Press Release

August 10, 2017

TWM announced July consolidated revenue of NT$9.42bn. EBITDA was NT$2.78bn with an operating income of NT$1.64bn and net income of NT$1.3bn. EPS was NT$0.48. For the first seven months of 2017, TWM reported a consolidated revenue of NT$66.06bn, an EBITDA of NT$19.52bn, an operating income of NT$11.61bn and a net income of NT$9.09bn. EPS for the first seven months was NT$3.34.

Rosie Yu, Chief Financial Officer and Spokesperson of TWM, stated that, in July, increases in momo's B2C segment and the enterprise telecom business, stringent cost control and enhanced revenues resulting from the continued promotion of value-added services offset a reduction in domestic roaming revenue. Had domestic roaming revenue been excluded, EBITDA would have increased YoY. Overall, year-to-July EPS of NT$3.34 has reached 63% of its full-year forecast.

Taiwan Mobile Consolidated Results (Unaudited)

NT$mn	Jul. 2017	Jul. 2016	Jan.-Jul. 2017	Jan.-Jul. 2016
Revenue	9,417	9,385	66,061	67,026
Operating Revenue[1]	8,013	7,988	55,859	55,761
Handset Sales Revenue	1,403	1,397	10,202	11,265
EBITDA	2,784	2,889	19,523	20,030
Operating income	1,639	1,726	11,607	11,971
Pre-tax income	1,615	1,683	11,335	11,569
Net income	1,296	1,350	9,085	9,242
EPS (NT$)	0.48	0.50	3.34	3.40

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

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Taiwan Mobile Co., Ltd.

2Q17 Results Summary

August 2, 2017

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Business Overview

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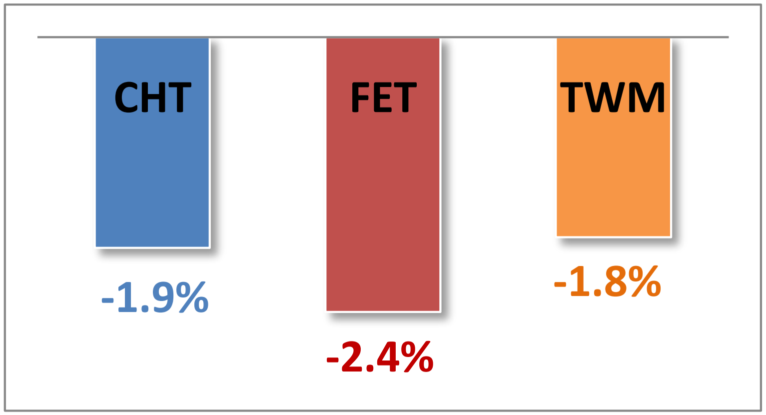
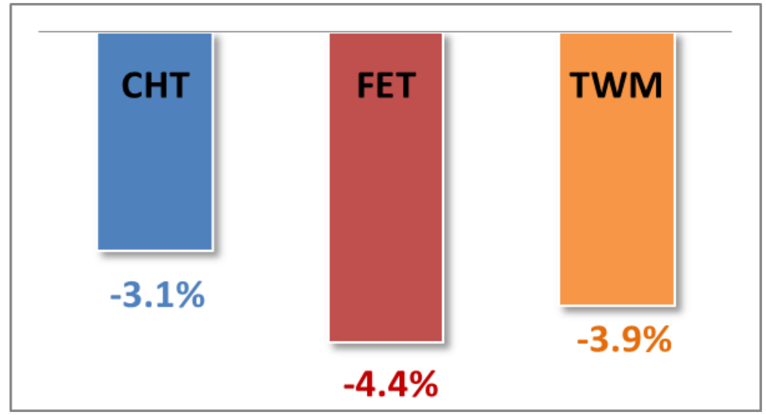
Steady Recurring Telecom Business

