



Mobile · Broadband · Media · International Service

## 4904 (TWSE) 2011 3Q Investor Update

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President



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Mobile



Broadband



Media



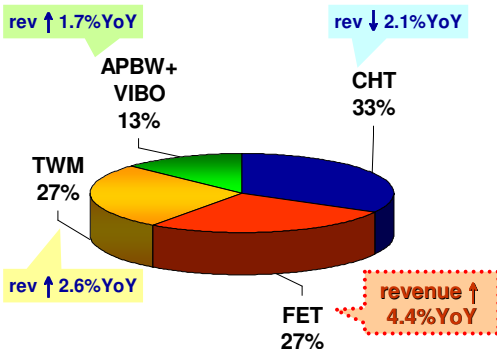
International Service

# Agenda

- ▶ I. Market Overview
- II. 2011 3Q Performance
- III. Business Update

## Taiwan Mobile Market Market Dynamic

### Mobile Service Rev Share (3Q 2011)



### Market Update

#### Mobile Market in 3Q'11

- Mobile revenue **↑1.3% YoY**
- Mobile outgoing minutes **↑7.8% YoY**
- Total mobile subscribers **↑4.5% YoY**

#### Dynamic

- Mobile competitive landscape remains stable **while FET has been growing the most in terms of service revenue (up 4.4% YoY) and gaining 0.1% revenue market share**
- Big 3 operators start to attract customers from small operators

Source: NCC statistics and operators' factsheet; mobile revenue adjusted based on big 3 operators' factsheets on consolidated basis

