Press Release
August 10, 2016

TWM announced July consolidated revenue of NT$9.39bn. EBITDA was NT$2.89bn with an operating income of NT$1.73bn and net income of NT$1.35bn. EPS was NT$0.50. For the first seven months of 2016, TWM reported a consolidated revenue of NT$67.03bn, an EBITDA of NT$20.03bn, an operating income of NT$11.97bn and a net income of NT$9.24bn. EPS for the first seven months was NT$3.40.

Rosie Yu, Chief Financial Officer and Spokesperson of TWM, stated that, in July, as Taiwan Mobile continues to promote 4G, both consolidated EBITDA and operating income grew 1% YoY. Overall, cumulative net income for the first seven months reached 66% of the full-year guidance.

Taiwan Mobile Consolidated Results (Unaudited)

NT$mn	July 2016	July 2015	Jan.- July 2016	Jan.- July 2015
Revenue	9,385	9,320	67,026	67,365
Operating Revenue[1]	7,988	7,816	55,761	54,129
Handset Sales Revenue	1,397	1,504	11,265	13,236
EBITDA	2,889	2,849	20,030	18,756
Operating income	1,726	1,706	11,971	10,995
Pre-tax income	1,683	1,674	11,569	10,651
Net income	1,350	1,378	9,242	9,138
EPS (NT$)	0.50	0.51	3.40	3.36

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

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Taiwan Mobile Co., Ltd.

2Q16 Results Summary

July 27, 2016

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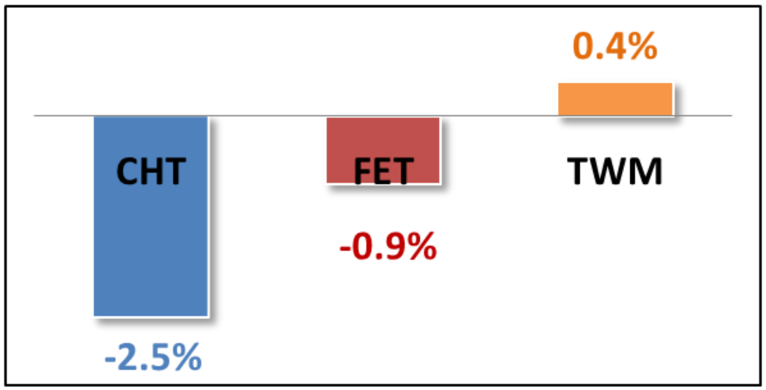
Business Overview

Mobile Growth Leading the Pack

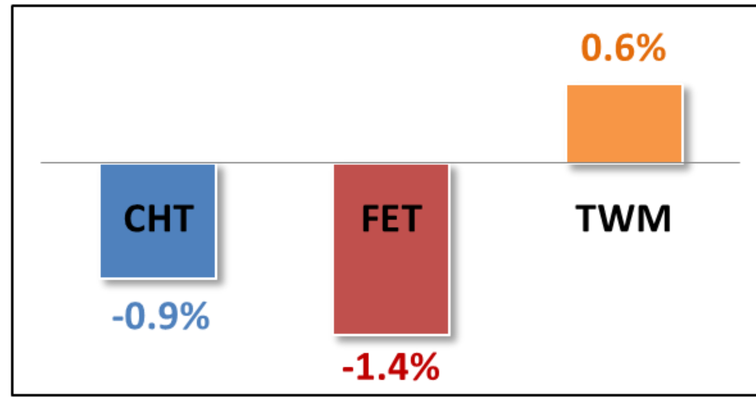
Key Operating Metrics

YoY change in 2Q16

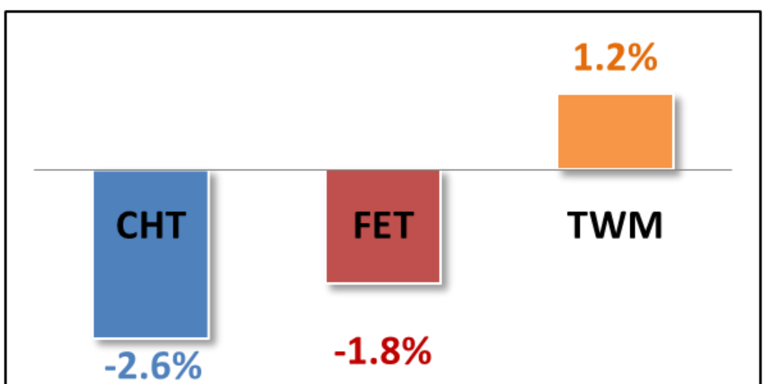
Total Subscribers



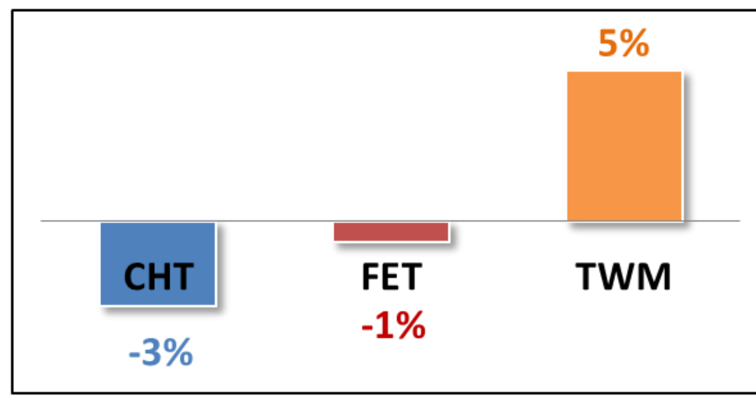
Blended ARPU[1]