2Q17 Key Operating Metrics

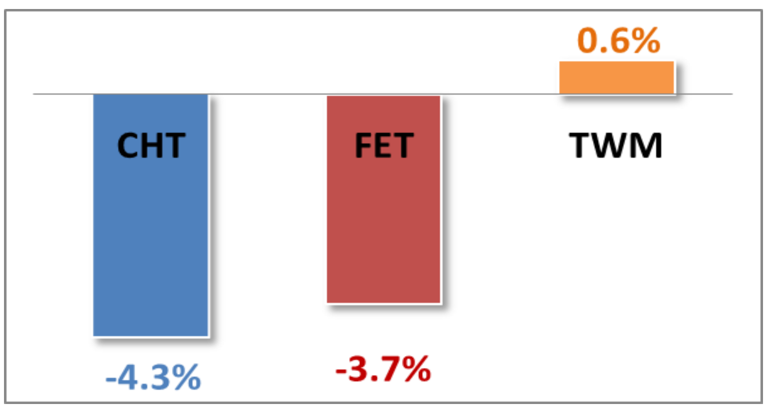
Postpaid Sub No. YoY Change



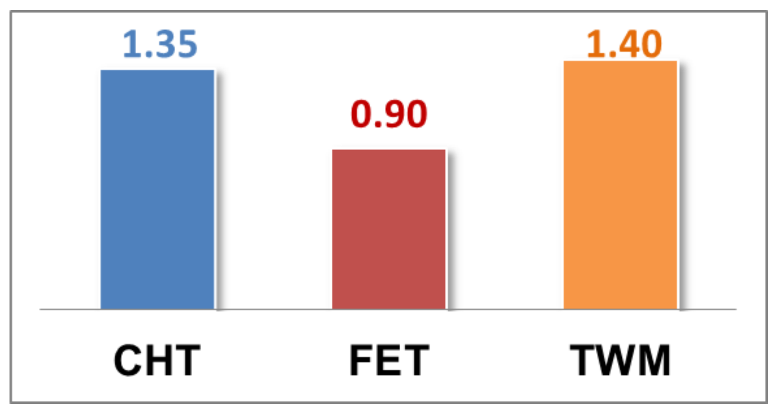
Mobile Service Revenue[1&2] YoY Change



Telecom EBIT[2] YoY Change

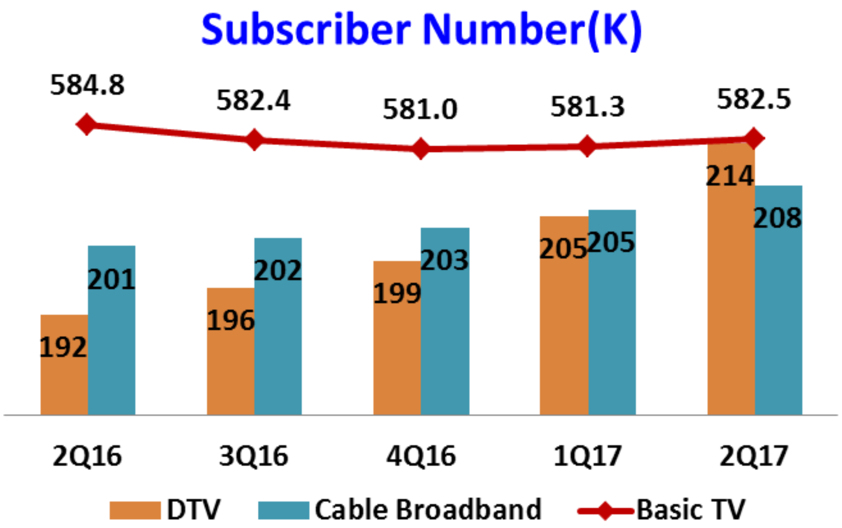


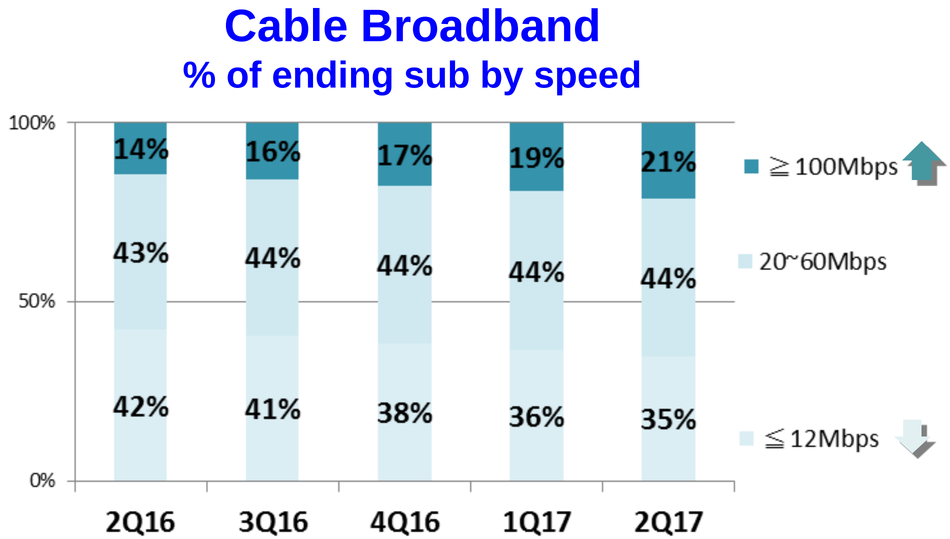
2Q17 EPS



1. Based on Residual Value Method, i.e. excluding revenue adjustments under the current bundle sales accounting policy
2. Both mobile service revenue and telecom EBIT excluded domestic roaming revenues.

Milder CATV Competition





(Unit: NT$bn) CATV	Reported		Recurring	
	Revenue	EBITDA	Revenue	EBITDA
2Q17	1.60	0.83	1.61	0.85
1Q17	1.61	0.86	1.59	0.84
QoQ	-1%	-4%	1%	0%

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E-commerce – the Growth Engine

(Unit: NT$bn) **momo**	2Q17	QoQ	YoY
Total Revenue	7.69	1%	15%
- E-commerce	6.00	2%	24%
EBITDA	0.39	17%	15%
- E-commerce	0.26	6%	27%
- TV shopping	0.11	56%	19%
EBITDA Margin	5.1%	+0.7ppts	-0ppts

Financial Overview

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Performance by Business

NT$bn	Revenue				EBITDA			
	Telecom	CATV	momo	Total[1]	Telecom	CATV	momo	Total[1]
2Q17	18.46	1.60	7.69	27.80	6.95	0.83	0.39	8.30
% of total	66%	6%	28%	100%	84%	10%	5%	100%
Reported YoY	-8%	-3%	15%	-2%	-6%	-8%	15%	-5%
Recurring[2] YoY					-1%	-6%	12%	-1%

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.
2: Excluding roaming and other one-offs

Results Summary

NT$bn	2Q17			1H17		
	Amount	YoY	% of 2Q guidance	Amount	YoY	% of Full year guidance
Revenue	27.80	-2%	97%	56.64	-2%	48%
Cost	(18.91)	1%	97%	(38.55)	0%	47%