# Agenda

I. Market Overview

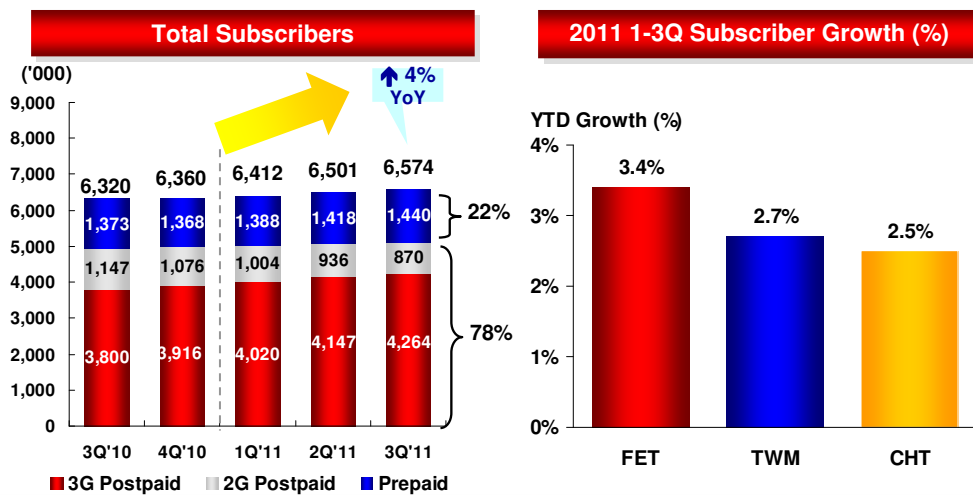


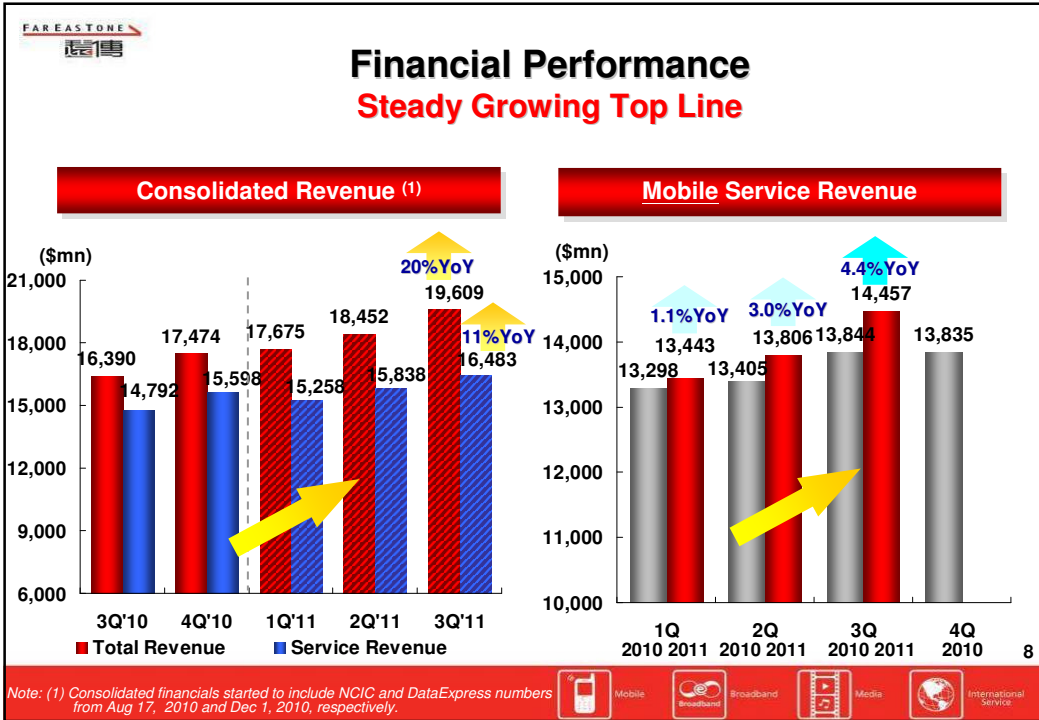
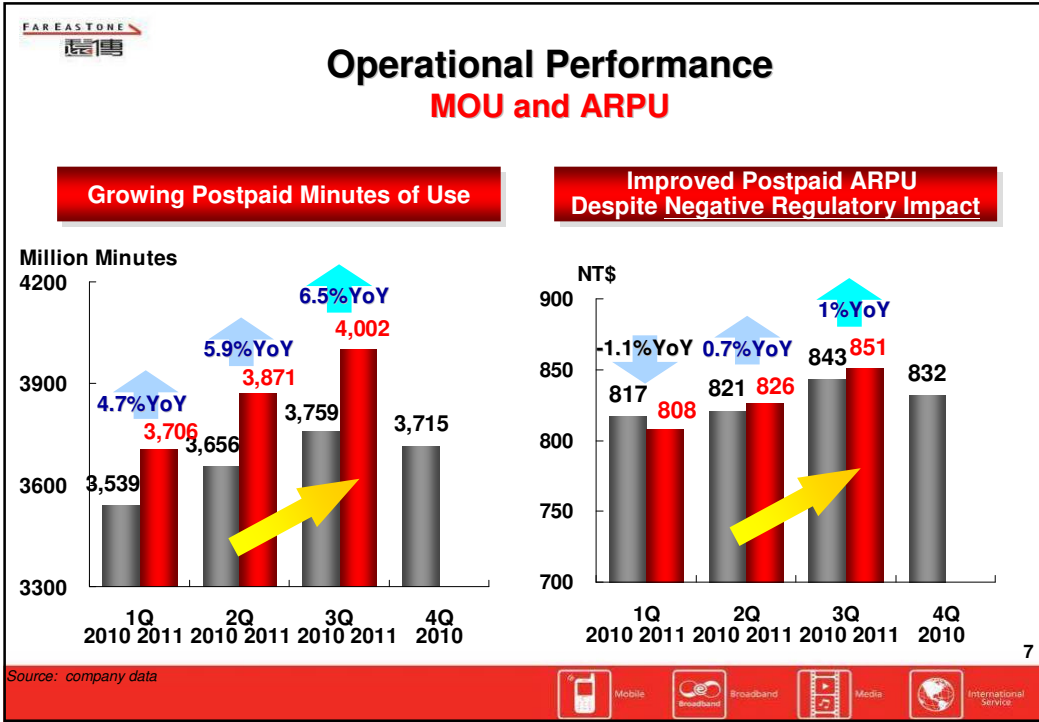
II. 2011 3Q Performance

