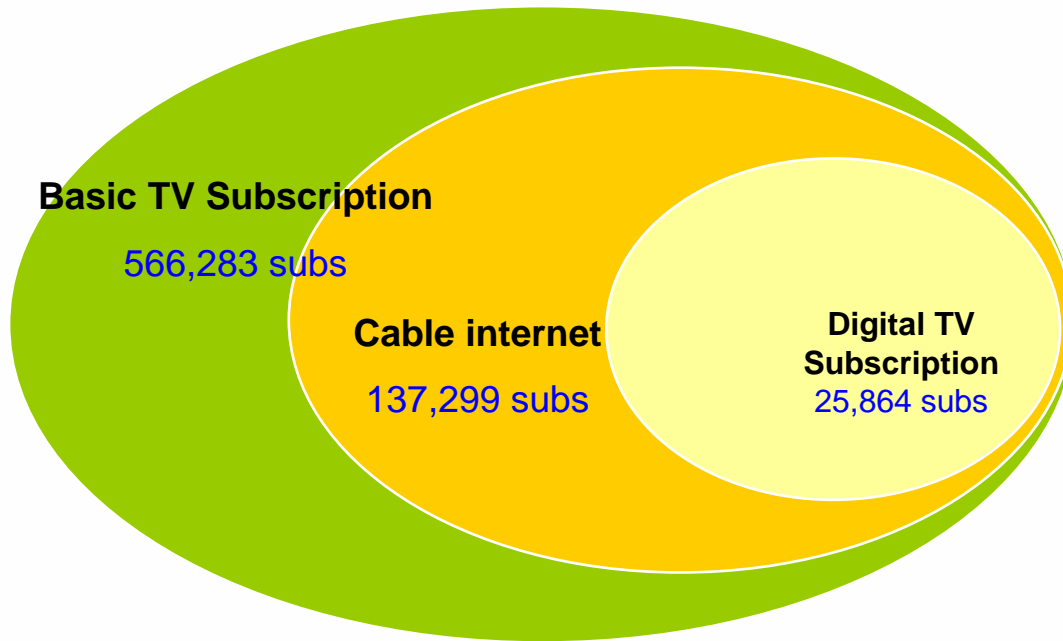
SE X8



TWM MyPad P1



# CATV Growth Catalysts



2010	Sub no. growth	ARPU
Analogue TV	3%	510
Cable internet	20%	504
DTV	258%	187

Blended ARPU	726, +5% YoY
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# Cash Flow Analysis

NT\$bn	4Q10	3Q10	2010	2009
Operating Cash Flow	7.63	5.78	25.99	23.95
Investing Cash Flow	(1.53)	(1.82)	(6.32)	(6.75)
Financing Cash Flow	(2.80)	(7.08)	(16.63)	(18.06)

NT\$bn	4Q10	3Q10	2010	2009
Cash CAPEX	(1.40)	(1.97)	(6.20)	(6.67)
Free Cash Flow	6.23	3.81	19.80	17.28



# Balance Sheet Analysis

NT\$bn	4Q10	4Q09		4Q10	4Q09
<b>Total Assets</b>	<b>85.48</b>	<b>85.89</b>	<b>Liabilities</b>	<b>34.58</b>	<b>33.80</b>
Current Assets	15.24	11.56	Current Liabilities	23.23	24.75
- Cash & Cash Equivalents	6.05	3.00	- ST Debts	3.70	7.60
- Available-for-Sale Financial Assets	0.20	0.18	- Other Current Liabilities	19.53	17.15
- Other Current Assets	8.99	8.39	Long-Term Borrowings	10.30	8.00
Investment	3.20	3.21	Other Liabilities	1.05	1.06
Property and Equipment	43.61	46.54	<b>Shareholders' Equity</b>	<b>50.90</b>	<b>52.08</b>
Intangible Assets	20.35	21.21	- Paid-in Capital	38.01	38.01
Other Assets	3.08	3.35	- Capital Surplus	12.43	12.43
			- Legal Reserve	15.33	13.94
			- Special Reserve	0.82	3.35
			- Un-appropriated Earnings*	2.27	2.27
			- Retained Earnings & Others	13.93	13.97
			- Treasury Shares	(31.89)	(31.89)
<b>Interest Coverage (x)</b>	49.1	22.7			
<b>Net Debt to Equity</b>	16%	24%			
<b>Net Debt to EBITDA (x)</b>	0.29	0.43			
<b>ROE (annualized)</b>	26%	28%			

\*:Excluding YTD profits

NT\$bn	2011	2010	YoY
<b>Revenue</b>	<b>73.96</b>	<b>70.15</b>	<b>5%</b>
<b>EBITDA</b>	<b>25.77</b>	<b>27.46</b>	<b>-6%</b>
<b><i>EBITDA Margin</i></b>	<b>34.85%</b>	<b>39.15%</b>	<b>-4.31pps</b>
<b>Operating Income</b>	<b>16.29</b>	<b>18.31</b>	<b>-11%</b>
<b>Assets Write-off</b>	<b>(0.61)</b>	<b>(1.47)</b>	<b>-58%</b>
<b>Pre-Tax Income</b>	<b>15.76</b>	<b>17.10</b>	<b>-8%</b>
<b>Tax Expense</b>	<b>(2.68)</b>	<b>(3.28)</b>	<b>-18%</b>
<b>Net Income</b>	<b>13.08</b>	<b>13.82</b>	<b>-5%</b>
<b>EPS (NT\$)<sup>1</sup></b>	<b>4.57</b>	<b>4.62</b>	<b>-1%</b>

1. 2011 EPS is based on weighted average share counts of 2.86bn, to reflect 10% capital reduction, effective Aug. 2011.  
2010 EPS is based on 2.99bn shares.

## 2011 Capex

2011 capex guidance of NT\$6.4bn, consisted of NT\$4.6bn in mobile, NT\$1.2bn in fixed-line, and NT\$0.6bn in cable TV operations.

## Management Change

Announced the appointment of George C. Chou as President of TFN, Rosie Yu as CFO of TWM and Steve HS Wang as acting CTO

## Regulatory Update

On January 1, 2011, the pricing right of fixed-to-mobile (F2M) calls has been returned to fixed-line service providers from mobile players. Separately, with the benefit of the consumer in mind, NCC has regulated a gradual reduction of the amount consumers pay for F2M calls. Accordingly, both the tariff that fixed-line service providers can receive and the interconnection revenue mobile operators can generate will decrease gradually from the end of 2010 to the end of 2016.

## Awards

- Awarded for the fourth time “Best Corporate Governance Award” from *Euromoney*
- Received “Environmental Protection Award” from the Environmental Protection Administration, Executive Yuan, two years in a row
- TWM’s “match” mobile internet service was awarded the “Outstanding I.T. Applications/Products Award” at the 2010 ICT Exhibition

## New Products and Services

- TWM completed an integrated platform to launch a pioneering digital convergence service “4 screens and a cloud” , which includes “my Photo”, “ezPeer (on-line music)” and the “Connect TV service” (surfing internet on TV by simply using a remote control), ahead of peers in 1Q11.
- Due to the popularity of iPad and tablet products, TWM has introduced its own brand tablet PC, “myPad P1”, to establish a market foothold.



Our growth strategy of wireless data starts to pay off in 2011. Regulatory intervention, however, will weigh on our mobile operations this year. But, comparatively, our 21% EBITDA contribution from cable TV and fixed network will mitigate the impact to a certain degree. Our commitment to growth to both minimize earnings fluctuations and enhance shareholder returns will continue.

 Q & A

