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Mobile · Broadband · Media · International Service

4904 (TWSE) 2011 4Q and Full Year Result Investor Update

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Mobile



Broadband



Media



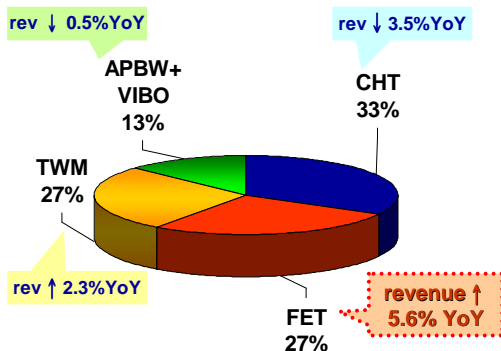
International Service

Agenda

- ▶ I. Market Overview
- II. 2011 4Q Performance and Business Update
- III. 2012 Guidance

Taiwan Mobile Market Market Dynamic

Mobile Service Rev Share (4Q 2011)



Market Update

Mobile Market in 4Q'11

- Mobile revenue **↑0.8% YoY**
- Mobile outgoing minutes **↑6.2% YoY**
- Total mobile subscribers **↑4.2% YoY**

Dynamic

- Mobile competitive landscape remains stable while FET has been growing the most in terms of service revenue (up 5.6% YoY) and gaining 1.3% revenue market share (25.9% in 4Q'10→27.2% in 4Q'11)
- Small operators started to experience YoY mobile service revenue drop