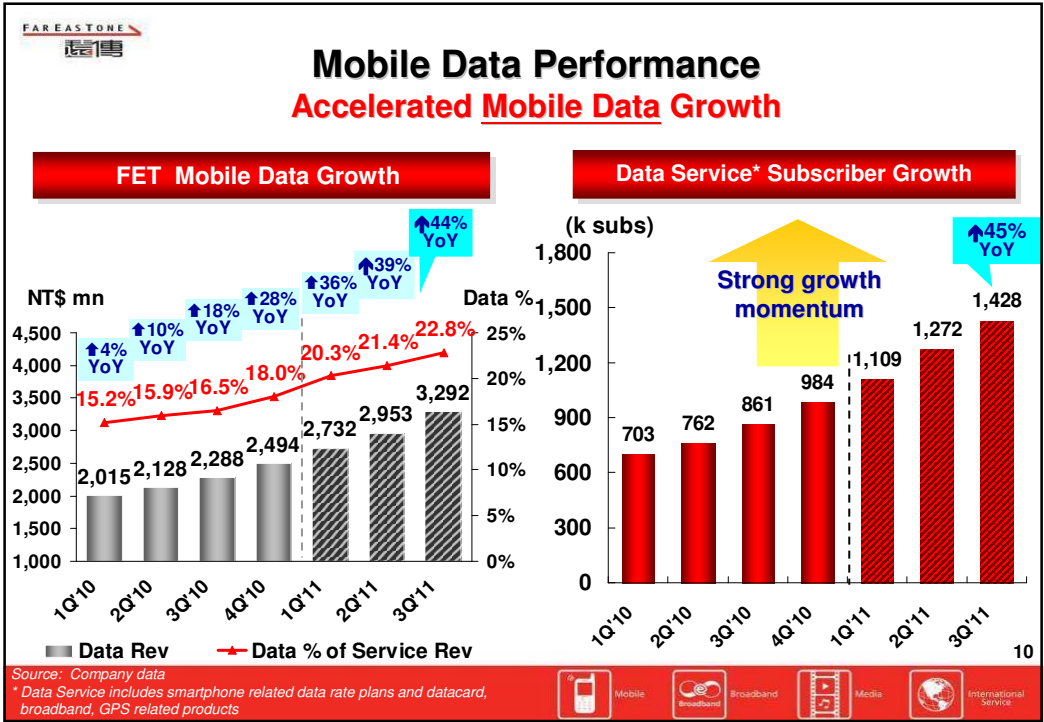
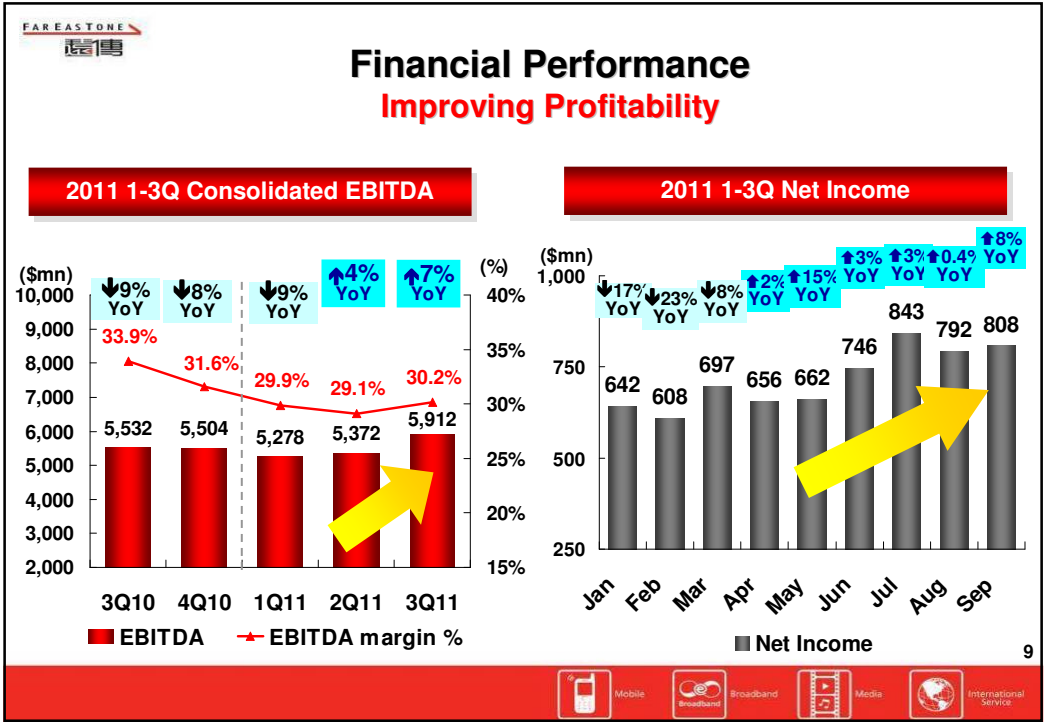
III. Business Update

