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Taiwan Mobile Co., Ltd.
2Q18 Results Summary

July 26, 2018

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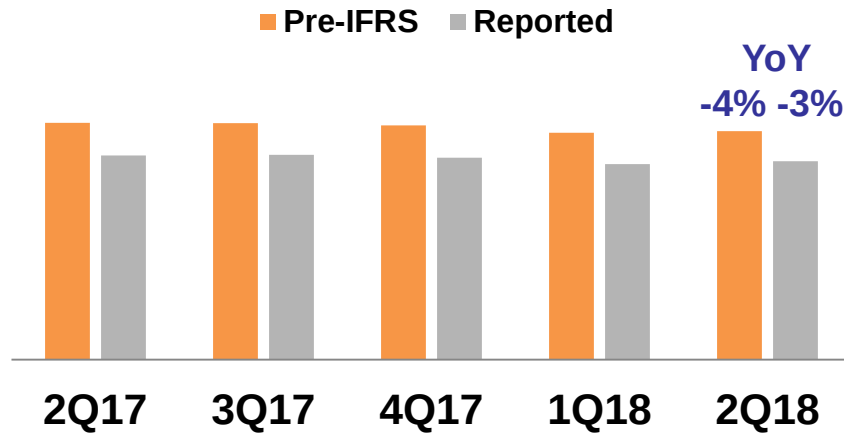


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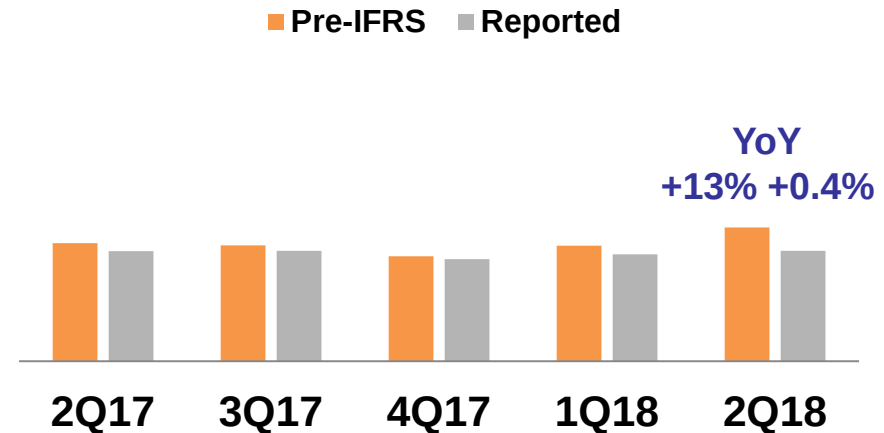
Business Overview

