

## Taiwan Mobile Co., Ltd.

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**3Q10 Results Summary** 

Harvey Chang - CEO October 28, 2010



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## **Result Summary**

Unit: NT\$m

	3Q10 Actual	3Q09 Actual	ΥοΥ	3Q10 Forecast	Execution %
Operating revenue	17,711	17,359	2%	17,459	101%
Cost	(9,818)	(8,334)	18%	(9,435)	104%
Marketing expense	(2,282)	(2,615)	-13%	(2,330)	98%
G&A expense	(1,105)	(1,199)	-8%	(1,169)	95%
Operating income	4,506	5,211	-14%	4,525	100%
Net non-oper. items	(122)	(528)	-77%	(223)	55%
Income before tax	4,384	4,683	-6%	4,302	102%
Net income	3,641	3,512	4%	3,570	102%
EPS (NT\$)	1.22	1.18	3%	1.19	102%
EBITDA	6,820	7,429	-8%	6,811	100%
EBITDA margin	38.51%	42.80%		39.01%	



### **3Q Divisional Performance**

NT\$bn	CBG	YoY Chg.	HBG	YoY Chg.	EBG	YoY Chg.	Conso- lidated	YoY Chg.
Revenue	13.83	1%	1.43	7%	2.46	4%	17.71	2%
EBITDA	5.49	-12%	0.70	12%	0.61	15%	6.82	-8%
EBITDA %	39.7%	-5.8pps	49.0%	2.3pps	24.8%	2.4pps	38.5%	-4.3pps

**Robust Wireless Data Growth** 



Wireless data revenue





→ % of wireless revenue

ARPU (NT\$)	СНТ	FET	тwм	
3Q10	649	721	731	
 3Q09	670	735	731	
YoY	-3.2%	-1.8%	0%	)

#### YTQ wireless data



## **Our Smartphone Strategy**



**Taiwan Mobile** 

台湾大哥大

#### YTQ smartphone mix



#### Exclusive models added in 3Q10





### **CATV Growth Catalysts**

Continuous thrust into enlarging cable broadband penetration

New revenue streams from DTV (with 4% penetration currently)





# **Cash Flow Analysis**

NT\$bn	3Q10	2Q10	3Q09
Operating Cash Flow	5.78	4.68	4.92
Investing Cash Flow	(1.82)	(1.48)	(1.13)
Financing Cash Flow	(7.08)	(0.31)	(7.49)
Cash CAPEX	(1.97)	(1.36)	(1.25)
Free Cash Flow	3.81	3.32	3.67



## **Balance Sheet Analysis**

NT\$bn	3Q10	2Q10		3Q10	2Q10
Total Assets	82.91	86.38	Liabilities	35.18	42.33
Current Assets	12.00	14.63	Current Liabilities	26.13	33.27
- Cash & Cash Equivalents	2.75	5.86	- ST Debts	8.80	0.85
- Available-for-Sale Financial Assets	0.19	0.17	- Other Current Liabilities	17.33	32.42
- Financial Assets at Fair Value	0.20	0.00	Long-Term Borrowings	8.00	8.00
- Other Current Assets	8.86	8.60	Other Liabilities	1.06	1.07
Investment	3.05	3.30	Shareholders' Equity	47.72	44.04
Property and Equipment	43.89	44.27	- Paid-in Capital	38.01	38.01
Intangible Assets	20.59	20.75	- Capital Surplus	12.43	12.43
Other Assets	3.37	3.44	- Legal Reserve	15.33	15.33
			- Special Reserve	0.82	0.82
			- Un-appropriated Earnings*	2.27	2.27
			- Retained Earnings & Others	10.75	7.07
	3Q10	2Q10	- Treasury Shares	(31.89)	(31.89)
Interest Coverage (x)	52.2	59.9	*:Excluding YTD profits		
Net Debt to Equity	29%	7%	<mark>6</mark>		
Net Debt to EBITDA (x)	0.50	0.11			
ROE (annualized)	32%	27%			



### **4Q10 Forecast**

NT\$bn	4Q10	2010 <sup>1</sup>	YoY
Revenue	17.78	70.03	2%
EBITDA	6.38	27.48	-6%
EBITDA Margin	35.89%	39.24%	-3.54pps
Operating Income	4.11	18.33	-10%
Assets Write-off	(0.18)	(1.49)	-9%
Pre-Tax Income	3.95	17.04	-9%
Tax Expense	(0.78)	(3.24)	-32%
Net Income	3.17	13.80	-1%
EPS (NT\$) <sup>2</sup>	1.06	4.62	-1%

1. 2010 full-year forecast refers to 1-3Q actuals plus 4Q estimates

2. EPS is based on 2.99bn shares, net of treasury shares.



### **Stable Shareholder Return**



Note: 1. Based on annualized YTQ FCF.

- 2. NT\$1/share divided by share price on Oct. 27, 2010.
- 3. Dividend will be decided by the board in early 2011.



### **Event update**

#### Awards

- Received an "A+" ranking and ranked as one of the top 10 listed companies in "Transparency and Information Disclosure" for the fifth consecutive year.
- Awarded for "Excellence in Corporate Social Responsibility" by CommonWealth magazine for the fourth year in a row.
- Placed 1<sup>st</sup> in both the mobile/fixed-line communications and the 3C store channels categories in *Next* magazine's "2010 Top Service Awards".





#### Key message

- With succession made internally following Harvey Chang's resignation as the CEO & President, a smooth transition of management is expected.
- Enhancing shareholder value remains a priority of TWM.
- Growth of data revenue continues to be an important initiative for management the coming quarter.
- TWM is confident in concluding the year with an EPS of NT\$4.62 as guided.





