



4904 (TWSE) 2005 3Q Investor Update

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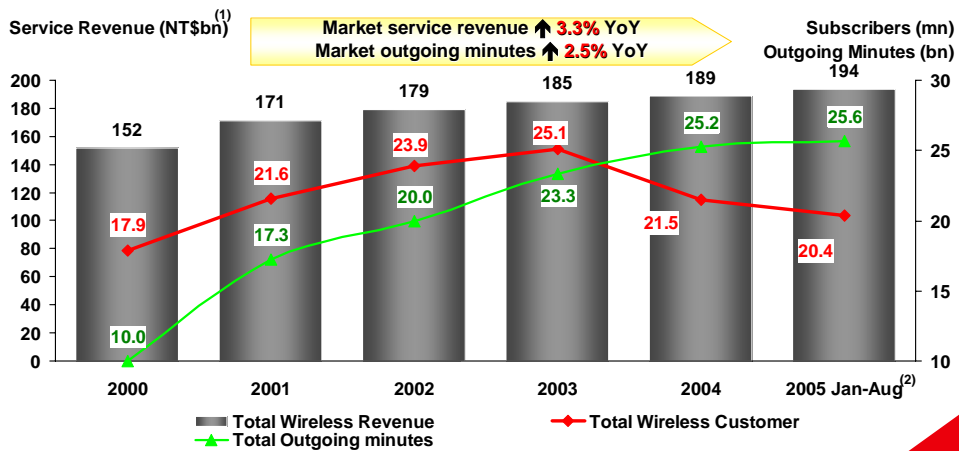
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Agenda

- ▶ **I. Market Overview**
- II. Operational Performance**
- III. Financial Performance**
- IV. Outlook and Management Highlights**

Balanced Taiwan Wireless Market Continue to Show Stable and Rational Growth

Wireless Market Revenue & Subs



(1) 2003-2005 revenue based on service revenue from operator's respective factsheets on consolidated basis
 (2) 2005 revenue and outgoing minutes based on last 12 months stats
 Source: data from DGT Statistics and operators respective factsheets

2005 Market Update

MNP

- 2G+3G Internal MNP launched in Aug 2005
- APBW, the only CDMA operator, launched NP in Sep
- FET, CHT, TWM launched NP on Oct. 15, 2005
 - Porting Fee: NT\$240
 - Limited up to 10,000 #s (including fixed-line) per working day
 - Customers with contract not allowed to port
 - Processing time: D+4 working days

3G Technology

- Rational competition among 3 incumbents w/ WCDMA: FET, TWM, CHT (all launched in 2005 Q3 with rational pricing)
- VIBO (w/ WCDMA green fielder) status : launch date potentially delay to 2005 Nov or Dec
- Operators pushing for 3G SIM alone program

