



Mobile · Broadband · Media · International Service

## 4904 (TWSE) 2009 1Q Investor Update

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Vice Chairman and President

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seednet 速博 sparq\*



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Mobile



Broadband



Media



International Service

# Agenda

- ▶ **I. Market Overview**
- II. 2009 Q1 Performance and Business Update**
- III. 2009 Q2 Forecast**
- IV. Management Highlight**

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## Taiwan Telco Market Overview

### Regulatory Environment

- NCC continues collecting opinions from operators to revise 'Telecom Act'; expect to complete the draft by end of this year and proceed public hearing process
- Regarding IP peering dispute, NCC to launch an investigation into whether CHT has abused its status as the market leader and will review wholesale prices and IP peering cost
- Legislative Yuan passed the first review of Telecom Act draft to restrict the number of base stations not to exceed 3 sets or 9 in a building

### Market Phenomenon

- Market mobile subs and total minutes continue to grow while revenue become flattish
- Intensive competition prevail
- Airtime subsidy become attractive

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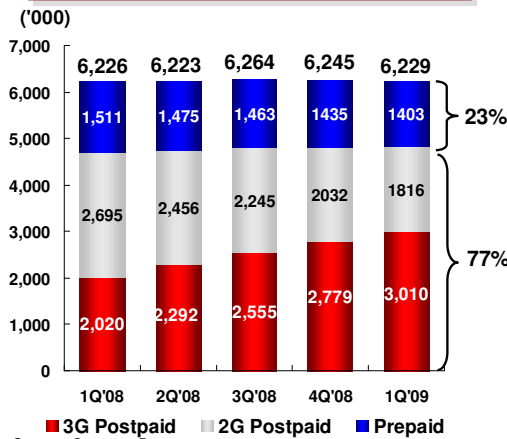
III. 2009 Q2 Forecast

IV. Management Highlight

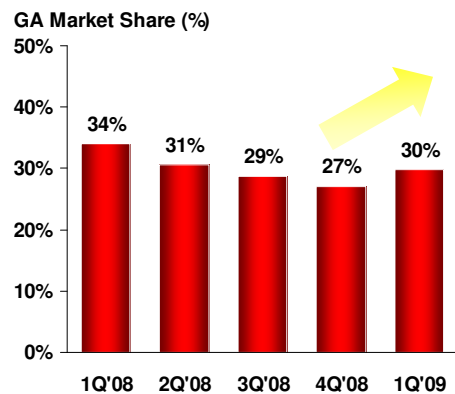
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## Operational Performance Subscriber

Total Subscribers ('000)



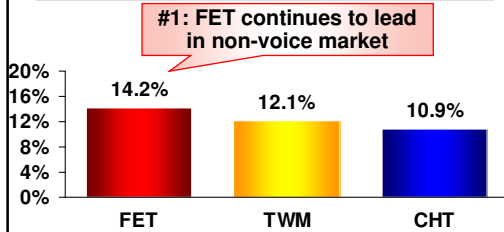
FET Postpaid Gross Add Share (%)



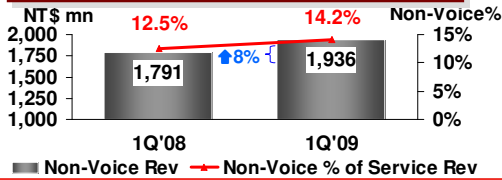
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## Non-Voice Performance Leading in Non-Voice and Increasing Usage

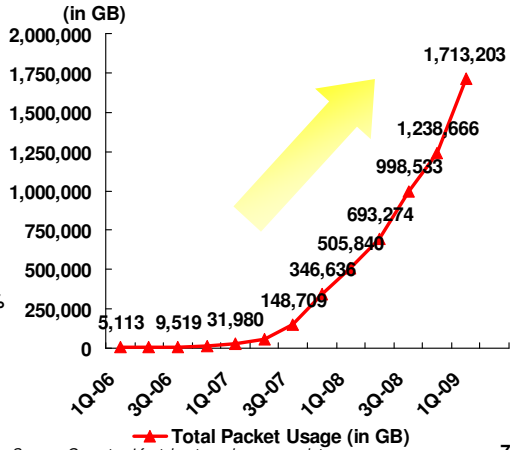
### 1Q'09 Non-Voice % of Service Revenue



### FET YoY Non-Voice Growth



### Total Packet Data Usage



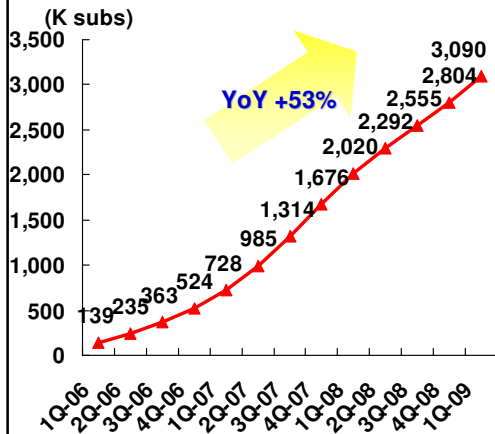
Source: Operators' factsheets and company data

