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Taiwan Mobile Co., Ltd.

4Q18 Results Summary

January 31, 2019

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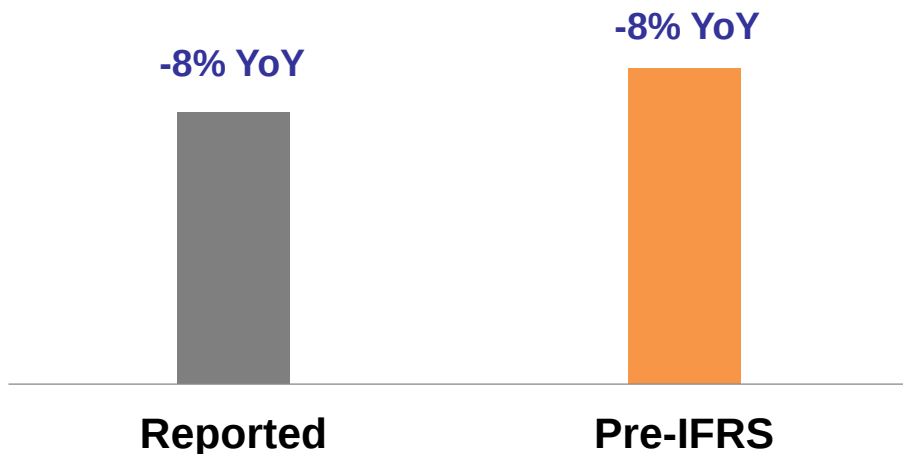


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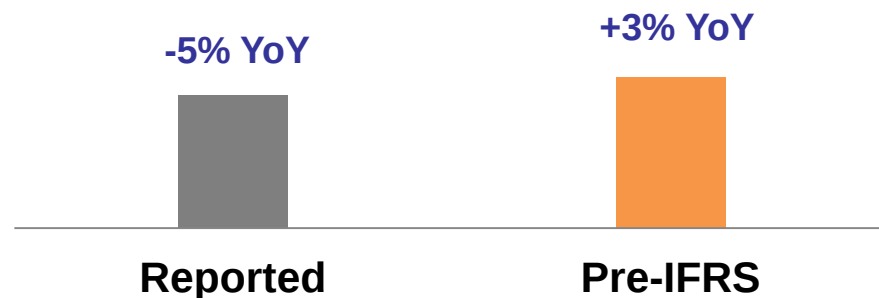
Business Overview

Increase in Free Cash Flows

2018 Telecom Service Revenue



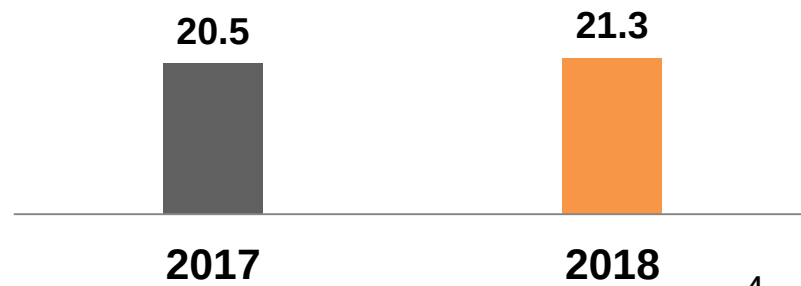
2018 Telecom EBITDA



Operating Cash Flow (NT\$billion)



Free Cash Flow (NT\$billion)



