




Mobile · Broadband · Media · International Service

4904 (TWSE)
2012 2Q Investor Update

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President




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Agenda

- ▶ **I. Market Overview**
- II. 2012 2Q Performance**
- III. Business Update**

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Taiwan Mobile Market Market Dynamic

Mobile Service Rev Growth (2Q11 vs. 2Q12)

Operator	Growth (%)
FET	9.4%
TWM	5.9%
CHT	3.5%

Mobile Data Rev Growth (2Q11 vs. 2Q12)

Operator	Growth (%)
FET	47.2%
TWM	41.8%
CHT	33.6%

Market Update


- In 2Q'12, FET continued to be the leader who grew the most with...
- ✓ Mobile Service Rev up 9.4% YoY
- ✓ Mobile Data Rev up 47.2% YoY
- Overall mobile competitive landscape remains quite stable

Mobile Service Rev Share Change (2Q'11 vs. 2Q'12)

Operator	2011 (%)	2012 (%)
APBW+VIBO	13.3%	12.8%
TWM	26.6%	26.7%
FET	26.6%	27.6%
CHT	33.5%	32.9%

Source: operators' factsheet and NCC stats

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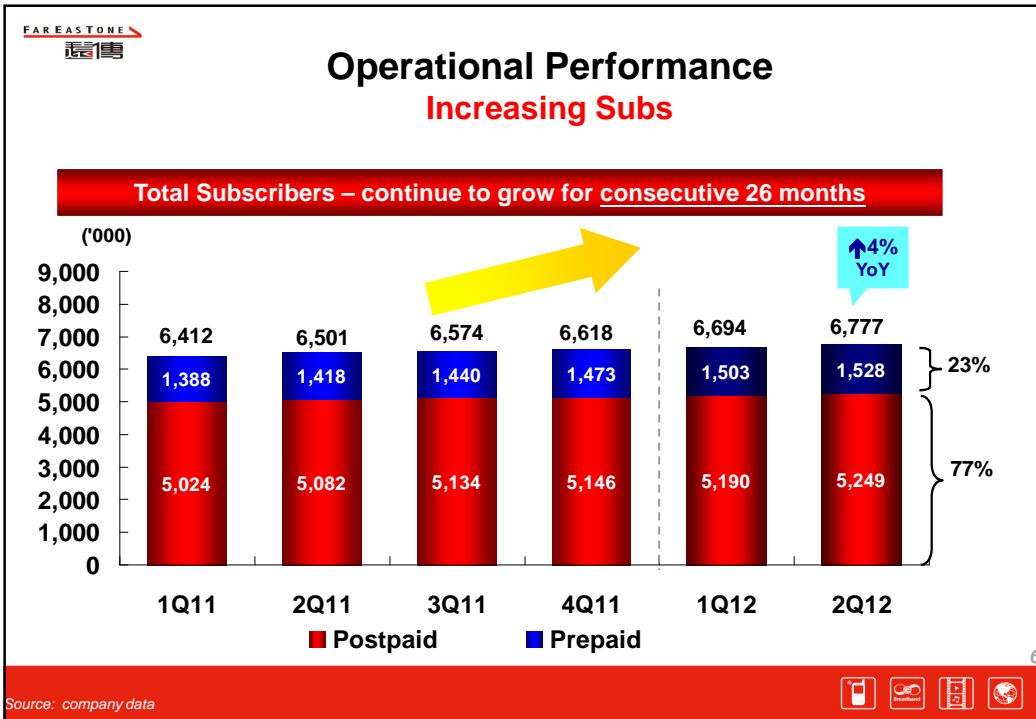