Agenda

I. Market Overview



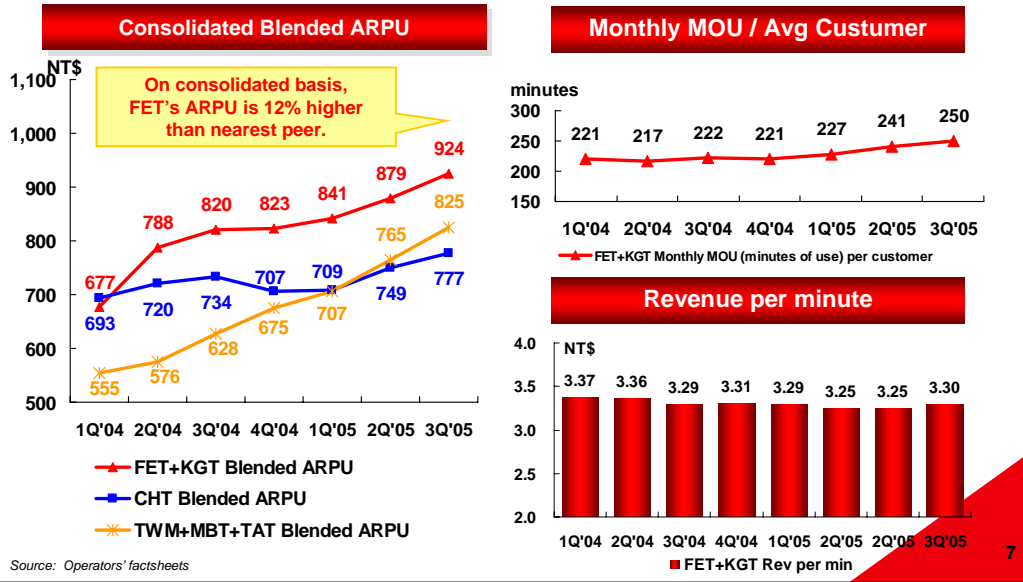
II. Operational Performance

III. Financial Performance

IV. Outlook and Management Highlights

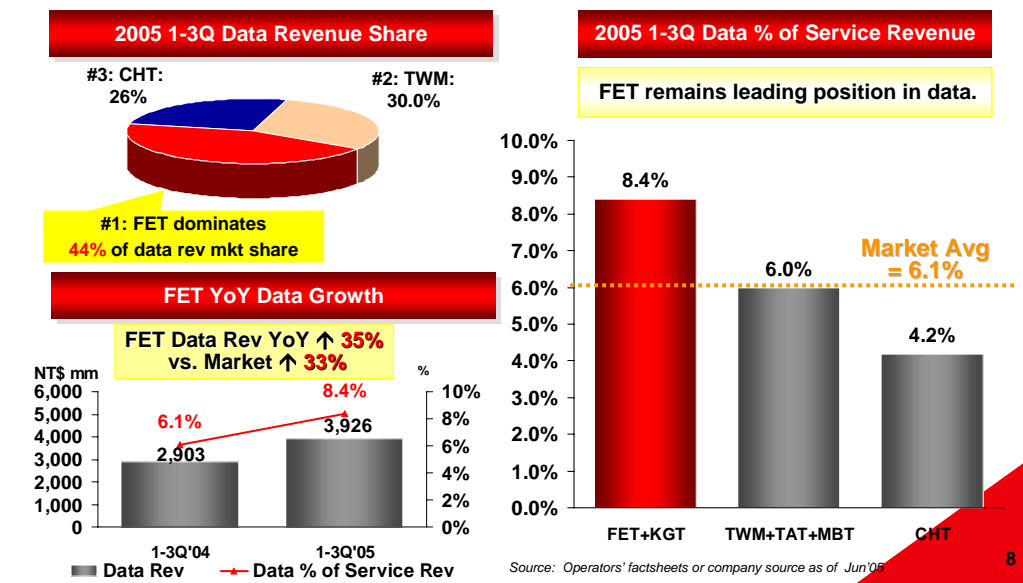
Operational Performance

Continue to lead in ARPU and Steady Growth in MOU



Data Performance

2005 1-3Q Data Market Status



3G Update

Satisfactory Coverage

Competitive Tariff

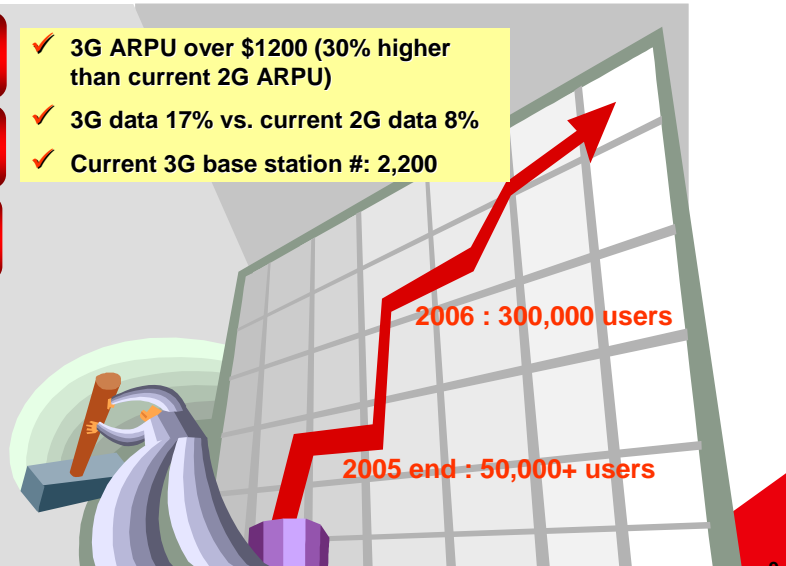
Compelling Services

Trendy Handset

Attractive Promotion

Effective Communication

- ✓ 3G ARPU over \$1200 (30% higher than current 2G ARPU)
- ✓ 3G data 17% vs. current 2G data 8%
- ✓ Current 3G base station #: 2,200



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▶ ***III. Financial Performance***