Cross-Selling Supporting Growth

Video Streaming '18 Performance

MAU
doubled



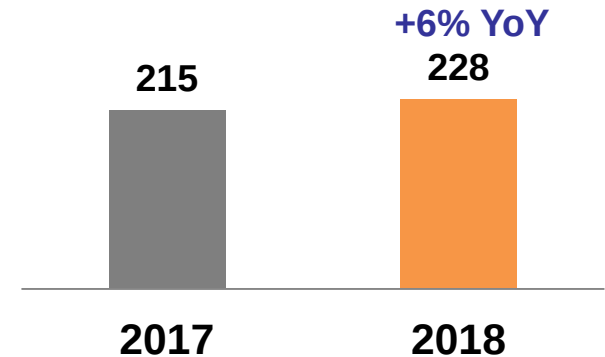
Video viewed
quadrupled



Revenue
+c.20% YoY



Fixed Broadband Subs (K)



Enterprise Business – The Bright Spot '18 Revenue Growth

+8%
YoY



Cloud

+14%
YoY



IoT

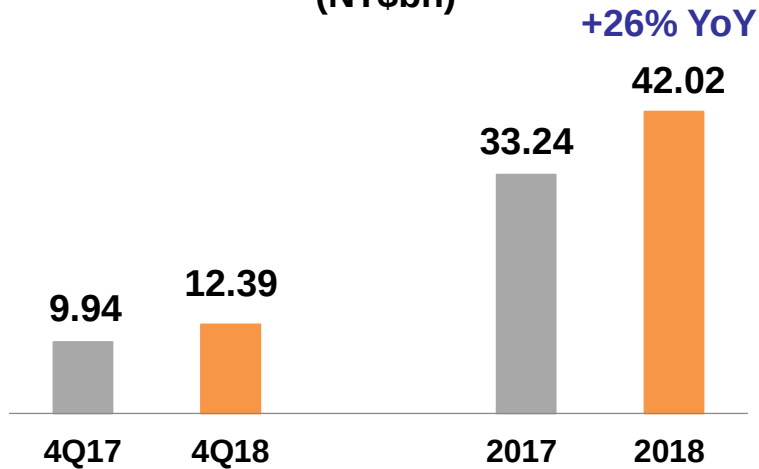
+94%
YoY



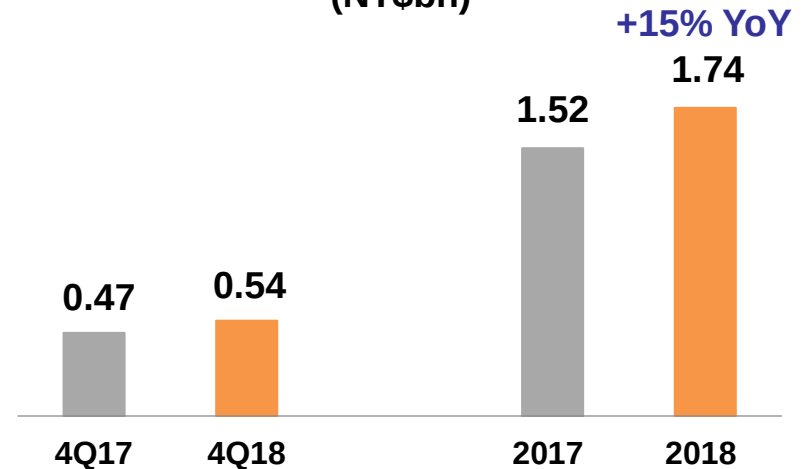
ICT

momo – Crown Jewel

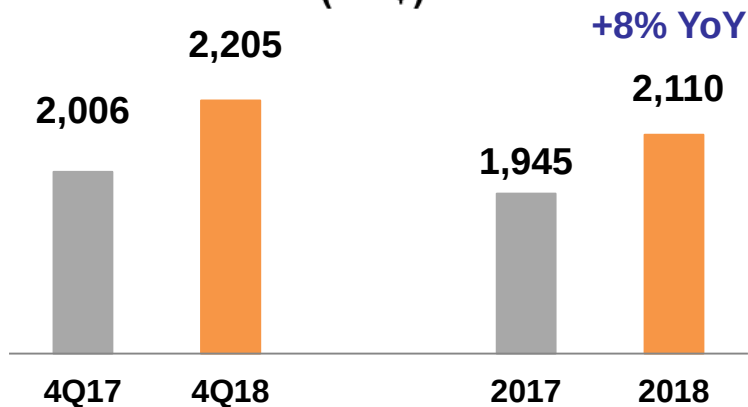
Total Revenue
(NT\$bn)