Telecom Business – Cash Flows Stand Out

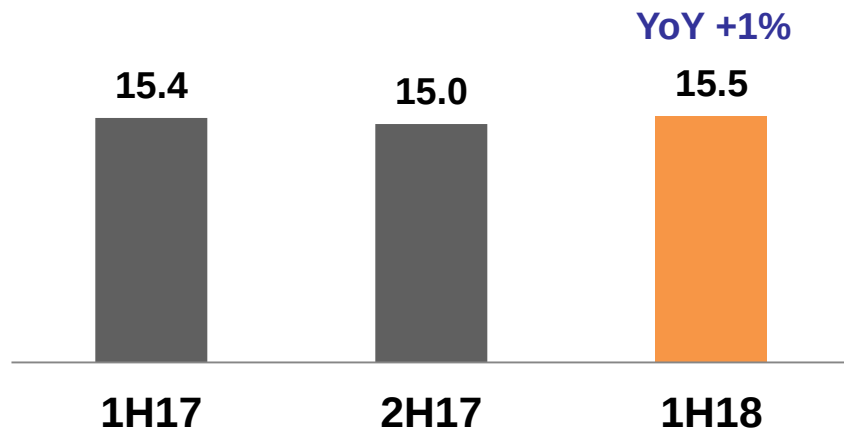
Telecom Service Revenue



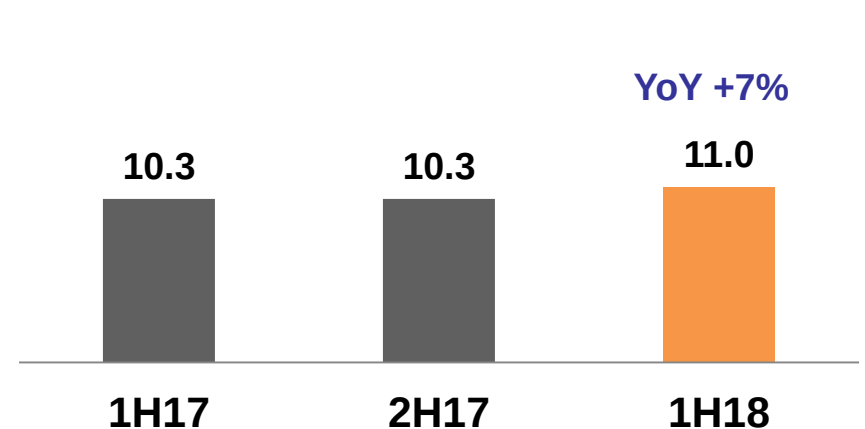
Telecom EBITDA



Operating Cash Flow (NT\$bn)

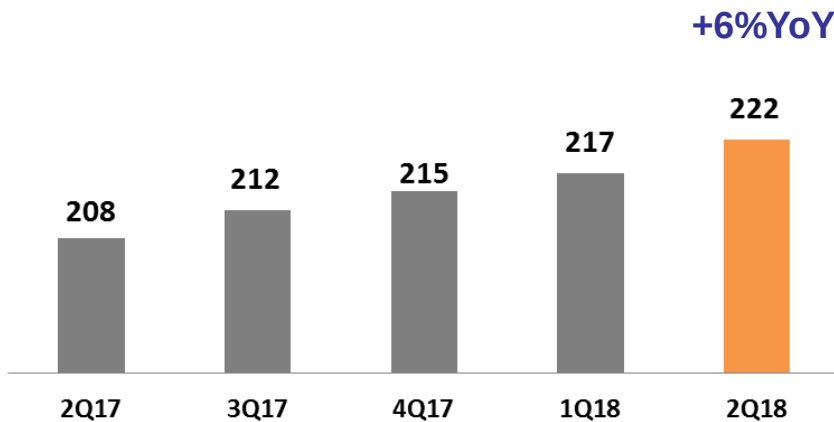


Free Cash Flow (NT\$bn)

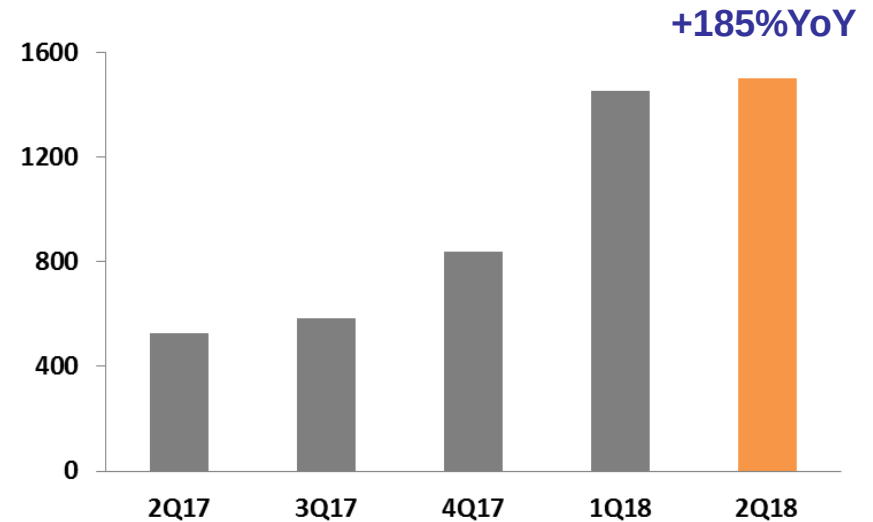


Growth Catalysts

Fixed Broadband Subs (K)