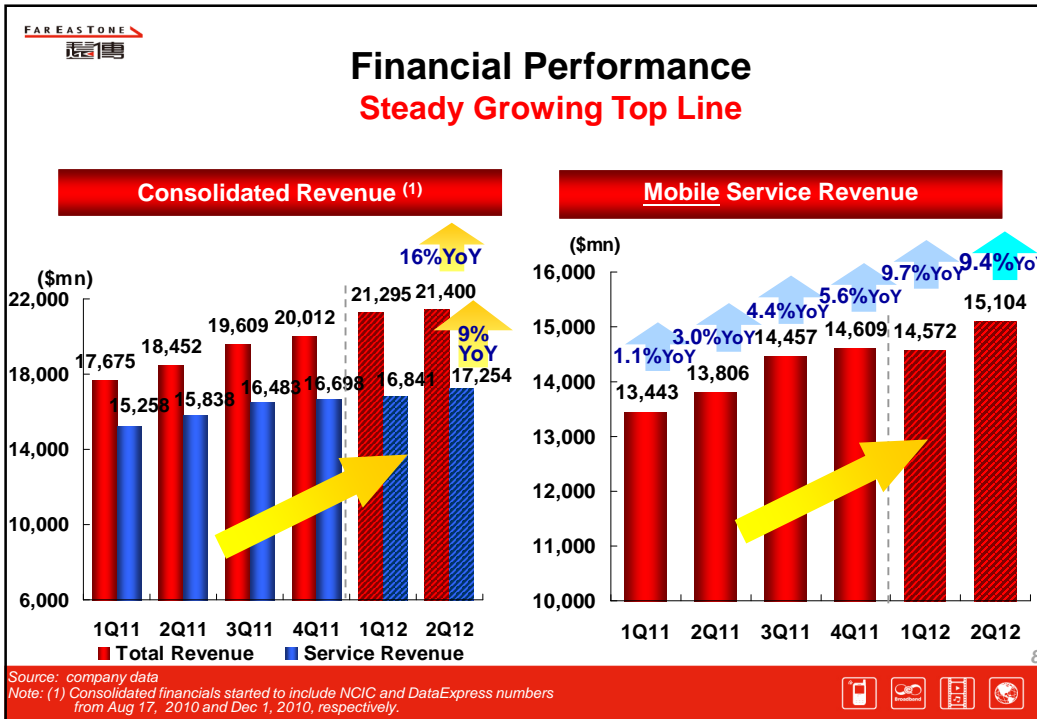
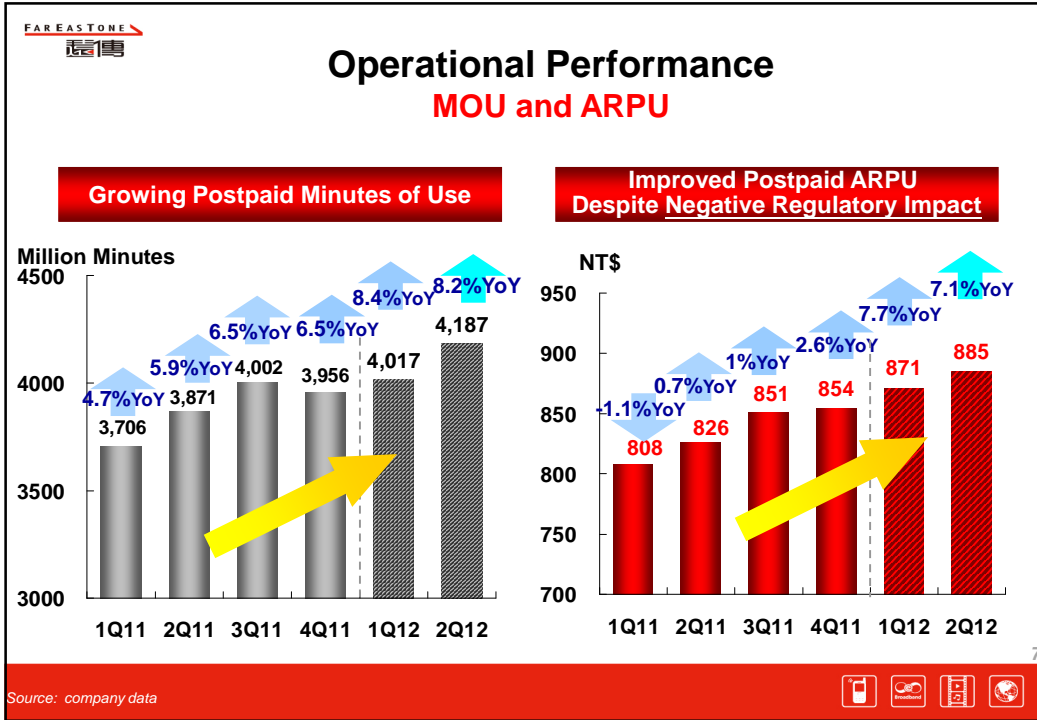
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