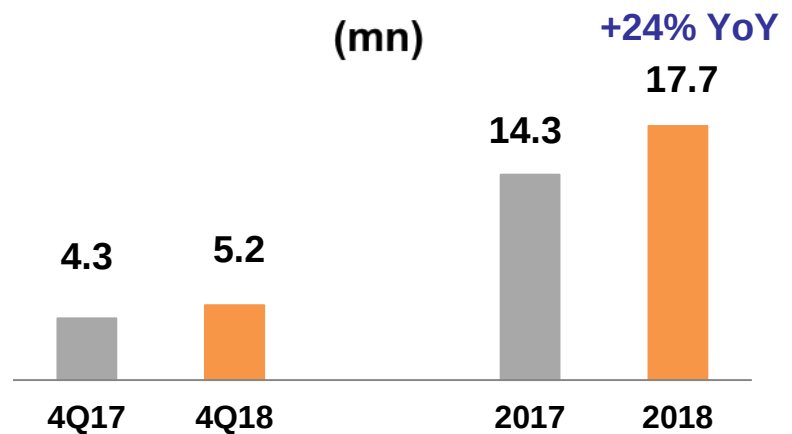
Total EBITDA
(NT\$bn)



B2C e-commerce
Average ticket size
(NT\$)



B2C e-commerce
of Transaction
(mn)





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Financial Overview

Performance by Business

NT\$bn	Revenue				EBITDA			
	Telecom	CATV	momo	Total ¹	Telecom	CATV	momo	Total ¹
4Q18	17.50	1.57	12.39	31.57	6.14	0.78	0.54	7.62
% of total	55%	5%	39%	100%	81%	10%	7%	100%
4Q18 YoY	-13%	1%	25%	-1%	-5%	5%	15%	-2%
4Q18 YoY (Pre-IFRS 15)					2%			
2018	70.03	6.34	42.02	118.73	26.19	3.19	1.74	31.72
% of total	59%	5%	35%	100%	83%	10%	5%	100%
2018 YoY	-9%	-1%	26%	1%	-5%	-3%	15%	-3%
2018 YoY (Pre-IFRS 15)					3%			

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\$b ¹	4Q18			2018		
	Amount	YoY	% of 4Q guidance	Amount	YoY	% of Full year guidance
Revenues	31.57	-1%	98%	118.73	1%	96%
Operating Costs	(23.16)	0%	99%	(84.32)	4%	96%
Operating Expenses	(4.14)	-5%	93%	(16.25)	-2%	93%
Operating Income	4.27	-1%	94%	18.16	-5%	101%
Non-op. Income (Exp.)	(0.10)	-91%	50%	(0.47)	-68%	82%
Pre-tax Income	4.16	31%	96%	17.69	0%	101%
Net Income	3.09	27%	93%	13.64	-4%	100%
EPS ¹ (NT\$)	1.13	27%	92%	5.01	-4%	100%
EBITDA	7.62	-2%	94%	31.72	-3%	99%