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

Agenda

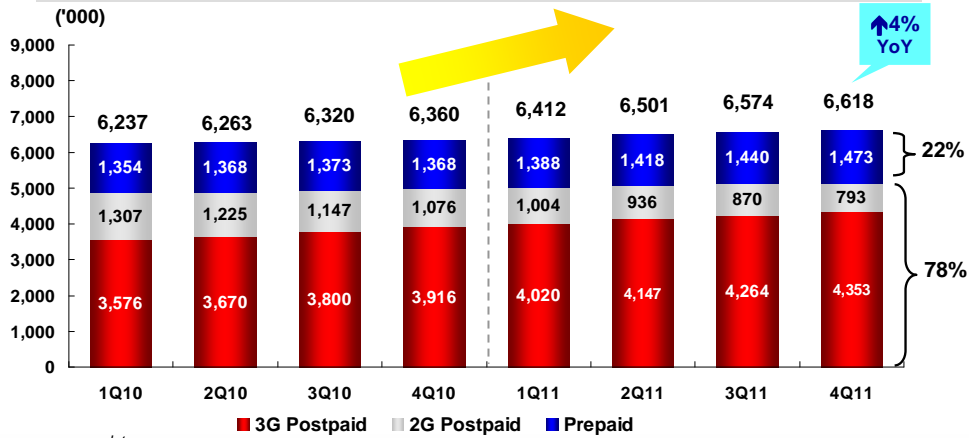
I. Market Overview

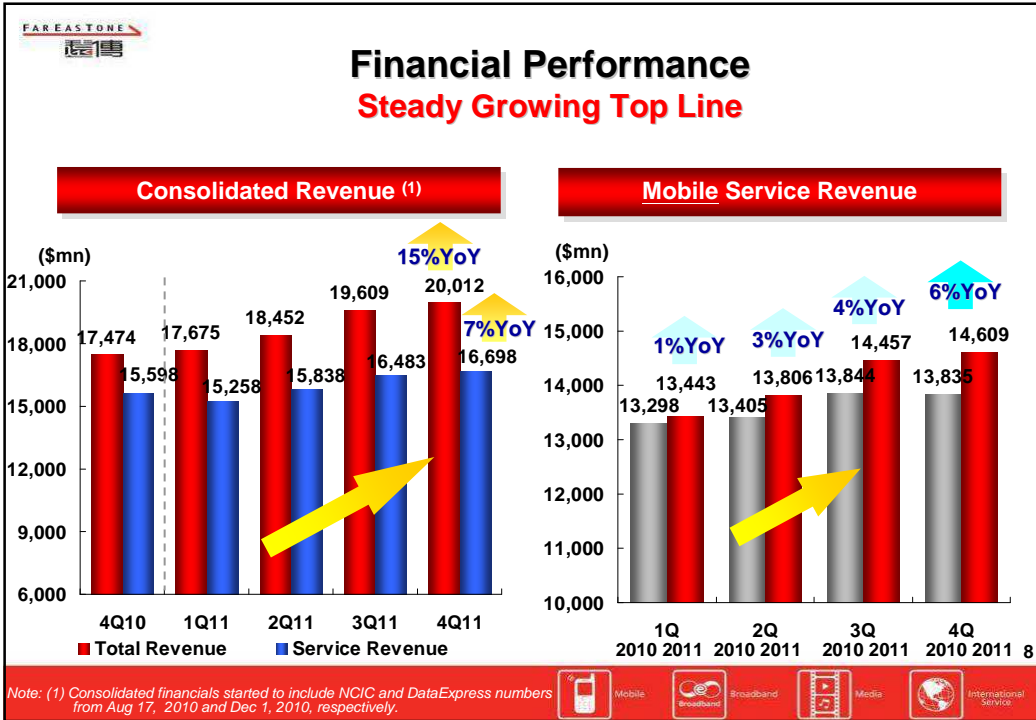
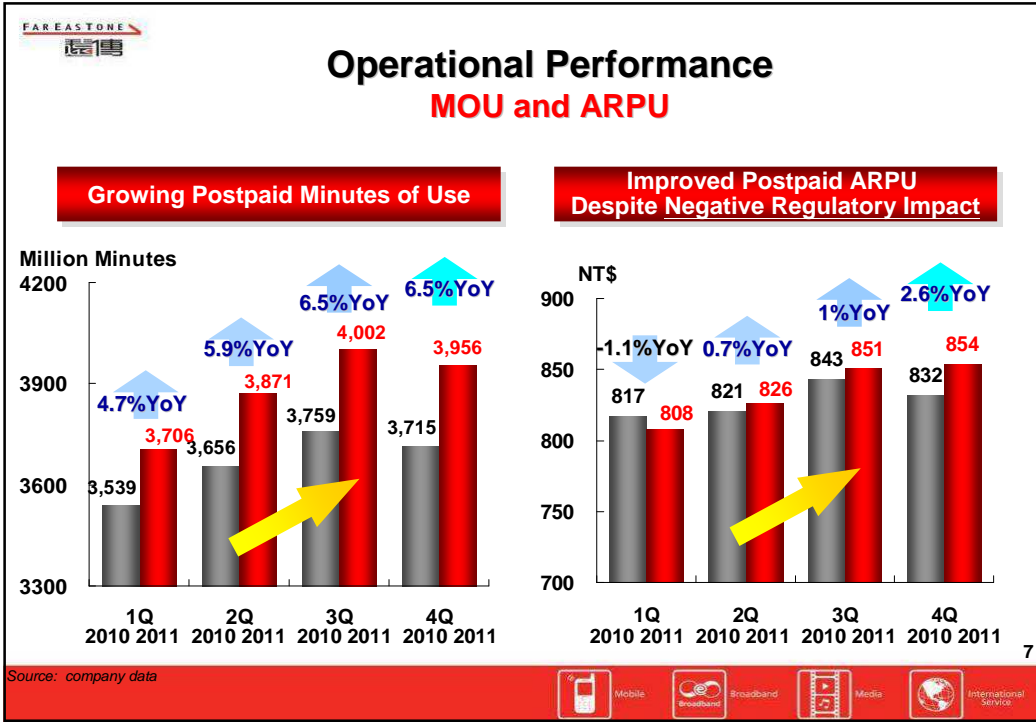
▶ II. 2011 4Q Performance and Business Update