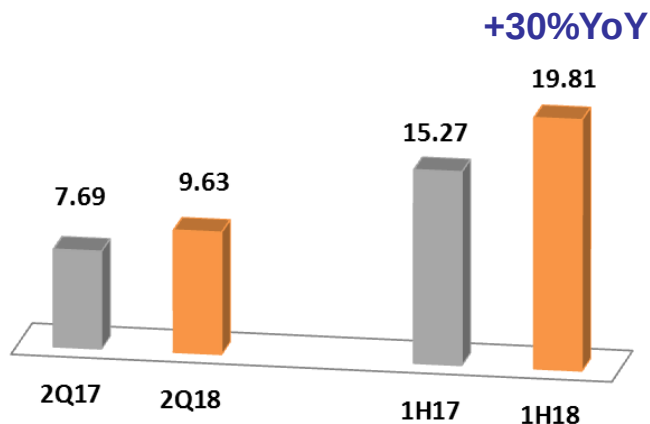
MAU¹ of myVideo (K)



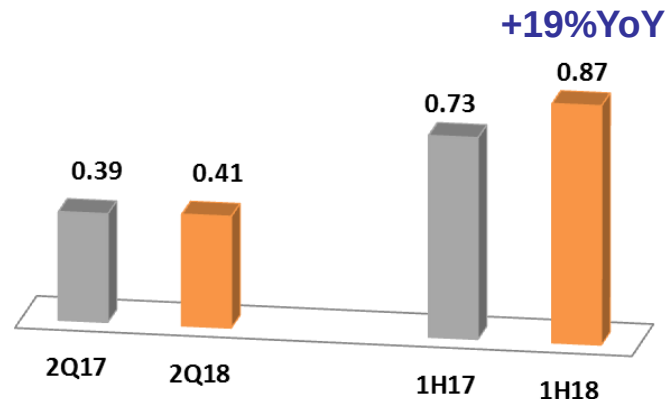
1. MAU : monthly active users.

momo E-commerce – Crown Jewel

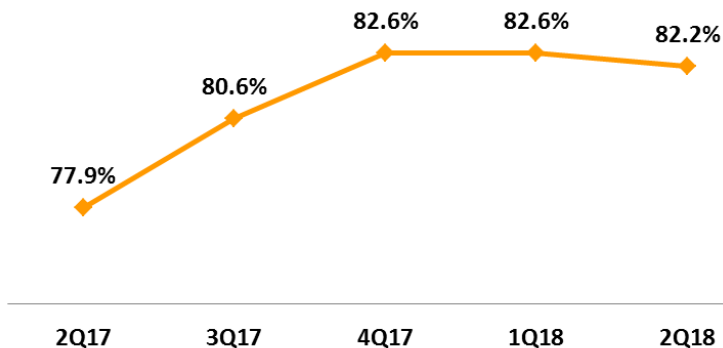
Total Revenue (NT\$bn)



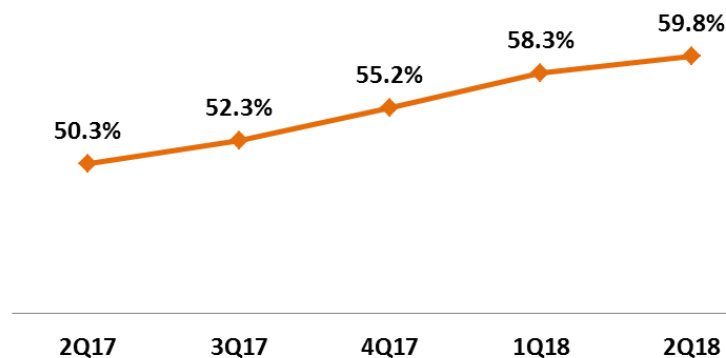
Total EBITDA (NT\$bn)



E-commerce as % of Total Revenue



Mobile Commerce¹ as % E-commerce Revenue



1. Mobile commerce : online retail sales made through mobile devices.



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Financial Overview

Performance by Business

NT\$bn	Revenue				EBITDA			
	Telecom	CATV	momo	Total ¹	Telecom	CATV	momo	Total ¹
2Q18	17.23	1.59	9.63	28.54	6.98	0.80	0.41	8.34
% of total	60%	6%	34%	100%	84%	10%	5%	100%
2Q18 YoY	-7%	-1%	25%	3%	0%	-3%	3%	1%
1Q18 YoY	-6%	-1%	34%	5%	-5%	-6%	37%	-3%
2Q18 YoY (Pre-IFRS 15)					13%			
					11%			