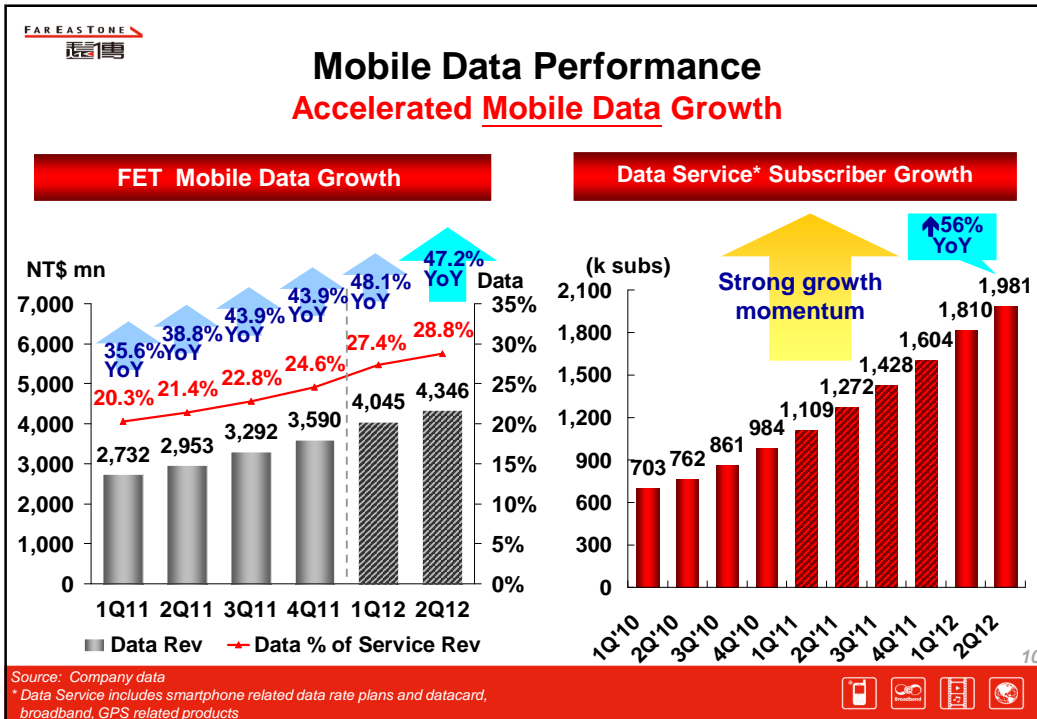
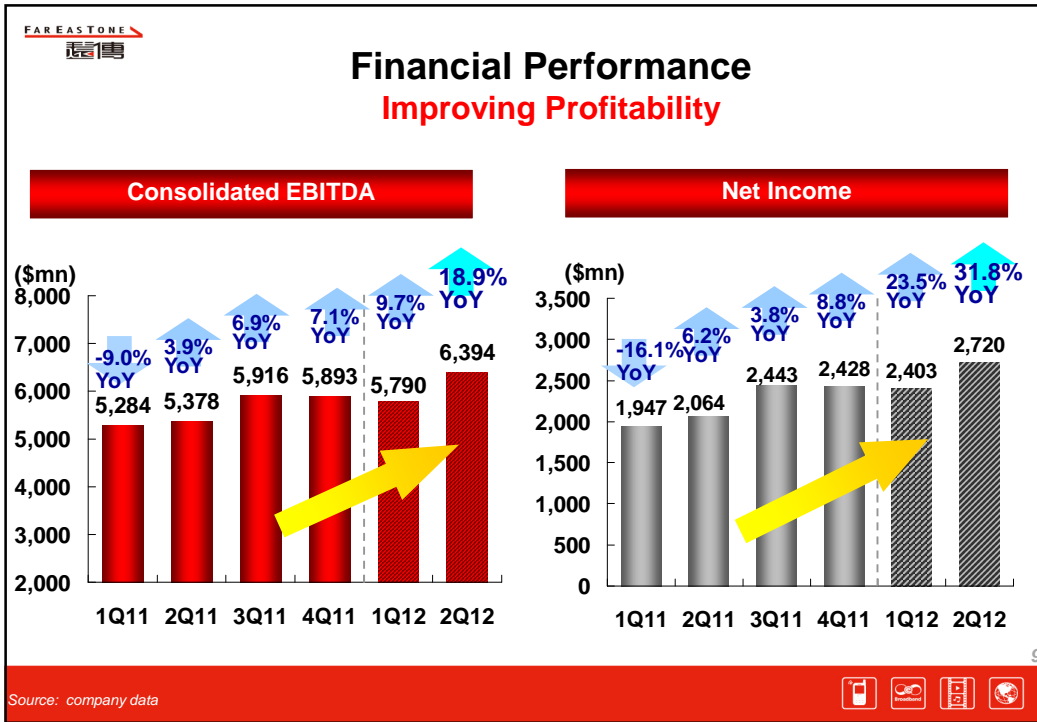

