

**FAR EASTONE**

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**4904 (OTCT)  
2004 3Q Investor Update**

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President

*November 04, 2004 6:00pm*

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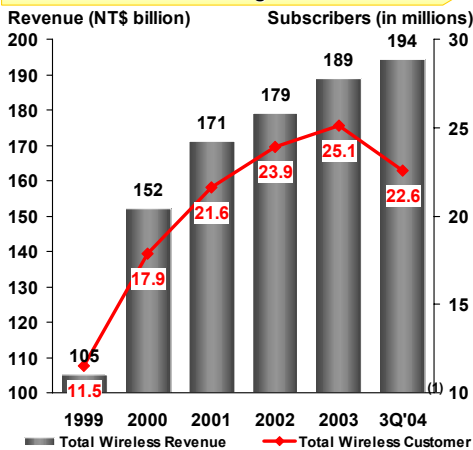
# Agenda

- ▶ I. Market Overview
- II. Operational Performance
- III. Financial Performance
- IV. Investment Highlights

## Balanced Taiwan Wireless Market Continue to Show Stable and Rational

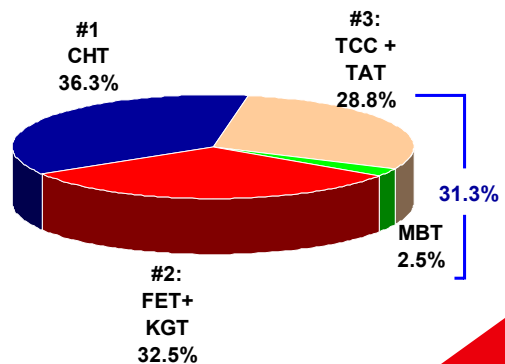
### Wireless Market Revenue & Subs

Total market revenue grew **4.8%** (3Q'04 vs. 3Q'03) while FET+KGT grew **10.9%**



### 2004 1-3Q Service Revenue Share

2004 Service Revenue Share of 3 BIG players:  
CHT 36.3% > FET+KGT 32.5% > TCC+TAT+MBT 31.3%



(1) Revenue based on last 12 months data as reported to the DGT. Customer number data up to Aug'04  
Source: data from DGT Statistics

Source: FET KGT Service Rev, others fm DGT statistics

# Agenda

## I. Market Overview

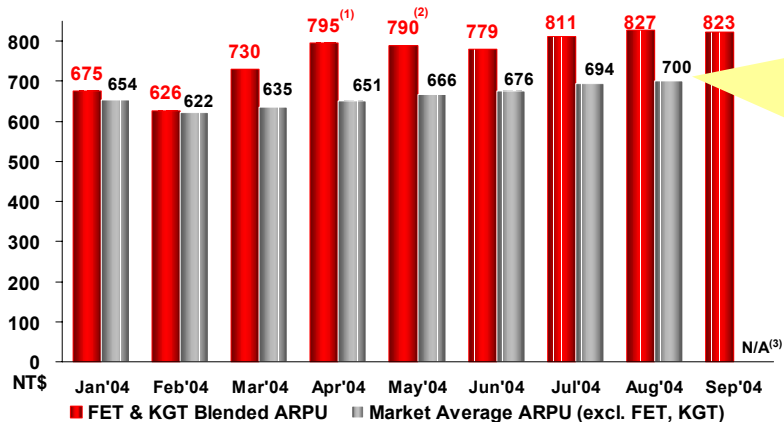
## ▶ II. Operational Performance

## III. Financial Performance

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## Operational Performance Continue to Generate Higher ARPU

### FET & KGT Blended ARPU vs. Market Avg ARPU



FET & KGT Blended ARPU:  
**18% higher** than Taiwan wireless market average

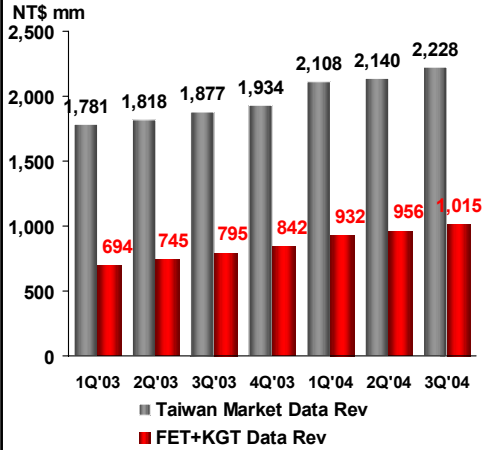
Source: ARPU based on FET&KGT factsheet and DGT statistics; market average excludes KGT and FET  
 (1)(2) KGT subscriber base reduced by 900K and 400K in March and April 2004 respectively due to one-off sanitizing of subscriber database.  
 (3) Market data not available after Aug'04