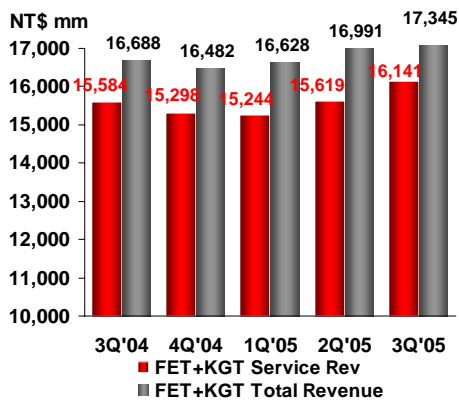
IV. Outlook and Management Highlights

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Consolidated Financial Steady Revenue and Margin Growth

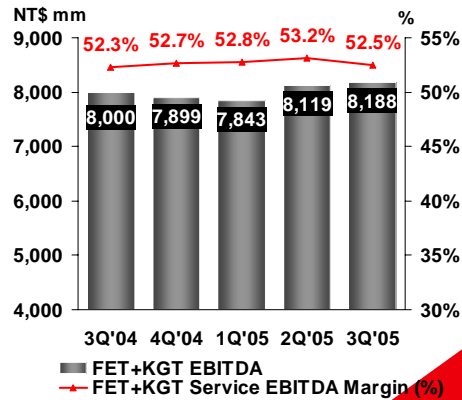
Service Revenue

Service Rev YoY \uparrow 3.6% QoQ \uparrow 3.3%
 Total Rev YoY \uparrow 3.9% QoQ \uparrow 2.1%



EBITDA and EBITDA Margin (%)

EBITDA YoY \uparrow 2.3% QoQ \uparrow 0.9%

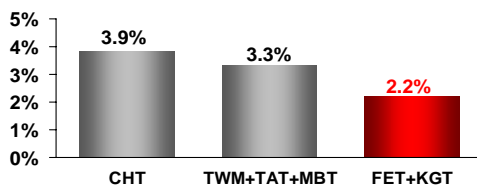


Source: FET 2004 Consolidated Financials and 2005 1-3Q company data (consolidated entities including FET & KGT)

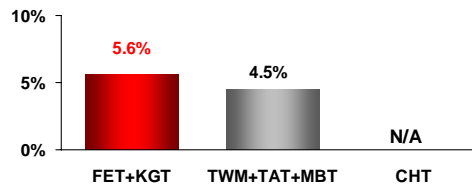
Consolidated Financial Overview Peer Comparison of 2004 1-3Q vs. 2005 1-3Q