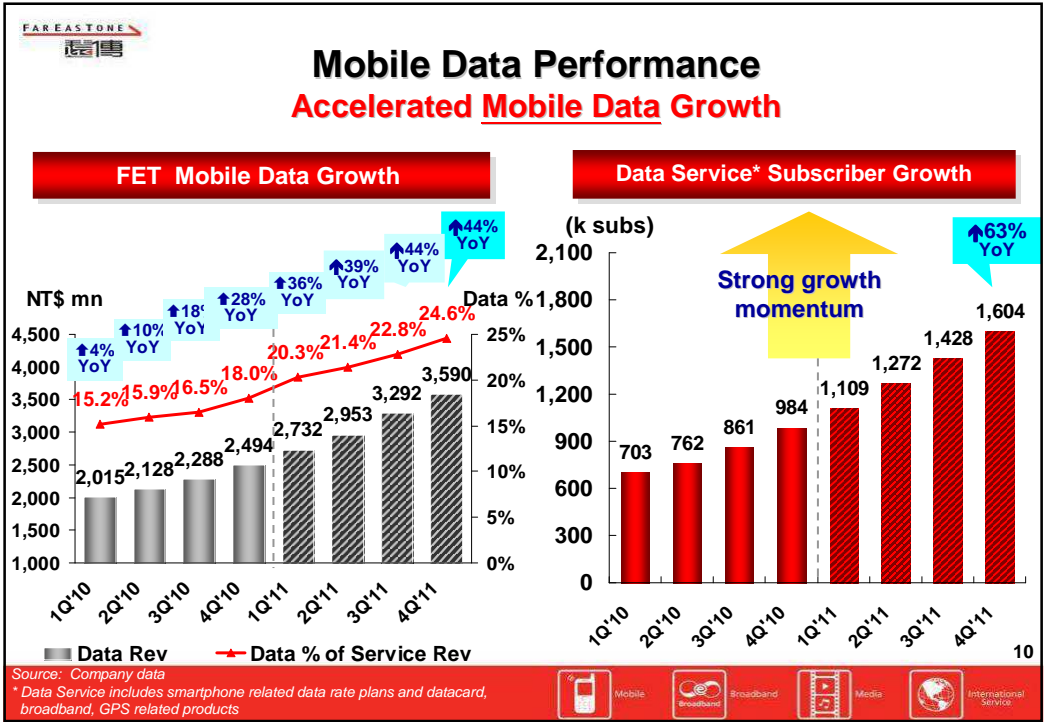
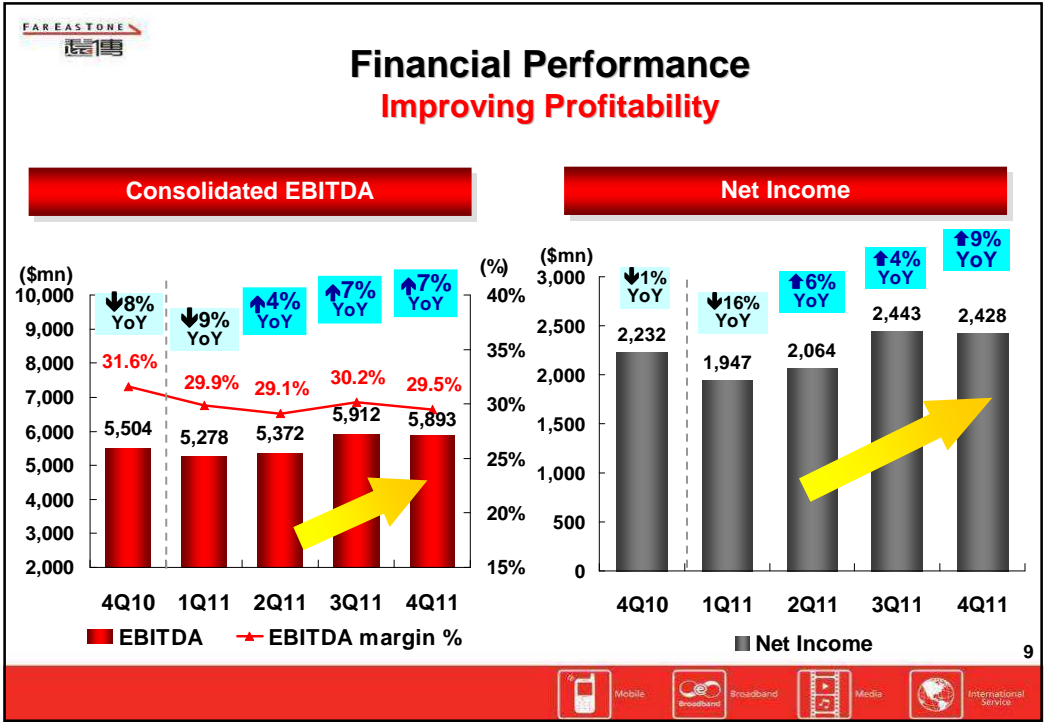
III. 2012 Guidance