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Consolidated Financial Achievement Actual vs. Forecast

Item Unit: NT\$ mn, except for EPS	2012 Q2 Actual (A)	2011 Q2 Actual (B)	Growth (A/B)	2012 Q2 Forecast	Achievement %
▶ Total Revenue	21,400	18,452	116%	19,929	107%
▶ Service Revenue	17,254	15,838	109%	16,841	102%
▶ EBITDA	6,394	5,378	119%	5,981	107%
▶ Net Income	2,720	2,064	132%	2,415	113%
▶ EPS ⁽¹⁾	<u>\$0.83</u>	<u>\$0.63</u>	132%	<u>\$0.74</u>	113%

Source: Company Data
 (1) EPS was based on current outstanding shares of 3,258,501K

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Consolidated Financial Achievement Actual vs. Forecast

Item (Unit: NT\$ Million, except for EPS & margin)	2012 1H Actual	FY 2012 Guidance	Achievement %
■ Total Revenue	42,695	81,123	53%
■ Service Revenue	34,094	68,372	50%
■ EBITDA	12,183	24,358	50%
■ Net Income	5,123	10,050	51%
■ EPS ⁽¹⁾	<u>\$1.57</u>	<u>\$3.08</u>	51%

Source: Company Data
 (1) EPS was based on current outstanding shares of 3,258,501K

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Consolidated Financial FY2012 Q2 Financial Stats		
(NT\$ mm unless otherwise stated)	As of 2012 Q2	As of 2012 Q1
Cash & Cash Equivalents	13,126	11,361
Available-for-Sale Financial Assets & Derivatives	2,512	2,561
Total Borrowing	1,266	1,226
Net Cash*	14,372	12,696
Shareholders' Equity	68,091	75,246
Debt/Capitalization Ratio		
— Gross (%)	1.8%	1.6%
— Net (%)	—	—
Free Cashflows – YTD	5,851	3,034
Cash-based Capex – YTD	4,984	2,334
EPS(NT\$) – YTD	<u>\$1.57</u>	<u>\$0.74</u>

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

	
<h1 style="color: red;">Agenda</h1>	
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II.	<i>2012 2Q Performance</i>
▶ III.	<i>Business Update</i>

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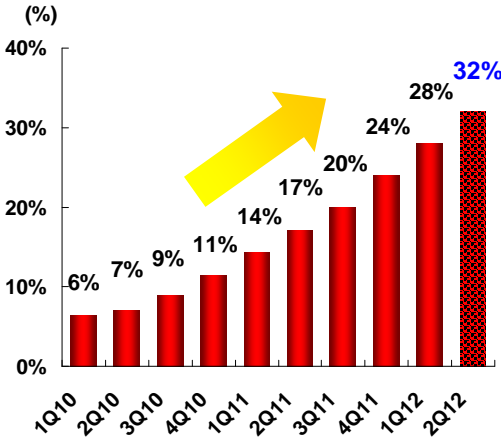
Smart Device Statistics

Strong Data Growth driven by Smart Devices Uptake

Some Statistics


- ▶ Smart devices (smartphones + tablets) accounted **79%** of total new devices sold in 2Q'12
- ▶ Smartphone penetration* reached **32%** of total postpaid subs in 2Q'12 (adding **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 **1.2-1.5GB / month**; and tablet's usage is **2-3GB / month**


Smartphone Penetration* (%)



Quarter	Smartphone Penetration (%)
1Q'10	6%
2Q'10	7%
3Q'10	9%
4Q'10	11%
1Q'11	14%
2Q'11	17%
3Q'11	20%
4Q'11	24%
1Q'12	28%
2Q'12	32%

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




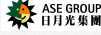



2012 Q2 Business Update



Achievement


Enterprise

- ▶ Grow enterprise market share from 12.5% (Y2011 end) to **13.1% (2Q'12)**
- ▶ Successfully acquired major enterprise accounts such as Nanya DRAM, ASE and TSMC for different projects

Service Excellence

- ▶ Retail store expansion strategy with **360° seamless customer services** 
- ▶ #1 Customer Satisfaction with "In-Store service" in 1H'12
- ▶ Laurellled "**Y2012 Golden Service Award**" in telecom chain store category by "Commercial Times" 



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2012 Q2

20+ Awards and Recognitions

- ▶ **2012 Mar & Jun** **Granted 6 awards including *Asia's Best CEO, Asia's Best CFO, Best IR Website / Promotion, Best IR Company, Asian Corporate Director, Corporate Governance* by *Corporate Governance Asia Magazine***
- ▶ **2012 May** **Laurelled 7 awards including *Taiwan's Best Managed Companies, Best Corporate Governance, Best IR, Best CSR, Most Committed to a Strong Dividend Policy, Best CEO and Best CFO in Asia's Best Companies Poll 2012* by *FinanceAsia Magazine***
- ▶ **2012 Jun** **Awarded *Year 2012 TOP 100 Tech Company in Greater Asia region and Top 10 in Taiwan* by *Business Next Magazine***
- ▶ **2012 Jun** **Obtained 'Information Transparency and Disclosure Rankings' with "Grade A++"**
- ▶ **2012 Jun** **Awarded *Best Investor Relations Professional* by *Institutional Investor Magazine***
- ▶ **And more...**




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Q & A

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