Taiwan Mobile

Press Release
September 9, 2015

TWM announced August consolidated revenue of NT$9.3bn. EBITDA was NT$2.81bn with an operating income of NT$1.67bn and net income of NT$1.36bn. EPS was NT$0.50. For the first eight months of 2015, TWM reported a consolidated revenue of NT$76.66bn, an EBITDA of NT$21.56bn, an operating income of NT$12.66bn and a net income of NT$10.49bn. EPS for the first eight months was NT$3.86.

Rosie Yu, Chief Financial Officer and Spokesperson of TWM, stated that, in August, telecom service revenue benefited from continual 4G penetration as well as stable postpaid ARPU growth. That, along with discipline expense control, resulted in consolidated EBITDA increasing 5% YoY. In addition, non-operating revenue also grew on a YoY basis, thus net income for the month also rose. Overall, cumulative net income for the first eight months reached 75% of the full-year guidance.

Taiwan Mobile Consolidated Results (Unaudited)

NT$mn	August 2015	August 2014	Jan.-August 2015	Jan.-August 2014
Revenue	9,298	9,112	76,663	72,955
Operating Revenue[1]	7,858	7,778	61,986	60,615
Handset Sales Revenue	1,440	1,334	14,677	12,340
EBITDA	2,809	2,683	21,565	21,384
Operating income	1,669	1,686	12,663	13,969
Pre-tax income	1,672	1,494	12,323	13,354
Net income	1,356	1,229	10,494	10,748
EPS (NT$)	0.50	0.46	3.86	3.54

Note 1: Derived from deducting handset sales revenue from the total revenue

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Taiwan Mobile Co., Ltd.

2Q15 Results Summary

July 30, 2015

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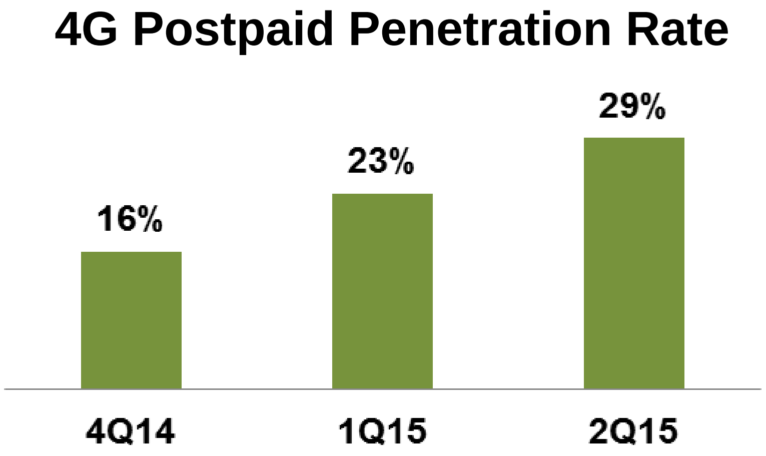
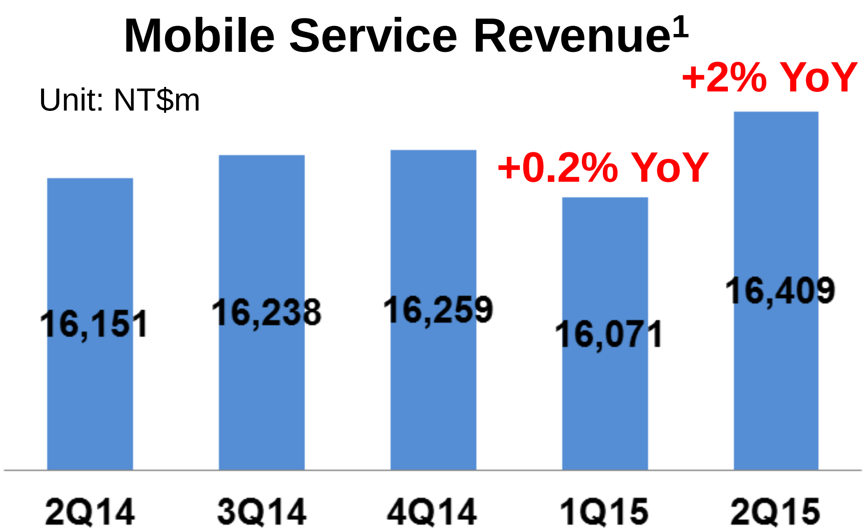
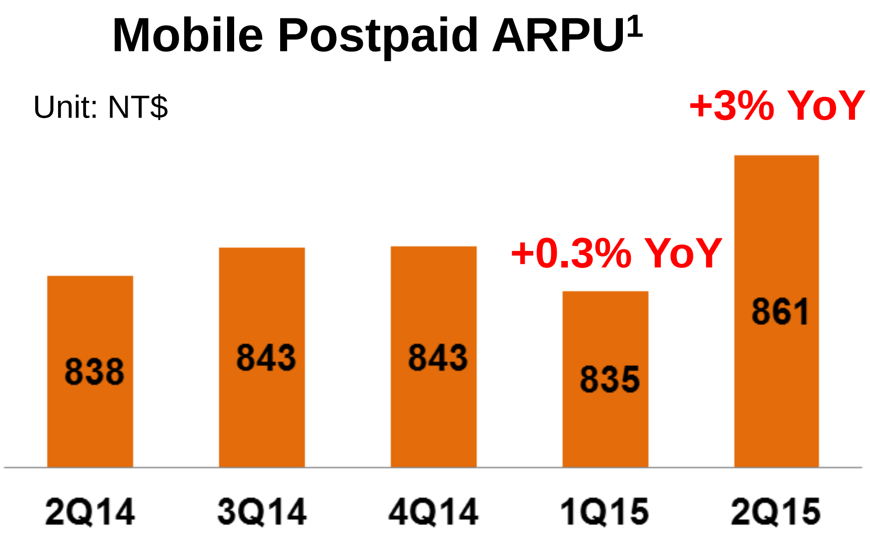
Business Overview

