

# Letter to Shareholders

Dear Shareholders,

Armed with the largest contiguous 4G spectrum, Taiwan Mobile (“TWM” or “the Company”) continued to lead its peers in 2015, providing the best network coverage and the fastest download speed for mobile internet services. This, coupled with a wide selection of 4G smartphones and flexible data rate plans, helped TWM accumulate 3 million subscribers within one-and-a-half years after the launch of its 4G services, with its 4G penetration rate for postpaid subscribers hitting a high 43% by the end of 2015. The Company also boosted its 4G spectrum and network utilization rate by providing roaming services to a peer to accelerate its 4G investment’s payback. Given the Company’s ample network capacity and the medium to long-term prospects of the government releasing more spectrum, TWM withdrew from the 2.6GHz spectrum auction when bidding prices exceeded their fair market value. All these efforts demonstrate TWM’s commitment to maximizing its shareholders’ interests.

Taiwan Mobile reported a 2015 consolidated revenue of NT\$116.1bn and EBITDA of NT\$32.3bn, both of which rose 3% YoY. Net income increased 5% from a year ago to NT\$15.7bn. EPS came in at NT\$5.76, exceeding its full-year guidance by 14%. Earnings grew briskly on the back of a better-than-expected performance from its 4G operations, steady profit contribution from its cable TV business, lower non-operating expenses and one-off gains. As a result, the Company again outperformed its peers in delivering the highest EPS in 2015.

As the Company steadily expanded its core business, it continued to gain recognition for its commitment to enhancing corporate value. These included:

1. World-class corporate governance

Taiwan Mobile is committed to maintaining integrity as its core value and promoting corporate governance. The Company’s compliance with global standards has won not only the trust of investors, but also numerous awards and recognition from domestic and international rating institutions. Last year, it ranked among the top 5% of listed companies in the “Corporate Governance Assessment” conducted by the Taiwan Stock Exchange and the Taipei Exchange. Its efforts were also recognized by *FinanceAsia* magazine, whose “2015 Asia’s Best Companies Poll” ranked TWM among the best in its Taiwan’s Best Managed Public Companies, Best Corporate Governance and Best Investor Relations categories. In addition, TWM was selected for the fourth time as a member of the Dow Jones Sustainability Indices’ (the world’s first and most widely used global sustainability benchmarks) Emerging Markets Index.

2. A role model for corporate social responsibility

TWM’s efforts to employ its corporate and financial resources to assist non-profit organizations in promoting social welfare have gained wide recognition. Last year, the Company received for the eighth time the “Corporate Social Responsibility Award” from *Global Views Monthly* and “Excellence in Corporate Social Responsibility” by

*CommonWealth* magazine. It was also awarded top honors for the second year in a row by the Taiwan Institute for Sustainable Energy Research, receiving the following recognitions – “Taiwan’s Top 10 Role Model Company for Sustainability,” the “Integrity and Transparency Award,” the “Role Model Award for Community Service and Outreach” and “Taiwan’s Top 50 Corporate Sustainability Report Award – Gold Award in Telecom Sector.” In addition, the Company’s 2013 and 2014 corporate social responsibility reports received the International Standards on Assurance Engagements’ 3000 certification, the first and the only telecom operator to do so in Taiwan.

### 3. Premium services and customer satisfaction

With customer care as its core value, TWM offers premium customer services. Last year, it received for the fourth time a Qualicert certification from the Swiss firm SGS for its direct store channels and customer service system, and the “Trusted Brand Gold Award” from *Reader’s Digest* for the 12th consecutive year. Speed underscores TWM’s success in the field, with the Company winning the “2015 Taiwan’s Fastest Mobile Network” and the “2015 Taiwan’s Fastest 4G LTE” from Ookla, the internationally recognized standard for internet connection testing. TWM’s 4G download speed was also ranked No. 1 in speed tests independently conducted by *Apple Daily* and *Next Magazine*. The Company further outperformed its peers by delivering the fastest 3G download speed in 12 counties/cities out of a total of 22, according to the results of a National Communications Commission speed test announced on March 4, 2015. In addition, TWM’s 3G/4G networks topped customer satisfaction rates in a survey conducted by Insightxplorer Market Research.

The Taiwan telecom market is expected to move toward a healthier environment, with a fair usage policy and pay per use pricing as effective utilization of limited network resources and a sound tiered pricing structure ensure the telecom industry’s sustainability. In addition to leveling up revenue growth momentum, the Company will exercise stringent cost controls, including on expenditures such as handset subsidies. Cash savings from no payments for 2.6GHz spectrum concession, capital expenditure and related operating expenses will be used to boost the Company’s marketing flexibility and accelerate the monetization of its 4G investments ahead of its peers. TWM is confident in striking a balance between consumers’ needs and shareholders’ expectations and realizing its goal of maximizing shareholders’ profit with solid operating results.



Richard M. Tsai  
Chairman