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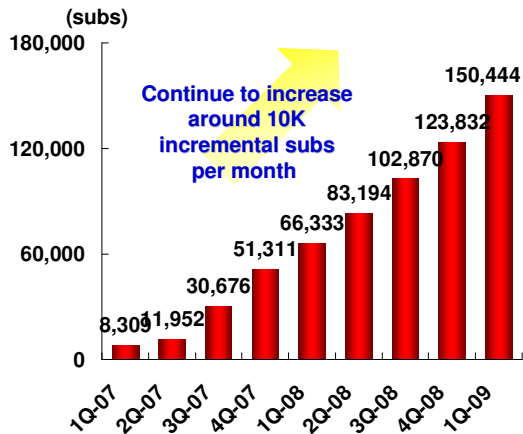
## 3G

### Uptake of 3G and Wireless Broadband Service

#### 3G Sub Growth



#### 3G & HSPA Data Centric Growth



Source: FET company data

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## Consolidated Financial Achievement 2009 Q1 Actual vs. 2009 Q1 Forecast

Item Unit: NT\$ Million, except for EPS	2009 Q1 Actual	2008 Q4 Actual	QoQ%	2009 Q1 Forecast	Achievement %
■ Total Revenue	14,881	15,069	-1.2%	15,504	96%
■ Service Revenue	13,631	14,127	-3.5%	14,214	96%
■ EBITDA	6,033	6,268	-3.8%	6,373	95%
■ Service EBITDA Margin %	45.7%	45.5%	—	45.9%	—
■ Pre-tax Income	3,022	3,030	-0.3%	3,234	93%
■ Net Income	2,301	2,316	-0.6%	2,466	93%
■ EPS <sup>(1)</sup>	\$0.71	\$0.71	-0.6%	\$0.76	93%

Source: FET consolidated financials & 2009 Q1 forecast  
(1) EPS was based on current outstanding shares of 3,258,501K

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## Consolidated Financial 2009 Q1 Financial Stats

(NT\$ mm unless otherwise stated)

	As of 2009 Q1	As of 2008 Q4
Cash & Cash Equivalents	9,654	7,236
Total Borrowing	779	1,955
Net Debt	—	—
Shareholders' Equity	74,572	72,241
Debt/Capitalization Ratio		
— Gross (%)	1.0%	2.6%
— Net (%)	—	—
Free Cashflows – YTD	4,739	15,940
Cash-based Capex – YTD	1,575	7,470
Pre-tax EPS - YTD	\$0.95	\$4.09
EPS(NT\$) – YTD	\$0.71	\$3.12
ROA	10.3%	11.0%
ROE	12.5%	13.3%

Source: FET Consolidated financials; above EPS calculated by current outstanding shares of 3,258,501K

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## Recent Activities 2009 Q1 & Q2

### Services

- ▶ Hala Spender 298/598/998
- ▶ VoIP + Broadband Access Services
- ▶ Digital Photo Frame Device & Services
- ▶ Novels on mobiles



### Network and Platform

- ▶ FET & KGT Network Consolidation
- ▶ Continue pushing voice to 2G
- ▶ Seamless Network (3.5G w/ WiFi)
- ▶ WiMAX as a data-plus network
- ▶ IMS Platform

### Devices

- ▶ 3.5G handsets
  - Sharp WX-T923 & T930
  - Fujitsu F905i
- ▶ Netbooks
  - ASUS Eee PC 701SD & 904HA
  - Acer Aspire I
  - i-Buddie G10
  - HP mini 1015TU & 1110TU
- ▶ Innovative devices
  - Mio Moov380 & 500
  - Digital Photo Frame
  - Wireless digital devices such as
    - Digital camera BenQ E1020
    - Eten M268 Financial PDA
    - Game consoles....

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## 2009 Q2 Consolidated Financial Forecast 2009 Q2 Forecast vs. 2009 Q1 Actual

Item Unit: NT\$ Million, except for EPS	2009 Q2 Forecast	2009 Q1 Actual	QoQ%
■ Total Revenue	15,204	14,881	+2.2%
■ Service Revenue	13,808	13,631	+1.3%
■ EBITDA	6,098	6,032	+1.1%
■ Service EBITDA Margin %	45.2%	45.7%	
■ Pre-tax Income	3,025	3,022	+0.1%
■ Net Income	2,305	2,301	+0.2%
■ EPS <sup>(1)</sup>	<u>\$0.71</u>	<u>\$0.71</u>	+0.2%

Source: FET Consolidated financials; EPS calculated by current outstanding shares of 3,258,501K

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## Management Highlight Key Message

- ▶ **Board has just approved 2008 dividend: NT\$2.8 per share, consistent dividend policy with 90% payout**
- ▶ **Expanding New Revenue Sources**
- ▶ **Continue to Drive Cost Efficiency**
- ▶ **Continue to Work on Consolidation towards Future Synergy**
- ▶ **Expecting Non-Operations Improve Significantly**

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## Q & A

For Further Information:

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