Operating expense	(4.00)	-9%	91%	(8.13)	-9%	45%
Operating income	4.89	-7%	102%	9.97	-3%	54%
Net non-oper. items	(0.08)	-38%	55%	(0.25)	-31%	38%
Income before tax	4.82	-6%	104%	9.72	-2%	54%
Net income	3.83	-7%	103%	7.79	-1%	54%
EPS (NT$)	1.40	-7%	103%	2.86	-1%	54%
EBITDA	8.30	-5%	101%	16.74	-2%	52%
EBITDA margin	29.8%			29.6%		

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Balance Sheet Analysis

NT$bn	2Q17	1Q17	2Q16
Total Assets	**146.58**	**148.73**	**152.47**
Current Assets	30.18	32.58	32.74
- Cash & Cash Equivalents	6.18	7.93	7.55
- Accounts Receivable	14.57	14.77	15.99
- Inventories	3.08	3.82	2.85
- Other Current Assets	6.35	6.07	6.35
Non-current Assets	116.39	116.15	119.73
- Long-term Investment	6.47	5.58	5.21
- Property and Equipment	45.37	45.00	46.76
- Concession	36.53	37.20	39.17
- Other Non-current Assets	28.01	28.37	28.59

	2Q17	1Q17	2Q16
Current Ratio	62%	104%	58%
Net Debt to Equity	66%	61%	75%
Net Debt to EBITDA (x)	1.18	1.32	1.29
ROE (annualized)	29%	25%	31%

	2Q17	1Q17	2Q16
Liabilities	**87.41**	**78.25**	**94.45**
Current Liabilities	48.50	31.42	56.17
- ST Debts	10.16	8.26	15.47
- Other Current Liabilities	38.34	23.16	40.70
Non-Current Liabilities	38.91	46.83	38.28
- Long-Term Borrowings	34.88	42.79	33.52
- Other Non-current Liabilities	4.04	4.04	4.76
Shareholders' Equity	**59.16**	**70.48**	**58.02**
- Paid-in Capital	34.21	34.21	34.21
- Capital Surplus	13.92	14.99	14.59
- Legal Reserve	26.14	24.61	24.61
- Treasury Shares	(29.72)	(29.72)	(29.72)
- Un-appropriated Earnings	0.63	0.63	0.63
- Non-controlling Interest	5.51	5.92	5.50
- Retained Earnings & Others*	8.48	19.85	8.21