Maintain Profitability Compared to Peers

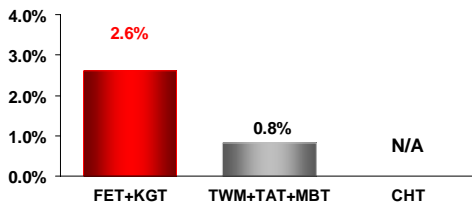
Mobile Service Revenue Growth



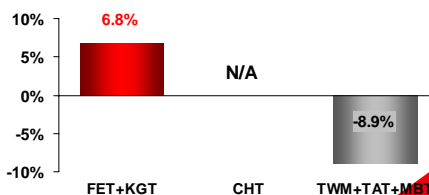
Service EBITDA Growth



Service EBITDA Margin Expansion



Net Income Growth



Source: Company's financial data and other operators' respective factsheets
 (1) FET+KGT figures and TCC+TAT+MBT are both on the Consolidated basis

Consolidated Financial

2005 1-3Q Result by New Consolidated Entities⁽¹⁾

Item Unit: NT\$ million, except for margins	FET+KGT	Arcoa ⁽³⁾	KGEx	Others	Consolidated
■ Total Revenue	50,963	3,428	582	145	54,167
■ Service Revenue	47,004	842	582	145	47,741
■ EBITDA	24,150	- 23	9	51	24,204
■ Service EBITDA Margin %	52.8%	- 2.7%	1.5%	35.4%	51.6%
■ Pre-tax Income	14,176 ⁽²⁾	- 67	- 122	139	14,126
■ Net Income	11,595	- 67	- 122	189	11,595

Source: Company data

Note: (1) Based on the new regulation, starting from 2005, the consolidated entities add Arcoa, KGEx.com, KGT International Holdings, E. Word (Holdings) Ltd, Far Eastern Info Service (Holding) Ltd,

(2) Not including investment gain/ loss of all subsidiaries

(3) Arcoa's number was for the period of Feb to Sep 2005

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Consolidated Financial

2005 1-3Q Financial Stats

(NT\$ mm unless otherwise stated)

	2005 Q3 ⁽¹⁾	2005 Q2 ⁽¹⁾	2005 Q1 ⁽¹⁾
Cash & Cash Equivalents	833	12,593	9,910
Total Borrowing	12,715	17,190	18,227
Net Debt	11,882	4,597	8,317
Shareholders' Equity	71,110	67,414	75,422
Debt/Capitalization ⁽²⁾ Ratio			
— Gross (%)	15.2%	20.3%	19.5%
— Net (%)	14.2%	5.4%	8.9%
Free Cashflows – YTD ⁽³⁾	16,319	12,245	6,838
Pre-tax EPS	\$3.66 ⁽⁴⁾	\$2.47 ⁽⁴⁾	\$1.20 ⁽⁴⁾
EPS(NT\$)	\$2.99 ⁽⁴⁾	\$2.02 ⁽⁴⁾	\$0.98 ⁽⁴⁾
ROA	14.6%	14.5%	13.9%
ROE	21.9%	22.4%	20.9%

Source: Company financials

(1) 2005 1-3Q figures are based on audited draft and new consolidated entities. Based on the new regulation, starting from 2005, the consolidated entities add Arcoa, KGEx.com, KGT International Holdings, E. Word (Holdings) Ltd, Far Eastern Info Service (Holding) Ltd.

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

(3) Free Cashflows = Operating Cash flow – Capex

(4) EPS calculated by current outstanding shares of 3,872,663K.

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Consolidated Financial Achievement 2005 1-3Q Actual vs. 2005 Forecast

Item Unit: NT\$ Million, except for EPS	2005 1-3Q Actual ⁽¹⁾	2005 Forecast	Achievement %
■ Total Revenue	54,167	68,781	78.8%
■ Service Revenue	47,741	64,268	74.3%
■ EBITDA	24,204	32,282	75.0%
■ Service EBITDA Margin %	51.6%	50.0%	above 50%+
■ Pre-tax Income	14,126	17,484	80.8%
■ Net Income	11,595	14,695	78.9%
■ Pre-tax EPS ⁽²⁾	<u>\$3.66</u>	<u>\$4.55</u>	
■ EPS ⁽²⁾	<u>\$2.99</u>	<u>\$3.79</u>	

Source: Company data

(1) 2005 1-3Q figures are based on audited draft and new consolidated entities. Starting from 2005, the consolidated entities include Arcoa, KGEEx.com, KGT International Holdings, E. Word (Holdings) Ltd, Far Eastern Info Service (Holding) Ltd.