## Operational Performance

### Increasing Subs

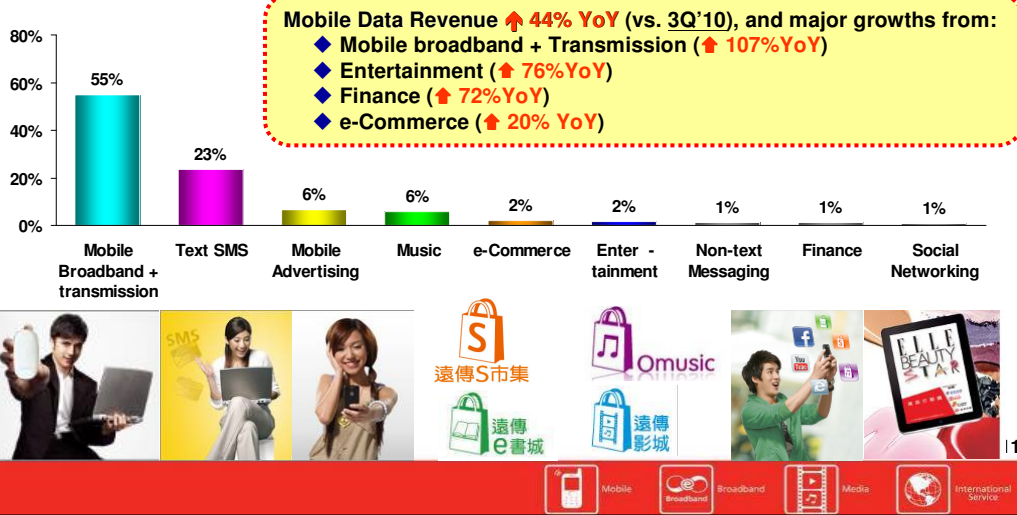






## Mobile Data Performance The Growth Driver

### Mobile Data Revenue Breakdown in 3Q'11



## Consolidated Financial Achievement 2011 Q3 Actual vs. 2011 Q3 Forecast

Item Unit: NT\$ million, except for EPS	2011 Q3 Actual	2011 Q2 Actual	QoQ%	2011 Q3 Forecast	Achievement %
▶ Total Revenue	19,609	18,452	+6.3%	19,098	103%
▶ Service Revenue	16,483	15,838	+4.1%	16,307	101%
▶ EBITDA	5,912	5,372	+10.0%	5,679	104%
▶ EBITDA Margin %	30.2%	29.1%	—	29.7%	—
▶ Net Income	2,443	2,064	+18.3%	2,195	111%
▶ EPS <sup>(1)</sup>	\$0.75	\$0.63	+18.3%	\$0.67	111%

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

## Consolidated Financial Achievement

### 2011 1-3Q Actual vs. 2011 1-3Q Forecast

Item (Unit: NT\$ Million, except for EPS & margin)	2011 1-3Q Actual	2011 1-3Q Forecast	Achievement%
▶ Total Revenue	55,736	54,964	101%
▶ Service Revenue	47,579	47,324	101%
▶ EBITDA	16,578	16,403	101%
▶ EBITDA%	29.7%	29.8%	-
▶ Net Income	6,453	6,118	105%
▶ EPS <sup>(1)</sup>	<u>\$1.98</u>	<u>\$1.88</u>	105%

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

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## Consolidated Financial

### FY2011 Q3 Financial Stats

(NT\$ mm unless otherwise stated)