* Including accumulated profits and other equity items

Cash Flow Analysis

NT$bn	2Q17	1Q17	2Q16
Operating Cash Flow	7.87	7.49	5.97
Investing Cash Flow	(2.84)	(1.70)	(2.70)
Financing Cash Flow	(6.78)	(5.56)	(4.42)

NT$bn	2Q17	1Q17	2Q16
Cash CAPEX	(2.43)	(2.66)	(2.43)
Free Cash Flow	5.43	4.83	3.54

Event Updates

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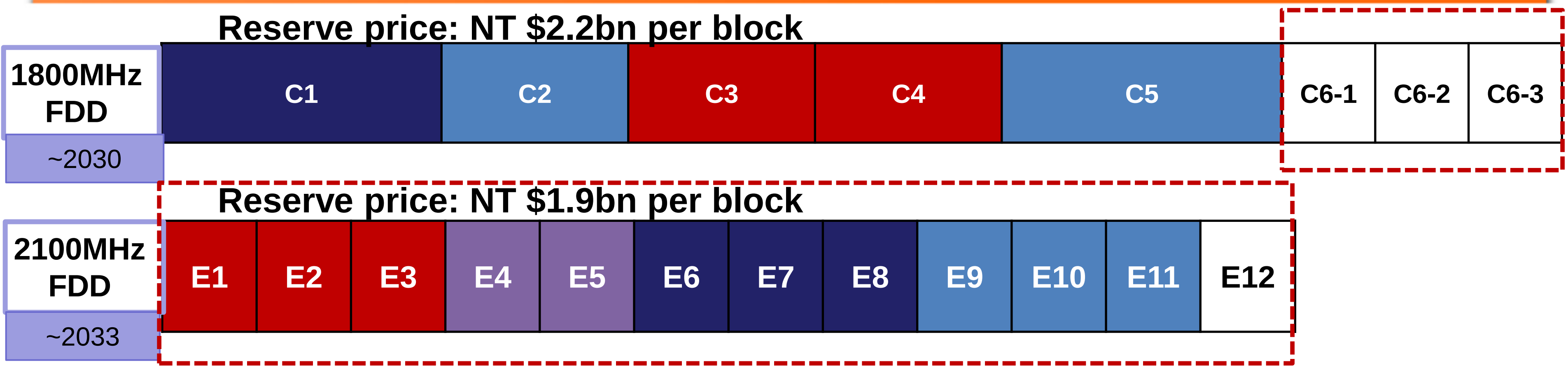
Upcoming Auction



- **Auction is scheduled in 4Q17 for a total of 15 blocks (E1-12 & C6-1-C6-3), 5MHz x2 per block**
- **A maximum of 4 blocks in the 2100MHz frequency band and no more than 5 blocks combined in the 1800+2100MHz frequency bands for each telco**
- **Two-stage auction:**

  Stage 1: To decide the number of blocks won by each telco through SMRA[1] auction

  Stage 2:

  2-1: The NCC comes up with all available combinations of block allocations to assure each existing 3G telco retains at least 5MHz in the 2100 frequency band or E12 block for voice continuity.

  2-2: To decide each telco's block locations through a single bid process, if no agreements during negotiations were reached.

1. SMRA: Simultaneous Multiple Round Ascending auction

Awards and Recognitions

- **For the second consecutive year, honored with the “Annual CSR Survey – Service Sector” CSR award from *Global Views Monthly*. This is TWM’s 11th *Global Views Monthly* CSR award since 2005.**

Key Message

Our differentiated offerings and expense discipline have offset some of the negative impact from mobile service competition. Though the reduced domestic roaming weighed on our profit growth profile, it did reduce our capex and benefit our FCF. We will strive for steady recurring profits to maintain stable dividends through expense discipline and firm growth of 4G value-added services and momo. For the upcoming spectrum auction, we will continue implementing a good strategy to enhance 4G investment return.

Q & A