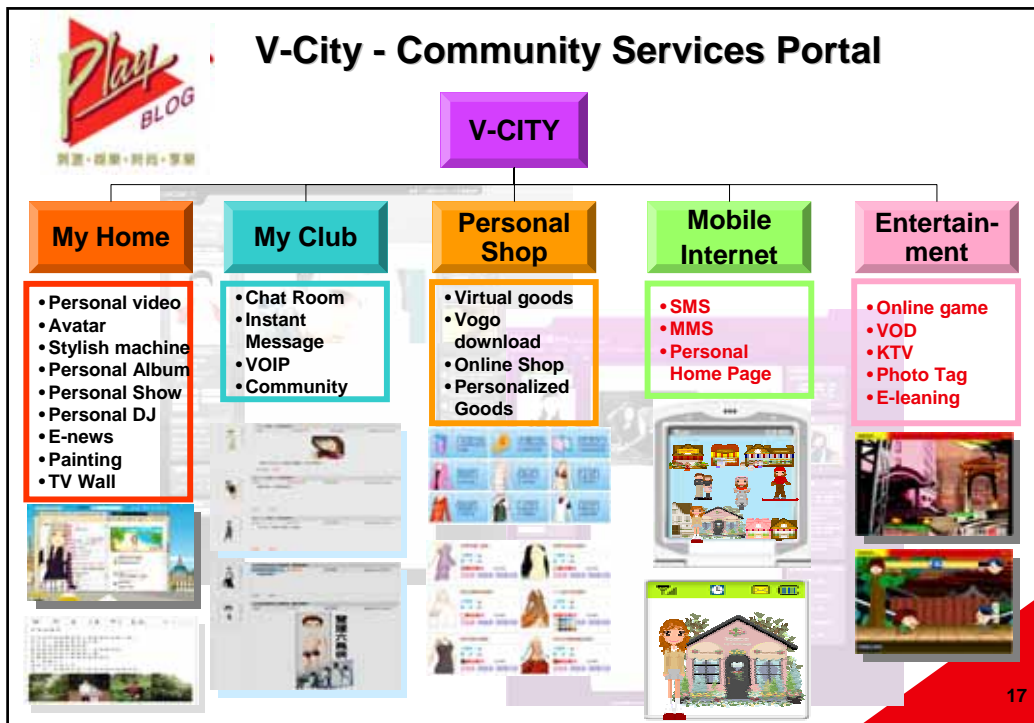
(2) EPS based on current outstanding shares of 3,872,663,049.

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Outlook

2005 4Q Business Outlook

- ▶ Move toward meeting 2005 Full Year Service Revenue target and will beat **EBITDA & EPS forecast**
- ▶ Continue to **monitor the progress of 3G and MNP**
- ▶ Do not expect 3G be a rapid uptake, thus apply a **practical roll-out plan**
- ▶ Focus on **3G service development**, rather than 3G network coverage development
- ▶ Remain **Capex at around 10-12% of Service Rev**

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Management Highlights Summary

- ▶ **Maintain Profitability** while negative impact from new prepaid regulations has stabilized
- ▶ Remain **Stable Churn Rate and Gross Adds** since MNP launched
- ▶ **High Quality Customer Base**
 - ✓ **Market leading** ARPUs
 - ✓ **Leading** position in Data Usage
- ▶ Maintain **dividend payout at 80%+**
- ▶ **Value Investment** → Top #79 performer among Asia's Outstanding Publicly Listed Companies (Business Week, Oct 24 2005)

Q & A

For Further Information:

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