	As of 2011 Q3	As of 2011 Q2
Cash & Cash Equivalents	9,149	9,194
Available-for-Sale Financial Assets & Derivatives	2,968	3,452
Total Borrowing	7,532	1,750
<b>Net Cash*</b>	<b>4,584</b>	<b>10,896</b>
Shareholders' Equity	70,493	68,068
Debt/Capitalization Ratio		
– Gross (%)	9.7%	2.5%
– Net (%)	—	—
Free Cashflows – YTD	8,919	6,348
Cash-based Capex – YTD	6,761	3,837
EPS(NT\$) – YTD	<u>\$1.98</u>	<u>\$1.23</u>

Source: FET Consolidated financials  
 \* Net Cash = Cash and Cash Equivalent + Available-for-Sale Financial Assets & Derivatives – Total Borrowing

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I. Market Overview

II. 2011 3Q Performance

▶ III. Business Update

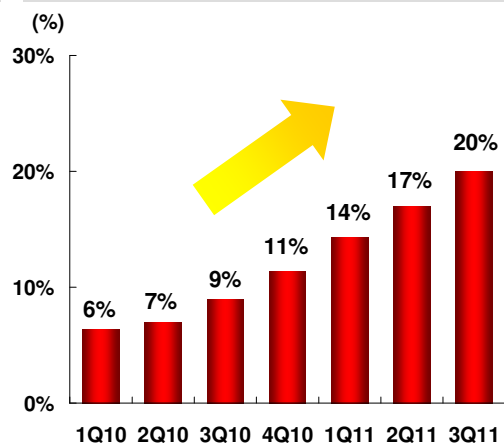
## Smart Device Statistics

Strong Data Growth driven by Smart Devices Uptake

### Some Statistics

- ▶ Smart devices (smartphones + tablets ) accounted **67%** of total new devices sold in 3Q'11
- ▶ Smartphone penetration\* reached **20%** of total postpaid subs in 3Q'11 (continue to **grow ~1% per month**)
- ▶ **APRU:**  
 Average smartphone user's ARPU is **NT\$1500-1600**; double of feature phone users' ARPU of ~\$800
- ▶ **Usage:**  
 Average smartphone user's data usage is **~800MB / month**; and tablet's usage is **1.6-1.8GB / month**

### Smartphone Penetration\* (%)



\* Smartphone penetration means smartphone users as % of total postpaid subs excluding data only subs



## 2011 Q3 Business Update Innovation

- ▶ Launched the **1st innovative mobile-commerce app** cooperated with ELLE magazine, integrating Far Eastern Group's resources in department stores, retails, bank and internet shopping platform
- ▶ First to offer trial of **HSPA+ 42Mbps** high speed mobile internet surfing service in Taiwan
- ▶ Established **strategic partnership with Vodafone Group** via Conexus Mobile Alliance, enhancing benefits for a combined global mobile customer base of over 600 million
- ▶ **4 Asset Bases + Smartphones / Tablets**
- ▶ **Cloud Solution Services** to Enterprise Customers

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## 2011 Q3 Business Update Cross-Strait Cooperation



- ▶ Currently **380+** S Mart apps listed on CMCC Mobile Market platform
- ▶ Over **1.8M** cumulative downloads
- ▶ Aggregated **80+** games to CMCC
- ▶ Launched **Formosa Game Zone** in Sep
- ▶ Launched business with Central Music
- ▶ To further enrich music library
- ▶ To launch by end of Oct
- ▶ Launch **Formosa Author Column**
- ▶ Launched **Old Master Campaigns** on Moon Festival & Chung Yung Festival
- ▶ **Wireless City Project**

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## 2011 Q3 Business Update Awards and Recognitions

- ▶ **2011 Oct** FET's in-house 'bella' app awarded **"The Best Value-Added Service"** in the **5th Golden Tripod Awards for Digital Publications** held by Government Information Office (GIO) of Executive Yuan, out of 198 apps and 67 digital publishers
- ▶ **2011 Oct** The only telecom operator in Asia which has been implementing SGS Qualicert service certification scheme (the world's most recognized independent official sign of service quality) for consecutive 6 years and got another **SGS Qualicert service certification** this year



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# Q & A

For Further Information:

Websites	email
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