## Operational Performance

### Maintain Dominant Position in Data Use

#### Market Data Rev vs. FET+KGT Data Rev

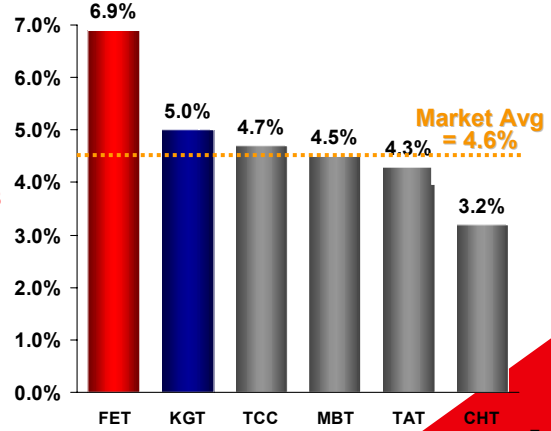
FET ↑ 28% vs. Market ↑ 15% (3Q'04 vs. 3Q'03)  
FET commands 46% of market data rev share



Source: Operators' factsheets or company source

#### 2004 YTD Data % of Service Revenue

FET is the **best-placed** in Taiwan to take advantage of data growth



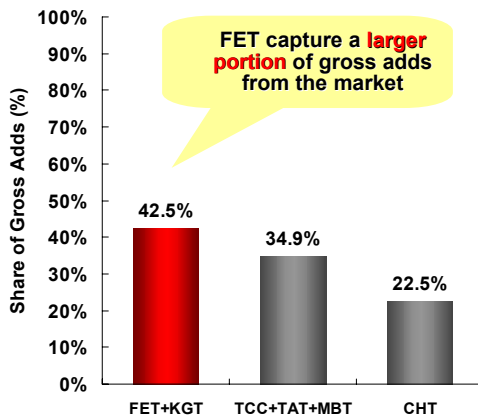
Source: Operators' factsheets or company source as of Aug'04

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## Operational Performance

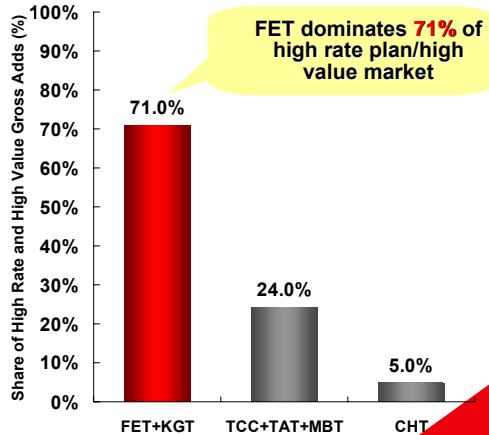
### Grab Biggest Pie of High Quality Customer

#### Up to 3Q'04 Gross Adds Market Share



Source: Synnex data compiled from all operators

#### 2Q'04 Gross Adds Market Share of High Rate Plan (monthly fee > \$800) and High Value (monthly bill > \$1000)



Source: New User Survey 2004 Q2, AC Neilson

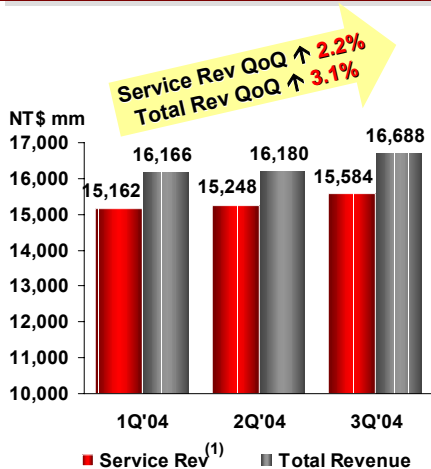
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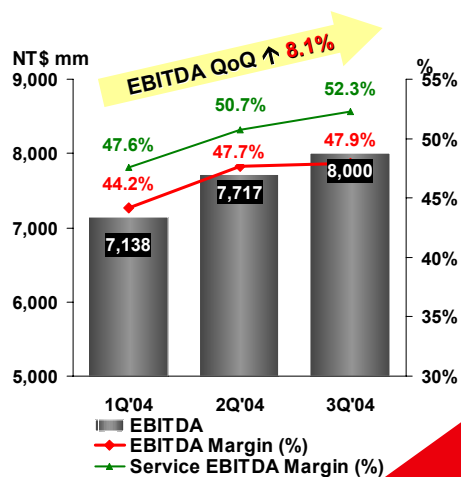
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## Consolidated Financial Overview Steady Revenue and Margin Growth