1. EPS is based on share count of 2.723bn.

Balance Sheet Analysis

NT\$bn	4Q18	3Q18	4Q17	NT\$bn	4Q18	3Q18	4Q17
Total Assets	147.67	147.45	154.52	Liabilities	79.67	82.97	89.01
Current Assets	29.07	26.97	32.35	Current Liabilities	41.88	40.48	56.48
- Cash & Cash Equivalents	7.50	5.94	6.63	- ST Debts	18.57	17.59	30.86
- Receivable & Contract Assets	15.21	15.24	16.47	- Other Current Liabilities	23.31	22.89	25.62
- Inventories	3.95	3.27	4.33	Non-current Liabilities	37.79	42.49	32.53
- Other Current Assets	2.42	2.53	4.92	- Long-term Borrowings	33.31	38.14	28.35
Non-current Assets	118.60	120.47	122.17	- Other Non-current Liabilities	4.48	4.35	4.18
- Long-term Investment	6.20	6.22	6.05				
- Property and Equipment	41.86	42.47	44.57				
- Concession	40.53	41.29	43.67				
- Other Non-current & Contract Assets	30.01	30.50	27.88	Shareholders' Equity	67.99	64.48	65.51
				Paid-in Capital	34.24	34.21	34.21
				Capital Surplus	12.58	12.30	13.94
				Legal Reserve	27.56	27.56	26.14
				Treasury Shares	(29.72)	(29.72)	(29.72)
Current Ratio	69%	67%	57%	Un-appropriated Earnings	3.39	3.39	0.63
Net Debt to Equity	65%	77%	80%	Non-controlling Interest	6.11	5.87	5.88
Net Debt to EBITDA (x)	1.40	1.55	1.60	Retained Earnings & Others ²	13.83	10.87	14.44
ROE¹ (annualized)	21%	22%	22%				

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

2. Including accumulated profits and other equity items.

Cash Flow Analysis

NT\$bn	4Q18	3Q18	4Q17	2018	2017
Operating	7.31	7.00	7.99	29.78	30.32
Investing	(2.01)	(1.08)	(9.70)	(5.53)	(17.67)
Financing	(3.74)	(7.60)	2.37	(23.38)	(13.72)
NT\$bn	4Q18	3Q18	4Q17	2018	2017
Cash CAPEX ¹	(1.87)	(2.18)	(2.24)	(8.49)	(9.80)
Free Cash Flow ¹	5.44	4.82	5.74	21.28	20.52

1. Excluding 4G License Fees



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**2019 Guidance &
Event Updates**

2019 Guidance

NT\$bn	2019F	2018A	YoY
Revenues	124.53	118.73	5%
EBITDA	33.41	31.72	5%
D&A	(16.39)	(13.56)	21%
Operating Income	17.02	18.16	-6%
Non-op. (Expense)	(0.71)	(0.47)	50%
Pre-tax Income	16.31	17.69	-8%
Net Income	12.33	13.64	-10%
EPS ¹ (NT\$)	4.50	5.01	-10%
NT\$bn	2019F	2018A	YoY
Total Capex	(6.4)	(8.5)	-25%
-Telecom	(5.3)	(7.0)	-25%
-Cable	(0.8)	(0.7)	5%
-momo & others	(0.4)	(0.8)	-49%

1. EPS is based on the share counts of 2.740bn in 2019 and 2.723bn in 2018.

Event Updates

-  The Board resolved to participate in establishing LINE Bank, an online-only bank, with investment amount of NT\$500M (5% stake).
-  Obtained Prime rating by ISS-oekom, the first company received in the telecommunication industry in Taiwan.
-  Received the internationally renowned Swiss SGS QualiCert certification for its direct stores channel, myfone and customer service for the seventh consecutive year.
-  Won the top and special awards for “2018 Buying Power –The new product and service of social innovation Purchase Reward Program” by SME Administration, Ministry of Economic Affairs.
-  Obtained the BS 10012 and ISO/IEC 29100 privacy protection certifications.
-  Won eight awards at the 2018 Taiwan Corporate Sustainability Awards, and was the only telecom firm to receive the “The Most Prestigious Sustainability Awards-Top Ten Domestic Corporates”.

Key Message

With strong footholds in e-commerce and OTT services plus leveraging expanding residential broadband user base on content bundling, Taiwan Mobile is better positioned than other telcos in Taiwan. The growing cloud, AIoT, and ICT businesses, coupled with capex downtrend, will support TWM's stable free cash flow generation capabilities and future growth.



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Q & A