Operational Performance Increasing Subs

Total Subscribers – continue to grow for consecutive 20 months

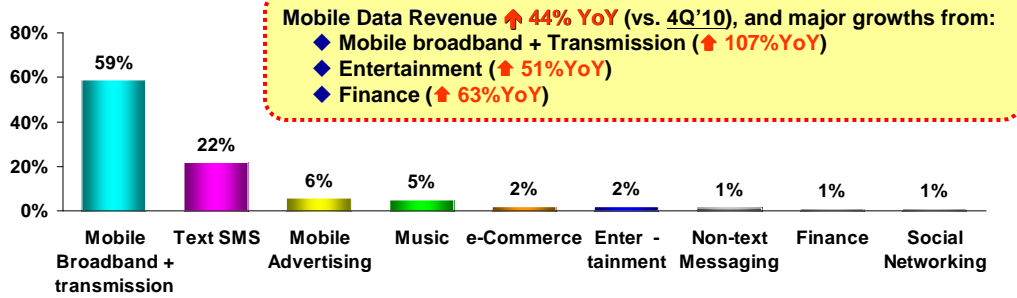






Mobile Data Performance The Growth Driver

Mobile Data Revenue Breakdown in 4Q'11



Mobile Data Revenue **↑ 44% YoY** (vs. 4Q'10), and major growths from:

- ◆ Mobile broadband + Transmission (**↑ 107%YoY**)
- ◆ Entertainment (**↑ 51%YoY**)
- ◆ Finance (**↑ 63%YoY**)



Consolidated Financial Achievement Actual vs. Forecast

Item	2011 Q4 Actual	2011 Q4 Forecast	Achievement %	FY2011 Actual	FY2011 Forecast	Achievement %
▶ Total Revenue	20,012	19,479	103%	75,749	74,444	102%
▶ Service Revenue	16,698	16,559	101%	64,277	63,883	101%
▶ EBITDA	5,893	5,893	100%	22,471	22,296	101%
▶ EBITDA%	29.5%	30.3%	—	29.7%	30.0%	-
▶ Net Income	2,428	2,364	103%	8,881	8,482	105%
▶ EPS ⁽¹⁾	\$0.75	\$0.73	103%	\$2.73	\$2.60	105%

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

Consolidated Financial FY2011 Q4 Financial Stats

(NT\$ mm unless otherwise stated)

	As of 2011 Q4	As of 2011 Q3
Cash & Cash Equivalents	9,906	9,149
Available-for-Sale Financial Assets & Derivatives	2,887	2,968
Total Borrowing	3,197	7,532
Net Cash*	9,596	4,584
Shareholders' Equity	72,776	70,493
Debt/Capitalization Ratio		
— Gross (%)	4.2%	9.7%
— Net (%)	—	—
Free Cashflows – YTD	13,981	8,919
Cash-based Capex – YTD	8,665	6,761
EPS(NT\$) – YTD	\$2.73	\$1.98

Source: FET Consolidated financials

* Net Cash = Cash and Cash Equivalent + Available-for-Sale Financial Assets & Derivatives – Total Borrowing

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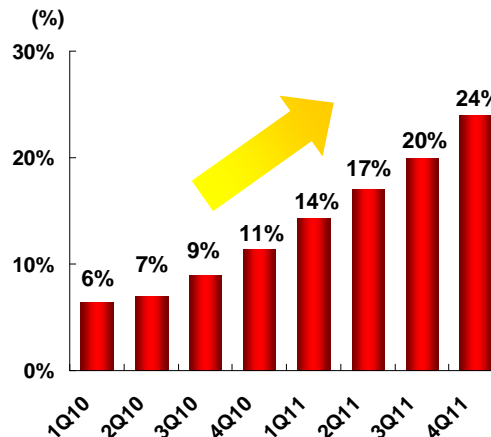


Smart Device Statistics Strong Data Growth driven by Smart Devices Uptake

Some Statistics

- ▶ Smart devices (smartphones + tablets) accounted **70%** of total new devices sold in 4Q'11
- ▶ Smartphone penetration* reached **24%** of total postpaid subs by end of 2011 (continue to **grow ~1% per month**)
- ▶ **APRU:**
 Average smartphone user's ARPU is **~NT\$1500**; double of feature phone users' ARPU
- ▶ **Usage:**
 Average smartphone user's data usage is **~1GB / month**; and tablet's usage is **~2GB / month**

Smartphone Penetration* (%)



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

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2011 Business Update Performance

Gaining Market Share

- ▶ **Mobile service revenue share** increased – from 25.9% (4Q'10) to 27.2% (4Q'11)
- ▶ **Enterprise market share** also increased – from 11.4% (4Q'10) to 12.5% (4Q'2011)