Mobile Service Revenue[1]



Telecom EBITDA



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

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Online Shopping - the Bright Spot

(Unit: NT$bn) momo	2Q16	2Q15	YoY
Total Revenue	6.69	6.20	8%
- Online Shopping	4.82	4.10	18%
- TV Home Shopping & Others	1.87	2.10	-11%

EBITDA	0.34	0.30	+13%
EBITDA Margin	5.1%	4.9%	+0.2ppts

Financial Overview

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Performance by Business

NT$bn	Revenue				EBITDA			
	Telecom	CATV	momo	Total	Telecom	CATV	momo	Total
2Q16	20.05	1.65	6.69	28.44	7.40	0.90	0.34	8.72
% of total	70%	6%	24%	100%	85%	10%	4%	100%
2Q16 YoY	-2%	1%	8%	0%	5%	1%	13%	5%
1Q16 YoY	-6%	1%	12%	-2%	12%	1%	20%	11%

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.

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Results Summary

NT$mn	2Q16			1H16	
	Amount	YoY	% of 2Q Forecast	Amount	YoY
Revenue	28,442	0%	98%	57,641	-1%
Cost	(18,807)	-1%	95%	(38,488)	-4%
Operating expense	(4,395)	2%	97%	(8,908)	2%
Operating income	5,240	6%	111%	10,245	10%
Net non-oper. items	(123)	5%	72%	(358)	15%
Income before tax	5,117	6%	112%	9,886	10%
Net income	4,118	4%	113%	7,891	2%
EPS (NT$)	1.51	4%	113%	2.90	2%
EBITDA	8,725	5%	105%	17,142	8%
EBITDA margin	30.68%			29.74%	

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Balance Sheet Analysis

NT$bn	2Q16	1Q16	2Q15
Total Assets	**152.47**	**153.75**	**156.51**
Current Assets	32.72	32.96	32.15
- Cash & Cash Equivalents	7.55	8.70	8.79
- Accounts Receivable	15.97	15.70	15.28
- Inventories	2.85	2.78	2.92
- Other Current Assets	6.35	5.77	5.16
Non-current Assets	119.75	120.79	124.36
- Long-term Investment	5.21	5.37	5.18
- Property and Equipment	46.40	46.46	48.05
- Concession	39.17	39.81	41.71
- Other Non-current Assets	28.97	29.15	29.42

	2Q16	1Q16	2Q15
Current Ratio	58%	66%	46%
Net Debt to Equity	75%	66%	79%
Net Debt to EBITDA (x)	1.29	1.39	1.40
ROE (annualized)	31%	24%	30%

	2Q16	1Q16	2Q15
Liabilities	**94.45**	**84.09**	**98.53**
Current Liabilities	56.17	49.84	69.51
- ST Debts	17.67	25.53	31.25
- Other Current Liabilities	38.50	24.31	38.26
Non-Current Liabilities	38.28	34.25	29.02
- Long-Term Borrowings	33.52	29.39	23.44
- Other Non-current Liabilities	4.76	4.86	5.58
Shareholders' Equity	**58.02**	**69.66**	**57.98**
- Paid-in Capital	34.21	34.21	34.21
- Capital Surplus	14.59	14.59	14.72
- Legal Reserve	24.61	23.04	23.04
- Un-appropriated Earnings	0.63	2.76	2.76
- Treasury Shares	(29.72)	(29.72)	(29.72)
- Non-controlling Interest	5.50	5.90	5.80
- Retained Earnings & Others*	8.21	18.89	7.18

* Including accumulated profits and other equity items

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Cash Flow Analysis

NT$bn	2Q16	1Q16	2Q15	1H16	1H15
Operating Cash Flow	5.97	10.03	5.44	16.00	10.82
Investing Cash Flow	(2.70)	(2.91)	(2.30)	(5.61)	(8.98)
Financing Cash Flow	(4.42)	(7.00)	(2.56)	(11.41)	(0.94)

NT$bn	2Q16	1Q16	2Q15	1H16	1H15
Cash CAPEX	(2.43)	(2.75)	(3.57)	(5.18)	(6.86)
Free Cash Flow	3.54	7.29	1.87	10.83	3.95

Event Updates

Awards and Recognition

- Won awards in the categories of Taiwan's "Best Investor Relations", "Best Corporate Social Responsibility", and "Best CFO " in the *Corporate Governance Asia's* 2016 Asian Excellence Awards. Taiwan Mobile was the only telecom operator in Taiwan awarded.
- Ranked within top 5 percent of listed companies in the second annual Corporate Governance Evaluation conducted jointly by the Taiwan Stock Exchange and Taipei Exchange (GreTai Securities Market).
- Received the 2016 CSR award in the "Annual CSR Survey – Service Sector" from *Global Views Monthly.*
- Awarded the ISO 14001 environmental management system certification, the first in Taiwan telecommunications industry.

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Key Message

The big three's rational moves regarding the 4G rate plans and contained handset subsidies set the tone for a heathier growth path for the industry. Taiwan Mobile will continue to create shareholder value through discipline in both mobile spectrum investments and handset subsidies.

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