Continuous 4G Business Expansion







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

Steady Growth in the CATV Business

2Q15	Sub base YoY growth	ARPU
Analogue TV	1%	$493
Cable Internet	6%	$545
DTV	22%	$133

Blended ARPU *	$812	+2% YoY

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

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Retail Business

momo (Unit: NT$bn)	2Q15	2Q14	YoY
Total Revenue	6.20	5.62	10%
- Online Shopping	4.10	3.52	16%
- TV Home Shopping & Others	2.10	2.10	0%

EBITDA	0.30	0.40	-24%
EBITDA margin	4.9%	7.1%	-2.2ppts

Financial Overview

Results Summary

NT$mn	2Q15				1H15
	Amount	QoQ	YoY	% of 2Q Forecast	
Revenue	28,327	-5%	5%	93%	58,044
Cost	(19,056)	-9%	10%	91%	(40,036)
Operating expense	(4,323)	-2%	3%	90%	(8,719)
Operating income	4,948	14%	-8%	102%	9,289
Net non-oper. items	(117)	-40%	-41%	17%	(312)
Income before tax	4,831	17%	-7%	116%	8,977
Net income	3,947	4%	-5%	121%	7,760
EPS (NT$)	1.45	4%	-6%	124%	2.85
EBITDA	8,313	9%	2%	101%	15,907
EBITDA margin	29.35%				27.40%

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Performance by Business

NT$bn	Revenue				EBITDA			
	Telecom	CATV	momo	Total	Telecom	CATV	momo	Total
2Q15	20.48	1.63	6.20	28.33	7.05	0.89	0.30	8.31
% of total	72%	6%	22%	100%	85%	11%	4%	100%
2Q15 YoY	4%	3%	10%	5%	3%	4%	-24%	2%
1Q15 YoY	6%	3%	11%	7%	-4%	3%	4%	-2%

Note: The combined total of telecom, CATV and momo does not equal the consolidated total of each account due to other revenue and minor adjustments / eliminations.