Innovation

- ▶ **Bella** – The first interactive app for magazine & #1 download in lifestyle category at App Store
- ▶ Launched **1st innovative mobile-commerce app** cooperated with **ELLE magazine** with Far Eastern Group's synergies
- ▶ **4 Asset Base Services** in Taiwan/China
- ▶ Cloud solution services for SMEs



Services

- ▶ Granted **SGS certification** in both store and call center
- ▶ Customer satisfaction survey result ranked FET as **'Class A'**



Alliance

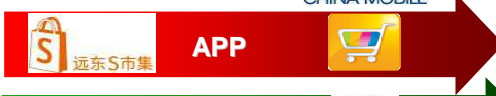
- ▶ **CONEXUS & MOBILE ALLIANCE** & **vodafone**
- ▶ **CONEXUS & MOBILE ALLIANCE** & **htc** quietly brilliant
- ▶ Operators & EasyCard jointly promote mobile payment with NFC technology



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2011 Business Update Cross-Strait Cooperation



- ▶ Currently **420+** S Mart apps listed on CMCC Mobile Market platform
- ▶ Over **2.2M** cumulative downloads



- ▶ Aggregated **100+** games to CMCC
- ▶ Obtained **Level A qualification** and launch G+ pack to boost up revenue.



- ▶ Granted **Level C qualification** to acquire marketing resources fm CMCC



- ▶ Launched in Oct'11 successfully
- ▶ Plan to promote Formosa Author Column in Q1'12



- ▶ Launched 88 contents w/ ~6300 screenshots
- ▶ Plan to obtain FarEastern eComics town in Q1'12



- ▶ Wireless City Project in Chengdu

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2011 Q4 Business Update Awards and Recognitions

- ▶ **2011 Dec** FET received **“Titanium Award for Financial Performance and Investor Relations”** at The Asset Corporate Award 2011

- ▶ **2012 Jan** FET received 4 awards of **“2nd Asian Excellence Recognition Awards 2012”** by Corporate Governance Asia
 - ✓ **Asia’s Best CEO**
 - ✓ **Asia’s Best CFO**
 - ✓ **Best Investor Relations Website / Promotion**
 - ✓ **Best Investor Relations**



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2012 Consolidated Financial Forecast

2012 Guidance vs. 2011 Actual

Item (Unit: NT\$ Million, except for EPS & margin)	2012 Forecast	2011 Actual	YoY%
■ Total Revenue	81,123	75,749	+ 7%
■ Service Revenue	68,372	64,277	+ 6%
■ EBITDA	24,358	22,471	+ 8%
■ EBITDA%	30.0%	29.7%	-
■ Net Income	10,050	8,881	+ 13%
■ EPS ⁽¹⁾	<u>\$3.08</u>	<u>\$2.73</u>	+ 13%

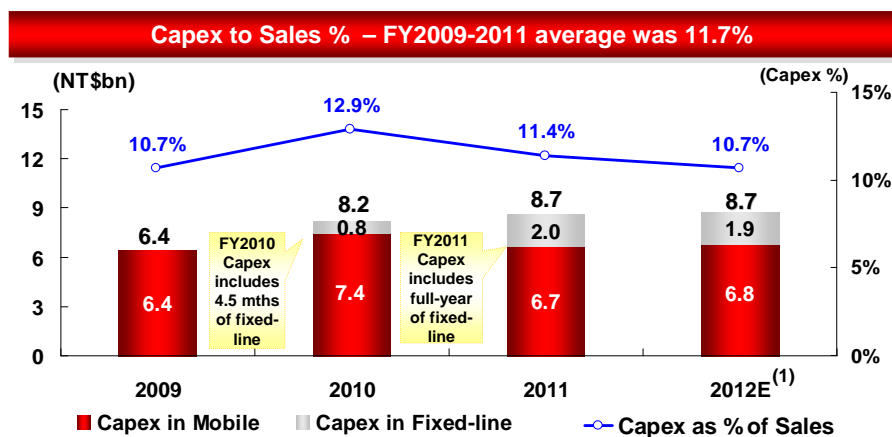
Source: FET consolidated financials
 (1) EPS was based on current outstanding shares of 3,258,501K

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2012 Capex

Within Healthy Capex % Range



Source: FET consolidated financial
 (1) 2009-2011 Capex was cash-based, while 2012 estimated Capex is committed-based. Cash payment depends on the actual execution progress of constructions and projects.

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Q & A

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