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	2Q18			1H18		
	Amount	YoY	% of 2Q guidance	Amount	YoY	% of Full year guidance
Revenues	28.54	3%	96%	58.85	4%	48%
Operating Costs	(19.59)	4%	93%	(40.97)	6%	47%
Operating Expenses	(4.00)	0%	93%	(8.19)	1%	47%
Operating Income	4.95	1%	110%	9.68	-3%	54%
Non-op. Income (Exp.)	(0.12)	52%	200%	(0.29)	18%	51%
Pre-tax Income	4.83	0%	109%	9.39	-3%	54%
Net Income	3.80	-1%	107%	7.28	-7%	54%
EPS ¹ (NT\$)	1.39	-1%	107%	2.67	-7%	54%
EBITDA	8.34	1%	103%	16.51	-1%	51%

1. EPS is based on share count of 2.722bn.

Balance Sheet Analysis

NT\$bn	2Q18	1Q18	2Q17	NT\$bn	2Q18	1Q18	2Q17
Total Assets	151.41	155.27	146.58	Liabilities	90.77	82.76	87.41
Current Assets	29.48	31.22	30.18	Current Liabilities	48.18	52.14	48.50
- Cash & Cash Equivalents	7.62	7.66	6.18	- ST Debts	9.77	28.27	10.16
- Receivable & Contract Assets	14.89	15.51	15.72	- Other Current Liabilities	38.42	23.88	38.34
- Inventories	3.58	3.98	3.08	Non-current Liabilities	42.59	30.62	38.91
- Other Current Assets	3.39	4.06	5.20	- Long-term Borrowings	38.27	26.32	34.89
Non-current Assets	121.93	124.05	116.39	- Other Non-current Liabilities	4.31	4.30	4.02
- Long-term Investment	5.87	5.88	6.47				
- Property and Equipment	43.12	43.42	45.37				
- Concession	42.04	42.92	36.53	Shareholders' Equity	60.64	72.51	59.16
- Other Non-current & Contract Assets	30.90	31.82	28.01	Paid-in Capital	34.21	34.21	34.21
				Capital Surplus	12.31	13.94	13.92
				Legal Reserve	27.56	26.14	26.14
				Treasury Shares	(29.72)	(29.72)	(29.72)
Current Ratio	61%	60%	62%	Un-appropriated Earnings	0.03	0.63	0.63
Net Debt to Equity	67%	65%	66%	Non-controlling Interest	5.68	6.07	5.51
Net Debt to EBITDA (x)	1.23	1.44	1.18	Retained Earnings & Others ²	10.57	21.25	8.48
ROE¹ (annualized)	22%	20%	24%				

1. ROE = Accumulated Net Income (Annualized) /Average Shareholders' Equity

2. Including accumulated profits and other equity items.

Cash Flow Analysis

NT\$bn	2Q18	1Q18	2Q17
Operating Cash Flow	7.51	7.96	7.87
Investing Cash Flow	(0.28)	(2.16)	(2.84)
Financing Cash Flow	(7.28)	(4.76)	(6.78)

NT\$bn	2Q18	1Q18	2Q17
Cash CAPEX ¹	(1.69)	(2.76)	(2.43)
Free Cash Flow ¹	5.82	5.20	5.43

1. Excluding 4G License Fees



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| Event Updates

Awards and Recognition

-  Honored with the 2018 CSR Model Award in the “Annual CSR Survey – Service Section” from *Global Views Monthly*.
-  Ranked among the top 5% of listed companies in the “Corporate Governance Evaluation” for the fourth year in a row by the Taiwan Stock Exchange and Taipei Exchange.
-  Recognized as the “Asia's Best CFO (Investor Relations)” and “Best Investor Relations Company (Taiwan)” by Corporate Governance Asia magazine at the 2018 Asian Excellence Awards.

Key Message

-  The \$499 unlimited SIM-only offering led to a customer spending pattern change in 2Q. Enhancing distribution efficiency and continuous rationalization of customer retention & acquisition costs remain our areas of focus.
-  Our significant progress in cloud, AI and IoT businesses provides enterprise revenue growth potential. A faster customer migration to unlimited 4G data also paves the way for our future revenue expansion in OTT-related services. Making all-out efforts to generate steady streams of cash flows and stringent cost control against a lower ARPU are our main aims.



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Q & A