Balance Sheet Analysis

NT$bn	2Q15	1Q15	2Q14
Total Assets	**156.51**	**157.23**	**143.08**
Current Assets	32.15	33.29	26.81
- Cash & Cash Equivalents	8.79	8.22	6.00
- Accounts Receivable	15.28	15.03	14.33
- Inventories	2.92	3.25	3.06
- Other Current Assets	5.16	6.79	3.42
Non-current Assets	124.36	123.94	116.28
- Long-term Investment	5.18	4.77	2.57
- Property and Equipment	48.05	47.18	45.27
- Concession	41.71	42.30	39.70
- Other Non-current Assets	29.42	29.69	28.73

	2Q15	1Q15	2Q14
Current Ratio	46%	59%	48%
Net Debt to Equity	79%	69%	73%
Net Debt to EBITDA (x)	1.40	1.47	1.22
ROE (annualized)	30%	24%	33%

	2Q15	1Q15	2Q14
Liabilities	**98.53**	**87.10**	**89.72**
Current Liabilities	69.51	56.12	55.39
- ST Debts	31.25	30.99	15.88
- Other Current Liabilities	38.26	25.13	39.51
Non-Current Liabilities	29.02	30.98	34.33
- Long-Term Borrowings	23.44	25.42	29.08
- Other Non-current Liabilities	5.58	5.55	5.25
Shareholders' Equity	**57.98**	**70.13**	**53.36**
- Paid-in Capital	34.21	34.21	34.21
- Capital Surplus	14.72	14.72	12.48
- Legal Reserve	23.04	21.54	21.54
- Un-appropriated Earnings	2.77	4.83	4.83
- Treasury Shares	(29.72)	(29.72)	(31.08)
- Non-controlling Interest	5.80	6.36	2.96
- Retained Earnings & Others*	7.17	18.20	8.43

* Including accumulated profits and other equity items

Cash Flow Analysis

NT$bn	2Q15	1Q15	2Q14
Operating Cash Flow	5.44	5.38	6.68
Investing Cash Flow	(2.30)	(6.68)	(4.79)
Financing Cash Flow	(2.56)	1.62	(4.07)

NT$bn	2Q15	1Q15	2Q14
Cash CAPEX	3.57	3.29	4.78
Free Cash Flow	1.87	2.09	1.90

Event Updates

2.6GHz Spectrum Auction

NCC scheduled a 2.5 / 2.6GHz spectrum auction in mid-to-late October 2015 to release a total bandwidth of 190MHz split into four paired and two unpaired spectrum blocks with an aggregate reserve price of NT$14.4bn. TWM's board today (July 30, 2015) resolved to participate in the aforementioned auction.

2500MHz — 2690MHz

	Uplink						Downlink			
Block	D1	D2	D3	D4	D5	D6	D1	D2	D3	D4
Bandwidth	20MHz	20MHz	20MHz	10 MHz	25MHz	25MHz	20MHz	20MHz	20MHz	10 MHz
Reserve price					NT$0.9bn	NT$0.7bn	$3.5bn	$3.7bn	$3.7bn	$1.9 bn
Occupied by						Global Mobile 30MHz				
WiMAX license expires on						Dec. 10, 2015				

Event Updates

THSR to Buy Back Its Preferred Shares

Taiwan High Speed Rail (THSR) announced on July 6, 2015 to buy back and cancel its issued preferred shares. Accordingly, TCC Investment, TWM's 100%-owned subsidiary, expects to receive NT$500mn from its investment in THSR at cost.

New Mobile Rate Plans

Launched two new 4G rate plans, 298 and 698, offering a respective fixed 1.5GB and 5GB data allowance per month plus the choice of one value-added service from online books, music, and videos, to target the lower-end segment.

Awards and Recognition

- Ranked within top 5 percent of listed companies in the first Corporate Governance Evaluation conducted jointly by the Taiwan Stock Exchange and Taipei Exchange (GreTai Securities Market)
- Received the “Corporate Social Responsibility Award” in the category of service and telecom industries from *Global Views Monthly*, the sole recipient from the telecom field.

Key Message

Deeper 4G penetration has enabled us to record a historical high postpaid ARPU and consolidated EBITDA. Should tiered-pricing be implemented, it will pave the way for a brighter industry outlook. We expect the growth momentum to continue and endeavor to deliver stronger shareholder value.

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