### Service Revenue



### EBITDA and EBITDA Margin (%)

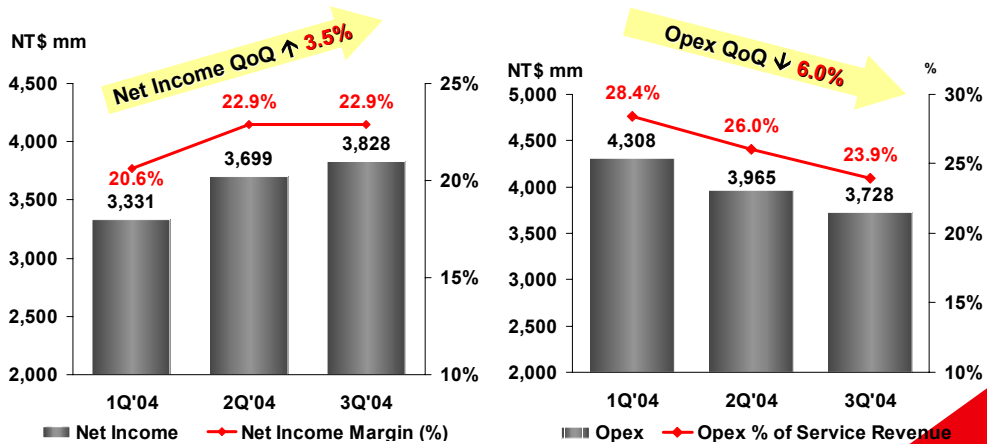


(1) Service revenue includes other revenue – revenue from advertising inserts go with bill  
Source: FET 2004 1Q, 2004 1H & 2004 3Q Consolidated Financial Report

Source: FET 2004 1Q, 2004 1H & 2004 3Q Consolidated Financial Report

Net Income and Net Income Margin

Opex & Opex % of Service Rev



Source: FET 2004 1Q, 2004 1H & 2004 3Q Consolidated Financial Report

Source: FET 2004 1Q, 2004 1H & 2004 3Q Consolidated Financial Report

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(NT\$ mm unless otherwise stated)

	3Q 2004	2Q 2004	1Q 2004
Cash & Cash Equivalents	3,601	8,841	2,680
Total Borrowing	26,320	32,585	28,199
Net Debt	22,719	23,744	25,519
Shareholders' Equity	64,396	59,670	60,957
Debt/Capitalization <sup>(1)</sup> Ratio			
— Gross (%)	29.0%	35.3%	31.6%
— Net (%)	25.0%	25.7%	28.6%
Free Cashflows – YTD	18,313	13,217	8,069
EPS(NT\$) <sup>(2)</sup>	1.02	0.98	0.89
Diluted EPS(NT\$) <sup>(3)</sup>	0.99	0.96	0.86

Source: Company financials

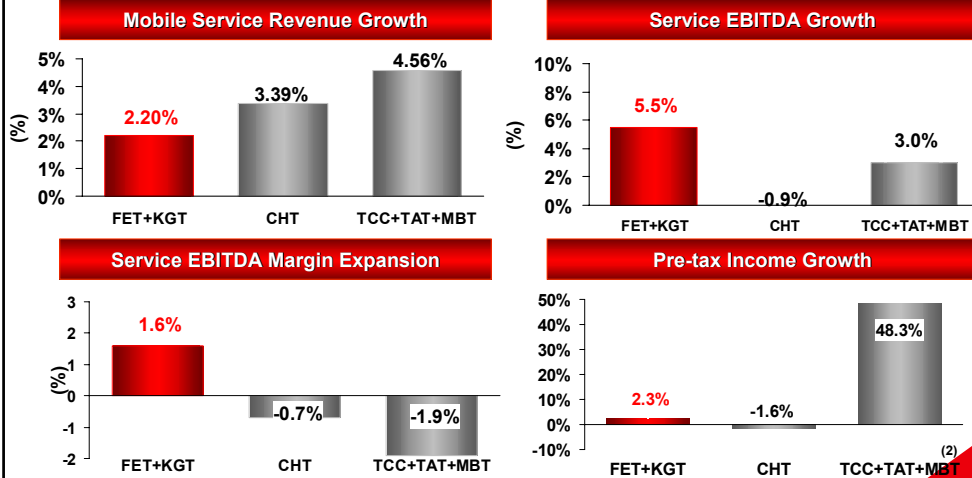
(1) Capitalization = shareholders' equity + total debt.

(2) EPS calculated by 3,763,151K shares as of Sep'04

(3) Diluted EPS calculated by 3,872,663K shares assuming all ECB have converted in common shares by end of 2004. Number without adjusting interest expense.

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Balanced Growth in All Aspects Compared to Peers



Source: Company's financial data and other operators' respective financials

(1) FET+KGT figures and TCC+TAT+MBT are both on the consolidated basis – TCC starts to recognize MBT revenue and profit in Sep.

(2) TCC's pre-tax income include \$1.25bn cash dividend from CHT, and \$542mn CHT share disposal gains

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## Key Investment Highlights

1. **Solid #2** wireless operator in Taiwan with **33%** market share
2. **High Quality Customer Base**
  - ✓ **Market leading** ARPUs
  - ✓ **71%** of High Rate Plan / High Value New User Market
3. **Leading** position in Data Usage
4. **Balanced Growth** in Financial Profile and Operational Efficiency
5. **Strong** dividend payout ratio: **80%+**

Merger Synergy reveals in **Strong Growth and Efficiency**

## Q & A

### For Further Information:

#### Websites

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